STATE OF ILLINOIS ECONOMIC FORECAST

February 2024

Prepared for:

State of Illinois

Commission on Government Forecasting & Accountability

Prepared by:

Moody's Analytics / Economic & Consumer Credit Analytics

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February 2024

ANALYSIS

State of Illinois Forecast Report

Prepared for the State of Illinois Commission on Government Forecasting and Accountability

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Contents

Summary

Illinois' economy returned to its pre-pandemic level of employment in late 2023, though growth has slowed further behind the below-average midwestern pace. The breadth of job creation across industries has narrowed, which is consistent with the national picture. Strengthening in healthcare, government and leisure/hospitality has kept the job market afloat amid job losses in professional/business services and manufacturing and flattening in other parts of the economy. The unemployment rate has ticked up a bit in the second half of the year, averaging 4.7% in the fourth quarter, compared with 3.7% in the region and the U.S. The labor force remains depressed compared with before the pandemic, and has trended lower since mid-2022. Conversely, the Midwest's labor force is approaching its pre-pandemic size and the U.S. labor force has risen to new highs.

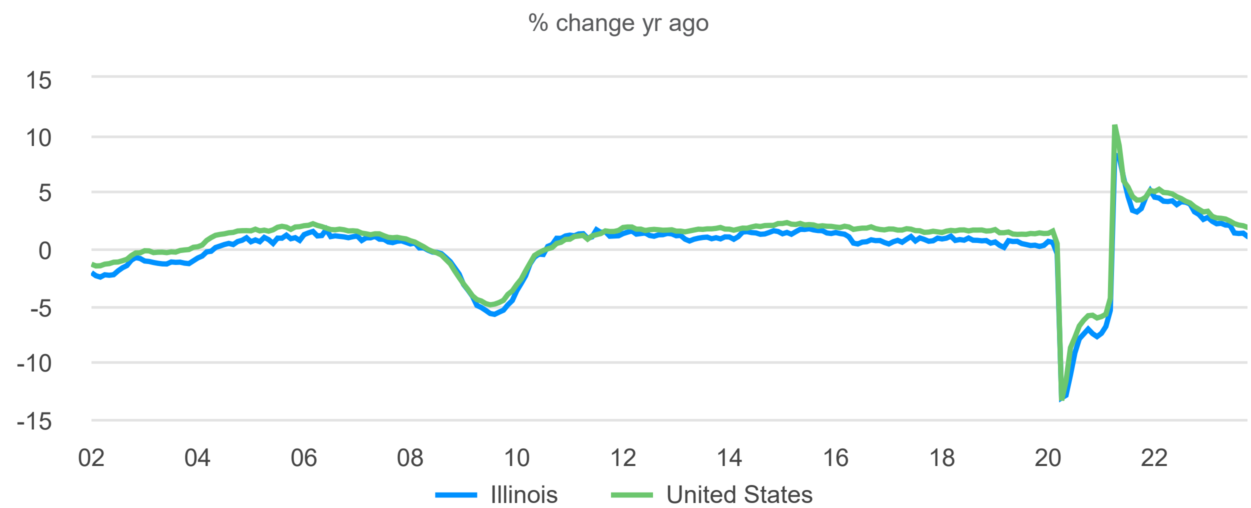
Solid tax revenue growth in the past couple of years has enabled Illinois to balance its budget, increase payments toward outstanding liabilities, and contribute more money to pensions and the rainy-day fund. These actions have helped the state draw upgrades to its credit rating from the three major ratings agencies. Though the state is prioritizing improving its fiscal position and preparing for the next downturn, revenues have returned to normal and risks lean to the downside. Illinois is more vulnerable than other states to a negative shift in the national or global economy because of its lean financial reserves and heavy fixed-cost burdens.

Illinois will be a below-average performer in the region and among U.S. states, with gross state product, employment, and income increasing less than elsewhere. Turbulence in major industry drivers such as professional/business services, manufacturing and logistics will diminish, but job growth will proceed more slowly than in the past few years. The primary downside risk is that the Federal Reserve mistakenly overtightens monetary policy, or eases policy too quickly. The state will be a step behind the Midwest average and a few steps behind the nation in job and income growth over the long term. Weakening population trends and deep-rooted fiscal problems such as mounting pension obligations and a shrinking tax base represent the biggest hurdles to stronger economic performance. Persistent out-migration will weigh on the strength of employment and income gains.

Recent Performance

Illinois' economy is slowing. Payroll employment has flattened during the past few months, in contrast with the region and the U.S., which are still slowly growing. The job market completed its recovery from the pandemic as 2023 ended. Chart 1 shows the year-over-year pace of nonfarm employment growth in Illinois and the U.S. Job growth from the fourth quarter of 2022 to the fourth quarter of 2023 was 1%, slower than the regional pace of 1.3% and the national pace of 1.8%. Of states in the Midwest, Illinois was ahead of Kansas, Michigan and Iowa in year-over-year job growth, but behind its other neighbors. At the end of the year, employment was 0.4% higher than in the last quarter of 2019 versus 1.1% higher in the Midwest and 3.6% higher nationally. The other midwestern states that are behind Illinois in this measure are Iowa, Michigan and North Dakota.

Chart 1: Employment Growth



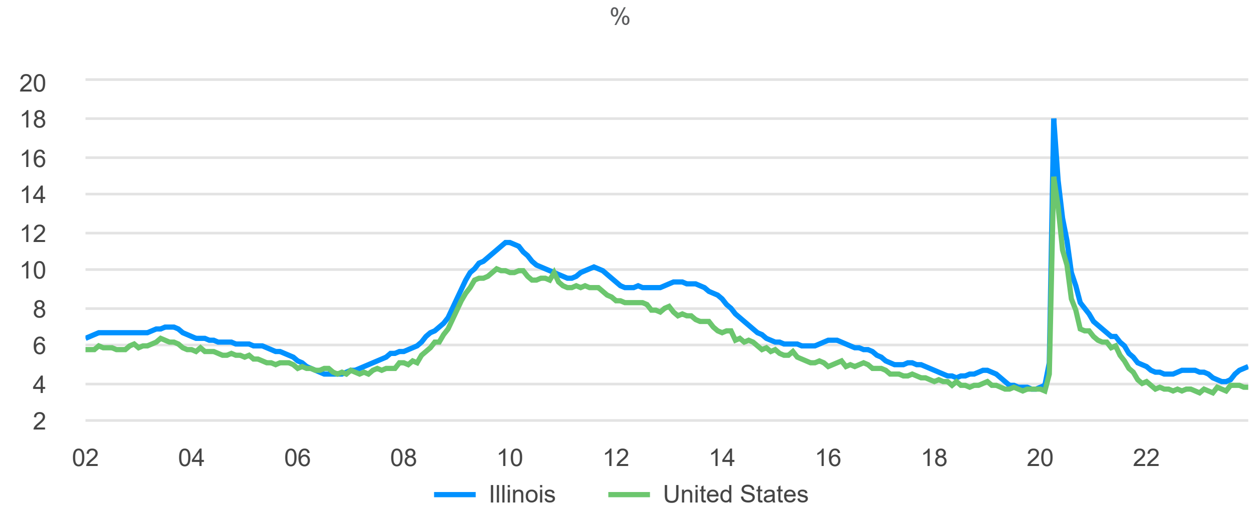
Sources: BLS, Moody's Analytics

The household survey of employment is more downbeat, as it is nationally. As shown in Chart 2, the Illinois unemployment rate and the national unemployment rate have not changed significantly compared with a year earlier, though the state's rate has ticked up a bit in the second half of 2023. Illinois' unemployment rate averaged 4.7% in the fourth quarter, compared with 3.7% in the region and the nation. The labor force remains depressed compared with before the pandemic, and has trended lower since mid-2022. Conversely, the Midwest's labor force has finally reached a new gear and is approaching its pre-pandemic size. The U.S. labor force has risen to new highs in the past year.

The breadth of job creation across industries has narrowed, which is consistent with the national picture. Strengthening in healthcare, government and leisure/hospitality has kept the job market afloat amid job losses in professional/business services and manufacturing and flattening in other parts of the economy. The underperformance of high-wage industries such as these has caused average hourly earnings to slip below those of the U.S. for the first time in the series. Table 1 depicts annualized job growth by industry on a short- and long-term basis.

Chicago's economy is showing signs of fatigue. Payroll employment has flattened in the past several months, putting it up 0.8% year over year in the fourth quarter. Healthcare remains a strong source of job growth, but support from other private-service industries has been dwindling. Professional/business services are contracting, transportation/warehousing is trending lower, and leisure/hospitality employment has lost momentum. Manufacturing, construction and government have maintained modest but steady job growth during the course of the year. Employers have significantly reined in pay increases; the employment cost index shows that wage growth for private workers has slowed more in Chicago than in the U.S. during the past year. The rise in the unemployment rate has been similar to the nation's, but the labor force is contracting after reaching a new high earlier in the year. The jobless rate averaged 4.3% in the fourth quarter.

Chart 2: Unemployment Rate



Sources: BLS, Moody's Analytics

Professional/business services have been weighed down as high interest rates and the sluggish global economy have chipped away at demand for consulting and technical services, and demand for temporary help has dropped sharply. While finance has fared a bit better lately, layoffs at Northern Trust and BMO Harris are reminders of the challenges banks are facing. Rapid interest-rate increases have caused banks to offer higher deposit rates to customers, squeezing profit margins.

The return of top entertainment and social events is helping to strengthen tourism and leisure/hospitality. Further, the resumption of business meetings and conventions is giving a boost to the business-travel hub. Chicago led the top 25 U.S. markets for meetings and events volume for several months last year, according to hospitality industry tracker Knowland. Hotel occupancy is back to about 90% of its pre-pandemic average, on par with other major markets.

Lake County's economy is stuck in a rut. Employment has gone sideways in the past year, leaving it barely any higher than it was at the end of 2022. Manufacturing, retail and transportation/warehousing have declined, and most other major industries have increased modestly. The unemployment rate has drifted higher, and at 5% it is now in unfamiliar territory above the state rate. Some of the rise in joblessness stems from the fact that the labor force is

Table 1: Illinois Employment, Recent Performance

Dec 2023

	Annualized growth rate				
	3-mo	6-mo	12-mo	5-yr	10-yr
Total	-0.7	0.2	0.9	0.1	0.5
Construction	2.6	2.2	1.8	0.9	2.0
Manufacturing	0.7	0.9	-0.7	-0.8	-0.2
Wholesale Trade	0.8	2.4	0.3	0.3	0.1
Retail Trade	-4.5	-1.9	-1.0	-0.7	-0.5
Transportation and Utilities	-3.6	-1.8	-0.5	1.8	2.7
Information	-10.9	-4.6	-6.9	-1.5	-1.1
Financial Activities	-2.6	-1.3	2.3	0.3	0.9
Professional and Business Services	-6.5	-5.2	-2.7	-0.0	0.5
Education and Health Services	0.7	2.9	3.1	1.0	1.1
Leisure and Hospitality	3.4	2.1	3.0	-0.6	0.9
Government	4.5	3.8	4.5	0.2	0.1
			%		
Unemployment rate	4.7	4.4	4.4	5.7	5.7

Sources: BLS, Moody's Analytics

increasing after trending lower for several years. House prices have bounced back from last winter's declines, partly because new-home construction is weak.

The Urbana-Champaign economy has been one of Illinois' best performers, though growth has come to a halt. Total employment has leveled off since midyear as employment has declined in several industries, most notably professional/business services and retail. Healthcare remains a stalwart of job growth—and anchored by the University of Illinois, state government employment is trending higher. Stalling in the job market combined with persistently strong labor force growth has pushed the jobless rate up into the mid-4% range, in line with the state.

