

WORLD  
BUSINESS  
CHICAGO

THE  
RESEARCH  
CENTER

# STATE OF THE ECONOMY 2025

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DATA, DECISIONS, & TRENDS SHAPING  
CHICAGOLAND'S ECONOMIC FUTURE

# JUST THE FACTS:

## Chicago Business Climate Snapshot

April 2026

### LABOR FORCE STRENGTH

With approximately 5 million workers, Chicago's labor force is larger than that of 41 U.S. states.

### #1 FOR CORPORATE EXPANSION & RELOCATION

In 2025, Chicagoland was named the top U.S. metro for corporate relocation and site selection by Site Selection Magazine for the 13th consecutive year.

### #1 U.S. PORT BY TRADE VALUE

O'Hare International Airport was the #1 U.S. port in 2025, handling \$423 billion in trade—marking a 28% increase from 2024. Not only is O'Hare the #1 port by trade value, Chicagoland is home to CenterPoint Intermodal Center, the nation's #1 inland port by size.

### FORTUNE 500 MAGNET

Chicago ranks #2 in the U.S. for the number of Fortune 500 headquarters—30 F500 companies call the region home.

### AMERICA'S MOST DIVERSIFIED ECONOMY

Of approximately 250,000 businesses in Chicagoland, no single sector accounts for more than 13% of the region's GDP, providing resilience across market cycles and access to a broad-base of customers.

### A GLOBAL-SCALE ECONOMY

At an estimated \$929B as of 2025, Chicagoland's Gross Regional Product ranks between the world's 21st and 22nd largest economies, behind Switzerland, and ahead of Taiwan, Belgium, and Argentina.

### TALENT PIPELINE

With 151,473 post-secondary graduates annually, Chicago ranks as the 3rd largest talent producer in the U.S.

### EDUCATED & SKILLED

Over 3.2 million Chicago-area residents hold an associate's degree or higher, and 35% of Chicago-area residents hold a college degree, outpacing the national average of 31%.

### RESEARCH POWERHOUSE

Home to four R1 research universities and two national labs (Argonne and Fermilab), Chicago leads on innovation in industries like clean energy, quantum, AI, and life sciences.

### KEY GROWTH SECTORS (OUTPUT AS OF 2025)

- Manufacturing: \$100.1B
- Professional Services: \$91.2B
- Finance and Insurance: \$80.3B

### TOP PRIVATE EMPLOYERS

Amazon is Chicagoland's largest private-sector employer by local headcount, followed by Advocate Health Care, Northwestern Medicine, and the University of Chicago.

### GROWTH CAPITAL MOMENTUM

Chicagoland companies raised \$6.0B in growth capital in 2025, with top investment verticals being SaaS, AI & Machine Learning, Climate Tech & CleanTech, HealthTech, and FinTech.

### PRO-CHICAGOLAND MOMENTUM

In 2025, we tracked a record 223 Pro-Chicagoland Decisions, where 170 were corporate expansions and 53 were new market entrants or relocations. Of these projects, 139 projects were suburban investments and 10 projects were on Chicago's South or West Sides.

### #1 BIG CITY IN THE U.S.

Voted "Best Big City in the U.S." by Condé Nast Traveler readers—9 years running.

\*The industries are priority ones identified in **Chicago 2050 | A Plan for Economic Growth & Jobs**. Scan the QR code to download a copy of the plan.



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# A REGIONAL ECONOMY BUILT TO COMPETE

## CHICAGOLAND ENTERS THIS NEXT CHAPTER FROM A POSITION OF STRENGTH

For the 13th consecutive year, the region ranked as the top U.S. metro for corporate relocation and expansion—an enduring signal of confidence from companies making long-term decisions about where to invest, hire, and grow.

At its core, Chicago's advantage can be summed up in three words:

1. **People** — A deep and renewable talent base, anchored by one of the largest and most diverse labor forces in the country and a steady pipeline of graduates from world-class universities and training institutions.
2. **Place** — A dense, connected, and comparatively affordable environment—one of the most diverse metros in the U.S.—with a broad-based economy where no single sector exceeds 13% of GDP, driving resilience across market cycles and access to a wide customer base.
3. **Power** — The infrastructure that enables growth at scale: unmatched global connectivity across air, rail, and intermodal logistics, alongside reliable and abundant energy capacity for the next generation of industry.

Together, these strengths form a durable platform for long-term growth—one that continues to attract capital, talent, and innovation.

The release of Chicago 2050 | A Plan for Economic Growth and Jobs builds on this foundation, aligning the region around its core industries while advancing future-facing opportunities—from advanced manufacturing and AI to quantum and clean energy. It also reflects a broader shift: talent, vibrancy, and quality of place are no longer secondary considerations—they are central to how companies compete.

This report is designed to be used. Whether you are evaluating expansion, shaping workforce strategy, or making the case for Chicago within your organization, the data presented here offers a clear view of performance and trajectory.

Chicago's strength lies not only in its assets, but in its ability to connect them—across industries, institutions, and communities—to drive sustained, scalable growth.

If you are exploring growth opportunities—or advising those who are—we encourage you to connect with our team. We can provide a comprehensive view of how Chicago and the broader region can support your goals, from site selection and workforce to partnerships and market entry.

We thank the employers, business leaders, and partners across the region—including the Greater Chicagoland Economic Partnership—whose continued investment and leadership make this progress possible.



# CHICAGO 2050: A PLAN FOR ECONOMIC GROWTH & JOBS

## LEVERAGING OUR ASSETS FOR A VIBRANT, INCLUSIVE ECONOMIC FUTURE

Chicago 2050 is Chicagoland's long-term economic strategy—a bold, data-driven roadmap designed to strengthen the region's competitiveness, grow good jobs, and ensure inclusive prosperity for decades to come. Developed by World Business Chicago in partnership with civic, business, labor, academic, and government leaders, the plan aligns near-term action with a long-range vision for sustainable growth. As this report dives deeper into how Chicagoland's economy performed in 2025, it is contextualized within World Business Chicago's strategy for growing our economy.

## WHY CHICAGO 2050

Chicagoland is a global economic powerhouse—and a region at an inflection point. Rapid technological change, shifting global supply chains, climate pressures, and demographic headwinds demand a proactive, coordinated strategy. Chicago 2050 builds on the success of prior growth plans while positioning the region to continue being the third largest economy in the U.S.

**The goal:** Maintain Chicagoland's position as a top-tier global metro by growing toward **\$1.4 trillion in annual economic output and 5.05 million jobs by 2034**, while expanding opportunity across communities.

Phil Clement  
President & CEO

Charles Smith  
Vice Chair

## TWO CHAPTERS. ONE VISION.

### Chapter 1: A Five-Year Action Agenda (Published 2025)

A tactical roadmap grounded in economic data and near-term projections. It identifies priority industries, outlines actionable strategies, and focuses on execution — attracting investment, supporting businesses, preparing the workforce, and making Chicagoland the easiest place in the U.S. to build and grow.

### Chapter 2: Horizon Lines (Launched in 2026)

A long-range, aspirational vision for the future — an initiative that invites designers, planners, innovators, and community leaders to propose bold ideas that could shape Chicago’s physical, economic, and civic future over the next 25 years.

## PRIORITY INDUSTRIES POWERING GROWTH

Chicago 2050 focuses on industries where Chicagoland has scale, momentum, and global advantage:

- **Manufacturing** (especially food & metals)
- **Transportation, Distribution & Logistics**
- **Professional Services**
- **Finance & Insurance**
- **Life Sciences**
- **Digital Tech & AI** (including data centers)
- **Big Bets:** Clean Energy & Quantum
- **Vibrancy:** Sports, Arts, Tourism & Entertainment

These sectors drive job density, innovation, and long-term resilience across the regional economy.

## STRATEGIES FOR THE NEXT ECONOMY

Chicago 2050 advances growth through three integrated strategy pillars:

- **Economic Growth:** Attract, retain, and expand businesses, jobs, and capital — while strengthening industry ecosystems and key corridors.
- **Future Readiness:** Prepare Chicagoland’s workforce, infrastructure, and civic systems for rapid technological and economic change.
- **Quality of Life & Promotion:** Sustain the region’s vibrancy and ensure the world knows Chicagoland is one of the best places to live, work, and invest.

Inclusive growth is foundational — not optional.

Expanding participation and access strengthens the entire regional economy.

## A REGIONAL, COLLABORATIVE APPROACH

Chicago 2050 reflects Chicagoland’s greatest competitive advantage: collaboration. Through the Greater Chicagoland Economic Partnership, the city of Chicago and Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will Counties are aligned to compete globally, attract investment, and deliver growth that benefits the entire region.



# ABOUT THE RESEARCH CENTER

The World Business Chicago Research Center drives data-based economic development research for Chicagoland, promoting the region’s growth, competitiveness, and equitable investment. We analyze business, innovation, workforce, and investment trends, producing reports and original metrics to showcase why the Chicago metro is a top place to live and do business. Our insights support stakeholders across the city and surrounding counties, from businesses and economic development organizations to universities, community groups, and governments.



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# BUILDING THE FUTURE, TOGETHER

Chicago 2050 is both a roadmap and a call to action. It challenges Chicagoland to think bigger, move faster, and work together to secure long-term prosperity — ensuring the region remains a global leader in innovation, opportunity, and economic vitality.

Scan the QR code or visit:  
[worldbusinesschicago.com/chicago-2050](http://worldbusinesschicago.com/chicago-2050)  
to learn more.





# EXECUTIVE SUMMARY

Throughout 2025, the Chicago metro area demonstrated the strength of its economic diversity, adaptability, and resilience, achieving record-breaking milestones in business relocations & expansion, and trade. At the same time, national forces – including tariffs, federal spending cuts, the rise of artificial intelligence, and an increasingly uneven economy – introduced uncertainty. Despite headwinds, the data show that the region’s underlying resilience and ability to adapt continued to drive performance. Chicagoland is the heart of the nation, geographically and metaphorically – our region’s performance represents the nation’s competitive edge.

## KEY TRENDS

- 1. The Chicago metro maintains dominance as the third-largest U.S. metro economy:** Real growth of ~1.8% from a diverse industry base reflects steady expansion despite sharp federal policy shifts.
- 2. 2025 was a record breaking year for business relocations and expansions:** 223 Pro-Chicagoland Decisions—new, expanded, or relocated companies—added an estimated 19,600 jobs and \$1.7B in earnings. The Chicago metro retains its crown as the nation’s leader for corporate relocations and expansions for the 13th year running.
- 3. The Chicago metro’s labor force remains near its highest level in recent memory:** The Chicago metro’s labor force totals nearly 5 million, with a 66% participation rate and 4.5% unemployment. Growth was supported by rising immigration flows, though recent policy changes have slowed the trajectory.
- 4. The local job market is resilient amidst national cooling:** Although the national job market remains cool compared to 2021 and 2022, job postings rose to 973,000 (+5.7% vs. 2024), with strongest demand in healthcare, logistics, sales, home health, and technology.
- 5. Strong local talent pipelines are adapting to changing labor market demand:** Higher-education pipelines continue to expand, producing over 150,000 program completions annually, with emphasis on STEM, skilled trades, and healthcare.
- 6. WBC’s strategic industry focus addresses changing market dynamics:** WBC’s Chicago 2050 targets sectors with regional scale and global advantage—including manufacturing, logistics, finance, life sciences, digital tech, AI, and emerging industries like clean energy and quantum—positioning the metro for long-term growth. Job gains in 2025 were led by healthcare, education, government, and construction; macro shifts were visible in job growth in professional services, manufacturing, and trade.
- 7. Chicago metro startups continue to access capital locally and globally for growth:** Chicago-area companies raised over \$6 billion across 574 deals, reflecting a shift toward fewer, larger, later-stage investments, concentrated in AI, software, and other productivity-enhancing sectors.
- 8. O’Hare leads the nation:** Despite 2025 tariff shifts and changing trade patterns, Illinois remained a major trade hub and O’Hare became the nation’s top U.S. port by trade value (\$423 billion).
- 9. Demand for Chicagoland housing pressures cost:** Chicago metro retains a cost advantage compared with peer metros. Overall inflation has moderated compared to peers; however, growth in housing costs continue to pressure affordability. Leaders in the Chicago metro and Illinois are responding to this trend, aiming to make it easier to build in the region.



## GROWTH IMPLICATIONS

- 1. The right mix of economic assets continue to attract and retain companies:** Chicagoland's #1 ranking for corporate relocations and expansions for 13 years in a row is not simply a trophy. It reflects a regional ecosystem that consistently converts competitive advantages into real investment decisions.
- 2. Workforce strategies must continue to adapt for future industries:** Immigration policy changes have slowed labor force growth, and entry-level hiring remains subdued – both national trends playing out in the region. Continuing to invest in certificate programs, skilled trades, and worker transitions out of contracting industries—while aligning training with today's technologies—will be critical for maintaining growth.
- 3. Early-stage business ecosystems need reinforcement:** Growth capital is increasingly concentrated in later-stage deals, following national trends. Continuing to support early-stage funding is key to positioning Chicagoland as a center for innovation.
- 4. Trade infrastructure is a strategic asset:** As tariff regimes reshaped supply chains, the region's logistics infrastructure continues to prove its value. Continued investment in transportation connectivity and the workforce behind it is essential, as well as promotion of our incredible assets.
- 5. Inclusive growth must remain central:** Chicago's South and West Side neighborhoods accounted for roughly 5% of Pro-Chicagoland Decisions: a reminder that broader participation strengthens the entire regional economy.
- 6. Housing affordability is critical for economic competitiveness:** Home prices rose faster in the Chicago metro than in any other major metro in 2025, and the region's long-standing cost advantage is narrowing. Expanding housing supply through streamlined permitting, creating an easier building environment, and incentives for residential construction is essential.



223 TRACKED PCDS (2025)

# BUSINESS INVESTMENT & EXPANSION

WORLD BUSINESS CHICAGO DOCUMENTED A RECORD COUNT OF PRO-CHICAGOLAND DECISIONS IN 2025

World Business Chicago (WBC) tracks regional growth through a purpose-built metric called Pro-Chicagoland Decisions (PCDs). PCDs capture new, expanded, or relocated companies that meet defined economic impact criteria, providing a more targeted view of business activity in the region. Projects are sourced through public announcements, proprietary databases, and initiatives supported directly by WBC or through the Greater Chicagoland Economic Partnership (GCEP). Strong PCDs emphasize the Chicago metro's strength as a leading destination for businesses.

