Saint Paul Market Watch

A Summary of Development, Economic, and Demographic Trends in the Capital City

The Most Livable City in America

Second Semi-Annual Market Watch

This is the second issue of the Saint Paul Market Watch report. The purpose of this report is to summarize the ways that Saint Paul is changing in response to an evolving social and economic landscape. The data presented in this report was previously reported by a number of other organizations, such as the U.S. Census, The Department of Employment and Economic Development, and within the City of Saint Paul, among others. By consolidating this information in a singular report, we find that we can better capture and report on the activity that is occuring within our city.

This issue looks at three primary areas of change in the city. First, we look at trends in housing and development, from demolition and foreclosures to investment in residential and commercial construction. Second, we profile the current state of employment among Saint Paul residents, look at changes in jobs and wages by industry in the city, and identify changes in employment in the public and private sectors. Finally, we look at the social and demographic characteristics of the city.

Saint Paul Market Watch is published semi-annually, and the indicators featured will continue to expand and evolve to best capture the changes occurring within the city. We welcome your suggestions, comments, or questions. Please contact Jake Reilly at jake.reilly@ci.stpaul.mn.us or at 651-266-6618.

Highlights for This Issue

- The city benefited from a strong interest in remodeling and new construction activity over the past two years. This included particularly strong investments in multi-unit housing, in new commercial buildings along the Central Corridor, and in single family remodels in many parts of the city.

- There were 22% fewer foreclosures in 2012 than the previous year. Rates of foreclosure are comparable to what they were in 2006, but are still significantly higher than they were in 2005.

- The number of employed residents in the city continues to grow, contributing to gradual recovery of the unemployment rate, which was an average 6.2% in 2012.

- Data from the 2011 American Community Survey highlights the multi-cultural and ethnic diversity of Saint Paul. Nearly 44% of residents identify themselves as non-white or of Hispanic descent. Nearly 18% of Saint Paul residents were born outside of the U.S., and more than 26% of residents speak a language other than English at home.

CITY OF SAINT PAUL
Department of Planning & Economic Development
25 W. 4th St. Suite 1400
Saint Paul, MN 55102

Project Coordinator:
Jake Reilly
City Planner
jake.reilly@ci.stpaul.mn.us
651-266-6618

Research and Design:
Dean Porter
Research Intern
dean.porter@ci.stpaul.mn.us
651-266-6562

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Table of Contents

NEW CONSTRUCTION

New buildings

Saint Paul saw significantly more building activity in 2012 than in the past four years. There were a total of 102 new buildings with recently completed, inspected, or active permits. This is an exceptional improvement over the last year, which saw permitting for 75 new buildings and even exceeds 2007, when 95 permits were issued.

Commercial building was especially healthy in the past year, with 36 commercial or mixed-used buildings permitted. Single family starts have also recovered, with 33 new homes, more than the last four years.

A more striking trend was the construction of 15 new multi-unit residential projects last year (including mixed-use buildings). These projects included 733 new residential units, representing much stronger multifamily construction figures than in 2007, when 251 total units were built.

TABLE 1 - ANNUAL BUILDING PERMITS EXCEEDING $50,000 (2012 $)

	2007	2008	2009	2010	2011	2012
Residential	57	22	22	19	25	44
Single Family Home	44	14	14	17	23	33
Duplex	0	2	0	2	1	0
Multi-Unit	13	6	8	0	1	11
Units	251	145	189	0	44	297
Non-Residential	30	28	14	25	40	38
Commerical	22	25	9	11	30	32
Institutional	8	3	5	14	10	6
Mixed Comm/Res	0	0	0	2	2	4
Units	0	0	0	108	60	435
Accessory Structure	8	5	9	11	8	16
Totals	95	55	45	57	75	102*

Source: Saint Paul Department of Safety and Inspections

Includes building permits for "New" buildings with the status of "Active/Issued", "Inspected", or "Finaled", indicating active or completed construction activity.
**Totals do not include unit count*

"Accessory Structure" could include Antenna, Carport, Garage, Shed, Pool-In Ground, Pool-Above Ground, Tower, Tank, Gazebo, or Other Accessory Structure

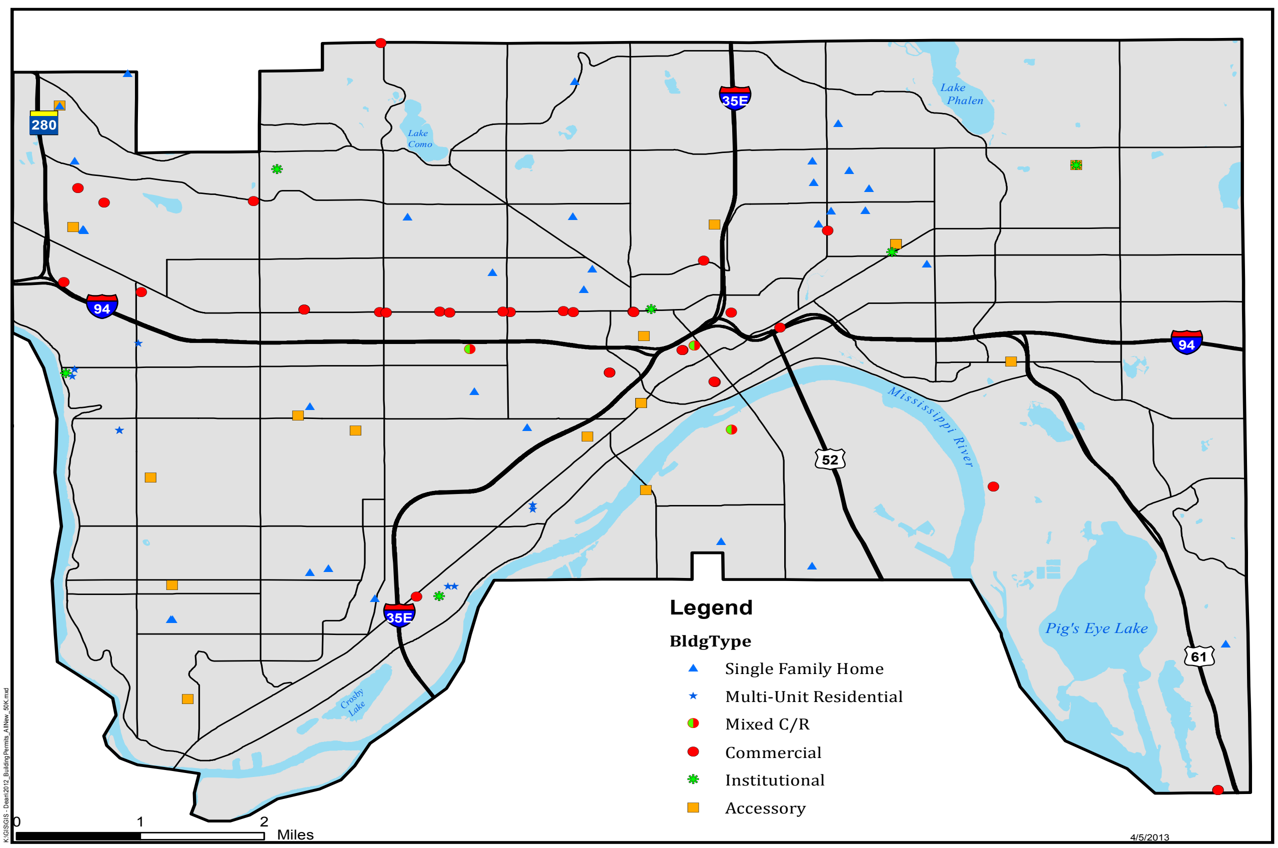
NEW CONSTRUCTION

Location of New Building Permits Over $50,000

Figure 1 shows significant investment in new commercial development along the Central Corridor, likely in anticipation of the Green Line light rail's scheduled opening in 2014.

Most single-family home construction was permitted in the Northern and Eastern parts of the city and most multi-family projects were in the southwest quadrant of the city.

FIGURE 1 - LOCATION OF BUILDING PERMITS FOR NEW BUILDINGS OVER $50,000 IN 2012



Source: Saint Paul Department of Safety and Inspections

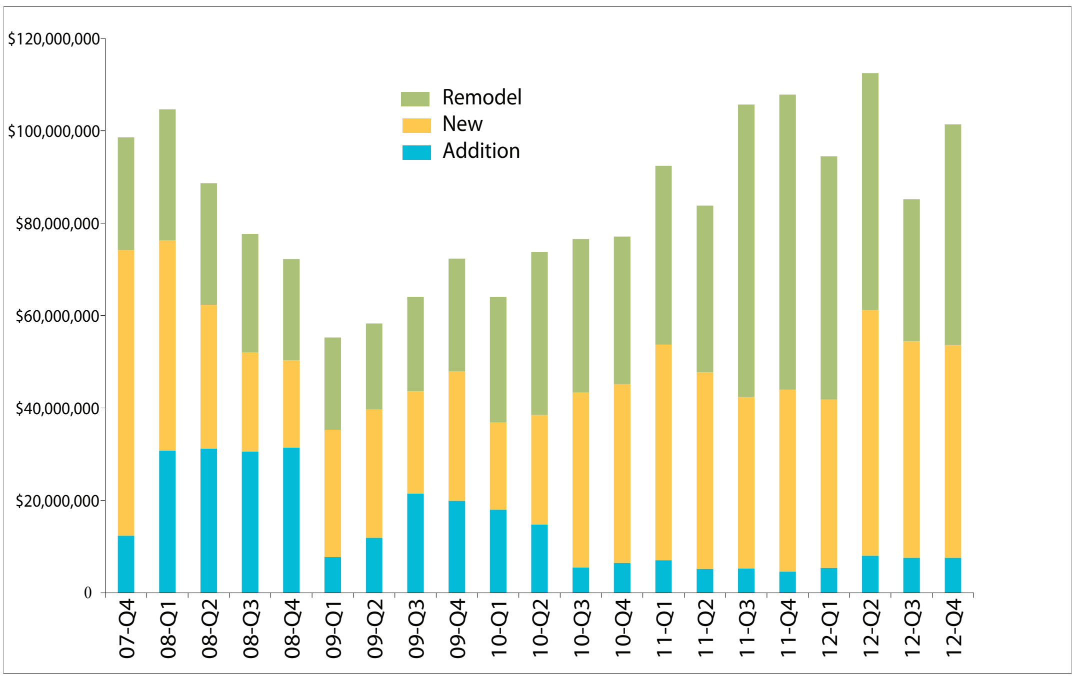
BUILDING PERMITS

Total Permit Value

The total value of major permitted construction projects (both residential and non-residential) in 2012 was $405.5 million. The total permit value of additions, remodels, and new buildings was approximately 6% ($25.1 million) less than in 2011, but was still higher than pre-recession (2007) levels. This two year trend is an indicator of a local recovery in the construction industries following three years of depressed activity between 2008 and 2010.

Figure 2 and Table 2 demonstrate that much of the increase in permit values can be attributed to increased investment in remodels ($87.8 million in 2008 and $191 million in 2012) and in new construction ($75.6 million in 2008 and $184.1 million in 2012). Investment in additions peaked at $125.7 million in 2008 and was $30.4 million last year.

