

# The National, State, and Regional Economy

## Have we reached a peak?

Brian Pittelko

April 13, 2016

# W.E. Upjohn Institute for Employment Research

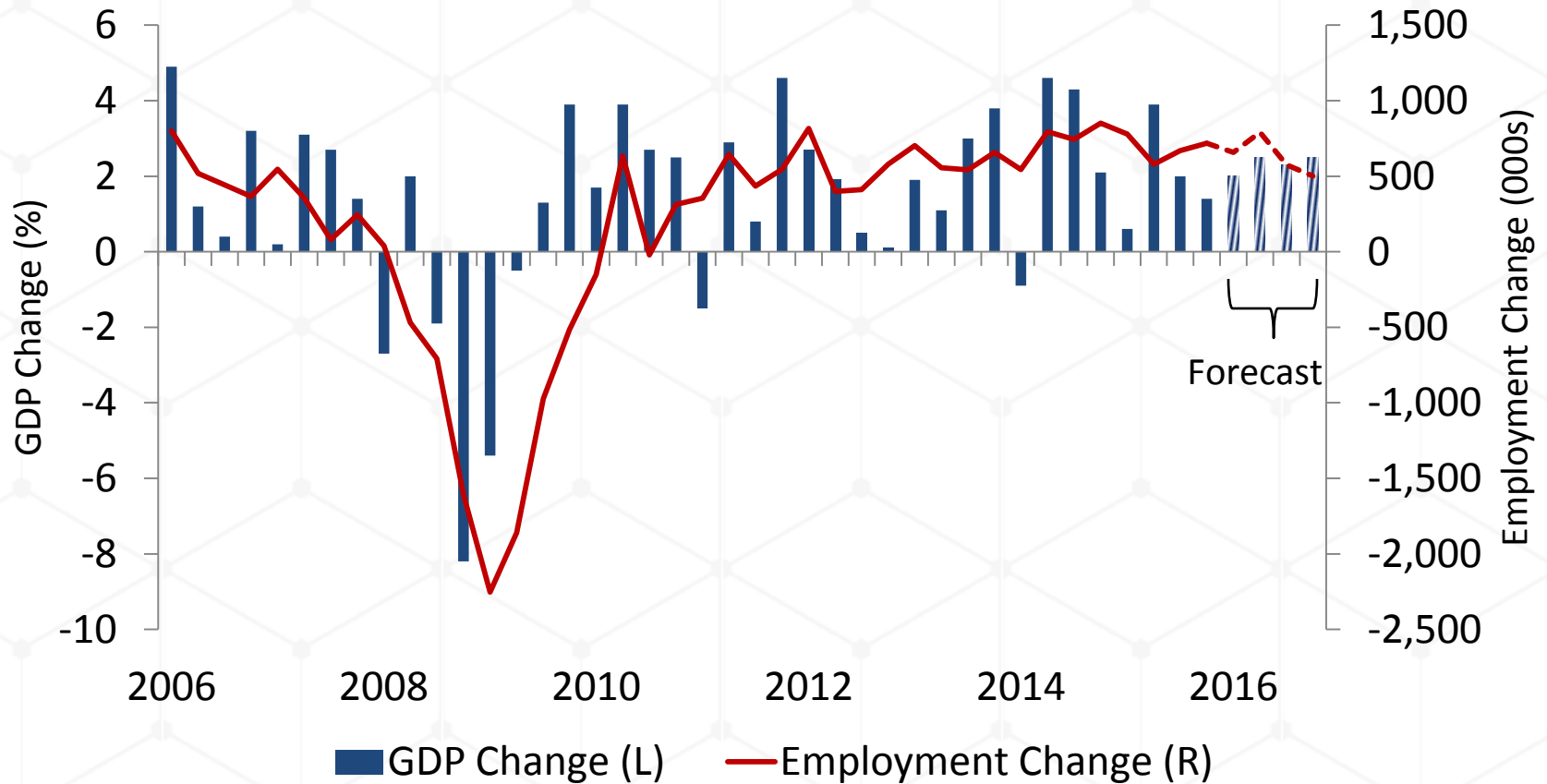
- The Institute is an activity of the W.E. Upjohn Unemployment Trustee Corporation, which was established in 1932 to administer a fund set aside by Dr. W.E. Upjohn, founder of the Upjohn Company.
- **MISSION:**
  - The W.E. Upjohn Institute for Employment Research is a private, nonprofit, nonpartisan, independent research organization devoted to investigating the causes and effects of unemployment, to identifying feasible methods of insuring against unemployment, and to devising ways and means of alleviating the distress and hardship caused by unemployment.

# Regional and Economic Planning Services

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

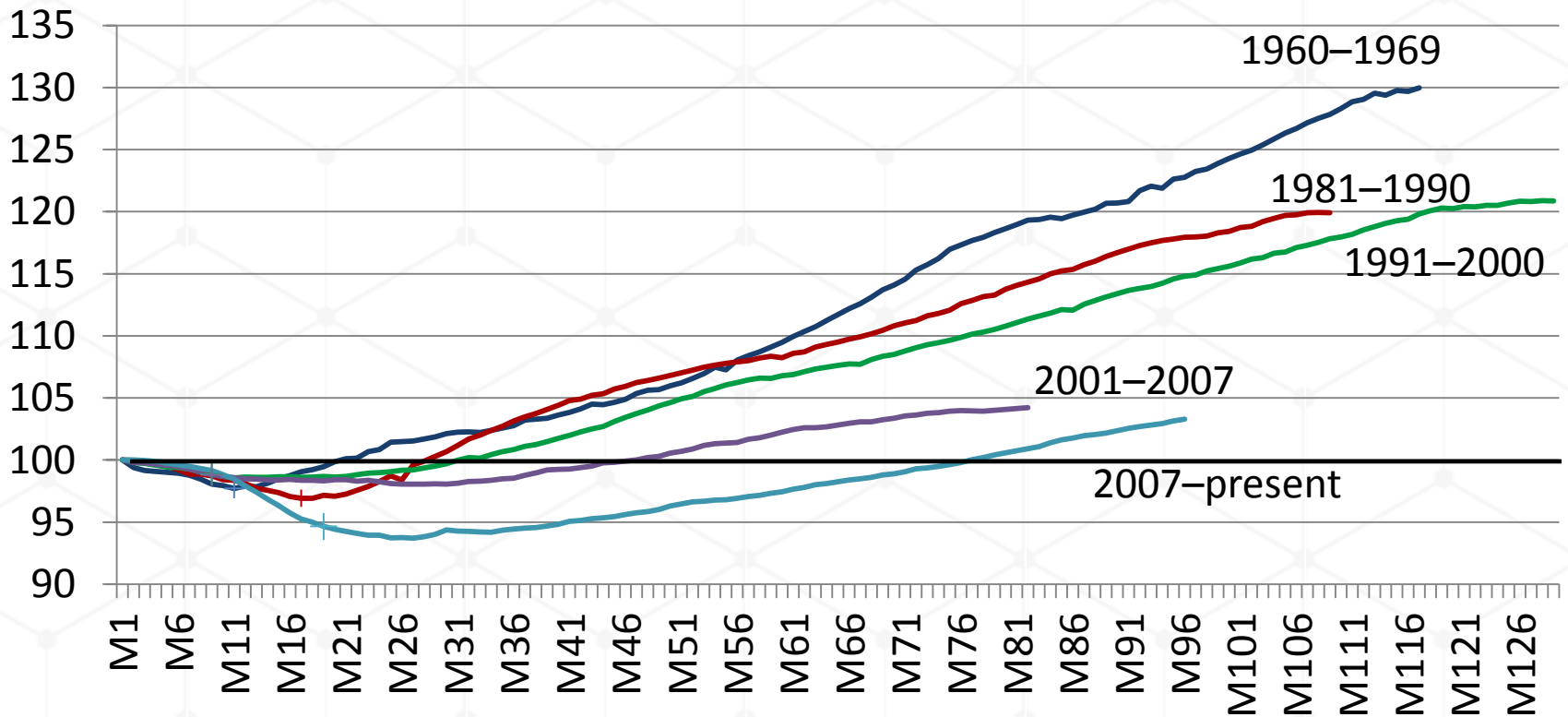
# Forecasts are too optimistic for 2016?

