

Detroit Economic Indicators Report

Q3 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 rose significantly from 9.0% in Q2 2024 to 10.6% in Q3 2024, an increase of 1.6 percentage points.
- Detroit's labor force continued its upward trend, reaching 258,900 residents in Q3 2024, or 1.4 percent higher than in 2019.
- Michigan's labor market has weakened slightly in recent months. From May to November 2024, the state's unemployment rate rose from 3.9% to 4.8%, household employment decreased by nearly 48,000 residents, and the labor force remained flat.
- In Q1 2024¹, employment in Detroit's blue-collar industries and lower-education services industries declined by 2.6% and 1.8%, respectively. However, employment in higher-education services industries remained fairly stable during that time.
- Less than one-half of Detroit's registered voters cast ballots in the 2024 election, significantly lower than Michigan's overall turnout. The data indicates that this trend has persisted in Detroit during presidential elections since 2008.

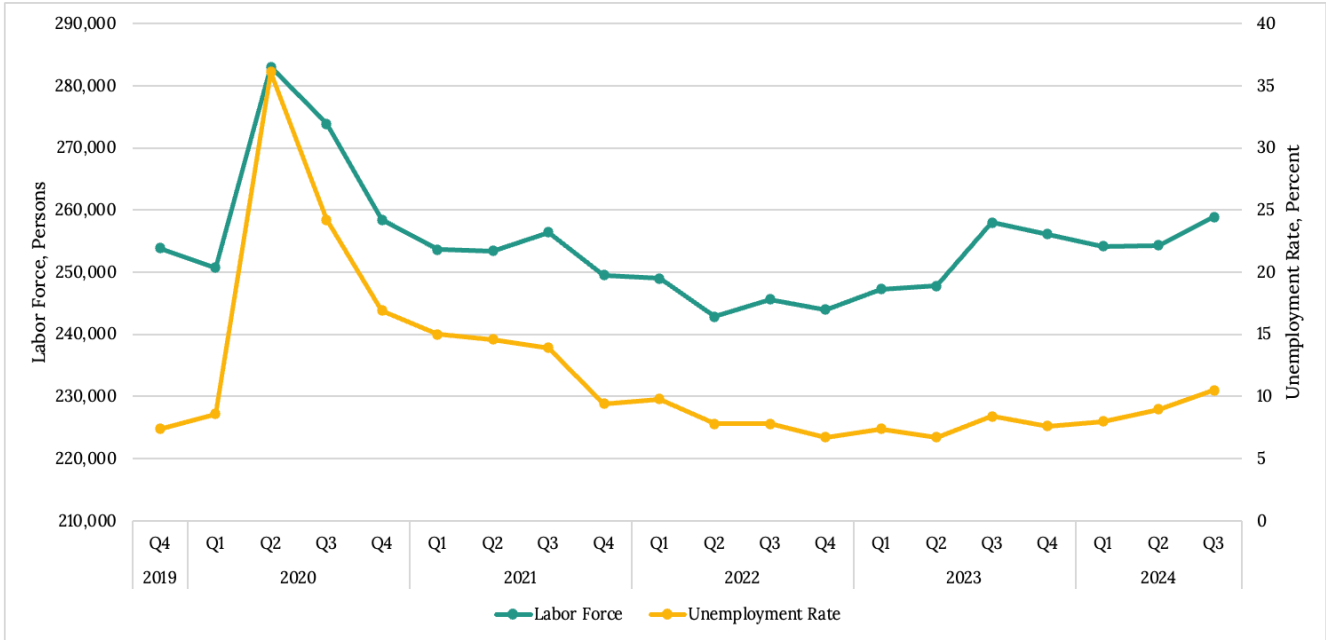
Detroit Employment

Figure 1 below shows Detroit's unemployment rate alongside the city's labor force. Detroit's unemployment rate averaged 10.6% in Q3 2024, an increase of 1.6 percentage points from the previous quarter, or 2.1 percentage points from one-year prior. Detroit's labor force ticked up by 4,500 residents in Q3 2024 as more individuals began searching for work. While the recent uptick in Detroit's unemployment rate reflects challenges in household employment, the growth in the labor force suggests more residents are engaging with the job market.

