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# BUSINESS OUTLOOK

## for West Michigan

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# WEST MICHIGAN VIEWPOINT

## Employment Forecast for 2006 and 2007 for West Michigan Metropolitan Areas

### 2005 Was a Great Year—for the Rest of the Nation

Nationwide, 2005 was a solid growth year: the Gross Domestic Product (GDP) grew by an almost ideal 3.5 percent, which is very close to the natural rate of growth—the combined increase in the nation’s labor force and in its productivity. Employment grew by 1.5 percent as employers added more than two million workers. The core inflation rate, excluding food and energy prices, increased by only 2.2 percent during the year. In addition, the economy survived a 17.1 percent increase in energy prices and the most deadly and costly hurricane season on record.

Unfortunately, Michigan did not share in the fruits of the nation’s growth. Employment in the state fell by 0.6 percent, representing a loss of 27,000 jobs. More particularly, employment in the state’s struggling auto industry—assemblers and suppliers—declined by 7.1 percent, or by 17,100 jobs. Added to that, Michigan’s office furniture manufacturers cut 1,000 workers from their payrolls. Although the nation’s unemployment rate fell to 4.9 percent in December, the state’s unemployment rate stood at 6.7 percent.

The six metropolitan areas of west Michigan fared better than the rest of the state, but they still lagged behind the na-

tion. Employment fell by only 0.1 percent in the six metro areas, while it grew by 1.5 percent nationwide.

### Nationwide, 2006 Looks like Another Good Year

Most forecasters expect the national economy to grow at a sustainable rate of between 3.3 and 3.6 percent in 2006. Of course, there are doubters. There are some who worry about the financial situation of national households, given that they appear to be consuming at an unsustainable rate. Others question whether housing prices can maintain their buoyancy. Still other worriers point to the flat yield curve and remind us that the last time short-term interest rates equaled long-term rates, as they do now, the nation stumbled into a recession. Still, almost all forecasters continue to predict a strong national economy in 2006.

### Revisiting Last Year’s Forecast

We were too optimistic last year. Our forecast depended on the region’s manufacturing sector turning around. We predicted that goods-producing employment would increase by a modest 0.3 percent for the year (Figure 1). Instead, the furniture industry was able to meet the increased demand through productivity gains, not through adding workers, and the region’s auto suppliers suffered the fallout of the Big Three’s decline in market share.

Goods-producing employment in the region fell by 1.9 percent during the year, which was disappointing. On the other hand, our forecasts for the region’s private service-providing and government sectors were very close to the actual figures. In fact, our last year’s forecast for service-providing employment was closer than it should have been, as the unexpected decline in goods-producing employment should have dragged down service-providing employment as well, which would have made our estimate farther off the mark.

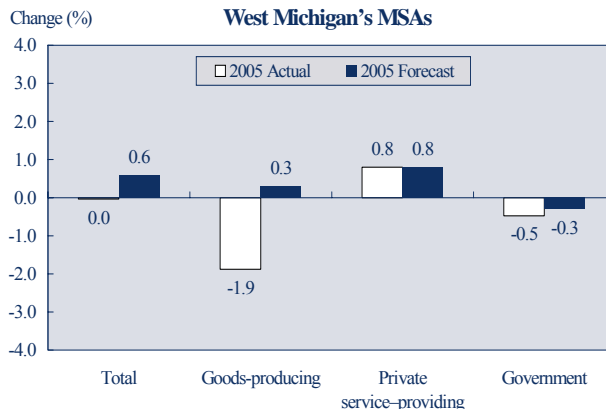
**Table 1**  
Change in Employment from 2004 to 2005 (%)

	West Michigan	Rest of Michigan	U.S.
Total nonfarm	-0.1	-0.7	1.5
Total private	0.0	-0.8	1.7
Goods-producing	-1.9	-2.8	1.2
Service-providing	0.6	-0.3	1.6
Private service-providing	0.8	-0.2	1.8
Manufacturing	-2.1	-3.5	-0.6
Durable goods	-2.7	-4.2	0.3
Nondurable goods	-1.0	-0.5	-2.1
Wholesale trade	3.6	-0.6	1.5
Retail trade	-0.4	-1.0	1.3
Financial activities	2.1	0.1	1.4
Professional and business svcs.	1.7	-1.3	3.0
Educational and health svcs.	1.5	0.4	2.3
Leisure and hospitality	1.0	0.8	2.4
Government	-0.5	-0.4	0.9

NOTE: West Michigan = Battle Creek, Grand Rapids–Wyoming, Holland–Grand Haven, Kalamazoo–Portage, Muskegon–Norton Shores, and Niles–Benton Harbor MSAs.

SOURCE: Michigan Department of Labor and Economic Growth, and U.S. Bureau of Labor Statistics.

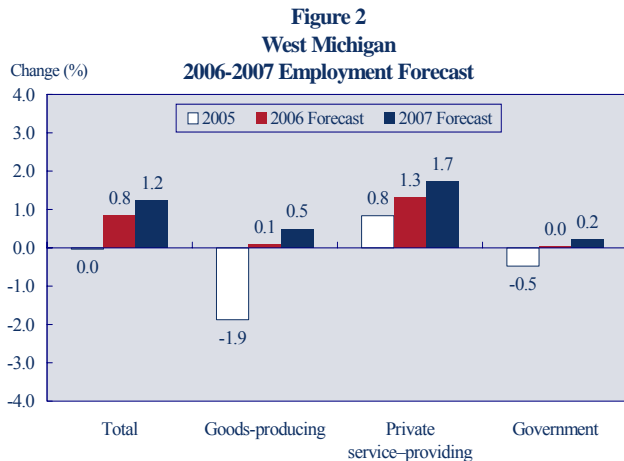
**Figure 1**  
Review of Last Year’s Forecast  
West Michigan’s MSAs



## 2006–2007 Employment Forecast for West Michigan

As we do every year, we built our employment forecast for 2006 and 2007 for the region from the ground up. Last fall and early winter, we held focus group meetings with area business leaders in Battle Creek, Grand Rapids, and Muskegon. (We want to thank Battle Creek Unlimited, The Right Place, Inc., Muskegon Area First, and Verizon for their support and assistance in organizing these focus groups.) In addition, we factored in all of the known plant closings, contractions, and expansions in each of the metro areas.

Overall, we are forecasting an employment increase of 0.8 percent in 2006 in the six west Michigan metropolitan areas,

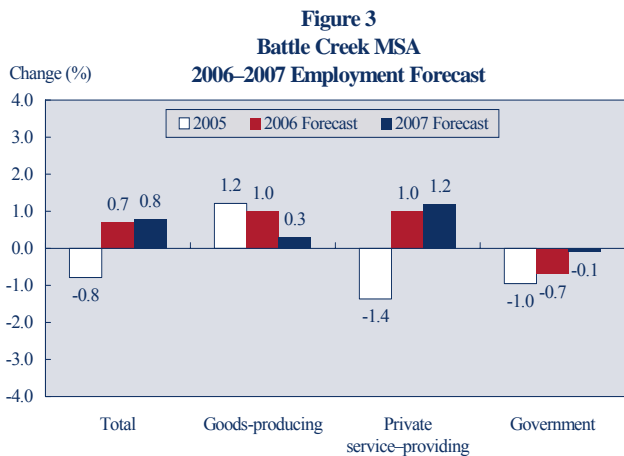


stemming from a healthy 1.3 percent gain in employment in the region’s private service-providing sector (Figure 2). Employment in the region’s goods-producing and government sectors is expected to remain flat during the year.

As you can see in Figures 3 through 8, all of the individual metropolitan areas are expected to experience positive employment growth in 2006. However, each faces its own unique challenges and opportunities.

### Battle Creek MSA

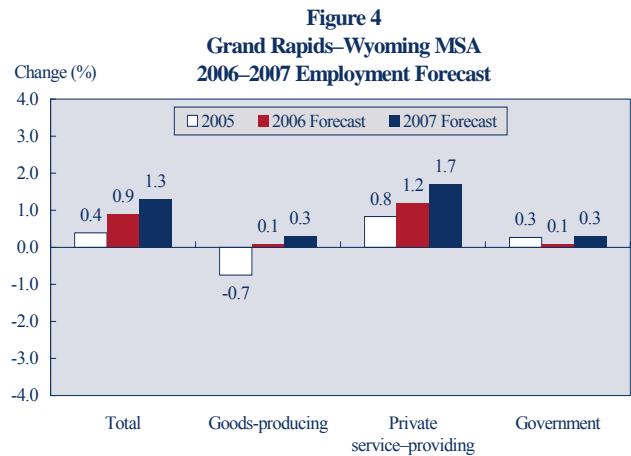
Although total employment fell by 0.8 percent in Calhoun County in 2005, the county’s manufacturers increased their



workforce by a remarkable 1.2 percent. At the same time, however, the area’s service providers suffered serious employment declines. Although the Marshall area has suffered several setbacks, including Eaton’s announcement that it is closing its Hanover plant, we expect continued employment growth in the county’s goods-producing sector in 2006, with employment increasing by 1.0 percent. In addition, we fully expect the county’s private service providers to rebound in 2006.

### Grand Rapids–Wyoming MSA

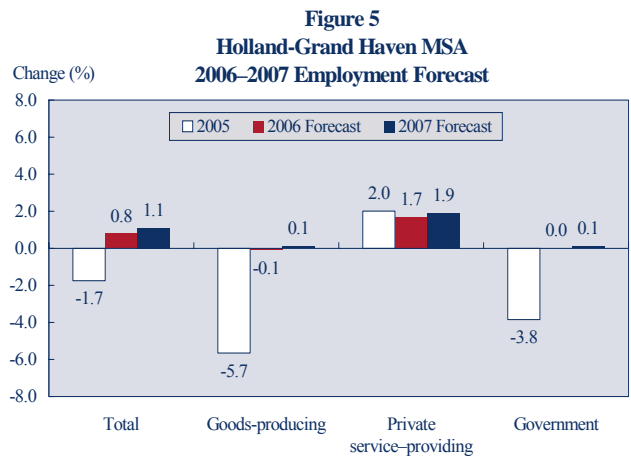
Employment grew by 0.4 percent in the four-county Grand Rapids–Wyoming MSA in 2005, despite a 0.7 percent decline in its goods-producing sector. In 2006, we expect the area’s manufacturers, especially its office furniture sector, to have an increase in orders; however, we also believe that much of the



new activity will be handled through productivity improvements. We expect manufacturing employment to remain flat. Even so, Grand Rapids continues to expand as a regional health and business center, and it will be this role that will push its employment levels up by 0.9 percent in 2006.

### Holland–Grand Haven MSA

Ottawa County was hit hard in 2005 with a 5.7 percent drop in goods-producing employment, which was due to layoffs by both its office furniture makers and its auto suppliers. However, the area also experienced a healthy 2.0 percent jump in



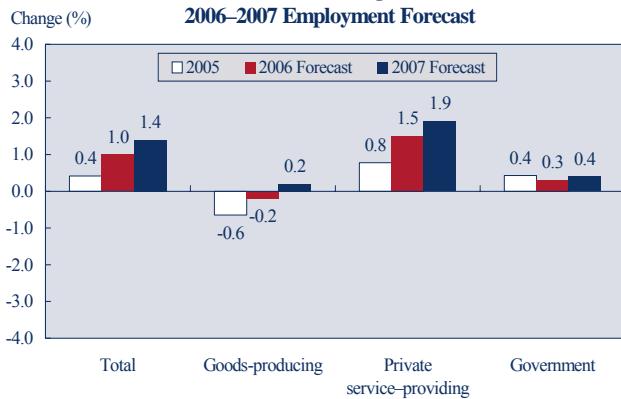
private service-providing employment. Although Gentex and several of the county's office furniture manufacturers are expected to increase employment, we predict goods-producing employment will remain flat in 2006. Construction employment may be flat this year as well, as there is some evidence that the county's residential stock could be overbuilt.

### Kalamazoo-Portage MSA

Employment in the two-county MSA rose by 0.4 percent in 2005, and we expect employment to increase another 1.0 percent in 2006 from additional growth in its educational and health services, professional and business services, and financial activities sectors. Goods-producing employment is expected to remain flat. In preparing this forecast we did not

Figure 6

Kalamazoo-Portage MSA  
2006-2007 Employment Forecast



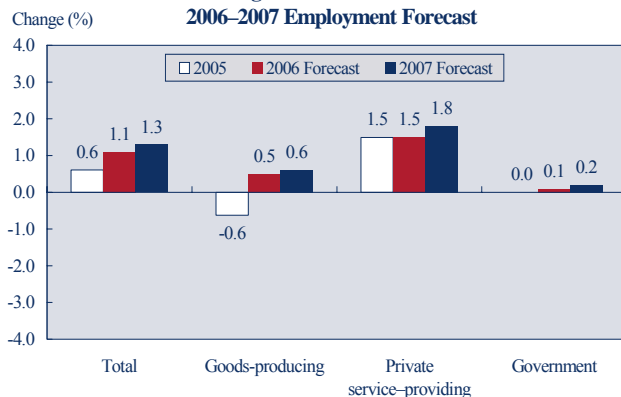
factor in the possible impact of the Kalamazoo Promise, which grants free or reduced Michigan college tuition to every graduate of Kalamazoo Public Schools.

### Muskegon-Norton Shores MSA

Muskegon County simply has the right mix of industries for 2006. Because its manufacturing base is concentrated in aerospace and national defense activities, we expect manufacturing employment to increase in 2006. In addition, Muskegon has experienced a net in-migration of households from surrounding areas, which we believe will support additional employment opportunities in construction. Finally, we think that

Figure 7

Muskegon-Norton Shores MSA  
2006-2007 Employment Forecast



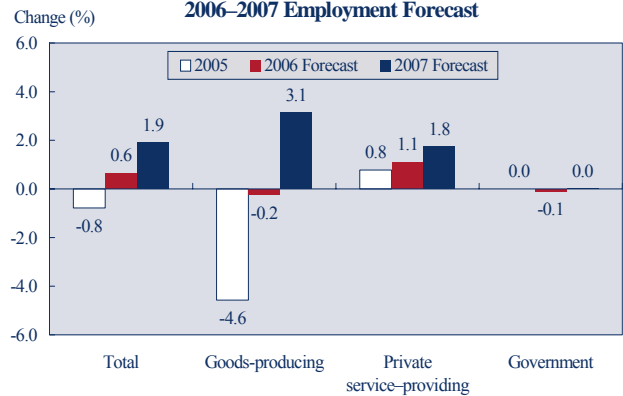
the increase in population will also help spur further service-providing employment growth.

