

**MACOMB COUNTY
CHAMBER ALLIANCE
LUNCHEON**

**Economic Forecast for Macomb County
January 15, 2014**

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PRESENTATION OVERVIEW

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

NATIONAL TRENDS

RECOVERY CONTINUES

NATIONAL ECONOMIC CONTEXT

- **2013 - modest growth, interrupted by the government shutdown, but picked up in the last two months ending over 3%**
- **Increasing growth fuels optimism within equity markers - resulting in large gains in the last quarter**
- **Manufacturing growth uneven, except in auto where sales rise and Big Three market share continues strong**
- **However, unemployment persists and consumer sentiment less optimistic. Holiday season sales were lower than even modest forecasts**

MAJOR ISSUES REMAIN

- **Despite seven years of stimulus, growth is still choppy – suggesting a recalibration of America's economic future**
- **Increasing income inequalities continues to dominate consumer, auto, and housing markets**
- **Labor force participation is extremely low**
- **Political climate remains polarized although disruptions are less likely as both sides continue to position themselves for 2014 mid-year elections**

LOCAL GROWTH FOR THE THIRD YEAR EXCEEDS NATIONAL RECOVERY

- **Continued domestic auto sale increases provide a local economic boost**
- **Auto investments in research development and new product design will drive future expansion in Macomb County**
- **Macomb County housing and employment rebound continues attracting investment and new families**

