



Michigan's Long-Run Demographic and Economic Future: Baseline Forecast

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In partnership with the Michigan Department of
Transportation

How the Forecast Was Produced



- The forecast was produced by the University of Michigan's Research Seminar in Quantitative Economics (RSQE) in partnership with the Michigan Department of Transportation (MDOT)
- RSQE has been producing this forecast since the early 1990s, generally at 5-year intervals
- The forecast is the product of:
 - The Regional Economic Models, Inc. (REMI) TranSight economic and demographic forecasting and simulation model. This year with Balance of U.S. region
 - RSQE's U.S. and Michigan forecasts and forecasting judgment
 - Comments and insights from local Metropolitan Planning Organizations and regional planning organizations

Key Policy Assumptions



- **Trade policy**: Elevated tariffs relative to 2024 are assumed to persist, with auto-related tariffs providing a small near-term boost to domestic production.
- **Immigration**: Immigration remains well below recent highs in the short run, then gradually returns toward more typical levels over the long term.
- **Artificial intelligence**: AI is assumed to primarily augment workers and raise productivity, rather than cause widespread job displacement.
- **Automotive policy**: The forecast incorporates the recent shift in federal EV, emissions, and related policies, with implications for the pace of vehicle electrification.

Alternative Scenarios



- International Migration to U.S. Cut by one-quarter thought 2055
- Michigan Increases Its Share of International Migration to Match Population Share
- Detroit Three Auto Companies Lose Substantial Market Share
- Faster Electric Vehicle Adoption
- Faster EV and Detroit Three Share Loss
- Loss of White-Collar Auto Jobs
- Southeast Michigan Faster Wage Growth

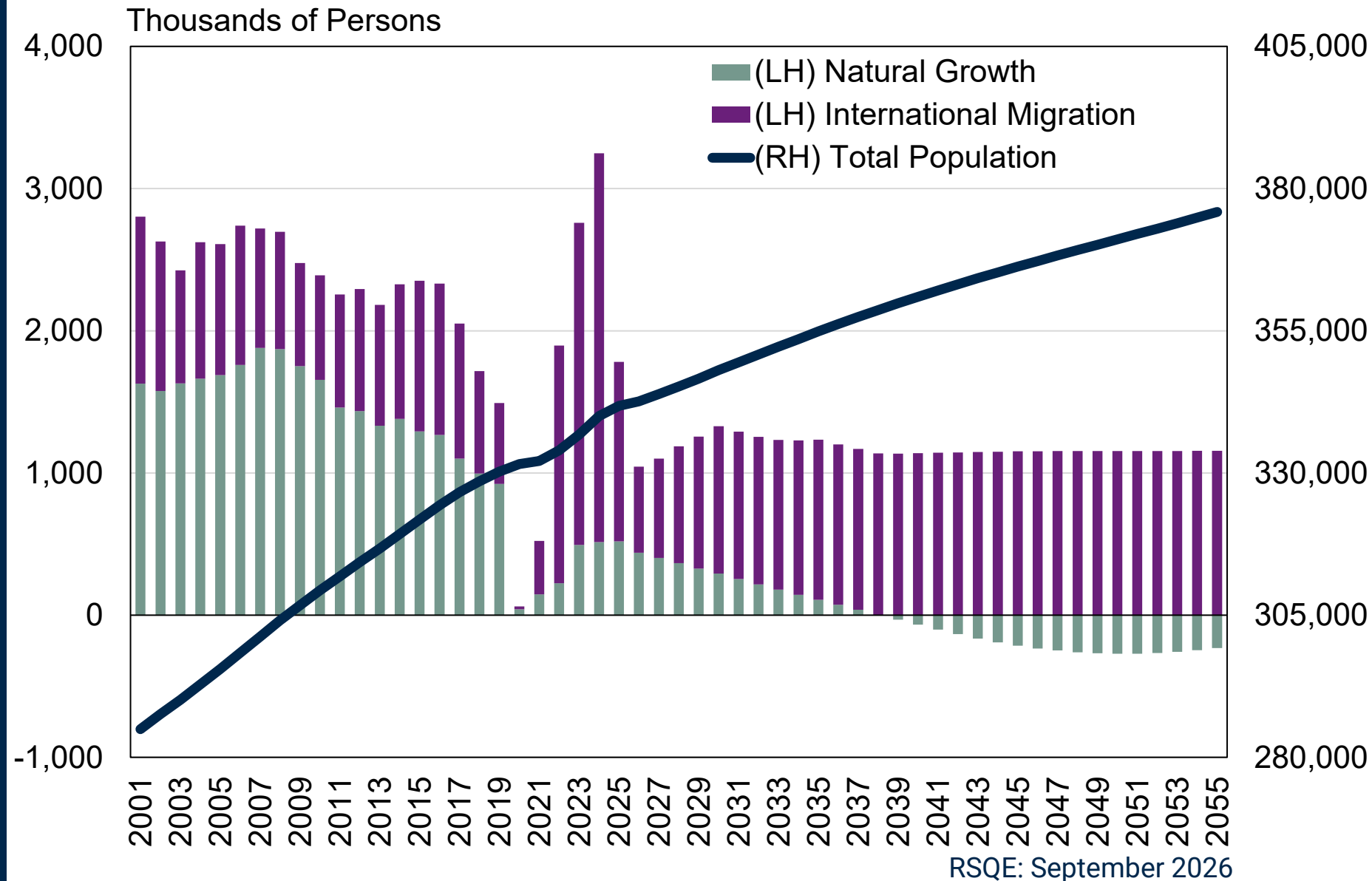


National Forecast

U.S. Total Population and Components of Growth

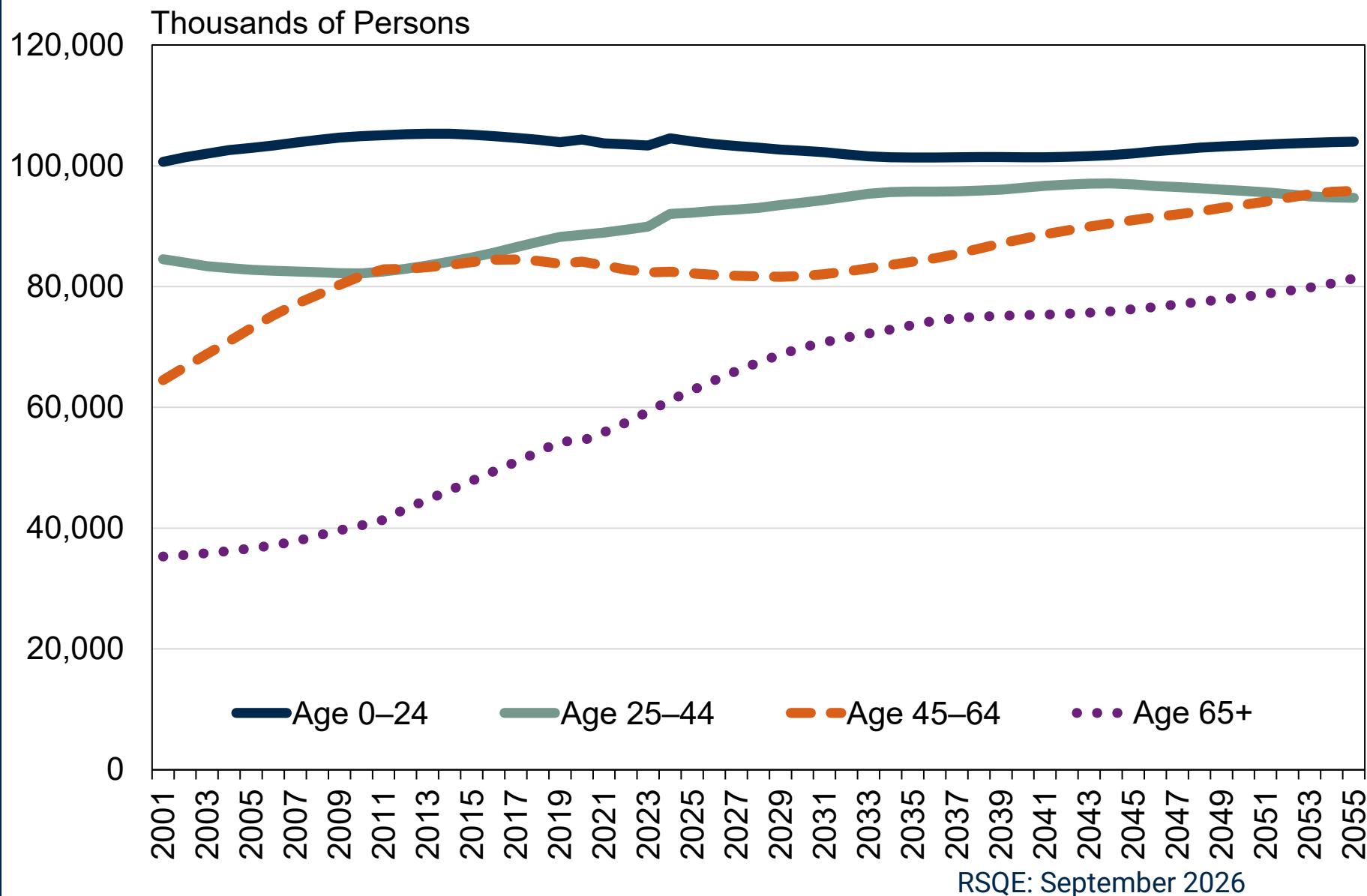


- U.S. population growth has slowed substantially since the early 2000s
- Natural population growth continues to decline and turns negative in 2039
- International migration becomes the sole source of U.S. population growth late in the forecast
- Total U.S population rises from 342 million in 2025 to 376 million in 2055



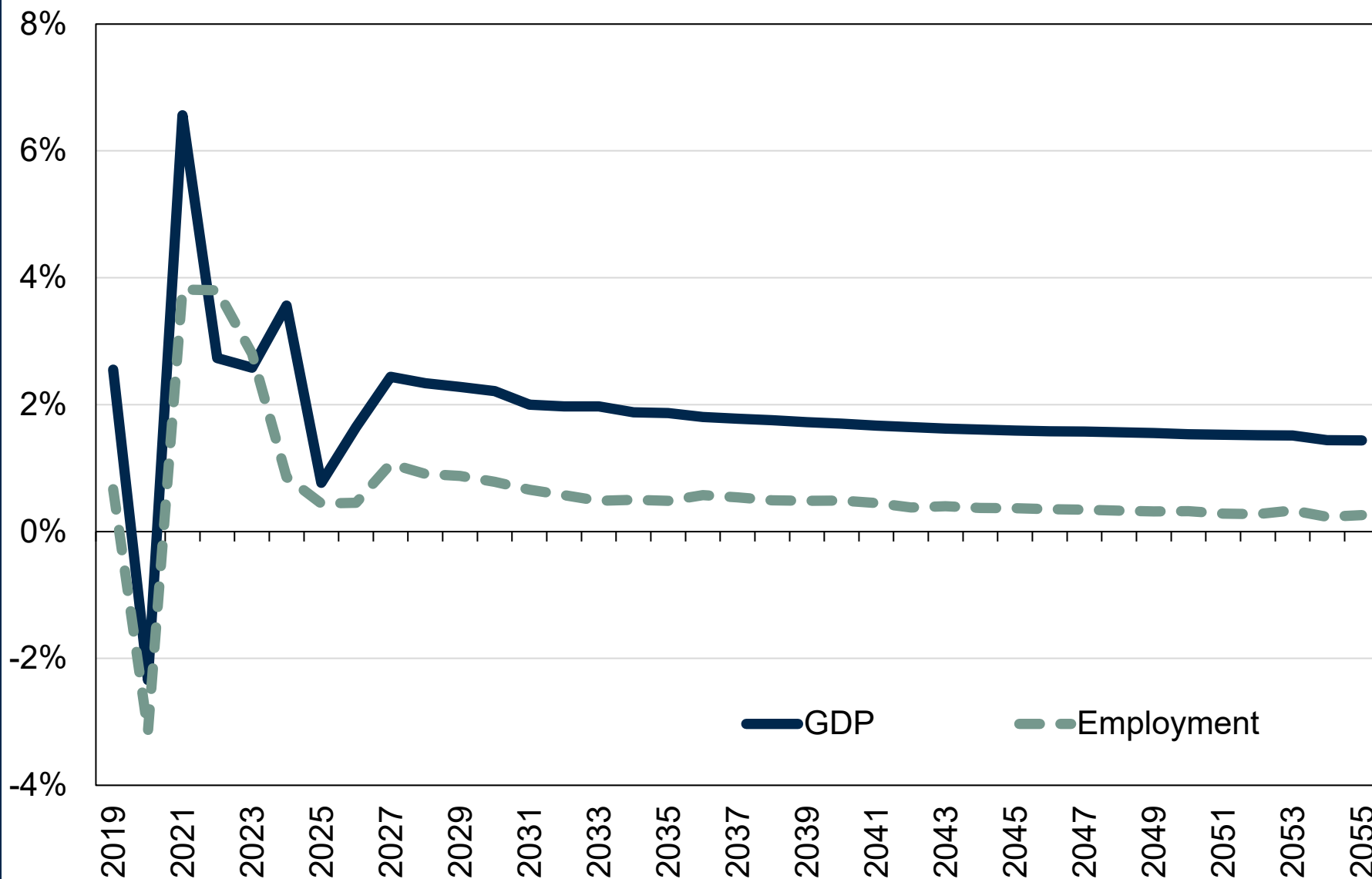
- The U.S. population continues to age over the next 30 years
- The 65+ population grows from about 63 million in 2025 to roughly 81 million in 2055
 - Its share rises from 18.9% to 21.6%
- The population under age 25 trends down until the 2040s
- Slower growth in the working-age population will increasingly constrain the labor supply