Bloomington's economy has cooled. Employment has come down in recent months and weakness is apparent in most major industries. The unemployment rate has risen during the past year and now matches the state rate. Though job losses are a factor, the growing labor force is also putting upward pressure on joblessness. Over the past year, high-wage jobs have contracted while low- and mid-wage employment expanded. As a result, average hourly earnings are down year over year.

Springfield's economy is starting to regain momentum, though the rebound in nonfarm payrolls since the fall has come almost entirely from government, while private-sector employment has been flat. Professional/business services have been particularly weak. The unemployment rate has risen to 4.7% as of November, partly because of an increase in the labor force.

Peoria's economy is limping along. Job losses have abated this fall with employment in most industries, including manufacturing and healthcare, leveling off. However, strong growth in professional/business services earlier this year has given way to declines in recent months. Weakening is also apparent in the household employment survey. The unemployment rate has been increasing while the size of the labor force has been stagnant.

Rockford's economy is on the mend after employment declined in the first half of 2023. Services are carrying the day, particularly healthcare and leisure/hospitality, while goods producers are no longer hemorrhaging jobs. Last year was the Hard Rock Casino's second year of operation in its temporary venue, where it welcomed more visitors than in 2022. The unemployment rate has risen into the mid-6% range. The labor force has stopped shrinking but remains extremely depressed.

The Quad Cities economy is inching forward. Nonfarm payrolls are below their pre-pandemic level and job additions are trailing the state and national averages. The key durable manufacturing industry is moving sideways, but services are the primary source of weakness. The two downstate communities of the Quad Cities and Decatur are heavily dependent on the manufacturing sector. Decatur's economy remains weak for the state and the Midwest. Nonfarm payrolls have been decreasing since early 2023. Lackluster performance is evident across the board, including in crucial manufacturing. The weak job market and marginal increase in the labor force have pushed the unemployment rate up to 6.5% in the fall, the second highest in the region.

Danville's economy picked up the pace a bit. Nonfarm payroll growth was more robust than the rest of the state recently. Government payrolls ticked higher, while the opening of the Golden Nugget Casino significantly boosted leisure/hospitality headcounts. On the downside, the manufacturing industry failed to find any hiring momentum. Despite net job gains, the unemployment rate has moved higher this year as the labor force has jumped.

Solid tax revenue growth in the past couple of years has enabled Illinois to balance its budget, increase payments toward outstanding liabilities, and contribute more money to pensions and the rainy-day fund. These actions have helped the state draw upgrades to its credit rating from the three major ratings agencies.

Support from the farm sector has been waning. After trending lower in 2023, agricultural prices are now hovering near levels last seen in 2014. However, compared with their historical average, prices remain elevated. Although state farm income has stopped climbing, the slowdown has been much milder than at the national level, where it has pulled back sharply in recent quarters.

Near-term outlook

Illinois will be a below-average performer in the slow-growing Midwest. The 0.4% increase in employment from the fourth quarter of 2023 to the fourth quarter of 2024 will be weaker than that for the region and nation. By the end of the year, Illinois' unemployment rate will clock in around 4.8%, higher than the Midwest's 4.3% rate and the U.S.'s 4% rate. Michigan is the only Midwest state that is expected to end 2024 with a higher jobless rate, at 5%, though Ohio will not be far behind at 4.7%. Jobless rates in large peers New York and California are poised to hit 4.2% and 4.9%, respectively.

It will take time for Illinois' major service-providing industries to fire on all cylinders again. High interest rates and the sluggish global economy will keep businesses cost-conscious, weighing on demand for consulting services and slowing growth in professional and technical services jobs. But it is lower demand for temporary help that is really holding professional/business services back. As business conditions call for less labor, employers are opting to cut back on temp positions before making outright layoffs, a trend that will persist in the year ahead.

The worst appears to be over for financial services, but the industry will hold off on significant net job additions in the near term and there is reason to be cautious. With the global economy vulnerable, obstacles such as rising oil prices or further interest rate hikes could damage financial services. Further, an outsize share of office-using jobs makes the Chicago area more vulnerable to losing workers and firms to less-expensive parts of the country.

Transportation/warehousing will right itself and resume growing at a modest clip in the coming quarters. As an air and rail hub, Illinois has a concentration of transportation/warehousing employment that is in the top 10 nationally, and the industry has powered strong job growth for more than a decade. However, the boom in logistics job growth and robust investment in distribution facilities have come to an end. As a result, providers of storage and shipping services are scaling back; the pace of near-term job gains will be slower than in previous years.

Heavy machinery manufacturing growth has slowed, but increased infrastructure investment in the U.S. and demand from the mining sector are expected to buoy the industry. Automakers' accelerating shift to electric vehicles presents opportunities for the state. The Lion Electric Co. has opened a new facility in Joliet to manufacture electric buses and trucks. The factory is the U.S.'s largest all-electric plant producing medium- and heavy-duty commercial vehicles. The state recently landed two deals for EV battery plants. Chinese EV lithium-ion battery maker Gotion plans to establish its first North America-based factory in Manteno, which is expected to begin producing batteries this year. The new United Auto Workers-Stellantis agreement will not only retool and refit the existing Belvidere plant to produce a new midsize truck, but the company also plans to build an EV battery plant in the area. In addition to thousands of direct manufacturing jobs, these projects will give suppliers and other related businesses incentive to locate or expand in the state.

Illinois' budget and creditworthiness will strengthen without a significant increase in government employment. The state is prioritizing improving its fiscal position and preparing for the next downturn, but state revenues have returned to normal, and risks lean to the downside. Illinois is more vulnerable than other states to a negative shift in the national or global economy because of its lean financial reserves and heavy fixed-cost burdens.

Chicago's economy will advance more slowly than the U.S. and other large metro areas and divisions. White-collar services and logistics will steady themselves, but the economy will rely on other service-providing industries such as healthcare and leisure/hospitality to keep it moving forward in the near term. Manufacturing and construction will continue strengthening as well.

Consumer-driven industries will be a mixed bag. The Windy City will retain its status as a popular destination for tourists and business travelers. Though growth in recreation spending will slow this year, it will remain strong enough to fuel modest leisure/hospitality job gains. Further, the resumption of business meetings and conventions is giving a major boost to the business-travel hub. Residents' spending will be a weaker driver of growth. Population loss will weigh on consumer demand and the strength of job and income gains. Wage growth for private workers has slowed more in Chicago than in the U.S., and the underperformance in job growth will be most pronounced on the higher end of the pay scale. Put it together, and increases in wage and salary income as well as total disposable income will be below average. Retail will be stable at best, and locals will contribute less to leisure/hospitality growth.

Lake County's economy will grow in line with the state by the end of this year as white-collar services and manufacturing steady themselves. High interest rates and the sluggish global economy will weigh on demand for consulting and technical services as well as corporate office jobs. But macroeconomic headwinds are not the only factors affecting job levels. Walgreens Boots Alliance is enacting another round of corporate layoffs after cutting jobs in the spring. With its retail and pharmacy businesses struggling, the drugstore chain is shifting resources around as it pushes into the healthcare-delivery business. Elsewhere, Amgen's acquisition of Horizon Therapeutics, which is based in Lake County, has been finalized. Most of Horizon's staff will be absorbed into Amgen roles, but 350 Horizon employees have been laid off and uncertainty is heightened.

Fortunately, the composition of the tech sector will offer some protection against tech layoffs. The majority of high-tech jobs are in pharmaceutical and medical device production rather than IT services. Lake County boasts one of the highest shares of such manufacturing jobs in the country. Though net hiring will be minimal in the near term, manufacturing employment has a relatively favorable outlook. The factory sector's tilt toward goods that cater to domestic buyers gives Lake County an edge over the Midwest's export-dependent manufacturing centers, and the aging U.S. population will uphold demand for pharmaceuticals and medical equipment. The large manufacturing presence confers a unique advantage to the metro division in that the positions are lucrative and far more tethered to their physical location than office jobs. This provides some insulation from work-from-home downsides.

Bloomington's economy will be one of Illinois' strongest performers in the near term and growth will be similar to the national pace. Growth at electric-vehicle maker Rivian will preserve manufacturing job gains and strengthen demand in other industries such as retail, leisure/hospitality and construction. Payroll employment data now capture Rivian's factory jobs, which have grown strongly in the past couple of years. Manufacturing employment has flattened and ought to be stable in the near term, and risks lean to the upside. If Rivian draws other large investment projects to Bloomington, growth will rise above the baseline projection.

State government and financial services are in the slow lane. Anchored by State Farm, financial services will serve as a stable yet sluggish source of relatively high-wage jobs. As the company navigates the challenging economic climate and growing competition, finance job growth will be minimal in Bloomington in the coming quarters.

Illinois State University has struggled to expand its student body in recent years, but the picture has brightened somewhat. Total enrollment for the 2022-2023 academic year was up from a year earlier after several years of declines, and the 2023-2024 school year has its largest freshman class in 36 years. Stable or improving enrollment will cement the need for faculty and staff, a plus for state government payrolls. Despite the recovery of overall employment, state government jobs have yet to fully rebound to the levels from the past decade. Employment will move in the right direction, but it will do so slowly and is unlikely to reach pre-pandemic levels again.

Urbana-Champaign's economy will outperform Illinois but lag the U.S. in the near term. Most job gains will come from healthcare and leisure/hospitality. Though total student enrollment for the 2023-2024 school year is down slightly from the previous year, U of I welcomed a record-breaking freshman class, helping to boost undergraduate enrollment to the largest in university history. One of the school's priorities is hiring and retention to keep up with the growing student body, which has outpaced faculty hiring for years. Moreover, there was a large increase in state funding for the U of I system in fiscal 2024. The increase lends some upside to the forecast for flat state government employment in the metro area. U of I's finances are sound, making it well-positioned for expansion.

Springfield's economic growth will be typical for Illinois but behind the national pace. Springfield's outlook is closely tethered to state government, which will not be a major source of new jobs. The healthcare industry will remain a stable contributor to job gains as growth outpaces the state average in the upcoming year. Healthcare is important to Springfield's performance because the industry employs about one in four private sector workers—well above the state and national averages—and it offers good salaries. Outpatient care centers will do all of the heavy lifting, whereas struggling hospitals and residential care centers will contribute few new jobs.

Rockford will pick up steam this year and resume its recovery as Stellantis restarts its Belvidere operations. Meanwhile, logistics growth will be slower than in the past few years as inflation and slower global growth take a bite out of cargo and air freight volumes. In the spring, Stellantis closed its Belvidere plant indefinitely—laying off more than 1,300 workers—while shifting its focus to electric-vehicle production in Indiana. However, the new United Auto Workers union's agreement with Stellantis not only includes a 25% wage increase and reopening the shuttered Belvidere plant, but Stellantis will inject $4.8 billion into the metro area. The investment will be used to make its Rockford operations a Midwest parts distribution hub, retool and refit the existing plant to produce a new midsize truck, and build an EV battery plant. While these projects will add at least 1,000 new jobs, the impact will not be felt until mid-to-late decade when the facilities are finished. All told, the rebound of auto manufacturing will bolster incomes and keep industry payroll growth above the state's pace through the end of the decade.

Rockford International Airport was one of the fastest-expanding cargo hubs in the U.S. in the wake of the pandemic, fueled by e-commerce growth, air freight's role in addressing supply-chain difficulties, and less congestion and lower expenses compared with major hubs. However, national cargo volumes have dropped to pre-pandemic levels because of reduced demand, inflation, and lower consumer confidence. These headwinds will persist through the end of 2024 as year-over-year inflation remains above the Fed's 2% target and global growth cools. As a result, logistics employment in Rockford will increase modestly through the end of the year. The permanent Hard Rock Casino under construction is targeted to open later this year. The venue ought to draw more visitors to the area and keep leisure/hospitality jobs moving in the right direction.

