

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

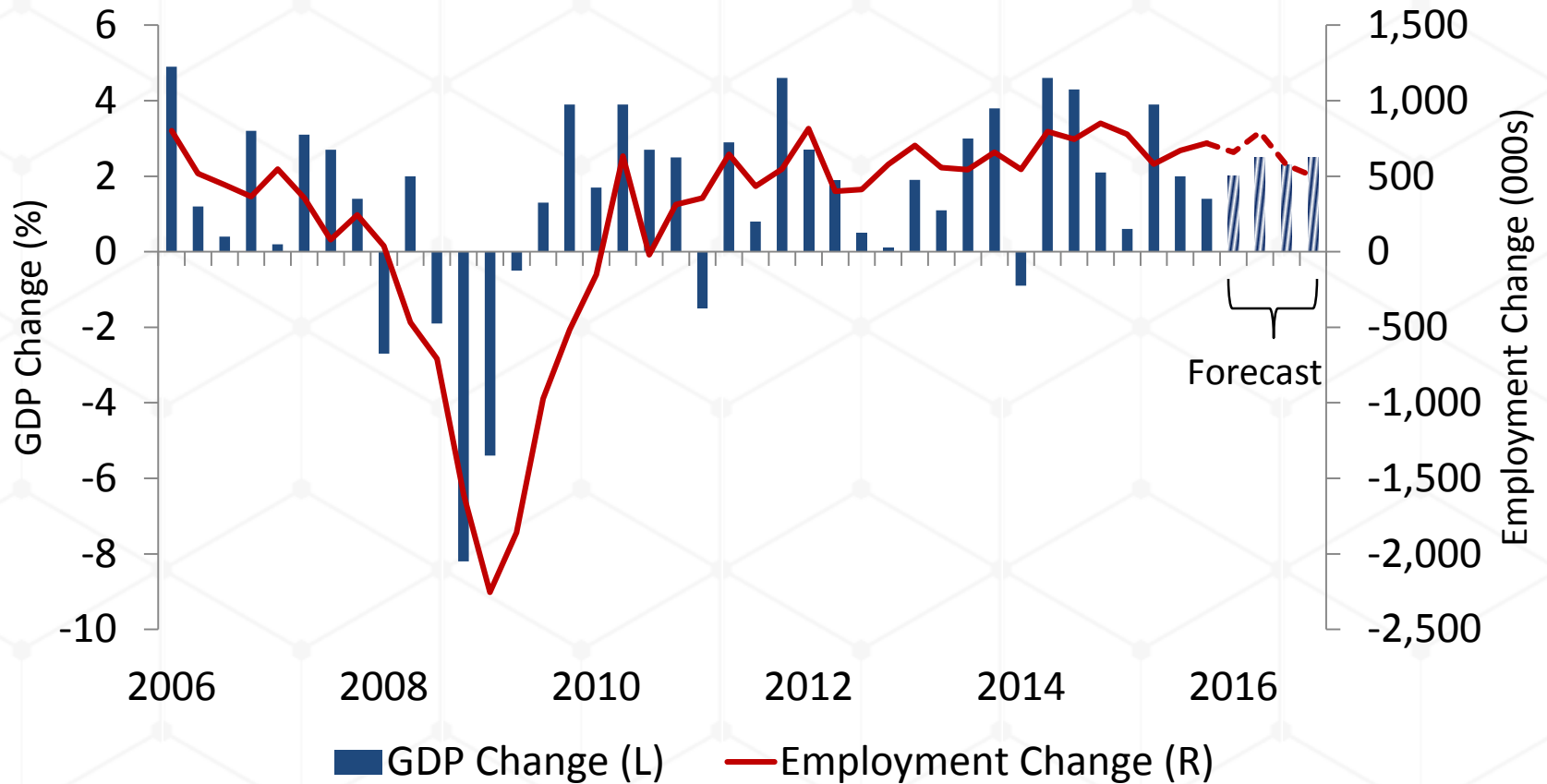
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Regional and Economic Planning Services

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- Talent Assessment
- Urban & Regional Planning

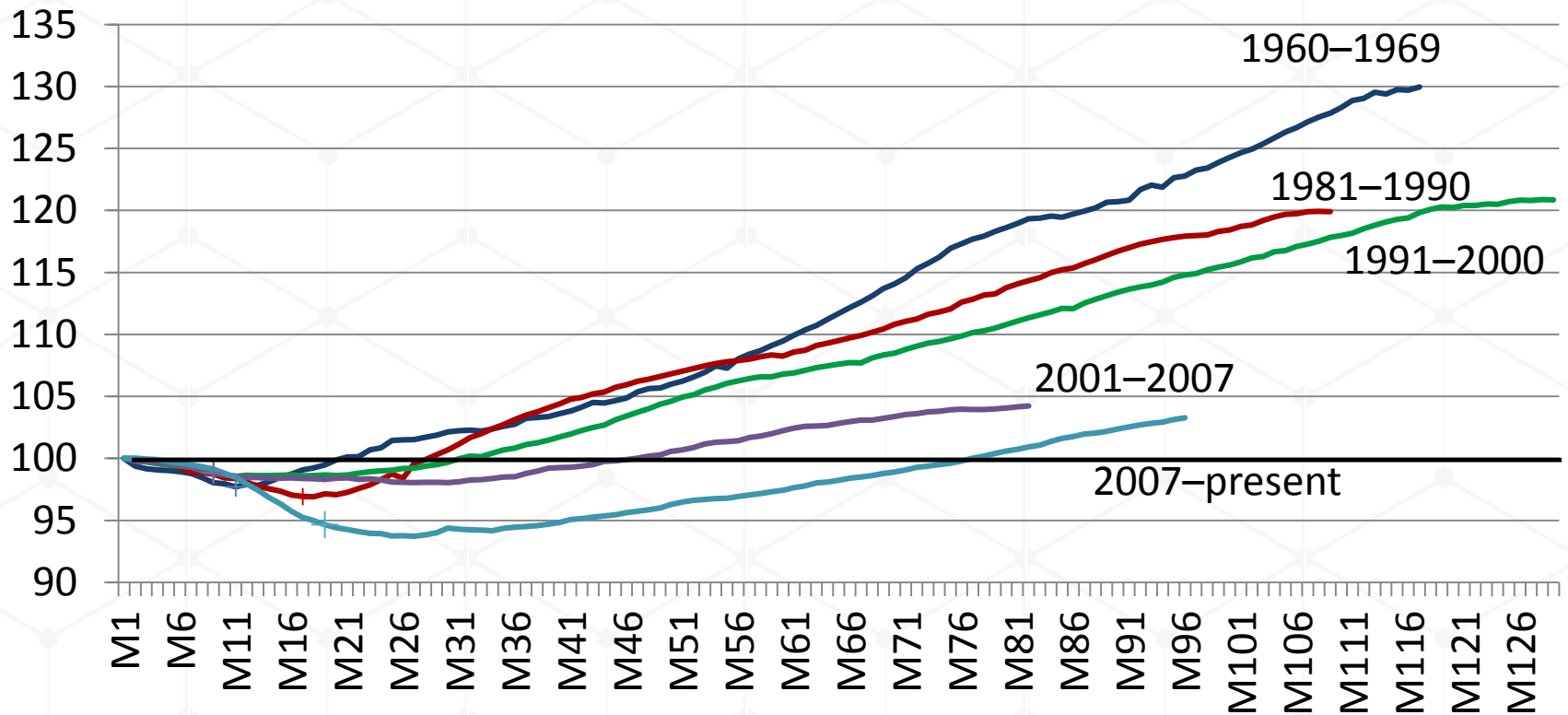
Forecasts are too optimistic for 2016?

