Industry Sector Analysis

Growth, Core, and Competitive-Advantage Industries

Greater Mid-Michigan

Bay, Clinton, Eaton, Genesee, Huron, Ingham, Lapeer, Livingston, Midland, Saginaw, Sanilac, Shiawassee and Tuscola Counties

A Regional Profile
Prepared by:

Michigan Department of Labor & Economic Growth
Bureau of Labor Market Information and Strategic Initiatives

Introduction

Information is a key to the creation of a 21st century workforce. Developing a successful regional strategy requires a clear understanding of the scope of the regional economy, as well as the ability to identify key industries or clusters of industries with real significance to the regional economy.

The Bureau of Labor Market Information & Strategic Initiatives within the Department of Labor & Economic Growth produces a substantial volume of data on local economies and regional labor markets. This profile provides information on current labor market economic indicators and key industries for the local region.

Current Labor Market Indicators and Industry Job Trends

Page 4 of the profile presents information on **Current Labor Market Indicators**. This table compares regional performance with state and national trends and includes the current jobless rate, per capita income, and the average weekly wage for private sector industries. The rate of change is calculated over the past two years for population and labor force as well as the growth rate for private industry jobs. Also provided in the table is the expected ten-year forecast growth rate for jobs in all industries. These indicators provide some of the necessary information to evaluate the overall performance of the regional economy as it compares to the state and national economy.

Industry Job Trends on Page 5 is a chart containing the two-year growth rate in employment for several major industry sectors. This allows a comparison of the pace of local job gains with Michigan, and quickly identifies local industry sectors with recent job gains or losses. **Industry Job Distribution**, a chart on Page 6, presents the percent distribution of jobs in each of the major industry sectors. This is important because the share of jobs by industry is a key determinant of overall income in a region. Large shares of jobs in high wage sectors will produce an above average income stream for a region. Additionally, these shares help demonstrate the diversity of a regional economy. The chart gives a quick identification of local industries with job shares above or below statewide averages.

Profile of Regional Industries

Various regional and national indicators were used to sort the local area's detailed industries into five distinct categories: growth, declining, core, developing, and competitive-advantage industries. A description of each element follows.

The table of **Growth Industries** presents regional industries with faster than average employment gains since 2004. The **Declining Industries** table lists regional industries with declining employment.

Core Industries identify industries with a higher share of jobs in the local economy than the same industry produces in the national economy. If a region has a greater than average share of jobs in a given industry, that industry may be a core sector because it is generating jobs above and beyond what is typically needed to support local needs. This makes a core industry important because it is often a base industry that brings income from outside the region, thus generating additional local jobs throughout other sectors. A core industry can also form the basis for a regional industry cluster, as suppliers and other support service firms locate in the region because of its presence. One should note that a core industry does not necessarily record job growth. Although employment growth is an important variable to look at, regional strategies can be built around an industry of critical local importance, even if recent job trends have not been positive.

Developing Industries are defined as industries whose regional share of jobs is advancing faster than the average for that industry nationally. In other words, these industries locally are outpacing the nation in terms of job growth. A developing industry may represent an emerging sector with potential steady gains in regional importance.

Competitive-Advantage Industries are especially attractive because they rank high in several important variables beneficial to the regional economy and its workforce. They have a high combined rank in wage, employment size, employment growth and competitive employment performance. The importance of competitive-advantage industries is clear; they represent a combination of good economic indicators; are likely to have a local employment performance above what would be expected from national trends, supply some jobs with positive wages, provide a reasonably high number of jobs locally, and may have a good growth trend.

For further information on the Greater Mid-Michigan Region, please contact:

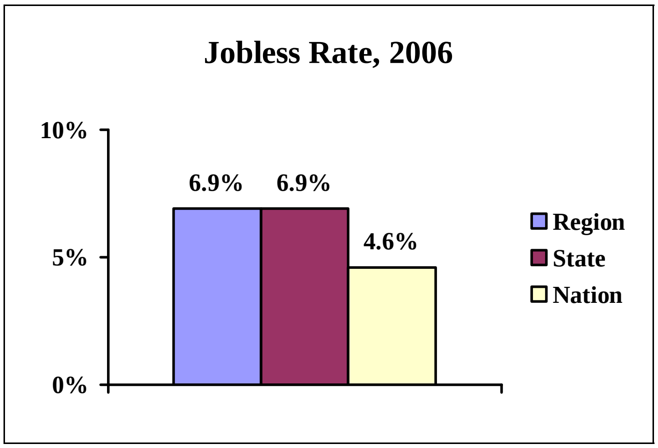
Mark Reffitt
Telephone (517) 492-5550
E-mail reffittm@michigan.gov

