



City of Detroit

Economic Outlook

2024–2030

August 2025



MICHIGAN STATE
UNIVERSITY

Extension
Center for Local Government
Finance and Policy



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Department of Economics

The Detroit Economic Outlook for 2024–2030 Executive Summary: August 2025

Detroit's economy has shown signs of firming up in the most recent data after hitting a soft patch last year. The number of employed Detroit residents fell by 3,700 from the end of 2023 to the end of 2024, but resident employment rose by 1,400 through the first five months of 2025. The number of payroll jobs within the city boundaries dropped by 2,600 in the fourth quarter of 2023 amid multiple strikes. The city had recovered essentially all of those losses by the third quarter of 2024. Furthermore, the recent rise in Detroit's unemployment rate from 7.4 percent at the end of 2023 to 11.2 percent in November 2024, is not as worrisome as the headline numbers might suggest. Detroit's labor force grew by nearly 6,000 residents in that time, accounting for most of the increase in the unemployment rate, which has since fallen back to 9.7 percent in May. We believe Detroit's firmer footing to start 2025 augurs well for its economic performance over the next five years, but the outlook is clouded by a high degree of uncertainty over the course of economic policy.

We are projecting Detroit to add an average of 1,500 payroll jobs per year from 2025–2030, an annual growth rate of 0.6 percent. We forecast resident employment to rise by an average of 900 per year in that time, or 0.4 percent annually. The slightly slower average growth of resident employment reflects its stronger recovery since the COVID-19 pandemic, which we judge leaves less room for catch-up growth. Finance adds the most jobs of any industry as interest rates decline gradually from their current levels. Leisure and hospitality and public administration are the industries with the next largest job gains. Despite ongoing growth, we do not expect Detroit's higher-education attainment services industries to make a full comeback from the pandemic over the course of our forecast, as remote work

weighs on growth in professional services. We estimate that higher tariffs will cost Michigan's transportation equipment manufacturing sector roughly 3,300 jobs over the next several years. Our subdued expectations for growth in Michigan's auto sector feed into our forecast for Detroit's economy, but policy uncertainty and the inherent complexity involved make it difficult to quantify the tariffs' impacts on Detroit's labor market with confidence.

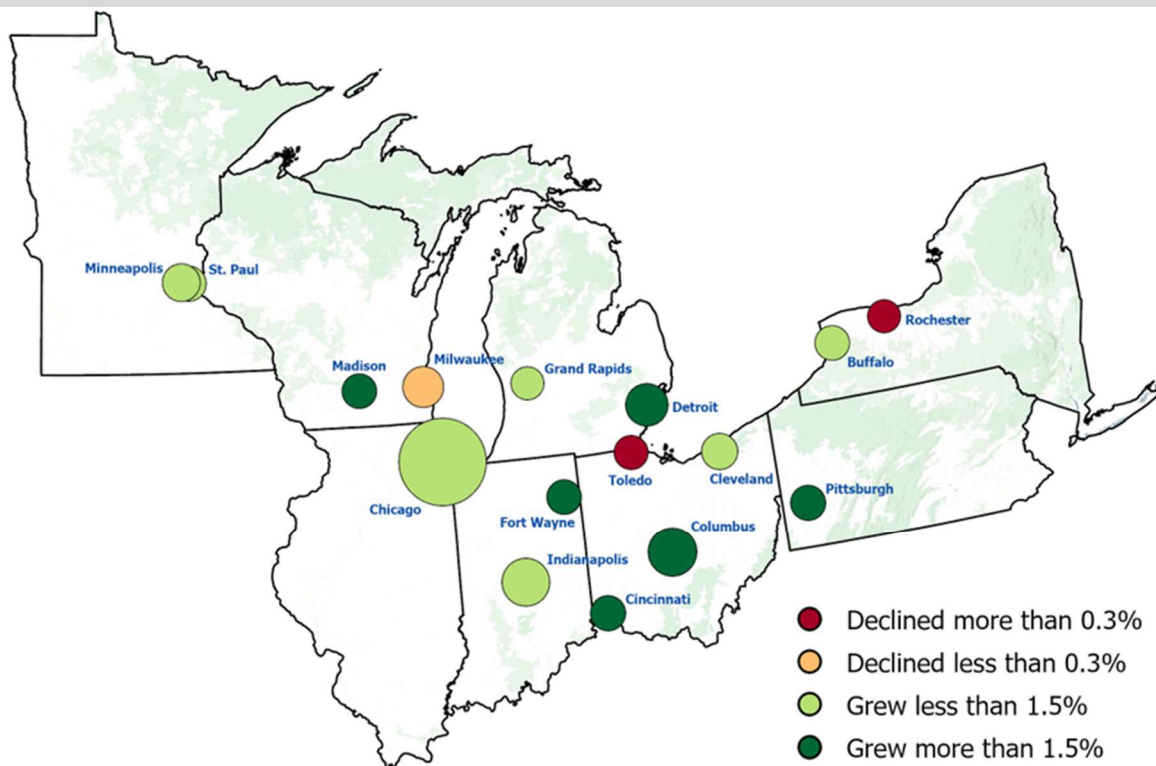
We remain upbeat about the trajectory of wages and salaries in Detroit. Wage growth at jobs located in the city averages 3.2 percent per year from 2025 through 2030, faster than statewide. Wages of city residents outstrip both city and statewide payroll wages, growing at an average annual rate of 3.6 percent. After adjusting for local inflation, we are forecasting that Detroit residents' average real wages will climb to 4.9 percent higher in 2030 than in 2019. Although that growth may seem modest, it outpaces the growth in average real wages at Michigan and Detroit establishments.

In this year's report, we also explored recent population trends in Detroit as compared to other major Midwestern cities. Detroit's population climbed 1.7 percent from 2022 to 2024, nearly in line with the national rate of 1.8 percent, and substantially faster than Michigan's rate of 0.9 percent. Despite the declines associated with the pandemic, Detroit's population in 2024 stood higher than its level in the 2020 Decennial Census. Detroit enjoyed the fourth fastest growth over the past two years of all large cities in the Midwestern Great Lakes region, outpacing peers such as Pittsburgh, Chicago, Cincinnati, Indianapolis, and the Twin Cities.

We often make the point that Michigan has an older population than the nation, but Detroit's population is considerably younger, with a median age of 35.2 years, four years younger than the national median of 39.2. Detroit has higher shares of residents aged 17 and younger and of residents aged 55 and older than most of its regional peers, which translates to a relatively low share of prime working age adults. Attracting working age adults and retaining its young people as they reach working age will be important for Detroit's growth moving forward. That said, we are encouraged to see the substantial progress that Detroit has made in steering its population trend in the right direction over the past two years.