To qualify as a PCD, a project must meet at least one of the following thresholds:

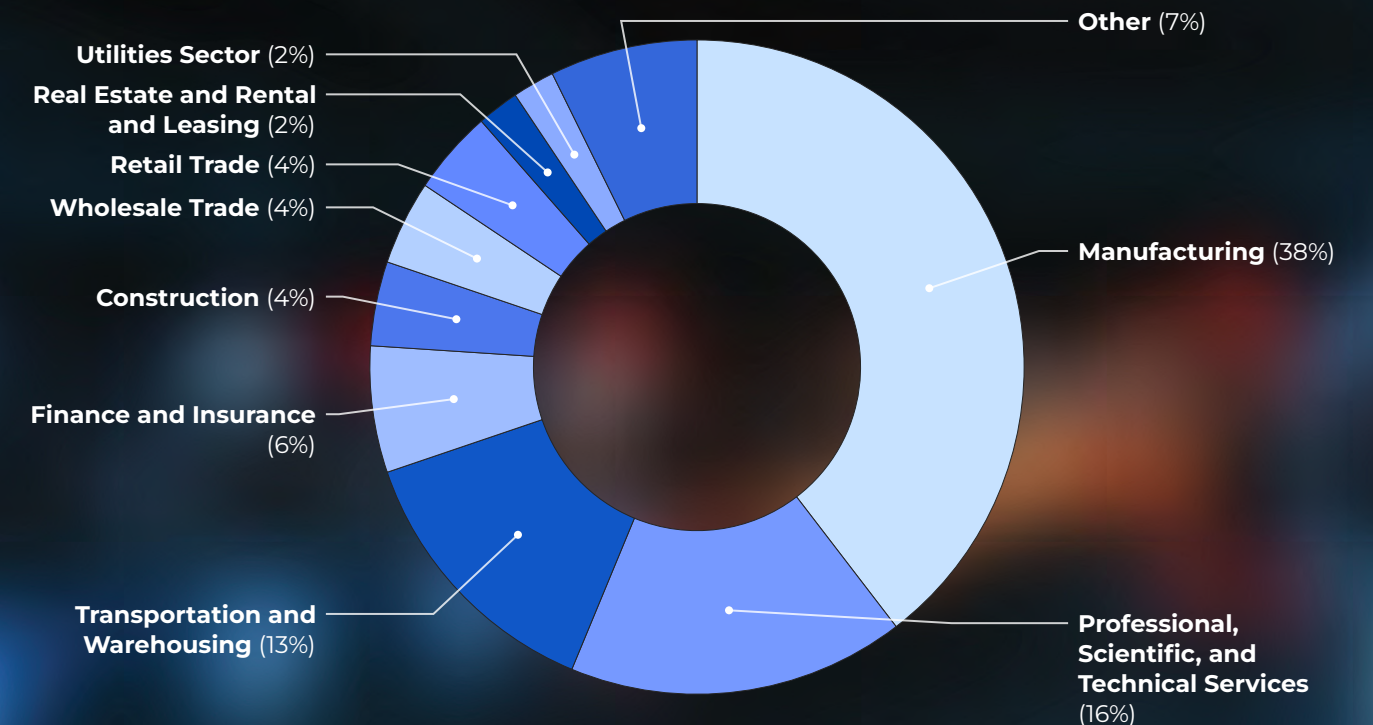
- Involve a new or expanded space that is at least 10,000+ square feet
- Create at least ten new jobs
- Involve a foreign direct investment business
- Be brought to fruition by WBC or via GCEP partnership

Since tracking began in 2021, WBC has captured nearly 900 projects, representing an estimated 100,000 jobs and \$9.1 billion in associated earnings for the region. In 2025, WBC tracked 223 projects, bringing an estimated 19,600 jobs and \$1.7 billion in earnings, the highest annual total on record.

The region's legacy industries drove activity in 2025. Manufacturing; Professional, Scientific, and Technical Services; Transportation and Warehousing; and Finance and Insurance collectively accounted for 74% of all PCDs, underscoring the continued strength of the Chicago metro's core economic sectors.

## PRO-CHICAGOLAND DECISIONS: TOP INDUSTRIES BY PROJECT COUNT

PERCENT OF 2025 TOTAL



Total projects in 2025 = 223  
Chart: World Business Chicago Research Center  
Source: World Business Chicago

Furthermore, the majority of these projects were located in our GCEP partner counties—with over 60% of projects occurring in suburban Chicago. Municipalities outside of the city continue to be a preferred location for companies eyeing larger manufacturing and warehouse/distribution sites.

As for projects in Chicago proper, they were mostly concentrated in the Central Area with top community areas for investment being the Loop, Near North Side and Near West Side. South and West side projects accounted for about 5% of overall PCDs, indicating an opportunity to further hone in on investment in South and West side neighborhoods.



Photo: Chicago Metropolitan Agency for Planning

# PCD SPOTLIGHTS

## FREEDMAN SEATING

The transportation seating manufacturer invested nearly \$4 million into upgrading its nearly century old manufacturing facility in Humboldt Park/Austin creating 50 new jobs.



## RJW LOGISTICS

Third party logistics provider RJW Logistics has been expanding rapidly signing three industrial leases this year totaling over 3,300,000 square feet in Will and Kendall counties.



## UNIVERSAL HORROR UNLEASHED

Universal Destinations & Experiences chose Chicago as the second location for its year-round immersive horror experience creating more than 400 jobs and expected to create more than \$1 billion in economic impact.



\$929B ESTIMATED GRDP (2025)

# MACROECONOMIC CONDITIONS

STRENGTH AND RESILIENCE IN THE  
CHICAGO METRO'S ECONOMY, DESPITE  
NATIONAL HEADWINDS

## NATIONAL SHIFTS IN 2025

The U.S. macroeconomic landscape in 2025 was defined by transition, shaped by sharp federal policy shifts. While headline indicators remained broadly solid, the economy adjusted to changing policy priorities, elevated uncertainty, and uneven conditions across industries and segments of the workforce.

Overall economic growth remained positive in 2025. Financial markets performed strongly, led by technology and artificial intelligence-related industries, while many other sectors faced slower growth and persistent headwinds. Business surveys indicated subdued activity that stopped short of contraction, reflecting a soft but stable environment nationally and in the Chicago metro.

Population growth is positive. The state of Illinois recorded its third consecutive year for growth based on U.S. Census estimates between 2024 and 2025, adding 16,108 residents – and more than 100,000 since 2022. Births continue to outpace deaths, and net domestic outmigration slowed to the lowest level in 15 years. The Chicago metro area added 22,925 people between 2024 and 2025.

Trade and tariff policy shifted dramatically in 2025, with effective tariff rates reaching levels not seen since the 1930s (rising from 2.4% in 2024 to nearly 30% in April 2025 before easing to around 17.5% by year-end). Although early concerns centered on a renewed inflation surge, consumer price effects have been more limited than expected, even as tariffs added cost pressures and uncertainty for businesses, especially small and medium-sized businesses. The Chicago metro is particularly exposed, given the prominence of trade and goods-producing industries in the regional economy. In the short term, the metro stands to gain through shifting trade patterns and expansion of domestic manufacturing capacity.

Consumer spending remained a strength, though differences between higher- and lower-income households became more pronounced. Inflation stayed moderately elevated, with uneven progress across categories, and tariffs remained a potential risk. Affordability pressures – particularly in food and housing – continued to strain households.

National labor market conditions slowed further in 2025 but avoided a sharp correction. Slower hiring – rather than widespread layoffs – defined the adjustment, with entry-level hiring particularly subdued. The Chicago metro remained more insulated than peers from layoffs in key sectors, including tech and government. Changes in federal immigration policy affected labor supply, and heightened enforcement in the Chicago region contributed to uncertainty for individuals and employers, especially in industries with high shares of immigrant workers. Foreign-born workers make up roughly one in four Chicago metro jobs, supporting key sectors throughout the economy. Early-year federal workforce reductions added additional headwinds, though local impacts were more limited.

Taken together, 2025 was a year of resilience amid policy shocks—marked by steady aggregate growth, paired with uncertainty, uneven sectoral performance, and mounting pressures on certain workers and households. For the Chicago metro, these structural shifts present an opportunity to strengthen growth and double down on the resiliency of our economy even amid challenges at the national level.

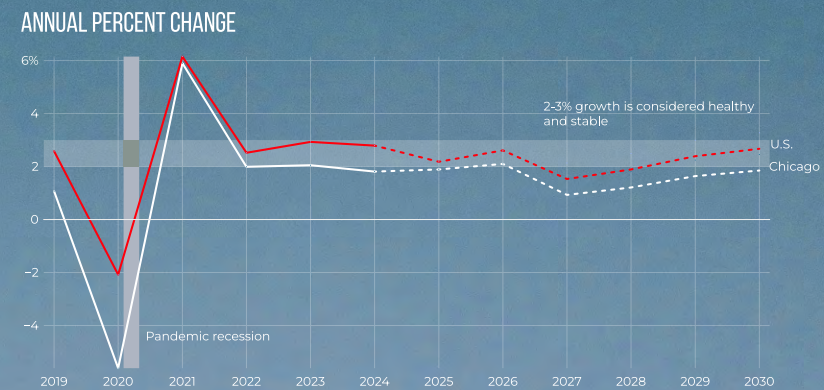


# GROSS REGIONAL DOMESTIC PRODUCT (GRDP)

The Chicago metro (or Chicago MSA) remains the nation's third-largest metropolitan economy, producing \$886 billion in nominal output in 2024, with forecasted GRDP rising to \$929 billion in 2025. In comparative terms, the Chicago metro's economy falls between the 23rd and 24th largest economies in the world – Taiwan and Belgium. Adjusted for inflation, GRDP grew 1.8% from 2023 to 2024 and is projected to grow 1.9% from 2024 to 2025—reflecting positive but modest expansion.

Growth has shifted markedly in recent years: a pandemic-driven recession, followed by an unusually strong rebound, and more recently a period of subdued but resilient expansion. Despite higher interest rates and a slowing national economy, growth exceeded many forecasts, supported, in part, by sustained consumer spending. The Chicago metro's trajectory has largely mirrored the U.S., though at a slightly slower pace, at just under 2%. This pattern of moderate but positive growth is expected to persist for both the U.S. and the Chicago metro through 2030.

## GDP & GRDP CHANGE, U.S. & CHICAGO MSA



Solid lines represent actual estimates (2019-2024); Dashed lines represent forecast estimates (2025-2030)  
 Chart: World Business Chicago Research Center Source: Moody's Analytics; retrieved January 28, 2026

A key strength of the Chicago metro economy is its industry diversity. Financial activities, trade, transportation and utilities, and professional and business services each independently account for around 20% of GRDP in 2024. Manufacturing, education and health services, and government also contribute meaningfully to growth.

Current 2025 forecasts project real declines in some sectors—particularly trade and professional and business services—likely reflecting changes in tariff policy and a softening labor market. In contrast, financial activities, manufacturing, and information are projected to expand in terms of output. The information sector's projected expansion aligns with the technology sector's distinctive strength in 2025, particularly in artificial intelligence.

## GRDP CONTRIBUTIONS BY MAJOR INDUSTRY, CHICAGO MSA

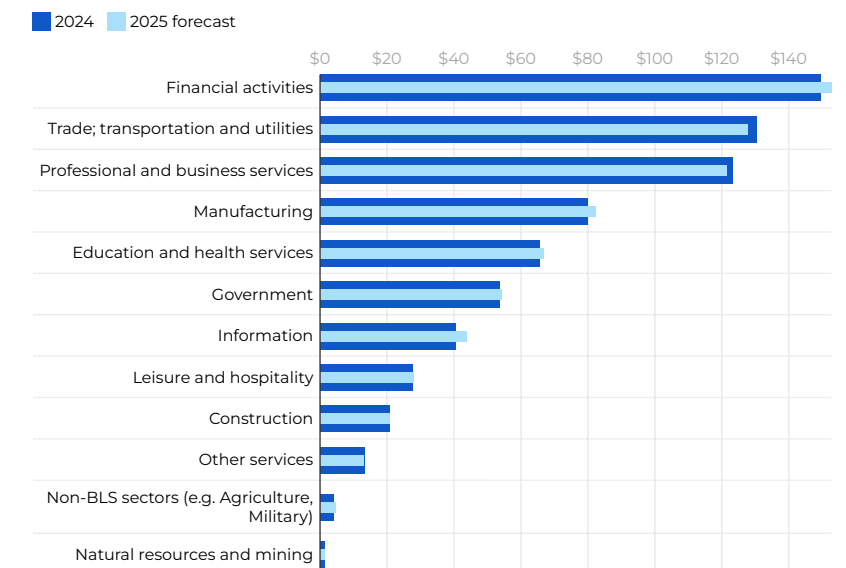


Chart: World Business Chicago Research Center  
 Source: Moody's Analytics; retrieved January, 28, 2026



4.96M LABOR FORCE SIZE (AS OF DEC. 2025)

# LABOR MARKET

THE NUMBER OF PEOPLE EMPLOYED IN THE CHICAGO METRO REMAINS NEAR ITS HIGHEST LEVEL IN RECENT MEMORY

With a labor force of nearly 5 million people, the Chicago metro is the third-largest labor market in the United States, reflecting both its population size and its role as a key employment hub. The labor force includes individuals who are employed or actively seeking work, making it a key measure of the region's available labor supply and economic capacity.

Over the past several years, the Chicago metro labor force has experienced swings mirroring national trends. During the pandemic recession, the labor force contracted as employment opportunities shrank and many workers exited the labor market, with the Chicago MSA labor force falling from 4.9 million to 4.63 million in 2020-2021. In the years that followed, tight labor market conditions and rising immigration flows fueled a rebound, growing the labor force

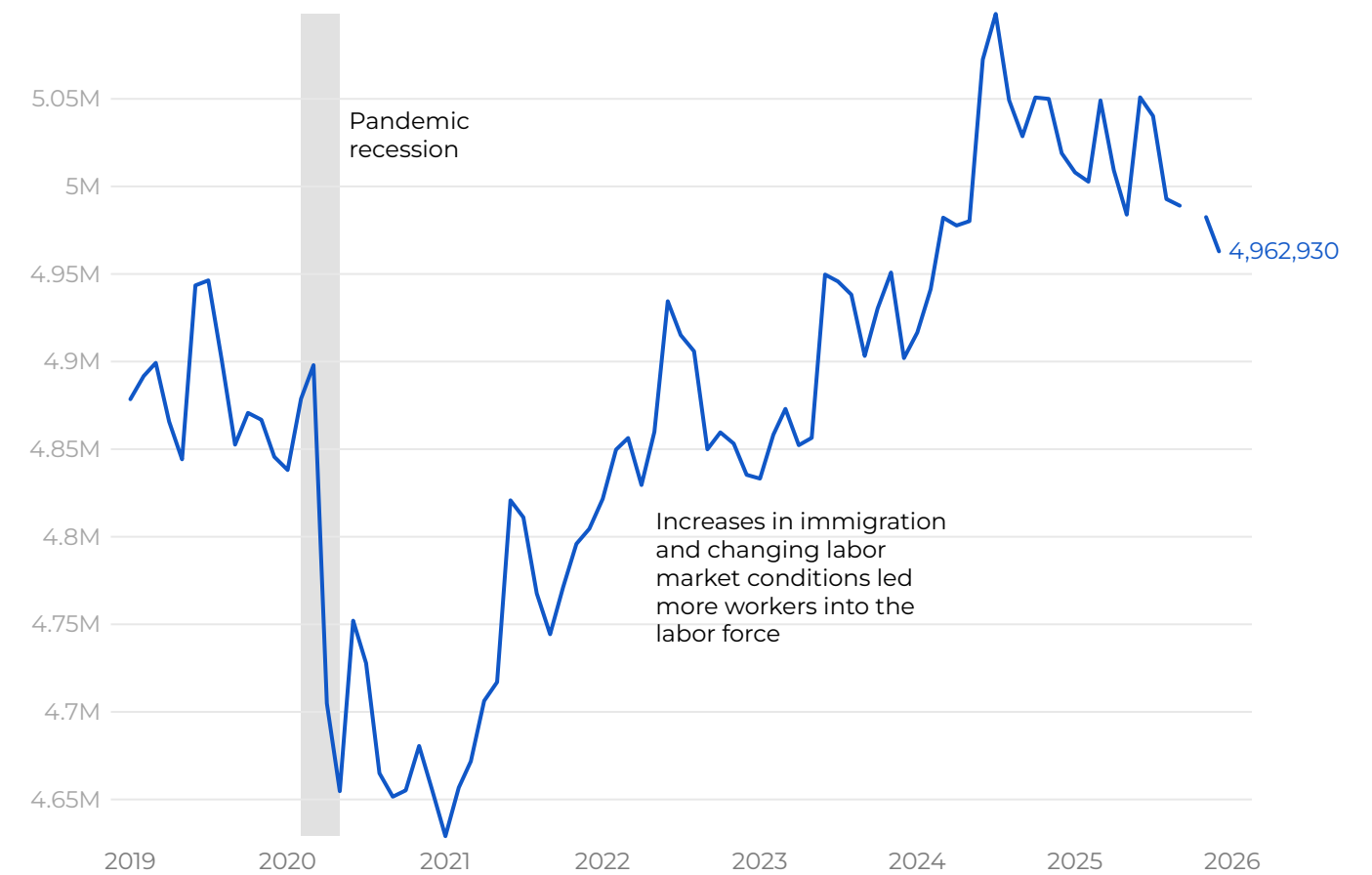
to a peak of 5.1 million by mid-2024 – the highest it has been since at least early 1990s. This fact is supported by recent data showing population growing in Illinois and the Chicago metro – with the state of Illinois having added more than 100,000 residents since 2022.

