

BUSINESS OUTLOOK

for West Michigan

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Contents

West Michigan Viewpoint	1
National Economy	4
Regional Economy	6
State of Michigan Economy	8
West Michigan Economy	10
Benton Harbor MSA	12
Grand Rapids–Muskegon–Holland MSA	14
Grand Rapids Area (Kent County)	16
Muskegon Area (Muskegon County)	17
Holland Area (Allegan and Ottawa Counties)	18
Purchasing Managers Index and Major Economic Developments	19
Kalamazoo–Battle Creek MSA	20
Kalamazoo Area (Kalamazoo County)	22
Battle Creek Area (Calhoun County)	23
Appendix Tables	
• Selected Labor Market Indicators	24
• Michigan Statistics and Michigan Industry Employment Change	25
• Personal Income and Earnings by Industry	26
• Consumer Price Index—U.S. City Average	27
• Population Update for Selected Areas of West Michigan	28
• Employment by Area	29

WEST MICHIGAN VIEWPOINT

Michigan Election Results: Income, Not Employment, Mattered

Economists like to believe that our actions in the voting booth, like those in the marketplace, are highly influenced by economic factors. Indeed, a preliminary examination of Michigan's presidential election results suggests that the state's voters carried their economic concerns, as well as other worries, into the voting booth.

Overall, while John Kerry narrowly took the state, 51 percent to 48 percent, George W. Bush captured 63 of the state's 83 counties. There is some evidence to suggest that, like the nation's, Michigan's presidential election results broke along rural vs. urban lines. As shown in Figure 1, there is an upward trend between the percentage of a county's voters choosing Bush and the percentage of its residents living in a rural setting. The simple correlation statistic is 0.40 on a scalar where 0 indicates no linear association and 1 indicates perfect linear correlation.

Two urban counties clearly stand out in Figure 1. First, voters in Wayne County—which, with its 840,000 votes, represented 17.5 percent of the total number of ballots cast—gave only 30 percent of their votes to President Bush. Meanwhile, the 128,600 voters in Ottawa County on the state's west side gave their overwhelming support to Bush, 71 percent vs. 27 percent for Kerry.

The first question is whether labor market conditions played a role in the election. The short answer is no. As shown in Figure 2, a county's current unemployment rate (year-to-date average to September) was totally unrelated to its voting results: the simple correlation statistic was an insignificant 0.02.

Just as the counties' current unemployment rates did not influence the voting pattern of their residents, neither did

Figure 1
Percent Voting for President Bush
by Percentage of Residents Living in Rural Areas



private employment growth. We compared the percentage of the county's voters choosing Bush with the change in the county's private employment from the first quarter of 2001 to the first quarter of 2004. The three-year period from 2001 to 2004 was not kind to most of the state's 83 counties; 67 lost private employment during this period. In the rural counties of Menominee, Mackinac, Leelanau, and Baraga, private employment fell by more than 25 percent, and President Bush received more than 50 percent of the ballots cast in each of them.

Although local labor market conditions or performance carried little weight in the voting pattern of county residents, their financial conditions did matter. As shown in Figure 3, residents of counties that suffered high rates of poverty in 2000 were less likely to vote to reelect the president this year. Residents in counties that experienced an increase in private wage and salary income were more likely to toss their support to the president for another four years, as shown in Figure 4.

Of course, analyzing each of these factors separately provides an incomplete picture, because it does not control

for the interaction among variables. Throwing all of these data into a regression model, we are able to explain roughly 85 percent of the variation in the presidential election.

- A 1.0 percent improvement in the 2000 poverty rate would have increased the percentage of state residents voting for Bush by 0.4 percent.
- A 1.0 percent increase in the percentage of residents living in a rural setting would have increased the percentage of state residents voting for Bush by less than 0.1 percent.
- A 1.0 percent increase in the growth of the state's wages and salary per capita from 2001 to 2004 would have increased the percentage of state residents voting for Bush by 0.2 percent.
- Employment conditions, surprisingly, had little effect.

In conclusion, we can say the economy did matter in the election, and Kerry's narrow victory in the state rests, in part, on the lackluster growth in the state's economy.

Figure 2
Percent Voting for President Bush
by County's 2004 Unemployment Rate

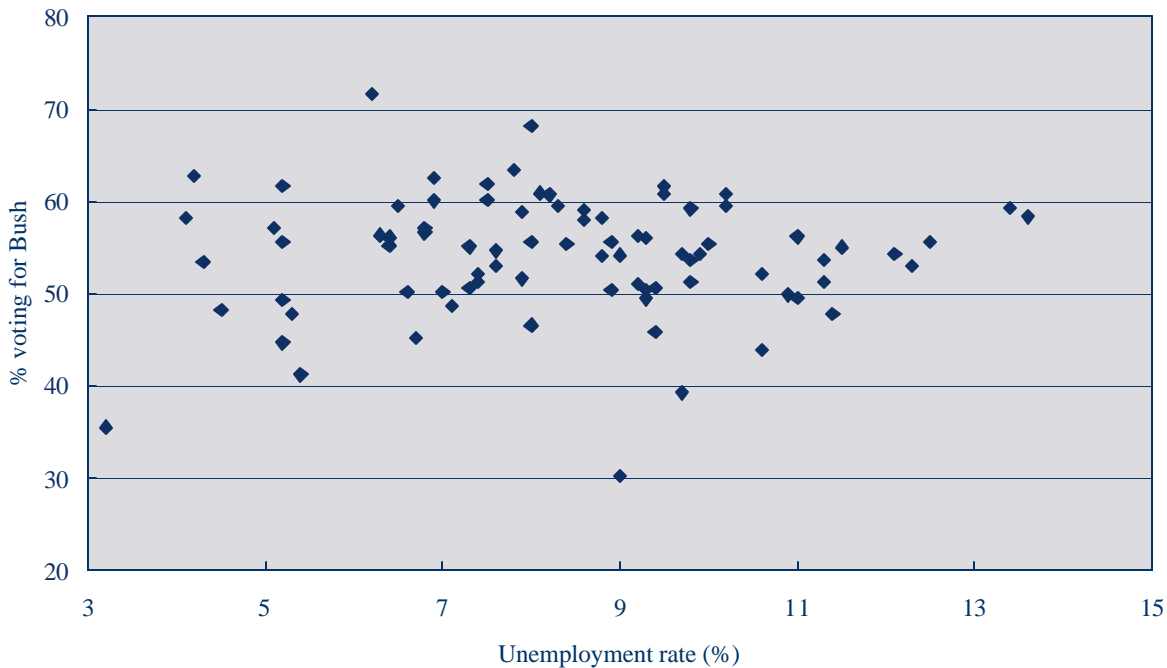


Figure 3
Percent Voting for President Bush
by Percentage of County's Residents Living in Poverty in 2000

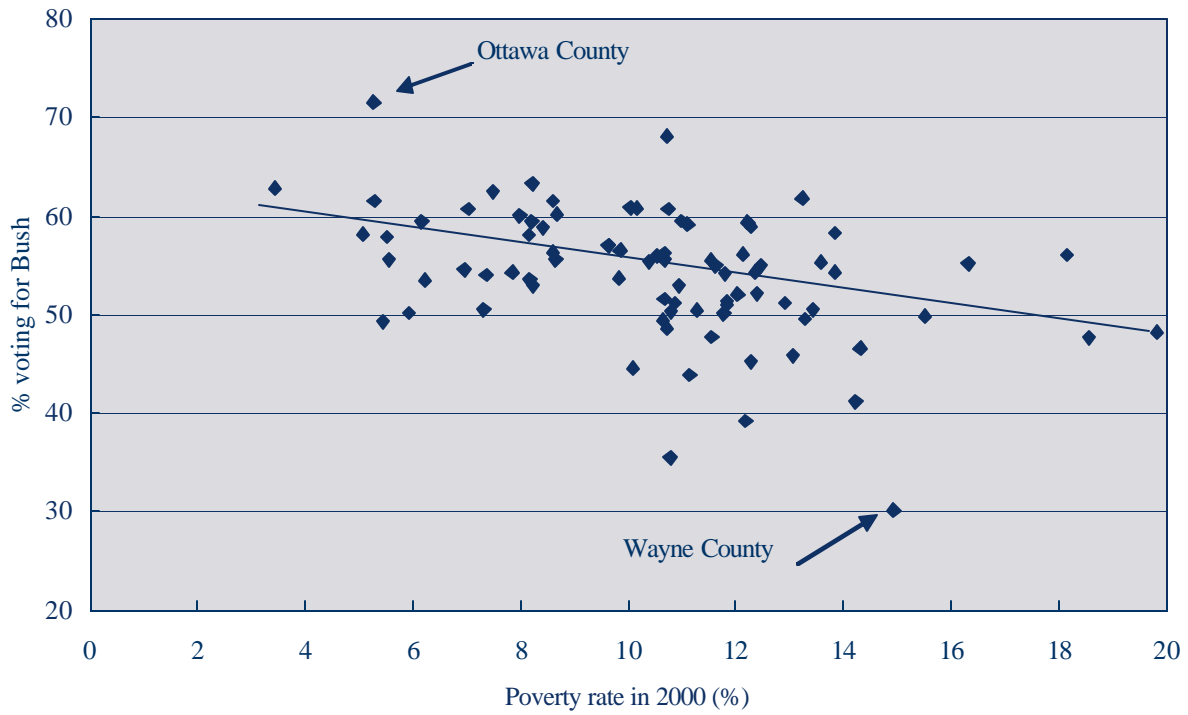


Figure 4
Percent Voting for President Bush
by Change in Private Wage and Salary in County,
2001 Q1 to 2004 Q1

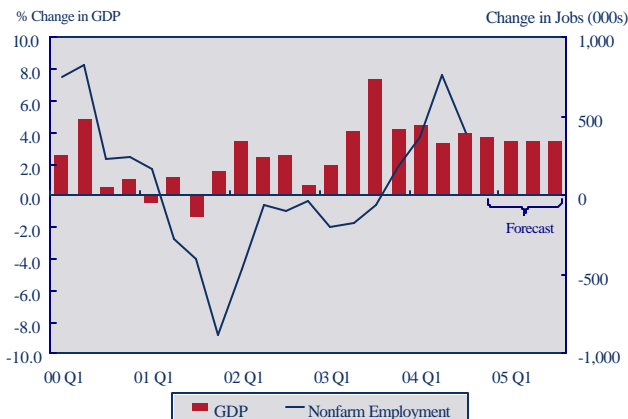


NATIONAL ECONOMY

The Economic Expansion Maintains Its Modest Pace

The three-year economic expansion, while it continues to fall short of expectations, is making some inroads into the nation's lackluster labor market. The nation's Gross Domestic Product (GDP) rose at a 3.9 percent average annual rate during the third quarter of the year. The quarter's rate of growth was faster than the second quarter pace of 3.3 percent. Still, the quarter's performance did not meet expectations, which called for it to reach a 4.3 percent annualized pace. The quarter's performance was broad-based: all of the nation's major sectors reported moderate gains.

Gross Domestic Product and Nonfarm Employment



Employment Situation Is Improving

After several months of disappointing job numbers, the October jobs report released by the Bureau of Labor Statistics exceeded most forecasters' expectations. Employment rose by 337,000 during the month, nearly matching the 396,000-job gain reported for the entire third quarter. The only negative notes in the October report were that manufacturing employment declined by 5,000 jobs and that the average work week for production workers slipped slightly. Manufacturing employment increased by 18,000 workers in the third quarter.

The October unemployment rate of 5.5 percent matched the third quarter rate. During the third quarter, the number of unemployed thinned by 131,000 workers even though it rose by 69,000 in October. Temporary employment services hired 47,600 new workers in October. Although temp services represent only 2.0 percent of total employment, the sector accounted for 14.1 percent of the employment gains in October. While employment gains in temp services can be expected during the early quarters of an economic expansion

as employers remain uncertain about the sustainability of new orders, some fear that this is not the case this time. Instead, some analysts believe that temporary employment services and other labor outsourcing strategies are being used by business to avoid rising health and pension costs.

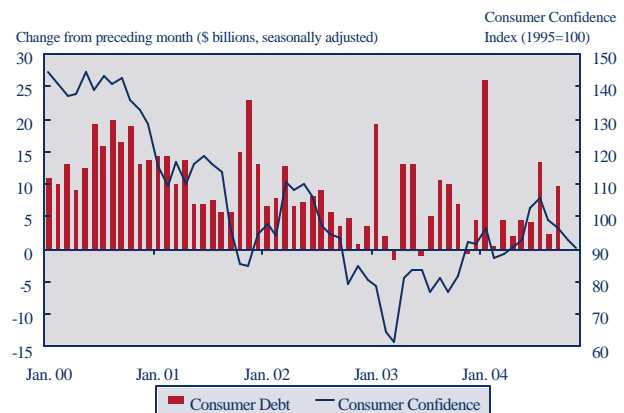
One reason for the current increase in hiring is that businesses are finding it difficult to squeeze out more output per worker. Productivity rose by 3.1 percent during the third quarter over the same quarter last year, which was well below the 4.9 and 5.6 percent gains reported in the previous two quarters. In fact, the third quarter productivity performance was below the average annual rate for the past two years. Not surprisingly, unit labor cost rose in the quarter for the first time in more than a year.

Big-Ticket Item Sales Soared

Bolstered by better-than-expected employment gains, consumer spending grew at a 5.1 percent rate during the quarter, more than doubling the second quarter's lackluster 1.6 percent annualized rate. Consumer expenditures on big ticket items, including cars and light trucks, soared at a 17.2 percent annual rate, compared to a barely detectable negative 0.3 percent pace in the previous quarter. Consumer spending on nondurable goods and services rose at the more mundane annualized rates of 4.8 and 2.9 percent, respectively.

In October, the buying spree continued. Retail sales rose 0.2 percent despite slumping auto sales, which fell from a red-hot September. Taking autos out of the mix, retail sales rose by 0.9 percent during the month.

Consumer Confidence and Consumer Debt



The October numbers were also supported by a jump in consumer confidence. An early November survey of consumers by the University of Michigan reported a strong jump

in confidence as its index rose from 91.7 to 95.5. However, the university's reading differs from the Conference Board's October report, which found that consumer confidence was still off, dropping from 96.7 in September to 92.8 in October.

Residential construction was also up during the quarter, increasing by a 1.7 percent annualized rate. Mortgage rates are holding fairly steady across the nation; the nation's conventional mortgage rate dropped from 6.29 percent in June to 5.72 percent in October, according to the Federal Reserve Board.

Businesses Continue to Update, Upgrade, and Expand Their Production Capacities

Business spending on machinery and software rose at a 17.2 percent pace during the quarter, which was above the 14.2 percent pace that business recorded in the previous quarter. Businesses focused on upgrading their machinery, equipment, and vehicles during the quarter, instead of their computers and software. Spending on information processing devices and software rose at a 7.6 percent pace, while spending on industrial and transportation equipment shot up at a 27.3 and a 35.7 percent annualized pace, respectively.

