MICHIGAN AUTOMOTIVE DASHBOARD

1st Quarter 2026

Prepared By:

CENTER FOR AUTOMOTIVE RESEARCH

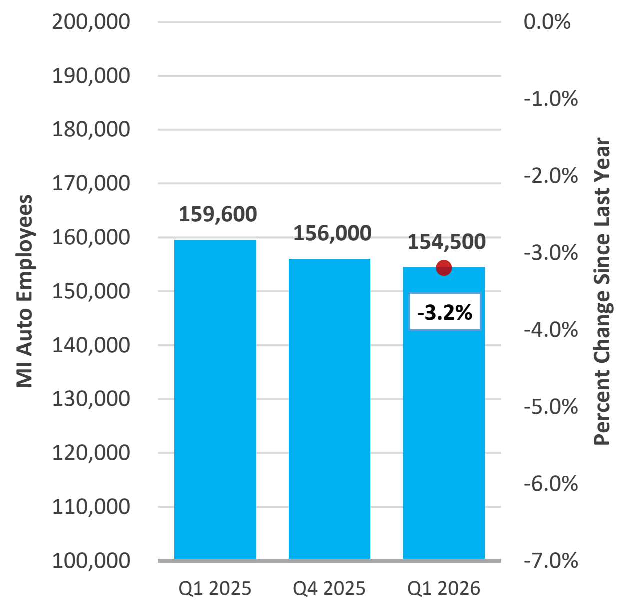
Employment

Michigan's automotive employment declined from last year, sitting at 154,500 in February 2026, down 5,100 since the end of the first quarter of 2025. The projection for the U.S. motor vehicle production increase was modestly revised upward, suggesting optimism for Michigan automakers' employment going forward. However, the automotive parts employment could continue to decline given higher tariffs on steel and aluminum.

Motor vehicle manufacturing employment in Michigan stood at 45,000 in February 2026, down 1,300 jobs compared to the end of the first quarter of 2025. Furthermore, auto parts manufacturing employment stood at 109,500 – down 3,800 jobs.

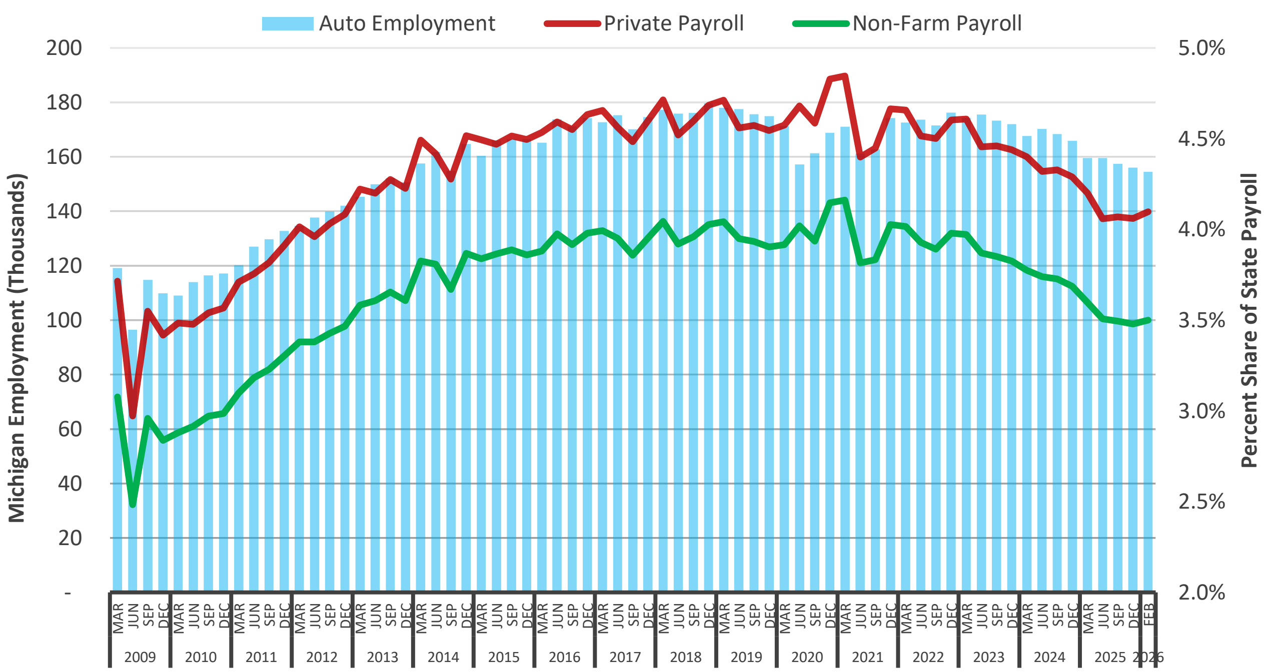
As of February 2026, Michigan's motor vehicle and parts manufacturing employment comprised 4.1 percent of the total statewide private employment and 3.5 percent of the total non-farm employment – down marginally from 4.2 percent and 3.6 percent, respectively, in the first quarter of 2025 (Figure 2). As of February 2026, Michigan's automotive employment accounted for 26.9 percent of all manufacturing jobs in the state, down 0.3 percentage points from the end of first quarter 2025.

