WORLD BUSINESS CHICAGO

Chicago's Competitive Advantages for Business

North America's Global Corporate Hub

March 2015
ICNC Presentation

WORLD BUSINESS CHICAGO

DRIVING SUCCESS

IN NORTH AMERICA'S GLOBAL BUSINESS CENTER

Mission

- Drive economic growth & jobs
- Raise Chicago's position as a premier global business destination
- Advance a business-friendly environment
- Attract world-class talent

Supported by leading-edge:

- Market research & economic analysis
- Marketing & public relations

WBC Board of Directors

World Business Chicago

Mayor Rahm Emanuel, Chairman
City of Chicago

Michael Sacks, Vice Chairman
CEO, GCM Grosvenor

World Business Chicago is Your Partner in Corporate Site Selection & Relocations

- We help companies **navigate the relocation and expansion process**, working in partnership with real estate & site selection teams
- A public/private partnership, WBC serves as a **conduit to the business and civic communities**
- By uniting all the necessary parties, we **demonstrate that Chicago is the ultimate global business destination**
- WBC assures that **companies get the services and guidance needed** to make informed location decisions, your Chicago liaison from start-to-finish…
  - WBC provides presentation/pitch materials outlining **Chicago's Competitive Advantages for Business, customized for each company's industry**/talent needs
  - Advise on incentives eligibility & **liaison to government agencies across all levels**: City, County, and State
  - Implement the **Plan for Economic Growth and Jobs** and oversee Chicago's 28 **Sister City** relationships

Largest Centralized Metro in the U.S.

Abundant Talent Pipeline in One of the World's Largest Economies

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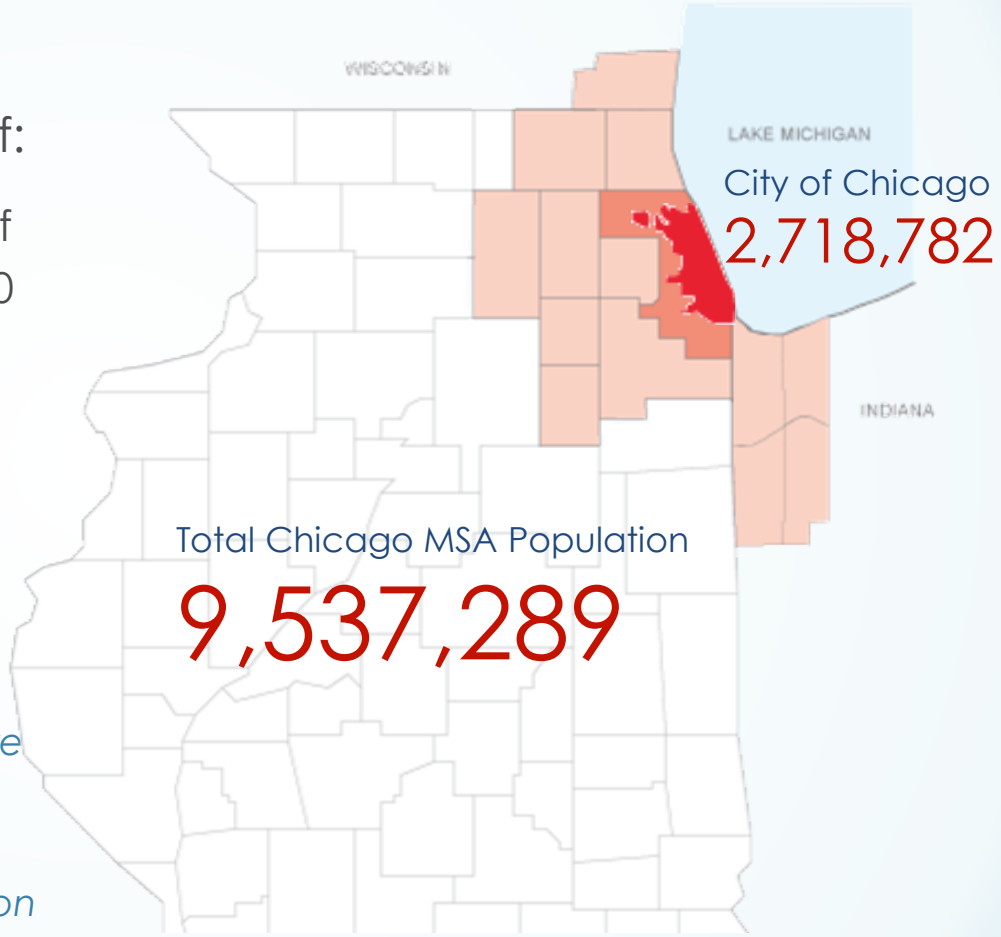
Chicago is the heart of a major metropolitan area comprised of:

- **9.5 million residents**, a growth of 4% (+380,000 people) since 2000
- $549 billion annual gross regional product
- **4.4 million employees**

The central city/Chicago is home to 2.7 million residents and 1.4 million employees, a concentration of whom are young and college educated – a major selling point for companies looking to attract the best and brightest in the region



Source: Moody's Analytics (2013), Illinois Department of Employment Security (2013), Census (2000; Jul-2013 population estimates)

Why Chicago?