Despite only modest hiring, the nation's manufacturing sector continues to expand, although at a slightly slower pace. The Institute of Supply Management (ISM) reported that its October reading of its manufacturing index slipped slightly, from 58.5 to 56.8. Still, the index has remained above 50 for 17 consecutive months.

The Federal Reserve is Following the Market

In November, the Federal Reserve Board (Fed) pushed up its target for the federal funds rate to 2.0 percent, which was fully expected by the market analysts. In its press release, the Fed stated that the "monetary policy remains accommodative and...is providing ongoing support to economic activity." The Fed also said that inflation is expected to stay "relatively

low." Consumer prices rose by 3.1 percent in October from a year ago, and the so-called core inflation rate, which excludes energy and food, rose by only 2.0 percent during the period.

The negative impact of high (but recently declining) oil prices has been surprisingly modest. Many companies hold long-term energy contracts that have dampened the blow, and although consumers continue to complain at the pumps, their buying habits have remained strong. Still, producer prices on finished goods jumped by 1.7 percent in the 12-month period ending in October, having been flat the previous two years.

International Seas Still Rough

Although the nation's exports rose at a 6.3 percent annual rate in the third quarter, imports flowed in at a slightly lower 6.0 percent rate. The trade deficit narrowed slightly in October, but the improvement did not stop the dollar's continuing decline against most foreign currencies. In early November, the euro reached a high against the dollar, equalling \$1.30. A weaker dollar should relieve our ongoing trade deficit, as it makes imported goods more expensive and our exports cheaper. However, market forces are not affecting our trade deficit with China, which continues to peg the yuan at 8.3 to the dollar. China's currency is believed to be significantly undervalued at that rate.

Outlook: What You See Is What You Should Expect

Economic forecasters continue to predict a sustainable rate of expansion for the economy until at least the end of 2005. The Federal Reserve Bank of Philadelphia's survey of professional forecasters, which yielded a consensus forecast for GDP of 3.5 percent for next year. Moreover, the University of Michigan in November released its new forecast for 2005 and 2006 and is also calling for GDP to grow by an identical 3.5 percent in 2005 and by 3.8 percent in 2006.



REGIONAL ECONOMY

The Great Lakes States Continue to Lag

Economic conditions in the Great Lakes states continue to improve at a modest pace but not as fast as the rest of the nation. According to economists at the Federal Reserve Bank of Chicago, business spending on machinery and equipment is up, more manufacturers are hiring, and the region's residential real estate markets remain solid, although sales seem to be slowing. The most encouraging news coming out of the bank's most recent survey of the region's business conditions is that manufacturing activity "expanded solidly, and strength was widespread across many of the district's key industry segments." The weaker dollar and higher transportation costs for imported goods could enable some manufacturers to expand domestic sales.

Although there are signs that the region's manufacturing sector is beginning to strengthen, it is still performing below the national rate in terms of employment growth. Manufacturing employment in all five of the Great Lakes states fell by 0.6 percent during the 12-month period ending in September; it rose by 0.4 percent in the other 45 states.

Total employment grew in three of the Great Lakes states during the 12-month period. However, among the five states, only Wisconsin experienced an increase in manufacturing employment—a 2.5 percent jump. Wisconsin was also the

only one of the Great Lakes states where production workers logged longer weekly hours in September than they had a year ago.

Michigan had the largest loss in both total employment, 1.2 percent, and manufacturing employment, 2.3 percent, during the period.

Auto Sales Still Strong

September was a great sales month for the nation's auto dealerships, as sales of cars and light trucks rose at a 17.5 million unit pace, fueled by yet another round of incentives. In October, sales fell back down to a more sustainable 16.9 million unit rate.

The industry continues to compete both on price and by offering new gadgets on their 2005 models. According to Comerica Bank, cars remain affordable to most households. Its Auto Affordability Index, which estimates the number of weeks of earnings, on average, the median income-earning family must forgo in order to buy a car, dropped to 20.6 weeks in the second quarter. By comparison, in the second quarter of 2003 it stood at 21.2 weeks.

But in addition to offering low prices and easy terms, the auto companies are adding new—and, they hope, must-

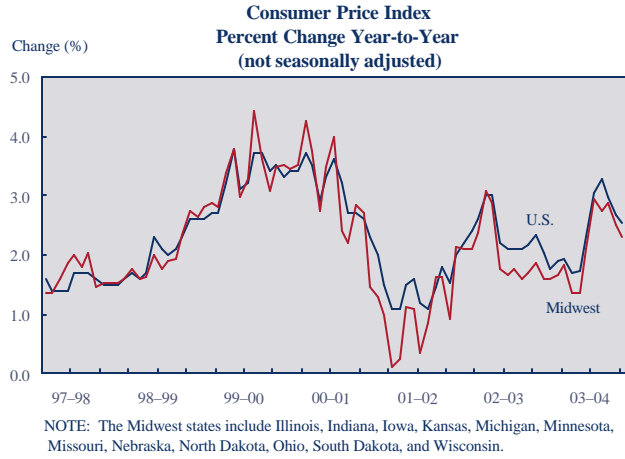
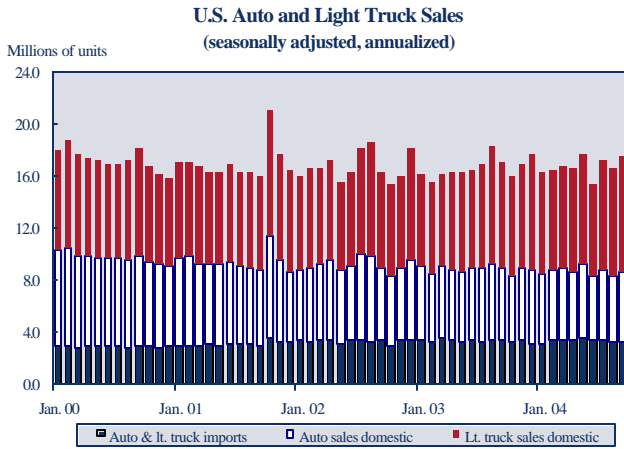
Employment and Earnings*

Great Lakes Region	September 2004	September 2003	Change (%)	Great Lakes Region	September 2004	September 2003	Change (%)
Illinois				Ohio			
Total employment	5,826,600	5,818,000	0.1	Total employment	5,371,900	5,389,800	-0.3
Mfg. employment	705,300	710,900	-0.8	Mfg. employment	823,700	835,100	-1.4
Avg. weekly hours	40.6	41.0	-1.0	Avg. weekly hours	41.2	41.3	-0.2
Avg. hourly earnings	\$15.94	\$15.35	3.8	Avg. hourly earnings	\$18.56	\$18.34	1.2
Indiana				Wisconsin			
Total employment	2,916,500	2,902,500	0.5	Total employment	2,834,500	2,782,000	1.9
Mfg. employment	568,900	569,500	-0.1	Mfg. employment	516,100	503,600	2.5
Avg. weekly hours	41.6	42.9	-3.0	Avg. weekly hours	40.6	40.5	0.2
Avg. hourly earnings	\$18.22	\$17.86	2.0	Avg. hourly earnings	\$16.29	\$16.19	0.6
Michigan				United States			
Total employment	4,354,900	4,407,400	-1.2	Total employment (000)	131,680	129,856	1.4
Mfg. employment	701,000	717,300	-2.3	Mfg. employment (000)	14,398	14,375	0.2
Avg. weekly hours	42.4	42.9	-1.2	Avg. weekly hours	40.8	40.4	1.0
Avg. hourly earnings	\$21.91	\$21.71	0.9	Avg. hourly earnings	\$16.30	\$15.84	2.9

NOTE: September 2004 lists preliminary numbers.

*Employment numbers are seasonally adjusted for both the U.S. and the states. Average weekly hours and earnings are seasonally adjusted for U.S. only.

SOURCE: U.S. Bureau of Labor Statistics (BLS).



have—gadgets that will entice more customers into their showrooms. These include such extras as rearview video cameras, available on Toyotas and Hondas, which assist in parking; keyless entry and ignition systems; XM satellite radio; and navigation systems with real-time traffic reports.

Not surprisingly, with gas prices topping \$2 a gallon in October, SUVs suffered double-digit sales drops during the summer. In fact, Ford announced that it is limiting production of the Explorer, the Mercury Mountaineer, and the Lincoln Aviator. Other analysts believe that while high gas prices had a negative effect, recent trends could also reflect the fact that the SUV market segment is simply adjusting to a more sustainable, long-term sales volume.

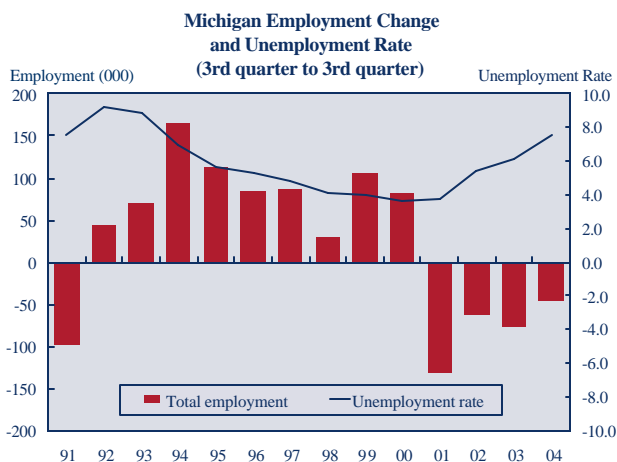
In October, yet another report was released that reconfirms that a rocky relationship apparently exists between auto suppliers and General Motors and Ford. Planning Perspective, in its 2004 survey of auto suppliers, found that more than one-third of the 221 tier-one suppliers responding to the survey would rather not work

for General Motors, compared to two-thirds that say they would like to work for Toyota. Evidently, the Japanese Big Three—Toyota, Honda, and Nissan—have successfully nurtured a less adversarial relationship than Ford or GM.

Finally, Michigan has lost its top dog status in the auto industry in terms of production to the province of Ontario, Canada, according to *Ward's Automotive*. *Ward's* estimates that Ontario will produce approximately 89,000 more cars and light trucks than Michigan in 2004. Assemblers in the Canadian province will make 2.70 million units during the year compared to 2.61 million units in Michigan. Michigan's total will be 6.3 percent below its 2003 total, if the estimates in *Ward's* are correct. As recently as 1994, the state assembled 3.4 million cars and light trucks. Since then, both Toyota and Honda have built plants in Ontario.

STATE OF MICHIGAN ECONOMY

Total employment fell by 0.4 percent in the state during the third quarter (see table on page 25). Employment declines were reported across almost all of the state's major sectors. The loss of more than 16,000 jobs during the quarter pushed the state's unemployment rate up to 6.8 percent from 6.4 percent in the previous quarter. Unfortunately, all of the state's economic indicators are still pointing south, suggesting that the state's employment picture may not improve during the remaining months of the year.



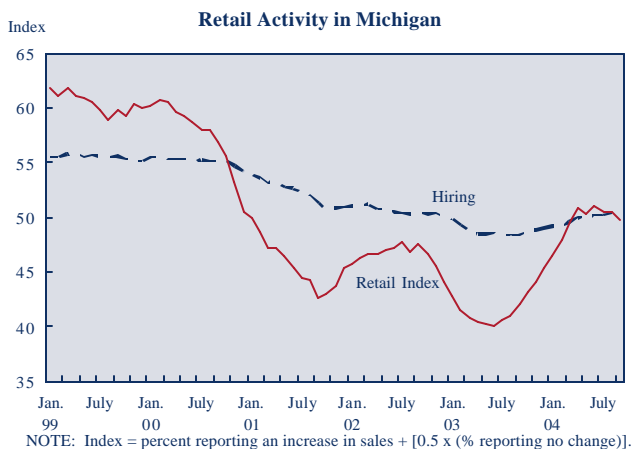
Employment in the state's goods-producing sector fell by just 0.2 percent during the quarter. Moreover, manufacturing employment appears to be bottoming out; it declined by only 0.2 percent. In fact, employment in the state's nondurable goods production jumped by 2.1 percent in the quarter, a gain of more than 3,000 jobs.

Taking a longer view, during the past year the state's plastics and fabricated metals industries hired, in total, nearly 3,000 workers (see table on page 25). However, although this has been yet another good year for car sales, the state's transportation equipment industry, which of course includes auto assembly, cut 19,100 jobs. Moreover, the state's auto suppliers eliminated 8,500 workers. A combination of continuous productivity improvements and the movement of the industry to southern states and to Mexico may explain many of these job losses.

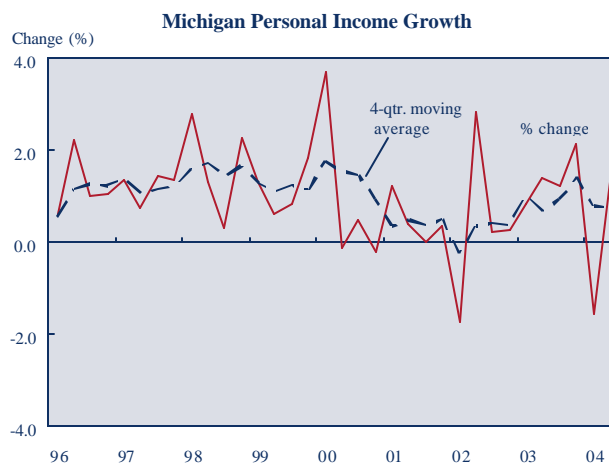
Employment in the state's service-providing sector was off by only 0.1 percent during the quarter. As a further sign of the state's improving manufacturing sector, those services most directly tied to manufacturing—transportation and utilities, and wholesale trade—experienced strong employment gains during the quarter.

On the other hand, the state's retailers trimmed their workforce by 1.2 percent during the quarter. According to the

monthly survey of the state's retailers conducted by the Federal Reserve Bank of Chicago in association with the Michigan Association of Retailers, retail activity has waned during the past year, after climbing nicely during the final months of 2003. Hiring has remained constant, according to the survey.



The apparent slowdown in the state's retail sector cannot be attributed to its lack of personal income growth. Although subjected to dramatic quarterly changes, the state's personal income continues to grow at an average rate of 0.8 percent per quarter.



Unfortunately, job cuts in the state's service-providing sector were not limited to its retail sector. Employment declines were reported across almost all of the state's business-related services, including financial, information, and professional and business services. Further reductions in the state's information sector appear likely as SBC Communications announced that it could cut its statewide workforce by 1,000 during the next couple of years.

Finally, government employment declined by 1.5 percent as state and local government budget woes continue to force layoffs and service reductions.

