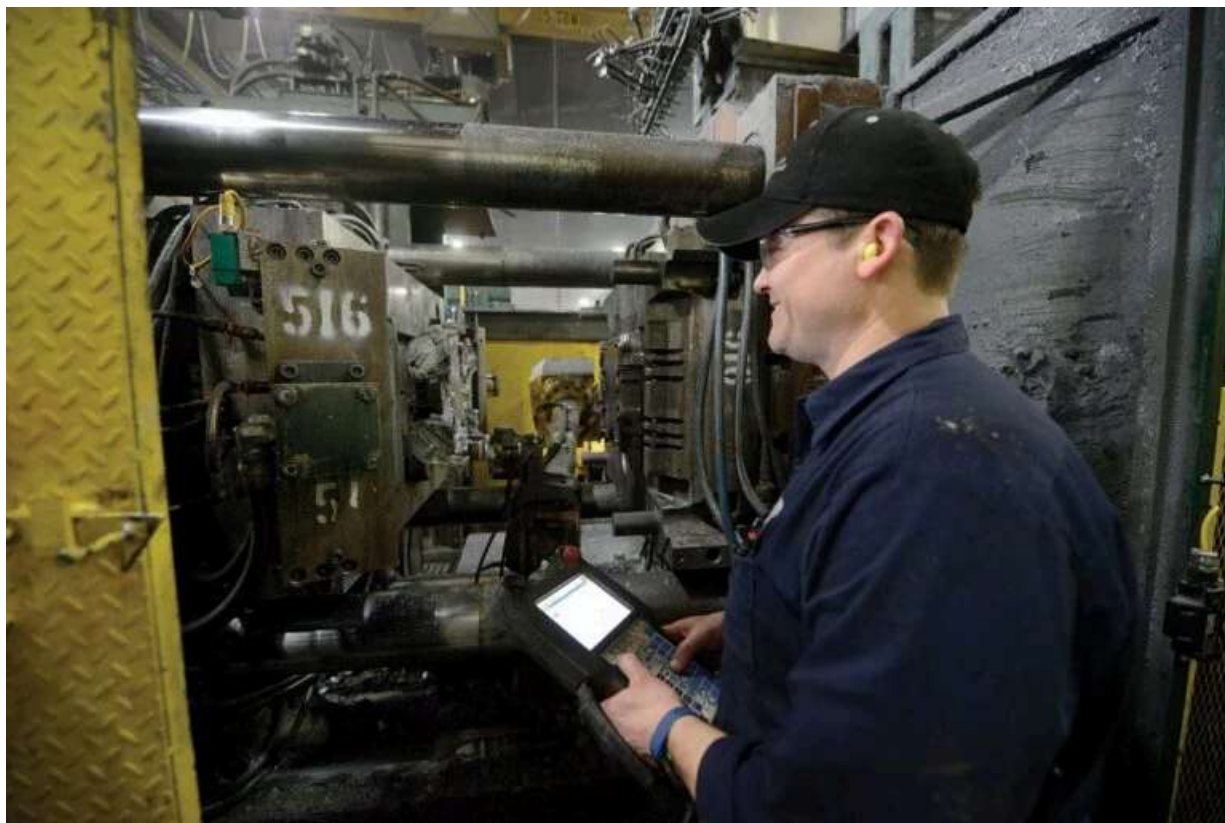


Auto declines and tariffs point to softer 2026 for West Michigan manufacturers

Mark Sanchez - December 29, 2025



Cascade Die Casting Group has locations in Grand Rapids, Sparta (pictured) and High Point, N.C. Credit: Crain's file photo

West Michigan manufacturers expect business to slow in 2026 as projected declines in automotive production and tariff uncertainty weigh on a regional industrial economy that's already showing signs of softness.



Pat Greene, Cascade Die Casting Group Inc.

The outlook follows a year in which manufacturers absorbed the effects of President Trump's tariffs and adjusted to the higher costs. It also comes even as suppliers come to grips with forecasts for softer auto sales and production output.

Pat Greene, CEO at Cascade Die Casting Group Inc., a Grand Rapids-based supplier to the automotive and appliance industries, expected tariffs and the resulting higher costs to take a



toll on the economy in 2025, leading business to drop off in the latter half of the year.

Instead, Cascade Die Casting's business surprisingly "remained steady" and has been "holding up well" heading into 2026, said Greene, who expects the new year to play out similarly to 2025.

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"I expect things to continue to motor along the way that they have been in 2025," Greene said, noting that his outlook comes with less anxiety about tariffs and with expectations for reduced automotive sales and production in North America.

Greene said that despite the turmoil tariffs caused in the first half of 2025, the trade policies have actually been good for business at Cascade Die Casting. The company produces metal components for clients that have begun moving production to the U.S. from China and other countries.

"We have benefitted by driving down our costs and maintaining competitiveness. We are confident that being competitive combined with our location near our customers is going to lead to long-term success," Greene said. "I see tariffs to some extent as temporary. However, if that gets us the new customer for a period of time, we'll keep that customer if we can get them in the door."

