



# YOUNG TALENT IN THE GREAT LAKES: HOW MICHIGAN IS FARING

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Michigan Future, Inc.

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## YOUNG TALENT IN THE GREAT LAKES: HOW MICHIGAN IS FARING

Michigan Future, Inc.

This report is part of the Michigan Future, Inc. New Agenda for a New Michigan project. Its focus is on identifying a path to better position Michigan to succeed in the flattening world economy of the future, a path that will return Michigan to high prosperity, measured by per capita income consistently above the national average in both national economic expansions and contractions.

Our basic conclusion: What most distinguishes successful areas from Michigan is their concentrations of talent, where talent is defined as a combination of knowledge, creativity and entrepreneurship. Quite simply, in a flattening world, the places with the greatest concentrations of talent win! States and regions without concentrations of talent will have great difficulty retaining or attracting knowledge-based enterprises, and they are not likely to be the places where new knowledge-based enterprises are created.

(For a more detailed look at our framework for building a high prosperity Michigan see our 2006 report A New Agenda for a New Michigan at [michiganfuture.org](http://michiganfuture.org))

Rich Karlgaard, publisher of Forbes magazine, summed it up best:

*Start with this proposition: The most valuable natural resource in the 21st century is brains. Smart people tend to be mobile. Watch where they go! Because where they go, robust economic activity will follow.*

This report is designed to identify where young professionals are concentrating in the Great Lakes. We focus on young college graduates because they are the most mobile. Young people are the most likely demographic group to move. And among the young, movement from one state to another is far higher for those with a four-year degree or more.

Richard Florida in his new book, *Who's Your City*, sums up why retaining and attracting young talent is a key to economic growth:

*For cities and regions, it means that the places that attract young people end up being winners in the nationwide competition for talent. This does not bode well for cities and regions that seem to believe they will be able to attract young people who have moved away for fun and adventure once they hit their thirties and decide to settle down and start families. The numbers simply don't add up. Places that lost young people will never be able to recoup, since moving slows down with age. The winning places are the ones that establish an edge early on, by attracting residents in their mid-twenties. These places gain a long-lasting advantage; those that lose out find it all but impossible to catch up.*

Specifically we wanted to learn how well Michigan – particularly its largest metropolitan areas – is succeeding in retaining and attracting young talent compared to the regions in the Great Lakes with the strongest economies. The core of this report is an analysis of young talent concentrations in Michigan's three largest metros – Detroit, Grand Rapids and Lansing – and the three Great Lakes metros with the highest per capita income – Chicago, Minneapolis and Madison.

## The data

Before we look at the numbers, an explanation of the data we used. Our initial goal was to learn where Millennials (the generation born from 1977 to the mid-nineties) with four-year degrees or more are choosing to live and work after college. We couldn't find a data base that met that need.

Since the oldest Millennial was only 23 in 2000, the 2000 Census isn't helpful. The annual update from the Census Bureau – the American Community Survey – doesn't have an adequate sample size to answer our question. We are going to need to wait until the 2010 Census to get the most reliable answer to our question.

We believe the best available data source is from Claritas, a private target marketing firm. We use for this report their 2006 PRIZM data. (You can find a more detailed description of the PRIZM data at <http://www.claritas.com/target-marketing/market-research-services/marketing-data/marketing-segmentation/prizm.jsp>)

PRIZM divides American households into 66 segments with similar consumption patterns. The segments are determined by geography (the kind of neighborhood you live in) and social economic rank, not age or education attainment. But Claritas provides a description of the dominant demographic groups in each segment. For this report we look at the eight segments that include large concentrations of households with 25-34 year old college graduates.

There are clear limitations in the data. In each of the eight segments we analyze there are college educated households who share similar consumption patterns, but are older than 34. And there are some college educated 25-34 households not included in the eight segments. That said we are confident that the PRIZM data provides an accurate picture of where young professionals are concentrating.

The eight segments we selected are listed and described in Appendix A. Throughout this report we refer to those in the eight segments as “young professional households.” As you will see, we divide the households into those from the five segments that predominantly do not have children (represented by the red dots on the maps) and the three segments that predominantly do have children (blue dots).

The data was purchased and compiled by the Michigan State Housing Development Authority (MSHDA). Without its assistance – particularly that of David Allen, Chief Market Analyst for MSHDA – this report would not have been possible.

