STATE OF THE AGRICULTURAL ECOSYSTEM REPORT

2026

GREENSEAM

Letter from the Board Chair

Perspectives, Pressures, and Opportunity Across the Agricultural Ecosystem

As we look back on 2025 and ahead to 2026, one thing is clear: Minnesota's agricultural economy continues to carry significant responsibility for our communities, our workforce, and the broader economy. The past year has asked a great deal of agriculture and the businesses that support it. Higher costs, tighter labor markets, evolving regulations, and economic uncertainty have become part of the day-to-day reality across the ecosystem.

These pressures are not unique to agriculture, but they are felt here in very real ways. Elevated interest rates, shifting trade relationships, and rapid technological change continue to influence how and where businesses invest, leaving many leaders navigating near-term challenges while still planning for what comes next. And yet, that's not the whole story.

What we're seeing across Minnesota's agricultural ecosystem is less about retreat and more about recalibration. Some businesses are choosing to hold steady rather than chase aggressive growth. Others are making targeted investments focused on efficiency, workforce stability, and long-term positioning. This thoughtful approach mirrors broader trends across the U.S. economy, where resilience and productivity matter just as much as expansion.

This year also marks an important evolution in how we frame this work. While this research has always examined agriculture as an interconnected system, the former *State of Agriculture* title didn't always capture that reality. Agriculture's strength depends on far more than production alone—it is built by manufacturers, service providers, educators, researchers, policymakers, and community partners working together. The *State of the Agricultural Ecosystem Report* better reflects that interconnected story and the full range of voices represented here.

The 2026 findings are informed by insights from more than 300 leaders across Minnesota. Overall sentiment has softened compared to recent years, but not in ways that suggest decline. Growth expectations have moderated, yet stability remains the dominant theme. Many organizations are focused on maintaining capacity, reinvesting strategically, and preparing for future opportunities, even as margins remain tight.

Rising costs, access to capital, workforce availability, and policy decisions continue to shape the outlook. These challenges are compounded by broader economic shifts, including increased energy demand and growing competition for investment. At the same time, demand remains strong in parts of the ecosystem, reinforcing just how connected these sectors truly are.

This report offers a snapshot of where we are today. More importantly, it provides context for the conversations and decisions ahead, highlighting the steady, thoughtful work underway to ensure Minnesota's agricultural ecosystem remains resilient, competitive, and well connected as we move further into 2026.

Rooted in collaboration,

Ryan Erickson
GreenSeam Board Chair

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Executive Summary

Minnesota's agricultural ecosystem entered 2026 under sustained pressure. High input costs, rising taxes, workforce constraints, and regulatory complexity continue to test business resilience across production, manufacturing, and service segments. While overall industry sentiment is moderate to low, a growing share of organizations are choosing to reinvest rather than retrench, signaling cautious confidence in long-term demand and the foundational role agriculture plays in Minnesota's economy.

Three Defining Dynamics

Capital Access Is Tightening

Rising interest rates and higher debt service costs are delaying or scaling back investment, particularly among producers and manufacturers who rely heavily on financing for equipment, land, and operational expansion.

Policy and Tax Pressures Are Increasing Costs

Businesses report growing administrative complexity and tax pressures that compound existing cost challenges, reducing predictability at a time when stability is critical for long-term investment decisions

Workforce Constraints Remain Structural

Limited rural labor supply and rising benefit costs continue to challenge employers across the agricultural ecosystem, underscoring the need for coordinated solutions in workforce development, housing, and childcare.

Together, these pressures are reshaping how agribusinesses plan for growth. Organizations that can manage costs, secure affordable capital, and stabilize their workforce are best positioned to expand in 2026. For policymakers and business leaders, the message is clear: sustaining Minnesota's agricultural competitiveness will require cost-conscious policymaking, improved capital tools, and targeted workforce strategies to translate cautious confidence into sustained growth across Minnesota's agricultural ecosystem.

About This Research

The 2026 *State of the Agricultural Ecosystem Report* is based on an annual applied research study led by GreenSeam and supported by Minnesota State University, Mankato. Since 2020, it has examined the trends, challenges, and opportunities within Minnesota's food and agricultural sectors for the coming year, compiling first-hand business insights into a tool that guides investment and policy decisions.

The study consists of an anonymous survey and confidential focus groups administered to members of the agricultural ecosystem at the start of the year. Participants are asked to respond to questions about the regulatory, workforce, and market factors impacting their organization as well as their plans for the coming year.

Research findings are published in a digital and printed report each year on National Ag Day and shared with policymakers and business leaders, providing a unified voice for these critical industries and helping ensure they continue to support prosperous Minnesota communities for generations to come.

Who Is in The Agricultural Ecosystem?

This report reflects the perspectives of **leaders** at a diverse array of organizations that share a common **connection to agriculture** and **operate in Minnesota**. Participants may belong to organizations of any size or industry so long as they are linked to food or agriculture through their products, customers, or suppliers.

Previously known as the *State of Agriculture Report*, it was renamed in 2026 to the *State of the Agricultural Ecosystem Report* to better reflect the expansive reach of Minnesota's agricultural economy.

