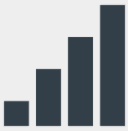
Chicago, IL

Headlines

- Nonfarm employment growth in the Chicago Metropolitan Division (MD) has been uneven thus far in 2026.
- The number of unemployed has fallen month-on-month for the last three months through August, pointing to a slowly improving labor market.
- Existing home sales have increased for three consecutive months through June after falling for four months in a row.
- According to the Case-Shiller Home Price Index, single family home prices rose 6.8% from a year ago in June, more than four times U.S. growth of just 1.5%.

KEY FACTS

Population: 7.2 mil.
(ranked 4/411 MSAs)
Source: Bureau of Census; Moody's Analytics



GDP: 2.6%
(ranked 134/411 MSAs)
Source: Bureau of Economic Analysis; Moody's Analytics

Job Growth: 0.0%
(ranked 237/411 MSAs)
Source: Bureau of Labor Statistics, Moody's Analytics

HPI Growth: 6.5%
(ranked 38/411 MSAs)
Source: CoreLogic, Inc.; Moody's Analytics

"The number of homes for sale in Chicago has fallen year-on-year for 11 consecutive months through August, exerting upward pressure on home prices."

Nonfarm employment growth in the Chicago Metropolitan Division (MD) has been uneven thus far in 2026. Employment declined month-on-month for the first two months of the year, then accelerated in March and April, outperforming the U.S. average. More recently, growth has alternated between slightly positive and slightly negative with no discernible trend. Job growth in August was -0.1%, offsetting the 0.1% advance in July and below the U.S. average of 0.1%. Growth was negative in half of the sectors with the biggest drops in information (-3.1% and the third straight decline), financial activities (-0.9%) and education & healthcare (-0.6%, offsetting about half of the increase in July). Solid gains in government (+0.6%) and manufacturing (0.4%) prevented a larger decline.

Despite the monthly decrease, the year earlier growth rate ticked up to 0.2% from 0.1%. Nonetheless, the metro division has underperformed the national average for the last four months, but barely. Strong employment gains of 3.6% in government and mining, logging & construction more than offset large drops in information (-3.8%) and financial activities (-5.1%).

In spite of the small drop in nonfarm payrolls in August, the unemployment rate held steady at 5.1% after printing at 5.2% in April, May and June. **The number of unemployed has fallen month-on-month for the last three months through August, pointing to a slowly improving labor market.** Nonetheless, the jobless rate in August was above the statewide average of 4.7% and the national average of 4.1% and has been above the U.S. rate for nine months in a row.

The recent decrease in the number of unemployed has supported income growth. Nominal average hourly earnings growth accelerated to 3.6% year-on-year in August, above the U.S. average of 3.1% but well shy of the statewide average of 4.8%. Furthermore, annual growth has averaged 3.4% thus far in 2026 through August, on par with the national pace and in line with inflation as measured by the headline consumer price index. A further acceleration in income growth could boost consumer spending in the near term.

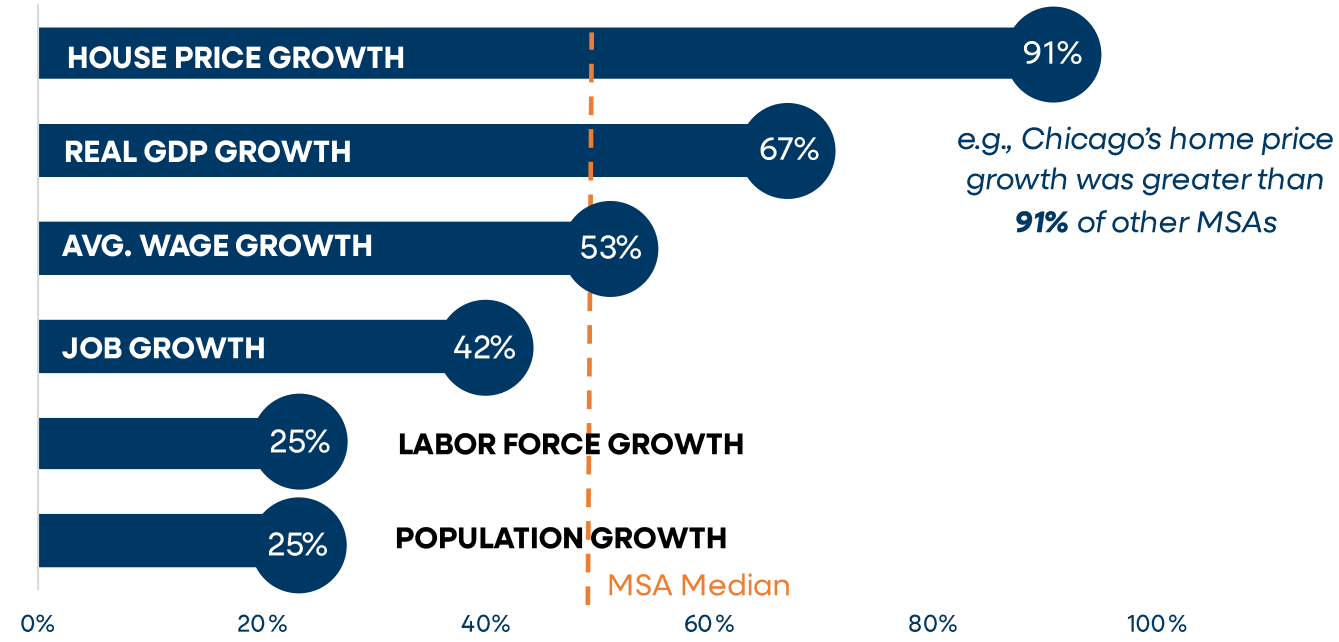
The Chicago MD residential market is showing tentative signs of rebounding. **Existing home sales have increased for three consecutive months through June after falling for four months in a row**. Despite the rebound, home sales are down roughly 25% from pre-pandemic levels compared to around 22% nationally. The recent uptick in home sales lifted the year earlier growth rate into positive territory in June for the first time since December 2025.

