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## Employment Outlook

While Southwest Michigan's (SWMI) overall employment is projected to remain stable in 2026, the composition of the region's economy is beginning to shift. Export clusters are expected to weather a modest, short-term contraction (0.4%) before fully recovering by 2028. At the same time, regional clusters are projected to expand by 0.8%, while population serving industries maintain steady employment. Yet the biggest story may lie outside the region's established industry clusters. Employment in industries not currently classified as export, regional, or population-serving is projected to grow the fastest (1.1%), hinting that new economic strengths may be emerging in SWMI.

Among export clusters, nearly all industry clusters are expected to recover from the 2026 contraction by 2028, or at least weather the downturn without significant employment losses. Medical Device Manufacturing stands out as the only cluster projected to continue growing throughout the period, with employment increasing by 3.7% by 2028.

Among regional clusters, Construction and Professional Services stand out: they are expected to grow their employment by 1.6% and 0.8%, respectively, by 2028. Employment growth in these two clusters suggests that the region's economy is strengthening and creating more opportunities for workers in high-wage occupations.

Most population-serving clusters are expected to maintain stable employment through 2028. The Health Care and Social Assistance cluster is an exception, with employment projected to increase by 0.8% in 2026 before gradually returning to its 2025 level by 2028.

## Changes in Employment Outlook

Compared with [the projections in Issue 1 of the Upjohn Regional Economic Outlook](#), employment has been revised downward, particularly for 2026. These downward revisions apply to export, regional, and population-serving clusters. Year-to-year changes in employment in 2027 and 2028, however, have been revised slightly upward, which suggests a recovery from the negative shocks in 2026.



Although employment levels in 2028 will be roughly the same as they were in 2025, there is now more volatility projected to occur in that three-year period than previously forecasted. The Health Care and Social Assistance industry group saw a significant upward revision to its employment forecast. Positive revisions across all forecast years changed its projected trajectory from “declining” to “maintaining” employment levels. As the largest component of the population-serving cluster, this revision also shifted the overall population-serving cluster's outlook from “declining” to “maintaining” employment levels.

## Gross Regional Product Outlook

Gross regional product (GRP) in the SWMI economy is projected to grow by 3.2% over the next three years. In SWMI, growth in inflation-adjusted GRP is notably higher than employment growth, indicating increased productivity among industries. When broken down by cluster type, export clusters are predicted to contract by 0.9% in 2026 but ultimately to grow by 2.0% by 2028 compared with 2025 levels. Regional clusters will grow by 5.2% and population-serving clusters by 2.1% over the next three years.

Among export clusters, Agriculture and Food Manufacturing; Plastics, Rubber, Glass, and Cement Product Manufacturing; and Medical Device Manufacturing stand out. The Agriculture and Food Manufacturing cluster does not appear to experience a negative shock to GRP in 2026, unlike the other manufacturing clusters. In fact, its GRP is forecast to grow by 2.3% in 2026 and should continue to grow through 2028. Similarly, GRP in Plastics, Rubber, Glass, and Cement Product Manufacturing is not expected to decline, but rather to maintain its 2025 level through 2028.

**Table 1. Southwest Michigan Economic Outlook, 2026–2028 Projections, Updated May 2026**

| Cluster                                                    | Three-Year Trend | Employment |         |      |        | Three-Year Trend | GRP (Millions USD) |          |         |         |
|------------------------------------------------------------|------------------|------------|---------|------|--------|------------------|--------------------|----------|---------|---------|
|                                                            |                  | Current    | Outlook |      |        |                  | Current            | Outlook  |         |         |
|                                                            |                  |            | 2025    | 2026 | 2027   |                  |                    | 2028     | 2025    | 2026    |
| Metal and Machinery Manufacturing                          | ↔                | 17,551     | -62     | +1   | -5     | ↗                | \$2,511            | -\$15.6  | \$23.9  | \$11.4  |
| Agriculture and Food Manufacturing                         | ↔                | 15,155     | +11     | +26  | +18    | ↗                | \$1,470            | \$33.2   | \$59.7  | \$40    |
| Automotive Parts Manufacturing                             | ↗                | 12,447     | -52     | +69  | +104   | ↗                | \$3,274            | -\$65.3  | \$111.7 | \$64.3  |
| Wood and Paper Manufacturing                               | ↘                | 5,558      | -122    | -7   | +0     | ↘                | \$755              | -\$24.5  | \$5.5   | -\$8.8  |
| Plastics, Rubber, Glass, and Cement Products Manufacturing | ↘                | 4,819      | -52     | +1   | +0     | ↗                | \$600              | \$0.8    | \$5.6   | \$0.7   |
| Pharmaceutical and Chemical Manufacturing                  | ↘                | 4,648      | -121    | +40  | +38    | ↗                | \$1,809            | \$3.2    | \$39.5  | \$32.0  |
| Appliance Manufacturing                                    | ↘                | 3,155      | +4      | -16  | -14    | ↗                | \$588              | -\$1.5   | \$23.2  | \$14.6  |
| Medical Devices Manufacturing                              | ↗                | 4,022      | +96     | +27  | +26    | ↘                | \$1,036            | -\$25.8  | -\$30.0 | -\$1.1  |
| Furniture Manufacturing                                    | ↗                | 1,106      | +12     | +2   | +5     | ↘                | \$127              | -\$7.3   | -\$5.0  | -\$2.3  |
| Export Total                                               | ↔                | 68,461     | -285    | +143 | +172   | ↗                | \$12,171           | -\$104.5 | \$234.2 | \$114.8 |
| Professional Services                                      | ↔                | 19,317     | -165    | +95  | +128   | ↗                | \$4,200            | \$47.7   | \$75.6  | \$69.5  |
| Construction                                               | ↗                | 14,448     | +195    | +9   | +24    | ↗                | \$6,153            | \$111.8  | \$117.1 | \$95.6  |
| Logistics                                                  | ↗                | 3,704      | +5      | +68  | +67    | ↘                | \$438              | -\$15.0  | \$8.5   | \$1.6   |
| Energy Distribution                                        | ↘                | 2,495      | -22     | -32  | -28    | ↗                | \$1,685            | \$75.1   | \$47.1  | \$12.9  |
| Regional Total                                             | ↗                | 39,964     | +14     | +141 | +191   | ↗                | \$12,477           | \$219.5  | \$248.2 | \$179.7 |
| Health Care and Social Assistance                          | ↔                | 29,937     | +210    | -60  | -90    | ↗                | \$2,907            | \$25.1   | \$28.2  | \$27.6  |
| Government                                                 | ↔                | 22,328     | -40     | +32  | +43    | ↗                | \$2,790            | \$38.7   | \$16.4  | \$7.9   |
| Higher Education                                           | ↘                | 11,229     | -87     | -27  | -32    | ↔                | \$1,117            | -\$17.0  | \$10.4  | \$9.3   |
| Civic and Social Organizations                             | ↘                | 2,050      | -6      | -10  | -12    | ↘                | \$144              | -\$2.6   | -\$0.2  | \$0.2   |
| Population Serving Total                                   | ↔                | 65,544     | +78     | -66  | -91    | ↗                | \$6,958            | \$44.3   | \$55.2  | \$44.9  |
| SWMI Total                                                 | ↗                | 338,035    | -100    | +991 | +1,173 | ↗                | \$50,923           | \$407.7  | \$771.9 | \$474.2 |

Note: Three-year trend graphics indicate the magnitude of change: flat represents changes of less than ±0.5%; positive represents increases of 0.5% or greater; negative represents decreases of 0.5% or greater.

Source: Moody's Economy.com, data retrieved May 2026.



Medical Device Manufacturing, however, is expected to decline over the next three years by 5.8%, which is somewhat unexpected given this industry's projected strong employment growth.

Among regional clusters, Energy Distribution and Construction are expected to grow by 8.0% and 5.3%, respectively, by 2028. Among population-serving clusters, Higher Education and Civic and Social Organizations stand out as being less volatile. Over the next three years, these clusters are expected to change by not more than 1.5%.

## Changes in GRP Outlook

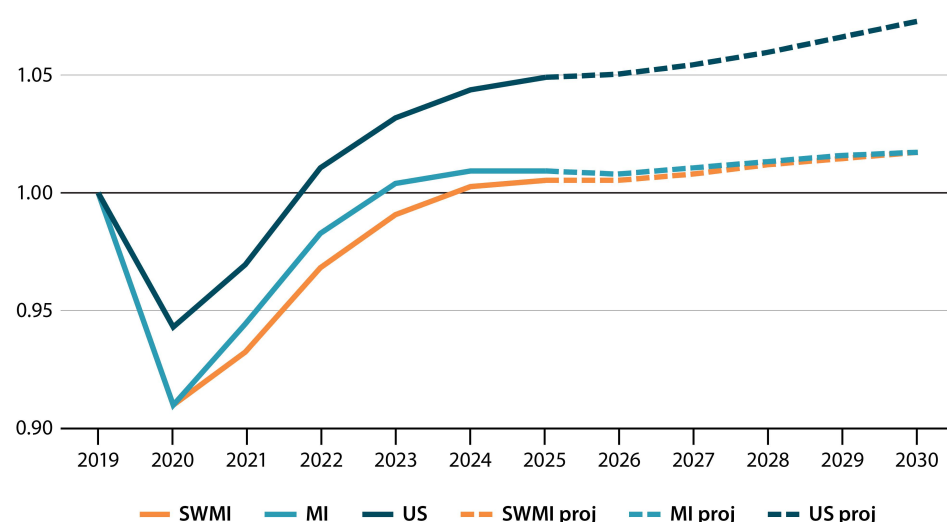
Many of the GRP projections for 2026 are revised downward, while some have been revised upward for 2027, indicating a follow-up recovery. Overall, the updated data indicate growth in GRP for SWMI over the next three years, but that growth is less than previously forecast (projections are down from 4.1% to 3.2%). Export clusters are most affected by downward revisions to the 2026 projections, whereas regional and population-serving clusters had no significant changes. The one exception is energy distribution, which received considerable positive revisions to GRP in all three projected years. This change is primarily driven by higher oil prices. Because energy costs are embedded in many components of GRP, increases in energy prices raise the overall value of GRP.

