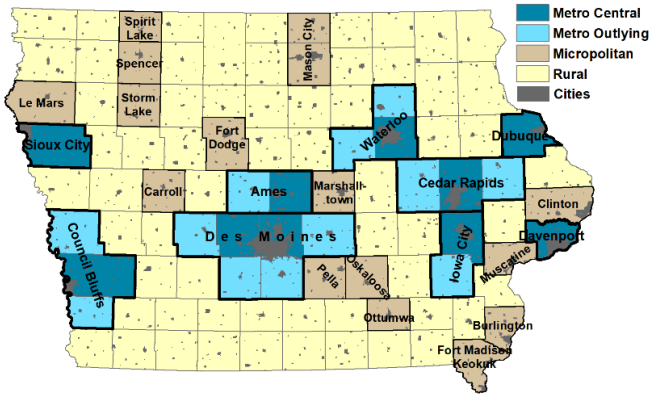
IOWA STATE UNIVERSITY
Extension and Outreach

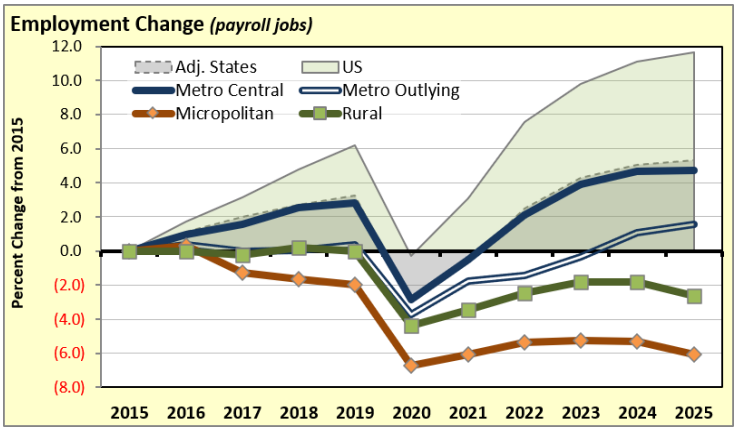
Rural Iowa at a Glance
Economic Trends
2025 Edition

This publication summarizes current economic trends in Iowa between 2015 and 2025. It is modeled after the United States Department of Agriculture's *Rural America at a Glance*. Indicators are taken from federal data sources at the county-level. Dollar values are inflation adjusted. *Metropolitan central* areas include counties with an urban city over 50,000 people. *Metropolitan outlying* areas include the suburban counties of metro cities that are linked by commuting patterns. *Micropolitan* counties have an urban city of at least 10,000 people. *Rural* counties, technically called "non-core", have no urban city of 10,000 or more. *Adjacent states* include Illinois, Minnesota, Missouri, Nebraska, South Dakota, and Wisconsin.

County maps and tables are presented in the addendum.

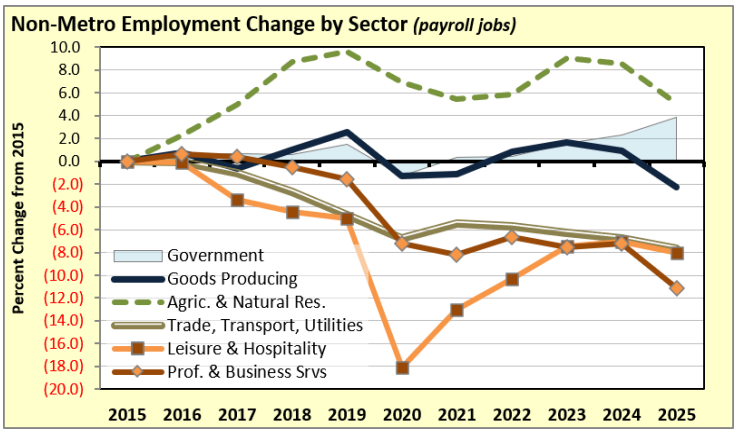


Jobs



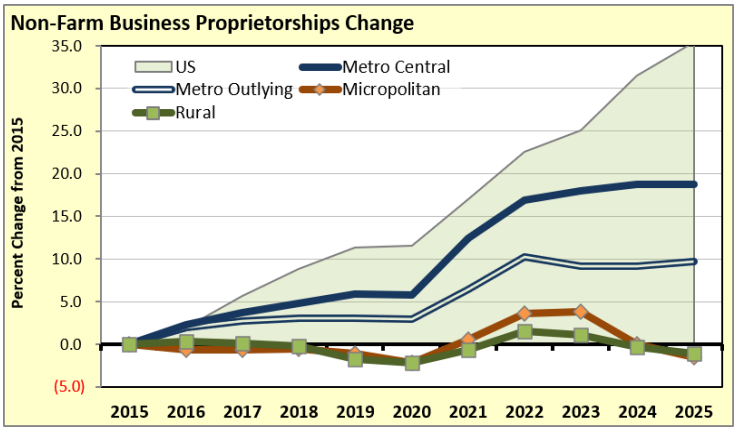
Metro jobs rebounded post-COVID, while non-metros struggle to grow jobs. Payroll jobs include full-time and part-time positions that are paid a wage or salary across all economic sectors (private, government, and agriculture). Payroll jobs exclude self-employed business owners and farmers. Jobs in central metros grew by 4.7% since 2015, the fastest in the state. However, non-metros have lost jobs over the decade, despite some gains in the 2020s. The number of rural jobs is down 2.6% since 2015; and micropolitan jobs have contracted by a stunning 6%. Job gains were dismal last year. Non-metro jobs shrank by 0.8% between 2024-2025, and metros only gained 0.1% last year. In short, payroll job creation appears to have stalled in 2025. ***Iowa job growth lags behind the U.S.*** By contrast, U.S. job creation is up 11.6% since 2015, and up 0.5% since 2024.

