

# The National, State, and Regional Economy

## Have we reached a peak?

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April 13, 2016

# W.E. Upjohn Institute for Employment Research

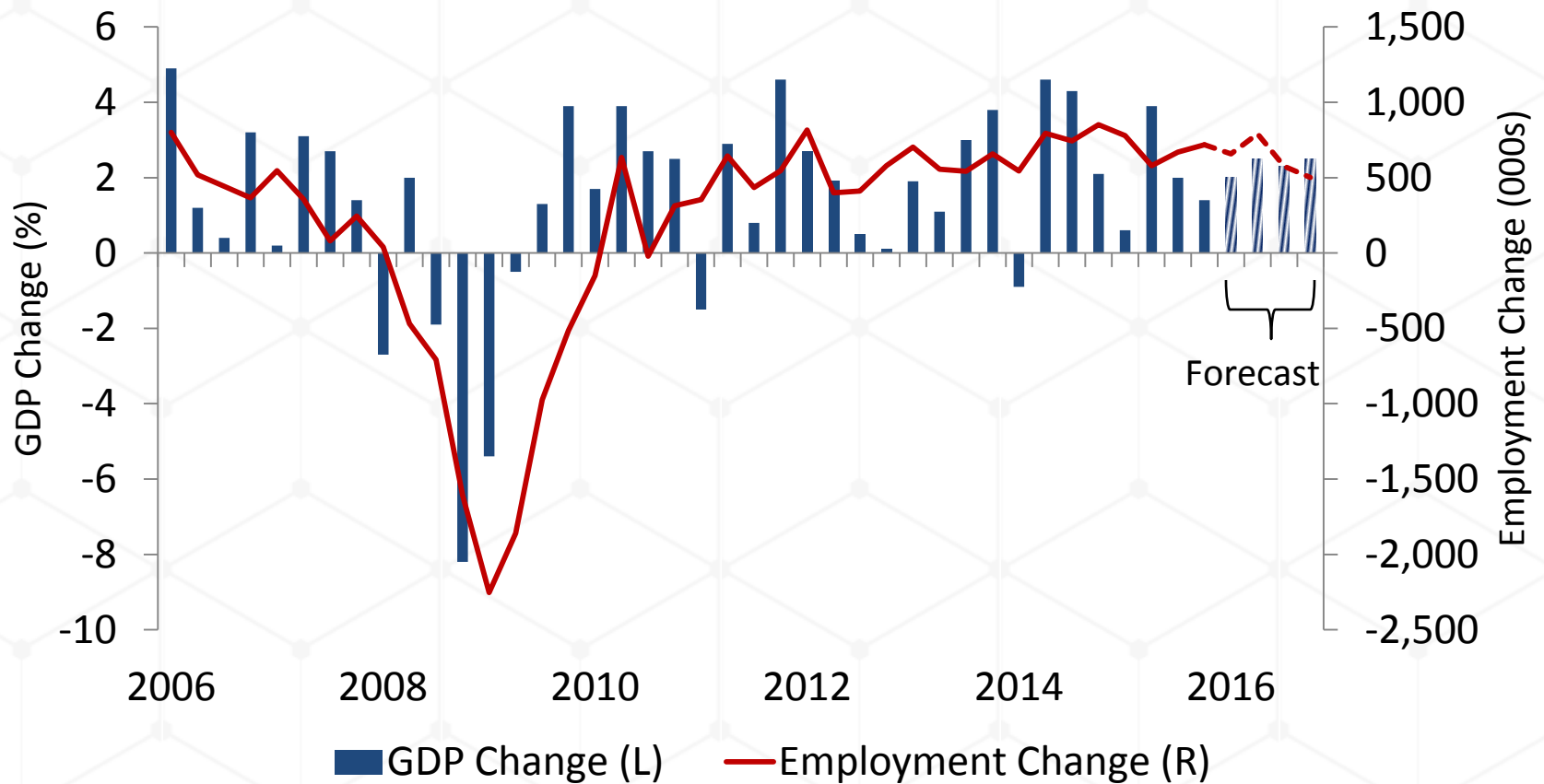
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# Regional and Economic Planning Services

- Data Dissemination & Analysis
- Economic Impact Studies
- Economic & Workforce Development Strategy
- Talent Assessment
- Urban & Regional Planning

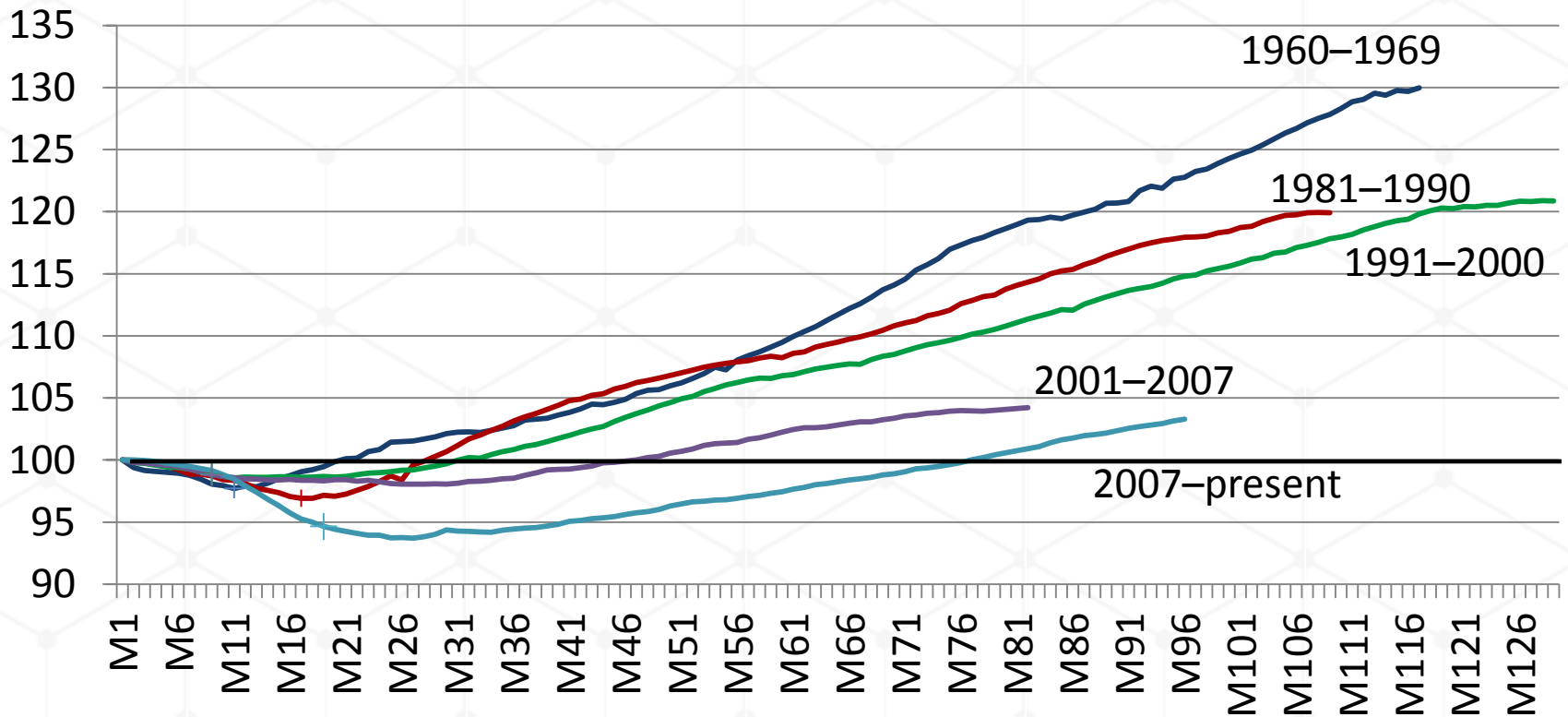
# Forecasts are too optimistic for 2016?