STATE AND LOCAL TRENDS

MICHIGAN: MOVING UPWARD



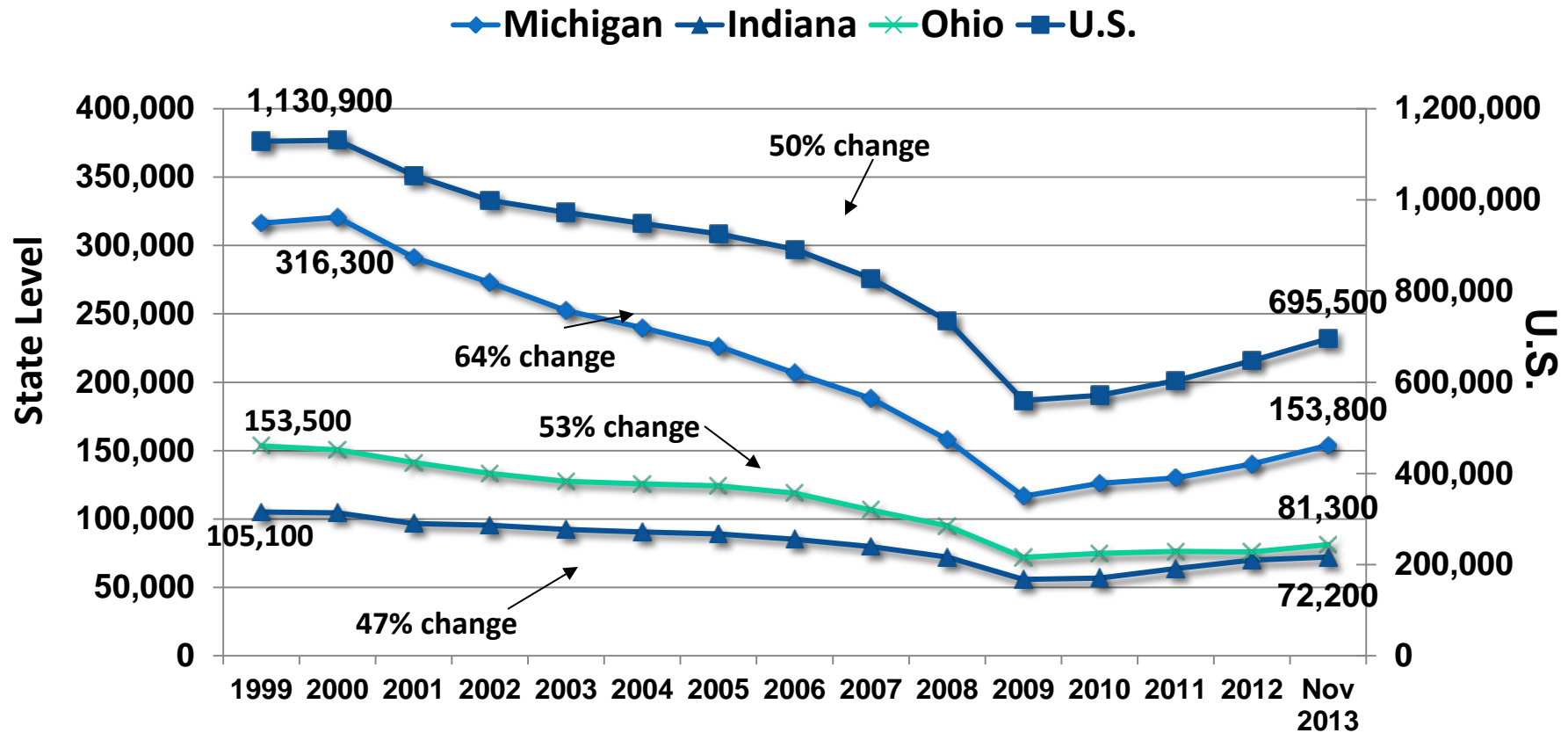
STATE ECONOMIC CONTEXT

- **New revenue forecast: A budget surplus projected of \$971million**
- **Steady job growth in the past year (69,000 jobs), almost half related to auto expansion**
- **Significant decline in government employment and spending has major impact on universities, school districts and local governments**
- **City of Detroit bankruptcy is unraveling into a difficult set of issues which will draw State into the process**

AUTO SALES SHOULD INCREASE IN 2014

- **Most projections call for an increase in auto sales between 15.8 and 16.2 million units**
- **Productivity gains make all domestic OEM's profitable which should continue through 2014**
- **Convergence of technologies and the smart car make Michigan a worldwide competitor in auto**