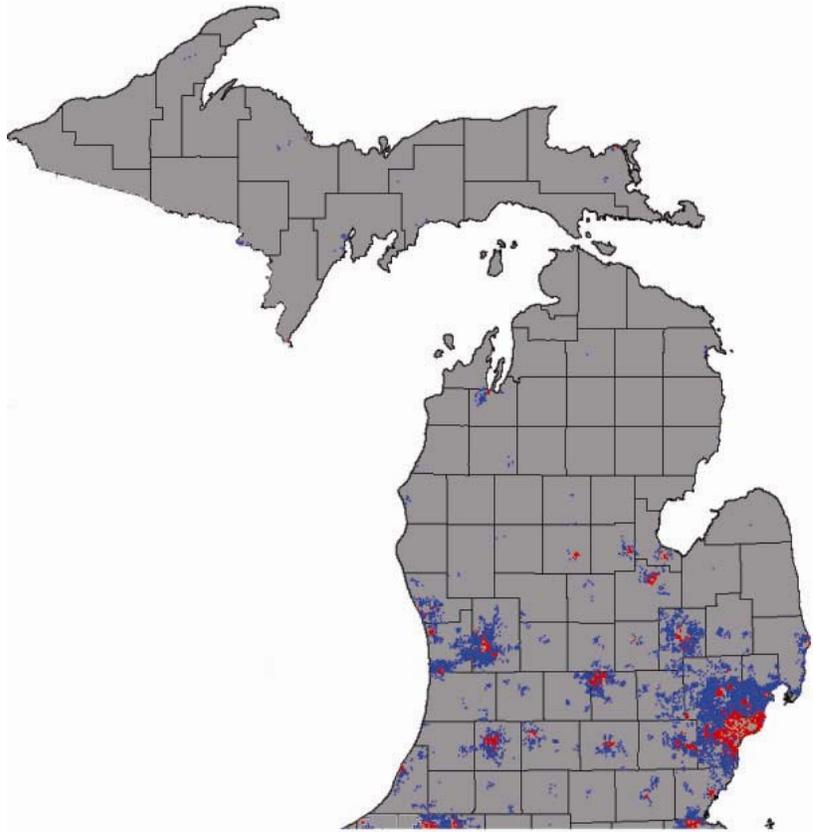
## Young Professionals in Michigan

Let's turn to the data. We start with a look at where young professional households are concentrating in Michigan. As we reported in our previous work, college educated adults of all ages are increasingly concentrating in the largest metropolitan areas of the country. In 2006, 27 percent of adults had a four year degree nationally. In metropolitan areas of 3.5 million or more it was 32 percent. In areas with population of less than one million, it's 21 percent

Map 1 shows where young professional households reside in Michigan. Each dot represents 20 households. There are 441,830 in Michigan – 11.2 percent of the households in the state. That's low; in Illinois, these young professional households make up 16.6 percent of the state's households; in Minnesota, it's 15.6 percent.

As you can see, Michigan's young professionals are heavily concentrated in the largest counties in our state's biggest metropolitan areas. In fact, the state's four largest counties – Wayne, Oakland, Macomb and Kent – are home to two thirds of Michigan's young professional households. (Appendix B provides the data for each county in Michigan with at least 1,000 young professional households.)

