

MID-YEAR ECONOMIC FORECAST AND STATE OF THE INDUSTRY

JUNE 13, 2019

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Outline

- Michigan Economy
- Michigan Housing and Construction Economy
- Update on Michigan State Government

Michigan Economy

Sustained Economic Growth Since 2009

Michigan has outperformed the US and Great Lakes States during the economic recovery

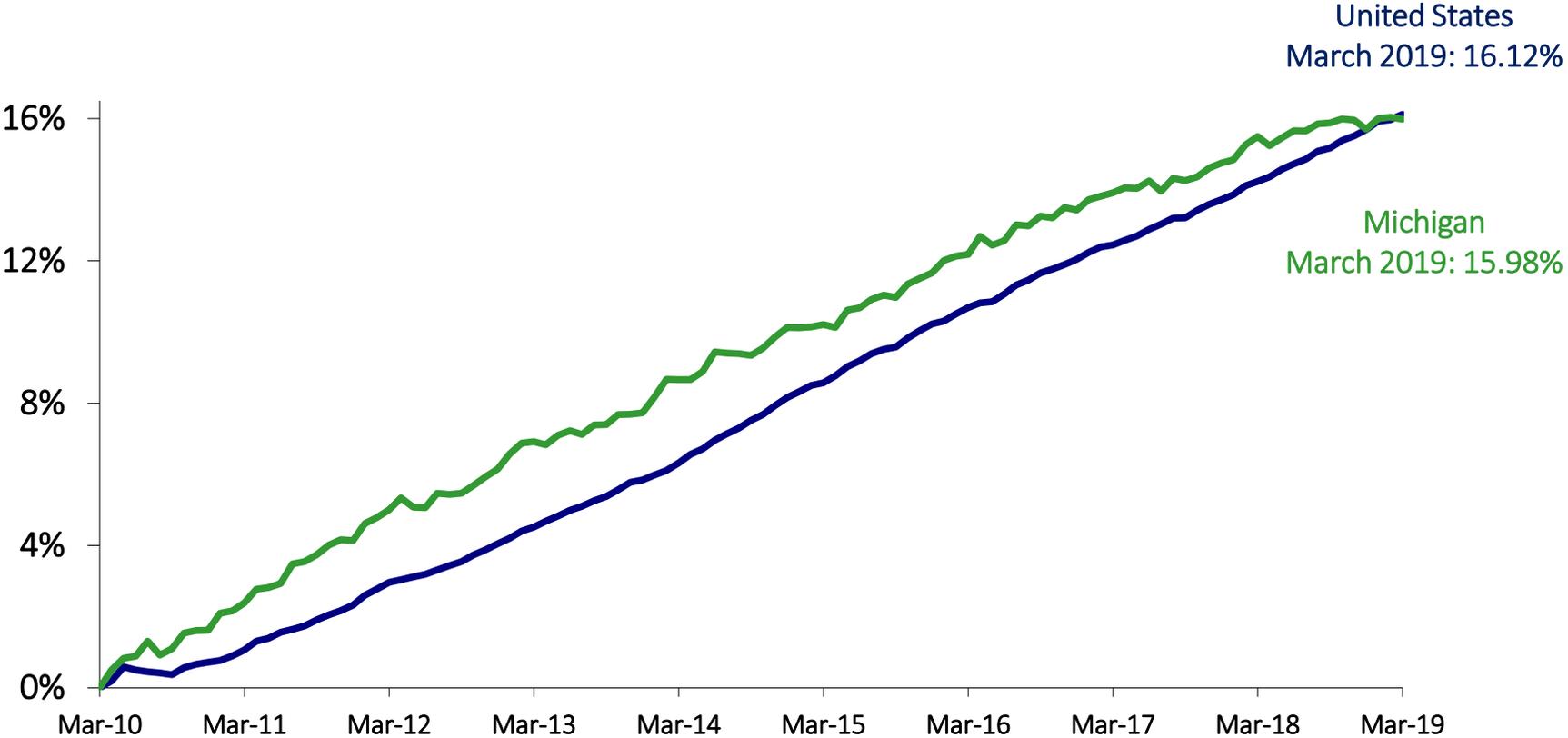
Economic Metric	2009	2018	Annual Growth Rate	Higher than US Growth	Rank Among Great Lakes States*
State GDP	\$363.1 billion	\$528.0 billion	4.2%	✓	#1
Wage and Salary Employees	3.9 million	4.4 million	1.5%	✓	#1
Wage and Salary Earnings	\$170.1 billion	\$239.5 billion	3.8%		#2
Per Capita Personal Income	\$33,938	\$47,582	3.8%	✓	#1
Manufacturing Job Growth	455,100	629,800	3.7%	✓	#1

*Ranking Includes: Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin

Sources: Income and GDP data from the Bureau of Economic Analysis

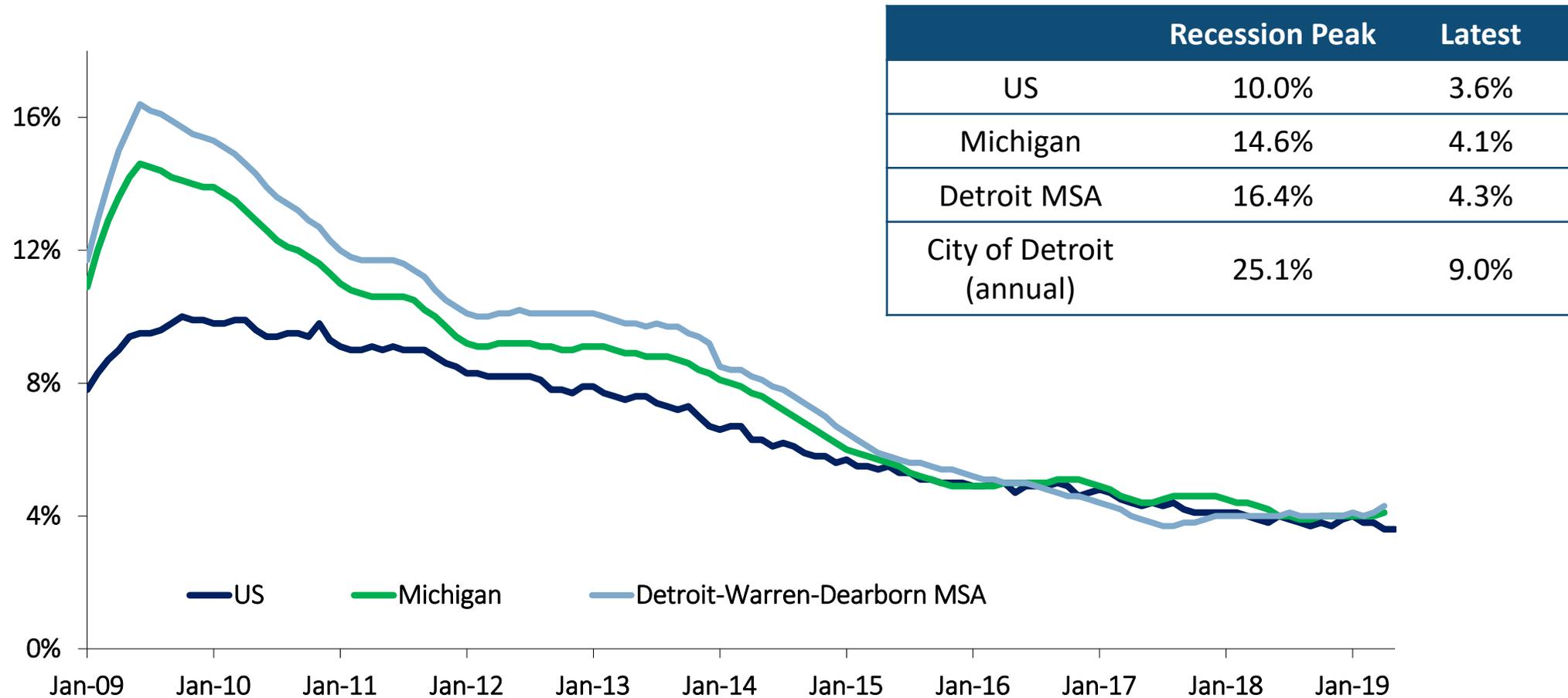
Wage and Employment data from the Bureau of Labor Statistics

