STATE OF ILLINOIS ECONOMIC FORECAST

January 2013

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State Economic Outlook

January 2013

Illinois

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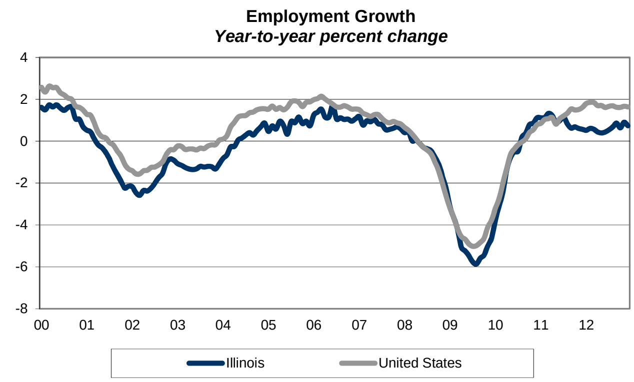
SUMMARY

Despite some favorable signs, Illinois' economy is in rough shape and the odds of a misstep are high. The state is one of just a handful nationally in danger of falling back into recession. A weak housing market and poor state finances are largely to blame. After a promising start to the recovery, Illinois has been among the Midwest's weakest and is underperforming the nation in most economic gauges. The state has recouped significantly less of its recessionary job loss than the region or nation, and incomes have also been slower to rise. The obstacles of deleveraging and tight credit are also more pronounced in Illinois because of the soft housing market, and consumers are less of an engine for growth.

Slower healing in housing and government will cause the state to trail the region and nation by an even larger margin in 2013. Though housing will shift to a significant tailwind for the national economy, it will continue to be a drag in Illinois for much of the year. Without housing as a support, the state will be more vulnerable to manufacturing weakness and federal fiscal austerity. State and local fiscal problems are also a bigger headwind because Illinois faces a huge pension gap and other budget holes.

Longer term, Illinois has a lot of what of businesses need to thrive—talent, access to customers and capital, transportation—but painful fiscal reforms are needed before it can fully capitalize on these strengths. The state's demographics present it with another challenge, as an aging population coupled with a trend toward fewer workers hampers job and income gains, which are forecast to be below average over the forecast horizon.

RECENT PERFORMANCE (back to top)



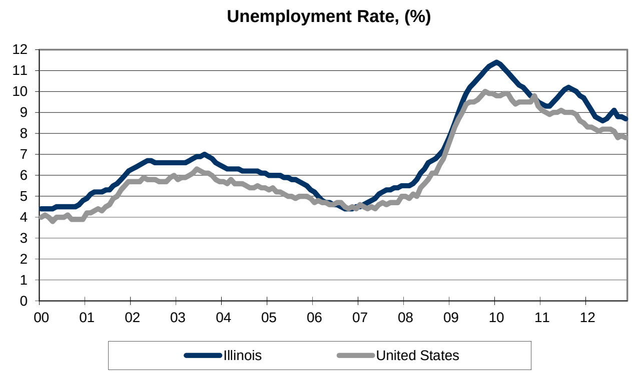
Source: Bureau of Labor Statistics

- Illinois' recession was more severe than the nation's, and its recovery has been slower. The state is one of about a dozen nationally whose recoveries are "at risk" of faltering, according to the Moody's Analytics business cycle tracker. The adversity index—which combines employment, factory output, and home construction and prices and into a single indicator that is used to gauge whether an economy is at in the business cycle—has risen just 2.5% in Illinois since the beginning of 2010. Among Midwest states, only Wisconsin has fared worse during this period.

- Illinois' inferior economic recovery is reflected in the lagging performance of its labor market. Between mid-2009 and early 2011, statewide job growth mirrored regional and national trends. Since then, however, the state's relative performance has slipped; payroll employment has underperformed the nation since early 2011 and the region since early 2012. Preliminary estimates show payroll employment in the state up a bit more in 2012 than 2011, but the growth rate of 0.7% was significantly less than the 1.2% increase for the Midwest and the 1.4% rise nationally.

- The more volatile household survey has been a bit more reassuring when it comes to the state's labor market. Household employment in the state is up three times as much as payroll employment over the past year. The truth on the state's labor market lies somewhere in between, as upcoming benchmark revisions to payroll employment are expected to show the economy created more jobs last year than first estimated. That said, since the near universal count of employment is also expected to show significantly more jobs in most other Midwest states, Illinois' relative position in the region is not expected change much when the results are released in the spring.

- Because of the recent strength in household employment, joblessness in the state has continued to trend down over the last couple of quarters even though the economy has slowed. Moreover, at 8.7% in December, the unemployment rate was still about a percentage point above the national average and closer to 1.5 percentage points higher than the Midwest average, which is the lowest among the nation's four regions. On the upside, the labor force has risen significantly over the past few months, a sign of greater job opportunities and increased confidence in the labor market.



Source: Bureau of Labor Statistics

- The state is underperforming primarily because of its comparatively weak housing market and poor state finances. This is borne out in the labor market, with construction and government two of the four major industries to have cut employment over the past year. Retail trade has also struggled to gain traction, as outsize cutbacks in government and construction has limited income growth. Still, wage and salaries have fared quite well in the state even as employment has lagged. A favorable composition of employment is part of the reason for this, but nonwage income in the state has also been higher.

- Although the main source of funding for spending, income growth, has held up reasonably well in the state, consumption has been slower to improve. The drag from deleveraging and tight credit has been slower to lift upstate because of a steep fall in house prices, and households have been channeling more of their income toward increasing saving and debt reduction in order to repair their damaged balance sheets. Spending has suffered as a result. Auto sales in the Chicago Federal Reserve District lagged the national pace during the recent holiday season, for example, according to the latest Beige Book report.

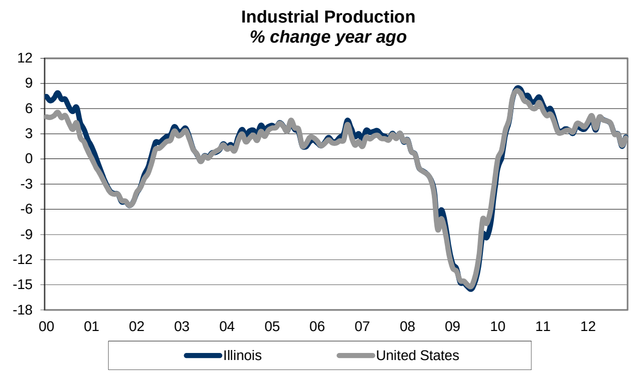
- The persistent weakness in housing is responsible for the continued job loss in construction. Whereas construction employment nationally has been rising gradually over the past two years, it has continued to fall in Illinois. An abundance of deeply discounted distress properties continues to weigh on house prices and deter homebuilding upstate. After declining steadily during 2011, foreclosures reversed course early in 2012 steadily between April and November. Inventories fell slightly to 135,850 in December, but were up 33% from the same period in 2011. The state's foreclosure problem is heavily concentrated upstate. In last year's fourth quarter, Lake County, Rockford and Chicago accounted for 93% of the state's foreclosures but just 69% of its housing stock.

Illinois Employment, Recent Performance December 2012					
	Annualized growth rate				
	3-mo	**6-mo**	**12-mo**	**5 yr**	**10 yr**
Total	0.7	0.8	0.7	-0.9	-0.2
Construction	-3.0	-1.9	-4.5	-7.4	-4.1
Manufacturing	-1.7	-1.0	2.9	-2.4	-2.1
Wholesale Trade	4.7	0.3	0.0	-1.4	-0.5
Retail Trade	3.0	1.7	-0.3	-1.7	-0.7
Transportation and Utilities	7.7	5.6	2.1	0.0	0.4
Information	2.1	-3.0	-1.9	-3.3	-2.9
Financial Activities	-0.5	1.3	1.6	-1.6	-0.9
Professional and Business Services	0.0	1.5	2.5	-0.3	0.9
Education and Health Services	1.9	3.0	0.9	1.9	1.9
Leisure and Hospitality	1.0	1.3	2.9	0.0	0.8
Government	-1.6	-0.8	-0.9	-0.6	-0.5
	Percent				
Unemployment rate	8.7	8.8	8.9	9.1	7.4

- Conversely, manufacturing has been a stronger force for the state's recovery, with factory employment closer to its prior peak than nationally in all but two of Illinois' metro areas—Champaign and Bloomington. Statewide, more than one-third of the recessionary job loss has been recouped, compared with one-fifth nationally.

- Part of the manufacturing success is related to auto manufacturing, which has undergone a significant revival in the region. Transportation equipment manufacturing employment in the state has risen almost 50% from the bottom in early 2009, equating to about 13,500 jobs. Chicago and Rockford account for the vast majority of the increase. Ford added a third shift and more than 1,200 jobs at one of its South Side plants in 2011, while Chrysler added 1,800 workers for a third shift at Belvidere plant in Rockford last year as part of the launch of its new Dart model.

- Manufacturing in the state has struggled as of late, however, because of the slowdown in the global economy and a temporary slowdown in business investment and auto production in the summer and early fall. Factory output the state is up only 2% over the past year, slightly less than the national average and the slowest annual growth of the recovery to date. Manufacturing does appear to have entered this year with decent momentum, however. Statewide industrial production was up 3% at an annualized rate in the three months ending in December. Growth appears to have accelerated a bit further in January, judging by a dramatic increase in the Chicago region's manufacturing survey during the month.



Source: Moody's Analytics

- Within the state, Peoria and Decatur have been dealt the biggest blow by the slowdown in the global economy. Both metro areas derive a much greater than average share of growth from exports. Europe's problems have not become any worse, but their impact on the rest of the world reverberated throughout the global economy last year as many executives feared a repeat of what happened in 2008 and 2009. Capital equipment producers such as Caterpillar are being hurt by tepid foreign demand, which spread beyond Europe and China in 2012. Sales at the company's dealers were rising at their slowest rate in the fall before some improvement at year's end, though inventories remain elevated. Manufacturing employment downstate trailed off significantly toward the end of last year, led by declines in Peoria and Decatur.

- The ripple effects from weaker manufacturing have hurt services as well, with much of the job loss coming from fewer temporary positions. Manufacturers have been somewhat reluctant to let go of permanent positions despite the slowdown in activity, opting instead to cut workers and lower temporary staffing in expectation of a rebound in 2013.

- The public sector has also continued to be a drag on the state's labor market, with government employment in the state down twice as much as nationally on a year-ago basis. A greater reliance on unpredictable federal funding is one of several pressing fiscal issues facing the state, which has such severe budget troubles of its own that it cannot continue current services, provide promised benefits, and invest in education and infrastructure while keeping tax rates unchanged. The state's severely unfunded pension system is the biggest impediment to a sustainable budget. While many states have unfunded pensions, Illinois' situation is especially bleak. The shortfall of its five retirement systems is estimated to be $97 billion. Collectively, they have a funding ratio of 39%, the lowest in the nation and about half of what is considered healthy.

- Champaign and Springfield are the most exposed to the state's dire fiscal situation, and will suffer the most as it tries to get on a long-run path to a sustainable budget. The University of Illinois will likely be forced to shoulder an ever larger share of its educational needs as the state looks to restructure its pension system. While the university relies increasingly more on other sources of funding to supplement state appropriations, its ability to withstand further reductions is limited. Pension reform measures that shift some of the burden from the state onto the universities and local communities are also a threat. Local governments have not been immune to the pressures from the state's debt problem even though their main source of revenue—property taxes—has held up better than elsewhere.

- So far, the solid balance sheets of households downstate has helped limit the pain from weakness in manufacturing and government and kept a number of the state's smaller metro areas from falling back into recession. While upstate households are struggling because of a sharp fall in housing-related wealth, consumers downstate have reasonably solid balance sheets. Most downstate metro area sport below-average delinquency rates and fewer homeowners are under water on their mortgage or are collateral constrained. The strength of balance sheets has helped to keep a floor under spending even as income growth has slowed.

- Tourism has come back faster in Illinois than nationally, which has helped to counter some of the outsize weakness in retail. Hotel occupancy and room rates are rising more quickly and are closer to their prior peak thanks mainly to more people visiting Chicago. Business travel has been the tourism engine, as bookings related to conventions were strong in 2012. Cargo traffic through Chicago's two international airports is down, but passenger traffic is up, a positive sign.

- Financial services fared better than expected last year as insurers rebounded and loan demand and broader financial conditions improved. Although credit intermediation employment is not yet rising in the state, it has stabilized as a surge in mortgage refinancing and expanding mortgage profit margins have given banks a shot of much-needed revenue. Even securities firms and financial exchanges have bounced back after a tough start to 2012. Trading volumes are no longer declining on a year-ago basis and have firmed in the last few months.

- The state's higher-paying tech- and science-based industries also continue to perform well, helping to counter the slowing in temporary employment and keep business/professional services employment on an upward path. The smaller but more important headquarters cluster has also caught fire, especially in Chicago. The number of high-paying management jobs leveled off late last year but were up more than 4% from a year earlier, twice the gain nationally.

