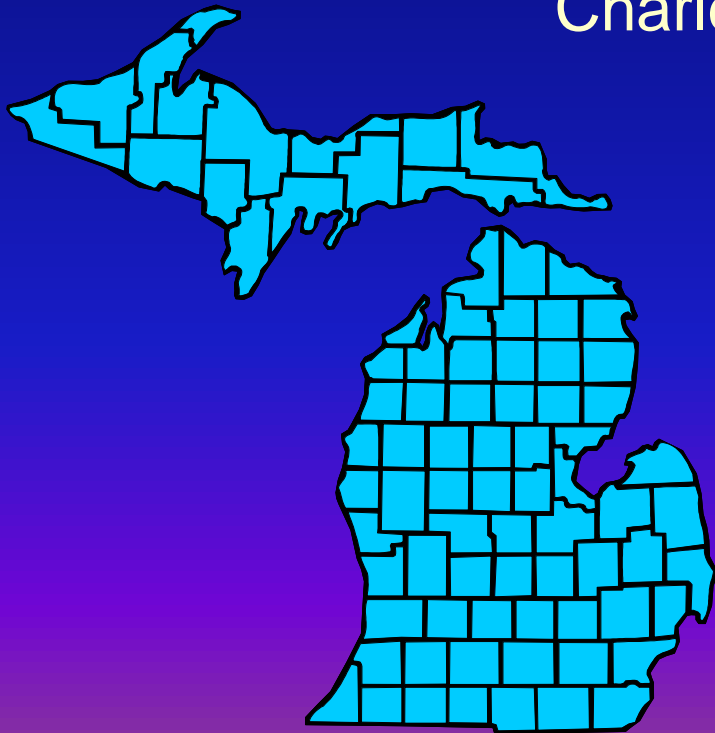


# Demographic and Economic Outlook for Michigan and Its Counties to 2045:

## 5 Lessons for Planning over the Next 3 Decades

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Charleston, South Carolina



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Sponsored by MDOT

The forecast is in partnership with the Michigan Department of Transportation and is the product of:

- The Regional Economic Models, Inc. (REMI) economic and demographic forecasting and simulation model
- The forecasting expertise of the U-M economists
- Comments and insights of a number of local Metropolitan Planning Organizations & regional planning organizations

# Where will the supply of workers come from to meet an increase in overall demand?

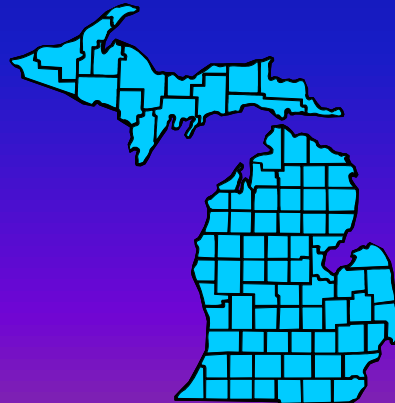
1. From the unemployed;
2. From an increase in the labor force participation rate;
3. From an increase in the working-age population:
  - a) by residents aging into the category
  - b) from net in-migration

