APPENDIX E1: ECONOMIC ENVIRONMENT

Cultivate Hopkins Comprehensive Plan

APPROVED 11/17/20

Existing Conditions

This section describes existing conditions in the economic environment.
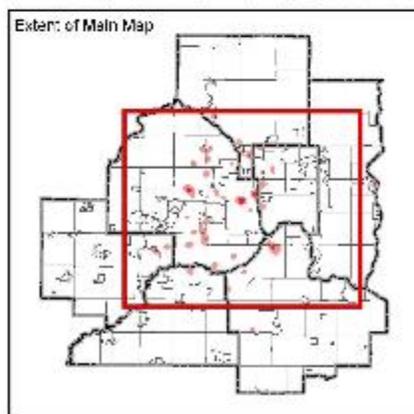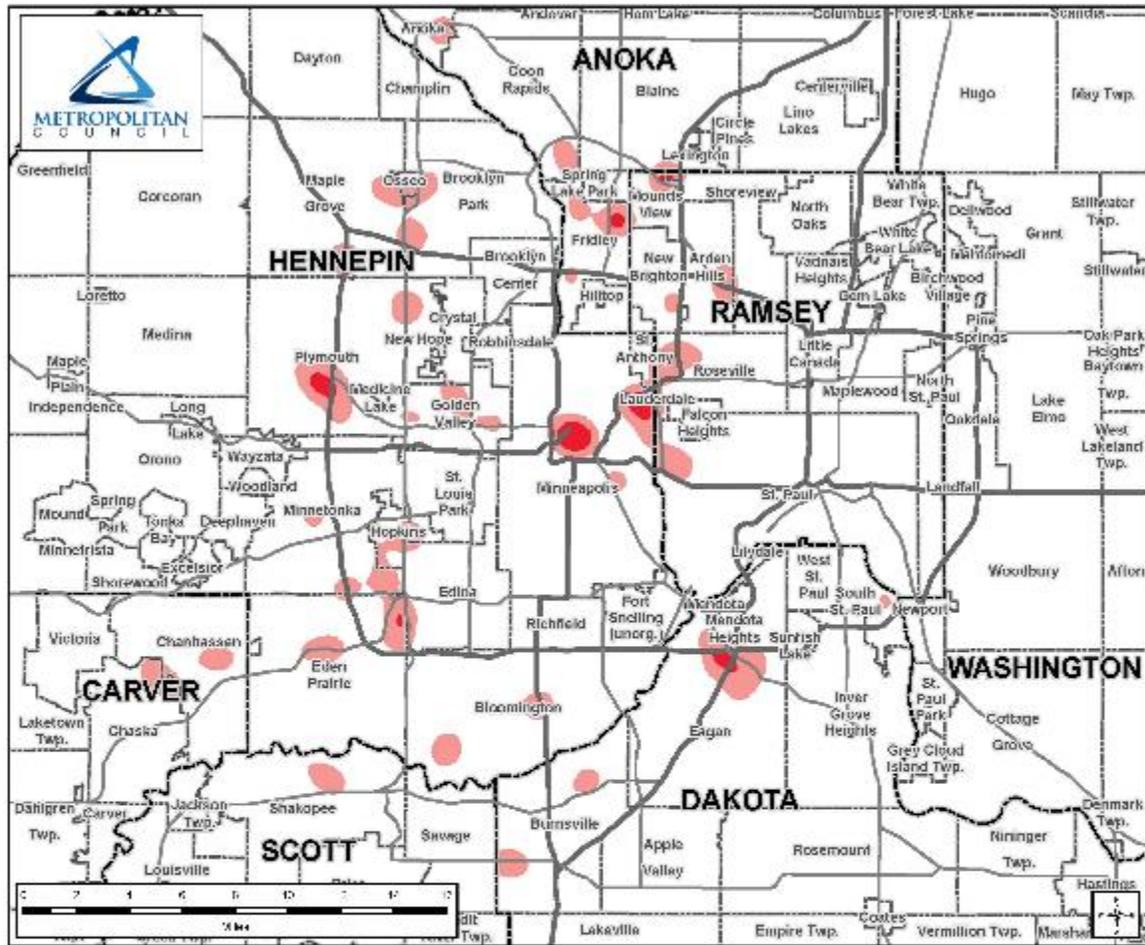
Role in the Region

Job Concentrations

The Metropolitan Council has defined employment centers as areas with more than 7,000 jobs and more than 10 jobs per acre. The central employment area of Hopkins is part of a corridor of job concentrations in the Southwest Metro, following major highway corridors between St. Louis Park and Eden Prairie.

Generalized Job Concentrations
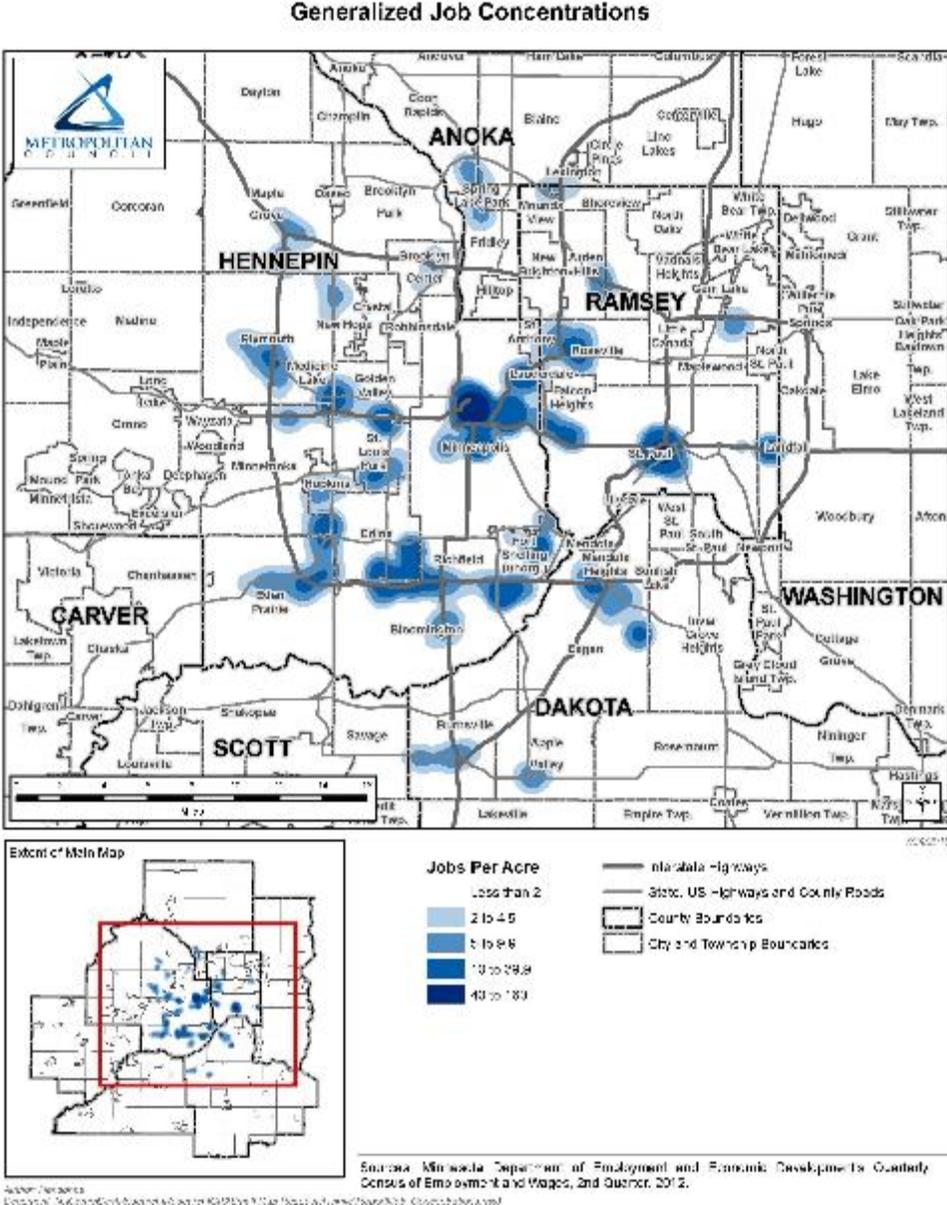
Manufacturing and Distribution Centers

Hopkins is also part of a subset of that area with a cluster of manufacturing and distribution centers, primarily along the Highway 169 corridor.

Generalized Manufacturing and Distribution Centers

Retail Shopping Centers

Besides the downtown retail district, Hopkins has no major shopping center areas. There are several in nearby communities, however. The closest is the Shoppes at Knollwood in St. Louis Park.
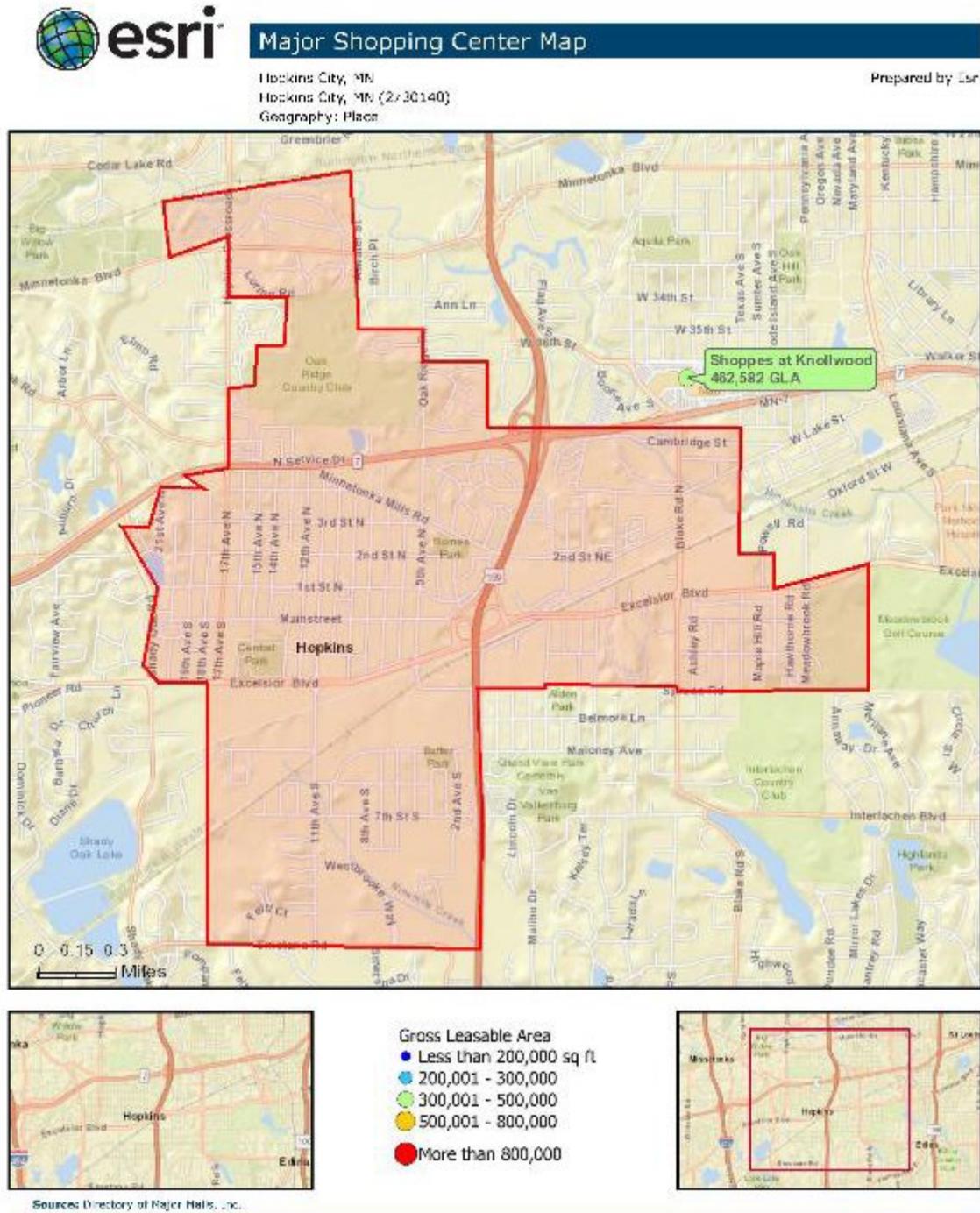
Employment and Commuting

Industry Clusters

The Metropolitan Council has identified Key Industry Clusters which serve as the engines that drive growth in employment and wages, innovation in industrial practices, processes, and products and the attraction of new businesses within the 7-County Metro Region. The Key Industry Clusters, detailed below, represent groups of industries as defined by the North American Industrial Classification System (NAICS).

