City of Saint Paul Market Watch Report

Volume 6: Fall 2015

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

SAINT PAUL

The Most Livable City in America

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For the most recent available data on Demographics, Jobs by Sector, and Average Weekly Wages, please see the Spring 2015 Market Watch Report.

Seventh Semi-Annual Market Watch Report

The purpose of this report is to summarize the ways that Saint Paul is influenced by a constantly changing social and economic landscape. Saint Paul Market Watch is published semi-annually, and the indicators featured will continue to evolve to best capture the changes occurring within the city. The data presented in this report are sourced from a number of organizations, including the U.S. Census Bureau, the Minnesota Department of Employment and Economic Development, and various executive departments of the City of Saint Paul. Much of this data has not been previously reported to the public, although some may be available through other sources.

This issue builds on the information presented in previous editions by continuing to analyze trends in three important measures of city growth and development. Three major categories of data are organized according to color:

1. Building and Development (Orange)
2. Employment (Olive)
3. Special Features (Dark Blue)

Consolidating this information in a single report provides a clearer, more understandable view of activity occurring within our city. Every stakeholder in the city, including the Mayor and City Council, residents, developers, workers, visitors, and businesses are more able to understand a wide variety of trends important to personal, social, and economic decisions. This report is designed to achieve a wide range of goals:

- Provide a rich source of information for everyone in the community
- Demonstrate policy outcomes in order to foster transparency and accountability for policy decisions
- Guide future decisions and policies
- Foster civic and community pride

Your suggestions, comments, or questions are welcome. Please contact Jake Reilly at jake.reilly@ci.stpaul.mn.us or 651-266-6618.

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Issue Highlights

Building and Development

- Building and development activity in the city remains strong. Fifteen projects were issued construction permits worth $1 million or more in the first half of 2015, nearing last year’s total of 18 projects. The rolling annual average permit value in 2015 is also higher than the previous year, showing a continued upward trend since 2007 and 2008.

Housing

- Single-family home starts and remodels are also up from previous years, though the growth rate may be starting to level off compared to 2014. Construction is beginning on two major multi-family residential apartment buildings and two mixed-use housing developments. The foreclosure rate remains relatively low in 2015, following a 31% decrease from 2012 to 2014.

Employment

- Unemployment has dropped to 3.9% for the second quarter of 2015, down from the 5.3% average for 2014. The number of jobs in the City continues to increase over previous years.

The summary below shows directional trends for the 12 months ending in August 2015. Arrows indicate the direction of change compared to previous years while colors indicate whether these changes can be considered positive or negative for Saint Paul. Positive trends in both directions represent changes that are generally good for the city, while negative trends represent detrimental changes. Some directional trends are characterized as neutral because the change is neither good nor bad for the city.

Building and Development

Total value of building permits
- $569.8 million

Total Number of permits
- 4,728

New Buildings
- 496

Projects over $1 million
- 21

Single-family Permits
- 1,432

New construction value
- $15.7 million

Addition Value
- $15.1 million

Remodel value
- $18.7 million

Demolitions
- 191 Total
  - 32 Commercial
  - 159 Residential

Foreclosures
- 310

Vacant buildings
- 985

Trends	Positive	Negative	Neutral
Increasing			
Decreasing			
Little or no change			

Employment*

Unemployment rate: 3.9%

- Total employment: 148,810*
- Total labor force: 154,891*

Total jobs: -0.4%

- Private -0.3%
- Government: -0.8%

Trends	Positive	Negative	Neutral
Increasing	▲	▲	▲
Decreasing	▼	▼	▼
Little or no change			◀▶

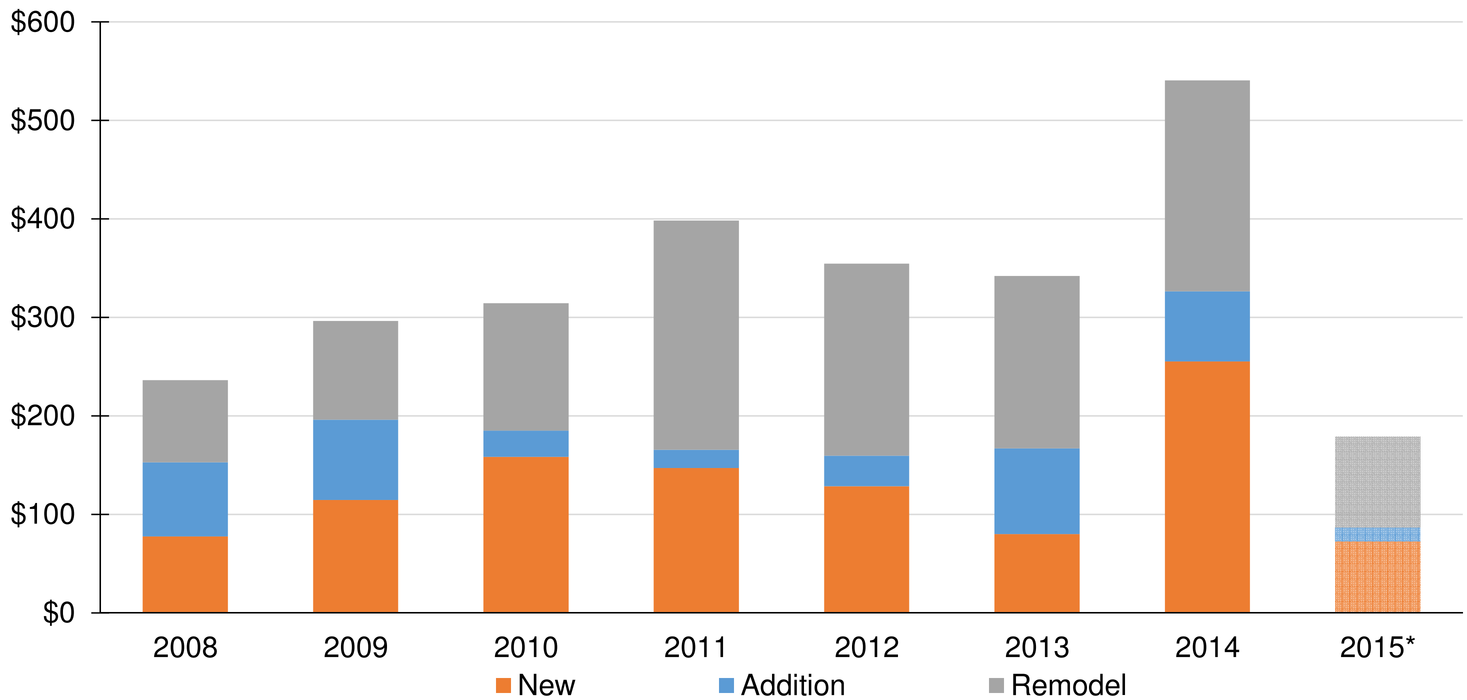
*As of June 2015. Statistics are based on data for period from July 2014 through June 2015.

Building permit value represents the cost of labor and materials for a construction project. Contractors must apply for permits before beginning construction, and typically apply before hiring construction workers. As a result, building permits are often an indicator of future trends in the rest of the economy. 2014 was a record year for new permits and total permit value, but 2015 values have so far been closer to 2012 and 2013 levels. Nearly half of all money spent on development permits in recent years was spent on remodeling existing structures.

Table 1 - Combined total value of building permits in millons (2015 $)

Year	2008	2009	2010	2011	2012	2013	2014	2015*
New	$77.5 M	$114.5 M	$158.5 M	$146.9 M	$128.4 M	$79.9 M	$255.3 M	$72.8 M
Addition	$75.4 M	$81.6 M	$26.5 M	$18.7 M	$31.1 M	$87.0 M	$71.0 M	$13.8 M
Remodel	$83.4 M	$100.2 M	$129.3 M	$232.7 M	$195.1 M	$175.0 M	$214.3 M	$92.2 M
Total Value	$236.3 M	$296.2 M	$314.3 M	$398.4 M	$354.6 M	$341.9 M	$540.6 M	$178.8 M

Figure 1 - Combined total value of building permits in millons, by type of permit (2015 $)



*Only permits from Q1 and Q2 are included in 2015 total.

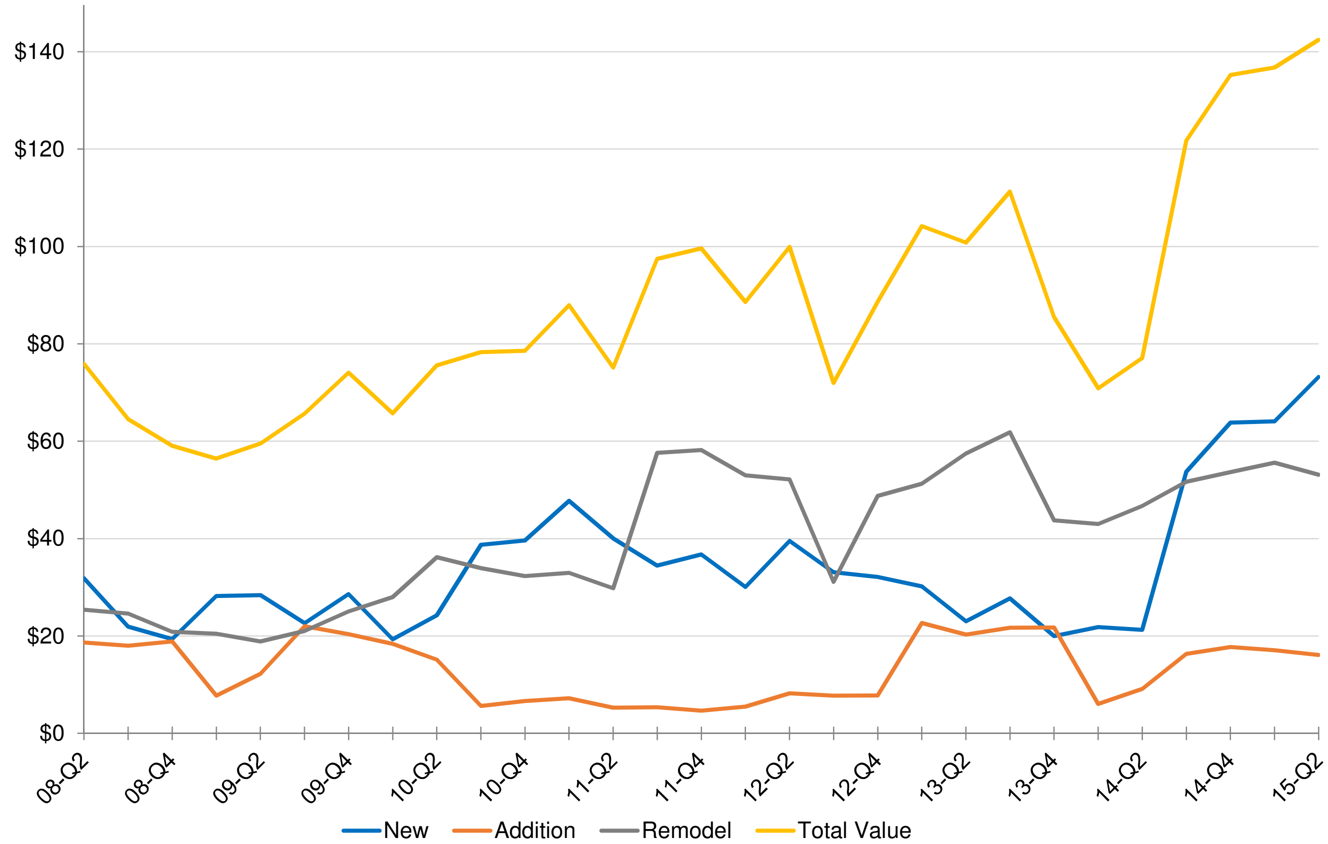
Permit value is the total permit value for permits issued. Since some projects take multiple years to complete, some projects still under construction were excluded. Further, the individual permit value may be lower than the total project cost.