Gross Domestic Product and Employment Change



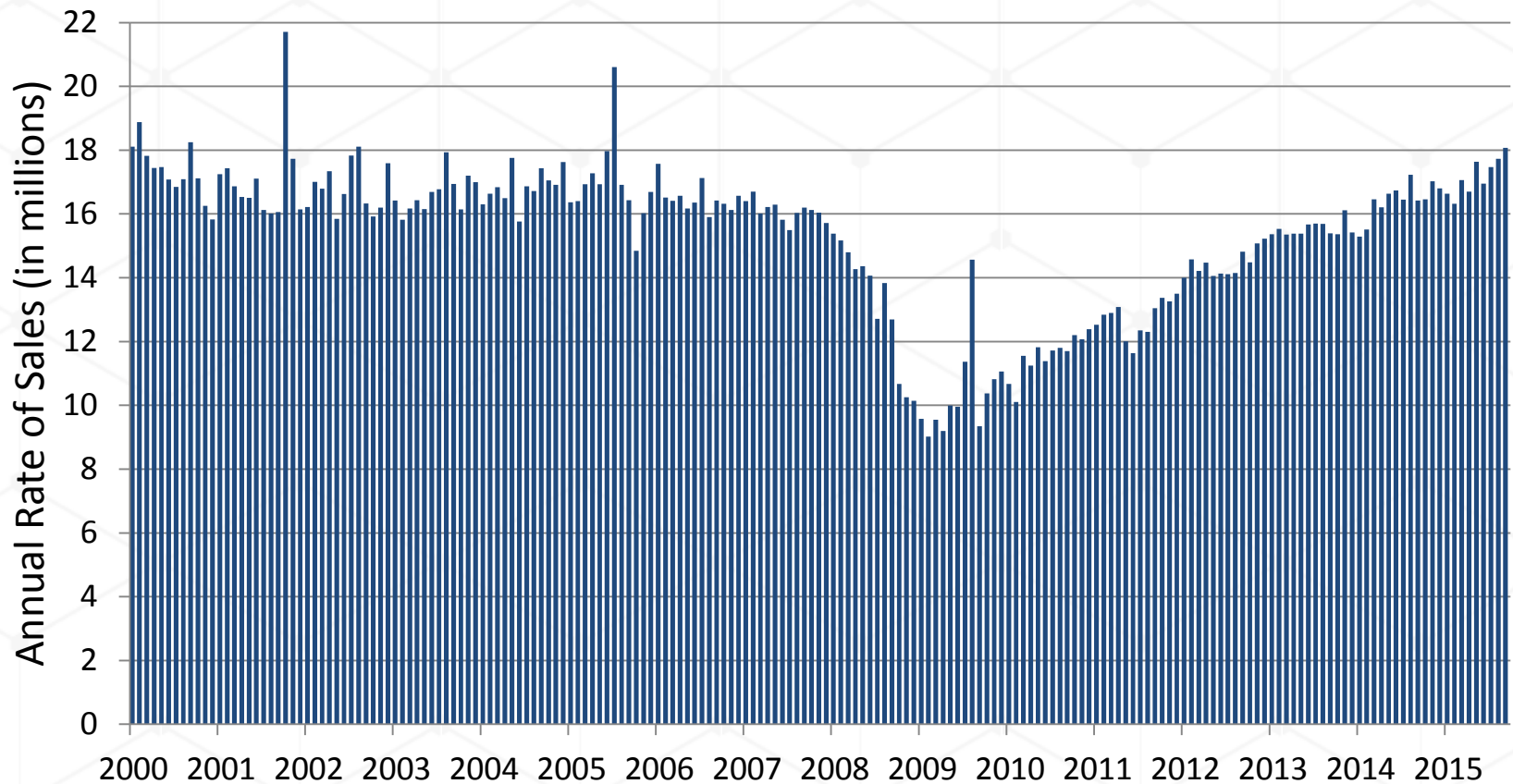
The calendar isn't calling yet for a recession—if you trust history

Employment Index From Business Cycle Peak



Auto sales are nearly at capacity

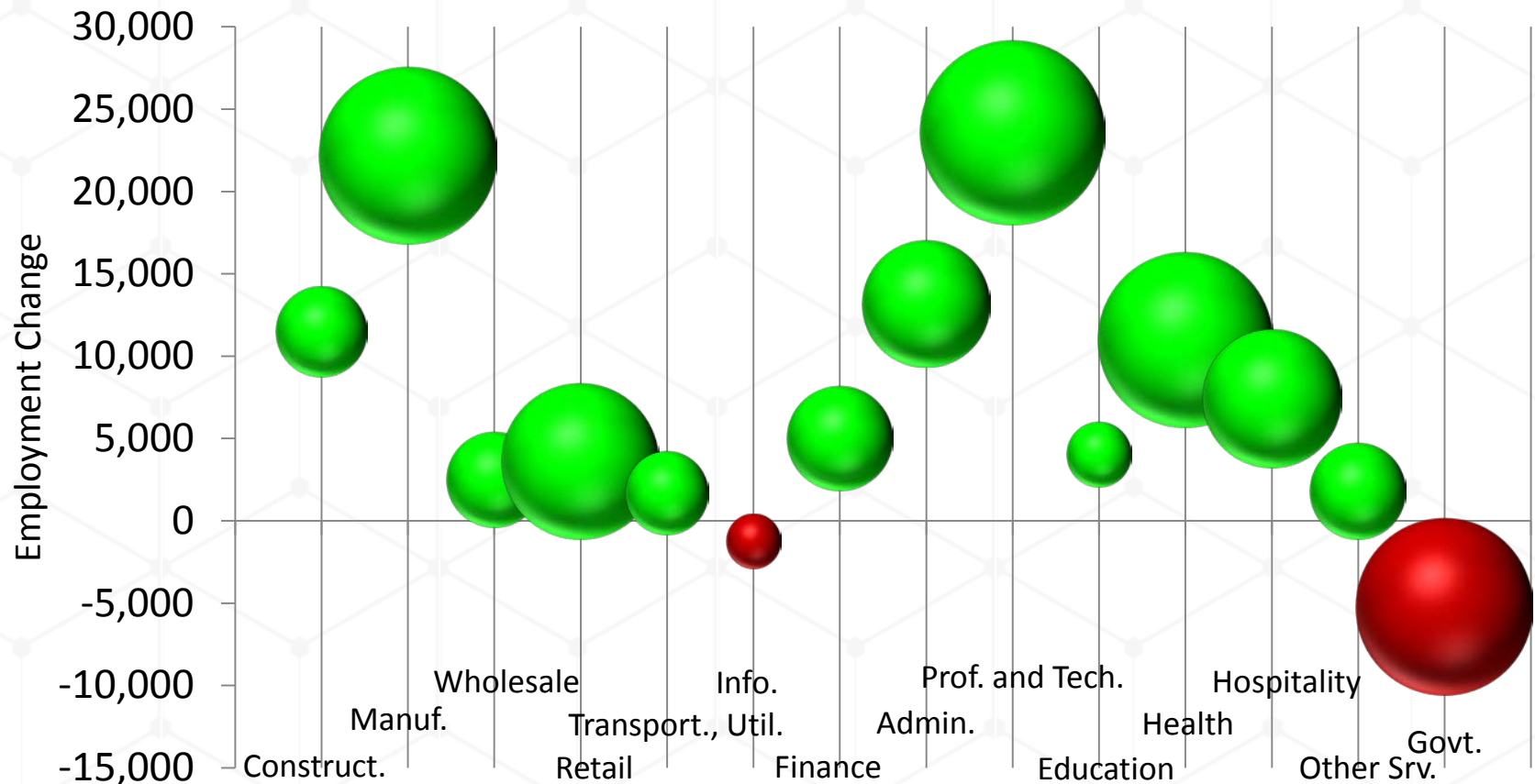
Annualized Rate of U.S. Light Vehicle Sales (in millions)



