



Growing Business.
Building Community.

2012 Economic Outlook

for the 5-County Region of Antrim, Benzie,
Grand Traverse, Kalkaska, and Leelanau Counties

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Prepared by:



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The Traverse City Area Chamber of Commerce helps to grow business and build community. It helps to grow business by promoting its members' businesses and delivering sales leads, providing cost-cutting benefits, and sponsoring networking programs. It builds community by giving its members a voice in the growth of the region, bringing together groups to address the region's biggest issues, and helping to recruit and retain enterprises in the area.

Economic Outlook Considerations

The Traverse City Area Chamber of Commerce Economic Outlook is for all those who have an interest in understanding the regional economy and its relationship to the state and national economy. This regional economic outlook should be considered an informative resource that can assist in making critical decisions affecting the 5-county region of Antrim, Benzie, Grand Traverse, Kalkaska, and Leelanau Counties.

All sources contributing to this report were compared against numerous other data and information sources. Best efforts were made to reconcile these sometimes widely varying outlooks; however, no economic outlook should ever be considered definitive or flawless, due to the number of variables contributing to the sources.

All of the “industry” data within this outlook are categorized by the North American Industry Classification System (NAICS). NAICS is the standard used by statistical agencies for the purpose of collecting, analyzing, and publishing statistical data related to the economy. For more information on the NAICS, visit: <http://www.census.gov/eos/www/naics/>.

The following should be understood as significant factors in the precision of this year’s (and any) economic outlook:

- Market recovery
- Consumer confidence
- High unemployment
- Tightening of credit
- Fluctuations in energy prices
- Geopolitical concerns

The region’s economic future is not a foregone conclusion. Northwest lower Michigan, as with any region, has the ability to create policies and practices that create economic expansion in any or all of the sectors included in this outlook.

The National Economy

U.S. Economic Outlook

In the second half of 2011, the economic recovery has been slowed by European sovereign debt contagion fears, softening of the housing market after expiration of tax credits, tax and regulatory uncertainty, the effects of the Japanese Tsunami and historical international and domestic political events. In 2012, the economy is forecasted to gradually improve and real GDP is forecasted to grow 2.5%, which at this stage of an economic recovery is below the post World War II historical average. Fueling this expected GDP improvement is pent-up consumer demand, solid profit growth and cash flows, continued strength in the manufacturing sector and export growth, low inventory levels, plentiful liquidity, historically low interest rates and continued job growth.

Over the past couple of years consumer de-leveraging has come at the expense of consumption growth. Consumers have increased their saving rates to improve liquidity and reduce debt. Consumer credit debt service has fallen back into historical ranges and household debt obligations are at their lowest point since late 1993. Consumers still favor paying in cash rather than credit but have begun to take on more loan debt. Saving rates are forecasted to adjust downwards into the 4-5% range next year from 6%, as consumer discretionary spending is forecasted to pick-up next year. However, even after the declines, the savings rate should remain above the low rates prior to the recession. Consumers are in a much better financial position to expand purchases next year and consumer lending is expected to expand in 2012 as consumers take advantage of historically low borrowing costs in conjunction with gradually improving balance sheets and job markets.

Corporate profits have staged a remarkable recovery from the recession and reached a new high in the second quarter of 2011. This trend is expected to continue albeit at a decelerating growth pace of 5%. Firms are well positioned to expand payrolls and make capital investments. Commercial and industrial lending is forecasted to grow in 2012 with the potential for upside surprises. High cash flows and strong profits are supportive of risk taking yet low confidence levels in the domestic and global economy is elevating the risks of an economic downturn. Even in the forecasted slow growth environment, modest single digit annual earnings growth can mean large increases in aggregate profits.

Similar to corporate profits, the recovery in manufacturing is expected to slow but remain a leading growth sector. Employment growth within the manufacturing sector has been the strongest since 2003 and 2004 – the last period when the industrial states were growing on par with the nation. The most recent surge may have more durability as long as public policy remains supportive. Structural downsizing and new technologies have made manufacturing more competitive in international markets. Export growth in the U.S. has been broad-based, as it has included the full spectrum of products, from raw materials to high value added capital equipment. A weaker dollar has supported export growth, but a productive manufacturing sector and rising worldwide international trade have been the catalysts. Development of export growth probably holds the key to the future of U.S. manufacturing.

Capital investment spending froze during the recession, but came back in a V-like fashion. The recent expansion in equipment spending was broad-based, but has been strongest in transportation and computer related industries. Business equipment spending is expected to slow from its torrid pace next year as temporary tax expensing privileges are likely to lessen. Hence, forecast risks for capital equipment spending are tilted to the downside.

The monetary policy outlook remains unchanged, with the Federal Reserve maintaining the Fed Funds target in its current 0-0.25% range through 2013. Recently, Chairman Bernanke outlined the potential for more medium to long-term security purchases (Operation Twist) should further economic stimulus be

required. However, such purchases also pose inflationary risks that are probably high based on current economic conditions and commodity prices. Employment growth in September confirmed a slow growth economy, but generally did not indicate a double-dip recession. Thus, the Federal Reserve may implement measured increases in security purchases in the coming weeks, but is not forecasted to accelerate major quantitative easing. Fed Fund rate risks are strongly to upside if economic growth accelerates and inflation rises.

Long-term interest rates will likely remain close to current rates for the next few months and subsequently commence a long-term secular rise. Long-term bonds are still benefitting from risk-aversion in worldwide financial markets, especially with respect to European sovereign debt and European banks. As worldwide and U.S. economies gradually gain traction, long-term rates will likely gravitate towards levels consistent with economic growth, inflation and credit quality, all of which are forecasted to put upward pressure on long-term interest rates. A strong U.S. dollar trend is not in the immediate forecast, but the dollar could also come under severe downward pressure in the future if markets lose confidence in the ability or willingness of the U.S. to repay sovereign debt without creating inflation and higher interest rates.

Recession risks will likely remain elevated near-term due to continued concerns about Euro sovereign debt challenges, changing tax and regulation codes, lagging housing markets, state and local financial woes as well as U.S. federal debt concerns and fiscal uncertainties.

-George Mokrzan
Chief Economist
Huntington Bank

The State Economy

Near-Term Michigan Outlook

Last year's Michigan Outlook referred to the last decade as "The Lost Decade" and pronounced that Michiganders will endure, and this decade will be known as the "My Michigan" decade. Well, our great State is off to a good start as the Bureau of Economic Analysis reports that the State's economy grew at a 2.9% pace in 2010 (ranked fifteenth in the nation) and the unemployment rate decreased 2.8 percentage points to 11.1%. Since the trough of the recession, Michigan has led the nation in total payroll growth at 2.4% versus U.S. growth of 0.5%.

The first several months of 2011 realized continued improvement as Michigan's unemployment rate fell to 10.2% in April, however, unemployment rose to 11.2% in August. In general, persistent global uncertainties, catastrophic natural disasters and historic political events have weakened economic confidence and heightened risk aversion. Although U.S. economic indicators have been weakening of late, the forecast is for continued slow economic growth. More specifically, the Michigan economy should benefit from the continued recovery in the auto industry and sustained manufacturing growth. Following is a review of the industries and economic factors vital to Michigan's economy.

Manufacturing Sector – Despite a four percentage point decline from 2008, the manufacturing sector still ranks as the number one contributor to Michigan's economy and represents approximately 17% of the State's real GDP. This sector was the primary driver of Michigan's economic expansion in 2010 and was among the leaders in export growth for the nation. A widely followed report on manufacturing activity is The Institute of Supply Management (ISM) – Manufacturing Report on Business (a publication that tracks and measures manufacturing activity).