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

Total Value of All Permits

The figure below depicts the trends in the total value of permits issued each year. As of Q2 2015, the rolling annual averages show that an average of $142.4 million in permits were issued each quarter over the past 12 months. This total represents the strongest activity since prior to 2007. The previous year (2014) ended with a total value of new permits substantially greater than in 2013. While the value of addition and remodel permits increased in 2014, both showed a slight decrease in the first half of 2015.

Figure 2 - Combined total value of select building permits, rolling annual average* (2015 $ M)



*The “rolling annual average” puts quarterly fluctuations in context with long term trends. Fluctuations are usually the result of temporarily elevated building activity, or because of large single-project permits within a particular quarter. Seasonality may also impact these figures.

Permit value is the total permit value for permits issued. Since some projects take multiple years to complete, some projects still under construction were excluded. Further, the individual permit value may be lower than the total project cost.

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

The total number of building permits issued in Saint Paul has been close to 5,000 for most of the last eight years. Major increases in the number of permits issued took place in 2010 and in 2013. The total number of permits issued for new construction in 2014 was the highest in the past seven years. Although the total number of all types of permits is less than in recent years, overall levels of construction remain strong. Tables 3 through 5, on the following pages, break down these totals and highlight a few more interesting trends.

Table 2 - Number of building permits in Saint Paul, annual totals

Year	2008	2009	2010	2011	2012	2013	2014	2015*
New	288	297	380	451	448	489	499	186
Addition	259	310	300	324	337	296	286	94
Remodel	1,123	1,379	1,649	1,556	1,577	1,834	1,697	900
Repair	1,452	2,287	3,198	3,475	3,123	2,283	2,249	911
Total Number	3,122	4,273	5,527	5,806	5,485	4,902	4,731	2,091

*Only permits from Q1 and Q2 are included in 2015 total.

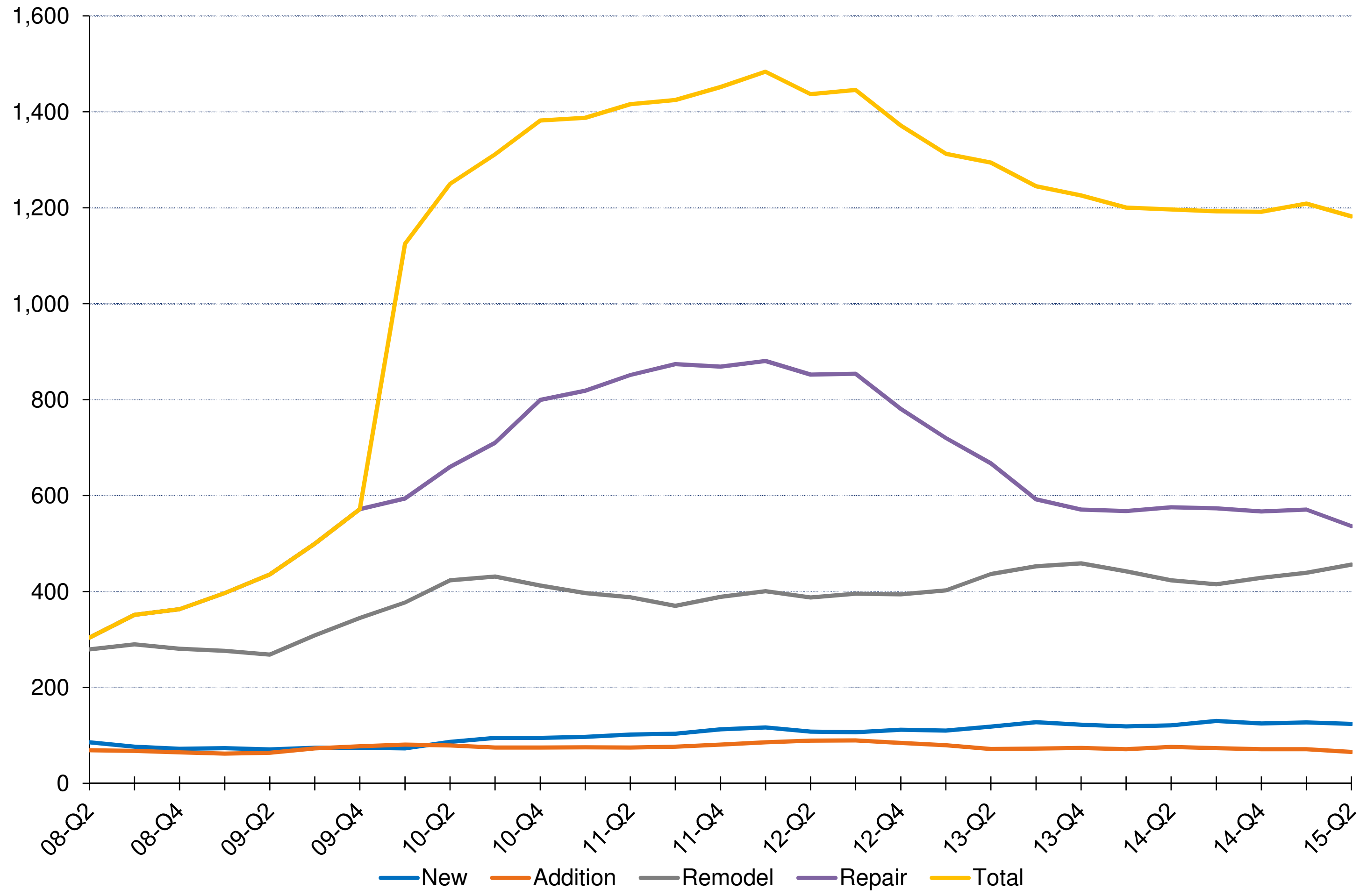
Note: Permit value and number totals for past years may vary between this and past reports. This is due to an additional effort to eliminate duplicate permits in the Spring 2014 report. There are certain instances in which a permit record for a building is reported twice due to the necessity of obtaining a building permit for various types of work: electrical, plumbing, etc. In addition, 44 permits associated with LRT facility development between 2010 and 2012 were eliminated from this analysis.

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

Total Number of Permits

The figure below graphically depicts the trends in the number of permits issued each year. The number of permits have declined since their peak in the first quarter of 2012, but have remained steady through 2014 and 2015.

Figure 3 - Number of select building permits, rolling annual average



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Permit value is the total permit value for permits issued. Since some projects take multiple years to complete, some projects still under construction were excluded. Further, the individual permit value may be lower than the total project cost.

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

The City's Department of Safety and Inspections (DSI) issued 31 permits for new buildings in the first half of 2015. Since some projects require multiple permits, this total does not necessarily mean that 31 individual buildings were permitted. The city saw a considerable amount of new residential construction activity in 2014, and residential permits continue to make up the majority in 2015. It should be noted that some new single-family homes were constructed through the Inspiring Communities program. Since 2010, the City's Housing and Redevelopment Authority has worked to construct new homes through the program.

Table 3 - New building permits exceeding $50,000 (2015 $)

Year	2008	2009	2010	2011	2012	2013	2014	2015*
Residential	22	22	19	25	43	47	67	24
Single-Family Home	15	14	17	23	32	43	61	20
Duplex	2	0	2	1	0	0	3	0
Multi-Unit	7	8	0	1	11	4	3	4
Units	449	348	0	44	382	224	98	24
Mixed Comm/Res	0	0	2	2	3	2	2	1
Units	0	0	108	60	435	348	318	246
Accessory Structure	7	9	13	12	16	17	11	2
Non-Residential	28	14	25	26	23	17	30	4
Commerical	25	9	11	16	17	14	18	3
Institutional	3	5	14	10	6	3	12	1
Totals*	**55**	**45**	**59**	**65**	**85**	**83**	**110**	**31**

*Only permits from Q1 and Q2 are included in 2015 total.

Dataset includes building permits for "New" buildings with the status of "Active/Issued," "Inspected," or "Finaled," indicating active or completed construction activity. Some projects may have permits pulled in one year, with construction continuing into the next year. Particularly large and complex projects may have multiple permits pulled for one construction project. As a result, these tallies do not represent an exact count of unique buildings permitted in any given year.

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

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

Table 4 lists new construction projects with at least one permit with a value greater than or equal to $1 million. In the first half of 2015, four projects were issued at least one permit worth $1 million or more. As the table shows, the largest permit was for a mixed-use-commercial/residential project, while the others are commercial and institutional.

Table 4 - “New” construction permits worth $1 million or more (2015 $)

Year	Address	Project Name	Building Type	Permit value	Units
2015	2700 University Ave W	City Limits Apartments	Mixed C/R	$37,273,368	246
2015	1761 University Ave W	Saint Paul YMCA	Commercial	$11,850,000	
2015	95 University Ave W	State Capitol*	Institutional	$8,272,032	
2015	50 Chester St	CHS, Inc. Warehouse	Commercial	$3,000,000	

*These projects had multiple permits worth at least $1,000,000.

Permit value is the total permit value for permits issued. Since some projects take multiple years to complete, some projects still under construction were excluded. Further, the individual permit value may be lower than the total project cost.

