
6-1-2010

Business Outlook, Vol. 26, No. 2, June 2010

Follow this and additional works at: https://research.upjohn.org/bus_outlook
Business Outlook / Upjohn Institute

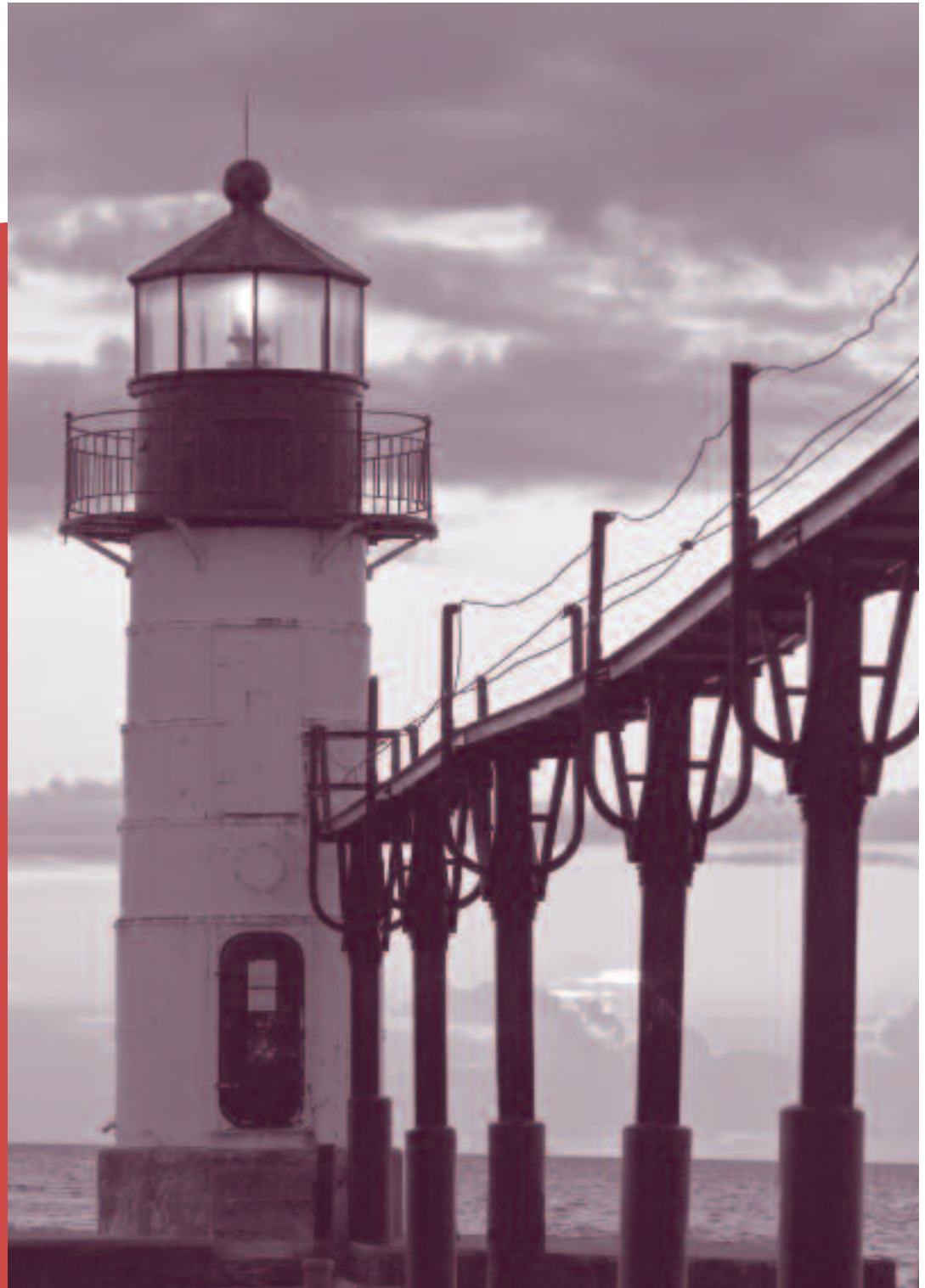
Citation

W.E. Upjohn Institute. 2010. Business Outlook for West Michigan 26(2).
https://research.upjohn.org/bus_outlook/vol26/iss2/2

This title is brought to you by the Upjohn Institute. For more information, please contact repository@upjohn.org.

BUSINESS OUTLOOK

for West Michigan



W.E. Upjohn Institute for Employment Research

Vol. XXVI, No. 2 June 2010

**W.E. UPJOHN INSTITUTE
for Employment Research**

**Board of Trustees
of the
W.E. Upjohn Unemployment Trustee Corporation**

Donald R. Parfet, *Chairman*

Marilyn J. Schlack, *Vice Chairman*

Thomas W. Lambert, *Secretary-Treasurer*

Preston S. Parish, *Chairman Emeritus*

William C. Richardson

Frank J. Sardone

Amanda Van Dusen

B. Joseph White

Randall W. Eberts, *President*
W.E. Upjohn Institute for Employment Research

BUSINESS OUTLOOK for West Michigan is published four times a year by the W.E. Upjohn Institute for Employment Research. The Institute, a nonprofit research organization, is an activity of the W.E. Upjohn Unemployment Trustee Corporation, which was formed in 1932 for the purpose of conducting research into the causes and effects of unemployment and measures for the alleviation of unemployment.

ISSN 0748-4216

We gratefully acknowledge the following organizations as
sponsors of *Business Outlook*:



Muskegon Area First



community foundationSM

Muskegon County

BUSINESS OUTLOOK

for West Michigan

George A. Erickcek
Senior Regional Analyst

Benjamin C. Jones
Editor

Brad R. Watts
Regional Analyst

Elizabeth T. Wertz
Production Coordinator

Vol. XXVI, No. 2
June 2010

W.E. UPJOHN INSTITUTE for Employment Research

Contents

West Michigan Viewpoint	1
National Economy	2
Regional Economy	4
State of Michigan Economy	6
West Michigan Economy	8
Battle Creek MSA	10
Grand Rapids–Wyoming MSA	12
Holland–Grand Haven MSA	14
Kalamazoo–Portage MSA	16
Muskegon–Norton Shores MSA	18
Niles–Benton Harbor MSA	20
Purchasing Managers Index and Major Economic Developments	22
Appendix Tables	
• Michigan Statistics and Michigan Industry Employment Change	23
• Personal Income and Earnings by Industry	24
• Consumer Price Index—U.S. City Average	25
• Population Update for Selected Areas of West Michigan	26

WEST MICHIGAN VIEWPOINT

The Early Recession's Impact on West Michigan Cities and Commuting Trends

From 2002 to 2008, employers in west Michigan's metropolitan areas cut 26,000 workers from their payrolls, a decline of 3.2 percent. During the same six-year period, 37,000 workers who resided in the region's six metro areas lost their jobs, a decline of 4.7 percent. This is according to a newly compiled employment database recently released by the U.S. Census in cooperation with the U.S. Department of Labor. It includes employment statistics for all employees covered by unemployment insurance, but excludes self-employed and part-time workers who are not eligible for unemployment insurance.

Since the database provides statistics on both the work and residential locations of the region's workers, it provides a glimpse of the spatial impact of the recession as of 2008. As shown in the table below, the region's core cities experienced strikingly different employment shifts during this period. For example, in Kent County, employers in Grand Rapids kept their employment level nearly stable as employment fell only 1.2 percent during the period. Employers in Wyoming, on the other hand, suffered an 18.3 percent drop in employment, while in Kentwood employers increased their payrolls by 17.1 percent. Overall, employment by place of work held stable for all of Kent County, which experienced a drop of less than 1.0 percent.

Like Wyoming and Kentwood, employers in the cities of Muskegon and Norton Shores experienced dramatically different employment trends. Employers in the City of Kalamazoo cut nearly 15 percent of their workforce, while Portage employers kept their payrolls stable. In Ottawa County, Zeeland employers increased their payrolls by 22 percent, while employers in the county's two other cities reduced their workforces. Employers in all of the major cities in Calhoun and Berrien counties reduced their workforce between the years 2002 and 2008.

Of course, cities are places where workers live as well as work. Turning to the number of workers residing within city borders, we see that all of the major cities suffered a decline in the number of employed residents. In the region's largest city, Grand Rapids, the number of employed residents fell by 11.4 percent despite its employers only trimming their payrolls by 1.2 percent. In Kentwood, Norton Shores, and Portage, despite employers adding workers, the number of employed residents fell; in the case of Portage it fell by a sharp 15 percent.

There is no mystery here as most workers do not work in the same city that they live in. Again in Grand Rapids, only 40 percent of its residents work in the city. In the city of Kalamazoo, only 38.8 percent of its employed residents worked in the city in 2008.

While the employment patterns vary greatly among the region's major cities, it is clear that the shedding of labor is occurring throughout the region, and that increasing numbers of workers are crossing county lines to work. In the region's largest county, Kent, employers employed only 75.8 percent of county's residents in 2008.

Clearly, the economic success of cities depends on attracting and retaining jobs within their borders and upon the ability of its residents to find employment. In short, these statistics only confirm the importance of the region's cities in creating and maintaining an attractive residential environment for individuals.

Locality	2008			% change, 2002-2008			2008			% change, 2002-2008		
	Workers <i>N</i>	Residents		Workers	Total residents working	Locality	Workers <i>N</i>	Residents		Workers	Total residents working	
		Total working	% working in hometown					Total working	% working in hometown			
Berrien County	56,233	58,766	62.5	-3.0	-7.9	Kent County	321,951	249,177	75.8	-0.5	-4.1	
Niles	6,342	4,804	21.2	-5.0	-2.3	Grand Rapids	123,122	73,734	39.7	-1.2	-11.4	
Benton Harbor	3,040	2,700	8.0	-27.2	-23.1	Wyoming	36,881	31,552	15.3	-18.3	-4.3	
St. Joseph	7,448	3,348	23.6	-11.5	-15.3	Kentwood	41,372	21,350	18.5	17.1	-5.8	
Calhoun County	47,150	46,126	57.2	-19.6	-18.2	Muskegon County	55,550	66,891	53.6	-8.6	-3.7	
Battle Creek	27,629	17,540	44.3	-28.4	-22.8	Muskegon	19,840	12,472	23.3	-16.6	-13.2	
Albion	2,033	2,566	23.3	-32.1	-26.9	Norton Shores	10,351	9,801	15.4	13.2	-2.8	
Marshall	5,254	2,731	26.0	-18.4	-24.0	Ottawa County	101,665	112,445	47.3	-2.4	2.9	
Kalamazoo County	109,332	94,821	66.3	-6.3	-8.3	Holland	29,459	14,572	32.8	-9.4	-5.4	
Kalamazoo	49,876	25,043	38.8	-14.7	-13.2	Grand Haven	9,776	4,822	26.2	-6.7	-9.8	
Portage	27,597	18,830	27.3	0.7	-15.0	Zeeland	9,982	2,872	18.7	21.6	-6.4	

NOTE: The first column heading, "Workers," signifies the number of people (*N*, for both residents and nonresidents) that work in a particular locality, whether it be a county or a city within that county. The second through the fourth columns deal with residents of a locality, whether that locality be a county or a city within that county. "Total working" means the number of working residents of a particular locality that work anywhere; "Working in hometown" stands for the number of residents of a locality that work in that same locality; and "% working in hometown" is the percentage of working residents of a locality that work in that same locality. The fifth and sixth columns, "Workers" and "Total residents working," repeat the categories of the first and second columns for the period 2002-2008 instead of just 2008.

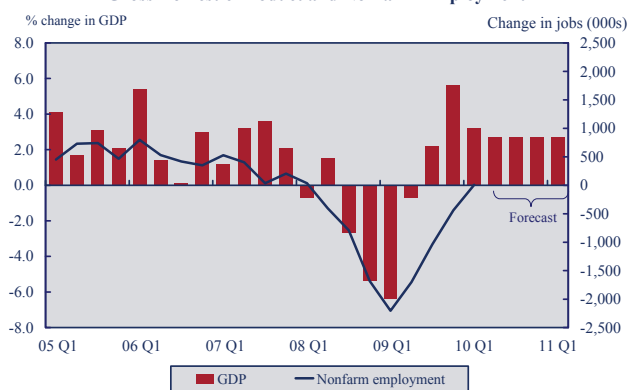
^a In this column and the next, "hometown" may refer to either a county or a city, depending on the row heading.

NATIONAL ECONOMY

First Quarter's Growth Holds Promise

The national economy grew at a healthy 3.0 percent annual rate during the first quarter of 2010, a pace that was slower than the previous quarter's 5.6 percent gallop—however, one that is clearly more sustainable. Much of the quarter's output gain was due to consumers returning to the stores and car lots. Consumption spending increased at a 3.5 percent annualized pace, after growing at a sluggish 1.6 percent annual rate in the last quarter of 2009.

Gross Domestic Product and Nonfarm Employment



Still, as was true in the previous quarter, a substantial portion of the first quarter's growth was due to the restocking of inventories. If only final sales to domestic purchasers are considered, the national economy rose at a smaller 2.0 percent annualized rate, slightly better than the previous quarter's annualized rate of 1.4 percent. Fortunately, businesses did more than just shove boxes. Businesses also invested in equipment and software during the quarter, as business investment for equipment and software rose at an annualized increase of 12.7 percent in the quarter.

Indeed, recent reports on the nation's manufacturing sector are particularly bullish. The Institute for Supply Management (ISM) reported that the May reading of its Purchasing Managers Index (PMI) retreated to 59.7 from April's 60.4 which was the highest since June 2004. The May reading marked the tenth consecutive month that the index was above 50, which has historically been associated with an expanding manufacturing sector.