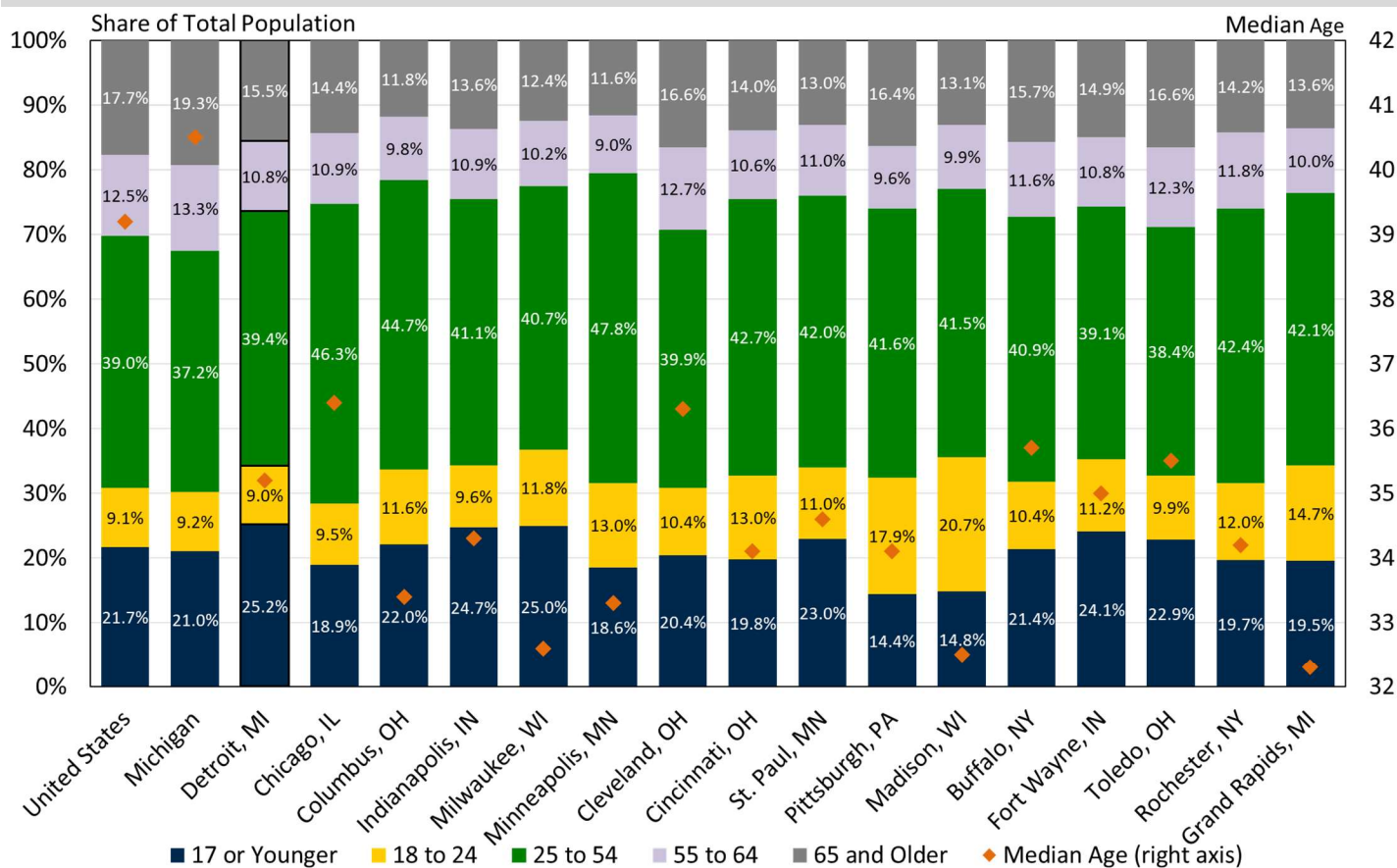
Figure 1

Population Growth Among Detroit's Midwest Neighbors, 2022–2024



- One aspect of Detroit's economic recovery that is not always evident in traditional economic metrics is its population. This summer, we compared Detroit's population growth in the post-pandemic era relative to other cities in the Midwest with an additional focus on the demographic composition by age within each city.
- Figure 1 displays a map that illustrates total population growth from 2022 to 2024 in the largest Midwestern cities in the eight Great Lakes states based on the most recent data from the U.S. Census Bureau's Population Estimates Program. The color of each city's dot reflects the local population growth rate, while the size of each dot is proportional to the overall level of population in 2024. Larger cities are represented by larger circles.
- Between 2022 and 2024, the total resident population in the United States grew from 334.0 million to 340.1 million, or 1.8 percent. The Midwest region as a whole experienced growth of only 1.0 percent over that period, while the fastest regional growth occurred in the South with a gain of 2.8 percent. Florida and Texas were the fastest-growing states with 4.4 percent and 3.9 percent growth, respectively. West Virginia was the only state with declining population during this time.
- Michigan's population grew from about 10,050,000 in 2022 to 10,140,000 in 2024, or 0.9 percent. That growth was slower than both the nation and the Midwest region and ranked 38th among all states including the District of Columbia.
- The city of Detroit, on the other hand, performed much better. Total population grew from 634,700 to 645,700, or 1.7 percent, close to the national average growth rate. Detroit's growth was the fastest of any city in Michigan with more than 90,000 residents.
- Detroit's growth over the past two years made up for the declines in 2021 and 2022, bringing its population back above its level from the 2020 decennial Census.
- Compared to the other large cities in the region, Detroit experienced the fourth fastest growth over the past two years, trailing only Madison (WI), Columbus (OH), and Fort Wayne (IN).
- Detroit's population grew faster than many of the established regional powerhouses, including Pittsburgh, Chicago, Cincinnati, Indianapolis, and the Twin Cities in Minnesota.
- Detroit remains the fourth largest Midwest City in the Great Lakes states, behind Chicago, Columbus, and Indianapolis.

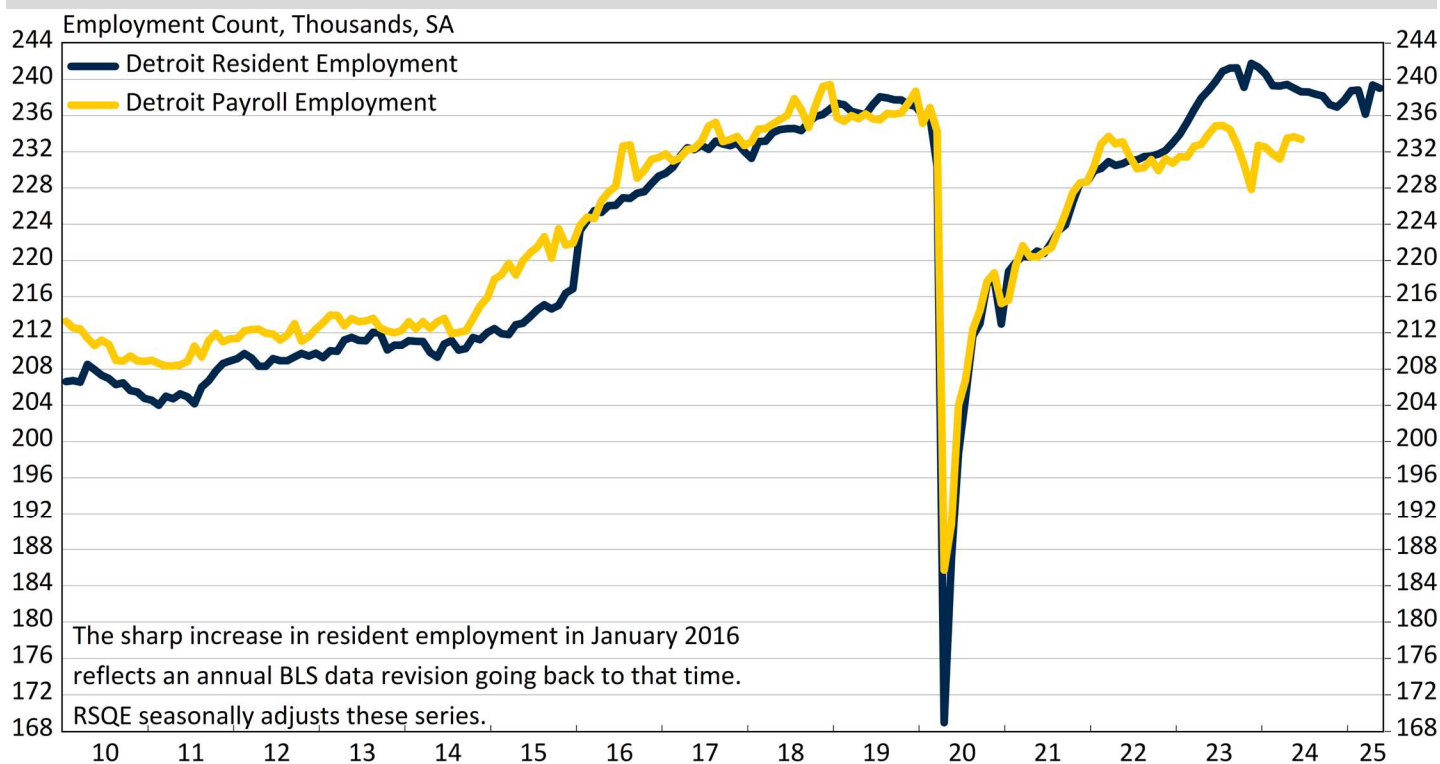
Figure 2
Population Shares by Age in Detroit and its Midwest Neighbors, 2023



- Figure 2 illustrates the estimated distribution of resident ages in 2023 for each of the cities represented in Figure 1 along with Michigan and the United States. The data comes from the 2023 American Community Survey 1-Year Estimates, Table S0101.
- The colored bars represent the percentage of residents within five age categories for each city. The orange diamonds located within the bars correspond to the city's median age across all residents, measured on the right vertical axis.
- For instance, across the United States, 39.0 percent of the population fell in the prime working age category (25–54 years old) in 2023, and the median age was 39.2.
- Michigan's population is slightly older than the nation's. The state had relatively more residents aged 55 and above and relatively fewer in the prime working age category. This resulted in a slightly higher median age of 40.5 for the state. Michigan had the 13th highest median age and the 40th highest share of prime working age residents across all states in 2023.
- Of the sixteen cities in the comparison group, Detroit had the highest share of residents aged 17 and younger (25.2 percent), which also exceeded the share for the nation and state.
- Detroit had the fifth highest share of residents aged 65 and older and the eighth highest share of older working age adults (55 to 64). Combining the two categories, the city had the fourth highest share of residents aged 55 and older.
- In 2023, Detroit had the lowest share of residents in the college-inclusive category (18–24) and the third lowest share of prime working age adults among cities in the peer group.
- The median age in Detroit was 35.2 in 2023. Although lower than the state and nation, the city's median age was the fifth highest among its peers.
- In summary, Detroit had high relative shares of youth and senior residents in 2023 and a relatively lower share in prime working ages. Attracting working age adults, and perhaps more importantly, retaining its high share of young people will be important for the city's growth in future years.