Peoria's economy will be relatively stable in 2024, but it will be among the state's weaker performers. Caterpillar and other manufacturers will preserve recent job additions, but do minimal hiring in the near term. Led by heavy machinery, manufacturing has returned to pre-pandemic employment levels and will stay on solid ground. Still, the outlook is clouded with uncertainty. For instance, the decrease in Caterpillar's order backlog owes partly to the fact that supply-chain disruptions and long lead times are improving, but it also suggests slowing demand for agricultural, construction and mining machinery in the coming months. Peoria's above-average exposure to foreign trade makes the strong dollar and weakness in the global economy risks to the cautiously optimistic jobs forecast. The export share of Peoria's gross metro product is one of the 20 highest in the U.S. Fewer shipments would weigh on industrial production and reduce the need for factory labor. Since heavy machinery manufacturing is Peoria's largest source of high-wage employment, Caterpillar's headcount has a big impact on income.

Maui Jim's parent company, Kering Eyewear, will undertake a massive expansion of its footprint in Peoria with an $80 million redevelopment plan. The construction of the facility will consist of a prescription lab, distribution, warehousing, offices, and potentially a retail store. Risks have become more balanced as the creation of a tax-increment financing district on Galena Road Industrial Park moves closer to approval. Public and private money would be used to spur growth, with a focus on industrial and manufacturing facilities as well as other businesses and townhomes.

Peoria's important healthcare industry will hold on to recent employment gains, but job growth will be scant in the year ahead. Peoria is the most healthcare-dependent metro area in the state. Demand fundamentals are supportive to growth, but labor-supply challenges and broader industry consolidation will weigh on the pace of job gains. An elevated share of seniors bolsters demand for physicians' offices, while OSF St. Francis, the fourth-largest medical center in Illinois, draws patients and workers from beyond the metro area. OSF is one of eight hospitals in the state that will receive federal funding for additional residency slots. The grant will allow the hospital to expand its medical training opportunities for new doctors to help address the shortage of healthcare workers.

Decatur's economy will trail its peers in the near term. Manufacturing will be of little help in adding jobs because of weak demand for durable goods, and logistics will remain sluggish. Food processing giant Archer Daniels Midland is performing well thanks to an increase in global demand for its products. However, this has not translated into an increase in jobs.

The Quad Cities will underperform the rest of the state. Employment will hold steady in the next year as factories and logistics move sideways, generating little job growth. Inflation and interest rates will weigh on manufacturing employment over the near term, but the outlook has improved. Factories account for an above-average share of payrolls, and most of these workers are employed in machinery and food manufacturing. Machinery manufacturers have filled all the open positions left in the wake of the pandemic, meaning that further production gains will depend on manufacturers' ability to expand capacity. However, this will prove difficult amid higher costs and interest rates. Further, higher interest rates will not only make it more costly for manufacturers to increase production and hire but will also erode demand for locally manufactured heavy agricultural equipment. Falling agricultural prices will lift prospects for food manufacturers.

Danville's momentum will be short-lived. The metro area's central location and well-developed infrastructure will facilitate some growth in transportation/warehousing, one of the few industries expected to add jobs on net in the near term. Manufacturing, which is focused on food and the auto industry, will level off. The federal government will provide less of a boost to Danville employment than nationally as the Veterans Affairs hospital will generate little to no growth of federal government headcounts. Leisure/hospitality could be a bright spot, given the opening of the Golden Nugget casino.

There are eight Illinois counties that are part of the St. Louis metro area: Bond, Calhoun, Clinton, Jersey, Macoupin, Madison, Monroe and St. Clair. Together, these counties account for about 24% of the St. Louis metro area population and about 5% of the Illinois population. Post-pandemic economic growth in this group of counties has been stronger than in Illinois, keeping more in line with the St. Louis metro area. That is largely because Madison County, the largest among them, has also been the strongest in job growth in recent years, a distinction it will retain. Smaller Monroe County also boasts an above-average employment performance, and it is the only one that is growing in population. Overall, the Illinois portion of the St. Louis metro area is losing population more quickly than the rest of the metro area, but less so than Illinois. Population loss will continue in this fashion over the forecast horizon.

Farms will experience limited profitable opportunities in the coming months, especially with commodity prices pulling back and expenses remaining high. Prices for the state's main crops, especially corn and soybeans, have been decreasing from recent all-time highs, but losses will abate in 2024. Farming input costs—namely seeds, fertilizer and fuel—have also dropped, but not by as much. These dynamics will hurt farm incomes well into 2024, at which point they will stabilize.

Long-term outlook: Positive factors

The state will continue to diversify into service-providing industries while nurturing its more efficient and smaller traditional manufacturing core. Chicago will develop as the transportation and distribution center for the Midwest and will increasingly cultivate its tech industry. The explosion of tech-related hiring on the Near North and West sides and corporate relocations from the suburbs—such as those by Walgreens, Mondelez International, Peapod, Hillshire Brands, Kraft Heinz, and United Continental Holdings—suggest that this economic engine has reached critical mass, enabling its growth to become self-perpetuating.

Professional/business services. Professional/business services will be critical to the economy's success. Most of the growth in well-paying industries such as professional, scientific and technical consulting will take place in northern Illinois. As a hub for global business activity with a large concentration of corporate headquarters and a huge talent pool, the Chicago area remains fertile ground for growth in these industries, including tech. In recent years, the urban core has become the economic engine as more jobs downtown attract residents to move nearby, prompting additional companies to join the inward migration to the urban core.

In addition to professional/business services, the success of the state's economy—particularly that of the Chicago metro area—will depend on the strength of its high-tech services, including computer systems and design and biotechnology. Tech companies that can meet the needs of Illinois' manufacturing base will also be successful. Elsewhere, low business costs and the presence of a major research university give Urbana-Champaign strong prospects for growth in high tech, particularly professional, scientific and technical services. Tech will outperform overall job growth and at least keep pace with that of other major Midwest college towns.

Financial services. Financial services, which employ 6.7% of the state's workforce and 7.3% of Chicago's workforce compared with 5.9% nationally, will remain among the state's core industries. One reason for this is that the outlook for Chicago's commodities exchanges is promising. They have successfully adapted to new technologies and, through mergers, 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 as it is now home to by far the world's largest derivatives exchange.

An outsize tech industry and legacy ties to financial services make financial technology a promising area of development, but stiff competition from existing financial technology hubs limits upside. The insurance industry also has a large footprint on Illinois' economy, especially in Bloomington, where it makes up 17% of employment, almost nine times the U.S. average. Insurance will remain a reliable source of jobs and income.

Tourism. Illinois' tourism-dependent industries are expected to outperform other parts of the economy in the coming years, but they are still crawling out of a deep hole. Leisure/hospitality employment has returned to about 96% of pre-pandemic levels as of December 2023, slightly below average for the Midwest and the nation. The Illinois gaming expansion bill of 2019 legalized sports betting and provided new casino licenses to six locations across the state. Some recipients have put up temporary structures for gaming, and construction is underway on permanent venues that will offer new recreation options, job opportunities, and streams of tax revenue.

Job growth in leisure/hospitality stems almost entirely from more people visiting Chicago. Vacationers and business travelers have flocked to the area's hotels, restaurants, recreation facilities and entertainment venues, and Chicago's appeal as a destination will remain a bright spot for the economy. Because Chicago draws not just vacationers but a large number of business travelers, the resumption of more business travel will be needed to extend tourism's rebound during the next few years. The replacement of a still-undetermined share of face-to-face meetings and in-person events with virtual gatherings will further compound the impact of increased remote work on the city and complicate its recovery.

Transportation/distribution. Illinois' transportation and distribution network will remain an integral part of the economy and help drive growth. Transportation, warehousing and wholesale trade account for 13% of output in Chicago and 12% in Illinois versus 9.6% in the nation. The only other states that are more dependent on this cluster of industries are Alaska, New Jersey, Nebraska, Kentucky and Arkansas.

A central location and transportation advantages such as an airport with direct connections around the globe have made Chicago a hub for distribution and logistics. The metro area is unique among the nation's big cities as a hub to three major carriers. Even as e-commerce growth has normalized following the pandemic-fueled boom, internet retail sales will uphold strong demand for logistics services. Illinois will have an advantage in securing future investment because of its central location, low costs, transportation advantages and agglomeration economies.

The state is also the country's top rail hub, with 3,000 to 4,000 more miles of track than any state that it borders. Intermodal traffic is the fastest-growing part of the rail industry, as most railway yards have been converted to handle intermodal traffic. Several intermodal terminals have been built in recent years in Chicago, Rochelle, and the Quad Cities. 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 the world.

Education and healthcare. Other service-based industries that will support growth in the state include education and healthcare. The University of Illinois Urbana-Champaign, Illinois State University in Normal, Southern Illinois University in Carbondale, and the other regional public universities will provide long-term stability. Chicago also supports a number of universities, including Northwestern, the University of Chicago, the University of Illinois at Chicago, and Loyola, but they are not as vital to Chicago as schools downstate are to those economies.

Healthcare will contribute positively to growth throughout the state as the population ages. The industry has been one of the economy's strongest in recent years and will be an especially potent driver downstate. The cohort of those age 65 and older is the only part of the population that is growing, a distinction it will retain. Although declines in other cohorts will drag on demand, seniors consume a lot of medical services. Illinois will add such jobs at a stronger pace than overall job growth over the next five years. However, industry job growth will lag the U.S. average, primarily because of Illinois' weaker population trends.

Agriculture. The outlook for Illinois' large agricultural industry is optimistic. Producers will benefit from sustained higher prices after enduring several lean years. Despite the strong competition from agricultural powerhouses Brazil, Argentina, India and China, Illinois farmers will benefit from an expanding global economy. Although efforts to rein in the federal budget deficit could lead to more substantive cuts in farm subsidies down the road, the forecast assumes that they will remain an integral component of U.S. agriculture in the longer term.

Business climate. Illinois has what it needs to remain a top business center, if it can solve the problems that are eroding its edge in the competition for talent, jobs and capital. Specifically, Illinois has a huge talent pool of highly skilled workers, world-class universities, more money for investment, and better transportation with an airport with direct connections around the globe. 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 37.7% of the state's population age 25 and older has at least a bachelor's degree and 15% have a graduate degree—both above the national average—according to Census Bureau data. Among midwestern states, only Minnesota has a higher share of bachelor's degree holders, and Illinois has the highest share of graduate degree holders. In Chicago, the shares are even higher, with 43% holding at least a bachelor's degree and 18% holding a graduate degree. Illinois is well positioned when comparing living costs to educational attainment, and the workforce is stronger than college attainment data alone suggest. Traditional measures of workforce quality may understate the competitiveness of large factory centers where an above-average share of workers are skilled even if they lack formal higher education.

Table 2: Index of Relative Business Costs, 2022

	Labor cost		Tax burden		Energy cost		Overall index	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Illinois	101	26	116	45	92	21	100	30
Indiana	95	7	84	11	104	38	97	21
Ohio	94	6	106	38	89	17	94	11
Michigan	106	42	90	20	108	39	105	38
Wisconsin	104	34	93	21	102	36	103	35
Iowa	90	4	101	32	92	22	92	4

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.

Source: Moody's Analytics

According to the Moody's Analytics Index of Relative Business Costs (see Table 2), business costs in Illinois are higher than they are nationally and have trended up for the past decade. Overall costs are lower than those in Michigan and Wisconsin but higher than those in Indiana, Iowa and Ohio. By and large, business costs are favorable and lower than those in states that have similarly large metropolitan areas with unique features that appeal to businesses, such as California and New York. Energy costs are below the U.S. average and the regional average, but that advantage is diminishing and no longer offsetting the above-average tax burden. Utility rates in Illinois are about 6.5% below national rates and 1.3% less than in the region.

