Detroit Economic Indicators Report

Q1 2024 Release

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

- Detroit's unemployment rate averaged 8.0% in Q1 2024, 0.6 percentage points below the city's 2019 average.

- Michigan's labor force participation rate averaged 62.3% from Q3 2023 to Q1 2024, sporting some of the highest levels since 2009.

- Wayne County remains the most populous county in Michigan, with just over 1.75 million residents in 2023.

- The city of Detroit gained 1,852 people in 2023, marking the first time the city has experienced year-over-year population growth since 1957.

Detroit Employment

Figure 1 below shows Detroit's unemployment rate alongside the city's labor force. Detroit's unemployment rate averaged 8.0% in Q1 2024, an increase of 0.4 percentage points from the previous quarter. This increase is roughly in line with the city's historical seasonal pattern dating back to 2010. Detroit's labor force decreased by 2,000 residents in Q1 2024; nevertheless, it is still hovering around its 2019 levels.

Figure 1: Detroit Labor Force and Unemployment Rate

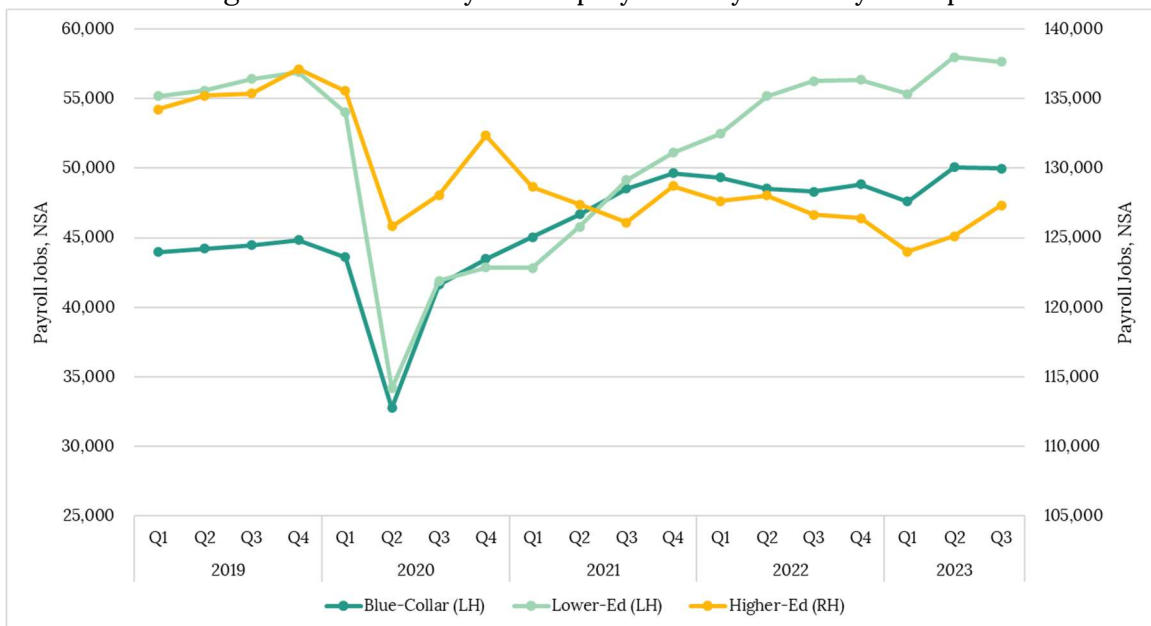*Source: Michigan Labor Market Information, not seasonally adjusted*

For comparison, Michigan's unemployment rate ticked down from 4.1% in Q4 2023 to 3.9% in Q1 2024, as more Michiganders entered the workforce. Michigan's labor force participation rate averaged 62.3% from Q3 2023 to Q1 2024, reaching some of the highest levels since 2009.

Detroit Payroll Employment Data – Q3 2023

The Michigan Center for Data and Analytics provides payroll employment data for Detroit. Typically, there is a two-quarter lag for the release of input data. 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 the blue-collar industries held mostly flat in Q3 2023, losing only 90 jobs or 0.2% over the quarter. Within this group, construction activity continues to be a major bright spot in the post-pandemic recovery. The construction sector has added 2,700 jobs since before the pandemic, marking a 50% increase in employment. Although some of these jobs will likely leave the city once the Gordie Howe bridge is completed, it is still encouraging to see how well construction activity has held up considering higher interest rates.

