

**ROCHESTER MSA NONAGRICULTURAL
WAGE AND SALARY EMPLOYMENT
FIVE QUARTER REVIEW**

INDUSTRY	QTR ENDING 3/31/04	QTR ENDING 6/30/04	QTR ENDING 9/30/04	QTR ENDING 12/31/04	QTR ENDING 3/31/05
TOTAL EMPLOYMENT	100,016	104,076	102,547	102,791	101,230
GOODS PRODUCING	17,006	18,667	18,820	17,486	17,055
CONSTRUCTION & MINING	4,025	5,320	5,163	4,608	4,047
TOTAL MANUFACTURING	12,981	13,347	13,657	12,878	13,008
SERVICE PROVIDING	83,010	85,409	83,727	85,305	84,175
TOTAL TRADE	15,102	15,777	15,363	16,631	15,517
TRANSP., WAREHOUSE, & UTILITIES	2,123	2,215	2,169	2,301	2,178
WHOLESALE TRADE	1,978	2,112	2,044	2,042	2,027
RETAIL TRADE	11,001	11,450	11,150	12,288	11,312
INFORMATION	1,535	1,537	1,554	1,554	1,552
FINANCIAL ACTIVITIES	2,688	2,873	2,719	2,716	2,775
PROF. & BUSINESS SERVICES	5,212	5,549	5,530	5,654	5,404
EDUC. & HEALTH SERVICES	35,810	36,145	35,765	36,033	36,312
LEISURE & HOSPITALITY	8,206	8,835	8,685	8,387	8,313
OTHER SERVICES	3,755	3,775	3,699	3,685	3,708
GOVERNMENT	10,705	10,918	10,412	10,645	10,594

**Represents most current estimate and will be revised in next quarterly report*

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This report is published quarterly and is available through our website at raedi.com or by calling the Rochester Area Economic Development, Inc. office at (507) 288-0208.

First Quarter

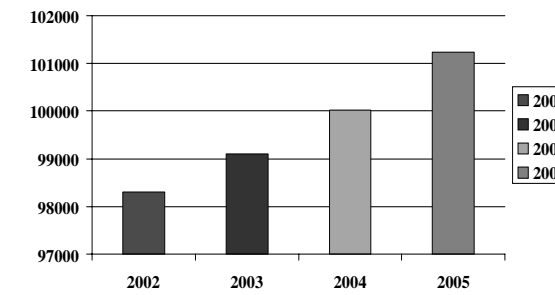
Quarterly Economic Report

Rochester Area Economic Development, Inc. (RAEDI)

First Quarter, 2005

raedi.com

Total Employment First Quarter Comparisons

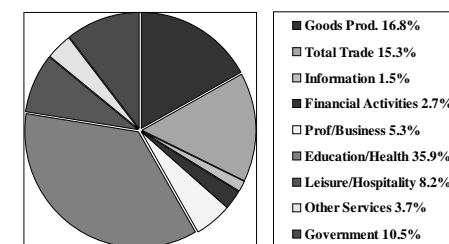


First Quarter Total Employment

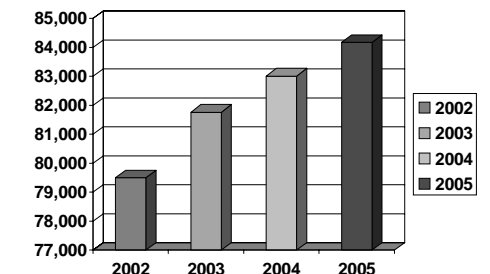
Nonagricultural wage and salary employment for the Rochester MSA posted an increase of 1,214 jobs in the last 12 months continuing an upward trend in jobs since 1995.

However, a seasonal decline of 1.5 percent occurred during the first quarter of 2005. A loss of 1,561 jobs for first quarter brought the total employment figure down to 101,230 from the December level of 102,791. Both major employment sectors contributed to the seasonal downturn with the goods producing sector posting a loss of 431 jobs and the service providing sector dropping 1,130 jobs. Employment totals for January, February and March were 101,335, 100,826 and 101,230 respectively.

Sector Employment as a Percent of Total Employment



Service Providing First Quarter Comparisons



Service Providing Increases from 2004 Employment Figures

During the past 12 months, service providing payroll levels have increased by 1,165 jobs for a modest 1.4 percent growth rate. On the year, all but two of the service providing sectors have seen employment gains. Educational and health services posted the largest number of new jobs, 505, for an increase of 1.4 percent. Retail trade, professional and business services, leisure and hospitality, financial activities, transportation, warehouse and utilities, wholesale trade and information added 311, 192, 107, 87, 55, 49 and 17 respectively. Government and other services posted the only 12-month losses of 111 and 47 respectively.

A typical slowdown occurred in the service providing sector for first quarter as payroll levels dropped by 1,130 jobs from fourth quarter 2004. The decline of 1.3 percent pushed service providing employment down to 84,175. Educational and health, and financial activities showed job gains for the quarter of 279 and 59 respectively. Service providing totals for January, February, and March were 84,318, 84,006 and 87,175 respectively.

Source: Minnesota Workforce Center

First Quarter

Quarterly Goods Producing Employment

Overall, the goods producing sector has gained 49 jobs in the past 12 months. First quarter, however, reported job losses of 431, a decrease of 2.5 percent from fourth quarter 2004. Manufacturing added 130 jobs while construction had a seasonal loss of 516 jobs. Employment totals for January, February, and March were 17,017, 16,820 and 17,055 respectively.