However, recent changes to immigration policy in 2025 have slowed this trajectory, introducing potential downside risk to future labor force growth. Despite this, the current labor force of 4.96 million people remains above 2019 levels.

**IN 2025, THE LABOR FORCE AVERAGED OVER 100,000 MORE PARTICIPANTS THAN IN 2019.**

## SIZE OF LABOR FORCE, CHICAGO MSA

NUMBER OF PEOPLE EMPLOYED OR ACTIVELY LOOKING FOR WORK



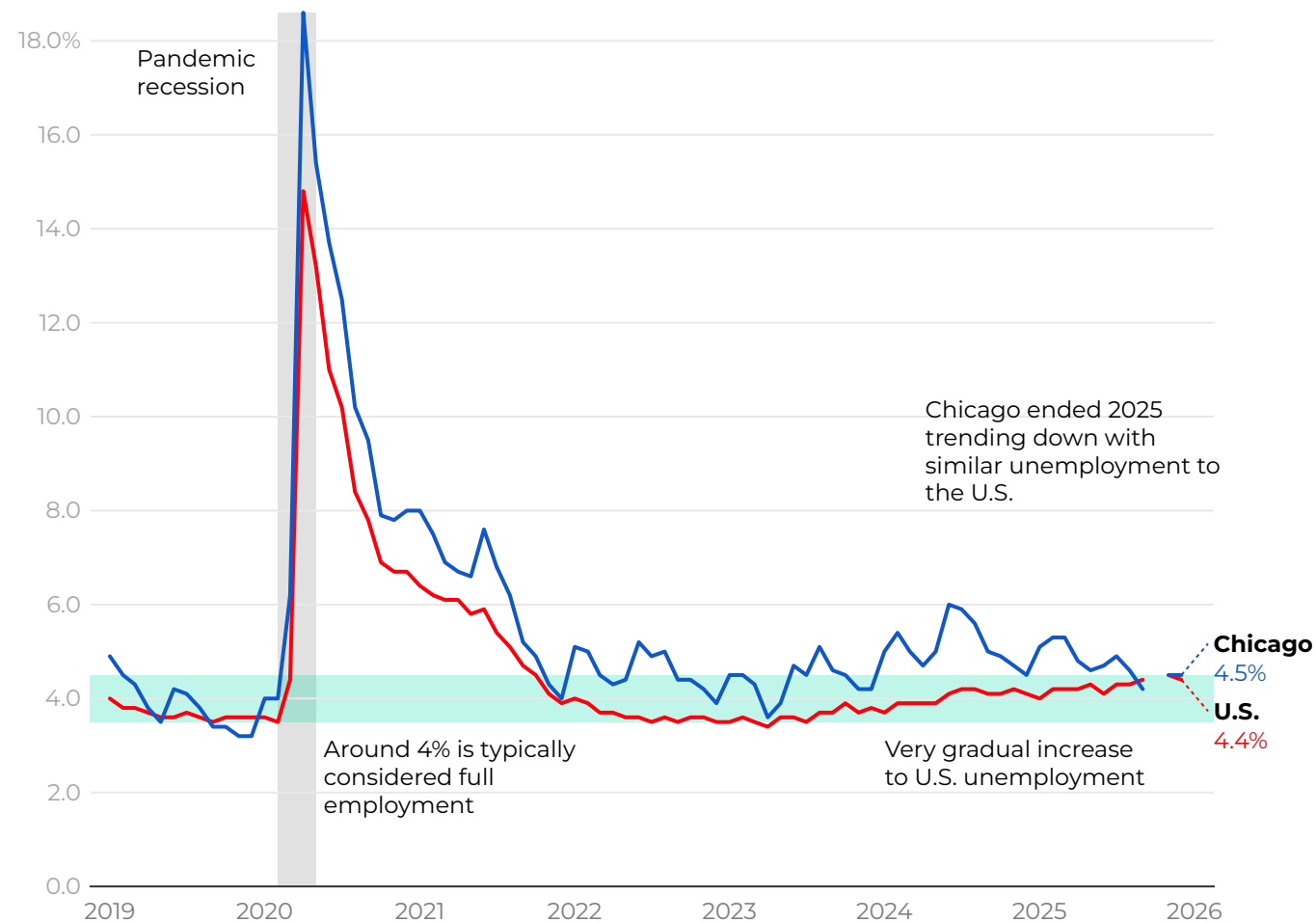
October 2025 data not collected by the BLS due to the 2025 lapse in appropriations. Chart: World Business Chicago Research Center  
Source: Bureau of Labor Statistics (BLS); Local Area Unemployment Statistics (January 2019-December 2025); retrieved February 9, 2026

Another key indicator of labor market health is the labor force participation rate, which measures the share of the working-age population that is either employed or actively seeking work. In 2025, the Chicago MSA averaged a labor force participation rate of roughly 66%—falling in the top half of the 60–71% range observed across peer metros—signaling strong workforce engagement and attachment among residents.

A commonly cited measure of labor market conditions is the unemployment rate, which reflects the share of the labor force that is actively seeking work but currently unemployed. Unemployment rose sharply across the United States during the pandemic recession, with the Chicago metro peaking at 18.6%, before the subsequent recovery brought rates down to around 4%. Since 2023, the national unemployment rate has trended slightly upward, reflecting a cooling labor market. The Chicago metro’s unemployment rate fluctuated higher over this period but ended 2025 at 4.5%, in line with the national average of 4.4%, signaling continued labor market resilience despite signs of easing.

## UNEMPLOYMENT RATE, U.S. & CHICAGO MSA

PERCENT OF LABOR FORCE ACTIVELY LOOKING FOR WORK



U.S. unemployment rates are seasonally adjusted; Metro-level rates are not seasonally adjusted; October 2025 data not collected by the BLS due to the 2025 lapse in appropriations. Source: Bureau of Labor Statistics, Local Area Unemployment Statistics (January 2019–December 2025); retrieved February 9, 2026

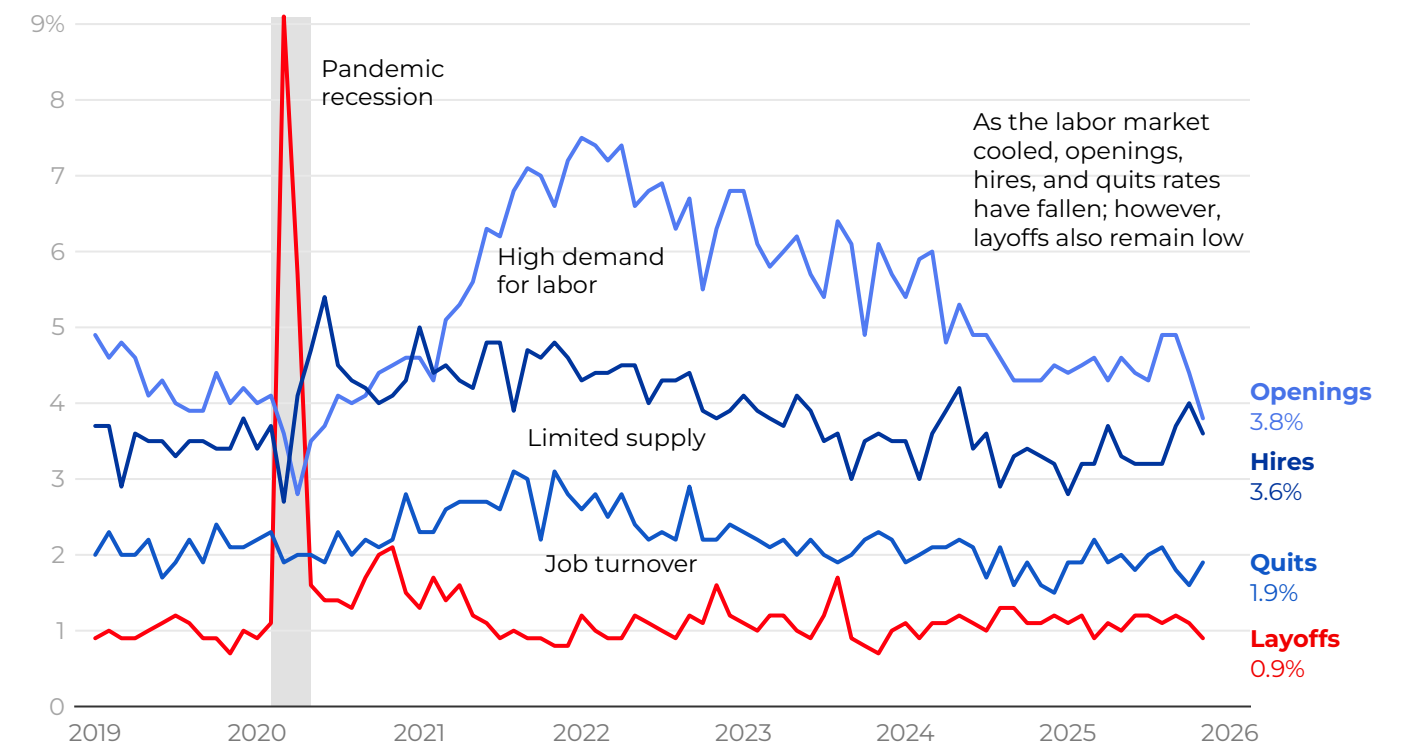
# JOB MARKET CONDITIONS

The job market can be assessed beyond the unemployment rate by examining job openings, hiring, quits, and layoffs rates to gauge whether conditions are tight—abundant openings and frequent job switching—or slack, with limited hiring and rising joblessness. In 2020, the pandemic recession caused a sharp shock, with layoffs spiking and openings and hiring falling. During the subsequent recovery, labor demand surged and openings outpaced available workers – a period we recall as the “Great Reshuffle.” For example, in Illinois, the gap between job openings and hires was at its largest in January 2022, with roughly 486,000 openings compared with about 258,000 hires in early 2025, signaling mismatches between demand and available labor supply and contributing to labor shortages across industries.

Since 2023, these conditions have moderated as demand cooled and turnover slowed, with the Illinois job openings rate falling from around 7.5% at its early-2022 peak to 3.8% by November 2025, reflecting a notable slowing. Hiring and quits rates have also declined, indicating slower job churn and reduced employer urgency to add workers. Layoffs, however, have remained modest overall. This pattern points to a labor market that is slow but not contracting—a ‘no-hire, no-fire’ environment.

## JOB OPENINGS & LABOR TURNOVER, ILLINOIS

RATE



Openings rate is the number of job openings as a percent of total employment + job openings; Hires, Quits, and Layoffs are the number of hires, quits, and layoffs (respectively) as a percent of total employment. Chart: World Business Chicago Research Center Source: Bureau of Labor Statistics; State Job Openings and Labor Turnover Survey (January 2019–November 2025); retrieved February 9, 2026

The Chicago metro's experience largely mirrors national and state trends. Job postings peaked in 2022 at 1.3 million job postings before declining in 2023 and 2024 to under 1 million. In 2025, postings rebounded to 973,000—a 5.7% increase from 2024—indicating renewed hiring momentum.

Nationally, similar trends were observed in job postings, rising 5.9% over the same period. The occupations in highest demand in the Chicago MSA in 2025 were nurses, customer service and sales workers, truck drivers, home health aides, and software developers.



## TOTAL JOB POSTINGS BY YEAR, CHICAGO MSA

COUNT OF NEWLY POSTED JOB POSTINGS

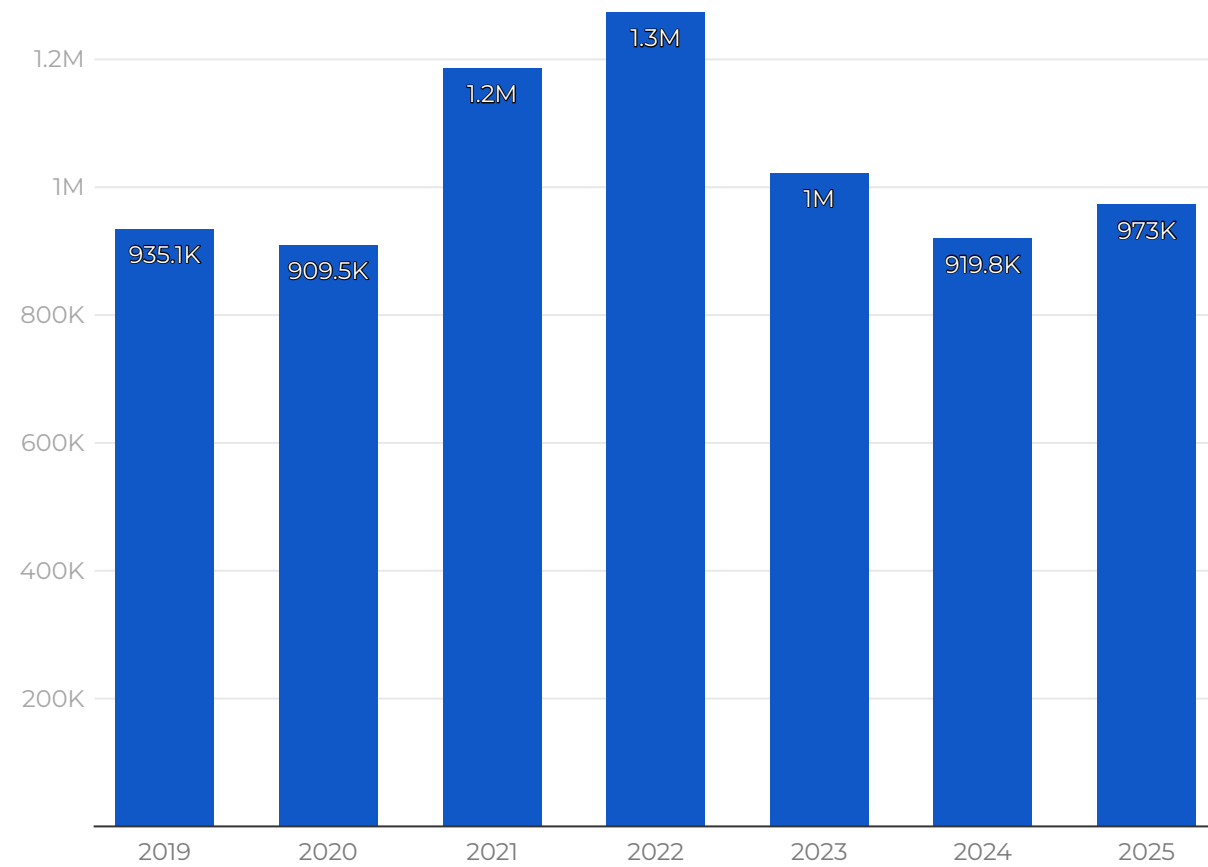


Chart: World Business Chicago Research Center  
Source: Lightcast, Job Postings Table; retrieved January 29, 2026



151,473 TOTAL PROGRAM COMPLETIONS (2024)

# TALENT & EDUCATION

THE CHICAGO METRO CONTINUES TO BE A NATION-LEADING TALENT PIPELINE, WITH RECENT EMPHASIS ON DEGREES AND CERTIFICATES IN STEM, SKILLED TRADES, AND HEALTHCARE



## PROGRAM COMPLETIONS

In 2024, the Chicago metro's higher education and training institutions continued to produce a large and growing talent pipeline, with 151,473 total program completions – ranking third nationally. Furthermore, the region ranked fifth among the top ten metro areas in program completion growth between 2023 and 2024 (+4.1%).