NEAR-TERM OUTLOOK (back to top)

- Illinois' economy has improved over the past year, but significant challenges remain. The parts of the economy hit hardest by the Great Recession will take longer to heal, causing the state to underperform the region and nation in job growth by a significant margin again in 2013. The drag from tight credit and deleveraging will be slower to lift upstate, with negative consequences for consumer activity. Slower healing in government and housing will also act as a speed limit on growth and constrain the state's economic performance this year.

- Though housing will shift to a bigger tailwind for the national economy, it will languish in Illinois for at least another few quarters because an abundance of deeply discounted properties upstate deters homebuilding. New construction will remain moderate in metro areas such as Chicago, Lake County and Rockford, where existing-home prices are still well below new-home prices. In most areas downstate, where foreclosures are low, housing has bottomed and a recovery is under way. Unfortunately, the support will not be enough to counter the weakness upstate, where it will take time and further price declines to clear the excess supply.

- State and local fiscal problems will continue to be a bigger headwind for the state. Despite big cuts to discretionary spending and a revenue boost from a tax hike, the Illinois continues to face a huge pension gap and other budget holes. Local communities, many of which are already strapped for cash, will likely have to share the burden of overhauling the state pension system. Efforts to get the state on a long-run path to a sustainable budget will prove especially painful for Champaign and Springfield as a result, as these metro areas rely heavily on the public sector for employment and income. Government employment will not begin to turn up until 2015, more than a year after that of the nation.

- Without housing as a support, the state will be more vulnerable to manufacturing weakness and federal fiscal austerity. Although Illinois is not overly exposed to possible defense cuts, it would be among the hardest hit by reductions to nondefense discretionary spending because of its reliance on federal aid. Federal grants subject to sequester account for 8.5% of Illinois' revenue, the second highest share in the nation after South Dakota. Among the state's metro areas, Champaign is most exposed. Although some of the federal money goes to financial aid grants, the bulk goes to research institutes, which are important drivers of private sector growth, as personnel and research ideas drift into private companies and university spin-offs.

- Illinois also has a lot to lose from businesses reducing investment as a result of the heightened fiscal uncertainty because of manufacturing's greater role in the recovery. The state's factories have reversed a larger than average share of their earlier cutbacks mainly because of the big gains in investment-related industries such as machinery. As long as the federal fiscal debate is resolved in a relative benign manner, business confidence will revive and capital spending will rebound as firms act on delayed projects. Healthy returns, easy financial conditions, and a still-low rate of growth in the capital stock favor moderate growth in real fixed business investment nationally this year. Places such as Peoria, Decatur, Rockford, and the Quad Cities stand to benefit the most since they are the most reliant on machinery manufacturing.

- The pickup in manufacturing will be limited by export-related headwinds that will persist even after domestic business spending rebounds. Europe's struggles are visible, but exports to that region have slowed by less in the state than they have nationally. Instead, tepid growth in Canada, the state's largest trade partner, has delivered the biggest blow. After rising at a rapid rate earlier in the recovery, overall exports are up only slightly from a year ago because of outright declines in shipments to Canada. Exports to the rest of the world are still growing, albeit more slowly, with year-over-year growth in the mid-single digits.

- Manufacturing and downstream industries will rebound the most quickly in places that have a significant exposure to autos, which has helped the region's industrial sector gain some renewed momentum early this year. The improvement is reflected in the ISM-Chicago manufacturing index, which rose for the first time in six months in January and by the most in over three years thanks to big gains in output and new orders.

- The first few regional manufacturing surveys reported for January were weak, suggesting that the improvement in the ISM-Chicago survey has a lot to do with an earlier clearing out of inventories in the motor vehicle sector. Indeed, much of the weakness in real GDP last quarter was due to a pullback in inventory accumulation, and a leveling out of motor vehicle stockpiles accounted for a good chunk of the slowing. Since national sales have been increasing at a rapid clip, the region's producers are responding by ramping up production.

- However, a sharp rise in the survey's inventory index suggests that auto sales will need to remain strong in order for production growth to accelerate further. That seems unlikely in the near term, as spending is expected to downshift in response to recent federal tax increases. Consequently, the monthly auto production schedules provided by Wards and IHS do not show especially big gains planned for the first part of this year as automakers plan for weaker demand.

- The softening in auto sales early this year is expected to prove temporary, however, and the continued revival of motor vehicle manufacturing will be a key support to the state's manufacturing industry in the coming years. Although vehicles are now selling much faster than they are being scrapped (roughly 12.5 million units annually) the average age of those in operation is estimated at 11 years. Improvement in vehicle quality justifies some of the increase, but there are many owners who have put off a vehicle purchase voluntarily or involuntarily because of the weak economy and will be able to act on this pent-up need as the recovery strengthens and credit becomes more available. Moody's Analytics expects auto sales to total 15.4 million units in 2013. This is about equal to the long-term trend pace, but the release of pent-up demand will push sales even higher as the economy gains momentum. Further out in the forecast horizon, some considerations such as fewer vehicle miles driven, increased urbanization, and aging baby boomers will cause the pace of growth in auto sales and production to slow, however.

- The outlook for downstream industries to manufacturing such as transportation and distribution is promising, even though manufacturing and cargo traffic will be slow to pick up. O'Hare's international terminal is undergoing a major face-lift, and the airport's recently opened runway means it is now capable of handling the latest generation of Boeing cargo planes. The runway work has paved the way for a new

$200 million cargo center on the airport's northeast edge, which will vastly increase its capacity to handle freight. The project will create 1,200 temporary construction jobs and a similar number of permanent on-site cargo jobs. Wholesale trade and transportation employment is forecast to rise at an above-average rate in Chicago but lag in the rest of the state this year and next.

- Consumers will continue to be a weaker force for the state's recovery this year. Income growth is forecast to trail the nation's slightly this year, and the drag from tight credit and deleveraging will be slower to lift in the state's large population centers. Because their wealth has fallen so much, upstate households are using more of their income to pay down debt and pad their savings. From the peak, household credit in Chicago, Lake County and Rockford has fallen three times as much as that in the rest of the state and one-third more the nation's.

- Though deleveraging nationally is no longer a significant drag on spending, it remains a weight in Illinois because of a soft housing market. In Chicago, home equity per household has been cut by 75%, leaving many homeowners under water on their mortgages. Retailers will continue to underperform as upstate households look to shore up their balance sheets by spending less.

- In Lake County, excess capacity still needs wringing out after retailers, hoteliers and restaurants expanded too aggressively during the last expansion amid steadily slowing population growth. With more employers shunning suburban corporate campuses, Lake County will be among the state's worst performers the next few years. Motorola Mobility's departure and a surge in foreclosures will make their presence felt in renewed weakening in manufacturing and housing before long. Factory payrolls are not expected to retest their former low thanks to additions in fabricated metal manufacturing, but the hole left by Motorola will be too large for other producers to fill, and manufacturing payrolls will remain weaker for longer.

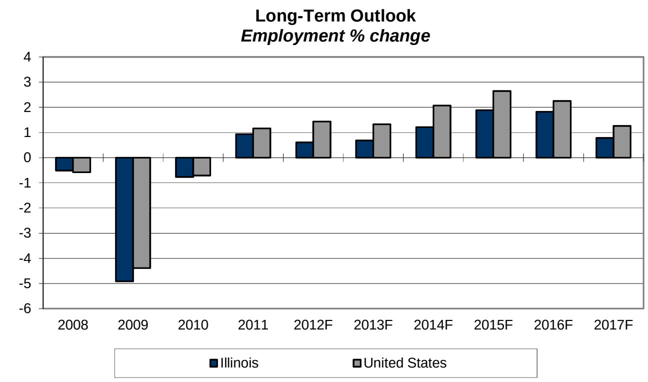
- Although consumer-related industries are forecast to underperform, service-producing industries are still expected to be the biggest source of new jobs in the state in 2013. Indeed, some parts of the economy that were hit hard by the financial crisis and recession will show significant improvement. Insurer expansion has halted financial services job losses ahead of expectations. Having avoided some of the problems that have hurt its competitors, key player Allstate will continue to benefit from a strategic focus on its core insurance business. Meanwhile, a surge in mortgage refinancing and expanding mortgage profit margins have given banks a shot of much-needed revenue. They are still cutting back, but the pace has slowed. Capital One, a big credit card issuer, is the latest to announce that it is moving to downtown Chicago from the suburbs, bringing 350 jobs.

- The slowing in the factory sector has done significant damage to professional/business services, which are expected to grow employment at a slower rate this year. Industry payrolls in the state’s manufacturing centers are under pressure from fewer temporary positions in manufacturing, which are the first to be eliminated when production is curtailed. Temp help has accounted for the entire rise in business/professional services employment since the recovery began in Rockford and the majority of the increase in Decatur, Peoria and the Quad Cities.

- Outside temporary help, business/professional services should perform at least as well as in 2012 as stronger demand for talent in science and technology fuels increased hiring. The number of lucrative headquarters jobs is also expected to grow as large corporations focus on expanding their businesses. The gains will be especially large in Chicago, where more companies that built sprawling campuses on the fringes of the metro division move back to the urban core.

LONG-TERM OUTLOOK: POSITIVE FACTORS (back to top)

- Deep-rooted fiscal problems and a worsening tax climate, along with subpar demographic trends, represent the biggest hurdles to the longer-term outlook. The forecast anticipates that the state will grow roughly in line with the Midwest average but a step behind the nation over the extended forecast horizon.



Sources: BLS, Moody's Analytics

- The state will continue to diversify into service-providing industries while nurturing its more efficient and smaller traditional manufacturing core. Chicago will continue to develop as the transportation/distribution center for the Midwest, fueled by the recent push for a high-speed passenger rail that will also result in an upgrade and modernization of its freight rail system and will increasingly develop its tech industry. The best growth prospects for downstate are found in agriculture-related projects such as food-processing facilities, energy projects and distribution facilities.

Business climate

- Illinois' business climate outshines its regional rivals, although rising corporate taxes and fiscal uncertainty have begun to erode its competitive edge. Still, the state has what it needs to remain a top business center, as long as it can solve the fiscal problems that are eroding its edge in the competition for talent, jobs and capital.

- Specifically, Illinois has a larger pool of talented workers, bigger markets, more money for investment, and better transportation. The state has these advantages because it has Chicago, the nation's third largest metro area. No neighboring state has a city even half as large.

- About 31% of the state's population age 25 and older has a bachelor's degree and 12% has a graduate degree—both above the national average, according to the census data. In Chicago, the shares are even higher at 34% and 13%, respectively. In addition to better educational attainment levels, Illinois also has deep pockets of specialized expertise in areas such as pharmaceuticals and medical devices, capital goods manufacturing, and logistics that businesses value.

- Chicago's central location and extensive transportation network add to its appeal, particularly for companies that need to move their workers around the country and globe. The metro area is unique among the nation's big cities as a hub to three major carriers. The state is also the country's top rail hub, with slightly more than 7,300 miles of track served by 42 railroads.

- Illinois also offers businesses greater access to customers and capital than its neighbors. These factors are particularly important to newly formed companies that may be targeting a specific demographic and must be able to raise money in order to grow. Illinois companies raised $415 million in venture capital in the first three quarters of 2012, significantly less than the same period in 2011 but still about double the amount of its closest regional competitors, Ohio and Minnesota. The greater availability of capital has played a key role in raising Chicago's technology profile, for example, most noticeably with the opening of the 1871 incubator in the landmark Merchandise Mart in Chicago's River North neighborhood. The increase in start-up activity is a clear positive for long-term growth, given that starts are a crucial source of job creation.

Business services

- Indeed, business and professional services are expected to drive growth and indeed be the strongest industry in the long-run forecast horizon. Most of the growth will take place in northern Illinois. Downstate Illinois has few possibilities in developing well-paying business service jobs such as business consulting; it is more likely to attract low-end business service such as call centers, especially as a result of a high share of high school graduates.

- Chicago’s large concentration of corporate headquarters; outsourcing; growth of the consulting industry, which serves both national and international clients; and growth of information technology should help boost the business and professional services industry.

- Indeed, the outlook for Chicago depends on its expansion as a center of global commerce. While temp help has accounted for the bulk of the job gains in business/professional services in Chicago over the last few years, the smaller but important core of high-paying managements jobs is starting to catch fire, as companies that built sprawling campuses on the fringes of the metro division are moving back to the urban core. A downtown location is fast becoming a necessity in the competition for talent. This year, Google is moving its Motorola Mobility unit to the Merchandise Mart in Chicago, and Sara Lee is relocating its meat business from the suburbs to West Loop.

- Chicago has significantly raised its profile as a technology hot spot in recent years, most notably with the opening of the 1871 incubator in the Merchandise Mart. The increase in activity is a clear positive for long-term growth because starts are a crucial source of job creation.