FIGURE 2 - COMBINED TOTAL VALUE OF SELECT BUILDING PERMITS TYPES, BY QUARTER (FIGURES BASED ON FOUR QUARTER AVERAGES*; IN 2012 $)



Source: Saint Paul Department of Safety and Inspections, data compiled by PED
**this adjustments helps account for seasonal variation in building activity*

TABLE 2 - COMBINED TOTAL VALUE OF BUILDING PERMITS, IN MILLIONS (2012 $)

Permit Type	2007	2008	2009	2010	2011	2012	Grand Total
Addition	$49.4	$125.7	$79.7	$25.9	$18.3	$30.4	$329.4
New	$247.4	$75.6	$111.9	$154.8	$157.5	$184.1	$931.3
Remodel	$97.4	$87.8	$97.7	$127.6	$255.4	$191.0	$857.0
Grand Total	$394.3	$289.0	$289.3	$308.4	$431.3	$405.5	$2,117.7

Source: Saint Paul Department of Safety and Inspections, data compiled by PED

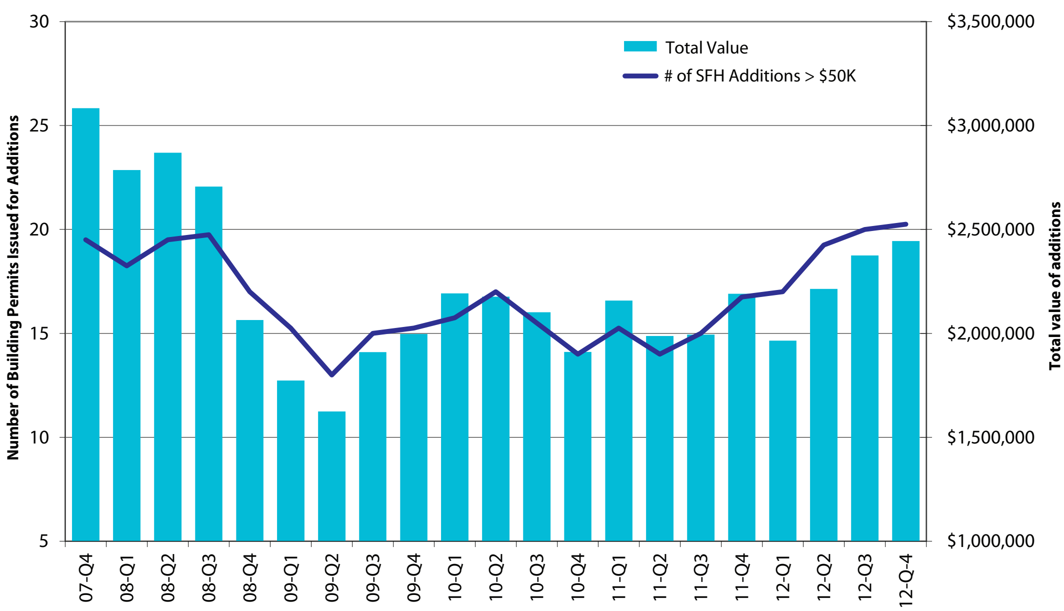
ADDITIONS AND REMODELS

Additions to Single-Family Homes

The number of single family home additions per quarter has recovered since the worst of the recession and continues to increase.

Total quarterly investments in additions during the last year, however, were between $2 million and $2.5 million. These figures are substantially less than in 2007 to 2008, when quarterly investments ranged from $2.5 to over $3 million.

FIGURE 3 - TOTAL VALUE OF PERMITS FOR SINGLE FAMILY HOME ADDITIONS EXCEEDING $50,000 (2012 $), FIGURES BASED ON FOUR QUARTER AVERAGES



Source: Saint Paul Department of Safety and Inspections, data compiled by PED

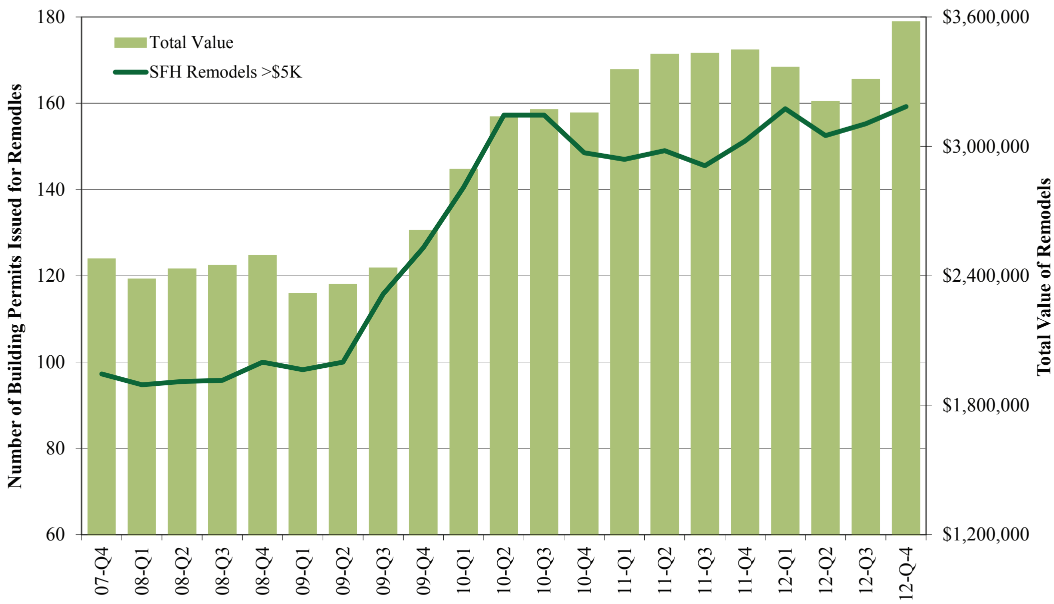
ADDITIONS AND REMODELS

Remodel Projects on Single-Family Homes

Remodeling activity increased dramatically over the past three years. By the end of 2012, an average of 160 permits were issued each quarter, up from 120 three years earlier. The total value of these remodel projects increased from $2.4 million quarterly to $3.6 million.

Permits issued for additions and remodels include activity undertaken through both private investment as well as government initiatives like Invest Saint Paul and the Neighborhood Stabilization Program.

FIGURE 4 - TOTAL VALUE OF PERMITS FOR SINGLE FAMILY HOME REMODELS EXCEEDING $5,000 (2012 $), FIGURES BASED ON FOUR QUARTER AVERAGES



Source: Saint Paul Department of Safety and Inspections, data compiled by PED

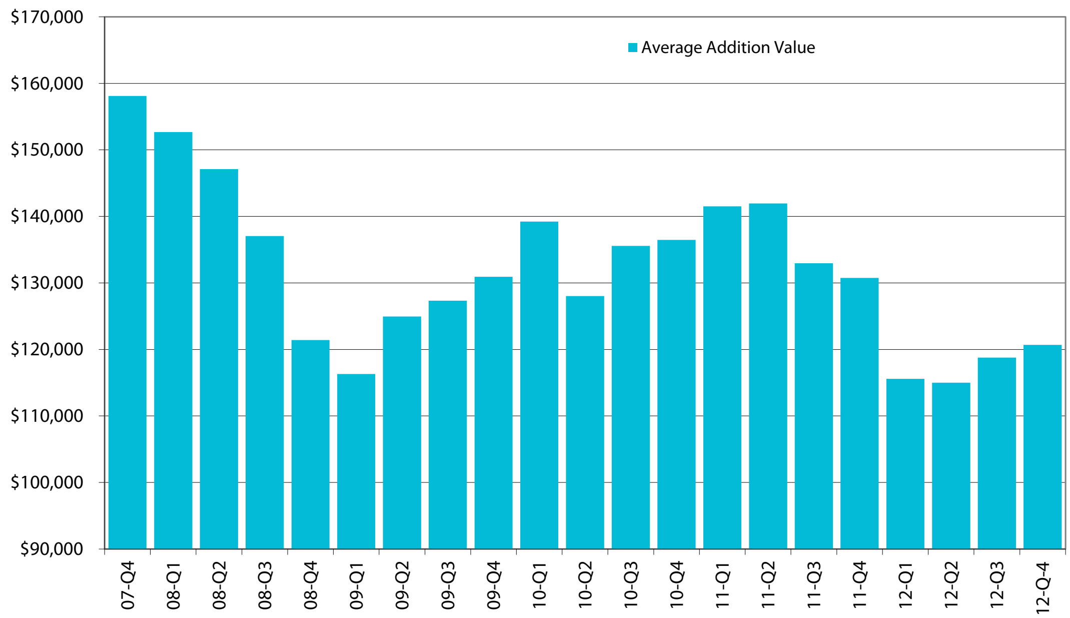
ADDITIONS AND REMODELS

Average Permit Value of Additions on Single-Family Homes

Figure 5 shows the average value of additions to single family homes exceeding $50,000 in value. The average value has fluctuated, dropping from a peak of $160,000 in late 2007, recovering to more than $140,000 in 2011 and dropping to around $120,000 last year.

This trend suggests a tendency to take on smaller, more manageable additions throughout the recession and recovery.

FIGURE 5 - AVERAGE VALUE OF SINGLE FAMILY HOME ADDITIONS EXCEEDING $50,000 ($2012) FIGURES BASED ON FOUR QUARTER AVERAGES



Source: Saint Paul Department of Safety and Inspections, data compiled by PED

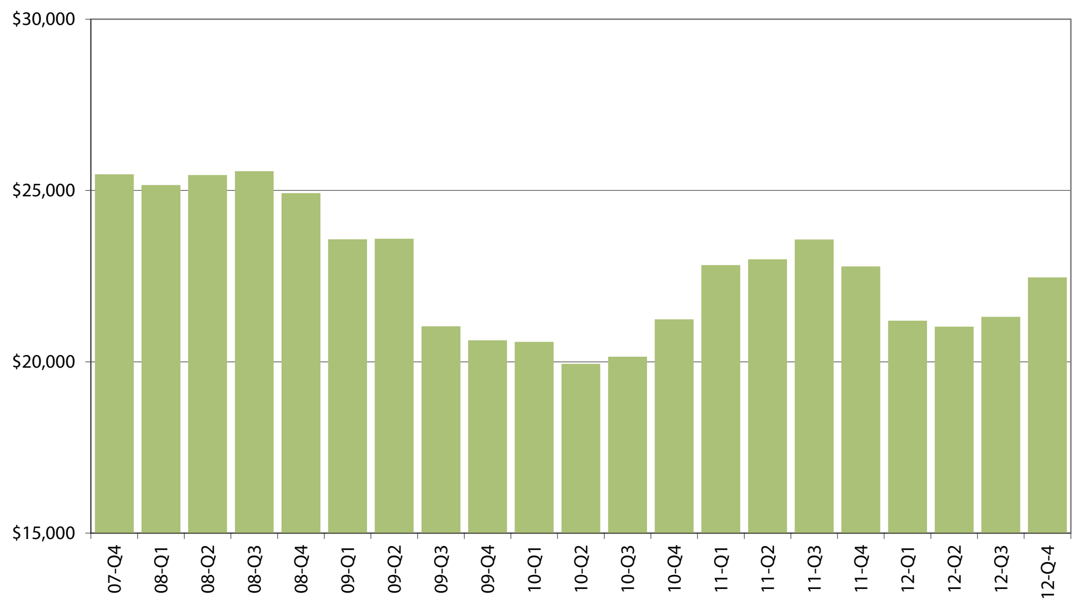
ADDITIONS AND REMODELS

Average Permit Values of Remodels on Single-Family Homes

The average reported value of remodeling projects declined in 2009, with the average value dropping from around $25,000 to $20,000 in mid-2010. Over the past two years, the average value of remodels has recovered somewhat, though it dropped into the low $20,000s again in 2012.

Permits issued for additions and remodels include activity undertaken through both private investment as well as government initiatives like Invest St. Paul and the Neighborhood Stabilization Program.