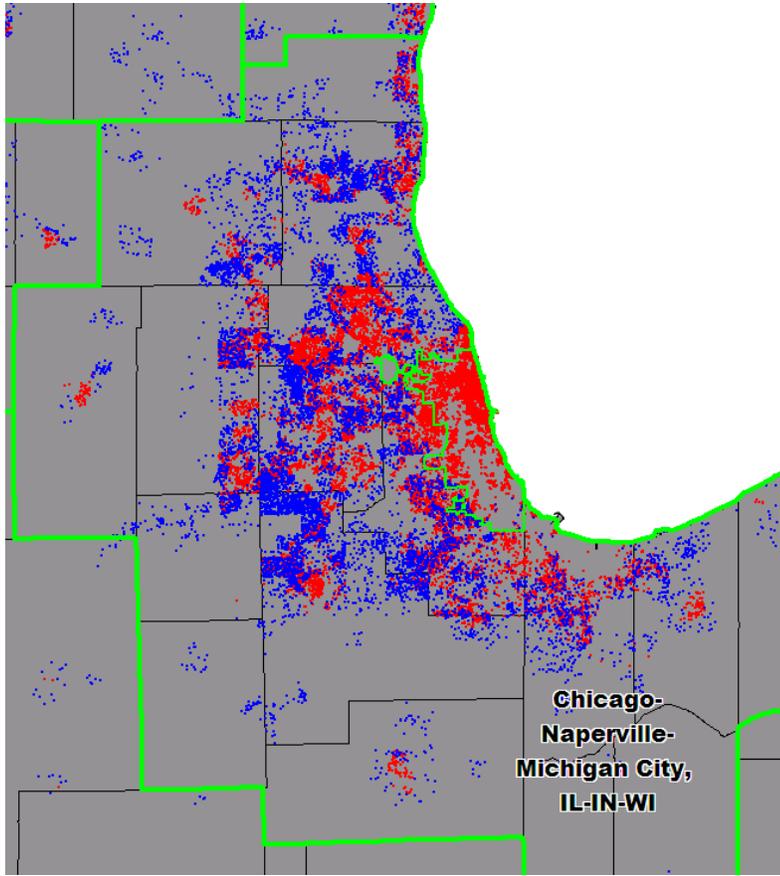
The pattern of young professional households concentrating in big metropolitan areas is not just a Michigan reality. In the two Great Lakes states with the highest per capita income – Minnesota and Illinois – they are even more concentrated. In Illinois 94% are in the Chicago metro and in Minnesota 86% are in the Minneapolis metro.



MAP 1: YOUNG PROFESSIONAL HOUSEHOLDS IN MICHIGAN

## Concentrations of Young Professionals in Great Lakes metros

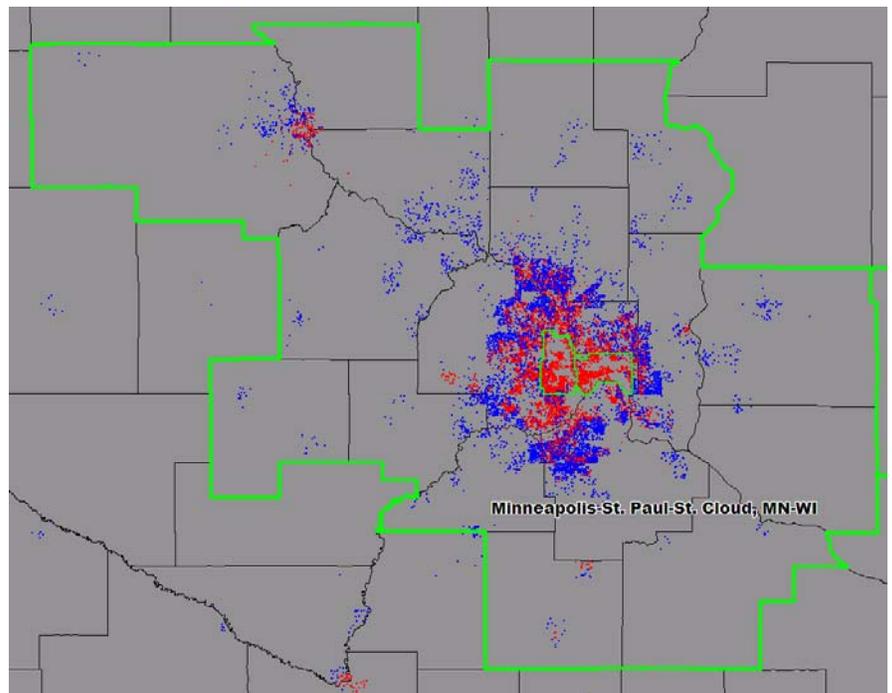
For the remainder of the report we will focus on young professionals in Michigan's three largest metropolitan areas compared to the three Great Lakes metropolitan areas with the highest per capita income. For each of the six metros we use Combined Statistical Areas (CSA) which we believe best describes regional economies. That is a nine county Detroit region, seven counties for the Grand Rapids region and four counties for metro Lansing.



Map 2 shows young professional households in metro Chicago. In total there are 744,000, 21.3 percent of all households in metro Chicago. In the city of Chicago there are 226,000. Nearly a third – 30.4 percent – of all young professional households in the region live in the city of Chicago. Close to half – 43.7 percent – of the young professional households in the region without children live in the city.

