Detroit Economic Indicators Report

Q4 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.

Authors: Erika Mooney (Senior Economist, City of Detroit), Sean Tobin (Deputy Director of Strategic Finance and Analytics, City of Detroit), Dr. Liang Hu (Associate Professor of Economics, Wayne State University), Sarah Klammer (Senior Specialist, Michigan State University), Hasan Alaswad (Ph.D. Candidate, Wayne State University), Research Seminar in Quantitative Economics (RSQE) team from the University of Michigan

Executive Summary

- Detroit's unemployment rate began rising in 2024 amid higher interest rates but has since stabilized. The city's labor force has also been expanding since late 2022, placing additional upward pressure on the unemployment rate.

- Detroit's blue-collar employment and lower-education attainment services industries experienced job growth in Q2 2025, offsetting most of their first quarter losses. Employment in Detroit's higher-education attainment services industries experienced minor gains in Q2 2025.

- The percent of non-housing related credit balances that are more than 90 days delinquent has been rising since the second quarter of 2023. On the other hand, the property tax cumulative collection rate for Detroit has remained more stable, a positive sign that Detroit residents are still able to make timely property tax payments.

Detroit Resident Employment

Figure 1: Detroit's Unemployment Rate
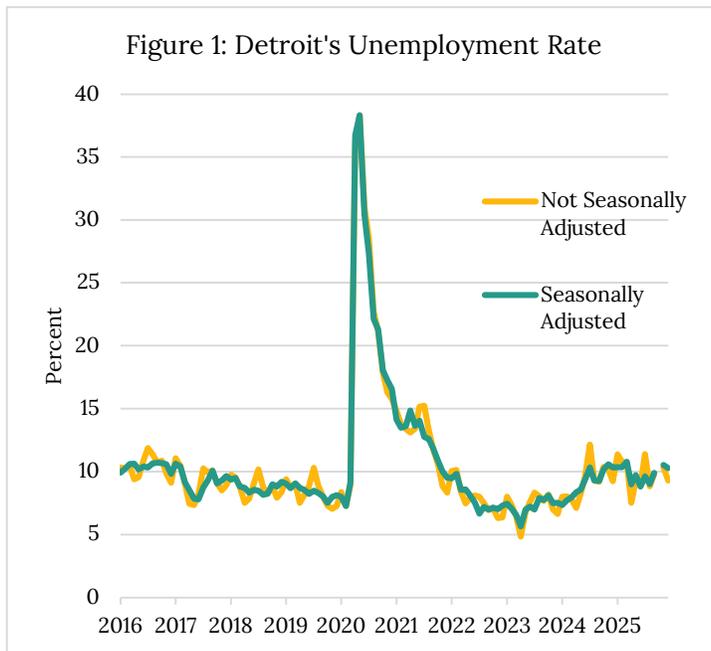
• Figure 1 shows the seasonally adjusted and not seasonally adjusted unemployment rates for the city of Detroit.[1] Detroit's unemployment rate came crashing down after the initial onset of the pandemic to an average of 7.2% in 2023, or 1.2 percentage points lower than its 2019 average.

• The city's unemployment rate rose to 9.1 percent in 2024, as the city's economy cooled down alongside Michigan's. Detroit's unemployment rate increased further to 10.8% in March 2025 but had ticked down to 10.3% by December.

---

[1] The Bureau of Labor Statistics does not seasonally adjust Detroit's unemployment statistics, so we have adjusted it in the same manner as RSQE's forecast reports for consistency.

