Economic Imperative for Growth
Minnesota Chamber of Commerce

Minnesota's Economic Imperative for Growth

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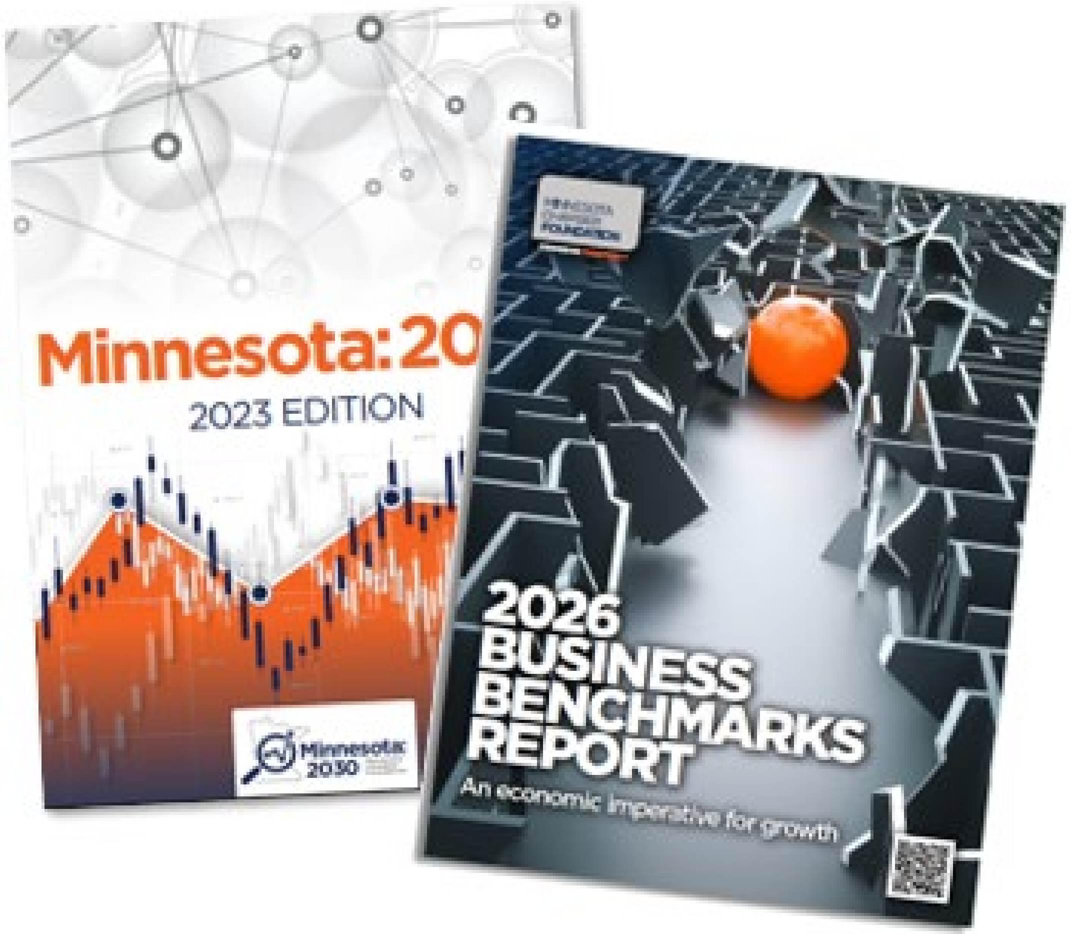
Lessons learned from measuring Minnesota's economic competitiveness

