

DetroitRegionalChamber

# StateRegion OF THE 2026



 Citizens®



## OUR RESURGENCE STARTS WITH A HARD CONVERSATION

It is time to confront a stark reality. Michigan's house is on fire, yet Michiganders don't know it.

A recent Detroit Regional Chamber poll of Michigan voters conducted by The Glengriff Group, Inc. reveals that most voters think Michigan's performance in key economic measures is average, ranking in the mid-20s among 50 states. The truth? It is in the bottom 10 in many critical categories.

Similarly, the Detroit Region ranks in the bottom quarter among 20 peer regions in areas like job growth, educational attainment, population growth, and GDP per capita. Worse yet, it ranks dead last among these same peers in per capita income.

That jarring statistic is reflected at the state level, too. Michigan ranks 40th nationally in per capita income – its lowest ranking ever – plummeting from 18th in 2000.

No state has fallen harder or faster, and too few Michiganders are aware or talking about it.

These factors, compounded by the state's vulnerability to fluctuating policy, the accelerating pace of innovation, inconsistent statewide economic development strategy, and increased global competition – leave us in a precarious position.

Voters and elected officials need to acknowledge the reality of where we stand and how precipitous the declines have been. Reversing this trajectory will require shared recognition of our struggles that creates data-based collective action by regional and statewide leaders.

This report is designed to inform that public discourse. It will also help guide the Chamber's work to increase postsecondary educational attainment and influence public policy that supports economic growth and prosperity in our Region, and throughout the state.



**Sandy K. Baruah**  
President and Chief Executive Officer,  
Detroit Regional Chamber



## COLLABORATION IS KEY TO TURNING POTENTIAL INTO OPPORTUNITY

Citizens is proud to once again partner with the Detroit Regional Chamber on the State of the Region report. This annual, data-driven analysis plays a vital role in helping business and civic leaders understand where the Detroit Region stands, and where focused collaboration can have the greatest impact.

This year's report offers a clear-eyed assessment of the Detroit Region's position. The data shows an economy under pressure from trade policy uncertainty and tepid job creation, while the Region continues to trail peers in population growth, income, and educational attainment. These challenges are real and call for thoughtful, coordinated action.

At the same time, the report highlights important sources of resilience. Regional employment reached a decade high in 2025, inflation has moderated, and the Detroit Region continues to stand out for housing affordability and high rates of homeownership.

Just as important, the report points to continued momentum in innovation and investment. Business formation remains strong, venture capital investment is rising, and sustained commitments to research and development, supported by Michigan's world-class educational institutions, signal confidence in the Region's future.

At Citizens, we believe strong economies are built through partnership, and we remain committed to working alongside local businesses, leaders, and community organizations to support workforce development, financial empowerment, and inclusive growth across the Detroit Region. While the challenges ahead are real, building blocks of progress are firmly in place, and collaboration will be key to turning potential into lasting opportunity.



**Yasmeen Jasey**  
Michigan Regional President,  
Citizens

# Detroit Region: The Good, the Bad, and the 'Eh'

Michigan's house is on fire, and the Detroit Region is feeling the burn. It is struggling to perform against peer regions and facing the impacts of a tumultuous political landscape. Save for bright spots in R&D, innovation, and entrepreneurship, the Region should be on high alert.



**THE DETROIT REGION RANKS NEAR-LAST AMONG PEERS IN MOST KEY ECONOMIC MEASURES**

More information on page 5.



**THE LABOR MARKET IS STABLE OVERALL, EVEN AS HIRING SLOWS**

More information on page 8.



**THE DETROIT REGION IS UNIQUELY VULNERABLE TO FLUCTUATING POLICY**

More information on page 12.



**HIGH COSTS AND LABOR MARKET CONCERNS OVERSHADOW COOLING INFLATION**

More information on page 17.



**REGIONAL INNOVATION INVESTMENTS HIT RECORD HIGHS, SHOWING PROMISE FOR MICHIGAN'S FUTURE**

More information on page 28.



**HIGH BUSINESS APPLICATIONS SIGNAL ONGOING MOMENTUM IN ENTREPRENEURSHIP**

More information on page 28.

# Where We Stand

Ensuring Downtown Detroit and its neighborhoods continue developing is important to the Region's success.

## MICHIGAN'S HOUSE IS ON FIRE: VOTERS VIEW STATE AS 'AVERAGE' DESPITE NEAR-LAST RANKINGS

As highlighted by the Growing Michigan Together Council, the state's relatively stagnant population growth is being compounded by lagging educational attainment rates and plummeting per capita income, creating a smaller talent pool for employers while putting the state's economic prosperity and growth at risk.

The Detroit Regional Chamber is working to address educational attainment in the Detroit Region while raising awareness about where Michigan actually stands nationally on key economic indicators, and what the state and Region need to do in order to build a stronger economy and increase prosperity.



The Glengariff Group is the Detroit Regional Chamber's polling partner. Through this partnership, the Chamber conducts quarterly polls of Michigan voters to better understand statewide perceptions on key economic and political issues to help business leaders assess trends and make more informed decisions.

These critical insights also help inform policy focus areas important to the Chamber's mission and the business community.

### Voters' Rankings

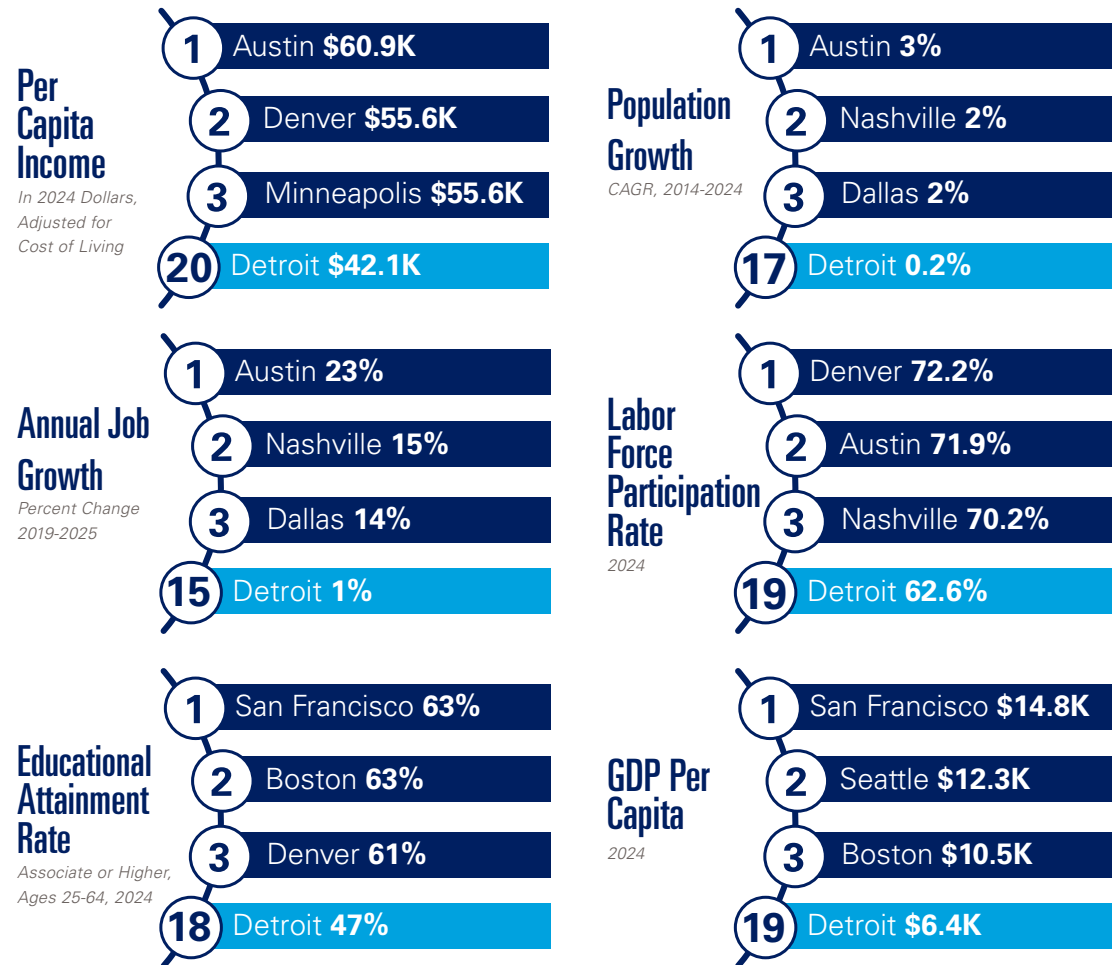
### Actual Rankings

26 <sup>TH</sup>	VS.	33 <sup>RD</sup>	PERCENTAGE OF POPULATION WITH A COLLEGE DEGREE
27 <sup>TH</sup>	VS.	44 <sup>TH</sup>	STUDENT PERFORMANCE IN READING
29 <sup>TH</sup>	VS.	45 <sup>TH</sup>	UNEMPLOYMENT RATE
27 <sup>TH</sup>	VS.	40 <sup>TH</sup>	AVERAGE INCOME PER PERSON
28 <sup>TH</sup>	VS.	45 <sup>TH</sup>	ATTRACTING HIGH-TECHNOLOGY JOBS

In a poll of 600 registered Michigan voters, when asked to rank Michigan on key metrics, respondents ranked the state in the middle of the pack out of the 50 states. These perceptions do not reflect the reality of where Michigan ranks, which is largely near the bottom.

# AMONG 20 PEER REGIONS, DETROIT RANKS AT, OR NEAR, THE BOTTOM

The peer regions selected for comparison reflect factors like population, economy size, and regional industries and assets, as well as aspirational factors like educational attainment.



Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis, and U.S. Bureau of Labor Statistics

PEER REGION	PER CAPITA INCOME (2024)
Austin	\$60.9K
Denver	\$55.6K
Minneapolis	\$55.6K
Charlotte	\$52.7K
St. Louis	\$52.2K
Baltimore	\$52.1K
Nashville	\$50.2K
Atlanta	\$49.7K
Indianapolis	\$49.3K
Philadelphia	\$49.0K
Cleveland	\$47.6K
Pittsburgh	\$47.4K
Tampa	\$46.0K
Dallas	\$45.9K
Seattle	\$45.1K
San Francisco	\$44.7K
Boston	\$43.4K
Phoenix	\$43.4K
Chicago	\$43.4K
<b>Detroit</b>	<b>\$42.1K</b>

WHERE WE STAND

KEY ECONOMIC INDICATORS

BUSINESS LANDSCAPE

DETROIT REGIONAL CHAMBER PROGRAMS

# Key Economic Indicators

A freighter passes along the Detroit River.

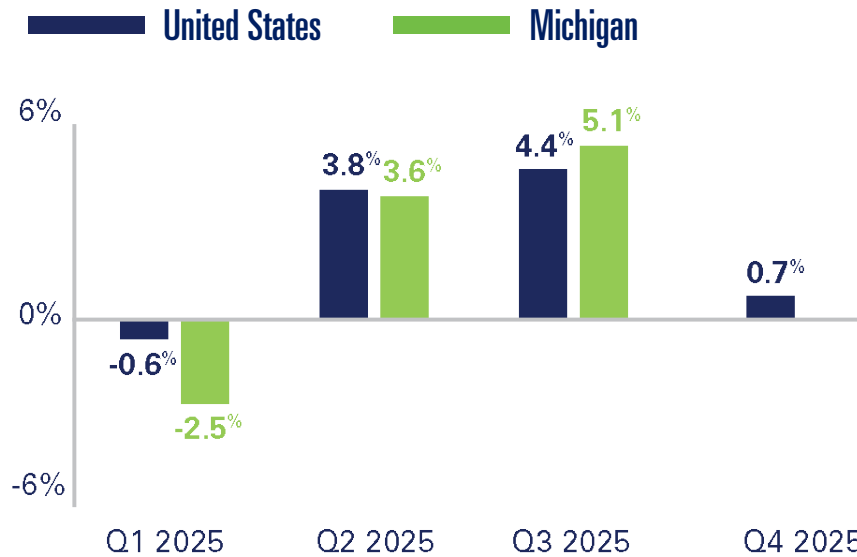
Photo courtesy of Detroit/Wayne County Port Authority.

## REAL GDP

### The Overall Economy Remains on a Growth Trajectory

#### The State's Economy Continued to Expand in 2025

Quarterly Real GDP, Percent Change From Preceding Period



Perceptions about the economy continue to be split among voters.