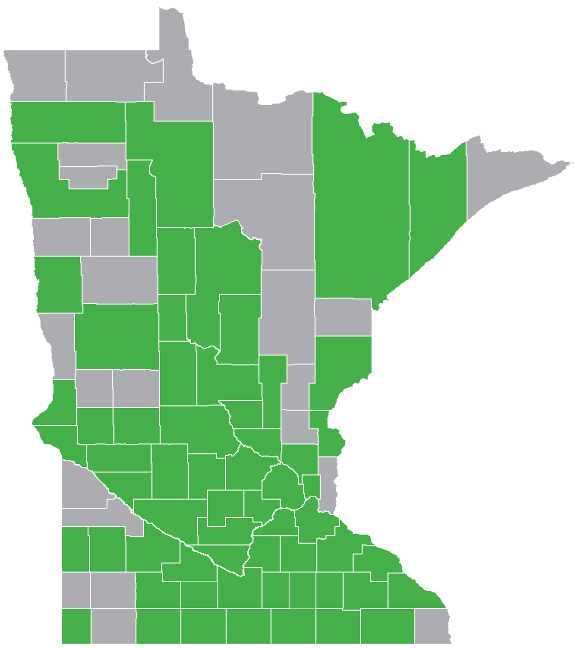
Agricultural Ecosystem Sectors

- Agricultural Production
- Agricultural Processing
- Business & Professional Services
- Educational Institutions
- Energy & Utilities
- Manufacturing
- Public Entities
- Research & Scientific Services
- Technical & On-Farm Services
- Transportation & Warehousing

This ecosystem approach provides a framework for understanding the significance of agriculture in Minnesota's economy and tracing it back to its source: healthy farms and vibrant rural communities.

Survey Respondent Profile

The typical respondent to the State of the Agricultural Ecosystem Survey holds a leadership position at a small agricultural business in Greater Minnesota. The U.S. Small Business Administration defines a small business as one with fewer than 500 employees.



302

Total responses to the 2026 State of the Agricultural Ecosystem Survey

71%

Percentage of Minnesota counties represented in the survey responses

88%

Percentage of respondents who completed 85% or more of all survey questions

Industry Group	% of Total
Agricultural Production	38%
B2B Services	30%
Manufacturing	17%
Public Sector	9%
Education	6%

Number of MN Employees	% of Total
Owner Operated	20%
2 - 10	34%
11 - 100	19%
101 - 500	15%
More than 500	12%

Respondent Job Role	% of Total
Executive or Owner	58%
Manager	20%
Senior Leader	14%
Other Staff	8%

Approximate Annual Gross Revenue	% of Total
Less than $500,000	33%
$500,000 to $1 Million	14%
$1 Million to $5 Million	16%
$5 Million to $10 Million	3%
$10 Million to $20 Million	5%
More than $20 Million	25%
Declined to Respond	4%

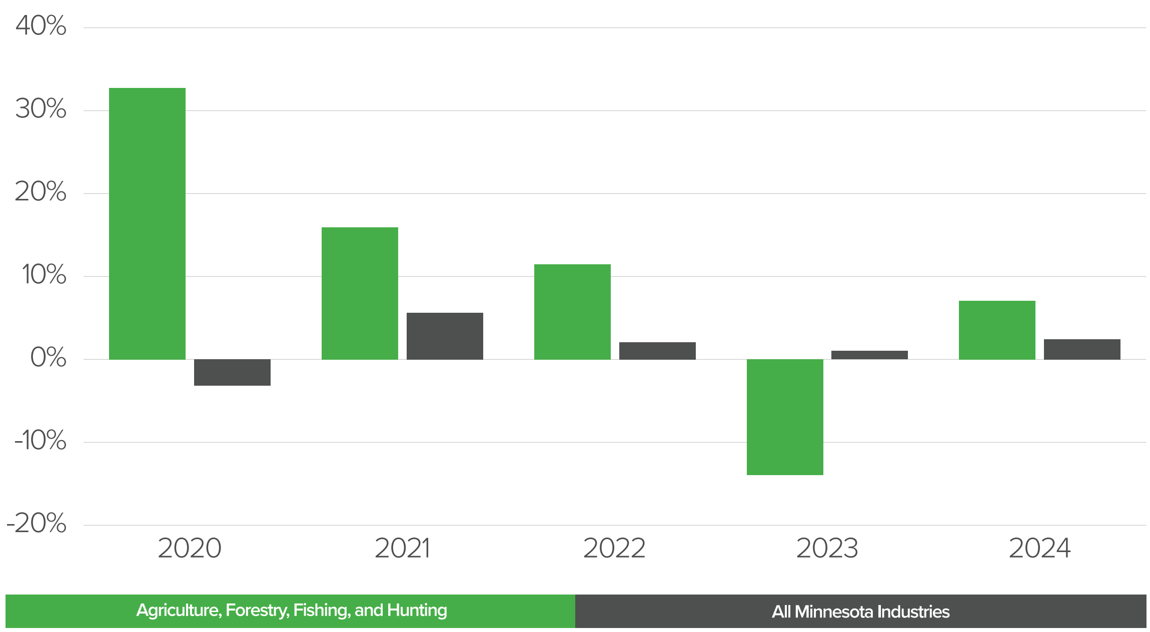
A Quiet Giant:
Agriculture in the State Economy

Agricultural production is at the heart of the agricultural ecosystem, though it claims a modest share of Minnesota's real GDP at 1.6%[1]. When grouped with industries that add value to agricultural products or provide goods or services to their supply chains, its total impact rapidly expands. In 2023, the Minnesota Department of Agriculture calculated that this agriculture-centered network of industries (the Agricultural Ecosystem) constitutes 15% of the state's total economic activities and provides 388,000 jobs[2].

Agricultural production is not only a point of origin for sprawling economic impacts but also a source of economic resilience as an essential industry. When the state's real GDP shrank, rebounded, and slowed throughout the COVID-19 pandemic, agriculture saw double-digit growth year over year[1]. Demand for food, fiber, and fuel produced by farmers continues throughout economic cycles, insulating Minnesota's economy from extreme downturns.

