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June 5, 2009

Automotive Bankruptcies and Employment in Southeast Michigan Communities

The restructuring of the automotive industry has led to a reduction of nearly half the manufacturing jobs in Southeast Michigan since 2000 (Table 1). The Transportation Equipment Manufacturing industry, which is predominantly vehicle and parts manufacturing in this region, has seen its employment level drop by 59 percent. Overall, the region has lost over 446,000 wage and salary jobs; this is an 18 percent decline in employment in this decade.

Table 1 - Employment in Southeast Michigan, 2000-2009

Year*	Total Wage & Salary Employment	Manufacturing	Transportation Equipment Manufacturing
2000	2,427,000	426,500	209,700
2001	2,368,800	391,000	194,800
2002	2,316,900	367,100	186,400
2003	2,290,600	349,200	175,800
2004	2,270,900	325,800	157,400
2005	2,270,700	311,600	146,300
2006	2,226,500	293,800	133,700
2007	2,183,700	277,200	123,700
2008	2,113,600	251,700	105,400
2009	1,980,800	216,100	85,500
Change '00-'09	-446,200	-210,400	-124,200
Percent Change '00-'09	-18%	-49%	-59%

Source: Michigan Labor Market Information and SEMCOG

* 2000-2008 numbers are annual averages, while 2009 numbers are from March 2009.

The bankruptcies of GM and Chrysler will result in more job losses in the region. Table 2 shows potential job losses in our cities, villages, and townships as outlined in the bankruptcy plans. Overall, eight plants will be closed or idled in six Southeast Michigan communities. Total job losses will be 11,286 in these assembly, stamping, or powertrain plants. In addition, Chrysler has announced eliminating dealerships in 14 Southeast Michigan communities (994 jobs). GM will likely close more dealerships than Chrysler, but

detailed information is not currently available. Oakland County is hit the hardest by losing 6,643 jobs in three plants, and 313 jobs in five dealerships.

Table 2 - Jobs Lost to Automotive Bankruptcies by Southeast Michigan Community, 2009-2010

Community	Job Loss			2005 Total Employment	
	Chrysler		GM ¹		Total
	Facilities	Dealerships	Facilities	Total	
Detroit	1,761	100		1,861	279,433
Dearborn		36		36	86,679
Livonia		75	118	193	79,569
Plymouth Twp		68		68	21,738
Redford Twp		90		90	11,732
Taylor		71		71	25,799
Rochester Hills		67		67	29,779
Orion Twp			3,800	3,800	10,246
Pontiac			2,843	2,843	41,028
Royal Oak		55		55	28,977
Southfield		80		80	103,177
Springfield Twp		36		36	2,454
Troy		75		75	101,583
Clinton Twp		70		70	30,657
Eastpointe		101		101	6,280
Sterling Heights	1,400	70 ²		1,470	57,766
Ypsilanti Twp			1,364	1,364	16,918
Total	3,161	994	8,125	12,280	933,815

Sources: Chrysler, General Motors, Harris InfoSource, and SEMCOG.

Figure 1 on the next page illustrates plant and dealership closures in Southeast Michigan communities. The figure and the table above do not include all the cuts that GM and Chrysler have announced. For example, GM plans to cut 3,000 salaried jobs and 2,200 to 2,500 dealerships, but Southeast Michigan's share is unknown.

