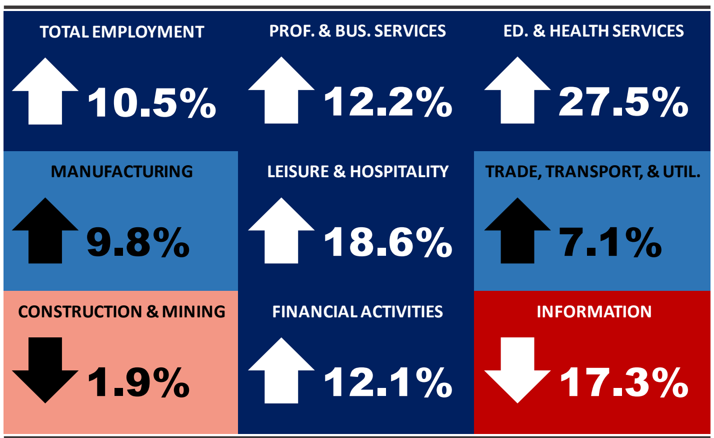
GRAND RAPIDS–WYOMING MSA

Grand Rapids has made a robust recovery from the Great Recession, during which the area lost about 47,000 jobs. Total employment has grown by over 10 percent since 2007, led by growth in the education and health sector, which has increased by 27.5 percent. A crisis in the housing industry kicked off the Great Recession, and construction employment has not fully recovered, as it is down by nearly 2 percent from 2007. However, most other industries have improved.

Grand Rapids Employment Change, 2007–2016

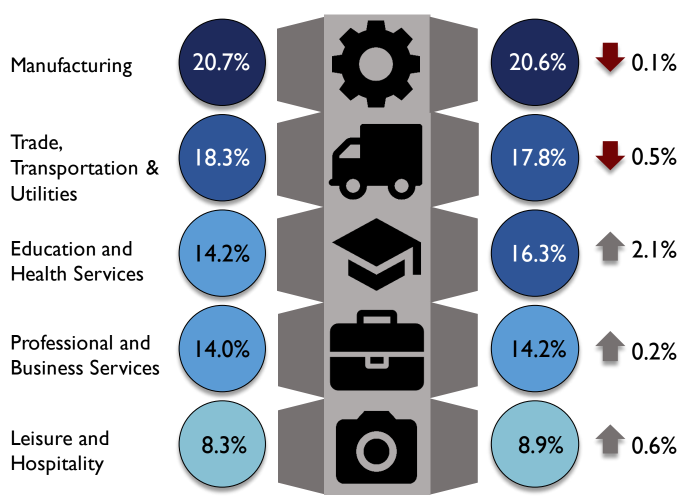


Judging from the amount of deep blue on the page, things are going pretty well in Grand Rapids. Total employment is up more than 10 percent in a decade.

SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

The Great Recession did not structurally change the employment composition in Grand Rapids: manufacturing remains the largest industry, and its percentage, 20.6 percent of employment, has contracted by just 0.1 percent, from 20.7 percent of employment. Only education and health services shifted more than 1 percent, increasing from 14.2 percent to 16.3 percent of employed.

Proportion of Employment in Top 5 Industries, 2007–2016



The mix of major industries has been fairly stable in Grand Rapids over the past decade, although the education and health services sector has seen a big increase.

SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

Grand Rapids–Wyoming Housing Units and Prices

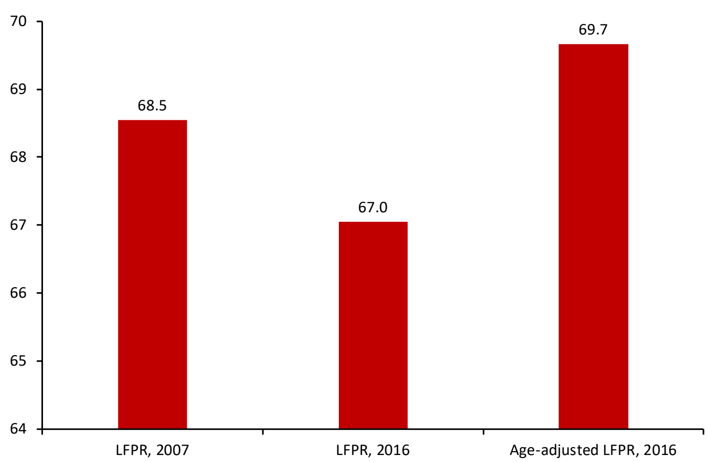
New home starts dropped off slightly last year after years of increases since bottoming out in 2010. However, prices have maintained their steep rise.

The blue bars of the figure show new housing starts in the Grand Rapids–Wyoming MSA as compiled by Dodge Data and Analytics, and the red line traces the home purchase price index from the Federal Housing Finance Agency (FHFA). The pace of new home construction slowed in 2007 from the 2000–2006 average. At the same time, prices soared. After 2008, prices tailed off until 2012—well after the recession ended in mid-2009. Since then, prices have made a dramatic recovery, zooming upwards far beyond the 2007 peak. The pace of construction has not exceeded the 2000–2006 average but is well above the 2007 level.

In previous issues of *Business Outlook*, we looked into labor-force participation, meaning the percentage of individuals employed or unemployed in the whole population 16 and over, and the effects of the aging workforce. Here, we examine the *relationship* of these two elements—i.e., the effect that the aging of the workforce has had on the labor-force participation rate. We do this by using an age-adjusted rate.

The age-adjusted labor-force participation rate shifts the age distribution in 2016 to that of 2007, while still using the labor-force rates for each age group in 2016. The labor-force participation rate contracted from 68.5 percent in 2007 to 67.0 percent in 2016. However, if the age distribution of the population had remained the same as it was in 2007, the labor-force participation rate would have risen to 69.7 percent, because a greater percentage of the population would now be of retirement age. The adjusted rate suggests that age, more than the economy, has driven down the labor-force participation rate.

Labor-Force Rates—2007, 2016, and Age-Adjusted 2016



Had the demographics for the different age groups remained the same over the past decade, the labor-force participation rate would have risen (third bar). In actuality, it fell (second bar), because more workers aged out of the workforce than replaced them.

SOURCE: U.S. Census American Community Survey (ACS).