### Niles-Benton Harbor MSA

Berrien County was hit with several major layoffs in 2005, including one by Bosch, a major employer. The current manufacturing base appears to be stable, but we are expecting little employment growth. In 2007, however, the county will benefit from two separate development projects—the Four Winds Casino, and Harbor Shores, an upscale planned unit development. Both will bring hundreds of new construction jobs to the county.

Figure 8

Niles-Benton Harbor MSA  
2006-2007 Employment Forecast



### Concluding Thoughts

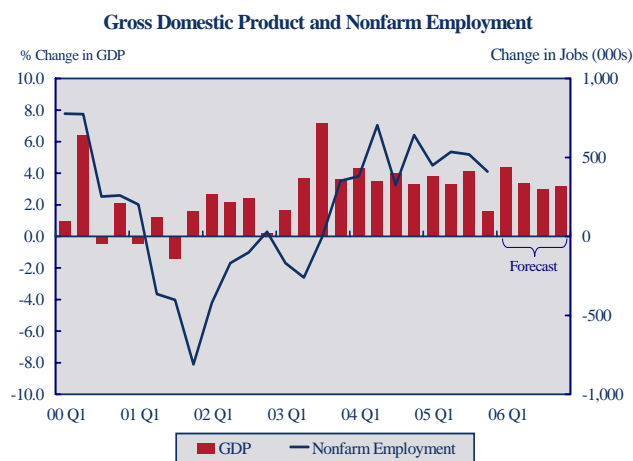
In making this year's forecasts, we hope to have learned from last year's mistake, as a result of which we have added some "independence" to the region's service economy. In past forecasts, we were guilty of following the old-school model that service employment depended upon the area's manufacturing sector for growth. This relationship is uncoupling. Service employment, especially in educational and health services and in the leisure and hospitality sectors, is starting to have a life of its own. Therefore, we have boosted our forecasts for private service-providing employment above what our model would generate on its own.

Finally, we are encouraged by the fact that our forecast for modest employment growth in the greater Grand Rapids area is seconded by Hari Singh of Grand Valley State University. Based on his annual November survey of executives in west Michigan, Singh is forecasting a 0.5 percent increase in employment.

# NATIONAL ECONOMY

## The Weak Fourth Quarter Is Seen as a Bump, Not a Harbinger

The national economy slowed during the fourth quarter because of a sharp decline in consumer spending on durable goods, a cutback in government spending, and modest business investment spending. During the quarter, the nation's Gross Domestic Product (GDP) grew at only a 1.6 annualized rate, its slowest pace since the fourth quarter of 2002.



The quarter's weak performance caused few economists to revise their forecast for 2006, however. Consumer spending firmed up in January, as car sales cruised at a healthy 17.6 million unit pace. Housing starts foiled forecasts of a slowdown. Also, few expect government spending to turn in another negative performance any time soon.

Most economists are still calling for the national GDP to grow from 3.3 to 3.6 percent in 2006. Still, doubters and pessimists can point to two troubling aspects of the current economy in making their claim that the outlook is, at the least, more uncertain than it was six months ago: the financial situation of consumers and the inverted yield curve.

### Are Consumers Spending Beyond Their Means?

Consumer spending slowed to a 1.2 percent annualized rate in the fourth quarter; however, it was not as weak as fourth quarter statistics suggest. Ignoring the 42.6 percent annualized rate plunge in auto purchases that stemmed from the discontinuation of generous incentive offers, we find that consumer spending grew at a robust 4.6 percent annual rate during the quarter. Indeed, consumer spending on clothes and shoes rose at a strong 10.8 percent annualized rate. Moreover, consumer spending remained very strong in January. Unseasonably warm weather enticed shoppers out of their homes, and as a result retail sales rose by 2.3 percent in the month, well above expectations. The increase in sales was broad-based, including everything from cars to shoes.

According to the Conference Board's index, consumer confidence was strong in January, bolstered by improving employment conditions. Nearly 200,000 jobs were created that month, and the nation's unemployment rate fell to 4.7 percent. Since then, confidence has slipped. The Conference Board's February reading of its index was down, as the index fell 4.8 percent from the January reading. The University of Michigan's Index of Consumer Sentiment fell slightly in January and continued to fall in February.



The fact is that consumers spent more than they made in 2005. Last year, for the first time since the 1930s, the nation's personal savings rate turned negative. As a percentage of disposable personal income, personal savings was a negative 0.4 percent for the year and a negative 0.2 percent in the year's final quarter. This raises concerns about the sustainability of the level of consumer spending in 2006.

The way it is calculated, the nation's personal savings rate has certain drawbacks. For example, it includes spending on education as consumption, when spending on education should be regarded as investing in human capital. Also, it does not take into account asset appreciation—especially housing—which can also lead to additional consumer spending.

Nevertheless, the personal savings rate is an indicator that the general financial situation of the nation's households may be worsening. Recent reports suggest that many households are burdened with debt. As of the second quarter of last year, total household debt payments, including credit cards, mortgage payments or rent, auto leases, property taxes, and house insurance, accounted for 18.4 percent of personal income—up from 17.9 percent in the same quarter in 2000.

Indeed, last year one out of every 53 households filed for bankruptcy, according to Lundquist Consulting. The driving force behind this rush to file was the changes in the nation's bankruptcy law last year. These changes made it more difficult

to qualify for Chapter 7 bankruptcy, which is more liberal than Chapter 11. Still, according to Money Management International, the new, more demanding law did not abate the number of filings in January.

Again, most forecasters expect consumer spending to remain strong in 2006; however, many households may not be in a position to weather any unexpected shocks, such as a jump in interest rates or a fall in housing values. Although forecasters are still predicting strong consumer spending, there is a growing level of uncertainty surrounding the forecast.

### Housing Markets Are Still Strong

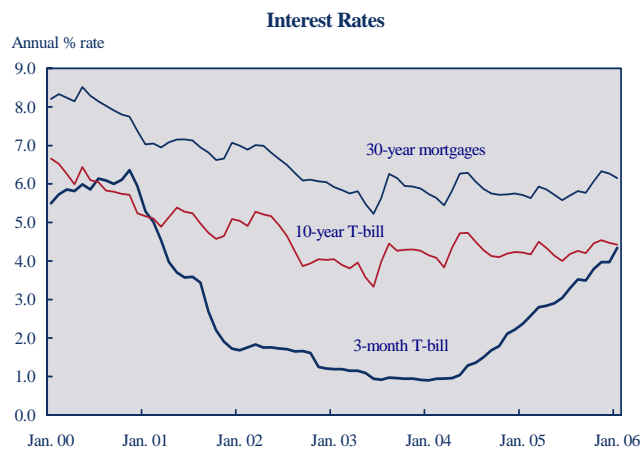
With the level of uncertainty growing in regard to the financial condition of the nation's households, it is reassuring that the nation's housing market seems to be holding steady despite a constant barrage of claims of its demise. Expenditures on residential structures increased at a 2.6 percent rate in the fourth quarter and have been positive for the past 16 quarters. In January, housing starts, aided by the unseasonably warm winter, hit a 2.28-million-unit rate, the highest since March 1973. Still, weather was not the only factor, as strong housing starts were reported in the South, where seasonal temperature change is less of a factor.

Prices are stabilizing in several of the more expensive markets, and the sales pace slowed in January for the fifth straight month. However, there does not appear to be any rush on the market by buyers in even the richest of markets. According to the National Association of Realtors, the median price of a single-family house rose by 13.6 percent nationwide in 2005. The Phoenix MSA, where the median sales price is now \$268,400, recorded the strongest increase in price, 48.9 percent in a single year. In several of the richest markets, such as Los Angeles and the New York–New Jersey area, where median home prices are around the \$500,000 mark, prices have continued to rise at an above-average rate, from 15 to 20 percent. Now, it is true that in San Francisco, where the median price is above \$700,000, prices slowed to a 9.4 percent increase on the year. Still, prices fell only in the nation's weaker markets, where prices were already low. These included Cleveland; Detroit; Erie, Pennsylvania; Lansing, Michigan; Springfield, Illinois; and South Bend, Indiana.

Even though mortgage rates are inching upward, rates are still quite low. In February, the 30-year fixed-rate mortgage stood at 6.28 percent, and a 5-year adjustable-rate mortgage cost 5.95 percent.

### Is the Yield Curve Losing Its Predictive Power?

In addition to the troublesome financial condition of the nation's households, worriers are pointing to the flat yield curve as a warning sign that the economy could be in jeopardy. And indeed, it is certainly the case that the interest rate spread between long-term and short-term rates, has collapsed during the past six months. With the Federal Reserve Open Market Committee (the Fed) recently bumping its target for the Federal Fund Rate to 4.5 percent, it is likely that the spread between the 10-year Treasury bond and 90-day Treasury note



will turn negative, an indicator that for the past 50 years has consistently preceded a recession.

However, history does not have to repeat itself; most analysts would argue that the current global financial environment is in fact new. The nation's long-term rates are being held down by foreign investors buying U.S. government long-term Treasury securities. In short, foreign companies and governments, which have accrued large amounts of U.S. currency as a result of our long-term trade imbalance, are reinvesting these dollars in U.S. government securities, which is keeping a lid on our long-term rates. In 2005, the nation's trade imbalance—imports minus exports—reached \$633.3 billion.

A second factor that partially explains why long-term rates are being unresponsive to the upward movement of short-term rates is that the Fed has been effective at keeping inflationary expectations low. As long as investors agree that the Fed has inflation under control, long-term rates will be lower than otherwise.

Finally, long-term rates may not be rising because the demand for business investment remains sluggish. Business spending for nonresidential structures grew by only 2.0 percent in all of 2005. In 2004, it increased by only 2.2 percent. Business spending for equipment and software grew at a more substantial 11.0 percent rate in 2005, but this was also below the 11.9 percent increase of the previous year. In other words, there is little demand pressure for long-term rates to rise.

In short, for most analysts there are a sufficient number of extenuating circumstances this time around to discount what has been a historically consistent bellwether—the possible negative spread between the 10-year Treasury bond and the 90-day Treasury note.

### Worriers Will Always Worry, but the Outlook Is Good

Again, almost all forecasters are predicting that the economy will grow at a sustainable 3.3 to 3.6 percent in 2006, which is very close to the level of growth that can be maintained without generating inflationary pressures.

# REGIONAL ECONOMY

## The Great Lakes Economy Continues to Improve

According to the latest *Beige Book*, compiled by economists at the Federal Reserve Bank of Chicago, economic activity in the Great Lakes region “continued to expand at a moderate pace during December.” The report, which is based on interviews with business leaders throughout the Great Lakes region, finds that the region’s manufacturers are increasingly busy. Vehicle production schedules are up slightly, the steel industry continues to face strong demand, and toolmakers are receiving a good volume of orders.

With the region’s manufacturing base improving, it is not surprising that the bank’s report also cites that business spending on new machines and equipment is on the rise. In addition, the report finds that consumer spending is improving, albeit “modestly” and outside of Michigan. The report does mention that one banker who was interviewed was “concerned that home equity loan delinquencies continued to drift up.”

Unfortunately, as has been the case for the past year, Michigan continues to lag behind the other states in the Great Lakes region in terms of employment growth. Michigan was the only state in the five-state region that did not post employment gains for the past year. Wisconsin led the pack with a 1.4 percent gain in employment, followed by Illinois, which posted a 1.1 percent gain. In sharp contrast, Michigan’s employment fell by 0.6 percent. Whereas Wisconsin was the only state that posted employment gains in manufacturing, at a solid 0.6 per-

cent increase, Michigan suffered the largest percentage decline among the other four states, a 3.0 percent drop.

## The Auto Industry Is Doing Great, but Not the Big Three

Motor vehicles started the year with very strong sales. In January, car and light truck sales—which were undoubtedly helped by the unseasonably warm weather—cruised at a 17.6 million pace and were up 7.8 percent over January sales last year. However, while the demand was there, the Big Three did not have the right products. According to Ward’s AutoInfo-Bank, Honda’s sales volumes rose by 20.7 percent during the 12-month period, Hyundai sales were up 16.1 percent, and Toyota sales were up 14.0 percent. The combined sales of General Motors (GM), Ford, and the Chrysler Group increased by only 4.4 percent during the period. As a result, the market share of the Big Three slipped from 58.7 percent in January 2005 to 57.1 percent in January 2006.

