

BUSINESS OUTLOOK

for West Michigan

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Contents

West Michigan Viewpoint	1
National Economy	2
Regional Economy	4
State of Michigan Economy	6
West Michigan Economy	8
Battle Creek MSA	10
Grand Rapids–Wyoming MSA	12
Holland–Grand Haven MSA	14
Kalamazoo–Portage MSA	16
Muskegon–Norton Shores MSA	18
Niles–Benton Harbor MSA	20
Purchasing Managers’ Index and Major Economic Developments	22
Appendix Tables	
• Selected Labor Market Indicators	23
• Michigan Statistics and Michigan Industry Employment Change	24
• Personal Income and Earnings by Industry	25
• Consumer Price Index—U.S. City Average	26
• Population Update for Selected Areas of West Michigan	27

WEST MICHIGAN VIEWPOINT

The Problem with Measuring Net Employment Change Only

Total employment increased by only 0.2 percent during the third quarter in west Michigan’s six metropolitan areas. This gives the impression that there was little hiring activity during the period and that employers created few new jobs. In other words, the region’s economy appears dead in the water.

This perception is wrong. While the net 0.2 percent gain in employment can be interpreted as the “final score,” it says nothing about the level of employment activity during the period. New data released by the Michigan Department of Labor and Economic Growth (MDLEG) in partnership with the U.S. Census Bureau allow us to examine the business dynamics in west Michigan. Even in periods of stagnant employment growth, employers are creating new jobs and hiring additional workers as they expand into new markets, start producing new products, or simply take market share from their rivals. Of course, other, less fortunate firms are cutting jobs because their goods or services simply missed the mark.

This is not a minor issue for economic growth: economic research clearly shows that regions with high levels of business dynamics or “churn” are more likely to grow in the future. All regions lose jobs as their less competitive employers downsize or close; the more successful regions are those that house businesses that are starting or expanding activity through innovation.

Figure 1 illustrates for the combined six-metro region of west Michigan the quarterly change in the following areas:

- Total employment in firms at the beginning of each quarter;
- Job gains—the number of new jobs created through expansions, moves, or start-ups during the quarter;
- New hires—those who are filling new jobs that were created as well as those who are taking the jobs of individuals who retired, moved out of the area, moved to other jobs, or were fired.

Figure 2 shows the same statistics for the manufacturing sector only.

Both figures clearly show that while the net change in total employment during the four-year period was lackluster at best, there still were thousands of workers hired and new jobs being created. For example, during the third quarter of 2006—the most recent period available—total manufacturing employment fell by nearly 7,300 workers, a large loss of 4.0 percent. Still, nearly 7,500 new jobs were created, and manufacturers hired 13,700 new workers. Of course, during this period more

jobs were eliminated than were created; however, the more detailed data show that many manufacturers and other employers find the region an excellent place in which to grow.

During the third quarter of 2006, west Michigan employers created 43,000 new jobs and hired more than 130,000 workers. Still, the “net score” shows that more than 9,000 total jobs were eliminated during that period. A feasible alternative scenario is that the region could have suffered the same net loss with no new jobs being created. Clearly, an environment where 43,000 jobs are created is a far cry from one where few to no jobs are created, even if both have the same net job loss. This is the problem with looking solely at the net score.

Figure 1: Employment Dynamics in West Michigan

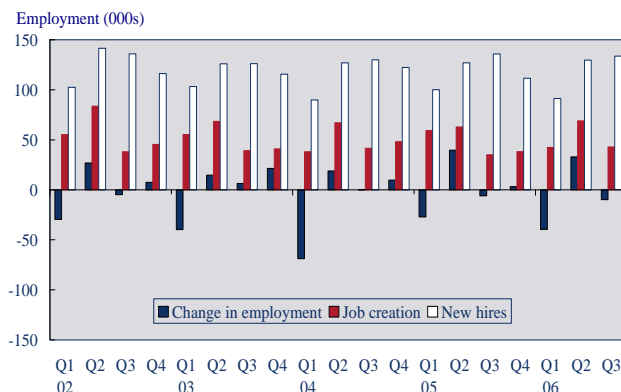
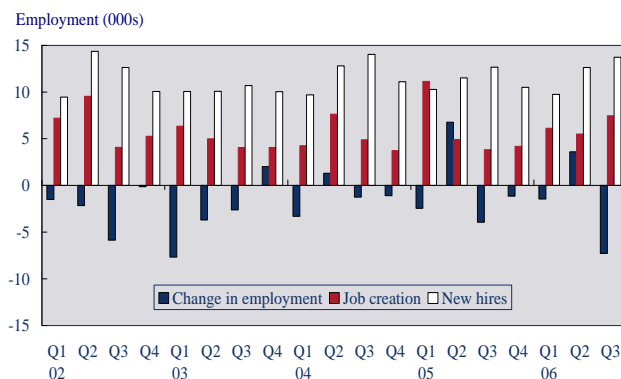


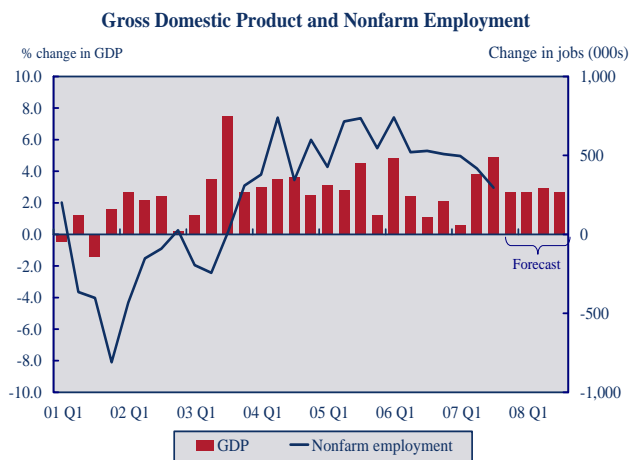
Figure 2: Employment Dynamics in Manufacturing in West Michigan



NATIONAL ECONOMY

With Such Good Numbers, Why Are We Feeling So Blue?

Although recent business reports are laden with uncertainty regarding the national outlook, the latest official reports on output and employment reflect an economy that is currently performing quite well. The nation's Gross Domestic Product (GDP) increased at a robust 4.9 percent annualized rate during the third quarter, on top of a strong 3.8 percent pace recorded in the second quarter. The quarter's gains were broad-based: consumer spending increased at a 2.7 percent annualized rate, and nonresidential investment spending rose at a 9.4 percent rate. The declining value of the dollar relative to most currencies lowered the prices on our export goods, pushing exports up at an 18.9 percent annualized rate.



The latest reading on the nation's employment situation is equally strong. Employers added 166,000 workers in October, after hiring nearly 300,000 workers during the third quarter. The nation's unemployment rate remains at 4.7 percent, and people older than 35 years of age face unemployment rates of below 4.0 percent.

So why are so many forecasters upping their estimates of the probability of a recession in 2008 to as high as fifty-fifty, or the flip of a coin?

The Subprime Mortgage Market Blues

The negative consequences of the collapse of the subprime mortgage market continue to expand beyond earlier estimates. Moreover, some analysts fear that the worst is yet to come: the low teaser rates on many subprime mortgages do not readjust for two years, so many owners of mortgages taken out in 2006 will be facing a stiff challenge in securing financing in a declining real estate market and from mortgage lenders who are tightening their credit standards. Foreclosures, which are al-

ready painfully high, are expected to rise during the year. The Center for Responsible Lending predicts that 2.2 million households will lose their homes to foreclosure. One out of every five holders of a subprime mortgage issued in 2005 or 2006 is expected to go into foreclosure. According to RealtyTrac, 77 out of the nation's 100 largest metropolitan areas reported an increase in delinquencies during the second quarter compared with the previous quarter. In Detroit, there is one foreclosure for every 33 households.

The increase in loan delinquencies and foreclosures is also stripping revenues from major financial institutions worldwide. In November, Wachovia Corporation, the nation's fourth largest bank, reported that it took a \$1.1 billion hit in October alone because of troubled loans. Fannie Mae, a major player in the nation's secondary market for mortgages, reported that its earnings per share were \$1.17 for the first three quarters of 2007, down from \$3.16 per share for the same period in 2006. These two financial institutions are, of course, not alone: it is reported that Citigroup could have write-downs of \$8 billion to \$11 billion in mortgage-backed securities. Merrill Lynch reported \$8.4 billion in write-downs, and Morgan Stanley has taken a \$3.7 billion hit.

Where Have All the Buyers Gone?

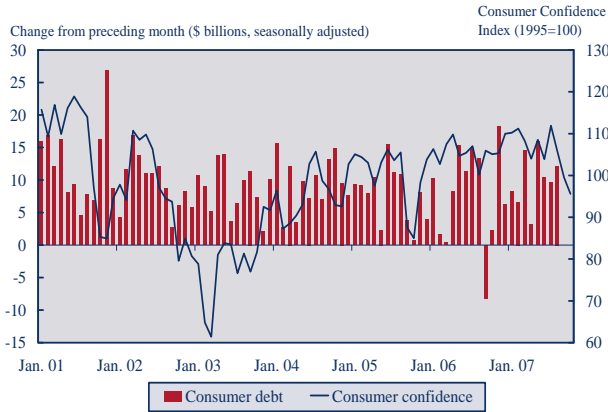
The subprime mortgage implosion has also dramatically reduced demand for housing. Residential construction fell at a 19.7 percent annualized rate during the third quarter, and the sector has been in decline for seven straight quarters with no relief in sight. During the first nine months of the year, the number of single-family housing starts was down 27 percent from the same period last year.

According to the National Association of Realtors (NAR), home prices fell 4.2 percent in September. Existing home sales have fallen by 19.8 percent from the same period last year. September was the lowest sales month on record for new homes, according to the NAR, with sales of new homes down 23 percent from last year. Many analysts believe that one barrier facing the market for existing homes is that new home builders are dropping prices to remove costly inventories, while existing home owners are resisting lowering their prices because, at worst, they could find themselves "upside down"—owing more on the house than the selling price.

Consumers Continue to Shop but Aren't Feeling Too Good about It

Consumer spending rose by 2.7 percent during the third quarter; yet consumer confidence is in retreat. The Conference Board reported that its Consumer Confidence Index fell to

Consumer Confidence and Consumer Debt



95.6 in October from a revised mark of 99.5 in September. The October reading marked the lowest level in two years. More dramatically, the University of Michigan's index of sentiment dropped like a stone in November and has been falling for the past five months.

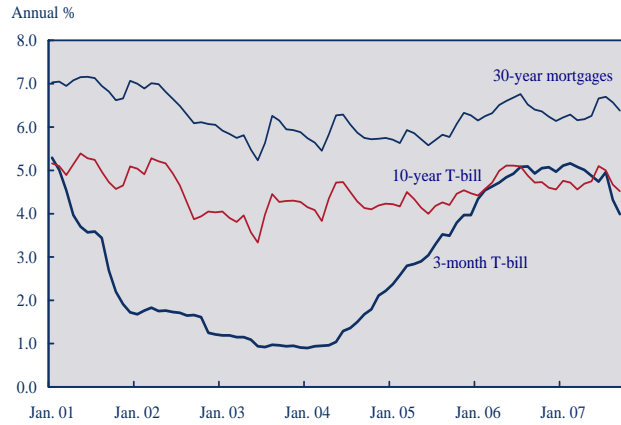
The loss of home equity may restrict future consumer spending. According to a recent study, from 2004 to 2006, households took out approximately \$840 billion from their real-estate holdings, either through equity lines of credit or through sales. These funds supported as much as \$310 billion a year in consumer spending. The loss of available home equity is forcing some households to save more of their current income. In fact, personal savings have been positive for the past four quarters.

While the third-quarter consumer spending numbers were strong, recent reports suggest a slowdown. Retail sales in both September and October have been below expectations. Thomson Financial, which compares monthly results of the nation's larger retail chains, found that same-store sales in October rose 1.6 percent, which was weaker than its initial forecast of a 2.0 percent rise. In September, sales had risen 1.4 percent, which was the slowest monthly same-store sales gain since August 2004.

The Weak Dollar Is Helping Manufacturers

Since consumer spending may slow, the nation's manufacturers welcome more than ever the declining value of the dollar, which allows them to be more competitive in global markets and face less international competition at home. The dollar has fallen 12 percent against the world's major currencies during the past 12 months. In the third quarter, export of goods rose at a 25.8 percent annualized rate, while import of goods rose at a smaller 4.9 percent rate after declining at a 2.9 percent annual rate in the previous quarter. Still, according to the Institute for Supply Management (ISM) purchasing managers' index, the nation's manufacturing sector slowed slightly in October. Moreover, industrial output fell in October by 0.5 percent—the largest decline in nine months.