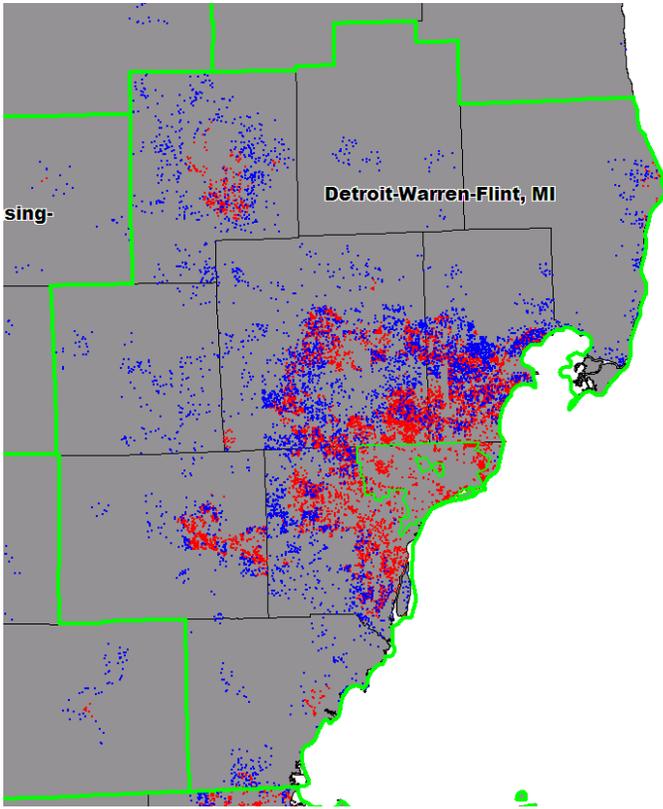
Map 3 presents the same data for metropolitan Minneapolis. In total there are 269,000 young professionals in the CSA, 21.3 percent of all households in metro Minneapolis. In the cities of Minneapolis and St. Paul combined there are 43,000, 16.0 percent of all of the region's total young professional households. The two central cities have 27.3 percent of the region's young professional households without children.

MAP 2: YOUNG PROFESSIONAL HOUSEHOLDS IN METRO CHICAGO



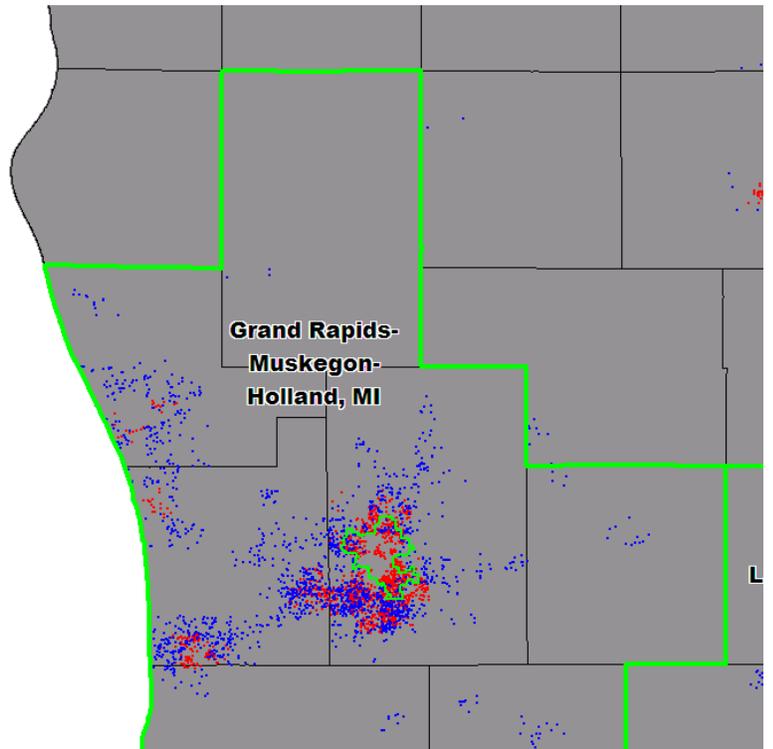
MAP 3: YOUNG PROFESSIONAL HOUSEHOLDS IN METRO MINNEAPOLIS

Map 4 presents the same data for metropolitan Detroit. In total there are 311,000, 14.7 percent of all households in metro Detroit. In the city of Detroit there are 15,000, 4.9 percent of the region's total young professional households. Only 8.4 percent of the young professional households in the region without children live in the city of Detroit.