Losing market share quickly translates into sagging profits, and the latest financial reports from General Motors and Ford are dismal. General Motors lost \$4.8 billion in the fourth quarter. Worse yet, its North American operation lost \$5.6 billion in all of 2005. Not surprisingly, GM has announced that it is going to reduce its excess capacity by closing 12 plants and cutting as many as 30,000 workers by 2008. General Motors’ crosstown rival told the same story: Ford’s North American operation lost \$1.6 billion in 2005, and the nation’s second

### Employment and Earnings<sup>a</sup>

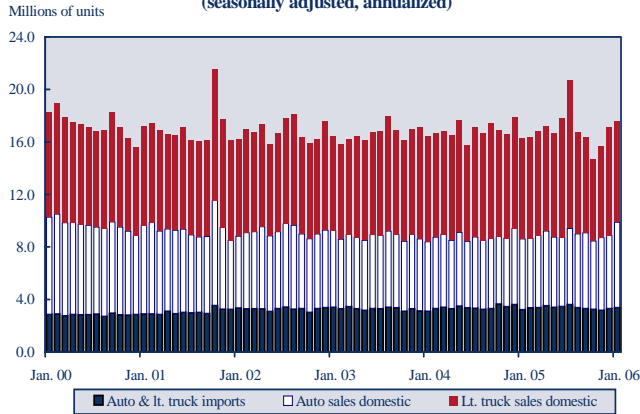
Great Lakes region	December 2005	December 2004	Percent change	Great Lakes region	December 2005	December 2004	Percent change
<b>Illinois</b>				<b>Ohio</b>			
Total employment	5,874,000	5,812,700	1.1	Total employment	5,418,200	5,414,600	0.1
Mfg. employment	692,500	699,700	-1.0	Mfg. employment	822,800	827,800	-0.6
Avg. weekly hours	41.3	41.7	-1.0	Avg. weekly hours	40.8	42.6	-4.2
Avg. hourly earnings	\$15.79	\$15.71	0.5	Avg. hourly earnings	\$19.39	\$19.12	1.4
<b>Indiana</b>				<b>Wisconsin</b>			
Total employment	2,956,500	2,943,600	0.4	Total employment	2,851,000	2,812,100	1.4
Mfg. employment	569,900	575,000	-0.9	Mfg. employment	506,200	503,000	0.6
Avg. weekly hours	42.2	42.6	-0.9	Avg. weekly hours	41.3	40.8	1.2
Avg. hourly earnings	\$18.81	\$18.03	4.3	Avg. hourly earnings	\$16.27	\$16.42	-0.9
<b>Michigan</b>				<b>United States</b>			
Total employment	4,362,600	4,386,800	-0.6	Total employment (000)	134,468	132,449	1.5
Mfg. employment	669,900	690,400	-3.0	Mfg. employment (000)	14,283	14,334	-0.4
Avg. weekly hours	42.9	43.2	-0.7	Avg. weekly hours	40.7	40.5	0.5
Avg. hourly earnings	\$22.02	\$21.89	0.6	Avg. hourly earnings	\$16.71	\$16.34	2.3

NOTE: December 2005 lists preliminary numbers.

<sup>a</sup>Employment numbers are seasonally adjusted for both the U.S. and the states. Average weekly hours and earnings are seasonally adjusted for the U.S. only.

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

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



largest auto company plans to eliminate 25,000 to 30,000 workers and cut production capacity by 1.2 million units by closing 14 plants.

**Long-Term Forecasts Are Not Promising**

According to *Ward's AutoWorld's* forecast, auto production in North America will increase by 4 percent from 1998 to 2008. In 1998, Michigan's carmakers drove 2,780,000 vehicles out of their plants, accounting for 17.4 percent of North American production. For 2008, *Ward's* forecasts that they will steer 2,600,000 vehicles out of their Michigan plants, a decline of 6.5 percent in volume and a drop to 15.4 percent in the continent's production. Alabama, Kentucky, Mississippi, and Tennessee are forecast to be the major winners from Michigan's loss of production. By the way, if the *Ward's* forecast is correct, Ontario will have captured the flag from Michigan as the continent's leading state or province for automaking.

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

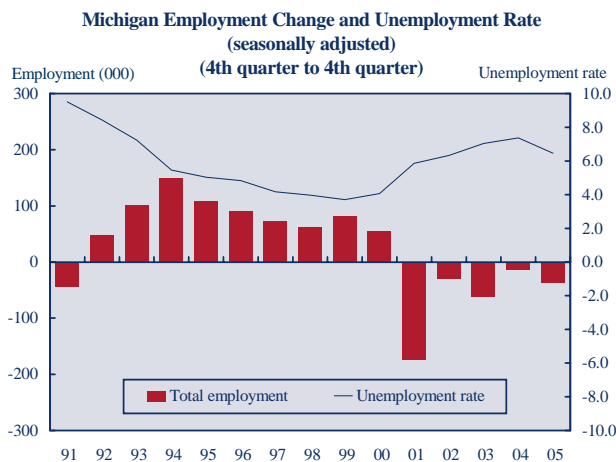


NOTE: The Midwestern states include Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

In hopes of turning the tide, the Midwest region's governors and economic developers are working hard to ensure that Toyota, Honda, and Nissan do not overlook the advantages of building their new plants in the Midwest. Since 2000, foreign car manufacturers have created nearly 33,000 jobs in North America, and many of those jobs have been created in Southern states. Most analysts agree that a Midwest location offers several advantages. For one thing, it offers direct access to an established supplier base. But more importantly, the Midwest has the skilled workforce that the Southern states lack. As Kim Hill, an analyst with the Ann Arbor-based Center for Automotive Research, was quoted as saying on the *WardsAuto.com* Web site, "The number one issue over the next five to ten years is the shortage of skilled labor. Any community with skilled labor should be in the game for years to come."

# STATE OF MICHIGAN ECONOMY

Total employment in the state inched up by 0.1 percent in the final quarter of 2005. The small gain was powered by a surprisingly strong performance from its goods-producing sector, which added more than 4,600 jobs, a 0.5 percent increase. Employment in the state's private service-providing sector was flat, and government employment was down. The small employment gain helped push the state's unemployment rate down to 6.5 percent for the quarter. All of the state's economic indicators were positive during the quarter, suggesting that the state's economy is slowly improving.



Employment in the state's goods-producing sector rose by 0.5 percent in the fourth quarter because of strong employment gains in both construction and mining, which combined for a 1.6 percent jump, and in manufacturing, which had a 0.6 percent increase. Construction firms will likely continue to hire new workers, as the unseasonably warm weather is allowing them to get a jump-start on this year's building season.

The state's long-suffering manufacturing sector added 3,700 workers in the fourth quarter. One can only hope that this will not be a one-time event but instead the start of a long-awaited rebound in the state's manufacturing sector. Unfortunately, recent business reports suggest that the state's auto industry will continue to lose market share, and the state's other sectors, such as office furniture manufacturing, are expected to meet their growing volume of orders through productivity gains, not by hiring new workers.

During the past four quarters, the state's manufacturers eliminated nearly 20,000 jobs. The employment reductions were not limited to the state's auto industry. While it is true that the state's auto suppliers and assemblers cut 6,500 jobs from their payrolls in 2005, office furniture makers cut another 1,600 jobs, the state's printers eliminated more than 1,000 jobs, and the state's primary metal manufacturers cut 1,000 jobs.

Many of the state's auto suppliers are struggling not only because their customers—Ford, General Motors, or the Chry-

ler Group—are losing market share and cutting back on production, but also because the automakers are demanding price reductions of 2 to 3 percent a year. It does not have to be this way, according to Jim Gillette of CSM Worldwide. Japanese automakers work with suppliers to bring down costs, he says, in contrast to the Big Three's "rawbone, auction, free-for-all environment." What is making a bad situation worse is that raw material costs, especially for steel and oil-based resins, have increased.

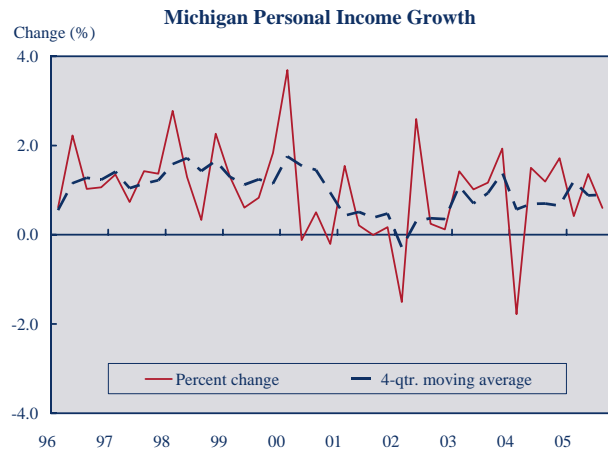
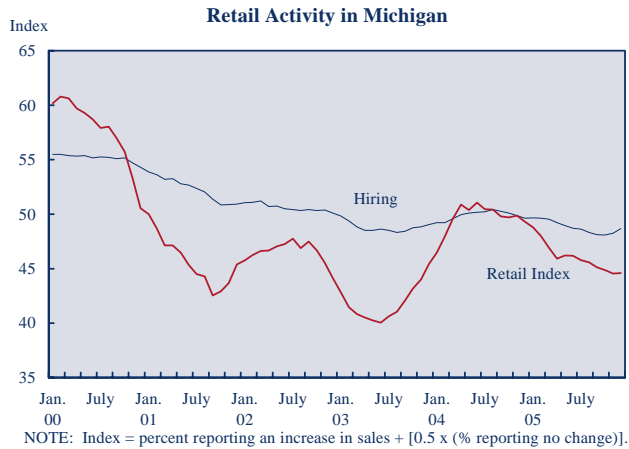
Employment remained unchanged in the state's private service-providing sector. Statewide employment gains in leisure and hospitality and professional and business services were completely erased by employment reductions in educational and health services, information, and retail trade. Government employment fell by 0.2 percent.

The state's retailers eliminated 5,000 jobs in the fourth quarter, reflecting the state's sluggish growth in personal income. Personal income grew by only 0.6 percent statewide during the third quarter. The state's Index of Retail Activity, which is based on a monthly survey of state retailers conducted by the Federal Reserve Bank of Chicago in association with the Michigan Retailers Association, continues its downward decline, although there is a small uptick in its hiring index.

Not surprisingly, the lack of employment growth—employment statewide has declined during the past five years—has negatively affected the state's population. From 2000 to 2005, the state's population increased at a weak 0.4 percent annualized rate. The U.S. Census Bureau estimates that during this period 42,000 individuals, on net, moved out of the state. In fact, United Van Lines reports that 63.9 percent of its interstate moves involving either arriving or departing Michigan residents were outbound last year. This is up from 60.9 percent in 2004 and puts the state second in the country behind North Dakota for exodus rates.

Still, the quarter's small increase in employment helped push the state's unemployment rate down to 6.5 percent, as the number of unemployed individuals declined by 4.2 percent.

All of the statewide and regional indicators advanced during the quarter, suggesting that the state's employment conditions could continue to improve in the coming months. Both the Detroit and the west Michigan composite Index of Help-Wanted Advertising rose during the quarter—3.7 percent and 5.6 percent, respectively—suggesting improving conditions in the state's lackluster service-providing sector. In addition, the number of new claims for unemployment insurance fell by 2.6 percent, and the number of new dwelling units put under contract for construction rose by 8.6 percent.



**Employment by Place of Work  
December  
(seasonally adjusted)**

Labor market area	Total nonfarm	% change, 2004–05	Goods-producing	% change, 2004–05	Private service-providing	% change, 2004–05
United States	134,371,000	1.5	22,273,000	1.2	90,223,000	1.8
Michigan	4,362,600	-0.6	865,800	-2.4	2,810,530	0.3
West Michigan MSAs:						
Battle Creek	62,690	-2.0	16,280	-2.9	35,990	-1.9
Grand Rapids–Wyoming	383,200	0.2	91,110	-2.3	254,520	1.2
Holland–Grand Haven	111,490	-3.7	40,690	-5.3	55,930	0.3
Kalamazoo–Portage	144,980	0.3	30,390	-1.2	91,210	1.0
Muskegon–Norton Shores	66,590	1.2	15,710	-2.5	41,450	1.5
Niles–Benton Harbor	63,220	-1.2	16,260	-5.7	38,720	0.3
Other labor market areas:						
Ann Arbor	202,470	0.7	27,780	-2.0	108,900	2.1
Bay City	39,020	-2.0	5,690	-6.6	27,630	0.0
Detroit–Warren–Livonia	2,013,640	-0.6	375,640	-1.1	1,412,800	-0.1
Flint	159,390	-1.0	28,710	-2.0	106,190	-0.9
Jackson	62,110	0.2	12,410	-3.9	38,400	1.1
Lansing–East Lansing	228,910	-0.4	30,470	-3.8	132,520	0.1
Monroe	43,540	0.0	10,650	-6.2	26,040	0.4
Saginaw	92,100	-1.3	17,090	-7.6	62,070	0.0

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

# WEST MICHIGAN ECONOMY

Total employment remained unchanged in the six metropolitan areas of west Michigan during the fourth quarter, due solely to an unexplained 2.0 percent jump in government employment. Private employment fell by 0.3 percent, representing a loss of nearly 2,500 jobs during the quarter. Still, the region's unemployment rate fell to 5.7 percent. All of the region's economic indicators advanced during the period, suggesting that employment conditions could improve during the coming months.

Employment in the region's goods-producing sector fell by 0.8 percent, despite a strong 1.7 percent increase in construction employment. The unseasonably warm weather conditions in January and February may increase hiring even further in the sector, as they are allowing construction crews to get a head start on the building season. The number of new dwelling units put under contract for construction in the region soared by 37.6 percent during the quarter.

Unlike the state as a whole, which saw an end-of-the-year surge in manufacturing employment, manufacturers in west Michigan continued to trim their payrolls, eliminating more than 2,400 jobs during the quarter, a decline of 1.4 percent. Employment declined in both the region's durable and its non-durable sectors.

The region's office furniture manufacturers are back. After growing by a moderate 5.1 percent in 2004, the industry recorded a robust 12.7 percent gain in shipments in 2005, crossing over the \$10 billion mark in sales. The year's growth rate echoes the strong growth years of the 1990s. Indeed, it was the best year for the industry since it reached a 14.1 percent increase in 1997. Still, furniture industry employment fell by 6.4 percent, or 730 jobs, during the year in the Grand Rapids–Wyoming and Holland–Grand Haven MSAs.

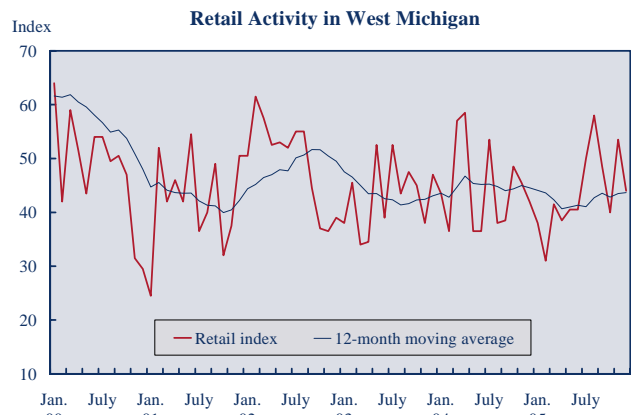
Steelcase's net income nearly doubled, rising to \$19.1 million, or 13 cents per share, in the fourth quarter, compared to \$10.1 million last year. It is the sixth straight quarter of profits for the nation's largest office furniture manufacturer. Likewise, Herman Miller reported its quarterly earnings rose 81.2 percent from the same period last year.

