MAKE IT. MSP. INSIGHTS

TECH TALENT IN THE MINNEAPOLIS-SAINT PAUL REGION
The nation’s tech story is changing
Tech employment will continue to change in surprising locations

TIES CHANGE. For instance, Minnesota’s well-documented leadership at the dawn of supercomputing preceded the branding of Silicon Valley and its growth in the information age. Today, while growth continues in the Bay Area, tech employment in the rest of the country is catching up. During the last five years, metros like Seattle, Charlotte, Austin, and Nashville have experienced the highest rates of growth.

The Greater Minneapolis-Saint Paul region (MSP) has experienced 10% growth in tech jobs over the last 5 years, a significant increase in tech employment for a metro its size. This follows a similar trend being experienced by metros across the Midwest and Sunbelt, as high tech moves into more affordable markets with educated workforces and an ability to attract and retain talent.

However, the growth rate in MSP is not keeping pace with other tech hubs, including metros in the South like Charlotte, Austin, and Nashville, or others in the Midwest like Columbus and Kansas City.

However, many of the nation’s largest metros lost more tech professionals than they gained during the past five years. While growth continues in the Bay Area, tech job growth in the rest of the country is catching up.

For example, more than half of publishing industry jobs in metros like Seattle and San Jose are now tech and nearly half in metros like Austin, Denver, and Charlotte. In some metros, nearly 10% of jobs in the insurance industry are now tech. That share is actually higher than 10% in MSP, which translates to roughly 5,000 total jobs.

Business services include a mix of professional, scientific, and technical services. A significant share of these jobs are now tech jobs in most markets. In MSP, nearly a quarter of jobs in this industry are tech, more than 31,000 overall and growing at a higher rate than other industries.

TALENT MIGRATION MAY LOOK DIFFERENT IN TECH
The top reason that working professionals relocate is for job and career opportunities. What many are looking for are opportunities that align with their values.

For example, the biggest winners at attracting tech talent in 2018 were San Francisco and Seattle. Each metro added thousands more tech professionals than it lost. Other metros were less successful.

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However, many of the nation’s largest metros lost more tech professionals than they gained over that same period, including New York, Los Angeles, Chicago, and Boston.

The top net sources of tech talent for MSP include college & university cities across Minnesota as well as the Chicago, Des Moines, Fargo, Grand Forks, Madison, and Milwaukee metros. However, MSP loses significant numbers of tech professionals to metros like San Francisco, Seattle & Denver.

In contrast, Chicago relies on a pipeline of university towns from throughout the Big Ten conference. Another Midwest market, Columbus, benefits from recruiting tech talent from other large metro areas in the state of Ohio.

MSP IS ALREADY HOME TO MORE THAN 136,000 TECH JOBS – TWICE AS MANY AS Charlotte and Columbus and more than 60% higher than Austin. With every statistic and ranking regarding tech growth and hot markets, it can be easy to forget that MSP is already a tech giant hiding in somewhat plain sight.

One reason that MSP often surprises is that our technology leadership is embedded in our sectors of strength. We are a tech hub in fields like health care, agriculture, retail, information security, and much more. So, what are some examples of this leadership?

Our concentration of biomedical engineers shows a promising opportunity to bridge med tech with emerging technology in the food & ag sector. MSP boasts more than 1,200 biomedical engineers, more than 4 times the national average.

MSP is home to more than 3,000 information security analysts – more than twice the national average with a growth rate of 40% over the past five years. With the increasing importance of cybersecurity, this is an important opportunity for continued growth.

MSP HAS MAJOR OPPORTUNITIES FOR GROWTH
At the national level, industries experiencing the fastest growth of tech jobs include information services, construction, finance, and professional services. For example, tech jobs in data processing, hosting, and related services were up 167% in Seattle, 109% in Austin, and 51% in Denver during the past five years. Tech jobs in the broader business services industry were up 46% in Charlotte and 41% in Minneapolis during that same time.

