

**Regional Spotlight:
NORTHWEST Planning Region**

Manufacturing's Resurgence

The manufacturing sector in northwestern Minnesota has made impressive gains since the end of the Great Recession.

The Great Recession had a significant impact on manufacturing in Minnesota. Between the third quarters of 2006 and 2009, Minnesota manufacturing employment plummeted by 15 percent, losing 52,437 jobs statewide. That compares with a 4.6 percent employment decline across all industries in the state during the same period.

The 26 counties of northwestern Minnesota were especially hard hit by the recession, with manufacturing employment

falling 16.5 percent during the three-year period. Similar to Minnesota as a whole, this decline was much steeper than all industries in the region, which saw a 2.9 percent decline.

With the end of the recession, however, manufacturing has seen a significant recovery in Minnesota and especially in the northwestern region. Between the third quarters of 2009 and 2012, statewide manufacturing employment grew by 3.9 percent. Northwestern Minnesota, however, saw an increase of 8.5

percent, leading all regions of the state (see Figure 1).

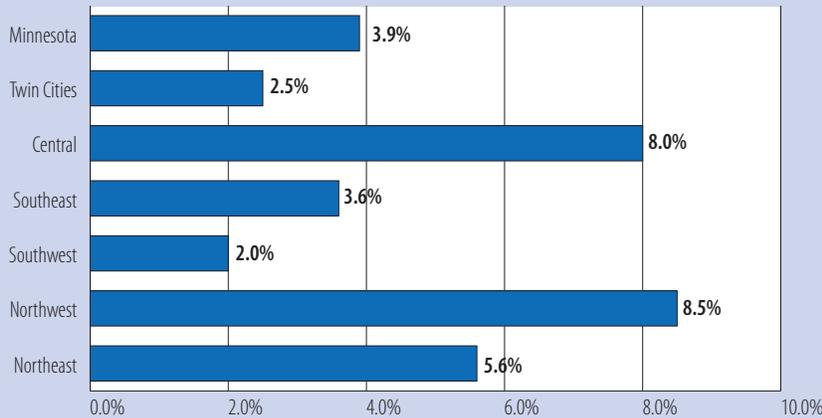
The Importance of Manufacturing

In the third quarter of 2012, northwestern Minnesota had 871 manufacturing establishments supplying 27,808 jobs. In terms of total jobs, the manufacturing sector is behind only health care and social assistance and retail trade in northwestern Minnesota, accounting for about 13 percent of the region's total employment. Manufacturing makes up about 11.7 percent of Minnesota's total employment, so the importance of the industry is more pronounced in the northwest.

Another way to gauge the importance of manufacturing within the state and region is to analyze location quotients (LQ). An LQ is simply a measure of how concentrated a particular industry is within a local economy compared with the national economy. For example, an LQ of 1.0 indicates that a local economy has the same

FIGURE 1

**Growth in Manufacturing Employment
3 Qtr. 2009 - 3 Qtr. 2012**



Source: DEED Quarterly Census of Employment and Wages

TABLE 1

Northwest Minnesota Manufacturing Employment

NAICS Code	NAICS Industry Title	3Q 2012 Data				3Q 2009 – 3Q 2012 Employment	
		Number of Firms	Number of Jobs	Percent of Jobs	Average Annual Wage	Numeric Change	Percent Change
0	Total, All Industries	17,366	214,471	100.0%	\$33,124	3,702	1.8%
31	Manufacturing	871	27,808	13.0%	\$42,016	2,187	8.5%
311	Food	98	5,879	21.1%	\$41,236	692	13.3%
312	Beverage and Tobacco Product	10	72	0.3%	\$21,268	-2	-2.7%
314	Textile Product Mills	18	378	1.4%	\$24,960	75	24.8%
315	Apparel	6	43	0.2%	\$15,600	-4	-8.5%
321	Wood Product	80	3,345	12.0%	\$40,612	-597	-15.1%
323	Printing and Related Support Activities	60	1,404	5.0%	\$37,024	32	2.3%
325	Chemical	16	206	0.7%	\$47,060	-17	-7.6%
326	Plastics and Rubber Products	38	805	2.9%	\$35,984	140	21.1%
327	Nonmetallic Mineral Product	53	944	3.4%	\$53,144	149	18.7%
331	Primary Metal	13	624	2.2%	\$45,240	123	24.6%
332	Fabricated Metal Product	160	4,018	14.4%	\$42,952	799	24.8%
333	Machinery	85	3,289	11.8%	\$48,204	561	20.6%
334	Computer and Electronic Product	20	811	2.9%	\$48,828	126	18.4%
335	Electrical Equipment, Appliance and Component	4	45	0.2%	\$39,260	6	15.4%
336	Transportation Equipment	36	4,455	16.0%	\$41,704	538	13.7%
337	Furniture and Related Product	73	571	2.1%	\$30,264	-358	-38.5%
339	Miscellaneous	90	553	2.0%	\$28,600	-50	-8.3%

Source: DEED Quarterly Census of Employment and Wages

percentage of employment for a particular industry as the nation. An LQ of 2.0 indicates that a local economy has twice the percentage of employment for a particular industry as the nation.

In northwestern Minnesota, the LQ of 1.5 for manufacturing indicates a high concentration of jobs in that sector. Focusing on particular subsectors reveals even higher concentrations.

For example, wood product manufacturing has an LQ of 6.2, food manufacturing has an LQ of 2.5, and both transportation equipment manufacturing and machinery manufacturing have LQs of 1.9. With such high concentrations of employment, the growth of manufacturing within northwestern Minnesota will greatly benefit the region's economy and population.

A Focus on Growth

Of the 17 manufacturing subsectors in the northwestern region, the largest is food manufacturing, with 98 firms supplying 5,879 jobs. The next four largest subsectors are transportation equipment manufacturing (36 firms, 4,455 jobs), fabricated metal product manufacturing (160 firms, 4,018 jobs), wood product manufacturing (80 firms,



3,345 jobs), and machinery manufacturing (85 firms, 3,289 jobs). More than three-fourths of the region's manufacturing employment is concentrated in these five sectors (see Table 1).

Except for wood product manufacturing, the top five subsectors in the region witnessed significant growth between 2009 and 2012. Other subsectors showing strong growth include textile product mills (24.8 percent growth), primary metal manufacturing (24.6 percent growth), and plastics and rubber products manufacturing (21.1 percent growth).

Sustaining Growth

In a year-end survey conducted by DEED, 85 percent of Minnesota manufacturers said they expect production levels to increase or stay the same in 2013.¹ Long-term industry projections support these findings, with the sector projected to grow 5 percent or 14,198 jobs in Minnesota by 2020. In northwestern Minnesota, the outlook is even stronger. Between 2010 and 2020, industry projections show the manufacturing sector adding 4,238 jobs for a 17 percent increase.

With the resurgence of manufacturing in northwestern Minnesota and optimism for continued growth, demand for workers will only increase. To meet this demand, a number of steps can be implemented, including exposing high school students to careers in manufacturing, increasing collaboration between employers and educational institutions, and expanding on-the-job training.² These efforts will help students and job seekers find opportunities in manufacturing in northwestern Minnesota and ensure continued regional growth in the sector. 

PHOTO: COREY HENSLEY

¹"Minnesota Manufacturing Business Conditions Survey," Minnesota Department of Employment and Economic Development, 2012.

²Leibert, Alessia. "Hiring Difficulties in Minnesota's Manufacturing Sector: Are There Skills Gaps in Manufacturing?" Minnesota Department of Employment and Economic Development, February 2013.