- In addition to business services, the success of the state’s economy (particularly the Chicago metro area) will depend on the strength of its high-tech services, including computer systems and design and biotechnology. Tech companies that are able to meet the needs of Illinois’ vast manufacturing base will be most successful. Outside of Chicago, much of the development and activity in high-tech services is in Champaign, centered on the University of Illinois.

Financial services

- Financial services, which employ just over 6% of the state’s workforce and closer to 7% of Chicago’s workforce, will remain among the state’s core industries despite their recent decline. One reason for this is that the outlook for Chicago’s commodities exchanges is promising, particularly now that the state has passed a new law that will reduce the taxes they pay. The exchanges have successfully adapted to new technologies and, through mergers, have increased their market share in the global marketplace. They also hold virtual monopolies over their most important products, thereby benefiting from strong pricing power. Chicago is considered the world capital of futures trading, since it is now by far the world's largest derivatives exchange.

Tourism and conventions

- Illinois' tourism industry is expected to perform well over the next decade. The industry has come back faster in the state than it has nationally, thanks almost entirely to more people visiting Chicago. Tourism in the Windy City set a sending record in 2011, as visitors forked over about $12 billion, 8% more than in 2010. The city hosted 43.6 million visitors in 2011, up from more than 38 million in 2010 and 39.5 million in 2009 but lower than the record total of 45.7 million in 2008.

- Contributing to last year's improvement in tourism was a rebound in the international tourist count, which helps explain why spending hit a new record, because overseas visitors stay longer and spend more than their domestic counterparts. Business travel has also been on the rise thanks to a pickup in convention business and ought to help the city reach its goal of 50 million visitors annually in the coming years. Specifically, Chicago's convention business should improve now that the long-delayed reforms at the McCormick Place are being implemented.

Transportation/distribution

- Even though manufacturing itself is not expected to be a significant positive force as a result of productivity enhancements and increasing globalization, the state's distribution and transportation network will remain an integral part of the economy and help drive growth. Distribution, warehousing, wholesale and transportation make up an estimated 9.1% of Illinois' output and 9.4% of Chicago's output. Among the nation's largest metro areas, only Dallas and Houston are more dependent on this cluster of industries.

- Chicago's transportation network, however, is reaching capacity. O'Hare was the nation's busiest airport before 2005, when the federal government imposed stricter limits to reduce flight delays at the airport. A $6.6 billion expansion of O'Hare (the O'Hare Modernization Program) is under way that will help increase capacity at the airport. The program is expected to create an additional 195,000 jobs and $18 billion in economic activity, according to the City of Chicago. The most controversial part of the project is the proposed construction of a new western terminal with more gates and parking.

- Northern Illinois remains the nation's rail hub. The industry is benefiting from a rebound in freight demand and Chicago's well-developed transportation facilities. Rising trucking costs are driving more freight toward the rails, spurring new investment. Intermodal traffic is the fastest-growing part of the rail industry, as most railway yards have been converted to handle intermodal traffic. Chicago is the third largest intermodal container handler in the world, behind Hong Kong and Singapore. A number of intermodal terminals have been built in recent years in Chicago, Rochelle and the Quad Cities. CenterPoint Properties is planning a third train-to-truck terminal in Will County that will create several thousand jobs.

Education

- Other service-based industries that will support growth in the state include healthcare facilities and educational institutions. The University of Illinois-Champaign, Illinois State University in Bloomington, and Southern Illinois University will provide long-term stability to the downstate economy. Chicago also supports a number of universities including Northwestern, the University of Chicago, the University of Illinois in Chicago, and Loyola, but they are not as vital to the Chicago economy as they are downstate.

Healthcare

- Healthcare will support growth throughout the state as the population ages. This will be a driver of growth downstate, particularly in regional healthcare centers such as Peoria, Rockford and Springfield. In Peoria, for example, healthcare is expected to lead growth in the medium and long term. Healthcare is also important in Kankakee, which uses its local cost advantages and proximity to Chicago to focus on long-term healthcare for the elderly and disabled. Although Illinois' 15% share of healthcare employment is roughly in line with the nation's, it is much higher than average in Kankakee, Peoria, Rockford and Springfield. However, growth will lag the U.S. average primarily because of Illinois' relatively weaker population trends.

Agriculture

- The outlook for Illinois' large agricultural industry is optimistic. Despite the strong competition from agricultural powerhouses Brazil, Argentina, India and China, Illinois' farmers will benefit from a growing global economy. Domestic and international policy developments point to increased openness of agricultural markets.

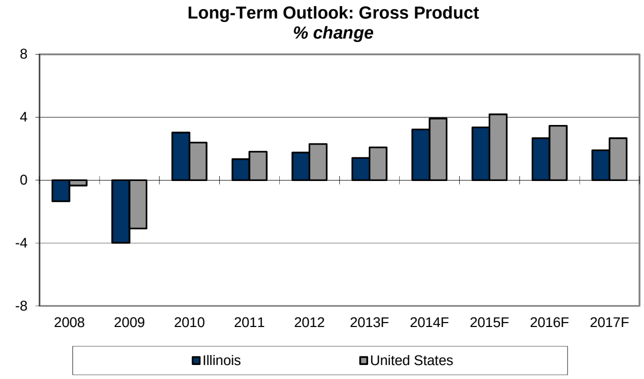
- Developing alternative energy sources, including renewable sources that are eligible for tax breaks, are expanding markets for agricultural products. The price of oil, now in the $95 to $100 per barrel range, is likely to rise only slowly over the course of this year, but it will increase steadily in the medium term. This will make alternative energy production, in which Illinois is focused on ethanol, more economically viable.

- Farm subsidies will remain an integral component of U.S. agriculture. The ballooning budget deficit could result in a reduction in subsidies down the road. Not only could farmers see cutbacks in obviously expendable programs such as conservation set-asides, but they could also see sharp cuts in both price supports and insurance.

Energy

- The increase in oil prices will drive the long-term outlook for alternative fuels as the U.S. seeks to reduce its dependence on foreign oil. Illinois is second only to Iowa in ethanol production from corn. Such companies as Decatur-based Archer Daniels Midland, corn processor A.E. Staley, and Adkins Energy should benefit.

LONG-TERM OUTLOOK: NEGATIVE FACTORS (back to top)



Source: Moody's Analytics

- Illinois will not grow as fast as the nation despite its close ties to the national business cycle because of its worse long-run trend growth rate. This means the outlook for the Illinois economy is closely tied to the outlook for the nation, but in movement from growth to recession and back again, not through a common rate of growth. The state economy's tracking of the national business cycle is indicated below by the systemic volatility, which measures how much of the state's employment volatility is explained by the national business cycle. According to Moody's Analytics, 98% of the variation in the Illinois economy is related to variations in the national economy.

- Although Illinois' business cycle closely tracks the nation's business cycle, job growth has trailed the national pace for the last 10 years. A beta higher than 1 indicates that cyclical swings have greater amplitude than the national average. Unfortunately for Illinois, that amplitude has been evident in downswings in the business cycle but not in upswings. This has been the case in the latest cycle, with the state experiencing a steeper downturn than the nation but a more muted recovery thus far.

Business climate

- In order for Illinois to prevent significant erosion in its business climate it will need to solve the fiscal problems eroding its edge in areas such as talent, transportation, and access to customers and capital. Leveraging these advantages is important because business costs in Illinois are higher than in surrounding states and have risen more quickly recently because of the hike in corporate and personal income taxes.

- While taxes are not the only factor affecting business decisions, they do matter, and temporary hikes in personal and corporate income tax rates have hurt Illinois' competitiveness to a degree. The state's overall tax climate worsened slightly over the past year after more substantial deterioration in 2011 that reflected increases in individual and corporate tax rates. As a result, Illinois now ranks in the bottom half of states in terms of tax climate, according to the Tax Foundation. The state's rank slipped one notch from 28th to 29th best last year as other states gained traction in areas such as sales and corporate tax.

- Among the tax-related impediments to expansion, Illinois' corporate, property and unemployment insurance taxes stack up poorly compared with other states'. However, it was the hike in the corporate tax rate that was the single biggest reason for the recent slippage in the state's tax climate. With the increase, corporate income tax rates in the state are now the fourth highest nationally. Among Midwest states, only Iowa had worse rankings in fiscal 2013. Although Maine logged the biggest rank improvement in the last edition, Michigan made a sizable leap by replacing its discretionary receipts tax with a flat 6% corporate income tax that is largely free of special tax preferences.

- Illinois ranks in the middle of pack for its sales tax and scores in the top one-fourth of states for its individual income tax, which, similar to the corporate income tax, was also hiked in 2011 in an effort to shore up the state's finances. But while the changes delivered a significant blow to the business tax climate, the personal tax environment worsened only modestly. The state's ranking slipped only three spots from 10th to 13th in this important category after the tax hike took effect. The Tax Foundation assigns the largest weighting to among the five components it uses to score each state's tax system. Greater importance is assigned to those tax components that exhibit more variability.

- Illinois had the best individual income tax in the Midwest in fiscal 2011, so even the modest slippage weakens its relative position in this category, albeit only modestly. The two states that now score better—Michigan and Indiana—share a distinction with Illinois in that they are the only Midwest states with a flat income tax rate. The other nine states use progressive tax rates for individuals.

- Although a less favorable tax climate is expected to subtract modestly from growth, Illinois is unlikely to lose its appeal for corporate headquarters and companies that need highly skilled workers and are willing to pay for the top talent. Instead, the risk centers on businesses that are more cost sensitive. Specifically, retaining businesses in industries such as manufacturing and transportation that hire semi-skilled workers at decent wages will be a challenge if taxes increase again or if there is a perception that they will rise in the future. This is a concern since manufacturing in the state is no longer the drag on the economy it once was, and downstream industries have been star performers for Illinois during the recovery and in years past.

Manufacturing

- Manufacturing will occupy a slightly greater than average share of the Illinois economy, but the state will have to fight to hold on to its manufacturing base. More than 305,000 jobs have been lost since 1997, or 34%. Most of these manufacturing losses are permanent. The long-run decline of manufacturing will prevail despite the industry's current resurgence, evident in the 40,000 jobs regained statewide since the beginning of 2010. Manufacturing is of greater importance in northern and central Illinois than it is in Chicago. While the share of employment in manufacturing in the state as a whole, at 10.4%, is only somewhat higher than the national average of 8.9%, the share outside Chicago is higher, at 13.1%. Illinois' largest manufacturing industries, in order of importance, are fabricated metals, industrial machinery, food processing, chemicals and plastics. Together, the five account for 60% of all manufacturing jobs, compared with 45% nationally. Areas such as Peoria, Decatur and Davenport-Moline have a particularly high exposure to the two largest industries.

- Illinois' manufacturers will face daunting competition in the global marketplace in the long term. They have been forced to shift operations to lower-cost regions of the world to remain competitive, and the depreciating dollar does not reduce the cost advantage sufficiently to reverse this process, though it may slow it. Much of the state's low-value-added manufacturing, with the exception of food processing, is likely to leave the state.

Right-to-work

- The state's longer-term outlook is tarnished primarily by its budget woes and weak population trends, not its higher costs relative to nearby states. The state's costs of doing business are just slightly above average but higher than those of most of its Midwest states. The gap has widened somewhat because of an increase in the state's tax burden, but business costs are still significantly lower than those in states that sport similarly large metropolitan areas with unique features that appeal to businesses such as California and New York.

Index of Relative Business Costs

	Labor Cost		Tax Burden		Energy Cost		Overall Index	
	Index	*Rank*	Index	*Rank*	Index	*Rank*		*Rank*
Illinois	**101**	***21***	**98**	***20***	**92**	***27***	**100**	***17***
Oregon	97	29	91	38	76	43	91	34
Washington	103	9	100	19	69	50	96	26
Texas	96	32	78	50	92	26	95	27
Florida	103	14	97	22	107	15	102	13
New York	97	30	143	1	150	6	109	9
Michigan	104	7	104	14	99	18	103	12

Notes:
1) Rank is for all states plus District of Columbia.
2) U.S. average = 100.
3) Labor Costs are measured by total earnings per employee at the 3-digit NAICS level.
4) Tax Burdens are measured by all taxes excluding severance, education, and hospital taxes relative to personal income.
5) Energy costs are measured by cents per kwh for industrial and commercial users.
6) In the overall Index, Labor Costs have 75% weight, Energy Costs have 15% weight, and Taxes have 10% weight.

- Unit labor costs in the state are above the national average, in part because of a still-high presence of unions. The state's unit labor costs are significantly higher than those of neighboring Indiana but lower than in Michigan's, two states that have adopted right-to-work laws in the past year. Under right-to-work laws, employees in unionized workplaces cannot be forced to pay union feeds or join unions. Michigan passed a law after a number of businesses, mostly in manufacturing, cited the law as a factor in their decision to locate in the Hoosier State.