- Finance and Insurance – includes banks and creditors, securities and commodities, electronic wholesale markets, funds, trusts, and insurance firms.

- Advanced Manufacturing – includes producers, manufacturers and wholesalers of machinery and equipment, as well as natural gas and electric power utilities and petroleum products manufacturers and wholesalers. This cluster does not include medical devices and controls (see the Health, Science, and Water Tech Cluster).

- Information Technology – includes wholesalers computers and software, software publishing, telecommunications, data processing and hosting, and the design and management of information systems.

- Headquarters and Advanced Business Services - In addition to Corporate Headquarters, this industry group is comprised of industries such as legal, accounting, design, and marketing services, consulting, architecture and engineering, and employment services, and similar support services.

- Health, Science, and Water Tech – includes manufacturers of pharmaceuticals, manufacturers of medical devices and control technologies, manufacturers of medical equipment and supplies, research and development firms, testing labs, and medical labs in health services.

- Food Manufacturing and Wholesaling – includes food and beverage manufacturers and wholesalers as well as farm commodities wholesalers and manufacturers of pesticides and fertilizers.

- Freight and Logistics – includes firms whose primary business involves air transportation, rail transportation, water shipping transportation, truck transportation, as well as support services for each of those industries and warehousing and storage firms.

Top Employers in Hopkins

The city has acquired a dataset of employers within the city. Though this information is based on surveys and is not officially verified, it provides some insight into size and type of employers in the city. **Table E1.1** shows the industry type and estimated employment of the 20 largest employers in Hopkins.

Comparing this to the top industry clusters in the region, there is representation in finance and insurance (Car Val, US Bank), advanced manufacturing (Thermotech), information technology (Sun Gard), food wholesaling (Supervalu), and freight and logistics (Uni-Select). Since it is part of a larger economic region, these clusters do not exist entirely within Hopkins. However, knowing what industry types are driving growth can provide direction to the City's economic development policy and approach.
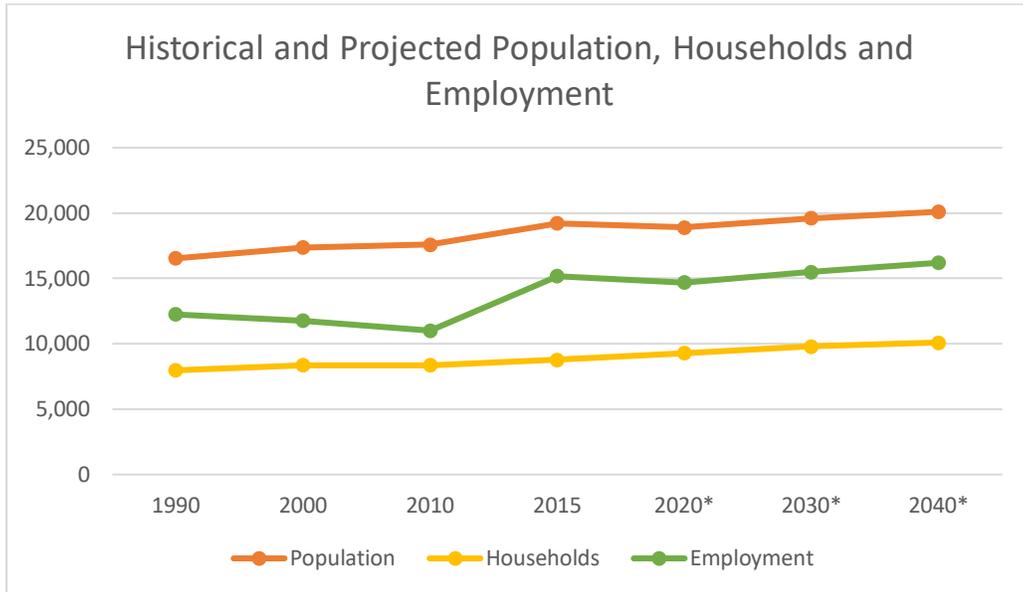
Just as notable is the fact that the vast majority of businesses in Hopkins are small – everything besides

the top 20 has less than 100 employees, and most have less than 10. Many of the smaller ones are connected to the industry clusters as well, sometimes as specialty firms, or as newer businesses or startups. Most business growth comes from smaller firms, rather than the biggest ones.

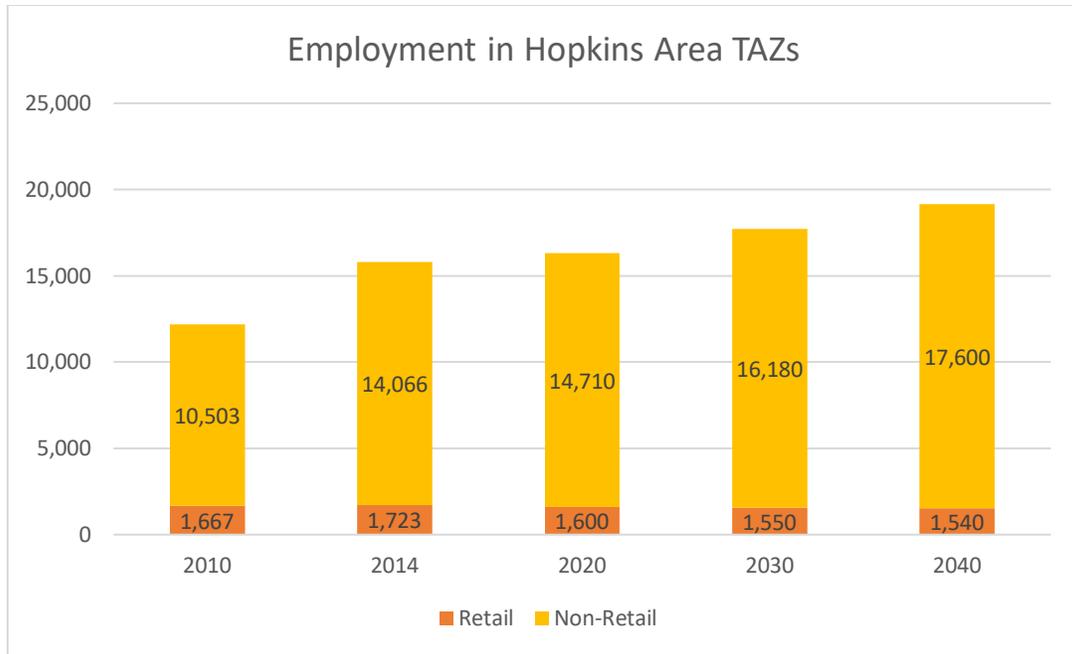| Table E1.1 – 20 Largest Employers in Hopkins			
Company Name	Estimated Employment	Primary Industry Type	Secondary Industry Type (if applicable)
Cargill Inc.	1,517	Engineers	Merchandise Brokers
SUPERVALU Distribution Center	1,282	Grocers-Retail	Distribution Centers (Wholesale)
Appliance Recycling Centers of America ARCA	445	Recycling Centers (Wholesale)	
Thermotech Inc.	400	Plastics-Mold-Manufacturers	
Augustana Chapel View	185	Residential Care Homes	Nursing & Convalescent Homes
Car Val Investors LLC	185	Investments	
Oakridge Country Club	185	Recreation Centers	
US Bank	185	Banks	
EDCO Products Inc.	170	Building Materials-Wholesale	Steel Works/Blast Furnaces/Rolling Mills
Harley Hopkins Family Center	165	Child Development-Parent/Child Education	
Golden Living Hopkins Care	150	Skilled Nursing Care Facilities	Physical Therapists
Luther Hopkins Honda	150	Automobile Dealers-New Cars	
Sun Gard	110	Data Processing Service	
Pizza Luce	106	Pizza	Foods-Carry Out
Eisenhower Community Center	100	Education Centers	Schools
Grace Homes	100	Nursing & Convalescent Homes	General Contractors
T E Ibberson Co	100	General Contractors	
Uni-Select USA Middle Atlantic	100	Automobile Parts & Supplies-Retail-New	Distribution Centers (Wholesale)
Walser Chrysler Jeep	100	Automobile Dealers-New Cars	
Alice Smith Elementary	95	Schools	

Jobs in Hopkins

Jobs in Hopkins showed a decline in the most recent decennial Census from 2000-2010 (reflecting the impacts of the Great Recession). However, estimates since then show jobs have rebounded, and moderate growth is expected through 2040.

Historical and Projected Population, Households and Employment

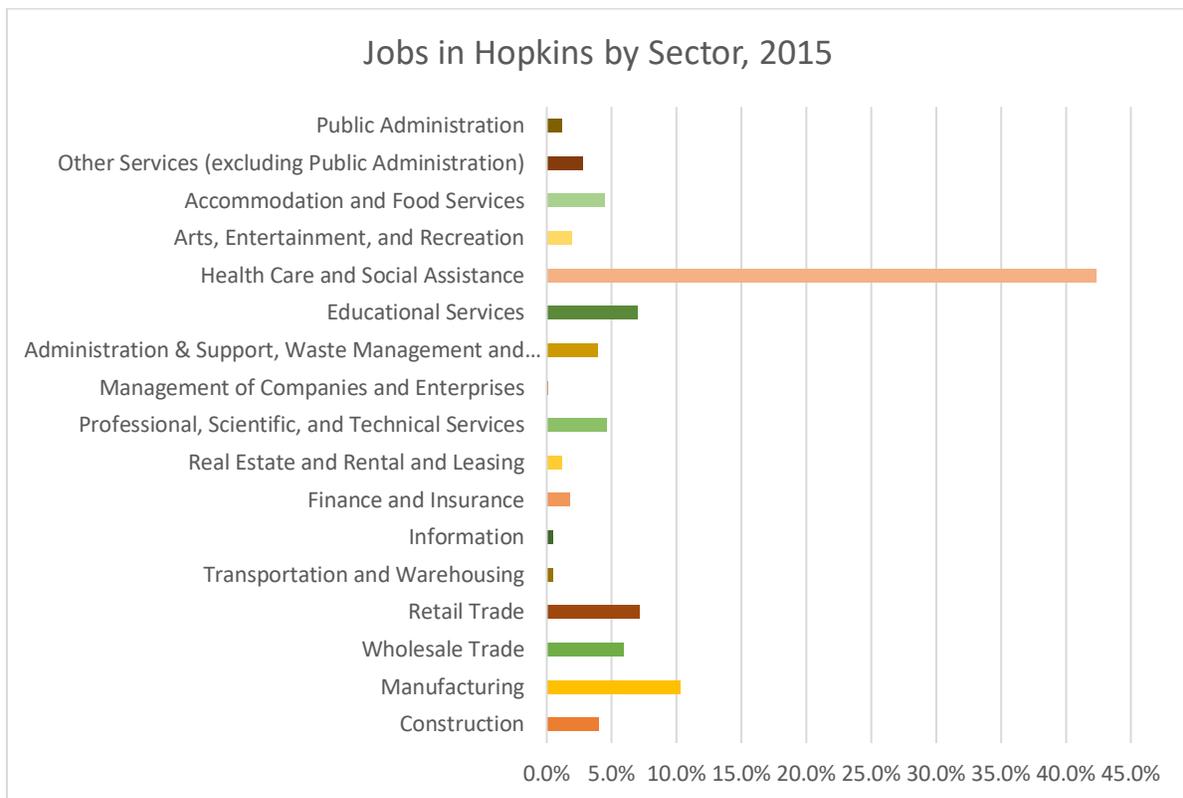|	1990	2000	2010	2015	2020*	2030*	2040*
Population							
Households							
Employment							