Michigan's labor market demonstrates strong growth from January to May 2024, but more recent data could indicate a change in trend. From May to November 2024, Michigan's unemployment rate rose from 3.9% to 4.8%, household employment decreased by nearly 48,000 residents, and the labor force held steady.

¹ Employment data has a substantial delay in its release.

Figure 1: Detroit Labor Force and Unemployment Rate



Source: Michigan Labor Market Information, not seasonally adjusted

Detroit Payroll Employment Data - Q1 2024

Figure 2 splits the City’s payroll employment into three groups: blue-collar industries, lower-education services industries, and higher-education services industries.² The Michigan Center for Data and Analytics produces this data as part of an agreement with RSQE. This data comes from the same underlying source as the Quarterly Census of Employment and Wages (QCEW), which has a substantial lag in its release even at the county level. The data presented is specifically for the City of Detroit and is compiled after the county-level data is released.

Employment in the blue-collar industries declined by 1,300 jobs, or 2.6%, in Q1 2024, with over one-half of the losses coming from the construction sector. Despite this, construction employment in Q1 2024 is still 2% higher than a year ago. Manufacturing employment stayed relatively stable in Q1 2024, with only a 0.4% decrease from the previous quarter and a 1% increase compared to the same period last year. Overall, blue-collar employment is 0.9% higher than in Q1 2023, but employment in these industries has largely remained flat since late 2021.

Employment in the lower-education services industries declined by 980 jobs, or 1.8%, in Q1 2024. Administrative and support services lost 610 jobs that quarter, bringing the total loss to

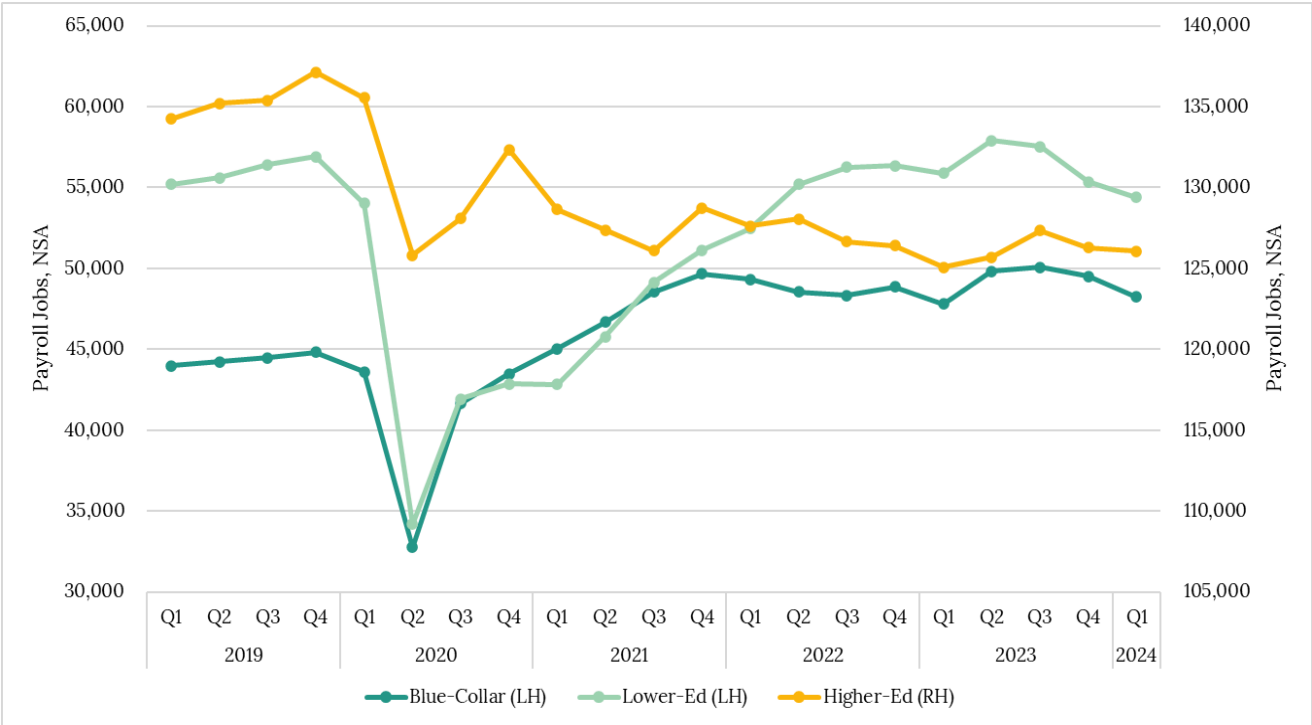
² The blue-collar industries comprise natural resources and mining; construction; manufacturing; and wholesale trade, transportation, and utilities. The higher-education services industries (which generally require employees to hold a bachelor’s degree or higher educational level) comprise information; 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.