MAP 4: YOUNG PROFESSIONAL HOUSEHOLDS IN METRO DETROIT

Map 5 is the Grand Rapids CSA. In total there are 68,000 young professional households in the region, 14.1 percent of all households in metro Grand Rapids. In the city of Grand Rapids there are 10,000, 14.6 percent of all young professional households in the region and 25.4 percent of those households in the region without children.



MAP 5: YOUNG PROFESSIONALS IN GRAND RAPIDS

Tables 1 and 2 presents the data displayed on the maps. Probably surprising to most is that the proportion of young professional households in metro Minneapolis is the same as in metro Chicago. Many in Michigan believe that we cannot compete with Chicago, largely because of the world class vibrancy of the city. Metro Minneapolis demonstrates that you don't need to replicate the city of Chicago to concentrate young talent.

**Table 1 Young Professionals**

Metro Area*	In Metro Region		In Center City	
	#	% of all households	#	% of Metro Area
<b>Chicago</b>	743,811	21.3%	225,821	30.4%
<b>Minneapolis - St. Paul</b>	268,847	21.3%	42,979	16.0%
<b>Detroit</b>	310,000	14.7%	15,245	4.9%
<b>Grand Rapids</b>	68,498	14.1%	10,025	14.6%

\*Metro Areas are Combined Statistical Areas

Source: Claritas PRIZM NE, 2006

**Table 2 Young Professionals**

Metro Area	With Children			Without Children		
	# in City	# in Rest of Region	% in City	# in City	# in Rest of Region	% in City
<b>Chicago</b>	3,019	230,818	1.3%	222,802	287,172	43.7%
<b>Minneapolis-St. Paul</b>	1,981	116,662	1.7%	40,998	109,206	27.3%
<b>Detroit</b>	106	129,533	0.1%	15,139	165,822	8.4%
<b>Grand Rapids</b>	2,039	35,022	5.5%	7,986	23,451	25.4%

\*Metro Areas are Combined Statistical Areas

Source: Claritas PRIZM NE, 2006

In Table 3 we present the increase in young professional households metro Detroit and Grand Rapids would need to have the same proportion of those households as metro Minneapolis and Chicago. Obviously there is a big gap between where our two largest metros are and where they need to be compared to the two most prosperous metropolitan areas in the Great Lakes. To have the same proportion as metro Minneapolis and Chicago, metro Detroit needs about 140,000 more young professional households. For metro Grand Rapids the gap with metro Minneapolis and Chicago is 35,000 young professional households.

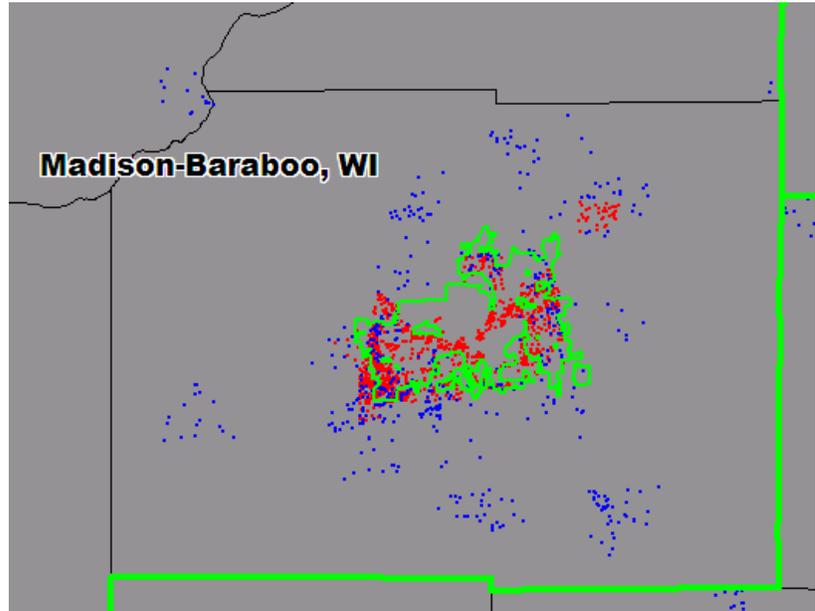
Table 3	Metro Areas	Central City	Suburbs
<b>Young Professional Households Residing in Detroit Region today</b>	310,600	15,245	295,355
<b>If Detroit had same proportions as Minneapolis, it would have...</b>	450,625	85,001	365,624
<b>If Metro Detroit had same proportions as Chicago, it would have...</b>	449,175	136,370	312,805
<b>Young Professional Households Residing in Grand Rapids region today</b>	68,498	10,025	58,473
<b>If Metro Grand Rapids had same proportions as Minneapolis, it would have...</b>	103,416	19,507	83,908
<b>If Metro Grand Rapids had same proportions as Chicago, it would have...</b>	103,416	31,296	71,787

