



Livingston County

Economic Outlook

2024–2026

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The Livingston County Economic Outlook for 2024–2026

*Jacob T. Burton, Gabriel M. Ehrlich, Donald R. Grimes, and Michael R. McWilliams
University of Michigan*

Livingston County has been an engine of growth in Southeast Michigan over the past two decades, and we see no sign of that pattern changing over the next three years. From the turn of the century to just before the COVID-19 pandemic, Livingston County's economy expanded at an impressive rate. The number of payroll jobs located within the county grew 31 percent from 2000 to 2019, while the county's population blossomed by 21 percent, to over 192,000 people. Those rising tides helped fuel labor force growth of 18 percent, along with a 17 percent increase in the number of employed county residents. In February 2020, the county's unemployment rate stood at just 2.6 percent, among the lowest in the state. The success of Livingston County amid a challenging and turbulent period for Michigan is a testament to the desirability of living and working in Livingston.

Unfortunately, the pandemic threw a wrench in Livingston County's job creation machine. Roughly 30,200 county residents lost their jobs from February to April 2020, and the local unemployment rate skyrocketed to 22.3 percent. Thankfully, the county recovered rapidly over the remainder of the year. By the end of 2020, more than 21,000 residents had returned to work, and the unemployment rate had decreased to 5.9 percent. The count of working residents did not fully recover until March 2023, contemporaneously with the state's. One month later, Livingston's unemployment rate dropped to 2.0 percent, the lowest of any county in Michigan. In fact, between March 2022 and

April 2024, Livingston had the lowest (or was tied for the lowest) seasonally unadjusted unemployment rate in Michigan in all but two months.

Job growth began to slow in the second half of 2023, both for payroll and for household employment in the county. Since the fourth quarter of 2023, the number of employed Livingston residents has hovered around 2 percent above its pre-pandemic level. The unemployment rate has also ticked up to 2.9 percent as of April 2024, but it is still quite low by historical standards.

We expect job growth in Livingston to pick back up over the next three years and to outpace statewide growth, just as it has done for most of this millennium. By the end of 2026, we expect the number of payroll jobs in the county to exceed its pre-pandemic level by 5.6 percent compared to 2.9 percent for Michigan. We project the county's unemployment rate to hover in the 2.5–3.0 percent range throughout our forecast period.

Blue-collar industries led Livingston County's payroll job recovery every step of the way, and we expect collective growth for those industries to continue, particularly for construction jobs. With the pandemic behind us, however, we expect to see some of the largest gains in the private health and social services sector as well as in accommodation and food services. We also project healthy gains in the professional, scientific, and technical services sector as well as the government sector. We are less optimistic, however, for retail trade, which we expect to experience job losses throughout our forecast as e-commerce continues to expand.

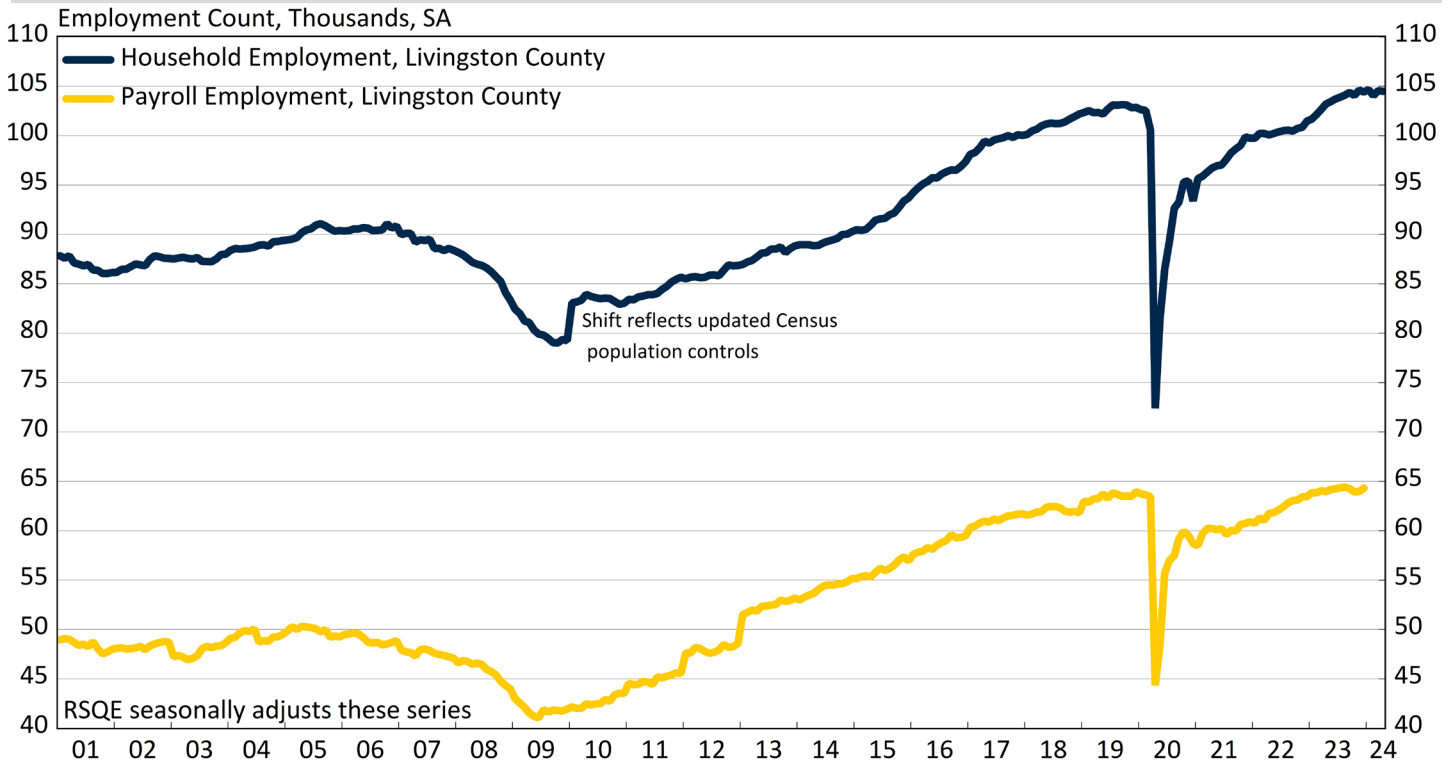
Despite our upbeat outlook, there are two main areas that merit caution looking forward. The first concerns the ability of the county to accommodate continued labor force growth. By 2026, we project Livingston's labor force to stand 4.8 percent higher than it did in 2019—we judge that growth to be entirely feasible given the county's demonstrated ability to draw in new residents. Still, the state's overall demographic trends suggest that a less promising outlook is on the horizon. We expect that Michigan's population 65 and older will account for more than 20 percent of its total population by the end of 2026. Michigan's aging populace will eventually act as a speed limit for both the state and the county, hindering growth as more residents near the age of retirement.

Our second cause for concern is the disappointing performance of average real wage growth for jobs located in the county. From 2000 to 2023, the county's average real wage, expressed in 2021 dollars, increased by only 4.8 percent to \$49,600. By comparison, the state achieved growth of 11.2 percent during that time, with average real wages rising to \$61,100. Although we project the county's wage growth to pick up over the next three years, it is not enough to outpace the state's, leading to a further widening gap. One explanation for this disparity is that the majority of employed Livingston residents commute to work outside the county.¹ Compared to the state, therefore, the county tends to have a higher share of jobs in industries such as retail trade and leisure and hospitality that feature a large share of part-time employment. As such, one priority moving forward could be to attract higher paid jobs in growth industries and the knowledge economy.

Overall, the prospects for Livingston County's economy remain bright for the next three years and beyond. In our forecast, we see sustained job growth and an economy approaching full employment. If Livingston can achieve a shift toward a higher-paid job mix within its borders, the county will have all of the key ingredients in the much-sought recipe for long-lasting economic success.

