



# North Central Illinois Recovering Slowly from Recession

*By Norman Kelewitz*

**L**ike the rest of the nation, the North Central Economic Development Region (EDR) of Illinois has been slow to recover from the national recession, which began in December 2007 and lasted until June 2009. Between 2008 and 2010, the region lost 15,200 jobs, the majority of them in the manufacturing sector. Starting in mid-2010, however, the region began experiencing a resurgence in jobs. Most industries in the region are expected to increase their employment numbers through the year 2016, with health care and social services leading the pack. This

article explores characteristics of the North Central region, the impact of the recession on the area and expectations for its recovery.

## **Geography:**

The North Central EDR is located midway between Chicago and St. Louis and consists of the following 10 counties: DeWitt, Fulton, Livingston, Marshall, Mason, McLean, Peoria, Stark, Tazewell and Woodford. The region has two metropolitan statistical areas: Peoria (consisting of Marshall, Peoria, Stark, Tazewell and Woodford counties) and

## Fast Facts About the North Central Region

### Location:

- Midway between Chicago and St. Louis
- Comprises Peoria and Bloomington metropolitan statistical areas

### 2010 population:

- 656,004 (a 4.4% increase from 2000)

### Impact of recession:

- Lost 15,200 jobs from 2008-2010

### After recession:

- Total jobs exceeded year-ago levels for 8 consecutive months as of January 2011

### Future job growth:

- +29,230 jobs to 365,006 jobs by 2016

Bloomington-Normal (comprises McLean County). The largest cities are Peoria and the twin cities—Bloomington and Normal. The land outside the cities is rich farmland with corn and soybeans as the major crops. Commerce runs on the many interstates that crisscross the region and on the Illinois River that eventually flows into the Mississippi.

### Population:

The region's 2010 population grew 4.4 percent to 656,004 according to the Census Bureau. This was an increase of 27,908 from 2000. McLean County had both the largest (+19,139 residents) and fastest (+12.7 percent) increase in population. Population gains also occurred in Tazewell, Woodford and Peoria counties, while population declines occurred in Mason, Fulton, Livingston, Marshall, Stark, and DeWitt.

During the past decade, the area's population has become more diverse. African-Americans have grown from 6.9 to 7.7 percent of the region's population, while Hispanics have grown from 1.8 to 3.2 percent.

### Impact of the recession:

The recession hit the North Central region in mid-2008. Construction was one of the first industries to suffer the effects of the recession. Residential construction was down and some businesses had to hold back on planned expansions due to difficulty getting credit. Manufacturing was not initially hurt due to global sales by some local firms, but as the recession spread from the U.S., these firms saw declining sales resulting in layoffs. In 2010, economic gains in parts of the world fueled the beginnings of a manufacturing rebound in the North Central region.

Between 2008 and 2010, nonfarm payroll employment declined by 15,200. The

national credit crunch hurt construction, and the downturn spread to other parts of the economy. Major employment losses were recorded in manufacturing (-8,500 jobs) and construction (-1,600). Some of the professional and business services losses (-900) were tied to manufacturing since many of the temporary help agencies in this category supply workers to factories. If not for the large government sector, which is usually not severely impacted by recessions, the overall jobs situation would have been worse.

### After the recession:

In mid-2010, the region began to experience an upturn in jobs. January 2011 was the eighth straight month that the total number of jobs was above the previous year's level. This recovery movement was led by job gains from January 2010 to January 2011 in manufacturing (+2,200 jobs), professional and business services (+1,400) and transportation and warehousing and utilities (+1,300). Construction employment was down by 500 jobs due to a still depressed housing market. Anxiety about job security has deterred many people from buying or building homes, according to news reports.

The area's unemployment rates also paint a picture of a still troubled but improving economy. The 2010 unemployment rate of 9.7 percent was up 0.2 of a percentage point from 2009. As late as 2006, the unemployment rate was 4.1 percent. However for each of the last six months of 2010 and January 2011 the unemployment rate was below the year ago rate.

During early 2011, the region experienced some positive developments in the manufacturing sector, but construction continued to suffer. The union at a major manufacturer agreed to a pay cut

in exchange for the company making a new product to replace the products that were being phased out at the local plant. At another major manufacturer, a six-year contract between the union and the company was approved. Some local realtors predict a better 2011 and some see little change.