Illinois also offers businesses greater access to customers and capital than its neighbors. The greater availability of capital has played a key role in raising Chicago's technology profile, most notably with the success of the 1871 incubator in the landmark Merchandise Mart in Chicago's River North neighborhood. The increase in activity is a clear positive for long-term growth because some of the smallest firms are the most important when it comes to spurring employment.

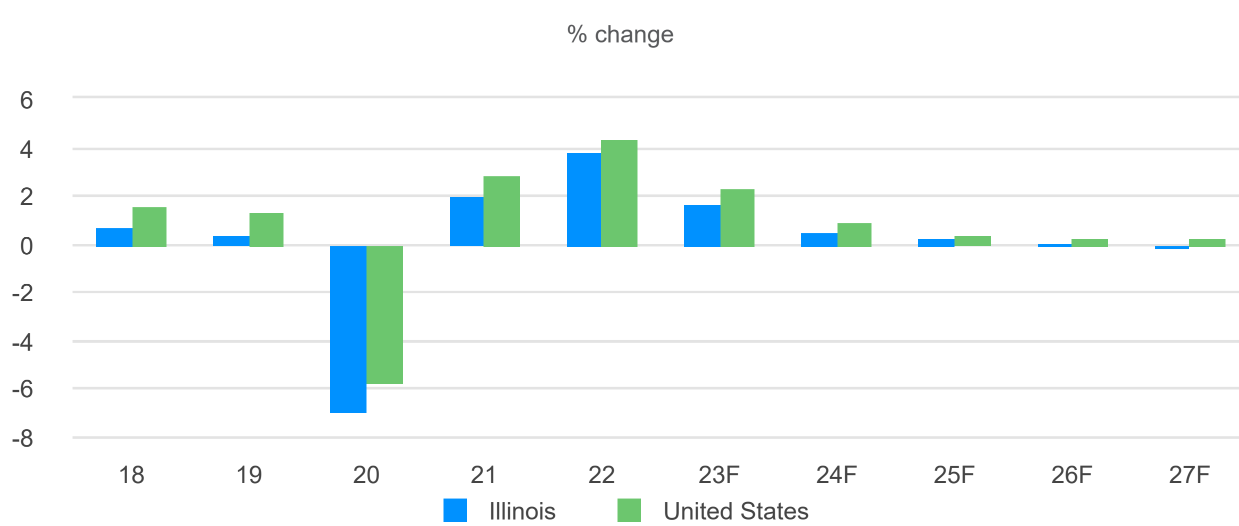
New industries. The legalization of recreational cannabis offers upside risk for Illinois to become a hub for the cannabis business. The Cannabis Regulation and Tax Act of 2019 made Illinois the 11th state to legalize recreational cannabis. It is now one of 21 states, Washington DC, and Guam where the recreational use and sale of cannabis is legal. Missouri has joined Michigan as the other midwestern states in the group. Medical cannabis has been legal in Illinois since 2014.

There is no question that Illinois' cannabis market has performed well. Buyers have been willing to purchase legally, which owes in some part to limited recreation options during the pandemic. Adult-use marijuana sales in Illinois finished 2022 at more than $1.5 billion, up 13% from 2021. The rate of sales growth is slowing because of continued pressure on discretionary consumer spending from inflation. As a major center for food production and packaged food companies, Chicago is well-situated to nurture cannabis cultivators, processors, retail stores and testing labs. Chicago already has strong ties to the industry, as it is home to three of the five biggest public companies in the U.S. that grow and sell cannabis.

Long-term outlook: Negative factors

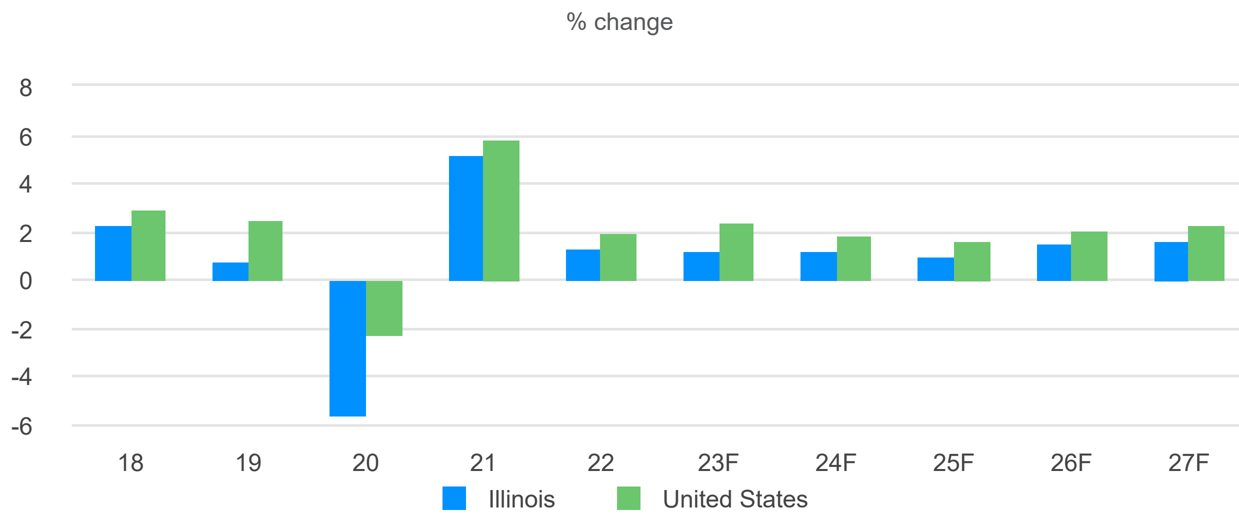
Weak demographic trends and deep-rooted fiscal problems such as mounting pension obligations and a shrinking tax base represent the biggest hurdles to the longer-term outlook. The forecast anticipates that the state will grow a step behind the Midwest average and a few steps behind the nation over the extended forecast horizon. Chart 3 compares the forecast for annual nonfarm employment growth in Illinois and the U.S. Over the next five years, employment in Illinois is forecast to increase 0.3%, below the 0.9% gain for the Midwest and 2% rise nationally.

Chart 3: Long-Term Outlook: Employment



Sources: BLS, Moody's Analytics

Chart 4: Long-Term Outlook: Real Gross Product



Sources: BEA, Moody's Analytics

The economy is recovering from the 2020 recession somewhat altered, because the pandemic has accelerated the shift toward working from home, the growth in e-commerce, and the consolidation of higher education. The near-term outlook for Illinois closely resembles that for the U.S., but the state will underperform in the long term because of poor population trends and the prolonged decline of manufacturing. As shown in Chart 4, gross state product—as measured by the U.S. Bureau of Economic Analysis—is projected to grow more slowly than the nation's gross domestic product during the next several years.

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. The long-run decline of manufacturing will prevail despite the industry's short-lived resurgence. 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, at 9.3%, is only somewhat higher than the national average of 8.3%, the share outside Chicago is higher at 12.5%. Illinois' largest manufacturing industries, in order of number of jobs in 2023, are food processing, fabricated metals, machinery, transportation equipment and chemicals. Together, these industries account for about 60% of all manufacturing jobs, compared with 54% nationally. Downstate areas besides Springfield have a high exposure to at least one, and typically several, of these 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 although this trend has slowed as labor has become more expensive overseas, it does not reduce the cost advantage sufficiently to reverse this process.

Higher education. Higher education has typically been insulated from the whims of the business cycle—and sometimes even been the beneficiary of economic downturns as people pursue education when the job market is weak. However, the COVID-19 pandemic hit the sector head-on and thrust into the spotlight problems that have long been simmering in higher education. Academia faces a looming demand problem caused by not only rising costs but also changing demographic patterns. Longer-term structural issues in combination with pandemic-related stress will leave some institutions at risk of failure. If and when school failures occur, they are likely to be dominated by those already in poor financial condition due to sagging enrollment, poor student retention, and an overreliance on public funding.

Institutions in Illinois are generally well positioned. The most vulnerable institutions are small, nonelite private schools with poor finances, small endowments and retention issues, as well as small public universities with an overreliance on room-and-board and government funding as drivers of revenue. The least vulnerable schools are selective colleges with excellent balance sheets, large endowments, and little reliance on public funding and room-and-board revenue.

The longer-term structural decline in enrollment is the main risk to most universities. With the college-age population in Illinois and the broader U.S. set to decline over the coming decades, it will take a greater share going to school or more international students to increase demand for Illinois' higher education institutions. Colleges across the U.S. face demographic headwinds, but they are more acute in Illinois, where the cohort of 20- to 24-year-olds is weakening more rapidly.

Business climate. Illinois, and Chicago in particular, is an appealing location for corporate headquarters and for companies that need highly skilled workers and are willing to pay for top talent. Despite Illinois' advantages, however, there are factors that threaten to discourage firms from locating to or remaining in the state. The state's outlook is tarnished primarily by its past budget woes, weak population trends, and high tax burden relative to other states. Overall business costs are only slightly higher than in the U.S., but firms in Illinois tend to pay more in taxes and labor is on the expensive side. Table 2 compares Illinois with a group of other midwestern states along the dimensions of the Moody's Analytics Index of Relative Business Costs. Illinois is gradually increasing its minimum wage, but dozens of other states and local governments are raising their wage floors as well.

Unions. 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 and Wisconsin, three states that have adopted right-to-work laws. Under right-to-work laws, employees in unionized workplaces cannot be forced to pay union fees 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 Indiana.

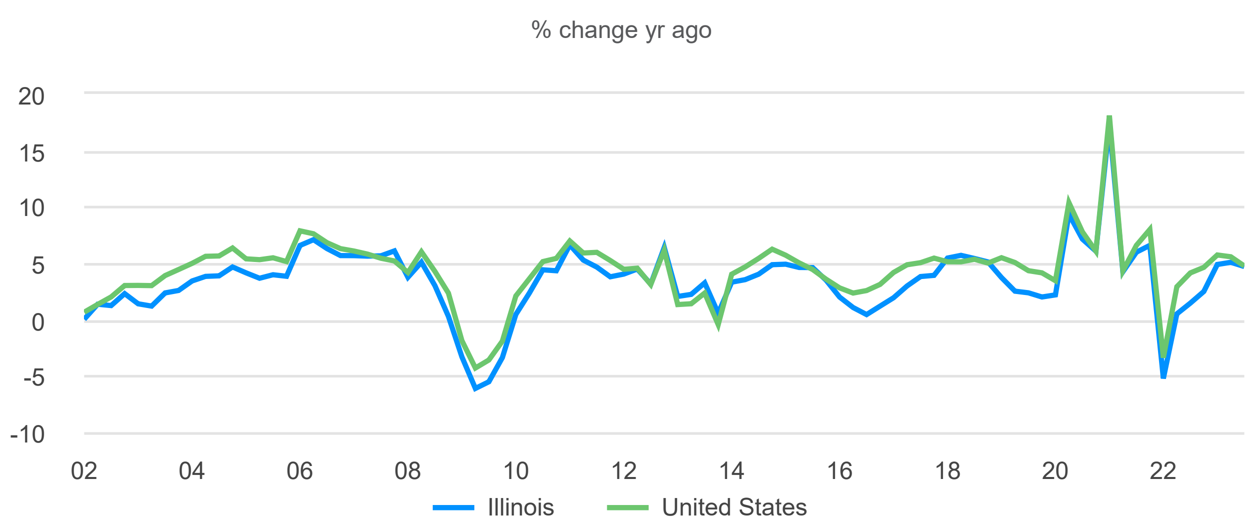
In 2022, Illinois voters passed a constitutional amendment guaranteeing all workers organizing and collective bargaining rights. The Workers' Rights Amendment added language to the state's constitution that protects the rights of workers to unionize and negotiate pay, hours and working conditions. Further, the law explicitly prohibits right-to-work legislation that limits bargaining rights. Hawaii, Missouri and New York also provide a right to collective bargaining in their state constitutions.