## Gross Domestic Product and Employment Change



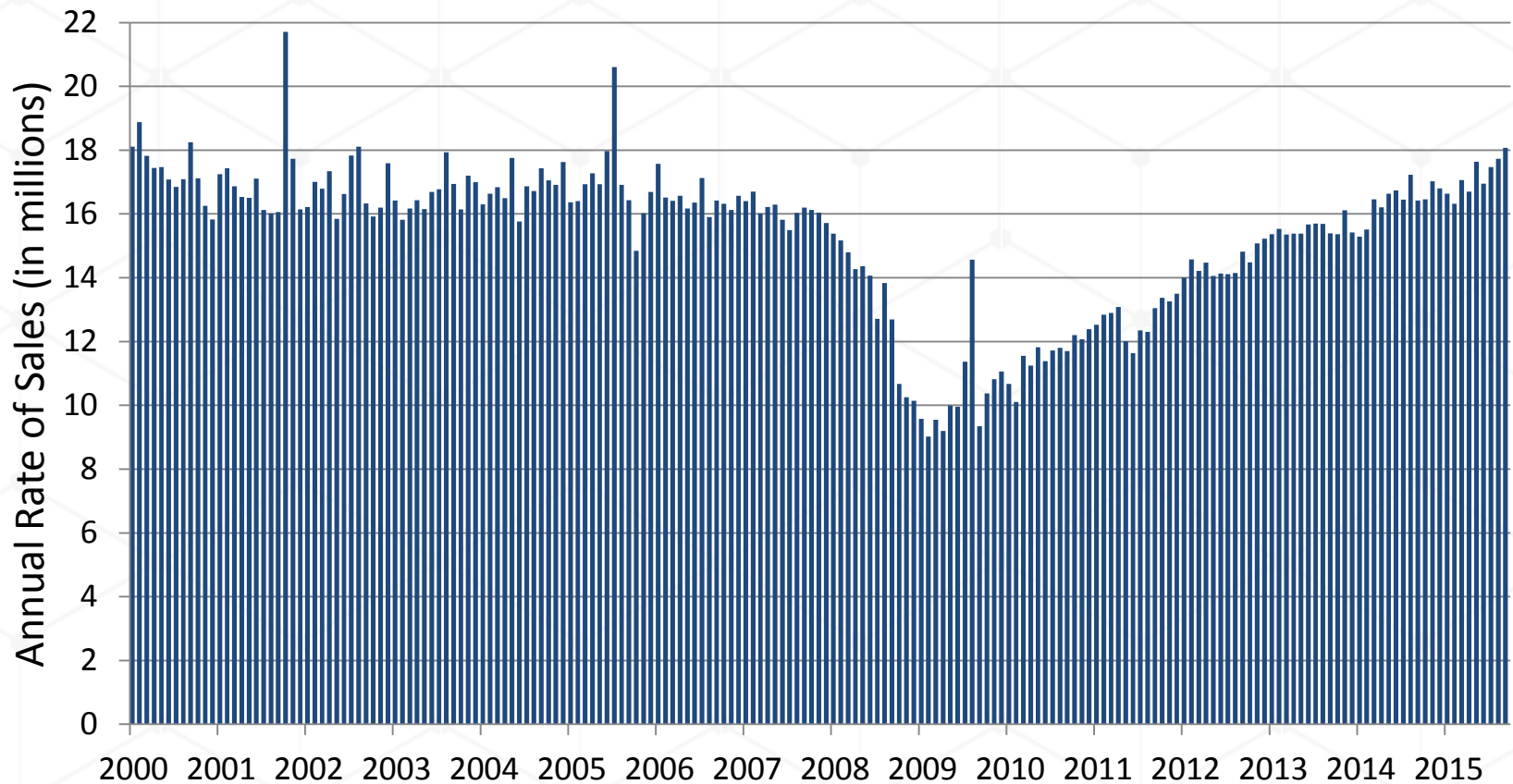
# The calendar isn't calling yet for a recession—if you trust history

