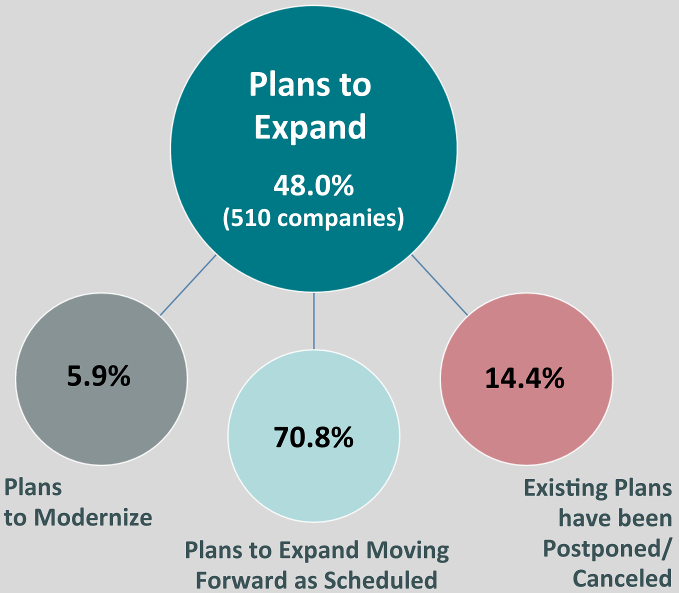
ANNUAL REPORT OVERVIEW 2021

In 2021, there were 1,065 companies who participated in the state of Iowa's business, retention and expansion program. The following issues were identified as critical for economic growth and development for Iowa moving forward:

- **Workforce challenges continue to significantly impact Iowa companies:** Finding employees was reported as the top recovery barrier by 40.5 percent of the companies interviewed, most frequently identified by companies in the Construction, Health Care & Social Services, Wholesale Trade and Manufacturing industry sectors.
- **Expansion is on the rise but threatened by workforce challenges:** Nearly 48.0 percent of the companies interviewed stated that before the COVID pandemic their company had expansion plans, with 89.6 percent indicating those plans were an expansion and 10.4 percent were a renovation. Almost 71 percent stated their plans are moving forward, however, 15.7 percent stated their expansion plans are temporarily on hold and 12.3 percent are uncertain their expansion plans will move forward. Among the companies with expansion plans that are moving forwards, 75.3 percent of them, stated they were experiencing workforce recruitment problems. Additionally, among the companies that stated they have expansion plans, 22.1 percent stated that there are reasons their community may not be considered for a future expansion.

EXPANSION PLANS



WORKFORCE

- Recruitment of qualified employees was reported most often as a recovery barrier by 428 companies, most frequently by the Construction, Health Care & Social Services, Wholesale Trade, and Manufacturing industry sectors.
- 221 companies have lost high-value employees in the last 6 months.
- Nearly 70 percent of the companies (668 companies) stated that their company is experiencing workforce recruitment problems.
- The companies with the largest employee base are more likely to experience a workforce recruitment problem.

CUSTOMER/SUPPLIER DISRUPTIONS

Nearly 34 percent stated they had customers who were slowing the delivery or acceptance of products/ services that was impacting their organization's sales or cash flow. Industry sectors most impacted include Health Care & Social Assistance and Construction. Additionally, 64 percent reported experiencing supply chain disruptions or anticipated supply chain disruptions over the next year. Industry sectors experiencing the highest level of disruption included Manufacturing, Wholesale Trade, Construction, and Retail Trade.

TOP RECOVERY BARRIERS

FINDING EMPLOYEES
428 Companies
(40.2%)

ECONOMIC UNCERTAINTY
174 Companies
(16.3%)

FINDING SUPPLIERS
110 Companies
(10.3%)

Among the industry sectors Finding employees was the top barrier to recovery, followed by Economic uncertainty and Finding suppliers. Economic uncertainty was highest for Professional, Scientific & Technical Services while Finding suppliers was most challenging for the Construction sector.

PRODUCT LIFE CYCLE

733 Companies (71.0%) indicated they had introduced a new product/service over the past three years.

705 Companies (69.7%) stated they anticipated introducing a new product/service in the next two years.

211 Companies (21.0%) stated they had not introduced a new product/service over the past three years and do not anticipate doing so in the next two years.

Declining 2.3%

Emerging 5.6%

Maturing 28.8%

Growing 63.3%

MARKET

Over 41 percent of the companies interviewed stated their primary market was a national market. 20.8 percent stated regional, 18.8 percent international and 9.3 percent local.

Just over 80 percent of the companies stated their company's export market share was either increasing (39.5%) or stable (41.1%).

- Among the companies with a growing export market share, 81.4 percent said their primary product/service was growing its life cycle.
- The vast majority of the companies with a growing export market share stated they had introduced a new product/service in the last three years (79.2%) and anticipated introducing a new product/service in the next two years (79.2%).
- Just over 30 percent of companies who stated their export market share was stable said their primary product/service was either maturing or declining in its life cycle.

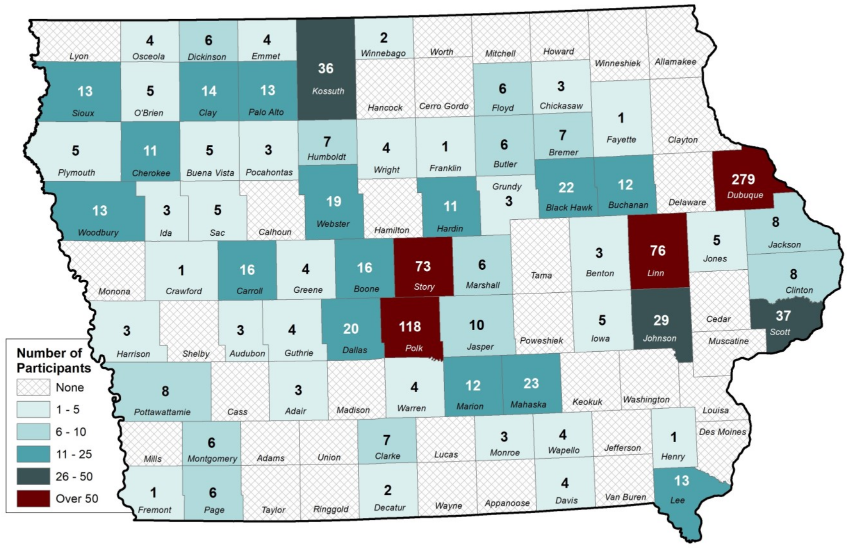
EMPLOYMENT SIZE

The 167,314 total employment reported by the 1,065 companies interviewed represents 11.1 percent of the state's industry employment.

The companies interviewed had an average size of 159.2 employees per location while statewide the industry establishments averaged just over 14.2 employees per location.

The 541 manufacturers interviewed employed 91,463 individuals, which represents 42.1 percent of that industry's statewide employment (based on second quarter 2021 data).

DEMOGRAPHIC OVERVIEW



1,065 Companies

66 Counties

173 Communities