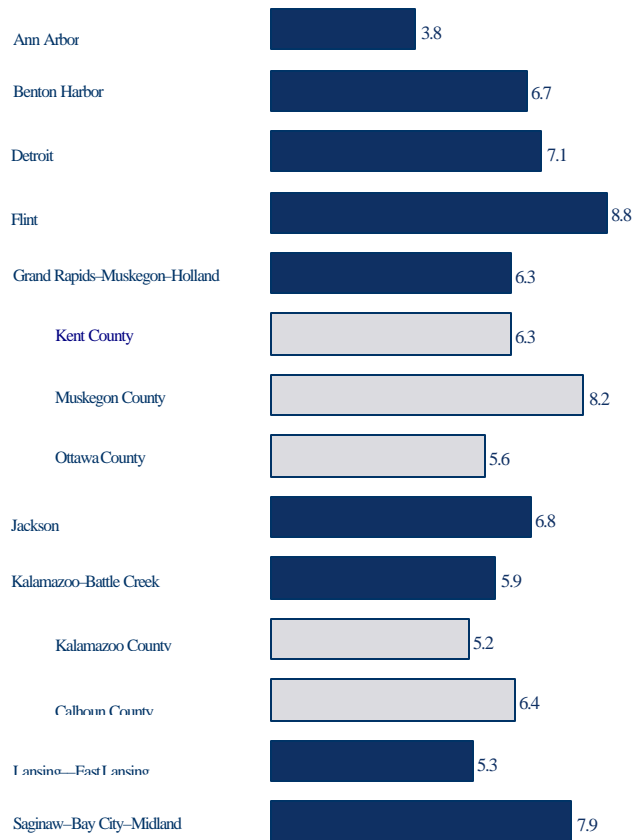
Not surprisingly given the overall decline in jobs in the state, its unemployment rate rose to 6.8 percent in the quarter. Unfortunately, the third-quarter reading of state economic indicators does not suggest that conditions will improve in the short term. Both the Detroit and the west Michigan indexes of help-wanted advertising declined during the quarter, as did the Index of Leading Indicators for Michigan, which monitors conditions in the state's goods-producing sector.

Finally, the University of Michigan, in its just-released economic forecast for Michigan, calls for employment to increase by 0.8 percent in 2005 and by 1.7 percent in 2006.

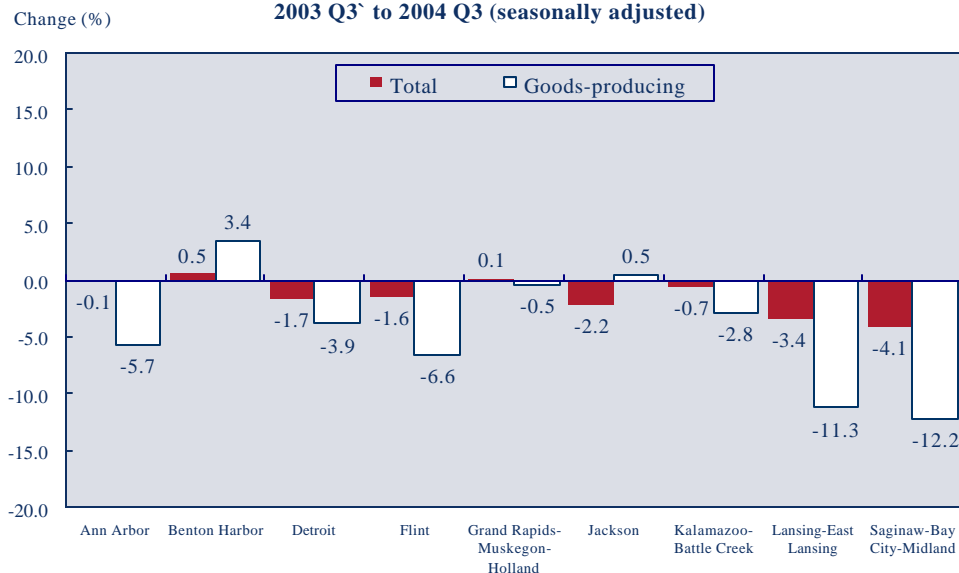
Lansing–East Lansing, Saginaw–Bay City–Midland Hit Hard Times

The Benton Harbor MSA witnessed the strongest employment gain, a modest 0.5 percent, among the nine metropolitan areas in the state during the past four quarters. In addition, Benton Harbor and Jackson were the only metro areas where goods-producing employment increased. On the downside, goods-producing employment plunged by more than 10 percent in the auto-dependent metro areas of Lansing–East Lansing and Saginaw–Bay City–Midland. As usual, Ann Arbor enjoyed the lowest unemployment rate of the state's metropolitan areas.

Michigan Metropolitan Areas
2004 Q3 Unemployment Rates
(%, seasonally adjusted)



Metropolitan Comparison: Percent Change in Employment,
2003 Q3 to 2004 Q3 (seasonally adjusted)



WEST MICHIGAN ECONOMY

Total employment in the three metropolitan areas of west Michigan fell by 0.3 percent during the third quarter, with most of the job declines occurring in the region's financially strapped government sector. Employment in the private sector saw little change during the quarter. The region's unemployment rate stayed at 6.2 percent. The region's economic indicators were negative, suggesting that the region's troubled employment conditions would hold firm in the closing months of the year.

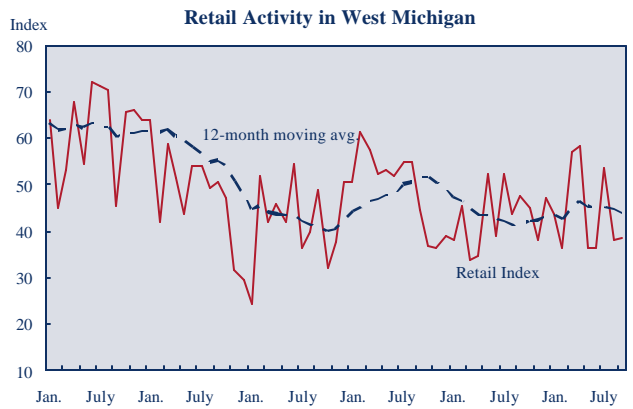
Employment in the region's goods-producing sector remained flat during the quarter. Construction employment was slightly up, in part reflecting a nearly 5 percent increase in the number of new dwelling units put under contract for construction and several major nonresidential construction projects, including several highway projects. Employment in the area's manufacturing sector fell by just 0.1 percent in the quarter. While recently published business reports regarding layoffs and hiring are mixed, personal discussions with business representatives from various industries have been more positive.

The region's manufacturing sector continues to witness tremendous employment churning amongst its auto suppliers. Many are adding workers; for example, in Battle Creek, Musashi Auto Parts—Michigan Inc. announced that it will expand, adding 178 jobs. In Holland, Nicholas Plastics and Gentex announced that they will hire 100 additional workers each, in addition to Gentex's major plant expansion plans previously reported. Saturn Electronics and Engineering announced that it will create at least 42 jobs. In Benton Harbor, Atlantic Automotive announced that it will add 71 jobs locally. However, at the same time, several suppliers are cutting back. In the Battle Creek area, Lear Corporation may have to lay off 200 workers by year's end, and Johnson Controls may eliminate 181 workers. Johnson Controls also announced that it will cut an estimated 175 salaried jobs in Holland but will add 200 new manufacturing jobs next year to the area's production facilities. Finally, Hydro Automotive Structures is eliminating 160 workers in Ottawa County.

The region's other key industry is, of course, office furniture, and here the latest news is promising. Recent earnings reports by Steelcase and Herman Miller are positive. Although Michael Dunlap in his October survey of the industry found that it had remained relatively flat since his August polling, he found growing expectations for the times ahead.

Employment in the region's service-providing sector was also flat. The unusually cold summer contributed to a 0.9 percent decline in employment in the region's leisure and hospitality sector. The poor tourism season also had an im-

pact on the area's retail sector, which lost 1,000 jobs in the quarter. The retail slowdown was also detected by the monthly retailer survey conducted by the Federal Reserve Bank of Chicago and the Michigan Association of Retailers. Average retail activity in the region has been slowing since January.



NOTE: Index = percent reporting an increase in sales + [0.5 x (% reporting no change)].

These losses were offset by employment gains in the professional and business services, financial activities, transportation and utilities, and wholesale trade sectors.

Government employment fell by 2.5 percent, with the lion's share of the losses coming from the state and local employment sector, which includes public schools.

The third-quarter readings of the area's economic indicators were negative: both the region's composite Index of Help-Wanted Advertising and its Index of Leading Indicators were down. Production workers logged shorter work weeks, and the number of new claims for unemployment insurance rose. The region's separate Manpower survey results also indicated that employment conditions are weaker than just three months ago. Still, the region's two purchasing managers indexes were positive.

West Michigan (3 MSAs) Statistics
(seasonally adjusted)

Measure	2004	2004	Percent change	2003	Percent change
	Q3	Q2	Q2 to Q3	Q3	Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	836,200	838,660	-0.3	836,740	-0.1
Goods-producing	221,910	221,840	0.0	223,430	-0.7
Construction and mining	39,230	39,020	0.5	39,610	-1.0
Manufacturing	182,680	182,820	-0.1	183,820	-0.6
Durable goods (2 MSAs) ^a	114,310	114,810	-0.4	115,070	-0.7
Nondurable goods (2 MSAs) ^a	51,550	51,430	0.2	52,610	-2.0
Private service-providing	514,040	514,000	0.0	511,900	0.4
Transportation and utilities	21,920	21,530	1.8	21,410	2.4
Wholesale trade	38,630	38,170	1.2	37,940	1.8
Retail trade	96,620	97,640	-1.0	99,300	-2.7
Information	10,820	10,920	-0.9	10,990	-1.5
Financial activities	35,540	34,800	2.1	35,850	-0.9
Professional and business services	90,170	89,480	0.8	87,810	2.7
Education and health services	112,310	112,690	-0.3	109,280	2.8
Leisure and hospitality	73,130	73,760	-0.9	73,470	-0.5
Other services	34,910	35,030	-0.3	35,840	-2.6
Government	100,250	102,830	-2.5	101,400	-1.1
Unemployment					
Number unemployed	57,880	57,320	1.0	69,340	-16.5
Unemployment rate (%)	6.2	6.2		7.5	
Local indexes					
Help-wanted ads (2 MSAs) (1996=100) ^a	43	44	-3.6	44	-2.1
Leading indicators (1996=100)	110	114	-3.1	100	10.2
Average weekly hours	40.5	41.2	-1.7	39.9	1.5
UI initial claims	2,434	2,407	1.1	4,046	-39.8
New dwelling units ^b	8,499	8,105	4.9	8,644	-1.7

NOTE: Categories may not sum to total due to rounding.

^a Grand Rapids–Muskegon–Holland MSA and Kalamazoo–Battle Creek MSA.

^b Seasonally adjusted annual rates; Allegan County and Van Buren counties are not included.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw Information Systems Company; ad count from four major daily newspapers; and employment data from the Michigan Department of Labor and Economic Growth.

West Michigan Industry Employment Change by Place of Work
Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2004	2003	Percent change	Industry	2004	2003	Percent change
	Q3	Q3			Q3	Q3	
Goods-producing	224,830	226,170	-0.6	Admin. and support svcs.*	49,330	48,170	2.4
Transportation equipment*	35,270	34,730	1.6	Health and social assistance*	80,630	79,070	2.0
Motor vehicle parts*	29,270	29,330	-0.2	Food svcs. and drinking places*	54,930	52,900	3.8
Food*	13,400	14,000	-4.3	Government	91,370	92,930	-1.7
Paper*	6,530	6,500	0.5				
Private service-providing	518,300	516,730	0.3				
General merchandise stores*	21,300	23,200	-8.2	Federal	9,230	9,370	-1.5
Finance and insurance*	23,230	24,830	-6.4	State	13,230	13,930	-5.0
				Local	68,900	69,630	-1.0

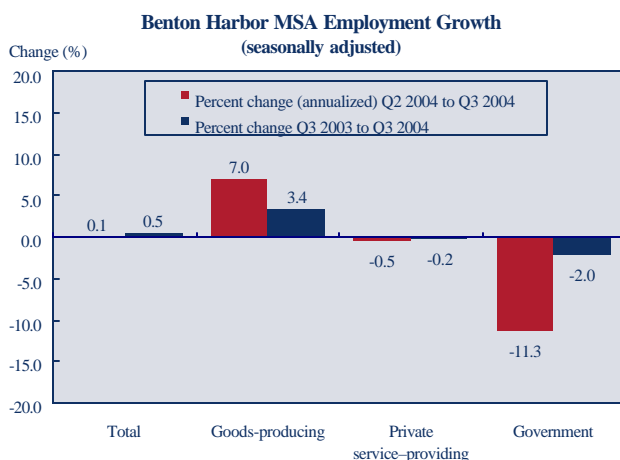
*Combined data for Grand Rapids–Muskegon–Holland MSA and the Kalamazoo–Battle Creek MSA; Benton Harbor MSA data not available.

SOURCE: Michigan Department of Labor and Economic Growth.

BENTON HARBOR MSA

Total employment remained unchanged in the Benton Harbor MSA during the third quarter, and its unemployment rate increased only slightly, to 6.7 percent. Employment gains in the area's goods-producing sector were offset by declines in its private service-providing and government sectors. Unfortunately, the area's economic indicators turned negative during the quarter, suggesting that its employment situation will remain uninspired for the remainder of the year.

Reflecting positive national trends, employment in the area's goods-producing sector rose by 1.7 percent, owing to employment gains in the area's construction and manufacturing sectors. Construction employment increased by 2.6 percent during the quarter, despite a modest 4.3 percent decline in the number of new dwelling units put under contract for construction.



Employment in the area's manufacturing sector increased by a healthy 1.6 percent, or by more than 250 workers, during the third quarter. In fact, manufacturing employment in the area has increased by a robust 4.3 percent during the past year, with job gains being reported among its durable goods and nondurable goods manufacturers alike. Unfortunately, data restrictions do not allow us to be more specific about where the job gains have occurred, but current employment announcements suggest that they have been broad-based.

Atlantic Automotive announced that it would add 71 jobs locally, as it decided to make a \$21.8 million investment at its existing facilities instead of building a new plant in Indiana. In Coloma Township, two firms, Chocolate Garden and Grandpa's Cider Mill, announced plans to add a total of 20 jobs. Finally, C&S Machine Products, a supplier of precision

parts for the computer, aerospace, and defense industries, is investing \$2.4 million in new equipment at its two area facilities. On the downside, Dean Specialty Foods Group closed its Benton Harbor plant, dismissing 45 workers.

While the area's goods-producing sector continued to expand, its private service-providing sector remained stuck in the doldrums, with employment declining by a modest 0.1 percent. Even the traditional spinoff employment gains expected from the recent hiring in its manufacturing sector were not detected during the quarter: employment in its retail sector fell by 0.5 percent. Still, the increase in manufacturing activity helped push employment in the area's transportation and utilities sector up by 1.3 percent and employment in its wholesale sector up by 0.8 percent.

Part of the decline in retail employment may have been due to the below-normal temperatures recorded during the summer months. The summer's disappointing weather likely caused serious harm to the area's tourism industry, as witnessed by the large 2.9 percent decline in employment in its leisure and hospitality sector.