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- Chicago has **one of the world's largest and most diversified economies** with **$549 billion** in annual GRP, and a **tremendous talent pipeline** including150 higher ed. institutions **graduating 145,000 people every year**

- Home to more than **400 major corporate headquarters** including 30 Fortune 500 HQs, 300 corporate R&D facilities, two of the top universities in the world, and ranked **#2 in North America as International HQs Destination**

- Chicago is a **global transportation hub**, the **#1 best-connected airport in the U.S.**, with non-stop flights to 200+ worldwide destinations carrying 87 million passengers annually; 546 million public transit passengers; and $188 billion of imports and exports

- Chicago offers a **phenomenal quality of life** with hundreds of **world-renowned cultural institutions** in an architecturally stunning, creative, vibrant and truly global city

A Business-Friendly City

Mayor Rahm Emanuel is focused on making Chicago the most business-friendly city in the nation

•**Announced more than 29,000 new jobs from 130 companies** – including 31 headquarters – since the beginning of mid-2011

•**Streamlining business creation, licensing and permitting processes**

•Over $400 million in recurring spending cuts to **get the City's budget in order** without any increase in broad based taxes

•**Better transportation, logistics, infrastructure & educational systems** to maximize Chicago's central location.

- Enhance City Colleges system to provide better job training
- Install 25 miles of protected bicycle lanes to encourage riding to work

•**New levels of open data** provide for an efficient, transparent government that makes Chicago a great place to live, work, and grow a business

Chicago is among the world's 10 most competitive cities for business.

- The Economist Intelligence Unit

A City With A Strategic Plan to Grow Chicago's Economy and Jobs: 10 Transformative Strategies

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1. Drive efforts to grow as an **advanced manufacturing** hub

2. Focused efforts to attract **headquarters** and leadership in **business services**

3. Increase competitiveness as the nations leading **transportation and logistics** hub

4. Make Chicago a premier destination for **tourism and entertainment**

5. Expand Chicago's **exports** base

6. Create demand-driven and targeted **workforce development**

7. Support **innovation and entrepreneurship** in emerging and mature sectors

8. Invest to create next-generation **infrastructure**

9. Develop and deploy assets in **neighborhoods** to align with regional economic growth

10. Create a **business environment** in which companies can flourish

An Economic Powerhouse

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Global Economic Powerhouse

#1 Metro for New & Expanding Companies

– *Site Selection magazine, 2014*

Among the top 10 *Cities of Opportunity*

– *PwC, 2014*

Among the top 10 *Global Cities* of today

– *A.T. Kearney, 2014*

Top 10 Economic Development Group

– *Site Selection magazine, 2014*

Among the top 10 global business hotspots of 2025

– *The Economist Intelligence Unit, 2013*

4th **most economically powerful city** in the world

– *Global Economic Power Index, R. Florida and Martin Prosperity Institute, 2011*

2nd **most powerful global city** in the United States

– The Atlantic compilation of global city rankings from *The Economist, A.T. Kearney, McKinsey, Global Financial Centres Index, 2012*

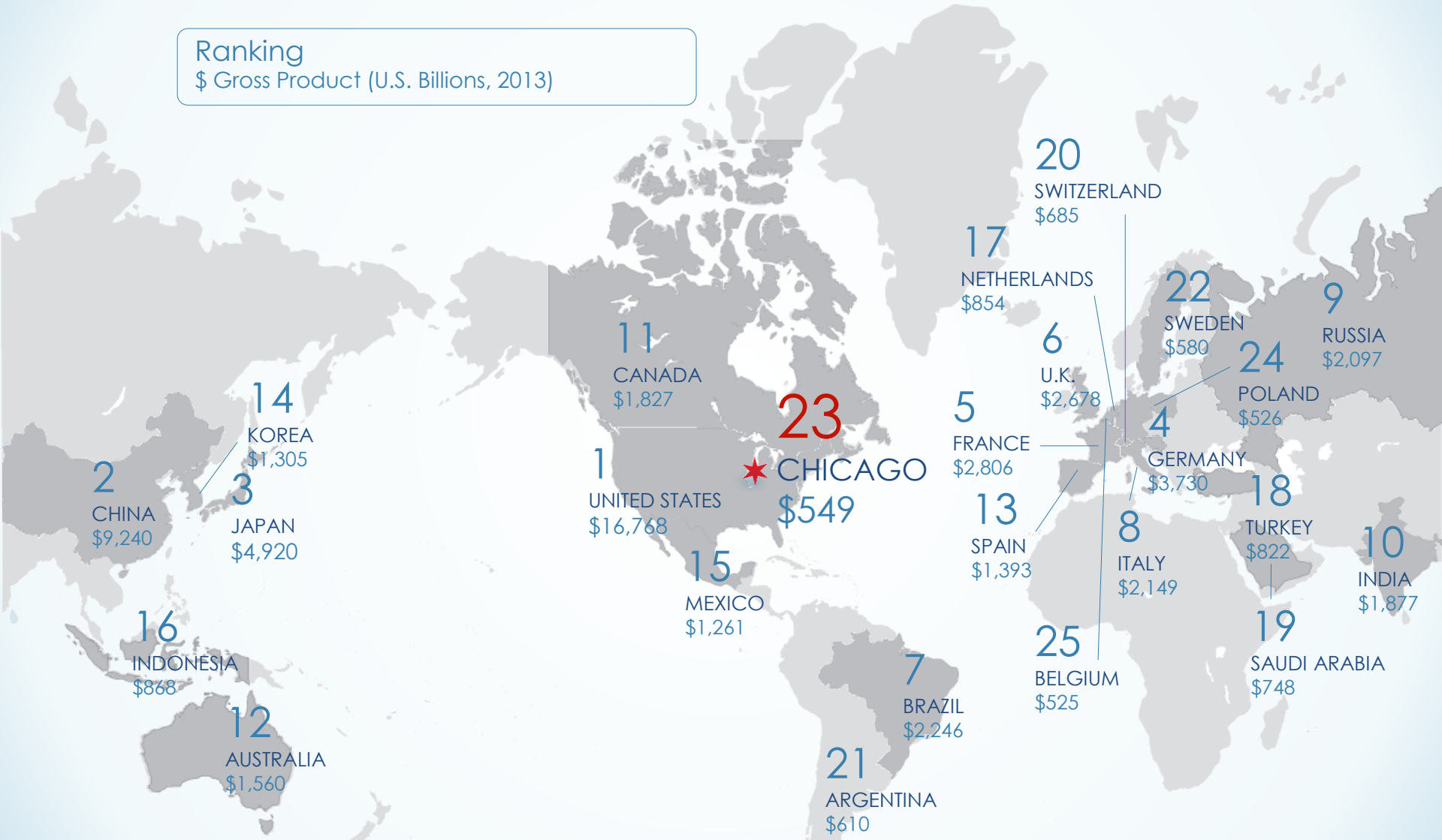
4th **best foreign direct investment strategy** among 422 major North/South American *Cities of the Future*, surpassing all US cities