Or

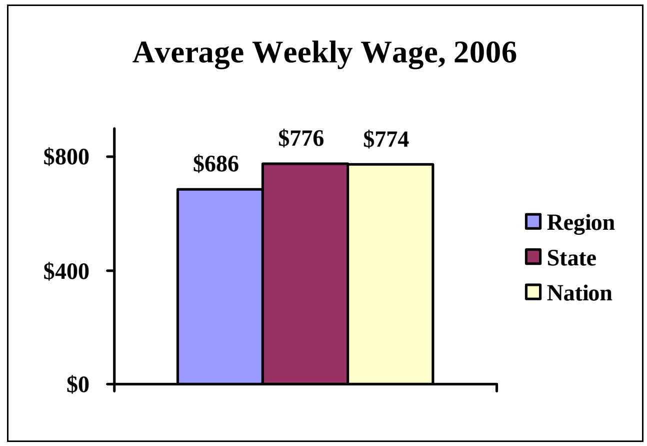
Jason Palmer
Telephone (989) 776-1508
E-mail palmerj2@michigan.gov

CURRENT LABOR MARKET INDICATORS

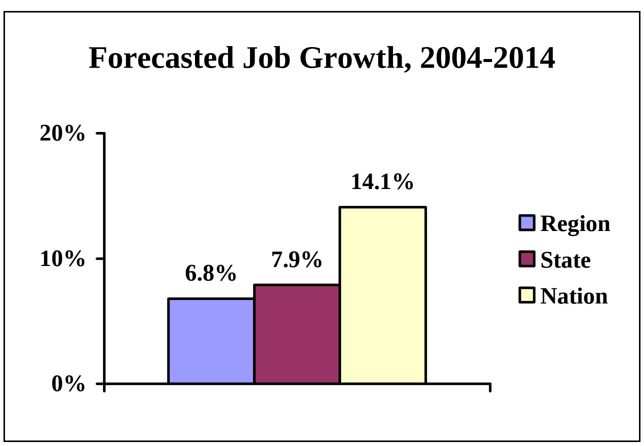
	Change (2004 to 2006)			Jobless Rate (2006)	Weekly Wage (2006)	Per Capita Income (2004)	Forecast Job Growth (2004-2014)
	Population	Labor Force	Industry Jobs				
Region	+0.1%	+1.0%	-2.4%	6.9%	$686	$28,997	+6.8%
State	0.0%	+0.6%	-1.2%	6.9%	$776	$32,079	+7.9%
Nation	+2.0%	+2.7%	+4.0%	4.6%	$774	$33,050	+14.1%



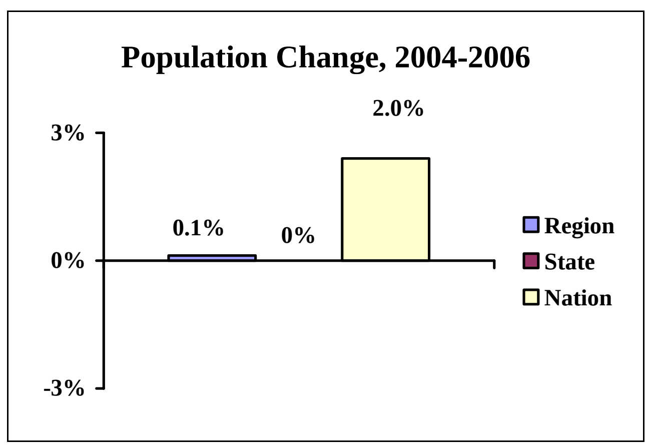
The region's jobless rate was the same as the statewide average in 2006. Major auto-related *Manufacturing* losses have contributed to the area's high unemployment rate, although the Lansing metro area's rate was lower than the regional average throughout this period.



Average weekly wages were approximately 12 percent lower in the region than statewide, in part due to a higher concentration of jobs in lower paying industries including *Retail Trade* and *Accommodation* and a lower share of jobs in high wage industries including *Professional and Technical Services*.