Year-Over-Year Change in Annual Real GDP in Minnesota by Industry From 2019 to 2024[1]

Percentage of Respondents

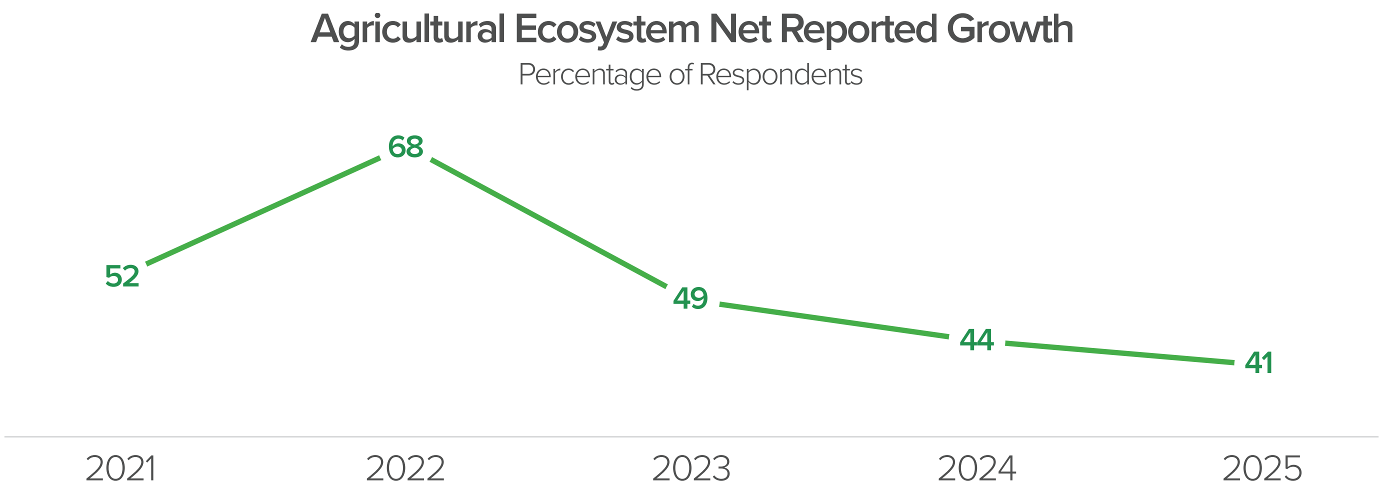


Despite its resilience, agriculture has unique vulnerabilities that are often overlooked in policy and investment decisions because it is a rural, natural resource-centered industry made up largely of small businesses. Hikes in the cost of doing business, ill-informed regulations, and industry consolidation have profoundly impacted the agricultural ecosystem in recent years, as evidenced in part, by a 2.2% drop in the number of Minnesota farms since 2022[3]. It is imperative that these threats to agribusinesses are addressed by both public and private sector leaders so the agricultural ecosystem can continue to sustain Minnesota and support healthy, vibrant communities.

The State of the Agricultural Ecosystem

Looking Back at 2025

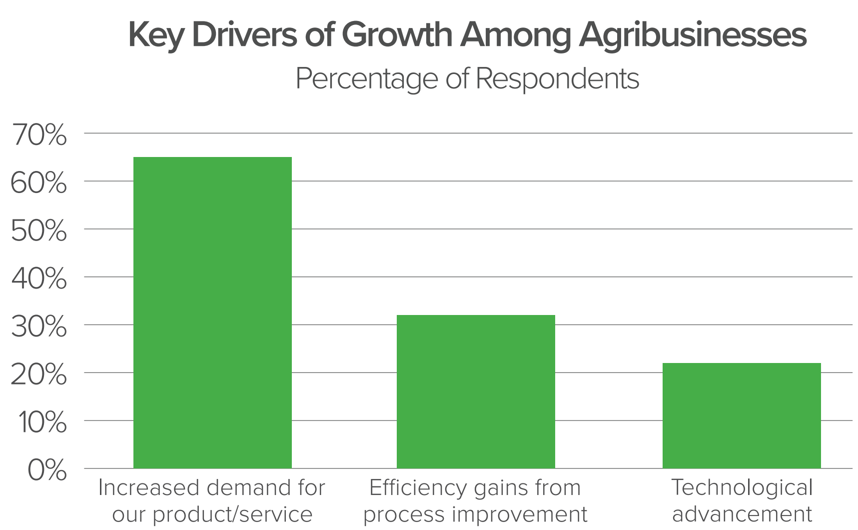
While the state economy shows signs of stabilization from Covid-era turbulence, the lasting impacts of cost increases alongside rapid policy changes, industry consolidation, and demographic shifts have overshadowed that perceived stability for many in the agricultural ecosystem. In the continuation of a 5-year trend, the net percentage of survey respondents reporting growth at their business in the previous year sank to 41.