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 4th Quarter to 4th Quarter

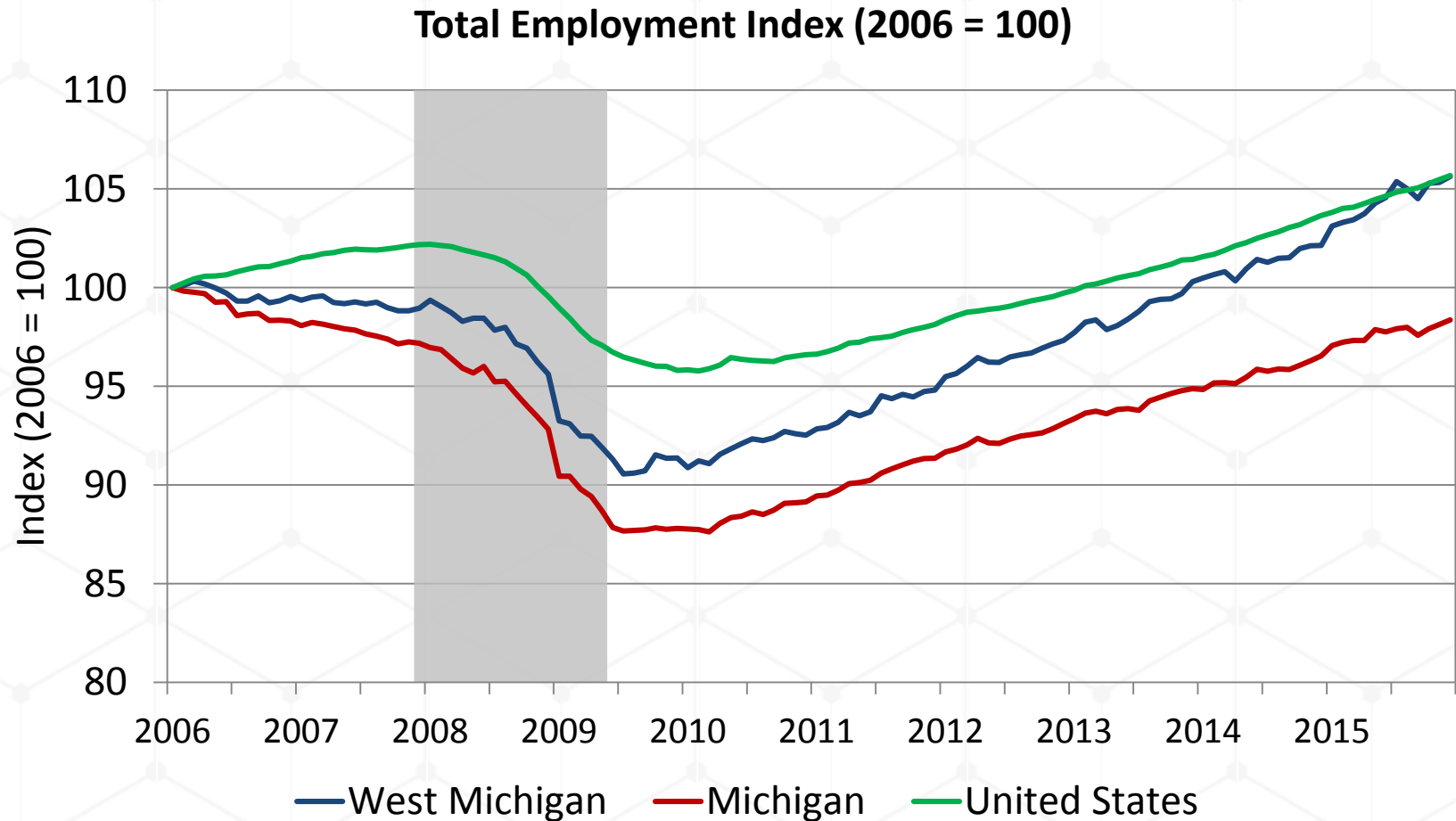
2014	67,233 jobs (1.6%)
2015	80,000 jobs (1.9%)
2016*	61,100 jobs (1.4%)
2017*	64,800 jobs (1.5%)