Central metros are the job creation engines of the state. A stunning 60.8% of Iowa's payroll jobs are located in ten metro counties with large cities, with another 5.3% in outlying metros, accounting for 66% of all jobs statewide. Rural Iowa is home to 19.3% of jobs, while micropolitans have the smallest share at only 14.6%.



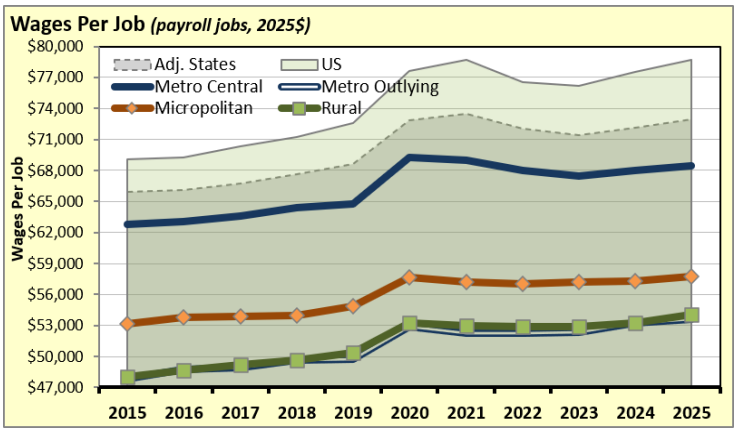
Decline in non-metro manufacturing and agriculture jobs last year. The *goods-producing* sector (manufacturing and construction) employes 26.4% of non-metro Iowans, but jobs are down 2.3% from 2015, with a sizable drop last year of 3.2%. Payroll jobs in *agriculture* (farm workers, not farm owners) also shrank by 3.3% last year, but a strong farm economy over the past ten years has grown farm worker jobs by 5%. However, only 3.2% of non-metro Iowans work in agriculture as non-farmers.

Non-metro services jobs continue to fall, while jobs in government make gains. One-third of non-metro Iowans work in the services sector. *Professional and business services* jobs (professional, finance, real estate, telecom, business, and health services) has the steepest decline, falling 11.2% since 2015. *Leisure and hospitality services* (entertainment, recreation, lodging, food, and personal care) are down 8% since 2015, but jobs have recovered after major losses in 2020 due to COVID. On the other hand, *government* (federal, state, local, and public education) accounts for a sizable and growing part of the rural economy, accounting for 17.6% of jobs that have grown by 3.8% over the past decade, with a sharp rise in hiring last year.

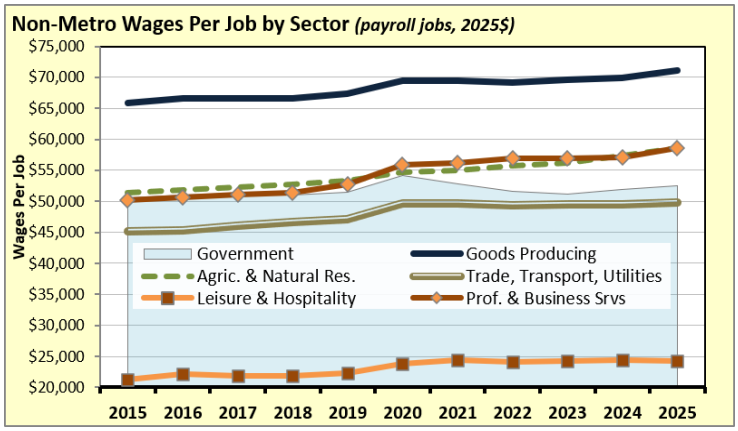


Self-employed businesses have grown in metros, but stalled out in the 2020s. Self-employed businesses include sole proprietors or general partners engaged in non-farm activities. About 62% of small businesses are in metro areas, with 52.7% in the central counties alone. Proprietorships are up 18.7% in central metros over the past decade, but business formation has been flat since 2022. *Non-metro Iowa struggles to create new small businesses*. There are fewer proprietorships in rural Iowa today than there were a decade ago, and business creation has fallen since 2023. *Iowa lags behind the nation* as the U.S. economy saw small business growth surge by 35.4% over the past ten years.

