

The Dallas Morning News

Dallas vs. Chicago? On jobs, population and housing, the growth story isn't even close

Caterpillar Inc. is just the latest employer moving to North Texas, following Topgolf, OpTic Gaming and thousands of Chicagoland residents.



The Dallas-Fort Worth metro area has added over 2.5 million people since 2000, over six times the population growth of the Chicago metro. D-FW's population is projected to surpass Chicago's in the 2030s. (G.J. McCARTHY/Staff Photographer)

By Mitchell Schnurman - Jun 17, 2022

Companies cite many reasons for moving to Dallas-Fort Worth, including access to air travel, the cost of living and the quality of the workforce.

Chicago is competitive on all those fronts, yet Caterpillar Inc. announced on Tuesday that it's relocating its headquarters from suburban Chicago to Irving, one of D-FW's leading cities.

Caterpillar follows Topgolf Entertainment Group, OpTic Gaming, Boeing Global Services, Addus HomeCare and thousands of residents from Chicagoland to North Texas.

So what's the biggest economic difference between the third- and fourth-most populous metros in the country?

The growth story isn't even close – not on population, jobs, workforce and more. And more growth means more opportunity for companies and workers alike.

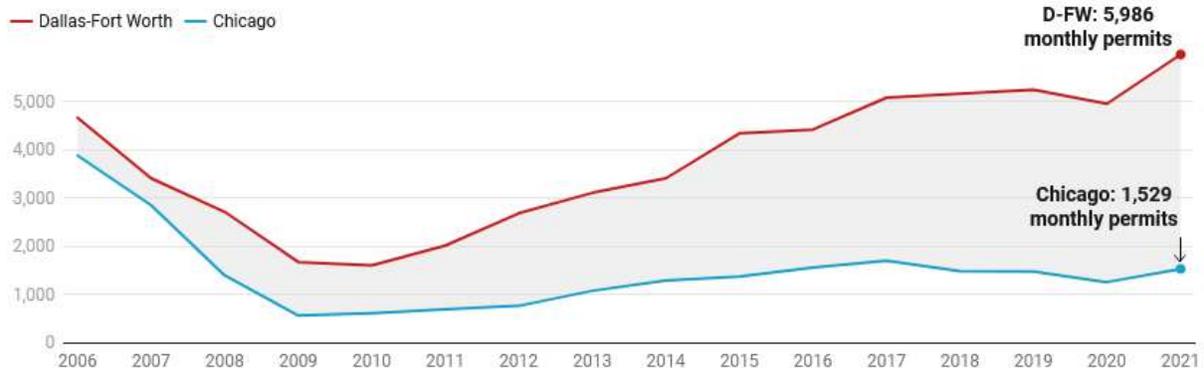
While Chicago had 1.75 million more people last year, D-FW has added over six times more residents since 2000. Last year, D-FW added 97,000 while Chicago lost almost 92,000.

D-FW's population is projected to surpass Chicago's in the next decade or so to become the nation's No. 3 metro.

But there's even more distance between D-FW and Chicago on housing permits, and that says a lot about where the future is being built.

D-FW far outpaces Chicago in housing permits

Average monthly building permits for private housing in the Dallas-Fort Worth and Chicago metros:



NOTE: Totals include single-family and multi-family units, seasonally adjusted.

Chart: Mitchell Schnurman/DMN • Source: U.S. Census Bureau, retrieved from Federal Reserve Bank of St. Louis • Get the data • Created with Datawrapper

The Great Recession and accompanying housing bust led to a sharp decline in building permits throughout the country. From peak to trough, housing permits issued for single-family and multi-family units fell 68% in D-FW and 87% in Chicago, according to Census data retrieved by the Federal Reserve of St. Louis.

That's where the similarities end. Since 2010, housing permits in D-FW have grown steadily and reached new highs. In Chicago, the average monthly total last year remained nearly two-thirds lower than the 2005 peak.