Source: US Census and Metropolitan Council

The Metropolitan Council did employment projections by TAZ as well. They don't line up perfectly with Hopkins' city limits, but the ones that best approximate it are summarized below. The projections show that most of the expected growth in jobs will be in non-retail sectors.
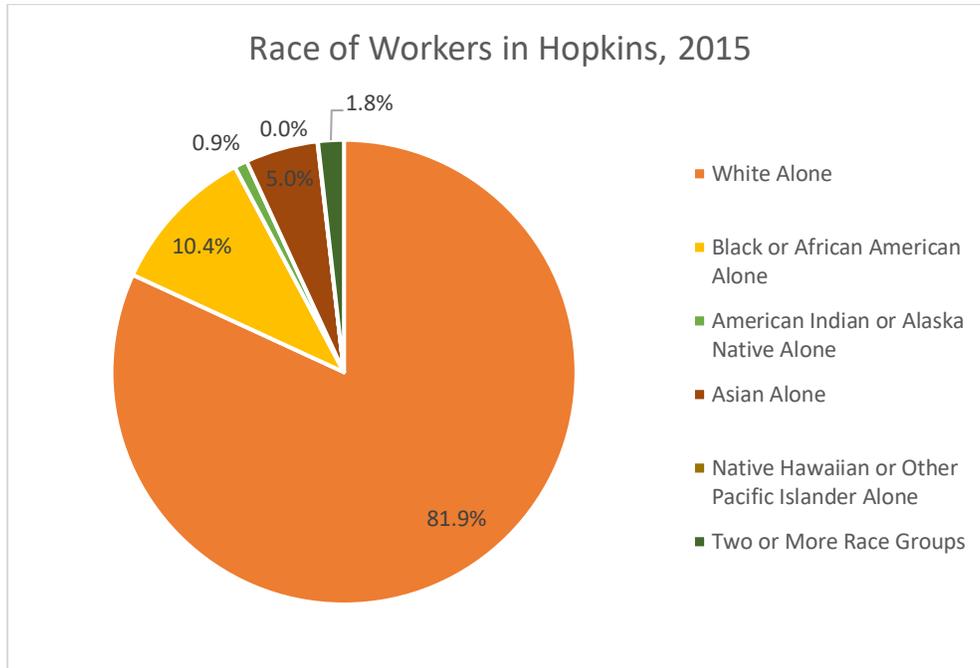
Employment in Hopkins Area TAZs

Employment in Hopkins Area TAZs

- 2010: Non-Retail 10,503 / Retail 1,667
- 2014: Non-Retail 14,066 / Retail 1,723
- 2020: Non-Retail 14,710 / Retail 1,600
- 2030: Non-Retail 16,180 / Retail 1,550
- 2040: Non-Retail 17,600 / Retail 1,540

Legend: Retail, Non-Retail

Source: Metropolitan Council

Health care and social assistance is by far the largest category of jobs in Hopkins in 2015.

Jobs in Hopkins by Sector, 2015

- Public Administration
- Other Services (excluding Public Administration)
- Accommodation and Food Services
- Arts, Entertainment, and Recreation
- Health Care and Social Assistance
- Educational Services
- Administration & Support, Waste Management and…
- Management of Companies and Enterprises
- Professional, Scientific, and Technical Services
- Real Estate and Rental and Leasing
- Finance and Insurance
- Information
- Transportation and Warehousing
- Retail Trade
- Wholesale Trade
- Manufacturing
- Construction

0.0% 5.0% 10.0% 15.0% 20.0% 25.0% 30.0% 35.0% 40.0% 45.0%

Source: US Census

Workers in Hopkins are somewhat less diverse than the population as a whole, though some of that is attributable to the fact that more diverse residents are often younger. Around 3.5% of the workers are Hispanic/Latino, and 55.5% are female.

Race of Workers in Hopkins, 2015

- White Alone
- Black or African American Alone
- American Indian or Alaska Native Alone
- Asian Alone
- Native Hawaiian or Other Pacific Islander Alone
- Two or More Race Groups

Pie chart values: 1.8%, 0.0%, 0.9%, 5.0%, 10.4%, 81.9%

Source: US Census

Workers Living in Hopkins

Unemployment

In 2015, the estimated labor force participation rate in Hopkins was 72.8%, comparable to the Hennepin County average. The unemployment rate was around 6.6%, slightly higher than the countywide 5.0% average. There is some variation by race, as shown in **Table E1.2**.

Table E1.2 – Employment by Race, 2015			
	Total Workers	**Labor Force Participation Rate**	**Unemployment Rate**
Population 16 years and over	14,098	72.8%	6.6%
White alone	9,319	73.5%	7.1%
Black or African American alone	2,308	68.5%	9.9%
American Indian and Alaska Native alone	63	92.1%	0.0%
Asian alone	1,216	78.8%	2.8%
Native Hawaiian and Other Pacific Islander alone	47	100.0%	0.0%
Some other race alone	706	64.3%	0.0%
Two or more races	439	70.4%	3.2%

Source: US Census

Industry

In 2015, the most common industries worked by Hopkins residents were education, health care, and social assistance; professional, scientific, management, administrative, and waste services; and retail trade. Given the Great Recession during 2010, it is hard to note trends over time since many industries fluctuated. However, employment in the following industries grew between 2000 and 2015 among Hopkins residents: professional, scientific, management, administrative, and waste services. Employment in the following industries declined between 2000 and 2015 among Hopkins residents: finance, insurance, and real estate; retail trade; and manufacturing. **Table E1.3** shows employment by industry.

Employment by Industry, 2000-2015
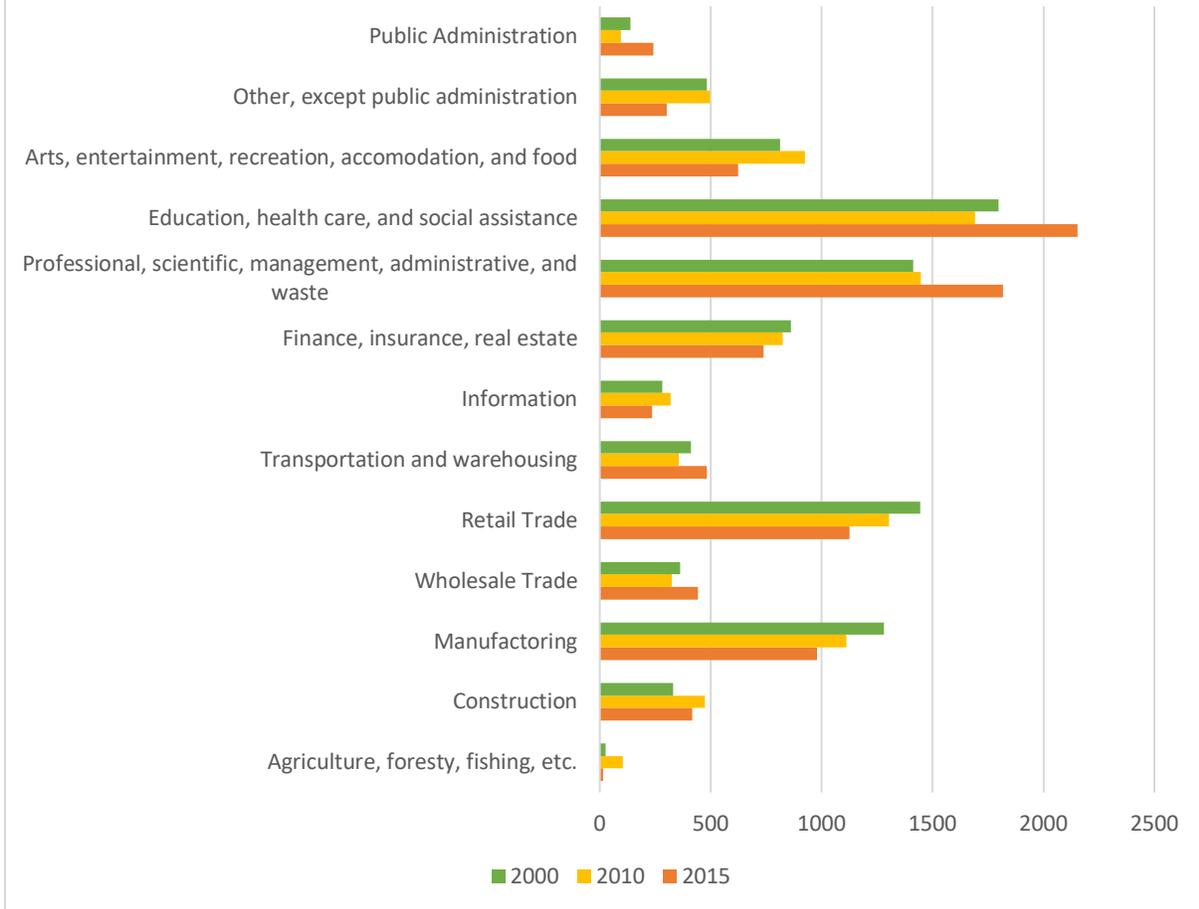
Source: US Census

Table E1.3 – Employment by Industry					
Industry	2000	2010	2015	% Change 00-15	% Change 10-15
Agriculture, forestry, fishing, etc.	26	104	16	-38%	-85%
Construction	332	474	416	25%	-12%
Manufacturing	1,281	1,111	979	-24%	-12%
Wholesale Trade	362	326	442	22%	36%
Retail Trade	1,444	1,303	1,126	-22%	-14%
Transportation and warehousing	412	356	483	17%	36%
Information	283	319	237	-16%	-26%
Finance, insurance, real estate	861	825	739	-14%	-10%
Professional, scientific, management, administrative, and waste	1,412	1,448	1,819	29%	26%
Education, health care, and social assistance	1,797	1,692	2,154	20%	27%
Arts, entertainment, recreation, accommodation, and food	813	926	623	-23%	-33%
Other, except public administration	484	497	301	-38%	-39%
Public Administration	137	95	243	77%	156%