**42%**

of Michigan voters see a **growing economy**

**WHILE**

**57%**

of voters see a **weakening economy**

**YET**

**75%**

of voters say they are **doing better or the same** economically as a year ago

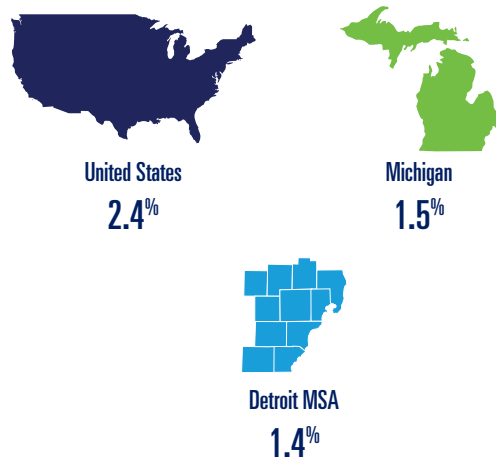
Source: Detroit Regional Chamber Michigan Voter Poll, February 2026

## Detroit's Economic Growth Trails Peer Regions, Ranks Bottom Third in GDP Growth

- ▶ While the Detroit Region's economy has grown for four consecutive years, increasing 1.4% on average since 2019, it lags its peers and the nation (2.4%) in GDP growth.
- ▶ In 2024, the Detroit MSA reported a real GDP of \$280 billion, ranking the 16th largest economy among all U.S. metros.

### Detroit Region and Michigan's Economies Grew More Slowly Than the Nation

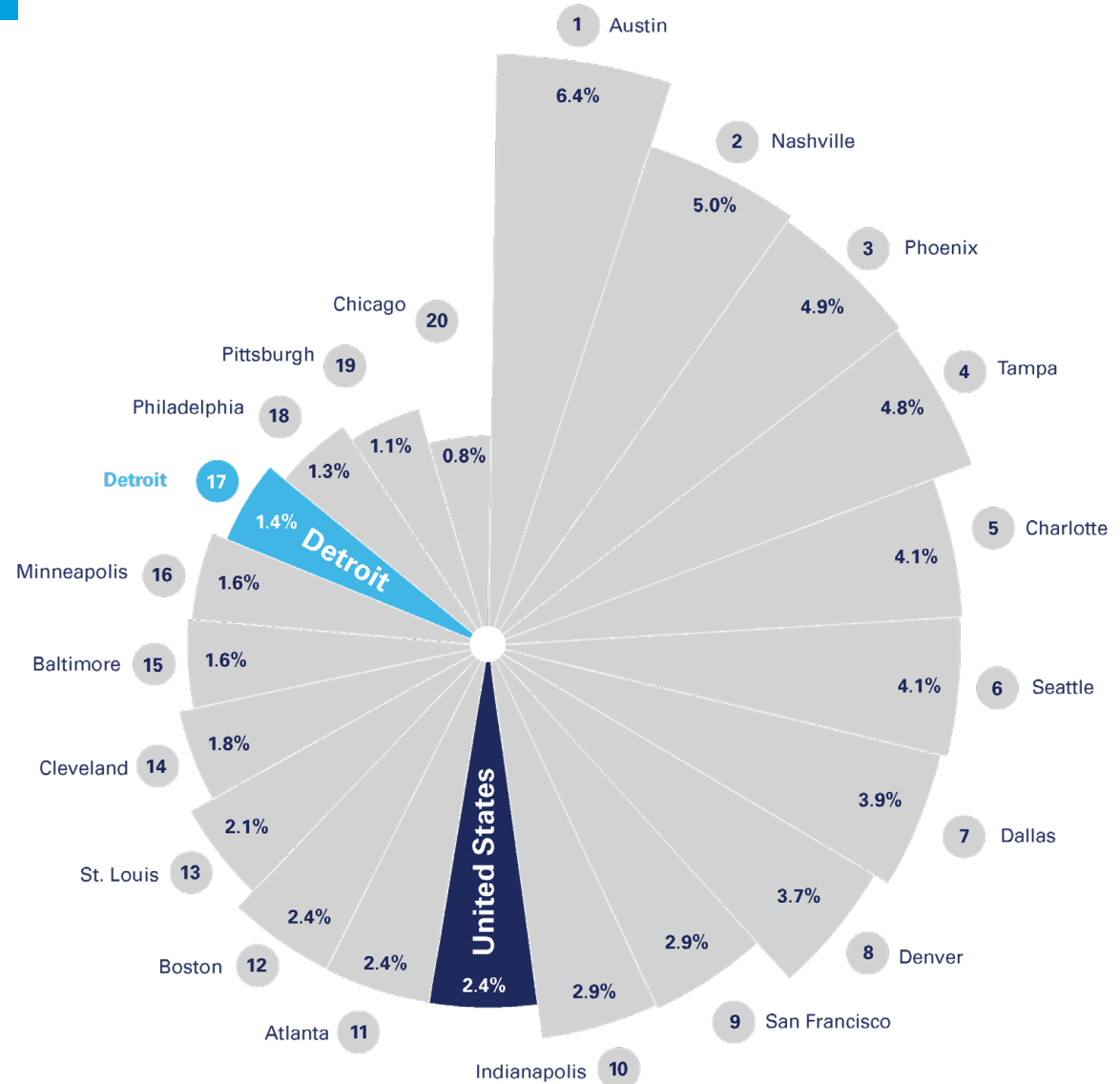
*Compound Annual Real GDP Growth Rate, 2019-2024*



Source: U.S. Bureau of Economic Analysis  
 Note: Michigan Q4 2025 data not available at time of publication

### GDP Growth by Peer Regions

*Compound Annual Real GDP Growth Rate by Peer Regions, 2019-2024*



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BUSINESS LANDSCAPE

DETROIT REGIONAL CHAMBER PROGRAMS

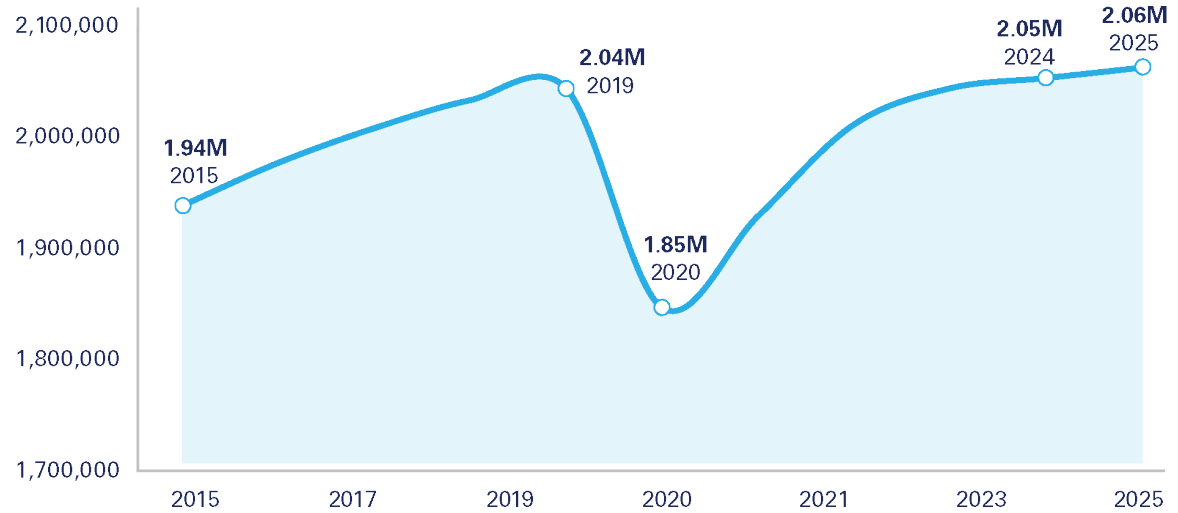
# EMPLOYMENT

## Regional Labor Market Conditions Remain Stable in 2025

- ▶ Regional employment reached a decade high in 2025, totaling more than 2,063,300 jobs. Employment grew year over year both regionally and nationally, though at slowing rates. The Region grew 0.5% year-over-year while the nation grew 0.9%.
- ▶ Annual unemployment in the Detroit Region ticked up in 2025 but remained low by historical standards, staying below 5% for the fourth straight year. The regional rate remains above the national rate, at 0.6 percentage points above the national average.

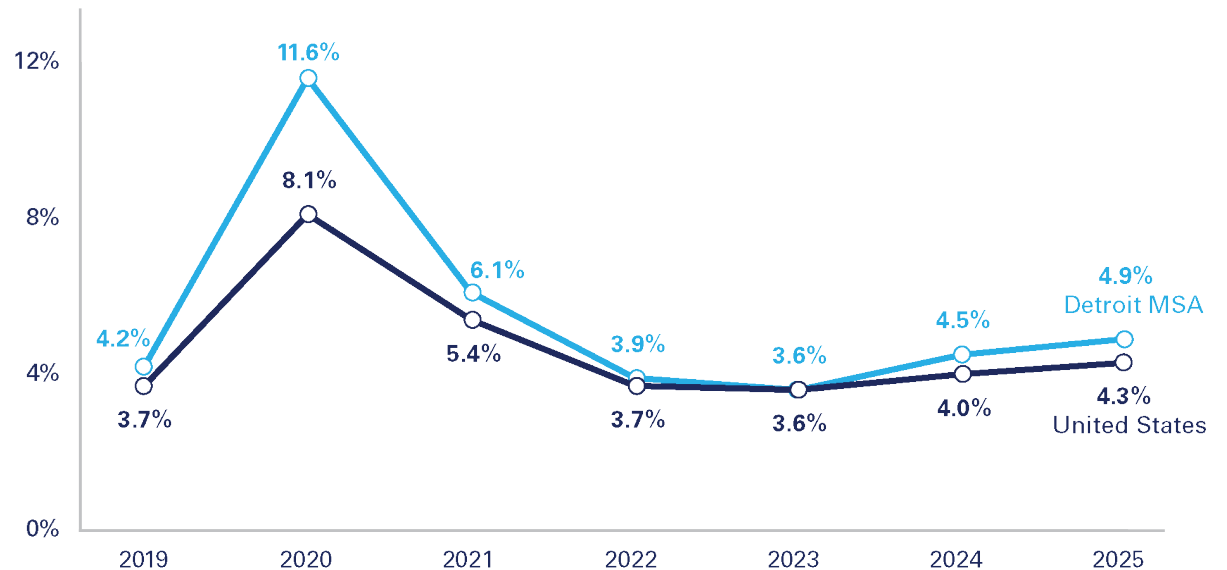
### Regional Employment Hits Decade High

Total Nonfarm Employment, Detroit MSA, Not Seasonally Adjusted



### Regional Unemployment Rose Slightly in 2025

Annual Unemployment Rate, Not Seasonally Adjusted



Fewer Michigan voters believe good-paying jobs are available.

**66%** | **50%**  
 January 2025 | February 2026

Source: Detroit Regional Chamber Michigan Voter Poll, February 2026

Source: U.S. Bureau of Labor Statistics

Note: December is preliminary at the time of publication and is subject to change.

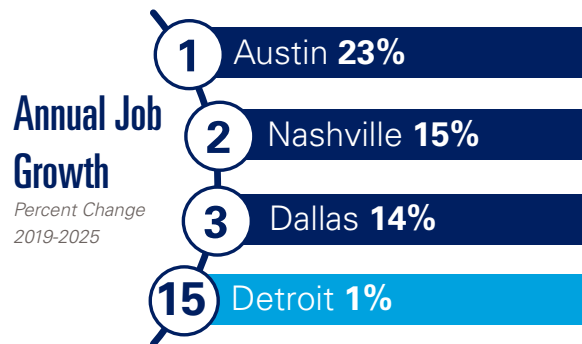
Due to a lapse in federal appropriations, October 2025 data was not collected, and 2025 averages are based on 11-month averages.

# JOB GROWTH

## Labor Market Shows Signs of Cooling

- Regional employment rose 0.5% in 2025, with the past three years pointing to a clear easing in job growth. Most industries continued to add jobs, led by education and health services, government, and construction. These increases were partially offset by declines in information, manufacturing, and professional services, contributing to the broader slowdown in employment momentum.

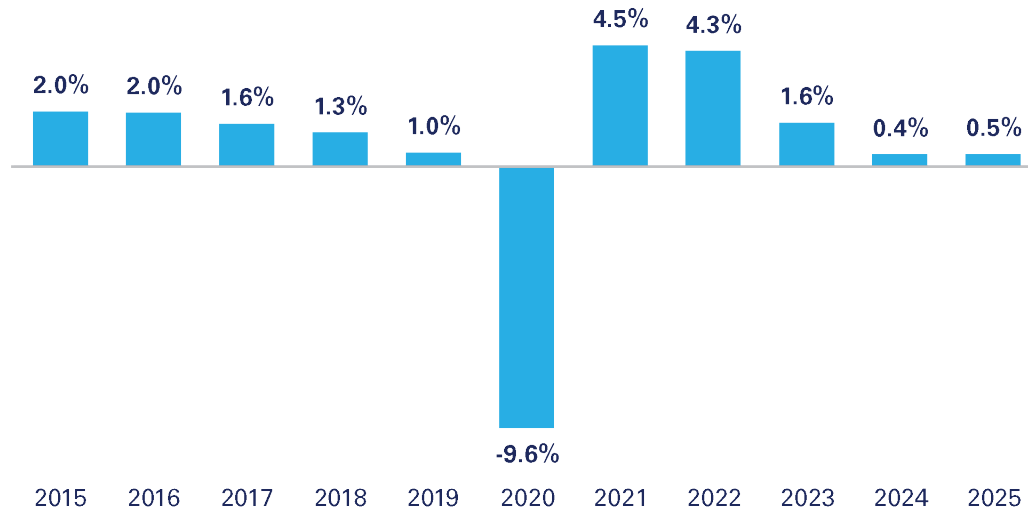
## Detroit Region adding jobs but trails fast-growing economies.