Right-to-work laws' impact on economic growth is ambiguous. The lack of clarity is mainly because of 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 precise effects of right-to-work laws on job creation and a state's economic prosperity.

Income

Personal income has been slower to rise in Illinois than nationally, a trend that will extend through the year. Chart 5 shows year-over-year growth in Illinois and U.S. nominal personal income, as reported by the BEA. Total personal income increased 3.6% per year on average over the course of the expansion that ended in 2019, less than the 3.8% regional average and 4.4% national average. Third-quarter 2023 personal income was up 4.7% year over year in Illinois, compared with 4.2% in the Midwest and 4.7% in the U.S. Illinois' wage and salary performance was in line with the Midwest and U.S. averages. Wage and salary income, the most important source of income, rose 5% from the third quarter of 2022 to the third quarter of 2023, compared with a 4.9% gain in the region and a 5.5% increase nationally.

Chart 5: Personal Income



Sources: BEA, Moody's Analytics

Though the state's labor market has cooled more than elsewhere, it remains tight, offering widespread job availability while putting upward pressure on incomes. Inflation is trending in a beneficial direction for consumers. The Federal Reserve's interest rate hikes appear to be over and consumer price growth is forecast to average 2.8% in 2024, settling near the Fed's target by the end of the year. Overall, fundamentals appear strong enough to support continued spending growth in 2024, but likely at a bit weaker pace than last year as lower inflation struggles to offset weakening job growth, less support from balance sheets, high interest rates, and waning spending from excess savings. Spending will provide a floor under economic growth, but will not power it forward. Given the below-average forecast for Illinois' jobs recovery, income growth will remain a step behind the U.S. rate. From the third quarter of 2022 to the third quarter of 2023, Illinois personal income will increase about 3.6%, compared with 3.8% in the region and 4.6% in the nation.

Balance sheets

Illinois households have healthy balance sheets and were willing and able to borrow during the last expansion, but growth in borrowing has nearly abated in 2023. Higher interest rates have increased the cost of funds, weighing on debt demand from households and businesses. Every consumer credit product experienced softer gains in 2023 relative to 2022 as households have pulled back on spending and lenders have narrowed the flow of credit. Consumer credit balances in Illinois were up about 0.8% year over year in the fourth quarter of 2023, compared with 2.7% in the nation. Growth in the value of residential mortgage balances has decelerated as higher interest rates combined with large house price increases have squeezed affordability and pushed would-be borrowers out of the market. A similar story took place in the auto market. The interest rate for car loans increased during the course of the year—which, when accompanied by rising vehicle prices, weighed on auto credit growth.

Performance has weakened as growth has slowed, though this was expected and is more aptly characterized as a normalization of, rather than an increase in, credit stress. For Illinois, the total dollar delinquency rate across all consumer credit products increased from 143 basis points in the fourth quarter of 2022 to 189 bps in the fourth quarter of 2023, similar to the U.S. This combination—fading balance growth combined with rising delinquency and default rates—is consistent with the late stages of a credit cycle. Additional upticks are likely in the coming months, though it is unlikely delinquency and default rates will rise far beyond late-2019 levels.

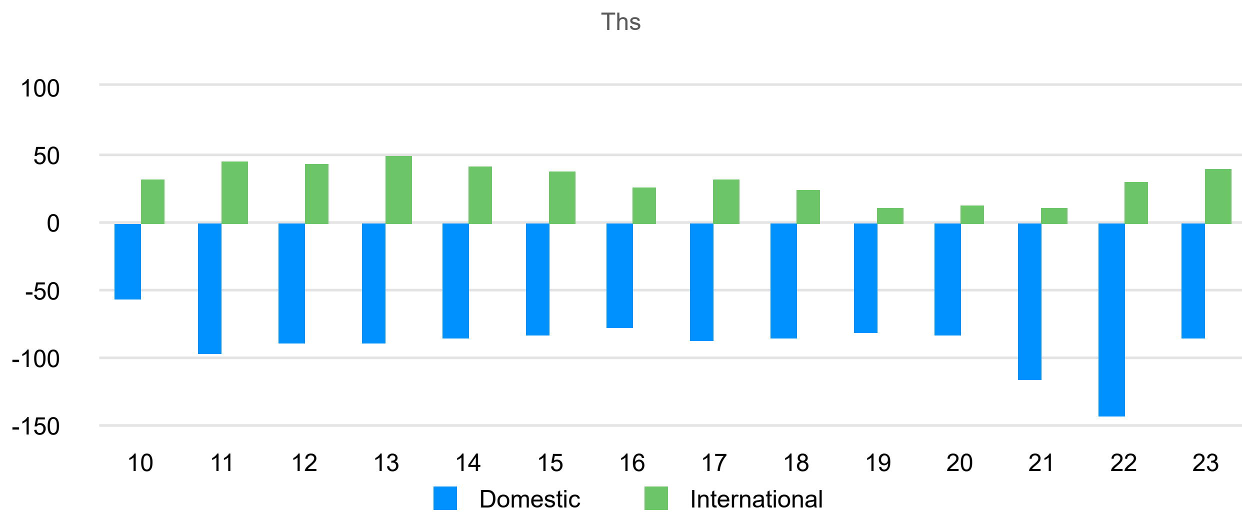
Businesses are in good financial shape, but the number of new business bankruptcy filings seems to have reached a bottom. Business bankruptcies in Illinois have risen during the course of the year and in the third quarter they were up from the same period in 2022. The number was up 31% year over year in the third quarter of 2023 versus an increase of 12% in the Midwest and a 30% increase in the U.S. As they have nationally and in the Midwest, personal bankruptcies have bottomed in Illinois and are now increasing a bit. New filings were up 12% year over year in the third quarter, compared with 10% in the region and 12% in the nation. Bankruptcies and delinquency and default rates will increase in the coming quarters but are likely to return only to pre-pandemic levels.

Demographic trends

The Census Bureau's midyear population estimates suggest that Illinois is still losing residents, but at a slower clip than in the past couple of years. Immigration and the birthrate are falling, and more people are leaving the state than moving in. From mid-2022 to mid-2023, Illinois' population decline slowed to -0.3%, compared with -0.9% in the previous 12-month period. Of the 50 states and the District of Columbia, Illinois clocked the fourth-largest percentage drop in 2023. Total net migration for the state was -43,350 from mid-2022 to mid-2023, a smaller outflow than in the previous year. Seven other states also lost residents in 2023, including New York, California and Pennsylvania. The Midwest's population increased 0.2%, and the U.S. population was up 0.5%.

Census Bureau migration data show that Illinois experienced a slower rate of out-migration in 2023. Net migration is the difference between in-migration to a place and out-migration from a place during a period. Of the 50 states and Washington DC, Illinois was the sixth-to-last in net migration on a per-resident basis, better than Louisiana, Hawaii, California, Alaska and New York. Fifteen years of domestic and international migration data for Illinois are depicted in Chart 6. The main reason for net out-migration has been a loss of domestic residents, or people moving from the state to other parts of the U.S. The negative blue bars represent these losses, and the positive green bars represent in-migrants from other countries. Domestic out-migration lessened from mid-2022 to mid-2023. International migration picked up during the same period, but not enough to offset domestic losses.

Chart 6: Illinois Net Migration



Sources: Census Bureau, Moody's Analytics

Table 3: Migration Flows

INTO ILLINOIS	NUMBER OF MIGRANTS	FROM ILLINOIS	
Indiana	14,130	Florida	33,210
California	13,919	Indiana	25,684
Missouri	11,649	Texas	25,266
Florida	11,578	Wisconsin	18,839
Wisconsin	11,371	California	15,897
Texas	11,337	Missouri	14,895
Iowa	7,420	Tennessee	11,946
Michigan	6,602	Arizona	11,778
New York	6,275	Michigan	10,208
Arizona	5,231	Iowa	8,559
Total in-migration	*167,395*	*Total out-migration*	*272,385*
		Net migration	**-104,990**

Sources: IRS, Moody's Analytics, 2021

These trends correspond closely with those evident in migration data that were compiled based on credit file data from Equifax. Those figures, which track monthly state-to-state movement nearly in real time, were remarkably similar to the final domestic migration figures. Data from Equifax suggest that the pace of out-migration from Illinois peaked in late 2021 and has since slowed. As a share of the states' populations, Illinois lost the most residents on net in 2023 to Wisconsin, followed by Indiana, Tennessee, Arizona and Florida. Lagged data from the Internal Revenue Service, displayed in Table 3, reflect a similar pattern, though the data are not adjusted for states' populations.

The Census Bureau reports that natural population growth—or births minus deaths—has weakened dramatically in all parts of the U.S. during the past decade, but Illinois' pace has slowed a bit more than average in the past several years. Natural population growth did increase slightly from 2022 to 2023 in Illinois and other parts of the country, but this contributed little to Illinois' population numbers. Despite this, the state's results are typical for the region and it retains an edge over other Great Lakes states, some of which are undergoing natural population decline. As a share of the population, Illinois is adding fewer residents naturally than large peers New York and California.

Midyear population estimates are available for metro areas through mid-2022. All of Illinois' metro areas and divisions suffered population declines in the year ended June 30, 2022, as did the St. Louis metro area, which includes a small part of Illinois. The fastest-shrinking metro areas and divisions were Danville, Decatur, Chicago, the Quad Cities, and Peoria. The Chicago metro division's population fell 1% in 2022.

Population decline during the next few years will be one of the worst among the states, and the shrinking of the working-age population will remain more severe than in other parts of the country. The 60-and-older age group was the only major segment of the population to increase during the past few years and will be the only one to grow in coming years. Fewer young adults will make it harder to fill jobs and keep consumer and housing demand afloat. Persistent out-migration and increased remote work will weigh on the strength of employment gains.

In terms of educational attainment, an above-average share of Illinois residents hold four-year college degrees. The state's large pool of highly educated workers is primarily thanks 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 the Quad Cities, Decatur, Kankakee, Peoria, and Rockford, have below-average educational attainment levels. Primary and secondary education in the state is strong, as almost every metro area in Illinois boasts an above-average share of high school graduates. Only in Elgin is the high school graduation rate significantly below the U.S. rate.

Housing

The housing market is sending mixed signals. Moody's Analytics expects that interest rates on residential loans have peaked and will slowly decline in 2024. Last year ended with the lowest level of existing-home sales since the low point of the Great Recession. Our baseline outlook expects home sales to move sideways in 2024 before beginning the recovery in earnest throughout 2025. Even with the relief in borrowing costs, housing affordability will remain near its four-decade low, keeping many potential buyers on the sidelines.

While demand-side indicators have rarely looked worse with housing activity sinking to recessionary lows, house prices continue to climb. After prices flattened toward the end of 2022, price increases have strengthened during 2023. Prices in Illinois are up more than nationally but slightly less than in the Great Lakes year over year. Compared with the nation, markets such as Illinois, where homes are more affordable and less overvalued, will experience a milder slowdown in prices through 2025. Illinois' affordability edge over the U.S. has been relatively stable during the past decade, according to the Moody's Analytics Housing Affordability Index.

Larger price increases have translated to an uptick in single-family starts, though they remain at relatively low levels. New residential construction has been relatively flat for the last 10 years, and prospects are weaker than elsewhere. Though affordability is high, especially for a large state, Illinois' demographic trends and economic recovery are subpar. The population is decreasing, limiting household formation and the number of potential homebuyers. Likewise, the state's employment rebound and income growth are weaker than average, which weighs on both housing demand and building conditions.