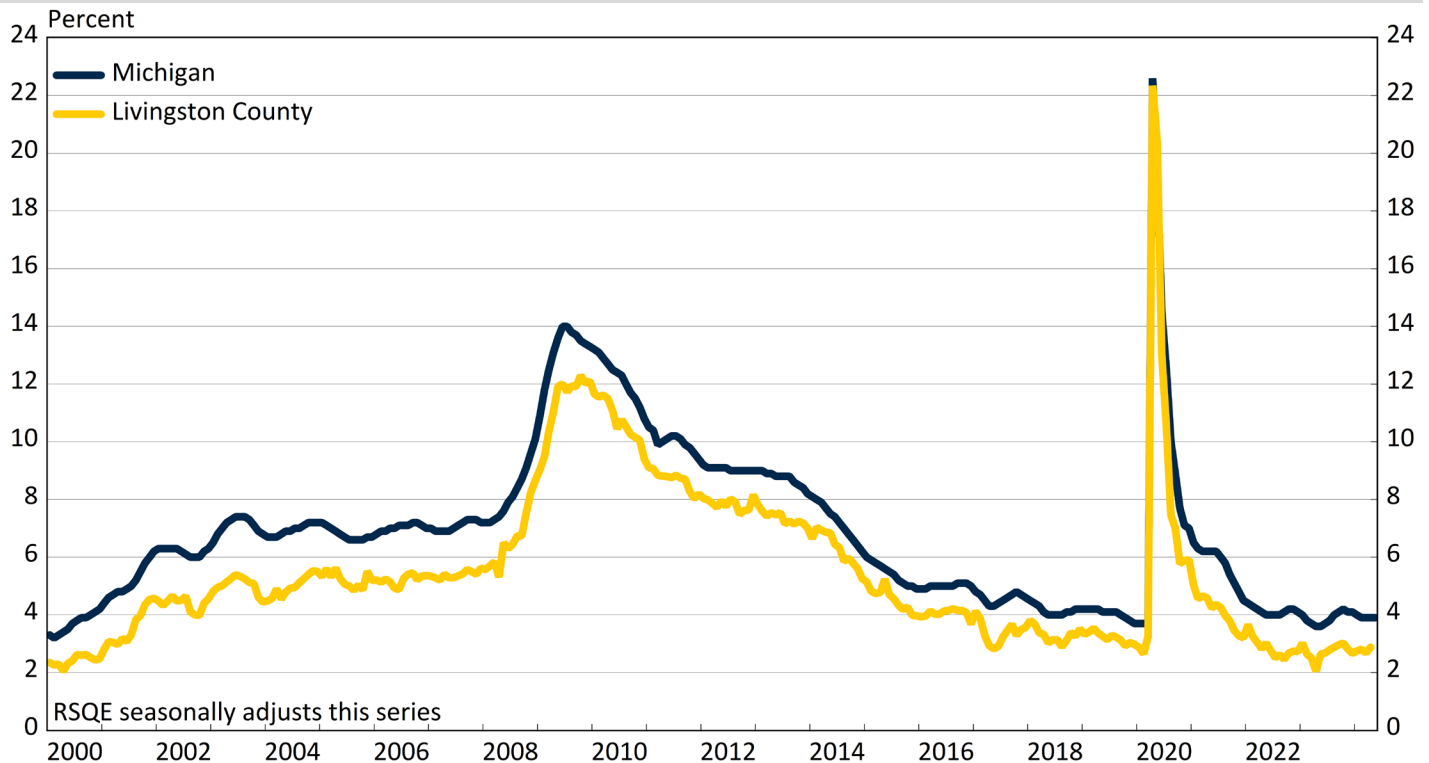
¹ Data published by the Southeast Michigan Council of Governments (SEMCOG) show that 56 percent of Livingston's employed population worked outside of the county in 2016, the largest percentage of the seven-county SEMCOG region. See the "Community Profiles" data at <https://semcog.org/community-profiles>.

Figure 1
Monthly Employment in Livingston County



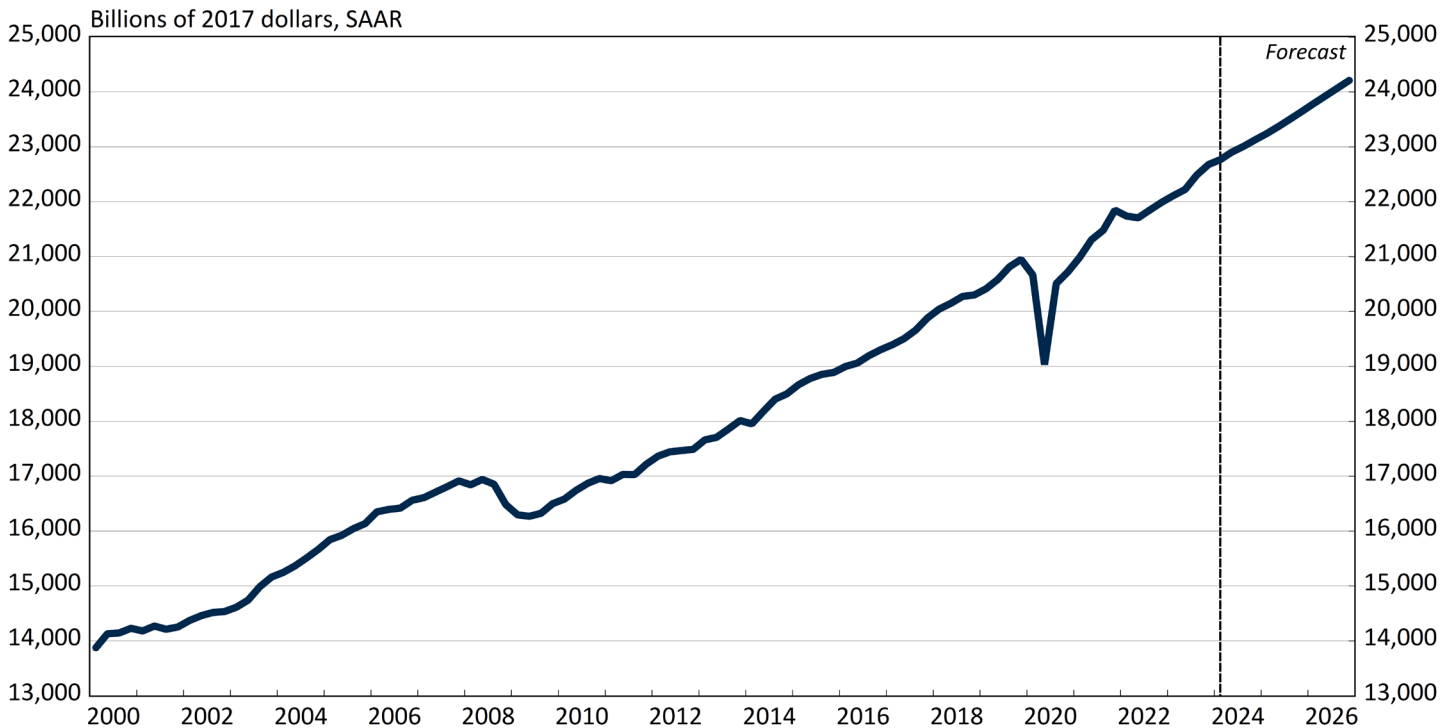
- Figure 1 illustrates two different measures of employment in Livingston’s economy. The yellow line displays what we call payroll employment, which is the count of wage and salary jobs at establishments physically located within the county boundaries. The blue line displays what we call household employment, which is the count of employed residents, whether they work inside or outside the county.
- Livingston’s household employment measure is much higher than the payroll jobs count due to the significant number of residents that commute to work outside the county. The household tally also includes self-employed residents.
- The payroll employment data are available with a lag. At the time this forecast was produced, the payroll employment data extended through December 2023, while the resident employment data was available through April 2024.
- Payroll employment in the county fell by 19,300 jobs, or 30.3 percent, from February to April 2020 at the start of the COVID-19 pandemic. Employment among Livingston County residents fell by 30,200, or 29.4 percent, in that time.
- By December 2020, household employment in Livingston County had regained roughly 70 percent of its initial job losses. Payroll employment was quicker to recover, recouping 75 percent of its initial losses by that time.
- Payroll job growth continued to outpace household employment growth in Livingston County. The county’s payroll job count recovered all of its initial pandemic losses in January 2023, two months before employment among Livingston residents.
- Modest employment growth continued for the first half of 2023 before slowing considerably in the second half of the year. Livingston’s level of payroll jobs has held around 1.0 percent above its pre-pandemic level since June 2023.
- Resident employment growth has followed a similar path, with solid growth in the first half of 2023 and moderate growth in the second half of the year and early 2024.
- As of April 2024, the count of employed residents in Livingston County has hovered around 2.0 percent above its pre-pandemic levels since September 2023.

