



Growing Business.
Building Community.

2008 Economic Forecast

for the 5-County Region of Antrim, Benzie,
Grand Traverse, Kalkaska, and Leelanau Counties

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November 2007



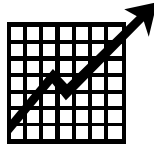
The Traverse City Area Chamber of Commerce helps to grow business and build community. It helps to grow business by promoting its members' businesses and delivering sales leads, providing cost-cutting benefits, and sponsoring networking programs. It builds community by giving its members a voice in the growth of the region, bringing together groups to address the region's biggest issues, and helping to recruit and retain enterprises in the area.

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**"The dogmas of the quiet past are inadequate to the stormy present...As our case is new,
so we must think anew, and act anew."**

—President Abraham Lincoln

2008 Economic Forecast Considerations

The 2008 Economic Forecast should be considered an informative resource that can assist in making critical business decisions affecting the 5-county region of Antrim, Benzie, Grand Traverse, Kalkaska, and Leelanau Counties.

All sources contributing to this report were compared against numerous other data and information sources. Best efforts were made to reconcile these sometimes widely varying outlooks; however, no economic forecast should ever be considered definitive or flawless, due to the number of variables contributing to the sources.

The following should be understood as significant factors in the precision of this year's (and any) economic forecast:

- Weak business investment may hamper economic recovery and expansion.
- Elevated fluctuations in energy prices, particularly the price of oil, could prevent sustained economic growth.
- A weaker dollar could lead to inflationary concerns and therefore slow spending and investment.
- The national housing slump could continue to have profound effects on homebuilding, real estate, and the credit market.
- Geopolitical concerns may hamper economic activity.

The overriding intention of this forecast is to provide an illumination of the regional economy (past, present, and future), not to provide pages of academic thought. The Traverse City Area Chamber of Commerce 2008 Economic Forecast is intended for all who have an interest in understanding the regional economy.

The Global Economy

The Global Outlook

The following are excerpts from the World Bank, *Prospects for the World Economy* and *The Global Outlook*, published in May of 2007.

...Growth among the developing countries came in at 7.3 percent in 2006, the fourth year that their economies expanded by more than 5.5 percent. Very fast-growing countries, such as China (10.7 percent) and India (9.2 percent), contributed strongly to this overall result. But even excluding these countries, low and middle-income countries grew 5.9 percent and gross domestic product (GDP) in every developing region expanded by more than 5.0 percent. This robust developing-country demand was reflected in stronger high-income country export growth, which was the main factor behind the acceleration of GDP in those countries to 3.1 percent.

...Prospects for Europe appear increasingly robust. Improved consumer confidence, lower unemployment, high capacity utilization rates, and still-strong order books should translate into solid domestic demand growth, while continued integration of new member states into the European Union should fuel exports. While inflationary pressures are present, lower commodity prices and a gradual tightening of monetary conditions by the European Central Bank should contain them without endangering the expansion. As a result, GDP among European countries is projected to moderate only modestly, to about 2.6 percent (2.5 percent for the Euro Area) in 2007, before easing toward more sustainable growth rates of about 2.2 percent (2.0 percent for the Euro Area) by 2009.

...In Japan vigorous growth in developing East Asia, strong business confidence indicators, and reduced drag from corporate consolidation are expected to help maintain growth at 2.3 percent in 2007. Very low interest rates are projected to sustain investment and industrial production as the main drivers of the economy, while tightening labor market conditions should boost consumer demand, permitting the economy to accelerate to a 2.4 percent annual pace in 2008.

...In the East Asia and Pacific region, growth, led by China, was once again very strong. While efforts to contain investment and credit growth in some sectors moderated the pace of the expansion toward midyear, it has since picked up. Growth in other countries in the region strengthened, in part because of a relaxation of monetary policy in several countries following the successful dampening of emerging inflationary pressures. Regional growth is projected to slow through 2009, reflecting a tighter policy environment in China and weaker U.S. import demand, especially in 2007.

...The developing economies of the Middle East and North Africa also enjoyed strong growth, despite the conflict in Lebanon, which saw GDP in that country decline by 5.5 percent. While OPEC cut oil output during the course of the year, slowing GDP growth among oil exporters, a 20 percent hike in oil prices fueled domestic demand and imports. This boosted exports of goods and services among the diversified countries of the region, which, along with a rebound in agricultural production following a severe drought in 2005, propelled their GDP growth to 5.6 percent—a 10-year record. Several years of very rapid growth and the removal of some price subsidies have contributed to an uptick in inflation in several countries and a decline in the current account and government balances of oil exporters (which nevertheless remain in surplus).

Global Indicators

It is no secret that the national, state, and regional economy influence and are influenced by a variety of global forces. Despite fluctuating oil prices and geopolitical uncertainties, the world economy grew by 4% in 2006. Continued global economic expansion is expected for the foreseeable future.

Percent Change Gross Domestic Product for the World and Selected Sub-regions, 2005-2009 (Actual & Forecast).

	2005	2006	2007	2008	2009
World	3.5	4.0	3.3	3.6	3.5
High Income	3.5	4.0	3.3	3.6	3.5
Euro Area	1.3	2.7	2.5	2.2	2.0
Japan	2.6	2.2	2.3	2.4	2.1
United States	3.2	3.3	1.9	3.0	3.1
Developing Countries	6.7	7.3	6.7	6.2	6.1
East Asia and Pacific	9.0	9.5	8.7	8.0	7.9
Europe and Central Asia	6.0	6.8	6.0	5.7	5.8
Latin America and Caribbean	4.7	5.6	4.8	4.3	3.9
Middle East and North Africa	4.3	5.0	4.5	4.6	4.8
South Asia	8.7	8.6	7.9	7.5	7.2
Sub-Saharan Africa	5.8	5.6	5.8	5.8	5.4

Source: The World Bank. 2007.

The U.S. is becoming increasingly reliant on goods and services from its international trade partners. Since 2000, the deficit balance on goods and services trade has almost doubled. The 2007 current trade deficit is approximately \$59 billion (BEA, 2007).

According to the U.S. Bureau of Economic Analysis (2007), there exist several key international trade (goods & services) factors relevant to future economic growth in the U.S.:

Exports

- Exports of goods and services increased \$0.6 billion in August to \$138.3 billion, reflecting increases in both goods and services exports.
- The increase in goods exports was mostly accounted for by increases in industrial supplies and materials and foods, feeds, and beverages, which were partly offset by a decrease in automotive vehicles, parts, and engines.
- The increase in services exports mostly reflected an increase in travel.

Imports

- Imports of goods and services decreased \$0.8 billion in August to \$195.9 billion, reflecting a decrease in goods imports. Services imports were virtually unchanged.
- The decrease in goods imports was mostly accounted for by decreases in industrial supplies and materials and automotive vehicles, parts, and engines, which were partly offset by an increase in capital goods.
- Services imports were virtually unchanged, reflecting small and nearly offsetting changes in all categories.

The National & State Economy

The National & State Outlook

After the financial shock ...

....2008 holds more promise for the national economy and Michigan

Jim Glassman

*Managing Director and Senior Economist
JPMorgan Chase & Co.*

The US economy grew more slowly in 2007, at about a 2% pace, than in earlier years when it was recovering from the 2001 recession. This was partly by design: the Federal Reserve took its foot off the monetary gas pedal between 2004 and 2006 when it appeared the economy was strong enough to return to its full potential on its own. Nonetheless, the transition has been a bit more rugged than most, including the Federal Reserve policy makers, anticipated. The shakeout in the overheated housing market, particularly in the West and in Florida, which has been exacerbated by a cessation of financing to borrowers which shakier credit histories, has retarded growth a little more than many expected. Thankfully, unemployment has held relatively steady at a low 4 ½% despite the economic slowdown. In part, that may be because firms believe the slowdown in business this year will prove temporary and, in that case, are reluctant to trim their staff. The limited rise in unemployment also reflects a slowdown in the number of people looking for a job, presumably because they know that businesses are turning more cautious than they were.

This year has been particularly challenging for Michigan. Michigan's real GDP held steady for the fifth consecutive year. And employment declined for the sixth consecutive year. Today, the Wolverine state's job count is 434,000 below the summer 2000 peak levels, a 9% contraction in employment. Michigan's job losses, coming at a time when the rest of the nation enjoyed a respectable, if not exuberant recovery, reflect a disproportionate impact from globalization as well as technological innovation that has displaced many jobs, particularly in the manufacturing sector.

By summer 2007, a broad consensus held that the near-term outlook for the US was relatively positive. Although the US economy was expected to grow more slowly through the balance of 2007, perhaps at a subpar pace, prospects for 2008 looked good, with the economy expected to speed up to a 2½ - 3% pace. Although the housing industry was not expected to emerge from its slump until late in 2008, at least the drag from shrinking new residential construction was expected to diminish over time.

A financial crisis emerged late in the summer of 2007, however, that called into question optimistic economic forecasts. The well-known subprime mortgage problem triggered an investor panic—a flight from certain financial instruments, including asset backed commercial paper vehicles, much like the old fashioned run on banks—when investors learned that AAA ratings on collateralized subprime mortgage debt obligations that backed some money market instruments they held were on shaky ground. No financial crisis since 1929 has ever derailed the US economy—that includes the banking crises in the mid-1980s when falling oil prices led to the collapse of the southwest economy, the 1987 stock market crash, the early 1990s bank credit crunch triggered by losses on loans for commercial property, and the 1998 seizing up of the Treasury market that was triggered by the Russian debt default and failure of Long Term Capital Management. In contrast, this summer's financial crisis posed a greater danger than any other financial disruption because it represented a challenge to the ideas that have led to the evolution of today's modern financial system that is based on securitized finance. Investors, realizing that had greater exposure to credit risk than they realized as a result of the complex and nontransparent nature of the

financial derivatives that have been developed in recent years, became more risk averse, triggering a deleveraging and tightening of credit conditions.

The Federal Reserve moved swiftly to counteract the damage from the credit crunch by cutting policy rates ½ point. The market anticipates that the Fed will lower rates slightly more, taking its overnight interest rate target rate down to about 4¼%. This action will not completely immunize the economy from a more hostile credit market but it offers substantial protection.

Despite the summer's credit market storm, the equity market remained strong and set new records in early October. The reaction of the equity market reflects a confidence in the Fed's ability to counteract tighter credit conditions and it reflects two other developments as well, a favorable global backdrop and benign inflation.

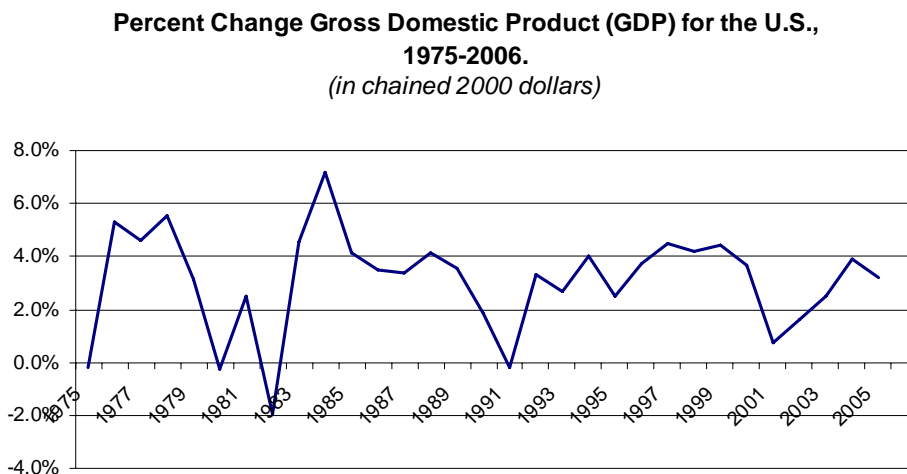
On the first, despite the US slowdown, the economic performance abroad is the best in memory. The global economy is expected to grow about 5% this year, with virtually all pockets of the world expanding. One reason for this is that most of the industrial countries, which have been growing at roughly half the pace of the US economy for the past decade, have begun to accelerate cyclically. Another reason is that a large number of developing economies are in full bloom and growing at a 7-8% pace. Because many developing economies are relatively open to foreign investment, European, American, and Japanese companies large and small are able to take advantage of the abundant amount of workers in those countries. As a result, despite the US slowdown, profits of American businesses have never been higher. Profits are hovering near all-time records in relation to GDP.

On the second, benign inflation represents another profoundly favorable economic trend. Consumer inflation, both the actual and core measures that exclude the volatile food and energy components, has fallen to 1¾%. That is at the low end of the Federal Reserve's forecast for 2008. It is near the middle of the Fed's long-run target for inflation. And it is near the low end of the range since World War II. What is so noteworthy about inflation developments is that this moderation has come in the face of a quadrupling of oil prices since 2003, nearly a 20% decline in the real trade-weighted value of the dollar on foreign exchange markets, and food price pressures that are a result of a 2005 congressional mandate to increase the use of renewable fuels (ethanol) for transportation, which drove up the price of corn and the many related byproducts.

The economy is forecast to grow at a subpar pace into early 2008, with the national unemployment rate edging up to around 5% from 4.7% currently. Home building activity will remain a key drag on the economy, particularly in those parts of the economy, including California, Nevada, Arizona, and Florida, that saw real estate values rise far more than in the rest of the nation. Falling house values, particularly in those areas, likely will dampen consumer spending too. But the drag from real estate excesses is forecast to slowly wane over the course of 2008. As a result, US real GDP is forecast to accelerate slightly from 2.1% over the four quarters of 2007 to 2.6% in 2008. In that case, the unemployment rate should steady near 5%. Core inflation is forecast to hold steady near 1¾% next year. A projected moderate decline in oil prices, back to \$50 – 60 per barrel is forecast to dampen overall inflation readings. Michigan is forecast to fare better in 2008, with growth turning positive and employment expanding by 40,000 over the twelve months of the years.

National Indicators

The U.S. has historically enjoyed varying levels of economic expansion throughout the years resulting in average annual GDP¹ gains. In the last 30 years, there have only been four years (1975, 1980, 1982, & 1991) where real GDP showed negative growth.



Source: U.S. Bureau of Economic Analysis (BEA). National Economic Accounts. 2007.

Since 2000, U.S. GDP has grown at an annualized rate of 2.7%. During the same time period, inflation has stayed in check with the core CPI² averaging 2.1%.

The Congressional Budget Office (CBO) predicts the U.S. GDP will grow 2.1% in 2007 and 2.9% in 2008. The CBO projects national annual average real GDP growth from 2009 – 2012 to be 3.0%.³

The CBO’s expectations of real GDP growth in 2007 are slightly more optimistic than the University of Michigan’s Research Seminar in Quantitative Economics (RSQE) forecast of 1.8%.⁴ However, RSQE estimates slightly greater national GDP growth (3.1%) in 2008 than predicted by the CBO in 2008.

¹ Gross Domestic Product: The value of all goods and services produced within a nation in a given year.

² Consumer Price Index: A measure of the average change in prices over time in a fixed market basket of goods and services typically purchased by consumers. “Core” CPI is less food and energy.

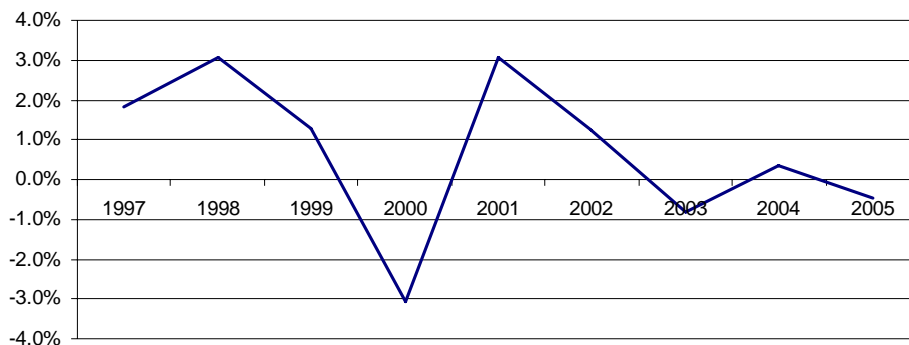
³ Congressional Budget Office. *The Budget and Economic Outlook: An Update. August 2007.*

⁴ University of Michigan: Research Seminar in Quantitative Economics. *The U.S. Economic Outlook for 2007-2009. August 2007.*

State Indicators

Over the last ten years, the State of Michigan has endured varying levels of economic expansion and retraction. From 2005-2006, the State of Michigan experienced -.5% (negative) GDP growth.

Percent Change Gross Domestic Product (GDP) for the State of Michigan, 1997-2006.
(in chained 2000 dollars)



Source: U.S. Bureau of Economic Analysis (BEA). 2007.

Michigan continues to struggle with the slide of the American automotive industry. According to recent University of Michigan RSQE estimates, Michigan’s economy is 700% more concentrated in automotive manufacturing employment than the national economy.⁵ The state’s historical dependence on the performance of the Big Three⁶ auto makers has reached critical mass.

Michigan’s economic health in the near term will be dependant on the ability of the Big Three to become more structurally agile and once again become profitable. However, in the long term, it will be necessary for Michigan to seek greater economic diversification towards becoming a balanced and robust economy.

⁵ University of Michigan: Research Seminar in Quantitative Economics. The U.S. Economic Outlook for 2007-2009. August 2007.

⁶ The “Big Three” refers to Michigan-based automotive manufacturers- General Motors, Ford, and Chrysler.