MOTOR VEHICLE & PARTS MANUFACTURING EMPLOYMENT 1999 – NOV 2013



Source: BLS, U.S. DOL

MACOMB COUNTY

2013
CREATING THE NEW NORMAL

MACOMB COUNTY

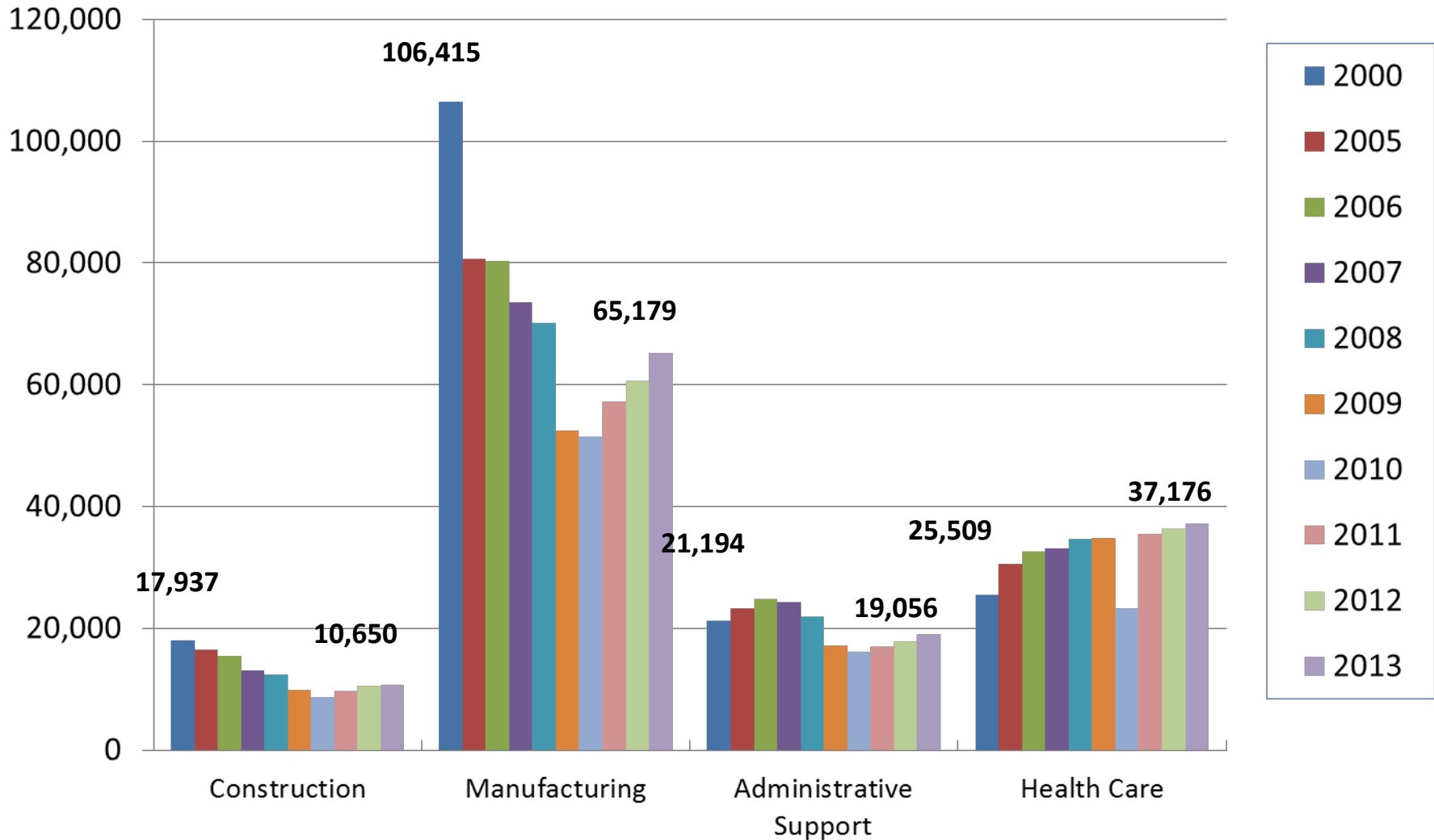
PRIVATE SECTOR TRENDS 2000-2013

(1ST QUARTER – SELECTED SECTORS)

Industry	2000	2013	% Change 2000-2013
Construction	17,937	10,650	-40.6%
Manufacturing	106,415	65,179	-38.8%
Wholesale Trade	11,212	10,800	-3.7%
Retail Trade	42,933	38,485	-10.4%
Information	1,698	1,956	+15.2%
Administrative Support	21,194	19,056	-10.1%
Education Services	1,349	2,259	+67.5%
Health Care & Social Assistance	25,509	37,176	+45.7%

Source: MD CD/ Employment Service Agency

Employment in Macomb County Selected Sectors





EMPLOYMENT GAINS

	November 2010	November 2011	November 2012	November 2013	Percent Change 2010 - 2013
Labor Force	403,799	393,237	397,764	402,124	- .4
Employed	353,976	355,989	360,451	370,658	+4.7
Unemployed	49,823	37,248	37,313	31,466	- 36
Percent Unemployed	12.3%	9.5%	9.4%	7.8%	

MANUFACTURING BRIGHT SPOTS IN 2013

- **Significant new auto investments drive growth in County employment - all OEM's continue to expand their operations in the County**
- **Defense sector continues growth after sequestration with increased spending slated for 2014**
- **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