FIGURE 6 - AVERAGE VALUE OF SINGLE FAMILY HOME REMODELS EXCEEDING $5,000 (2012$), FIGURES BASED ON FOUR QUARTER AVERAGES



Source: Saint Paul Department of Safety and Inspections, data compiled by PED

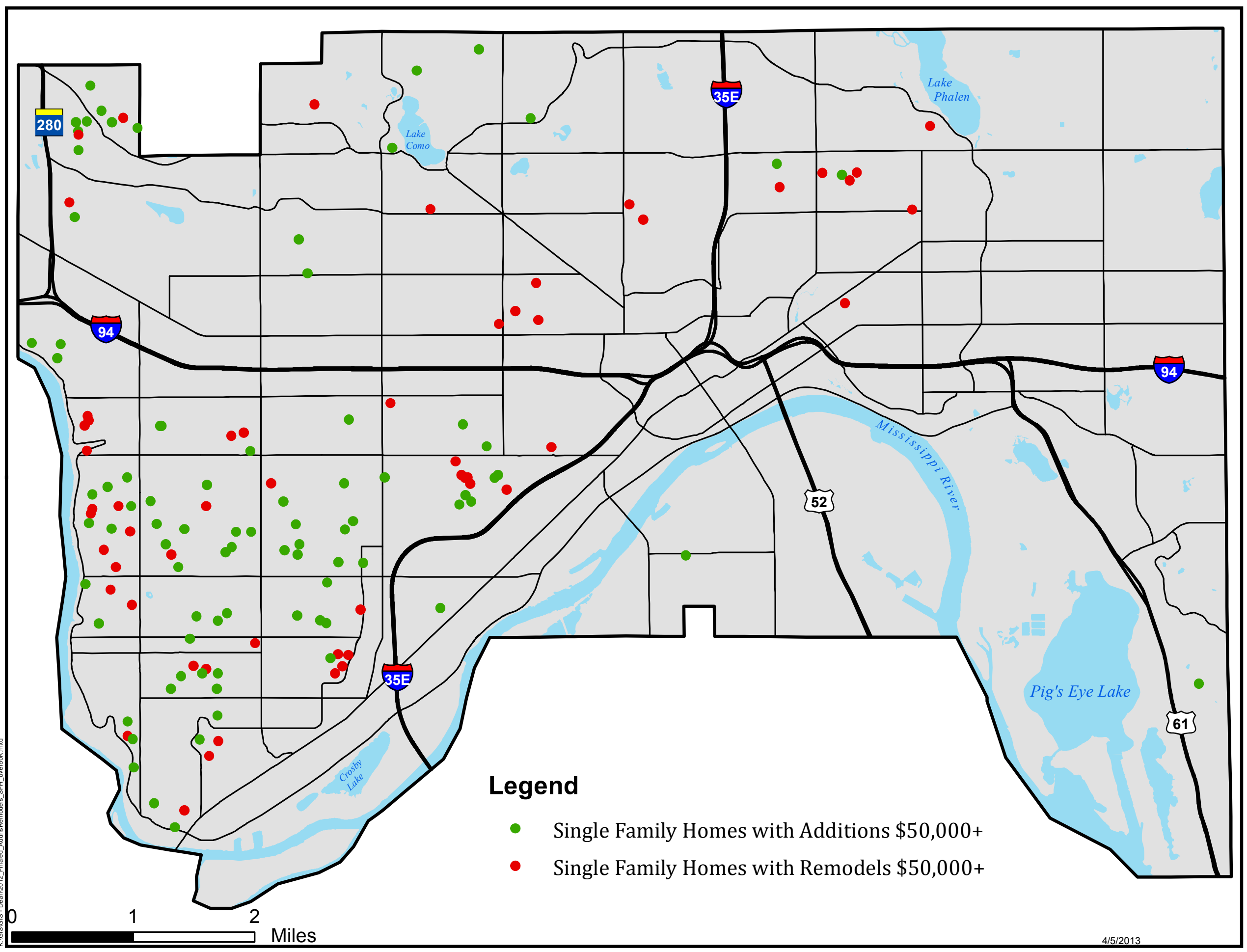
ADDITIONS AND REMODELS

Single-Family Home Permits Exceeding $50,000 in Value

This report includes two separate maps (Figures 7 and 8) indicating major investment in existing homes. Figure 7 shows the locations of high value additions and remodels (over $50,000). Figure 8 on the following page provides an alternate measure of investment, showing all renovations worth 10% or more of building value. As a result, significant renovations to lower value homes are likely to be shown in Figure 8 but not Figure 7 below.

Figure 7 shows that the vasty majority of high value renovation projects (over $50,000) are concentrated in the southwest quadrant of the city and around Como Avenue and Lake Como in the northwest quadrant. This demonstrates significant investment in these areas.
It should be noted that relatively high housing and property values in these locations increases the likelihood and feasibility of high value renovations.

FIGURE 7 - 2011 LOCATIONS OF ADDITIONS AND REMODELS TO SINGLE FAMILY HOMES EXCEEDING $50,000 (2012$)



Source: Saint Paul Department of Safety and Inspections, map created by PED

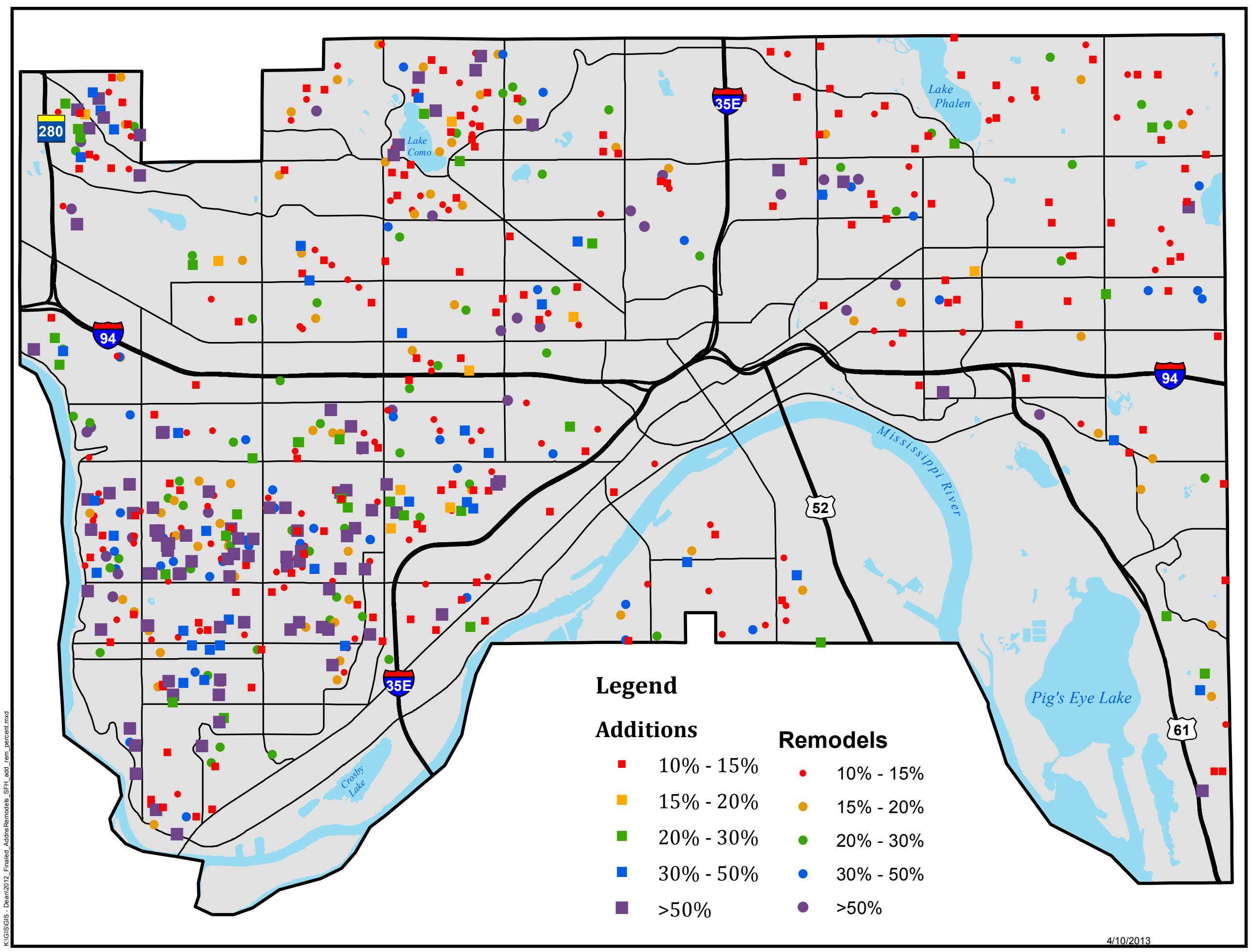
ADDITIONS AND REMODELS

Single-Family Home Permits Exceeding 10% of Building Value

Figure 8 below shows the value of projects for single family homes relative to the value of the building, according to the assessor's office. This figure further demonstrates major renovation activity (>50% of building value) in the areas of the city noted above. In addition, the map demonstrates substantial investment in single-family homes throughout the northern and eastern portions of the city.

By focusing on percentage of building value rather than the dollar value of a renovation, this map provides a more comprehensive picture of city-wide investment in single family homes. For example, a permit for a $35,000 remodel of a $100,000 home would be not be included on Figure 7. Figure 8 (below) would include this remodel because it demonstrates a significant investment (35%) relative to the value of the building.

FIGURE 8 - - 2011 LOCATIONS OF ADDITIONS AND REMODELS TO SINGLE FAMILY HOMES EXCEEDING 10% OF BUILDING VALUE



Source: Ramsey County Assessors Office, Saint Paul Department of Safety and Inspections, map created by PED

MAJOR CONSTRUCTION PROJECTS

Residential Projects

In 2012, nine major residential construction projects worth more than $1 million were either in progress or completed in Saint Paul. The largest individual permits were for a $32 million conversion of the Schmidt Brew House and a $21.5 million conversion of the Schmidt Bottling House next door. These buildings will be converted into multi-unit residential housing.

TABLE 3 - RECENT ACTIVE OR COMPLETED RESIDENTIAL CONSTRUCTION PROJECTS OVER $1 MILLION (2012$)

Address	Description	Building Type	Activity	Permit value	Number of res. units
900 7th St W	Schmidt Brew House	Residential (Multi-Fam)	Conversion	$32,111,796	127
876 7th St W	Schmidt Bottling House	Residential (Multi-Fam)	Conversion	$21,498,367	121
2320 Marshall Ave	E. River Apartments	Residential (Multi-Fam)	New	$4,840,000	44
2124 Grand Ave	Grand-Finn Student Housing	Residential (Multi-Fam)	New	$1,639,871	20
401 Erie St	Schmidt Townhouse	Residential (Multi-Fam)	New	$1,481,545	7
754 Concordia Ave	Saint Paul IDS Gardens	Residential (Multi-Fam)	Remodel	$1,425,872	28
385 Erie St	Schmidt Townhome	Residential (Multi-Fam)	New	$1,269,895	6
825 Berry St	Emerald Gardens	Residential (Multi-Fam)	Repair	$1,264,118	unknown
740 Victoria St S	Victoria Park Apartments	Residential (Multi-Fam)	New	$1,000,000	215

Source: Saint Paul Department of Safety and Inspections, data compiled by PED

MAJOR CONSTRUCTION PROJECTS

Non-Residential and Mixed-Use Construction

Major non-residential and mixed-use construction activity was particularly active in 2012. There were 33 major non-residential construction projects in progress or completed in 2012 including commercial, institutional and mixed-use buildings. The largest permitted projects include three mixed-use projects in or near downtown: The Penfield, the Pioneer Endicott Building. and West Side Flats.

