

WEST MICHIGAN VIEWPOINT

The Worst Is Over — I Think

Total employment increased by 0.9 percent from the first quarter of 2004 to the first quarter of 2005 in west Michigan's six newly defined metropolitan areas. This is a pickup of 7,400 jobs, and it is welcome news. In addition, the average unemployment rate for the areas fell from 6.9 to 6.5 percent during the four-quarter period.

Unfortunately, not all of the business sectors in the six areas can join in the celebration. Manufacturers are still struggling. In particular, auto suppliers continue to face uncertain markets and relentless demands for price reductions. Manufacturing employment fell by 0.8 percent during the four-quarter period as the areas' manufacturers eliminated a total of 1,500 jobs.

The U.S. Census Bureau has adopted new geographic definitions for the nation's Metropolitan Statistical Areas (MSAs). These definitions have dramatically changed the number and size of MSAs in west Michigan. The new definitions are based solely on the commuting patterns of area residents: if more than 25 percent of a smaller county's working residents commute to jobs in a more populated, neighboring county, then that county is included in the more populated county's metropolitan area. The old MSAs were determined by population density as well as commuting patterns.

The former Grand Rapids–Muskegon–Holland MSA is now divided into three separate metropolitan statistical areas: Grand Rapids–Wyoming (which now includes Barry, Kent, Ionia, and Newaygo counties), Muskegon–Norton Shores (Muskegon County), and Holland–Grand Haven (Ottawa County). Kalamazoo (Kalamazoo and Van Buren counties) and Battle Creek (Calhoun County) have been separated. Finally, the name but not the boundary of the Benton Harbor MSA (Berrien County) has been changed to reflect the fact that Niles has nosed out Benton Harbor as the county's largest city.

These new metropolitan definitions allow us, for the first time, to identify which urbanized areas in west Michigan's two larger metropolitan regions, the Grand Rapids–Muskegon–Holland region and the Kalamazoo–Battle Creek region, contributed most to the area's growth for the period being measured.

We examine three separate time periods:

- 1) Previous business-cycle peak to current quarter (First Quarter 2001 to First Quarter 2005),
- 2) Last recessionary trough to current quarter (Third Quarter 2001 to First Quarter 2005),

West Michigan Region (in thousands of jobs)

	2001 Q1	2001 Q3	2004 Q4	2005 Q4	Percent change		
					Peak to current	Trough to current	Q1 to Q1
Total	870.4	862.1	839.5	847.0	-2.7	-1.8	0.9
Manufacturing	208.3	200.4	179.7	178.1	-14.5	-11.1	-0.8
Nonmanufacturing	549.5	550.1	550.6	558.7	1.7	1.6	1.5
Government	112.6	111.6	109.3	110.2	-2.1	-1.3	0.8

SOURCE: Michigan Department of Labor and Economic Growth (seasonally adjusted by the W.E. Upjohn Institute).

Definitions of the Region's Metropolitan Statistical Areas (MSAs)

Old MSA	New MSA
Grand Rapids–Muskegon–Holland MSA: Allegan, Kent, Muskegon, and Ottawa counties	Grand Rapids–Wyoming MSA: Barry, Ionia, Kent, and Newaygo counties
	Muskegon–Norton Shores MSA: Muskegon County
	Holland–Grand Haven MSA: Ottawa County
Kalamazoo–Battle Creek MSA: Calhoun, Kalamazoo, and Van Buren counties	Kalamazoo–Portage MSA: Kalamazoo and Van Buren counties
	Battle Creek MSA: Calhoun County
Benton Harbor MSA: Berrien County	Niles–Benton Harbor MSA: Berrien County

3) Year-over-year (First Quarter 2004 to First Quarter 2005).

I used the nationally determined dates for the business cycle's peak and trough. All of the employment statistics have been seasonally adjusted.

In the larger Grand Rapids–Muskegon–Holland region, the Muskegon–Norton Shores MSA (Muskegon County) has enjoyed the strongest employment growth of the three MSAs during the past several years. In large part this is because it was spared the significant downsizing of the office furniture industry, which hit the region's other two urbanized areas. Total employment in Muskegon County has increased by 4.1 percent since the previous peak and by 2.3 percent during the past four quarters. Moreover, its manufacturing sector added 300 jobs during the past year.

Employment in the larger Grand Rapids–Wyoming MSA—which now includes Barry, Ionia, and Newaygo counties in addition to Kent County—took a tumble since the last business-cycle peak but is finally stabilizing. Total employment has grown by 1.1 percent during the past year.

