

Quarterly Economic Report

Rochester Area Economic Development, Inc. (RAEDI)

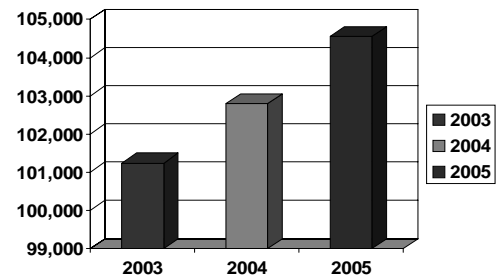
Fourth Quarter, 2005

Total Employment Posts Increase

Nonagricultural wage and salary employment for the Rochester MSA posted an increase of .50 percent during the fourth quarter of 2005. A gain of 526 jobs brought total employment to 104,550 from the September level of 104,024. Employment totals for October, November and December were 104,639, 104,474 and 104,550 respectively.

The Rochester MSA finished the year with a gain of 1,759 jobs, an increase of 1.8 percent over 2004 and 3.3 percent over 2003. Goods Producing gained 259 jobs in the last year while Service Providing added 1500.

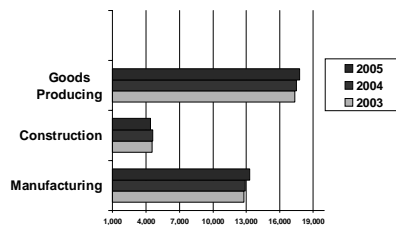
Fourth Quarter Total Employment Comparison



Goods Producing up for the Year

The Goods Producing sector experienced employment growth in the last 12 months with an increase of 259 jobs or 1.5 percent. Manufacturing added 437 jobs while Natural Resources/Construction/Mining decreased by 178 jobs.

Goods Producing Employment Annual Comparisons for 4th Quarter



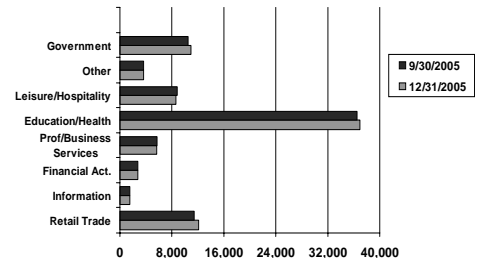
For the quarter, Goods Producing showed a seasonal slowdown with a loss of 964 jobs. Employment totals for October, November and December were 18,670, 18,230, and 17,745.

Overall, the Goods Producing sector has increased by 1,945 jobs in the last 10 years.

Service Providing

The Service Providing sector created 1,490 jobs during fourth quarter for an increase of 1.7 percent. This pushed Service Providing employment to a record 86,805 jobs. Retail Trade, boosted by strong seasonal demand, led the advance with a gain of 754 jobs while Education/Health Services and Government added 466 and 446 respectively. Service Providing totals for October, November and December were 85,969, 86,244 and 86,805.

Service Providing Employment



During the past 12 months, the Service Providing sector has increased by 1,500 jobs for a growth rate of 1.8 percent.

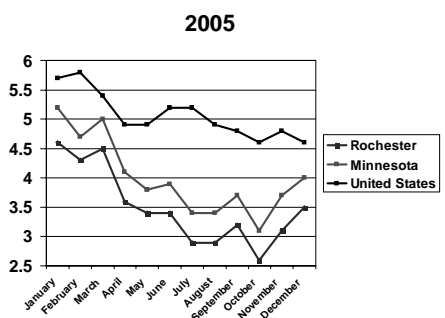
Unemployment Rate

The Rochester unemployment rate increased by four tenths of one percent from third quarter, ending the fourth quarter rate in December at 3.5 percent. The rates for October and November were 2.6 and 3.1 percent respectively. The Rochester average remains well below the state and U.S. averages of 4.0 and 4.6 percent. During the past 12 months, the average unemployment rate for Rochester was 3.5 percent.

The December labor force figure of 103,468 represents a decrease of .3 percent from the September figure of 103,788.

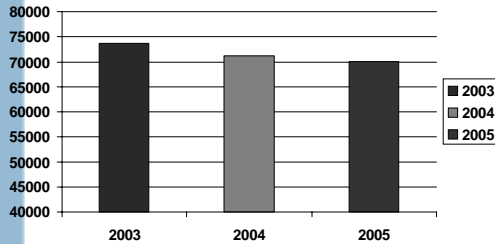
Source: Minnesota Department of Employment and Economic Development

Unemployment Rate



Fourth Quarter

Airport Passenger Traffic Fourth Quarter Comparison



Quarterly Airport Traffic

The Rochester Airport serviced 70,069 passengers during the fourth quarter of 2005. This represents an decrease of 1.6 percent over fourth quarter 2004 (71,230 passengers) and 4.9 percent over fourth quarter 2003 (73,668 passengers). Passenger totals for October, November and December were 24,513, 23,437 and 22,119 respectively.

Air cargo shipments were down 13.7 percent from fourth quarter 2004 and up 23.5 percent from 2003. *Source: Airport Manager*

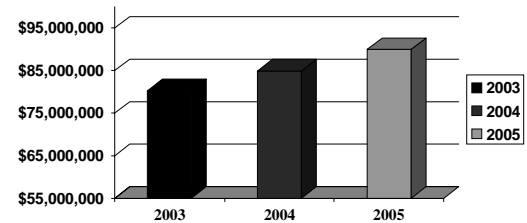
Home Sales in Rochester

The Rochester real estate market's fourth quarter sales for single family homes totaled \$89,870,517. This represents increases of 5.8 percent from fourth quarter 2004 and 12.0 percent from 2003.

For the year, annual sales totaled \$451,242,727. Growth in the Rochester real estate market continues to be fueled by local economic conditions and low interest rates.

Source: Southeast Minnesota Assoc. of Realtors

Fourth Quarter MLS Sales



RAEDI

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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.

Fourth Quarter Building Activity

Commercial and residential building permits issued for fourth quarter 2005 totaled \$97,234,030. This represents a decrease of 4.5 percent from fourth quarter 2004 and an increase of 28 percent from 2003.

Totals for October, November and December were \$40,535,360, \$27,893,542 and \$28,805,128 respectively. For the year, permit valuation totaled \$389,258,146. Permits issued for fourth quarter over \$1 million included: Rochester Clinic Partners, Assisi Heights, Kahler Hotel (11th floor remodel), Homestead of Rochester, Mayo Employees Credit Union, Rochester Montessori School, Nissan of Rochester, Mayo North Warehouse, Rochester Athletic Club, and Rochester Market Square.

- *Source: Rochester Building Safety Department*

Fourth Quarter Commercial & Residential Building Valuation