Interest Rates



The Fed Takes Action

In September, the Federal Open Market Committee lowered its target for the federal funds rate—the interest rate banks charge other banks for overnight loans—by half of a percent to 4.75. At the end of October, it trimmed another quarter of a percent off the rate, which now stands at 4.5 percent.

The Fed's next action is unclear, because it is facing two opposing challenges. The implosion of the subprime mortgage market is still threatening to generate a credit crunch. Such a threat usually calls for an increase in the money supply, which lowers interest rates. However, at the same time, some market observers have expressed concerns that, with oil prices hovering around \$90 and the dollar dropping in value relative to most major currencies, inflation may become a threat. The Consumer Price Index rose at an annual rate of 3.6 percent in October, compared to an increase of 2.5 percent for all of 2006. The standard response to an inflation threat is to cut the money supply and increase interest rates.

Forecast: Still Positive, but with Growing Uncertainty

Most forecasters believe that the nation will not fall into a recession. Nevertheless, it could get too close for comfort. The University of Michigan is now expecting the nation's GDP to grow at only a 1.2 percent annualized rate during the current fourth quarter, then start a slow rebound. The university forecasters are calling for the nation's economy to grow by 2.4 percent in 2008 and 3.4 percent in 2009. The November consensus forecast from the Survey of Professional Forecasters (SPF), which is conducted by the Federal Reserve Bank of Philadelphia, also calls for GDP to slow to 1.5 percent in the current fourth quarter and then improve. The SPF forecast for 2008 calls for GDP to grow by 2.5 percent.

REGIONAL ECONOMY

In their October polling of firms in the Great Lakes region, economists at the Federal Reserve Bank of Chicago found that the regional economy continues to expand at a modest rate. Nonresidential construction activity in the Great Lakes states, reflecting national activity, picked up some of the slack created by the declining residential construction sector. Even though employment levels remain flat, manufacturing activity was positive because of productivity gains. Moreover, the weak dollar has generated more export activity for the region's machine tool and heavy equipment manufacturers. The decline of the dollar is also helping domestic sales of the region's steelmakers, as importers are finding it more difficult to compete in the U.S. market.

Employment in the five-state Great Lakes region inched up by only 0.1 percent during the 12-month period that ended in September. The region is clearly lagging behind the nation, as employment in the other 45 states grew by 1.4 percent during the period. Once again, it was Michigan that pulled down the region's average: combined employment in Illinois, Indiana, and Wisconsin grew by 0.7 percent during the period, and employment in Ohio held steady. It was only in Michigan that employment took a hit: the state's employers cut 1.5 percent of their workforce.

The region's manufacturers cut 1.6 percent of their workforce, which matched the employment reductions in the rest of the nation. But here again Michigan acted as a drag, account-

ing for nearly 50 percent of the region's loss in manufacturing employment while making up only 20 percent of the region's manufacturing base. Nationwide, Michigan accounted for 11 percent of the decline in manufacturing jobs, even though it is home to less than 5.0 percent of the nation's manufacturing workforce.

Auto sales have slowed in the past several months, and auto analysts worry that sales could remain sluggish in the coming months because of consumers' sagging confidence and financial woes. The University of Michigan forecasts that auto sales will be at 16.0 million units in 2008, down slightly from its 2007 estimate of 16.1 million units. The university's forecasters project that sales will bounce back to 16.3 million units in 2009.

The lack of growth in the marketplace ensures that the fight for share will only become more intense, and it is a fight that Detroit's Big Three would rather not have. During the 10-month period ending in October, sales at Ford have fallen by nearly 13.4 percent from the same period last year, according to *Ward's AutoWorld*. At General Motors, sales suffered a 5.7 percent decline, and Chrysler's sales fell by 3.5 percent. In contrast, sales at Toyota rose by 3.9 percent, at Honda they rose by just under 3.0 percent, and at Nissan sales were up by 5.5 percent. The Center for Automotive Research (CAR) is projecting that the Big Three's share of the market could slide from today's 50.4 percent to 45.2 percent.

Employment and Earnings^a

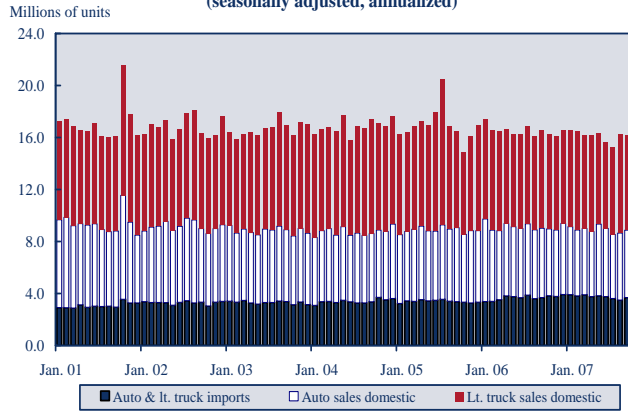
Great Lakes region	September 2007	September 2006	Percent change	Great Lakes region	September 2007	September 2006	Percent change
Illinois				Ohio			
Total employment	5,987,200	5,943,600	0.7	Total employment	5,438,900	5,438,200	0.0
Mfg. employment	677,100	682,200	-0.7	Mfg. employment	779,300	791,900	-1.6
Avg. weekly hours	41.1	41.2	-0.2	Avg. weekly hours	42.2	41.5	1.7
Avg. hourly earnings	\$16.67	\$16.08	3.7	Avg. hourly earnings	\$19.18	\$19.34	-0.8
Indiana				Wisconsin			
Total employment	2,989,900	2,971,700	0.6	Total employment	2,882,800	2,858,700	0.8
Mfg. employment	557,600	562,100	-0.8	Mfg. employment	500,300	504,600	-0.9
Avg. weekly hours	41.3	41.2	0.2	Avg. weekly hours	41.0	41.7	-1.7
Avg. hourly earnings	\$18.59	\$18.65	-0.3	Avg. hourly earnings	\$17.49	\$16.51	5.9
Michigan				United States			
Total employment	4,268,900	4,333,000	-1.5	Total employment (000)	138,265	136,636	1.2
Mfg. employment	616,300	641,000	-3.9	Mfg. employment (000)	13,983	14,206	-1.6
Avg. weekly hours	43.7	43.6	0.2	Avg. weekly hours	41.4	41.1	0.7
Avg. hourly earnings	\$22.01	\$22.16	-0.7	Avg. hourly earnings	\$17.36	\$16.83	3.1

NOTE: September 2007 lists preliminary numbers.

^aEmployment numbers are seasonally adjusted for both the nation and the states. Average weekly hours and earnings are seasonally adjusted for the nation only.

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

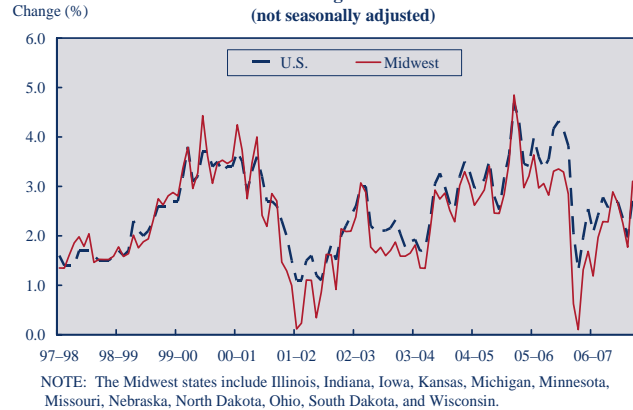
U.S. Auto and Light Truck Sales
(seasonally adjusted, annualized)



The challenges facing Detroit are many, but probably the biggest one is cost. CAR estimates that, in 2006, labor cost per vehicle—wages, health insurance, and the health insurance of retirees—for the Big Three totaled \$3,227 compared to \$1,895 for Toyota, a 58.7 percent difference.

The two-tier wage package agreed to by the United Auto Workers (UAW) and the auto companies will definitely lower labor costs. According to CAR, the difference in the total labor

Consumer Price Index,
Percent Change Year-to-Year
(not seasonally adjusted)

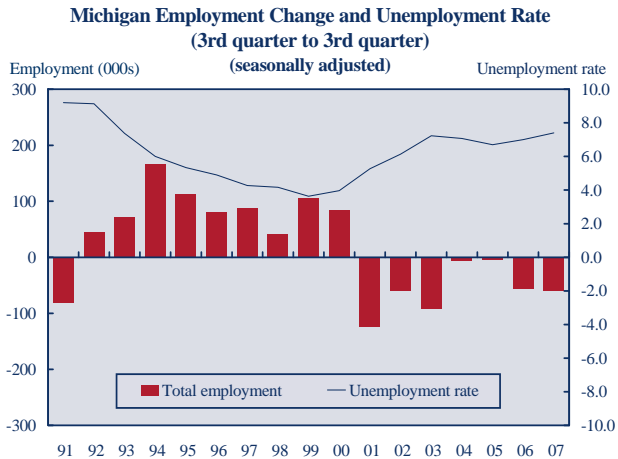


cost per hour between first-tier workers and the new second-tier workers can be as high as \$52 an hour.

Despite the region's slower growth, consumer prices in the Midwest rose at a slightly higher rate than prices for the nation as a whole during the 12-month period ending in September.

STATE OF MICHIGAN ECONOMY

Employment fell by 0.4 percent in the state during the third quarter, for a loss of 18,400 jobs. During the past four quarters, 60,500 jobs have been lost in the state, and the state's unemployment rate has reached 7.4 percent. All of the state's economic indicators were negative during the third quarter, which suggests that employment conditions will remain sluggish into the first months of 2008.



Employment in the state's goods-producing sector fell by 1.6 percent during the quarter, representing a loss of 13,200 jobs. More than 5,000 jobs were eliminated in the state's construction industry, as Michigan's residential markets, like the nation's, are burdened with excessive inventories. The number of new dwelling units put under contract for construction fell by 20 percent during the past year.

Manufacturing employment fell by 1.3 percent during the quarter. Except for west Michigan's office furniture industry and the state's food manufacturers, employment in all of the state's manufacturing sectors declined from the first quarter of 2006 to the first quarter of 2007.

Chrysler has announced that, in addition to the 13,000 jobs it had previously announced it would cut, it will eliminate 12,100 more. The Center for Automotive Research (CAR) estimates that Detroit's Big Three are now scheduled to eliminate more than 50,000 jobs in Michigan from 2007 to 2009. Of course, the full impact on the struggling state economy will be much worse. We estimate that, on average, every auto assembly worker supports three additional workers in the state through the industry's massive supplier base and through that supplier base's consumer expenditures. This means that the full impact of the Big Three's planned job cuts could reach more than 200,000 workers statewide.

Employment in the state's service-providing sector was off by 0.2 percent during the quarter. It is likely that some of the

decline can be attributed to the state's struggling goods-producing sector. The impact of cuts in factory payrolls can be seen in the reduction in retail employment, a decline of 0.6 percent, or 2,700 jobs, as well as in the reduction in leisure and hospitality employment, a 0.7 percent drop. The state's depressed housing market likely contributed to the 0.5 percent reduction in financial activities employment.

The quarter's decline in retail sales is in line with the results of the Federal Reserve Bank of Chicago's monthly survey of state retailers, completed in cooperation with the Michigan's Retailers Association. The survey shows a continued decline in hiring, despite retail activity that enjoyed a good run until July, when it stalled. The state's retail sales and other consumer expenditures were also held in check by its modest personal income gains. Personal income growth, on a four-month moving average status, has remained below 1.0 percent for the past eight quarters.