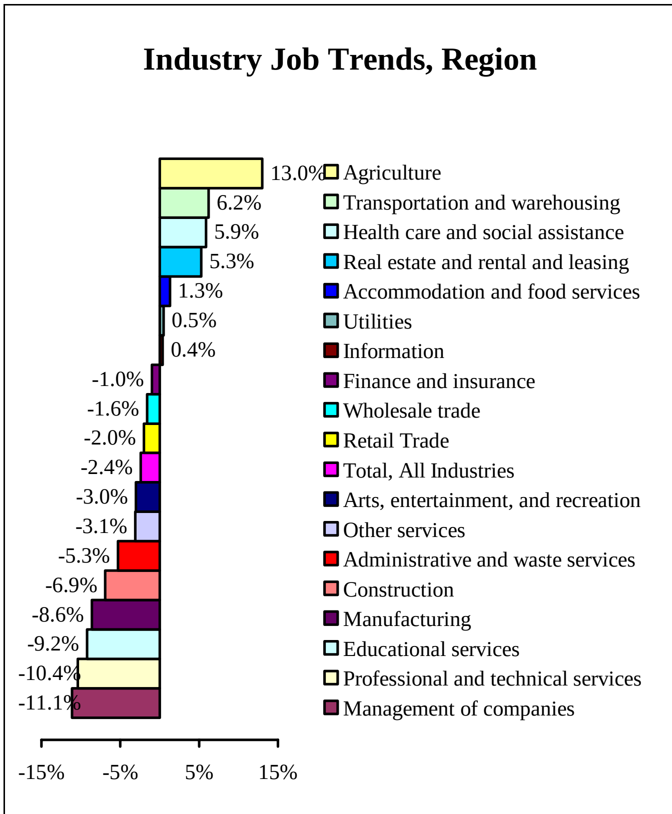


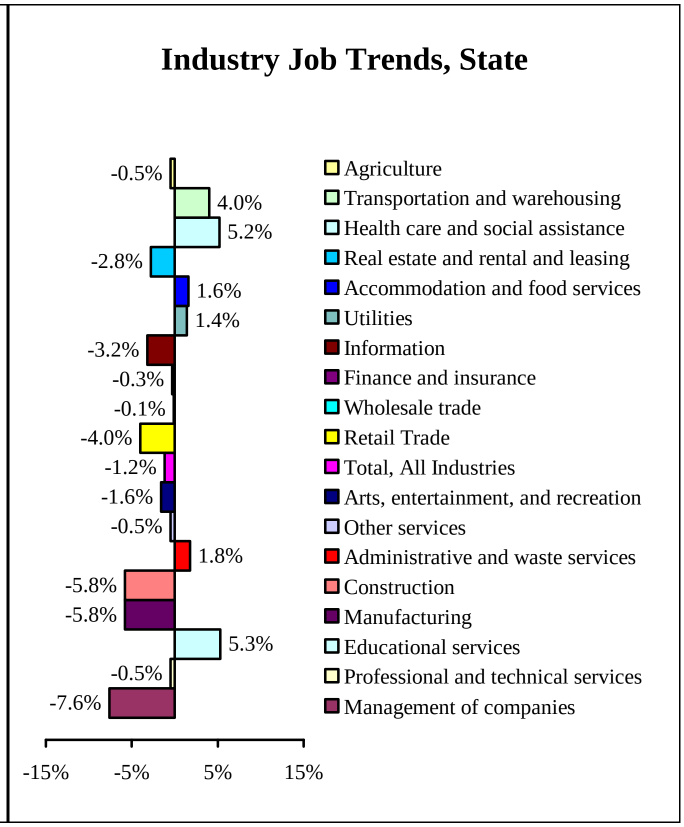
According to forecasts, regional job growth will be concentrated in the *Professional and Business Service* and the *Health Care* sectors.



The region's population growth mirrored the state. Population losses in some of the region were offset by substantial growth in Livingston County, which benefited from its proximity to the Detroit metro area.

INDUSTRY JOB TRENDS (2004 –2006)





