Detroit Economic Indicators Report

Q2 2025 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

- Michigan's labor market—including Detroit—has faced challenges from a difficult macroeconomic environment marked by elevated interest rates and, more recently, increased federal policy uncertainty. However, Detroit's labor market may be more resilient than the unemployment data suggests, with payroll employment posting strong monthly job gains so far this year.

- Detroit's unemployment rate fell 2.4 percentage points in Q2 2025 to 8.6 percent. This coincided with a decline in the labor force, suggesting that fewer people were seeking work rather than a broad increase in employment. A similar, though less pronounced trend was observed at the state level.

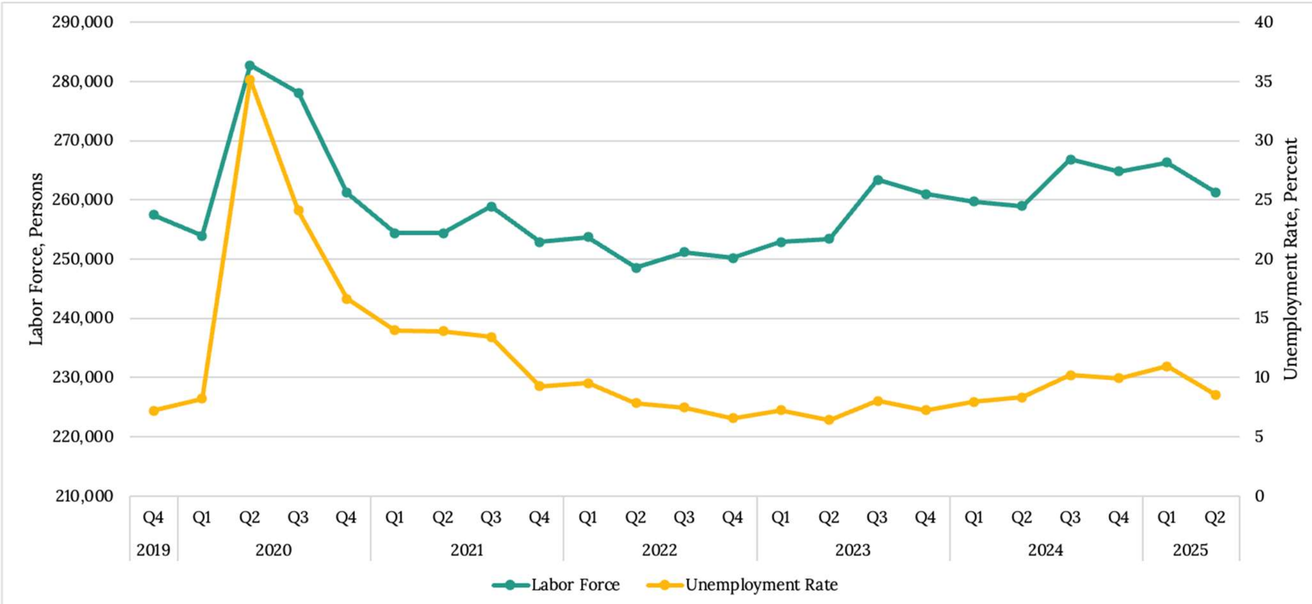
- In Q4 2024, City payroll employment counts were up in both blue-collar (+550 jobs) and lower-education services (+270 jobs) industries. Employment in higher-education services industries remained steady.

- Total job postings in the Detroit area fell below their pre-pandemic level in March and declined further through much of the summer. Postings began to edge up in August, however, signaling a potential turning point as the local labor market responded to lower interest rates.

Detroit Resident Employment

Figure 1 below illustrates Detroit's unemployment rate alongside the city's labor force. In Q2 2025, Detroit's unemployment rate fell by 2.4 percentage points, which brought the city's unemployment rate down to 8.6 percent—just above its 2019 average of 8.4 percent. However, the decline in unemployment coincided with a reduction in the city's labor force by 5,100 residents (or 1.9 percent). This suggests that part of the drop in unemployment was due to residents leaving the labor force rather than finding jobs. Nevertheless, Detroit's labor force remains 0.9 percent higher than it was one year ago, indicating modest year-over-year growth despite the recent dip. However, these quarterly averages mask important monthly data, which show strong growth in resident employment in the city during June and July on a not seasonally adjusted basis.