From 2020 to 2024, the region recorded an 8% increase in total completions, including a 38% increase in certificate completions, with growth concentrated in STEM and skilled-trade pathways, reflecting rising employer demand for specialized technical skills over generalist degrees. In that same time frame, completions in hard sciences, math, and technology programs increased by 37% (compared to +12% nationwide), while completions in skilled trades & applied technologies increased 28% (compared to +31% nationwide). Conversely, completions decreased 7% in humanities and cultural studies programs (compared to -9% nationwide), and 12% in liberal arts programs (compared to 0% nationwide).

The top 20 instructional program areas in the Chicago metro show a diversified credential pipeline spanning both short-term certificates and degree-granting programs, indicating that regional institutions are supplying talent across multiple skill tiers. Health-related programs dominate the highest-volume fields, with registered nursing generating the largest number of completions—primarily at the bachelor's and graduate levels—reinforcing healthcare's position as a central driver of regional labor demand.

### TOTAL PROGRAM COMPLETIONS OF POST-SECONDARY CERTIFICATES AND DEGREES, TOP METRO AREAS

NUMBER OF PROGRAM COMPLETIONS

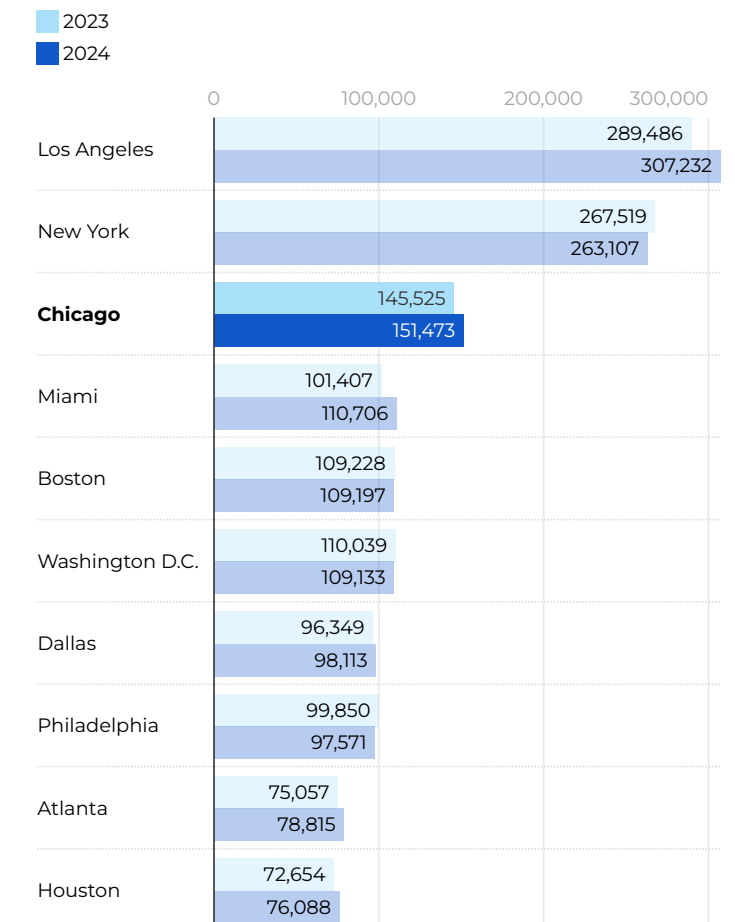


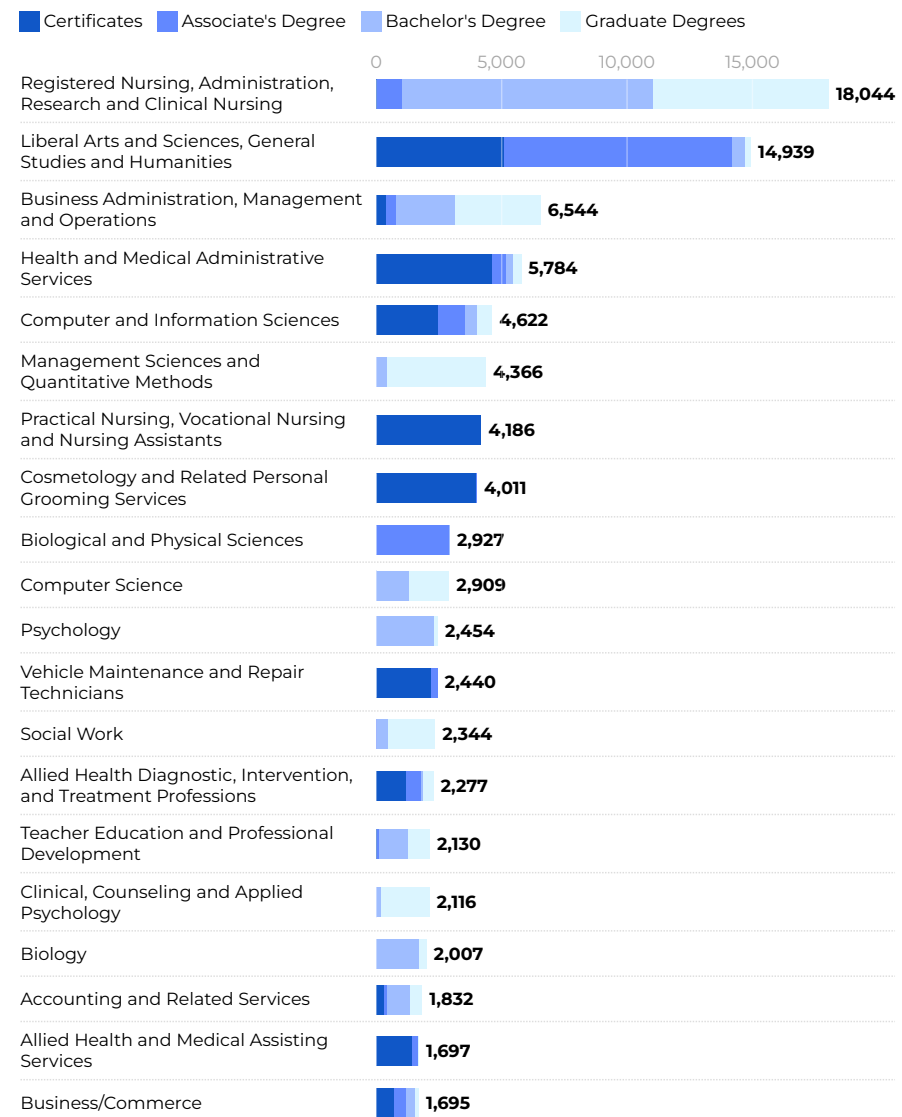
Chart: World Business Chicago Research Center  
Source: IPEDS retrieved in Lightcast, Program Table (2023-2024); retrieved February 5, 2026



The distribution of awards across certificates, Associate's, Bachelor's, and Graduate credentials reflects a layered workforce strategy: certificate-heavy programs enable rapid labor market entry, while degree-intensive fields supply advanced professional talent. Overall, the region's education pipeline is aligned with employer demand across both entry-level and high-skill occupations, especially in healthcare and technical fields.

## TOP 20 PROGRAMS BY TOTAL COMPLETIONS, CHICAGO MSA

NUMBER OF PROGRAMS



4-digit Classification of Instructional Programs (CIP)  
 Chart: World Business Chicago Research Center  
 Source: IPEDS retrieved in Lightcast, Program Table (2024); retrieved February 5, 2026



25,000 NET GAIN IN JOBS (2024-2025)



# INDUSTRY DYNAMICS

SERVICE-LED EMPLOYMENT GROWTH  
DOMINATED IN 2025

Monitoring employment by industry provides insight into regional economic health, workforce demand, and sectoral shifts that shape long-term growth and competitiveness.

In 2025, overall employment growth was positive, with the Chicago metro recording a net job gain of a modest 25,000 jobs. The region broadly mirrored national trends, with gains concentrated in service-oriented industries, particularly education and health services (+3.1%) and government (+3.6%). Construction (+2.7%), information (+2%), and finance (+0.6%) also posted positive growth, while professional services and goods-producing sectors—especially manufacturing (-1.4%) and trade (-1.3%)—experienced a clear slowdown.

Looking ahead over the next 5 years, overall employment growth in the Chicago metro is expected to moderately grow (+0.2%), in-line with national trends (+0.5%). Health care, professional services, and segments of transportation and utilities are projected to account for solid gains, supported by demographic trends, ongoing supply-chain reconfiguration, and expanded logistics needs. Manufacturing is likely to remain under pressure, with job growth concentrated in specialized and advanced subsectors rather than broad-based expansion. Sustaining a balanced and resilient growth path will require pairing the region's expanding care and public-sector base with targeted strategies to strengthen goods-producing sectors, spur innovation, and support worker transitions out of shrinking sectors.

## EMPLOYMENT CHANGE BY MAJOR SECTOR, CHICAGO MSA

PERCENT CHANGE IN EMPLOYMENT

	2025 change	Projected annual change over next 5 years
Total (non-farm) employment	0.5%	0.2%
Construction	2.7%	-0.6%
Manufacturing	-1.4%	-0.3%
Trade - Wholesale and Retail	-1.3%	-0.1%
Transportation and utilities	0.2%	0.5%
Information	2.0%	-0.0%
Financial activities - Finance, Insurance and Real Estate	0.6%	0.1%
Professional and business services	-1.0%	1.3%
Education and health services	2.7%	0.2%
Leisure and hospitality	-0.3%	-0.0%
Other services (except public administration)	-0.8%	0.1%
Government	3.6%	-0.2%

Q4 2025 values are forecasts and do not reflect full revisions to 2025 data. 2025 change reflect Q4 2025 YOY change. Five-year projections reflect annualized change from Q4 2025 to Q4 2030

Chart: World Business Chicago Research Center

Source: Moody's Analytics; Employment (Q4 2024-Q4 2030); retrieved February 10, 2026

# CHICAGO 2050 PRIORITY INDUSTRIES

## INVESTING IN ENDURING STRENGTHS & DEFINING INDUSTRIES

Chicago 2050 is Chicagoland's long-term economic strategy, focused on strengthening competitiveness, growing jobs, and advancing inclusive prosperity. The priority industries below represent the core drivers of regional GDP, employment, and future growth.

### LIFE SCIENCES

- 93K employed (+2.4% from 2024, #5 ranked nationally)
- \$46.4 billion GRDP (+6.6% from 2024, #5 ranked nationally)
- A growth engine, leveraging specialized pharmaceutical manufacturing, strong talent pipelines from universities and medical schools, affordable lab space, and robust R&D funding. The region is positioned to compete with top hubs and capitalize on tech disruptions like bioinformatics and AI.

### CLEAN ENERGY

- 9.5K employed (-0.3% from 2024, #4 ranked nationally)
- \$9.5 billion GRDP (+5.6% from 2024, #3 ranked nationally)
- Develops, manufactures, and deploys technologies that decarbonize power, buildings, and industry—creating jobs while strengthening grid resilience and competitiveness.

### QUANTUM-RELATED

- 56K employed (-0.2% from 2024, #12 ranked nationally)
- \$12.2 billion GRDP (+2.3% from 2024, #15 ranked nationally)
- Drive transformation across finance, transportation, logistics, and healthcare through optimization, analytics, and data security. The region's investments and ecosystem position it as a leader in this emerging field.

### VIBRANCY

- 1.2M employed (+0.1% from 2024, #3 ranked nationally)
- \$167.5 billion GRDP (+4.5% from 2024, #6 ranked nationally)
- The assets that make the region a great place to live—museums, theaters, sports, dining, parks, retail, and creative production—fuel jobs in the arts, marketing, construction, and hospitality, attracting talent and businesses. Continued downtown revitalization and equitable transit access will be key to sustaining growth.

### DIGITAL TECH

- 103K employed (-0.9% from 2024, #10 ranked nationally)
- \$42.0 billion GRDP (+6.8% from 2024, #9 ranked nationally)
- Drives innovation, attracts R&D, nurtures startups, and creates cross-industry synergies in healthcare, finance, and manufacturing, supporting a more adaptable and inclusive economy.

### MANUFACTURING

- 404K employed (-0.9% from 2024, #2 ranked nationally)
- \$100.1 billion GRDP (+1.6% from 2024, #3 ranked nationally)
- Fuels growth through innovation, reshoring, and advanced technologies like AI and robotics, while building on the region's legacy industries and leveraging skilled labor, supplier networks, and logistics to lead in specialized subsectors such as food, metals, and medical devices.

### TD&L

- 266K employed (+0.1% from 2024, #2 ranked nationally)
- \$41.8 billion GRDP (+4.1% from 2024, #3 ranked nationally)
- Forms the backbone of the regional economy, supported by modernized logistics networks, e-commerce, and automation, while providing diverse jobs and training pipelines.

### FOOD MANUFACTURING

- 72K employed (+0.5% from 2024, #1 ranked nationally)
- \$12.2 billion GRDP (+2.1% from 2024, #1 ranked nationally)
- The nation's leading food production economy; industry today is an anchor, sustaining demand, job growth, and supply chain support while boosting output through automation and efficiency.

### FINANCE & INSURANCE

- 246K employed (+0.5% from 2024, #3 ranked nationally)
- \$80.3 billion GRDP (+8.9% from 2024, #3 ranked nationally)
- Historic financial center; industry today harnesses fintech, insurtech, AI, and quantum technologies to address global challenges, attract talent, and solidify the region's role as a competitive global hub.