Figure 2
Monthly Unemployment Rate, Michigan and Livingston County



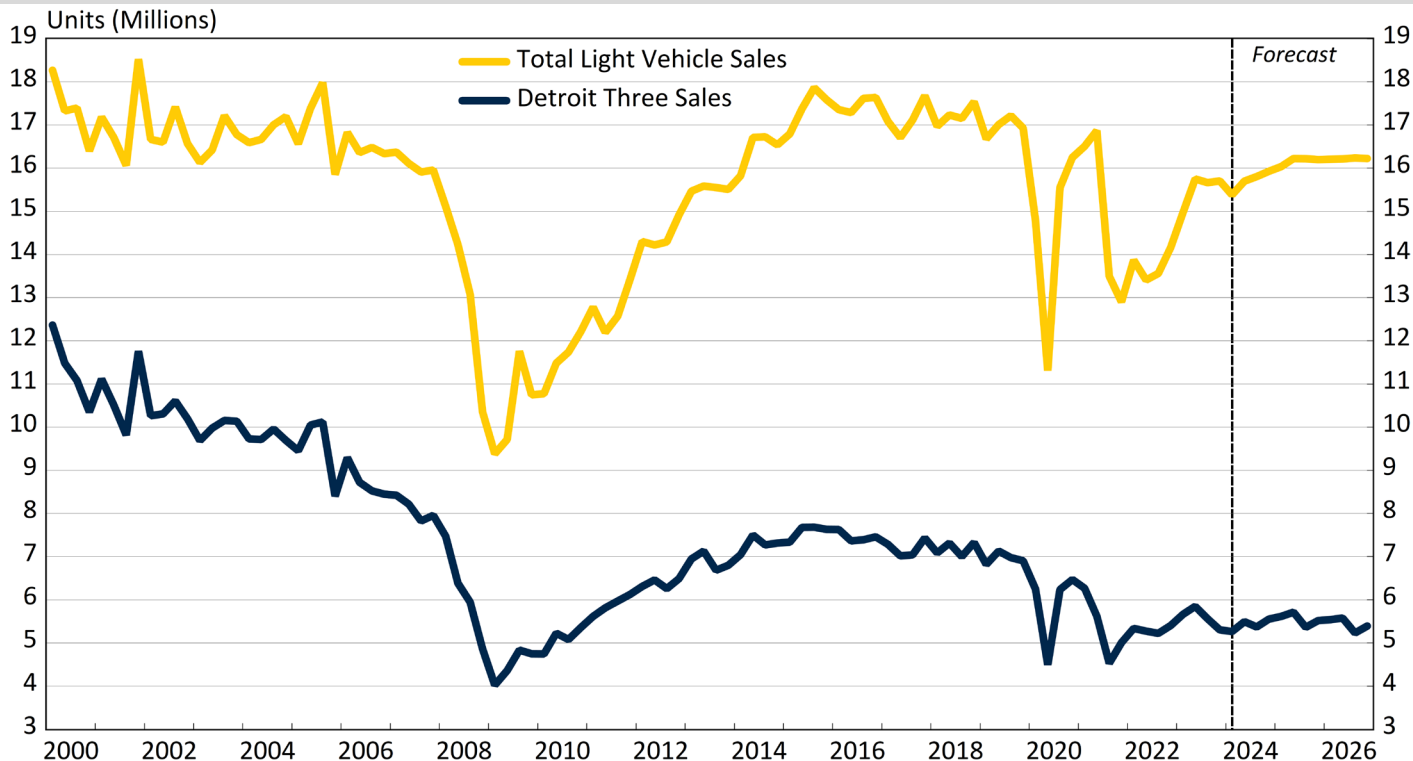
- Figure 2 shows unemployment rates for Michigan and Livingston County. Both series are seasonally adjusted; we have seasonally adjusted the Livingston unemployment rate data ourselves. The unemployment rate data for Livingston County comes from the same source as the household employment data in Figure 1. The latest available data for Livingston when this forecast was produced was for April 2024.
- Livingston’s labor market has run consistently tighter than the state’s since the beginning of the millennium. Over that period, Livingston’s unemployment rate has averaged 1.4 percentage points below Michigan’s.
- At the onset of the pandemic, Livingston County’s unemployment rate rose dramatically, from 2.6 percent in February 2020 to 22.3 percent in April. For comparison, Michigan’s jobless rate rose from 3.7 percent to 22.6 percent over the same period.
- The outlook across the state quickly improved as pandemic restrictions were lifted. By the end of 2020, the jobless rate had fallen to 5.9 percent in Livingston and to 7.0 percent in Michigan.
- Over the course of 2021 and 2022, labor markets for the county and state continued to improve and gradually approached their pre-pandemic levels. Livingston County’s jobless rate fell to 2.5 percent in July 2022, marking a full recovery, although it ticked up from there over the remainder of the year. The state’s unemployment rate did not fall below its pre-pandemic level until April 2023.
- Last year was a mixed bag for both the county and state unemployment rates. On one hand, after nudging up at the end of 2022, unemployment rates began to improve again early in 2023. Livingston’s unemployment rate fell to a historic low of 2.0 percent in April 2023. On the other hand, both jobless rates rose slowly over the remainder of the year. By December 2023, the unemployment rate stood at 2.7 percent in Livingston and 4.1 percent in Michigan.
- The rise of Livingston’s jobless rate in the second half of 2023, however, was largely the result of a significant increase in the labor force as opposed to county residents losing their jobs.
- The unemployment rate in Livingston County continued to nudge up in early 2024, reaching 2.9 percent in April 2024, still quite low by historical standards. Michigan’s unemployment rate, meanwhile, had ticked down to 3.9 percent.
- Livingston continues to maintain one of the lowest jobless rates across all counties in Michigan. Although the monthly data can be noisy, Livingston County frequently has the lowest rate in the state. In fact, between March 2022 and April 2024, Livingston had the lowest seasonally unadjusted unemployment rate in Michigan in all but two months.