Source: US Census

Occupation

In 2015, the most common occupational group for workers living in Hopkins was management, business, science, and the arts. This reflects a white collar class of workers.
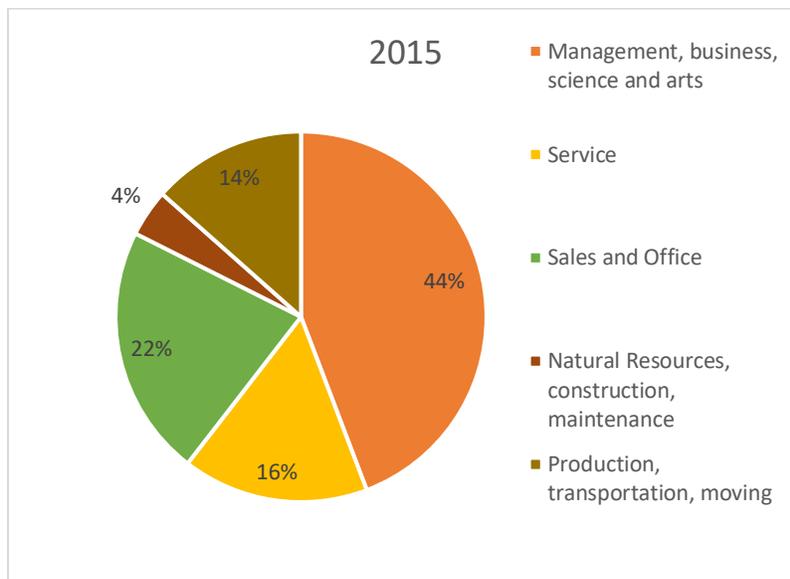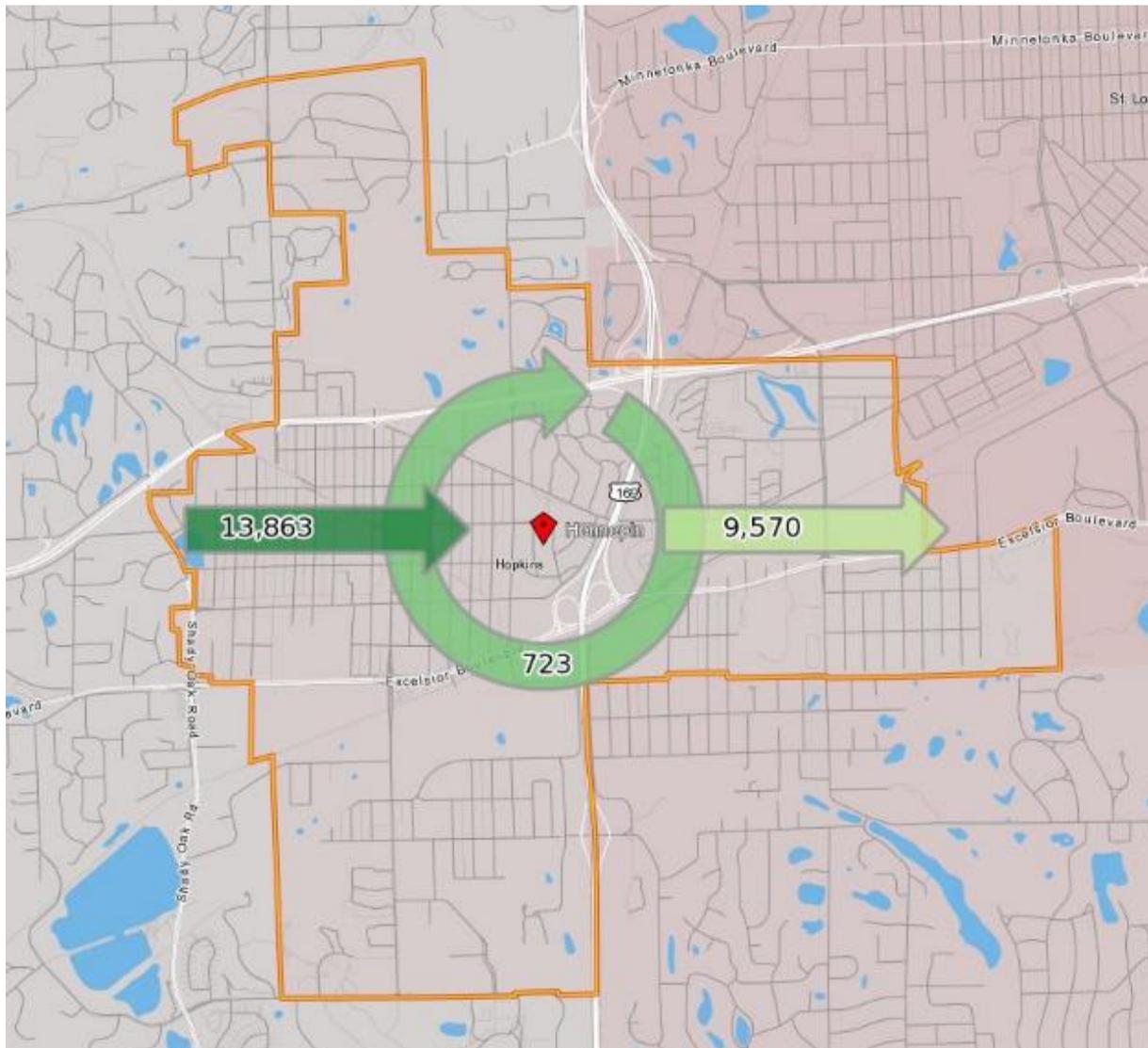

Source: US Census

Daytime Population

The 2017 estimated daytime population of Hopkins is around 22,000 – around 13,000 (60%) of which is workers (60%), and the remaining 40% residents. This is over and above the baseline population of the area, which is closer to 17,000. Daytime population is an indicator of who is present during a typical workday, and is a good indicator of customer base for retail and services in the area.

The area is also a net importer of jobs, with moderately more people coming to work here than leaving here for a job. There is a fairly small number of people who both live and work here, which is not unusual for a metropolitan community with numerous other job centers nearby.
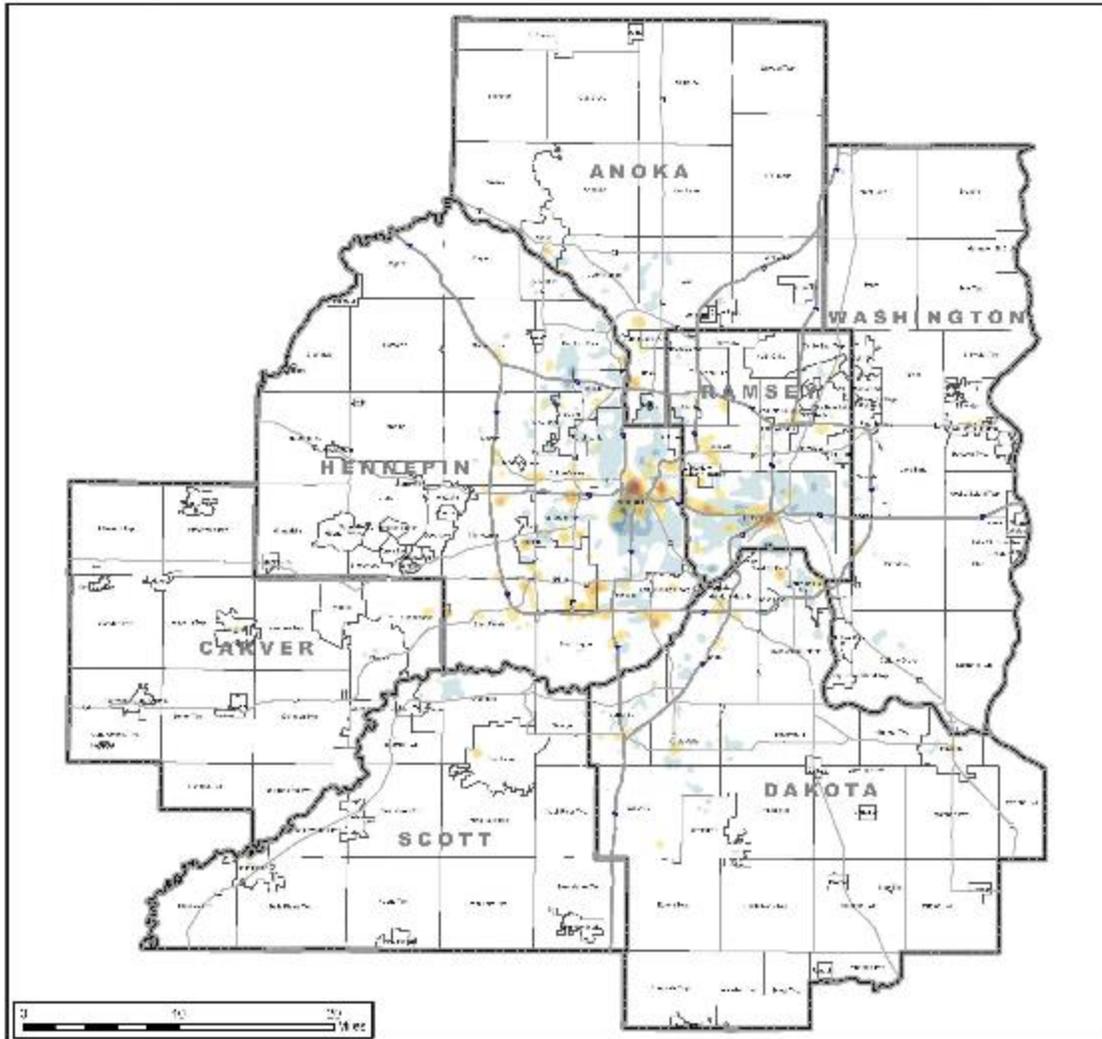

Source: US Census On the Map

Job Access

The map below shows distribution of low wage workers and jobs across the region. Hopkins has concentrations of both, which is more balanced than many areas. That said, there's no guarantee that the jobs will be available to local workers, and vice versa.
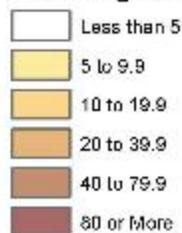

Twin Cities Metropolitan Area
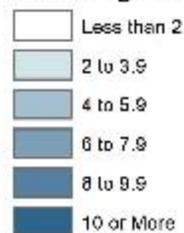**Low-Wage Jobs and Low-Wage Workers, 2010**

Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD), 2010.
Low wage is equivalent to $40,000 or less in annual wages per job.

May 29, 2013

Low-Wage Jobs / Acre

	Less than 5
	5 to 9.9
	10 to 19.9
	20 to 39.9
	40 to 79.9
	80 or More

Low-Wage Workers / Acre

	Less than 2
	2 to 3.9
	4 to 5.9
	6 to 7.9
	8 to 9.9
	10 or More

Transit Accessibility

The Accessibility Observatory at the University of Minnesota has done an analysis to see the number of jobs accessible from all points in the region by transit. The measurement is based on the jobs that can be reached by a 30 minutes of transit travel (including waiting, riding, and transfers).