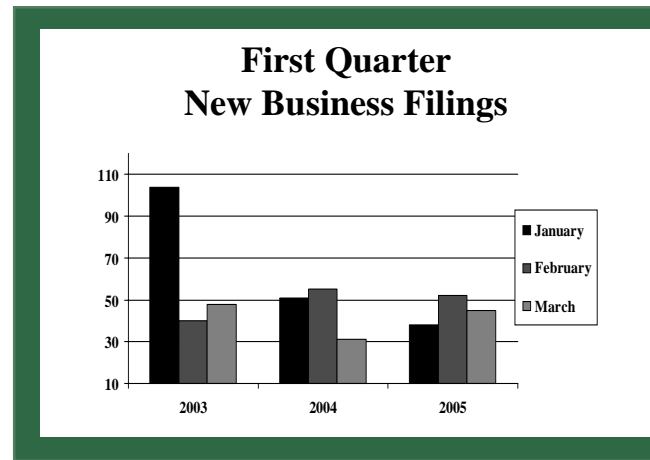
Unemployment Rate Increases Slightly but Remains Below State and National Averages

The Rochester unemployment rate increased by eight tenths of one percent in March to end the quarter at 4.4 percent. The rates for January and February were 4.5 and 4.2 percent respectively. The Rochester average remains below the state and U.S. averages of 5.0 and 5.4 percent. During the past 12 months, the average unemployment rate for Rochester was 3.9 percent.

The composite employment index is a relative measure of the job-creating ability of the Rochester economy. An index number greater than "100" indicates the Rochester economy has achieved a lower unemployment rate than the nation as a whole. The index figures for January, February, and March were 110, 123 and 108 respectively.

The March labor force figure of 106,613 represents an increase of 1.4 percent from the December figure of 105,100. On the year, the labor force has grown by 1.3 percent.

Source: Minnesota Workforce Center



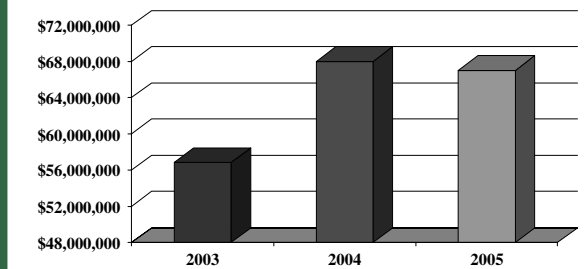
New Business Filings

New business start-ups often contribute to a more economically diversified employment base within small and mid-sized communities. The city of Rochester, long a proponent of economic diversification, continues to establish policies designed to assist in new business development.

During the first quarter, there were 135 new business filings within the Rochester MSA. This represents a slight decrease of 1.5 percent over the year ago figure. New business start-ups for January, February, and March were 38, 52 and 45 respectively. During the quarter, there were 14 retail, 98 service, 23 Construction/Other filings and no manufacturing.

Source: "Lead Sheet" by County Data Corporation

First Quarter MLS Sales



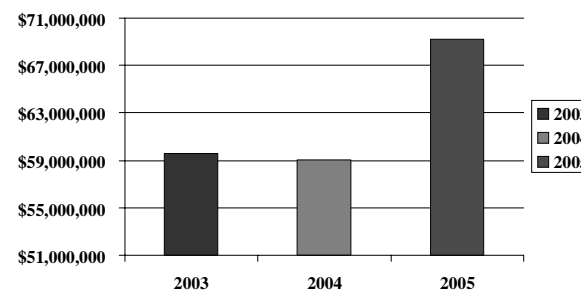
First Quarter Home Sales

First quarter sales of single family homes reached \$67,008,609. This represents a slight decrease of 1.5 from first quarter 2004 and an increase of 18 percent from 2003 valuations.

Home sales in the Rochester real estate market continues to be fueled by the historically low mortgage rates and rising property values.

Source: SE Minnesota Assoc. of Realtors

First Quarter Commercial & Residential Building Valuation

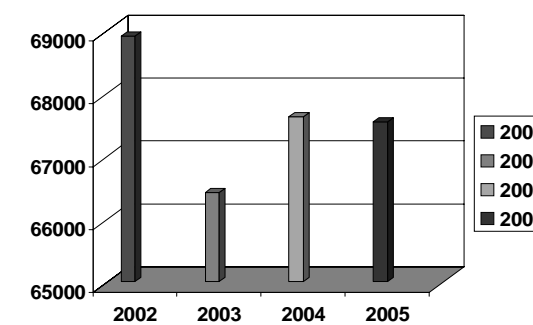


First Quarter Building Activity Up

Commercial and residential building permits issued for first quarter 2005 totaled \$69,248,771. This represents an increase of 17.3 percent from 2004 and a 16.2 percent increase from 2003. Permits over one million dollars for first quarter 2005 included Courtyard by Marriott/117 Room Hotel, First Baptist Church, Mayo/Diagnostic Phase 2-L Area Connectors, IBM/Bldgs 025 & 020 Alterations, Georgetown Square 6&10 Unit Apartments, St. Mary's/Mary Brigh MRI Shell & Fitup, and ISD #535/John Adams Classroom Additions.

Source: Rochester Building Safety Department

First Quarter Comparison Airport Passenger Traffic



Quarterly Airport Traffic

The Rochester Airport serviced 67,550 passengers during the first quarter 2005 compared to 67,628 in first quarter 2004. Passenger totals for January, February, and March were 21,376, 21,773 and 24,401 respectively.

Air cargo shipments were up by 8 percent from first quarter 2004 and up 7.4 percent from first quarter 2003.

Source: Airport Manager