

**MACOMB COUNTY
CHAMBER ALLIANCE
LUNCHEON**

**Economic Forecast for Macomb County
January 16, 2015**

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PRESENTATION OVERVIEW

- National Trends
- State and County Trends
- Macomb County Issues
- Forecast
- Wildcards

NATIONAL TRENDS

SOLID RECOVERY UNDERWAY

BRIGHT NATIONAL ECONOMIC PICTURE

- 2014 significant growth by the final quarter with first real gains in employment - over 2.95 million jobs in past 12 months, highest since 1999
- Oil price declines by 50% adding to disposable income
- Inflation less than 2% - lowest in 14 years
- Financial markets continue to expand, foreign investment in U.S. Treasuries and Bonds fuel a stronger dollar
- United States remains in recovery while other advanced economies face challenges

MAJOR ISSUES STILL REMAIN

- Long-term growth slows since 2005 - 1.9%, indicating a different type of American economy is emerging
- Increasing income inequalities continues to dominate consumer, auto, and housing markets. Continues to hamper growth of the traditional middle class markets
- Labor force participation is extremely low; wage gains barely greater than inflation
- Little investment in public sector and infrastructure

LOCAL ECONOMIC GROWTH EXCEEDS NATIONAL RECOVERY

- Continued domestic auto sale increases provide a consistent local economic boost
- Resolution of the Detroit bankruptcy case helps lower investment risk in the region benefiting Macomb County
- Macomb County continues to experience population increases with younger families fueling long-term growth

STATE AND LOCAL TRENDS

MICHIGAN: MOVING UPWARD?

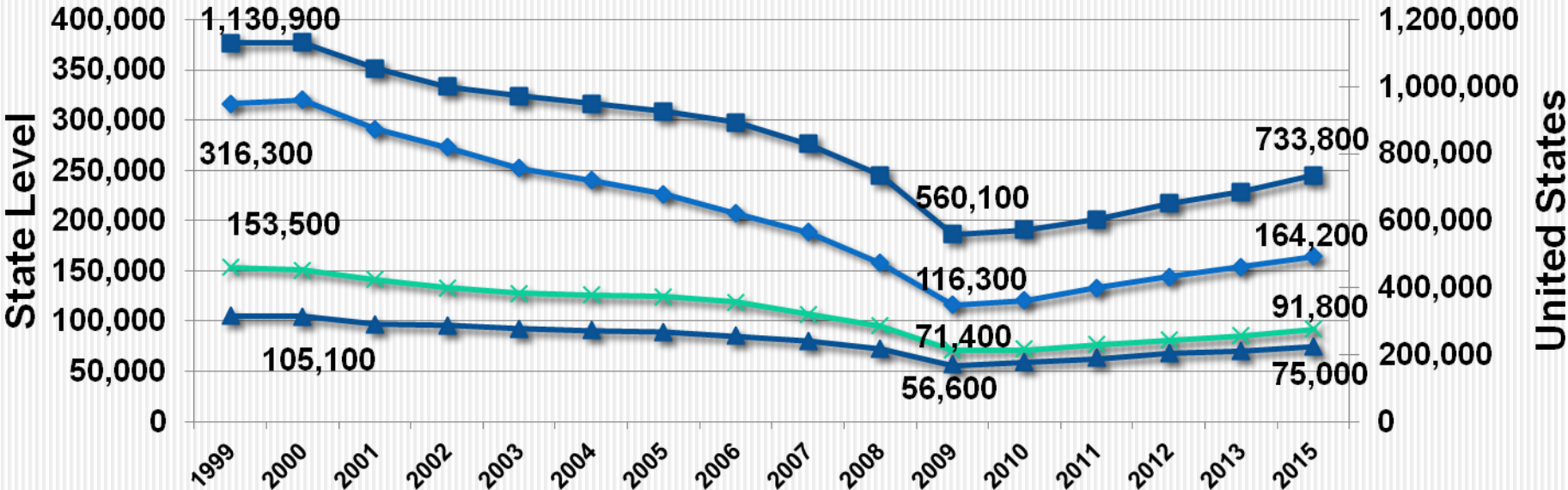
STATE ECONOMIC CONTEXT

- Steady job growth in the past year (40,000 jobs), almost half related to auto expansion
- General revenue fund shows shortfall of \$454 million
- Bankruptcy settlement lowers short-term threats to state budget
- Significant impasse on major spending issues and unwillingness to handle the roads, cuts to education – hampers the prospects for growth
- What happens after auto growth rebound?