Hopkins has a moderate amount of accessibility, compared to other areas in the suburbs.
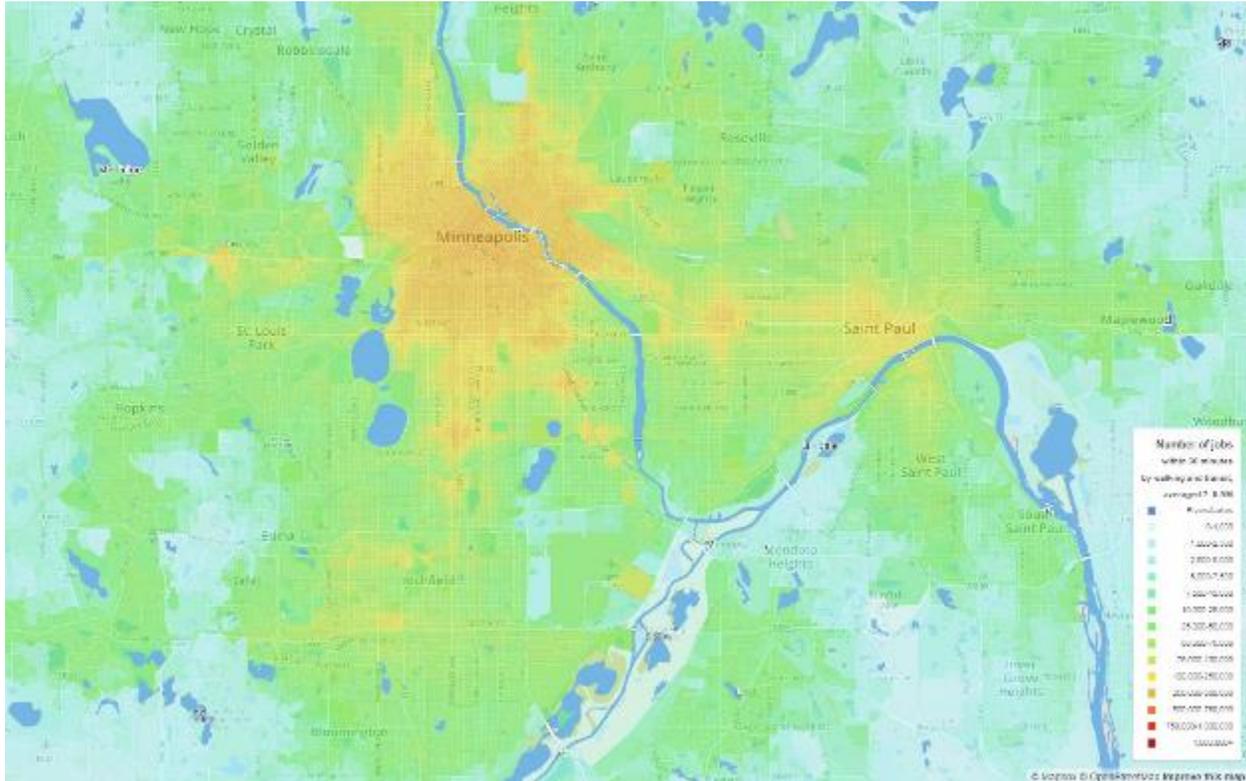
Source: U of M Accessibility Observatory
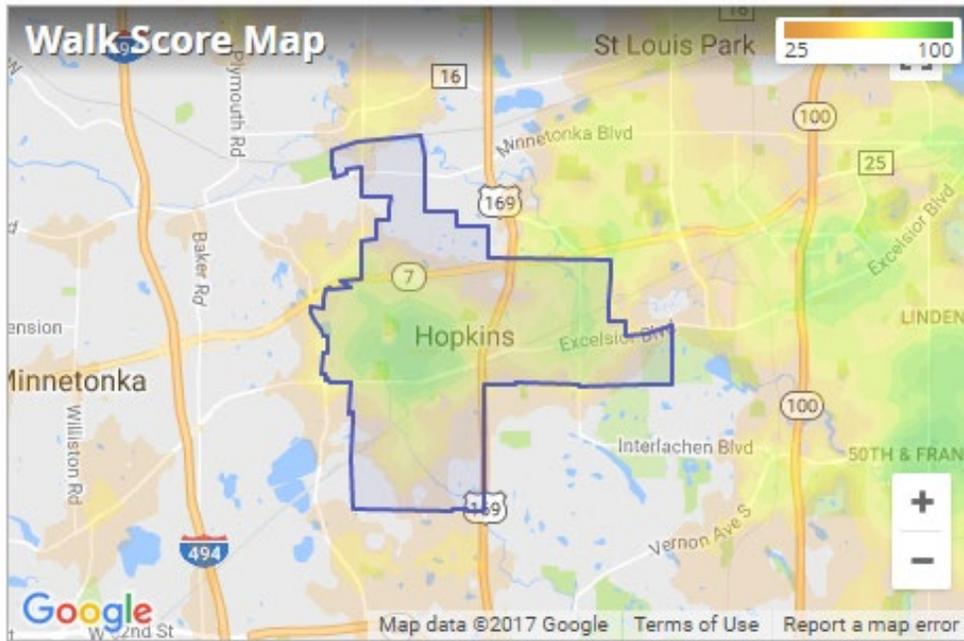
Walk Score

Walk Score is a methodology to determine the walkability of a community or neighborhood. It is based on walking proximity to destinations, such as dining, groceries, shopping, parks, schools, errands, and culture and entertainment.

The overall Walk Score for Hopkins is 55 (out of 100), making it moderately walkable. This is actually averaged over a fairly wide range of conditions, to not at all walkable, to very walkable. The area with the highest Walk Score in the city is around Downtown – where the score is over 80.
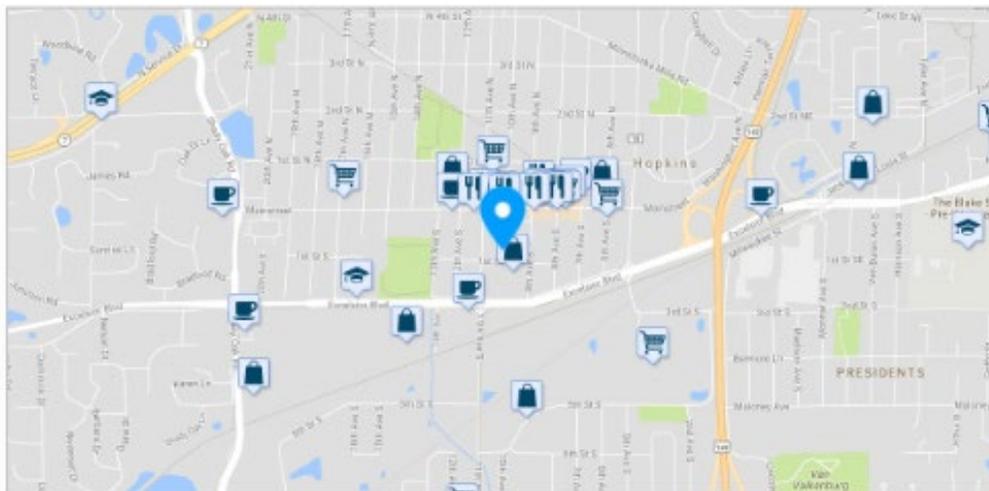
Walk Score 55

Hopkins is Somewhat Walkable

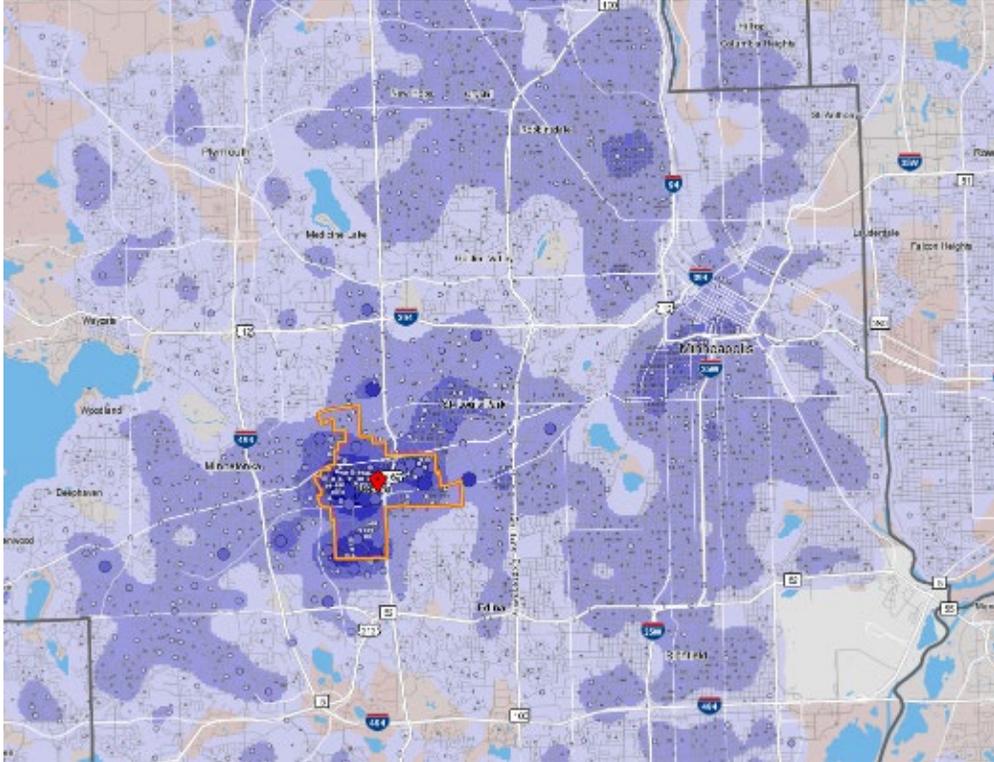Some errands can be accomplished on foot.

Walk Score 82

Very Walkable
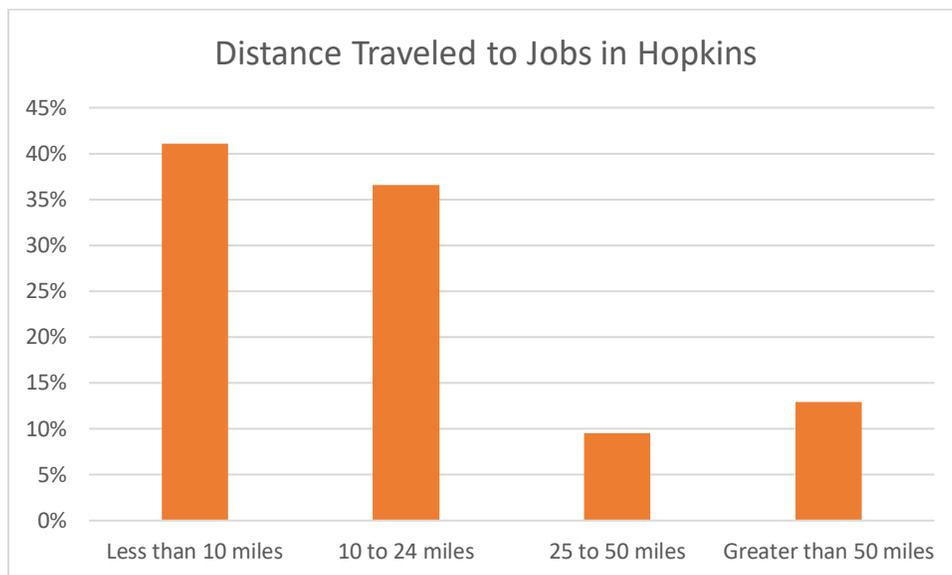
Most errands can be accomplished on foot.

