

MICHIANA BUSINESS

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1st Quarter 2025 Summary

This issue presents an analysis of economic conditions in the South Bend-Mishawaka and Elkhart-Goshen metropolitan statistical areas (MSAs) as of March 2025, the latest month during the quarter from which all data are available for the indicators shown in the tables and graphs on pages 4 - 7. Indicators in section 2 are seasonally adjusted index numbers to permit a comparison of conditions in the two metropolitan areas. The data are collected and processed by the Judd Leighton School of Business and Economics' Bureau of Business and Economic Research.

1. SUMMARY OF REGIONAL ECONOMIC CONDITIONS IN THE FIRST QUARTER OF 2025

According to the U.S. Bureau of Labor Statistics,¹ the labor force declined by 321 individuals (-0.24%) in the South Bend-Mishawaka Metropolitan Statistical Area (MSA) but increased by 285 individuals (+0.29%) in the Elkhart-Goshen MSA during the first quarter of 2025. Employment in South Bend-Mishawaka decreased by 116 people, while Elkhart-Goshen saw an increase of 638 employed individuals. At the same time, unemployment fell by 205 in South Bend-Mishawaka and by 353 in Elkhart-Goshen. As a result, the unemployment rate dropped by 0.2 percentage points to 4.50% in South Bend-Mishawaka and by 0.4 percentage points to 4.23% in Elkhart-Goshen.

Industry-level employment data from the establishment survey paints a slightly different picture of economic trends in South Bend-Mishawaka.² Total nonfarm payroll employment fell by 3,267 jobs between the fourth quarter of 2024 and the first quarter of 2025, bringing the total to 143,467. Job losses were widespread across multiple sectors, including natural resources, mining, and construction (-367 jobs); manufacturing (-33 jobs); trade, transportation, and utilities (-767 jobs); information (-33 jobs); financial activities (-133 jobs); professional and business services (-300 jobs); private educational and health services (-800 jobs); leisure and hospitality (-533 jobs); and government (-300 jobs). Employment in other services remained unchanged.

In Elkhart-Goshen, total nonfarm payroll employment stood at 130,633 in the first quarter of 2025, reflecting a loss of 1,500 jobs from the previous quarter. Declines occurred across several

sectors: natural resources, mining, and construction (-200 jobs); manufacturing (-33 jobs); trade, transportation, and utilities (-367 jobs); financial activities (-100 jobs); professional and business services (-233 jobs); private educational and health services (-100 jobs); leisure and hospitality (-300 jobs); other services (-33 jobs); and government (-33 jobs). Employment in the information sector remained steady.

2. REGIONAL ECONOMIC INDICATORS

As shown in the table on page 4, the monthly average total nonfarm employment index in the South Bend-Mishawaka MSA declined by 0.75 points to 133.82 in the first quarter of 2025. Manufacturing employment in the area remained essentially unchanged, while the non-manufacturing employment index fell by 0.65 points to 154.41. Meanwhile, the electricity usage index increased by 2.35 points, reaching 82.78 during the same period.

The index for new single-family building permits in St. Joseph County fell by 7.40 points to 48.83. Additionally, the total value of these permits dropped significantly—by 56.60 points—to 216.79 compared to the previous quarter. As a result, the seasonally adjusted index for the average value of new permits declined by 11.51 points, ending the quarter at 42.13.

In the Elkhart-Goshen MSA, the monthly average nonfarm employment index rose slightly to 145.44 in the first quarter of 2025, marking a 0.11-point increase. The manufacturing employment index saw a small gain of 0.23 points, while the non-manufacturing employment index declined by 0.99 points to 170.13. The electricity usage index also edged down, falling by 0.66 points to 61.82.

3. SUMMARY

In summary, the labor market shows a mixed picture based on household and establishment surveys in the quarter-over-quarter comparison. The household survey indicated that the South Bend-Mishawaka MSA experienced a smaller labor force, lower unemployment,

and a reduced unemployment rate. In contrast, the Elkhart-Goshen MSA saw an expanding labor force, higher employment, and a declining unemployment rate. However, the establishment survey revealed a decline in nonfarm payroll jobs in both MSAs, with job losses spread across multiple sectors.

