



# Economy

Like much of the country, Detroit suffered significant job losses during the Great Recession.

Since bottoming out in the first quarter of 2010, however, the city has seen job growth at a rate that exceeds the rest of the U.S. economy.

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The **city's strong job growth** following the recession has contributed to the **region's resurgence.**

# Economy

In the years since the Great Recession, Detroit has experienced strong growth, with jobs and payroll associated with jobs in the city growing faster than in the U.S. economy as a whole. This growth has been relatively diverse, with jobs added in industries from automobile production to business services.

## Detroit remains the region's largest job center.

Moreover, investment in the city's innovation infrastructure appears to be paying off, with the number of venture capital-backed companies increasing by 50% in just three years. As the region's largest job center, Detroit's strong economic performance in the post-recession period has contributed to the region's resurgence.

By any standard, much of the economic news has been positive. Still, challenges remain. For example, though strong economic performance has increased the number of jobs per 1,000 city residents, Detroit would need to almost double its job base to provide the same number of jobs per resident as its urban peers across the U.S. In addition, although the recovering economies of both the city and the region have helped to dramatically reduce unemployment among Detroit's residents, unemployment remains high, especially for African American and Hispanic residents and for job-seekers with low levels of formal education. Physical access to jobs also remains a challenge for Detroiters without vehicles or access to reliable public transportation to regional job centers.



# Employment

There are about 238,400 jobs within Detroit’s city limits. Of these, 206,800 are in the private sector and 31,600 are in the public sector. Of those in the private sector, 18% pay less than \$15,000 a year, 30% pay between \$15,000 and \$40,000, and 51% pay more than \$40,000. About one-tenth of the private-sector jobs are held by workers with less than a high school diploma; about a quarter only have a high school diploma, with one third of workers having attended some college or have an associate’s degree; and about one-third have at least a bachelor’s degree.

**238,400** total jobs  
**206,800** private sector jobs  
**31,600** public sector jobs

## Jobs by Annual Wages

- 18%** <\$15K
- 30%** \$15K - \$40K
- 51%** >\$40K



## Jobs by Educational Attainment

- 10%** Less than high school
- 24%** High school or equivalent
- 33%** Some college or associate’s degree
- 34%** Bachelor’s or higher



\*Because of rounding, numbers may not add up to 100%.  
Source: Quarterly Workforce Indicators, Quarterly Census of Employment and Wages, On the Map.

# Economic Clusters

The largest “traded” clusters in Detroit – those that serve markets beyond the city and region – include business services, automotive, hospitality and tourism, financial services, and education. These five sectors account for 30% of Detroit’s total employment.

Detroit also has significant employment in clusters that serve local markets. These include health services, hospitality and commercial services.



## Detroit - Largest Traded Clusters

Cluster Name	Private Sector Jobs, 2016
Business Services	32,100
Automotive	11,800
Hospitality and Tourism	11,300
Financial Services	10,400
Education and Knowledge Creation	5,400 (11,700)

\* The Education and Knowledge Creation cluster has 5,400 private-sector jobs but 11,700 jobs when public universities are included (e.g. Wayne State University).

## Detroit - Largest Local Clusters

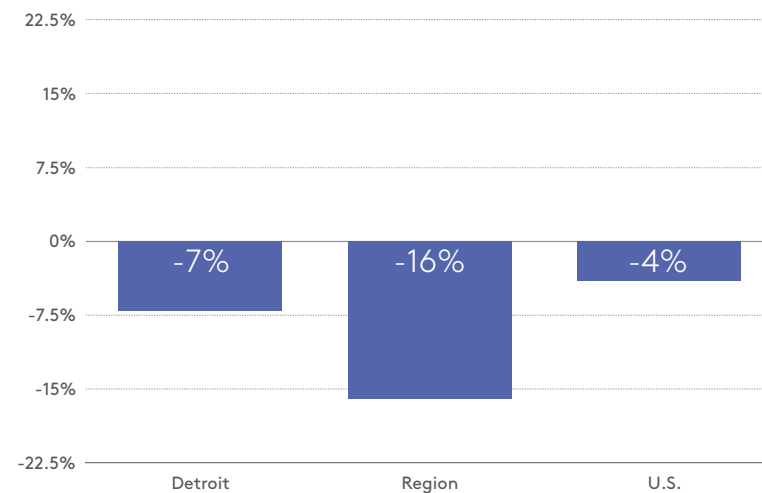
Cluster Name	Private Sector Jobs, 2016
Local Health Services	36,100
Local Hospitality Establishments	14,500
Local Commercial Services	10,900
Local Community and Civic Organizations	9,800
Local Real Estate, Construction, and Development	6,800