Where Workers Live

Workers in Hopkins come from a widely dispersed area throughout the metro. Around 10% of workers come from Minneapolis, 5% from Minnetonka, and 5% from within Hopkins itself.
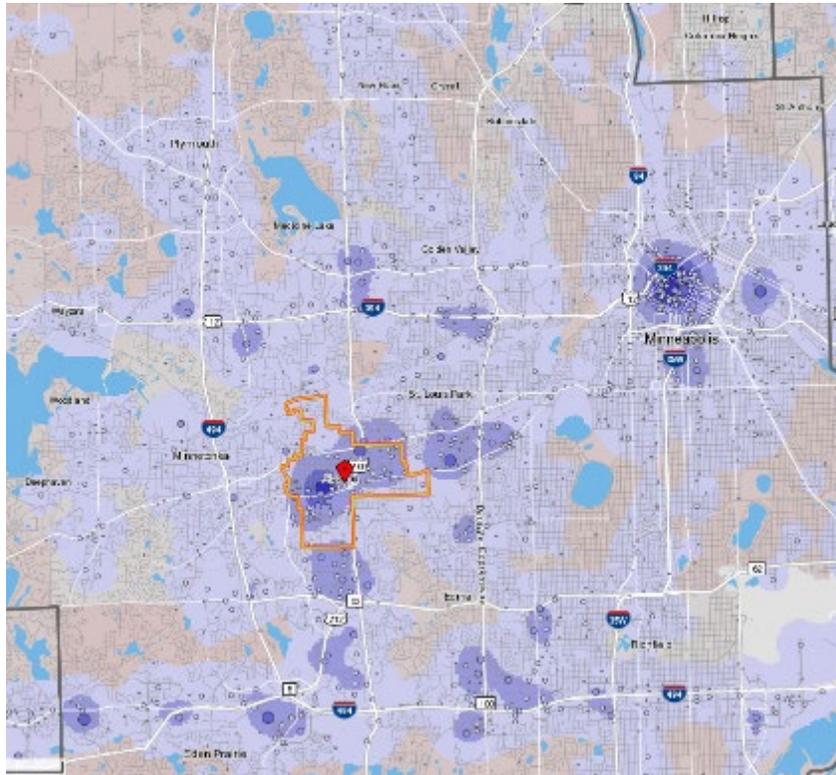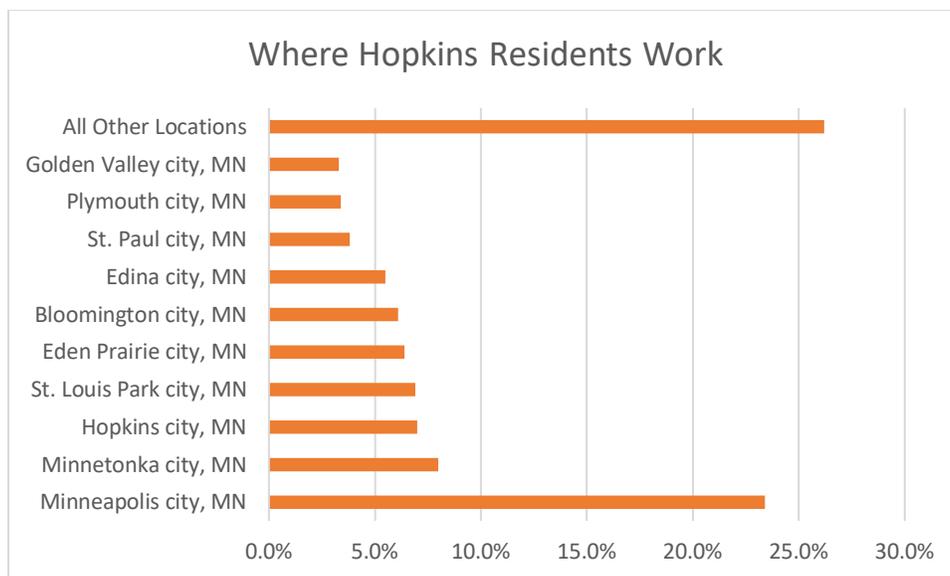

Source: US Census On the Map

Source: US Census On the Map

Where Residents Work

Workers who live in Hopkins tend to work fairly close by – 75% travel less than ten miles to work. Destinations outside the city include Downtown Minneapolis, the University of Minnesota, Minnetonka, St. Louis Park, and Eden Prairie.
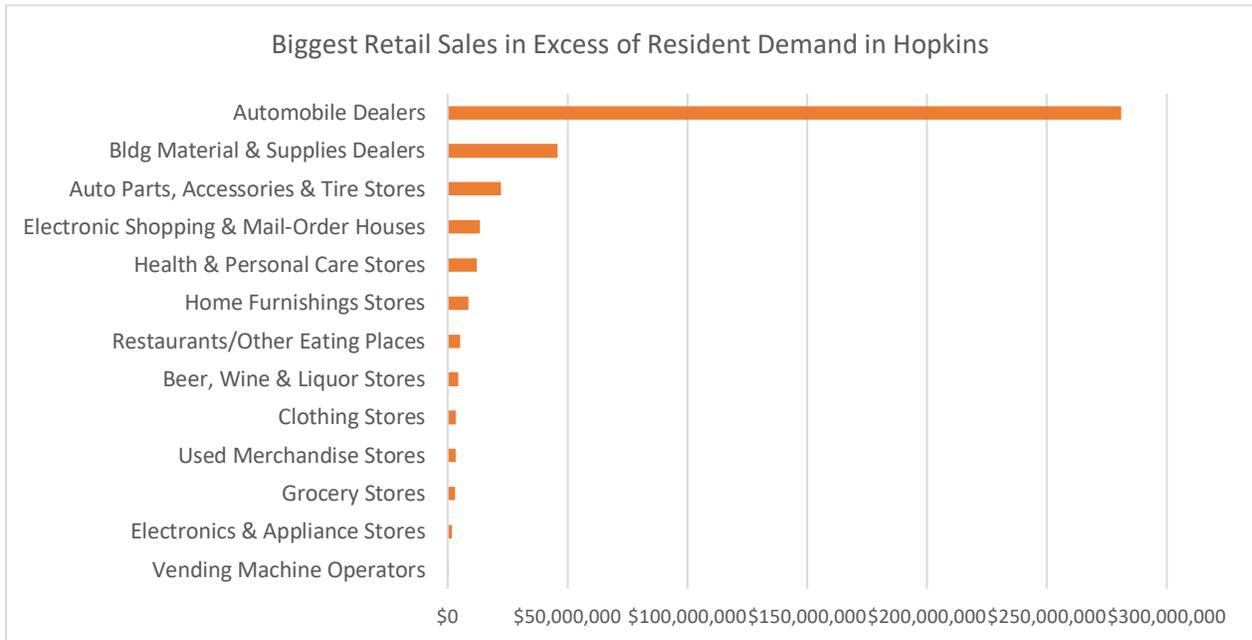

Source: US Census On the Map


Source: US Census On the Map

Retail Market

Due to its position as the "downtown" of suburban southwest metro communities, Hopkins plays a role as a retail destination. While residents in Hopkins represent around $300 million annually in demand, Hopkins businesses generate sales over $600 million annually – with the rest coming from customers outside of city limits. The biggest areas where they attract outside customers are in the chart below – with automobile dealers clearly leading in terms of overall sales.

Biggest Retail Sales in Excess of Resident Demand in Hopkins

Category	
Automobile Dealers	(largest)
Bldg Material & Supplies Dealers	
Auto Parts, Accessories & Tire Stores	
Electronic Shopping & Mail-Order Houses	
Health & Personal Care Stores	
Home Furnishings Stores	
Restaurants/Other Eating Places	
Beer, Wine & Liquor Stores	
Clothing Stores	
Used Merchandise Stores	
Grocery Stores	
Electronics & Appliance Stores	
Vending Machine Operators	

(Axis: $0, $50,000,000, $100,000,000, $150,000,000, $200,000,000, $250,000,000, $300,000,000)

**Biggest Excess Retail Sales in Hopkins
(not including auto sales)**

Category	
Bldg Material & Supplies Dealers	
Auto Parts, Accessories & Tire Stores	
Electronic Shopping & Mail-Order Houses	
Health & Personal Care Stores	
Home Furnishings Stores	
Restaurants/Other Eating Places	
Beer, Wine & Liquor Stores	
Clothing Stores	
Used Merchandise Stores	
Grocery Stores	
Electronics & Appliance Stores	
Vending Machine Operators	

(Axis: $0, $10,000,000, $20,000,000, $30,000,000, $40,000,000, $50,000,000)

Alternatively, there are some businesses where residents leave the city to do some of their shopping. They are shown below, with department and other general merchandise stores being dominant.

Biggest Retail Leakage Areas in Hopkins
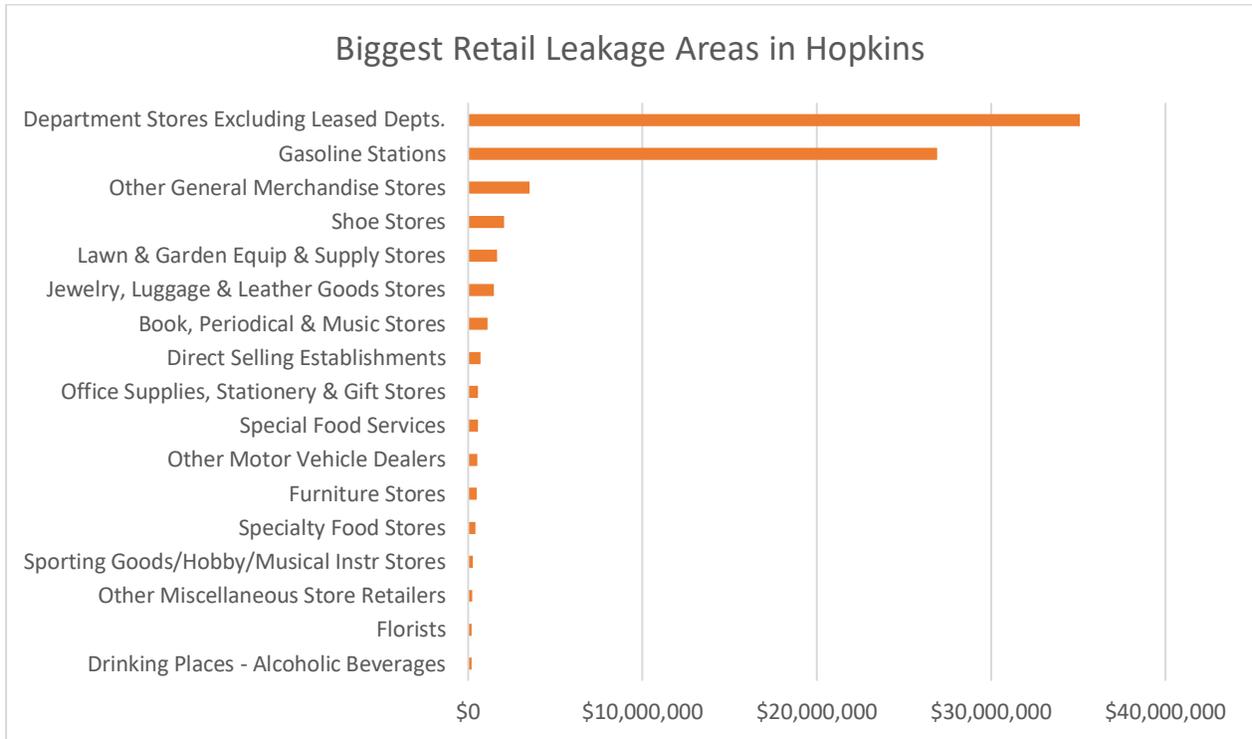
Source: ESRI