Michael A Dunlap and Associates' latest survey of industry executives found them to be upbeat. His index reached an all-time high. Nearly 30 percent of those surveyed expected sales in the industry to surpass 10.1 percent in 2006. The Business and Institutional Furniture Manufacturers Association (BIFMA), the industry's trade association, is not as optimistic and is forecasting industry shipments to climb by 7.0 percent in 2006 to \$10.68 billion in 2006, and by a similar 7.1 percent to \$11.43 billion in 2007. In short, the industry is back to its 1990s pace.

Still, productivity gains have reduced the office furniture makers' need to hire additional workers. Despite this, it is re-

ported that Haworth filled 250 positions in 2005, and about half of those positions were manufacturing jobs. It is also reported that Herman Miller and Steelcase are using temporary workers to fill the current rush of orders. Once the companies become more assured that their markets have returned, they may start hiring again.

Employment in the region's private service-providing sector inched down by 0.1 percent during the fourth quarter. Retailers eliminated nearly 1,600 jobs in the quarter, a drop of 1.6 percent in employment. The move was not in line with the findings of the latest survey of the region's retailers by the Chicago Federal Reserve Bank in association with the Michigan Retailers Association, which suggested that retail activity was improving slightly. The region's leisure and hospitality, fi-



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

financial activities, and wholesale trade sectors also trimmed their workforce during the quarter. On the plus side, employment in the region's professional and business services sector increased by 1.3 percent. Finally, government employment rose by 2.0 percent. However, much of this gain was due to a large and unexplained 9.3 percent jump in government employment in the Holland–Grand Haven MSA, which may be a statistical aberration that will be revised downward later.

Although employment did not budge during the quarter, the number of unemployed workers fell by 2.3 percent, and the region's unemployment rate fell to 5.7 percent.

All of the region's economic indicators advanced during the quarter, suggesting that employment conditions will improve in the coming months. The composite Index of Help-Wanted Advertising rose by 5.6 percent, indicating that employment conditions in the region's service-providing sector may improve. In addition, the number of new claims for unemployment insurance fell by 4.5 percent, and, as mentioned previously, the number of new dwelling units put under contract for construction jumped by 37.6 percent.

**West Michigan (6 MSAs) Statistics**  
(seasonally adjusted)

Measure	2005 Q4	2005 Q3	% change, Q3 to Q4	2004 Q4	% change, Q4 to Q4
<b>Employment (by place of work)</b>					
Total nonfarm employment	832,120	832,480	0.0	837,300	-0.6
Goods-producing	210,990	212,760	-0.8	217,890	-3.2
Construction and mining	39,210	38,550	1.7	39,250	-0.1
Manufacturing	171,780	174,200	-1.4	178,630	-3.8
Durable goods (5 MSAs) <sup>a</sup>	109,740	111,710	-1.8	115,020	-4.6
Nondurable goods (5 MSAs) <sup>a</sup>	47,980	48,160	-0.4	48,590	-1.3
Private service-providing	517,060	517,730	-0.1	513,480	0.7
Transportation and utilities	21,600	21,510	0.4	21,320	1.3
Wholesale trade	34,230	34,430	-0.6	33,440	2.4
Retail trade	95,540	97,120	-1.6	97,480	-2.0
Information (5 MSAs) <sup>b</sup>	9,820	9,760	0.6	9,890	-0.7
Financial activities	38,180	38,350	-0.4	37,480	1.9
Professional and business services	95,670	94,450	1.3	94,200	1.6
Educational and health services	112,590	112,600	0.0	109,850	2.5
Leisure and hospitality	73,550	73,900	-0.5	73,730	-0.2
Other services	35,880	35,620	0.7	36,080	-0.6
Government	104,050	101,970	2.0	105,930	-1.8
<b>Unemployment</b>					
Number unemployed	55,030	56,320	-2.3	66,570	-17.3
Unemployment rate (%)	5.7	5.9		7.0	
<b>Local indexes</b>					
Help-wanted ads (4 MSAs) (1996=100) <sup>c</sup>	38	36	5.6	43	-11.6
UI initial claims	2,023	2,119	-4.5	2,510	-19.4
New dwelling units <sup>d</sup>	10,965	7,971	37.6	8,173	34.2

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

<sup>a</sup> Niles-Benton Harbor MSA employment data is not available.

<sup>b</sup> Information employment data is not available for Battle Creek MSA.

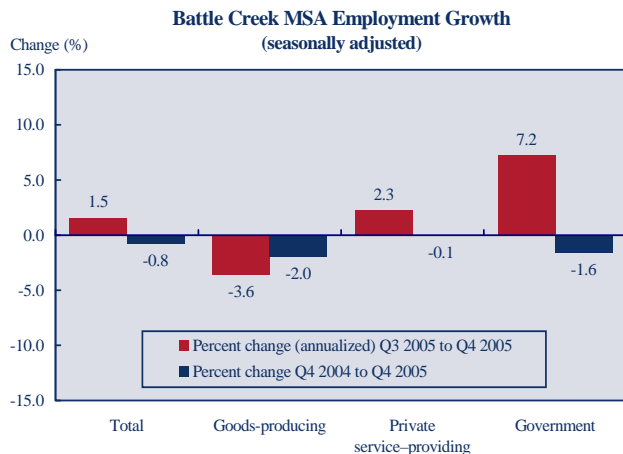
<sup>c</sup> Niles-Benton Harbor MSA and Holland-Grand Haven MSA help-wanted data is not available.

<sup>d</sup> 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.

# BATTLE CREEK MSA

Total employment rose by 0.4 percent during the final quarter of 2005 in Calhoun County. All of the quarter's employment gains occurred in the county's service-providing sectors, private and public. The quarter's job gains did not budge its unemployment rate, however, which remained at 6.2 percent. The area's economic indicators were mixed during the quarter, suggesting that employment conditions could remain unchanged in the coming months.



Employment in the area's goods-producing sector fell by 0.9 percent during the quarter because of employment declines in manufacturing. Construction employment rose by 1.8 percent, coinciding with a 15.7 percent increase in the number of new dwelling units put under contract for construction during the quarter. Further employment gains could occur in the current quarter as well, as unseasonably warm weather is allowing construction firms to get a jump on this year's building season.

In the county's manufacturing sector, however, employers found it necessary to cut 170 workers from their payrolls during the quarter. Employment reductions were reported in both the county's auto-dependent durable goods sector and its smaller, nondurable goods sector.

Fortunately, recent business reports indicate that the county's auto supplier base will not be overly impacted by Ford's recent announcement that it will close 14 plants and cut 30,000 jobs. Many of Battle Creek's suppliers, such as Denso Manufacturing Michigan Inc., are suppliers to Honda and Toyota and have little relationship with Dearborn-based Ford. In fact, it is reported that I.I. Stanley discontinued its relations with Ford in anticipation of the possibility that the number two auto company could suffer a significant drop in sales.

Still, Eaton Corporation announced that it is closing its Hanover facility in Marshall by the end of the year, eliminat-

ing 105 jobs. The plant produces specialized clutch assemblies for Cadillacs and parts for GM's SUVs and pickups. Moreover, the auto supplier was forced to immediately lay off 17 of the 105 employees because of poor sales volumes.

Overall, employment among the county's transportation equipment manufacturers declined by 1.7 percent, or 100 jobs, during the past four quarters.

Employment in the area's private service-providing sector increased by 0.6 percent, or 200 jobs, during the quarter. Strong employment gains were reported in the county's professional and business services, which had a 1.9 percent increase, and in wholesale trade, which had a 1.4 percent increase. The county's health care sector continues to add jobs as well. Educational and health services added 50 jobs in the fourth quarter and 170 during the past four quarters. In Marshall, Oaklawn Hospital announced that it expects to add nearly 50 workers to its current workforce of 670 in 2006.

Employment in the county's transportation and utilities sector has been flat during the past year; however, that will likely change, as Duncan Aviation is in the midst of a \$19.5 million expansion, which began in June. The company expects to hire between 50 and 100 workers in the next two years.

Government employment increased by 1.8 percent during the quarter because of a large reported increase in local government, which includes public schools. However, employment in the government sector is down by 1.6 percent over the past four quarters.

Although county employers added 240 workers during the quarter, the number of unemployed persons increased, and the county's unemployment rate stayed at 6.2 percent.

The fourth-quarter readings of the area's economic indicators suggest that its employment situation may not change in the coming months. The area's Index of Help-Wanted Advertising fell by 6.3 percent in the quarter, implying that employment opportunities in the county may be constricting. However, the number of new claims for unemployment insurance fell by 3.4 percent, and, as mentioned previously, the number of new dwelling units put under contract for construction rose.

**Battle Creek MSA**  
(seasonally adjusted)

<b>Measure</b>	<b>2005 Q4</b>	<b>2005 Q3</b>	<b>% change, Q3 to Q4</b>	<b>2004 Q4</b>	<b>% change, Q4 to Q4</b>
<b>Employment (by place of work)</b>					
Total nonfarm employment	62,850	62,610	0.4	63,370	-0.8
Goods-producing	16,380	16,530	-0.9	16,710	-2.0
Construction and mining	2,260	2,220	1.8	2,320	-2.6
Manufacturing	14,130	14,300	-1.2	14,390	-1.8
Durable goods	9,140	9,200	-0.7	9,170	-0.3
Nondurable goods	4,990	5,100	-2.2	5,220	-4.4
Private service-providing <sup>a</sup>	36,040	35,840	0.6	36,070	-0.1
Transportation and utilities	1,100	1,100	0.0	1,100	0.0
Wholesale trade	1,430	1,410	1.4	1,420	0.7
Retail trade	7,870	7,860	0.1	7,900	-0.4
Financial activities	1,590	1,600	-0.6	1,590	0.0
Professional and business services	6,380	6,260	1.9	6,520	-2.1
Educational and health services	9,340	9,290	0.5	9,170	1.9
Leisure and hospitality	5,820	5,820	0.0	5,840	-0.3
Other services	2,510	2,510	0.0	2,510	0.0
Government <sup>b</sup>	10,420	10,240	1.8	10,590	-1.6
Federal government	3,300	3,340	-1.2	3,360	-1.8
Local government	6,910	6,780	1.9	7,040	-1.8
<b>Unemployment</b>					
Number unemployed	4,640	4,570	1.5	5,360	-13.4
Unemployment rate (%)	6.2	6.2		7.2	
<b>Local indexes</b>					
Help-wanted ads (1996=100)	30	32	-6.3	36	-16.7
UI initial claims	216	224	-3.4	239	-9.6
New dwelling units <sup>c</sup>	328	284	15.7	499	-34.2

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

<sup>a</sup> Data for information services is included in the "other services" sector.

<sup>b</sup> Data for state government is not available.

<sup>c</sup> 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.

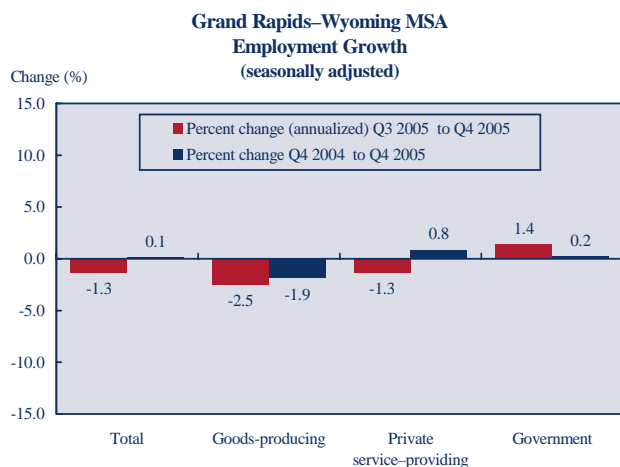
**Battle Creek MSA**  
**Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter**  
(not seasonally adjusted)

<b>Industry</b>	<b>2005 Q4</b>	<b>2004 Q4</b>	<b>Percent change</b>	<b>Industry</b>	<b>2005 Q4</b>	<b>2004 Q4</b>	<b>Percent change</b>
<b>Goods-producing</b>	16,530	16,870	-2.0	<b>Government</b>	10,730	10,900	-1.5
Transportation equipment	5,900	6,000	-1.7	Local govt. educational svcs.	4,970	5,170	-3.9
<b>Private service-providing</b>	36,070	36,330	-0.7				
Accommodations & food svcs.	4,500	4,470	0.7				
Admin. support & waste mgmt.	4,770	4,800	-0.7				

SOURCE: Michigan Department of Labor and Economic Development.

# GRAND RAPIDS–WYOMING MSA

Total employment in the four-county MSA fell by 0.3 percent, or 1,280 jobs, during the final quarter of 2005. Employment declines were reported in the area's goods-producing and private service-providing sectors; only government posted an employment gain, 0.3 percent. Despite employers cutting jobs, the area's unemployment rate fell to 5.7 percent during the quarter. The area's economic indicators were slightly positive, suggesting that employment conditions should at least stabilize in the coming months.



Employment in the area's goods-producing sector fell by 0.6 percent, despite a large 3.8 percent jump in employment in the area's construction and mining sector. Employment in the area's construction sector will likely be up in the current first quarter as well, since January and February were unseasonably warm, allowing builders to get a head start on the approaching building season.

Employment in the area's manufacturing sector continued to decline during the quarter, falling by a large 1.8 percent, or by nearly 1,300 jobs. Employment declines were reported in both durable and nondurable goods production. During the past four quarters, manufacturing employment has fallen by 2.9 percent, representing a loss of more than 2,100 jobs. The area's auto suppliers have reduced their workforce by 6.7 percent, equaling a loss of 830 jobs during the past four quarters. And, despite improving sales, the area's office furniture makers cut 400 jobs, reducing their workforce by 6.1 percent. Employment reduction occurred in the area's chemical and plastics firms as well. Only the area's food producers reported an increase in employment during the past year.

