The economy of the Detroit region is currently in turbulence and transition. The restructuring of the traditional domestic automakers is at the epicenter of the turbulence; the ongoing transition to a knowledge-based economy presents both a challenge and an opportunity for the region’s residents.

Our forecast presents the economic and demographic outlook for Wayne County over the next few years and over the following decades (to 2035). The forecast, funded by the Michigan Department of Transportation, is current as of December 21, 2007.

Our study also draws from the forecast to suggest certain opportunities available to the Detroit neighborhoods in a difficult economic environment. Wayne County is viewed as providing the primary labor market opportunities for residents in the neighborhoods of Detroit.

Outlook for Wayne County through 2035

- County population declined by 0.7 percent per year on average between 2000 and 2006, and is forecast to continue to decline through 2015, flatten out to 2020, and grow modestly after that. Net domestic outmigration continues at a high rate through 2010, resulting in a decline in the county’s population, then moderates, eventually allowing for a small gain in population.

- There is a stunning increase in the share of the population aged 65 and older, from 12 percent today to 21 percent in 2035. In the years to come, the growth in older residents will have an all-encompassing effect both on the region’s workforce supply and on the goods and services its residents demand.

- County employment declined by 1.2 percent per year on average between 2000 and 2005 (a loss of 61,760 jobs), and is forecast to shrink by 0.8 percent per year from 2005 to 2010 (a loss of 38,804 jobs). Over the longer term, employment flattens out, growing by a modest 0.04 percent per year from 2010 to 2035 (a gain of 8,712 jobs).

- We view this to be an optimistic forecast, assuming that the city of Detroit turns around to become a more attractive place for business and visitors. If this turns out not to be the case, the employment profile would be weaker, spurring greater outmigration and thus a more pessimistic population outlook as well.

- For employment in those industries requiring higher levels of education, the outlook is more promising. We identified the group of industries whose share of jobs with a bachelor’s degree or more exceeded the U.S. average for all industries (27.2 percent in 2000). With some exceptions (e.g., manufacturing), these industries paid the highest wages as well.
Among the high-education industries, Wayne County added 16,006 jobs from 2000 to 2005, and after moderate job losses from 2005 to 2010, is forecast to gain 23,542 jobs between 2010 and 2035—modest gains, but gains nonetheless.

Industries with the largest long-term gains are projected to be health care and social assistance, as well as professional and technical services.

Those industries requiring a lower level of education will continue to lose jobs, although at a less rapid rate. Following a loss of 61,824 jobs from 2001 to 2005, these industries are expected to lose another 30,651 jobs from 2005 to 2010, and a further 14,830 jobs between 2010 and 2035.

The greatest decline among these industries occurs in manufacturing, particularly industries related to auto manufacturing.

**Opportunities and Neighborhoods**

The knowledge-based economy, and the educated workers who fuel it, are the fulcrum of future prosperity in the Detroit region.

At the community and individual level, even in a troubled economic environment, education has a significant payoff. The economic gains are just as dramatic moving from high-school dropouts to high school graduates as they are from high school graduates to some college. The greatest job opportunities, lowest unemployment rates, and highest earnings, however, still go to college graduates—by a significant margin.

Detroit and the six Good Neighborhood communities are lagging in the education and training essential to the economy of the future. The city of Detroit’s population age 25 and over with a bachelor’s degree or more was 11 percent in 2000, compared with a U.S. average of 24.4 percent and, in a number of successful cities, over 35 percent. Five of the six Good Neighborhoods are below the Detroit rate, some substantially so.

Among activities with fewer educational requirements, the hospitality industry shows promise for the future, providing services to visitors as well as to a growing number of older people.

Support personnel for industries with the most favorable growth prospects—health care and professional services—are required to have skills but often not professional degrees.

Other actions may show promise for the economic well-being of the Good Neighborhoods, but none is more compelling than investing in workforce development.