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Chicago tumbles as R&D capital

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RESEARCH IN RETREAT

Chicago has seen private-sector R&D jobs vanish as other cities have held steady or increased employment.

R&D EMPLOYMENT, BY METROPOLITAN AREA



Source: Moody's Analytics, Illinois Innovation Index

By John Pletz February 16, 2012

(Crain's) — Chicago is falling behind other big metro markets in research and development employment, a new study shows.

While the R&D jobs increased in Boston, Washington and San Diego from 2000 through 2010, private-sector R&D employment plunged 43 percent to 21,792 in greater Chicago in 2010 after peaking in 2000 at 38,066, according to Moody's Analytics data compiled in the Illinois Innovation Index.

Boston's R&D headcount soared 62 percent during the decade to 43,929, Washington surged 28 percent to 47,467 and San Diego climbed 23 percent to 30,451, while New York held steady at 53,528, according to the index, which was commissioned by the Chicagoland Chamber of Commerce, Chicago Metro Agency for Planning, Illinois Science & Technology

Coalition and World Business Chicago, the city's economic-development arm.

Through the 1990s, Chicago ranked second to New York among this cluster of cities.

While few in number, research jobs tend to be high-paying, high-skilled jobs that fuel the economy. The average annual salary is \$101,000, nearly double the average annual pay of \$52,271, according to Bureau of Labor Statistics. These also are the sorts of jobs that companies find harder to outsource than manufacturing or assembly work.

A major factor in Chicago's R&D dropoff, according to the group, is its dependence on manufacturing, which retrenched between 1998 and 2003. While metro Chicago accounts for more than half the state's 700-plus R&D operations, the number of employers has been stagnant while other regions saw growth.

The largest Chicago-area employer whose primary business is R&D is French telecom giant Alcatel-Lucent, which employed 3,400 research workers in Naperville in 2010, according to World Business Chicago. That's down from about 11,000 in 2000, before the two companies merged.

Other large R&D employers in the nine-county area included BP PLC in Naperville, Underwriter Laboratories Inc. in Northbrook and Nalco Holding Co. (now a unit of Ecolab Inc.), also in Naperville.

"I don't think it's any one factor," said Liz Jellema, director of research at World Business Chicago. "But we've got to find out more about what's causing this. We'll be looking to recruit and expand companies that are focused on R&D. Another important arena is connecting with R&D at our universities to the commercial market."

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