



2025 State of Business Expansion and Retention - Shakopee: Key Findings Summary

Executive Summary

Shakopee's business community demonstrates remarkable resilience and growth, having added nearly 20,000 jobs since 2000 while maintaining unemployment rates consistently below regional averages. However, businesses face mounting cost pressures and workforce challenges that require strategic attention from community leaders and the Chamber.

Economic Performance Highlights

Employment Growth: Shakopee's total employment surged from 14,024 in 2000 to 33,446 in 2024, representing a 138% increase over 24 years. This growth trajectory shows Shakopee significantly outpacing regional employment trends.

Labor Market Strength: The city maintains a tight labor market with unemployment at just 3.0% in 2024, compared to the seven-county metro average of 2.8%. This consistently lower unemployment rate indicates strong local economic demand.

Business Establishment Growth: The number of business establishments grew from 665 in 2000 to 1,125 in 2024, demonstrating sustained entrepreneurial activity and business attraction success.

Industry Composition and Growth Drivers

Key Industries: Three sectors dominate Shakopee's employment landscape:

- Transportation & Warehousing: 25.5% of jobs
- Manufacturing: 16.4% of jobs
- Construction: 7.6% of jobs

Recent Growth Patterns: Transportation and warehousing has been the primary growth engine from 2019-2024, contributing 68% of new jobs (4,493 positions). Manufacturing added 850 jobs, while construction contributed 530 new positions.

Notable Expansions: Recent business expansions include GN Resound (96,400 sq ft medical facility), Sam's Club (80 jobs, 365,000 sq ft), Cherne Industries (\$3.4M investment, 50 jobs), and St. Francis Regional Medical Center (\$25M, 15,000 sq ft).

Business Climate Assessment

Performance Outlook: Survey results show cautious optimism among local businesses:

- 45% experienced moderate growth in 2024
- 35% expect moderate growth to continue in 2025
- 53% plan to maintain stable staffing levels
- 26% plan to increase employee count

Future Plans: While 24% of businesses plan to continue normal operations, 16% are actively planning expansion within Minnesota, indicating confidence in the local market.

Critical Challenges Facing Businesses

Workforce Availability Crisis

- 50% of businesses report difficulty finding employees
- 44% say finding workers has become harder over the past year
- Only 13% report improved worker availability

Rising Cost Pressures

Widespread Impact: 90% of businesses experienced higher operating costs in the past year, with 37% reporting significantly higher costs.

Primary Cost Drivers (ranked by impact):

1. **Insurance costs:** 63% report moderate to significant impact
2. **Supply chain/material costs:** 58% report moderate to significant impact
3. **Labor costs:** 43% report moderate to significant impact
4. **Taxes:** 48% report moderate to significant impact

Specific Business Concerns

Direct feedback from business owners reveals:

- "Cost of goods increasing"
- "Access to capital and interest rates"
- "Mandates, regulations, and cost of goods to manufacture product"
- "Lack of disposable income. Consumer confidence"
- Concerns about business succession planning

Support Needs and Opportunities

Most Requested Assistance:

- Marketing and networking opportunities (25% of responses)
- Finding and hiring workers (15% of responses)
- Lower cost health insurance options (15% of responses)
- Expansion assistance and site selection support (10% of responses)

Strategic Recommendations for Chamber Action

Immediate Priorities

1. **Workforce Development:** Partner with educational institutions and training providers to address the skilled worker shortage
2. **Cost Mitigation Programs:** Explore group purchasing opportunities for insurance and other services
3. **Business Networking:** Expand marketing and networking opportunities as the most requested service

Medium-Term Initiatives

1. **Regulatory Advocacy:** Work with local and state officials to address regulatory burden concerns
2. **Succession Planning Support:** Develop programs to help aging business owners plan transitions
3. **Capital Access:** Connect businesses with financing resources and lower-cost capital options

Long-Term Strategic Focus

1. **Industry Diversification:** While transportation/warehousing drives growth, consider strategies to diversify the economic base
2. **Infrastructure Investment:** Support transportation and utility infrastructure that serves growing logistics sector
3. **Talent Pipeline Development:** Partner with regional workforce development agencies to ensure sustainable talent supply

Conclusion

Shakopee's business community shows strong fundamentals with consistent growth and low unemployment, but faces significant headwinds from rising costs and workforce shortages. The Chamber's role in providing networking opportunities, advocacy, and business support services will be crucial in helping members navigate these challenges while capitalizing on the community's economic momentum.

The data suggests businesses remain committed to Shakopee, with minimal interest in relocation but strong demand for support in managing operational challenges. Strategic Chamber initiatives addressing workforce development, cost pressures, and business networking will be essential for sustaining the community's economic success.