Government employment fell by 3.0 percent during the quarter and by 2.0 percent during the past year. All of the sector's employment losses during the past year were recorded in its local government employment sector, reflecting the harsh budget situation many of the area's public schools and local governments continue to combat.

The lack of overall employment growth contributed to the area's unemployment rate inching up to 6.7 percent during the quarter, as the number of unemployed residents increased by 1.5 percent.

Unfortunately, employment conditions in the area may not improve in the final months of the year. In fact, employment conditions in the area's goods-producing sector may slow significantly. The area's Index of Leading Indicators, which monitors employment conditions in its goods-producing sector, fell by 4.5 percent during the quarter. All three of the local components of the index deteriorated during the quarter: production workers logged fewer hours; more job seekers filed for unemployment insurance for the first time; and, as mentioned previously, residential housing starts fell.

Benton Harbor MSA
(seasonally adjusted)

Measure	2004 Q3	2004 Q2	Percent change Q2 to Q3	2003 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	68,840	68,820	0.0	68,480	0.5
Goods-producing	19,160	18,840	1.7	18,530	3.4
Construction and mining	2,330	2,270	2.6	2,390	-2.5
Manufacturing	16,830	16,570	1.6	16,140	4.3
Durable goods (see table below)					
Nondurable goods (see table below)					
Private service-providing	41,480	41,530	-0.1	41,570	-0.2
Transportation and utilities	2,310	2,280	1.3	2,280	1.3
Wholesale trade	2,590	2,570	0.8	2,550	1.6
Retail trade	8,060	8,100	-0.5	8,180	-1.5
Information	900	900	0.0	900	0.0
Financial activities	2,230	2,210	0.9	2,230	0.0
Professional and business services	5,520	5,510	0.2	5,560	-0.7
Education and health services	10,040	9,990	0.5	9,870	1.7
Leisure and hospitality	6,380	6,570	-2.9	6,550	-2.6
Other services	3,450	3,410	1.2	3,440	0.3
Government	8,210	8,460	-3.0	8,380	-2.0
Unemployment					
Number unemployed	5,500	5,420	1.5	6,210	-11.4
Unemployment rate (%)	6.7	6.6		7.7	
Local indexes					
Leading indicators (1996=100)	113	119	-4.5	102	10.8
Average weekly hours	41.4	42.9	-3.5	43.0	-3.9
UI initial claims	246	239	2.6	311	-21.0
New dwelling units ^a	607	635	-4.3	513	18.4

NOTE: Categories may not sum to total due to rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from Michigan Department of Labor and Economic Growth.

Benton Harbor MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2004 Q3	2003 Q3	Percent change	Industry	2004 Q3	2003 Q3	Percent change
Goods-producing	19,330	18,700	3.4	Government	7,570	7,730	-2.1
Durable goods	13,570	13,030	4.1	Federal	400	400	0.0
Nondurable goods	3,270	3,100	5.5	State	500	500	0.0
				Local	6,670	6,830	-2.3
Private service-providing	42,200	42,330	-0.3	Local education	3,930	4,170	-5.8
Accommodations & food svcs.	6,030	6,070	-0.7				

SOURCE: Michigan Department of Labor and Economic Development.

GRAND RAPIDS–MUSKEGON–HOLLAND MSA

Total employment fell by a scant 0.1 percent during the third quarter in the four-county MSA. Employment conditions remained soft across nearly all of the area's major economic sectors. The area's unemployment rate inched up slightly, to 6.3 percent. While many of the quarter's business reports were upbeat, the area's leading indicators suggest that employment conditions will remain soft in the closing months of the year.

Employment in the MSA's goods-producing sector was up just 0.1 percent during the quarter, due solely to a 0.9 percent increase in construction employment. The sector was bolstered by a nearly 9 percent increase in the number of new dwellings put under construction, as well as by various major nonresidential construction projects in the area, including the completion of M-6, Grand Rapids' new south beltline, and two hospitals in the Holland-Zeeland area.

Employment in the area's manufacturing sector was flat during the quarter. While current business reports remain mixed, it does appear that the MSA's manufacturing sector has, at least, stabilized after suffering a three-year decline. During the past four quarters, manufacturing employment fell by just 0.2 percent in the four-county area, with its fabricated metals producers, transportation equipment manufacturers, and plastics firms reporting net job gains.

Both Steelcase and Herman Miller reported stronger earnings this past quarter, providing further evidence that the worst may be behind us. At Steelcase, revenues totaled \$651 million for the quarter ending in August, for an increase of 6.4 percent over the \$612.1 million in the prior year's second quarter. It was its best quarterly earnings in more than three years. Meanwhile, Herman Miller reported a 10.1 percent increase in sales over the previous year's quarter. Net earnings were \$14.3 million, or 20 cents per share.

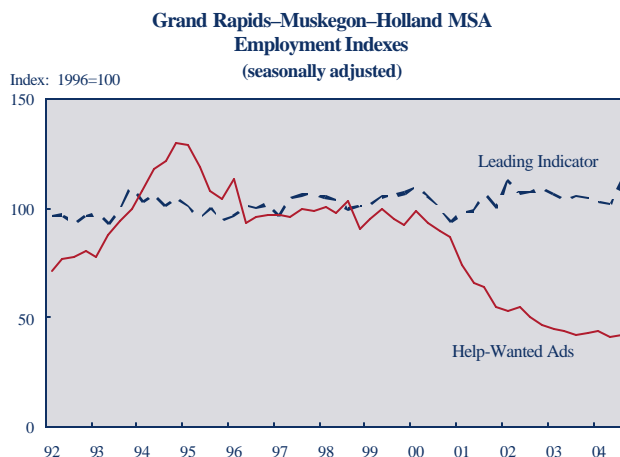
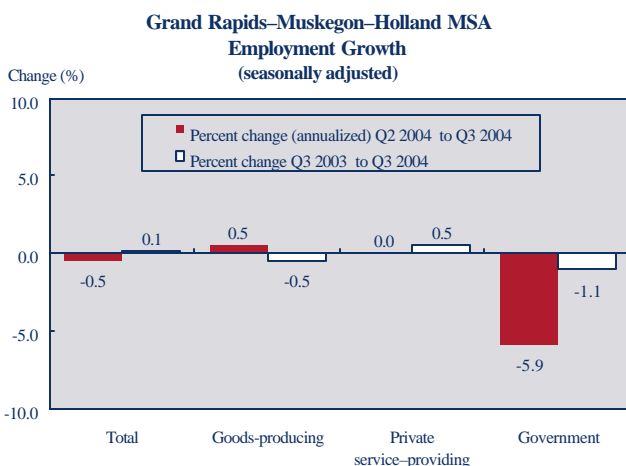
Employment in the MSA's private service-providing sector was flat during the quarter. The area's improving

manufacturing sector likely generated more orders for the area's transportation and wholesale sectors, so it is no surprise to see that both reported positive employment growth—2.1 percent and 1.3 percent, respectively. However, this past summer was colder and wetter than normal, causing employment in the region's leisure and hospitality sector to fall by 0.7 percent. Moreover, the sluggish tourism season likely contributed to the 1.5 percent decline in retail employment as well. Fortunately, recent lodging data suggest that Grand Rapids' growing convention business offset a slide in business travel to the city. The hotel occupancy rate in the Grand Rapids area stayed relatively unchanged at 54.5 percent in 2004, while lodging tax collections slipped by a marginal 1.5 percent.

Employment in the MSA's government sector was off 1.5 percent during the quarter because of a large 10.9 percent drop in state employment, which includes higher education. Employment in local government, including K-12 schools, fell by 0.3 percent.

The area's unemployment rate rose only slightly during the quarter, from 6.2 to 6.3 percent, with the number of unemployed individuals climbing by 1.4 percent.

The third-quarter readings of the MSA's leading economic indicators were negative, suggesting that the employment situation may remain soft. The region's composite Index of Help-Wanted Advertising, which tracks employment conditions in the area's service-providing sector, fell by 2.7 percent during the quarter. Also, the area's Index of Leading Indicators was down by 2.2 percent, suggesting that employment conditions in its goods-producing sector will also remain sluggish. Production workers logged fewer hours, and the number of new claims for unemployment insurance increased slightly. The Manpower survey in each of the subareas of the MSA found weakening employment conditions as well.



Grand Rapids–Muskegon–Holland MSA
(seasonally adjusted)

Measure	2004 Q3	2004 Q2	Percent change Q2 to Q3	2003 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	560,370	561,030	-0.1	559,880	0.1
Goods-producing	154,260	154,050	0.1	155,000	-0.5
Construction and mining	27,060	26,810	0.9	27,510	-1.6
Manufacturing	127,200	127,250	0.0	127,490	-0.2
Durable goods	92,430	92,630	-0.2	92,530	-0.1
Nondurable goods	34,780	34,610	0.5	34,970	-0.5
Private service-providing	349,010	348,990	0.0	347,150	0.5
Transportation and utilities	14,590	14,290	2.1	14,230	2.5
Wholesale trade	29,960	29,590	1.3	29,740	0.7
Retail trade	63,750	64,700	-1.5	65,510	-2.7
Information	7,910	8,010	-1.2	7,990	-1.0
Financial activities	23,530	22,880	2.8	24,340	-3.3
Professional and business services	64,400	64,050	0.5	62,290	3.4
Educational and health services	74,850	75,000	-0.2	72,640	3.0
Leisure and hospitality	47,790	48,110	-0.7	47,340	1.0
Other services	22,220	22,340	-0.5	23,080	-3.7
Government	57,110	57,990	-1.5	57,730	-1.1
Federal government	4,120	4,120	0.0	4,200	-1.9
State government	6,080	6,820	-10.9	6,334	-4.0
Local government	46,910	47,050	-0.3	47,196	-0.6
Unemployment					
Number unemployed	38,570	38,050	1.4	47,820	-19.3
Unemployment rate (%)	6.3	6.2		7.8	
Local indexes					
Help-wanted ads (1996=100)	42	43	-2.7	41	1.9
Leading indicators (1996=100)	112	114	-2.2	101	10.9
Average weekly hours	40.3	40.6	-0.6	39.7	1.6
UI initial claims	1,674	1,656	1.1	3,084	-45.7
New dwelling units ^a	6,521	5,986	8.9	6,274	3.9

NOTE: Categories may not sum to total due to rounding.

^a Seasonally adjusted annual rates; does not include Allegan County.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

Grand Rapids–Muskegon–Holland MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2004 Q3	2003 Q3	Percent change	Industry	2004 Q3	2003 Q3	Percent change
Goods-producing	156,170	156,770	-0.4	Finance and insurance	16,000	17,970	-11.0
Fabricated metals	15,800	15,100	4.6	Admin. and support svcs.	37,000	36,530	1.3
Machinery	13,270	14,000	-5.2	Temporary help services	13,530	13,570	-0.3
Transportation equipment	25,100	24,930	0.7	Educational services	16,600	16,330	1.7
Motor vehicle parts	21,170	21,370	-0.9	Health and social assistance	56,600	55,030	2.9
Furniture and related products	16,230	16,930	-4.1	Food svcs. and drinking places	39,830	37,630	5.8
Food	9,330	9,270	0.6				
Paper	3,767	3,900	-3.4	Government	51,930	52,670	-1.4
Plastics and rubber	9,570	8,400	13.9	Federal government	4,133	4,233	-2.4
Private service-providing	351,770	350,200	0.4	State government	5,470	5,700	-4.0
Food and beverage stores	9,200	8,170	12.6	Local government	42,330	42,730	-0.9
General merchandise stores	14,270	15,600	-8.5	Local govt. educ. svcs.	24,970	26,330	-5.2

SOURCE: Michigan Department of Labor and Economic Growth.

Grand Rapids Area (Kent County)

Total employment remained flat during the third quarter in Kent County, according to our estimates. The number of employed residents inched up by a small 0.1 percent during the quarter, and the county's unemployment rate held firm at 6.3 percent. The county's economic indicators were mostly negative during the quarter, suggesting that the county's current mediocre conditions may hold during the final months of the year.

Employment in the county's goods-producing sector rose by an estimated 0.2 percent during the quarter. However, recent business reports from the area's manufacturing sector were mixed at best during the past several months. Blaming foreign competition, Gear Research announced that it will close its local plant within a year, eliminating 50 jobs. The plant manufactures gears and assemblies for devices such as electric floor polishers. Siemens Dematic in Grand Rapids cut another 80 jobs—more fallout from a persistent downturn in the industrial conveyor business. The conveyor belt manufacturer has eliminated nearly 700 jobs this past year. Still, officials for the struggling company said that its outlook is improving. In addition, Eerdmans Publishing announced that it will close its printing operations, eliminating 52 jobs. Finally, Kurdziel Industries is closing its Sparta foundry, which made small automotive castings, eliminating 58 jobs.

On the upside, Grand Rapids Foam Rubber is moving to a large facility and adding 40 workers. It supplies cushions to the office furniture industry. And Gilmore, a high-end furniture maker, plans to add at least 20 workers to its 75-employee workforce.

Employment in the county's service-providing sector rose by a scant 0.1 percent during the quarter. Recent business reports suggest little change. Choice One Communications announced that it will cut 90 employees from the 150 workers at its downtown Grand Rapids regional headquarters as it prepares to file for bankruptcy. Metropolitan Hospital announced that it has eliminated 60 managerial and office employees—nearly 3 percent of its workforce—in its efforts to reduce costs.

Government employment fell by 1.5 percent during the quarter, reflecting the decline in employment in the state and local sectors, including public schools.

The latest polling of the area's purchasing managers suggests modest growth in the coming months. Brian Long, the author of the report, said that indicators in the office furniture industry continue to be positive, while automotive suppliers present a mixed bag, experiencing both improvement and slowdowns. However, Manpower's latest polling of employers revealed a weaker job outlook than three months ago. Only 23 percent of Grand Rapids-area businesses polled said they would be hiring during the last quarter of the year. Three months ago, 40 percent of the companies interviewed planned to take on more workers.

The third-quarter readings of the area's economic indicators are in agreement with Manpower's findings. The county's Index of Help-Wanted Advertising fell by 2.1 percent, and the number of new claims for unemployment insurance was up by 2.5 percent.

Grand Rapids Area (Kent County)
(seasonally adjusted)

Measure	2004 Q3	2004 Q2	Percent change Q2 to Q3	2003 Q3	Percent change Q3 to Q3
Total employment (by place of work)	349,920	350,010	0.0	347,320	0.7
Goods-producing	81,620	81,490	0.2	81,720	-0.1
Private service-providing	240,310	240,100	0.1	236,890	1.4
Government	27,990	28,420	-1.5	28,710	-2.5
Employment (by place of residence)	309,420	308,960	0.1	303,150	2.1
Unemployment	20,860	20,810	0.2	25,830	-19.2
Unemployment rate (%)	6.3	6.3		7.8	
Indicators					
Help-wanted ads (1996=100)	42	43	-2.1	42	0.8
UI claims	998	973	2.5	1,544	-35.3
New dwelling units ^a	2,902	2,793	3.9	3,089	-6.1

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.