Employment in the lower-education services industries declined in Q3 2023, losing 350 jobs or 0.6% over the quarter. Within this group, all sectors aside from accommodation and food services experienced employment losses. Employment in the higher-education services industries increased in Q3 2023, gaining 2,200 jobs or 1.8% over the quarter. This was mostly driven by gains in health and social care services and public administration. Employment in the financial services sector appears to have stabilized amid high interest rates, with no change from Q2 2023 to Q3 2023. From Q1 2021 to Q3 2023, however, financial services employment decreased by about 36%, mostly in response to higher mortgage rates.

Figure 2: Detroit Payroll Employment by Industry Group

Source: Michigan Center for Data and Analytics

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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.

Census Bureau Population Estimates

The Census Bureau releases population estimates each year. In each release, referred to as a "vintage," the Census presents new estimates for the vintage year, and revised estimates for all previous years since the last decennial Census. The vintage year (e.g. 2023) refers to the final year of the time series. According to new population estimates released by the Census Bureau on May 16, 2024, Detroit's population increased for the first time in more than six decades.

Overview of Current Methodology

The Population Estimates Program (PEP) at the U.S. Census Bureau produces annual estimates of the total resident population. These estimates are created using a "top-down" approach where the Census Bureau starts by estimating the monthly population at the national level, then estimates the total annual population for states and counties. For county-level population estimates, the Census Bureau uses a cohort-component method, which measures population changes since the last census using data on births, deaths, and domestic and international migration.[2]

Next, the Census Bureau breaks down the county-level population estimates into subcounty areas (Detroit is an area included in the subcounty areas). From there, the Census Bureau uses updated housing unit estimates to distribute the county household population to subcounty areas. Finally, the Census Bureau adds subcounty group quarter (GQ) population estimates to get the total resident population.[3] The subcounty population estimates may also include revisions from accepted challenges to the estimates.[4]
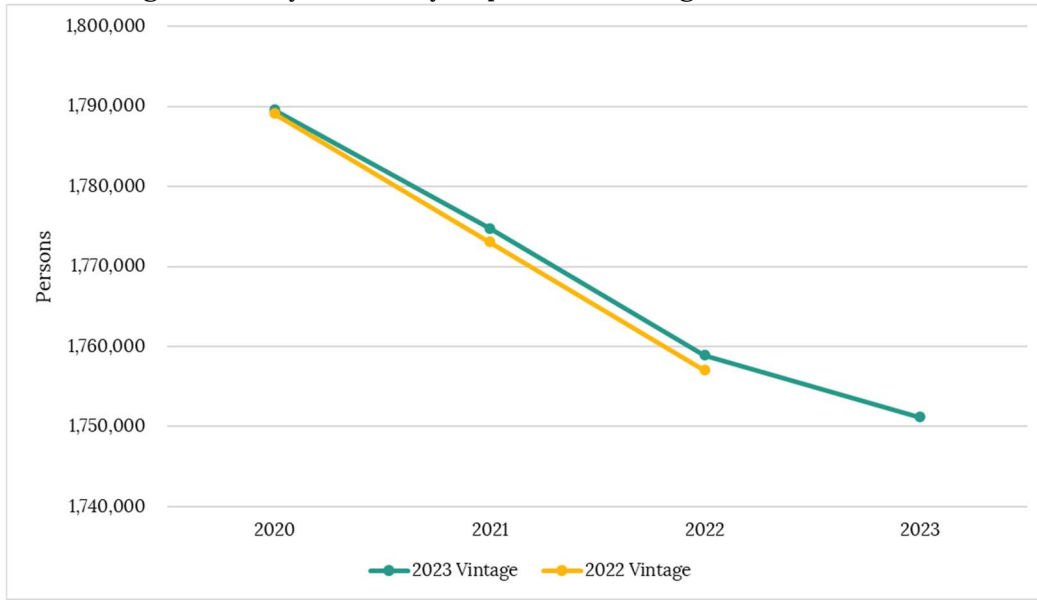
Wayne County Population Estimates

Figure 3 below shows estimates from two population vintages for Wayne County: the most recent vintage from 2023 and the previous vintage from 2022. Comparing the two vintage years (2022 and 2023), a minor data revision is observed, with 2023 vintage estimates of the 2020-2022 population coming in slightly higher than the corresponding estimates from the 2022 vintage. Despite the revision, both vintages show that Wayne County's population has declined every year since the 2020 decennial census, most recently losing roughly 7,800 residents in 2023. This decline slowed considerably compared to the previous two years, however, which averaged a loss of 15,300 people in 2021 and 2022. Despite these population declines, Wayne County remains the most populous county in Michigan, with just over 1.75 million residents in 2023.

