City of Saint Paul Market Watch Report

Volume 8: Fall 2016

SAINT PAUL

The Most Livable City in America

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Report Purpose

Eighth 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.

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

1. Building and Development (Orange)
2. Employment (Green)

Spring editions of the Market Watch Report also include demographic data and measures. Population and demographic data is published once annually and therefore cannot be updated for the fall edition. Please see the Spring 2016 Market Watch Report for 2016's Demographics data.

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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Building and Development

- Building and development activity in the city remains strong. More than $260 million in permits have been issued through Q2 2016. This projects 2016 to be at similar levels of development seen in 2014 and 2015, while significantly ahead of the period from 2008 to 2013. The total number of permits per year has decreased slightly since 2012. However, permits in excess of one million dollars are on the rise, indicating strong developer interest in large-scale projects within Saint Paul. “Remodel” permits have substantially increased in quantity since 2015, while “repairs” have declined.

Housing

- While the number of building permits for single-family homes has remained steady in the past few years, the combined value of those permits is steadily increasing year over year. Single-family home remodels have increased substantially in volume since 2015, alongside a slight increase in new home permits. Yearly foreclosures have decreased by nearly 80% since 2008. The number of vacant buildings and total building demolitions show similar downward trends.

Employment and Wages

- Unemployment has dropped to 3.3% for the second quarter of 2016, with a 3.6% rolling average (down from the 3.8% average for the fourth quarter of 2015). The number of jobs in the city continues to increase over previous years while the labor force likewise is trending upward, nearing pre-recession levels. Wages continue to steadily increase for many key industries such as Accomodation and Food Services, Health Care and Social Assistance, and Construction.

Report Summary

The summary below shows directional trends for the year 2016. Arrows indicate the relative 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 trends are characterized as neutral because the change is neither good nor bad for the city or its residents.

Building and Development*

Total value of building permits

- $260.6 million

Total Number of permits

- 2256

New Buildings

- 222

Projects over $1 million

- 19

Single-family Permits

- 764

New construction value

- $9.0 million

Addition Value

- $5.8 million

Remodel value

- $10.9 million

Demolitions

- 76 Total
  - 21 Commercial
  - 55 Residential

Foreclosures

- 202

Vacant buildings

- 843

Trends	Positive	Negative	Neutral
Increasing			
Decreasing			
Little or no change			

*Data is based on Q1 and Q2 2016 only. Trends are shown in relation to Q2 2015.

Employment and Wages*

Unemployment rate: 3.6%

- Total employment: 149,162*
- Total labor force: 154,775

Total jobs: 179,417

- Total: -0.5%
- Private: +1.4%
- Government: -6.4%

Average weekly wages: $1,083

- +1.9% increase

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

*Statistics are based on data for the period from June 2015 through June 2016. Trends are shown in relation to Q2 2015.

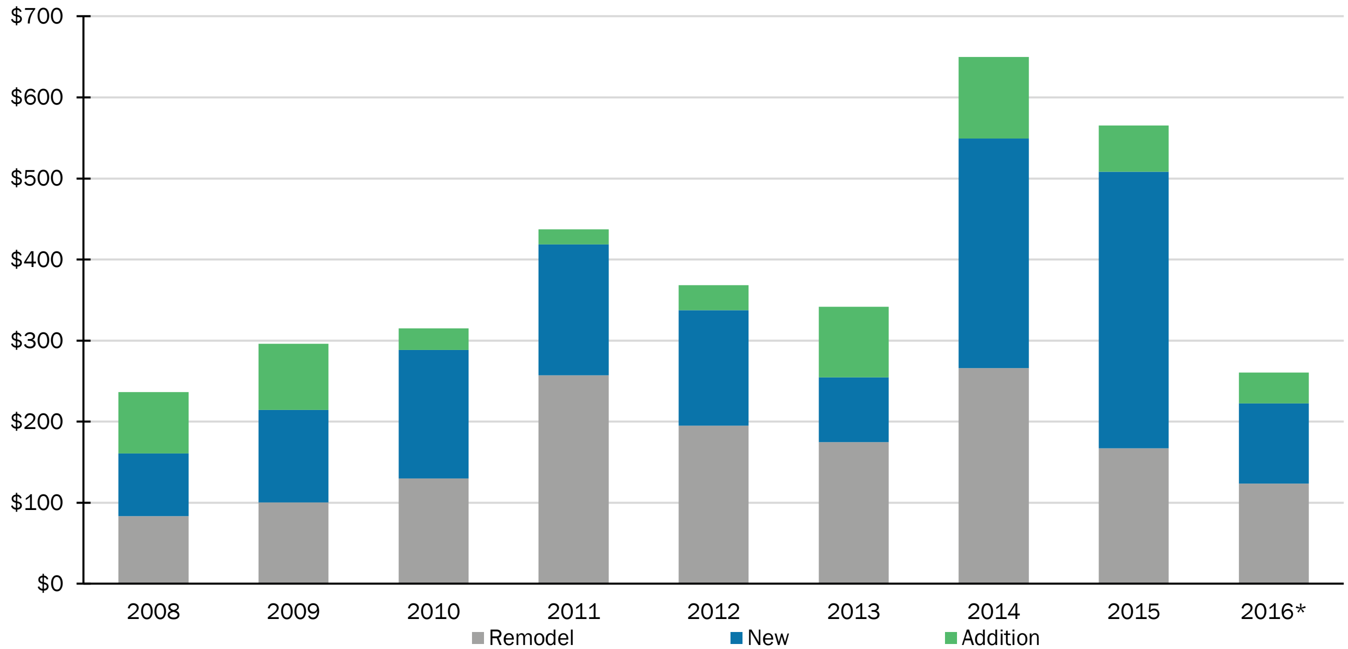
Total Value of Permits

Building permit value represents the cost of labor and materials for a construction project. Contractors must apply for permits before beginning construction, and typically before hiring construction workers. As a result, building permits are often an indicator of future trends in the rest of the economy. In the first half of 2016, new construction permits totaled $98.9 million. Data for 2016 only includes the first two quarters, but already building permits are showing similar levels of value compared to 2014 and 2015, and are significantly ahead of years 2013 and previous. Building permit data is freely accessible at: information.stpaul.gov.

Table 1 - Combined total value of building permits in millions (2016 dollars)

Permit type	2008	2009	2010	2011	2012	2013	2014	2015	2016*
New	$77.5 M	$114.5 M	$158.4 M	$161.3 M	$142.3 M	$79.8 M	$283.3 M	$341.5 M	$98.9 M
Addition	$75.4 M	$81.6 M	$26.5 M	$18.7 M	$311.0 M	$87.0 M	$100.6 M	$57.1 M	$38.0 M
Remodel	$83.4 M	$100.2 M	$129.9 M	$257.4 M	$195.1 M	$174.8 M	$266.1 M	$167.0 M	$123.7 M
Total value	**$236.3 M**	**$296.2 M**	**$314.9 M**	**$437.4 M**	**$368.5 M**	**$341.6 M**	**$650.0 M**	**$565.5 M**	**$260.6 M**

Figure 1 - Combined total value of building permits in millions, by type of permit (2016 dollars)



* Data for 2016 is given for only the first two quarters, through June 30, 2016.

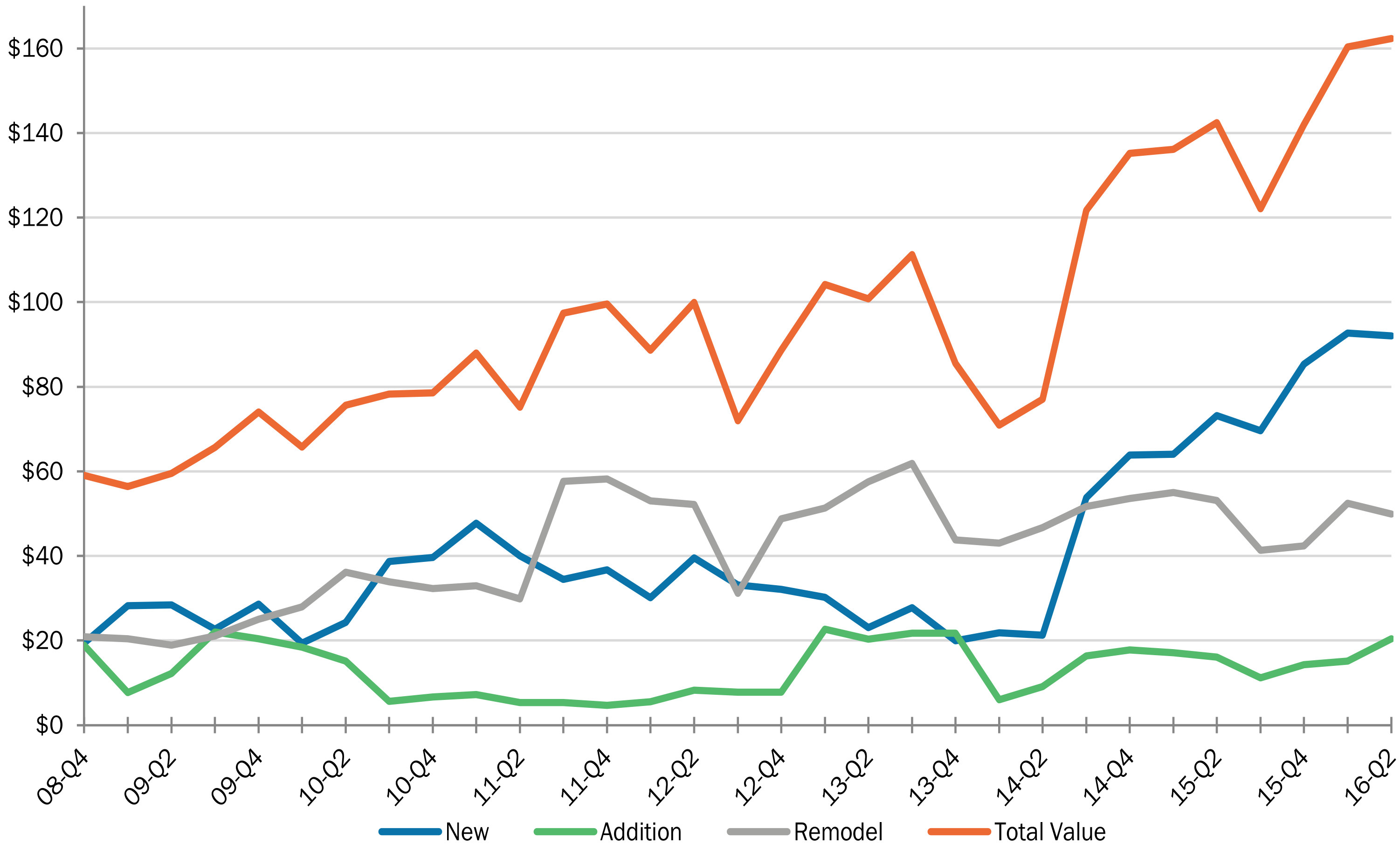
Note: Numbers in this report may differ from previous reports as repairs are now included in the totals whereas previously they were excluded. An increased number of permits for repairs may indicate increased economic stability as people invest in owned properties.

Permit value is the total permit value for permits issued. Because 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 Saint Paul Planning and Economic Development.

The figure below depicts the trends in the total value of permits issued each year. The rolling annual average of permit value for Q2 2016 is $162.3 million. This figure is substantially larger than any time in the past eight years, and it is currently trending upwards, indicating expected future growth. Compared to Q4 2015, all types of permits have increased in total value, with the highest percentage gain made in additions, and highest total gain made in remodels. The positive trend in new construction since 2014 can perhaps be attributed to an overall strengthening of the economy as well as the opening of the Green Line in June of that year. New construction along the line includes CHS field, varied affordable housing developments, commercial/mixed-use projects, and streetscape upgrades, among others.

Figure 2 - Combined total value of select building permits, rolling annual average* (2016 dollars in millions)



*The "rolling annual average" puts quarterly fluctuations in context with long-term trends. Each value includes data from its associated quarter as well as the three previous quarters. This statistic allows comparison of data without concern for seasonal impacts and incomplete yearly totals.

