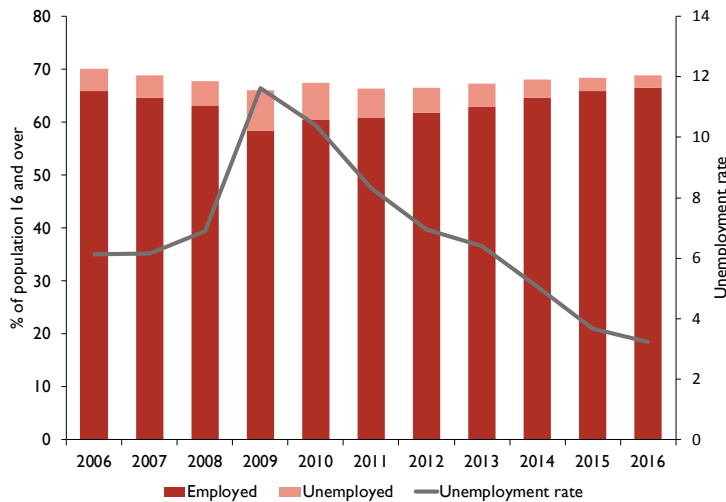


GRAND RAPIDS–WYOMING MSA

The labor force participation rate in Grand Rapids was 68.8 percent in 2016, (see figure below), well above the national rate of 62.7. While a high labor force participation rate suggests a healthy local economy, there remains concern that the lack of available labor may be hindering economic expansion. Labor force participation is below the level from 2006, but at that time there was a higher number of unemployed workers still in the labor force. Currently, 66.5 percent of the adult population is employed, which is above the 2006 rate of 65.8 percent.

Grand Rapids-Wyoming Labor Force and Unemployment

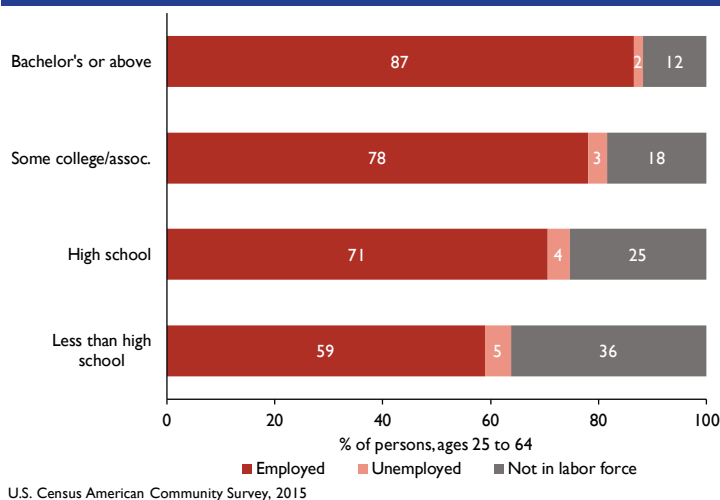


The labor force participation rate (LFPR) in the Grand Rapids–Wyoming MSA was 68.8 percent in 2016, more than six points above the national rate of 62.7. The LFPR is the percentage of the population 16 and over that is either employed or unemployed. The high labor force participation rate means employers face challenges in finding new workers, as there are fewer people outside the labor force to draw from.

The area's unemployment rate increased to 3.4 percent from 3.2 percent in the third quarter. Initial claims for unemployment insurance rose by 29 percent over the quarter, to 520 claims per week.

Total nonfarm employment grew in the Grand Rapids–Wyoming MSA by 0.7 percent, or 3,830 jobs, during the fourth quarter of 2016. Gains were led by growth in educational and health services, which added 1,050 jobs. Professional and business services added 640 jobs during the fourth quarter. Construction employment

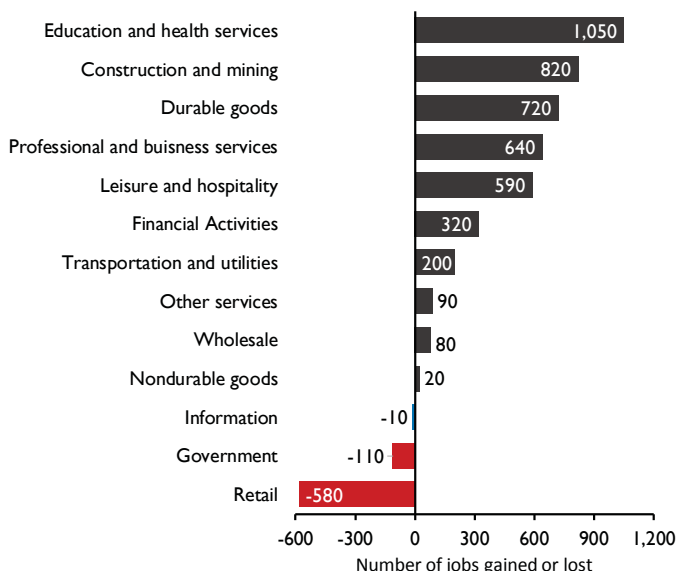
Grand Rapids-Wyoming MSA Education & Employment Status



Employment rises and unemployment falls as education increases. Of the population 25 to 64, among the percentage of those with at least a bachelor's degree, only 2 percent are unemployed and 12 percent are out of the labor force, suggesting a high demand for skilled workers.

U.S. Census American Community Survey, 2015

Q3 to Q4 Employment Growth by Sector



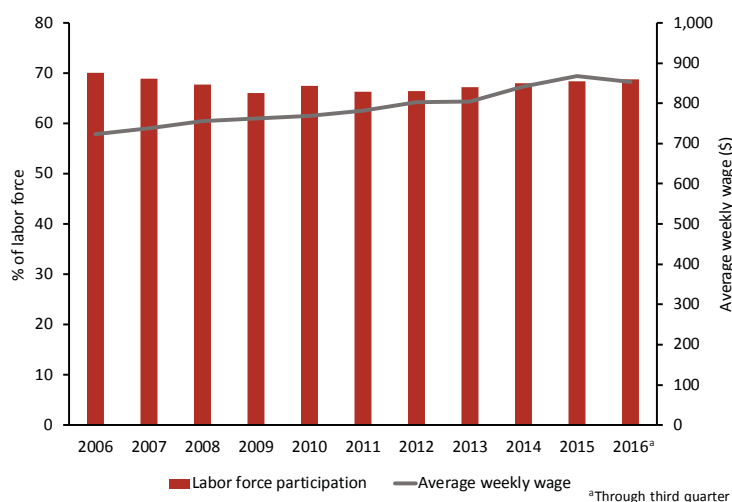
Total employment in the Grand Rapids MSA improved by 0.7 percent over the fourth quarter. In spite of the tight labor market, nearly every industry grew during the quarter.

led job growth for the goods-producing sector, adding 820 jobs over the quarter. Durable goods manufacturing added 720 jobs, while nondurable goods manufacturing was little changed, adding just 20 jobs. Government employment fell by 0.2 percent, or 110 jobs, during the third quarter and by 0.7 percent from the fourth quarter of 2015.

Labor force participation in the Grand Rapids–Wyoming area has nearly returned to the level of 2006 as the number of employed persons has risen. Nominal wage growth (unadjusted for inflation) increased in 2014 and 2015 along with the labor force participation rate, which had been flat through 2012. It is possible that the wage growth helped pull workers back into the labor force.

More detail on industry employment change can be found on our website at research.upjohn.org/bus_outlook/.

Labor Force Participation and Average Weekly Wage



Wage growth has been steady in the area, while the labor force participation rate has remained high.