Detroit Economic Indicators Report

Q4 2023 Release

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This project is part of the City of Detroit University Economic Analysis Partnership between the City of Detroit Economics team, Wayne State University, Michigan State University, and the University of Michigan. The goal of this report is to summarize the most recent Detroit and Michigan employment statistics as well as current topics surrounding the field of Economics. Each quarter's report includes a recent topic of interest (housing, inflation, GDP, etc.). It also includes notice of relevant upcoming data releases.

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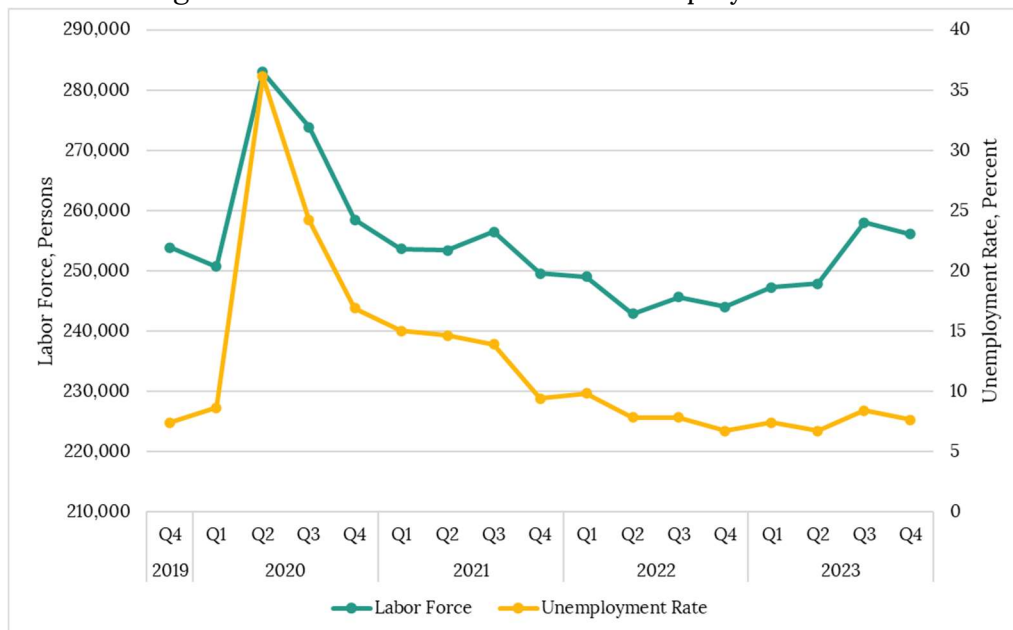
Executive Summary

- Michigan's labor force in Q4 2023 is the highest it has been since Q2 2004.

- In Q4 2023, Detroit's labor force count had 256,000 Detroiters, or 12,000 residents more than one year prior. That increase brings the labor force to 2,300 residents above pre-pandemic levels.

- New business applications for Michigan and Wayne County boomed in 2020 and have continued to stay well above pre-pandemic levels.

Detroit Employment

Figure 1 below shows Detroit's unemployment rate alongside the city's labor force. Detroit's unemployment rate increased from 6.7% in Q2 2023 to 8.4% in Q3 2023 before declining to 7.6% in Q4 2023. That is roughly 1.0 percentage point higher than one year prior. However, this increase is primarily attributable to more Detroiters entering the labor force rather than losing jobs. In Q4 2023, Detroit's labor force reached 256,000 Detroiters, or 12,000 residents more than one year earlier.