3,300 jobs over the prior six quarters. Meanwhile, employment in leisure and hospitality remained steady, as gains in accommodation and food services offset declines in arts, entertainment, and recreation. The remainder of the job losses came from retail trade, while employment in other services remained relatively stable over the past year.

Employment in the higher-education services industries lost only 200 jobs, or 0.2%, in Q1 2024. Job gains in public administration and health services balanced out losses in education services and management of companies, while employment in financial activities and professional technical services showed minimal change. High interest rates have undoubtedly impacted employment in Detroit, with higher education services bearing the brunt of the effects.

Though a full recovery may take some time, the recent interest rate cuts by the Federal Reserve in the second half of 2024 provide cautious optimism for a rebound in the financial services sector.

Figure 2: Detroit Payroll Employment by Industry Group



Source: Michigan Center for Data and Analytics

Results from the 2024 Presidential Election in Michigan and Detroit

The 2024 presidential election was held on November 5, 2024. Republican candidate Donald Trump defeated Democratic candidate Kamala Harris, securing 322 electoral votes to Harris's 226. Trump's victory was marked by key wins in seven swing states, including Michigan. He will be the first president to serve nonconsecutive terms since Grover Cleveland in 1893.

Figure 3 shows voter turnout as a percentage of registered voters in Michigan, Detroit, and the rest of Wayne County for presidential elections from 2000 to 2024. Since the City of Detroit only provides historical election data from 2008 onward, data from 2000 and 2004 are excluded from the calculations for Detroit and the rest of Wayne County. The graphs reveal that Detroit consistently lags behind both Michigan and the rest of Wayne County in voter turnout. In the 2024 election, Detroit's turnout was 47%, significantly lower than Michigan's reported turnout of 67%.

This figure also highlights a significant decline in voter turnout in 2024 compared to the 2020 election. In Detroit, turnout dropped by 3.7 percentage points in 2024, following a 2.2 percentage point increase in 2020. Michigan as a whole saw a smaller decline in 2024, with turnout decreasing by 1.8 percentage points, although it experienced a larger increase of 4.4 percentage points in 2020. The decline in turnout for the rest of Wayne County mirrored Detroit's, with a drop of approximately 4 percentage points.