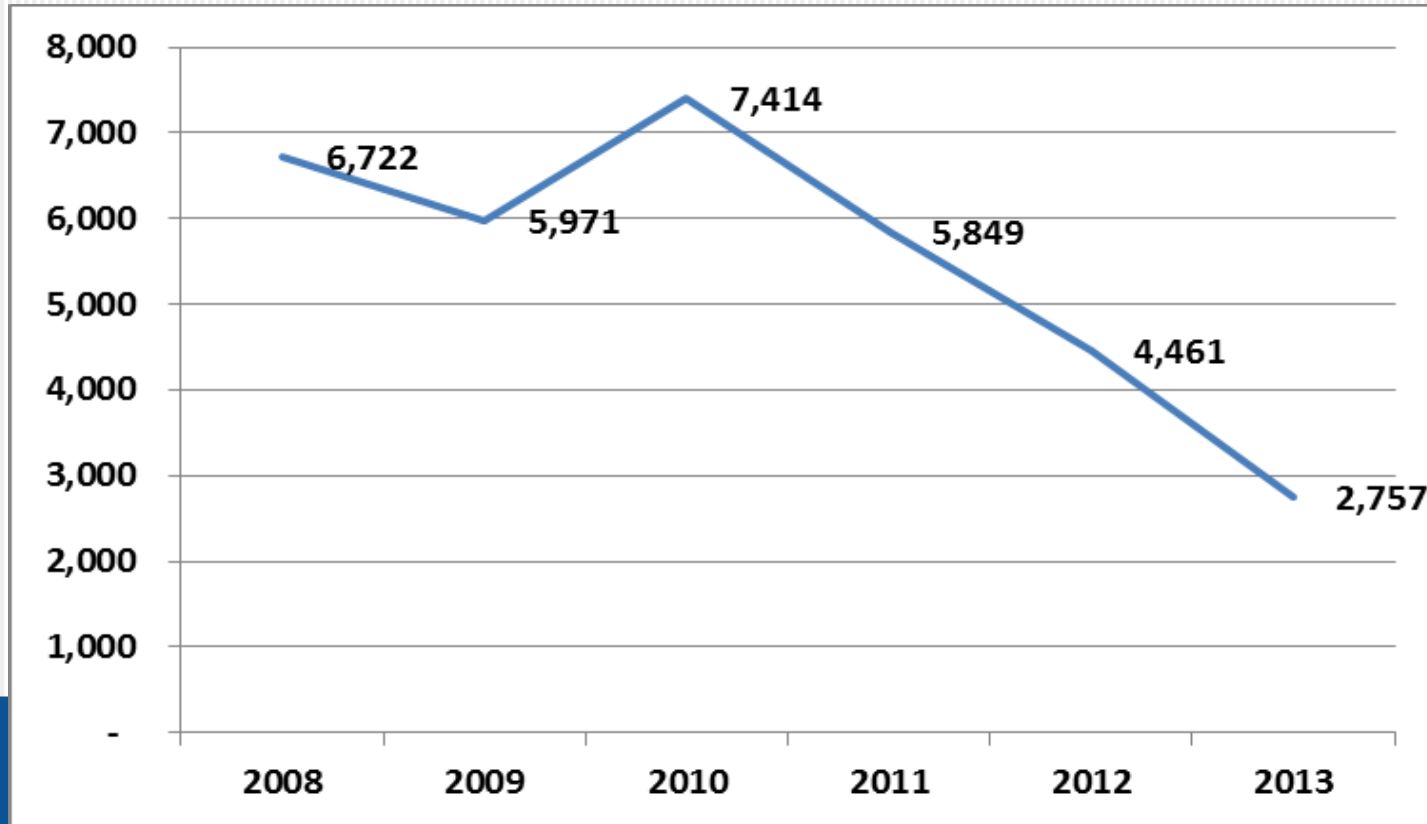
- GM announcing \$134 million Data Center Expansion at Tech Center
- Ford Investments plans increase in technical capacity
- Fiat/Chrysler integration brings new design opportunities

	2011	2012	2013
Companies	29	42	35
Jobs Retained	2,535	3,450	1,626
Jobs Created	981	1,260	696
Net Investment	\$105.6 Million	\$164.3 Million	\$90.6 Million

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
2007	1,053	61%	\$183,834	479	28%	\$112,963
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

FORECLOSURES - MACOMB COUNTY (2008 - 2013)



Source: Department of Human Services

Residential Building Permits 2008-2013

(Single Family, Apartments, Condominiums)

County	2008	2009	2010	2011	2012	2013
Macomb	302	313	787	1,004	1,205	1,696
Oakland	446	440	584	956	1,453	2,128
Wayne	145	155	42	31	245	598