From July of 2009 to April of 2011 this sector had solid expansionary readings. A measure above fifty generally indicates manufacturing is expanding and vice-versa. In May the ISM measures began to trend lower and in the past couple of months a handful of the measures have fallen below the fifty mark namely the New Orders, Production and Backlog indices. The combination of sovereign debt concerns, Japanese Tsunami and historic international and domestic political events have been a catalyst that has heightened business cautiousness and slowed economic growth.

While economic growth has slowed and recession risks have elevated, the expectation for slow but positive U.S. economic growth remains. Manufacturing activity is anticipated to remain stable as inventory levels relative to sales are near historic lows, automotive supply constraints are easing, and automotive fundamentals remain overall positive, which is particularly beneficial for Michigan.

Automotive Industry – From the depths of the financial crisis and the Great Recession, the automotive and related industries recently have been a solid positive on Michigan's economy and employment growth. Since the trough of the recession, the automotive industry has produced nearly 9,300 jobs and accounts for roughly 10.2% of Michigan's non-farm payroll. Driving the recent growth (no pun intended) has been increased car sales and automotive production.

While we are nowhere near the 16.5 million annual vehicle sale average of yester-year, actual North American vehicle sales for 2009, 2010 and 2011 consensus estimates are 10.4 million, 11.6 million and 12.8 million respectively. 2011 vehicle sale estimates were lowered earlier this year from 13.4 million due to the impact that the Japanese Tsunami had on automotive OEM's and parts suppliers. Presently, there is an economic tug-of-war between the fundamentals of automotive growth.

On the contribution side is historically low interest rates, good credit availability, low inventory, stronger consumer household balance sheets, an aging household fleet, pent-up demand and a street consensus estimate of 13.8 million vehicles to be sold in 2012. On the detractor side is stubborn high unemployment, a weak housing market, lower consumer confidence and elevated uncertainty. While the fundamentals related to the North American auto industry are mixed, the forecast is that the automotive industry should continue to be a catalyst for growth in Michigan.

State & Local Government – The government sector contributes roughly 11.5% of Michigan’s real GDP and is one of the State’s largest real GDP contributors. The revenue tax base in Michigan has been declining for years but the pace of deceleration increased significantly with the onset of the financial crisis. The massive restructuring in late 2008 & throughout 2009 led to major job losses, a 14.5% peak in the State’s unemployment rate, and a brutal housing crisis which, in turn, drove housing values down significantly. Today, we are dealing with severely contracted state and local municipality budgets as well as highly-stressed school budgets. Since December of 2007, over 35,000 local government and K-12 jobs have been lost to budgets cuts. The bright spot is Michigan’s House and Senate Fiscal Agencies project tax revenue growth in fiscal year 2010/2011 and the likelihood of tax revenue growth in Michigan for 2011/2012 is high as the economy continues to slowly expand, employment gradually increases and the housing market stabilizes.

Loan Trends – Within the finance industry, 2010 was a pivotal year as loss trends decelerated significantly, loss reserves strengthened and capital ratios greatly improved. According to the Federal Reserve’s July 2011 Senior Loan Survey, “banks continue to ease lending standards and most terms on all major types of loans other than secured real estate.” This is a trend that began in late 2009, firmly took hold in 2010 and is expected to continue in 2012. It is important though to keep these trends in proper perspective because while commercial & industrial (C&I) and consumer loan underwriting standards have become less rigid, they remain stringent when compared to historical standards. The good news is that the cost to borrow funds is improving.

Risk premiums, also known as loan rate spread over the financial institutions cost of funds, have been decreasing for C&I and consumer loans. The main reason cited for more favorable underwriting terms and lower loan spreads is increased competition for loans. Loan demand for C&I has seen very modest increases, while consumer loan demand has been mixed. Consumer auto loan and credit card demand has increased, while other type of consumer loans remained flat. C&I and consumer lending is forecasted to moderately increase in Michigan next year.

Consumer Spending – Over the past few years, consumers have been strengthening their household balance sheets and this strength should be a catalyst for continued spending growth. Consumers have been paying down revolving debt, refinancing mortgage debt, and increasing their savings as evidenced by the facts that household financial obligations have fallen to the lowest point since late 1993 and consumer credit contracted each month from October 2008 to September 2010 (roughly \$225 billion). The credit trend turned in October of 2010 as consumers began taking on more debt and credit expanded ten consecutive months until contracting this past August. Consumer spending however has remained resilient as evidenced by retail sales growth of 7.2% measured from August 2010 to August 2011. Although consumer confidence has remained weak of late, the combination of historically low borrowing costs, positive employment growth and increased strength in personal financial positions should result in a continued rise in consumer spending and retail sales in 2012.

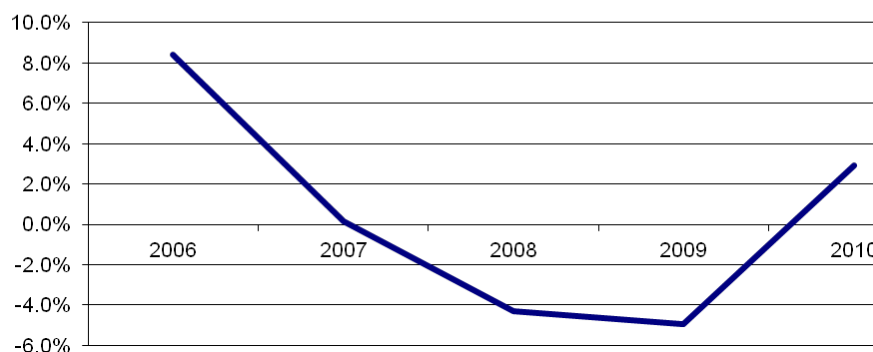
For Michiganders this decade is off to a decent start and we will continue the march towards the “My Michigan” decade.

-Perry Adams
Senior Vice-President
Huntington Bank

State Indicators

Over the last ten years, the State of Michigan has endured limited levels of economic expansion and mostly economic contraction. Indeed, Michigan has been in a recession for much longer than the nation. Since 2000, it lags all other states in terms of total GDP growth.

**Percent Change Gross Domestic Product (GDP) for the
State of Michigan, 2006-2010.**
(in chained 2005 dollars)



Source: U.S. Bureau of Labor Statistics (BLS). MI Dept of Technology, Management, and Budget (DTMB). 2011.

One of the most troubling trends facing Michigan is the rapid decline of its per capita personal income¹ (PCPI) ranking. From 2000 – 2010, twenty-one other states have surpassed Michigan in PCPI. Additionally, Michigan ranks near last or last in the 10-year, 20-year, and 30-year change in PCPI—demonstrating negative growth from 2000-2010.

State of Michigan per Capita Personal Income by Decade, 1970 -2010.

Per Capita Personal Income	Number	Rank in U.S.	Percent of U.S.
Per capita income - 2010	\$34,691	40	86.80%
Per capita income - 2000 (adj. for inflation)	\$37,219	19	96.90%
Per capita income - 1990 (adj. for inflation)	\$31,230	21	96.70%
Per capita income - 1980 (adj. for inflation)	\$27,233	16	102.00%
10-year % change	-6.80%	51	
20-year % change	11.10%	50	
30-year % change	27.40%	49	

Source: U.S. Bureau of Economic Analysis (BEA). 2011.

¹ Personal income is the income that is received by persons from all sources. Personal income is the sum of net earnings, rental income, personal dividend income, personal interest income, and personal current transfer government receipts. In computing per capita personal income, BEA uses the Census Bureau's annual midyear population estimates.

5-County Regional Economy

Business Outlook Depends on Engagement

2011 was a mixed bag in economic development. The Chamber saw unprecedented activity in expansion opportunities. The number of active projects went from less than 20 in 2010 to more than 50 by June 2011. Unemployment dipped to lows under nine percent. Deal flow appeared strong, with banks and investment funds seeing increased expansion interest from companies, and private equity capital flowed into the region.