## Southwest Michigan Employment Index, 2019–2030

The employment index in Figure 1 shows the trajectory of job growth relative to 2019 levels for SWMI, the state of Michigan, and the United States from 2019 to 2030. Data for the years 2026 through 2030 reflect the most up-to-date estimated trajectory of employment for the three geographies.

The updated data in this issue show small changes to the index values and

**Figure 1. Employment Growth Trends, 2019–2030, Updated May 2026**



Source: Moody's Economy.com, data retrieved May 2026.

trajectory between 2019 and 2025 for SWMI, Michigan, and the United States.

The index values for each region in 2025 were as follows:

- SWMI: 1.01, indicating a 1% increase in employment since 2019
- Michigan: 1.01, indicating a 1% increase in employment since 2019
- United States: 1.05, indicating a 5% increase in employment since 2019

By 2030, the index values for each region are predicted to be:

- SWMI: 1.02, indicating a 2% increase in employment from 2019
- Michigan: 1.02, indicating a 2% increase in employment from 2019
- United States: 1.07, indicating a 7% increase in employment from 2019

Employment growth in SWMI and Michigan continues to lag behind the rest of the United States. Although both areas recovered from the pandemic several years ago, employment has grown only modestly since then, and projections indicate limited job growth through the remainder of the forecast period.

The updated projections reflect a temporary increase in global economic uncertainty, which has weakened the outlook for 2026. Higher energy prices, persistent inflationary pressures, and lower purchasing power are expected to reduce consumer spending and business investment, leading to slower economic activity. As demand softens, businesses are likely to scale back hiring and, in some cases, reduce employment to contain costs. These dynamics are reflected in the revised forecasts, which show lower employment and GRP growth for 2026 than previously projected. The outlook also points to a recovery beginning in 2027 and continuing through 2028, suggesting that these headwinds are expected to be temporary rather than structural. Under this scenario, the SWMI economy returns to its longer-term growth path after 2026. However, if global economic conditions remain unsettled for longer than anticipated, additional downward revisions to the outlook may be reflected in future editions of the Upjohn Regional Economic Outlook.

## Data Deep Dive: The Appliance Manufacturing; Metal and Machinery Manufacturing; and Plastics, Rubber, Glass, and Cement Products Manufacturing Clusters

From the appliances in our homes and the glass in our windows, to the plastic in our packaging and the cement beneath our feet, the industries behind these products significantly contribute to the southwest Michigan (SWMI) economy. The Appliance Manufacturing; Metal and Machinery Manufacturing; and Plastics, Rubber, Glass, and Cement Products Manufacturing clusters together provide 25,525 jobs (7.6% of SWMI employment) and generate \$3.9 billion in gross regional product (7.6% of SWMI GRP) across the seven-county area. Since all these industries produce products sold outside the region and are considered export clusters, they also boost regional productivity and competitiveness by bringing external revenue into the region through goods mainly consumed outside the region. The location quotients (LQs) of these industry clusters (see Table 1) indicate that the region has developed high concentrations of specialized firms, supplier networks, and skilled workers, creating benefits in productivity,

innovation, knowledge spillovers, and regional competitiveness.

The following analysis examines each of these clusters, focusing on employment, wages, GRP, productivity (GRP per employee), in-demand occupations, hiring activity, and the employers driving the strengths of these industries, as well as the strategic challenges they face given current economic conditions.

### Appliance Manufacturing

The SWMI region has a long history of leading the Appliance Manufacturing industry, as it is the birthplace of the Whirlpool Corporation. Originally founded in 1911 as the Upton Machine Company, which made electrified wringer washers in Benton Harbor, the company has grown and evolved into a major producer of various home appliances. As Whirlpool expanded and acquired other brands, it established new manufacturing plants across the United States and worldwide. Although the company experienced

overall growth, it closed its manufacturing operations in Berrien County in 2011, while its headquarter operations remained. Today, the headquarters handles business management, sales, logistics, and product development for the global company. Whirlpool's presence in Berrien County as a headquarters location makes its impact distinct from that of a manufacturing plant, as the occupations of workers are different.

Since Whirlpool is the largest employer in this cluster, Appliance Manufacturing activity in SWMI is mainly located in Berrien County. The county employs 2,442 of the region's 3,155 workers in this cluster (77%). These 2,442 workers also represent 3.7% of the county's total workforce. Household Appliance Manufacturing shows the highest relative employment concentration among industries in this cluster, at 12.9, and the highest GRP location quotient at 11.9, indicating a high level of industry concentration relative to the U.S. average. However, the Electrical Equipment Manufacturing industry has the highest productivity, at \$274,572, which is more than the overall cluster (\$186,446) and exceeds SWMI's average across all industries (\$150,643). This high productivity reflects that this industry is highly capital intensive, utilizing automation for production with relatively low numbers of employees. Average earnings<sup>1</sup> for this cluster are higher than those in both Michigan and the United States, driven upward largely by the highly skilled occupations demanded in this cluster in SWMI. See Table 2 for additional indicators.

**Table 1. Employment and GRP in SWMI, 2025**

| Cluster                                                    | Employment (% SWMI) | Employment LQ | GRP (in Millions, % SWMI) | GRP LQ |
|------------------------------------------------------------|---------------------|---------------|---------------------------|--------|
| Appliance Manufacturing                                    | 3,155 (0.9%)        | 3.8           | \$588 (1.2%)              | 4.3    |
| Metal and Machinery Manufacturing                          | 17,551 (5.2%)       | 2.6           | \$2,511 (4.9%)            | 2.8    |
| Plastics, Rubber, Glass, and Cement Products Manufacturing | 4,819 (1.4%)        | 2.3           | \$600 (1.2%)              | 2.4    |
| <b>SWMI Total (across all industries)</b>                  | <b>338,035</b>      |               | <b>\$50,923</b>           |        |

Source: Moody's Economy.com

<sup>1</sup> Earnings data are sourced from Lightcast and include wages and salaries reported through the BLS Quarterly Census of Employment and Wages (QCEW), along with employer-paid benefits such as health insurance and retirement contributions estimated by the Bureau of Economic Analysis (BEA).

Table 2. SWMI Appliance Manufacturing Cluster Economic Indicators, 2025

| Industry                                               | Employment     | GRP<br>(in Millions) | Productivity     | Average Annual<br>Earnings | Employment<br>LQ | GRP LQ     |
|--------------------------------------------------------|----------------|----------------------|------------------|----------------------------|------------------|------------|
| Electric Lighting Equipment Manufacturing              | 144            | \$16.2               | \$112,000        | \$86,177                   | 2.2              | 1.5        |
| Household Appliance Manufacturing                      | 1,535          | \$190.2              | \$123,930        | \$178,077                  | 12.9             | 11.9       |
| Electrical Equipment Manufacturing                     | 509            | \$139.8              | \$274,572        | \$117,642                  | 1.6              | 2.6        |
| Other Electrical Equipment and Component Manufacturing | 967            | \$242.0              | \$250,418        | \$94,996                   | 2.9              | 4.2        |
| <b>Total Cluster</b>                                   | <b>3,155</b>   | <b>\$588.2</b>       | <b>\$186,446</b> | <b>\$168,386</b>           | <b>3.8</b>       | <b>4.3</b> |
| <b>Michigan</b>                                        | <b>14,282</b>  | <b>\$2,451.2</b>     | <b>\$171,630</b> | <b>\$132,465</b>           | <b>1.2</b>       | <b>1.2</b> |
| <b>United States</b>                                   | <b>406,917</b> | <b>\$83,307.9</b>    | <b>\$204,730</b> | <b>\$116,193</b>           | <b>1</b>         | <b>1</b>   |

Source: Moody's Economy.com; Lightcast.

The most in-demand jobs in this cluster are in computer occupations, management occupations, business, finance and operations specialists, and engineers. These types of jobs reflect the high-skill and high-wage roles primarily demanded at Whirlpool's headquarters. A mechanic position also appears among the top 10 advertised jobs for this industry cluster—likely for general building equipment maintenance rather than specialized production equipment repair. The median advertised salary for these top roles is significantly higher than the average in SWMI. Excluding the mechanic openings at \$40,000 and the art and design worker at \$70,000, the advertised annual salaries range from \$111,000 to \$174,000 (see Table 3), well above the average earnings across all occupations in SWMI (\$49,024) and Michigan (\$52,352).