– *fDi Intelligence, 2013/14*

"America's Best Downtown…"

- Forbes, 2011

$549B Economy Rivals Nations



Source: World Bank (2013), Moody's Analytics (2013), WBC (1/27/15)

Chicago's Key Industries

Ranked **Top 5** among 350+ metro areas nationwide for GRP/Output in…

Business & Professional Services

766,400 employees; $86 billion GRP

Financial Services

289,200 employees; $127 billion GRP

Manufacturing

409,900 employees; $73 billion GRP

Transportation & Warehousing

188,900 employees; $20 billion GRP

Health Services

539,400 employees; $38 billion GRP

Source: Moody's Analytics (2013), WBC (8/8/14)

Innovation Hub

- 275 digital startups launched every year on average for the last three years
- $3+ billion in venture capital invested in Chicago area startups over the past 5 years
- 1871 is one of the top 10 business Incubators in the world
- 1,700 patents issued by inventors in the city of Chicago last year
- 300 corporate R&D facilities
- 96 Nobel Prize winners
- Startup successes include Careerbuilder, Groupon, GrubHub, Morningstar, Orbitz
- $1.67 billion in annual R&D expenditures at Chicago colleges and universities

"Chicago's startup scene is on fire"

- Forbes, 2013

Source: Built In Chicago (2014), Dow Jones VentureSource (2014), UBI Index (2014), U.S. Patent and Trademark Office (2014), MNI (2013), National Science Foundation (2014), WBC (4/4/14)

Global Connectivity

Chicago Provides Best Access to the World

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Best-Connected Airport in U.S.

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Only "dual-hub" airport system in North America – handling **1,400+ daily departures** and over **90 million passengers annually**

Non-stop service to more than **200** domestic and international **destinations**

Source: Chicago Department of Aviation (2014), WBC (4/4/14); MIT International Center for Air Transportation (2013)

Easy Coast-to-Coast Access

Within a 4-hour flight of all major North American destinations – 142 non-stop & direct domestic routes

An International Business Destination

- Top 10 Global Destination City
- Home to 1,800 foreign-based companies— $100 billion in foreign direct investment
- Robust international business resources including:
  - More than 80 Consulates/Consuls General
  - 100+ international/ethnic Chambers of Commerce and international trade-based organizations
  - 28 international sister cities

Source: IBM Global Business Services (2013), D&B/NETS (2013), U.S. Department of Commerce Bureau of Economic Analysis, Brookings Institution (2014), WBC (10/2/14)

Major International Companies

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Total Foreign Direct Investment employment is 223,500 *(equals 5% of metro)*

OFII: 12.2% of US jobs, 14% of IL jobs 'supported' by FDI

FOREIGN-OWNED BUSINESS PRESENCE IN THE CHICAGO AREA :

COUNTRY	COMPANIES
Japan	350
U.K.	300
Germany	250
Canada	200
France	100
Switzerland	100
Italy	75
Netherlands	60

Takeda — *Japan*

bp — *UK*

SIEMENS — *Germany*

BMO — *Canada*

Alcatel·Lucent — *France*

ZURICH — *Switzerland*

FIAT INDUSTRIAL — *Italy*

Wolters Kluwer — *Netherlands*

2013 Illinois Exports to UK: $1.58 billion; Imports, $1.84 billion

Source: US Commerce Department Bureau of Economic Analysis; Organization for International Investment; Brookings Institution

