



# Chicago Metropolitan Agency for Planning

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## MEMORANDUM

**To:** Economic and Community Development Committee

**Date:** 25 March 2007

**From:** Brian F. Rademacher

**Re:** Quality of Life Indicators –economic and community development

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In spring of 2007 the Economic and Community Development Committee started a discussion on quality of life indicators for Northeastern Illinois. The committee identified five major themes for the regional comprehensive vision planning process they are: Balanced Economy and Land, Education/Workforce Development and Job Training, Economic Development, Transportation, and Capacity Building. In order to measure the performance of these themes a number of indicators would be developed. The committee chose five indicators and developed a set of guidelines for the indicators. The five indicators were: Employment, Small Business Development, Per Capita Personal Income, Cost of Living, and Vacancy Rates.

Attached is a brief report on the indicators and a brief analysis of how the region has performed.

### Action Requested

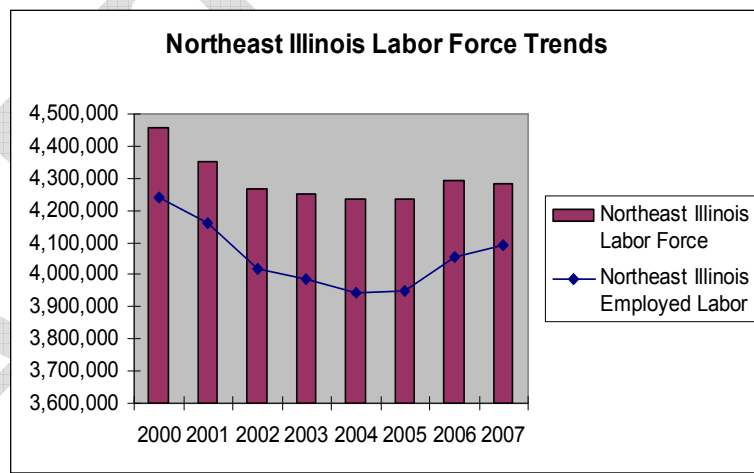
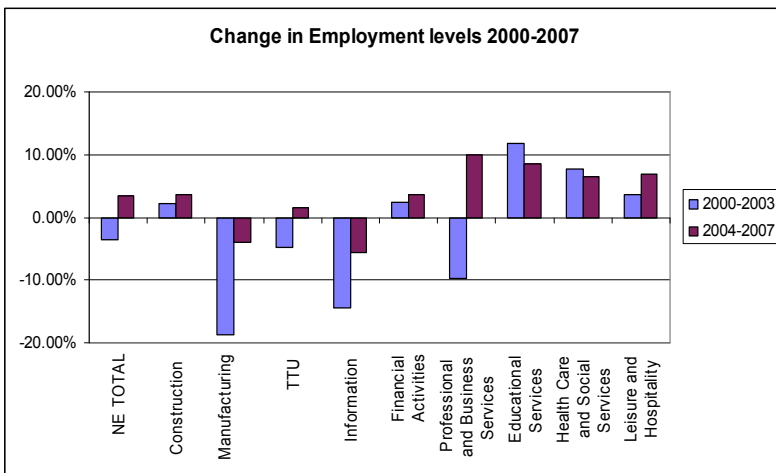
- 1) The Committee is being asked to approve the first five indicators and make suggestions or recommendations on how best to proceed.
- 2) The committee is being asked to identify the next set of indicators.

###

**Employment**  
(Theme: Economic Development)

**Why is this important?**

Northeastern Illinois constitutes 58% of the state’s total employment and has a diverse economy, strong in a variety of sectors. It is important to see how total employment breaks down by sector and observe which sectors are growing and which are declining. The sectors require a range of skill levels and offer advancement and innovation. For example, the financial services sector carries out transactions for a global client base, while education and health care services push the frontier of providing top of the line medical care and leading the research and development used by others worldwide.