State reforms also took shape in 2011. Legislative reforms reduced tax and regulatory burdens, and new programs were implemented by the Michigan Economic Development Corporation. Local governments coalesced around MEDC's Next Michigan initiative that provides more tools for business expansion. And County Revolving Loan Funds are becoming less onerous and more regional in their application.

It would be easy to write about a rosy 2012 outlook based on the above, but it would be misleading. "Working on deals" is different than finishing them. During the second half of 2011 many expansion opportunities were either delayed or abandoned. 2012's outlook will depend on the willingness of individual businesses to use available tools and resources. Success will be localized and focused, with only incremental improvements to overall sectors.

There is plenty of available capital for businesses to expand, but it is cautious capital that undervalues inventory and assets while over-stating risk and ignoring entrepreneurial grit. The perception is that investment dollars are available mostly to companies that need them least, while those struggling must pay high premiums – if they can get funding at all.

Also, unemployment rates are deceiving. Yes, unemployment moved from 11.5 percent to 9.5 percent, but the number of unemployed workers stayed relatively the same. What changed was available work force. Many unemployed workers left the region. In spite of a 9.5 percent unemployment rate, the region has a workforce shortage for the jobs growing fastest. Workers in demand are those skilled in areas including health care, engineering, welding, machining, and jobs that require extraordinary communications or technical skills. On the "low-skill" end, the hospitality industry relied on foreign workers to fill hundreds of seasonal and year-round positions.

2012 will pose challenges for businesses mostly due to uncertainty. Two major unknowns facing businesses are health care, which – besides being confusing – is largely undecided and is held hostage by election-year politics. The other is energy. This recession is different than previous ones concerning energy. Previously, there was available energy capacity "on the shelf" to fuel economic recovery when it happened. Now, much of the available energy is being used and there are more plans to take aging power plants off-line than there are to build new ones. For an area dependent on other regions for its energy, this is a concern.

Initiatives are underway to deal with the issues most consequential to business in 2012. There are resources and strong leadership in the educational, non-profit, and entrepreneurial sectors. However, business owners must be actively engaged in the development and implementation of solutions. Things won't just get better if one hunkers down and waits it out. The successful businesses will be proactive, willing to consider new opportunities, abandon outdated practices, and take advantage of a wide array of available services.

In sum, look for a bumpy road for business in 2012, but one that still provides a means to move forward. It will be slower and more difficult than we would prefer, but we can reach our destination of prosperity and growth if we work together. There is a "fast lane," but it will require aggressive perseverance on the part of each business owner and willingness to access and accept available help.

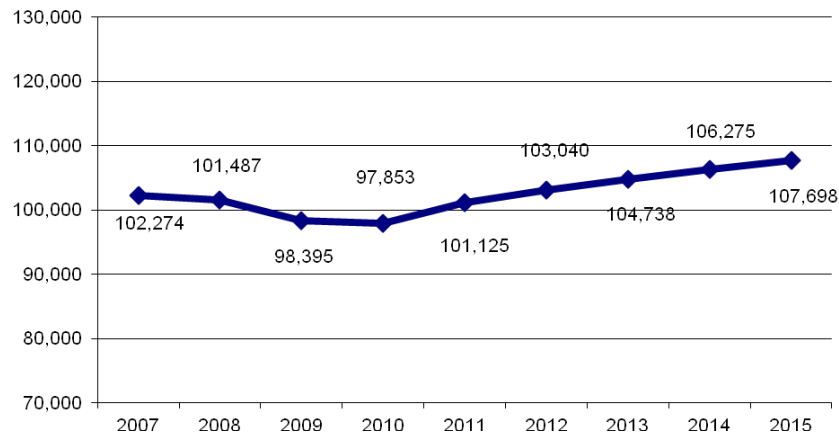
-Doug Luciani
President & CEO
Traverse City Area Chamber of Commerce

Regional Indicators

Employment

The 5-county region experienced a relatively stagnant employment levels from 2007-2011. In 2011, it is estimated that there are 101,125 employees in the region, representing a 3,272 increase from 2010 levels.

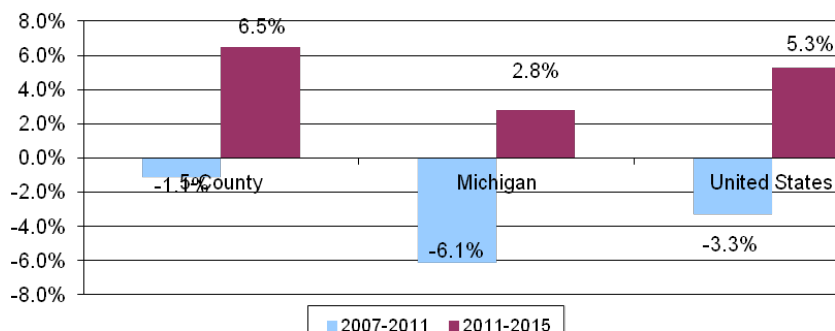
**Total Employment for the 5-County Region,
2007-2015 (Actual & Forecast).**



Source: Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments. 2011.

Since 2007, the region, state, and nation all experienced overall employment losses. However, the region was somewhat more stagnant in overall employment. It is expected that in the coming years, the region, state, and nation will each experience total employment growth, with the highest percentage gains felt at the regional level (6.5%).

**Percent Change Total Employment for the U.S., Michigan,
and 5-County Region, 2007-2015 (Actual & Forecast).**

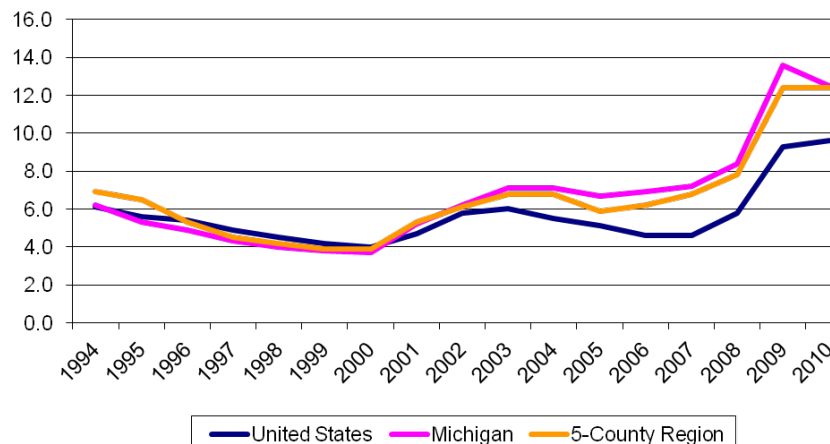


Source: Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments. 2011.

Unemployment

Based on past trends, Michigan's economic downturn, and the seasonal nature of much of the employment in the region, it is expected that the area's unemployment rate will remain higher than the nation's. However, it is anticipated that future rates remain somewhat lower than the state.

Annual Unemployment Rate for the 5-County Region,
Michigan, and the U.S., 1994-2010.



Source: U.S. Bureau of Labor Statistics (BLS). MI Dept of Technology, Management, and Budget (DTMB). 2011.

It is also important to note that certain industries have a disproportionately higher unemployment rate when compared to other industries or even other geographies. In the 5-County Region, Accommodation and Food Services and Construction have higher unemployment rates than the state and nation.