International Trade Partners

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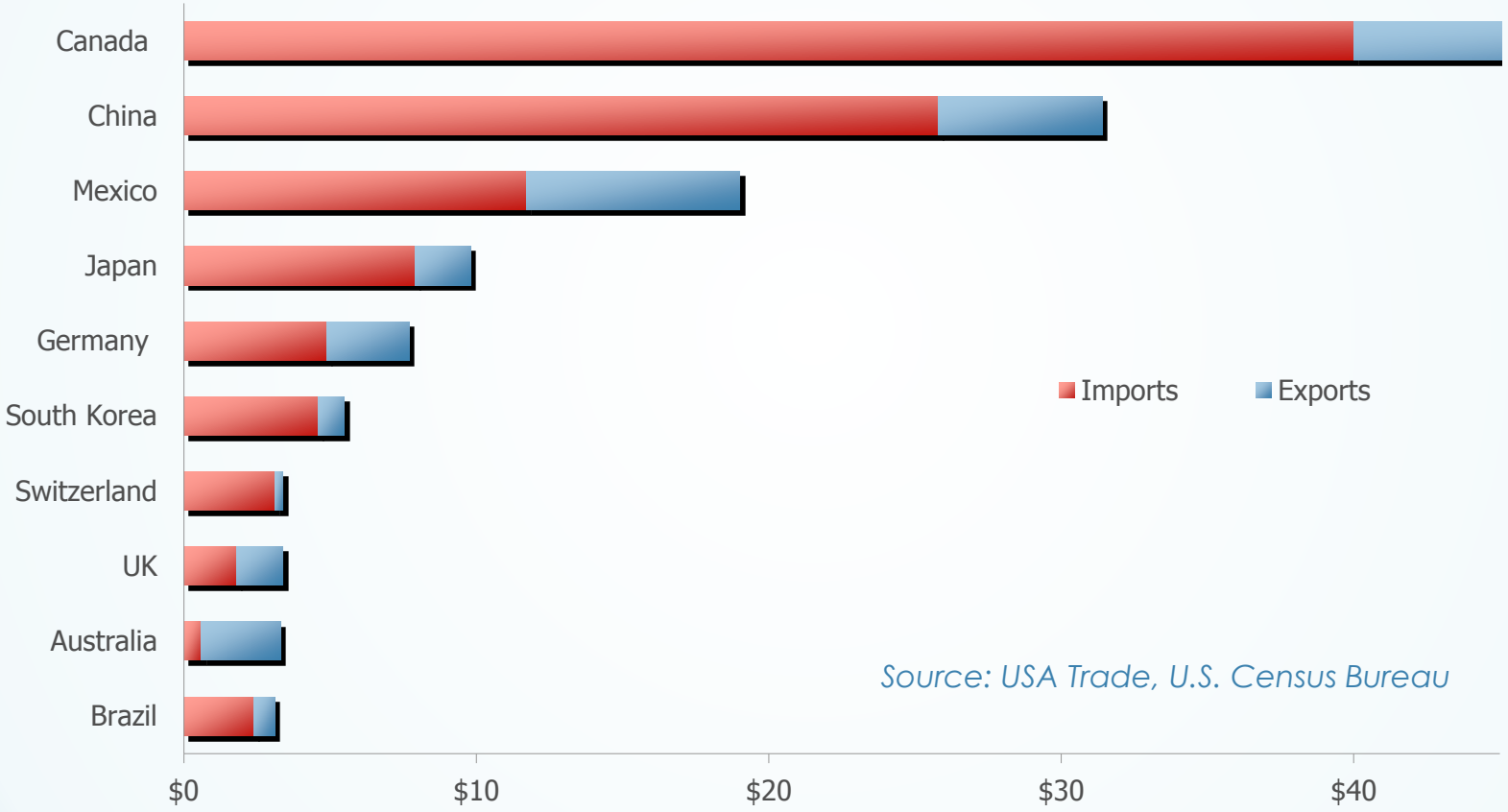
State of Illinois – 2013 Trade



Source: USA Trade, U.S. Census Bureau

Exports & Imports - $US (Billions); 55% of Canadian trade is in oil and related products

A City of Headquarters

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Corporate Headquarters Hub

- More than 400 major corporate headquarters *(with at least 1,000+ employees)*
- 29 S&P 500 companies
- 30 Fortune 500 HQs including 8 in the City
- 16 FT Global 500 HQs

Source: Hoover's (2013), Fortune (2013), Financial Times (2013), WBC (12/19/13)

Manufacturing Headquarters Hub

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- More than 200 major manufacturing headquarters *(with at least 1,000+ employees)*
- 413,800 metro manufacturing employees
- $68 billion metro manufacturing GRP

Source: Hoover's (2014)

Chicago's Brand New $320 million *Digital Manufacturing and Design Innovation Institute*

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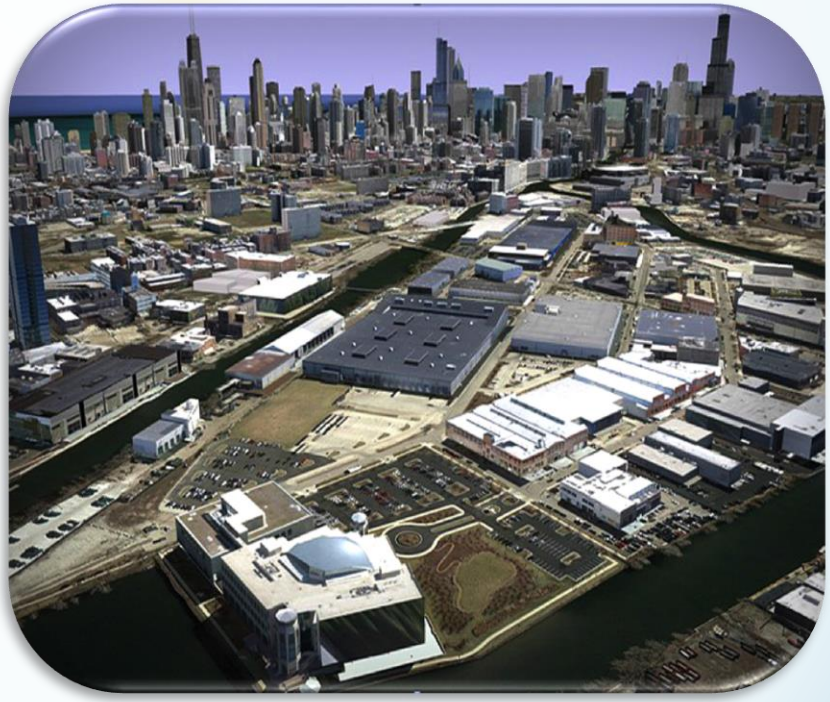
President Obama announced $70 million grant from U.S. Dept. of Defense

Announced in February 2014, the DMDII will be HQ'd in Chicago and connected to a network of manufacturing research sites across the United States.

As a pillar of President Obama's investment in U.S. Manufacturing, **the DMDII will be the nation's flagship research institute in digital manufacturing and design innovation and a world-class, first-of-its kind manufacturing hub** with the capabilities, innovation, and collaboration necessary to transform American manufacturing.

The hub will apply cutting edge mobile, cloud, and high-performance computing technologies to the manufacturing challenges of today's manufacturing industry.

DIGITAL LAB FOR MANUFACTURING



The DMDII site: "Goose Island" industrial corridor, in close proximity to Chicago's central business district .