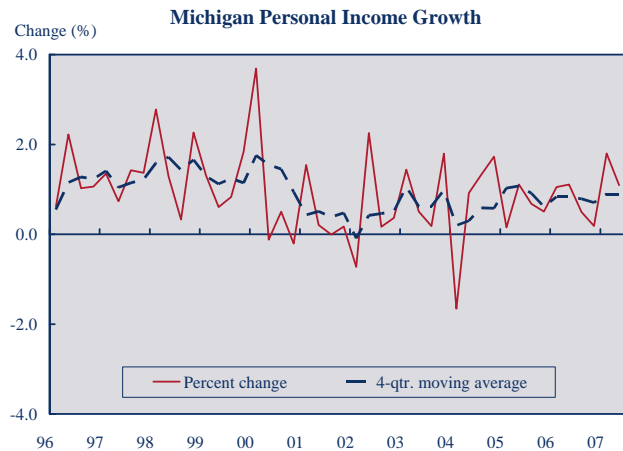
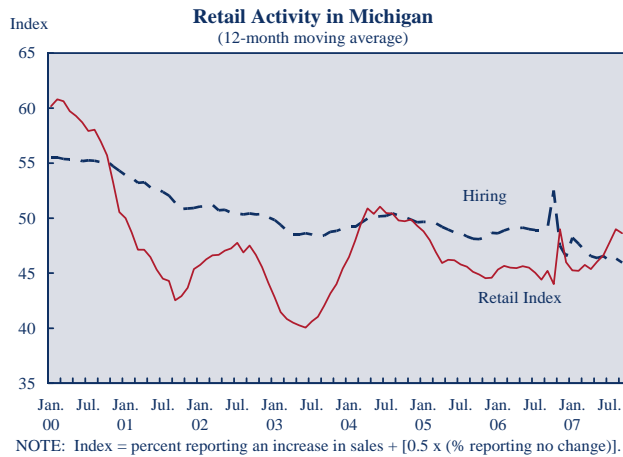
The strongest employment gains were reported in the state's education and health services. In the four-quarter period that ended in the first quarter of 2007, the state's health and social service providers created nearly 6,000 jobs, a 1.2 percent increase. Employment in private education rose by 3.4 percent. Government employment was flat during the quarter.

The state legislature killed a hurriedly designed tax on selected services. In its stead, they stuck a 22 percent surcharge on the Michigan Business Tax. The surcharge is capped at \$6 million. The service tax was flawed in two major ways. First, it appeared arbitrary in what was to be taxed and not taxed. For example, skiing and consulting were taxed, but golf and research were not. Second, it would have caused tax pyramiding inasmuch as businesses would have had to pay taxes on business-to-business services.

Unfortunately, a recent study prepared by the Michigan Citizens Research Council and the W.E. Upjohn Institute forecasts that because of the state's sluggish economy and current tax structure, the state government will be facing recurring deficits for at least the next five years.

The state's economic indicators turned south during the quarter, which suggests that lackluster employment conditions will continue. The Detroit index of help-wanted advertising fell by 5.3 percent. The number of new claims for unemployment insurance rose by 3.5 percent. Finally, the number of new dwelling units put under contract for construction fell by 2.5 percent.

The University of Michigan is now predicting that state employers will reduce their workforce by 1.7 percent in 2008,



which represents a loss of 81,000 jobs, and by another 0.2 percent in 2009. If their forecast is right, the state will lose another 91,000 jobs in the two-year period and will have suffered nine straight years of employment decline.

Employment by Place of Work
September
(seasonally adjusted)

Labor market area	Total nonfarm	% change, 2006–2007	Goods-producing	% change, 2006–2007	Private service-providing	% change, 2006–2007
United States	138,265,000	1.2	22,324,000	-1.3	93,637,000	1.9
Michigan	4,268,900	-1.5	786,300	-5.1	2,830,700	0.0
West Michigan MSAs:						
Battle Creek	60,190	-1.3	15,520	-2.5	34,790	0.0
Grand Rapids–Wyoming	394,500	0.3	90,360	-1.5	267,130	1.1
Holland–Grand Haven	116,150	-0.3	42,580	-0.6	57,320	-0.5
Kalamazoo–Portage	146,940	0.9	28,610	-2.7	94,900	2.2
Muskegon–Norton Shores	66,020	0.3	15,050	0.1	42,070	0.6
Niles–Benton Harbor	65,480	2.4	16,820	-1.1	38,870	-0.6
Other labor market areas:						
Ann Arbor	201,490	-0.8	23,190	-10.2	109,710	0.4
Bay City	36,960	-4.3	5,150	-8.7	26,170	-3.0
Detroit–Warren–Livonia	1,962,810	-1.7	326,250	-4.2	1,416,890	-0.7
Flint	149,460	-1.6	22,820	-7.5	102,380	0.0
Jackson	58,470	-1.5	11,120	-5.8	37,350	-0.5
Lansing–East Lansing	227,210	0.4	28,460	-4.6	134,280	0.8
Monroe	43,290	-0.9	9,950	-4.8	27,160	1.1
Saginaw–Saginaw Township North	89,400	-2.4	15,920	-5.9	61,630	-1.2

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

WEST MICHIGAN ECONOMY

Total employment in the six metropolitan areas of west Michigan rose by 0.2 percent during the third quarter. However, the slight employment increase was not enough to halt west Michigan's unemployment rate from climbing to 6.3 percent. The region's economic indicators were mixed for the quarter, which suggests that employment conditions will remain unchanged in the coming months.

Employment in the region's goods-producing sector fell by 0.6 percent, as jobs were lost in both its construction and its manufacturing sectors. However, large residential projects in the Grand Rapids–Wyoming, Holland–Grand Haven, and Kalamazoo–Portage MSAs may help to improve employment conditions in the region's construction trades sector. In addition, construction reports indicate that nonresidential construction activity may hold firm in the coming months.

Employment in the region's manufacturing sector fell by 0.6 percent during the third quarter. The area's auto suppliers continue to shed workers. On the plus side, the region's food manufacturers have been adding workers.

The region's office furniture companies seem to disagree about the economic outlook for the industry. Zeeland-based Herman Miller, a global furniture company, cut about 120 white-collar jobs in West Michigan as part of a restructuring process aimed at cost reduction and improved profits. The company foresees an approaching slowdown in sales, whereas Steelcase sees blue skies ahead, especially for its new health care and higher education markets.

The Business and Institutional Furniture Manufacturer's Association (BIFMA) lowered its 2008 forecast to a negative 0.6 percent decline, the lowest since the 2001–2003 period. For the year 2007, the furniture industry is expected to grow by 5.2 percent. Michael A. Dunlap's latest survey of the industry is not as pessimistic as BIFMA's revised forecast. While his survey findings indicate that sales may slow, he expects that they will still remain positive. The area's smaller furniture companies—Trendway and Nucraft—announced strong growth for the year to date.

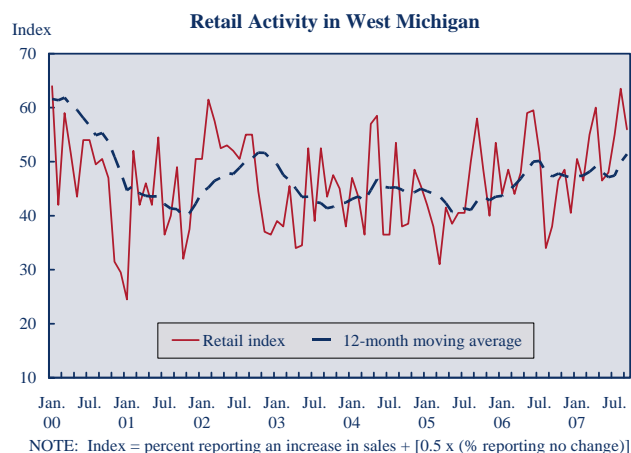
Finally, Steelcase has announced that, only a year after opening its first plant in China, it is expanding its presence in Asia by buying the Hong Kong–based office-furniture firm Ultra Group Company Limited. Since 2000, Steelcase reportedly has reduced its plant and distribution presence by 50 percent in the United States and Europe.

Business reports in the rural areas of west Michigan are mixed. In Montcalm County, Solar Ovonic LLC is getting a \$10 million grant from the Michigan Economic Development Corporation to help in its expansion of its

Greenville operations. The firm, which manufactures thin-film, silicon-alloy solar cells and related products, is building two flexible solar film plants and creating 400 jobs. In Plant 1, the first line of production began on November 1, and the second production line is scheduled to open by March of 2008. Construction on Plant 2 is scheduled to start by June 2008. In St. Joseph County, Universal Forest Products is adding approximately 80 jobs to its local plant, which manufactures building products. However, International Automotive Components, also in St. Joseph County, announced plans to move its automotive visor production work from Mendon to Mexico next year. It is feared that 200 of the company's 900 workers will lose their jobs.

Employment in the region's service-providing sector inched up by 0.2 percent during the quarter. Employment continues to expand in the region's health and educational services sector. The sector added nearly 1,000 jobs during the third quarter, a 0.8 percent increase, and has added 4,000 jobs during the past year. The region enjoyed a dry summer, which helped its tourism industry, as employment in leisure and hospitality was up 0.5 percent during the quarter.

Retail employment rose by only 0.1 percent for the quarter and has been flat for the past year. This is somewhat surprising given the upward trend in retail activity indicated by the monthly survey of retailers conducted by the Federal Reserve Bank of Chicago in association with the Michigan Retailers Association.



Finally, government employment in the region shot up by 2.0 percent during the quarter. The surprising jump is largely due to the opening of the Four Winds Casino in Berrien County. The casino is owned by the Pokagon band of the Potawatomi Indian Nation and therefore is classified as being in the government sector of employment. Smaller gains in government employment were reported as well in

West Michigan (6 MSAs) Statistics

(seasonally adjusted)

Measure	2007 Q3	2007 Q2	% change, Q2 to Q3	2006 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	848,050	846,190	0.2	845,020	0.4
Goods-producing	208,980	210,310	-0.6	212,450	-1.6
Construction and mining	36,670	36,940	-0.7	37,280	-1.6
Manufacturing	172,320	173,360	-0.6	175,160	-1.6
Private service-providing	533,900	532,770	0.2	528,430	1.0
Trade, transportation, and utilities	152,600	152,630	0.0	152,610	0.0
Retail trade	93,820	93,680	0.1	93,860	0.0
Information (5 MSAs) ^a	9,930	9,800	1.3	9,760	1.7
Financial activities	39,680	39,500	0.5	39,570	0.3
Professional and business services	97,840	98,150	-0.3	96,750	1.1
Educational and health services	122,240	121,270	0.8	118,240	3.4
Leisure and hospitality	75,970	75,590	0.5	75,570	0.5
Other services	35,670	35,860	-0.5	35,940	-0.8
Government	105,160	103,100	2.0	104,150	1.0
Unemployment					
Number unemployed	60,620	58,070	4.4	60,690	-0.1
Unemployment rate (%)	6.3	6.0		6.3	
Local indexes					
Help-wanted ads (4 MSAs) (1996=100) ^b	21	25	-16.0	30	-30.0
UI initial claims	2,041	2,126	-4.0	2,213	-7.8
New dwelling units ^c	5,770	4,310	33.9	5,652	2.1

NOTE: Categories may not sum to total because of rounding.

^a Information employment data is not available for Battle Creek MSA.

^b Niles-Benton Harbor MSA and Holland-Grand Haven MSA help-wanted data is not available.

^c Seasonally adjusted annual rates. Van Buren County is 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.

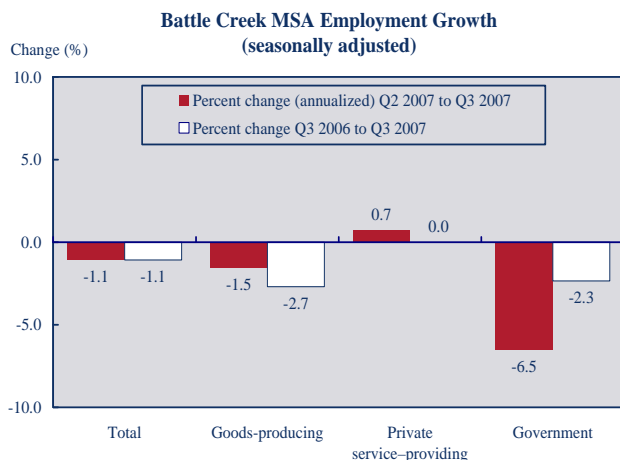
the Grand Rapids-Wyoming, Kalamazoo-Portage, and Muskegon-Norton Shores MSAs.

The region's economic indicators were mixed during the quarter: the index of help-wanted advertising fell by 16 percent, which suggests that employment conditions in the region's service-providing sector may not improve in the coming months. On the upside, the number of new claims

for unemployment insurance was down, and the number of new dwelling units put under contract for construction was up by 33.9 percent.

BATTLE CREEK MSA

Total employment in Calhoun County fell by 0.3 percent during the third quarter; a loss of 160 jobs. Modest employment cuts were reported across a wide variety of services during the quarter. Despite the employment loss, the area's unemployment rate remained unchanged at 6.9 percent. The third-quarter reading of the area's economic indicators was mixed, which indicates that employment conditions may remain sluggish in the coming months.



Employment in the area's goods-producing sector fell by 0.4 percent during the quarter; however, construction employment was up by 0.5 percent. Unfortunately, future employment gains are not expected, as the number of new dwelling units put under contract fell by 47.1 percent during the quarter.