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



Minnesota's Economic Imperative for Growth

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 economy is at a crossroads

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 38th

Growing Minnesota's workforce

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

+0.2%
Ranked 40th

Delivering better value – not just higher costs

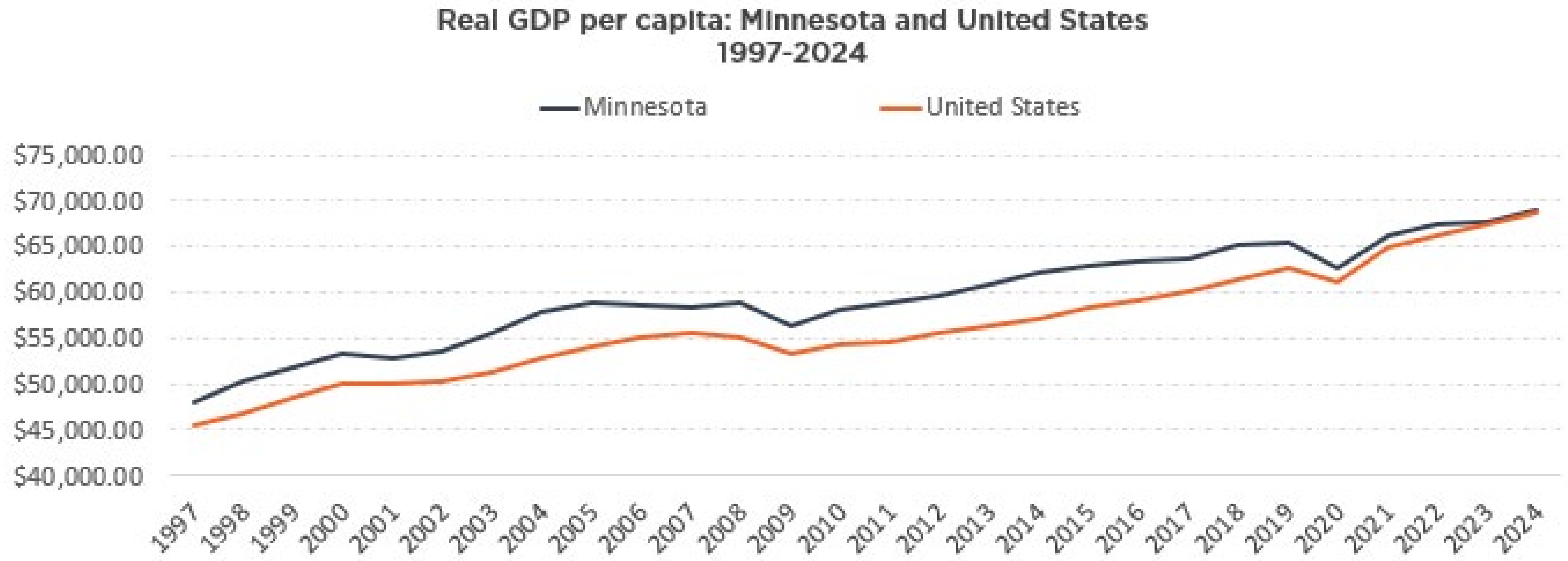
Net domestic migration (2020-2024)

-47,900
Ranked 41st

Minnesota has key economic advantages

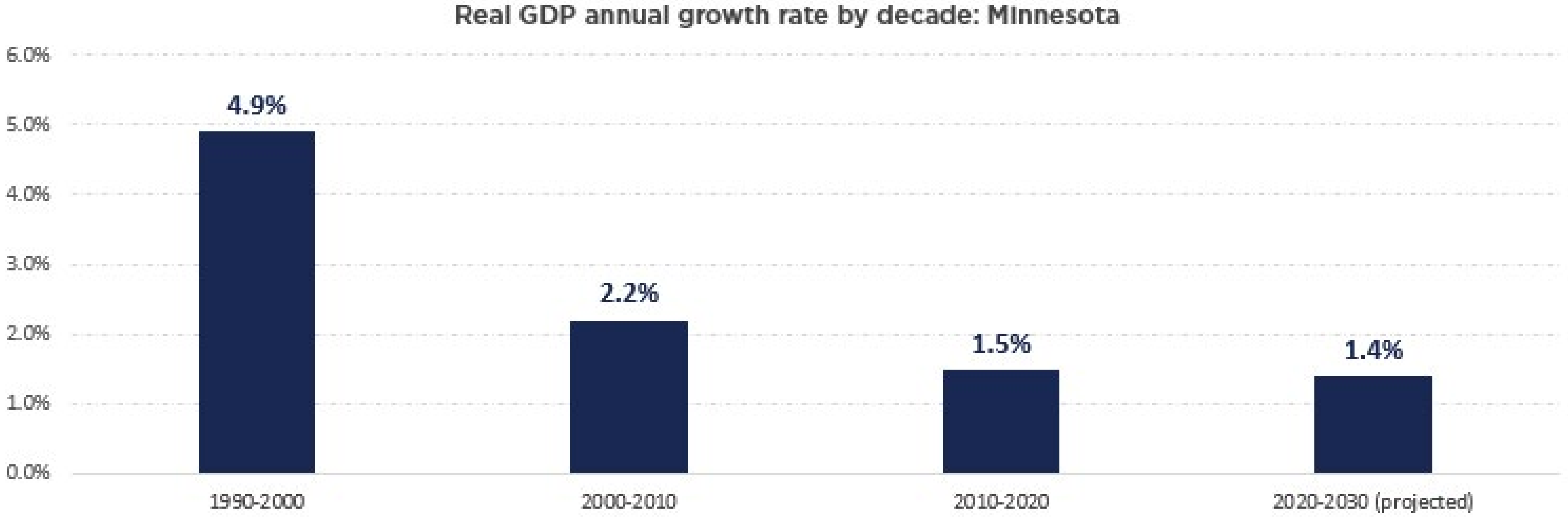
1. **High value**
   Per capita income, GDP per capita and labor productivity levels
2. **Hard working**
   6th highest labor force participation, structurally lower unemployment rates than U.S.
3. **Educated and skilled workforce**
   5th highest share of adults with a 2-year degree or higher
4. **Innovation**
   5th 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. 5th 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

