Detroit Economic Indicators Report

Q4 2024 Release

This project is part of the City of Detroit University Economic Analysis Partnership between the City of Detroit Economics team, Wayne State University, Michigan State University, and the University of Michigan. The goal of this report is to summarize the most recent Detroit and Michigan employment statistics as well as current topics surrounding the field of Economics. Each quarter's report includes a recent topic of interest (housing, inflation, GDP, etc.). It also includes notice of relevant upcoming data releases.

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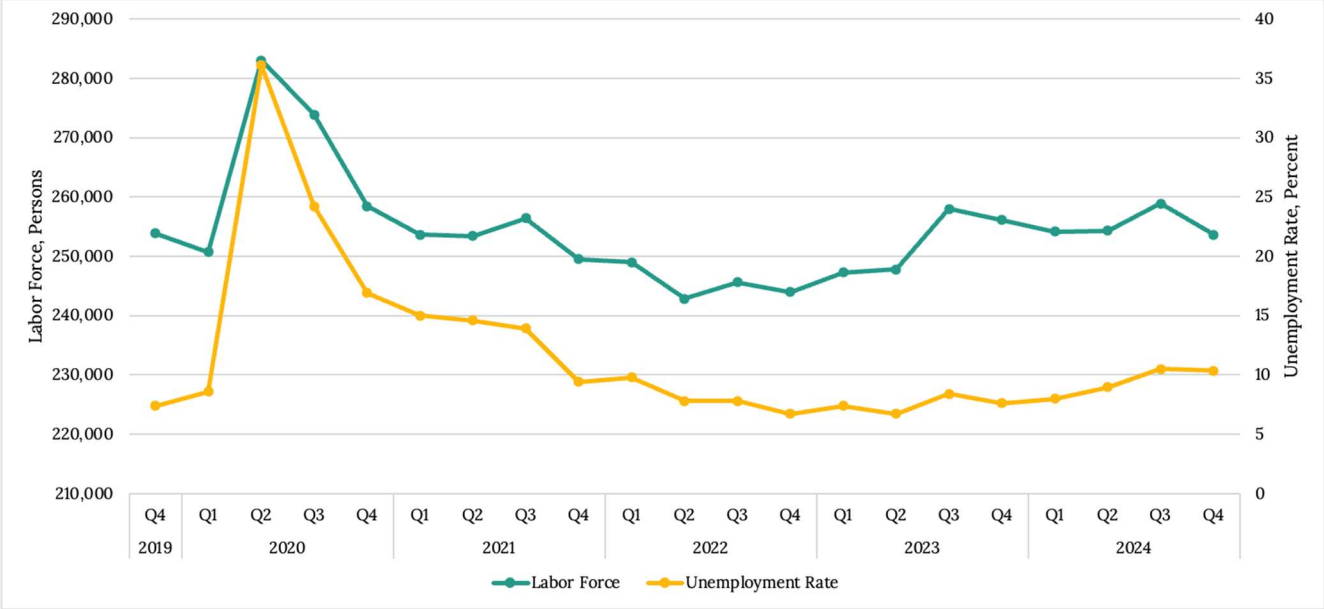
Executive Summary

- Detroit's unemployment rate averaged 10.4% in Q4 2024, down 0.2 percentage points from the previous quarter but up 2.8 percentage points from a year earlier.
- In Q2 2024, employment in Detroit's blue-collar industries and lower-education services increased by 4.1% and 3.3%, respectively. The blue-collar gains were driven largely by increases in manufacturing employment.
- Automakers in Detroit are navigating the prospects of new tariffs on Mexico and Canada as well as the steel and aluminum tariffs introduced by the Trump Administration.

Detroit Resident Employment

Figure 1 below shows Detroit's unemployment rate alongside the city's labor force.[1] Detroit's unemployment rate has been highly volatile over the past year, ranging from 7.4% in April to nearly 14% in July. In Q4 2024, the unemployment rate averaged 10.3%, down 0.2 percentage points from the previous quarter but up 2.8 percentage points from a year earlier. The city's labor force declined by 5,300 residents in Q4 2024. While this broader trend highlights challenges in household employment, we believe a portion of the rise in unemployment reflects statistical noise while also representing a genuine slowdown in the local labor market.

Figure 1: Detroit Labor Force and Unemployment Rate



Source: Michigan Labor Market Information, not seasonally adjusted

[1] These numbers are subject to the annual revision process conducted by the Bureau of Labor Statistics and updated values are expected to be released on April 18, 2025.