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

Table 5 lists pemits for other types of construction, including additions, remodels, and repairs, demonstrating the variety of projects located in various parts of the city. Fifteen projects in St Paul were issued million-dollar permits in the first half of 2015 alone, already matching the total number issued in 2014.

Table 5 - Recent construction projects over $1 million (2015 $)

Address	Description	Building Type	Activity	Permit value	Units
180 Kellogg Blvd E	Custom House	Commercial/ Residential	Remodel/ Re-use	$16,332,650	140
333 Smith Ave N*	United Hospital	Institutional	Remodel	$6,424,828	
1301 L'Orient St	Metro Mechanical Contractors	Commercial	Remodel	$4,042,428	
640 Jackson St	Regions Hospital	Institutional	Remodel	$3,556,959	
781 Palace Ave	Palace Recreation Center	Institutional	Addition	$2,820,593	
400 Western Ave N	Sunlight Senior Living	Mixed C/R	Addition	$2,200,000	69
250 6th Street E	Cosmopolitan on Mears Park	Residential (Multi-Fam)	Repair	$2,077,808	
261 Chester St	FedEx Ship Center	Commercial	Remodel	$1,543,407	
225 Smith Ave N	John Nasseff Neuroscience Specialty Clinic	Institutional	Remodel	$1,420,682	
2080 Ford Pkwy	Target	Commercial	Remodel	$1,414,850	
235 Marshall Ave	St Paul College	Institutional	Remodel	$1,197,800	
59 10th St W	St. Joe's Parking Ramp	Institutional	Repair	$1,180,000	
400 Spring St	Upper Landing Block 6	Residential (Multi-Fam)	Repair	$1,165,440	
354 Wabasha St N	American Burger Bar	Commercial	Remodel	$1,160,000	
1065 Phalen Blvd	Beacon Bluff Business Center	Commercial	Remodel	$1,022,542	

*These projects had multiple permits worth at least $1,000,000.

Permit value is the total permit value for permits issued. Since some projects take multiple years to complete, some projects still under construction were excluded. Further, the individual permit value may be lower than the total project cost.

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

Residential Construction

The total value of single-family home permits demonstrates increased investment in building, improving, and renovating single-family homes in Saint Paul since 2008. In the first half of 2015, the rolling annual average of single-family home permits has remained above 2014 levels.

Figure 4 - Value of select single-family home permits, rolling annual average* (2015 $)

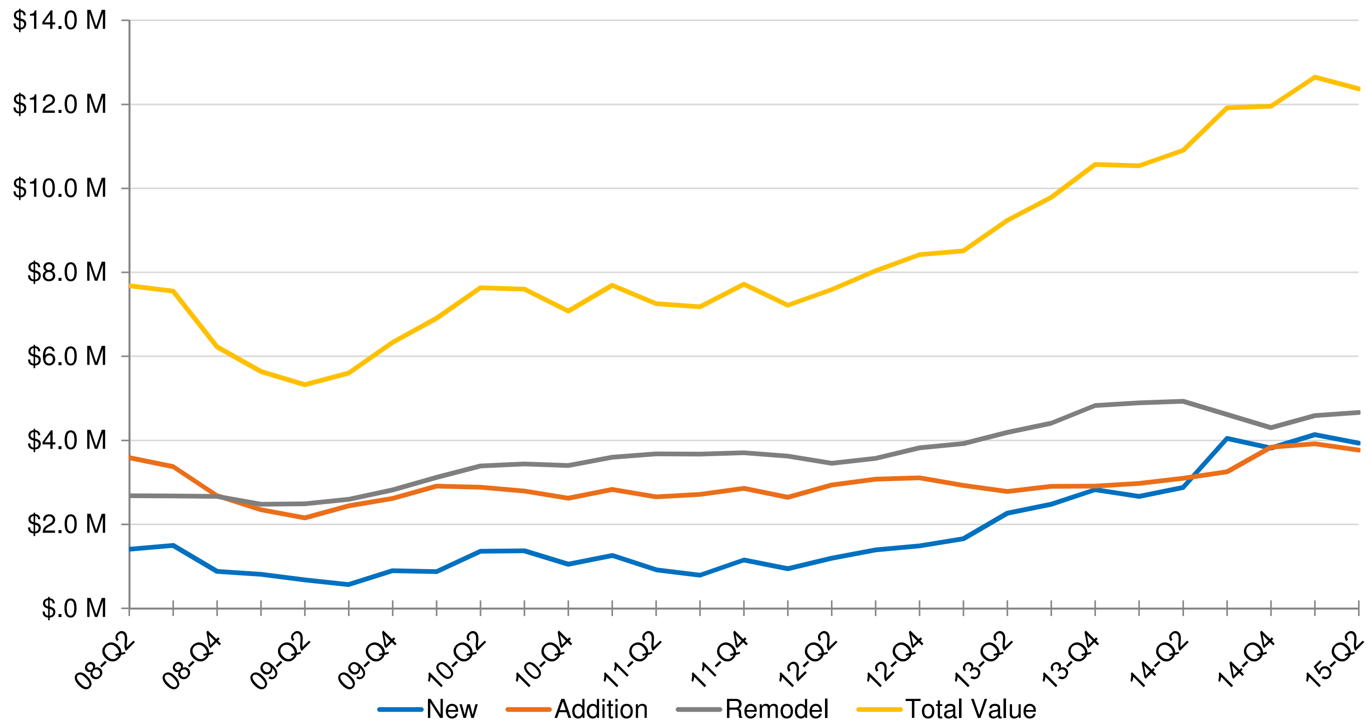


Table 6 - Total Annual Value of Select Permits for Single-Family Homes, in millions (2015 $)

Year	2008	2009	2010	2011	2012	2013	2014	2015†
New	$4.1	$3.6	$4.2	$4.6	$6.0	$11.3	$15.3	$5.7
Addition	$10.9	$10.7	$10.5	$11.4	$12.4	$11.6	$15.4	$4.0
Remodel	$12.0	$12.8	$13.6	$14.8	$15.3	$19.3	$17.0	$10.3
Total Value	**$27.0**	**$27.1**	**$28.3**	**$30.9**	**$33.7**	**$42.3**	**$47.7**	**$20.0**

*Only permits from Q1 and Q2 are included in 2015 total.

*The “rolling annual average” puts quarterly fluctuations in context with long term trends. Fluctuations are usually the result of temporarily elevated building activity, or because of large single-project permits within a particular quarter. Seasonality may also impact these figures.

Permit value is the total permit value for permits issued. Since some projects take multiple years to complete, some projects still under construction were excluded. Further, the individual permit value may be lower than the total project cost.

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

The total number of addition, remodel, and new building permits issued for single-family homes has been increasing since 2009. The large increase in total permits issued is primarily due to an increase in the number of permits issued for remodel projects; remodeling permits continue to dominate the total number of single-family home construction permits. As mentioned earlier, the total number of permits issued for new single-family home construction increased drastically over previous years.

Figure 5 - Total number of single-family home permits, 2007-2015

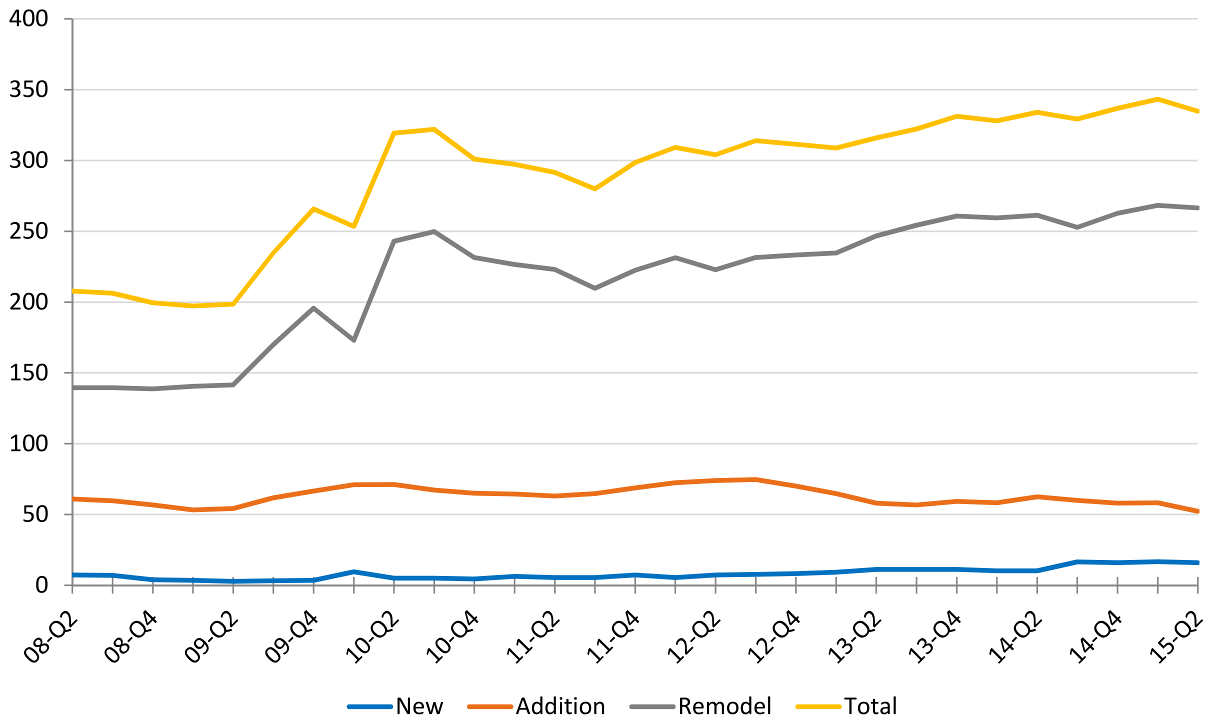


Table 7 - Total number of Select Permits for Single Family Homes

Year	2008	2009	2010	2011	2012	2013	2014	2015*
New	16	14	18	29	33	45	64	74
Addition	227	266	260	275	280	237	232	20
Remodel	555	783	926	890	933	1,043	1,038	510
Total	**798**	**1,063**	**1,204**	**1,194**	**1,246**	**1,325**	**1,334**	**604**

*Only permits from Q1 and Q2 are included in 2015 total.

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

Residential Construction

In the first half of 2015, four major multi-family residential construction projects were issued permits worth more than $1 million.

