



November 27, 2018

Dear Members, Colleagues and Friends of BOMA/Chicago:

Our city continues to be one of the most appealing in the world, which should come as no surprise to any of us. Yet this is especially true for businesses that call Chicago home – or would like to one day.

After all, there are already more than 291,000 companies here with more on the way. We know that Chicago offers world-class transit and culture, which has resulted in a rich talent pool. Most of us have used our extensive and easily accessible transit system to travel throughout Chicagoland and access our two international airports. Plus, we've likely met a graduate of one of our top-notch universities that have helped cultivate talented professionals.

These are all compelling dynamics that elevate our city. But do we really know the specific reasons why businesses are drawn to Chicago? And what are some of the challenges facing our city that must be fixed to ensure Chicago remains an exceptional corporate destination?

That's exactly what we sought to uncover in greater detail with the latest report of our [Economic Impact Series, \*Why Chicago?\*](#) With the help of our partner, JLL Research, we collected qualitative and quantitative data and feedback from 37 companies through surveys, phone conversations and in-person discussions to discover trends driving businesses to Chicago.

### ***So, why Chicago?***

It's the question that spurred our research. Why are businesses delivering a resounding 'yes' to Chicago? Turns out, there are many reasons, but a few stood out among the rest.

Overwhelmingly, the most important consideration for companies when deciding whether to choose Chicago was talent.

With national unemployment rates of 4 percent, coupled with the fact that Chicago is the nation's best-educated big city, this is not shocking. However, what is surprising is the margin between talent and other choices. More than 60 percent cited talent as the leading factor. It beat out access to customers (15 percent); costs like build-outs and property taxes (12 percent); and branding and the ability to boost visibility and image (5 percent).

To keep this momentum going and continue to draw more companies to Chicago, we can't lose sight of the challenges facing the city that are often barriers to entry. However, we can further examine what's effectively drawing businesses to Chicago and figure out how we can amplify those attributes.

### ***Tech is where it's at***

Drilling down talent even further, we found that acquiring talent within the tech industry is of the utmost importance and has the greatest impact.

Tech is currently the fastest growing sector of our local economy. Part of this is due to having the lowest wages among the top cities for tech employment. For example, operating a tech office in

Chicago as opposed to Silicon Valley can save a company more than \$46,000 per employee, per year. Combined with the relative low cost of living, this is a huge advantage for businesses.

As a result, Chicago ranks as one of the leading tech innovation hubs in the world by KPMG, and it's been named the top future worldwide tech hot spot by Modis, a global IT and engineering firm.

### ***Culture is key***

One of the biggest appeals of Chicago for attracting talent – particularly young professionals – is its culture.

Across all neighborhoods, Chicago has a wealth of culture and entertainment, with its world-renowned restaurants, thriving music and theatre scenes, and other cultural experiences, there is no shortage of things to do in the city. These are especially important among millennials, who are widely known for preferring experiences over goods.

In fact, more young, educated professionals are choosing to move downtown over the suburbs in Chicago than any other city in the U.S. The Central Business District (CBD) is growing faster than previous years as a result. Right now, 79 percent of CBD residents have a bachelor's degree or higher, which is 30 percent above the national average. The presence of young, educated millennials living in Chicago's downtown has grown 15.3 percent in recent years.

### ***The place to be right now (and later on)***

With more young professionals and businesses coming into the city, where are they all going? The good news is there isn't only one hot spot. In reality, several up-and-coming areas are rapidly growing.

- *Primed for more growth* – Fulton Market has seen 36.6 percent population growth since 2010, more than any other location in the Central Business District. Meanwhile, River North experienced an increase of 14.8 percent. Collectively, the Central Loop and East Loop have seen a 14 percent rise, and the South Loop has grown by 11.8 percent.
- *Highest productivity* – Nearly 46 percent of respondents named the West Loop as the most productive submarket for business.
- *Future prosperity* – About 58 percent of respondents identified the West Loop as the most interesting submarket for the future, followed by River North (46 percent) and Fulton Market (34.6 percent).

Whether for client meetings or daily commutes, the ability to connect neighborhoods is important to businesses considering Chicago. Close proximity to airports also adds to the ease of business travel for employees. Fortunately, Chicago is performing well in both areas.

### ***Getting from here to there***

Chicagoans benefit from having two international airports: O'Hare and Midway. Together, these provided more than 1.1 million total flights in 2017. Both are easily accessible with 50-minute average driving times and an average of 40 minutes on public transit from downtown – outperforming both New York and Los Angeles.

Even though Chicago ranks better than national average on the American Society of Civil Engineers' Infrastructure Report Card, more needs to be done. Thankfully, it is.

There is good news on the horizon for Chicago's transportation infrastructure, including:

- Massive expansion for O'Hare coming soon
- Express train from downtown to O'Hare in 12 minutes proposed (versus current 45-50 minutes)
- Potential for more than \$1 billion investment for Union Station and commuter rail improvements

***That's great. But where can we improve?***

Without question, Chicago outperforms in many areas. However, we'd be naïve not to recognize there are several concerns and areas for improvement needed in the eyes of businesses.

- *Dysfunctional politics* — Chicago and Illinois both have a history of political discord, resulting in a polarized environment that has driven a wedge between elected officials and disrupted compromise needed to pass fiscally-sound budgets. Compounding this situation, Illinois has more units of government than any other state with nearly 7,000 governmental organizations, resulting in duplicative and overlapping mandates.
- *Violent crime* – We have the unfortunate national reputation as a city filled with violent crime. However, overall crime in Chicago has lessened over the last 20 years, despite an uptick in recent years. Violent crime is concentrated in certain areas of the city with the Central Business District experiencing one-third or less crime than parts of the south and west sides.
- *High taxes* – Chicago and Illinois have historically been challenged by budget shortfalls and rising expenses. Truth in Accounting (TIA) ranks Chicago's fiscal health 74<sup>th</sup> out of 75 of the most populous cities, earning it an "F" on TIA's grading scale. Chicago has a long-term debt of \$40.5 billion, which equates to \$45,200 for every Chicago taxpayer, mostly due to pension obligations. To make matters worse, Illinois has a \$216.1 billion shortfall, equivalent to \$50,800 in individual taxpayer burden.

These are all very serious challenges that are weighed heavily by companies considering Chicago as a site location. At present, many feel that the pros outweigh the cons, as shown by Chicago's strong economy. However, these issues must be addressed.

As Chicagoans, we are all in this together as we work toward solutions. Throughout our history, BOMA/Chicago has been an unwavering advocate for the commercial real estate industry. We will continue down this path and will work closely with our elected and appointed officials to make this city an even better home for businesses and residents alike.

Of course, you're encouraged to get involved too. For us to be effective advocates, we also look to our membership to make your voices heard and to support our calls to action when the need arises.

I invite you to [download the full report](#).

Thank you to our Board of Directors, Communications Committee and JLL for their continued guidance and support in developing this series.

Sincerely,



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