

MetroStats



The Economic Competitiveness of the Twin Cities Region

March 2015

About the data used in this report

- National comparisons in the first sections of this report refer to the Minneapolis-Saint-Paul-Bloomington MSA, defined as the 13 counties formerly in the Metropolitan Statistical Area for historical comparison purposes. The remainder of this report refers to the seven-county Twin Cities region of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.
- Aggregate county and city data are available from the Minnesota Department of Employment and Economic Development (DEED) or the Metropolitan Council. Metropolitan Council staff independently derived data for industry clusters. The related comparison totals may not match DEED's published data because of differences resulting from the Council's geocoding.

About us

This *MetroStats* was written by the Regional Policy and Research team at the Metropolitan Council. We serve the Twin Cities region and your community by providing data, reports and technical assistance about demographic trends, development patterns and exploring regional issues that matter.

For more information, please contact us at research@metc.state.mn.us.

Download the data used in this report at <http://metro council.org/data>. Select "Employment" and then select your geographic areas of interest. Some information may be suppressed due to data privacy considerations.

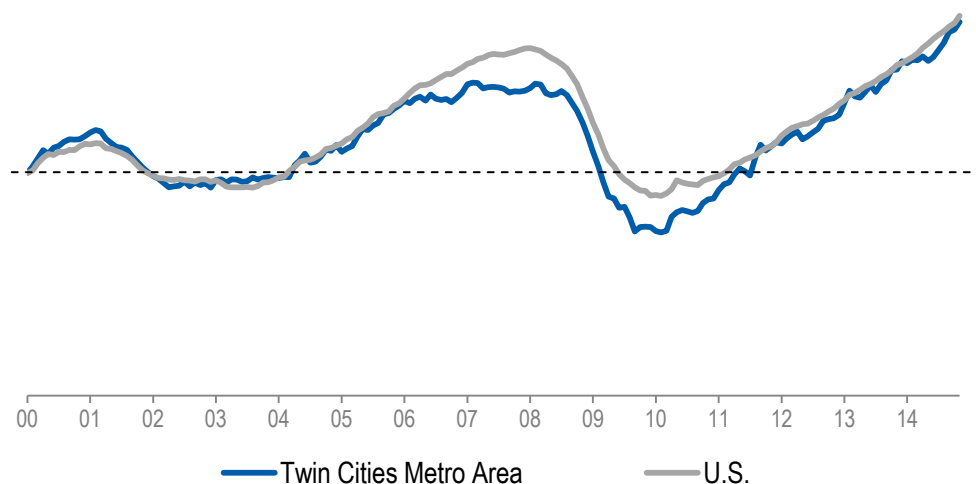
Key Findings

- The Twin Cities metro area has regained jobs faster than the U.S. since the February 2010 nadir of the Great Recession.
- Among the nation's 25 largest metropolitan areas, the Twin Cities metro area has had fairly average job growth, ranking 14th in total average annual employment change over 2010 to 2014 and 2nd among the 10 largest metro areas in the Midwest and Northeast.
- Overall job growth in the Twin Cities metro area increased by 3% between 2000 and 2014, with the most substantial proportion of that increase outside the core urban cities and counties. Variations in industry mix helped drive differences in job growth across the region.
- Seven key industry clusters provide one-third of the region's jobs and drive the region's economic competitiveness, both nationally and internationally.

The Twin Cities metro area regained jobs faster than the U.S. after the Great Recession

- Since February 2010, when the metro area's employment reached its lowest point, jobs in the 13-county metropolitan area grew by 10% through December 2014 compared to 8% for the U.S. overall (Figure 1).
- The Twin Cities metro area surpassed its previous peak employment in September 2013 and continues to add jobs to the present.

Figure 1. Total non-farm employment for Minneapolis-Saint Paul-Bloomington, MN-WI Metropolitan Statistical Area and the U.S., 2000-2014 (2000=100)

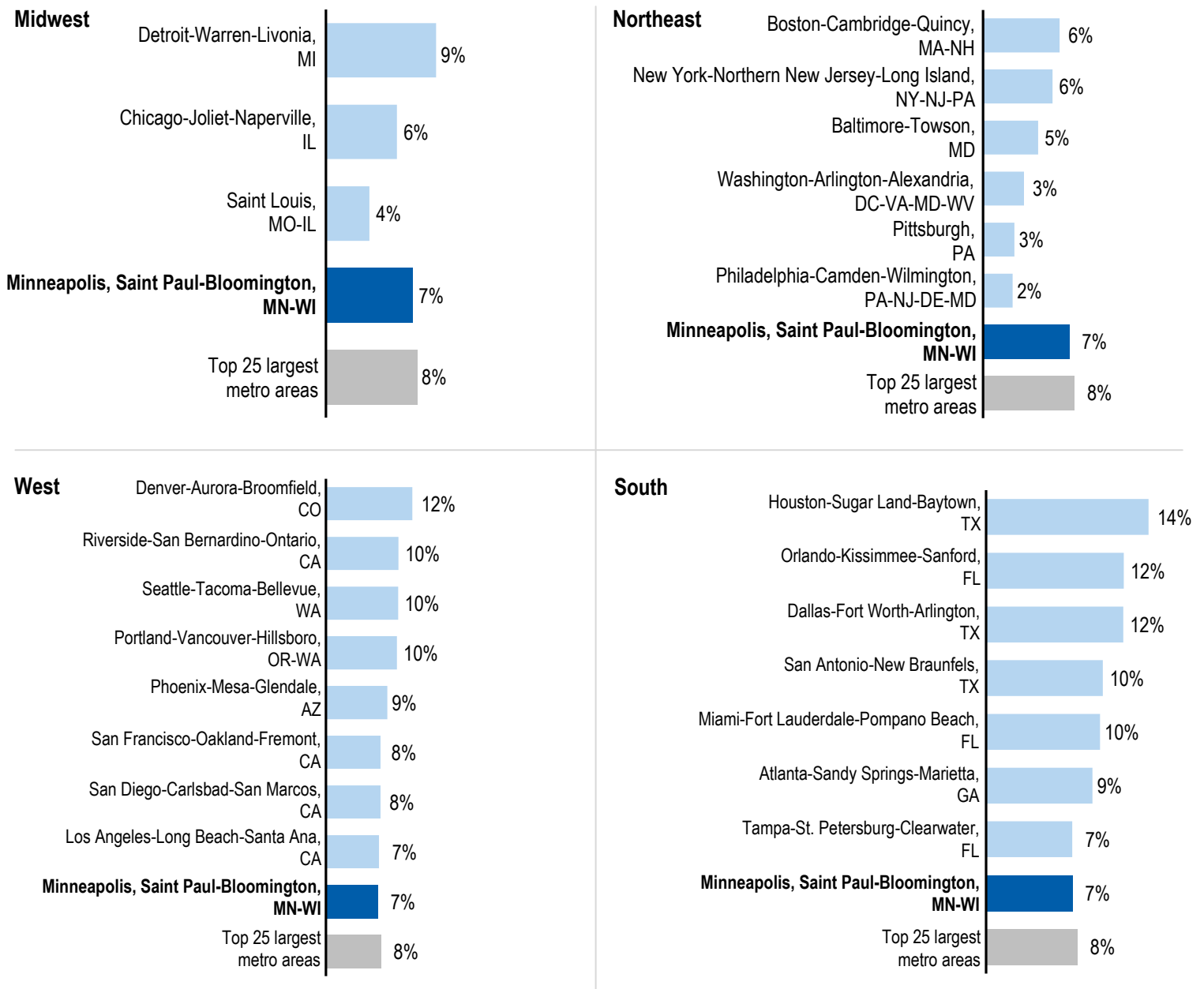


Source: Minnesota Department of Employment and Economic Development, Current Employment Statistics seasonally-adjusted data, 2000-2014.