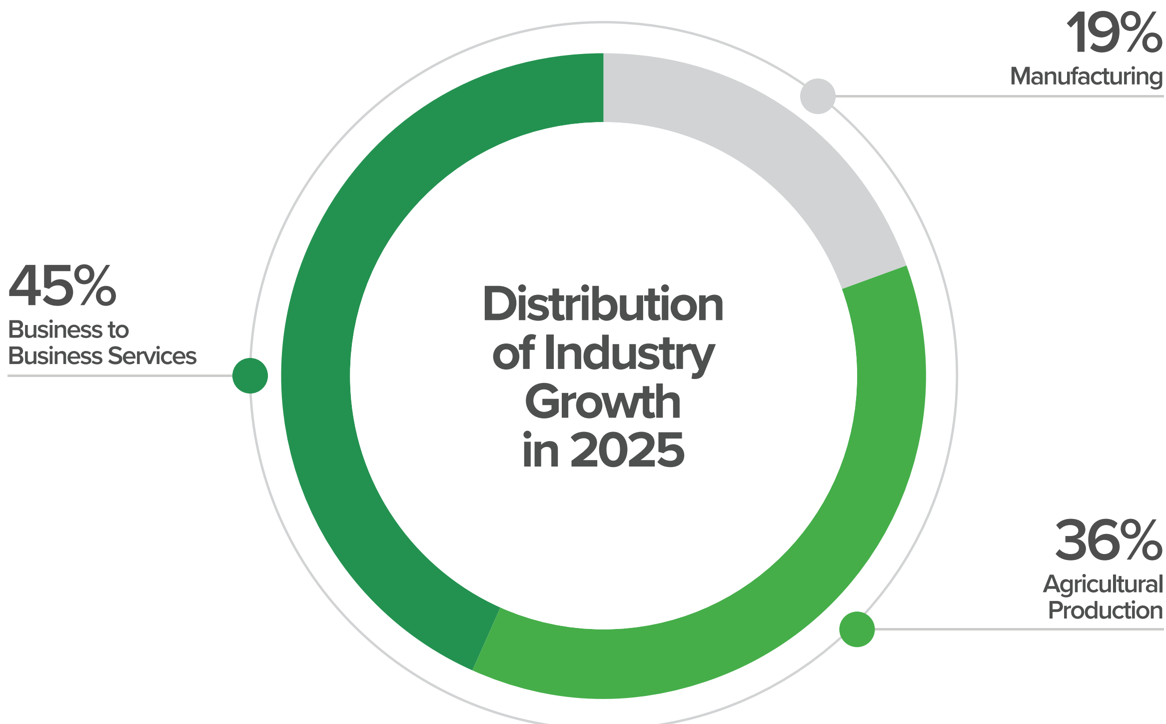


This ebb in reported growth fortunately did not equate to an increase in business shrinkage, on the contrary, the rate of reported decline improved overall. The greatest change from 2024 to 2025 was the rate of businesses that **maintained** their current size, increasing by 29%.

Growth Factors

Respondents to the State of the Agricultural Ecosystem Survey whose organizations grew in the previous year were asked to attribute their gains to up to three key factors. Most credited increased market demand, but other frequently cited reasons were based in operational improvements as organizations seek to do more with less.





Distribution of Growth

57% of all survey respondents reported growth at their organization in 2025. Of those who saw growth, 45% belonged to business-to-business services, 36% to agricultural production, and 19% to manufacturing or processing industries.

The distribution of growth across Minnesota's agricultural economy in 2025 favored larger businesses with 42% of respondents who reported "high growth" representing companies of $10 million and greater in gross annual revenue.

Business services providers had the strongest rate of reported growth at 72% of respondents from that industry. Meanwhile, 48% of production and manufacturing sectors either maintained or decreased in overall business performance, revealing an imbalance in the ecosystem where half of the businesses that are known to drive wealth into the state are struggling to keep up, while the service providers that rely on agribusiness clientele are seeing a growing demand for their services.

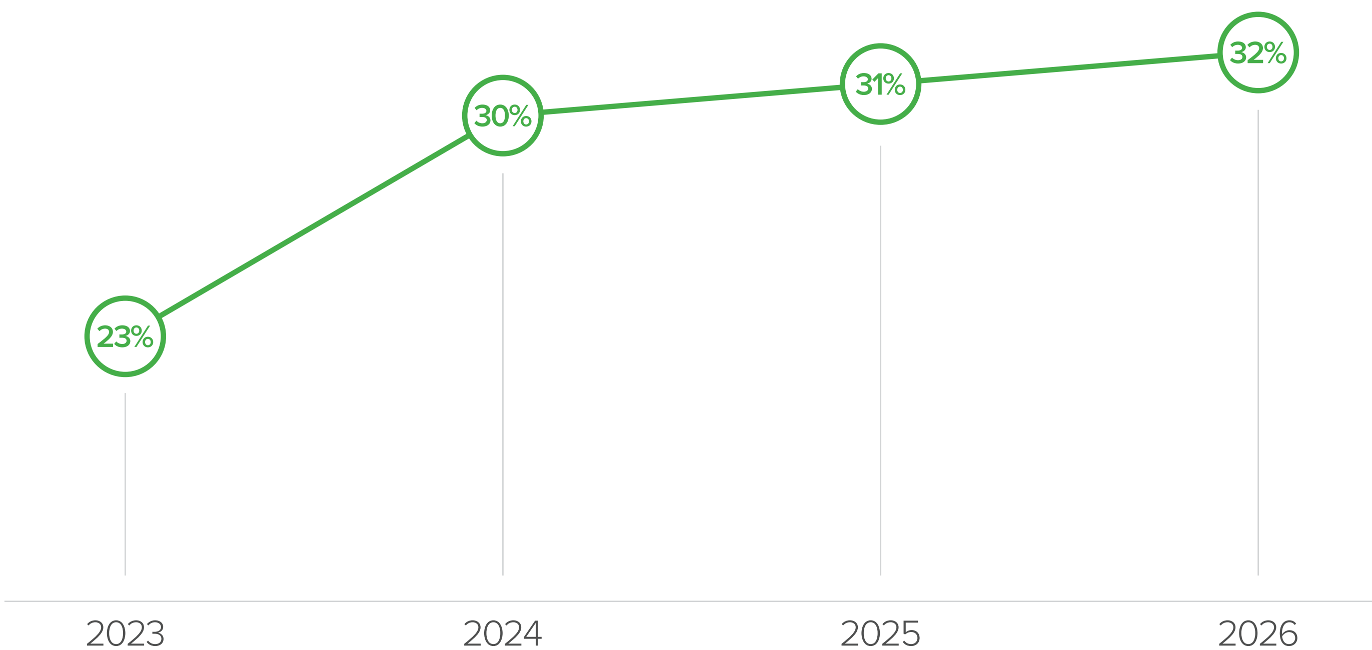
This top-heavy dynamic is carrying over to 2026 as food and agricultural businesses strive to keep up with political volatility and fast-increasing expenses.