Surging City Center

Chicago's Vibrant Central Business District

- Added more residents than any other urban core in America, 2000-2010
- Added jobs at nearly twice the national rate in 2013
- +22% increase in commercial lease activity downtown, and the Central Loop outperformed all other Chicago submarkets in terms of net absorption and reduction in direct vacancy at the end of 2012
- **217 major business expansions in the City of Chicago in 2013** comprising well over 4.6 million square feet of added space, 21,000 new jobs and $3.0 billion in investment

"It really comes down to where talent is looking to be"

– Logan LaHive, CEO, Belly Inc.

Source: U.S. Census Bureau, MBRE, World Business Chicago

Strong Corporate Migration Trend to Chicago

Why? 1) Gain Centralized Access to Talent in the City's CBD, and
2) Join Downtown Chicago's Vibrant Business Community, the Economic Engine for the Region

ADM HQs – 100 jobs

Allscripts - 300 jobs

Coeur Mining HQs - 120 jobs

Coyote Logistics HQs - 1000 jobs

GE Capital – 1000 jobs

GE Transportation HQs – 150 jobs

Google/Motorola Mobility - 2200 jobs

Grainger Ecommerce - 300 jobs

Hillshire Brands/Sara Lee HQs - 500 jobs

JMC Steel HQs – 100 jobs

Lagunitas – 100 jobs

Medline IT Division – 50 jobs

Merge Healthcare – 200 jobs

McGladrey HQs – 300 jobs

Motorola Solutions N.A. HQs - 200 jobs

Nokia / NAVTEQ - 1200 jobs

Sagence HQs - 245 jobs

SalesForce - 600 jobs

Silliker N.A. HQs - 100 jobs

ThyssenKrupp N.A. HQs - 100 jobs

United Continental Airlines - 3500 jobs

University HealthSystem Consortium

Veolia N.A. HQs

Walgreens Ecommerce - 600 jobs

"I see it as a way to… attract and retain the best and the brightest in this space"
- Sona Chawla, Walgreens' President E-Commerce upon relocating into Chicago Loop

A Few Recent Company Wins for Chicago

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Cost of Doing Business

Chicago is an Affordable Global City for Companies

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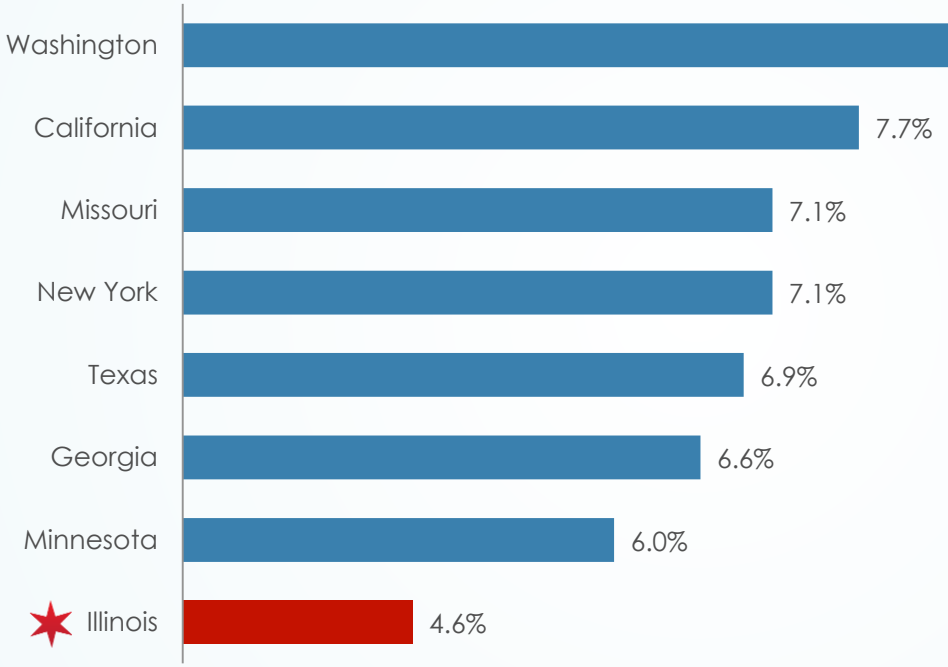
Overall Effective Business Tax Rate



Only 3 Cities in the United States Are Consistently Ranked "Global Cities" based on the Global Depth and Breadth of our Economies: Chicago, NYC and Los Angeles…

Of the 3 U.S. Global Cities,

Chicago provides the Lowest Cost & Best Value.

Includes income taxes, franchise taxes and sales and use taxes on business input purchases, gross receipts taxes and property taxes. Illinois' rate includes a 2.5% personal property replacement tax. Texas' income tax is technically not an income tax but based on adjusted income.

Source: Advisory Commission on Intergovernmental Relations and CCH, a Wolters Kluwer business (2011), WBC (10/3/2013)

Office Market

INTERNATIONAL CITY	OFFICE COSTS[1]
Hong Kong (CBD)	$2792
London (City)	$2572
Beijing	$2042
Tokyo (Central)	$1665
Paris	$1314
New York (Midtown)	$1299
Shanghai (Pudong)	$1286
San Francisco	$1098
Washington, D.C. (CBD)	$931
Los Angeles (Suburban)	$851
Guangzhou	$806
Toronto (CBD)	$665
CHICAGO (CBD)	$530

[1] Total occupation cost per annum (USD/M2/YEAR)
Source: CB Richard Ellis, WBC, 2013-14

Easy to Join Chicago's Tightly Knit and Supportive Business Community

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The Chicago Council on Global Affairs