Figure 3

Seasonally Adjusted Monthly Employment, Detroit Resident and Payroll Jobs



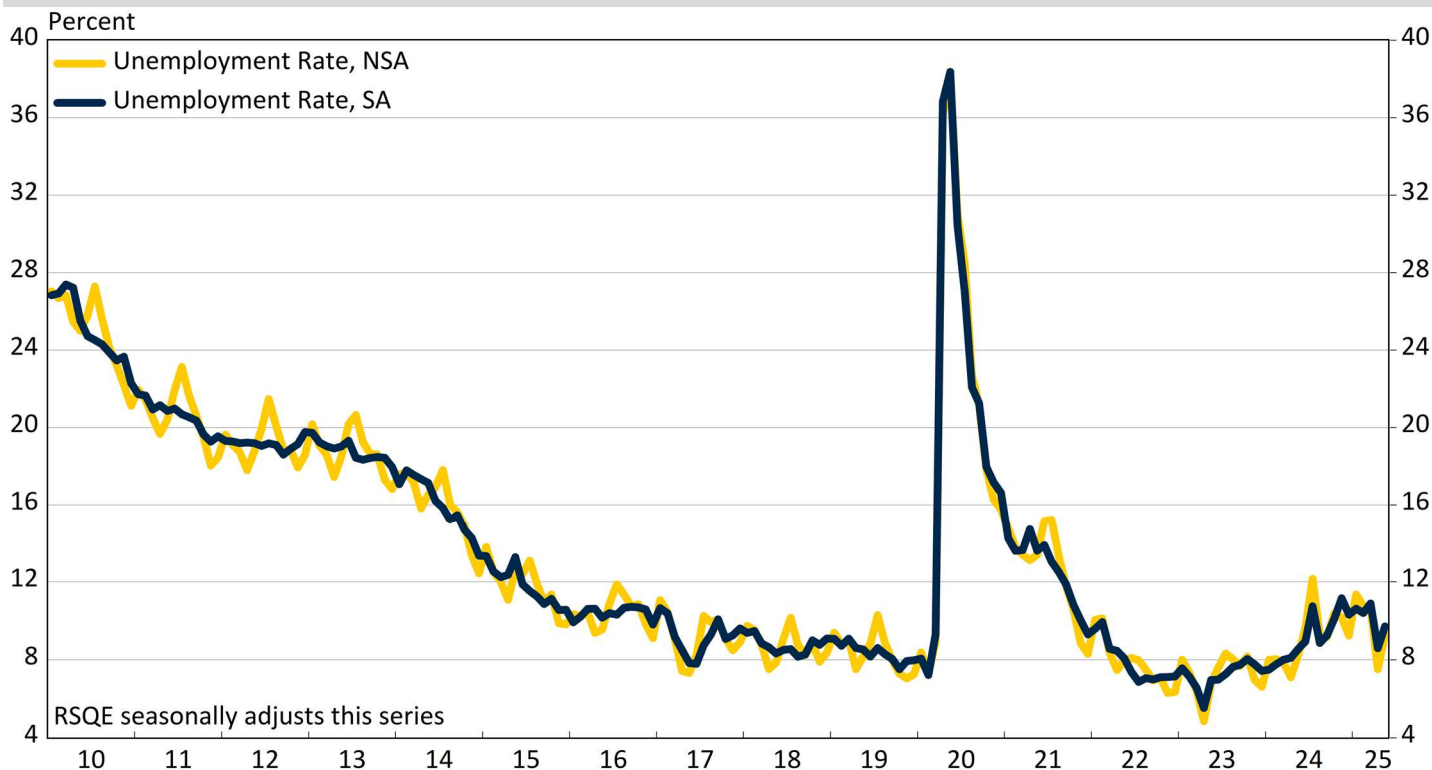
- Figure 3 illustrates two different measures of employment in Detroit's economy. The yellow line displays what we call Detroit payroll employment, which is the count of wage and salary jobs at establishments physically located within the city boundaries. The blue line displays what we call Detroit resident employment, which is the count of employed Detroit residents, whether they work inside or outside the city. We have seasonally adjusted both employment series ourselves.
- The payroll employment data are available with a substantial lag. At the time this forecast was produced, the payroll employment data extended through September 2024, while the resident employment data was available through May 2025.
- Payroll employment in the city of Detroit came roaring back after the COVID-19 pandemic, reaching a level just 1,200 jobs, or 0.5 percent, shy of its 2019 average in July 2023.
- The recovery's momentum was disrupted when Detroit lost 7,300 payroll jobs between July and November 2023, exacerbated by strikes at Blue Cross Blue Shield of Michigan, the Detroit Three automakers, and the three major Detroit casinos. Payroll employment rebounded strongly in December 2023, adding nearly 5,000 jobs as the last of the strikes concluded.
- Job gains continued through September 2024, albeit on a bumpy path. Payroll employment in Detroit increased by 1,800 jobs from December 2023 to September 2024, leaving the city's employment count 1,800 jobs, or 0.7 percent, below its 2019 average.
- Employment among Detroit residents experienced an even stronger recovery from the pandemic, surpassing its 2019 level by 700 in April 2023. By December 2023, resident employment exceeded its 2019 job count by 4,200, or 1.8 percent.
- However, Detroit resident employment reversed course and declined for most of 2024. From December 2023 to December 2024, resident employment declined by 3,700 residents, or 1.5 percent.
- Employment among Detroit residents increased by 1,400 from December 2024 to May 2025. That growth takes the Detroit resident employment count to 1,800 higher than its 2019 average, although it remains 2,700 lower than its recent peak in late 2023.
- The Michigan Center for Data and Analytics produces Detroit payroll employment data on behalf of the City of Detroit University Economic Analysis Partnership.

Figure 4
The Nowcast of Detroit Payroll Jobs



- 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 sooner. For example, statewide payroll employment becomes available approximately four weeks after the end of the month, while Wayne County data comparable to our Detroit series comes out four months after the end of the quarter.
- 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 that summarizes the information from several key variables. We use the nowcast as an 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 metro data series were available through the end of 2025Q1. Hence, our nowcast currently extends through 2025Q1.
- The solid line on Figure 4 shows historical data, while the dashed line displays our nowcast for Detroit payroll employment. In 2024Q3, Detroit's payroll job count stood at 233,800 jobs, or 600 jobs higher than the 2024Q2 level.
- Our nowcasting model projects that Detroit payroll employment rose by nearly 700 jobs in 2024Q4, then leveled off in 2025Q1. The predicted job gains reflect employment growth across the Detroit metro area during the final quarter of 2024.
- Although Michigan's statewide payrolls continued to grow robustly, employment growth in the Detroit metro area was relatively subdued entering 2025. Therefore, the nowcasting model predicts little change in city employment.
- There is a wide degree of uncertainty surrounding our nowcast estimates. Changes in Detroit's payroll employment have shown 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.

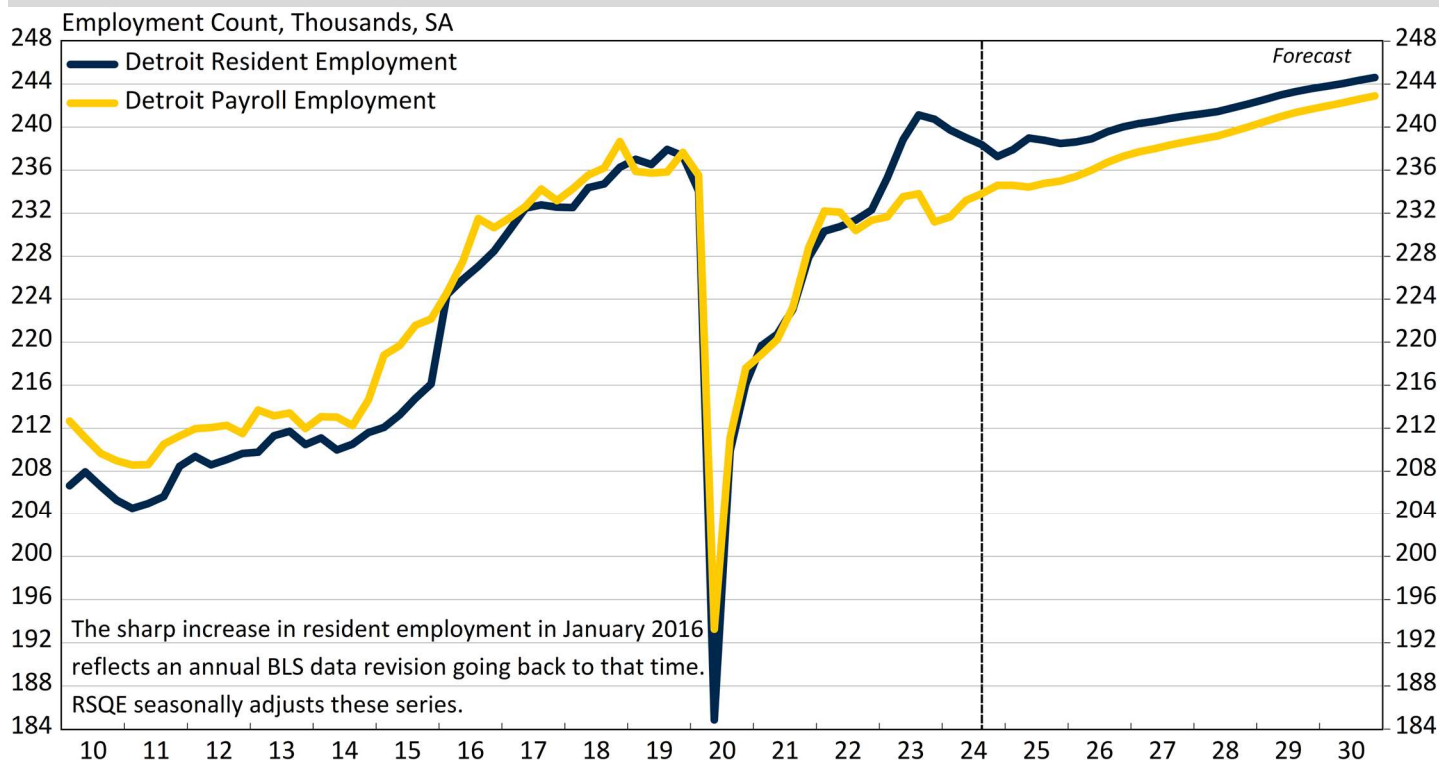
Figure 5
Unemployment Rate in Detroit



- Figure 5 shows the seasonally adjusted unemployment rate for 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, so we have seasonally adjusted the unemployment rate data ourselves.
- Detroit's seasonally adjusted unemployment rate stood at 9.7 percent as of May 2025, the most recent available data at the time we wrote this report. The city's published jobless rate (not seasonally adjusted) has been volatile over the past year, ranging from 7.5 percent in April 2025 to nearly 12.2 percent in July 2024.
- We believe Detroit's labor market softened over the course of 2024, but we are also puzzled by the volatility in the unemployment data. Thus, we encourage readers to focus on the long-term unemployment trend rather than placing too much emphasis on any single month's figures. Overall, Detroit's unemployment rate increased by 3.2 percentage points from December 2023 to January 2025.
- Detroit has plenty of company in this trend. Michigan's unemployment rate climbed 1.3 percentage points from December 2023 to January 2025. In fact, every county in Michigan saw an increase in its unemployment rate from the start of 2024 to the start of 2025.
- The [Detroit Metro Area Communities Study \(DMACS\)](#), conducted by our colleagues at the University of Michigan, publishes their own estimate of the city's unemployment rate. They reported that Detroit's unemployment rate rose from 12 percent during November–December 2023 to 15 percent during January–March 2025. While the DMACS unemployment rate tends to run higher than official estimates, the increase shown in the DMACS survey aligns closely with the official estimates.
- Fortunately, the news so far in 2025 has been positive. From December 2024 to May 2025, Detroit's household employment increased by 1,400, and the city's unemployment rate decreased by 0.6 percentage points. The only blemish on the record so far is that the labor force decreased by 300 residents during that time.
- When the city's unemployment rate reached its recent low in the spring of 2023, we cautioned that it would likely trend back up in the ensuing months. We hope that record gives us credibility now, when we are again pointing to month-to-month volatility, this time as a reason for Detroit's unemployment rate to decline over the medium-to-long run.