Figure 1: Detroit Labor Force and Unemployment Rate



Source: Michigan Labor Market Information, not seasonally adjusted

From March to June 2025, the state's labor force declined by 0.4 percent, while the unemployment rate edged down from 5.5 percent to 5.3 percent. This simultaneous decline in both the labor force and the unemployment rate suggests that, as in Detroit, the labor market's apparent improvement may partly reflect fewer people actively seeking work rather than broad-based job gains. Michigan's labor market—including Detroit—has struggled under a challenging macroeconomic environment marked by elevated interest rates and, more recently, increased federal policy uncertainty. However, Michigan's labor market may be stronger than the unemployment data suggests, as payroll employment has shown healthy monthly job gains so far this year.

Detroit Payroll Employment Data – Q4 2024

Figure 2 splits the City's payroll employment into three groups: blue-collar industries, lower-education services industries, and higher-education services industries.[1] 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.

[1] 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.

Employment in blue-collar industries increased by roughly 550 jobs in the fourth quarter of 2024. Most of these job gains occurred in construction and transportation and warehousing, which offset minor losses in manufacturing employment. The remaining blue-collar industries remained relatively stable, with little change in employment.

Employment in lower-education services industries rose by 270 jobs in Q4 2024. This growth was driven by job gains in administrative and support services, as well as leisure and hospitality, while employment in other private services and retail trade declined slightly. Overall, the growth in lower-education services industries over the past three quarters has nearly offset the losses these industries experienced during the second half of 2023 and the first quarter of 2024.

Employment in higher-education services industries held steady in the fourth quarter of 2024. Employment in private education services led the way with 1,900 job gains, which were enough to offset the remaining losses. Many higher-education services have struggled amid elevated interest rates, leaving employment in this sector 5.3 percent below its pre-pandemic level in Q4 2024.

Figure 2: Detroit Payroll Employment by Industry Group

Source: Michigan Center for Data and Analytics

Labor Demand Measured by Indeed Total Job Postings

Indeed, one of the world's largest online job boards, provides job posting data that captures real-time labor demand across industries, occupations, and regions. Because postings are updated daily, the dataset offers a timelier indicator of labor market conditions than traditional government surveys. While the U.S. Bureau of Labor Statistics (BLS) releases the Job Openings and Labor Turnover Survey (JOLTS), it currently only provides data with a lag and only at the state and national levels.[2]