Source: Moody’s economy.com, IDES Local Area Unemployment Statistics

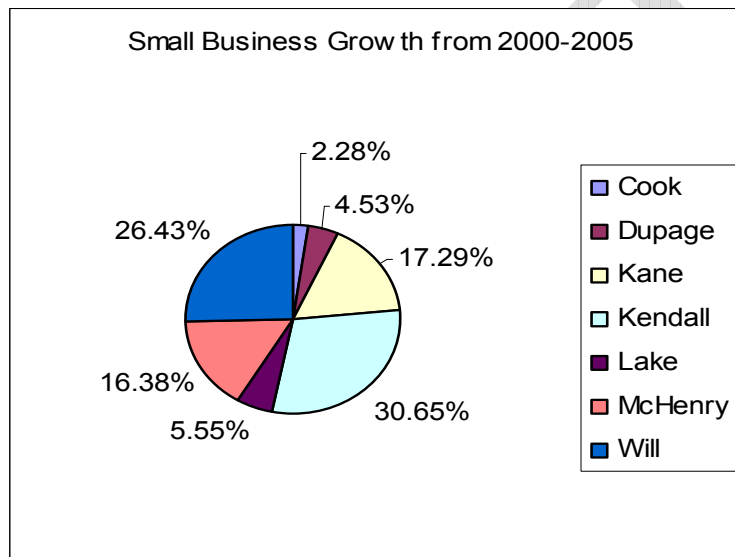
**How are we doing?**

Employment numbers have been slowly and steadily recovering from low levels of 3.9 million in 2004. However, employment has not surpassed the 2000 high of 4.2 million. Non-farm jobs grew by 3% between 2004 and 2007 after falling about the same three years before. The largest losses were in the manufacturing sector (-18% and -4%) and in the information sector (-14% and -5%). Growth was consistent in Education and Health Services (12% and 7%), Financial Activities (4% and 6%) as well as the Leisure and Hospitality industries (6% and 8%). The evolution to a service oriented economy continues throughout the region.

## Small Business Development (Theme: Economic Development)

### Why is this important?

Small businesses are establishments with one hundred or fewer employees. They are a vital component to the strength of the local economy and contribute as indirect suppliers and buyers to larger companies in numerous sectors. The growth or decline of small business gauges the success of entrepreneurs and small businesses established in a region that contains numerous national and global companies. Small business growth can indicate success in local economic markets as new businesses generate employment, revenues, and competition.



*Sources: US Census County Business Patterns*

### How are we doing?

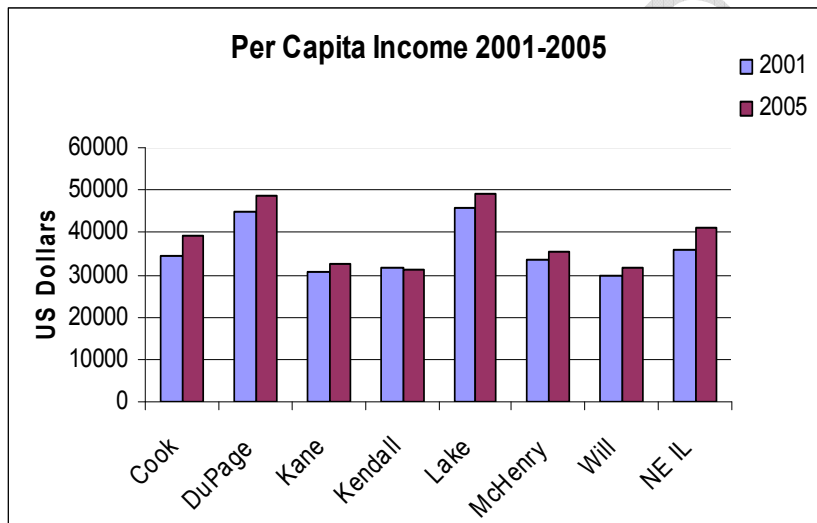
Small Business development throughout the state of Illinois experienced tremendous growth. In businesses that had less than 100 employees they experienced a growth of 300% between 2000 and 2005. Northeastern Illinois' share was 103.10% or 1/3 of the total small business growth. Kendall and Will counties experienced the greatest growth in that time period with 30.65% and 26.43% respectively. They experienced increased population from urban centers and as a result foster greater economic opportunity.

Small Business is dependent on many factors. Such factors are the availability for the proprietor to access their customers easily and there to be a marketable base of customers. If population trends continue in the upward trends as they have been, it will continue to be the purview of the local governments help small business develop and grow through loans and partnerships with universities, chambers of commerce, etc.

## Per Capita Personal Income (Theme: Balanced Economy and Land)

### Why is this Important?

Per capita personal income measures financial wealth and estimates income of individuals in the region. It is meaningful because it allows us to know on average how much people are earning in the county. It is useful as a baseline in understanding financial stability and if the personal income levels are on par with the cost of living.



*Source: US Bureau of Economic Analysis*

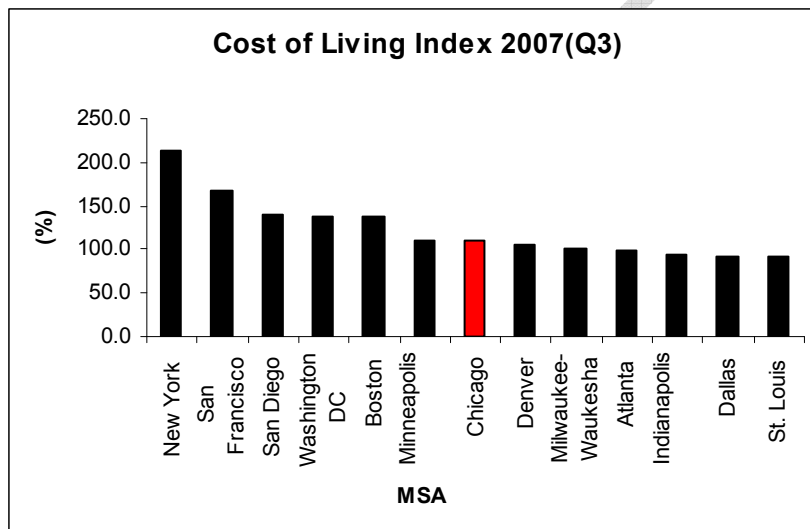
### How are we doing?