Employment conditions may remain soft in the coming months, according to recent business reports. Siemens announced that it is laying off 60 white-collar employees at its headquarters and engineering center. Moreover, Siemens, which makes package-handling systems, announced that by June it plans to close its postal automation plant, eliminating 225 jobs. Production of postal letter sorters and package conveyors will shift to Arlington, Texas. Moreover, some of the

area's auto suppliers are still cutting back. One of them, Robert Bosch Corporation, is eliminating 55 engineering and support jobs by July. Finally, despite improving sales, Steelcase still intends to close its Grand Rapids manufacturing operations by March 2007, eliminating 600 jobs. Fortunately, much of the work is moving to its other area plants. Not all business reports are bad, however, as Grand Rapids Spring and Stamping, Behr Industry America, and Riviera all announced hiring plans.

Employment among the area's private service providers fell by 0.3 percent in the quarter because of declines in wholesale and retail trade, financial activities, and, surprisingly, educational and health services.

The area's health and social service providers have added 2,100 workers during the past four quarters. Recent announcements ensure that employment will continue to grow in all aspects of the area's medical sector. In research and development, the Van Andel Research Institute plans to break ground shortly on a \$150–\$200 million expansion that could eventually result in 400 new jobs. Other construction announcements include Spectrum's construction of the \$78 million Lemmen-Holton Cancer Pavilion. By fall, preliminary work could start on the \$190 million Helen DeVos Children's Hospital building. Rich DeVos and the Christman Company announced plans to build a \$120 million medical office building complex, while Saint Mary's Hospital just opened its \$42 million Richard J. Lacks Cancer Center. Finally, along the recently opened M-6 south beltway, Metropolitan Hospital is constructing its new hospital and Saint Mary's has started construction on its \$30 million Southwest Outpatient Campus.

The area's retailers, on the other hand, cut more than 900 jobs during the past year. Meijer Incorporated announced that it will eliminate approximately 130 workers, as it plans to outsource some information technology work to India and farm out its consumer call center jobs to a Boston-based contractor. In addition, the takeover of D&W Food Centers by Spartan puts jobs at risk at D&W's 20 stores.

Employment in the area's government sector increased by 0.3 percent as hiring by the area's federal and local agencies offset employment reductions in state government facilities or state government functions in the area.

The fourth-quarter reading of the area's economic indicators suggests that employment conditions should stabilize in the coming months. While the area's Index of Help-Wanted Advertising remained unchanged during the quarter, the number of new unemployment insurance claims fell by 1.7 percent and, as mentioned previously, the number of new dwelling units put under contract for construction rose by 42.6 percent. Finally, the area's purchasing managers' index is "nicely positive," says Brian Long, author of *Current Business Trends* (see page 24).

**Grand Rapids–Wyoming MSA**  
(seasonally adjusted)

Measure	2005 Q4	2005 Q3	% change, Q3 to Q4	2004 Q4	% change, Q4 to Q4
<b>Employment (by place of work)</b>					
Total nonfarm employment	383,150	384,430	-0.3	382,710	0.1
Goods-producing	91,350	91,920	-0.6	93,080	-1.9
Construction and mining	19,610	18,890	3.8	19,220	2.0
Manufacturing	71,740	73,030	-1.8	73,860	-2.9
Durable goods	50,180	50,900	-1.4	51,640	-2.8
Nondurable goods	21,560	22,140	-2.6	22,220	-3.0
Private service-providing	254,030	254,870	-0.3	251,950	0.8
Transportation and utilities	10,120	10,040	0.8	10,080	0.4
Wholesale trade	20,250	20,660	-2.0	19,810	2.2
Retail trade	41,830	43,150	-3.1	42,750	-2.2
Information	5,700	5,650	0.9	5,670	0.5
Financial activities	21,070	21,310	-1.1	20,770	1.4
Professional and business services	53,740	52,750	1.9	53,000	1.4
Educational and health services	52,810	52,970	-0.3	51,170	3.2
Leisure and hospitality	31,670	31,530	0.4	31,740	-0.2
Other services	16,830	16,820	0.1	16,960	-0.8
Government	37,770	37,640	0.3	37,680	0.2
Federal government	3,450	3,360	2.7	3,380	2.1
State government	3,860	4,330	-10.9	3,590	7.5
Local government	30,470	29,950	1.7	30,710	-0.8
<b>Unemployment</b>					
Number unemployed	23,270	23,810	-2.3	28,750	-19.1
Unemployment rate (%)	5.7	5.9		7.1	
<b>Local indexes</b>					
Help-wanted ads (1996=100)	33	33	0.0	42	-21.4
UI initial claims	787	800	-1.7	1,057	-25.5
New dwelling units <sup>a</sup>	5,046	3,538	42.6	2,917	73.0

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

<sup>a</sup> 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, Fourth Quarter to Fourth Quarter**  
(not seasonally adjusted)

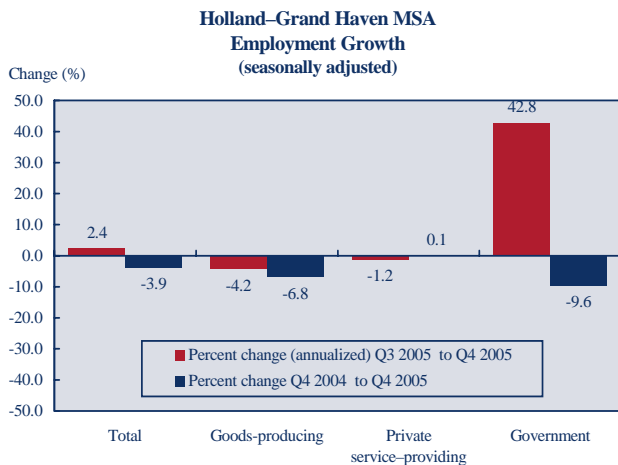
Industry	2005 Q4	2004 Q4	Percent change	Industry	2005 Q4	2004 Q4	Percent change
<b>Goods-producing</b>	92,230	93,970	-1.8	Professional, scientific, tech. svcs.	14,730	14,870	-0.9
Transportation equipment	14,870	15,730	-5.5	Mgmt. of co's & enterprises	6,830	6,630	3.0
Motor vehicle parts	11,600	12,430	-6.7	Admin. support & waste mgmt.	33,430	32,700	2.2
Furniture & related products	7,130	7,530	-5.3	Employment services	22,430	22,330	0.4
Office furniture	6,170	6,570	-6.1	Educational services	9,300	9,730	-4.5
Food	5,600	5,230	7.0	Elem. & secondary schools	4,030	3,970	1.7
Chemical	4,030	4,100	-1.6	Health care & social assistance	43,930	41,830	5.0
Plastics & rubber	7,300	7,400	-1.4	Ambulatory health services	14,430	13,400	7.7
<b>Private service-providing</b>	257,500	255,400	0.8	Hospitals	17,930	17,230	4.1
General merchandise stores	9,170	10,070	-8.9	Accommodations & food svcs.	26,300	26,700	-1.5
Department stores	4,730	5,300	-10.7	<b>Government</b>	39,300	39,200	0.3
Finance & Insurance	16,770	16,870	-0.6	Local govt. educational svcs.	20,770	22,130	-6.2

SOURCE: Michigan Department of Labor and Economic Growth.

# HOLLAND-GRAND HAVEN MSA

During the final quarter of 2005, employment in Ottawa County increased by 0.6 percent. This is a welcome change, since during the past four quarters area employers have cut nearly 4,500 jobs. However, all of the quarter's job gains were reported in the area's government sector, in which data have indicated dramatic employment swings throughout the year. The county's unemployment rate sneaked below 5.0 percent during the quarter. The area's limited set of economic indicators was mixed, suggesting little change in the area's employment situation during the coming months.

Employment in the county's goods-producing sector fell by 1.1 percent during the quarter, which meant a loss of 440 jobs. The county's builders added 50 workers in the quarter, and further employment gains are expected in the county's construction industry, as the number of new dwelling units put under contract for construction shot up by 81.2 percent. In addition, the unseasonably warm weather in January and February allowed builders to get a head start on the approaching building season.



The county's construction sector will receive an added boost if local planning authorities approve the proposed \$70 million Grand Landing development in the Grand Haven area. The 20-acre redevelopment will include condominiums, townhouses, a hotel and conference center, retail buildings, and an outdoor amphitheater.

Unfortunately, employment conditions in the county's manufacturing sector remain weak, as manufacturers reduced their workforce by 1.4 percent during the quarter. The employment declines were concentrated in the county's large durable goods sector. In fact, the county's nondurable goods producers added nearly 300 workers.

During the past four quarters, employment in the area's transportation equipment sector, which includes boat building in addition to automotive, increased by 2.6 percent. However, these employment gains were erased by employment reductions at the hands of the county's office furniture manufacturers. If the industry sales forecasts hold true, it is possible that

the county will enjoy a pickup in employment from its office furniture manufacturers. In fact, reports indicate that Haworth has hired 250 workers during the past year.

Other business reports from the county's manufacturing sector are mixed. Sara Lee Foods is expanding its county facility and hiring 25 more workers. Gentex Corp is branching out of automotive as it partners with PPG Aerospace to produce the variable dimmable window systems for the Boeing 787. Finally, Tiara Yacht is still on schedule to add up to 400 new jobs in the next two years.

On the downside, Pfizer still plans to close its Holland Township plant by the end of 2006, resulting in a loss of 283 jobs for employees and about 200 more for contractors who provide services at the plant. In the area's automotive sector, GKN Sinter Metals announced that it is closing its Zeeland plant in about nine months and laying off the plant's 72 employees. Finally, Eagle-Ottawa Leather, a leather seating manufacturer, is moving 48 management positions from Grand Haven to its Rochester Hills headquarters.

Employment in the county's private service-providing sector fell by 0.3 percent during the final quarter of 2005. Employment gains in transportation and utilities, wholesale trade, financial activities, and other services were more than offset by declines in retail trade, professional and business services, leisure and hospitality, and, surprisingly, educational and health services. Although educational and health services providers have been adding jobs throughout west Michigan during the past year, in Ottawa County providers have trimmed 430 workers from their payrolls for the year.

Employment in government was reported to have increased by more than 1,200 jobs in Ottawa County in the fourth quarter. For the past year, the sector has been subjected to extremely large employment swings. In fact, despite the large fourth-quarter gain, employment in the sector is reported to have fallen by 9.6 percent, or nearly 1,600 jobs, during the year. Given that none of the county's major public sector facilities—which include Grand Valley State University as well as public K-12 education, and local government units—have reported any substantial employment fluctuations, it is very possible that these large employment swings are statistical errors that will be revised at a later date.

The county's unemployment rate dipped below 5.0 percent during the quarter, as the number of unemployed individuals declined by 3.1 percent. The fourth-quarter reading of the county's limited set of economic indicators suggests that employment conditions in the single-county MSA will not change significantly in the coming months. The number of new claims for unemployment insurance rose by 6.9 percent, while, as previously mentioned, the number of new dwelling units put under contract for construction jumped dramatically.

**Holland–Grand Haven MSA**  
(seasonally adjusted)

<b>Measure</b>	<b>2005 Q4</b>	<b>2005 Q3</b>	<b>% change, Q3 to Q4</b>	<b>2004 Q4</b>	<b>% change, Q4 to Q4</b>
<b>Employment (by place of work)</b>					
Total nonfarm employment	111,400	110,740	0.6	115,870	-3.9
Goods-producing	40,630	41,070	-1.1	43,590	-6.8
Construction and mining	6,440	6,390	0.8	6,440	0.0
Manufacturing	34,190	34,670	-1.4	37,150	-8.0
Durable goods	26,120	26,900	-2.9	29,650	-11.9
Nondurable goods	8,070	7,780	3.7	7,490	7.7
Private service-providing	55,860	56,030	-0.3	55,780	0.1
Transportation and utilities	2,880	2,830	1.8	2,770	4.0
Wholesale trade	4,060	4,010	1.2	3,990	1.8
Retail trade	10,040	10,130	-0.9	10,610	-5.4
Information	1,000	1,000	0.0	1,000	0.0
Financial activities	3,470	3,410	1.8	3,300	5.2
Professional and business services	12,170	12,240	-0.6	11,480	6.0
Educational and health services	9,860	9,980	-1.2	10,290	-4.2
Leisure and hospitality	7,930	8,010	-1.0	7,920	0.1
Other services	4,450	4,420	0.7	4,420	0.7
Government <sup>a</sup>	14,910	13,640	9.3	16,500	-9.6
<b>Unemployment</b>					
Number unemployed	6,560	6,770	-3.1	7,750	-15.4
Unemployment rate (%)	4.9	5.1		5.8	
<b>Local indexes</b>					
UI initial claims	309	289	6.9	333	-7.4
New dwelling units <sup>b</sup>	2,588	1,428	81.2	1,531	69.0

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

<sup>a</sup>Federal, state and local government employment numbers are not available.

<sup>b</sup>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.

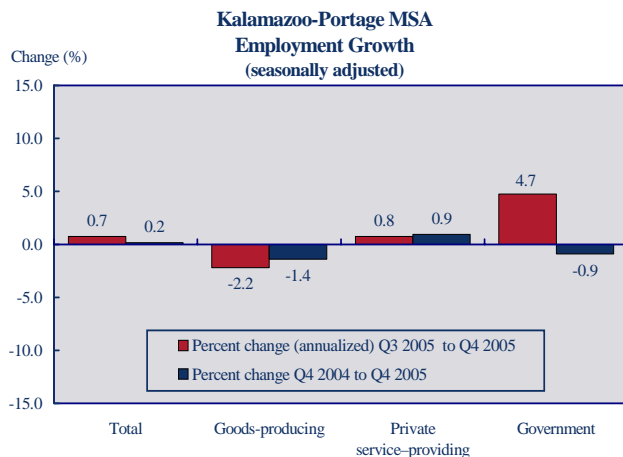
**Holland–Grand Haven MSA**  
**Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter**  
(not seasonally adjusted)

<b>Industry</b>	<b>2005 Q4</b>	<b>2004 Q4</b>	<b>Percent change</b>	<b>Industry</b>	<b>2005 Q4</b>	<b>2004 Q4</b>	<b>Percent change</b>
<b>Goods-producing</b>	40,600	43,570	-6.8	<b>Government</b>	15,870	17,530	-9.5
Transportation equipment	7,900	7,700	2.6	Local govt. education svcs.	6,100	6,100	0.0
Furniture & related products	5,800	6,130	-5.4				
Office furniture & fixtures	5,300	5,500	-3.6				
<b>Private service-providing</b>	55,970	55,900	0.1				
Accommodations & food svcs.	6,800	6,630	2.5				
Food svcs. & drinking places	6,430	6,300	2.1				

SOURCE: Michigan Department of Labor and Economic Development.

