

Summary

Historically, the Twin Cities has enjoyed a balanced industry mix, a well-prepared workforce and workforce availability across a wide range of industries, as well as some productivity and cost advantages.

The region's population continues to grow, the unemployment rate remains lower than the national average and both residential construction and commercial real estate activity show strength.

In most respects, the Twin Cities region in 2014 appears fundamentally strong and competitive among the largest 25 Metropolitan Statistical Areas in the nation. In particular, the region outperforms other areas in employment, commute times to work, homeownership and home affordability, and educational attainment.

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This fact sheet continues Metropolitan Council's annual tracking of the economic growth, income and income growth, workforce characteristics, housing production and housing affordability of the Twin Cities region.

The Twin Cities metro region

The seven-county metro region includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. Economic indicators available at this level of geography are:

- **Population Growth**

The Twin Cities region grew by 35,557 people and 7,671 households from 2011 to 2012. The total estimated population in 2012: 2.9 million.¹

- **Well-educated**

In 2012, 41.4% of adults (age 25 or older) held a Bachelor's degree or higher.²

- **In the job market**

In 2012, 83% of working-age adults (ages 16 to 64) were in the labor force, a participation rate of 83.5%. Of those in the labor force, over three-quarters (76.1%) were employed.³

- **Journey to work**

The average commute time of metro resident commuters (age 16 years and older): 24 minutes in 2012.⁴

- **Unemployment rate**

In 2013, the average unemployment rate for the Twin Cities region was 4.8%, a slight decrease from 2012 (5.5%). The national unemployment rate averaged 7.4% in 2013.⁵

- **Middle-class presence**

The median household income (including benefits) was \$65,695 in 2012. About one-third (31.6%) of households in the region were middle income (\$50,000-\$99,999).⁶

- **Housing production**

As of May 2014, information received by the Metropolitan Council shows 12,299 residential units permitted in 2013—an increase of 943 units over the number permitted in 2012 (11,356). Over half (52%) of the permitted units can be attributed to multifamily construction.⁷

- **Widespread homeownership**

Despite a slight decline in recent years (2008-2012), the homeownership rate in 2012 was 67.8%.⁸

- **Household budget stress**

Cost-burden is generally defined as households that pay 30% or more of their monthly income on housing costs. In 2012, 23.2% of owners and 48.5% of renters were housing cost-burdened.⁹

- **Commercial real estate activity**

Over 2013, vacancy rates decreased slightly in retail and industrial space (from 7.5% to 6.8% and 5.8% to 5.2%, respectively). The vacancy rate for office space slightly increased (from 17% to 17.3%). Retail and industrial markets in the Minneapolis/Saint Paul area were favorable compared with 2013 national trends.¹⁰

Minneapolis-St. Paul-Bloomington, MN-WI

The Twin Cities metro region lies within the Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area (MSA), an area defined by the U.S. Office of Management and Budget (OMB). The 2010 MSA definition is a 13-county area: the metro region (described above), plus the counties of Chisago, Isanti, Sherburne and Wright in Minnesota, and Pierce and St. Croix Counties in Wisconsin. Economic indicators available at this level of geography are:

- **Gross Metro Product**

Gross Metro Product totaled \$220.2 billion in 2012 (in current dollars). The Twin Cities has the nation's 13th largest metropolitan economy.¹¹

- **Fortune 500 companies**

In 2013, 19 listed companies were headquartered in the Twin Cities: UnitedHealth Group, Target, Best Buy, CHS, Supervalu, 3M, U.S. Bancorp, General Mills, Medtronic, Land O'Lakes, Ecolab, C.H. Robinson Worldwide, Mosaic, Ameriprise Financial, Xcel Energy, Hormel Foods, Thrivent Financial for Lutherans, St. Jude Medical and Nash-Finch.¹²

- **Net employment change**

Employment increased 1.9% from December 2012 to December 2013.¹³

- **Per capita income**

The per capita income in 2012 was \$50,260—an increase of 2.9% from 2011.¹⁴

- **Housing affordability**

Seventy-eight percent of homes were affordable to a median-income family in 4th quarter 2013.¹⁵

Comparisons to other areas

The Minneapolis-St. Paul-Bloomington, MN-WI MSA ranks favorably among the largest 25 MSAs in the nation on a number of indicators (see Table 1 on the following page). It is ranked number one on complimentary measures—a high employment rate and a low unemployment rate. The region’s job creation from 2012 to 2013 was slightly higher than the national average and eighth among other metro areas.