Figure 6

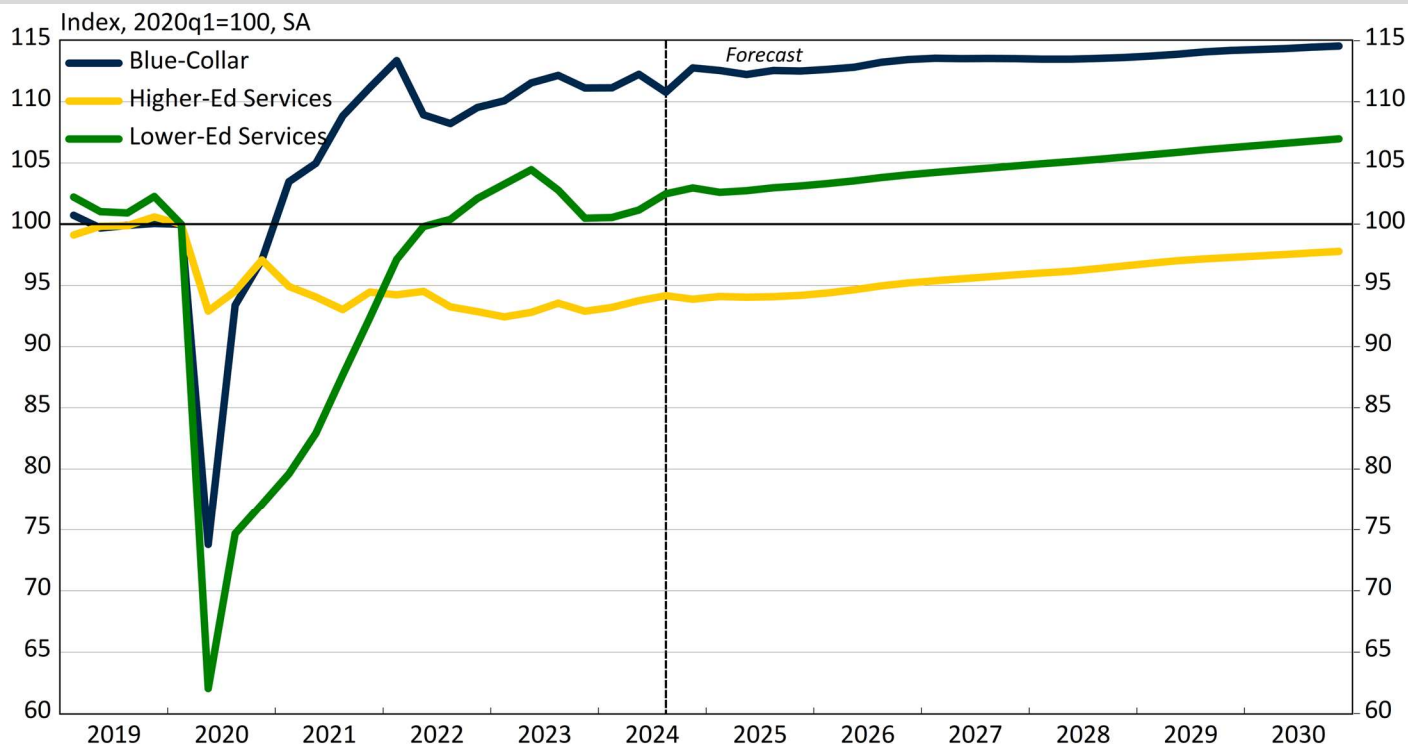
Quarterly Average Payroll and Resident Employment, City of Detroit



- Figure 6 displays the history and our forecast of the quarterly average payroll and resident employment counts for Detroit. The data for these series are the same as in Figure 3, but they are aggregated from monthly values to quarterly averages.
- Through 2024Q3, payroll jobs in Detroit have recovered their 2022 and 2023 losses, but we expect a growth pause in the first half of 2025 as a warehouse that served Stellantis closed. More broadly, payroll job growth in the city has been constrained by high interest rates recently.
- Employment at nonfinancial establishments fully recovered from the COVID-19 pandemic in 2023Q1. We estimate that nonfinancial payroll employment exceeded its pre-pandemic level by 1.4 percent in 2024Q4. Resident employment also sat 1.4 percent above its pre-pandemic level in 2024Q4, despite declining during the year.
- Resident employment returned to growth in 2025Q1 after five consecutive quarters of decline. Although we expect a pause in the second half of the year, we anticipate that steady resident employment growth will return as looser monetary policy works its way through the economy.
- By the end of 2025, resident employment is projected to stand nearly 1.9 percent higher than its pre-pandemic level, yet to remain 1.1 percent below its recent peak in 2023. We expect payroll employment to fall slightly behind resident employment and end 2025 roughly 0.2 percent below its pre-pandemic level.
- Moving forward, we expect slightly 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. We expect that payroll job growth will average 0.7 percent per year during 2026–2030. That rate runs slightly ahead of resident employment growth, which averages 0.5 percent per year.
- We estimate that the number of jobs at Detroit establishments will recover to its pre-pandemic level by the second quarter of 2026 and project it to rise to 3.1 percent above that level by the end of our forecast. Resident employment is projected to surpass its pre-pandemic level by 4.5 percent at the end of 2030 and even exceed its 2023 peak by 1.4 percent during that time.
- We estimate that higher tariffs will cost Michigan's transportation equipment manufacturing sector about 3,300 jobs over the next several years. Our subdued expectations for statewide growth in the auto sector feed into our forecast for Detroit's economy, but it is difficult to estimate the tariffs' impacts on Detroit's labor market quantitatively.

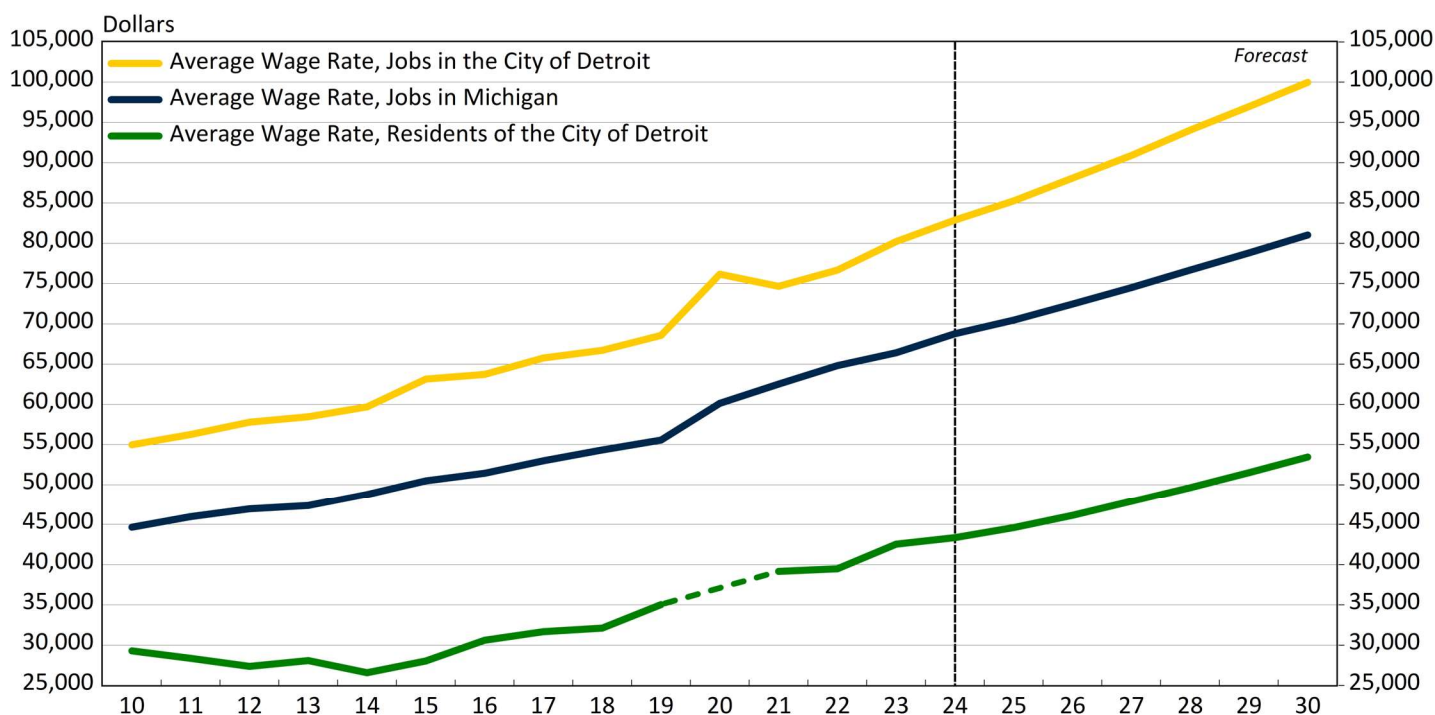
Figure 7

Payroll Employment by Industry Group, City of Detroit



- 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. Detroit's blue-collar job count declined in the third quarter of 2024, mostly due to a drop in manufacturing employment in July—a common month for plant shutdowns and retooling. Manufacturing employment largely recovered its July losses over the next two months.
- We expect blue-collar industries to return to modest growth by the end of 2025, with growth remaining subdued through the end of 2030. Employment in these industries is projected to increase by only 800 jobs, or 1.6 percent, from the end of 2024 through the end of the forecast, as tariffs and uncertainty weigh on this industry.
- The **higher-educational** attainment services category includes public and private education and healthcare, finance, information, most business services, and public administration.
- Many of Detroit's higher-ed services industries have held up better than the figure suggests. The financial activities sector lost nearly 6,000 jobs in 2022 and 2023, while the remaining higher-ed services industries added 4,200 jobs. We estimate that the financial activities sector rebounded slightly in 2024 with a gain of 140 jobs as the Fed's easing cycle began. The remaining higher-ed services industries are estimated to have gained nearly 1,000 jobs in 2024, entirely driven by growth in public administration and education and health.
- We forecast the higher-ed services industries to remain 2.2 percent below their pre-pandemic employment level by the end of 2030, weighed down by financial services and headquarters employment. We expect remote work to continue to weigh on the recovery of higher-ed services.
- 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 in 2022Q3. This group lost 2,200 jobs during the second half of 2023, with 70 percent of those losses in administrative and business support services.
- We forecast lower-ed services to gain an average of 100 jobs per quarter through the end of our forecast. That growth takes employment in these industries to 3,900 jobs, or 7.0 percent, higher than the pre-pandemic level by the end of 2030.