Compared to other large metropolitan areas, the Twin Cities metro area's employment grew at an average rate over the last four years

- Annual average employment in the 13-county metropolitan area grew 7% over the four years from 2010 and 2014—close to the average of 8% for the largest 25 metropolitan areas (Figure 2).
- Over these four years, 13 metros added jobs faster than the Twin Cities metro, and 11 metros added fewer jobs than the Twin Cities metro. The Twin Cities metro performed better than nearly all metro areas in the Northeast and the Midwest but trailed most metro areas in the West and South.

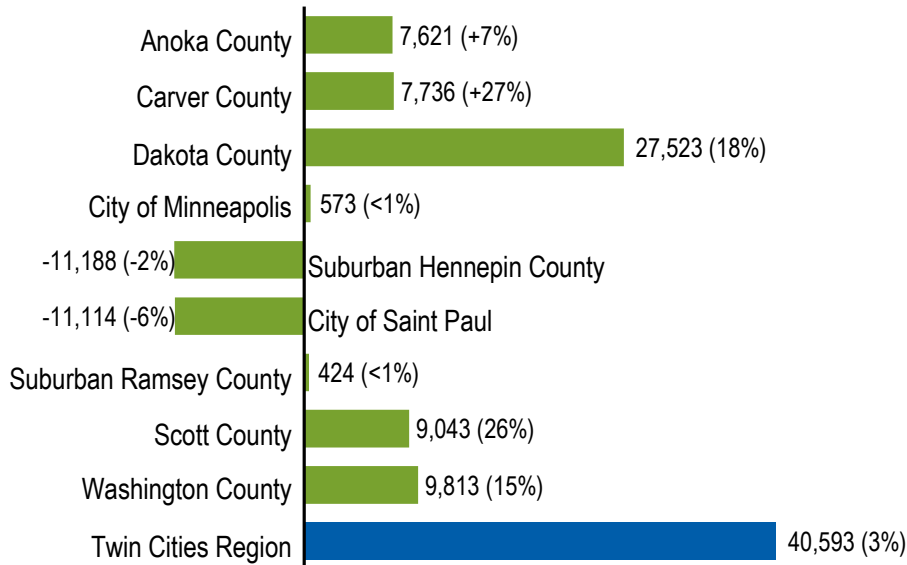
Figure 2. Employment growth between 2010 and 2014 for the 25 largest metropolitan areas in the U.S. by region



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2010 and 2014. Note: Figure 2 uses the 2009 definition of core-based statistical area (CBSA) boundaries by the U.S. Office of Management and Budget. The population numbers used to identify the top 25 metropolitan areas were calculated by using the U.S. Census Bureau's estimation of population as of July, 2013.

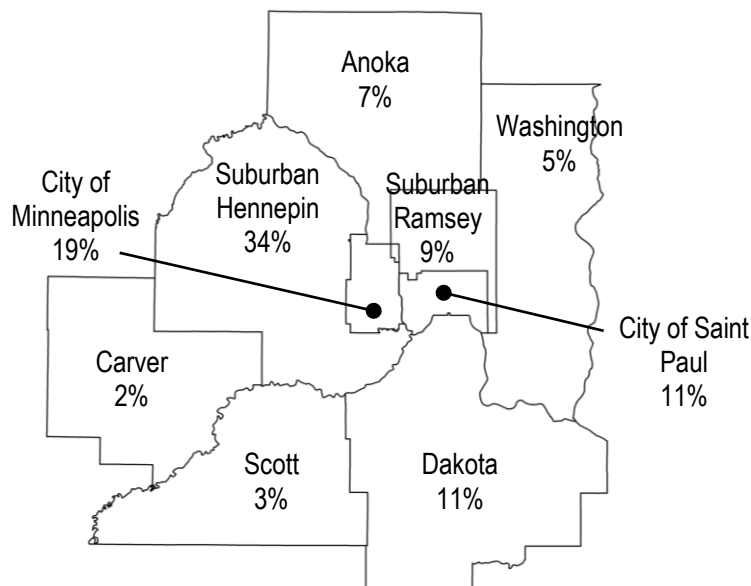
Between 2000 and 2014, the Twin Cities region experienced uneven employment growth

Figure 3. Percent change in total employment between 2000 and 2014 by sub-regions in Twin Cities



Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages, 2000 and 2014.

Figure 4. Share of total employment by sub-regions in Twin Cities, 2014



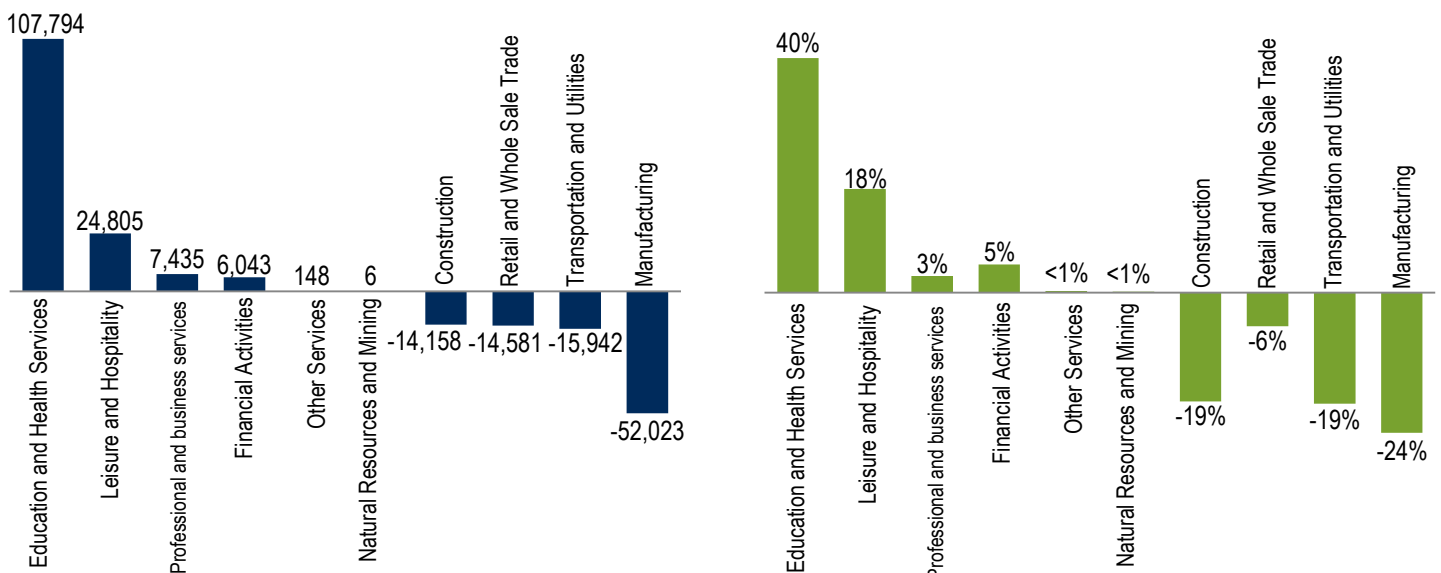
Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages, 2014.

