City of Detroit
Economic Outlook

2023–2029
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CITY OF DETROIT

WAYNE STATE UNIVERSITY Department of Economics

Gabriel M. Ehrlich, Director
George A. Fulton & Saul H. Hymans
Directors Emeriti

The Detroit Economic Outlook Update for 2023–2029
Executive Summary: September 2024

The recent data indicate that Detroit's economic recovery has continued through late 2023 and early 2024, despite challenges such as high interest rates and last year's strikes at Blue Cross Blue Shield of Michigan, the Detroit Three automakers, and the three major Detroit casinos. We estimate that the count of payroll jobs located within Detroit's boundaries recovered from the COVID-19 pandemic in the second quarter of 2024, roughly one year after the count of employed Detroit residents did so. We are projecting both measures of employment to continue climbing from here. Detroit payroll employment finishes our forecast 4.7 percent above its pre-pandemic level by the end of 2029, while the count of employed Detroiters finishes our forecast 6.2 percent higher.

We project Detroit's unemployment rate to edge up from 7.5 percent in 2023 to 7.8 percent this year, but that increase reflects a rising number of Detroit residents in the labor force rather than a declining number of employed residents. The city's labor force is expected to include nearly 8,400 more people in 2024 than in 2022. Despite a growing labor force, Detroit's unemployment rate ticks down to 7.6 percent next year before falling to 6.9 percent by 2028–29. The gap between Detroit's and Michigan's unemployment rates narrowed from nearly 12 percentage points in 2010 to only 3.6 in 2023. We expect it to edge down to just over 3.0 percentage points in 2029.

Although wage gains at Detroit payroll jobs and among Detroit residents have been lagging local inflation recently, we expect that trend to reverse course over the years ahead. Wage growth adjusted for Detroit CPI inflation averages 1.0 percent per year from 2024 to 2029 at Detroit establishments,

while wage growth for employed Detroiters averages 1.4 percent per year. Both of those rates outpace the real wage growth we are forecasting statewide, which averages 0.6 percent per year in that time.
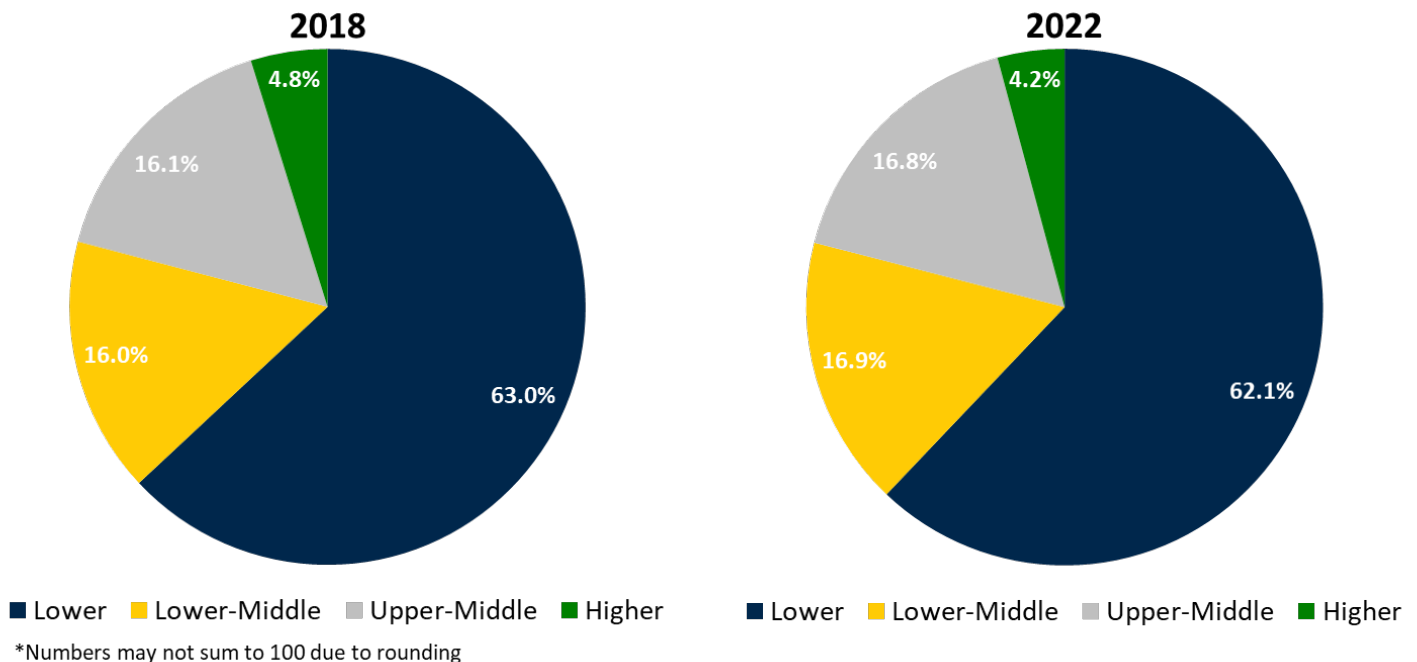
An important reason for the faster real wage growth we are forecasting is a projected slowdown in local inflation. We forecast Detroit CPI inflation to decelerate from 8.2 percent in 2022 and 5.4 percent last year to 2.7–2.8 percent this year and next before cooling to an average pace of 2.5 percent per year from 2025 through 2029. Ongoing wage growth and slower inflation combine to bring average real household income per capita 6.1 percent higher by 2029 than it stood in 2019.

Despite the generally good news in our forecast, we must also acknowledge the very real challenges facing Detroit residents. In a recent study, we classified all U.S. households into four income groups based on their incomes, household size, and local cost of living. We estimate that over three-fifths of Detroiters lived in lower-income households as of 2022, more than twice the national average. The economic reality facing Detroit's children was even starker, with four out of every five living in a lower-income household. There were also large disparities in the distribution of economic prosperity across racial and ethnic groups—Detroit's Hispanic and Non-Hispanic Black populations were less than half as likely to live in upper-middle or higher-income households than its Non-Hispanic White population. Despite those disparities, higher educational attainment continues to be a key pathway to economic prosperity: only one-quarter of Detroit residents with a bachelor's degree or higher education lived in lower-income households in 2022, versus a citywide share of 55.2 percent for all residents aged 25 or older.

Still, our analysis found that the economic fortunes of Detroit's households improved from 2018 to 2022. The share of residents living in lower-income households edged down slightly, while the circumstances of Detroit's children improved more quickly than nationwide. We caution that there is substantial uncertainty surrounding our forecast, which does not include a recession or major changes to federal policy following the November elections. Nonetheless, we expect our forecast of continued employment growth, falling unemployment, and growing real incomes to translate into ongoing, if gradual, progress toward more inclusive prosperity for Detroit residents over the next five years.

Figure 1
Distribution of Population by Household Income, City of Detroit, 2018 and 2022

2018

- Lower
- Lower-Middle
- Upper-Middle
- Higher

63.0%
16.0%
16.1%
4.8%

2022

- Lower
- Lower-Middle
- Upper-Middle
- Higher

62.1%
16.9%
16.8%
4.2%

*Numbers may not sum to 100 due to rounding

- In our recent study, "Evaluating Shared Prosperity in Southeast Michigan, 2018–2022," we examined the socio-economic distribution of income across the nation and Southeast Michigan before and after the COVID-19 pandemic and recession.

- We standardized household income across the country by controlling for differences in household size and the local cost of living.

- In Detroit, a three-person household was considered lower-income if its income in 2022 was below $55,301, lower-middle income if its income was between $55,301 and $82,951, upper-middle income if its income was between $82,951 and $165,903, and higher-income if its income was over $165,903.

- Figure 1 shows the distribution of Detroit's population across our household income categories in 2018 and 2022. As shown in the right-hand side panel, 62.1 percent of Detroit's population lived in lower-income households in 2022, and an additional 16.9 percent lived in lower-middle income households.

- In 2022, 16.8 percent of Detroit's residents lived in upper-middle income households and 4.2 percent lived in higher-income households. Nationally, those proportions were 34.0 percent and 17.3 percent, respectively.

- More than twice the share of Detroit's population (62.1 percent) lived in lower-income households in 2022 than the share nationwide (30.4 percent).

- Despite those sobering results, Detroit experienced a modest improvement in the distribution of its residents' household incomes from 2018 to 2022. In 2018, 63.0 percent of Detroit's population lived in lower-income households, and 16.0 percent lived in lower-middle income households.

- Detroit saw larger improvements in the income distribution of children aged 17 or younger. From 2018 to 2022, the shares of Detroit's children living in higher-, upper-middle-, and lower-middle-income households all increased, while the share living in lower-income households declined. The gains for children in Detroit were more pronounced than the gains for children nationally.