Home price growth in Chicago continues to outpace the national average. **According to the Case-Shiller Home Price Index, single family home prices rose 6.8% from a year ago in June, more than four times U.S. growth of just 1.5%.** That is the fourth consecutive month of annual home price gains of over 6% and marks the forty-fourth straight month in which growth has topped the national average. The continued rise in home prices in Chicago pushed growth from February 2020 to nearly 62%, above the U.S. average of roughly 54%. The main reason home prices continue to rise is the lack of inventory for sale. The number of homes for sale in Chicago has fallen year-on-year for 11 consecutive months through August, exerting upward pressure on home prices. Continued home price appreciation could contribute to near term consumer spending growth via the wealth effect.

The Chicago MD economy is expected to underperform the U.S. in the short run. While manufacturing and logistics are expected to perform relatively well, weakness in financial services and professional services will more than offset the positive contributions from those two sectors. Longer term, a declining population, and weak public finances will limit Chicago's growth prospects.

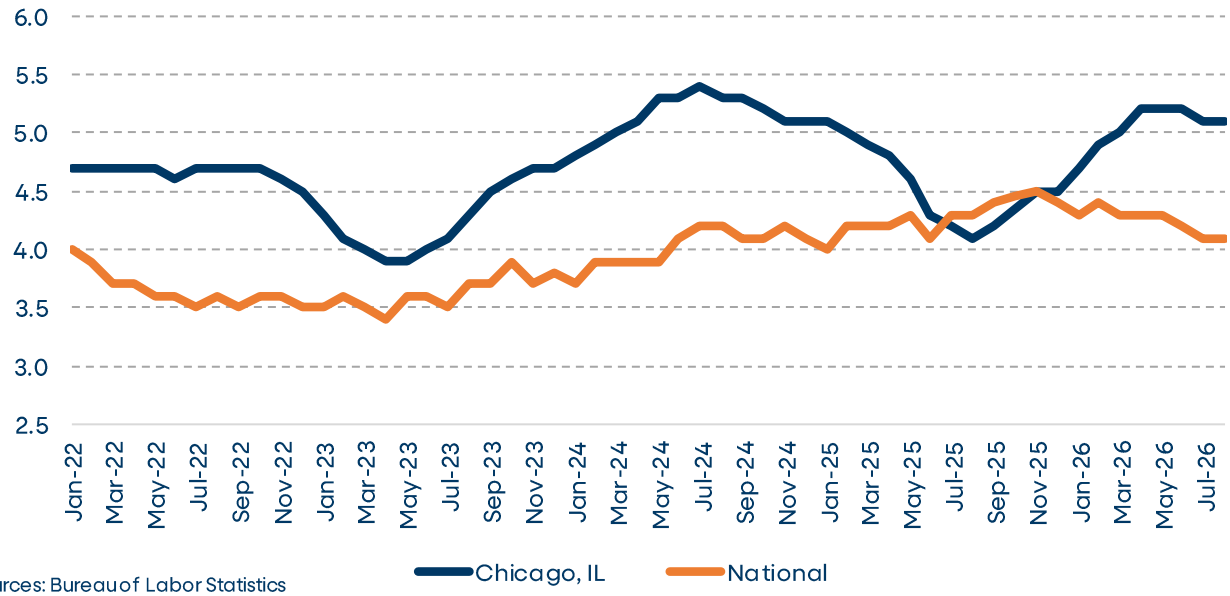
Key Charts and Figures

Figure 1: Key Metric Percentiles – Chicago, IL vs. the Rest of the Country



Sources: Bureau of Economic Analysis; Moody's; Bureau of Labor Statistics; CoreLogic, Inc.; U.S. Census Bureau

Figure 2: Unemployment Rate: Chicago, IL vs. National Average*



Sources: Bureau of Labor Statistics

*The October 2025 unemployment rates are an approximation. The official figures were not published due to the federal government shutdown during that month.

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