Michigan and US Employment Growth Comparisons



Michigan Unemployment Rates

Continued improvement in all measures



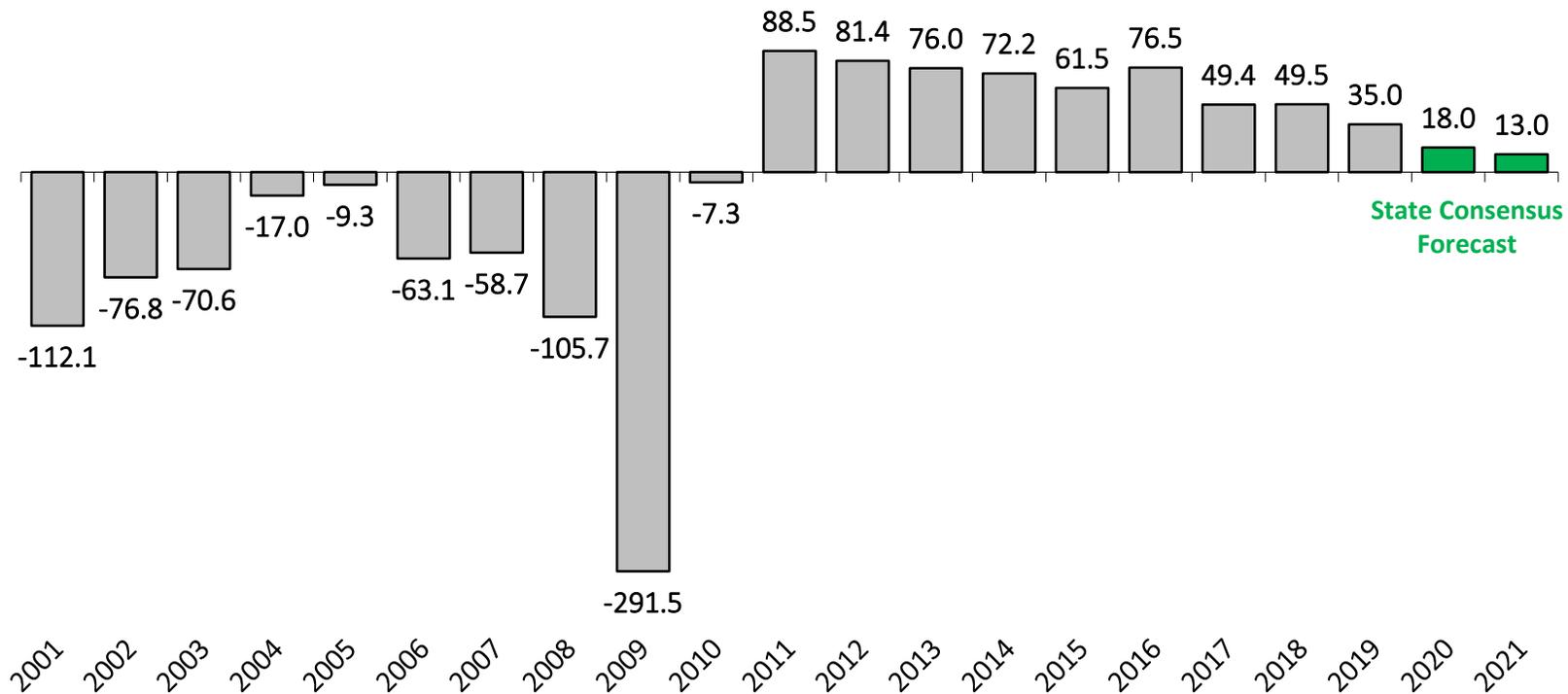
Continued Job Growth Expected in Michigan

Although Michigan has had strong employment growth since 2011, total jobs are still below the level in 2000.

812,100 jobs lost from 2001-2010

621,000 jobs increase expected from 2011-2020

191,100 below 2000

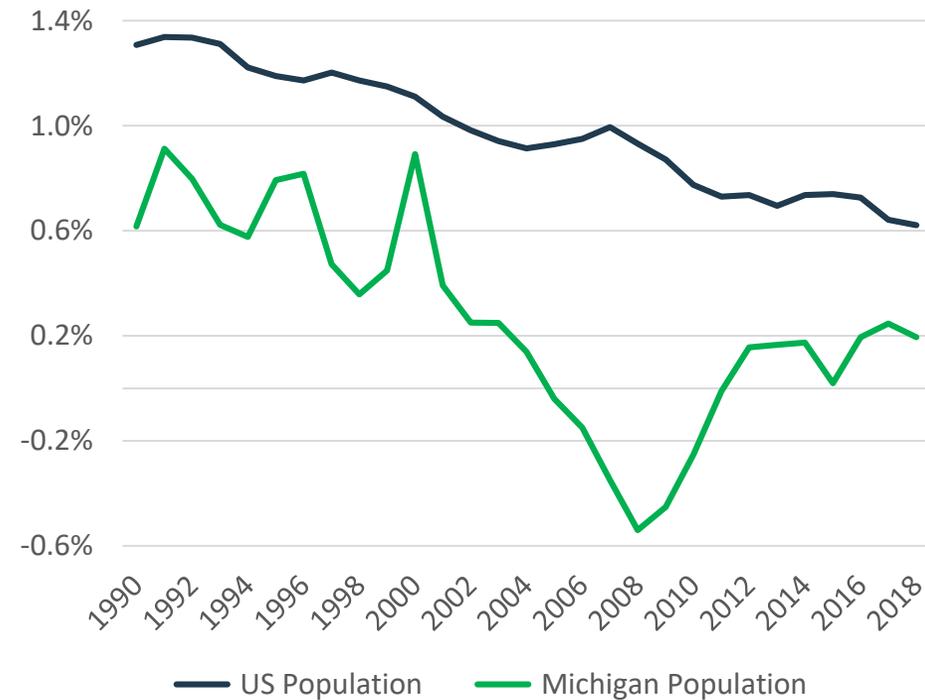
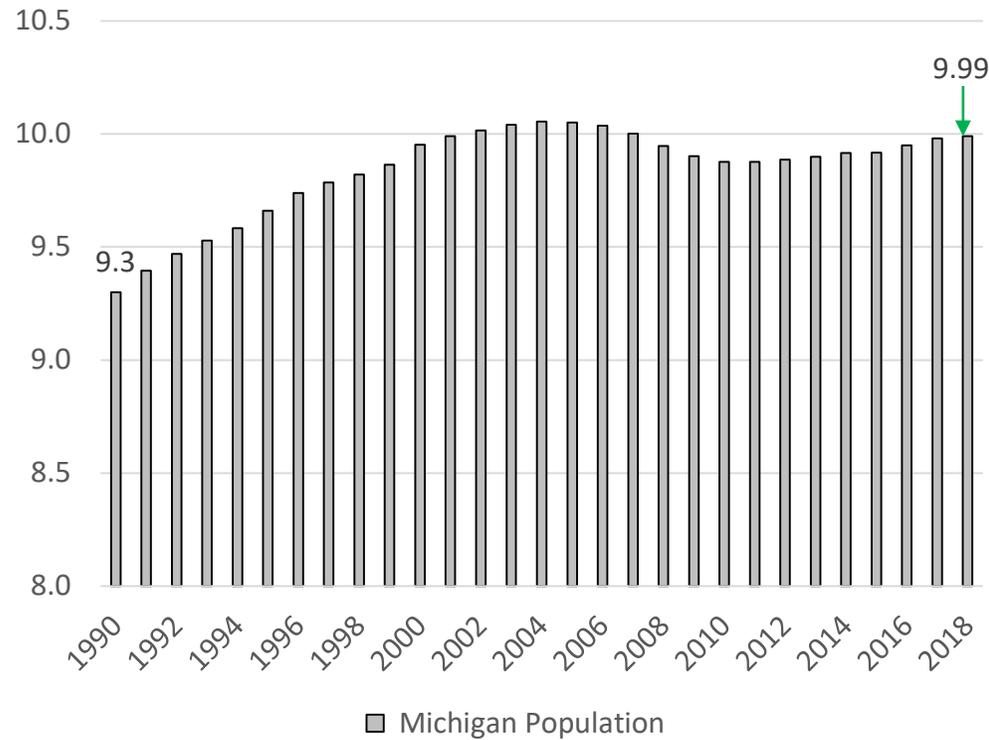