From December 2023 to December 2024, Michigan's labor force grew by 0.3 percent, household employment declined by 0.8 percent, and the unemployment rate rose by 0.9 percentage points. That performance took Michigan's unemployment rate to 5.0 percent in December 2024.[2]

Detroit Payroll Employment Data – Q2 2024

Figure 2 splits the City's payroll employment into three groups: blue-collar industries, lower-education services industries, and higher-education services industries.[3] The Michigan Center for Data and Analytics produces this data as part of an agreement with RSQE. This data comes from the same underlying source as the Quarterly Census of Employment and Wages (QCEW), which has a substantial lag in its release even at the county level. The data presented is specifically for the City of Detroit and is compiled after the county-level data is released.

Employment in blue-collar industries rose by nearly 2,000 jobs in Q2 2024, with two-thirds of those gains in manufacturing. Construction employment also increased by 530 jobs, or 7.1%, recovering most of its Q1 losses. Overall, blue-collar industry employment is 0.7% higher than a year ago, but it has remained relatively flat since late 2021, with only a 550-job increase compared to Q4 2021.

Employment in the lower-education services industries increased by 1,800 jobs, or 3.3%, in Q2 2024. Job gains in leisure and hospitality accounted for over 90 percent of those gains, and as a result, it reached its highest employment level since mid-2017. Meanwhile, administrative and support services lost another 100 jobs in Q2 2024 and has now lost 3,400 jobs over the prior seven quarters. Finally, retail trade and other services posted minor employment gains in Q2 2024.

Employment in the higher-education services industries also experienced growth in Q2 2024, recording an increase of 900 jobs. Job gains in health services offset declines in education services, while employment in real estate and rental and leasing, information, and management of companies remained largely unchanged. Public administration posted another strong quarter, adding nearly 600 jobs in Q2 2024 to reach its highest employment level since early 2014. Employment in finance and insurance rose by 570 jobs, bringing the job count 470 higher than a year ago, marking the first significant job growth in this industry since Q2 2021. However, employment in professional, scientific, and technical services declined by 350 jobs in Q2 2024.

[2] The data presented here was released prior to the Annual Benchmark Revision on March 5th.

[3] The blue-collar industries comprise natural resources and mining; construction; manufacturing; and wholesale trade, transportation, and utilities. The higher-education services industries (which generally require employees to hold a bachelor's degree or higher educational level) comprise information; finance; professional, scientific, and technical services; management of companies and enterprises; private education and health services; and government. The lower-education services industries (which typically do not require a college education) comprise retail trade; leisure and hospitality; administrative and support services and waste management; and other services.

Figure 2: Detroit Payroll Employment by Industry Group

Source: Michigan Center for Data and Analytics

Detroit Automakers Navigate Uncertain Trade Waters

The Trump Administration proposed tariffs in early 2025 on imports from Canada and Mexico that directly impact the supply chain for automakers in Detroit, specifically Ford, General Motors and Stellantis. On February 1, President Trump signed an executive order imposing 25% tariffs on all imports from Canada and Mexico. Shortly after, the administration held negotiations with Canada and Mexico to delay the effective date of the tariffs to March 4. On March 5, one day after the tariffs were imposed, President Trump met with officials from the "Detroit Three" and approved a temporary pause until April 2 for all goods that are compliant with the pre-existing USMCA. On March 12, 25% tariffs on all steel and aluminum imported into the US took effect, sparking immediate retaliation from trading partners. Listed below are some components of the tariffs. The situation is dynamic and will be important to monitor, especially for Detroit.

- From CBS News: "proponents of Trump's tariffs argue that taxing American companies for imported goods will ultimately push America to create more jobs and manufacturing instead of having other countries continue to benefit."[4] However, since companies like the Detroit 3 will pay the tariff to the federal government, it is very likely that prices of vehicles will increase.
- From CNN: "US automakers have argued that having tariffs on autos and auto parts coming from Canada and Mexico puts cars built at North American plants at a tremendous