Figure 3: Voter Turnout as a Percentage of Registered Voters, 2000-2024

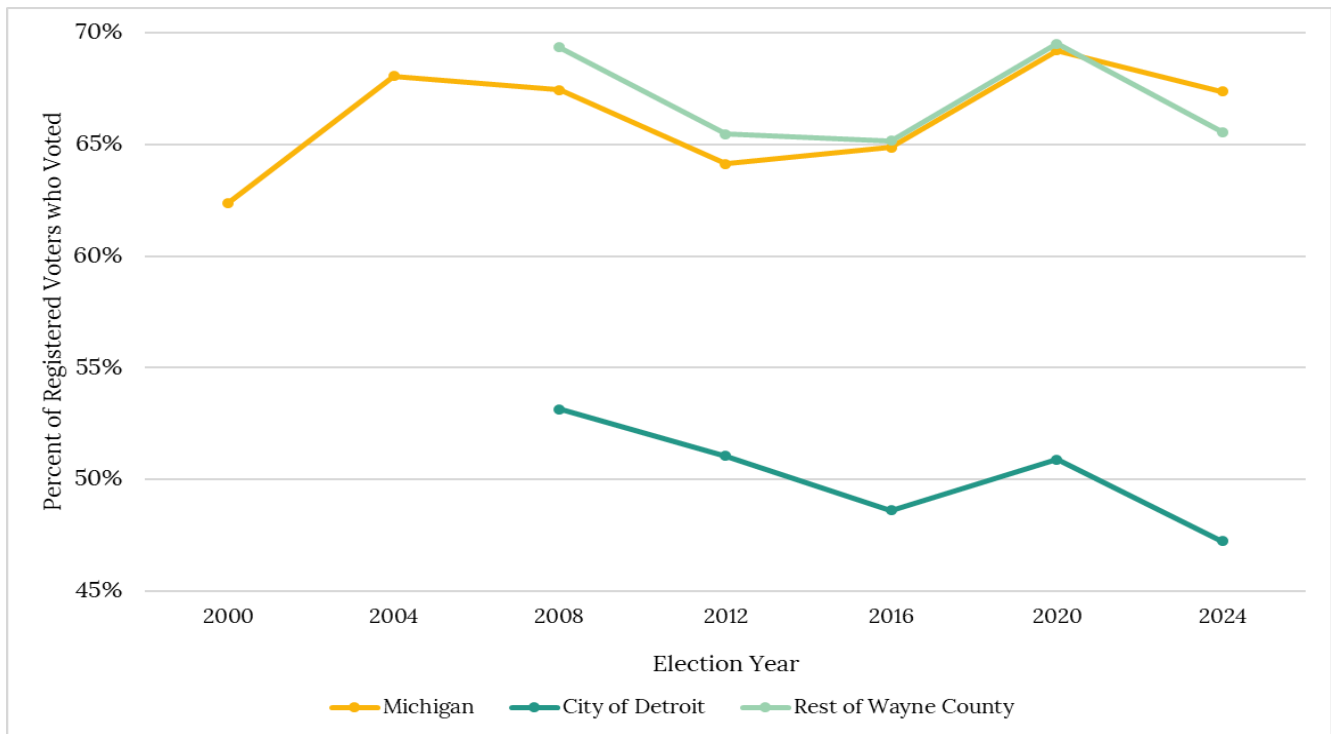
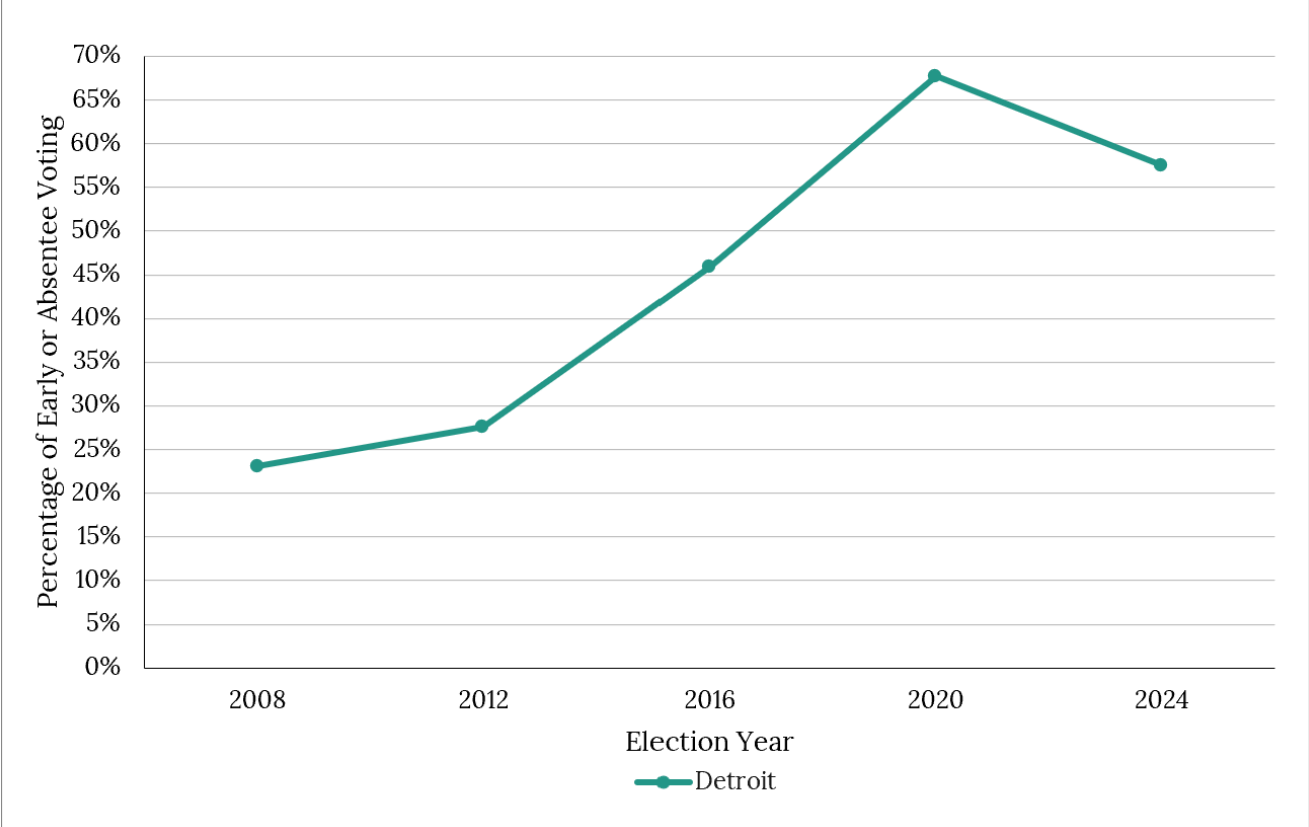