Michigan Motor Vehicle Employment Rebounds



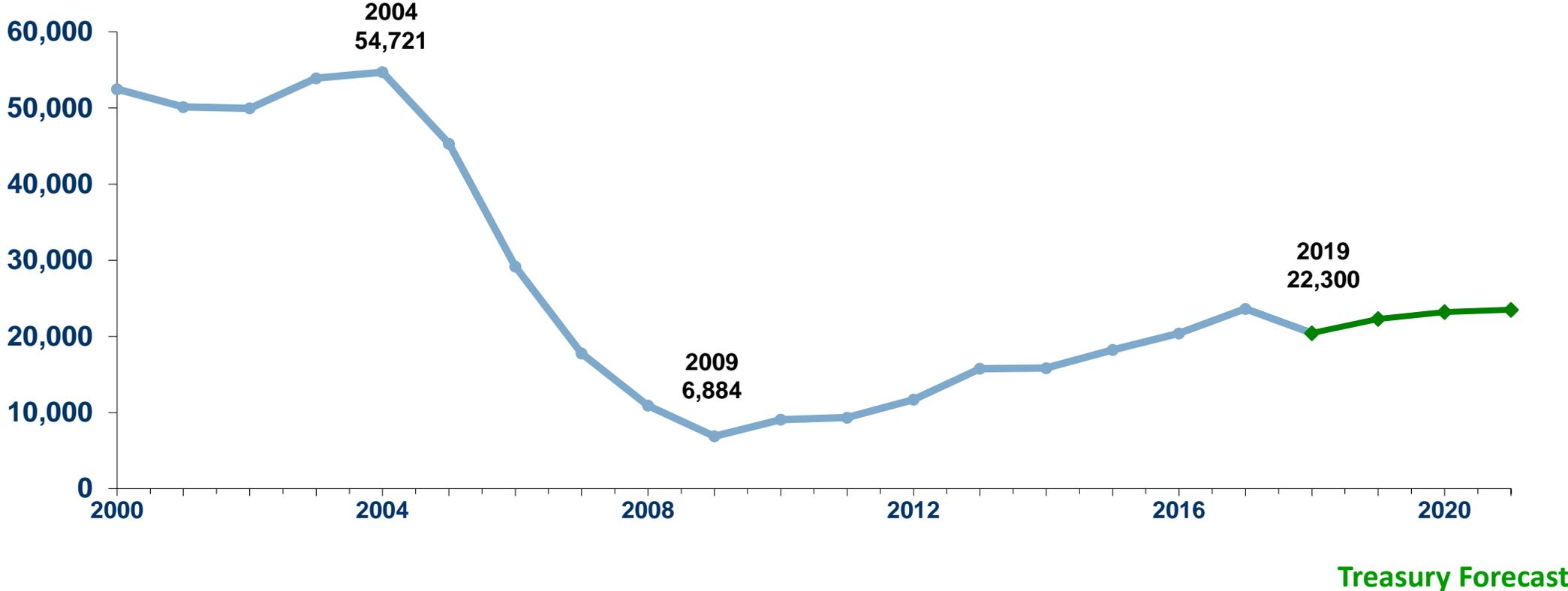
Michigan Population Stabilizes

Michigan's population broke the 10 million mark in 2001 but dropped below 10 million in 2008. Population has remained below 10 million since.