Figure 3
U.S. Real GDP



- Livingston County’s economic future is closely tied to the overall health of the national economy. Figure 3 shows our May 2024 forecast for quarterly U.S. real GDP.
- Real GDP expanded at an annualized pace of 1.4 percent in the first quarter of 2024. While net exports subtracted 0.65 percentage points from topline GDP growth, the underlying momentum remains solid. The combined growth contributions of private consumption and fixed investment added 2.2 percentage points to growth in the first quarter, 0.6 percentage points behind the 2023Q4 reading.
- We had forecast that economic growth would pick up to a 2.5 percent annualized pace in the second quarter of 2024, as the drag from net exports and inventory investment normalized. We project quarterly growth to cool to the 1.9–2.2 percent range from the third quarter of 2024 through the second quarter of 2025. The quarterly growth pace then picks up to the 2.3–2.4 percent range throughout the second half of 2025 and all of 2026.
- The annual growth pace of real GDP registers 2.6 percent this year, dips to 2.1 percent next year, and picks up to 2.4 percent in 2026.
- We expect the Federal Reserve to cut interest rates one time this year, most likely in September. We expect the Fed to cut rates gradually from there, bringing the federal funds rate to roughly 3.75 percent by the end of 2026.
- We believe that the most likely outcome of the elections in November 2024 is divided government in one form or another. We therefore expect the status quo largely to persist in fiscal policy.
- We expect the federal budget deficit to narrow slightly as a percent of GDP, from 5.8 percent in fiscal 2023 to 5.4 percent this year and 5.2 percent by fiscal 2026.
- The persistently large federal deficit combined with gradually declining short-term interest rates leads the yield curve to “un-invert” by the end of next year, with the three-month Treasury bill rate dipping below the 10-year note rate. The 10-year rate ends our forecast period at 4.0 percent, while the three-month rate finishes at 3.6 percent.
- We project the 30-year conventional mortgage rate to decline from 7.0 percent in the second quarter of 2024 to 5.7 percent by the end of 2026. Falling mortgage rates should give a boost to the residential construction sector, which has held up surprisingly well so far amid high mortgage rates but could certainly use some support.

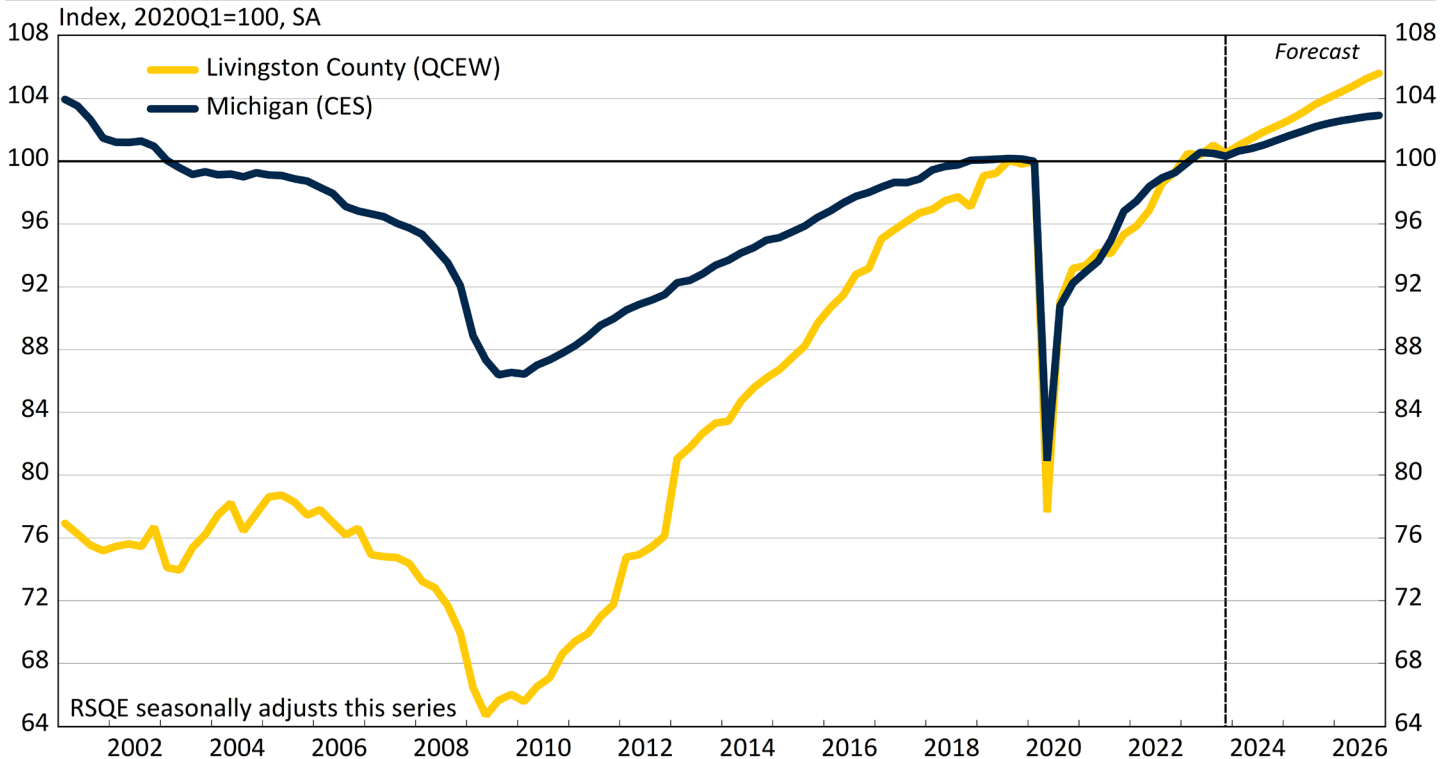
Figure 4
U.S. and Detroit Three Light Vehicle Sales



- Figure 4 shows our quarterly forecast for total U.S. and Detroit Three light vehicle sales. The annualized pace of light vehicle sales fell from 16.1 million units in December 2023 to 14.9 million units in January 2024, but it climbed back up to 15.9 million units in May. We believe that the underlying demand for vehicles remains solid, but stubbornly high financing rates and limited inventories are generating monthly gyrations in the sales figures.
- We expect light vehicle sales to inch up from their recent sales pace to an average of 16.2 million units in mid-2025, as financing rates retreat and income growth outpaces vehicle prices. Light vehicle sales are projected to hold steady around 16.2 million units in 2026.
- Car sales stall out during our forecast, as vehicle manufacturers continue to ditch low-profit-margin models in favor of light trucks, luxury sedans, sports cars, and electric vehicles.
- The Detroit Three's share of U.S. light vehicle sales recovered from October and November's anemic 33 percent to 35 percent this winter, as the impact of the auto strike moved into the rearview mirror.
- As the market stabilizes, we expect the Detroit Three's share to resume its decade-long trend, declining to 34.1 percent by the end of 2025 and 33.2 percent by the end of 2026.
- When combined with our projection of increasing total light vehicle sales, our forecast for the Detroit Three's share of the market implies that Detroit Three vehicle sales will total 5.4 million units in 2024, 5.6 million units in 2025, and 5.4 million units in 2026.
- Despite forecasting a sales pace that is roughly 20 percent lower than 2019 levels, we expect the Detroit Three manufacturers' profits to remain respectable, as the manufacturers continue broadly to prioritize pricing discipline and profitability over market share.