Source: Claritas

It’s also clear that the gap is not just in the central city. The data are unambiguous: A vibrant central city matters – particularly for young professionals without children. But in both metro Detroit and Grand Rapids we need both the central city and its suburbs to be more attractive places for young professionals to live and work.

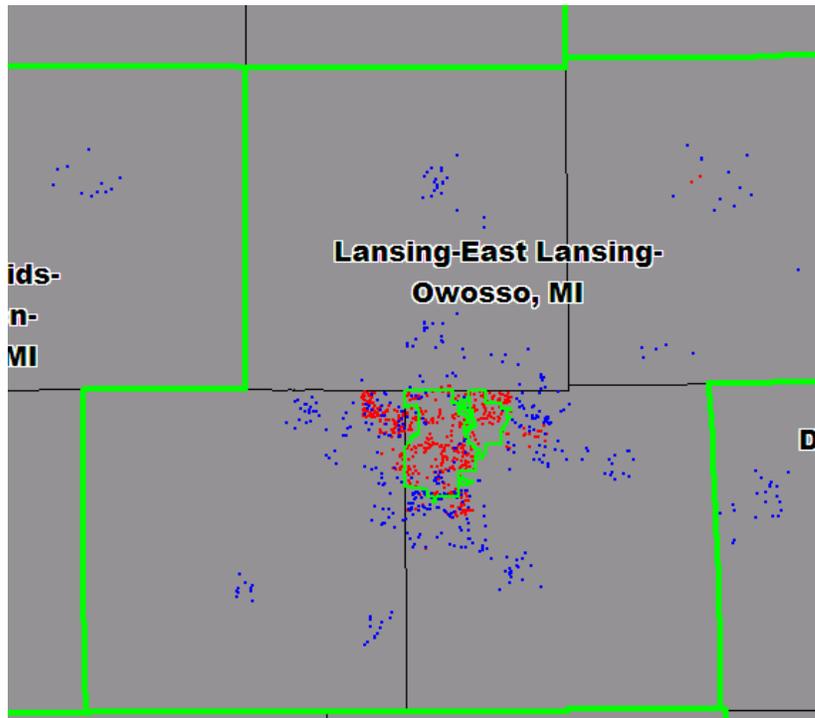
We now turn our attention to a comparison of metro Madison to metro Lansing. We do so because mid-sized metropolitan areas with major universities (and, in many cases, state capitols) also are places where the knowledge-based economy is growing. Metropolitan Madison’s performance is extraordinary. Its per capita income is exceeded by only 12 of the 53 metropolitan areas with populations of one million or more.

Map 6 shows young professional households in metro Madison. In total there are 36,000, 14.8 percent of all households in the region. In the city of Madison there are 23,000, 63.7 percent of all young professional households in the region. 79.2 percent of the region's young professional households without children live in the city.



MAP 6: YOUNG PROFESSIONAL HOUSEHOLDS IN METRO MADISON

Map 7 presents the same data for metropolitan Lansing. Young professionals are 10.2 percent of all households in the region, a total of 21,000. In the cities of Lansing and East Lansing combined there are 8,000 young professional households, 37.8 percent of all of the region's total young professional households. Nearly half – 47.7 percent – of the young professional households without children in the region live in the two cities.



