

Southwest 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 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 two-county region of Madison and St. Clair County. 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.

Southwest Illinois Region Economic Highlights

- Health care, retail trade, accommodation, and manufacturing accounted for the largest shares of any sector in 2014, representing 14.6 percent, 13.4 percent, 10.5, and 9.1 percent of regional employment, respectively.
- Transportation and warehousing, manufacturing, and administrative services respectively created the most jobs from 2010 to 2014, together adding 3,688 jobs in the region.
- Employment in the Southwest Illinois Region expanded 1.3 percent from 2010 to 2014, lagging the national growth rate of 6.9 percent. The recession does not seem to have influenced regional employment trends as much as it did national employment.
- The private sector's share of employment in the region is similar to its share in the nation. On the other hand, the federal government accounts for a relatively large portion of employment in the two-county region.
- The unemployment rate in the two-county Southwest Illinois Region has been above the national average in the last ten years. The 2015 unemployment rate in the region (6.3%) is higher than the national unemployment rate (5.3%) and close the state rate (5.9%). After peaking during the recession (2009), recent regional insurance claims have returned to their pre-recession levels.
- The 2014 annual average wage for all industries in the region is \$40,600 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 the gap between regional and national wages during the last ten years.
- The two-county region is specialized in various manufacturing industries. Among those, primary metal manufacturing (NAICS 331) and fabricated metal product manufacturing (NAICS 332) are likely the most closely related to defense.
- Defense contracts have been a substantial portion of gross regional product for the last ten years. In 2015, \$633.5 million worth of Department of Defense (DoD) contracts were performed in the Southwest Illinois Region, and they constituted nearly 4 percent of the gross regional product.
- Regional employment in the fabricated metal product manufacturing industry declined substantially during the recession and has not completely recovered yet. While national employment increased in the last two years in this industry, regional employment declined. Regional employment in primary metal manufacturing closely follows the national trend.

Southwest Illinois Region Demographic and Housing Highlights

- As of 2015, the population of the Southwest Illinois region was 530,261. This represents modest growth since 2005, but is below 2010 population figures.
- 34.8 percent of the 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, but has increased slightly since 2005.
- Median household income in the Southwest Illinois region was \$52,320 according to 2014 data, which is slightly lower than the state and national averages. Mirroring state and national trends, median income has yet to rebound to 2005, but declines were less severe in Southwest Illinois than Illinois as a whole.
- Median home value in the two-county region was \$123,200 according to 2014 data, which is slightly lower than the state and national figure of \$175,700. Declines in home value following the housing bubble and mortgage crisis were much less severe in the Southwest Illinois area, with prices sitting just 4.57 percent below 2005 levels. Meanwhile, housing values in Illinois fell 20.55 percent from 2005 to 2014.
- Median gross rent in Southwest Illinois was \$792 according to 2014 data, which is lower than the state and national median. Counter to state and national figures which both saw increases, rents decreased by more than 10 percent in the Southwest Illinois region since 2009.
- The residential vacancy rate in the region sits at 5.6 percent, which is higher than that of the state and the nation. Rates increased in Southwest Illinois since 2010, running counter to state and national figures, which dropped during this period.
- As of 2014, 69.0 percent of households lived in owner-occupied units while 31.0 percent live in renter-occupied units. Homeownership rates outpace state and national averages.