Source: SEMCOG

2014 PROJECTED TAX ASSESSMENTS

Community	Assessed % Change
Armada Twp.	4.08%
Bruce Twp.	5.16%
Center Line	2.47%
Chesterfield Twp.	3.64%
Clinton Twp.	3.06%
Eastpointe	-1.73%
Fraser	2.70%
Harrison Twp.	2.77%
Lenox Twp.	0.51%
Macomb	4.38%
Memphis	-2.30%

Community	Assessed % Change
Mount Clemens	-1.01%
New Baltimore	4.60%
Ray Twp.	2.15%
Richmond	1.75%
Richmond Twp.	3.37%
Roseville	0.29%
Shelby	4.52%
St. Clair Shores	3.73%
Sterling Heights	5.46%
Utica	-1.25%
Warren	2.95%
Washington Twp.	3.34%

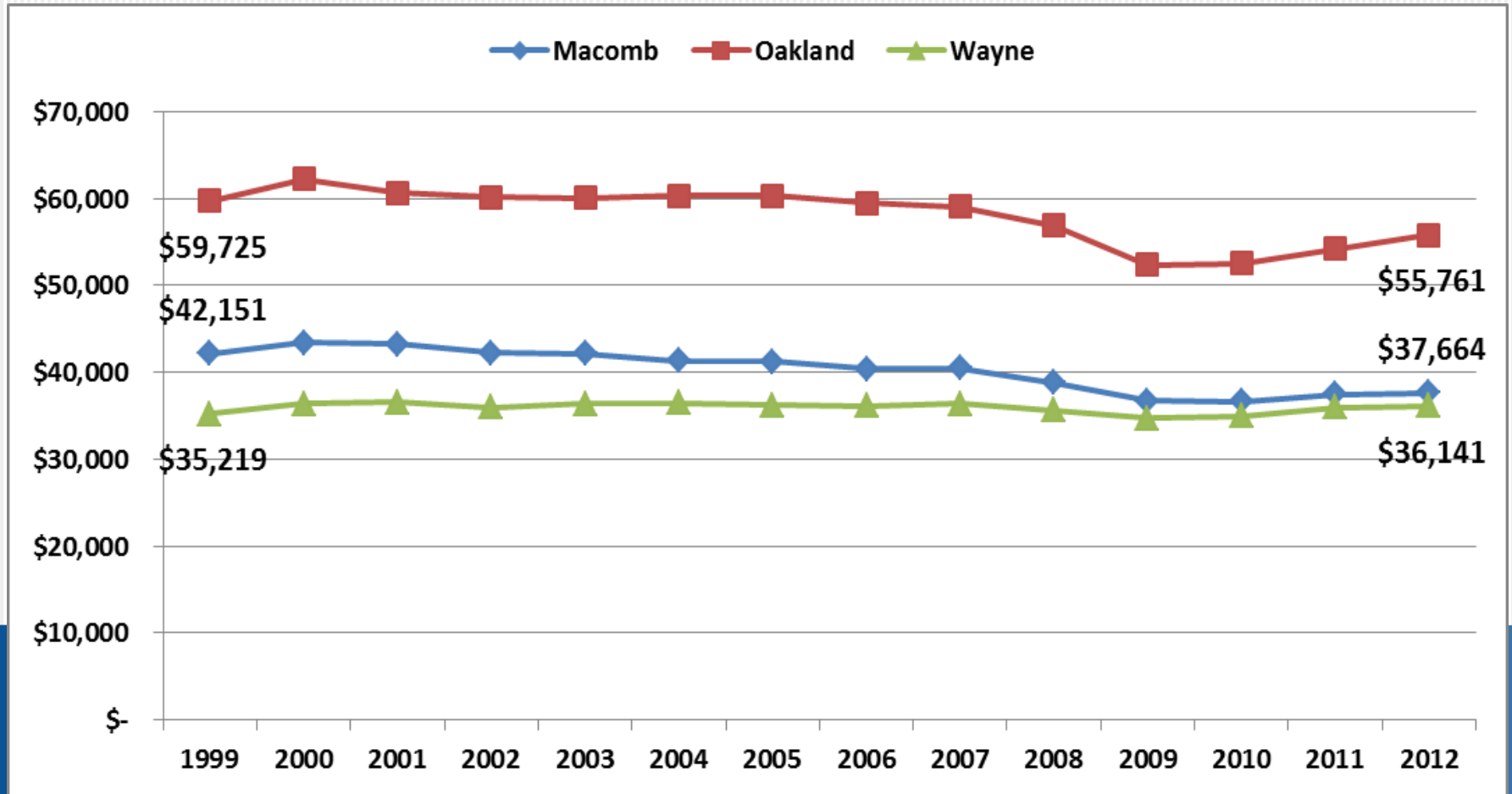
Source: Macomb County Equalization Department