### PROFESSIONAL SERVICES

- 394K employed (-0.5% from 2024, #4 ranked nationally)
- \$91.2 billion GRDP (+1.8% from 2024, #6 ranked nationally)
- Drives corporate headquarters, consulting, legal, and tech expertise, fostering AI and analytics innovation, high-wage jobs, and inclusive growth opportunities.

248,375 COUNT OF TOTAL BUSINESSES (AVERAGE Q1-Q2 2025)

# BUSINESS FORMATION & GROWTH

OVERALL BUSINESS COUNT INCREASED, AS WELL AS THE OVERALL NUMBER OF BUSINESSES IN THE REGION

Business count and creation data—covering net business counts, closings, formations, and renewals—come from multiple sources and, taken together, suggest that while the number of businesses increased, overall churn and closures also rose in the region. The modest net gains likely point, in part, to a slower business cycle, as firms navigate higher financing costs, uneven demand, and broader economic uncertainty.

## BUSINESS COUNT ▲

The total number of businesses in the Chicago metro area grew only modestly, from an average of 246,000 in the first half of 2024 to 248,375 in the first half of 2025, a 1% increase. Regional growth lagged behind national trends, which saw faster, more consistent increases.

## ESTABLISHMENT BIRTHS & DEATHS ■

Statewide establishment births in 2024 totaled 36,415, surpassing pre-pandemic levels. Overall creation, however, has been declining since 2022, mirroring a spike in establishment deaths in 2022 and 2023. In 2024, business closures have eased slightly but remain above pre-pandemic levels.

## BUSINESS FORMATION APPLICATIONS ▲

Illinois saw 190,130 business formation applications in 2025, up 11% from 2024. About 31% of these were “high-propensity” applications, likely to follow through with payroll and formal business creation. This follows a post-COVID surge: between 2009 and 2019, the state averaged 101,964 applications per year, rising to an average of 179,283 annually from 2020 to 2025.

## COMPANY FOUNDINGS ▼

Pitchbook reports 1,148 new companies founded in the Chicago metro in 2025—a 16% decline from 2024, though slightly better than the nationwide decline of 19%.

## CITY OF CHICAGO LICENSES ▼

At the city level, 32,385 business licenses were issued or renewed in 2025. New license issuances declined slightly to 6,989 (-0.7% YOY), while renewals rose 6.5% to 25,396. Despite growth in renewals, new license applications have yet to return to pre-pandemic levels.

Overall, the City of Chicago, the Chicago metro, and Illinois continue to see a dynamic business environment: new ventures are forming, but closures and churn are elevated. Sustained growth will depend not just on continued formation activity, but on improving business survival and scaling in an environment still marked by cost pressures and uncertainty.



\$6.0B GROWTH CAPITAL RAISED AMONG 574 DEALS (2025)

# GROWTH CAPITAL INVESTMENT

STARTUPS RAISED MORE IN GROWTH CAPITAL IN 2025, REFLECTING FEWER, HIGHER-VALUE DEALS



## KEY TERMS

TERM	DEFINITION
<b>CAPITAL</b>	Money or assets used to operate and grow a business.
<b>GROWTH CAPITAL</b>	Investment funding provided to help a company expand.
<b>VENTURE CAPITAL</b>	A type of growth capital that invests in early-stage, high-growth startups—often in emerging industries or new market niches—in exchange for equity, typically higher-risk with greater potential returns.
<b>PRIVATE EQUITY</b>	A type of growth capital that invests in mature, privately held companies in exchange for ownership, typically lower-risk and focused on operational improvements and value creation.

## GROWTH CAPITAL DEAL AMOUNT, CHICAGO MSA

BILLION (\$)

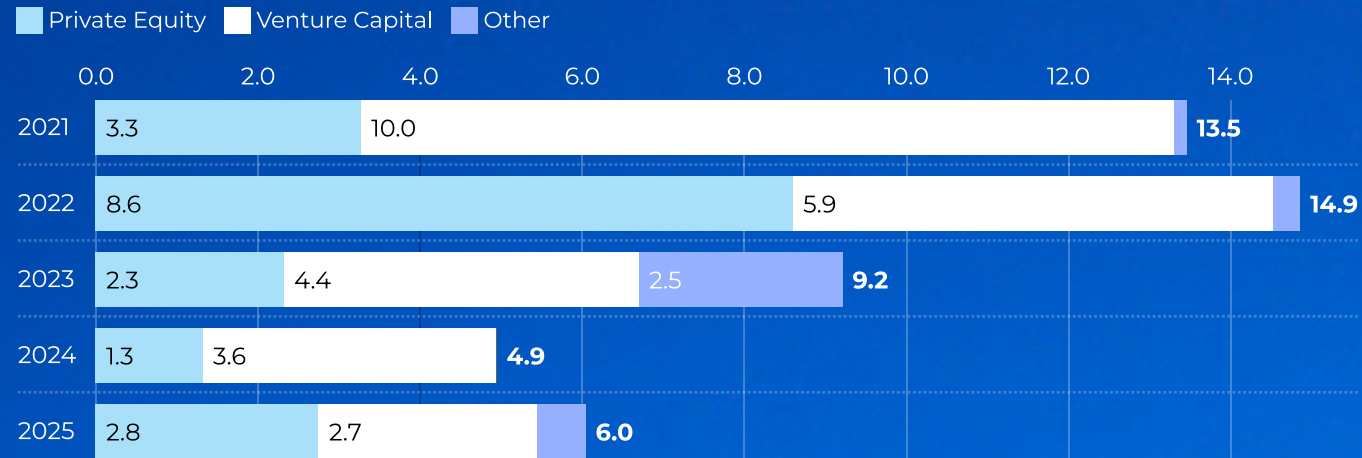


Chart: World Business Chicago Research Center  
Source: Pitchbook (2021-2025); retrieved February 11, 2026

Chicago-area companies raised \$6.0 billion in growth capital across 574 deals in 2025—more than \$1 billion above 2024's total but the lowest deal count in five years. The increase in dollars alongside fewer deals signals a structural shift, with capital increasingly concentrated in larger, later-stage investments. While venture capital and pre-venture capital funding still accounted for the majority of transactions, funding remained well below its 2021 peak, falling to \$2.7 billion from \$10.0 billion during that high-water mark. At the same time, private equity increased its share of activity to 13% of deals, up from roughly 9% in prior years, contributing to larger median deal sizes and higher aggregate investment totals. Major transactions—including Hub International's \$1.6 billion private equity investment, Nerdio's \$500 million private equity raise, and Pathos AI's \$365 million Series D venture capital round—highlight the increasing role of megadeals in driving regional investment totals.

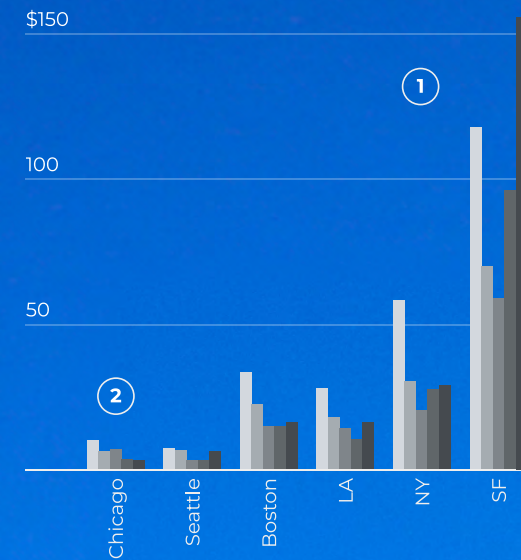
These patterns closely mirror national trends. In 2025, U.S. private equity investment surpassed \$1 trillion for only the second time on record, even as overall deal counts remained below prior peaks. Venture capital also became more concentrated, with total dollars stabilizing but flowing disproportionately to later-stage companies and a small share of large deals. Investment is increasingly uneven by geography and sector: artificial intelligence accounted for roughly two-thirds of U.S. venture funding, and the San Francisco Bay Area captured more than half of national venture dollars.

Compared to peer markets, the Chicago metro shows a heavier reliance on private equity relative to venture capital — reinforcing its strength in scaling mature firms while highlighting a relative gap in early-stage startup formation.

## VENTURE CAPITAL, CHICAGO MSA & PEER METROS

BILLION (\$)

2021 2022 2023 2024 2025



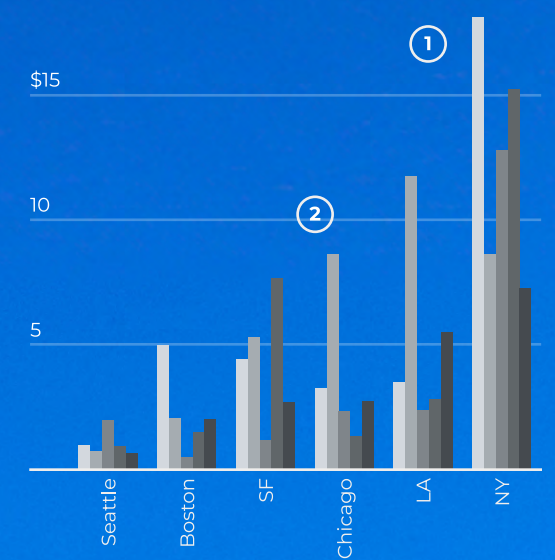
- 1 Venture capital growing in the Bay Area with artificial intelligence funding
- 2 Chicago lags in this space and has trended downward

Chart: World Business Chicago Research Center  
Source: Pitchbook (2021-2025); retrieved February 11, 2026

## PRIVATE EQUITY, CHICAGO MSA & PEER METROS

BILLION (\$)

2021 2022 2023 2024 2025



- 1 New York trended down in 2025, but still top metro for private equity
- 2 Chicago ranks 3rd in private equity funding with rebound in 2025

Chart: World Business Chicago Research Center  
Source: Pitchbook (2021-2025); retrieved February 11, 2026



# VERTICALS & INVESTORS

Growth capital activity is increasingly focused on software and technology-enabling business products. Software is a feature of one-quarter of all deals in 2025 and continues to gain share. Artificial Intelligence is the fastest-growing vertical, rising eleven percentage points since 2021. AI frequently intersects with SaaS, data, and healthcare, emphasizing its role as an enabling technology rather than a standalone sector. Other expanding areas include healthcare tech, clean energy, advanced manufacturing, and life sciences, reflecting investor preference for applied innovation. In contrast, consumer-oriented sectors such as mobile, e-commerce, and media have declined in deal share.

Nearly 70% of growth capital investors were U.S.-based but located outside Illinois, up nine percentage points from 2024. Illinois-based investors accounted for 15% of participants, exceeding foreign investors at 11%. Venture capital firms remained the largest single investor group (47%), while the remaining 53% included private equity firms, angel investors, corporations, accelerators, and other investor types.



The concentration of growth capital in software, AI, and other enterprise-focused technologies presents a meaningful opportunity to strengthen the region's innovation ecosystem. The Chicago region could benefit from strategies aimed at attracting and retaining both domestic and international investors, while also reinforcing local investment networks and talent pipelines to fully capitalize on growth in these emerging sectors.

## GROWTH CAPITAL TOP VERTICALS, CHICAGO MSA

PERCENT OF TOTAL DEALS WITH

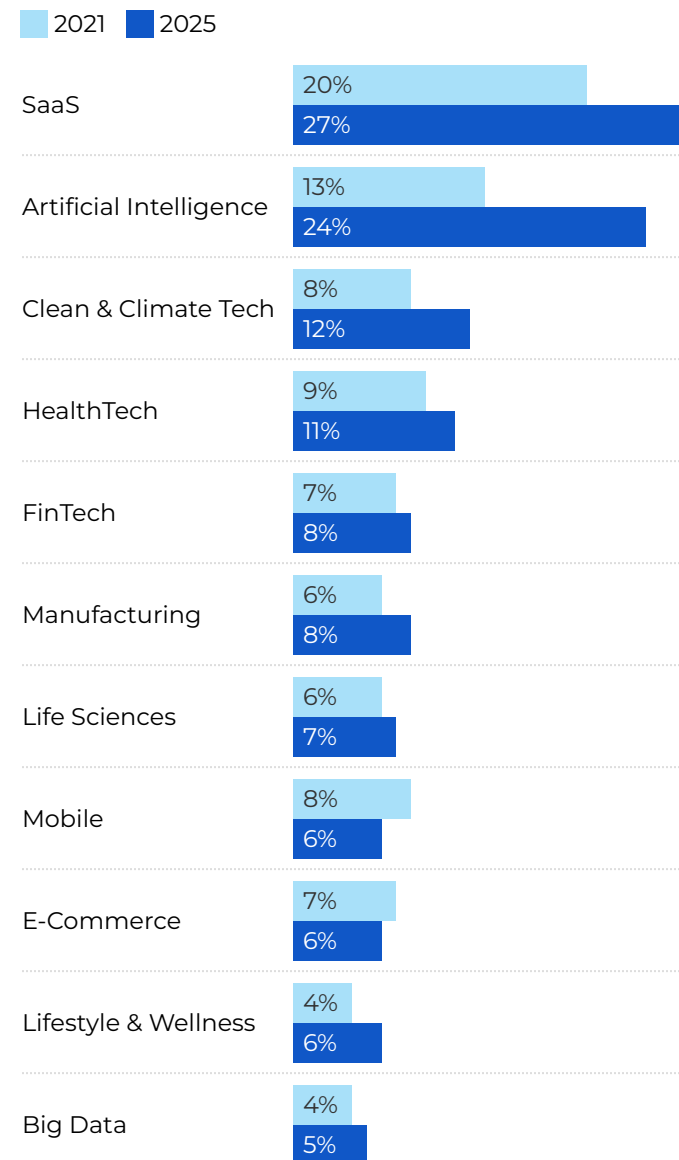


Chart: World Business Chicago Research Center  
Source: Pitchbook (2021 and 2025); retrieved February 11, 2026



O'HARE HANDLED \$423B IN GOODS IN 2025, NEARLY 8% OF U.S. TRADE

# TRADE & GLOBAL POSITIONING

SWEEPING U.S. TARIFF CHANGES HAVE PRODUCED MODEST SHIFTS IN TRADE BALANCES BUT MORE PRONOUNCED CHANGES IN TRADE PARTNERS



Photo: Chicago Metropolitan Agency for Planning

In 2025, the Trump Administration announced sweeping changes to U.S. tariff policy by dramatically increasing tariff rates for key trade partners and commodities. In 2025, the overall average effective tariff rate increased by over 15 percentage points to 17.5%. This is the highest average rate since 1935.

## AVERAGE EFFECTIVE TARIFF RATE, U.S.

TRADE-WEIGHTED AVERAGE TARIFF APPLIED TO IMPORTS INTO THE U.S.