Source: County Business Patterns, Quarterly Workforce Indicators.

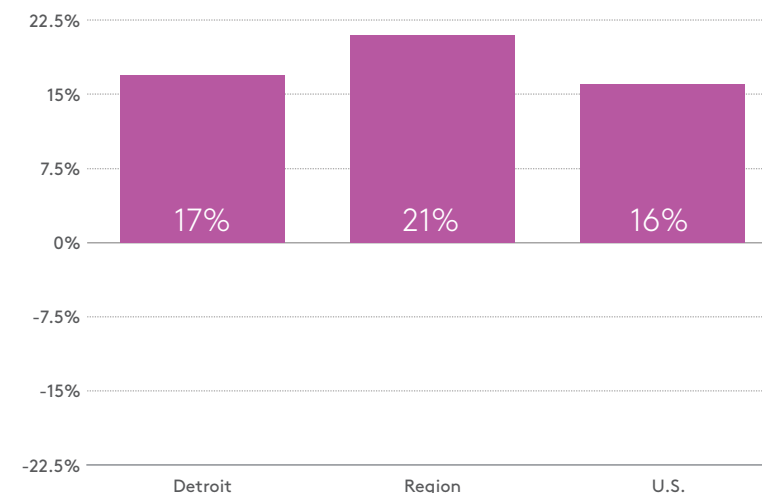
# Employment Growth

Detroit has had strong job growth since the Great Recession ended in 2009. Since the first quarter of 2010, Detroit has added 30,000 private-sector jobs, increasing the total jobs in the city to 238,400. The rate of private job growth in this period has been slightly higher (17%) than in the rest of the country (16%). Notably, this growth has not only been concentrated in Downtown and Midtown, but also in many of the city's key industrial areas. Detroit has matched or exceeded the region in traded clusters, but has had lower job gains in neighborhood-serving businesses.

Private Sector Employment Change  
2005-2010



Private Sector Employment Change  
2010-2016



Source: Quarterly Workforce Indicators, Quarterly Census of Employment and Wages.

# Economic Cluster Growth

Many of Detroit's strong economic clusters are continuing to grow. These clusters are responsible for significant numbers of Detroit's jobs. These include Business Services, Automotive, Financial Services, Production Technology and Heavy Machinery, Metalworking Technology and Performing Arts. The growth of emerging clusters, such as Marketing, Design and Publishing, and Transportation and Logistics in the city is a positive sign for the economy.