Forecast risks

Concern that the U.S. economy will suffer a downturn is steadily fading and prospects are improving as inflation recedes without an increase in unemployment. A misstep at the Federal Reserve remains the primary downside risk. Should the Fed continue to tighten and misread financial conditions, business investment and consumer spending will turn sharply downward, weighing heavily on the economy. If the Fed mistakenly eases policy too quickly, inflation could come roaring back and lead to an economic downturn. However, this is diminishing as a risk since the Fed has now lifted policy above what Moody's Analytics considers sufficiently restrictive and inflation shows clear evidence of its downward trend.

Exposure to the state's fiscal challenges is a concern for the Illinois economy. The state is making financial progress that has helped it draw several upgrades to its credit rating. Yet it is still beset by lean financial reserves, heavy long-term liability, and fixed-cost burdens. Therefore, Illinois would need to take extraordinary fiscal actions to keep its budgets afloat in the event of a moderate recession.

In the private sector, Illinois is likely to keep losing businesses to other states. In the past couple of years, a few large employers such as Boeing, Caterpillar and Ford announced that they will move their headquarters out of the state or bypass big investments in local facilities. The companies have said they will maintain a presence in Illinois, ranging from white-collar staff to factory workers. Still, there is a concern that the headquarters' moves portend a broader exodus for the firms.

Major population centers such as Chicago are up against headwinds. The degree to which white-collar workers will continue to work from home is uncertain, but hybrid and remote work arrangements are here to stay. Should the flexible approach become ubiquitous in industries such as finance and broader professional/business services, establishments that rely on office workers will struggle. Job creation will be weaker than expected if increased workplace flexibility leads enough white-collar firms and professionals to relocate completely.

Though increased workplace flexibility would come with downside risks, it also presents an opportunity. Many smaller towns that have struggled to retain residents because of a lack of high-wage white-collar opportunities could experience reduced out-migration, especially if firms pay similar wages to employees regardless of their location. The resulting infusion of money into otherwise-struggling economies could provide a broader boost to areas that have long struggled to keep up with their peers.

Similarly, the longer-term forecast for manufacturing could prove too pessimistic. Illinois' low costs, central location, transportation advantages, and deep pockets of specialized expertise still make it an appealing location for factories. If large multinational companies decide to bring production work back to the U.S., the state will be a key beneficiary. Additionally, the U.S. Tech Hubs program could spur faster modernization of central Illinois' industrial economy. The CHIPS Act of 2022 authorized the new Tech Hubs economic development initiative. In Phase 1 of the program, the Illinois Fermentation and Agriculture Biomanufacturing Tech Hub (iFAB Tech Hub), led by the U of I Urbana-Champaign, is one of the country's 31 hubs that will have the opportunity to receive between $40 million and $75 million in federal funding. Between five and 10 of these hubs are expected to earn grants. Receiving such a grant could create significant bang for the buck in the Urbana-Champaign and Decatur areas covered by iFAB, given the smaller economies compared with large urban centers.

The scaling back of farm support programs is a longer-term risk for Illinois, particularly its rural areas in the southern part of the state. The federal government's near-term fiscal outlook is stable, but the deficit-financed 2017 tax cuts and COVID-19 relief will cause the nation's debt load to rise faster than previously thought over the next decade. The nation's publicly traded debt-to-GDP ratio has surged to an all-time high. Against this backdrop, farm support programs could be at risk, especially as the Midwest's population share, and hence representation in Congress, declines.

Illinois
Recent Monthly Performance

	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Most recent % change yr ago
Establishment Employment (ths, SA)									
Total Employment	6,132.6	6,142.3	6,145.7	6,149.5	6,160.9	6,143.8	6,148.2	6,149.4	0.9
% change	*0.1*	*0.2*	*0.1*	*0.1*	*0.2*	*-0.3*	*0.1*	*0.0*	
Natural Resources & Mining	6.9	6.9	6.9	7.0	6.9	7.0	7.0	6.9	-4.2
% change	*-1.4*	*0.0*	*0.0*	*1.4*	*-1.4*	*1.4*	*0.0*	*-1.4*	
Construction	232.6	234.9	236.2	236.0	236.0	236.9	236.8	237.5	1.8
% change	*-0.8*	*1.0*	*0.6*	*-0.1*	*0.0*	*0.4*	*-0.0*	*0.3*	
Manufacturing	568.5	566.6	564.7	565.2	568.2	563.2	568.8	569.2	-0.7
% change	*-0.4*	*-0.3*	*-0.3*	*0.1*	*0.5*	*-0.9*	*1.0*	*0.1*	
Trade, Transportation, & Utilities	1,220.7	1,221.2	1,222.6	1,222.5	1,225.4	1,224.9	1,221.1	1,216.2	-0.5
% change	*-0.1*	*0.0*	*0.1*	*-0.0*	*0.2*	*-0.0*	*-0.3*	*-0.4*	
Retail Trade	573.5	573.2	573.6	574.0	574.4	573.0	569.5	567.8	-1.0
% change	*-0.2*	*-0.1*	*0.1*	*0.1*	*0.1*	*-0.2*	*-0.6*	*-0.3*	
Wholesale Trade	294.8	295.5	296.6	296.8	298.4	298.8	299.0	299.0	0.3
% change	*-0.1*	*0.2*	*0.4*	*0.1*	*0.5*	*0.1*	*0.1*	*0.0*	
Transportation & Utilities	352.4	352.5	352.4	351.7	352.6	353.1	352.6	349.4	-0.5
% change	*-0.1*	*0.0*	*-0.0*	*-0.2*	*0.3*	*0.1*	*-0.1*	*-0.9*	
Information Services	91.2	91.0	91.6	91.6	91.5	90.5	90.1	88.9	-6.9
% change	*-1.4*	*-0.2*	*0.7*	*0.0*	*-0.1*	*-1.1*	*-0.4*	*-1.3*	
Financial Services	412.7	415.5	415.6	415.6	415.4	413.2	412.9	412.7	2.3
% change	*0.6*	*0.7*	*0.0*	*0.0*	*-0.0*	*-0.5*	*-0.1*	*-0.0*	
Professional & Business Services	975.0	973.0	969.3	966.3	963.2	952.4	946.4	947.2	-2.7
% change	*0.1*	*-0.2*	*-0.4*	*-0.3*	*-0.3*	*-1.1*	*-0.6*	*0.1*	
Education & Health Services	964.1	967.2	971.6	975.8	979.4	975.9	979.3	981.0	3.1
% change	*0.3*	*0.3*	*0.5*	*0.4*	*0.4*	*-0.4*	*0.3*	*0.2*	
Leisure & Hospitality Services	595.8	597.1	596.3	597.3	598.3	599.3	600.0	603.3	3.0
% change	*0.4*	*0.2*	*-0.1*	*0.2*	*0.2*	*0.2*	*0.1*	*0.5*	
Other Services	251.0	252.2	252.1	252.8	253.8	253.2	255.0	254.6	1.7
% change	*0.1*	*0.5*	*-0.0*	*0.3*	*0.4*	*-0.2*	*0.7*	*-0.2*	
Government	814.1	816.7	818.8	819.4	822.8	827.3	830.8	831.9	4.5
% change	*0.5*	*0.3*	*0.3*	*0.1*	*0.4*	*0.5*	*0.4*	*0.1*	
									1-yr change
Unemployment Rate (%, SA)	4.1	4.0	4.0	4.1	4.4	4.6	4.7	4.8	0.2
	-2.4	-2.4	0.0	2.5	7.3	4.5	2.2	2.1	**Most recent % change yr ago**
Labor force (ths)	6,475.7	6,460.0	6,447.4	6,445.1	6,447.5	6,451.2	6,464.0	6,465.9	-0.1
% change	*-0.1*	*-0.2*	*-0.2*	*-0.0*	*0.0*	*0.1*	*0.2*	*0.0*	
Number of unemployed (ths)	265.2	258.0	255.1	266.2	282.4	296.6	306.2	310.2	4.4
% change	*-3.6*	*-2.7*	*-1.2*	*4.4*	*6.1*	*5.0*	*3.2*	*1.3*	
Number of employed (ths)	6,210.5	6,202.0	6,192.3	6,178.9	6,165.1	6,154.5	6,157.8	6,155.7	-0.3
% change	*0.0*	*-0.1*	*-0.2*	*-0.2*	*-0.2*	*-0.2*	*0.1*	*-0.0*	
Total Residential Permits (# of units YTD, NSA)	6,656	8,176	9,322	10,778	12,488	14,128	15,241	16,207	-20.2
% change yr ago	*-20.3*	*-16.4*	*-17.3*	*-17.3*	*-18.5*	*-17.5*	*-18.2*	*-20.2*	
Single-family, (# of units YTD, NSA)	3,406	4,224	5,030	5,874	6,793	7,638	8,592	9,295	-3.0
% change yr ago	*-19.9*	*-19.6*	*-17.6*	*-15.7*	*-12.7*	*-10.8*	*-6.2*	*-3.0*	
Multifamily, (# of units YTD, NSA)	3,250	3,952	4,292	4,904	5,695	6,490	6,649	6,912	-35.5
% change yr ago	*-20.8*	*-12.6*	*-17.0*	*-19.2*	*-24.6*	*-24.2*	*-29.8*	*-35.5*	
5 +, (# of units YTD, NSA)	2,875	3,402	3,645	4,072	4,721	5,334	5,523	5,698	-39.8
% change yr ago	*-18.9*	*-11.4*	*-17.8*	*-22.0*	*-28.1*	*-28.1*	*-33.3*	*-39.8*	
									Most recent % change yr ago
Avg Hrly Earnings: Mfg, ($ per hr, SA)	24.28	24.35	24.58	24.27	24.68	24.58	24.79	24.89	1.3
% change	*0.5*	*0.3*	*0.9*	*-1.2*	*1.7*	*-0.4*	*0.8*	*0.4*	