- Led by the City of Minneapolis, Hennepin County remains the largest county with over 850,000 jobs, representing over half (53%) of the region's total employment in 2014.
- Led by the City of Saint Paul, Ramsey County remains the second largest county in terms of total employment. Ramsey County has over 325,000 jobs, representing nearly 20% of the region's total employment in 2014.
- Dakota County, the third largest county in the region, outpaced the other counties by gaining 27,000 jobs between 2000 and 2014, an increase of 18%. Dakota County's job growth was nearly two-thirds of the region's total job growth over this time period.
- Carver and Scott Counties grew the fastest, with increases of 27% and 26% respectively. Even with the fast growth, these two counties have the fewest number of jobs in the region. Anoka and Washington Counties also outpaced the region's overall job growth between 2000 and 2014.
- The City of Minneapolis and Suburban Ramsey County (i.e., Ramsey County outside of the City of Saint Paul) experienced virtually no employment growth since 2000. The City of Saint Paul and Suburban Hennepin County (i.e., Hennepin County outside of the City of Minneapolis) lost jobs over this fourteen year period.

Each area within the Twin Cities region offers different strengths that support the regional economy

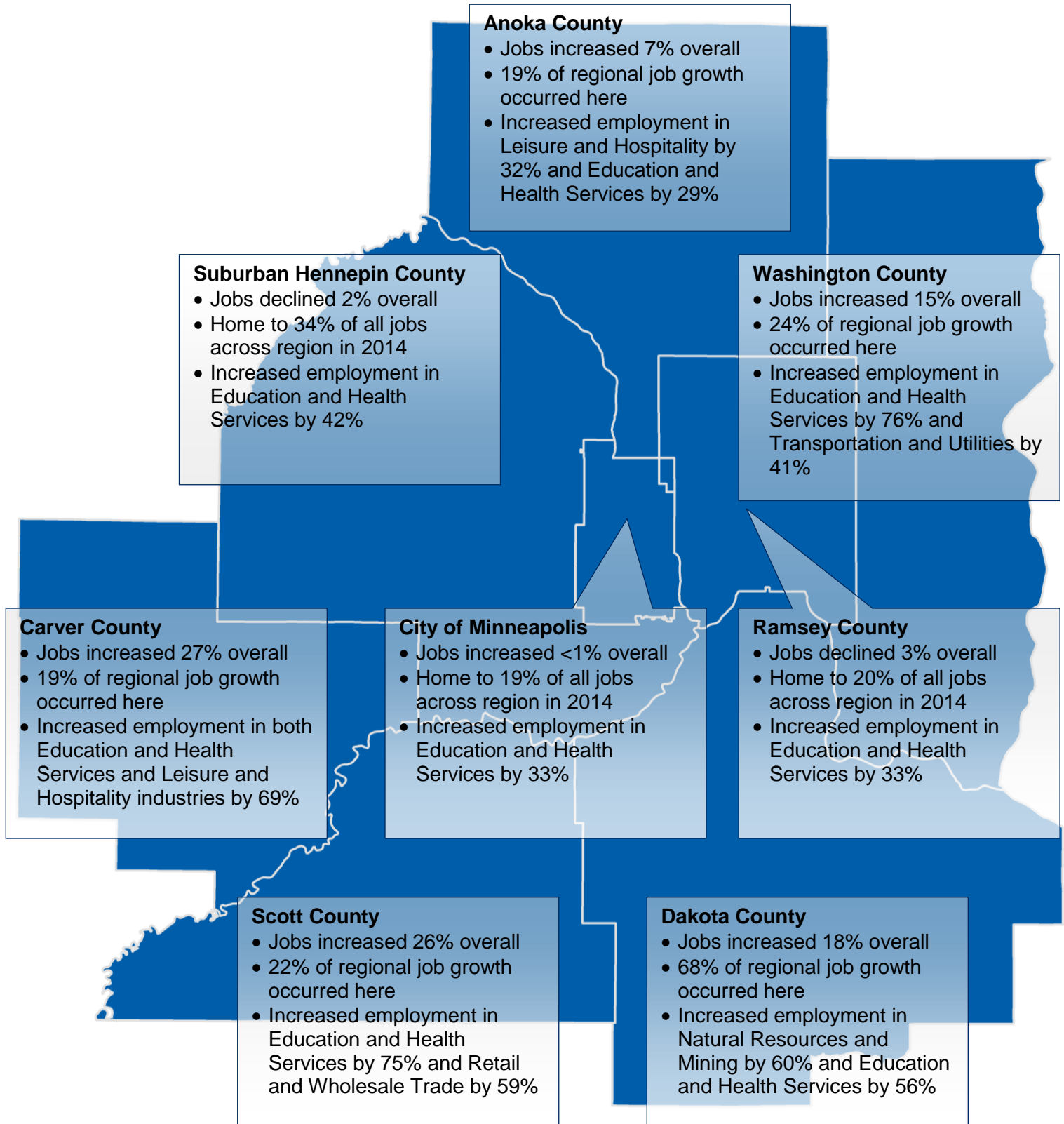
- While some growing industries—such as Education and Health Services and Leisure and Hospitality—added jobs in all the region’s counties, variations in the industry mix in each sub-region helped drive job change.
- Dakota County, with proximity to both the Minneapolis-St. Paul International Airport and the interstate highway system, has 19% of the region’s Transportation and Utilities jobs, compared to 11% of all jobs. Over 2000 to 2014, the Transportation and Utilities sector in Dakota County grew by one-third while contracting in the region overall. Dakota County’s Natural Resources and Mining sector, although still with less than 1,200 jobs, grew by 69% with gravel mining operations at Rosemount’s UMore Park.
- Across the region, employment in Retail and Wholesale Trade contracted by 6% with the rise of e-commerce. Growing parts of the region, however, continued to see growth in Retail and Wholesale Trade following new residential development. Scott County and Carver County experienced 59% and 41% job growth respectively in Retail and Wholesale Trade from 2000 to 2014. Both Scott County and Washington County each added more than 2,000 jobs in Retail and Wholesale Trade over the fourteen year period.
- Suburban Hennepin County has over 40% of the region’s jobs in Financial Activities, Professional and Business Services, and, led by the Mall of America, Retail and Wholesale Trade, compared to 34% of all jobs.
- Anoka County has 14% of the region’s Manufacturing jobs compared to 7% of total jobs. Helping to support this sector is Anoka County’s Transportation and Utilities sector, which grew by 21% from 2000 to 2014. Only Dakota County and Washington County saw faster growth in the Transportation and Utilities sector.
- Washington County had more growth in Professional and Business Services relative to the region as a whole: the County added nearly 1,800 jobs over the fourteen years for a growth rate of 32%, compared to 3% for the region as a whole, and accounting for 24% of the region’s overall job growth in this sector.
- With both large hospitals and the University of Minnesota, the region’s largest institution of higher education, Ramsey County and the City of Minneapolis have a higher share of jobs in Education and Health Services than they have of total jobs in the region. Ramsey County alone accounted for 21% of the region’s net job growth in the fast-growing sector.