Moving on to West Michigan

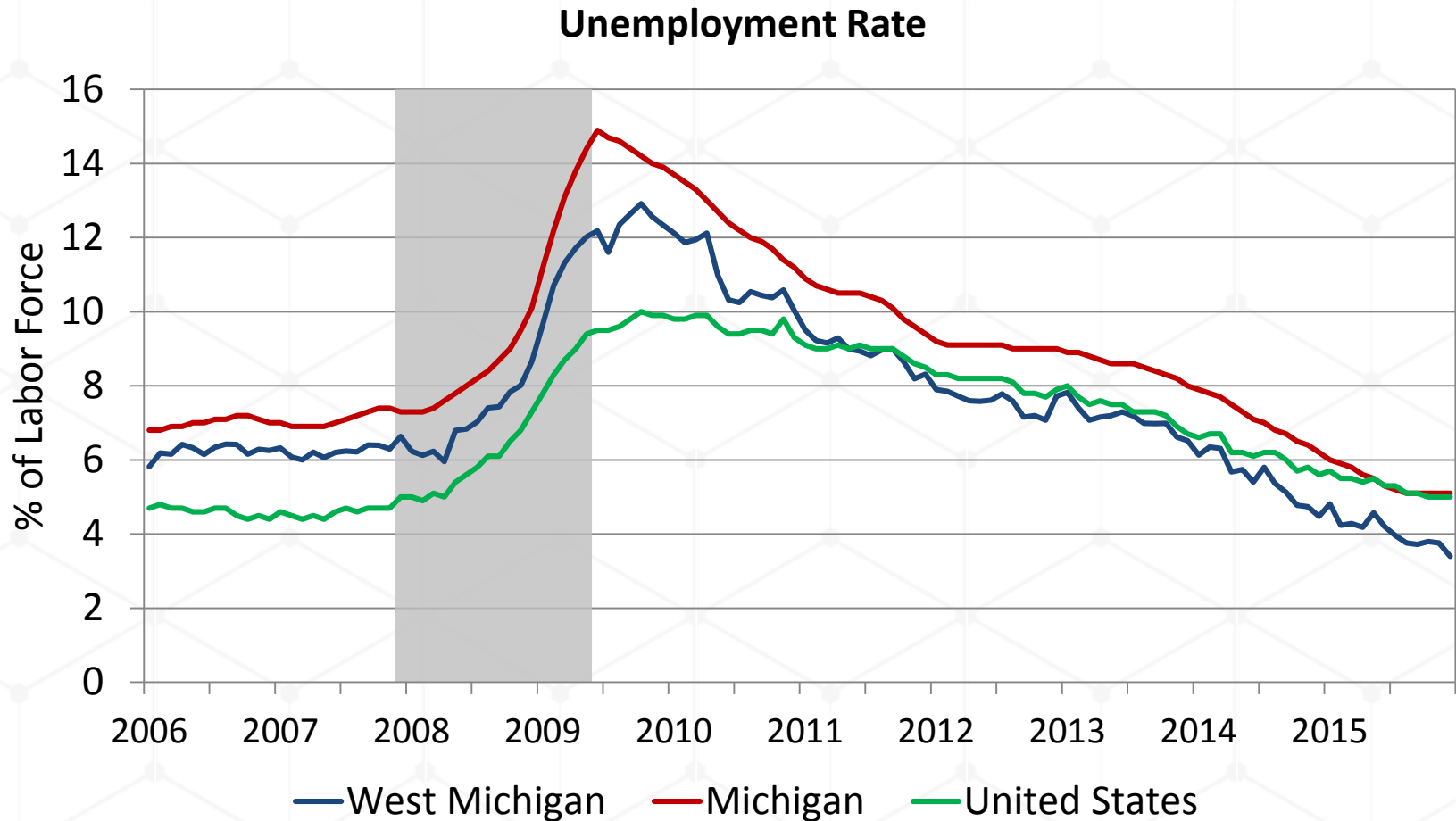
West Michigan

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

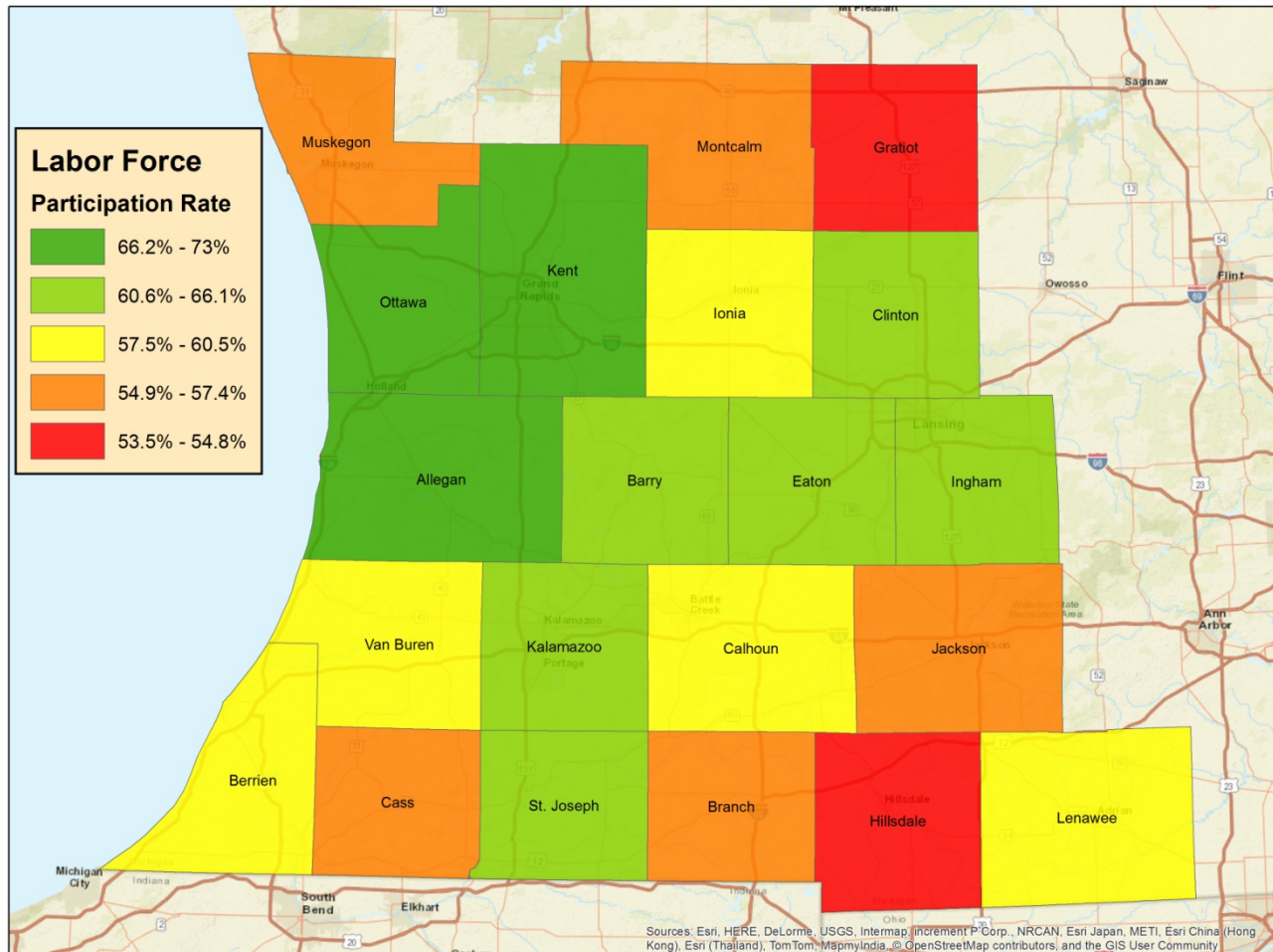
Employment growth in the region has been comparable to the state since the end of the Great Recession