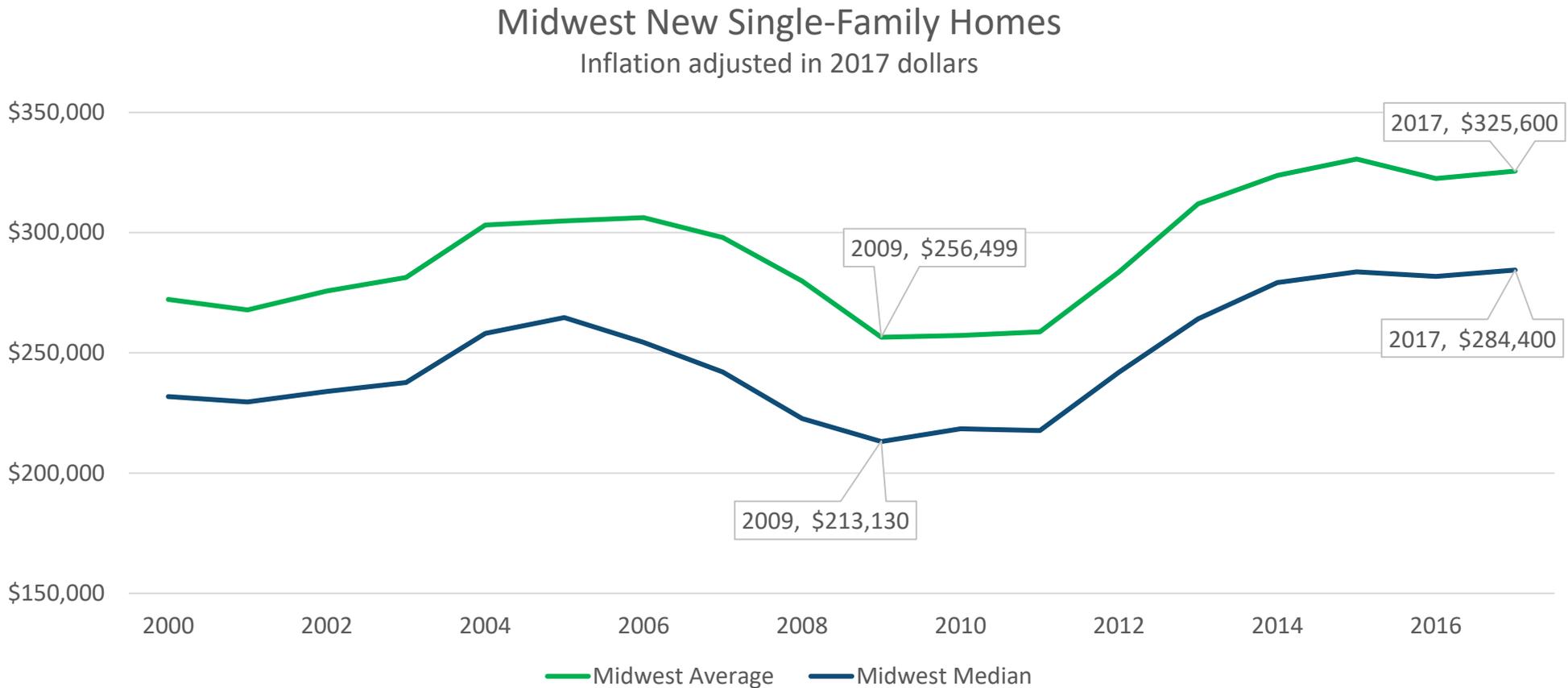


Michigan Housing and Construction

Michigan Housing Starts Leveling Off

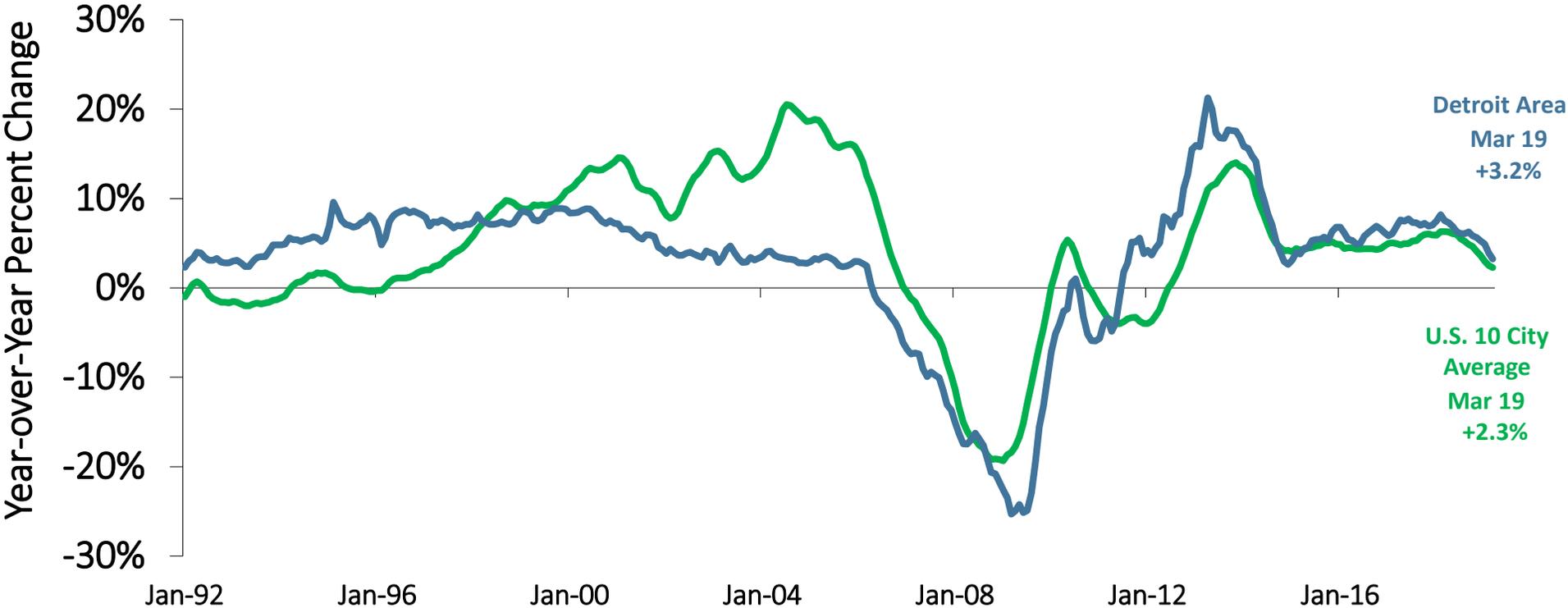


Inflation Adjusted Average and Median Price of New Single-Family Homes



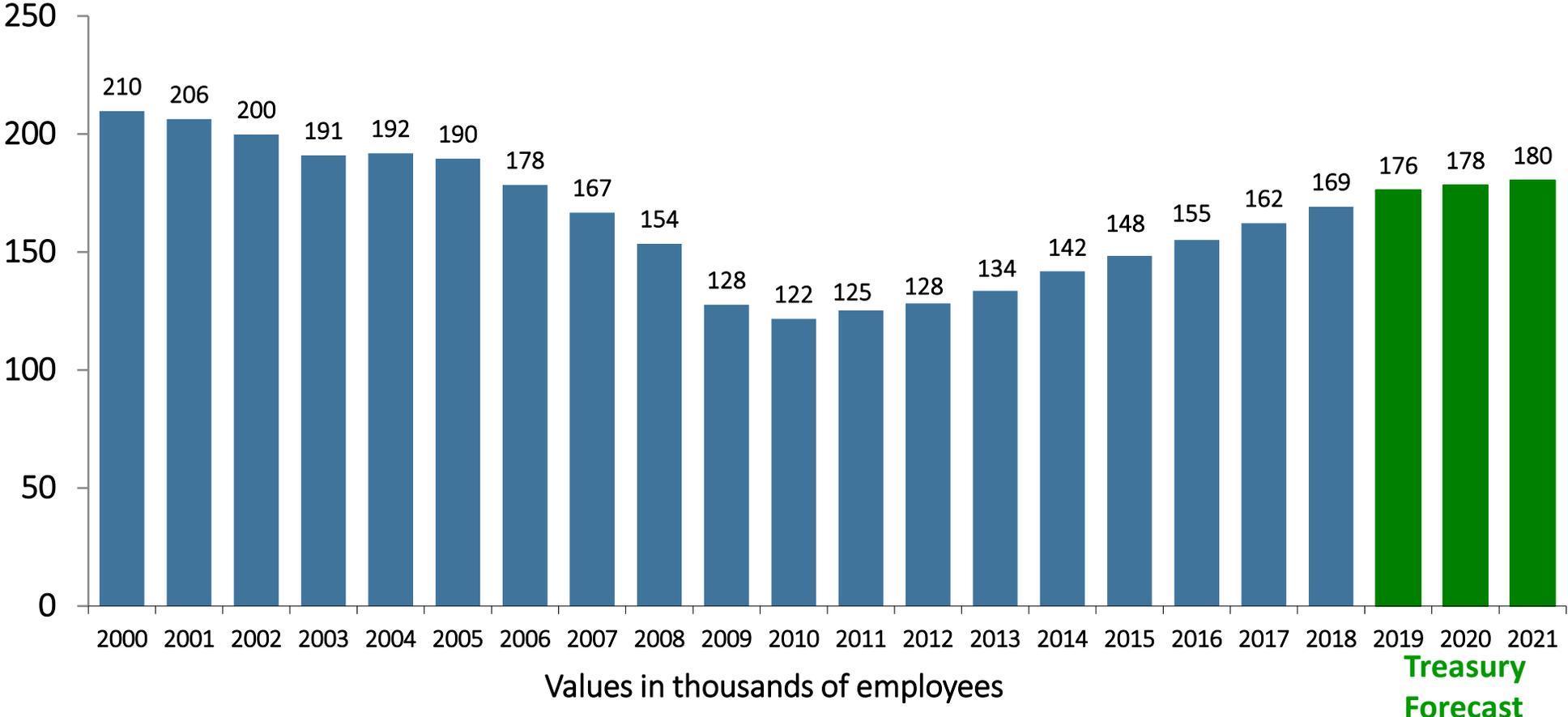
Housing Prices Continue To Rise In Metro Detroit