Source: U.S. Bureau of Labor Statistics  
 Note: December is preliminary at the time of publication and is subject to change. Due to a lapse in federal appropriations, October 2025 data was not collected, and 2025 averages are based on 11-month averages.

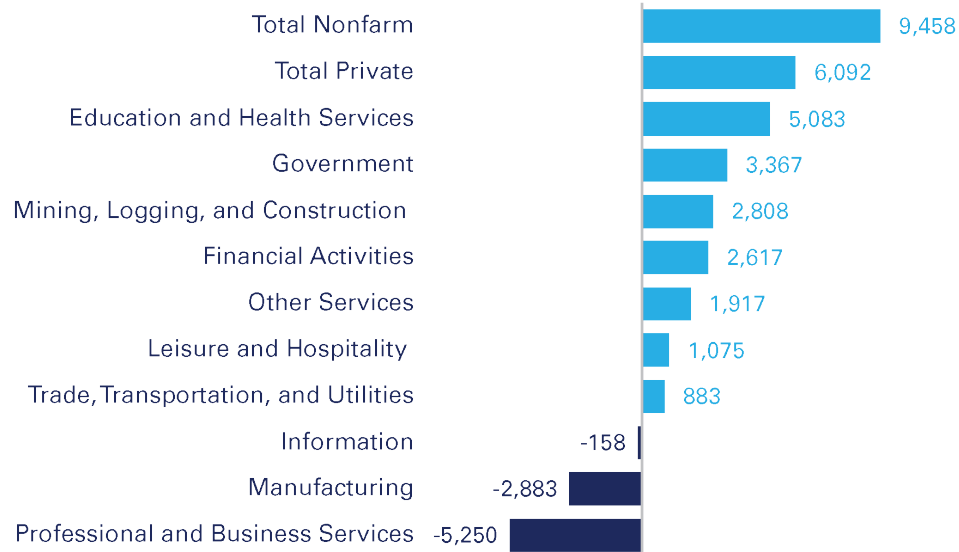
## Job Growth Continues But at a Much Slower Pace

Annual Nonfarm Employment, Year-Over-Year Change, Detroit MSA, Not Seasonally Adjusted



## Industry Employment Shows Mixed Trends, Manufacturing and Professional Services Saw Largest Declines in 2025

Annual Employment by Sector, Year-Over-Year Change, Detroit MSA, Not Seasonally Adjusted



WHERE WE STAND

KEY ECONOMIC INDICATORS

BUSINESS LANDSCAPE

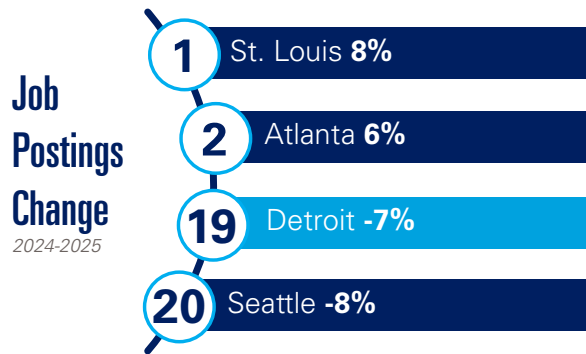
DETROIT REGIONAL CHAMBER PROGRAMS

# TALENT DEMAND

## Hiring Falls to Decade Low, Dropping Nearly 50% in 3 Years

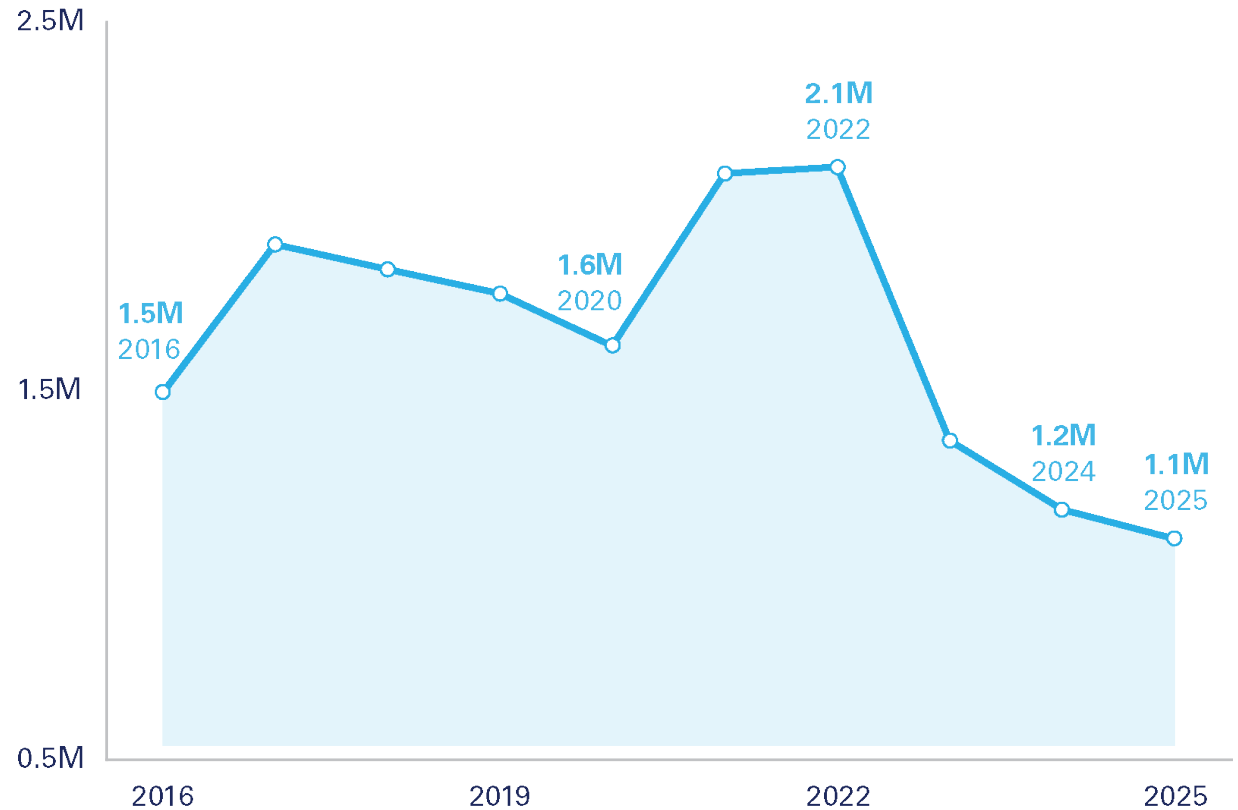
- ▶ Total job postings peaked in 2022 at over 2.1 million before declining sharply to just over 1.1 million in 2025, a near 50% drop in three years.
- ▶ The Detroit Region ranked second in job postings decline, down 7% in 2025 from the previous year, surpassed only by Seattle (-8%). However, not all regions experienced a decline. Several peer metros saw noticeable growth in job postings, with St. Louis up 8% and Atlanta, Philadelphia, and Indianapolis up 6%.

Detroit Region experienced **one of the largest declines in job postings** among peer regions.



## Job Postings Down 48% From 2022 Peak, Lowest in a Decade

Annual Unique Job Postings, Detroit MSA



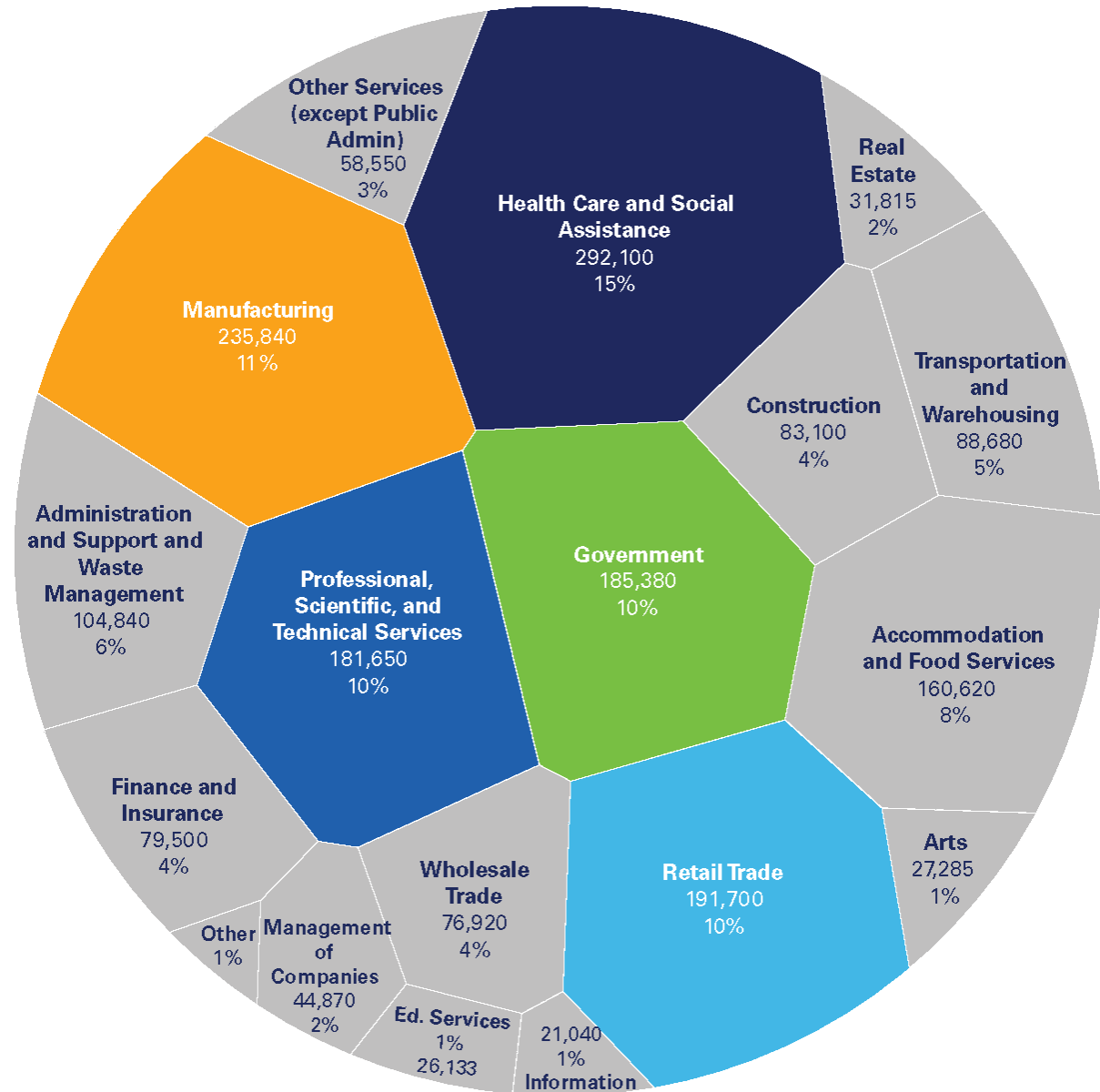
Source: Lightcast

# TOP INDUSTRIES

## Detroit Region's Top Industries Fuel Jobs, Innovation, and Trade Advantage

- ▶ Of the 2 million people employed in the Detroit Region, over 1 million, or 56%, work in the Region's top-five industries, led by the health care sector, the largest employer and a major driver of investment in research and innovation in the Region.
- ▶ Manufacturing is the Region's second-largest industry, supported by its strategic proximity to Canada and concentrated manufacturing workforce that is roughly double the national average. The sector's strength is deeply tied to cross-border trade.

**\* Learn more about the Region and state's critical trade relationships and their economic impacts on pages 12-14.**



WHERE WE STAND

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Source: Lightcast

Note: Other includes Utilities, Agriculture, Forestry, Fishing and Hunting, and Mining and Oil and Gas Extraction industries. 2025 is preliminary at the time of publication and is subject to changes. Figures have been rounded to nearest whole number. Employment totals may differ due to source variation and methodology.