- Still, the situation for children in Detroit remained difficult in 2022. Four out of every five children (80.6 percent) in Detroit lived in lower-income households in 2022, more than twice the national share (38.1 percent).
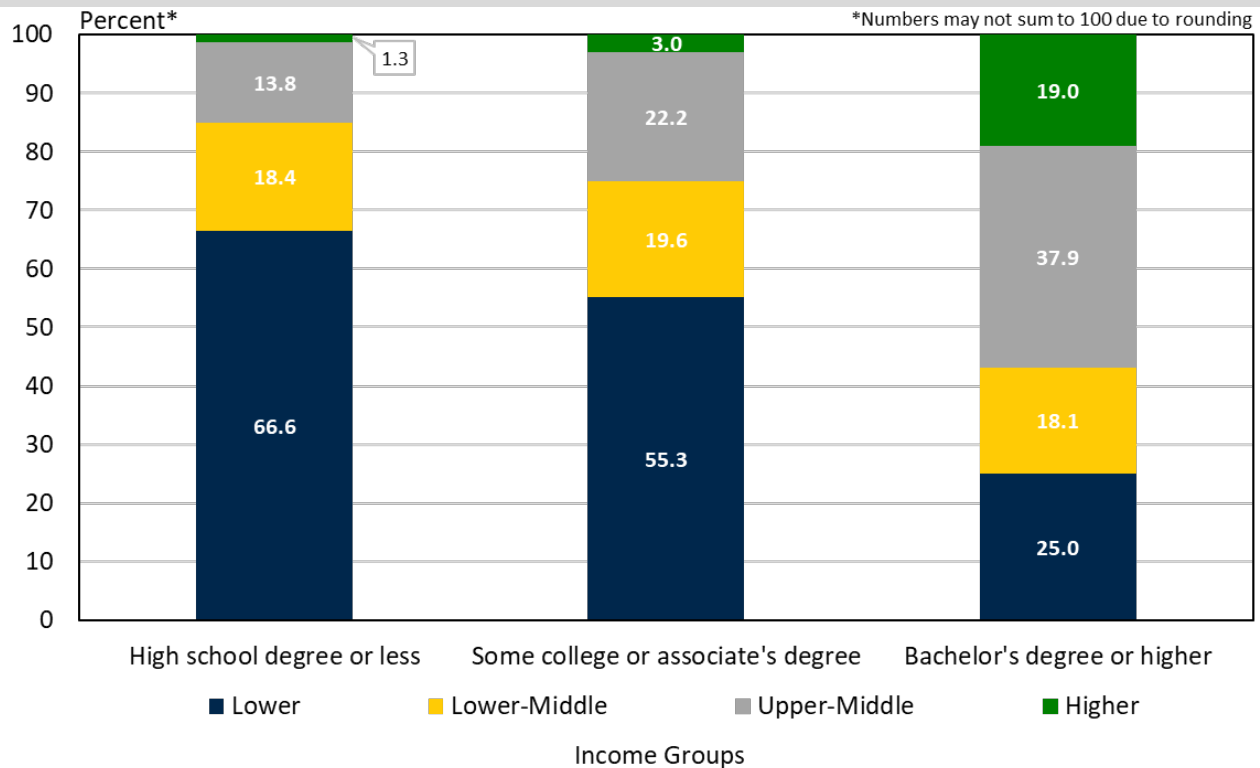
Figure 2
Distribution of Population by Household Income and Race/Ethnicity, City of Detroit, 2022
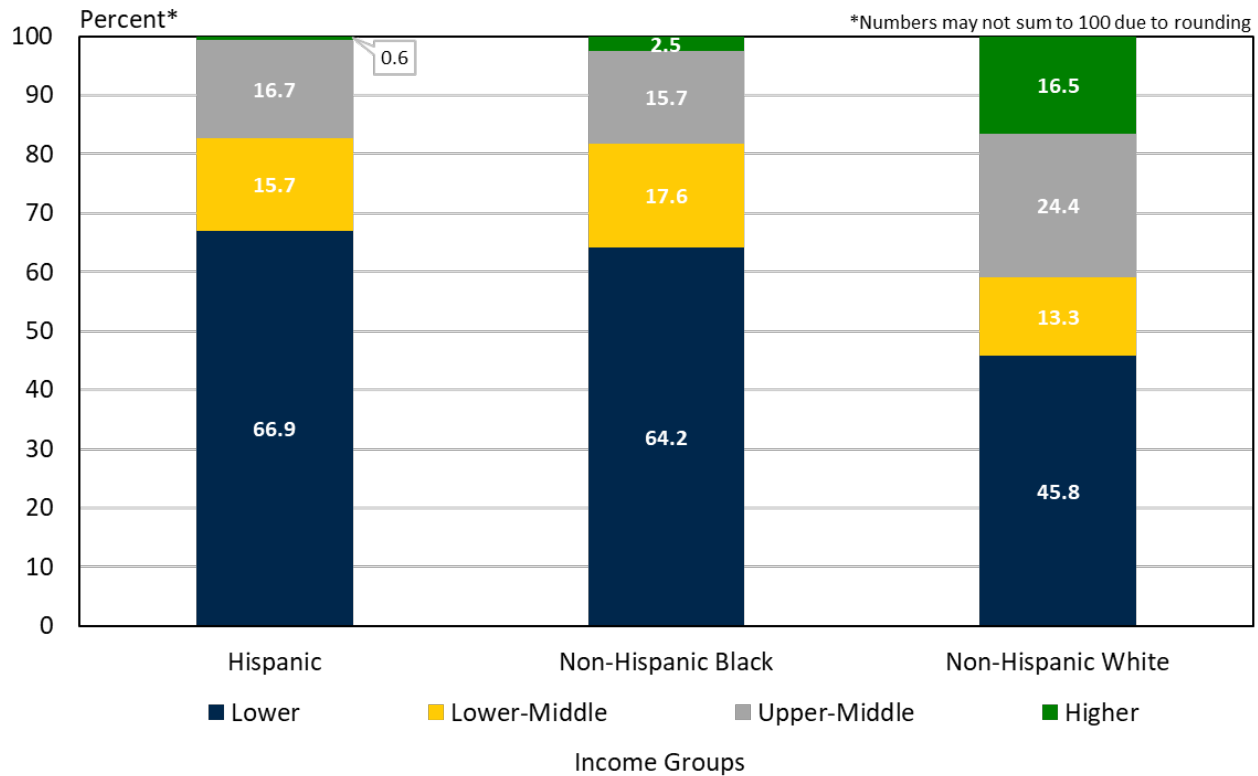
- Figure 2 shows the real adjusted household income distributions for Hispanic, Non-Hispanic Black and Non-Hispanic White populations in Detroit for 2022.

- We present these categories as they constitute the three predominant racial and ethnic groups in the city, nearly 95 percent of the population according to the 2020 Census (51,269 Hispanic, 493,212 Non-Hispanic Black, and 60,770 Non-Hispanic White residents).

- The distribution of economic prosperity was noticeably less favorable for Detroit's Hispanic and Non-Hispanic Black residents than for its Non-Hispanic White residents. Hispanic and Non-Hispanic Black residents were more much likely to reside in lower-income households, and much less likely to reside in higher-income households compared to Non-Hispanic White residents.

- In 2022, roughly 83 percent of Detroit's Hispanic population lived in lower or lower-middle income households, with only 0.6 percent living in higher-income households.

- Among Detroit's Non-Hispanic Black residents, 64.2 percent lived in lower-income households, 17.6 percent in lower-middle income households, and a total of 18.2 percent lived in upper-middle or higher-income households.

- In contrast, over two-fifths (40.9 percent) of Detroit's Non-Hispanic White population lived in upper-middle and higher-income households in 2022, while 45.8 percent lived in lower-income households.

- The distribution of Detroit's economic prosperity remains substantially uneven between and among racial and ethnic groups. Detroit's Hispanic and Non-Hispanic Black populations are less than half as likely to live in upper-middle or higher-income households than its Non-Hispanic White population.
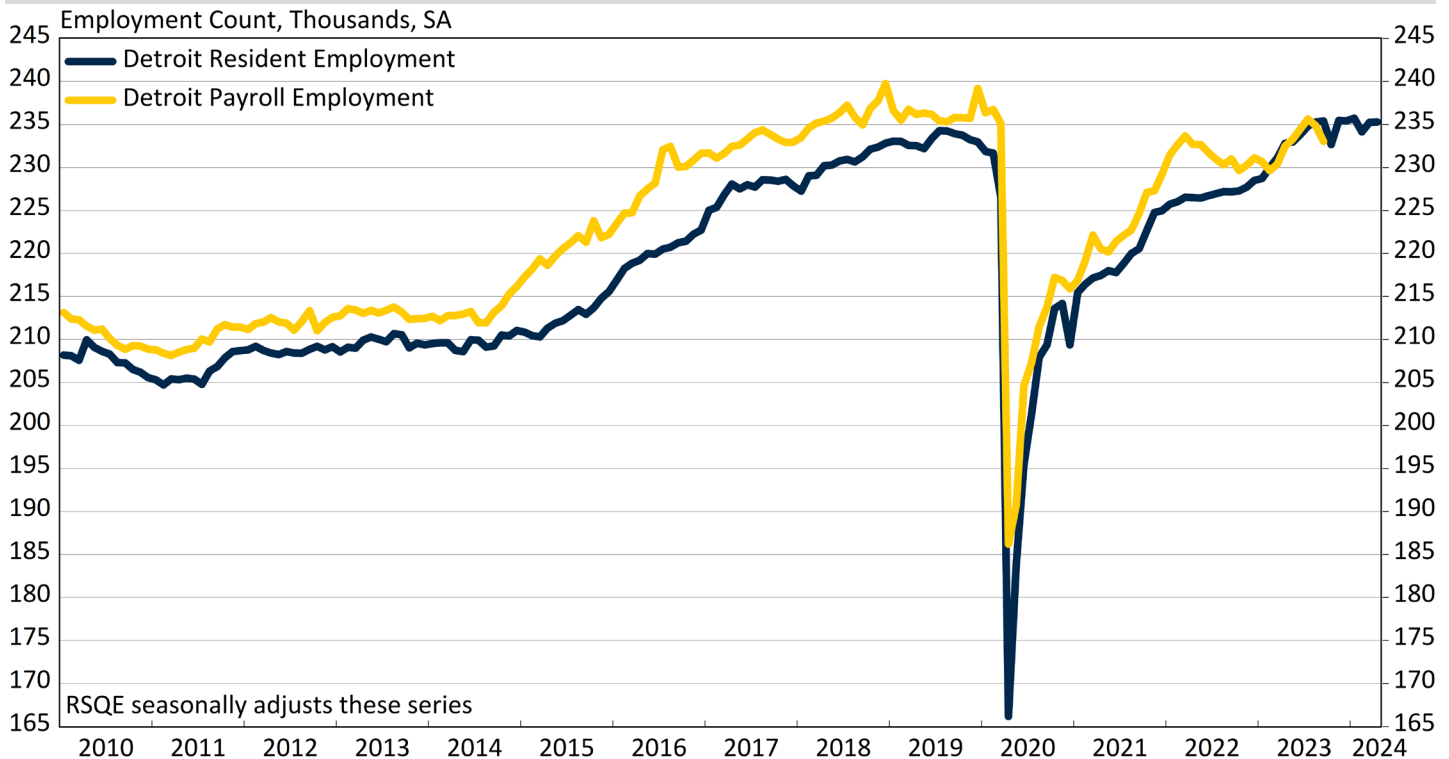
Figure 3
Distribution of Population 25+ by Household Income and Education, City of Detroit, 2022

- Figure 3 illustrates the real adjusted household income distribution by educational attainment for Detroit residents aged 25 and above in 2022.

- We focus on this age group because adults aged 25 and above are most likely to have completed their formal education.

- Overall, 18.6 percent of Detroit residents aged 25 and older have a bachelor's degree or more formal education, 32.4 percent have some college or an associate's degree, and 48.9 percent have a high school degree or less formal education.

- Detroit's more educated residents tended to live in more affluent households. Specifically, more than half (56.9 percent) of Detroit residents with a bachelor's degree or higher lived in upper-middle or higher-income households.

- In contrast, only 15.1 percent of residents with at most a high school diploma lived in upper-middle or higher-income households, as did one-quarter of residents with some college or an associate's degree.

- In 2022, two-thirds of Detroit residents with a high school diploma or less formal education lived in lower-income households and 18.4 percent lived in lower-middle income households. Only 1.3 percent lived in higher-income households.

- More than half (55.3 percent) of residents with some college or an associate's degree lived in lower-income households, but that share was 11.3 percentage points lower than the share for residents with no college education. Meanwhile, 22.2 percent of residents with some college education or an associate's degree lived in upper-middle income households, 8.4 percentage points more than residents with no college education.

- Residents with a bachelor's degree or higher education were substantially more prosperous. Only one-quarter lived in households below the lower-income threshold, versus a citywide share of 55.2 percent for residents aged 25 or older.

- Furthermore, 19.0 percent of residents with a bachelor's degree or higher lived in higher-income households, substantially surpassing the 4.2 percent citywide proportion and exceeding by over tenfold that of individuals with no college experience.