## Gross Domestic Product and Employment Change



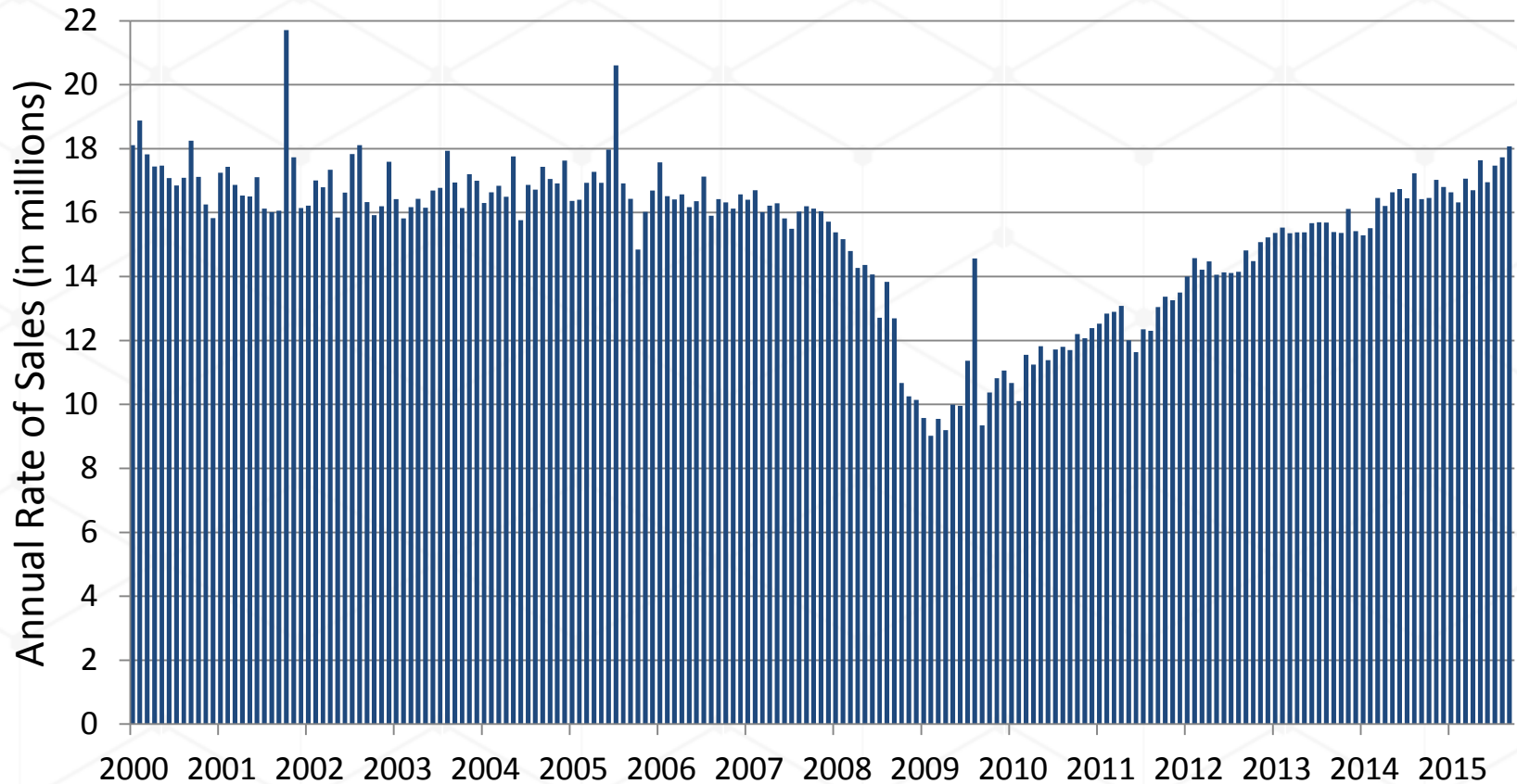
# The calendar isn't calling yet for a recession—if you trust history

## Employment Index From Business Cycle Peak



# Auto sales are nearly at capacity

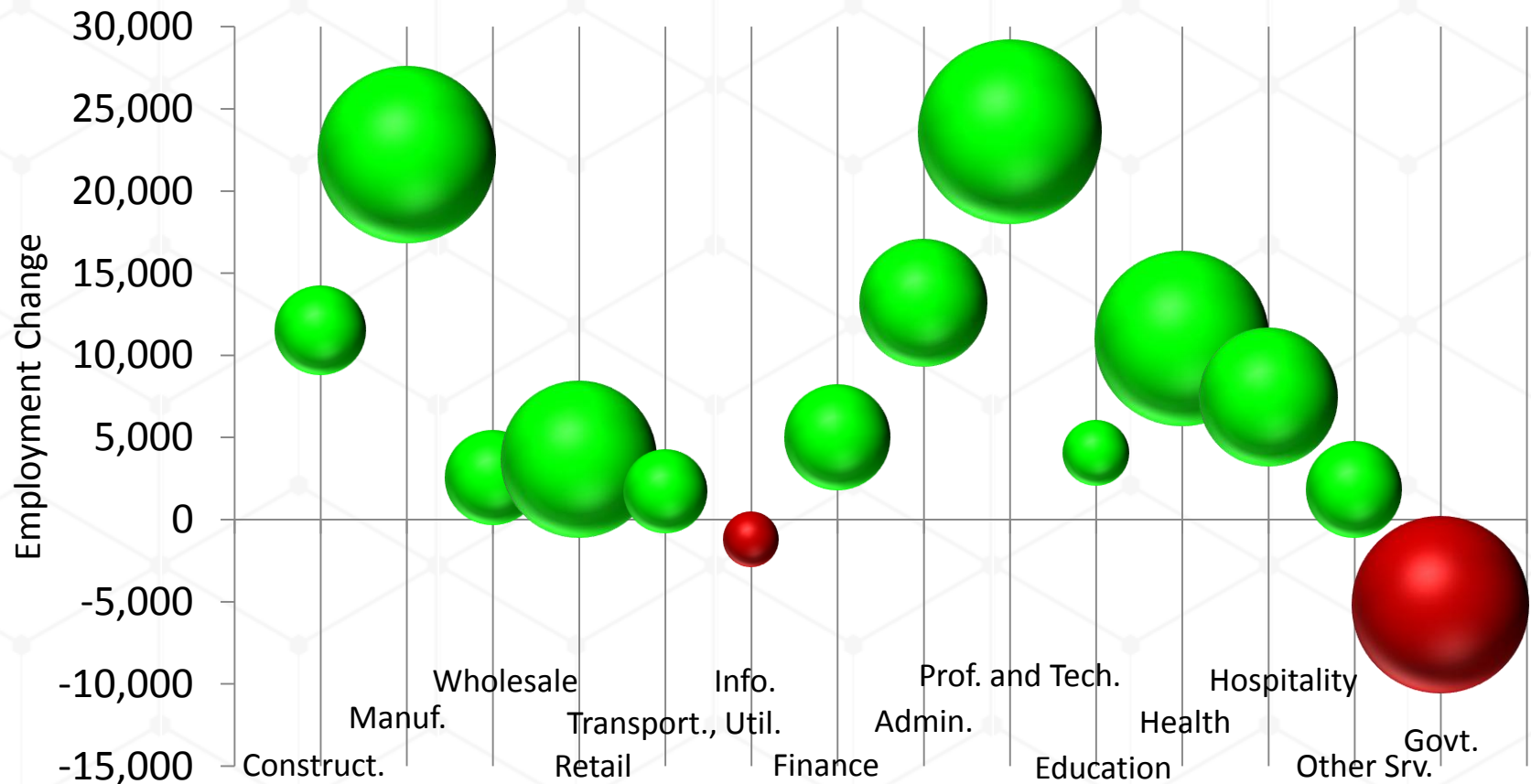
## Annualized Rate of U.S. Light Vehicle Sales (in millions)