What Do Agribusinesses Expect From 2026?

The agricultural ecosystem is expecting another year of moderate growth in 2026. Continuing a trend set in the 2024 State of the Agricultural Ecosystem Report, a steadily growing share of organizations are planning to maintain their current performance in the coming year from a profitability standpoint. The rate of ecosystem members who expect to grow in the year ahead was unchanged from the previous survey at 57% of respondents.

Agricultural Businesses Expecting to Maintain Current Business Performance in 2026

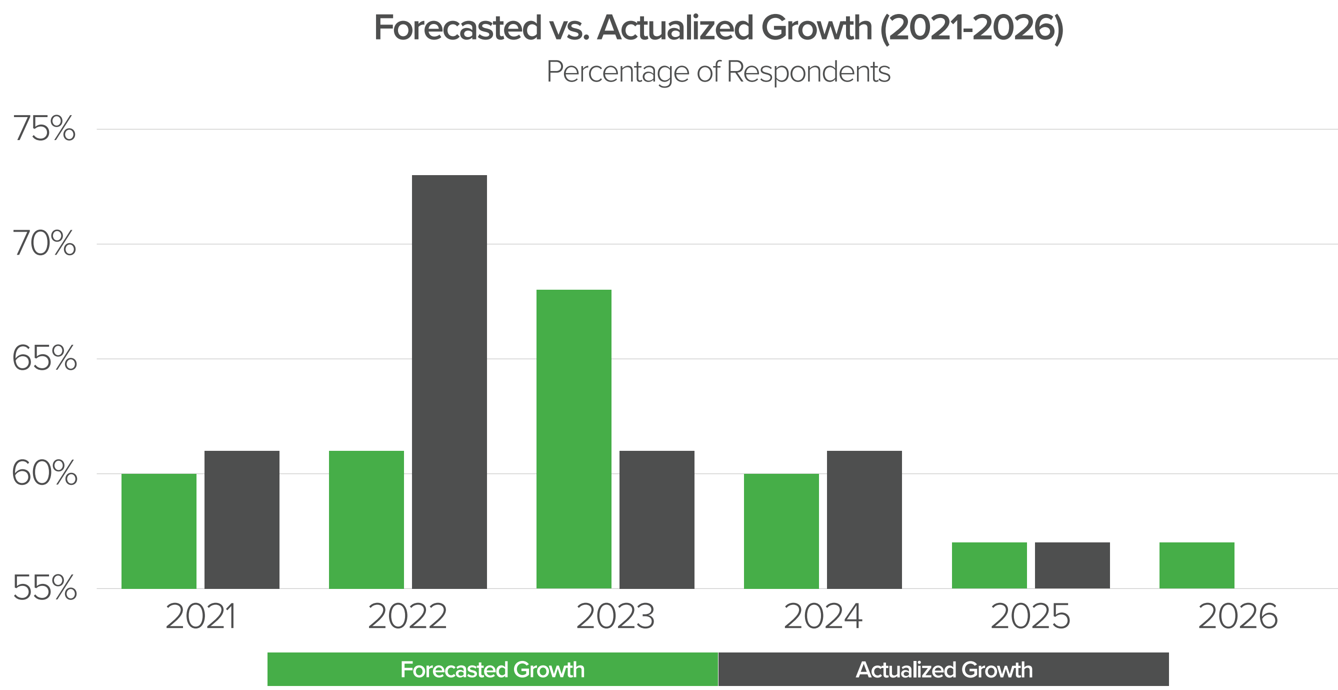
Percentage of Respondents



Generally speaking, organizations with more than 100 employees and gross annual revenue over $5 million showed a higher likelihood of predicting growth. Business services providers have the brightest outlook on 2026, with the majority projecting a strong year alongside manufacturing industries. By contrast, agricultural producers are keenly focused on maintaining current size as they navigate capital and regulatory challenges.

One focus group participant in livestock production shed light on why their organization is staying conservative with their estimates of business performance in 2026, referring to geopolitical factors and rapid changes in the broader business environment:

> **"We are hanging on through volatility and uncertainty over shifts in global trade. There is a real chance we could lose our global market. What will we do then?"** *— Livestock Producer, Focus Group Participant*