Employment Index From Business Cycle Peak



# Auto sales are nearly at capacity

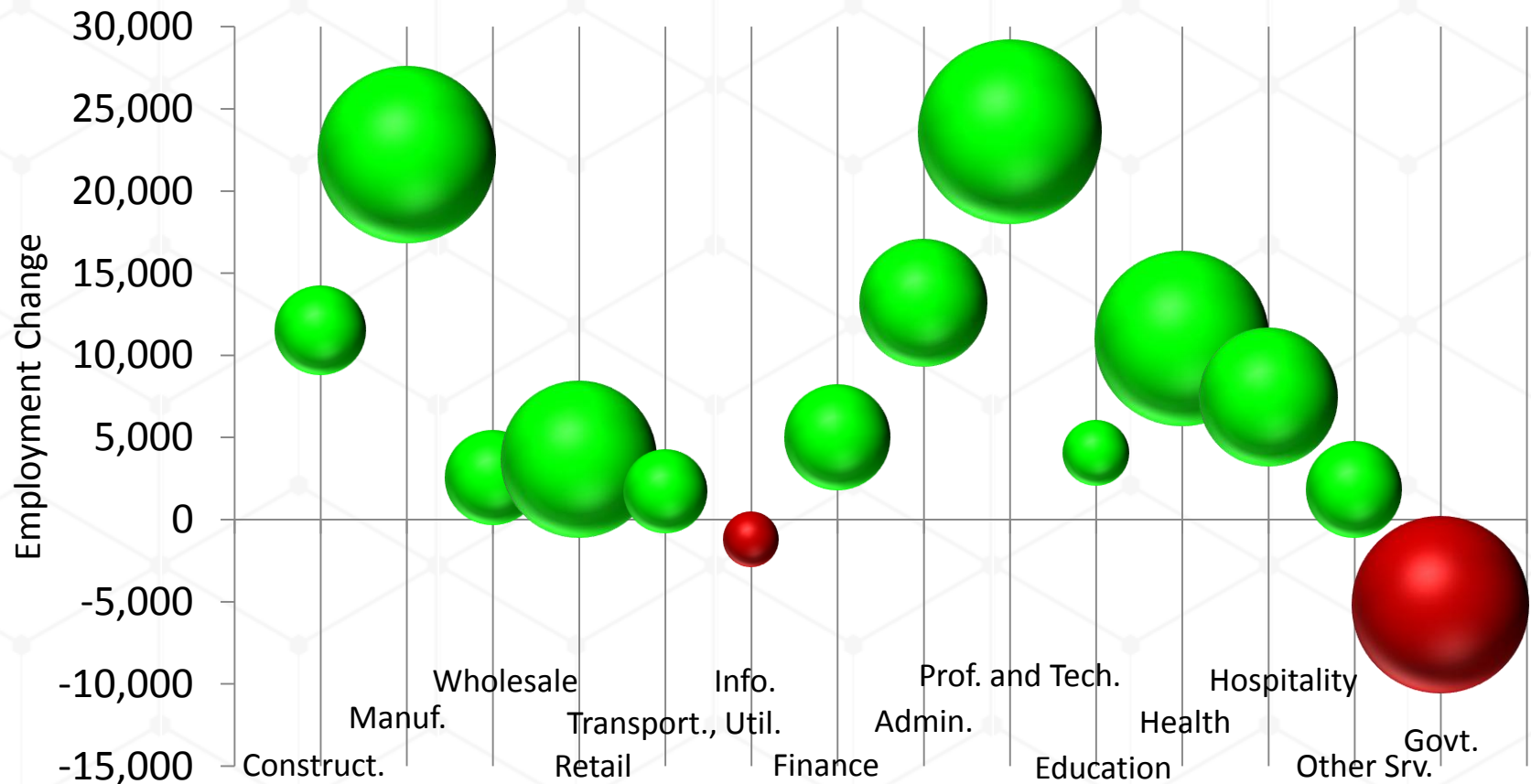
## Annualized Rate of U.S. Light Vehicle Sales (in millions)



# 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

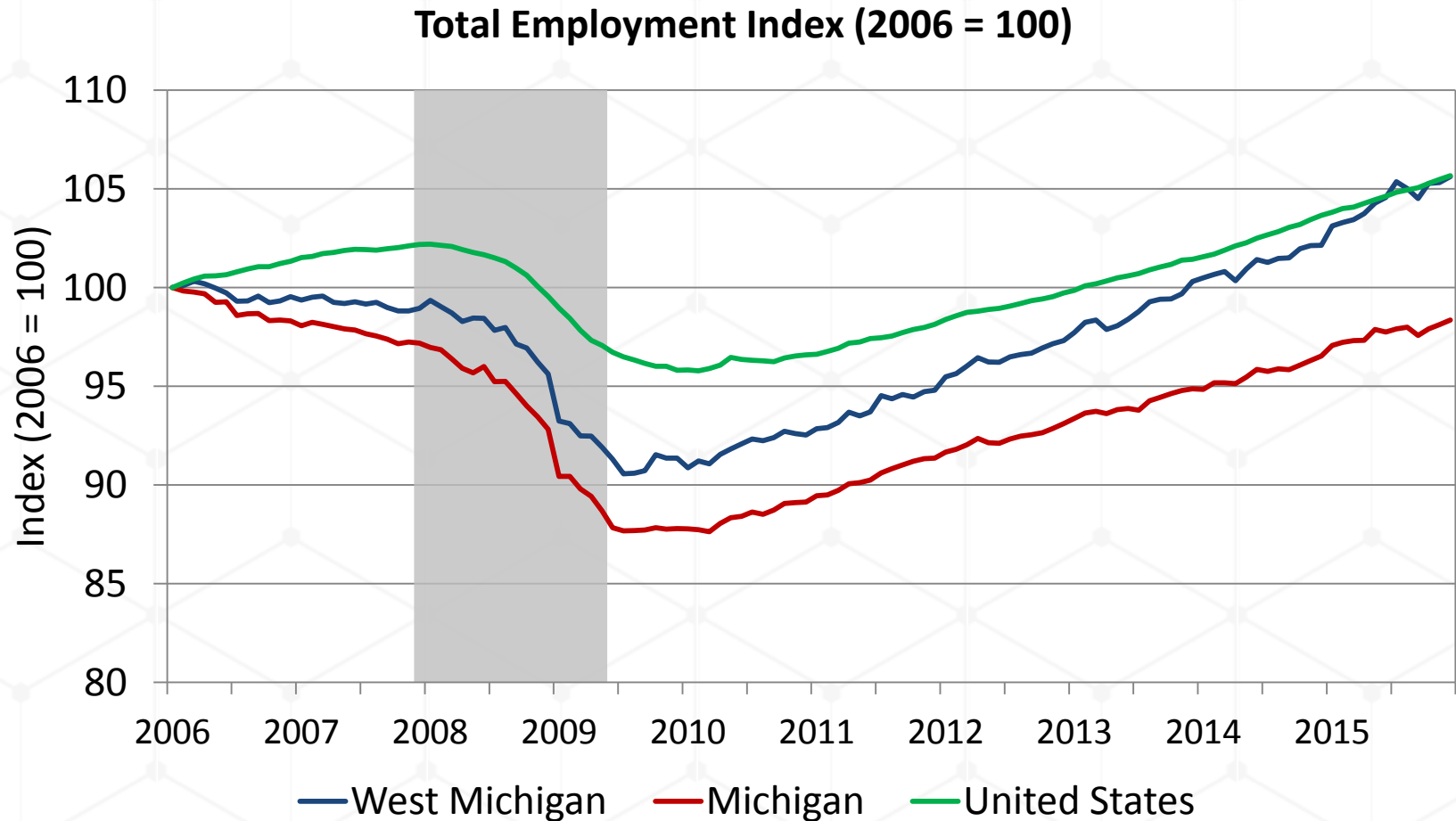
2014	67,233 jobs (1.6%)
2015	80,000 jobs (1.9%)
2016*	61,100 jobs (1.4%)
2017*	64,800 jobs (1.5%)