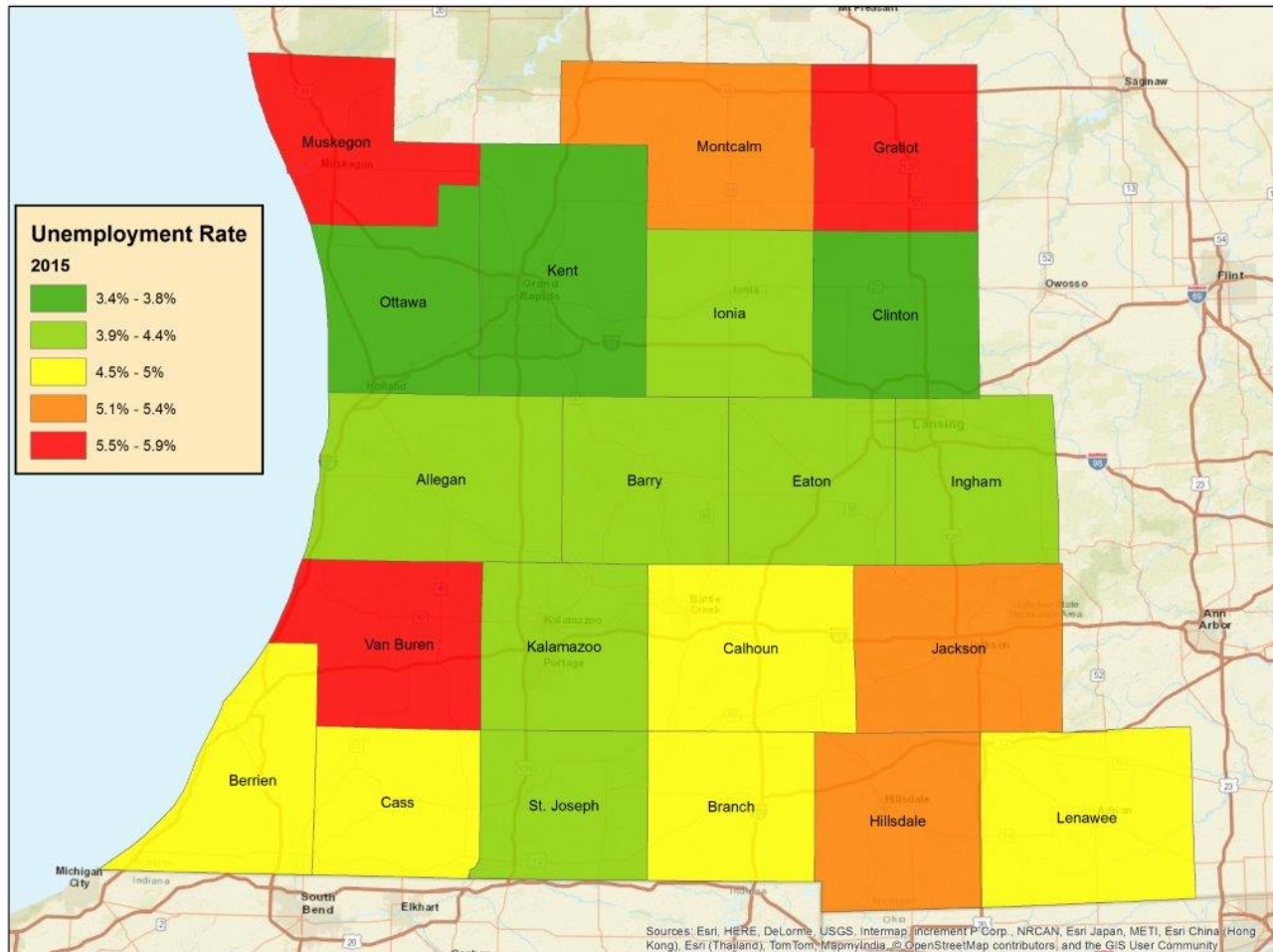
The unemployment rate is lower than the national and statewide rates