Permit value is the total permit value for permits issued. Because 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 Saint Paul Planning and Economic Development.

Total Number of Permits

The total number of building permits issued each year in Saint Paul has remained close to 5,000 since 2010. The total number of permits issued for new construction in 2014 was the highest in the past seven years, and that total remained nearly as high in 2015. Already, 2016 sees strong trends in repair permits and new construction permits as of Q2. Although the total number of all types of permits is less than in recent years, the value of those permits has increased. Tables 3 through 5, on the subsequent pages, break down these totals and highlight a few more interesting trends.

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

Permit Type	2010	2011	2012	2013	2014	2015	2016*
New	380	451	448	489	499	496	222
Addition	300	324	337	296	286	244	85
Remodel	1,649	1,556	1,577	1,834	1,697	1,943	1,123
Repair	3,198	3,475	3,123	2,283	2,249	2,044	826
Total Permits	**5,527**	**5,806**	**5,485**	**4,902**	**4,731**	**4,727**	**2,256**

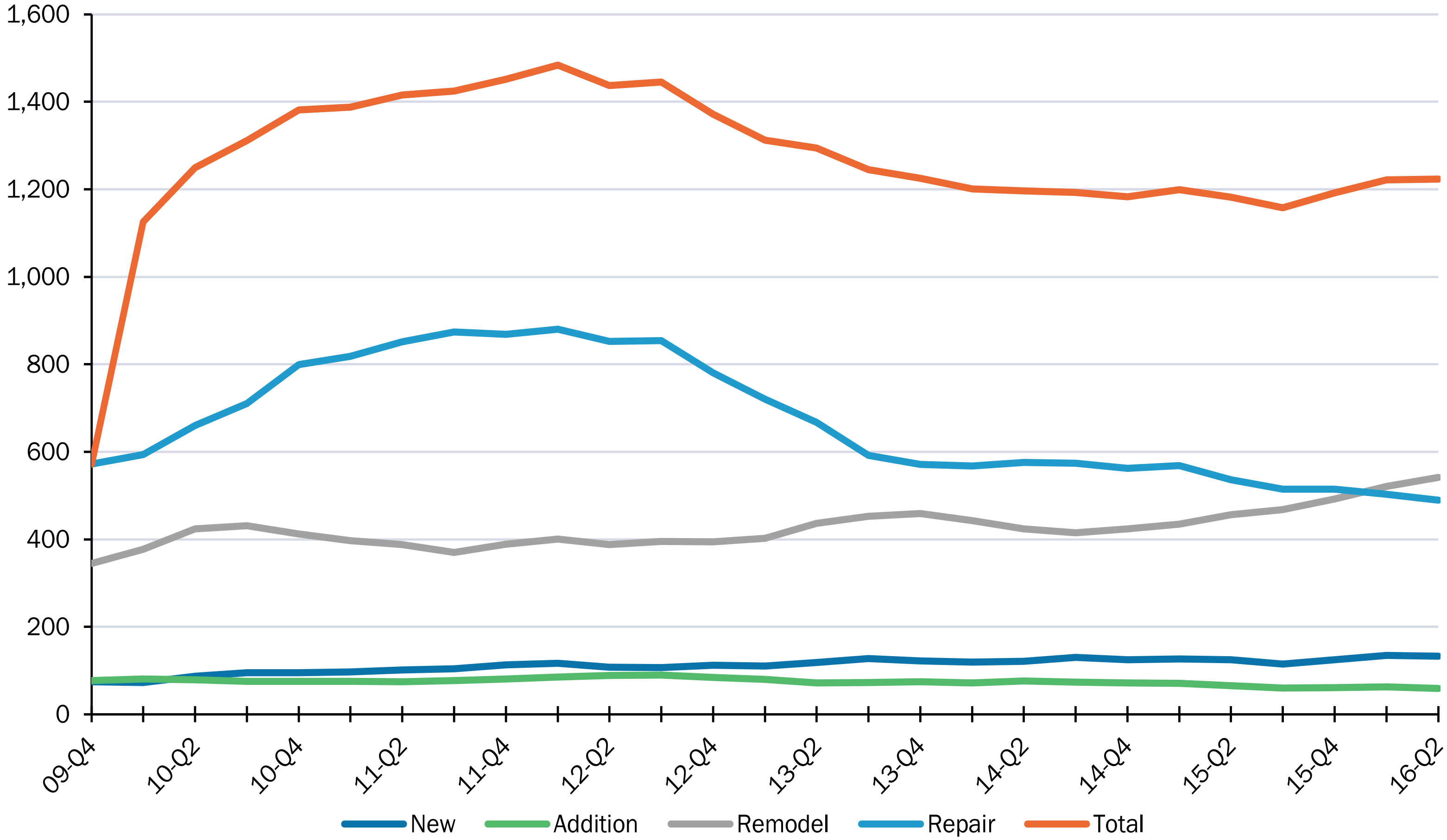
* Data for 2016 is given for only the first two quarters, through June 30, 2016.

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 Saint Paul Planning and Economic Development.

The figure below graphically depicts trends in the number of permits issued each year. The number of permits has declined since their peak in the first quarter of 2012, but has remained steady since Q4 2013. There has been a slight total increase in permits from Q4 2015, with the most notable changes being the upward trending of remodels and slight downward trending of repairs.

*Figure 3 - Number of select building permits, rolling annual average 2009 to 2016**



*The "rolling annual average" puts quarterly fluctuations in context with long term trends. Each value includes data from its associated quarter as well as the three previous quarters. This statistic allows comparison of data without concern for seasonal impacts and incomplete yearly totals.

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Source: Saint Paul Department of Safety and Inspections, data compiled by Saint Paul Planning and Economic Development.

New Construction Projects

The City's Department of Safety and Inspections (DSI) issued 64 permits for new buildings in the first half of 2016. Since some projects require multiple permits, this total does not necessarily mean that 64 individual buildings were permitted. 2016 is on pace to be a record year for building permits in Saint Paul, with both residential and non-residential permits indicating they will beat 2015's total of 104. Some of the new single-family homes were constructed through the Inspiring Communities program. The City's Housing and Redevelopment Authority has worked to construct new homes through this program since 2010, resulting in generally positively trending residential permits. Though few total residential units compared to previous years have been permitted thus far, it is likely that new multi-unit strucutres will be submitted in the later half of 2016.

Table 3 - New building permits exceeding $50,000 (2016 dollars)

Permit Type	2010	2011	2012	2013	2014	2015	2016*
Residential	19	25	43	47	67	71	37
Single-family home	17	23	32	43	61	56	37
Duplex	2	1	0	0	3	1	0
Multi-unit	0	1	11	4	3	14	0
Residential units	21	69	414	267	165	1040	37
Mixed Commercial/Residential	2	2	3	2	2	3	4
Residential units	108	60	435	348	318	627	279
Accessory Structure	13	12	16	17	11	8	7
Non-residential	25	26	23	17	30	22	16
Commercial	11	16	17	14	18	14	12
Institutional	14	10	6	3	12	8	4
Total Permits	**59**	**65**	**85**	**83**	**110**	**104**	**64**

*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, data compiled by Saint Paul Planning and Economic Development.

Table 4 lists new construction projects with at least one permit with a value greater than or equal to $1 million. During the first half of 2016, nine new projects were issued at least one permit worth $1 million or more. Three of these permits were for mixed-use commercial/ residential and multi-family residential construction projects. The remaining are a mix of institutional, commercial, and single-family residential construction. The largest permit issued for the first two quarters of 2016 is the C & E Flats mixed-use building on Raymond Avenue. 2016 is on pace to reach similar levels of major construction projects as 2015, which had 20 new major projects permitted.

Table 4 - New construction permits worth $1 million or more (2016 dollars)

Address	Project Name	Building Type	Permit Value
735 Cleveland Ave S	The Finn*	Mixed (Commercial/Residential)	$14,694,212
735 Raymond Ave	C & E Flats	Mixed (Commercial/Residential)	$18,968,339
2301 Como Ave	Park 24 Apartments	Mixed (Commercial/Residential)	$4,891,549
130 Victoria St N	Jardin Spanish Immersion Daycare	Commercial	$2,065,321
1771 Energy Park Drive	New Office Building/Warehouse	Industrial	$9,348,293
2322 7th St W	McDonald’s	Commercial	$1,962,055
2525 Wabash Ave	Sunrise Banks	Commercial	$5,978,560
690 Birmingham St	Twin Cities Academy	Commercial	$12,881,078
1125 7th St E	Mcqueen Equipment	Industrial	$6,444,698

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

Permit value is the total permit value for permits issued only in Q1 and Q2 2016. Since some projects take multiple years to complete, some projects still under construction were excluded. Further, the individual permit value above may be lower than the total project cost.

Source: Saint Paul Department of Safety and Inspections, data compiled by Saint Paul Planning and Economic Development.

Table 5 lists building pemits for other types of construction including additions, remodels, and repairs. This list demonstrates the variety of projects located throughout the city. So far in 2016,19 projects large projects in Saint Paul were active. 2016 is on pace to beat the mark of 30 million-dollar construction projects for non-new buildings that were issued permits in 2015. The largest active project is the State Capitol Grounds remodel, at close to $19 million dollars in permits.

Table 5 - Recent construction projects over $1 million (2016 dollars)

Address	Project name	Building type	Activity	Permit value
1261 Grand Ave	Kowalski's Grand Market	Commercial	Addition	$1,739,217
640 Jackson St	Regions Hospital	Institutional	Addition	$9,173,399
2530 Edgcumbe Road	St Paul Fire Station #19	Institutional	Addition	$3,055,587
235 Marshall Ave	Outlot - Saint Paul College	Institutional	Addition	$15,218,152
1 Ecolab Place	Ecolab	Commercial	Remodel	$9,972,536
435 Phalen Blvd	Regions/Gillette Ambulatory Centers	Institutional	Remodel	$1,585,949
161 St Anthony Ave	Sweetwater Grill & Bar & Banquet	Commercial	Remodel	$1,630,516
30 Fairview Ave S	CVS Pharmacy	Commercial	Remodel	$2,104,419
17 7th Place W	Palace Theatre	Commercial	Remodel	$4,565,445
200 University Ave E	Gillette Children's Hospital	Institutional	Remodel	$8,913,488
179 Snelling Ave S	Stadium/Athletic Field - Macalester	Institutional	Remodel	$1,358,764
135 Colorado St E	Meridian Behavior Health	Institutional	Remodel	$1,212,017
847 Earl St	Sprint Switch Center	Commercial	Remodel	$1,215,356
75 Rev Dr Martin Luther King Blvd	State Capitol Grounds	Institutional	Remodel	$18,993,382
1120 Concordia Ave	South Concession Stand	Institutional	Repair	$1,302,239
120 Kellogg Blvd W	Science Museum Of Minnesota	Commercial	Repair	$6,416,243
1771 Energy Park Drive	New Office Building/Warehouse	Industrial	Repair	$5,187,216
560 Concordia Ave	Rondo Education Center	Institutional	Repair	$1,467,660
59 10th St W	St. Joseph Hospital Parking Ramp	Commercial	Repair	$1,298,978

Source: Saint Paul Department of Safety and Inspections, data compiled by Saint Paul Planning and Economic Development.

The total value of single-family home permits demonstrates increased investment in building, improving, and renovating single-family homes in Saint Paul. While new permit values took a slight dip in the third quarter of 2015, this year's total value of single family home permits ($25.6 million) is on pace to beat every year since 2009. The rolling average shows a strong improvement in value of new single-family homes since Q3 2015, offsetting the modest decline in remodels.