# Moving on to West Michigan

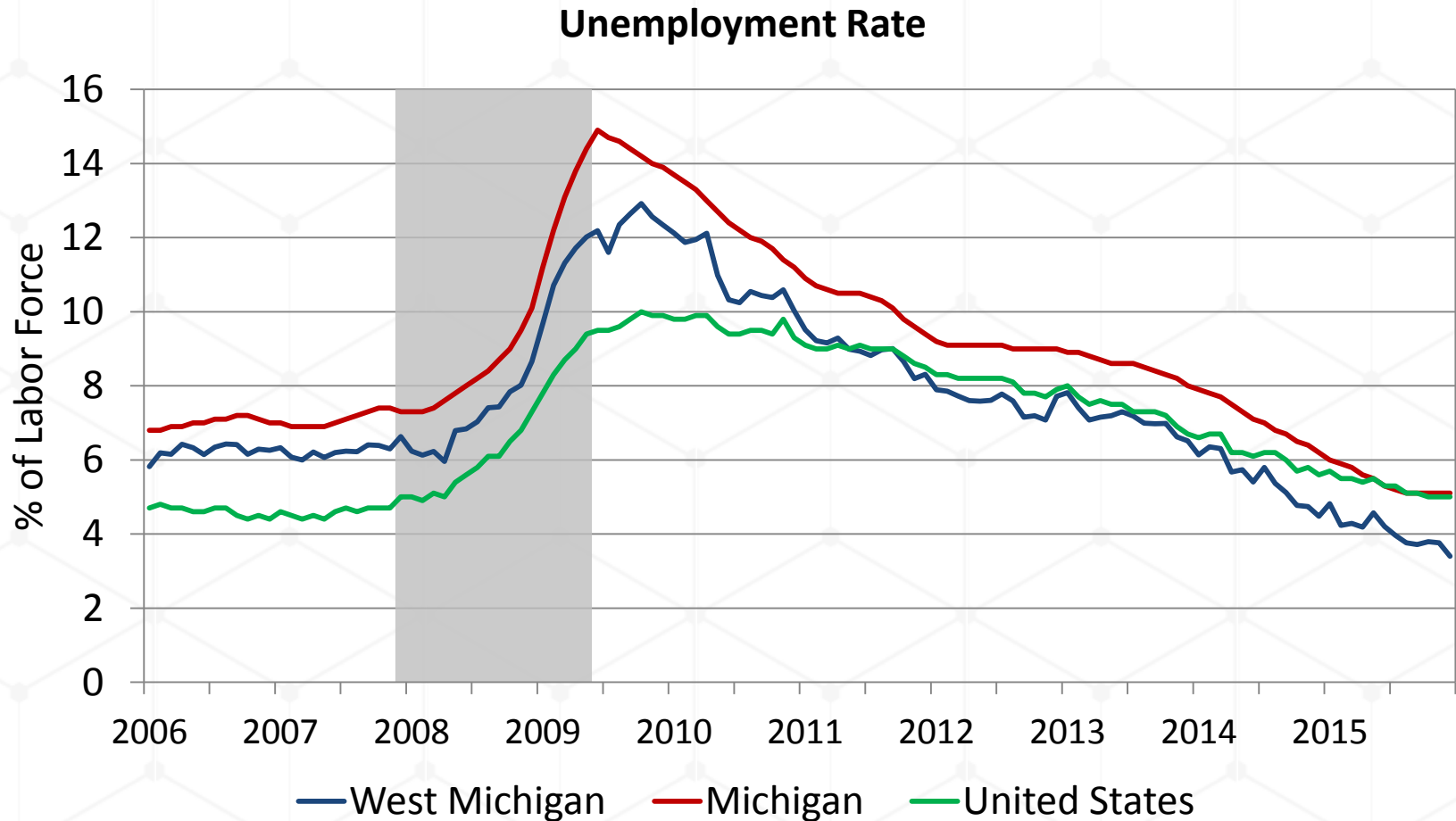
# West Michigan

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

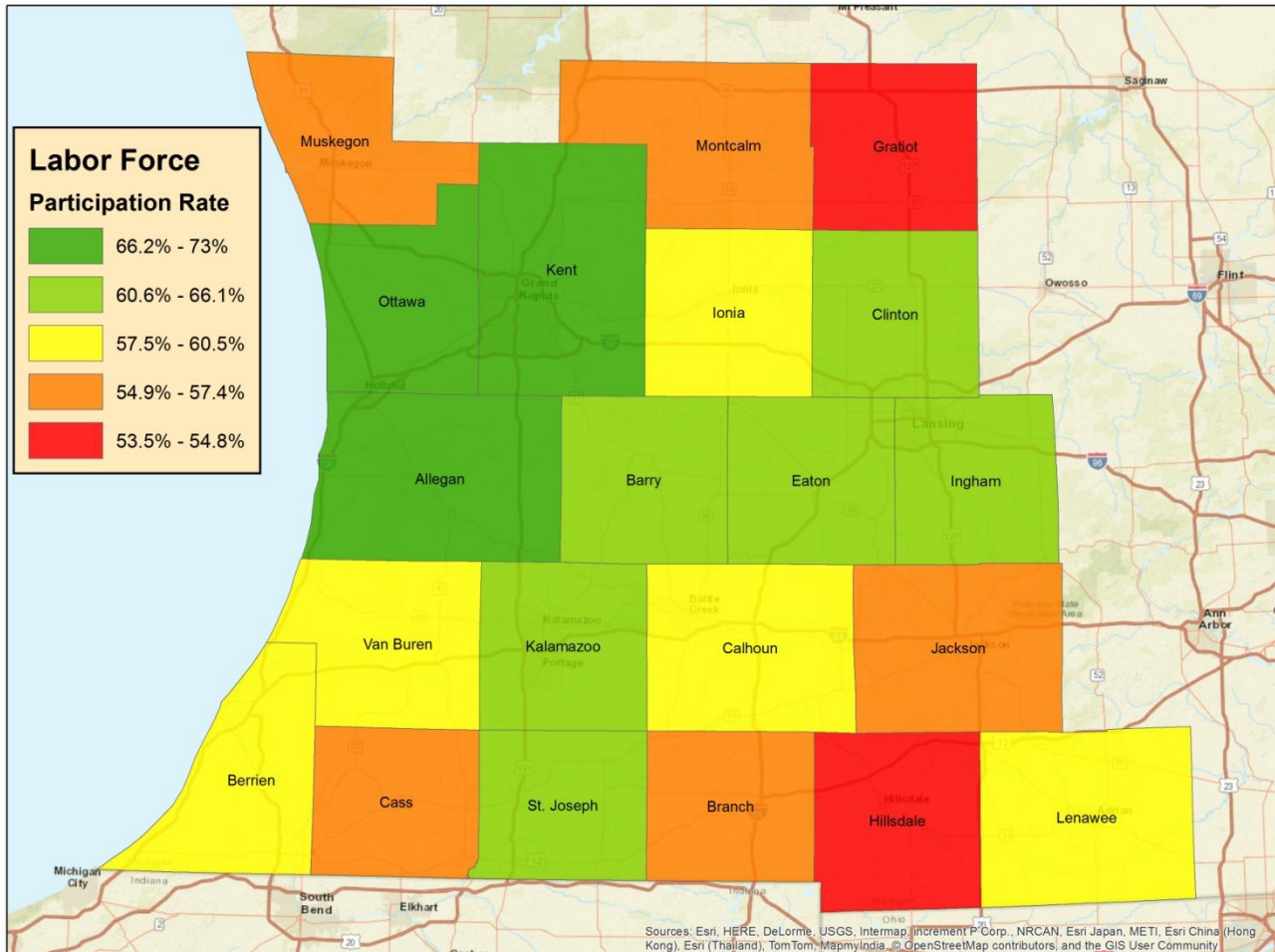
# Employment growth in the region has been comparable to the state since the end of the Great Recession