AUTO EMPLOYMENT GAINS

Motor Vehicle & Parts Manufacturing Employment
1999 – November 2014

Michigan Indiana Ohio U.S.



Source: BLS, U.S. Department of Labor

MACOMB COUNTY

2014

CONFRONTING THE NEW NORMAL

MACOMB COUNTY

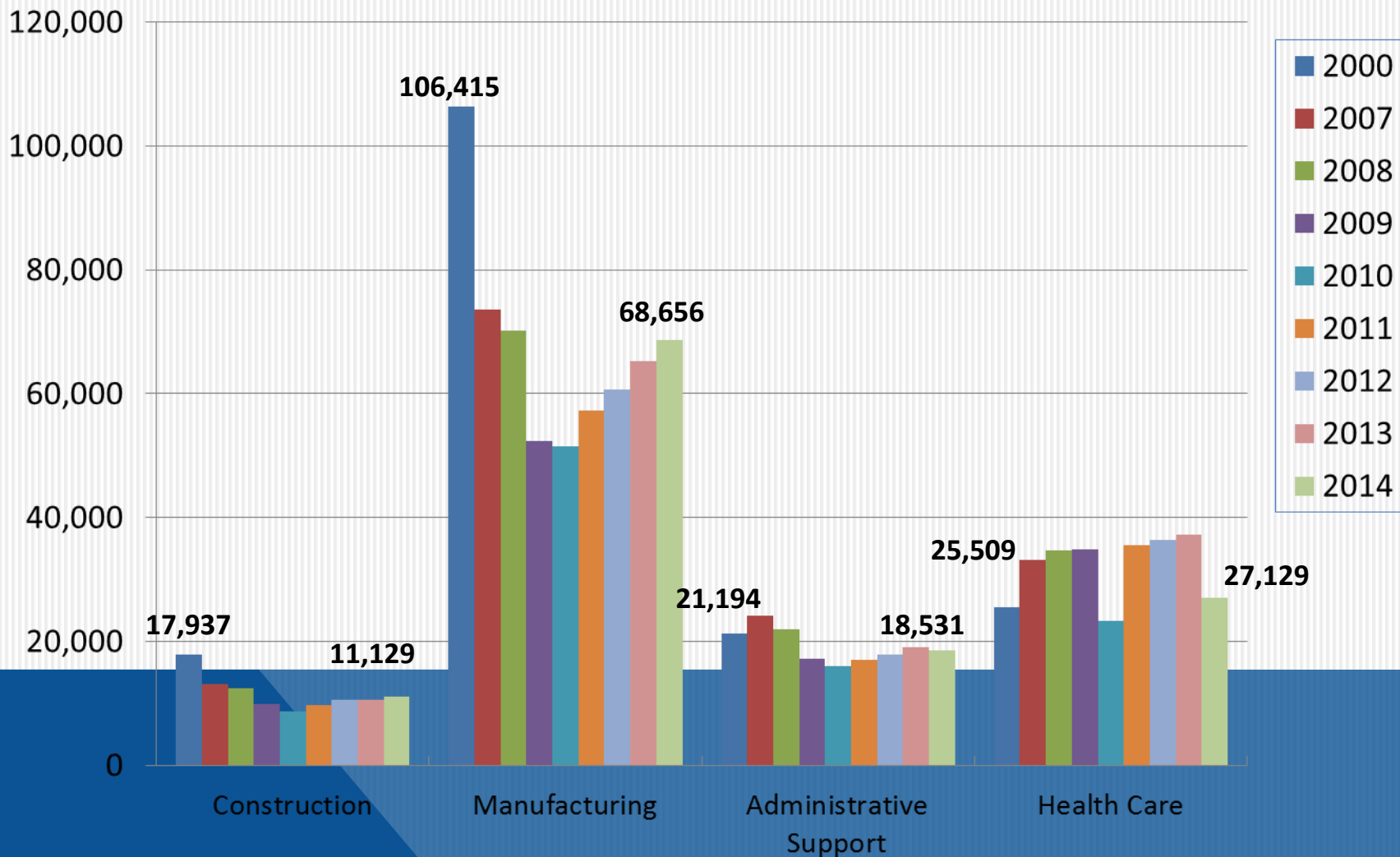
PRIVATE SECTOR TRENDS 2000-2014

(1ST QUARTER – SELECTED SECTORS)