# TRADE

## Truck, Passenger Border Crossing Traffic Down in 2025

- ▶ Over 4,008,600 trucks crossed the Detroit–Canada border last year, a 4% decline from the year prior. Truck traffic has now fallen to its lowest level in a decade outside of the pandemic, when volumes dipped to 3.7 million in 2020.
- ▶ Passenger volumes fell to 8.9 million in 2025, down 950,000, or 10%, from the previous year and well under the pre-pandemic average of 11.5 million travelers.

“  
**CANADA IS MORE THAN A NEIGHBOR, IT'S CRITICAL TO MICHIGAN'S ECONOMY.**  
 ”



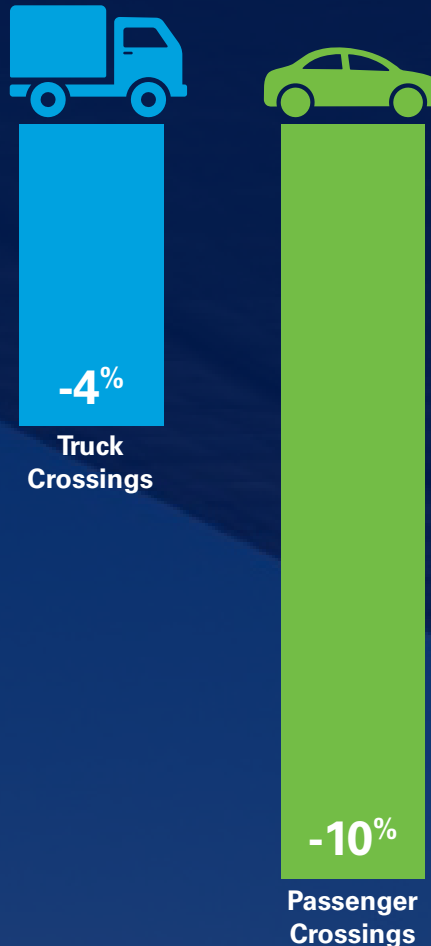
**GLENN STEVENS JR.,**  
 Executive Director, MichAuto;  
 Chief Automotive and Innovation Officer,  
 Detroit Regional Chamber

Source: Bridge and Tunnel Operators Association, International Trade Administration  
 Note: Border traffic data includes crossings from the Ambassador Bridge, the Detroit-Windsor Tunnel, and the Blue Water Bridge.

## The Detroit Region Ranks 9th Largest Exporter Among All U.S. Metros

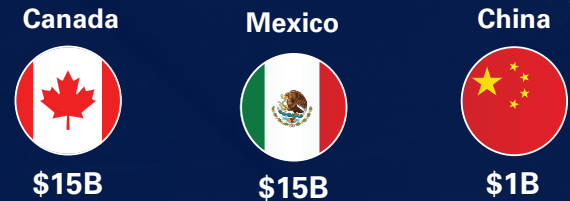
### Regional Border Crossing Traffic

Percentage change from 2024 to 2025, in and outbound traffic



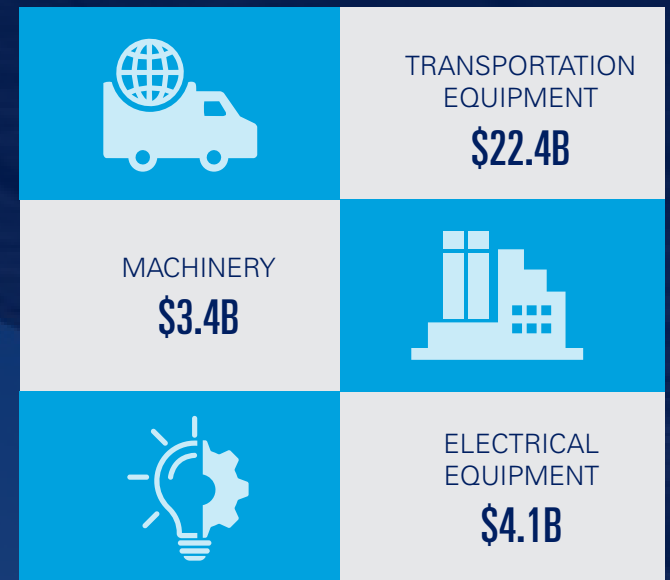
### Top Export Partners

Detroit MSA, 2024



### Top Export Goods

Detroit MSA, 2024



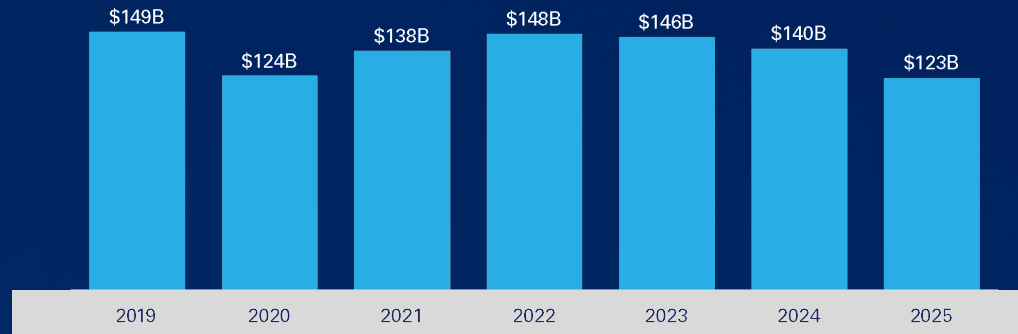
# TRADE

## Policy Volatility Defined Detroit's Trade Activity in 2025

- ▶ The Region's import growth in 2025 was driven by pull-ahead orders, including the largest year-over-year spike in March since the pandemic downturn, as businesses adjusted shipments to avoid potential tariff-related cost increases.
- ▶ Trade with Canada softened, especially in light-vehicles and automotive parts, which make up the Region's largest import and export categories. Exports overall were down 12% in the Detroit Region in 2025. Other factors influencing export changes include leveling of consumer activity post-stimulus checks, shift in EV landscape and investment, and supply chain disruption.

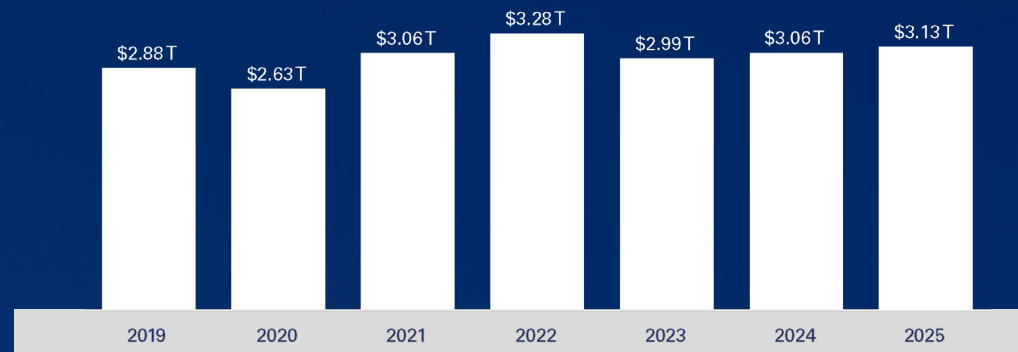
### Detroit Region Export Traffic Down \$17B or 12% Year Over Year

Total Export Value, Detroit Region Ports, Values in 2025 Dollars



### Import Traffic Edged up in 2025, Driven Largely by Pull-Ahead Imports in March 2025

Total Import Value, Detroit Region Ports, Values in 2025 Dollars



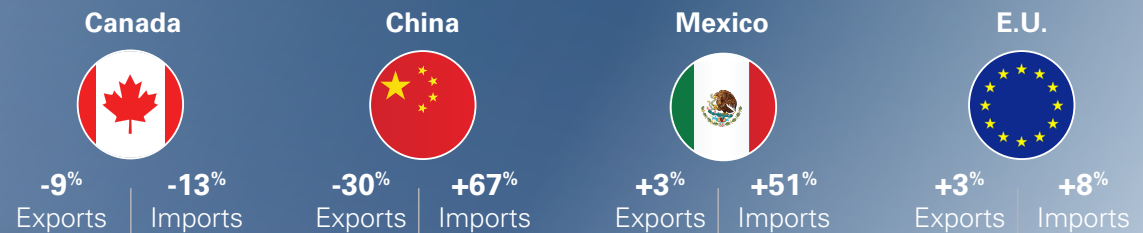
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## The Detroit Region's Annual Trade With Canada Declines As Policies Affect Trade Partners



Source: U.S. Census Bureau: Economic Indicators Division USA Trade Online.

Note: Detroit Region ports include Detroit port, Port Huron port, and Detroit Metropolitan Airport; Annual trade values are based on data available through November.

# TRADE

## Regional Exports and Imports Down Significantly in Tariff-Targeted Products, Impacting the Region's Signature Automotive Industry

▶ In 2025, a series of industry-specific tariffs were imposed on imports from select countries and on specific commodities. Among the Region's largest traded commodities: iron and steel, aluminum, vehicles, and vehicle parts faced some of the highest tariff rates. For Michigan's \$348 billion automotive and mobility sector, these materials are fundamental to its supply chain.



The United States-Mexico-Canada Agreement (USMCA) is a bedrock of industry resilience and an essential tool for maintaining productive trade relationships and economic vitality across North America.

Scheduled for joint review this summer, strengthening and extending the USMCA is essential to ensure Michigan's competitiveness and economic strength as the U.S. competes with China and the EU to lead the global innovation economy.

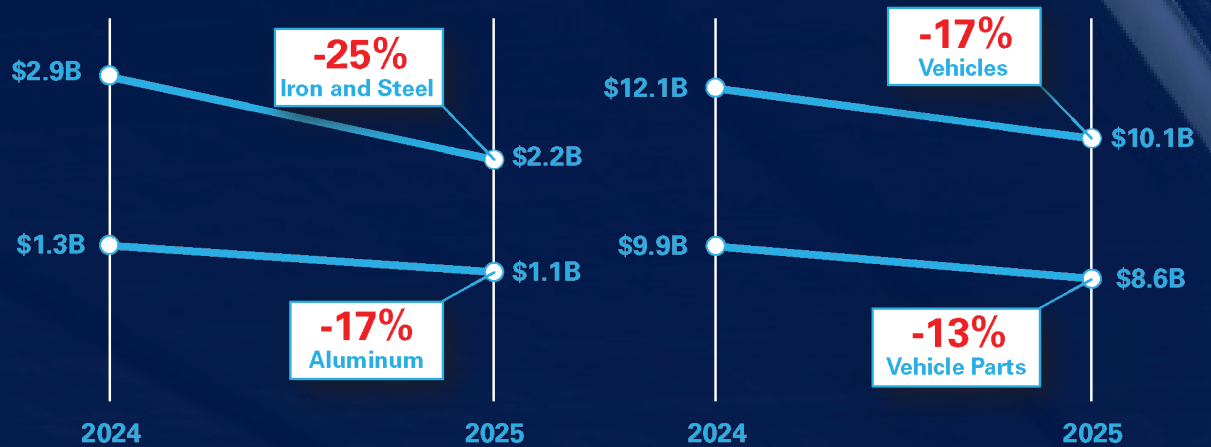
The Chamber and MichAuto continue to advocate for the agreement's update and extension to strengthen critical North American trade relationships.

Source: U.S. Census Bureau: Economic Indicators Division USA Trade Online. Note: Detroit Region ports include Detroit port, Port Huron port, and Detroit Metropolitan Airport.

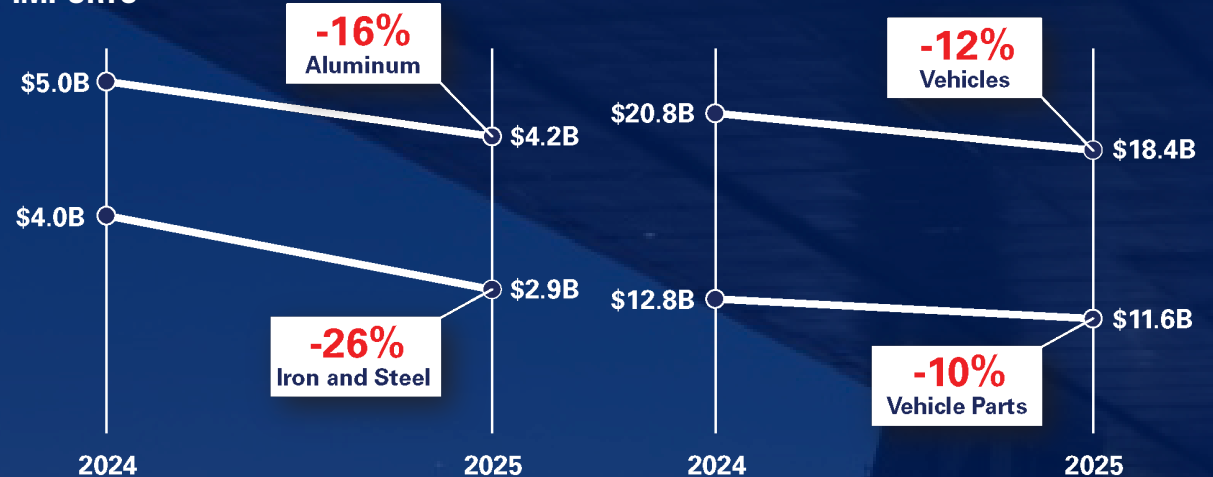
## Iron and Steel, Aluminum, and Vehicle Trade All Contracted in 2025

*Inflation-Adjusted Total Value of Selected Commodities, Detroit Regional Ports*

### EXPORTS



### IMPORTS



“  
**THE NUMBER ONE MOST  
 EXPOSED STATE TO TARIFFS  
 IS MICHIGAN  
 – NUMBER ONE IN THE  
 WHOLE COUNTRY.**  
 ”



**AUSTAN GOOLSBEE,**  
 President and Chief Executive Officer,  
 Federal Reserve Bank of Chicago, at the  
 2025 Mackinac Policy Conference



Learn more about the critical  
 Michigan-Canada economic relationship in the  
 December 2025 *Detroiter* magazine.