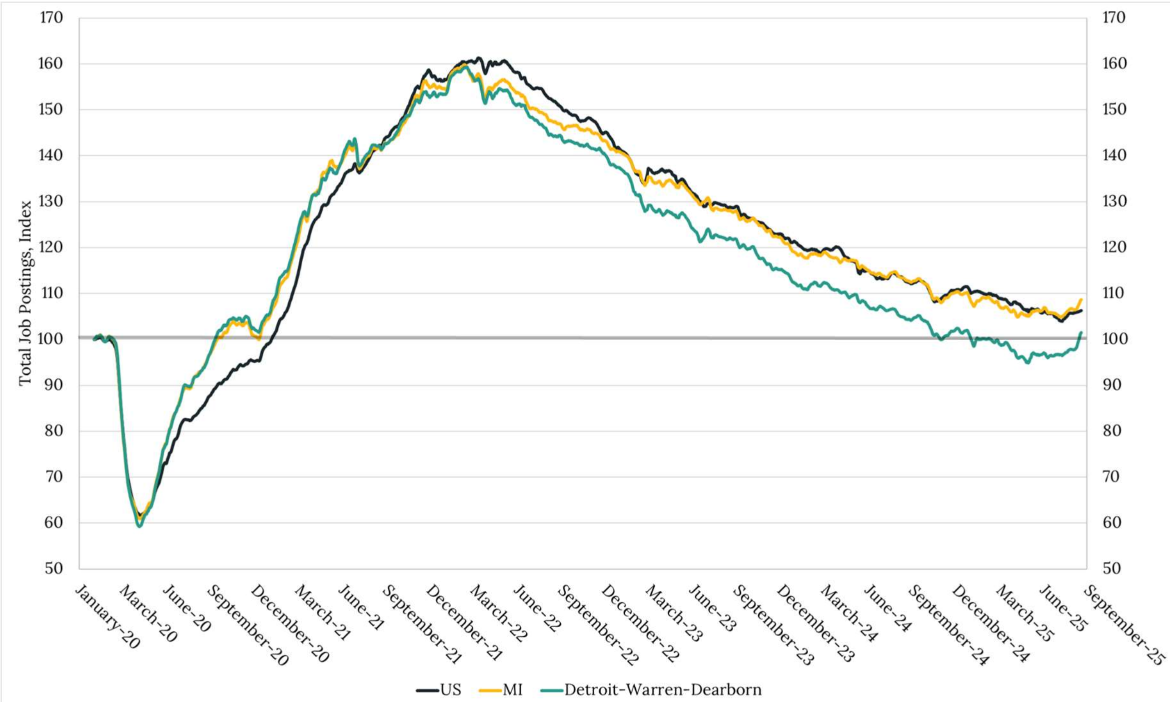
Figure 3 presents total job posting data from Indeed for the nation, Michigan, and the Detroit metro area. The three series are indexed to 100 on February 1, 2020, just before the onset of the COVID-19 pandemic. Labor demand surged in the aftermath of the pandemic, reaching nearly 60 percent above its pre-pandemic level in the city, state, and nation by February 2022. Following this peak, national postings remained elevated for a longer period, whereas labor demand in Detroit and Michigan declined, reflecting the impact of rising interest rates on the local mortgage finance and auto manufacturing industries. Since 2023, Michigan's labor demand has broadly tracked the national trend, with both falling to around 5.5 percent above their pre-pandemic levels by July 2025. However, Michigan's labor demand appears to be pulling slightly ahead of the nation within the last couple of months.[3]

The Detroit metro area, however, experienced a sharper decline in labor demand after its early 2022 peak, likely in response to increases in short-term interest rates. By March 2025, total job postings in the Detroit area fell below their pre-pandemic level and remained there for much of the summer. More recently, postings have edged back up, exceeding the pre-pandemic level by 1.5 percent as of August 22, 2025. This may signal a turning point in the local labor market as lower, though still elevated, interest rates work their way through the economy. Nevertheless, it remains too early to draw firm conclusions, and we will continue to monitor the data closely.

[2] The BLS released a one-time estimate of its job openings data for the 18 largest MSAs, covering February 2001 through December 2019. The BLS JOLTS data for the MSAs can be found here.

[3] Although the JOLTS data lag the Indeed data by a couple of months, labor demand in Michigan—as measured by job openings—has generally softened alongside the nation. However, Michigan has experienced a much larger increase in unemployment than the country.

Figure 3: Index of Total Job Postings, Indeed



Other Events and Data Releases

- Stellantis (3rd) and GM (14th) are two of the top 17 employers in Detroit. Combined, they employ 13 percent of all workers on the 2025 Crain's Largest Employers list. In the most recent earnings report released on July 29, 2025 for the first half of 2025, Stellantis reported a net loss of €2.3 billion and net revenues of €74.3 billion, down 13 percent from the prior year. Reasons given included external headwinds and lower shipments in key markets. The company is also going through a major restructuring in North America and facing challenges in the EV market. GM reported strong revenue in their own earnings report but attributed approximately 1.1 billion dollars to increased costs from tariffs in the second quarter. If the tariffs continue to reduce company profits, there could be a risk to employment in Detroit. Any impacts on the "Detroit Three" will also trickle down to local suppliers and OEM's.

- The Board of Governors of the Federal Reserve System voted unanimously to maintain the federal funds rate in a target range of 4.25 to 4.5 percent effective July 31, 2025. On August 22, the Federal Open Market Committee (FOMC) announced the unanimous approval of updates to its Statement on Longer-Run Goals and Monetary Policy Strategy, which articulates the Committee's approach to monetary policy and serves as the foundation for its policy actions.