Figure 1: Michigan Auto Employment



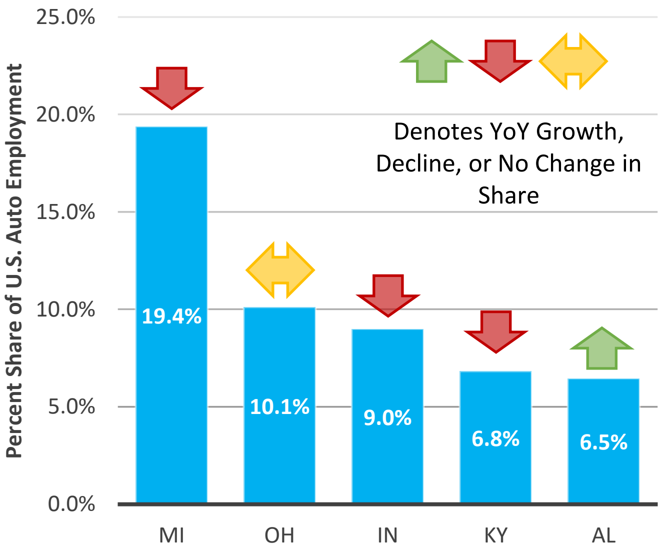
Source: Bureau of Labor Statistics

Figure 2: Michigan Motor Vehicles and Parts Employment, Total and as a Share of State Payroll



Source: Current Employment Statistics, Bureau of Labor Statistics (NAICS 3361,3363)