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DETROIT REGIONAL  
CHAMBER PROGRAMS



*The Gordie Howe International Bridge is set to open in 2026.*

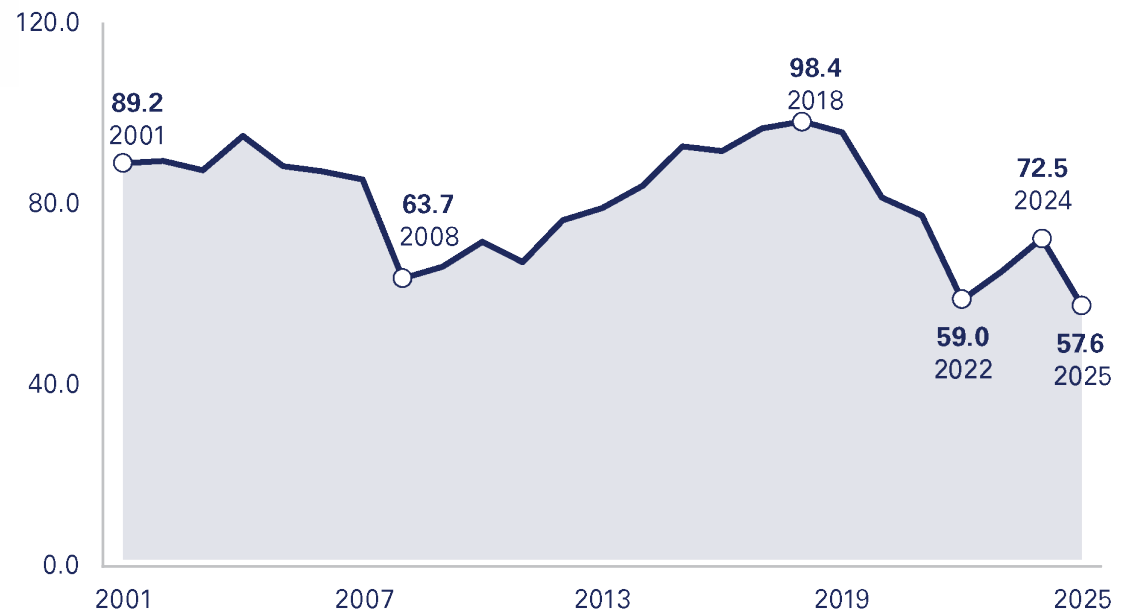
*Photo courtesy of Windsor-Detroit Bridge Authority.*

# CONSUMER SENTIMENT

**Consumer Sentiment Dips to a 65-Year Series Low in 2025; Worries About High Prices and Weak Labor Market Persist**

- ▶ In 2025, consumer sentiment fell to a six-decade low and remains more than 20% below a year ago. Consumers continue to report pressure from high prices and a softening labor market.
- ▶ Despite economic optimism being at an all-time low, consumers continue to spend, with inflation-adjusted consumer spending remaining resilient through 2025, at a 2.6% year-over-year increase.

**Sentiment Remains More Than 20% Below a Year Ago, Hitting Historic Low**



Source: University of Michigan



  
 **MICHIGAN VOTER POLL**

**Inflation and cost of goods remain top concerns for Michigan voters.**

**43%**  
of voters expect **inflation to get worse**, up from 29% since January 2025

**42%**  
of Michigan voters say the **economy is on the wrong track**

**35%**  
**cited inflation and cost of goods as top reasons** for "wrong track" perception

Source: Detroit Regional Chamber Michigan Voter Poll, February 2026

# INFLATION

## Regional Inflation Slows Significantly, Compounded Price Increases Impacting Consumers

- Regional inflation eased to 1.7% in 2025, the lowest level since 2020. Detroit's inflation rate also fell below the national average of 2.7%, marking a shift from 2022–2024, when local inflation consistently exceeded the U.S. rate. Much of the improvement in 2025 reflects more moderate increases in housing costs. Shelter prices in the Detroit Region rose 1.7% over the year, compared to 3.6% nationally.

### Annual Consumer Price Index

2025, 12-Month Percent Change, All Items, Not Seasonally Adjusted

**2.6%**  
United States

**1.7%**  
Detroit MSA

Overall prices are up **24%** in the Detroit Region since 2020, more than **3x** the roughly **7%** cumulative inflation seen in the five years prior to that.

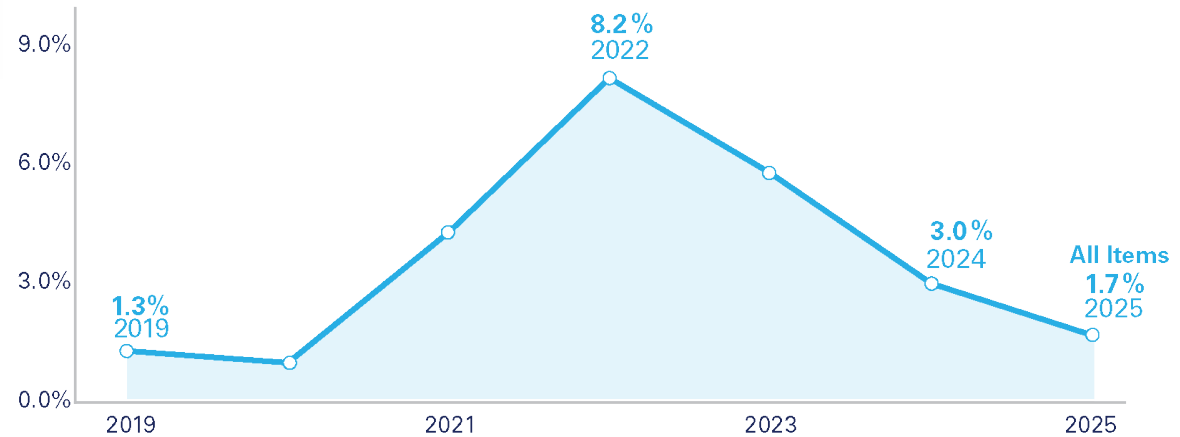
Source: U.S. Bureau of Labor Statistics

Note: October 2025 data values are not available due to 2025 lapse in appropriations.

This means that 2025 annual averages will be computed with one fewer index value for these series.

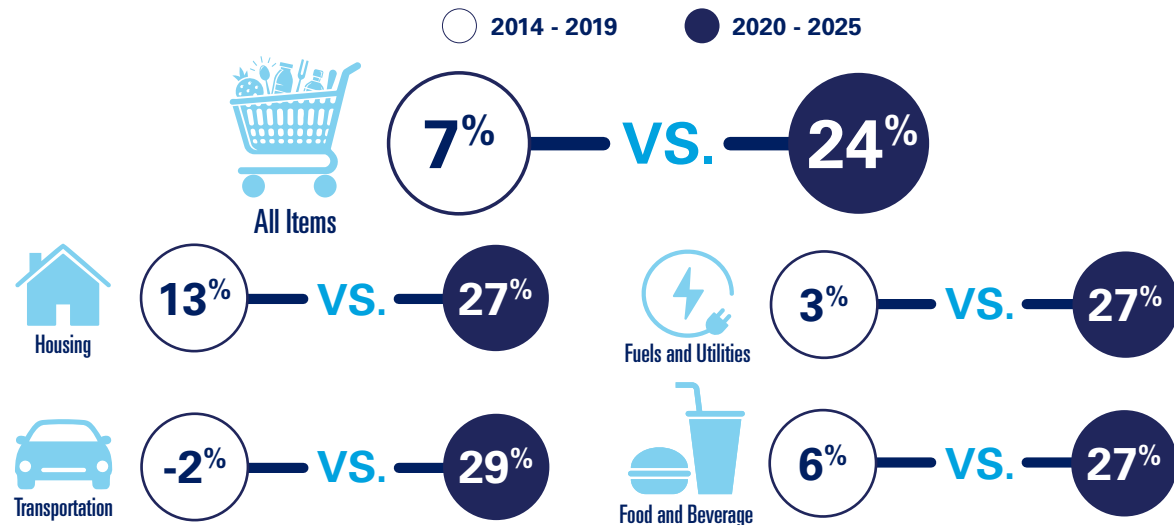
## Inflation Has Cooled to 1.7% Regionally, Slowing Over the Past 3 Years

Annual Consumer Price Index, Detroit MSA, 12-Month Percentage Change



## Detroit Consumers Face Persistently Elevated Prices Despite Cooling Inflation, Far Exceeding the Previous 5-Year Trend

Cumulative Change in Consumer Price Index, Selected Categories, Detroit MSA

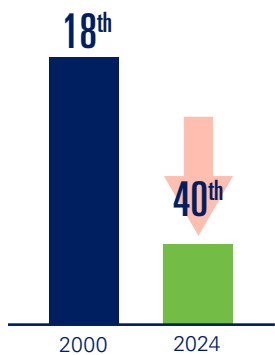


# WAGES AND INCOME

## Stagnant Incomes, Low Wage Growth Weaken the Region's Purchasing Power

- ▶ Per capita income shows the Region largely holding steady while the U.S. continues to pull ahead, widening the gap in purchasing power. At the same time, real wage growth in the Region has consistently lagged local inflation. Elevated prices have compounded this strain, leaving many workers still feeling the cumulative loss in real income.
- ▶ Although the gap narrowed in 2025, when inflation eased to 1.7% and real wages rose 1.1%, the Region will need sustained real wage gains to rebuild purchasing power and restore a sense of affordability.

### No Other State's Per Capita Income Has Fallen as Hard or as Fast as Michigan's



Michigan's per capita income ranking fell from **18<sup>th</sup> in 2000** to **40<sup>th</sup> in 2024**, its lowest ever, posing a serious threat to the state's long-term economic competitiveness.

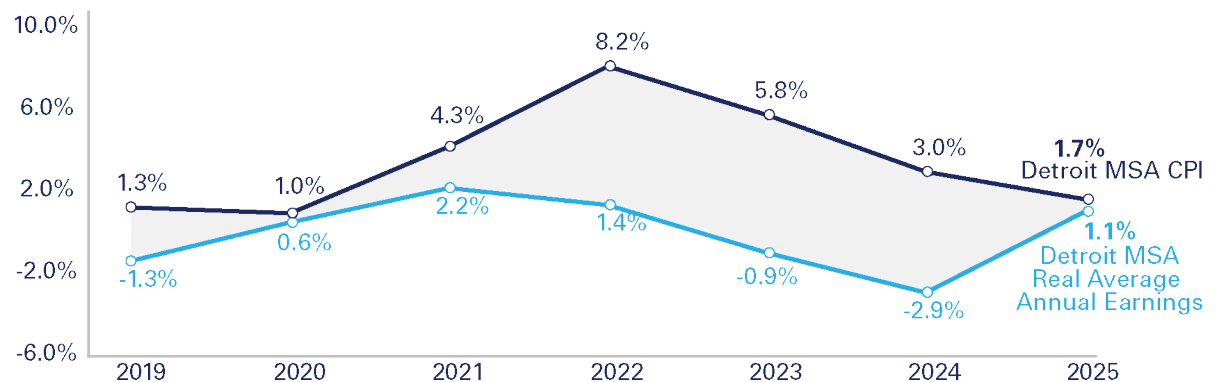
### Regional Per Capita Income Gap Widens Relative to the Nation

Cost-of-Living Adjusted-Per Capita Income in 2024 Inflation-Adjusted Dollars



### Regional Wages Have Trailed Local Inflation, Easing Slightly in 2025

Consumer Price Index: All Items Detroit MSA, Real Average Annual Earnings for All Employees: Total Private, 12-Month Percentage Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, 2024 American Community Survey One-Year Estimates  
 Note: The Census did not release ACS Survey 1-year estimates for 2020. Inflation-adjusted dollars may be different due to rounded components.