Manufacturing employment fell by 0.5 percent during the quarter, and job losses were reported from durable and non-durable goods producers alike. During the four-quarter period that ended in the first quarter of 2007, the area's food producing sector and its fabricated metal manufacturing sector added 40 jobs each. However, the area's auto suppliers cut 380 workers during these four quarters.

Although PepsiCo Incorporated, which owns Quaker Oats and Frito-Lay brands, indicated some initial interest in buying Post Cereals from Kraft Foods and rumors circulated that rival Kellogg was about to make a bid, it was Ralcorp Holdings that stepped up and bought Post for a reported \$2.6 billion. The acquisition is expected to be completed by the middle of 2008 and places Ralcorp in the number three position behind industry leaders Kellogg and General Mills. The sale will include the Post cereal manufacturing plants in Battle Creek; Jonesboro, Arkansas; Modesto, California; and Niagara Falls, Canada. Ralcorp will retain workers at these facilities. In Battle Creek, Post Cereals employs a reported 650 workers and Ralcorp's Ralston Foods plant employs approximately

150 workers. Ralcorp, a major producer of store-brand cereal products, will develop a new division within the company to run Post, which has popular brand name cereals.

At the same time that these events were happening, Kellogg reported a 9.0 percent increase in earnings during the third quarter, which beat analysts' expectations.

In Marshall, Tenneco, which builds exhaust systems for all of Detroit's Big Three automakers, plans to add nearly 150 workers by next summer, despite the Big Three's struggles. However, labor relations at Marshall Brass are uneasy: its unionized workers turned down the company's last contract offer, which called for a 15 percent wage cut and a \$25-a-week increase in health insurance premiums. The company makes brass gas fittings and brass household plumbing fittings and employs about 150 workers.

Employment in the area's service-providing sector increased modestly by 0.2 percent during the quarter. Education and health service providers added 130 employees, and retailers hired 80 more workers. During the same period, 70 jobs were cut in the area's leisure and hospitality sector.

Recent business reports reflect the current sluggish employment conditions in the area's service-providing sector. In August, Allied Insurance, which is part of Nationwide Insurance, announced that it would be eliminating 21 positions in the area. In addition, Select Medical Corporation announced that by February 1 it would be closing its Battle Creek facility, Select Specialty Hospital—a long-term, acute-care hospital—eliminating nearly 100 positions.

The area's economic indicators were mixed. Its index of help-wanted advertising fell by 16 percent, suggesting that employment conditions in the area's service-providing sector may remain flat. Manpower's third-quarter polling of area employers found that 10 percent plan to hire additional workers during the fourth quarter, while 17 percent expect to reduce their employment levels. Last year, 17 percent had plans to hire and only 3.0 percent feared that they would have to reduce their employment levels. In addition, the number of new dwellings under contract for construction fell sharply during the quarter, as mentioned. On the plus side, the number of new claims for unemployment insurance dropped by 8.6 percent.

Battle Creek MSA
(seasonally adjusted)

Measure	2007 Q3	2007 Q2	% change, Q2 to Q3	2006 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	59,730	59,890	-0.3	60,380	-1.1
Goods-producing	15,550	15,610	-0.4	15,980	-2.7
Construction and mining	2,100	2,090	0.5	2,160	-2.8
Manufacturing	13,450	13,520	-0.5	13,810	-2.6
Durable goods	8,620	8,670	-0.6	8,750	-1.5
Nondurable goods	4,830	4,840	-0.2	5,060	-4.5
Private service-providing ^a	34,180	34,120	0.2	34,180	0.0
Trade, transportation, and utilities	9,860	9,850	0.1	9,990	-1.3
Retail trade	6,860	6,780	1.2	6,800	0.9
Financial activities	1,600	1,610	-0.6	1,600	0.0
Professional and business services	4,910	4,930	-0.4	5,050	-2.8
Educational and health services	9,860	9,730	1.3	9,490	3.9
Leisure and hospitality	5,560	5,630	-1.2	5,650	-1.6
Other services	2,400	2,370	1.3	2,400	0.0
Government	9,990	10,160	-1.7	10,230	-2.3
Unemployment					
Number unemployed	4,890	4,950	-1.2	5,120	-4.5
Unemployment rate (%)	6.9	6.9		7.1	
Local indexes					
Help-wanted ads (1996=100)	21	25	-16.0	27	-22.2
UI initial claims	232	253	-8.6	253	-8.4
New dwelling units ^b	119	225	-47.1	192	-38.0

NOTE: Categories may not sum to total because of rounding.

^a Data for information services is included in the "other services" sector.

^b 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 the Michigan Department of Labor and Economic Growth.

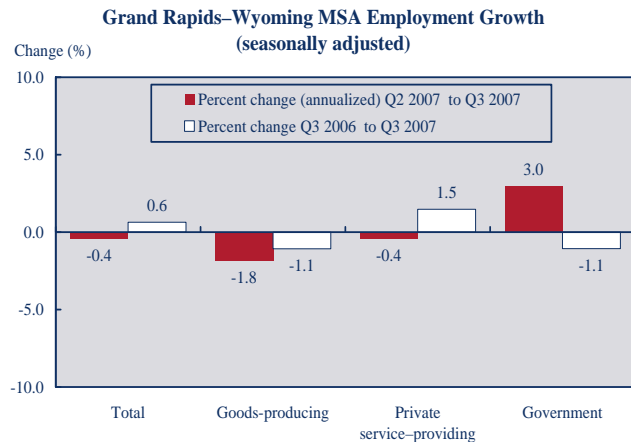
Battle Creek MSA
Industry Employment Change by Place of Work, First Quarter to First Quarter
(not seasonally adjusted)

Industry	2007 Q1	2006 Q1	Percent change	Industry	2007 Q1	2006 Q1	Percent change
Goods-producing				Ambulatory health care services	2,650	2,560	3.5
Food manufacturing	3,430	3,390	1.2	Hospitals	2,460	2,330	5.6
Fabricated metal products mfg.	1,820	1,780	2.2	Arts, entertainment, and recreation	570	600	-5.0
Transportation equipment mfg.	4,910	5,290	-7.2	Accommodation and food services	4,280	4,690	-8.7
Private service-providing				Food services and drinking places	4,060	4,440	-8.6
Professional and technical services	1,060	1,040	1.9	Government			
Administrative and support services	2,990	2,860	4.5	Federal Government	3,230	3,270	-1.2
Educational services	910	900	1.1	State Government	390	390	0.0
Health care and social assistance	7,730	7,460	3.6	Local Government	6,130	6,590	-7.0

SOURCE: Michigan Department of Labor and Economic Development, ES202 data.

GRAND RAPIDS–WYOMING MSA

Total employment fell by a scant 0.1 percent in the four-county MSA during the third quarter. Lackluster employment conditions were reported across most industries in the area. The lack of job growth pushed the area's unemployment rate up to 6.2 percent. Unfortunately, all of the area's economic indicators turned south during the quarter, which suggests that employment conditions could remain soft in the coming months.



Employment in the area's goods-producing sector fell by 0.5 percent in the quarter. Construction employment was down 1.2 percent, a loss of more than 200 jobs. Unfortunately, the number of new dwelling units put under contract for construction fell by 23.6 percent during the quarter, indicating that employment conditions in the sector could remain soft.

The area's manufacturers reduced their workforce by 0.3 percent during the quarter. Employment declines were reported in both nondurable and durable goods production. For the four-quarter period ending in the first quarter of 2007, only the area's food manufacturers reported employment gains. The largest employment losses that occurred during the four-quarter period were in the area's auto-dominated transportation equipment industry and its machinery manufacturing sector.

Recent business reports were mostly positive. Although the office furniture industry is witnessing a slowdown in domestic sales, G.A. Richards Company, a furniture supplier, has completed a \$3.5 million project that could add as many as 30 workers. In addition, Tech Group Grand Rapids, a producer of disposable medical filters for intravenous (IV) sets, could add 35 workers by the end of the year. The company, which currently employs 190 workers, has virtually cornered the Japanese market and is a major player in the European markets. Finally, Roskam Bakery, a manufacturer of cereal, croutons, and snack mixes, announced expansion plans that could bring 175 new jobs to the area.

In neighboring Barry County, Metaldyne Middleville, an auto supplier, announced plans to expand its facility and add 64 jobs. Also in the county, Viking Corporation, a manufacturer and distributor of fire protection equipment, is adding 20 workers to the 360 already employed at its plant.

However, Synergis Technologies Group, a tool and die maker, closed its three plants in Kentwood and Walker, eliminating 160 jobs. The closure was due in part to the collapse of a global partnership the company was trying to put together with toolmakers in China and in part to the loss of business from existing customers. In addition, Lear Corporation recently announced that it will start shifting its seat-adjusting track production to Mexico and will eventually close its plant in Walker by December 2008, eliminating 180 jobs.

Employment in the area's service-providing sector was flat, declining by 0.1 percent. The area's professional and business services sector and its retail trade sector suffered the greatest employment declines, as each lost 0.7 percent. Combined, the two sectors eliminated more than 700 jobs.

The battle between Meijer and Wal-Mart is taking its toll, as Meijer announced that it is eliminating 500 managerial positions across its 180 stores. The retailer's unionized workers in 92 of its stores overwhelmingly accepted the company's new contract, which is reported to keep pension plans intact and includes several wage increases.

Employment gains were reported in the area's educational and health services, which saw a 0.5 percent gain, as well as in its information sector, with a 1.8 percent gain, and its leisure and hospitality sector, with 0.3 percent. Government employment was up by 0.7 percent.

Most of the area's economic indicators deteriorated during the third quarter, which suggests that employment conditions could remain soft in the coming months. The area's index of help-wanted advertising dropped by 38.1 percent, an indication that employment conditions in the area's service-providing sector could remain sluggish. The number of initial claims for unemployment insurance inched up, while the number of new dwelling units put under contract for construction fell by 23.6 percent.

Finally, the October polling of the area's purchasing managers found business conditions to be "slightly negative." On the plus sign, Manpower in its third-quarter polling of employers found that 23 percent expect to hire additional workers and that none thought they would have to reduce employment. This compares favorably to last year, when 20 percent planned on hiring new workers and 7 percent thought they would be reducing their workforce.

Grand Rapids–Wyoming MSA
(seasonally adjusted)

Measure	2007 Q3	2007 Q2	% change, Q2 to Q3	2006 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	394,670	395,100	-0.1	392,170	0.6
Goods-producing	90,560	90,980	-0.5	91,540	-1.1
Construction and mining	17,860	18,070	-1.2	18,110	-1.4
Manufacturing	72,690	72,910	-0.3	73,430	-1.0
Durable goods	50,010	50,190	-0.4	50,980	-1.9
Nondurable goods	22,680	22,730	-0.2	22,450	1.0
Private service–providing	266,960	267,240	-0.1	263,080	1.5
Trade, transportation, and utilities	74,670	74,950	-0.4	74,030	0.9
Transportation and utilities	10,350	10,340	0.1	10,320	0.3
Wholesale trade	22,270	22,240	0.1	22,310	-0.2
Retail trade	42,070	42,380	-0.7	41,420	1.6
Information	5,810	5,710	1.8	5,640	3.0
Financial activities	22,920	22,830	0.4	22,550	1.6
Professional and business services	56,040	56,450	-0.7	55,610	0.8
Educational and health services	58,160	57,870	0.5	56,140	3.6
Leisure and hospitality	32,940	32,850	0.3	32,650	0.9
Other services	16,420	16,590	-1.0	16,460	-0.2
Government	37,150	36,880	0.7	37,550	-1.1
Unemployment					
Number unemployed	25,480	24,320	4.8	25,450	0.1
Unemployment rate (%)	6.2	5.9		6.2	
Local indexes					
Help-wanted ads (1996=100)	13	21	-38.1	26	-50.0
UI initial claims	779	778	0.1	878	-11.2
New dwelling units ^a	1,414	1,851	-23.6	2,974	-52.4

NOTE: Categories may not sum to total because of 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 the Michigan Department of Labor and Economic Growth.