- Higher educational attainment continues to be a key pathway to economic prosperity, with a clear positive correlation between education and household incomes.
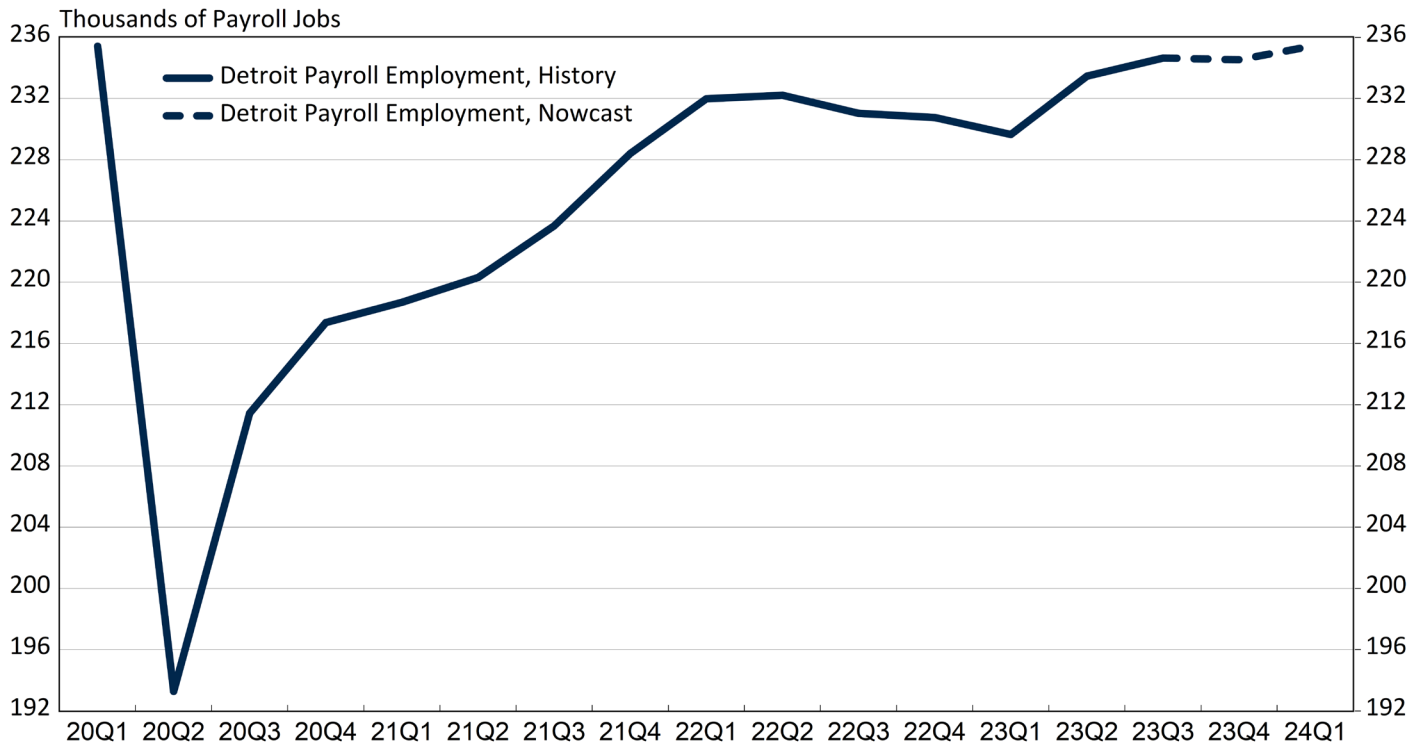
Figure 4
Seasonally Adjusted Monthly Employment, Detroit Resident and Payroll Jobs


- Figure 4 illustrates two different measures of employment in Detroit's economy. The yellow line displays what we call Detroit payroll employment, which is the count of wage and salary jobs at establishments physically located within the city boundaries. The blue line displays what we call Detroit resident employment, which is the count of employed Detroit residents, whether they work inside or outside the city.

- The payroll employment data are available with a substantial lag. At the time this forecast was produced, the payroll employment data extended through September 2023, while the resident employment data was available through April 2024. We have seasonally adjusted both employment series ourselves.

- Payroll employment in the city of Detroit declined by 50,500 jobs, or 21.3 percent, from February to April 2020, at the onset of the COVID-19 pandemic. Payroll employment at Detroit establishments had recovered 94 percent of those losses by March 2022.

- During the next 12 months, the recovery took an unfavorable turn as job losses returned. Between April 2022 and March 2023, the city lost 3,300 jobs, with the majority of those losses occurring in the financial services sector.

- Since then, the city has largely returned to growth, recovering all the payroll jobs lost during 2022 and early 2023 by June 2023. Unfortunately, job losses reappeared in August and September 2023. We believe that the city's job losses in August and September were largely limited to temporary help services; the job count in financial services rose in the third quarter of 2023.

- Employment among Detroit residents has fared better recently. Detroit resident employment completed its recovery from the COVID-19 pandemic in April 2023.

- As of April 2024, more than 235,000 Detroit residents were employed, 1.6 percent more than before the pandemic.

- The Michigan Center for Data and Analytics produces Detroit payroll employment data on behalf of the City of Detroit University Economic Analysis Partnership.

Figure 5
The Nowcast of Detroit Payroll Jobs

Thousands of Payroll Jobs

Legend:
- Detroit Payroll Employment, History (solid line)
- Detroit Payroll Employment, Nowcast (dashed line)

X-axis: 20Q1 20Q2 20Q3 20Q4 21Q1 21Q2 21Q3 21Q4 22Q1 22Q2 22Q3 22Q4 23Q1 23Q2 23Q3 23Q4 24Q1

- It takes approximately seven months after the end of each quarter for initial statistics on Detroit payroll employment to be released. Other economic data that correlates with Detroit payroll growth is released much sooner. For example, payroll employment for the state of Michigan becomes available approximately four weeks after the end of the month.

- Our nowcast—a statistical model that exploits these historical correlations—estimates the yet-to-be-released levels of Detroit payroll employment most consistent with the other currently available data. The nowcast is a purely statistical endeavor; in essence, it is a useful summary of several key variables. We use the nowcast as one input into our forecasting process, but our final forecast usually diverges slightly from the nowcast's predictions.

- At the time our nowcast was compiled, many of the state and county data series were available through the end of 2024Q1. Hence, our nowcast currently extends through 2024Q1.

- The solid line on Figure 5 shows historical data, while the dashed line displays our nowcast for Detroit payroll employment. In 2023Q3, Detroit's payroll job count stood at 234,600 jobs, up about 5,000 jobs from the 2023Q1 count.

- Our nowcasting model estimates that after two quarters of strong job gains, Detroit payroll employment dipped by about 100 jobs in 2023Q4. This small decline is almost certainly driven by the UAW strike early in the quarter. Compared to Wayne County, which lost 4,500 jobs according to the most recent QCEW data, the strike's impact on Detroit's payroll job was likely quite limited.

- Our nowcast projects about 900 Detroit payroll job additions for 2024Q1. Our nowcast does not account for reported developments such as Stellantis' layoffs in Detroit, which do not yet appear in the official data. We have therefore adjusted our forecast for Detroit payroll employment in 2024Q1 downward by several hundred jobs relative to the nowcast estimate.

- There is a wide degree of uncertainty surrounding our nowcast estimates. Detroit payroll employment changes have exhibited substantial volatility, far beyond the level predicted by Michigan and Wayne County data. Hence, large nowcast errors are possible.

- We will continue to refine the methodology and the nowcasting model, as more data sources for the economy of Detroit become available.
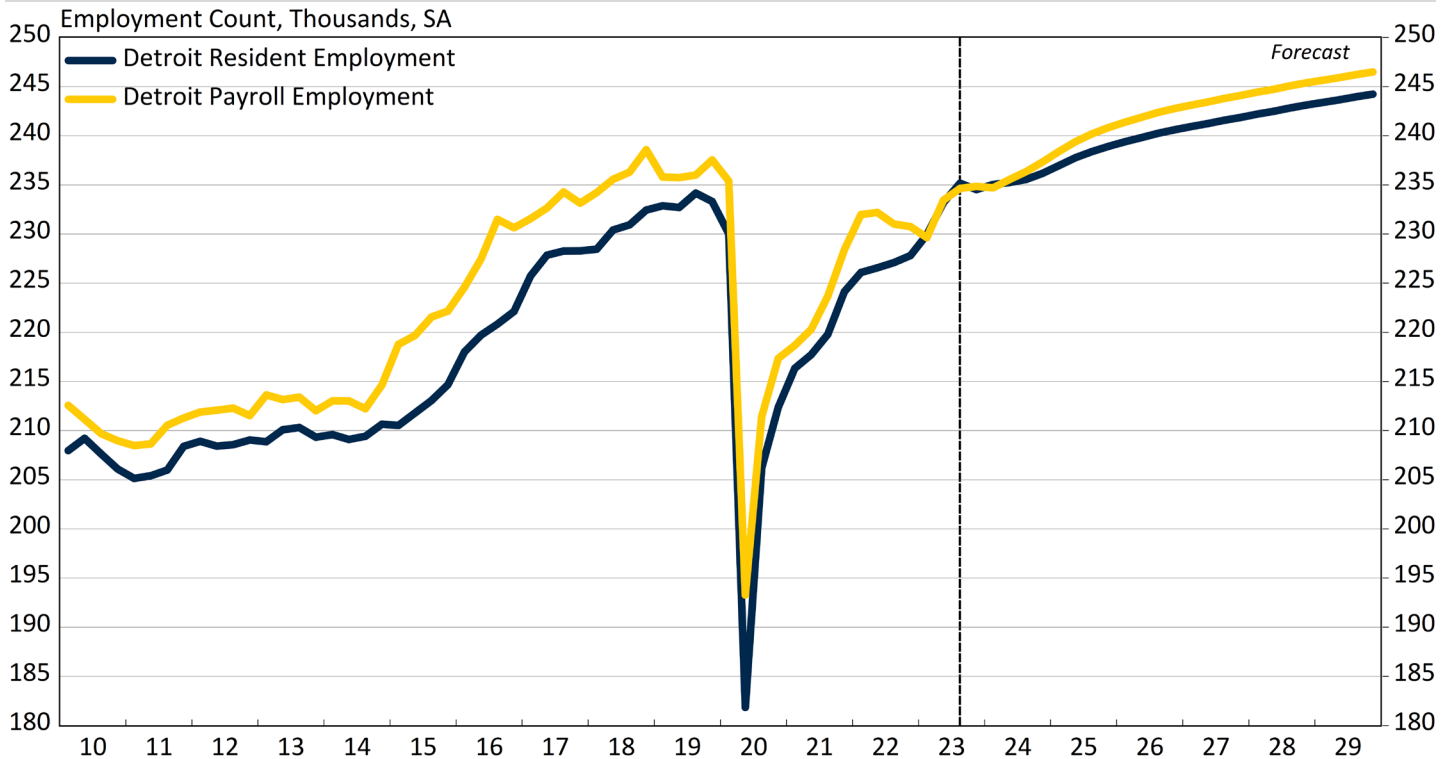
Figure 6
Unemployment Rate in Detroit
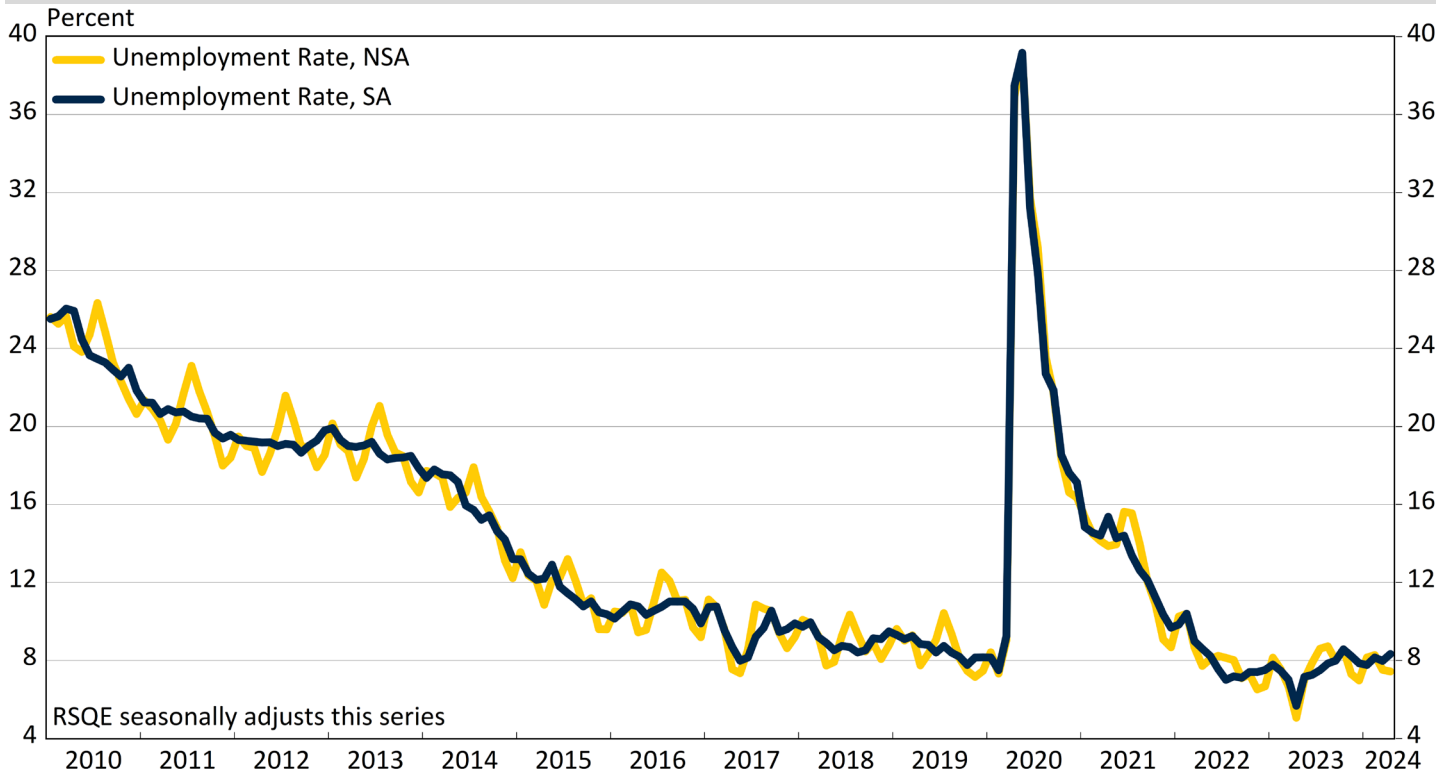
- Figure 6 shows the seasonally adjusted unemployment rate among Detroit residents alongside the published not seasonally adjusted rate. The Bureau of Labor Statistics (BLS) does not provide a seasonally adjusted version of this series. As with the monthly employment data, we have calculated the seasonally adjusted unemployment rate ourselves.

