

Michigan Economy to Grow Faster Than in 2023

Michigan's economy is anticipated to grow by 1.8% in 2024, above last year's growth, but slightly below the national economy's. High interest rates and consumer prices continue to weigh on the Great Lake State's economy, as do negative spillovers from national and global headwinds. The auto sector will be a bright spot for Michigan, with production averaging comfortably above 2019's pace as supply chains normalize further and the COVID-19 disruptions fade.

Payroll growth is expected to slow to around 0.7% in 2024, well below last year's rate. Michigan's unemployment rate, which fell notably as auto production normalized, is set to increase and average 4.3% this year, somewhat higher than the 3.9% national unemployment rate. Subdued employment growth and higher unemployment rates are expected to weigh on total personal income, which is projected to rise at a moderate pace of 3.4%, a tad above inflation.

Housing construction and sales are rebounding in 2024 after precipitous declines last year. Single-family construction is anticipated to lead the recovery, with 16,400 units projected to be added to housing supply this year. A sharp increase in vacancy rates last year will weigh on the multifamily segment, resulting in multifamily construction holding steady at around 5,000 units. Reflecting demand and supply imbalances in the housing market, house prices are forecast to rise sharply this year by around 9%. As more residential units are built in 2024 and 2025, house price inflation is projected to ease, especially in the latter quarters of 2025.

Michigan Economic Outlook											
	1Q'24p	2Q'24f	3Q'24f	4Q'24f	1Q'25f	2Q'25f	3Q'25f	4Q'25f	2023a	2024f	2025f
State Output											
Real GDP (Chained 2017 Billions \$)	555	557	559	561	562	564	565	566	548	558	564
Percent Change Annualized	1.7	1.5	1.1	1.4	1.1	1.1	0.8	0.6	1.5	1.8	1.1
Labor and Demographics											
Payroll Jobs (Millions)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Percent Change Annualized	1.5	1.2	0.9	0.8	0.3	0.4	0.8	0.9	1.8	0.7	0.6
Unemployment Rate (Percent)	4.2	4.3	4.4	4.4	4.6	4.6	4.5	4.4	3.9	4.3	4.5
Population (Millions)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Percent Change Annualized	-0.1	-0.4	-0.2	-0.3	-0.4	-0.4	-0.2	-0.4	0.0	-0.2	-0.3
Personal Income											
Total Personal Income (Nominal Billions \$)	612	618	622	626	630	635	641	647	599	619	638
Percent Change Annualized	3.8	3.5	3.0	2.5	2.8	3.0	3.6	3.9	4.7	3.4	3.0
Housing											
Housing Starts (Thousands, Annual Rate)	21.1	21.1	21.3	21.3	21.4	21.8	22.2	22.4	19.4	21.2	22.0
Percent Change Annualized	-29.2	1.0	2.9	1.3	2.2	6.6	7.8	3.9	-6.6	8.9	3.7
Single-Family Housing Starts (1,000s Units, Annual Rate)	16.0	16.4	16.6	16.6	16.8	17.0	17.3	17.5	14.7	16.4	17.2
Multi-Family Housing Starts (1,000s Units, Annual Rate)	5.0	4.7	4.7	4.7	4.7	4.8	4.9	4.9	4.8	4.8	4.8
House Price Index, FHFA (1991 Q1=100, SA)	361	370	382	383	381	387	395	391	345	374	388
Year/Year Percent Change	8.6	8.8	9.0	7.0	5.5	4.5	3.3	1.9	6.7	8.3	3.8

a = actual p=provisional f = forecast

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