

# MetroStats



Regional Economic Indicators

May 2015

## Key Findings

This factsheet continues our annual tracking of the Twin Cities region's economic growth, education, income, workforce characteristics, and housing production and affordability.

The Twin Cities region's population continues to grow, our unemployment rate remains low, and both residential and commercial real estate markets show strength.

The Twin Cities metro area ranks highly among other large metro areas in the U.S. on employment, average commute times, homeownership and housing affordability. Our metro area's rank on recent job growth and growth in per capita income fell slightly from previous years.

## About us

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

For more information, please contact us at [research@metc.state.mn.us](mailto:research@metc.state.mn.us).

## The seven-county Twin Cities region

### Population growth

The Twin Cities region grew by 41,884 people and 18,267 households from 2012 to 2013. The total estimated population in 2013: 2.95 million.<sup>1</sup>

### College-educated

In 2013, 41.7% of adults (age 25 or older) held a Bachelor's degree or higher.<sup>2</sup>

### Job market

In 2013, 81.4% of working-age adults (ages 16 to 64) were in the labor force. Of those, over three-quarters (78.4%) were employed.<sup>3</sup>

### Average commute

The average commute time of residents (age 16 years and older) living in the Twin Cities region was 24 minutes in 2013.<sup>4</sup>

### Unemployment rate

In 2014, the average unemployment rate for the Twin Cities region was 3.8%, a decrease from 2013 (4.6%). The national unemployment rate averaged 6.2% in 2014.<sup>5</sup>

### Middle-class presence

The median household income (including benefits) was \$67,532 in 2013. About one-third (32.4%) of households in the region were middle income (\$50,000-\$99,999).<sup>6</sup>

### Housing production

Our annual building permits survey shows 10,956 new residential units were permitted in 2014—a decrease of 1,451 units from the 2013 (12,407 units). Over half (56%) of the residential permits issued in 2014 were for multifamily construction.<sup>7</sup>

### Widespread homeownership

Despite a slight decline in recent years (2008-2012), the homeownership rate in 2013 was 67.9%.<sup>8</sup>

## Housing cost burden

Households who pay 30% or more of their monthly income on housing costs are considered housing cost-burdened. In 2013, 21.5% of homeowners and 47.7% of renters experienced housing cost burden.<sup>9</sup>

## Commercial real estate activity<sup>10</sup>

- The retail market in 2014 was very robust. Although the average vacancy rate in 2014 was consistent with 2013 (7.25%), there was considerable new construction paired with large-scale redevelopment and expansion of existing retail spaces.
- The industrial sector continued its steady growth in 2014. The vacancy rate for industrial space remained low (5.3% or under throughout 2014), even with an increase in square footage from new construction and newly available warehouse space for lease.
- The office market experienced high demand in 2014, resulting in an increase in rental rates and several large multi-tenant new construction projects. The vacancy rate was 17.3% at the start of 2014 and 16.1% by the end of the year.

## Minneapolis-St. Paul-Bloomington, MN-WI Metro Area

The Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area (MSA) is an area defined by the U.S. Office of Management and Budget (OMB). The 2013 MSA definition is a 16-county area: the seven-county Twin Cities region plus the counties of Chisago, Isanti, Le Sueur, Mille Lacs, Sherburne, Sibley and Wright in Minnesota, and Pierce and St. Croix Counties in Wisconsin. The following indicators are for the 16-county MSA:

### Gross Metro Product

The Gross Metro Product totaled \$227.8 million in 2013 (in current dollars). Our metro area has the nation's 13<sup>th</sup> largest metropolitan economy.<sup>11</sup>

### Fortune 500 companies

In 2014, 17 listed companies were headquartered in the Twin Cities metro area: UnitedHealth Group, Target, Best Buy, CHS, Supervalu, 3M, U.S. Bancorp, General Mills, Medtronic, Land O'Lakes, Ecolab, C.H. Robinson Worldwide, Ameriprise Financial, Xcel Energy, The Mosaic Company, Thrivent Financial for Lutherans and St. Jude Medical.<sup>12</sup>

### Net employment change

Employment increased +1.8% from December 2013 to December 2014.<sup>13</sup>

### Per capita income

The per capita income for residents of the metro area in 2013 was \$51,183—an increase of +.7% from 2012.<sup>14</sup>

### Housing affordability

Seventy-eight percent of homes were affordable to a median-income family in the 4th quarter of 2014.<sup>15</sup>

## Comparisons to other metro areas

The Twin Cities metro area ranks favorably among the largest 25 MSAs in the nation on a number of indicators (see table on the next page). We rank number one on two complementary measures—a high employment rate and a low unemployment rate. We rank third on homeownership, average commute time to work (less time is better) and housing cost burden (fewer cost-burdened households are better). We rank fourth in housing affordability.