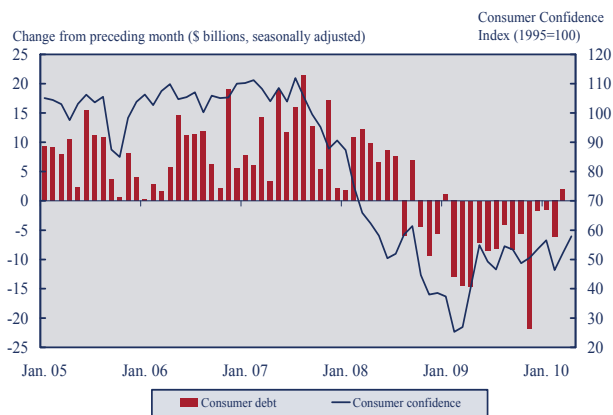
Still, the nation's economy continues to be dampened by the troubled residential construction sector, by worries about the debt crisis in Europe, and by cutbacks in local and state government spending, which fell at a 3.9 percent annualized rate during the quarter.

The Consumer Is Back

Consumer spending on durable goods rose at an 12.2 percent annualized rate as individuals began returning to the nation's

car dealerships once again as well as purchasing other recreational equipment and vehicles. Still, car sales reached only an 11-million-unit pace during the quarter, which was up only slightly from the 10.8-million-unit pace recorded in the fourth quarter. The sales of household furnishings were down during the quarter. Consumer spending on nondurable goods and services rose at moderate annualized rates of 4.0 percent and 2.0 percent, respectively.

Consumer Confidence and Consumer Debt



Retail sales in April rose by 0.4 percent over the revised 2.1 percent figure for March. On a year-over-year basis, retail sales are up by 8.8 percent from a year ago, according to the U.S. Commerce Department. In a separate report, Thomson Reuters, which conducts same-store sales comparisons for 30 national chain stores, found that May sales rose by 2.5 percent—modest, but still the ninth straight monthly gain.

The increase in retail activities reflects the measured rise in consumer confidence. After falling in February, the Conference Board's Consumer Confidence Index increased for three straight quarters, climbing to 52.3 in March, then to 57.9 in April and reaching 63.3 in May. The index is at its highest reading since March 2008. According to analysts at the Conference Board, recent employment and business reports have eased consumers' concerns about the overall economy.

However, the May employment numbers were surprisingly weak. Private nonfarm employment grew by only 41,000 jobs in May, after increasing by 218,000 in April. Temporary hiring by the Census pushed the total job increase for the month to 431,000. Still, manufacturing has made a welcome comeback. After losing nearly 2.7 million jobs since 2006, the nation's manufacturers have added more than 125,000 jobs in the past five months. While that is clearly a modest recovery, it still remains encouraging.

The increase in employment pushed down the national unemployment rate to 9.7 percent in May. According to the household survey, 35,000 fewer residents were employed in May

than in April; however, at the same time, 287,000 residents left the ranks of the unemployed, seemingly discouraged by the sluggish labor market.

With growing evidence that employment conditions are at least slightly improving, households seem to be willing to take on additional debt. After 13 straight months of chipping away at their debt burden, the nation's households took on \$2 billion in new debt in March. During the first quarter, the nation's savings rate—personal savings as a percentage of disposable personal income—stood at 3.4 percent, down from 3.7 percent in the previous quarter. However, it is still questionable whether consumers can truly return to their former robust spending ways until the nation's residential real estate markets stabilize, and that could be some time away.

The Nation's Real Estate Markets Are Still Flat

In April, housing starts soared 40.5 percent above last year's level. Some analysts attributed that increase to the homebuyer tax credit, which expired at the end of the month and thus may have acted as a catalyst. It is generally agreed that the tax credit was largely responsible for the nearly 24 percent increase in new home sales in March from a year ago, as measured by the National Association of Home Builders. The question now is whether the industry will suffer a slowdown without the incentive. Even before the tax incentive expired, residential investment spending fell at a 10.7 percent annualized rate during the first quarter. The decline followed two promising quarters of positive growth in the troubled industry. Moreover, building permits for future residential construction fell in April compared to March; however, the number of permits issued was still nearly 16 percent higher than for April of last year. The increase in real-estate activity pushed February home prices up by 0.6 percent from a year ago in February, according to the S&P/Case-Shiller Index, which is based on same-house sales in the nation's 20 largest cities.

Still, the industry is facing additional challenges that may slow its progress. More than a quarter of the nation's mortgage holders are upside down, owing more on their existing mortgage(s) than the house is worth. And, according to RealtyTrac, one in every 387 housing units received a foreclosure filing during April.

The World Seems to Be Focused on Greece

The stability of the euro is being thrown into question because of the fiscal crisis in Greece. The euro has fallen, relative to the U.S. dollar, to a level not seen since April 2006. While this is good news for the price of oil and other imports to this country, it is an indication of the growing uncertainty in one of the world's more important currencies. The worry is that if Greece or other fiscally challenged nations that trade on the euro default on their national loan obligations, it could cause serious harm to the continent's banking system, which could spread across the pond to our own fragile financial system.

The increased value of the dollar relative to the euro could negatively affect our exports, as countries that have adopted the euro currently represent approximately 20 percent of the nation's export markets. Indeed, the nation's exports grew at a 7.2 percent annual rate in the first quarter, down from a robust 22.8 percent annualized increase during the last quarter. Imports, on the other hand, increased at a 10.4 percent annualized rate during the first quarter.

Tight Credit and Easy Money

According to the Federal Reserve's April polling of senior loan officers, most commercial banks left their lending standard unchanged during the first quarter; however, a "moderate net fractions of banks" tightened their terms on commercial and household loans. Still, some of the nation's larger banks reported that they have eased standards and some terms on commercial and industrial (C&I) loans to large and middle-market firms. At the same time, banks report that loan demand remains weak. While it is hard to say whether that is because of tight credit, lack of demand, or both, business spending on structures fell at a 14.0 percent annualized rate in the quarter, the sixth straight quarter of decline.

With the banking industry threatened by the financial crisis in countries sharing the euro and inflation staying quiet, the Federal Reserve is not expected to shift from its easy money policies anytime in the near future. The Consumer Price Index (CPI) rose only 2.3 percent during the 12-month period ending in March. Removing food and energy from the calculation, the resulting "core" index rose by only 1.1 percent.

On the fiscal front, there is growing pressure to cut back on the stimulus fiscal policy because of worries regarding our own national deficit. In fiscal year 2010, the total government debt-to-GDP ratio is expected to hit 94 percent. The worry is that such a high ratio will spook international investors. While financial turmoil elsewhere in the world has reduced these concerns, the national deficit is still causing many policymakers to want to trim government stimulus spending.

Outlook Is Cautious

The Federal Reserve Bank of Philadelphia's May polling of 44 professional forecasters found that they have recently upped their forecast for each of the next two quarters from an annualized rate of 2.7 percent to an annualized rate of 3.3 percent. For all of 2010, the consensus forecast calls for GDP to grow by 3.3 percent; however, the nation's unemployment rate is expected to stay at 9.6 percent for the year.

REGIONAL ECONOMY

In their March survey of regional businesses, researchers at the Federal Reserve Bank of Chicago found that economic conditions are continuing to improve in the Great Lakes region. The region's retail sector is reporting stronger numbers, including sales of automobiles. Contacted representatives of the region's manufacturing sector report improving conditions, with some firms running additional shifts. Other manufacturers report that production schedules for the latter half of 2010 look more promising. Surveyed auto, pharmaceutical, steel, and energy sector companies report healthy economic conditions. However, those manufacturers with strong ties to the construction industry are still facing lackluster markets. The bank's researchers also found some movement in business spending on capital equipment and in merger and acquisition activity. Yet they also found that demand for temporary employment services is still high, as some employers remain on the fence in regards to the sustainability of the expansion.

On the downside, the region's construction sector continues to be weak. Residential construction demand is being held back by the falling prices for existing houses, which are due to the sale of foreclosure properties and weak demand. In addition, credit remains tight for homebuilders. Finally, demand for nonresidential construction is low because of excess inventory of retail and commercial space and, again, tight credit markets.

Employment in the five-state Great Lakes region fell by 2.4 percent in the past 12 months, a loss of nearly 490,000 jobs.

All of the region's states lost employment during the period; their losses varied from a 2.9 percent decline in Wisconsin to a 1.1 percent drop in Indiana. Total employment for all of the states outside the region declined by 1.6 percent.

Employment in the region's manufacturing sector fell by 6.2 percent, compared to 4.9 percent for the nation's other 45 states, despite the improving conditions reported by the Chicago Fed. Michigan's manufacturers eliminated 95,400 jobs during the period, a loss of 5.8 percent. Both Ohio and Illinois lost close to 45,000 manufacturing jobs during the period. On the plus side, average weekly hours rose in four of the five states, including a 7.7 percent increase in Michigan. Increases in hours worked has been a longstanding indicator of improving economic conditions, as it suggests that orders are picking up.

The Chicago Fed Midwest Manufacturing Index, which uses data on hours worked to monitor monthly changes in activity for 15 separate industries, increased by 1.3 percent in March. Moreover, all of the major regional sectors improved during the month. The index for the region's auto sector increased by 2.2 percent; for the area's steel industry the index was up 1.7 percent; for machinery it rose by 1.5 percent, and for the region's resource sector, which includes food, wood products, paper, and chemicals, it moved up by 0.6 percent.

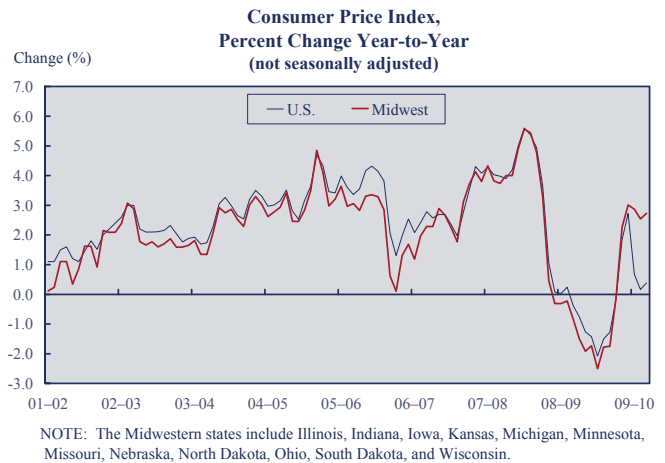
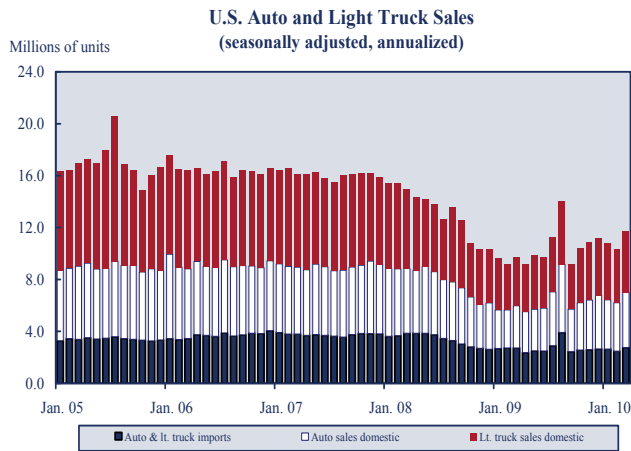
Employment and Earnings^a

Great Lakes region	March 2010	March 2009	Percent change	Great Lakes region	March 2010	March 2009	Percent change
Illinois				Ohio			
Total employment	5,505,900	5,654,200	-2.6	Total employment	4,941,900	5,078,500	-2.7
Mfg. employment	552,200	597,800	-7.6	Mfg. employment	604,700	649,400	-6.9
Avg. weekly hours	39.7	40.0	-0.7	Avg. weekly hours	40.1	38.0	5.5
Avg. hourly earnings	\$16.82	\$16.49	2.0	Avg. hourly earnings	\$18.50	\$18.73	-1.2
Indiana				Wisconsin			
Total employment	2,761,200	2,791,700	-1.1	Total employment	2,655,700	2,734,400	-2.9
Mfg. employment	432,700	448,600	-3.5	Mfg. employment	416,500	444,700	-6.3
Avg. weekly hours	42.1	38.6	9.1	Avg. weekly hours	40.1	38.3	4.7
Avg. hourly earnings	\$18.56	\$19.30	-3.8	Avg. hourly earnings	\$18.18	\$17.87	1.7
Michigan				United States			
Total employment	3,774,900	3,870,300	-2.5	Total employment (000)	129,750	132,070	-1.8
Mfg. employment	454,300	482,500	-5.8	Mfg. employment (000)	11,579	12,212	-5.2
Avg. weekly hours	43.4	40.3	7.7	Avg. weekly hours	41.0	39.4	4.1
Avg. hourly earnings	\$21.56	\$21.92	-1.6	Avg. hourly earnings	\$18.45	\$18.14	1.7

NOTE: March 2010 numbers are preliminary.

^aEmployment numbers are seasonally adjusted for both the nation and the states. Average weekly hours and earnings are seasonally adjusted for the nation only.

SOURCE: U.S. Bureau of Labor Statistics (BLS).



Auto Industry

During the first quarter of 2010, car and light truck sales reached an 11-million-unit annual rate—low by historical standards but an improvement over 2009. In April, sales rose slightly to an 11.2-million-unit pace. Inventories are remaining low, suggesting that, although these volumes are modest, production activity could be stable. In the first quarter, the inventory-to-sales ratio stood at 2.4, compared to 4.3 during the same quarter last year.