- Detroit's seasonally adjusted unemployment rate stood at 8.3 percent as of April 2024, the most recently available data at the time this forecast was produced. Over the past few months, Detroit's jobless rate has been roughly in line with the lows experienced during the 2010s, during which Detroit's unemployment rate fell from 25.5 percent in January 2010 to 8.2 percent by December 2019.

- When the pandemic struck, Detroit saw a dramatic rise in joblessness, jumping from 7.5 percent in February 2020 to 39.2 percent by May, notably higher than Michigan's peak of 22.6 percent and the national crest of 14.8 percent.

- Detroit's unemployment rate dropped quickly over the next two years as residents returned to work. Detroit's unemployment rate fell below its pre-pandemic level in July 2022 and ended the year at 7.5 percent.

- Since 2021, Detroit's jobless rate has been heavily influenced by changes in the labor force. The decline in the unemployment rate from the second half of 2021 through 2022 can be largely explained by a gradual decline in the city's labor force. Much, though not all, of the improvement in that period came from unemployed residents exiting the labor force rather than gaining new jobs.

- Detroit's jobless rate fell dramatically in the spring of 2023, reaching a seasonally adjusted historic low of 5.7 percent in April, after data revisions. While household employment in Detroit saw gains during this time, the city's labor force again experienced a significant decline.

- Over the past year or so, Detroit's labor force has rebounded strongly. From April 2023 to April 2024, the city's labor force added nearly 10,000 people, rising well above its pre-pandemic level.

- The resurgence in the labor force since 2023 has also coincided with the small rise in the city's unemployment rate as workers look for new jobs, as can be seen in the figure above.

- Although Detroit's jobless rate is now a touch above its pre-pandemic rate, the recent gains in the labor force are a good sign looking forward.

Figure 7
Quarterly Average Payroll and Resident Employment, City of Detroit

Employment Count, Thousands, SA

- Detroit Resident Employment
- Detroit Payroll Employment

Forecast

- Figure 7 displays the history and our forecast for the quarterly average payroll and resident employment counts for the city of Detroit. The historical data for these series are the same as in Figure 4, but they are aggregated from monthly values to quarterly averages.

- We project that Detroit payroll employment added 200 jobs in the fourth quarter of 2023 despite the strikes at Blue Cross Blue Shield of Michigan, the Detroit Three automakers, and the three major Detroit casinos. Our forecast leaves Detroit payroll employment 0.2 percent short of its pre-pandemic level at the end of 2023. Household employment, on the other hand, was 1.9 percent above its pre-pandemic level at that time.

- Declining employment in financial services is a large reason why Detroit's payroll employment count has lagged behind the gains experienced by Detroit residents since 2022. Employment at non-financial establishments in Detroit fully recovered from the COVID-19 pandemic in the second quarter of 2023, and we estimate that it exceeded its pre-pandemic level by 1.6 percent in the final quarter of the year.

- Overall, we estimate that payroll job growth in the city decelerated from 3.9 percent per year in 2021–2022 to 0.7 percent in 2023, as high interest rates took a bite out of mortgage finance employment.

- In contrast, resident employment growth continued at a healthy pace of 2.8 percent in 2023, down slightly from 3.4 percent in 2022.

- Payroll job growth picks up speed in 2024 and 2025, averaging a moderate pace of roughly 1.3 percent per year during 2024–2026. That rate runs ahead of resident employment growth, which averages 1.0 percent per year during that period.

- We anticipate faster growth for payroll jobs than for resident employment because we believe that jobs at establishments have been more affected by higher interest rates, allowing for additional growth as rates decrease. Payroll jobs and resident employment are expected to grow at roughly the same rate in the final three years of our forecast, as interest rates approach their neutral levels in 2027.

- We estimate that the number of jobs at Detroit establishments eclipsed its pre-pandemic level by the second quarter of 2024 and project it to rise to 4.7 percent above that level by the end of our forecast. Resident employment is projected to surpass its pre-pandemic level by 6.2 percent at the end of 2029.
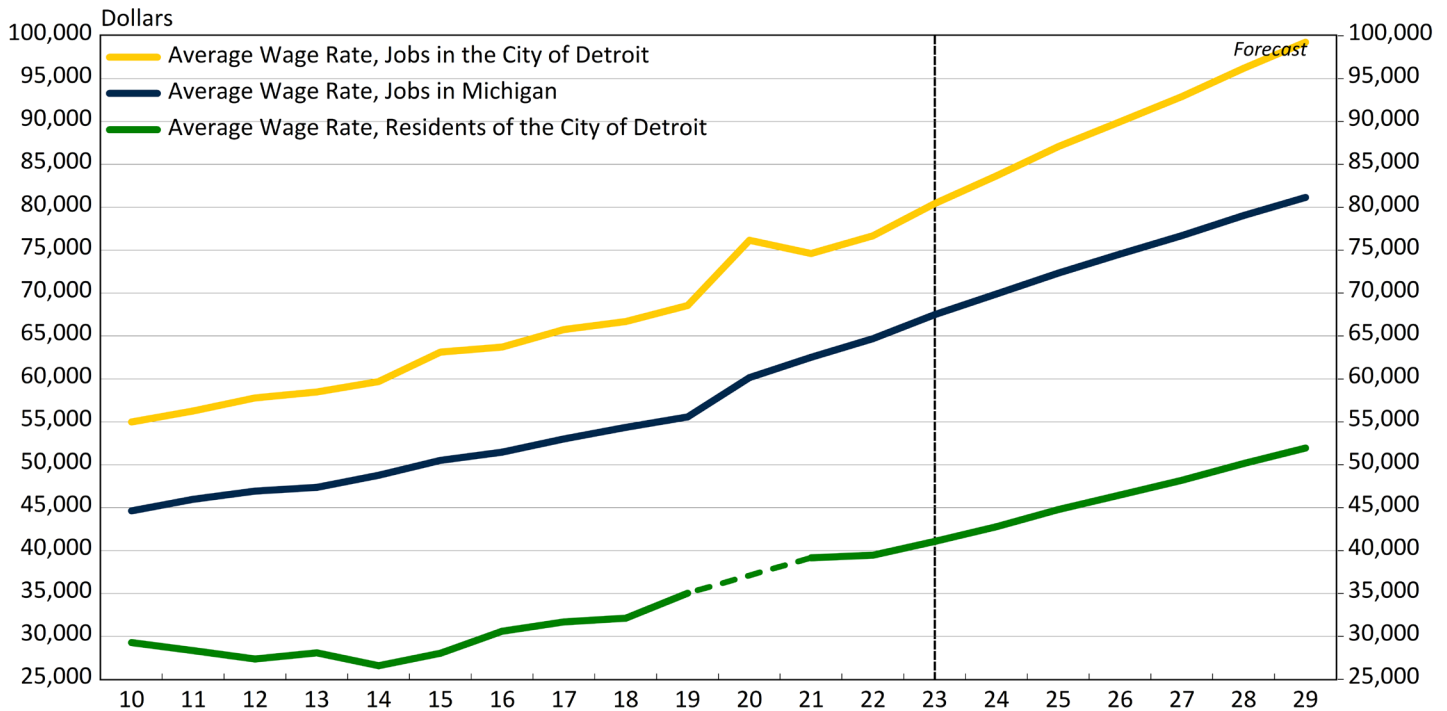
Figure 8
Payroll Employment by Industry Group, City of Detroit