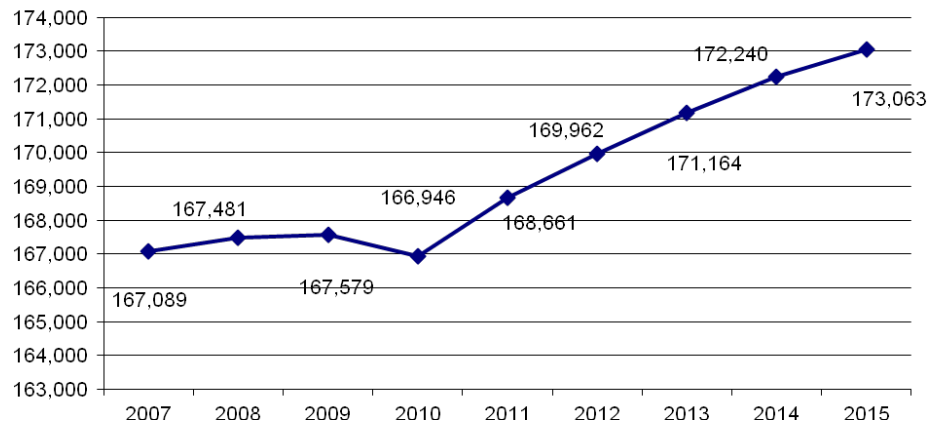
Description	Unemployed	Regional %	State %	National %
Accommodation and Food Services	1,432	16.80%	11.70%	11.20%
Construction	1,234	14.50%	10.40%	10.10%
No Previous Work Experience/Unspecified	1,190	14.00%	14.30%	13.60%
Retail Trade	1,146	13.50%	12.90%	12.10%
Health Care and Social Assistance	692	8.10%	9.50%	8.50%
Government	587	6.90%	6.60%	7.80%
Manufacturing	540	6.30%	9.30%	6.70%
Other Services (except Public Administration)	251	2.90%	3.60%	3.70%
Administrative and Support and Waste Management	245	2.90%	6.10%	6.20%
Arts, Entertainment, and Recreation	180	2.10%	2.20%	2.20%
Professional, Scientific, and Technical Services	178	2.10%	3.10%	3.80%
Finance and Insurance	156	1.80%	1.90%	2.60%
Mining, Quarrying, and Oil and Gas Extraction	149	1.80%	0.20%	0.30%
Educational Services	118	1.40%	1.60%	1.90%
Real Estate and Rental and Leasing	95	1.10%	1.40%	1.40%
Transportation and Warehousing	92	1.10%	2.20%	2.50%
Information	87	1.00%	1.00%	2.20%
Agriculture, Forestry, Fishing and Hunting	81	1.00%	0.60%	1.60%
Wholesale Trade	46	0.50%	0.90%	1.10%
Utilities	11	0.10%	0.20%	0.40%
Management of Companies and Enterprises	<10	0.00%	0.30%	0.10%
TOTAL	8,510	100.00%	100.00%	100.00%

Source: Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments. 2011.

Population

It is estimated that the 5-County Region held a total population of approximately 168,661 individuals in 2011, representing 1.7% of Michigan's total population. By 2015, regional population is expected to be 173,063, a 2.6% increase from 2011.

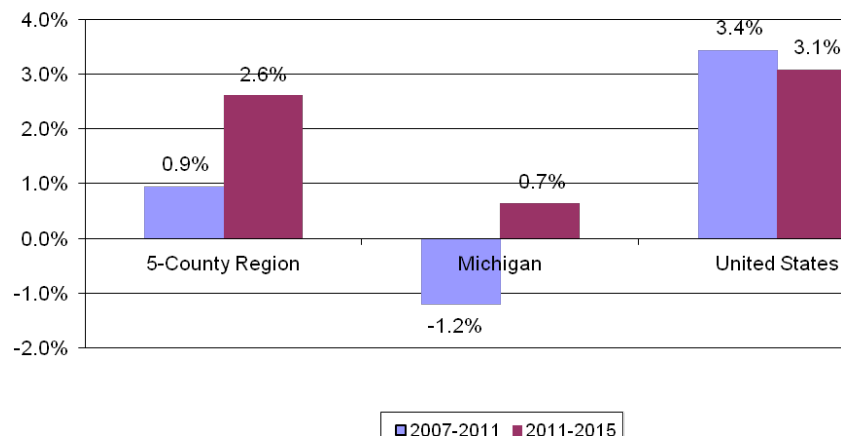
**Total Population for the 5-County Region,
2007-2015 (Actual & Forecast).**



Source: Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments. 2011.

The region experienced greater population growth (based on percent change) than the state over the last five years and continues to be one of the only growing regions in Michigan. This trend is expected to continue; however, it is expected that the regional growth rate will not eclipse that of the nation's in the near future.

**Percent Change Total Population for the U.S., Michigan,
and 5-County Region, 2007-2015 (Actual & Forecast).**



Source: Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments. 2011.

Income & Earnings

In 2009, the regional per capita personal income (PCPI) was \$34,097, representing approximately 99.3% of the state and 86.0% of national PCPI. In 2007, regional PCPI was approximately 97.6% of the state and 84.9% of national PCPI.²

Because population acts as the sole denominator of the PCPI equation, there are other underlying characteristics that can impact PCPI, including number of those actually in the workforce and average earnings by industry.

In 2011, total average earnings for the region were \$37,989, representing approximately 77.8% of the state and 72.5% of national average earnings.

Total Average Earnings by Industry for the U.S., Michigan, and 5-County Region, 2011.

Description	Regional Jobs	Total Average Earnings	State Jobs	State Average Earnings	National Jobs	National Average Earnings
Agriculture, Forestry, Fishing and Hunting	2,573	\$21,374	81,170	\$24,120	3,419,422	\$29,281
Mining, Quarrying, and Oil and Gas Extraction	3,674	\$65,430	24,493	\$59,213	1,477,204	\$101,486
Utilities	326	\$116,465	20,200	\$127,693	589,655	\$116,350
Construction	7,228	\$41,603	233,876	\$53,508	8,912,405	\$54,810
Manufacturing	6,807	\$52,121	516,420	\$77,031	12,183,557	\$73,225
Wholesale Trade	2,087	\$51,900	172,750	\$74,371	6,086,069	\$74,690
Retail Trade	11,997	\$25,417	536,256	\$28,656	17,481,650	\$30,736
Transportation and Warehousing	1,683	\$47,011	152,767	\$55,727	6,198,758	\$54,978
Information	1,509	\$46,837	67,980	\$60,277	3,206,047	\$80,886
Finance and Insurance	6,016	\$49,506	253,048	\$58,569	9,234,345	\$80,946
Real Estate and Rental and Leasing	5,964	\$18,537	215,669	\$26,400	7,402,138	\$28,417
Professional, Scientific, and Technical Services	6,213	\$44,292	346,032	\$69,254	12,000,741	\$75,585
Administrative and Support and Waste Management	4,341	\$26,929	351,115	\$30,942	10,415,664	\$32,939
Educational Services	1,671	\$22,626	104,191	\$30,802	4,165,048	\$41,202
Health Care and Social Assistance	11,843	\$47,355	647,678	\$48,311	19,263,555	\$50,778
Arts, Entertainment, and Recreation	2,549	\$15,230	96,346	\$22,689	3,761,962	\$27,038
Accommodation and Food Services	8,829	\$17,718	342,311	\$17,093	12,061,897	\$20,732
Other Services (except Public Administration)	4,583	\$26,562	247,721	\$27,380	9,026,883	\$28,844
Government	11,232	\$50,531	603,463	\$61,493	23,520,952	\$65,460
Total	101,125	\$37,989	5,068,282	\$48,843	172,387,736	\$52,374

Source: Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments. 2011.

² U.S. Department of Commerce. Bureau of Economic Analysis. 2011.