Wages Per Job



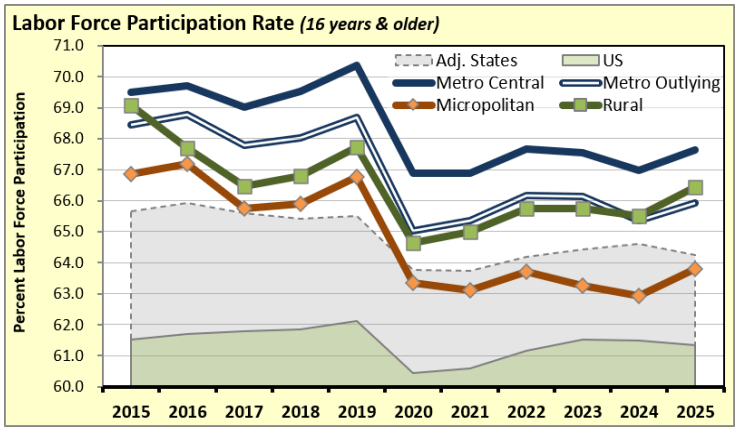
There is a persistent rural-urban pay gap. Micropolitan workers earned $10,700 less than their metro counterparts in 2025; and for rural workers the pay-gap was worse at $14,400. The rural pay penalty has persisted over the past decade. *Wages have not kept pace with inflation during the 2020s.* Although wages per job (excluding self-employed farmers and business owners) have grown in real terms (inflation adjusted) since 2015, pay gains stalled in the 2020s. In central metros, wages grew by 10.3% between 2015-2020, but have fallen by 0.8% from 2021-2025. In rural Iowa, pay rose by 10.7% from 2015-2020, but only grew by 2% in the past five years. Micropolitans have a similar trend, with wages rising by 8.4% in the first five years, but only gaining 1% during the last five. The reason for this is inflation. Wages gains have been negated by rapid price increases in housing, food, and fuel. This erodes the purchasing power worker's wages.



Jobs in goods-producing industries are the best paid. Leisure and hospitality jobs are the lowest paid. The *goods-producing* sector consistently pays the highest in non-metro Iowa, with earnings of $71,090 per job in 2025. Inflation-adjusted wages rose by 1.7% last year and are up 8% from ten years ago. Jobs in professional services and agriculture are the next highest. Rural *professional and business services* workers were paid $58,660 per job; and wages are up 2.8% from last year and have risen by 16.9% over the past decade. *Agricultural* workers earned $58,540 per job, and pay rose by 2.1% last year and by 14% since 2015. *Government* jobs (including public education) paid $52,450, but wages only grew by 3.7% since over the decade. The lowest paid rural jobs were in *leisure and hospitality* services at only $24,250 per job. Although pay shrank by 0.7% last year, wages are up 14.4% from ten years ago.

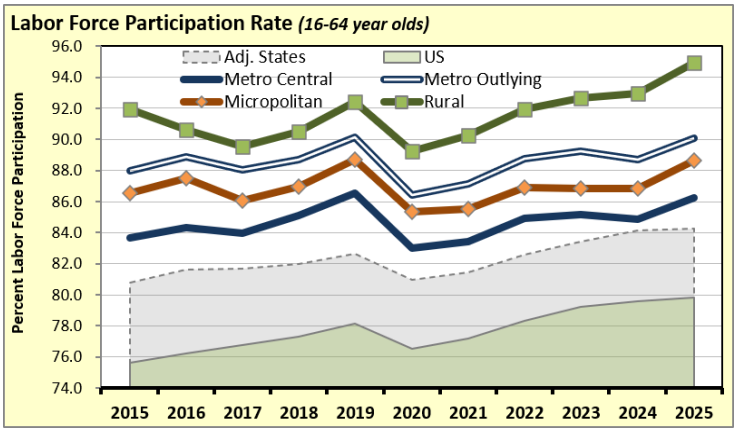
One concern is the *sizable rural-urban pay gap* in some sectors. Metro workers in professional services earn 37.7% more than their non-metro peers. Government workers earn 29.7% more, and leisure and hospitality jobs earn 26% more in metros. Even goods-producing workers earn 15.1% more in metro Iowa, the smallest pay gap. In short, there is a *rural pay penalty*.

Labor Force Participation



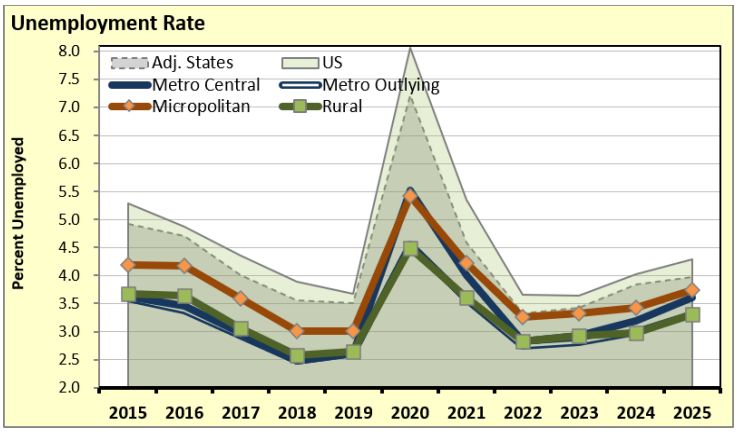
Work participation has not recovered to pre-pandemic levels. Micropolitans have low participation. More Iowans are in the labor force compared to the rest of the nation. Labor force participation is the percent of people 16 years and older that are active in the job market. It is a broader measure of unemployment because it includes