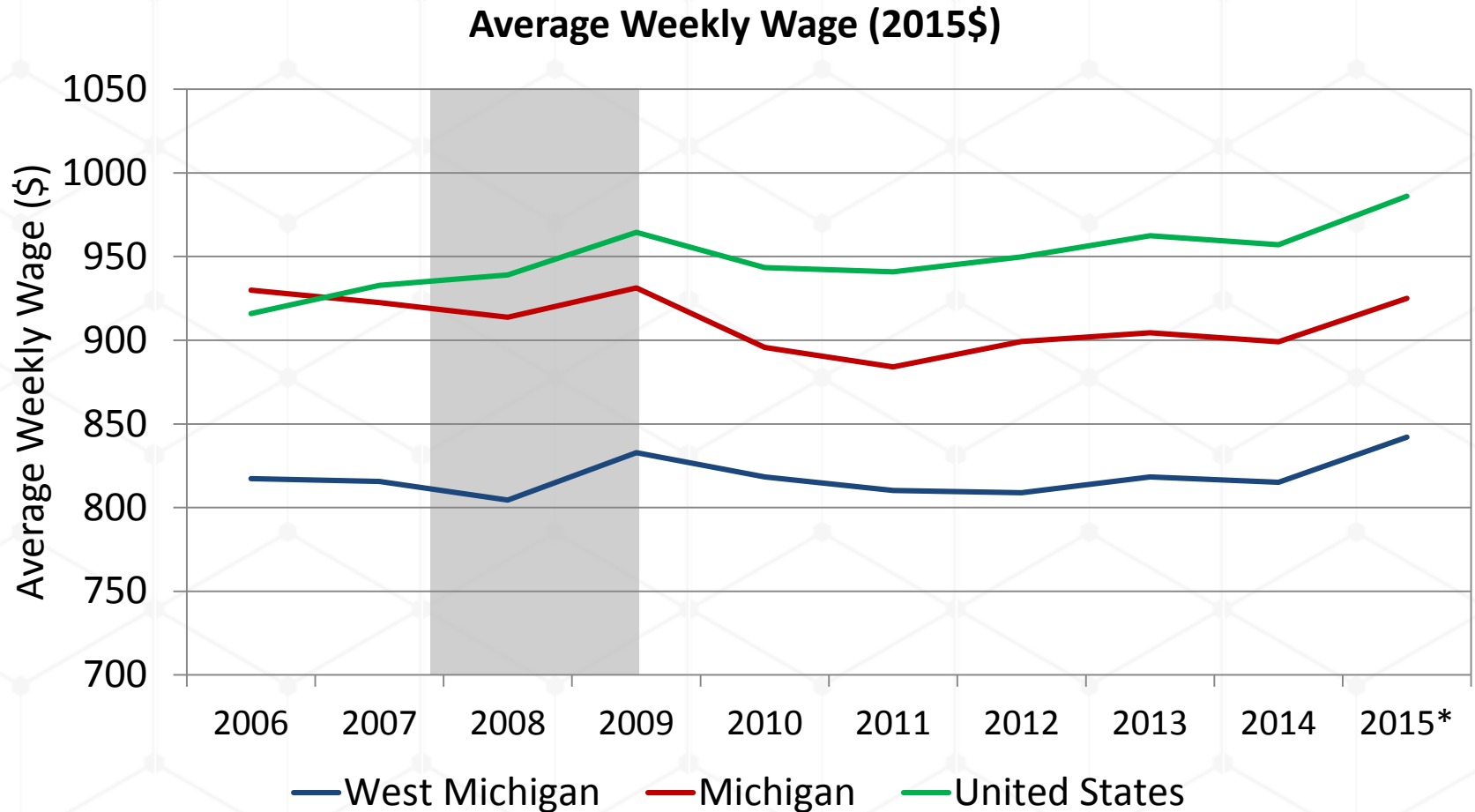
The national LFPR was 62.6 in 2015



Labor markets are tight across the region

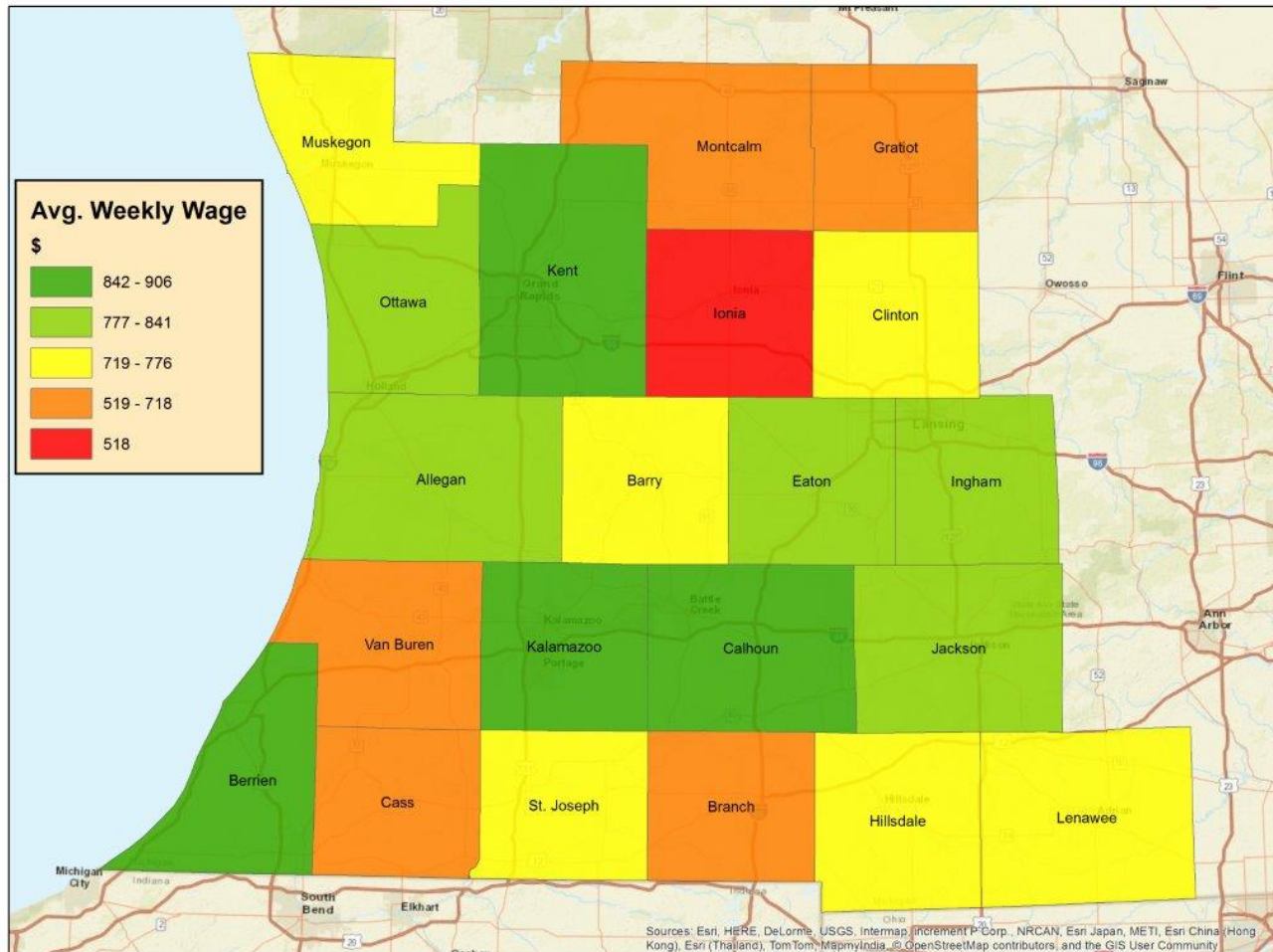


Wages have been flat, but may be on the rise



*2015 through 3rd quarter