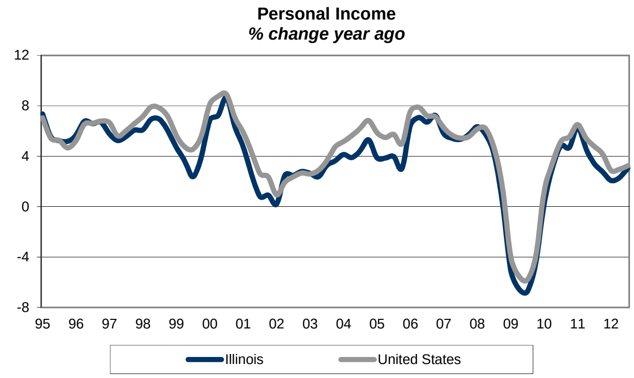
- Right-to-work laws weaken labor unions by eroding the power and influence of organized labor—they tilt the balance of power so that workers reap fewer of the gains from growth. The laws create what is known as a free-rider problem—by making the payment of union dues voluntary, workers are able to benefit from union bargaining efforts without having to pay for it. With fewer employees paying for the cost of representation, the financial resources of unions get eroded and their influence and power suffers.

- The data suggest that right-to-work laws do cause a decline in union density. The percentage of workers belonging to unions fell more significantly in Idaho and Oklahoma than in the rest of the country after they adopted such laws in the early 2000s. More recently, organized labor has suffered big membership losses in the industrial Midwest, including Michigan and Indiana, states that have recently passed laws that make organizing labor more difficult.

- Less clear are the effects that right-to-work laws have on economic growth. The lack of clarity is mainly due to the fact that union strength is just one factor businesses look at when deciding whether to set up shop or relocate. Energy and other costs also matter, as do a slew of other factors including talent, infrastructure, and access to customers and capital that make it extremely difficult to gauge the effects of right-to-work laws on job creation and a state's economic prosperity.

- Also debatable is whether right-to-work laws enhance economic growth even in circumstances where they do help attract businesses to a state. Since laws that hurt unions shift the balance of power from employees to owners, they tend to erode wages and lead to a more uneven distribution of the gains of economic growth. Consequently, even if the impact of right-to-work laws is positive in the short run, it can diminish over time because of the downward pressure on incomes.

INCOME (back to top)

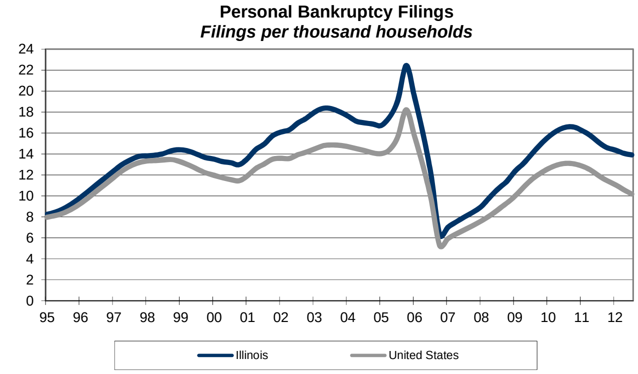


Sources: BEA, Moody's Analytics

- Personal income has been slower to rise in Illinois, contributing to the underperformance of the retail sector. Consumption depends most on labor income, which has lagged during the recovery. Incomes in Illinois are 3.6% above their prior peak. Nationally and in the rest of the Midwest region, the increases are nearly twice as large. Recently released data for the third quarter of 2012 show that personal income growth in Illinois was the worst in the Midwest and below the national average.

- On a per capita level, income in Illinois also fell by more during the recession and has risen by less during the recovery. At $43,700, nominal per capita income in Illinois is still higher than the nation's and that of most other Midwest states, but its advantage is gradually slipping. Though incomes are still 5% higher than they are nationally, this is down from twice that in the mid-1990s and the lowest in the post-WWII era.

BALANCE SHEETS (back to top)



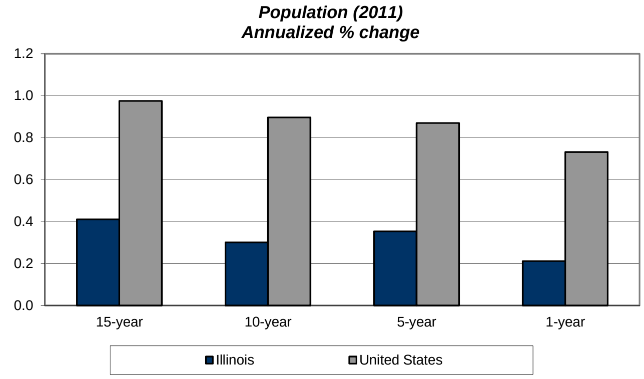
Source: Administrative Office of U.S. District Courts

- The bankruptcy law passed in October 2005, which made filing for protection more onerous, caused a measurable spike and then a subsequent decline in bankruptcy filings in Illinois and the U.S. It should be kept in mind that the low level of personal bankruptcy filings is not indicative of an improvement in the local or regional economies.

- Delinquency and default rates are better measures of credit conditions in Illinois, and they suggest that households in the state are having a tougher time getting their finances in order, with negative implications for consumer activity. Mortgage credit quality is a sore spot upstate. Delinquency rates on home equity loans are near their cycle highs in Chicago, whereas national rates are down about 2 percentage points. As a result, mortgage credit conditions are apt to stay tighter for longer, keeping some prospective homebuyers from entering the market.

- Many of the state's homeowners are struggling to overcome falling home values. The average household in Illinois has lost two-thirds of home equity, while nationally the average loss has been just half. As a result, more spending dollars are being diverted to saving and debt reduction, especially upstate. From the peak, household debt in Chicago, Lake County and Rockford is down almost 17% compared with a 2% decline in the rest of the state.

DEMOGRAPHIC TRENDS (back to top)



Source: BOC

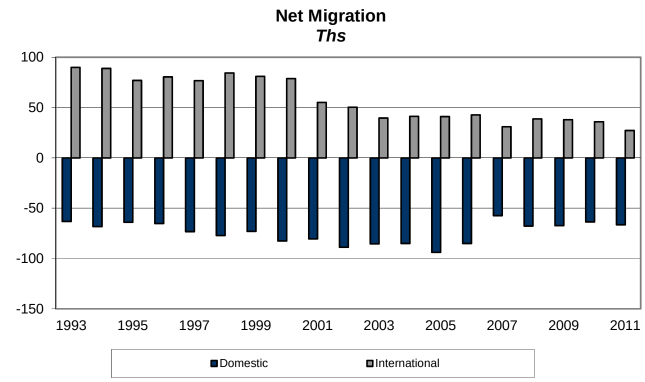
- Illinois' demographics did not correlate with its economy last year. Population grew just 0.1%, less than the 0.2% increase in 2011 and the smallest increase since the last outright decline in population in 1988. Population growth in the state has ratcheted lower fairly steadily since the early 1990s, though there was a temporary disruption in the weakening trend very late in the last expansion and during the recession. After slipping by almost a full percentage point between 1992 and 2005, from 1.1% to 0.2%, population growth in Illinois doubled to 0.4% by 2007 and held at that pace in the subsequent two years. The slowing trend resumed in 2010; both immigration and birth rates have declined since then.

- Weak population growth has far-reaching consequences, from sluggish labor force growth to low demand for housing and consumer goods. The recent divergence in growth rates between Illinois and the lagging Midwest is a concern because it suggests that the state is losing out to its closest competitors when it comes to attracting and maintaining residents. The state's population is expected to increase a bit more quickly this year, but risks are skewed to the downside because of persistent weakness in housing and a worsening tax climate.

- During the 2000s, Illinois' population grew 3.3%, roughly one-third the national increase of 9.7% and modestly less than the mediocre 3.9% gain in the Midwest. During the 1990s, population growth in the state was about one-half of the national growth rate and a touch better than in region.

- Within the state, trends are better in Chicago than they are downstate, where population growth has been ratcheting down since 2006. The slowing in population growth since the early 1990s is fairly broad-based across the state, but the trend is more pronounced in Chicago than in the rest of the state. Other metro areas in the northern part of the state logged even bigger slowdowns in population growth over the last two decades but, unlike Chicago, have not made any improvement in the last several years.

- One important element of the outlook is the strengthening demographics in the urban core. Not since the late 1990s has population growth in Cook County been this strong. This recentralization of demographic growth from the suburbs to the urban core is expected to persist given the diminished appeal of owning a home in the outer suburbs and the increasing number of well-paying jobs downtown. The expanding roster of high-tech companies such as Groupon, Facebook and LinkedIn downtown has other companies believing that they need to locate there in order to land top talent and compete successfully. The recent hike in corporate taxes has stirred unhappiness in the local business community, but for most large corporations the effect on profits is too small to be a deciding factor in whether to relocate out of the state.



Source: BOC

- As the national recovery strengthens, more of the state's residents are seeking opportunities elsewhere. A net 44,000 residents left the state in 2012, up slightly from the prior year and the most in more than two decades. The main reason for this is a loss of domestic residents. Although the state has been losing more domestic residents than it has taken in for decades, in the past few years the gap has widened as an underperforming economy has reduced the state's appeal. Illinois lost just more than 73,000 net domestic residents in 2012, about 4,000 more than 2011 and the most since 2006.

- Over the past two decades, international migrants have helped temper the bite to Illinois' population base from the tide of domestic out-migrants. However, foreign immigration has tailed off over the past several years, with the 2011 total of 26,000 the lowest since 1990. Fortunately, the weakening is expected to be temporary, as

Chicago in particular will remain a gateway for foreigners seeking jobs in the U.S. Immigration policy is also expected to become looser in the coming years because of the country's changing voter profile.

- The natural rate of population growth has also slowed in Illinois, with the difference in birth and death rates reaching a post-World War II low in 2012. The difference was slightly larger than it was nationally, as Illinois' birth rate is slightly higher than average because of a higher proportion of the population near the peak child-bearing age.

- While Illinois' population between the ages of 25 and 44 makes up a larger share of the total compared with the Midwest and the nation, it has been contracting steadily for the past decade. The pace has slowed a bit over the last few years, and the trend should continue, with very small gains over the next few years expected to give way to more modest growth in the second half of the current decade. Some of this is natural and related to larger numbers of people entering into the bucket and fewer leaving it. That said, the rate at which working-age adults are leaving the state in search of better opportunities is also expected to diminish somewhat as the performance gap between Illinois and the nation diminishes.

- A big wild card for the state is whether baby boomers will leave en masse to retire to warmer climates. In the baseline outlook, the assumption that baby boomers will tire and move out of the state results in a gradual slowing in population growth after a brief period of improvement this year and next. While the largest number of the state's out-migrants is headed to Indiana, where living costs are lower, retiree destinations such as Florida, Texas and California now rank as the second, third and fourth most popular destinations for relocating residents.

- Because Illinois is expected to lose a good number of elderly residents to areas further south, the share of the population 65 and older is not expected to close its gap with the Midwest and national averages over the forecast horizon. This has important implications for the types of goods and services that will be demanded in the state. In particular, it will weigh on the growth of healthcare, with demand for health services rising at a slower than average pace as baby boomers age.

- Another demographic determinant of Illinois' outlook is the educational attainment of the population. In 2011, most Illinois workers had some postsecondary education, and nearly 31% held a bachelor's degree. Both of those figures are better than national and regional averages. However, Illinois' share of adults with a college degree ranks 14th nationally. Most northeastern states rank ahead of Illinois, as do Colorado and Washington in the West. The only midwestern state to rank ahead of Illinois is Minnesota. No southern state ranks above Illinois.

- The state's relatively high ranking is primarily due to the concentration of white-collar jobs in the Chicago area and in downstate metro areas including Champaign, Bloomington and Springfield. The metro areas that have a high dependence on manufacturing, including Davenport, Decatur, Kankakee, Peoria and Rockford, all have below-average educational attainment levels. Champaign and Bloomington have the best-educated labor forces in the state. Primary and secondary education in the state is uniformly strong, as every metro area in Illinois boasts an above-average share of high school graduates.

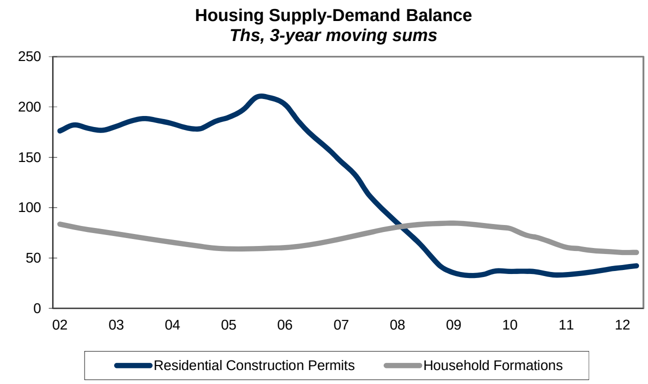
Migration Flows - IL - 2010

Into Illinois	**Number of Migrants**	**From Illinois**	**Number of Migrants**
Indiana	14,389	Indiana	18,847
California	11,775	Texas	16,853
Wisconsin	10,920	California	14,578
Missouri	10,378	Florida	14,174
Florida	10,041	Wisconsin	13,581
Texas	9,238	Missouri	12,994
Michigan	8,625	Iowa	8,549
Iowa	6,797	Michigan	6,730
Ohio	5,740	Arizona	6,518
New York	5,037	Georgia	6,116
Inmigration	**159,673**	**Outmigration**	**202,582**
		Net Migration	**-42,909**

Note:
Net Migration: Number of Migrants is the net flow of migrants.