Table 8 - Current active or completed residential construction projects over $1 million (2015 $)

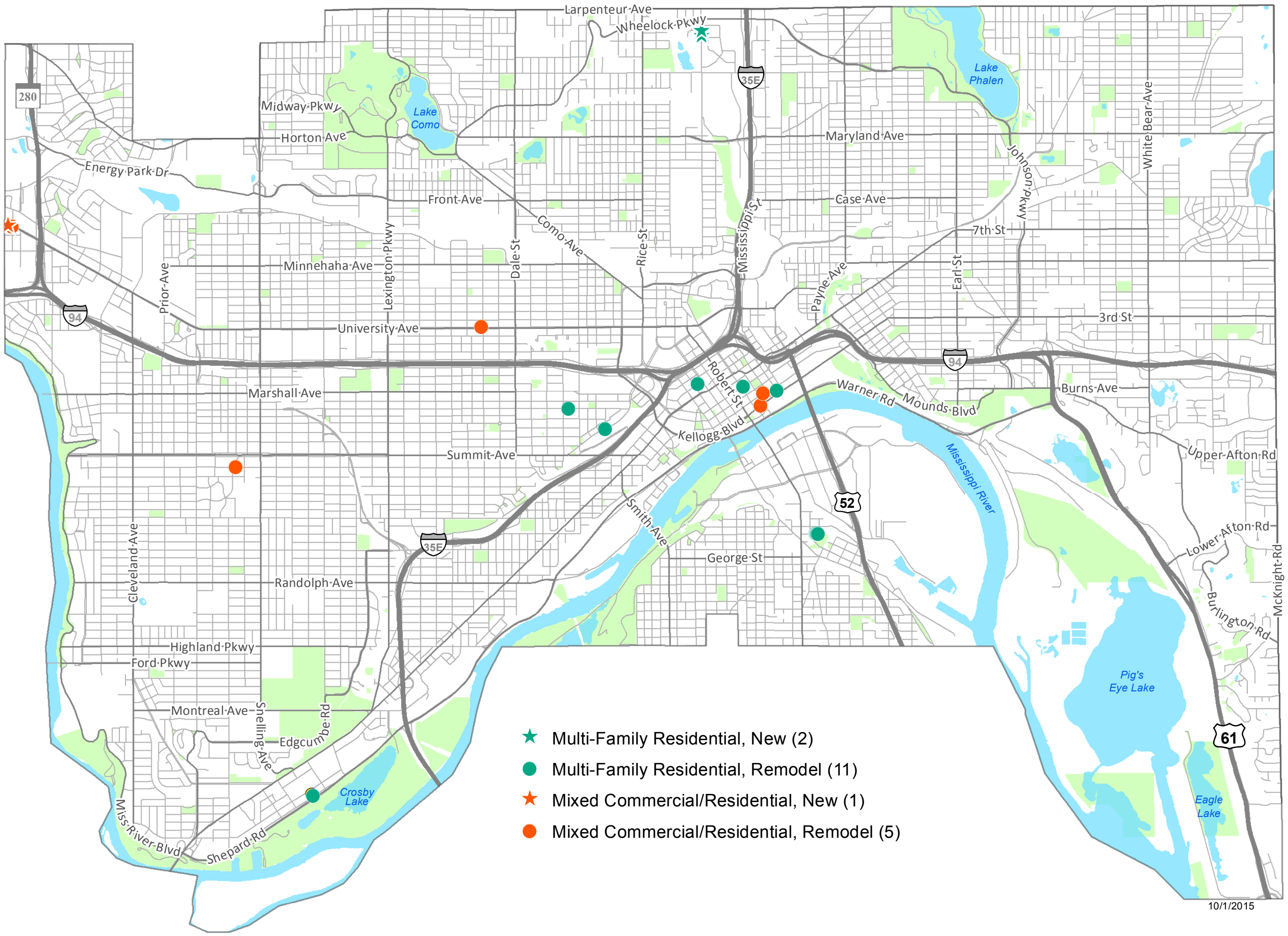
Address	Project Name	Building Type	Activity	Permit value	# of Units
2700 University Ave W	City Limits Apartments	Commercial/ Residential	New	$37,273,368	246
250 6TH ST E	Cosmopolitan On Mears Park	Residential (Multi-Fam)	Repair	$2,077,808	
180 Kellogg Blvd E	Custom House	Commercial/ Residential	Remodel/ Re-use	$1,212,728	140
400 Spring St	Upper Landing Block 6	Residential (Multi-Fam)	Repair	$1,165,440	

Since some projects take multiple years to complete, some projects still under construction were excluded. Further, the individual permit value may be lower than the total project cost. Some projects under construction in 2015 were issued permits in previous years, at an earlier stage in the development process. Permit value stated in the table represents the total value of individual permits issued in 2015 with individual value over $1 million. For example, if a project has one permit for $8 million and one permit for $1 million, the total permit value would be $9 million. Smaller permits for these projects are not included in the totals.

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

This map shows locations of 17 multi-family residential, and mixed-use construction projects in the first half of 2015. Two of these projects are worth more than $1 million in total value.

Figure 6 - Location of selected new, addition, and remodel permits worth at least $50,000 (2015 $)



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

Building Demolitions

A total of 120 demolition permits were issued in the first half of 2015. More than 80% of permits were issued to demolish residential buildings or residential accessory structures. Most demolitions were spread across the northern half of the city. Table 9 lists the number of demolitions across the city dating back to 2007. Demolitions peaked in 2008, due to the rise in vacant and abandoned buildings resulting from the foreclosure crisis, as well as increased local initiatives to eliminate vacant buildings in poor condition. In fact, numerous demolition permits appear to match subsequently issued new construction permits. Figure 7 on the following page shows the locations of residential and commercial demolitions across the city.

The data in Table 9 includes all four types of demolitions reported by the Department of Safety and Inspections: (1) Residential, (2) Residential Accessory Structures, (3) Commercial, and (4) Commercial Accessory Structures. Figure 7 shows only the 104 demolition permits for Residential and Commercial properties, and excludes all demolition permits for accessory structures.

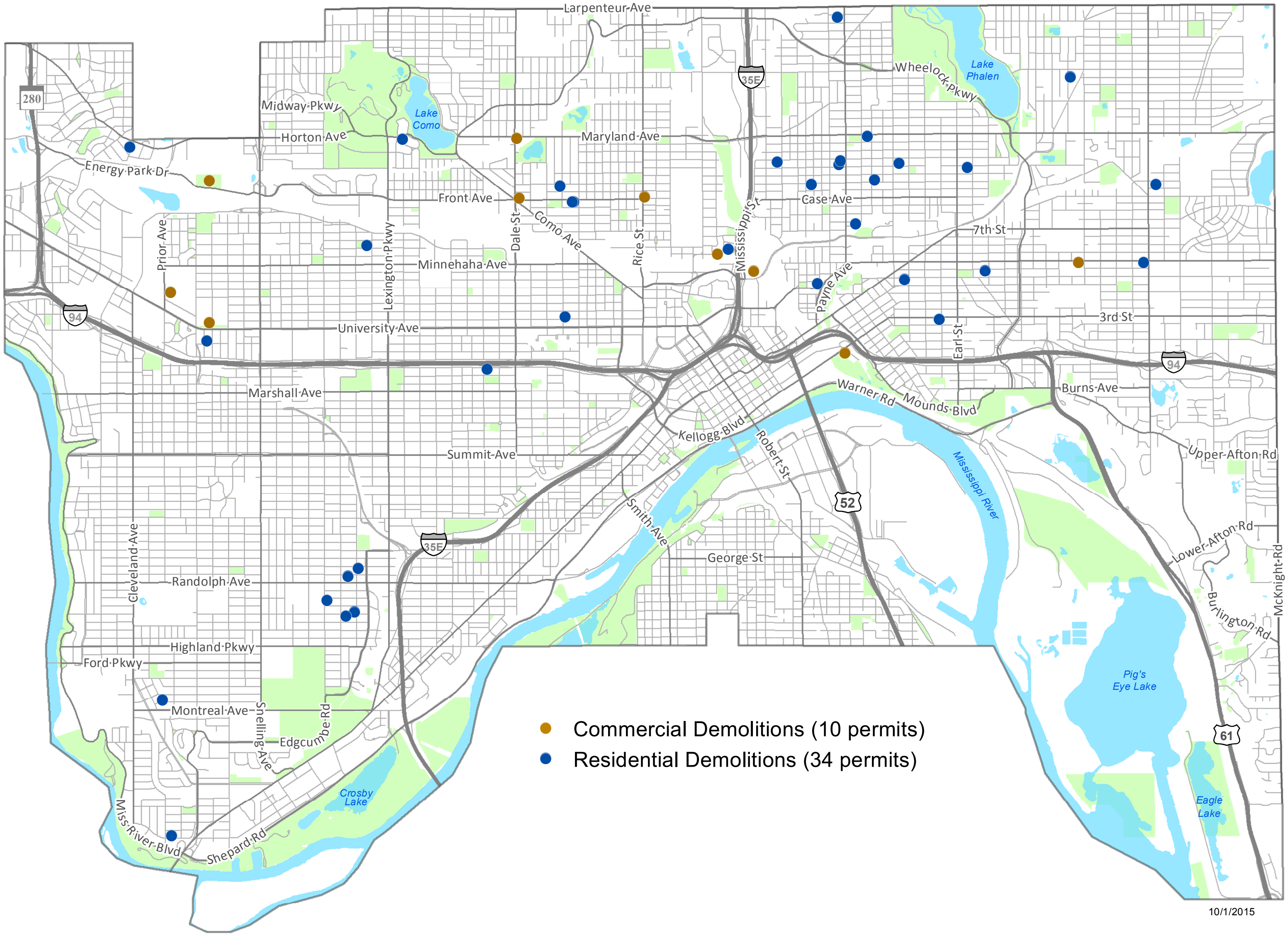
Table 9 - Number of demolitions per year 2007 - 2015

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Commercial	31	39	36	37	51	36	32	30	20
Residential	143	233	176	151	262	199	151	143	100
Total Demolitions	**174**	**272**	**212**	**188**	**313**	**235**	**183**	**173**	**120**

*Only permits from Q1 and Q2 are included in 2015 total.

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

Figure 7 - Locations of building demolitions, 2015



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

Foreclosures

Foreclosures leveled off in 2015 following significant decreases since the peak in 2008. 2014 was the second year since 2012 with fewer than 1,000 foreclosures in the city. Figure 8 illustrates the past and current trends of foreclosures in Saint Paul: the foreclosure rate has decreased since mid-2010. Figure 9 on the next page illustrates the locations of foreclosures in 2014. Similar to 2013, 2014's foreclosure locations appear somewhat concentrated in northeastern parts of the city, in the West Side neighborhood (south of the Mississippi River), and north of University Avenue. As in years past, southwestern Saint Paul continues to experience relatively few foreclosures.