Due solely to the market gains achieved by Ford during the past year, the Detroit Three's market share increased from 44.8 percent during the first four months of 2009 to 45.2 percent during the first four months of this year. Ford's share jumped from 14.9 to 17.1 percent, while General Motors' share dropped from 19.2 to 18.7 percent and Chrysler's dropped below 10 percent.

The latest forecasts by the University of Michigan and A.T. Kearney Consulting agree that auto and light truck sales should reach between 11.6 and 11.7 million units in 2010. In 2012, the University of Michigan predicts sales will reach 12.7 million units, which is below A.T. Kearney's low end of a range between 12.9 and 16.8 million units. Forecasters are predicting that pent-up demand after two disappointing car sales years will push sales forward. In addition, the average age of a vehicle on the road today is estimated to be 9.9 years, which will increase to approximately 10.1 years by 2011.

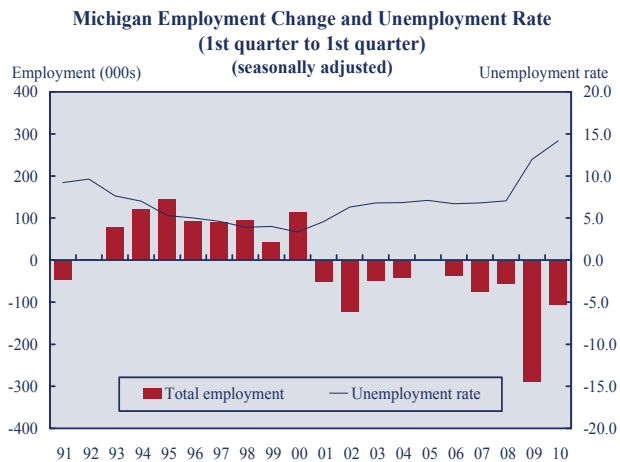
The rise in sales has eased pricing pressures on the nation's automakers. According to Comerica Bank's estimates, the purchase and financing of an average-priced new vehicle took 23.4 weeks of median family income to pay for in the first quarter of 2010. This is up slightly from the fourth quarter of 2009, when it took 23.1 weeks of median family income. In dollars, the average cost of buying a new car increased by \$500 to \$27,500, an 8.0 percent annualized increase from the previous quarter. Still, such a modest price increase is not expected to significantly reduce car sales.

Prices and Costs

According to the research analysts at the Chicago Federal Reserve, wholesale and retail prices are holding steady. There may be some pressure on industrial metal and fuels on the wholesale front; however, retailers reported no substantial change in wholesale prices. Finally, the region's relative high unemployment rate is keeping wage pressures to a minimum. Still, the Midwest consumer price index has risen faster than the national average during the first quarter of the year.

STATE OF MICHIGAN ECONOMY

Total employment declined by 0.7 percent during the first quarter of 2010. Despite the loss of nearly 28,000 jobs, the state's unemployment rate inched down to 14.2 percent for the quarter. Statewide indicators were mixed, suggesting that Michigan's employment situation will likely remain unchanged in the coming months.



The state's long-suffering manufacturing sector is showing new vitality and was the sole source of net job creation during the first quarter of the year. Overall, employment in the state's good-producing sector rose by a healthy 0.6 percent, an increase of 3,400 jobs. However, all of the gains were in manufacturing, as employment in construction fell by 0.8 percent. It is hoped that the nearly 25 percent jump in the number of new dwelling units put under contract for construction will generate employment opportunities for the construction industry, which has lost more than 18,000 workers during the past year.

The state's manufacturers increased their payrolls by 0.9 percent during the quarter, adding more than 4,000 workers. Employment gains were reported in both durable and nondurable goods production; they rose by 1.0 and 0.5 percent, respectively. This is in sharp contrast to the four-quarter period ending in the third quarter of 2009, when employment in nearly all of the state's major manufacturing sectors took a hit. Transportation equipment suffered a 37,700-job loss, and metals and machinery suffered smaller losses.

Employment in the state's larger service-providing sector fell by 0.5 percent in the first quarter. Only the state's professional and business services sector and its retail trade sector posted employment gains. The 0.5 percent gain in the retail sector is supported by a six-month uptick in retail activity as reported by the Chicago Federal Reserve's Retail Index, which is compiled in cooperation with the Michigan Retailers

Association. According to the index, retail activity has been on the rise since July of 2009. However, the survey's hiring index turned downward in the first couple of months of 2010.

Personal income in the state remained unchanged during the fourth quarter of last year after several quarters of dramatic swings.

Employment in professional and business services inched up by only 0.1 percent, despite reported gains in temporary employment services. Employment declines were reported in the state's remaining service sectors, including a 2.0 percent decline in its financial sector, a 9.9 percent drop in its small information sector, a 1.8 percent drop in its wholesale trade sector, and a 1.2 percent decline in its leisure and hospitality sector. Employment in the state's large education and health services sector inched down by a modest 0.1 percent in the quarter; however, employment in this sector has increased by 1.9 percent during the last four quarters. Finally, government employment fell by 2.7 percent, a loss of nearly 17,540 jobs.

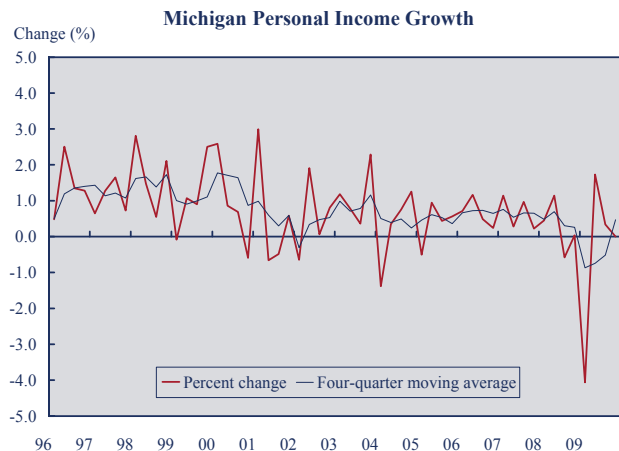
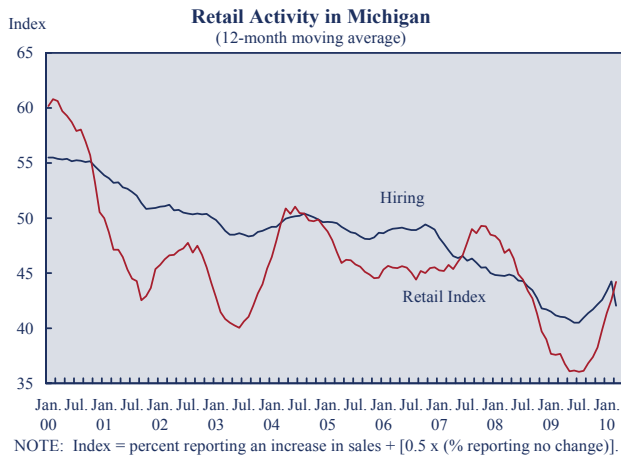
The March reading of Comerica's Economic Activity Index for the state was unchanged from February; nevertheless, the index has increased by 17 percent during the past 12 months. The positive movement of the index is in line with the 12.2 percent decline in the number of new unemployment insurance claims and the sharp improvement in housing starts. On the downside, the Detroit Help-wanted Index was down by 16.7 percent during the quarter.

The State's Metro Situation

All of the state's metropolitan areas suffered losses in total employment during the 12-month period ending in March. Employment in Lansing, currently the state's best-performing metro area, fell by just 0.3 percent, while employment plunged by 4.7 percent in Saginaw and Detroit. In March, Ann Arbor was the sole metro area that had an unemployment rate of less than 10 percent; in comparison, the metro areas of Muskegon and Detroit suffered unemployment of 15 percent or higher.

Future Employment Conditions

According to the University of Michigan, employment in the state should be down only slightly throughout the year. U of M economists are expecting an average job decline of just 1.0 percent, or a loss of 39,300 jobs, for the year. Moreover, the university economists are calling for employment to increase by 0.5 percent for all of 2011, a gain of 20,400 jobs for the year.



**Change in Average Weekly Wage for Manufacturing Workers
Third Quarter 2008-2009
(not seasonally adjusted)**

Labor market area	Weekly wage	% change 2008-09	Labor market area	Weekly wage	% change 2008-09
Ann Arbor	1,366	4.3	Jackson	888	-3.2
Battle Creek	1,067	-4.2	Kalamazoo-Portage	1,121	-5.5
Bay City	1,023	-0.9	Lansing-East Lansing	1,069	-4.9
Detroit-Warren-Livonia	1,210	-3.7	Monroe	1,158	-10.6
Flint	1,171	-4.9	Muskegon-Norton Shores	959	3.1
Grand Rapids-Wyoming	947	-0.5	Niles-Benton Harbor	1,171	8.9
Holland-Grand Haven	902	-10.2	Saginaw-Saginaw Township North	1,235	0.0

SOURCE: Michigan Department of Labor and Economic Development, ES202 data.

**Employment by Place of Work and Civilian Labor Force Unemployment Rates
March
(seasonally adjusted)**

Labor market area	Total nonfarm	% change,		% change,		Private service-providing	% change,		Unemployment rate	
		2009-2010	Goods-producing	2009-2010	2009-2010		2009-2010	Mar. 2009	Mar. 2010	
United States	129,750,000	-1.8	17,870,000	-7.0	89,384,000	-1.0	8.6	9.7		
Michigan	3,825,600	-2.5	582,000	-7.0	2,609,000	-1.5	12.6	14.1		
West Michigan MSAs:										
Battle Creek	55,280	-1.4	11,760	-10.3	32,630	-2.7	10.7	12.6		
Grand Rapids-Wyoming	357,390	-1.9	68,390	-5.8	254,090	-0.8	10.5	12.1		
Holland-Grand Haven	99,870	-2.4	30,620	-7.4	56,230	4.7	11.6	13.0		
Kalamazoo-Portage	135,280	-3.1	21,680	-12.1	90,840	-0.8	9.6	12.0		
Muskegon-Norton Shores	59,430	-4.5	11,970	-12.3	38,300	-4.0	13.9	15.7		
Niles-Benton Harbor	59,080	-1.6	12,440	-8.9	37,830	0.9	11.6	14.0		
Other labor market areas:										
Ann Arbor	190,430	-1.1	15,500	-9.6	102,760	-2.1	7.7	9.5		
Bay City	—	—	—	—	—	—	10.5	13.0		
Detroit-Warren-Livonia	1,695,650	-4.7	223,770	-10.4	1,262,790	-3.7	13.8	15.0		
Flint	133,700	-2.0	13,530	-6.5	96,210	-1.9	13.5	14.9		
Jackson	52,990	-4.7	8,310	-15.6	35,280	-3.6	12.1	14.5		
Lansing-East Lansing	214,200	-0.3	22,500	-0.1	127,260	-0.7	10.0	11.3		
Monroe	—	—	—	—	—	—	13.3	15.5		
Saginaw-Saginaw Township North	83,520	0.4	11,830	-7.3	59,530	1.7	11.3	13.0		

NOTE: — = data not available.

SOURCE: U.S. Department of Labor and the Michigan Department of Labor and Economic Growth (most recent benchmark).

WEST MICHIGAN ECONOMY

Overall employment fell by 0.7 percent last quarter in the six metropolitan areas that make up our west Michigan survey region. Countering statewide conditions, hefty employment losses in the goods-producing sector dominated conditions throughout the region. The private service-providing sector reported mixed conditions and was flat overall, while government employment declined. Surprisingly, despite ongoing payroll cuts the unemployment situation actually improved slightly—although the region’s overall unemployment rate remained high at 13.9 percent. Fortunately, economic indicators were mostly positive throughout west Michigan, which suggests that employment conditions should brighten with the arrival of spring weather.

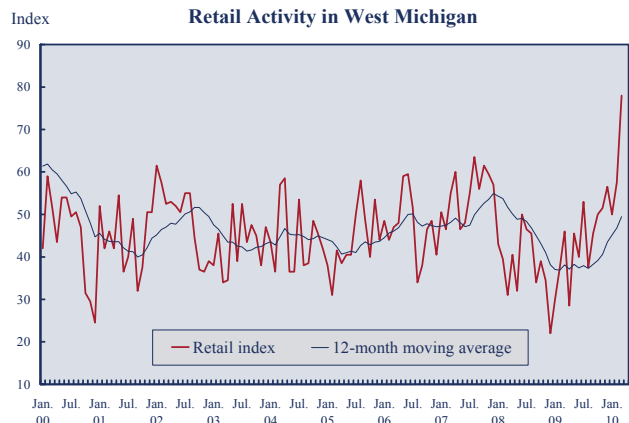
West Michigan goods-producers struggled during the first quarter, and cuts in both manufacturing and the construction and mining sector contributed to an employment decline of 2.3 percent. The construction and mining sector remains the hardest hit as a result of the housing market collapse and a pullback in commercial activity: total employment in the sector plunged by 5.5 percent during the quarter and was down by 13.9 percent compared to the same time last year.

Manufacturing firms in the region have gone through one of the worst downturns in recent history—a fact that is reflected in the employment statistics for the region’s dominant industries. In parts of west Michigan as many as one out of every four jobs in industries such as transportation equipment manufacturing (automotive parts), machinery, and primary or fabricated metals was eliminated during the year-long period that ended in the third quarter of 2009. In the dominant furniture industry, reports indicate that profitability has improved, and the trade group Business and Institutional Furniture Manufacturer’s Association (BIFMA) forecasts 7.0 percent growth in the market for office furniture next year; however, employment levels in the industry have yet to see a boost.