Index, 2020q1=100, SA
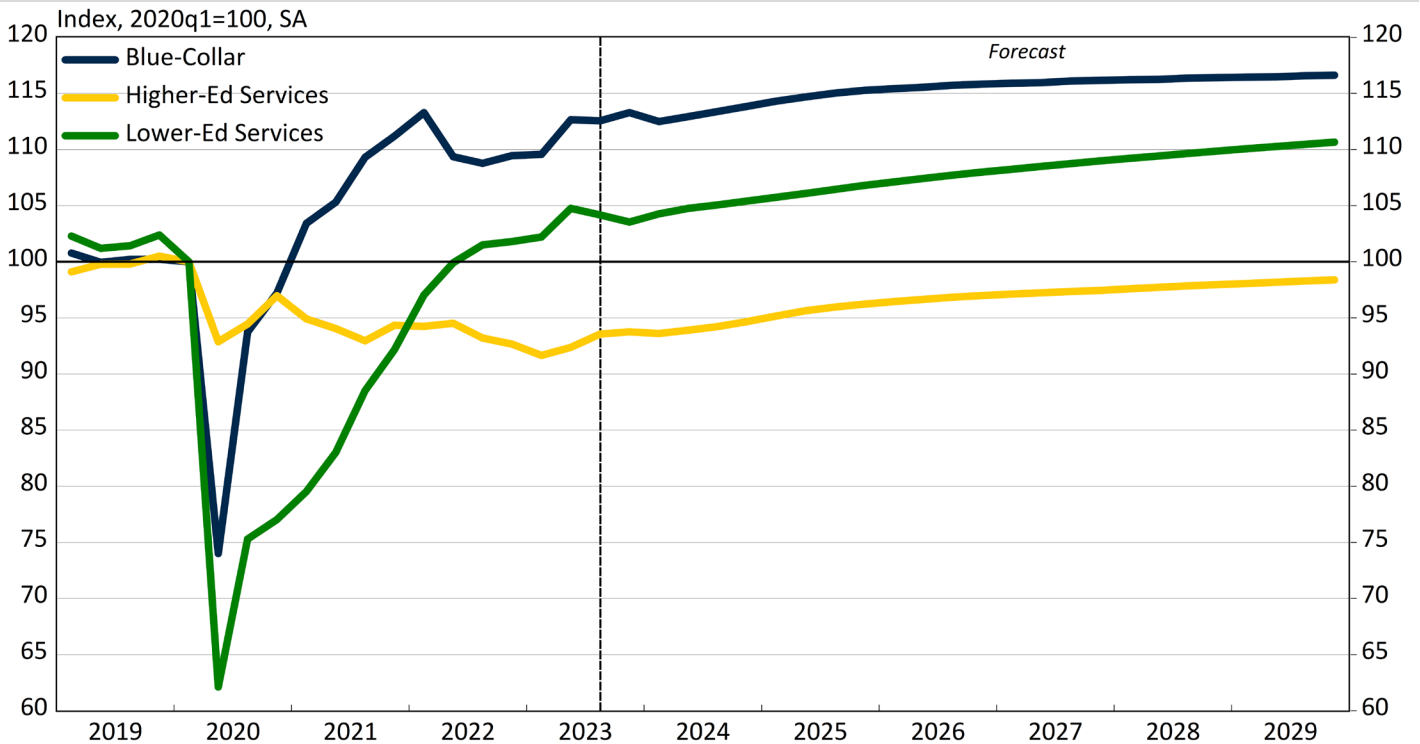
- On the chart above, we categorize each of Detroit's industries into three groups. The graph displays our forecast for each group's total employment level, with values indexed to 100 in 2020Q1.

- The **blue-collar** industry group comprises mining, construction, and manufacturing, as well as wholesale trade, transportation, warehousing, and utilities. We estimate that the blue-collar industries' job count exceeded its pre-pandemic level by 5,900 jobs in 2023Q4, or 13.3 percent, as the UAW auto strike largely spared the city's payroll jobs.

- Employment in construction accounts for roughly half of all the blue-collar job gains we are forecasting. Large nonresidential projects, such as the Gordie Howe Bridge and the Henry Ford Hospital expansion, help support construction activity amid high interest rates.

- We expect that the blue-collar industries will return to growth in 2024, ending our forecast 7,400 jobs, or 16.6 percent higher, than the pre-pandemic level.

- The **higher-educational** attainment services category includes public and private education and healthcare, finance, information, most business services, and public administration.

- Despite employment remaining below pre-pandemic levels, many of Detroit's higher-ed services industries have held up better than the figure suggests. We estimate that the financial activities sector lost 2,800 jobs in 2023, but the remaining higher-ed services industries gained 1,700 jobs.

- We are forecasting higher-ed services industries to remain 1.6 percent below their pre-pandemic employment level by the end of 2029, weighed down by a slow recovery in financial services employment, which remains 10.1 percent below its pre-pandemic level by the end of our forecast. The persistence of remote work also restrains the recovery of higher-ed services employment.

- The **lower-educational** attainment services industries include retail trade, leisure and hospitality, administrative and business support services, and other services. These industries suffered the worst of the pandemic's impact but completed their recovery by mid-2022.

- Our forecast calls for annual growth in these industries to moderate from 3.6 percent in 2023 to an average of 1.0 percent between 2024–2029. By the end of 2029, we expect employment in lower-ed services to exceed its pre-pandemic level by 5,900 jobs, or 10.7 percent.
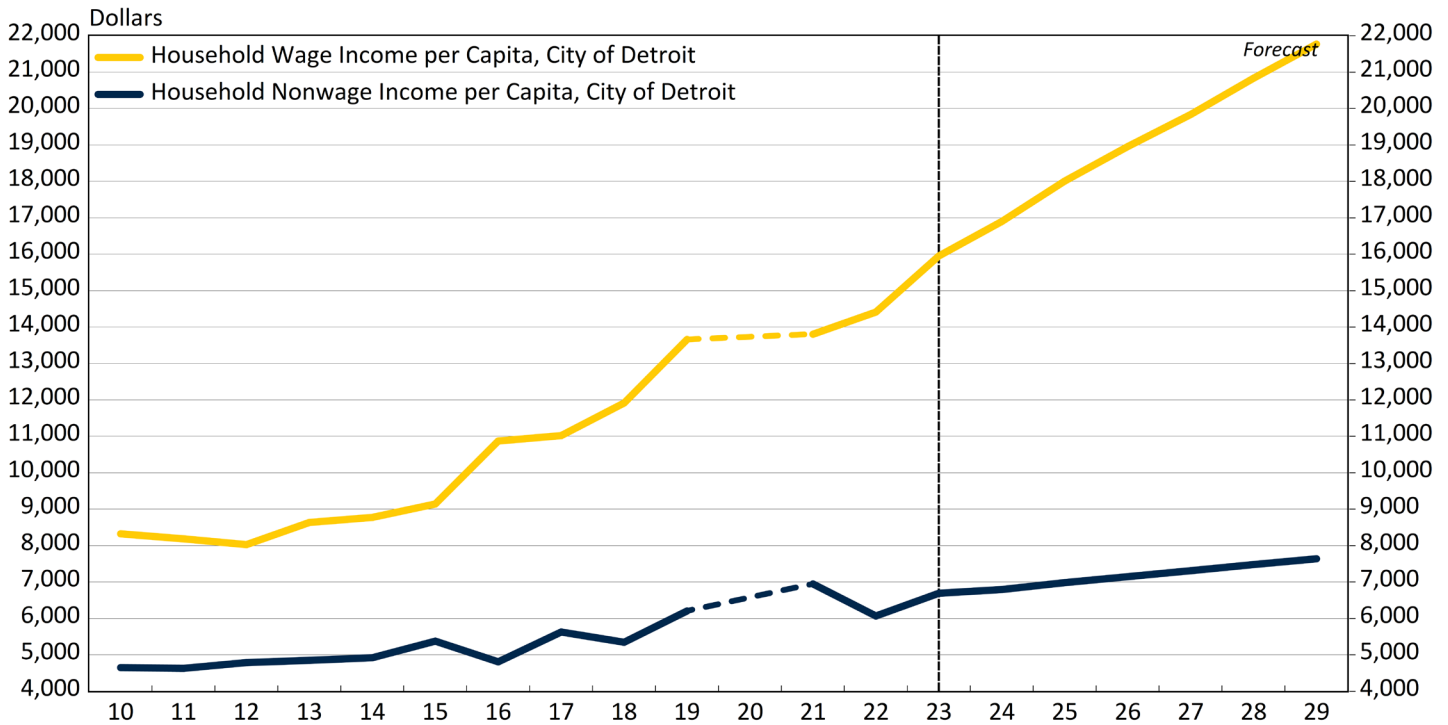
Figure 9

Annual Wage and Salary Income per Worker, City of Detroit and Michigan


- Figure 9 shows the average annual wage and salary income earned by workers at establishments in Detroit and Michigan in the yellow and blue lines, respectively. The green line shows the average wage and salary income of Detroit residents. These values have not been adjusted for inflation.

- The resident wage data are from the American Community Survey (ACS). Due to the impact of the COVID-19 pandemic, the Census Bureau altered the standard ACS release to account for nonresponse bias, which resulted in fewer published estimates for the 2020 ACS. Consequently, we do not show values for 2020.

- From 2010–2019, the annual wage earned by workers at establishments in Detroit exceeded that of the state by an average of $11,700. Employed Detroit residents, however, earned a much lower average wage. The annual wage across all Detroit establishments was $31,800 higher on average than the wages of employed residents.

- Average wages increased sharply in 2020 at establishments in both the city and the state because of the disproportionate loss of lower-wage jobs during the pandemic. Citywide average wages increased by 11.1 percent, outstripping the 8.2 percent increase statewide.

- While average wages in Michigan continued to rise in 2021, they fell by 2 percent in Detroit, as the well-paid corporate headquarters sector shed jobs.

- Wage growth at Detroit establishments rebounded by 2.7 percent in 2022. Wages for Detroit residents, on the other hand, treaded water. Unfortunately, rapid inflation reduced real average wages across the board in 2022.

- We estimate that nominal wage growth in 2023 accelerated to 4.9 percent for jobs in the city and to 4.1 percent for Detroit residents. Local inflation, at 5.4 percent, ate away those gains and more. Thankfully, we expect wage growth to outrun inflation in 2024 and beyond.

- We project wage growth for Detroit residents to run slightly ahead of wage growth at jobs located in the city and state over our forecast. From 2024 to 2029, real wages are forecast to grow by an average of 1 percent per year at Detroit establishments, by 0.6 percent per year in Michigan, and by 1.4 percent per year for residents of the city.

- Although nominal wages in 2029 will surpass their 2019 levels by substantial amounts, inflation claws back most of the improvement, resulting in cumulative real wage gains over the decade of 3.8 percent at Detroit establishments, 4.7 percent across Michigan, and 6.3 percent for city residents.

Figure 10
**Wage and Nonwage Income per Capita, City of Detroit**

- Figure 10 shows the income of Detroit households on a per capita basis divided into wage and nonwage income. Wage income per capita is shown in the yellow line and nonwage income per capita in the blue line. The data comes from the ACS, and the values have not been adjusted for inflation. The latest available data is for 2022.

- Nonwage income consists of all reported income sources other than wage income. This includes other sources of household income such as investment, self-employment, and retirement income. It also includes transfers from social security, supplemental security income, public assistance or welfare payments, and other transfer sources such as unemployment compensation, child support, alimony, and veterans' payments.

- As in Figures 9 and 11, we do not show ACS values for 2020 because of data collection and publication issues related to the pandemic.

- The yellow line in Figure 10 uses Detroit's entire resident population as its denominator, while the green line in Figure 9 uses employed Detroiters as its denominator. Therefore, the yellow line in Figure 10 shows significantly lower values.

- Wage income per capita among Detroit residents grew by 5.5 percent cumulatively from 2019 to 2022. During that time, nonwage income per capita

fell by 2.2 percent due to declines in household investment and retirement income.