MEDIAN HOUSEHOLD INCOME BY GEOGRAPHIC AREA (1999 – 2012)

Area	Change in Median Household Income			
	1999	2012	\$ Change	% Change
Macomb	\$71,797	\$52,185	-\$19,612	-27.3%
Oakland	\$85,308	\$63,345	-\$21,963	-25.7%
Wayne	\$56,190	\$39,486	-\$16,704	-29.7%
Michigan	\$61,551	\$46,859	-\$14,692	-23.9%
United States	\$57,868	\$51,371	-\$6,497	-11.2%

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

PER CAPITA PERSONAL INCOME BY GEOGRAPHIC AREA (1999 – 2012)



Source: Bureau of Economic Analysis

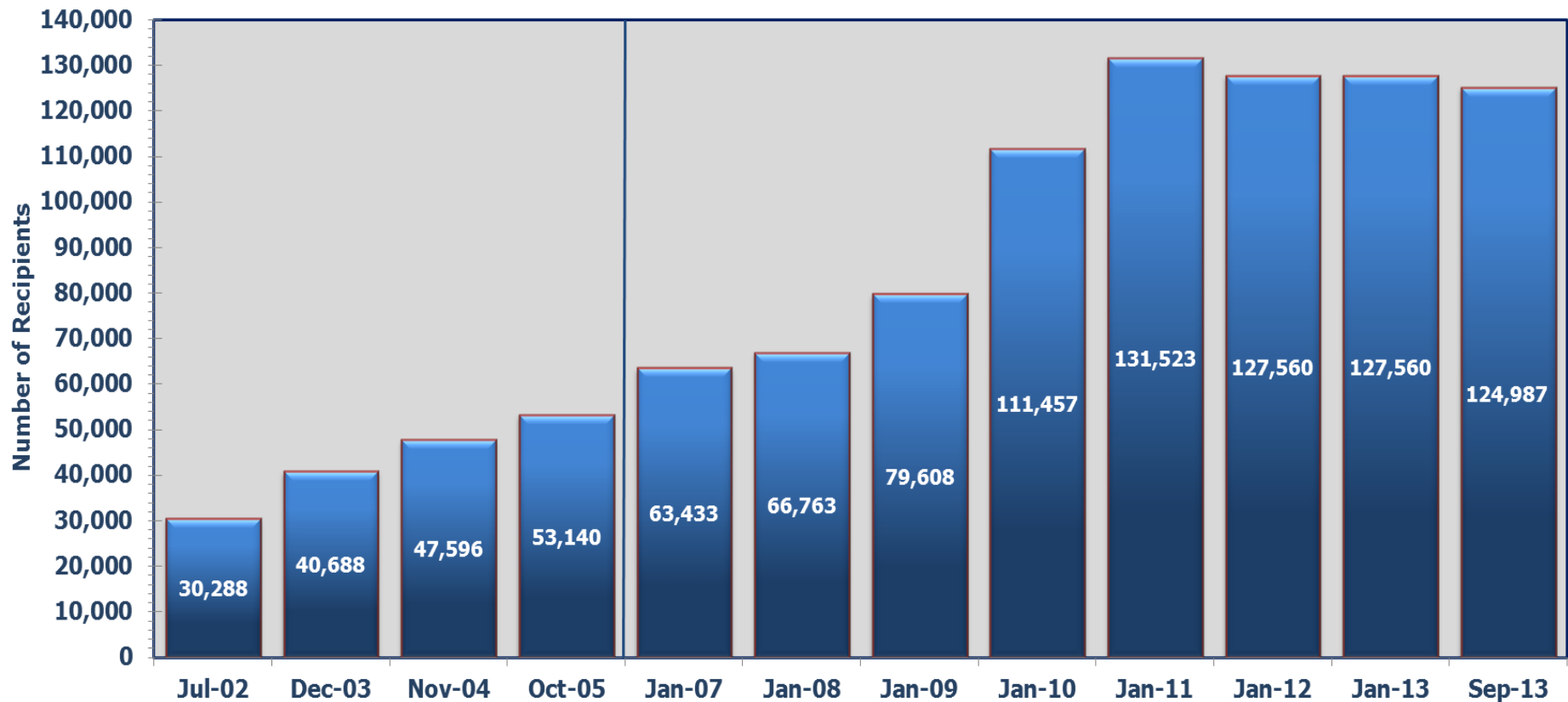
Note: Dollars were adjusted to 2010 following the U.S. Consumer Price Index (CPI-U-RS).