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



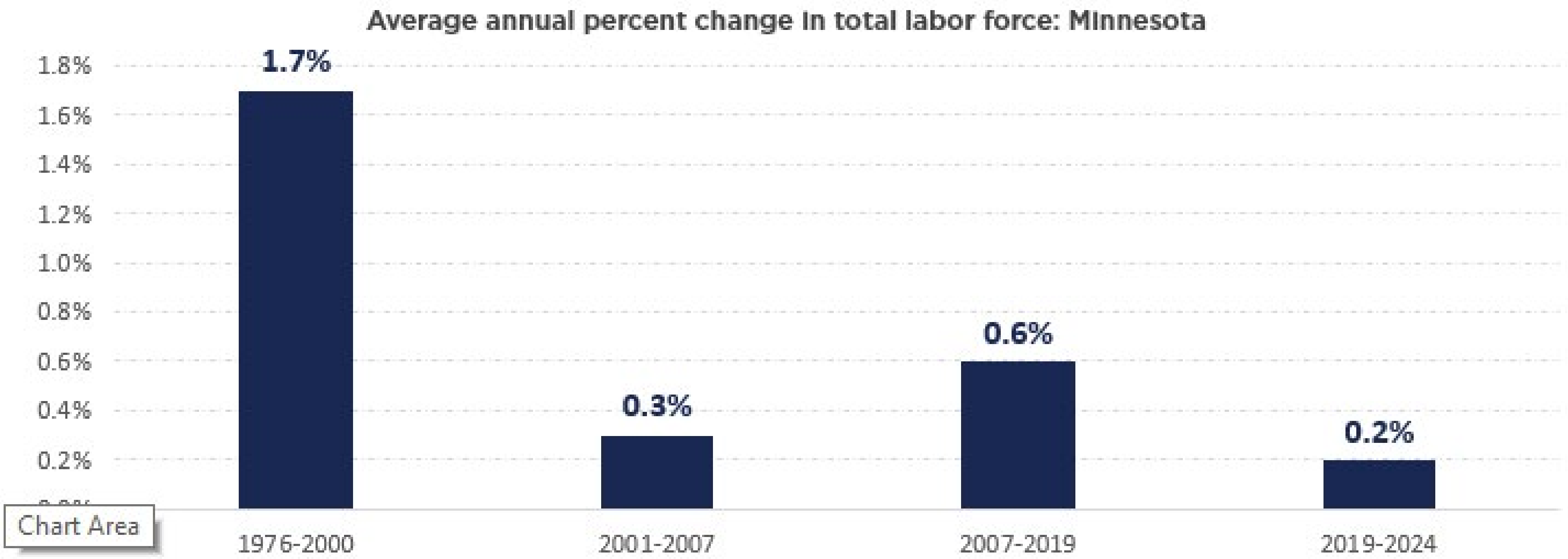
Source: Bureau of Economic Analysis and U.S. Census Bureau