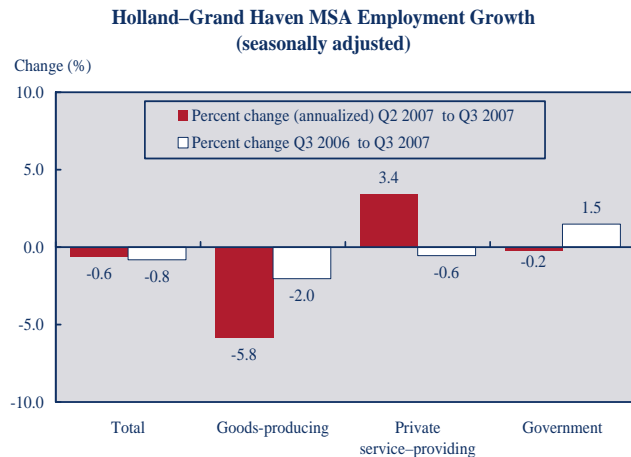
Grand Rapids–Wyoming MSA
Industry Employment Change by Place of Work, First Quarter to First Quarter
(not seasonally adjusted)

Industry	2007 Q1	2006 Q1	Percent change	Industry	2007 Q1	2006 Q1	Percent change
Goods-producing				Health care and social assistance	45,970	44,180	4.1
Food manufacturing	5,830	5,470	6.6	Ambulatory health care services	13,690	13,410	2.1
Chemical manufacturing	4,240	4,310	-1.6	Hospitals	18,690	17,940	4.2
Plastics and rubber products mfg.	6,350	6,750	-5.9	Arts, entertainment, and recreation	3,520	3,540	-0.6
Fabricated metal products mfg.	7,040	7,140	-1.4	Accommodation and food services	27,220	27,540	-1.2
Machinery manufacturing	8,170	9,040	-9.6	Food services and drinking places	25,090	25,370	-1.1
Transportation equipment mfg.	14,700	15,540	-5.4	Government			
Furniture and related products mfg.	6,870	7,090	-3.1	Federal Government	3,300	3,360	-1.8
Private service–providing				State Government	3,570	3,460	3.2
Professional and technical services	14,460	14,060	2.8	Local Government	28,740	30,790	-6.7
Administrative and support services	34,250	30,150	13.6				
Educational services	10,200	9,370	8.9				

SOURCE: Michigan Department of Labor and Economic Growth ES202 data.

HOLLAND-GRAND HAVEN MSA

Total employment in Ottawa County fell by 0.2 percent during the third quarter. Strong employment gains in its private service-providing sector could not fully offset the job losses in the area's goods-producing sector. The quarter's employment reductions pushed the area's unemployment rate up to 5.8 percent. The area's limited set of economic indicators was positive, suggesting that employment conditions could improve in the coming months.



Employment in the county's goods-producing sector fell by 1.5 percent, due solely to employment cutbacks in its manufacturing sector. Employment in construction, in fact, grew by 0.5 percent. While it is too soon to say that the area's residential construction sector is coming out of its yearlong downturn, the quarter did witness a huge jump in the number of new dwelling units put under contract for construction.

The area's manufacturers eliminated more than 600 workers during the quarter, a 1.8 percent decline. During the four-quarter period ending in the first quarter of 2007, the area's transportation equipment manufacturers cut 1,200 workers from their payrolls, a 17.3 percent reduction. The area's machinery and fabricated metal producers also trimmed their workforces.

Magna Donnelly Corporation, an international auto supplier, announced that it is eliminating about 50 jobs in a move to combine a pair of engineered-glass manufacturing facilities in the Holland area. This is in addition to the company's announcement in August that it is closing its Grand Haven plant, eliminating 300 workers.

Not all news in the area's auto sector is negative, however. Vivatar Incorporated, an injection-molded parts producer for the automotive industry, announced plans to add up to 80 workers over the next two years to its existing workforce of 40 employees.

The area's office furniture makers and its food product producers added a combined 260 jobs during the four quarters ending in 2007's first quarter. In fact, Sara Lee continues to expand its Bil-Mar Foods facility, exceeding its original growth plans for the meat processing facility. The company plans to add another 50 workers.

Domestic demand for office furniture appears to be waning. Herman Miller continues to report strong revenue growth, but that is due largely to its expanding overseas markets, especially in Asia and the United Kingdom. While the company's domestic market grew by 9.0 percent compared to the same quarter last year, its international sales achieved a 17 percent increase. The slowdown in the domestic market is forcing Herman Miller to realign some of its activities. The company recently cut 150 white-collar positions—120 of which were from its west Michigan workforce of 4,900.

A wide variety of other manufacturers announced expansion plans during the quarter, including Siemens Water Technologies, which designs and manufactures systems for treating and dewatering municipal and industrial wastewater. Siemens has delivered on more than half of the 80 new jobs it promised. In addition, Coastal Container, a corrugated container and packaging business, is expanding and could triple the size of its current workforce of 25.

Employment in the area's service-providing sector increased by 0.8 percent during the quarter. The area's leisure and hospitality sector reported strong gains in employment, resulting in an increase of 2.0 percent, partly because of a warm and dry summer. In addition, the county's educational and health services added 180 workers. Government employment was flat for the quarter.

The county's limited set of economic indicators was positive, suggesting that employment conditions could improve in coming months. The number of new claims for unemployment insurance fell by 5.8 percent and, as previously stated, the number of new dwelling units put under contract for construction jumped by 225 percent—largely because of 467 new dwelling units reported in July. Finally, Manpower in its third-quarter survey of employers found that 38 percent expect to hire additional workers in the fourth quarter, compared to only 14 percent last year. In addition, only 7.0 percent of the polled employers thought that they would have to reduce their workforce, compared to 14 percent last year.

Holland–Grand Haven MSA
(seasonally adjusted)

Measure	2007 Q3	2007 Q2	% change, Q2 to Q3	2006 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	115,860	116,040	-0.2	116,820	-0.8
Goods-producing	42,280	42,920	-1.5	43,160	-2.0
Construction and mining	6,030	6,000	0.5	6,120	-1.5
Manufacturing	36,260	36,920	-1.8	37,040	-2.1
Private service-providing	57,220	56,740	0.8	57,540	-0.6
Trade, transportation, and utilities	17,970	17,890	0.4	18,140	-0.9
Retail trade	10,150	10,170	-0.2	10,420	-2.6
Information	710	700	1.4	710	0.0
Financial activities	3,240	3,210	0.9	3,240	0.0
Professional and business services	11,580	11,600	-0.2	11,700	-1.0
Educational and health services	10,560	10,380	1.7	10,560	0.0
Leisure and hospitality	8,260	8,100	2.0	8,260	0.0
Other services	4,900	4,870	0.6	4,930	-0.6
Government	16,360	16,370	-0.1	16,120	1.5
Unemployment					
Number unemployed	7,940	7,460	6.4	7,620	4.2
Unemployment rate (%)	5.8	5.5		5.5	
Local indexes					
UI initial claims	289	307	-5.8	294	-1.7
New dwelling units ^a	2,392	735	225.3	706	239.0

NOTE: Categories may not sum to total because of 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 the Michigan Department of Labor and Economic Growth.

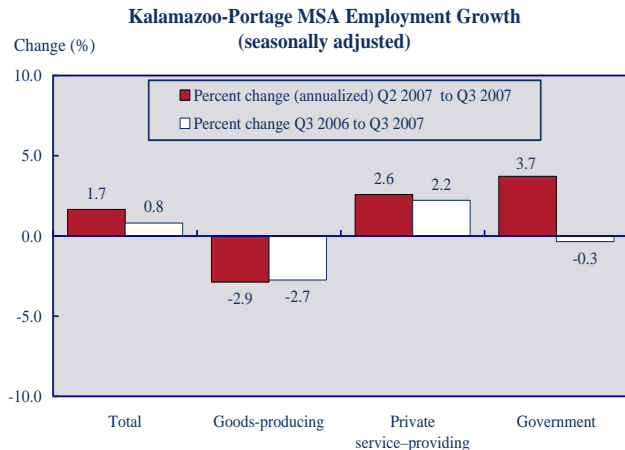
Holland–Grand Haven MSA
Industry Employment Change by Place of Work, First Quarter to First Quarter
(not seasonally adjusted)

Industry	2007 Q1	2006 Q1	Percent change	Industry	2007 Q1	2006 Q1	Percent change
Goods-producing				Health care and social assistance	7,250	7,090	2.3
Food manufacturing	2,970	2,890	2.8	Ambulatory health care services	3,380	3,250	4.0
Fabricated metal products mfg.	5,230	5,440	-3.9	Arts, entertainment, and recreation	830	850	-2.4
Machinery manufacturing	2,410	2,610	-7.7	Accommodation and food services	6,740	6,400	5.3
Transportation equipment mfg.	5,730	6,930	-17.3	Food services and drinking places	6,350	6,040	5.1
Furniture and related products mfg.	6,130	5,950	3.0	Government			
Private service-providing				Federal Government	470	460	2.2
Professional and technical services	3,150	3,030	4.0	State Government	2,100	2,080	1.0
Administrative and support services	6,750	6,190	9.0	Local Government	10,580	10,900	-2.9
Educational services	1,890	1,870	1.1				

SOURCE: Michigan Department of Labor and Economic Development ES202 data.

KALAMAZOO-PORTAGE MSA

Total employment increased by 0.4 percent during the third quarter in the two-county MSA. The 600-job increase was insufficient, however, to keep the area's unemployment rate from inching up to 5.8 percent during the quarter. The area's economic indicators were mostly positive, which suggests that employment conditions may continue to be positive in the coming months.



Employment in the area's goods-producing sector fell by 0.7 percent because of declines in both construction and manufacturing activity. Employment in the area's construction sector may rebound during the final quarter, as the number of new dwelling units put under contract for construction increased by 36.6 percent.

Manufacturing employment was down 0.6 percent, representing a loss of 140 jobs. While the general trend for manufacturing employment is downward, it is important to note that some of the area's major manufacturing sectors are adding workers. During the four-quarter period that ended in the first quarter of 2007, employment gains occurred among the area's food producers, fabricated metal producers, and machinery manufacturers.

Recent business announcements were mixed. Pfizer announced that it plans to cut 200 manufacturing jobs, or 6.6 percent of its local manufacturing workforce, during 2008 because of changes in product demand. Some of the workforce reductions could be achieved through attrition—in other words, by not replacing retiring workers. This announcement follows closely the company's previous announcement that it would be cutting about 250 positions in drug safety research in downtown Kalamazoo next year.

In addition, Warren-based Noble Industries, an auto supplier, has announced that it plans to close one of its two South

Haven plants, eliminating up to 200 jobs by the end of 2008. Currently, the company employs approximately 500 workers in the South Haven area.

On the upside, Clifford Development LLC plans to open an airplane-retrofitting operation at the Kalamazoo/Battle Creek International Airport that could create up to 60 jobs. Also, Emiliem Incorporated, which is based in California, announced that it is moving into the Southwest Michigan Innovation Center, a life-sciences incubator. The company, which is involved in cancer research, was attracted to the area because of all of the available talent present in the form of former Pfizer scientists and also because of its existing relationships with the Van Andel Institute in Grand Rapids, Wayne State University in Detroit, and Kalexsyn Incorporated in Kalamazoo. Kalexsyn, another research company, is moving out of the incubator and into a new 20,000-square-foot facility. Emiliem plans to hire about 10 new employees.

Finally, Midlink Business Park, the former General Motors fabrication plant, is the new home of W. Soule and Company, which already employs 325 workers in the area but will add 20 more as a result of the move to a larger space. The company provides fabrication and manufacturing services for several key customers in the renewable fuels industry.

Employment in the service-providing sector rose by 0.6 percent during the quarter. The area's education and health services, professional and business services, leisure and hospitality, and wholesale trade sectors all reported employment gains topping 100 jobs. Finally, government employment increased by 0.9 percent in the quarter—a pickup of more than 200 jobs—because of a higher-than-trend increase in state (Western Michigan University and Kalamazoo Valley Community College) and local education sectors.

The third-quarter reading of the area's economic indicators was mostly positive. The number of new claims for unemployment insurance inched down, while the number of new dwelling units put under contract for construction rose by 36.6 percent. In addition, the latest polling of the area's purchasing managers indicated that economic conditions are "modestly positive." Similarly, the third-quarter Manpower survey of employers found that 13 percent plan to hire in the fourth-quarter, compared to 10 percent last year. This prediction that short-term growth will be modest is supported by the lack of movement in the area's index of help-wanted advertising, which remained unchanged during the quarter.