Chicago Loop Alliance

The Commercial Club

The Executives' Club of Chicago

JCCC

The Civic Committee

French American Chamber of Commerce

Canada-US Business Council Chicago — Your Economic & Cultural Connection

World Business Chicago

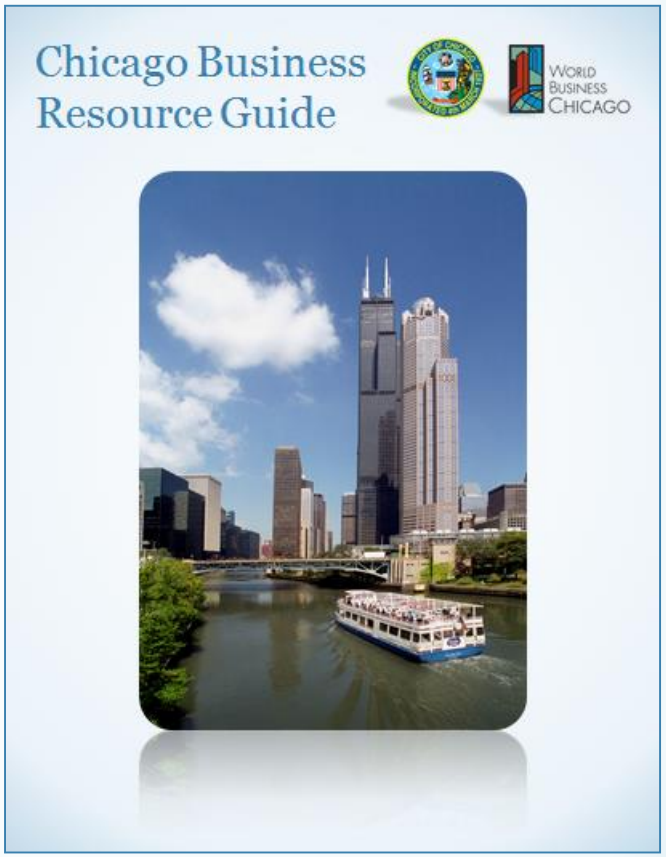
babc British-American Business Council

ECC The Economic Club of Chicago

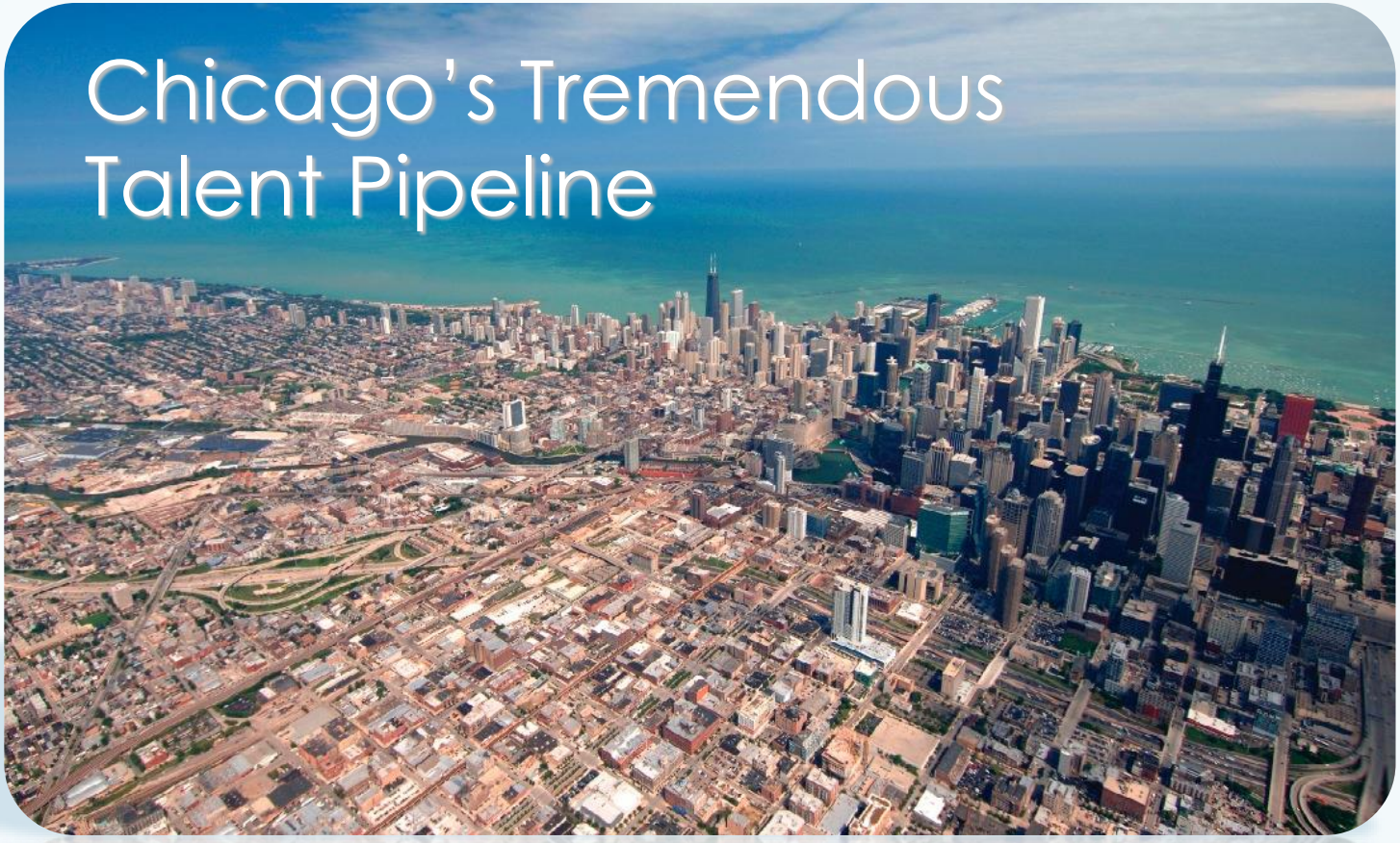
芝城華商會 Chicago Chinatown Chamber of Commerce

