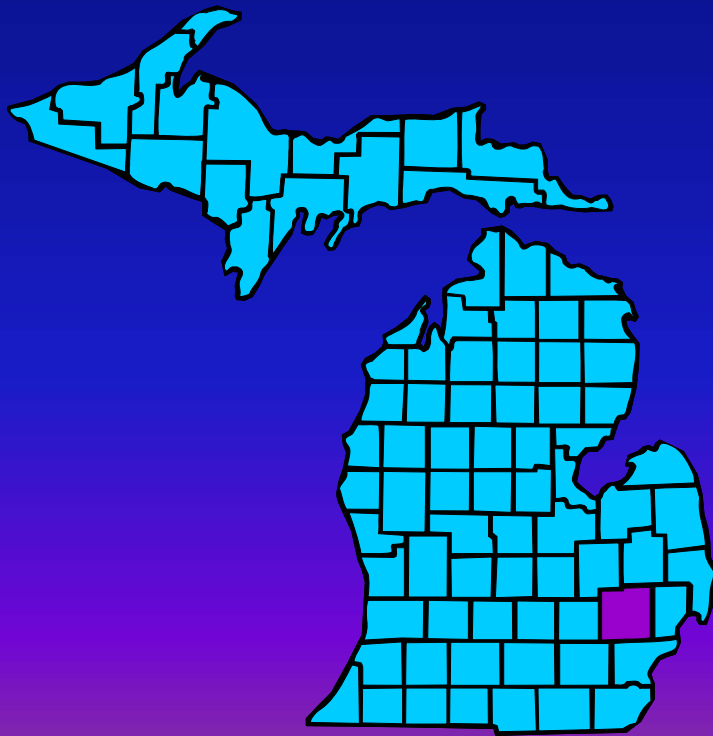


THE ECONOMIC OUTLOOK FOR OAKLAND COUNTY




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Track Record over the Years

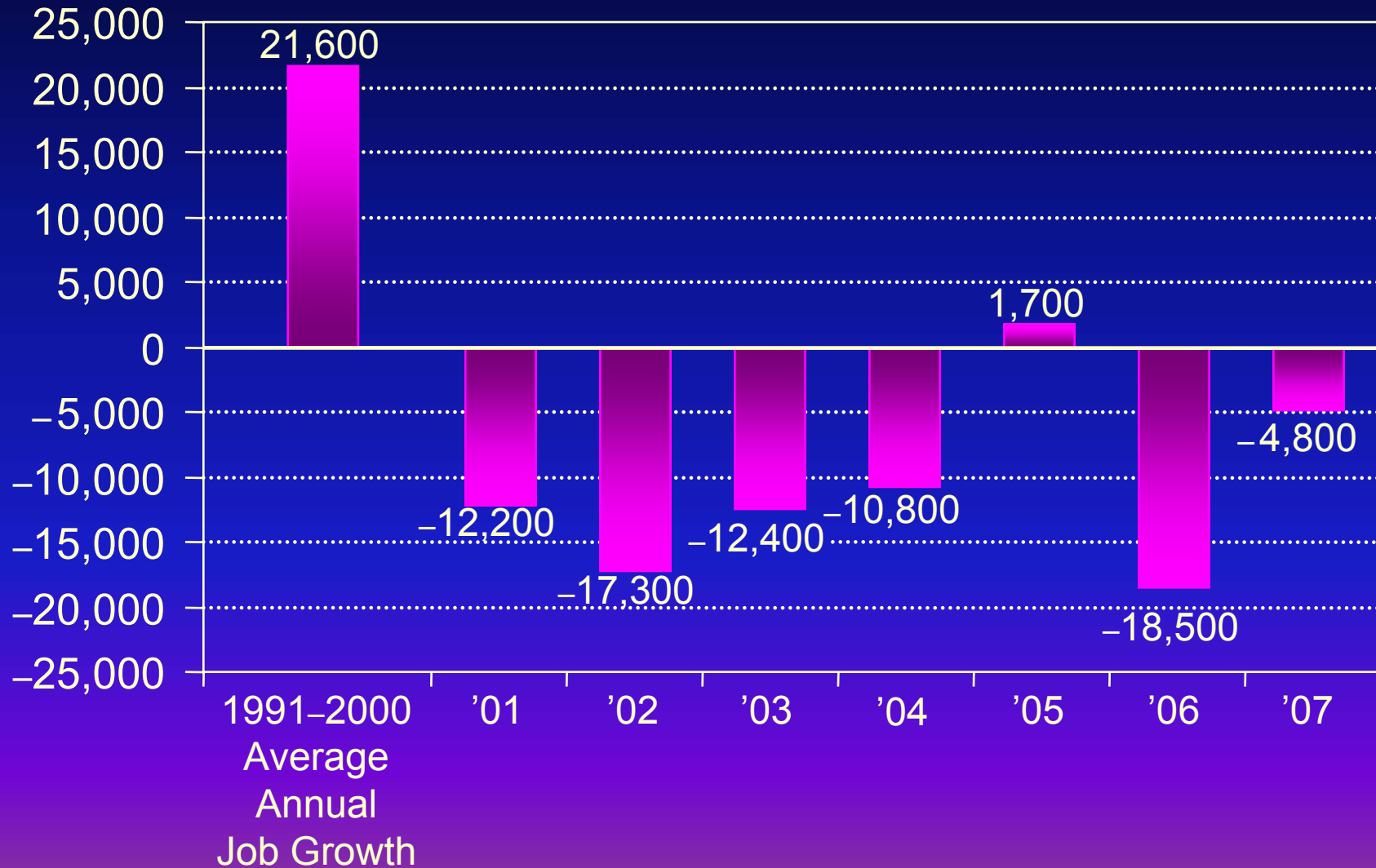
Year	% Error	Year	% Error
1986	+ 1.4	1997	+ 0.6
1987	+ 0.7	1998	+ 1.3
1988	- 1.8	1999	- 1.2
1989	- 1.9	2000	+ 0.6
1990	+ 2.2	2001	+ 1.9
1991	+ 3.9	2002	+ 2.5
1992	- 2.0	2003	+ 1.6
1993	+ 0.5	2004	+ 2.6
1994	- 1.3	2005	+ 1.4
1995	+ 0.2	2006	+ 3.3
1996	- 0.5	2007	0