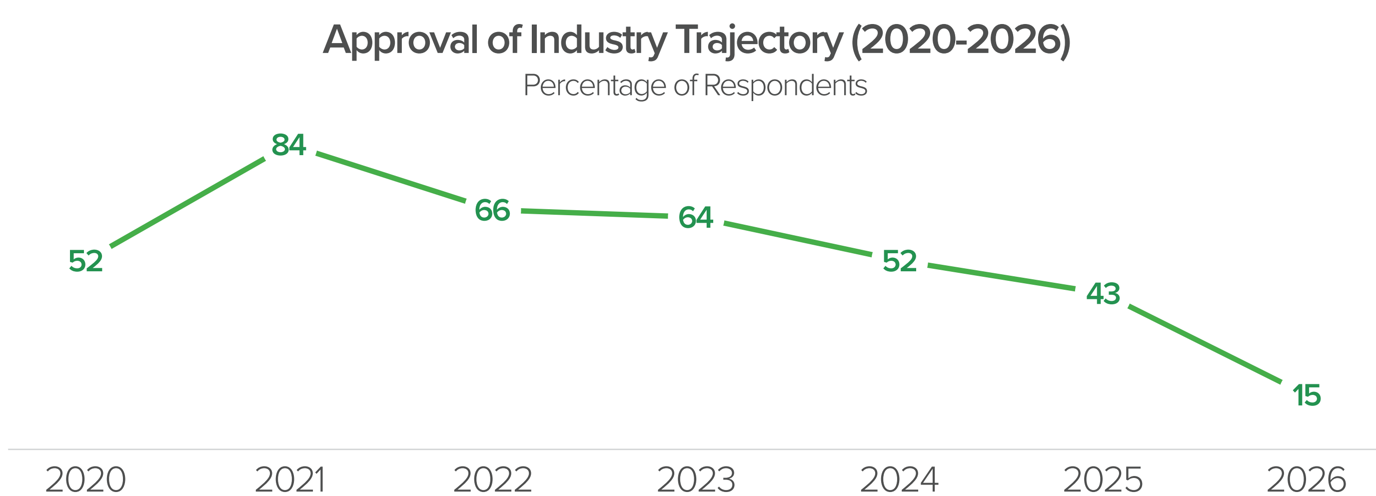


Agricultural businesses have generally been accurate in their predictions of the coming year in past reports, with a few clear exceptions in 2022 and 2023. The same rate of respondents who predicted growth in their business at the beginning of 2025 also reported it after the fact, indicating that agricultural businesses are realistic in their appraisal business conditions. This lends credibility to the concerns of Minnesota's agricultural ecosystem going into 2026 and should prompt action by public and private sector leaders to address key pain points that are hindering economic competitiveness.

Ecosystem Sentiment: Moderate to Low

Ecosystem members are feeling discouraged by the trajectory of Minnesota's agricultural industries, reflecting the stagnation in growth expectations for the year. Approval of the trajectory of the agricultural ecosystem dropped from a 43% positive net rating to just 15% in 2026*. When asked how they felt about the direction of the industries in their local area, respondents showed slightly more approval, though still lower than previous years at 23%.

**Question wording was updated from a regional focus to Minnesota as a whole, which may affect year-over-year comparisons.*



Why Do the Industries Feel This Way?

When asked what economic and political factors are influencing their outlook on the coming year, ecosystem members aligned in three main categories of concern:

This marks the third year businesses have ranked financial concerns above those to do with policy or staffing, though both continue to present system-wide challenges.

Top 3 Agribusiness Concerns

	2023	2024	2025	2026
1	Talent	Rising Costs	Rising Costs	Rising Costs
2	Policy	Policy	Policy	Policy
3	Consumer Demands	Talent	Talent	Talent

Rising Costs

Rising Costs Are Reshaping Investment Decisions

Key Takeaway: Financing tools that expand access to affordable, flexible capital will be critical to sustaining agribusiness reinvestment in 2026.

Increases in input costs and insurance rates are forcing agricultural businesses to delay or scale back investments, especially among producers and manufacturers.

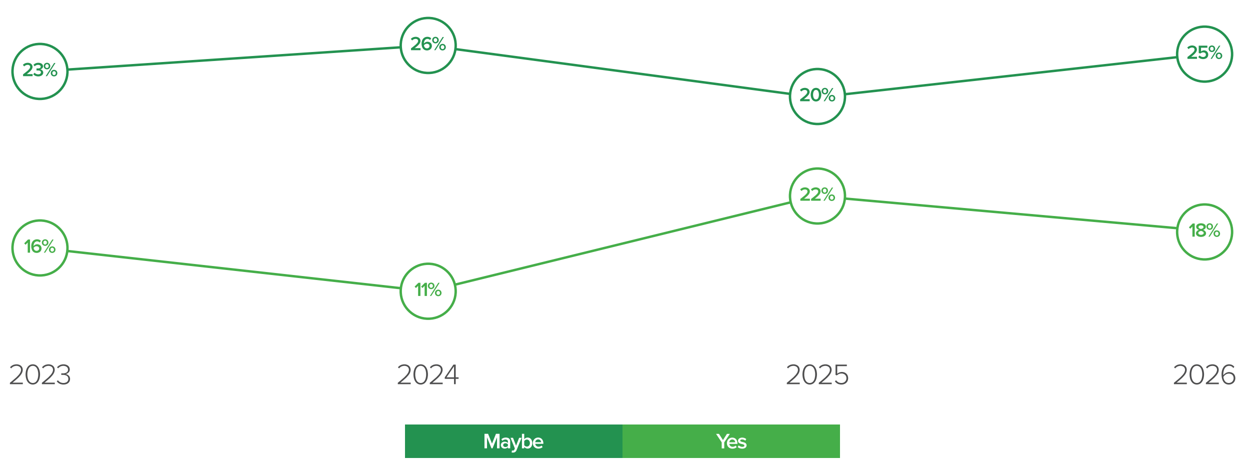
On average, health insurance premiums for Minnesota employees went up by 10-20%[4] and fertilizer costs for farmers by 8%. Tariff expenses have reverberated through supply chains and interest expense for Minnesota farmers has increased steeply, by 18% since 2024, according to agricultural surveys[3].

With more consensus than any other growth inhibiting factor, input cost increases are cited by 57% of respondents as the top threat to their organization. Despite the financial risks, many agribusinesses are positioned for investment in 2026 in the hopes of becoming large or competitive enough to withstand these increasing costs.

59% of respondents intend to add or improve certain business assets like equipment upgrades and staffing increases in the coming year. A small increase has occurred in the rate of respondents whose organizations are considering the launch of a new product, business line, or division. Those confident they will move forward with a significant investment decreased slightly while those who are unsure rose by five percentage points.

Expansion Plans Among Agricultural Ecosystem Members (2023–2026)

Share of organizations planning to launch a new product, business line, or division



Agricultural producers and manufacturers—especially those of under $5 million in annual revenue—need a stable economy and affordable access to capital so those waiting on the sidelines can invest in their operations with confidence, allowing them to overcome the pressures of rising expenses.