Figure 2: Detroit's Labor Force
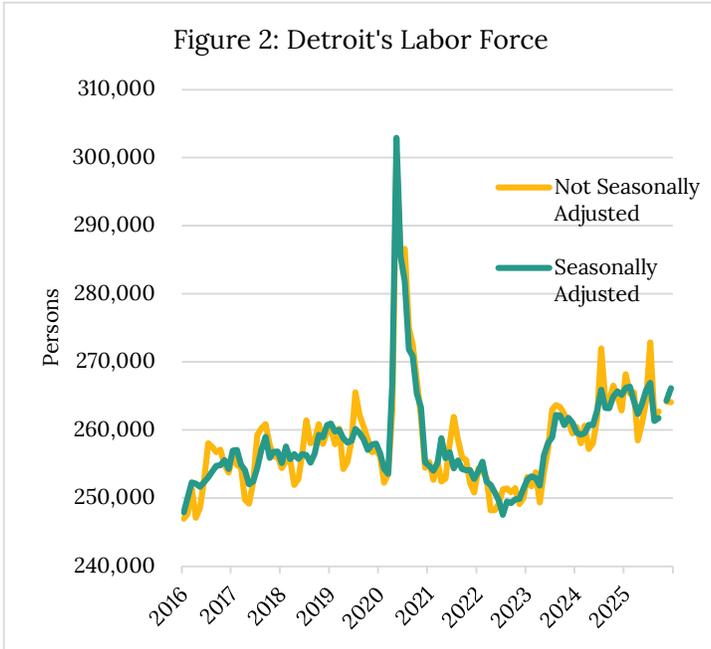
- Figure 2 shows Detroit's labor force, both seasonally adjusted and not seasonally adjusted. Detroit's labor force spiked during the pandemic as more people began looking for work to file for the additional unemployment benefits during the pandemic.

- Overall, Detroit's labor force has been increasing since late 2022, which has placed additional upward pressure on the unemployment rate. In December 2025, Detroit's labor force stood 2.8% higher than its 2019 level.
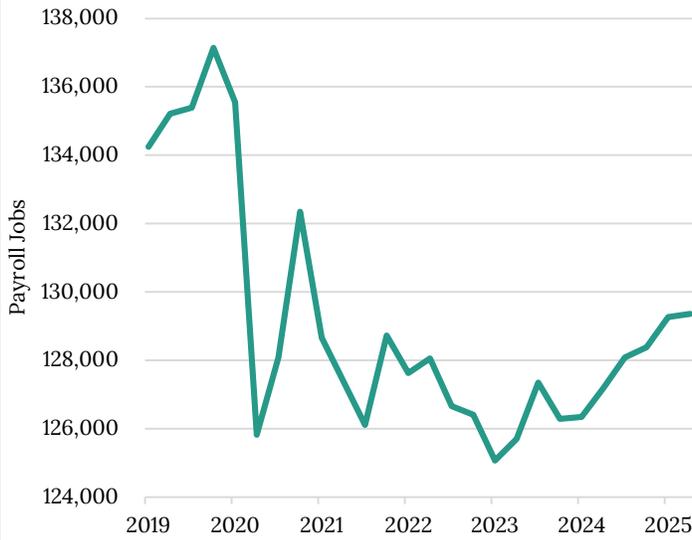
Detroit Payroll Employment Data – Q2 2025

Figure 3: Blue-Collar Employment
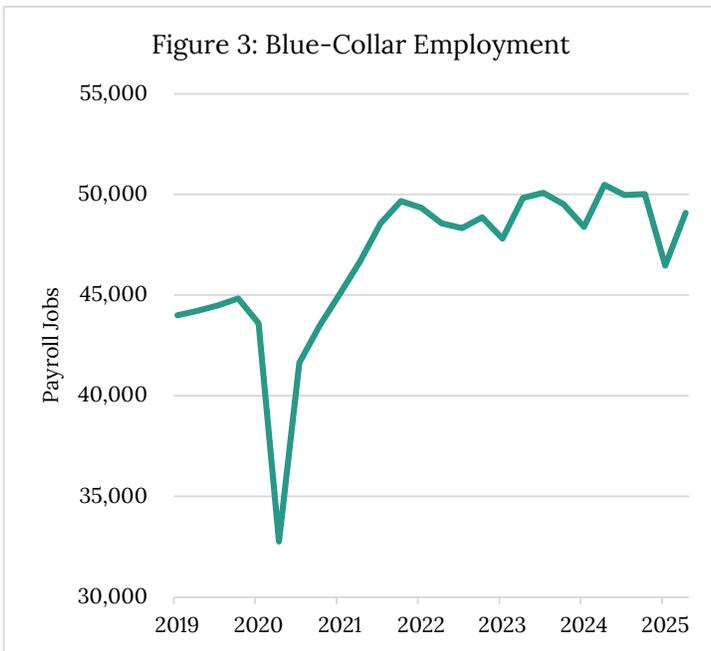
- These figures split Detroit's payroll employment into three groups: blue-collar industries, higher-education services industries, and lower-education services industries.[2] The Michigan Center for Data and Analytics produces the underlying data as part of an agreement with RSQE.