# Forecasts of Population for Michigan

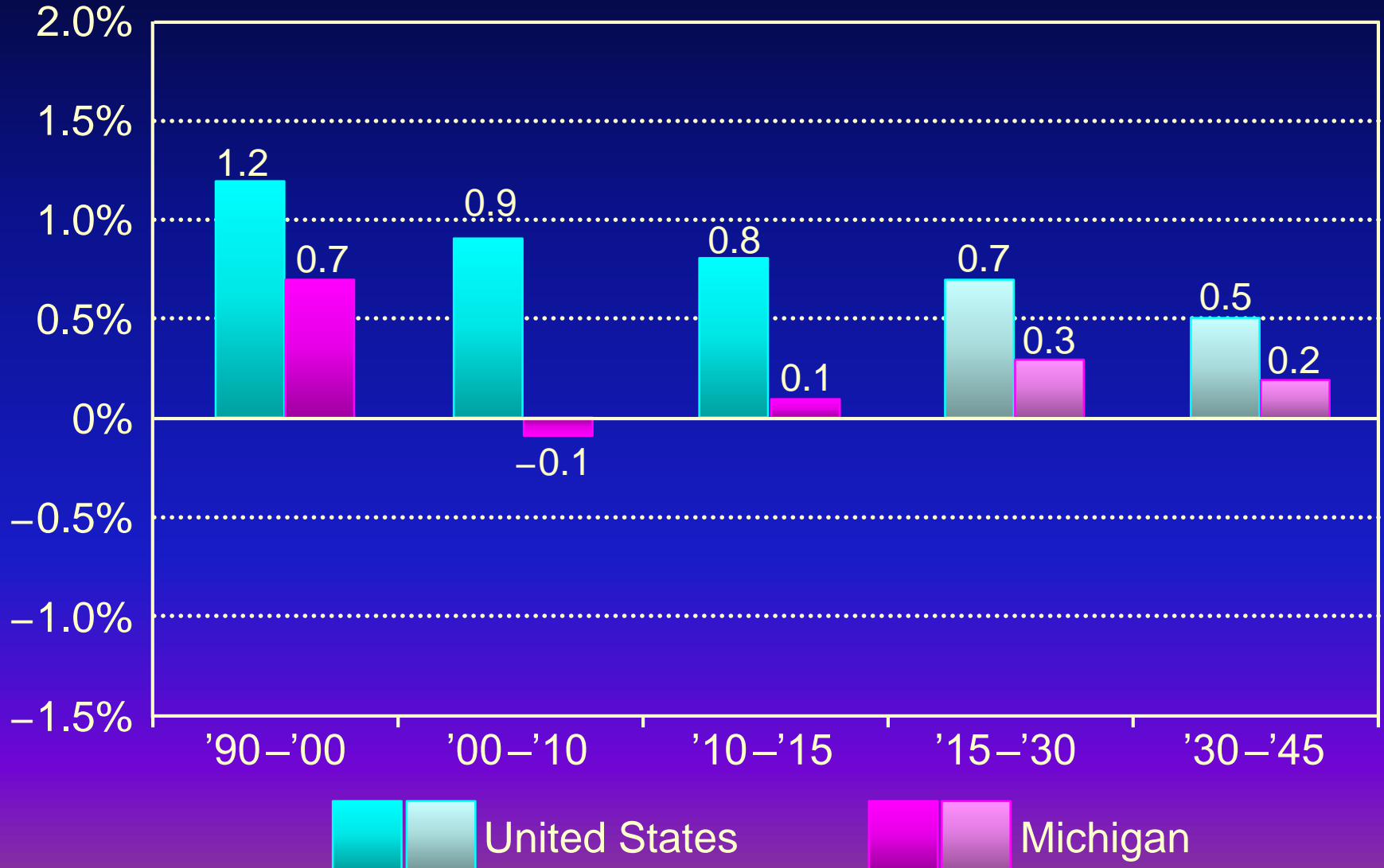
Population growth

Population change by component

Population distribution by age group

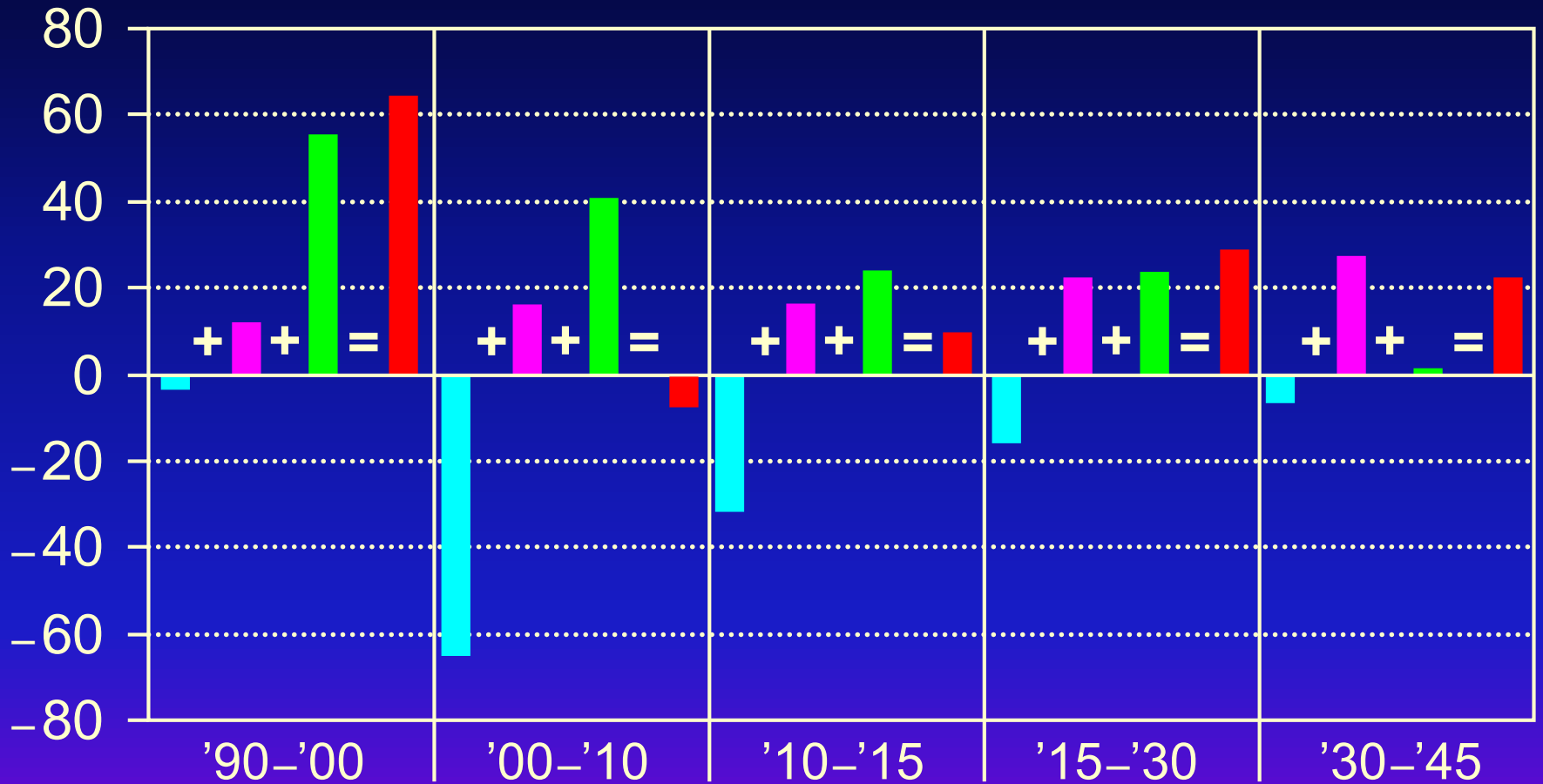


# Average Annual Change in Population United States and Michigan, 1990–2045



# Components of Population