Industry	2000	2010	2014
Construction	17,937	8,695	11,129
Manufacturing	106,415	51,526	68,656
Wholesale Trade	11,212	9,292	10,799
Retail Trade	42,933	36,295	39,409
Information	1,698	2,129	5,963
Administrative Support	21,194	16,075	18,531
Education Services	1,349	2,521	2,332
Healthcare & Social Assistance	25,509	23,345	27,129

Source: MDCD/Employment Service Agency

EMPLOYMENT IN MACOMB COUNTY SELECTED SECTORS



MACOMB COUNTY EMPLOYMENT GAINS

	November 2010	November 2011	November 2012	November 2013	November 2014	Percent Change 2010 - 2014
Labor Force	401,918	398,367	401,583	405,724	401,473	-.1%
Employed	352,243	359,778	365,755	374,347	374,042	6.2%
Unemployed	49,675	38,589	35,828	31,377	27,431	-44.8%
Percent Unemployed	12.4%	9.7%	8.9%	7.7%	6.8%	

MACOMB COUNTY BRIGHT SPOTS IN 2014

- Significant new auto investments drive growth in County employment - all OEM's continue to expand their operations in the County
- Defense sector continues growth in contracts and develops more substantial supply chain
- Development of the smart car and convergence technology in auto make Macomb County one of the local hubs for innovation

MACOMB COUNTY

INDUSTRIAL EXPANSION AND ATTRACTIONS

- Chrysler expansion of facilities in Warren
- Expanded role for Velocity
- Defense contracts by General Dynamics and BAE increase supply chain

	2011	2012	2013	2014
Projects	29	42	35	38
Jobs Retained	2,535	3,450	1,626	1,659
Jobs Created	981	1,260	696	1,378
Net Investment (in millions)	\$105.6	\$164.3	\$90.6	\$200.5

MACOMB COUNTY RESIDENTIAL SALES (3RD QUARTER COMPARISON)

Year	# of Homes Sold Private	% of Homes Sold Private	Average Sale Price Private	# Homes Sold By Bank	% of Homes Sold By Bank	Average Sale Price By Bank
2008	1,011	46%	\$162,245	935	43%	\$91,811
2009	1,002	41%	\$197,174	1,228	50%	\$64,746
2010	1,063	51%	\$110,276	795	38%	\$64,480
2011	1,568	62%	\$109,875	719	29%	\$63,522
2012	1,791	63%	\$118,508	840	29%	\$61,860
2013	1,978	72%	\$159,417	527	19%	\$85,333
2014	2,339	89%	\$152,259	293	11%	\$81,915

RESIDENTIAL BUILDING PERMITS 2009-2014

(Single Family, Apartments, Condominiums)

County	2009	2010	2011	2012	2013	2014
Macomb	313	787	1,004	1,205	1,696	1,680
Oakland	440	584	956	1,453	2,128	1,405
Wayne (Excluding Detroit)	155	42	31	245	598	483

Source: SEMCOG

2015 PROJECTED RESIDENTIAL TAX ASSESSMENTS

Community	Assessed % Change
Armada Twp.	12.36%
Bruce Twp.	11.71%
Center Line	10.08%
Chesterfield Twp.	13.56%
Clinton Twp.	8.58%
Eastpointe	5.35%
Fraser	12.21%
Grosse Pointe Shores	4.04%
Harrison Twp.	9.22%
Lenox Twp.	15.26%
Macomb Twp.	10.16%
Memphis	1.81%

Community	Assessed % Change
Mount Clemens	7.18%
New Baltimore	11.33%
Ray Twp.	9.70%
Richmond	10.08%
Richmond Twp.	9.55%
Roseville	5.13%
Shelby Twp.	13.40%
St. Clair Shores	12.51%
Sterling Heights	15.29%
Utica	11.26%
Warren	13.15%
Washington Twp.	8.84%

MEDIAN HOUSEHOLD INCOME BY GEOGRAPHIC AREA (1999 – 2013)