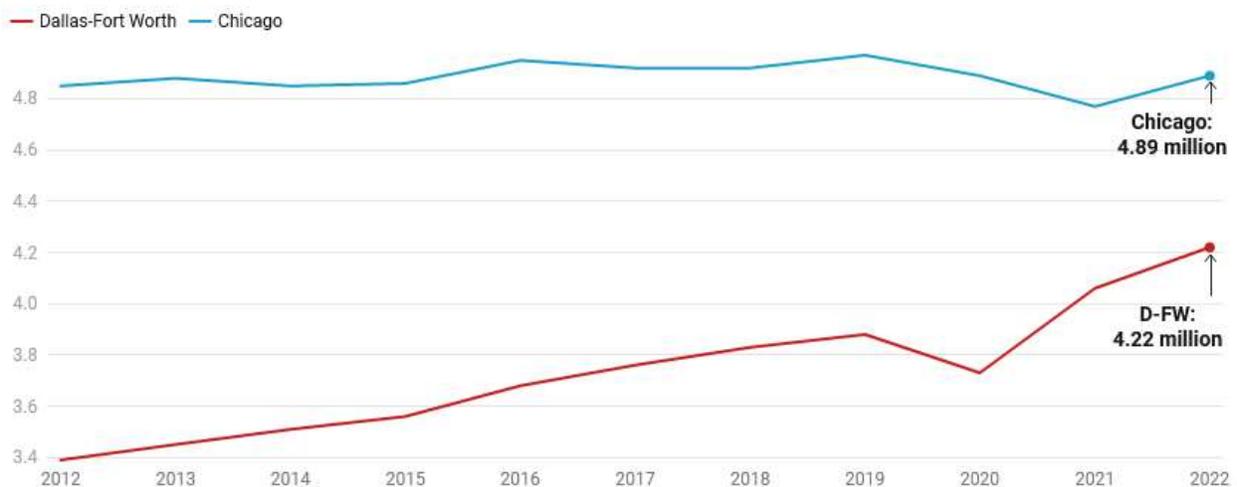
“Housing permits tell a lot,” said Jay Denton, chief labor market analyst at ThinkWhy, a Dallas-based software services company that focuses on the labor market. “They encapsulate where people are moving and jobs are being created, along with all the activity around finding talent and retaining it.

“The contrast is shocking,” Denton added. “Chicago has barely built back, and D-FW just kept building back until the numbers were higher than during the housing bubble.”

Chicago has real strengths as a labor market, including its sheer size. “There’s still a lot of talent there, and they have great universities in the Midwest,” Denton said.

D-FW's labor force is growing faster

Civilian labor force in the month of April for Dallas-Fort Worth and Chicago metros, in millions:



NOTE: Totals are not seasonally adjusted.

Chart: Mitchell Schnurman/DMN • Source: U.S. Bureau of Labor Statistics • Get the data • Created with Datawrapper

A higher share of adults in Cook County have a bachelor’s degree compared with adults in Dallas County. Median incomes are higher in Cook and the poverty rate is lower. And it’s a leading center for trade and industrial development.

In ThinkWhy’s ranking of the top labor markets, Chicago is No. 51 among 150 metros. But D-FW is first — and has topped the rankings since the pandemic.

Growth in net migration, from places like Chicago, Los Angeles and New York, helps fill the talent pipeline. Corporate relocations add to the momentum.

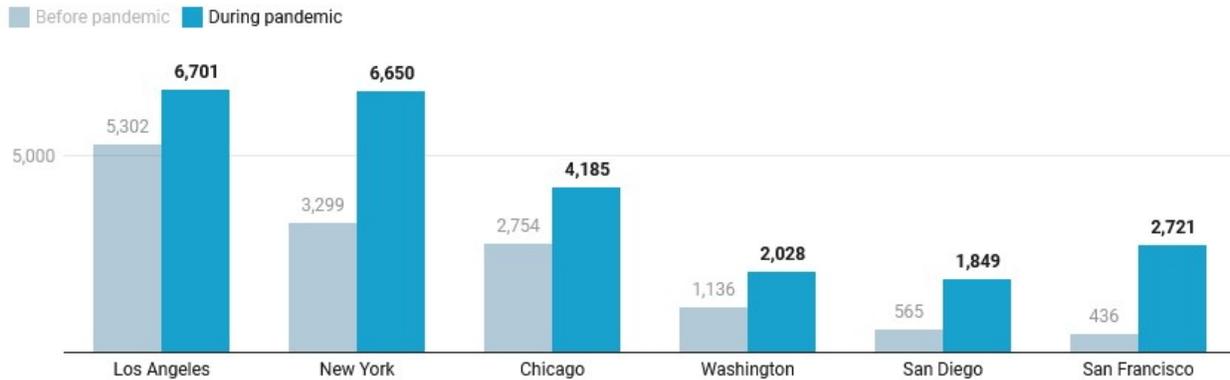
Growth itself becomes part of the attraction, ensuring a steady stream of new workers and customers.

“Caterpillar is making a long-term bet,” Denton said. “If it’s looking for the hub of economic growth, D-FW is sitting right in the middle of it.”

Caterpillar, which has 230 employees at its corporate office near Chicago, said the headquarters move to Irving was in its “best strategic interest.” A spokeswoman elaborated a bit, saying the D-FW location would help attract and retain talent, and provide access to employees, customers and dealers.

