

SPECIAL REPORT: AN INSIDE LOOK AT MICHIGAN'S REGIONAL ECONOMIES

By [John Bebow](#) - October 15, 2009

Beyond the dismal unemployment numbers, what's happening in Michigan's economy? Are there spots of growth? Are some regions healthier than others? How do Michigan's distinct regional economies compare to others in the Great Lakes and across the nation?

New numbers from the feds provide fascinating and provocative answers to those questions.

At the end of September, the U.S. Bureau of Economic Analysis provided detailed estimates of the health of hundreds of regional economies across the United States, including 14 in Michigan. This pulse of regional economies comes in the form of estimates of regional gross domestic product – the total value of all goods and services produced by region. The estimates illustrate how a region's economy is growing or shrinking and how regional economies stack up against one another.

The Center for Michigan crunched the inflation-adjusted numbers for Michigan and other Great Lakes states. We offer many of charts and details below. The high points:

NO BIG SECRET HERE, BUT GREAT LAKES ECONOMIES LAG THE NATION, AND MICHIGAN REGIONS LAG THE GREAT LAKES: Overall, regional economies across the United States grew an average of 17 percent from 2001-08. The 65 regional economies in the Great Lakes averaged 8 percent growth. Michigan's 14 regional economies combined shrunk 1 percent.

BEST IN THE WEST: The regional economies of Grand Rapids, Kalamazoo, St. Joe-Benton Harbor, Battle Creek, and Holland have all grown and fared better than most of their counterparts elsewhere in Michigan.

MICHIGAN MANUFACTURING REMAINS HUGE: Michigan has lost hundreds of thousands of manufacturing jobs this decade, but the total manufacturing picture is not as bleak as the jobs picture. The total value of manufactured goods has actually increased this decade in half of Michigan's 14 regional economies. The total value of manufactured goods rose a whopping 45 percent in Battle Creek, with Holland, Jackson, Lansing, and St. Joe-Benton Harbor also seeing double-digit gains.

HEALTH CARE & EDUCATION ARE THE STARS: Universities, hospitals, and their related research have served as crucial economic engines. All 14 metro economies in Michigan have posted double-digit percentage gains in the broad GDP category of “education and health services.”

SILENT HAMMERS: Construction is down everywhere – off by more than 50 percent in most of Michigan's regional economies.

GOVERNMENT FEELS THE PAIN: Conventional wisdom suggests it's only fair for Michigan's public sector to feel the pain so evident in the private sector. Well, government has felt the pain. The size of government, as measured by GDP, is down in every metro economy in Michigan except Ann Arbor and St. Joe-Benton Harbor.

WE STILL LIKE TO SHOP: The total value of retail trade is up in most metro economies, with double-digit increases in Grand Rapids, Flint, Kalamazoo, and Muskegon.

QUALITY OF LIFE BRINGS ECONOMIC GROWTH: The total value of arts, entertainment, and recreation is up in most metro economies, with biggest gains in Ann Arbor (32%), Lansing (19%), Detroit (16%), and Kalamazoo (13%).

DETAILED CHARTS TRACKING GREAT LAKES & MICHIGAN REGIONAL GDP

The federal government tracks 65 separate regional economies in the Great Lakes states of Michigan, Ohio, Indiana, Illinois, Wisconsin, and Minnesota. Regional economies in those Great Lakes states have grown half as fast as regional economies across the United States since 2001...

MIDWESTERN GDP TRENDS 2001-08 (INFLATION ADJUSTED \$ MILLIONS)				
Metropolitan Area	2001	2005	2008	% CHG. 2001-08
U.S. GDP for all Metros	\$9,046,139	\$10,037,528	\$10,622,056	17%
Great Lakes Metros	\$1,524,817	\$1,625,936	\$1,643,779	8%

Michigan suffered most...

METRO GDP BY STATE 2001-08 (INFLATION-ADJUSTED \$ MILLIONS)					
	2001	2005	2008	% CHANGE 2001-08	% CHANGE 2005-08
MICHIGAN METROS	\$ 296,251	\$ 307,726	\$ 294,578	-1%	-4%
ILLINOIS METROS	\$ 456,027	\$ 480,830	\$ 503,071	10%	5%
INDIANA METROS	\$ 141,609	\$ 156,004	\$ 158,036	12%	1%
MINNESOTA METROS	\$ 163,552	\$ 182,075	\$ 189,149	16%	4%
OHIO METROS	\$ 338,700	\$ 361,649	\$ 356,486	5%	-1%
WISCONSIN METROS	\$ 139,904	\$ 150,625	\$ 156,892	12%	4%

Among the Midwest's 15 largest regional economies, Madison and Minneapolis-St. Paul have fared the best this decade. Detroit has fared worst...