But economic growth is slowing over time



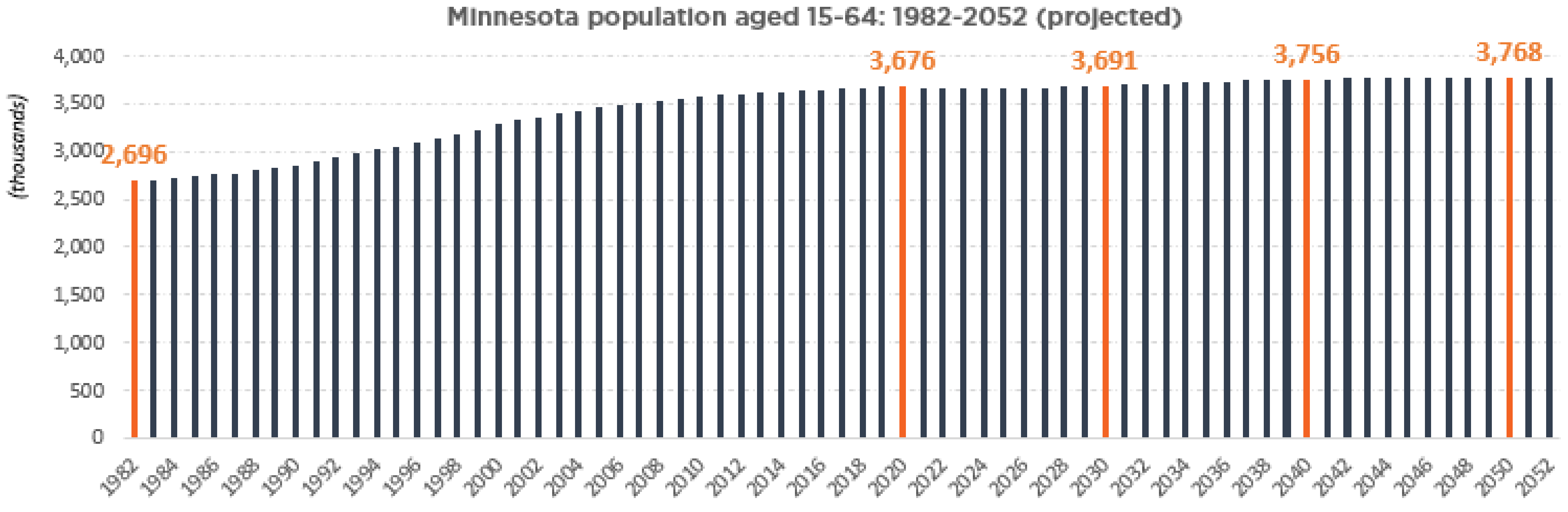
Source: S&P Global (formerly, IHS Markit)

Minnesota's labor force growth is slowing



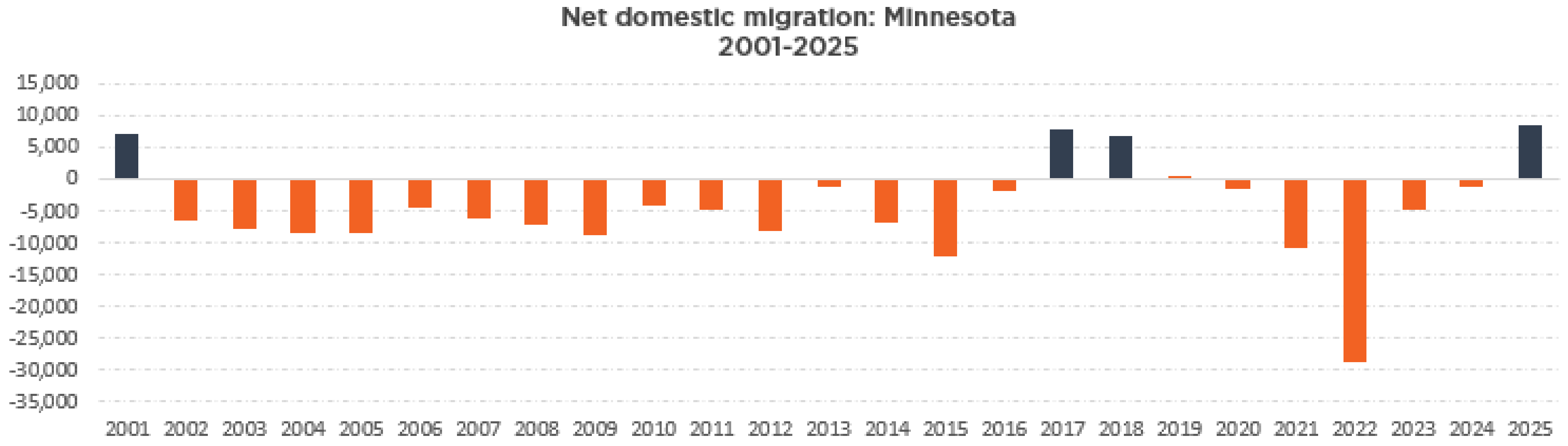
Source: Bureau of Labor Statistics, DEED