Figure 5. Change in number of jobs by industry between 2000 and 2014



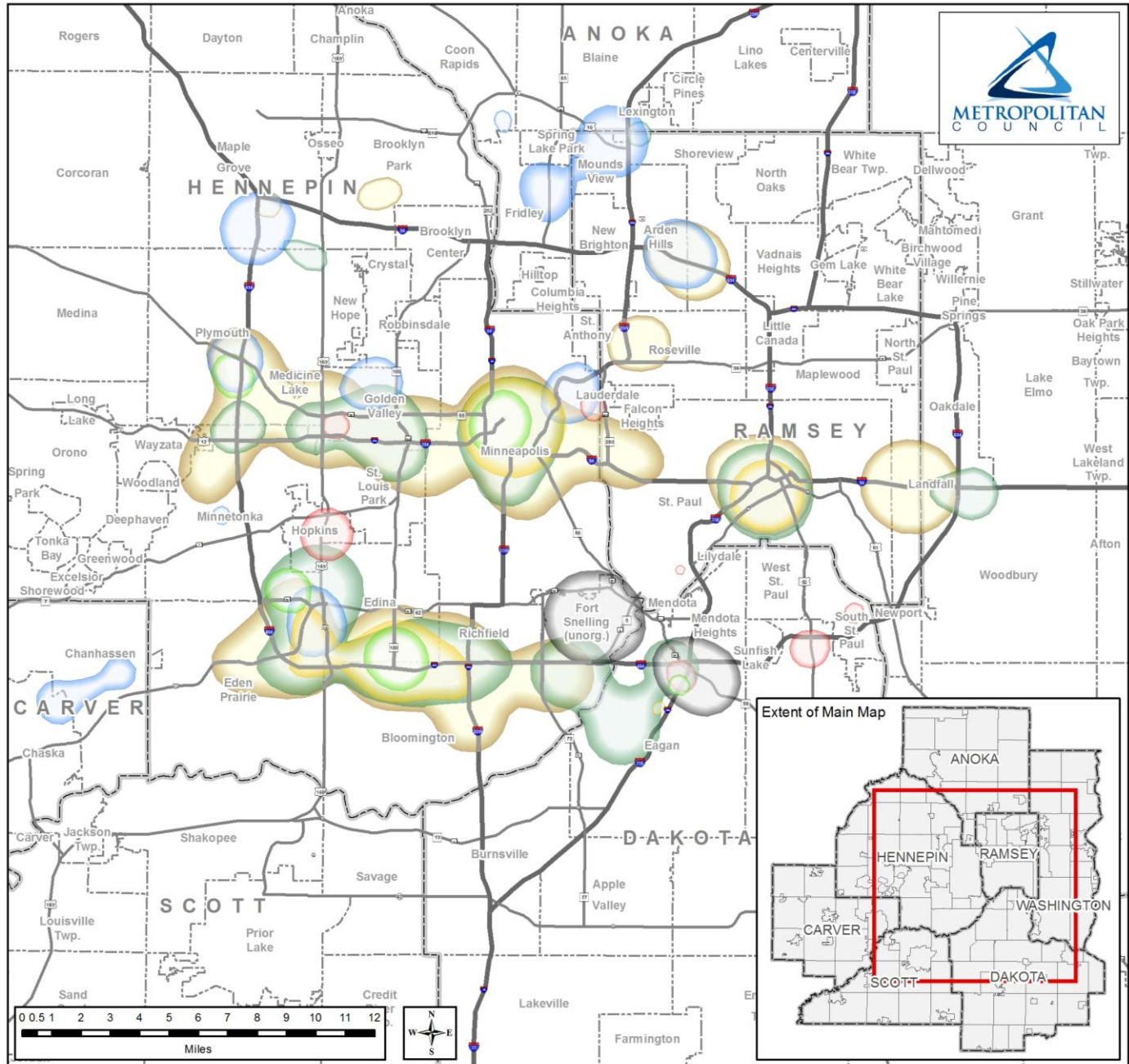
Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages, 2000 and 2014

Figure 6. Summary of employment and industry highlights between 2000 and 2014 for Twin Cities sub-regions



Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages, 2000 and 2014.

Figure 7. Key industry clusters in the Twin Cities region, 2012



3/23/2015



Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages as geocoded and compiled by Metropolitan Council, 2012.

Key industry clusters provide a large share of jobs in the Twin Cities region

The previous section described the economy according to the industry sectors of the North American Industrial Classification System. While this approach provides comparability over time and across sub-regions, these categories do not provide enough refinement to truly understand our region's economic and competitive advantages.

This section will explore our region's economic strengths through the framework of key industry clusters. Key industry clusters are geographic concentrations of interrelated businesses that produce similar goods and services and/or are connected through common supply chains or shared workforce skills. Businesses in key industry clusters both compete with one another for employees and market share and benefit from the proximity of supporting and related firms.

Advanced Manufacturing – includes producers, manufacturers and wholesalers of machinery and equipment, as well as natural gas and electric power utilities and petroleum products manufacturers and wholesalers. This cluster does not include medical devices and controls.

Finance and Insurance – includes banks and creditors, securities and commodities, electronic wholesale markets, funds, trusts, and insurance firms.

Food Manufacturing and Wholesaling – includes food and beverage manufacturers and wholesalers as well as farm commodities wholesalers and manufacturers of pesticides and fertilizers.

