



INDUSTRY CLUSTERS

LOCAL PLANNING HANDBOOK

WHAT ARE “INDUSTRY CLUSTERS”?

Industry clusters are groups of unique but interrelated industries that share any combination of the following:

- The product or service that the individual industries produce;
- Substantial service relationships between the individual industries;
- Substantial commodity-flow relationships between the individual industries; or,
- Commonalities in the use of some needed resource.

Clusters are critical ingredients in the success of modern local, regional, and national economies, and their makeup and profile can indicate strengths and opportunities in workforce skills, innovation, and productivity. Wage and employment growth in a successful economy is largely driven by its key industry clusters, and the businesses that comprise those clusters often lead the way in advancing economic opportunities related to business investment and expansion, exports, and site selection, among other things.

Traded Industry Clusters are commonly defined as industries and firms who produce goods and services that are sold outside the region of production, while Local Industry Clusters are industries and firms who produce goods and services that are consumed within the region they were produced. Both form the basis of employment for a community, and both are essential to a globally competitive regional economy.

WHAT IS THE IMPORTANCE OF INDUSTRY CLUSTERS IN COMPREHENSIVE PLANNING?

Comprehensive plans provide strategic support and policy guidance that impacts industry clusters in many ways; therefore, an understanding of those clusters is essential. Local plans can identify where, when, and how new employment areas will be guided to most effectively remain accessible to the regional workforce and leverage public and private investment in infrastructure. The characteristics of industry clusters will have a significant influence on all local and regional systems, and each community plays a critical role in planning for and ultimately providing opportunities for the continued stability and growth of their local – and in turn the region’s – economy.

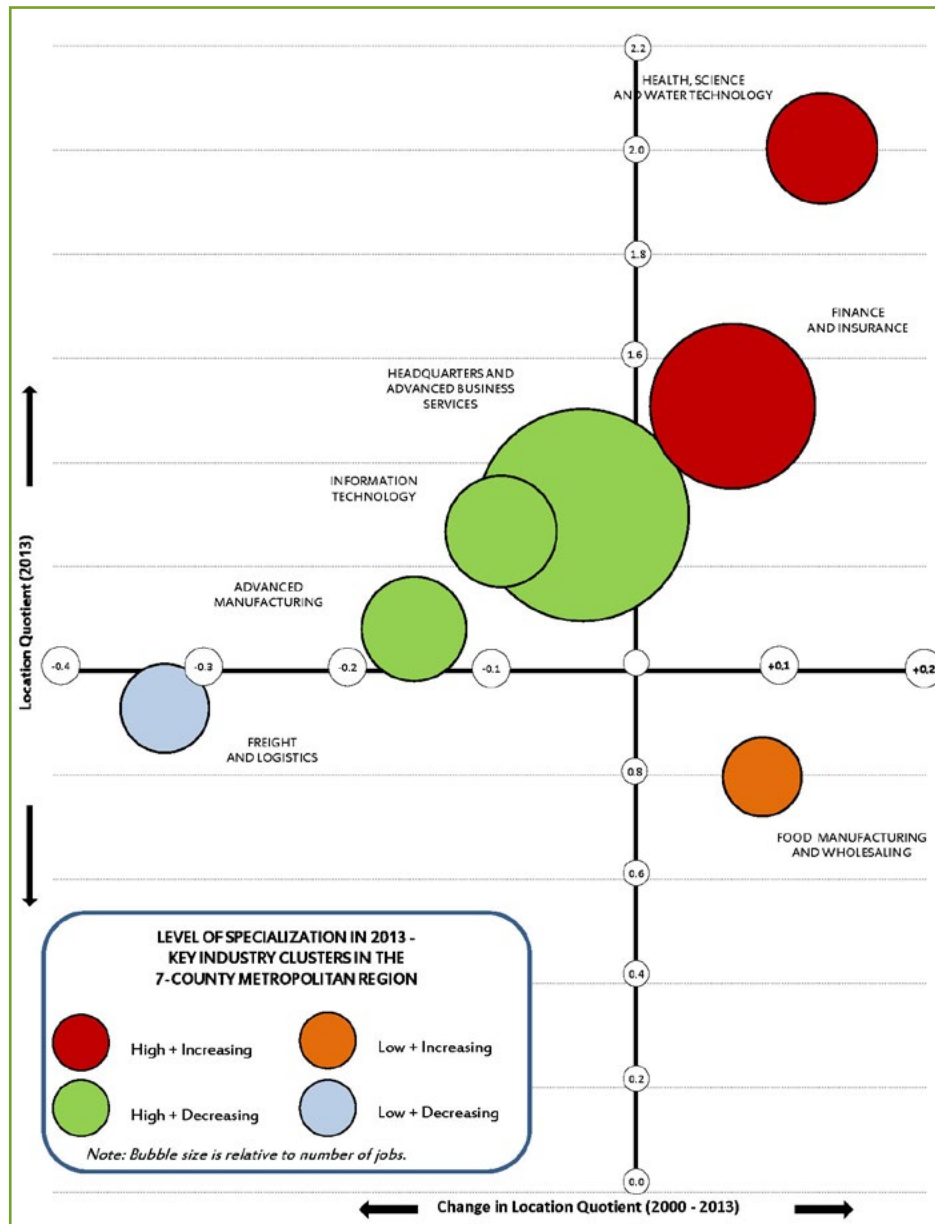
The U.S. Cluster Mapping Project can be a useful tool for examining Traded and Local clusters at a countywide level. While communities may choose to replicate the methodology used in this analysis tool for use with local data, it should be noted that the dataset used for the U.S. Cluster Mapping Project is not available at a municipal level. An analysis utilizing local data (from sources such as DEED, for example) may be incompatible and/or inconsistent due to data suppression and other issues.

WHAT ARE THE TWIN CITIES REGION’S KEY 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 and examined in greater detail in Cluster Profiles, 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.

- d. **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.
- e. **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.
- f. **Food Manufacturing and Wholesaling** – includes food and beverage manufacturers and wholesalers as well as farm commodities wholesalers and manufacturers of pesticides and fertilizers.
- g. **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.



Source: Metropolitan Council

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