



# Minnesota's Economic Imperative for Growth

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## Lessons learned from measuring Minnesota's economic competitiveness

10+ years of benchmarking Minnesota's business and economic climate

*2026 Business Benchmarks* report examines three key indicators of Minnesota's economic position

**The Economic Imperative for Growth** initiative is raising awareness and advancing ideas to help Minnesota reach its economic potential



## Why is it imperative to grow the economic pie?

### Economic growth matters

Rising incomes

Increased consumer spending and purchasing

Investments in new businesses, facilities, technologies, equipment

Improvements in innovation and efficiency

Growth in jobs and the size of the labor force

### Faster growth makes possible

Balanced state budgets without raising rates

Less fiscal strain for local budgets, enabling investment in community

Becoming a more attractive place to live – people and businesses move to growth regions

Broader optimism across the state that the economy is headed in the right direction

# Minnesota's Economic Imperative for Growth



**Minnesota's economy is at a crossroads**



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## Minnesota has key economic advantages

- 1** **High value**  
Per capita income, GDP per capita and labor productivity levels
- 2** **Hard working**  
6<sup>th</sup> highest labor force participation, structurally lower unemployment rates than U.S.
- 3** **Educated and skilled workforce**  
5<sup>th</sup> highest share of adults with a 2-year degree or higher
- 4** **Innovation**  
5<sup>th</sup> most patents per capita in U.S.
- 5** **Corporate hub**  
17 Fortune 500 headquarters and the highest concentration of Management of Companies jobs in the U.S.
- 6** **Diverse economy**  
Jobs spread across major industry sectors. 5<sup>th</sup> most diverse economy in U.S.
- 7** **Industry clusters in key sectors**  
Health care and med-tech, food and ag, headquarters, finance and insurance, high tech

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## But economic growth is slowing over time

Real GDP annual growth rate by decade: Minnesota



Source: S&P Global (formerly, IHS Markit)

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## Minnesota is not reaching its economic potential

### Accelerating growth and prosperity in Minnesota

Real GDP per capita annual growth rate (2019-2024)

**+1.0%**  
**Ranked 38<sup>th</sup>**

### Growing Minnesota's workforce

Total civilian labor force annual growth rate (2019-2024)

**+0.2%**  
**Ranked 40<sup>th</sup>**

### Delivering better value – not just higher costs

Net domestic migration (2020-2024)

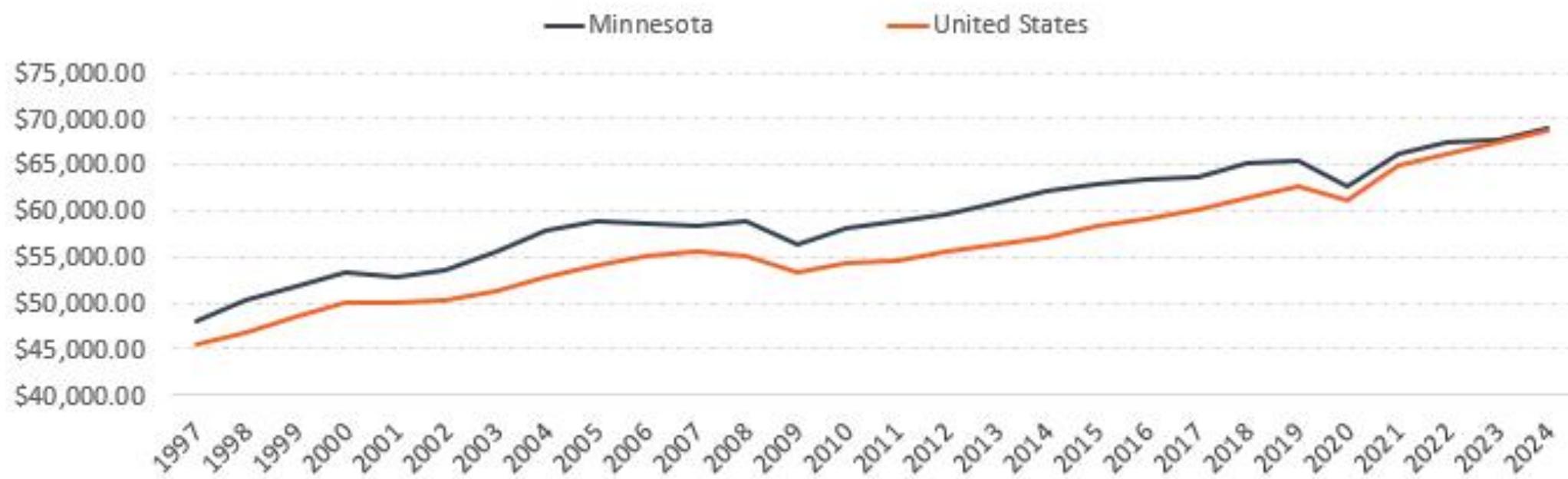
**-47,900**  
**Ranked 41<sup>st</sup>**