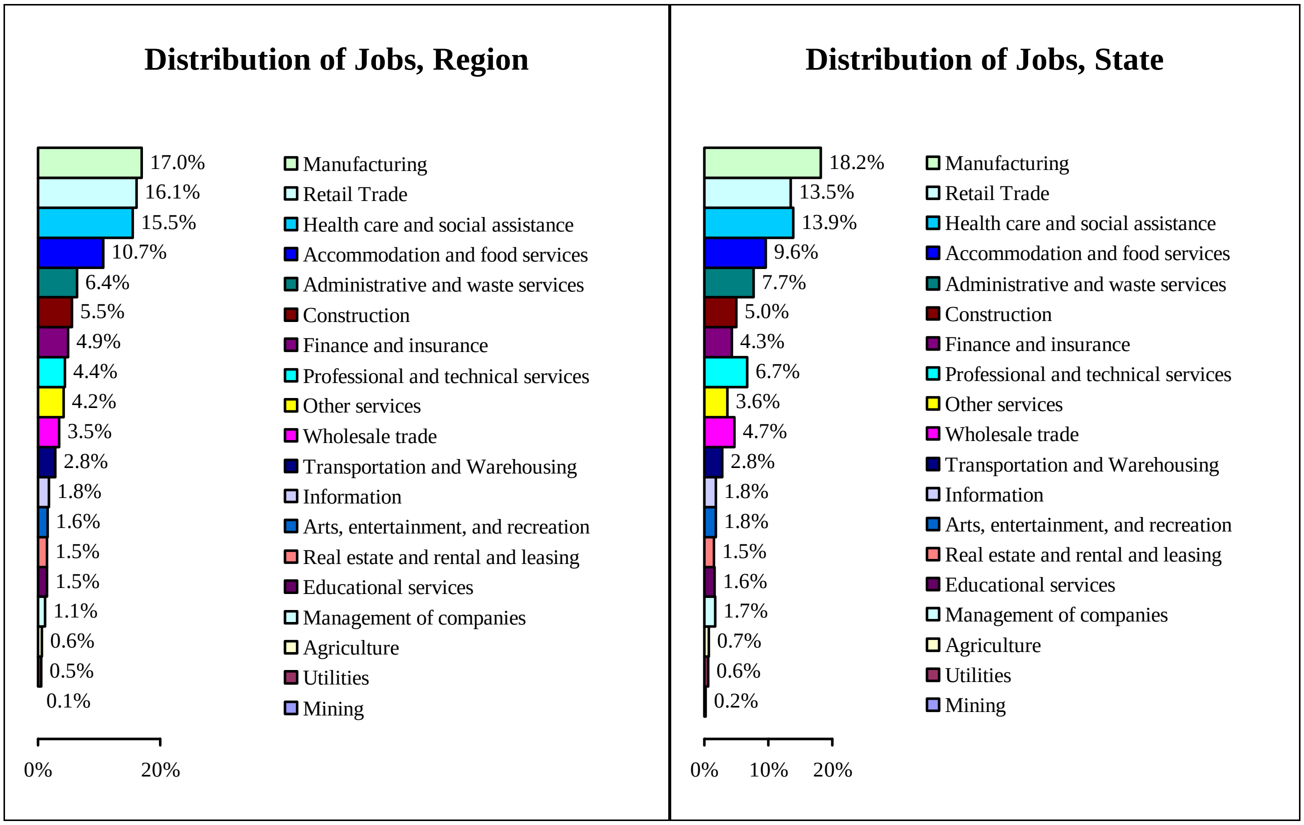
- Private payroll jobs declined by over 13,000 in the Greater Mid-Michigan region between 2004 and 2006. The 2.4 percent rate of decline in the 13-county area was double the 1.2 percent loss for the state. Both regions substantially lagged national job growth, which was measured at 4.0 percent.

- Nearly 40 percent of the net job reduction was attributable to the regional *Manufacturing* sector, which lost over 8,300 positions between 2004 and 2006. Large scale auto-related cutbacks due to economic restructuring in that sector caused much of the overall decline. Other major industries with job cuts were *Professional and Technical Services* (-2,700 jobs), *Construction* (-2,100), *Administrative and Waste Services* (-1,900), and *Management of Companies* (-700).

- Some industries moved counter to the statewide trend and showed job growth regionally while declining statewide. The *Agriculture* sector grew 13.0 percent compared to the losses seen statewide. *Transportation and Warehousing* also fared better in the Mid-Michigan region, growing 6.2 percent versus the state's 4.0 percent.

- *Management of Companies* and *Professional and Technical Services* took particularly large hits in the region over this period. Each declined by over 10 percent from 2004 to 2006, with more substantial declines than those observed statewide in these sectors.

INDUSTRY JOB DISTRIBUTION (2ND QUARTER 2006)



- Three industries account for half of all jobs in the Greater Mid-Michigan region: *Manufacturing* (89,000), *Retail Trade* (84,300), and *Health Care and Social Assistance* (81,200).

- Of the top five largest industries in the regional economy, only *Health Care and Social Assistance* and *Accommodation and Food Services* recorded positive growth from 2004 to 2006. The other three industries, *Manufacturing*, *Retail Trade*, and *Administrative and Waste Services*, combined to account for a loss of 12,000 jobs over the two-year period, representing over 90 percent of the overall job loss in the region.

- Compared to the state, the region carries a lower share of jobs in *Professional and Technical Services* but a higher proportion of employment in *Health Care and Social Assistance*. Both of these so-called "knowledge" industries are expected to grow throughout 2012, and will require higher education and training relative to declining industries.

- The region now contains a somewhat smaller share of Manufacturing jobs than the state, with 17.0 percent or nearly 89,000 jobs in 2006. This is down from an 18.1 percent share (97,200 jobs) just two years ago.