Service providers posted mixed results last quarter, which kept overall employment in the broad private service-providing sector flat. Most changes were modest during the three-month period, although information employment fell by a notable 1.0 percent. Educational and health services, which has been a reliable source of employment growth in the past, rose by only 0.1 percent. The largest gain occurred in professional services, which added 200 jobs to west Michigan payrolls.

On a positive note, retail firms were able to buck the negative trend experienced by the rest of the trade, transportation, and utilities sector last quarter with a modest 0.1 percent increase in employment. This coincides with a strong improvement in the Michigan Retailers Association retail activity index for

west Michigan, which posted its highest readings in over a decade during the first months of 2010. Index values above 50 indicate that a majority of retailers have seen stable or growing sales.



NOTE: Index = percent reporting an increase in sales + [0.5 x (% reporting no change)].

Government employment declined by 1.6 percent last quarter and was down by 2.3 percent compared to the previous year. Only two of the region’s six metro areas—the Battle Creek MSA and the Niles–Benton Harbor MSA—were able to post modest growth, while all other areas declined.

Despite the job losses posted during the first quarter, the near-term outlook for west Michigan has improved substantially, and most indicators now suggest that economic conditions could improve over the next few months. For one thing, layoff activity appears to have diminished significantly during the first quarter, since initial claims for unemployment insurance fell by 18.3 percent during the three-month period and are now occurring at half the rate seen at this time last year. Even better news can be found in the most recent Manpower Employment Outlook Surveys, conducted in the Grand Rapids, Holland, and Kalamazoo areas. By the largest margin seen in several years, the survey results show that more employers plan on hiring during the spring months than plan on reducing employment. Even the housing market is showing some signs of life: new-dwelling-unit contracts rose by 2.4 percent last quarter and stood at a level 28.6 percent higher than the same time last year. Taken together, these indicators paint a picture of a west Michigan that is closer to a recovery than at any time during the past year.

The only consistently mixed reading for the region comes from the Google Insights for Search data, which show that search interest in topics related to unemployment and other public assistance services remains above overall Internet search activity. On the plus side, search interest in Google’s

West Michigan (6 MSAs) Statistics

(seasonally adjusted)

Measure	2010 Q1	2009 Q4	% change, Q4 to Q1	2009 Q1	% change, Q1 to Q1
Employment (by place of work)					
Total nonfarm employment	766,380	771,820	-0.7	788,560	-2.8
Goods-producing	157,240	160,930	-2.3	172,310	-8.7
Construction and mining	25,320	26,800	-5.5	29,410	-13.9
Manufacturing	131,920	134,130	-1.6	142,900	-7.7
Private service-providing	509,490	509,590	0.0	514,240	-0.9
Trade, transportation, and utilities	139,270	139,480	-0.2	143,070	-2.7
Retail trade	84,360	84,260	0.1	86,190	-2.1
Information (5 MSAs) ^a	7,910	7,990	-1.0	8,470	-6.6
Financial activities	35,110	35,180	-0.2	35,970	-2.4
Professional and business services	93,450	93,250	0.2	93,690	-0.3
Educational and health services	125,630	125,450	0.1	124,800	0.7
Leisure and hospitality	71,200	71,400	-0.3	71,720	-0.7
Other services	36,930	36,820	0.3	36,540	1.1
Government	99,640	101,290	-1.6	101,990	-2.3
Unemployment					
Number unemployed	107,710	113,870	-5.4	91,520	17.7
Unemployment rate (%)	13.7	14.4		11.4	
Local indexes					
UI initial claims	1,965	2,405	-18.3	4,444	-55.8
New dwelling units ^b	2,122	2,073	2.4	1,650	28.6

NOTE: Categories may not sum to total because of rounding. The index for help-wanted ads, which has until this issue been found under "Local indexes," is no longer available because of the declining number of employment want ads in newspapers.

^a Information employment data is not available for Battle Creek MSA.

^b Seasonally adjusted annual rates. Van Buren County is not included.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Information Systems Company; ad count from four major daily newspapers; and employment data from the Michigan Department of Labor and Economic Growth.

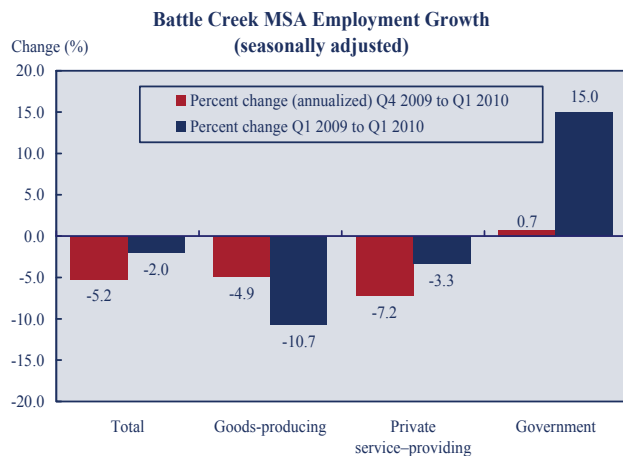
“welfare and unemployment” topic category was not as high in April, and preliminary data suggest it will drop even further in May. However, search topic interest remains high, which suggests that unemployment rates are unlikely to improve significantly until later in the year.

**Change in Interest in the Search Topic
"Welfare and Unemployment in West Michigan,"
as Measured by Google Insights for Search**



BATTLE CREEK MSA

Total employment in Calhoun County fell by 1.3 percent during the first quarter of the year. Job losses were widespread in the private sector, whereas government employment posted a small increase. Surprisingly, despite deep job cuts the number of unemployed residents fell during the period and pushed the region's unemployment rate down to 12.3 percent, from 12.8 percent during the last quarter of 2009. A mixed reading of the area's limited economic indicators suggests that employment conditions could turn in either direction over the next few months.



Goods-producing employment declined by 1.3 percent last quarter, a loss of 150 jobs, as a result of workforce reductions in the manufacturing sector. On the plus side, the region's construction and mining sector has finally begun showing signs of a rebound: the sector added 20 jobs, a 1.1 percent increase over the previous quarter. The demand for construction most likely comes from commercial or government projects since new residential construction demand was at a near standstill during the first three months of the year.

Among manufacturers, durable goods producers have been the hardest hit in Calhoun County. Employment in the durable goods sector declined by 120 workers in the last quarter, largely as a result of the weak automotive sector. However, it wasn't all bad news for the sector: in April, Toda America, a Japanese manufacturer of battery components, broke ground on a new facility in Battle Creek that is expected to employ 57 workers by 2011.

The private service-providing sector was responsible for most of the job cuts that occurred in the region last quarter. Service-providing firms eliminated 610 jobs overall, a 1.9 percent workforce reduction. Surprisingly, the largest losses occurred in the educational and health services sector, which shed 310 workers but had previously held up well through most of the downturn, at least compared to other service industries.

Unfortunately, two other service sectors also posted significant declines during the same period: professional and business services eliminated 220 workers, and leisure and hospitality employment shrank by 160.

Fortunately, not every service industry experienced a down quarter. Retail trade saw a 50-worker employment bump, and the financial activities sector managed to add 10 jobs, which brought sector employment up 5.2 percent compared to one year ago. Finally, the "other services" category also reported positive employment conditions with a 1.3 percent gain, equal to 30 additional jobs being added during the quarter.

Employment in the government sector has risen by 15 percent over the past year, primarily as a result of the Firekeepers Casino, which is classified as a public entity because of its unique tribal ownership status. During the first quarter of 2010, government employment rose by 0.2 percent, a 20-job gain. It is unclear whether this recent growth is a result of continued hiring by the casino facility or the expansion of state or local government operations. Between the third quarter of 2008 and the third quarter of 2009, state agency employment grew by 7.3 percent and local government expanded by 19.8 percent, again because of the opening of the casino.

Despite the prevalence of payroll reductions during the first quarter, the region's employment situation has begun to show some signs of improvement. New claims for unemployment insurance were down a whopping 62.8 percent compared to a year ago, which suggests that the worst employment reductions may be in the past. On the downside, the number of contracts for new dwelling units remained extremely low during the first quarter, which suggests that almost no one is yet willing to enter the region's housing market. Unfortunately, taken together these two economic indicators suggest that a strong recovery probably will not yet be underway during the spring months.

Battle Creek MSA
(seasonally adjusted)

Measure	2010 Q1	2009 Q4	% change, Q4 to Q1	2009 Q1	% change, Q1 to Q1
Employment (by place of work)					
Total nonfarm employment	54,850	55,590	-1.3	55,970	-2.0
Goods-producing	11,780	11,930	-1.3	13,190	-10.7
Construction and mining	1,830	1,810	1.1	1,990	-8.0
Manufacturing	9,950	10,120	-1.7	11,190	-11.1
Durable goods	6,500	6,620	-1.8	7,430	-12.5
Nondurable goods	3,460	3,500	-1.1	3,760	-8.0
Private service-providing ^a	32,310	32,920	-1.9	33,420	-3.3
Trade, transportation, and utilities	9,010	8,970	0.4	9,420	-4.4
Retail trade	5,770	5,720	0.9	5,980	-3.5
Financial activities	1,410	1,400	0.7	1,340	5.2
Professional and business services	5,460	5,680	-3.9	5,830	-6.3
Educational and health services	9,410	9,720	-3.2	9,680	-2.8
Leisure and hospitality	4,590	4,750	-3.4	4,730	-3.0
Other services	2,430	2,400	1.3	2,430	0.0
Government	10,760	10,740	0.2	9,360	15.0
Unemployment					
Number unemployed	8,310	8,860	-6.2	7,220	15.1
Unemployment rate (%)	12.3	12.8		10.4	
Local indexes					
UI initial claims	175	207	-15.4	471	-62.8
New dwelling units ^b	4	18	-76.4	24	-82.4

NOTE: Categories may not sum to total because of rounding. The index for help-wanted ads, which has until this issue been found under "Local indexes," is no longer available because of the declining number of employment want ads in newspapers.

^a Data for information services is included in the "other services" sector.

^b Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

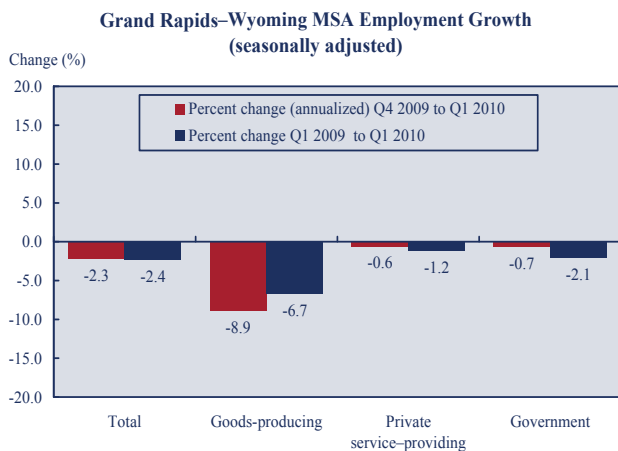
Battle Creek MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2009 Q3	2008 Q3	Percent change	Industry	2009 Q3	2008 Q3	Percent change
Goods-producing				Ambulatory health care services	2,810	2,750	2.2
Food manufacturing	1,270	1,700	-25.3	Hospitals	2,200	2,490	-11.6
Fabricated metal products mfg.	3,740	4,670	-19.9	Arts, entertainment, and recreation	860	860	0.0
Transportation equipment mfg.	2,190	910	140.7	Accommodation and food services	4,060	4,250	-4.5
Private service-providing				Food services and drinking places	3,840	4,020	-4.5
Professional and technical services	2,430	3,080	-21.1	Government			
Administrative and support services	2,320	2,920	-20.5	Federal Government	3,050	3,130	-2.6
Educational services	1,190	1,190	0.0	State Government	440	410	7.3
Health care and social assistance	7,800	7,950	-1.9	Local Government	6,240	5,210	19.8

SOURCE: Michigan Department of Labor and Economic Development, ES202 data.

GRAND RAPIDS–WYOMING MSA

Employment in the Grand Rapids–Wyoming metropolitan area declined by 0.6 percent during the first three months of the year, a loss of more than 2,000 jobs. Most of the cuts occurred in the goods-producing sector; although government and the service-providing sector also reported modest payroll reductions. Still, despite the losses, the number of unemployed residents actually shrank during the period, and the unemployment rate improved to 12.0 percent. There are hopeful signs that conditions will improve further over the next few months, based on a reading of the region’s economic indicators, which are mostly positive.



The beleaguered goods-producing sector contracted by 2.3 percent last quarter and was the source of most of the region’s job losses. Manufacturing employment fell by 1.6 percent, while construction and mining payrolls shrank by 5.1 percent, a loss of 670 jobs. Among manufacturers, those involved in durable goods production have been the hardest hit, having suffered a loss of 860 jobs over the latest three-month period. Nondurable goods producers experienced a comparatively modest 70-job decline over the same period.

Business news reports have been fairly quiet in the Grand Rapids region. In March approximately 100 workers at the Knoll furniture plant in Kentwood received early retirement and buyout offers; the company is seeking to reduce the facility’s current workforce of 350. On the plus side, ConAgra Foods will invest \$73 million in expanding its Kentwood facility. The plant produces snack bars for the private label market and expects to add 75 jobs over the next year and as many as 205 over the next five years.

Private service–providing employment fell by 0.2 percent last quarter, a loss of 400 jobs. Most of the reductions occurred in professional and business services, which shed 280 workers; however, the information sector experienced the largest

decline in percentage terms, a 1.8 percent reduction. Modest losses of fewer than 100 workers were also reported in wholesale trade, financial activities, and other services, while retail trade and hospitality and leisure employment were nearly flat. The only service industry to gain employment during the quarter was the educational and health services sector, which posted a nice 340-job gain. Most of the growth has likely occurred in ambulatory medicine, a category that includes facilities such as medical offices and labs. Private educational employment posted a 10.4 percent decline during the year preceding the third quarter of 2009.