Figure 8 - Foreclosure tally, rolling annual average, 2007-2015

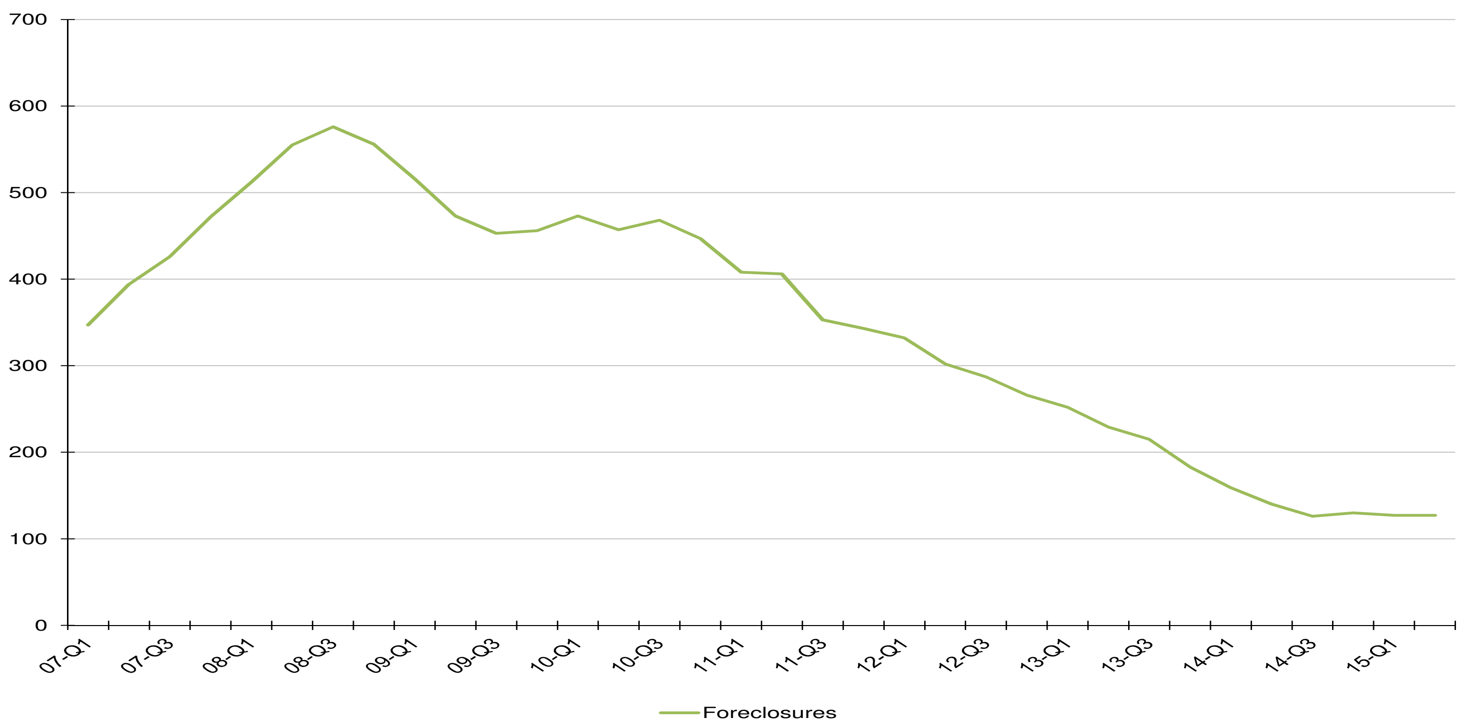


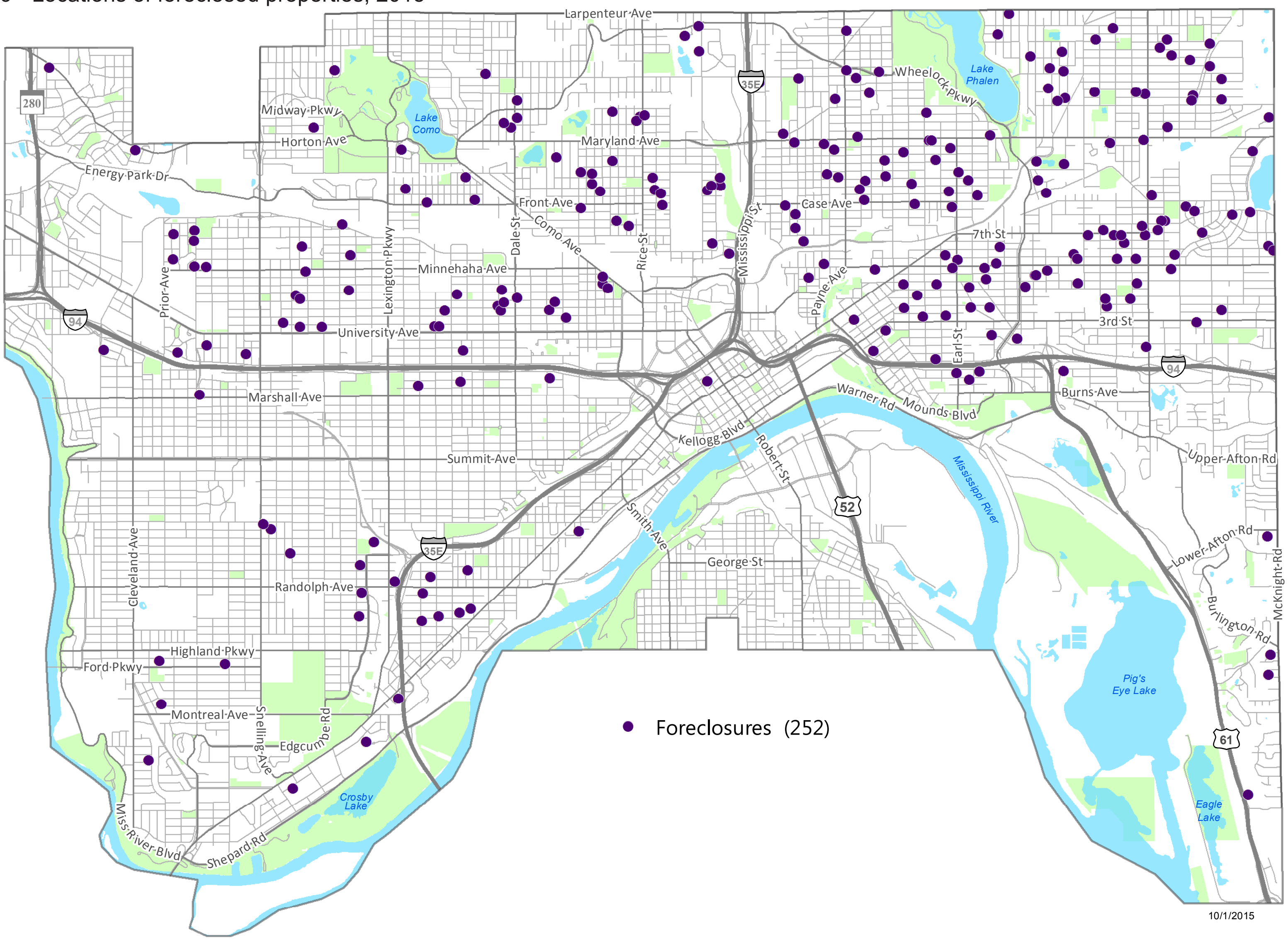
Table 10 - Total number of foreclosures - 2007-2014

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Foreclosures	1,889	2,224	1,824	1,790	1,372	1,064	733	521	252

*Only permits from Q1 and Q2 are included in 2015 total.

Sources: Ramsey County Sheriff's Office; Saint Paul Department of Safety and Inspections, data compiled by PED.

Figure 9 - Locations of foreclosed properties, 2015



Source: Ramsey County Sheriff's Office, Mapped by PED

Vacant Buildings

The number of registered vacant buildings in Saint Paul fell by 52% between 2008 and 2014. Because data limitations prevent City staff from collecting highly accurate point-in-time tallies for vacant buildings, the data presented below may not be completely accurate. Figure 11 on the next page shows the location of vacant buildings in Saint Paul as of September 11, 2015. The map indicates some concentrations of vacant buildings north of Interstate 94, mostly clustered on either side of Interstate 35E. An additional smaller concentration of vacant buildings is shown in the Highland Park area. The Inspiring Communities program is one effort by the Saint Paul Housing and Redevelopment Authority designed to reduce the number of vacant and underutilized buildings, and spur additional investment in these neighborhoods.