MAP 7: YOUNG PROFESSIONAL HOUSEHOLDS IN METRO LANSING

Tables 4 and 5 present the data displayed on the maps. In Table 6 we present the increase in young professional households metro Lansing would need to have the same proportion of those households as metro Madison. To have the same proportion as metro Madison, metro Lansing needs about 9,000 more young professional households.

**Table 4 Young Professionals**

Metro Area*	Metro Region		Central City	
	#	% of Total	#	% of Metro
<b>Madison</b>	36,399	14.8%	23,201	63.7%
<b>Lansing – East Lansing</b>	21,286	10.2%	8,053	37.8%

\*Metro Areas are Combined Statistical Areas Center City data for Lansing includes East Lansing Source: Claritas PRIZM NE, 2006

**Table 5 Young Professionals**

Metro Area*	With Children			Without Children		
	# in City	# in Rest of Region	% in city	# in City	# in Rest of Region	% in City
<b>Madison</b>	5,073	8,451	37.5%	18,128	4,747	79.2%
<b>Lansing – East Lansing</b>	1,235	8,740	12.4%	5,392	5,919	47.7%

\*Metro Areas are Combined Statistical Areas Source: Claritas PRIZM NE, 2006

**Table 6 Younger College Graduate Households Residing in:**

Metro Area	Metro Area	Central city	Suburbs
<b>Metro Lansing</b>	21,286	8,053	13,233
<b>If Metro Lansing had same proportions as Madison</b>	30,923	19,698	11,225

Data for Central City Lansing includes East Lansing Source: Claritas

Once again there is a big gap between the two metros. But unlike Detroit and Grand Rapids where there is a substantial gap between both the cities and suburbs as compared to Chicago and Minneapolis, metro Lansing's gap is primarily in its central cities. At the moment neither Lansing nor East Lansing provide the vibrancy that young professionals who want central city living are looking for, compared to Madison.

Before we conclude this section on the data, it is important to mention that Ann Arbor (which is part of the Detroit region) has a similar gap with Madison. There are 8,000 young professional households in Ann Arbor. For Ann Arbor to be at the same proportion as the Madison it needs to have 13,000 young professional households in the city.

## Why it Matters

All of our research has left us with a simple bottom line: **unless Michigan, compared to the country, gets younger and better educated we will continue to get poorer.** The gaps portrayed in the maps between high prosperity Great Lakes metropolitan areas and those of Michigan is the preeminent hurdle to building a high prosperity Michigan.

If every other initiative at the state, regional and local level to grow the Michigan economy works, but we do not change the maps, we will almost surely continue to decline in prosperity compared to the nation. Concentrating talent is that important!

The pattern is that high prosperity states (including Minnesota and Illinois in the Great Lakes) have big metropolitan areas with even higher per capita income. That means metropolitan Detroit and metropolitan Grand Rapids and, to a lesser degree, metropolitan Lansing must become the main drivers of a prosperous Michigan. In fact, it is hard to imagine a high prosperity Michigan without an even higher prosperity metropolitan Detroit.

A central distinguishing characteristic of prosperous regions is a high proportion of their adults with a four-year degree. And in almost all high prosperity metropolitan areas, the largest city has a high proportion of its residents with a bachelor's degree or more.

For many Michiganders, vibrant central cities are part of the past, no longer relevant or just something you visit in unique places like Manhattan, Toronto or Chicago. Think again! They are an important ingredient to future economic success. The pattern across the country is clear: high prosperity metropolitan areas have central cities with a high concentration of knowledge workers – particularly the Millennials before they have children.

And those young professionals, as Richard Florida noted, are most likely to raise their children in the suburbs of the city they are living in, rather than where they grew up. (In high proportions, the red dots on our maps in Chicago or Minneapolis become the blue dots in their suburbs when they have kids.) Prosperous regions are increasingly characterized by both successful central cities and suburbs.

Add to the tale of the maps a recent poll for CEOs for Cities, in which nearly two-thirds of recent college graduates said that they decided on where they wanted to live first and then looked for a job. The inescapable conclusion is that place matters!

We need to move to the top of our agenda at both the state and regional level creating places where talent – particularly mobile young talent – wants to live. It is an essential ingredient in better positioning Michigan for success in an increasingly knowledge-driven economy.