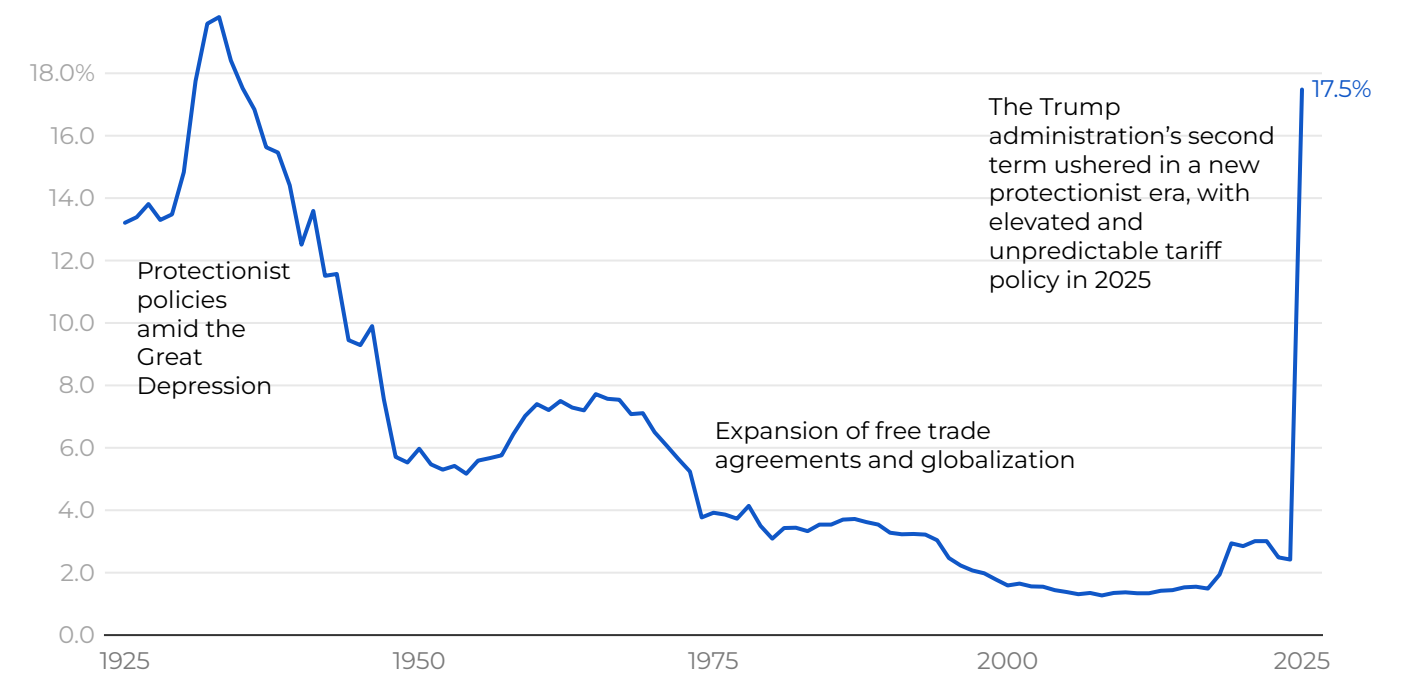


Chart: World Business Chicago Research Center Source: The Budget Lab at Yale; State of U.S. Tariffs (1925 - 2025); retrieved February 5, 2026

Estimates from the Yale Budget Lab indicate that in the short run, tariff increases could slow real GDP growth by 0.4 percentage points in 2026 and increase consumer prices by 1.3%, implying an average household income loss of \$1,751. However, these effects remain uncertain: in 2025, inflationary impacts were more muted than expected, as businesses did not fully pass higher costs on to consumers.

Another way to measure tariff's effects on global trade is to look at trade balances – the difference between exports and imports to certain countries. Early analysis indicates that underlying growth in U.S. imports is slowing down. National trade deficits with China, the European Union, and Canada have all narrowed slightly. But the overall deficit has narrowed very little due to a significant expansion in deficits with other countries.

Illinois mirrors these trends. Although the total trade balance decreased by nearly \$5 billion over the past year, the trade deficit is still larger compared to 2019 and 2020.

Canada, Illinois' largest trading partner, continues to drive the state's trade dynamics. The trade deficit with Canada has narrowed since 2023 but remains \$19.2 billion above 2019 levels. Globally, declining imports from partners like China and Canada are partially offset by growth from other countries as firms adjust supply chains to tariffs. Imports from Vietnam rose \$9.6 billion in 2025 alone—driven by nuclear reactors, boilers, machinery, and mechanical appliances—pushing Illinois' trade deficit with Vietnam up nearly 80% to \$21.8 billion. Similar increases in trade deficits occurred with India (+\$4.8 billion), Mexico (+\$0.7 billion), and Thailand (+\$4.4 billion).

## ILLINOIS' TRADE BALANCE

EXPORTS MINUS IMPORTS, BILLIONS (\$)

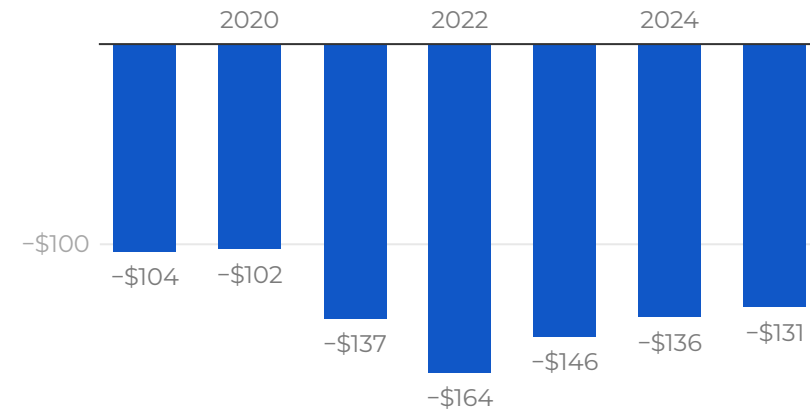


Chart: World Business Chicago Research Center  
Source: U.S. Census Bureau, U.S.A. Trade Online (2019-2025); retrieved March 16, 2026

## ILLINOIS TOP TRADING PARTNERS, TRADE BALANCES

EXPORTS MINUS IMPORTS, BILLIONS (\$)

Legend: 2019 (Dark Blue), 2020 (Medium Blue), 2021 (Light Blue), 2022 (Very Light Blue), 2023 (Lightest Blue), 2024 (Darkest Blue), 2025 (Lightest Blue)

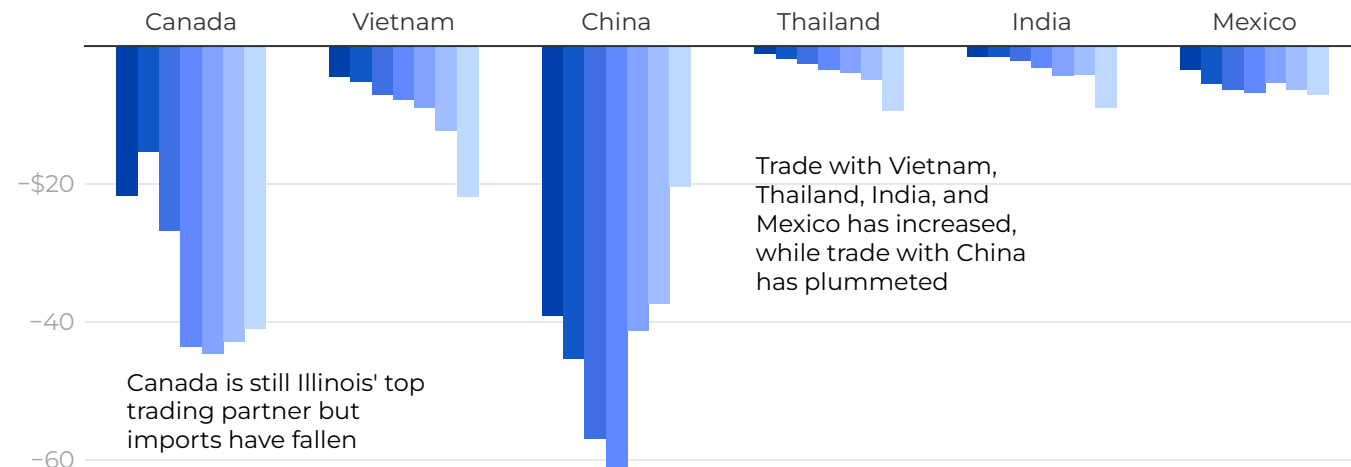


Chart: World Business Chicago Research Center Source: U.S. Census Bureau, U.S.A. Trade Data; retrieved March 16, 2026

# ILLINOIS TRADE

Illinois ranks as the nation's fifth-largest exporter and fourth-largest importer. In 2025, the state's total trade value fell by \$8.9 billion to \$291.0 billion, trailing only Texas, California, and New York. Both California and Texas recorded import growth with increases of \$1.2 billion and +\$10.5 billion respectively. New York posted the strongest performance, with the largest gains in both exports (+\$59.0 billion) and imports (+\$54.0 billion).

## U.S. STATES WITH THE HIGHEST TRADE VOLUME, 2025

BILLIONS (\$)

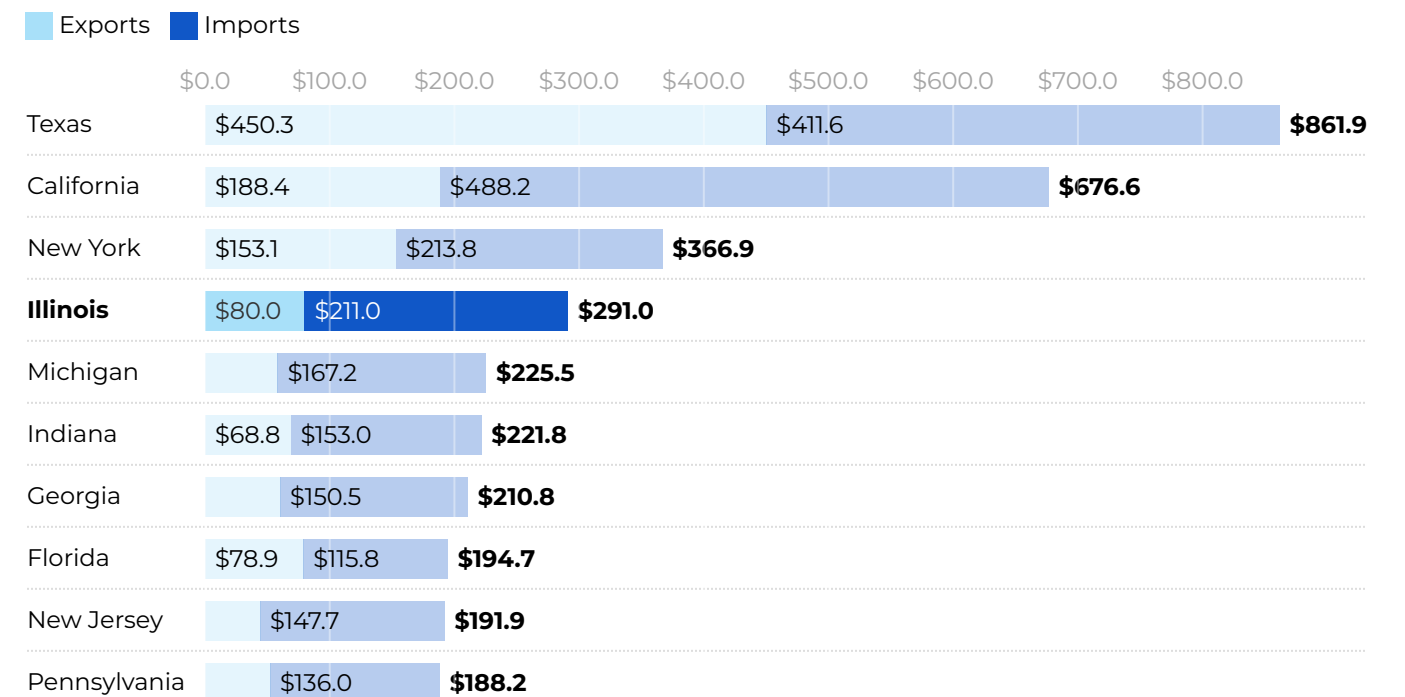


Chart: World Business Chicago Research Center Source: U.S. Census Bureau, U.S.A. Trade Data 2025; retrieved March 16, 2026

Out of the \$80.0 billion exported in 2025, the top commodity was \$4.4 billion worth of telecom equipment including mobile phones, network equipment, and other transmission equipment. Other top categories include:

- **Blood plasma, vaccines, and biotech cultures (\$4.1 billion)**
- **Pharmaceutical products, including prescription and over-the-counter drugs (\$3.5 billion)**
- **Freight vehicles (\$2.5 billion)**
- **Motor vehicle parts and accessories (\$2.4 billion)**

These products underscore Illinois' crucial role in the world's life sciences, drug manufacturing, and auto supply chains. Commodities with large trade surpluses – where Illinois exports more than it imports – also reveal advantageous export categories. Freight vehicles, soybeans, passenger vehicles, passenger aircrafts (including engines & parts), and biotech cultures, had the largest trade surpluses in 2025.

# O'HARE: A KEY REGIONAL & NATIONAL ASSET

Trade data at O'Hare reflect its role as a critical logistics hub, moving goods that support commerce nationwide. In 2025, O'Hare became the nation's largest U.S. port by trade value, handling \$423 billion in goods — up 28% from 2024. The nation's top five ports—Chicago (O'Hare), New York City (JFK International Airport), Laredo, Los Angeles, and Houston—accounted for 30% of total U.S. trade in 2025, with a notable shift of activity from Los Angeles and Houston toward Chicago. O'Hare alone handled nearly 8% of U.S. trade in 2025, up from 6% in 2024.

## TOP U.S. PORTS BY TOTAL TRADE VOLUME



Chart: World Business Chicago Research Center Source: U.S. Census Bureau, U.S.A. Trade Online (2024 - 2025); retrieved March 16, 2026

O'Hare's top trade categories include:

- **Nuclear reactors, boilers, machinery, and related parts** (\$14.8B exports, \$73.9B imports, \$88.7B total)
- **Electric machinery** (\$8.5B exports, \$75.2B imports, \$83.7B total)
- **Pharmaceutical products** (\$17.9B exports, \$62.4B imports, \$80.3B total)
- **Organic chemicals** (\$18.3B exports, \$59.3B imports, \$77.6B total)
- **Mineral fuel, oil, wax, and related products** (\$0.014B exports, \$19.5B imports, \$19.5B total)

Similar to Illinois and the rest of the country, recent federal tariff policy has shifted O'Hare's trading partners. With \$73.7B in total trade value, Ireland replaced China as O'Hare's largest trading partner, driven by a \$32.6B increase in Irish imports and a \$24.8B decrease in Chinese imports. Organic chemical imports from Ireland accounted for 95% of O'Hare's total organic chemical imports. Other top trading partners increased trade volumes due to tariff shifts, including Taiwan (+\$20.0B), Vietnam (+\$19.2B), and India (+\$15.2B).



This surge in trade complements O'Hare's role in passenger travel and the region's large transportation, distribution, and logistics industry (TD&L). The airport supports the nation's second-largest TD&L workforce and handled 857,392 aircraft movements in 2025, making it the nation's busiest U.S. airport by flight volume. On the busiest travel day, O'Hare offered potential connections to 214 domestic destinations, solidifying its position as the most connected U.S. airport for the past four years. Globally, O'Hare ranks 7th among the world's most connected megahubs, just behind Seoul Incheon International Airport.



THE MEDIAN HOME BUYER SPENDS 38% OF THEIR INCOME ON HOUSING COSTS (NOV. 2025)

# HOUSING MARKET

THE CHICAGO METRO REMAINS LOWER-COST RELATIVE TO PEERS, ALTHOUGH PRONOUNCED DEMAND FOR HOUSING PRESSURES COSTS.