# HOUSING

## Housing Affordability and Homeownership Remain a Competitive Strength, But Region Trails Peers in New Housing

- ▶ Housing affordability is a distinct competitive advantage for the Detroit Region. The area's comparatively affordable housing is reflected in home prices that are about \$135,000 below the national average. The Region also continues to lead its peers in homeownership, with a rate of 71%, six percentage points above the national average (65%) and the highest among peer regions.
- ▶ The state and Region are not building enough housing to keep up with demand. Around 85% of the Region's housing units were built prior to 2000. The Region averaged nearly 18,000 building permits per year from 1988 to 2000. Over the past decade, permits have averaged about 7,500 annually, well below historical levels and many peer regions.
- ▶ State and local governments have established barriers to affordable housing that require attention. Local zoning regulations complicate and increase the cost of constructing various housing types, and lengthy approval processes create delays.

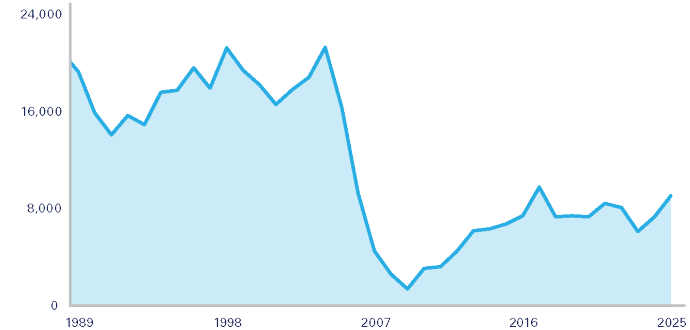
### Detroit's Home Prices Are Rising Faster Than the Nation, But Remain Below National Average

*Median Sale Price of Existing Single Family Homes, Not Seasonally Adjusted*



### Building Permits Are Half of What They Were 20 Years Ago

*Annual Building Permits Authorized, Detroit MSA, Seasonally Adjusted, 1989-2025*



### Housing Building Permits

*Per Capita, 2025*

- 1 Austin
- 2 Nashville
- 3 Dallas
- 14 Detroit

While there were significant increases in authorized permits in 2025, the Region ranks near the bottom third among peers.

### Most Affordable Housing Markets

*2025*

- 1 Cleveland \$237.4K
- 2 Pittsburgh \$242.7K
- 3 Detroit \$284.6K
- 4 St. Louis \$290.7K

Home prices rose 5% year-over-year in 2025, outpacing the national rate of 2%. **Detroit remains the third-most affordable market among peers.**

# Business Landscape

## BUSINESS OUTLOOK

ENCOURAGING



### Large-Scale Innovation Projects Maintaining Momentum in the Region

Projects like Hudson's Detroit, Michigan Central Innovation District, Henry Ford Health and Michigan State University Science Center, University of Michigan Center for Innovation, and the Bedrock Life Science Innovation Building, show regional commitment to investing in the economy of the future.

### Entrepreneurship and Innovation Continue to Thrive in the Region

Business creation remains robust in the Region, along with venture capital investments. The strong assets in higher education research and corporate R&D investments provide a strong environment to grow the innovation economy.

### Artificial Intelligence (AI) and Automation

#### Providing Opportunities for Increased Productivity, Driving Growth

AI and automation are pushing organizations to advance productivity, with capital expenditures growing in these areas. Data center infrastructure, semiconductor chips, and energy systems are leading the surge in AI supply chain spending. 2026 is expected to be the year organizations meaningfully boost productivity, especially in the administration and legal sectors.

### Binational Supply Chain and Supporting Infrastructure Are Key Economic Assets

The Region's complex and technologically advanced supply chain with neighboring Canada continues to be one of its strongest assets. The Gordie Howe International Bridge, set to open in 2026, will be a new artery for one of the world's largest trade partnerships.

*The Hudson's Detroit tower is the newest addition to the Downtown Detroit skyline.*

*Photo courtesy of Bedrock Detroit.*

# CHALLENGING

## Persistent Uncertainty in Tariff-Sensitive Industries

Tariff-sensitive industries are navigating the economic consequences of fluctuating trade policies. The full impact of tariffs on industry cost structures may not be realized yet as organizations make decisions on absorbing tariff costs or passing them on to customers.

## Labor Market Softening

While layoffs remain low, hiring and demand for new workers has dropped considerably, as organizations hold on to the existing workforce and limit hiring growth. Health care and education led job growth in the Region in 2025, as industries like manufacturing and professional services suffered setbacks.

## Innovation Accelerating Faster Than Willingness to Embrace It

Michigan and the Detroit Region face a fierce battle with other regions for investments and jobs. As projects such as data centers face increasing reluctance, Michigan stands to lose out on building an innovation ecosystem that attracts technology-focused companies and jobs.

## Detroit Region Falling Further Behind Peer Regions Across Most Economic Metrics

The Detroit Region lags peer regions in key economic metrics, including income, population, job growth, and educational attainment. This dwindling competitiveness is crippling the Region's economic prospects and ability to serve residents and businesses.

## Michigan Lacks a Cohesive, Consistent Economic Development Strategy

The state must determine a unified set of priorities and a strategy that transcends administrations and political parties, creating a stable, predictable economic environment conducive to economic development, growth, and long-term investment. With that, Michigan, and therefore the Detroit Region, will have a more vibrant economy that delivers higher wages, produces a stronger pipeline of talent, attracts high-growth companies, and improves quality of life for residents.

WHERE WE STAND

KEY ECONOMIC INDICATORS

BUSINESS LANDSCAPE

DETROIT REGIONAL CHAMBER PROGRAMS

EVs on the line at General Motors' Factory Zero.

Photo courtesy of General Motors.

# DATA CENTERS

## Data Centers Are at the Center of Critical Economic Development Conversations

AI is not going away, and a limited number of hyperscale data centers will be built in the U.S. Michigan must choose if it will be a part of that development or not.

- ▶ Proximity to data centers is critical, as tech companies look to locate within 150 miles of data centers, including AI labs, cloud providers, financial services, and health care services.
- ▶ Data centers are infrastructure like the interstate highway system, airports, and railroads.
- ▶ Data centers provide opportunities for local communities to significantly increase tax revenue.

*A rendering of the proposed data center site in Saline, Michigan.*

*Photo courtesy of Related Digital.*

**40% of the \$6.7T** global investment in data centers is expected in the U.S. by 2030

Neighboring Midwest states Ohio and Illinois have **3x the data center footprint** of Michigan

Data centers provide a **6x multiplier of indirect or induced jobs** across the U.S. for every direct job they provide

### Data centers:

- Create digital infrastructure hubs
- Catalyze tangential industry growth
- Spur research and innovation

“  
**A DATA CENTER IS THE MOST FANTASTIC ECONOMIC DEVELOPMENT OPPORTUNITY IN THE LAST 150 YEARS. IF WE MISS OUT ON THIS, MICHIGAN WILL REMAIN A BACKWATER STATE FOR A VERY, VERY LONG TIME.**  
 ”

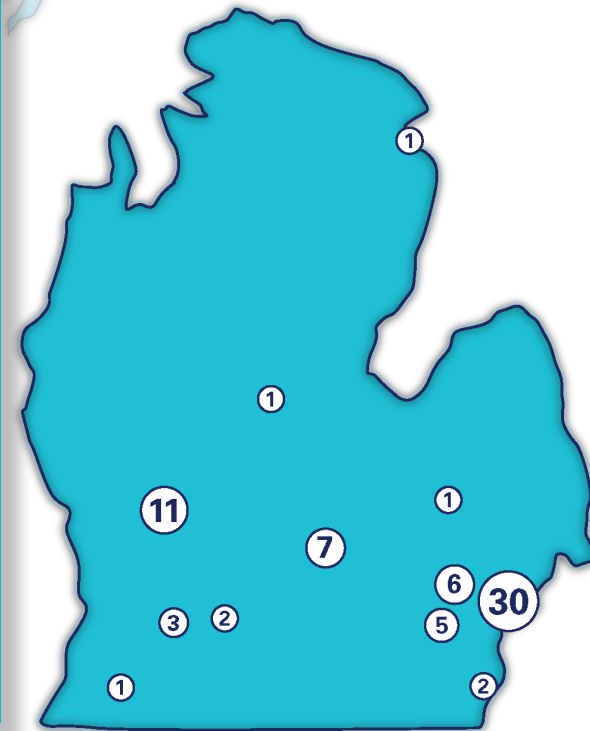


**JOHN RAKOLTA JR.,**  
 Chairman, Walbridge, at the 2026 Detroit Policy Conference

**Michigan's Data Center Footprint**

Locations	Data Centers
Alpena	1
Ann Arbor	5
Battle Creek	2
Cassopolis	1
<b>Detroit</b>	<b>30</b>
Flint	1
Grand Rapids	11
Kalamazoo	3
Lansing	7
Monroe	2
Mount Pleasant	1
New Hudson	6
<b>Total</b>	<b>70</b>

Michigan's current data centers exist at a much smaller scale than projects in other Midwest states and what is planned in Saline, Michigan. Hyperscale data centers are not going away, and Michigan must decide if it will benefit or be left behind.



WHERE WE STAND

KEY ECONOMIC INDICATORS

BUSINESS LANDSCAPE

DETROIT REGIONAL CHAMBER PROGRAMS

**MICHIGAN VOTER POLL**

**What do voters know about data centers?**

**57%** Have Heard or Seen Something About Data Centers

**42%** Have Not Heard or Seen Something About Data Centers

**How do voters feel about data centers?**

**66%** No Opinion

**25%** Oppose

**5%** Support

**Will data centers provide economic benefits to Michigan?**

**36%** Yes

**19%** No

**20%** No Impact

**23%** Don't Know

**Of those who think there will be economic benefits, they cited:**

**61%** More Jobs

**15%** Better-Paying Tech Jobs

**6%** Relevance

Source: Detroit Regional Chamber Michigan Voter Poll, February 2026

# FORTUNE 500 COMPANIES THAT CALL MICHIGAN HOME

- ▶ As the epicenter of the automotive industry, many of the state’s top-grossing companies are tied to the automotive industry, with General Motors and Ford Motor Company among the top of the Fortune 500. Together, the top companies in the Region pulled in \$487.4 billion in revenue, up 5% from last year.
- ▶ While Stellantis is not included on the list, its North American headquarters in Auburn Hills, Michigan, employs over 33,000 people in the Detroit Region and earned \$66 billion in revenue in 2024.

“ WE’RE INVESTING IN MICHIGAN COMPANIES TO REALLY HELP US BUILD THE GRID OF THE FUTURE ... \$3.3 BILLION INVESTED WITH MICHIGAN COMPANIES. OF THAT \$3.3 BILLION, A BILLION DOLLARS WAS SPENT WITH COMPANIES RIGHT HERE IN DETROIT. ”



**JOI HARRIS,**  
President and Chief Executive Officer, DTE Energy,  
at the 2026 Detroit Policy Conference

## Fortune 500 Companies

RANK	COMPANY	2024 REVENUE
18	General Motors	\$187.4B
19	Ford Motor Company	\$185.0B
141	Penske Automotive	\$30.5B
189	Lear	\$23.3B
255	Ally Financial	\$16.4B
307	BorgWarner	\$14.1B
337	DTE Energy	\$12.5B
407	Autoliv	\$10.4B
478	Masco	\$7.8B

## Largest Private Companies

RANK	COMPANY	2024 REVENUE
1	Penske Corp.	\$44.0B
2	Atlas Oil Co.	\$7.7B
3	Walbridge	\$5.9B
4	Ilitch Holdings	\$5.1B
5	Barton Malow	\$4.5B
6	Plastipak Holdings	\$3.4B
7	H.W. Kaufman/Burns & Wilcox	\$3.2B
8	Victory Automotive Group Inc.	\$3.1B
9	Piston Group	\$3.1B
10	McNaughton-McKay Electric	\$2.8B

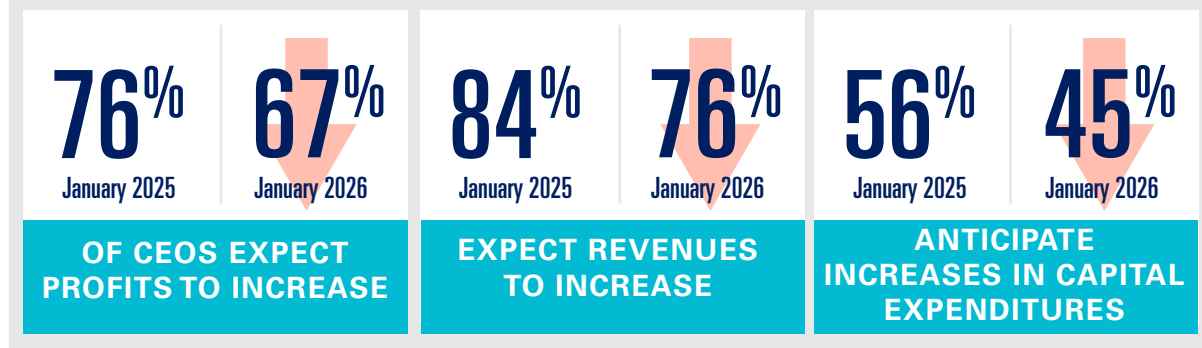
Source: 2025 Fortune Media and Crain’s Detroit Business

# CEO SENTIMENT

## Sharpest Drop in CEO Optimism in 20 Years Entering 2026

- ▶ After rising slightly in the last quarter of 2025, CEOs expressed declining optimism at the start of the year, dropping nearly 6%, the sharpest-ever decline recorded in the CEO Confidence Index's 24-year history.
- ▶ Risks of a recession remain very low, yet CEO concerns include the cost of capital, broader cost pressures, and economic uncertainty moving forward. Despite these concerns they indicated there is hope for improvement by the end of 2026 as interest rates are expected to decline further.