Growth relative to the U.S., 2010-2016

Concentration relative to the U.S., 2016

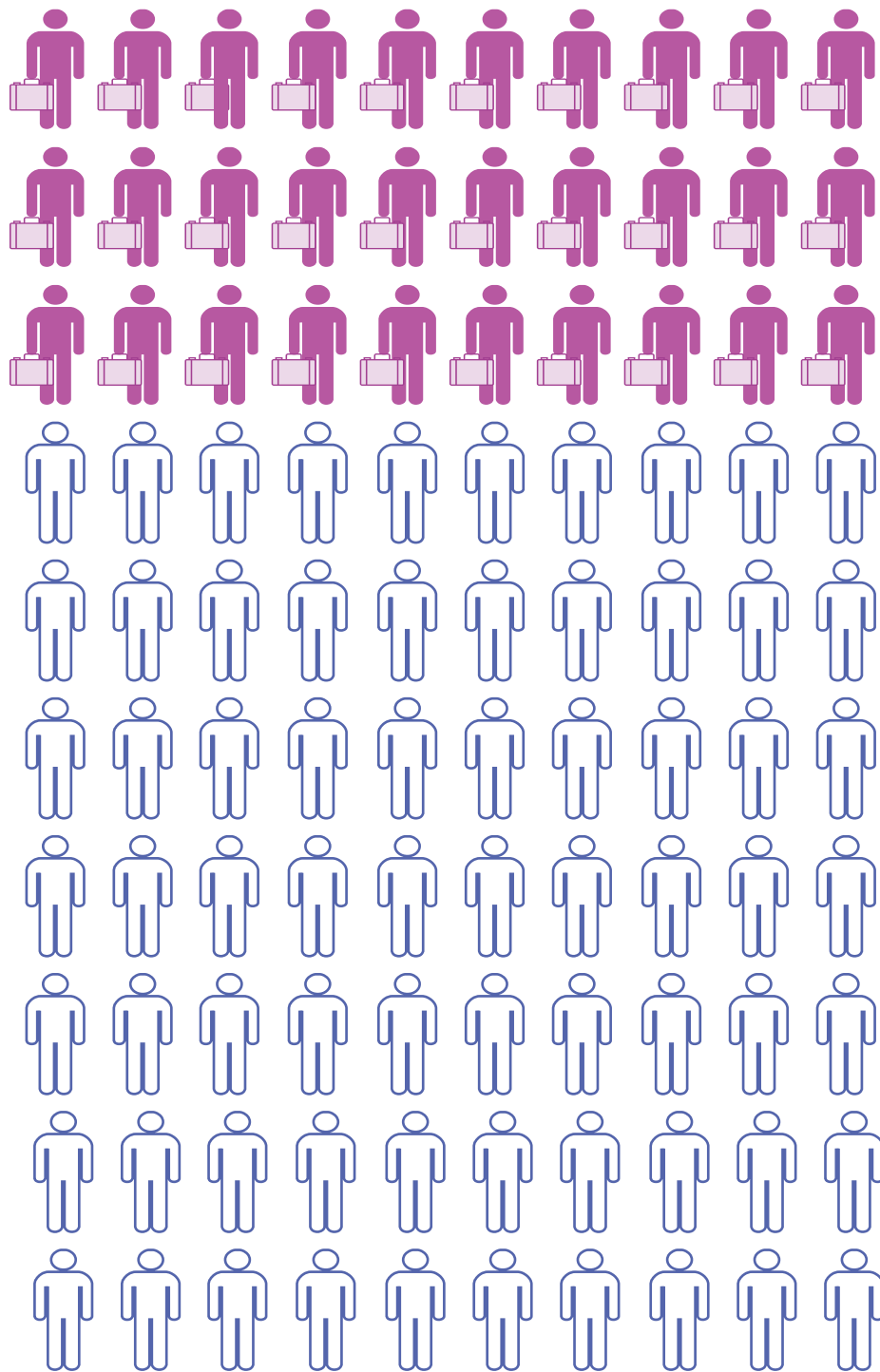
	Lower (Detroit Growth, U.S. Growth)	Higher (Detroit Growth, U.S. Growth)
Higher	Hospitality and Tourism (8%, 21%) Education and Knowledge Creation (12%, 16%)	Business Services (121%, 25%) Automotive (54%, 34%) Financial Services (989%, 5%) Production Technology and Heavy Machinery (21%, 11%) Metalworking Technology (45%, 18%) Performing Arts (160%, 34%)
Lower	Distribution and Electronic Commerce (-13%, 16%) Food Processing and Manufacturing (-8%, 15%) Insurance Services (-6%, 2%) Manufactured Products Used in Construction (12%, 26%)	Marketing, Design, and Publishing (134%, 21%) Transportation and Logistics (17%, 15%)

Source: County Business Patterns, Quarterly Workforce Indicators.