Northeast Illinois enjoys a per capita income higher than the national average of \$34,471. Each county has a per capita income close to if not above the national average. The region has experienced a 12% increase in per capita income from 2000 to 2005.

**COST of LIVING**  
(Theme: **Balanced Economy and Land**)

**Why is this important?**

Costs drive decisions for both business and workers. High costs can, for companies, translate into the need to pay workers more. For residents it translates into higher costs for food, housing, education while less money is spent on other expendable goods like personal development, job training, etc.



*Source: ACCRA Cost of Living Index*

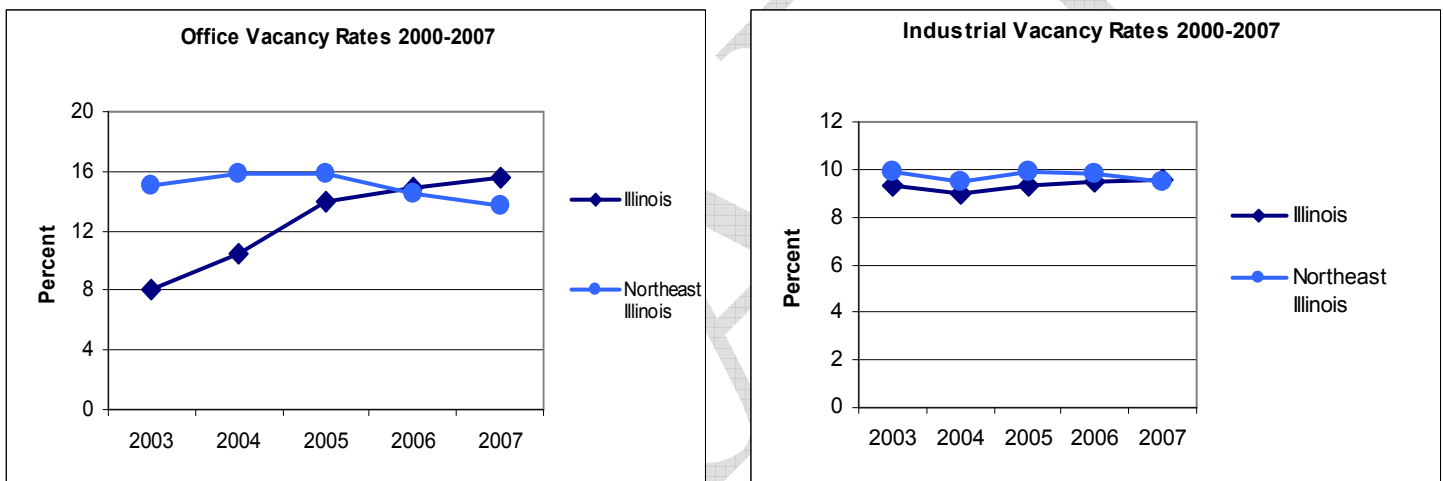
**How are we doing?**

The national average is 100%. The metropolitan statistical area of Chicago stood at 109% at the end of the 3<sup>rd</sup> quarter in 2007, just slightly above the national average. When the region's cost of living, which includes such measures as housing, transportation, utilities, etc. is compared with other larger metropolitan areas, northeastern Illinois region has an advantage over cities such as New York and San Francisco in that it offers individuals and businesses a lower cost of living.

## Vacancy Rates: Industrial and Office (Theme: balanced economy and land)

### Why is this Important?

The northeast region has a strong presence in the manufacturing industry particularly in the warehousing and distribution sector. At the same time the regional economy continues to shift and grow in professional and financial sectors, research and development. The region attracts business and industry that want to be close to amenities and the market. The amount of office and industrial space over time is an indicator of the strength of these industries. As demand increases the supply of available space will decrease, while, in reverse, when the economy turns for the worse deliveries and absorption of such space would decrease. If there is not enough space to meet demand business might look else where to locate their business.