# Moving on to Michigan

# Employment growth in Michigan was solid and spread across many sectors

Employment Change, 2014 to 2015





# Latest University of Michigan employment forecast shows continued growth

## Employment Forecast 4<sup>th</sup> Quarter to 4<sup>th</sup> Quarter

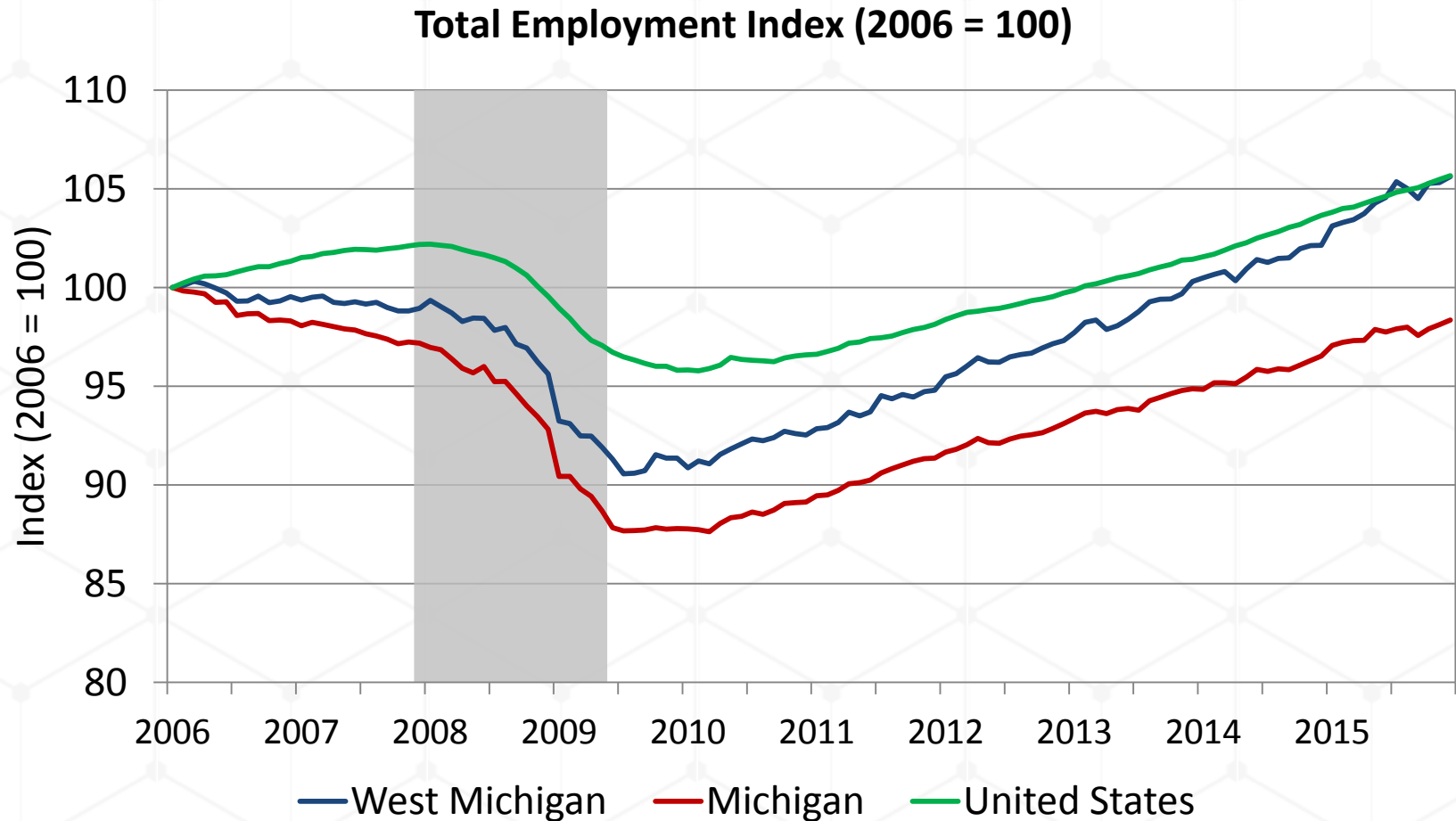
2014	67,233 jobs (1.6%)
2015	80,000 jobs (1.9%)
2016*	61,100 jobs (1.4%)
2017*	64,800 jobs (1.5%)