Figure 3: Michigan's Share Compared to Other States, February 2026

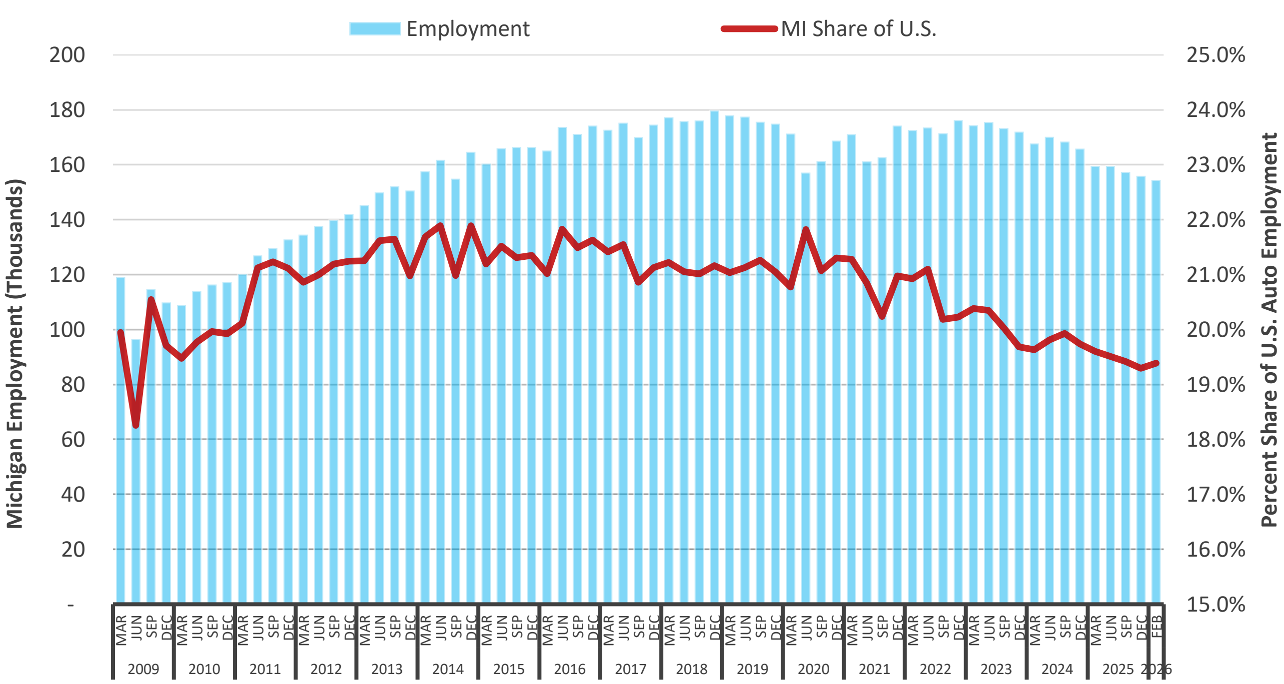


Source: Bureau of Labor Statistics.
Note: Most recent CES data used for US Total;
Most recent QCEW used for IN

In February 2026, Michigan's motor vehicle and parts employment constituted 19.4 percent of U.S. automotive jobs, reflecting a decline of 0.2 percentage points from Q1 2025 (Figure 3). Indiana and Kentucky each fell 0.1 percentage points as a share of U.S. automotive employment year-on-year, while Alabama saw a 0.1 percentage point gain. Ohio employment share was flat.

Despite remaining the largest state for automotive employment in the U.S., Michigan has seen its lead gradually shrink in recent years (Figure 4). Before the pandemic, the state accounted for as much as 21.8 percent of the nation's automotive employment. However, in October 2023, this share has fallen to 19.1 percent and has stayed below 20.0 percent for twenty-nine consecutive months. Employment levels at Michigan's automakers have been more stable – though trending down from nearly 50 thousand employees in the third quarter of 2025 to 45 thousand employees in motor vehicle manufacturing in February. Automotive supplier employment has seen a more pronounced decline, tumbling from roughly 125 thousand at the start of 2023 to just under 110 thousand in February – notably never recovering to pre-COVID pandemic levels.

Figure 4: Michigan Motor Vehicles and Parts Employment: Total and Share of U.S.



Source: Current Employment Statistics, Bureau of Labor Statistics (NAICS 3361,3363)

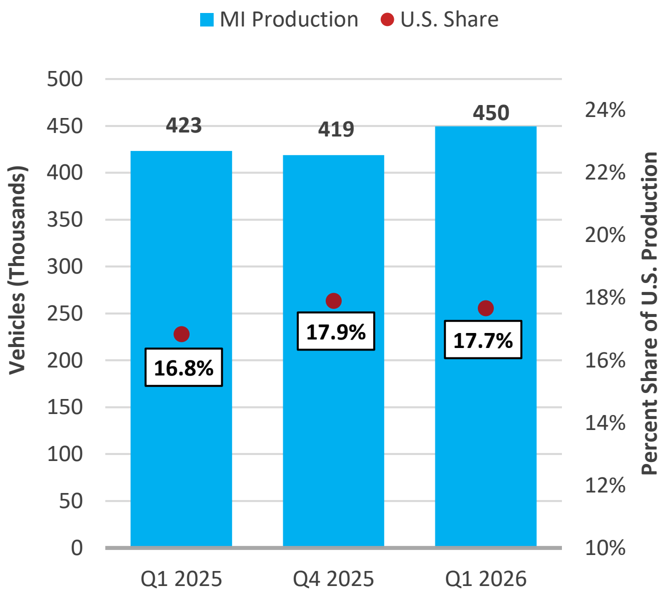
Production

In Q1 2026, Michigan's motor vehicle production reached 450 thousand units, up 7.3 percent quarter-over-quarter up 6.2 percent year-on-year (Figure 5). The state's share of U.S. vehicle production declined slightly comparted to last quarter but was up 0.9 percentage points year-on-year. In March, Michigan's motor vehicle production hit 170.5 thousand units, accounting for 18.0% of U.S. production (Figure 6).