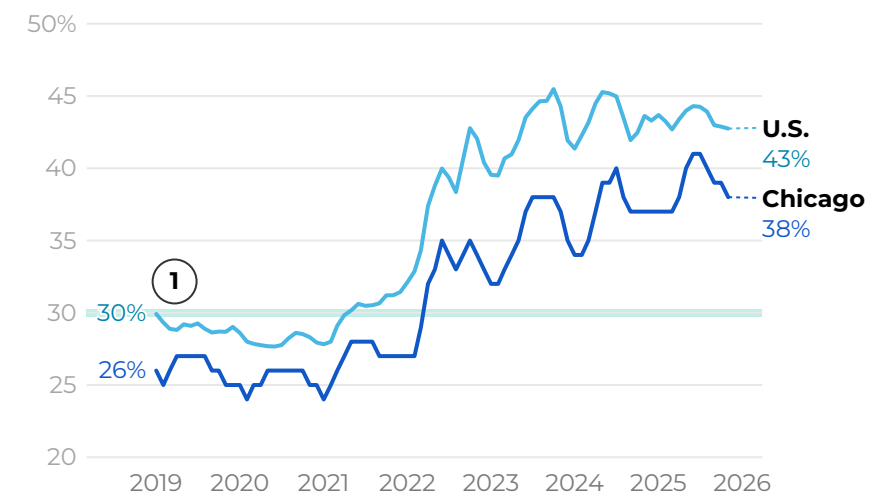
Housing affordability relative to other major metropolitan areas has long been – and continues to be – a competitive strength for the Chicago region, supporting a diverse workforce and relatively low barriers to entry. In recent years, however, housing markets nationwide have been strained by a persistent mismatch between supply and demand. Limited housing construction, elevated demand following the pandemic, and a sharp rise in interest rates aimed at curbing inflation have collectively pushed up housing costs and reduced affordability.

The Chicago metro has not been immune to these national forces, especially considering the Chicago metro’s increased population and labor force growth. The home ownership affordability monitor from the Federal Reserve Bank of Atlanta uses a 30% share of income threshold to measure affordability. With a median home price of \$352,333, the median buyer spends 38% of their income in the Chicago metro as of November 2025.

The Chicago metro continued to outperform the U.S. average and compares favorably with coastal and several Sun Belt metros where rapid price growth has eroded affordability. Within the Midwest, however, the Chicago metro sits closer to the middle of the pack, trailing lower-cost peers such as St. Louis and Detroit.

## HOME OWNERSHIP AFFORDABILITY, CHICAGO MSA & U.S.

COST OF HOME OWNERSHIP AS A SHARE OF MEDIAN INCOME



① 30% or lower is considered affordable

Chart: World Business Chicago Research Center Source: Federal Reserve Bank of Atlanta, Home Ownership Affordability Monitor (January 2019 - November 2025); retrieved January 28, 2026

According to the Case-Shiller Home Price Index, between November 2019 and November 2025, home prices rose 54.7% nationally and in the Chicago metro. While Chicago’s cumulative growth matched the national average, prices continued to climb in 2025, rising 5.7% year-over-year through November—well above the national gain of 1.4% in the same period and the strongest increase among major metros. One benefit is that current homeowners have seen rising equity, while a key concern is that affordability pressures may increasingly affect workforce, economic competitiveness, and inequality. Rents followed a similar trajectory, with December 2025 year-over-year growth of 5.2%, according to the Zillow Observed Rent Index, pushing the average rent just above \$2,000 for the Chicago metro area.

## HOME OWNERSHIP AFFORDABILITY, COMPARISON OF TOP METROS

THE FEDERAL RESERVE BANK OF ATLANTA HOUSING AFFORDABILITY MONITOR SHOWS HOMEOWNERSHIP COSTS AS A SHARE OF MEDIAN INCOME—ABOVE 30% MEANS LESS AFFORDABLE.

- LOS ANGELES: 82%
- SAN FRANCISCO: 67%
- SAN DIEGO: 66%
- NEW YORK: 65%
- MIAMI: 58%
- SEATTLE: 55%
- BOSTON: 54%
- DALLAS: 45%
- DENVER: 45%
- HOUSTON: 45%
- PHILADELPHIA: 44%
- PHOENIX: 44%
- WASHINGTON D.C.: 40%
- CHICAGO: 38%**
- BALTIMORE: 37%
- ATLANTA: 37%

Chart: World Business Chicago Research Center Source: Federal Reserve Bank of Atlanta, Home Ownership Affordability Monitor (November 2025); retrieved January 28, 2026

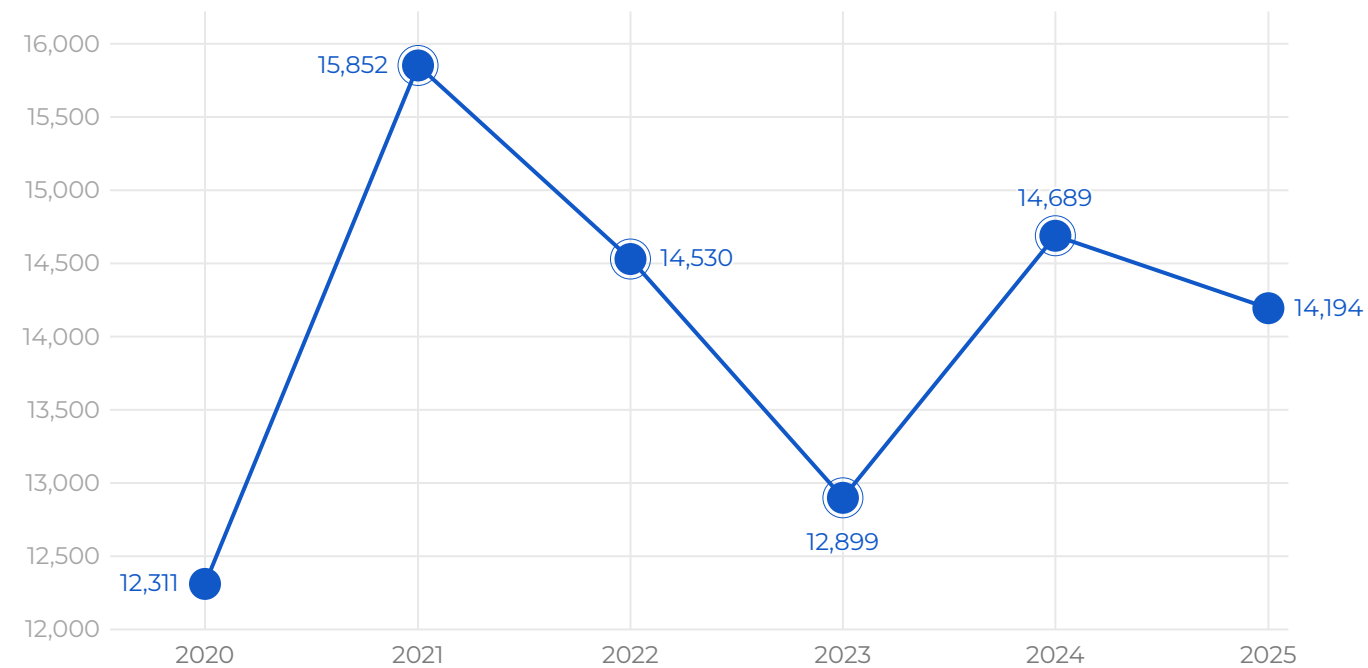
# HOUSING SUPPLY

Housing supply is a key driver of housing price pressures. National and regional estimates consistently point to an undersupply of housing relative to population growth and household formation, particularly following years of underbuilding after the Great Recession. Limited new supply has amplified the effects of strong demand and higher construction costs, placing upward pressure on both home prices and rents.

Residential building permits offer one lens into incoming housing supply. From January to October 2025, residential permit activity in the Chicago metro area totaled 14,194 units, modestly below the same period in 2024. Permit volumes since 2020 have fluctuated within a relatively narrow range, reflecting pandemic recovery, shifting demand, and broader economic conditions. The slight decline in 2025 likely reflects higher interest rates, elevated construction costs, and labor constraints rather than a sharp pullback in demand. Overall, the Chicago metro's permit activity remains steady and near historical norms, suggesting a moderate pace of housing production—one that may help stabilize conditions, but is unlikely on its own to close longer-term supply gaps or address specific affordability challenges.

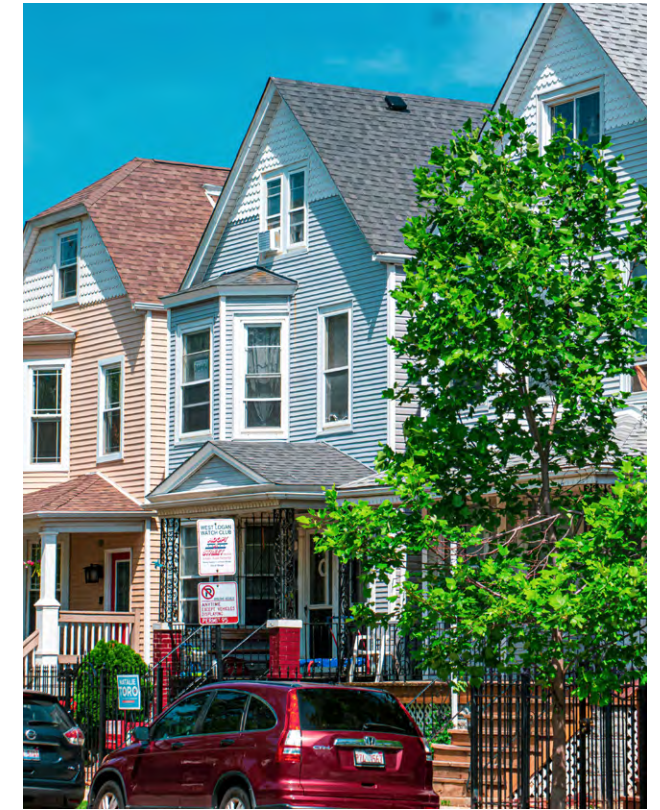
## NEW PRIVATE RESIDENTIAL BUILDING PERMITS, CHICAGO MSA

JANUARY - OCTOBER PERMIT COUNT



October 2025 is last month of available data at time of analysis; sum of building permits from January to October of each year is shown to make comparison  
 Chart: World Business Chicago Research Center Source: Census Bureau, Building Permits Survey (January 2020 - October 2025); retrieved January 28, 2026

Increasing the supply of housing is a critical issue for the continued growth of the Chicago metro area, and one that policymakers are embracing. In 2023, Chicago Mayor Brandon Johnson launched Cut the Tape to streamline permitting and reduce regulatory barriers, while also advancing a \$1.25 billion Housing and Economic Development bond to finance affordable housing and neighborhood investment—marking a shift toward more equitable, large-scale deployment of capital across the city. At the same time, Lake County's Housing Lake initiative — led by a coalition of more than 175 public, private, and civic leaders — has produced a comprehensive "Call to Action" to address a shortage of over 16,000 homes, advancing strategies to expand housing supply through policy reform, financing tools, and stronger regional coordination. At the state level, Governor JB Pritzker has paired at least \$250 million in proposed housing funding with a broader push for statewide zoning reform — including measures to allow more multi-family and "missing middle" housing, expand accessory dwelling units, and reduce local regulatory barriers—signaling a more aggressive, statewide approach to increasing housing supply.



## A LOOK AT CITY OF CHICAGO PERMITS

City of Chicago building permits hit a cyclical low in 2025. Total applications for residential and commercial projects fell to 5,543, led by a sharp drop in renovation permits (4,378 vs. 5,942 in 2024), while new construction permits held steadier at 1,165. Overall permit activity is down roughly 50% since 2019, reflecting contraction amid higher costs and tighter financing.

### NEW CONSTRUCTION AND RENOVATION BUILDING PERMIT APPLICATIONS, RESIDENTIAL AND COMMERCIAL, CITY OF CHICAGO

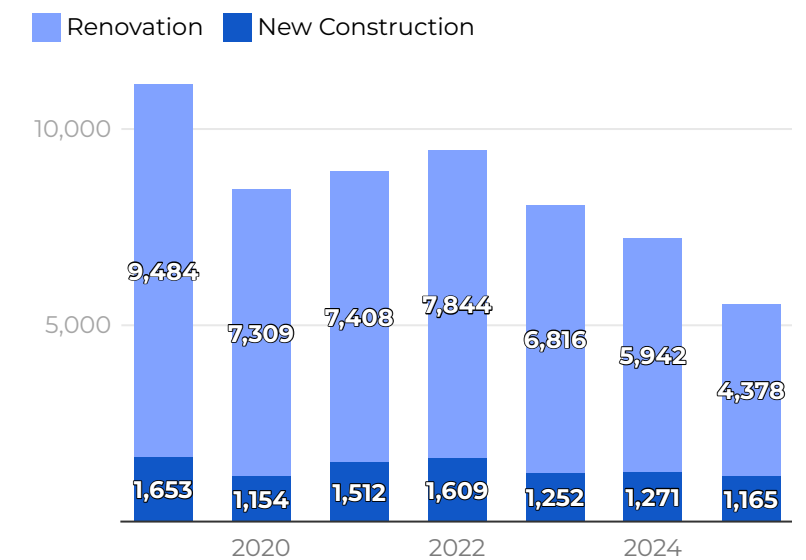


Chart: World Business Chicago Research Center Source: City of Chicago Data Portal (2019-2025); retrieved January 6, 2026

2.2% OVERALL INFLATION (AS OF DEC. 2025)

# PRICING

OVERALL INFLATION MODERATED FOR THE CHICAGO METRO IN 2025, BUT HOUSING PRICE PRESSURES PERSIST

## CONSUMER PRICE INDEX (CPI)

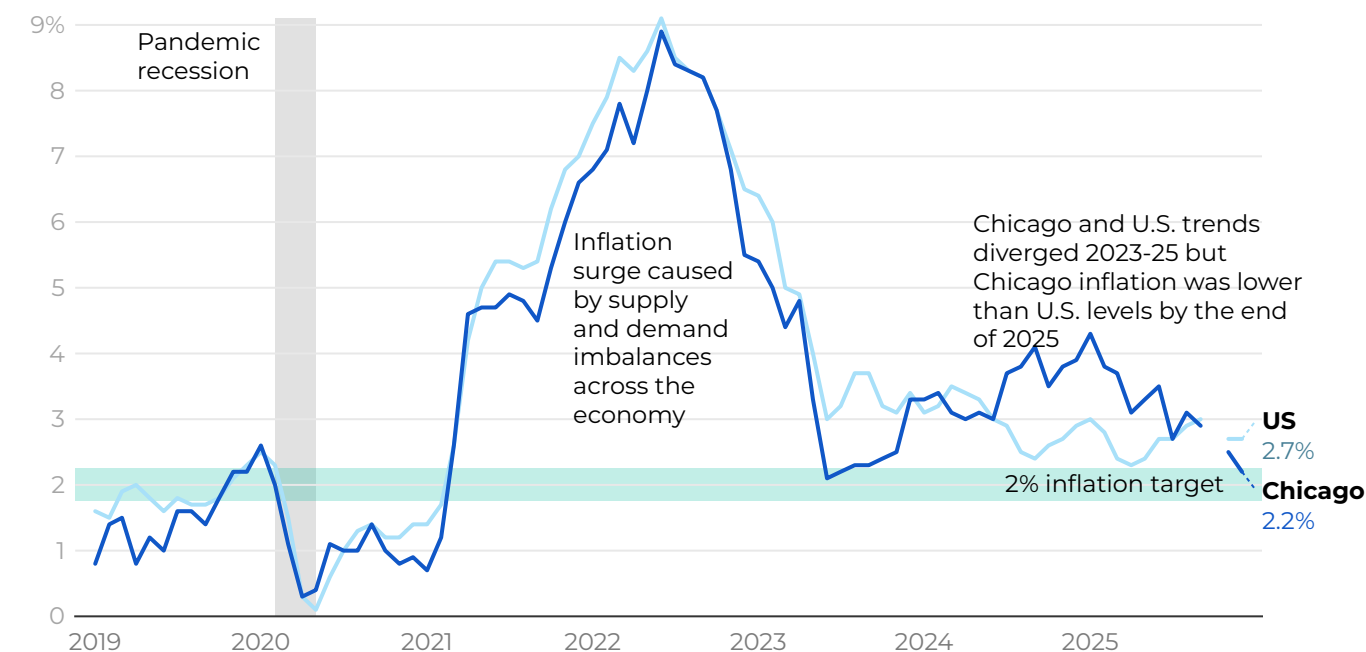
Inflation measures the rate at which prices for goods and services rise over time, shaping household purchasing power and business costs. Economists typically track inflation using price indexes. A common measure is the Consumer Price Index (CPI), which captures changes in the prices consumers pay across major spending categories such as housing, food, transportation, and energy. The Federal Reserve, which sets U.S. monetary policy, targets 2% inflation—high enough to support economic growth while keeping price increases slow and predictable.