# KALAMAZOO-PORTAGE MSA

Total employment rose a modest 0.2 percent during the fourth quarter of last year in Kalamazoo and Van Buren counties. Job gains were reported in the area's public and private service-providing sectors. The quarter's employment gains were sufficient to push the area's unemployment rate down to 5.3 percent. Unfortunately, the fourth-quarter economic indicators were slightly negative, suggesting that employment conditions will remain lackluster in the coming months.



Employment in the area's goods-producing sector fell by 0.6 percent, or 170 jobs, during the fourth quarter. Construction employment was up slightly during the quarter, registering a 0.3 percent increase, and it is likely that it will be up during the current first quarter as well, because of the unusually warm winter. Still, the number of new dwelling units put under contract for construction fell by nearly 6.0 percent during the quarter.

Manufacturing employment was down by 0.8 percent during the quarter, as the area's durable and nondurable goods producers trimmed their workforce by 0.5 and 1.1 percent. During the past four quarters, manufacturers have cut 260 workers from their payrolls, and approximately 130 of those jobs—half—have been eliminated by the area's auto suppliers.

Recent business reports have been mixed. EIMO Americas of Vicksburg, a plastics firm that makes automotive components and casings for cellular phones, cut 33 workers. In South Haven, DSM Pharma Chemical announced that it will close by Spring 2007, eliminating 140 jobs.

Although Pfizer is not expected to hire additional manufacturing workers, a company spokesperson said that the Portage facility, which is the company's largest manufacturing facility in North America, is in line for more work from other Pfizer locations. The area's manufacturing facilities employ approximately 3,500 workers.

Employment in the area's private service-providing sector rose by 0.2 percent during the quarter, as employment gains in wholesale trade, professional and business services, and leisure and hospitality just managed to offset employment declines in retail trade, transportation and public utilities, educational and health services, and other services.

Government employment increased by a strong 1.2 percent during the quarter, stemming from a 2.9 percent jump in state employment, which includes Western Michigan University.

The area's efforts to grow its fledgling biotechnology sector received a substantial boost as the Western Michigan University Foundation agreed to buy one of Pfizer's downtown laboratory buildings. The building will allow the university to expand its research activity and provide more space for hatching and attracting biotech companies. In addition, four Kalamazoo-based biotech companies made bids for funding assistance from the newly formed Southwest Michigan Life Sciences Venture Fund, a \$50 million venture capital fund. The fund will make investments of amounts from \$500,000 to \$5 million.

The fourth-quarter reading of the area's economic indicators was mixed. The area's Index of Help-Wanted Advertisings fell by 2.3 percent, suggesting that employment conditions in the area's service-providing sector will remain lackluster. On the plus side, new claims for unemployment insurance fell by 4.8 percent during the quarter; however, the number of dwelling units put under contract for construction also fell. Finally, the area's purchasing managers' index remained flat during the quarter (see page 24).

**Kalamazoo-Portage MSA**  
(seasonally adjusted)

Measure	2005 Q4	2005 Q3	% change, Q3 to Q4	2004 Q4	% change, Q4 to Q4
<b>Employment (by place of work)</b>					
Total nonfarm employment	144,910	144,640	0.2	144,690	0.2
Goods-producing	30,500	30,670	-0.6	30,930	-1.4
Construction and mining	6,340	6,320	0.3	6,510	-2.6
Manufacturing	24,160	24,350	-0.8	24,420	-1.1
Durable goods	12,460	12,520	-0.5	12,420	0.3
Nondurable goods	11,700	11,830	-1.1	12,000	-2.5
Private service-providing	90,970	90,800	0.2	90,120	0.9
Transportation and utilities	3,860	3,880	-0.5	3,860	0.0
Wholesale trade	4,450	4,390	1.4	4,250	4.7
Retail trade	17,370	17,520	-0.9	17,500	-0.7
Information	1,410	1,400	0.7	1,410	0.0
Financial activities	7,880	7,880	0.0	7,650	3.0
Professional and business services	14,430	14,340	0.6	14,300	0.9
Educational and health services	20,020	20,050	-0.1	19,820	1.0
Leisure and hospitality	14,960	14,740	1.5	14,690	1.8
Other services	6,580	6,600	-0.3	6,640	-0.9
Government	23,430	23,160	1.2	23,640	-0.9
Federal	1,260	1,270	-0.8	1,290	-2.3
State	7,020	6,820	2.9	7,190	-2.4
Local	15,150	15,070	0.5	15,150	0.0
<b>Unemployment</b>					
Number unemployed	9,310	9,650	-3.5	11,220	-17.0
Unemployment rate (%)	5.3	5.5		6.5	
<b>Local indexes</b>					
Help-wanted ads (1996=100)	42	43	-2.3	48	-12.5
UI initial claims	250	262	-4.8	256	-2.5
New dwelling units <sup>a</sup>	1,382	1,469	-5.9	1,184	16.7

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

<sup>a</sup> 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.

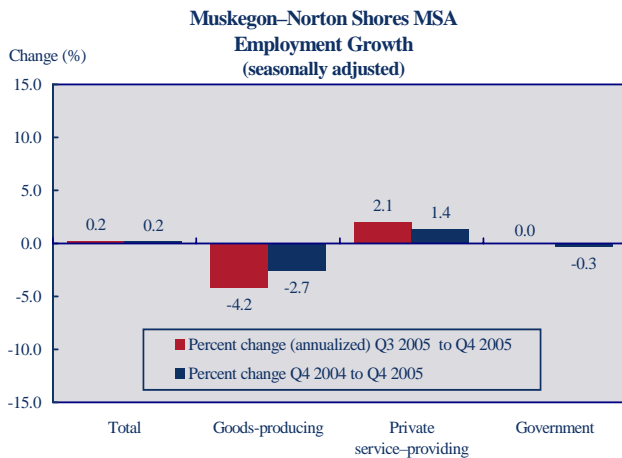
**Kalamazoo-Portage MSA**  
**Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter**  
(not seasonally adjusted)

Industry	2005 Q4	2004 Q4	Percent change	Industry	2005 Q4	2004 Q4	Percent change
<b>Goods-producing</b>	30,700	31,130	-1.4	Health care & social assistance	17,670	17,870	-1.1
Transportation equipment	4,070	4,200	-3.2	Accommodations & food svcs.	12,633	12,600	0.3
<b>Private service-providing</b>	91,530	90,700	0.9	Food svcs. & drinking places	10,967	10,900	0.6
General merchandise stores	4,830	5,130	-5.8				
Finance & insurance	5,600	5,400	3.7	<b>Government</b>	24,700	24,900	-0.8
Admin. support & waste mgmt.	8,430	8,570	-1.6	State govt. educational svcs.	7,000	6,867	1.9
Employment services	4,970	5,170	-3.9	Local govt. educational svcs.	10,233	10,233	0.0

SOURCE: Michigan Department of Labor and Economic Growth.

# MUSKEGON–NORTON SHORES MSA

Total employment inched up by 0.1 percent in Muskegon County during the fourth quarter of last year. Employment gains in the county's private service-providing sector merely offset declines in its goods-producing sector. The modest employment net gain of 40 jobs helped push the county's unemployment rate down to 6.6 percent during the quarter. Fortunately, all of the area's economic indicators advanced during the quarter, suggesting that employment conditions in the county will improve in the coming months.



Employment in the county's goods-producing sector fell by 1.1 percent during the quarter because of a large 7.0 percent drop in construction employment. It is likely that construction employment will bounce back during the current first quarter, however, as unseasonably warm weather in January and February has allowed builders to get a head start on this year's construction season.

Manufacturing employment in the county was flat during the quarter, as a large 26.7 percent increase in its nondurable goods sector was offset by a similar-sized employment reduction in its durable goods manufacturing sector. The jump in employment in nondurable goods production was somewhat surprising, since Sappi is continuing to lay off workers because of the closure of its pulp operation and one of its paper lines. By the end of the year, the company had cut 280 of the identified 350 jobs that had been identified to be eliminated. Workers in the remaining positions were to be let go in January or February, leaving approximately 220 workers in the plant.

During the past four quarters, manufacturing employment in the county has declined by 2.2 percent, a loss of 300 jobs. Much of the decline was likely due to employment reductions among the county's auto suppliers, as well as from Sappi and from Brunswick, which is discontinuing its bowling ball production in the county. At the same time, the county's aerospace and national defense industries have added jobs. In the aerospace sector, Howmet Castings, the

county's largest employer, has added more than 600 jobs during the past year. In addition, Johnson Technology has added 60 new employees. In the national defense sector, both L-3 Communications (formerly General Dynamics) and Cannon Muskegon/Argueso added 50 jobs, according to sources from the companies.

Recent business announcements are mixed. ADAC Plastics announced that it is adding 20 workers to its current workforce of 481. The company makes engineered plastic parts—primarily door handles—for the automotive industry. CWC Textron and Nichols Paper have also added jobs. However, Bekaert, a Belgian company specializing in wire products and industrial coatings, announced in February that it is closing its Muskegon manufacturing facility, which will eliminate 65 jobs, because of a slowdown in the automotive industry.

Employment in the county's private service-providing sector rose by 0.5 percent. Significant employment gains were reported in the area's educational and health services sector, which partially reflected the opening of Hackley's new multispecialty health care facility. During the past four quarters, employment in the county's educational and health services sector has climbed by 8.3 percent, an increase of more than 800 jobs. The only service-providing sector that suffered a major employment setback during the quarter was the county's leisure and hospitality sector, which lost 320 jobs, a decline of 4.2 percent. Government employment remained unchanged during the quarter.

The fourth-quarter reading of the county's set of economic indicators was positive, suggesting that employment conditions will improve in coming months. The area's Index of Help-Wanted Advertising rose by 5.0 percent, indicating improving conditions in the area's service-providing sector. At the same time, the number of new claims for unemployment insurance fell by 16.5 percent, and the number of new dwelling units put under contract for construction rose by 2.3 percent.

**Muskegon–Norton Shores MSA**  
(seasonally adjusted)

<b>Measure</b>	<b>2005 Q4</b>	<b>2005 Q3</b>	<b>% change, Q3 to Q4</b>	<b>2004 Q4</b>	<b>% change, Q4 to Q4</b>
<b>Employment (by place of work)</b>					
Total nonfarm employment	66,510	66,470	0.1	66,390	0.2
Goods-producing	15,770	15,940	-1.1	16,200	-2.7
Construction and mining	2,270	2,440	-7.0	2,400	-5.4
Manufacturing	13,490	13,500	-0.1	13,790	-2.2
Durable goods	11,840	12,190	-2.9	12,140	-2.5
Nondurable goods	1,660	1,310	26.7	1,660	0.0
Private service-providing	41,340	41,130	0.5	40,770	1.4
Transportation and utilities	1,380	1,370	0.7	1,310	5.3
Wholesale trade	1,390	1,380	0.7	1,390	0.0
Retail trade	10,720	10,700	0.2	10,950	-2.1
Information	910	910	0.0	910	0.0
Financial activities	1,880	1,870	0.5	1,880	0.0
Professional and business services	4,200	4,120	1.9	4,160	1.0
Educational and health services	10,880	10,660	2.1	10,050	8.3
Leisure and hospitality	7,300	7,620	-4.2	7,390	-1.2
Other services	2,690	2,480	8.5	2,730	-1.5
Government	9,400	9,400	0.0	9,430	-0.3
Federal	410	400	2.5	410	0.0
State	1,170	1,170	0.0	1,100	6.4
Local	7,830	7,820	0.1	7,920	-1.1
<b>Unemployment</b>					
Number unemployed	6,100	6,120	-0.3	7,110	-14.2
Unemployment rate (%)	6.6	6.7		7.8	
<b>Local indexes</b>					
Help-wanted ads (1996=100)	42	40	5.0	42	0.0
UI initial claims	285	341	-16.5	357	-20.1
New dwelling units <sup>a</sup>	662	647	2.3	928	-28.6

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

<sup>a</sup> 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.

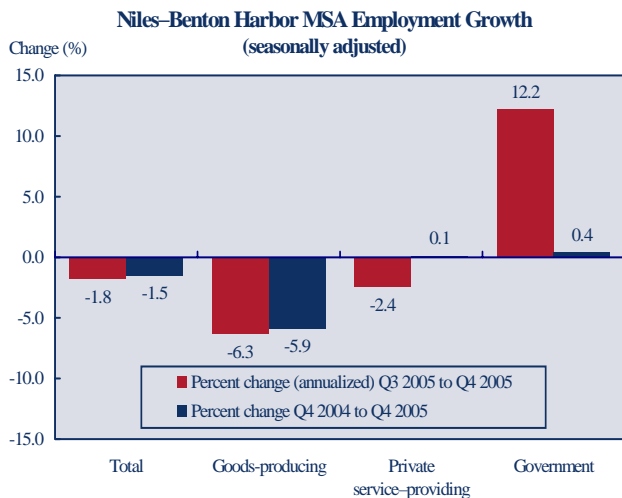
**Muskegon–Norton Shores MSA**  
**Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter**  
(not seasonally adjusted)

<b>Industry</b>	<b>2005 Q4</b>	<b>2004 Q4</b>	<b>Percent change</b>	<b>Industry</b>	<b>2005 Q4</b>	<b>2004 Q4</b>	<b>Percent change</b>
<b>Goods-producing</b>	15,830	16,330	-3.1	<b>Government</b>	9,770	9,800	-0.3
Transportation equipment	1,100	1,500	-26.7	Local govt. educational svcs.	6,100	5,870	4.0
<b>Private service-providing</b>	41,030	40,470	1.4				
Accommodations & food svcs.	6,230	5,970	4.5				
Food svcs. & drinking places	5,630	5,400	4.3				

SOURCE: Michigan Department of Labor and Economic Development.