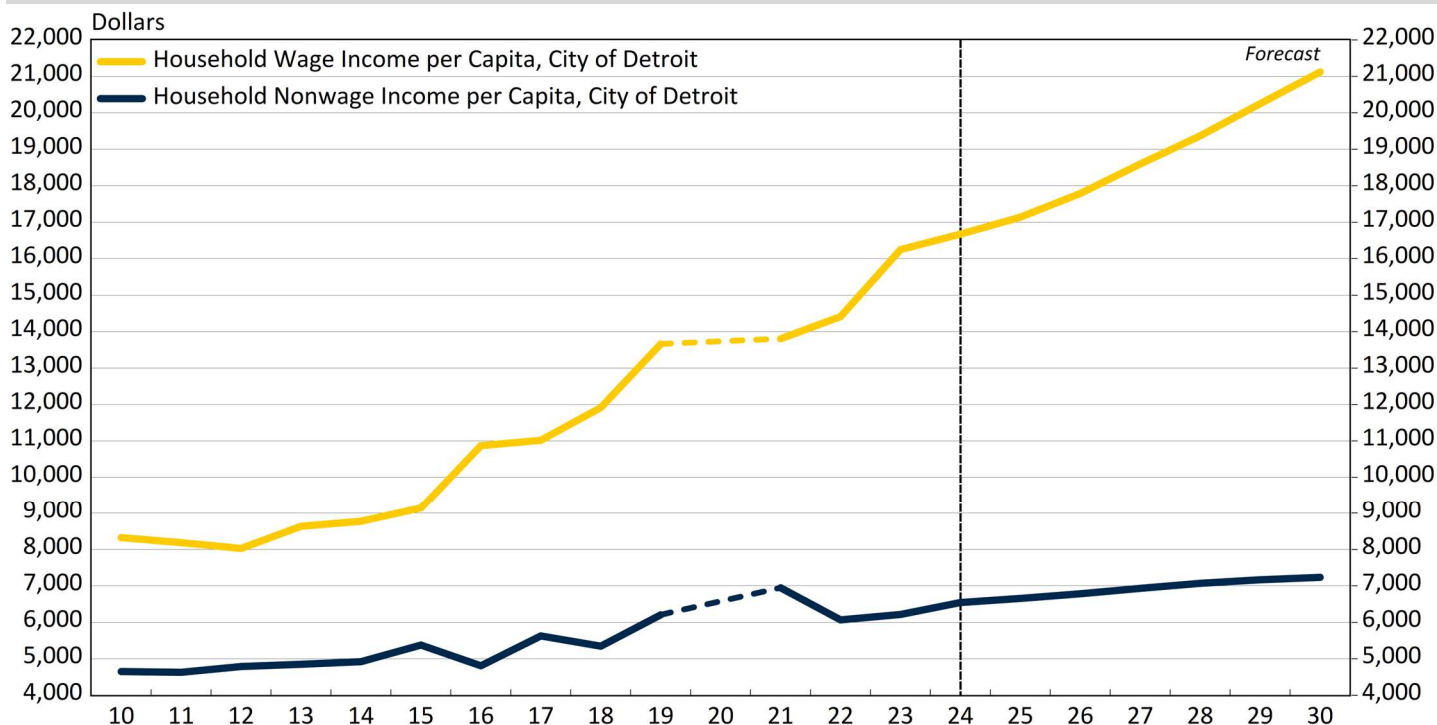
Figure 8
Annual Wage and Salary Income per Worker, City of Detroit and Michigan



- Figure 8 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, which we calculate from the American Community Survey (ACS). The data for 2020 are unreliable due to issues associated with the COVID-19 pandemic and have been replaced by a dashed line. These values have not been adjusted for inflation.
- Jobs located within Detroit's boundaries pay high wages on average. From 2010–2019, they paid an average of \$11,700 more than jobs statewide.
- Detroit residents tend to earn much less than what jobs located within the city's boundaries pay. Over 2010–2019, jobs located within Detroit paid slightly over twice as much, on average, as Detroit's employed residents earned in wages and salaries.
- Average wages took an erratic path in the years following the COVID-19 pandemic, as large shifts in the composition of employment distorted the underlying momentum. As nominal wage growth began to stabilize in 2022, rapid inflation took a major bite out of real wage growth.
- Nominal wage growth at jobs located in the city of Detroit registered a healthy 4.6 percent in 2023.
- Detroit residents saw even stronger average wage growth of 7.8 percent.
- We estimate that in 2024, wage growth decelerated to 3.3 percent for payroll jobs located in the city and to 1.9 percent for Detroit residents.
- We project wages to grow at a moderate but steadier pace from now through 2030. Wage growth at jobs located in the city averages 3.2 percent per year from 2025 through 2030, faster than the 2.8 percent average growth we forecast statewide. Wages of city residents outstrip both city and statewide payroll wages, growing at an average annual rate of 3.6 percent.
- By 2030, Detroit residents' average wages rise to 53.5 percent of the average wage earned at jobs in Detroit establishments. That would still be a large disparity, but it would be the smallest since the start of our data series in 2010.
- After adjusting for local inflation, we are forecasting that Detroit residents' average real wages will climb to 4.9 percent higher in 2030 than in 2019. Although that growth may seem modest, it significantly outpaces the 0.3 percent growth in average real wages at both Michigan and Detroit establishments we are forecasting during that time.

Figure 9

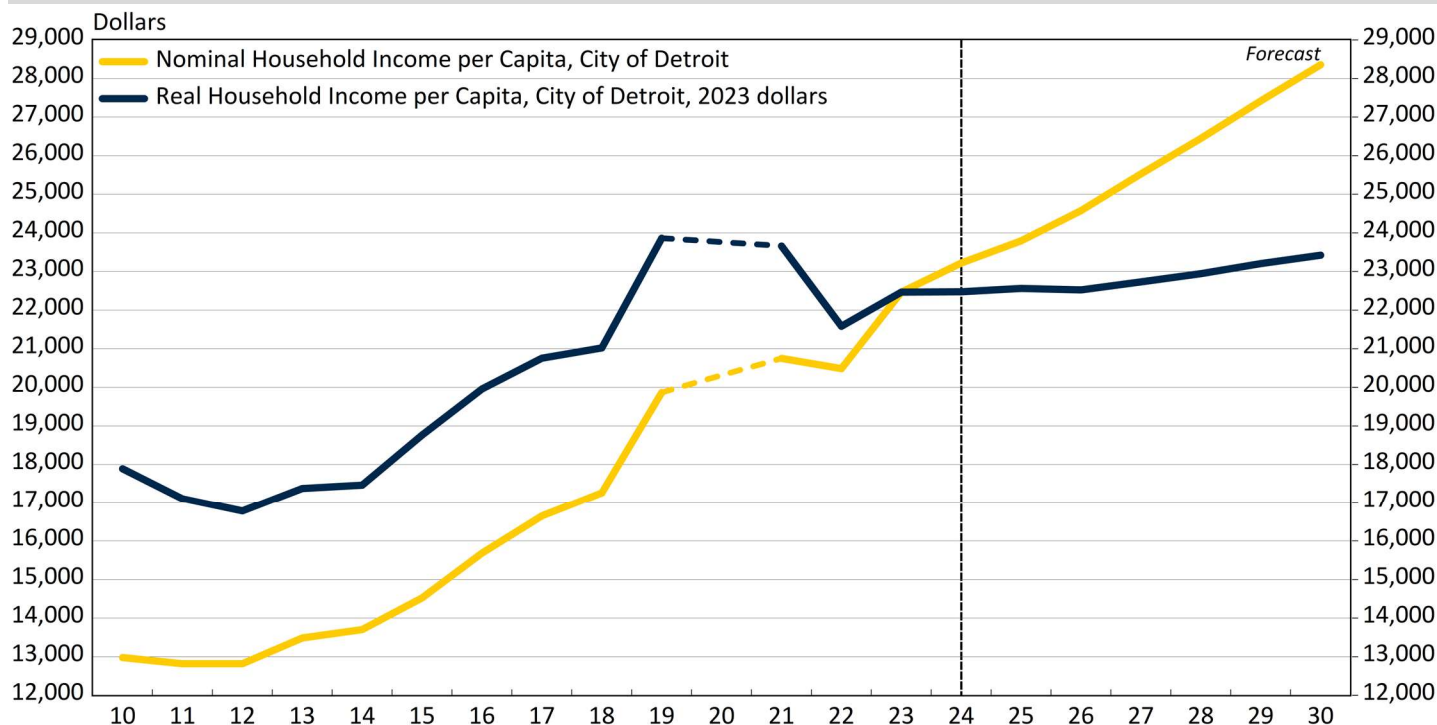
Wage and Nonwage Income per Capita, City of Detroit