PROFILE OF REGIONAL INDUSTRIES

Growth Industries (Regional industries with faster than average employment growth)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Truck Transportation	5,392	$758	+18.5	+6.3
Social Assistance	10,150	$341	+12.4	+2.7
Telecommunications	3,985	$895	+10.8	-4.1
Clothing Stores	5,704	$285	+10.3	+0.4
Accommodation	4,079	$284	+7.4	+3.5
Ambulatory Health Care Services	28,275	$856	+7.2	+5.2
Nursing and Residential Care Facilities	13,843	$410	+6.1	+5.2
Heavy and Civil Engineering Construction	2,427	$941	+5.2	+20.5
Health and Personal Care Stores	5,224	$571	+4.3	+11.8
Hospitals	28,938	$861	+2.5	+24.8

Declining Industries (Regional industries with declining employment)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Transportation Equipment Manufacturing	38,237	$1,394	-15.9	+10.5
Primary Metal Manufacturing	3,755	$1,210	-14.8	+2.8
Miscellaneous Store Retailers	4,248	$353	-13.9	+9.0
Management of Companies	5,693	$1,455	-11.1	+0.5
Professional and Technical Services	23,257	$1,008	-10.4	+6.8
Repair and Maintenance	6,331	$533	-10.0	+1.2
Educational Services	7,796	$533	-9.2	+2.1
Specialty Trade Contractors	18,845	$748	-8.9	+7.5
Merchant Wholesalers, Nondurable Goods	4,251	$796	-7.5	+12.1
Administrative and Support Services	32,024	$477	-5.9	+6.3

Core Industries (Region has a higher share of jobs in this industry than nationally)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Transportation Equipment Manufacturing	38,237	$1,394	-15.9%	+10.5%
Plastics and Rubber Products Manufacturing	7,109	$775	-4.3%	+5.3%
Primary Metal Manufacturing	3,755	$1,210	-14.8%	+2.8%
Membership Associations and Organization	9,836	$497	-0.4%	+12.0%
Chemical Manufacturing	6,275	$1,409	+1.9%	+8.5%
General Merchandise Stores	20,525	$362	+0.2%	+11.1%
Hospitals	28,938	$861	+2.5%	+24.8%
Fabricated Metal Product Manufacturing	10,295	$778	+2.5%	+6.2%
Building Material and Garden Supply Stores	9,024	$510	-5.0%	+8.1%
Insurance Carriers and Related Activities	11,880	$991	-2.8%	+8.0%

Developing Industries (Region's share of jobs advancing faster than national average)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Animal Production	1,125	$487	+19.1%	+6.2%
Telecommunications	3,985	$895	+10.8%	-4.1%
Truck Transportation	5,392	$758	+18.5%	+6.3%
Crop Production	1,712	$394	+10.8%	-1.4%
Miscellaneous Manufacturing	2,002	$769	+10.1%	+13.6%
Waste Management and Remediation Service	1,563	$810	+11.1%	+11.3%
Nursing and Residential Care Facilities	13,843	$410	+6.1%	+5.2%
Social Assistance	10,150	$341	+12.4%	+2.7%
Hospitals	28,938	$861	+2.5%	+24.8%
Transit and Ground Passenger Transportation	1,192	$418	+19.6%	+6.0%

Competitive-Advantage Industries (Regional industries with a favorable combination of wage, employment change, and competitive employment performance vs. national trends)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Ambulatory Health Care Services	28,275	$856	+7.2%	+5.2%
Truck Transportation	5,392	$758	+18.5%	+6.3%
Hospitals	28,938	$861	+2.5%	+24.8%
Nursing and Residential Care Facilities	13,843	$410	+6.1%	+5.2%
Social Assistance	10,150	$341	+12.4%	+2.7%
Chemical Manufacturing	6,275	$1,409	+1.9%	+8.5%
Health and Personal Care Stores	5,224	$571	+4.3%	+11.8%
Fabricated Metal Product Manufacturing	10,295	$778	+2.5%	+6.2%
Credit Intermediation and Related Activities	12,050	$762	+0.7%	+2.1%
Merchant Wholesalers, Durable Goods	10,271	$864	+0.3%	+8.3%

- *Health Care Services* dominate the region's growth industries. *Hospitals*, *Ambulatory Health Care Services*, and *Nursing and Residential Care Facilities* combined to account for over 71,000 jobs in 2006 – an increase of 3,400 or roughly five percent. The average wage across these three sectors was $776 in 2006, about 12 percent above the overall regional average.

- Two auto-related *Manufacturing* industries top the region's declining industries list. These industries – *Transportation Equipment Manufacturing* and *Primary Metal Manufacturing* – shed 7,900 jobs between 2004 and 2006.

- Other sectors reporting large declines include a cross-section of industries, many of which were associated with a relatively high average weekly wage; in fact, average wages for all declining industries was measured at $850 compared to $570 for all growth industries.