The 5-County Regional Economy

The Regional Outlook

Regional Cluster Competitiveness

Tino Breithaupt
Traverse Bay Economic Development Corporation

and

Mathias McCauley
Northwest Michigan Council of Governments

In the last few decades, the 5-county region of Antrim, Benzie, Grand Traverse, Kalkaska, and Leelanau Counties have experienced extraordinary growth and prosperity. The region has provided many opportunities for growth as a result of relatively high educational attainment, economic diversity, low labor costs, a mild environment, access to natural resources, niche business opportunities, and high overall quality of life.

If we were to extrapolate our economic past, the region could easily expect economic expansion in the coming years. History suggests (and to an extent, rightfully so) the 5-county region will continue its past successes with small business vitality and economic diversity. However, as increases in technology, productivity, and globalization become more commonplace, the region's economic health will ultimately be dependent on the ability to foster globally marketable goods and services—not the expected competitive advantages we have grown accustomed to.

For long-term economic prosperity to occur, the region (and the State, too) must embrace a 21st Century economic development mindset. The goal of the *new economy* or the *knowledge economy*, to which it is sometime referred, remains the same: regions, in order to grow and prosper, will need to invest in technologies, systems, industries, and people that are more adaptable to this ever-changing world.

One way for the 5-county region to better plan for this inevitable paradigm shift will be the fostering of industry “clusters.” According to the U.S. Department of Commerce Economic Development Administration, industry clusters are geographic concentrations of competing, complementary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure. Interestingly, the companies included in the cluster may be *both* competitive and cooperative. Examples of well-known industry clusters include North Carolina's Research Triangle; Hartford's (Connecticut) insurance and finance markets; Hollywood's film industry; tourism in south Florida; and Silicon Valley's (California) technology.

Northern Michigan has the opportunity to foster a variety of industry clusters based on geography, demographics, access to technology, current industry composition, and regional desire. The region has historically enjoyed the performance of the recreation / visitor industries cluster and currently the region is experiencing the emergence of two additional clusters that have equal potential, health science and agribusiness. Regional stakeholders may also want to pursue economic development strategies that work toward the development of renewable energy and freshwater industry clusters. While water is not an industry, the fairly recent realization that water is a commodity of ever-increasing demand cannot be ignored by regions with access to abundant freshwater systems.

However, each of the previously identified clusters (actual and potential) will require two significant drivers for future economic success in the region—research and access to human capital.

Research is quickly becoming a cornerstone of economic development activity. Increasing the research capacity for the 5-county region would provide for public/private partnerships that would focus on identifying, analyzing, and creating regional competitive advantages. Potentially, a research and development corridor might contribute to areas such as renewable energy, agriculture, manufacturing and medical technologies, in addition to freshwater studies. Wind energy technologies could potentially give our manufacturing community a more diverse market opportunity and the agriculture industry will benefit from technologies such as anaerobic digesters that in the future will likely be used more for processing waste, but also have the capabilities to generate additional energy and power. With a growing medical and health-science technology sector in Northern Michigan, we see opportunities to take advantage of our medical strengths to attract more medical device, diagnostics and health research activities to our region.

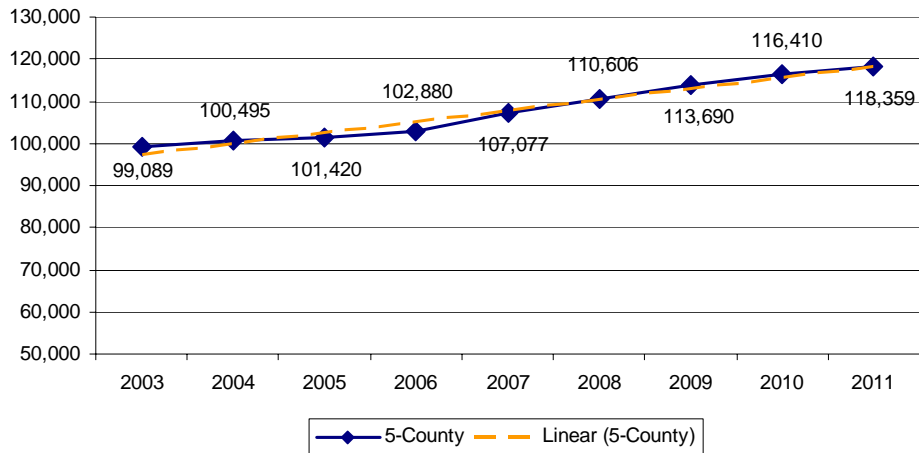
Finally, the role of workforce development and improving our access to superior human capital cannot be understated. Our new economy will demand a significantly higher level of academic preparation and achievement. In addition to high academic skills in reading, communication, math and science, workers will have to be creative problem solvers, good team members, technologically savvy, and comfortable with change. It will be imperative that every employer harness and leverage the intelligence of each employee for the collective good of the business and the region. The region must have the right people to influence emerging technologies and systems.

This regional outlook is not intended to be the result of a casual view through rose-colored glasses. There is no doubt that the region will experience, and is susceptible to, a variety of economic threats—real and perceived. However, the region will ultimately be successful as the result of coordinated economic development efforts, such as the fostering of industry clusters.

Regional Indicators
Employment

The 5-county region experienced steady employment gains from 2003-2007. In 2007, it is expected that there are 107,077 employees in the region, a 8.1% increase from 2003 levels.

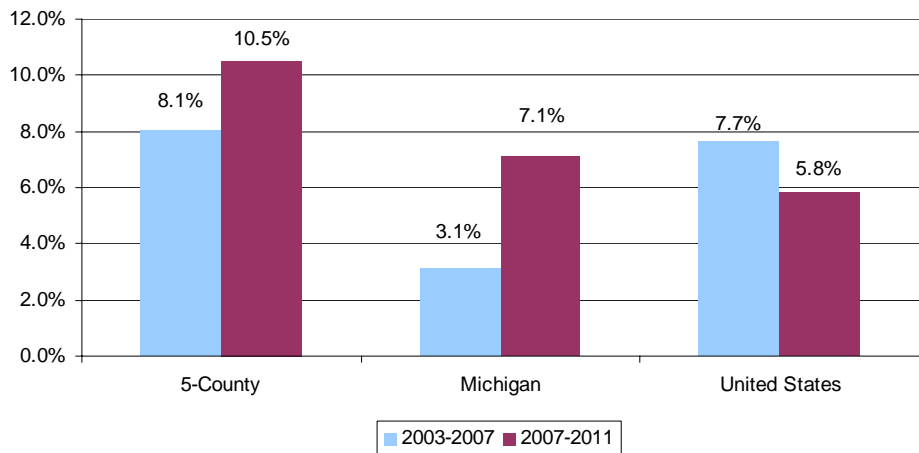
Total Employment for the 5-County Region, 2003-2011 (Actual & Forecast).



Source: Economic Modeling Specialists, Inc. (EMSI). 2007.

Since 2003, the region, state, and nation each experienced overall employment gains. It is expected that in the coming years, the region, state, and nation will continue to experience total employment growth, with the highest percentage gains felt at the regional level (10.5%).

Percent Change Total Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



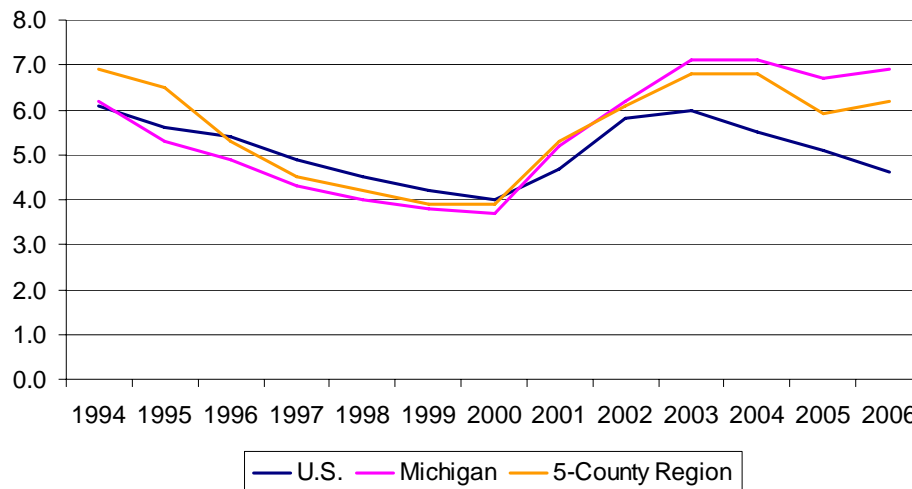
Source: Economic Modeling Specialists, Inc. (EMSI). 2007.

Unemployment

In recent history, unemployment rates in the 5-county region have generally followed the same cycles experienced by the state and the nation. In 2006, the regional unemployment rate (6.2%) remained higher than the national unemployment rate (4.6%), yet lower than the state (6.9%).

Based on past trends, Michigan's economic downturn, and the seasonal nature of much of the employment in the region, it is expected that the area's unemployment rate will remain higher than the nation's. Yet, when compared to state figures, the region's unemployment rate appears poised to remain below state levels in the coming years.

Annual Unemployment Rate for the 5-County Region, Michigan, and the U.S., 1994-2006.



Source: U.S. Bureau of Labor Statistics (BLS). 2007.

Unemployment remains a critical issue for communities in the 5-county region. Because much of the economy is based on seasonal activity, a strategy to incorporate less seasonally affected industries into the area or minimizing the impact on employees of seasonally affected jobs will be critical to the long-term economic health of the region. Additionally, the region should seek a diverse industry base that is less affected by recent and foreseeable economic downturns at state level.

A Local Perspective:

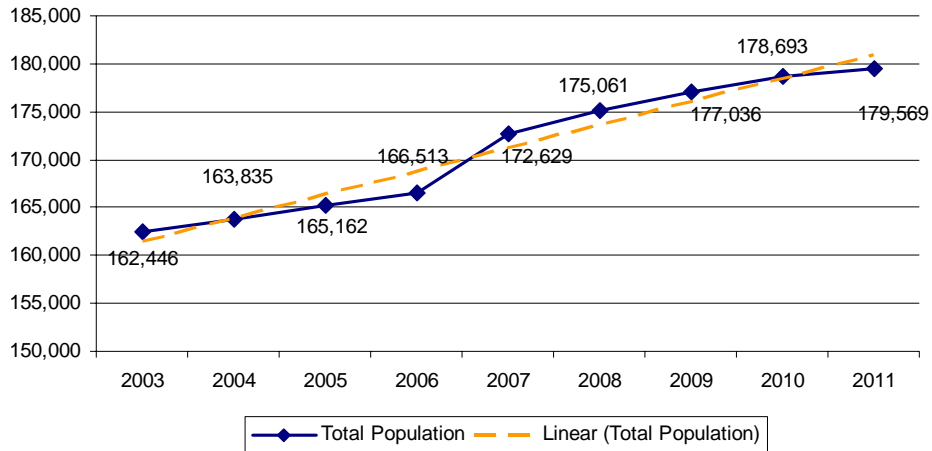
During 2008, we expect to see continued layoffs of low-skilled production workers in the manufacturing sector due to declines in the auto industry. However, the regional economy is growing jobs in other sectors, especially healthcare, human services, and business services. Unemployment should remain at approximately its current rate, with difficult transitions for individuals who require retraining for new employment.

-Jan Warren,
Program Director, MI Works!

Population

The 5-County Region of Antrim, Benzie, Grand Traverse, Kalkaska, and Leelanau Counties held a total population of approximately 172,629 individuals in 2007, equating to 1.7% of Michigan's total population.

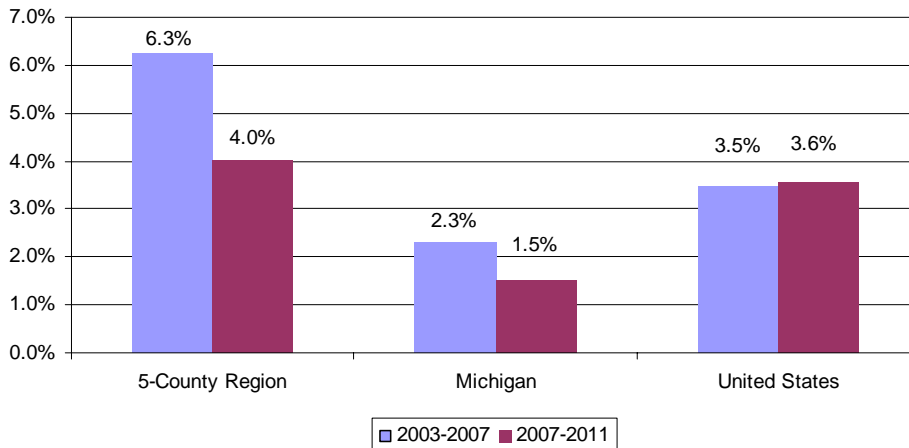
Total Population for the 5-County Region, 2003-2011 (Actual & Forecast).



Source: Economic Modeling Specialists, Inc. (EMSI). 2007.

The region experienced greater population growth (based on percent change) than the state and nation over the last five years and continues to be one of the fastest growing regions in Michigan. Regional population growth is expected to somewhat equalize to state and national levels over the next five years.

Percent Change Total Population for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).

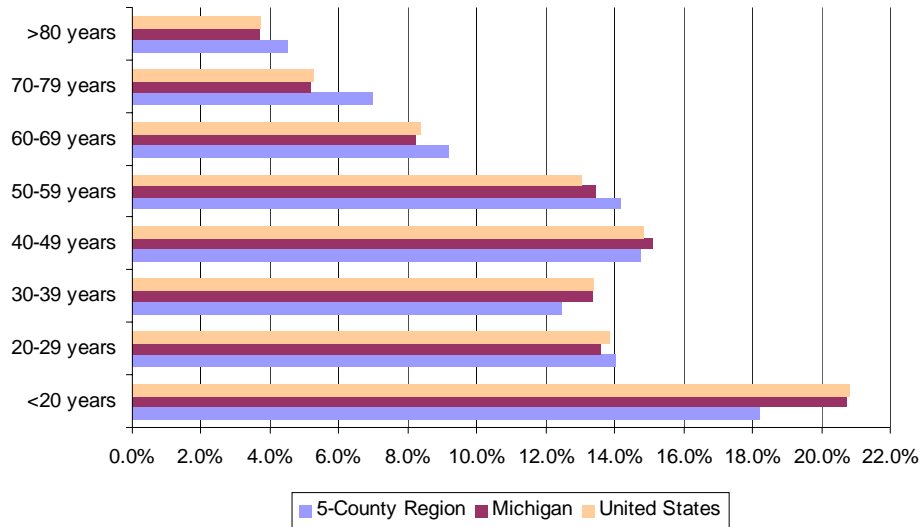


Source: Economic Modeling Specialists, Inc. (EMSI). 2007.

Age Characteristics

Along with general population growth dynamics, the age characteristics of the population will have a major influence on the region’s economic growth and sustainability, due to the influences individual age groups have on the demand for specific goods / services and laborforce composition changes.

Percentage of Total Population by Age Group for the 5-County Region, Michigan, and the U.S., 2007.



Source: Economic Modeling Specialists, Inc. (EMSI). 2007.

In terms of percentage growth, double-digit gains are expected in the 30-39, 60-69, and >80 age groups. The 60-69 age group growth is somewhat consistent with state and national forecasts; however, the expected population gains within the 30-39 and >80 age groups outpace expected state and national percentage growth in the same age group.

Forecasted Percent Change of Age Group Population for the 5-County Region, Michigan, and U.S., 2007-2011.

	5-County Region	Michigan	United States
<20 years	-0.9%	-1.7%	-0.2%
20-29 years	5.1%	2.1%	3.9%
30-39 years	18.2%	-0.1%	0.5%
40-49 years	-7.6%	-4.0%	-3.0%
50-59 years	4.3%	5.8%	8.1%
60-69 years	11.8%	17.0%	19.0%
70-79 years	2.2%	1.2%	4.2%
>80 years	12.0%	5.4%	6.7%
TOTAL	4.0%	1.6%	3.6%

Source: Economic Modeling Specialists, Inc. (EMSI). 2007.

The age structure of the labor force is critical factor to future economic expansion, as an imbalance of workers entering and leaving the workforce can result in shortages or oversupply of workers in specific occupations or entire industries.

Income & Wages

In 2005, the regional median per capita personal income⁷ (PCPI) was \$30,198, approximately 92.0% of the state and 88.0% national PCPI.⁸ Regional PCPI experienced an increase from the 2004 value (\$27,703).

Because population acts as the denominator of the PCPI equation, there are underlying characteristics that can impact PCPI and such characteristics are not solely economic- annual wages should also be considered. The 2007 median annual average wage for all industries is \$37,665 (down slightly from 2006), representing 77.4% of the state value and 77.4% of the national value.

Estimated Annual Wages by Industry for the 5-County Region, Michigan, and U.S., 2007.

