

Greater Peoria 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 percent 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 percent 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 eight-county region that consists of Fulton, Logan, Marshall, Mason, McLean, Peoria, Tazewell, and Woodford 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.

Greater Peoria Region Economic Highlights

- Health care, manufacturing and retail trade accounted for the largest shares among sectors 2014, representing 15.5 percent, 11.8 percent, and 10.6 percent of regional employment, respectively.
- Accommodation and food services, manufacturing, and professional and technical services respectively created the most jobs from 2010 to 2014, together adding 3,749 jobs in the region.
- Employment in the Greater Peoria Region was essentially flat from 2010 to 2014, expanding by 0.2 percent compared to the national growth rate of 6.9 percent. Moreover, regional employment has been declining in the last two years and currently it is nearly at the low point experienced during the recession.
- Private sector's share of employment in the eight-county Greater Peoria region is greater than its share in the nation. On the other hand, the federal government accounts for a relatively smaller portion of employment in the region.
- The 2005 unemployment rate in the region (6.0%) is higher than the national unemployment rate (5.3%) and close to the state rate (5.9%). While the unemployment rate in the region was below the national average until the recession, recent unemployment rates have been above the national average.
- Regional initial unemployment insurance (UI) claims peaked during the recession (2009) and recent year regional insurance claims have not returned to their pre-recession levels yet.
- The current annual average wage for all industries in the region is \$49,410 and is slightly 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 the gap between regional and national wages during the last ten years.
- The Greater Peoria Region is specialized in various manufacturing industries. Among these, primary metal 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 in the range of less than 1 percent of the gross regional product for the last ten years although this share appears to be trending lower in recent years.
- Regional employment in the fabricated metal product manufacturing declined substantially during the recession and has not completely recovered yet. Similarly, regional employment in machinery manufacturing declined substantially during the recession and has not recovered yet. In fact, while national machinery manufacturing employment started growing immediately after the recession ended in 2010, regional employment in the industry continued its downward trend.
- Three major growth occupation groups are: Management Occupations, Computer and Mathematical Occupations, and Architecture and Engineering Occupations.

Greater Peoria Region Demographic and Housing Highlights

- As of 2015, the population of the eight county Peoria region was 624,290. This marks a 2.74 percent increase from 2005 estimates, which outpaces growth in Illinois as a whole during this period. Population growth was not even throughout the region, with McLean County accounting for more than half of this growth, adding over 12,000 residents since 2005. Simultaneously, four counties (Fulton, Logan, Marshall and Peoria) lost population during this period.
- 38.4 percent of residents age 25 and older hold a college degree (Associates, Bachelor's, Graduate, or Professional degree). This is comparable to the state rate, and has increased slightly from 2009 mirroring state and national trends.
- Median household income was \$52,684, which is lower than state and national averages. Nationally and statewide, income figures have yet to fully rebound to 2005 levels. However, the Peoria region bucked this trend, growing 0.15 percent during this period when controlling for inflation.
- According to 2014 data, median home value in the region was \$113,950, which is lower than the state and national average. However, price declines following the housing crisis were less severe in Peoria compared to state and national trends. In 2014, home values in Peoria were only 4.51 percent below 2005 levels, but were 20.55 percent below 2005 levels in Illinois as a whole.
- The 2014 median gross rent stands at \$654 in the region, nearly the same as the figure in 2009. Rents are notably lower when compared to Illinois as a whole.
- Residential vacancy rates remained relatively unchanged since 2010 despite statewide and nationwide decreases during this period. Rates in 2015 sat at 3.8 percent, which is higher than the state rate of 3.2 percent and national rate of 2.8 percent.
- 70.3 percent of households own their homes while 29.7 percent rent. Peoria has a higher rate of homeownership when compared to the state and national averages.