The National, State, and Regional Economy

Have we reached a peak?

Brian Pittelko
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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)

Source: Bureau of Economic Analysis
Moving on to Michigan
Employment growth in Michigan was solid and spread across many sectors.

![Employment Change, 2014 to 2015](image)

Latest University of Michigan employment forecast shows continued growth

Employment Forecast 4\textsuperscript{th} Quarter to 4\textsuperscript{th} 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%)

Source: University of Michigan Research Seminar on Quantitative Economics
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.

![Unemployment Rate Graph]

Source: Bureau of Labor Statistics Local Area Unemployment Statistics
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

Average Weekly Wage (2015$)

Source: Bureau of Labor Quarterly Census of Employment and Wages

*2015 through 3rd quarter
Wages are higher in most urban areas

*2015 through 3rd quarter

Source: Bureau of Labor Quarterly Census of Employment and Wages
Assessed value increased starting in 2013 but not for all counties

Source: State of Michigan F65 Reports
Prices rebounded, but have not necessarily regained what was lost in the crash.

Housing Price Index (1995 = 100)

Source: Federal Housing and Finance Administration
New construction may have peaked in 2014

Permits Issued for New Construction

Source: U.S. Census Building Permit Survey
Did we have a bubble?

Housing Price Index (1995 = 100)

Grand Rapids Home Prices
United States Home Prices
Grand Rapids Employment
United States Employment

Source: Federal Housing and Finance Administration, Bureau of Labor Statistics
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
- Brian Pittelko – Regional Analyst
  - pittelko@upjohn.org
- Bryan Bommersbach – GIS Specialist
  - bommersbach@upjohn.org