- We estimate that wage income per capita grew by 10.7 percent in 2023, with both average wage rates and employment growing on a calendar year basis.

- We estimate that nonwage income per capita rebounded by 10.3 percent in 2023 with gains in both other household income and transfer income.

- We forecast steady growth throughout the forecast period for both per capita wage and nonwage incomes. Nonwage income per capita rises at an average rate of 2.2 percent per year from 2024 to 2029. Growth of wage income per capita is stronger, averaging 5.3 percent per year.

- By the end of our forecast in 2029, we are forecasting that annual wage income per capita in the city of Detroit will stand at $21,800, while nonwage income per capita will stand at $7,600.

- In 2010, nonwage income accounted for 35.9 percent of household income in the city of Detroit. By 2019, steady job growth lowered that share to 31.2 percent. We are forecasting that the nonwage share of total household income will continue to decline to only 26.0 percent by 2029 as the number of employed Detroiters continues to rise.

Figure 11
Real and Nominal Household Income per Capita, City of Detroit
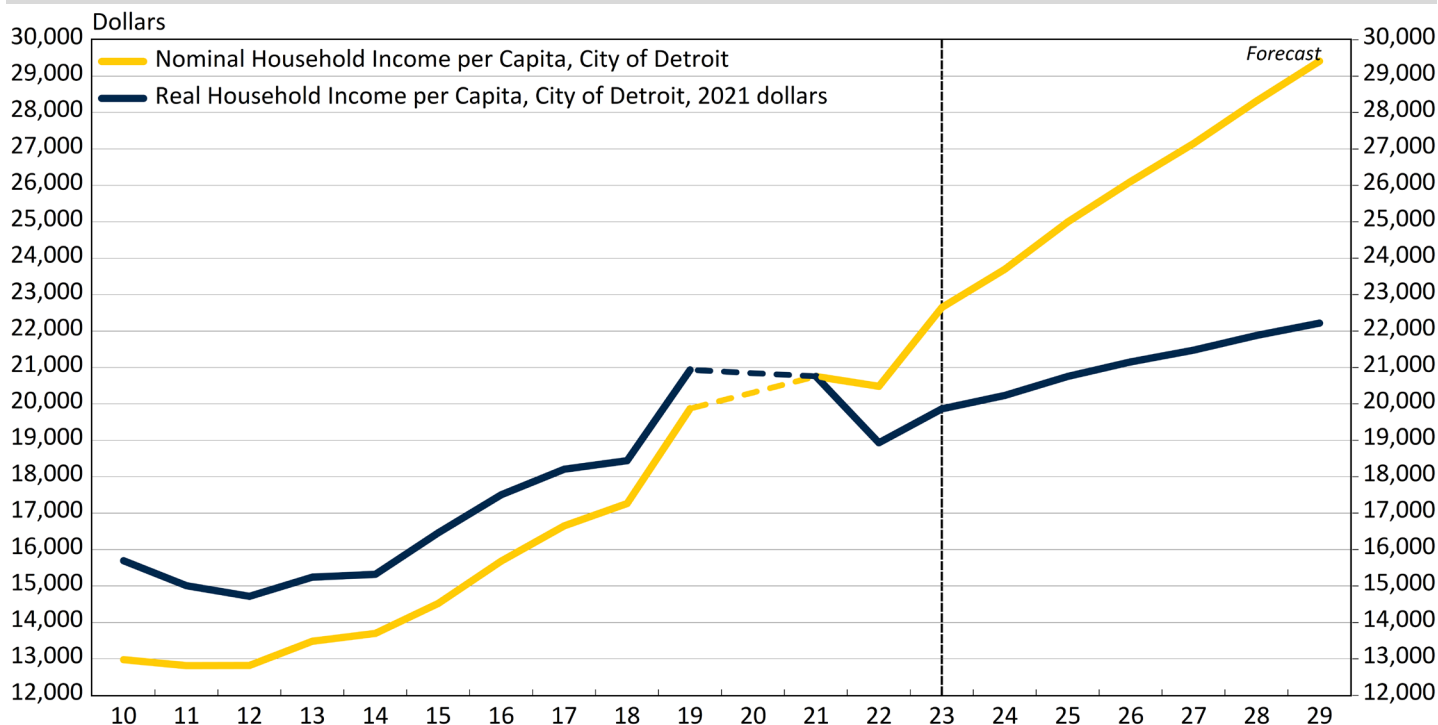
- Figure 11 shows household income in Detroit on a per capita basis. Nominal income is shown in the yellow line and real (inflation-adjusted) household income per capita in the blue line. The data comes from the ACS. The yellow line corresponds to the sum of the two lines in Figure 10. The most recent available data is again for 2022.

- As in Figures 9 and 10, we do not show ACS values for 2020 because of data collection and publication issues related to the pandemic.

- Detroit residents' nominal household income per capita fell 1.3 percent in 2022 despite gains in wage income. The decline was due to the phase-out of pandemic-era emergency financial assistance and stimulus, as reflected by the drop in transfer income and nonwage income in Figure 10.

- The weakening of household income in 2022 was even more severe after adjusting for inflation—the blue line above shows a drop of over $1,800 per person, or 8.8 percent, that year.

- Even though nominal household income per capita was $620, or 3.1 percent, higher in 2022 than 2019, real income per capita was over $2,000, or 9.6 percent, lower over the same period due to inflation. This pattern contrasts sharply with the strength of the economic recovery in terms of employment and related indicators.

- We estimate that nominal income per capita rebounded in 2023, growing by $2,200, or 10.6 percent. Although rapid inflation again consumed much of that growth, in real terms, income per capita is estimated to have grown by a solid 4.9 percent.

- We forecast that growth will moderate in 2024. Nominal income per capita increases by 4.6 percent, while real growth registers 1.8 percent.

- We project that nominal household income per capita will grow at an average annual rate of 4.4 percent between 2025 and 2029. Growth of real income per capita nudges up to an average of 1.9 percent per year over that period.

- Our forecast implies that Detroit residents' total nominal income per capita will grow by over $9,500, or 48 percent, from 2019 to 2029. With local price levels projected to rise 39.5 percent in that time, total real income per capita is expected to grow by only 6.1 percent from 2019 to 2029. Real income per capita grew by a comparatively rapid 33.4 percent between 2010 and 2019.

- The faster rate of real income growth in the preceding decade reflects both the faster job growth coming out of Detroit's bankruptcy period and lower inflation in the period preceding the pandemic.

Figure 12
Inflation Rate, Detroit CPI

Percent change

Headline Detroit CPI
Core Detroit CPI
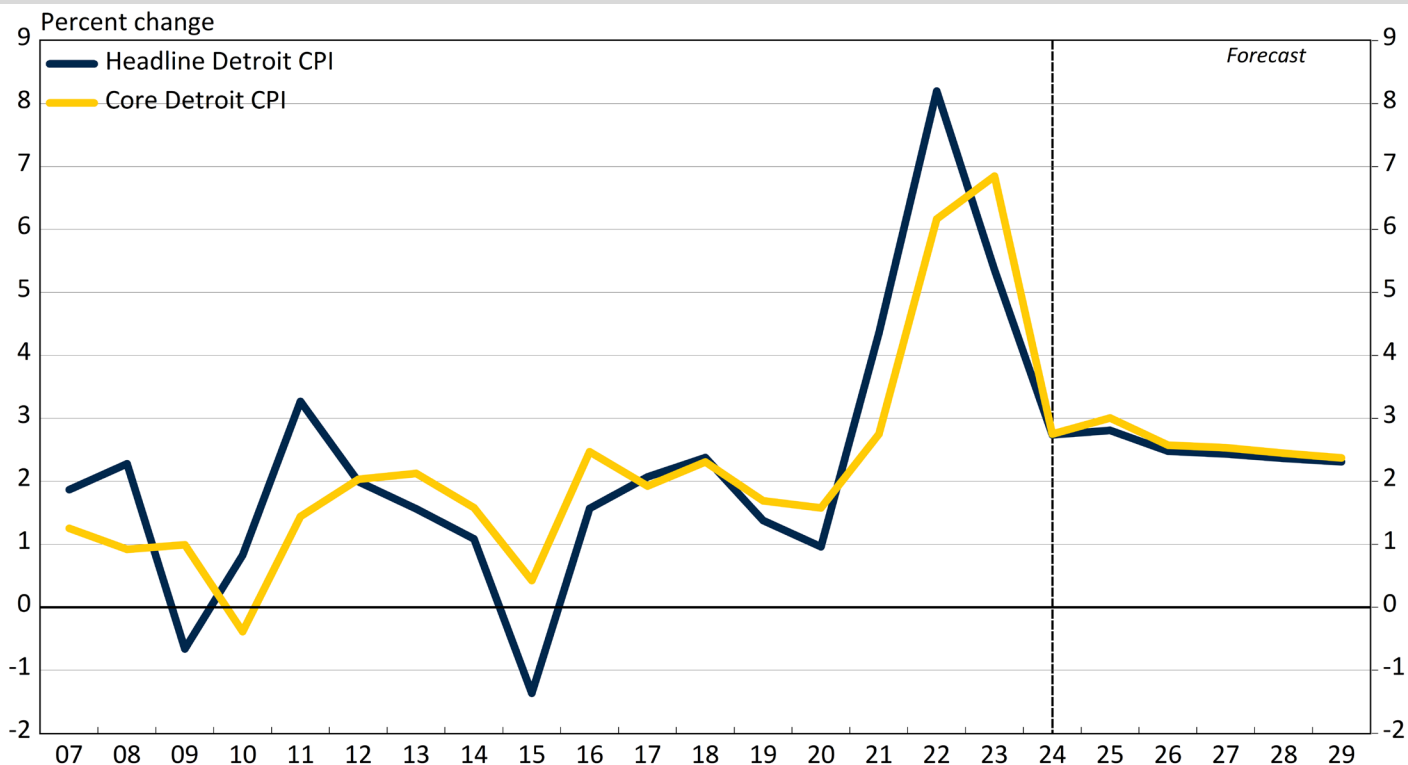
Forecast

- Figure 12 displays history and our forecast for local annual inflation, as measured by the growth rate of the all-items Detroit Consumer Price index (CPI) as well as that of core CPI—a sub-index that removes the volatile prices of food and energy. The published data are not seasonally adjusted and are only released in even months. We interpolate the missing months and seasonally adjust the data.

- Inflation began to accelerate sharply in early 2021 amid pandemic-driven supply chain disruptions and large-scale economic stimulus. It was pushed higher in 2022 by the war in Ukraine. Nationally, inflation began to moderate late in 2022, and decelerated markedly in 2023H2 before picking back up in 2024Q1. Recent national data suggest that inflation is now cooling off again.

- Our forecast for local inflation is based on our May 2024 National and Michigan outlooks, with Detroit CPI only available through February 2024. The national and local inflation data released since then have been mixed, with national inflation trends softening again, but local shelter inflation re-accelerating. We consider the net effect of the recent data on our outlook to be roughly neutral.

- Local all-items inflation peaked at 8.9 percent year-over-year in 2022Q2 and decelerated to 3.1 percent in 2024Q1. Local core inflation, however, peaked almost one year later, reaching 7.8 percent

in 2023Q2 before decelerating to 3.7 percent in 2024Q1.