- Figure 9 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 2023.
- Nonwage income consists of all reported income sources other than wage income, such as investment, self-employment, and retirement income. Nonwage income 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 8 and 10, we do not show ACS values for 2020 because of data collection and publication issues related to the pandemic.
- The yellow line in Figure 9 uses Detroit's entire resident population as its denominator, while the green line in Figure 8 uses employed Detroiters as its denominator. Therefore, the yellow line in Figure 9 shows significantly lower values.
- Wage income per capita among Detroit residents grew by 19.0 percent cumulatively from 2019 to 2023. During that time, nonwage income per capita eked out a gain of only 0.1 percent as investment, other transfers, and retirement income declined.
- We estimate that wage income per capita grew by 2.6 percent in 2024. We expect that nonwage income per capita grew more quickly, at a pace of 5.3 percent last year.
- 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 1.7 percent per year from 2025 to 2030. Growth of wage income per capita is stronger, averaging 4.0 percent per year.
- By the end of our forecast in 2030, we are forecasting that annual wage income per capita in the city of Detroit will reach \$21,100, more than 2.5 times higher than in 2010.
- From 2010 through 2015, nonwage income accounted for an average of 36.4 percent of household income in the city of Detroit, 8.5 percentage points higher than in Michigan overall. As Detroit's economy improved, that share declined to 27.7 percent in 2023, just 0.7 percentage points higher than in Michigan. We are forecasting that the nonwage share of total household income will continue to decline to 25.5 percent by 2030 as the number of employed Detroiters and their wage rate both continue to rise.

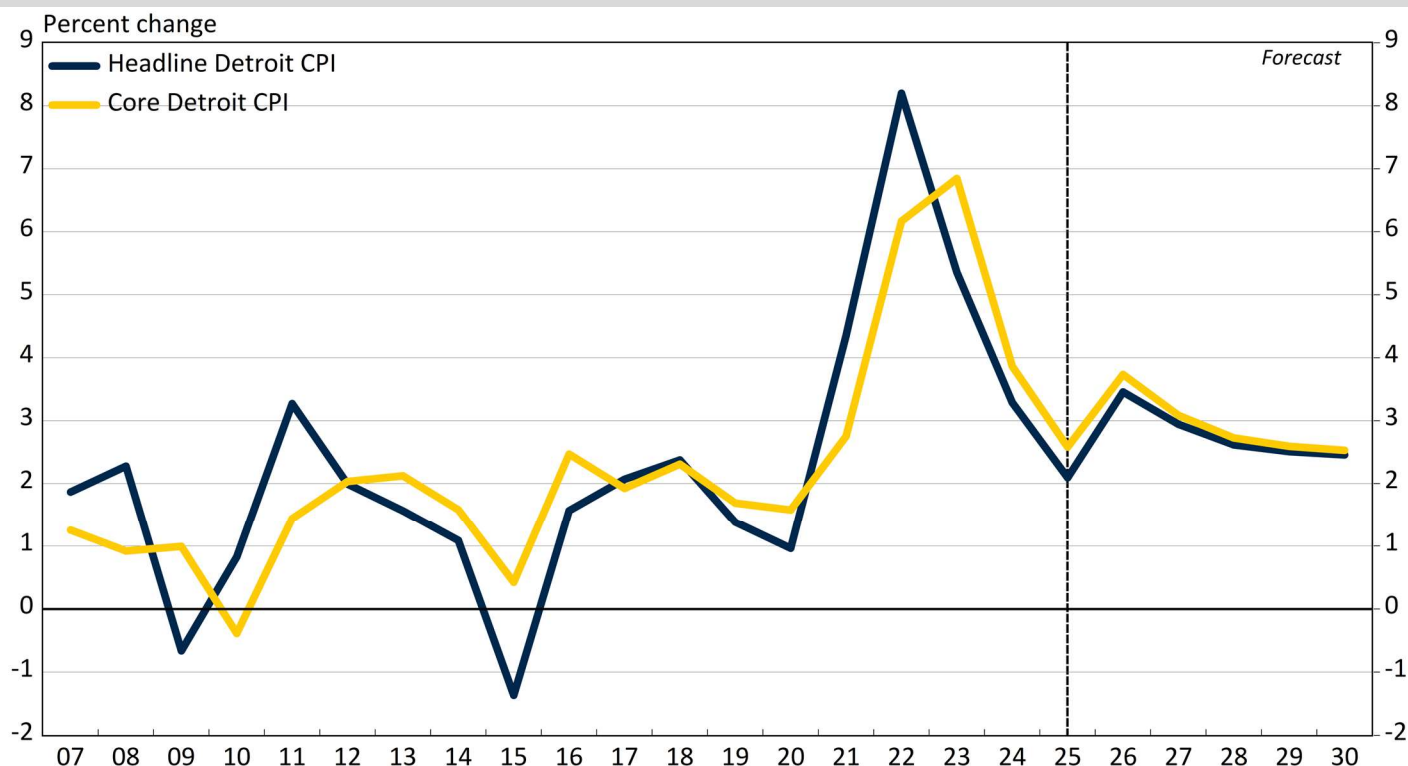
Figure 10

Real and Nominal Household Income per Capita, City of Detroit



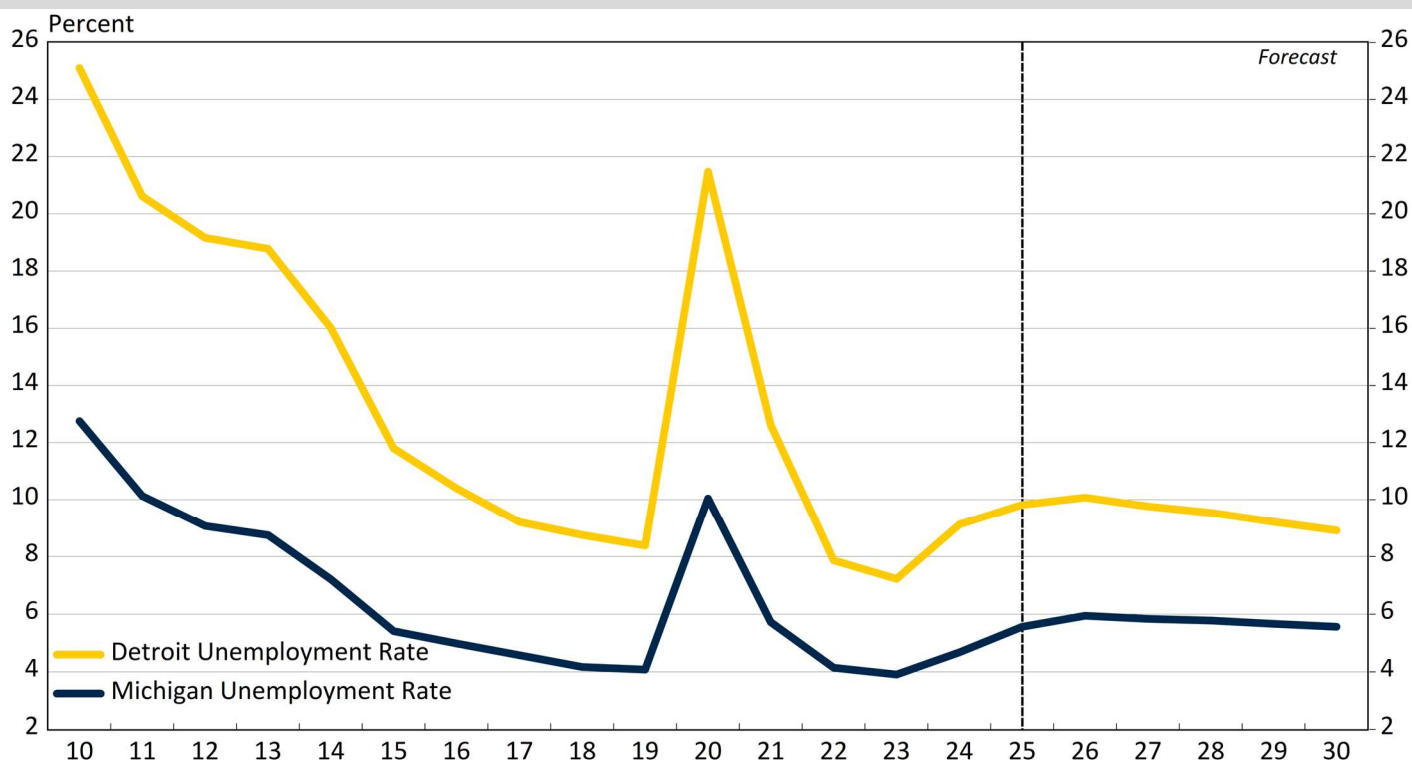
- Figure 10 shows total household income in Detroit on a per capita basis. Nominal income is shown in the yellow line and real (inflation-adjusted) household income per capita in the blue line. The data comes from the ACS. The yellow line corresponds to the sum of the two lines in Figure 9. The most recent available data is again for 2023.
- As in Figures 8 and 9, 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 grew by a healthy 9.7 percent in 2023 after dipping by 1.3 percent in 2022 as pandemic-era assistance phased out.
- The reduction of household income in 2022 was even more severe after adjusting for inflation—the blue line above shows a drop of over \$2,100 per person, or 8.8 percent, that year.
- Although above-target inflation ate into Detroiters' nominal income growth in 2023, real income per capita still grew by a solid 4.1 percent.
- We estimate that growth slowed in 2024. Nominal income per capita increased by 3.3 percent, while real income per capita grew by just 0.1 percent.
- Detroiters' real income per capita in 2024 is estimated to have remained 5.8 percent below 2019 levels.
- We project that nominal household income per capita will grow at an average annual rate of 3.4 percent between 2025 and 2030. Growth of real income per capita averages 0.7 percent per year over that period.
- Our forecast implies that Detroit residents' total nominal income per capita will grow by nearly \$8,500, or 42.7 percent, from 2019 to 2030. After adjusting for inflation, real income per capita is expected largely to tread water over that period, declining by 1.8 percent from 2019 to 2030.
- The decline in real income per capita we are projecting from 2019 through 2030 reflects the high inflation in the years following the COVID-19 pandemic. Real income per capita increases by 0.7 percent per year between 2025 and 2030, but that is not enough to offset the earlier declines.