	5-County Region	Michigan	United States
Agriculture, forestry, fishing and hunting	\$13,565	\$14,283	\$16,816
Mining	\$118,991	\$91,152	\$108,113
Utilities	\$88,331	\$121,273	\$112,977
Construction	\$37,592	\$49,987	\$50,761
Manufacturing	\$53,094	\$81,362	\$69,103
Wholesale trade	\$44,216	\$68,970	\$68,510
Retail trade	\$25,158	\$27,388	\$29,169
Transportation and warehousing	\$47,229	\$56,117	\$50,792
Information	\$55,055	\$66,963	\$77,869
Finance and insurance	\$62,681	\$69,867	\$89,277
Real estate and rental and leasing	\$36,611	\$37,780	\$43,442
Professional and technical services	\$39,681	\$72,316	\$68,569
Administrative and waste services	\$23,602	\$31,343	\$29,767
Educational services	\$21,740	\$25,715	\$31,678
Health care and social assistance	\$48,244	\$42,533	\$44,979
Arts, entertainment, and recreation	\$23,722	\$29,438	\$32,358
Accommodation and food services	\$16,964	\$15,832	\$19,498
Other services, except public administration	\$21,053	\$24,139	\$24,568
Government	\$45,164	\$54,914	\$56,370
MEDIAN WAGE (all industries)	\$37,665	\$48,680	\$48,673

Source: Economic Modeling Specialists, Inc. (EMSI). 2007.

As a future consideration, the number of individuals receiving self-employment income is expected to increase in the coming years since there will be workers who will have the experience and skills required to work for themselves. This will be especially true for older workers. However, the income of those who are self-employed is elusive due to reporting requirements, making the data more difficult to gather and accurately gauge the region's actual earnings.

⁷ Personal income is the income that is received by persons from all sources. Personal income is the sum of net earnings, rental income, personal dividend income, personal interest income, and personal current transfer government receipts. In computing per capita personal income, BEA uses the Census Bureau's annual midyear population estimates.

⁸ U.S. Department of Commerce. Bureau of Economic Analysis. BEAR Facts.

Regional Industry Profiles

In 2007, it is estimated that there will be approximately 107,077 employees in the 5-county region. Retail trade is the largest employment industry (13,882 employees) in the region. From 2007-2011, it is forecasted that the region will experience a 10.5% increase in total employment growth, as opposed to 8.1% from 2003-2007.

Total 5-County Regional Employment by Industry, 2003-2011 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2003	2007	2011	Change 2003-07	% Change 2003-07	Change 2007-11	% Change 2007-11
Agriculture, forestry, fishing and hunting	2,612	2,612	2,642	0	0.0%	30	1.1%
Mining (Extraction)	1,497	1,389	1,255	(108)	-7.2%	(134)	-9.6%
Utilities	402	379	379	(23)	-5.7%	0	0.0%
Construction	9,099	9,998	11,102	899	9.9%	1,104	11.0%
Manufacturing	8,439	8,478	9,561	39	0.5%	1,083	12.8%
Wholesale trade	1,940	2,321	2,516	381	19.6%	195	8.4%
Retail trade	14,013	13,882	15,490	(131)	-0.9%	1,608	11.6%
Transportation and warehousing	1,863	1,939	2,123	76	4.1%	184	9.5%
Information (Communication)	1,486	1,599	1,699	113	7.6%	100	6.3%
Finance and insurance	3,965	4,232	4,477	267	6.7%	245	5.8%
Real estate and rental and leasing	4,486	5,909	6,724	1,423	31.7%	815	13.8%
Professional and technical services	5,267	6,211	7,005	944	17.9%	794	12.8%
Administrative Services	3,664	5,064	5,834	1,400	38.2%	770	15.2%
Educational services*	958	1,347	1,501	389	40.6%	154	11.4%
Health care and social assistance	10,463	11,757	13,548	1,294	12.4%	1,791	15.2%
Arts, entertainment, and recreation	2,114	2,626	3,191	512	24.2%	565	21.5%
Accommodation and food services	9,568	9,477	10,015	(91)	-1.0%	538	5.7%
Other services, except public administration	5,544	6,028	6,732	484	8.7%	704	11.7%
Government*	11,598	11,668	12,444	70	0.6%	776	6.7%
TOTAL	99,089	107,077	118,359	7,988	8.1%	11,282	10.5%

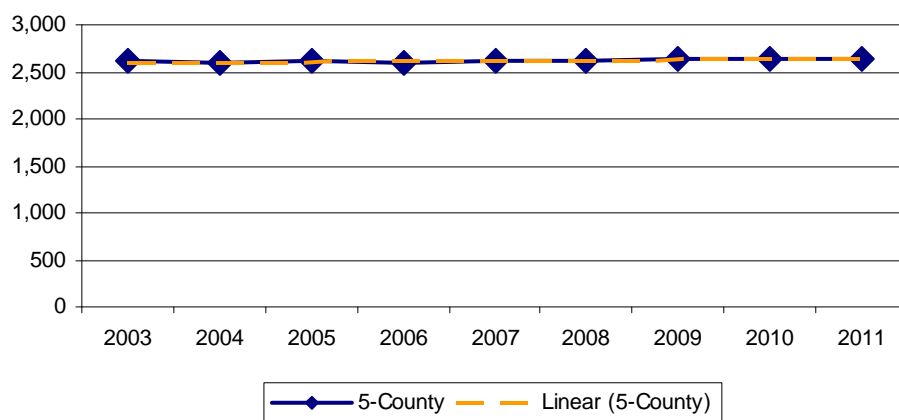
Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.

Agriculture, Forestry, Fishing, and Hunting

Regionally, the agriculture, forestry, fishing, and hunting sector experienced stagnant employment over the last five years. In 2007, it is expected that there will be approximately 2,612 agriculture, forestry, fishing, and hunting employees in the region, representing 2.4% of total regional employment. Agriculture, forestry, fishing, and hunting employment growth is expected to remain stagnant in the coming years and it is forecasted that by 2011 there will be 2,642 agriculture, forestry, fishing, and hunting employees in the region.

Total Agriculture, Forestry, Fishing, and Hunting Employment for the 5-County Region, 2003-2011 (Actual & Forecast).



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Benzie County experienced higher percentage growth in agriculture, forestry, fishing, and hunting employment than the other four counties in the region. In the next five years, Benzie County is also expected to have the greatest percentage growth of agriculture, forestry, fishing, and hunting employment. From 2007-2011, it is forecasted that the region as a whole will experience 1.1% employment growth in this industry.

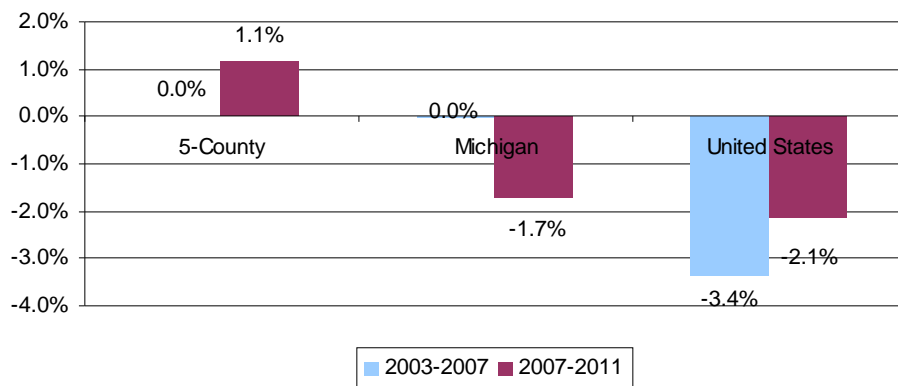
Total Agriculture, Forestry, Fishing, and Hunting Employment by Selected County, 2003-2011 (Actual & Forecast).

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	490	478	447	-2.4%	-6.5%
Benzie	220	278	293	26.4%	5.4%
Grand Traverse	761	866	896	13.8%	3.5%
Kalkaska	222	219	228	-1.4%	4.1%
Leelanau	918	770	778	-16.1%	1.0%
5-County Region	2,612	2,612	2,642	0.0%	1.1%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced stagnant growth in agriculture, forestry, fishing, and hunting employment as compared to the state and nation. In the next five years, regional agriculture, forestry, fishing, and hunting employment is expected to grow at 1.1%, while the state and nation are expected to experience employment losses.

Percent Change Total Agriculture, Forestry, Fishing, and Hunting Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2006.

A Local Perspective:

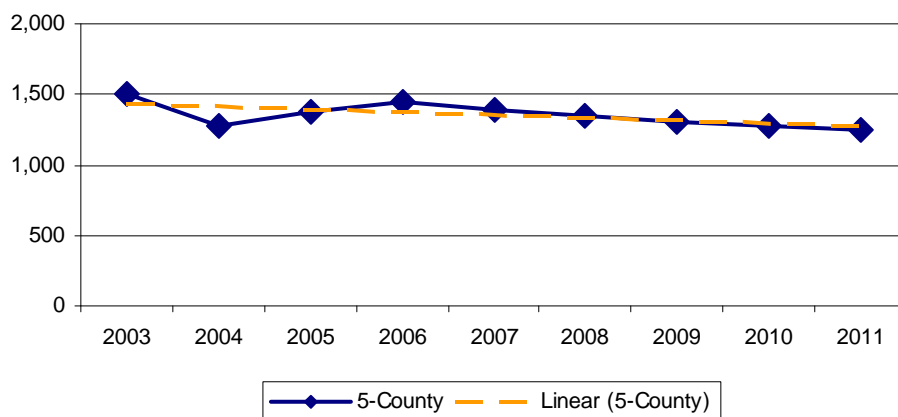
“Our agriculture and natural resources sector will continue to evolve in 2008. Rising land prices, lack of immigration reform, declining government sector support and an aging farm population makes it increasingly difficult to keep prime farmland and to preserve natural resources. At the same time there are clear opportunities with value-added agriculture entities, agri-tourism, new forest product technologies, ethanol and biofuels. There is an urgent requirement for public policy makers to demonstrate both vision and commitment to farmland preservation, right to farm legislation, a documented and stable migrant work force and both extension services and applied research through our land grant universities focusing on food safety and invasive species.”

-Don Coe
Blackstar Farms and Commissioner, MI Dept. of Agriculture

Mining (Extraction)

Regionally, the mining sector experienced a decrease in employment over the last five years. In 2007, it is expected that there will be approximately 1,389 mining employees in the region, representing 1.3% of total regional employment. Mining employment growth is expected to experience losses in the coming years and it is forecasted that by 2011 there will be 1,255 mining employees in the region.

Total Mining (Extraction) Employment for the 5-County Region, 2003-2011 (Actual & Forecast).



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Benzie County experienced higher percentage growth in mining employment than the other four counties in the region. In the next five years, Leelanau County is expected to have the greatest percentage growth of mining employment. From 2007-2011, it is forecasted that the region as a whole will experience a total employment decrease of -9.6% in this industry.

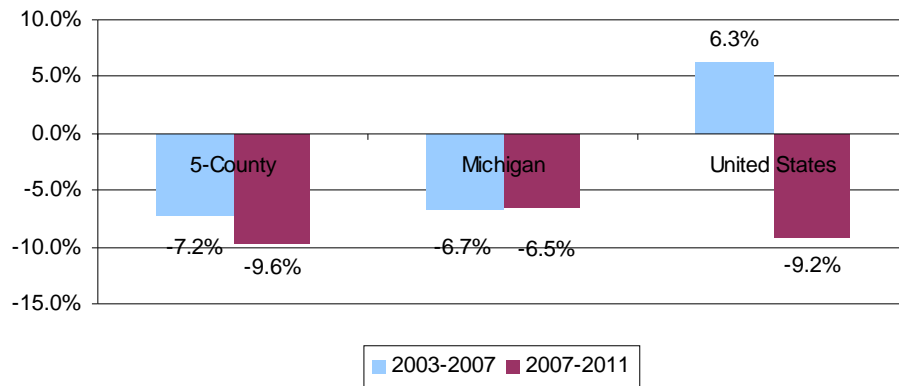
Total Mining (Extraction) Employment by Selected County, 2003-2011 (Actual & Forecast).

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	60	77	75	28.3%	-2.6%
Benzie	31	47	51	51.6%	8.5%
Grand Traverse	1,026	997	955	-2.8%	-4.2%
Kalkaska	286	244	141	-14.7%	-42.2%
Leelanau	95	25	32	-73.7%	28.0%
5-County Region	1,497	1,389	1,255	-7.2%	-9.6%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced negative percentage growth in mining employment, as did the state. However, the nation did experience gains. In the next five years, mining employment is expected to decline at a regional, state, and national level.

Percent Change Total Mining (Extraction) Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

“Michigan's long term energy policy will continue to need attention and reform if the state's economy is to have any chance of a sustained recovery.

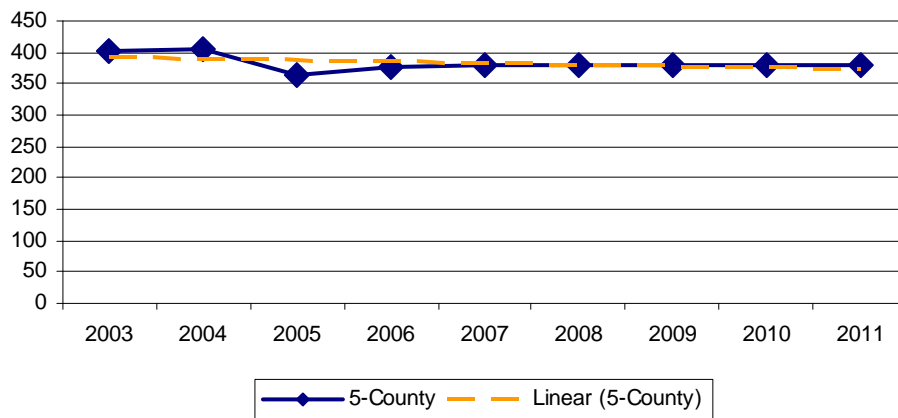
Enacting smart policies that encourage energy conservation as well as continued investment in the state's energy infrastructure are required for a meaningful return to prosperity.”

-Steve Rawlings,
Regional Manager, DTE Energy

Utilities

Regionally, the utilities sector experienced a decrease in employment over the last five years. In 2007, it is expected that there will be approximately 379 utilities employees in the region, representing 0.4% of total regional employment. Utilities employment growth is expected to be stagnant in the coming years and it is forecasted that by 2011 there will be 379 utilities employees in the region.

**Total Utilities Employment for the 5-County Region, 2003-2011
(Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Kalkaska County experienced higher percentage growth in utilities employment than the other four counties in the region. In the next five years, Kalkaska County is expected to have the greatest percentage growth of utilities employment. From 2007-2011, it is forecasted that the region as a whole will experience no employment growth in this industry.

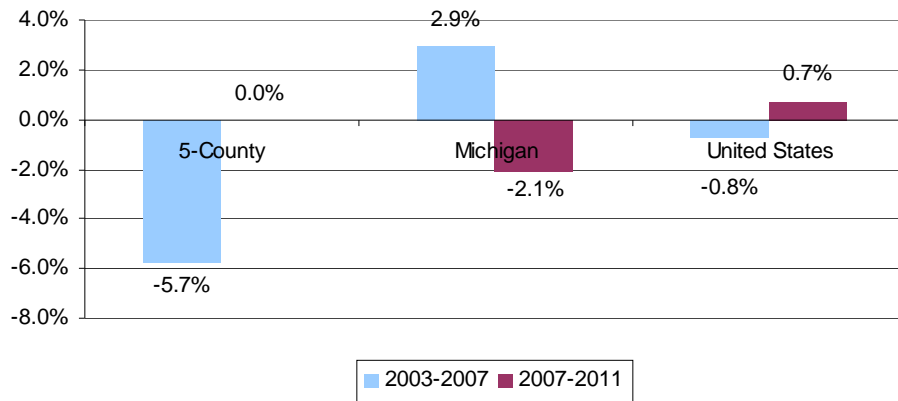
**Total Utilities Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	14	<10	<10	n/a	n/a
Benzie	124	50	44	-59.7%	-12.0%
Grand Traverse	247	259	257	4.9%	-0.8%
Kalkaska	15	57	70	280.0%	22.8%
Leelanau	<10	<10	<10	n/a	n/a
5-County Region	402	379	379	-5.7%	0.0%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced negative percentage growth in utilities employment, the nation also showed decline in this industry; however, the state experienced growth in utilities employment. In the next five years, regional, state, and national utilities employment is expected to be somewhat stagnant– with slight declines at a state level.

Percent Change Total Utilities Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

“Consumers Energy forecasts that for 2008, sales to its 1.8 million electric customers will increase by at least one percent, and deliveries to its 1.7 million natural gas customers will remain stable. Michigan’s second largest utility has filed with state regulators its Balanced Energy Initiative, its vision for meeting customer demand over the next 20 years. The initiative includes doubling its renewable energy supply, launching major new energy efficiency programs, and building a new baseload power plant, its first since 1980.”

-Bob Gluszewski,
Area Manager, Consumers Energy

A Local Perspective:

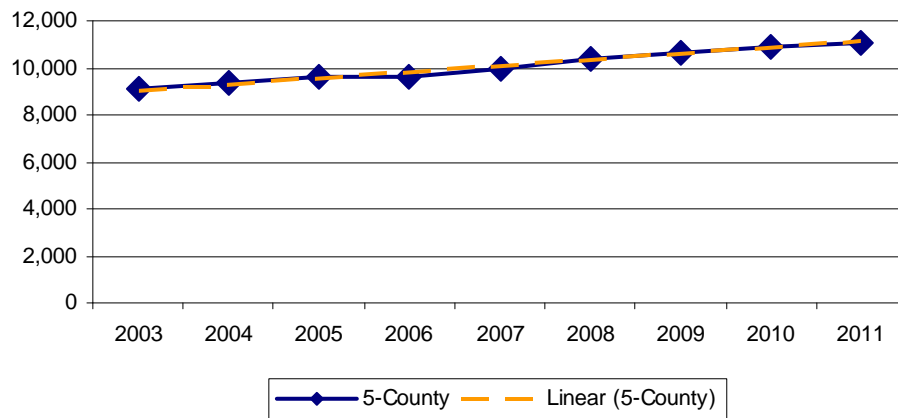
“Economic conditions should remain strong for the oil and gas services industry in 2008 provided that natural gas prices do not decrease significantly for an extended period of time.”