Taxes and Burdensome Policies

Policy Pressures Are Compounding Cost Challenges

Key Takeaway: Greater predictability, coordination, and cost-conscious policymaking are needed to reduce uncertainty and allow agribusinesses to plan, reinvest, and grow with confidence.

Rising property taxes, regulatory complexity, and shifting policy requirements are increasing both direct expenses and administrative burden for agricultural businesses.

Taxes appeared three separate times as a top concern of survey respondents:

"What are the biggest barriers facing Minnesota agribusinesses today?"	"What type of cost poses the greatest challenge to your business?"	"Which policy issues are the most important and need to be addressed by lawmakers?"
54% of respondents identified taxes as the leading barrier	**37%** of respondents cited taxes as the primary cost challenge	**49%** of respondents view taxes as the most important policy issue

Property taxes are the greatest pain point for agricultural businesses as land and facility-intensive industries, and state data reveals rapid increases in property taxes since 2022. Net taxes on agricultural property increased by 6.3% in 2025 following a 12.25% increase the year before. Industrial net property taxes increased by 9% after a 14.4% increase from 2023 to 2024[5]. For many businesses, these increases are occurring alongside higher insurance, energy, and compliance costs, amplifying their impact on operating margins.

"Real estate taxes have jumped two or three digits in the last few years and made the cost of doing business in Minnesota drastically more expensive than its neighboring states. I'm seeing businesses choose the other side of the border." *— Business Services Provider, Focus Group Participant*

Top 10 Policy Issues	Percentage of Respondents
Reducing Minnesota's Taxes	49%
Making Minnesota Affordable to Grow a Business	36%
Addressing Fraud and Misuse of Government Programs	34%
Reducing Government Spending	31%
Improving Access to Affordable Healthcare	24%
Ensuring an Adequate and Trained Workforce	20%
Passing a Farm Bill	20%
Streamlining Environmental or Development Regulations	14%
Reduce Barriers to Foreign Trade	13%
Improving Access and Affordability of Childcare	6%

**Respondents were asked to select 3 policy issues they believe are the most important and need to be addressed by lawmakers.*

Beyond taxes, respondents consistently pointed to **policy complexity**, **permitting delays**, and **administrative burden** as factors shaping where—and whether—businesses invest. Focus group participants repeatedly cited lengthy and unpredictable permitting timelines as a competitive disadvantage, noting that comparable expansions can take one to two years in neighboring states but seven to ten years in Minnesota. In several cases, available capital was redirected out of state due to regulatory uncertainty rather than lack of demand or financing.

Respondents emphasized that the cumulative cost of navigating regulations extends beyond fees alone. Compliance requirements often demand specialized expertise and ongoing administrative capacity, disproportionately impacting small and midsized operations and accelerating consolidation across the ecosystem. While participants broadly supported environmental and worker protections, they stressed the importance of **predictability**, **consistency**, and **coordination** in rulemaking and implementation.

"It's a one size fits all approach, and it's very difficult and expensive for farmers to navigate. You basically need a consultant on retainer to comply."

— Agricultural Producer, Focus Group Participant

Workplace related policies also emerged as part of the broader policy landscape. Several respondents noted that recent employment mandates like Paid Family Medical Leave, which took effect at the beginning of 2026, have increased the cost and complexity of hiring decisions. Small, seasonal, and family-run businesses feel disproportionately impacted by these policies relative to their larger, corporate counterparts, adding to hesitation around expansion and workforce growth.

Respondents also pointed to the importance of **government efficiency and accountability**, with a significant share prioritizing addressing **fraud and misuse of government programs**, and **reducing government spending**.

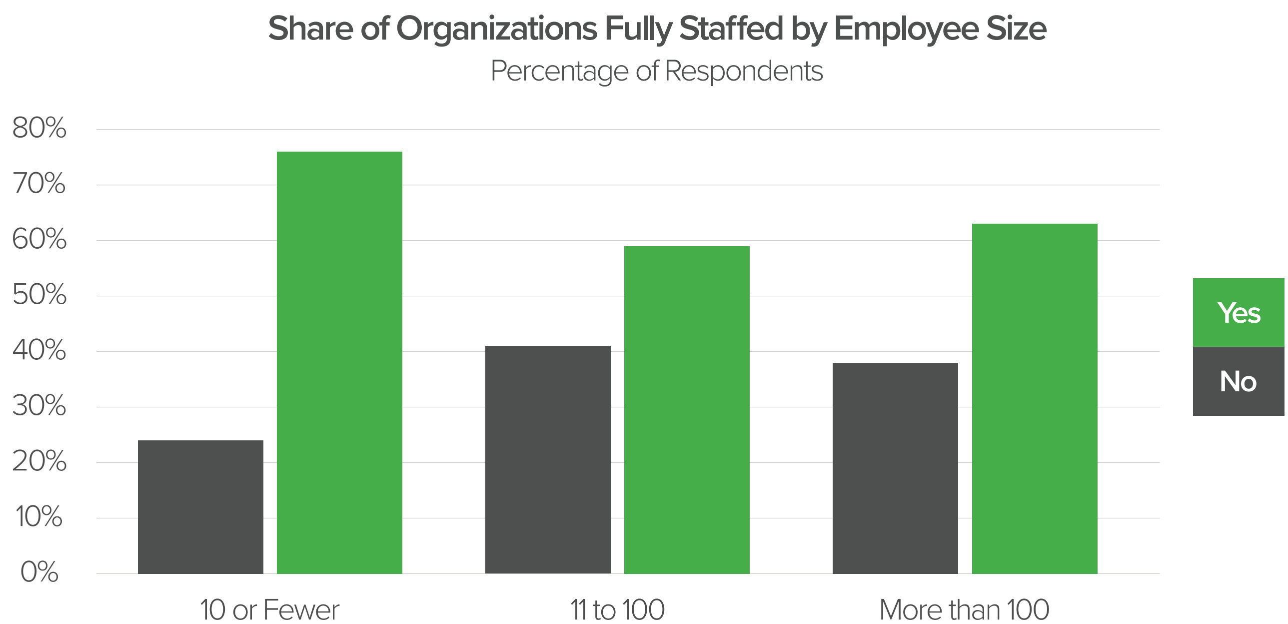
Taken together, survey and focus group findings suggest agribusiness leaders are seeking a policy environment that is **competitive**, **predictable**, and **operationally realistic**. Policymaking that reduces uncertainty, shortens timelines, and recognizes the cumulative impact of taxes, regulations, and mandates will be essential to retaining agricultural businesses and sustaining investment across Minnesota's agricultural ecosystem.