those not seeking work such as the unemployable, discouraged workers, and those not in the labor force. Across Iowa, participation is down 2 to 3 percentage points from a decade ago, and recovery has been slow until last year. Central metros have the higher work participation at 67.6% in 2025, closely followed by rural Iowa at 66.4% and suburban metros at 65.9%. Conversely, micropolitans have low participation, where only 63.8% of the population age 16 and older works. One sign of progress is that micropolitan labor participation ticked up last year.



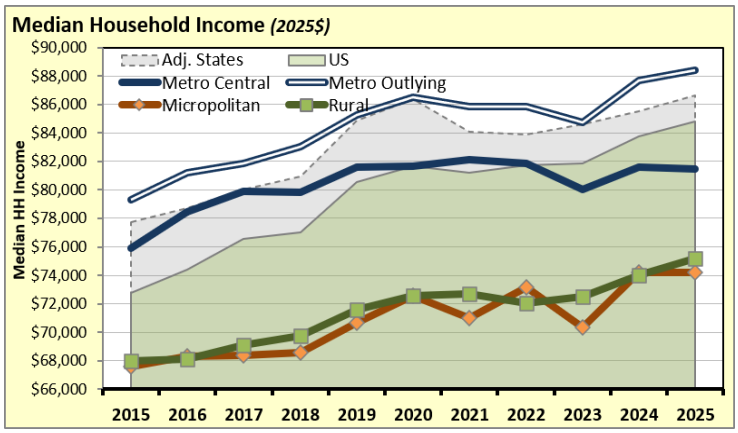
Rural worker shortage at crisis levels. Looking at the traditional working age population, we see that nearly 95% of rural Iowans age 16 to 64 years has a job—nearly the entire rural workforce. Further, rural participation rates have steadily risen since 2020. This is a looming crisis. Not having enough workers hinders business expansion and attraction, and causes wage rates to rise beyond what small employers can pay. In short, rural Iowa suffers from a lack of workers, not a lack of jobs. This is caused by rural population loss, as rural Iowa is losing people faster than it is losing jobs.

Unemployment



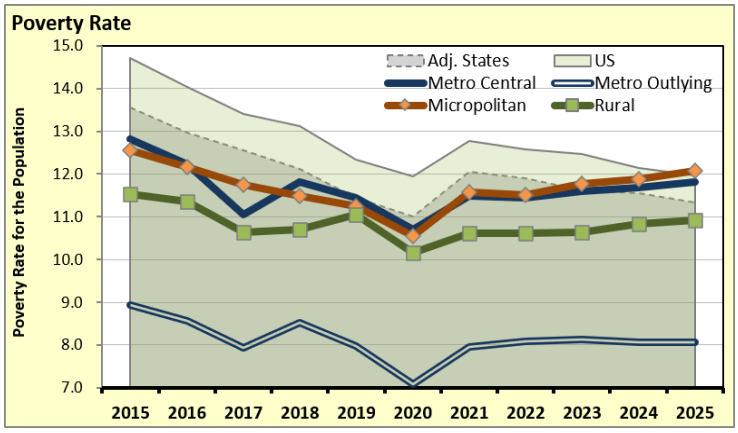
Unemployment is slowly rising. The unemployment rate is the percent of people not having a job that are actively looking for one. It is a narrow measure because it excludes the unemployable, discouraged workers, and those not in the labor force. It measures unemployment only among people actively seeking work. Unemployment has fallen sharply post-pandemic, with low rates of 3.3% to 3.7% in 2025 across most of the state. Micropolitan Iowa tends to have higher unemployment than the rest of the state. Iowa poverty has been slowly rising since 2022, but is still below the national average and that of our surrounding states.

Household Income



Rural incomes are growing, but in the rest of Iowa incomes stalled. Over the past year, rural incomes have grew by 1.6%, up to a forecasted $75,180 per household in 2025. By contrast, households in central metros and micropolitans saw no real income growth last year, due to inflation gains. Over the past decade, rural incomes have grown by 10.6%. Central metro incomes grew 7.3% over the same period to $81,470; and micropolitans saw faster gains of 9.8%, but with a lower income of $74,230. Outlying metros, containing suburbs and exurbs near large cities, posted the highest incomes at $88,420 per household. *Rural-urban income gap smallest in a decade.* On a positive note, the rural income gap is the smallest in a decade at $6,290 below metro households, whereas in prior years the pay gap was $9,000 to $10,000.