Muskegon Area (Muskegon County)

Total employment by place of work fell by an estimated 0.4 percent in Muskegon County during the third quarter. Still, the number of employed residents inched up by 0.1 percent, and the county's unemployment rate stayed relatively unchanged at 8.2 percent. Unfortunately, the third-quarter reading of the county's economic indicators suggests that its troubled employment conditions will remain somewhat the same during the final months of the year.

Employment in the county's goods-producing sector rose by only an estimated 0.1 percent during the third quarter; nevertheless, the latest business reports have been positive. Howmet Castings, the county's largest employer, announced that it plans to hire 80 new workers when it starts manufacturing parts for the French-made Airbus A380. Michigan Spring and Stamping will add 25 jobs in the spring owing to an increase in auto business. Michigan Spring currently employs about 130 people. Finally, Sappi Fine Paper received good news on two fronts. First, 14 governmental units approved a countywide proposal that will cut the paper company's wastewater costs by \$545,000 per year. Second, its unionized workers agreed to a requested one-year, status-quo labor contract.

In a recent analysis that reconfirmed the importance of manufacturing for Muskegon County, the county's economic development organization, Muskegon Area First, estimated that 15,757 people are employed at 333 manufacturing

companies in Muskegon County, representing 27.9 percent of the workforce, and earn \$619.8 million, or 36.5 percent of the county's total payroll. In addition, the area's economic development staff in its recent retention visits found that local manufacturers are seeing an improved business climate.

Employment in the county's service-providing sector fell an estimated 0.3 percent during the quarter, while employment in the county's financially troubled state and local government sector fell an estimated 1.5 percent.

The county's unemployment rate remained relatively the same during the quarter at 8.2 percent, although the ranks of the unemployed rose by 1.0 percent.

The area's unemployment rate may not improve in the coming months, unfortunately. The county's Index of Help-Wanted Advertising fell by 2.8 percent, and the number of new unemployment insurance claims rose by nearly 5 percent. On the upside, the number of new dwelling units put under contract for construction soared by 70 percent. Finally, Manpower's recent survey of employers found that 29 percent of the companies surveyed planned to hire more workers in the fourth quarter, compared to 46 percent reported in the temporary employment agency's spring survey.

Muskegon Area (Muskegon County)
(seasonally adjusted)

Measure	2004 Q3	2004 Q2	Percent change Q2 to Q3	2003 Q3	Percent change Q3 to Q3
Total employment (by place of work)	65,480	65,750	-0.4	65,610	-0.2
Goods-producing	15,390	15,380	0.1	14,890	3.4
Private service-providing	40,560	40,690	-0.3	41,070	-1.2
Government	9,530	9,680	-1.5	9,650	-1.2
Employment (by place of residence)	75,150	75,110	0.1	73,620	2.1
Unemployment	6,740	6,670	1.0	9,030	-25.4
Unemployment rate (%)	8.2	8.1		10.9	
Indicators					
Help-wanted ads (1996=100)	42	43	-2.8	38	9.1
UI claims	370	353	4.9	489	-24.3
New dwelling units ^a	1,680	988	70.0	1,390	20.9

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.

Holland Area (Allegan and Ottawa Counties)

Total employment by place of work fell by an estimated 0.2 percent in Allegan and Ottawa counties during the third quarter. However, the number of employed residents in the two-county area rose by an identical 0.2 percent. Given the area's weak employment environment, it is not surprising that its unemployment rate rose to 5.6 percent. The area's limited set of economic indicators were mixed in the quarter, suggesting little change in its employment situation during the coming months.

Employment in the area's goods-producing sector inched up an estimated 0.1 percent during the quarter; recent business reports were mixed. On the plus side, Nicholas Plastics announced that it will hire 100 additional workers because it won a new contract with General Motors. Great Lakes Castings of Ludington expects to open a new production facility in Holland by early November that will employ 70 workers. Saturn Electronics and Engineering, an auto supplier, announced that it will spend \$12.7 million to expand its Coopersville facility, creating at least 42 jobs.

Finally, Gentex plans to add up to 100 new jobs even before its new plant opens in 2006. The company, which currently employs 1,830 people, is preparing to start construction on a new 300,000-square-foot technology center and manufacturing facility. The plant is scheduled to open in the spring of 2006, and the company expects to fill at least 600 new jobs within five years of opening.

Johnson Controls announced that it would eliminate 350 salaried jobs in Michigan. Local employees said that approximately 175 of the job cuts would occur in Holland. However, the Holland plant has secured a new product contract that will bring in 200 new manufacturing jobs next year. Finally, Hydro Automotive Structures, an auto supplier, lost its contract with GM and is eliminating 160 workers.

Employment in the area's service-providing sector was off an estimated 0.1 percent, while employment in its state and local government sectors fell by an estimated 1.5 percent during the quarter.

The number of unemployed individuals residing in the two-county area rose by 4.1 percent, pushing the area's unemployment rate up to 5.6 percent.

The area's few economic indicators were mixed during the quarter. The number of new claims for unemployment insurance fell by 3.6 percent. On the other hand, the number of housing starts dropped by 15.6 percent. Moreover, Manpower found in its latest polling of employers that 23 percent of Holland's employers were expecting to hire additional workers in the fourth quarter, but here again, the survey results were worse than those of the previous survey, taken in the spring, when 47 percent of the companies interviewed said they intended to take on more staff.

Holland Area (Allegan and Ottawa Counties)
(seasonally adjusted)

Measure	2004 Q3	2004 Q2	Percent change Q2 to Q3	2003 Q3	Percent change Q3 to Q3
Total employment (by place of work)	144,980	145,280	-0.2	147,280	-1.6
Goods-producing	57,250	57,190	0.1	58,390	-2.0
Private service-providing	68,140	68,200	-0.1	69,200	-1.5
Government	19,590	19,890	-1.5	19,690	-0.5
Employment (by place of residence)	187,820	187,500	0.2	184,030	2.1
Unemployment	11,030	10,600	4.1	13,000	-15.2
Unemployment rate (%)	5.6	5.3		6.6	
Indicators					
UI claims	297	308	-3.6	490	-39.4
New dwelling units ^a	1,928	2,286	-15.6	1,777	8.5

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.

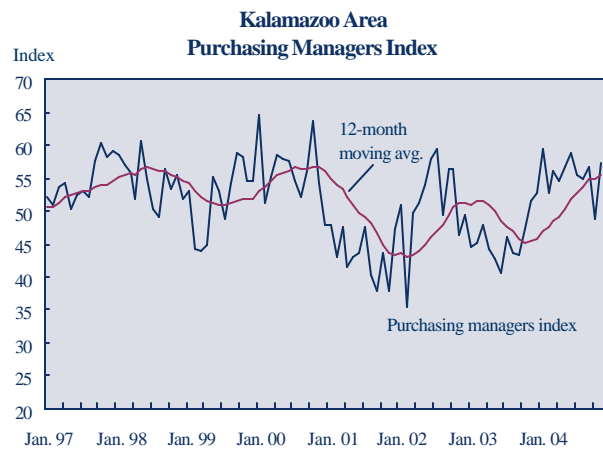
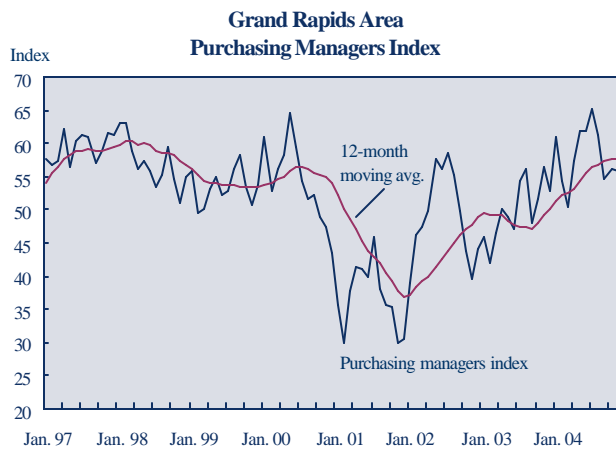
Purchasing Managers Index and Major Economic Developments

Economic trends in the manufacturing sector continue to show signs of growth. That is according to the latest survey of area purchasing managers by Brian Long, author of the monthly publication *Current Business Trends*.

In both the Kalamazoo and Grand Rapids areas, Long uses the term “moderate growth” to describe ongoing economic conditions reported by purchasing managers in November. Across the board, indicators were all positive, with increases in the indexes for new orders, production, employment, and purchases in both metro areas. At the same time, the index of finished goods inventory also continued to be negative in

both Kalamazoo and Grand Rapids, suggesting that firms will need to increase production to meet customer demand.

As shown in the charts below, purchasing managers in Kalamazoo and Grand Rapids have been witnessing an improved economy for a sustained period of time. However, many of the comments made by purchasing managers suggest they are still facing an uneven business climate. Concerns over material prices, rapidly fluctuating orders, and rising costs of imports stemming from the declining U.S. dollar are mentioned frequently, and will continue to suppress hiring and capital expenditures until the long-term outlook improves.



Major Economic Developments

Battle Creek

Lear announced plans to lay off the majority of workers at its Marshall injection molding facility. As many as 219 hourly and salaried employees could be laid off by the end of the year.

Johnson Controls eliminated second shift operations at its Battle Creek plant in November. A total of 81 workers were laid off.

Benton Harbor

Atlantic Automotive Corporation announced plans for a \$21.8 million expansion in Benton Harbor. When complete, the addition is expected to add 71 new jobs.

Dean Specialty Foods Group closed its Benton Harbor plant, dismissing 45 workers.

Grand Rapids

Siemens Dematic is cutting another 80 production jobs at its Grand Rapids conveyor belt factory.

Greenville Wire Products, a supplier to Electrolux, announced it will close by the end of the year, affecting 200 workers.

Holland

Hydro Automotive Structures is laying off 160 employees because of the loss of a contract to supply bumpers to General Motors.

Great Lakes Castings Corp. of Ludington expects to open a new production facility in Holland by early November that will employ 70 workers.

Kalamazoo

AureoGen Biosciences Inc., a company started by former Pharmacia scientists, received two grants totaling \$1.6 million to fund research into cancer and infection-fighting drugs.

Parker Hannifin Corporation's Abex Division in Kalamazoo expects to get the lion's share of the work from a \$1 billion contract with Boeing to build hydraulics for its new line of passenger jets.

Muskegon

Howmet expects to hire 80 more workers by 2006 to assist in production of jet engine parts for Airbus.

Michigan Spring is beginning a \$25 million expansion project that is expected to add 25 new jobs.

KALAMAZOO–BATTLE CREEK MSA

Total employment fell by 0.9 percent in the three-county MSA during the third quarter because of employment declines in its goods-producing and government sectors. Despite the loss of approximately 1,800 jobs during the quarter, the area's unemployment rate held at 5.9 percent. Unfortunately, the area's economic indicators were negative for the quarter, suggesting that area employment conditions will remain sluggish during the final months of the year.

The area's goods-producing sector has yet to stabilize. Employment in the area's goods-producing sector fell by nearly 1.0 percent during the quarter, owing to employment reductions in both its construction and its manufacturing sectors. Part of the reason for the decline in construction is a marked slowdown in residential construction. During the past four quarters, the number of new dwelling units put under contract for construction fell by 26 percent, which includes a 7.6 percent drop in the third quarter.

The area's manufacturers cut 0.9 percent of their workforce during the third quarter. Employment reductions occurred in both its durable and its nondurable goods sectors. During the past year, area manufacturers have eliminated 3.8 percent of their workforce, a loss of more than 1,500 jobs. Data limitations do not allow us to pinpoint where these job losses occurred, unfortunately. Some of the jobs were lost in the area's food industry, which has eliminated more than 660 workers in the past year. In contrast, the area's competitive auto suppliers and transportation equipment firms hired 500 more workers during the same time period. However, recent business reports suggest that some of these gains may be erased by a new round of layoffs.

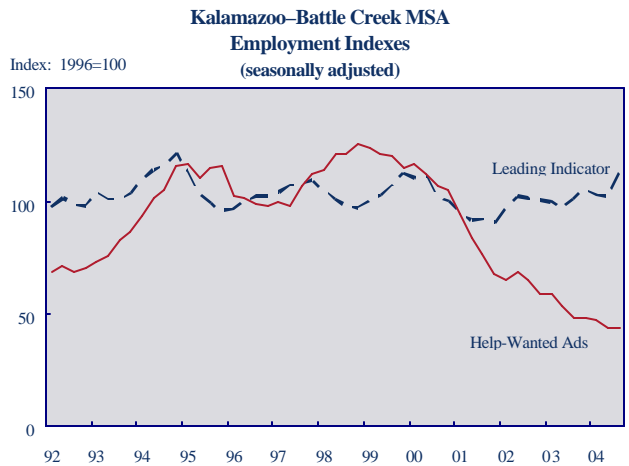
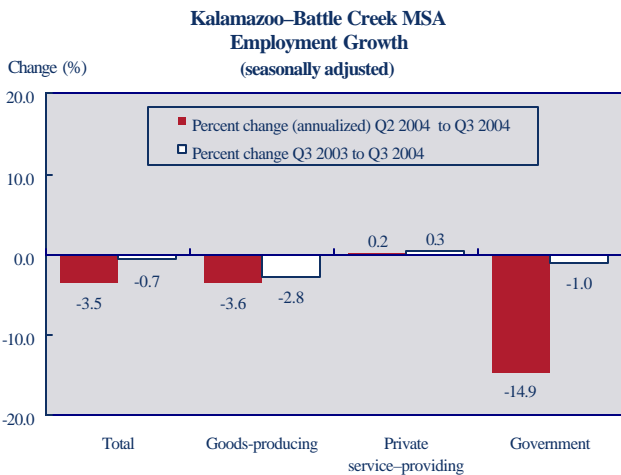
Employment in the area's service-providing sector was flat, reflecting, in part, the negative spinoff effects of the

employment declines in the area's goods-producing sector. It is not surprising that retail employment was off by 0.2 percent during the quarter. In addition, employment in the area's leisure and hospitality sector, which includes restaurants, was down by 0.6 percent. The area's private education and health sector also eliminated 1 percent of its workforce. Fortunately, employment gains in wholesale trade, financial activities, and professional and business services totally offset the employment declines reported in the other sectors.

After increasing by a surprising 2.0 percent in the second quarter, area government employment retreated by 4.0 percent during the third quarter, a loss of 1,440 jobs. Most of the quarter's job losses in government occurred in the area's financially strapped state and local sectors. While the number of jobs lost was large, it is possible that many of these losses were part-time positions, such as adjunct instructors at the area's two community colleges and Western Michigan University.

Despite the area's large job losses, its unemployment rate held firm at 5.9 percent during the quarter, and the number of unemployed workers declined slightly.