## Appendix A

**04. Young Digerati** – Young Digerati are the nation's tech-savvy singles and couples living in fashionable neighborhoods on the urban fringe. Affluent, highly educated and ethnically mixed, Young Digerati communities are typically filled with trendy apartments and condos, fitness clubs and clothing boutiques, casual restaurants and all types of bars—from juice to coffee to microbrew.

**06. Winner's Circle** – Among the wealthy suburban lifestyles, Winner's Circle is the youngest, a collection of mostly 25- to 34-year-old couples with large families in new-money subdivisions. Surrounding their homes are the signs of upscale living: recreational parks, golf courses and upscale malls. With a median income of nearly \$90,000, Winner's Circle residents are big spenders who like to travel, ski, go out to eat, shop at clothing boutiques and take in a show.

**16. Bohemian Mix** – A collection of young, mobile urbanites, Bohemian Mix represents the nation's most liberal lifestyles. Its residents are a progressive mix of young singles and couples, students and professionals, Hispanics, Asians, African-Americans and whites. In their funky rowhouses and apartments, Bohemian Mixers are the early adopters who are quick to check out the latest movie, nightclub, laptop and microbrew.

**18. Kids & Cul-de-Sacs** – Upscale, suburban, married couples with children—that's the skinny on Kids & Cul-de-Sacs, an enviable lifestyle of large families in recently built subdivisions. With a high rate of Hispanic and Asian Americans, this segment is a refuge for college-educated, white-collar professionals with administrative jobs and upper-middle-class incomes. Their nexus of education, affluence and children translates into large outlays for child-centered products and services.

Source: Claritas

**19. Home Sweet Home** – Widely scattered across the nation's suburbs, the residents of Home Sweet Home tend to be upper-middle-class married couples living in mid-sized homes with few children. The adults in the segment, mostly between the ages of 25 and 54, have gone to college and hold professional and white-collar jobs. With their upscale incomes and small families, these folks have fashioned comfortable lifestyles, filling their homes with toys, TV sets and pets.

**22. Young Influentials** – Once known as the home of the nation's yuppies, Young Influentials reflects the fading glow of acquisitive yuppiedom. Today, the segment is a common address for young, middle-class singles and couples who are more preoccupied with balancing work and leisure pursuits. Having recently left college dorms, they now live in apartment complexes surrounded by ball fields, health clubs and casual-dining restaurants.

**24. Up-and-Comers** – Up-and-Comers is a stopover for young, midscale singles before they marry, have families and establish more deskbound lifestyles. Found in second-tier cities, these mobile, twentysomethings include a disproportionate number of recent college graduates who are into athletic activities, the latest technology and nightlife entertainment.

**32. New Homesteaders** – Young, middle-class families seeking to escape suburban sprawl find refuge in New Homesteaders, a collection of small rustic townships filled with new ranches and Cape Cods. With decent-paying jobs in white-collar and service industries, these dual-income couples have fashioned comfortable, child-centered lifestyles, their driveways filled with campers and powerboats, their family rooms with PlayStations and Game Boys

Appendix B

<b><u>County</u></b>	<b><u>Number of young professional households</u></b>	<b><u>Percent of all households</u></b>
<b>Oakland</b>	99,992	20.4%
<b>Wayne</b>	79,669	10.6%
<b>Macomb</b>	74,721	22.2%
<b>Kent</b>	43,655	19.5%
<b>Washtenaw</b>	19,634	14.4%
<b>Genesee</b>	19,392	11.0%
<b>Ottawa</b>	17,289	19.4%
<b>Ingham</b>	13,739	12.3%
<b>Kalamazoo</b>	11,949	12.4%
<b>Monroe</b>	6,179	10.6%
<b>St. Clair</b>	5,123	7.7%
<b>Eaton</b>	5,087	11.8%
<b>Muskegon</b>	4,945	7.5%
<b>Saginaw</b>	4,897	6.0%
<b>Livingston</b>	4,637	7.0%
<b>Jackson</b>	4,262	7.0%
<b>Calhoun</b>	3,217	5.8%
<b>Berrien</b>	3,159	4.9%
<b>Bay</b>	1,673	3.7%
<b>Clinton</b>	1,615	6.2%
<b>Lenawee</b>	1,486	3.9%
<b>Allegan</b>	1,444	3.4%
<b>Midland</b>	1,438	4.3%
<b>Grand Traverse</b>	1,371	4.1%
<b>Lapeer</b>	1,253	3.7%