Kalamazoo-Portage MSA

(seasonally adjusted)

Measure	2007 Q3	2007 Q2	% change, Q2 to Q3	2006 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	146,530	145,930	0.4	145,360	0.8
Goods-producing	28,680	28,890	-0.7	29,490	-2.7
Construction and mining	5,990	6,050	-1.0	6,270	-4.5
Manufacturing	22,690	22,830	-0.6	23,220	-2.3
Durable goods	12,550	12,560	-0.1	12,690	-1.1
Nondurable goods	10,140	10,270	-1.3	10,530	-3.7
Private service-providing	94,710	94,110	0.6	92,650	2.2
Trade, transportation, and utilities	24,470	24,340	0.5	24,460	0.0
Transportation and utilities	3,890	3,870	0.5	3,880	0.3
Wholesale trade	4,700	4,590	2.4	4,530	3.8
Retail trade	15,890	15,880	0.1	16,060	-1.1
Information	1,500	1,490	0.7	1,500	0.0
Financial activities	7,790	7,750	0.5	7,890	-1.3
Professional and business services	16,440	16,330	0.7	15,480	6.2
Educational and health services	22,300	22,080	1.0	21,400	4.2
Leisure and hospitality	15,680	15,570	0.7	15,380	2.0
Other services	6,540	6,550	-0.2	6,540	0.0
Government	23,140	22,930	0.9	23,220	-0.3
Unemployment					
Number unemployed	10,190	9,680	5.3	10,150	0.4
Unemployment rate (%)	5.8	5.6		5.8	
Local indexes					
Help-wanted ads (1996=100)	33	33	0.0	37	-10.8
UI initial claims	260	261	-0.6	278	-6.8
New dwelling units ^a	1,147	840	36.6	909	26.2

NOTE: Categories may not sum to total because of rounding.

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

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-Portage MSA

Industry Employment Change by Place of Work, First Quarter to First Quarter

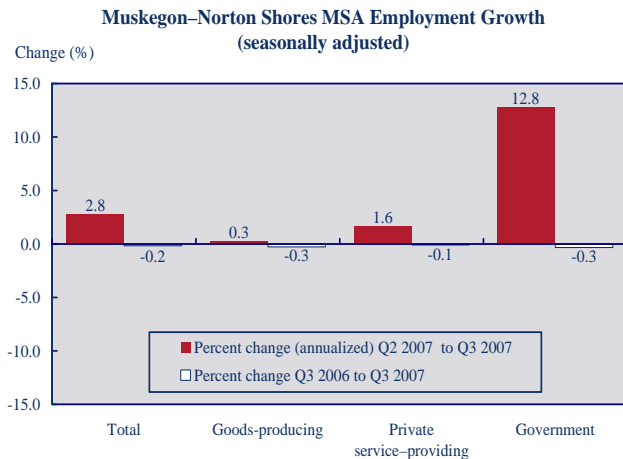
(not seasonally adjusted)

Industry	2007 Q1	2006 Q1	Percent change	Industry	2007 Q1	2006 Q1	Percent change
Goods-producing				Health care and social assistance	18,320	18,150	0.9
Food manufacturing	1,540	1,470	4.8	Ambulatory health care services	6,640	6,590	0.8
Paper manufacturing	1,890	1,910	-1.0	Hospitals	6,280	6,170	1.8
Fabricated metal products mfg.	2,320	2,300	0.9	Arts, entertainment, and recreation	1,680	1,620	3.7
Machinery manufacturing	2,080	2,010	3.5	Accommodation and food services	13,130	13,150	-0.2
Transportation equipment mfg.	4,050	4,060	-0.2	Food services and drinking places	11,350	11,350	0.0
Private service-providing				Government			
Professional and technical services	5,560	5,230	6.3	Federal Government	1,230	1,250	-1.6
Administrative and support services	8,150	7,720	5.6	State Government	4,020	3,890	3.3
Educational services	2,290	2,240	2.2	Local Government	14,310	14,490	-1.2

SOURCE: Michigan Department of Labor and Economic Growth ES202 data.

MUSKEGON–NORTON SHORES MSA

Total employment rose by 0.7 percent in Muskegon County during the third quarter. The employment gain, 450 workers in all, was broad-based and included gains in manufacturing, private services, and government. The quarter's employment jump did not stop the county's unemployment rate from climbing to 7.5 percent, however. The county's economic indicators were mostly positive during the quarter, which suggests that further employment gains could occur.



Employment in the county's goods-producing sector inched up 0.1 percent during the third quarter. Employment gains in its manufacturing sector, which amounted to a 0.6 percent increase, were more than offset by a 2.6 percent drop in construction employment. The area's construction industry may get a slight bump upward, as the number of new dwelling units put under contract for construction during the quarter rose by 23.7 percent.

Although manufacturing employment was up during the quarter, it is down 0.5 percent from a year ago. Moreover, during the four-quarter period ending in the first quarter of 2007, employment in the county's transportation equipment sector fell by 10.7 percent, which translates as a loss of 130 jobs. On the plus side, the area's primary metal industry and its machinery manufacturers added workers during the period.

In recent business news, the Wacker Corporation, a company based in Germany, is constructing a 151,000-square-foot manufacturing facility and will be adding 15 to 20 jobs to its current workforce of 30. The company produces climate control products.

Employment in the county's service-providing sector rose by 0.4 percent during the quarter. Dry summer weather helped pushed employment in the county's leisure and hospitality sector up by 2.0 percent, an increase of 140 jobs. In addition, employment in the county's educational and health services

sector increased by 1.2 percent. Only the area's professional and business services and miscellaneous other services reported job losses.

Hackley Health and Mercy General Health Partners are merging under the umbrella of the large national Catholic health group Trinity Health. The move on the part of the two long-standing rivals was in response to the expanding medical offerings in the Grand Rapids area. The merger will help ensure a strong medical presence in Muskegon County and could reduce costs because of the elimination of some duplication in services. In the short run, the merger may result in some employment reductions.

In November, the county lost one of its unique recreational venues when Magna Entertainment Corporation closed Great Lakes Downs, a racetrack for thoroughbreds, and laid off the track's 111 employees. The company estimates that its annual losses during the eight years that the track was open averaged around \$1.8 million. It is widely reported that the track was unable to compete for the gaming business with the growing number of casinos in the state.

A 3.0 percent increase in government employment offset reductions during the year's previous quarters. During the past four quarters, government employment was down 0.3 percent.

The county's economic indicators were mostly positive during the quarter, suggesting that employment conditions may improve in the coming months. The area's index of help-wanted advertising remained unchanged. However, the number of new claims for unemployment insurance fell by nearly 12 percent, and, as mentioned earlier, the number of new dwellings put under contract for construction rose by nearly 24 percent. Finally, the results of the latest Manpower survey of employers indicate that 40 percent plan to hire additional workers in the fourth quarter, which matches last year's survey results.

Muskegon–Norton Shores MSA
(seasonally adjusted)

Measure	2007 Q3	2007 Q2	% change, Q2 to Q3	2006 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	66,110	65,660	0.7	66,220	-0.2
Goods-producing	15,110	15,100	0.1	15,150	-0.3
Construction and mining	2,250	2,310	-2.6	2,220	1.4
Manufacturing	12,870	12,790	0.6	12,930	-0.5
Private service-providing	41,870	41,700	0.4	41,910	-0.1
Trade, transportation, and utilities	14,130	14,130	0.0	14,290	-1.1
Retail trade	11,390	11,380	0.1	11,660	-2.3
Information	1,010	1,000	1.0	1,010	0.0
Financial activities	1,900	1,870	1.6	2,030	-6.4
Professional and business services	3,850	3,920	-1.8	3,850	0.0
Educational and health services	11,380	11,240	1.2	10,840	5.0
Leisure and hospitality	7,250	7,110	2.0	7,370	-1.6
Other services	2,370	2,430	-2.5	2,530	-6.3
Government	9,130	8,860	3.0	9,160	-0.3
Unemployment					
Number unemployed	6,770	6,390	5.9	6,530	3.7
Unemployment rate (%)	7.5	7.1		7.1	
Local indexes					
Help-wanted ads (1996=100)	28	28	0.0	36	-22.2
UI initial claims	284	321	-11.6	315	-9.8
New dwelling units ^a	373	301	23.7	429	-13.1

NOTE: Categories may not sum to total because of 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 the Michigan Department of Labor and Economic Growth.

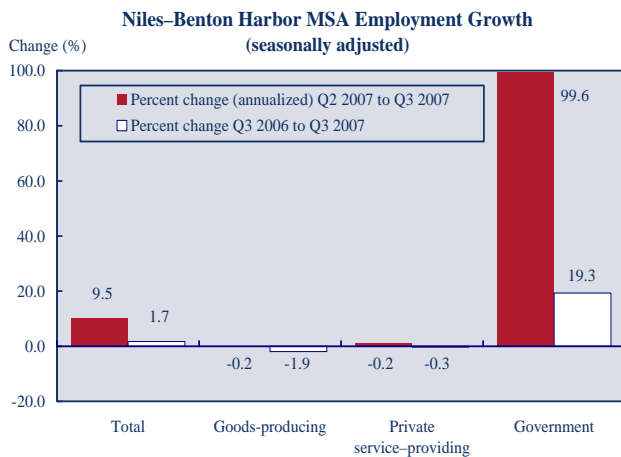
Muskegon–Norton Shores MSA
Industry Employment Change by Place of Work, First Quarter to First Quarter
(not seasonally adjusted)

Industry	2007 Q1	2006 Q1	Percent change	Industry	2007 Q1	2006 Q1	Percent change
Goods-producing				Health care and social assistance	9,540	9,260	3.0
Primary metal manufacturing	4,160	4,140	0.5	Ambulatory health care services	3,140	3,000	4.7
Fabricated metal products mfg.	2,630	2,660	-1.1	Hospitals	3,680	3,540	4.0
Machinery manufacturing	1,800	1,790	0.6	Arts, entertainment, and recreation	690	630	9.5
Transportation equipment mfg.	1,090	1,220	-10.7	Accommodation and food services	5,720	5,700	0.4
Private service-producing				Food services and drinking places	5,380	5,360	0.4
Professional and technical services	1,070	1,110	-3.6	Government			
Administrative and support services	1,940	2,130	-8.9	Federal Government	370	380	-2.6
Educational services	720	680	5.9	State Government	1,120	1,130	-0.9
				Local Government	7,950	8,080	-1.6

SOURCE: Michigan Department of Labor and Economic Development ES202 data.

NILES–BENTON HARBOR MSA

Total employment increased by 2.5 percent in Berrien County, primarily because of the opening of the Four Winds Casino in August. Employment in the county's other major sectors remained relatively flat during the quarter. Despite the jump in employment, the county's unemployment rate did not budge. The county's limited number of economic indicators suggests that employment conditions will hold steady in the coming months.



Employment in the county's goods-producing sector inched down by a scant 0.1 percent during the quarter. Despite a flat residential construction market, employment in construction and mining rose modestly during the quarter, for an increase of 20 jobs. Manufacturing employment fell by just 0.2 percent during the quarter but has declined by 2.5 percent from a year ago.

Employment in transportation equipment has fallen by 27.4 percent during the four-quarter period ending in the first quarter of this year. Bosch, an auto supplier of brakes and brake components that three years ago employed as many as 1,100 workers in the county, is imposing wage cuts on its remaining 315 hourly unionized workers, despite the union's rejection of these terms by a 91 percent margin. According to published reports, the company has cut wages by an average of \$1.70 an hour, and the workers have not gone on strike. However, the United Auto Workers union has filed two legal actions against Bosch.

On a brighter note, in Watervliet Township, NextGen Energy broke ground on a \$150 million ethanol plant, which will produce 58 million gallons of ethanol and employ approximately 50 workers when it opens at the end of 2009. During the plant's two-year construction phase, company officials estimate that 400 jobs will be created.

Employment in the county's service-providing sector increased by just 0.3 percent during the quarter, representing a gain of 100 jobs. The modest gain in service employment was due to the fact that the 130,000-square-foot Four Winds Casino, which opened at the beginning of August, is classified as a government-owned operation because it is owned by the Pokagon band of the Potawatomi Indian Nation. Therefore, the approximately 2,000 workers who will work either on the gaming floor, in one of the facility's six restaurants, or in its hotel will be counted as government workers. Indeed, government employment in the county rose by nearly 1,500 during the quarter, an 18.9 percent increase.

The potential spin-off effects of the casino are still unknown, and to determine them would require careful study. Nevertheless, a slight displacement impact may be occurring, as employment in the county's leisure and hospitality sector fell by 0.8 percent despite a dry summer. At the same time, retail employment rose by 5.2 percent during the quarter, a rise of 370 jobs, which may reflect the increase in consumer spending generated by the jump in personal income of the casino's employees. Eleven miles away in Indiana, the Blue Chip Casino saw attendance drop by 54,000 and revenues decline by \$5.5 million for the month of August. This led the casino to recently lay off 6.0 percent of its workforce—between 60 and 70 employees.