-A.J. Yuncker,
President & CEO, Natural Gas Compression Systems, Inc.

Construction

Regionally, the construction sector experienced an increase in employment over the last five years. In 2007, it is expected that there will be approximately 9,998 construction employees in the region, representing 9.3% of total regional employment. Construction employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 11,102 construction employees in the region.

Total Construction Employment for the 5-County Region, 2003-2011 (Actual & Forecast).



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Antrim County experienced higher percentage growth in construction employment than the other four counties in the region. In the next five years, Benzie County is expected to have the greatest percentage growth of construction employment. From 2007-2011, it is forecasted that the region as a whole will experience 11.0% employment growth in this industry.

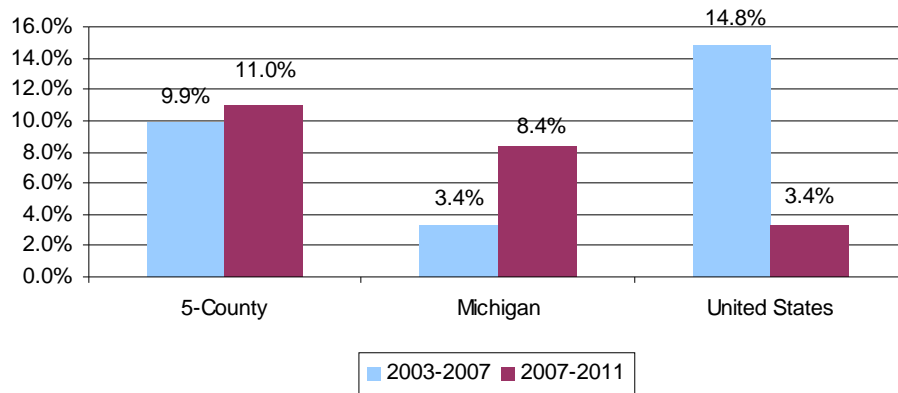
Total Construction Employment by Selected County, 2003-2011 (Actual & Forecast).

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	1,191	1,457	1,688	22.3%	15.9%
Benzie	1,127	1,252	1,485	11.1%	18.6%
Grand Traverse	4,994	5,404	5,822	8.2%	7.7%
Kalkaska	623	623	689	0.0%	10.6%
Leelanau	1,164	1,262	1,417	8.4%	12.3%
5-County Region	9,099	9,998	11,102	9.9%	11.0%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced higher percentage growth in construction employment than the state, but percentage growth was lower than national levels. In the next five years, regional construction employment is expected to grow at 11.0%, while the state and nation are also expected to show gains.

Percent Change Total Construction Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

“Significant state and national indices suggest that our five-county region will increasingly be impacted by the relatively soft home sales market through at least 2008. In the meantime, more savvy homeowners are shoring up their real estate investments by refurbishing and remodeling their present properties. This is helping bolster activity in our region. But for those wanting to purchase a new home - there’s never been a better time to buy!”

-Kathleen G. Maisonville
Executive Officer, Home Builders Association of the Grand Traverse Area, Inc.

A Local Perspective:

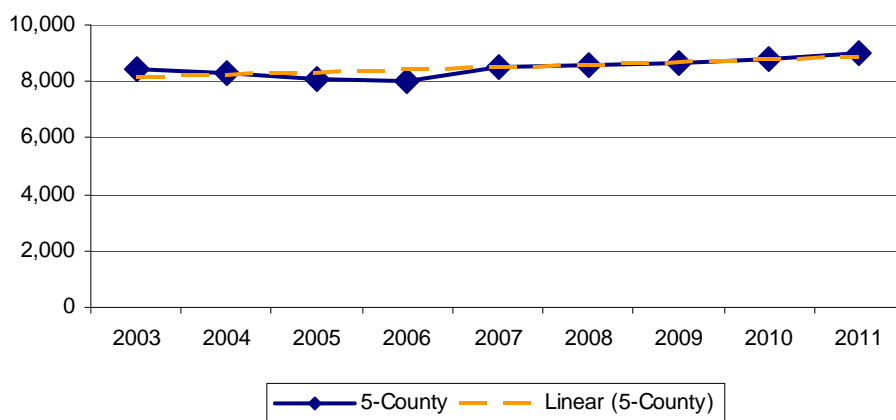
I think there will be a gradual increase of sales and new construction in the Industrial Real Estate sector. The supply of Industrial Real Estate will remain greater than the demand. The main growth will come from Wholesale Business rather than the manufacturing sectors.

-James A. Schmuckal,
Realtor and Staff

Manufacturing

Regionally, the manufacturing sector experienced a slight increase in employment over the last five years. In 2007, it is expected that there will be approximately 8,478 manufacturing employees in the region, representing 7.9% of total regional employment. Manufacturing employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 8,996 manufacturing employees in the region.

**Total Manufacturing Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). NWMCOG. 2007.

In the last five years, Benzie County experienced higher percentage growth in manufacturing employment than the other four counties in the region. In the next five years, Kalkaska County is expected to have the greatest percentage growth of manufacturing employment. From 2007-2011, it is forecasted that the region as a whole will experience 6.1% employment growth in this industry.

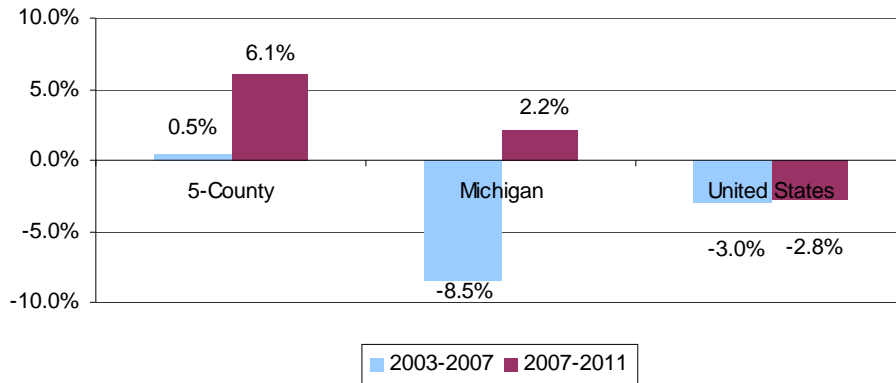
**Total Manufacturing Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	1,255	1,240	1,245	-1.2%	0.4%
Benzie	519	698	752	34.5%	7.7%
Grand Traverse	5,834	5,694	6,100	-2.4%	7.1%
Kalkaska	585	579	634	-1.0%	9.5%
Leelanau	245	267	265	9.0%	-0.7%
5-County Region	8,439	8,478	8,996	0.5%	6.1%

Source: BLS. EMSI. NWMCOG. 2007.

In the last five years, the 5-county region was relatively stagnant in regards to manufacturing employment, while the state and nation experienced losses. In the next five years, regional and state manufacturing employment is expected to become increase, while the nation is expected to show losses.

Percent Change Total Manufacturing Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

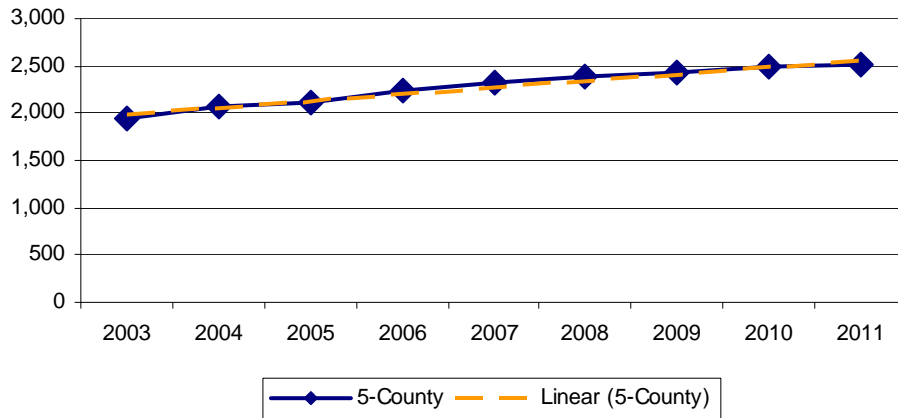
“Overall, we expect our industrial markets to be similar in '08 as they were in 2007; keeping in mind we sell to over 30 countries so there are many variables. For examples our products being exported to Europe (currency advantage for export) should show more gains as they did in '07. Sales in North America will be up in the south and Mexico but tough in Midwest and Ontario. Products going to Asia will be relatively flat, similar to last year. Our customer trades/industries focus on the mold making, tool and die, and tool grinding markets.”

-John Sak,
Vice President Sales and Marketing, BORIDE Engineered Abrasives

Wholesale Trade

Regionally, the wholesale trade sector experienced an increase in employment over the last five years. In 2007, it is expected that there will be approximately 2,321 wholesale trade employees in the region, representing 2.2% of total regional employment. Wholesale trade employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 2,516 wholesale trade employees in the region.

Total Wholesale Trade Employment for the 5-County Region, 2003-2011 (Actual & Forecast).



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Leelanau County experienced higher percentage growth in wholesale trade employment than the other four counties in the region. In the next five years, Benzie County is expected to have the greatest percentage growth of wholesale trade employment. From 2007-2011, it is forecasted that the region as a whole will experience 8.4% employment growth in this industry.

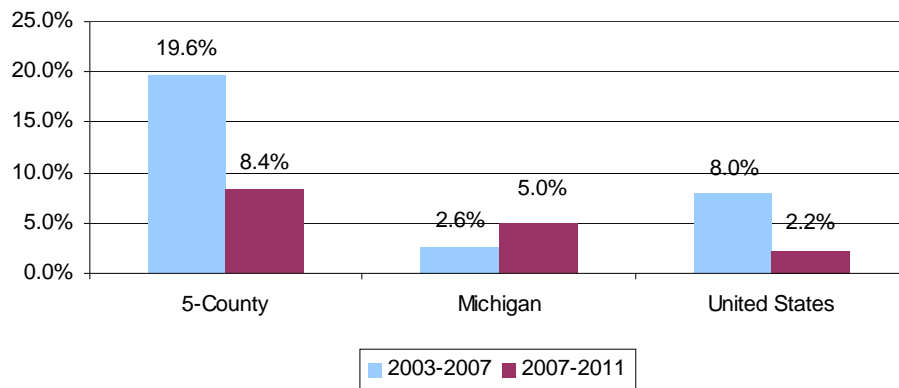
Total Wholesale Trade Employment by Selected County, 2007-2011 (Actual & Forecast).

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	201	212	238	5.5%	12.3%
Benzie	75	101	124	34.7%	22.8%
Grand Traverse	1,406	1,644	1,730	16.9%	5.2%
Kalkaska	175	194	225	10.9%	16.0%
Leelanau	82	169	199	106.1%	17.8%
5-County Region	1,940	2,321	2,516	19.6%	8.4%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced greater growth in wholesale trade employment than the state and nation. In the next five years, regional wholesale trade employment is expected to grow at 8.4%, continuing to outpace expected state and national levels.

Percent Change Total Wholesale Trade Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

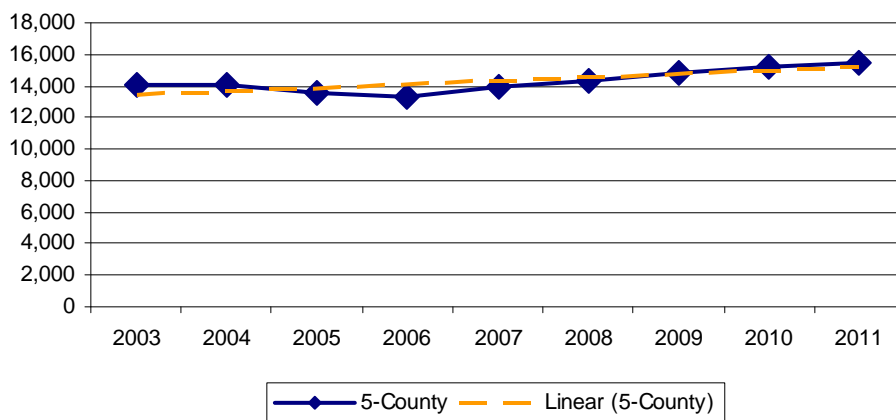
“Graceland Fruit, Inc.'s expectations for the infused and infused dried fruit and vegetable ingredient industry in 2008 are continued growth in demand for these fruit and vegetable ingredients in the area of 15% overall growth, with individual products' demand increasing from 10% to as much as 100% year over year. This growth is driven by end consumers' demand for high quality, healthy fruit and vegetable ingredients in such items as breads, cereals, baking applications, trail mixes and snack foods, and home meal replacement products. Export demand growth, particularly for Asia and Western Europe, will likely exceed domestic growth.”

-Troy Terwilleger,
Graceland Fruit, Inc.

Retail Trade

Regionally, the retail trade sector experienced a slight decrease in employment over the last five years. In 2007, it is expected that there will be approximately 13,882 retail trade employees in the region, representing 13.0% of total regional employment. Retail trade employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 15,490 retail trade employees in the region.

**Total Retail Trade Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Kalkaska County experienced higher percentage growth in retail trade employment than the other four counties in the region. In the next five years, Leelanau County is expected to have the greatest percentage growth of retail trade employment. From 2007-2011, it is forecasted that the region as a whole will experience 11.6% employment growth in this industry.

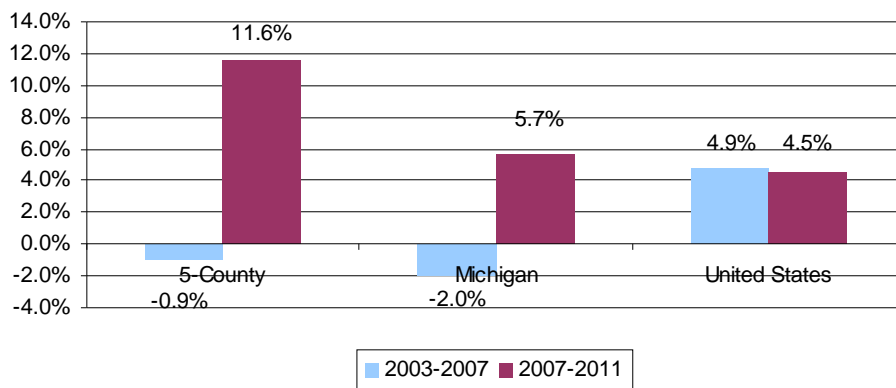
**Total Retail Trade Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	1,181	1,203	1,325	1.9%	10.1%
Benzie	1,024	1,114	1,260	8.8%	13.1%
Grand Traverse	10,274	9,870	10,940	-3.9%	10.8%
Kalkaska	598	667	739	11.5%	10.8%
Leelanau	937	1,029	1,225	9.8%	19.0%
5-County Region	14,013	13,882	15,490	-0.9%	11.6%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region and the state experienced negative percentage growth in retail trade employment, whereas the nation experienced gains. In the next five years, regional retail trade employment is expected to grow at 11.6%, the state and nation are also expected to experience percentage growth, but at lower levels.

Percent Change Total Retail Trade Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

“2008 for the retailer will again see visitors to our region be strategic in their spending. Thanks to the internet and the other travel resources at our tourist's fingertips, they will have more planned itineraries and will prioritize their time and energy toward the shops, tours and events they've read and heard are special and unique. Our warm fall weather makes for an extended summer that will make September and October the months with the most dramatic growth.”

-Bob Sutherland,
Cherry Republic

A Local Perspective:

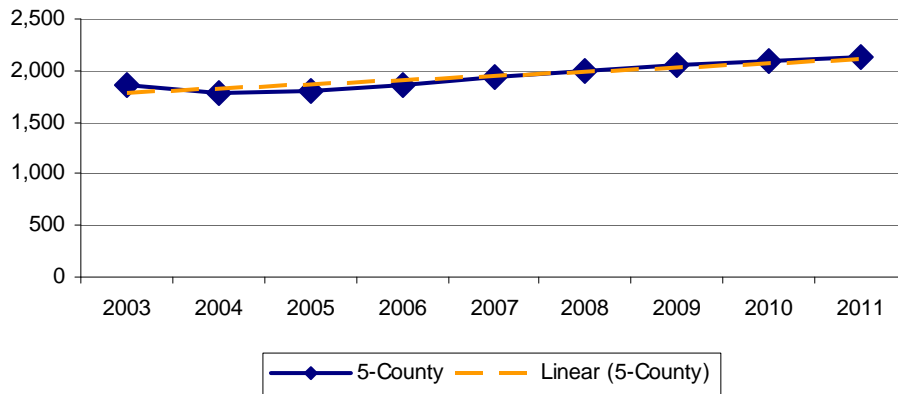
“For our entire region, and specifically for downtown Traverse City, the natural environment is of extreme value. Whether it is the bayfront or the Boardman River we have all worked to create civic spaces that showcase the natural environment while providing a vibrant and exciting built landscape. Secondly, we are blessed with a rare populace. People who choose to live somewhere are almost always more dedicated to preserving what drew them there in the first place. If you are opening a business here, there are great people to help along the way. Additionally, our opportunities to attract and retain young people are growing: performing arts spaces like the City Opera House and the State Theatre, wonderful parks and open spaces, along with growing restaurant, coffee shop and nightclub spaces make the work ahead very exciting!”