Compared to one year ago, the labor force in South Bend-Mishawaka grew by 2.66%, adding 3,401 individuals, while Elkhart-Goshen's labor force remained relatively stable. The unemployment rate in South Bend-Mishawaka was 4.50% in the first quarter of 2025, slightly higher than the 4.43% rate in the same quarter of 2024. In contrast, Elkhart-Goshen's unemployment rate averaged 4.23% in the first quarter of 2025, down from 5.10% a year earlier. Year-over-year, total nonfarm employment rose by 1.94% in South Bend-Mishawaka but declined by 0.58% in Elkhart-Goshen.

Since December 2024, the Federal Funds target rate range has remained at 4.25%—4.50%, and labor markets seemed to show signs of gradual easing in response to the higher interest rate. Declining nonfarm payrolls suggested a softening in labor demand, even as unemployment rates fell. However, the year-over-year comparisons indicated that the adjustment remains uneven across regions.

The housing market in St. Joseph County typically slows during the first quarter due to seasonal weather conditions. In the first quarter of 2025, 61 new single-family building permits were issued, representing a 20.8% decrease from the previous quarter. However, this figure was 7.0% higher than in the same period last year. Notably, the average value of building permits fell by 20.9% quarter-over-quarter and by 7.4% year-over-year. Data from the Indiana Association of Realtors³ also showed that 582 existing single-family homes were sold in the first quarter—down 23.2% from the previous quarter but unchanged from a year ago. The median sales price was \$202,483, reflecting an 11% increase year-over-year but a 3.1% decrease from the fourth quarter of 2024. The monthly supply of inventory in the

South Bend-Mishawaka MSA increased by 32.0%, 28.0%, and 23.0% in January, February, and March 2025, respectively, compared to the same months in 2024.

According to the RV Industry Association,⁴ RV shipments in the first quarter of 2025 totaled 37,348 units—a 13.9% increase from a year earlier. This rebound appears to be supported by easing interest rates and a more controlled inflation environment. However,

the outlook for RV sales heading into the summer remains uncertain. On one hand, seasonal demand typically rises as more Americans turn to outdoor recreation and travel in the second and third quarters. On the other hand, concerns about economic uncertainty, including potential tariff impacts and weakening consumer confidence, may weigh on future RV sales. This will be an important trend to watch in the months ahead.

1st Quarter 2025

January February March Monthly Average

Employment

| | | | | |
|------------------------------|--------|--------|--------|--------|
| Total Nonfarm Employment | 133.82 | 133.97 | 133.66 | 133.82 |
| Manufacturing Employment | 64.08 | 63.87 | 63.55 | 63.83 |
| Non-manufacturing Employment | 154.44 | 154.52 | 154.27 | 154.41 |
| Unemployment Rate | 4.8 | 4.9 | 3.8 | 4.50 |
| Electricity Usage | 83.87 | 81.39 | 83.08 | 82.78 |

Single Family Housing

| | | | | |
|-------------------------------|--------|--------|--------|--------|
| Number of New Permits | 38.05 | 58.46 | 49.99 | 48.83 |
| Total Value of New Permits | 119.31 | 296.85 | 234.20 | 216.79 |
| Average Value of a New Permit | 30.26 | 50.07 | 46.06 | 42.13 |