*Source: CoStar Group*

### How are we doing?

Office vacancy rates hit a four year high of 16% in 2005 and steadily declined to just below 14% in 2007 when absorption of available space outpaced new deliveries. At the end of the 4 quarter 2007 the office vacancy rate stood at 13%. Industrial vacancy in the region was just above 9% down from 10% in 2003. According to a CoStar Chicago Market Report for year end 2007 both office and industrial offices saw an increase in inventory growth of 4% and 5.5% respectively in the past five years which has been above larger metropolitan markets including Los Angeles, Dallas, Houston and Boston. The rates indicate a steady availability of either type of space. The Northeastern Illinois Region continues to see the inventory grow while maintaining vacancy rates that invite business to move right in without the market being too saturated with empty spaces.

Appendix I – In Summer of 2007 the committee identified the themes (in bold) as priorities for the comprehensive plan. Below each are indicators the committee chose to quantify that theme.

**Balanced Economy and Land**

New construction: business and residential  
Redevelopment construction  
Vacancy rates\*\*  
Unemployment rate  
Median income  
Cost of doing business  
Cost of living\*\*  
Total acres of agricultural land  
Tons of solid waste recycled  
Number of acres dedicated to open space  
Annual number of permits to fill wetlands  
Maximum pollution standard index  
Number of historic preservation properties  
Number of brown fields cleaned/ remediation letters issued

**Education/Workforce Development and Job Training**

High school graduation rates  
Post-secondary school enrollment rates  
Higher education degrees awarded  
Literacy and numeracy rates  
Employment rate of workforce development program participants  
Participation in workforce development program  
Number of hard to employ participants in workforce development programs  
Success rate of State of Illinois' Critical Skill Shortages Initiative (CSSI)

**Inward Investment**

Number of new business starts  
Number of businesses retained  
Support system for existing businesses (number of hours given to support businesses)  
Loans made to small businesses  
Venture capital investment  
Volume of goods exported  
Net employment growth\*\*  
Government dollars spent in business development (loan programs, technical assistance programs)  
FDI—foreign direct investments  
Trade flows

Gross Regional Product (export-import)  
 Venture capital  
 No of R&D facilities  
 Multinational banks and corporations. New, expanded etc

**Transportation**

Freight congestions  
 Number of trucks on toll way (hourly, daily, peak times)  
 Number of truck shipments through the region per year  
 Delay times at intermodal yards, trucks, trains  
 Number of freight trains through the region  
 Intermodal volume, highway truckload volume, total loads  
 Intermodal and highway revenues  
 Logistics as percent of GDP or GSP  
 Commodity flows  
 Tonnage traveled to and from region by freight, truck, and air

**Capacity Building**

# of NPO's, NGO's other Community Based Organizations.  
 Grants received both public and private  
 Community participation  
 Access to information and communication technical equipment – internet, pc networks,  
 internet access

*Where the committee is now:*

<b>First Five (area covered)</b>	<b>Have data ready (area covered)</b>	<b>Can get data Soon (area covered)</b>
Employment (county) Small Business (county) Per Capita Income (county) Cost of Living (MSA) Vacancy rates (county)	Unemployment (county) # of farms (county) Farm acreage (county) Rental rates (county) Gross Product (county) Total Earnings by Industry (county) Post-secondary enrollment rates Higher education degrees awarded.	Exports ( <i>value, % share of state, type, major posts</i> )[MSA] Real Estate data ( <i>construction/new starts; absorption; occupancy; % leased</i> )[County] Small Business Loans Venture Capital



Appendix II – In Fall of 2007 the committee identified the following indicator guidelines to help identify indicators and record future indicators as adapted by similar quality of life reports including Jacksonville, Florida.

### Indicator Selection Guidelines

Indicators will be selected and maintained based on the following criteria:

**Purpose:** The indicator is both meaningful (it provides information valuable for people to understand important aspects of their quality of life) and useful (it offers a sense of direction for additional research, planning, and action toward positive regional changes and a means of assessing progress toward these desired changes).

**Importance:** The indicator measures an aspect of the quality of life which a diverse group of people in the region would agree is important in relation to the priorities in the regions vision and comprehensive plan.

**Validity and accuracy:** If the indicator trend line moves upward or downward, a diverse group of people in the region would agree on whether the quality of life is improving or declining.

**Relevance:** The indicator measures an aspect of the regions quality of life that the can be improved through public decision making and action at the local and regional level.

**Understandability:** The indicator measures an aspect of the regions quality of life in a way that most people can easily understand and interpret in relation to their own lives.

**Availability and timeliness:** Data for the indicator are readily available and affordably accessible on an annual basis from a credible public or private source.

**Stability and reliability:** Data for the indicator can be collected, compiled, and calculated in the same way each year.

**Scale:** The indicator is reported for a geographic area that is most meaningful for the regions understanding and most helpful for improvement. For many indicators, both regional and single-county trend lines are reported.

**Clarity:** The indicator uses measures that filter out extraneous factors. Per-person rates filter out the effect of population growth, and constant dollars eliminate the effect of inflation. Raw numbers are used where magnitudes are important.