Historically, inflation in the Chicago metro area has tracked close to the U.S. average. That pattern held during the 2021–2022 inflation surge when supply and demand imbalances elevated price pressures throughout the economy. Chicago metro inflation peaked slightly below the U.S. high of 9.1%.

As inflation began to cool, the Chicago metro experienced a faster disinflation. In early 2023, Chicago metro CPI fell rapidly—from roughly 5.4% in January to near 2.1% by midyear. That relative advantage proved temporary, however. Localized price pressures drove a renewed acceleration in late 2024, pushing Chicago metro inflation to about 4.1% by September, well above the national rate of 2.4% at that time. By the end of 2025, inflation in the Chicago metro and the U.S. had reconverged, settling at a lower—though still somewhat elevated—level.

### CONSUMER PRICE INDEX (CPI) INFLATION, U.S. & CHICAGO MSA

YEAR-OVER-YEAR PERCENT CHANGE



October 2025 data not collected by the BLS due to the 2025 lapse in appropriations. Chart: World Business Chicago Research Center  
Source: Bureau of Labor Statistics (BLS); Consumer Price Index (January 2019 - December 2025); retrieved February 5, 2026



# COST OF LIVING

Cost of living is a broader measure of affordability that can be compared across regions. Historically, the Chicago metro has offered a lower cost of living than many large U.S. metros—and still does—supporting its role as a relatively affordable region for households and employers. In recent years, however, rising prices across key categories have pushed overall living costs higher.

In 2025, Chicago's annual average Cost of Living Index (COLI) index rose to 117.6, up sharply from 103 in 2024. The increase was driven primarily by higher housing costs and rising prices for miscellaneous goods and services, which together make up more than 60% of the index. As a result, the Chicago metro ranks 9th among the 20 largest U.S. metropolitan areas by workforce size.

Despite this increase, the Chicago metro remains far more affordable than the nation's highest-cost coastal markets. Cost-of-living levels remain well below those in New York and San Francisco, where indexes exceed 160. Still, the rise in Chicago's cost of living underscores growing affordability pressures—particularly in housing and everyday services—that are a risk to the region's long-standing value proposition and warrant continued attention from policymakers and employers alike.

## SHELTER INFLATION: SOME PROGRESS IN 2025 BUT A PERSISTING ISSUE

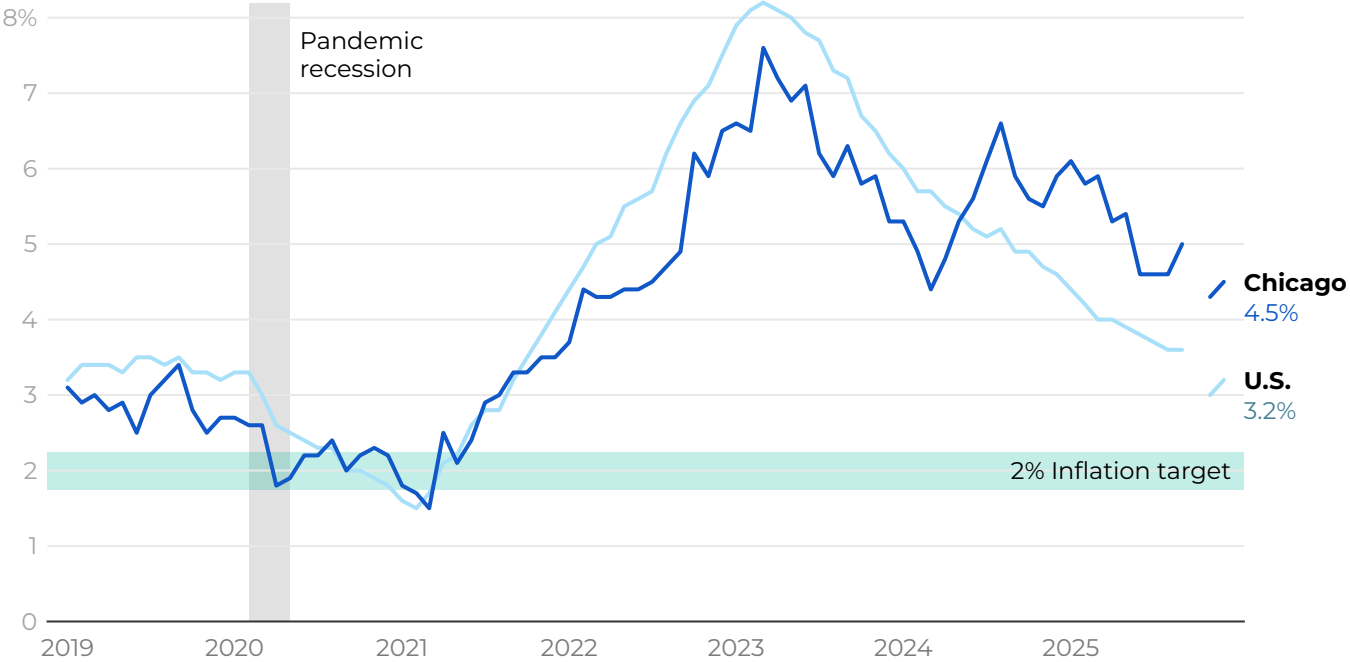
In 2025, Chicago metro inflation continued to cool overall but remained elevated largely due to persistent housing costs. Since May 2024, shelter inflation in Chicago has run above the U.S. average; although it eased over the year, it ended 2025 at 4.5%, compared with 3.2% nationally.

Outside of housing, inflationary forces were far more subdued. Other major categories provided relief: food prices rose modestly, while transportation prices reversed course and fell sharply.

Looking ahead, potential tariff changes still pose an upside risk to goods inflation, though their impact so far has been more muted than expected. Any effects would likely emerge gradually, depending on scope and pass-through to consumers.

## SHELTER CPI, U.S. & CHICAGO MSA

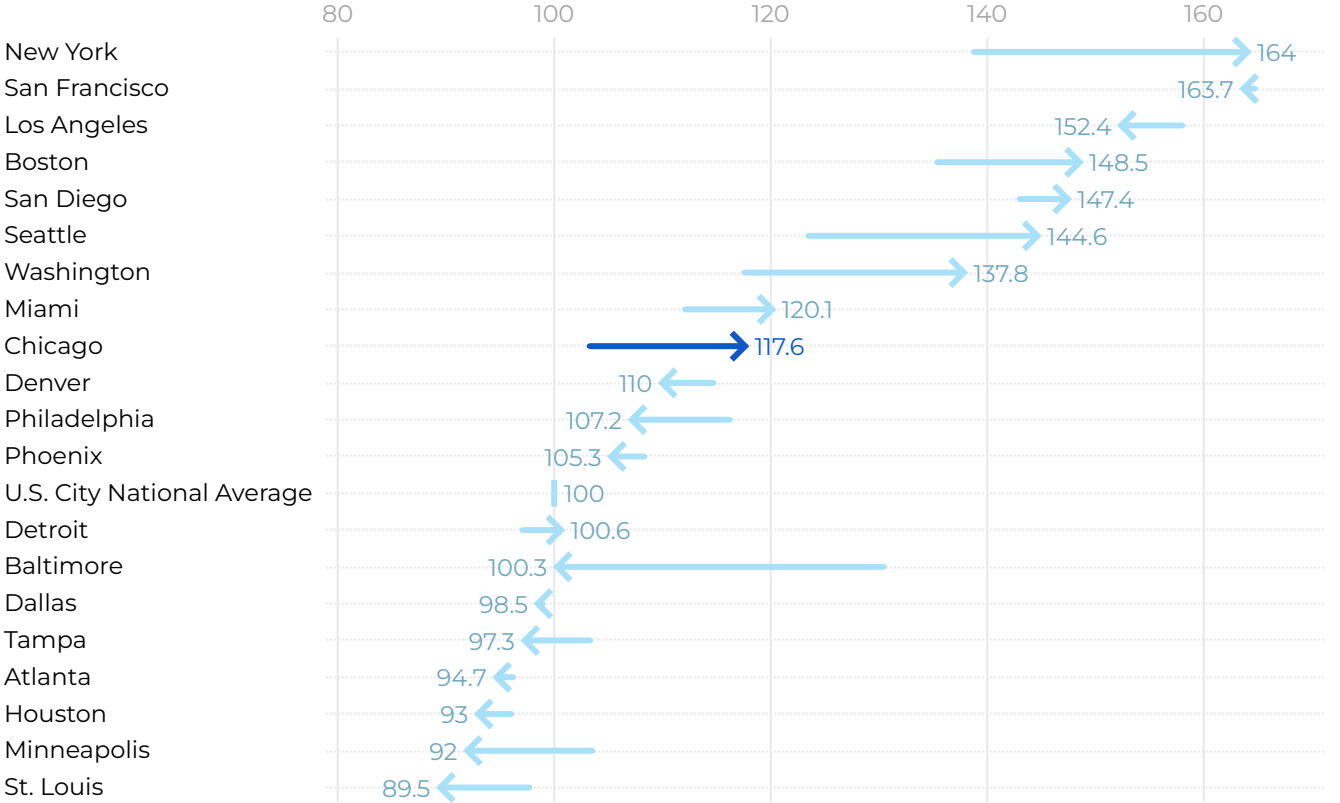
YEAR-OVER-YEAR PERCENT CHANGE



October 2025 data not collected by the BLS due to the 2025 lapse in appropriations. Chart: World Business Chicago Research Center Source: Bureau of Labor Statistics (BLS); Consumer Price Index (January 2019 - December 2025); retrieved February 5, 2026

## COST OF LIVING INDEX (COLI), CHICAGO MSA AND TOP METROS BY WORKFORCE SIZE

RANKED BY 2025 INDEX VALUE; ARROW INDICATES CHANGE FROM 2024



October 2025 data not collected by the BLS due to the 2025 lapse in appropriations. Chart: World Business Chicago Research Center Source: Bureau of Labor Statistics (BLS); Consumer Price Index (January 2019 - December 2025); retrieved February 5, 2026

# CONCLUSION

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The data in this report consistently point to a region that is not just resilient but leading. Chicagoland is the third-largest metro economy in the United States at \$925 billion in output — and it is still growing, with GRDP projected to rise 1.9% in 2025 from 2024. It has been ranked #1 in the nation for corporate relocation and expansion for 13 consecutive years. O'Hare International Airport became the nation's largest port by trade value in 2025, handling \$423 billion in goods — up 28% from 2024 and capturing nearly 8% of all U.S. trade. The region's higher education institutions produced over 151,000 program completions, ranking third nationally, with a 38% increase in certificate completions since 2020 driven by STEM and skilled trades. And in a year when company investment nationally pulled back, World Business Chicago tracked a record 223 Pro-Chicagoland Decisions bringing an estimated 19,600 jobs and \$1.7 billion in earnings — the highest annual total since tracking began. Across priority industries, life sciences output grew 6.6%, finance and insurance output grew 8.3%, and digital tech output grew 8.9%.

**These results also highlight a region that continues to evolve and invest in its future. Chicago 2050 provides a roadmap for long-term growth, and the Greater Chicagoland Economic Partnership has brought the city and seven counties together around a shared economic strategy. Businesses continue to choose the Chicago metro for both what it offers today and what it is building for tomorrow.**

## WANT TO DIG DEEPER?

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For a full explanation of how this research was conducted—including data sources, definitions, and analytical approach—scan the QR code to access the complete methodology. This section provides important context on how we define the Chicago metro (the Chicago–Naperville–Elgin MSA as designated by the U.S. Office of Management and Budget), how indicators are constructed, and how external research and datasets inform our findings. Reviewing the methodology will help you better interpret the results, compare across regions, and understand the assumptions behind the analysis.



# GCEP Statement of Collaboration



We acknowledge that our northeastern Illinois region – including Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will counties as well as the city of Chicago – is interconnected and interdependent. We believe that the region can achieve more to strengthen jobs and capital investment by working together than any one community can on its own. We know that the region’s extensive assets offer significant opportunities to provide shared prosperity across different and diverse communities. And we recognize that joint action can ensure robust, equitable economic growth by building a globally competitive ecosystem that works for everyone, with world-class transportation infrastructure, economic sectors, talent, and innovation. Wishing to enter a new era of regional cooperation, we join together to make the following commitments, with the goal of facilitating activities that better take advantage of our shared opportunities and complement our unique interests:

- As a forum for local government leadership, we will engage corporate, civic, and institutional partners to leverage our combined strengths and implement approved joint plans for the benefit of the region.
- We will enlist federal and state governments to play key roles as partners and funders of regional initiatives in coordination with existing agencies and activities.
- We will improve our inter-jurisdictional and inter-agency communication to share all information as is necessary and prudent to create efficient and effective opportunities for collaboration.
- We will develop methods and resources for deliberate action that advances the region, with an emphasis on the needs of marginalized communities and the potential to enhance our global economic competitiveness.
- We will set the highest standards of professional conduct, trust, and integrity for ourselves, our staffs, and our partners to maximize regional benefits for public expenditures.
- We will evaluate both the overall economic progress of the entire region as well as individual communities as we measure success.



CHI



## CHICAGOLAND IS SECOND TO NONE

CHICAGOLAND IS THE NATION’S TOP METRO FOR CORPORATE RELOCATION & EXPANSION.

DIVERSITY OF INDUSTRIES

AFFORDABILITY

CENTRAL LOCATION

SCALABILITY

WATER SECURITY

RESILIENCE

Chicagoland has the momentum, the scale, and the economic fundamentals that matter. Connect with World Business Chicago to see why global brands are investing here – and why your business should be next.



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