## Quad Cities 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 six-county region that consists of Clinton, Muscatine, and Scott Counties in Iowa and Henry, Mercer, and Rock Island Counties in Illinois. 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.

## Quad Cities Region Economic Highlights

- Manufacturing, health care, and retail trade accounted for the largest shares of any sector in 2014, representing 17.1 percent, 12.5 percent, and 12.0 percent of regional employment, respectively.

- Administrative services, management of companies, and accommodation created the most jobs over the period of 2010-2014, adding a combined 3,436 jobs in the region.

- Current regional employment is still below the pre-recession level. During the same period, the U.S. economy performed somewhat better. Employment in the Quad Cities Region expanded 2.8 percent from 2010 to 2014, but lagged behind the national growth rate of 6.9 percent.

- Similar to Illinois, the private sector accounts for a large portion of employment in the six-county region. On the other hand, state and local governments account for a small (around 11%) portion of regional employment. Unlike Illinois or the nation, the federal government accounts for a relatively large portion of employment in Quad Cities Region.

- The 2015 unemployment rate in the region (5.3%) is the same as the national unemployment rate (5.3%) and below the state rate (5.9%). After peaking during the recession (2009), recent year regional insurance claims seem to have returned to their pre-recession levels.

- The current average wage for all industries in the region is $44,638 and it is below the national and Illinois figures (average annual wages for all industries in Illinois was $54,106; and $51,364 in the U.S.). There has not been a significant change in difference between regional and national wages in the last ten years.

- The region is specialized in various manufacturing industries. Among those, primary metal product manufacturing (NAICS 331); fabricated metal product manufacturing (NAICS 332); and machinery manufacturing (NAICS 333) are likely the most closely related to defense.

- Defense contracts have been around 1 percent of gross regional product for the last ten years and it appears to be trending lower in recent years.

- Regional employment in primary metal manufacturing follows the national trend. And since the recession ended in 2010, employment in primary metal manufacturing in the region increased faster than the U.S. Regional employment in fabricated metal product manufacturing declined substantially during the recession years and has not recovered yet. Regional employment in machinery manufacturing declined during the recession years, but recovered relatively quickly after the recession ended in 2010. Since then, employment in machinery manufacturing in the region increased faster than the U.S.

- Three major growth occupation groups are: Management Occupations; Computer and Mathematical Occupations; Architecture and Engineering Occupations.

## Quad Cities Region Demographic and Housing Highlights

- As of 2015, the population of the Quad Cities region was estimated to be 474,385, which marks a 2.18% increase from 2005 figures, outpacing state growth during this period. Muscatine and Scott County saw steady population growth since 2005, adding a combined additional 14,700 residents (with Scott County contributing to most of that growth). The remaining counties saw net losses during this period.

- 34% of the region's population age 25 and older holds a college degree (Associates, Bachelors, Graduate, or Professional degree). This figure is lower than the state and national averages. Figures have increased slightly since 2005.

- Median household income in the Quad Cities region was $51,190 in 2014, which is slightly lower than the state and national averages. Similar to state and national figures, median income has yet to rebound to 2005 levels. However, declines were less severe in the Quad Cities region than in Illinois as a whole.

- Median home value in the six-county region was $122,957 in 2014, which is lower than the state and national figure of $175,700. Declines in home value following the housing bubble and mortgage crisis were less severe in the Quad Cities, with prices in 2014 sitting 1.99% below 2005 housing value levels. Meanwhile, housing values in the State of Illinois fell 20.55% from 2005 to 2014.

- Median gross rent in the Quad Cities region was $678 in 2014, which is lower than the state and national average of $902 and $920 respectively. This marks a 3.04% increase from 2005 figures.

- The residential vacancy rate in the Quad Cities region sits at 3%, which is lower than the state average and higher than the national average. Figures have decreased since peaking at 3.7% in 2012.

- As of 2014, 71.4% of households lived in owner-occupied units while 28.6% live in renter-occupied units. Homeownership rates outpace the state and national average and have declined at a slower rate since 2005.