

Quarterly Economic Report

Rochester Area Economic Development, Inc. (RAEDI)

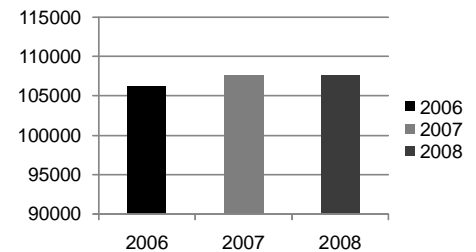
Fourth Quarter, 2008

Total Employment

The Rochester MSA finished the year with a gain of 85 jobs, an increase of one-tenth of one percent over 2007 and 1.4 percent over 2006. Goods Producing lost 970 jobs in the last year while Service Providing added 1,055.

Nonagricultural wage and salary employment for the Rochester MSA posted a decrease of nine-tenths of one percent during the fourth quarter of 2008. A loss of 939 jobs brought total employment down to 107,717 from the September level of 108,656. Employment totals for October, November and December were 108,935, 108,573 and 107,717 respectively.

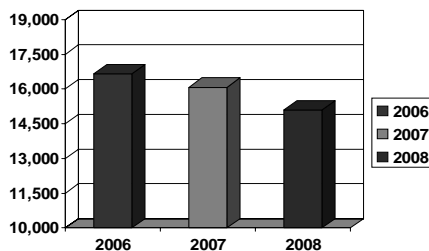
Fourth Quarter Total Employment Annual Comparison



Goods Producing

Goods Producing Employment Fourth Quarter Comparison

The Goods Producing sector experienced a decline in employment during the last 12 months with a decrease of 970 jobs or 6.0 percent. Manufacturing lost 651 jobs while Natural Resources/Construction/Mining decreased by 319 jobs.

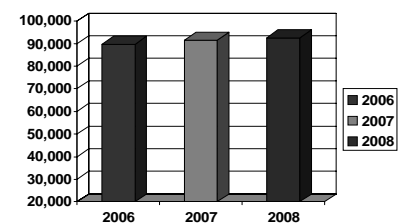


For the quarter, Goods Producing showed a seasonal slowdown with a loss of 1,384 jobs. Employment totals for October, November and December were 16,170, 15,740, and 15,105.

Service Providing

The Service Providing sector created 1,055 jobs in the last 12 months for an increase of 1.2 percent. This pushed Service Providing employment to a record 92,612 jobs. Educational & Health Services led the advance with a gain of 1,691 jobs while information, government and financial activities added 21, 40 and 56 respectively. Wholesale trade, retail, transportation, professional & business services, leisure & hospitality and other services reported job losses for the year.

Service Providing Employment Fourth Quarter Comparison



During the fourth quarter, the Service Providing sector has increased by 445 jobs for a growth rate of five-tenths of one percent. Service providing totals for October, November and December were 92,765, 92,833 and 92,612 respectively.

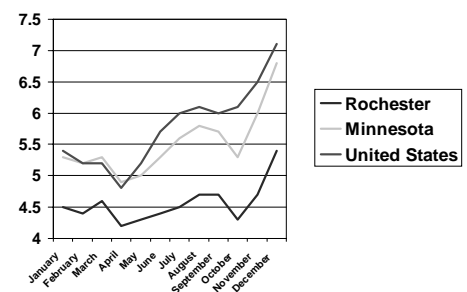
Unemployment Rate

The Rochester unemployment rate increased by seven-tenths of one percent ending the fourth quarter rate at 5.4 percent. The Rochester average remains well below the state and U.S. averages of 6.8 and 7.1 percent. During the past 12 months, the average unemployment rate for Rochester was 4.5 percent.

The December labor force figure of 99,143 represents a decrease of .9 percent from the September figure of 100,078.

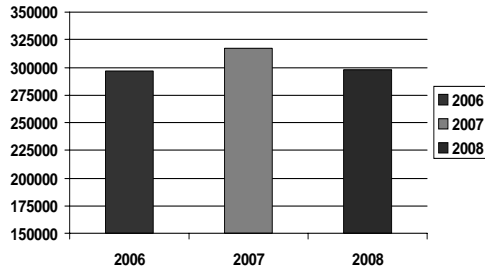
Source: Minnesota Department of Employment and Economic Development

Unemployment Rate January – December 2008



Fourth Quarter

Airport Passenger Traffic Annual Comparison



Quarterly Airport Traffic

The Rochester Airport serviced 297,857 passengers during the 2008 year. This represents a decrease of 6.1 percent over 2007 (317,092 passengers) and an increase of four-tenths of one percent over 2006 (296,795 passengers).

For the quarter, air cargo shipments were down 16.7 percent from fourth quarter 2007. The drop in shipments is due to DHL Express restructuring and now serving the Rochester area out of the Twin Cities airport.
Source: Airport Manager

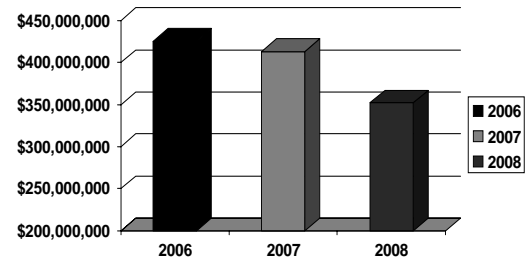
Home Sales in Rochester

The Rochester real estate market's fourth quarter sales for single family homes totaled \$55,122,390. Sales for the 2008 year totaled \$351,975,014, down 14.9 percent from 2007 and 17.2 percent from 2006.

As the change in sales volume indicates, the Rochester real estate market continues to adjust to fewer buyers and increased market time. Mortgage rates continue to remain low. The average time a house stays on the market in Rochester is 118 days.

Source: Southeast Minnesota Assoc. of Realtors

Annual MLS Sales Comparison



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 totaled \$67,346,415. For the 2008 year, permit valuation totaled \$273,539,617, up 2.5 percent from 2007 (\$266,928,265), and down 30.5 percent from 2006 (\$348,298,986).

Permits over \$500,000 issued for fourth quarter included: Hampton Inn & Suites, Olmsted Waste to Energy Facility, Carpenter's Training Center, Mayo Hilton Building Remodel, Opportunity Services, Inc. office building, Broker Exchange Network office addition, Gift of Life Transplant House, Mayo Eisenberg Remodel, Taco Bell, and the Primrose School of Rochester.

- Source: Rochester Building Safety Department

Annual Commercial & Residential Valuation Comparison