- We expect the 2024Q1 reacceleration in national inflation to boost local inflation in 2024Q2. We forecast the annualized quarterly pace of all-items and core inflation to rebound to 5.1 and 4.9 percent, respectively.

- After holding flat between October 2023 and February 2024, local shelter CPI rose by more than 9 percent through May 2024, far outpacing national shelter cost inflation. If this alarming trend continues, our local inflation outlook may turn out to be too rosy, but this local subcomponent has been very volatile recently.

- We project the quarterly pace of local inflation to moderate in 2024H2. Calendar year inflation for 2024 comes in around the 2.7–2.8 percent mark for both all-items and core Detroit inflation, below the corresponding national readings owing largely to outright local price declines in 2023Q4. Calendar year 2025 inflation registers 2.8 percent as core inflation takes a while to decelerate.

- We project that local headline inflation will run hotter than during the pre-pandemic period, averaging about 2.4 percent per year in 2026–2029. Core inflation runs about 0.1 percentage points above the headline rate.

Figure 13
Unemployment Rate, City of Detroit and Michigan
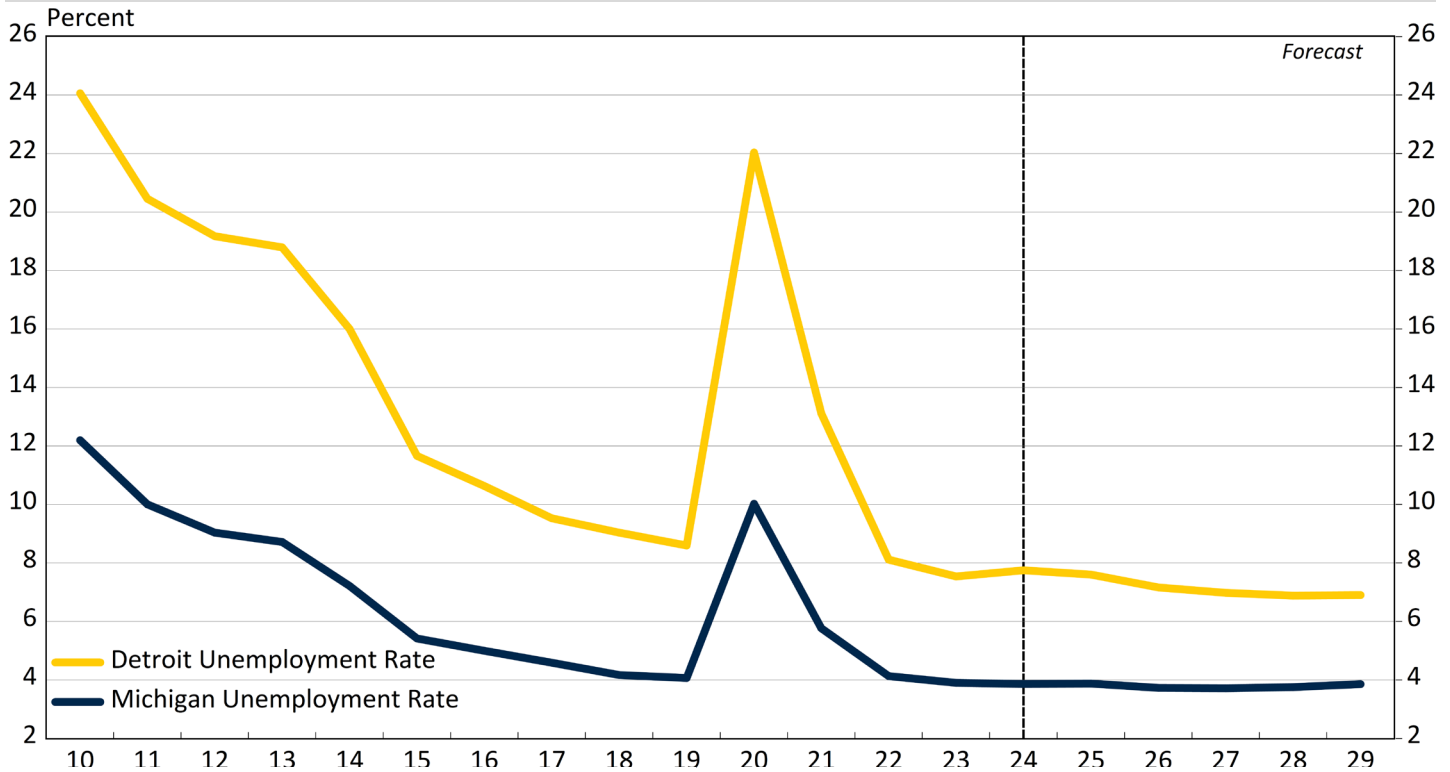
- Figure 13 shows the history and forecast of the average unemployment rates in both Detroit and Michigan. Whereas Figure 6 shows the monthly history, here we show the history and our forecast using annual averages.

- On an annual basis, Detroit's unemployment rate demonstrated steady improvement from the peak of the pandemic to 2023, dropping from an annual average of 22.0 percent in 2020 to 7.5 percent in 2023.

- The historical trajectory of Michigan's jobless rate shows a very similar shape, although the unemployment rate for the state is consistently lower. Michigan's unemployment rate averaged 3.9 percent in 2023.

- It is clear from the figure that the unemployment rates for both Michigan and Detroit have fully recovered from the pandemic, and both appear to be back in line with their pre-pandemic trends.

- After falling for most of 2021 and 2022, Detroit's labor force began to recover in earnest in 2023 as residents returned to the labor market in search of new jobs. The city's labor force ticked down in the first quarter of 2024, but we expect growth to resume in the second half of the year. The city's labor force is expected to include nearly 8,400 more people on average in 2024 than in 2022.

- The rebound of the city's labor force puts upward pressure on the city's unemployment rate as workers look for new jobs. As a result, Detroit's unemployment rate is expected to tick up to 7.8 percent in 2024 despite healthy employment gains.

- We project the city's labor force to continue expanding throughout the forecast period, albeit at a more moderate pace than in the past two years. The slower growth of the labor force compared to 2023 helps to reduce unemployment as jobless residents find work. That said, labor shortages in some sectors are expected to persist for the foreseeable future in both Michigan and Detroit.

- Steady job gains and slower expansion of the labor force lead the city's unemployment rate to ease down over the next five years. We forecast Detroit's unemployment rate to average 7.6 percent in 2025 and 7.2 percent in 2026 before dipping to 6.9 percent by 2028 and 2029.

- As shown in the figure, the unemployment rate gap between the city and state has narrowed from almost 12 percentage points in 2010 to only 3.6 in 2023. By 2029, we expect the gap to be just a touch over 3.0 percentage points. This remarkable progress is a testament to the resilience and hard work of Detroiters. Moving forward, we are optimistic that continued efforts can reduce this gap further.

Table 1
Employment in the City of Detroit
Number of Jobs
Calendar Years

	Actual		Forecast						
	2021	2022	2023	2024	2025	2026	2027	2028	2029
TOTAL JOBS* (Number of jobs)	222,779	231,501	233,158	235,998	239,724	242,117	243,621	244,921	246,083
(Annual percentage change)	(3.9)	(3.9)	(0.7)	(1.2)	(1.6)	(1.0)	(0.6)	(0.5)	(0.5)
GOODS-PRODUCING	30,903	31,667	32,313	32,423	33,077	33,403	33,563	33,678	33,769
Natural resources, and mining	627	689	689	676	685	695	705	715	725
Construction	6,476	7,457	7,967	8,423	8,645	8,819	8,924	8,992	9,041
Manufacturing	23,801	23,520	23,657	23,325	23,747	23,889	23,934	23,971	24,004
SERVICE-PROVIDING	191,875	199,834	200,845	203,574	206,647	208,714	210,058	211,244	212,314
Trade, transportation, and utilities	29,498	30,006	30,350	30,750	30,883	31,000	31,071	31,122	31,158
Retail trade	12,926	12,910	13,106	13,106	13,160	13,244	13,302	13,344	13,374
Trade, transportation, warehousing, and utilities	16,573	17,096	17,244	17,644	17,723	17,755	17,770	17,778	17,784
Information	2,268	2,361	2,142	2,101	2,104	2,107	2,109	2,112	2,115
Financial activities	19,395	16,391	13,587	13,381	13,985	14,623	15,124	15,502	15,820
Professional and business services	31,520	36,057	35,588	35,835	37,013	37,600	38,011	38,356	38,655
Professional, scientific, and technical	13,219	13,931	14,452	14,853	15,340	15,568	15,699	15,789	15,852
Management of companies and enterprises	7,898	9,369	9,207	9,398	9,861	10,010	10,104	10,180	10,245
Administrative support and waste management	10,403	12,757	11,928	11,584	11,812	12,021	12,209	12,387	12,558
Education and health services	66,209	66,000	67,418	68,248	68,646	68,772	68,670	68,692	68,773
Leisure and hospitality	17,705	22,672	25,127	26,120	26,525	26,862	27,147	27,399	27,626
Other services	6,204	6,746	6,910	6,923	7,007	7,082	7,133	7,170	7,197
Public Administration	18,729	19,122	19,247	19,796	20,079	20,267	20,392	20,489	20,569
Unallocated services	346	481	477	420	406	402	402	401	401
ADDENDA:									
Household Employment (BLS)**	219,519	226,904	233,221	235,514	238,023	240,034	241,417	242,679	243,829
(Annual percentage change)	(5.7)	(3.4)	(2.8)	(1.0)	(1.1)	(0.8)	(0.6)	(0.5)	(0.5)
Unemployment Rate**	13.1	8.1	7.5	7.8	7.6	7.2	7.0	6.9	6.9

*Actual data through calendar 2023q3
**Actual data through calendar 2024q1

Table 2
Employment in the City of Detroit
Number of Jobs
Fiscal Years (July 1–June 30)