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## Minnesota had above-average per capita GDP for decades, slow growth erased that advantage by 2024

Real GDP per capita: Minnesota and United States  
1997-2024



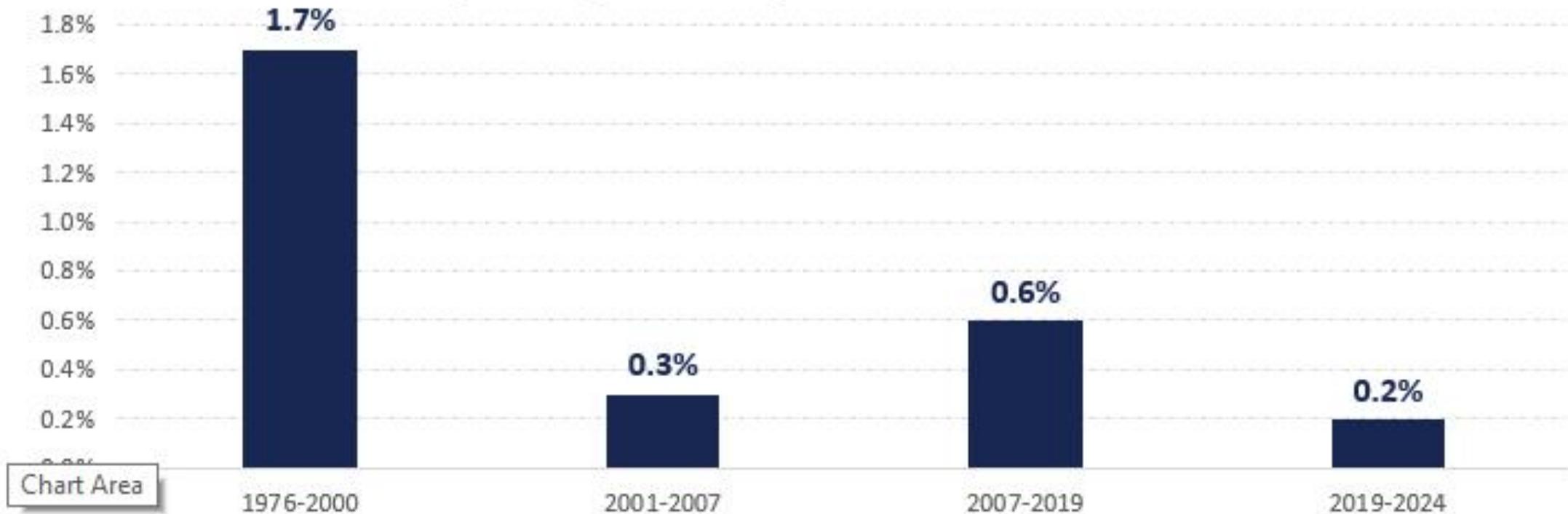
Source: Bureau of Economic Analysis and U.S. Census Bureau

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## Minnesota's labor force growth is slowing