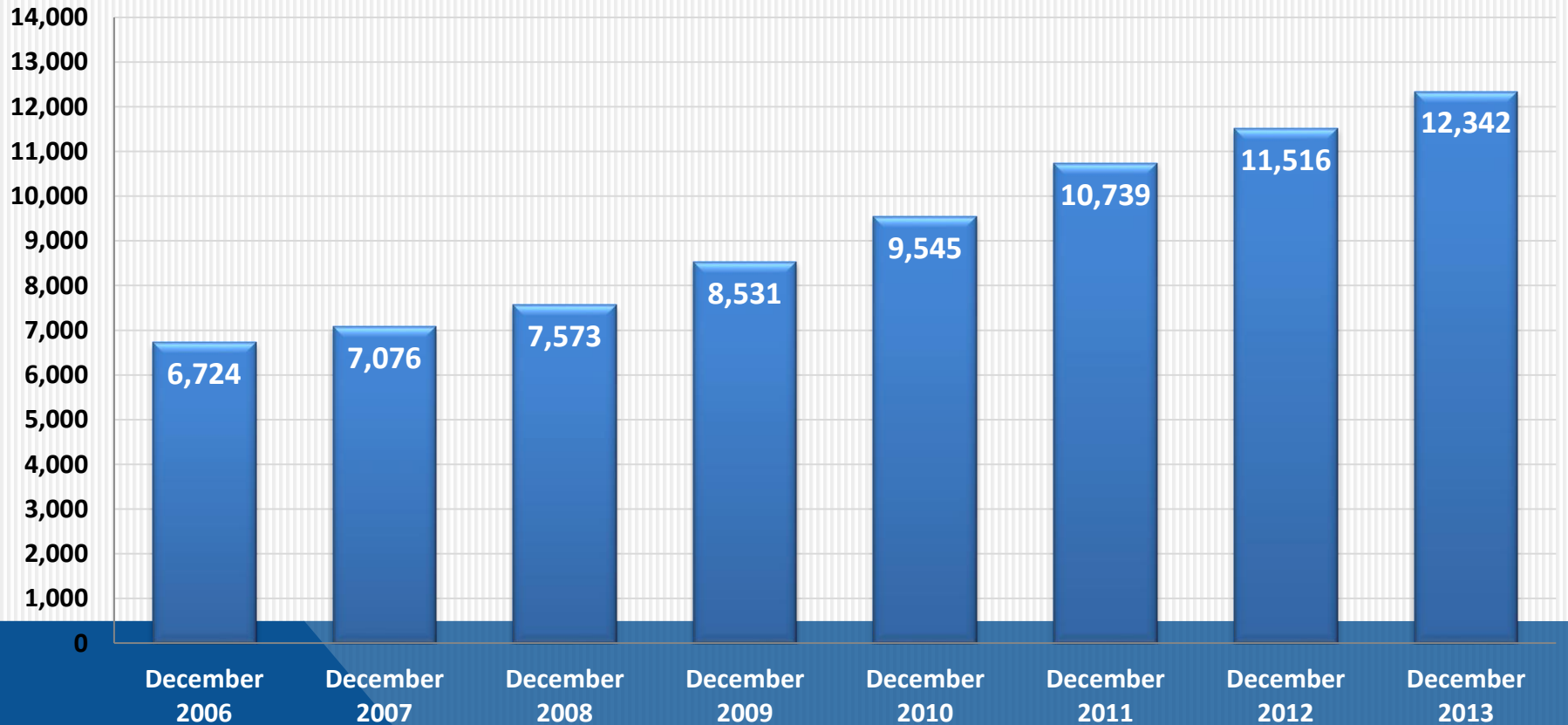
Area	Change in Median Household Income			
	1999	2013	\$ Change	% Change
Macomb	\$71,797	\$52,978	-\$18,819	-26.2%
Oakland	\$85,308	\$64,917	-\$20,391	-23.9%
Wayne	\$56,190	\$40,160	-\$16,030	-28.5%
Michigan	\$61,551	\$48,273	-\$13,278	-21.6%
United States	\$57,868	\$52,250	-\$5,618	-9.7%

Source: U.S. Census 2000 and American Community Survey 2010

IMPACT OF ECONOMIC RECOVERY FOR MACOMB COUNTY

	2007	2008	2009	2010	2011	2012	2013	2014
Case Load Department of Human Services	3,059	2,929	3,612	4,026	3,583	3,547	2,518	2,011
Welfare to Work	4,819 \$8.18	5,587 \$8.64	5,833 \$8.61	5,686 \$8.53	6,442 \$8.54	6,290 \$8.64	6,373 \$8.55	4,499 \$8.78
Michigan Works: Clients Served	49,185	77,158	117,047	98,006	63,335	55,369	58,613	44,041