The Twin Cities metro area is typical among the other metro areas on per capita income (11th) and net employment change between 2013 and 2014 (though we start from a higher job-base than many metro areas). We are in the bottom tier among metro areas (20th) on growth in per capita income between 2012 and 2013.

<sup>1</sup> U.S. Census Bureau and Metropolitan Council estimates. Available at:

[http://stats.metc.state.mn.us/data\\_download/DD\\_start.aspx?source=main](http://stats.metc.state.mn.us/data_download/DD_start.aspx?source=main)

<sup>2</sup> U.S. Census Bureau, American Community Survey, 1-year estimates, 2013.

<sup>3</sup> U.S. Census Bureau, American Community Survey, 1-year estimates, 2013.

<sup>4</sup> U.S. Census Bureau, American Community Survey, 1-year estimates, 2013.

<sup>5</sup> U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, 2014 and the Minnesota Department of Employment and Economic Development, Local Area Unemployment Statistics, 2014. Annual averages are not seasonally-adjusted, and data provided here include all nonfarm employment.

<sup>6</sup> U.S. Census Bureau, American Community Survey, 1-year estimates, 2013.

<sup>7</sup> Metropolitan Council, Building Permit Survey, 2013 and 2014. Available at:

[http://stats.metc.state.mn.us/data\\_download/DD\\_start.aspx?source=main](http://stats.metc.state.mn.us/data_download/DD_start.aspx?source=main)

<sup>8</sup> U.S. Census Bureau, American Community Survey, 1-year estimates, 2013.

<sup>9</sup> U.S. Census Bureau, American Community Survey, 1-year estimates, 2013.

<sup>10</sup> Minneapolis/St. Paul MarketView reports Q4 2014, produced by CBRE U.S. Research Team. Available at:

<http://www.cbre.us/o/minneapolis/Pages/market-reports.aspx>

<sup>11</sup> U.S. Department of Commerce, Bureau of Economic Analysis, 2013. Available at:

[http://www.bea.gov/newsreleases/regional/gdp\\_metro/gdp\\_metro\\_newsrelease.htm](http://www.bea.gov/newsreleases/regional/gdp_metro/gdp_metro_newsrelease.htm)

<sup>12</sup> Fortune magazine. Available at: <http://fortune.com/fortune500/2014>

<sup>13</sup> U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, 2014. Available at:

[http://www.bls.gov/news.release/archives/metro\\_02042015.pdf](http://www.bls.gov/news.release/archives/metro_02042015.pdf)

<sup>14</sup> U.S. Department of Commerce, Bureau of Economic Analysis, 2013. Available at:

[http://www.bea.gov/newsreleases/regional/gdp\\_metro/gdp\\_metro\\_newsrelease.htm](http://www.bea.gov/newsreleases/regional/gdp_metro/gdp_metro_newsrelease.htm)

<sup>15</sup> NAHB-Wells Fargo, Housing Opportunity Index, 2014. For more information, see:

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

Figure: Select Economic Indicators for the 25 largest metro areas in the U.S.