IMPACT OF ECONOMIC DOWNTURN

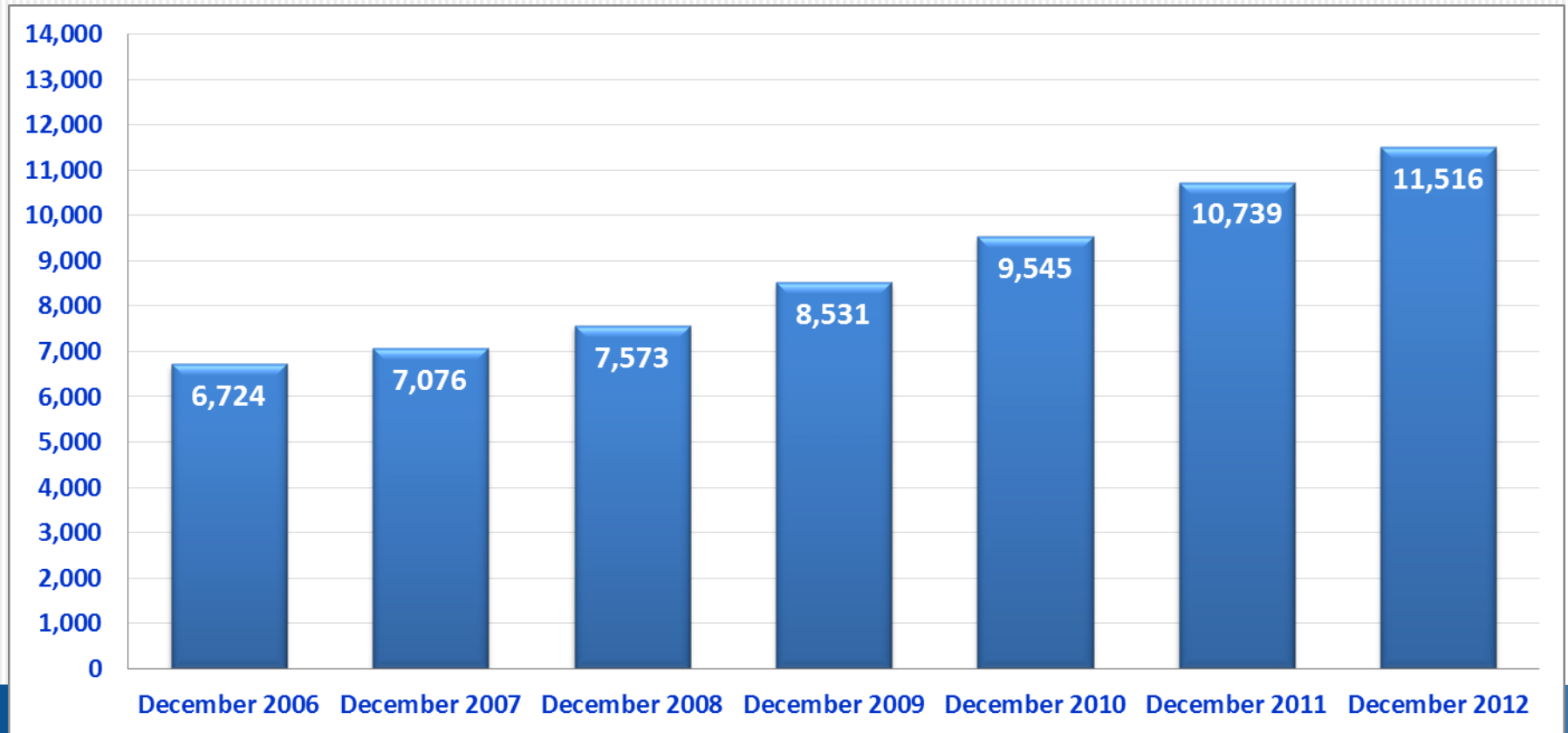
MACOMB COUNTY

	2006	2007	2008	2009	2010	2011	2012	2013
Case Load Department of Human Services	3,296	3,059	2,929	3,612	4,026	3,583	3,547	2,518
Welfare to Work	4,916 \$7.47	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
Michigan Works: Clients Served	48,347	49,185	77,158	117,047	98,006	63,335	55,369	58,613

MACOMB COUNTY FOOD ASSISTANCE PROGRAM (FAP)



MACOMB COUNTY SSI RECIPIENTS AGE 18-64



MACOMB FOOD PROGRAM

EMERGENCY FOOD DISTRIBUTION

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

Source: Macomb Department of Community Services



IMPROVED IMAGE OF MACOMB COUNTY

- **County Executive form of government continues to have a positive impact on the image of the County**
- **Specific geographical areas are developing an “identity”**
 - **Defense corridor**
 - **Lake St. Clair/Nautical Mile**
 - **Garfield/M-59: health and educational collaboration**
 - **Gratiot corridor**
 - **MCC/WSU South Campus**
- **Support for regional transportation & the DIA establishes a new presence for Macomb County in the metropolitan region**

VISION FOR FUTURE MACOMB GROWTH

- **Community appeal is created through the availability of employment - this drives equity and incomes**
- **Essential to creating community appeal is accessible education. In addition to that, medical care, transportation, recreation, local finance and housing are major contributing factors as well**
- **There are diversities in communities, but collaboration is necessary to achieve the goals**
- **Promoting efficiency through innovation, collaboration and the development of a civil society**

TWO EXAMPLES OF MACOMB COUNTY ECONOMIC DEVELOPMENT

COMTEC

- **\$13.4 million dollar Communications and Technical Center to insure better response time**
- **Collaboration between county and cities to insure better communication and coordination of services**
