



WISCONSIN POLICY FORUM

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Milwaukee Last Amid Peer Metros in Venture Capital Investing, Lags in Business Creation *Region's advantages include knowledge and STEM workers, recent growth in incomes*

Metro Milwaukee ranked last among 11 comparison metro areas in 2023 in one key metric of economic dynamism, venture capital investment, and it lags most peers in business creation, according to the Wisconsin Policy Forum's newly updated Metro Milwaukee Innovation DataTool.

These challenges come despite Milwaukee's strength relative to comparison metros in several other areas. Those include the educational attainment of its workforce, its concentration of knowledge workers, including scientists and engineers, and its recent growth in household income.

The Innovation DataTool tracks the four-county Milwaukee metro area over the last decade – and in relation to national comparison metros – on 17 key indicators of innovation and economic growth. Available to all as an online interactive at the Forum's website, it is meant to help the region's leaders identify its economic strengths and weaknesses, and set priorities for improvement.

The comparison metros used for the tool are: Austin, Buffalo, Cincinnati, Cleveland, Indianapolis, Kansas City, Minneapolis-St. Paul, Oklahoma City, Pittsburgh, and Portland. Many of these are midsized metros located in or near the Midwest and share many of metro Milwaukee's characteristics, such as a historic focus on manufacturing. We also include two metro areas often identified as leaders in innovation (Austin and Portland) and national averages.

Areas of innovation and economic strength for metro Milwaukee include:

Educated workers in key fields: Metro Milwaukee ranks in the top half of the 11-metro comparison group in the educational attainment of its workforce, as well as in its supply of workers in occupations associated with innovation, such as science and engineering. In 2023, over 40% of metro Milwaukee adults had a bachelor's or advanced degree for the first time, surpassing both a majority of the comparison metros and the U.S. average. In a long-term strength for the area, metro Milwaukee had a higher concentration of scientists and engineers than all but two of our comparison metros in 2023, and its ratio also exceeded the national average. Industrial and mechanical engineers are particularly concentrated in the area.

Promising income growth emerged in metro Milwaukee in 2023 after the region struggled in this area in previous years. It resulted in metro Milwaukee reaching the fourth fastest growth rate among our 11 comparison metros between 2013 and 2023. While promising, the region's inflation-adjusted median household income of \$77,006 in 2023 remained 1.9% lower than its 2019 peak. It also was slightly below the national median of \$77,719.

Areas where improvement may be needed for metro Milwaukee to compete nationally include:

Venture capital investing, which typically supports startup companies with strong potential for growth, has been a longstanding area of weakness for metro Milwaukee. Venture capital (VC) investing is highly concentrated in a small number of metro areas on the west and east coasts. However, metro Milwaukee trails even its Midwestern peers. On a per capita basis, metro Milwaukee fell to the bottom of the 11 comparison metros in the amount of VC investment it attracted in 2023, after ranking tenth in 2022 and ninth in 2021.

New for this year, the tool's data show that of the nearly \$313 million in venture capital funding that Milwaukee area startups attracted between 2021 and 2023, less than 20% went to companies with at least one female founder. That includes 6.8% for companies founded solely by women, which is actually higher than the national rate of 2.1%, according to Pitchbook.

Business creation is a metric we track via U.S. Census Bureau data on the number of businesses that open (births) and close (exits) each year. Despite business births exceeding exits in metro Milwaukee for the fourth consecutive year in 2022, the region's birth-to-exit ratio (1.05) was tied with two other metros at the bottom of the comparison group that year. This marked a change from previous years, when Milwaukee typically fell near the middle of the pack.

Job creation in metro Milwaukee has recovered somewhat since the COVID-19 pandemic. But total employment in 2023 (813,424) remained below 2016 levels and well below its 2019 peak of 832,360. The region added jobs slowly but steadily from 2010 to 2019, then lost almost all of those gains in 2020. Metro Milwaukee is in the bottom tier among our comparison metros in employment growth during the last decade, and added jobs at a far slower pace than the national average during that period. The region's job losses may be partially explained by a recent decline in its working age population (those ages 15 to 64), which fell by 3.7% between 2016 and 2023.

Productivity is measured in the tool through per employee gross domestic product (GDP), which tracks the value of all finished goods and services produced within an area. Until recently, metro Milwaukee was competitive with its peers on this metric. But the region's productivity slid, and in 2022 it ranked above only the Oklahoma City metro on this indicator. Additionally, metro Milwaukee's GDP increased at the slowest pace among the comparison metros between 2012 and 2022.

Since 2010, the Forum has tracked the four-county Milwaukee metro area's performance on a range of metrics tied to innovation and economic growth, and we created this online DataTool in 2019. We hope its findings help economic development leaders and the broader community understand how the metro area is progressing and set priorities for future advancement.

[Click here](#) to access the 2024 Metro Milwaukee Innovation DataTool.

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