## CEO SENTIMENT OVER TIME



## CEOs SHARE TOP CHALLENGES FOR 2026



Source: Chief Executive, CEO Confidence Index, January 2026

# SMALL BUSINESS

## Michigan Small Business Indicators Slump Amid Economic Pressures

- ▶ Sales, hiring, and capital investment fell to near-record lows in Q4 of 2025 for Michigan’s small and mid-sized businesses according to the Michigan Future Business Index. In the last six months, only 25% of small businesses reported increases in sales, 18% reported increases in profits, and 13% reported increases in hiring.
- ▶ AI and automation are positively impacting small and medium-sized businesses in Michigan, as uncertainty and costs associated with inflation, tariffs, and health care are challenges for organizations.

### Detroit Region’s Small Business Footprint

480K Small Businesses

840K Small Business Employees

47% of the Region’s Employment

Source: Small Business Administration, 2025 Small Business Profile Note: Detroit MSA, small businesses include firms with less than 500 workers.

## Issues Impacting Michigan’s Small and Medium-Sized Businesses

### NEGATIVELY IMPACTING

77%  
Inflation

53%  
Tariffs

65%  
Health Care Changes

51%  
Government Policy

### POSITIVELY IMPACTING

35%

AI and Automation

Source: Michigan Future Business Index, Q4 2025, Cinnaire and Michigan Business Network

“ MICHIGAN’S SMALL BUSINESSES CONTINUE TO PRIORITIZE THEIR PEOPLE, INVESTING IN COMPETITIVE WAGES, HEALTH CARE, AND TECHNOLOGY DESPITE RISING COSTS. WHILE THIS COMMITMENT IS VITAL FOR A STRONG WORKFORCE, THE MOUNTING COST OF DOING BUSINESS IS CREATING SIGNIFICANT HEADWINDS FOR FUTURE GROWTH THAT WILL INHIBIT MICHIGAN’S OVERALL GROWTH. ”



**BRIAN CALLEY,**  
President and  
Chief Executive Officer,  
Small Business Association  
of Michigan

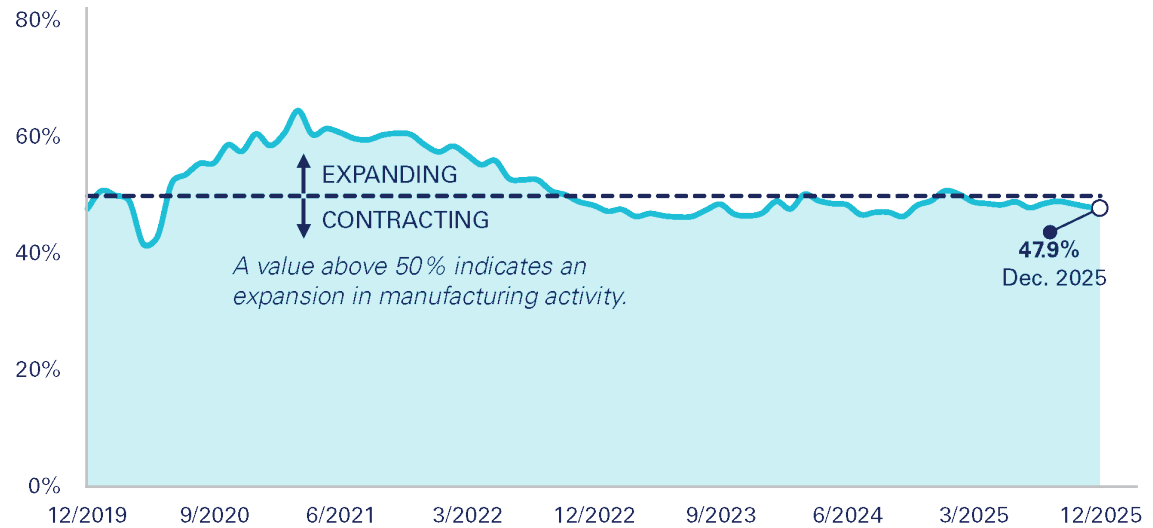
# PURCHASING MANAGERS INDEX (PMI)

**Manufacturing Sector Has Contracted for Most of 2025, Affected by Tariff Uncertainty, Weak Demand**

- ▶ Economic activity in the manufacturing sector continued to soften in December 2025, marking the 10th straight month of contraction. The Purchasing Managers Index fell to 47.9% in the final month of 2025, its lowest level of the year.
- ▶ Manufacturing suppliers noted that the implementation of U.S. tariffs weighed on business conditions, contributing to a continued drop in order volumes across the manufacturing sector through 2025 and into 2026.

## US Manufacturing Sector Contracted for 10 Consecutive Months in 2025

Manufacturing PMI®, United States



Source: ISM® PMI®

**“ IT’S EVERYTHING CONVERGING AT ONCE. YOU’VE GOT TARIFFS THAT ARE HITTING OUR EQUIPMENT COSTS. YOU’VE GOT TARIFFS THAT ARE HITTING OUR RAW MATERIAL COSTS. YOU’VE GOT THESE QUESTIONS OVER THE INFLATION REDUCTION ACT. YOU’VE GOT THE INDUSTRY ITSELF, WHERE PROGRAMS ARE BEING DELAYED OR CANCELED, MARGINS ARE BEING SQUEEZED. ”**



**MARY BUCHZEIGER,**  
Chief Executive Officer, Lucerne International



# VENTURE CAPITAL AND BUSINESS APPLICATIONS

## AI-Driven Venture Capital Investment, Rising Business Applications Boost Michigan's Innovation Economy

- ▶ Venture capital investment reached \$1.44 billion across 174 deals in 2025, rebounding sharply from 2024's \$755.9 million. Over the 2019–2025 period, Detroit's venture investment grew at an average annual rate of 11%, compared with 14% nationally. Much of the increase was driven by investment in AI, which concentrated more investment into fewer deals, mirroring national trends.
- ▶ High-propensity business applications — those likely to become employer firms and contribute to job creation — rose 24% year over year, compared with a 16% increase nationally, and made up more than 31% of the nearly 152,000 total applications filed in 2025. That is the highest level in a decade, demonstrating strong entrepreneurial activity.

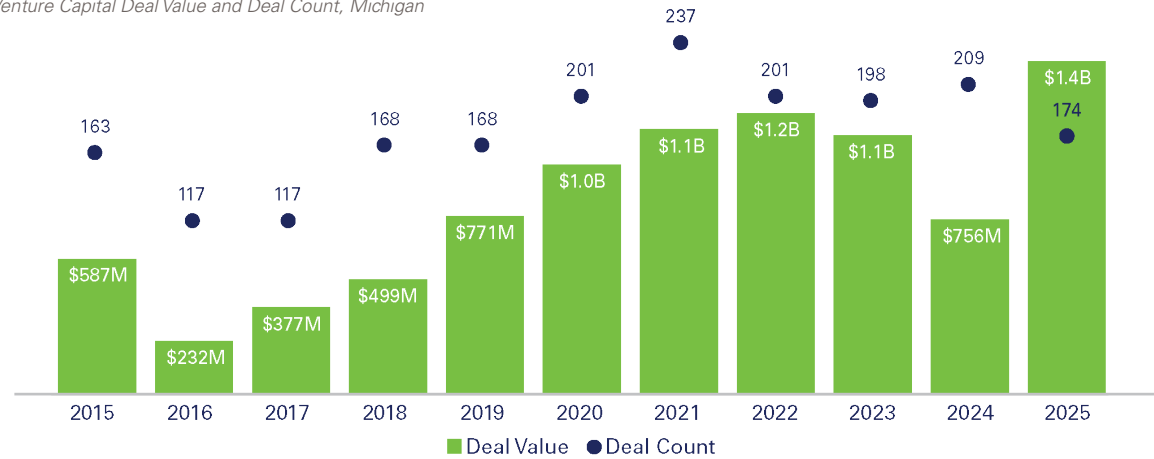
**VC Deal Value Growth**  
Michigan, 2021-2025 CAGR

**12<sup>th</sup>**  
in the Nation

Source: PitchBook-NVCA Venture Monitor, U.S. Census Bureau

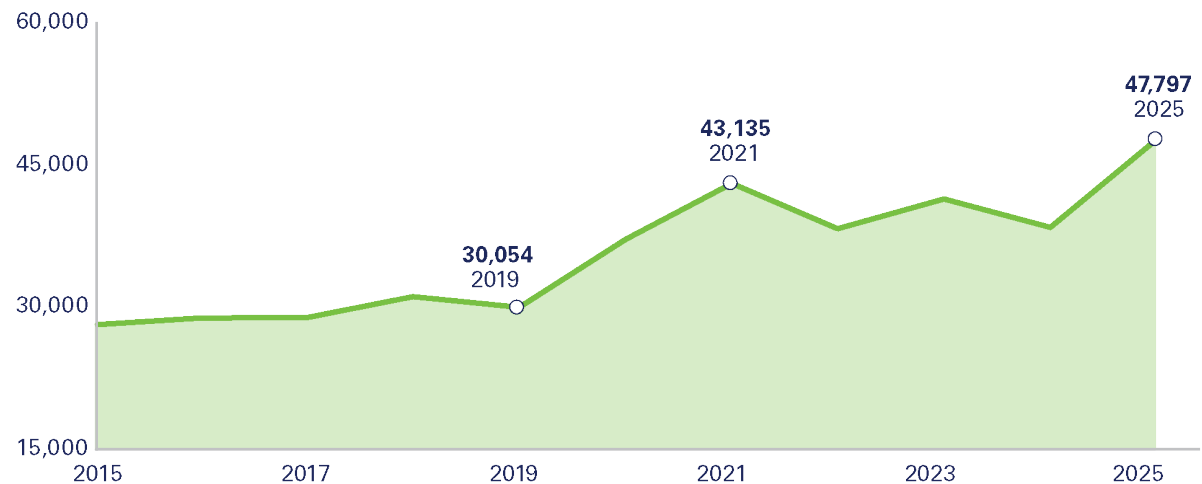
## Venture Capital Investments Reach Decade High Despite Fewer Deals

Venture Capital Deal Value and Deal Count, Michigan



## Business Applications Hit Record Levels in 2025

Annual High-Propensity New Business Applications, Michigan, Not Seasonally Adjusted

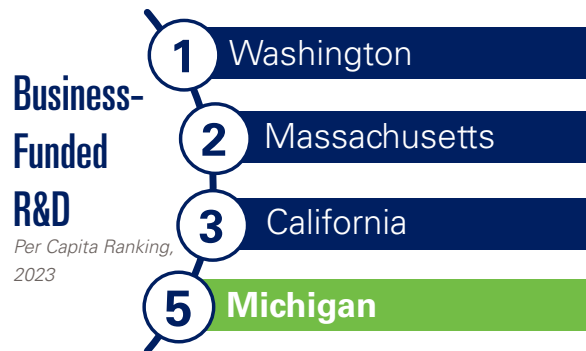


# BUSINESS-FUNDED R&D

## Michigan Remains a Top-5 Business R&D Leader Among Peers

- ▶ Businesses continued to increase their R&D performance in 2023, spending \$24 billion on R&D in Michigan, a 26% increase from 2019.
- ▶ Michigan ranked fifth in the nation for business-funded R&D per capita, accounting for almost 4% of business R&D conducted nationally.