Working age population has flattened, not expected to grow



Source: IHS Markit

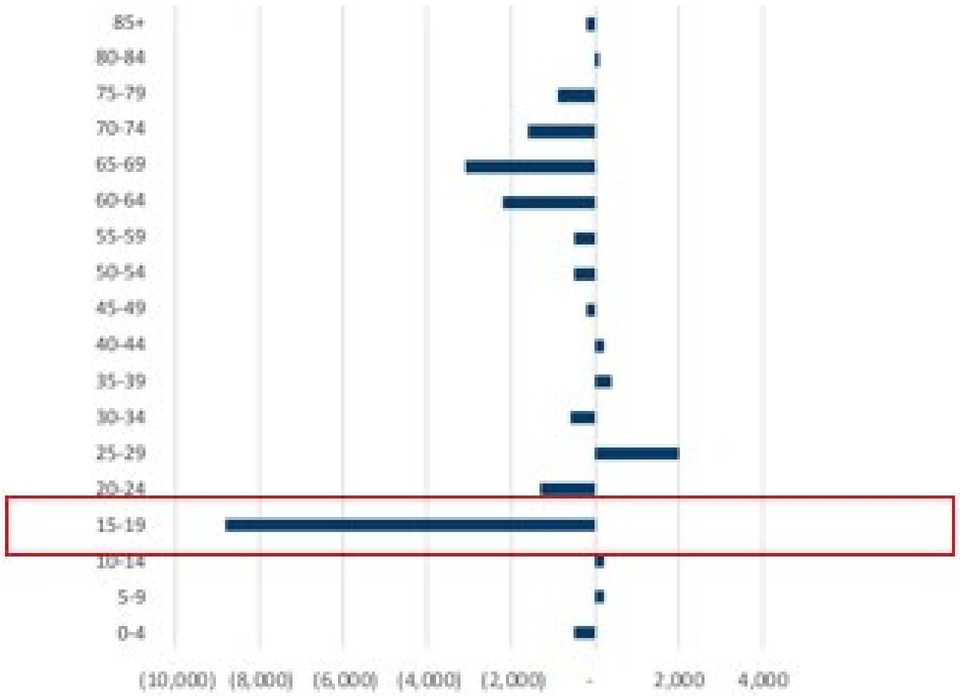
Minnesota experienced negative net domestic migration in 20 of 25 years, exacerbating slow labor force growth



Source: U.S. Census Bureau, Population Estimates

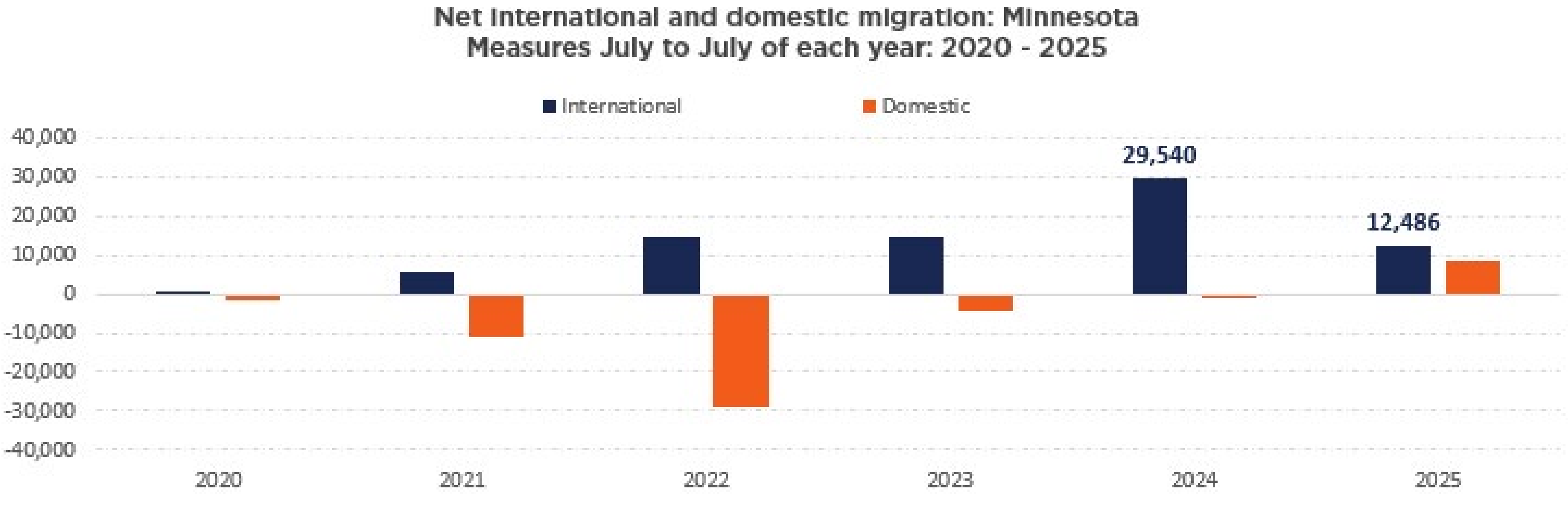
Minnesota loses around 9,000 15–24 year-olds annually, not enough move back to make up for loss