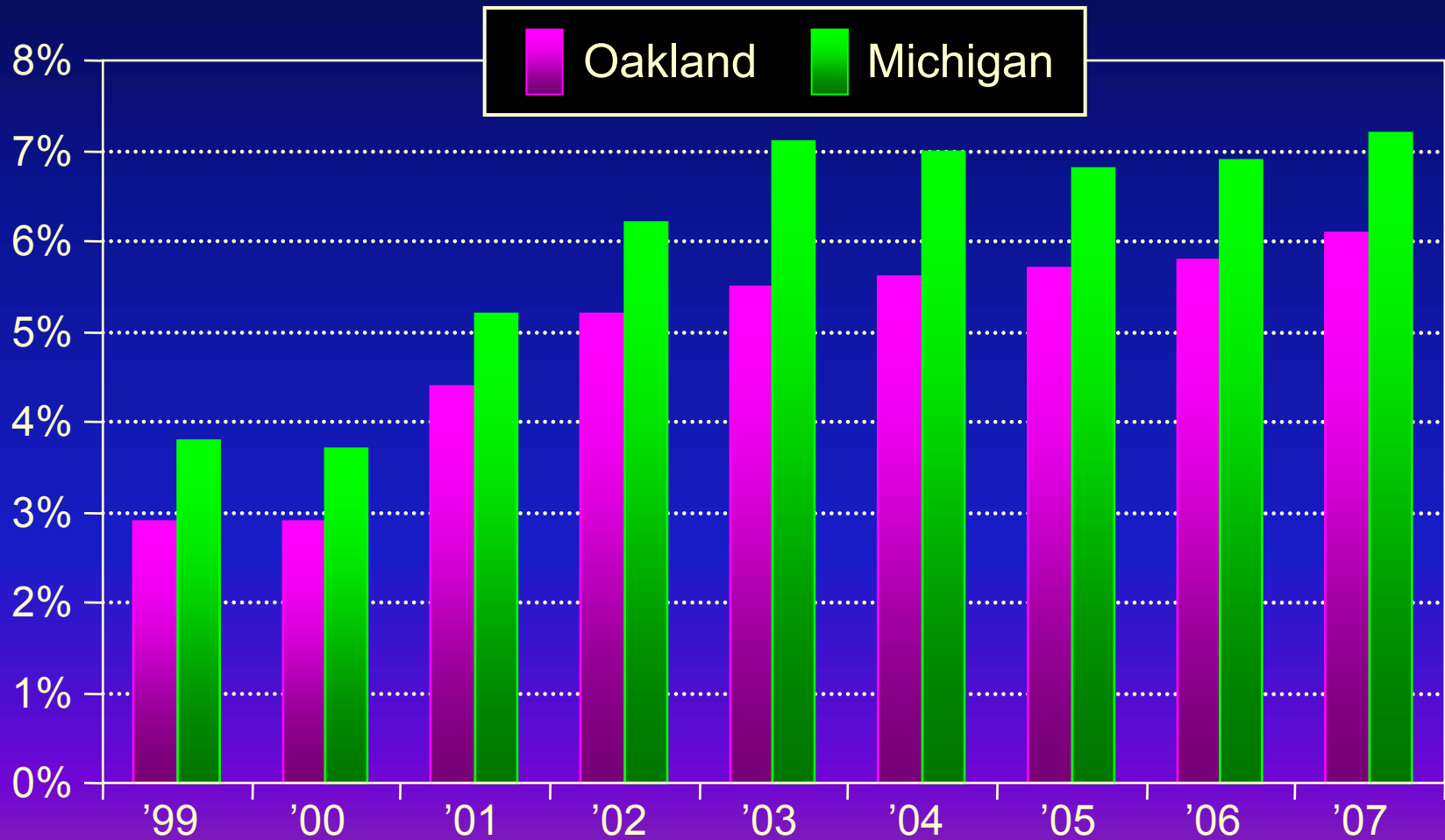
Average absolute forecast error 1986–2007: 1.5%

	Forecast 2007	Actual 2007
Total jobs	-0.6%	-0.7%
Unemployment rate	5.6%	6.1%
Consumer inflation rate	1.5%	1.9%

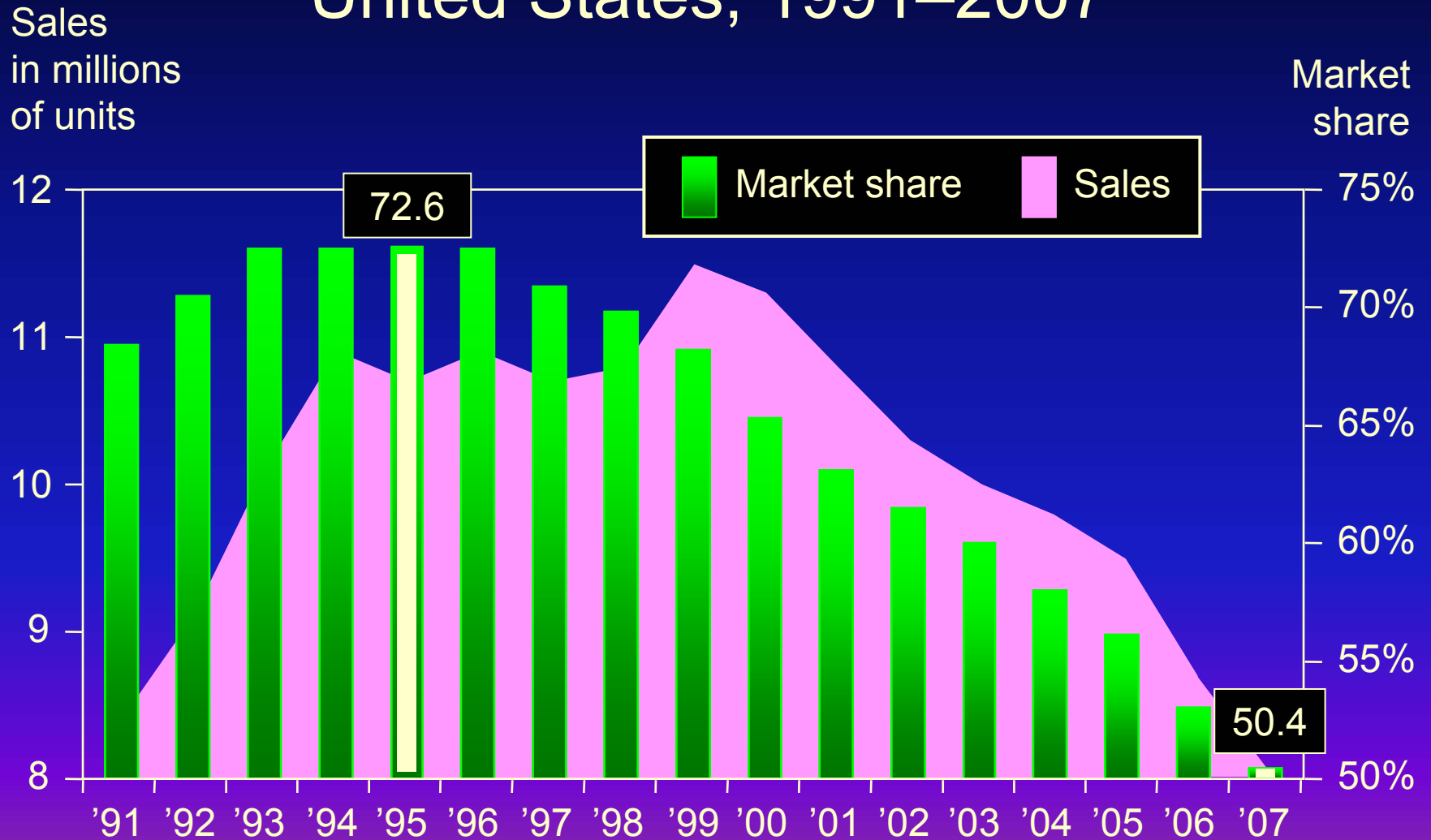
Job Growth in Oakland County, 1991–2007



Unemployment Rates for Oakland County and Michigan, 1999–2007



Detroit Three: Sales of Light Vehicles and Market Share of Total Sales United States, 1991–2007



Job Growth in Oakland County by Major Sector and Educational Composition 1991–2007

	Number of Jobs 2007	% Job Change per Year	
		1991–2000	2000–2007
TOTAL NONFARM	693,400	3.3	–1.4
GOODS-PRODUCING	95,700	3.6	–5.7
SERVICE-PROVIDING	597,700	3.2	–0.6
Motor vehicle manufacturing	25,100	5.7	–8.3
Construction	26,200	5.6	–4.3
Private education and health services	100,100	2.9	3.1

Job Growth in Oakland County by Major Sector and Educational Composition 1991–2007

	Number of Jobs 2007	% Job Change per Year	
		1991–2000	2000–2007
Above-average-education industries	329,700	3.4	0
Below-average-education industries	363,700	3.2	–2.6