The Holland–Grand Haven MSA (Ottawa County) is also finally pulling out of its downturn, having eked out a 0.2 percent increase in employment during the past year.

In the greater Kalamazoo–Battle Creek region, it is the Battle Creek MSA (Calhoun County) that has experienced the better performance. Its total employment has increased by 3.1 percent since the previous business-cycle peak and by 1.6 percent during the past year. The county's gain was supported by its strong manufacturing sector. In sharp contrast, employment in the Kalamazoo–Portage MSA (Kalamazoo and Van Buren counties) was battered by significant manufacturing employment losses and is just now turning the corner, eking out a 0.3 percent gain in total employment during the past year.

Among the MSAs, only the name of the Benton Harbor MSA changed with the new definitions—it is now called the Niles–Benton Harbor MSA, but it is still composed of only Berrien County. Unfortunately, employment conditions have yet to fully turn around in Berrien County, as shown by the 0.1 percent employment decline it recorded during the past year.

Greater Grand Rapids Region (thousands of jobs)							
Grand Rapids–Wyoming MSA							
	2001 Q1	2001 Q3	2004 Q4	2005 Q4	Percent change		
					Peak to current	Trough to current	Q1 to Q1
Total	403.5	400.2	384.6	388.9	-3.6	-2.8	1.1
Manufacturing	88.6	85.5	74.3	74.5	-16.0	-12.9	0.3
Nonmanufacturing	276.9	277.3	272.2	276.3	-0.2	-0.4	1.5
Government	38.0	37.4	38.2	38.1	0.4	1.9	-0.1
Holland–Grand Haven MSA							
	2001 Q1	2001 Q3	2004 Q4	2005 Q4	Percent change		
					Peak to current	Trough to current	Q1 to Q1
Total	118.5	116.2	113.7	114.0	-3.8	-1.9	0.2
Manufacturing	43.5	41.4	38.1	36.3	-16.7	-12.4	-4.7
Nonmanufacturing	61.0	59.9	60.4	61.9	1.5	3.3	2.5
Government	14.0	14.9	15.3	15.8	13.4	6.3	3.7
Muskegon–Norton Shores MSA							
	2001 Q1	2001 Q3	2004 Q4	2005 Q4	Percent change		
					Peak to current	Trough to current	Q1 to Q1
Total	64.1	63.8	65.2	66.8	4.1	4.7	2.3
Manufacturing	14.5	14.2	13.4	13.7	-5.4	-3.7	2.1
Nonmanufacturing	40.4	40.2	42.2	43.6	8.1	8.6	3.4
Government	9.3	9.4	9.7	9.5	1.8	0.9	-2.0

SOURCE: Michigan Department of Labor and Economic Growth (seasonally adjusted by the W.E. Upjohn Institute).

Greater Kalamazoo–Battle Creek Region (in thousands of jobs)

Kalamazoo-Portage MSA							
	2001 Q1	2001 Q3	2004 Q4	2005 Q4	Percent change		
					Peak to current	Trough to current	Q1 to Q1
Total	148.2	145.8	144.6	145.0	-2.2	-0.5	0.3
Manufacturing	29.3	27.9	24.7	24.6	-16.2	-11.9	-0.3
Nonmanufacturing	91.8	92.3	96.4	96.7	5.4	4.7	0.3
Government	27.1	25.5	23.6	23.7	-12.6	-7.2	0.5

Battle Creek MSA							
	2001 Q1	2001 Q3	2004 Q4	2005 Q4	Percent change		
					Peak to current	Trough to current	Q1 to Q1
Total	66.3	67.0	67.3	68.4	3.1	2.0	1.6
Manufacturing	14.5	14.3	14.0	14.4	-0.1	0.9	3.0
Nonmanufacturing	36.7	37.2	38.6	38.9	6.0	4.6	0.7
Government	15.2	15.5	14.6	15.0	-0.9	-3.2	2.7

Niles–Benton Harbor MSA (in thousands of jobs)

	2001 Q1	2001 Q3	2004 Q4	2005 Q4	Percent change		
					Peak to current	Trough to current	Q1 to Q1
Total	69.8	69.1	64.0	64.0	-8.3	-7.4	-0.1
Manufacturing	17.9	17.1	15.2	14.7	-18.3	-14.2	-3.8
Nonmanufacturing	42.8	43.2	40.8	41.3	-3.4	-4.4	1.3
Government	9.1	8.9	8.0	8.0	-11.6	-9.3	0.0

SOURCE: Michigan Department of Labor and Economic Growth (seasonally adjusted by the W.E. Upjohn Institute).