Unfortunately, the third-quarter reading of the area's economic indicators clearly suggests that employment conditions will likely not improve during the coming months. The area's composite Help-Wanted Advertising Index fell by 3.9 percent, indicating that employment conditions in its service-providing sector will remain flat. In addition, the area's Index of Leading Indicators fell by 4.4 percent, suggesting that the area's goods-producing sector will remain stuck in the doldrums as well. All three of the local components of the index deteriorated during the quarter: production crews worked fewer hours; new claims for unemployment insurance rose slightly; and, as previously mentioned, housing starts declined.



Kalamazoo–Battle Creek MSA
(seasonally adjusted)

Measure	2004 Q3	2004 Q2	Percent change Q2 to Q3	2003 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	206,980	208,810	-0.9	208,380	-0.7
Goods-producing	48,490	48,940	-0.9	49,900	-2.8
Construction and mining	9,840	9,940	-1.0	9,710	1.3
Manufacturing	38,650	39,000	-0.9	40,190	-3.8
Durable goods	21,880	22,180	-1.4	22,540	-2.9
Nondurable goods	16,770	16,820	-0.3	17,650	-5.0
Private service-providing	123,550	123,490	0.0	123,180	0.3
Transportation and utilities	5,020	4,960	1.2	4,900	2.4
Wholesale trade	6,080	6,010	1.2	5,650	7.6
Retail trade	24,800	24,840	-0.2	25,610	-3.2
Information	2,010	2,000	0.5	2,100	-4.3
Financial activities	9,780	9,700	0.8	9,290	5.3
Professional and business services	20,240	19,920	1.6	19,970	1.4
Educational and health services	27,420	27,700	-1.0	26,760	2.5
Leisure and hospitality	18,960	19,080	-0.6	19,580	-3.2
Other services	9,240	9,280	-0.4	9,320	-0.9
Government	34,940	36,380	-4.0	35,300	-1.0
Federal	4,700	4,700	0.0	4,697	0.1
State	8,120	8,650	-6.1	8,563	-5.2
Local	22,120	23,030	-4.0	22,040	0.4
Number unemployed	13,810	13,850	-0.3	15,310	-9.8
Unemployment rate (%)	5.9	5.9		6.6	
Local indexes					
Help-wanted ads (1996=100)	44	46	-3.9	48	-8.9
Leading indicators (1996=100)	112	118	-4.4	101	10.9
Average weekly hours	40.9	42.4	-3.6	39.3	4.1
UI initial claims	515	512	0.6	651	-20.8
New dwelling units ^a	1,370	1,484	-7.6	1,857	-26.2

NOTE: Categories may not sum to total due to rounding.

^a Seasonally adjusted annual rates; does not include Van Buren County.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

Kalamazoo-Battle Creek MSA
Industry Employment Change by Place of Work, Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2004 Q3	2003 Q3	Percent change	Industry	2004 Q3	2003 Q3	Percent change
Goods-producing	49,330	50,700	-2.7	Administrative & support svcs.	12,330	11,630	6.0
Transportation equipment	10,170	9,800	3.8	Health care & social assistance	24,030	24,030	0.0
Motor vehicle parts	8,100	7,970	1.6	Food svcs. and drinking places	15,100	15,270	-1.1
Food	4,070	4,730	-14.0				
Paper	2,770	2,600	6.5	Government	31,870	32,530	-2.0
Private service-providing	124,330	124,200	0.1	Federal	4,700	4,730	-0.6
General merchandise stores	7,030	7,600	-7.5	State	7,270	7,730	-6.0
Finance and insurance	7,230	6,870	5.2	Local	19,900	20,070	-0.8

SOURCE: Michigan Department of Labor and Economic Growth.

Kalamazoo Area (Kalamazoo County)

Employment by place of work fell an estimated 0.7 percent during the third quarter in Kalamazoo County. The number of employed residents inched down by only 0.1 percent, and the county's unemployment rate stood at 5.2 percent for the quarter. All of the area's economic indicators deteriorated during the quarter, suggesting that existing lackluster employment conditions may hold for the remainder of the year.

Employment in the county's goods-producing sector fell by an estimated 1.0 percent during the quarter. In an age when more and more small- to medium-sized metropolitan areas are losing their corporation headquarters, it is promising to note that two of the area's remaining manufacturing corporations continue to expand. Stryker Corporation, which currently employs 1,300 in the county, announced plans to double the capacity of its surgical instruments division within the next year. Between its medical and surgical-instruments divisions, the company plans to hire about 175 new employees. At the same time, Titan Plastics, which employs 90 employees at its Portage corporate headquarters and 1,350 workers in North America, announced plans for a joint venture in China, which could bring 5 to 15 new employees to the area.

Parker Hannifin Corporation's Abex Division in Kalamazoo expects to get the lion's share of the work from a \$1 billion contract with Boeing to build hydraulics for its new line of passenger jets. The contract could eventually result in the company adding 20 engineers and another 20 manufacturing positions to its area workforce.

Employment in the area's service-providing sector rose an estimated 0.2 percent during the quarter. However, government employment—primarily in state and local government sectors, including public schools—fell by an estimated 4.2 percent. Many of the lost jobs were likely part-time teaching positions.

Just when the dust had finally settled from the completion of a major renovation of the Radisson Hotel in downtown Kalamazoo, new plans were unveiled that could dramatically change the face of the downtown. First, Pfizer announced that it plans to demolish five obsolete buildings, including its 13-story tower built in 1935, to create a more campus-like environment for its downtown workers. Second, plans are in place for the construction of a 14-screen movie theater complex, which will be built on top of a 500-car parking garage. Construction of the facility could begin in January. Other, more long-range elements of the downtown plan include a 100,000-square-foot convention center, a 12,000-seat arena, and renovation of a performing arts center.

The third-quarter reading of the area's economic indicators were mostly negative, suggesting little change in the area's employment situation. The area's Index of Help-Wanted Advertising fell by 2.9 percent, and the number of new claims for unemployment insurance increased by 2.6 percent. The results of the latest polling of employers by Manpower were weaker than those of the previous survey, taken three months ago. On the upside, the latest polling of the county's purchasing managers found that the area's manufacturing sector is still modestly expanding.

Kalamazoo Area (Kalamazoo County)
(seasonally adjusted)

Measure	2004	2004	Percent	2003	Percent
	Q3	Q2	change	Q3	change
			Q2 to Q3		Q3 to Q3
Total employment (by place of work)	122,660	123,570	-0.7	123,000	-0.3
Goods-producing	27,050	27,330	-1.0	28,340	-4.6
Private service-providing	77,720	77,560	0.2	76,580	1.5
Government	17,890	18,680	-4.2	18,080	-1.1
Employment (by place of residence)	124,360	124,480	-0.1	122,300	1.7
Unemployment	6,860	6,660	3.0	7,300	-6.0
Unemployment rate (%)	5.2	5.1		5.6	
Indicators					
Help-wanted ads (1996=100)	45	47	-2.9	50	-8.5
UI claims	280	273	2.6	425	-34.1
New dwelling units ^a	1,046	1,142	-8.4	1,587	-34.1

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.

Battle Creek Area (Calhoun County)

Total employment by place of work fell an estimated 1.1 percent in Calhoun County during the third quarter. However, the number of employed residents declined by only 0.1 percent during the same period. The area's unemployment rate, which is based on the area's residential employment, actually fell to 6.4 percent in the quarter. Still, the area's economic indicators were mixed, suggesting that current employment conditions may not change during the final months of the year.

Employment in the county's goods-producing sector declined by an estimated 0.7 percent during the third quarter. Recent business reports are mixed and illustrate the importance of the auto industry to the area's economy. Although incentive-fueled car sales have been strong, competition among suppliers remains fierce. Lear Corporation lost its contract for injection-molded car interiors with Ford and may have to lay off approximately 200 workers by year's end at its Marshall facility. Similarly, Johnson Controls, an auto supplier with plants across west Michigan, warned that it may have to close its area factory because of a lack of work. In November, the company cut 81 workers from its payroll when it eliminated its second shift. The remaining 100 employees could lose their jobs by the end of the year. Partially offsetting these potential layoffs, Musashi Auto Parts–Michigan announced that it will expand its operations in Fort Custer Industrial Park, adding 178 jobs.

Employment in the county's private service-providing sector fell an estimated 0.3 percent during the quarter. In con-

trast to State Farm, which continues to move its operations out of Marshall, Des Moines–based Allied Insurance announced that it plans to double its current workforce of 86 employees in downtown Battle Creek during the next five years. The new hires will be in claims processing, claims services, and information technology.

Employment in the area's financially strapped government sector fell an estimated 3.8 percent during the quarter.

Despite the estimated decline in employment opportunities in the county, the number of employed residents dropped by fewer than 100 persons. Moreover, the number of people looking for work fell by 5.2 percent, pushing the county's unemployment rate down to 6.4 percent.

Unfortunately, the third-quarter readings of the county's economic indicators are not promising. The county's Index of Help-Wanted Advertising dropped by 12.3 percent during the quarter, suggesting that employment conditions in its service-providing sector remain soft. In addition, housing starts were down during the quarter. Manpower's area survey of employers found that 27 percent were expecting to hire in the fourth quarter, which was identical to the hiring expectations of employers surveyed in the previous quarter. On the plus side, the number of new claims for unemployment insurance declined by 4.5 percent.

Battle Creek Area (Calhoun County)
(seasonally adjusted)

Measure	2004 Q3	2004 Q2	Percent change Q2 to Q3	2003 Q3	Percent change Q3 to Q3
Total employment (by place of work)	62,470	63,160	-1.1	63,410	-1.5
Goods-producing	16,630	16,750	-0.7	17,060	-2.5
Private service-providing	34,350	34,470	-0.3	34,740	-1.1
Government	11,490	11,940	-3.8	11,610	-1.0
Employment (by place of residence)	61,860	61,950	-0.1	60,820	1.7
Unemployment	4,230	4,460	-5.2	4,870	-13.1
Unemployment rate (%)	6.4	6.7		7.4	
Indicators					
Help-wanted ads (1996=100)	37	42	-12.3	42	-12.1
UI claims	233	244	-4.5	300	-22.3
New dwelling units ^a	332	345	-3.9	271	22.6

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.

Appendix Tables

Table A-1
Selected Labor Market Indicators
 (not seasonally adjusted)

Labor market area	Average for manufacturing production workers ^a						Civilian labor force unemployment rate ^b	
	September 2004						July 2004	September 2004
	Weekly hours	Percent change 2003-04	Hourly earnings	Percent change 2003-04	Weekly earnings	Percent change 2003-04		
United States	40.6	-0.5	\$16.37	3.2	\$664.62	2.6	5.7	5.1
Michigan	42.4	-1.2	21.91	0.9	928.98	-0.3	7.5	6.2
West Michigan MSAs								
Benton Harbor	40.2	-10.3	15.29	2.8	614.66	-7.8	7.2	6.2
Grand Rapids-Muskegon-Holland	40.2	-0.5	16.58	-0.3	666.52	-0.8	7.0	6.0
Kalamazoo-Battle Creek	39.3	-1.0	15.57	3.1	611.90	2.1	6.4	5.6
Other labor market areas								
Ann Arbor	43.9	2.1	26.54	9.6	1,165.11	11.9	4.4	3.7
Detroit	43.7	0.9	25.30	2.8	1,105.61	3.8	8.2	6.7
Flint	46.9	1.5	31.64	3.5	1,483.92	5.1	10.2	8.3
Jackson	n/a	n/a	n/a	n/a	n/a	n/a	7.2	6.2
Lansing-East Lansing	43.6	-1.1	24.60	-3.6	1,072.56	-4.7	5.9	4.8
Saginaw-Bay City-Midland	46.5	0.6	26.10	-0.7	1,213.65	0.0	8.1	7.3

NOTE: n/a = not available.

^aEarnings include overtime and part-time wages.

^bSeasonally adjusted rate for U.S. was 5.5 percent in July 2004 and 5.4 percent in September 2004. Seasonally adjusted rate for Michigan was 6.8 percent in July 2004 and 6.8 percent in September 2004.

SOURCE: U.S. Department of Labor and the Michigan Department of Labor and Economic Growth (most recent benchmark).

Table A-2
Michigan Statistics
(seasonally adjusted)

Measure	2004 Q3	2004 Q2	Percent change Q2 to Q3	2003 Q3	Percent change Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	4,373,170	4,389,300	-0.4	4,414,400	-0.9
Goods-producing	911,730	913,470	-0.2	928,670	-1.8
Natural resources and mining	7,630	8,000	-4.6	7,930	-3.8
Construction	191,300	191,170	0.1	191,070	0.1
Manufacturing	712,800	714,300	-0.2	729,670	-2.3
Durable goods	561,100	565,710	-0.8	577,040	-2.8
Nondurable goods	151,700	148,590	2.1	152,630	-0.6
Private service-providing	2,798,400	2,802,430	-0.1	2,811,500	-0.5
Transportation and utilities	124,570	123,710	0.7	124,800	-0.2
Wholesale trade	174,350	172,990	0.8	172,970	0.8
Retail trade	502,550	508,430	-1.2	517,360	-2.9
Information	67,070	68,300	-1.8	70,370	-4.7
Financial activities	214,170	215,570	-0.6	219,900	-2.6
Professional and business services	589,170	591,770	-0.4	588,030	0.2
Educational and health services	546,100	548,570	-0.5	543,600	0.5
Leisure and hospitality	404,130	401,530	0.6	402,630	0.4
Other services	176,300	171,570	2.8	171,830	2.6
Government	663,030	673,400	-1.5	674,230	-1.7
Unemployment					
Number unemployed	341,600	322,360	6.0	379,970	-10.1
Unemployment rate (%)	6.8	6.4		7.5	
State indexes (1996=100)					
Help-wanted ads					
Detroit	31	32	-3.1	35	-11.4
West Michigan (2 MSAs)	43	44	-3.6	44	-2.1
Leading Indicators	110	113	-2.9	101	8.2
Local components					
Average weekly hours	41.9	42.4	-1.3	41.2	1.7
UI initial claims	16,460	15,962	3.1	19,677	-16.4
New dwelling units ^a	45,946	44,780	2.6	47,543	-3.4

NOTE: Employment numbers for durable, nondurable goods, transportation and utilities, wholesale trade, and retail trade are seasonally adjusted by the W.E. Upjohn Institute. Other employment numbers are seasonally adjusted by the Bureau of Labor Statistics. Categories may not sum to total due to rounding.

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw-Hill Information Systems Company; Detroit Help-Wanted Index from The Conference Board; and employment data from Michigan Department of Labor and Economic Growth.