U.S. Population by Age Category



- U.S. real GDP growth settles near 2% in the 2030s before gradually slowing to 1.5%
- Employment growth slows sharply as population growth and labor-force growth weaken
- Employment averages only about 0.5 percent annual growth from 2025–2055
- Faster productivity growth allows GDP to continue growing substantially faster than employment

Annual Growth of U.S. Employment and Real GDP

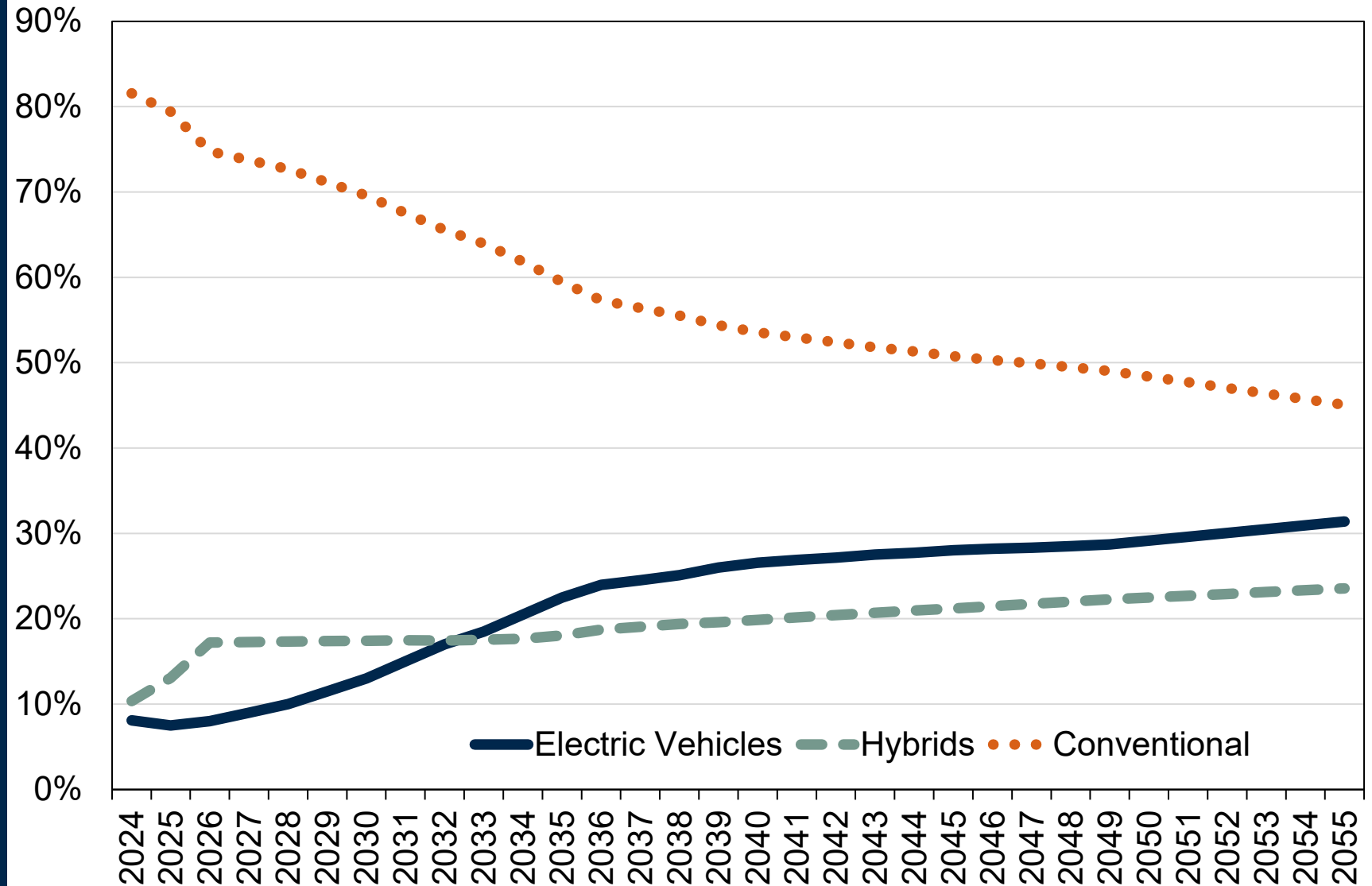


RSQE: September 2026

Share of U.S. Light Vehicle Sales by Power Type

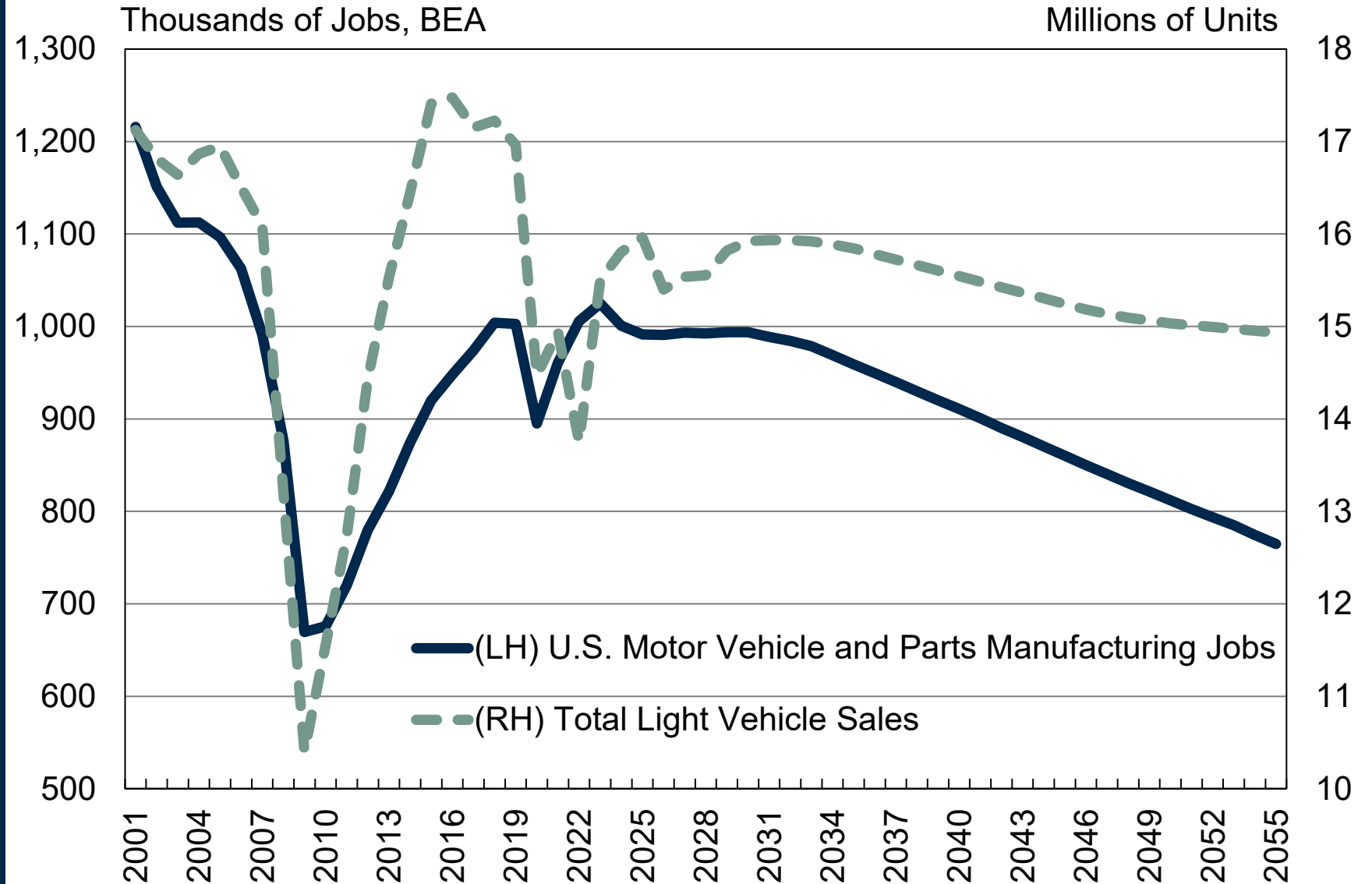


- Electrification continues, but at a much slower pace than previously expected
- EVs reach about one-quarter of light-vehicle sales by the mid-2030s and roughly one-third by 2055
- Hybrids also gain market share
- Conventional vehicles remain the largest category through 2055



- Light-vehicle sales remain near 15½–16 million through 2030 before gradually declining
- U.S. auto manufacturing employment hovers near 1 million jobs through the end of the decade
- Employment then declines to 765,000 by 2055
- EV adoption, productivity gains, and declining vehicle sales all contribute to long-run job losses

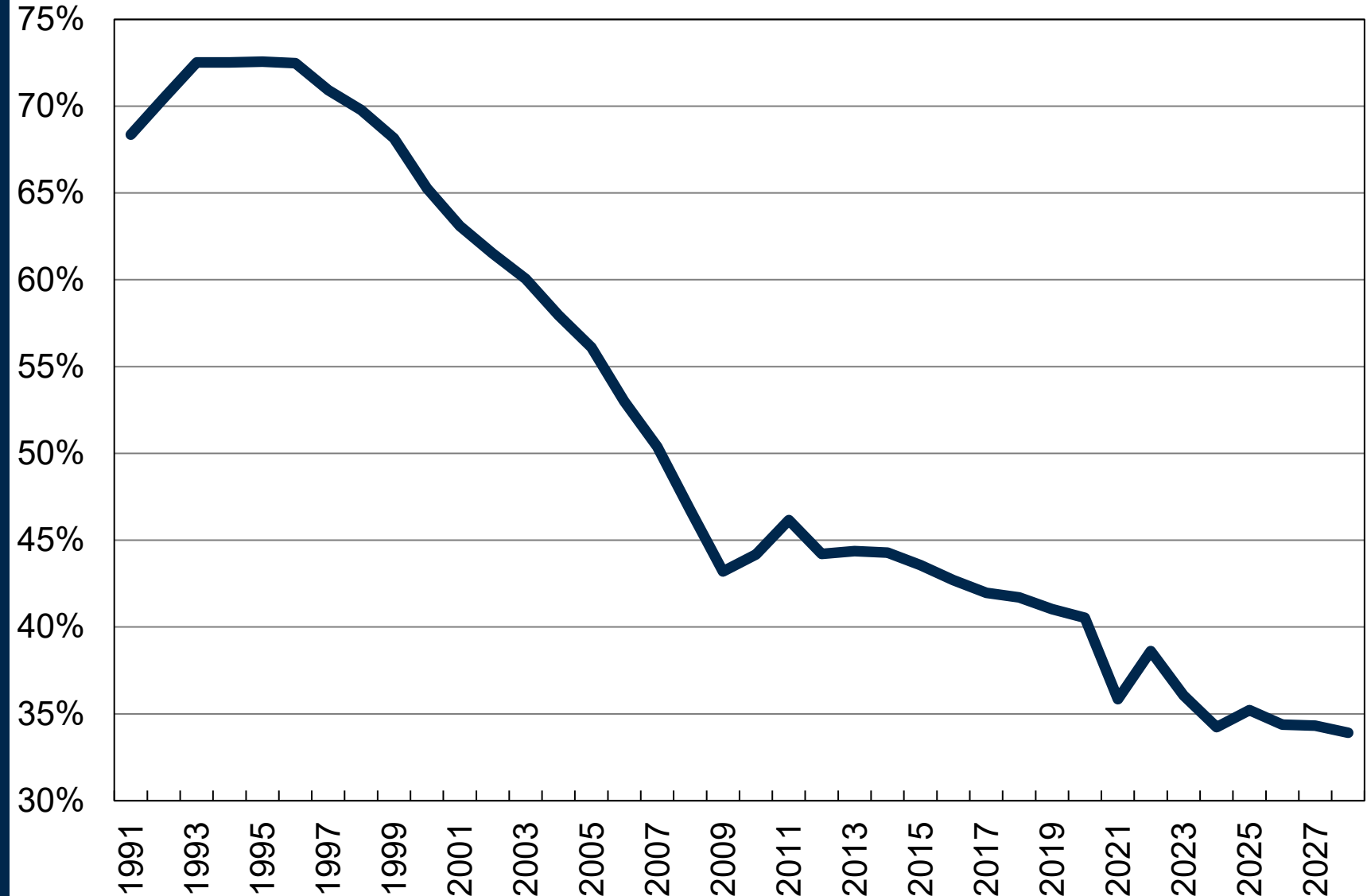
U.S. Light Vehicle Sales and Motor Vehicle Manufacturing Employment



RSQE: September 2026

- The Detroit Three's market share fell dramatically from the mid-1990s through the Great Recession
- The decline has been much more gradual over the past decade
- We project the share to settle near 34 percent by the late 2020s
- Maintaining that market share is an important assumption behind Michigan's auto outlook