In terms of retail real estate, Hopkins overall has a relatively stable retail market compared to some other areas, with some modest positive/negative changes (map is retail absorption from 1st quarter 2017). Major changes in retail (related to shifts in shopping patterns, closure of some major stores, etc.) are impacting other areas more substantially at present.
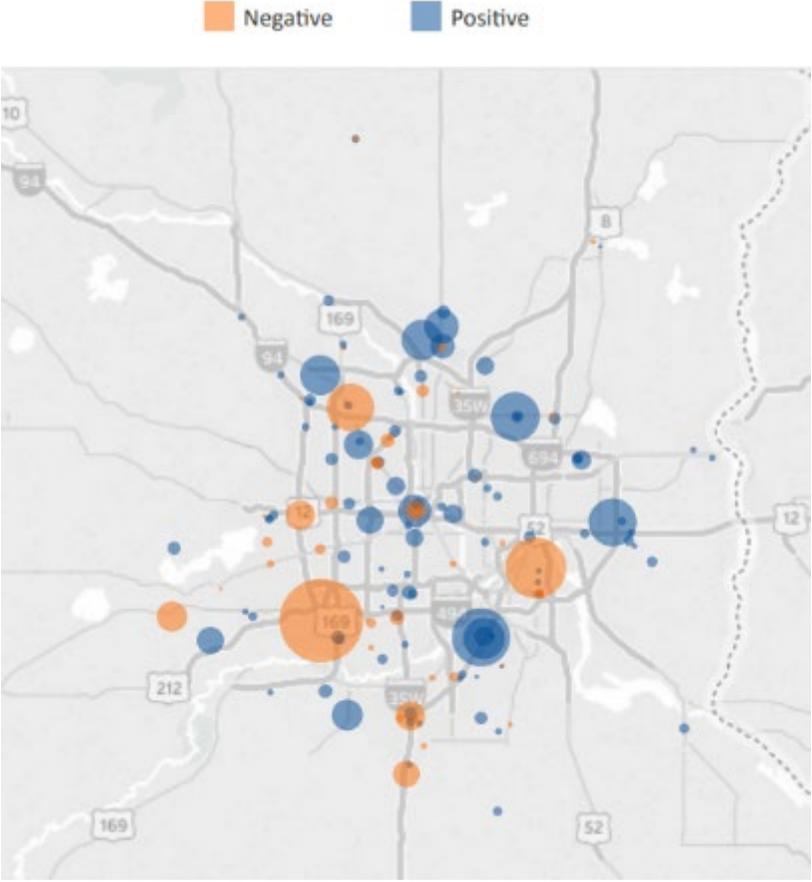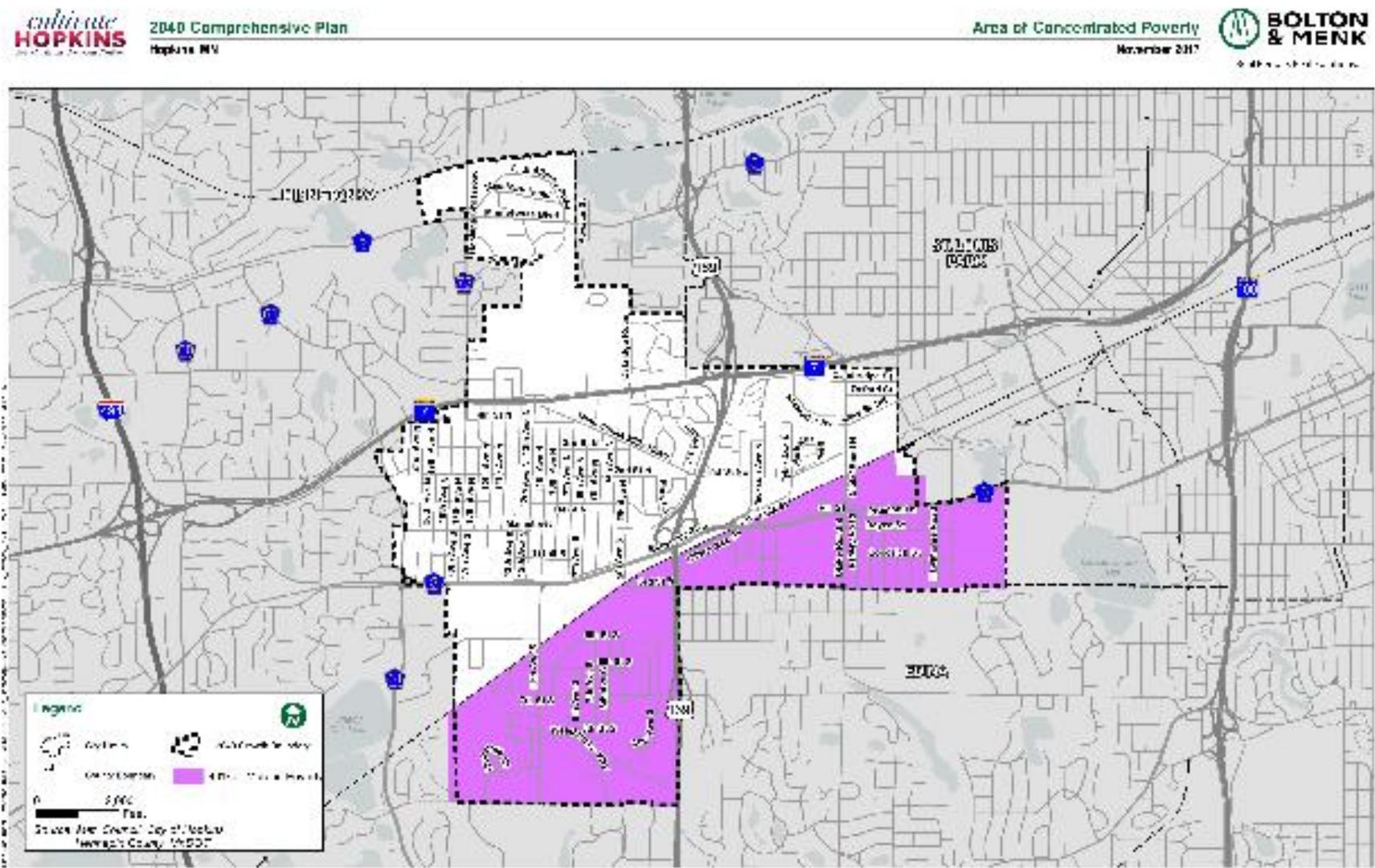
Areas of Concentrated Poverty

As part of Thrive 2040, the Metropolitan Council developed designation called Areas of Concentrated Poverty (ACP). These are defined as Census Tracts where 40% or more of the residents live with incomes below 185% of the federal poverty threshold. These areas tend to have more residents that lack a high school diploma or GED, are less likely to own a home/more likely to rent, and are more likely to be an immigrant or have English as second language.

One Census tract in Hopkins is designated as an ACP. It covers the entire area in the city south of the railroad tracks, across the southernmost area of the city, and its southeastern corner near Blake Road. It's worth noting that the entire area within the Census tract isn't low income, as it covers a range of neighborhoods.

The Metropolitan Council also designated a subset of the ACP where at least half the residents are people of color. There are none of these areas in Hopkins.

Figure E1.1 – Areas of Concentrated Poverty

The following map shows all the designated areas in the region.
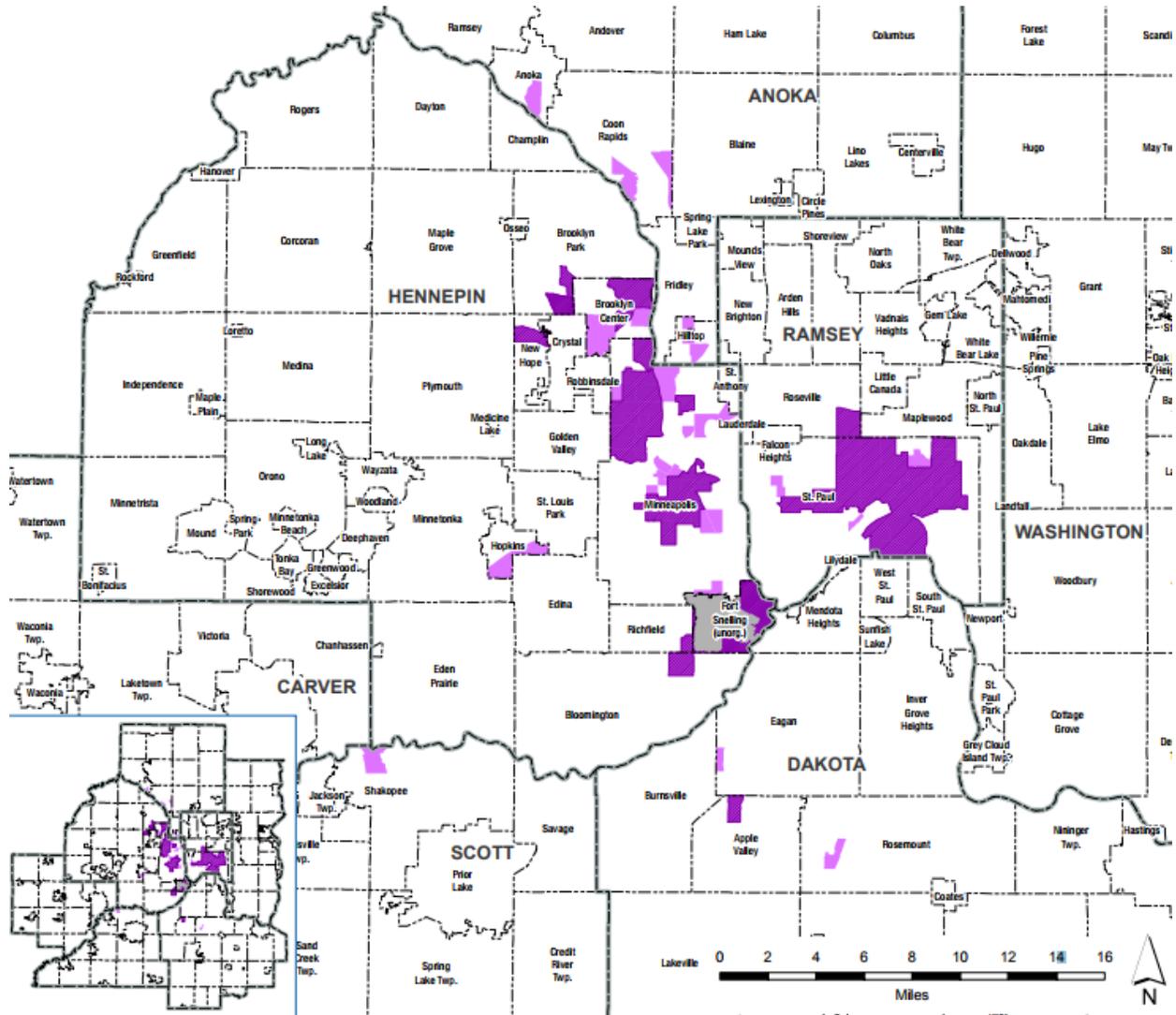
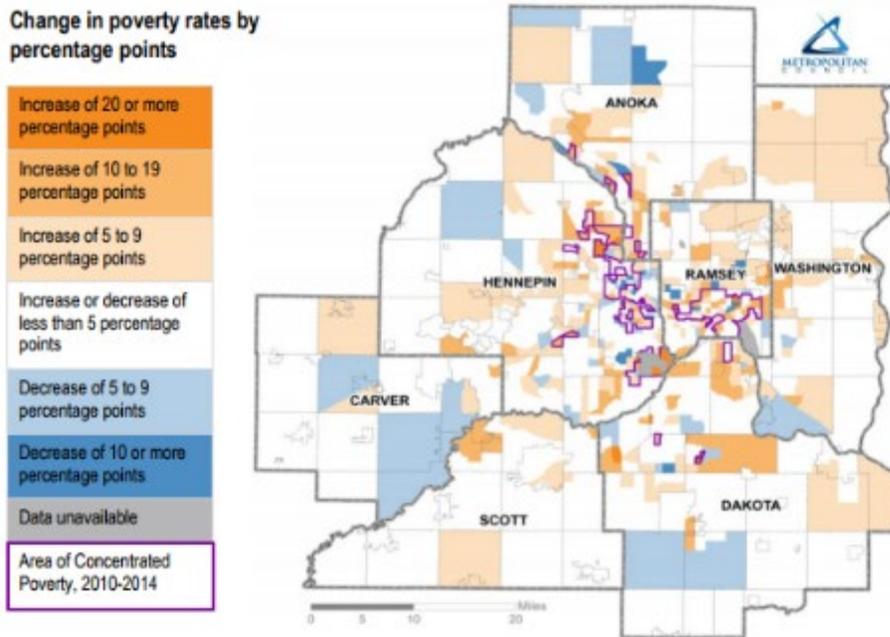**Areas of Concentrated Poverty by Census Tract, 2011-2015**

- ▮ Area of Concentrated Poverty
- ▨ Area of Concentrated Poverty where at least half the residents are people of color
- ------- Cities and townships
- ——— Counties
- ▮ Airports

Source: Metropolitan Council analysis of U.S. Census Bureau, American Community Survey Five-Year Estimates, 2011-2015.