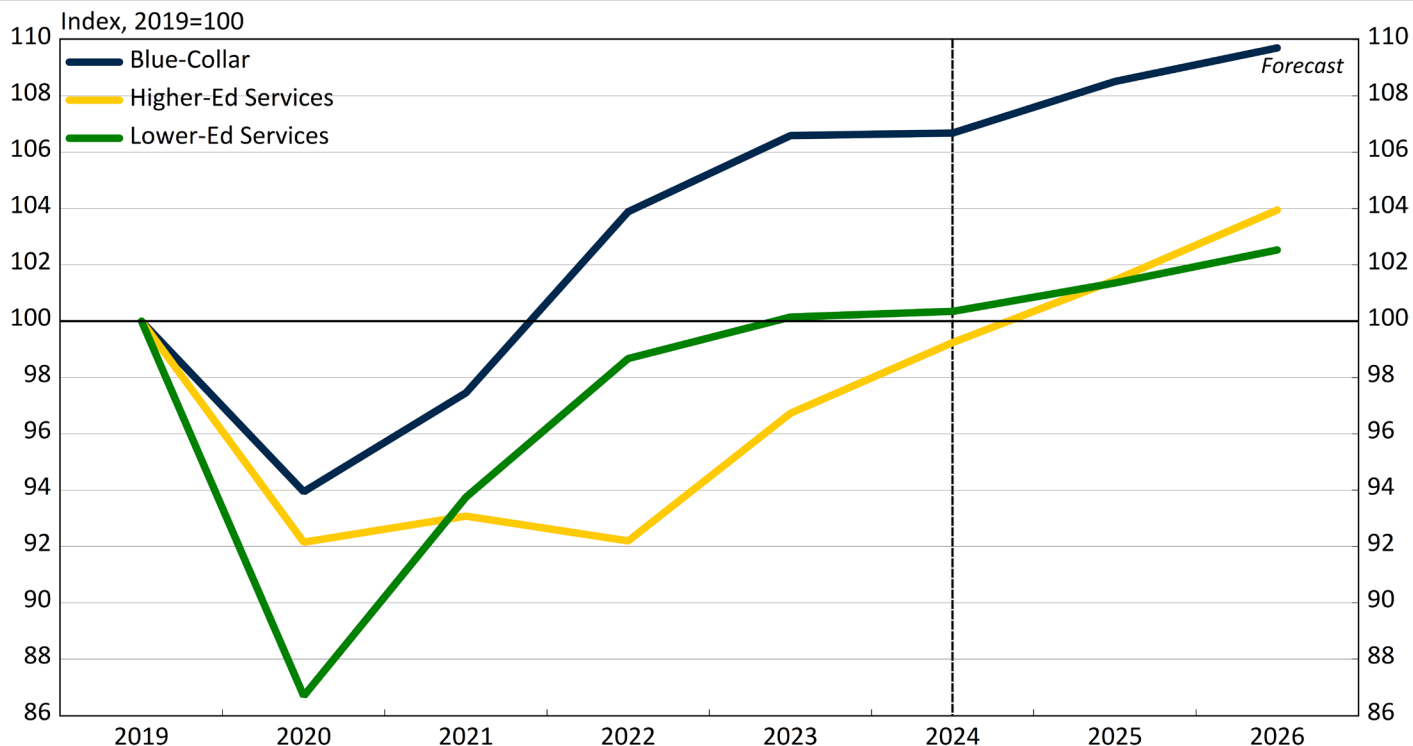
Figure 5

Quarterly Payroll Employment Indices, Michigan and Livingston County



- Figure 5 displays our forecast for Michigan's and Livingston County's payroll employment levels, with values indexed to 100 in 2020q1. Comparing the two series requires care because they use different underlying source data.
- Livingston County's payroll employment and wage forecasts are based on the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) program. This data is more widely available at the county level than the Current Employment Statistics (CES) program, which is the basis for our statewide forecast.
- Michigan's economy was better shielded than Livingston County's from the initial downturn of the COVID-19 pandemic, but Livingston put on a slightly better performance during the recovery.
- Payroll employment in the county fell by 22.4 percent in the second quarter of 2020, while Michigan payroll employment, as measured by the QCEW, fell by 18.7 percent during that time. Despite a steeper decline, Livingston County recovered all its lost jobs in the first quarter of 2023, contemporaneously with Michigan.
- We expect the pandemic to move firmly into the economic rearview mirror as the county continues to grow and expand. Over the next three years, we forecast that Livingston's job growth will continue to outpace the state's, as it has done for most of this millennium.
- We project Michigan's payroll job growth to slow from 1.8 percent in 2023 to 0.6 percent in 2024 as high interest rates cool off the hot labor market. Payroll job growth in Livingston County follows a similar trend, slowing from 3.0 percent in 2023 to 1.0 percent in 2024.
- Job growth is expected to pick up in 2025 and 2026 as interest rates moderate, with an average annual pace of 1.6 percent in Livingston County and 0.9 percent in Michigan.
- Employment in Livingston County is expected to exceed its pre-pandemic level by 5.6 percent at the end of 2026, when employment in Michigan will surpass its pre-pandemic level by only 2.9 percent.
- Livingston County has experienced rapid economic growth during this millennium. We expect that in 2026, Livingston County will exceed its average payroll job count in 2001 by 38 percent, while employment in Michigan is expected to remain 0.1 percent below its corresponding average level that year.

Figure 6
Payroll Employment by Industry Group, Livingston County



- On the chart above, we categorize each of Livingston’s industries into three groups. The graph displays our forecast for each group’s total employment level, with values indexed to 100 in 2019.
- The **blue-collar** industry group comprises mining, construction, manufacturing, wholesale trade, transportation, warehousing, and utilities.
- Blue-collar industries have led Livingston’s payroll jobs recovery from the pandemic every step of the way. Blue-collar employment experienced a robust recovery after declining by 6.1 percent in 2020. The job count in these industries stood 6.6 percent higher last year than in 2019.
- We expect blue-collar job growth to pause in 2024 before picking back up to an average annual pace of 1.4 percent in 2025 and 2026. That growth will take Livingston’s blue-collar employment to 1,800 jobs, or 9.7 percent, higher in 2026 than in 2019.
- The **higher-educational** attainment services category includes public and private education and healthcare, finance, information, most business services, and government jobs. These industries are still recovering from the job losses caused by the pandemic. Their recovery has been held back by high interest rates and the sluggish rebound in private healthcare and social services.
- With the pandemic behind us, private healthcare and social services employment increased by 13 percent in 2023, putting higher-ed services on the road to a full recovery.
- Looking ahead, we expect most of these industries to return to growth. Jobs in higher-ed services are projected to grow by an average of 2.4 percent per year over the next three years, reaching 4.0 percent, or 900 jobs, higher than in 2019.
- 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 initial impact, with employment declining by 13.3 percent in 2020. They completed their recovery last year, largely due to growth in the accommodation and food services industry.
- We expect the pace of job growth to slow in lower-ed services, as many of these industries struggle in a post-pandemic world. Job growth in lower-ed service industries is expected to average 0.8 percent per year over the next three years, with growth led by the accommodation and food services industry. It is important to note, however, that many other lower-ed service industries are not expected to fully recover from the pandemic recession even by 2026.

Table 1

Forecast of Jobs in Livingston County by Major Industry Division

	2023	Forecast Employment			Average
		2024	2025	2026	Annual Wage 2023 \$
Total Jobs (Number of jobs)	64,115	64,781	65,864	66,929	54,816
(Annual percentage change)	(3.0)	(1.0)	(1.7)	(1.6)	
Blue-Collar	19,290	19,307	19,637	19,853	75,632
Utilities	41	41	41	41	172,186
Wholesale trade	2,689	2,723	2,779	2,828	96,175
Other manufacturing	5,450	5,391	5,453	5,486	76,334
Construction	4,281	4,426	4,530	4,608	76,129
Transportation and warehousing	1,583	1,591	1,617	1,646	73,768
Transportation equipment (Motor Vehicles & Parts) manufacturing	4,864	4,747	4,822	4,842	65,092
Natural resources and mining	383	388	395	402	47,493
Higher-Ed Services	22,991	23,588	24,114	24,705	53,891
Finance and insurance	1,629	1,566	1,560	1,559	80,038
Professional, scientific, and technical services	4,528	4,630	4,727	4,848	62,617
Management of companies and enterprises	545	566	588	609	60,728
Information	439	419	428	439	59,667
Total Government	6,790	6,941	7,031	7,119	56,094
Real estate and rental and leasing	786	824	839	857	45,967
Private health and social services	7,916	8,224	8,486	8,777	45,661
Private education	358	418	454	498	36,663
Lower-Ed Services	21,356	21,399	21,614	21,863	36,081
Administrative and support and waste management	2,191	2,082	2,107	2,124	52,812
Other services	2,156	2,057	2,057	2,050	43,980
Retail trade	8,276	8,160	8,097	8,073	42,948
Accommodation and food services	7,708	8,090	8,321	8,562	23,578
Arts, entertainment and recreation	1,026	1,009	1,033	1,054	22,284
Unclassified	479	488	498	508	42,609
<i>Addendum:</i>					
Total Private	57,325	57,840	58,833	59,811	54,666