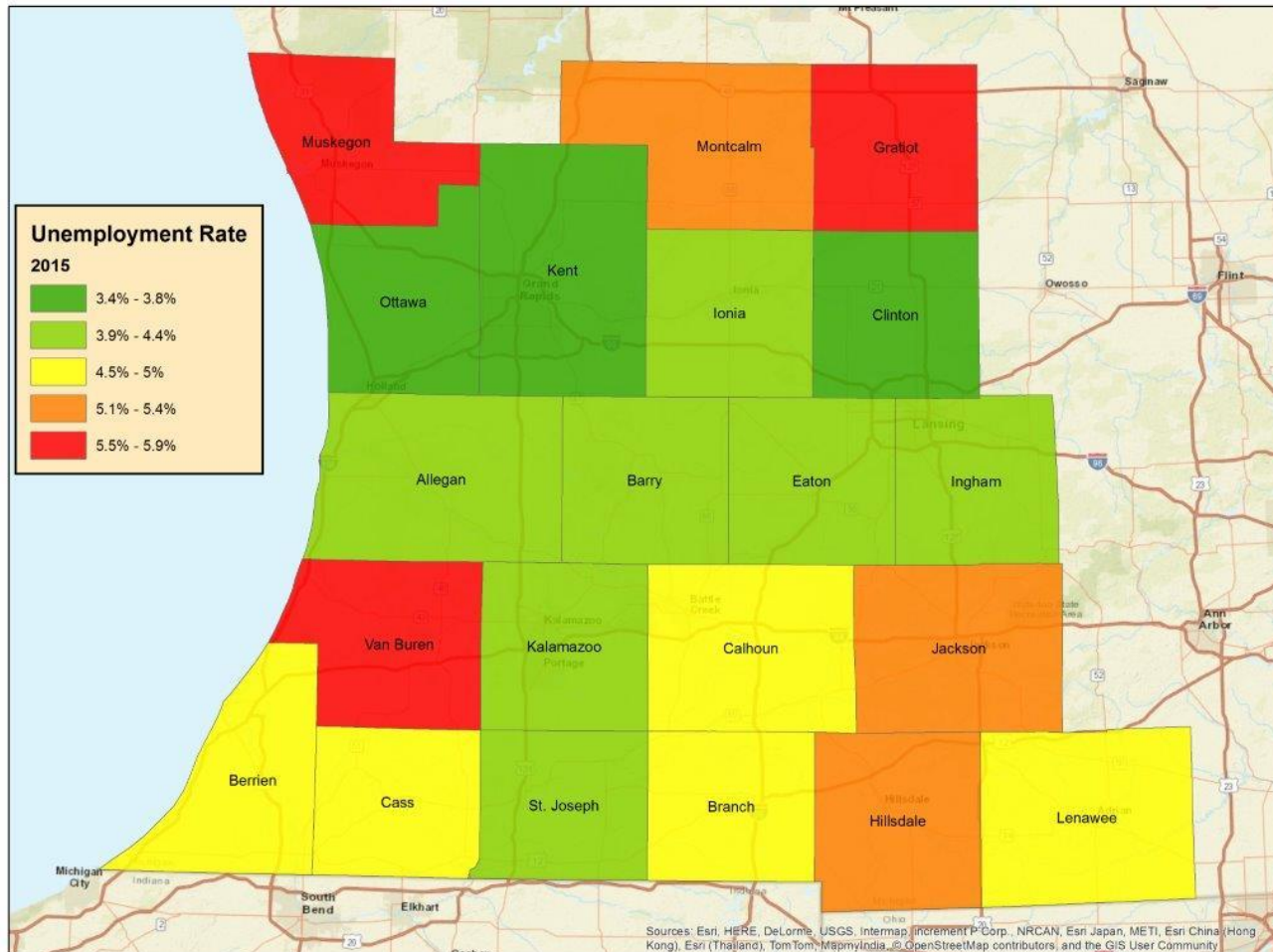
# The unemployment rate is lower than the national and statewide rates