LARGEST 15 MIDWESTERN ECONOMIES 2001-08 (INFLATION-ADJUSTED \$ MILLIONS)					
Metropolitan Area	2001	2005	2008	% CHANGE 2001-08	% CHANGE 2005-08
Madison, WI	\$ 22,883	\$ 26,133	\$ 27,738	21%	6%
Minneapolis-St. Paul, MN	\$ 142,733	\$ 157,661	\$ 164,067	15%	4%
Indianapolis, IN	\$ 71,062	\$ 78,014	\$ 79,684	12%	2%
Akron, OH	\$ 20,729	\$ 23,229	\$ 23,214	12%	0%
Milwaukee, WI	\$ 63,986	\$ 67,323	\$ 70,634	10%	5%
Chicago, IL	\$ 396,279	\$ 417,143	\$ 435,061	10%	4%
Columbus, OH	\$ 69,975	\$ 75,153	\$ 76,050	9%	1%
Cincinnati, OH	\$ 75,968	\$ 82,169	\$ 81,831	8%	0%
Lansing-E. Lansing, MI	\$ 14,613	\$ 15,397	\$ 15,667	7%	2%
Grand Rapids, MI	\$ 26,953	\$ 29,040	\$ 28,429	5%	-2%
Ann Arbor, MI	\$ 15,096	\$ 16,295	\$ 15,799	5%	-3%
Cleveland, OH	\$ 83,939	\$ 88,964	\$ 86,649	3%	-3%
Toledo, OH	\$ 21,671	\$ 22,830	\$ 22,087	2%	-3%
Dayton, OH	\$ 28,550	\$ 29,800	\$ 29,096	2%	-2%
Detroit, MI	\$ 183,222	\$ 187,702	\$ 177,387	-3%	-5%

The economies in eight "star" regions in the Great Lakes states have outpaced nationwide growth this decade...

HIGHEST-FLYING MIDWEST METRO ECONOMIES (2001-08)				
Metro Area	2001	2005	2008	% CHG. 2001-08
All U.S. Metros	\$ 9,046,139	\$10,037,528	\$ 10,622,056	17%
Great Lakes Ave.	\$ 1,524,817	\$ 1,625,936	\$ 1,643,779	8%
Rochester, MN	\$ 6,070	\$ 7,481	\$ 7,906	30%
Eau Claire, WI	\$ 4,147	\$ 4,916	\$ 5,212	26%
Mankato, MN	\$ 2,567	\$ 3,068	\$ 3,173	24%
Columbus, IN	\$ 2,967	\$ 3,252	\$ 3,664	23%
St. Cloud, MN	\$ 5,105	\$ 6,105	\$ 6,254	23%
Elkhart, IN	\$ 7,300	\$ 9,214	\$ 8,890	22%
Madison, WI	\$ 22,883	\$ 26,133	\$ 27,738	21%
South Bend, IN	\$ 8,759	\$ 10,349	\$ 10,569	21%

Looking just at Michigan's 14 regional economies, those in the West have fared better than the rest...

MICHIGAN METRO GDP TRENDS 2001-08 (INFLATION-ADJUSTED \$ MILLIONS)					
Metropolitan Area	2001	2005	2008	% CHG. 01-08	% CHG. 05-08
All U.S. Metros	\$ 9,046,139	\$ 10,037,528	\$ 10,622,056	17%	6%
Battle Creek	\$ 3,874	\$ 4,214	\$ 4,328	12%	3%
Kalamazoo	\$ 9,142	\$ 9,780	\$ 9,996	9%	2%
Lansing - E. Lansing	\$ 14,613	\$ 15,397	\$ 15,667	7%	2%
Holland	\$ 7,773	\$ 8,664	\$ 8,242	6%	-5%
St. Joe-Benton Harbor	\$ 4,380	\$ 4,470	\$ 4,630	6%	4%
Grand Rapids	\$ 26,953	\$ 29,040	\$ 28,429	5%	-2%
Ann Arbor	\$ 15,096	\$ 16,295	\$ 15,799	5%	-3%
Jackson	\$ 3,960	\$ 4,245	\$ 4,069	3%	-4%
Monroe	\$ 3,186	\$ 3,556	\$ 3,262	2%	-8%
Bay City	\$ 2,433	\$ 2,471	\$ 2,486	2%	1%
Muskegon	\$ 3,941	\$ 4,121	\$ 3,949	0%	-4%
Detroit	\$ 183,222	\$ 187,702	\$ 177,387	-3%	-5%
Flint	\$ 11,349	\$ 11,601	\$ 10,651	-6%	-8%
Saginaw	\$ 6,329	\$ 6,170	\$ 5,683	-10%	-8%

More details are available from the U.S. Bureau of Economic Analysis (www.bea.gov).