# Moving on to West Michigan

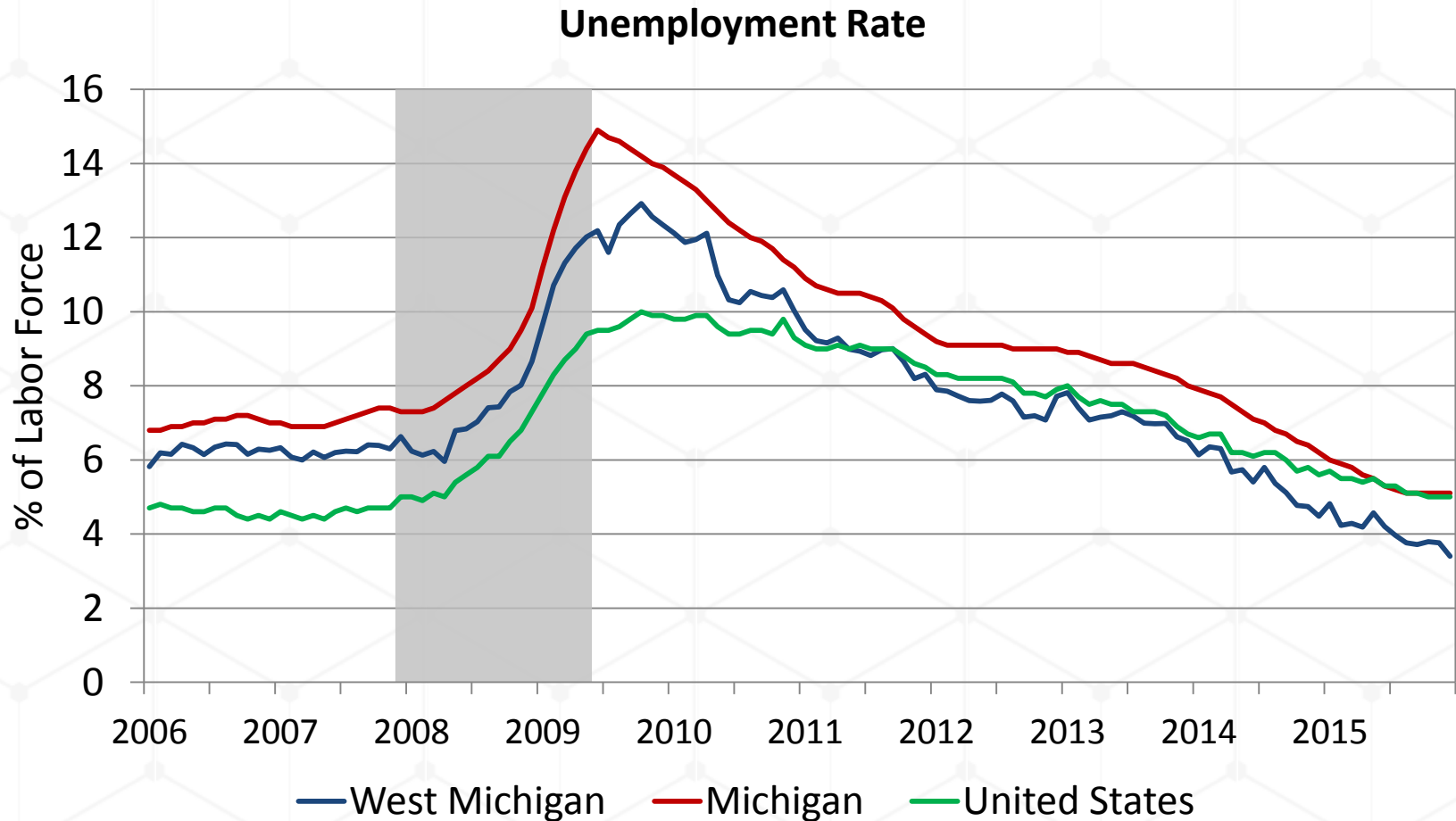
# West Michigan

- Defined as Allegan, Calhoun, Kent, Kalamazoo, Muskegon, Ottawa, Van Buren (when available)
- Or Battle Creek, Grand Rapids–Wyoming, Kalamazoo-Portage, Muskegon MSAs

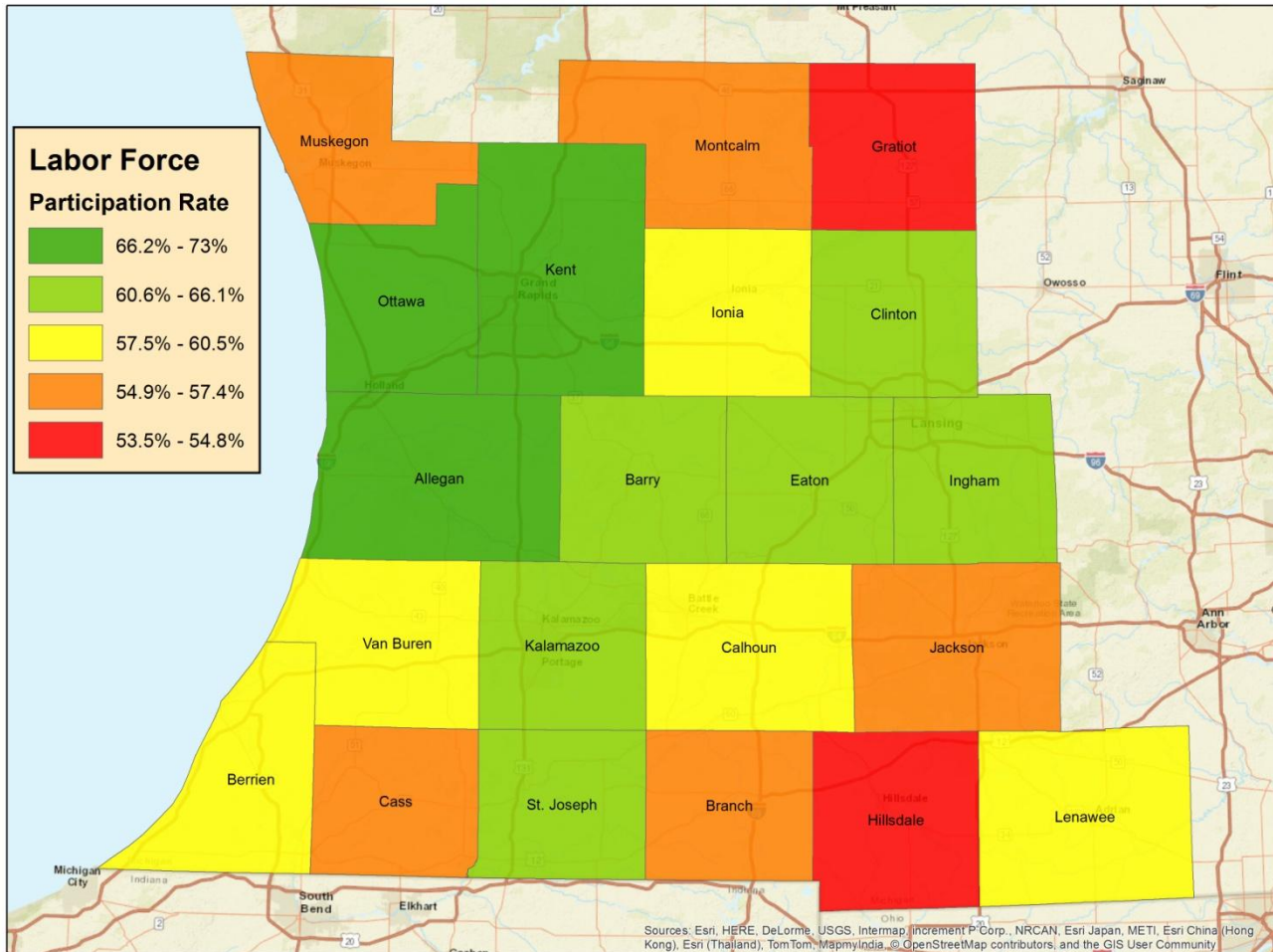
# Employment growth in the region has been comparable to the state since the end of the Great Recession