MSP has trailed some of these peers in growth. However, one area where MSP leads its peers in tech growth is the finance industry. Over the last five years, MSP has seen tech growth in many industry sectors, but there has been a 52% growth rate in tech jobs in credit intermediation, which includes fund lending and other credit issuance like mortgage and loan brokerage.

There is opportunity for improvement in most other areas. MSP has experienced only modest (and sometimes negative) growth as compared to other fast-growing tech hubs in business services, headquarters, insurance, and IT services like data processing & hosting and software publishing.

GREATER MSP utilizes the tech job definition employed by The Computing Technology Industry Association (CompTIA) in its annual Cyberstates report. Cyberstates quantifies the size and scope of the tech industry and the tech workforce across multiple sectors. There are 59 standard occupation codes included in CompTIA’s definition of tech occupations, including information technology, engineering and technical, installation/repair, and assembly/ operater occupations. The source for workforce data is BLS (2018-4).

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Here’s how it’s playing out in MSP
The region is already a tech hub thanks to global leadership in key sectors

MSP TECH MIGRATION
TALENT ATTRACTION
High net gain of tech talent from:
• Des Moines
• Chicago
• Madison
• Fargo
• Sioux Falls

MSP TECH MIGRATION
TALENT ATTRACTION
High net gain of tech talent from:
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Everywhere you look there's a ranking
Navigating the various national tech rankings requires context

**Case Study**

**Digging into the CBRE Rankings**

CBRE’s annual Scoring Tech Talent report often gains significant media coverage, industry attention, and social media shares. Here’s a breakdown of a few metrics they use in their 2018 report.

**Tech Talent Concentration:**
CBRE limits the definition of tech talent to a group of 20 computer and mathematical occupations.

**Educational Attainment:**
CBRE rankings focus on high-skilled tech, placing an emphasis on bachelor’s degrees as an indicator of talent concentration. But tech jobs don’t all require a bachelor’s degree.

**Age Range:**
CBRE compares locations by the concentration of 20-29 year olds, and limited to those who reside in downtown areas. This methodology makes the MSP metro attractive, since it includes college-aged residents.

**We All See the Headlines,** often shared or recounted by a proud Minnesotan, exclaiming: “MINNEAPOLIS-SAINT PAUL RANKED TOP TECH MARKET” or “TWIN CITIES NAMED TO LIST OF TOP CITIES FOR STARTUPS!” Then, the very next day we see a list where MSP is nowhere to be found.

So, why do the “winners” vary so wildly from one list to the next? The answers can be found by examining the context and perspective of the study itself. Terms like “tech,” “talent,” and “startup,” have different meanings depending on how you define them.

When talking tech talent, for example, or the relative size and concentration of the labor pool, one may prioritize college-educated young professionals and focus on 25-34 year old’s with bachelor’s degrees. Another may prioritize a specific skill and simply tally the number of people who have it. One thing remains constant: interpretations of tech talent rankings are bound to vary.

**To Break Down a Ranking, You Need to Do a Bit of Decoding**

As long as we value sharing rankings, more groups will publish them. Here are the criteria that can vary by ranking:

**Tech Occupations vs. Industries**

The ranking could examine the high-tech services industry or the tech occupations spread across all industry sectors.

**Tech Talent Gets Defined Differently**
Core tech jobs are typically computer and mathematical-related, while a broader view includes engineering, installation, and production-related occupations.

**The Age of Tech**
Millennials aren’t the only generation with tech skills. Including other cohorts paints a different profile of tech talent.

**Competition is Framed Differently**
Geography matters. Some compare individual cities, separating Minneapolis and Saint Paul. Others use a metro or a state.

**Startup Does Not Equal Tech**
Sometimes measures of startup activity are used as a proxy, but a strong tech market also relies on established tech employers.