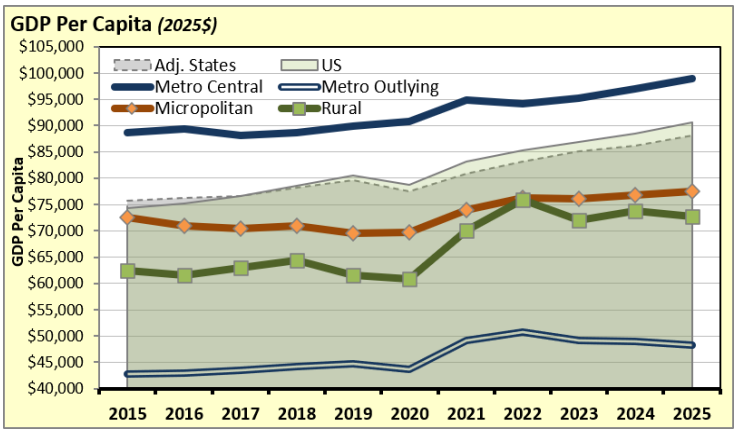
Poverty



Poverty is slowly rising across Iowa. The highest poverty rates in 2025 were in micropolitans at 12.1% and central metros at 11.8%. Micropolitans saw an uptick in poverty last year. Outlying metros, on the other hand, have the fewest in poverty at only 8.1%. Large government payments in 2020 pushed poverty down, but rates jumped back up after payments ended and the economic effects of

COVID began to be felt. National poverty rates have fallen faster than in Iowa, so state and U.S. rates are now closely matched.

Gross Domestic Product



Central metros drive the state's economy. Rural economy plateaued due to farm and factory challenges. Gross domestic product (GDP) is the value-added to the economy in the form of compensation paid to employees, taxes paid to government, and profits accumulated by businesses. Central metros generated $98,930 of valued added per person in 2025, up 1.9% from last year and up 11.6% from ten years ago. Micropolitan Iowa has struggled to grow the economy, adding only 6.7% to value added since 2015, although on a per person basis GDP is still high at $77,510. Rural Iowa has seen swings in the farm economy that has affected value-added. GDP is $72,690 per person, up 16.5% from 2015, but down by 1.5% since last year.

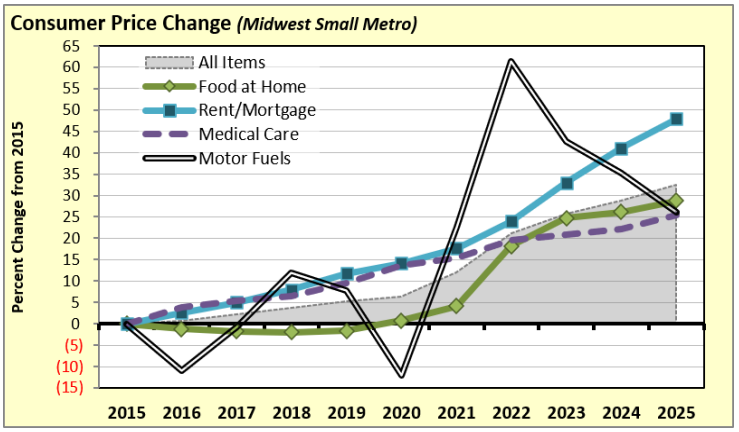
Implications

Rural Iowa is losing people faster than jobs, resulting in a severe workforce shortage. Rural jobs are falling, but the population is shrinking faster due to out-migration and falling birth rates. At present, 95% of the working age population is employed or actively seeking work. The result in a very tight labor market where there are no new workers for expanding existing business or attracting new ones; and it also has the potential to raise wage rates to levels that price out small businesses. In short, rural Iowa need people more than jobs. Economic development efforts should focus on improving rural quality of life to attract workers and families. This includes expanded childcare, more housing options, improved schools, and entertainment and recreation opportunities for families.

Rural economy is feeling the effects of tariffs and trade wars. Last year, rural Iowa saw job declines in manufacturing and agriculture, likely due to recently imposed tariffs by the U.S. and other nations, reduced trade in agricultural commodities to the People's Republic of China, and higher interest rates that limits borrowing to offset trade losses and improve productivity. In short, rural Iowa's export-based economy has borne the brunt of trade disputes in 2025, while the services-based urban economy in Iowa has been largely spared. National trade policy should seek long-term predictability that gives rural manufacturers and farmers time to adjust to changing market conditions.

Rural Iowa struggles to retain and grow professional services, which are critical for rural quality of life. Jobs in professional and business services jobs (includes professional, finance, real estate, telecom, business, and health services) contracted by 11.2% since 2015, the largest job loss in the rural economy. One cause is that rural professionals earn 37.7% less than their urban counterparts. In particular, limited healthcare services not only is a barrier to attracting new residents, it also impacts the health and welfare of rural people. There is a need for public-private partnerships to stabilize rural healthcare and other essential services (such as legal and mental health), with the first step to recruit more professionals to rural Iowa.