Employment

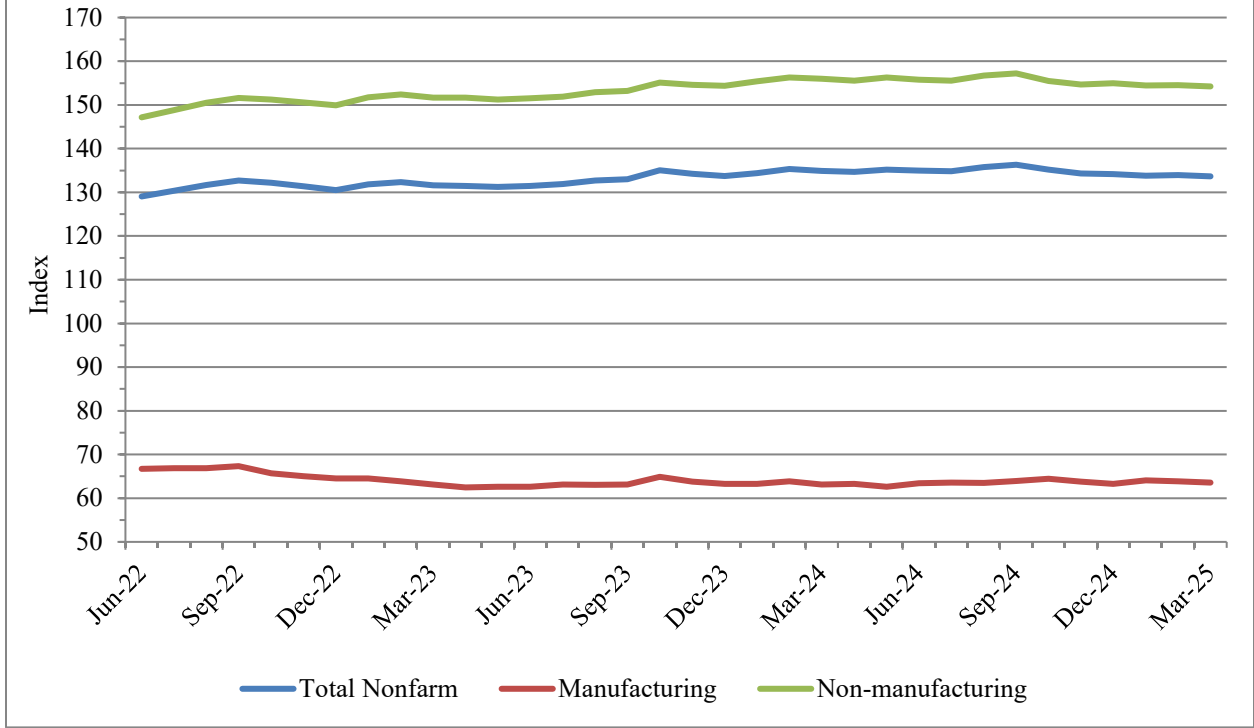
| | | | | |
|------------------------------|--------|--------|--------|--------|
| Total Nonfarm Employment | 145.22 | 145.70 | 145.39 | 145.44 |
| Manufacturing Employment | 123.88 | 123.85 | 123.82 | 123.85 |
| Non-manufacturing Employment | 169.53 | 170.38 | 170.50 | 170.13 |
| Unemployment Rate | 4.6 | 4.5 | 3.6 | 4.23 |
| Electricity Usage | 57.05 | 66.61 | 61.81 | 61.82 |