-Bryan Crough,
Traverse City Downtown Development Authority

Transportation and Warehousing

Regionally, the transportation and warehousing sector experienced an increase in employment over the last five years. In 2007, it is expected that there will be approximately 1,939 transportation and warehousing employees in the region, representing 2.0% of total regional employment. Transportation and warehousing employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 2,123 transportation and warehousing employees in the region.

**Total Transportation & Warehousing
Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Benzie County experienced higher percentage growth in transportation and warehousing employment than the other four counties in the region. In the next five years, Antrim County is expected to have the greatest percentage growth of transportation and warehousing employment. From 2007-2011, it is forecasted that the region as a whole will experience 9.5% employment growth in this industry.

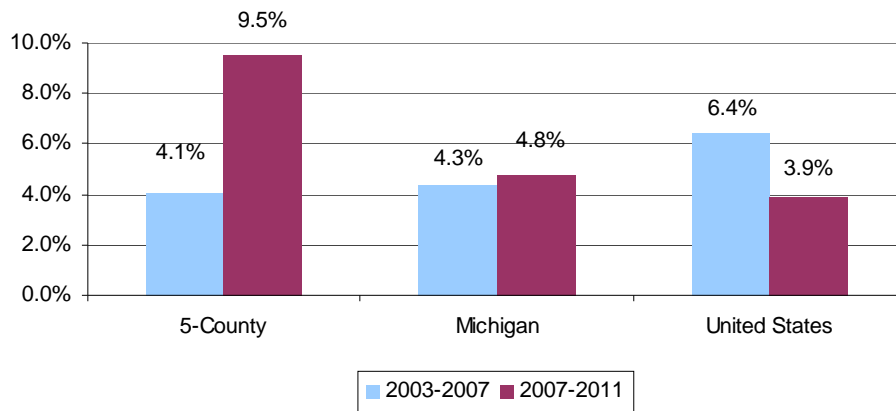
**Total Transportation and Warehousing Employment by Selected County,
2002-2010 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	126	217	241	72.2%	11.1%
Benzie	80	150	165	87.5%	10.0%
Grand Traverse	1,246	1,248	1,373	0.2%	10.0%
Kalkaska	294	189	208	-35.7%	10.1%
Leelanau	118	134	137	13.6%	2.2%
5-County Region	1,863	1,939	2,123	4.1%	9.5%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced positive percentage growth in transportation and warehousing employment, as did the state and nation. In the next five years, regional transportation and warehousing employment is expected to grow at 9.5%, which is greater than forecasted state and national levels.

Percent Change Total Transportation & Warehousing Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

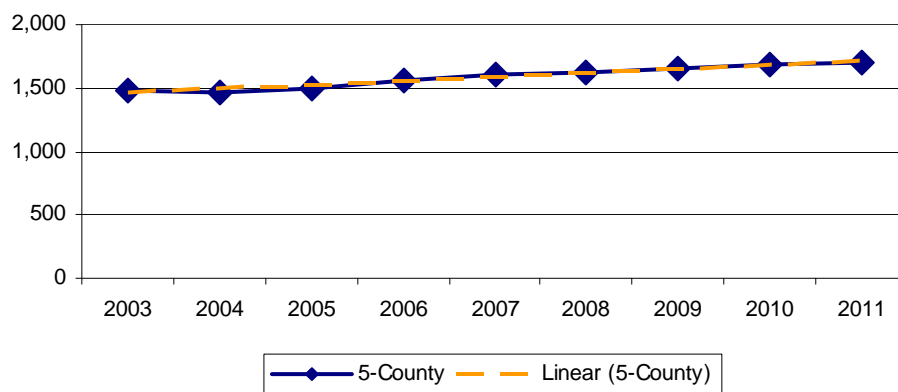
“In the foreseeable future, we see slow growth in airline domestic capacity. New aircraft that are coming on line are only replacing older aircraft. Airports that have connections to international hub airports will see growth, as a result, Traverse city will benefit due to strong international connections through Detroit and Chicago. Aircraft in the 19 to 50 passenger range are being phase out and being replaced by 75 to 100 passenger aircraft. Even with new larger aircraft, domestic seat capacity will not increase. Load factors will remain in the 80% range which means most flights will be at near full.”

-Steve Cassens,
Cherry Capital Airport

Information (Communication)

Regionally, the information sector experienced an increase in employment over the last five years. In 2007, it is expected that there will be approximately 1,599 information employees in the region, representing 1.5% of total regional employment. Information employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 1,699 information employees in the region.

**Total Information (Communication)
Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Leelanau County experienced higher percentage growth in information employment than the other four counties in the region. In the next five years, Leelanau County is expected to have the greatest percentage growth of information employment. From 2007-2011, it is forecasted that the region as a whole will experience 6.3% employment growth in this industry.

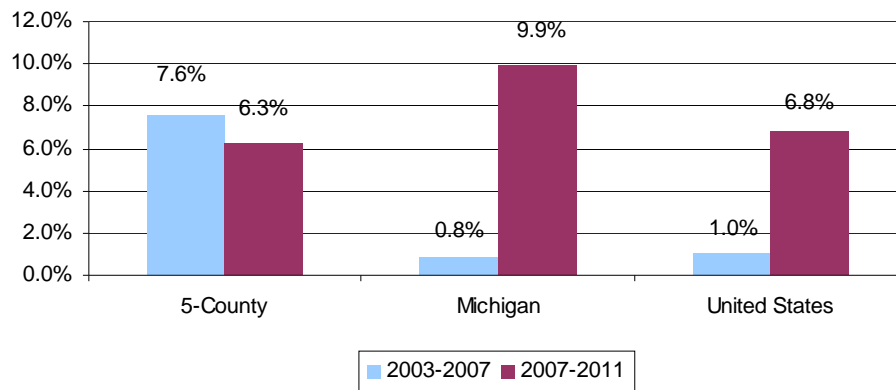
**Total Information Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	186	159	197	-14.5%	23.9%
Benzie	47	50	53	6.4%	6.0%
Grand Traverse	1,161	1,272	1,299	9.6%	2.1%
Kalkaska	34	30	34	-11.8%	13.3%
Leelanau	58	89	116	53.4%	30.3%
5-County Region	1,486	1,599	1,699	7.6%	6.3%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced higher percentage growth in information employment than the state and nation. In the next five years, regional information employment is expected to grow at 6.3%, comparable to national growth rates; whereas, the state is expected to experience greater percentage growth.

Percent Change Total Information (Communication) Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

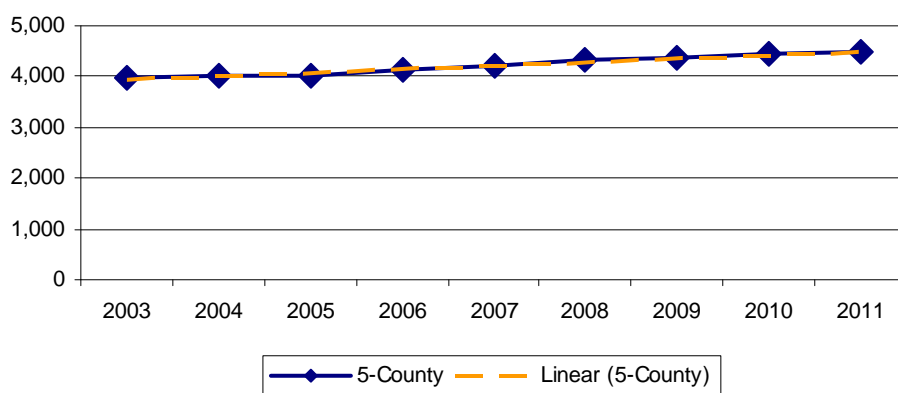
“The yearly edition of the Economic Forecast from the Traverse City Chamber provides a multi-sourced view of how global and national economic trends will likely effect our region and individual business’s. I find this is especially helpful in anticipating our next opportunities, especially given the greater Michigan economy.”

-Robert Barnard, Owner
 Blu Skie Computer & Business Center

Finance and Insurance

Regionally, the finance and insurance sector experienced an increase in employment over the last five years. In 2007, it is expected that there will be approximately 4,232 finance and insurance employees in the region, representing 4.0% of total regional employment. Finance and insurance employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 4,477 finance and insurance employees in the region.

**Total Finance & Insurance
Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, the Leelanau County experienced higher percentage growth in finance and insurance employment than the other four counties in the region. In the next five years, Kalkaska County is expected to have the greatest percentage growth of finance and insurance employment. From 2007-2011, it is forecasted that the region as a whole will experience 5.8% employment growth in this industry.

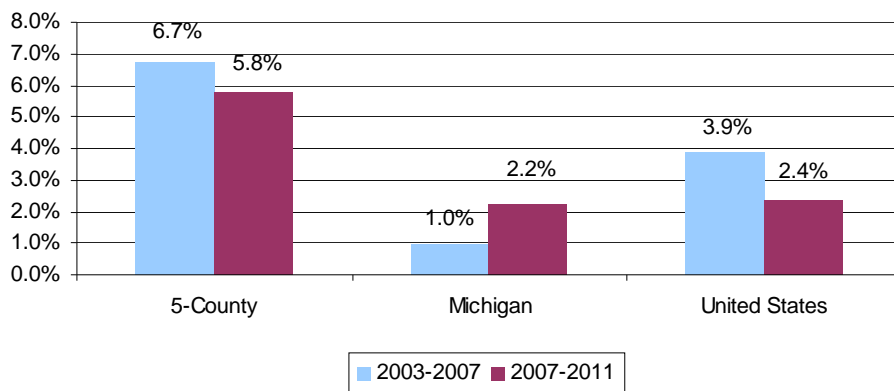
**Total Finance and Insurance Employment by Selected County,
2002-2010 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	285	314	343	10.2%	9.2%
Benzie	299	312	360	4.3%	15.4%
Grand Traverse	2,998	3,184	3,309	6.2%	3.9%
Kalkaska	92	96	111	4.3%	15.6%
Leelanau	290	326	353	12.4%	8.3%
5-County Region	3,965	4,232	4,477	6.7%	5.8%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced positive percentage growth in finance and insurance employment, the state and nation also experienced positive gains. In the next five years, regional finance and insurance employment is expected to grow at 5.8%, the state and nation are also expected to show gains.

Percent Change Total Finance & Insurance Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

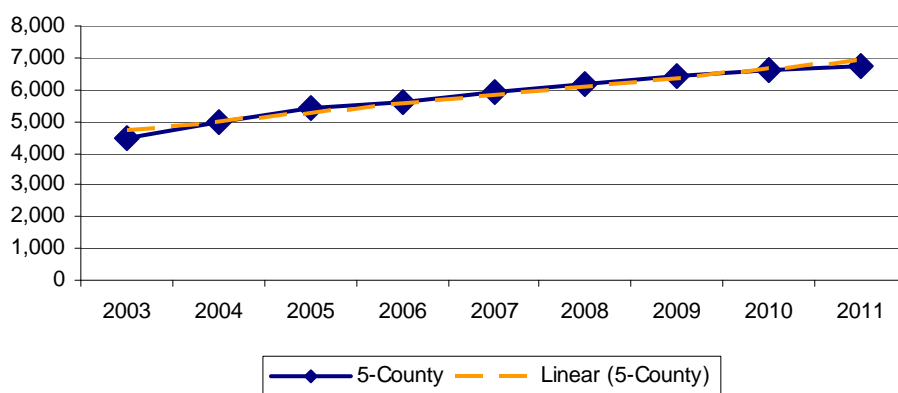
“The insurance industry continues to celebrate record profits due to stellar underwriting results and strong investment returns on a national level. The industry's quest to acquire additional premium dollars to invest in the stock market has led to overly aggressive pricing, specifically in the Midwest and our region. Some companies will begin to recognize that further price softening will not be sustainable. These falling prices and Michigan's slumping economy will challenge the independent agent to focus on efficiencies through technology, differentiation, client retention, and a disciplined growth plan that includes acquisitions and mergers.”

-Steve Merten,
Fawcett/Dopke Agency, Inc.

Real Estate

Regionally, the real estate sector experienced an increase in employment over the last five years. In 2007, it is expected that there will be approximately 5,909 real estate employees in the region, representing 5.5% of total regional employment. Real estate employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 6,724 real estate employees in the region.

**Total Real Estate
Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Kalkaska County experienced higher percentage growth in real estate employment than the other four counties in the region. In the next five years, Leelanau County is expected to have the greatest percentage growth of real estate employment. From 2007-2011, it is forecasted that the region as a whole will experience 13.8% employment growth in this industry.

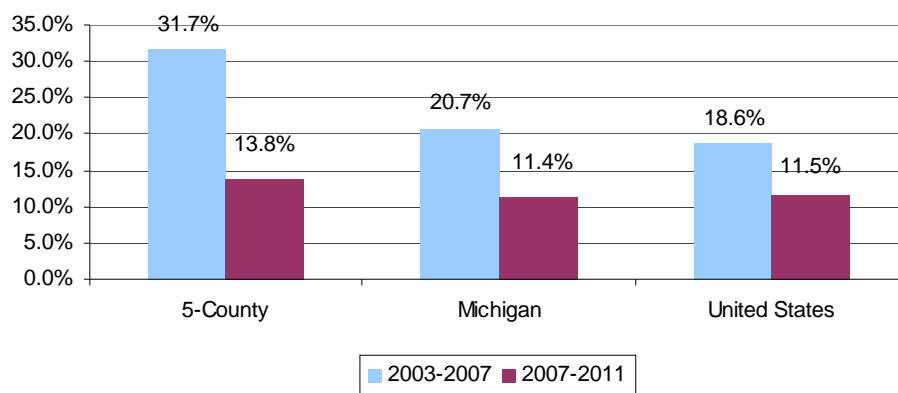
**Total Real Estate Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	734	1,019	1,247	38.8%	22.4%
Benzie	427	559	684	30.9%	22.4%
Grand Traverse	2,598	3,326	3,560	28.0%	7.0%
Kalkaska	209	324	394	55.0%	21.6%
Leelanau	518	681	839	31.5%	23.2%
5-County Region	4,486	5,909	6,724	31.7%	13.8%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced higher percentage growth in real estate employment than the state and nation. In the next five years, regional real estate employment is expected to grow at 13.8%, the state and nation are also expected to show similar gains.

Percent Change Total Real Estate Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

“I expect the condition of the residential real estate industry for 2008 to be challenging for sellers and agents, with those who are most dedicated and motivated coming out on top. Sale prices and numbers of sales in the region will likely be flat to slightly down, and the market will be rife with opportunity for buyers. As Boomers look toward retirement our region will continue to benefit and likely outperform most markets in the state. If we see a turn around in the Southern Michigan real estate market in 2008, I expect we’ll see increased traffic in our area as sellers from those markets become buyers in ours.”

-Matt Case,
2008 President, Traverse Area Association of Realtors

A Local Perspective:

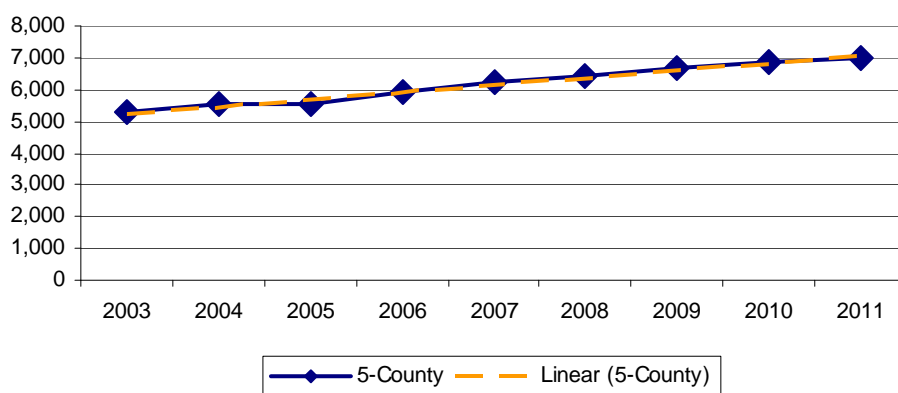
“In my professional opinion, the local commercial real estate markets will continue to mirror the overall Michigan economy in 2008. Although the local markets are somewhat buffered from the Downstate weakness, we continue to see reduced activity levels, a reduction of inquiries from national retailers, and a steep reduction in speculative office or investment property transactions. Overall, values will be flat, however, in the event that the Fed lowers interest rates, this would be a significant underpinning to the market.”

-Michael Orden,
Associate Broker, Real Estate One

Professional and Technical Services

Regionally, the professional and technical services sector experienced an increase in employment over the last five years. In 2007, it is expected that there will be approximately 6,211 professional and technical services employees in the region, representing 5.8% of total regional employment. Professional and technical services employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 7,005 professional and technical services employees in the region.