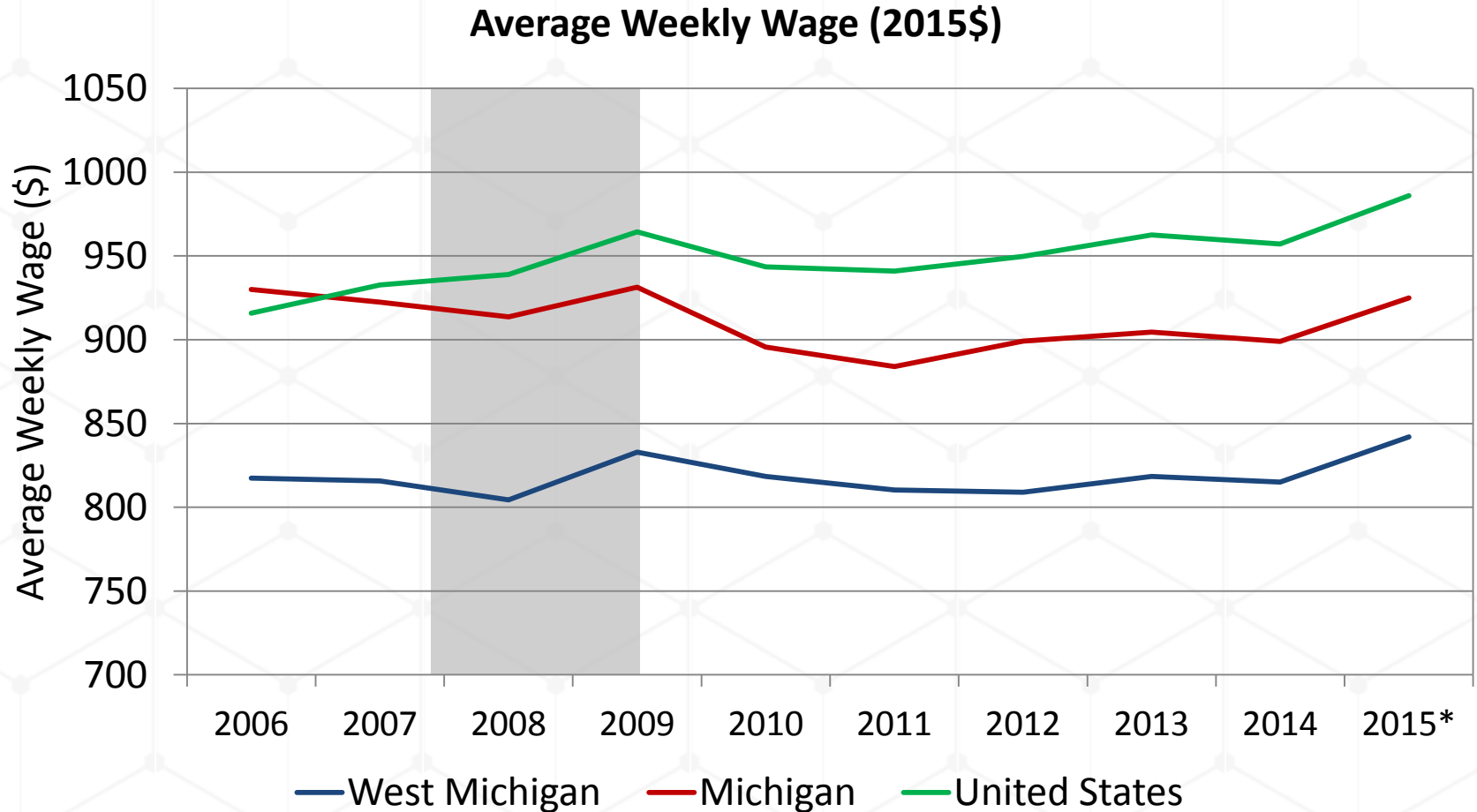
# The national LFPR was 62.6 in 2015



# Labor markets are tight across the region



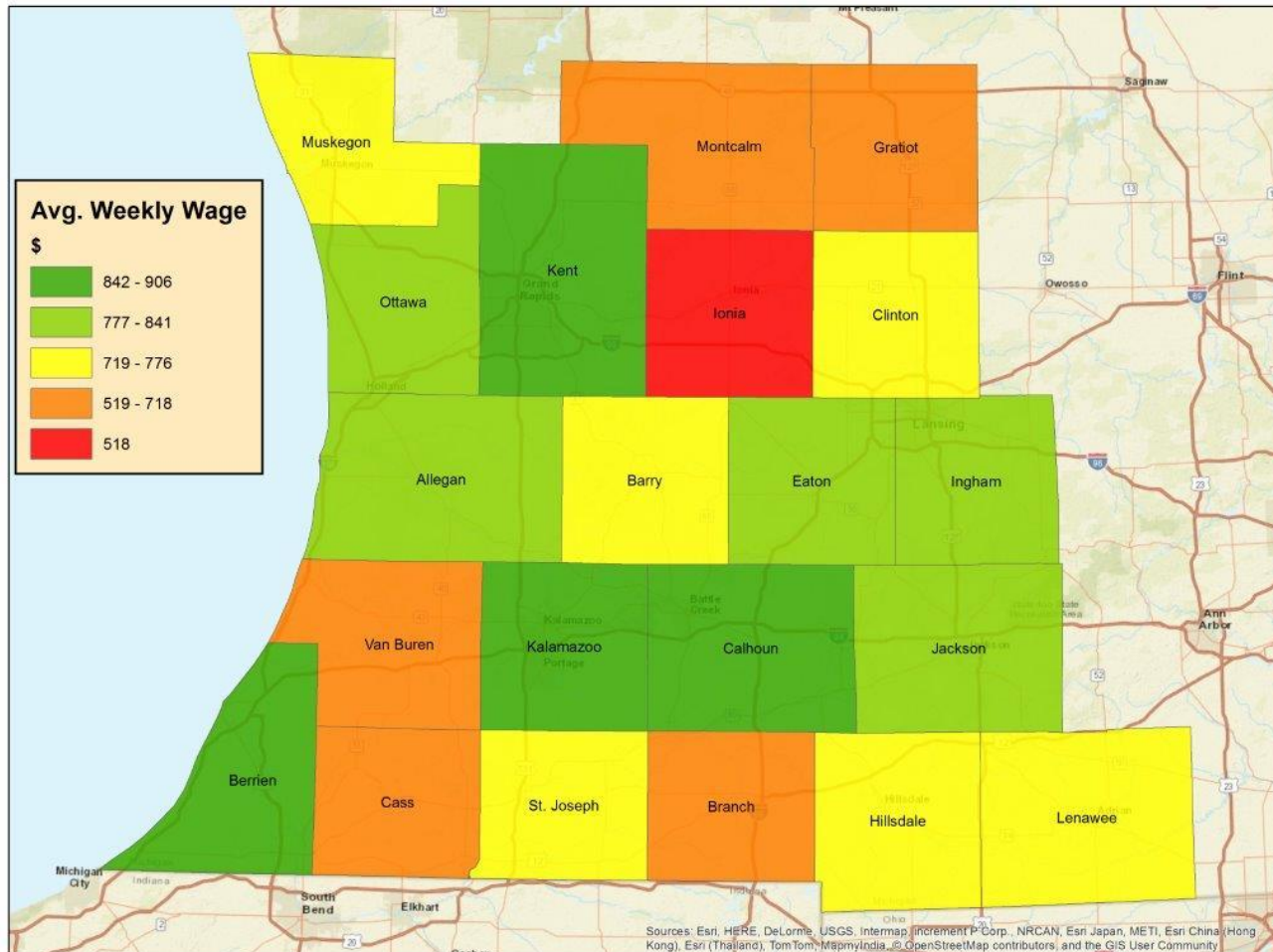
# Wages have been flat, but may be on the rise