Signs of softening

The series of tariffs that President Trump imposed during 2025 had manufacturers scrambling to adjust their business operations and, if they could, raise prices or assess surcharges to offset the higher costs.

Tariffs also have led some clients to delay business decisions, Greene said.

"They're waiting to see what happens with tariffs before they make a decision about what they do with any changes in sourcing, and that prevents them from making a decision one way or another, so we do a lot of hurry up and

then wait kind of stuff to see what happens,” he said. “If we knew where we’re going — and I don’t know that we’re necessarily going to know it anytime soon — it would be a lot easier and better for decision makers to set a course going forward.”

As 2026 nears, manufacturers point to tariffs, lingering uncertainty and costs as significant issues. Attracting and retaining talent also remains a challenges, although more companies issued layoffs this year than they have in recent times.



Brian Long, GVSU

Indeed, West Michigan’s industrial economy has shown signs of softening, according to economist Brian Long’s latest monthly survey of purchasing managers in the region.

Three key indices from survey results — new orders, production and employment — all declined from October to November and are in negative territory, said Long, director of supply chain management research at Grand Valley State University’s Seidman College of Business.

Survey respondents’ short-term outlook for the next three to six months also trended downward, from positive-7 in October to negative-13 in November.

“As the West Michigan industrial economy ends 2025, we may have encountered a soft spot,” Long said. “Now one month does not make a trend, but we need to keep a closer watch on all of our statistics going forward.”

The talent equation

Even with that softness regionally, manufacturers next year should encounter a U.S. economy that’s expected to perform reasonably well and avoid a recession.

Along those lines, economists at University of Michigan project 2.4% Real GDP growth in the U.S. in 2026, an uptick from the estimated 2% expansion this



Jeff Korzenik, Fifth Third

year.

At The Right Place Inc.'s annual economic outlook in early December, Jeff Korzenik, chief economist at Fifth Third Commercial Bank, predicted that "2026 will be a better year" than 2025 as tariff uncertainty fades and coupled with favorable tax treatment and reasonably low interest rates. He called that a "pretty good formula" for higher capital expenditures.

Korzenik offered a 60% to 70% probability that the U.S. will avoid a recession in 2026. Potential obstacles to avoiding a recession include an end to labor hoarding that would come if companies engage in a "flood of layoffs," he said.

Kelly Springer, the CEO at Holland-based Metal Flow Corp., a manufacturer of custom metal components primarily for the automotive industry, said that technically skilled talent is an ongoing issue for manufacturers.



Kelly Springer, Metal Flow Corp.

"When we look at team members we have retiring in the next five to 10 years, we know we need to grow the next generation of technical talent now through hands-on training, our apprenticeship programs, and partnerships to avoid the loss of institutional knowledge," Springer said. "This is not a future issue. It must be addressed now."

For Metal Flow, 2025 will end "in line with the forecast we modified in July, which we feel very good about," Springer said. "As we move toward 2026, we expect the first half of the year to be consistent with the second half of 2025. Beyond that, there are several factors that will impact the second half of the year and the business decisions we will be making."

Upcoming decisions in 2026 on the United States-Mexico-Canada Agreement (USMCA) "will require manufacturers, specifically in the automotive industry,

to continue to be adaptable,” Springer said.

Auto forecast eases

Mike Wall, executive director of automotive analysis with S&P Global Mobility who’s based in Grand Rapids, expects slower auto sales and lower production output for the auto industry in the year ahead.



Mike Wall, S&P Global Mobility

In the latest outlook, S&P Global Mobility projects light vehicle sales of 15.9 million units in 2026, which Wall calls “a little bit of a step down” from 16.3 million units this year. Still, Wall said the sales forecast for next year is “not a terrible number by any stretch.”

“That’s something that automakers and even suppliers alike, if they were to have been given those numbers in April or May of this year, they probably were exhaling a sigh of relief somewhat, but it is a little bit of a stepdown next year,” he said.

Wall attributes the projected sales declines to “a recognition that we think there is still going to be some impact as it relates to tariffs.”

“We’re still in a little bit of an uncertain territory as it relates to tariffs,” Wall said. “We’ve seen a lot of tariff deals cut, but the biggest ones that have yet to be cut are Canada and Mexico. Those are the most important ones for us here in North America, as you can imagine. So, going into next year, all eyes are going to be focused on USMCA.”

Production is expected to follow a similar pattern. S&P Global Mobility projects North American auto production, including output from the U.S., Mexico and Canada, will dip slightly in 2026 from 15.2 million units to 15.1 million.

After navigating through the imposition of tariffs in 2025, manufacturers generally have figured the resulting cost into their business



Kevin Costello, Fifth Third

planning, said Kevin Costello, who leads commercial banking in the West Michigan region for Fifth Third Bank.

"My view is that the business community has kind of accepted them and has begun passing them along. They've accepted that that's going to be part of the cost of business for right now," said Costello, who overall is "bullish" that the economy for 2026 will favor manufacturers.

"The American consumer overall is still spending, which means that manufacturers are going to have pull-through of their product," he said, adding that the "regulatory environment right now that's pretty pro-business ... will help continue to drive where we're going."

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