Detroit Three Share of the Light Vehicle Market



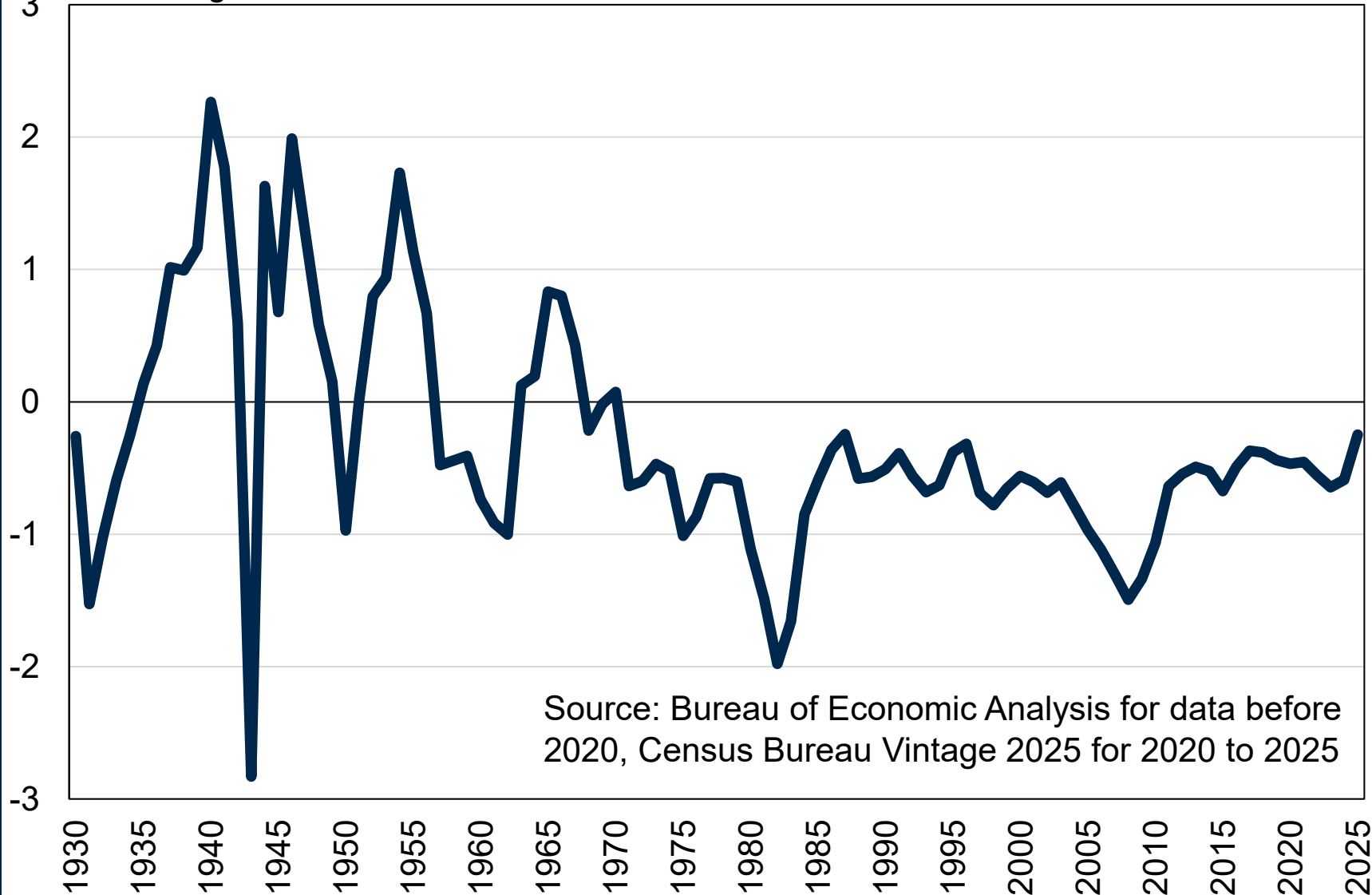
RSQE: September 2026



Baseline Economic and Demographic Forecast for Michigan

Difference in Population Growth: Michigan Minus United States

Percentage Points

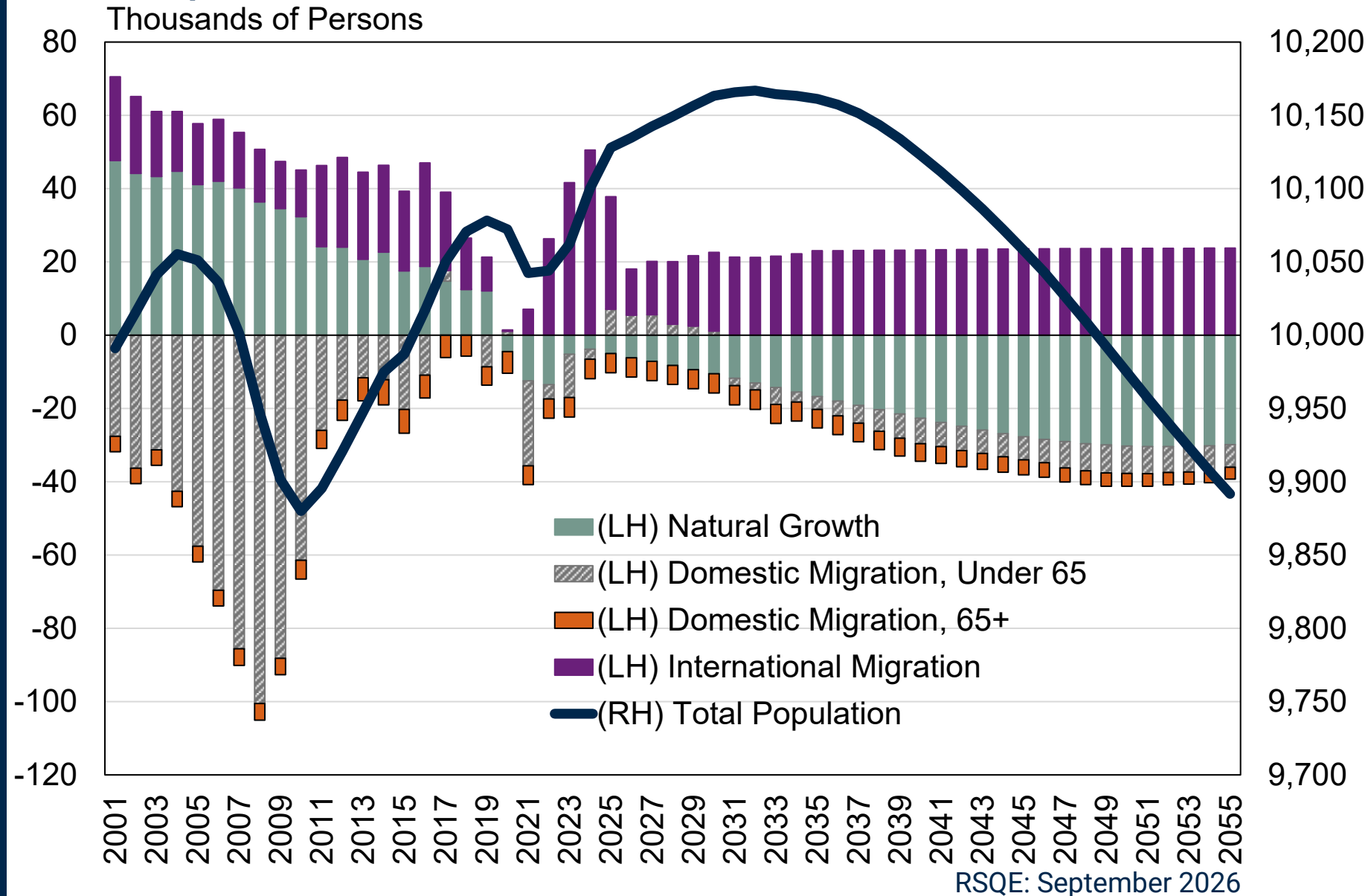


Source: Bureau of Economic Analysis for data before 2020, Census Bureau Vintage 2025 for 2020 to 2025

- Michigan population growth has consistently trailed the nation for more than five decades
- The average shortfall since the late 1960s has been about 0.7 percentage points per year
- Michigan's relative performance improved notably in 2025
- Our baseline assumes the longstanding growth gap ultimately persists

- Michigan's population grows modestly through 2032 before beginning a gradual decline
- Deaths are expected to exceed births throughout the forecast
- Domestic migration becomes a net drag again after the next few years
- International migration is the only sustained source of population growth over the long run

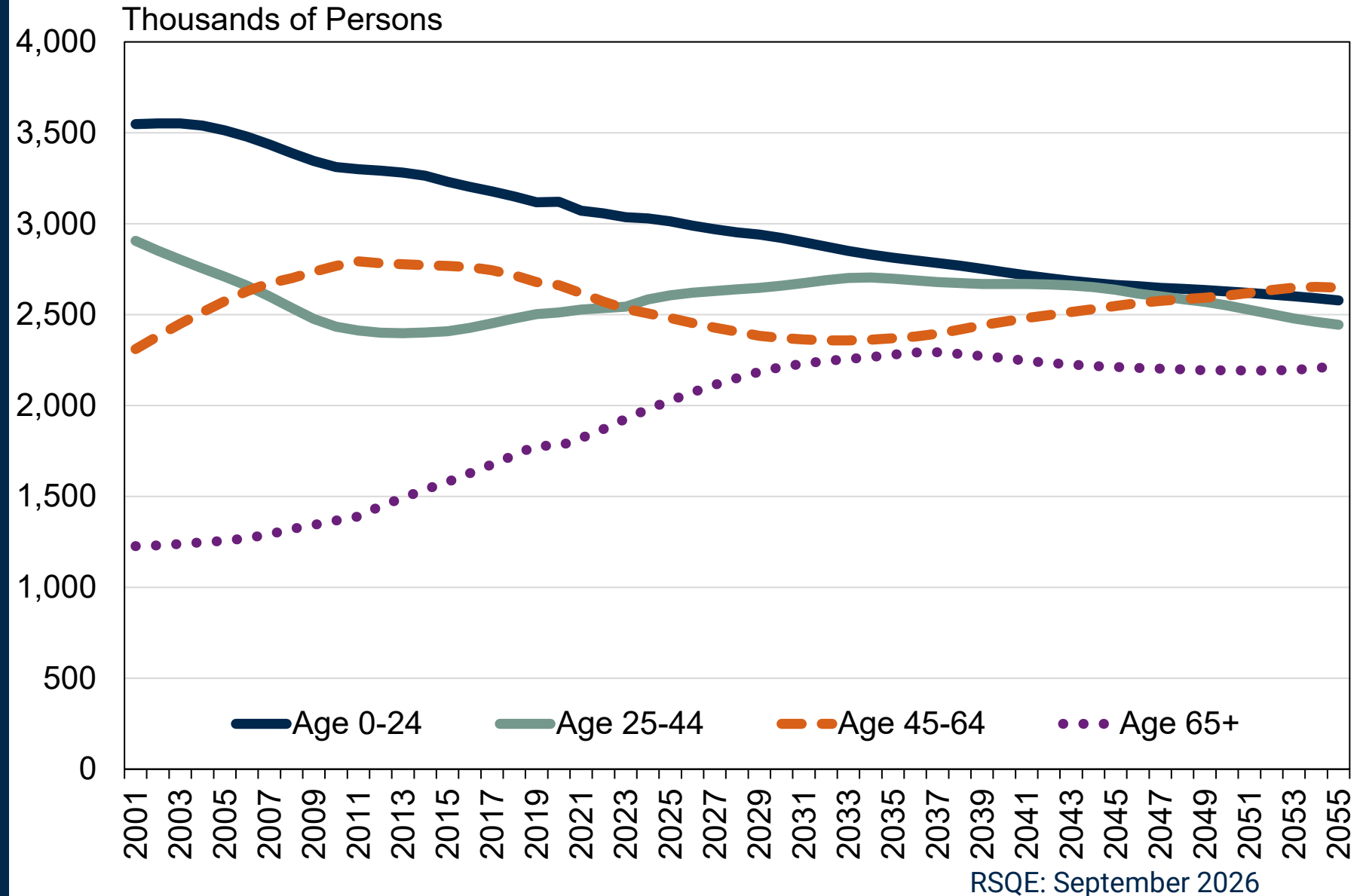
Michigan Total Population and Components of Growth