Based on the highest-demanded occupations, Whirlpool employs many individuals earning above-average wages. The high wages benefit not only the individuals earning them but also the community at large. OnTheMap commuting data from the Census Bureau show that 81% of private sector workers whose main job is in Benton Harbor or St. Joseph Counties live in the SWMI region, with 70% living in Berrien County. If these citywide commuting patterns reflect those of Whirlpool employees, most of these high incomes stay in the region, with most workers living in

Table 3. Top Ten Job Postings in Appliance Manufacturing

| SOC     | Occupation                                                               | Median Annual<br>Advertised Salary | Total            |
|---------|--------------------------------------------------------------------------|------------------------------------|------------------|
| 15-1200 | Computer Occupations                                                     | \$173,568                          | 187              |
| 13-1000 | Business Operations Specialists                                          | \$111,360                          | 153              |
| 11-9000 | Other Management Occupations                                             | \$161,280                          | 95               |
| 11-2000 | Advertising, Marketing, Promotions, Public Relations, and Sales Managers | \$160,256                          | 91               |
| 11-3000 | Operations Specialties Managers                                          | \$133,632                          | 85               |
| 27-1000 | Art and Design Workers                                                   | \$70,000                           | 59               |
| 17-2000 | Engineers                                                                | \$173,824                          | 46               |
| 13-2000 | Financial Specialists                                                    | \$120,064                          | 42               |
| 49-9000 | Other Installation, Maintenance, and Repair Occupations                  | \$39,424                           | 29               |
| 15-2000 | Mathematical Science Occupations                                         | \$133,632                          | 27               |
|         | <b>All Occupations in Appliance Manufacturing</b>                        | <b>\$142,208</b>                   | <b>994</b>       |
|         | <b>SWMI Total across All Occupations</b>                                 | <b>\$49,024</b>                    | <b>93,479</b>    |
|         | <b>MI Total across All Occupations</b>                                   | <b>\$52,352</b>                    | <b>1,324,064</b> |

Source: Lightcast, April 2025-March 2026.

Berrien County. As a result, their earnings are likely spent within the regional economy, supporting local businesses. Headquarters workers also possess specialized knowledge of appliance manufacturing that is an asset to the region. Whether in logistics, engineering, or management, these workers can bring valuable expertise to other roles should they transition to work at another company or start their own.

While Whirlpool is by far the largest company in this cluster, a few smaller manufacturers in SWMI also fit into this cluster (see Table 4). Another notable household appliance manufacturer identified in available data sources is Kalamazoo Outdoor Gourmet, which designs and manufactures premium residential outdoor grills and outdoor kitchen equipment at its Galesburg facility, supplying a niche luxury market. Outside of NAICS 3352, Command

**Table 4. Top Four Companies in Appliance Manufacturing**

| Company                   | NAICS | SWMI Location                 | Unique Postings | Median Annual Advertised Salary |
|---------------------------|-------|-------------------------------|-----------------|---------------------------------|
| Whirlpool                 | 3352  | Benton Harbor/St. Joseph (HQ) | 231             | \$81,664                        |
| Command Electronics       | 3351  | Schoolcraft                   | 5               | \$39,424                        |
| Nexthermal                | 3359  | Battle Creek (HQ)             | 4               | \$105,000                       |
| Kalamazoo Outdoor Gourmet | 3352  | Galesburg (HQ)                | 1               | \$125,000                       |

Source: Lightcast, April 2025-March 2026.

Electronics, located in Schoolcraft, manufactures specialized lighting systems for recreational vehicles, work trucks, marine applications, and agricultural equipment, as well as a variety of electronic components used in those markets. Although the company primarily operates under NAICS 3351 (Electric Lighting Equipment Manufacturing), it also includes wire harness production, under NAICS 33593 (Wiring Device Manufacturing), and plastic injection molding, under NAICS 3261 (Plastics Product Manufacturing), reflecting a diverse range of production capabilities.

Nexthermal, based in Battle Creek, designs and manufactures custom thermal and electrical components, including industrial heaters, temperature sensors, controllers, and thermal assemblies used in sectors such as medical devices, packaging, plastics processing, and industrial equipment manufacturing. The company is best classified under NAICS 3359 (Other Electrical Equipment and Component Manufacturing).

The Appliance Manufacturing cluster activities in the SWMI region are mainly represented by Whirlpool Headquarters, along with smaller companies that have manufacturing facilities operating in the region. The cluster provides well-paying jobs to managers, engineers, and similarly high-skilled roles at the Whirlpool headquarters, as well as providing skilled trades jobs at the smaller manufacturers in this cluster.

## Metal and Machinery Manufacturing

Metal and Machinery Manufacturing constitutes a critical foundation of SWMI's industrial economy. Unlike manufacturers of final consumer goods, firms in this cluster supply components, fabricated metal products, tooling, and production equipment that support a wide range of industries, including automotive, aerospace, appliance, construction, and advanced manufacturing. Consequently, the cluster's significance extends beyond its direct economic contribution. It strengthens regional supply chains, enhances industrial competitiveness, and attracts and retains manufacturing investment.

The concentration of metal and machinery manufacturers in SWMI has fostered a specialized workforce with transferable technical skills in machining, welding, fabrication, maintenance, and production operations. This overlap in occupational demand enables employers to access an extensive labor pool and supports workforce mobility, as workers can transition between firms and industries within the region. Educational institutions and workforce partners have developed training programs aligned with these shared skill requirements, further reinforcing the region's capacity to meet manufacturers' evolving needs.

Berrien, Kalamazoo, and Calhoun Counties have the most workers in the Metal and Machinery Manufacturing cluster,

with 4,500, 4,400, and 2,700 employees, respectively. Employers in these counties constitute 73% of all SWMI workers in this cluster. These three counties are also the most populous in SWMI, supplying workers to the economy ahead of other counties. Regarding the proportion of each county's workforce in this cluster, Kalamazoo has 3.3% and Calhoun has 4.5%. Berrien County's workforce is relatively concentrated at 6.9%, and St. Joseph County and Branch County are also comparably concentrated, with 7.1% and 7.2% of their workforce in the cluster, respectively.

The Metal and Machinery Manufacturing cluster generates \$140,843 in GRP per employee, a figure nearly identical to Michigan's average of \$139,415 but below the national average of \$167,063 (see Table 5). This disparity likely results from differences in industry composition and establishment structure, as the region's cluster includes a high proportion of small manufacturers. Although the cluster's average productivity is lower than the SWMI economy-wide average of \$150,643 per employee, several industries within the cluster surpass this benchmark. Wholesale industries report GRP per employee ranging from approximately \$210,000 to \$285,000 across the region's counties. Additionally, Iron and Steel Mills, Ferroalloy Manufacturing, and Industrial Machinery Manufacturing consistently achieve above-average productivity levels, ranging from \$169,000 to \$351,000 per employee.

Average annual earnings vary significantly across the cluster, from approximately \$57,000 in coating, engraving, and heat-treating activities to \$118,000 in other general purpose machinery manufacturing. While average earnings for the entire cluster are about \$10,000 lower than statewide and national levels, they remain substantially higher than the average earnings across all industries in SWMI (\$77,187). This disparity underscores the cluster's role as a source of high-paying manufacturing employment.

Table 5. SWMI Metal and Machinery Manufacturing Cluster Economic Indicators, 2025

| Industry                                                                                           | Employment       | GDP<br>(in Millions) | Productivity     | Average Annual<br>Earnings | Employment<br>LQ | GRP LQ     |
|----------------------------------------------------------------------------------------------------|------------------|----------------------|------------------|----------------------------|------------------|------------|
| Iron and Steel Mills and Ferroalloy Manufacturing                                                  | 277              | \$63.1               | \$228,246        | N/A                        | 1.6              | 1.6        |
| Steel Product Manufacturing from Purchased Steel                                                   | 356              | \$59.4               | \$166,982        | \$71,116                   | 2.9              | 2.9        |
| Alumina and Aluminum Production<br>and Processing                                                  | 621              | \$92.8               | \$149,379        | \$84,902                   | 4.9              | 5.3        |
| Nonferrous Metal (Except Aluminum)<br>Production and Processing                                    | 391              | \$38.6               | \$98,484         | \$112,876                  | 3.2              | 2.0        |
| Foundries                                                                                          | 1,062            | \$81.3               | \$76,544         | \$84,752                   | 4.9              | 3.1        |
| Forging and Stamping                                                                               | 646              | \$64.8               | \$100,432        | \$60,780                   | 3.5              | 3.5        |
| Cutlery and Handtool Manufacturing                                                                 | 108              | \$9.8                | \$90,204         | \$76,564                   | 1.5              | 1.3        |
| Architectural and Structural Metals<br>Manufacturing                                               | 1,109            | \$140.1              | \$126,303        | \$88,531                   | 1.3              | 1.5        |
| Boiler; Tank; and Shipping Container<br>Manufacturing                                              | 316              | \$33.8               | \$107,172        | \$82,514                   | 1.6              | 1.5        |
| Hardware Manufacturing                                                                             | 165              | \$20.1               | \$121,602        | \$89,236                   | 3.2              | 3.9        |
| Spring and Wire Product Manufacturing                                                              | 251              | \$29.7               | \$117,911        | \$72,354                   | 2.9              | 3.9        |
| Machine Shops; Turned Product; and Screw;<br>Nut; and Bolt Manufacturing                           | 1,988            | \$221.5              | \$111,428        | \$80,906                   | 3.0              | 3.3        |
| Coating; Engraving; Heat Treating;<br>and Allied Activities                                        | 919              | \$89.2               | \$97,129         | \$57,826                   | 3.5              | 3.6        |
| Other Fabricated Metal Product Manufacturing                                                       | 1,525            | \$200.8              | \$131,655        | \$94,229                   | 2.7              | 3.0        |
| Industrial Machinery Manufacturing                                                                 | 435              | \$94.2               | \$216,546        | \$99,909                   | 1.6              | 1.9        |
| Ventilation; Heating; Air-Conditioning;<br>and Commercial Refrigeration Equipment<br>Manufacturing | 534              | \$84.0               | \$157,456        | \$91,894                   | 1.7              | 2.3        |
| Metalworking Machinery Manufacturing                                                               | 1,679            | \$224.6              | \$133,705        | \$95,628                   | 5.4              | 5.9        |
| Other General Purpose Machinery Manufacturing                                                      | 1,977            | \$313.7              | \$158,615        | \$118,222                  | 3.4              | 3.8        |
| Metal and Mineral (Except Petroleum)<br>Merchant Wholesalers                                       | 356              | \$86.8               | \$243,694        | \$85,544                   | 1.2              | 1.6        |
| Hardware; and Plumbing and Heating<br>Equipment and Supplies Merchant Wholesalers                  | 1,242            | \$299.4              | \$241,035        | \$76,623                   | 1.9              | 2.3        |
| <b>Total Metal and Machinery<br/>Manufacturing Cluster</b>                                         | <b>15,958</b>    | <b>\$2,247.5</b>     | <b>\$140,844</b> | <b>\$89,598</b>            | <b>2.6</b>       | <b>2.7</b> |
| <b>Michigan</b>                                                                                    | <b>162,412</b>   | <b>\$22,658.9</b>    | <b>\$139,515</b> | <b>\$99,106</b>            | <b>1.9</b>       | <b>1.9</b> |
| <b>United States</b>                                                                               | <b>2,993,610</b> | <b>\$500,122.6</b>   | <b>\$167,063</b> | <b>\$99,489</b>            | <b>1</b>         | <b>1</b>   |

Source: Moody's Economy.com; Lightcast.