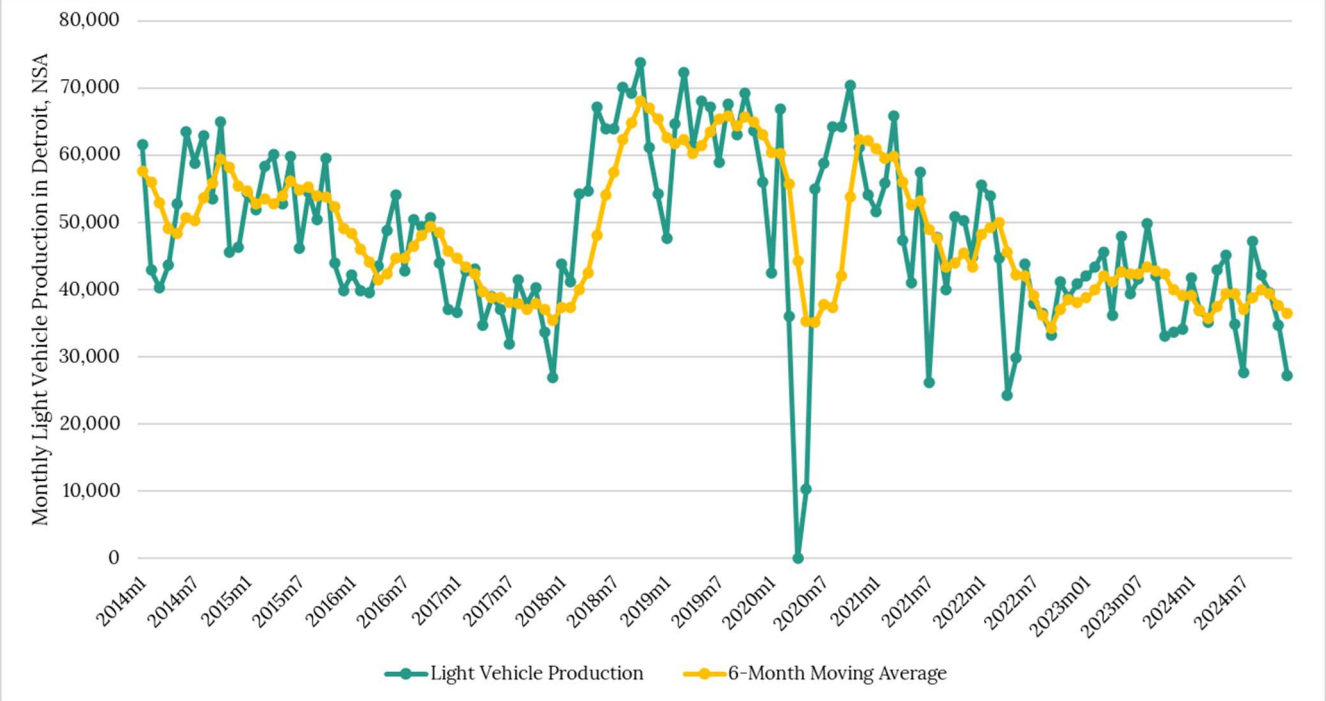
[4] https://www.cbsnews.com/detroit/news/tariffs-steel-aluminum-donald-trump-michigan/

disadvantage. That's because even cars assembled at US plants all have parts coming from Mexico and Canada and thus would see thousands of dollars each in higher costs."[5]

- From Detroit Free Press: "Around 90% of auto exports from both Mexico and Canada go to the U.S., according to the Mexican Automotive Manufacturers' Association and the Canadian Vehicle Manufacturers' Association. Detroit, of course, is at the epicenter of domestic impact."[6]

Pressure from uncertain trade conditions has the potential to hinder production in the City. One metric that economists will be watching is light vehicle production. Figure 3 shows light vehicle production in the city of Detroit. The Bureau of Economic Analysis (BEA) defines a light vehicle as either a passenger car, including station wagons, or a light truck with a gross vehicle weight rating (GVWR) of up to 14,000 pounds. This category includes pickup trucks, minivans, sport utility vehicles (SUVs), and other light-duty vehicles not classified as passenger cars. Currently, Detroit primarily produces light trucks such as the Grand Cherokee, Ram 1500, and the Silverado EV. In 2024, light vehicle production in the city stabilized around 38,000 units per month—just three-fifths of the 2019 pace. This stands in stark contrast to national motor vehicle assembly trends, where 10.2 million light vehicles were assembled in 2024, compared to 10.5 million in 2019, nearly matching pre-pandemic production levels. Other than production indicators, employment discussions, plant location updates, and the overall tariff discussion will be closely monitored.

Figure 3: Light Vehicle Production in Detroit



Source: Ward's Automotive Data

[5] Tariffs on cars from Mexico and Canada delayed by one month | CNN Business

[6] https://www.freep.com/story/money/cars/2025/02/03/trump-tariffs-new-car-prices-layoffs-canada-mexico/78179356007/

Other Events and Data Releases

- Daimler Truck North America is investing $285 million to upgrade its Detroit Diesel Corp. facility in Redford Township, Michigan, to manufacture electric powertrain components for medium- and heavy-duty electric trucks. The investment is expected to create 436 new jobs and retain 2,000 existing positions. Construction is slated to begin in early 2025, with plans to add approximately 110,000 square feet to the facility.[7]

- Michigan was awarded $22.7 million from the Department of Energy's Domestic Manufacturing Conversion Grant Program to support small and medium-sized automotive suppliers in upgrading facilities for electric vehicle production. General Motors was awarded $500 million from the same program to convert its Lansing, MI facility for electric vehicle manufacturing.[8]

[7]https://www.manufacturingdive.com/news/daimler-truck-detroit-diesel-285-million-redford-township-michigan-zev/735808/
[8]https://www.energy.gov/mesc/domestic-manufacturing-conversion-grant-program