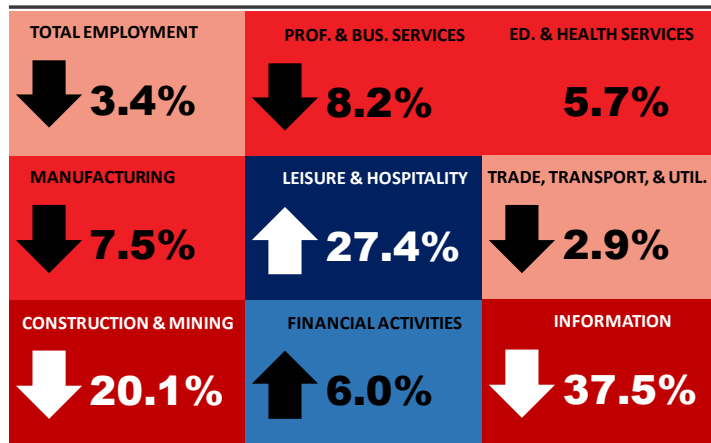


# NILES–BENTON HARBOR MSA

Employment in the Niles–Benton Harbor MSA has not fully recovered from the Great Recession. The area shed more than 6,500 jobs during the Great Recession and into early 2010. As of 2016, employment remained 3.4 percent below 2007 levels. Only leisure and hospitality employment and financial employment have improved, gaining 27.4 percent and 6.0 percent, respectively.

## Benton Harbor Employment Change, 2007–2016



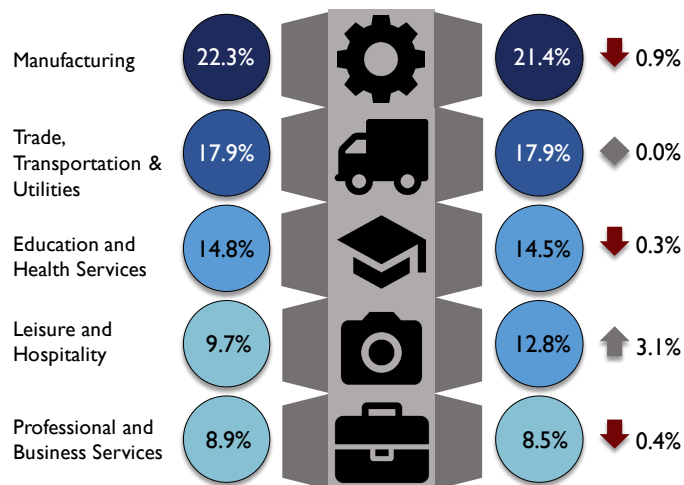
For Niles–Benton Harbor, the red squares have the blue ones surrounded, which is not a good sign. Total employment is down 3.4 percent despite robust gains in leisure and hospitality.

SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

The distribution of employment in Niles–Benton Harbor is relatively similar between 2007 and 2016, as many industries fell in total employment. Manufacturing remains the largest industry, and trade, transportation, and utilities employment is unchanged as a share of the total. Leisure and hospitality is the only industry to make a large shift in share, going from 9.7 percent of the total in 2007 to 12.8 percent in 2016.

In the top figure on the following page, the blue bars show new housing starts in the Niles–Benton Harbor MSA as compiled by Dodge Data and Analytics, and the red line traces the home purchase price index from the

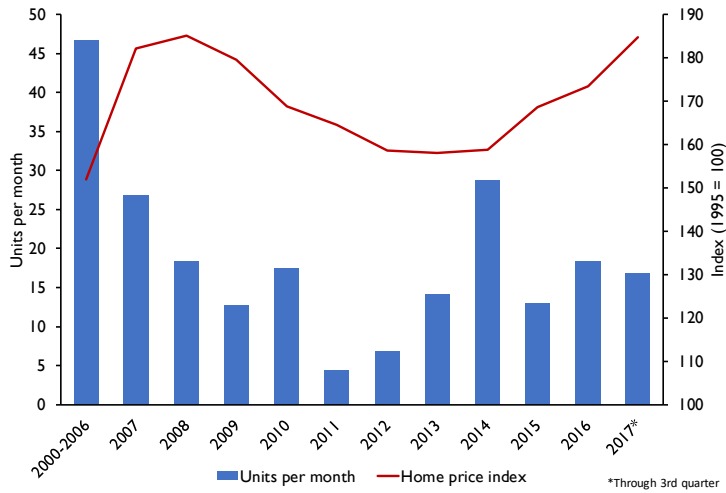
## Proportion of Employment in Top 5 Industries, 2007–2016



The shares of employment among the top five industries in the Niles–Benton Harbor area were pretty stable except for leisure and hospitality, which had almost a 33 percent increase, fueling what little good news there was for the area over the past decade.

SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

### Niles–Benton Harbor Housing Units and Prices



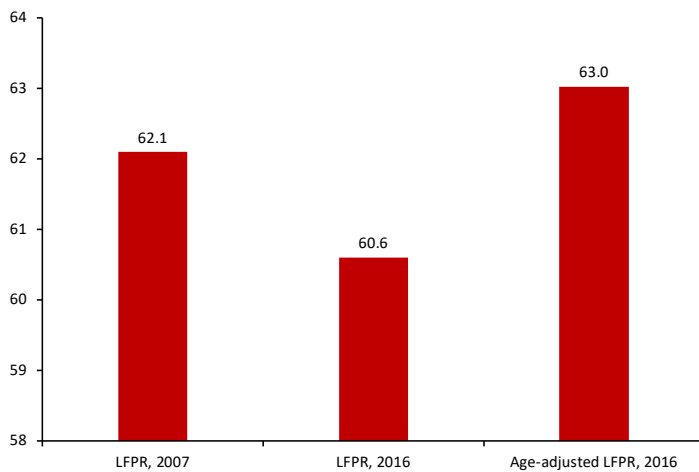
New home starts in Niles–Benton Harbor, after hitting bottom in 2011, rose dramatically starting in 2012, but since 2015 they have tailed off. Home prices are mildly up.

Federal Housing Finance Agency (FHFA). From 2000 to 2006, the pace of new home construction averaged 47 units per month. But even before the Great Recession started in December of 2007, the pace of construction had slowed during the year, and it continued to fall through 2008 and 2009. Although construction was slowing, prices were rising, and they did not decline until 2009. Prices began rebounding in 2014 and, in the third quarter of 2017, eclipsed their peak from 2008. Even so, construction remains sluggish.

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. In this issue, we examine the *relationship* of these two elements—in other words, the effect that the aging of the workforce has had on the labor-force participation rate. We accomplish 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 adjusted rate shows that while the labor-force participation rate fell to 60.6 percent in 2016, had the population distribution remained the same the rate would have been 63.0 percent—almost a point above the 2007 rate. The adjusted rate suggests that not only the economy but also an aging population are driving down the labor-force participation rate.

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



The pattern here is nearly identical to many of the other MSAs—the labor-force participation rate for 2016, when adjusted to have the same shares of population in the various age cohorts as existed in 2007, represents a substantial increase over the actual rate.

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