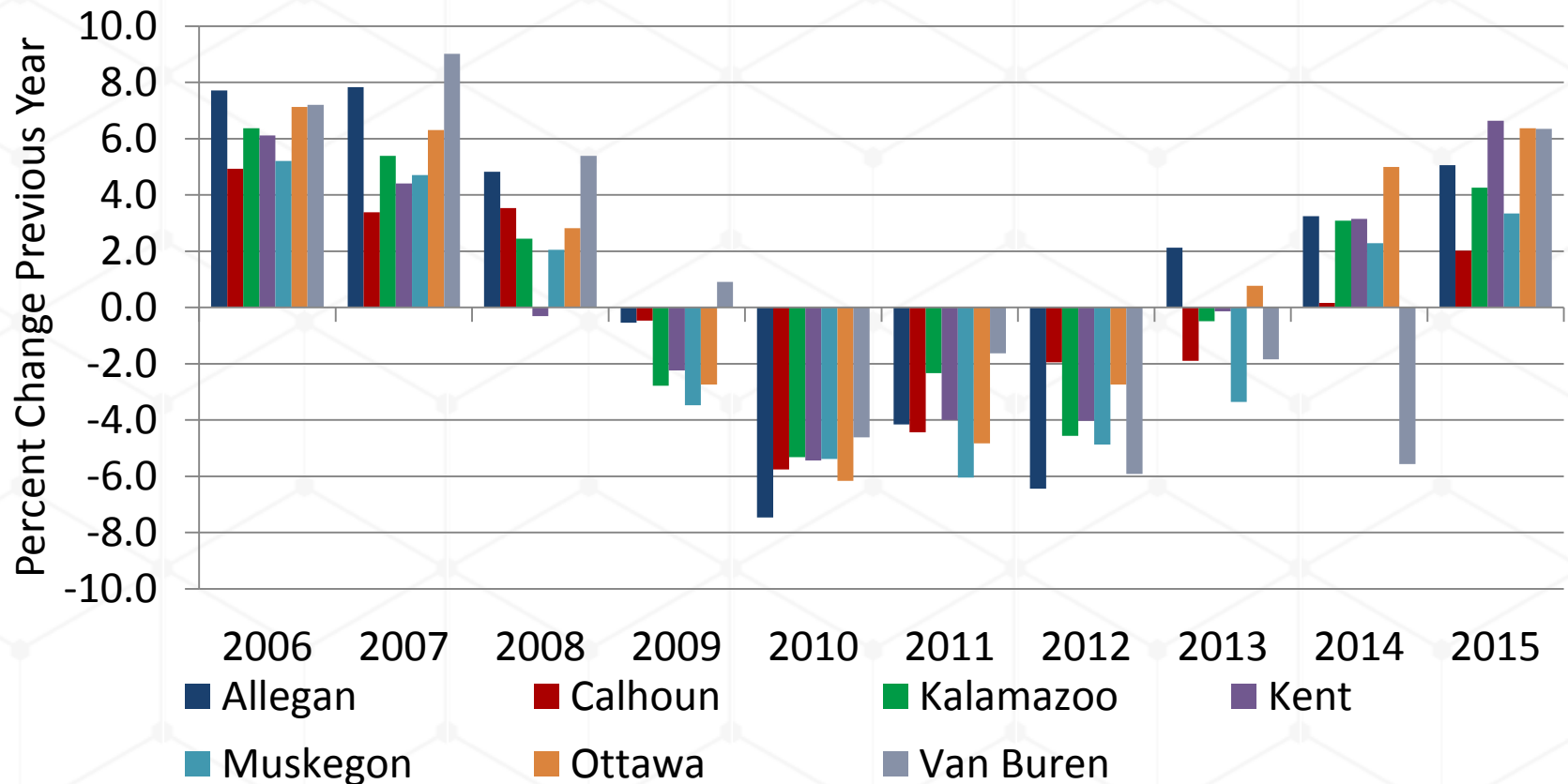
Wages are higher in most urban areas



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

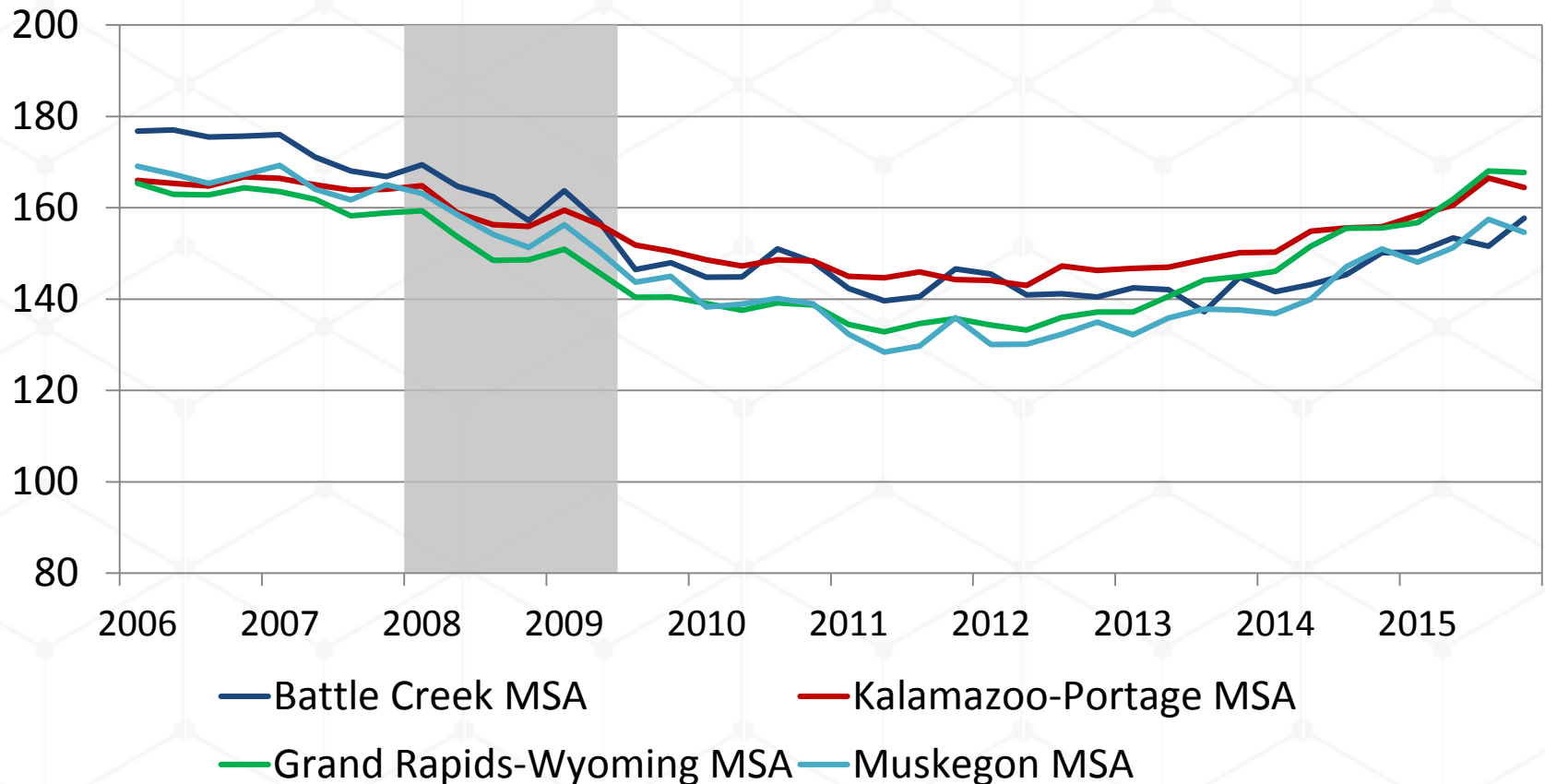
Assessed value increased starting in 2013 but not for all counties