- Figure 3 shows that employment in blue-collar industries increased by roughly 2,600 jobs in Q2 2025. Most of these job gains occurred in manufacturing, which offset the temporary losses in Q1 2025. Employment in construction also ticked up by 860 jobs in Q2 2025.

---

[2] 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 4: Higher-Educational Attainment Services Industries Employment

Payroll Jobs

(Y-axis: 124,000 to 138,000 in increments of 2,000)
(X-axis: 2019 to 2025)

Figure 5: Lower-Educational Attainment Services Industries Employment

Payroll Jobs

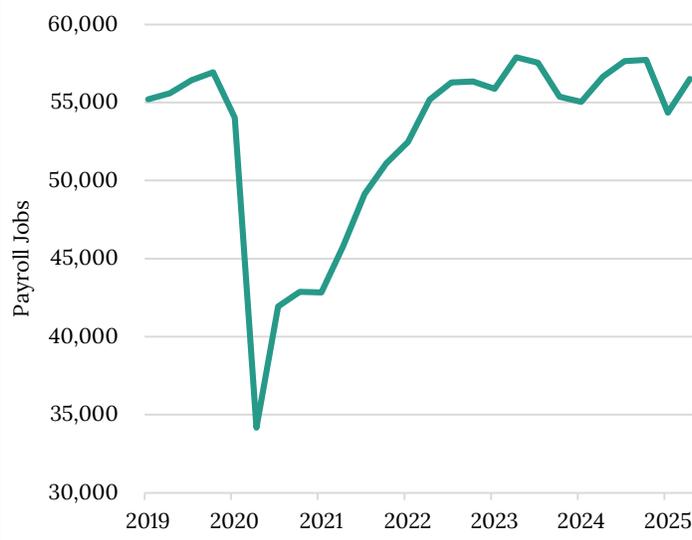(Y-axis: 30,000 to 60,000 in increments of 5,000)
(X-axis: 2019 to 2025)

• The remaining blue-collar industries remained relatively stable, with little change in employment.

• Figure 4 shows that employment in higher-education services industries eked out minor gains in Q2 2025. Employment in public administration and management of companies had a combined 610 job gains, which were enough to offset the remaining losses.

• Figure 5 shows that employment in lower-education service industries rose by 2,100 jobs in Q2 2025. Still, like blue-collar employment, job growth in lower-education service industries have generally stagnated. Through Q2 2025, employment in these groups has remained near their 2022 level.

• The leisure and hospitality industry has been a notable bright spot, with employment exceeding its 2019 level by 660 jobs in Q2 2025. In contrast, employment in administrative and support services also exceeded its 2019 level by 660 jobs, but the sector has followed a markedly different trajectory. It has shed just over 3,400 jobs since the end of 2022 after its post-pandemic burst of growth came to an end.

Local and National Debt and Delinquency Indicators
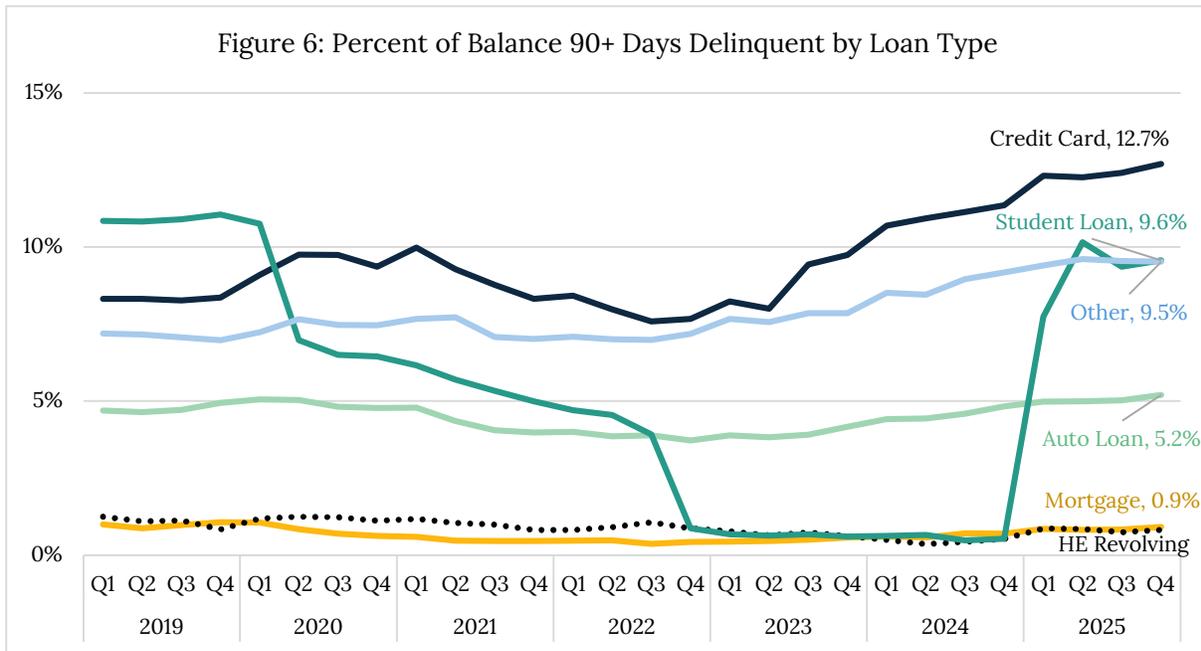
Figure 6: Percent of Balance 90+ Days Delinquent by Loan Type

