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## Caterpillar to move headquarters to Texas, marking second major corporate departure from Illinois in 6 weeks

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Assembly of track-type tractors at Caterpillar Inc. in Peoria in 2015. The longtime Illinois company will move its headquarters from Deerfield to an existing office in Irving, Texas, the company said Tuesday. (Antonio Perez / Chicago Tribune)

Less than six weeks after defense contractor and airplane-maker Boeing announced it would move its global headquarters out of downtown Chicago, leaders of another major corporation are set to leave the region.

Longtime Illinois company Caterpillar Inc. will move its headquarters from Deerfield to an existing office in Irving, Texas, outside Dallas, the company said Tuesday.

“We believe it’s in the best strategic interest of the company to make this move, which supports Caterpillar’s strategy for profitable growth as we help our customers build a better, more sustainable world,” Caterpillar Chairman and CEO Jim Umpleby said in a statement.

The move means the majority of the roughly 230 employees based at the mining and construction equipment-maker’s Deerfield office are expected to relocate to Texas over time, Caterpillar spokeswoman Kate Kenny said.

The transition will begin this year. Kenny did not provide a specific time frame for the move, but said the company has a lease for its Deerfield office that will “allow for an orderly and flexible transition for our employees,” and company leaders will work with employees individually.

Caterpillar has offices and manufacturing locations throughout Illinois, including an office in Chicago, and Kenny said the move will not affect any other Chicago-area locations. Illinois is expected to remain the largest concentration of Caterpillar employees in the world, with more than 17,000 employees in the state, most of them near Peoria.

“The global competitive and market environments we face as a company are always changing, and we continuously evaluate and update our global footprint, including office locations, to best serve our business and talent needs,” Kenny said in an email.

The company is the latest to shrink its footprint in the Chicago area amid corporate relocations and an office market reeling from two years of the COVID-19 pandemic.

Boeing is moving its headquarters to Arlington, Virginia, and has said it will cut office space but continue to employ hundreds of people in Chicago. Earlier, in 2018, Takeda Pharmaceutical Co. announced it would close its Deerfield headquarters.

More recently, other companies have sold office space as many employees have worked remotely during the pandemic. Insurance giant Allstate reached an agreement in late 2021 to sell its longtime headquarters near Northbrook, and recently health care company Baxter said it was selling its longtime Deerfield headquarters to adapt to the hybrid work model, though it would “stay in the general area” and remain accessible to Deerfield-based employees.

“This is kind of how things are now,” Deerfield Mayor Daniel Shapiro said. “As we come out of the coronavirus pandemic, office demand is not what it was three years ago. People aren’t going to offices as frequently, so this is kind of what the market is doing.”

He pointed to larger economic forces for Caterpillar’s move, along with other recent departures like that announced by Baxter.

Some recent losses for Deerfield have been Chicago’s gain, though. In 2019, Mondelez said it would move its headquarters from Deerfield to Chicago, and Walgreens Boots Alliance continues to be headquartered in Deerfield, but the company announced plans in 2018 to move many employees to the city.

Caterpillar’s departure will be phased over two years, allowing time to find new tenants for the 100,000-square-foot space, Shapiro said.

The company has long been based in Illinois, and in 2017 announced the relocation of its headquarters to Deerfield from Peoria. The company took over the former main office of alcoholic beverage-producer Beam Suntory, which moved to downtown Chicago. Beam Suntory in 2021 announced plans to establish a global headquarters in New York City, but will keep some business units and corporate positions in Chicago.



Caterpillar global headquarters in Deerfield on June 14, 2022. (Brian Cassella / Chicago Tribune)

At the time, Umpleby cited Deerfield's proximity to O'Hare International Airport and accessibility to Chicago.

"Following a thorough site selection process, we chose this location because it is approximately a 20-minute drive to O'Hare airport and convenient to the city of Chicago via commuter train, achieving our goal to be more accessible to our global customers, dealers and employees," he said at the time. "This site gives our employees many options to live in either an urban or suburban environment.

"We know we have to compete for the best talent to grow our company, and this location will appeal to our diverse, global team, today and in the future."

Caterpillar did not receive any incentives from the village of Deerfield or the state when it moved, the Tribune reported at the time.

Caterpillar's move now to Irving, Texas, doesn't surprise John Boyd, principal of The Boyd Co., a national site selection firm.

"The Dallas metroplex has really emerged as a premier corporate headquarters location, and Caterpillar has had a large presence in Texas for many years, both manufacturing and office operations," he said.

The Lone Star State's lack of personal and corporate income taxes is the big draw, especially for top corporate executives, Boyd added.

Caterpillar signaled a greater interest in the Dallas region last year, when it announced the establishment of an Electric Power division in suburban Irving's Las Colinas neighborhood, bringing in executives and other staff from several offices around the country.

The lifestyle offered by such upscale areas also draws Fortune 500 firms like Caterpillar.

"Las Colinas is now a very prestigious address, a place where a lot of celebrities live, and there are also a lot of gated communities that C-suite level executives find attractive," said Boyd.

Some 12,000 of Caterpillar's more than 17,000 Illinois employees are based around Peoria, according to the company. But Greater Peoria Economic Development Council CEO Chris Setti said he isn't worried about Caterpillar's shift to the Sun Belt.

The manufacturer remained an economic powerhouse in the area, where it began building tractors in 1910, after several hundred headquarters staff headed north to Deerfield, and he expects the latest move also won't stop local growth.

"Caterpillar's commitment to our region is still strong," he said. "They have over 12,000 employees here, making Peoria the largest employment center for Caterpillar in the world."

The company maintains a research and development campus near Peoria, as well as a foundry and a logistics center, among many other facilities. This spring it often advertised on the radio, looking for workers to fill empty positions.

"They call it 'walk-in-Wednesdays,' they just ask people to come in with their resumes on Wednesdays, and if you're qualified, you get hired on the spot," Setti said.

Still, Gov. J.B. Pritzker called Caterpillar's move "disappointing," and said the state was adding new small businesses and large and midsize corporations.

"It's disappointing to see Caterpillar move their 240 headquarters employees out of Deerfield over the next several years when so many companies are coming in," he said in a statement.

The Illinois Republican Party blasted Pritzker, who is facing reelection later this year, over Caterpillar's impending move.

"Another week, another iconic American company is moving its headquarters out of Illinois under the leadership of Governor JB Pritzker," Chairman Don Tracy said in a statement. "Just like the hundreds of thousands of individuals and families who have fled Illinois in recent years, Caterpillar is joining Boeing in leaving us for other states with lower taxes, more growth opportunity, and less crime."

Mark Denzler, president and CEO of the Illinois Manufacturers Association, said while the move is a loss, the company continues to employ thousands of people in the state.

“The decision to move its company headquarters out of state is a loss to Illinois, which has proudly served as home to the iconic construction equipment manufacturer for nearly a century,” he said in a statement. “While 240 employees based at the company’s headquarters in Deerfield will move out of state, the company will continue to be a huge part of our state’s manufacturing sector.”

Even as politicians and the state’s manufacturers association lamented the relocation of Caterpillar’s headquarters, Boyd, of the national site selection firm, expects corporate relocations to become more common. The recent transformation of office work has eased the way, he said.

In the past, companies knew out-of-state moves involved losing some valuable employees held back by family or community ties. But the rise of remote technology, and the ability to work almost anywhere, means key employees can choose to stay behind, perhaps establishing home offices.

“Typically, companies were reluctant to move their headquarters,” he said. “But today, we’re seeing a wave of relocations.”

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