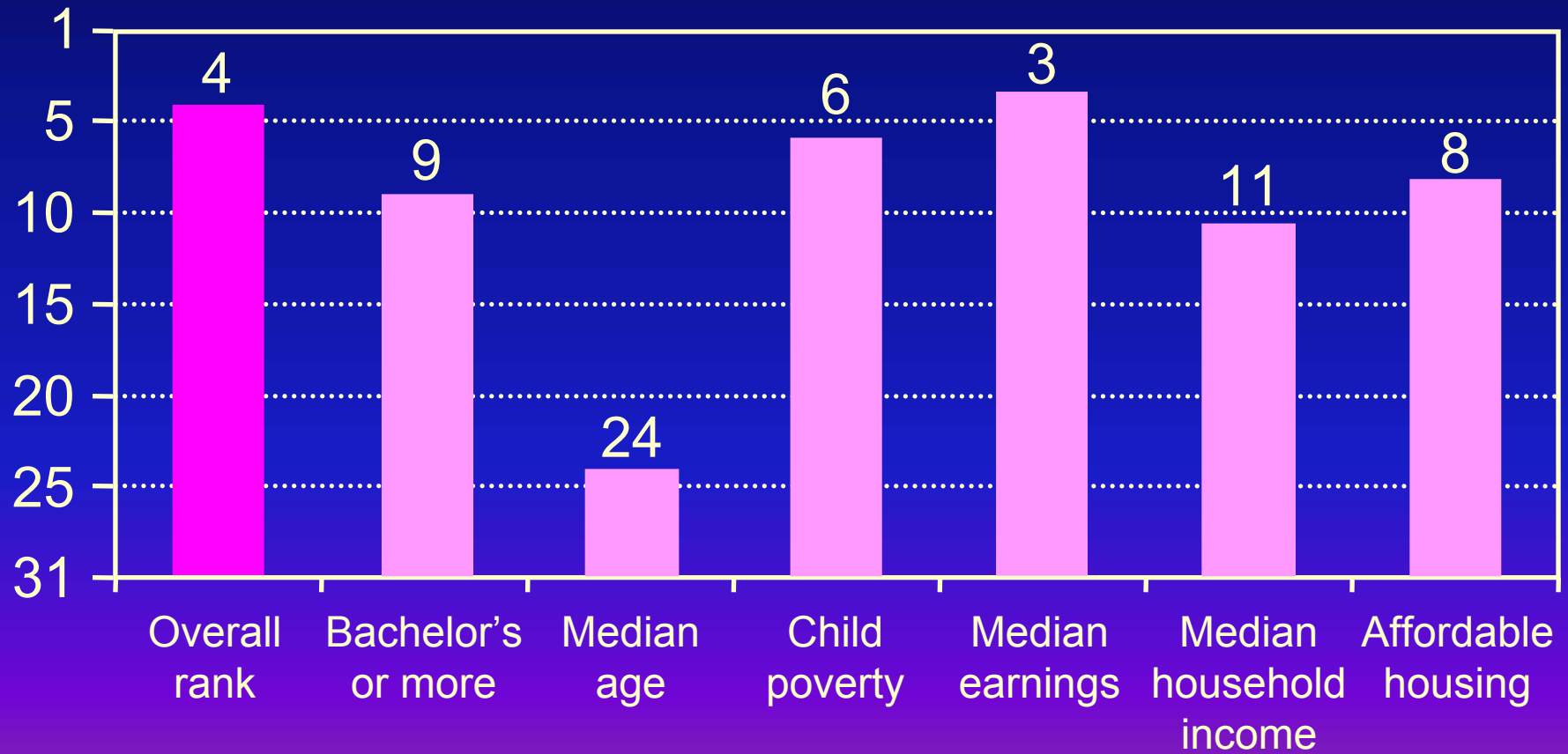
Job Distribution in Oakland County by Major Sector and Educational Composition 2000–2007

	Employment Share (%)		Change 2000–07
	2000	2007	
TOTAL NONFARM	100.0	100.0	
GOODS-PRODUCING	18.8	13.8	–5.0
SERVICE-PROVIDING	81.2	86.2	5.0
Motor vehicle manufacturing	6.0	3.6	–2.4
Construction	4.7	3.8	–0.9
Private education and health services	10.6	14.4	3.8

Job Distribution in Oakland County by Major Sector and Educational Composition 2000–2007

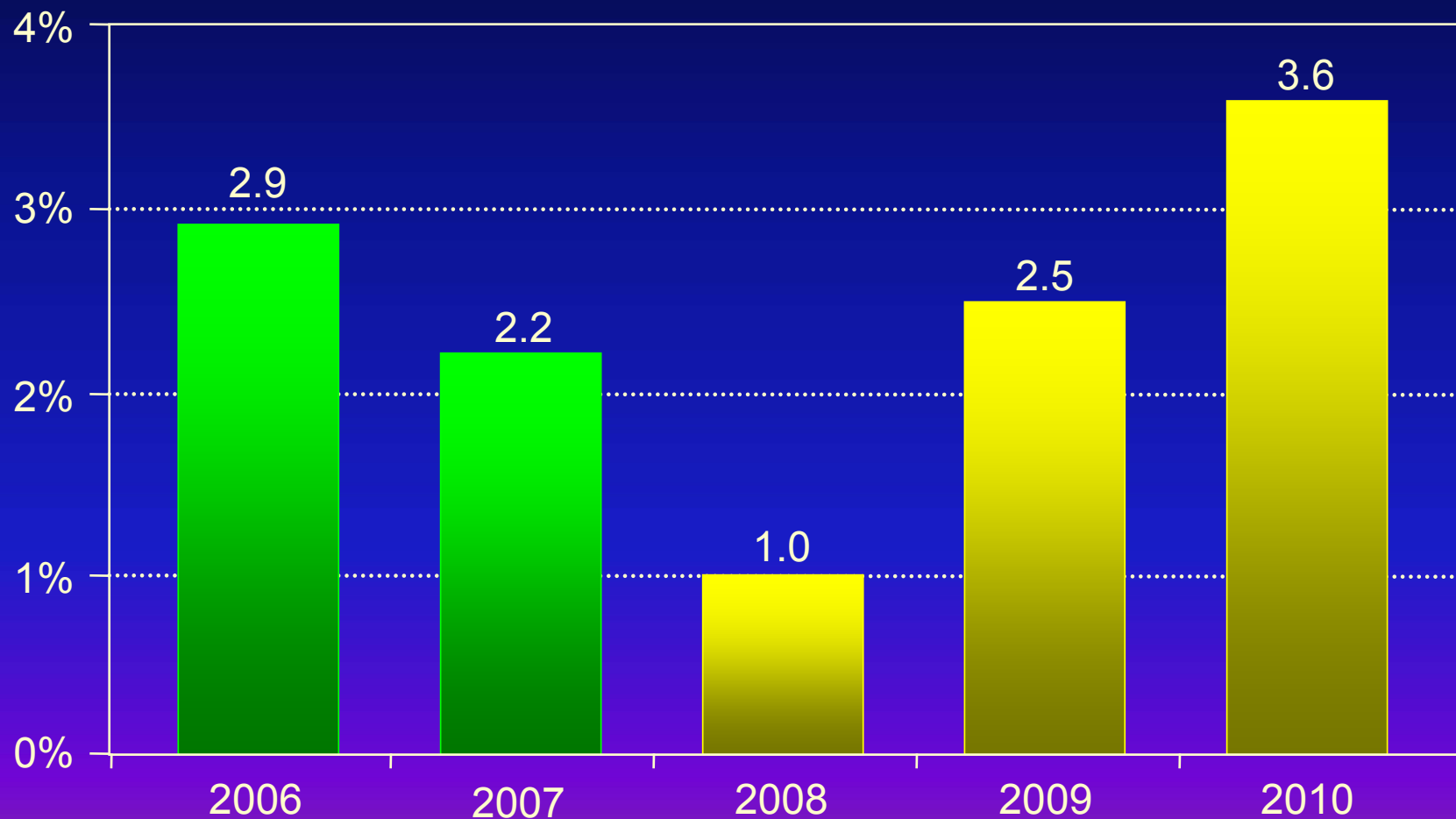
	Employment Share (%)		Change
	2000	2007	2000–07
Above-average-education industries	43.1	47.5	4.4
Below-average-education industries	56.9	52.5	–4.4

