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Michigan Economy to Grow In Line With the U.S. Economy

Michigan’s economy is anticipated to grow by 1.4% in 2024, slightly below last year’s growth, and in line with national economic growth. High interest rates and inflation, as well as negative spillovers from the national and global economies are expected to weigh on the Great Lake State’s economy in 2024. The auto sector will be a bright spot as production catches up after the UAW strike and as supply chains normalize further.

Payroll growth is expected to slow to around 0.7% in 2024, roughly half the rate recorded in 2023. Michigan’s unemployment rate, which fell notably as auto production normalized, is set to increase and average 4.2% next year, a tad below the 4.3% national unemployment rate. Total personal incomes are expected to rise at a moderate pace of 3.9%, modestly outpacing inflation.

The housing sector is expected to recover in 2024 from precipitous declines in sales in late 2022 and early 2023. Single-family construction is expected to stabilize next year at around 14,000 units after a steep decline in 2023, while multifamily construction is projected to bring about 5,000 units to market. Reflecting subdued demand and supply in the housing market, house prices are forecast to rise under 2% in 2024, well below last year’s 4.6% increase. Rising supply in the second half of next year is projected to put a lid on house price inflation in the latter quarters of 2024.

<i>Michigan Economic Outlook</i>											
	1Q'23a	2Q'23a	3Q'23p	4Q'23f	1Q'24f	2Q'24f	3Q'24f	4Q'24f	2022a	2023p	2024f
State Output											
Real GDP (Chained 2012 Billions \$)	493.2	495.6	501.0	501.7	503.5	504.3	505.4	506.7	490.3	497.9	505.0
<i>Percent Change Annualized</i>	1.7	1.9	4.5	0.5	1.4	0.6	0.8	1.1	1.8	1.5	1.4
Labor and Demographics											
Payroll Jobs (Millions)	4.4	4.4	4.4	4.4	4.4	4.5	4.5	4.5	4.4	4.4	4.5
<i>Percent Change Annualized</i>	2.2	2.2	0.2	0.1	0.9	0.5	0.9	1.1	3.9	1.5	0.7
Unemployment Rate (Percent)	4.2	3.7	3.7	4.0	3.7	4.3	4.5	4.5	4.2	3.9	4.2
Population (Millions)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<i>Percent Change Annualized</i>	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Personal Income											
Total Personal Income (Nominal Billions \$)	591.8	596.3	600.8	604.0	613.4	619.3	624.3	629.1	572.3	598.2	621.5
<i>Percent Change Annualized</i>	9.6	3.1	3.1	2.2	6.3	3.9	3.3	3.1	0.7	4.5	3.9
Housing											
Housing Starts (Thousands, Annual Rate)	15.3	20.0	20.0	18.4	18.7	18.7	18.9	19.0	20.8	18.4	18.8
<i>Percent Change Annualized</i>	-49.6	192.5	-0.6	-27.8	6.7	-0.9	5.3	2.6	-5.3	-11.6	2.2
Single-Family Housing Starts (1,000s Units, Annual Rate)	11.9	14.4	15.2	13.9	13.8	13.7	14.0	14.1	15.8	13.9	13.9
Multi-Family Housing Starts (1,000s Units, Annual Rate)	3.4	5.6	4.7	4.4	4.9	4.9	4.9	4.9	5.0	4.5	4.9
House Price Index, FHFA (1991 Q1=100, SA)	333.2	340.2	341.5	344.3	343.2	345.7	345.9	349.3	324.9	339.8	346.0
<i>Year/Year Percent Change</i>	4.4	4.5	4.6	4.8	3.0	1.6	1.3	1.5	11.5	4.6	1.8

a = actual p=preliminary f = forecast

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