# Population to Jobs

The growth of Detroit's economy over the past five years has helped increase the city's jobs-to-population ratio to 30 jobs for every 100 Detroit residents, up from about 25 in 2010. That is a faster growth rate than experienced in many cities across the country. Although Detroit has made great progress in this metric, the city still ranks low compared to other U.S. cities.

Detroit's economy has  
**30 jobs**  
per 100 residents.



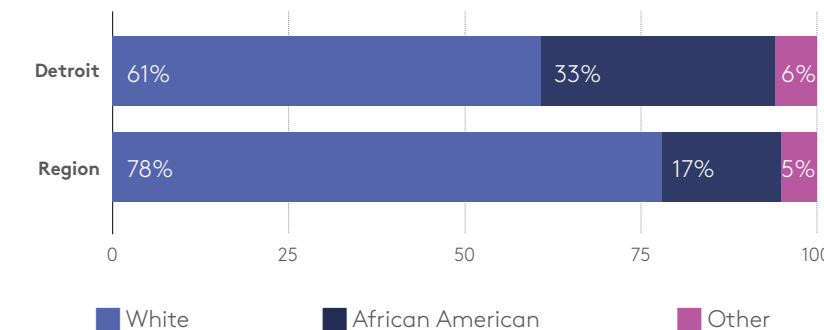
# Jobs

Detroit has seen the largest increase in jobs among those that pay more than \$40,000 per year. These jobs are concentrated along Woodward Avenue in Downtown and Midtown, as well as in the city's core industrial areas. Relative to the rest of the Metro Detroit region, the city's job base is skewed toward higher-paying jobs, with 51% paying \$40,000 or more (compared to 44% in the region) and only 18% paying less than \$15,000 (compared to 24% in the region). This could signify a shortage of entry-level and part-time positions in Detroit.

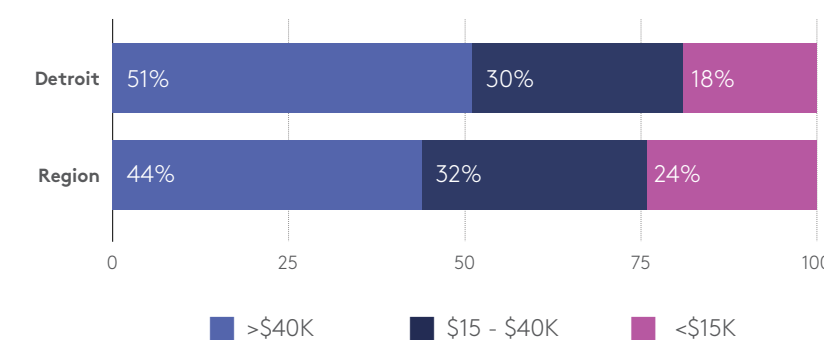
Currently, 33% of the city's jobs are held by African Americans, a decline from 2010, when African Americans held 36% of the jobs within Detroit.

\*Because of rounding, numbers may not add up to 100%.  
Source: On the Map, 2014.

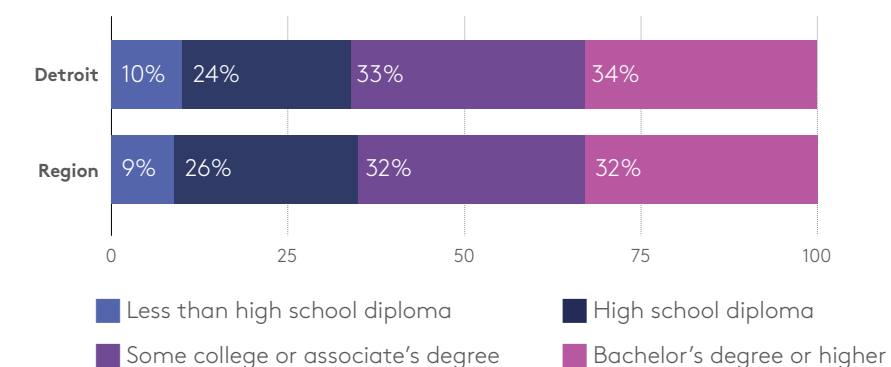
## Jobs by Race



## Jobs by Annual Wages



## Jobs by Educational Attainment



# Commuting Patterns

Over the past decade there has been a declining share of residents who both live and work within the city. In the most recent estimates, only about 30% of employed Detroit residents work within the city limits.