Average annual percent change in total labor force: Minnesota



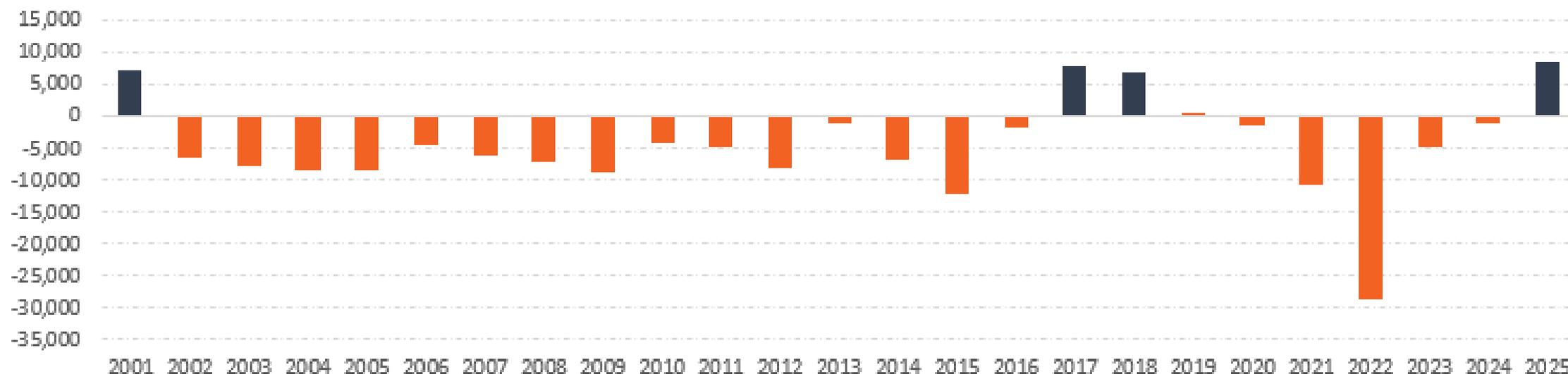
Source: Bureau of Labor Statistics, DEED

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## Minnesota experienced negative net domestic migration in 20 of 25 years, exacerbating slow labor force growth

Net domestic migration: Minnesota  
2001-2025



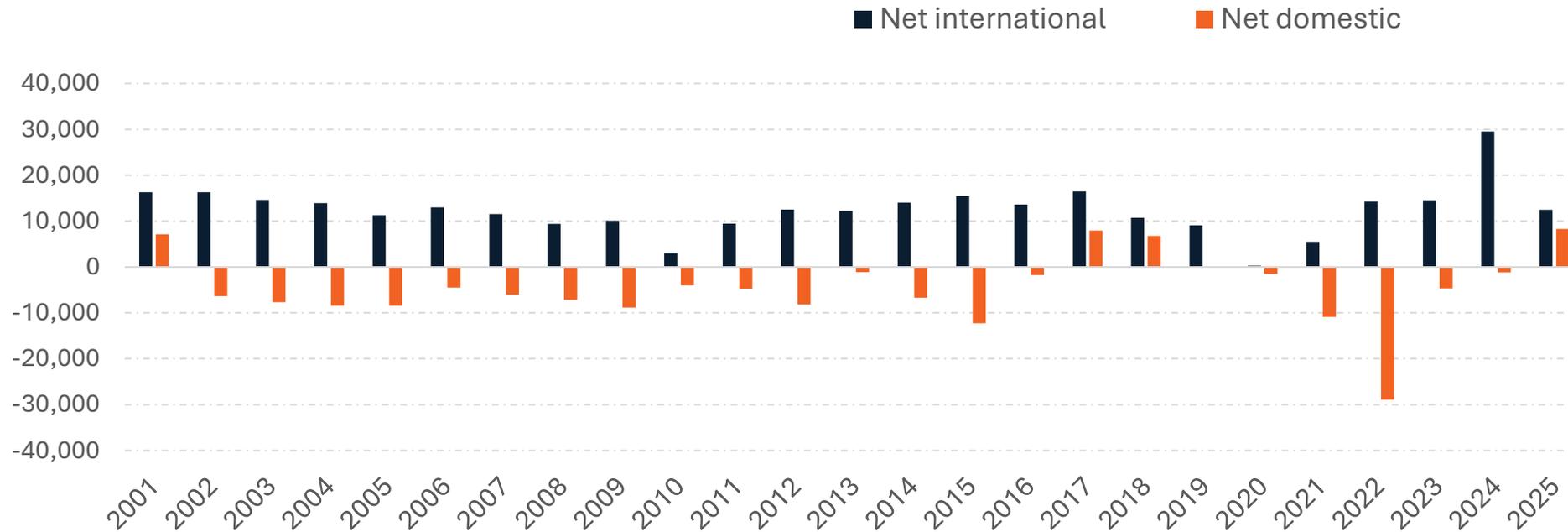
Source: U.S. Census Bureau, Population Estimates