Michigan Population by Age Category



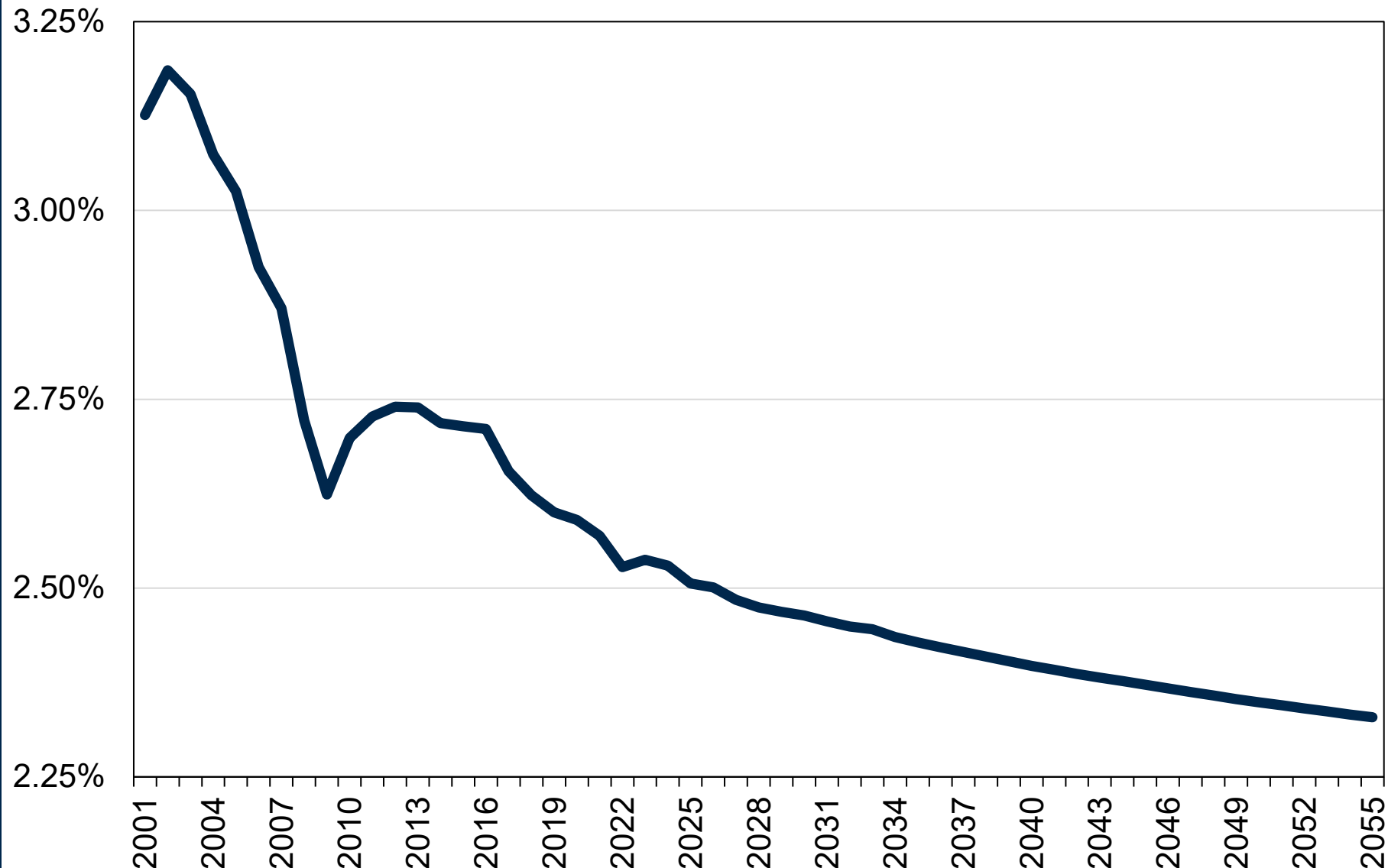
- Michigan's population continues to shift toward older age groups
- The population under age 25 falls by 435,000 between 2025 and 2055.
- The 65+ population continues growing through the late 2030s
- By 2055, Michigan remains somewhat older than the nation overall



Michigan's Share of U.S. Real GDP



- Michigan's share of national economic output has declined for much of the past 25 years
- Looking forward, Michigan real GDP grows faster than in recent history, but still trails U.S. growth
- The growth gap with the nation narrows over the forecast
- Michigan's share of U.S. real GDP falls from about 2.5 percent in 2025 to 2.3 percent in 2055

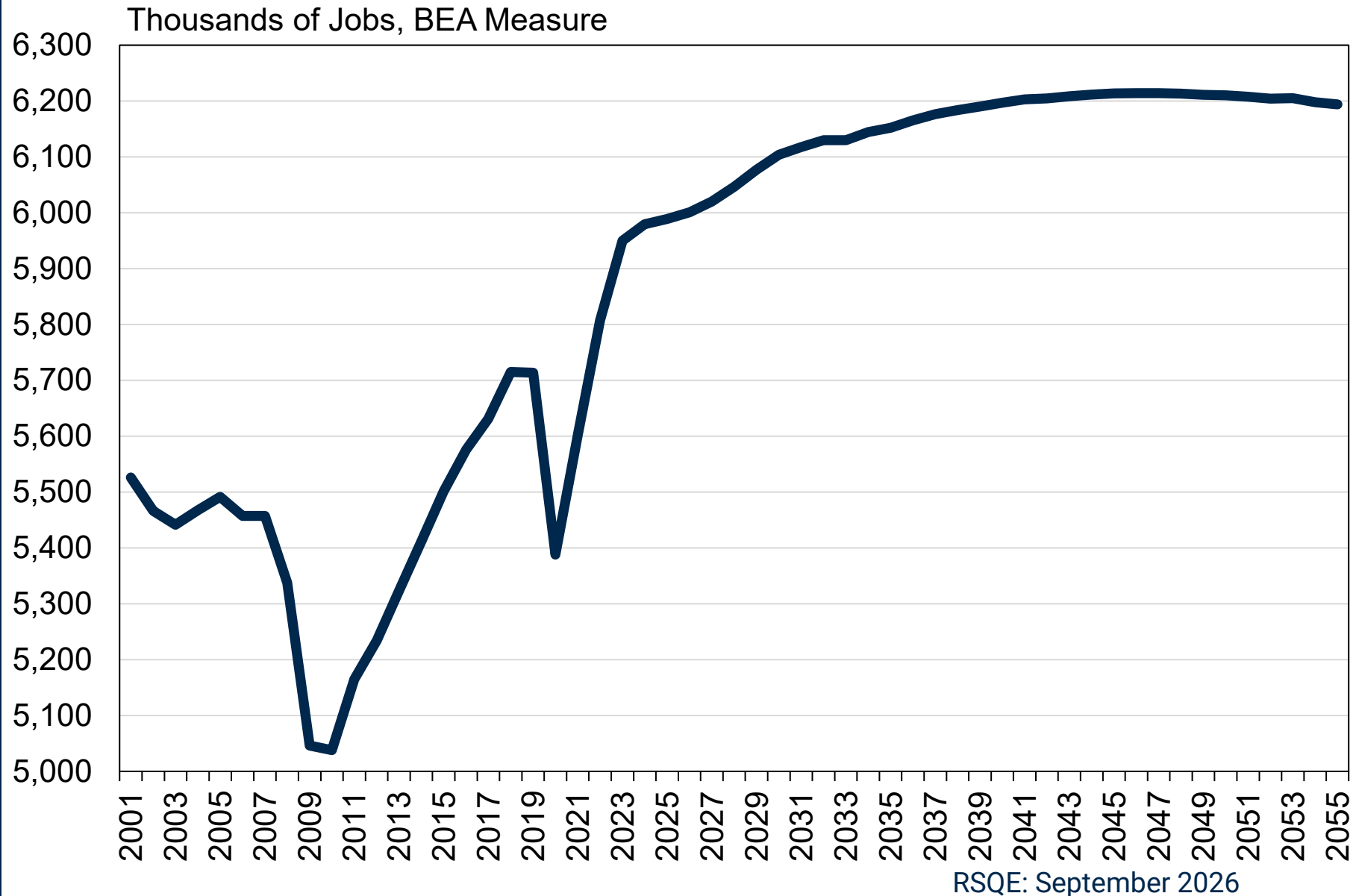


RSQE: September 2026

Michigan Employment



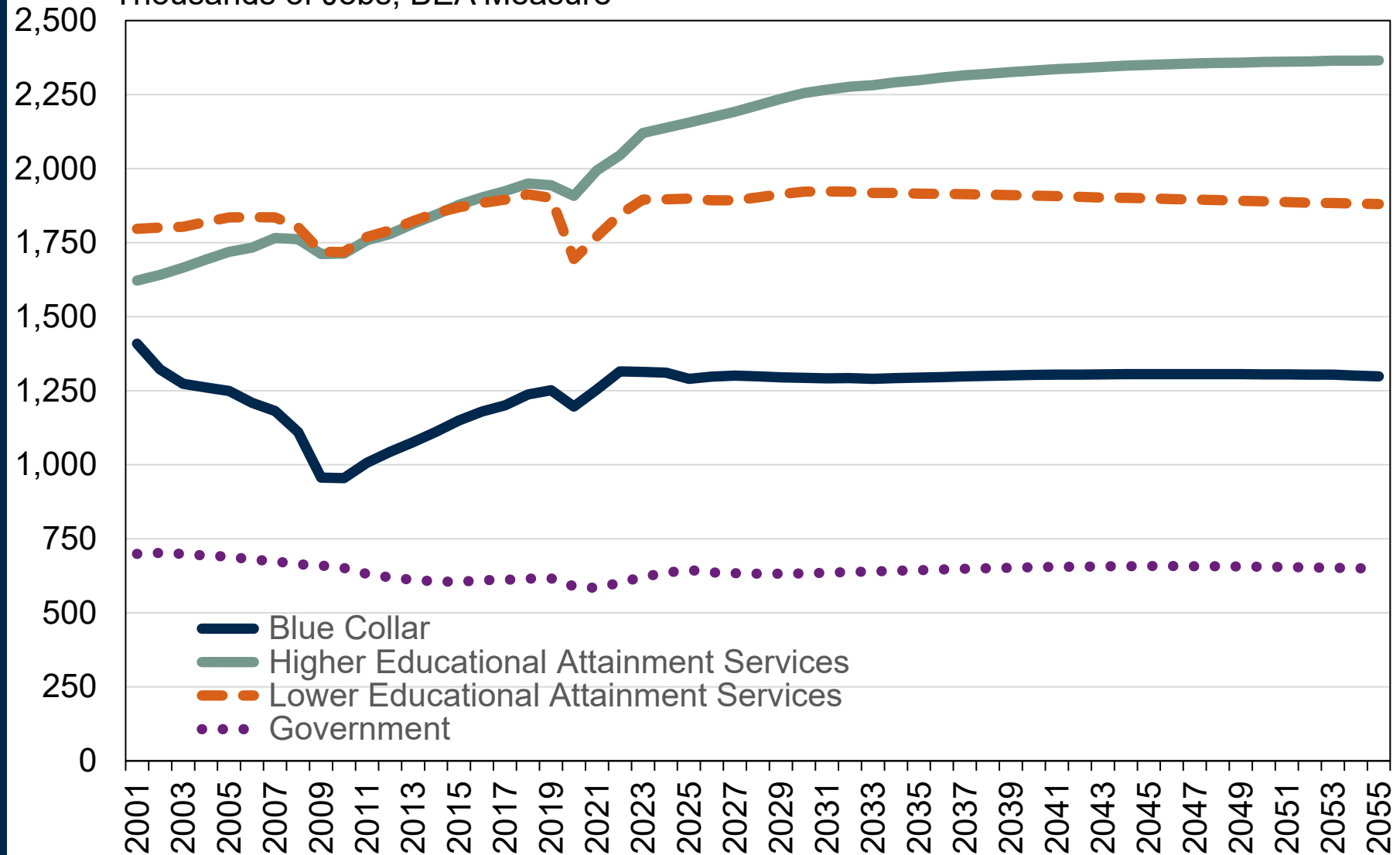
- Michigan reached a record 5.98 million jobs in 2025 using the BEA employment measure
- Employment continues to grow in the forecast, but at an increasingly restrained pace
- Total employment peaks at 6.21 million in 2047
- Overall, Michigan adds 205,000 jobs from 2025 to 2055 for total growth of 3.4%



Michigan Employment by Broad Industry Group



Thousands of Jobs, BEA Measure



RSQE: September 2026

- Virtually all net job growth is concentrated in higher-educational-attainment services
- Those industries add about 210,000 jobs through 2055
- Blue-collar employment and government are roughly flat over the forecast
- Lower-educational-attainment services experience a modest net decline

- Total Michigan employment grows only 0.11% per year through 2055
- The largest job gains are in Private Education and Health; Information and Financial Activities; and Professional, Scientific, and Technical Services
- Retail Trade posts the largest projected decline, losing about 124,000 jobs
- Motor Vehicle Manufacturing loses nearly 31,000 jobs, even as manufacturing output continues to rise