Figure 10 - Number of Registered Vacant Buildings

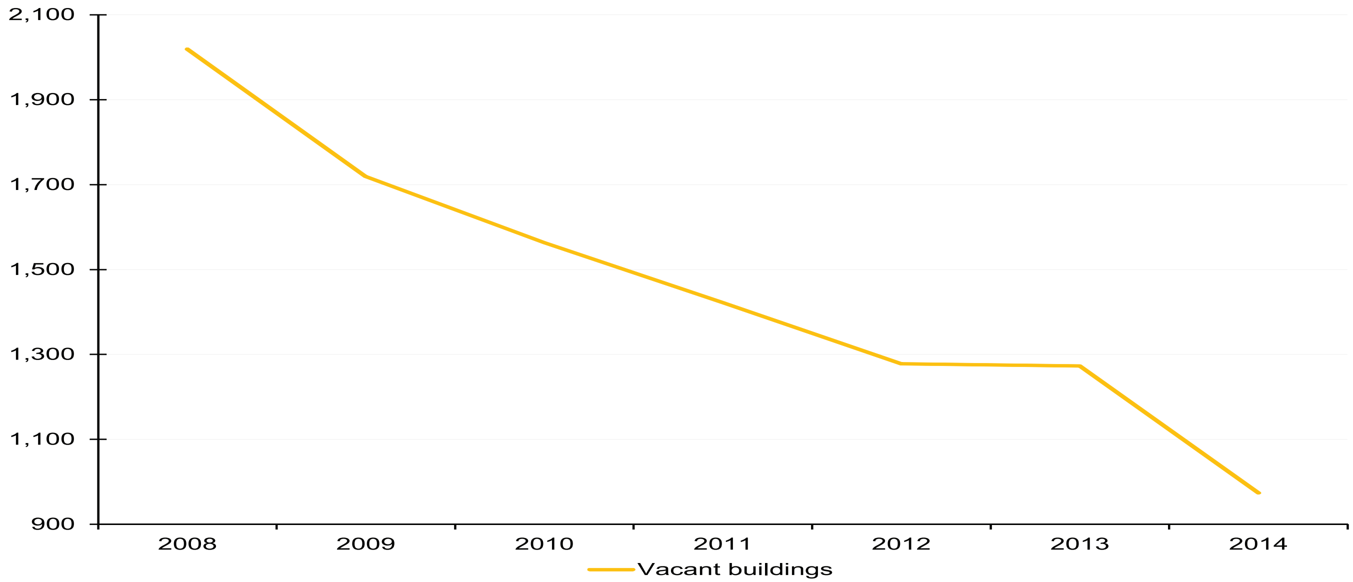


Table 11 - Total number of Vacant Buildings - 2008-2015

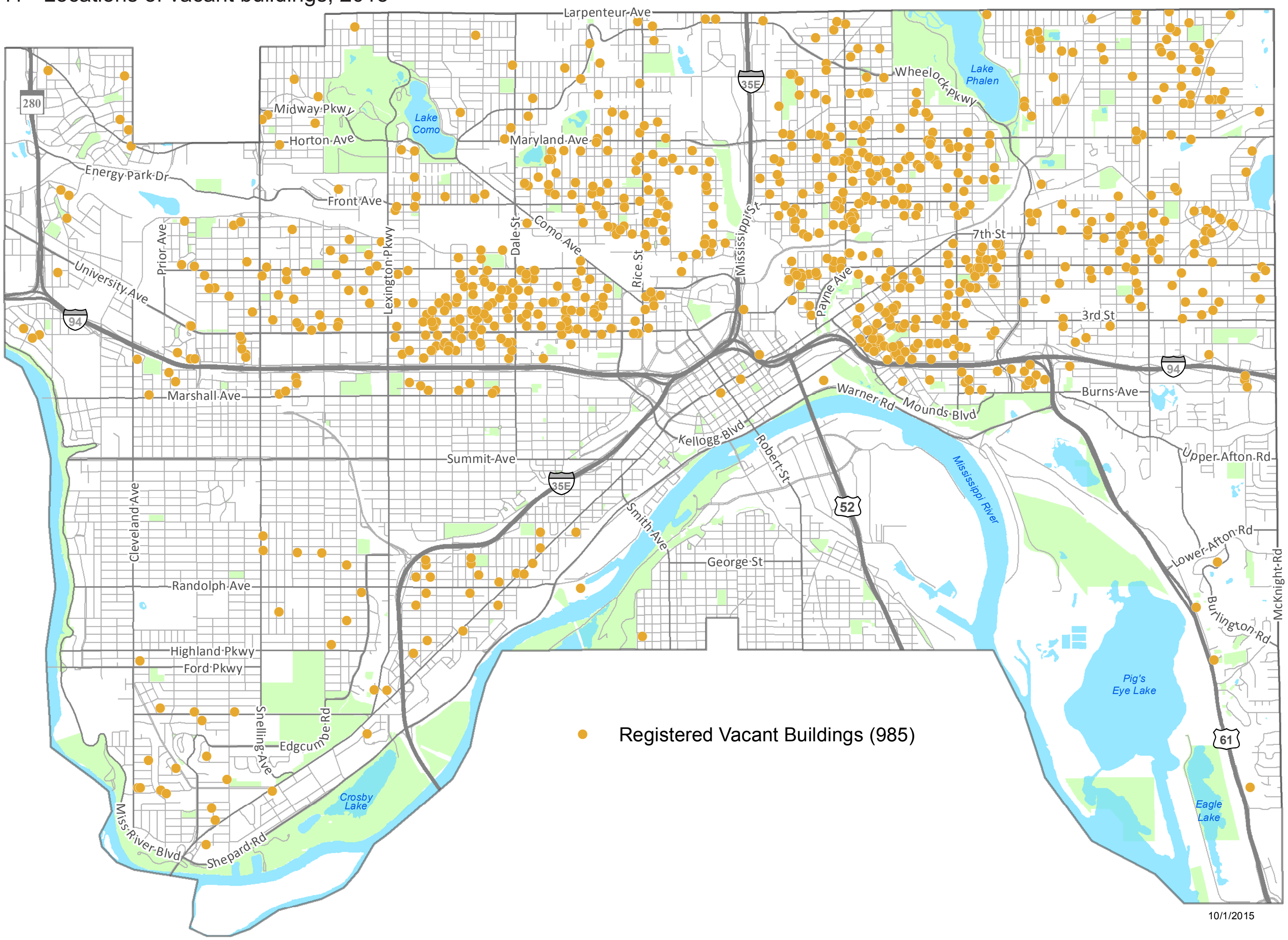
Year	2008	2009	2010	2011	2012	2013	2014	Change 2008-2014	2015*
Number of Vacant Buildings	2,019	1,719	1,563	1,422	1,278	1,273	973	-1,046 (52%)	985

*Only permits from Q1 and Q2 are included in 2015 total.

Note: The City of Saint Paul has ordinances regulating vacant and unoccupied structures and requires property owners to register these buildings with the Department of Safety and Inspections. A Registered Vacant Building is defined as an unoccupied building that meets one or more of the following criteria: unsecured, secured by other than normal means, a dangerous structure, condemned, has multiple housing or building code violations, condemned and illegally occupied, or has been unoccupied for a period of time longer than one year, during which time an enforcement officer has issued an order to correct nuisance conditions. Because data limitations prevent city staff from collecting highly accurate point-in-time tallies for vacant buildings, the data presented below may not be completely accurate.

Source: Saint Paul Department of Safety and Inspections Registered Vacant Building List, data archived and compiled by PED.

Figure 11 - Locations of vacant buildings, 2015



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

Employment is measured as the number of Saint Paul residents who are currently employed, 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. Residents in Saint Paul continue to experience employment growth. Through the second quarter of 2015, a total of 148,810 Saint Paul residents were gainfully employed, an increase of 0.7% over the course of the year. In the seven-county metropolitan area, employment increased at the same rate as the number of employed residents grew by 19,099. Table 12 shows significant growth in employment, with concurrent but smaller growth in the labor force.

Table 12 - Labor force, employment, and unemployment

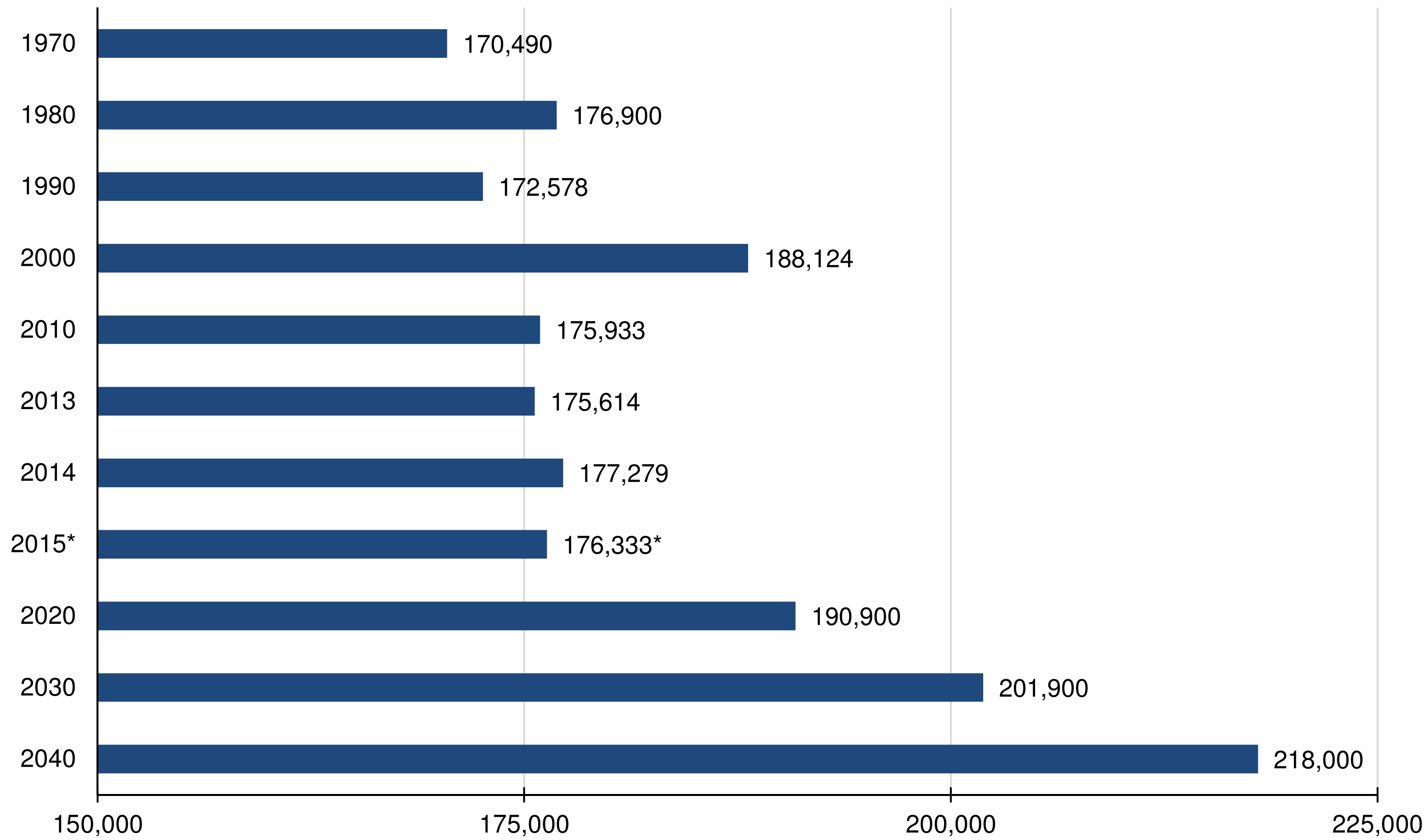
	14-Q2	14-Q3	14-Q4	15-Q1	15-Q2
Saint Paul - Not seasonally adjusted					
Labor Force	148,401	149,270	150,532	152,317	154,891
Employment	141,557	142,539	145,471	146,053	148,810
Unemployment Rate	4.6%	4.5%	3.4%	4.1%	3.9%
Metro - Not seasonally adjusted					
Labor Force	1,643,317	1,810,754	1,716,443	1,639,637	1,664,591
Employment	1,574,796	1,740,433	1,663,861	1,576,660	1,606,398
Unemployment Rate	4.2%	3.9%	3.1%	3.8%	3.5%
Saint Paul - Rolling Annual Average*					
Labor Force	147,477	147,843	148,798	150,130	151,753
Employment	140,110	140,822	142,223	143,905	145,718
Unemployment Rate	5.0%	4.7%	4.4%	4.1%	4.0%
Metro - Rolling Annual Average					
Labor Force	1,560,159	1,606,764	1,632,262	1,702,537	1,707,856
Employment	1,537,810	1,544,572	1,548,685	1,638,938	1,646,838
Unemployment Rate	5.1%	4.9%	4.8%	3.7%	3.6%

*Although seasonally adjusted data is not available for Saint Paul, examining a rolling average of the past 12 months of employment data helps to account for seasonal fluctuation in employment trends. For example, the rolling average unemployment rate for Saint Paul in 15-Q2 is 4.0%, which means that the average unemployment rate for the period of 14-Q3 to 15-Q2 is 4.0%.