TABLE 4 - RECENT ACTIVE OR COMPLETED NON-RESIDENTIAL CONSTRUCTION PROJECTS OVER $1 MILLION (2012$)

Address	Description	Building Type	Activity	Permit value	Number of res. units
101 10TH ST E	The Penfield	Mixed C/R	New	$43,806,759	256
141 4TH ST E	Pioneer Endicott	Mixed C/R	Remodel	$25,436,187	238
84 WABASHA ST S	West Side Flats	Mixed C/R	New	$20,651,000	178
333 SMITH AVE N	United Hospital	Institutional	Remodel	$11,254,586	-
600 CEDAR ST	Armory	Institutional	Remodel	$8,150,000	-
895 7TH ST E	East Side Health Center	Institutional	New	$7,880,230	-
1455 VICTORIA WAY	Nova Classical Academy	Institutional	New	$6,600,412	-
600 JACKSON ST	Regions Hospital / New Patient Tower	Institutional	Remodel	$6,347,520	-
69 UNIVERSITY AVE W	Pedestrian Tunnel Access Building	Institutional	New	$4,873,287	-
876 7TH ST W	Schmidt Bottling House	Commercial	Remodel	$4,707,331	-
1021 BANDANA BLVD E	Bandana Square (RR New Car Shop)	Commercial	Remodel	$4,509,054	-
733 PORTLAND AVE	Unity Church	Institutional	Addition	$4,358,752	-
211 7TH ST W	Cossetta's Restaurant	Commercial	Addition	$3,786,862	-
1275 MIDWAY PKWY	Como Zoo Primate Facility	Institutional	Addition	$3,602,590	-
214 4TH ST E	Union Depot	Commercial	Remodel	$3,500,000	-
1701 PIERCE BUTLER ROUTE	Crane Maintenance Facility	Commercial	Repair	$2,805,633	-

Source: Saint Paul Department of Safety and Inspections, data compiled by PED

MAJOR CONSTRUCTION PROJECTS

Non-Residential Construction, continued

The list includes a wide variety of projects located in various parts of the city.

TABLE 5 - RECENT ACTIVE OR COMPLETED NON-RESIDENTIAL CONSTRUCTION PROJECTS OVER $1 MILLION (2012$), CONTINUED

Address	Description	Building Type	Activity	Permit value
200 UNIVERSITY AVE E	Gillette Children's Hospital	Institutional	Remodel	$2,525,652
650 PELHAM BLVD	Meridian Industrial Center	Commercial	New	$2,250,000
1325 AIDA PLACE	Como Conservatory Japanese Garden	Institutional	Addition	$2,041,098
1110 LARPENTEUR AVE W	Walgreens	Commercial	New	$1,953,923
840 PAYNE AVE	Kendall's Hardware	Commercial	New	$1,881,778
1824 OLD HUDSON ROAD	Summit Hill Assisted Living	Institutional	Remodel	$1,810,928
1540 6TH ST E	Harding Senior High School	Institutional	Remodel	$1,304,000
345 SMITH AVE N	Childrens Hospital	Institutional	Remodel	$1,302,616
2004 RANDOLPH AVE	Whitby Hall/Jeanne D'Arc Auditorium - St. Catherine	Institutional	Remodel	$1,216,443
500 LAFAYETTE ROAD	DNR Building	Institutional	Remodel	$1,211,959
75 REV DR MARTIN LUTHER KING JR BLVD	MN State Capitol Building	Institutional	Repair	$1,202,414
1557 HURON ST	Chelsea Heights Elementary School (K-6)	Institutional	Remodel	$1,176,362
1678 RED ROCK ROAD	Gerdau - American Steel US	Commercial	New	$1,094,000
1830 UNIVERSITY AVE W	Seabury	Institutional	Remodel	$1,088,074
550 CLEVELAND AVE N	American Engineering Testing Lab	Commercial	New	$1,084,950
311 SPRUCE ST	Specialized Treatment Services Clinic	Commercial	New	$1,023,432
1610 ENERGY PARK DRIVE	Car Wash	Commercial	New	$1,000,000

Source: Saint Paul Department of Safety and Inspections, data compiled by PED

DEMOLITIONS

Building Demolitions

During 2012, there were 101 residential buildings demolished and 25 commercial buildings demolished. Figure 9 below shows the locations of these demolitions across the city for 2012.

Table 6 highlights the number of demolitions across the City dating back to 2007. The rate of commercial demolitions has declined by 48% since 2007. Demolitions for residential properties have fluctuated.

There has been an average of 98 residential demolitions per year since 2007. Residential demolitions peaked in 2009, due to the rise in vacant and abandoned buildings resulting from the foreclosure crisis, as well as through local initiatives to eliminate vacant buildings in poor condition.

Note that permits issued for demolitions include permits issued for activity undertaken through government initiatives, such as Invest Saint Paul and the Neighborhood Stabilization Program.

FIGURE 9 - LOCATIONS OF BUILDING DEMOLITIONS IN 2012

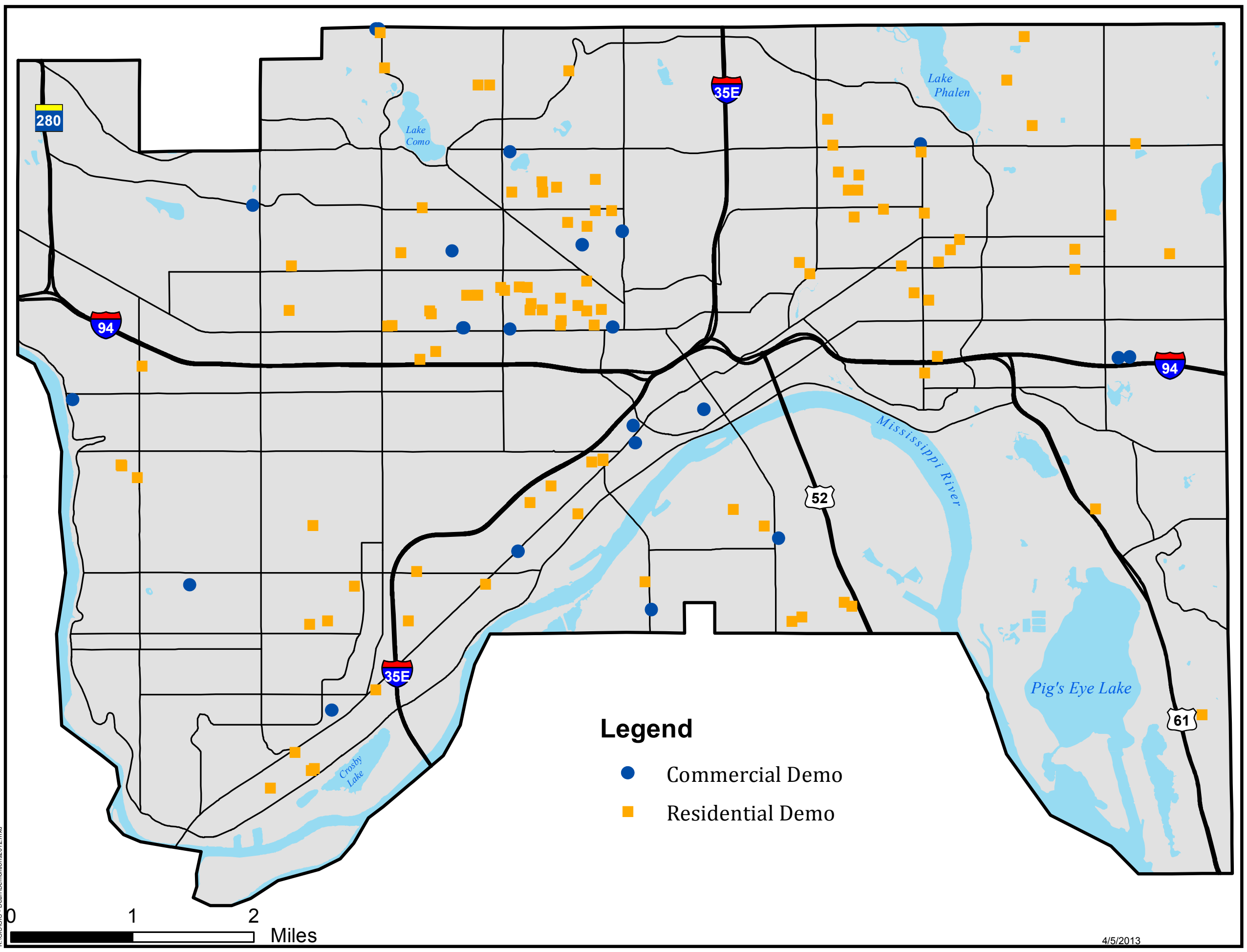


TABLE 6 - DEMOLITIONS PER YEAR - 2007 TO 2012

	2007	2008	2009	2010	2011	2012
Commercial Demolitions	48	34	32	30	27	25
Residential Demolitions	83	108	124	75	95	101
Total Demolitions	131	142	156	55	122	126

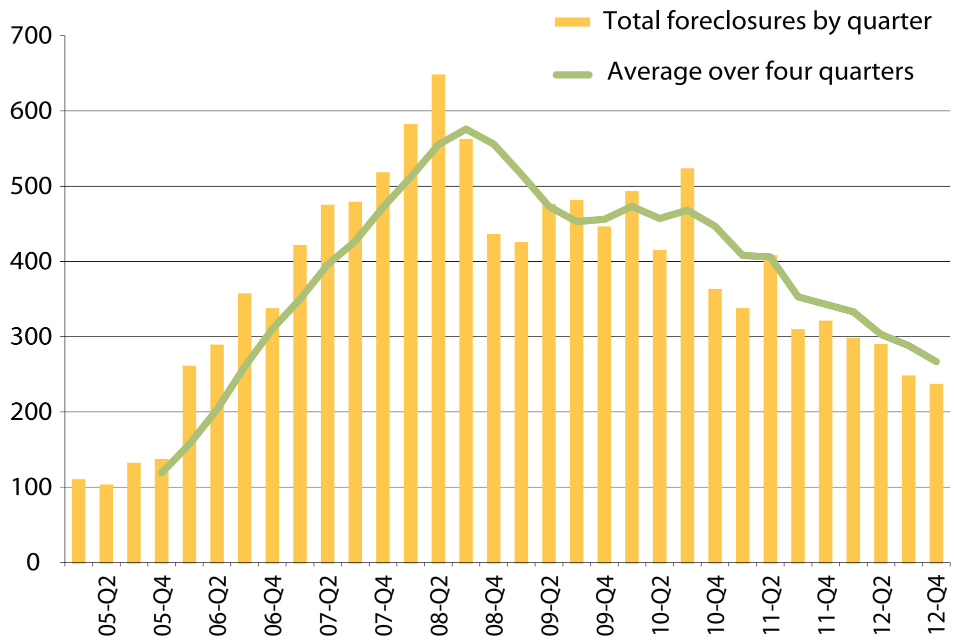
Does not include demolitions of accessory structures.

FORECLOSURES

Foreclosure Rate

In 2012, there were a total of 1012 foreclosure sales in Saint Paul. This is approximately 22% fewer than in 2011, when the city saw 1372 foreclosure sales. Adjusting for seasonal variation, the four quarter average shows a steady decrease in the foreclosure rate since 2008 with a small upturn between mid-2009 and mid-2010. The rate has recovered to less than 270 per quarter. This figure is down from 575 in 2008 and nearly 350 at the end of 2011. The current rate is similar to mid-2006.