10-City Average and Detroit Area Case-Shiller Indices



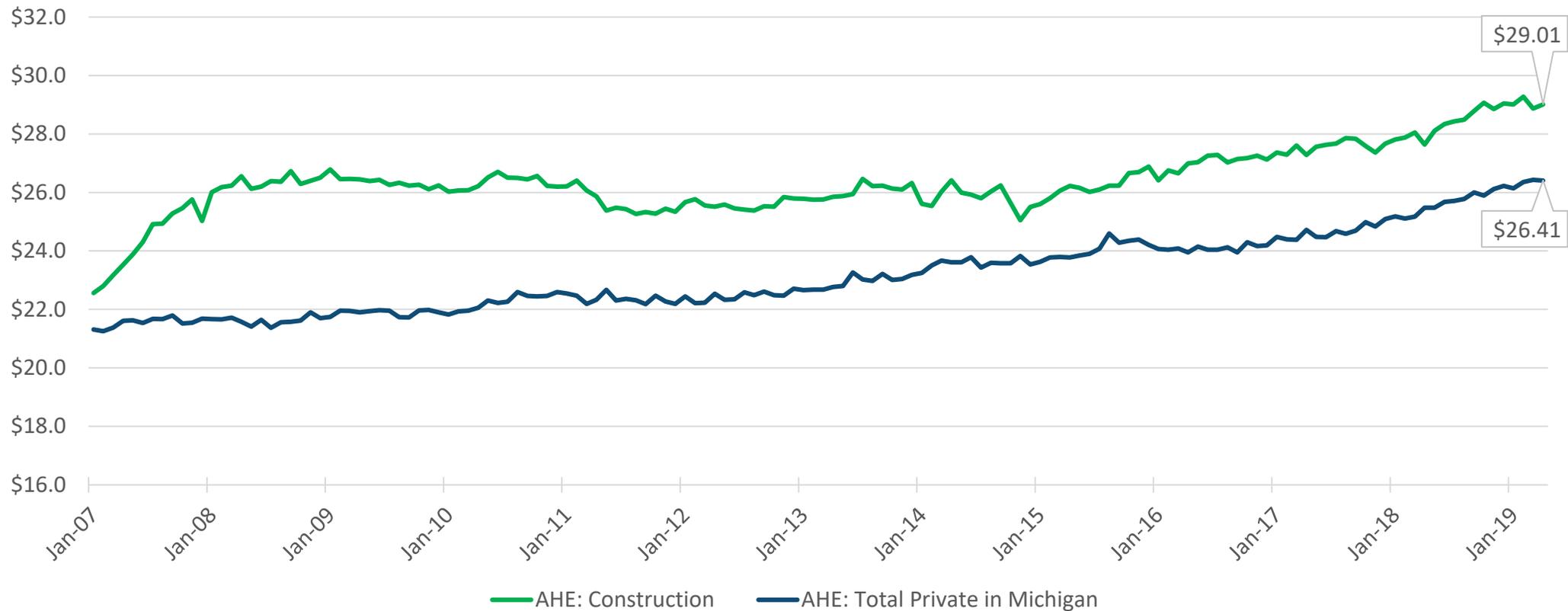
Michigan Construction Employment

Edging Up From Historically Low Levels



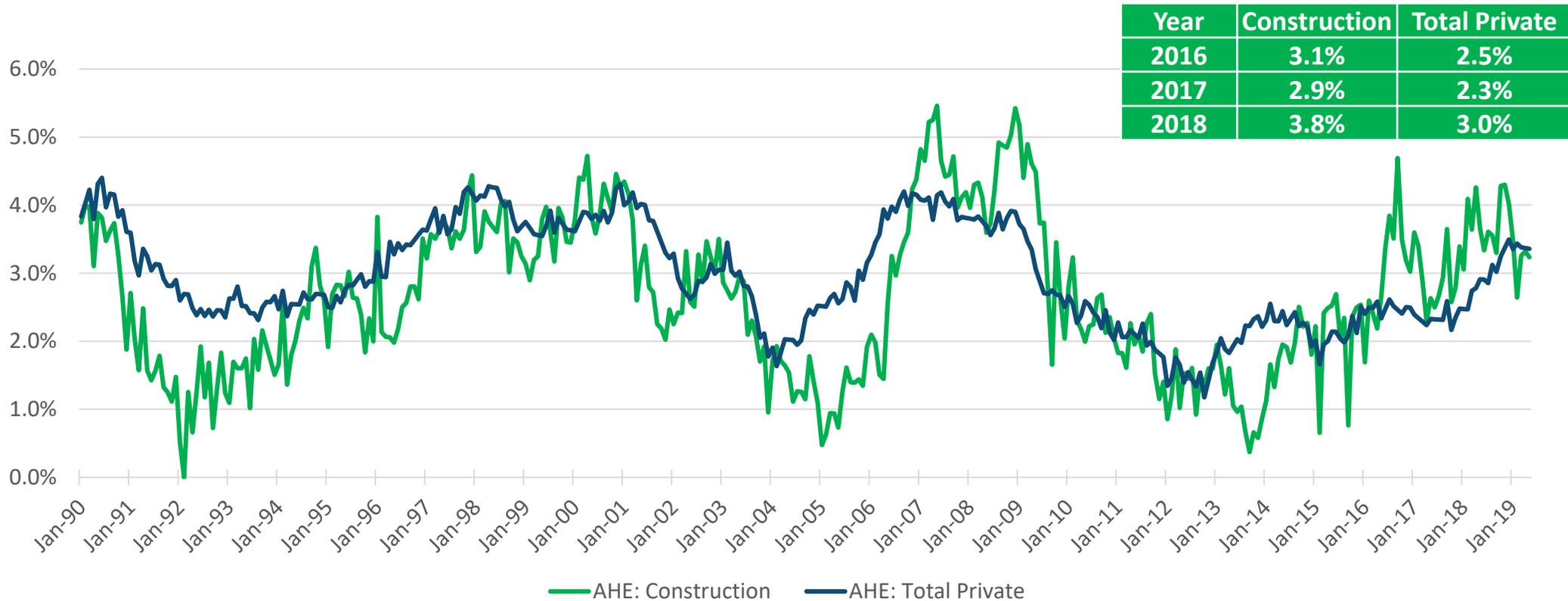
Average Hourly Earnings in Michigan