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[2] See here for more information on the Census Bureau's methodology behind estimating national, state, and county-level populations.
[3] See here for more information on the Census Bureau's methodology behind estimating subcounty-level populations.
[4] The Population Estimates Challenge Program allows counties and local units to challenge official estimates. The results of the Challenge Program can be found here.
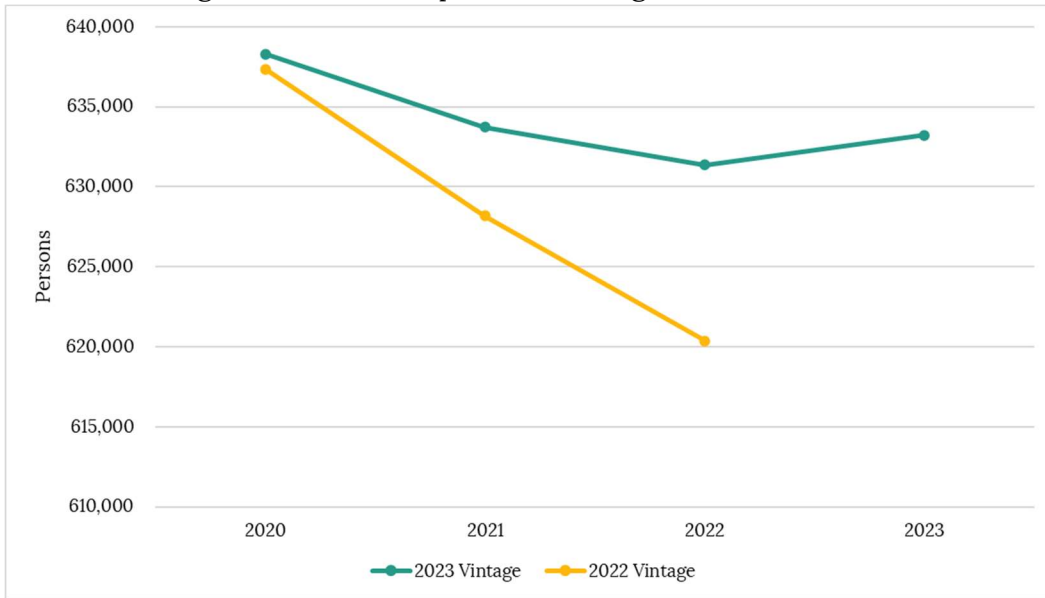
Figure 3: Wayne County Population Vintages, 2022 and 2023

Source: U.S. Census Bureau

City of Detroit Population Estimates

Figure 4 below shows estimates from two population vintages for the city of Detroit: the most recent vintage from 2023 and the previous vintage from 2022. According to the 2023 vintage, the City of Detroit increased from 631,366 in 2022 to 633,218 in 2023, a gain of 1,852 people. This marks the first time the city has gained population year over year since 1957. City population estimates are important for a variety of reasons; an increasing population is not only a helpful economic indicator, but it also feeds directly into formulas for various sources of state and federal funding. For example, the population-based State's revenue sharing allocation represented 21% of the City of Detroit's major tax revenue in fiscal year 2023, so monitoring the annual population estimates between the Decennial estimates is crucial.

Comparing the two vintages, it is notable that in the 2023 vintage, the Census Bureau revised Detroit's population up by nearly 5,600 people in 2021 and by 11,000 people in 2022. These revisions were the result of Detroit contesting the 2021 and 2022 estimates, which led the Census Bureau to adjust the numbers based on newly reviewed data.

Figure 4: Detroit Population Vintages, 2022 and 2023

Source: U.S. Census Bureau

Other Events and Data Releases

- Q1 2024 State Gross Domestic Product and State Personal Income were released on June 28, 2024.
- The next Federal Open Market Committee (FOMC) meeting will be held on July 30-31, 2024.