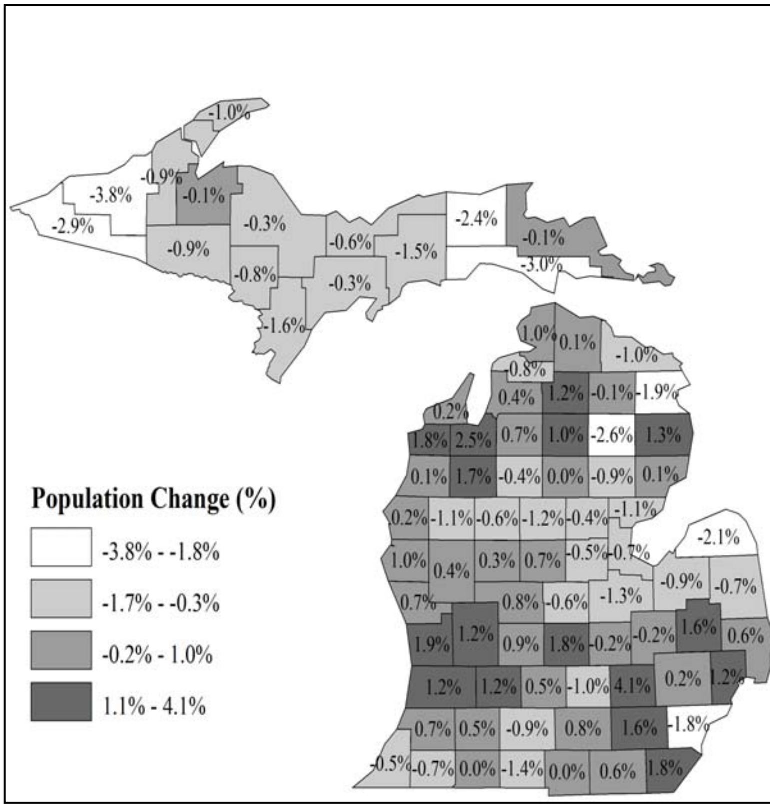
- Five of the region's ten core industries were manufacturing-related. While *Transportation Equipment Manufacturing* was a strong core industry, it is important to note other manufacturing industries – *Plastics and Rubber Manufacturing* and *Chemical Manufacturing* – were represented, showing some diversity in the Greater Mid-Michigan *Manufacturing* sector.

- The region's developing industries represented a diverse mix of sectors ranging from *Agriculture* to *Health Care*. Expansion in the area's health and helping industries reflected the region's growing need to provide related services to an aging population. Growth in *Animal Production* and *Crop Production* partly illustrates related economic activity in the Thumb and Lansing areas.

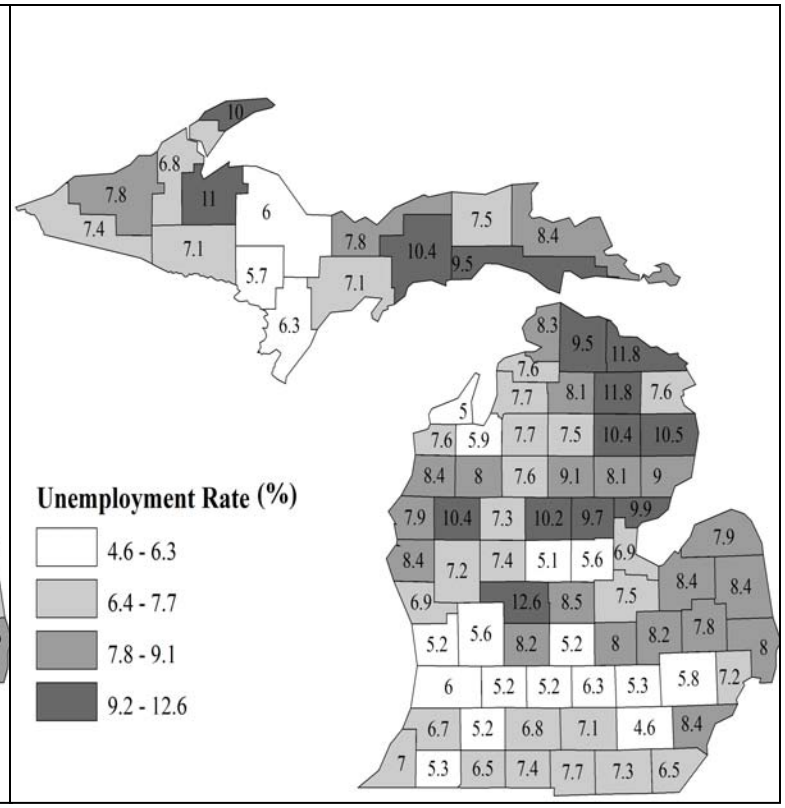
- Greater Mid-Michigan boasts an assortment of competitive advantage industries. In addition to several health-related industries, the region realizes a competitive advantage in *Truck Transportation*, which – in part – reflects the region's central location. The *Chemical Manufacturing* industry holds a competitive advantage due to major employers and headquarters that are located within area counties.