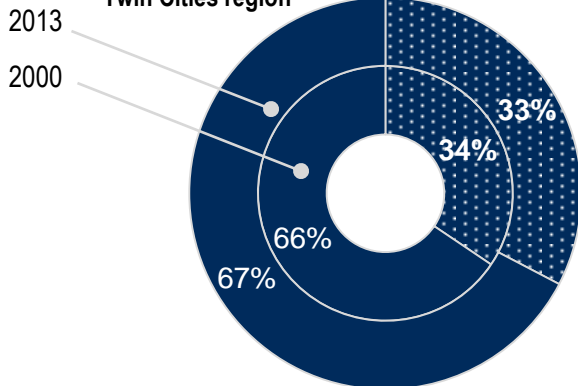
Freight and Logistics – includes firms whose primary business involves air transportation, rail transportation, water shipping transportation, truck transportation, as well as support services for each of those industries and warehousing and storage firms.

Headquarters and Advanced Business Services – In addition to Corporate Headquarters, this industry group is comprised of industries such as legal, accounting, design, and marketing services, consulting, architecture and engineering, and employment services, and similar support services.

Health, Science, and Water Technology – includes manufacturers of pharmaceuticals, manufacturers of medical devices and control technologies, manufacturers of medical equipment and supplies, research and development firms, testing labs, and medical labs in health services.

Information Technology – includes industries involved in the wholesale of computers and software, software publishing, telecommunications, data processing and hosting, and the design and management of information systems

Figure 8. Industry cluster jobs as a percentage of all jobs in the Twin Cities region



Building on work by GREATER MSP, the University of Minnesota, and the U.S. Cluster Mapping website, Metropolitan Council staff identified seven key industry clusters that, together, provide around one-third of the Twin Cities region's jobs and that drive the regional economic competitiveness both nationally and internationally (Figure 8). Nearly one in eight jobs in the region are in the Headquarters and Advanced Business Services cluster alone with the region's 17 Fortune 500 headquarters as well as that of Cargill, the nation's largest privately-held company.

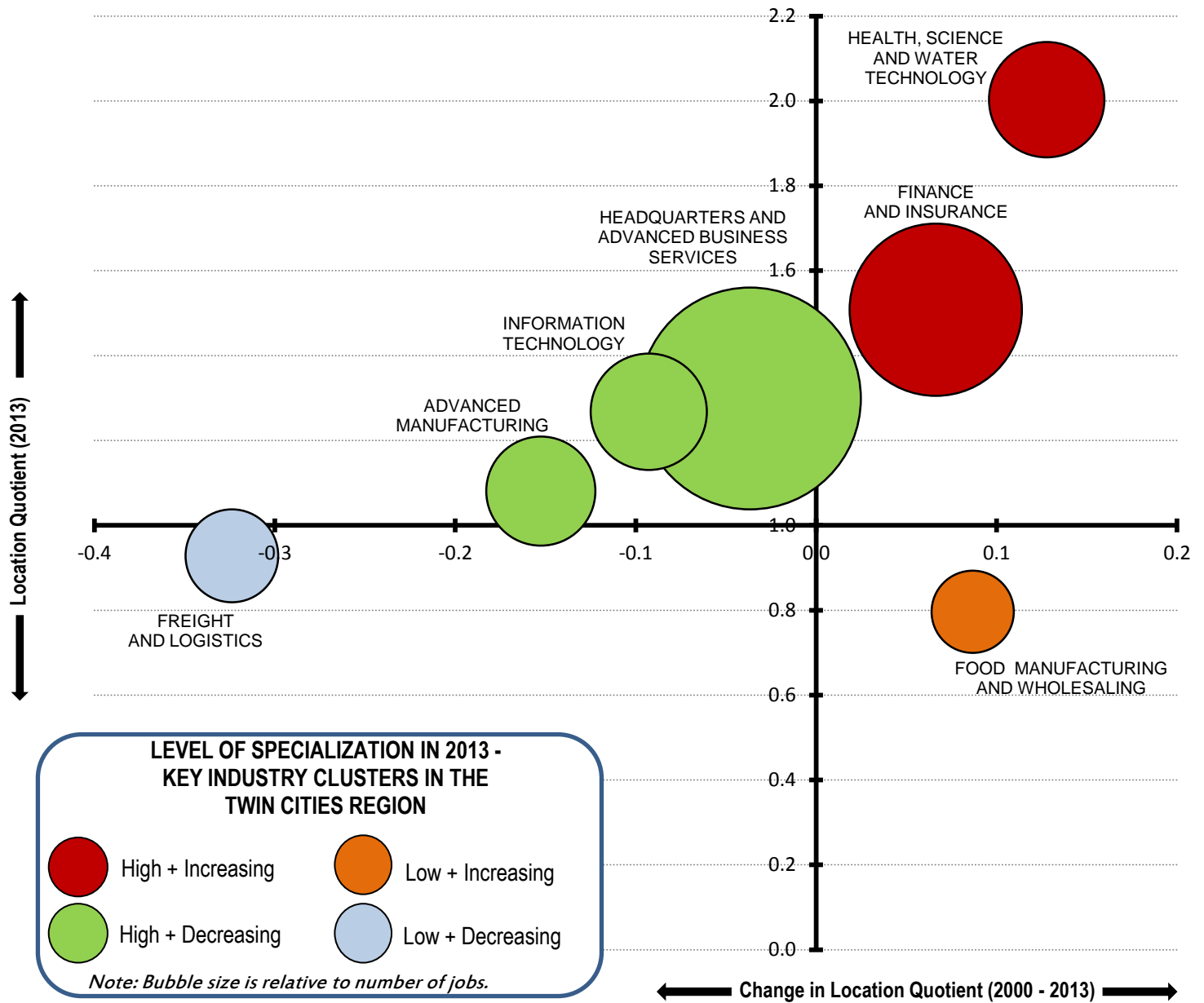
Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages as geocoded and compiled by Metropolitan Council, 2000 and 2013.