Pandemic migrants flocked from L.A., N.Y., Chicago

Net migrants to Dallas-Fort Worth from select metros before and during the pandemic:



NOTES: The pre-pandemic time frame is a moving average of several five-quarter periods before the pandemic. The pandemic time frame covers five quarters from early 2020 to mid-2021.

Chart: Mitchell Schnurman/DMN • Source: Federal Reserve Bank of Dallas and Federal Reserve Bank of New York Consumer Credit Panel/Equifax • Get the data • Created with Datawrapper

D-FW already is home to 23 Fortune 500 companies, and Irving calls itself the “headquarters of headquarters” because so many are there. Caterpillar will be based in the heart of Irving’s Las Colinas community — “one of the nation’s premier, suburban enclaves” for major corporations, said John Boyd Jr., who has a site selection firm in Boca Raton, Fla.

“There’s a cachet with that address,” Boyd said. “Light rail, entertainment venues, planned communities, modern architecture.”

Caterpillar’s move, he said, “is more evidence that corporate headquarters are more mobile than ever.”

Many employers are drawn by pro-business policies, and almost all their workers, including executives, appreciate that the state has no personal income tax.

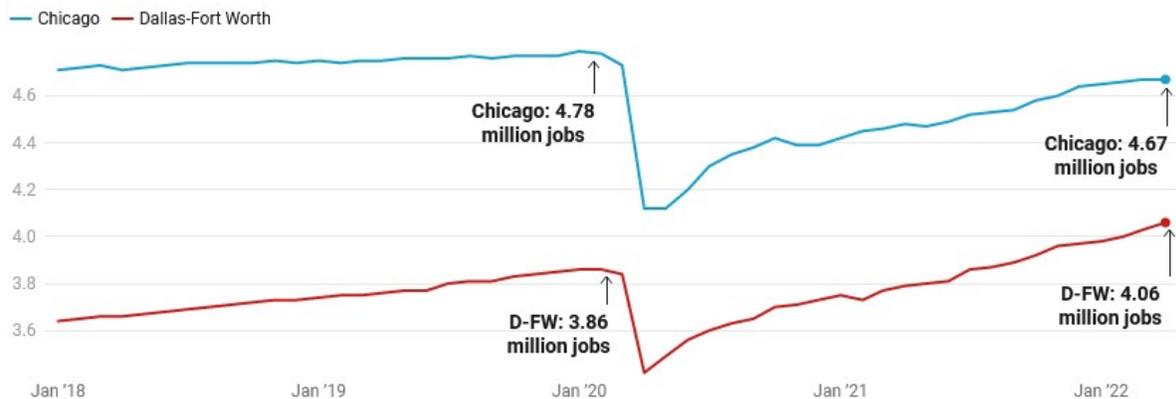
Last year, 62 companies moved headquarters to Texas, according to YTexas, an Austin-based company that helps businesses relocating or expanding in the state. That’s twice as many relocations as the year before — and the most ever, said Ed Curtis, CEO of YTexas.

Taxes, regulations, business costs and the workforce remain important considerations, he said. But many newcomers also want to be closer to their suppliers, partners and customers, especially with the supply-chain problems emerging since the pandemic.

“Leaders are moving here to be closer to the innovation and collaboration” that occurs, Curtis said. “They want to be a bigger part of the ecosystem in Texas.”

Chicago has not recovered pandemic job losses

Total nonfarm employment in the Chicago and Dallas-Fort Worth metros, in millions:



NOTE: Totals are seasonally adjusted.

Chart: Mitchell Schnurman/DMN • Source: U.S. Bureau of Labor Statistics • Get the data • Created with Datawrapper

D-FW was one of the first large metros to recover its pre-pandemic job losses. It passed that milestone in the summer of '21 and has continued to rack up job gains.

In April, D-FW had 196,500 more jobs than just before the pandemic. Chicago had 115,800 fewer jobs over the same time, and some of them ended up here.

Net migration to North Texas grew during the pandemic, including from Chicago. In part, that's because more employees had the option to work remotely, and D-FW offers lower housing costs, a younger population and a lot more hiring than the Windy City.

D-FW's growth adds an extra level of excitement and opportunity, said Eric Griffin, vice president of research and innovation for the Dallas Regional Chamber. The contrast can be stark with older, industrial cities where growth prospects are shaky.

“Companies have to ask themselves: ‘What do we look like in 10, 20, 50 years?’” Griffin said. “Where do we want to be? Is there a future for us here?”