Figure 4 - Value of select single-family home permits, rolling annual average* (2016 dollars)

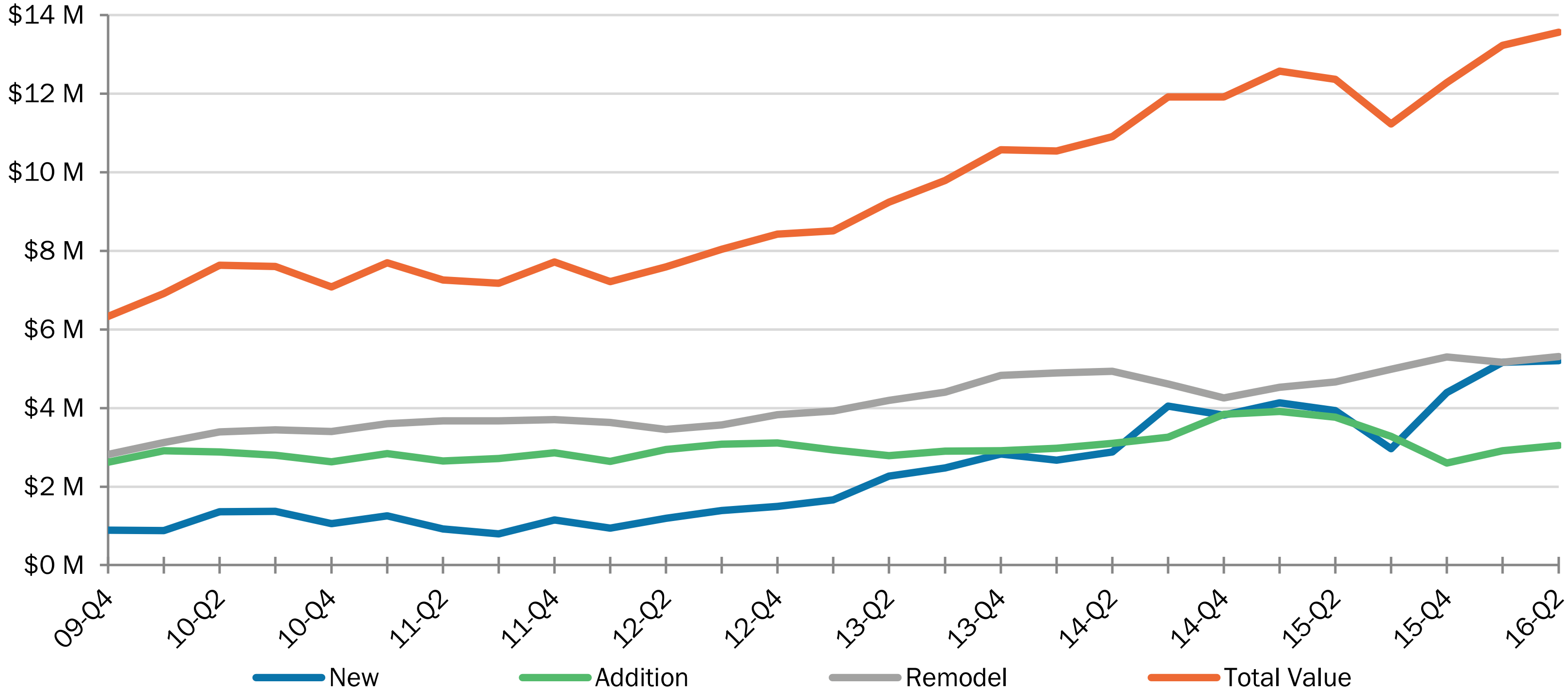


Table 6 - Total annual value of select permits for single-family homes, in millions (2016 dollars)

Permit Type	2010	2011	2012	2013	2014	2015	2016*
New	$4.2	$4.6	$6.0	$11.3	$15.3	$17.6	$9.0
Addition	$10.5	$11.4	$12.4	$11.6	$15.4	$10.4	$5.8
Remodel	$13.6	$14.8	$15.3	$19.3	$17.0	$20.8	$10.9
Total Value	**$28.3**	**$30.9**	**$33.7**	**$42.3**	**$47.7**	**$48.8**	**$25.6**

*The "rolling annual average" puts quarterly fluctuations in context with long term trends. Each value includes data from its associated quarter as well as the three previous quarters. This statistic allows comparison of data without concern for seasonal impacts and incomplete yearly totals. Table 6 2016 data is for Q1 and Q2 2016 only.

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 Saint Paul Planning and Economic Development.

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. 2016 is on pace for a larger total number of single-family home permits than seen in previous years, though permits for new buildings is on track to be slightly behind 2015's mark of 187 permits.

Figure 5 - Total number of single-family home permits, 2009 to 2016

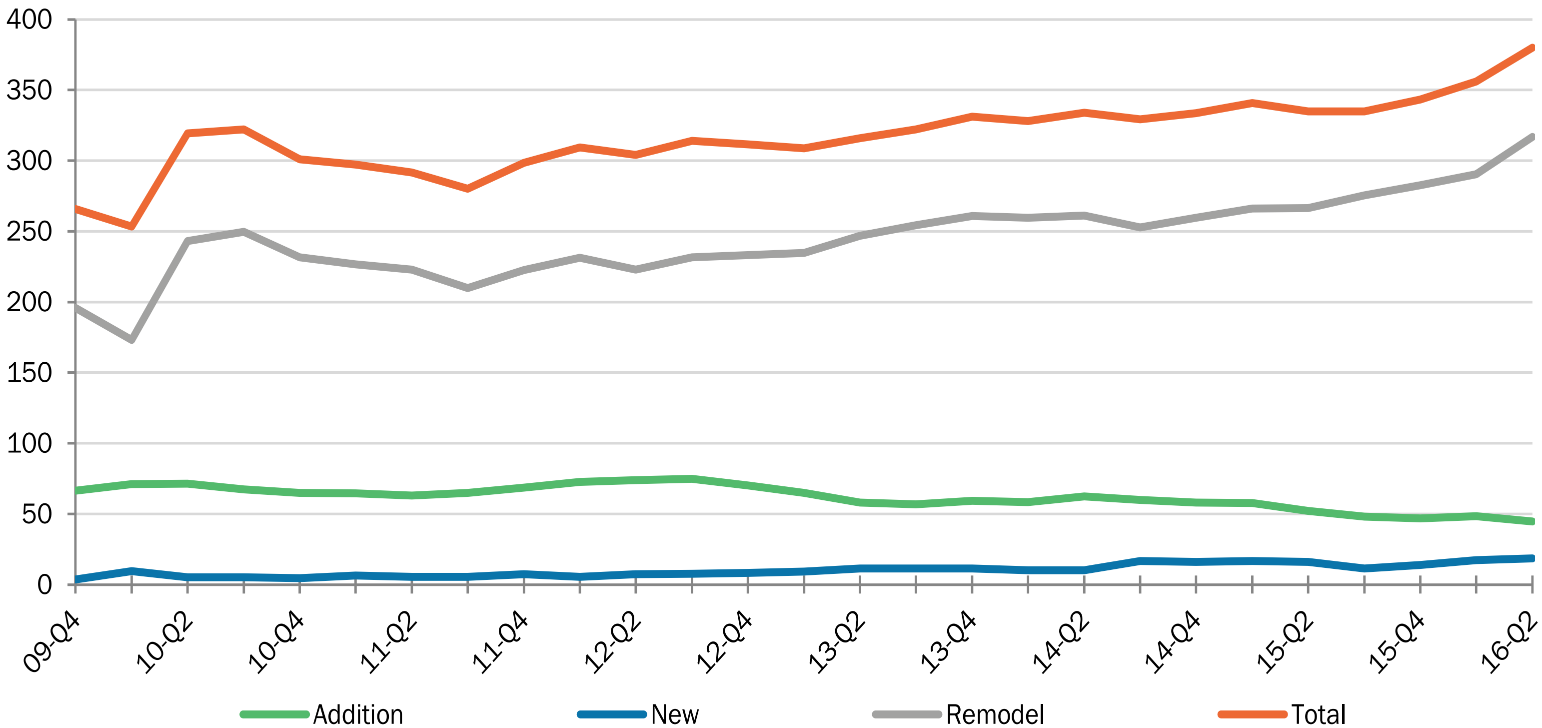


Table 7 - Total number of select permits for single family homes, 2009 to 2016

Permit Type	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016***
New	266	260	275	280	237	232	187	66
Addition	14	18	29	33	45	64	56	38
Remodel	783	926	890	933	1,043	1,051	1,117	660
Total Permits	**1,063**	**1,204**	**1,194**	**1,246**	**1,325**	**1,347**	**1,360**	**764**

*2016 totals are for Q1 and Q2 2016 only.

Source: Saint Paul Department of Safety and Inspections, data compiled by Saint Paul Planning and Economic Development.

Eight major multi-family residential construction projects were issued permits worth more than $1 million in the first half of 2016. The projects with the highest issued permit values include the The Finn apartments on Cleveland Ave., C & E Flats on Raymond Ave., and the remodel of 333 On The Park on Sibley St. Several other substantial remodel and repair projects are occuring throughout the city, as shown below. Compared to 2015, 2016 is on pace to approve more major multi-family residential projects, though the overall number of rental units may fall short of 2015's number.

Table 8 - Current active or completed residential construction projects over $1 million (2016 dollars)

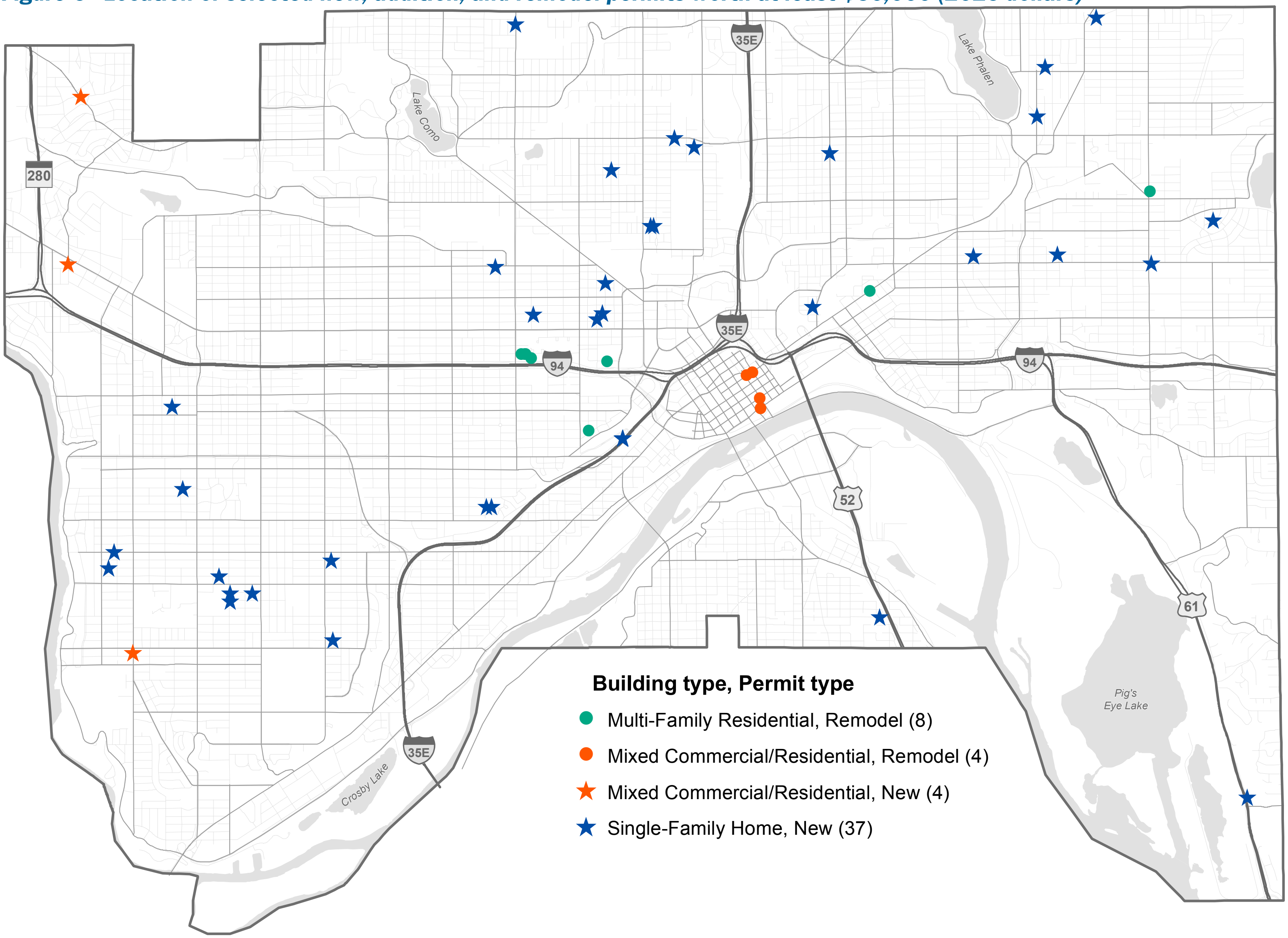
Address	Project name	Building type	Activity	Permit value
735 Cleveland Ave S	The Finn	Mixed - Commercial/Residential	New	$14,694,212
735 Raymond Ave	C & E Flats	Mixed - Commercial/Residential	New	$18,968,339
2301 Como Ave	Park 24 Apartments	Mixed - Commercial/Residential	New	$4,891,549
333 Sibley St	333 On The Park	Mixed - Commercial/Residential	Remodel	$24,033,809
180 Kellogg Blvd E	Custom House	Mixed - Commercial/Residential	Remodel	$1,913,139
586 Central Ave W	Malcolm Shabazz Apartments	Residential - Multi-Family	Remodel	$2,541,945
600 & 582 Central Ave W	Jamestown Homes	Residential - Multi-Family	Remodel	$1,928,349
737 7th St E	Dellwood Garden	Residential - Multi-Family	Remodel	$1,596,619

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 2016 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 2016 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 Saint Paul Planning and Economic Development.