Public sector employment declined at a 0.2 percent rate during the first quarter, for a modest 60-job loss. Overall, government employment was down by 2.1 percent over the past year, and employment losses in the sector have generally been widespread. Only the state government category has managed to add jobs, having shown a workforce increase of 2.0 percent between the third quarter of 2008 and the third quarter of 2009.

Regional economic indicators turned mostly positive during the first three months of the year. Initial claims for unemployment insurance fell by 17 percent during the first quarter and were down by a healthy 57.6 percent over the previous 12 months. This reflects the fact that far fewer layoffs have been occurring in the region compared to earlier in the recession. It also appears that more firms are planning on adding workers over the next few months. The employment agency Manpower reports that a “strong job market” is expected in the region during the spring months, with 20 percent of companies expecting to hire new workers.

Less encouraging, however, is the downturn in new-dwelling-unit contracts, which declined by 6.7 percent during the first three months of 2010. Still, the number of contracts for new dwelling units was up by 7.6 percent compared to the same quarter last year, which suggests that the market for new homes has at least stabilized.

Grand Rapids–Wyoming MSA
(seasonally adjusted)

Measure	2010 Q1	2009 Q4	% change, Q4 to Q1	2009 Q1	% change, Q1 to Q1
Employment (by place of work)					
Total nonfarm employment	357,280	359,340	-0.6	366,020	-2.4
Goods-producing	68,370	69,980	-2.3	73,300	-6.7
Construction and mining	12,450	13,120	-5.1	14,450	-13.8
Manufacturing	55,930	56,860	-1.6	58,850	-5.0
Durable goods	36,300	37,160	-2.3	38,930	-6.8
Nondurable goods	19,630	19,700	-0.4	19,920	-1.5
Private service–providing	253,980	254,380	-0.2	257,050	-1.2
Trade, transportation, and utilities	66,690	66,910	-0.3	68,860	-3.2
Transportation and utilities	9,460	9,520	-0.6	9,870	-4.2
Wholesale trade	20,100	20,230	-0.6	21,070	-4.6
Retail trade	37,140	37,160	-0.1	37,930	-2.1
Information	4,310	4,390	-1.8	4,670	-7.7
Financial activities	18,670	18,740	-0.4	19,430	-3.9
Professional and business services	53,460	53,740	-0.5	55,320	-3.4
Educational and health services	61,950	61,610	0.6	60,690	2.1
Leisure and hospitality	31,330	31,340	0.0	30,770	1.8
Other services	17,580	17,640	-0.3	17,310	1.6
Government	34,920	34,980	-0.2	35,670	-2.1
Unemployment					
Number unemployed	46,800	49,490	-5.4	39,840	17.5
Unemployment rate (%)	12.0	12.6		10.0	
Local indexes					
UI initial claims	726	875	-17.0	1,714	-57.6
New dwelling units ^a	954	1,023	-6.7	887	7.6

NOTE: Categories may not sum to total because of rounding. The index for help-wanted ads, which has until this issue been found under "Local indexes," is no longer available because of the declining number of employment want ads in newspapers.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

Grand Rapids–Wyoming MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

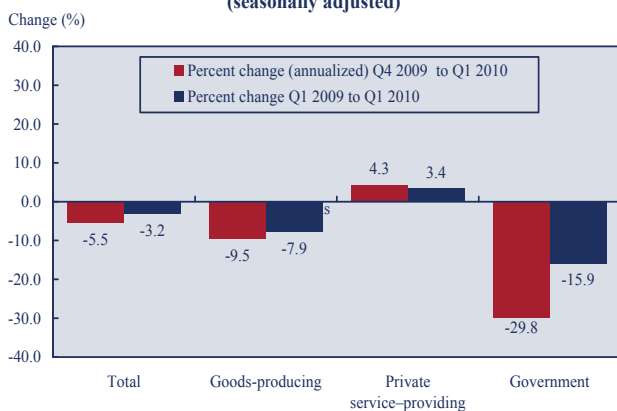
Industry	2009 Q3	2008 Q3	Percent change	Industry	2009 Q3	2008 Q3	Percent change
Goods-producing				Health care and social assistance	48,870	48,790	0.2
Food manufacturing	6,480	6,350	2.0	Ambulatory health care services	14,430	14,290	1.0
Chemical manufacturing	3,760	4,060	-7.4	Hospitals	20,090	20,230	-0.7
Plastics and rubber products mfg.	5,070	6,300	-19.5	Arts, entertainment, and recreation	4,420	4,700	-6.0
Fabricated metal products mfg.	5,260	6,880	-23.5	Accommodation and food services	26,700	27,220	-1.9
Machinery manufacturing	6,400	7,720	-17.1	Food services and drinking places	24,400	24,860	-1.9
Transportation equipment mfg.	8,490	12,310	-31.0	Government			
Furniture and related products mfg.	5,910	6,690	-11.7	Federal Government	3,350	3,360	-0.3
Private service–providing				State Government	3,580	3,510	2.0
Professional and technical services	14,230	14,930	-4.7	Local Government	24,450	24,650	-0.8
Administrative and support services	27,360	34,030	-19.6				
Educational services	8,280	9,240	-10.4				

SOURCE: Michigan Department of Labor and Economic Growth ES202 data.

HOLLAND-GRAND HAVEN MSA

Total employment in Ottawa County fell by 1.4 percent during the first quarter as employers shed over 1,400 jobs. The service sector has been adding jobs at a healthy pace; however, those gains were negated by heavy reductions in both government and goods-producing employment. Still, despite the bad news, unemployment abated somewhat amongst the region's residents, which helped push the unemployment rate down nearly a full point to 12.8 percent. On the plus side, economic indicators for the region mostly improved, which suggests conditions should improve slightly during the second quarter.

Holland-Grand Haven MSA Employment Growth
(seasonally adjusted)



The region's goods-producing workforce declined by 2.5 percent in the last quarter as 780 jobs were shed. Construction and mining employment continued to shrink at an alarming rate: 350 positions were eliminated over the three-month period. Despite improvement in the residential housing market over the past year, the number of new-dwelling-unit contracts issued in the first months of the year fell by 11 percent, which suggests that the spring construction season may be off to a slow start.

Manufacturing payrolls shrank by 1.6 percent last quarter, a 440-job reduction. Cuts have been widespread across manufacturing sectors, with the exception of food processing, which actually grew by 4.4 percent during the 12-month period ending in the third quarter of 2009. Recent news reports suggest that food manufacturing may expand employment even further in the coming months: Request Foods plans to begin construction on a new facility in Holland Township that could employ 250 workers in 2011.

Private service-providing employers fared better during the first quarter and expanded employment by 1.1 percent. Job gains were widespread across service providers, although professional and business services stood out with a sizable

350-job addition during the period. This increase could be fueled by a sharp increase in the use of temporary workers. The only major service-providing loss reported occurred in the educational and health services sector, which shed 60 jobs but remains up slightly over the past year.

Recent news reports indicate that the service-providing sector will get a small boost later this year when Huntington Bank expands its Holland call center. The facility's employment is expected to increase by 60 workers when the company adds a third shift to expand its local customer service to 24-hour operation.

The source of most cuts last quarter was the government sector, which unexpectedly plunged by 8.5 percent, a loss of over 1,200 positions. The exact cause of the workforce reduction is unknown; however, local government—a category that includes both municipal services and public K-12 schools—previously cut 300 jobs between the third quarter of 2008 and the third quarter of 2009.

On the upside, signs of improving conditions have finally emerged. The number of new claims for unemployment insurance dropped by 23.3 percent last quarter, which suggests that the worst of the layoff activity has subsided. Also, the most recent Manpower survey shows that employment conditions are improving: 21 percent of respondents indicated that they will increase employment over the next three months, while only 7.0 percent indicated that layoffs were anticipated. This represents the best survey reading for the region in over two years.

The only local economic measure still pointing in a negative direction is the housing market. New-dwelling-unit contracts fell by 11 percent during the first quarter; however, that still represents a significant improvement compared to a year ago, when new housing activity was at only a fourth of its current level. Given Ottawa County's role as a bedroom community and vacation home destination, the health of the housing market could play a key role in the region's recovery from the economic downturn.

Holland–Grand Haven MSA
(seasonally adjusted)

Measure	2010 Q1	2009 Q4	% change, Q4 to Q1	2009 Q1	% change, Q1 to Q1
Employment (by place of work)					
Total nonfarm employment	100,060	101,490	-1.4	103,360	-3.2
Goods-producing	30,700	31,480	-2.5	33,320	-7.9
Construction and mining	3,850	4,200	-8.3	4,340	-11.3
Manufacturing	26,840	27,280	-1.6	28,990	-7.4
Private service–providing	56,080	55,490	1.1	54,240	3.4
Trade, transportation, and utilities	16,490	16,470	0.1	16,380	0.7
Retail trade	9,490	9,400	1.0	9,490	0.0
Information	700	710	-1.4	700	0.0
Financial activities	2,950	2,910	1.4	2,950	0.0
Professional and business services	11,570	11,220	3.1	10,150	14.0
Educational and health services	11,150	11,210	-0.5	11,120	0.3
Leisure and hospitality	8,230	8,090	1.7	8,050	2.2
Other services	4,990	4,880	2.3	4,890	2.0
Government	13,280	14,510	-8.5	15,790	-15.9
Unemployment					
Number unemployed	16,480	17,880	-7.8	14,560	13.2
Unemployment rate (%)	12.8	13.7		11.0	
Local indexes					
UI initial claims	314	410	-23.3	861	-63.5
New dwelling units ^a	406	457	-11.0	183	122.4

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

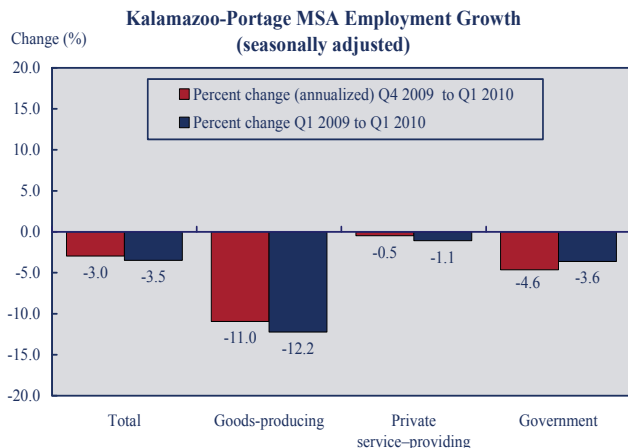
Holland–Grand Haven MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2009 Q3	2008 Q3	Percent change	Industry	2009 Q3	2008 Q3	Percent change
Goods-producing				Health care and social assistance	1,950	1,900	2.6
Food manufacturing	3,330	3,190	4.4	Ambulatory health care services	8,140	8,010	1.6
Fabricated metal products mfg.	3,350	4,710	-28.9	Arts, entertainment, and recreation	3,710	3,730	-0.5
Machinery manufacturing	1,890	2,180	-13.3	Accommodation and food services	1,090	1,270	-14.2
Transportation equipment mfg.	3,900	4,780	-18.4	Food services and drinking places	7,250	7,670	-5.5
Furniture and related products mfg.	5,120	6,080	-15.8	Government			
Private service–providing				Federal Government	450	460	-2.2
Professional and technical services	3,000	3,170	-5.4	State Government	1,980	1,900	4.2
Administrative and support services	6,510	6,780	-4.0	Local Government	9,010	9,310	-3.2
Educational services	1,950	1,900	2.6				

SOURCE: Michigan Department of Labor and Economic Development ES202 data.

KALAMAZOO-PORTAGE MSA

Kalamazoo-Portage metropolitan area employment declined by 0.7 percent during the first quarter. Most of the 1,000-job loss occurred in the goods-producing sector, although both the private service-providing sector and the government sector also shed jobs. Surprisingly, the job losses seemingly had no effect on the unemployment rate, which actually improved slightly to 11.8 percent. Also on the plus side, the region's economic indicators have turned strongly positive.



The goods-producing sector remains the region's soft spot: during the last quarter employment fell by 2.9 percent, a 640-job loss. Total workforce reductions were almost evenly split between the larger manufacturing sector, which lost 330 jobs, and the construction and mining sector, which eliminated 310 jobs. No other sector in the region has struggled more than construction and mining during the economic downturn; over the past year alone, sector employment has fallen by 18 percent in conjunction with a slowdown in both residential and commercial construction activity. Things may be picking up, however, as new-dwelling-unit contracts were issued at a stronger pace during the first quarter of the year.

Similar job losses occurred in both the durable and nondurable goods manufacturing sectors last quarter. However, in the long run, reductions have been heaviest in some of the traditionally dominant durable goods industries: transportation equipment (auto parts) and fabricated metals. Between the third quarter of 2008 and the third quarter of 2009, those two sectors shrank by 34.7 percent and 22.1 percent, respectively. During the same period the region's major nondurable goods-producing industries fared slightly better: paper manufacturing employment actually grew by 8.2 percent, and food manufacturing employment fell by only 1.7 percent.

Business news reports were extremely quiet during the first quarter. No major hiring or layoff announcements occurred in the metropolitan area; however, in neighboring St. Joseph County, Cobalt Holdings of Evanston, Illinois, a tire recycling

company, announced plans to build a new plant in Sturgis. The facility will produce a variety of rubber materials and is expected to hire 100 workers over the next five years.