# NILES–BENTON HARBOR MSA

Total employment in Berrien County fell by 0.5 percent during the final quarter of 2005. Most of the losses came in the area's goods-producing and private service-providing sectors. Despite the loss of 290 jobs in the county, the number of unemployed persons living in the county, as well as its unemployment rate, fell during the quarter. Both of the area's economic indicators improved during the quarter, suggesting that employment conditions may also improve during the coming months.



Employment in the county's goods-producing sector fell by 1.6 percent during the quarter, and the decline was concentrated in its manufacturing sector. Construction employment was flat during the quarter. Surprisingly warm weather conditions in January and February, along with a large 58.6 percent jump in the number of dwelling units put under contract for construction, make it very likely that construction employment will expand during the first quarter.

Manufacturing employment fell by 2.0 percent during the final quarter of 2005, representing a loss of 280 jobs. During the past four quarters, the county's manufacturers have cut nearly 1,000 jobs, or 6.3 percent of their workforce.

Reports from the county's auto suppliers are mixed. The Robert Bosch Corporation is on schedule to cut half of the workforce at its chassis division factory in Lincoln Township, which makes brakes and brake components. The plant, which had employed about 1,100 employees in August 2004, employed slightly less than 800 workers at the end of 2005 and expects to be down to approximately 550 workers by the end of March.

On the other hand, Atlantic Automotive Components and ICG Castings are hiring. Atlantic Automotive, which is a supplier to Ford's F-Series pickup trucks, recently added almost 58,000 square feet to its downtown Benton Harbor facility.

The plant currently employs 282 workers, up from 220 in April of last year. ICG Castings, which has plants in Dowagiac and Bridgman, continues to add workers as well. The company currently employs 50 at its Bridgman plant and expects to reach an employment level of 240 workers in a few years. However, because of reduced business from Chrysler, ICG had about 50 workers on temporary layoff in January.

If the transaction is approved by government regulators, who are now looking at it, Whirlpool will buy Maytag for about \$1.79 billion in cash and stock. The potential employment impact of the merger on Berrien County is unknown.

Other business news is negative, unfortunately. The Potlatch Corporation announced that it was closing its paper towel plant at the end of February. The plant employed 35 people. Weil-McLain eliminated 22 jobs when it closed its plant, which produced sheet-metal jackets for boilers used in residential and commercial heating systems that circulate water. Finally, J.L. French Automotive Castings, an aluminum die caster for the auto industry, will close in April, laying off all of its 55 workers.

Employment in the area's private service-providing sector declined by 0.6 percent during the fourth quarter because of a 5.0 percent decline in the county's leisure and hospitality sector. The county's retailers also cut 50 jobs during the quarter. Government employment increased by 2.9 percent owing to employment gains in state and local government.

Construction is finally scheduled to begin in late spring on the long-delayed, \$330 million Four Winds Casino Resort. Once completed, the casino could employ as many as 2,000 workers. In addition, the developers expect to add a hotel to the complex at a later date. The Four Winds is projected to bring in revenues of approximately \$250 million in its first full year of operation.

Despite the loss of nearly 300 jobs in the area, the number of new claims for unemployment insurance fell by 12.5 percent during the quarter. In addition, the number of new dwelling units put under contract for construction shot up by nearly 60 percent.

**Niles–Benton Harbor MSA**  
(seasonally adjusted)

Measure	2005 Q4	2005 Q3	% change, Q3 to Q4	2004 Q4	% change, Q4 to Q4
<b>Employment (by place of work)</b>					
Total nonfarm employment	63,300	63,590	-0.5	64,270	-1.5
Goods-producing	16,360	16,630	-1.6	17,380	-5.9
Construction and mining	2,290	2,290	0.0	2,360	-3.0
Manufacturing	14,070	14,350	-2.0	15,020	-6.3
Durable goods (see table below)					
Nondurable goods (see table below)					
Private service–providing	38,820	39,060	-0.6	38,790	0.1
Transportation and utilities	2,260	2,290	-1.3	2,200	2.7
Wholesale trade	2,650	2,580	2.7	2,580	2.7
Retail trade	7,710	7,760	-0.6	7,770	-0.8
Information	800	800	0.0	900	-11.1
Financial activities	2,290	2,280	0.4	2,290	0.0
Professional and business services	4,750	4,740	0.2	4,740	0.2
Educational and health services	9,680	9,650	0.3	9,350	3.5
Leisure and hospitality	5,870	6,180	-5.0	6,150	-4.6
Other services	2,820	2,790	1.1	2,820	0.0
Government	8,120	7,890	2.9	8,090	0.4
<b>Unemployment</b>					
Number unemployed	5,150	5,400	-4.6	6,380	-19.3
Unemployment rate (%)	6.6	6.9		8.1	
<b>Local indexes</b>					
UI initial claims	177	202	-12.5	268	-33.9
New dwelling units <sup>a</sup>	959	605	58.6	1115	-13.9

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

<sup>a</sup> Seasonally adjusted annual rates.

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

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

Industry	2005 Q4	2004 Q4	Percent change	Industry	2005 Q4	2004 Q4	Percent change
<b>Goods-producing</b>	16,500	17,530	-5.9	Accommodations & food svcs.	5,100	5,200	-1.9
Durable goods	12,030	11,200	7.4				
Nondurable goods	2,970	3,100	-4.3	<b>Government</b>	8,430	8,400	0.4
				Local govt. educational svcs.	5,170	5,170	0.0
<b>Private service–providing</b>	38,970	39,000	-0.1				
Health care & social assistance	7,230	7,100	1.9				

SOURCE: Michigan Department of Labor and Economic Development.

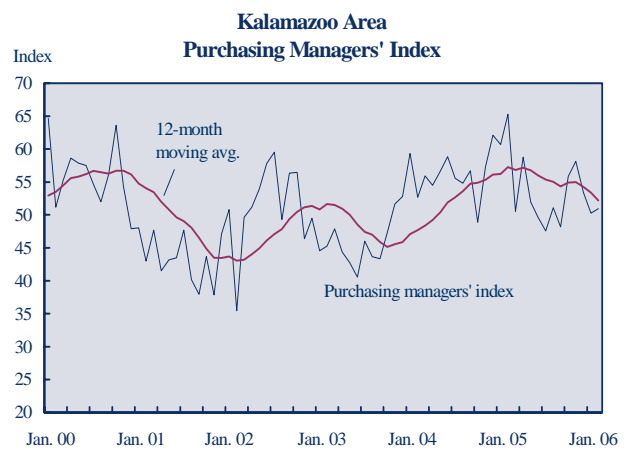
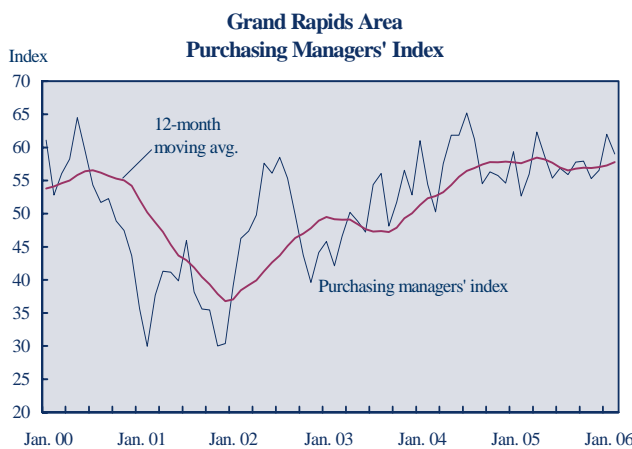
# Purchasing Managers' Index and Major Economic Developments

In the Grand Rapids area, economic conditions are “still nicely positive” although the Kalamazoo-area economy is “flat again,” according to the February edition of *Current Business Trends*, a monthly publication on the outlook of local purchasing managers.

As the chart below shows, purchasing managers in the Grand Rapids area have been feeling confident about their business activity during the past two years. Since the beginning of 2004, both the unadjusted purchasing managers' index and the moving average index have stabilized and have readings in the high 50s, suggesting that local firms have settled into an environment of maintainable growth. This confidence is evident across the measures of operational strength: over 90 percent of February survey respondents

indicate that sales, production, employment, and purchases are all either increasing or holding steady.

The Kalamazoo area chart illustrates very different conditions: during 2005, the outlook of local purchasing managers suffered a sustained decline. Although the first quarter of 2005 looked strong, during the remainder of the year the purchasing managers' index dropped below 50 three times, indicating months of negative growth. In February, one-third of survey respondents reported declining sales, and one-quarter indicated that production was declining. Confidence has not completely tanked, however, as over 70 percent of firms are still seeing steady employment, and nearly 30 percent are increasing their purchases.



## Major Economic Developments

### **Battle Creek MSA**

Eaton Corporation announced that it is closing its Hanover facility in Marshall by the end of the year, eliminating 105 jobs.

In Marshall, Oaklawn Hospital announced that it expects to add nearly 50 workers to its current workforce of 673 in 2006.

Duncan Aviation is in the midst of a \$19.5 million expansion. The company expects to hire between 50 and 100 workers in the next two years.

### **Grand Rapids–Wyoming MSA**

Siemens announced that it is laying off 60 white-collar employees at its headquarters and engineering center, and that it plans to close its postal automation plant in June, eliminating 225 jobs.

Riviera Tool Company has hired 10 workers, Grand Rapids Spring and Stamping will add 12 jobs, and Behr Industry America will add 30 jobs.

Meijer Incorporated announced that it will eliminate approximately 130 workers, as it plans to outsource some information technology work to India and farm out its consumer call center jobs to a Boston-based contractor.

### **Holland–Grand Haven MSA**

GKN Sinter Metals announced that it is closing its Zeeland plant in about nine months and laying off the plant's 72 employees.

Eagle-Ottawa Leather, a leather seating manufacturer, is moving 48 management positions from Grand Haven to its Rochester Hills headquarters.

Sara Lee Foods is expanding its county facility and hiring 25 more workers.

### **Kalamazoo–Portage MSA**

EIMO Americas of Vicksburg, a plastics firm that makes automotive components and casings for cellular phones, cut 33 workers.

In South Haven, DSM Pharma Chemical announced that it will close by Spring 2007, eliminating 140 jobs.

Pfizer's Portage facility is in line for more work from other Pfizer locations.

### **Muskegon–Norton Shores MSA**

Sappi has cut 280 of the identified 350 jobs that were scheduled to be eliminated. Workers in the remaining positions were to be let go in January or February, leaving approximately 220 workers in the plant.

Bekaert announced in February that it is closing its Muskegon manufacturing facility, which will eliminate 65 jobs.

ADAC plastics announced that it is adding 20 workers to its workforce of 480.

### **Niles–Benton Harbor MSA**

The Potlatch Corporation announced that it was closing its paper towel plant at the end of February, eliminating 35 jobs.

Weil-McLain eliminated 22 jobs when it closed its plant.

J.L. French Automotive Castings will close in April, laying off all of its 55 workers.

# Appendix Tables

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

Labor market area	Average for manufacturing production workers <sup>a</sup>						Civilian labor force unemployment rate <sup>b</sup>	
	December 2005						Oct. 2005	Dec. 2005
	Weekly hours	% change, 2004–05	Hourly earnings	% change, 2004–05	Weekly earnings	% change, 2004–05		
United States	40.3	0.0	\$17.82	2.2	\$718.15	2.2	4.6	4.6
Michigan	42.9	-0.7	22.02	0.6	944.66	-0.1	5.3	6.4
West Michigan MSAs:								
Battle Creek	—	—	—	—	—	—	5.1	5.9
Grand Rapids–Wyoming	44.6	6.2	17.73	-0.9	790.76	5.2	4.7	5.5
Holland–Grand Haven	—	—	—	—	—	—	4.0	4.9
Kalamazoo–Portage	39.0	-2.0	14.77	-9.7	576.03	-11.5	4.3	5.2
Muskegon–Norton Shores	—	—	—	—	—	—	5.6	6.4
Niles–Benton Harbor	—	—	—	—	—	—	5.3	6.4
Other labor market areas:								
Ann Arbor	—	—	—	—	—	—	3.3	3.8
Bay City	—	—	—	—	—	—	5.1	6.4
Detroit–Warren–Livonia	43.8	-1.8	25.64	1.7	1,123.03	-0.1	6.0	6.8
Flint	47.5	0.0	32.33	2.4	1,535.68	2.4	6.0	7.0
Jackson	—	—	—	—	—	—	5.2	6.1
Lansing–East Lansing	41.0	-5.3	24.92	-3.6	1,021.72	-8.8	4.7	5.4
Monroe	—	—	—	—	—	—	4.7	5.3
Saginaw	—	—	—	—	—	—	5.9	6.9

<sup>a</sup> Earnings include overtime and part-time wages.

<sup>b</sup> Seasonally adjusted rate for U.S. was 4.9 percent in October 2005 and 4.9 percent in December 2005. Seasonally adjusted rate for Michigan was 6.1 percent in October 2005 and 6.7 percent in December 2005.

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

**Table A-2**  
**Michigan Statistics**  
(seasonally adjusted)

Measure	2005 Q4	2005 Q3	% change, Q3 to Q4	2004 Q4	% change, Q4 to Q4
<b>Employment (by place of work)</b>					
Total nonfarm employment	4,354,800	4,352,470	0.1	4,391,700	-0.8
Goods-producing	865,870	861,230	0.5	887,470	-2.4
Natural resources and mining	8,330	8,200	1.6	8,000	4.1
Construction	187,730	186,970	0.4	189,770	-1.1
Manufacturing	669,800	666,070	0.6	689,700	-2.9
Durable goods	524,060	520,090	0.8	542,180	-3.3
Nondurable goods	145,740	145,980	-0.2	147,520	-1.2
Private service-providing	2,815,830	2,816,900	0.0	2,815,800	0.0
Transportation and utilities	125,830	126,930	-0.9	123,740	1.7
Wholesale trade	170,490	170,170	0.2	171,540	-0.6
Retail trade	503,280	508,370	-1.0	512,860	-1.9
Information	63,830	64,500	-1.0	66,730	-4.3
Financial activities	219,030	218,830	0.1	218,530	0.2
Professional and business services	589,070	582,830	1.1	586,900	0.4
Educational and health services	555,700	559,100	-0.6	553,030	0.5
Leisure and hospitality	407,130	405,670	0.4	403,700	0.8
Other services	181,470	180,500	0.5	178,770	1.5
Government	673,100	674,330	-0.2	688,430	-2.2
<b>Unemployment</b>					
Number unemployed	330,110	344,640	-4.2	375,130	-12.0
Unemployment rate (%)	6.5	6.7		7.4	
<b>State indexes (1996=100)</b>					
Help-wanted ads					
Detroit	28	27	3.7	31	-9.7
West Michigan (4 MSAs)	38	36	5.6	43	-11.6
Local components					
UI initial claims	17,056	17,503	-2.6	16,665	2.3
New dwelling units <sup>a</sup>	43,381	39,935	8.6	47,301	-8.3

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.