	2013							2014		
	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 2013 dollars)	Growth in per capita income	Unemployment rate <sup>a</sup>	Net employment change <sup>b</sup> (Dec 2013-Dec 2014)	Home affordability <sup>c</sup>
Atlanta-Sandy Springs-Roswell, GA	35.2%	70.2%	30.0	63.3%	34.7%	\$41,307	1.40%	6.8%	2.6%	72%
Baltimore-Columbia-Towson, MD	36.8%	72.8%	30.8	65.9%	34.7%	\$54,457	0.56%	6.1%	1.6%	74%
Boston-Cambridge-Newton, MA-NH	44.8%	75.0%	30.0	60.7%	37.5%	\$61,754	0.81%	5.2%	1.9%	54%
Charlotte-Concord-Gastonia, NC-SC	32.0%	71.8%	26.0	65.0%	31.5%	\$41,645	0.50%	6.0%	2.3%	70%
Chicago-Naperville-Elgin, IL-IN-WI	35.1%	71.3%	30.8	64.1%	38.1%	\$49,071	1.29%	7.0%	0.9%	65%
Dallas-Fort Worth-Arlington, TX	32.6%	73.3%	27.3	59.5%	32.1%	\$46,989	1.27%	5.0%	4.4%	56%
Denver-Aurora-Lakewood, CO	40.3%	75.2%	27.1	63.5%	34.4%	\$51,946	1.00%	4.8%	3.3%	62%
Detroit-Warren-Dearborn, MI	29.0%	67.7%	26.4	68.6%	32.6%	\$42,887	0.82%	8.5%	1.1%	79%
Houston-The Woodlands-Sugar Land, TX	30.9%	71.3%	29.1	60.1%	32.3%	\$51,930	1.13%	4.9%	4.2%	58%
Los Angeles-Long Beach-Anaheim, CA	31.7%	69.3%	29.2	48.3%	48.9%	\$48,425	1.43%	7.6%	1.8%	16%
Miami-Fort Lauderdale-West Palm Beach, FL	29.3%	70.0%	27.7	60.7%	47.6%	\$45,377	1.26%	6.3%	3.0%	46%
Minneapolis-St. Paul-Bloomington, MN-WI	39.3%	78.6%	25.1	69.5%	29.3%	\$51,183	0.70%	3.9%	1.8%	78%
New York-Newark-Jersey City, NY-NJ-PA	37.4%	70.8%	35.5	51.6%	45.9%	\$59,246	0.53%	6.4%	1.5%	25%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	34.6%	70.2%	28.6	66.9%	37.3%	\$52,503	1.19%	6.1%	0.8%	69%
Phoenix-Mesa-Scottsdale, AZ	29.2%	68.2%	25.8	61.0%	33.9%	\$38,745	0.67%	6.0%	2.7%	67%
Pittsburgh, PA	32.2%	72.0%	26.1	69.8%	26.7%	\$49,049	1.59%	5.6%	1.1%	82%
Portland-Vancouver-Hillsboro, OR-WA	35.1%	71.5%	25.7	60.3%	37.3%	\$43,728	1.25%	6.4%	3.1%	55%
Riverside-San Bernardino-Ontario, CA	20.1%	62.7%	31.3	61.9%	45.1%	\$33,025	2.24%	8.2%	2.0%	46%
San Antonio-New Braunfels, TX	26.7%	69.8%	25.0	61.4%	24.3%	\$39,951	0.98%	4.6%	3.1%	61%
San Diego-Carlsbad, CA	34.6%	65.6%	24.9	52.8%	36.6%	\$51,384	1.42%	6.4%	3.3%	25%
San Francisco-Oakland-Hayward, CA	45.2%	73.2%	31.1	53.6%	46.5%	\$69,127	1.61%	5.2%	3.1%	11%
Seattle-Tacoma-Bellevue, WA	39.4%	72.2%	28.6	59.1%	45.5%	\$55,190	1.10%	5.2%	3.2%	51%
St. Louis, MO-IL	32.5%	72.4%	25.2	69.6%	30.1%	\$45,992	1.42%	6.3%	1.3%	86%
Tampa-St. Petersburg-Clearwater, FL	27.6%	69.1%	26.1	63.4%	36.8%	\$40,425	1.31%	6.1%	1.2%	75%
Washington-Arlington-Alexandria, DC-VA-MD-WV	48.7%	76.0%	34.0	62.7%	34.0%	\$61,507	0.65%	5.0%	0.7%	63%
<b>Rank of the Twin Cities (by positive)</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>11</b>	<b>20</b>	<b>1</b>	<b>15</b>	<b>4</b>
United States	29.6%	69.2%	25.8	63.5%	34.6%	\$46,177	1.13%	6.2%	2.2%	68%

<sup>(a)</sup> The metropolitan area for Boston used in this measure is not consistent with the description in the first column.

<sup>(b)</sup> The metropolitan areas in this measure differ from the descriptions in the first column for the following: Atlanta, Baltimore, Boston, Charlotte, Chicago, Denver, Detroit, Houston, Los Angeles, Miami, New York, Phoenix, San Diego, San Francisco and St. Louis.

<sup>(c)</sup> The market areas used in the NAHB-Wells Fargo HOI are not directly comparable to the Metropolitan Statistical Areas defined by the U.S. Office of Management and Budget (OMB) for the following: Atlanta, Baltimore, Boston, Charlotte, Chicago, Dallas, Denver, Detroit, Houston, Los Angeles, Miami, New York, Philadelphia, Phoenix, San Diego, San Francisco and Seattle.