Private service-providing employment experienced a modest 0.1 percent loss last quarter. Losses were pronounced in the leisure and hospitality industry, which shed 160 jobs. Declines were also reported in the financial activities sector, which shed 80 workers, and in trade, transportation, and utilities, where the wholesale and transportation industries declined by 70 jobs and 30 jobs, respectively. Additionally, educational and health services—an industry that has typically experienced steady growth—posted a modest 20-job dip in employment and is down by 1.3 percent over the past year.

Fortunately, a few service industries were able to add jobs last quarter. The professional and business services sector posted a nice 150-job gain, while information, retail, and other services expanded modestly.

Government payrolls contracted by 1.2 percent during the first quarter, a loss of 270 jobs. Overall, public sector employment in the region was down by 3.6 percent over the past year.

Despite a quarter of mostly bad employment news, the outlook for the region over the next few months is surprisingly strong. During the first quarter, the region's two economic indicators both moved in a positive direction: initial claims for unemployment insurance declined by 14.6 percent, and contracts for new dwelling units grew by 17.7 percent. Additionally, the most recent Manpower Employment Outlook survey indicates that 23 percent of respondents have plans to add workers in the near future, while only 9 percent anticipate workforce reductions. This represents the strongest survey reading since the end of 2005. Finally, recent reports from the Institute for Supply Management have been positive and indicate that sales and employment activity have been improving for the region's manufacturing firms.

Kalamazoo-Portage MSA
(seasonally adjusted)

Measure	2010 Q1	2009 Q4	% change, Q4 to Q1	2009 Q1	% change, Q1 to Q1
Employment (by place of work)					
Total nonfarm employment	135,390	136,410	-0.7	140,270	-3.5
Goods-producing	21,750	22,390	-2.9	24,780	-12.2
Construction and mining	4,180	4,490	-6.9	5,100	-18.0
Manufacturing	17,570	17,900	-1.8	19,680	-10.7
Durable goods	9,510	9,670	-1.7	10,920	-12.9
Nondurable goods	8,060	8,230	-2.1	8,760	-8.0
Private service-providing	91,030	91,140	-0.1	92,030	-1.1
Trade, transportation, and utilities	22,980	23,030	-0.2	23,760	-3.3
Transportation and utilities	3,360	3,390	-0.9	3,770	-10.9
Wholesale trade	5,060	5,130	-1.4	5,150	-1.7
Retail trade	14,560	14,530	0.2	14,830	-1.8
Information	1,410	1,400	0.7	1,510	-6.6
Financial activities	7,950	8,030	-1.0	8,020	-0.9
Professional and business services	14,730	14,580	1.0	14,180	3.9
Educational and health services	22,120	22,140	-0.1	22,420	-1.3
Leisure and hospitality	15,000	15,160	-1.1	15,530	-3.4
Other services	6,840	6,810	0.4	6,610	3.5
Government	22,610	22,880	-1.2	23,460	-3.6
Unemployment					
Number unemployed	20,160	21,210	-5.0	15,970	26.2
Unemployment rate (%)	11.8	12.3		9.2	
Local indexes					
UI initial claims	262	307	-14.6	496	-47.2
New dwelling units ^a	428	363	17.7	288	48.3

NOTE: Categories may not sum to total because of rounding. The index for help-wanted ads, which has until this issue been found under "Local indexes," is no longer available because of the declining number of employment want ads in newspapers.

^a Seasonally adjusted annual rates; does not include Van Buren County dwelling permit data.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

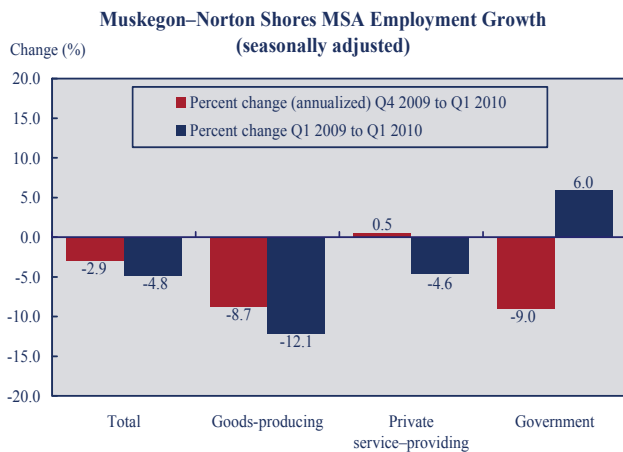
Kalamazoo-Portage MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2009 Q3	2008 Q3	Percent change	Industry	2009 Q3	2008 Q3	Percent change
Goods-producing				Health care and social assistance	18,830	18,800	0.2
Food manufacturing	1,740	1,770	-1.7	Ambulatory health care services	6,360	6,430	-1.1
Paper manufacturing	1,990	1,840	8.2	Hospitals	6,510	6,740	-3.4
Fabricated metal products mfg.	1,660	2,130	-22.1	Arts, entertainment, and recreation	1,900	1,950	-2.6
Machinery manufacturing	1,760	2,110	-16.6	Accommodation and food services	13,640	13,990	-2.5
Transportation equipment mfg.	2,200	3,370	-34.7	Food services and drinking places	11,900	12,220	-2.6
Private service-providing				Government			
Professional and technical services	5,550	5,670	-2.1	Federal Government	1,140	1,190	-4.2
Administrative and support services	6,750	7,380	-8.5	State Government	4,170	3,630	14.9
Educational services	2,100	2,020	4.0	Local Government	12,360	12,470	-0.9

SOURCE: Michigan Department of Labor and Economic Growth ES202 data.

MUSKEGON–NORTON SHORES MSA

Total employment declined by 0.7 percent in Muskegon County last quarter as goods-producing firms and government offices reported significant cuts. Surprisingly, the number of unemployed persons in the region actually shrank over the three-month period, although the area's unemployment rate still remained high at 15.6 percent. It is hoped that the situation will begin to improve during the next few months, since the region's economic indicators have begun pointing in a positive direction.



The goods-producing sector was the culprit behind most of the region's job losses during the first quarter of the year. Manufacturing reported the largest loss, with a 210-worker reduction (1.9 percent); however, in percentage terms the construction and mining sector suffered a larger loss, a 4.6 percent reduction. With spring comes new life, though, and the recent 23.9 percent uptick in new-dwelling-unit contracts suggests that firms in the construction trades could get a boost from residential building activity over the next few months.

Manufacturing job losses have been widespread across all of the region's major industries during the past year. Between the third quarter of 2008 and the third quarter of 2009, primary metals, fabricated metals, machinery, and transportation equipment manufacturing all posted double-digit percentage workforce reductions. Fortunately, recent business reports indicate significant new job activity on the horizon. The biggest boost will come with the arrival in Muskegon Township of Fortu PowerCell Inc., a German-Swiss-based advanced battery manufacturer that is expected to start with 126 workers in 2012 and to eventually employ more than 700. Also, Johnson Technology, an aerospace supplier owned by General Electric, recently announced plans to add 90 jobs in the county as it invests in additional production activity at either its Muskegon City or its Norton Shores facility.

Private service-providing employment remained nearly flat last quarter. Total employment in the sector expanded by a modest 0.1 percent, a relatively small 50-job bump. Several service industries have experienced healthy growth: educational and health services employment grew by 140, and professional and business services added 120 jobs. However, those gains were mostly offset by employment reductions in other service industries. The largest job loss occurred in the retail sector, which shed 100 workers. Leisure and hospitality employment also fell by 70 workers, a 1.2 percent drop.

Government employment declined by 2.3 percent during the first quarter, but remained up by 6.0 percent compared to the previous year. In the past, local government agencies have been the dominant source of job losses. During the year-long period that ended in the third quarter of 2009, local government employers—a group that includes city and township offices as well as public K–12 schools—eliminated 140 jobs.

Fortunately, local economic indicators suggest that the second quarter will bring an improvement in conditions to the Muskegon region. Most encouraging has been the ongoing decline in demand for unemployment benefits. Initial claims for unemployment insurance fell by 9.1 percent during the first quarter and were down by more than one-third compared to the same time last year. Even if employers are not yet adding jobs, at least it appears that layoff activity has slowed. Finally, the market for new homes has also shown signs of a slow recovery: new-dwelling-unit contracts increased by 23.9 percent last quarter.

Muskegon–Norton Shores MSA
(seasonally adjusted)

Measure	2010 Q1	2009 Q4	% change, Q4 to Q1	2009 Q1	% change, Q1 to Q1
Employment (by place of work)					
Total nonfarm employment	59,710	60,150	-0.7	62,720	-4.8
Goods-producing	12,170	12,450	-2.2	13,850	-12.1
Construction and mining	1,450	1,520	-4.6	1,740	-16.7
Manufacturing	10,720	10,930	-1.9	12,110	-11.5
Private service-providing	38,290	38,240	0.1	40,130	-4.6
Trade, transportation, and utilities	12,950	13,080	-1.0	13,700	-5.5
Retail trade	10,500	10,600	-0.9	11,150	-5.8
Information	900	900	0.0	900	0.0
Financial activities	1,910	1,880	1.6	2,010	-5.0
Professional and business services	2,870	2,750	4.4	3,140	-8.6
Educational and health services	11,470	11,330	1.2	11,340	1.1
Leisure and hospitality	5,940	6,010	-1.2	6,680	-11.1
Other services	2,260	2,280	-0.9	2,370	-4.6
Government	9,250	9,470	-2.3	8,730	6.0
Unemployment					
Number unemployed	13,500	14,540	-7.2	11,770	14.7
Unemployment rate (%)	15.6	16.7		13.2	
Local indexes					
UI initial claims	346	380	-9.1	548	-36.9
New dwelling units ^a	112	91	23.9	109	2.7

NOTE: Categories may not sum to total because of rounding. The index for help-wanted ads, which has until this issue been found under "Local indexes," is no longer available because of the declining number of employment want ads in newspapers.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

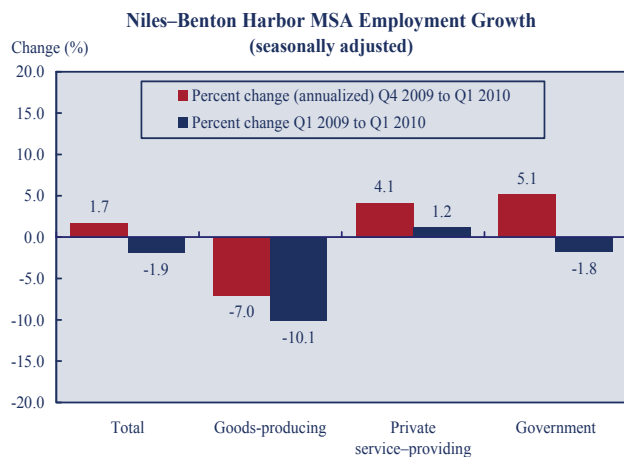
Muskegon–Norton Shores MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2009 Q3	2008 Q3	Percent change	Industry	2009 Q3	2008 Q3	Percent change
Goods-producing				Health care and social assistance	9,810	10,090	-2.8
Primary metal manufacturing	2,770	4,010	-30.9	Ambulatory health care services	3,220	3,330	-3.3
Fabricated metal products mfg.	2,010	2,570	-21.8	Hospitals	3,640	3,770	-3.4
Machinery manufacturing	1,400	1,770	-20.9	Arts, entertainment, and recreation	1,610	1,590	1.3
Transportation equipment mfg.	670	810	-17.3	Accommodation and food services	5,560	6,130	-9.3
Private service-producing				Food services and drinking places	5,080	5,600	-9.3
Professional and technical services	860	960	-10.4	Government			
Administrative and support services	1,570	1,980	-20.7	Federal Government	350	360	-2.8
Educational services	840	780	7.7	State Government	1,230	1,170	5.1
				Local Government	6,390	6,530	-2.1

SOURCE: Michigan Department of Labor and Economic Development ES202 data.

NILES–BENTON HARBOR MSA

The Niles–Benton Harbor MSA was the only region in West Michigan to gain jobs during the first quarter: total regional employment expanded by 0.4 percent. Both government and the private service–providing sector added jobs, while the goods-producing sector declined at a relatively moderate pace. The local unemployment situation also improved, as the unemployment rate dipped from 14.7 to 13.7 percent over the three-month period. Fortunately, the region’s limited set of economic indicators have also turned positive, which suggests that the growth trend should persist in the coming months.



The goods-producing sector was the only source of job losses in the region last quarter. Manufacturing employment declined by 1.2 percent, which was modest compared to the 6.0 percent drop reported by the construction and mining sector. On a positive note, although the construction trades have been hard hit by a slowdown in both commercial and residential building activity, a recent 79.5 percent increase in new-dwelling-unit contracts suggests that work will be increasing with the arrival of the spring season.

Unfortunately for the manufacturing sector, there has been little good news in recent months. Manufacturers shed 130 jobs in the first quarter of 2010, and over the long term the region’s major industries have reported large losses. Between the third quarter of 2008 and the third quarter of 2009, at least one out of every four jobs was eliminated in the primary metals, fabricated metals, machinery, and the automotive-related transportation equipment manufacturing sectors. Adding to the glum environment is the recent announcement that Whirlpool will eliminate 216 jobs by 2011 as it moves a washing-machine parts plant from Benton Harbor to Clyde, Ohio.

On the upside, the region’s private service–providing sector posted a healthy 1.0 percent increase in employment during the first quarter. Job growth was widespread across most cate-

gories of service-providing industries; however, employment in both the information and the financial activities sector was flat. The largest job growth occurred in educational and health services, which added 90 workers, and professional and business services, which grew by 80 workers.

Government employment also grew during the first quarter: public employers added 110 jobs, a 1.3 percent gain. Still, even with the recent growth overall, government payrolls remain down by 1.8 percent over the past year.