Michigan Employment Growth by Selected Industry Groups

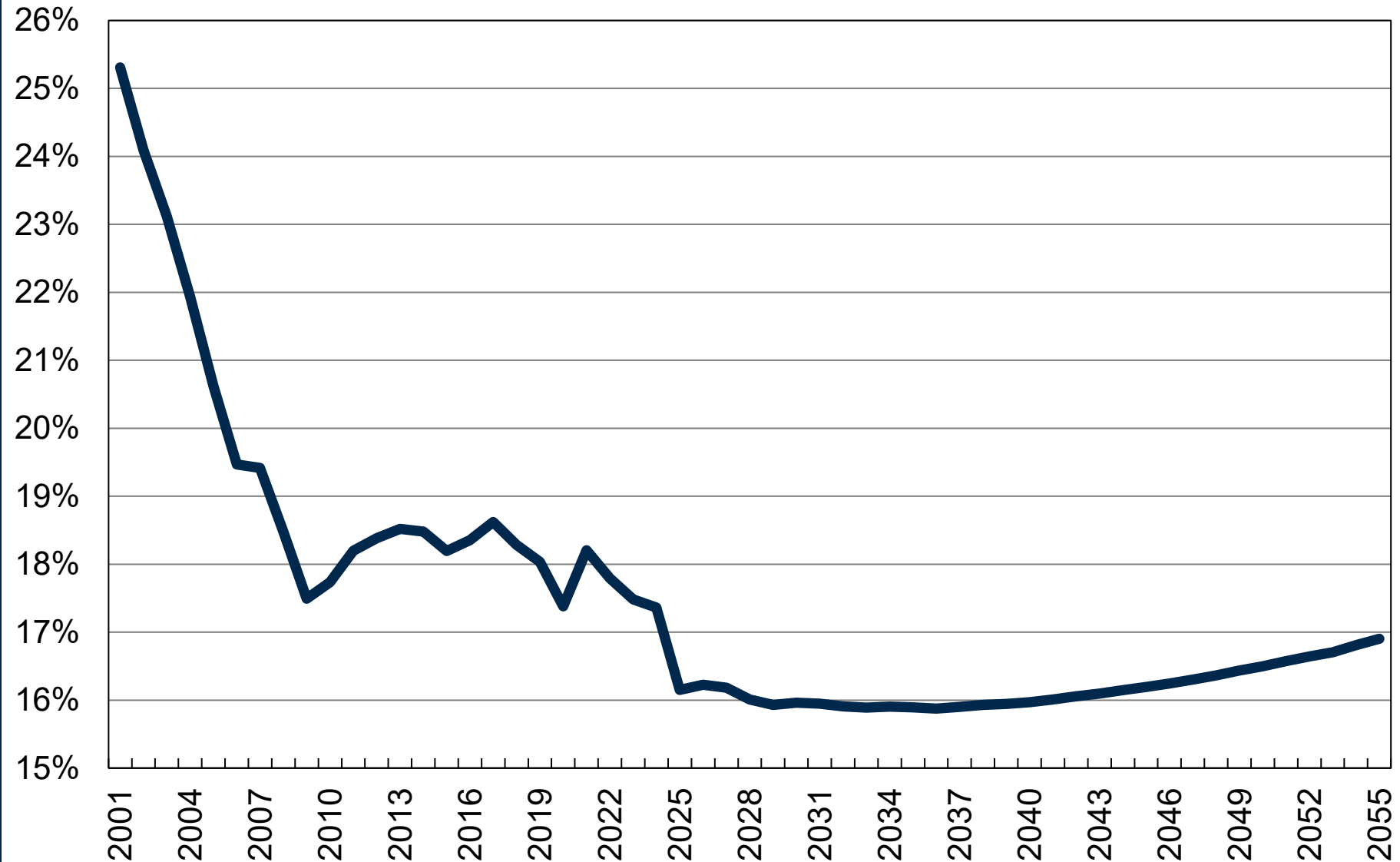


Employment by Selected Industry Groups	Total Employment Change (Jobs)	Average Annual Percent Change 2025–2055
Private Education and Health	84,565	0.32%
Information and Financial Activities	67,204	0.31%
Professional, Scientific, and Technical Services	62,582	0.42%
Leisure and Hospitality	39,831	0.24%
Transportation, Warehousing, Wholesale Trade, and Utilities	36,627	0.24%
Administrative, Support, Waste Management, and Remediation Services	35,620	0.32%
Other Private Services	25,154	0.23%
Management of Companies	16,229	0.60%
Government	4,703	0.02%
Construction	74	0.00%
Natural Resources, Mining, and Agriculture	-2,461	-0.10%
Manufacturing (Other than Motor Vehicles)	-9,941	-0.08%
Motor Vehicle Manufacturing	-30,876	-0.71%
Retail Trade	-124,060	-0.85%
Total Jobs	205,252	0.11%

Michigan's Share of U.S. Motor Vehicle Manufacturing Employment



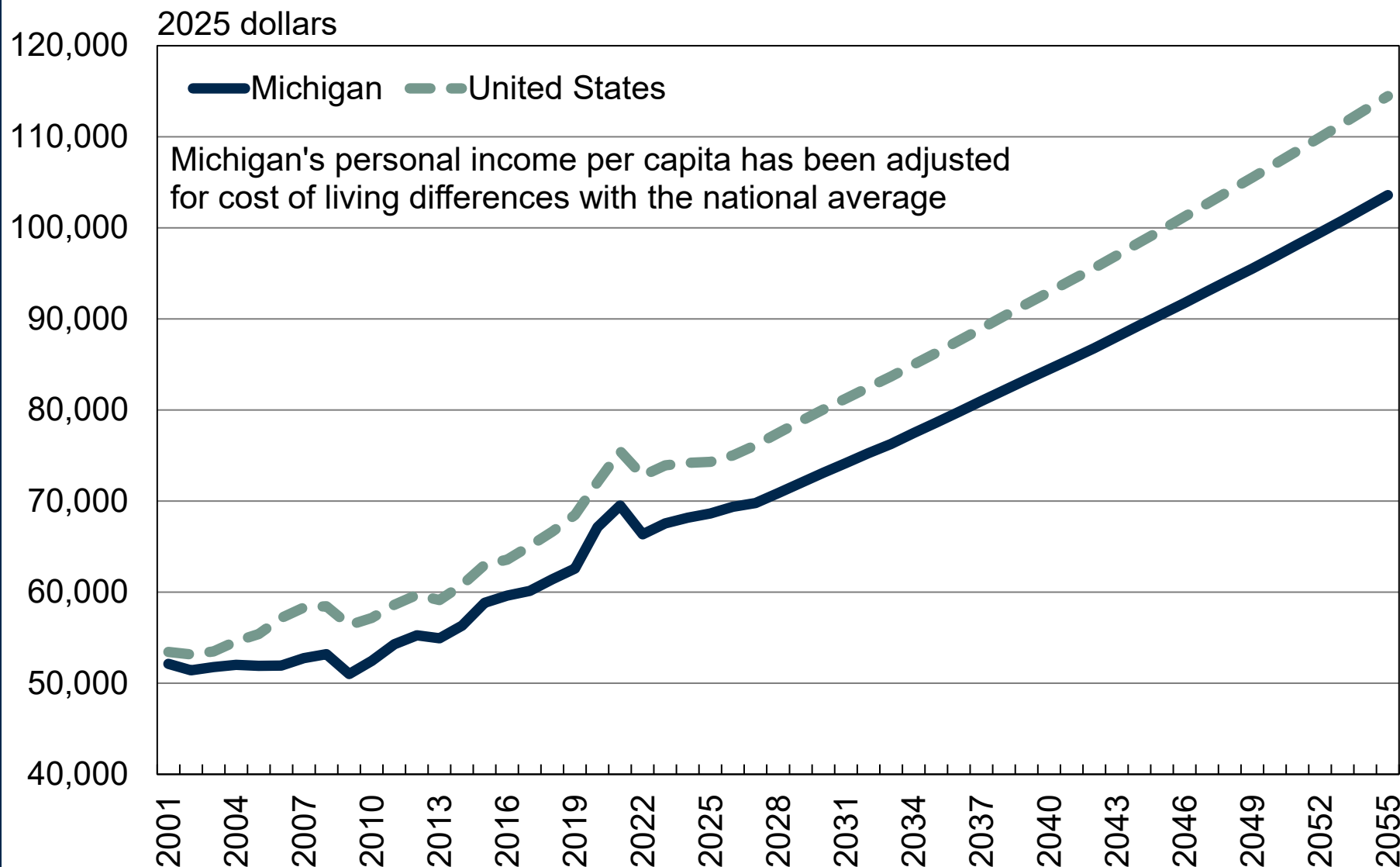
- Michigan lost a substantial share of national auto employment during the 2000s
- The state's share reaches a low just under 16% during the next decade
- We project the share to stabilize and recover modestly to 16.9% by 2055
- Even with a stable national share, Michigan auto manufacturing employment declines by 19.3%



RSQE: September 2026

- Real personal income per capita continues to rise substantially in both Michigan and the nation
- Michigan income per capita grows about 51% between 2025 and 2055
- Growth averages roughly 1.4 percent per year in Michigan
- Michigan remains below the national level, even after adjusting for its lower cost of living

Real Personal Income per Capita: U.S. and Michigan



RSQE: September 2026



Household Forecast for Michigan

Summary of Household Forecast for Michigan



- Michigan's population declines, but the number of households rises by 3.1%
- Average household size falls from 2.39 to 2.26 persons

Measure	2025	2055	Change	% Change
Total Population	10,127,981	9,891,716	-236,264	-2.3%
Total Households	4,142,140	4,271,922	129,782	3.1%
Average Household Size	2.39	2.26	-0.13	-5.4%

- The share of households with income above \$100,000 rises from 34.5% to 51.7%
- The share with income below \$50,000 falls from 35.2% to 23.3%

Real Household Income

Measure	Less than \$50,000; 2025	Less than \$50,000; 2055	\$50,000 to \$100,000; 2025	\$50,000 to \$100,000; 2055	Greater than \$100,000; 2025	Greater than \$100,000; 2055
Share of Total Households	35.2%	23.3%	30.3%	25.0%	34.5%	51.7%

Household Vehicle Forecast for Michigan

- Michigan households are projected to own about 7.65 million vehicles in 2055
- That represents an increase of roughly 184,000 vehicles, or 2.5%, from 2025
- Vehicle ownership rises even though the state's population declines
- The increase reflects growth in the number of households and changes in their age composition

Vehicles per Household	Households; 2025	Households; 2055	Estimated Vehicles; 2025	Estimated Vehicles; 2055	Change in Estimated Vehicles	% Change in Estimated Vehicles
0	291,077	316,507	0	0	0	-
1	1,453,522	1,516,145	1,453,522	1,516,145	62,623	4.3%
2	1,586,286	1,603,038	3,172,572	3,206,076	33,504	1.1%
3+	811,256	836,231	2,839,396	2,926,809	87,413	3.1%
Total Vehicles	-	-	7,465,490	7,649,030	183,540	2.5%

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The 74th Annual Economic Outlook Conference will take place on November 19–20, 2026 in Ann Arbor. The conference will feature RSQE's forecasts of the U.S. and Michigan economies plus a range of leading speakers from government, academia, and the private sector.

For more information: lsa.umich.edu/econ/rsqe

For Sponsorship information: rsqe-conference@umich.edu





Baseline Forecast for Michigan's Counties (and MDOT Regions)