Figure 11
Inflation Rate, Detroit CPI



- Figure 11 displays history and our forecast for local annual inflation, as measured by the growth rate of the Detroit-Warren-Dearborn metro area all-items Consumer Price index (CPI) and core CPI. The latter drops volatile food and energy prices to better measure inflation trends. The published data are not seasonally adjusted and are only released in even-numbered months. We interpolate the missing months and seasonally adjust the data ourselves.
- Local headline inflation slowed significantly to 3.3 percent in 2024, down from 5.4 percent in 2023. Local core inflation ran slightly hotter than headline inflation last year at 3.9 percent because it did not benefit from slower energy inflation.
- Our forecast for local inflation comes from our May 2025 Michigan outlook, when Detroit CPI was available through February. The inflation data released since then has come in cooler than we anticipated, mostly because of sharp disinflation in local shelter prices. In May 2025, the rental cost of a primary residence in the Detroit area was 1.3 percent lower than one year earlier.
- There is considerable uncertainty about both the final scope of the tariffs and their exact impact on consumer prices. As a result, it is probably too early to say whether the recent slowdown will make our forecast too pessimistic. Although we assumed that effective tariff rates would ultimately settle at lower levels than were in effect in early May, we still expect considerable tariff-driven price hikes.
- Largely driven by the normalization of shelter prices after the July 2024 spike, we project headline and core inflation to slow for calendar 2025, to 2.1 and 2.6 percent, respectively. However, with the implementation of new tariffs, inflationary pressures are likely to ramp up over 2025H2. By the end of 2025, we expect year-over-year headline inflation to climb to 3.0 percent, and core inflation to rebound to 3.6 percent.
- Quarter-on-quarter headline and core inflation are projected to slow throughout 2026, but the burst of inflation in 2025H2 means that calendar year headline inflation in 2026 is set to increase to 3.5 percent while core inflation averages 3.7 percent. In 2027, calendar year local inflation follows the national trend and subsides to around 3.0 percent, as further tariff-driven price increases subside. Overall, the tariff's impact on inflation pales in comparison to the spike in 2021–23, when local inflation peaked at over 8 percent and ran above 4 percent for three consecutive years.
- Over 2028–30, annual inflation stabilizes around the 2.5 percent level, a full percentage point faster than its 2010–19 average.

Figure 12
Unemployment Rate, City of Detroit and Michigan



- Figure 12 shows the history and our forecast of the average annual unemployment rates in both Detroit and Michigan. Whereas Figure 5 shows the monthly history, here we show the history and our forecast using annual averages.
- On an annual basis, Detroit's unemployment rate steadily improved from the peak of the pandemic through 2023, falling from 21.5 percent in 2020 to 7.2 percent in 2023. Unfortunately, progress reversed course, and the rate rose in 2024, averaging 9.1 percent last year, although the number of employed residents declined by only 400.
- On the bright side, Detroit's labor force grew at a healthy pace in 2024, adding 4,900 residents. We calculate that if Detroit's labor force had held steady at its 2023 level, Detroit's unemployment rate would have averaged 7.4 percent, just 0.2 percentage points higher than in 2023.
- As we noted above, Michigan's unemployment rate also rose last year, although it remained consistently lower than Detroit's. The state's jobless rate averaged 3.9 percent in 2023 before rising to 4.7 percent in 2024.
- Looking ahead, we expect Detroit's unemployment rate to continue rising through the first half of 2026, reaching 10.2 percent in the second quarter. Michigan's unemployment rate is projected to peak at 6.0 percent in the same quarter.
- We forecast that both Michigan's and Detroit's unemployment rates will decline in the following years as lower interest rates work their way through the economy. By 2030, we expect Detroit's jobless rate to decline to 8.9 percent, or 0.5 percentage points higher than in 2019. Meanwhile, Michigan's jobless rate falls to 5.6 percent in 2030, or 1.5 percentage points above its 2019 level.
- The unemployment rate gap between the city and the state has narrowed significantly over time, from 12.3 percentage points in 2010 to 4.3 points in 2019 and just 3.3 points in 2023. The gap widened slightly to 4.4 points in 2024, but we expect it to narrow again to 3.4 points by 2030, roughly on par with its recent low in 2023.
- The city has made substantial progress in closing the unemployment disparity with the state over the years, and we anticipate that trend will continue despite the speedbump in 2024.

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

	Actual		Forecast						
	2022	2023	2024	2025	2026	2027	2028	2029	2030
TOTAL JOBS* (Number of jobs)	231,515	232,557	233,313	234,703	236,375	238,178	239,451	241,146	242,452
(Annual percentage change)	(3.9)	(0.5)	(0.3)	(0.6)	(0.7)	(0.8)	(0.5)	(0.7)	(0.5)
GOODS-PRODUCING	31,670	32,220	32,356	32,776	33,023	33,162	33,107	33,229	33,345
Natural resources, and mining	689	680	660	695	705	715	725	735	745
Construction	7,457	8,014	7,776	7,908	7,956	8,068	8,146	8,228	8,318
Manufacturing	23,524	23,526	23,920	24,173	24,362	24,378	24,236	24,265	24,282
SERVICE-PROVIDING	199,845	200,337	200,956	201,927	203,352	205,016	206,344	207,918	209,107
Trade, transportation, and utilities	30,006	30,140	29,874	29,763	29,704	29,731	29,715	29,727	29,738
Retail trade	12,910	13,055	12,700	12,687	12,621	12,564	12,497	12,432	12,368
Trade, transportation, warehousing, and utilities	17,096	17,085	17,174	17,076	17,083	17,167	17,218	17,295	17,370
Information	2,361	2,186	2,002	1,895	1,893	1,893	1,893	1,893	1,893
Financial activities	16,389	13,536	13,673	13,827	14,350	15,050	15,650	16,132	16,566
Professional and business services	36,054	35,200	32,952	32,948	33,068	33,297	33,483	33,702	33,925
Professional, scientific, and technical	13,933	14,565	14,357	14,553	14,637	14,799	14,933	15,074	15,218
Management of companies and enterprises	9,368	9,004	8,269	8,104	8,145	8,204	8,254	8,309	8,363
Administrative support and waste management	12,754	11,631	10,327	10,290	10,287	10,293	10,297	10,319	10,344
Education and health services	66,008	67,427	68,319	68,387	68,454	68,452	68,420	68,665	68,606
Leisure and hospitality	22,678	25,118	26,070	26,527	26,947	27,350	27,722	28,112	28,495
Other services	6,746	6,876	7,055	7,237	7,338	7,439	7,520	7,593	7,656
Public Administration	19,123	19,382	20,606	20,934	21,172	21,374	21,511	21,662	21,798
Unallocated services	481	471	406	410	425	429	430	431	431
ADDENDA:									
Household Employment (BLS)**	231,196	239,009	238,613	238,546	239,296	240,701	241,678	243,126	244,225
(Annual percentage change)	(3.7)	(3.4)	(-0.2)	(-0.0)	(0.3)	(0.6)	(0.4)	(0.6)	(0.5)
Unemployment Rate**	7.9	7.2	9.1	9.8	10.1	9.8	9.5	9.2	8.9

*Actual data through calendar 2024q3

**Actual data through calendar 2025q1

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

	Actual			Forecast					
	2022	2023	2024	2025	2026	2027	2028	2029	2030
TOTAL JOBS* (Number of jobs)	229,090	231,740	232,468	234,360	235,304	237,441	238,781	240,296	241,839
(Annual percentage change)	(5.6)	(1.2)	(0.3)	(0.8)	(0.4)	(0.9)	(0.6)	(0.6)	(0.6)
GOODS-PRODUCING	32,033	31,668	32,340	32,541	32,880	33,156	33,120	33,148	33,298
Natural resources, and mining	661	708	639	690	700	710	720	730	740
Construction	7,128	7,655	7,969	7,831	7,917	8,016	8,109	8,185	8,274
Manufacturing	24,244	23,306	23,731	24,021	24,262	24,430	24,292	24,233	24,284
SERVICE-PROVIDING	197,057	200,071	200,129	201,818	202,425	204,285	205,660	207,148	208,541
Trade, transportation, and utilities	30,003	29,997	30,001	29,838	29,702	29,723	29,723	29,716	29,735
Retail trade	13,021	12,972	12,842	12,694	12,654	12,594	12,531	12,464	12,400
Trade, transportation, warehousing, and utilities	16,982	17,025	17,159	17,144	17,048	17,129	17,192	17,252	17,335
Information	2,344	2,301	2,063	1,939	1,893	1,893	1,893	1,893	1,893
Financial activities	18,421	14,299	13,528	13,771	14,028	14,701	15,366	15,905	16,347
Professional and business services	34,186	35,923	33,792	32,946	32,993	33,185	33,392	33,585	33,818
Professional, scientific, and technical	13,556	14,278	14,508	14,438	14,590	14,718	14,869	15,000	15,149
Management of companies and enterprises	9,035	9,125	8,599	8,171	8,119	8,175	8,229	8,280	8,337
Administrative support and waste management	11,595	12,520	10,685	10,338	10,284	10,292	10,294	10,305	10,332
Education and health services	65,571	66,808	67,876	68,498	68,353	68,504	68,396	68,562	68,653
Leisure and hospitality	20,877	24,198	25,433	26,435	26,727	27,159	27,535	27,915	28,306
Other services	6,493	6,886	6,891	7,185	7,286	7,391	7,482	7,557	7,626
Public Administration	18,721	19,176	20,117	20,806	21,021	21,300	21,444	21,584	21,733
Unallocated services	440	485	429	401	420	428	430	431	431
ADDENDA:									
Household Employment (BLS)**	228,015	234,454	240,170	238,147	238,710	240,133	241,149	242,394	243,711
(Annual percentage change)	(5.3)	(2.8)	(2.4)	(-0.8)	(0.2)	(0.6)	(0.4)	(0.5)	(0.5)
Unemployment Rate**	10.0	6.9	7.9	10.0	9.9	9.9	9.7	9.4	9.1