- The percent of non-housing related credit balances that are more than 90 days delinquent has been rising since the second quarter of 2023. This is shown here in a report published by the New York Fed.

- As of the end of December, 4.8% of outstanding debt was in some stage of delinquency.

- Figure 6 shows that in Q4 2025, the credit card percentage rose to 12.7%, auto loan to 5.2%, and student loan to 9.6%. The last time these levels were observed was in early 2010 and in some cases early 2020.

- Suspensions for student loan interest accrual as well as the requirement that borrowers make monthly payments on their loans were in place from March 13, 2020, to September 1, 2023. Involuntary collection on defaulted loans resumed on October 1, 2024.[3]

- Another chart in the New York Fed report shows that total debt balances have increased as well. The charts in the report suggest that the average household might be taking on more debt and may have a rising likelihood of becoming delinquent over 90 days.

- While national credit card delinquencies are rising, mortgage delinquencies over 90 days have remained under 1% of overall balances.

---

[3] Source: https://www.congress.gov/crs-product/IF12136

Figure 7: Cumulative Collection Rate (CCR): General City Operating
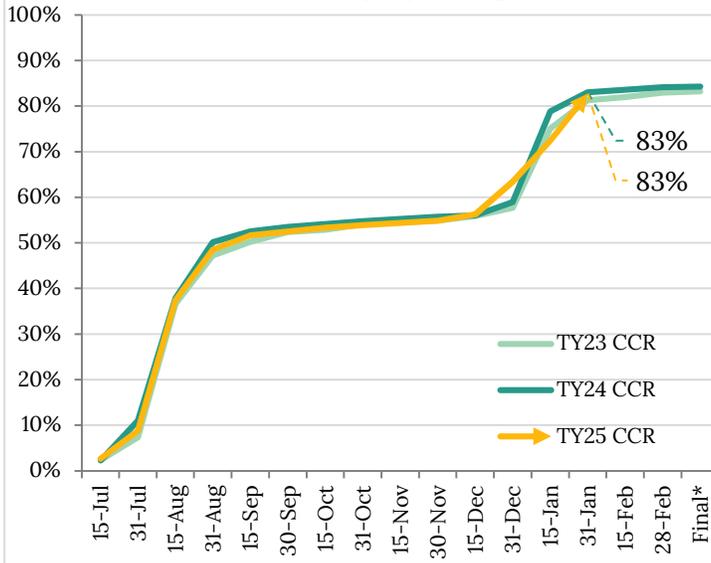
*Final here means "final CCR captured for the year."

• An important indicator for Detroit is the share of property tax bills that are being paid on time. Figure 7 shows that the property tax cumulative collection rate in tax year (TY) 2025 has performed similarly to the previous tax year, a positive sign that Detroit residents are still able to make timely property tax payments.

• This is occurring at the same time that billed amounts overall are higher in TY 2025 than in TY 2024.

• The x-axis in Figure 7 ends after February because any subsequent activity would reflect end-of-year adjustments and other distributions.

Other Events and Data Releases

- The Federal Open Market Committee (FOMC) recently voted to maintain the federal funds rate at 3.5% to 3.75%.

- Real gross domestic product (GDP) increased at an annual rate of 0.7% in Q4 2025 according to the second estimate from the Bureau of Economic Analysis.