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Regional Industry Profile

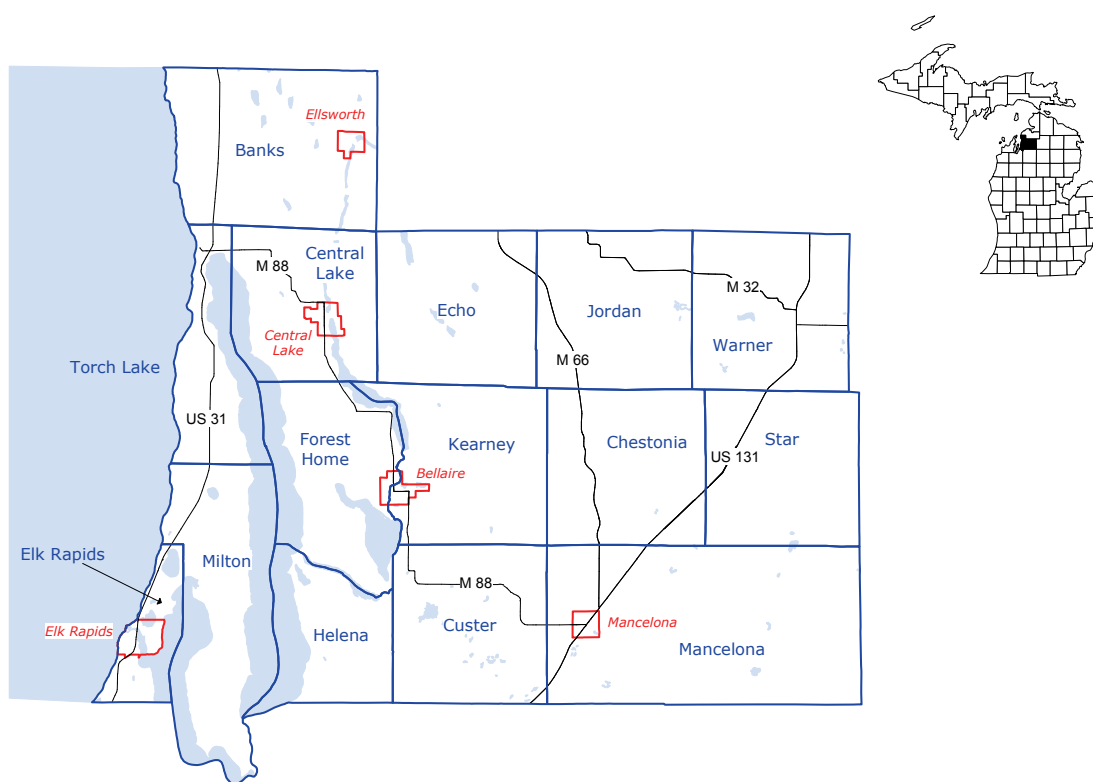
In 2011, it is estimated that there are approximately 101,125 employees in the 5-county region. Retail trade is the largest employment industry (11,997 employees) in the region. From 2011-2015, it is forecasted that the region will experience a 6.5% increase in total employment growth, as opposed to -1.1% from 2007-2011.

Total 5-County Regional Employment by Industry, 2007-2015 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2007	2011	2015	Change 2007-11	% Change 2007-11	Change 2011-15	% Change 2011-15
Agriculture, forestry, fishing and hunting	2,703	2,573	2,529	(130)	-4.8%	(44)	-1.7%
Mining (Extraction)	1,940	3,674	4,545	1,734	89.4%	871	23.7%
Utilities	340	326	318	n/a	n/a	n/a	n/a
Construction	8,983	7,228	7,322	(1,755)	-19.5%	94	1.3%
Manufacturing	7,903	6,807	6,717	(1,096)	-13.9%	(90)	-1.3%
Wholesale trade	2,114	2,087	2,130	(27)	-1.3%	43	2.1%
Retail trade	13,107	11,997	11,953	(1,110)	-8.5%	(44)	-0.4%
Transportation and warehousing	1,751	1,683	1,727	(68)	-3.9%	44	2.6%
Information (Communication)	1,575	1,509	1,539	(66)	-4.2%	30	2.0%
Finance and insurance	5,028	6,016	7,166	988	19.6%	1,150	19.1%
Real estate and rental and leasing	6,042	5,964	6,576	(78)	-1.3%	612	10.3%
Professional and technical services	6,116	6,213	6,998	97	1.6%	785	12.6%
Administrative Services	4,690	4,341	4,745	(349)	-7.4%	404	9.3%
Educational services*	1,586	1,671	1,920	85	5.4%	249	14.9%
Health care and social assistance	10,898	11,843	13,034	945	8.7%	1,191	10.1%
Arts, entertainment, and recreation	2,427	2,549	2,909	122	5.0%	360	14.1%
Accommodation and food services	9,211	8,829	9,097	(382)	-4.1%	268	3.0%
Other services, except public administration	4,579	4,583	4,735	4	0.1%	152	3.3%
Government*	11,281	11,232	11,738	(49)	-0.4%	506	4.5%
TOTAL	102,274	101,125	107,698	(1,149)	-1.1%	6,573	6.5%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments (NWMCOG). 2011.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.



Antrim County People & Income Overview

	Value	Rank in State (83 counties)		Value	Rank in State (83 counties)
Population (2010)	23,447	60	Per Capita Personal Income (2009)	\$30,981	32
Growth (%) since 1990	28.90%	9	Median Household Income (2009)	\$40,198	37
Households (2009)	9,741	60	Poverty Rate (2009)	16.1	43
Labor Force (persons) (2010)	10,757	59	H.S. Diploma (ACS 2005-2009)	88.5	26
Unemployment Rate (2010)	15.4	13	Bachelor's Degree (ACS 2005-2009)	22.6	20

Rank in Region (5 Counties)

1st in Unemployment Rate

4th in Median Household Income

2nd in Poverty Rate

4th in Educational Attainment

Random Factoid: Antrim County has more seasonal and recreational housing units than anything other county in the Region.

Source: Northwest Michigan Council of Governments. STATS Indiana. 2011.

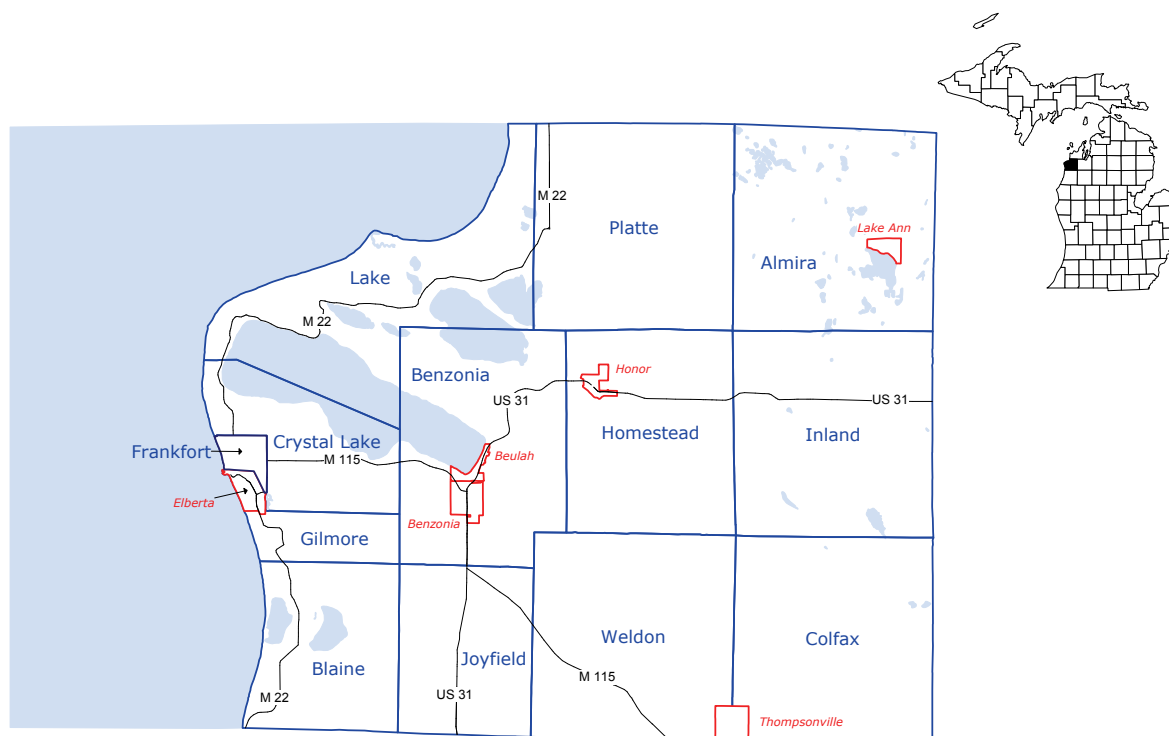
In 2011, it is estimated that there are approximately 10,728 employees in Antrim County, representing 10.6% of total regional employment. Accommodation and Food Services is the largest employment industry (1,128 employees) in the county. From 2011-2015, it is forecasted that Antrim County will experience a 7.5% increase in total employment growth, as opposed to -5.5% from 2007-2011.