This map shows the location of permits worth at least $50,000 for new construction, additions, and remodeling of multi-family and mixed-use residential buildings, as well as permits for new single-family homes. Of these permits, nine are worth more than $1 million in value.

Figure 6 - Location of selected new, addition, and remodel permits worth at least $50,000 (2016 dollars)



Source: Saint Paul Department of Safety and Inspections, data compiled by Saint Paul Planning and Economic Development.

Through Q2 2016, 76 total demolition permits were issued. More than 70% of permits were issued to demolish residential buildings or residential accessory structures. The split between the two was slanted towards accesory structures with 41% of total permits issued for demolishing residential accessory structures and 32% going to demolish residential buildings. Table 9 lists the number of demolitions across the city dating back to 2009. Figure 7 on the following page shows the locations of residential and commercial demolitions across the city. The total demolition permits issued through Q2 2016 is on pace to be the lowest since pre-recession levels, largely due to the substantial drop in residential strucutures being demolished.

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 all 76 demolition permits, aggregated by structure type.

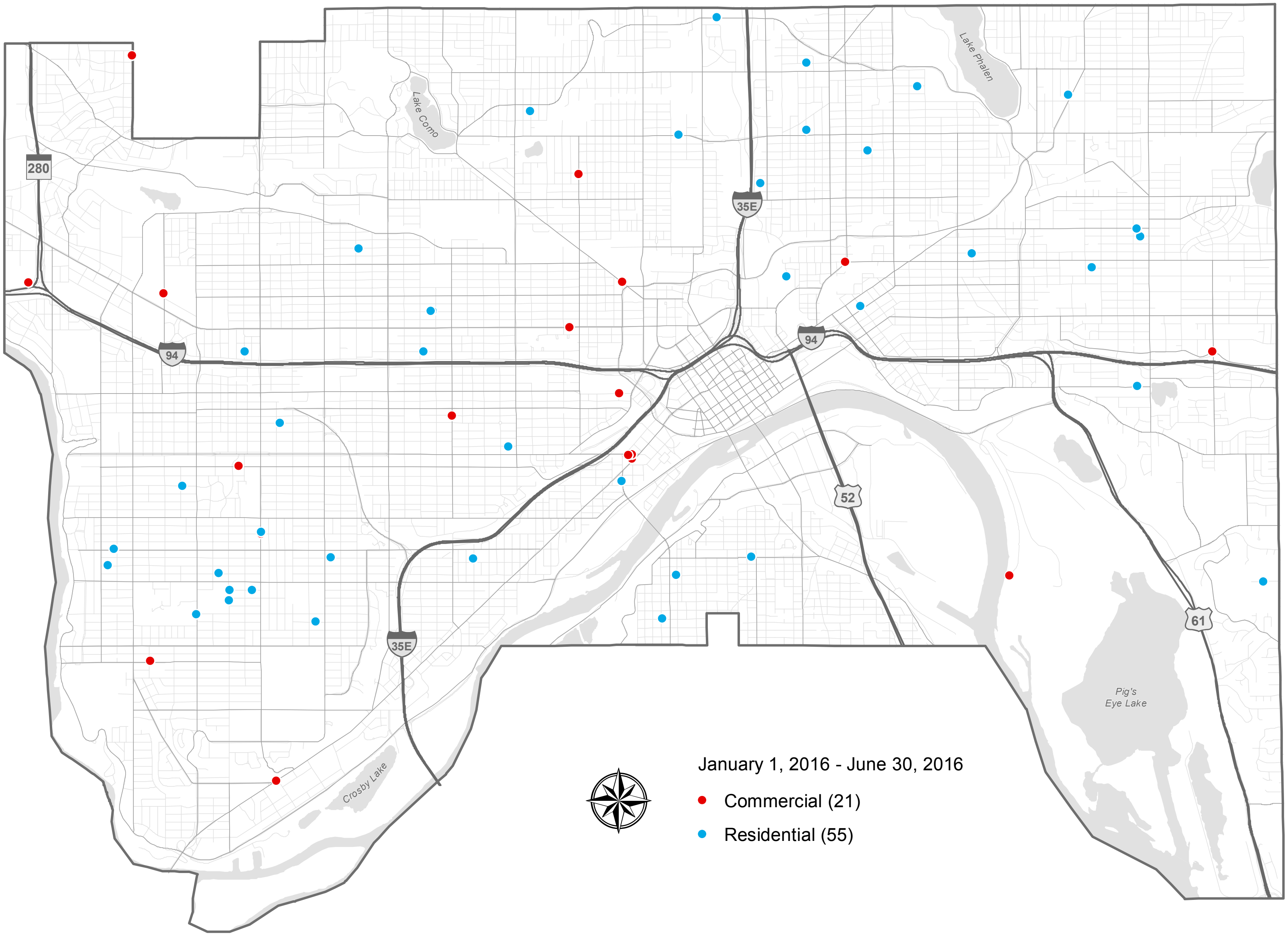
Table 9 - Number of demolitions per year, 2009 to 2016

Structure type	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016***
Commercial	36	37	51	36	32	30	29	21
Residential	176	151	262	199	151	143	162	55
Total demolitions	**212**	**188**	**313**	**235**	**183**	**173**	**191**	**76**

*2016 Data is for Q1 and Q2 2016 only.

Source: Saint Paul Department of Safety and Inspections, data compiled by Saint Paul Planning and Economic Development.

Figure 7 - Location of building demolitions, 2016



Source: Saint Paul Department of Safety and Inspections, data compiled by Saint Paul Planning and Economic Development.

Foreclosure rates continued to fall in 2016 following significant decreases since the peak in 2008. 2016 is on pace for less foreclosures than 2015's total value of 465. 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 2016. These foreclosed properties are generally spread throughout the city.