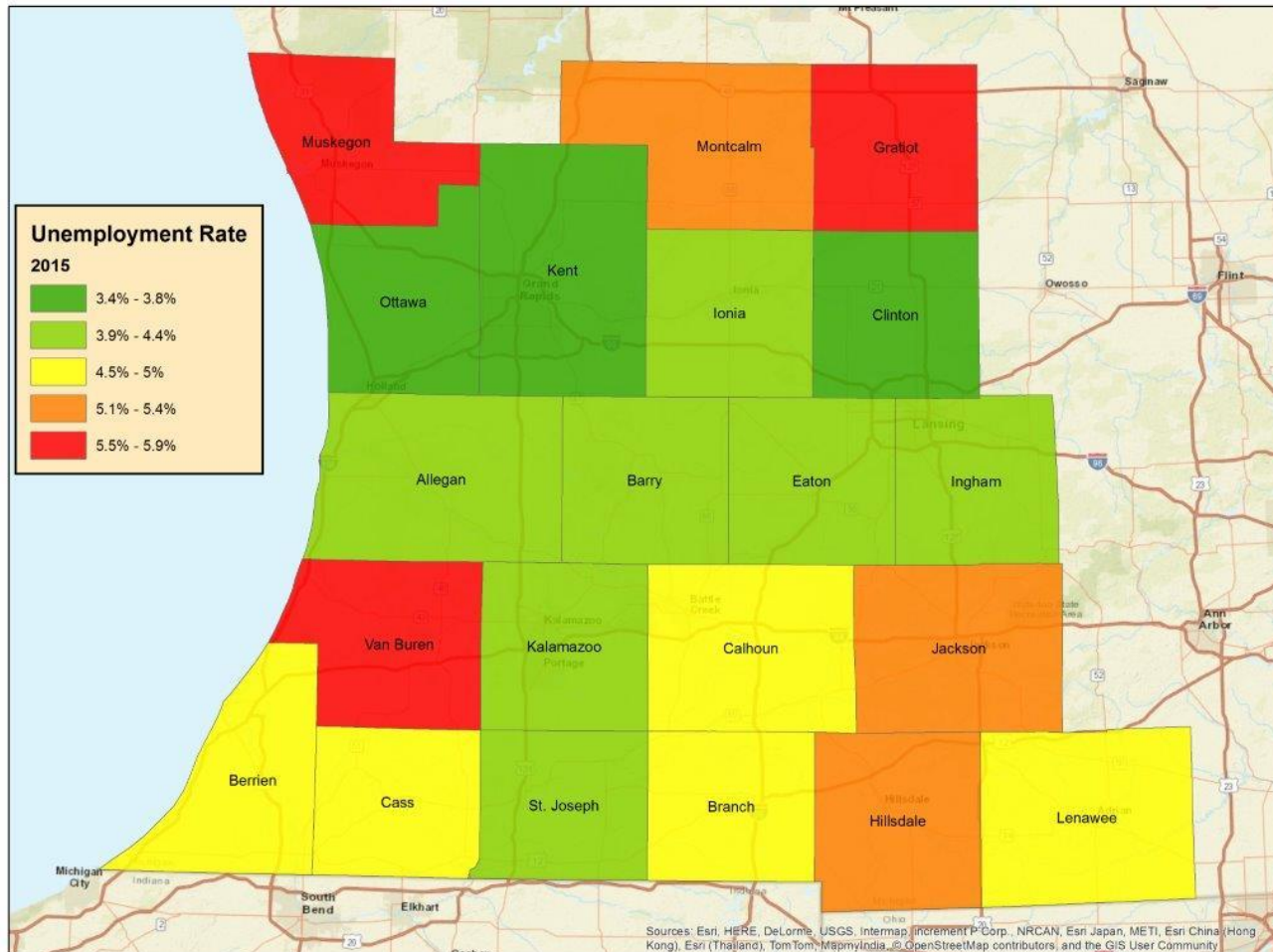
# The unemployment rate is lower than the national and statewide rates