Change in Michigan, Average per Year

Thousands

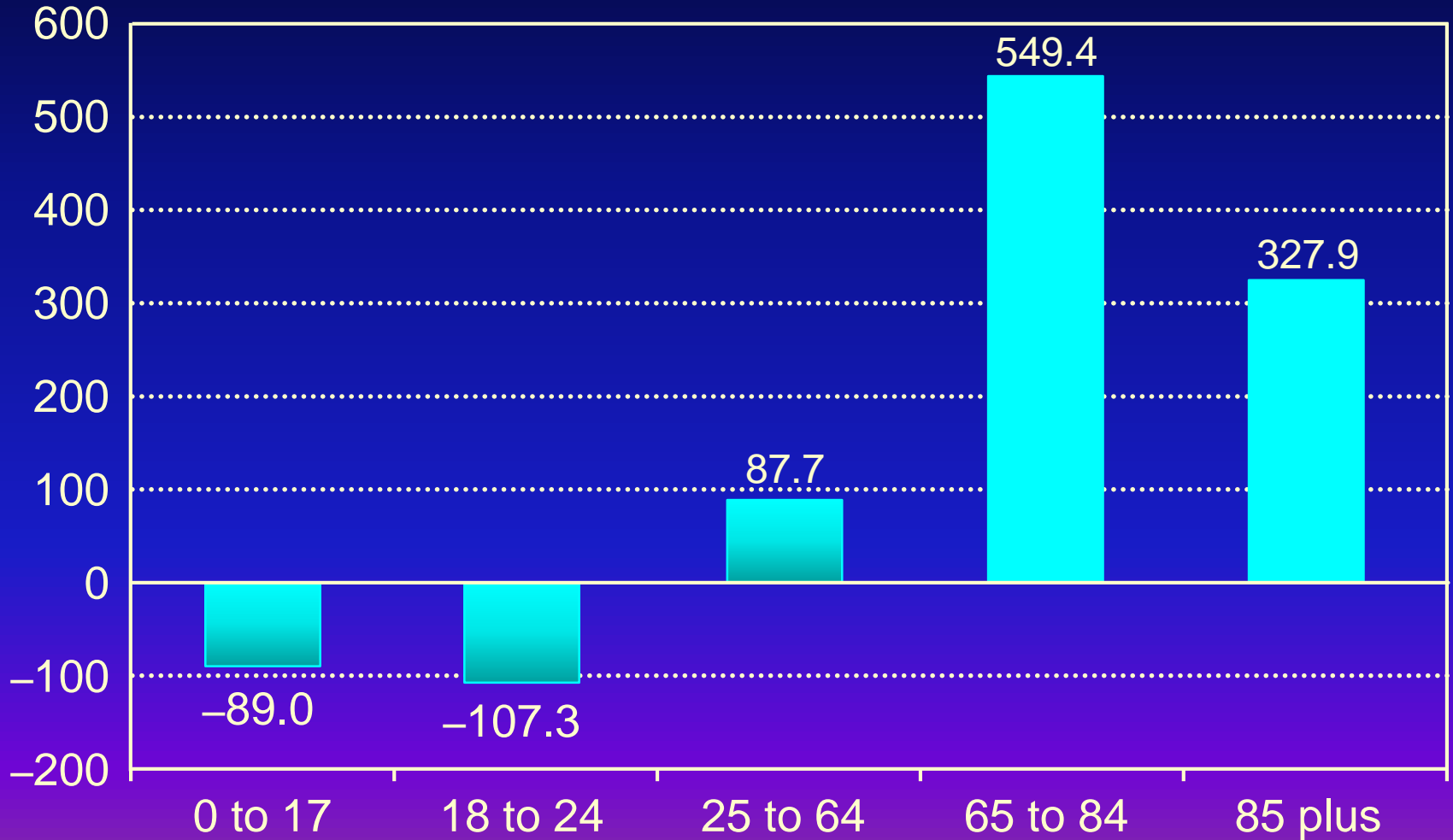


■ Net domestic migration  
■ Net international migration

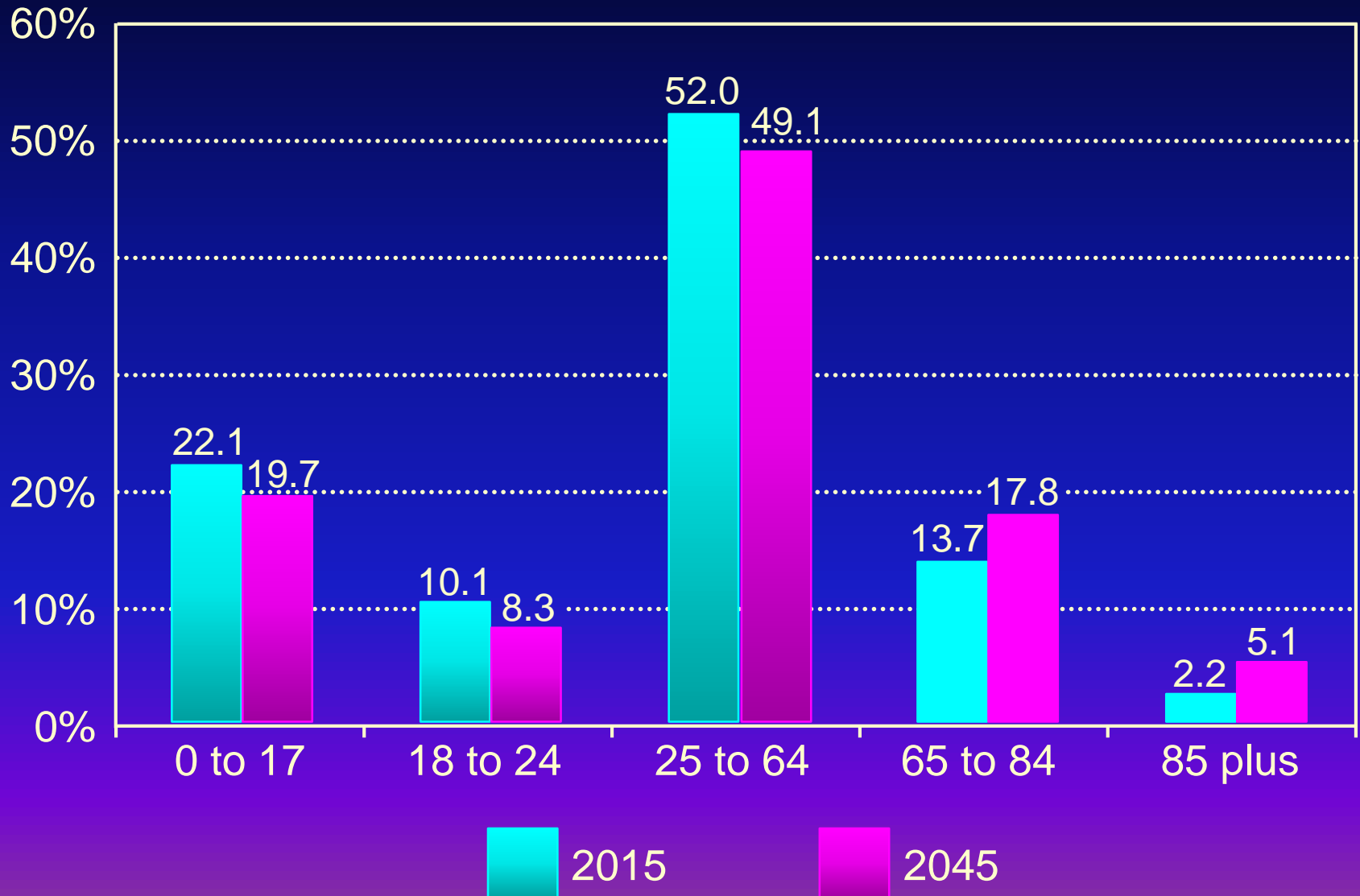
■ Natural change in population  
■ Total change in population

# Population Change by Age Group in Michigan from 2015 to 2045

Thousands



# Population Distribution by Age Group in Michigan, 2015 and 2045





# Lesson 1

The dramatic aging of the population over the next 30 years...

- ... as the baby-boomer generation enters the typical retirement years.
- And it's already started.
- Aging is a fundamental factor shaping the economy of the future.
- In Michigan, the share of the population aged 65 and older is forecast to increase from less than 1 in 6 people now to approaching 1 in 4 by 2045.
- A fundamental question for the conference today is: what form does planning take in supporting and sustaining an elder-friendly community?