**Ranks for MSP Can Be Contradictory Depending on the Competition**

No matter who you contrast it with, MSP stands out for its relatively high ratio of women in tech at 23.6% and for having an older workforce, with 43.1% of tech workers being 45 years or older. Other characteristics depend on your point of comparison. For example:

- Compared with fast-growing Midwest tech hubs like Columbus and Kansas City, MSP is larger, has higher job demand, is more racially diverse, and has higher housing costs.
- Compared with fast-growing West coast tech hubs like San Francisco and Seattle, MSP has lower job demand, is less racially diverse, and has lower housing costs.
- Compared with fast-growing Southern tech hubs like Austin, Nashville, and Charlotte, MSP is larger, has lower job demand, and has a slower rise in housing costs.

**MSP Should Claim Its Position**

As a leading tech market and track its progress against top-tier peers. Determining how MSP stacks up depends on what you care about, from geography to growth rate. If you care about economic diversity, MSP has it.

The four industries employing the largest number of tech workers in MSP account for only 26% of all tech jobs.

The four largest tech occupations in MSP only account for 35% of all tech jobs.

**Case Study**

**Communicating the MSP Tech Scene to National Talent**

If you think of a metro region as you might a product, then its attributes might be considered features. The product features that matter most to people when thinking about a move are:

- **Economic Opportunity**
- **Affordability (Including available housing)**
- **Personal Connections like friends & family**

As Make It. MSP, partners marketed the region to tech jobseekers, the features that resonated most depended a lot on where the person was currently living.

However, some things held true no matter the person’s current home. For one thing, people want to work in a tech environment where they can make an impact.

With a legacy of solving real problems and building global leaders, people in MSP use technology as a means to helping people. This purpose-driven nature helps set MSP apart from other tech markets and showed consistent appeal to tech professionals.

Here’s where MSP comes out

No matter the context, MSP emerges in the heavyweight class of metros.
Make It. MSP. is a team-based effort
This strategic initiative of GREATER MSP counts 100s of partners

GREATER MSP IS A PARTNERSHIP of public, private, and institutional partners, including cities & counties, colleges & universities, companies & foundations. The Partnership’s vision is the Greater MSP region leads the world in inclusive economic growth by welcoming all, empowering talent, and igniting innovation. It is a bold vision for a vibrant region.

Achieving this vision requires working together. When it comes to talent and workforce, Make It. MSP., is one among many important interventions, created to focus on a specific opportunity – attracting & retaining talent. Near-term talent gaps in multiple skill areas are limiting employers’ ability to expand in MSP and provide additional job opportunities. Make It. MSP. was designed as an employer-led response that counted more than 200 team members in 2018.

The initiative is now recognized as a global leader by the International Economic Development Council, winning a Gold Award in 2018. Thousands of people have made this possible by sharing their stories, contributing ideas, and building solutions. Make It. MSP. partners share an ambition to make their home one of the nation’s Top 10 metros at attracting and retaining talent. Visit tech.makeitmsp.org to learn more.

WHEN IT COMES TO THE REGION’S WORKFORCE GAP and need for tech talent, these are unprecedented times. Make It. MSP. partners are willing to try new things. Not every project works, but each provides a tremendous learning opportunity.

It is likely that your organization has responded to this changing market. Perhaps you’re sourcing candidates differently than you did 10 years ago. Or perhaps you are exploring new partnerships. Maybe you changed the way you write job descriptions and access previously hidden talent pools. It is also likely that more team members are engaged in the work of talent retention to reduce turnover rates.

In any event, if you are not continuously improving you may be falling behind. Some solutions are best realized by working in collaboration. Partners in the MSP Tech team are doing just that. Here are a few highlights from 2018:

Here are efforts of the MSP Tech team

The MSP Tech team works together to take action and share insights

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THANK YOU TO MAKE IT. MSP. ENTERPRISE TEAM PARTNERS FOR MAKING THIS REPORT POSSIBLE

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Minneapolis Saint Paul Regional Economic Development Partnership

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