

# MICHIANA BUSINESS

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### 4<sup>th</sup> Quarter 2024 Summary

This issue presents an analysis of economic conditions in the South Bend-Mishawaka and Elkhart-Goshen metropolitan statistical areas (MSAs) as of December 2024, 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 II 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 FOURTH QUARTER OF 2024

Data from the U.S. Bureau of Labor Statistics<sup>1</sup> indicates that both the South Bend-Mishawaka and Elkhart-Goshen MSAs experienced notable labor market shifts in the fourth quarter of 2024. In the South Bend-Mishawaka area, the labor force grew by 651 individuals (+0.49%), while employment rose by 1,463 (+1.16%). At the same time, unemployment dropped by 811 people (-11.77%). Conversely, the Elkhart-Goshen MSA saw a reduction in its labor force by 594 (-0.55%) but still reported an increase of 248 employed individuals (+0.24%) and a significant decrease in unemployment by 843 people (-15.83%). These changes contributed to lower average jobless rates in both areas, with South Bend-Mishawaka's rate falling to 4.57% and Elkhart-Goshen's dropping to 4.17% during the fourth quarter.

Nonfarm employment in the South Bend-Mishawaka MSA expanded by 2,600 jobs (+1.81%) between October and December 2024.<sup>2</sup> Noteworthy gains occurred in several sectors, including trade, transportation, and utilities (+600 jobs); private educational and health services (+900 jobs); and government (+1,633 jobs). On the other hand, job declines were observed in natural resources, mining, and construction (-67 jobs); professional and business services (-33 jobs); leisure and hospitality (-400 jobs); and other services (-33 jobs). Employment levels in manufacturing, information, and financial activities remained stable during this period.

In the Elkhart-Goshen MSA, total nonfarm payrolls increased by 1,133 jobs (+0.85%) in the fourth quarter. Employment growth

was seen in trade, transportation, and utilities (+400 jobs); professional and business services (+33 jobs); private educational and health services (+267 jobs); and government (+1,067 jobs). Despite these gains, several sectors experienced job losses, particularly in manufacturing (-433 jobs), leisure and hospitality (-167 jobs), and natural resources, mining, and construction (-33 jobs). Employment in information, financial activities, and other services remained unchanged.

## 2. REGIONAL ECONOMIC INDICATORS

The average monthly nonfarm employment index in the South Bend-Mishawaka MSA climbed to 136.85 in the fourth quarter of 2024, up 1.22 points from the previous quarter. Breaking it down, the manufacturing employment index edged higher by 0.15 points to 63.82, while the non-manufacturing employment index saw a more robust gain of 1.49 points, reaching 158.00. In contrast, the industrial electricity usage index dropped sharply by 7.47 points to 80.43 during the same period, signaling reduced industry activity in the region.

Residential construction activity accelerated in the South Bend-Mishawaka MSA. The average index of new single-family building permits surged to 56.24, a substantial 20.04-point increase from the third quarter. Additionally, the index for the total value of these permits soared by 59.65 points to 273.38. However, the seasonally adjusted index of average permit value declined slightly, falling 6.23 points to 53.64, reflecting a shift toward more affordable housing projects.

The local real estate market showed signs of strength in the fourth quarter. According to the Indiana Association of Realtors,<sup>3</sup> new listings for existing single-family homes rose 7.0% year-over-year, while closed sales increased by 2.0%. The median sales price grew by 10.0%, reaching \$209,000. Meanwhile, the inventory of available homes improved slightly, with the monthly supply increasing by 4.0% year-over-year in October and November. However, inventory dipped 8.0% in December, reflecting ongoing challenges in meeting demand.

In the Elkhart-Goshen MSA, the seasonally adjusted monthly nonfarm employment index rose by 1.81 points to 148.37 in the fourth quarter. The non-manufacturing employment index led this growth, climbing 4.52 points to 173.75. Meanwhile, the manufacturing employment index dipped modestly by 0.29 points to 127.03. Industrial electricity usage in the Elkhart-Goshen area also declined slightly, with the average index slipping 0.51 points to 62.49, suggesting a minor slowdown in industrial activity.