# Retiree Wish List

According to an informal survey, the retiree wish list includes:

1. Warm climate
2. Proximity to water
3. Access to good health care
4. Cultural activities
5. Recreational activities
6. Good restaurants
7. Elder-friendly housing

# Lesson 2

## Labor shortages and productivity

- Largely due to the dramatic aging of the population, a looming problem down the road is labor shortages ...
- ... particularly of workers with skills that mesh with the evolving knowledge- and information-based economy.
- The support of a high-productivity economy will be incumbent to address the growth restrictions of a more slowly expanding work force—advances in technology included.
- But there are also losers in such an economy in the short run; particularly vulnerable are occupations with routine tasks that can be automated.

# Lesson 3

## Immigration

- There will be a continuing reliance on net international in-migration to fill out work force needs ...
- ... without international migration, Michigan's population would be shrinking at an accelerating pace after 2035.
- Relatively low in-migration rates for young adults put a cap on the state's ability to expand, and that would be compounded by any legislation that significantly limits the number of documents to be issued for immigration into the United States.

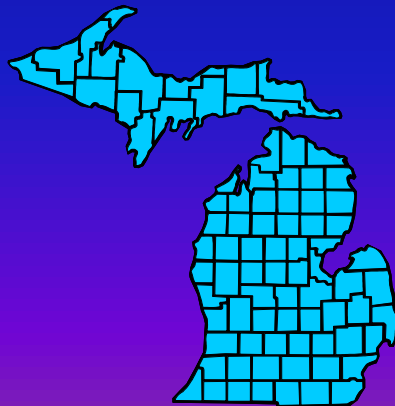
# What Draws Migrants into the State?

1. Employment opportunities (perhaps the strongest magnet)
2. Educational opportunities
3. Quality of life (for example, cost of living)
4. Family ties