South Bend - Mishawaka

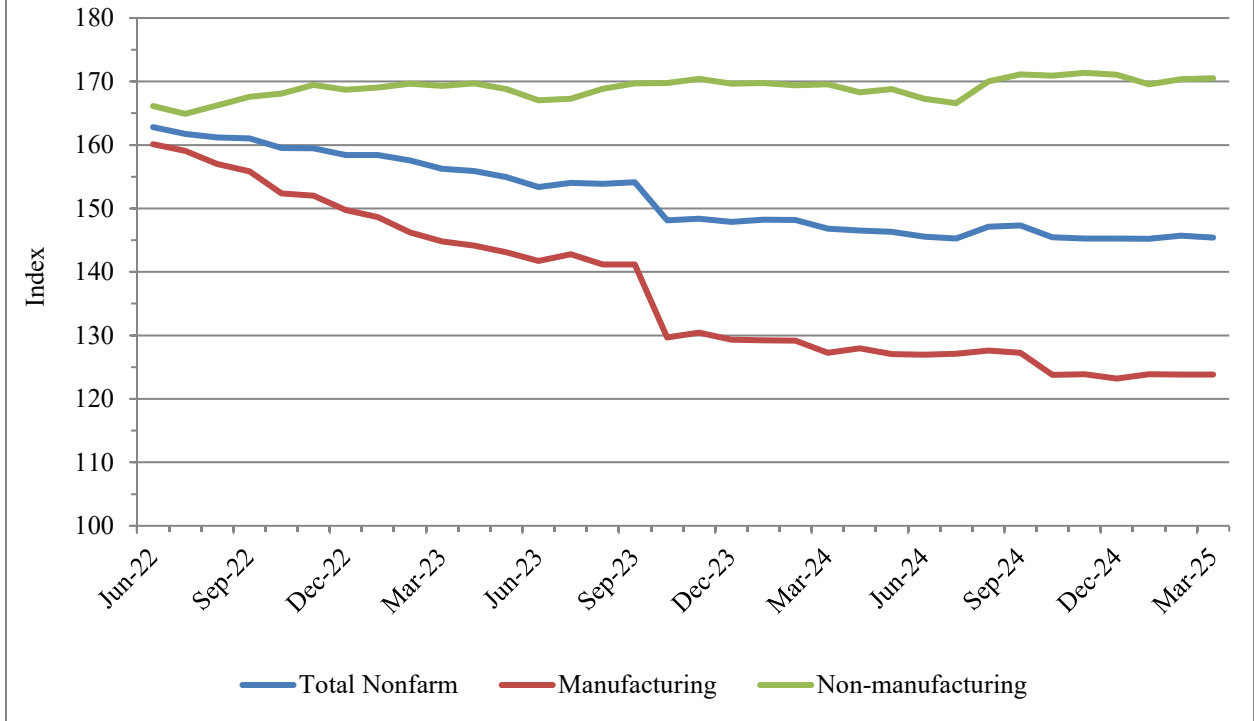
Elkhart - Goshen

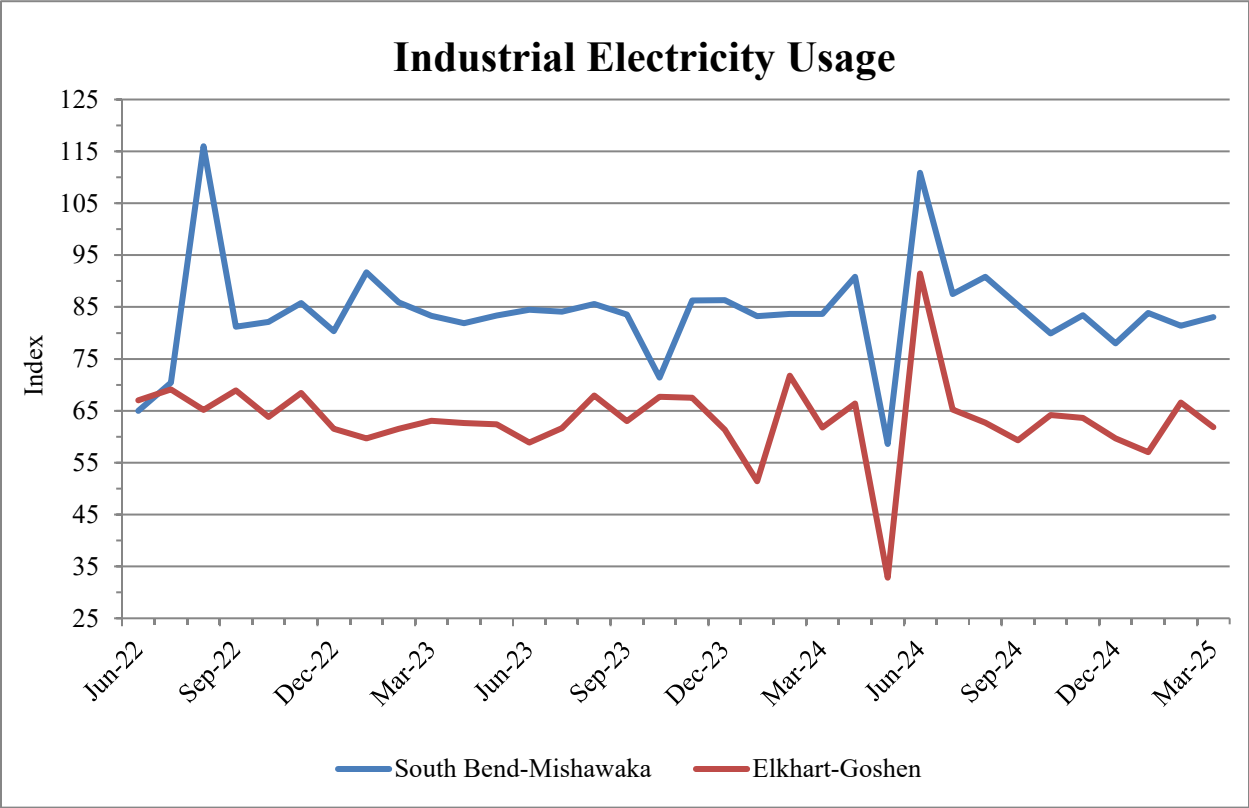