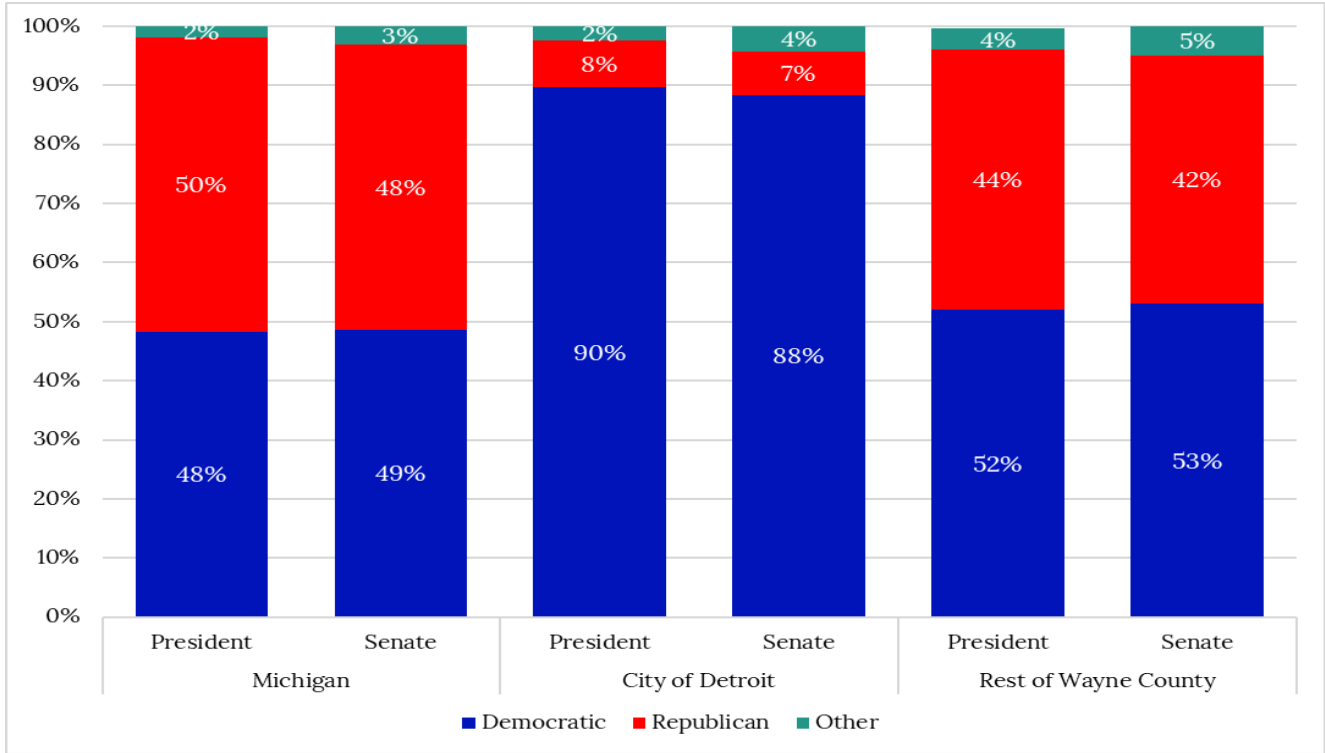
Figure 4 illustrates the percentage of active voters in Detroit who cast their ballots via absentee or early voting during elections from 2008 to 2024. In 2012, alternative voting methods accounted for 28% of all votes and increased to 46% in 2016. During the 2020 election, the use of these methods peaked at 68%, as the COVID-19 pandemic emphasized alternatives to in-person voting. By 2024, however, the use of alternative voting methods declined to 57% of all votes.