Oakland County's Rankings among 32 Counties of Similar Size Nationwide



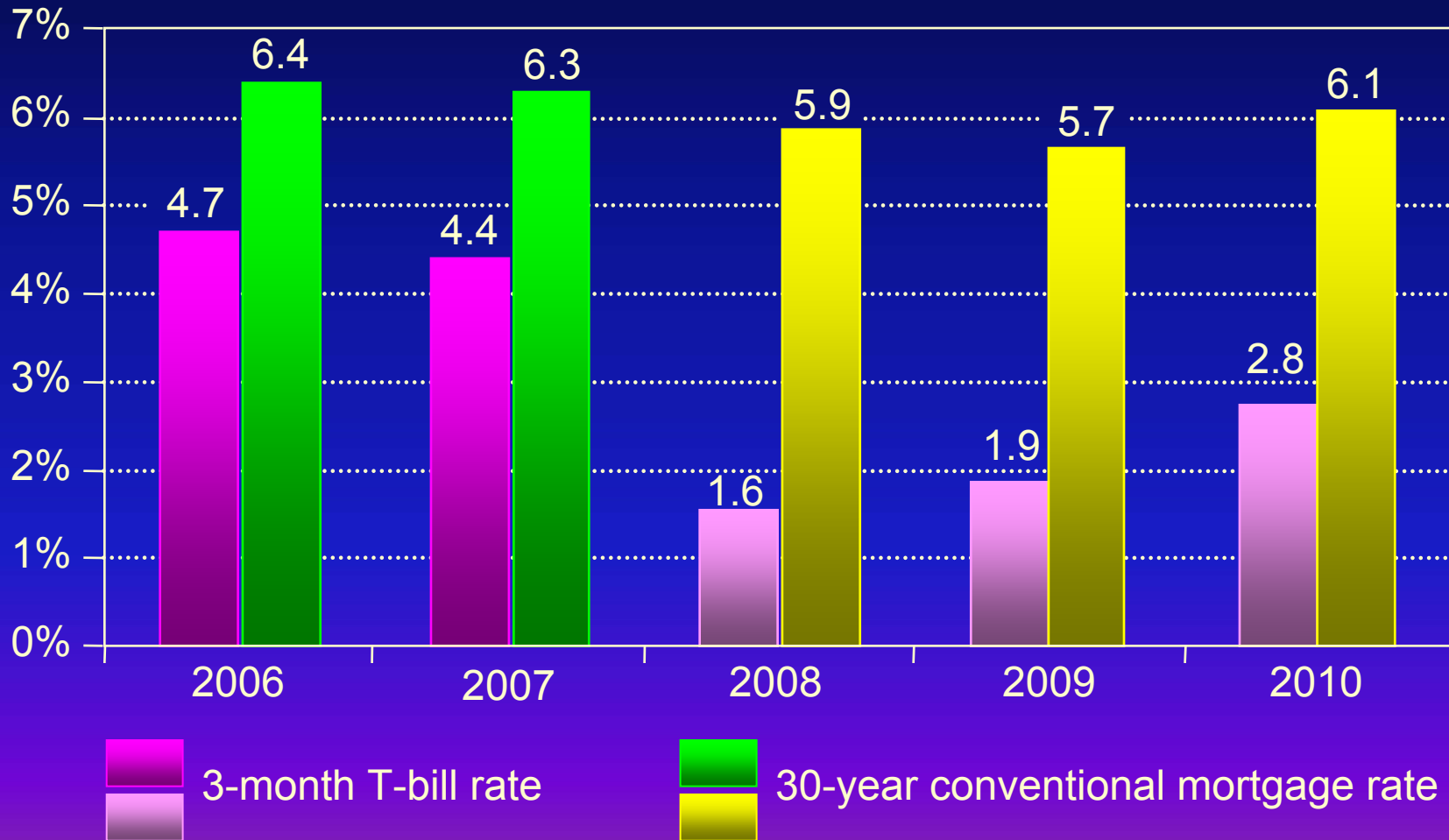
RSQE National Outlook

Growth of Real GDP (year-over-year)