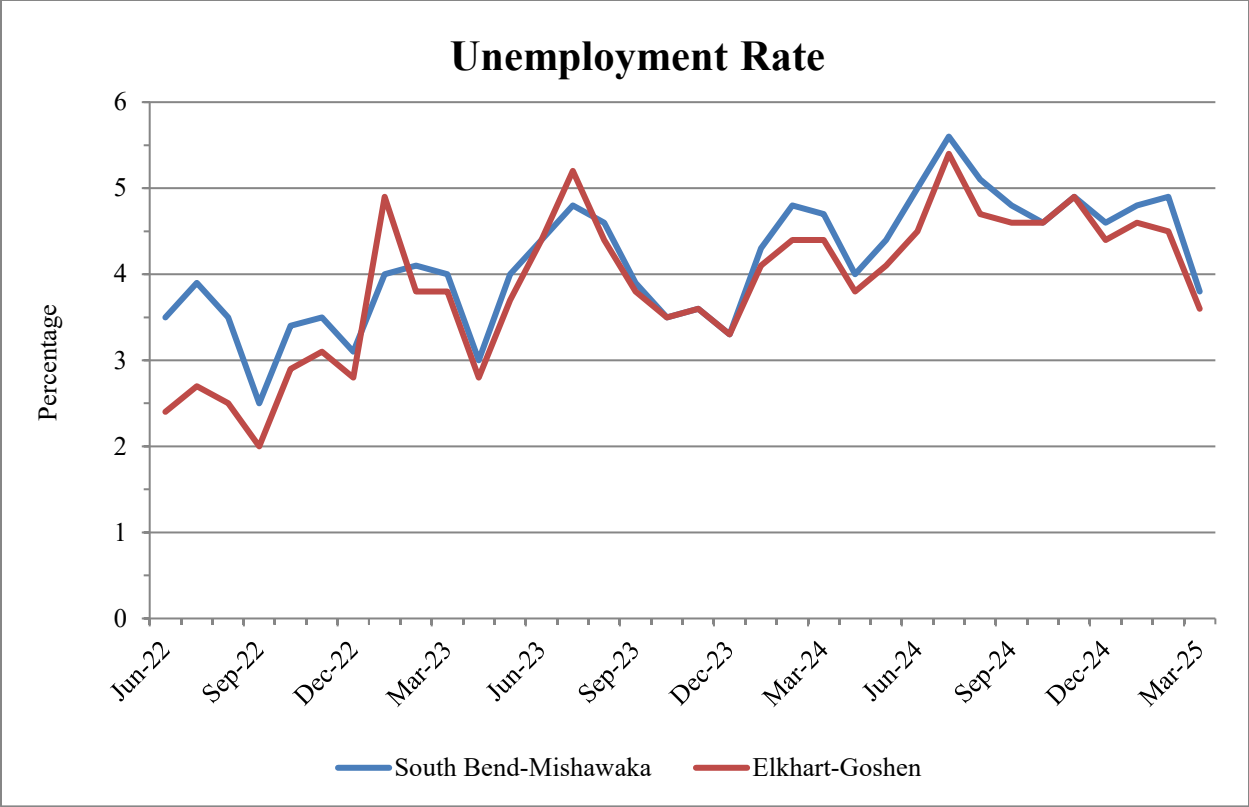
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.