FIGURE 10 - TOTAL FORECLOSED PROPERTIES 2005-2012



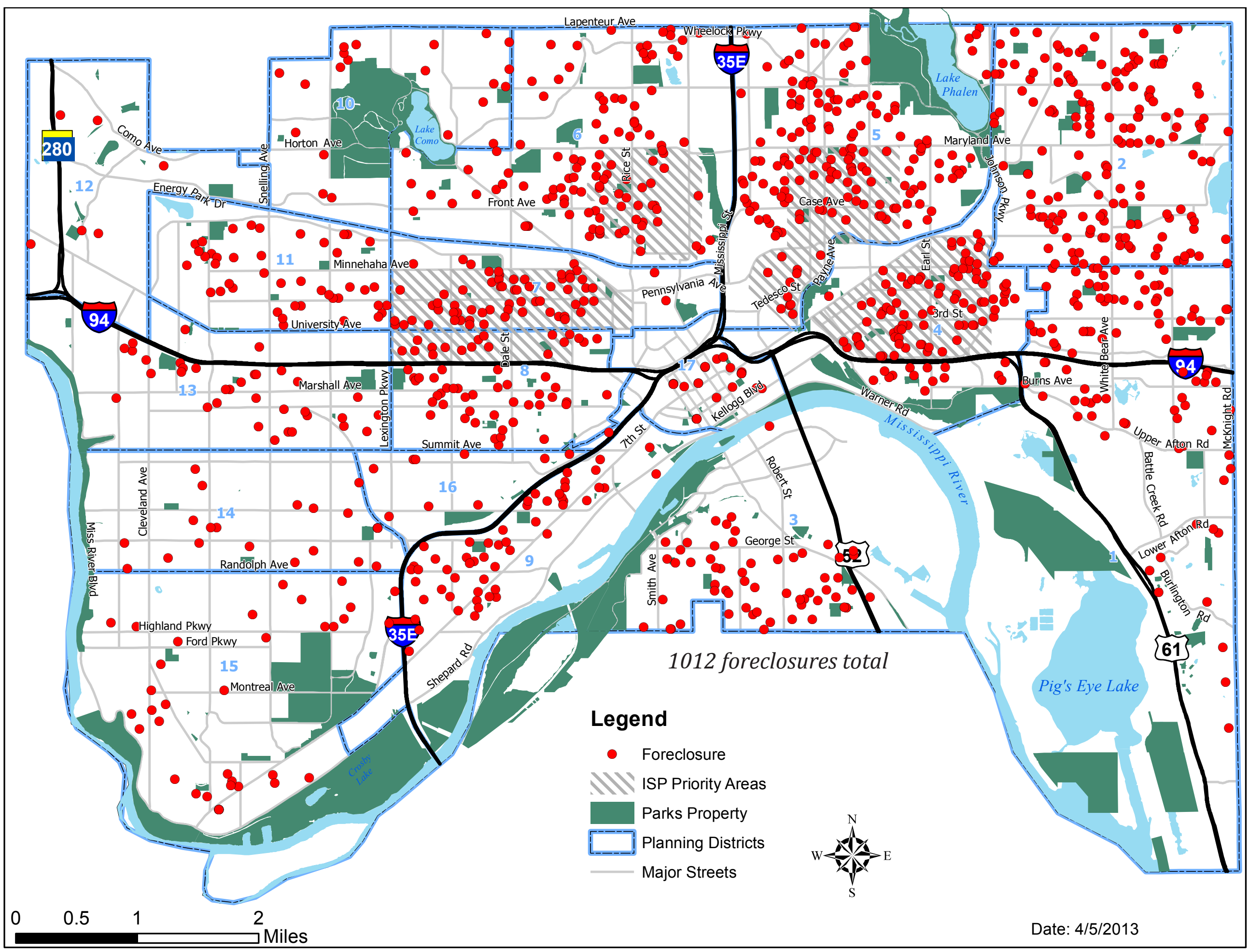
Source: Ramsey County Sheriff's Office

FORECLOSURES

Location of Foreclosures

Figure 11 demonstrates some concentration of foreclosures within ISP priority areas. Most other parts of the city also experienced relatively high numbers of foreclosures, with the exception of the southwest quadrant, which had a relively low density of foreclosures.

FIGURE 11 - LOCATIONS OF FORECLOSED PROPERTIES, 2012



Source: Ramsey County Sheriff's Office, Ramsey County Assessor's Office

LABOR FORCE

Employment

Employment is measured as the number of Saint Paul residents who are currently working (regardless of whether those residents work in Saint Paul or in another city). This is different from the analysis of jobs on the following pages, which measures the number of people who work in the city (regardless of where they live).

Through the last quarter of 2012, Saint Paul's residents held 139,114 jobs. This is 1,612 more jobs than one year ago, representing employment growth of about 1.2% from one year before (11-Q4). Saint Paul's employment growth rate exceeded that of the seven-county metro. Workers residing in the seven-county metro held 1,839,952 jobs at the end of 2012, which was 2,814 more than one year before, and represented a growth rate of 0.15%.

TABLE 7 - LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

	11-Q4	12-Q1	12-Q2	12-Q3	12-Q4
Saint Paul - Not seasonally adjusted					
Labor Force	147,336	145,533	147,556	148,824	147,543
Employment	138,580	136,168	138,482	138,938	139,114
Unemployment Rate	5.9%	6.4%	6.1%	6.6%	5.7%
Metro - Not seasonally adjusted					
Labor Force	1,861,616	1,843,703	1,779,687	1,871,986	1,864,430
Employment	1,761,399	1,731,472	1,684,777	1,766,608	1,769,229
Unemployment Rate	5.40%	6.10%	5.30%	5.60%	5.10%
Saint Paul - Average of last 4 quarters*					
Labor Force	146,818	147,058	147,304	147,312	147,364
Employment	136,564	137,083	137,640	138,042	138,176
Unemployment Rate	7.00%	6.80%	6.60%	6.30%	6.20%
Metro - Average of last 4 quarters*					
Labor Force	1,852,206	1,855,000	1,837,460	1,839,248	1,839,952
Employment	1,736,116	1,742,741	1,730,861	1,736,064	1,738,021
Unemployment Rate	6.3%	6.1%	5.8%	5.6%	5.5%

Source: Minnesota Department of Employment and Economic Development - Local Area Unemployment Statistics

**although seasonally adjusted data is not available for Saint Paul, examining a four quarter average of employment data provides some indication of seasonal variation in employment activity*

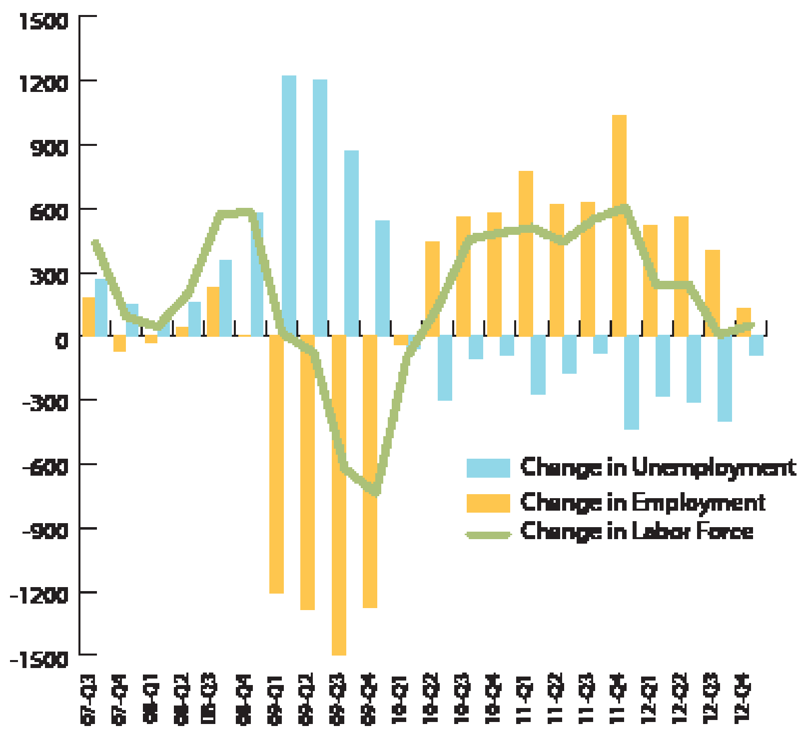
LABOR FORCE

Labor Force

The labor force is the total of the residents of Saint Paul classified as either employed or unemployed. Unemployed residents only include persons actively seeking employment.

Figure 12 shows 11 straight quarters in employment growth, making up for a large percentage of losses experienced in 2009 and early 2010.

FIGURE 12 - CHANGES IN THE LABOR FORCE (BASED ON FOUR QUARTER AVERAGE)



Source: Minnesota Department of Employment and Economic Development - Local Area Unemployment Statistics

LABOR FORCE

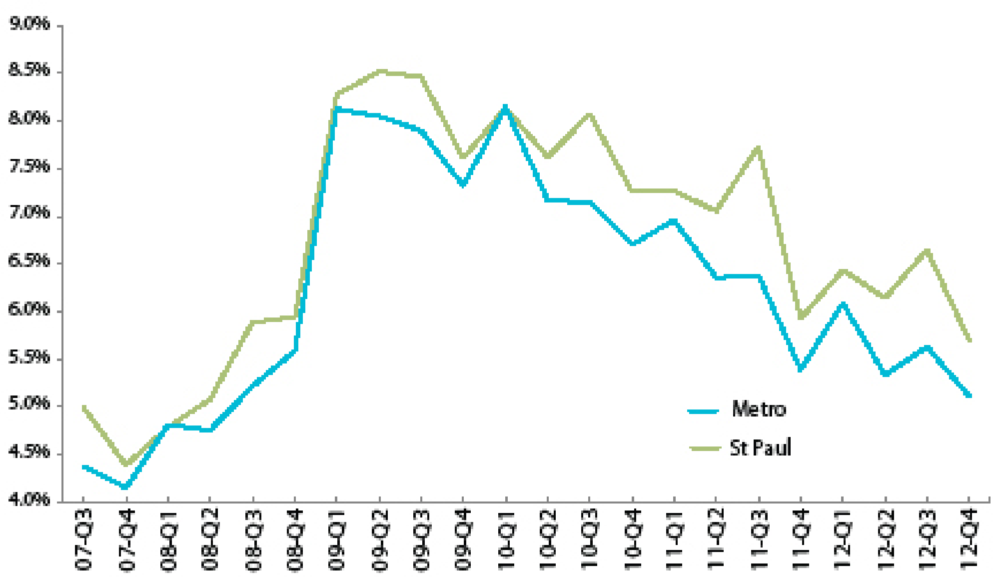
Unemployment Rate

The unemployment rate measures the number of unemployed residents as a percent of the labor force.

Saint Paul's unemployment rate continues to improve steadily. The average unemployment rate for 2012 was 6.2%, down from 7.0% for 2011. The unadjusted rate was 5.7% for 12-Q4.

The unemployment rate is higher in Saint Paul than for the seven-county metro, and the rate is dropping at a similar rate for both Saint Paul and the metro, which saw its average unemployment rate drop from 6.3% for 2011 to 5.5% for 2012.

FIGURE 13 - UNEMPLOYMENT RATE, NOT SEASONALLY ADJUSTED



Source: Minnesota Department of Employment and Economic Development - Local Area Unemployment Statistics

JOBS

Public and Private Sector Jobs

Table 8 below and Figure 14 on the next page show the number of jobs in the city and changes in jobs broken down by public and private sector over the last four quarters.

Private sector jobs have decreased in two of the last four quarters, with a total of 934 jobs lost between 11-Q3 and 12-Q3.

In the public sector, the data shows a gain of 3,422 public sector jobs over the last four quarters (11-Q3 to 12-Q3). Public sector job gains are primarily due to the re-hiring of state government employees following the July 2011 Minnesota state government shutdown. Changes in local government jobs are primarily due to seasonal fluctuations.