**Total Professional and Technical Services
Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Leelanau County experienced higher percentage growth in professional and technical services employment than the other four counties in the region. In the next five years, Antrim County is expected to have the greatest percentage growth of professional and technical services employment. From 2007-2011, it is forecasted that the region as a whole will experience 12.8% employment growth in this industry.

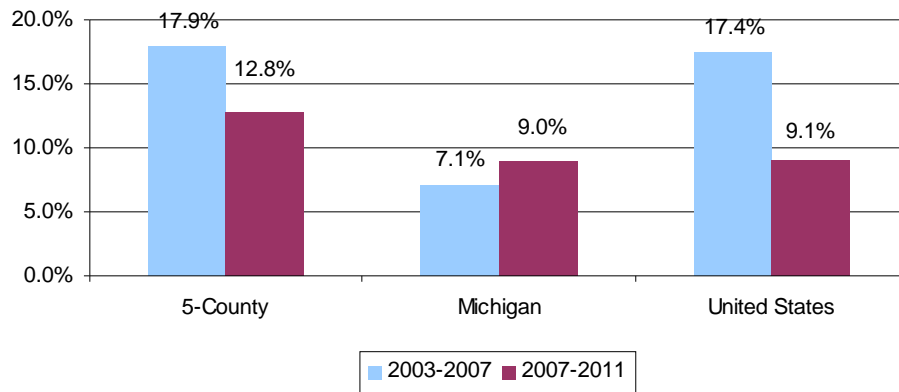
**Total Professional and Technical Services Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	458	593	751	29.5%	26.6%
Benzie	363	453	518	24.8%	14.3%
Grand Traverse	3,760	4,369	4,773	16.2%	9.2%
Kalkaska	196	149	181	-24.0%	21.5%
Leelanau	490	647	782	32.0%	20.9%
5-County Region	5,267	6,211	7,005	17.9%	12.8%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region and the nation experienced higher percentage growth in professional and technical services employment than the state. In the next five years, regional professional and technical services employment is expected to grow at 12.8%, the state and nation are also expected to show gains.

Percent Change Total Professional and Technical Services Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

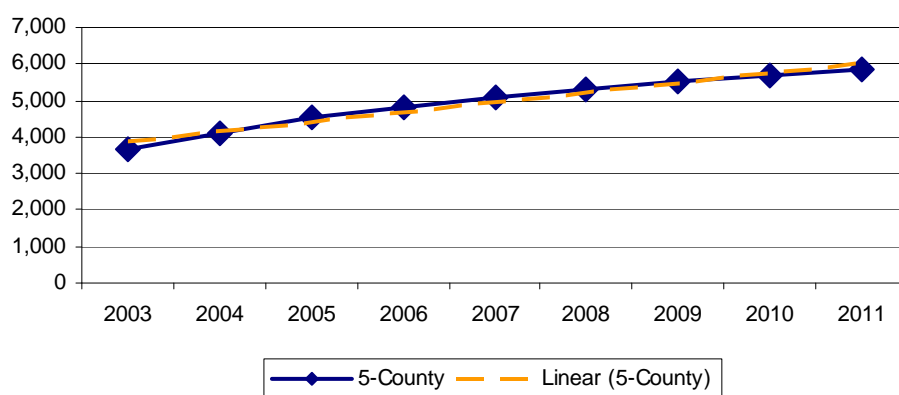
“The telecommunication industry is a tremendously competitive one. As technologies and products continue to converge, the focus on serving our customers and providing them with the most innovative technology remains the top priority.”

-Gavin Goetz,
Director, External Affairs - AT&T

Administrative Services

Regionally, the administrative services sector experienced an increase in employment over the last five years. In 2007, it is expected that there will be approximately 5,064 administrative services employees in the region, representing 4.7% of total regional employment. Administrative services employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 5,834 administrative services employees in the region.

**Total Administrative Services
Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Leelanau County experienced higher percentage growth in administrative services employment than the other four counties in the region. In the next five years, Benzie County is expected to have the greatest percentage growth of administrative services employment. From 2007-2011, it is forecasted that the region as a whole will experience 15.2% employment growth in this industry.

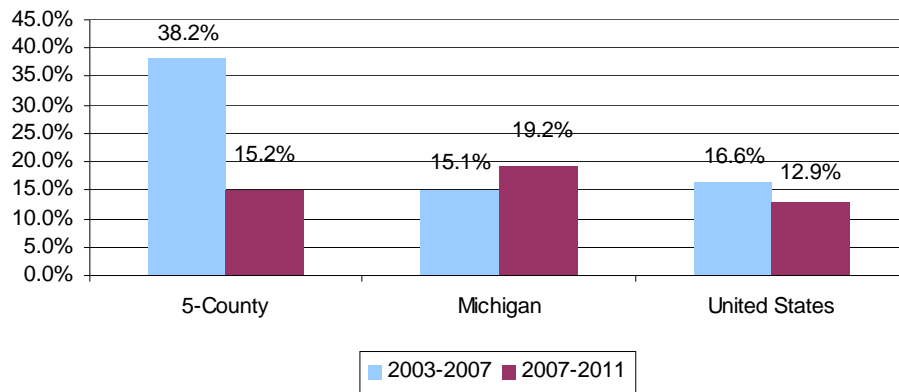
**Total Administrative Services Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	417	567	676	36.0%	19.2%
Benzie	349	474	581	35.8%	22.6%
Grand Traverse	2,361	3,073	3,475	30.2%	13.1%
Kalkaska	404	546	645	35.1%	18.1%
Leelanau	132	403	456	205.3%	13.2%
5-County Region	3,664	5,064	5,834	38.2%	15.2%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced higher percentage growth in administrative services employment than did the state and nation. In the next five years, regional administrative services employment is expected to grow at 15.2%, which is comparable to expected state and national levels.

Percent Change Total Administrative Services Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

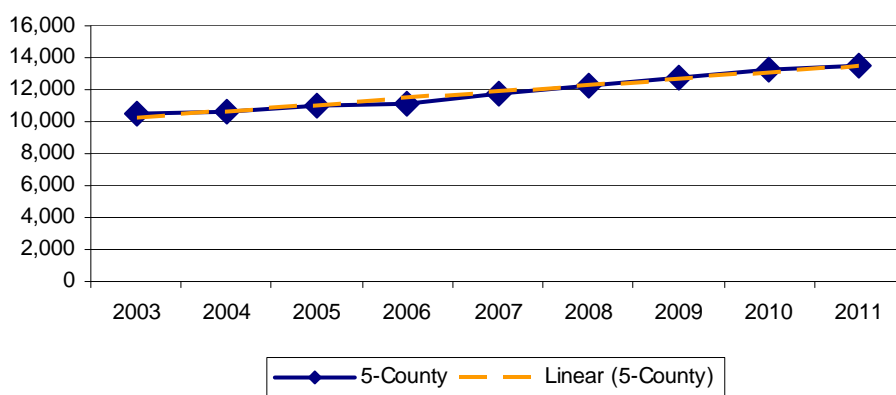
“As the World leader in staffing we see that there is opportunity for growth as the employment services industry broadens its scope. This includes permanent placement and human resources management/consulting as well as temporary staffing. In fact, contingent labor sources, which includes temporary employees, contractors, outsourced employees and consultants, now accounts for an estimated 20 percent of the global workforce.”

-Karmin Philp,
Executive Vice President, Manpower

Health Care and Social Assistance

Regionally, the health care and social assistance Sector experienced an increase in employment over the last five years. In 2007, it is expected that there will be approximately 11,757 health care and social assistance employees in the region, representing 11.0% of total regional employment. Health care and social assistance employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 13,548 health care and social assistance employees in the region.

**Total Health Care & Social Assistance
Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Antrim County experienced higher percentage growth in health care and social assistance employment than the other four counties in the region. In the next five years, Benzie County is expected to have the greatest percentage growth of health care and social assistance employment. From 2007-2011, it is forecasted that the region as a whole will experience 15.2% employment growth in this industry.

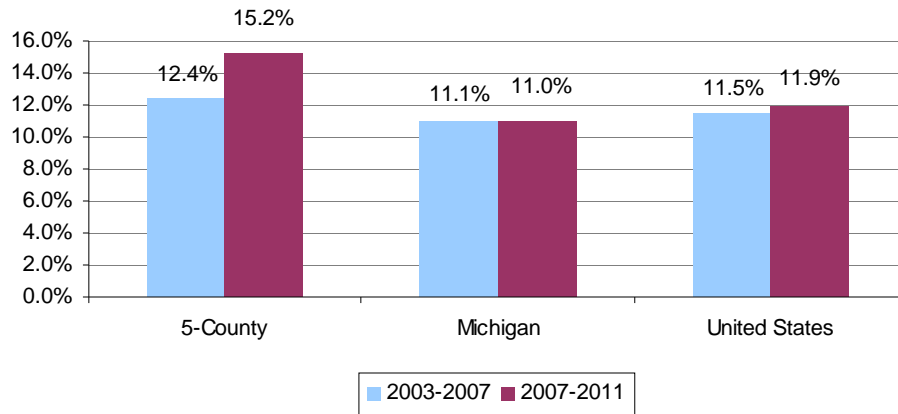
**Total Health Care and Social Assistance Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	439	587	715	33.7%	21.8%
Benzie	555	694	868	25.0%	25.1%
Grand Traverse	8,651	9,501	10,818	9.8%	13.9%
Kalkaska	223	282	319	26.5%	13.1%
Leelanau	594	693	828	16.7%	19.5%
5-County Region	10,463	11,757	13,548	12.4%	15.2%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced comparable percentage growth in health care and social assistance employment than the state and nation. In the next five years, regional health care and social assistance employment is expected to grow at 15.2%, which is greater to expected state and national expectations.

Percent Change Total Health Care & Social Assistance Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

“Under funding of Medicare and Medicaid along with caring for the uninsured and underinsured continue to place a serious economic burden on all hospitals. The unpaid cost of Medicare and Medicaid to Munson Healthcare System hospitals was \$22.7 million in 2006 alone, and we expect that burden to grow as reimbursements dwindle. In addition, \$3.2 million in Charity Care was provided along with the write off of nearly \$8 million in uncollectable debt. During the past year Munson Healthcare System hospitals invested \$67 million in new technology and facilities to keep pace with the needs of our growing and aging population. Physician recruitment to ensure adequacy of services and the provision of safe, quality care also will continue to be primary areas of focus.”

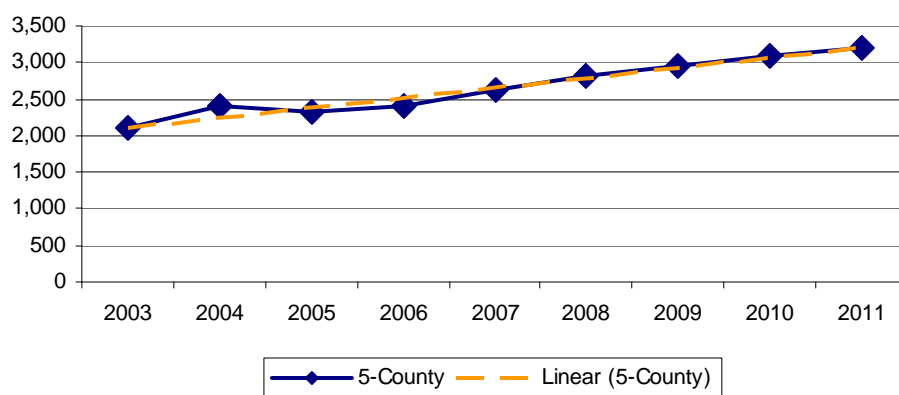
-Barb Gordon-Kessel,
 Director, Corporate Communications & Marketing, Munson

**Due to reporting stipulations, many educational and health care service providers tend to be recorded within the “Government” sector.*

Arts, Entertainment, and Recreation

Regionally, the arts, entertainment, and recreation sector experienced an increase in employment over the last five years. In 2007, it is expected that there will be approximately 2,626 arts, entertainment, and recreation employees in the region, representing 2.5% of total regional employment. Arts, entertainment, and recreation employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 3,191 arts, entertainment, and recreation employees in the region.

**Total Arts, Entertainment, & Recreation
Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Leelanau County experienced higher percentage growth in arts, entertainment, and recreation employment than the other four counties in the region. In the next five years, Kalkaska County is expected to have the greatest percentage growth of arts, entertainment, and recreation employment. From 2007-2011, it is forecasted that the region as a whole will experience 21.5% employment growth in this industry.

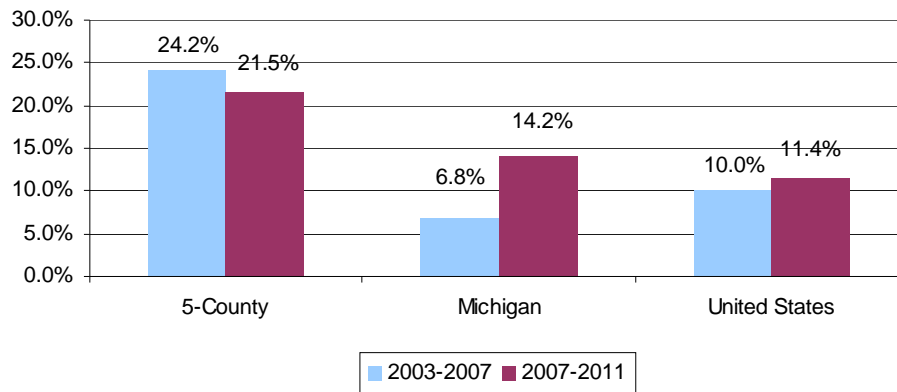
**Total Arts, Entertainment, and Recreation Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	241	323	407	34.0%	26.0%
Benzie	321	411	516	28.0%	25.5%
Grand Traverse	1,170	1,372	1,631	17.3%	18.9%
Kalkaska	91	117	150	28.6%	28.2%
Leelanau	291	404	486	38.8%	20.3%
5-County Region	2,114	2,626	3,191	24.2%	21.5%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced greater percentage growth in arts, entertainment, and recreation employment than the state and nation. In the next five years, regional arts, entertainment, and recreation employment is expected to grow at 21.5%, which is greater than expected state and national levels.

Percent Change Total Arts, Entertainment, & Recreation Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

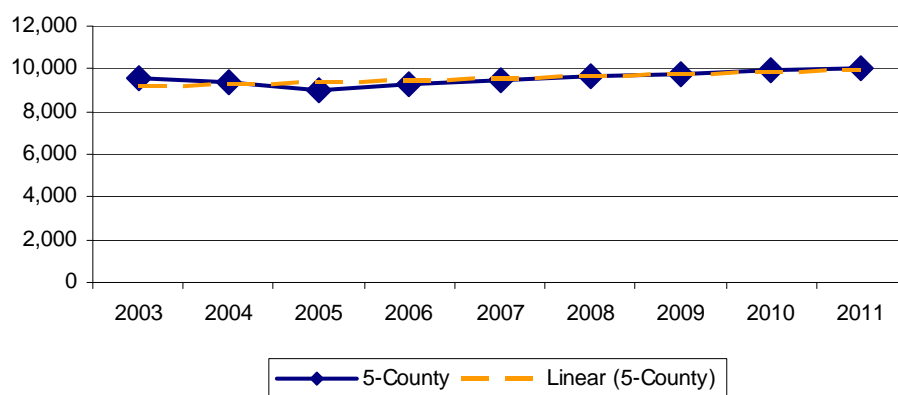
“There is growing recognition that the arts & culture sector is a significant economic driver. This, together with an understanding of its critical importance to our communities, and the creativity it fosters, is increasing community investment and cross-sector relationships. Using traditional tools to quantify its impact is challenging as it is difficult to measure the impact of nurturing creative thoughts or crediting the development of a creative process to a particular activity; but, its role and impact are undeniable.”

-Debra McKeon,
Executive Director, NorthSky Nonprofit Network

Accommodation and Food Services

Regionally, the accommodation and food services sector experienced a slight decrease in employment over the last five years. In 2007, it is expected that there will be approximately 9,477 accommodation and food services employees in the region, representing 8.9% of total regional employment. Accommodation and food services employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 10,015 accommodation and food services employees in the region.

**Total Accomodation and Food Services
Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Leelanau County experienced higher percentage growth in accommodation and food services employment than the other four counties in the region. In the next five years, Antrim County is expected to have the greatest percentage growth of accommodation and food services employment. From 2007-2011, it is forecasted that the region as a whole will experience 5.7% employment growth in this industry.

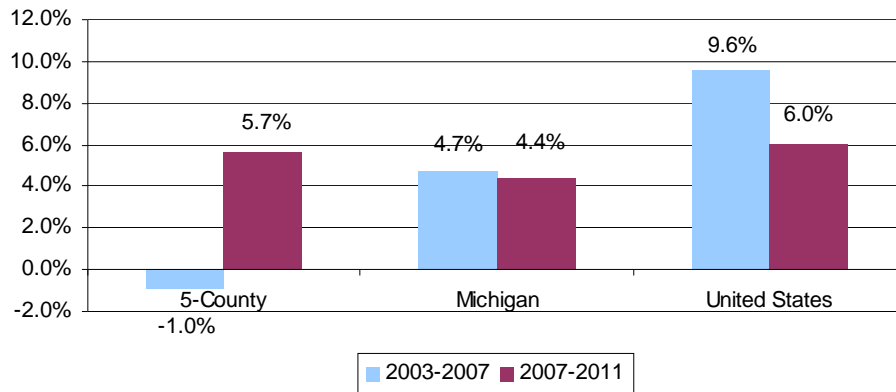
**Total Accommodation and Food Services Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	1,376	1,383	1,588	0.5%	14.8%
Benzie	1,132	1,170	1,246	3.4%	6.5%
Grand Traverse	5,666	5,546	5,770	-2.1%	4.0%
Kalkaska	374	289	252	-22.7%	-12.8%
Leelanau	1,020	1,089	1,160	6.8%	6.5%
5-County Region	9,568	9,477	10,015	-1.0%	5.7%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced negative percentage growth in accommodation and food services employment; whereas the state and nation both experienced positive gains. In the next five years, regional accommodation and food services employment is expected to grow at 5.7%, which is comparable to expected state and national gains.