The top in-demand occupations for the Metal and Machinery Manufacturing cluster include production workers, material movers, business operations specialists, and maintenance roles (see Table 6). The median annual advertised wages for production, transportation, and mechanic workers are approximately \$40,000, which is lower than the median across all occupations in both SWMI

(\$49,024) and Michigan (\$52,352). The Metal and Machinery Manufacturing cluster also has demand for specialized white-collar roles in engineering, business operations, and management positions. Advertised wages for engineers and business operations specialists range from \$70,000 to \$150,000, above both SWMI and the state's median advertised salaries across all occupations.

Most businesses in this cluster are small, independent operations with around 20 employees, but there are some exceptions. For example, Colson Group, which produces caster wheels, has acquired several brands with manufacturing locations in St. Joseph City and Albion City. Other notable manufacturers include Bonnell Aluminum, Bowers Aluminum, Hi-Lex Corp, Metal



**Table 6. Top Ten Job Postings in Metal and Machinery Manufacturing**

| SOC     | Occupation                                                            | Median Annual Advertised Salary | Job Postings     |
|---------|-----------------------------------------------------------------------|---------------------------------|------------------|
| 51-9000 | Other Production Occupations                                          | \$42,624                        | 789              |
| 53-7000 | Material Moving Workers                                               | \$38,528                        | 376              |
| 13-1000 | Business Operations Specialists                                       | \$67,840                        | 349              |
| 49-9000 | Other Installation, Maintenance, and Repair Occupations               | \$53,760                        | 296              |
| 51-4000 | Metal Workers and Plastic Workers                                     | \$49,920                        | 289              |
| 17-2000 | Engineers                                                             | \$120,064                       | 237              |
| 11-3000 | Operations Specialties Managers                                       | \$97,536                        | 187              |
| 15-1200 | Computer Occupations                                                  | \$151,296                       | 137              |
| 43-5000 | Material Recording, Scheduling, Dispatching, and Distributing Workers | \$39,552                        | 123              |
| 99-9000 | Unclassified Occupation                                               | \$47,232                        | 120              |
|         | <b>All Occupations in Metal and Machinery Manufacturing</b>           | <b>\$47,744</b>                 | <b>4,343</b>     |
|         | <b>SWMI Total across All Occupations</b>                              | <b>\$49,024</b>                 | <b>93,479</b>    |
|         | <b>MI Total across All Occupations</b>                                | <b>\$52,352</b>                 | <b>1,324,064</b> |

Source: Lightcast, April 2025-March 2026.

**Table 7. Top Ten Companies in Metal and Machinery Manufacturing**

| Company               | NAICS      | SWMI Location          | Unique Postings | Median Annual Advertised Salary |
|-----------------------|------------|------------------------|-----------------|---------------------------------|
| Parker Hannifin       | 3339; 3364 | Richland; Kalamazoo    | 302             | \$94,464                        |
| Colson Group Holdings | 3325       | St. Joseph             | 91              | \$40,448                        |
| Special-Lite          | 3323       | Decatur; Benton Harbor | 69              | \$35,360                        |
| IDEX                  | 3339       | Subsidiaries in SWMI   | 63              | \$121,600                       |
| Colson Group USA      | 3325       | St. Joseph             | 47              | \$81,664                        |
| Gast Manufacturing    | 3339       | Benton Harbor          | 41              | \$55,296                        |
| Hoffmann Die Cast     | 3315       | St. Joseph             | 40              | \$51,968                        |
| Harloff Manufacturing | 3329       | Paw Paw                | 40              | \$49,920                        |
| Real Alloy            | 3313       | Coldwater              | 39              | \$48,640                        |
| Elmet Technologies    | 3314       | Coldwater              | 33              | \$48,880                        |

Source: Lightcast, April 2025-March 2026.

Technologies Three Rivers, and Real Alloy, each employing hundreds of workers. Based on job posting activity, the top three employers hiring within this cluster are Parker Hannifin, Colson Group Holdings, and Special-Lite (see Table 7). Parker Hannifin operates two manufacturing facilities in Kalamazoo County. While one facility falls under

NAICS 3364 (Aerospace Product and Parts Manufacturing), which is outside of activity in this cluster, the other manufactures motion and control technologies, aligning it with NAICS 3339 (Other General Purpose Machinery Manufacturing). Special-Lite manufactures commercial door and entrance systems (NAICS 3323) at facilities in both Benton

Harbor and Decatur, with its headquarters location being in Decatur.

Businesses within this cluster generate employment opportunities across all skill and education levels, support other industries through supply chain relationships, and adapt to diverse customer requirements. Educational and skill requirements for positions in this cluster vary widely. Some roles, such as production workers, require only a high school diploma, while others, including material movers, mechanics, and engineers, require additional training through credentials, apprenticeships, or degrees. Regardless of educational background, individuals can find roles at most metal and machinery manufacturing plants in SWMI, as occupational skill requirements range from entry level to advanced.

The prevalence of small businesses within the Metal and Machinery Manufacturing cluster presents both strengths and structural challenges. Smaller firms, particularly machine shops and custom fabricators, occupy a valuable niche in the industrial ecosystem. Their scale enables them to be flexible and manage low-volume, custom, and specialty orders. These firms frequently serve large industries, such as automotive manufacturing, during prototyping and product development phases, where flexibility and responsiveness are prioritized over high-volume efficiency. As a result, small metal and machinery firms provide essential support to the region's broader manufacturing base. However, their limited size affects stability, resilience, and ability to innovate. Research consistently indicates that smaller manufacturers experience greater employment volatility than larger firms, and many small businesses in this cluster depend heavily on a limited number of large customers.<sup>2</sup> Additionally, as manufacturing advances to the next generation of production technologies, smaller firms often face greater challenges in meeting the requirements for adoption because they have limited resources to

<sup>2</sup> Firm size and employment growth, 1992–2016: The Economics Daily: U.S. Bureau of Labor Statistics.



**Table 8. Plastics, Rubber, Glass, and Cement Products Manufacturing Cluster Economic Indicators, 2025**

| Industry                                                                    | Employment       | GDP<br>(in Millions) | Productivity     | Average Annual<br>Earnings | Employment<br>LQ | GRP LQ     |
|-----------------------------------------------------------------------------|------------------|----------------------|------------------|----------------------------|------------------|------------|
| Plastic Product Manufacturing                                               | 3,304            | \$378.8              | \$114,654        | \$73,616                   | 2.7              | 2.8        |
| Rubber product manufacturing                                                | 869              | \$88.6               | \$101,897        | \$78,130                   | 3.3              | 2.9        |
| Glass and Glass Product Manufacturing                                       | 181              | \$26.4               | \$146,304        | \$77,745                   | 1.1              | 1.2        |
| Cement and Concrete Product Manufacturing                                   | 465              | \$106.0              | \$228,035        | \$91,396                   | 1.1              | 1.6        |
| <b>Total Plastics, Rubber, Glass,<br/>and Cement Products Manufacturing</b> | <b>4,819</b>     | <b>\$599.8</b>       | <b>\$124,474</b> | <b>\$75,733</b>            | <b>2.3</b>       | <b>2.4</b> |
| <b>Michigan</b>                                                             | <b>46,704</b>    | <b>\$5,981.8</b>     | <b>\$128,079</b> | <b>\$86,347</b>            | <b>1.6</b>       | <b>1.6</b> |
| <b>United States</b>                                                        | <b>1,008,679</b> | <b>\$154,058.7</b>   | <b>\$152,733</b> | <b>\$87,860</b>            | <b>1</b>         | <b>1</b>   |

Source: Moody's Economy.com; Lightcast.

invest in automation, digital technologies, quality systems, and process innovation. This concentration of small companies represents a significant vulnerability if a major buyer restructures, closes, or discontinues a product line.

### Plastics, Rubber, Glass, and Cement Products Manufacturing

This cluster mainly processes non-metallic materials and turns them into inputs for other industries, including regional companies in export clusters. Examples include producing rubber belts for machinery, tempering glass for vehicle windshields, and molding plastic for appliances, automobiles, and other components used across sectors. Although all four of these industries have relative strengths in SWMI, 69% of this cluster's employment and 63% of its GRP originate from Plastic Product Manufacturing, making it the most significant industry within the cluster.