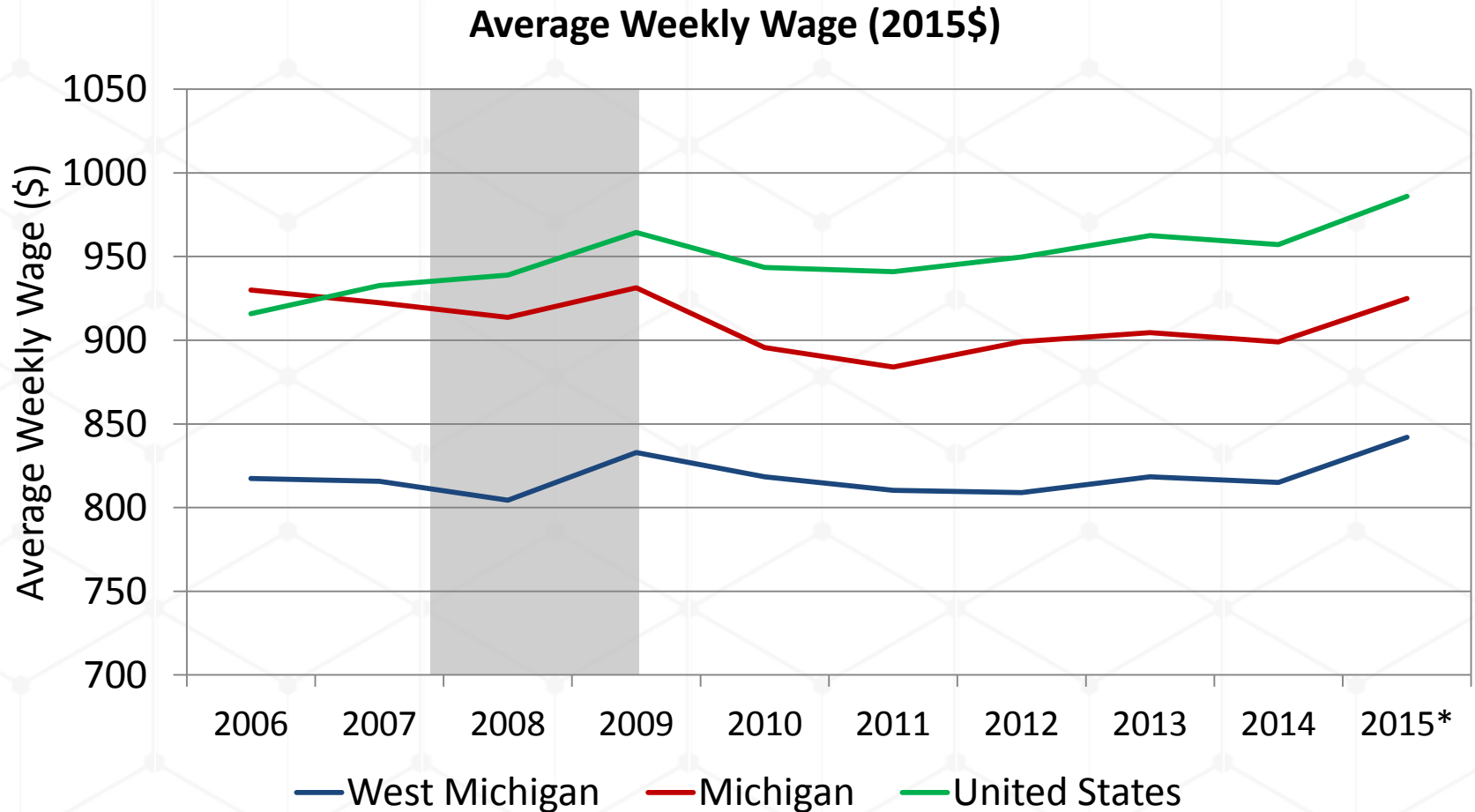
# The national LFPR was 62.6 in 2015



# Labor markets are tight across the region



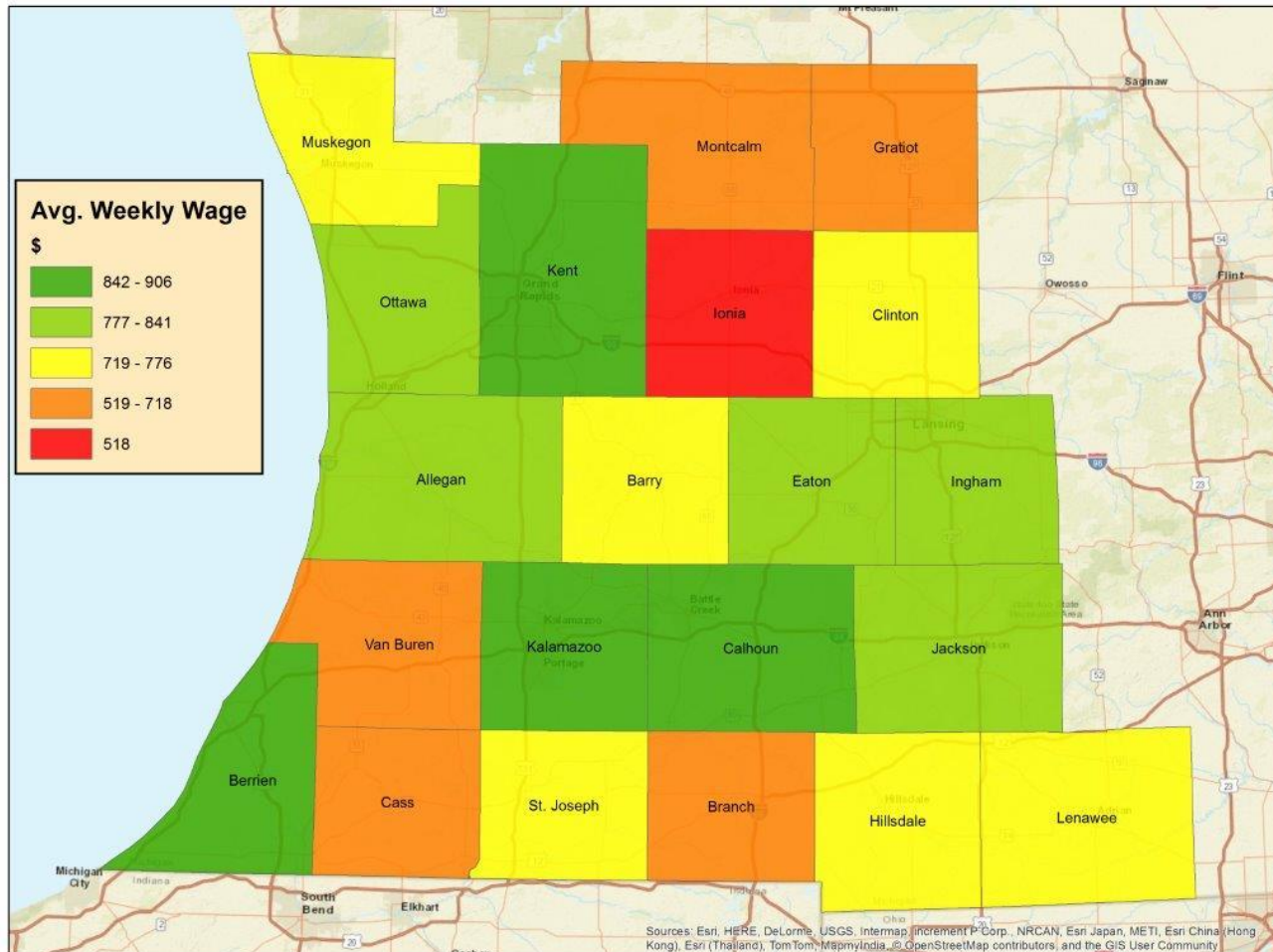
# Wages have been flat, but may be on the rise