This designation is based on Census five-year estimate data for 2011-2015. The 2009-2013 analysis did not show an ACP, so it's a recent addition. This trend toward increasing poverty in a suburb is not an isolated one: the Metropolitan Council noted that in an analysis they did of the region, summarized the map below. The five-year rolling average numbers certainly are taking into account some years during the recession and recovery. However, the trend is robust enough to note that it's likely to be persistent.

Figure 3. Change in poverty rates between 2005-2009 and 2010-2014 by census tract

Change in poverty rates by percentage points

- Increase of 20 or more percentage points
- Increase of 10 to 19 percentage points
- Increase of 5 to 9 percentage points
- Increase or decrease of less than 5 percentage points
- Decrease of 5 to 9 percentage points
- Decrease of 10 or more percentage points
- Data unavailable
- Area of Concentrated Poverty, 2010-2014

Source: U.S. Census Bureau, American Community Survey 5-year estimates, 2005-2009 and 2010-2014. Note: Some census tract boundaries changed between these two datasets. When that occurred, we converted 2005-2009 to 2010-2014 boundaries. While we did not examine the statistical significance of all changes in poverty rates, changes of less than 10 percentage points are unlikely to be statistically meaningful.

The study's analysis also noted that when poverty becomes concentrated, it's unlikely to fall. It may also spread to surrounding areas. The study (which predated the recent ACP designation in Hopkins) suggested this tract as a probable ACP, and a couple more in Hopkins (shown on the map below) as possible ACPs.

Figure 4. Calculating Areas of Concentrated Poverty (ACPs) using American Community Survey data

Source: U.S. Census Bureau, American Community Survey 5-year estimates, 2005-2009 and 2010-2014.
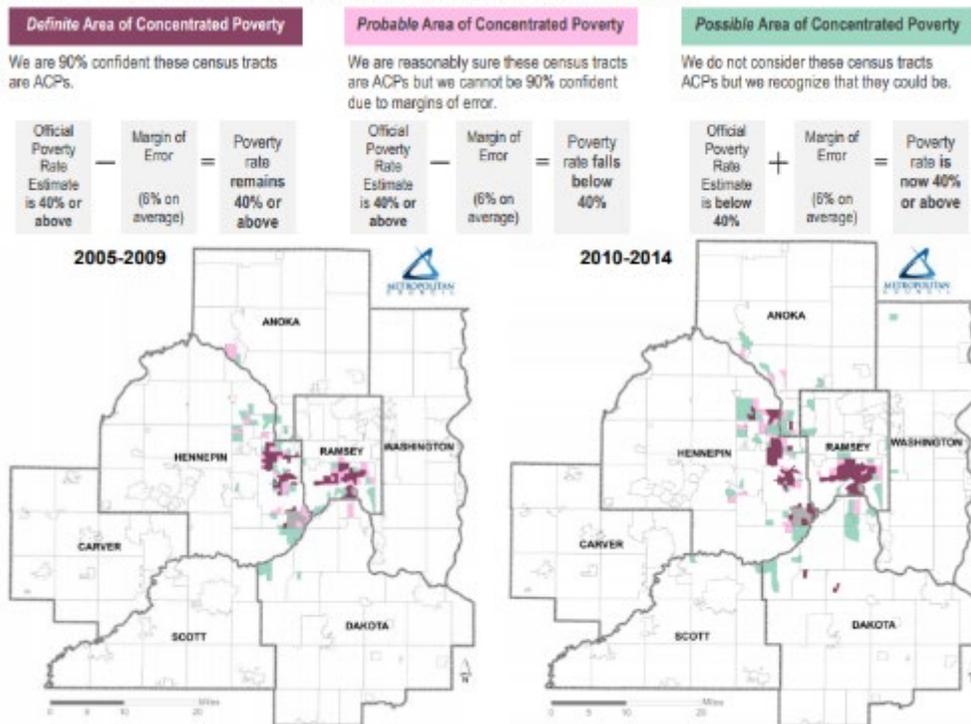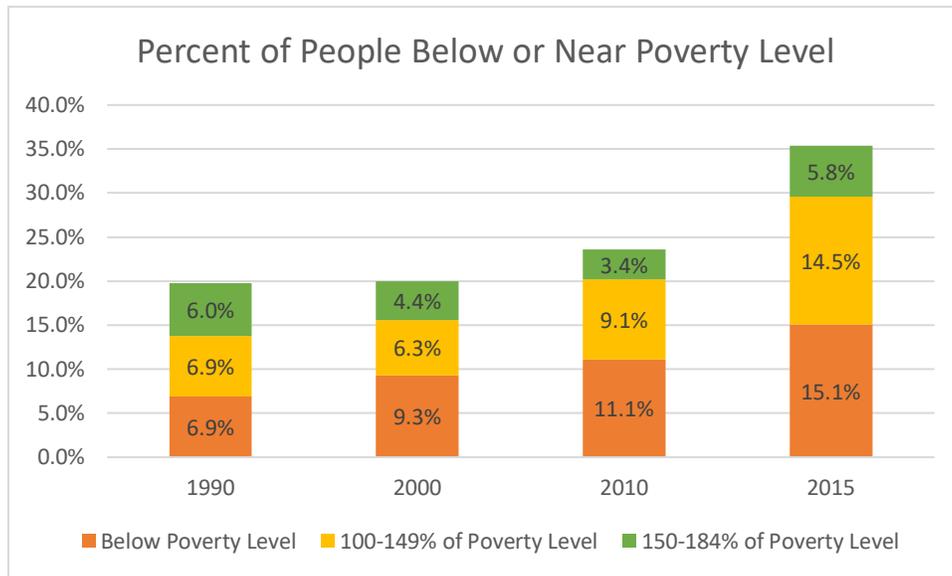
Household Income and Poverty

In addition to housing values, household income is a determining factor in housing affordability. Median income in Hopkins, while steadily increasing since 1990, has remained lower than countywide averages.
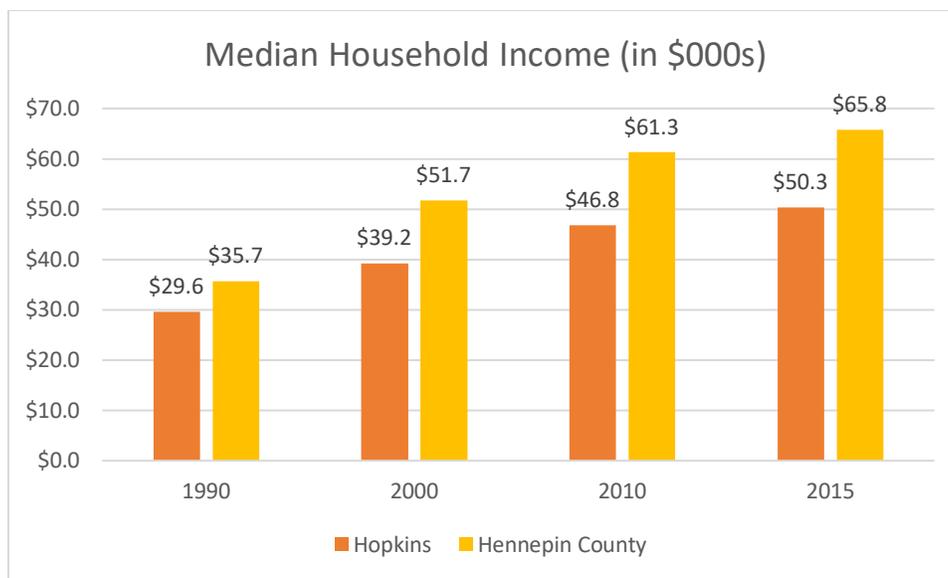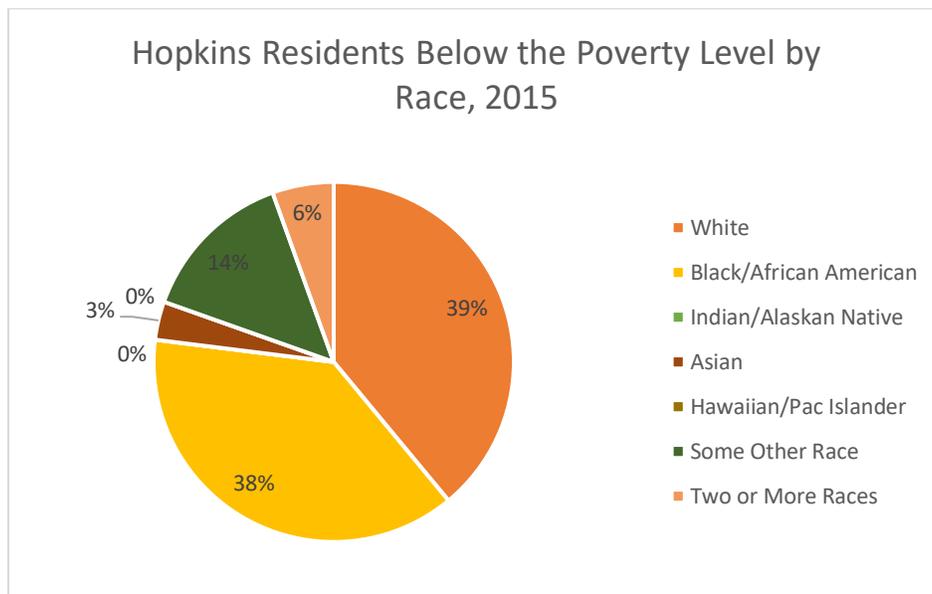

Source: US Census

At the same time, the percentage of Hopkins residents in poverty has also increased, as well as the percentage near the poverty line, as shown in the chart below. Compared with Hennepin County, this percentage has fluctuated – sometimes above County averages and sometimes below. As of 2015, Hennepin County's poverty rate was 12.5%, slightly lower than Hopkins' rate.

Percent of People Below or Near Poverty Level

Year	Below Poverty Level	100-149% of Poverty Level	150-184% of Poverty Level
1990	6.9%	6.9%	6.0%
2000	9.3%	6.3%	4.4%
2010	11.1%	9.1%	3.4%
2015	15.1%	14.5%	5.8%

Source: US Census

There are some distinct racial disparities in terms of poverty. While 60% of the population overall is white, only 39% of the population in poverty is white.

Hopkins Residents Below the Poverty Level by Race, 2015

Race	Percent
White	39%
Black/African American	38%
Indian/Alaskan Native	0%
Asian	3%
Hawaiian/Pac Islander	0%
Some Other Race	14%
Two or More Races	6%

Source: US Census

For more information on housing affordability and its impacts on households, see the Housing Element.