Figure 8 - Total number of foreclosures, rolling annual average 2007 to 2016

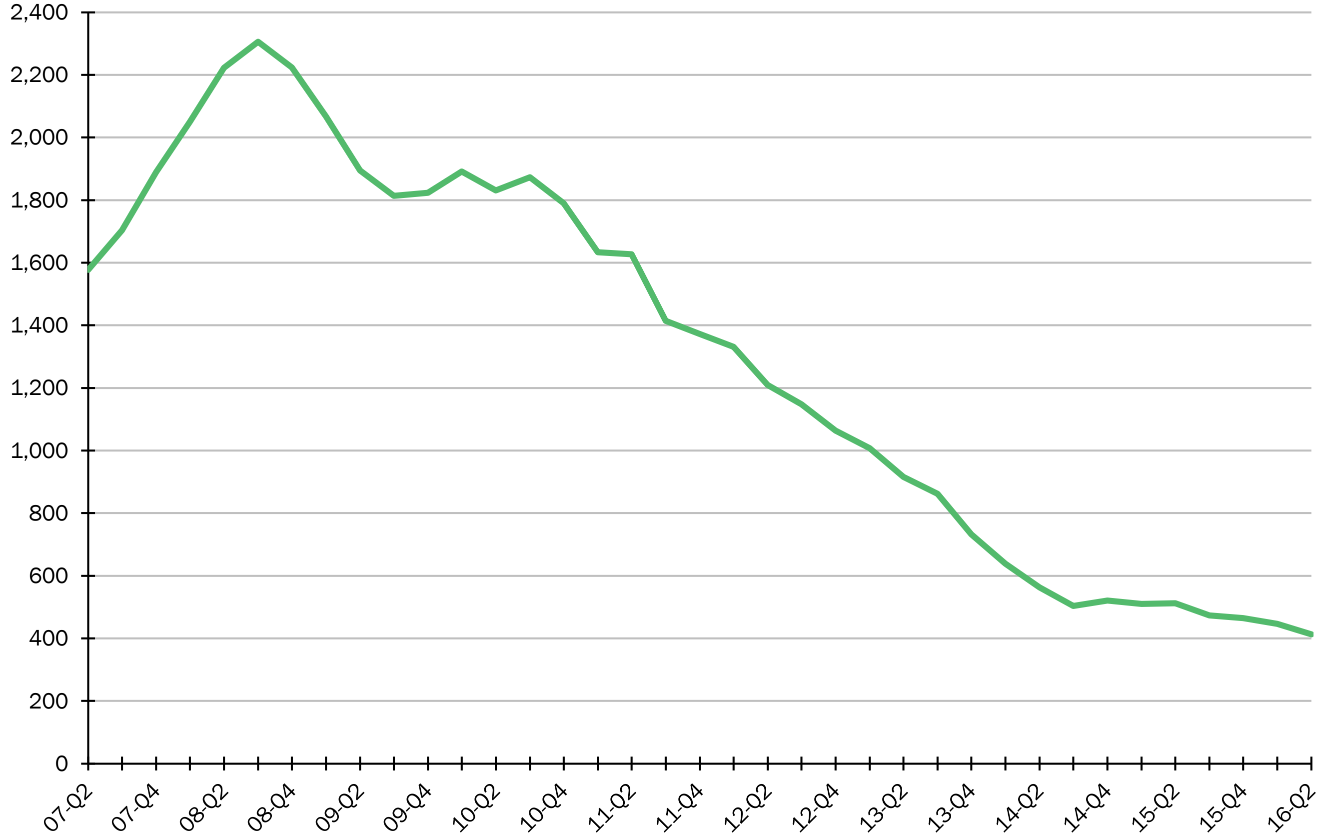


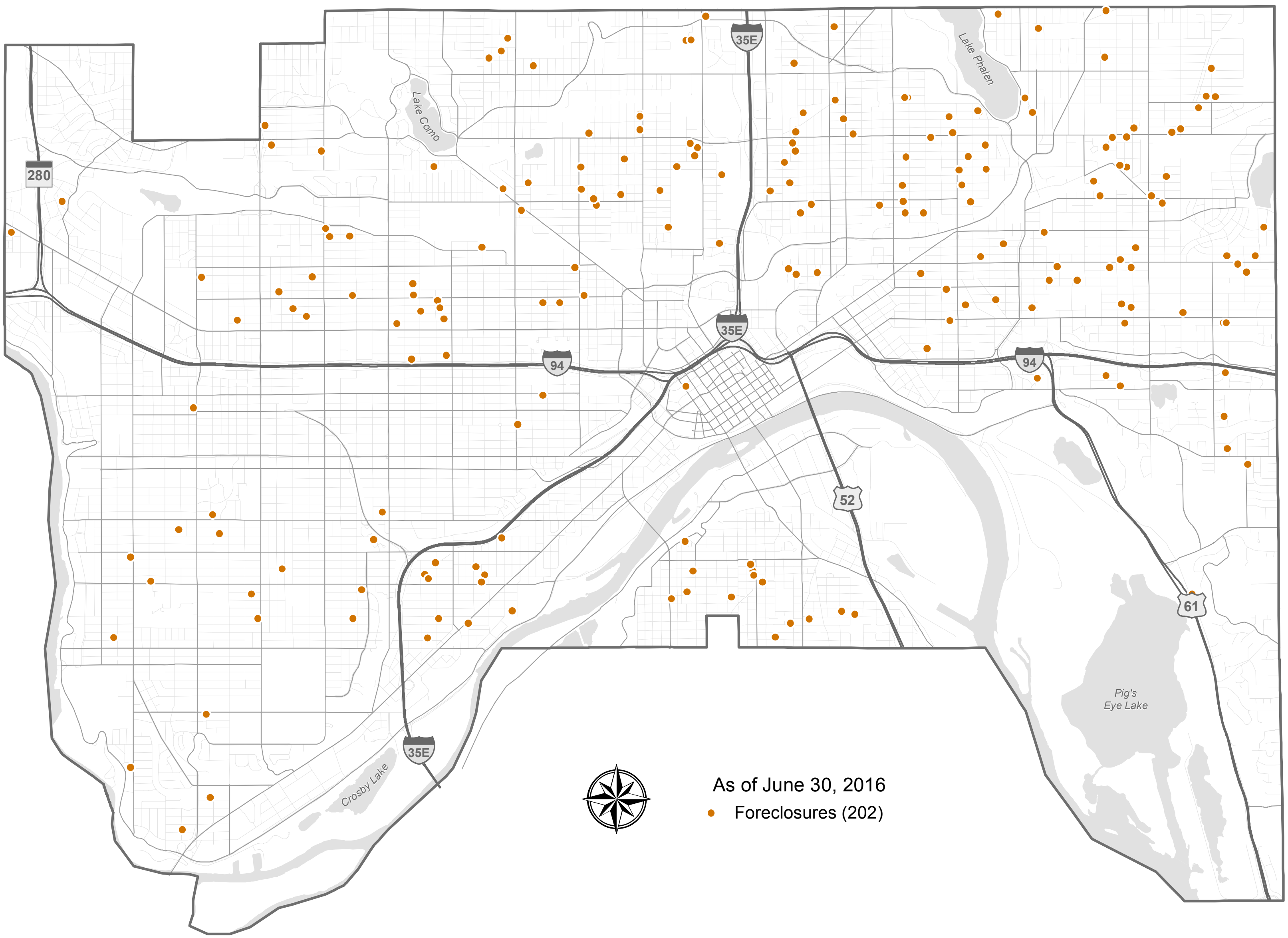
Table 10 - Total number of foreclosures, 2007 to 2016

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*
Total foreclosures	1,889	2,224	1,824	1,790	1,372	1,064	733	521	465	202

*Table 10 2016 data is for Q1 and Q2 2016 only.

Source: Ramsey County Sherrif's Office, data compiled by Saint Paul Planning and Economic Development.

Figure 9 - Location of foreclosed properties, 2016



Source: Ramsey County Sheriff's Office, data compiled by Saint Paul Planning and Economic Development.

The number of registered vacant buildings in Saint Paul fell by 51% between 2009 and 2016. 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 precise. Figure 11 on the next page shows the location of all vacant buildings in Saint Paul as of June 30th, 2016. The map indicates some concentrations of vacant buildings north of Interstate 94, mostly clustered on either side of Interstate 35E. Smaller concentrations of vacant buildings are shown in the West Seventh and West Side neighborhoods. The Inspiring Communities program is one effort by the Saint Paul Housing and Redevelopment Authority designed to redevelop vacant and underutilized buildings, and spur additional investment in these neighborhoods. More information on the project can be found at: stpaul.gov/departments/planning-economic-development/housing/inspiring-communities. Vacanct building information is freely accessible at: information.stpaul.gov.

Figure 10 - Number of registered vacant buildings, 2009 to 2016

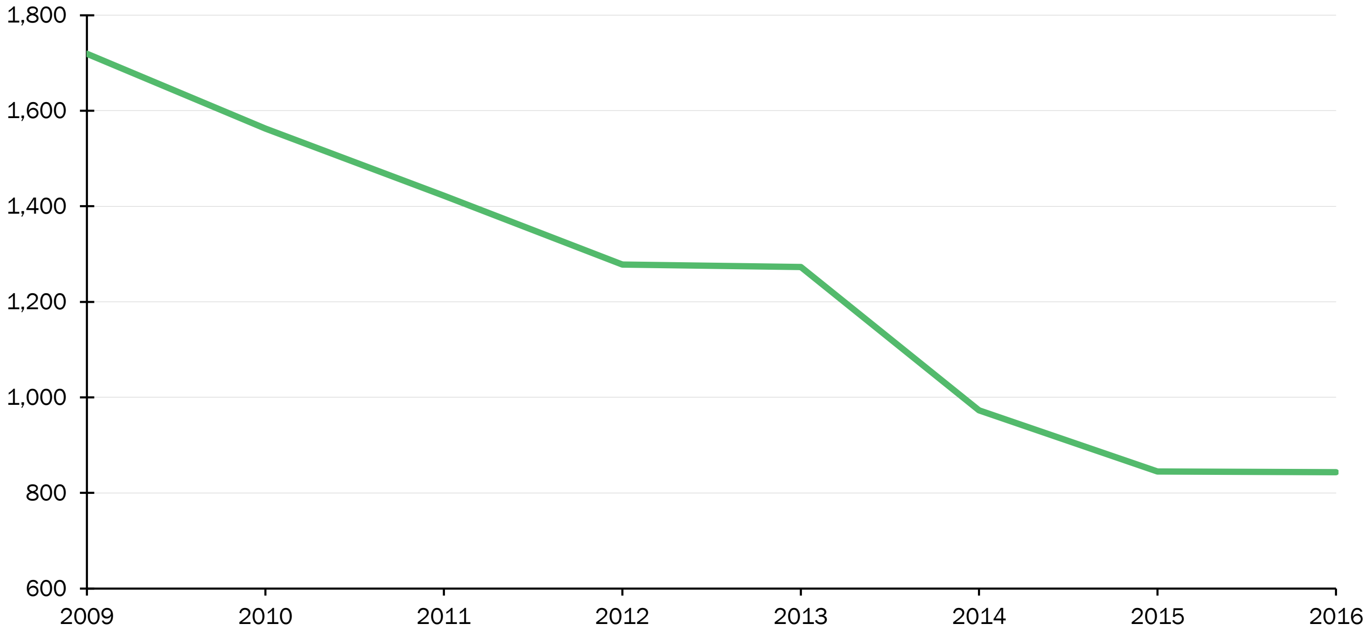


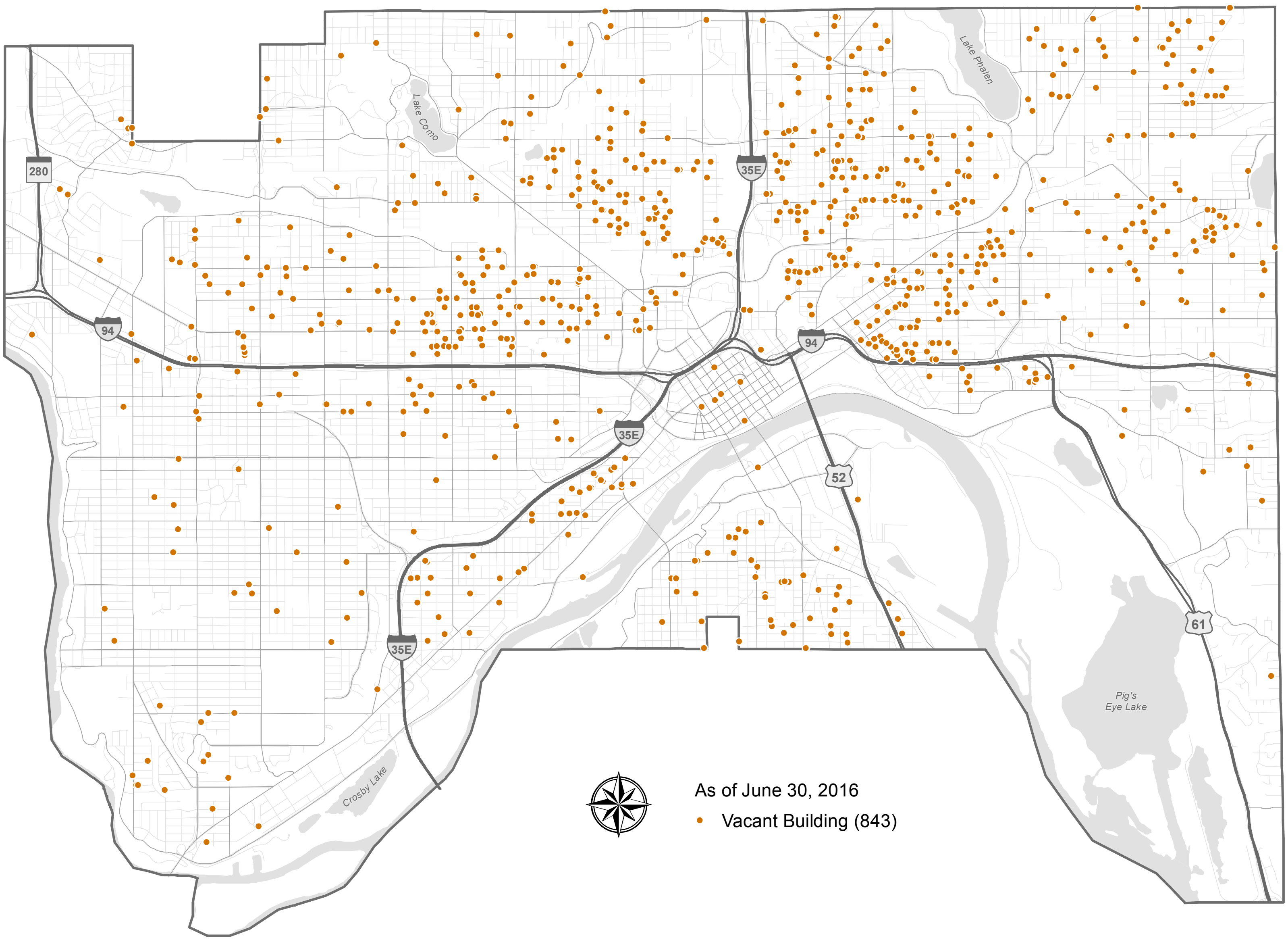
Table 11 - Total number of vacant buildings, 2009 to 2016

Year	2009	2010	2011	2012	2013	2014	2015	2016	Change 2009 - 2016
Total Vacancies	1,719	1,563	1,422	1,278	1,273	973	845	843	-876 (-51%)

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.

Source: Saint Paul Department of Safety and Inspections, data compiled by Saint Paul Planning and Economic Development.

Figure 11 - Location of vacant buildings, 2016



Source: Saint Paul Department of Safety and Inspections, data compiled by Saint Paul Planning and Economic Development.

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. Employment in Saint Paul has continued to grow during 2016. In the second quarter of 2016, nearly 2,000 more residents were employed than at the same time last year. In addition, unemployment has continued to drop steadily both in Saint Paul as well as the greater Metro Area.