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

The Metropolitan Council's preliminary forecasts indicate that Saint Paul will add more than 40,000 jobs by 2040 (23% growth). Total employees in Saint Paul is currently estimated to be 176,333, a slight decrease of about 1,000 jobs since last year. While employment has remained steady since the city's historical peak in 2000, the Metropolitan Council estimates that Saint Paul will surpass that peak by 2020.

Figure 12 - Employees in Saint Paul and forecasted changes

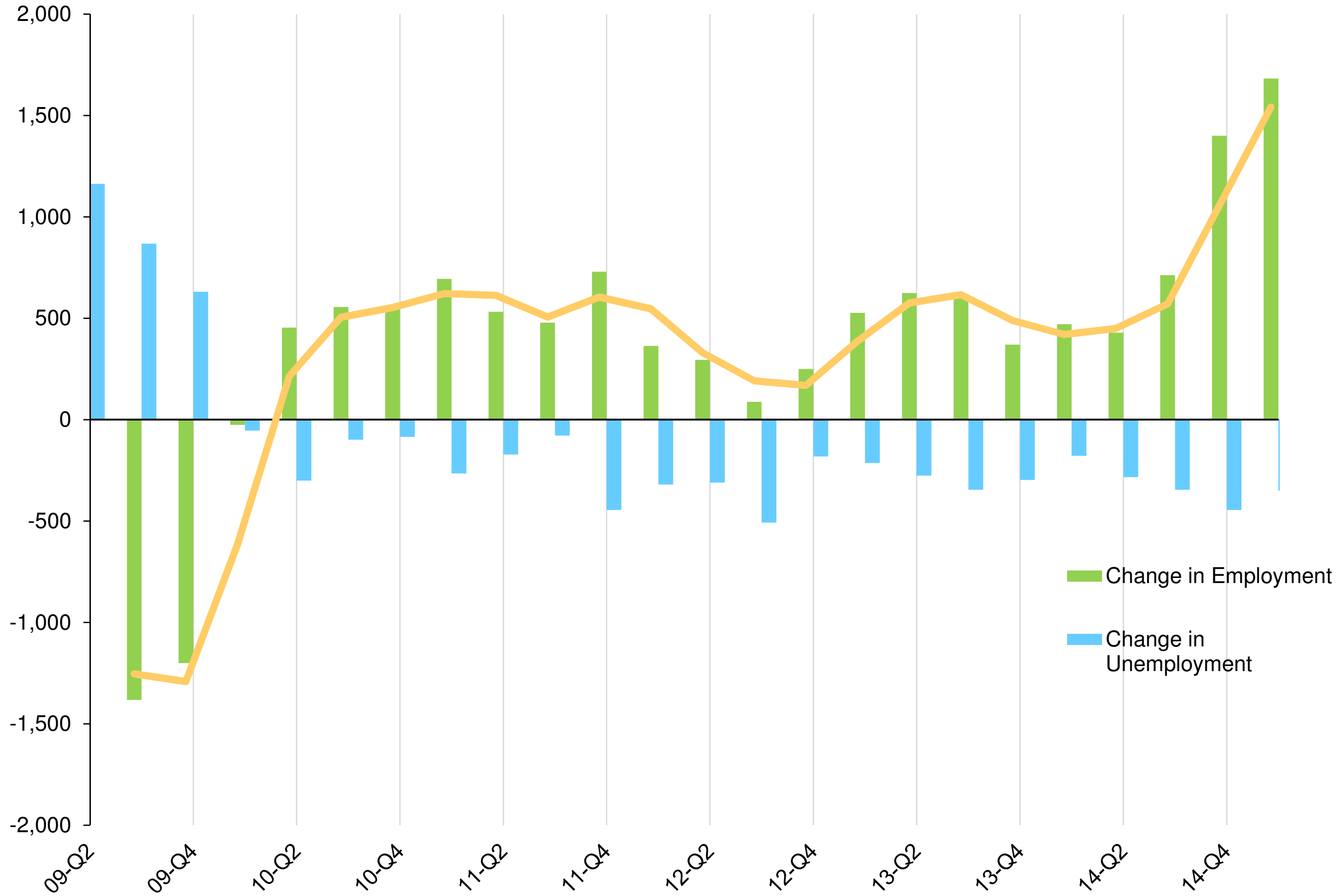


Source: Historic and forecasted population data from the Metropolitan Council's 2040 adopted forecasts.

Employment of Saint Paul Residents

The labor force is the total number of residents in Saint Paul classified as either employed or unemployed. Unemployed residents only include persons actively seeking employment. Figure 13 shows steady employment and labor force growth since 2010, making up for large losses experienced in 2008 and 2009 during the height of the recession. The graph also shows rapid growth in 2015, with employment and labor force growth rates nearing 2010 levels. Employment growth has exceeded labor force growth, resulting in a steady drop in the unemployment rate since 2010.

Figure 13 - Changes in Saint Paul employment, unemployment, and labor force trend line*



*Changes in the labor force are based on a rolling annual average.

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

Saint Paul's unemployment rate continues to improve steadily. Figure 14 shows an unemployment rate of 3.9% for the second quarter of 2015, compared with 4.5% one year prior. The annual average unemployment rate for 2015 Q2 (4.0%) is lower than both 2014 (4.4%) and 2013 (5.2%). The unemployment rate is higher in Saint Paul than for the seven-county metro, but Saint Paul has seen greater overall improvement over the past year. Metro area unemployment dropped from 3.9% for 14-Q2 to 3.5% in 15-Q2, compared to a drop from 4.5% for 14-Q2 to 3.9% in 15-Q2 for Saint Paul.

Figure 14 - Unemployment rate, not seasonally adjusted

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

Annual Job Trends

Table 13 shows the total number of jobs located within the city of Saint Paul. The table also details job trends as of the first quarter of 2015, for private and government sector jobs. Small seasonal fluctuations are evident in the data presented below. These figures do not necessarily reflect actual economic growth or contractions, but rather seasonal patterns in job availability.

Table 13 - All jobs in Saint Paul, 2014-2015

	2014-Q1	2014-Q2	2014-Q3	2014-Q4	2015-Q1
Total Jobs in Saint Paul	173,257	177,010	177,140	179,754	176,333
Private Jobs	136,675	140,012	142,233	142,992	139,615
Change from Prev Qtr	-2,380	3,337	2,221	759	-3,377
Total Government Jobs	36,582	36,998	34,906	36,762	36,717
Change from Prev Qtr	-409	416	-2,092	1,856	-45
Local Government Jobs*	16,255	17,742	14,519	16,194	16,162
Change from Prev Qtr	-405	1,487	-3,223	1,675	-32
State Government Jobs	17,583	16,529	17,698	17,843	17,846
Change from Prev Qtr	22	-1,054	1,169	145	3
Federal Government Jobs	2,743	2,726	2,688	2,724	2,709
Change from Prev Qtr	-26	-17	-38	36	-15

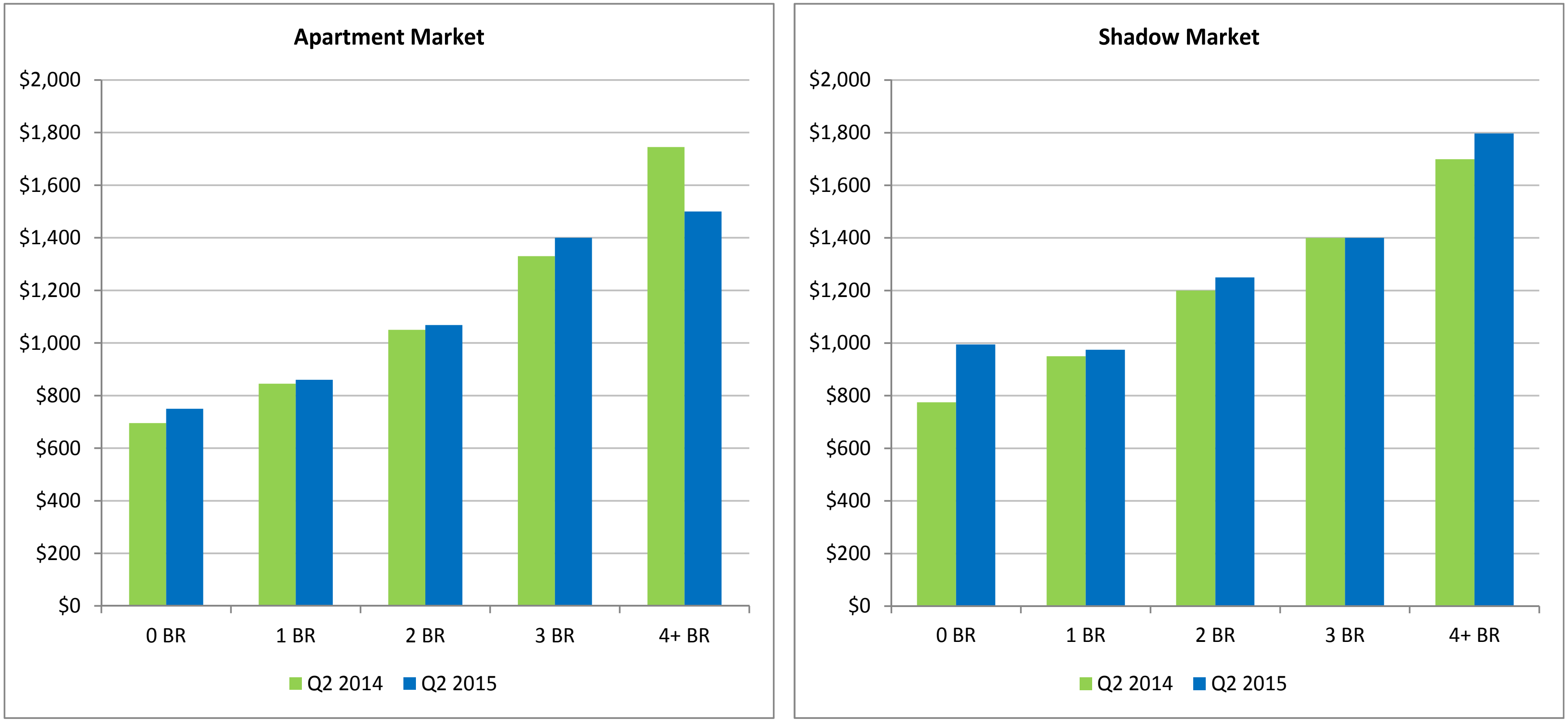
*Local Government includes city, county, and school employees.