## 3. SUMMARY

The Federal Reserve made three rate cuts in late 2024, reducing the federal funds rate by a total of 100 basis points. The first cut of 50 basis points occurred in September, followed by two 25-basis-point reductions in November and December.<sup>4</sup> By the end of 2024, the baseline interest rate had declined from its peak of 5.25% to 4.25%. These rate cuts, combined with seasonal factors during the holiday period, helped strengthen the labor market in the fourth quarter. As shown in Section II, both the South Bend-Mishawaka and Elkhart-Goshen MSAs experienced higher nonfarm employment and lower unemployment rates. Job growth was primarily concentrated in government, private education and healthcare, and trade, transportation, and utilities sectors.

Despite this progress, job growth between the two regions was uneven throughout 2024. The South Bend-Mishawaka MSA recorded a 1.32% annual job growth rate, adding 1,875 nonfarm jobs.<sup>5</sup> In contrast, the Elkhart-Goshen MSA lost 2,008 nonfarm jobs, reflecting a 1.48% decline.<sup>6</sup> This divergence can be attributed to differences in their industry composition. South Bend-Mishawaka's economy is more service-oriented and diversified, with 84.9% of nonfarm employment in the service sector.<sup>7</sup> Service-related jobs—especially in healthcare, education, utilities, and government—tend to be more resilient to rising interest rates (Wiseman, 2024).<sup>8</sup> On the other hand, Elkhart-Goshen's economy relies heavily on manufacturing, with 46.7% of its nonfarm employment in this sector,

particularly in the RV industry.<sup>9</sup> Higher interest rates and rising prices significantly weakened RV demand. According to the RV Industry Association, total RV shipments in 2024 were 333,733 units, a 32.3% decline from the 2022 peak of 493,268 units.<sup>10</sup> However, there was a silver lining—2024 shipments were still 6.6% higher than in 2023, suggesting that recovery may continue into 2025 as interest rates decrease and inflation stabilizes.

The housing market in St. Joseph County remained active during the final quarter of 2024. New home construction picked up, with 77 single-family building permits issued in the fourth quarter—a 30.5% increase from the previous quarter and a 2.7% rise compared to the same period in 2023.<sup>11</sup> Meanwhile, the existing home market showed similar strength. New listings

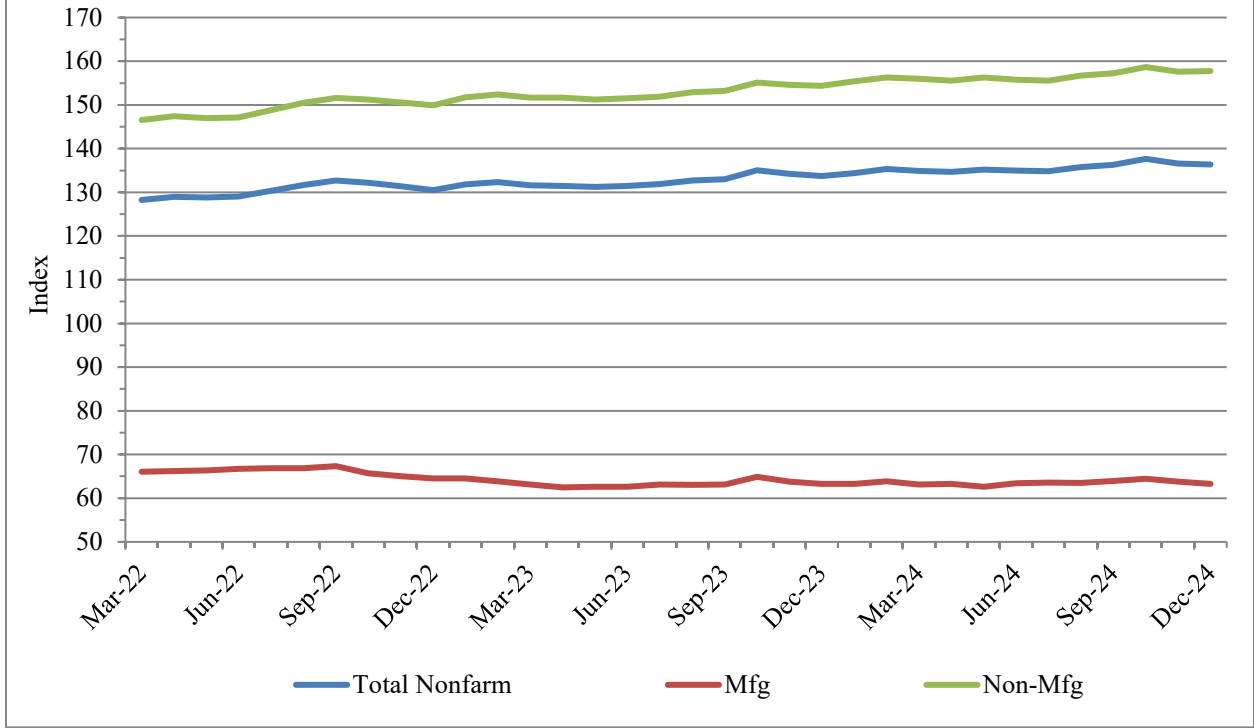
grew by 7%, and closed sales increased by 2% year-over-year. The median sales price for October through December 2024 was \$209,000, down from the third-quarter peak of \$223,000 but still 10% higher than the previous year. One key indicator, the average number of days on market, revealed a slight cooling trend. Properties spent an average of 20 days on the market in the fourth quarter—48% longer than a year ago and up 81.8% from the previous quarter.<sup>12</sup>