TABLE 8 - JOBS BY PUBLIC AND PRIVATE SECTOR, NOT SEASONALLY ADJUSTED

	11-Q3	**11-Q4**	**12-Q1**	**12-Q2**	**12-Q3**
Total Jobs in Saint Paul	171,783	175,559	170,165	174,614	174,270
Private Jobs	140,098	140,054	134,732	138,347	139,164
Change from Prev Qtr	---	-44	-5,322	3,615	817
Total Government Jobs	31,684	35,505	35,433	36,267	35,106
Change from Prev Qtr	---	3,821	-72	834	-1,161
Local Government Jobs*	14,688	15,753	15,677	16,200	15,001
Change from Prev Qtr	---	1,065	-76	523	-1,199
State Government Jobs	14,026	16,806	16,847	17,145	17,156
Change from Prev Qtr	---	2,780	41	298	11
Federal Government Jobs	2,969	2,945	2,908	2,922	2,948
Change from Prev Qtr	---	-24	-37	14	26

	Change in Jobs, 11-Q3 to 12-Q3	
	Number	Percent
Private Jobs	-934	-0.7%
Total Government Jobs	3422	10.8%
Local Government Jobs*	313	2.1%
State Government Jobs	3130	22.3%
Federal Government Jobs	-21	-0.7%

Source: Minnesota Department of Employment and Economic Development - Quarterly Census of Employment and Wages

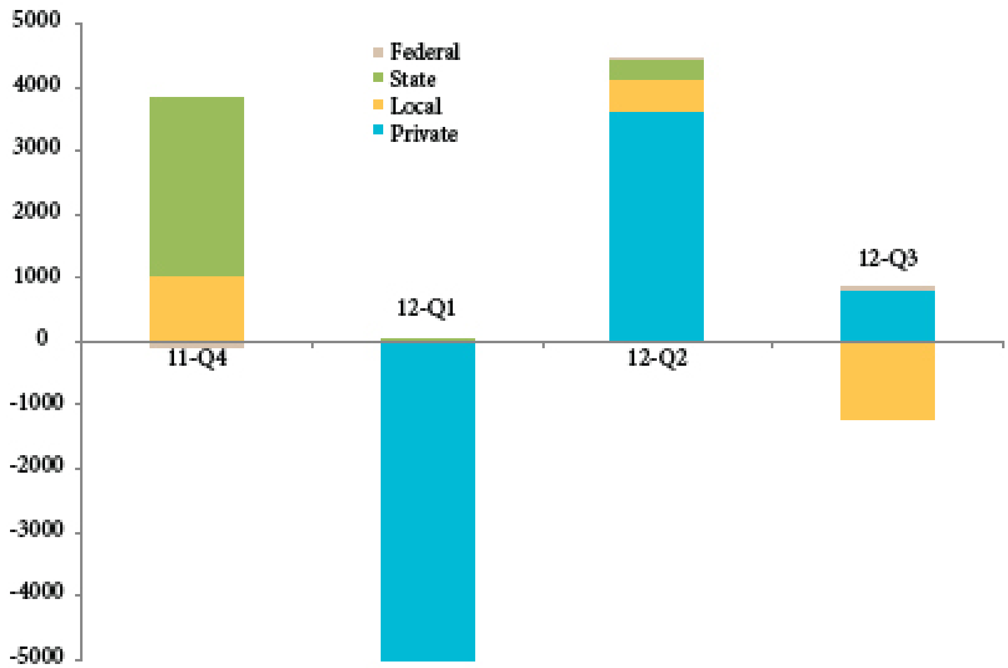
**Local Government includes city, county and school employees.*

Changes, Public and Private Sector Jobs

Figure 14 below visually demonstrates fluctuations in private sector jobs and in local government jobs. Since employment statistics for the city are not seasonally adjusted, losses and gains in these two sectors are most likely due to seasonality. As Table 8 on the last page demonstrates, examination of changes over a four quarter period (11-Q3 - 12 - Q3) shows relatively stable numbers of local government and private sector jobs.

As mentioned on the previous page, large gains in state government jobs in 11-Q4 are due to the re-hiring of employees following the state government shutdown.

FIGURE 14 - CHANGES IN PUBLIC AND PRIVATE SECTOR JOBS, NOT SEASONALLY ADJUSTED



Source: Minnesota Department of Employment and Economic Development - Quarterly Census of Employment and Wages

JOBS

Sectors which gained the most jobs

Over the 12 month period from Q3-2011 to Q3-2012, **Information** benefited from 25.5% growth. **Public Administration** saw 16.3% job growth, with most jobs added in state government, likely due to re-hires from the 2011 state government shut down.

Management of Companies and Enterprises and **Arts, Entertainment and Recreation** also saw growth of more than 5%. Six additional sectors also added jobs.

Sectors which lost the most jobs

The two sectors with the greatest proportional losses included **Accomodation and Food Services**, with a loss of 9.1% and **Real Estate and Rental Leasing**, which shrunk by 8.2%.

Manufacturing also saw large losses of 6.3% and four additional sectors also lost jobs.

TABLE 9 - QUARTERLY EMPLOYMENT BY INDUSTRY

St Paul, Employment by Industry***	2011-Q3	2011-Q4	2012-Q1	2012-Q2	2012-Q3	% Chg Q3 2011-12
Total, All Industries	171,782	175,559	170,165	174,614	174,270	1.4%
Information	4,129	3,992	5,162	5,215	5,183	25.5%
Public Administration	18,894	21,181	21,323	21,802	21,983	16.3%
Management of Companies and Enterprises	4,352	4,319	4,608	4,665	4,596	5.6%
Arts, Entertainment, and Recreation	4,090	4,031	3,971	4,142	4,301	5.2%
Professional and Technical Services	6,744	6,815	6,970	7,068	7,031	4.3%
Educational Services	15,603	17,601	17,318	17,722	16,162	3.6%
Transportation and Warehousing	3,652	3,737	3,763	3,852	3,775	3.4%
Other Services (except Public Admin.)	6,730	6,448	6,449	6,659	6,923	2.9%
Administrative and Waste Services	11,875	11,942	10,734	11,329	12,084	1.8%
Retail Trade	9,370	9,614	9,202	9,274	9,410	0.4%
Utilities	903	883	832	877	903	0.0%
Wholesale Trade	4,901	4,907	4,774	4,827	4,894	-0.1%
Health Care and Social Assistance	39,243	39,424	38,604	38,942	39,124	-0.3%
Finance and Insurance	12,347	12,387	12,129	12,136	12,208	-1.1%
Construction	383	377	350	373	375	-2.1%
Manufacturing	8,499	8,465	7,764	7,869	7,966	-6.3%
Real Estate and Rental and Leasing	2,720	2,652	2,415	2,506	2,498	-8.2%
Accommodation and Food Services	11,270	11,093	9,936	10,282	10,250	-9.1%

Source: Minnesota Department of Employment and Economic Development - QCEW

***** - *Refer to Appendix A for a brief description of each industry by NAICS code, as defined by the U.S. Census. More detail can be found at http://www.census.gov/eos/www/naics/2007NAICS/2007_Definition_File.pdf.*

JOBS

Comparison of changes by sector

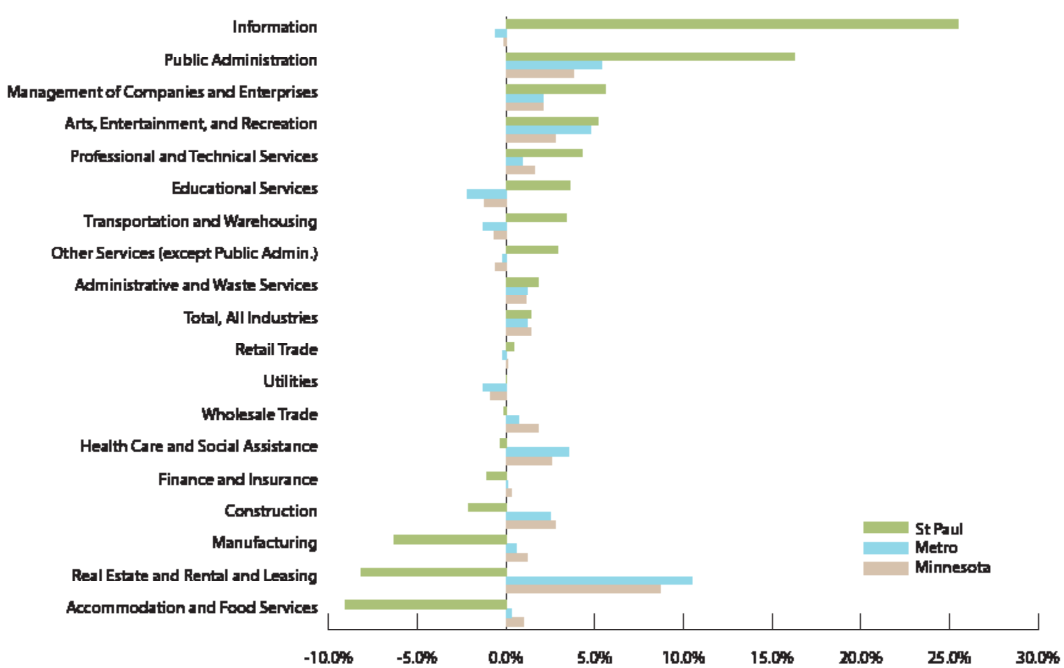
Figure 15 shows changes in employment in Saint Paul relative to changes in the seven-county metro area and the state.

The city experienced significantly more growth in **Information** compared to the metro and the state, which did not see any gains in the last four quarters. Several sectors also saw significant growth in Saint Paul despite losses or slow growth at the metro and state levels.

These included **Management of Companies and Enterprises; Professional and Technical services; Educational Services; Transportation and Warehousing; Other Services** saw notable gains on par with metro and state level growth.

Finances and Insurance, Construction, Manufacturing, Real Estate and Rental and Leasing, and Accomodation and Food Services all saw declines in employment in Saint Paul while experiencing growth outside of the city.

FIGURE 15 - PERCENT CHANGE IN EMPLOYMENT, BY INDUSTRY, 11-Q3 TO 12-Q3



Source: Minnesota Department of Employment and Economic Development - Quarterly Census of Employment and Wages

WAGES

Average Weekly Wages

The average weekly wage in Saint Paul as of the third quarter of 2012 was $1,949, which is $232 less than one year prior. This represents a 10.7% decline in average weekly wages.

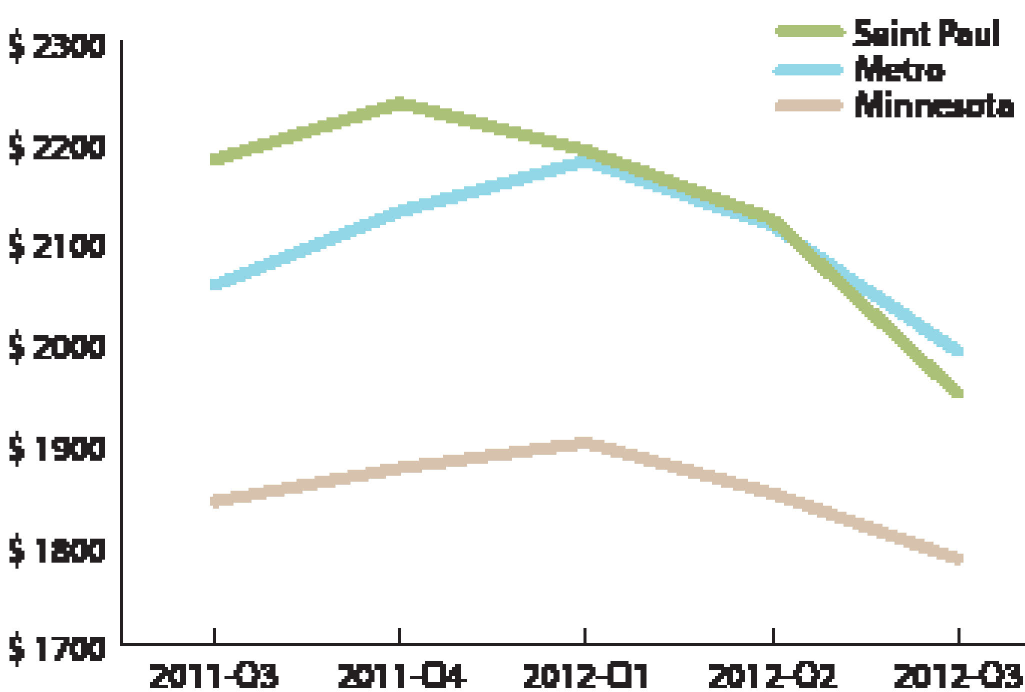
Saint Paul's average wage is currently slightly lower than the metropolitan area. Wages in Saint Paul are significantly higher than the statewide average.

