**Peter Bernstein, Vice President**

**Summary:** Private sector employment in the Chicago area reached an all-time high in 2016 and accounts for 85 percent of all private sector jobs added in the state of Illinois since the Great Recession.

**Private Sector Employment Trends in the Chicago Area and the Rest of Illinois**

The state of Illinois has received deservedly bad press lately: ongoing budgetary problems have led to downgrades in Illinois state debt, along with population loss and a higher-than-national rate of unemployment. Yet our analysis reveals stark differences between employment trends in the Chicago area and those in the rest of the state. In fact, as shown in Chart 1, private sector employment in the Chicago area—which includes seven counties in and around Chicago—reached an all-time high in 2016 of nearly 3.6 million jobs.

**Chart 1: Private Sector Employment in the Chicago Area**

![Chart 1](image)


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1 The Chicago area refers to the Chicago-Naperville-Arlington Heights Metropolitan Division as defined by the U.S. Department of the Census, which consists of Cook, DuPage, Grundy, Kendall, McHenry, and Will counties; plus Lake County, Illinois.
After losing 280,000 private sector jobs during the Great Recession, the Chicago area experienced a solid employment rebound, surpassing not only its pre-Great Recession peak but also the employment peak in 2001. Interestingly, the employment recovery from the Great Recession was actually stronger than the recovery from the 2001 recession. During that earlier recovery employment did not even return to its pre-recession peak, while the recent recovery added more jobs than were lost, resulting in a net gain in employment in the Chicago area.

Contrast the Chicago area experience with the rest of the state of Illinois, shown in Chart 2. While the rest of the state saw a similar decline in private sector employment as a result of the Great Recession, there has been little recovery in employment which remains 56,000 jobs below its pre-recession peak, with 93,000 private-sector jobs lost since early 2001.

Chart 2: Private Sector Employment in the Rest of Illinois
(outside of the Chicago Area)


The contrast between the Chicago area and the rest of the state is further illustrated in Chart 3, which compares net changes in employment since December of 2009. In short, the overwhelming majority (85 percent) of jobs added to the state during this time are in the Chicago area.
A key reason for the difference between growing Chicago employment and stagnant employment in the rest of Illinois is the growth in service sector jobs in the Chicago area. Jobs in the goods producing sector (primarily manufacturing and construction) have increased somewhat over the past seven years but as Chart 4 shows, most of the employment growth has occurred in the service sector, as has been the case nationally for many years. Moreover, because Chicago is less reliant on goods producing employment, it has been better insulated than the rest of the state from the struggles affecting both the construction and manufacturing industries.
The Chicago area and the rest of the state of Illinois both suffered substantial job losses during the Great Recession. But only the Chicago area has recovered its lost jobs, and in fact the area reached an all-time high in employment in 2016. In contrast, employment in the rest of Illinois has hardly seen any job recovery over the past seven years, and employment there remains both below its pre-Great Recession peak and below its level in 2001.

The difference between the Chicago area economy and the economy in the rest of the state has had and will continue to have important implications for Illinois. Future RCF reports will look deeper at these issues and will also compare the experience of the Chicago area with that of other major cities in the Midwest and around the U.S.

For additional information or questions, please contact Mr. Peter Bernstein, RCF Vice President, pberstein@rcfecon.com.