Change in Total Population, 2025–2055

Population Growth, 2015–2025

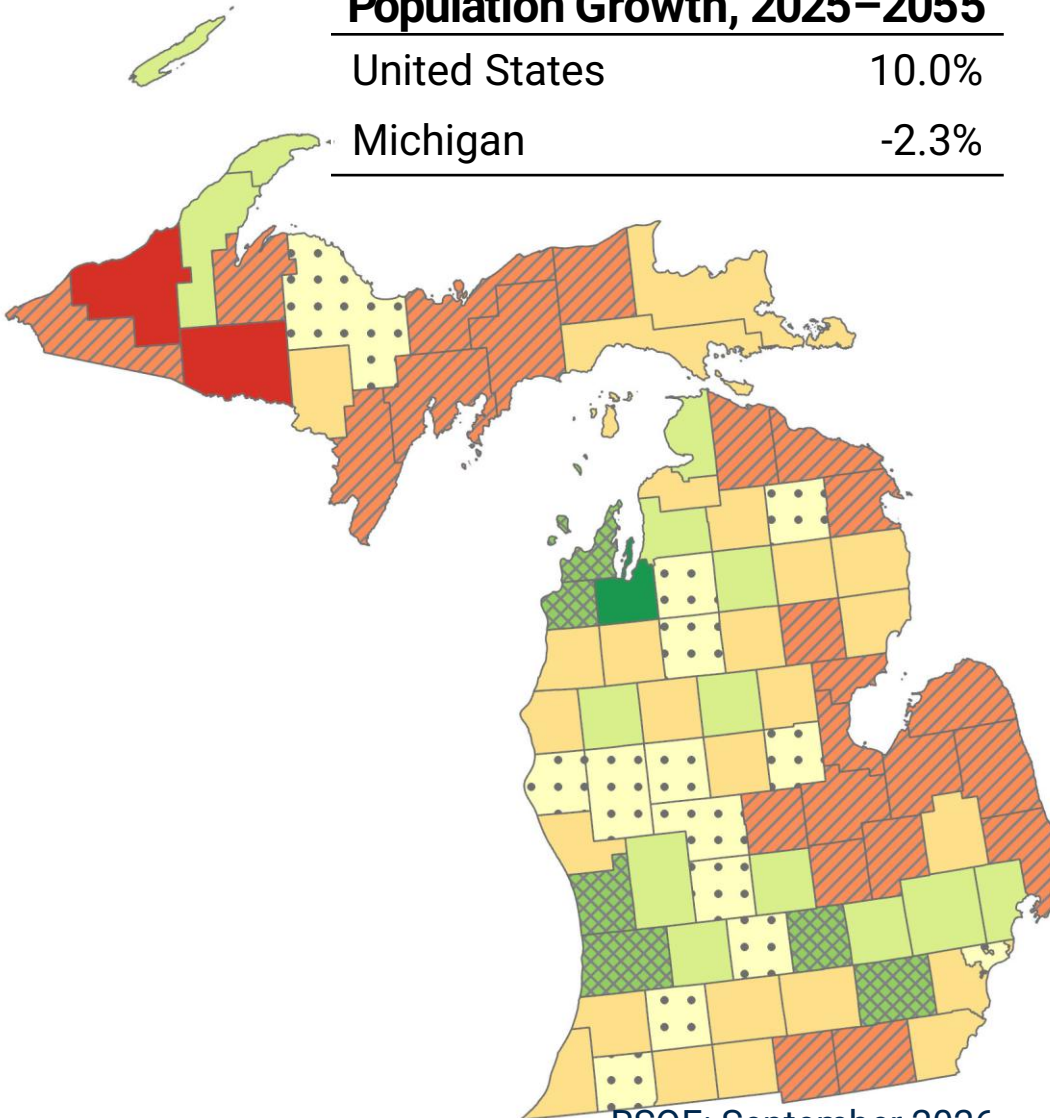
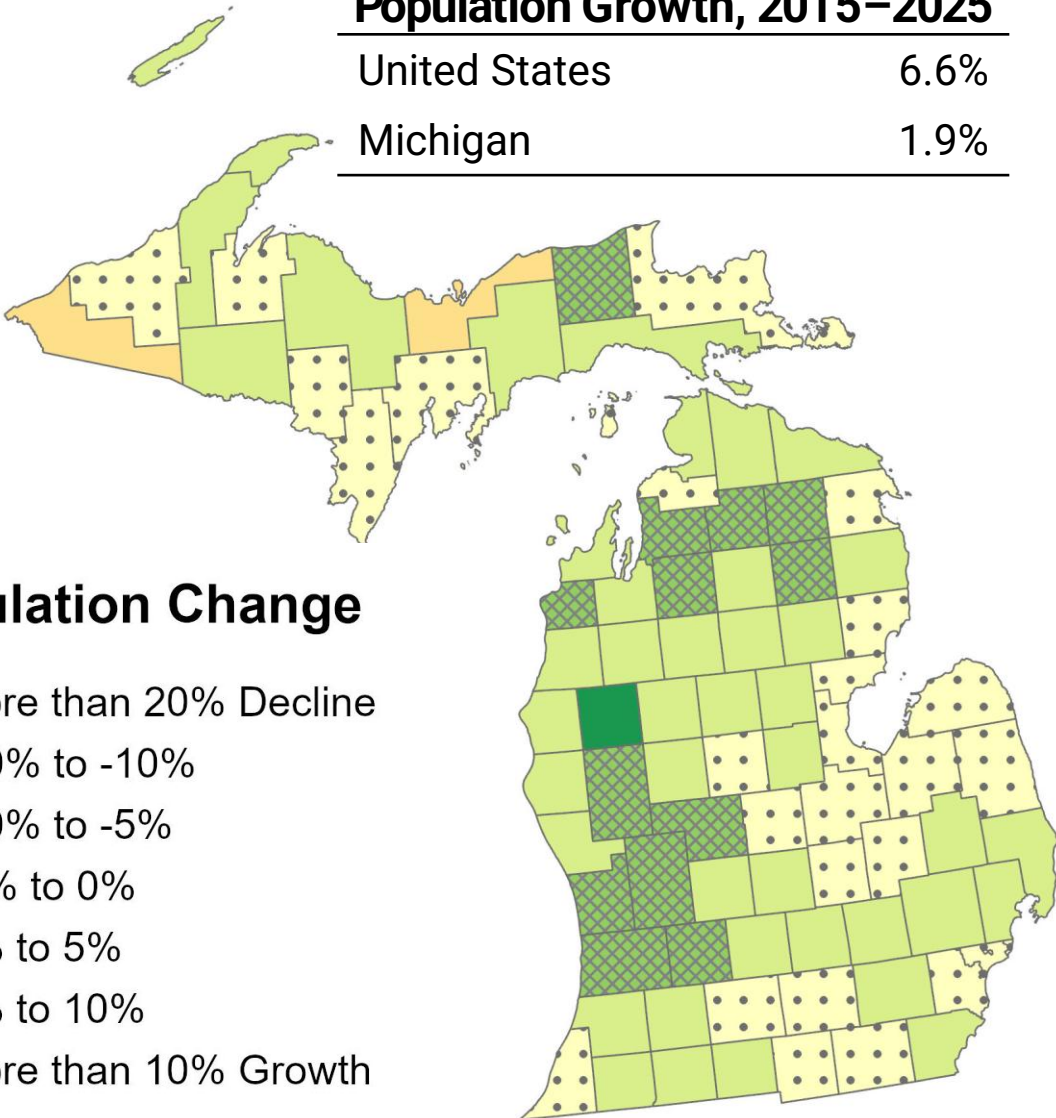
United States	6.6%
Michigan	1.9%

Population Growth, 2025–2055

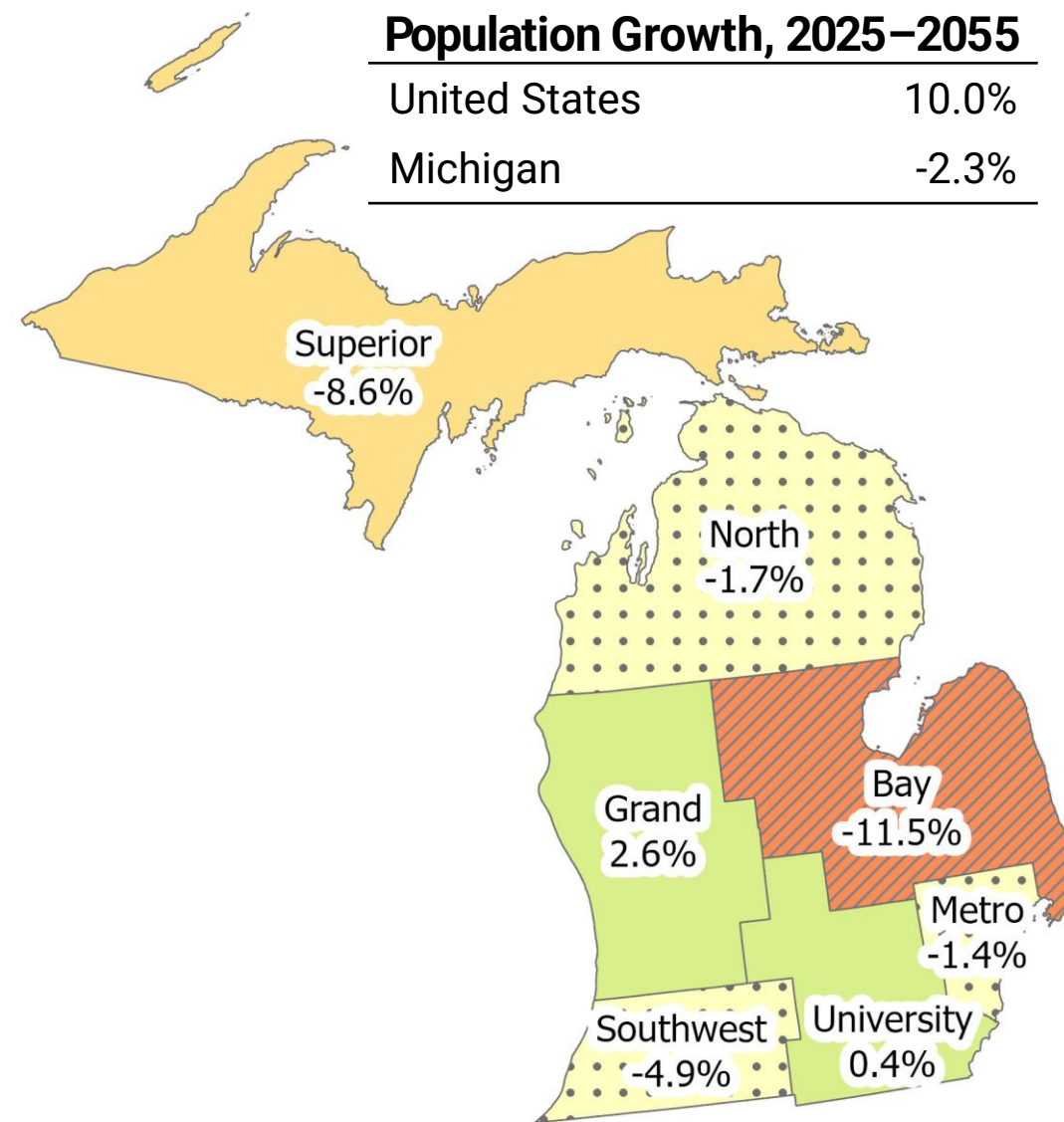
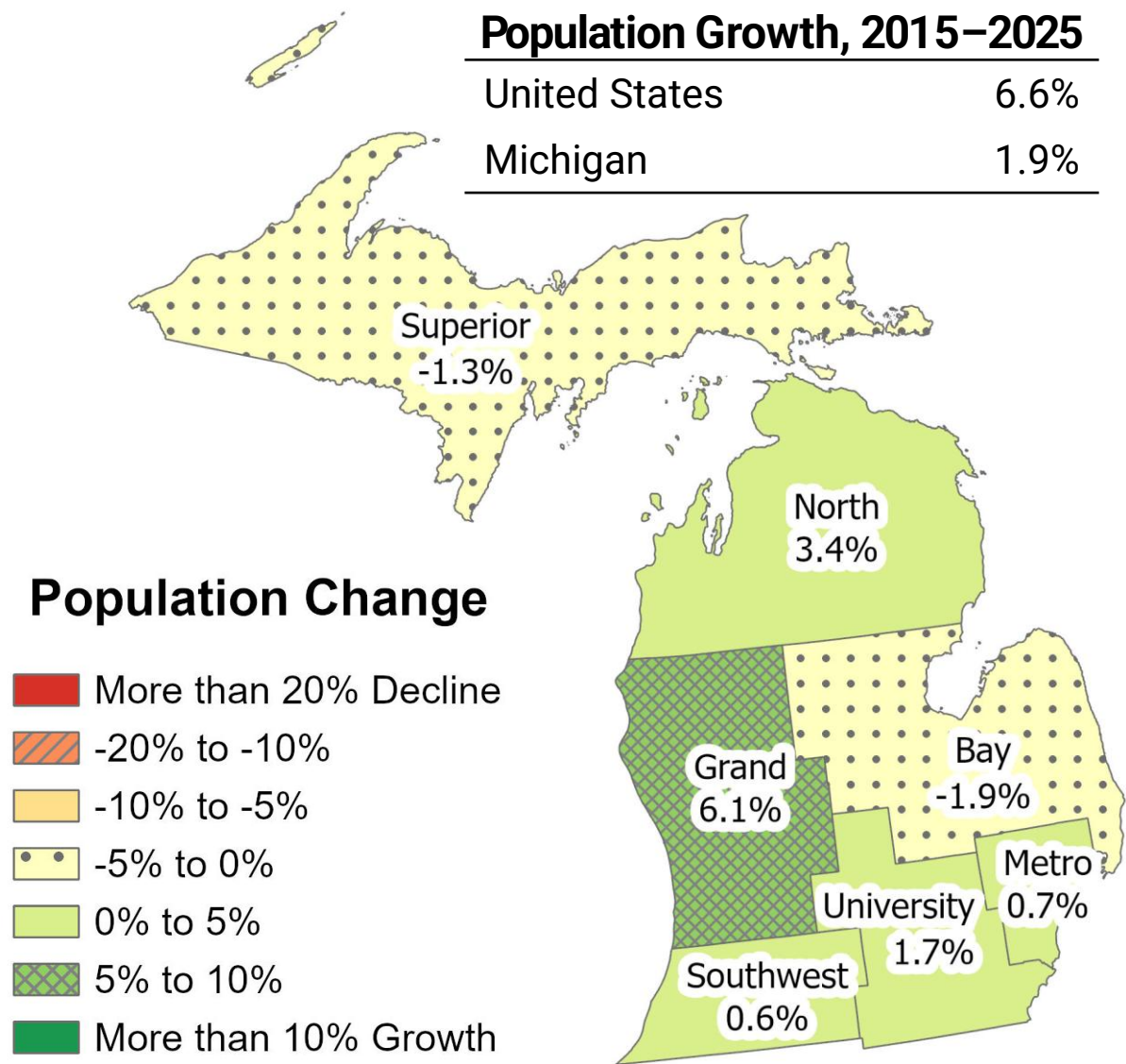
United States	10.0%
Michigan	-2.3%

