

Quarterly Economic Report

Rochester Area Economic Development, Inc. (RAEDI)

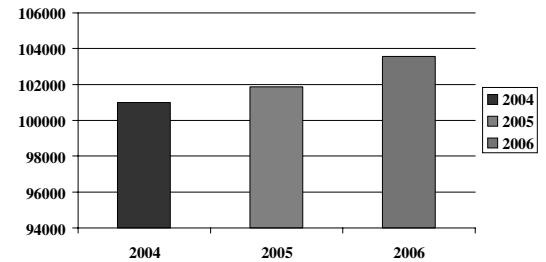
First Quarter, 2006

Total Employment

Total employment figures in the last 12 months have shown a moderate increase of 1,691 jobs since the first quarter 2005 and 2,568 jobs since first quarter 2004. This long-term trend of employment growth in the first quarter has continued for more than 15 years.

As expected there was a seasonal decline in total employment of 1.5 percent for the quarter. The loss of 1,558 jobs brought the total employment figure down to 103,568 from the December level of 105,126. Totals for January, February and March were 103,455, 102,830 and 103,568 respectively.

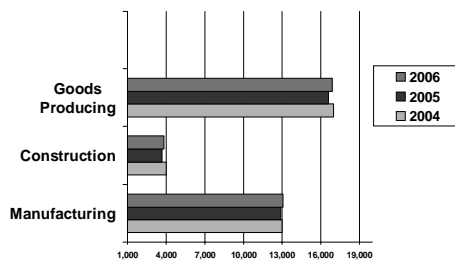
First Quarter Total Employment Annual Comparison



Goods Producing

Goods Producing Employment Annual Comparisons for 1st Quarter

Overall, the goods producing sector has gained 299 jobs in the past 12 months. First quarter job losses of 689 showed a seasonal decrease of 3.9 percent.



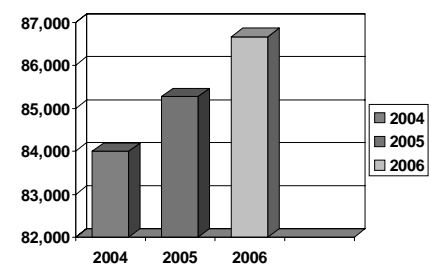
Construction and manufacturing jobs posted annual increases of 152 and 147 respectively but reported losses for the quarter of 628 and 61 jobs respectively.

Employment totals in goods producing for January, February and March were 16,951, 16,760 and 16,903.

Service Providing

Service Providing First Quarter Comparisons

Over the last 12 months, Service Providing payroll levels have increased by 1,392 jobs for a growth rate of 1.6 percent. Job creation was widespread with eight of the ten sectors showing growth.



Education and Health Services reported the largest gain of 843 jobs in the last year.

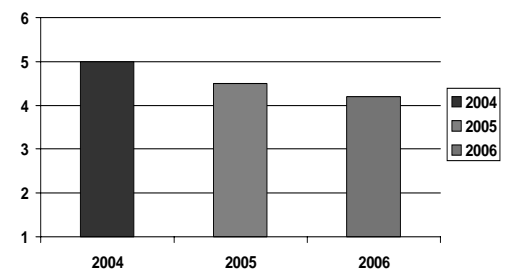
For the quarter, the Service Providing sector reported a seasonal loss of 869 jobs or one percent from fourth quarter 2005.

Unemployment Rate Decreases

The Rochester unemployment rate increased by eight tenths of one percent ending the first quarter rate in March at 4.2 percent. The rates for January and February were both 4.3 percent. The Rochester average remains well below the state and U.S. averages of 4.8 percent. During the past 12 months, the average unemployment rate for Rochester was 3.5 percent.

The March labor force figure of 103,462 represents a decrease of two tenths of one percent from the December figure of 103,712.

First Quarter Unemployment Annual Comparison Percentage



Source: Minnesota Workforce Center

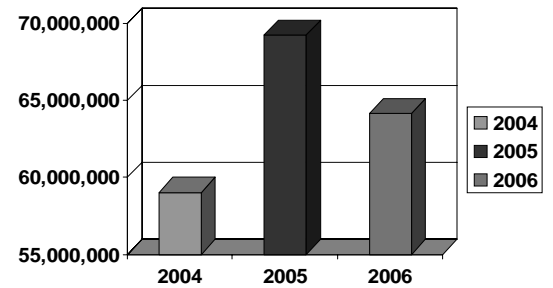
First Quarter

Building Activity

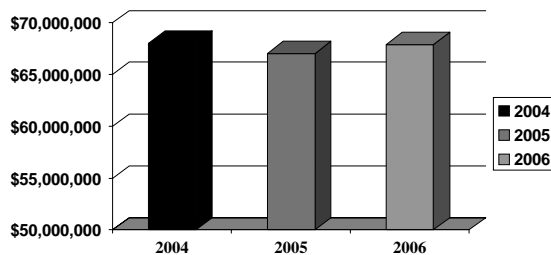
Commercial and residential building permits issued for first quarter 2006 totaled \$64,132,284. This represents a decrease of 7.4 percent from first quarter 2005 (\$69,248,771) and an increase of 8.7 percent over 2004 (\$59,021,331). Permits over \$500,00 for first quarter 2006 included Toys "R" Us/Babies "R" Us remodel, Walmart interior repair/remodel, Mayo subway Lobby Renovations, Grandville at Cascade Lake, 43rd Street Business Park, Menards, Inc., Compark (footings/structural shell), and Assisi Heights.

Source: Rochester Building Safety Department

First Quarter Commercial & Residential Valuation



First Quarter MLS Sales



First Quarter Home Sales

First quarter sales of single family homes reached \$67,895,489. This represents an increase of 1.3 percent over first quarter 2005 and a decrease of two-tenths of one percent over first quarter 2004.

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

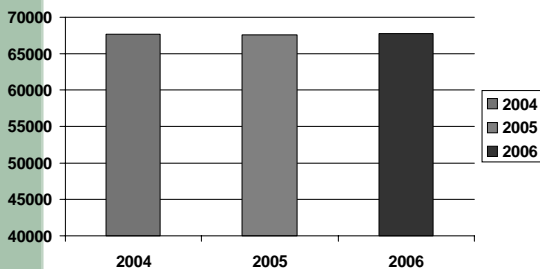
Source: SE Minnesota Association of Realtors

RAEDI

Rochester Area Economic Development, Inc.
220 S. Broadway, Suite 100
Rochester, MN 55904

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.

Airport Passenger Traffic First Quarter Comparison



Quarterly Airport Traffic

The Rochester Airport serviced 67,810 passengers during the first quarter of 2006. This represents an increase of four tenths of one percent over first quarter 2005 (67,550 passengers) and three tenths of one percent over first quarter 2004 (67,628 passengers). Passenger totals for January, February and March were 21,957, 21,405 and 24,448 respectively.

Air cargo shipments were down 12.3 percent from first quarter 2005 and 5.3 percent from 2004. Source: Airport Manager

First Quarter