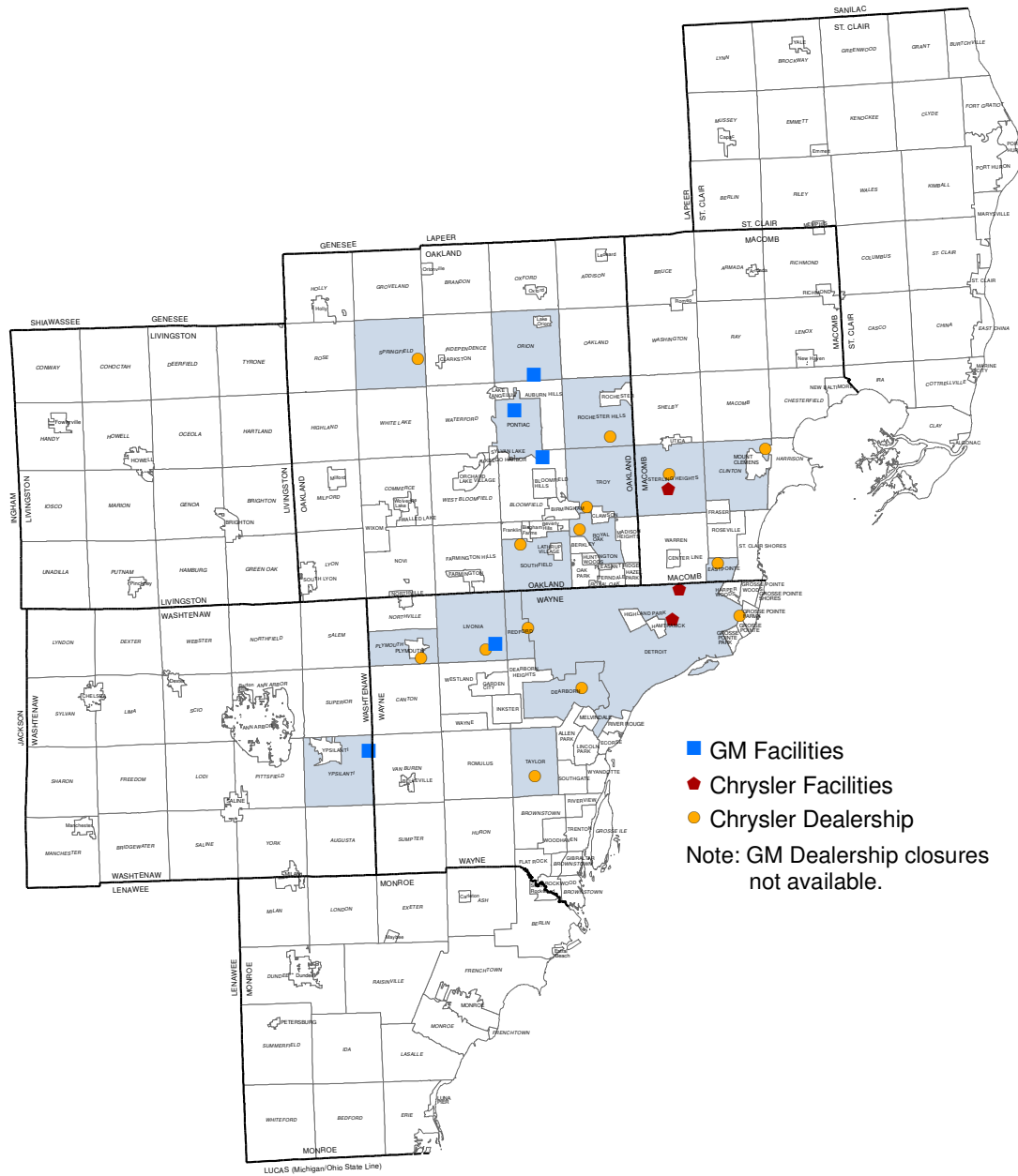
When estimating economic impacts, the auto industry has one of the largest economic multipliers of any sector of the U.S. economy, which means more jobs will be lost in other supporting industries. Recent research³ indicates that for each job loss of GM or Chrysler in Michigan, an additional 1.26 jobs could be lost in other industries, in a wide range from suppliers, to services, to local restaurants. Using this multiplier, an additional 14,224 jobs could be lost in our region.

The true magnitude of the impacts of the automotive bankruptcies in our region will depend on how successful the bankruptcies will be, including their intensities and durations. They will have tremendously negative impacts on our region's employment, local government revenue, and ultimately the quality of life. SEMCOG predicted a 15 percent decline of property taxable values in 2009 and 2010,

Notes: ¹ GM dealership closures not currently available.
² Estimate
³ Center for Automotive Research (CAR) Research Memorandum: "The Impact on the U.S. Economy of Successful versus Unsuccessful Automaker Bankruptcies," May 26, 2009.

which was primarily based on sharp drops of home prices. The region may experience significant drops in commercial and industrial property values as well, in the near future, when more auto plants and other businesses are closed. SEMCOG will continue to assist local governments in improving efficiency, and work on strategically investing and maintaining infrastructures.

Figure 1 - Automotive Facility and Dealership Closures, Southeast Michigan, 2009-2010



Additional data may be added to this Fact Sheet in the near future. Please check SEMCOG Web site for additional data in [Quick Facts](#).