Automaker and supplier announced investment is off to a slow start in 2026. According to data captured in CAR's *Book of Deals*, automakers have announced $5.2 billion across North America in the first three months of 2026 – down from $20.8 billion announced in the same period of 2025. Supplier announcements see a similar drop: $2.1 billion announced by suppliers in Q1 2026 compared to $9.3 billion in Q1 2025.

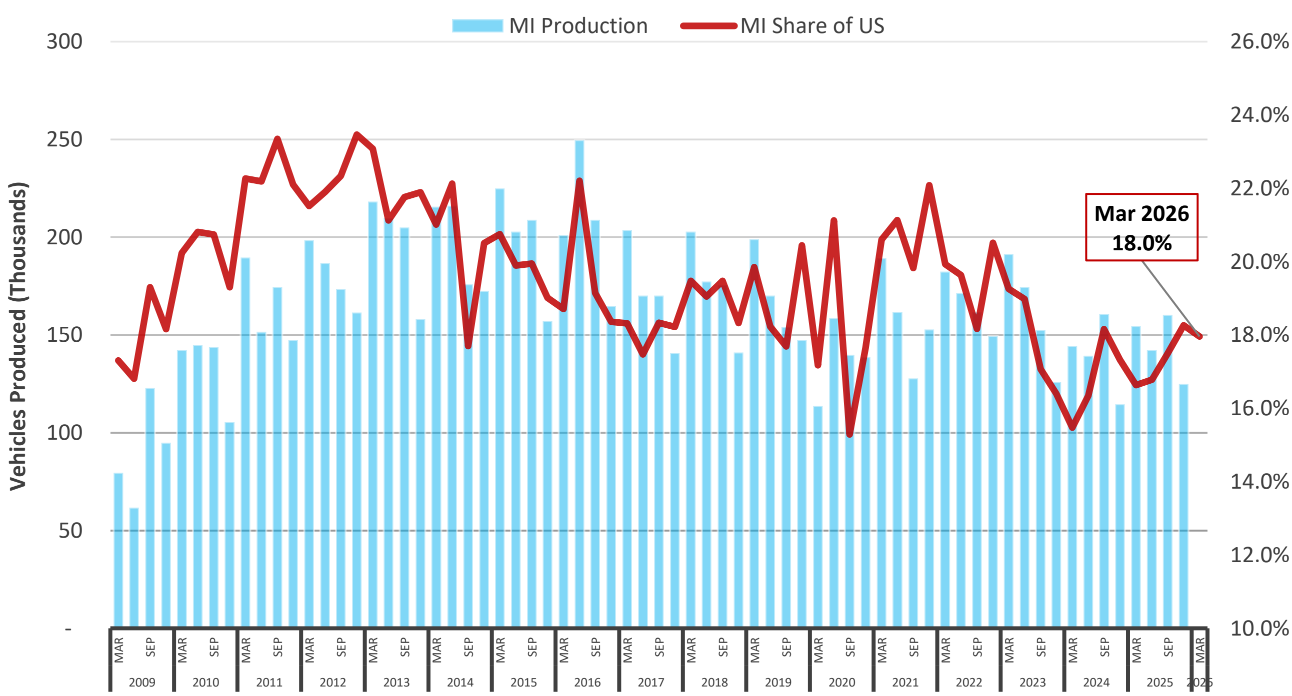
Another trend in announced investment is a pivot away from EV and battery projects. In 2022 through 2024, over 80 percent of dollars announced by both automakers and suppliers was tied to electrification projects. In Q1 2026, this share sits at 15 percent. Automakers have announced EV write downs totaling nearly $70 billion as they scale back, delay, or cancel EV plans.

