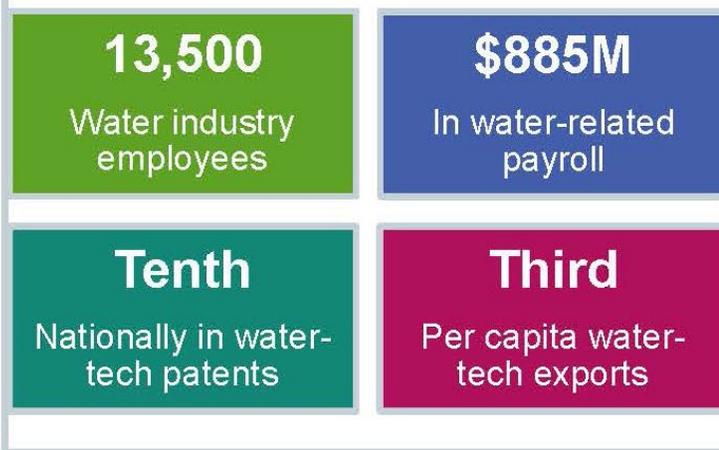


Minnesota's Water Industry Profile:

Leveraging Industry Strengths to Grow an Emerging Cluster

Safe and affordable water is an important aspect of economic vitality and public health. Unfortunately, water supplies are running perilously low around the world; by 2025, market analysts expect two-thirds of the world population will experience water stress. This pending scarcity presents both a challenge and an opportunity for those companies that can provide efficiency and reuse solutions. Minnesota's combination of creative firms, progressive policies, supporting institutions and natural resources makes it well positioned to capitalize on this growing global demand.

Minnesota's Water Industry: By the numbers



Minnesota is home to the headquarters of several of the world's leading water industry companies as well as prominent complementary industries, such as agriculture and food manufacturing, which require clean, available water. Excellent academic institutions provide Minnesota's water firms with fresh ideas and specialized talent. In addition, public and nonprofit entities are becoming the connective tissue that stitches the industry together.

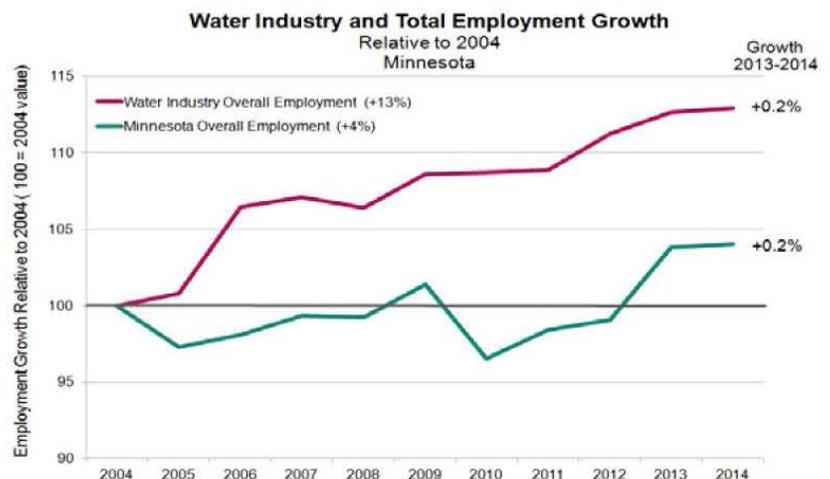
This convergence of statewide assets is indicative of an emerging water "cluster."

Clusters increase a region's competitiveness, drive innovation, produce tradable products and services, and create workforce opportunities. By growing Minnesota's water cluster, the state can drive economic development, support local jobs, and improve its water quality and quantity.

Minnesota's water industry includes a variety of companies and organizations that create or provide products or services to improve the use, quality and flow of water. Key findings include:

- **Employment in the water industry reached 13,500 workers in 2014 and grew three times faster than the state's overall employment in the last decade.** Water industry employment grew 13 percent between January 2004 and first quarter 2014. Total state employment grew 4 percent.