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## International migration has been sustaining population growth, but gains slowed sharply last year

*Net international and domestic migration: Minnesota  
Measures July to July of each year: 2001 - 2025*



Source: U.S. Census Bureau, Population Estimates

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## State-level barriers



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## What's holding us back?

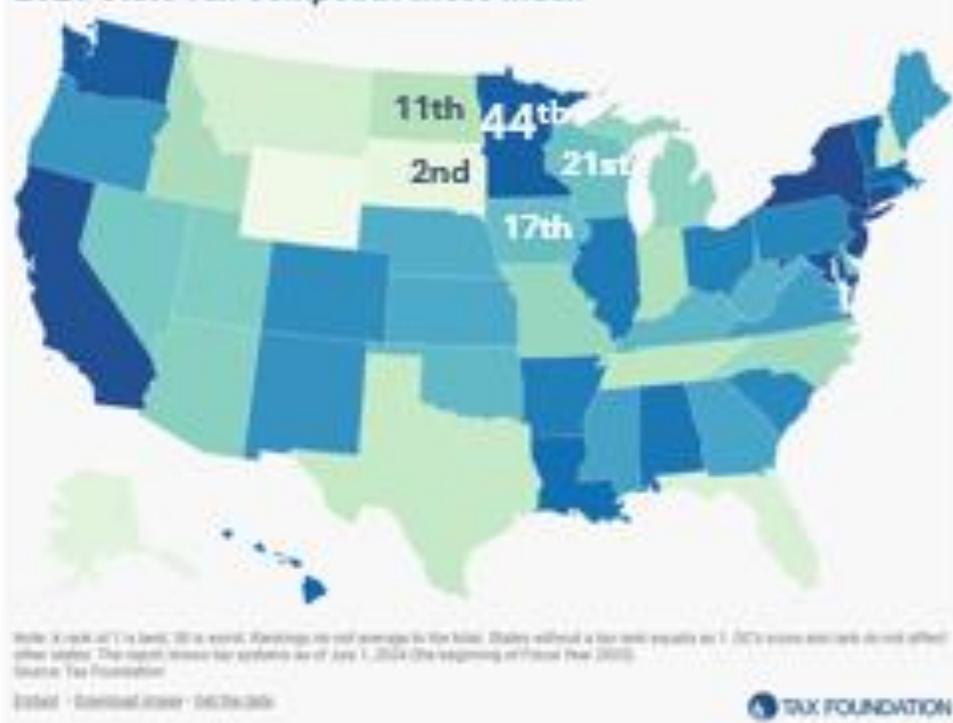
Business climate and cost concerns creating competitive disadvantages

Minnesota's tax rates are an outlier in the region, among the highest in the U.S.

New regulations and mandates driving up costs and complexity

Overall cost of doing business outpacing U.S. in key areas

2025 State Tax Competitiveness Index



*"Taxes are not everything, but they do matter, and they are within the control of policymakers. Even within a given revenue target, there are better and worse ways to raise revenue."* – Tax Foundation