Illinois
Recent Quarterly Performance

	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	Most recent % change yr ago
Gross State Product (Ch. 2017$ bil, SAAR)	866.0	862.4	861.6	866.7	868.0	870.5	879.4	884.6	1.1
% change	*-0.1*	*-0.4*	*-0.1*	*0.6*	*0.2*	*0.3*	*1.0*	*0.6*	
Establishment Employment (Ths, SA)									
Total Employment	5,966.8	6,008.1	6,071.1	6,089.5	6,111.4	6,134.0	6,152.0	6,147.1	0.9
% change	*0.8*	*0.7*	*1.0*	*0.3*	*0.4*	*0.4*	*0.3*	*-0.1*	
Natural Resources & Mining	6.9	6.8	7.0	7.1	7.1	6.9	6.9	7.0	-1.4
% change	*2.5*	*-1.9*	*3.4*	*1.0*	*0.9*	*-2.8*	*0.0*	*0.5*	
Construction	227.2	229.2	232.2	233.2	232.8	234.0	236.1	237.1	1.7
% change	*0.5*	*0.9*	*1.3*	*0.4*	*-0.1*	*0.5*	*0.9*	*0.4*	
Manufacturing	562.4	568.2	575.2	574.0	569.6	568.5	566.0	567.1	-1.2
% change	*0.2*	*1.0*	*1.2*	*-0.2*	*-0.8*	*-0.2*	*-0.4*	*0.2*	
Trade, Transportation, & Utilities	1,208.9	1,216.9	1,226.1	1,223.5	1,223.2	1,221.4	1,223.5	1,220.7	-0.2
% change	*1.4*	*0.7*	*0.8*	*-0.2*	*-0.0*	*-0.1*	*0.2*	*-0.2*	
Retail Trade	576.2	577.0	576.8	573.0	574.2	573.7	574.0	570.1	-0.5
% change	*1.2*	*0.2*	*-0.0*	*-0.7*	*0.2*	*-0.1*	*0.1*	*-0.7*	
Wholesale Trade	292.0	295.0	298.1	299.1	296.2	295.1	297.3	298.9	-0.1
% change	*1.1*	*1.0*	*1.1*	*0.3*	*-1.0*	*-0.4*	*0.7*	*0.6*	
Transportation & Utilities	340.7	344.8	351.1	351.3	352.8	352.6	352.2	351.7	0.1
% change	*1.8*	*1.2*	*1.8*	*0.1*	*0.4*	*-0.1*	*-0.1*	*-0.2*	
Information Services	93.3	95.1	96.7	96.2	92.6	91.6	91.6	89.8	-6.6
% change	*-0.1*	*2.0*	*1.7*	*-0.6*	*-3.7*	*-1.1*	*0.0*	*-1.9*	
Financial Services	401.7	402.0	404.5	404.2	403.4	412.8	415.5	412.9	2.2
% change	*-0.5*	*0.1*	*0.6*	*-0.1*	*-0.2*	*2.3*	*0.7*	*-0.6*	
Professional & Business Services	963.7	975.9	982.7	974.9	972.6	974.1	966.3	948.7	-2.7
% change	*1.6*	*1.3*	*0.7*	*-0.8*	*-0.2*	*0.2*	*-0.8*	*-1.8*	
Education & Health Services	918.2	925.0	935.7	946.4	956.9	964.2	975.6	978.7	3.4
% change	*0.4*	*0.7*	*1.2*	*1.1*	*1.1*	*0.8*	*1.2*	*0.3*	
Leisure & Hospitality Services	550.7	560.4	571.7	581.1	592.7	595.5	597.3	600.9	3.4
% change	*1.1*	*1.8*	*2.0*	*1.6*	*2.0*	*0.5*	*0.3*	*0.6*	
Other Services	244.1	245.8	248.4	250.6	252.4	251.3	252.9	254.3	1.4
% change	*0.8*	*0.7*	*1.0*	*0.9*	*0.7*	*-0.4*	*0.6*	*0.5*	
Government	789.7	782.9	790.9	798.5	808.1	813.7	820.3	830.0	3.9
% change	*0.8*	*-0.9*	*1.0*	*1.0*	*1.2*	*0.7*	*0.8*	*1.2*	
									1-yr change
Unemployment Rate (%, SA)	4.6	4.4	4.5	4.6	4.5	4.1	4.2	4.7	0.1
									Most recent % change yr ago
Labor force (ths)	6,483.1	6,484.5	6,459.9	6,462.9	6,473.9	6,472.7	6,446.7	6,460.4	-0.0
% change	*0.9*	*0.0*	*-0.4*	*0.0*	*0.2*	*-0.0*	*-0.4*	*0.2*	
Number of unemployed (ths)	301.5	287.0	290.8	298.7	289.3	266.1	267.9	304.3	1.9
% change	*-6.7*	*-4.8*	*1.4*	*2.7*	*-3.1*	*-8.0*	*0.7*	*13.6*	
Number of employed (ths)	6,181.7	6,197.6	6,169.0	6,164.1	6,184.6	6,206.6	6,178.8	6,156.0	-0.1
% change	*1.3*	*0.3*	*-0.5*	*-0.1*	*0.3*	*0.4*	*-0.4*	*-0.4*	
Total Residential Permits (# of units YTD, NSA)	4,605	9,777	15,331	20,297	3,616	8,176	12,488	16,207	-20.2
% change yr ago	*27.5*	*9.7*	*5.5*	*2.6*	*-21.5*	*-16.4*	*-18.5*	*-20.2*	
Single-family, (# of units YTD, NSA)	2,492	5,256	7,777	9,585	1,660	4,224	6,793	9,295	-3.0
% change yr ago	*7.3*	*-3.6*	*-10.2*	*-15.8*	*-33.4*	*-19.6*	*-12.7*	*-3.0*	
Multifamily, (# of units YTD, NSA)	2,113	4,521	7,554	10,712	1,956	3,952	5,695	6,912	-35.5
% change yr ago	*63.9*	*30.6*	*28.7*	*27.4*	*-7.4*	*-12.6*	*-24.6*	*-35.5*	
5 +, (# of units YTD, NSA)	1,827	3,838	6,567	9,468	1,757	3,402	4,721	5,698	-39.8
% change yr ago	*67.0*	*32.4*	*31.2*	*31.4*	*-3.8*	*-11.4*	*-28.1*	*-39.8*	

Illinois
Recent Quarterly Performance

	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	Most recent % change yr ago
Existing Single-Family Home Sales (ths, SAAR)	212.2	229.9	198.7	212.7	190.1	169.4	158.4	na	-20.2
% change	*-11.7*	*8.3*	*-13.6*	*7.0*	*-10.6*	*-10.9*	*-6.5*	*na*	
Home Price Index (1980Q1=100, NSA)	424.5	441.9	446.8	448.9	455.0	464.4	475.0	na	6.3
% change	*3.2*	*4.1*	*1.1*	*0.5*	*1.4*	*2.1*	*2.3*	*na*	
Median Existing Home Sales Price (ths, SA)	290.8	295.4	290.2	290.2	288.8	293.3	305.1	na	5.2
% change	*2.3*	*1.6*	*-1.8*	*0.0*	*-0.5*	*1.6*	*4.0*	*na*	
Personal Income ($ mil, SAAR)	837,904	845,526	856,012	865,530	878,715	888,348	896,157	na	4.7
% change	-0.8	0.9	1.2	1.1	1.5	1.1	0.9	na	
Wages & Salaries ($ mil)	451,175	453,368	462,476	464,985	472,662	479,157	485,744	na	5.0
% change	*1.3*	*0.5*	*2.0*	*0.5*	*1.7*	*1.4*	*1.4*	*na*	
Nonwage Income ($ mil)	386,729	392,158	393,535	400,546	406,053	409,191	410,412	na	4.3
% change	*-3.2*	*1.4*	*0.4*	*1.8*	*1.4*	*0.8*	*0.3*	*na*	
Avg Hrly Earnings: Mfg ($ per hr, SA)	23.20	23.78	24.33	24.54	24.36	24.26	24.51	24.75	0.9
% change	*2.2*	*2.5*	*2.3*	*0.9*	*-0.7*	*-0.4*	*1.0*	*1.0*	
Personal Bankruptcies (# 3-mo Ending, SAAR)	19,065	19,729	21,994	20,308	22,123	22,702	23,952	23,213	14.3

Illinois
Recent Annual Performance

	2016	2017	2018	2019	2020	2021	2022	2023	5-yr Avg Annual % change
Gross State Product (Ch. 2017$ bil, SAAR)	825.9	832.8	851.5	858.0	810.2	852.7	864.2	875.6	1.0
% change	*-0.2*	*0.8*	*2.2*	*0.8*	*-5.6*	*5.3*	*1.3*	*1.3*	
Establishment Employment (Ths, SA)									
Total Employment	6,013.0	6,056.2	6,102.3	6,125.3	5,698.2	5,811.5	6,033.9	6,136.2	0.1
% change	*0.8*	*0.7*	*0.8*	*0.4*	*-7.0*	*2.0*	*3.8*	*1.7*	
Natural Resources & Mining	8.1	7.8	7.9	8.2	6.8	6.6	6.9	7.0	-2.3
% change	*-13.4*	*-3.3*	*0.6*	*4.7*	*-17.4*	*-2.8*	*4.9*	*0.8*	
Construction	219.0	220.6	226.3	228.4	216.8	222.7	230.4	235.0	0.8
% change	*2.5*	*0.7*	*2.6*	*0.9*	*-5.1*	*2.8*	*3.5*	*2.0*	
Manufacturing	576.1	577.0	588.0	586.9	556.4	555.5	570.0	567.8	-0.7
% change	*-1.2*	*0.2*	*1.9*	*-0.2*	*-5.2*	*-0.2*	*2.6*	*-0.4*	
Trade, Transportation, & Utilities	1,202.5	1,204.8	1,205.5	1,199.8	1,150.8	1,176.8	1,218.8	1,222.2	0.3
% change	*0.9*	*0.2*	*0.1*	*-0.5*	*-4.1*	*2.3*	*3.6*	*0.3*	
Retail Trade	613.1	606.1	594.4	579.9	547.5	566.7	575.8	573.0	0.1
% change	*0.6*	*-1.1*	*-1.9*	*-2.4*	*-5.6*	*3.5*	*1.6*	*-0.5*	
Wholesale Trade	294.9	295.4	294.8	295.4	281.9	283.8	296.1	296.9	-0.7
% change	*-0.8*	*0.2*	*-0.2*	*0.2*	*-4.6*	*0.7*	*4.3*	*0.3*	
Transportation & Utilities	294.4	303.2	316.3	324.4	321.5	326.3	347.0	352.3	2.2
% change	*3.1*	*3.0*	*4.3*	*2.6*	*-0.9*	*1.5*	*6.3*	*1.5*	
Information Services	99.5	98.4	95.7	95.7	88.7	90.4	95.3	91.4	-0.9
% change	*-1.9*	*-1.1*	*-2.8*	*0.1*	*-7.3*	*1.9*	*5.4*	*-4.1*	
Financial Services	386.8	395.2	403.1	411.5	407.3	404.8	403.1	411.2	0.4
% change	*1.1*	*2.2*	*2.0*	*2.1*	*-1.0*	*-0.6*	*-0.4*	*2.0*	
Professional & Business Services	935.0	945.4	951.2	952.2	895.1	927.8	974.3	965.4	0.3
% change	*1.0*	*1.1*	*0.6*	*0.1*	*-6.0*	*3.7*	*5.0*	*-0.9*	
Education & Health Services	915.3	923.8	932.2	940.1	896.6	908.6	931.3	968.9	0.8
% change	*1.7*	*0.9*	*0.9*	*0.8*	*-4.6*	*1.3*	*2.5*	*4.0*	
Leisure & Hospitality Services	597.5	610.9	617.8	623.4	462.4	503.4	566.0	596.6	-0.7
% change	*3.2*	*2.2*	*1.1*	*0.9*	*-25.8*	*8.9*	*12.4*	*5.4*	
Other Services	251.5	253.0	254.3	255.6	234.4	238.2	247.2	252.7	-0.1
% change	*-0.2*	*0.6*	*0.5*	*0.5*	*-8.3*	*1.6*	*3.8*	*2.2*	
Government	821.7	819.3	820.4	823.5	783.0	776.7	790.5	818.0	-0.1
% change	*-0.5*	*-0.3*	*0.1*	*0.4*	*-4.9*	*-0.8*	*1.8*	*3.5*	
									5-yr change
Unemployment Rate (%)	5.9	5.0	4.4	4.0	9.3	6.1	4.5	4.4	-0.2
									5-yr Avg
									Annual % change
Labor force (ths)	6,558.6	6,561.0	6,558.2	6,549.2	6,347.8	6,369.4	6,472.6	6,463.4	-0.3
% change	*0.7*	*0.0*	*-0.0*	*-0.1*	*-3.1*	*0.3*	*1.6*	*-0.1*	
Number of unemployed (ths)	386.4	324.4	287.5	259.9	591.0	387.9	294.5	281.9	-0.4
% change	*-1.3*	*-16.0*	*-11.4*	*-9.6*	*127.4*	*-34.4*	*-24.1*	*-4.3*	
Number of employed (ths)	6,172.2	6,236.6	6,270.6	6,289.3	5,756.8	5,981.6	6,178.1	6,181.5	-0.3
% change	*0.8*	*1.0*	*0.5*	*0.3*	*-8.5*	*3.9*	*3.3*	*0.1*	
									5-yr Avg
Total Residential Permits (# of units)	22,508	25,313	21,776	20,917	17,831	19,792	20,297	16,207	19,009
% change yr ago	*15.6*	*12.5*	*-14.0*	*-3.9*	*-14.8*	*11.0*	*2.6*	*-20.2*	
Single-family	10,677	10,692	10,225	9,017	9,719	11,383	9,585	9,295	9,800
% change yr ago	*1.2*	*0.1*	*-4.4*	*-11.8*	*7.8*	*17.1*	*-15.8*	*-3.0*	
Multifamily	11,831	14,621	11,551	11,900	8,112	8,409	10,712	6,912	9,209
% change yr ago	*32.6*	*23.6*	*-21.0*	*3.0*	*-31.8*	*3.7*	*27.4*	*-35.5*	
5 +	10,954	13,522	10,496	10,683	7,219	7,206	9,468	5,698	8,055
% change yr ago	*34.9*	*23.4*	*-22.4*	*1.8*	*-32.4*	*-0.2*	*31.4*	*-39.8*	