Key industry clusters in the Twin Cities region give us a competitive advantage in the U.S. and global economy

- Location quotients¹ measure a region's specialization in an industry, or in this case, a key industry cluster, relative to the nation. For example, the Twin Cities region's LQ of 2.0 in the Health, Science, and Water Technology cluster indicates that the region has twice the concentration in this cluster as the nation.
- Key industry clusters with high location quotients—the Health, Science, and Water Technology cluster; the Finance and Insurance cluster; the Headquarters and Advanced Business Services cluster; and the Information Technology cluster—are significantly more concentrated in the Twin Cities region than the nation as a whole. The vertical axis in Figures 11 and 12 graphs the region's location quotient for 2013, the most recent data currently available. The Twin Cities economy has regional specialization or concentration in that clusters with location quotients above 1.0 (where the axis is crossed by the horizontal axis) and less concentrated in clusters with location quotients below 1.0. Only the Food Manufacturing and Wholesaling cluster and the Freight and Logistics clusters are less concentrated in the Twin Cities region than the nation as a whole.
- Over time, successful industry clusters grow employment and regional concentration. The horizontal axis on the charts on the next pages graphs the change in the region's location quotient over time, from 2000 to 2013 and from 2009 to 2013. Key industry clusters that are seeing growth in the region's relative concentration from 2000 to 2013 have been the Health, Science, and Water Technology cluster, the Food Manufacturing and Wholesaling cluster, and the Finance and Insurance cluster. Even clusters that have seen some loss in relative position—Headquarters and Advanced Business Service, Information Technology, and Advanced Manufacturing—have been relatively stable, losing less than 0.15 in the location quotient since 2000.
- Since the recession, the key industry clusters remain largely stable in the region's position of strength relative to the nation. From 2009 to 2013, six of the seven key industry clusters slipped slightly relative to the nation with losses of less than 0.2 in the location quotient; the Food Manufacturing and Wholesaling cluster bucked this trend with a slight increase in its location quotient.
- Geographic concentrations of the region's key industry clusters are often located along the region's highways.

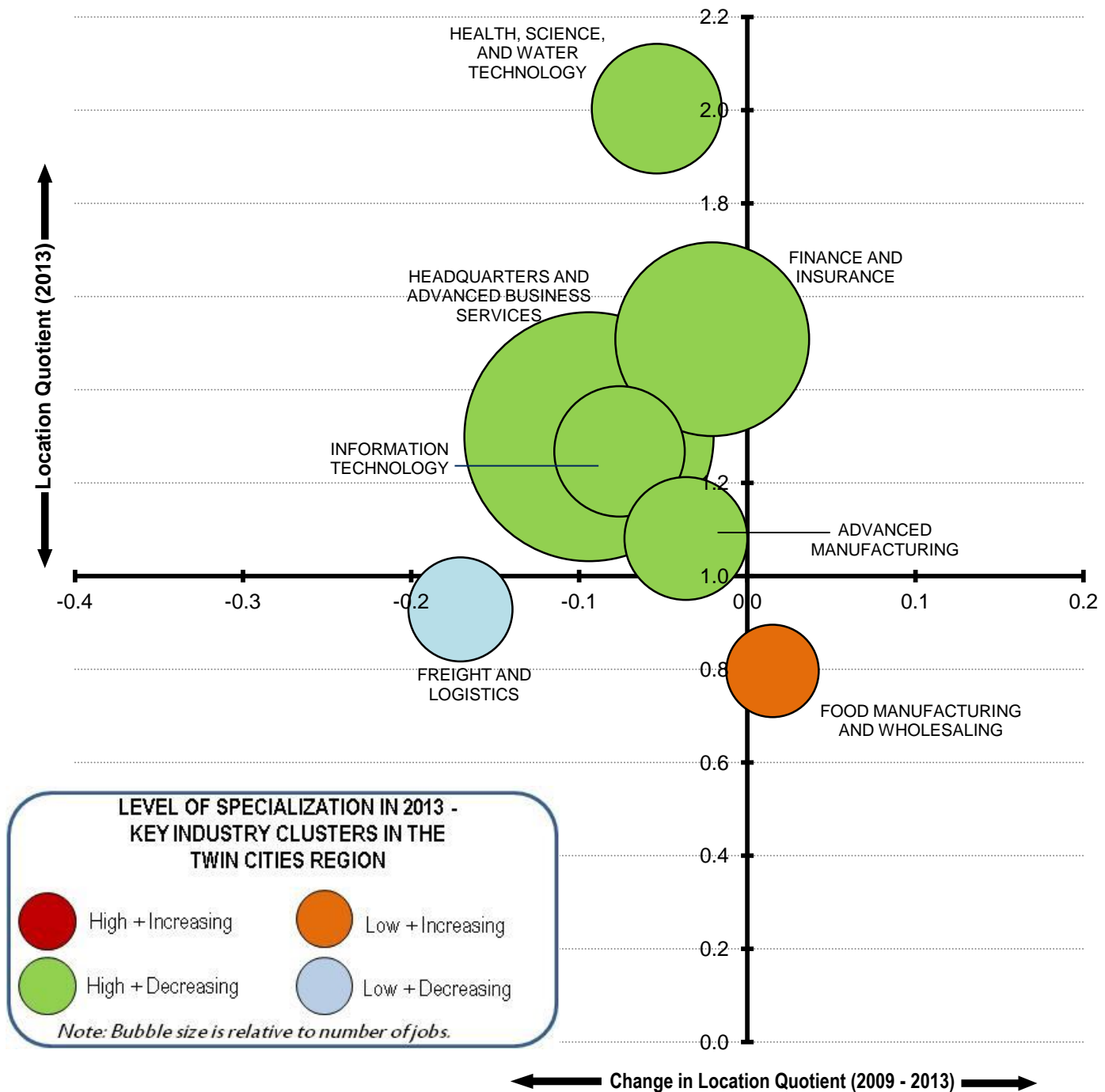
¹ Location quotients are calculated by dividing an industry's share of regional employment in an industry by the same industry's share of national employment.

Figure 9. Location quotients of key industry clusters in the Twin Cities region, 2000-2013



Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages as geocoded and compiled by Metropolitan Council, 2000 and 2013.

Figure 10. Location quotients of key industry clusters in the Twin Cities region, 2009-2013



Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages as geocoded and compiled by Metropolitan Council, 2009 and 2013.

Cities across the region are adding jobs at different paces

Figure 11. Cities or townships with at least 30,000 jobs in 2014

City or Township Name	Jobs in 2000	Jobs in 2014
Minneapolis	308,127	308,358
Saint Paul	188,124	177,010
Bloomington	104,548	88,474
Eagan	42,750	54,082
Eden Prairie	51,006	51,067
Plymouth	53,491	49,225
Edina	52,991	49,082
Minnetonka	51,276	46,842
St. Louis Park	40,696	41,778
Roseville	39,211	36,892
Golden Valley	30,142	35,099
Burnsville	31,765	34,256
Maple Grove	18,309	33,565

Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages, 2000 and 2014.