Total Antrim County Employment by Industry, 2007-2015 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2007	2011	2015	Change 2007-11	% Change 2007-11	Change 2011-15	% Change 2011-15
Agriculture, forestry, fishing and hunting	634	592	598	(42)	-6.6%	6	1.0%
Mining (Extraction)	106	243	332	137	129.2%	89	36.6%
Utilities	<10	<10	<10	n/a	n/a	n/a	n/a
Construction	1,132	945	971	(187)	-16.5%	26	2.8%
Manufacturing	1,319	959	845	(360)	-27.3%	(114)	-11.9%
Wholesale trade	151	112	113	(39)	-25.8%	1	0.9%
Retail trade	1,173	997	1,021	(176)	-15.0%	24	2.4%
Transportation and warehousing	168	172	192	4	2.4%	20	11.6%
Information (Communication)	144	148	157	4	2.8%	9	6.1%
Finance and insurance	372	575	727	203	54.6%	152	26.4%
Real estate and rental and leasing	943	914	1,025	(29)	-3.1%	111	12.1%
Professional and technical services	639	701	827	62	9.7%	126	18.0%
Administrative Services	546	567	647	21	3.8%	80	14.1%
Educational services*	72	70	82	(2)	-2.8%	12	17.1%
Health care and social assistance	496	503	593	7	1.4%	90	17.9%
Arts, entertainment, and recreation	279	287	327	8	2.9%	40	13.9%
Accommodation and food services	1,284	1,128	1,150	(156)	-12.1%	22	2.0%
Other services, except public administration	596	599	638	3	0.5%	39	6.5%
Government*	1,294	1,216	1,292	(78)	-6.0%	76	6.3%
TOTAL	11,348	10,728	11,537	(620)	-5.5%	809	7.5%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments (NWMCOG). 2011.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.



Benzie County People & Income Overview

	Value	Rank in State (83 counties)		Value	Rank in State (83 counties)
Population (2010)	17,042	65	Per Capita Personal Income (2009)	\$30,103	39
Growth (%) since 1990	39.70%	2	Median Household Income (2009)	\$45,587	22
Households (2009)	7,194	67	Poverty Rate (2009)	13.3	62
Labor Force (persons) (2010)	8,613	65	H.S. Diploma (ACS 2005-2009)	88.6	24
Unemployment Rate (2010)	14.8	20	Bachelor's Degree (ACS 2005-2009)	23.4	17

Rank in Region (5 Counties)

2nd in Unemployment Rate

3rd in Median Household Income

3rd in Poverty Rate

3rd in Educational Attainment

Random Factoid: From 2000-2009, Benzie County's median household income decreased by 4.6%- the second smallest decrease in the State of Michigan (highest: Hillsdale County decreased by 25.6%).

Source: Northwest Michigan Council of Governments. STATS Indiana. 2011.

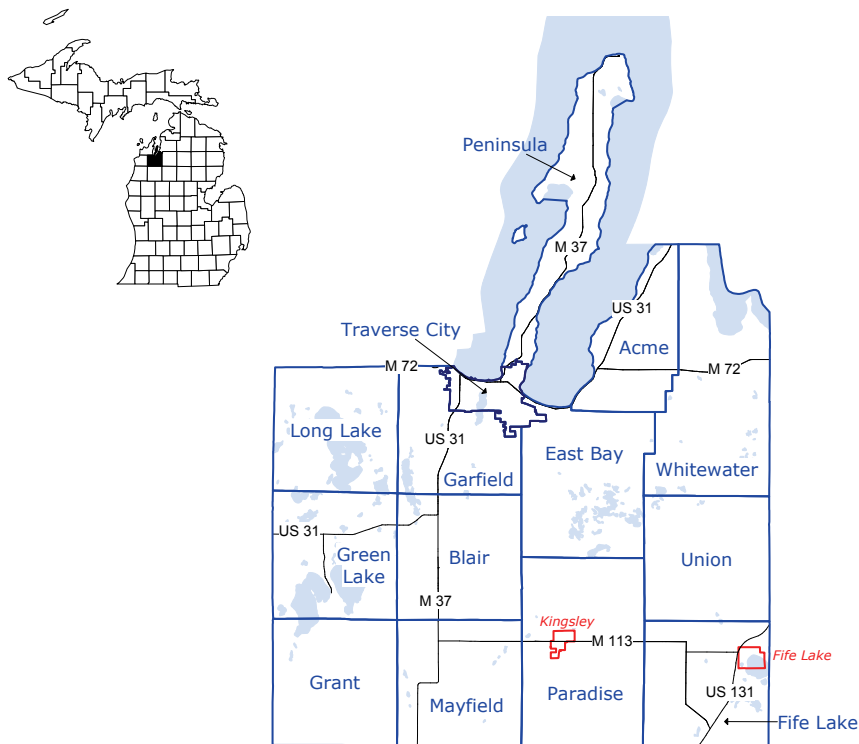
In 2011, it is estimated that there are approximately 8,571 employees in Benzie County, representing 8.5% of total regional employment. Accommodation and food services is the largest employment industry (1,164 employees) in the county. From 2011-2015, it is forecasted that Benzie County will experience a 9.9% increase in total employment growth, as opposed to -0.7% from 2007-2011.

Total Benzie County Employment by Industry, 2007-2015 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2007	2011	2015	Change 2007-11	% Change 2007-11	Change 2011-15	% Change 2011-15
Agriculture, forestry, fishing and hunting	321	315	325	(6)	-1.9%	10	3.2%
Mining (Extraction)	50	123	160	73	146.0%	37	30.1%
Utilities	34	37	44	n/a	n/a	n/a	n/a
Construction	1,139	957	1,049	(182)	-16.0%	92	9.6%
Manufacturing	624	613	622	(11)	-1.8%	9	1.5%
Wholesale trade	88	111	130	23	26.1%	19	17.1%
Retail trade	1,063	923	944	(140)	-13.2%	21	2.3%
Transportation and warehousing	135	144	169	9	6.7%	25	17.4%
Information (Communication)	54	66	75	12	22.2%	9	13.6%
Finance and insurance	345	408	495	63	18.3%	87	21.3%
Real estate and rental and leasing	688	774	921	86	12.5%	147	19.0%
Professional and technical services	454	444	506	(10)	-2.2%	62	14.0%
Administrative Services	413	410	459	(3)	-0.7%	49	12.0%
Educational services*	89	68	72	(21)	-23.6%	4	5.9%
Health care and social assistance	569	618	687	49	8.6%	69	11.2%
Arts, entertainment, and recreation	304	306	366	2	0.7%	60	19.6%
Accommodation and food services	1,121	1,164	1,254	43	3.8%	90	7.7%
Other services, except public administration	441	397	395	(44)	-10.0%	(2)	-0.5%
Government*	702	693	747	(9)	-1.3%	54	7.8%
TOTAL	8,634	8,571	9,420	(63)	-0.7%	849	9.9%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments (NWMCOG). 2011.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.