<sup>a</sup> 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**  
**Fourth Quarter to Fourth Quarter**  
(not seasonally adjusted)

Industry	2005 Q4	2004 Q4	Percent change	Industry	2005 Q4	2004 Q4	Percent change
<b>Goods-producing</b>	872,970	894,700	-2.4	Furniture & home furnishings	19,430	18,870	3.0
Primary metals	26,800	27,800	-3.6	Food and beverage	87,770	90,030	-2.5
Fabricated metal products	83,000	83,330	-0.4	Gasoline stations	25,170	26,130	-3.7
Machinery	76,430	76,170	0.3	Clothing & accessories	43,500	44,300	-1.8
Transportation equipment	239,330	252,800	-5.3	General merchandise	113,000	119,270	-5.3
Motor vehicle parts	162,630	169,130	-3.8	Prof., scientific, & tech. svcs.	248,430	246,330	0.9
Furniture & related products	23,470	25,470	-7.9	Educational services	70,770	70,430	0.5
Office furniture, incl. fixtures	16,870	18,470	-8.7	Ambulatory health care	162,230	163,400	-0.7
Food	31,000	31,130	-0.4	Social assistance	54,770	56,430	-2.9
Paper	14,400	14,570	-1.2	Food svcs. & drinking places	307,500	307,330	0.1
Printing and related support	17,530	18,600	-5.8	<b>Government</b>	699,470	714,400	-2.1
Chemical manufacturing	27,430	28,270	-3.0	Federal government	54,900	55,300	-0.7
Plastics & rubber products	42,530	43,370	-1.9	State government	174,970	176,670	-1.0
<b>Private service-providing</b>	2,833,570	2,833,800	0.0	Local government	469,600	482,430	-2.7
Automobile dealers	42,600	42,100	1.2	Local govt. educational svcs.	285,170	293,500	-2.8

SOURCE: Michigan Department of Labor and Economic Growth.

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

Area	Income distribution	2003 <sup>a</sup>	2002 <sup>a</sup>	2001 <sup>a</sup>	2000	1999	1998	1993
<b>Battle Creek MSA</b>	Total personal income (\$000)	3,719,430	3,636,736	3,500,169	3,471,425	3,375,735	3,309,346	2,630,383
	Per capita personal income (\$)	26,778	26,213	25,292	25,138	24,458	24,019	19,092
	Earnings per worker (\$)	43,839	41,642	39,345	39,571	38,554	37,284	31,154
	Manufacturing	74,738	67,745	56,636	66,528	63,699	61,702	50,267
	Private nonmanufacturing	32,142	31,393	31,058	26,708	26,787	26,429	21,354
<b>Grand Rapids–Wyoming MSA</b>	Total personal income (\$000)	22,261,844	21,517,522	21,581,116	20,818,408	19,547,808	18,656,627	13,706,735
	Per capita personal income (\$)	29,188	28,429	28,761	28,023	26,638	25,717	20,114
	Earnings per worker (\$)	42,490	40,689	39,759	37,976	36,622	35,309	29,815
	Manufacturing	68,808	61,560	57,196	54,938	54,092	52,091	44,100
	Private nonmanufacturing	36,119	35,183	34,692	32,536	30,963	29,650	24,410
Barry County	Total personal income (\$000)	1,658,324	1,614,576	1,644,316	1,574,634	1,502,771	1,418,974	950,996
	Per capita personal income (\$)	28,153	27,746	28,583	27,664	26,754	25,412	18,235
	Earnings per worker (\$)	26,663	25,397	25,386	23,788	22,963	21,932	22,776
	Manufacturing	54,721	48,476	45,622	46,509	44,053	41,588	37,861
	Private nonmanufacturing	20,188	19,451	19,569	16,838	16,408	15,323	17,085
Ionia County	Total personal income (\$000)	1,422,107	1,351,896	1,322,854	1,291,427	1,243,980	1,162,533	882,421
	Per capita personal income (\$)	22,319	21,393	21,310	20,941	20,218	18,830	14,334
	Earnings per worker (\$)	36,070	33,391	31,854	30,289	29,688	28,481	25,151
	Manufacturing	66,473	54,863	51,205	48,481	45,374	43,071	34,952
	Private nonmanufacturing	24,146	23,526	22,167	20,722	20,840	19,759	16,370
Kent County	Total personal income (\$000)	18,087,205	17,497,701	17,573,848	16,938,017	15,831,665	15,158,310	11,224,071
	Per capita personal income (\$)	30,624	29,830	30,195	29,392	27,837	27,010	21,354
	Earnings per worker (\$)	44,183	42,363	41,383	39,525	38,026	36,664	30,551
	Manufacturing	69,729	62,595	58,116	55,740	54,887	52,996	44,862
	Private nonmanufacturing	38,016	37,054	36,544	34,330	32,571	31,175	25,244
Newaygo County	Total personal income (\$000)	1,094,208	1,053,349	1,040,098	1,014,330	969,392	916,810	649,247
	Per capita personal income (\$)	22,123	21,529	21,333	21,123	20,454	19,642	15,417
	Earnings per worker (\$)	30,887	29,305	28,868	28,217	28,730	27,351	24,576
	Manufacturing	62,549	56,390	51,977	49,855	55,920	51,259	41,202
	Private nonmanufacturing	23,077	21,771	21,731	21,114	21,055	20,329	18,023
<b>Holland–Grand Haven MSA</b>	Total personal income (\$000)	7,129,647	6,858,601	6,763,271	6,677,656	6,408,233	6,108,511	4,271,527
	Per capita personal income (\$)	28,570	27,830	27,769	27,881	27,279	26,628	21,129
	Earnings per worker (\$)	41,279	38,936	37,357	35,928	35,196	33,479	27,628
	Manufacturing	62,021	55,752	50,491	51,319	49,619	47,962	39,880
	Private nonmanufacturing	30,853	29,726	29,628	26,852	26,498	24,918	20,356
<b>Kalamazoo–Portage MSA</b>	Total personal income (\$000)	9,257,337	8,818,635	8,551,586	8,325,202	8,036,278	7,823,376	6,214,091
	Per capita personal income (\$)	28,947	27,741	27,070	26,412	25,624	25,079	20,532
	Earnings per worker (\$)	41,275	38,493	36,897	35,139	34,791	33,773	29,137
	Manufacturing	80,938	67,859	61,182	61,119	58,788	60,086	49,882
	Private nonmanufacturing	31,813	30,948	30,296	27,573	27,480	26,276	21,969
Kalamazoo County	Total personal income (\$000)	7,354,125	7,036,782	6,843,529	6,642,895	6,420,365	6,307,681	5,002,083
	Per capita personal income (\$)	30,429	29,269	28,625	27,813	27,024	26,692	21,797
	Earnings per worker (\$)	42,259	39,301	37,678	35,757	35,283	34,663	30,006
	Manufacturing	85,372	71,329	64,425	64,566	62,105	63,900	52,636
	Private nonmanufacturing	32,096	31,291	30,715	27,882	27,614	26,811	22,391
Van Buren County	Total personal income (\$000)	1,903,212	1,781,853	1,708,057	1,682,307	1,615,913	1,515,695	1,212,008
	Per capita personal income (\$)	24,362	23,001	22,232	22,032	21,249	20,040	16,565
	Earnings per worker (\$)	35,713	33,989	32,528	31,752	31,994	28,858	24,073
	Manufacturing	53,996	48,315	43,805	45,343	42,777	41,359	33,299
	Private nonmanufacturing	29,999	28,772	27,618	25,588	26,582	22,880	19,241
<b>Muskegon–Norton Shores MSA</b>	Total personal income (\$000)	4,239,954	4,103,581	4,073,987	3,943,373	3,742,920	3,537,067	2,692,897
	Per capita personal income (\$)	24,468	23,826	23,760	23,122	22,104	21,036	16,513
	Earnings per worker (\$)	36,144	34,926	34,399	33,128	32,426	31,861	28,051
	Manufacturing	59,860	55,922	51,648	54,315	52,453	51,094	44,295
	Private nonmanufacturing	29,042	28,123	28,313	25,517	24,823	24,162	20,891
<b>Niles–Benton Harbor MSA (Berrien County)</b>	Total personal income (\$000)	4,490,169	4,369,739	4,320,029	4,239,424	4,076,482	3,865,273	3,068,843
	Per capita personal income (\$)	27,572	26,891	26,649	26,072	25,159	23,853	18,912
	Earnings per worker (\$)	38,565	36,997	35,519	34,324	33,543	30,952	28,118
	Manufacturing	65,450	61,291	55,109	57,169	55,250	51,978	44,025
	Private nonmanufacturing	30,653	29,644	29,098	26,497	25,928	23,276	21,086

<sup>a</sup> 2001 through 2003 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<sup>a</sup>**  
**U.S. City Average (1982-84=100)**

Year	Annual average	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>CPI for All Urban Consumers (CPI-U)</b>													
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
<b>CPI for Urban Wage Earners and Clerical Workers (CPI-W)</b>													
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

<sup>a</sup> 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:

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

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

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

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

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

Area	Estimate		U.S. Census April			Annual change (%)		
	July	2000	1990	1980	2000–	1990–	1980–	
	2004				2004 <sup>a</sup>	2000	1990	
<b>Michigan</b>	10,112,620	9,938,444	9,295,297	9,262,044	0.4	0.7	0.0	
<b>West Michigan Metropolitan Areas</b>								
<b>Battle Creek MSA (Calhoun County)</b>	139,067	137,985	135,982	141,557	0.2	0.1	-0.4	
Battle Creek city <sup>b</sup>	53,399	53,364	53,540	56,339	0.0	0.0	-0.5	
Albion city	9,184	9,144	10,066	11,059	0.1	-1.0	-0.9	
Marshall city	7,359	7,459	6,891	7,201	-0.3	0.8	-0.4	
<b>Grand Rapids–Wyoming MSA</b>	767,539	740,482	645,914	577,019	0.8	1.4	1.1	
Barry County	59,371	56,755	50,057	45,781	1.1	1.3	0.9	
Ionia County	64,378	61,518	57,024	51,815	1.1	0.8	1.0	
Kent County	593,898	574,335	500,631	444,506	0.8	1.4	1.2	
Grand Rapids city	195,115	197,800	189,126	181,843	-0.3	0.4	0.4	
East Grand Rapids city	10,482	10,764	10,807	10,914	-0.7	0.0	-0.1	
Grandville city	16,680	16,263	15,624	12,412	0.6	0.4	2.3	
Kentwood city	46,538	45,255	37,826	30,438	0.6	1.8	2.2	
Walker city	23,315	21,842	17,279	15,088	1.4	2.4	1.4	
Wyoming city	70,300	69,368	63,891	59,616	0.3	0.8	0.7	
Newaygo County	49,892	47,874	38,202	34,917	1.0	2.3	0.9	
<b>Holland–Grand Haven MSA (Ottawa County)</b>	252,351	238,314	187,768	157,174	1.3	2.4	1.8	
Grand Haven city	10,733	11,168	11,951	11,763	-1.0	-0.7	0.2	
Holland city <sup>c</sup>	34,606	35,048	30,745	26,281	5.6	1.3	1.6	
<b>Kalamazoo–Portage MSA</b>	319,265	314,866	293,471	279,192	0.3	0.7	0.5	
Kalamazoo County	240,724	238,603	223,411	212,378	0.2	0.7	0.5	
Kalamazoo city	73,960	77,145	80,277	79,722	-1.0	-0.4	0.1	
Portage city	45,210	44,897	41,042	38,157	0.2	0.9	0.7	
Van Buren County	78,541	76,263	70,060	66,814	0.7	0.9	0.5	
<b>Muskegon–Norton Shores MSA (Muskegon County)</b>	174,401	170,200	158,983	157,589	0.6	0.7	0.1	
Muskegon city	39,954	40,105	40,283	40,823	-0.1	0.0	-0.1	
Muskegon Heights city	11,807	12,049	13,176	14,611	-0.5	-0.9	-1.0	
Norton Shores city	23,287	22,527	21,755	22,025	0.8	0.3	-0.1	
<b>Niles–Benton Harbor MSA (Berrien County)</b>	163,125	162,453	161,378	171,276	0.1	0.1	-0.6	
Benton Harbor city	10,851	11,182	12,818	14,707	-0.7	-1.4	-1.4	
Niles city	11,876	12,204	12,456	13,115	-0.6	-0.2	-0.5	
St. Joseph city	8,701	8,789	9,214	9,622	-0.2	-0.5	-0.4	
<b>Total</b>	1,815,748	1,764,300	1,583,496	1,483,807	0.7	1.1	0.7	
<b>Rural Southwest Michigan</b>								
Allegan County	112,477	105,665	90,509	81,555	1.5	1.6	1.0	
Branch County	46,444	45,787	41,502	40,188	0.3	1.0	0.3	
Cass County	51,761	51,104	49,477	49,499	0.3	0.3	0.0	
Oceana County	28,415	21,645	22,454	22,002	1.3	-0.4	0.2	
St. Joseph County	62,964	62,422	58,913	56,083	0.2	0.6	0.5	
<b>Total</b>	302,061	286,623	262,855	249,327	0.8	0.9	0.5	

<sup>a</sup> 2000 to 2004 growth rate is based on July to July estimates.

<sup>b</sup> 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.

<sup>c</sup> 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.

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