Rural wages have not kept pace with inflation, placing a strain on all Iowans, but especially rural people. Although rural workers have seen their paychecks increase, rampant inflation has eaten away those gains, resulting in families being no better off financially than five years ago. Inflation is up nearly 32% since 2015, but three-quarters of price increases happened since 2020. Increased costs for housing, motor fuels, food, and healthcare drive overall inflation gains. These expenses cannot be avoided, resulting in less discretionary income for rural households. Especially worrisome are increases in gasoline and diesel, since rural people have to travel longer for work and daily needs like grocery shopping; and increases in housing costs, which puts families at risk for living in substandard homes or even risk of homelessness.

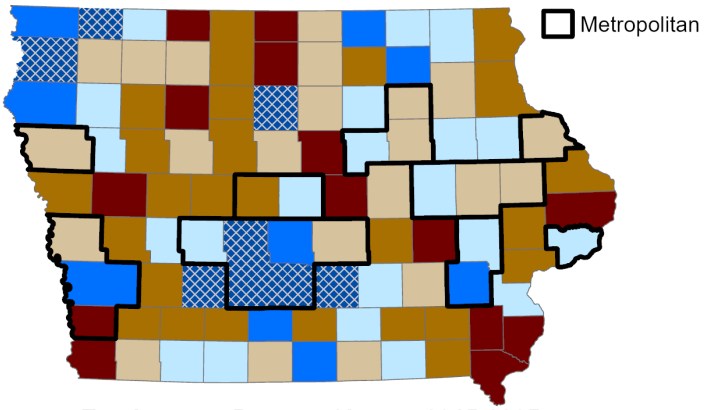


Prepared by David Peters
Professor and Extension State Specialist of Agricultural and Rural Policy.
Email: dpeters@iastate.edu | Tel. 515-294-6303
For more information visit
https://smalltowns.soc.iastate.edu/IowaGlance

This institution is an equal opportunity provider. For the full non-discrimination statement or accommodation inquiries, go to www.extension.iastate.edu/legal

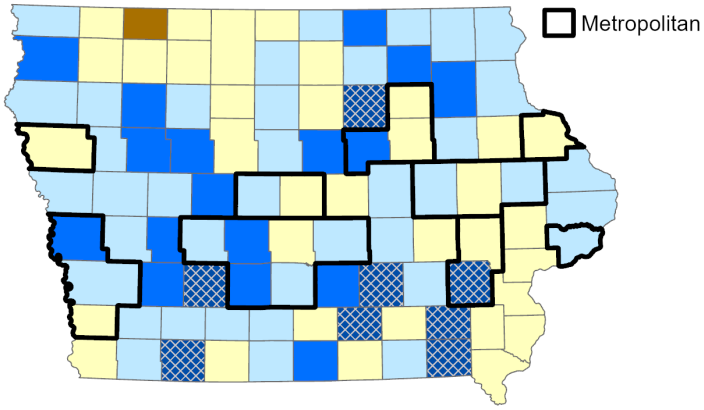
Esta institución ofrece igualdad de oportunidades. Para ver la declaración completa de no discriminación o para consultas de acomodación, siga a este vinculo: www.extension.iastate.edu/legal

Addendum



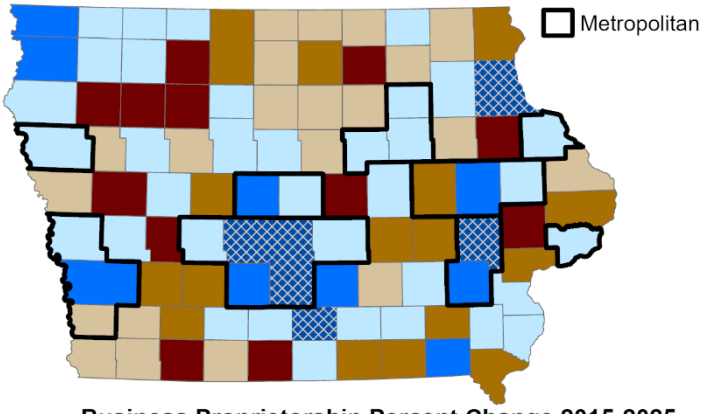
Employment Percent Change 2015-2025 (payroll jobs)

- Loss over 10%
- Loss of 5-10%
- Loss of 0-5%
- Gain of 1-5%
- Gain of 5-10%
- Gain over 10%



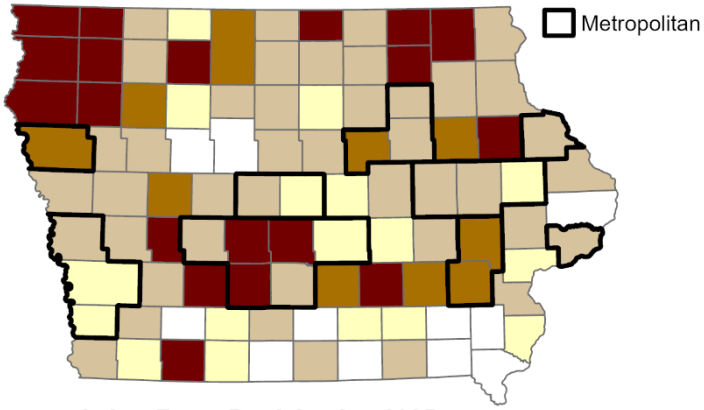
Wages Per Job Percent Change 2015-2025 (2025$, payroll jobs)