Grand Traverse County People & Income Overview

	Value	Rank in State (83 counties)		Value	Rank in State (83 counties)
Population (2010)	86,650	23	Per Capita Personal Income (2009)	\$36,128	7
Growth (%) since 1990	34.80%	5	Median Household Income (2009)	\$49,076	14
Households (2009)	34,193	22	Poverty Rate (2009)	11	73
Labor Force (persons) (2010)	47,273	21	H.S. Diploma (ACS 2005-2009)	92.4	4
Unemployment Rate (2010)	11.7	63	Bachelor's Degree (ACS 2005-2009)	28.7	9

Rank in Region (5 Counties)

4th in Unemployment Rate

2nd in Median Household Income

4th in Poverty Rate

2nd in Educational Attainment

Random Factoid: In 2009, Grand Traverse County led all Michigan counties in average health care worker earnings.

Source: Northwest Michigan Council of Governments. STATS Indiana. 2011.

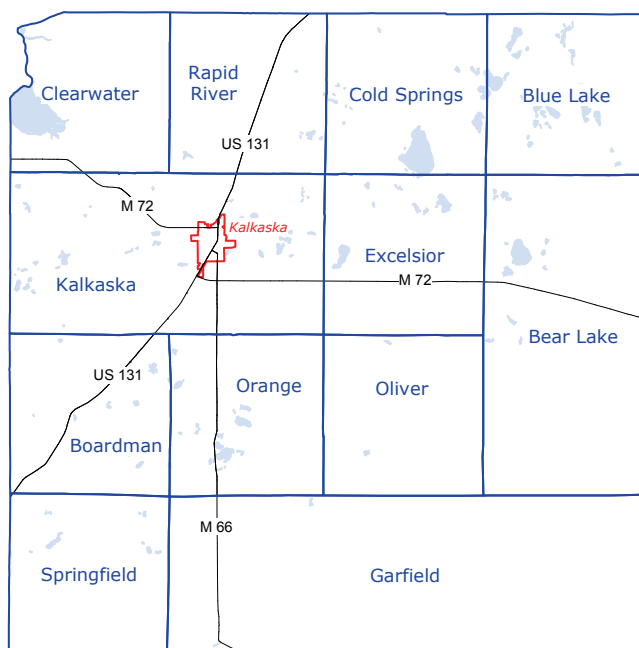
In 2011, it is estimated that there are approximately 65,927 employees in Grand Traverse County, representing 65.2% of total regional employment. Health Care and Social Assistance is the largest employment industry (9,689 employees) in the county. From 2011-2015, it is forecasted that Grand Traverse County will experience a 5.5% increase in total employment growth, as opposed to -1.2% from 2007-2011.

Total Grand Traverse County Employment by Industry, 2007-2015 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2007	2011	2015	Change 2007-11	% Change 2007-11	Change 2011-15	% Change 2011-15
Agriculture, forestry, fishing and hunting	830	791	743	(39)	-4.7%	(48)	-6.1%
Mining (Extraction)	1,315	2,538	3,200	1,223	93.0%	662	26.1%
Utilities	257	245	230	n/a	n/a	n/a	n/a
Construction	5,023	3,964	3,912	(1,059)	-21.1%	(52)	-1.3%
Manufacturing	5,235	4,493	4,471	(742)	-14.2%	(22)	-0.5%
Wholesale trade	1,562	1,544	1,548	(18)	-1.2%	4	0.3%
Retail trade	9,352	8,697	8,555	(655)	-7.0%	(142)	-1.6%
Transportation and warehousing	1,143	1,089	1,071	(54)	-4.7%	(18)	-1.7%
Information (Communication)	1,252	1,166	1,147	(86)	-6.9%	(19)	-1.6%
Finance and insurance	3,630	4,163	4,870	533	14.7%	707	17.0%
Real estate and rental and leasing	3,520	3,422	3,721	(98)	-2.8%	299	8.7%
Professional and technical services	4,268	4,269	4,755	1	0.0%	486	11.4%
Administrative Services	2,886	2,498	2,684	(388)	-13.4%	186	7.4%
Educational services*	1,241	1,328	1,521	87	7.0%	193	14.5%
Health care and social assistance	8,930	9,689	10,521	759	8.5%	832	8.6%
Arts, entertainment, and recreation	1,429	1,520	1,723	91	6.4%	203	13.4%
Accommodation and food services	5,528	5,275	5,370	(253)	-4.6%	95	1.8%
Other services, except public administration	2,872	2,920	3,021	48	1.7%	101	3.5%
Government*	6,455	6,316	6,521	(139)	-2.2%	205	3.2%
TOTAL	66,728	65,927	69,584	(801)	-1.2%	3,657	5.5%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments (NWMCOG). 2011.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.



Kalkaska County People & Income Overview

	Value	Rank in State (83 counties)		Value	Rank in State (83 counties)
Population (2010)	16,650	66	Per Capita Personal Income (2009)	\$24,776	77
Growth (%) since 1990	23.40%	14	Median Household Income (2009)	\$40,052	38
Households (2009)	7,243	66	Poverty Rate (2009)	16.7	37
Labor Force (persons) (2010)	8,211	66	H.S. Diploma (ACS 2005-2009)	84.9	58
Unemployment Rate (2010)	13.6	34	Bachelor's Degree (ACS 2005-2009)	11.5	74

Rank in Region (5 Counties)

3rd in Unemployment Rate

5th in Median Household Income

1st in Poverty Rate

5th in Educational Attainment

Random Factoid: From 1970-2000, Kalkaska County had the highest percentage population growth in Michigan (208.5%).

Source: Northwest Michigan Council of Governments. STATS Indiana. 2011.

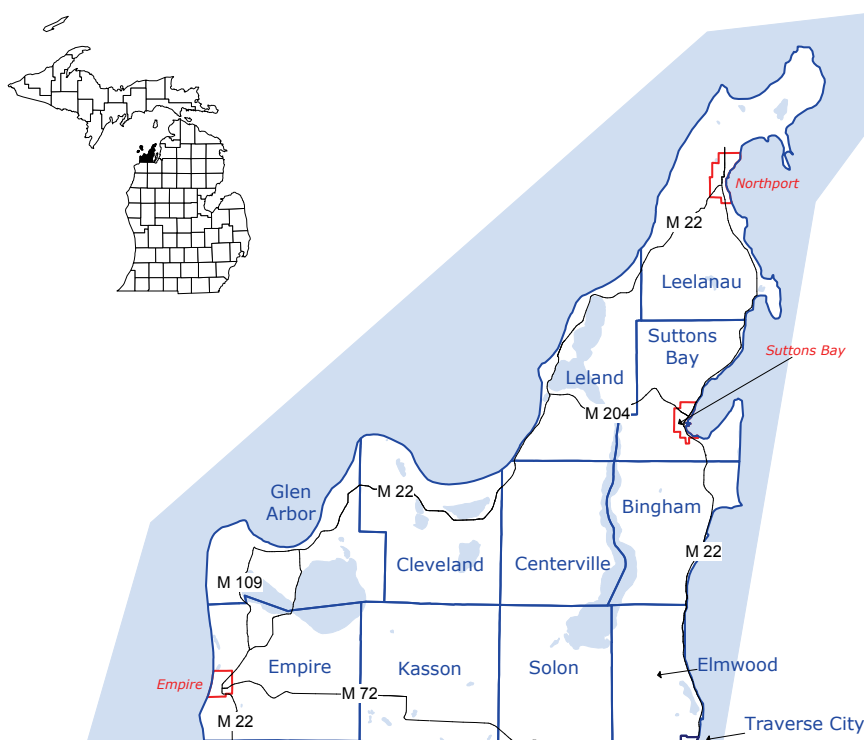
In 2011, it is estimated that there are approximately 5,643 employees in Kalkaska County, representing 5.6% of total regional employment. Government* is the largest employment industry (900 employees) in the county. From 2011-2015, it is forecasted that Kalkaska County will experience a 4.4% increase in total employment growth, as opposed to 1.1% from 2007-2011.