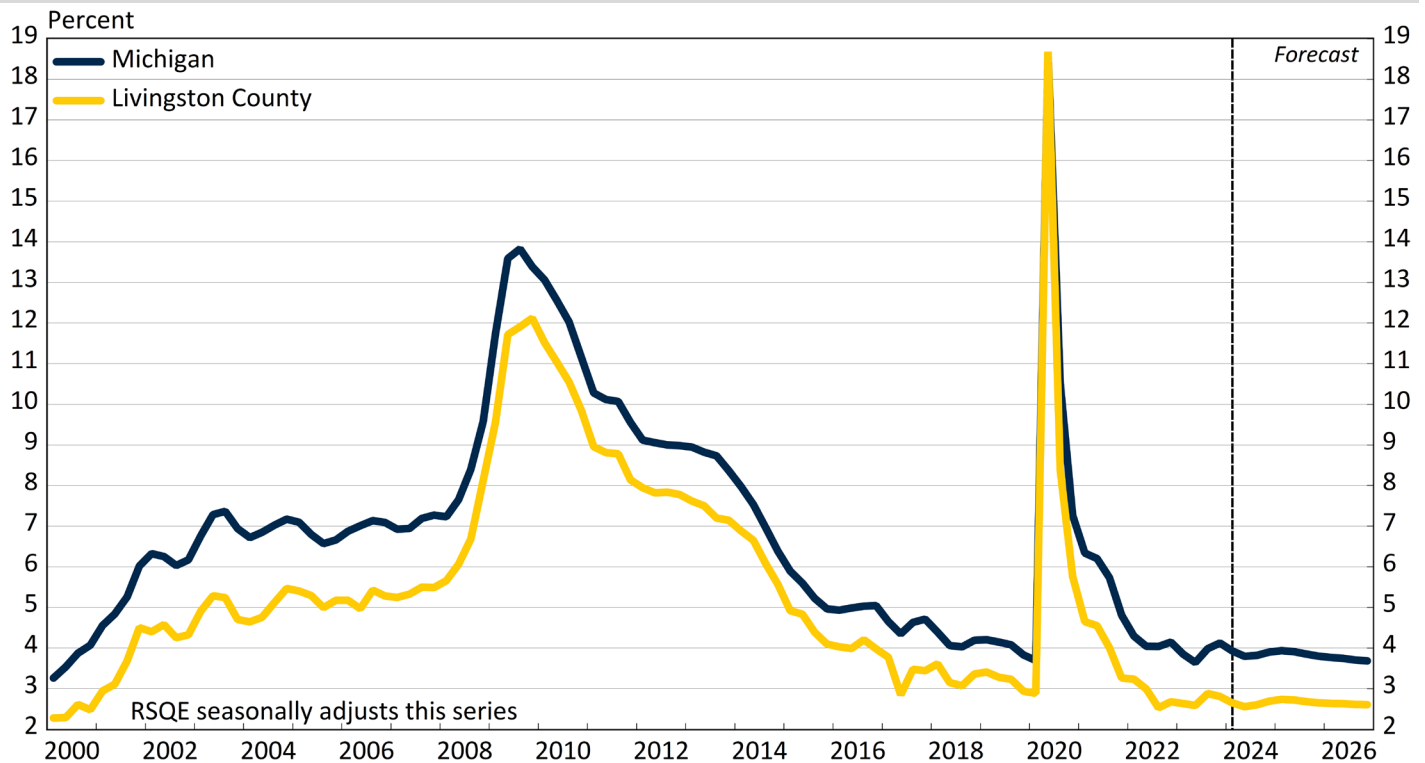
Note: The annual data in this table are seasonally adjusted quarterly averages and may differ slightly from annual published estimates.

Forecast of Jobs in Livingston County by Major Industry Division

- In Table 1, we divide Livingston's major private sector industries into the three industry categories described previously. Within each category, the major industries are listed in descending order based on their annual wage in 2023. Table 1 displays the full list of industries that we forecast.
- The construction industry accounts for almost three-fifths of the employment growth that we are forecasting in the blue-collar industries group over the next three years. The industry adds 330 jobs during 2024–2026 as interest rates begin to decline. That growth leaves employment in construction 18.6 percent higher in 2026 than in 2019.
- Wholesale trade is another major area of growth within the blue-collar industries, accounting for one-quarter of the growth that we are forecasting in this category. Employment in wholesale trade is expected to grow by 140 jobs from 2024–26. Employment in transportation and warehousing is forecast to grow by 60 jobs over the same period.
- Non-automotive manufacturing is expected to lose jobs this year before continuing its slow march back to its pre-pandemic employment level. By 2026, employment in non-automotive manufacturing is expected to remain 2.1 percent (120 jobs) short of 2019 levels.
- The local motor vehicle manufacturing industry, which includes parts, experienced very strong growth during the post-pandemic period. Its employment level was nearly 16 percent higher in 2023 than it was in 2019. We forecast that employment in vehicle manufacturing will hold relatively stable in a tough sales environment, neither gaining nor losing a significant number of jobs during our forecast period.
- Within the higher-education services group, private health and social services are forecast to add an average of 290 jobs per year over the next three years, taking employment in 2026 to roughly 570 jobs (6.9 percent) greater than in 2019.
- Employment in professional, scientific, and technical services is expected to gain 320 jobs during our forecast. In 2026, employment in professional services is expected to stand 180 jobs (4.0 percent) higher than in 2019.
- Employment in finance and insurance is expected to lose another 70 jobs over the next three years, as the industry struggles to find its footing amid high interest rates.
- Employment in real estate, rental, and leasing declined by 14.6 percent in 2020 and took another significant hit in 2023, declining by 17.8 percent. We expect modest growth to return, averaging 2.9 percent per year during 2024–2026. Unfortunately, even with that growth, this industry will remain 22.6 percent below its 2019 job count in 2026.
- Government employment makes up roughly 11 percent of Livingston's total. We expect that growth in government employment will outpace total employment growth over the next three years. Government employment finishes our forecast 5.6 percent above its 2019 level.
- Employment in accommodation and food services is projected to account for almost all of the growth in lower-education service industries, ending our forecast 19.2 percent higher than its 2019 level. Accommodation and food services also eclipses retail trade as the largest industry in this group next year.
- The retail trade industry is expected to experience job losses throughout our forecast, as e-commerce continues to replace traditional brick and mortar stores. Our forecast puts retail trade employment 6 percent below its 2019 level in 2026.
- The arts and recreation industry is expected to tread water during our forecast, gaining only 30 jobs and hovering just below its 2019 job count.
- Administrative and support services lost 180 jobs in 2023, putting it roughly in line with its 2019 employment level. We forecast that this industry will lose another 110 jobs this year before it returns to modest growth, averaging 20 job additions per year in 2025 and 2026.
- Finally, we expect employment in other services to shed another 100 jobs this year before finding its footing in the ongoing economic expansion. Employment in other services nonetheless ends our forecast 11.7 percent below its 2019 level.