TABLE 10 - AVERAGE WEEKLY WAGES BY QUARTER (NOT SEASONALLY ADJUSTED)

	Average Weekly Wages (2012 $)					Change Q3-11 to Q3-12	
	2011-Q3	2011-Q4	2012-Q1	2012-Q2	2012-Q3	$	%
Saint Paul	$2,182	$2,238	$2,191	$2,123	$1,949	-$232	-10.7%
Metro	$2,057	$2,131	$2,181	$2,117	$1,991	-$66	-3.2%
Minnesota	$1,843	$1,876	$1,901	$1,851	$1,786	-$57	-3.1%

Source: Minnesota Department of Employment and Economic Development - Quarterly Census of Employment and Wages

FIGURE 16 - AVERAGE WEEKLY WAGES, BY QUARTER (2011 $)



Source: Minnesota Department of Employment and Economic Development - Quarterly Census of Employment and Wages

WAGES

Wage Changes by Industry

In general, average weekly wages declined in most industries over a four quarter period. Major changes according to industry sector are summarized below. Figure 17, on the following page, graphically compares changes in each industry among the city, the seven-county metro area and Minnesota.

Only two sectors saw real wage growth in Saint Paul. The metro and state both saw growth in two sectors as well, although growth industries varied by level of jurisdiction.

Management of Companies and Enterprises experienced 10.7% growth in the city. The sector also grew at metro and state-wide levels, but at a much lower rate than in the city. Wages for **Arts, Entertainment, and Recreation** also grew in Saint Paul despite metro-wide losses.

Wages in Saint Paul saw steeper declines than the metro and state in the five industries: **Other Services, Public Administration, Construction, Finance and Insurance, Educational Services.**

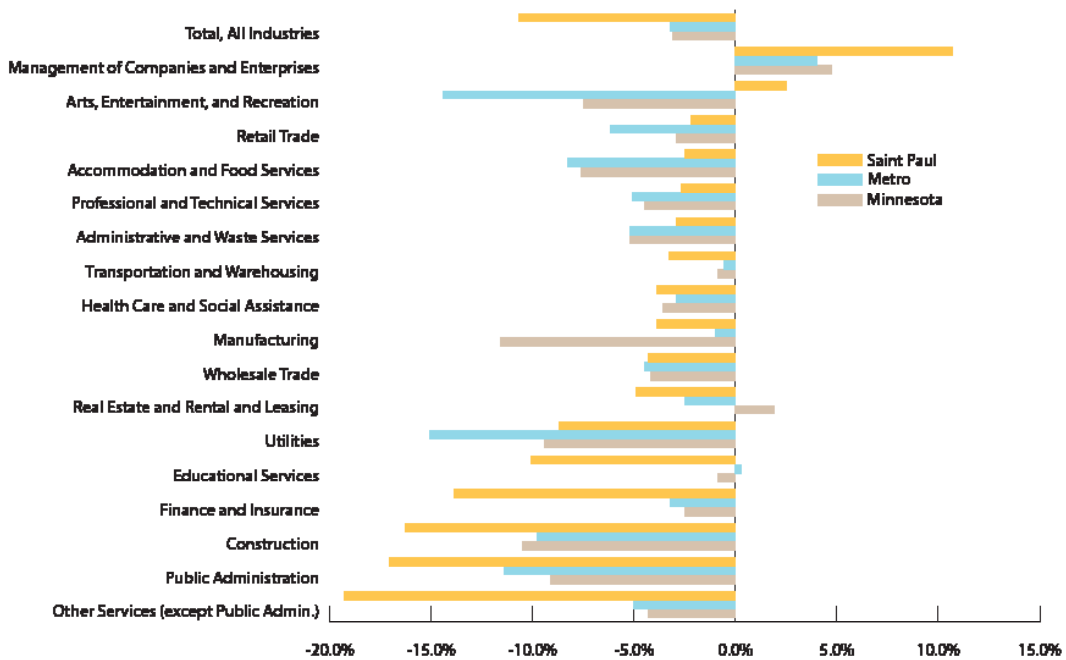
Wages in four industries, **Utilities, Accomodation and Food Services, Manufacturing and Arts, Entertainment and Recreation** suffered greater negative impact outside the city than within it.

WAGES

Wage Changes by Industry

The comparison graphic, Figure 17 below, illustrates the changes summarized on the last page.

FIGURE 17 - PERCENT CHANGE IN WAGES, BY INDUSTRY, 11-Q3 TO 12-Q3 (2012 $)



Source: Minnesota Department of Employment and Economic Development - Quarterly Census of Employment and Wages

CHANGES IN WAGES AND JOBS

Comparing Changes in Industry Sectors

As shown in Figure 18 below, plotting the yearly percent changes in average weekly wages and jobs with the total change in jobs by sector reveals some interesting details about the local economy. The size of the circle represents jobs lost or gained for each industry sector in Saint Paul.

Most sectors that added jobs saw a counter-trend of decreased weekly wages. Only two sectors saw growth in both employment and wages.

FIGURE 18 - SAINT PAUL CHANGE IN JOBS AND PERCENT CHANGE IN JOBS AND WAGES, BY INDUSTRY, 2010-Q4 TO 2011-Q4

Source: Minnesota Department of Employment and Economic Development - Quarterly Census of Employment and Wages

Comparing Changes in Industry Sectors, continued

Management of Companies and Enterprises added 244 jobs and also saw a 10.7% increase in average wages.

The **Arts, Entertainment and Recreation** industry added 211 jobs and saw 2.5% growth in wages.

Manufacturing, Real Estate and Rental and Leasing, and Accomodation and Food Services all saw significant employment losses while also suffering from falling average wages.

TABLE 11 - PERCENT CHANGE IN WAGES, IN SAINT PAUL BY INDUSTRY, 2011-Q3 TO 2012-Q3

	Change from 2011-Q3 to 2012-Q3		
	Employment %	Wkly Wages %	# of Jobs %
Public Administration	16.3	-17.1	3089
Management of Companies and Enterprises	5.6	10.7	244
Arts, Entertainment, and Recreation	5.2	2.5	211
Professional and Technical Services	4.3	-2.7	287
Educational Services	3.6	-10.1	559
Transportation and Warehousing	3.4	-3.3	123
Other Services (except Public Admin.)	2.9	-19.3	193
Administrative and Waste Services	1.8	-2.9	209
Retail Trade	0.4	-2.2	40
Utilities	0.0	-8.7	0
Wholesale Trade	-0.1	-4.3	-7
Health Care and Social Assistance	-0.3	-3.9	-119
Finance and Insurance	-1.1	-13.9	-139
Construction	-2.1	-16.3	-8
Manufacturing	-6.3	-3.9	-533
Real Estate and Rental and Leasing	-8.2	-4.9	-222
Accommodation and Food Services	-9.1	-2.5	-1020
Total, All Industries	1.4	-10.7	2488

Source: Minnesota Department of Employment and Economic Development - Quarterly Census of Employment and Wages

2011 POPULATION IN SAINT PAUL

Population by Age and Gender

The 2011 American Community Survey estimated 288,437 residents in the city of Saint Paul. Of those, 141,202 were male and 147,235 female. For every 100 males, there were 104.6 females.

Table 12 below shows the total population of the city broken down by age range and gender.

TABLE 12 - POPULATION BY AGE AND GENDER, SAINT PAUL, 2011

Age	Male	Female	Total
< 5 yrs	10,686	10,780	21,466
5-9 yrs	9,728	9,892	19,620
10-14 yrs	9,234	8,948	18,182
15-19 yrs	11,776	10,949	22,725
20-24 yrs	14,854	15,497	30,351
25-29 yrs	13,048	12,786	25,834
30-34 yrs	10,111	11,234	21,345
35-39 yrs	7,852	9,422	17,274
40-44 yrs	9,289	8,088	17,377
45-49 yrs	8,551	8,937	17,488
50-54 yrs	9,160	10,173	19,333
55-59 yrs	7,687	8,212	15,899
60-64 yrs	8,320	7,231	15,551
65-69 yrs	3,825	3,484	7,309
70-74 yrs	2,303	3,969	6,272
75-79 yrs	1,816	2,901	4,717
80-84 yrs	1,754	2,641	4,395
85+	1,208	2,091	3,299
Grand Total	**141,202**	**147,235**	**288,437**

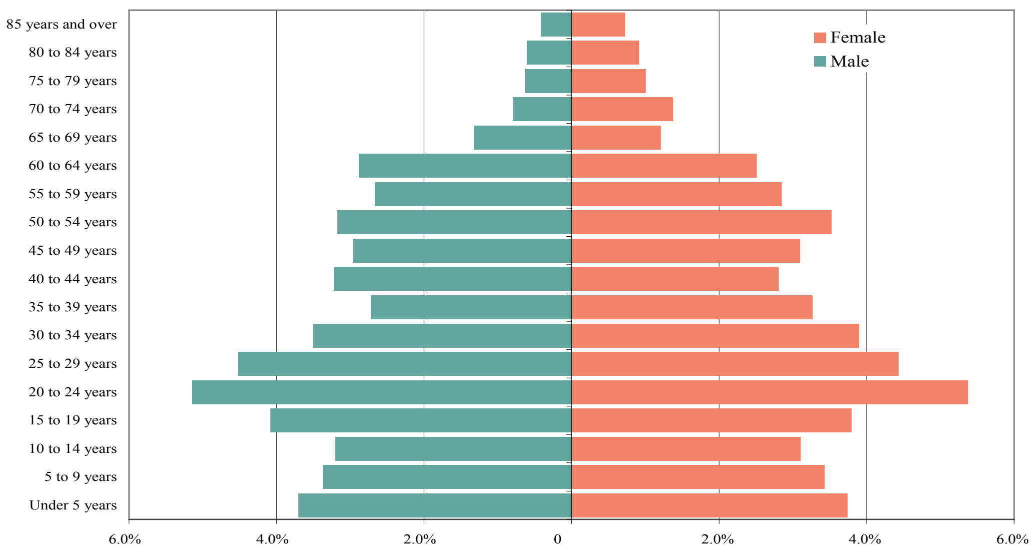
Source: 2011 ACS 1-Year Estimates, Table B01001

2011 POPULATION IN SAINT PAUL

Population by Age and Gender

Figure 19, below, shows population by age and gender as a percent of the total population. The largest age groups for both genders include residents 20-29 years old. In addition, there are significantly more females than males for all ages groups above 70.

FIGURE 19 - POPULATION BY AGE AND GENDER, SAINT PAUL, 2011



Source: 2011 ACS 1-Year Estimates, Table B01001

2011 POPULATION IN SAINT PAUL

Race and Ethnicity

Figure 20 and Table 13 below show the racial and ethnic makeup of the city by population and as a percent of the total population.

Nearly 44% of the city's population identifies as non-white and/or Hispanic. Just over 56% of the population identifies themselves as white-only, nearly 15% as African-American, and nearly 15% as Asian alone. Almost 10% of the population is Hispanic (all races).

FIGURE 20 - RACE AND ETHNICITY OF SAINT PAUL RESIDENTS

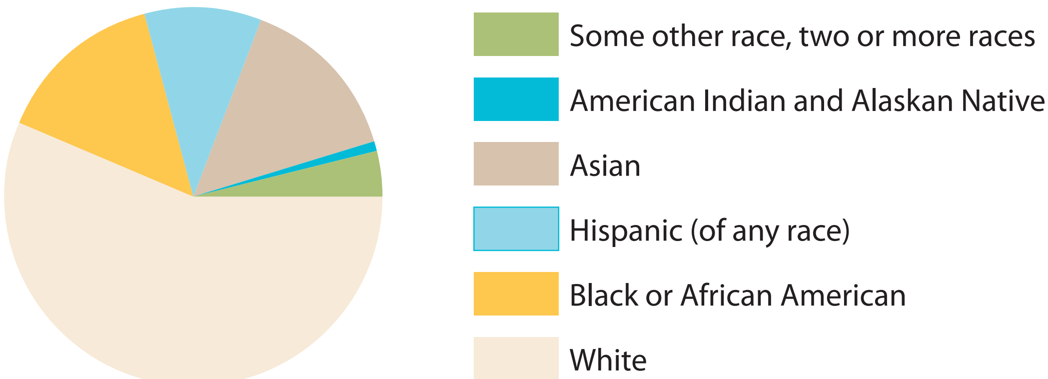


TABLE 13 - RACE AND ETHNICITY OF SAINT PAUL RESIDENTS

Race or Ethnicity	Population	Percent of Total
White (not Hispanic)	163,113	56.6%
Black or African American	41,883	14.5%
Hispanic (of any race)	28,514	9.9%
Asian	41,979	14.6%
American Indian and Alaskan Native	2,087	0.7%
Some other race, two or more races	10,861	3.8%

2011 ACS Demographic and Housing Estimates - Table DP-05

2011 POPULATION IN SAINT PAUL

Language Spoken at Home

Figure 21 and Table 14 show the languages Saint Paul residents over five years old speak at home. English is most commonly spoken at home, but a sizeable 26% of residents (approximately 70,000 people) in the city speak a language other than English at home.