*Actual data through calendar 2024q3

**Actual data through calendar 2025q1

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

	Actual		Forecast						
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Average Wage* (Dollars)	76,686	80,238	82,890	85,278	88,107	90,906	94,061	96,983	99,980
(Annual percentage change)	(2.7)	(4.6)	(3.3)	(2.9)	(3.3)	(3.2)	(3.5)	(3.1)	(3.1)
GOODS-PRODUCING	72,318	80,297	88,204	90,952	94,075	97,389	102,925	106,729	110,281
Natural resources, and mining	83,465	90,114	99,261	100,879	103,518	106,226	109,005	111,857	114,784
Construction	94,835	104,027	111,037	117,009	122,205	127,545	133,236	139,033	145,154
Manufacturing	64,854	71,930	80,475	82,142	84,615	87,149	92,555	95,620	98,197
SERVICE-PROVIDING	77,378	80,228	82,035	84,357	87,138	89,858	92,638	95,425	98,338
Trade, transportation, and utilities	62,271	65,054	66,893	68,176	70,225	72,147	74,053	75,946	77,882
Retail trade	34,535	37,406	38,313	39,195	40,423	41,577	42,767	43,947	45,173
Trade, transportation, warehousing, and utilities	83,214	86,182	88,027	89,709	92,243	94,522	96,760	98,948	101,173
Information	117,134	118,733	127,556	130,919	134,068	136,580	138,694	140,250	141,553
Financial activities	99,369	108,545	112,772	115,281	118,123	121,050	124,129	127,365	130,735
Professional and business services	109,691	117,994	120,520	125,467	129,738	134,179	138,969	143,758	148,871
Professional, scientific, and technical	118,419	123,191	130,039	135,762	140,365	145,086	150,109	155,112	160,384
Management of companies and enterprises	157,899	176,068	165,936	173,757	178,971	184,342	190,456	196,516	203,242
Administrative support and waste management	64,746	66,527	70,920	72,872	75,635	78,516	81,542	84,694	87,974
Education and health services	71,616	72,718	75,100	76,676	79,225	81,783	84,427	87,166	90,003
Leisure and hospitality	52,045	52,829	53,570	56,747	59,086	60,774	62,503	64,202	65,982
Other services	50,981	54,159	56,382	57,461	59,051	60,556	62,084	63,608	65,179
Public Administration	76,447	82,895	86,169	88,224	91,029	93,541	95,822	98,092	100,423
Unallocated services	45,828	43,510	43,722	42,410	43,425	44,162	44,914	45,693	46,493

*Actual data through calendar 2024q3

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

	Actual			Forecast					
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Average Wage* (Dollars)	75,702	78,775	81,900	83,632	86,722	89,494	92,453	95,517	98,497
(Annual percentage change)	(1.0)	(4.1)	(4.0)	(2.1)	(3.7)	(3.2)	(3.3)	(3.3)	(3.1)
GOODS-PRODUCING	69,003	75,979	85,352	89,191	92,520	95,687	99,794	105,034	108,700
Natural resources, and mining	83,710	85,573	95,320	100,458	102,190	104,863	107,607	110,422	113,311
Construction	93,216	98,958	108,624	113,406	119,619	124,843	130,452	136,015	142,057
Manufacturing	61,484	68,140	77,269	80,973	83,398	85,854	89,329	94,408	97,194
SERVICE-PROVIDING	76,791	79,217	81,342	82,736	85,781	88,488	91,270	93,994	96,868
Trade, transportation, and utilities	61,475	64,342	66,041	67,107	69,213	71,198	73,105	74,988	76,911
Retail trade	34,345	36,524	37,828	38,507	39,828	41,002	42,176	43,346	44,555
Trade, transportation, warehousing, and utilities	82,278	85,538	87,155	88,284	91,024	93,400	95,649	97,848	100,055
Information	117,466	119,203	123,598	129,166	132,596	135,389	137,806	139,409	140,934
Financial activities	99,935	106,736	109,763	113,632	116,692	119,573	122,568	125,728	129,036
Professional and business services	110,473	112,953	119,341	123,124	127,582	131,921	136,691	141,202	146,281
Professional, scientific, and technical	115,925	120,683	126,144	133,395	138,064	142,702	147,712	152,458	157,722
Management of companies and enterprises	160,044	165,997	170,769	170,116	176,423	181,599	187,672	193,120	199,811
Administrative support and waste management	65,475	65,476	68,718	71,637	74,148	77,046	80,016	83,102	86,317
Education and health services	70,000	72,541	74,321	75,404	77,964	80,494	83,094	85,783	88,573
Leisure and hospitality	51,279	52,007	54,512	54,231	58,113	59,942	61,643	63,338	65,085
Other services	50,522	52,921	55,601	56,671	58,272	59,808	61,320	62,840	64,388
Public Administration	74,182	81,797	84,141	86,558	89,723	92,285	94,696	96,948	99,251
Unallocated services	39,866	48,030	42,542	41,977	43,008	43,796	44,534	45,301	46,091

*Actual data through calendar 2024q3

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

	Actual		Forecast						
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Resident Income	12,710	14,228	15,019	15,400	15,914	16,546	17,148	17,785	18,402
	(-3.2)	(11.9)	(5.6)	(2.5)	(3.3)	(4.0)	(3.6)	(3.7)	(3.5)
Wage and Salary Income	8,945	10,292	10,785	11,092	11,519	12,051	12,561	13,135	13,707
	(2.4)	(15.1)	(4.8)	(2.8)	(3.9)	(4.6)	(4.2)	(4.6)	(4.4)
Transfer Income	2,025	1,992	2,159	2,184	2,212	2,243	2,266	2,265	2,243
	(-20.5)	(-1.6)	(8.4)	(1.2)	(1.3)	(1.4)	(1.0)	(-0.1)	(-0.9)
Other Income	1,741	1,944	2,075	2,124	2,182	2,251	2,320	2,386	2,452
	(-5.9)	(11.7)	(6.7)	(2.4)	(2.8)	(3.2)	(3.1)	(2.8)	(2.8)
ADDENDA:									
Household Employment (ACS, Persons)	226,561	241,862	248,804	248,714	249,719	251,603	252,917	254,865	256,346
	(1.6)	(6.8)	(2.9)	(-0.0)	(0.4)	(0.8)	(0.5)	(0.8)	(0.6)
Average Wage (ACS, Dollars)	39,480	42,553	43,349	44,597	46,130	47,898	49,666	51,538	53,470
	(0.8)	(7.8)	(1.9)	(2.9)	(3.4)	(3.8)	(3.7)	(3.8)	(3.7)
Total Resident Income in 2023\$	13,392	14,228	14,540	14,603	14,587	14,731	14,877	15,053	15,201
	(-10.5)	(6.2)	(2.2)	(0.4)	(-0.1)	(1.0)	(1.0)	(1.2)	(1.0)
CPI, Detroit (1982–84=100)*	268.4	282.8	292.1	298.2	308.6	317.6	326.0	334.1	342.4
	(8.2)	(5.4)	(3.3)	(2.1)	(3.5)	(2.9)	(2.6)	(2.5)	(2.5)

*Actual data through calendar 2024q4

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						
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Resident Income	12,678	13,394	14,694	15,227	15,642	16,224	16,846	17,466	18,096
	(-3.3)	(5.6)	(9.7)	(3.6)	(2.7)	(3.7)	(3.8)	(3.7)	(3.6)
Wage and Salary Income	8,696	9,601	10,604	10,943	11,292	11,780	12,304	12,844	13,421
	(-1.4)	(10.4)	(10.4)	(3.2)	(3.2)	(4.3)	(4.4)	(4.4)	(4.5)
Transfer Income	2,224	1,965	2,072	2,180	2,198	2,228	2,256	2,268	2,256
	(-18.8)	(-11.6)	(5.4)	(5.2)	(0.8)	(1.4)	(1.3)	(0.5)	(-0.5)
Other Income	1,757	1,828	2,019	2,104	2,152	2,216	2,286	2,353	2,419
	(-8.4)	(4.0)	(10.5)	(4.2)	(2.3)	(3.0)	(3.1)	(2.9)	(2.8)
ADDENDA:									
Household Employment (ACS, Persons)	223,289	234,004	246,295	249,130	249,093	250,642	252,256	253,880	255,664
	(-0.1)	(4.8)	(5.3)	(1.2)	(-0.0)	(0.6)	(0.6)	(0.6)	(0.7)
Average Wage (ACS, Dollars)	38,947	41,028	43,053	43,924	45,331	47,000	48,775	50,592	52,496
	(-1.3)	(5.3)	(4.9)	(2.0)	(3.2)	(3.7)	(3.8)	(3.7)	(3.8)
Total Resident Income in 2023\$	14,113	13,692	14,433	14,592	14,590	14,649	14,802	14,965	15,130
	(-6.7)	(-3.0)	(5.4)	(1.1)	(-0.0)	(0.4)	(1.0)	(1.1)	(1.1)
CPI, Detroit (1982–84=100)*	258.3	276.5	287.5	295.1	303.4	313.3	321.8	330.1	338.3
	(6.8)	(7.1)	(4.0)	(2.7)	(2.8)	(3.2)	(2.7)	(2.6)	(2.5)

*Actual data through calendar 2024q4