Source: Moody's Analytics calculation from 2010 IRS data

RESIDENTIAL REAL ESTATE (back to top)



Sources: BOC, Moody's Analytics

- Housing in Illinois will be slower to recover because of weakness upstate, contributing to subpar growth in the state economy for at least the next year. Without housing as a support, the state will be more vulnerable to anything else that might go wrong. Although housing has shifted into a tailwind for the national economy, it continues to languish in Illinois as an abundance of deeply discounted properties upstate suppress prices and new construction.

- Lake County and Rockford account for more than 90% of the state's foreclosure inventory, which is again climbing and, at 28 per 1,000 households, is twice the Midwest average and second highest nationally after Florida.

- Progress in clearing the supply of distressed properties has been slower in Illinois than it has been nationally. The state's lengthy judicial process is primarily to blame. According to RealtyTrac, it takes almost two years to foreclose in Illinois. This is about twice the national rate and the fourth slowest among states, behind New York, New Jersey and Florida.

- The longer foreclosure time line is reflected in slower liquidations of distressed properties, with a much higher than average share of foreclosure inventory awaiting auction in the state. This has prevented even larger price declines to date, but at a cost of a more drawn-out housing recovery.

- Problem mortgage loans are being processed more quickly now that services have clarity about foreclosures rules, however. After trending up in 2011 and the first half of 2012, filings in the state have dropped off. There were 2.4 per 1,000 households at the end of last year, about double the national average but down from a recent peak of 3.6 in August. For a short time in the summer, the state had the most foreclosure filings in the nation, the first time that has happened since RealtyTrac began collecting data in 2005.

- In addition to the speed of disposing foreclosures, the size of the pipeline is also important for the outlook. Fortunately for Illinois, the backlog of distressed properties is not as large as in other states with similarly slow foreclosure processes. The share of first mortgages that are seriously delinquent, while still historically high, is on par with the national average. Consequently, while more foreclosures are about to hit the market, the overhang should look considerably smaller by this time next year.

- Also, housing inventory is already low across much of the state; in Peoria, Champaign, Decatur, Kankakee, Springfield and the Quad Cities, where foreclosure rates are below average, demand appears to be outpacing supply. In most of the state's metro areas, house prices have bottomed and a recovery is slowly under way. Unfortunately, the support from smaller metro areas will not be enough to counter the weakness upstate, where it will take time and further price declines to work through the foreclosure inventory.

COMMERCIAL REAL ESTATE (back to top)

- Commercial real estate conditions in Illinois will improve over the coming year, but the pace will lag the national average. Office-using payrolls are further from their prior peak than they are nationally, and employment levels typically dictate space needs. More importantly, office-using employment is forecast to rise at a below-average rate over the next several quarters because of the weaker recovery in housing and increased concerns about the potential impact of the state's budget woes on demand.

- Still, of the three major commercial real estate sectors—office, industrial and retail—the latter is expected to underperform the national average the most. The state's consumers are having a tougher time getting their financial houses in order and demand for retail space will suffer as weak income growth and depressed home values hurt consumer spending.

- The industrial segment, which was last year's best performer, will improve more slowly in 2013, though the second half of the year should be better than the first. A recent pickup in capital expenditures has helped businesses align inventories to desired levels, a development that should promote a rebound in industrial production, which stalled in the second half of last year.

- Healthcare construction will likely remain solid, as this industry tends to follow demographic rather than economic drivers. The aging of the population will also fuel growth in healthcare, as the elderly typically require higher levels of healthcare spending than do other population cohorts.

FORECAST RISKS (back to top)

- As prospects for manufacturing have brightened, the chances of a better than expected near-term outcome for the state have improved, though not as much as nationally because of the large foreclosure overhang upstate and the headwinds it poses to housing as well as the state's ongoing budget woes.

- The risks for the longer-term forecast lie squarely on the downside because of the state's poor finances and weakening demographic profile. While the risks associated with federal fiscal policy are lower as a result of the tax deal and debt-limit extension, the threat posed by the state's debt crisis remains elevated as lawmakers quibble over how to fix the broken pension system. Earlier tax increases on corporations have hurt the business climate and could impede job creation further if firms start to believe that the higher rates will be made permanent or be followed by additional increases in the coming years.

- A larger than anticipated sensitivity of financial markets to European difficulties or federal fiscal austerity could make it more expensive for the state to borrow, adding to its fiscal problems. Continued inaction on pensions by state lawmakers could also make debt more costly for the state since this would increase the likelihood of negative actions by the major bond ratings agencies.

- Lingering weakness in Europe and slower growth in emerging economies could limit improvement in exports, resulting in weaker than anticipated growth in manufacturing downstream industries. Bank credit tightening remains a headwind to global growth as banks in the euro area and in emerging markets continue to tighten lending standards. Exports to Europe have slowed by less in Illinois, but that could change if bank restraint delays a return to growth in the region. The potential for softer than anticipated growth in Canada, the state's largest trade partner, presents another threat. Households in the country appear increasingly overextended because of the rapid runup in house prices, and although the country is unlikely to experience a similar plunge in real estate prices or a financial crisis, the risks have risen significantly.

- The scaling back of farm support programs, on which many Illinois farmers depend, create another risk for the state. Given the mounting federal government deficit, compounded by large federal budget deficits, and the impending retirement of baby boomers, farm support programs could be at risk, especially as the Midwest's population share (and, hence, representation in Congress) declines.

- Enhancements to Chicago's vast transportation and distribution network as well as the expansion of O'Hare's international terminal could fuel better than expected growth in downstream industries to manufacturing and help buoy growth more broadly if it helps support corporate relocations and expansion of the city's population.

- The longer-term forecast for manufacturing could prove too pessimistic, particularly if the dollar depreciates more than forecast. With its lowest energy costs and deep pockets of specialized expertise, the Midwest has more of what manufacturers need to thrive. If large multinational companies decide to bring some production work back to the U.S., the Midwest will be a key beneficiary.

DEMOGRAPHIC PROFILE (back to top)

Indicator	Units	Illinois	U.S.	Rank	Year
Households					
Households, % change (2006-2011)	Ann. % change	0.5	1.0	41	2011
Population w/ B.A. degree or higher	% of adult population	30.8	28.2	13	2010
Median household income	$	52,972	50,046	18	2010
% change year ago		*-1.8*	*-0.4*	36	2010
Population					
Per capita income	$	44,140	41,663	15	2011
% change year ago		*5.0*	*4.3*	8	2011
Population	thousands	12,869	311,592	5	2011
% change year ago		*0.2*	*0.7*	42	2011
White	%	71.5	72.4	33	2010
Black or African American	%	14.6	12.6	15	2010
Hispanic	%	15.8	16.4	10	2010
Asian	%	4.6	4.8	11	2010
Net domestic migration, rate	Persons/ths. pop.	-5.2	0.0	51	2011
International migration, rate	Persons/ths. pop.	2.1	2.3	16	2011
Poverty rate	%	1731.7	46216.0	46	2010
Median age	years	36.6	37.2	16	2010
Household Cost Indexes					
Housing affordability index		234.9	209.3	16	2011
Median existing home price	$ ths	*142.3*	*165.6*	24	2011
% change year ago		-8.15	-4.83	43	2011

About Moody's Analytics

Economic & Consumer Credit Analytics

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Moody's Analytics added Economy.com to its portfolio in 2005. Its economics and consumer credit analytics arm is based in West Chester PA, a suburb of Philadelphia, with offices in London and Sydney. More information is available at www.economy.com.