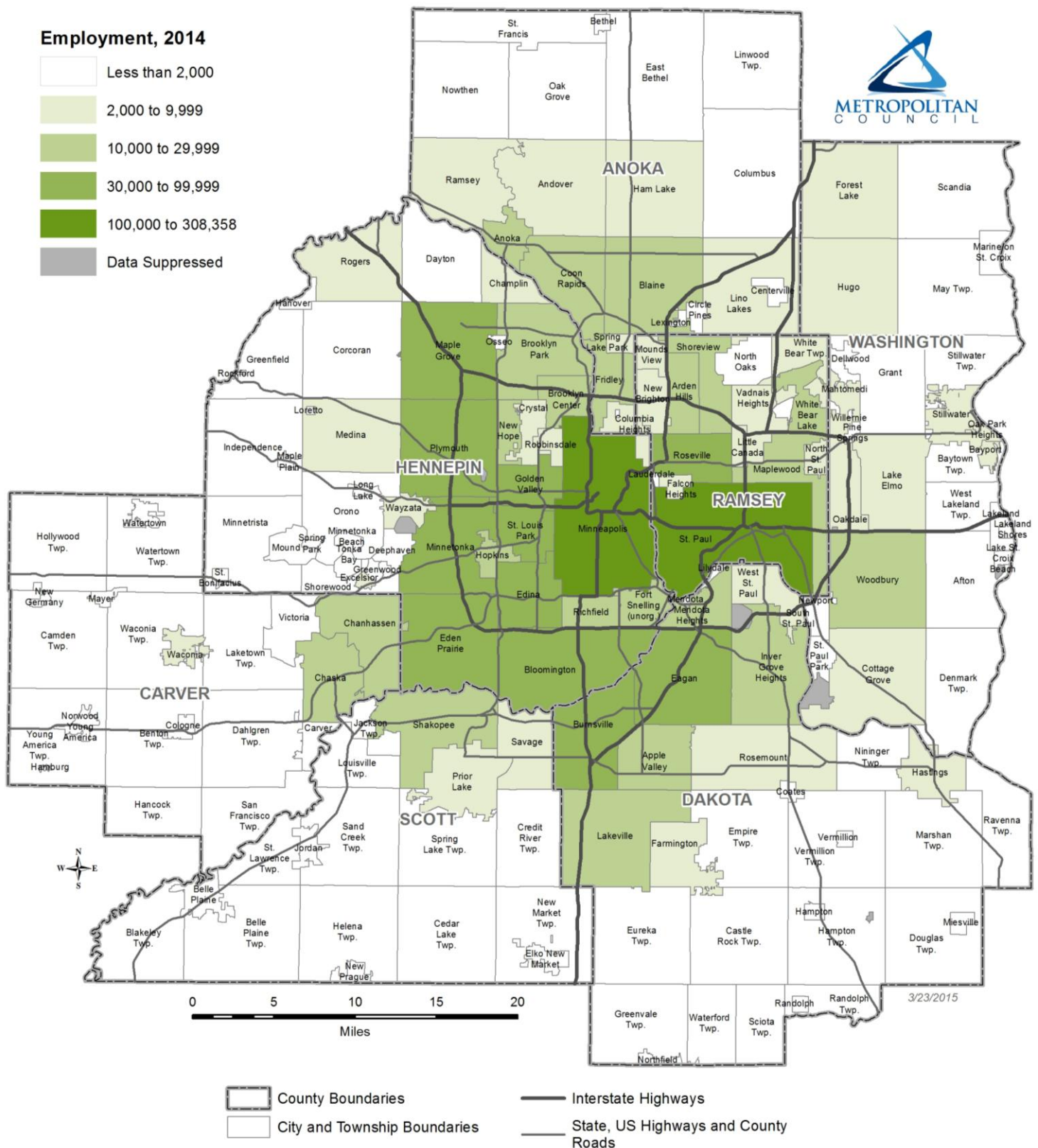
Figure 12. Cities or townships that added at least 3,000 jobs from 2010 to 2014

City or Township Name	Jobs in 2000	Jobs in 2014	Change
Maple Grove	18,309	33,565	15,256
Eagan	42,750	54,082	11,332
Blaine	17,434	23,217	5,783
Shakopee	13,938	19,651	5,713
Woodbury	15,899	21,278	5,379
Chanhassen	9,345	14,523	5,178
Lakeville	10,966	15,953	4,987
Golden Valley	30,142	35,099	4,957
Richfield	11,762	16,238	4,476
Rogers	5,414	9,599	4,185
Coon Rapids	21,682	25,483	3,801
Brooklyn Park	23,692	27,322	3,630
Apple Valley	12,106	15,479	3,373

Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages, 2000 and 2014.

- Minneapolis and Saint Paul remain the region's two largest job centers, followed by Bloomington. Employment in Minneapolis remained stable between 2000 and 2014 while both Saint Paul and Bloomington lost jobs.
- Maple Grove and Eagan were the only two cities in the region to add more than 10,000 jobs over the 14-year time period. Because of this job growth, Eagan jumped from the 8th highest number of jobs in 2000 to 4th in 2014, moving ahead of Plymouth, Edina, Minnetonka and Eden Prairie. Maple Grove's job growth was 45% between 2000 and 2014, and the city moved five spots from 18th to 13th.
- Of the 13 large cities with more than 30,000 jobs, six—including Minnetonka, Plymouth, Edina and Roseville—lost jobs from 2000 to 2014. Minneapolis and Eden Prairie were stable for 2000 to 2014.
- Outside of Maple Grove, Eagan and Golden Valley, most of the cities adding more than 3,000 jobs between 2000 and 2014 were smaller cities with fewer than 20,000 jobs in 2000.
- Many of cities where job growth is rapid—such as Blaine, Shakopee, Woodbury, and Chanhassen—are in the region's Suburban Edge or Emerging Suburban Edge and are experiencing fast residential development and growth as well.