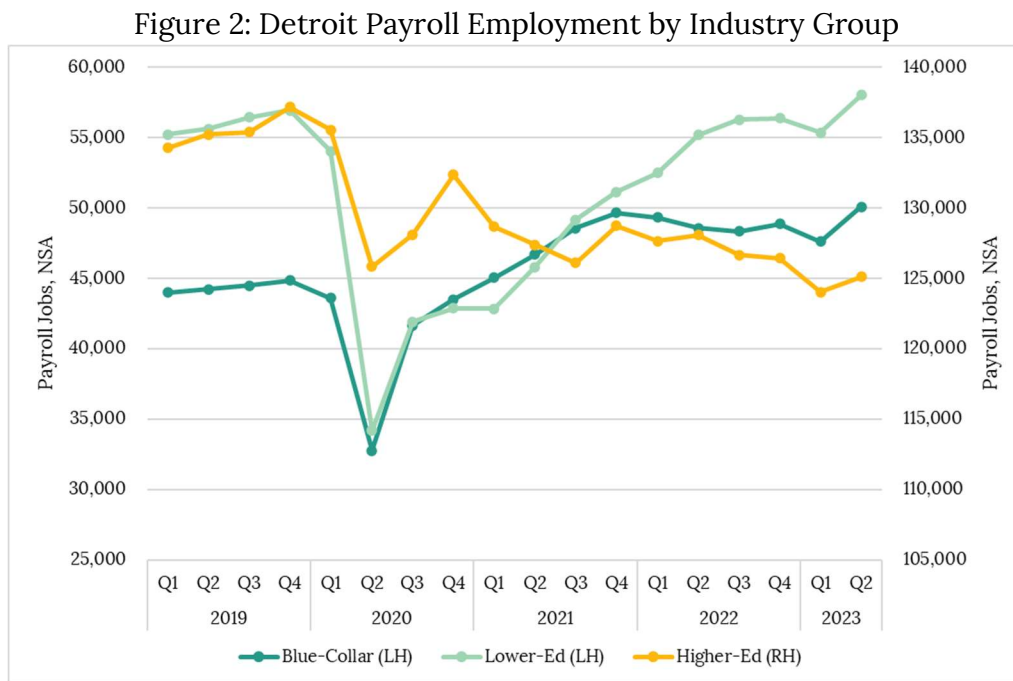Figure 1: Detroit Labor Force and Unemployment Rate

Source: Michigan Center for Data and Analytics, not seasonally adjusted

Additionally, the state's unemployment rate ticked up from 4.0% in Q3 2023 to 4.1% in Q4 2023, as Michiganders continued to enter the workforce. In fact, just over 5,044,700 Michiganders were in the state's labor force in Q4 2023, which is the highest labor force count that the state has seen since Q2 2004.

Detroit Payroll Employment Data – Q2 2023

Figure 2 splits the city's payroll employment into three groups: blue-collar industries, lower-education services industries, and higher-education services industries.[1] Employment in each industry group increased in Q2 2023 after a challenging start to the year. Blue-collar industries' job count increased to nearly 50,100, reaching a new post-pandemic high. Employment in lower-education industries also hit a post-pandemic high of roughly 58,000 jobs. Higher-education services industries also experienced job growth, reaching 125,100 jobs in Q2 2023. However, the city's finance sector lost 240 jobs during that quarter, marking the ninth consecutive quarterly decline.

Figure 2: Detroit Payroll Employment by Industry Group

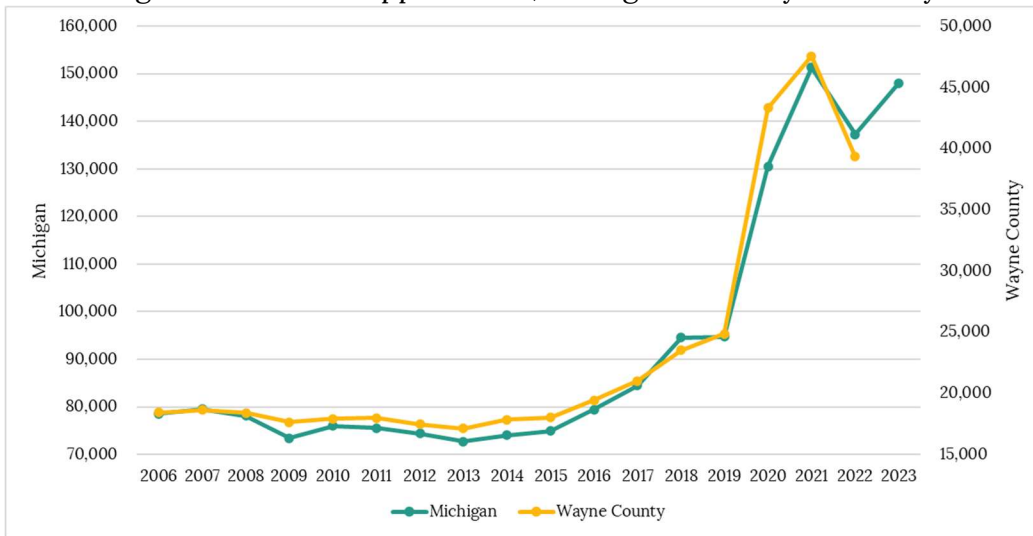Source: Michigan Center for Data and Analytics, not seasonally adjusted