Although most counties in SWMI have several hundred workers employed in this industry, St. Joseph County stands out with 1,400 workers, making up 5.8% of the county's workforce. While not nearly as large as the Plastic Product Manufacturing industry, Cement and Concrete Product Manufacturing is highly productive in SWMI. Despite representing only 9.4% of all workers in this sector, Cement and Concrete Manufacturing accounts for

**Table 9. Top Ten Job Postings in Plastics, Rubber, Glass, and Cement Products Manufacturing**

| SOC     | Occupation                                                                                     | Median Annual<br>Advertised Salary | Total            |
|---------|------------------------------------------------------------------------------------------------|------------------------------------|------------------|
| 51-9000 | Other Production Occupations                                                                   | \$41,472                           | 214              |
| 49-3000 | Vehicle and Mobile Equipment Mechanics, Installers, and Repairers                              | \$42,368                           | 126              |
| 49-9000 | Other Installation, Maintenance, and Repair Occupations                                        | \$50,048                           | 105              |
| 53-7000 | Material Moving Workers                                                                        | \$39,296                           | 86               |
| 47-2000 | Construction Trades Workers                                                                    | \$57,088                           | 62               |
| 51-1000 | Supervisors of Production Workers                                                              | \$59,904                           | 56               |
| 11-3000 | Operations Specialties Managers                                                                | \$60,320                           | 43               |
| 51-2000 | Assemblers and Fabricators                                                                     | \$35,456                           | 42               |
| 15-1200 | Computer Occupations                                                                           | N/A                                | 41               |
| 13-2000 | Financial Specialists                                                                          | N/A                                | 39               |
|         | <b>Total across All Plastics, Rubber, Glass, and Cement Products Manufacturing Occupations</b> | <b>\$45,184</b>                    | <b>1,161</b>     |
|         | <b>SWMI Total across All Occupations</b>                                                       | <b>\$49,024</b>                    | <b>93,479</b>    |
|         | <b>MI Total across All Occupations</b>                                                         | <b>\$52,352</b>                    | <b>1,324,064</b> |

Source: Lightcast, April 2025-March 2026.

18% of the sector's GRP. The GRP per employee in the cement industries of Kalamazoo and Calhoun Counties ranges from \$218,000 to \$230,000, whereas other plastics and rubber product manufacturing industries report a GRP per employee of around \$110,000 (see Table 8). The average annual earnings across the cluster in SWMI (\$75,733) is lower than those in Michigan (\$86,347) and the United States (\$87,860).

The most in-demand jobs for this cluster include production workers, material movers, supervisors, and construction trades. There are also white-collar roles in business analytics, finance, and engineering. Advertised salaries range from \$35,000 to \$60,000, with the average around \$46,000. Most of these salaries are close to both the SWMI and Michigan median annual advertised salaries across all occupations (see Table 9).

**Table 10. Top Ten Companies in Plastics, Rubber, Glass, and Cement Products Manufacturing**

| Company                                      | NAICS | SWMI Location         | Unique Postings | Median Annual Advertised Salary | Median Hourly Advertised Salary |
|----------------------------------------------|-------|-----------------------|-----------------|---------------------------------|---------------------------------|
| Michigan Paving and Materials, a CRH Company | 3273  | Kalamazoo             | 32              | N/A                             | N/A                             |
| Novolex                                      | 3261  | Kalamazoo/South Haven | 30              | \$46,208                        | \$22.22                         |
| Pactiv Evergreen                             | 3261  | Kalamazoo             | 27              | \$44,800                        | \$21.54                         |
| East Jordan Plastics                         | 3261  | South Haven           | 25              | \$40,448                        | \$19.45                         |
| Vaupell Industrial Plastics                  | 3261  | Constantine           | 21              | \$33,280                        | \$16.00                         |
| Duo Form Plastics                            | 3261  | Edwardsburg           | 20              | \$49,408                        | \$23.75                         |
| Oldcastle APG                                | 3273  | Coldwater             | 17              | \$57,200                        | \$27.50                         |
| Enviro-lite                                  | 3273  | Coldwater             | 17              | \$35,456                        | \$17.05                         |
| Creative Foam Corp                           | 3261  | Dowagiac              | 16              | N/A                             | N/A                             |
| Vibracoustic                                 | 3262  | South Haven           | 16              | N/A                             | N/A                             |

Source: Lightcast, April 2025-March 2026.

The city of Sturgis in St. Joseph County hosts several large plastic product manufacturing plants, including Sturgis Molded Products Company and one of Summit Polymers' many locations. TH Plastics is another notable manufacturer of plastic products and is headquartered in Mendon. The Cement and Concrete Product Manufacturing industry is almost entirely located in Kalamazoo or Calhoun Counties. One manufacturer, Consumers Concrete Manufacturing, operates two plants—one in Kalamazoo and another in Battle Creek—and has many other mixing facilities and showrooms across the state. The companies with the highest number of job postings are listed in Table 10.

The Plastics, Rubber, Glass, and Cement Products Manufacturing cluster is an important source of employment in SWMI, providing opportunities for individuals with diverse skills and educational backgrounds. The resilience of this cluster contributes to the overall strength of the regional economy as well. Its products, particularly plastics and rubber components, are utilized in a variety of industries, including manufacturing, construction, transportation, and consumer goods. Because demand is distributed across multiple industries rather than concentrated within a single

sector, the cluster demonstrates greater resilience to industry-specific downturns during periods of economic uncertainty, in turn, supporting economic stability of the region.

### Manufacturing Workforce Training Capacity in Southwest Michigan

These three clusters, along with other manufacturing industries in SWMI, have significant overlap in occupational needs. Due to this strong concentration of manufacturing, institutions across the region offer training programs designed to meet these employers' needs. Southwest Michigan's workforce development ecosystem includes secondary career and technical education (CTE), community college industry training, four-year university programs, registered apprenticeships, and state-funded employer training grants. This education ecosystem supports the region in building a strong talent pipeline for SWMI's manufacturers.

The region's pipeline starts at the secondary level. In May 2025, the Kalamazoo Regional Educational Service Agency (KRESA) opened its new Career Connect Campus, a 162,000-square-foot

CTE facility serving Kalamazoo County high school students through programs aligned with industry-recognized credentials and in-demand skills validated by labor market analysis.<sup>3</sup> The campus marks the culmination of a six-year community investment effort following voter approval of a dedicated CTE millage in 2019.<sup>4</sup>

In Calhoun County, Kellogg Community College's (KCC) Regional Manufacturing Technology Center (RMT) in Battle Creek's Fort Custer Industrial Park stands out as SWMI's leading manufacturing training facility. The RMT is designed to replicate a real industrial setting, featuring hundreds of working machines and specialized training labs.<sup>5</sup> KCC offers programs in machining technology, industrial welding, industrial maintenance, and other skilled trades. The RMT is also the first site in Michigan authorized to provide Certified Production Technician Plus (CPT+) instructor training through the Manufacturing Skill Standards Council, the nation's leading certification organization for frontline advanced manufacturing technicians.<sup>6</sup> As a result, KCC plays a dual role in the talent pipeline: training workers for manufacturing careers while also equipping educators to expand

<sup>3</sup> KRESA Career Connect Campus Opens - DLR Group; Career Connect Campus - Kalamazoo Regional Educational Service Agency <sup>4</sup> Career and Technical Education in Kalamazoo | Youth Policy Lab <sup>5</sup> Regional Manufacturing Technology Center | Kellogg Community College <sup>6</sup> CPT+ Instructor Training | Kellogg Community College

the reach of workforce development programs throughout Michigan.

Lake Michigan College serves Berrien, Cass, and Van Buren Counties with manufacturing, mechatronics, robotics, welding, and apprenticeship programs. Some community colleges serving SWMI, including Glen Oaks Community College, help expand manufacturers' access to customized new-hire training through Michigan's New Jobs Training Program, which is funded through a portion of payroll withholding taxes associated with newly created jobs.<sup>7</sup> Outside of community colleges, Western Michigan University offers bachelor's and master's programs in Manufacturing Engineering Technology and Chemical Engineering, providing the region with engineering talent and applied research capabilities.<sup>8</sup>

Connecting these institutions to employers are two agencies serving the seven-county region: Michigan Works! Southwest (covering Branch, Calhoun, Kalamazoo, and St. Joseph Counties) and Michigan Works! Berrien, Cass, Van Buren. Both agencies manage the state's Going PRO Talent Fund, Michigan's main employer-driven training grant program. Since its beginning in 2014, the talent fund has awarded over \$323.4 million to support more than 8,900 businesses and 241,600 workers across the state.<sup>9</sup> In June 2025, Michigan Works! Berrien, Cass, Van Buren secured \$2.26 million in Going PRO Talent Fund grants for 40 SWMI employers. Grant recipients included manufacturers such as Midwest Die Corporation and Niles Precision Company, with training delivered in partnership with the Michigan Manufacturing Technology Center, Lake Michigan College, and Southwestern Michigan College.<sup>10</sup>

Southwest Michigan has made significant investments in growing its manufacturing workforce capacity by developing a coordinated talent development system that benefits both employers and workers.

Through community colleges, CTE programs, Michigan Works! agencies, and industry-informed training initiatives, the region has improved access to industry-recognized credentials, customized incumbent-worker training, and pathways into manufacturing careers.

## Recent Industry Developments and Looking Ahead

The manufacturing sector in SWMI has experienced a significantly changing industrial and policy landscape over the past year. For local manufacturers, these rapidly evolving conditions have been driven mainly by federal tariff policies, the nationwide push to bring production back to U.S. soil, and broad economic uncertainty. A significant driver of industry instability has been federal tariff policies, especially Section 232 tariffs on steel and aluminum, as well as additional duties on imports from Canada, Mexico, and the European Union. According to research from the Federal Reserve Bank of Richmond, based on March 2025 tariff data, manufacturers in fabricated metal products experienced the highest average effective tariff rate (AETR) across manufacturing sectors, with an AETR exceeding 30 percent in some cases.<sup>11</sup> More recently, geopolitical tensions in the Middle East have added another source of uncertainty, as higher oil prices have increased energy costs, further raising production and transportation expenses for manufacturers.