\*2015 through 3<sup>rd</sup> quarter

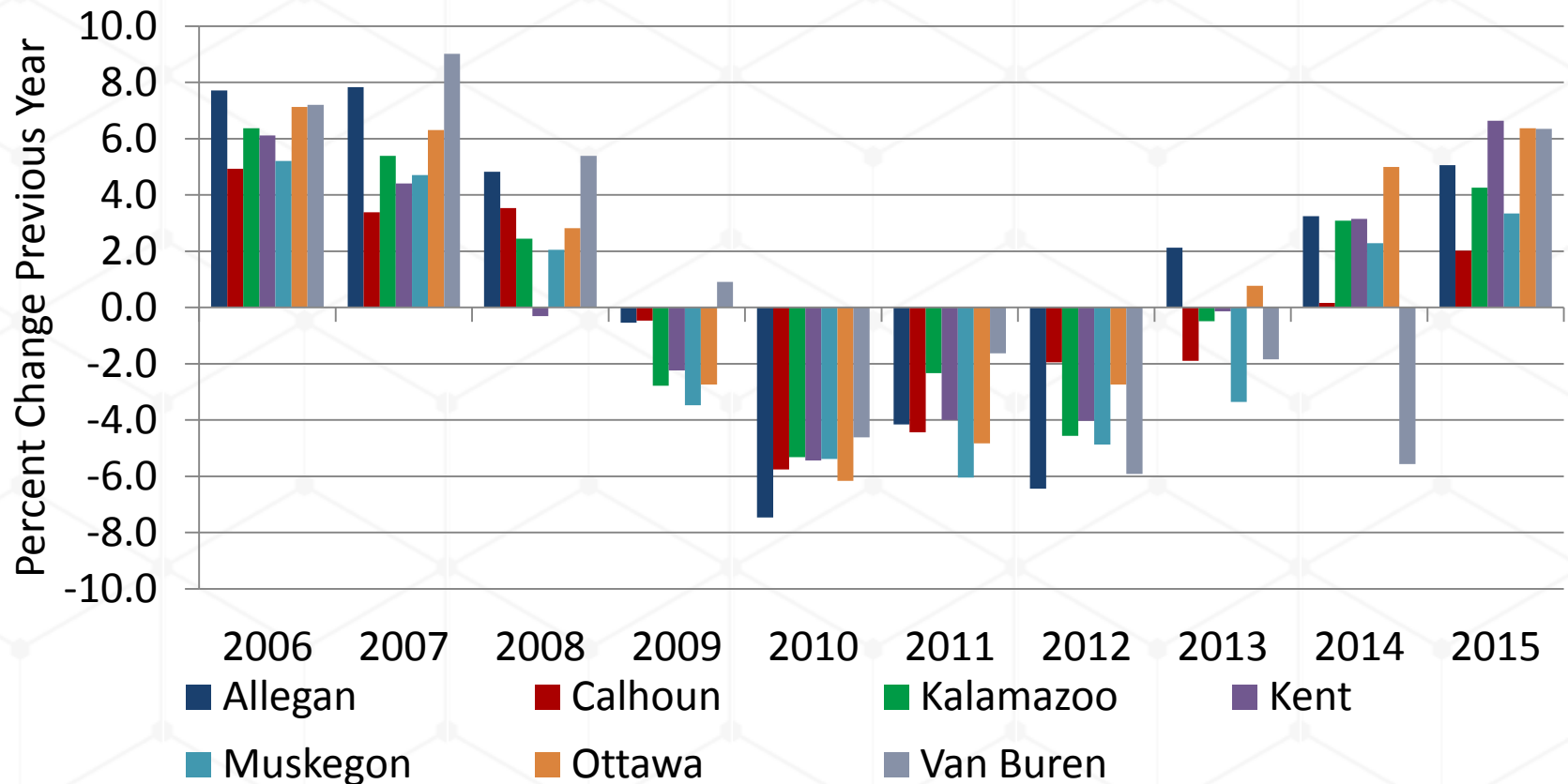


# Wages are higher in most urban areas



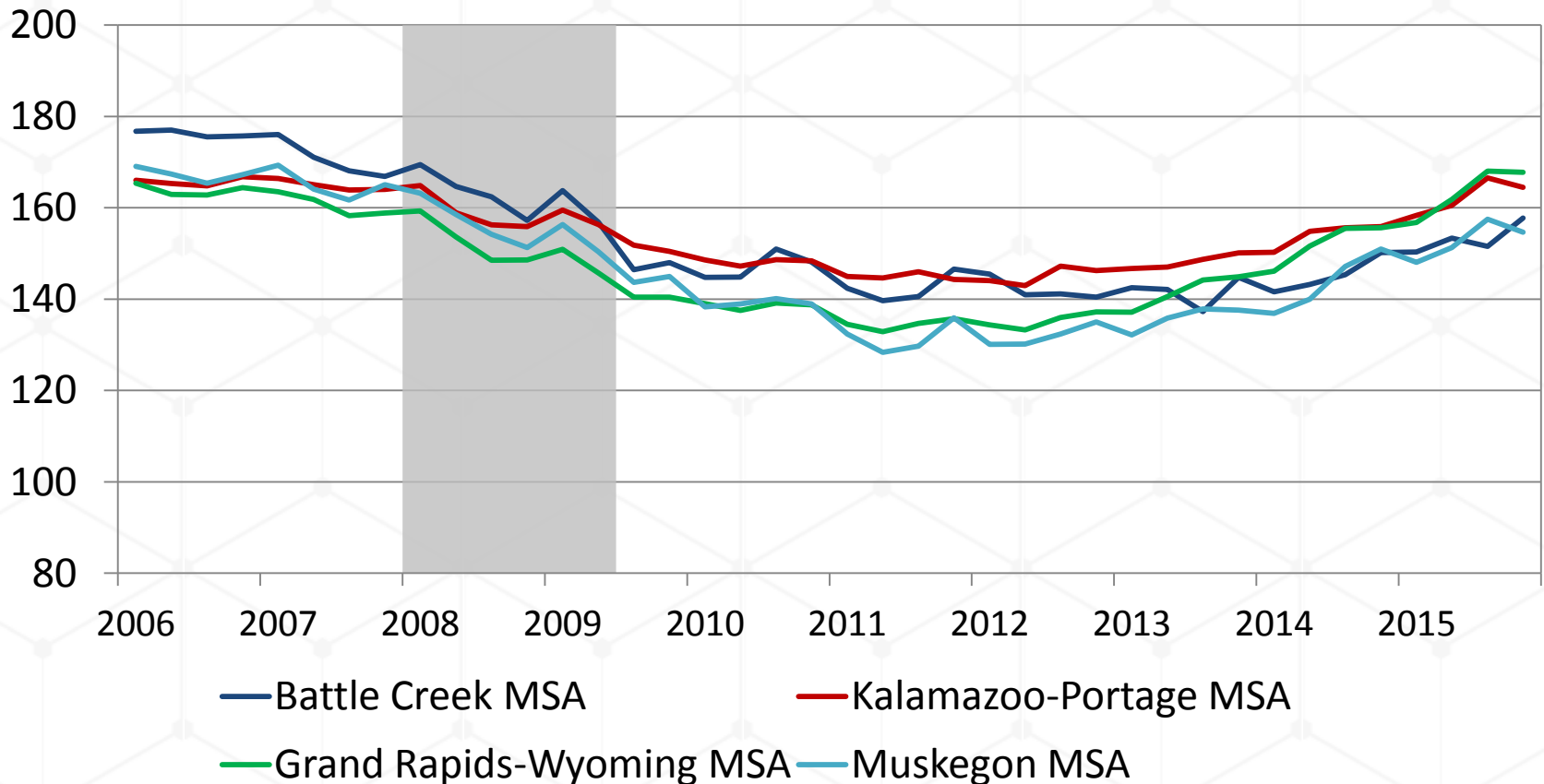
# Assessed value increased starting in 2013 but not for all counties