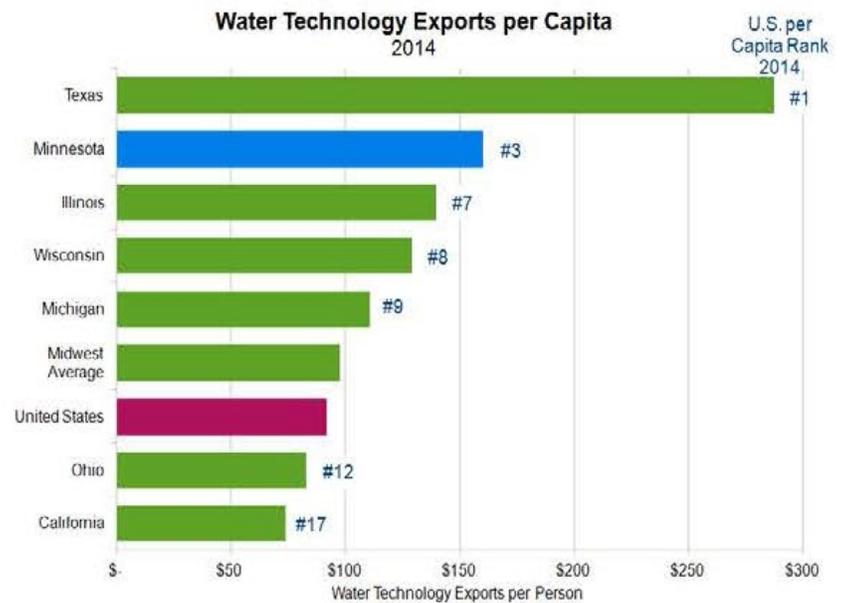
- **Water industry workers earn wages well above the state average.** Minnesota water firms paid their workers over \$885 million in wages in 2014, up 15 percent from \$768 million in 2004. Average annual wages in the water industry were \$65,500 in 2014, or 27 percent higher than the statewide average annual wage of \$51,600.



Data Source: National Establishment Time Series Database, IEGC, MN DEED Survey as of May 30, 2015
Analysis: Collaborative Economics

- **Minnesota’s strong universities and colleges bolster its water industry workforce.** The state’s higher education system is preparing the next wave of talented scientists, engineers and operators for a variety of water-related occupations. The University of Minnesota offers highly regarded water-specific programs, employs some of the nation’s leading water technology researchers, and connects industry to ideas and inventions.
- **Minnesota is a leader in water technology patents.** Minnesota companies are developing new technologies, processes and materials that allow industries to operate cleaner and more efficiently. The state ranked 10th nationally in total water technology patents and third in patents per capita in 2014.
- **Minnesota is among the national leaders in water technology exports.**

With over \$870 million in water-related technology exports, Minnesota ranked eighth nationally and third in per capita exports in 2014. Minnesota had about \$160 in exports per person in 2014, behind only Texas and Delaware. These exports add value to the state’s economy and demonstrate the international strength of Minnesota companies.



Data Source: U.S. Department of Commerce via Global Trade Information Service, Inflation adjusted with U.S. Bureau of Labor Statistics, CPI-U. Analysis: MN DEED and Collaborative Economics.

- **Minnesota has an opportunity to develop its emerging water cluster.** The state has a strong and stable water industry, and growing the water cluster provides a chance to create economic wealth and improve the environment. However, other regions, states and countries have also recognized the outsized potential and are aggressively investing in their own clusters. To improve its competitive position, Minnesota could:

- Increase collaboration among firms and researchers to apply research to solve industry challenges and commercialize new technologies;
- Create a water cluster organization—comprised of companies and supporting institutions—to foster partnerships, pursue federal grants and private investment, and market the region; and
- Increase the frequency of water conferences and networking events to spread ideas and create connections between entrepreneurs, firms and researchers

Minnesota’s water industry is creating high-paying jobs and improving access to clean water across the state and world. There remains, however, a tremendous opportunity to better use, connect and construct resources to support water-related firms. Improvements to this emerging cluster can give the state a meaningful opening to compete in the global market and improve the prosperity of Minnesotans.