Recent developments in west Michigan highlight the challenges facing metal manufacturers. Upjohn Regional's [Interactive Michigan Layoff Tracker](#) shows that Pace Industries, one of the nation's largest die-casting manufacturers, announced the closure of two of its three Muskegon facilities effective April 25, 2026, resulting in 145 layoffs. The company cited restructuring as the reason for the closure without detailing an

underlying cause. Although Muskegon is outside Prosperity Region 8, the layoffs signal that metal manufacturers across the state are facing pressures that are impacting their operations.

The Appliance Manufacturing sector is also facing challenges as it seeks to balance competitiveness, costs, and long-term investment decisions. In early 2026, Whirlpool announced the layoff of 341 workers at its Amana, Iowa, facility, following the elimination of 250 positions at the same plant in 2025, while also investing \$161 million to expand production capacity in Mexico. The decision drew criticism from union leaders and members of Congress, who questioned the company's commitment to domestic manufacturing despite its public support for tariffs intended to strengthen U.S. production. Meanwhile, Whirlpool reported that tariffs increased its costs by roughly \$300 million in 2025, with geopolitical tensions, including the conflict involving Iran, further weighing on consumer confidence and appliance demand.<sup>12</sup> The company has also responded to declining appliance sales and weakening consumer confidence by suspending its dividend, accelerating debt reduction, and implementing additional cost-cutting measures to preserve cash and strengthen its financial position.<sup>13</sup> The case emphasizes the complexity of manufacturing investment decisions, which are shaped by factors such as labor availability, input costs, supply chain considerations, market demand, supply of labor with special skills, and policy conditions. Although policymakers have increasingly promoted domestic production as an economic priority, turning that goal into sustained investment and employment growth remains a significant challenge.

Reshoring has gained significant momentum and political attention over the past year, with federal policy, national

<sup>7</sup> Michigan New Jobs Training Program | Incentives and Taxes | Michigan Business <sup>8</sup> College of Engineering and Applied Sciences | Western Michigan University <sup>9</sup> Michigan LEO, 2026 <sup>10</sup> Southwest Michigan employers awarded \$2.26M in grants to train, develop, retain workers <sup>11</sup> [https://www.richmondfed.org/publications/research/economic\\_brief/2025/eb\\_25-12](https://www.richmondfed.org/publications/research/economic_brief/2025/eb_25-12) <sup>12</sup> <https://www.supplychainbrain.com/articles/43543-us-whirlpool-workers-decry-shift-to-production-in-mexico> <sup>13</sup> Updated: Whirlpool suspends dividend payouts, foreshadows more cost cuts amid declining sales & consumer confidence disruption | Moody on the Market



security concerns, and bipartisan “Made in America” messaging coming together to prioritize domestic production as a policy goal. As of May 2026, the IndustrialSage U.S. Manufacturing Investment Tracker reported over \$1.6 trillion in private-sector manufacturing commitments, a figure that continues to grow.<sup>14</sup> However, most of this investment is in semiconductors, pharmaceuticals, and advanced computing, while comparatively little has been allocated to metals, machinery, or appliances. Kearney’s 2026 Reshoring Index shows that U.S. manufacturing investment has tripled over the past four years, yet capacity has increased by only 1.5 percent, due to delays caused by

economic uncertainty, policy changes, and labor shortages.<sup>15</sup>

The Reshoring Initiative’s 2025 survey of over 500 U.S. manufacturers highlights why workforce capacity is so important: access to skilled workers was ranked as the top factor affecting reshoring decisions, surpassing tax policy, deregulation, and tariffs.<sup>16</sup> For SWMI, this finding is particularly meaningful. The region’s metal, machinery, and appliance manufacturers operate in an environment shaped by forces largely beyond their control, including trade policy, global supply chains, and corporate investment decisions. However, workforce readiness

is an area where regional stakeholders and intermediaries can make a difference. If reshoring activity increases in industries where SWMI already has significant manufacturing capacity, the region’s ability to attract new investment and support business growth will largely depend on the availability of skilled workers. Ongoing collaboration among manufacturers, educational institutions, workforce agencies, and economic development organizations can help ensure the talent pipeline stays aligned with industry needs and positions SWMI to benefit from emerging manufacturing opportunities.

<sup>14</sup> <https://www.industrialsage.com/us-manufacturing-reshoring-jobs-2026> <sup>15</sup> <https://www.prnewswire.com/news-releases/kearneys-2026-reshoring-index-remains-in-negative-territory-302756474.html> <sup>16</sup> A Stronger Skilled Workforce Would Boost Reshoring | IndustryWeek

## How Much Housing Do We Really Need in Southwest Michigan?

Housing availability and affordability impact everyone living in southwest Michigan (SWMI), throughout Michigan, and around the country. The construction of new housing units is one of the primary drivers of housing affordability: new units are needed to compete with existing units and stabilize the cost of housing generally. Too much new housing can lead to housing bubbles and declining prices, as we saw in 2008–2009. So, a place like SWMI needs to balance the need for new housing without building too many units.

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**Our estimate that the region needs 1,340 new units seems low, considering the number of homes recently built in the region and the recent increase in prices**

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Thus, builders and policymakers need reasonable estimates for how many housing units are needed. Estimates of housing demand can vary, based on the methodology used to create those estimates. Prominent organizations in the economic and housing fields utilize different methodologies to estimate demand for housing. In this article, we will examine the estimates developed by the National Association of Home Builders, Freddie Mac, Goldman Sachs, Up for Growth, and the National Association of Realtors, and how those estimates apply in SWMI. The Upjohn Institute has developed its own methodology for estimating demand, but it is important to learn from other organizations and improve our model.

### The National Association of Home Builders

The National Association of Home Builders (NAHB) is a major trade association representing the interests of home builders, remodelers, developers, and associated professionals, while also serving as a leading voice for the U.S. housing and residential construction industry.

The NAHB published a report in 2024 that estimated the national housing shortage at 1.2 million units. This is a reduction from the organization's 2021 estimate of 1.5 million units needed. The report notes that a significant spike in multifamily construction has helped to bring demand down and move the rental vacancy rate to 5.1%. The average vacancy rate for rental units since 2005 is 6.6%. The report also notes that single-family construction remained low and that the vacancy rate for single-family homes reached an all-time low of 0.8% in 2023, much lower than the average since 2005 of 1.8%.

NAHB arrived at its demand estimate by calculating the difference between historical housing vacancy rates and the most recent vacancy rates. NAHB notes that low vacancy rates indicate tightness in the housing market and are a precursor to rising prices. The NAHB report examined only metropolitan areas in the United States, meaning that rural areas were not included. The inclusion of rural areas, of course, would be likely to yield a larger number of units needed overall. NAHB likely did not include rural areas because data for those areas are less reliable and timely than in urban areas.

We applied NAHB's methodology to SWMI (Berrien, Branch, Calhoun, Kalamazoo, St. Joseph, and Van Buren Counties) to

get some idea of how many units the region needs. It is important to keep in mind that the region has a large number of vacation homes, and vacation homes are classified as vacant by the U.S. Census Bureau. As such, we needed to modify our application of the NAHB methodology to our region, so we subtracted all vacation homes from our historic and current vacancy rates. After modifying the methodology, we find that the region needs around 1,340 units. This estimate seems low, considering the number of homes recently built in the region and the recent increase in prices. Using historical vacancy rates as a basis for estimating current demand has some merits, but it lacks the nuance needed when evaluating smaller geographies. Applying vacancy rates at the national scale seems to yield better results.

### Freddie Mac

The Federal Home Loan Mortgage Corporation (Freddie Mac) is a publicly traded, government-sponsored enterprise chartered by Congress in 1970 to expand the secondary mortgage market, provide liquidity, and promote stability and affordability in the U.S. housing market.

Freddie Mac's most recent estimate (from November of 2024) finds that the United States has a shortage of 3.7 million housing units. Freddie Mac had

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**Freddie Mac's most recent estimate finds that the United States has a shortage of 3.7 million housing units**

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estimated the shortage at 3.8 million units in 2020, so this is a very modest decrease in demand over the most recent four years. Freddie Mac uses a multifaceted methodology to arrive at its estimate. Freddie Mac, like NAHB, uses vacancy rates, but also includes household formation rates and a pent-up demand calculation.

Freddie Mac's method for calculating the amount of pent-up demand is sophisticated. The economists at Freddie Mac first estimate how many households would have formed if housing were more affordable. They do this by defining the cost of housing in an optimal housing market and determining how many households were priced out of housing because the price of housing in the United States had increased faster than an assumed rate. They use income, education, race, age, and family composition (marriage and children), combined with housing costs, as factors in creating targets for how many households *should* have formed. They found that roughly 1 million households were not able to form due to cost and affordability constraints. They also found that most of the unformed householders were younger than the average household: many of them have remained with parents or friends longer than in previous generations.

Housing-unit vacancies are also an important factor in Freddie Mac's estimate of housing demand. As Freddie Mac's 2024 report states, "A well-functioning housing market requires some vacant properties. If there are too few vacant housing units, home sales and new rentals will be hard to fill, as there will be limited options that are move-in ready." Freddie Mac uses a target vacancy rate of 11.7%. This rate is reflective of what the firm defines as a "stable market": the period from 1994 to 2003. Its 2024 report placed the national vacancy rate at 10.1%. The difference in the current vacancy rate (10.6%) and the target vacancy rate (11.7%) is 1.6%. 1.6% of the current housing stock is roughly 2.7 million units.

## Economists at Goldman Sachs estimate that the United States needs to add 3 to 4 million housing units to meet current demand

Freddie Mac adds together the 1 million units needed to satisfy pent-up demand and the 2.7 million units that should be vacant to arrive at the 3.7 million units needed overall.