Average Annual Net Domestic Migration by Age, Minnesota, 2018-2022



Source: Minnesota Demographic Center, U.S. Census Bureau

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



Source: U.S. Census Bureau, Population Estimates

State-level barriers

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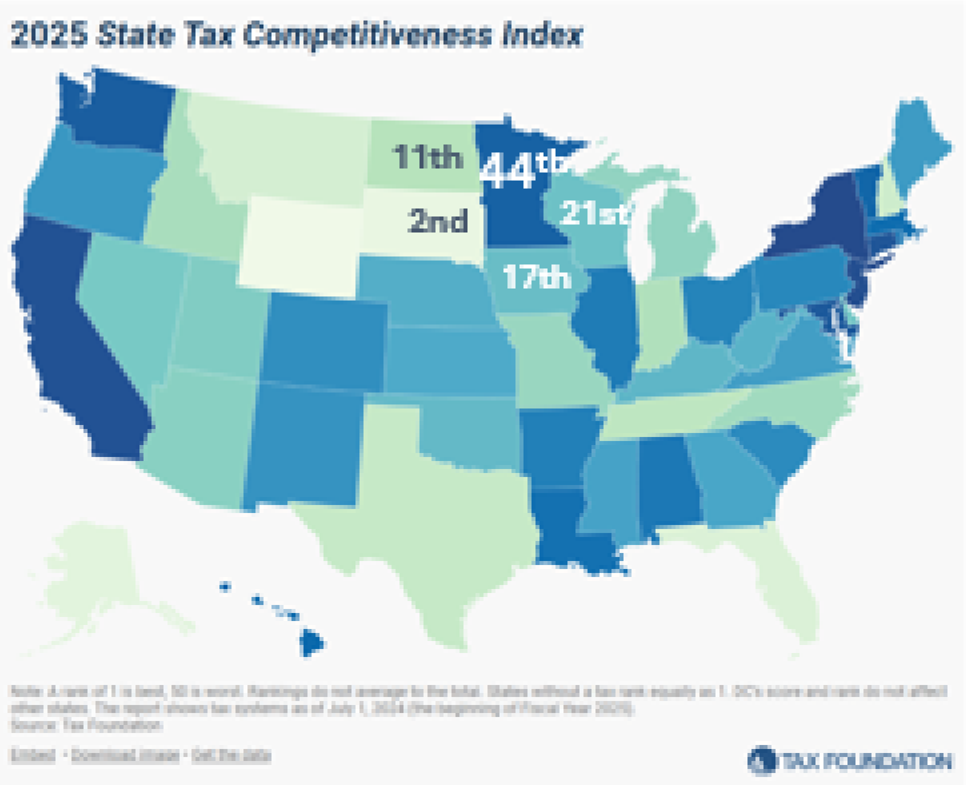
What's holding us back?

