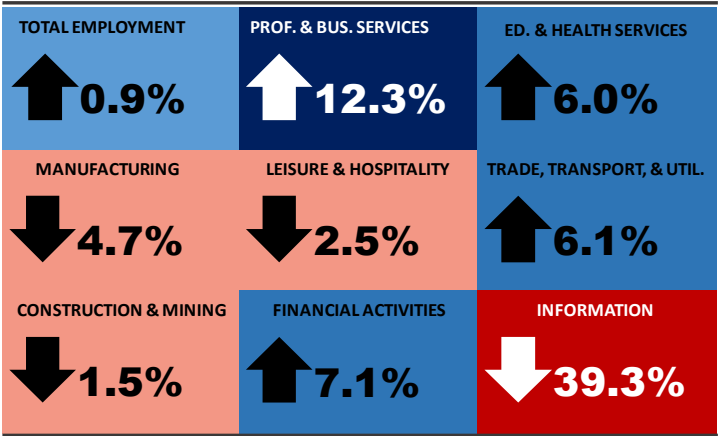


# KALAMAZOO-PORTAGE MSA

Employment in Kalamazoo is little changed from 2007. From that year through the Great Recession and afterward, Kalamazoo shed more than 11,000 jobs, or 8 percent of its workforce. Employment took several years to recover, and by 2016 it was only 0.9 percent above the 2007 annual average. Within industries, there has been some contrast. Professional and business services improved by 12.3 percent from before the Great Recession. Manufacturing, however, is down by 4.7 percent.

## Kalamazoo Employment Change, 2007–2016

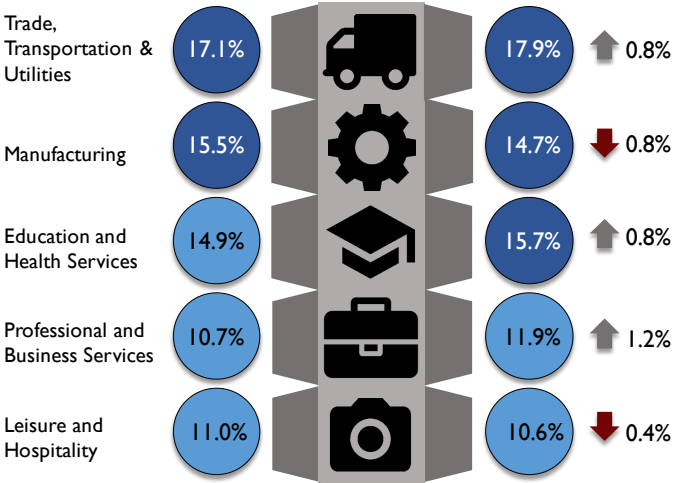


The varied color distribution in the squares of this figure reveal that employment in the Kalamazoo-Portage area has been a real mixed bag over the past decade. The area emerged from the decade with slightly less than a 1 percent gain in employment.

SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

In examining the distribution of employment, we see that, in spite of diverging trajectories in growth, the composition of industries looks very similar from 2016 to 2007. Trade, transportation, and utilities make up the largest industry, at 17.9 percent of the employment. Of the top five industries, the only industry to gain or lose more than 1 percent as a share of the total was professional and business services, which picked up 1.2 percent.

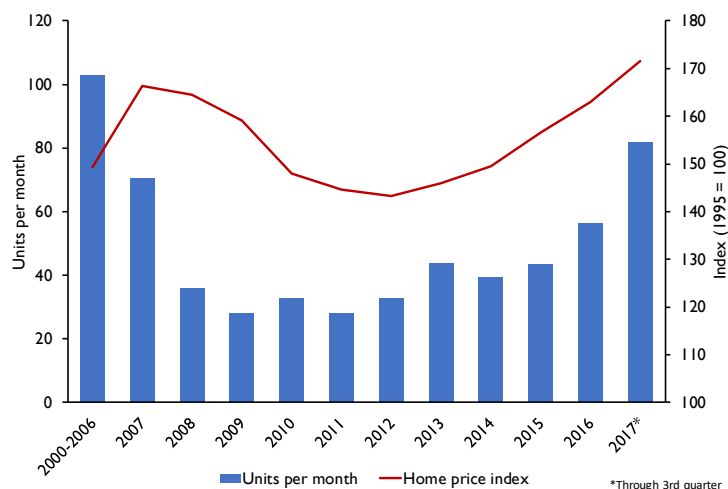
## Proportion of Employment in Top 5 Industries, 2007–2016



The trade, transportation, and utilities sector remains top dog, but the top three industries are relatively evenly distributed in their share of the total.

SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

## Kalamazoo-Portage Housing Units and Prices



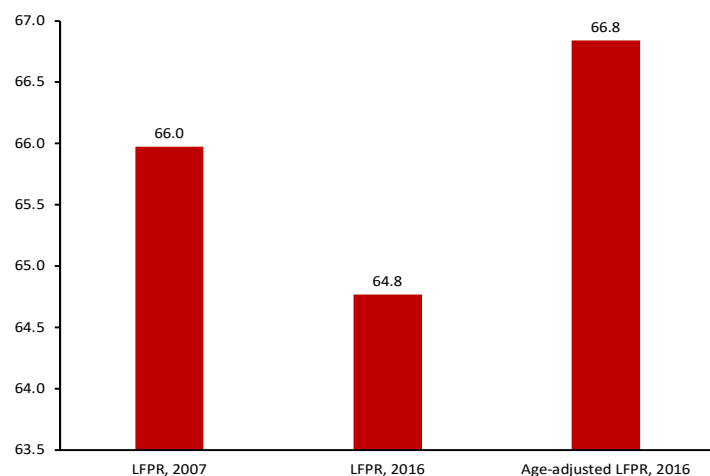
In 2017, the Kalamazoo-Portage area not only surpassed 60 new home starts per month for the first time since 2007, it topped 80 as well.

The above figure's blue bars show new housing starts in the Kalamazoo-Portage MSA as compiled by Dodge Data and Analytics, and the red line follows the home purchase price index from the Federal Housing Finance Agency (FHFA). Construction fell off slightly in 2007 compared to the average for the previous six years, while prices continued to rise during the year. As the recession began, the number of new dwelling units dropped off and remained low through 2012. Recovery was modest even during 2016, but 2017 was the first year that exceeded the pace of 2007. Prices began rising in 2013 and now have surmounted the 2007 peak.

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 those two elements—in other words, 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. Labor-force participation shrank to 64.8 percent in 2016, from 66.0 in 2007. However, not all of the fault can be pinned on a struggling economy: had the age distribution remained the same, the labor-force rate would have been 66.8 in 2016, nearly a full point above 2007.

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



The Kalamazoo-Portage area shows a similar pattern to the other MSAs in west Michigan—had the general population not gotten older over the past decade, the labor-force participation rate would have fared much better than it did. In this case, it would have been two full points higher than in actuality.

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