Employment in the South Bend-Mishawaka MSA

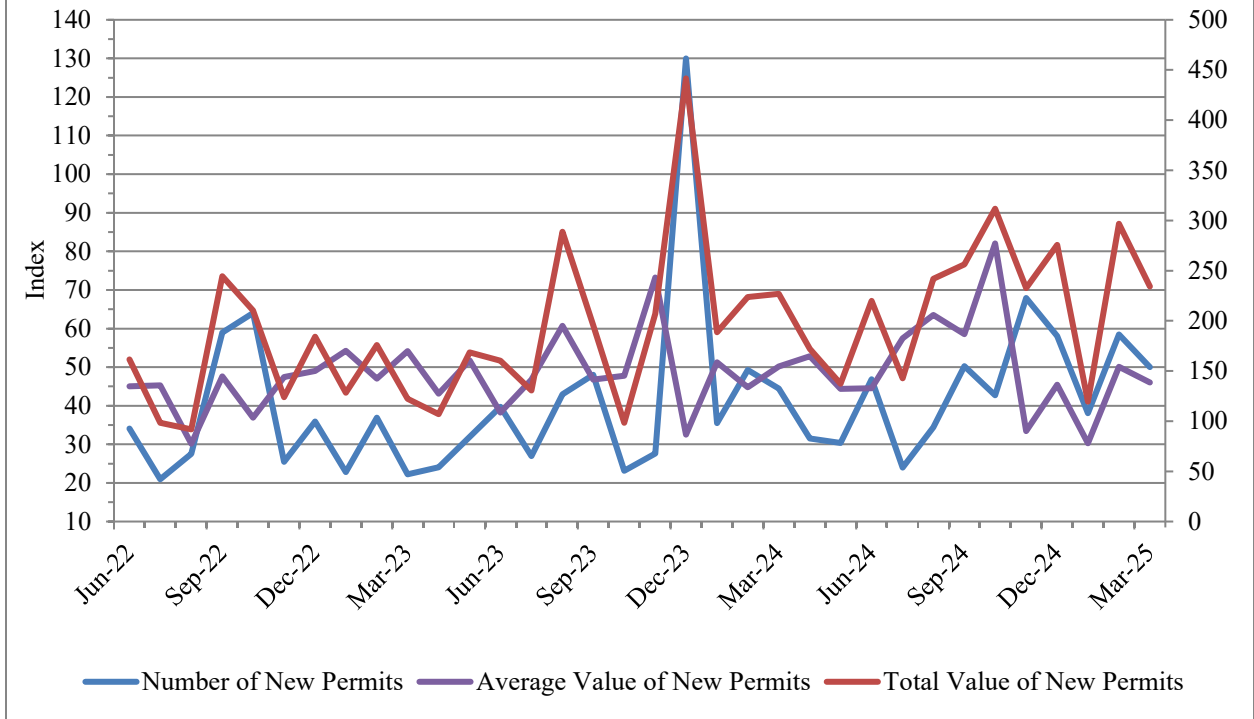


Employment in the Elkhart-Goshen MSA





Single-Family Housing in St. Joseph County



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- (1) Labor Force Estimates and Unemployment Rates http://www.stats.indiana.edu/laus/laus_view3.html.
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http://www.stats.indiana.edu/ces/ces_naics/.
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Bureau of Business and Economic Research

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