- Loss of no change
- Gain of 1-10%
- Gain of 10-15%
- Gain of 15-20%
- Gain over 20%



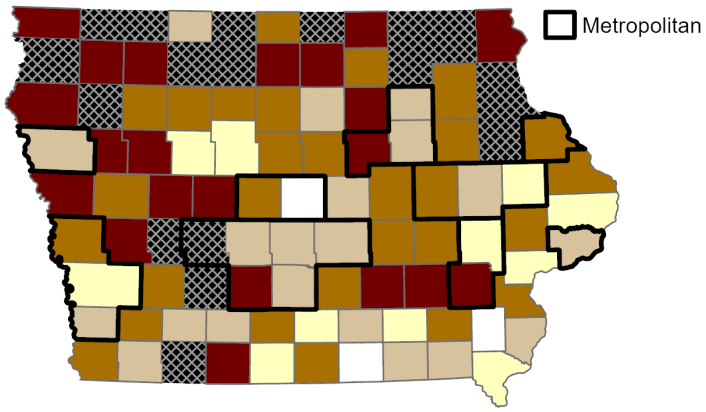
Business Proprietorship Percent Change 2015-2025 (non-farm businesses)

- Loss over 10%
- Loss of 5-10%
- Loss of 0-5%
- Gain of 1-10%
- Gain of 10-20%
- Gain over 20%



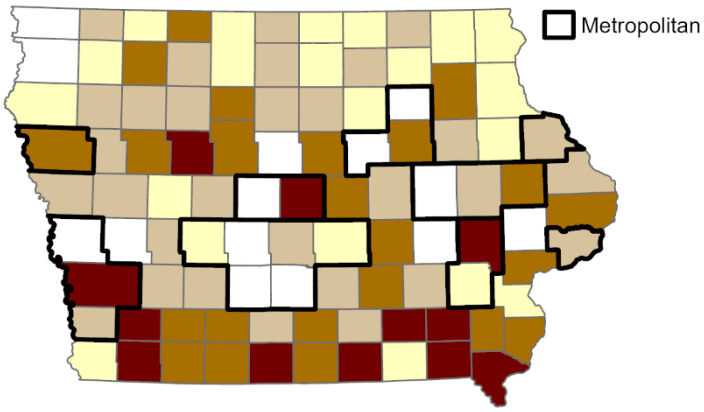
Labor Force Participation 2025 (age 16 years and older)

- Under 60%
- 60-64%
- 64-68%
- 68-70%
- Over 70%



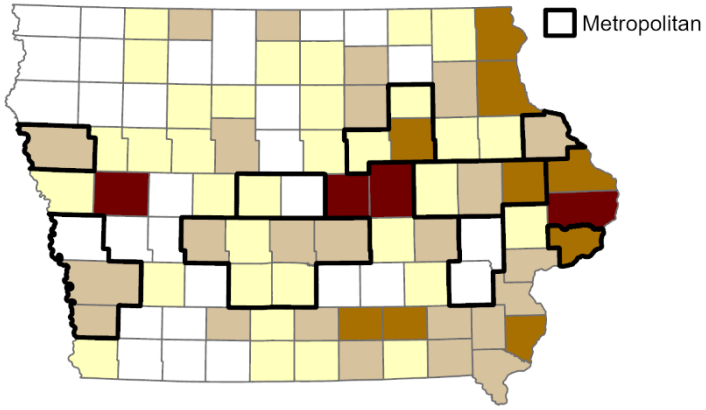
Working Age Labor Force Participation 2025
(age 16-64 years)

- Under 80%
- 80-85%
- 85-90%
- 90-95%
- 95-100%
- Over 100%



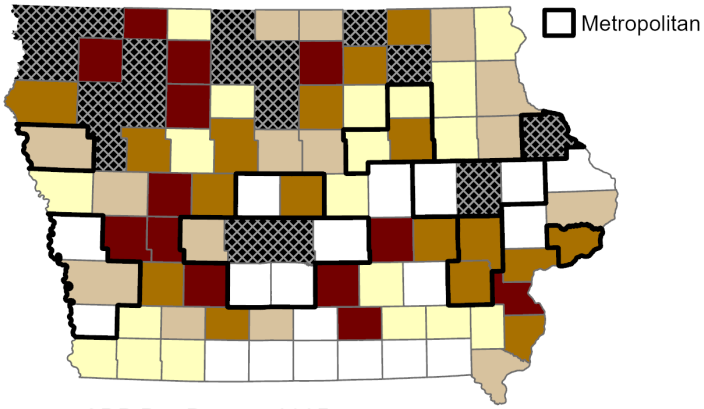
Poverty 2025
(persons below poverty line)

- Under 8%
- 8-10%
- 10-12%
- 12-14%
- Over 14%



Unemployment 2025
(no job and actively seeking work)