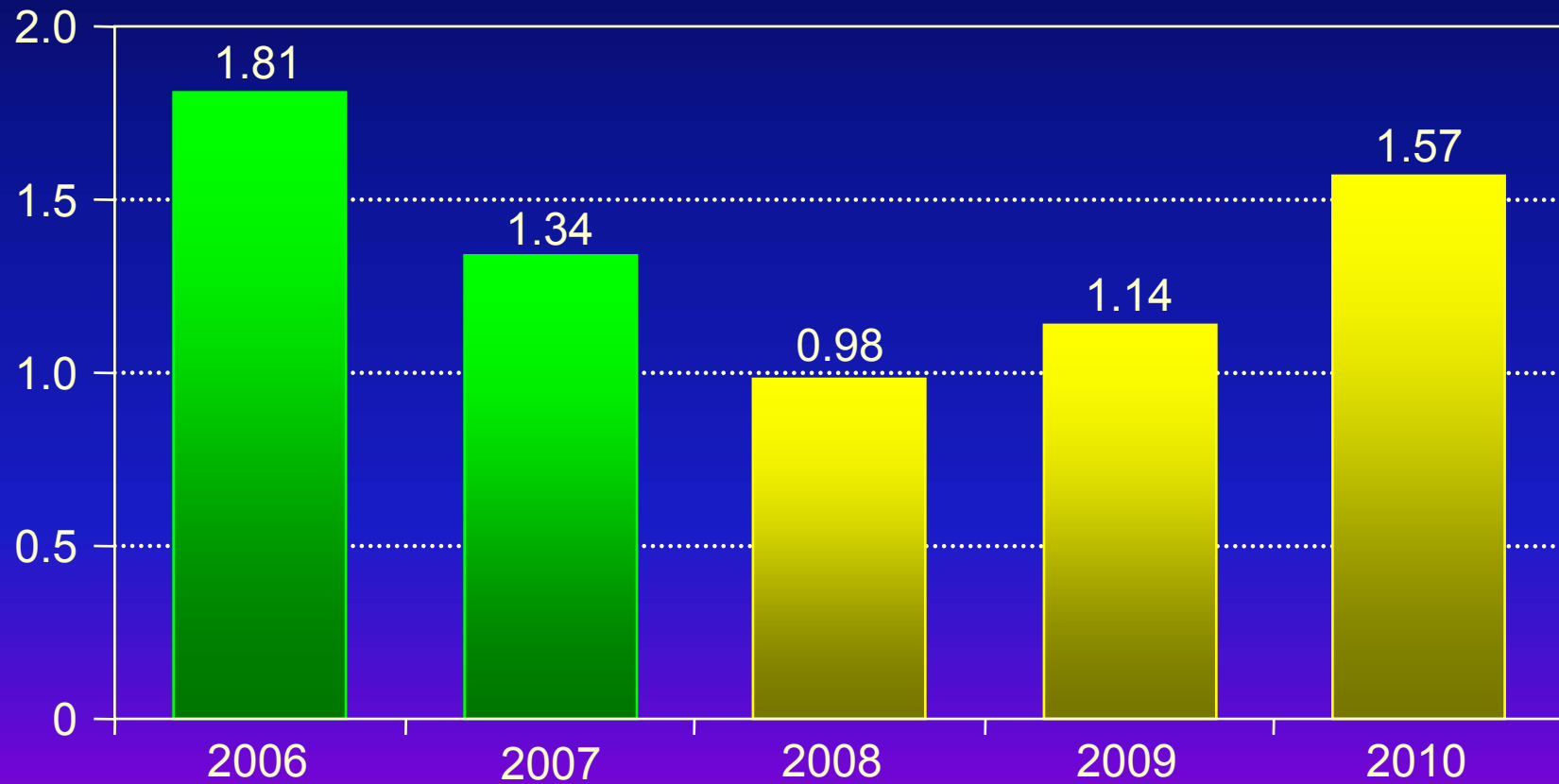
RSQE National Outlook

Interest Rates



RSQE National Outlook Housing Starts

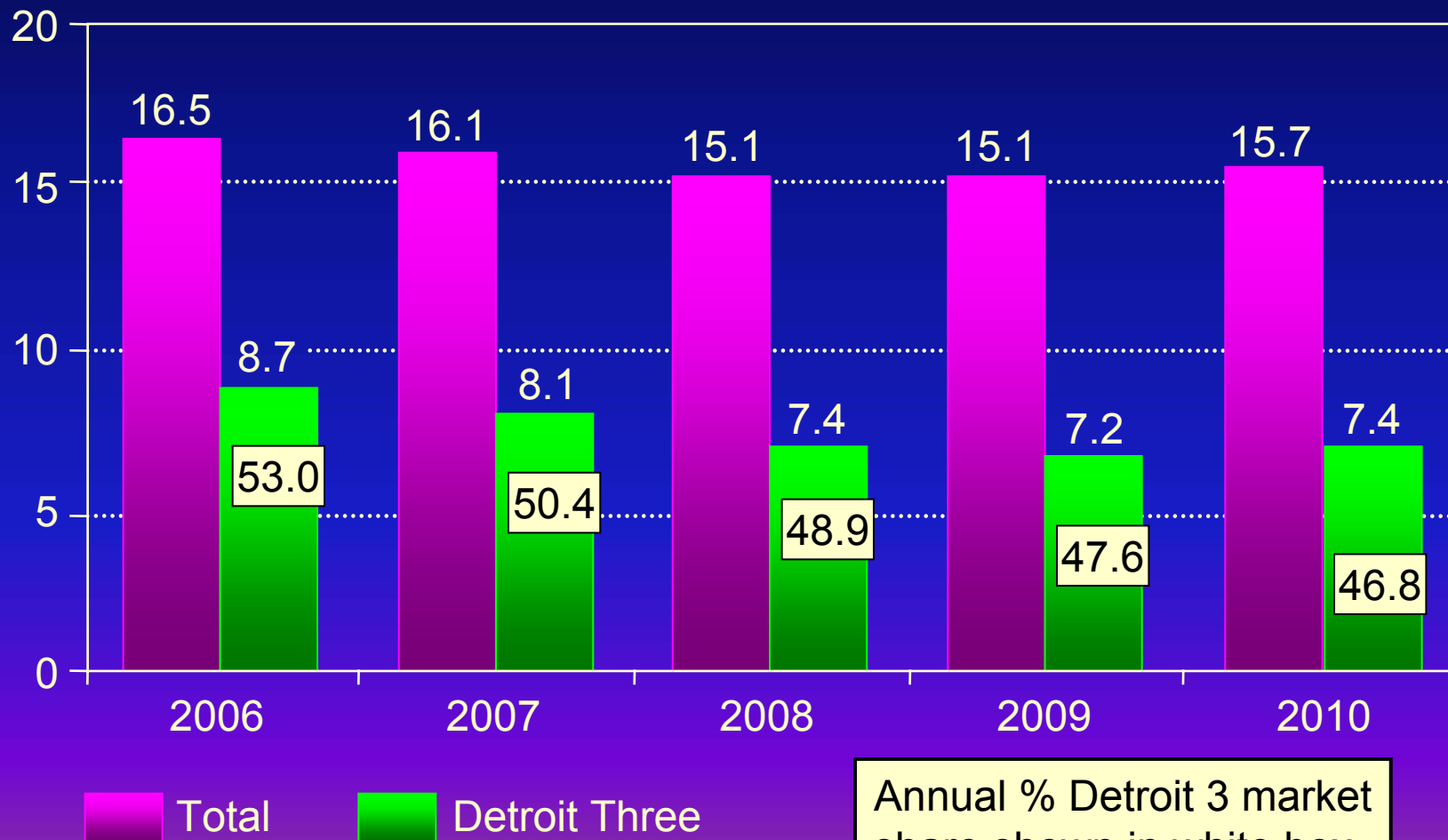
Millions



RSQE National Outlook

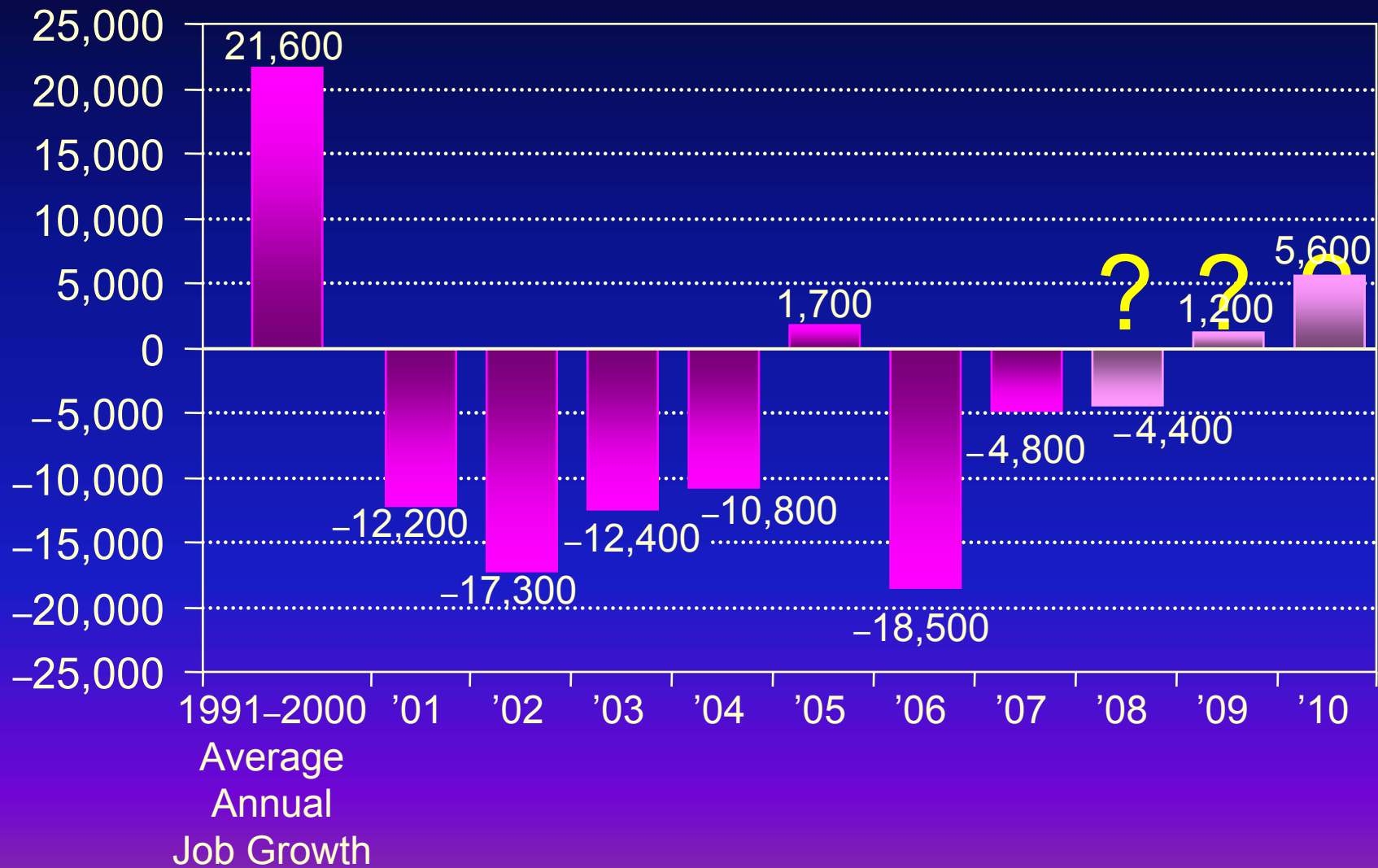
Light Vehicle Sales: Total vs. Detroit Three

Millions



Annual % Detroit 3 market share shown in white box.