Overall, the housing market in St. Joseph County appears to be stabilizing as the gap between supply and demand narrows. Rising inventory and moderating prices suggest that the market is moving toward a more balanced state. With interest rates on a downward trajectory, housing activity could strengthen further in 2025.

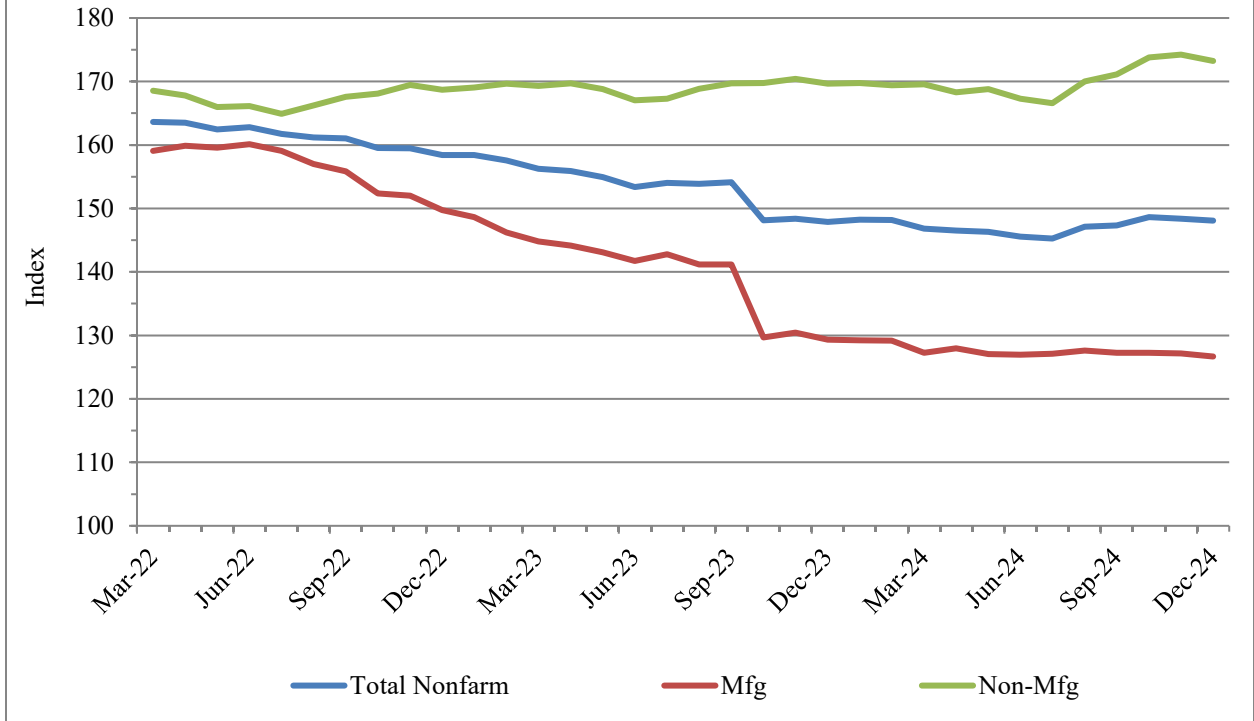
		4th Quarter 2024			
		October	November	December	Monthly Average
South Bend - Mishawaka	<b>Employment</b>				
	Total Nonfarm Employment	137.66	136.56	136.34	136.85
	Manufacturing Employment	64.44	63.77	63.26	63.82
	Non-manufacturing Employment	158.66	157.59	157.74	158.00
	Unemployment Rate	4.50	4.70	4.50	4.57
	Electricity Usage	79.91	83.41	77.97	80.43
	<b>Single-Family Housing</b>				
	Number of New Permits	42.70	67.92	58.08	56.24
	Total Value of New Permits	311.65	232.81	275.68	273.38
	Average Value of a New Permit	82.06	33.44	45.44	53.64
Elkhart - Goshen	<b>Employment</b>				
	Total Nonfarm Employment	148.65	148.36	148.10	148.37
	Manufacturing Employment	127.24	127.18	126.67	127.03
	Non-manufacturing Employment	173.80	174.23	173.23	173.75
	Unemployment Rate	4.20	4.30	4.00	4.17
	Electricity Usage	64.16	63.63	59.67	62.49