Talent

Workforce Constraints Remain Structural

Key Takeaway: Aligning education pathways, workforce development, and employer needs will be essential to sustaining agribusiness capacity and growth in both the short and long term.

Workforce availability and cost continue to limit capacity across Minnesota's agricultural ecosystem in 2026, shaping business decisions around growth, investment, and long-term planning.



While 70% of applicable respondents reported being fully staffed, those remaining (30%) are understaffed as they begin the year, underscoring persistent labor gaps across the ecosystem. Workforce pressure is most acute among organizations with more than 10 employees, where an average of 40% reported being understaffed. Even among fully staffed businesses, employers describe fragile stability as they navigate turnover, succession challenges, and a limited rural labor pool.

"Access to employees at different levels of experience is always a challenge—especially seasonal labor for transportation, processing, and ag retail." *— Business Services Provider, Focus Group Participant*

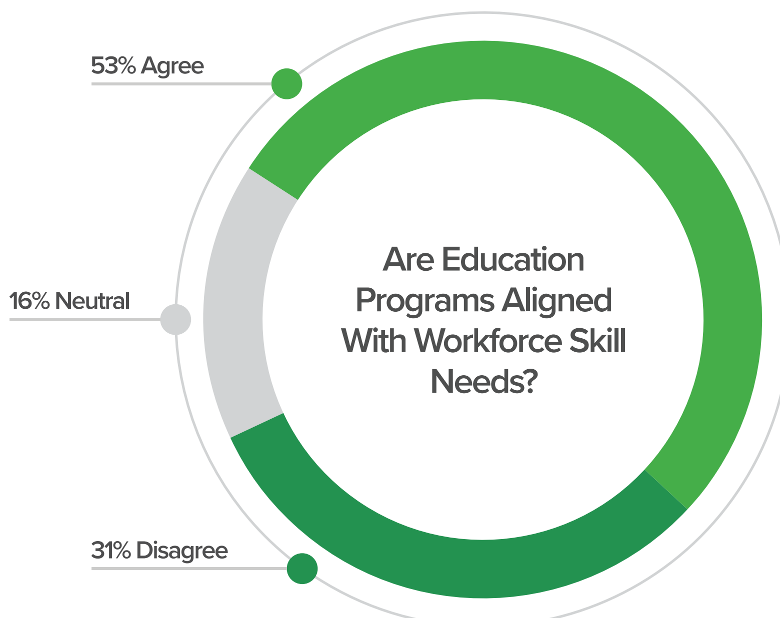
Hiring difficulty is influenced not only by the availability of applicants, but by skills alignment and readiness. Although 70% of respondents positively rated applicant quality, only 18% described applicants as excellent, while more than one quarter characterized applicant quality as fair or poor. These results suggest that job readiness, technical proficiency, and long-term fit remain ongoing challenges for employers across production, manufacturing, and service sectors.

The cost of employing workers further compounds these availability concerns. Insurance rates were cited by 29% of respondents as one of the greatest cost challenges facing their business, ranking third overall. In addition, one in four respondents identified the cost of healthcare as a key policy issue, with focus group participants describing healthcare expenses as a factor influencing hiring decisions, business transitions, and even career paths. For many agribusiness owners, employee benefit costs represent a fixed expense that directly competes with reinvestment and expansion.

> **"We are paying over $30,000 a year in premiums before insurance even kicks in. That drives every decision you make as a farmer."**
>
> ***— Small Agricultural Producer, Focus Group Participant***

Despite these constraints, workforce investment remains a priority. Half of businesses planning to invest in 2026 intend to invest in additional staff or workforce upskilling, signaling unmet labor demand and cautious optimism. Notably, 15% of businesses that experienced growth in 2025 attributed it, at least in part, to improved staffing conditions, reinforcing workforce stability as a meaningful, though still limited, driver of growth.

Connections between education and industry show signs of alignment, with 53% of respondents agreeing that industry and education are aligned. However, student engagement declined in 2025, with internships remaining the most common entry point into agricultural careers. The share of organizations reporting no student engagement practices increased from 18% to 24%, raising concerns about future workforce pipelines. Focus group participants noted that declining internship availability may reflect broader caution among employers as they manage cost pressures and policy uncertainty.



"We had students laid off for the first time. Companies just couldn't keep interns this year like they normally do."

— Higher Education Administrator, Focus Group Participant

Taken together, these findings indicate that workforce challenges extend beyond filling open positions. Agribusinesses are balancing labor availability with rising wages, benefits, and insurance costs, forcing tradeoffs between hiring, reinvestment, and operational efficiency. Addressing workforce availability, skills development, healthcare affordability, and rural livability will be essential to sustaining productivity and long term competitiveness across Minnesota's agricultural ecosystem.

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