Table 12 - Labor force, employment, and unemployment

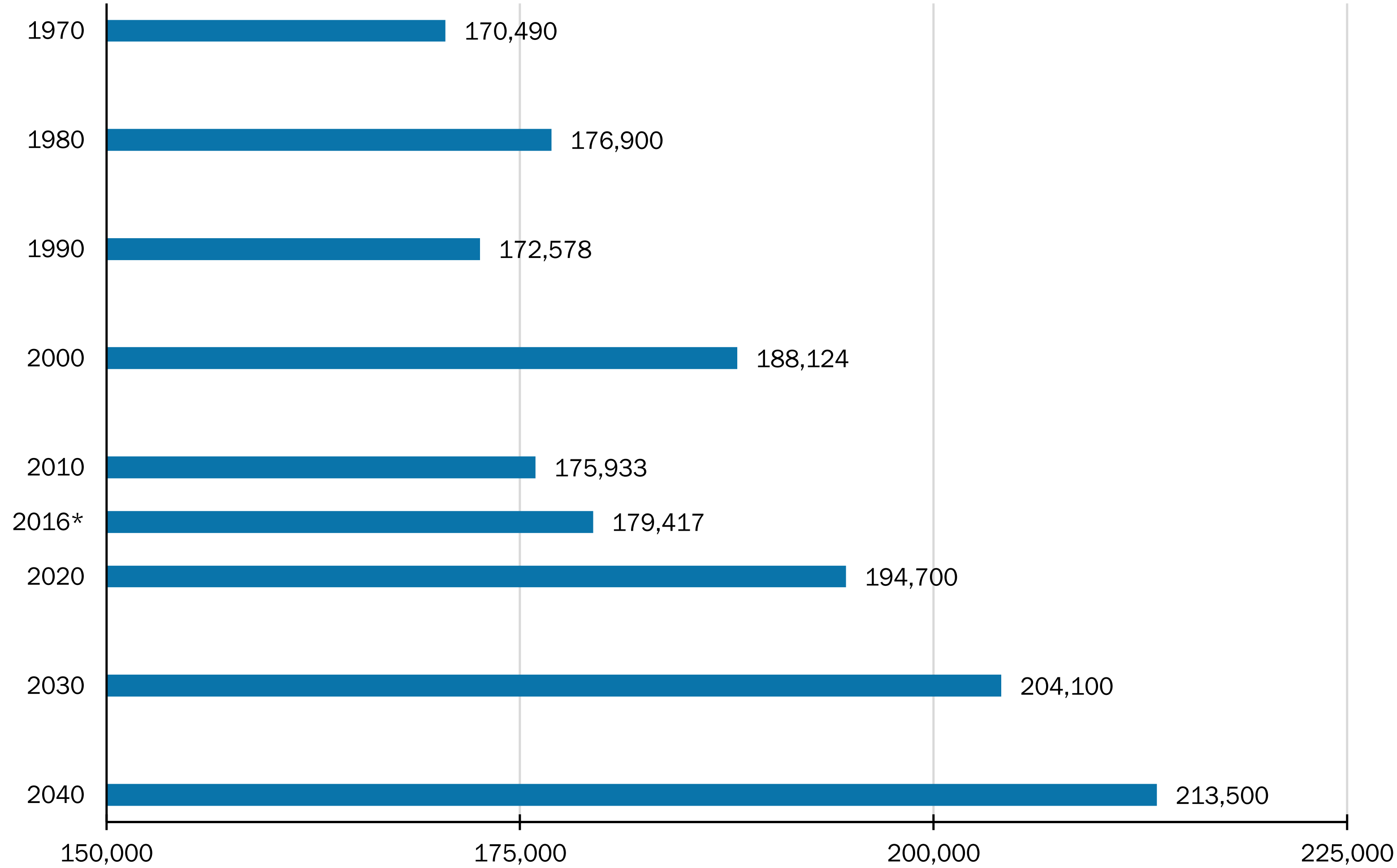
Economic indicator	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Saint Paul - not seasonally adjusted					
Labor force	154,891	154,738	153,160	155,111	156,089
Employment	148,810	148,739	148,319	149,144	150,448
Unemployment rate	3.9%	3.9%	3.2%	3.8%	3.6%
Metro - not seasonally adjusted					
Labor force	1,664,591	1,661,645	1,647,940	1,674,196	1,682,678
Employment	1,606,398	1,605,620	1,601,282	1,612,616	1,626,600
Unemployment rate	3.5%	3.4%	2.8%	3.7%	3.3%
Saint Paul - rolling annual average*					
Labor force	151,753	153,120	153,777	154,475	154,775
Employment	145,718	147,268	147,980	148,753	149,162
Unemployment rate	4.0%	3.8%	3.8%	3.7%	3.6%
Metro - rolling annual average*					
Labor force	1,702,734	1,707,856	1,670,579	1,653,453	1,662,093
Employment	1,640,690	1,646,838	1,613,135	1,597,490	1,606,479
Unemployment rate	3.6%	3.6%	3.4%	3.4%	3.3%

*Although seasonally adjusted data is not available for Saint Paul, the rolling average of the past 12 months of employment data helps to account for seasonal fluctuation in employment. For example, the rolling average unemployment rate for Saint Paul in 16-Q2 is 3.6%, which means that the average unemployment rate for the period of 15-Q3 to 16-Q2 is 3.6%.

Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

The number of employed residents in Saint Paul is the total number of city residents who are employed regardless of the location of their job. The current total number of employed residents in Saint Paul is estimated to be 179,416 - approximately 3,000 more than at the end of 2015. While employment has remained steady after dropping from the city's peak in 2000, the Metropolitan Council estimates that Saint Paul will surpass that peak number by 2020. The Metropolitan Council's forecasts predict that Saint Paul will see employment increase by 34,000 by 2040 (19% growth).

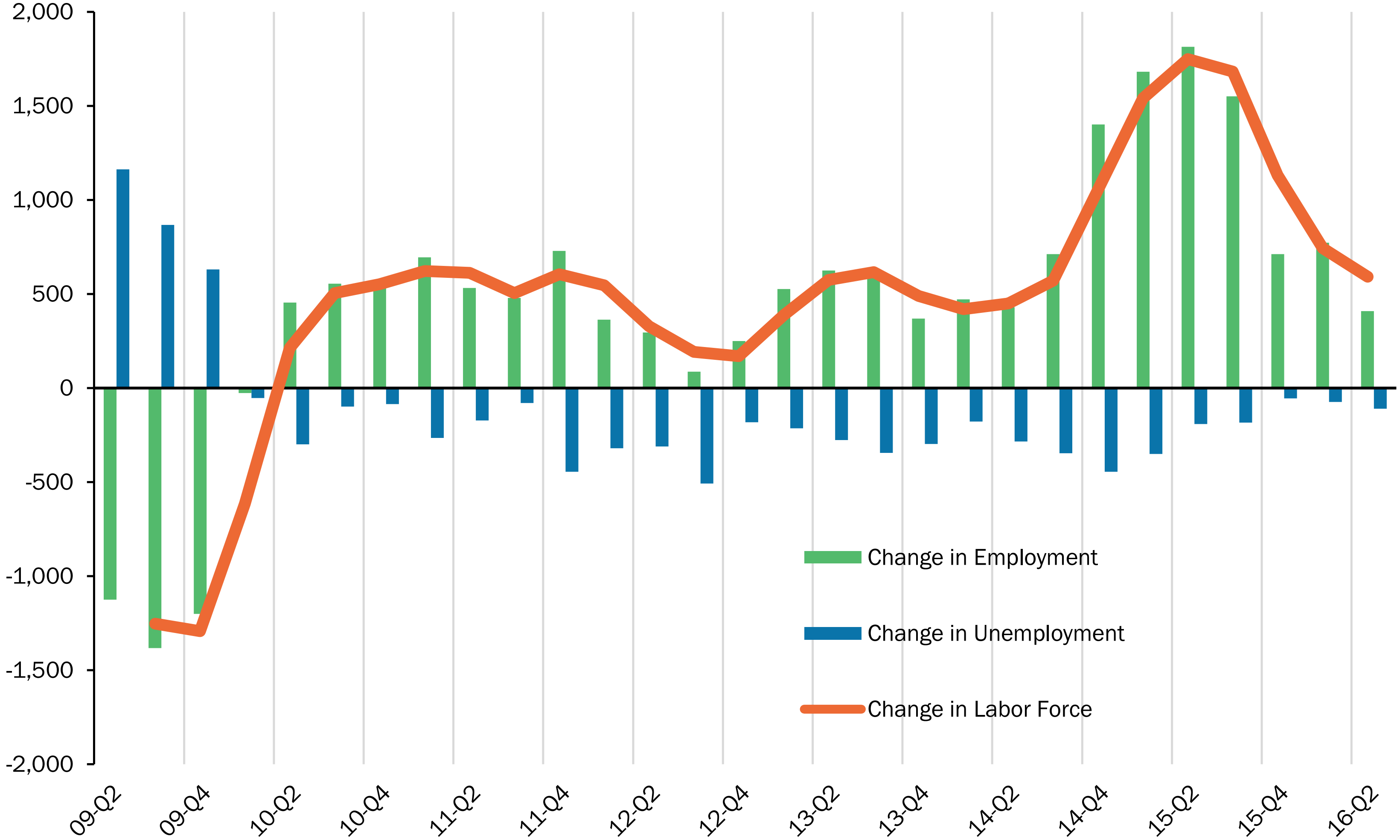
Figure 12 - Employed residents in Saint Paul and forecasted changes



Source: historic data for 1970 through 2010 from the Metropolitan Council;
**2016 data based on 2nd quarter DEED QCEW estimates;*
forecasted population data for 2020 through 2040 from the Metropolitan Council's 2040 adopted forecasts as of Jan. 1st, 2017

The labor force is the total number of residents in Saint Paul who are either employed, or unemployed and actively seeking employment. Figure 13 shows steady employment growth since 2010, making up for large losses experienced during the height of the recession in 2008. The graph also shows that employment changes rose rapidly and then fell over the course of 2015 into 2016. However, it is important to note that the declining rate of change still indicates overall increases in employment in Saint Paul - these increases are just smaller than seen in late 2014 and early 2015. Current employment is higher than at any time since 2008.

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

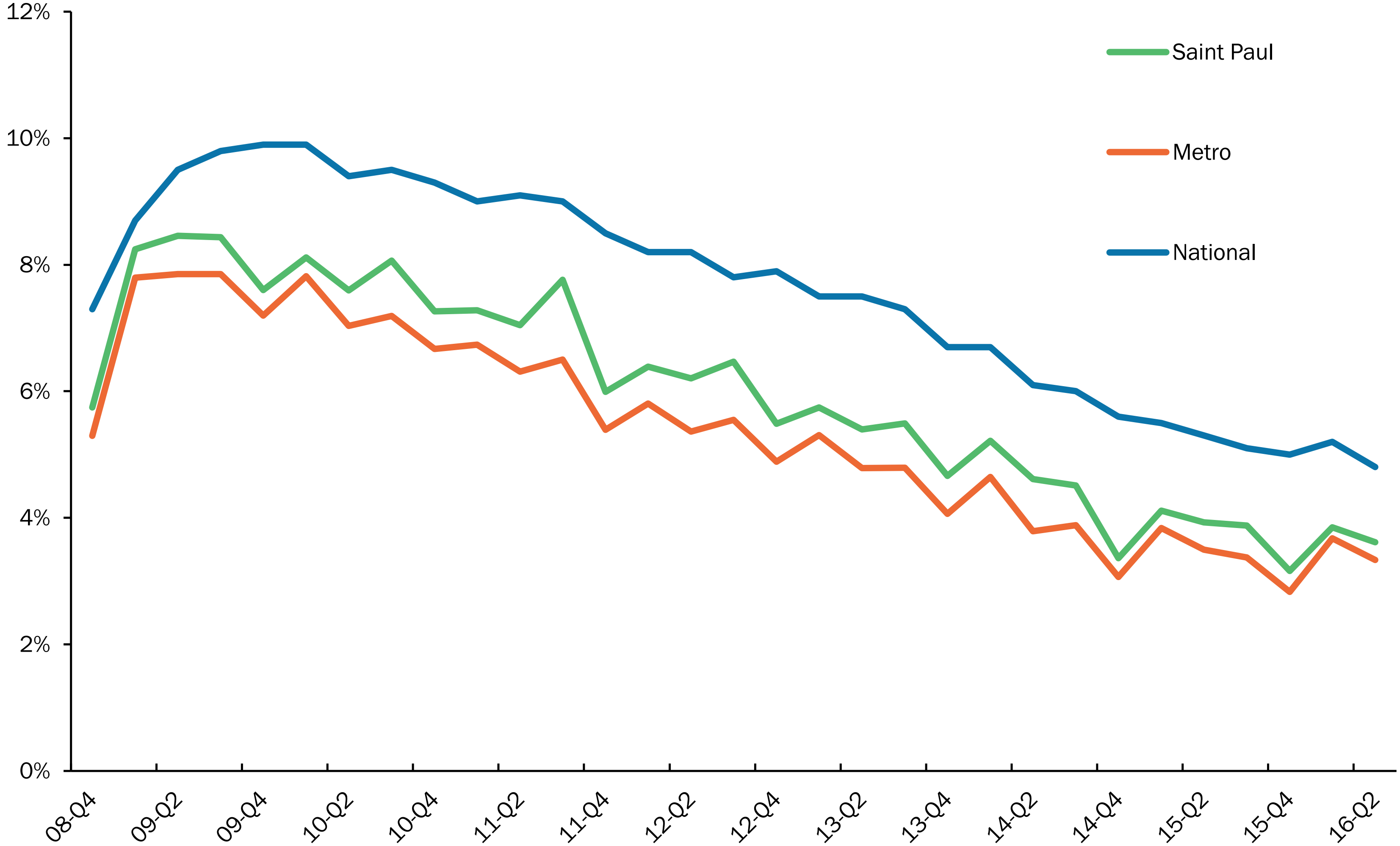


*Changes in the labor force are based on a rolling annual average.

Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

Saint Paul's unemployment rate continues to improve steadily. Figure 14 shows an unemployment rate of 3.6% for the second quarter of 2016, compared with 3.9% one year prior. Metro area unemployment showed a similar trend to Saint Paul, dropping from 3.5% for 15-Q2 to 3.3% in 16-Q2. These unemployment rates are the lowest both Saint Paul and the Metro area have seen in Q2 totals in over a decade. This trend is expected to continue.

Figure 14 - Unemployment rate, not seasonally adjusted 2008 to 2016



Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

Table 13 shows the total number of jobs located within the city of Saint Paul. The table also details job trends for private and government sector jobs. The jobs total differs from employment as it does not take into account where a person lives and simply counts the amount of people working in Saint Paul. Small seasonal fluctuations are evident in the data presented below. These figures do not necessarily reflect long-term changes in the city's economy, but instead show how local job availability changes from season to season. From Q2 2015 to Q2 2016 Saint Paul has seen a very slight drop in total jobs. However, private employers saw an increase of nearly 1,700 jobs during this time period. Government entities are responsible for the overall decline in jobs, as nearly 2,400 government positions were lost - particularly at the local and federal level, most likely represented by retirements.

Table 13 - All jobs in Saint Paul, 2015 to 2016

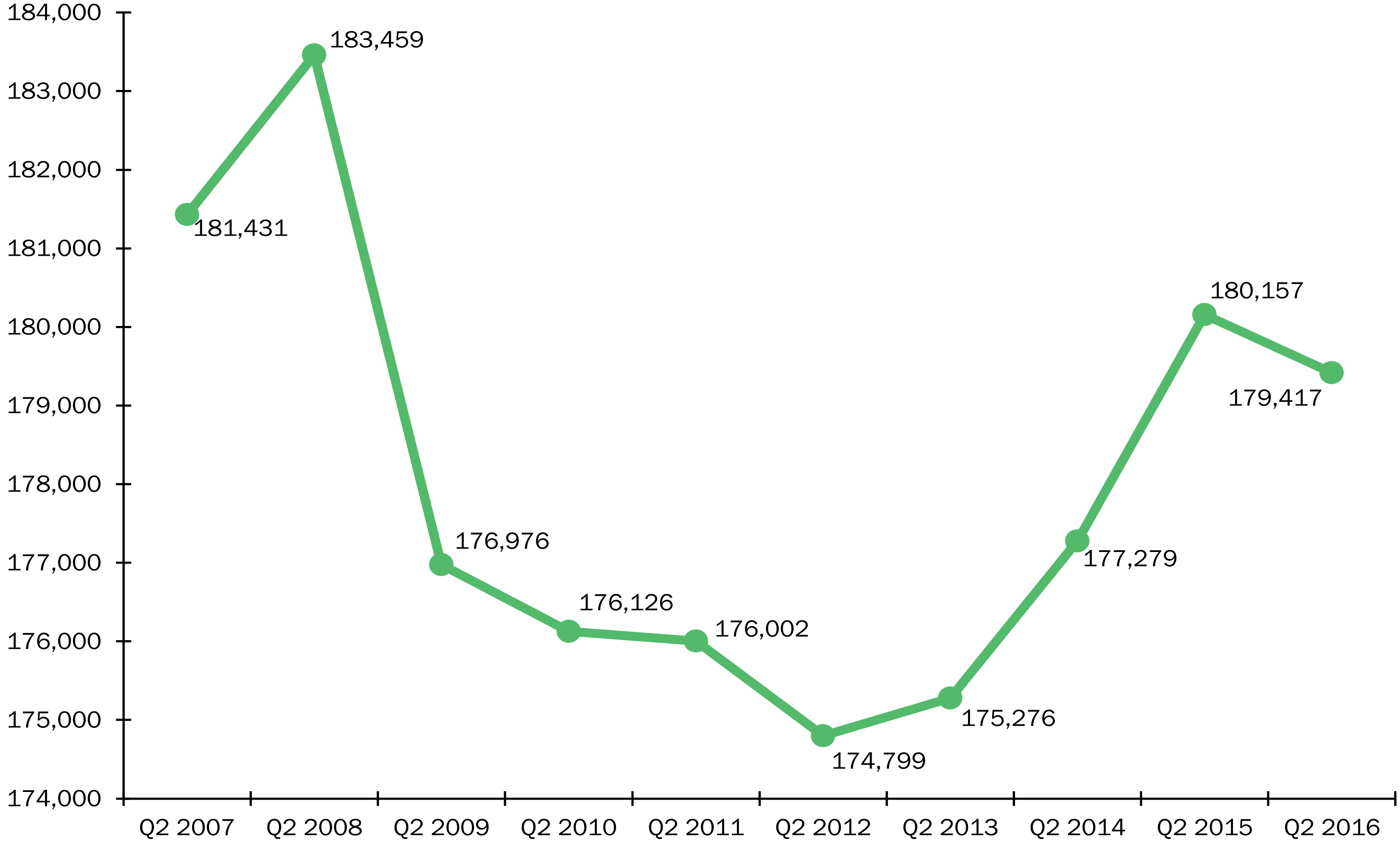
Job Type	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Total jobs in Saint Paul	180,157	180,091	182,575	177,753	179,417
Private jobs	143,087	144,638	145,703	143,006	144,725
Change from last quarter	3,898	1,551	1,065	-2,697	1,719
Total government jobs	37,070	35,452	36,872	34,747	34,691
Change from last quarter	347	-1,618	1,420	-2,125	-56
Local government jobs	16,566	14,919	16,056	15,460	15,341
Change from last quarter	404	-1,647	1,137	-596	-119
State government jobs	17,760	17,773	18,034	17,468	17,506
Change from last quarter	-77	13	261	-566	38
Federal government jobs	2,743	2,760	2,781	1,818	1,844
Change from last quarter	20	17	21	-963	26

*Local Government includes city, county, and school district employees. There is a yearly pattern of decreases in employment numbers between quarters 2 and 3 due to the transition out of temporary summer employees.

Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

Figure 15 shows the total number of jobs located in Saint Paul for the years 2007-2016. The graph shows a large drop in job totals between 2008 and 2009, reflecting the worst downward trend of the recession. Since then, job totals have stabilized and have rebounded significantly through 2016. From 2015 to 2016 there was a slight drop in total jobs in the city of Saint Paul. As discussed previously, this was largely due to contractions in federal and local government jobs, partially offset by a small increase in private employment.

Figure 15 - Total Jobs in Saint Paul, 2007 to 2016



"Jobs" indicates the number of positions within the city of St. Paul, regardless of which city the employee lives in. Total jobs statistics are based on second quarter estimates, which tend to be relatively predictive of the annual average.

Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

The tables below compare the number of jobs in the city, broken down by public and private sector. The most recent data show modest increases in private jobs and a very small increase in government sector jobs. The private sector gained more than 1,600 jobs from 2015 to 2016, while the government sector declined by approximately 6%. While all government employers contracted in the past year, federal and local entities experienced the largest percentage and total drop in jobs. Continued private sector growth indicates that despite a net loss, the greater job market in Saint Paul is healthy and will likely show further gains in the future. The private sector has been growing steadily since Q2 2013.

Table 14 - Changes in private and government sector jobs, Q2 2015 to Q2 2016

Sector changes 2015-2016	Numerical change	Percent change
Total, All Ownerships	-740	-0.41%
Private Sector	1,638	1.14%
Government Sector	-2379	-6.42%

Table 15 - Change in jobs by type of government, Q2 2015 to Q2 2016

Government changes 2015-2016	Numerical change	Percent change
Federal	-899	-32.98%
State	-254	-1.43%
Local*	-1225	-7.41%

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

Sector employment statistics are based on second quarter estimates, which tend to be relatively predictive of the annual average.

Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

Sectors that gained the most jobs

Over the five year period from 2012 to 2016, nine industry sectors experienced growth. Growth rates larger than 6% can be categorized as steady to significant while growth rates below 6% can be categorized as modest. Information, Construction, Accomodation and Food Services, Wholesale Trade, Health Care and Social Assistance, and Professional, Scientific, and Technical Services sectors grew significantly over the five year period, suggesting a continued rebound from the recession in those industries. The growth in construction jobs also matches the continued increases in building permits.

Table 16 - Employment totals by industry sector and changes from 2012 to 2016

Industry sector	2012	2013	2014	2015	2016	% change, 2012 - 2016
Information	213	5352	5237	5347	5797	2621.6%
Construction	373	351	5268	5600	4899	1213.4%
Accommodation and Food Services	10,230	10,781	11,287	11728	12353	20.8%
Wholesale Trade	4831	4883	5144	5444	5583	15.6%
Health Care and Social Assistance	38,944	40,569	41,328	42,748	43,303	11.2%
Professional, Scientific, and Technical Services	7100	7039	7876	7844	7856	10.6%
Retail Trade	9303	9600	9642	9755	9644	3.7%
Educational Services	17,717	18,394	18,022	18,526	18,242	3.0%
Utilities	878	955	944	923	896	2.1%
Public Administration	21802	22157	22888	23085	22212	1.9%
Other Services (except Public Administration)	6676	6595	6726	6400	6765	1.3%

Employment statistics for the Construction sector are based on second quarter estimates of a summation of total employment within the Construction-related subsectors reported (Construction of Buildings, Specialty Trade Contractors, and Heavy and Civil Engineering Construction) as sector totals are not available for every year detailed in Table 16. All other estimates are based on second quarter estimates for the sector listed. Second quarter estimates tend to be relatively predictive of the annual average.

See Appendix 1 for Industry Sector definitions.

Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

Sectors that lost the most jobs

The sectors in the following table are those that showed the greatest reduction in jobs over the past five years. Table 17 reveals that employment numbers in some sectors, including Arts, Entertainment, and Recreation, and Finance and Insurance, appear to fluctuate frequently during the five year period. This suggests that recent losses may not necessarily reflect long-term trends. Transportation and Warehousing, Admin, Support, Waste, and Remediation Services, and Real Estate and Rental Leasing experienced what can be considered signficant declines during the past five years.

Table 17 - Employment totals by industry sector and changes from 2012 to 2016

Industry sector	2012	2013	2014	2015	2016	% change, 2012 - 2016
Transportation and Warehousing	3859	3347	3300	3231	2426	-37.1%
Admin, Support, Waste, and Remediation Services	11,424	9,300	8,828	8,828	8,931	-21.8%
Real Estate and Rental and Leasing	2505	2430	2393	2346	2283	-8.9%
Arts, Entertainment, and Recreation	4,192	3,893	4,069	4,155	4,026	-4.0%
Manufacturing	7869	7626	7837	7879	7634	-3.0%
Management of Companies and Enterprises	4665	4156	4091	4156	4556	-2.3%
Finance and Insurance	12,142	12,355	12,344	12117	11960	-1.5%

Employment estimates are based on second quarter estimates for the sector listed. Second quarter estimates tend to be relatively predictive of the annual average.