MACOMB COUNTY SSI RECIPIENTS AGE 18-64



MACOMB FOOD PROGRAM EMERGENCY FOOD DISTRIBUTION

	2011	2012	2013	2014
Households Served	54,023	58,890	66,661	62,571
Individuals Served	152,522	187,040	172,788	160,922
Pounds of Food Distributed	1,892,608	2,255,631	1,558,452	1,463,576

Source: Macomb Department of Community Services

IMPACT OF AFFORDABLE HEALTHCARE

- **70,000 in Macomb County covered under new healthcare law**
 - **Nearly 30,000 residents enrolled**
 - **39,000 eligible through the expansion of Medicare**
- **Immediate impact felt in the reduction of charity cases at hospitals resulting in savings being utilized in other community health initiatives**

THE NEW NORMAL IN MACOMB COUNTY

- **Continued success in creating a positive image of the County**
- **Growth continues but challenges ahead**
- **Macomb County faced with large numbers of new lower-income residents and new immigrants – traditional suburbs not equipped to respond to these challenges**
- **Financial issues of inner ring suburbs similar to what was faced in Detroit**
- **Detroit after bankruptcy changes relationships between city and suburbs producing opportunity for Macomb County**

ISSUES AFTER BANKRUPTCY

- Initial phase is over – how will real growth be achieved?
- What is the role of the city within the region?
- **Regional Water Authority**
 - Complex process created to eliminate Detroit debt, does not resolve issues related to the viability of the system
 - Opens promise of new collaborations
- **Regional Transportation Authority**
 - Creates an opportunity for access to suburban employment
 - Creates linkages for regional development

COUNTY ACTIVITIES ADDRESSING THE NEW NORMAL

- One Macomb: Organized by County focused on diversity and inclusion efforts



- 4M (Macomb County, Macomb Community College, MEDC, MacWorks)

- Center for Innovation and Entrepreneurship

Application periods starts Feb. 1st 2015

Contact cie@Macomb.edu for materials



All focus on County issues should focus on collaboration and effective use of resources

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FORECAST

RECOVERY CONTINUES IN 2015 AT THE NATIONAL LEVEL

- **Low energy prices and growing employment fuels consumer demand and growth**
- **Higher dollar leads to less international demand and may influence specific vulnerable domestic industries**
- **Inflation remains low, and federal reserve rate increase unlikely until fourth quarter**
- **Low oil prices threaten oil producing states of Texas and North Dakota; also increases foreign trade threat**

MACOMB COUNTY RECOVERY SLOWS IN 2015

- Auto sales will continue to grow but impact on Macomb County will depend on domestic market share
- Housing market will continue to expand but will be inhibited by lack of income growth
- Impact of regional issues and resolution of state issues will weigh heavily on future long-term growth
- By fourth quarter of 2015 – there will be signs of slower recovery as domestic autos face strong dollar headwinds

WILDCARDS

- **Shared governance in Washington**
- **International instability**
- **Strength of the U.S. dollar**
- **Road funding proposal**
- **Auto negotiations**
- **Resolution of the regional water issues**

RECOGNIZING 2015 REALITY

- The bankruptcy threat is over a stronger and leaner region emerges
- We cannot accomplish much alone, shared priorities are important – organizational and political agendas must become less important
- Emphasis on a vision, focus and collaboration
- Develop a civic culture that sees government as a positive force

ACKNOWLEDGEMENTS

- Center for Automotive Research
- Charter Township of Clinton
- Chrysler Corporation
- City of Sterling Heights
- City of Warren
- Data Driven Detroit
- First State Bank Eastpointe
- Henry Ford Macomb Hospitals
- Macomb Community College
- Macomb County Board of Commissioners
- Macomb County Chamber of Commerce
- Macomb County Community Services
- Macomb County Department of Health & Community Services
- Macomb County Equalization Department
- Macomb County Executive's Office
- Macomb Intermediate School District
- Macomb County Planning & Economic Development
- Macomb/St. Clair Works
- Macomb Township
- Michigan Department of Community Health
- Michigan Department of Licensing & Regulatory Affairs
- Michigan Department of Treasury
- MiRealSource
- The Mall at Partridge Creek
- Selfridge Air National Guard Base
- Southeast Michigan Council of Governments
- Turning Point
- United States Census Bureau
- Utica Community Schools
- Warren Consolidated Schools

THANK YOU

FOR A COPY OF THE PRESENTATION
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