Percent Change Total Accomodation and Food Services Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

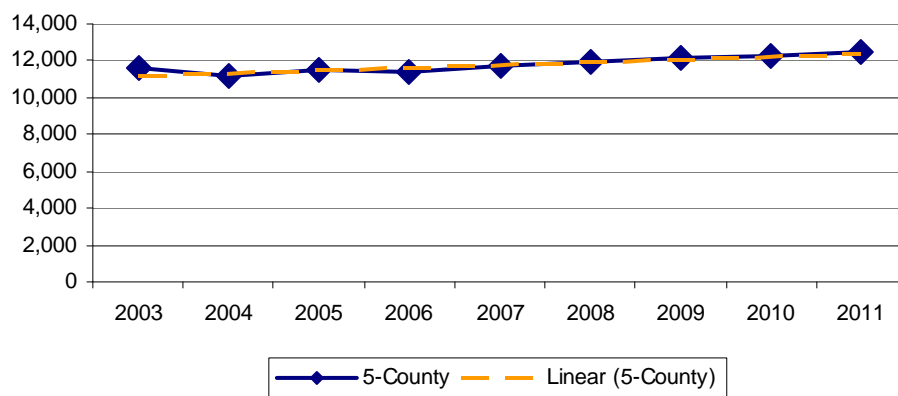
“I expect that 2008 will present some challenges to the tourism industry in Michigan, and more specifically, Northern Michigan. The legislative action to increase taxes, and add new taxes, will further erode consumers discretionary dollars needed to support leisure tourism. This combined with the state’s continued poor economic conditions, and anticipated continued loss of jobs, means that we need to rely more heavily on out-of-state visitors to our area to maintain our current level of activity.”

-Brad R. Van Dommelen,
President, Traverse City Convention & Visitors Bureau

*Government**

Regionally, the government sector experienced somewhat stagnant employment over the last five years. In 2007, it is expected that there will be approximately 11,668 government employees in the region, representing 11.0% of total regional employment. Government employment growth is expected to increase in the coming years and it is forecasted that by 2011 there will be 12,444 government employees in the region.

**Total Government Services
Employment for the 5-County Region,
2003-2011 (Actual & Forecast).**



Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

In the last five years, Benzie County experienced higher percentage growth in government employment than the other four counties in the region. In the next five years, Antrim County is expected to have the greatest percentage growth of government employment. From 2007-2011, it is forecasted that the region as a whole will experience 6.7% employment growth in this industry.

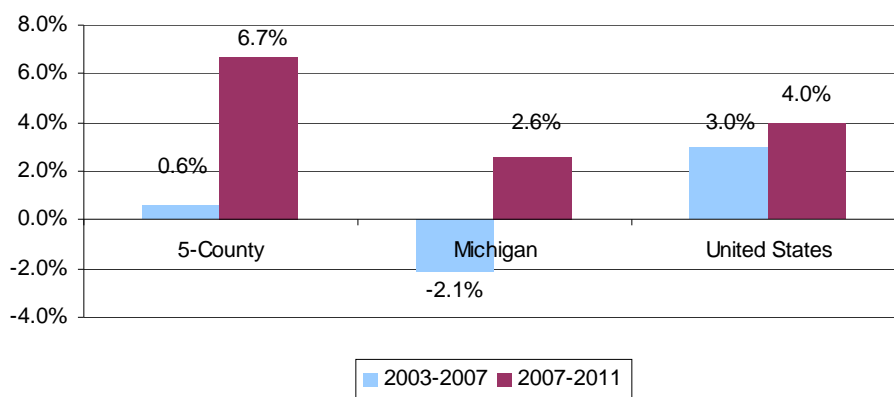
**Total Government Employment by Selected County,
2003-2011 (Actual & Forecast).**

County	2003	2007	2011	% Change 2003-07	% Change 2007-11
Antrim	1,390	1,402	1,572	0.9%	12.1%
Benzie	750	771	863	2.8%	11.9%
Grand Traverse	6,444	6,548	6,793	1.6%	3.7%
Kalkaska	935	922	998	-1.4%	8.2%
Leelanau	2,079	2,024	2,217	-2.6%	9.5%
5-County Region	11,598	11,668	12,444	0.6%	6.7%

Source: BLS. EMSI. 2007.

In the last five years, the 5-county region experienced stagnant percentage growth in government employment; whereas, the state experienced losses and the nation experienced gains. In the next five years, regional government employment is expected to grow at 6.7%, while the state and nation are also expected to show gains.

Percent Change Government Services Employment for the U.S., Michigan, and 5-County Region, 2003-2011 (Actual & Forecast).



Source: BLS. EMSI. 2007.

A Local Perspective:

“Government and education will continue to face dual pressures of increased demand for services and decreased public funding. Higher education will experience moderate growth funded in large part by the user. Legacy costs of retirement and retiree health care will pose challenges that can only be addressed by State government. Government, K-12 and higher education will continue to seek and implement structural transformations that prepare them to compete in a global economy.”

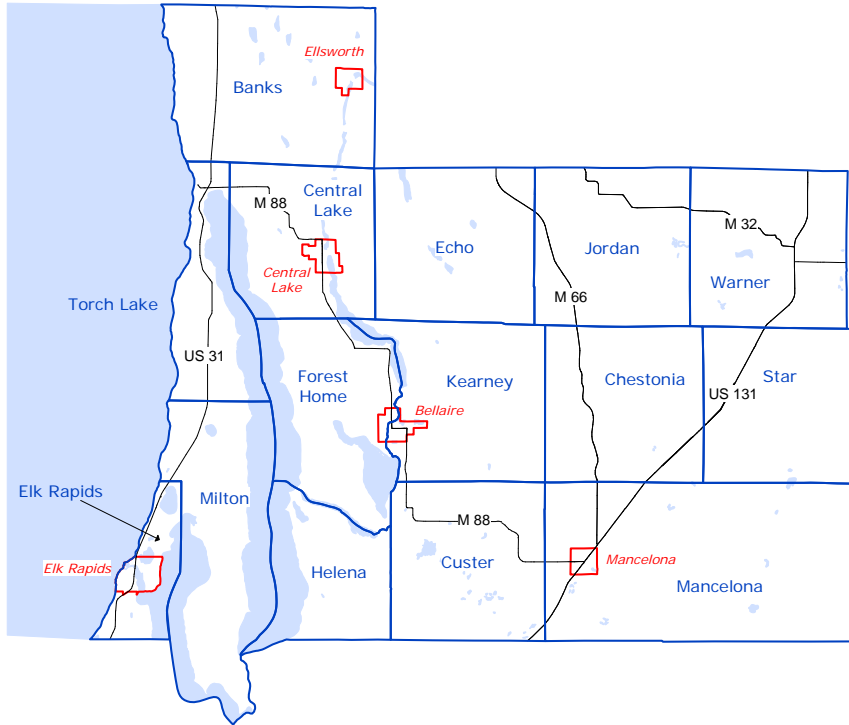
-Tim Nelson,
President, Northwestern Michigan College

A Local Perspective:

“In my opinion, the condition of education in 2008 will continue to be focused on preparing young people to succeed in the ever-changing 21st century global economy. The educational system in our region is a tremendous asset. We must continue to collaborate and seek innovative strategies to improve achievement levels for all students.”

-Michael J. Hill
Superintendent, Traverse Bay Area Intermediate School District

**Due to reporting stipulations, many traditional educational and health care service providers tend to be recorded within the “Government” sector.*



Antrim County People & Income Overview

	Value	Rank in State (83 counties)		Value	Rank in State (83 counties)
Population (2006)	24,463	61	Per Capita Personal Income (2005)	\$27,333	31
Growth (%) since 1990	34.50%	6	Median Household Income (2004)	\$40,999	29
Households (2000)	9,222	60	Poverty Rate (2004)	10	67
Labor Force (persons) (2006)	12,207	58	H.S. Diploma or More (2000)	84.6	23
Unemployment Rate (2006)	7.7	37	Bachelor's Deg. or More (2000)	19.4	20

Source: STATS Indiana. 2007.

According to the U.S. Bureau of Economic Analysis, in 2005, Antrim County had a per capita personal income (PCPI) of \$27,333. This PCPI ranked 31st in the state and was 83 percent of the state average, \$32,804, and 79 percent of the national average, \$34,471. The 2005 PCPI reflected an increase of 2.7 percent from 2004. The 2004-2005 state change was 3.4 percent and the national change was 4.2 percent. The 1995-2005 average annual growth rate of PCPI was 3.4 percent. The average annual growth rate for the state was 3.4 percent and for the nation was 4.1 percent.

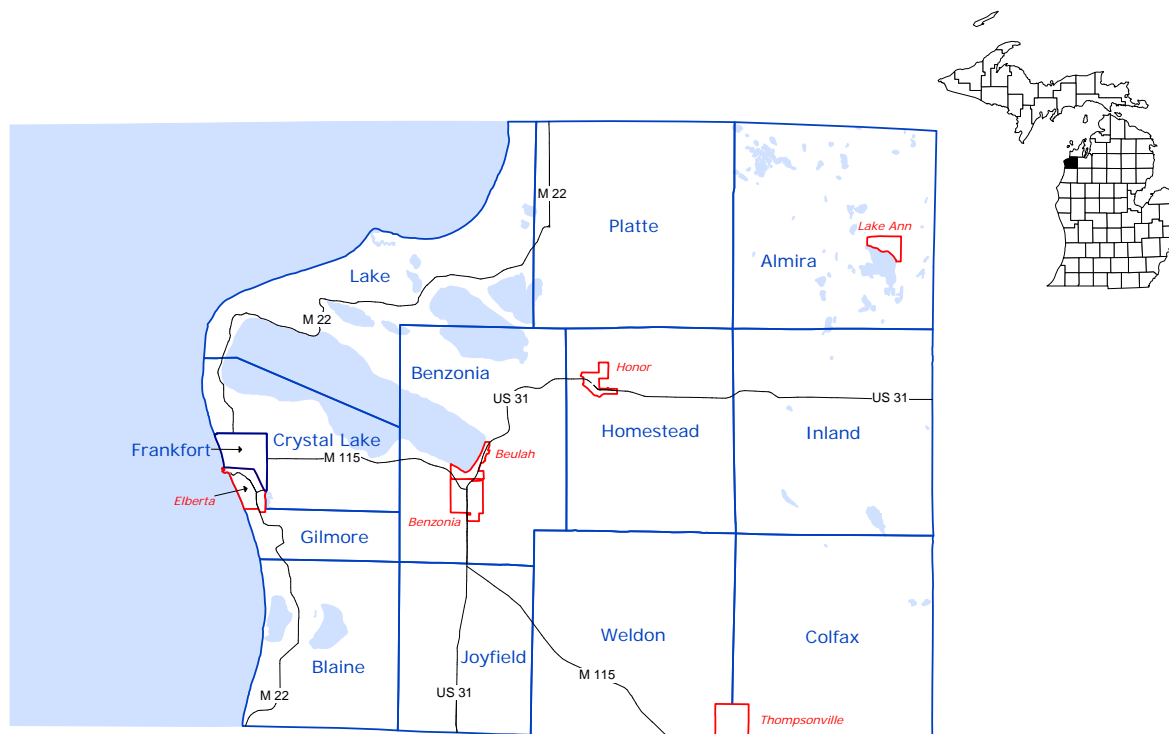
In 2007, it is estimated that there will be approximately 12,207 employees in Antrim County, representing 11.4% of total regional employment. Construction is the largest employment industry (1,457 employees) in the county. From 2007-2011, it is forecasted that Antrim County will experience a 15.8% increase in total employment growth, as opposed to 12.1% from 2003-2007.

Total Antrim County Employment by Industry, 2003-2011 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2003	2007	2011	Change 2003-07	% Change 2003-07	Change 2007-11	% Change 2007-11
Agriculture, forestry, fishing and hunting	490	478	447	(12)	-2.4%	(31)	-6.5%
Mining (Extraction)	60	77	75	17	28.3%	(2)	-2.6%
Utilities	14	11	<10	(3)	-21.4%	n/a	n/a
Construction	1,191	1,457	1,688	266	22.3%	231	15.9%
Manufacturing	1,255	1,240	1,427	(15)	-1.2%	187	15.1%
Wholesale trade	201	212	238	11	5.5%	26	12.3%
Retail trade	1,181	1,203	1,325	22	1.9%	122	10.1%
Transportation and warehousing	126	217	241	91	72.2%	24	11.1%
Information (Communication)	186	159	197	(27)	-14.5%	38	23.9%
Finance and insurance	285	314	343	29	10.2%	29	9.2%
Real estate and rental and leasing	734	1,019	1,247	285	38.8%	228	22.4%
Professional and technical services	458	593	751	135	29.5%	158	26.6%
Administrative Services	417	567	676	150	36.0%	109	19.2%
Educational services*	48	65	75	17	35.4%	10	15.4%
Health care and social assistance	439	587	715	148	33.7%	128	21.8%
Arts, entertainment, and recreation	241	323	407	82	34.0%	84	26.0%
Accommodation and food services	1,376	1,383	1,588	7	0.5%	205	14.8%
Other services, except public administration	795	900	1,120	105	13.2%	220	24.4%
Government*	1,390	1,402	1,572	12	0.9%	170	12.1%
TOTAL	10,887	12,207	14,138	1,320	12.1%	1,931	15.8%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.



Benzie County People & Income Overview

	Value	Rank in State (83 counties)		Value	Rank in State (83 counties)
Population (2006)	17,652	65	Per Capita Personal Income (2005)	\$26,676	37
Growth (%) since 1990	44.70%	2	Median Household Income (2004)	\$41,037	28
Households (2000)	6,500	67	Poverty Rate (2004)	9	72
Labor Force (persons) (2006)	9,336	65	H.S. Diploma or More (2000)	85.4	21
Unemployment Rate (2006)	7.6	40	Bachelor's Deg. or More (2000)	20	17

Source: STATS Indiana. 2007.

According to the U.S. Bureau of Economic Analysis, in 2005, Benzie County had a per capita personal income (PCPI) of \$26,676. This PCPI ranked 37th in the state and was 81 percent of the state average, \$32,804, and 77 percent of the national average, \$34,471. The 2005 PCPI reflected an increase of 2.7 percent from 2004. The 2004-2005 state change was 3.4 percent and the national change was 4.2 percent. The 1995-2005 average annual growth rate of PCPI was 3.6 percent. The average annual growth rate for the state was 3.4 percent and for the nation was 4.1 percent.

In 2007, it is estimated that there will be approximately 9,372 employees in Benzie County, representing 8.8% of total regional employment. Construction is the largest employment industry (1,252 employees) in the county. From 2007-2011, it is forecasted that Benzie County will experience a 15.6% increase in total employment growth, as opposed to 15.0% from 2003-2007.

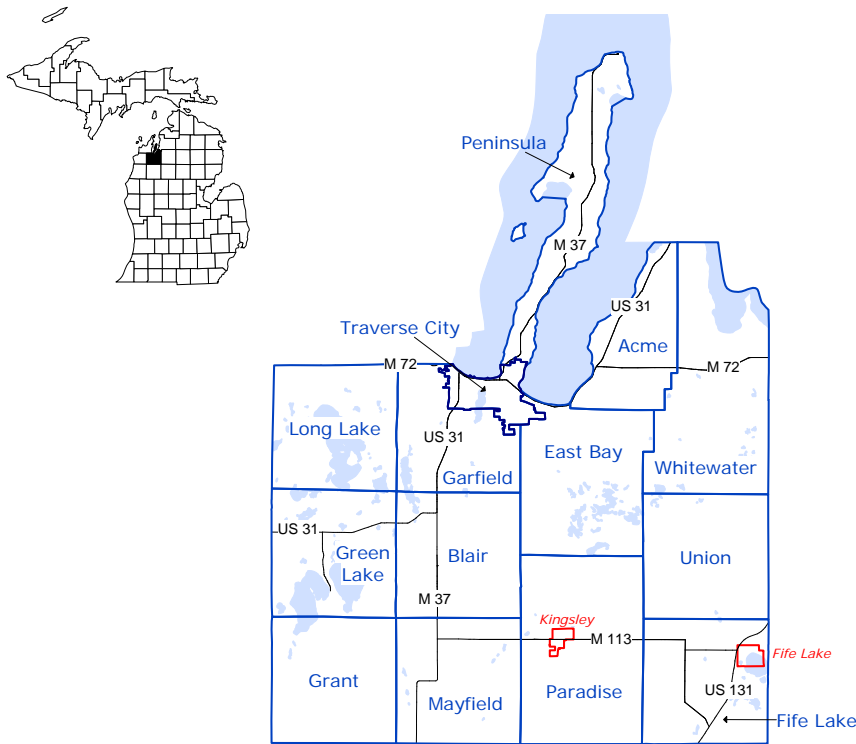
Total Benzie County Employment by Industry, 2003-2011 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2003	2007	2011	Change 2003-07	% Change 2003-07	Change 2007-11	% Change 2007-11
Agriculture, forestry, fishing and hunting	220	278	293	58	26.4%	15	5.4%
Mining (Extraction)	31	47	51	16	51.6%	4	8.5%
Utilities	124	50	44	(74)	-59.7%	(6)	-12.0%
Construction	1,127	1,252	1,485	125	11.1%	233	18.6%
Manufacturing	519	698	779	179	34.5%	81	11.6%
Wholesale trade	75	101	124	26	34.7%	23	22.8%
Retail trade	1,024	1,114	1,260	90	8.8%	146	13.1%
Transportation and warehousing	80	150	165	70	87.5%	15	10.0%
Information (Communication)	47	50	53	3	6.4%	3	6.0%
Finance and insurance	299	312	360	13	4.3%	48	15.4%
Real estate and rental and leasing	427	559	684	132	30.9%	125	22.4%
Professional and technical services	363	453	518	90	24.8%	65	14.3%
Administrative Services	349	474	581	125	35.8%	107	22.6%
Educational services*	87	64	61	(23)	-26.4%	(3)	-4.7%
Health care and social assistance	555	694	868	139	25.0%	174	25.1%
Arts, entertainment, and recreation	321	411	516	90	28.0%	105	25.5%
Accommodation and food services	1,132	1,170	1,246	38	3.4%	76	6.5%
Other services, except public administration	622	723	883	101	16.2%	160	22.1%
Government*	750	771	863	21	2.8%	92	11.9%
TOTAL	8,150	9,372	10,833	1,222	15.0%	1,461	15.6%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.