Figure 4: Alternative Voting Methods (Early or Absentee) in Detroit, 2008–2024



The 2024 general election in Michigan also featured a significant Senate race. Figure 5 shows the distribution of votes across parties for the presidential and Senate races in Michigan, Detroit, and the rest of Wayne County. While Republican presidential candidate Donald Trump won Michigan with 49.7% of the statewide vote, the Senate race was won by Democratic candidate Elissa Slotkin, who secured 48.6% of the statewide Senate vote. In Detroit, Slotkin received 88% of the Senate votes, slightly less than the share of votes cast for Democratic presidential candidate Kamala Harris. In contrast, the rest of Wayne County showed lower support for the Democratic candidates. There, the Democratic presidential candidate received 52% of the vote, while the Democratic Senate candidate garnered 53% of the Senate vote.

Figure 5: Composition of Votes in Presidential and Senate Races, 2024



The presidential and senate nominees Donald Trump and Elissa Slotkin have numerous plans for Detroit’s economy. Trump focused on revitalizing the auto industry. In a speech to the Detroit Economic Club, Trump revealed his “Build It In America” plan, which includes reducing the tax rate on car manufacturers, imposing tariffs on imported vehicles, increasing tax credits for research and development, making car loan interest fully deductible, and removing the \$7,500 tax credit for electric vehicles.

Slotkin’s plans for Detroit go beyond the auto industry. Her “opportunity agenda” for Michigan’s urban communities includes expanding early childhood development programs, improving healthcare access to reduce disparities, increasing financial capital for small businesses, and enhancing Michigan’s housing stock. As a congresswoman in Michigan’s 7th district, Slotkin built a strong record of securing funding for community development, which she aims to continue in the U.S. Senate.

These proposals could significantly impact Detroit’s economy. Their effects will be closely monitored and addressed in future reports.

Other Events and Data Releases

- The Federal Open Market Committee (FOMC) lowered the federal funds rate at each of the last three FOMC meetings, bringing the target range for the federal funds rate to 4.25% to 4.50% at their final meeting in 2024.
- The minutes from the December 17–18th FOMC meeting indicate that recent data suggests economic activity has expanded at a solid pace and labor market conditions have eased. Inflation has even progressed toward the Committee's 2% target, though it remains somewhat elevated.
- The Federal Reserve Bank of Philadelphia released the Fourth Quarter 2024 Survey of Professional Forecasters on November 15, 2024.
- Real gross domestic product (GDP) increased at an annual rate of 3.1% in the third quarter of 2024, according to the "third" estimate released by the U.S. Bureau of Economic Analysis.