Using Freddie Mac's methodology to estimate demand in SWMI reveals the need for roughly 6,800 units. This estimate is well within a reasonable range, given the other estimates and the estimates developed by Upjohn staff, and the level of sophistication gives confidence to the reliability of the estimate.

### Goldman Sachs

Economists at Goldman Sachs estimate that the United States needs to add 3 to 4 million housing units to meet current demand. The firm used price-to-income and rent-to-income ratios, as well as vacancy rates, to create its estimate. Goldman Sachs assumes that increased housing supply will decrease prices, and it uses a formula to determine how much new housing is needed to push prices down to the point that price-to-income and rent-to-income ratios were at in the 1990s. They also calculated the number of housing units needed to bring recent vacancy rates in line with long-term rates.

It feels somewhat arbitrary to use the 1990s as the ideal state for vacancies and housing cost-to-income ratio: this does not account for the long-term shifts in the cost of other goods and the appetite for paying more for housing. Nonetheless, the Goldman Sachs estimates are in line with those of the other organizations profiled in this article. The number of units needed in SWMI, according to the Goldman Sachs methodology,

is lower than anticipated, though. Using the vacancy-rate component of the methodology reveals a need for 2,530 units. This is higher than NAHB's methodology, but still far fewer than what other methodologies predicted and what can reasonably be expected.

Goldman Sachs also factored in the number of renting and owning households that have a higher-than-average cost-to-income ratio. We calculated this number for SWMI and found that more than 44,000 renters and nearly 65,000 owners currently have a higher cost-to-income ratio than the average since 2009. (We used 2009 because that is the earliest reliable annual data we have for the region.) Using the ratio has a few pitfalls: [more housing users are retired than were in the 1990s](#), [automobile debt is five to six times higher than in the '90s](#), and [student debt has more than tripled since 2004](#). Those other expenses impact a household's ability to afford housing. Additionally, retirees typically have lower income levels than those working, so the larger share of retirees will increase the number of households whose income-to-cost ratio is below the levels seen in the '90s.

### Up for Growth

Up for Growth is a national bipartisan network focused on ending the housing shortage through research and policy advocacy that promotes sustainable, equitable, and market-driven urban development.

In a 2023 report, Up for Growth estimated the national housing shortage at 3.9 million units. The organization arrived at this number by estimating the target number of housing units needed in the United States, then subtracting the current number of homes (excluding second and vacation homes and uninhabitable units). It created its estimate for the target number of homes by adding together the current number of households, the households that should have formed in a healthy housing market,



and a 5% vacancy rate. Up for Growth has applied this methodology to states and local areas as well: it estimated that Kalamazoo County needed 96 units, Calhoun County 427 units, Berrien County 182, Branch and St. Joseph Counties 1,292, and Cass and Van Buren 1,735. Combined, these county estimates total 3,732 for the entire region. They also raise red flags (especially the Kalamazoo County estimate), as they run counter to locally observed development pressures and population trends, and they dwarf the actual number of units constructed since 2023. The data available for areas

### Up for Growth's methodology seems sound, and its national estimate is in line with those of other organizations

smaller than states are often older than what is available for larger areas, and they contain higher error rates. In this case, the data used for the small-area calculations by Up for Growth came from 2021. Up for Growth's methodology seems sound, and its national estimate is in line with those of other organizations. However, its local numbers are concerning.

### National Association of Realtors

The National Association of Realtors (NAR) is the largest trade association in the United States. Representing a wide variety of real estate professionals involved in residential and commercial real estate, it is dedicated to the advancement of the industry and the protection of private property rights.

In 2021, NAR hired the Rosen Consulting Group (RCG) to estimate the size of the housing gap in the United States. RCG found that the nation needed 5.5 million housing units to meet demand; the group calculated that the underproduction of housing represented a \$4.4 trillion gap in housing investment. It arrived at the 5.5 million--unit figure by combining four factors: 1) the gap between supply and demand, 2) household formation trends, 3) the number of units removed from the market, and 4) the number of new units constructed. Rosen used the building pace between 1968 and 2000 as a baseline for future construction assumptions. The firm used the difference between this assumed pace of construction and the number of units actually constructed to determine the gap between the anticipated supply and the actual supply.

RCG also calculated the number of units removed from the market because of destruction, demolition, or functional obsolescence by using data from the U.S. Department of Housing and Urban Development. RCG then calculated household formation rates by comparing historic rates of adults forming households to recent rates; it used the gap in those rates to calculate the number of unformed households. Finally, it gathered information on housing construction through the U.S. census. RCG notes that the majority of the 5.5 million units needed should take the form of smaller multifamily units.

We applied NAR's methodology to data for each county in SWMI, starting with the year 2010. Using this methodology, we calculated the annual gap between supply and demand and found that the region has a cumulative deficit of 9,675 units. This total seems like a reasonable estimate, and understanding the methodology used gives confidence in the result.

**Table 1. Various Estimates of Southwest Michigan Housing Deficits**

| Methodology                           | Estimate (housing units) |
|---------------------------------------|--------------------------|
| National Association of Home Builders | 1,340                    |
| Freddie Mac                           | 6,800                    |
| Goldman Sachs                         | 2,530                    |
| Up for Growth                         | 1,735                    |
| National Association of Realtors      | 9,675                    |

Source: Upjohn calculations using listed methodologies.

### Conclusion

The number of housing units needed in SWMI ranges from 1,340 to 9,675, according to the methodologies outlined above. It is a wide margin. Clearly, the data used and the time frames observed have a significant impact on the estimated number of housing units needed in the region. A change to the type, source, or observed years can move the numbers up or down. Methodologies that incorporate only limited data or that severely underestimate the number of units needed should receive a high level of scrutiny.

As with any report, it is important to understand how the data are used and how that use impacts the results. Armed with a better understanding of the ways in which other organizations are employing different approaches, the Upjohn Institute will refine its methodology for estimating housing demand. Likewise, the Upjohn Institute is available to help local organizations sort through their data or better understand the data they use from other sources.



## Research in Action: Building Workforce Resilience in Michigan's Upper Peninsula

Layoffs pose a significant challenge and shock to regional economies of all sizes, but unique problems emerge or are worsened in rural and economically distressed areas. Taking proactive steps is ideal, especially in cases when a closure is known to happen well in advance. In the Upper Peninsula (colloquially, the U.P.), mining is a key part of the economy, providing minerals critical to national security and exporting resources that bring outside revenue into the region. Active mines can help an economy thrive, support high wages, generate wealth, and increase demand for related, collocated industries. However, the industry has a downside that must be recognized—each mine has a finite lifespan.

In early 2026, the Lundin Foundation, a Canadian nonprofit focusing on sustainable community development in resource-rich regions, commissioned Upjohn Regional to conduct a comprehensive analysis of the Upper Peninsula labor market, estimate the impacts related to the future closure of the Eagle nickel mine, and offer practical policy and strategy recommendations to help the region transition smoothly in light of this potential shock. While the exact future timing of the closure remains uncertain—especially after [Talon Metals acquired Eagle Mine from Lundin Mining Corp.](#)—the commissioning of the Upjohn report reflects a commitment to proactive planning to better support displaced workers and mitigate the economic impacts of the closure when it eventually happens. The report, [Workforce Dynamics in Michigan's Upper Peninsula: Trends, Shocks, and Projections through 2030](#), not only provides a framework for the U.P. but also offers

insights relevant to other rural areas that rely heavily on mining or depend on only a few industries, making regions more vulnerable to shocks.

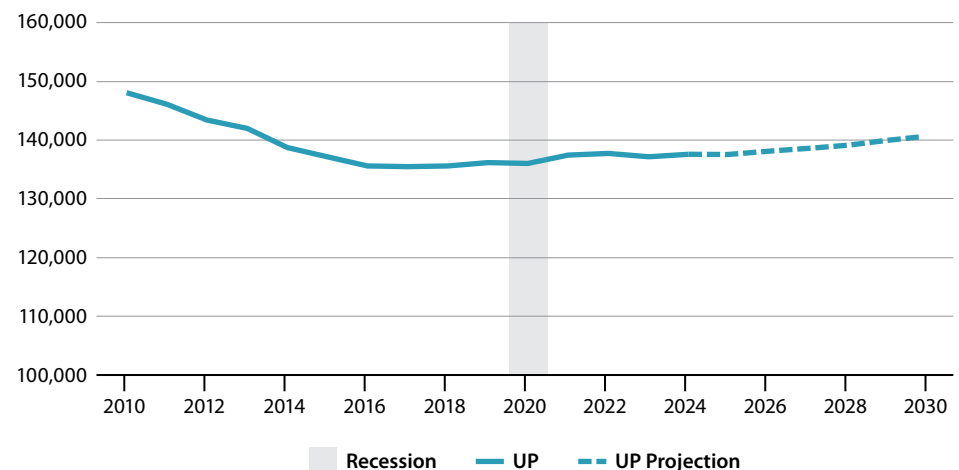
The research found that while the U.P. continues to experience prime-age population decline and workforce aging, the region's labor force level has remained relatively stable, with projections through 2030 indicating a slight increase over the next four years.

This stability masks underlying structural challenges. Labor shortages persist across many industries, particularly in health care, and maintaining these labor-force levels relies on older workers remaining employed. The report also estimated how displaced Eagle Mine workers could be absorbed within the regional economy. The study found that

if the [Copperwood Project](#), a proposed copper mine in Gogebic County, went ahead, all displaced employees from Eagle Mine could be absorbed by the project. Alternatively, if the project does not go through, most workers could be absorbed by other industrial projects within the U.P. However, while that finding is promising, as it suggests these workers could remain in the region, realistically, there are barriers that could make displaced workers more likely to relocate outside the U.P.