Total Kalkaska County Employment by Industry, 2007-2015 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2007	2011	2015	Change 2007-11	% Change 2007-11	Change 2011-15	% Change 2011-15
Agriculture, forestry, fishing and hunting	305	310	330	5	1.6%	20	6.5%
Mining (Extraction)	440	694	754	254	57.7%	60	8.6%
Utilities	47	38	35	n/a	n/a	n/a	n/a
Construction	617	489	506	(128)	-20.7%	17	3.5%
Manufacturing	437	372	351	(65)	-14.9%	(21)	-5.6%
Wholesale trade	200	186	182	(14)	-7.0%	(4)	-2.2%
Retail trade	591	536	567	(55)	-9.3%	31	5.8%
Transportation and warehousing	175	158	164	(17)	-9.7%	6	3.8%
Information (Communication)	29	29	34	0	0.0%	5	17.2%
Finance and insurance	114	149	179	35	30.7%	30	20.1%
Real estate and rental and leasing	220	199	191	(21)	-9.5%	(8)	-4.0%
Professional and technical services	129	174	211	45	34.9%	37	21.3%
Administrative Services	478	504	542	26	5.4%	38	7.5%
Educational services*	14	13	14	(1)	-7.1%	1	7.7%
Health care and social assistance	275	299	342	24	8.7%	43	14.4%
Arts, entertainment, and recreation	81	73	81	(8)	-9.9%	8	11.0%
Accommodation and food services	276	254	228	(22)	-8.0%	(26)	-10.2%
Other services, except public administration	271	266	269	(5)	-1.8%	3	1.1%
Government*	882	900	914	18	2.0%	14	1.6%
TOTAL	5,581	5,643	5,894	62	1.1%	251	4.4%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments (NWMCOG). 2011.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.



Leelanau County People & Income Overview

	Value	Rank in State (83 counties)		Value	Rank in State (83 counties)
Population (2010)	21,840	63	Per Capita Personal Income (2009)	\$39,815	3
Growth (%) since 1990	32.10%	7	Median Household Income (2009)	\$54,853	5
Households (2009)	9,458	62	Poverty Rate (2009)	9.7	79
Labor Force (persons) (2010)	10,769	58	H.S. Diploma (ACS 2005-2009)	91.4	9
Unemployment Rate (2010)	10.1	75	Bachelor's Degree (ACS 2005-2009)	38.3	3

Rank in Region (5 Counties)

5th in Unemployment Rate

1st in Median Household Income

5th in Poverty Rate

1st in Educational Attainment

Random Factoid: Leelanau County has the highest median age in the Region (48.9).

Source: Northwest Michigan Council of Governments. STATS Indiana. 2011.

In 2011, it is estimated that there are approximately 10,249 employees in Leelanau County. representing 10.1% of total regional employment. Government* is the largest employment industry (2,107 employees) in the county. From 2011-2015, it is forecasted that Leelanau County will experience a 9.8% increase in total employment growth, as opposed to 2.7% from 2007-2011.

Total Leelanau County Employment by Industry, 2007-2015 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2007	2011	2015	Change 2007-11	% Change 2007-11	Change 2011-15	% Change 2011-15
Agriculture, forestry, fishing and hunting	612	565	532	(47)	-7.7%	(33)	-5.8%
Mining (Extraction)	29	77	100	48	165.5%	23	29.9%
Utilities	<10	<10	<10	n/a	n/a	n/a	n/a
Construction	1,073	873	885	(200)	-18.6%	12	1.4%
Manufacturing	289	370	427	81	28.0%	57	15.4%
Wholesale trade	113	134	157	21	18.6%	23	17.2%
Retail trade	928	844	866	(84)	-9.1%	22	2.6%
Transportation and warehousing	130	119	130	(11)	-8.5%	11	9.2%
Information (Communication)	96	100	126	4	4.2%	26	26.0%
Finance and insurance	566	721	896	155	27.4%	175	24.3%
Real estate and rental and leasing	671	655	718	(16)	-2.4%	63	9.6%
Professional and technical services	626	625	698	(1)	-0.2%	73	11.7%
Administrative Services	367	361	413	(6)	-1.6%	52	14.4%
Educational services*	169	192	230	23	13.6%	38	19.8%
Health care and social assistance	628	734	890	106	16.9%	156	21.3%
Arts, entertainment, and recreation	334	364	411	30	9.0%	47	12.9%
Accommodation and food services	1,001	1,008	1,095	7	0.7%	87	8.6%
Other services, except public administration	399	400	412	1	0.3%	12	3.0%
Government*	1,948	2,107	2,265	159	8.2%	158	7.5%
TOTAL	9,979	10,249	11,251	270	2.7%	1,002	9.8%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). Northwest Michigan Council of Governments (NWMCOG). 2011.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.

About the Data

As stated previously in this document, All sources contributing to this report were compared against numerous other data and information sources. Best efforts were made to reconcile these sometimes widely varying outlooks; however, no economic outlook should ever be considered definitive or flawless, due to the number of variables contributing to the sources.

Below are some of the primary data sources used as the basis for this year's economic outlook analysis.

Bureau of Economic Analysis (BEA)- www.bea.gov

The BEA is an agency of the Department of Commerce. BEA produces economic accounts statistics that enable government and business decision-makers, researchers, and the American public to follow and understand the performance of the Nation's economy. To do this, BEA collects source data, conducts research and analysis, develops and implements estimation methodologies, and disseminates statistics to the public. BEA's economic statistics, which provide a comprehensive, up-to-date picture of the U.S. economy, are key ingredients in critical decisions affecting monetary policy, tax and budget projections, and business investment plans.

Bureau of Labor Statistics (BLS)- www.bls.gov

The BLS is the principal fact-finding agency for the Federal Government in the broad field of labor economics and statistics. The BLS is an independent national statistical agency that collects, processes, analyzes, and disseminates essential statistical data to the American public, the U.S. Congress, other Federal agencies, State and local governments, business, and labor. The BLS also serves as a statistical resource to the Department of Labor.

Economic Modeling Specialists (EMSI)- www.economicmodeling.com

The proprietary EMSI model serves as the basis for this regional forecast was built especially for the 5-county region of Antrim, Benzie, Grand Traverse, Kalkaska, and Leelanau Counties.

EMSI's *Strategic Advantage* product brings together workforce and economic development in one powerful web-based tool. Over 25 government sources are combined to bring county level industry, occupation and demographic data. This is then combined to a community based input/output model that quantifies the impact of increasing or decreasing jobs in a given industry.

Northwest Michigan Council of Government (NWMCOG)- www.nwm.org

As the regional repository for a variety of public use data, the NWMCOG provides access to economic, population, and education statistics for the counties, townships, cities, villages and schools located in northwest lower Michigan.

STATS Indiana - www.stats.indiana.edu

The data on STATS Indiana are provided by more than 100 federal and state agencies, along with commercial or private data sources. With nearly 1 million page views and more than 300,000 visits each year, STATS Indiana has won multiple awards from national organizations.