Figure 5: Vehicle Production in Michigan (Quarterly)



Source: Wards Auto

Figure 6: Vehicle Production in Michigan Since 2009



Source: Wards Auto. Monthly data may not add up to quarterly summary due to data adjustment

North American motor vehicle assembly plants produced 3.81 million vehicles in Q1 2026, a decrease of 49.6 thousand units (-1.3%) compared to Q1 2025. North America production faces headwinds in 2026 as Automakers see potential supply chain disruptions and increased costs from the conflict in Iran and respond to uncertainty in trade policy and the USMCA review, as well as the closure of the COMPAS plant in Mexico scheduled for May.

In the Midwest, total light-duty vehicle output in Q1 stood at 1.26 million units (Figure 7), marking an 8.8 percent increase from Q1 2025. Ford is gradually restoring F-Series production following the fire at the Novelis Oswego plant – which supplied 40% of the aluminum sheet used by the U.S. automotive industry. Stellantis' production was also impacted. The Midwest accounted for a third of North American light vehicle production in Q1 2026

In the Southern automotive region, output declined by 5.0 percent in Q1 2026 led by Kentucky, Tennessee, Mississippi, and Texas whose output was down 26.0, 11.0, 3.7, and 1.2 percent, respectively. Losses were partially offset by increased production in Alabama and Georgia.

Tesla's California assembly plant was down 1.3 percent from Q1 2025. BEVs made up 6.3 percent of the light vehicles sold in Q1, with Tesla accounting for 51.8 percent of the market, up from 43.3 percent in Q1 2025.

The outlook for U.S. motor vehicle output in 2026 appears hazy. Automakers continue to face supply chain disruptions and increased manufacturing cost, particularly for semiconductors and rare earth materials, as well as continued uncertainty in the U.S. trade policy. The conflict in Iran has contributed to increased energy costs and may impact the supply of plastics and aluminum. The March ISM Manufacturing PMI suggests economic activity in the manufacturing sector has expanded for the third consecutive month, with manufacturers seeing an increase in new orders. Globally, the JP Morgan Global Manufacturing PMI indicates slowing growth of output and of new orders due to war in the Middle East. The University of Michigan Consumer Sentiment Index edged down in March to 53.3, remaining well below its post-election level of 74.0. Notably, buying conditions for durable goods fell for the fifth consecutive month. The auto sector continues to face a difficult road ahead, challenged by an uncertain tariff landscape, potential renegotiation of USMCA, and the risk of renewed supply chain disruptions and increased production costs.

Figure 7: Light Vehicle Production in the United States and North America (Q1 2026)

Region	State	% Change(YOY)
Midwest	MI	6.2%
	IN	25.7%
	MO	-10.7%
	OH	-8.1%
	IL	26.3%
	KS	312.5%
South	AL	5.4%
	KY	-26.0%
	TX	-1.2%
	TN	-11.0%
	SC	7.6%
	GA	7.4%
	MS	-3.7%
West	CA	-1.3%
	AZ	156.9%
NAFTA	Mexico	-0.8%
	Canada	-21.5%
	U.S.	1.8%

Source: Wards Auto; HD/MD and vehicle chassis are excluded from the statistics

Sales

U.S. light vehicle sales in Q1 2026 fell 5.3 percent compared to Q1 2025. According to J.D. Power, the average incentive spending per unit was expected to reach $3,325 in March —a up $165 from a year ago. However, this is skewed by steep discounts on EVs due to declining sales. The average transaction price of a new vehicle was $45,859, up 2.5 percent from March 2025.

Motor vehicle inventory in March 2025 fell to 48 days of supply, signaling disciplined – or supply constrained – inventory management.

CUVs claim just shy of half of the U.S. market at 48 percent in Q1 2026, followed by pickup trucks at 19 percent, and SUVs at 11 percent. Passenger cars' market share now capture only 17 percent of the total market (Figure 8).