- **Taking advantage of new combined technologies between automobiles and computers which could lead to efficient and effective operations**
- **Macomb Mall Development:**
 - **Largest retail renovation in southern Macomb designed to bring new stores and business along the Gratiot avenue strip**
 - **Collaboration between regional, county and city representatives**
 - **Utilization of tax exemptions and grants in creative means to achieve growth**

WHAT SHOULD BE AVOIDED

- **Policies which increase community inequalities**
- **Focusing on financial strategies at the expense of growth opportunities**
- **Omitting family development, child care, education and health care as community priorities**

RECOVERY CONTINUES IN 2014 WITH LESS LOCAL GROWTH

- **Auto sales will continue to grow modestly and impact will depend on domestic market share**
- **Housing market will continue to expand, but may be affected by increased interest rates**
- **Lack of income gain inhibits consumer spending - recovery will need to be based on private sector investment and hiring**



FORECAST - 2014

- **Growth in Macomb County will mirror national economic growth as auto industry expands more slowly**
- **National picture more optimistic, but will depend on corporate investment and job growth**
 - GDP growth near 3%
 - Unemployment still falling slowly
 - Inflation may rise above 2%
- **Inflation will remain low and growth will depend on corporate investment and employment expansion**
- **Lack of wage growth, coupled with moderate rises in prices will decrease consumer demand**

WILDCARDS

- **Big Three Profit Sharing**
- **Federal Reserve Policies Will Promote Economic Growth**
- **Healthcare Law Implementation**
- **Regional Transportation Authority**
- **Recovery of the City of Detroit**

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 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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