Michigan Industry Employment Change by Place of Work
Third Quarter to Third Quarter
(not seasonally adjusted)

Industry	2004 Q3	2003 Q3	Percent change	Industry	2004 Q3	2003 Q3	Percent change
Goods-producing	911,430	933,770	-2.4	Automobile dealers	42,870	42,300	1.3
Primary metals	26,630	26,900	-1.0	Gasoline stations	27,330	27,330	0.0
Fabricated metal products	82,770	81,030	2.1	Clothing and accessory stores	38,600	38,500	0.3
Machinery	75,630	75,400	0.3	Furniture and home furnishing stores	18,100	18,500	-2.2
Transportation equipment	255,830	274,930	-6.9	Food services and drinking places	314,070	309,100	1.6
Motor vehicle parts	165,170	173,670	-4.9	Professional, scientific, tech. services	246,800	246,070	0.3
Furniture and related products	25,930	26,570	-2.4	Ambulatory health care services	157,270	156,500	0.5
Food	33,000	33,070	-0.2	Education services	66,730	67,830	-1.6
Paper	15,600	15,630	-0.2	Social assistance	48,600	47,700	1.9
Printing and related support	18,870	19,200	-1.7	Government	615,070	626,600	-1.8
Chemical manufacturing	28,670	29,370	-2.4	Federal	55,500	56,130	-1.1
Plastics and rubber products	43,770	42,600	2.7	State	156,930	156,300	0.4
Private service-providing	2,818,770	2,830,830	-0.4	Local	402,630	414,170	-2.8
General merchandise stores	113,370	118,200	-4.1	Local government education	221,430	228,830	-3.2
Food and beverage stores	89,670	90,700	-1.1	Local government hospitals	13,370	13,300	0.5

SOURCE: Michigan Department of Labor and Economic Growth.

Table A-3
Personal Income and Earnings by Industry (current dollars)

Area	Income distribution	2002 ^a	2001 ^a	2000	1999	1998	1997	1992
Benton Harbor MSA (Berrien County)	Total personal income (\$000)	4,305,239	4,225,830	4,239,424	4,076,482	3,865,273	3,748,082	2,909,902
	Per capita personal income (\$)	26,482	26,063	26,071	25,159	23,853	23,078	17,964
	Earnings per worker (\$)	35,423	34,203	34,081	33,288	30,505	30,338	25,770
	Manufacturing	61,768	56,371	57,169	55,250	51,978	50,740	39,138
	Private nonmanufacturing	28,150	27,518	26,497	25,928	23,276	23,137	20,164
Grand Rapids– Holland–Muskegon MSA	Total personal income (\$000)	31,413,456	30,860,745	30,360,391	28,619,952	27,244,477	25,560,495	19,229,843
	Per capita personal income (\$)	28,191	27,935	27,794	26,563	25,671	24,399	19,781
	Earnings per worker (\$)	38,788	37,898	36,957	35,701	34,421	32,278	27,623
	Manufacturing	57,997	54,577	53,480	51,968	50,317	48,809	40,977
	Private nonmanufacturing	33,106	32,448	31,125	29,835	28,547	26,310	22,599
Kent County	Total personal income (\$000)	17,637,858	17,271,257	16,938,017	15,831,665	15,158,310	14,202,912	10,936,304
	Per capita personal income (\$)	30,068	29,678	29,395	27,837	27,010	25,573	21,083
	Earnings per worker (\$)	41,136	40,271	39,086	37,558	36,144	33,585	28,617
	Manufacturing	61,983	58,609	55,740	54,887	52,996	51,472	42,567
	Private nonmanufacturing	36,190	35,432	34,330	32,571	31,175	28,377	24,298
Muskegon County	Total personal income (\$000)	4,081,768	4,013,043	3,943,373	3,742,920	3,537,067	3,359,028	2,592,781
	Per capita personal income (\$)	23,707	23,418	23,126	22,104	21,036	20,105	15,991
	Earnings per worker (\$)	32,842	32,630	31,961	31,264	30,698	29,450	25,975
	Manufacturing	55,335	52,313	54,315	52,453	51,094	49,303	42,437
	Private nonmanufacturing	27,458	27,518	25,517	24,823	24,162	23,117	19,851
Ottawa County	Total personal income (\$000)	6,769,302	6,672,503	6,677,656	6,408,233	6,108,511	5,700,349	4,070,585
	Per capita personal income (\$)	27,485	27,401	27,885	27,279	26,628	25,458	20,562
	Earnings per worker (\$)	37,757	36,207	35,510	34,719	32,970	31,083	26,214
	Manufacturing	54,801	50,774	51,319	49,619	47,962	46,224	38,325
	Private nonmanufacturing	29,209	28,482	26,852	26,498	24,918	23,420	20,009
Allegan County	Total personal income (\$000)	2,924,528	2,903,942	2,801,345	2,637,134	2,440,589	2,298,206	1,630,173
	Per capita personal income (\$)	26,769	26,909	26,401	25,242	23,801	22,701	17,472
	Earnings per worker (\$)	31,356	31,211	31,058	30,109	29,844	28,853	25,246
	Manufacturing	49,212	47,064	47,383	44,135	43,413	42,347	37,191
	Private nonmanufacturing	23,546	22,913	20,904	20,481	19,162	18,285	15,989
Kalamazoo–Battle Creek MSA	Total personal income (\$000)	12,294,077	11,923,349	11,796,627	11,412,013	11,132,722	10,651,376	8,466,129
	Per capita personal income (\$)	26,910	26,233	26,023	25,267	24,754	23,815	19,386
	Earnings per worker (\$)	37,526	36,270	35,715	35,183	34,193	31,955	28,071
	Manufacturing	65,517	60,025	63,034	60,513	60,665	58,202	49,218
	Private nonmanufacturing	30,654	29,889	27,340	27,289	26,320	24,338	20,944
Kalamazoo County	Total personal income (\$000)	6,917,695	6,732,454	6,642,895	6,420,365	6,307,681	5,955,392	4,768,861
	Per capita personal income (\$)	28,742	28,131	27,809	27,024	26,692	25,332	20,986
	Earnings per worker (\$)	37,279	36,514	35,388	34,855	34,408	32,263	28,605
	Manufacturing	68,970	65,498	64,566	62,105	63,900	60,455	51,149
	Private nonmanufacturing	30,454	29,774	27,882	27,614	26,811	24,996	21,429
Calhoun County	Total personal income (\$000)	3,621,423	3,477,002	3,471,425	3,375,735	3,309,346	3,201,216	2,563,734
	Per capita personal income (\$)	26,097	25,127	25,138	24,458	24,019	23,395	18,673
	Earnings per worker (\$)	39,760	37,558	38,139	37,271	35,968	33,430	29,012
	Manufacturing	65,723	56,563	66,528	63,699	61,702	60,260	50,127
	Private nonmanufacturing	31,640	30,987	26,708	26,787	26,429	23,979	20,948
Van Buren County	Total personal income (\$000)	1,754,959	1,713,893	1,682,307	1,615,913	1,515,695	1,494,768	1,133,534
	Per capita personal income (\$)	22,673	22,311	22,034	21,249	20,040	19,842	15,705
	Earnings per worker (\$)	32,516	31,031	30,821	30,956	27,494	25,544	21,691
	Manufacturing	45,934	43,217	45,343	42,777	41,359	39,326	33,705
	Private nonmanufacturing	29,178	27,572	25,588	26,582	22,880	21,341	17,872

^a2001 and 2002 statistics are based on North American Industry Classification System (NAICS); other years are based on Standard Industrial Classification (SIC).

SOURCE: U.S. Bureau of Economic Analysis.

Table A-4
Consumer Price Index^a
U.S. city average (1982=100)

Year	Annual average	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CPI for All Urban Consumers (CPI-U)													
1987	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	148.2	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	152.4	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	156.9	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	160.5	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	163.0	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	166.6	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000	172.2	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
2001	177.1	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7
2002	179.9	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9
2003	184.0	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3
2004	188.5	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9		
CPI for Urban Wage Earners and Clerical Workers (CPI-W)													
1987	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2
1988	117.0	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2
1989	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6
1990	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2	132.2
1991	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8	135.9
1992	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8	139.8
1993	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4	143.3
1994	145.6	143.6	144.0	144.4	144.7	144.9	145.4	145.8	146.5	146.9	147.0	147.3	147.2
1995	149.8	147.8	148.3	148.7	149.3	149.6	149.9	149.9	150.2	150.6	151.0	150.9	150.9
1996	154.1	151.7	152.2	152.9	153.6	154.0	154.1	154.3	154.5	155.1	155.5	155.9	155.9
1997	157.6	156.3	156.8	157.0	157.2	157.2	157.4	157.5	157.8	158.3	158.5	158.5	158.2
1998	159.7	158.4	158.5	158.7	159.1	159.5	159.7	159.8	160.0	160.2	160.6	160.7	160.7
1999	163.2	161.0	161.1	161.4	162.7	162.8	162.8	163.3	163.8	164.7	165.0	165.1	165.1
2000	168.9	165.6	166.5	167.9	168.0	168.2	169.2	169.4	169.3	170.4	170.6	170.9	170.7
2001	173.5	171.7	172.4	172.6	173.5	174.4	174.6	173.8	173.8	174.8	174.0	173.7	172.9
2002	175.9	173.2	173.7	174.7	175.8	175.8	175.9	176.1	176.6	177.0	177.3	177.4	177.0
2003	179.8	177.7	179.2	180.3	179.8	179.4	179.6	179.6	180.3	181.0	180.7	180.2	179.9
2004	184.1	180.9	181.9	182.9	183.5	184.7	185.3	184.9	185.0	185.4	186.5		

^aMonthly data shown above are not adjusted for seasonal variations. CPI data that are not seasonally adjusted are used extensively for escalation purposes. Although CPI is often called the "Cost of Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers. These series contain no revision but are reprinted for the convenience of the user.

PERCENT CHANGE: Movements of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index point changes are affected by the level of the index in relation to its base period, while percent changes are not. For example:

$$\frac{100 \times [(160.5 \text{ (1997 annual avg.)} - 156.9 \text{ (1996 annual avg.)})]}{156.9 \text{ (1996 annual avg.)}} = 2.3\% \text{ change 1996 to 1997, CPI-U.}$$

$$\frac{100 \times [(164.0 \text{ (November 1998)} - 161.5 \text{ (November 1997)})]}{161.5 \text{ (November 1997)}} = 1.5\% \text{ change November 1997 to November 1998, CPI-U.}$$

$$\frac{100 \times [(164.0 \text{ (November 1998)} - 164.0 \text{ (October 1998)})]}{164.0 \text{ (October 1998)}} = \text{No change, CPI-U.}$$

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

Table A-5
Population Update for Selected Areas of West Michigan

Area	Estimate 2003	2000	1990	1980	Annual change (%)		
					2000– 2003	1990– 2000	1980– 1990
Michigan	10,079,985	9,955,795	9,295,297	9,262,044	0.4	0.7	0.0
West Michigan Metropolitan Areas:							
Benton Harbor MSA (Berrien County)	162,766	162,611	161,378	171,276	0.0	0.1	-0.6
Benton Harbor city	11,010	11,178	12,818	14,707	-0.5	-1.4	-1.4
Niles city	11,906	12,192	12,456	13,115	-0.8	-0.2	-0.5
St. Joseph city	8,656	8,785	9,214	9,622	-0.5	-0.5	-0.4
Grand Rapids–Muskegon–Holland MSA	1,123,229	1,092,322	937,891	840,824	0.9	1.5	1.1
Kent County	590,417	576,220	500,631	444,506	0.8	1.4	1.2
Grand Rapids city	195,601	197,798	189,126	181,843	-0.4	0.4	0.4
East Grand Rapids city	10,563	10,762	10,807	10,914	-0.6	0.0	-0.1
Grandville city	16,622	16,311	15,624	12,412	0.6	0.4	2.3
Kentwood city	46,487	45,410	37,826	30,438	0.8	1.8	2.2
Walker city	23,208	22,027	17,279	15,088	1.8	2.5	1.4
Wyoming city	70,205	69,511	63,891	59,616	0.3	0.8	0.7
Ottawa County	249,391	239,473	187,768	157,174	1.4	2.5	1.8
Grand Haven city	10,842	11,158	11,951	11,763	-1.0	-0.7	0.2
Holland city ^a	34,666	35,052	30,745	26,281	-0.4	1.3	1.6
Muskegon County	173,090	170,520	158,983	157,589	0.5	0.7	0.1
Muskegon city	39,825	40,063	40,283	40,823	-0.2	-0.1	-0.1
Muskegon Heights city	11,817	12,038	13,176	14,611	-0.6	-0.9	-1.0
Norton Shores city	23,193	22,591	21,755	22,025	0.9	0.4	-0.1
Allegan County	110,331	106,109	90,509	81,555	1.3	1.6	1.0
Kalamazoo–Battle Creek MSA	459,174	453,319	429,453	420,749	0.4	0.5	0.2
Kalamazoo County	242,110	238,877	223,411	212,378	0.4	0.7	0.5
Kalamazoo city	75,312	76,967	80,277	79,722	-0.7	-0.4	0.1
Portage city	45,679	44,904	41,042	38,157	0.6	0.9	0.7
Calhoun County	138,854	138,093	135,982	141,557	0.2	0.2	-0.4
Battle Creek city ^b	53,827	53,418	53,540	56,339	0.3	0.0	-0.5
Albion city	9,130	9,147	10,066	11,059	-0.1	-1.0	-0.9
Marshall city	7,295	7,445	6,891	7,201	-0.7	0.8	-0.4
Van Buren County	78,210	76,349	70,060	66,814	0.8	0.9	0.5
Total	1,745,169	1,708,252	1,528,722	1,432,849	0.7	1.1	0.6
Rural Southwest Michigan							
Barry County	58,774	56,908	50,057	45,781	1.1	1.3	0.9
Branch County	46,414	45,870	41,502	40,188	0.4	1.0	0.3
Cass County	51,385	51,160	49,477	49,499	0.1	0.3	0.0
Newaygo County	49,271	48,022	38,202	34,917	0.9	2.3	0.9
Oceana County	28,074	26,970	22,454	22,002	1.3	1.8	0.2
St. Joseph County	62,864	62,534	58,913	56,083	0.2	0.6	0.5
Total	296,782	291,464	260,605	248,470	0.6	1.1	0.5

^aPopulation for Holland city is total population of city located in Ottawa and Allegan counties.

^bFor comparison purposes, 1980 population for Battle Creek city is the combination of Battle Creek city (35,724) and Battle Creek township (20,615), which was annexed in 1983.

SOURCE: State of Michigan Department of Management and Budget and U.S. Census Bureau.