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



"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) = 31st most affordable

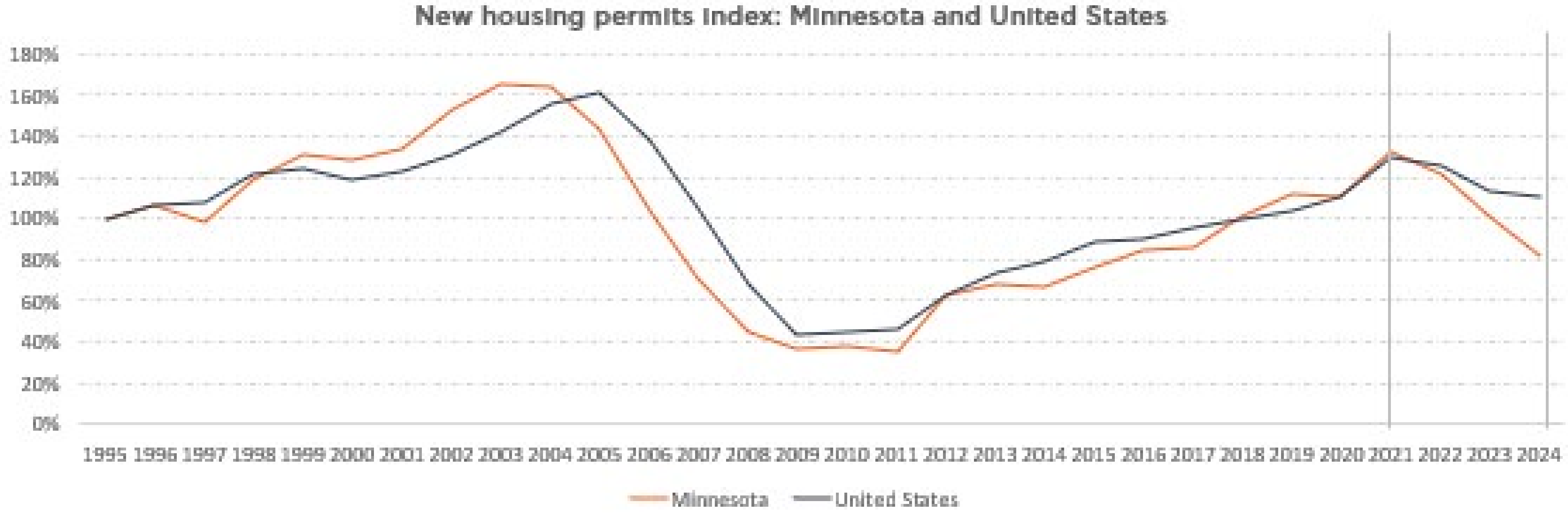
- South Dakota: 3rd
- North Dakota: 6th
- Iowa: 7th
- Wisconsin: 21st

College tuition and fee affordability (2024) = 40th

Growth in new housing units (2019-2024) = 48th

Sources:
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



Source: U.S. Census Bureau

Minnesota's opportunities ahead

The next wave of opportunities

- AI and data center investments
- Advanced manufacturing
- Minerals, clean-tech and energy
- Food and ag innovation
- Medical and life sciences
- Building products, engineering and construction
- Sports and outdoor recreation products
- Innovative companies in <u>any</u> industry!

Innovation leaders investing in key sectors

Boston Scientific looks to nearly double size of Minnesota facility

JANUARY 16, 2026 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. 28, 2025

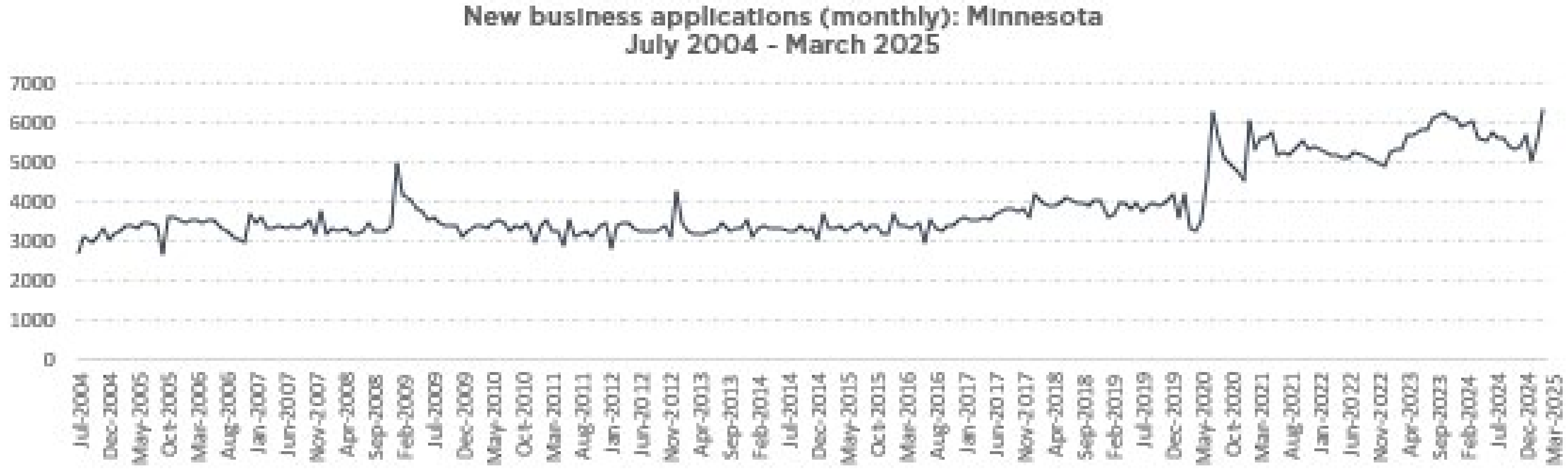
Niron breaks ground on rare earth-free magnet manufacturing plant in Minnesota