Job Growth in Oakland County, 1991–2010



Forecast of Nonfarm Employment in Oakland County, 2008–10 (Thousands of persons)

	Estimate	Forecast Employment Change			
	2007	'07-'08	'08-'09	'09-'10	'07-'10
Total nonfarm jobs (Annual % change)	693.4 (-0.7)	-4.4 (-0.6)	1.2 (0.2)	5.6 (0.8)	2.4
Total government	54.6	-0.4	-0.1	0.3	-0.2
Goods-producing	95.7	-3.8	-1.7	-0.2	-5.7
Natural resources, mining, construction	26.8	-0.9	-0.6	-0.3	-1.8
Manufacturing	68.9	-2.9	-1.1	0.1	-3.9
Transportation equip- ment (motor vehicles)	25.1	-1.7	-0.3	0.1	-1.9

Forecast of Nonfarm Employment in Oakland County, 2008–10 (Thousands of persons)

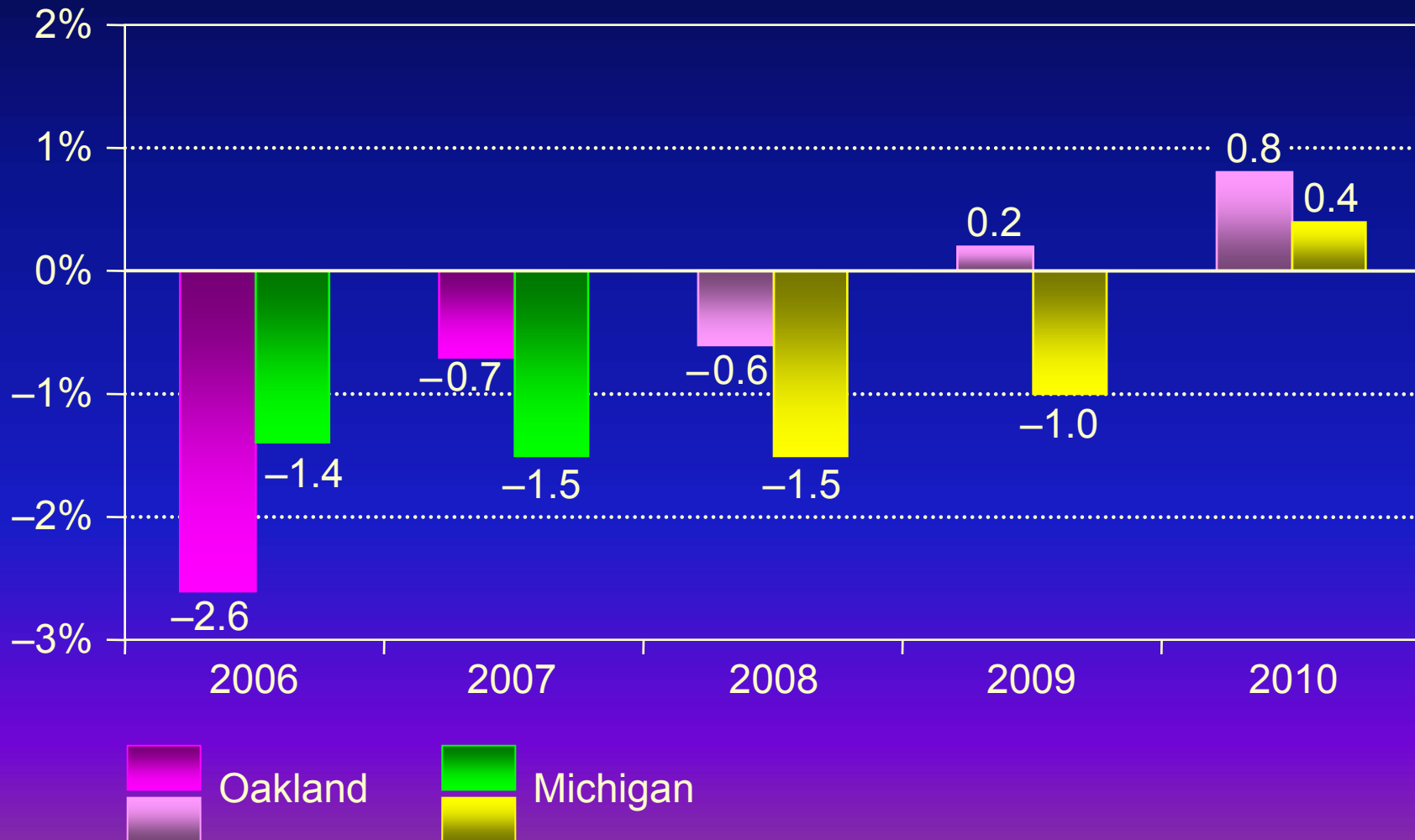
	Estimate	Forecast Employment Change			
	2007	'07-'08	'08-'09	'09-'10	'07-'10
Private service-providing	543.1	-0.2	3.0	5.5	8.3
Retail trade	77.2	-1.3	-1.0	-0.7	-3.0
Leisure and hospitality	60.6	-0.2	-0.2	0	-0.4
Financial activities	56.1	-0.6	-0.2	0	-0.8
Management of companies and enterprises	13.9	-1.3	-0.1	0.5	-0.9

Forecast of Nonfarm Employment in Oakland County, 2008–10 (Thousands of persons)