## Cost of living, housing supply, higher ed costs may impact migration

Cost of living (2023) = **31<sup>st</sup> most affordable**

South Dakota: 3<sup>rd</sup>

North Dakota: 6<sup>th</sup>

Iowa: 7<sup>th</sup>

Wisconsin: 21<sup>st</sup>

College tuition and fee affordability (2024) = **40<sup>th</sup>**

Growth in new housing units (2019-2024) = **48<sup>th</sup>**

**Source:**

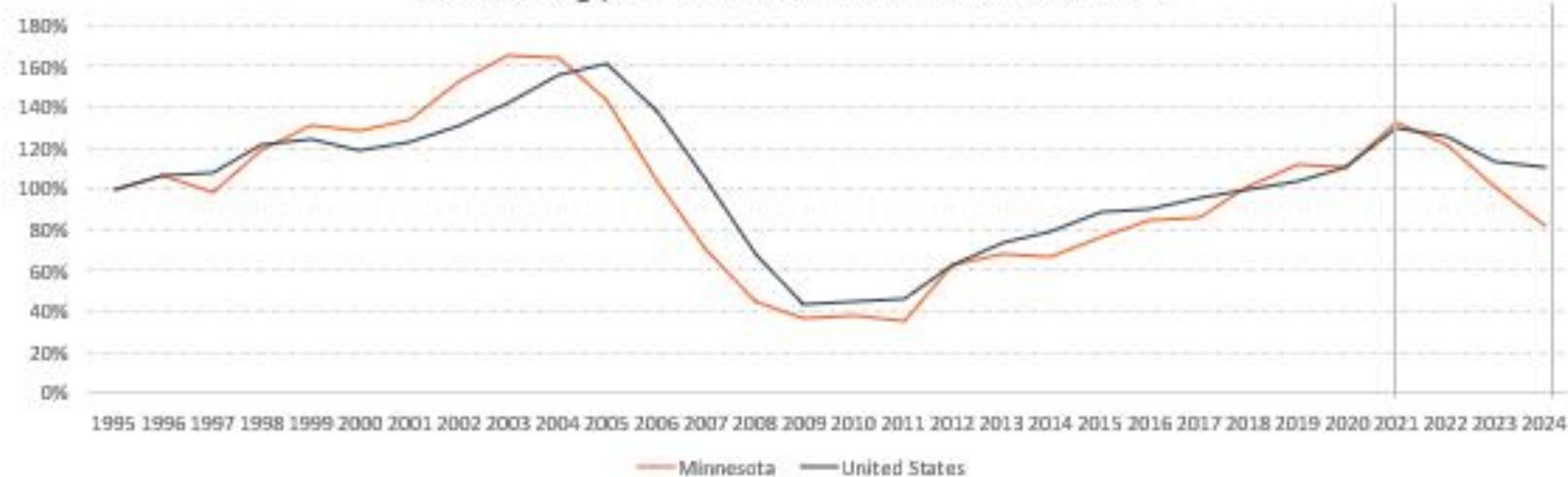
Cost of living: Bureau of Economic Analysis, Regional Price Parities

College tuition and fee affordability: U.S. News & World Report

Growth in new housing units permitted: U.S. Census Bureau

## Housing construction fell sharply after a decade's-long rise

New housing permits index: Minnesota and United States



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**Minnesota's  
opportunities  
ahead**



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## The next wave of opportunities

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AI and data center investments

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Advanced manufacturing

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Minerals, clean-tech and energy

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Food and ag innovation

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Medical and life sciences

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Building products, engineering and construction

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Sports and outdoor recreation products

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Innovative companies in any industry!



## Innovation leaders investing in key sectors

**Boston Scientific looks to nearly double size of Minnesota facility**

JANUARY 16, 2025 BY CHRIS NEWMARKER

**General Mills invests \$54M in innovation hub for next generation of products**

The spending comes as the Cheerios maker plans to launch new products across its biggest product categories, tapping into consumer trends like protein and spicy.

