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## Oakland County economy looking to trend positive, as recovery from pandemic continues

ANN ARBOR—Oakland County's economy is expected to return to normal this year and has a "solidly positive outlook" over the next few years, according to University of Michigan economists.

Oakland, one of the state's most populous counties and among the nation's most prosperous, is expected to see job gains over the next three years, bringing its payroll jobs count back to pre-pandemic levels in the second quarter of 2025 and 1.2% higher by the end of that year.

In its annual forecast of the Oakland County economy, the [U-M Research Seminar in Quantitative Economics](#) predicts the number of jobs will grow by 1.4% this year, 1.3% in 2024 and 1.6% in 2025. The local labor force is expected to grow more quickly than the number of employed residents, which puts upward pressure on the jobless rate this fall and the first half of 2024.

The positive outlook the economists provide in the [forecast](#) would follow what they describe as an economic "mixed bag" for 2022. The county's job growth through the third quarter of last year lagged Michigan as a whole, with Oakland recovering 82% of the jobs it lost at the start of the pandemic and the state recovering 90%. They are also concerned by the county's resident employment count declining by nearly 8,000 in the 12-month period ending in February 2023.

The recent data has been "puzzling," the economists say, and could be the result of "commuting, an increase in multiple job holdings by residents or a decline in self-employment."

"Despite the challenges of the past year, we are optimistic that 2023 will feature a return to normalcy in Oakland County's economy with job growth relatively widespread across industries, even as the national economy slows," said [Gabriel Ehrlich](#), director of RSQE.

Overall, Oakland County has fewer lower-income residents and more upper-income residents than Michigan. Countywide, 20% of residents live in low-income households, compared to 30% of the state. The share of county residents living in higher-income households (28%) is much larger than that of the state (17%).

Still, the economists say, the prosperity is uneven. As of 2021, the area containing Pontiac and Waterford Township had an average household income after adjusting for household size that was less than one-half the average in the area containing

Birmingham, Bloomfield Hills and Bloomfield Township.

They also note stark differences in incomes by race and ethnicity: 18% of the county's non-Hispanic and white residents lived in households classified as lower income in 2021 and 31% lived in upper income households. Those proportions were nearly reversed for Black and Hispanic residents.

One encouraging sign in the forecast is that wages are expected to grow more quickly in the county's lower-wage industries than the higher-wage industries during the next three years. That, they say, should go some way toward lessening wage inequality.

The county's jobless rate is expected to average 2.7% in the first part of this year before rising to 3% by the end of it. The economists forecast the rate to rise modestly in the first half of next year as the nation enters a mild recession, dampening the local job market.

The forecast calls for the county's unemployment rate to fall from 3.4% in mid-2024 to 2.8% by the end of 2025, compared with a projected state jobless rate of 3.9% at the end of that period. If the forecast holds, the county's rate would be roughly half of a percentage point below its average right before the pandemic.

The economists say the return to pre-pandemic labor force levels reflects the strength of the county's economy, though they caution that labor shortages "will be an ongoing fact of life for the foreseeable future in southeastern Michigan."

"We believe Oakland County's strong overall performance in these measures suggest it is well-positioned for the future despite the current challenges facing the local and national economies," the economists say in the report. "The combination of an educated populace, a high share of managerial and professional jobs and an attractive standard of living should provide a solid foundation for economic prosperity over our forecast period and in the years to come."

The 38th annual U-M forecast of Oakland County's economy was hosted by the county's Department of Economic Development.