Population Change

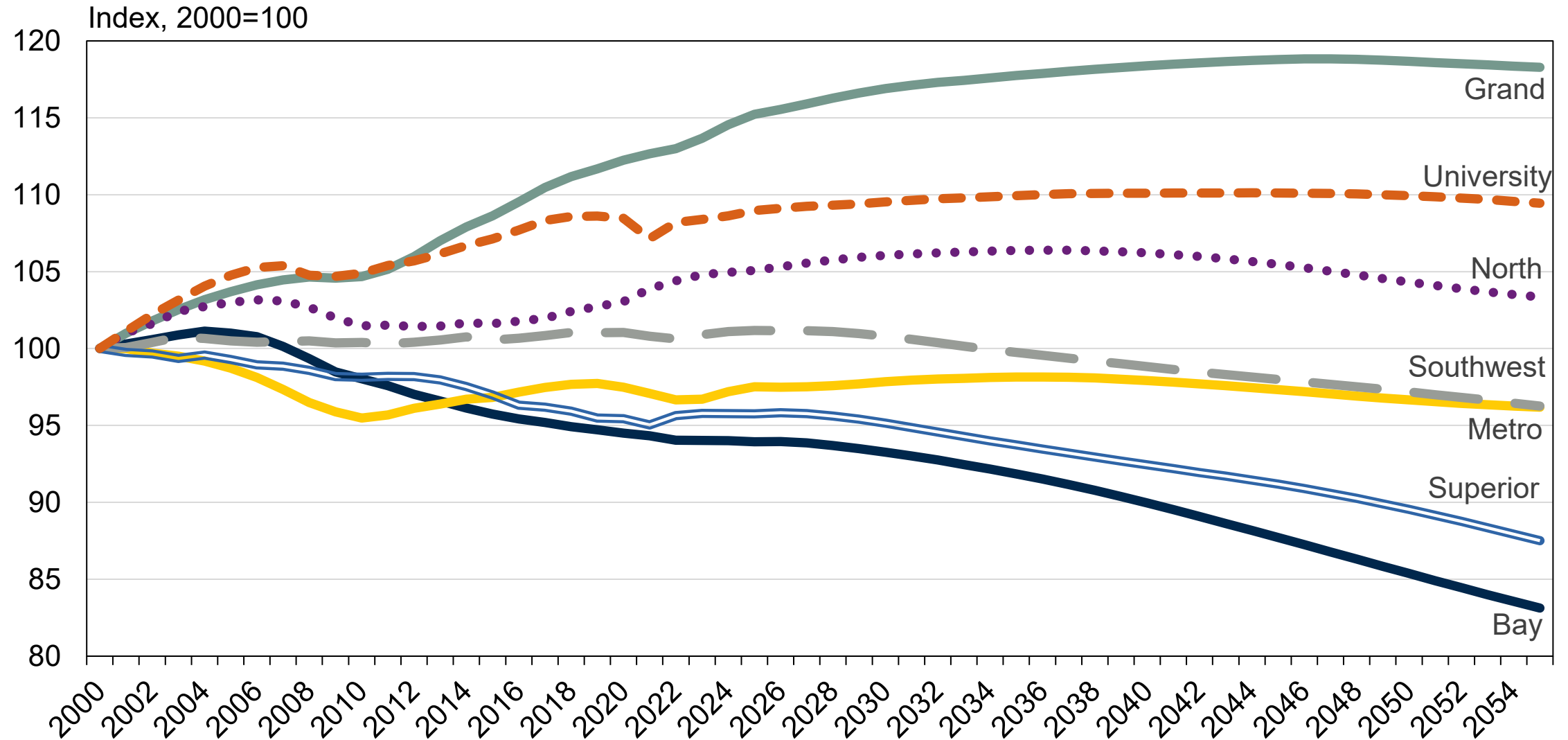
- More than 20% Decline
- 20% to -10%
- 10% to -5%
- 5% to 0%
- 0% to 5%
- 5% to 10%
- More than 10% Growth



Change in Total Population, 2025–2055



Change in Total Population, 2000–2055



Change in Total Employment, 2025–2055

Employment Growth, 2015–2025

United States	15.1%
Michigan	8.9%

Employment Growth, 2025–2055

United States	15.4%
Michigan	3.4%

Employment Change

- More than 10% Decline
- 10% to -5%
- 5% to -2.5%
- 2.5% to 0%
- 0% to 5%
- 5% to 10%
- More than 10% Growth

Change in Total Employment, 2025–2055

Employment Growth, 2015–2025

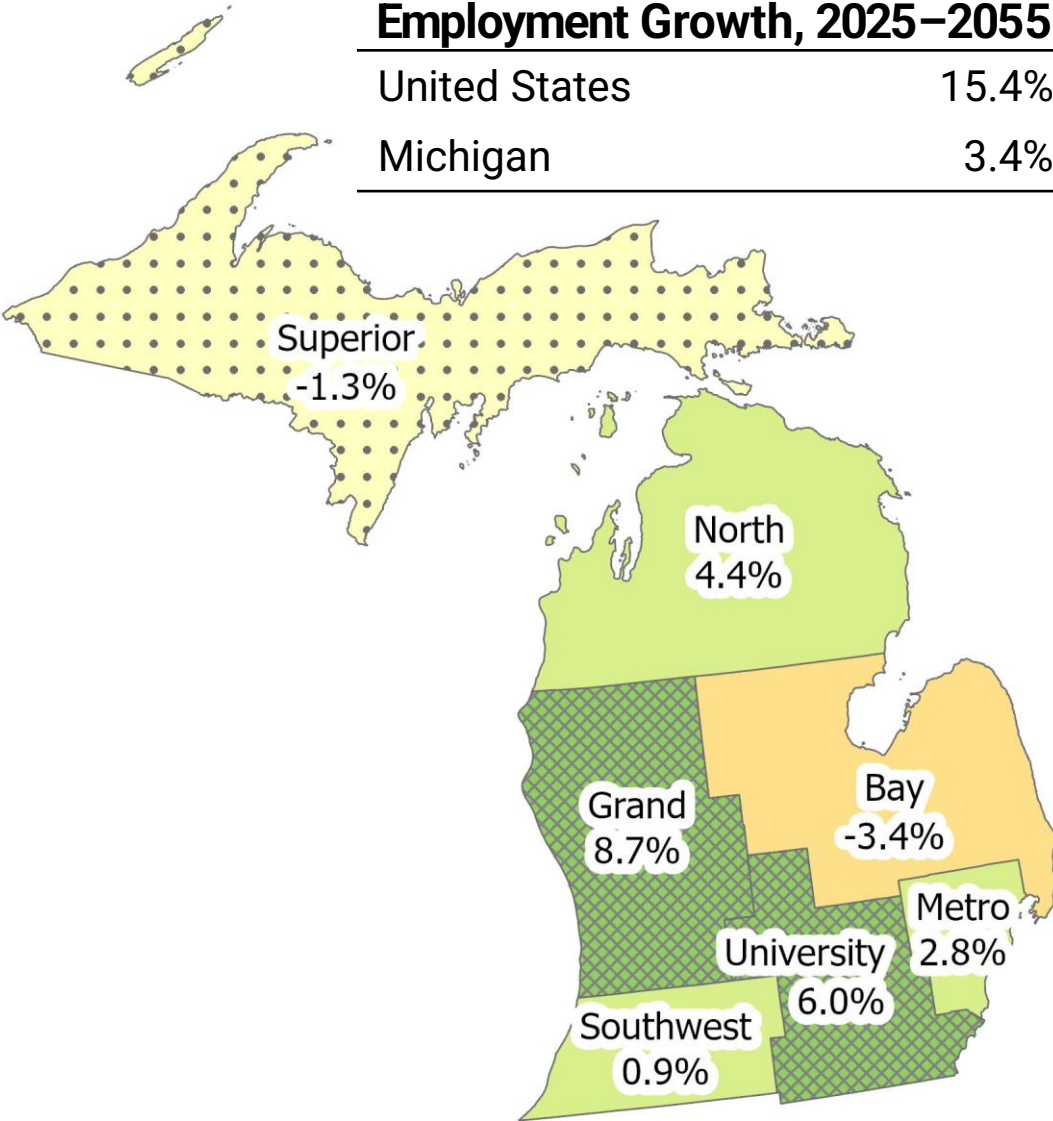
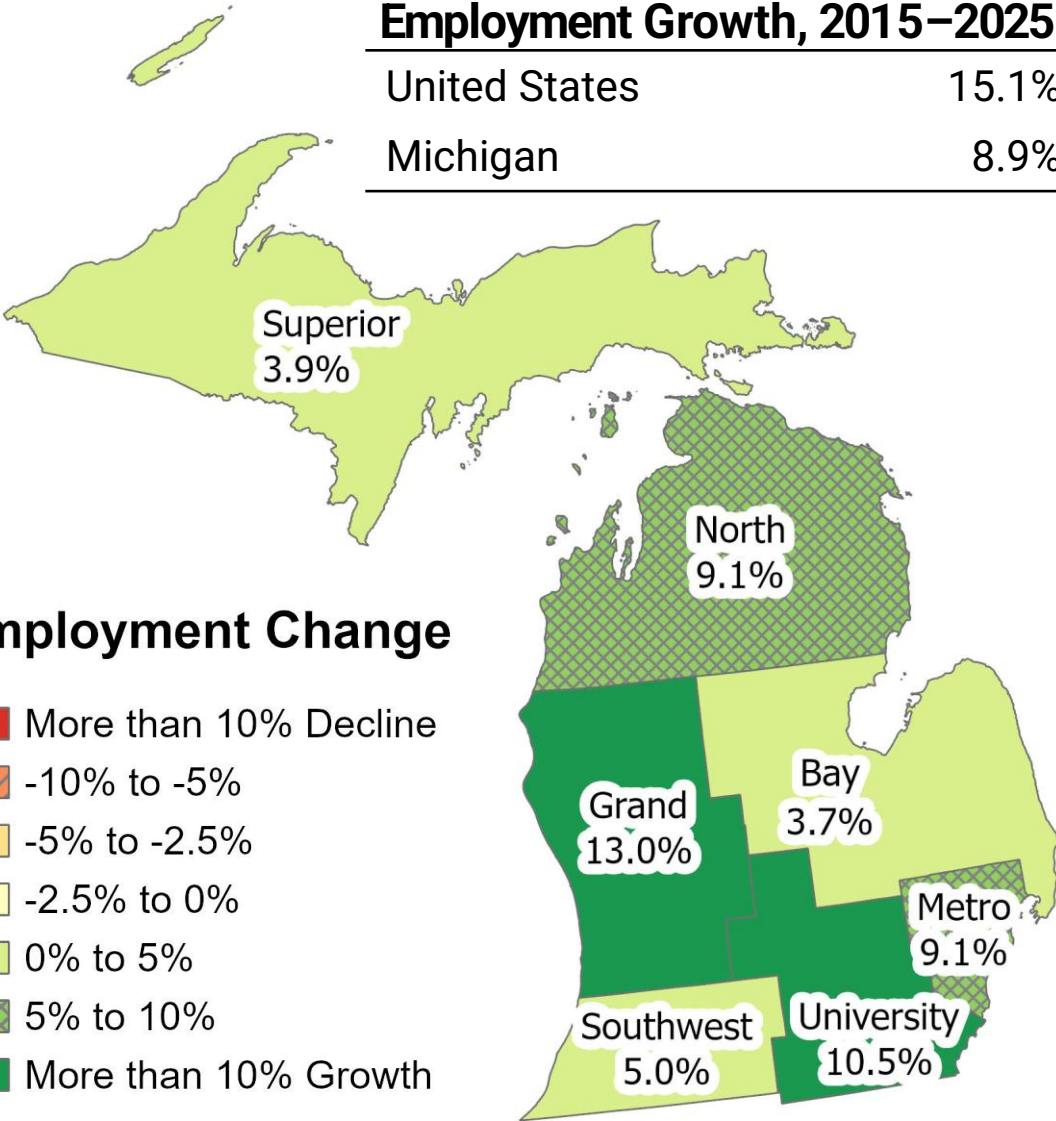
United States	15.1%
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Employment Growth, 2025–2055

