

# Spotlight: Illinois

BY IVANNA C. SUKKAR



## NUMEROUS DEVELOPMENTS ARE SHIFTING THE WINDS IN ILLINOIS, ESPECIALLY IN ITS LARGEST CITY.

Downtown Chicago's Spire skyscraper, which would be the tallest building in North America upon completion, hit financing snags that suspended construction in 2008. It's just a deep hole now, and its developers unsuccessfully sought loans to restart development this past December.

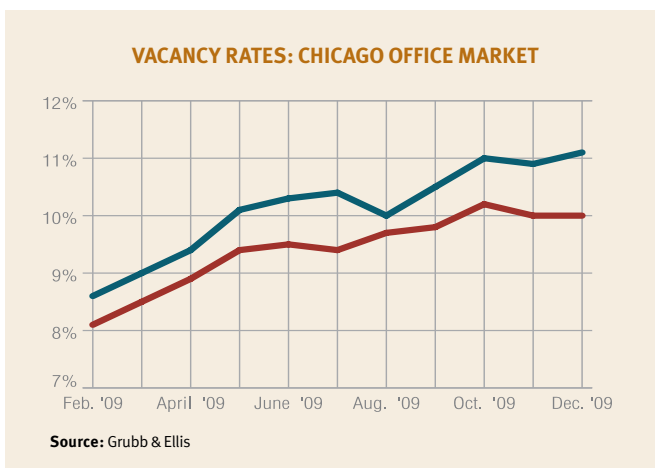
This past year also saw Chicago lose its bid for the 2016 Summer Olympics, dashing its hopes for increased tourism surrounding the games. After acquiring a 37-acre hospital campus as a potential Olympic Village, the city now is expected to seek private developers to build on the site.

Another tourism hit: Numerous associations have moved their trade shows from Chicago's primary convention center, McCormick Place, citing the city's high costs and labor rules that require convention-holders to use exclusive service-providers. This past January, Chicago Mayor Richard M. Daley and Illinois Gov. Pat Quinn announced pending legislation to reform those labor rules and retain this convention business, which is responsible for \$8 billion in economic impact and more than 65,000 jobs in the state, according to the Metropolitan Pier and Exposition Authority.

## Chicago Office Market

The Chicago area's office market saw a record-high vacancy rate of 20.3 percent in the fourth quarter of 2009, according to commercial real estate advisory firm Grubb & Ellis.

The downtown office market fared better than the suburbs, however, with numerous companies relocating to the central business district (CBD). United Airlines, for instance, is moving its headquarters to Chicago's downtown from a northwest suburb, according to Marcus & Millichap, after receiving a \$10 million tax-increment-financing subsidy from Chicago.



## No. 2 in Bank Closures

Illinois banks comprised 15 percent of total U.S. bank failures in 2009, according to Federal Deposit Insurance Corp. data. Its 21 failed banks were second-most among states, after Georgia.

Although regulators attribute the high number of bank closures in Illinois to the fact that the state has the most banks of any U.S. state — about 680, according to the Illinois Bankers Association — some of the banks invested in mortgage-backed securities a great deal. Trepp LLC found the Chicago-Naper-ville-Joliet metropolitan statistical area (MSA) to be among the top 10 MSAs with the highest commercial mortgage-backed-securities-delinquency volume as of this past January.

### Five recent Illinois bank failures:

1. **Town Community Bank & Trust**, Antioch, Ill. (Jan. 15)
2. **Independent Bankers' Bank**, Springfield, Ill. (Dec. 18, 2009)
3. **Benchmark Bank**, Aurora, Ill. (Dec. 4)
4. **Community Bank of Lemont**, Lemont, Ill. (Oct. 30)
5. **Park National Bank**, Chicago (Oct. 30)

## Unemployment Hits Manufacturing

According to the U.S. Department of Commerce, Illinois' manufacturing productivity ranked fifth in the country in 2006. This past year, however, the state's manufacturing sector saw its steepest employment decline in 98 years, according to Manufacturers' News Inc. From November 2008 to this past November, the state lost more than 700 manufacturers and almost 52,000 industrial jobs — a 5.7-percent year-to-year decline.



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## 3 Cities to Watch



**Rockford:** This past November, Rockford — which has the state's second-largest industrial workforce — had the fifth-highest unemployment rate among Illinois cities, at 17.1 percent. It also is home to UPS Inc.'s second-largest U.S. hub. This past December, the state announced a \$24 million incentive package for the shipping company to help keep about 3,000 jobs in Rockford and Hodgkins, Ill.



**Peoria:** In April 2009, voters here approved a sales-tax increase that could aid developments to revamp the city's downtown. The city has purchased a two-block site on the riverfront to develop. According to Peoria County's assistant to the county administrator, a museum group and the business community seek private funding to fill the project's financing gap.



**LaSalle:** This central Illinois town could benefit directly from federal American Recovery and Reinvestment Act grants provided to help the state's green-jobs training. LaSalle could witness construction of as many as 600 wind turbines, according to *The People's World*. This past December, the Illinois Commerce Commission also agreed to seek proposals for long-term wind-power contracts.



### What the Locals Say

"Chicago is still the hub of the country — it's a transportation hub, and it's a people hub. When the economy at large improves, you will see improvement in Illinois."

— BIFF RUTTENBERG,  
PRINCIPAL, ATLAS PARTNERS LLC

**Sources:** *Chicago Sun-Times*, *Chicago Tribune*, *Crain's Chicago Business*, Federal Deposit Insurance Corp., Grubb & Ellis, Illinois Department of Employment Security, Illinois Bankers Association, Illinois Workforce Info Center, Manufacturers' News Inc., Marcus & Millichap, Metropolitan Pier and Exposition Authority, *The People's World*, REJournals.com, state of Illinois, Trepp LLC, U.S. Census Bureau, U.S. Department of Commerce, U.S. Department of Labor