Average Hourly Earnings: Total Private versus Construction Sector

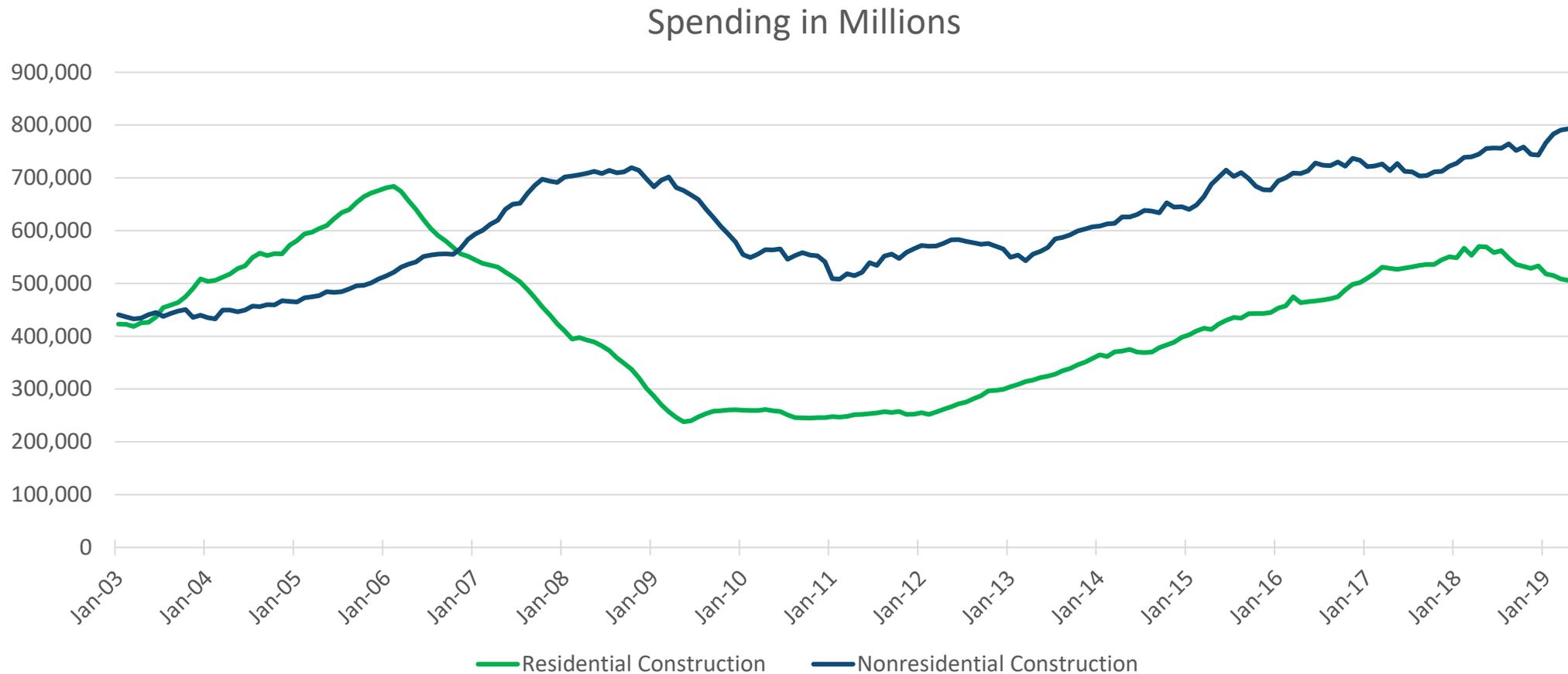


National Construction Wages: Production Employees in Construction

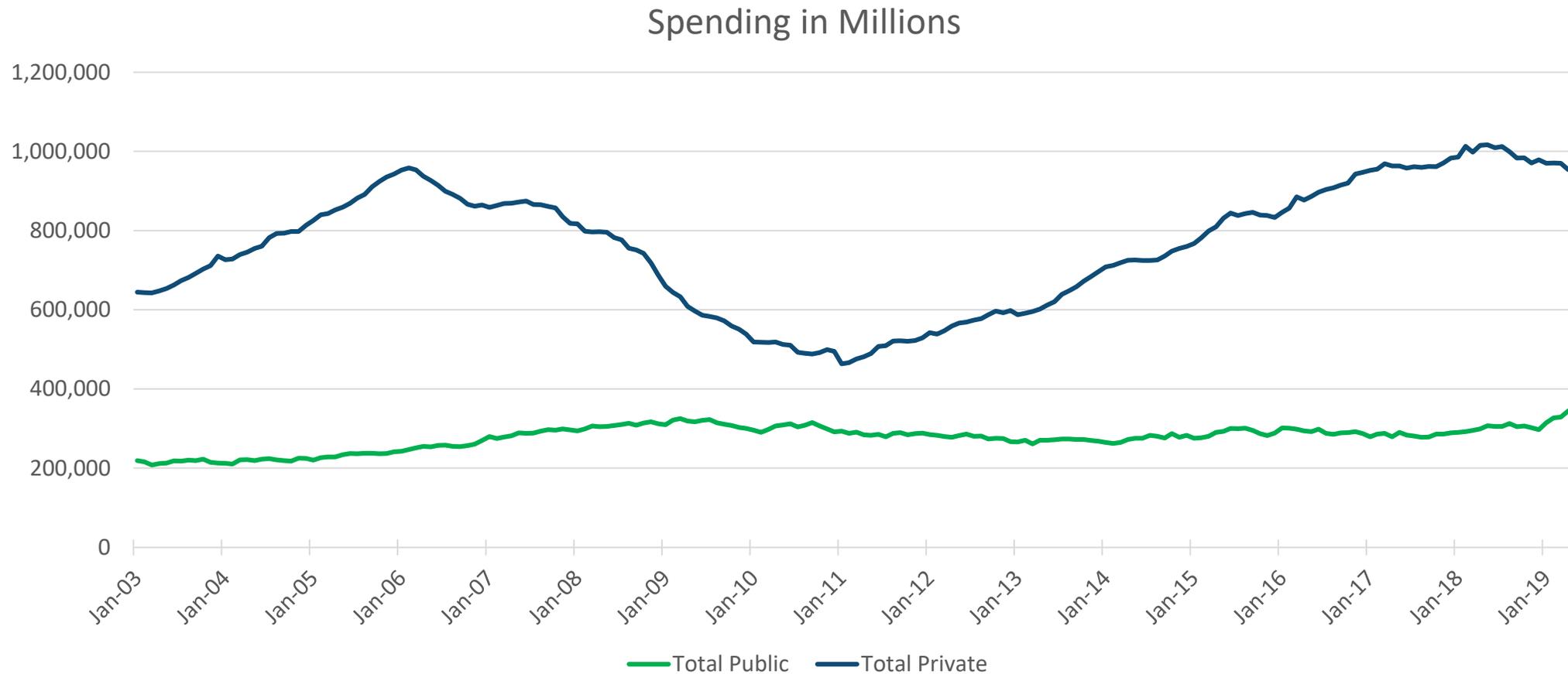
Average Hourly Earnings: Production and Nonsupervisory Employees