The region is decidedly middle-of-the-pack when it comes to per capita income; however it is an affordable place to live for many residents. The Twin Cities MSA has the second highest rate of homeownership among the 25 largest metro areas, and ranks fourth in both housing affordability and in least cost-burdened residents.

¹ U.S. Census Bureau and Metropolitan Council estimates. Available at:

http://stats.metc.state.mn.us/data_download/DD_start.aspx?source=main

² U.S. Census Bureau, American Community Survey, 1-year estimates, 2012.

³ U.S. Census Bureau, American Community Survey, 1-year estimates, 2012.

⁴ U.S. Census Bureau, American Community Survey, 1-year estimates, 2012.

⁵ U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, 2013 and the Minnesota Department of Employment and Economic Development, Local Area Unemployment Statistics, 2013. Annual averages are not seasonally-adjusted, and data provided here include all nonfarm employment.

⁶ U.S. Census Bureau, American Community Survey, 1-year estimates, 2012.

⁷ Metropolitan Council, Building Permit Survey, 2012 and 2013. Available at:

http://stats.metc.state.mn.us/data_download/DD_start.aspx?source=main

⁸ U.S. Census Bureau, American Community Survey, 1-year estimates, 2012.

⁹ U.S. Census Bureau, American Community Survey, 1-year estimates, 2012.

¹⁰ Minneapolis/St. Paul MarketView reports Q4 2013, produced by CBRE U.S. Research Team. Available at:

<http://www.cbre.us/research/Pages/US-Reports.aspx>

¹¹ U.S. Department of Commerce, Bureau of Economic Analysis, 2013. Available at:

http://www.bea.gov/newsreleases/regional/gdp_metro/gdp_metro_newsrelease.htm

¹² Fortune magazine. Available at: http://money.cnn.com/magazines/fortune/fortune500/2013/full_list/

¹³ U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, 2013. Available at:

http://www.bls.gov/news.release/archives/metro_02052014.pdf

¹⁴ U.S. Department of Commerce, Bureau of Economic Analysis, 2013. Available at:

http://www.bea.gov/newsreleases/regional/gdp_metro/gdp_metro_newsrelease.htm

¹⁵ NAHB-Wells Fargo, Housing Opportunity Index, 2013. For more information, see:

<http://www.nahb.org/generic.aspx?sectionID=135&genericContentID=533>

APPENDIX TABLE 1: ECONOMIC INDICATORS FOR THE 25 LARGEST MSAs

	2012							2013		
	Percentage of adults with Bachelor's degree or higher	Percentage of employed working-age adults (age 16-64)	Mean travel time to work (in minutes)	Percentage of occupied housing units that are owned	Percentage of households experiencing cost-burden	Per capita income (in 2012 dollars)	Growth in per capita income	Unemployment rate	Net employment change (Dec 2012 – Dec 2013)	Home affordability ^a
Atlanta-Sandy Springs-Marietta, GA	35.3%	69.0%	30.0	63.8%	35.7%	\$40,963	2.71%	7.9%	2.5%	77%
Baltimore-Towson, MD	36.4%	71.7%	30.0	65.9%	34.2%	\$54,201	3.41%	6.8%	1.4%	72%
Boston-Cambridge-Quincy, MA-NH	42.9%	74.2%	29.5	61.3%	37.4%	\$60,387	3.12%	6.4%	2.1%	53%
Charlotte-Gastonia-Rock Hill, NC-SC	This MSA was not one of the 25 largest MSAs in 2012.							8.1%	2.6%	70%
Chicago-Joliet-Naperville, IL-IN-WI	34.8%	70.6%	30.6	64.8%	38.9%	\$48,305	4.32%	9.1%	1.5%	66%
Dallas-Fort Worth-Arlington, TX	31.6%	72.3%	27.1	59.5%	32.1%	\$46,136	3.38%	6.2%	2.2%	60%
Denver-Aurora-Broomfield, CO	39.9%	74.8%	26.9	62.4%	34.2%	\$50,936	3.70%	6.6%	2.4%	68%
Detroit-Warren-Livonia, MI	28.2%	65.8%	26.2	69.0%	33.7%	\$42,261	3.64%	9.4%	0.8%	82%
Houston-Sugar Land-Baytown, TX	29.6%	69.9%	28.6	61.4%	32.6%	\$51,004	4.50%	6.2%	3.0%	60%
Los Angeles-Long Beach-Santa Ana, CA	31.8%	68.5%	28.9	48.4%	49.1%	\$46,337	3.50%	9.0%	1.5%	21%
Miami-Fort Lauderdale-Pompano Beach, FL	29.4%	69.3%	28.0	62.0%	47.3%	\$44,222	2.59%	7.4%	2.4%	52%
Minneapolis-St. Paul-Bloomington, MN-WI	39.5%	78.0%	24.9	69.4%	30.6%	\$50,260	2.87%	4.8%	1.9%	78%
New York-Northern New Jersey-Long Island, NY-NJ-PA	37.0%	70.1%	35.2	51.4%	46.0%	\$58,403	2.60%	7.8%	1.6%	23%
Orlando-Kissimmee-Sanford, FL	27.8%	69.5%	27.3	61.4%	42.7%	\$36,412	2.67%	This MSA was not one of the 25 largest MSAs in 2013.		
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	34.0%	69.0%	28.6	67.5%	37.0%	\$51,519	2.65%	7.8%	0.4%	67%
Phoenix-Mesa-Glendale, AZ	29.2%	68.6%	25.8	61.6%	34.9%	\$38,006	2.25%	6.9%	2.5%	67%
Pittsburgh, PA	30.5%	72.0%	26.5	69.4%	25.9%	\$47,862	3.78%	6.8%	1.2%	83%
Portland-Vancouver-Hillsboro, OR-WA	35.1%	70.7%	25.1	60.5%	37.9%	\$43,103	4.33%	7.3%	2.3%	57%
Riverside-San Bernardino-Ontario, CA	19.5%	61.1%	31.2	62.4%	46.0%	\$31,900	2.59%	10.2%	1.2%	52%
San Antonio-New Braunfels, TX	26.5%	71.4%	24.9	69.7%	30.4%	\$39,019	2.35%	6.0%	0.7%	65%
San Diego-Carlsbad-San Marcos, CA	34.8%	68.9%	24.6	62.4%	29.8%	\$49,719	3.44%	7.5%	1.8%	29%
San Francisco-Oakland-Fremont, CA	45.0%	65.6%	30.4	53.1%	46.2%	\$66,591	5.78%	6.6%	1.4%	14%
Seattle-Tacoma-Bellevue, WA	37.7%	72.1%	28.5	53.0%	42.5%	\$53,328	4.05%	5.9%	2.6%	52%
St. Louis, MO-IL	30.8%	72.2%	25.4	59.5%	38.3%	\$44,625	3.85%	7.2%	0.6%	82%
Tampa-St. Petersburg-Clearwater, FL	27.1%	67.4%	25.9	64.3%	38.2%	\$40,862	3.74%	7.3%	3.0%	75%
Washington-Arlington-Alexandria, DC-VA-MD-WV	48.2%	76.4%	34.0	62.9%	34.9%	\$61,743	1.49%	5.4%	0.8%	68%
Rank of the Twin Cities (by positive)	5	1	T-2	T-2	4	10	16	1	8	4
United States	29.1%	68.5%	25.7	63.9%	34.7%	\$45,188	3.30%	7.4%	1.6%	65%

^(a) The market areas used in the NAHB-Wells Fargo HOI are not directly comparable to MSA geographies defined by the federal government. This includes the Boston, Chicago, Dallas, Detroit, Los Angeles, Miami, Philadelphia, San Francisco, Seattle, and Washington D.C. MSAs.