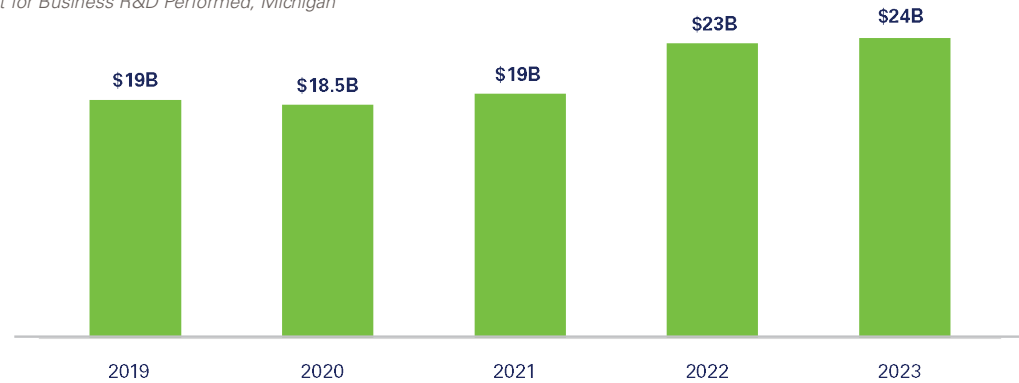
## Michigan is a Top State for Business-Funded Research and Development



Source: National Center for Science and Engineering Statistics and Census Bureau, Business Enterprise Research and Development Survey, 2023.

## Michigan's R&D Investments Increased 26% Since 2019

Funds Spent for Business R&D Performed, Michigan



## Beyond Business: Michigan is Home to Four R1 Universities, a Key Economic Asset



Michigan Technological University



WAYNE STATE UNIVERSITY

In 2025, Michigan Technological University was designated as an R1 research institution making it the fourth R1 university in Michigan. It joined Michigan State University, the University of Michigan, and Wayne State University.

The Research Universities for Michigan (RU4M) is a national academic research cluster helping shape the future of innovation through research, industry partnerships, and talent development, and serves as a vital asset to the Region and the state.

## RU4M Economic Impact

**\$30B**

in economic impact reaching every Michigan county

**\$1 = \$5**

Every \$1 in RU4M federal research funding generated \$5 in economic activity, adding over \$8.3 billion to Michigan's economy

# REAL ESTATE

## Regional Vacancy Rates Remain Below National Levels

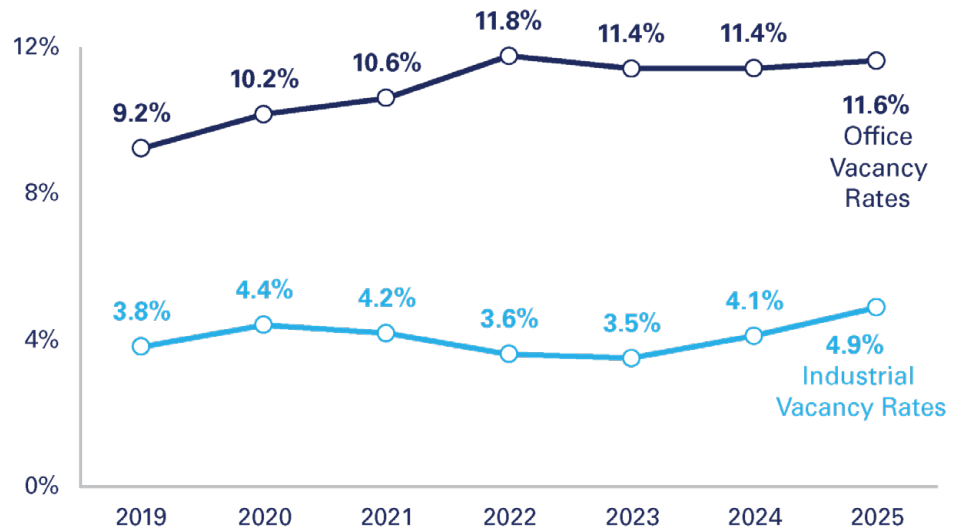
- ▶ Regional vacancy rates across both industrial and office sectors remain below national benchmarks, signaling ongoing stability in the Detroit Region. The Detroit Region's industrial vacancy rate reached 4.9% in 2025, slightly higher than in recent years but still well below the national average of 7.4%. Office vacancies held steady at 11.6%, remaining above pre-pandemic levels yet below the national rate of 14.0%.

### 2025 Vacancy Rates

	Detroit Metro	United States
<b>Office</b>	11.6%	14.0%
<b>Industrial</b>	4.9%	7.4%

## Despite a Slight Increase in Vacancy Rates, Markets Remain Steady

Vacancy Rates, Detroit MSA



Global companies like Ford Motor Company and General Motors are doubling down on the Detroit Region, with new, state-of-the-art headquarters.



Source: CoStar Group, compiled by the Detroit Regional Partnership

# ANN ARBOR-DETROIT INNOVATION CORRIDOR

The Ann Arbor-Detroit Innovation Corridor is a collaborative effort launched by the Detroit Regional Chamber and the University of Michigan to foster innovation, technological advancement, and economic growth from Ann Arbor to Detroit and transform the Detroit Region into a national leader in technology and economic development.

- ▶ Ann Arbor and Detroit have all the ingredients to capitalize on breakthrough new technologies and companies because of the cities' close geographical proximity and concentration of top education institutions.
- ▶ Each city, and those along the corridor, has robust assets and strong ideas for development. The Corridor is about creating shared awareness of these strengths and taking coordinated action to uplift the Region's and state's economies.

## 426

Venture Capital-Backed Startups

## 150,000

College Students

## #1

State for Business-Funded Automotive and Mobility R&D

## 12th

Global Rank of Detroit's Emerging Startup Ecosystem

EXPLORE THE INNOVATION CORRIDOR



### UNIFYING. CATALYZING. AMPLIFYING.

WHERE WE STAND

KEY ECONOMIC INDICATORS

BUSINESS LANDSCAPE

DETROIT REGIONAL CHAMBER PROGRAMS



MICHIGAN CENTRAL



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION





MichAuto is the state's only automotive and mobility association. Its mission is to promote, retain, and grow Michigan's signature industry and maintain the state's global leadership in the sector.

MichAuto provides a platform for industry leaders and stakeholders to engage in advocacy, attract and retain high-tech talent, and navigate the rapid industry transition underway through thought leadership and support.

The 2025 State of Automobile report identifies the forces of change shaping the industry's future and key data around its economic impact, strengths, and challenges.

[michauto.org/state-of-automobility](https://michauto.org/state-of-automobility)



## Key Takeaways From the 2025 State of Automobile Report

Over  
**1.2M**

**JOBS TIED TO THE  
AUTOMOTIVE AND  
MOBILITY INDUSTRY**

**\$348B**

**MICHIGAN'S ANNUAL  
AUTOMOTIVE AND  
MOBILITY INDUSTRY  
ECONOMIC OUTPUT**

**#1**

**STATE FOR BUSINESS-  
FUNDED AUTOMOTIVE  
AND MOBILITY R&D**

**95 of  
the 100**

**TOP AUTOMOTIVE  
SUPPLIERS TO NORTH  
AMERICA ARE LOCATED  
IN MICHIGAN**

**#2**

**STATE FOR EV- AND  
BATTERY-RELATED  
ANNOUNCED  
INVESTMENTS**

# TALENT ED



TalentEd is the most robust business-led education and talent initiative in the state, housed in one of the nation's largest chambers of commerce.

TalentEd is focused on increasing postsecondary educational attainment to 60% by 2030 and creating a K – 12 + 2 education culture to bolster the talent pipeline and increase regional economic prosperity.

Read about what's next for the Detroit Region's education and talent landscape and how the Detroit Regional Chamber is committing to its improvement in the 2025 State of Education and Talent report.

[detroitchamber.com/education-talent](https://detroitchamber.com/education-talent)



## Key Takeaways From the 2025 State of Education and Talent Report

**THERE IS NO SUCH THING AS A PROSPEROUS REGION THAT IS NOT HIGHLY EDUCATED**

Peers with higher educational attainment see higher economic growth rates.

Michigan ranks

**40<sup>th</sup>**

**in per capita income in 2024.** Down from **18th in 2000**, this is the state's **lowest ranking ever.**

**THE DETROIT REGION IS MAKING EDUCATION PROGRESS, JUST NOT FAST ENOUGH**

Too many students are falling out of the talent pipeline before earning a post-high school credential.

**Only 35 OF 100**

ninth graders in the Region **earn a degree within six years** of post-high school enrollment.

**POSTSECONDARY EDUCATION REMAINS A WORTHWHILE INVESTMENT**

Almost two-thirds of Michigan's top-paying jobs go to those with four-year degrees.

Bachelor's degree holders have an **average net worth**

**5x**

that of high school graduates.

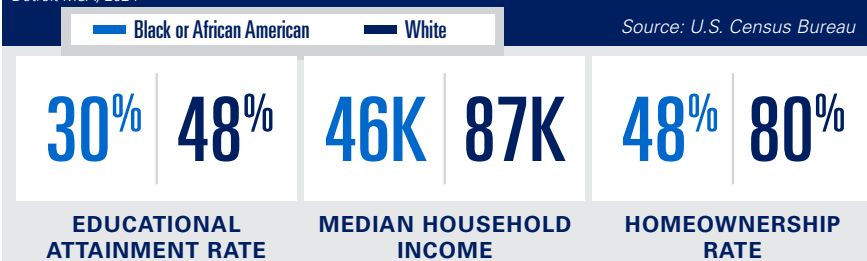
# ECONOMIC EQUITY AND INCLUSION

As the Detroit Regional Chamber and Detroit Region continue to navigate an ever-changing business landscape, it is increasingly important to ensure equitable economic development and prosperity that helps all citizens participate in and benefit from the economy.

## Equity Gaps Stifling Economic Prosperity

Detroit MSA, 2024

Source: U.S. Census Bureau



Learn more about the Chamber's work in this space.

[detroitchamber.com/equity](https://detroitchamber.com/equity)



## Equity Initiatives

### CHAMBER, GALLUP PARTNERING ON DATA DASHBOARD

As an extension of the Detroit Resident Voices Survey the Chamber conducted in partnership with Gallup, it is developing a Data Dashboard to host regional equity data to guide decisions, stimulate Detroit area businesses, and promote equitable regional development. Regional funders and data-focused entities are collaborating to bring this new resource to life.

GALLUP®

ballmer GROUP

GILBERT FAMILY FOUNDATION

THE KRESGE FOUNDATION

The Skillman Foundation

### A BUSINESS CASE FOR EQUITY

This video series features regional business leaders who share insights on equity in the workplace and provide examples of best practices and strategies that have been successful within their organizations. By showcasing real-life examples from successful employers, the series aims to spark meaningful conversations and provide actionable insights for businesses of all sizes.



# PUBLIC POLICY AND BUSINESS ADVOCACY

Politics are informing economic policy and sentiments in a way never seen before. As polarization permeates more and more segments of the economy, progress is being stifled by partisan indecision and policies that only have the staying power of the current administration. The Chamber serves as the voice of business in government with a robust policy agenda focused on:



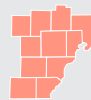
**Talent**



**Mobility**



**Business Climate**



**Regional Growth**



**Economic Development**



**Good Government**

Learn more about the Chamber's Public Policy and Business Advocacy work.

[detroitchamber.com/advocacy](http://detroitchamber.com/advocacy)



## Where Michigan Voters Stand: Desire for Results Over Partisanship

### Michigan Voters Increasingly Interested in Independent Candidates, Desire Compromise in Government



of Michigan voters are at least somewhat interested in voting for an independent candidate for governor.

Most voters indicate neither party is producing the type of candidates to deliver results. Interest in an independent candidate was strongest among Independent voters, but a majority of Strong Democratic and Strong Republican voters are at least open to an independent candidate.

Party Affiliation	Strong Democratic	Lean Democratic	Independent	Lean Republican	Strong Republican
Total	56.8%	55.9%	71.1%	48.8%	52.9%

Source: Detroit Regional Chamber Michigan Voter Poll, October 2025

91%

OF VOTERS WANT BOTH PARTIES TO COMPROMISE TO SOLVE MICHIGAN'S PROBLEMS

22%

THINK LEADERS IN WASHINGTON CAN COMPROMISE

51%

THINK LEADERS IN LANSING CAN COMPROMISE

Source: Detroit Regional Chamber Michigan Voter Poll, February 2026

The Glengariff Group is the Chamber's polling partner. Through this partnership, the Chamber conducts quarterly polls of Michigan voters to better understand statewide perceptions on key economic and political issues to help business leaders assess trends and make more informed decisions.

These critical insights also help inform policy focus areas important to the Chamber's mission and the business community.



VIEW MICHIGAN VOTER POLLS

WHERE WE STAND

KEY ECONOMIC INDICATORS

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To learn more about our other publications, visit [detroitchamber.com/research](https://detroitchamber.com/research).

## About the Cover

The cover of the 2026 State of the Region report depicts the Gordie Howe International Bridge, which is expected to open later this year. This key infrastructure development will help keep the Detroit Region's and Canada's economies connected as essential trade partners. The photo is courtesy of windsoriteDOTca, Windsor's #1, locally-owned, online newspaper.