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Illinois

Recent Quarterly Performance

	09Q4	10Q1	10Q2	10Q3	10Q4	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3	12Q4	Most Recent Yr/Yr % Change
Gross State Product (Bil Constant$, SAAR)	561.7	563.6	575.2	581.6	577.3	581.1	579.2	581.5	586.5	590.0	590.0	593.4	595.8	1.6
% change	*0.8*	*0.3*	*2.1*	*1.1*	*-0.7*	*0.7*	*-0.3*	*0.4*	*0.9*	*0.6*	*0.0*	*0.6*	*0.4*	
Establishment Employment (Ths, SA)														
Total Employment	5,588.6	5,590.6	5,612.3	5,609.8	5,640.1	5,657.1	5,670.6	5,658.9	5,675.0	5,689.2	5,694.6	5,698.1	5,718.1	0.8
% change	*-0.3*	*0.0*	*0.4*	*0.0*	*0.5*	*0.3*	*0.2*	*-0.2*	*0.3*	*0.2*	*0.1*	*0.1*	*0.4*	
Natural Resources & Mining	9.0	8.9	9.0	9.2	9.3	9.4	9.4	9.6	9.7	9.7	9.7	9.8	9.6	-1.0
% change	*-2.2*	*-1.1*	*1.5*	*2.6*	*1.1*	*0.7*	*-0.4*	*2.1*	*1.4*	*0.0*	*0.3*	*0.3*	*-1.7*	
Construction	206.0	202.6	199.7	194.1	198.1	199.9	196.4	194.2	191.5	192.7	185.7	184.3	182.5	-4.7
% change	*-2.8*	*-1.7*	*-1.4*	*-2.8*	*2.1*	*0.9*	*-1.8*	*-1.1*	*-1.4*	*0.6*	*-3.6*	*-0.8*	*-1.0*	
Manufacturing	555.8	554.7	560.0	563.2	566.3	570.3	574.6	574.5	576.1	583.2	593.4	597.1	596.2	3.5
% change	*-1.2*	*-0.2*	*0.9*	*0.6*	*0.5*	*0.7*	*0.8*	*0.0*	*0.3*	*1.2*	*1.7*	*0.6*	*-0.1*	
Trade, Transportation, & Utilities	1,123.1	1,120.2	1,123.7	1,127.4	1,131.3	1,137.4	1,142.3	1,137.2	1,141.3	1,136.6	1,135.0	1,136.2	1,141.4	0.0
% change	*-0.6*	*-0.3*	*0.3*	*0.3*	*0.3*	*0.5*	*0.4*	*-0.4*	*0.4*	*-0.4*	*-0.1*	*0.1*	*0.5*	
Retail Trade	587.7	586.8	588.2	589.0	590.3	592.3	594.8	590.4	588.2	586.0	583.4	583.7	586.1	-0.3
% change	*-0.7*	*-0.2*	*0.2*	*0.1*	*0.2*	*0.3*	*0.4*	*-0.7*	*-0.4*	*-0.4*	*-0.4*	*0.0*	*0.4*	
Wholesale Trade	286.7	284.9	285.3	286.2	286.4	288.0	288.9	288.7	290.9	289.9	291.8	289.9	290.3	-0.2
% change	*-0.4*	*-0.6*	*0.1*	*0.3*	*0.1*	*0.6*	*0.3*	*-0.1*	*0.8*	*-0.4*	*0.6*	*-0.6*	*0.1*	
Transportation & Utilities	248.6	248.4	250.2	252.2	254.7	257.1	258.6	258.1	262.2	260.7	259.8	262.7	265.0	1.1
% change	*-0.4*	*-0.1*	*0.7*	*0.8*	*1.0*	*0.9*	*0.6*	*-0.2*	*1.6*	*-0.6*	*-0.3*	*1.1*	*0.9*	
Information Services	104.3	103.1	102.0	101.5	101.0	100.6	100.4	100.1	100.1	99.4	99.5	99.1	97.2	-3.0
% change	*-0.8*	*-1.2*	*-1.1*	*-0.5*	*-0.5*	*-0.5*	*-0.1*	*-0.4*	*0.1*	*-0.7*	*0.1*	*-0.4*	*-1.9*	
Financial Services	365.8	363.8	363.4	363.3	364.0	363.7	362.2	361.8	361.4	363.9	363.9	365.7	366.5	1.4
% change	*-0.9*	*-0.5*	*-0.1*	*0.0*	*0.2*	*-0.1*	*-0.4*	*-0.1*	*-0.1*	*0.7*	*0.0*	*0.5*	*0.2*	
Professional & Business Services	778.4	788.5	798.5	806.3	814.7	822.2	826.4	829.5	838.5	849.4	852.9	856.4	860.0	2.6
% change	*0.3*	*1.3*	*1.3*	*1.0*	*1.0*	*0.9*	*0.5*	*0.4*	*1.1*	*1.3*	*0.4*	*0.4*	*0.4*	
Education & Health Services	820.5	824.4	831.2	834.9	841.3	845.1	846.9	854.7	856.8	852.1	851.2	857.9	865.0	1.0
% change	*0.4*	*0.5*	*0.8*	*0.4*	*0.8*	*0.5*	*0.2*	*0.9*	*0.2*	*-0.5*	*-0.1*	*0.8*	*0.8*	
Leisure & Hospitality Services	512.2	513.0	514.1	515.7	518.8	518.5	520.8	516.3	519.4	526.1	529.8	530.3	535.1	3.0
% change	*-0.5*	*0.1*	*0.2*	*0.3*	*0.6*	*-0.1*	*0.4*	*-0.9*	*0.6*	*1.3*	*0.7*	*0.1*	*0.9*	
Other Services	256.4	255.6	247.5	244.0	249.8	249.7	250.3	247.1	246.6	246.0	242.9	238.0	238.1	-3.5
% change	*-0.1*	*-0.3*	*-3.1*	*-1.4*	*2.4*	*-0.1*	*0.2*	*-1.3*	*-0.2*	*-0.2*	*-1.3*	*-2.0*	*0.0*	
Government	857.2	855.9	863.3	850.1	845.4	840.4	840.9	834.0	833.5	830.0	830.6	823.4	826.6	-0.8
% change	*0.1*	*-0.2*	*0.9*	*-1.5*	*-0.6*	*-0.6*	*0.1*	*-0.8*	*-0.1*	*-0.4*	*0.1*	*-0.9*	*0.4*	
														1 Year Change
Unemployment Rate (%, SA)	11.2	11.3	10.7	10.2	9.7	9.3	9.7	10.1	9.8	9.1	8.7	8.9	8.7	-1.1
														Most Recent Yr/Yr % Change
Labor Force (Ths)	6,589.8	6,629.8	6,622.2	6,582.9	6,564.5	6,553.3	6,555.8	6,572.1	6,584.3	6,585.9	6,588.5	6,572.0	6,635.9	0.8
% change	*0.0*	*0.6*	*-0.1*	*-0.6*	*-0.3*	*-0.2*	*0.0*	*0.2*	*0.2*	*0.0*	*0.0*	*-0.3*	*1.0*	
Number of Unemployed (Ths)	737.1	747.6	709.6	668.5	634.5	612.8	636.3	666.0	648.2	599.9	569.2	587.7	577.6	-10.9
% change	*5.2*	*1.4*	*-5.1*	*-5.8*	*-5.1*	*-3.4*	*3.8*	*4.7*	*-2.7*	*-7.5*	*-5.1*	*3.2*	*-1.7*	
Number of Employed (Ths)	5,852.6	5,882.2	5,912.6	5,914.4	5,930.0	5,940.4	5,919.5	5,906.1	5,936.0	5,986.1	6,019.3	5,984.2	6,058.3	2.1
% change	*-0.6*	*0.5*	*0.5*	*0.0*	*0.3*	*0.2*	*-0.4*	*-0.2*	*0.5*	*0.8*	*0.6*	*-0.6*	*1.2*	
Total Residential Permits (# of units YTD, NSA)	10,912	2,151	5,705	8,428	11,596	1,811	4,897	8,165	12,151	2,456	5,644	9,972	na	22.1
year to year % change	*-50.1*	*35.3*	*29.7*	*3.8*	*6.3*	*-15.8*	*-14.2*	*-3.1*	*4.8*	*35.6*	*15.3*	*22.1*	*na*	
Single-family, (# of units YTD, NSA)	8,236	1,735	4,243	6,220	7,862	1,356	3,349	5,392	7,117	1,587	4,081	6,734	na	24.9
year to year % change	*-33.1*	*44.0*	*16.5*	*-0.3*	*-4.5*	*-21.8*	*-21.1*	*-13.3*	*-9.5*	*17.0*	*21.9*	*24.9*	*na*	
Multifamily, (# of units YTD, NSA)	2,676	416	1,462	2,208	3,734	455	1,548	2,773	5,034	869	1,563	3,238	na	16.8
year to year % change	*-72.1*	*8.1*	*93.6*	*17.0*	*39.5*	*9.4*	*5.9*	*25.6*	*34.8*	*91.0*	*1.0*	*16.8*	*na*	
5 +, (# of units YTD, NSA)	2,169	355	1,224	1,869	3,242	360	1,353	2,354	4,464	779	1,233	2,761	na	17.3
year to year % change	*-74.2*	*34.5*	*145.3*	*25.4*	*49.5*	*1.4*	*10.5*	*25.9*	*37.7*	*116.4*	*-8.9*	*17.3*	*na*	

Illinois

Recent Quarterly Performance

	09Q4	10Q1	10Q2	10Q3	10Q4	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3	12Q4	Most Recent Yr/Yr % Change
Existing Single-Family Home Sales (Ths, SAAR)	204.3	184.3	192.1	129.2	144.9	164.0	160.2	155.1	na	na	na	na	na	20.0
% change	*18.3*	*-9.8*	*4.2*	*-32.7*	*12.2*	*13.2*	*-2.3*	*-3.2*	*na*	*na*	*na*	*na*	na	
Home Price Index (Index 1980Q1 = 100, NSA)	328.2	322.9	320.0	323.8	322.1	310.7	306.0	308.7	309.0	305.5	301.3	305.0	na	-1.2
% change	*-0.8*	*-1.6*	*-0.9*	*1.2*	*-0.5*	*-3.6*	*-1.5*	*0.9*	*0.1*	*-1.2*	*-1.4*	*1.2*	*na*	
Median Existing Home Sales Price (Ths, SA)	155.3	155.8	158.1	152.0	154.0	143.1	143.5	144.5	138.2	145.0	147.5	143.1	na	-1.0
% change	*-0.8*	*0.3*	*1.5*	*-3.9*	*1.4*	*-7.1*	*0.2*	*0.7*	*-4.4*	*4.9*	*1.7*	*-3.0*	*na*	
Personal Income (Mil $, SAAR)	522,203	528,978	539,074	543,967	546,701	562,388	563,981	562,499	561,782	574,047	576,959	579,667	na	3.1
% change	*0.6*	*1.3*	*1.9*	*0.9*	*0.5*	*2.9*	*0.3*	*-0.3*	*-0.1*	*2.2*	*0.5*	*0.5*	*na*	
Wages & Salaries (Mil. $)	287,191	286,845	292,295	295,629	295,796	303,560	305,115	304,299	303,864	313,079	312,299	313,855	na	3.1
% change	*0.4*	*-0.1*	*1.9*	*1.1*	*0.1*	*2.6*	*0.5*	*-0.3*	*-0.1*	*3.0*	*-0.2*	*0.5*	*na*	
Nonwage Income (Mil. $)	235,012	242,133	246,779	248,338	250,905	258,828	258,866	258,200	257,918	260,968	264,660	265,812	*na*	2.9
% change	*0.9*	*3.0*	*1.9*	*0.6*	*1.0*	*3.2*	*0.0*	*-0.3*	*-0.1*	*1.2*	*1.4*	*0.4*	*na*	
Avg. Hrly Earnings: Mfg ($ Per Hr, SA)	16.74	16.83	16.81	16.93	17.11	17.40	17.88	18.25	18.47	18.68	19.08	19.33	19.55	5.9
% change	*0.8*	*0.5*	*-0.1*	*0.7*	*1.0*	*1.7*	*2.8*	*2.0*	*1.2*	*1.2*	*2.2*	*1.3*	*1.1*	
Personal Bankruptcies (# 3-Month Ending, SAAR)	76,090	80,809	81,880	81,309	77,930	74,558	72,917	68,827	67,627	70,473	67,328	66,138	na	-3.9

Illinois

Recent Monthly Performance

	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Most Recent Yr/Yr % Change
Establishment Employment (Ths, SA)														
Total Employment	5,676.0	5,679.9	5,688.9	5,698.7	5,695.9	5,694.0	5,694.0	5,688.9	5,697.7	5,707.8	5,711.0	5,725.5	5,717.9	0.7
% change	*0.0*	*0.1*	*0.2*	*0.2*	*0.0*	*0.0*	*0.0*	*-0.1*	*0.2*	*0.2*	*0.1*	*0.3*	*-0.1*	
Natural Resources & Mining	9.7	9.7	9.6	9.8	9.7	9.8	9.7	9.8	9.8	9.7	9.5	9.6	9.7	0.0
% change	*0.0*	*0.0*	*-1.0*	*2.1*	*-1.0*	*1.0*	*-1.0*	*1.0*	*0.0*	*-1.0*	*-2.1*	*1.1*	*1.0*	
Construction	191.3	189.7	196.1	192.4	189.0	183.7	184.5	185.0	183.9	184.1	185.0	179.8	182.7	-4.5
% change	*0.0*	*-0.8*	*3.4*	*-1.9*	*-1.8*	*-2.8*	*0.4*	*0.3*	*-0.6*	*0.1*	*0.5*	*-2.8*	*1.6*	
Manufacturing	576.9	579.6	582.2	587.7	589.5	594.1	596.5	597.8	597.4	596.0	596.5	598.7	593.4	2.9
% change	*0.2*	*0.5*	*0.4*	*0.9*	*0.3*	*0.8*	*0.4*	*0.2*	*-0.1*	*-0.2*	*0.1*	*0.4*	*-0.9*	
Trade, Transportation, & Utilities	1,142.2	1,139.8	1,136.1	1,133.9	1,134.6	1,137.1	1,133.2	1,138.0	1,137.3	1,133.4	1,133.2	1,145.1	1,145.9	0.3
% change	*0.1*	*-0.2*	*-0.3*	*-0.2*	*0.1*	*0.2*	*-0.3*	*0.4*	*-0.1*	*-0.3*	*0.0*	*1.1*	*0.1*	
Retail Trade	588.5	590.0	584.8	583.2	583.0	585.4	581.8	585.5	583.0	582.5	581.4	590.2	586.8	-0.3
% change	*0.0*	*0.3*	*-0.9*	*-0.3*	*0.0*	*0.4*	*-0.6*	*0.6*	*-0.4*	*-0.1*	*-0.2*	*1.5*	*-0.6*	
Wholesale Trade	291.1	288.4	290.3	291.0	293.6	291.1	290.6	290.6	291.3	287.8	288.8	290.9	291.1	0.0
% change	*0.0*	*-0.9*	*0.7*	*0.2*	*0.9*	*-0.9*	*-0.2*	*0.0*	*0.2*	*-1.2*	*0.3*	*0.7*	*0.1*	
Transportation & Utilities	262.6	261.4	261.0	259.7	258.0	260.6	260.8	261.9	263.0	263.1	263.0	264.0	268.0	2.1
% change	*0.2*	*-0.5*	*-0.2*	*-0.5*	*-0.7*	*1.0*	*0.1*	*0.4*	*0.4*	*0.0*	*0.0*	*0.4*	*1.5*	
Information Services	99.8	99.7	98.4	100.1	99.7	99.4	99.4	100.3	99.5	97.4	96.8	96.8	97.9	-1.9
% change	*-0.3*	*-0.1*	*-1.3*	*1.7*	*-0.4*	*-0.3*	*0.0*	*0.9*	*-0.8*	*-2.1*	*-0.6*	*0.0*	*1.1*	
Financial Services	360.5	363.6	364.8	363.2	363.2	364.8	363.8	364.5	365.8	366.7	366.7	366.6	366.2	1.6
% change	*-0.2*	*0.9*	*0.3*	*-0.4*	*0.0*	*0.4*	*-0.3*	*0.2*	*0.4*	*0.2*	*0.0*	*0.0*	*-0.1*	
Professional & Business Services	838.5	845.6	847.6	854.9	854.9	850.8	853.0	855.0	855.1	859.2	857.3	863.5	859.3	2.5
% change	*0.0*	*0.8*	*0.2*	*0.9*	*0.0*	*-0.5*	*0.3*	*0.2*	*0.0*	*0.5*	*-0.2*	*0.7*	*-0.5*	
Education & Health Services	857.1	851.4	852.8	852.2	850.3	850.6	852.7	854.0	858.7	861.1	863.5	866.3	865.2	0.9
% change	*0.0*	*-0.7*	*0.2*	*-0.1*	*-0.2*	*0.0*	*0.2*	*0.2*	*0.6*	*0.3*	*0.3*	*0.3*	*-0.1*	
Leisure & Hospitality Services	519.8	523.3	525.1	530.0	530.5	527.6	531.3	527.0	530.3	533.5	536.2	534.2	534.8	2.9
% change	*0.0*	*0.7*	*0.3*	*0.9*	*0.1*	*-0.5*	*0.7*	*-0.8*	*0.6*	*0.6*	*0.5*	*-0.4*	*0.1*	
Other Services	247.5	246.7	246.6	244.8	242.8	244.2	241.6	236.9	238.6	238.5	238.0	238.2	238.0	-3.8
% change	*0.5*	*-0.3*	*0.0*	*-0.7*	*-0.8*	*0.6*	*-1.1*	*-1.9*	*0.7*	*0.0*	*-0.2*	*0.1*	*-0.1*	
Government	832.7	830.8	829.6	829.7	831.7	831.9	828.3	820.6	821.3	828.2	828.3	826.7	824.8	-0.9
% change	*-0.1*	*-0.2*	*-0.1*	*0.0*	*0.2*	*0.0*	*-0.4*	*-0.9*	*0.1*	*0.8*	*0.0*	*-0.2*	*-0.2*	
														1 Year Change
Unemployment Rate (%, SA)	9.7	9.4	9.1	8.8	8.7	8.6	8.7	8.9	9.1	8.8	8.8	8.7	8.7	-1.0
														Most Recent Yr/Yr % Change
Labor Force (Ths)	6,585.5	6,580.0	6,589.0	6,588.8	6,592.2	6,590.2	6,583.1	6,574.7	6,556.3	6,584.9	6,626.6	6,635.7	6,645.3	0.9
% change	*0.0*	*-0.1*	*0.1*	*0.0*	*0.1*	*0.0*	*-0.1*	*-0.1*	*-0.3*	*0.4*	*0.6*	*0.1*	*0.1*	
Number of Unemployed (Ths)	638.4	620.1	598.4	581.1	571.3	564.3	572.1	587.1	593.6	582.5	581.2	574.9	576.6	-9.7
% change	*-1.6*	*-2.9*	*-3.5*	*-2.9*	*-1.7*	*-1.2*	*1.4*	*2.6*	*1.1*	*-1.9*	*-0.2*	*-1.1*	*0.3*	
Number of Employed (Ths)	5,947.1	5,959.9	5,990.6	6,007.6	6,020.9	6,026.0	6,011.0	5,987.6	5,962.7	6,002.4	6,045.5	6,060.8	6,068.7	2.0
% change	*0.2*	*0.2*	*0.5*	*0.3*	*0.2*	*0.1*	*-0.2*	*-0.4*	*-0.4*	*0.7*	*0.7*	*0.3*	*0.1*	
Total Residential Permits (# of units YTD, NSA)	12,151	411	959	2,456	3,410	4,558	5,644	6,764	8,246	9,972	11,417	12,914	na	17.4
year to year % change	*4.8*	*-50.7*	*4.0*	*35.6*	*31.6*	*20.6*	*15.3*	*18.6*	*15.5*	*22.1*	*17.4*	*17.4*	*na*	
Single-family, (# of units YTD, NSA)	7,117	352	745	1,587	2,315	3,281	4,081	4,912	5,925	6,734	7,702	8,353	na	25.5
year to year % change	*-9.5*	*21.0*	*17.5*	*17.0*	*16.9*	*22.8*	*21.9*	*22.2*	*24.2*	*24.9*	*26.0*	*25.5*	*na*	
Multifamily, (# of units YTD, NSA)	5,034	59	214	869	1,095	1,277	1,563	1,852	2,321	3,238	3,715	4,561	na	5.1
year to year % change	*34.8*	*-89.1*	*-25.7*	*91.0*	*79.2*	*15.3*	*1.0*	*10.0*	*-2.2*	*16.8*	*3.0*	*5.1*	*na*	
5 +, (# of units YTD, NSA)	4,464	47	191	779	934	1,038	1,233	1,472	1,894	2,761	3,224	4,038	na	6.5
year to year % change	*37.7*	*-91.1*	*-21.4*	*116.4*	*89.1*	*9.0*	*-8.9*	*2.9*	*-5.8*	*17.3*	*4.2*	*6.5*	*na*	
														Most Recent Yr/Yr % Change
Avg. Hrly Earnings: Mfg, ($ Per Hr, SA)	18.58	18.66	18.72	18.68	19.02	19.05	19.18	19.17	19.40	19.43	19.42	19.55	19.68	5.9
% change	*1.2*	*0.4*	*0.3*	*-0.2*	*1.9*	*0.1*	*0.7*	*-0.1*	*1.2*	*0.1*	*-0.1*	*0.7*	*0.7*	