Grand Traverse County



Grand Traverse County People & Income Overview

	Value	Rank in State (83 counties)		Value	Rank in State (83 counties)
Population (2006)	84,952	23	Per Capita Personal Income (2005)	\$32,089	9
Growth (%) since 1990	32.20%	9	Median Household Income (2004)	\$45,542	17
Households (2000)	30,396	24	Poverty Rate (2004)	9	72
Labor Force (persons) (2006)	49,534	22	H.S. Diploma or More (2000)	89.3	5
Unemployment Rate (2006)	5.9	69	Bachelor's Deg. or More (2000)	26.1	9

Source: STATS Indiana. 2007.

According to the U.S. Bureau of Economic Analysis, in 2005, Grand Traverse County had a per capita personal income (PCPI) of \$32,089. This PCPI ranked 9th in the state and was 98 percent of the state average, \$32,804, and 93 percent of the national average, \$34,471. The 2005 PCPI reflected an increase of 1.8 percent from 2004. The 2004-2005 state change was 3.4 percent and the national change was 4.2 percent. The 1995-2005 average annual growth rate of PCPI was 3.8 percent. The average annual growth rate for the state was 3.4 percent and for the nation was 4.1 percent.

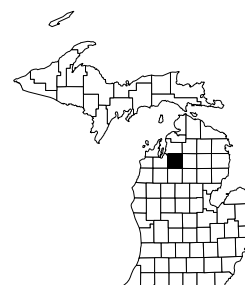
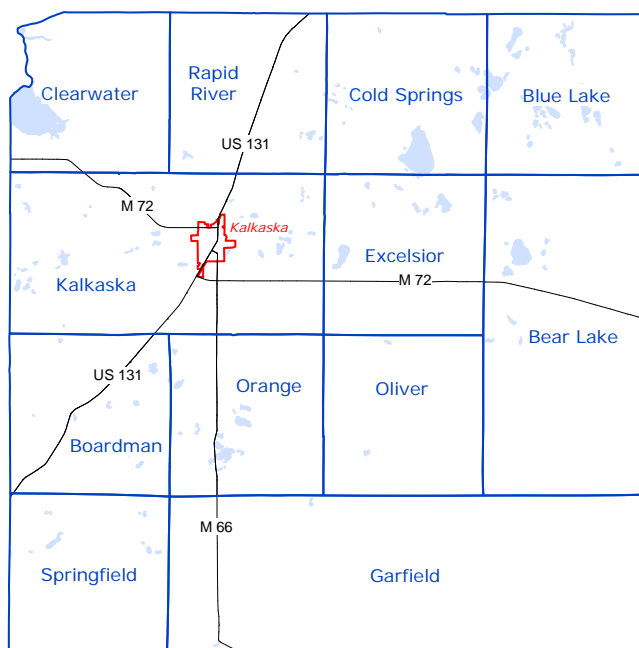
In 2007, it is estimated that there will be approximately 68,695 employees in Grand Traverse County, representing 64.2% of total regional employment. Retail trade is the largest employment industry (9,870 employees) in the county. From 2007-2011, it is forecasted that Grand Traverse County will experience a 8.5% increase in total employment growth, as opposed to 6.3% from 2003-2007

Total Grand Traverse County Employment by Industry, 2003-2011 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2003	2007	2011	Change 2003-07	% Change 2003-07	Change 2007-11	% Change 2007-11
Agriculture, forestry, fishing and hunting	761	866	896	105	13.8%	30	3.5%
Mining (Extraction)	1,026	997	955	(29)	-2.8%	(42)	-4.2%
Utilities	247	259	257	12	4.9%	(2)	-0.8%
Construction	4,994	5,404	5,822	410	8.2%	418	7.7%
Manufacturing	5,834	5,694	6,315	(140)	-2.4%	621	10.9%
Wholesale trade	1,406	1,644	1,730	238	16.9%	86	5.2%
Retail trade	10,274	9,870	10,940	(404)	-3.9%	1,070	10.8%
Transportation and warehousing	1,246	1,248	1,373	2	0.2%	125	10.0%
Information (Communication)	1,161	1,272	1,299	111	9.6%	27	2.1%
Finance and insurance	2,998	3,184	3,309	186	6.2%	125	3.9%
Real estate and rental and leasing	2,598	3,326	3,560	728	28.0%	234	7.0%
Professional and technical services	3,760	4,369	4,773	609	16.2%	404	9.2%
Administrative Services	2,361	3,073	3,475	712	30.2%	402	13.1%
Educational services*	664	1,008	1,139	344	51.8%	131	13.0%
Health care and social assistance	8,651	9,501	10,818	850	9.8%	1,317	13.9%
Arts, entertainment, and recreation	1,170	1,372	1,631	202	17.3%	259	18.9%
Accommodation and food services	5,666	5,546	5,770	(120)	-2.1%	224	4.0%
Other services, except public administration	3,248	3,409	3,608	161	5.0%	199	5.8%
Government*	6,444	6,548	6,793	104	1.6%	245	3.7%
TOTAL	64,615	68,695	74,561	4,080	6.3%	5,866	8.5%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.



Kalkaska County People & Income Overview

	Value	Rank in State (83 counties)		Value	Rank in State (83 counties)
Population (2006)	17,330	66	Per Capita Personal Income (2005)	\$20,512	81
Growth (%) since 1990	28.40%	12	Median Household Income (2004)	\$36,883	52
Households (2000)	6,428	68	Poverty Rate (2004)	12.6	41
Labor Force (persons) (2006)	9,001	66	H.S. Diploma or More (2000)	80	61
Unemployment Rate (2006)	7.7	37	Bachelor's Deg. or More (2000)	9.7	76

Source: STATS Indiana. 2007.

According to the U.S. Bureau of Economic Analysis, in 2005, Kalkaska County had a per capita personal income (PCPI) of \$20,512. This PCPI ranked 81st in the state and was 63 percent of the state average, \$32,804, and 60 percent of the national average, \$34,471. The 2005 PCPI reflected an increase of 2.5 percent from 2004. The 2004-2005 state change was 3.4 percent and the national change was 4.2 percent. The 1995-2005 average annual growth rate of PCPI was 2.3 percent. The average annual growth rate for the state was 3.4 percent and for the nation was 4.1 percent.

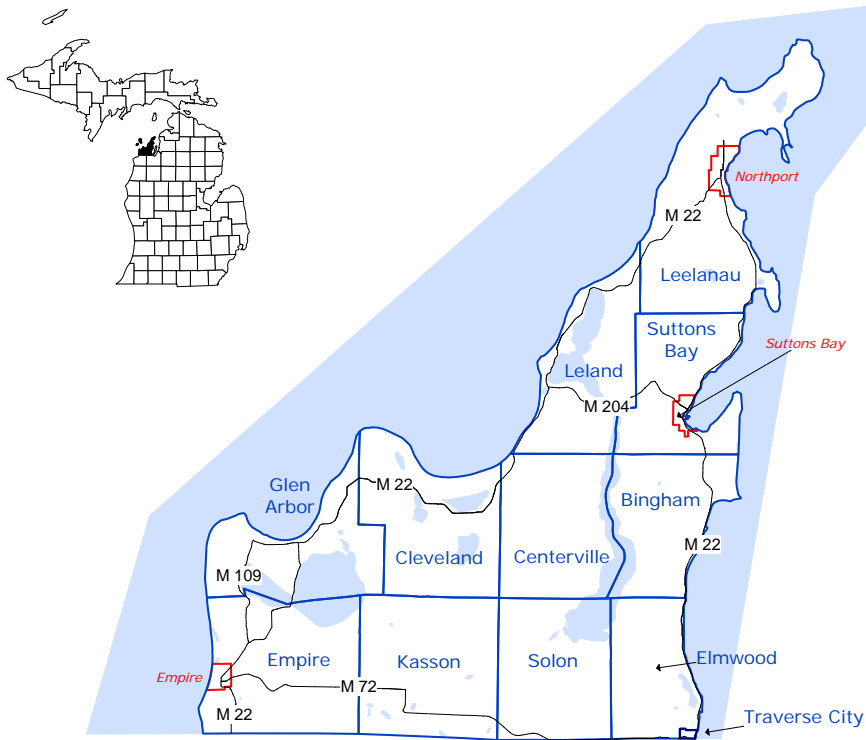
In 2007, it is estimated that there will be approximately 5,948 employees in Kalkaska County, representing 5.5% of total regional employment. Government* is the largest employment industry (922 employees) in the county. From 2007-2011, it is forecasted that Kalkaska County will experience a 10.9% increase in total employment growth, as opposed to 3.7% from 2003-2007.

Total Kalkaska County Employment by Industry, 2003-2011 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2003	2007	2011	Change 2003-07	% Change 2003-07	Change 2007-11	% Change 2007-11
Agriculture, forestry, fishing and hunting	222	219	228	(3)	-1.4%	9	4.1%
Mining (Extraction)	286	244	141	(42)	-14.7%	(103)	-42.2%
Utilities	15	57	70	42	280.0%	13	22.8%
Construction	623	623	689	0	0.0%	66	10.6%
Manufacturing	585	579	741	(6)	-1.0%	162	28.0%
Wholesale trade	175	194	225	19	10.9%	31	16.0%
Retail trade	598	667	739	69	11.5%	72	10.8%
Transportation and warehousing	294	189	208	(105)	-35.7%	19	10.1%
Information (Communication)	34	30	34	(4)	-11.8%	4	13.3%
Finance and insurance	92	96	111	4	4.3%	15	15.6%
Real estate and rental and leasing	209	324	394	115	55.0%	70	21.6%
Professional and technical services	196	149	181	(47)	-24.0%	32	21.5%
Administrative Services	404	546	645	142	35.1%	99	18.1%
Educational services*	26	32	27	6	23.1%	(5)	-15.6%
Health care and social assistance	223	282	319	59	26.5%	37	13.1%
Arts, entertainment, and recreation	91	117	150	26	28.6%	33	28.2%
Accommodation and food services	374	289	252	(85)	-22.7%	(37)	-12.8%
Other services, except public administration	351	388	442	37	10.5%	54	13.9%
Government*	935	922	998	(13)	-1.4%	76	8.2%
TOTAL	5,734	5,948	6,595	214	3.7%	647	10.9%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

*“Educational Services” data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the “Government” sector.



Leelanau County People & Income Overview

	Value	Rank in State (83 counties)		Value	Rank in State (83 counties)
Population (2006)	22,112	63	Per Capita Personal Income (2005)	\$36,502	4
Growth (%) since 1990	33.80%	8	Median Household Income (2004)	\$52,141	9
Households (2000)	8,436	64	Poverty Rate (2004)	7.2	81
Labor Force (persons) (2006)	11,837	59	H.S. Diploma or More (2000)	90.7	3
Unemployment Rate (2006)	5	82	Bachelor's Deg. or More (2000)	31.4	4

Source: STATS Indiana. 2007.

According to the U.S. Bureau of Economic Analysis, in 2005, Leelanau County had a per capita personal income (PCPI) of \$36,502. This PCPI ranked 4th in the state and was 111 percent of the state average, \$32,804, and 106 percent of the national average, \$34,471. The 2005 PCPI reflected an increase of 3.9 percent from 2004. The 2004-2005 state change was 3.4 percent and the national change was 4.2 percent. The 1995-2005 average annual growth rate of PCPI was 5.0 percent. The average annual growth rate for the state was 3.4 percent and for the nation was 4.1 percent.

In 2007, it is estimated that there will be approximately 10,855 employees in Leelanau County, representing 10.1% of total regional employment. Government* is the largest employment industry (2,024 employees) in the county. From 2007-2011, it is forecasted that Leelanau County will experience a 12.7% increase in total employment growth, as opposed to 11.9% from 2003-2007.

Total Leelanau County Employment by Industry, 2002-2010 (Actual & Forecast).

Industry	Year			Actual		Forecast	
	2003	2007	2011	Change 2003-07	% Change 2003-07	Change 2007-11	% Change 2007-11
Agriculture, forestry, fishing and hunting	918	770	778	(148)	-16.1%	8	1.0%
Mining (Extraction)	95	25	32	(70)	-73.7%	7	28.0%
Utilities	<10	<10	<10	n/a	n/a	n/a	n/a
Construction	1,164	1,262	1,417	98	8.4%	155	12.3%
Manufacturing	245	267	299	22	9.0%	32	12.0%
Wholesale trade	82	169	199	87	106.1%	30	17.8%
Retail trade	937	1,029	1,225	92	9.8%	196	19.0%
Transportation and warehousing	118	134	137	16	13.6%	3	2.2%
Information (Communication)	58	89	116	31	53.4%	27	30.3%
Finance and insurance	290	326	353	36	12.4%	27	8.3%
Real estate and rental and leasing	518	681	839	163	31.5%	158	23.2%
Professional and technical services	490	647	782	157	32.0%	135	20.9%
Administrative Services	132	403	456	271	205.3%	53	13.2%
Educational services*	133	179	198	46	34.6%	19	10.6%
Health care and social assistance	594	693	828	99	16.7%	135	19.5%
Arts, entertainment, and recreation	291	404	486	113	38.8%	82	20.3%
Accommodation and food services	1,020	1,089	1,160	69	6.8%	71	6.5%
Other services, except public administration	528	608	679	80	15.2%	71	11.7%
Government*	2,079	2,024	2,217	(55)	-2.6%	193	9.5%
TOTAL	9,703	10,855	12,233	1,152	11.9%	1,378	12.7%

Source: Bureau of Labor Statistics (BLS). Economic Modeling Specialists, Inc. (EMSI). 2007.

*"Educational Services" data are not an accurate portrayal of educational employment, due to many educational service providers being recorded within the "Government" sector.

About the Data

As stated previously in this document, All sources contributing to this report were compared against numerous other data and information sources. Best efforts were made to reconcile these sometimes widely varying outlooks; however, no economic forecast should ever be considered definitive or flawless, due to the number of variables contributing to the sources.

Below are some of the primary data sources used as the basis for this year's forecast data analysis.

Bureau of Economic Analysis (BEA)- www.bea.gov

The BEA is an agency of the Department of Commerce. BEA produces economic accounts statistics that enable government and business decision-makers, researchers, and the American public to follow and understand the performance of the Nation's economy. To do this, BEA collects source data, conducts research and analysis, develops and implements estimation methodologies, and disseminates statistics to the public. BEA's economic statistics, which provide a comprehensive, up-to-date picture of the U.S. economy, are key ingredients in critical decisions affecting monetary policy, tax and budget projections, and business investment plans.

Bureau of Labor Statistics (BLS)- www.bls.gov

The BLS is the principal fact-finding agency for the Federal Government in the broad field of labor economics and statistics. The BLS is an independent national statistical agency that collects, processes, analyzes, and disseminates essential statistical data to the American public, the U.S. Congress, other Federal agencies, State and local governments, business, and labor. The BLS also serves as a statistical resource to the Department of Labor.

Economic Modeling Specialists (EMSI)- www.economicmodeling.com

The proprietary EMSI model serves as the basis for this regional forecast was built especially for the 5-county region of Antrim, Benzie, Grand Traverse, Kalkaska, and Leelanau Counties.

EMSI's *Strategic Advantage* product brings together workforce and economic development in one powerful web-based tool. Over 25 government sources are combined to bring county level industry, occupation and demographic data. This is then combined to a community based input/output model that quantifies the impact of increasing or decreasing jobs in a given industry.

Northwest Michigan Council of Government (NWMCOG)- www.nwm.org

As the regional repository for the U.S. Census Bureau, the NWMCOG provides access to economic, population, and education statistics for the counties, townships, cities, villages and schools located in northwest lower Michigan.