# Forecasts of Employment for Michigan

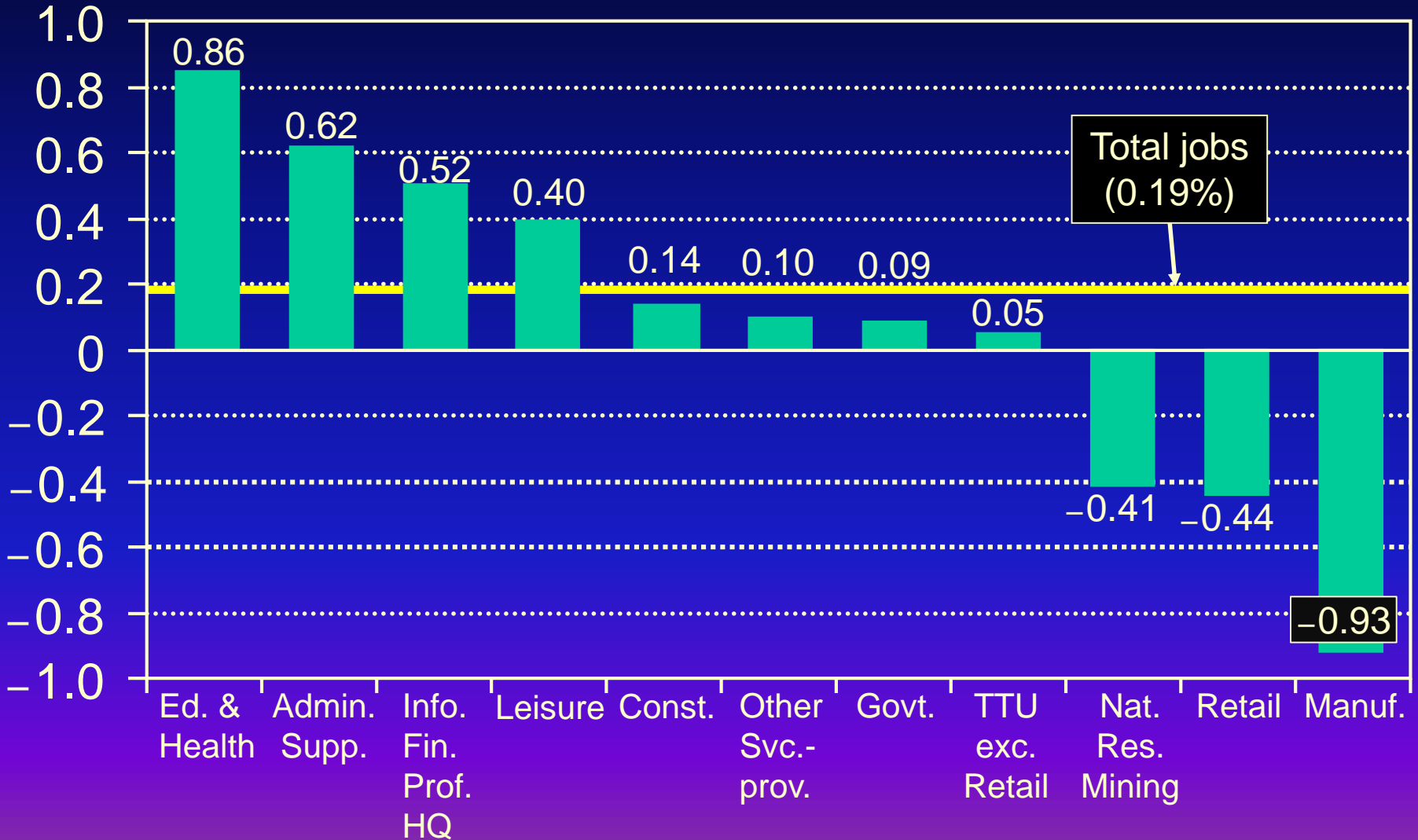
Total employment

Employment by industry division



# Change in Employment in Michigan 2015–2045

% Change  
per Year



# Lesson 4

## Employment

- We see the strongest job growth over the next 30 years in 3 areas:
  1. Health care, particularly with the dramatic aging of the population;
  2. Knowledge- and information-based professional service & support industries, a trend that continues well beyond the current economy;
  3. Leisure and hospitality services, again propelled by the demands of a rapidly growing senior population.