Published Aug. 26, 2025

**Niron breaks ground on rare earth-free magnet manufacturing plant in Minnesota**

Staff Writer | September 26, 2025 | 3:44 pm Suppliers & Equipment USA Staff One

Manufacturing

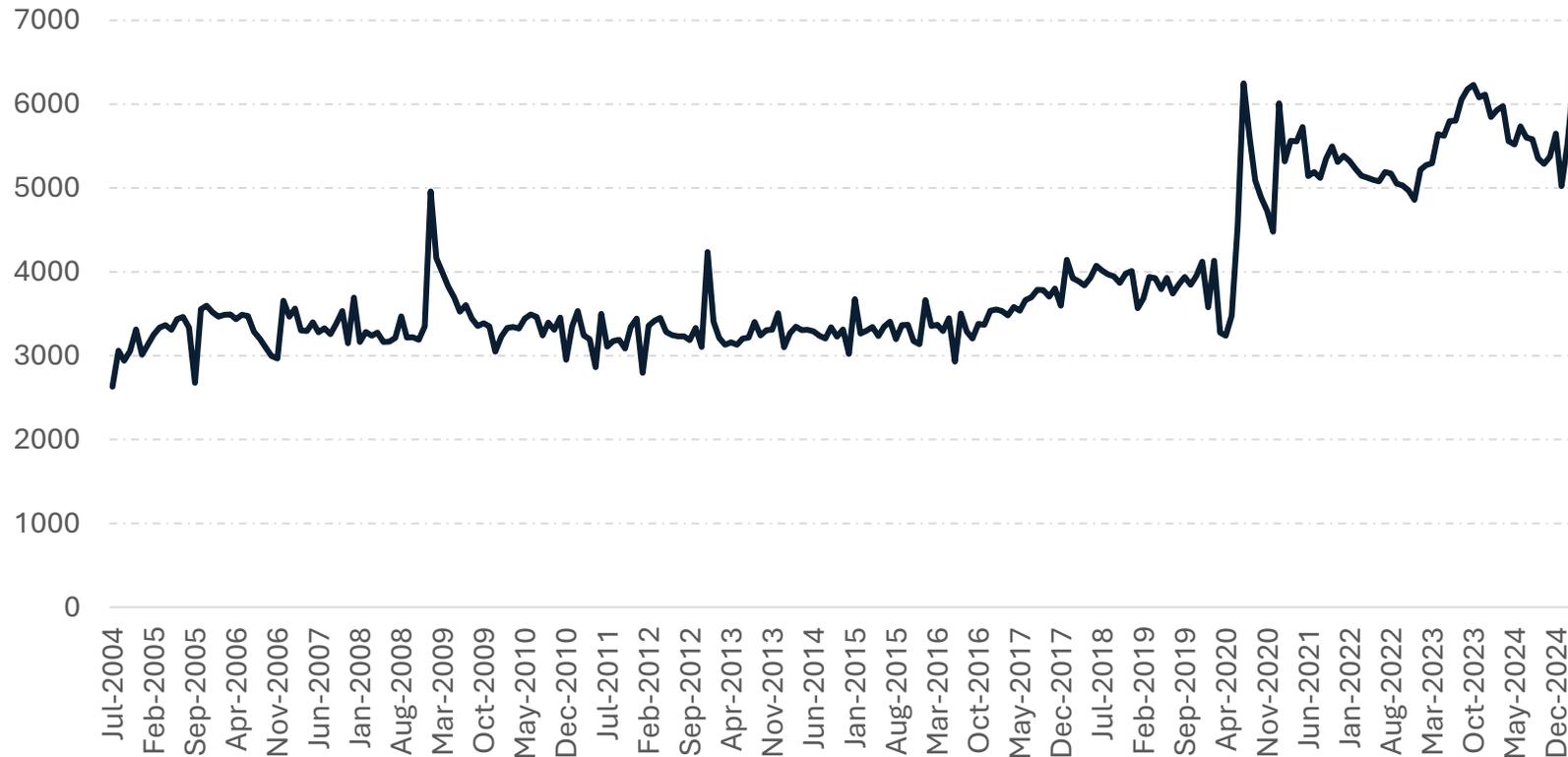
**Daikin Applied Americas building \$163 million R&D facility in Twin Cities**

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## Not just large investments: Startup activity ticking up

*New business applications (monthly): Minnesota  
July 2004 - March 2025*



Source: U.S. Census, Business Formation Statistics

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## What's next for Minnesota's economy?

Minnesota still has considerable economic strengths and could be a leader in the next wave of economic development.

But growth has slowed and Minnesota lags the national average across key measures of economic growth.

Growth is impeded by challenges in Minnesota's business climate and poor performance in regional talent attraction.

**What can we do to help Minnesota build on its strengths, address barriers and grow to its economic potential?**

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**THANK YOU!**

**QUESTIONS?**