



2023 Economic Outlook

Key Take Aways from The Right Place

State of the Region (West Michigan / Grand Rapids Metropolitan Area)

- From the perspective of population growth, West Michigan and the Grand Rapids Metropolitan area are the place to be
 - 2.1% outpaces the national average
 - Increased diversity
 - People don't move to states, they move to locations and specific cities which helps the regional outlook
 - Affordable cost of living compared to similar metros and tourism surpassing pre-pandemic levels
- Employment has finally returned to pre-pandemic levels and unemployment has stabilized below 4%
- Industrial vacancy rate is low at 2%
 - Non-residential construction should be strong
- Comparatively affordable housing market
 - Rising prices, yet median housing price below \$62K below national average
- West Michigan population will continue to see growth through 2050 than decline
- Strong Tech Sector growth at 3.9%
- Positive business leader outlook locally
- Economic development continues to be strong
 - Strong labor pool and knowledgeable workforce
 - Younger than national average with 26% under 19
 - Record educational attainment with 35% possessing Bachelor's degree or better
 - Solid infrastructure
 - Favorable business environment
- Sizable Gotion Project (\$2.4B Big Rapids EV battery manufacturer) will continue to improve area metrics. This project is roughly half of new investment from previous 35 years.

Michigan Outlook

- Interest rates will continue to run high through 2024
- Look for a recession in the second half of 2023
 - Growth will slow with expected job losses
- Michigan should hold up better than the nation as a whole
- Real personal income is significantly lower from both inflation and tax policy
 - Income has collapsed with the biggest decline since 1932
 - Return to 2109 real income level by end of 2024
- Pay scales in the state will have to increase
- Inflationary pressure to continues through the year seeing improvement in 2024
- Michigan's population is expected to continue to decline
 - Michigan's population is older than Florida's
- Declining population makes it harder to add jobs



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National Outlook

- Continue to see job growth
- Debt payments near generational lows
- Strong corporate balance sheets
- These factors have kept the US from being in an actual recession
 - Look for this to change in the second half of 2023 with slowed growth and job losses
 - Some resiliencies with 40% chance of a soft landing
- Housing prices are starting to decline nationally
- Rent rates are rising
- Wage rates are increasing at 5%+ however real income is declining
- Labor shortages due to reduced labor participation rate
 - Employers are going to have to be creative
- Positive outlook for manufacturing growth
- Immigration is going to have to be address
 - Needed for the labor force

Additional Resources

- <https://www.rightplace.org/news/2023-economic-outlook-for-greater-grand-rapids-given-at-the-right-places-annual-event>
- The Demographic Drought
 - <https://lightcast.io/resources/research/demographic-drought>
- Untapped Talent by Jeffrey Korzenik