## Assessed Value Change



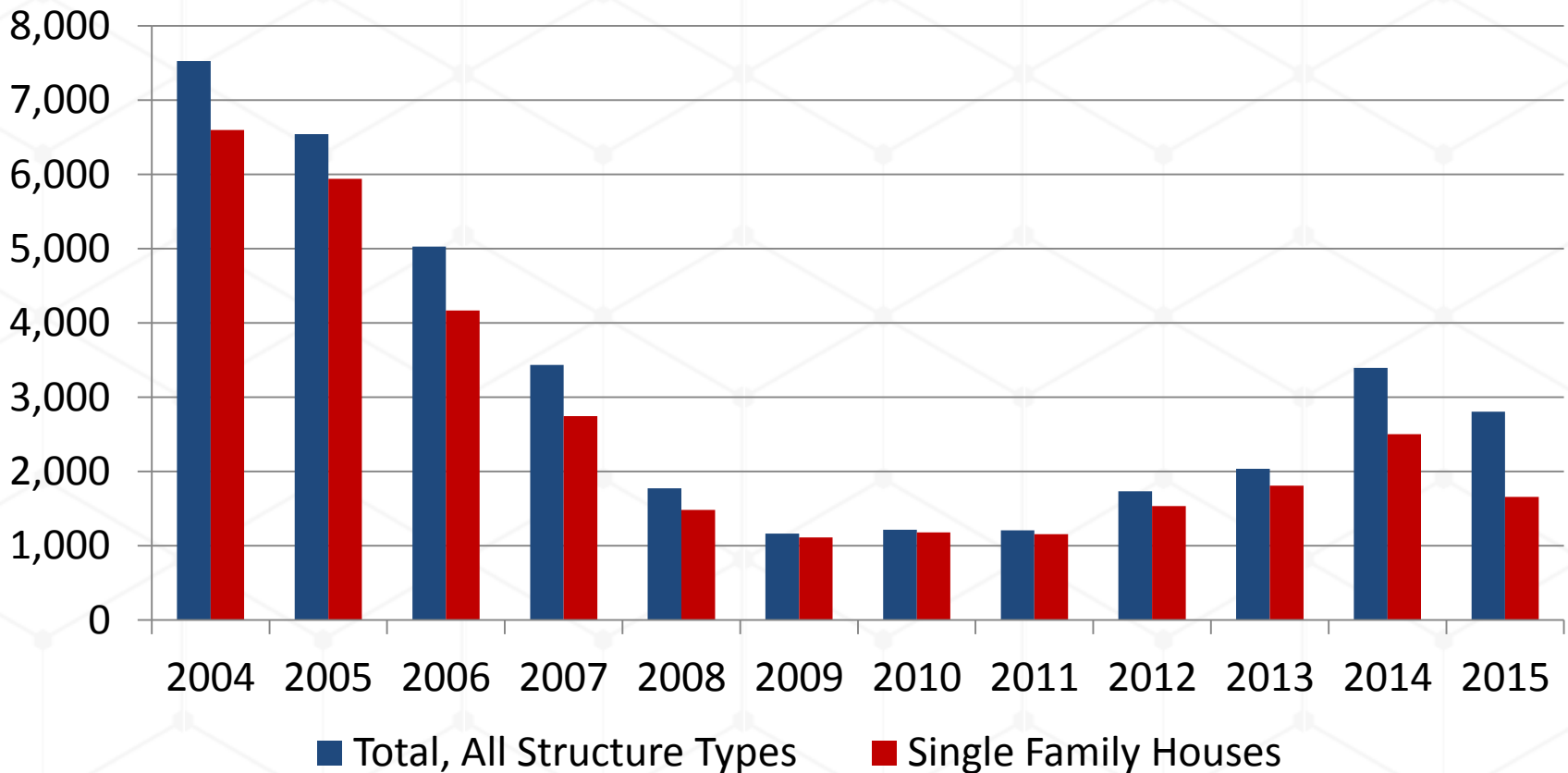
# Prices rebounded, but have not necessarily regained what was lost in the crash

Housing Price Index (1995 = 100)

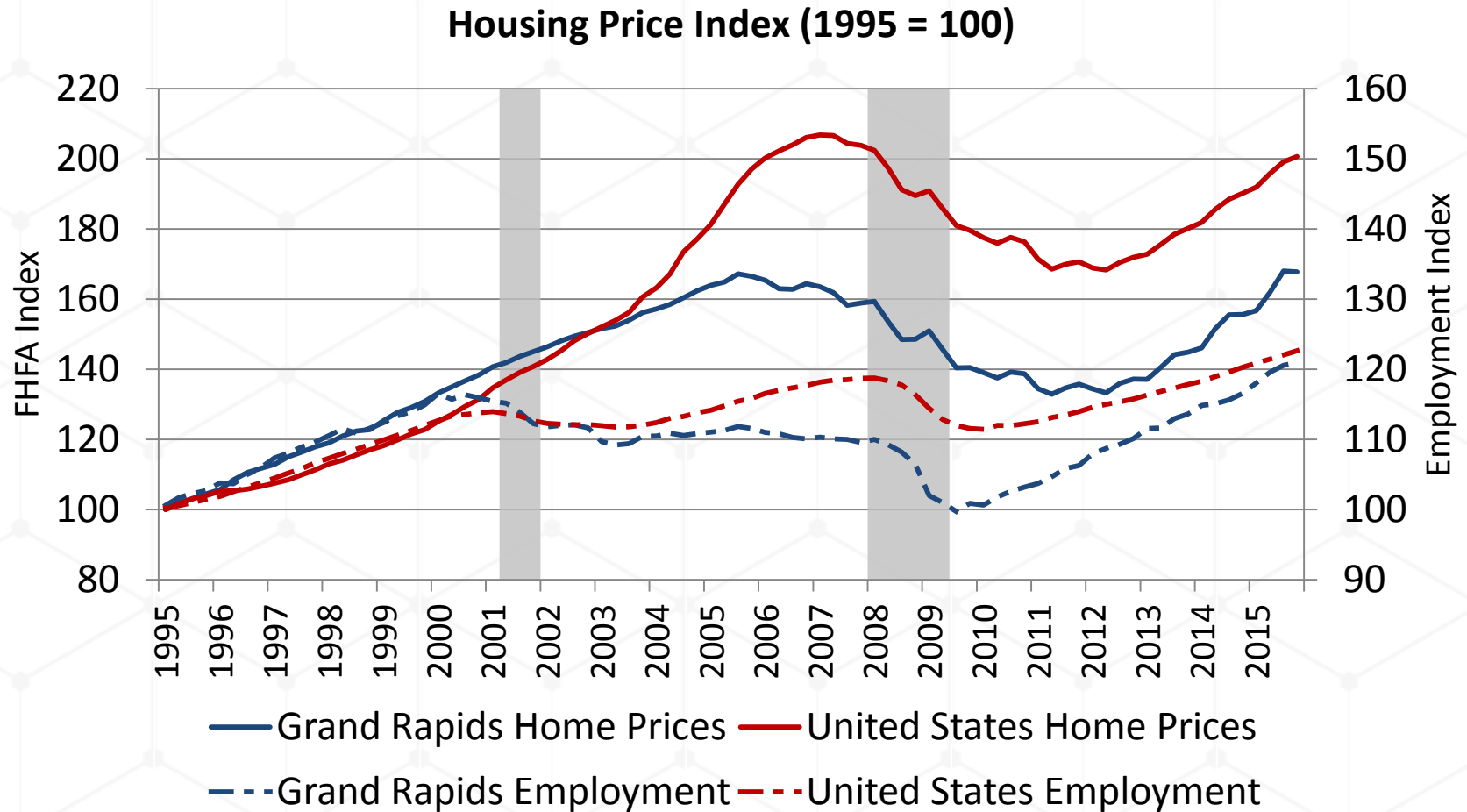


# New construction may have peaked in 2014

## Permits Issued for New Construction



# Did we have a bubble?



# Local Conditions

- + Auto sales are expected to remain solid through 2016 and 2017
- +/- Other manufacturing sectors, including furniture and aerospace, are flat
- Labor and skills shortages
- +/- Commodity prices are low
- +/- Low unemployment rate
- Availability of commercial/industrial real estate
- Lack of investment in residential capital

# Questions and Comments?

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