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

Manufacturing

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

Not just large investments: Startup activity ticking up



Source: U.S. Census, Business Formation Statistics

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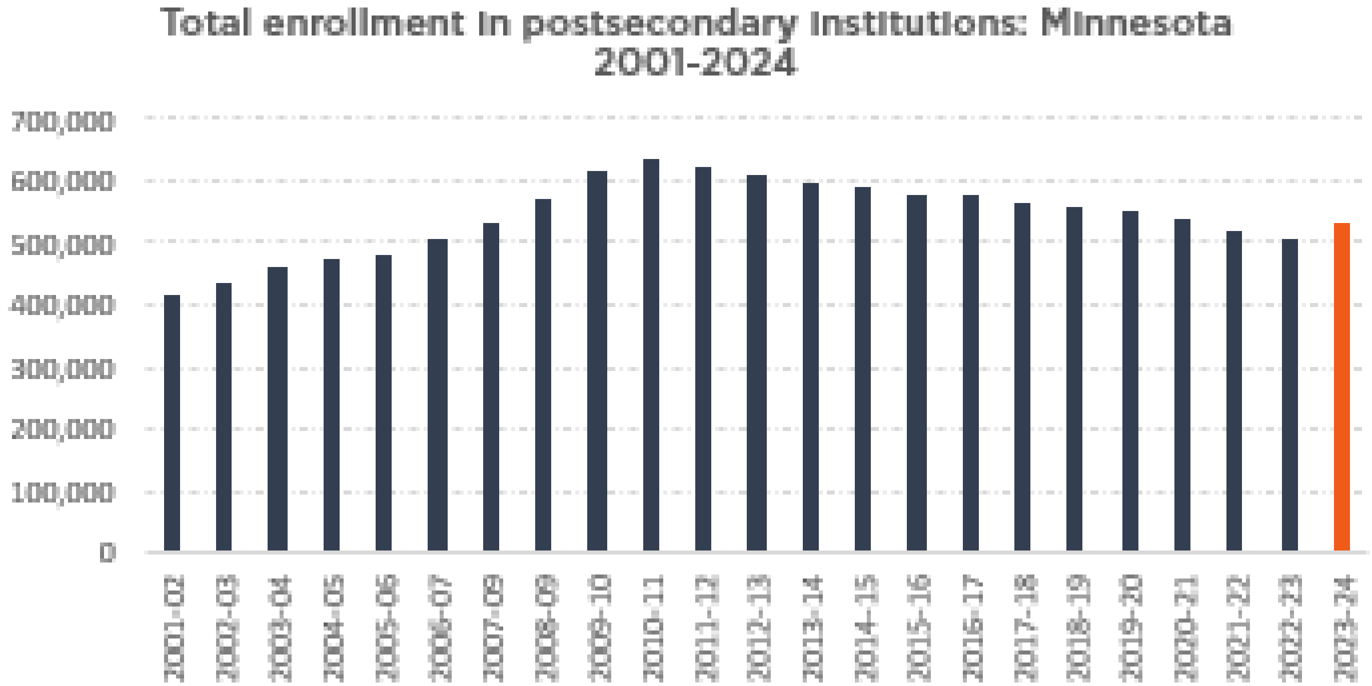
Could uptick in higher ed enrollment support recent migration improvements?



Source: National Center for Education Statistics

NEWS & POLITICS

National college enrollment records slight bump, but Minnesota schools fare better

It's an "encouraging" trend, college leaders said, as Minnesota colleges and universities mark two consecutive years of enrollment growth.

By Erin Adler

The Minnesota Star Tribune

Total enrollment increased by 2% in 2025, marking the second consecutive year of enrollment gains following a more than decades-long decline.

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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Economic growth requires strategic action

Strategies:

Investment: A system-wide redesign to attract and support investment

Talent: Attracting and cultivate a world-class workforce

Government reforms: Ensuring greater accountability and value

2026 Legislative Session Priorities:

- Tax Conformity
- Permitting Reform
- Mandate Reforms (PFML)

What next? Building a pro-growth agenda for Minnesota

Scan the QR code for exclusive updates and opportunities to get involved in improving Minnesota's economy.