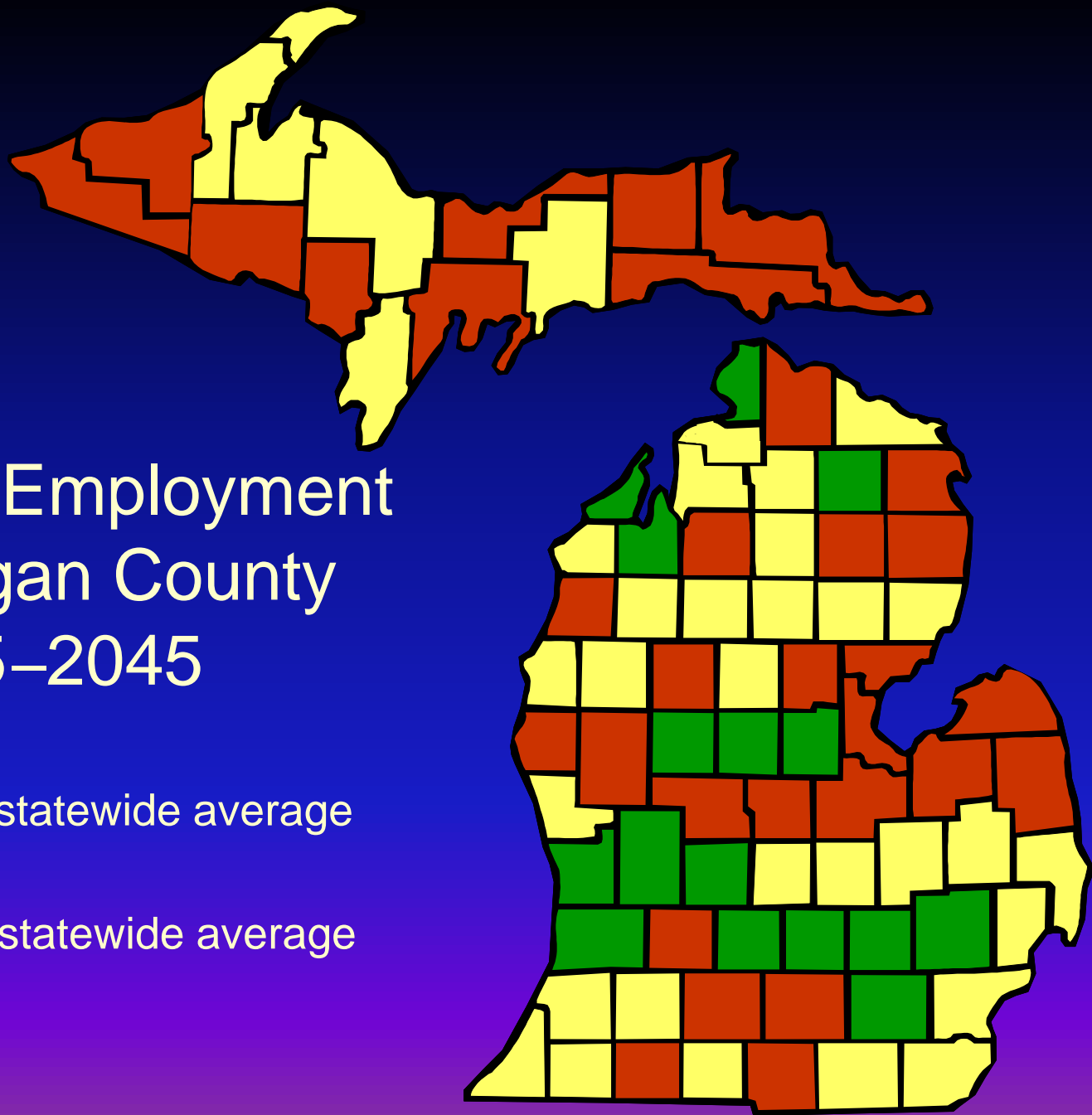
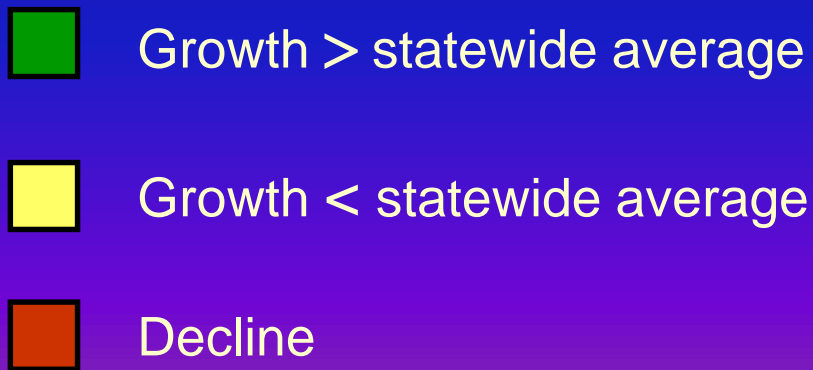


# County Population and Employment Forecasts





# Change in Employment by Michigan County 2015–2045



# Lesson 5

## The geographic variation within Michigan in demographic and economic trends

- Michigan is not a single economy, but instead is a collection of economies with widely varying demographic and economic profiles.
- Much of the variation reflects the differing age structures of the local population, as well as disparate economic trends.
- In general, the most favorable outlook is for counties with a large share of employment in industries with the best growth prospects, accompanied by supporting growth in their working-age population.

# Policy Issues Suggested by the Lessons

1. Assessing the role of planning in supporting and sustaining an elder-friendly community.
2. Dealing with the looming problem of labor shortages.
3. Recognizing the contribution of immigrants to fill out work force needs.

# Policy Issues Suggested by the Lessons

4. Supporting a higher-productivity economy while recognizing the losers in such an economy.
5. Investing in a more highly skilled and educated work force.
6. Retaining greater numbers of our higher-income retirees.
7. Recognizing that different geographic regions have different assets.



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