The county's economic indicators were mixed during the quarter, suggesting that employment conditions may remain flat during the coming months. The number of new claims for unemployment insurance was down by 3.6 percent; however, housing starts were down as well, by 9.2 percent. Finally, the third-quarter polling of area employers found that 33 percent plan to hire additional workers in the fourth quarter, while 13 percent revealed that they may reduce their workforce. This compares favorably to last year, when 30 percent planned to hire in the fourth quarter and 27 percent thought they would be cutting back on employment.

Niles–Benton Harbor MSA
(seasonally adjusted)

Measure	2007 Q3	2007 Q2	% change, Q2 to Q3	2006 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	65,150	63,570	2.5	64,070	1.7
Goods-producing	16,800	16,810	-0.1	17,130	-1.9
Construction and mining	2,440	2,420	0.8	2,400	1.7
Manufacturing	14,360	14,390	-0.2	14,730	-2.5
Private service-providing	38,960	38,860	0.3	39,070	-0.3
Trade, transportation, and utilities	11,500	11,470	0.3	11,700	-1.7
Retail trade	7,460	7,090	5.2	7,500	-0.5
Information	900	900	0.0	900	0.0
Financial activities	2,230	2,230	0.0	2,260	-1.3
Professional and business services	5,020	4,920	2.0	5,060	-0.8
Educational and health services	9,980	9,970	0.1	9,810	1.7
Leisure and hospitality	6,280	6,330	-0.8	6,260	0.3
Other services	3,040	3,050	-0.3	3,080	-1.3
Government	9,390	7,900	18.9	7,870	19.3
Unemployment					
Number unemployed	5,360	5,280	1.5	5,820	-7.9
Unemployment rate (%)	6.8	6.8		7.3	
Local indexes					
UI initial claims	198	205	-3.6	195	1.3
New dwelling units ^a	325	358	-9.2	444	-26.8

NOTE: Categories may not sum to total because of 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 the Michigan Department of Labor and Economic Growth.

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

Industry	2007 Q1	2006 Q1	Percent change	Industry	2007 Q1	2006 Q1	Percent change
Goods-producing				Health care and social assistance	7,420	7,390	0.4
Primary metal manufacturing	1,260	1,260	0.0	Ambulatory health care services	2,190	2,280	-3.9
Fabricated metal products mfg.	1,880	1,750	7.4	Arts, entertainment, and recreation	530	560	-5.4
Machinery manufacturing	2,390	2,530	-5.5	Accommodation and food services	4,990	4,750	5.1
Transportation equipment mfg.	1,190	1,640	-27.4	Food services and drinking places	4,510	4,310	4.6
Private service-providing				Government			
Professional and technical services	1,500	1,480	1.4	Federal Government	380	390	-2.6
Administrative and support services	3,180	2,970	7.1	State Government	410	410	0.0
Educational services	1,250	1,270	-1.6	Local Government	6,860	6,930	-1.0

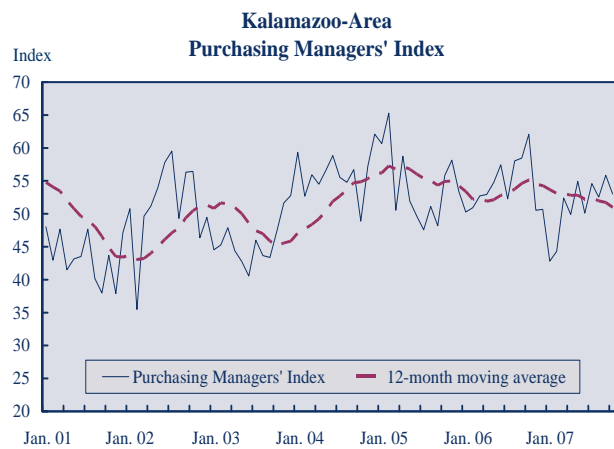
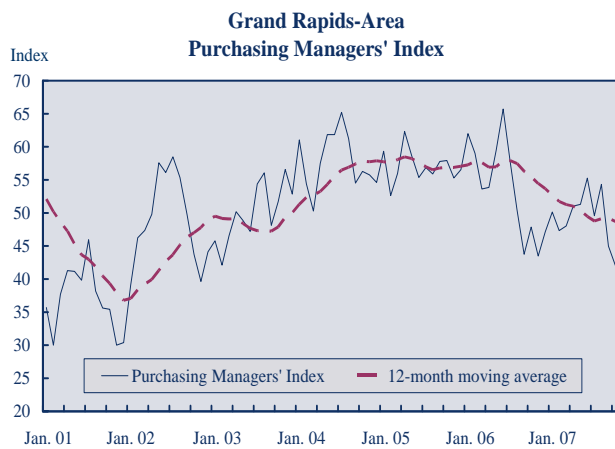
SOURCE: Michigan Department of Labor and Economic Development ES202 data.

Purchasing Managers' Index and Major Economic Developments

Economic conditions are “slightly negative” in the Grand Rapids area but “modestly positive” in the Kalamazoo region. That is according to the October issue of *Current Business Trends*, a monthly publication that surveys local purchasing managers.

Unfortunately, the purchasing managers' index continues to indicate lackluster growth in the Grand Rapids area. Despite reports of “very modestly positive” growth during the summer months, the composite index fell to 45 in September and then again to 42 in October. The moving average index reading for October was 48.7, which represents the fifth consecutive month with a reading below 50. This is significant because the index value of 50 represents the border between a positive and a negative economic outlook.

The Kalamazoo-area composite purchasing managers' index was 53 in October, which represents positive growth, although it was down slightly from an 11-month high of 55.8 in September. Kalamazoo's moving average index has remained quite steady during the past few months, though it fell slightly to 51 in October. Still, both index readings continue to indicate a well-established pattern of modest growth in the region. Additionally, it is worth noting that the underlying employment index was up, with 20 percent of respondents reporting employment increases while only 5.0 percent reported employment declines. One can hope that Kalamazoo-area firms are finally reaching the point where they feel confident enough to hire a few new workers, after nearly a half-year of stable local economic conditions.



Major Economic Developments

Battle Creek MSA

Ralcorp Holdings bought Kraft Foods' Post Cereals for \$2.6 billion. In Battle Creek, Post Cereals employs a reported 650 workers and Ralston Foods employs approximately 150.

Tenneco, an auto parts supplier, plans to add nearly 150 workers to its plant in Marshall.

Select Specialty Hospital, a long-term, acute-care hospital, will be closing by February, eliminating the jobs of 100 workers.

Grand Rapids–Wyoming MSA

Synergis Technologies Group, a tool and die maker, closed its three plants in Kentwood and Walker, resulting in a loss of 160 jobs.

Roskam Bakery, a maker of cereals, croutons, and snacks, announced an expansion that could create 175 jobs.

Lear Corporation announced that it will close its Walker plant by the end of 2008, laying off 180 workers.

Holland–Grand Haven MSA

Magna Donnelly, an auto parts supplier, is cutting 50 jobs, in addition to the 300 jobs it cut in August.

Zeeland-based Herman Miller cut 120 white-collar jobs from its west Michigan workforce of 4,900.

Vivatar, an auto parts supplier, will add 80 jobs over the next two years.

Sara Lee continues to expand its Bil-Mar Foods meat processing facility and will add another 50 workers.

Kalamazoo–Portage MSA

Pfizer announced plans to eliminate 200 local manufacturing jobs in 2008, in addition to its previous plans to cut 250 positions from its downtown drug-safety research operation next year.

Nobel Industries, an auto parts supplier, plans to close one of its South Haven plants, cutting up to 200 jobs.

W. Soule, a supplier to the renewable fuels industry, will add 20 more workers to its 325 employees.

Muskegon–Norton Shores MSA

Wacker Corporation, a maker of climate control products, is constructing a new facility and will add up to 20 new workers to its workforce of 30.

Magna Entertainment Corporation closed its Great Lakes Downs thoroughbred racetrack and laid off its 111 employees.

Niles–Benton Harbor MSA

NextGen Energy broke ground on a \$150 million ethanol plant, creating 400 construction jobs for now and approximately 50 plant jobs when construction is completed at the end of 2009.

Table A-2
Michigan Statistics
(seasonally adjusted)

Measure	2007 Q3	2007 Q2	% change, Q2 to Q3	2006 Q3	% change, Q3 to Q3
Employment (by place of work)					
Total nonfarm employment	4,274,500	4,292,870	-0.4	4,335,030	-1.4
Goods-producing	788,470	801,670	-1.6	829,700	-5.0
Natural resources and mining	7,900	7,900	0.0	8,000	-1.3
Construction	161,970	167,030	-3.0	179,170	-9.6
Manufacturing	618,600	626,730	-1.3	642,530	-3.7
Durable goods	475,930	482,630	-1.4	495,210	-3.9
Nondurable goods	142,670	144,100	-1.0	147,320	-3.2
Private service-providing	2,824,030	2,829,170	-0.2	2,829,570	-0.2
Trade, transportation, and utilities	780,470	783,230	-0.4	792,700	-1.5
Transportation and utilities	126,110	125,760	0.3	127,450	-1.1
Wholesale trade	170,000	170,390	-0.2	170,900	-0.5
Retail trade	484,360	487,070	-0.6	494,340	-2.0
Information	66,130	66,470	-0.5	66,670	-0.8
Financial activities	212,400	213,500	-0.5	216,070	-1.7
Professional and business services	584,430	583,970	0.1	585,870	-0.2
Educational and health services	594,030	592,030	0.3	583,470	1.8
Leisure and hospitality	409,800	412,530	-0.7	406,800	0.7
Other services	176,770	177,430	-0.4	178,000	-0.7
Government	662,000	662,030	0.0	675,770	-2.0
Unemployment					
Number unemployed	370,000	356,060	3.9	355,860	4.0
Unemployment rate (%)	7.4	7.1		7.0	
State indexes (1996=100)					
Help-wanted ads					
Detroit	18	19	-5.3	20	-10.0
West Michigan (4 MSAs)	21	25	-16.0	30	-30.0
Local components					
UI initial claims	16,744	16,185	3.5	19,892	-15.8
New dwelling units ^a	18,843	19,322	-2.5	23,770	-20.7

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 numbers are seasonally adjusted by the Bureau of Labor Statistics. 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; 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
First Quarter to First Quarter
(not seasonally adjusted)

Industry	2007 Q1	2006 Q1	Percent change	Industry	2007 Q1	2006 Q1	Percent change
Goods-producing				Private service-providing			
Food manufacturing	32,460	31,550	2.9	Professional and technical services	246,140	245,010	0.5
Paper manufacturing	13,810	14,070	-1.8	Administrative and support services	247,660	251,440	-1.5
Printing and related support activities	17,320	17,580	-1.5	Educational services	61,610	59,560	3.4
Chemical manufacturing	28,050	29,070	-3.5	Health care and social assistance	507,280	501,350	1.2
Plastics and rubber products mfg.	39,670	42,270	-6.2	Ambulatory health care services	173,220	169,530	2.2
Primary metal manufacturing	25,030	26,540	-5.7	Hospitals	185,110	184,530	0.3
Fabricated metal products mfg.	80,740	83,500	-3.3	Arts, entertainment, and recreation	49,700	49,410	0.6
Machinery manufacturing	70,110	75,090	-6.6	Accommodation and food services	327,530	330,150	-0.8
Transportation equipment mfg.	207,540	227,770	-8.9	Food services and drinking places	296,570	298,340	-0.6
Motor vehicle parts mfg.	136,470	152,710	-10.6				
Furniture and related products mfg.	25,140	24,900	1.0				
Office furniture and fixtures mfg.	18,320	18,130	1.0				

Source: Michigan Department of Labor and Economic Growth ES202 data.