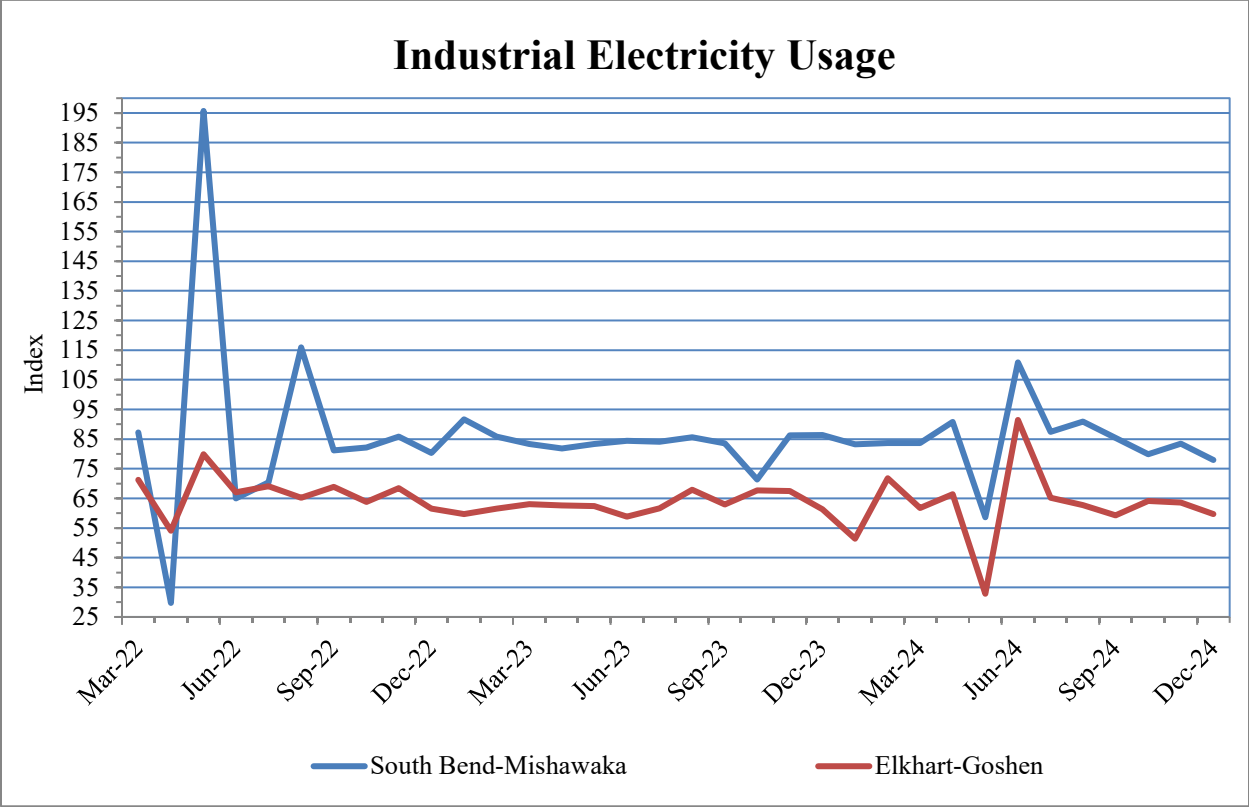
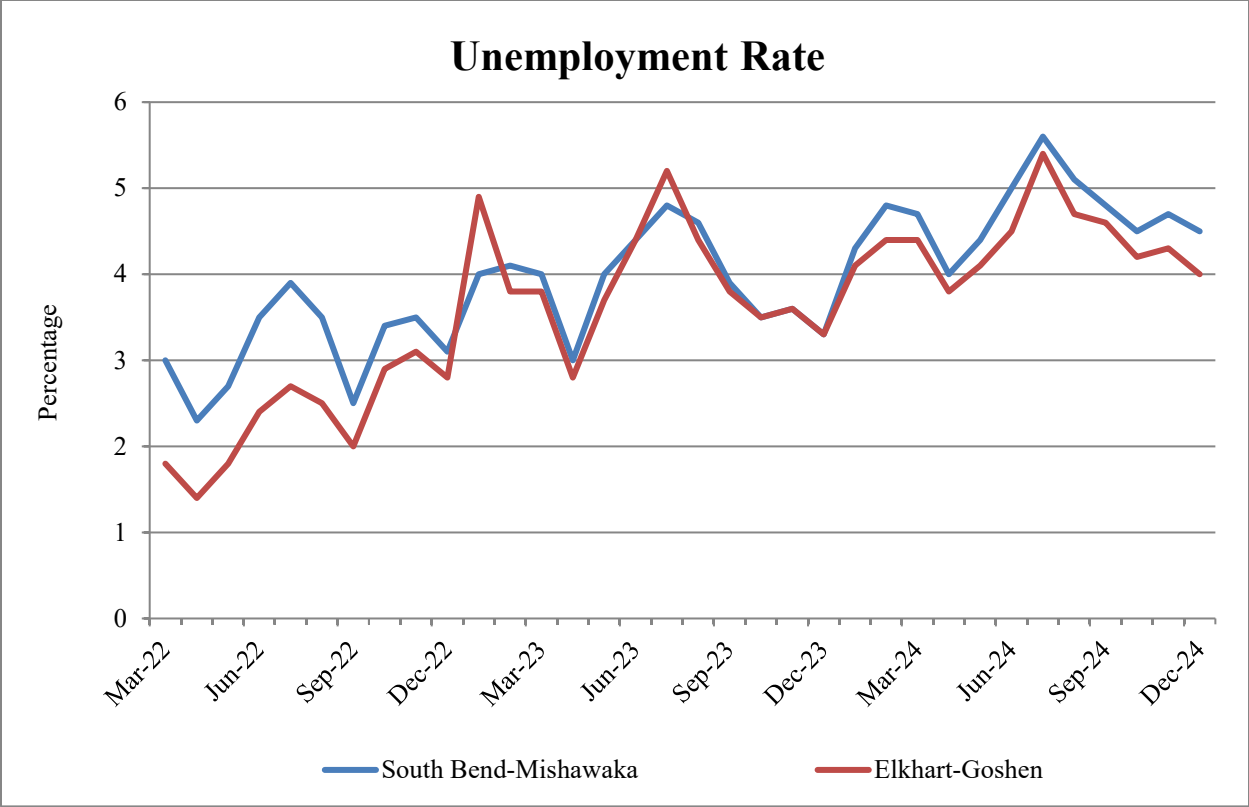
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.