State, County, and City Business Trends

Figure 3 below shows the number of new business applications for Michigan and Wayne County between 2006 and 2023. County-level data is only available through 2022. In general, the trend in business applications is very similar between Michigan and Wayne County. The number of new applications remained fairly steady from 2006 to 2015. Starting in 2016, applications began to rise modestly and then increased sharply at the beginning of the pandemic. After this large increase during 2020 and 2021, business applications dipped in 2022 as they appeared to be heading back to their long-run trend. However, applications in Michigan accelerated once again

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[1] The blue-collar industries comprise mining; construction; manufacturing; and wholesale trade, transportation, and utilities. The higher-education services industries (which generally require employees to hold a bachelor's degree or higher educational level) comprise information; finance; professional, scientific, and technical services; management of companies and enterprises; private education and health services; and government. The lower-education services industries (which typically do not require a college education) comprise retail trade; leisure and hospitality; administrative and support services and waste management; and other services.

in 2023. Although we do not have 2023 data for Wayne County yet, we expect the county's applications to follow Michigan's course and return to growth.
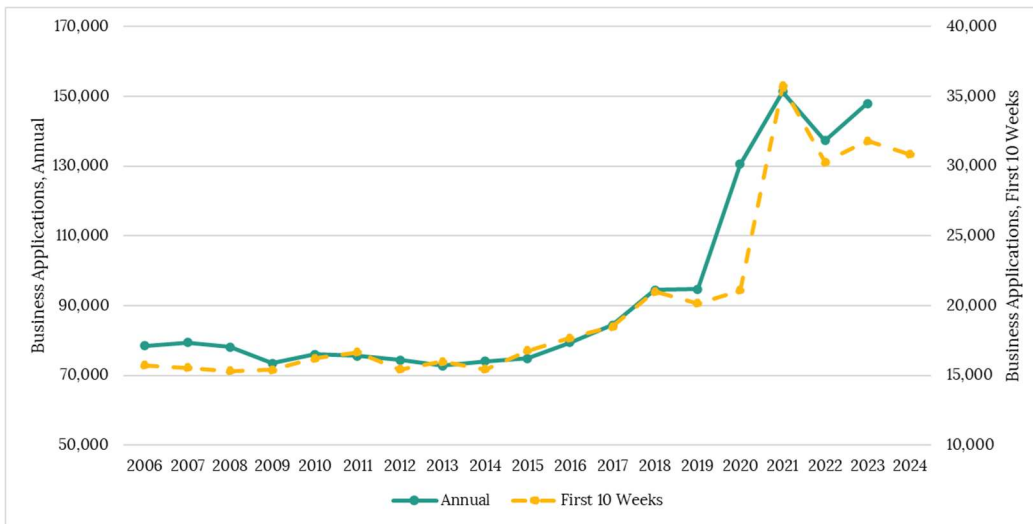
Figure 3: Business Applications, Michigan and Wayne County

Looking to 2024, the Census Bureau releases the business applications data weekly which can provide a sense of where things are headed. Figure 4 shows the state's annual business applications alongside the amount of business applications filed within the first 10 weeks of each year. So far in 2024, there have been fewer applications during the first 10 weeks compared to the start of 2023. These trends imply that business applications in Michigan are likely to take a breather in 2024 after the recent acceleration in 2023, but are expected to remain well above pre-pandemic levels.

Figure 4: Michigan Business Applications, First 10 Weeks and Annually

The business application data available for Michigan and Wayne County is not accessible for Detroit specifically. Still, the recent increase in business applications and licenses will help

support the ongoing growth in Wayne County and Detroit. While downtown Detroit visitor activity has not yet recovered from the pandemic, the average downtown resident count has increased by about 12% since 2019.[2]

Other Events and Data Releases

- CPI data will be released on April 10, but this release will not include the Detroit CPI.
- The Advance Estimate for National Gross Domestic Product for the first quarter of 2024 will be released on April 25.
- The next scheduled FOMC meeting will be on April 30 and May 1, 2024.
- Vintage 2023 city and town population estimates will be available on May 17.

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[2] https://downtowndetroit.org/downtown-dashboard/