

## Northeast Illinois Region Community & Economic Highlights

The Office of Economic Adjustment (OEA), an arm of the U.S. Department of Defense, initiated the Defense Industry Adjustment (DIA) Program to assist communities in planning for adjustments and resiliency in the face of defense industry changes. As of the beginning of 2016, a project team made up of the University of Illinois Office of Vice President for Research (OVPR), the UIC Voorhees Center, and the Quad Cities Chamber of Commerce, has begun work on the State of Illinois Defense Industry Adjustment Project to assess the impact of changes in defense industry spending in Illinois, and to assist impacted sectors in their efforts to develop plans and options to mitigate impact.

At number 48, the State of Illinois is one of the lowest defense spending states as a percentage of total state GDP. As of fiscal year 2014, only 0.8% of the state GDP is attributed to defense spending. Still, this accounted for \$5.6 billion in annual spending, largely for manufacturing of Supplies & Equipment (a category with 49% of annual spending contracts). The top direct defense spending locations in the state include: St. Clair County, Winnebago County, Lake, Cook, & DuPage Counties, Peoria County, and Rock Island County. These seven counties currently account for \$4.5 billion of annual spending in the state.

As part of the project team, the UIC Voorhees Center for Neighborhood and Community Improvement will analyze data, conduct studies, and engage with stakeholders to inform and assist impacted sectors in their efforts to develop plans and strategies. The first of these efforts involves compiling community and economic profiles to share with community stakeholders in five regions of the state (Quad Cities, Rockford, Chicago Metro, Metro East, and Peoria) in order to inform the direction of the state DIA Project.

This **Community Profile** offers an initial survey of demographic, housing, and economic conditions in order to provide basic baseline information, and covers the following key indicators: Population, Educational Attainment, Median Household Income, Median Home Value, Median Gross Rent, Residential Vacancy Rates, Number of Owner-Occupied Units, and Number of Renter-Occupied Units. Providing analysis on demographic and housing market changes offers a robust foundation to understand how populations and housing trends fit into the regional economy and markets.

The **Economic Profile** provides an overview of a region's economy in terms of its current composition, changes in employment, and occupations. In addition to analyzing basic indicators that measure economic conditions and help evaluate regional economic performance, the profile identifies specific manufacturing and professional/technical services industries in which businesses may be performing defense contract work or are part of the defense industry supply chain. Each indicator is analyzed in comparison with the state and national averages to provide a better understanding of local status and trends. To the extent that data are available, the profile analyzes changes over a period of 10 years—long enough to reveal some dynamics, but short enough to reflect local changes that may be malleable through regional planning activity.

This report covers the seven-county region that consists of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will Counties. Unless otherwise indicated, regional data is defined using these geographies. Additional notes on definitions and data sources may be found at the end of this document. If there are any questions, please contact Yittayih Zelalem, Co-director of the Nathalie P. Voorhees Center for Neighborhood & Community Improvement at the University of Illinois at Chicago at 312-996-6674 or e-mail at: [yittazel@uic.edu](mailto:yittazel@uic.edu).

## Northeast Illinois Regional Economic Highlights

- Health care, retail trade, and manufacturing accounted for the largest shares of any sector in 2014, representing 12.8 percent, 10.3 percent, and 9.1 percent of regional employment, respectively.
- All sectors except public administration, and finance and insurance posted gains in employment from 2010 to 2014. Educational services, administrative services, and professional and technical services respectively, created the most jobs over the period, together adding 168,144 jobs in the region.
- Current regional employment is still below the pre-recession level. During the same period, the U.S. economy performed slightly better. Employment in the Northeast Illinois region expanded 6.6 percent from 2010 to 2014, but lagged the national growth rate of 6.9 percent.
- Relative to the nation and Illinois, the private sector accounts for a large portion of employment in the seven-county region. On the other hand, state and local governments account for a small (around 11%) portion of regional employment. Likewise, the federal government accounts for a relatively small portion of employment in the seven-county region.
- The 2015 unemployment rate in the region (5.8%) is higher than the national unemployment rate (5.3%), and nearly the same as the state rate (5.9%).
- After peaking during the recession (2009), recent year regional insurance claims to a large extent seem to have returned to their pre-recession levels.
- The current annual average wage for all industries in the region is \$58,174. This exceeds the national and Illinois figures (average annual wages for all industries in Illinois was \$54,106 and \$51,364 in the U.S. in 2014). There has not been a significant change in the gap between regional and national wages during the last ten years.
- The seven-county region is specialized in various manufacturing, financial, and business service industries. Among those, fabricated metal product manufacturing (NAICS 332) and professional and technical services (NAICS 541) are likely the most closely related to defense.
- Defense contracts have been in the range of less than 1 percent of gross regional product for the last ten years although it appears to be trending higher in recent years.
- Regional employment in the fabricated metal product manufacturing sector declined substantially during the recession, and has not completely recovered yet. While national employment increased in the last four years in this industry, regional employment remained the same. Regional employment in professional and technical services closely follows the national trend and has already surpassed pre-recession levels.
- Three major growth occupation groups are: Management Occupations; Computer and Mathematical Occupations; Personal Care and Service Occupations.

## Northeast Illinois Region Demographic and Housing Highlights

- As of 2014, the population in the seven-county region was 8,487,546. Change in population varied by county between 2005 and 2014, with Cook and DuPage Counties being the only two counties that experienced population loss – the population in Cook County declined by about 1.5%.
- In 2014, more than 43% of the regional population 25 years and over has at least an associate/bachelor's degree or higher. Overall, compared to the state of Illinois or the U.S., the regional population has higher rate of educational attainment. For the population 25 years and over, the data show that in parallel to the statewide and national trends, those with associate and bachelor's degrees, as well as graduate or professional degrees increased slightly in the region.
- The 2014, the median household income in the Northeast Illinois region was \$62,884 and it exceeded both the state and national median household income figures (According to the 2010-2014 ACS estimates, it is \$57,166 for Illinois and \$53,482 for the U.S.). However, the seven county-region experienced a greater decline compared to the state and the U.S. during the last five years.
- The 2014 median home value in the seven-county region was \$229,773, greater than both the statewide and national median home values (according to the 2010-214 ACS estimates, it is \$175,700 for the state and the U.S.).
- The 2014 median gross rent stands at \$999 in the region, nearly the same as the figure in 2009. Much of the region experienced small increases in median gross rent between 2009 and 2014
- According to 2015 data, the seven-county region had its lowest percentage of vacant residential addresses in five years, falling below 3%. The Northeast Illinois region followed state and national trends over the five-year period, indicating that the regional housing market is showing signs of recovery.
- As of 2014, 64.7% of households lived in owner occupied units while 35.3% lived in renter-occupied housing units in the seven-county region. Regional housing tenure distribution is very similar to the national averages.