AHK German American Chambers of Commerce Deutsch-Amerikanische Handelskammern

Chicagoland Chamber of Commerce — The Voice of Business since 1904



Chicago's Tremendous Talent Pipeline



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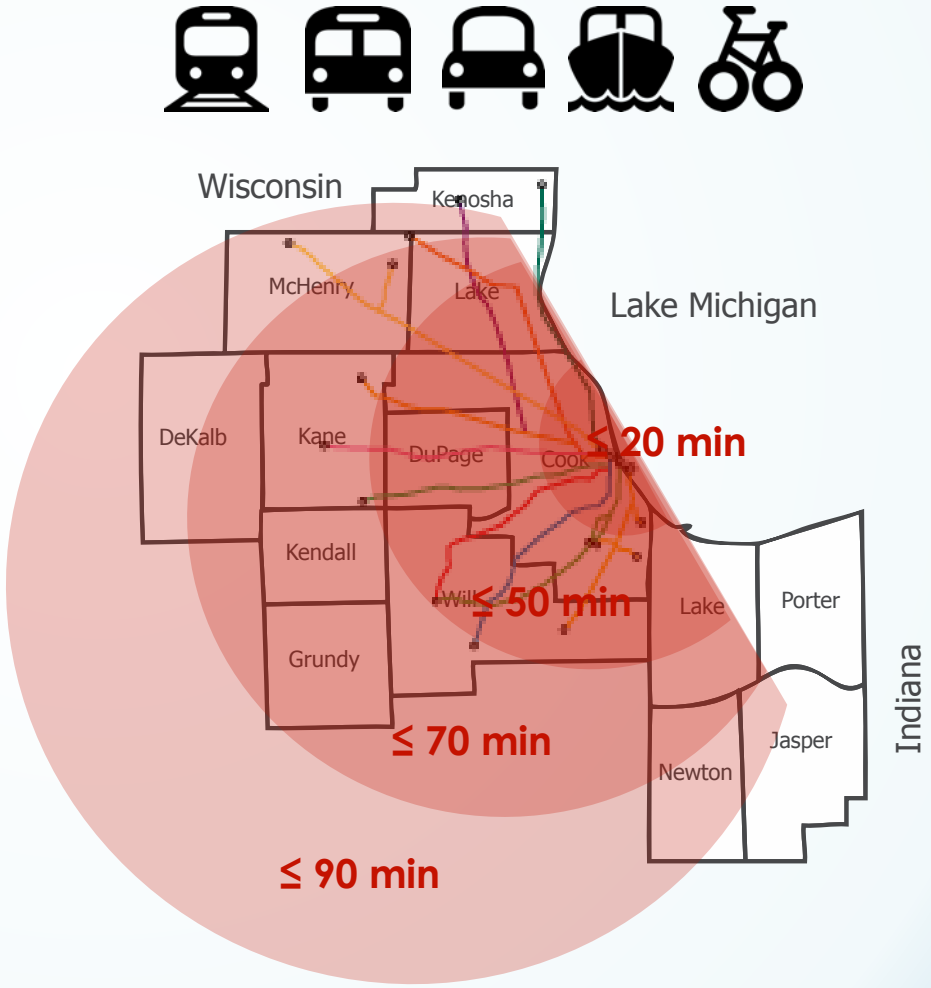
A Central Chicago Location Brings Talent Within Reach

- Nearly 600,000 people flow to downtown Chicago each business day, the center of a "hub and spoke" public transportation system and the economic engine for the region – more than half taking mass transit
- **850,000+ college graduates with a bachelor's or higher live within one mile of a CTA or Metra train stop**
- 3.1+ million working-age adults are within a 50-minute commute of downtown Chicago – more than 1 million are age 22 to 34



Source: U.S. Census Bureau OnTheMap (2011), U.S. Census Bureau Decennial Census (2010), WBC (10/31/13)

Tremendous Talent Pipeline

Access to The Country's Brightest Minds

- Home to Kellogg School of Management at Northwestern University and Booth School of Business at University of Chicago, **two of the top business schools in the world**

- Chicago Loop is **"the largest college town in Illinois,"** with more than 65,000 students

- More than **145,000 college degrees conferred every year** by the nearly **150 Chicago area colleges and universities**, including 25,000 bachelor's degrees, 18,000 masters degrees, and 4,000 doctoral degrees in the city alone

University of Chicago's campus, one of 150+ higher ed. institutions in the metro

Chicago's Extensive Public Transportation Network

At the Heart of a Hub & Spoke Metro-wide Public Transit System, a Chicago Location Provides Companies with the Best Access to Talent

Access to over 4 million employees supported by 3,700-square-mile public transit network

850,000+ college graduates with a bachelor's or higher live within one mile of a CTA or Metra train stop

CTA intercity bus + rail system
- $2.25 / one-way ride
- Connects to O'Hare and Midway airports
- **546 million** passengers annually

Metra commuter rail network
- $6 / one-way ride
- Radiates up to 70 miles (110 km)
- **81 million** passengers annually

Source: U.S. Census Bureau, World Business Chicago, Chicago Transit Authority, Metra

Public Transportation Maps

CTA / Chicago "Loop"