Table A-6
Employment by Area
(seasonally adjusted)

	2004			2003				2002				2001	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Grand Rapids Area (Kent County)													
Total employment	349,920	350,010	350,760	349,280	347,310	345,570	351,370	355,190	353,920	354,990	355,180	357,090	356,880
Goods-producing	81,620	81,490	81,420	81,100	81,710	83,020	85,310	86,730	87,290	88,280	90,220	91,880	93,640
Construction and natural resources			16,810	16,870	16,940	16,500	16,900	17,080	17,250	17,520	18,100	17,600	17,700
Manufacturing			64,600	64,230	64,770	66,520	68,410	69,650	70,040	70,760	72,120	74,280	75,940
Service-providing	240,310	240,090	241,130	239,960	236,890	233,880	236,980	239,410	238,120	238,430	236,480	236,480	234,170
Transportation and utilities			9,540	9,380	9,270	9,360	9,210	9,310	9,280	9,340	9,490	9,600	9,840
Wholesale			22,560	22,580	22,190	22,120	22,200	22,450	22,520	22,530	22,110	21,750	22,090
Retail			38,960	38,850	39,020	38,630	39,240	39,840	39,880	39,680	39,880	40,780	40,610
Information			5,500	5,550	5,430	5,530	5,610	5,970	5,900	5,970	6,520	6,210	5,810
Financial activities			17,410	17,650	18,260	18,680	18,720	18,220	18,130	18,320	18,300	18,440	17,810
Professional and business services			50,420	48,450	47,870	48,090	48,610	50,980	51,240	51,180	49,740	49,510	50,010
Education and health			51,430	52,250	52,320	47,920	49,030	48,210	47,940	47,830	46,650	46,530	45,760
Leisure and hospitality			30,520	30,140	27,760	28,560	29,230	29,040	27,880	28,400	28,770	28,370	27,150
Other services			14,790	15,120	14,770	14,990	15,140	15,380	15,350	15,200	15,020	15,280	15,090
Government	27,990	28,420	28,210	28,220	28,710	28,670	29,070	29,050	28,510	28,280	28,480	28,740	29,070
Muskegon Area (Muskegon County)													
Total employment	65,480	65,750	65,690	65,590	65,600	65,270	65,370	65,960	67,240	66,290	66,270	66,960	68,090
Goods-producing	15,390	15,380	15,350	15,280	14,890	15,270	15,600	15,770	15,940	16,150	16,580	16,670	17,140
Construction			2,220	2,230	2,330	2,420	2,500	2,660	2,580	2,610	2,720	2,910	2,870
Manufacturing			13,120	13,050	12,560	12,850	13,100	13,110	13,360	13,540	13,860	13,760	14,280
Service-providing	40,560	40,690	40,760	40,720	41,070	40,250	39,890	40,320	41,620	40,530	40,020	40,290	40,820
Transportation and utilities			1,410	1,390	1,310	1,290	1,310	1,270	1,270	1,360	1,320	1,340	1,320
Wholesale			1,500	1,500	1,790	1,750	1,810	1,810	1,890	1,930	1,930	3,060	3,190
Retail			10,700	10,670	11,020	10,980	10,850	11,230	11,360	10,920	10,830	9,840	9,910
Information			1,010	1,020	1,060	1,050	1,070	1,110	1,120	1,140	1,280	1,210	1,160
Financial activities			1,690	1,720	2,300	1,990	1,970	2,190	2,190	2,220	2,330	2,260	2,330
Professional and business services			3,820	3,670	3,450	3,520	3,680	3,640	3,640	3,540	3,810	3,630	3,660
Education and health			11,030	11,200	9,570	10,160	10,030	9,720	9,500	9,660	9,350	9,430	9,210
Leisure and hospitality			7,240	7,150	8,060	7,060	6,760	6,880	7,910	7,140	6,630	7,070	7,350
Other services			2,350	2,400	2,490	2,440	2,410	2,480	2,720	2,610	2,540	2,440	2,700
Government	9,530	9,680	9,580	9,590	9,650	9,740	9,880	9,870	9,690	9,610	9,680	10,010	10,130

NOTE: Benchmarked 2003. Blank = not applicable.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth ES-202 employment statistics, state employment figures from Current Employment Statistics (CES) of the Bureau of Labor Statistics (BLS), and Bureau of Economic Analysis (BEA) employment estimates for government.

(continued page 30)

Table A-6 (cont'd)
Employment by Area
(seasonally adjusted)

	2004			2003				2002				2001	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Holland Area (Allegan and Ottawa cos.)													
Total employment	144,970	145,280	145,270	144,610	147,280	148,300	148,120	151,170	153,750	153,100	151,760	153,490	158,750
Goods-producing	57,250	57,190	57,080	56,830	58,390	58,540	59,360	60,810	61,950	62,440	61,860	63,560	66,110
Construction			8,090	8,120	8,240	8,260	8,050	8,190	8,400	8,470	8,010	8,310	8,330
Manufacturing			48,990	48,710	50,160	50,280	51,300	52,620	53,550	53,970	53,850	55,250	57,780
Service-providing	68,130	68,200	68,500	68,210	69,200	69,880	68,600	70,210	72,040	71,050	70,150	70,880	73,370
Transportation and utilities			3,520	3,460	3,650	3,520	3,440	3,390	3,430	3,440	3,480	3,420	3,630
Wholesale			5,570	5,570	5,760	5,720	5,440	5,450	5,470	5,240	5,090	4,650	4,750
Retail			14,690	14,650	15,470	15,550	15,370	15,760	16,450	16,260	16,230	16,650	17,300
Information			1,560	1,570	1,500	1,490	1,300	1,360	1,350	1,290	1,390	1,390	1,360
Financial activities			3,430	3,480	3,780	3,770	3,700	3,670	3,720	3,820	4,070	3,850	3,940
Professional and business services			11,230	10,790	10,960	10,970	11,140	11,350	12,000	11,740	11,330	11,340	12,000
Education and health			12,110	12,300	10,750	11,650	11,600	12,270	12,140	12,340	12,210	12,340	12,110
Leisure and hospitality			10,650	10,520	11,510	11,210	10,570	11,080	11,670	11,210	10,590	11,270	12,340
Other services			5,740	5,870	5,820	6,010	6,030	5,880	5,800	5,710	5,780	5,960	5,950
Government	19,590	19,890	19,690	19,570	19,690	19,880	20,160	20,150	19,770	19,610	19,750	19,040	19,270
Kalamazoo Area (Kalamazoo County)													
Total employment	122,670	123,570	123,600	124,350	123,000	124,450	124,320	124,020	124,510	123,050	123,730	123,940	122,800
Goods-producing	27,050	27,330	27,390	28,120	28,340	28,370	28,440	27,870	28,730	28,890	29,190	29,170	29,290
Construction and natural resources			6,330	6,310	5,990	6,070	5,990	5,820	6,040	6,070	6,460	6,080	6,080
Manufacturing			21,060	21,810	22,350	22,300	22,450	22,050	22,690	22,820	22,740	23,100	23,210
Service-providing	77,720	77,560	77,710	77,680	76,580	77,880	77,670	77,780	77,200	76,050	76,100	75,540	74,170
Transportation and utilities			2,850	2,880	2,930	2,880	2,890	2,930	2,980	3,010	2,980	3,010	2,720
Wholesale			4,090	4,230	3,890	3,920	3,950	4,150	4,110	4,130	4,110	4,010	3,940
Retail			14,570	14,750	14,680	14,860	15,140	14,940	15,120	14,890	15,190	15,100	14,890
Information			1,400	1,490	1,480	1,560	1,580	1,610	1,670	1,710	1,690	1,710	1,760
Financial activities			7,220	6,630	6,620	6,580	6,440	6,650	6,490	6,470	6,540	6,580	6,590
Professional and business services			11,430	12,110	12,040	12,170	11,920	12,050	11,720	11,610	11,460	10,750	11,020
Education and health			17,990	17,410	17,090	18,140	17,990	17,230	16,980	16,490	16,350	16,340	15,570
Leisure and hospitality			12,240	12,290	11,740	11,720	11,730	11,980	11,930	11,790	11,900	11,990	11,630
Other services			5,910	5,910	6,120	6,050	6,040	6,240	6,200	5,950	5,900	6,040	6,040
Government	17,890	18,680	18,500	18,540	18,080	18,190	18,210	18,360	18,580	18,110	18,440	19,220	19,340

NOTE: Benchmarked 2003. Blank = not applicable.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth ES-202 employment statistics, state employment figures from Current Employment Statistics (CES) of the Bureau of Labor Statistics (BLS), and Bureau of Economic Analysis (BEA) employment estimates for government.

(continued page 31)

Table A-6 (cont'd)
Employment by Area
(seasonally adjusted)

	2004			2003				2002				2001	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Battle Creek Area (Calhoun County)													
Total employment	62,470	63,160	63,130	63,610	63,410	63,930	64,410	65,130	65,620	65,740	64,750	63,130	64,260
Goods-producing	16,630	16,750	16,630	16,950	17,050	16,760	17,180	17,110	16,940	17,080	17,330	17,200	17,610
Construction			2,250	2,750	2,760	2,870	3,010	2,850	2,580	2,520	2,280	2,460	2,400
Manufacturing			14,380	14,200	14,300	13,890	14,170	14,270	14,350	14,560	15,050	14,740	15,210
Service-providing	34,340	34,470	34,640	34,750	34,740	35,480	35,530	36,230	36,750	37,030	35,580	34,740	35,380
Transportation and utilities			870	780	810	790	810	850	860	880	830	880	850
Wholesale			1,520	1,370	1,280	1,260	1,300	1,230	1,150	1,200	1,140	1,180	1,160
Retail			7,940	8,050	8,070	8,110	8,230	8,480	8,500	8,610	8,120	8,180	8,270
Information			540	500	510	490	550	550	560	560	550	560	560
Financial activities			1,850	1,750	1,740	1,720	1,690	1,740	1,740	1,750	1,740	1,700	1,760
Professional and business services			6,190	5,980	6,100	6,030	6,180	6,510	6,470	6,400	6,000	6,310	6,460
Education and health			8,300	8,500	8,420	9,010	8,790	8,810	8,820	8,560	8,350	8,150	8,050
Leisure and hospitality			5,040	5,350	5,500	5,660	5,510	5,650	6,240	6,790	6,570	5,610	6,100
Other services			2,390	2,460	2,320	2,420	2,460	2,400	2,400	2,270	2,270	2,190	2,170
Government	11,490	11,940	11,860	11,910	11,610	11,690	11,700	11,790	11,940	11,630	11,840	11,200	11,270
Van Buren County													
Total employment	21,850	22,080	21,870	21,930	21,970	22,230	21,820	22,220	22,990	22,460	22,270	21,680	22,490
Goods-producing	4,810	4,860	4,830	4,900	4,510	4,950	4,770	5,030	5,160	5,210	4,990	5,090	5,530
Construction			920	1,000	960	940	910	1,120	1,180	1,110	930	960	980
Manufacturing			3,910	3,900	3,540	4,010	3,860	3,900	3,980	4,100	4,070	4,120	4,550
Service-providing	11,490	11,460	11,310	11,280	11,860	11,640	11,400	11,500	12,070	11,640	11,560	11,330	11,660
Transportation and utilities			1,080	1,120	1,160	1,190	1,250	1,300	1,300	1,310	1,320	1,300	1,150
Wholesale			430	470	490	450	380	380	410	420	440	440	470
Retail			2,650	2,730	2,860	2,840	2,750	2,840	3,020	3,000	2,970	2,650	2,750
Information			120	110	120	120	120	130	130	120	120	90	100
Financial activities			1,050	940	930	910	900	930	950	960	950	970	960
Professional and business services			1,920	1,760	1,830	1,840	1,780	1,720	1,730	1,710	1,770	1,990	1,980
Education and health			1,180	1,210	1,260	1,280	1,280	1,300	1,310	1,230	1,200	1,230	1,250
Leisure and hospitality			2,000	2,050	2,350	2,120	2,180	2,130	2,470	2,160	2,100	2,000	2,320
Other services			880	890	880	900	760	780	760	730	690	670	690
Government	5,550	5,760	5,720	5,750	5,610	5,640	5,650	5,690	5,760	5,620	5,720	5,270	5,300

NOTE: Benchmarked 2003. Blank = not applicable.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth ES-202 employment statistics, state employment figures from Current Employment Statistics (CES) of the Bureau of Labor Statistics (BLS), and Bureau of Economic Analysis (BEA) employment estimates for government.

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Grand Rapids Area (Kent County)

Total employment remained flat during the third quarter in Kent County, according to our estimates. The number of employed residents inched up by a small 0.1 percent during the quarter, and the county's unemployment rate held firm at 6.3 percent. The county's economic indicators were mostly negative during the quarter, suggesting that the county's current mediocre conditions may hold during the final months of the year.

Employment in the county's goods-producing sector rose by an estimated 0.2 percent during the quarter. However, recent business reports from the area's manufacturing sector were mixed at best during the past several months. Blaming foreign competition, Gear Research announced that it will close its local plant within a year, eliminating 50 jobs. The plant manufactures gears and assemblies for devices such as electric floor polishers. Siemens Dematic in Grand Rapids cut another 80 jobs—more fallout from a persistent downturn in the industrial conveyor business. The conveyor belt manufacturer has eliminated nearly 700 jobs this past year. Still, officials for the struggling company said that its outlook is improving. In addition, Eerdmans Publishing announced that it will close its printing operations, eliminating 52 jobs. Finally, Kurdziel Industries is closing its Sparta foundry, which made small automotive castings, eliminating 58 jobs.

On the upside, Grand Rapids Foam Rubber is moving to a large facility and adding 40 workers. It supplies cushions to the office furniture industry. And Gilmore, a high-end furniture maker, plans to add at least 20 workers to its 75-employee workforce.

Employment in the county's service-providing sector rose by a scant 0.1 percent during the quarter. Recent business reports suggest little change. Choice One Communications announced that it will cut 90 employees from the 150 workers at its downtown Grand Rapids regional headquarters as it prepares to file for bankruptcy. Metropolitan Hospital announced that it has eliminated 60 managerial and office employees—nearly 3 percent of its workforce—in its efforts to reduce costs.

Government employment fell by 1.5 percent during the quarter, reflecting the decline in employment in the state and local sectors, including public schools.

The latest polling of the area's purchasing managers suggests modest growth in the coming months. Brian Long, the author of the report, said that indicators in the office furniture industry continue to be positive, while automotive suppliers present a mixed bag, experiencing both improvement and slowdowns. However, Manpower's latest polling of employers revealed a weaker job outlook than three months ago. Only 23 percent of Grand Rapids-area businesses polled said they would be hiring during the last quarter of the year. Three months ago, 40 percent of the companies interviewed planned to take on more workers.

The third-quarter readings of the area's economic indicators are in agreement with Manpower's findings. The county's Index of Help-Wanted Advertising fell by 2.1 percent, and the number of new claims for unemployment insurance was up by 2.5 percent.

Grand Rapids Area (Kent County)
(seasonally adjusted)

Measure	2004 Q3	2004 Q2	Percent change Q2 to Q3	2003 Q3	Percent change Q3 to Q3
Total employment (by place of work)	349,920	350,010	0.0	347,320	0.7
Goods-producing	81,620	81,490	0.2	81,720	-0.1
Private service-providing	240,310	240,100	0.1	236,890	1.4
Government	27,990	28,420	-1.5	28,710	-2.5
Employment (by place of residence)	309,420	308,960	0.1	303,150	2.1
Unemployment	20,860	20,810	0.2	25,830	-19.2
Unemployment rate (%)	6.3	6.3		7.8	
Indicators					
Help-wanted ads (1996=100)	42	43	-2.1	42	0.8
UI claims	998	973	2.5	1,544	-35.3
New dwelling units ^a	2,902	2,793	3.9	3,089	-6.1

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.