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

Area	Income distribution	2005 ^a	2004 ^a	2003 ^a	2002 ^a	2001 ^a	2000	1995
Battle Creek MSA	Total personal income (\$000)	3,919,248	3,807,464	3,720,361	3,635,112	3,500,169	3,471,425	2,891,633
	Per capita personal income (\$)	28,289	27,332	26,789	26,214	25,296	25,137	21,046
	Earnings per worker (\$)	45,640	44,068	43,468	41,901	39,345	39,571	32,665
	Manufacturing	73,353	70,175	73,536	69,061	56,636	66,528	54,045
	Private nonmanufacturing	33,718	32,862	31,816	31,259	31,058	26,708	21,908
Grand Rapids–Wyoming MSA	Total personal income (\$000)	24,519,405	23,610,116	22,522,129	21,821,228	21,581,116	20,818,408	15,692,707
	Per capita personal income (\$)	31,836	30,832	29,568	28,836	28,762	28,022	22,418
	Earnings per worker (\$)	44,453	43,590	42,662	41,332	39,759	37,976	31,651
	Manufacturing	72,183	70,958	71,811	64,043	57,196	54,938	46,884
	Private nonmanufacturing	37,869	37,011	35,643	35,450	34,692	32,536	26,047
Barry County	Total personal income (\$000)	1,787,426	1,712,048	1,675,645	1,628,108	1,644,316	1,574,634	1,170,645
	Per capita personal income (\$)	29,882	28,923	28,509	27,997	28,590	27,663	21,781
	Earnings per worker (\$)	27,475	27,150	26,297	25,674	25,386	23,788	24,318
	Manufacturing	59,126	56,093	55,184	49,141	45,622	46,509	42,606
	Private nonmanufacturing	20,721	20,679	19,581	19,547	19,569	16,838	17,372
Ionia County	Total personal income (\$000)	1,511,240	1,466,719	1,425,677	1,357,552	1,322,854	1,291,427	992,330
	Per capita personal income (\$)	23,442	22,819	22,418	21,494	21,313	20,940	16,183
	Earnings per worker (\$)	35,329	35,075	35,942	33,765	31,854	30,289	25,778
	Manufacturing	56,568	55,672	65,366	55,837	51,205	48,481	36,637
	Private nonmanufacturing	24,297	24,489	24,167	23,764	22,167	20,722	16,870
Kent County	Total personal income (\$000)	20,040,726	19,292,406	18,337,658	17,787,705	17,573,848	16,938,017	12,783,164
	Per capita personal income (\$)	33,627	32,553	31,083	30,327	30,195	29,390	23,630
	Earnings per worker (\$)	46,408	45,474	44,438	43,039	41,383	39,525	32,513
	Manufacturing	73,749	72,799	73,177	65,251	58,116	55,740	47,655
	Private nonmanufacturing	39,990	38,977	37,543	37,316	36,544	34,330	27,043
Newaygo County	Total personal income (\$000)	1,180,013	1,138,943	1,083,149	1,047,863	1,040,098	1,014,330	746,568
	Per capita personal income (\$)	23,644	22,936	21,936	21,430	21,337	21,121	16,979
	Earnings per worker (\$)	31,684	30,930	30,077	29,385	28,868	28,217	25,050
	Manufacturing	67,752	60,303	61,407	57,942	51,977	49,855	43,616
	Private nonmanufacturing	23,059	23,291	22,136	21,614	21,731	21,114	18,233
Holland–Grand Haven MSA	Total personal income (\$000)	7,845,325	7,539,371	7,134,942	6,868,133	6,763,271	6,677,656	4,972,542
	Per capita personal income (\$)	30,743	29,810	28,588	27,873	27,769	27,879	23,415
	Earnings per worker (\$)	43,046	41,926	41,152	39,186	37,357	35,928	29,445
	Manufacturing	64,473	62,078	62,670	56,232	50,491	51,319	42,039
	Private nonmanufacturing	32,534	31,737	30,300	29,860	29,628	26,852	21,447
Kalamazoo–Portage MSA	Total personal income (\$000)	9,695,993	9,457,026	9,223,390	8,884,029	8,551,586	8,325,202	6,843,623
	Per capita personal income (\$)	30,411	29,739	28,881	27,958	27,072	26,409	22,328
	Earnings per worker (\$)	41,257	41,136	41,132	38,967	36,897	35,139	30,520
	Manufacturing	76,961	77,511	80,827	68,410	61,182	61,119	52,925
	Private nonmanufacturing	32,834	32,541	31,537	31,419	30,296	27,573	22,986
Kalamazoo County	Total personal income (\$000)	7,705,033	7,522,956	7,370,638	7,111,167	6,843,529	6,642,895	5,500,045
	Per capita personal income (\$)	32,089	31,411	30,534	29,590	28,626	27,809	23,688
	Earnings per worker (\$)	42,108	41,871	42,092	39,815	37,678	35,757	31,407
	Manufacturing	81,241	81,977	85,376	71,906	64,425	64,566	56,030
	Private nonmanufacturing	33,216	32,734	31,777	31,799	30,715	27,882	23,476
Van Buren County	Total personal income (\$000)	1,990,960	1,934,070	1,852,752	1,772,862	1,708,057	1,682,307	1,343,578
	Per capita personal income (\$)	25,290	24,637	23,764	22,895	22,235	22,030	18,078
	Earnings per worker (\$)	36,518	37,033	35,724	34,255	32,528	31,752	25,562
	Manufacturing	53,524	53,406	53,241	48,779	43,805	45,343	36,322
	Private nonmanufacturing	30,347	31,285	29,994	29,016	27,618	25,588	19,883
Muskegon–Norton Shores MSA	Total personal income (\$000)	4,495,365	4,363,431	4,259,628	4,119,399	4,073,987	3,943,373	2,987,858
	Per capita personal income (\$)	25,692	25,084	24,629	23,938	23,769	23,123	18,168
	Earnings per worker (\$)	36,383	35,912	35,242	34,878	34,399	33,128	29,212
	Manufacturing	62,218	60,611	59,884	56,848	51,648	54,315	46,587
	Private nonmanufacturing	28,331	28,115	27,871	27,898	28,313	25,517	21,761
Niles–Benton Harbor MSA (Berrien County)	Total personal income (\$000)	4,739,915	4,607,342	4,451,397	4,346,942	4,320,029	4,239,424	3,398,159
	Per capita personal income (\$)	29,242	28,351	27,379	26,767	26,656	26,070	20,845
	Earnings per worker (\$)	39,249	38,770	37,543	36,739	35,519	34,324	28,817
	Manufacturing	70,640	68,304	66,188	61,818	55,109	57,169	44,593
	Private nonmanufacturing	30,094	29,949	28,950	29,058	29,098	26,497	21,521

^a 2001 through 2005 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 (1982–84=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	188.9	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3
2005	195.3	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8
2006	201.6	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8
2007	206.1	202.4	203.5	205.4	206.7	207.9	208.4	208.3	207.9	208.5	208.9		
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	184.5	180.9	181.9	182.9	183.5	184.7	185.3	184.9	185.0	185.4	186.5	186.8	186.0
2005	191.0	186.3	187.3	188.6	190.2	190.0	190.1	191.0	192.1	195.0	195.2	193.4	192.5
2006	197.1	194.0	194.2	195.3	197.2	198.2	198.6	199.2	199.6	198.4	197.0	196.8	197.2
2007	201.4	197.6	198.5	200.6	202.1	203.7	203.9	203.7	203.2	203.9	204.3		

^a Monthly 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:

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

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

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

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

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

Area	Estimate				Annual change (%)		
	July	U.S. Census April			2000–	1990–	1980–
	2006	2000	1990	1980	2006 ^a	2000	1990
Michigan	10,095,643	9,938,444	9,295,297	9,262,044	0.2	0.7	0.0
West Michigan Metropolitan Areas							
Battle Creek MSA (Calhoun County)	137,991	137,985	135,982	141,557	0.0	0.1	-0.4
Battle Creek city ^b	52,777	53,364	53,540	56,339	-0.2	0.0	-0.5
Albion city	9,237	9,144	10,066	11,059	0.2	-1.0	-0.9
Marshall city	7,265	7,459	6,891	7,201	-0.4	0.8	-0.4
Grand Rapids–Wyoming MSA	774,084	740,482	645,914	577,019	0.7	1.4	1.1
Barry County	59,899	56,755	50,057	45,781	0.9	1.3	0.9
Ionia County	64,821	61,518	57,024	51,815	0.8	0.8	1.0
Kent County	599,524	574,335	500,631	444,506	0.7	1.4	1.2
Grand Rapids city	193,083	197,800	189,126	181,843	-0.4	0.4	0.4
East Grand Rapids city	10,373	10,764	10,807	10,914	-0.6	0.0	-0.1
Grandville city	16,774	16,263	15,624	12,412	0.5	0.4	2.3
Kentwood city	46,574	45,255	37,826	30,438	0.4	1.8	2.2
Walker city	23,556	21,842	17,279	15,088	1.1	2.4	1.4
Wyoming city	70,155	69,368	63,891	59,616	0.2	0.8	0.7
Newaygo County	49,840	47,874	38,202	34,917	0.6	2.3	0.9
Holland–Grand Haven MSA (Ottawa County)	257,671	238,314	187,768	157,174	1.2	2.4	1.8
Grand Haven city	10,573	11,168	11,951	11,763	-0.9	-0.7	0.2
Holland city ^c	34,245	35,048	30,745	26,281	-0.4	1.3	1.6
Kalamazoo–Portage MSA	319,738	314,866	293,471	279,192	0.2	0.7	0.5
Kalamazoo County	240,720	238,603	223,411	212,378	0.1	0.7	0.5
Kalamazoo city	72,161	77,145	80,277	79,722	-1.1	-0.4	0.1
Portage city	45,236	44,897	41,042	38,157	0.1	0.9	0.7
Van Buren County	79,018	76,263	70,060	66,814	0.6	0.9	0.5
Muskegon–Norton Shores MSA (Muskegon County)	175,231	170,200	158,983	157,589	0.5	0.7	0.1
Muskegon city	39,608	40,105	40,283	40,823	-0.2	0.0	-0.1
Muskegon Heights city	11,741	12,049	13,176	14,611	-0.4	-0.9	-1.0
Norton Shores city	23,429	22,527	21,755	22,025	0.6	0.3	-0.1
Niles–Benton Harbor MSA (Berrien County)	161,705	162,453	161,378	171,276	-0.1	0.1	-0.6
Benton Harbor city	10,641	11,182	12,818	14,707	-0.8	-1.4	-1.4
Niles city	11,571	12,204	12,456	13,115	-0.9	-0.2	-0.5
St. Joseph city	8,623	8,789	9,214	9,622	-0.3	-0.5	-0.4
Total West Michigan MSAs	1,826,420	1,764,300	1,583,496	1,483,807	0.5	1.1	0.7
Rural Southwest Michigan							
Allegan County	113,501	105,665	90,509	81,555	1.1	1.6	1.0
Branch County	45,875	45,787	41,502	40,188	0.0	1.0	0.3
Cass County	51,329	51,104	49,477	49,499	0.1	0.3	0.0
Oceana County	28,639	21,645	22,454	22,002	1.0	-0.4	0.2
St. Joseph County	62,777	62,422	58,913	56,083	0.1	0.6	0.5
Total Rural Southwest Michigan	302,121	286,623	262,855	249,327	0.5	0.9	0.5

^a 2000 to 2006 growth rate is based on July to July estimates.

^b For 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.

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

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

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 2007						July 2007	Sept. 2007
	Weekly hours	% change, 2006–2007	Hourly earnings	% change, 2006–2007	Weekly earnings	% change, 2006–2007		
United States	41.7	0.7	\$17.39	3.0	\$725.16	3.8	4.9	4.5
Michigan	43.7	0.2	22.01	-0.7	961.84	-0.4	7.9	7.0
West Michigan MSAs:								
Battle Creek	—	—	—	—	—	—	7.6	6.8
Grand Rapids–Wyoming	42.9	2.4	17.98	0.4	771.34	2.8	6.9	6.0
Holland–Grand Haven	—	—	—	—	—	—	6.1	5.6
Kalamazoo–Portage	39.5	1.0	14.78	-1.3	583.81	-0.3	6.3	5.6
Muskegon–Norton Shores	—	—	—	—	—	—	8.0	7.3
Niles–Benton Harbor	—	—	—	—	—	—	7.4	6.4
Other labor market areas:								
Ann Arbor	—	—	—	—	—	—	5.6	5.1
Bay City	—	—	—	—	—	—	7.5	6.7
Detroit–Warren–Livonia	44.6	3.0	24.61	-3.3	1,097.61	-0.4	8.4	7.7
Flint	45.6	3.6	31.28	3.8	1,426.37	7.6	9.8	8.3
Jackson	—	—	—	—	—	—	8.2	7.7
Lansing–East Lansing	40.7	-1.5	24.67	1.9	1,004.07	0.4	7.2	5.8
Monroe	—	—	—	—	—	—	8.2	6.3
Saginaw–Saginaw Township North	—	—	—	—	—	—	8.1	7.1

NOTE: — = data not available.

^a Earnings include overtime and part-time wages.

^b Seasonally adjusted rate for U.S. was 4.6 percent in July 2007 and 4.7 percent in September 2007. Seasonally adjusted rate for Michigan was 7.2 percent in July 2007 and 7.5 percent in September 2007.

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

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