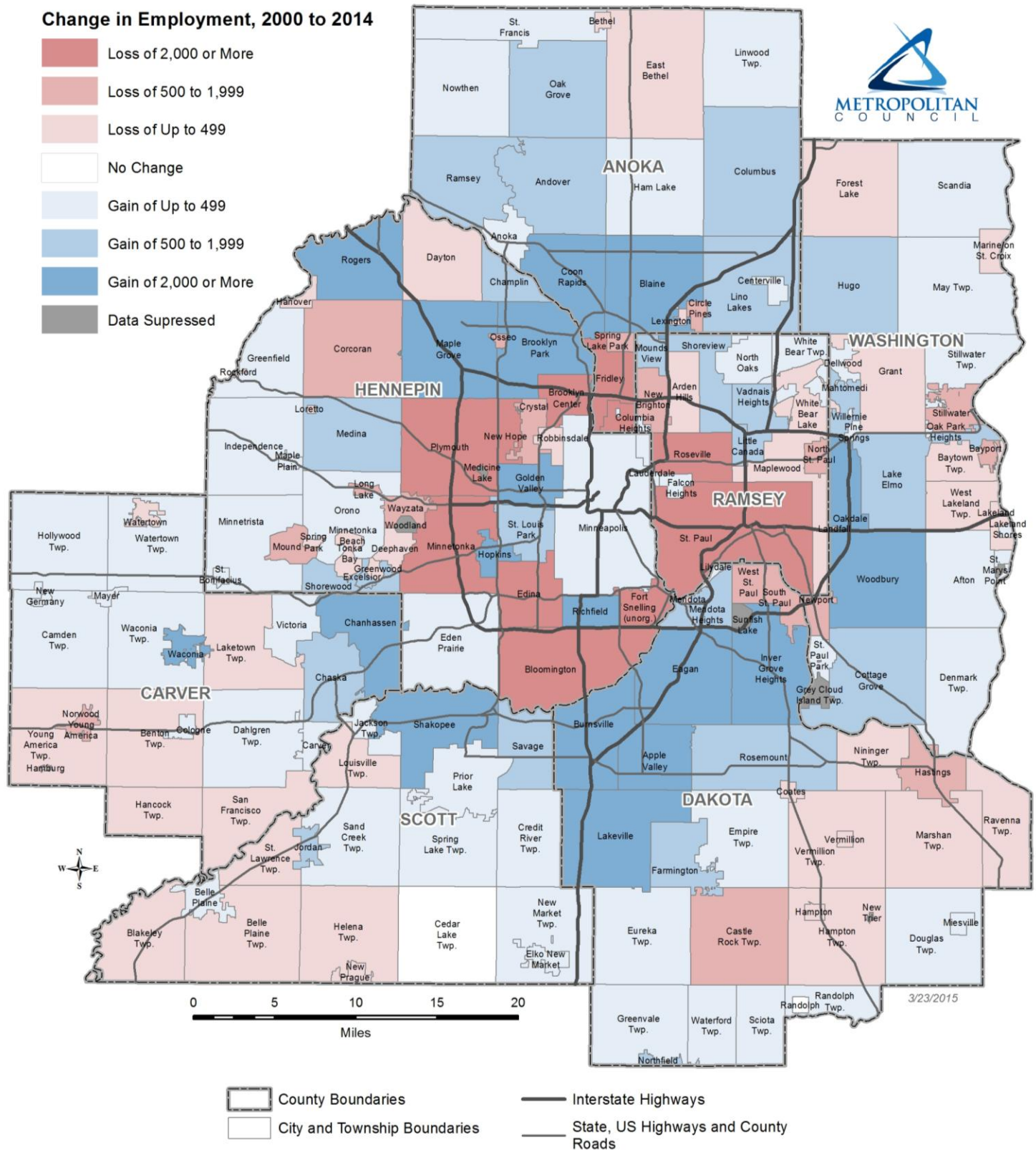
Figure 13. Total number of jobs for cities and townships in the Twin Cities region, 2014



Communities with fewer than three worksites or have one worksite with 80% or more of the total industry employment are suppressed in accordance to the Minnesota Department of Employment and Economic Development's data privacy practices.

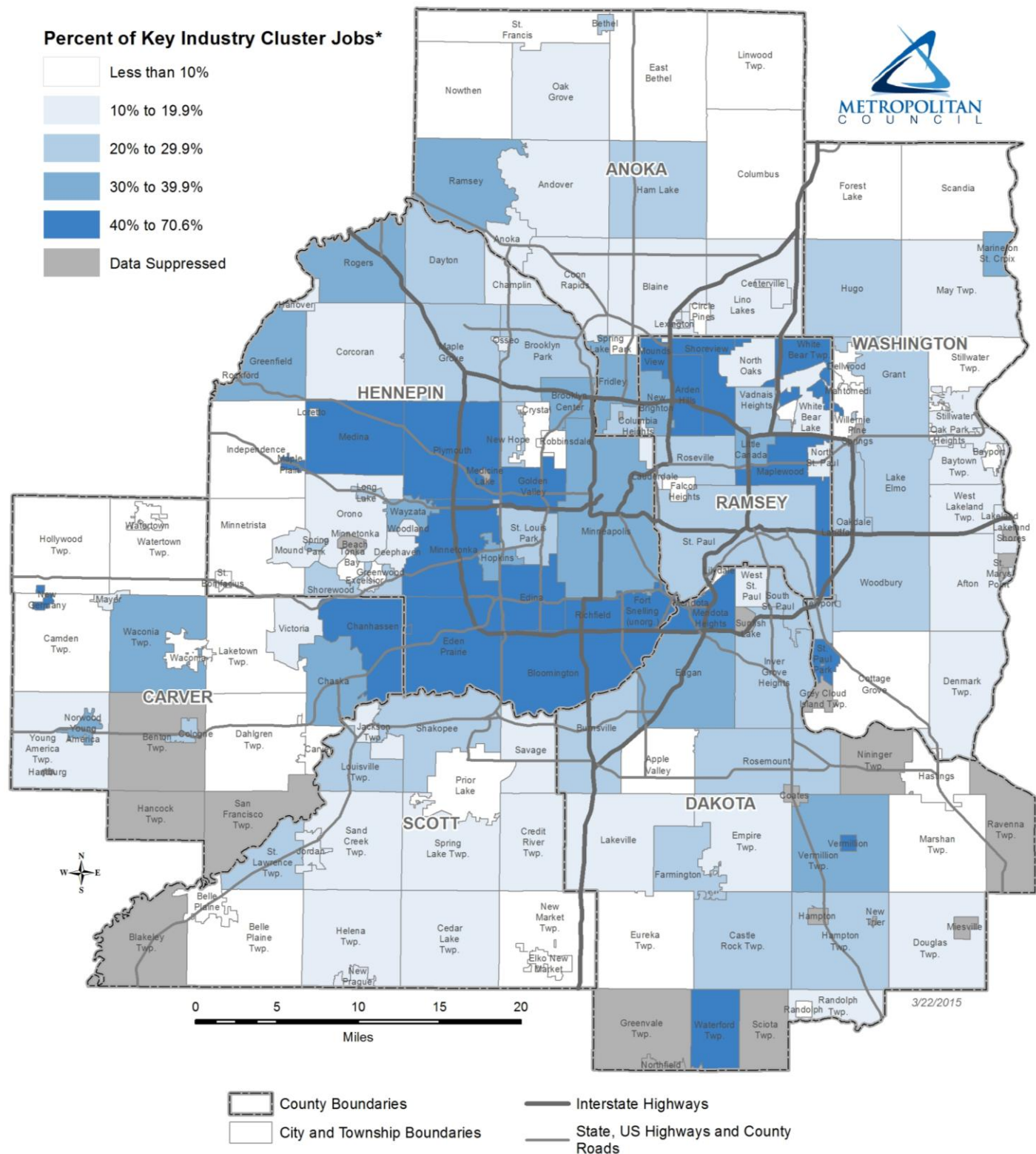
Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages, second quarter, 2014.

Figure 14. Change in total jobs between 2000 to 2014 for cities and townships in the Twin Cities region



Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages, 2010 and 2014.

Figure 15. Industry cluster jobs as a percentage of all jobs within cities and townships in the Twin Cities region, 2013



* Key Industry Clusters are industries that are important to the region's economy. Communities with fewer than three worksites or have one worksite with 80% or more of the total industry employment are suppressed in accordance to the Minnesota Department of Employment and Economic Development's data privacy practices.

Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages as geocoded and compiled by Metropolitan Council, 2013.