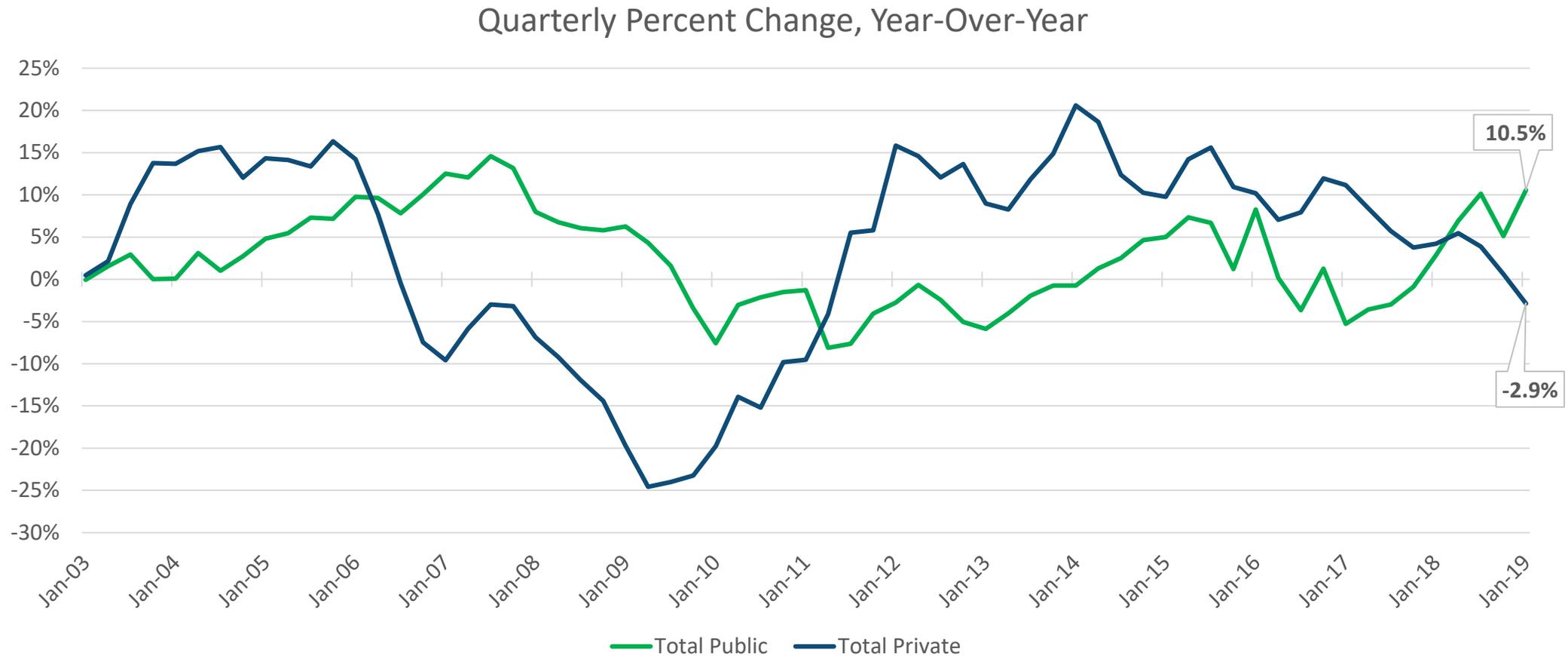
National Construction Spending: Residential versus Nonresidential



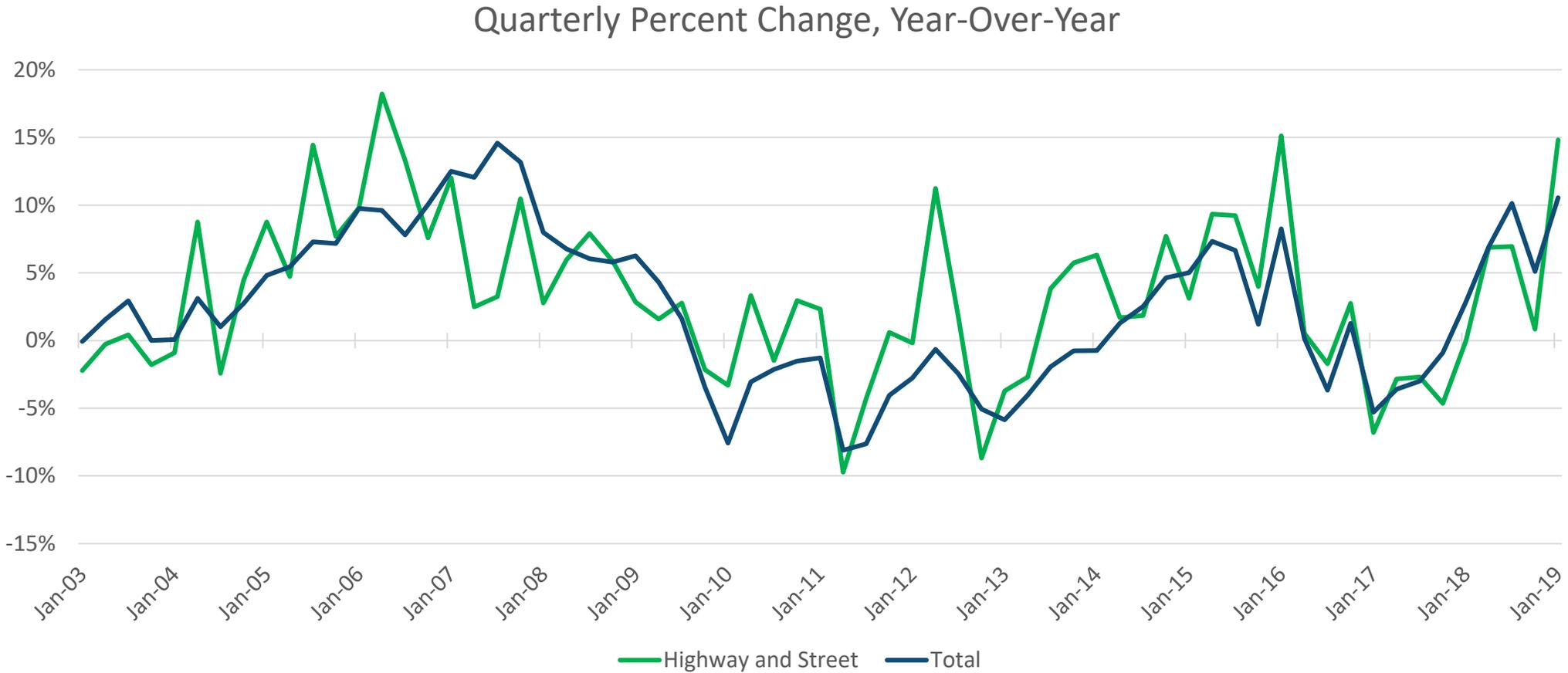
National Construction Spending: Public versus Private Total Spending



