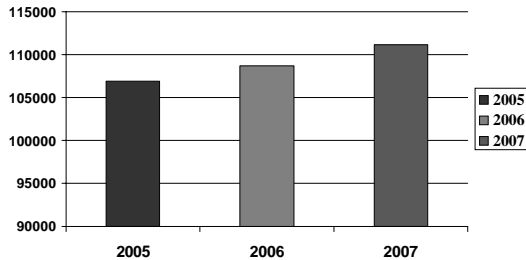


Quarterly Economic Report

Rochester Area Economic Development, Inc. (RAEDI)

Second Quarter, 2007

Second Quarter Total Employment Annual Comparison



Total Employment

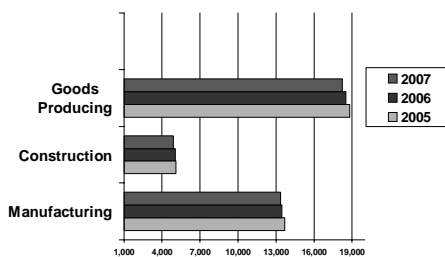
Nonagricultural wage and salary employment for the Rochester MSA grew at a rate of 4.6 percent during the second quarter of 2007. The gain of 4,867 jobs brought the total employment figure up to 111,151 from the March level of 106,284. Both the Goods Producing and Service Providing sectors reported growth for the quarter. Employment totals for April, May and June were 107,144, 108,362 and 111,151 respectively.

Overall, total employment figures have increased by 2,471 jobs since second quarter 2006 and by 4,226 jobs since second quarter 2005. This upward trend has continued since 1994.

Goods Producing

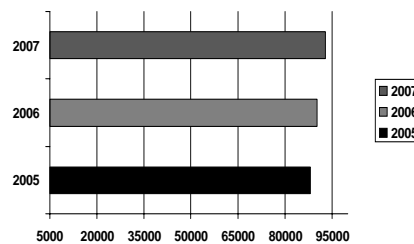
The Goods Producing sector experienced employment growth this quarter as 1,344 jobs were added for an increase of 8.0 percent over first quarter. Natural Resources/Construction/Mining showed a gain of 848 jobs while Manufacturing added 496 jobs. Goods Producing employment totals for April, May and June were 17,016, 17,525 and 18,233 respectively.

Goods Producing Employment Second Quarter Comparisons



Overall, the Goods Producing sector is down 1.5 percent with a loss of 272 jobs in the past 12 months.

Second Quarter Service Providing Annual Comparison



Service Providing

The Service Providing sector created 3,523 jobs this quarter for an increase of 3.9 percent over first quarter, pushing Service Providing employment to a record 92,918. Job creation was widespread with Education and Health Services showing the largest gain of 1,642 jobs while Leisure & Hospitality added 619 jobs.

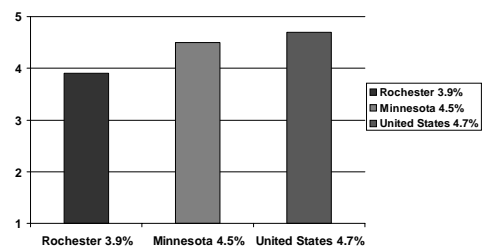
Overall, Service Providing payroll levels have increased by 2,745 jobs for a growth rate of 3.0 percent in the last

Unemployment

The Rochester unemployment rate decreased by four tenths of one percent from first quarter, ending the second quarter rate in June at 3.9 percent. The rates for April and May were 4.0 percent and 3.7 percent respectively. The Rochester average remains well below the state and U.S. averages of 4.5 and 4.7 percent respectively. During the past 12 months, the average unemployment rate for Rochester was 3.7 percent.

The June labor force figure of 106,612 represents an increase of 2.4 percent from the March figure of 104,118.

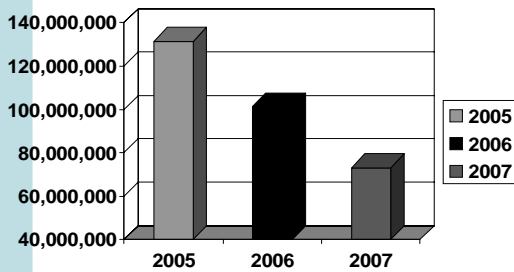
Second Quarter Unemployment Annual Comparison Percentage



Source: Minnesota Workforce Center

Second Quarter

Second Quarter Commercial & Residential Valuation



Second Quarter Building Activity

Commercial and residential building permits issued for second quarter 2007 totaled \$73,209,770. This represents a decrease of 27.6 percent over second quarter 2006 (\$101,175,495) and a decrease of 44.3 percent over second quarter 2005 (\$131,383,372). Year-to-date, building activity is only down by 1.9 percent compared to the first half of 2006. This is due to a strong first quarter in 2007.

Permits over \$1 million for second quarter 2007 included Centex (8 unit multifamily), Mayo/Hilton 4th floor remodel, Mayo/Hilton 7th CBI remodel, Wehrenberg Theatres (14 screens), Castleview Apartments (4 stories/32 units), Dick's Sporting Goods (Maine Street development), Schaffer Academy (classroom & commons addition), RCTC (Heinz Center phases 2, 3 & 4), Galleria (UMR 3rd & 4th floor alterations).

Source: Rochester Building Safety Department

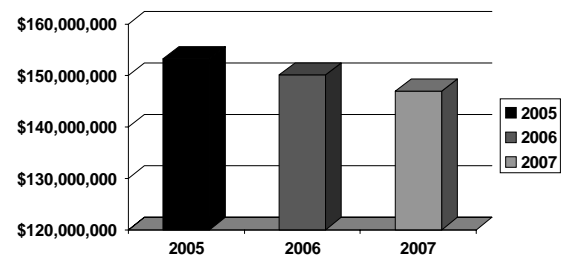
Second Quarter Home Sales

Second quarter sales of single family homes in Rochester were \$146,967,039. This represents a decrease of 2.1 percent over second quarter 2006 and a 4.1 percent decrease over second quarter 2005.

Home sales in the Rochester real estate market remain relatively steady compared to other housing markets across the state and U.S. The average house remains on the market for 115 days in the Rochester area.

Source: SE Minnesota Association of Realtors

Second Quarter MLS Sales

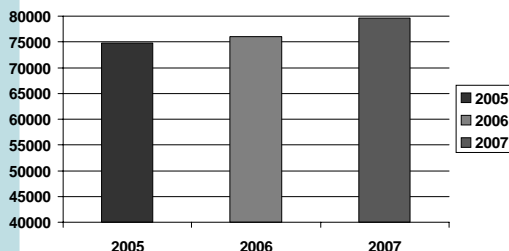


RAEDI

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 Second Quarter Comparison



Quarterly Airport Traffic

The Rochester Airport serviced 79,623 passengers during the second quarter of 2007. This represents increases of 4.7 percent over second quarter 2006 (76,068 passengers) and 6.4 percent over second quarter 2005 (74,814 passengers). Passenger totals for April, May and June were 25,311, 27,593 and 26,719 respectively.

Air cargo shipments were up 3.1 percent from second quarter 2006 and down 16.8 percent from 2005. Source: Airport Manager