Among workers who commute into the city, 59% have jobs that pay more than \$40,000 per year. This compares with only 21% of Detroiters who commute outside the city to jobs that pay more than \$40,000 per year. Thirty-six percent of Detroiters who commute outside the city do so for jobs that pay less than \$15,000 per year. The relatively small base of entry-level jobs in the city likely contributes to these patterns.

Though Detroit residents tend to live closer to their jobs than those in the region, the city's lowest-wage workers, with jobs that pay less than \$15,000 per year, tend to have longer commutes. Furthermore, 10% of these residents with the lowest-paying jobs have commutes of more than 50 miles.

## Commuter Flow Patterns



Source: On the Map, 2014.

# Unemployment and Labor Force Participation

Recent job growth within the city and the region has led to a decline in the city's unemployment rate, which, according to one source, now sits at about 8%, down from about 25% in 2010. (A second source shows higher absolute unemployment rates but also a significant decline since 2010.)

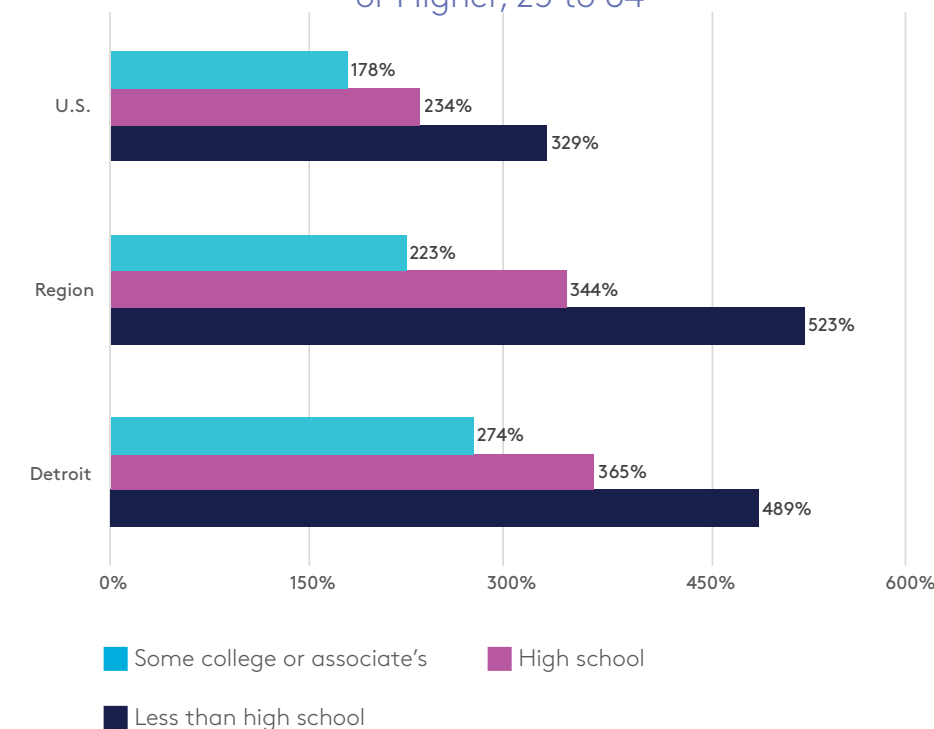
At all levels of educational attainment, Detroiters still have higher rates of unemployment relative to their regional and national peers. Detroit residents with a bachelor's degree or higher have a higher unemployment rate than U.S. residents with only some college or an associate's degree. Additionally, Detroit residents without a high school diploma have significantly higher unemployment rates than similar workers in other U.S. cities.

Data suggest that Detroit has a lower labor force participation rate than many other U.S. cities. African American and Hispanic residents have similar rates of labor force participation as white residents,

Source: Local Area Unemployment Statistics, 2017, American Community Survey, 2015 1 Year.

however they have vastly different employment outcomes, with the unemployment rate for African Americans being 2.5 times that of the white population.