- Under 3.0%
- 3.0-3.5%
- 3.5-4.0%
- 4.0-4.5%
- Over 4.5%



GDP Per Person 2025
(value-added to economy)

- Under $50,000
- $50,000-$65,000
- $65,000-$75,000
- $75,000-$85,000
- $85,000-$95,000
- Over $95,000

Employment Percent Change
2015-2025

Top 10		Bottom 10	
Pct	*County*	*Pct*	*County*
40.5	Dallas	-21.5	Lee
26.7	Warren	-20.1	Fremont
19.4	Adair	-18.7	Mills
17.0	Osceola	-18.4	Emmet
16.1	Marion	-16.5	Hancock
12.4	Sioux	-14.0	Iowa
10.7	Madison	-13.9	Clinton
10.2	Wright	-13.6	Pocahontas
9.5	Mitchell	-12.2	Des Moines
9.4	Clarke	-12.2	Henry

Business Proprietorship Percent Change
2015-2025

Top 10		Bottom 10	
Pct	*County*	*Pct*	*County*
51.9	Dallas	-32.5	Decatur
33.3	Johnson	-18.6	Pocahontas
25.2	Lucas	-18.0	Marshall
22.8	Warren	-17.2	Cherokee
22.5	Polk	-15.7	Buena Vista
20.6	Clayton	-15.5	Crawford
17.1	Sioux	-13.5	Taylor
16.4	Pottawattamie	-13.3	Audubon
15.9	Lyon	-12.3	Delaware
15.8	Madison	-12.1	Palo Alto

Wages Per Job Percent Change
2015-2025

Top 10		Bottom 10	
Pct	*County*	*Pct*	*County*
38.7	Adair	-0.3	Dickinson
25.0	Mahaska	2.3	Lee
24.6	Van Buren	3.6	O'Brien
23.5	Taylor	3.7	Kossuth
23.0	Washington	3.8	Black Hawk
21.8	Monroe	4.2	Woodbury
21.0	Butler	4.8	Bremer
20.4	Jefferson	5.1	Muscatine
19.5	Chickasaw	5.2	Iowa
19.4	Audubon	5.5	Franklin

Labor Force Participation Rates *(age 16 & older)*
2025

Top 10		Bottom 10	
Pct	*County*	*Pct*	*County*
80.2	Sioux	52.2	Appanoose
77.9	Adair	54.2	Henry
77.6	Chickasaw	56.1	Lee
76.1	Worth	57.0	Lucas
74.2	Delaware	57.4	Calhoun
73.6	Winneshiek	58.0	Decatur
73.2	Osceola	58.6	Adams
73.1	Audubon	59.2	Clinton
72.6	Cherokee	59.4	Webster
72.4	Mahaska	59.9	Jefferson

Labor Force Participation Rates *(age 16 to 64)*
2025

Top 10		Bottom 10	
Pct	*County*	*Pct*	*County*
113.3	Adair	74.6	Henry
112.4	Chickasaw	75.8	Appanoose
109.9	Audubon	77.1	Story
109.9	Worth	80.3	Webster
108.9	Cherokee	80.5	Decatur
107.4	Winneshiek	80.9	Lee
105.8	Delaware	80.9	Wapello
104.4	Sioux	81.3	Lucas
103.0	Kossuth	82.3	Muscatine
103.0	Osceola	82.3	Clinton

Unemployment Rates
2025

Top 10		Bottom 10	
Pct	*County*	*Pct*	*County*
6.4	Marshall	2.3	Osceola
4.8	Tama	2.3	Sioux
4.6	Crawford	2.4	Taylor
4.5	Clinton	2.4	Carroll
4.3	Wapello	2.5	Adair
4.3	Scott	2.6	Plymouth
4.3	Clayton	2.6	Lyon
4.2	Allamakee	2.6	Cherokee
4.2	Des Moines	2.7	Adams
4.2	Jones	2.7	O'Brien

Poverty Rates *(persons)*
2025

Top 10		Bottom 10	
Pct	*County*	*Pct*	*County*
18.7	Johnson	5.7	Dallas
18.7	Van Buren	5.7	Grundy
18.3	Decatur	6.3	Madison
16.8	Appanoose	6.6	Warren
16.3	Montgomery	6.7	Sioux
15.8	Calhoun	7.1	Iowa
15.6	Page	7.2	Harrison
15.2	Story	7.3	Benton
14.8	Wapello	7.7	Bremer
14.8	Pottawattamie	7.8	Hamilton

GDP Per Person
2025

Top 10		Bottom 10	
Dollars	*County*	*Dollars*	*County*
$130,034	Polk	$34,363	Warren
$116,683	Lyon	$35,551	Decatur
$114,849	Hancock	$39,373	Van Buren
$111,737	Sioux	$40,434	Lucas
$107,097	Ida	$40,644	Jones
$102,374	Dallas	$40,674	Jasper
$101,497	Wright	$42,178	Madison
$99,138	Clay	$42,419	Cedar
$98,875	Kossuth	$43,230	Mills
$98,756	Buena Vista	$43,309	Keokuk