Illinois
Recent Annual Performance

	2016	2017	2018	2019	2020	2021	2022	2023	5-yr Avg Annual % change
Existing Single-Family Home Sales (Ths)	227.4	221.6	219.8	214.7	224.8	243.5	213.3	164.4	-0.8
% change	*2.7*	*-2.6*	*-0.8*	*-2.3*	*4.7*	*8.3*	*-12.4*	-22.9	
Home Price Index (1980Q1=100)	324.3	332.2	339.5	349.0	359.3	390.9	440.5	na	5.8
% change	*3.0*	*2.5*	*2.2*	*2.8*	*2.9*	*8.8*	*12.7*	*na*	
Median Existing Home Sales Price (ths)	206.4	216.2	220.2	225.0	244.5	278.7	291.7	298.3	6.2
% change	*6.5*	*4.7*	*1.9*	*2.2*	*8.7*	*14.0*	*4.7*	2.3	
Personal Income ($ mil)	664,687	685,633	722,687	741,717	787,488	853,521	851,243	na	4.4
% change	*1.2*	*3.2*	*5.4*	*2.6*	*6.2*	*8.4*	*-0.3*	*na*	
Wages & Salaries ($ mil)	356,103	368,138	382,978	394,977	394,899	425,186	458,001	na	4.5
% change	*1.7*	*3.4*	*4.0*	*3.1*	*-0.0*	*7.7*	*7.7*	*na*	
Nonwage Income ($ mil)	308,583	317,495	339,709	346,740	392,589	428,335	393,242	na	4.4
% change	*0.6*	*2.9*	*7.0*	*2.1*	*13.2*	*9.1*	*-8.2*	*na*	
Avg Hrly Earnings: Mfg. ($ per hr)	20.25	20.21	21.30	21.89	22.11	22.54	23.96	24.47	2.8
% change	*2.4*	*-0.2*	*5.4*	*2.8*	*1.0*	*1.9*	*6.3*	*2.1*	
Personal Bankruptcies	52,843	50,484	47,249	47,726	30,093	20,344	20,274	22,998	-13.4
% change	*-5.8*	*-4.5*	*-6.4*	*1.0*	*-36.9*	*-32.4*	*-0.3*	*13.4*	
Population (ths)	12,821.7	12,779.9	12,724.7	12,667.0	12,790.4	12,690.3	12,582.5	12,549.7	-0.3
% change	-0.3	-0.3	-0.4	-0.5	1.0	-0.8	-0.8	-0.3	
Age: <5	779.2	769.8	759.7	745.7	726.1	699.6	680.3	na	na
Age: 5-19	2,482.7	2,454.9	2,426.4	2,399.5	2,451.1	2,405.3	2,359.5	na	na
Age: 20-24	880.4	862.3	844.9	829.5	842.6	850.7	850.0	na	na
Age: 25-44	3,423.7	3,413.2	3,404.5	3,395.6	3,419.2	3,393.9	3,364.7	na	na
Age: 45-64	3,363.3	3,339.6	3,299.8	3,254.5	3,274.5	3,221.0	3,164.2	na	na
Age: >65	1,892.5	1,940.1	1,989.3	2,042.3	2,073.0	2,116.0	2,163.3	na	na
Households (ths)	5,022.4	5,043.5	5,052.1	5,049.4	4,983.6	4,954.4	4,973.2	4,951.3	-0.5
% change	0.8	0.4	0.2	-0.1	-1.3	-0.6	0.4	-0.4	
Net Migration (ths)	-50.5	-52.4	-59.3	-69.0	-70.4	-104.2	-111.2	-43.3	na

Note: Population data are based on the Census Bureau’s 2023 midyear estimates of population.

Illinois

Forecast

	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Employment (ths)	6,136.2	6,174.2	6,190.8	6,192.3	6,183.7	6,174.3	6,164.0	6,152.4	6,140.0
% change	*1.7*	*0.6*	*0.3*	*0.0*	*-0.1*	*-0.2*	*-0.2*	*-0.2*	*-0.2*
Manufacturing	567.8	569.7	572.0	570.7	567.5	563.2	558.1	552.5	547.0
Construction	235.0	238.8	241.8	241.7	239.1	236.5	233.3	230.1	227.1
Prof. and Bus. Serv.	965.4	953.4	961.1	971.9	981.5	991.0	999.7	1,007.2	1,014.0
Edu. and Health Serv.	968.9	985.5	989.4	989.4	987.3	985.1	983.6	982.9	982.4
Leisure and Hospitality	596.6	605.6	605.8	603.3	600.7	599.2	598.3	597.7	597.4
Other Services	252.7	253.5	251.8	251.1	250.5	250.0	249.7	249.3	249.0
Trade, Trans. and Util.	1,222.2	1,224.5	1,227.9	1,227.9	1,225.0	1,220.7	1,216.2	1,211.2	1,205.9
Wholesale	296.9	298.3	297.1	296.2	295.4	294.1	292.4	290.4	288.3
Retail	573.0	572.3	573.0	571.2	568.0	564.4	561.2	558.0	554.8
Trans. and Util.	352.3	353.9	357.8	360.5	361.6	362.2	362.6	362.8	362.8
Financial Activities	411.2	413.6	413.9	413.7	413.5	412.7	411.6	410.3	409.1
Information	91.4	90.4	90.8	90.8	90.5	90.2	89.8	89.5	89.3
Government	818.0	832.1	829.3	824.7	821.0	818.7	816.9	814.8	812.1
Natural Res. and Min.	7.0	7.1	7.2	7.2	7.1	7.0	6.9	6.9	6.8
Unemployment Rate (%)	4.4	4.8	4.8	4.7	4.6	4.6	4.6	4.6	4.7
Personal Income ($ bil)	890.8	924.4	958.3	994.2	1,031.4	1,070.5	1,109.7	1,148.3	1,186.8
% change	*4.7*	*3.8*	*3.7*	*3.7*	*3.7*	*3.8*	*3.7*	*3.5*	*3.4*
Population (ths)	12,542.9	12,501.5	12,446.8	12,394.2	12,338.8	12,276.4	12,208.8	12,138.6	12,067.9
% change	*-0.3*	*-0.3*	*-0.4*	*-0.4*	*-0.5*	*-0.5*	*-0.6*	*-0.6*	*-0.6*
Age: <5	673.4	675.4	675.6	675.0	673.4	670.7	666.5	661.6	656.0
Age: 5-19	2,329.6	2,301.7	2,274.8	2,249.4	2,224.5	2,202.2	2,184.8	2,168.3	2,153.0
Age: 20-24	843.9	834.5	822.9	815.5	812.4	806.8	795.9	785.0	773.6
Age: 25-44	3,361.3	3,346.6	3,322.8	3,299.4	3,271.1	3,242.7	3,215.5	3,184.5	3,155.8
Age: 45-64	3,120.8	3,080.5	3,042.2	3,005.3	2,972.9	2,939.9	2,906.8	2,882.6	2,865.8
Age: >65	2,215.9	2,262.8	2,308.6	2,349.6	2,384.4	2,414.2	2,439.2	2,456.6	2,463.7
Households (ths)	4,949.2	4,940.0	4,936.6	4,928.5	4,916.6	4,904.3	4,892.0	4,880.1	4,867.7
% change	*-0.4*	*-0.2*	*-0.1*	*-0.2*	*-0.2*	*-0.3*	*-0.3*	*-0.2*	*-0.3*
Total Residential Permits (#)	16,577.2	22,818.3	25,576.9	26,837.5	26,724.5	25,825.7	24,247.2	22,902.1	21,598.2
% change	*-19.3*	*37.7*	*12.1*	*4.9*	*-0.4*	*-3.4*	*-6.1*	*-5.6*	*-5.7*
Single-family permits	9,261.9	11,503.5	13,426.5	14,564.8	14,519.2	13,996.9	13,172.8	12,515.9	11,788.3
Multifamily permits	7,315.4	11,314.9	12,150.4	12,272.7	12,205.4	11,828.7	11,074.4	10,386.2	9,809.8

Note: Population data are based on the Census Bureau’s 2023 midyear estimates of population.

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ANALYTICS

COMMISSION OVERVIEW

The Commission on Government Forecasting & Accountability is a bipartisan legislative support service agency responsible for advising the Illinois General Assembly on economic and fiscal policy issues and for providing objective policy research for legislators and legislative staff. The Commission's board is comprised of twelve legislators—split evenly between the House and Senate and between Democrats and Republicans.

The Commission has three internal units—Revenue, Pensions, and Research, each of which has a staff of analysts who analyze policy proposals, legislation, state revenues & expenditures, and benefit programs, and who provide research services to members and staff of the General Assembly. The Commission's staff fulfills the statutory obligations set forth in the Commission on Government Forecasting and Accountability Act (25 ILCS 155/), the State Debt Impact Note Act (25 ILCS 65/), the Illinois Pension Code (40 ILCS 5/), the Pension Impact Note Act (25 ILCS 55/), the State Facilities Closure Act (30 ILCS 608/), the State Employees Group Insurance Act of 1971 (5 ILCS 375/), the Public Safety Employee Benefits Act (820 ILCS 320/), the Legislative Commission Reorganization Act of 1984 (25 ILCS 130/), and the Reports to the Commission on Government Forecasting and Accountability Act (25 ILCS 110/).

- The **Revenue Unit** issues an annual revenue estimate, reports monthly on the state's financial and economic condition, and prepares bill analyses and debt impact notes on proposed legislation having a financial impact on the State. The Unit publishes a number of statutorily mandated reports, as well as on-demand reports, including the *Monthly Briefing* newsletter and annually, the *Budget Summary*, *Capital Plan Analysis*, *Illinois Economic Forecast Report*, *Wagering in Illinois Update*, and *Liabilities of the State Employees' Group Insurance Program*, among others. The Unit's staff also fulfills the agency's obligations set forth in the State Facilities Closure Act.
- The **Pension Unit** prepares pension impact notes on proposed pension legislation and publishes several statutorily mandated reports including the *Financial Condition of the Illinois State Retirement Systems*, the *Financial Condition of Illinois Public Pension Systems* and the *Fiscal Analysis of the Downstate Police & Fire Pension Funds in Illinois*. The Unit's staff also fulfills the statutory responsibilities set forth in the Public Safety Employee Benefits Act.
- The **Research Unit** primarily performs research and provides information as may be requested by members of the General Assembly or legislative staffs. Additionally, the Unit maintains a research library and, per statute, collects information concerning state government and the general welfare of the state, examines the effects of constitutional provisions and previously enacted statutes, and considers public policy issues and questions of state-wide interest. Additionally, the Unit publishes a monthly Abstracts Report of annual reports or special studies from other state agencies, the *Illinois Tax Handbook for Legislators*, *Federal Funds to State Agencies*, *Preface to Lawmaking,* various reports detailing appointments to State Boards and Commissions, the *1970 Illinois Constitution Annotated for Legislators*, the *Roster of Illinois Legislators*, and numerous special topic publications.

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