See Appendix 1 for Industry Sector definitions.

Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

The average weekly wage in Saint Paul during the second quarter of 2016 was $1,083, an increase of $20 since 2015. This indicates that wages in the city are relatively stable. Figure 16 shows that this trend is fairly consistent with state and metro-level changes over the past year. The graph also shows a general trend of wage increases since early 2012.

Figure 16 - Average weekly wages, 2009 to 2016 (2016 dollars)

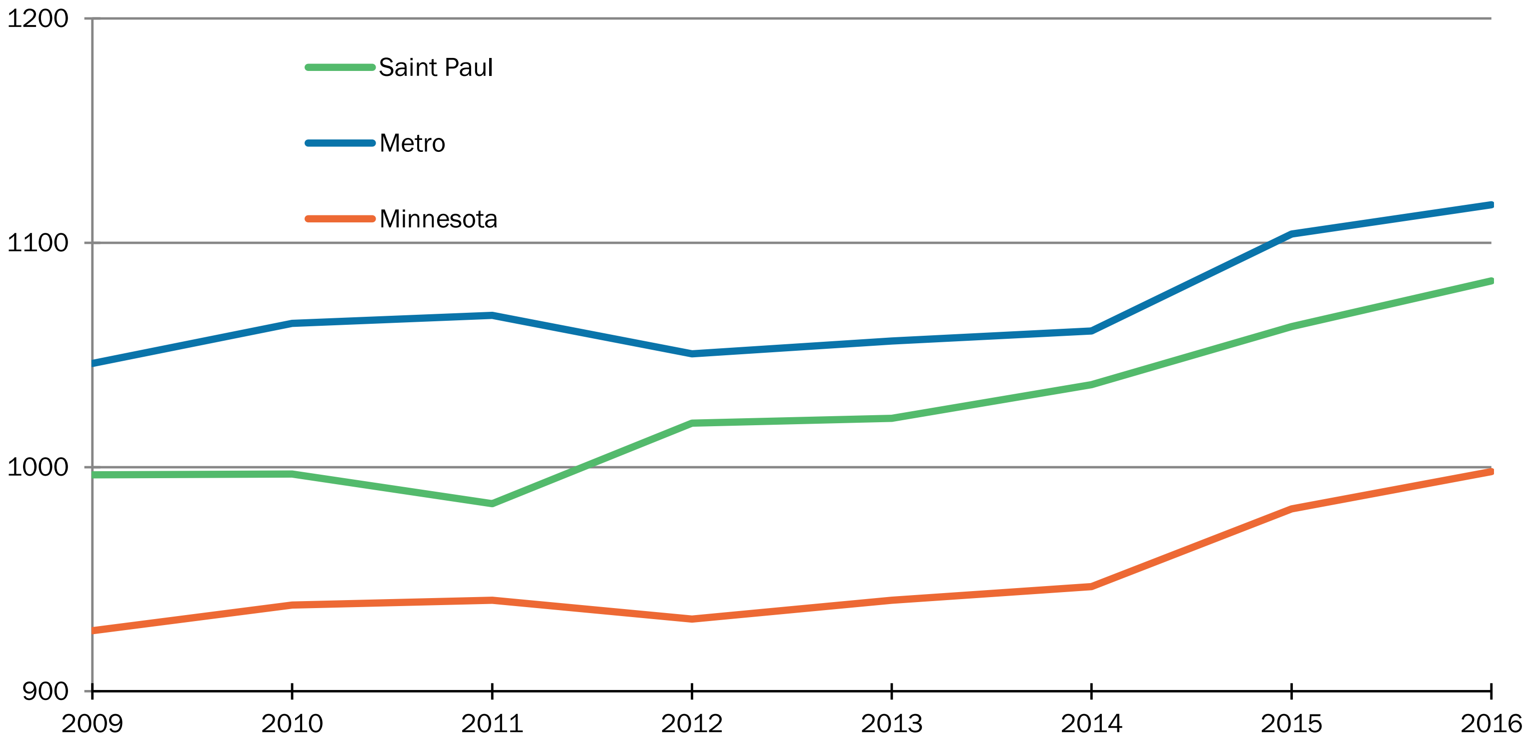


Table 18 - Average weekly wages, 2009 to 2016 (2016 dollars)

Industry sector	2009	2010	2011	2012	2013	2014	2015	2016	Change 2009 - 2016	Change 2015 - 2016
Saint Paul	$997	$997	$984	$1020	$1022	$1037	$1063	$1083	$86	$20
Metro	$1046	$1064	$1068	$1050	$1056	$1061	$1104	$1117	$71	$13
Minnesota	$927	$938	$941	$932	$941	$947	$981	$998	$71	$17

Weekly wages are based on the second quarter averages for each year, which tend to be representative of trends. Inflation is calculated according to 1st-half 2016 CPI-U, U.S. Bureau of Labor Statistics.

Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

Saint Paul employees saw mixed changes in wages in the sectors that reported wage data for 2015 and 2016. Overall, weekly wages increased by an average of $20. Major changes according to industry sector are summarized below. Wages in Saint Paul declined in five sectors: Admin, Support, Waste, and Remediation Services, Arts, Entertainment, and Recreation, Professional, Scientific, and Technical Services, Transportation and Warehousing, and Utilities. Wage decreases may be correlated with increases in hiring*. Weekly wage data for some industry sectors were suppressed, and thus are not included in the table below.

Table 19 - Average weekly wages by industry sector, 2015 to 2016 (2016 dollars)

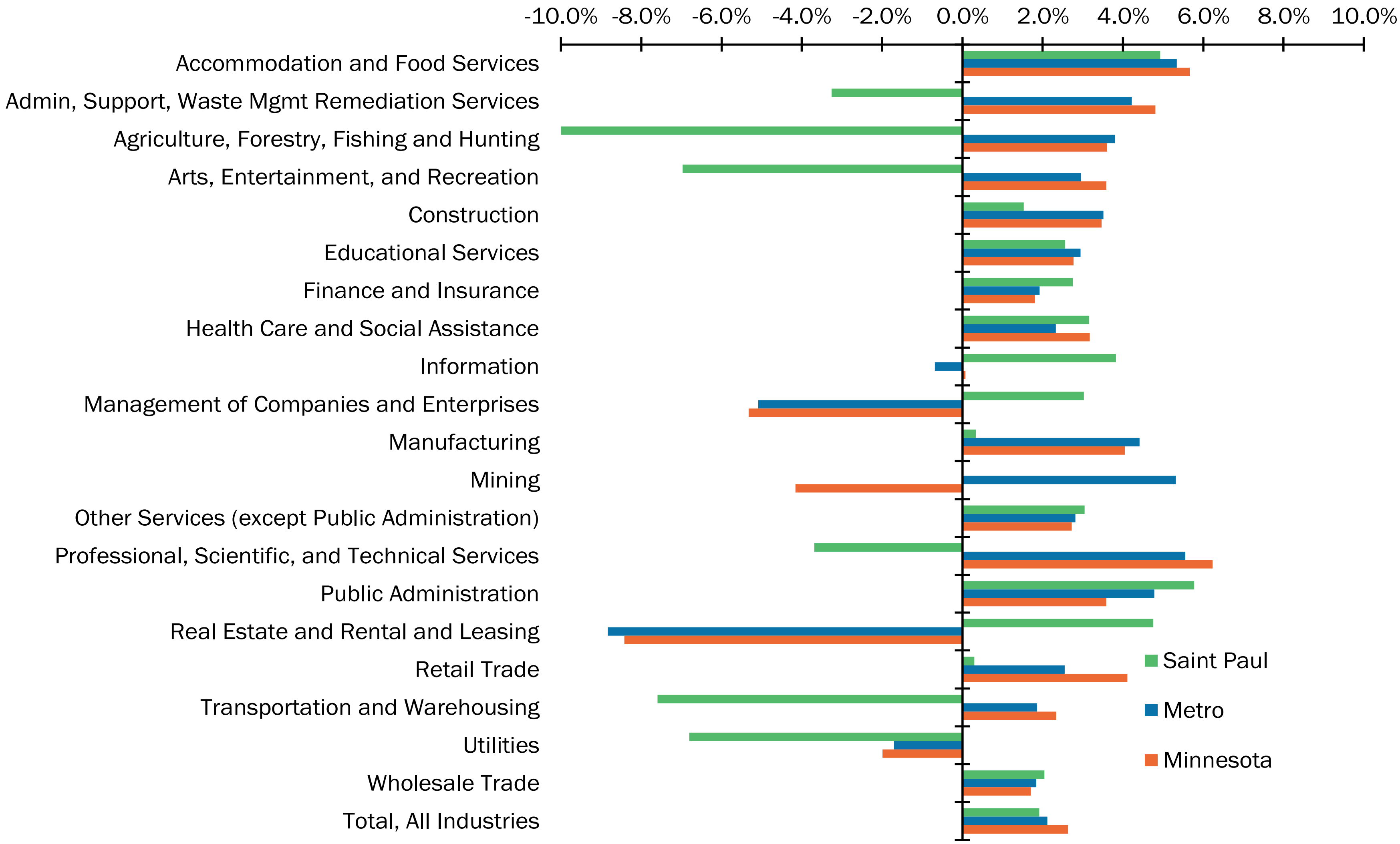
Industry sector	**2015**	**2016**	**Change, 2015 - 2016**	**% Change, 2015 - 2016**
Accommodation and Food Services	$373	$391	$18	4.9%
Admin, Support, Waste and Remediation Services	$531	$514	-$17	-3.3%
Arts, Entertainment, and Recreation	$795	$740	-$55	-7.0%
Construction	$1,372	$1,393	$21	1.5%
Educational Services	$1,069	$1,096	$27	2.6%
Finance and Insurance	$1,630	$1,675	$45	2.8%
Health Care and Social Assistance	$946	$976	$30	3.2%
Information	$1,314	$1,364	$50	3.8%
Management of Companies and Enterprises	$1,903	$1,961	$58	3.0%
Manufacturing	$1,290	$1,294	$4	0.3%
Other Services (except Public Administration)	$747	$770	$23	3.0%
Professional, Scientific, and Technical Services	$1,597	$1,538	-$59	-3.7%
Public Administration	$1,304	$1,379	$75	5.8%
Real Estate and Rental and Leasing	$848	$888	$40	4.8%
Retail Trade	$543	$545	$2	0.3%
Transportation and Warehousing	$964	$891	-$73	-7.6%
Utilities	$1,978	$1,843	-$135	-6.8%
Wholesale Trade	$1,208	$1,233	$25	2.0%
Total, All Industries	**$1,063**	**$1,083**	**$20**	**1.9%**

*When new employees are hired for entry-level positions and replace higher-wage retirees, the average wage for that sector may go down.

Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

The figure below graphically compares changes in wages by industry sector in Saint Paul, the Twin Cities Metropolitan Area, and Minnesota as a whole. Actual wages are reported in Table 19 on the previous page. While total Real Estate jobs in Saint Paul declined markedly in 2016, the average wage of the industry climbed approximately 5%. Other strong performers in Saint Paul include Public Administration and Accomodation and Food Services. Saint Paul's Information and Management wages were signficantly ahead of Minnesota and Metro averages, though Arts, Entertainment, and Recreation, Admin, Support, Waste Management, and Remediation Services, Professional, Scientific, and Technical Services, and Transportation and Warehousing experienced significant drops in wages while the state and metro saw increases.

Figure 17 - Percent change in wages by industry, Q2 2015 to Q2 2016 (2016 dollars)



Source: Minnesota Department of Employment and Economic Development, data compiled by Saint Paul Planning and Economic Development.

City of Saint Paul Market Watch Report

Volume 8: Fall 2016

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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