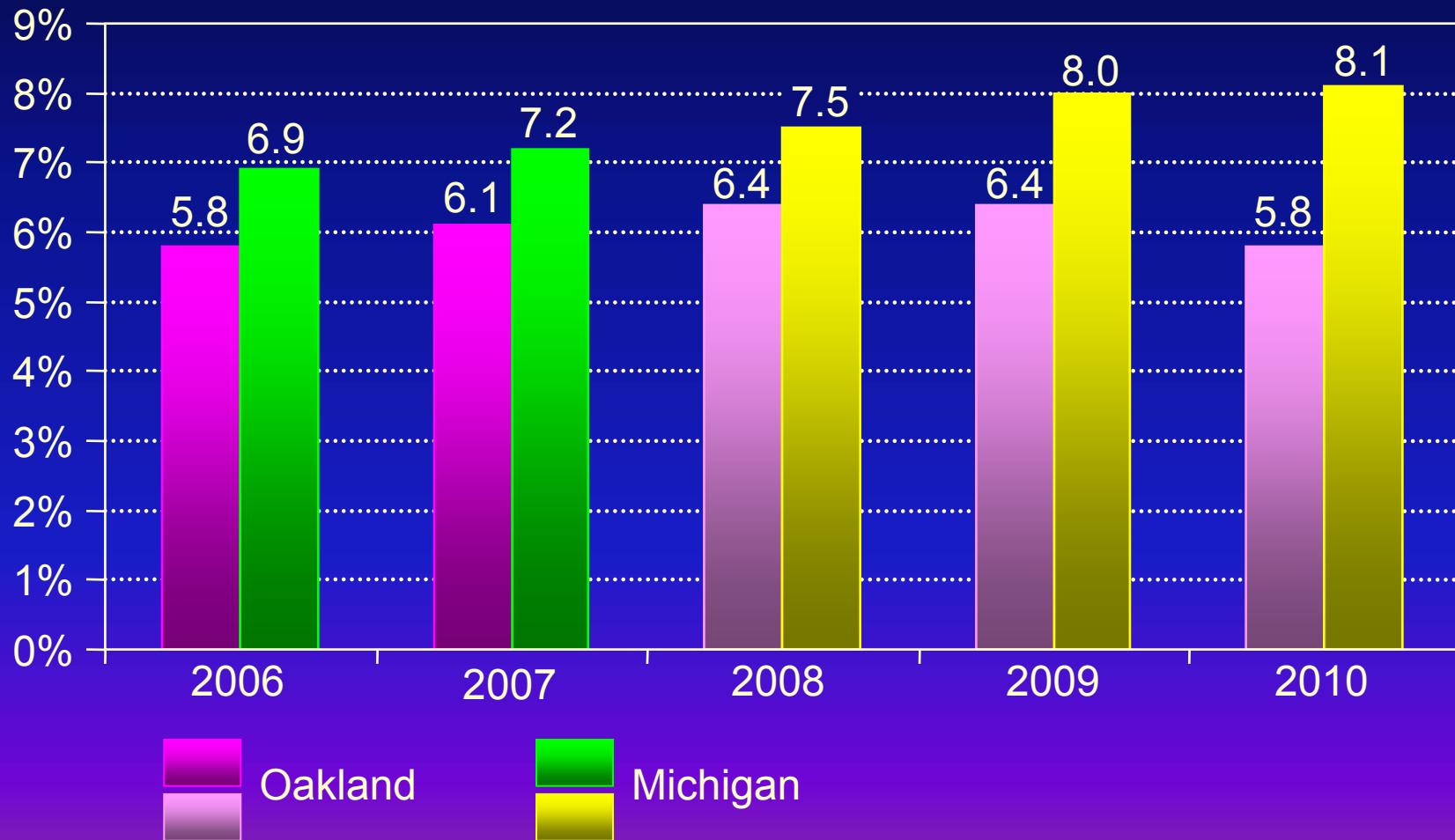
	Estimate	Forecast Employment Change			
	2007	'07-'08	'08-'09	'09-'10	'07-'10
Information	16.1	0.2	0.2	0.2	0.6
Professional, scientific, and technical services	88.9	0.5	0.8	1.1	2.4
Administrative support and waste management	65.1	0.3	1.5	1.7	3.5
Health care and social assistance	90.2	2.0	2.0	2.1	6.1