Assessed Value Change



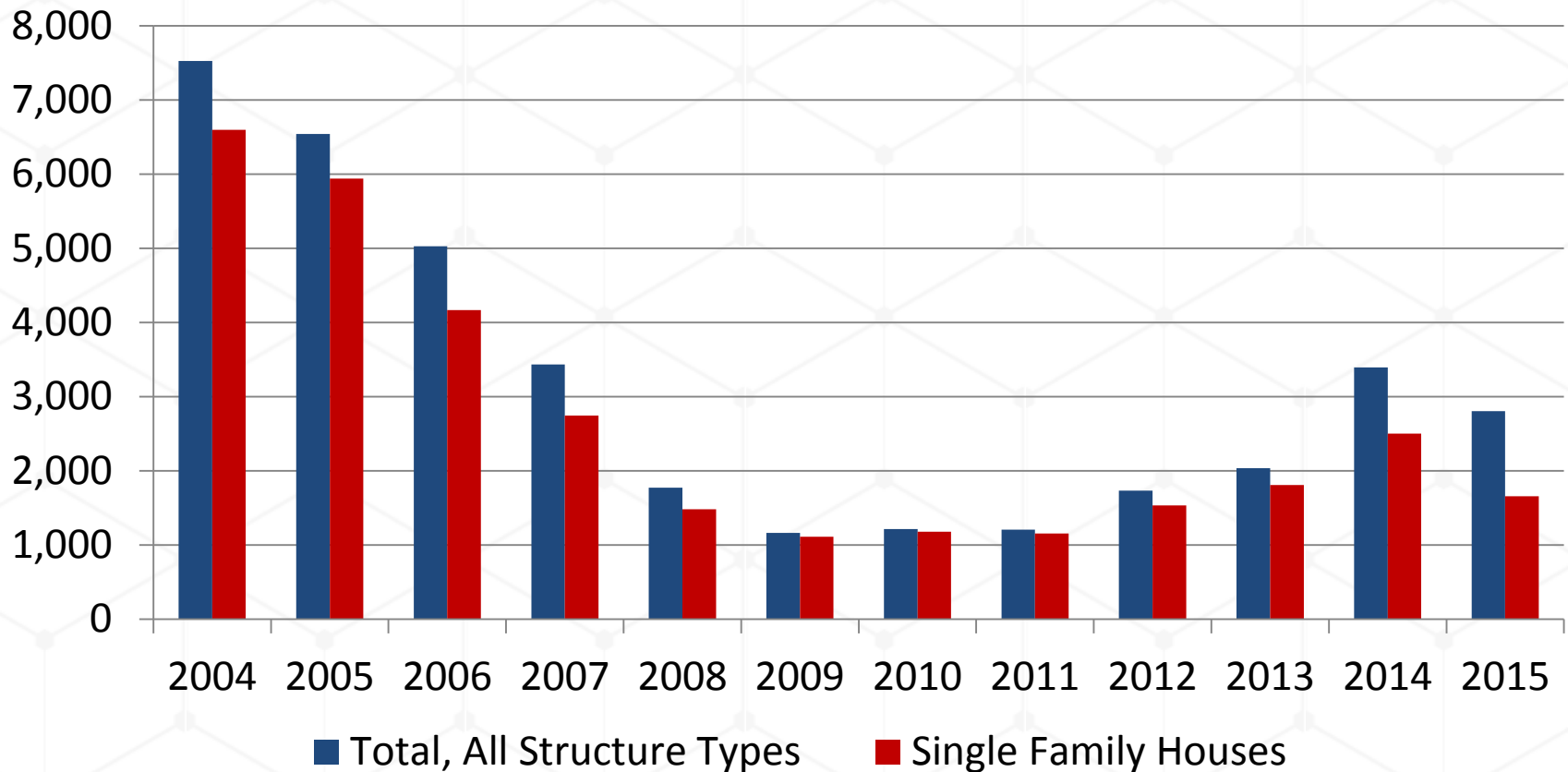
Prices rebounded, but have not necessarily regained what was lost in the crash

Housing Price Index (1995 = 100)

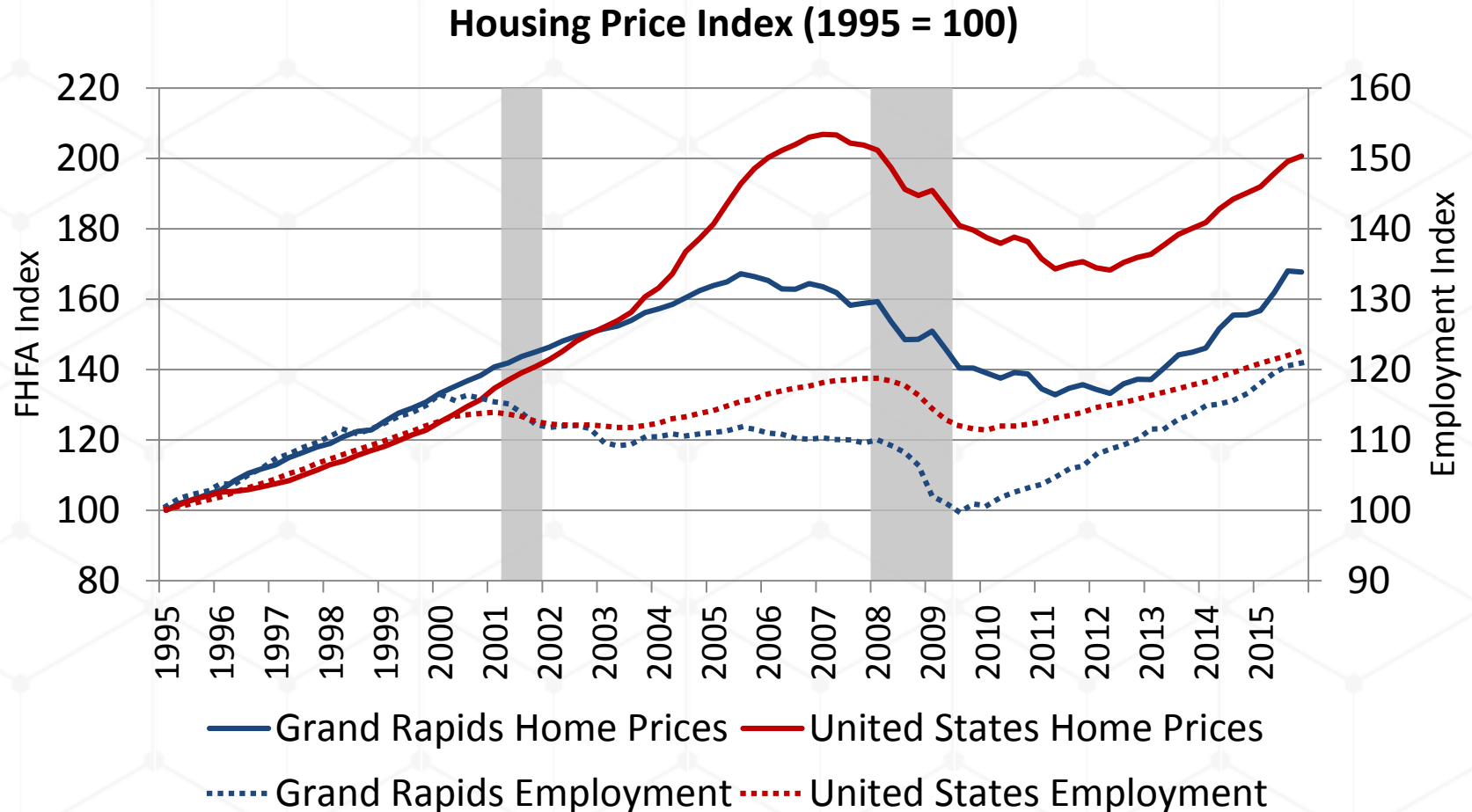


New construction may have peaked in 2014

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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