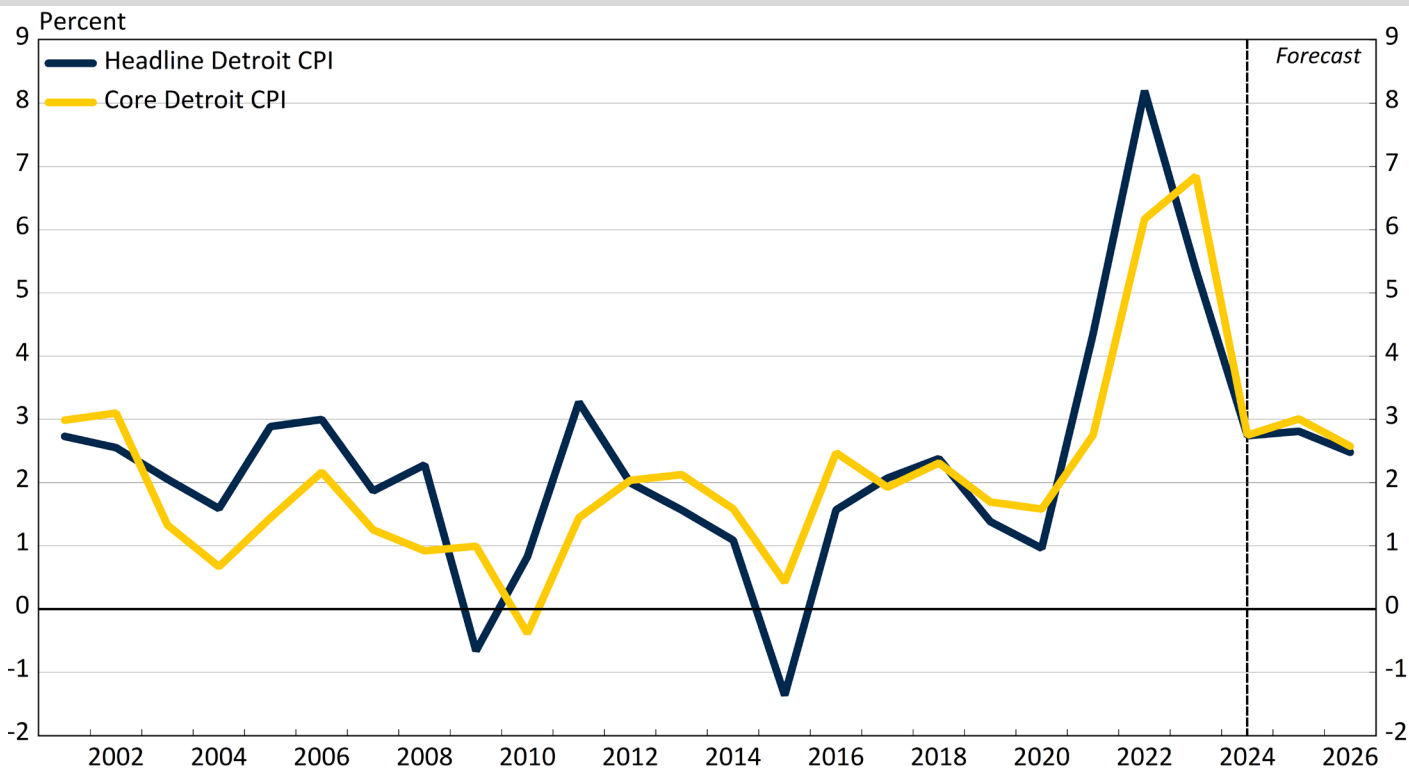
Figure 7

Quarterly Unemployment Rate, Michigan and Livingston County



- Figure 7 shows history and our forecast for the quarterly unemployment rates in Michigan and Livingston County. The historical data is the same as in Figure 2, except averaged over quarters. Once again, we have seasonally adjusted the county's unemployment rate data ourselves.
- On a quarterly basis, Livingston County's unemployment rate fell below its pre-pandemic level in the third quarter of 2022 when it registered 2.5 percent. Michigan did not reach that milestone until the second quarter of 2023, when it recorded a jobless rate of 3.6 percent.
- The unemployment rates in both the county and the state have ticked up since reaching their recent respective low marks, although both declined from the fourth quarter of 2023 to the first quarter of 2024.
- Our forecast of Livingston County's unemployment rate largely mirrors the forecast for the state. The projected changes for the county, however, tend to be more muted, because Livingston's jobless rate is already low, and the county is near full employment.
- We expect Livingston's unemployment rate to continue to dip slightly in the second quarter of 2024 to about 2.6 percent, while the state rate drops a tenth of a percentage point to 3.8 percent.
- From the second quarter of 2024 to the first quarter of 2025, the unemployment rates for both the state and county gradually tick up by one-tenth of a percentage point.
- We project sustained, albeit diminishing, employment gains for both Livingston and Michigan throughout the forecast period. The slight rise in unemployment rates through the first quarter of 2025 is driven by new or returning workers entering the labor force to search for new opportunities rather than residents losing their jobs.
- Both unemployment rates gently descend over the remainder of the forecast as the flow of new workers moderates. By the fourth quarter of 2026, we forecast Livingston's unemployment rate to slide back to 2.6 percent while the state's jobless rate declines to 3.7 percent. We expect the county, therefore, to continue to maintain a lower unemployment rate than the state, by a percentage point or more, for the foreseeable future.
- One cautionary note concerns the state's long-term demographic trends, which suggest slower growth ahead. By the end of 2026, we expect that over 20 percent of Michigan's population will be 65 or older. This aging populace will limit growth for both the state and the county as more residents reach retirement age.

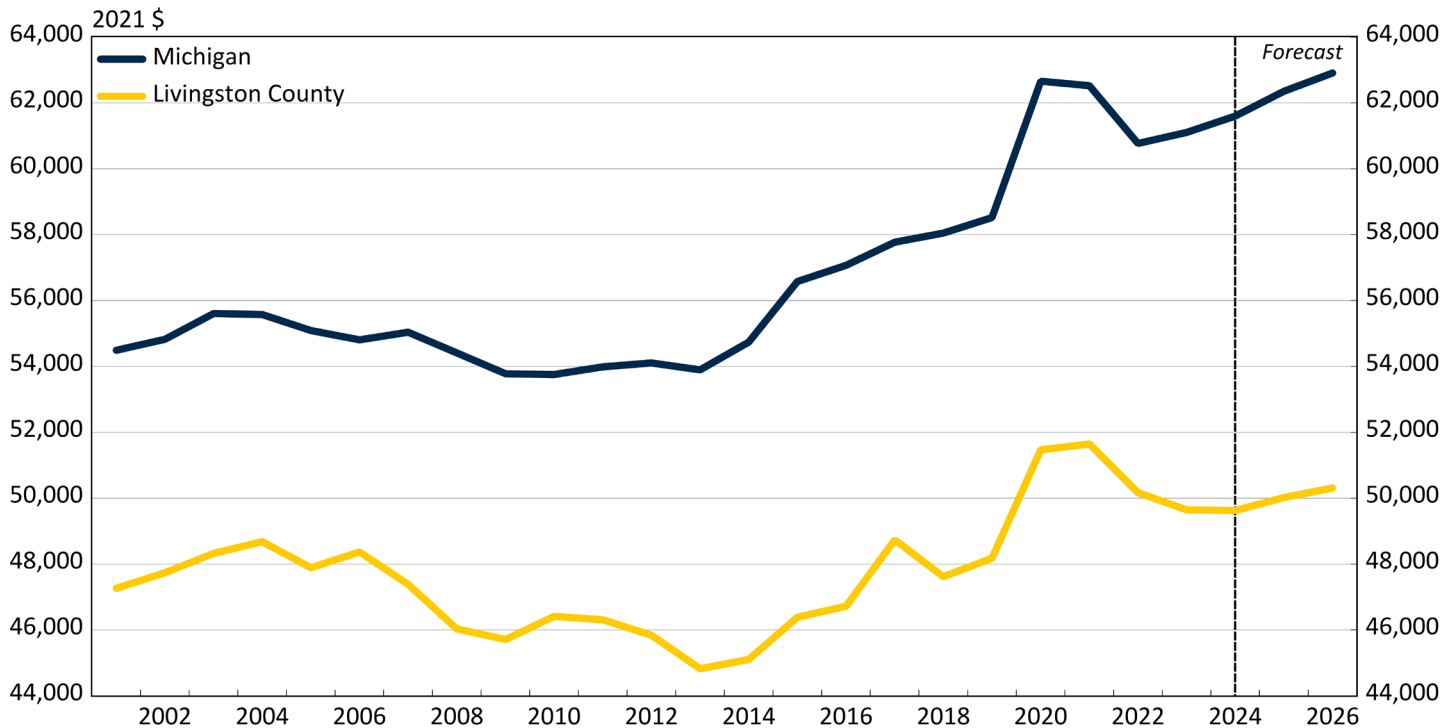
Figure 8
Inflation Rate, Detroit CPI



- Figure 8 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 the second half of 2023 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 a 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 the second quarter, with the annualized quarterly pace of all-items and core inflation rebounding to 5.1 and 4.9 percent, respectively.
- After holding flat between October 2023 and February 2024, we estimate the 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 the second half of 2024. 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 the fourth quarter of 2023.
- All-items local inflation registers 2.8 percent in calendar year 2025 and 2.5 percent in 2026. Local core inflation runs a bit hotter, printing 3.0 percent next year and 2.6 percent in 2026.