## Unemployment Rate by Educational Attainment Relative to Residents with a Bachelor's Degree or Higher, 25 to 64



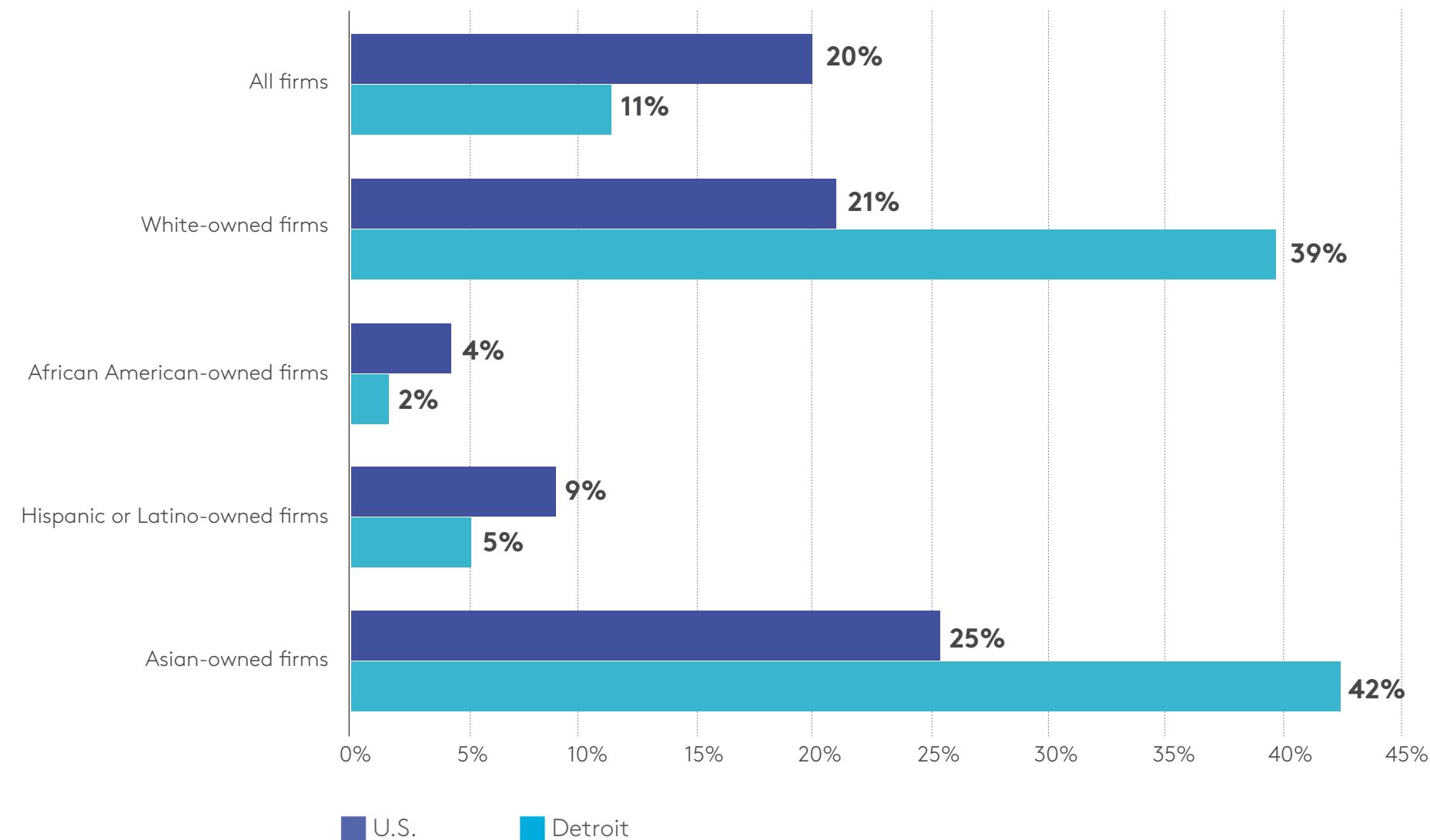
# Entrepreneurship

One response to Detroit's employment challenges faced by residents is for them to create jobs for themselves. In Detroit, there are 160 black-owned firms per 1,000 African American residents, which ranks 11th highest among the country's 50 largest cities. For Detroit's Hispanic population, the ratio is 103 firms per 1,000 residents. However, compared with peers across the U.S., Detroit's African American and Hispanic entrepreneurs are only about half as likely to have made the transition from self-employment to hiring workers.

Entrepreneurship is crucial for providing goods and services to residents, but also for shaping who has economic and social power in the city. Detroit has a number of model programs that contribute to inclusive entrepreneurship, such as D2D, Hatch Detroit, NEIdeas, Entrepreneurs of Color Fund and Motor City Match. This data give the sense of scale for the problems and opportunities that these programs address.

The proportion of  
**African American-  
& Hispanic-owned**  
firms with employees is  
**about half**  
that of the U.S.