U.S. real GDP increased by 0.5 percent in Q4 2025. The government shutdown weighed on the economy and consumer spending saw slower growth.

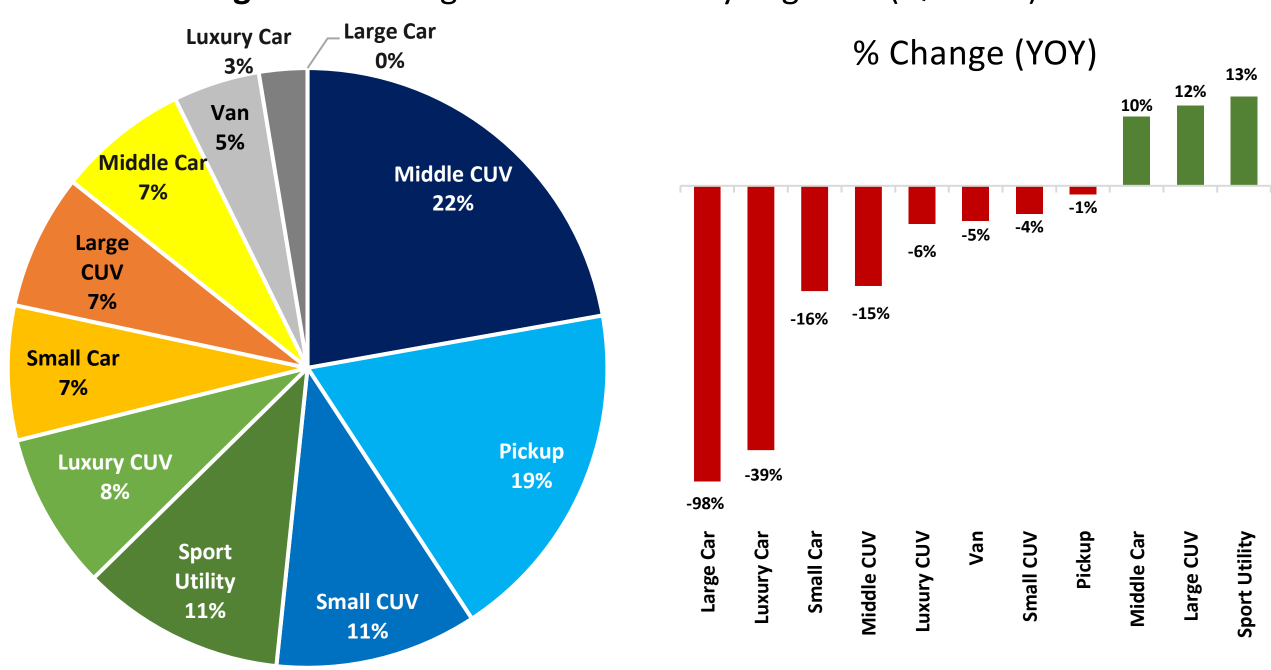
The CPI all-item inflation bumped up 3.3 percent in March, up from 2.4 percent in February, as energy prices rose due to war in the Middle East. Core CPI was at 2.6 percent.

The Federal Reserve held interest rates steady in April, at a target range of 3.5 to 3.75 percent. The FOMC noted indicators suggest steady economic activity expansion, low job gains with stabilization of the unemployment rate, and somewhat elevated inflation.

Consumer confidence increased modestly in March. The Conference Board's Consumer Confidence Index grew by 1.2 points in March – though remains on a downward trajectory since mid-2021. Consumers were more optimistic regarding present business and labor situation, but this was partially offset by more pessimism about the future. Consumers expressed preference for used cars over new.

The forecast for motor vehicle sales in 2026 is shaped by the impact of tariffs expected to begin to show themselves in vehicle price, potential supply chain concerns, and the looming review of the USMCA. Tailwinds for the market include easing of environmental regulations, the new vehicle auto loan deduction, lower interest rates, and higher than expected tax returns in Q1. CAR currently forecasts 2026 U.S. sales of 15.9 million – down from 16.3 million in 2025.

Figure 8: U.S. Light Vehicle Sales by Segment (Q1 2026)



Source: Wards Auto

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