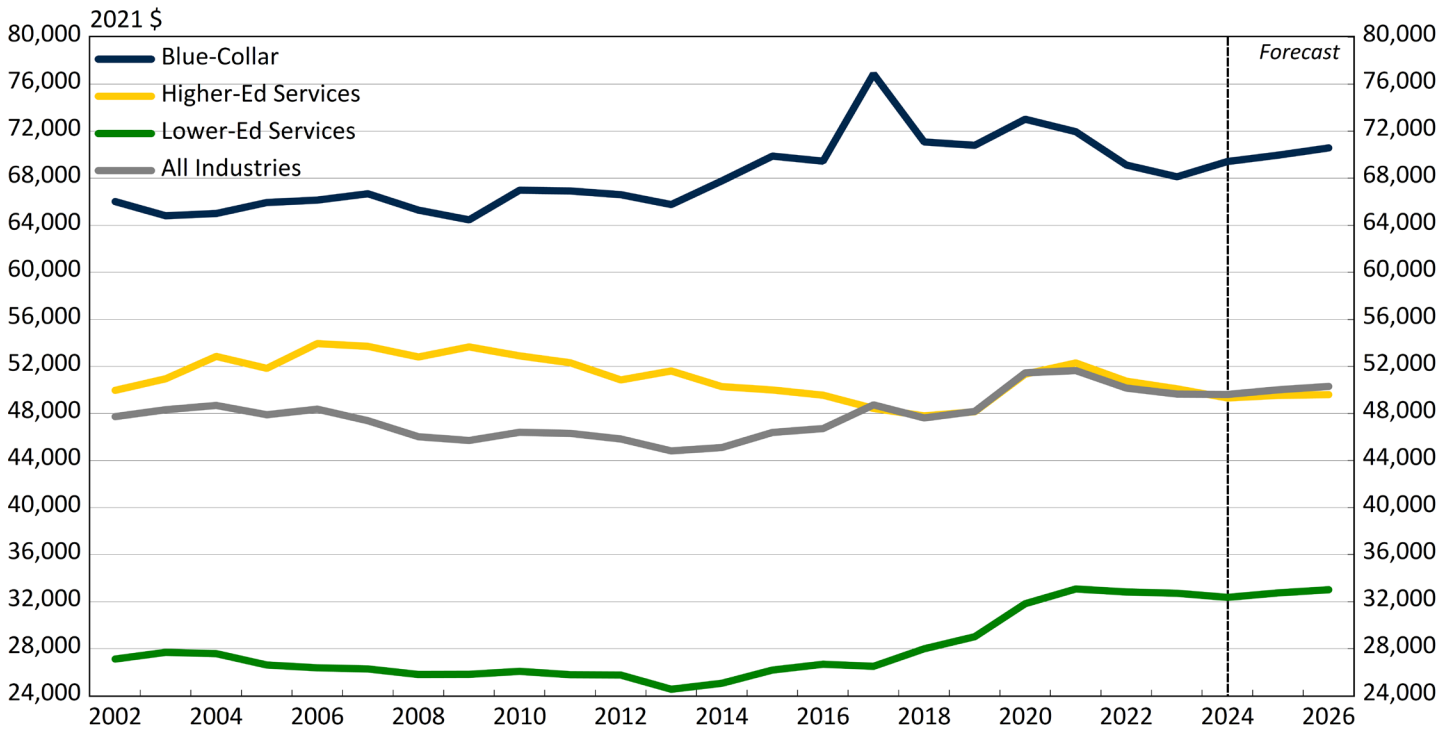
Figure 9

Average Real Wage, Livingston County and Michigan



- Figure 9 shows average wages at payroll jobs in Michigan and in Livingston County, adjusted for inflation to be expressed in 2021 dollars. We used the personal consumption expenditures (PCE) price index to adjust wages for inflation.
- The numbers for Livingston County are for jobs located within the county. We have not adjusted the figures for differences in local costs of living.
- Real wages stagnated both in Michigan and in Livingston County over the first decade of the millennium. From 2000 to 2010, they fell 2.2 percent statewide and 2.0 percent in Livingston.
- Locally, real wages reached their nadir this millennium in 2013, when they stood at \$44,800 in Livingston versus \$53,900 statewide.
- Real wages then grew briskly through 2019, averaging 1.4 percent per year from 2014–19 in Michigan and 1.2 percent per year in Livingston.
- Average real wages jumped in 2020, spiking approximately 7 percent both statewide and in Livingston County. Those increases were driven by lower-wage workers being disproportionately more likely to lose their jobs rather than by workers who remained employed receiving large raises.
- By this measure, real wages fell by nearly 3.0 percent both in Michigan and in Livingston County in 2022, as high inflation eroded purchasing power. We note that real wage decreases would be even larger if we used the Consumer Price Index to adjust for inflation.
- We estimate that real wages declined another 1.0 percent last year in Livingston County and that they will hold flat this year. We are forecasting a return to modest growth of 0.8 percent next year and 0.6 percent in 2026.
- Real wage growth is a bit faster statewide in our forecast, averaging 1.0 percent per year from 2024 through 2026.
- Our forecast takes average real wages in Livingston County to \$50,300 in 2026. That level would be 6.2 percent higher than in the year 2000 and 12.3 percent higher than in 2013.
- One concerning trend in our forecast is the erosion of Livingston County's average wages relative to the state's. We project the ratio of average wages in Livingston County to Michigan to decline from over 86 percent in the year 2000 to 80.0 percent by 2026.

Figure 10
Average Real Wage by Industry Group, Livingston County



- Figure 10 shows the average annual real wage in Livingston County for the same three industry categories as in Figure 6: traditional blue-collar industries, higher-education service industries, and lower-education service industries.
- Average real wages in Livingston County's blue-collar industries are the highest out of the three industry groups. They stood about 37 percent higher than the countywide average in 2023.
- Average real wages in Livingston's higher-education service industries have recently run roughly in line with the average across all industries, while average wages in the lower-education service industries stood about one-third lower in 2023. We note that these industries feature a high share of part-time work.
- The blue-collar industries' average real wage stood 7.2 percent higher in 2019 than in 2002. Average real wages then declined a total of 3.8 percent from 2019 to 2023 amid rapid inflation.
- We expect real wages in these industries to reverse course over the next few years, averaging growth of 1.2 percent per year from 2024–2026.
- Average real wages in Livingston's higher-ed services industries declined 3.7 percent from 2002 to 2019. One reason for this stagnation was the rapid growth of employment in private health and social services, which pay less than average in this industry group.
- Real wages in Livingston's higher-ed service industries rose a cumulative 4.0 percent from 2019 to 2023. We are projecting them to decline 1.5 percent this year before edging up a total of 0.6 percent in 2025–26.
- Although average wages in Livingston's lower-education service industries are lower than in the other industry groups, they have shown the most promising trajectory recently. Average real wages in these industries rose 7 percent cumulatively from 2002 to 2019. Growth was especially rapid in 2018–19, as a tight labor market boosted wage growth at the lower-end of the wage distribution.
- Average real wages in the lower-ed services industries spiked early during the COVID-19 pandemic due to job losses among lower-paid workers, but they did not relinquish many of those gains even as employment recovered. Real wages in this group stood 12.7 percent higher in 2023 than in 2019, a stronger showing than in the blue-collar and higher-ed services groups.
- We expect wage growth in the lower-ed service industries to moderate from here, averaging 0.3 percent per year from 2024–26.

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