	Actual			Forecast					
	2021	2022	2023	2024	2025	2026	2027	2028	2029
TOTAL JOBS* (Number of jobs)	216,955	229,079	231,229	234,946	237,889	241,090	242,935	244,278	245,523
(Annual percentage change)	(-3.8)	(5.6)	(0.9)	(1.6)	(1.3)	(1.3)	(0.8)	(0.6)	(0.5)
GOODS-PRODUCING	27,733	32,034	31,636	32,417	32,772	33,276	33,492	33,626	33,724
Natural resources, and mining	596	660	707	671	681	690	700	710	720
Construction	6,107	7,127	7,583	8,277	8,539	8,742	8,878	8,962	9,018
Manufacturing	21,030	24,246	23,347	23,470	23,553	23,844	23,914	23,954	23,987
SERVICE-PROVIDING	189,221	197,045	199,593	202,529	205,116	207,814	209,443	210,652	211,799
Trade, transportation, and utilities	29,188	30,002	30,046	30,591	30,814	30,947	31,040	31,098	31,143
Retail trade	12,714	13,020	12,968	13,095	13,125	13,204	13,276	13,324	13,361
Trade, transportation, warehousing, and utilities	16,473	16,981	17,078	17,495	17,688	17,743	17,764	17,774	17,782
Information	2,298	2,345	2,258	2,099	2,102	2,105	2,108	2,111	2,113
Financial activities	19,296	18,421	14,300	13,446	13,627	14,323	14,889	15,331	15,657
Professional and business services	32,140	34,175	35,841	35,579	36,473	37,349	37,817	38,191	38,509
Professional, scientific, and technical	13,026	13,557	14,143	14,709	15,110	15,475	15,640	15,748	15,823
Management of companies and enterprises	9,303	9,033	9,126	9,293	9,665	9,953	10,060	10,143	10,213
Administrative support and waste management	9,811	11,585	12,571	11,577	11,698	11,921	12,117	12,299	12,473
Education and health services	66,247	65,571	66,650	68,025	68,456	68,750	68,737	68,646	68,743
Leisure and hospitality	14,879	20,876	24,040	25,789	26,335	26,702	27,009	27,276	27,515
Other services	5,931	6,493	6,884	6,892	6,962	7,048	7,109	7,153	7,184
Public Administration	18,954	18,723	19,088	19,667	19,936	20,187	20,332	20,445	20,532
Unallocated services	288	440	485	441	410	403	402	401	401
ADDENDA:									
Household Employment (BLS)**	213,183	224,160	229,528	235,005	236,625	239,143	240,773	242,049	243,273
(Annual percentage change)	(-3.0)	(5.1)	(2.4)	(2.4)	(0.7)	(1.1)	(0.7)	(0.5)	(0.5)
Unemployment Rate**	17.8	10.3	7.2	7.9	7.7	7.4	7.0	6.9	6.9

*Actual data through calendar 2023q3
**Actual data through calendar 2024q1

Table 3
Average Wage by Industry in the City of Detroit
Dollars
Calendar Years

	Actual		Forecast						
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Average Wage* (Dollars)	74,637	76,683	80,457	83,681	87,089	89,988	92,913	96,214	99,253
(Annual percentage change)	*(-2.0)*	*(2.7)*	*(4.9)*	*(4.0)*	*(4.1)*	*(3.3)*	*(3.2)*	*(3.6)*	*(3.2)*
GOODS-PRODUCING	66,600	72,299	79,647	85,729	88,635	90,366	92,879	97,324	100,239
Natural resources, and mining	82,541	83,385	89,971	94,140	96,603	99,130	101,723	104,385	107,116
Construction	90,954	94,811	101,395	104,713	109,168	113,203	117,219	121,679	125,746
Manufacturing	59,554	64,837	72,022	78,630	80,930	81,680	83,542	87,978	90,425
SERVICE-PROVIDING	75,932	77,378	80,587	83,355	86,841	89,928	92,918	96,037	99,096
Trade, transportation, and utilities	60,445	62,223	65,231	66,455	68,892	71,078	73,139	75,231	77,221
Retail trade	34,122	34,531	37,815	38,191	39,149	40,042	40,913	41,838	42,695
Trade, transportation, warehousing, and utilities	80,976	83,135	86,068	87,450	90,976	94,229	97,262	100,295	103,185
Information	116,972	117,042	119,408	121,016	125,560	128,440	130,386	131,961	132,696
Financial activities	103,260	99,321	107,357	110,246	114,215	117,786	121,462	125,258	129,152
Professional and business services	107,886	109,957	118,787	124,250	129,677	134,318	138,954	144,051	148,859
Professional, scientific, and technical	111,862	118,558	122,284	125,438	130,169	134,738	139,305	144,239	148,855
Management of companies and enterprises	160,105	158,767	179,226	188,717	196,870	204,332	211,919	220,595	228,580
Administrative support and waste management	63,193	64,716	67,899	70,426	72,944	75,473	78,122	80,905	83,826
Education and health services	67,875	71,545	73,356	76,066	78,930	81,801	84,633	87,562	90,600
Leisure and hospitality	52,596	51,977	52,839	56,677	58,966	60,825	62,599	64,524	66,289
Other services	50,336	50,970	53,930	54,797	56,564	58,290	59,987	61,761	63,439
Public Administration	73,022	76,386	83,013	84,750	87,845	90,592	93,104	95,670	98,313
Unallocated services	36,629	45,602	42,780	34,988	35,067	35,363	35,640	35,913	36,185

*Actual data through calendar 2023q3

Table 4
Average Wage by Industry in the City of Detroit
Dollars
Fiscal Years (July 1–June 30)

	Actual			Forecast					
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Average Wage* (Dollars)	74,992	75,750	78,885	81,671	85,469	88,572	91,431	94,545	97,702
(Annual percentage change)	*(3.4)*	*(1.0)*	*(4.1)*	*(3.5)*	*(4.7)*	*(3.6)*	*(3.2)*	*(3.4)*	*(3.3)*
GOODS-PRODUCING	69,244	69,058	76,145	82,662	87,446	89,549	91,503	94,810	98,828
Natural resources, and mining	82,720	83,672	85,548	92,932	95,363	97,858	100,418	103,046	105,741
Construction	90,131	93,301	98,542	102,566	107,017	111,208	115,200	119,538	123,585
Manufacturing	62,797	61,534	68,586	75,349	80,121	81,368	82,445	85,314	89,313
SERVICE-PROVIDING	75,834	76,838	79,320	81,512	85,154	88,415	91,420	94,503	97,522
Trade, transportation, and utilities	59,827	61,506	64,350	65,291	67,697	70,010	72,118	74,194	76,218
Retail trade	33,098	34,363	36,556	37,868	38,671	39,603	40,478	41,378	42,261
Trade, transportation, warehousing, and utilities	80,458	82,318	85,456	85,817	89,235	92,639	95,765	98,793	101,733
Information	105,711	117,410	120,297	119,269	123,543	127,154	129,500	131,377	132,228
Financial activities	105,778	99,981	106,928	106,096	112,410	115,989	119,610	123,343	127,199
Professional and business services	110,196	110,563	112,971	122,091	127,085	132,031	136,617	141,640	146,267
Professional, scientific, and technical	108,045	116,012	120,688	123,198	127,793	132,470	137,010	141,902	146,385
Management of companies and enterprises	164,913	160,199	166,576	185,726	192,929	200,629	208,081	216,583	224,143
Administrative support and waste management	61,170	65,483	65,375	69,604	71,768	74,188	76,778	79,496	82,348
Education and health services	65,637	70,033	72,669	74,496	77,489	80,381	83,208	86,084	89,068
Leisure and hospitality	51,992	51,334	52,115	54,782	57,921	59,918	61,713	63,556	65,403
Other services	49,871	50,532	52,932	54,321	55,667	57,436	59,139	60,879	62,592
Public Administration	71,175	74,262	81,960	82,353	86,363	89,271	91,848	94,378	96,983
Unallocated services	37,227	39,958	48,040	36,197	34,936	35,218	35,503	35,777	36,049

*Actual data through calendar 2023q3

Table 5
City of Detroit Resident Income
Millions of Nominal Dollars (Annual Percent Changes in Parentheses)
Calendar Years

	Actual		Forecast						
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Resident Income	13,129	12,710	14,327	14,986	15,797	16,503	17,170	17,897	18,576
	(2.8)	(-3.2)	(12.7)	(4.6)	(5.4)	(4.5)	(4.0)	(4.2)	(3.8)
Wage and Salary Income	8,732	8,945	10,092	10,688	11,383	11,982	12,546	13,168	13,750
	na*	(2.4)	(12.8)	(5.9)	(6.5)	(5.3)	(4.7)	(5.0)	(4.4)
Transfer Income	2,546	2,025	2,281	2,296	2,327	2,355	2,384	2,413	2,434
	na	(-20.5)	(12.7)	(0.6)	(1.4)	(1.2)	(1.2)	(1.2)	(0.9)
Other Income	1,851	1,741	1,954	2,003	2,087	2,165	2,241	2,316	2,392
	na	(-5.9)	(12.2)	(2.5)	(4.2)	(3.8)	(3.5)	(3.4)	(3.3)
ADDENDA:									
Household Employment (ACS, Persons)	222,936	226,561	245,640	249,707	254,185	257,797	260,293	262,578	264,667
	na	(1.6)	(8.4)	(1.7)	(1.8)	(1.4)	(1.0)	(0.9)	(0.8)
Average Wage (ACS, Dollars)	39,169	39,480	41,083	42,802	44,784	46,480	48,199	50,148	51,952
	na	(0.8)	(4.1)	(4.2)	(4.6)	(3.8)	(3.7)	(4.0)	(3.6)
Total Resident Income in 2021$	13,129	11,747	12,568	12,795	13,119	13,373	13,583	13,831	14,031
	(-1.5)	(-10.5)	(7.0)	(1.8)	(2.5)	(1.9)	(1.6)	(1.8)	(1.5)
CPI, Detroit (1982–84=100)**	248.1	268.4	282.8	290.6	298.7	306.1	313.6	321.0	328.4
	(4.4)	(8.2)	(5.4)	(2.7)	(2.8)	(2.5)	(2.4)	(2.4)	(2.3)

*Data not available due to pandemic disruptions to the 2020 ACS

**Actual data through calendar 2024q1

Table 6

City of Detroit Resident Income

Millions of Nominal Dollars (Annual Percent Changes in Parentheses)

Interpolated Fiscal Years (July 1–June 30)

	Actual			Forecast					
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Resident Income	13,351*	12,666	13,451	14,707	15,389	16,159	16,835	17,533	18,243
	(-1.7)	(-3.5)	(6.2)	(9.3)	(4.6)	(5.0)	(4.2)	(4.1)	(4.0)
Wage and Salary Income	na**	8,721	9,494	10,418	11,036	11,691	12,263	12,856	13,464
	na	(-0.8)	(8.9)	(9.7)	(5.9)	(5.9)	(4.9)	(4.8)	(4.7)
Transfer Income	na	2,188	2,119	2,302	2,310	2,341	2,370	2,399	2,425
	na	(-21.1)	(-3.1)	(8.6)	(0.3)	(1.3)	(1.2)	(1.2)	(1.1)
Other Income	na	1,756	1,838	1,986	2,043	2,127	2,203	2,278	2,354
	na	(-8.5)	(4.7)	(8.1)	(2.8)	(4.1)	(3.6)	(3.4)	(3.3)
ADDENDA:									
Household Employment (ACS, Persons)	na	222,817	236,073	248,586	251,975	256,115	259,128	261,461	263,647
	na	(-0.5)	(5.9)	(5.3)	(1.4)	(1.6)	(1.2)	(0.9)	(0.8)
Average Wage (ACS, Dollars)	na	39,142	40,217	41,909	43,796	45,648	47,323	49,168	51,068
	na	(-0.3)	(2.7)	(4.2)	(4.5)	(4.2)	(3.7)	(3.9)	(3.9)
Total Resident Income in 2021$	na	12,374	12,057	12,713	12,956	13,253	13,479	13,708	13,937
	na	(-6.8)	(-2.6)	(5.4)	(1.9)	(2.3)	(1.7)	(1.7)	(1.7)
CPI, Detroit (1982–84=100)***	241.7	258.3	276.5	286.6	295.1	302.4	309.9	317.3	324.7
	(2.2)	(6.8)	(7.1)	(3.6)	(3.0)	(2.5)	(2.5)	(2.4)	(2.3)

*Calculated using the 2020 ACS Microdata   ***Actual data through calendar 2024q1

**Data not available due to pandemic disruptions to the 2020 ACS