Illinois

Recent Annual Performance

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	5 Yr. Average Annual % Change
Gross State Product (Bil Constant$, SAAR)	540.8	551.7	564.3	568.1	581.6	588.6	580.7	557.6	574.4	582.1	592.3	0.1
% change	*0.3*	*2.0*	*2.3*	*0.7*	*2.4*	*1.2*	*-1.3*	*-4.0*	*3.0*	*1.3*	*1.8*	
Establishment Employment (Ths, SA)												
Total Employment	5,883.2	5,810.9	5,817.0	5,862.2	5,932.9	5,979.8	5,949.4	5,656.8	5,613.2	5,665.4	5,700.0	-1.0
% change	*-1.9*	*-1.2*	*0.1*	*0.8*	*1.2*	*0.8*	*-0.5*	*-4.9*	*-0.8*	*0.9*	*0.6*	
Natural Resources & Mining	9.7	9.5	9.4	9.8	10.3	10.1	9.8	9.3	9.1	9.5	9.7	-0.8
% change	*-3.1*	*-2.3*	*-0.9*	*5.1*	*4.1*	*-1.3*	*-3.3*	*-4.5*	*-2.5*	*4.4*	*2.0*	
Construction	277.4	274.8	270.3	268.7	275.2	271.0	258.2	217.1	198.6	195.5	186.3	-7.2
% change	*0.1*	*-0.9*	*-1.7*	*-0.6*	*2.4*	*-1.5*	*-4.7*	*-15.9*	*-8.5*	*-1.6*	*-4.7*	
Manufacturing	754.0	714.1	697.2	688.2	683.4	675.1	657.4	576.6	561.1	573.9	592.5	-2.6
% change	*-7.5*	*-5.3*	*-2.4*	*-1.3*	*-0.7*	*-1.2*	*-2.6*	*-12.3*	*-2.7*	*2.3*	*3.2*	
Trade, Transportation, & Utilities	1,197.8	1,183.1	1,180.3	1,186.9	1,198.5	1,212.4	1,204.9	1,139.3	1,125.7	1,139.5	1,137.3	-1.3
% change	*-2.8*	*-1.2*	*-0.2*	*0.6*	*1.0*	*1.2*	*-0.6*	*-5.4*	*-1.2*	*1.2*	*-0.2*	
Retail Trade	631.7	625.5	625.4	626.3	628.7	635.5	627.8	595.5	588.6	591.4	584.8	-1.3
% change	*-1.8*	*-1.0*	*0.0*	*0.1*	*0.4*	*1.1*	*-1.2*	*-5.2*	*-1.2*	*0.5*	*-1.1*	
Wholesale Trade	307.4	303.0	299.9	302.9	307.8	310.7	310.3	291.7	285.7	289.1	290.5	-1.6
% change	*-2.9*	*-1.4*	*-1.0*	*1.0*	*1.6*	*1.0*	*-0.1*	*-6.0*	*-2.1*	*1.2*	*0.5*	
Transportation & Utilities	258.8	254.5	255.0	257.7	262.0	266.1	266.8	252.1	251.4	259.0	262.0	-0.3
% change	*-4.8*	*-1.6*	*0.2*	*1.1*	*1.7*	*1.6*	*0.2*	*-5.5*	*-0.3*	*3.0*	*1.2*	
Information Services	137.1	127.6	120.9	118.2	116.2	115.9	114.3	106.4	101.9	100.3	98.8	-3.1
% change	*-6.8*	*-6.9*	*-5.2*	*-2.3*	*-1.7*	*-0.2*	*-1.4*	*-6.9*	*-4.3*	*-1.6*	*-1.5*	
Financial Services	400.6	401.7	399.4	401.9	405.2	402.8	391.7	371.9	363.6	362.3	365.0	-2.0
% change	*-0.7*	*0.3*	*-0.6*	*0.6*	*0.8*	*-0.6*	*-2.8*	*-5.1*	*-2.2*	*-0.4*	*0.7*	
Professional & Business Services	791.5	777.3	798.6	826.3	854.4	870.7	859.8	787.7	802.0	829.2	854.7	-0.4
% change	*-3.6*	*-1.8*	*2.7*	*3.5*	*3.4*	*1.9*	*-1.2*	*-8.4*	*1.8*	*3.4*	*3.1*	
Education & Health Services	710.6	718.2	729.8	745.1	762.1	779.7	801.5	816.4	832.9	850.9	856.6	1.9
% change	*1.9*	*1.1*	*1.6*	*2.1*	*2.3*	*2.3*	*2.8*	*1.9*	*2.0*	*2.2*	*0.7*	
Leisure & Hospitality Services	492.0	497.4	506.2	512.3	522.8	531.5	532.6	516.7	515.4	518.7	530.3	0.0
% change	*0.2*	*1.1*	*1.8*	*1.2*	*2.1*	*1.7*	*0.2*	*-3.0*	*-0.2*	*0.6*	*2.2*	
Other Services	251.9	254.4	259.7	258.4	259.4	261.1	263.6	257.8	249.2	248.4	241.2	-1.6
% change	*0.3*	*1.0*	*2.1*	*-0.5*	*0.4*	*0.7*	*0.9*	*-2.2*	*-3.3*	*-0.3*	*-2.9*	
Government	860.5	852.9	845.2	846.4	845.5	849.5	855.5	857.4	853.7	837.2	827.7	-0.5
% change	*1.2*	*-0.9*	*-0.9*	*0.1*	*-0.1*	*0.5*	*0.7*	*0.2*	*-0.4*	*-1.9*	*-1.1*	
												5 Year Change
Unemployment Rate (%)	6.6	6.7	6.2	5.8	4.6	5.1	6.4	10.0	10.5	9.7	8.9	-0.9
												5 Yr. Average Annual % Change
Labor Force (Ths)	6,351.0	6,318.5	6,342.3	6,405.0	6,526.6	6,661.1	6,667.2	6,591.6	6,599.8	6,566.4	6,595.6	-0.2
% change	*-1.5*	*-0.5*	*0.4*	*1.0*	*1.9*	*2.1*	*0.1*	*-1.1*	*0.1*	*-0.5*	*0.4*	
Number of Unemployed (Ths)	416.3	425.5	395.5	370.7	303.1	337.2	425.7	662.3	690.1	640.9	583.6	11.6
% change	*18.8*	*2.2*	*-7.1*	*-6.3*	*-18.2*	*11.2*	*26.3*	*55.6*	*4.2*	*-7.1*	*-8.9*	
Number of Employed (Ths)	5,934.7	5,893.0	5,946.9	6,034.3	6,223.4	6,324.0	6,241.5	5,929.3	5,909.8	5,925.5	6,012.0	-1.0
% change	*-2.7*	*-0.7*	*0.9*	*1.5*	*3.1*	*1.6*	*-1.3*	*-5.0*	*-0.3*	*0.3*	*1.5*	