APPENDIX I: MAPPING ECONOMIC TRENDS

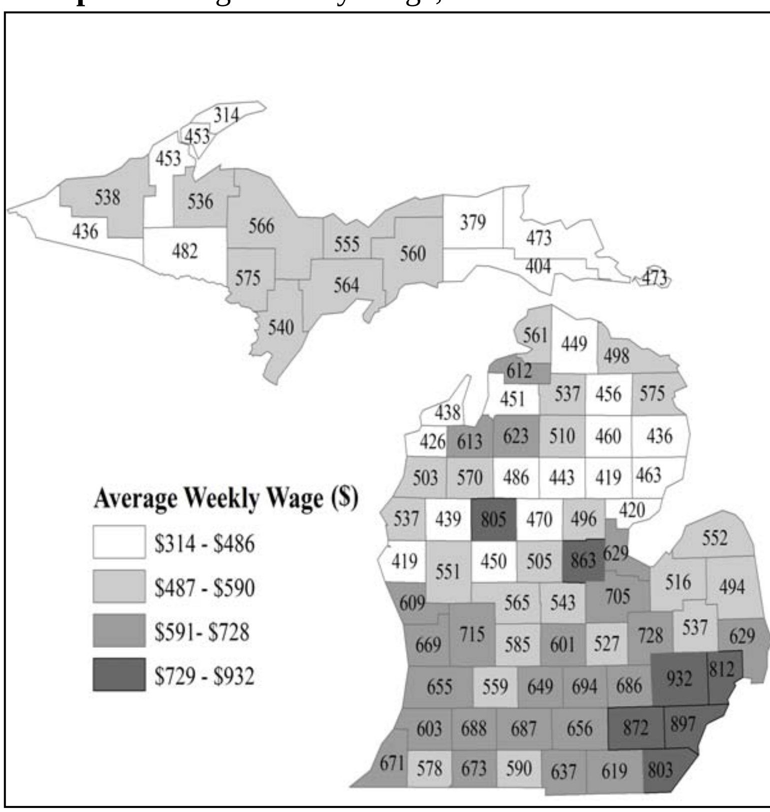
Map 1: Change in Population, 2004-2006



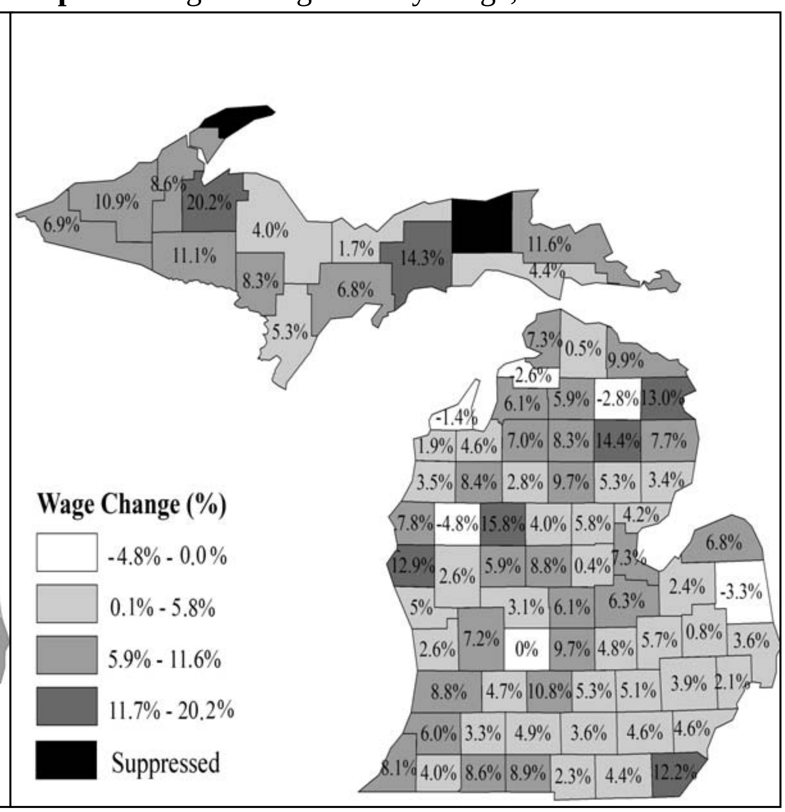
Map 2: Unemployment Rate, Average 2006



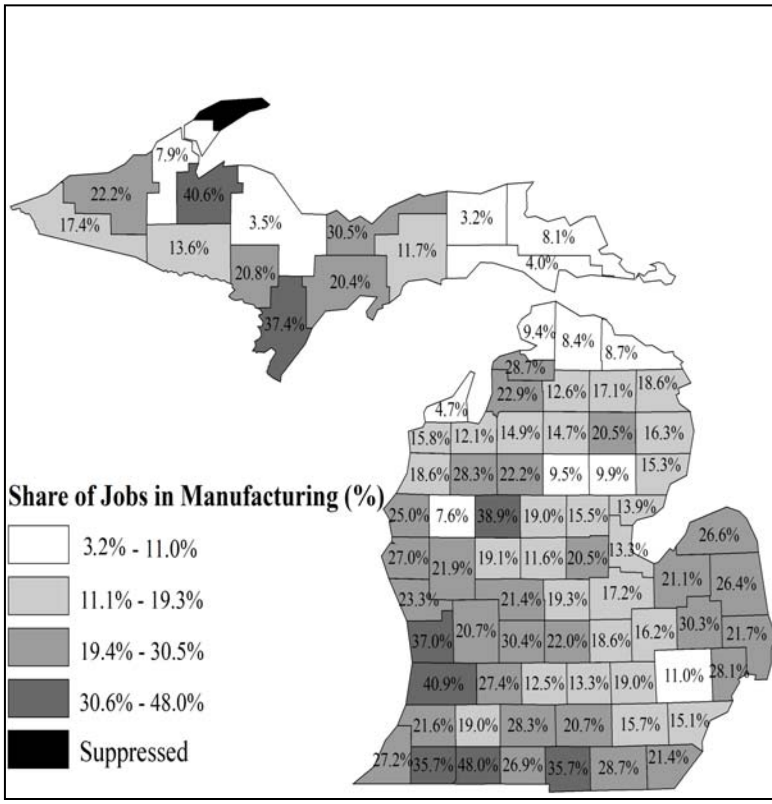
Map 3: Average Weekly Wage, 2006



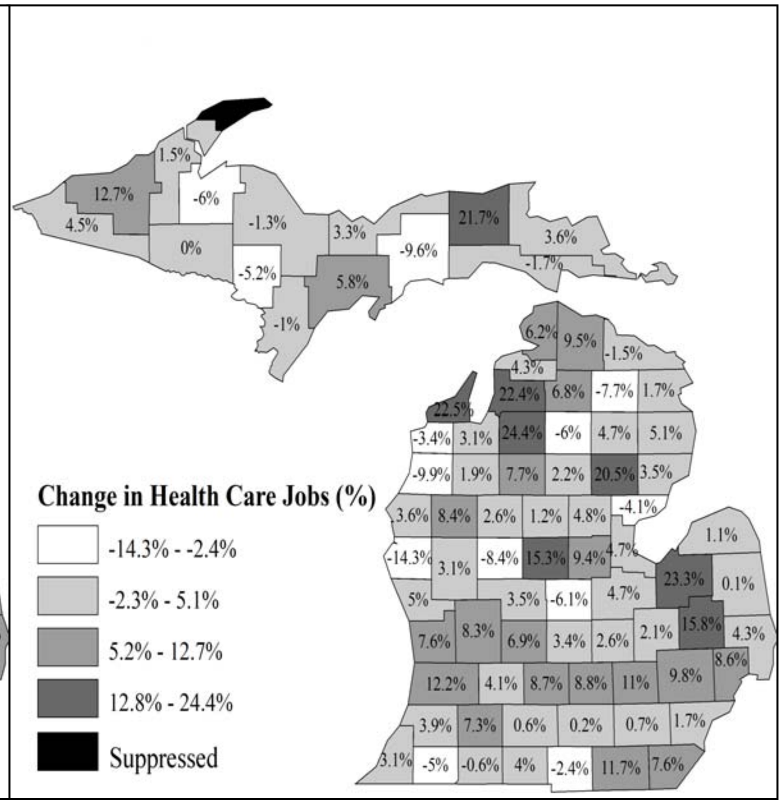
Map 4: Change in Avg. Weekly Wage, 2004-2006



Map 5: Percentage of Total Private Jobs in the Manufacturing Sector, 2006



Map 6: Change in Private Health Care & Social Assistance Sector Jobs, 2004 to 2006



Map Created by:

Michigan Department of Labor & Economic Growth

Bureau of Labor Market Information and Strategic Initiatives