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

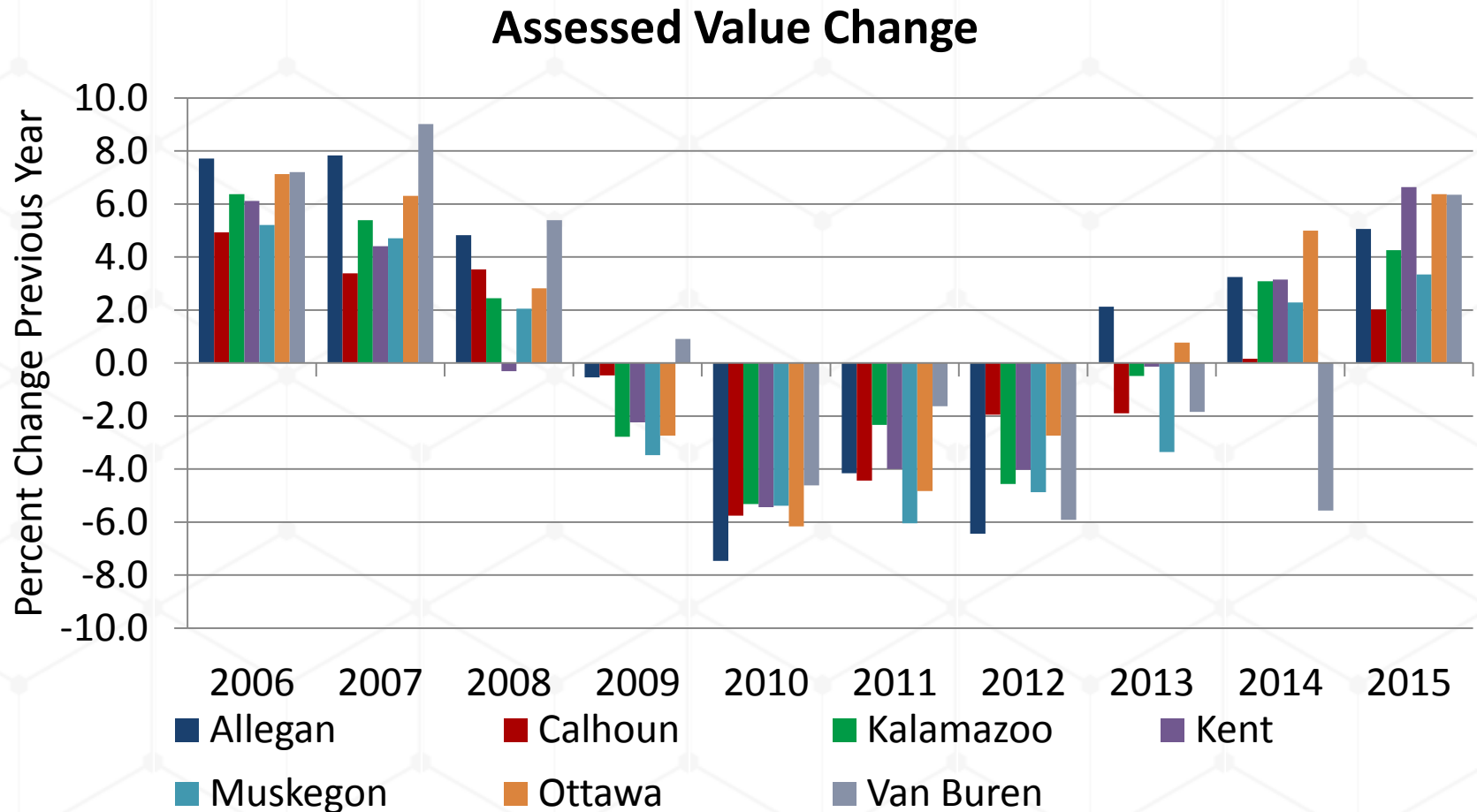


# Wages are higher in most urban areas



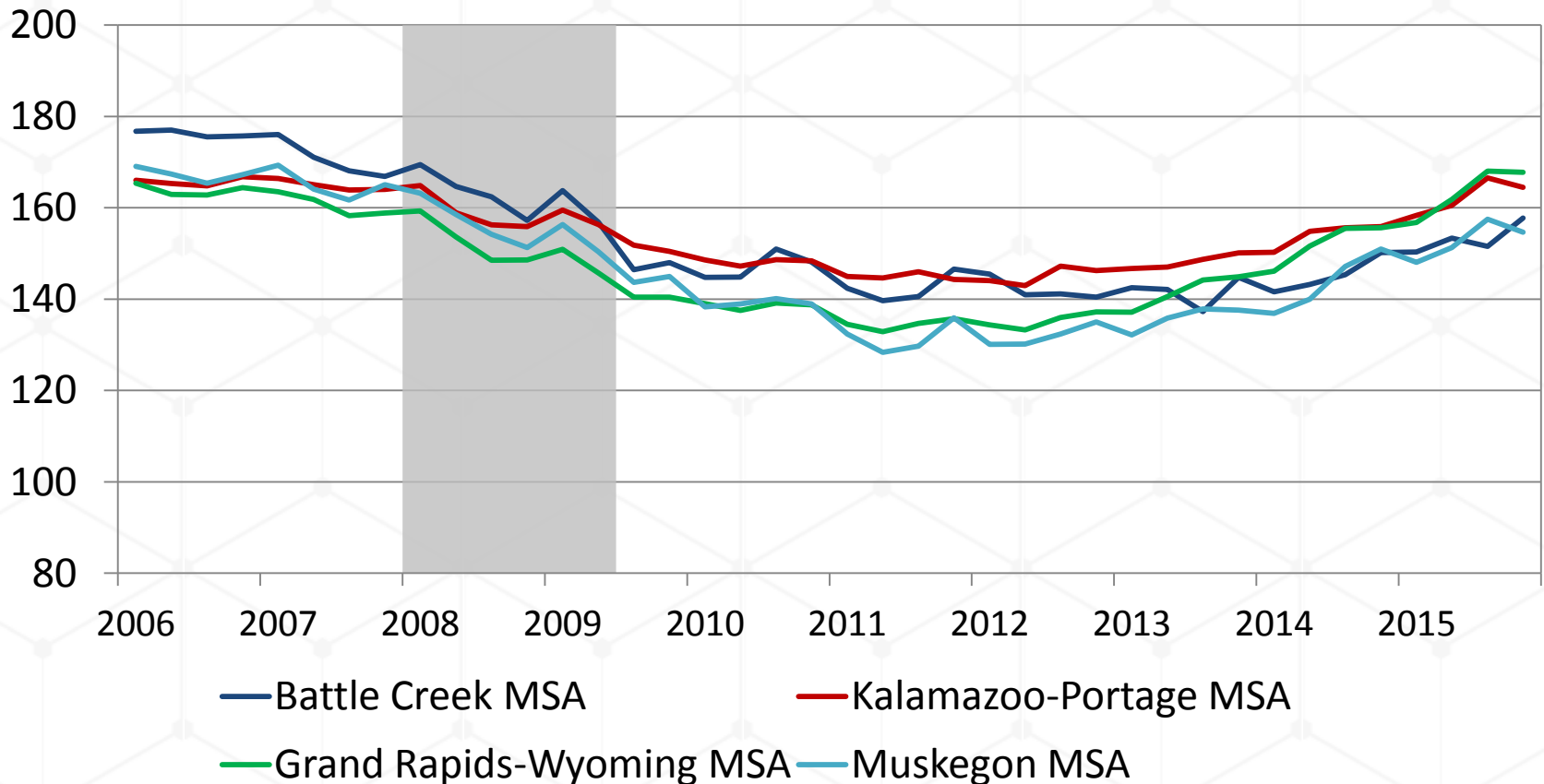
Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

