



# Chicago Metropolitan Agency for Planning

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## MEMORANDUM

**To:** Transportation Committee

**From:** CMAP staff

**Date:** August 4, 2012

**Re:** Freight Cluster Drill-Down Report Release

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[GO TO 2040](#) calls for strategically organizing the region around its existing and emerging clusters of specialization to better compete in the national and international marketplace. The [plan directs](#) CMAP, with the support of its partners, to perform “drill-down” analyses into specific industry clusters, including freight, advanced manufacturing, and biotech/biomed. CMAP has completed its first report in the cluster series, a [freight drill-down analysis](#). This memo provides a high level overview of that research and findings. At the August Transportation Committee meeting, CMAP staff will provide a more in-depth presentation on the research.

Freight is one of the Chicago region’s strongest specializations. Between one quarter and one third of all U.S. freight originates, terminates or passes through the Chicago region. Moreover, demand for freight is projected to double in the next 20 years. The drill-down report explores connections between the freight cluster and the regional economy, examines how national and international developments are affecting freight in the region, identifies key infrastructure, workforce and innovation challenges and opportunities influencing future cluster growth, and concludes with a set of regional strategies to better align resources and investments with the needs of the freight cluster.

CMAP’s drill-down report shows how freight is a cornerstone of the regional economy. The cluster comprises 4 percent of the region’s private sector employment, generating \$13 billion in personal income each year for residents of northeastern Illinois. But freight’s economic impact is not limited to just core transportation industries: Over a quarter of all the region’s jobs are in industries directly tied to freight, and expansions or contractions in freight industries can substantially impact areas such as manufacturing, wholesale trade, and retail trade.

The cluster is not only integral to the metropolitan economy, it is also growing. Over the past decade, employment in the Chicago region’s freight cluster has grown more (7 percent) than the overall regional economy (less than 1 percent). This growth has outpaced New York and Los Angeles, the two other largest freight clusters in the nation.

The report focuses on the most prominent challenges and opportunities in freight: infrastructure, innovation, and workforce. Infrastructure is the most serious challenge facing the cluster because of the region's congested system. Currently the region ranks amongst the most congested in the nation. In addition to lost time and fuel, persistent congestion means firms are finding it harder for producers to operate under just-in-time methods. Regional congestion is exacerbated by fragmented freight land use as well as a dwindling stock of industrial/freight land. As almost every industry relies on the cluster for efficient movement of goods, rising costs in the freight cluster will affect the competitiveness of the greater regional economy.

The innovation section delves into the role technology has played in revolutionizing freight movements and what this will mean for regional firms. Innovation is rapidly changing the needs and operations of businesses within the cluster. Technology is increasingly being used to control supply chains that are global in scope. Improvements in carrier and terminal operations are being adopted to realize new efficiencies. External and internal pressure to 'green' the cluster is leading to a slew of innovations increasing fuel efficiency and reducing emissions. In order to stay competitive the regional cluster must stay ahead of the curve in adopting freight innovation.

The third section of the challenges and opportunities chapter builds upon the trends identified earlier and shows how the changing dynamics of the cluster are altering the workforce needs of freight. The increased technology-intensive nature of the freight cluster means that freight workers need a new skillset to be competitive. This is an important opportunity for the workforce, yet the region is having difficulty attracting technology savvy workers to manage supply chain movements. Other major workforce challenges and opportunities include retention issues and the high number of projected openings.

In their presentation staff will review major findings about the region's cluster, discuss national and international freight trends, highlight the cluster's opportunities and challenges, and share the resulting implementation action areas. The summary and technical reports are available here: <http://www.cmap.illinois.gov/freight-drill-down/>.

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