Metra / Suburban Connections

Unparalleled Quality of Life

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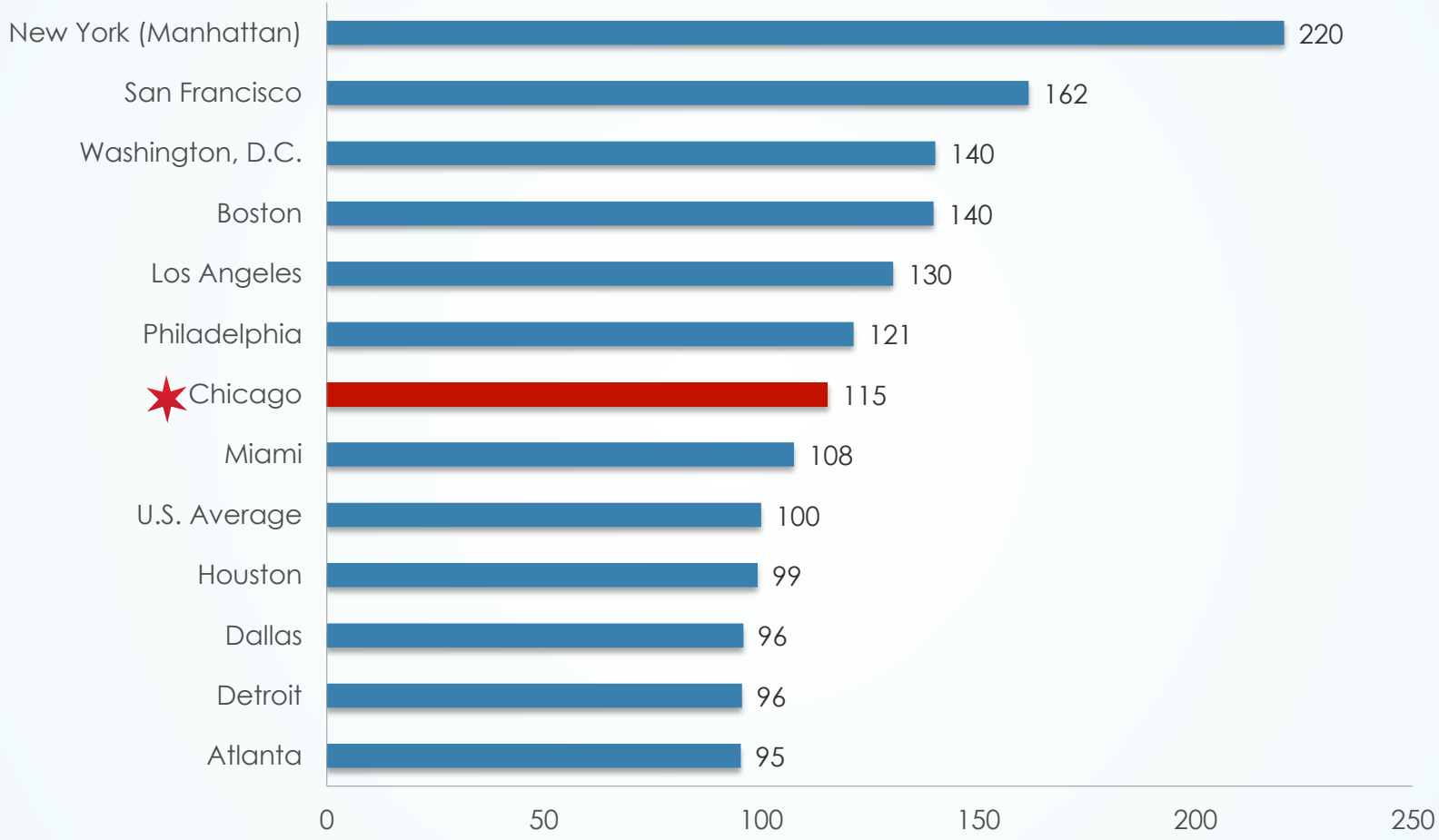
Renowned Culture & Amenities

- Home to world-renowned Chicago Symphony Orchestra, Joffrey Ballet, Art Institute of Chicago, Alinea restaurant, and Lincoln Park
- 150+ theater companies in the city alone
  - Chicago is the only city with 5 Tony Award-winning regional theater companies including Steppenwolf
- 35+ museums including Field Museum, Museum of Science and Industry
- Millennium Park – a 25-acre park in the heart of downtown
- World-class sports teams - Bears, Blackhawks, Bulls, Cubs, White Sox & more
- Hundreds of venues with 1,000+ performances per summer week

Top 10 City for Global Travel, 2014 (the only U.S. city) - *Lonely Planet*

Cost of Living = Best Value City



Source: C2ER Cost of Living Index (2013), WBC (6/4/14)

Why Business Leaders Choose Chicago

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*"We're thrilled to bring our employees to downtown Chicago and **infuse our company with the vibrant energy of the city"***

– Dennis Woodside, CEO, Motorola Mobility

*"Every day since we made the decision to locate in Chicago, our experiences have only added to the feeling **this was a very good decision**."*

– John D. Warner, SVP-CAO, Boeing Company

*"The Chicago area's **incredibly talented workforce** is a perfect match for our fast paced and innovative culture."*

– George Hu, COO, salesforce.com

*"It's the **crossroads of the country**. There's only one Chicago."*

– Tony Magee, CEO, Lagunitas Brewing

*"The **kind of support services you need to effectively run a corporate headquarters** are really appropriately here."*

– Louis Schorsch, CEO of ArcelorMittal-U.S.

*"As the premiere digital map company in the world, **NAVTEQ knows the importance of location! We consider Chicago to be uniquely located to serve the world."***

– Judson Green, former CEO of NAVTEQ/Nokia

*"It's a textbook example of **what can happen when government and the private sector work together**."*

– Glenn Tilton, former CEO of United

*"It really comes down to **where talent is looking to be**"*

– Logan LaHive, CEO, Belly Inc.

*"I see it as a way to… **attract and retain the best and the brightest in this space"***

– Sona Chawla, President, Walgreens E-Commerce

*"It **makes sense to grow here**. There is a wealth of financial services and banking talent available to us in Chicago at very good value. It's a **great place to work and live.** It's a **pro-business city.**"*

– Daniel Henson, CEO, GE Capital

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