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



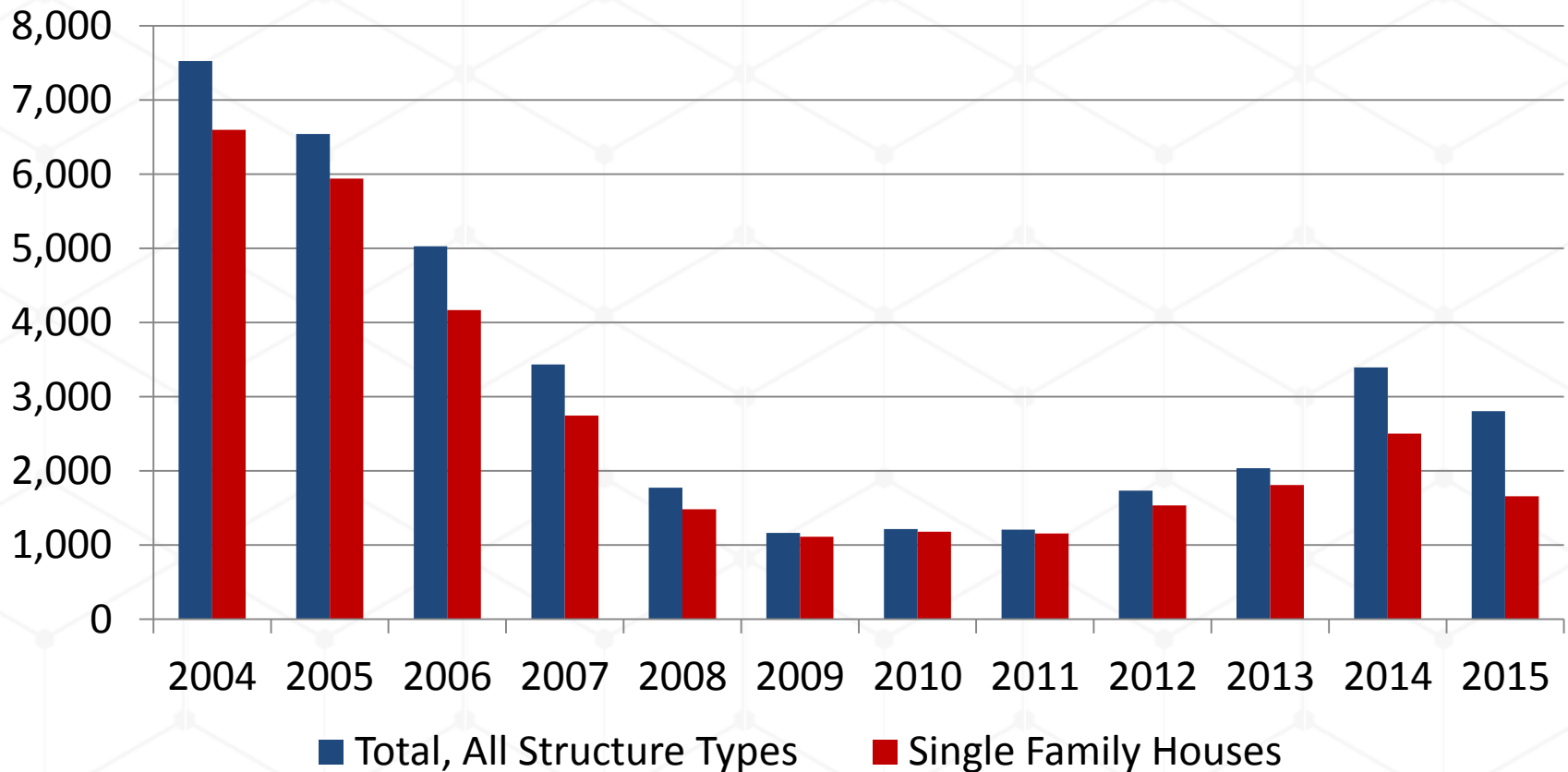
# Prices rebounded, but have not necessarily regained what was lost in the crash

Housing Price Index (1995 = 100)

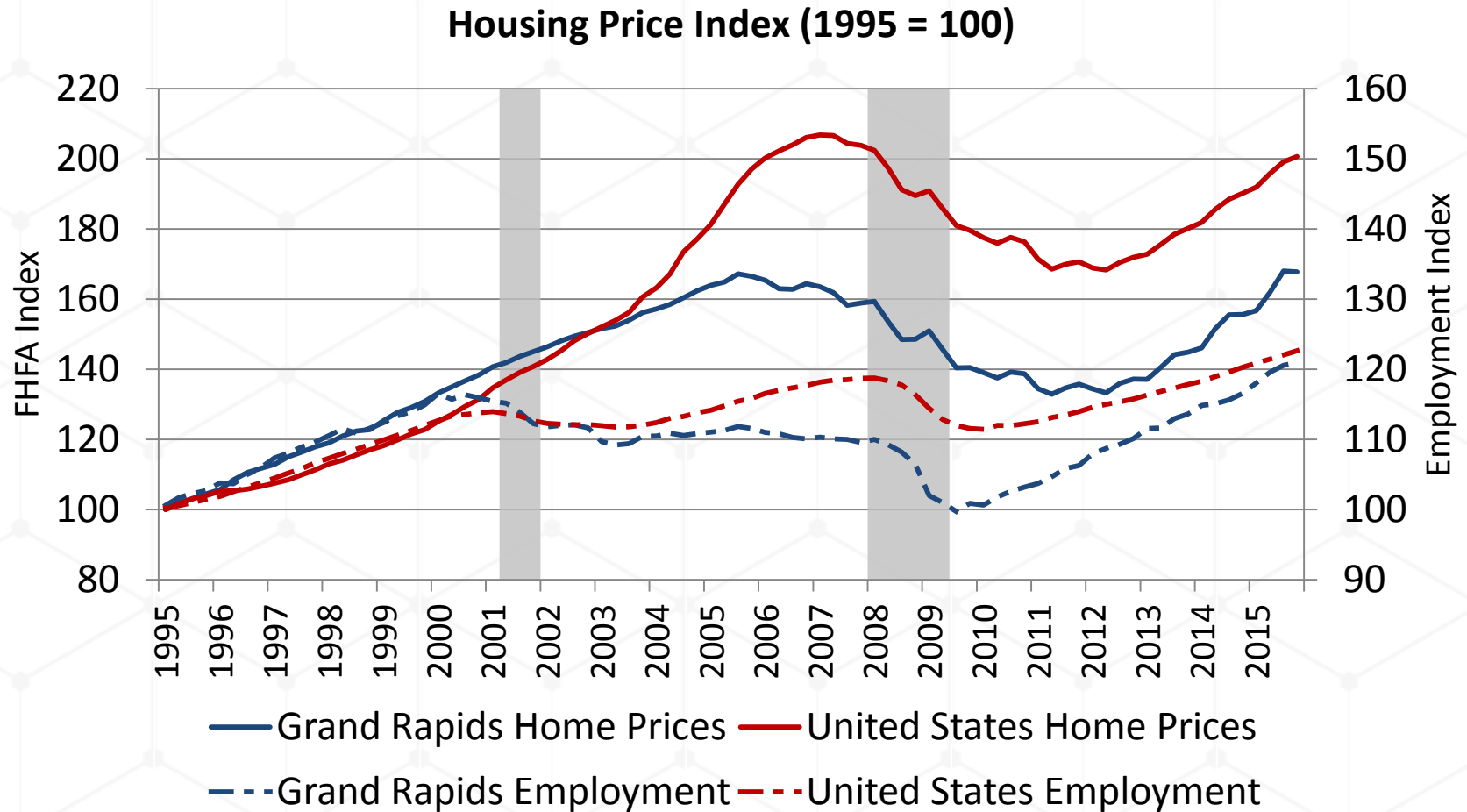


# New construction may have peaked in 2014

## 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?

- Upjohn Institute: 269-343-5541
- Jim Robey – Director of Regional Economic Planning Services
  - [jim.robey@upjohn.org](mailto:jim.robey@upjohn.org)
- Brian Pittelko – Regional Analyst
  - [pittelko@upjohn.org](mailto:pittelko@upjohn.org)
- Bryan Bommersbach – GIS Specialist
  - [bommersbach@upjohn.org](mailto:bommersbach@upjohn.org)