### Future growth:

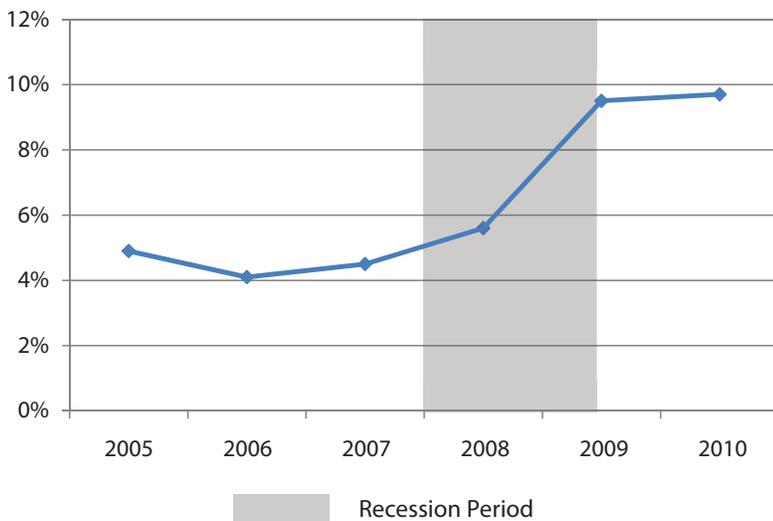
In the North Central region, assuming full employment and no economic shocks, industry employment is projected to reach 365,006 by 2016. This is 29,230 above the 2006 total. Most industry sectors should experience growth.

From 2006 to 2016<sup>1</sup>, the majority of the employment increases are projected to be in health care and social assistance, expected to add 10,216 jobs; leisure and hospitality (+4,753 jobs) and professional and business services (+ 4,191). Within professional and business services, employment services will be one of the fastest growing subsectors. Over the long term, manufacturing, especially in the durable goods sector, is projected to continue its productivity gains and subsequent employment decline with 2,720 fewer jobs from 2006 to 2016.

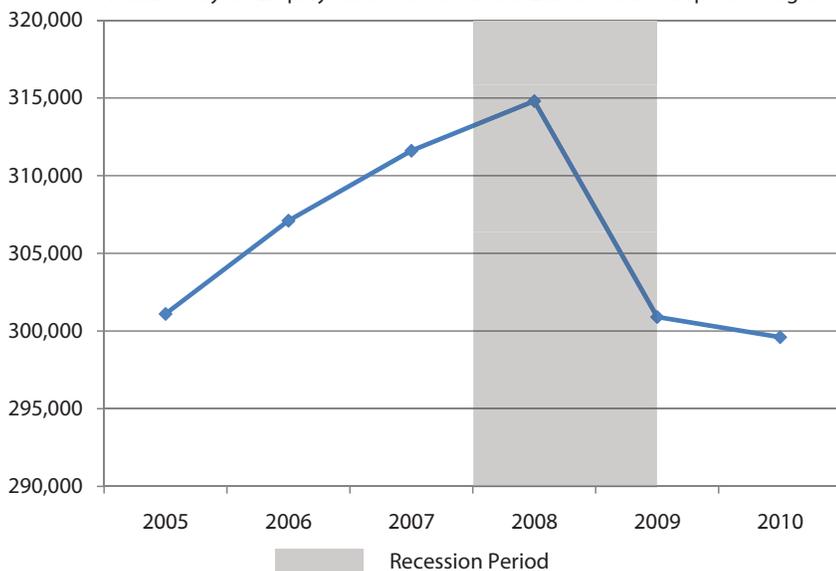
Overall, labor demand is expected to be strong in the region, with job openings averaging 10,305 a year. A great majority of these job openings will stem from replacement demand. With baby boomers entering their golden years, the demand for health care workers will increase. The manufacturing production occupations, although not displaying growth, will still have numerous openings due to replacement demands in this large industry sector. Some manufacturers, because of slow hiring, have an older workforce close to retirement. Factories increasingly need workers with basic math, science and communications skills that can deal with complex computerized machinery.

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Unemployment Rates - North Central Economic Development Region



Nonfarm Payroll Employment - North Central Economic Development Region



1. The 2006-2016 period is the latest period for which projections data is available for Economic Development Regions.