### Employment in the South Bend-Mishawaka MSA

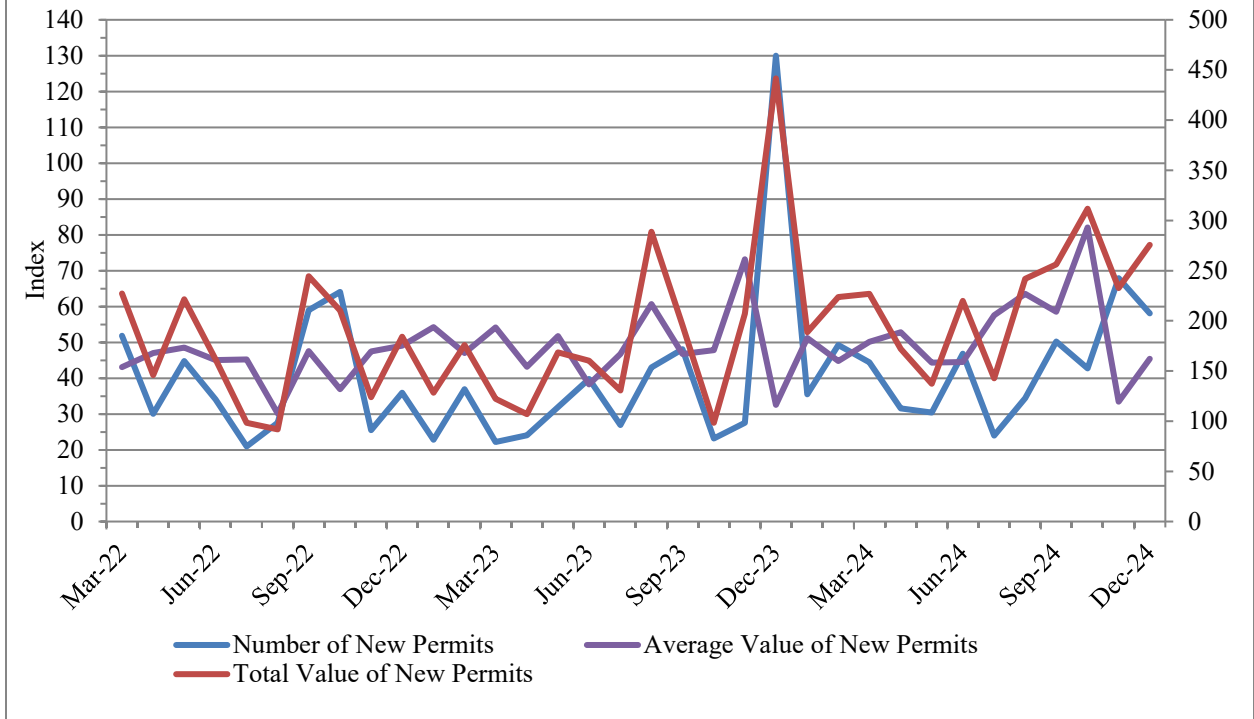


### Employment in the Elkhart-Goshen MSA





## Single-Family Housing in St. Joseph County



## REFERENCES

- (1) Labor Force Estimates and Unemployment Rates [http://www.stats.indiana.edu/laus/laus\\_view3.html](http://www.stats.indiana.edu/laus/laus_view3.html).
- (2) Employment by industries: Monthly Current Employment Statistics (CES) [http://www.stats.indiana.edu/ces/ces\\_naics/](http://www.stats.indiana.edu/ces/ces_naics/).
- (3) Indiana Real Estate Market Reports: <https://indianarealtors.com/consumers/housing-hub/>
- (4) Data on the federal funds rate come from the Federal Reserve Explained. <https://www.federalreserve.gov/aboutthefed/fedexplained/accessible-version.htm>
- (5) South Bend-Mishawaka's average monthly nonfarm employment was 143,558 in 2024 and 141,683 in 2023.
- (6) Elkhart-Goshen's average monthly nonfarm employment was 133,792 in 2024 and 135,800 in 2023.
- (7) South Bend-Mishawaka's service sector employment averaged 121,833 in 2024.
- (8) Wiseman, Paul. "Labor report indicates U.S. job market's resilience amid high interest rates." *PBS News*, January 5, 2024. Available at <https://www.pbs.org/newshour/economy/labor-report-indicates-u-s-job-markets-resilience-amid-high-interest-rates>.
- (9) Elkhart-Goshen's average manufacturing employment in 2024 was 62,492.
- (10) R.V. Industry Association Historical Data: <https://www.rvia.org/reports-trends/rv-shipment-reports/2023-12/rv-shipments-top-313000-2023>.
- (11) The total number of single-family building permits issued in the third quarter of 2024 was 59 and in the fourth quarter of 2023 was 75.
- (12) The average listing days for a real estate property before it is sold were 11 in the third quarter of 2024 and 14 days in the fourth quarter of 2023.

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