Forecast of Job Growth

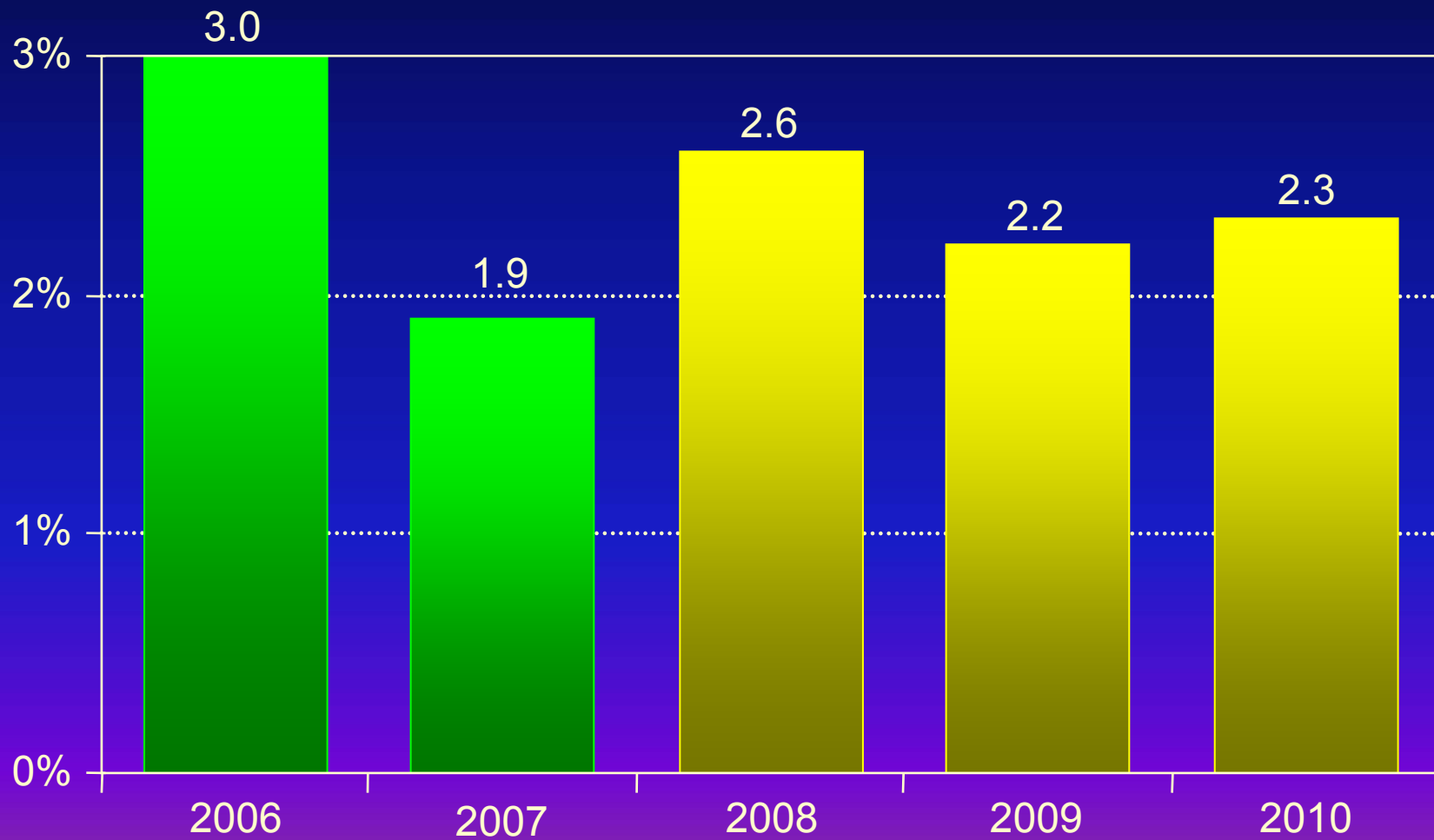
Oakland County vs. Michigan, 2008–10



Forecast of Unemployment Rate Oakland County vs. Michigan, 2008–10



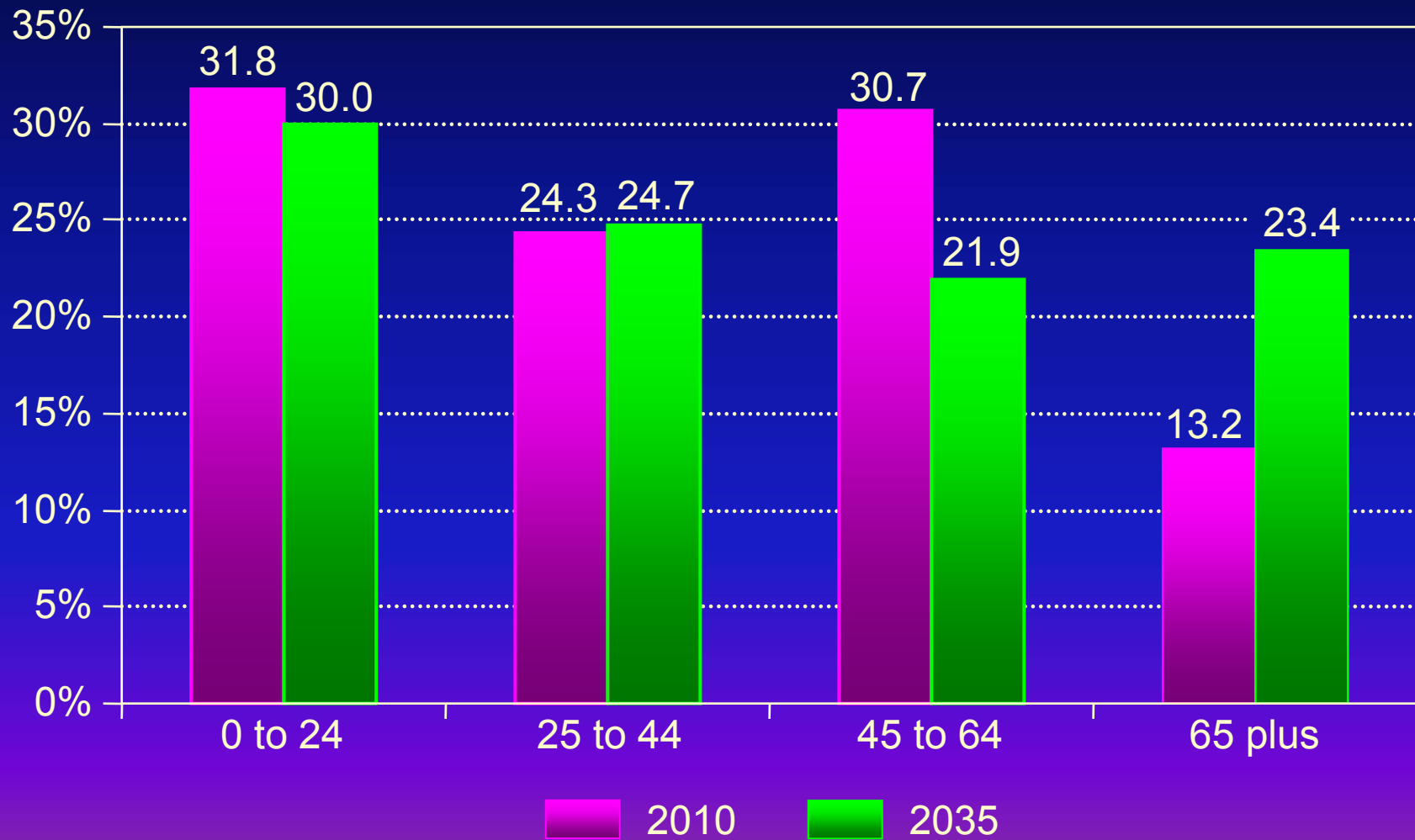
Forecast Rate of Inflation, Detroit CPI 2008–10



ILIR Long-Term Economic and Demographic Outlook for Oakland County

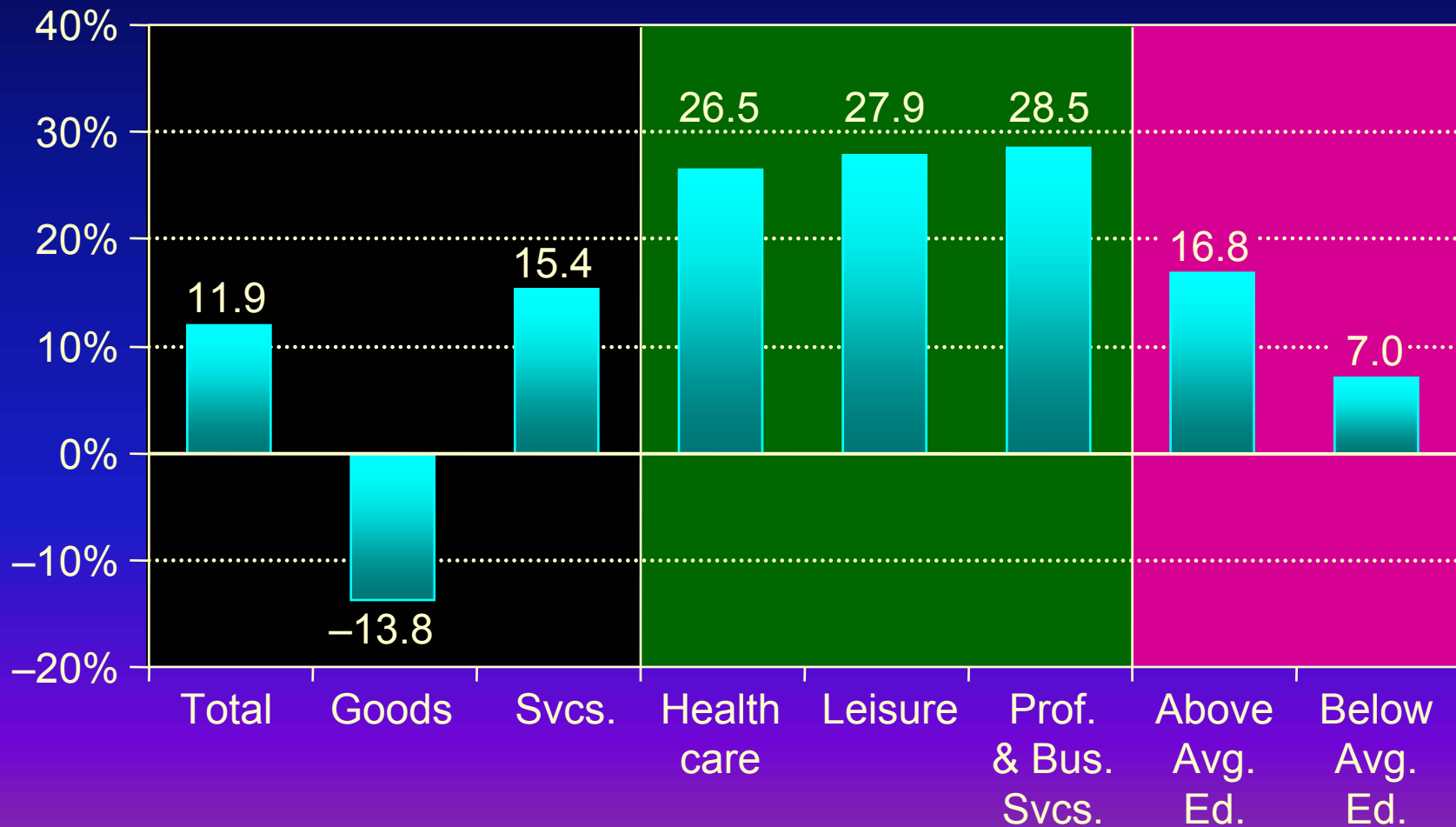
	<u>25-Year Growth Rate</u>		
	<u>Population</u>		<u>Employment</u>
	<u>Total</u>	<u>Aged 25–64</u>	
2010–2035	15.7%	–2.1%	11.9%
1985–2010	19.3%	23.4%	52.1%

Population Distribution by Age Group Oakland County, 2010 and 2035



Job Growth in Oakland County by Major Sector 2010–35

Job Growth



Conclusion: Short-Run Forecast

2006	-18,500	Distressing
2007	-4,800	Not a good year
2008	-4,400	A little more pain
2009	+1,200	Some gain
2010	+5,600	Sustainable growth

Conclusion: Short-Run Forecast

- Job gains in knowledge-based industries, especially health care
- Job losses in manufacturing, construction, real-estate-related industries, and low-wage retail trade and leisure and hospitality services

Conclusion: Long-Run Forecast

- Older, much older
- Much slower job growth than in the past 25 years—in most communities, not just Oakland
- Job gains in knowledge-based industries, leisure and hospitality services

Short-Term Risks to the Economy

- Oil prices
- Credit crisis
- Local housing market

Long-Term Risks to the Economy

- Severe labor shortages
- Not attracting knowledge-based and elder-friendly businesses

What Can Local Public and Private Leaders Do?

- Short-term risks? Almost nothing.
- Longer-term risks?
 - ▶ Build strong health care system
 - ▶ Improve recreational and cultural amenities
 - ▶ Attract emerging industries
 - ▶ Increase technological collaboration
 - ▶ Emphasize education and training

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