Illinois

Recent Annual Performance

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	5 Yr. Average
Total Residential Permits (# of units)	57,791	61,411	62,576	67,852	59,121	42,666	21,889	10,912	11,596	12,151	na	19,843
year to year % change	*7.2*	*6.3*	*1.9*	*8.4*	*-12.9*	*-27.8*	*-48.7*	*-50.1*	*6.3*	*4.8*	*na*	
Single-family	42,200	43,829	48,898	49,084	39,485	24,827	12,308	8,236	7,862	7,117	na	12,070
year to year % change	*8.7*	*3.9*	*11.6*	*0.4*	*-19.6*	*-37.1*	*-50.4*	*-33.1*	*-4.5*	*-9.5*	*na*	
Multifamily	15,591	17,582	13,678	18,768	19,636	17,839	9,581	2,676	3,734	5,034	na	7,773
year to year % change	*3.3*	*12.8*	*-22.2*	*37.2*	*4.6*	*-9.2*	*-46.3*	*-72.1*	*39.5*	*34.8*	*na*	
5 +	11,917	13,705	9,500	13,906	16,023	15,395	8,416	2,169	3,242	4,464	na	6,737
year to year % change	*0.3*	*15.0*	*-30.7*	*46.4*	*15.2*	*-3.9*	*-45.3*	*-74.2*	*49.5*	*37.7*	*na*	
												5 Yr. Average Annual % Change
Existing Single-Family Home Sales (Ths)	243.4	245.4	273.0	279.5	258.8	215.6	166.7	167.4	162.6	na	na	-10.3
% change	*6.4*	*0.8*	*11.3*	*2.4*	*-7.4*	*-16.7*	*-22.7*	*0.4*	*-2.8*	*na*	*na*	
Home Price Index (Index 1980Q1 = 100)	279.0	293.8	318.3	346.6	366.6	372.4	359.9	337.9	322.2	308.6	na	-3.4
% change	*6.2*	*5.3*	*8.3*	*8.9*	*5.8*	*1.6*	*-3.3*	*-6.1*	*-4.6*	*-4.2*	*na*	
Median Existing Home Sales Price (Ths)	169.3	179.6	195.5	215.4	223.3	220.4	192.7	158.4	155.0	142.3	na	-8.6
% change	*9.6*	*6.0*	*8.9*	*10.2*	*3.6*	*-1.3*	*-12.6*	*-17.8*	*-2.1*	*-8.2*	*na*	
Personal Income (Mil $)	423,278	435,901	455,291	472,073	504,493	532,587	554,522	522,946	539,680	562,663	na	2.2
% change	*2.0*	*3.0*	*4.4*	*3.7*	*6.9*	*5.6*	*4.1*	*-5.7*	*3.2*	*4.3*	*na*	
Wages & Salaries (Mil. $)	243,034	245,913	256,737	267,283	283,068	298,743	304,049	287,657	292,641	304,210	na	1.5
% change	*0.4*	*1.2*	*4.4*	*4.1*	*5.9*	*5.5*	*1.8*	*-5.4*	*1.7*	*4.0*	*na*	
Nonwage Income (Mil. $)	180,244	189,988	198,554	204,790	221,426	233,844	250,473	235,289	247,039	258,453	na	3.1
% change	*4.3*	*5.4*	*4.5*	*3.1*	*8.1*	*5.6*	*7.1*	*-6.1*	*5.0*	*4.6*	*na*	
Avg. Hrly Earnings: Mfg. ($ Per Hr)	14.99	15.20	15.61	15.84	16.03	16.47	16.44	16.61	16.92	18.00	19.16	3.1
% change	*2.2*	*1.4*	*2.7*	*1.5*	*1.2*	*2.7*	*-0.2*	*1.1*	*1.8*	*6.4*	*6.5*	
Personal Bankruptcies	80,887	84,294	79,172	105,675	29,834	40,518	54,756	71,726	80,482	70,982	na	18.9
% change	*10.7*	*4.2*	*-6.1*	*33.5*	*-71.8*	*35.8*	*35.1*	*31.0*	*12.2*	*-11.8*	*na*	
Population (Ths)	12,525.6	12,556.0	12,589.8	12,609.9	12,644.0	12,695.9	12,747.0	12,796.8	12,840.5	12,859.8	12,875.3	0.3
% change	*0.3*	*0.2*	*0.3*	*0.2*	*0.3*	*0.4*	*0.4*	*0.4*	*0.3*	*0.2*	*0.1*	
												5 Yr. Average
Net Migration (Ths)	-38.4	-45.8	-43.7	-52.9	-42.4	-26.5	-29.0	-29.5	-27.5	-43.7	-44.3	na

Illinois
History

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Employment (Ths.)	5,883.3	5,810.9	5,817.0	5,862.2	5,932.9	5,979.9	5,949.4	5,656.8	5,613.2	5,665.4
% Change	*-1.9*	*-1.2*	*0.1*	*0.8*	*1.2*	*0.8*	*-0.5*	*-4.9*	*-0.8*	*0.9*
Manufacturing	754.0	714.1	697.2	688.2	683.4	675.1	657.4	576.6	561.1	573.9
Construction	277.4	274.8	270.3	268.7	275.2	271.0	258.2	217.1	198.6	195.5
Prof. and Bus. Serv.	791.5	777.3	798.6	826.3	854.4	870.7	859.8	787.7	802.0	829.2
Edu. and Health Serv.	710.6	718.2	729.8	745.1	762.1	779.7	801.5	816.4	832.9	850.9
Leisure and Hospitality	492.0	497.4	506.2	512.3	522.8	531.5	532.6	516.7	515.4	518.7
Other Services	251.9	254.4	259.7	258.4	259.4	261.1	263.6	257.8	249.2	248.4
Trade, Trans. and Util.	1,197.8	1,183.1	1,180.3	1,186.9	1,198.5	1,212.4	1,204.9	1,139.3	1,125.7	1,139.5
Wholesale	307.4	303.0	299.9	302.9	307.8	310.7	310.3	291.8	285.7	289.1
Retail	631.7	625.5	625.4	626.3	628.7	635.5	627.8	595.5	588.6	591.4
Trans. and Util.	258.8	254.5	255.0	257.7	262.0	266.1	266.8	252.1	251.4	259.0
Financial Activities	400.6	401.7	399.4	401.9	405.2	402.8	391.7	371.9	363.6	362.3
Information	137.1	127.6	120.9	118.2	116.2	115.9	114.3	106.4	101.9	100.3
Government	860.5	852.9	845.2	846.4	845.5	849.5	855.6	857.4	853.7	837.2
Natural Res. and Min.	9.7	9.5	9.4	9.9	10.3	10.1	9.8	9.3	9.1	9.5
Unemployment Rate (%)	6.6	6.7	6.2	5.8	4.7	5.1	6.4	10.0	10.5	9.7
Population (Ths.)	12,525.6	12,556.0	12,589.8	12,609.9	12,644.0	12,695.9	12,747.0	12,796.8	12,842.0	12,869.3
% Change	*0.3*	*0.2*	*0.3*	*0.2*	*0.3*	*0.4*	*0.4*	*0.4*	*0.4*	*0.2*
Age: <5	872.6	871.3	871.2	865.9	854.4	851.5	848.6	840.3	834.4	828.2
Age: 5-19	2,720.9	2,710.4	2,698.4	2,686.7	2,682.9	2,679.6	2,673.5	2,669.4	2,654.8	2,634.7
Age: 20-24	877.2	884.8	893.1	887.6	883.0	881.0	876.7	877.4	884.3	885.3
Age: 25-44	3,719.6	3,674.6	3,633.9	3,595.3	3,571.0	3,551.8	3,536.0	3,516.7	3,501.7	3,492.2
Age: 45-64	2,835.0	2,908.2	2,979.9	3,056.9	3,128.9	3,189.1	3,241.7	3,300.4	3,351.8	3,388.1
Age: >65	1,500.3	1,506.6	1,513.2	1,517.5	1,523.7	1,542.8	1,570.5	1,592.6	1,614.9	1,640.8
Households (Ths.)	4,653.6	4,674.8	4,697.0	4,713.3	4,734.6	4,763.3	4,791.8	4,819.0	4,844.1	4,857.2
% Change	*0.5*	*0.5*	*0.5*	*0.3*	*0.5*	*0.6*	*0.6*	*0.6*	*0.5*	*0.3*
Personal Income (Bil. $)	423.3	435.9	455.3	472.1	504.5	532.6	554.5	522.9	539.7	562.7
% Change	*2.0*	*3.0*	*4.4*	*3.7*	*6.9*	*5.6*	*4.1*	*-5.7*	*3.2*	*4.3*
Total Residential Permits (#)	60,971.0	62,211.0	59,753.0	66,942.0	58,802.0	43,020.0	22,528.0	10,859.0	12,318.0	11,809.0
% Change	*11.2*	*2.0*	*-4.0*	*12.0*	*-12.2*	*-26.8*	*-47.6*	*-51.8*	*13.4*	*-4.1*
Single-family Permits	42,545.0	45,379.0	46,207.0	47,705.0	37,903.0	24,511.0	11,827.0	7,844.0	7,624.0	6,834.0
Multifamily Permits	18,426.0	16,832.0	13,546.0	19,237.0	20,899.0	18,509.0	10,701.0	3,015.0	4,694.0	4,975.0

Illinois
Forecast

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	06-11	11-16	16-21
												Annual Growth (%)	
Total Employment (Ths.)	5,700.0	5,738.8	5,808.5	5,917.9	6,025.7	6,072.9	6,082.3	6,089.2	6,098.5	6,106.4	-0.9	1.2	0.3
% Change	*0.6*	*0.7*	*1.2*	*1.9*	*1.8*	*0.8*	*0.2*	*0.1*	*0.2*	*0.1*			
Manufacturing	592.1	597.0	600.0	606.2	611.6	610.6	605.1	599.5	594.1	588.6	-3.4	1.3	-0.8
Construction	185.7	174.5	169.9	174.3	179.5	183.4	189.1	194.9	199.6	202.1	-6.6	-1.7	2.4
Prof. and Bus. Serv.	855.5	869.8	893.9	929.1	960.8	978.5	987.7	996.1	1,005.6	1,016.6	-0.6	3.0	1.1
Edu. and Health Serv.	856.2	870.4	886.8	908.0	927.3	936.6	940.5	944.6	949.0	952.7	2.2	1.7	0.5
Leisure and Hospitality	530.6	542.6	558.8	577.3	594.1	604.7	609.3	613.7	618.4	623.0	-0.2	2.8	1.0
Other Services	241.3	239.1	241.0	244.4	247.5	248.1	246.9	245.6	244.5	243.5	-0.9	-0.1	-0.3
Trade, Trans. and Util.	1,137.4	1,147.7	1,158.7	1,169.1	1,175.0	1,169.3	1,158.2	1,147.8	1,139.1	1,132.1	-1.0	0.6	-0.7
Wholesale	290.5	291.7	294.3	296.7	298.7	297.5	294.9	292.3	290.1	288.3	-1.2	0.6	-0.7
Retail	585.1	590.9	598.3	604.5	606.6	601.8	593.9	586.7	580.7	575.8	-1.2	0.5	-1.0
Trans. and Util.	261.8	265.1	266.1	267.8	269.7	270.0	269.4	268.8	268.3	268.0	-0.2	0.8	-0.1
Financial Activities	365.1	368.7	374.3	381.6	387.9	391.3	391.3	390.8	390.1	390.0	-2.2	1.4	0.1
Information	98.7	96.1	96.8	98.0	99.1	99.6	99.4	98.9	98.5	98.0	-2.9	-0.2	-0.2
Government	827.7	823.4	819.0	820.5	833.1	840.9	844.9	847.5	849.8	850.2	-0.2	-0.1	0.4
Natural Res. and Min.	9.7	9.4	9.4	9.6	9.9	10.0	9.9	9.9	9.9	9.8	-1.5	0.8	-0.2
Unemployment Rate (%)	8.9	8.3	7.2	6.1	5.4	5.1	5.0	5.0	5.0	4.9	7.7	7.6	5.1
												Annual Growth (%)	
Population (Ths.)	12,919.1	12,975.9	13,031.7	13,082.9	13,133.4	13,182.0	13,230.2	13,277.3	13,321.4	13,366.6	0.4	0.4	0.4
% Change	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.3*	*0.3*			
Age: <5	831.7	835.7	839.3	842.1	844.2	845.6	846.4	846.7	846.5	846.3	-0.6	0.4	0.0
Age: 5-19	2,631.5	2,631.4	2,633.4	2,636.5	2,643.0	2,654.6	2,667.9	2,681.1	2,693.4	2,699.6	-0.4	0.1	0.4
Age: 20-24	893.5	897.8	897.9	892.1	884.3	874.4	864.3	855.9	849.0	851.4	0.1	0.0	-0.8
Age: 25-44	3,493.2	3,499.9	3,505.2	3,503.4	3,504.7	3,511.3	3,524.5	3,540.5	3,551.0	3,562.0	-0.4	0.1	0.3
Age: 45-64	3,387.5	3,388.8	3,396.2	3,407.9	3,417.3	3,415.7	3,404.3	3,386.3	3,364.8	3,343.4	1.6	0.2	-0.4
Age: >65	1,681.7	1,722.3	1,759.7	1,800.9	1,839.8	1,880.4	1,922.8	1,966.8	2,016.7	2,063.9	1.5	2.3	2.3
Households (Ths.)	4,875.4	4,900.4	4,935.5	4,976.4	5,014.9	5,047.5	5,074.5	5,101.4	5,128.5	5,154.2	0.5	0.6	0.5
% Change	*0.4*	*0.5*	*0.7*	*0.8*	*0.8*	*0.6*	*0.5*	*0.5*	*0.5*	*0.5*			
Personal Income (Bil. $)	578.0	592.7	631.1	674.4	715.7	750.4	782.2	813.0	845.3	879.0	2.2	4.9	4.2
% Change	*2.7*	*2.5*	*6.5*	*6.9*	*6.1*	*4.8*	*4.2*	*3.9*	*4.0*	*4.0*			
												Average	
Total Residential Permits (#)	14,383	14,728	18,295	23,152	27,399	30,989	34,242	36,723	38,853	40,903	26,556	18,294	34,851
% Change	*21.8*	*2.4*	*24.2*	*26.6*	*18.3*	*13.1*	*10.5*	*7.2*	*5.8*	*5.3*			
Single-family Permits	8,547	9,370	11,516	15,852	18,686	21,280	23,829	25,916	27,726	29,425	16,091	11,801	24,477
Multifamily Permits	5,836	5,358	6,778	7,300	8,713	9,709	10,414	10,806	11,127	11,478	10,466	6,493	10,374