Despite continued weakness in the manufacturing sector, Berrien County’s overall employment situation appears to be on an upward trajectory. The region’s unemployment situation is improving, and initial claims for unemployment insurance were down by 37.1 percent during the first quarter. Compared to the same time last year, new claims for unemployment insurance benefits were down by almost 60 percent—a clear sign that layoff activity has finally abated. Additionally, the market for new homes showed signs of recovery, with a strong 79.5 percent increase in contracts for new dwelling units during the quarter and an increase of 37.5 percent over the past year. The return of the housing market could signal not only an improvement in the confidence of local consumers but the return of the vacation home market, which was quick to flee many lakeside communities in the early months of the recession.

Niles–Benton Harbor MSA
(seasonally adjusted)

Measure	2010 Q1	2009 Q4	% change, Q4 to Q1	2009 Q1	% change, Q1 to Q1
Employment (by place of work)					
Total nonfarm employment	59,090	58,840	0.4	60,220	-1.9
Goods-producing	12,470	12,700	-1.8	13,870	-10.1
Construction and mining	1,560	1,660	-6.0	1,790	-12.8
Manufacturing	10,910	11,040	-1.2	12,080	-9.7
Private service-providing	37,800	37,420	1.0	37,370	1.2
Trade, transportation, and utilities	11,150	11,020	1.2	10,950	1.8
Retail trade	6,900	6,850	0.7	6,810	1.3
Information	590	590	0.0	690	-14.5
Financial activities	2,220	2,220	0.0	2,220	0.0
Professional and business services	5,360	5,280	1.5	5,070	5.7
Educational and health services	9,530	9,440	1.0	9,550	-0.2
Leisure and hospitality	6,110	6,050	1.0	5,960	2.5
Other services	2,830	2,810	0.7	2,930	-3.4
Government	8,820	8,710	1.3	8,980	-1.8
Unemployment					
Number unemployed	10,610	11,290	-6.0	8,590	23.5
Unemployment rate (%)	13.7	14.7		11.1	
Local indexes					
UI initial claims	142	226	-37.1	354	-59.9
New dwelling units ^a	218	121	79.5	158	37.5

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

Niles–Benton Harbor MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2009 Q3	2008 Q3	Percent change	Industry	2009 Q3	2008 Q3	Percent change
Goods-producing				Health care and social assistance	7,570	7,790	-2.8
Primary metal manufacturing	860	1,140	-24.6	Ambulatory health care services	2,380	2,290	3.9
Fabricated metal products mfg.	1,290	1,830	-29.5	Arts, entertainment, and recreation	880	900	-2.2
Machinery manufacturing	1,600	2,310	-30.7	Accommodation and food services	5,700	5,830	-2.2
Transportation equipment mfg.	740	990	-25.3	Food services and drinking places	5,050	5,200	-2.9
Private service-providing				Government			
Professional and technical services	1,360	1,390	-2.2	Federal Government	350	370	-5.4
Administrative and support services	3,080	3,950	-22.0	State Government	440	450	-2.2
Educational services	1,160	1,210	-4.1	Local Government	7,430	7,680	-3.3

SOURCE: Michigan Department of Labor and Economic Development ES202 data.

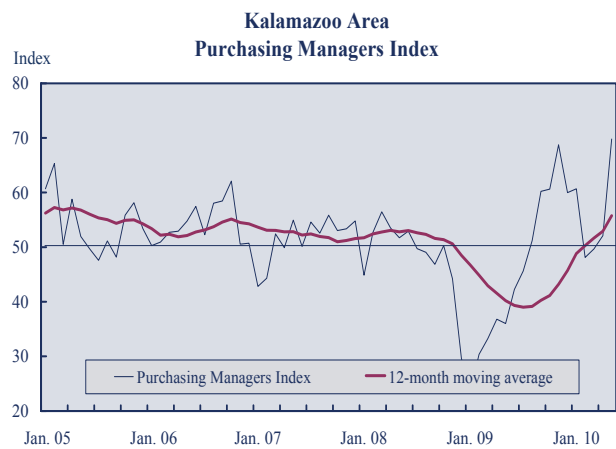
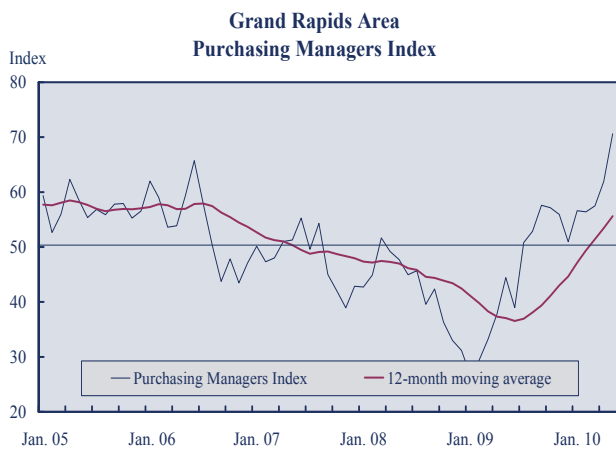
Purchasing Managers Index and Major Economic Developments

The Grand Rapids region is seeing “strong growth,” and economic conditions in the Kalamazoo area are “up sharply”—that is the assessment of Brian Long in the May issue of *Current Business Trends*, a monthly publication that surveys local purchasing managers.

In the Grand Rapids area, a spike in new orders has helped push the composite purchasing managers index to its highest level in more than a decade. Although it may seem like the recovery has only just begun, in reality the region’s composite purchasing managers index has posted readings higher than 50—the index level that denotes expansionary conditions—for 10 months straight. It is only during the past few months, however, that the underlying index of employment has been positive and that pur-

chasing managers have reported strong and consistent growth across all industries.

Growth has also returned to the Kalamazoo region, and Long described the May report as being “one of the strongest reports we have filed in the 31-year history of the survey.” A combination of strong growth in orders, production, and employment all helped push the region’s composite purchasing managers index to a near-record level only two months after it last dipped into negative territory. Although the local index has jumped up and down over the past few months, the strength of the most recent report offers hope that a sustained period of growth has finally arrived.



Major Economic Developments

Battle Creek MSA

Toda America, a Japanese manufacturer of battery components, broke ground on a new facility in Battle Creek that is expected to employ 57 workers by 2011.

Grand Rapids–Wyoming MSA

In March approximately 100 workers at the Knoll furniture plant in Kentwood received early retirement and buyout offers; the company’s goal is to reduce the facility’s current workforce of 350.

Holland–Grand Haven MSA

Later this year, Huntington Bank plans to expand its Holland call center. The facility’s employment is expected to grow by 60 workers when the company adds a third shift to increase its local customer service to 24-hour operation.

Kalamazoo–Portage MSA

In neighboring St. Joseph County, Cobalt Holdings of Evanston, Illinois, a tire recycling company, announced plans to build a new plant in Sturgis. The facility will produce a variety of rubber materials and is expected to hire 100 workers over the next five years.

Muskegon–Norton Shores MSA

Fortu PowerCell Inc., a German-Swiss-based advanced battery manufacturer, announced plans to build a plant in Muskegon Township. The company is expected to start with 126 workers in 2012 and to eventually employ more than 700.

Johnson Technology, an aerospace supplier owned by General Electric, recently announced plans to add 90 jobs in the county as it invests in additional production activity at either its Muskegon City or its Norton Shores facility.

Niles–Benton Harbor MSA

Whirlpool announced that it would be closing its last remaining parts plant in Benton Harbor, eliminating 216 jobs by 2011.

Appendix Tables

Table A-1
Michigan Statistics
(seasonally adjusted)

Measure	2010 Q1	2009 Q4	% change, Q4 to Q1	2009 Q1	% change, Q1 to Q1
Employment (by place of work)					
Total nonfarm employment	3,832,800	3,860,670	-0.7	3,937,600	-2.7
Goods-producing	584,270	580,830	0.6	629,770	-7.2
Natural resources and mining	7,270	6,900	5.4	7,230	0.6
Construction	119,430	120,400	-0.8	137,730	-13.3
Manufacturing	457,570	453,530	0.9	484,800	-5.6
Durable goods	337,210	333,790	1.0	360,270	-6.4
Nondurable goods	120,360	119,740	0.5	124,530	-3.3
Private service-providing	2,615,700	2,629,470	-0.5	2,663,800	-1.8
Trade, transportation, and utilities	705,630	708,700	-0.4	731,600	-3.5
Transportation and utilities	108,300	110,830	-2.3	115,890	-6.5
Wholesale trade	148,520	151,260	-1.8	158,530	-6.3
Retail trade	448,810	446,610	0.5	457,170	-1.8
Information	51,870	53,400	-2.9	57,600	-9.9
Financial activities	184,930	188,770	-2.0	193,300	-4.3
Professional and business services	516,000	515,630	0.1	519,500	-0.7
Educational and health services	620,430	621,100	-0.1	608,930	1.9
Leisure and hospitality	371,800	376,400	-1.2	382,570	-2.8
Other services	165,030	165,470	-0.3	170,300	-3.1
Government	632,830	650,370	-2.7	644,030	-1.7
Unemployment					
Number unemployed	686,420	699,730	-1.9	591,320	16.1
Unemployment rate (%)	14.2	14.4		12.0	
State indexes (1996=100)					
Help-wanted ads					
Detroit	5	6	-16.7	7	-28.6
Local components					
UI initial claims	14,477	16,482	-12.2	32,451	-55.4
New dwelling units ^a	9,468	7,598	24.6	5,432	74.3

NOTE: Employment numbers for durable, nondurable goods, transportation and utilities, wholesale trade, and retail trade are seasonally adjusted by the W.E. Upjohn Institute. Other numbers are seasonally adjusted by the Bureau of Labor Statistics. Categories may not sum to total due to rounding. The index for Help-wanted ads for West Michigan is no longer available due to the declining number of employment print ads in newspapers.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; Detroit help-wanted index from the Conference Board; and employment data from Michigan Department of Labor and Economic Growth.

Michigan Industry Employment Change by Place of Work
Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2009 Q3	2008 Q3	Percent change	Industry	2009 Q3	2008 Q3	Percent change
Goods-producing				Furniture and related products mfg.	19,640	23,900	-17.8
Food manufacturing	34,940	35,620	-1.9	Office furniture and fixtures mfg.	14,580	17,660	-17.4
Paper manufacturing	11,730	12,960	-9.5	Private service-providing			
Printing and related support activities	14,550	16,620	-12.5	Professional and technical services	215,370	237,080	-9.2
Chemical manufacturing	25,230	27,710	-8.9	Administrative and support services	211,420	248,940	-15.1
Plastics and rubber products mfg.	26,590	35,960	-26.1	Educational services	57,230	57,700	-0.8
Primary metal manufacturing	16,030	23,010	-30.3	Health care and social assistance	527,100	527,790	-0.1
Fabricated metal products mfg.	57,070	76,580	-25.5	Ambulatory health care services	183,450	179,340	2.3
Machinery manufacturing	52,910	67,210	-21.3	Hospitals	189,060	194,870	-3.0
Transportation equipment mfg.	124,930	162,650	-23.2	Arts, entertainment, and recreation	65,900	69,850	-5.7
Motor vehicle parts mfg.	79,100	104,770	-24.5	Accommodation and food services	331,350	345,810	-4.2
				Food services and drinking places	297,260	309,490	-4.0

SOURCE: Michigan Department of Labor and Economic Growth.

Table A-2
Personal Income and Earnings by Industry (current dollars)