National Construction Spending: Public versus Private

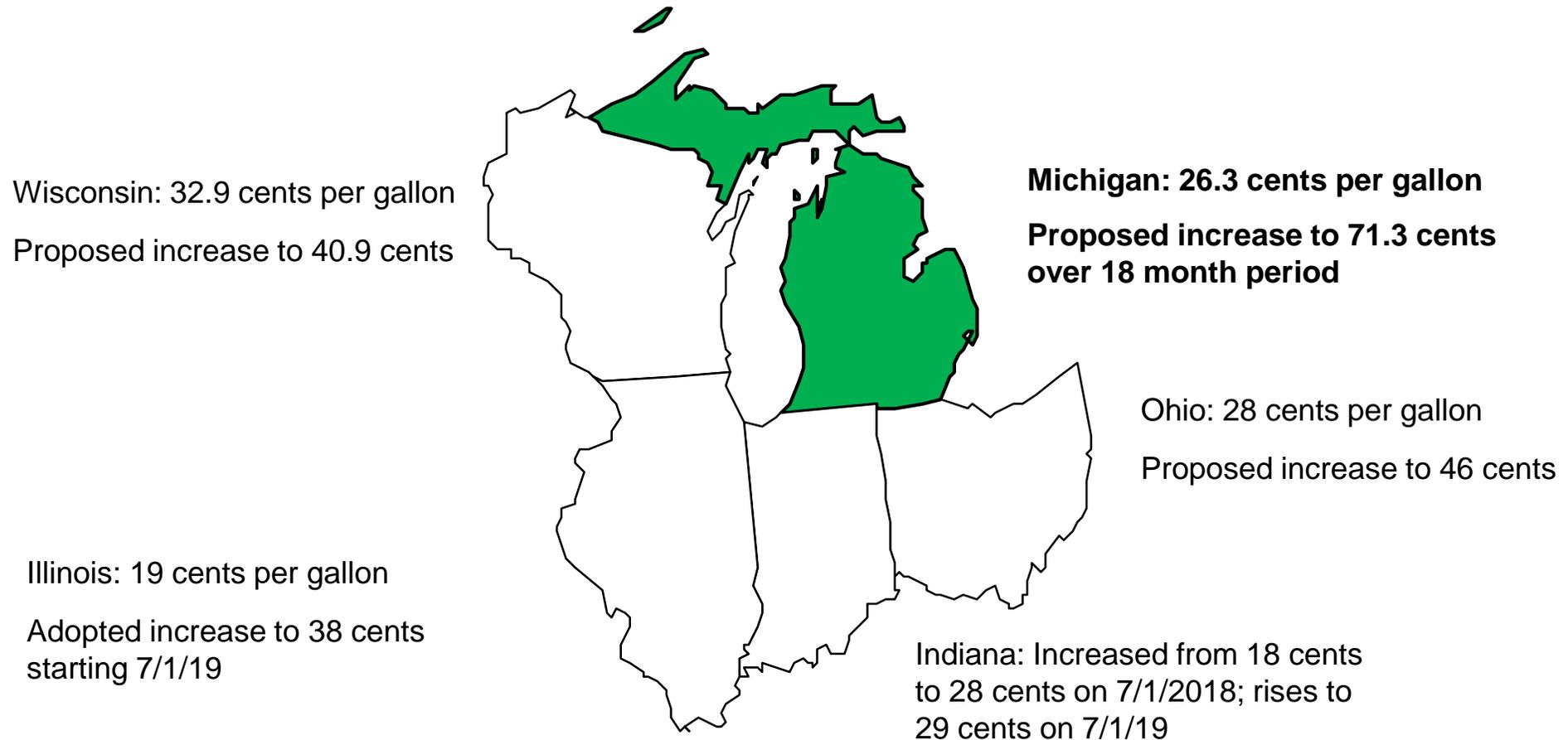


National Construction Spending Components of Public Construction

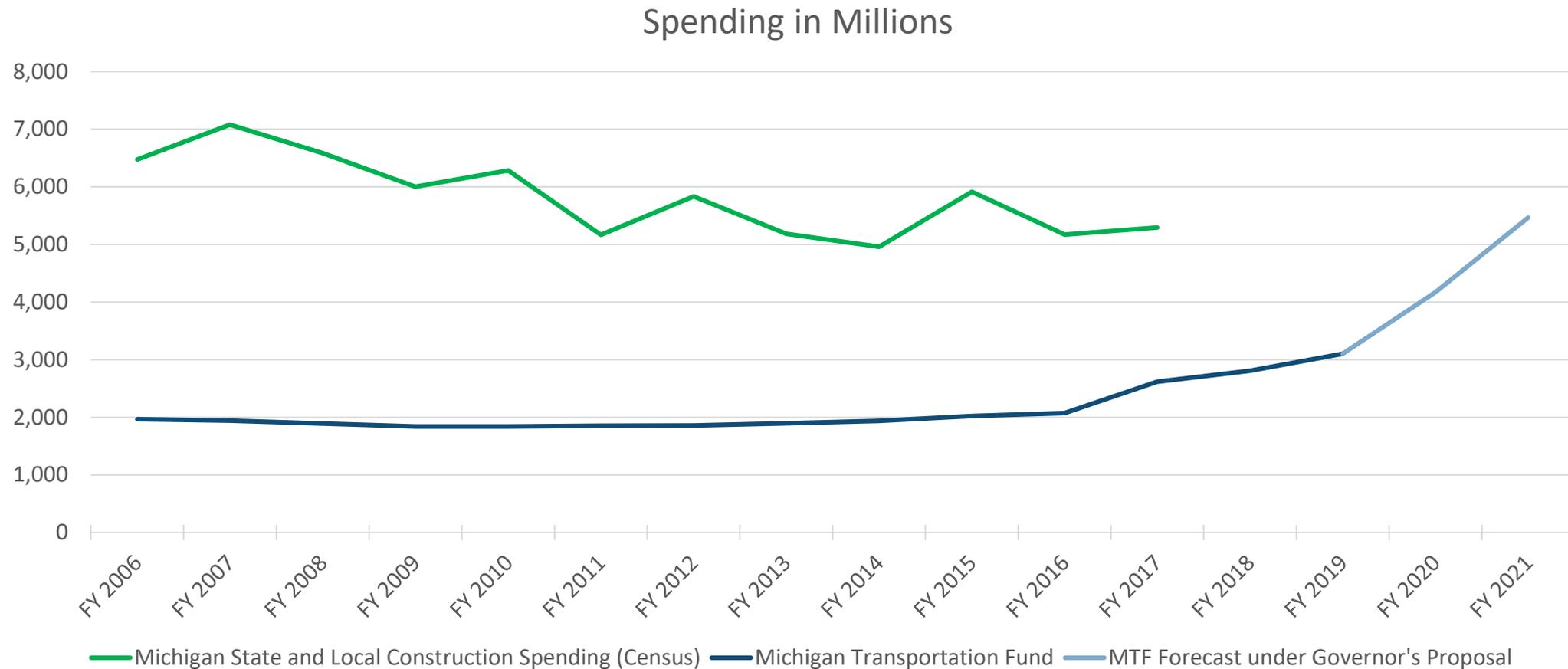


State Government Update

Michigan and Other Midwest States Increasing or Proposing Increases to Gasoline Tax



Michigan State and Local Government Construction Spending



Conclusion

- Michigan's economy is solid and modest growth is expected to continue
- Risks to the US macroeconomy are building
- Positive outlook for construction and home builders, but the market will continue to shift
- Tight labor market in the trades could become even more competitive and drive wages higher



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