The report identified three major barriers that limit workforce availability and reduce workers' ability to relocate within the U.P. following a potential layoff: 1) housing availability, 2) child care supply, and 3) health care accessibility. These factors play an important role in a region's infrastructure. They serve as necessary components in supporting a strong and stable workforce, influencing both labor force participation and the appeal of communities to potential residents.

**Figure 1. Upper Peninsula Labor Force Trend and Projection**



Source: U.S. Census American Community Survey (ACS) B23001; REMI; Upjohn calculations.

Fortunately, U.P. leaders, through statewide initiatives, are already taking steps to tackle these challenges. Housing availability remains one of the region's [most commonly cited workforce constraints](#). In response, leading organizations have launched innovative housing initiatives in the region. BuildU.P., established in 2023, is a fund dedicated to increasing the housing supply in the U.P. through supporting multiple programs that aim to reduce barriers to building homes. One BuildU.P.-sponsored program is the [Career and Technical Education \(CTE\) Partnership Program](#), in which two U.P. school districts are able to provide high school students with hands-on construction experience while also expanding the local housing stock. In May 2026, students in the Delta-Schoolcraft Intermediate School District's Building Trades program completed and unveiled a [newly constructed home](#). The BuildU.P. CTE partnership serves as an innovative example of how workforce development programs can address both skilled trades shortages and housing needs at the same time. Another project supported partly by BuildU.P., [the Chipp](#), a workforce housing redevelopment in Marquette, recently finished construction, increasing housing availability by 14 units.

Child care is also an important part of the infrastructure that supports a strong workforce and contributes to making an attractive place for families to live. Research consistently finds that child care affordability and availability influence labor force participation, particularly among [married women](#) with children. Across rural America, child care shortages have increasingly become a barrier to workforce growth, business expansion, and population retention. Recent developments in the state reflect a growing recognition of the importance of supporting families and reducing child care-related barriers to employment. One example is [Michigan's MI Tri-Share Child Care Program](#), which helps make child care more affordable by splitting costs among participating employers,

employees, and the state of Michigan. In 2025, the program expanded statewide, increasing access for families across the Upper Peninsula. Michigan also raised the income eligibility threshold to 400 percent of the federal poverty level, expanding access to child care for middle-income households.<sup>1</sup>

Another initiative, though not directly focused on child care, aims to lessen the financial strain of raising young children. Rx Kids is a cash assistance program that provides expectant mothers with a \$1,500 prenatal payment, followed by \$500 per month after birth for a child's first six months. The program started in Flint and later expanded to several communities across Michigan. In 2026, the initiative was extended to all [15 U.P. counties](#), ensuring that every expectant mother and newborn in the region could receive this support during pregnancy and infancy.

Research on [Rx Kids](#) has found that the program results in improvements in financial stability, reduced stress among participating families, and positive maternal and infant health outcomes, while also generating local economic activity as program funds are spent within participating communities. The Upjohn Institute recently completed an [economic impact analysis](#) of the program, finding that these direct cash payments to families also produce measurable economic benefits for local economies. While Rx Kids is not a child care program, it reflects a broader strategy to reduce barriers to family formation and strengthen the economic conditions necessary to attract and retain young families. Without accessible child care and policy that supports families, it becomes increasingly difficult to grow the workforce and maintain a stable pipeline of future workers.

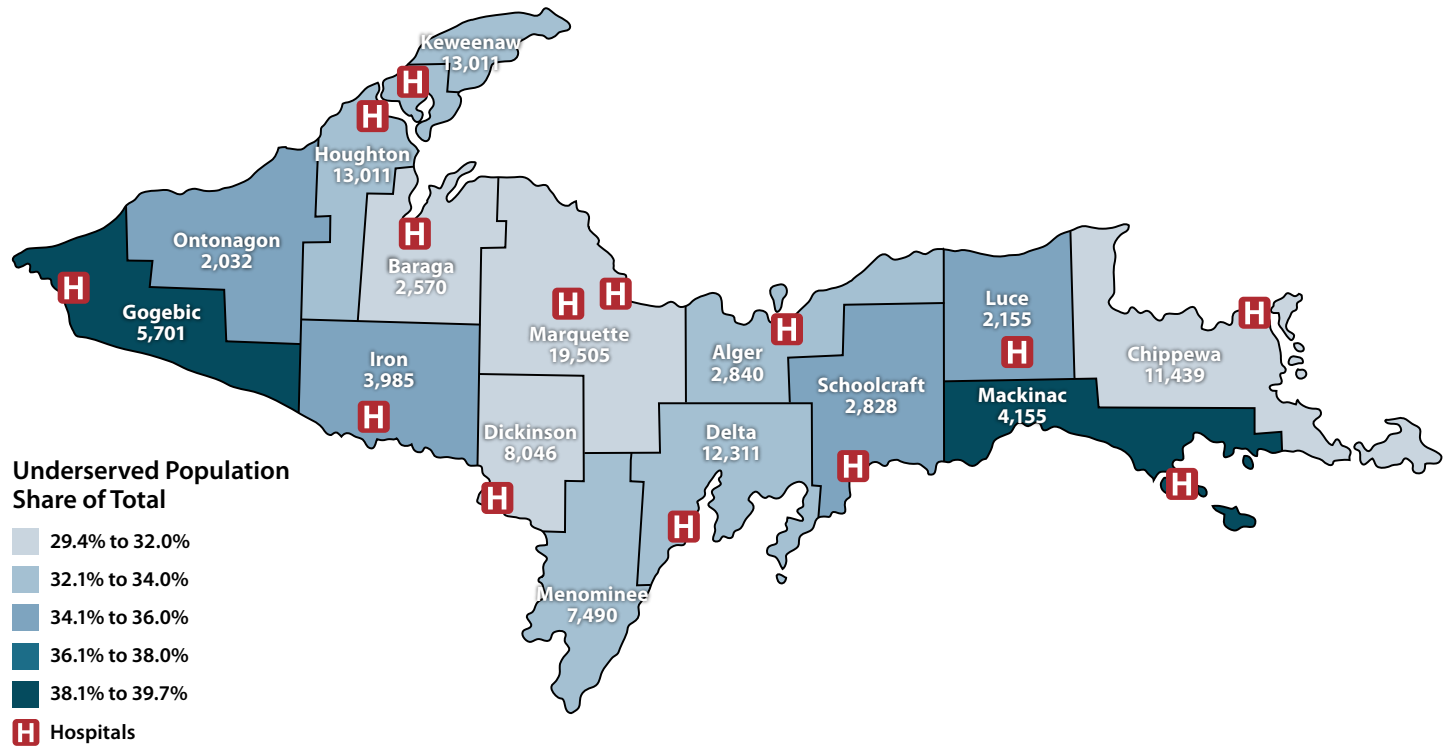
Access to health care remains a substantial challenge in the U.P. Rural health care systems across the country face mounting financial pressures, provider shortages, and limited service

availability. Figure 2 shows what share of the population is underserved in areas that have a shortage of health care professionals, as well as illustrating the substantial distances between hospitals in much of the U.P. These health care challenges have become increasingly visible in the U.P., especially following the closure of the labor and delivery unit at [Aspirus Ironwood Hospital](#) at the end of 2025. The hospital cited as a reason for the closure the inability to recruit and retain sufficient staff to sustain round-the-clock, 24/7 operations. This highlights a drastic consequence of the U.P.'s health-worker shortage: access to health care not only is essential for residents' quality of life, but it also has implications for workforce participation, as well as population retention and attraction efforts.

Multiple initiatives are working to improve health care access and address health care workforce shortages across the U.P. One of the most established is Michigan State University's Leadership in Rural Medicine (LRM) program, which was created specifically to train physicians for practice in rural and underserved communities. Under LRM, the [U.P. Rural Physician program](#) provides students with clinical training experience throughout the U.P., helping build local connections and increasing the likelihood that graduates will choose to serve in rural communities after graduating.

Additional efforts are focused on improving access to care in geographically isolated communities. The [Upper Peninsula Workforce Innovation Network](#) (U.P. WIN) is investing in health care workforce development and retention strategies, while telehealth initiatives continue to expand access to primary care, specialty care, and behavioral health services for residents who face significant travel distances. These investments are particularly important as rural health care systems navigate ongoing workforce shortages, an aging population, and the financial pressures facing rural hospitals and health care providers.

<sup>1</sup> For a family of four, this equates to approximately \$128,600 in annual income.

**Figure 2. Health Professional Shortage Area Share of Underserved Population**

Note: Numbers listed in counties reflect total county population; Houghton and Keweenaw are analyzed as one area.

Source: Health Resources and Services Administration, as of September 22, 2025; American Community Survey (ACS) 2023 five-year estimates.

Upjohn Regional's 2026 U.P. workforce report's recommendations for strengthening resilience against workforce shocks center on building the foundational systems that support labor force participation and economic diversity. The recommendations contained therein include increasing housing availability; expanding access to child care and health care; strengthening workforce training pathways in high-demand, high-wage sectors; supporting entrepreneurship and business diversification; and increasing coordination among educational

institutions, employers, economic development organizations, and state and local governments. The report emphasizes the need to proactively invest in coordinated workforce transition and retention strategies now, to avoid higher long-term costs from labor losses, industrial project delays, and reduced regional competitiveness.

Unlike Eagle Mine's future closure, not all economic shocks are foreseen. With that said, the U.P. can position itself to be as prepared as possible to respond to a range of shocks by fostering an

environment where residents and businesses thrive. The initiatives in place today, from workforce and housing programs to family support and health care investments, demonstrate that regional leaders are increasingly focused on addressing long-term structural challenges to build resilient communities. Through strategic planning and action, the Upper Peninsula is positioning itself not only to weather future economic transitions but also to create the conditions necessary for sustainable growth and resilience in the decades ahead.