Area	Income distribution	2007 ^a	2006 ^a	2005 ^a	2004 ^a	2003 ^a	2002 ^a	1997
Battle Creek MSA	Total personal income (\$000)	4,075,917	3,931,003	3,873,401	3,800,925	3,720,361	3,635,112	3,201,216
	Per capita personal income (\$)	29,897	28,653	28,056	27,393	26,878	26,291	23,395
	Earnings per worker (\$)	47,725	46,331	44,813	43,898	43,468	41,901	35,086
	Manufacturing	74,332	72,818	69,607	69,921	73,536	69,061	60,260
	Private nonmanufacturing	35,647	34,449	33,420	32,593	31,816	31,259	23,979
Grand Rapids–Wyoming MSA	Total personal income (\$000)	26,230,652	25,196,859	24,312,100	23,510,709	22,522,129	21,821,228	17,513,065
	Per capita personal income (\$)	33,849	32,670	31,661	30,779	29,625	28,865	24,378
	Earnings per worker (\$)	46,434	45,259	44,004	43,333	42,662	41,332	33,289
	Manufacturing	76,554	73,926	70,158	70,076	71,811	64,043	50,413
	Private nonmanufacturing	39,313	38,386	37,583	36,783	35,643	35,450	27,337
Barry County	Total personal income (\$000)	1,835,710	1,771,503	1,735,394	1,711,980	1,675,645	1,628,108	1,336,985
	Per capita personal income (\$)	31,053	30,085	29,419	29,271	28,743	28,139	24,093
	Earnings per worker (\$)	28,163	27,806	26,947	26,827	26,297	25,674	24,555
	Manufacturing	60,721	63,329	56,905	55,372	55,184	49,141	41,275
	Private nonmanufacturing	21,041	20,418	20,210	20,269	19,581	19,547	17,817
Ionia County	Total personal income (\$000)	1,543,331	1,474,007	1,473,237	1,448,490	1,425,677	1,357,552	1,115,622
	Per capita personal income (\$)	24,099	23,004	23,063	22,682	22,547	21,576	18,075
	Earnings per worker (\$)	35,674	35,173	34,640	34,703	35,942	33,765	27,219
	Manufacturing	59,998	53,923	52,602	55,284	65,366	55,837	38,050
	Private nonmanufacturing	23,889	24,131	24,222	23,909	24,167	23,764	18,431
Kent County	Total personal income (\$000)	21,611,571	20,758,025	19,953,040	19,225,208	18,337,658	17,787,705	14,202,912
	Per capita personal income (\$)	35,859	34,643	33,497	32,459	31,097	30,329	25,573
	Earnings per worker (\$)	48,596	47,317	45,969	45,216	44,438	43,039	34,240
	Manufacturing	78,451	75,789	71,852	71,846	73,177	65,251	51,472
	Private nonmanufacturing	41,623	40,584	39,710	38,778	37,543	37,316	28,377
Newaygo County	Total personal income (\$000)	1,240,040	1,193,324	1,150,429	1,125,031	1,083,149	1,047,863	857,546
	Per capita personal income (\$)	25,256	24,300	23,310	22,863	22,093	21,515	18,722
	Earnings per worker (\$)	32,988	31,736	31,432	30,936	30,077	29,385	26,400
	Manufacturing	46,409	44,220	45,651	43,504	42,169	41,958	48,916
	Private nonmanufacturing	26,867	25,473	24,593	24,708	24,060	23,193	19,651
Holland–Grand Haven MSA	Total personal income (\$000)	8,471,660	8,108,638	7,758,822	7,425,237	7,134,942	6,868,133	5,700,349
	Per capita personal income (\$)	32,777	31,611	30,519	29,438	28,640	27,892	25,458
	Earnings per worker (\$)	42,275	42,062	40,961	41,152	39,186	37,357	30,634
	Manufacturing	62,061	61,781	59,328	62,670	56,232	50,491	44,898
	Private nonmanufacturing	32,055	31,911	31,376	30,300	29,860	29,628	21,967
Kalamazoo–Portage MSA	Total personal income (\$000)	10,542,756	9,997,254	9,649,091	9,472,476	9,223,390	8,884,029	7,450,160
	Per capita personal income (\$)	32,707	31,102	30,110	29,605	28,733	27,853	24,000
	Earnings per worker (\$)	42,863	41,504	40,712	41,108	41,132	38,967	32,044
	Manufacturing	76,845	75,128	74,452	78,544	80,827	68,410	57,058
	Private nonmanufacturing	34,643	33,253	32,469	32,230	31,537	31,419	24,487
Kalamazoo County	Total personal income (\$000)	8,443,673	8,000,029	7,705,234	7,558,267	7,370,638	7,111,167	5,955,392
	Per capita personal income (\$)	34,526	32,862	31,770	31,239	30,284	29,420	25,332
	Earnings per worker (\$)	43,618	42,326	41,549	41,818	42,092	39,815	32,947
	Manufacturing	81,312	79,514	78,730	83,175	85,376	71,906	60,455
	Private nonmanufacturing	34,902	33,565	32,874	32,391	31,777	31,799	24,996
Van Buren County	Total personal income (\$000)	2,099,083	1,997,225	1,943,857	1,914,209	1,852,752	1,772,862	1,494,768
	Per capita personal income (\$)	26,987	25,607	24,946	24,538	23,870	22,949	19,842
	Earnings per worker (\$)	38,781	37,030	36,061	37,142	35,724	34,255	27,103
	Manufacturing	53,398	51,686	51,032	53,474	53,241	48,779	39,326
	Private nonmanufacturing	33,023	31,291	29,855	31,183	29,994	29,016	21,341
Muskegon–Norton Shores MSA	Total personal income (\$000)	4,680,106	4,533,100	4,407,440	4,346,164	4,259,628	4,119,399	3,359,028
	Per capita personal income (\$)	26,880	26,046	25,341	25,114	24,697	23,977	20,105
	Earnings per worker (\$)	37,675	36,710	36,176	35,858	35,242	34,878	30,745
	Manufacturing	63,211	62,960	60,625	60,152	59,884	56,848	49,303
	Private nonmanufacturing	22,013	22,020	21,946	22,125	21,366	21,479	23,261
Niles–Benton Harbor MSA (Berrien County)	Total personal income (\$000)	5,121,395	4,821,131	4,649,777	4,594,662	4,451,397	4,346,942	3,748,082
	Per capita personal income (\$)	32,140	30,252	29,055	28,527	27,588	26,925	23,078
	Earnings per worker (\$)	41,687	40,282	38,646	38,334	37,543	36,739	30,812
	Manufacturing	76,980	72,073	67,990	67,042	66,188	61,818	50,740
	Private nonmanufacturing	31,758	31,040	29,862	29,663	28,950	29,058	23,137

^a 2002 through 2007 statistics are based on North American Industry Classification System (NAICS); 1997 is based on Standard Industrial Classification (SIC).

SOURCE: U.S. Bureau of Economic Analysis.

Table A-3
Consumer Price Index^a
U.S. City Average (1982-84=100)

Year	Annual average	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CPI for All Urban Consumers (CPI-U)													
1987	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	148.2	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	152.4	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	156.9	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	160.5	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	163.0	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	166.6	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000	172.2	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
2001	177.1	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7
2002	179.9	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9
2003	184.0	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3
2004	188.9	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3
2005	195.3	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8
2006	201.6	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8
2007	207.3	202.4	203.5	205.4	206.7	207.9	208.4	208.3	207.9	208.5	208.9	210.2	210.0
2008	216.0	211.1	211.7	213.5	214.8	216.6	218.8	220.0	219.1	218.8	216.6	212.4	210.2
2009	213.9	215.7	215.4	215.8	216.0	216.2	216.3	215.9	215.8	216.0	216.2	216.3	215.9
2010	217.0	216.7	216.7	217.6									
CPI for Urban Wage Earners and Clerical Workers (CPI-W)													
1987	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2
1988	117.0	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2
1989	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6
1990	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2	132.2
1991	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8	135.9
1992	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8	139.8
1993	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4	143.3
1994	145.6	143.6	144.0	144.4	144.7	144.9	145.4	145.8	146.5	146.9	147.0	147.3	147.2
1995	149.8	147.8	148.3	148.7	149.3	149.6	149.9	149.9	150.2	150.6	151.0	150.9	150.9
1996	154.1	151.7	152.2	152.9	153.6	154.0	154.1	154.3	154.5	155.1	155.5	155.9	155.9
1997	157.6	156.3	156.8	157.0	157.2	157.2	157.4	157.5	157.8	158.3	158.5	158.5	158.2
1998	159.7	158.4	158.5	158.7	159.1	159.5	159.7	159.8	160.0	160.2	160.6	160.7	160.7
1999	163.2	161.0	161.1	161.4	162.7	162.8	162.8	163.3	163.8	164.7	165.0	165.1	165.1
2000	168.9	165.6	166.5	167.9	168.0	168.2	169.2	169.4	169.3	170.4	170.6	170.9	170.7
2001	173.5	171.7	172.4	172.6	173.5	174.4	174.6	173.8	173.8	174.8	174.0	173.7	172.9
2002	175.9	173.2	173.7	174.7	175.8	175.8	175.9	176.1	176.6	177.0	177.3	177.4	177.0
2003	179.8	177.7	179.2	180.3	179.8	179.4	179.6	179.6	180.3	181.0	180.7	180.2	179.9
2004	184.5	180.9	181.9	182.9	183.5	184.7	185.3	184.9	185.0	185.4	186.5	186.8	186.0
2005	191.0	186.3	187.3	188.6	190.2	190.0	190.1	191.0	192.1	195.0	195.2	193.4	192.5
2006	197.1	194.0	194.2	195.3	197.2	198.2	198.6	199.2	199.6	198.4	197.0	196.8	197.2
2008	212.0	206.7	207.3	209.1	210.7	212.8	215.2	216.3	215.2	214.9	212.2	207.3	204.8
2009	209.6	205.7	206.7	207.2	207.9	208.8	211.0	210.5	211.2	211.3	211.5	212.0	211.7
2010	212.9	212.6	212.5	213.5									

^a Monthly data shown above are not adjusted for seasonal variations. CPI data that are not seasonally adjusted are used extensively for escalation purposes. Although CPI is often called the "Cost of Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers. These series contain no revision but are reprinted for the convenience of the user.

PERCENT CHANGE: Movements of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index point changes are affected by the level of the index in relation to its base period, while percent changes are not. For example:

$$100 \times \frac{[(160.5 \text{ (1997 annual avg.)} - 156.9 \text{ (1996 annual avg.)})]}{156.9 \text{ (1996 annual avg.)}} = 2.3\% \text{ change 1996 to 1997, CPI-U.}$$

$$100 \times \frac{[(164.0 \text{ (November 1998)} - 161.5 \text{ (November 1997)})]}{161.5 \text{ (November 1997)}} = 1.5\% \text{ change November 1997 to November 1998, CPI-U.}$$

$$100 \times \frac{[(164.0 \text{ (November 1998)} - 164.0 \text{ (October 1998)})]}{164.0 \text{ (October 1998)}} = \text{No change, CPI-U.}$$

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

Table A-4
Population Update for Selected Areas of West Michigan

Area	Estimate		U.S. Census April			Annual change (%)		
	July		2000	1990	1980	2000–	1990–	1980–
	2008					2007a	2000	1990
Michigan	10,003,422	9,938,444	9,295,297	9,262,044		0.1	0.7	0.0
West Michigan Metropolitan Areas								
Battle Creek MSA (Calhoun County)	135,861	137,985	135,982	141,557		-0.2	0.1	-0.4
Battle Creek city ^b	52,053	53,364	53,540	56,339		-0.4	0.0	-0.5
Albion city	9,103	9,144	10,066	11,059		-0.1	-1.0	-0.9
Marshall city	7,121	7,459	6,891	7,201		-0.7	0.8	-0.4
Grand Rapids–Wyoming MSA	776,833	740,482	645,914	577,019		0.6	1.4	1.1
Barry County	58,890	56,755	50,057	45,781		0.5	1.3	0.9
Ionia County	63,833	61,518	57,024	51,815		0.5	0.8	1.0
Kent County	605,213	574,335	500,631	444,506		0.7	1.4	1.2
Grand Rapids city	193,396	197,800	189,126	181,843		-0.3	0.4	0.4
East Grand Rapids city	10,467	10,764	10,807	10,914		-0.4	0.0	-0.1
Grandville city	16,718	16,263	15,624	12,412		0.4	0.4	2.3
Kentwood city	47,419	45,255	37,826	30,438		0.6	1.8	2.2
Walker city	23,722	21,842	17,279	15,088		1.1	2.4	1.4
Wyoming city	70,462	69,368	63,891	59,616		0.2	0.8	0.7
Newaygo County	48,897	47,874	38,202	34,917		0.3	2.3	0.9
Holland–Grand Haven MSA (Ottawa County)	260,364	238,314	187,768	157,174		1.2	2.4	1.8
Grand Haven city	10,608	11,168	11,951	11,763		-0.7	-0.7	0.2
Holland city ^c	34,076	35,048	30,745	26,281		-0.4	1.3	1.6
Kalamazoo–Portage MSA	323,713	314,866	293,471	279,192		0.4	0.7	0.5
Kalamazoo County	245,912	238,603	223,411	212,378		0.4	0.7	0.5
Kalamazoo city	72,179	77,145	80,277	79,722		-0.9	-0.4	0.1
Portage city	46,133	44,897	41,042	38,157		0.4	0.9	0.7
Van Buren County	77,801	76,263	70,060	66,814		0.3	0.9	0.5
Muskegon–Norton Shores MSA (Muskegon County)	174,344	170,200	158,983	157,589		0.3	0.7	0.1
Muskegon city	39,401	40,105	40,283	40,823		-0.2	0.0	-0.1
Muskegon Heights city	11,623	12,049	13,176	14,611		-0.5	-0.9	-1.0
Norton Shores city	23,307	22,527	21,755	22,025		0.4	0.3	-0.1
Niles–Benton Harbor MSA (Berrien County)	159,481	162,453	161,378	171,276		-0.3	0.1	-0.6
Benton Harbor city	10,814	11,182	12,818	14,707		-0.5	-1.4	-1.4
Niles city	11,258	12,204	12,456	13,115		-1.1	-0.2	-0.5
St. Joseph city	8,458	8,789	9,214	9,622		-0.5	-0.5	-0.4
Total West Michigan MSAs	1,830,596	1,764,300	1,583,496	1,483,807		0.5	1.1	0.7
Rural Southwest Michigan								
Allegan County	112,975	105,665	90,509	81,555		0.9	1.6	1.0
Branch County	45,726	45,787	41,502	40,188		0.0	1.0	0.3
Cass County	50,185	51,104	49,477	49,499		-0.3	0.3	0.0
Oceana County	27,598	21,645	22,454	22,002		0.3	-0.4	0.2
St. Joseph County	62,232	62,422	58,913	56,083		-0.1	0.6	0.5
Total Rural Southwest Michigan	298,716	286,623	262,855	249,327		0.3	0.9	0.5

^a 2000 to 2008 growth rate is based on July to July estimates.

^b For comparison purposes, 1980 population for Battle Creek city is the combination of Battle Creek city (35,724) and Battle Creek township (20,615), which was annexed in 1983.

^c Population for Holland city is total population of city located in Ottawa and Allegan counties.

SOURCE: State of Michigan Department of Management and Budget and U.S. Census Bureau.

Subscriptions to
BUSINESS OUTLOOK

Call (269) 343-5541
Fax (269) 342-0672

or write

Business Outlook for West Michigan
W.E. Upjohn Institute
300 S. Westnedge Avenue
Kalamazoo, MI 49007-4686

Visit our Web site
www.upjohninstitute.org

Business Outlook is available on our Web site in PDF format. In addition, our Web site provides up-to-date economic statistics on west Michigan.