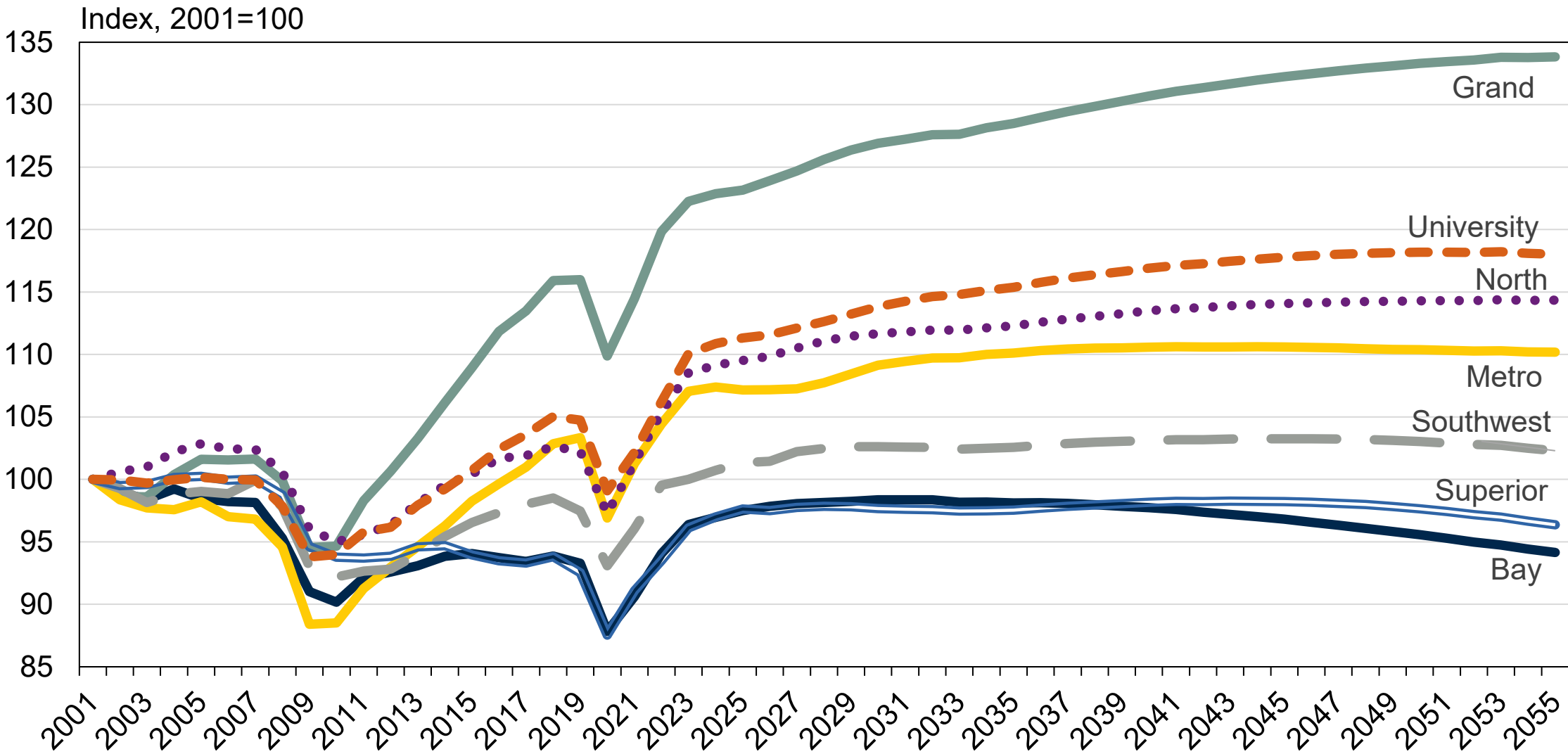
United States	15.4%
Michigan	3.4%

Employment Change

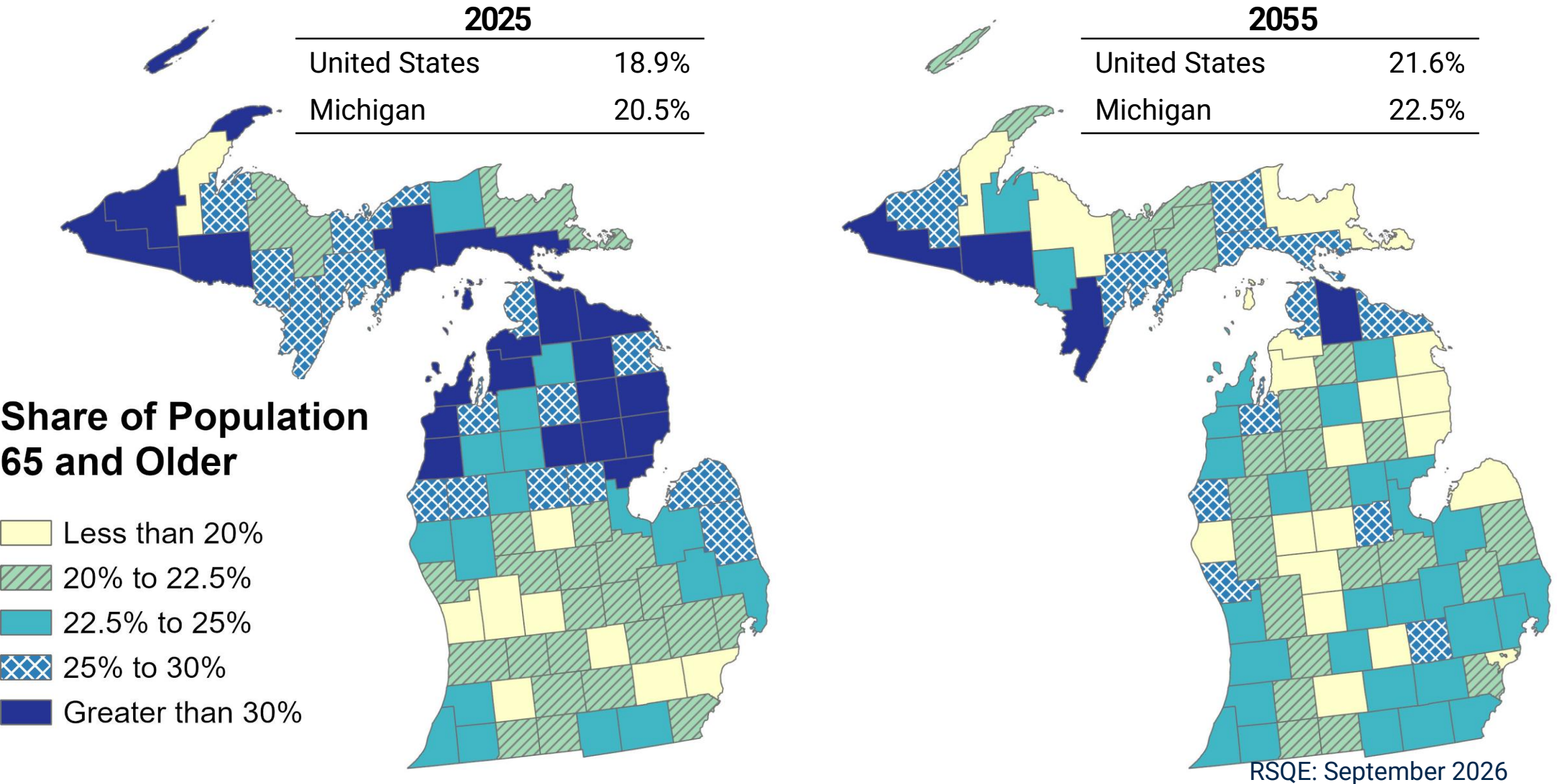
- More than 10% Decline
- 10% to -5%
- 5% to -2.5%
- 2.5% to 0%
- 0% to 5%
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- More than 10% Growth



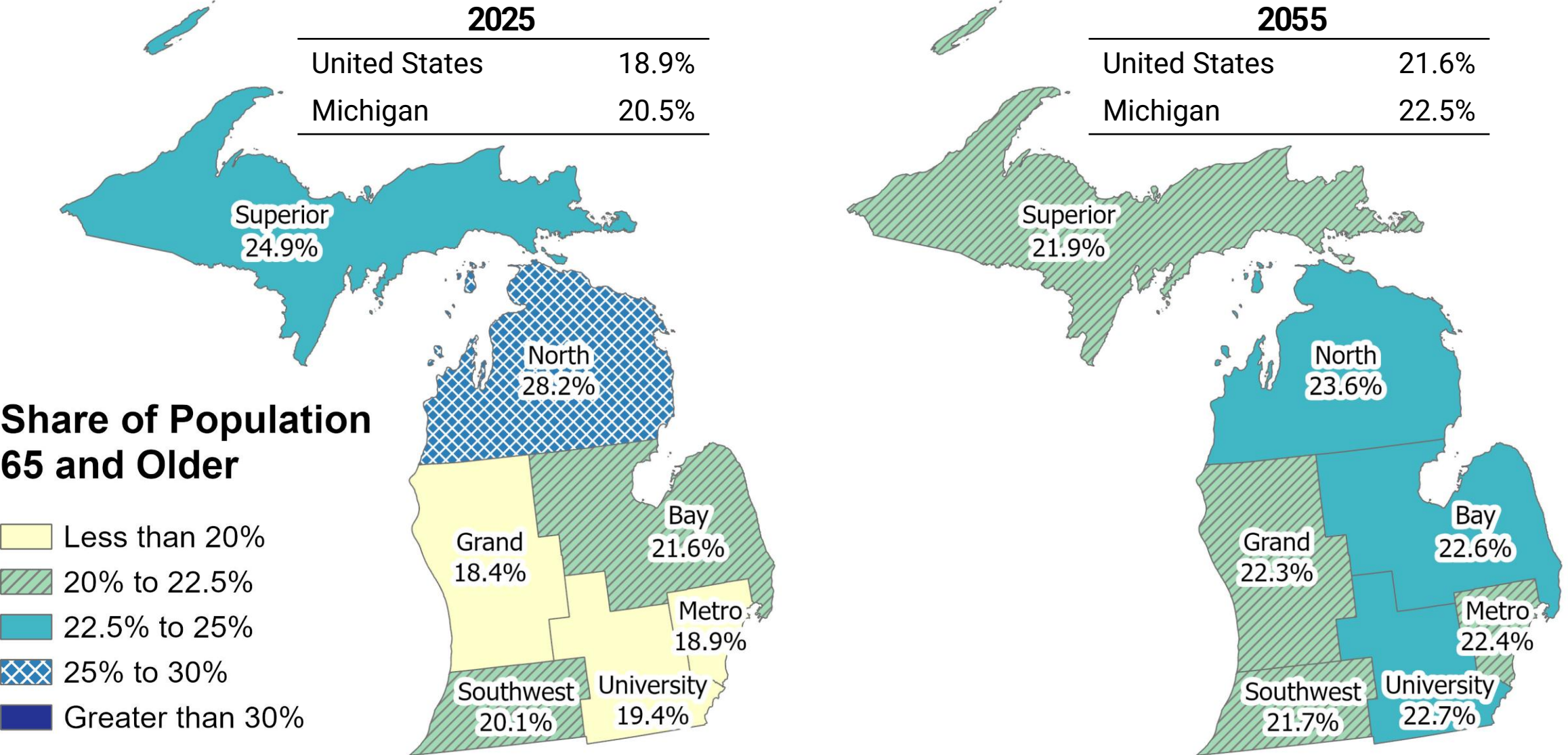
Change in Total Employment, 2001–2055



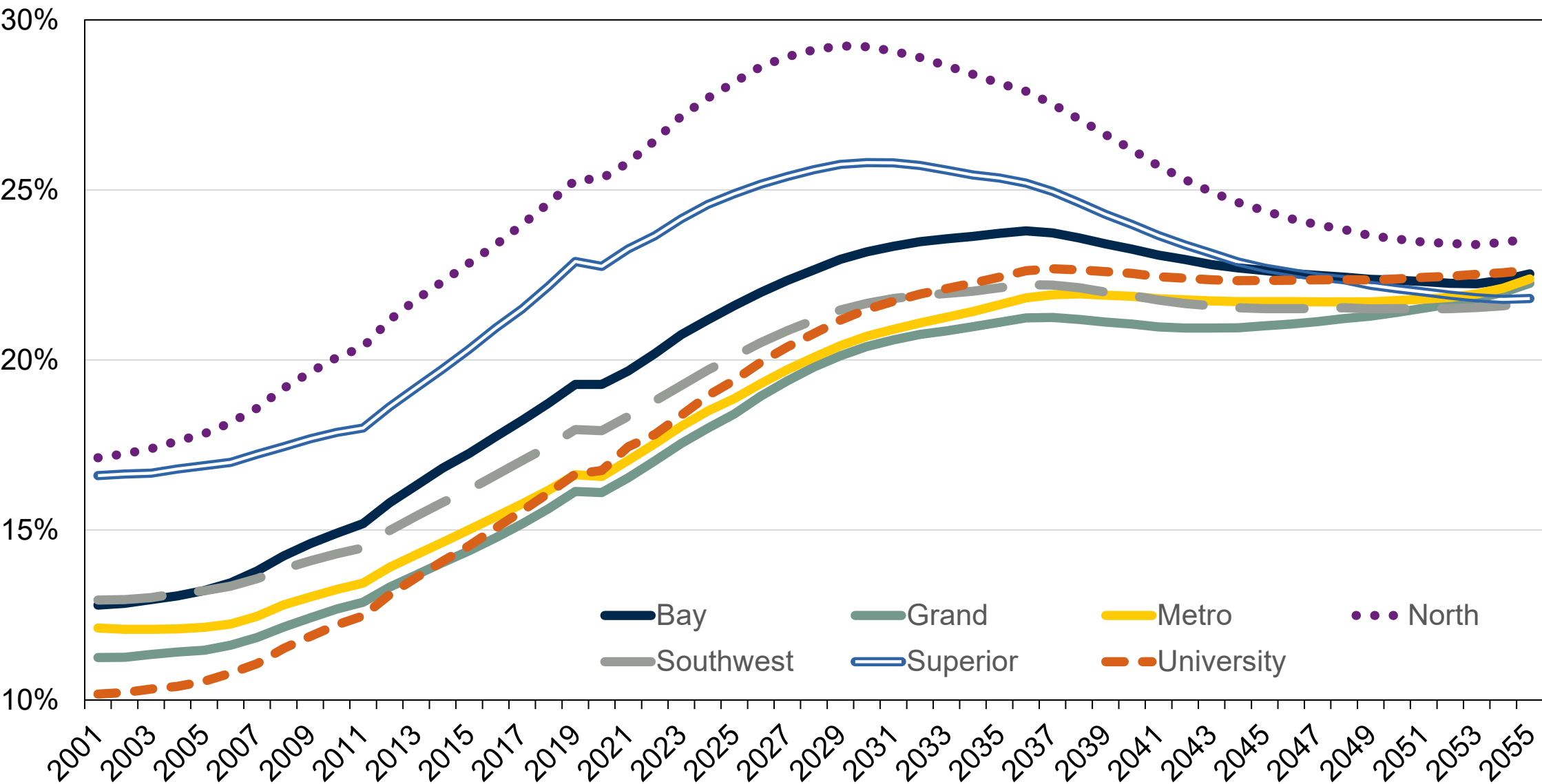
Share of Population 65 and Older



Share of Population 65 and Older



Share of Population 65+, 2001–2055



Key Takeaways

- Population growth gives way to gradual decline, while aging increasingly constrains the labor supply
- International migration becomes increasingly important to the state's demographic outlook
- Real GDP, real personal income per capita, and employment continue to grow, but at a restrained pace
- Household growth outpaces population growth as average household size declines
- Economic and demographic outcomes vary widely across Michigan

- **Growth and decline are geographically uneven:** growing counties may face continued capacity needs, while declining areas may place greater emphasis on maintaining the existing system
- **An aging population will change transportation needs:** accessibility, safety, and demand-responsive transportation may become increasingly important in older and more rural communities
- **Population decline does not necessarily mean declining travel demand:** Michigan households increase 3.1% and household vehicles increase 2.5% through 2055
- **Slower growth in the working-age population may create workforce challenges:** across the private sector, but also for MDOT, other public agencies, and transportation-related industries

THANK YOU!

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