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

The figure below compares peak-season rents in Saint Paul for 2014 and 2015. Rental homes are divided into the "Shadow Market" of single family, duplex, condominiums, and townhomes, and the "Apartment Market" of multi-family apartment buildings. Over the past year, rent has increased slightly in almost all categories, while rent decreased for one-bedroom units on the shadow market and four-bedroom apartments. Shadow market units currently make up 54% of all listings, up from 42% in the previous year.

On the following pages, Figure 17 shows the change in average rent from 2014 to 2015. While only two years of data were available at the time of this report, these line graphs will be expanded in future editions of Market Watch. Figure 18 shows the percent change in average rent by neighborhood, demonstrating year-to-year trends on a local scale.

Figure 15 - Saint Paul Median Rents



Source: Twin Cities Rental Revue,compiled by PED

Figure 16 - Saint Paul average rent, 2014-2015

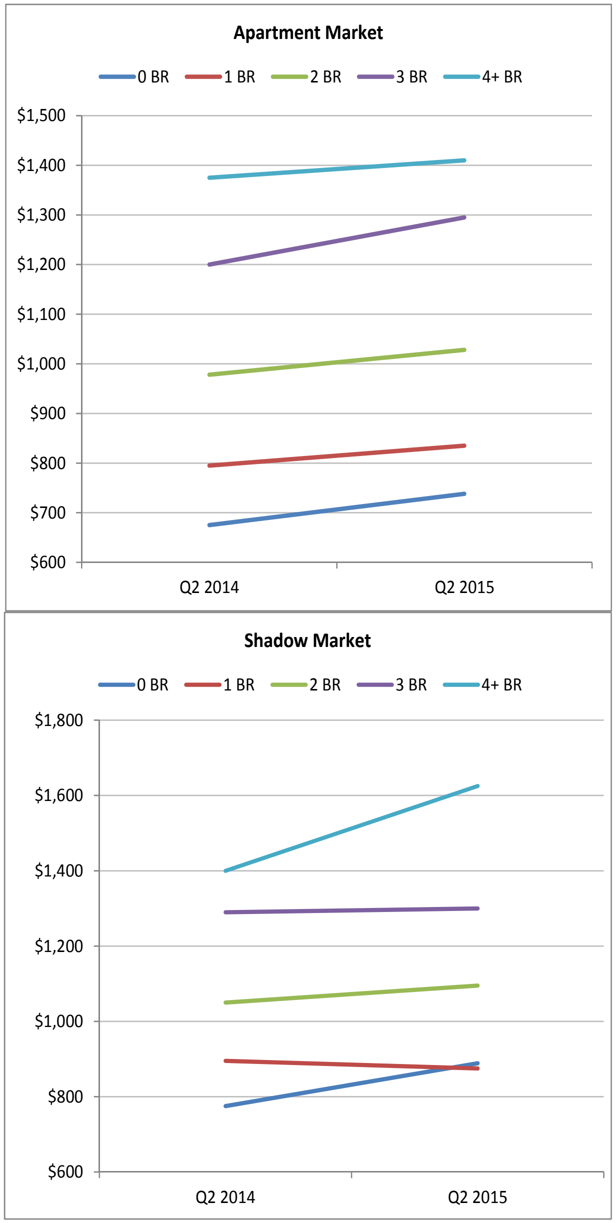
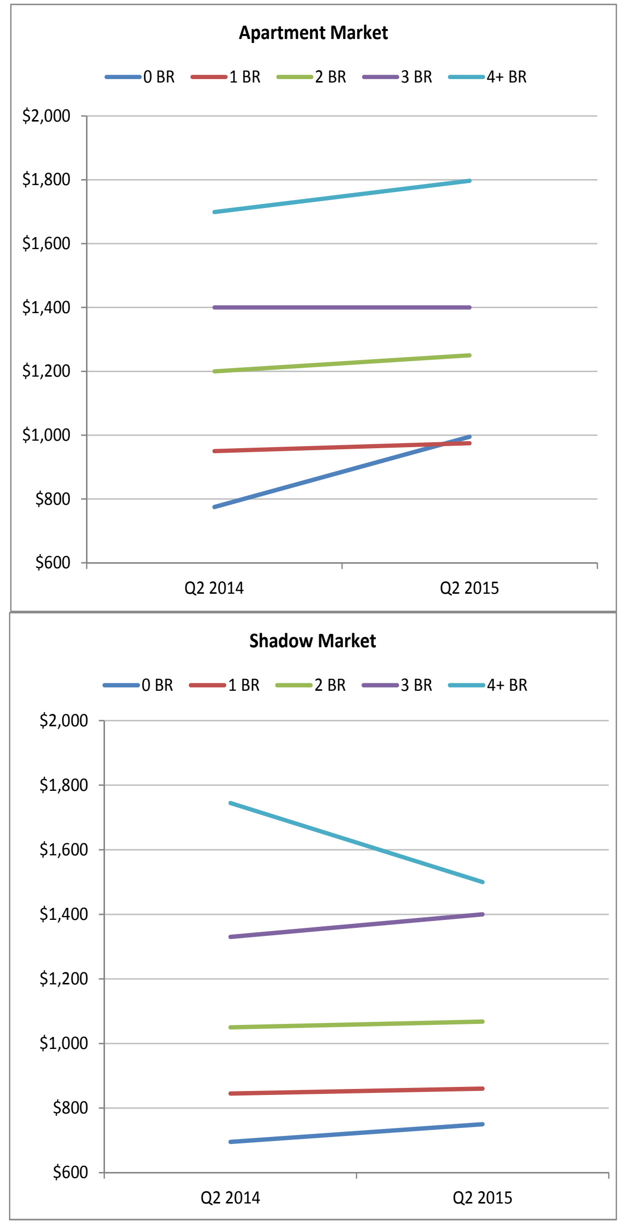
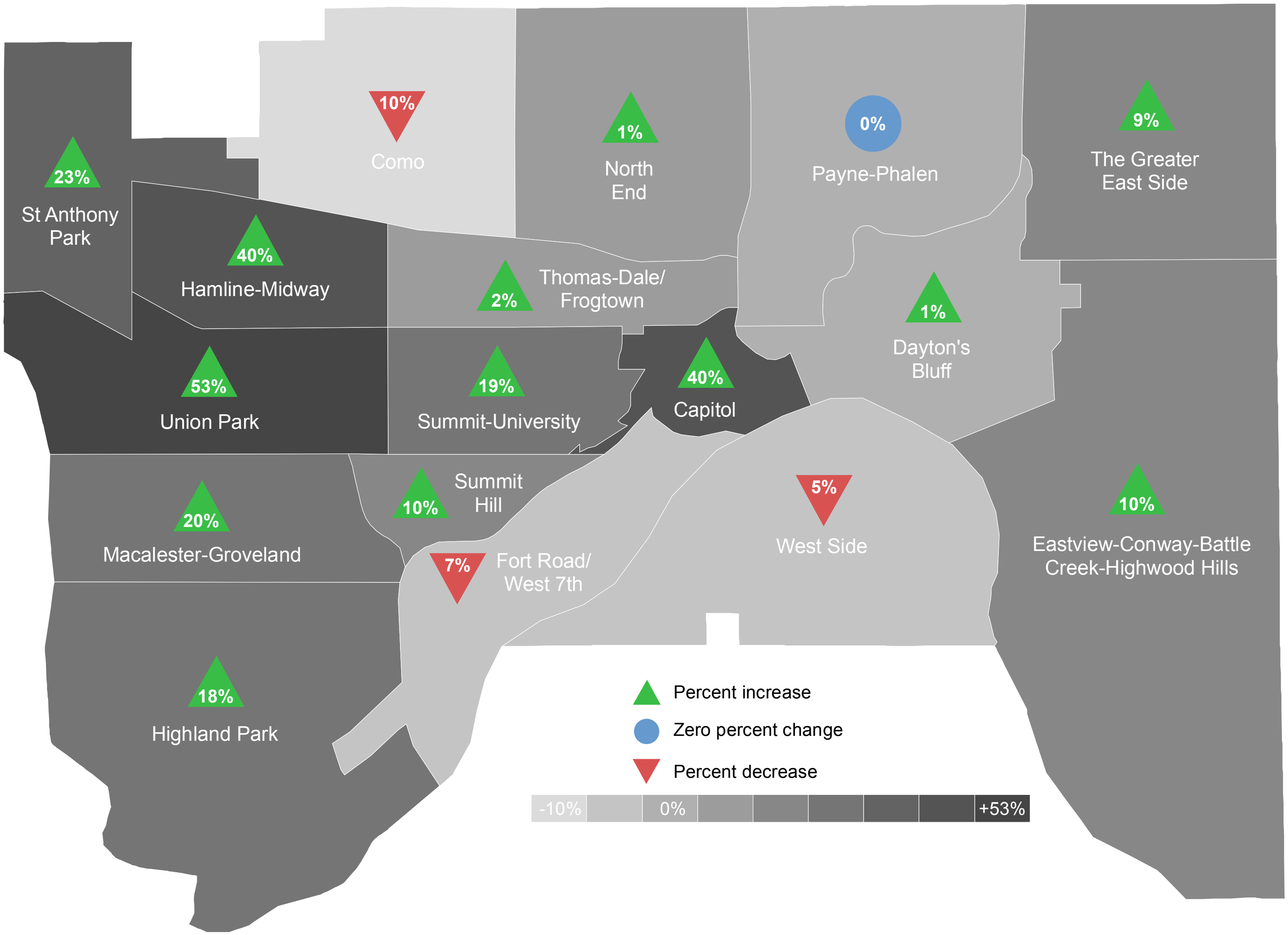


Figure 17 - Twin Cities Metro average rent, 2014-2015



Source: Twin Cities Rental Revue,compiled by PED

Figure 18 - Percent change in average rent by planning district, Q2 2014 - Q2 2015



Source: Twin Cities Rental Revue,compiled by PED