## Percentage of Firms with Employees



Source: US Census Survey of Business Owners 2012, Mass Economics Analysis.



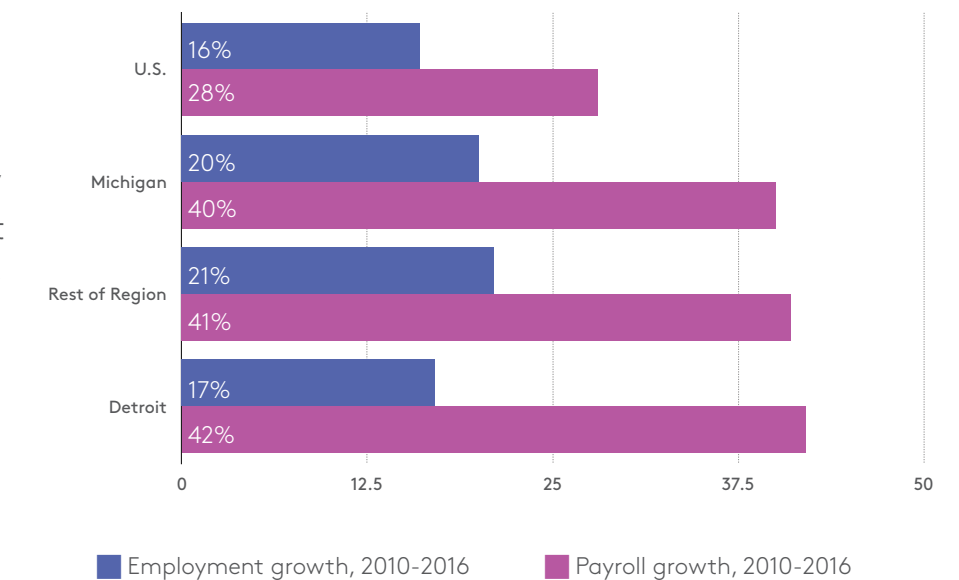
# Detroit in the Regional Economy

Helped by the strong job growth in recent years, today's Detroit has nearly twice the number of jobs as the next closest-ranked city in the region, Troy. The city's strong performance has helped drive growth in key regional clusters, such as Business Services and Automotive, and has generated considerable income for those who hold such jobs. Since 2010, payroll at firms located in the city has increased by 42%, which is 50% more than the average payroll growth across the U.S. The city's relatively low job density and its historical role as a significant employment center indicate that the city could easily continue to add large numbers of jobs within its borders.

Though Detroit is a key driver of the regional economy and has contributed to strong regional growth, there are other employment centers around the region, such as Dearborn

and Southfield. These centers of employment are just outside the city, and close enough to connect residents to other job opportunities in the region.

Employment and Payroll Growth, 2010 to 2016



Source: Quarterly Workforce Indicators, 2010–2016, Quarterly Census of Employment and Wages, 2010–2016.