Asian languages are the most common language other than English, followed by Spanish and other languages (including African languages).

FIGURE 21 - LANGUAGE SPOKEN AT HOME (OF RESIDENTS 5 YEARS AND OLDER)

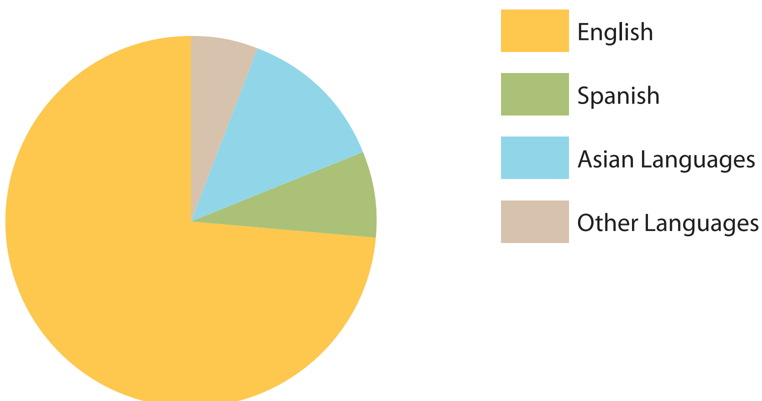


TABLE 14 - LANGUAGE SPOKEN AT HOME (OF RESIDENTS 5 YEARS AND OLDER)

Total	263,577	100.0%
English	193,701	73.5%
Spanish	19,870	7.5%
Asian languages	34,090	12.9%
Other languages	15,916	6.0%

Source: 2009-2011 American Community Survey - Selected Social Characteristics - Table DP-02

Place of Birth

The figures and tables below break down the place of birth of Saint Paul's residents.

Fifty-six percent of Saint Paul's residents were born in Minnesota. The remainder were born elsewhere in the United States (26%) or were foreign-born (nearly 18%).

FIGURE 22 - PLACE OF BIRTH OF SAINT PAUL RESIDENTS

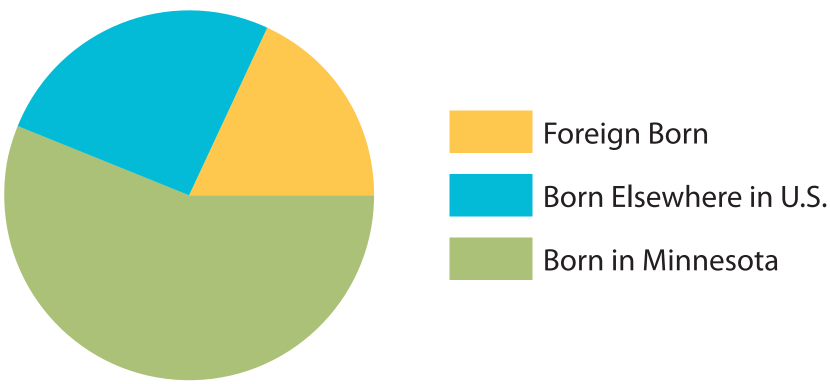


TABLE 15 - PLACE OF BIRTH OF SAINT PAUL RESIDENTS

Total	285,935	100.0%
Born in Minnesota	160,779	56.2%
Born Elsewhere in U.S.	73,857	25.8%
Foreign Born	51,299	17.9%

2009-2011 American Community Survey - Selected Social Characteristics - Table DP-02

2011 POPULATION IN SAINT PAUL

Foreign Born Residents, Place of Birth

Of the 51,299 residents born abroad, approximately half (25,627) were born in Asia and Oceania, one-fifth (10,410) were born in Africa, and nearly a quarter (12,265) from Latin America. The remaining foreign-born residents were born elsewhere in North America or in Europe.

FIGURE 23 - PLACE OF BIRTH OF FOREIGN-BORN SAINT PAUL RESIDENTS

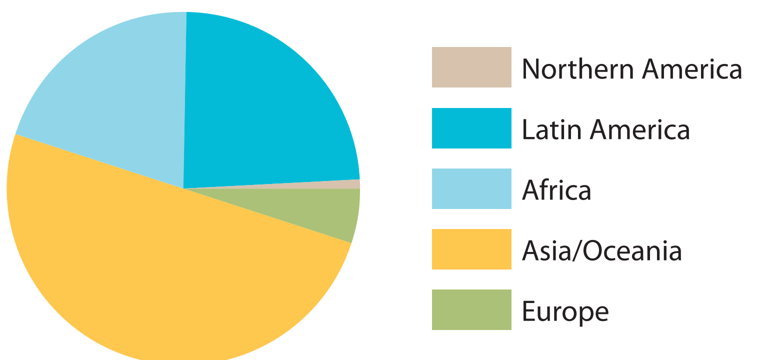


TABLE 16 - PLACE OF BIRTH OF SAINT PAUL RESIDENTS

Total Foreign Born	51,299	100%
Europe	2,682	5.2%
Asia & Oceania	25,627	50.0%
Africa	10,410	20.3%
Latin America	12,265	23.9%
Northern America	315	0.6%

2009-2011 American Community Survey - Selected Social Characteristics - Table DP-02

Mobility

The tables and figures below highlight where Saint Paul residents lived in 2011 relative to 2010, based on results from the American Community Survey.

Most residents (218,138) lived in the same house in both 2010 and 2011.

FIGURE 24 - PLACE OF RESIDENCE 1 YEAR AGO (FOR RESIDENTS 1 YEAR & OLDER)

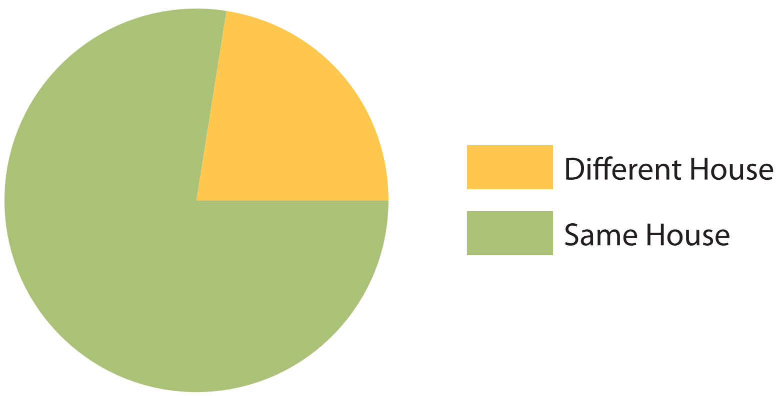


TABLE 17 - PLACE OF RESIDENCE 1 YEAR AGO (FOR RESIDENTS 1 YEAR & OLDER)

Residence One Year Ago		
Total	281,413	100.0%
Same House	218,138	77.5%
Different House	63,275	22.5%

2009-2011 American Community Survey - Selected Social Characteristics - Table DP-02

Mobility

Of the 63,275 residents who moved in 2011, nearly 83% relocated from elsewhere in Ramsey County or from elsewhere in Minnesota. A smaller, yet substantial percentage (17.1%) relocated from another state or another country.

FIGURE 25 - PLACE OF RESIDENCE 1 YEAR AGO, RESIDENTS WHO MOVED

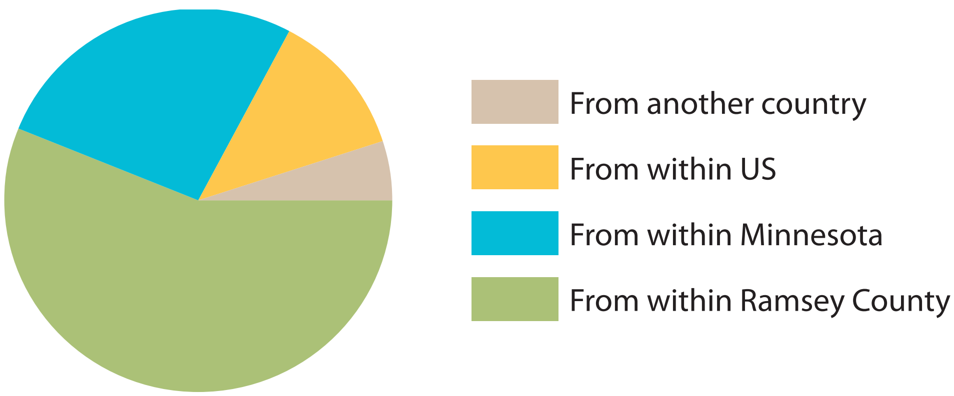


TABLE 18 - PLACE OF RESIDENCE 1 YEAR AGO, NEW RESIDENTS

Residence Different Than One Year Ago	63,275	100.0%
From within Ramsey County	35,578	56.2%
From within Minnesota	16,876	26.7%
From within US	7,704	12.2%
From another country	3,117	4.9%

2009-2011 American Community Survey - Selected Social Characteristics - Table DP-02

Definitions of Industry Sectors

Employment information used in this report, obtained from the Minnesota Department of Employment and Economic Development, employs the federal North American Industry Classification System (NAICS). This standard is used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. Definitions for each of these major sectors are described below. More detailed information about the classification of jobs by industry can be found at: http://www.census.gov/eos/www/naics/2007NAICS/2007_Definition_File. pdf

Accommodation and Food Services (Sector 72) comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.

Administrative and Support and Waste Management and Remediation Services (Sector 56) comprises establishments performing routine support activities for the day-to-day operations of other organizations. These essential activities are often undertaken in-house by establishments in many sectors of the economy. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services

Arts, Entertainment, and Recreation (Sector 71) includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises (1) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and (3) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

Construction (Sector 23) comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems).

Educational Services (Sector 61) comprises establishments that provide instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities, and training centers. These establishments may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated. They may also offer food and/or accommodation services to their students.

Finance and Insurance (Sector 52) comprises establishments primarily engaged in financial transactions (those involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions.

Health Care and Social Assistance (Sector 62) comprises establishments providing health care and social assistance for individuals. The sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities. The services provided by establishments in this sector are delivered by trained professionals.

Information (Sector 51) comprises establishments engaged producing and distributing information and cultural products, providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.

Definitions of Industry Sectors (continued)

Management of Companies and Enterprises (Sector 55) comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decision making role of the company or enterprise.

Manufacturing (Sectors 31-33) comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products

Other Services (except Public Administration) (Sector 81) comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grant-making, advocacy, and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photo-finishing services, temporary parking services, and dating services. Private households that engage in employing workers on or about the premises in activities primarily concerned with the operation of the household are included in this sector. Excluded from this sector are establishments primarily engaged in retailing new equipment and also performing repairs and general maintenance on equipment.

Professional, Scientific, and Technical Services (Sector 54) comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training.

Public Administration (Sector 92) consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area. These agencies also set policy, create laws, adjudicate civil and criminal legal cases, provide for public safety and for national defense.

Real Estate and Rental and Leasing (Sector 53) comprises establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services.

Retail Trade (Sectors 44 & 45) comprises establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

Transportation and Warehousing (Sectors 48 & 49) includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation.

Utilities (Sector 22) comprises establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal

Wholesale Trade (Sector 42) comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The merchandise described in this sector includes the outputs of agriculture, mining, manufacturing, and certain information industries, such as publishing.