

MICHIANA BUSINESS

1st Quarter 2024

Judd Leighton School of Business & Economics | Indiana University South Bend

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1st Quarter 2024 Summary

This issue analyzes economic conditions in the South Bend-Mishawaka and Elkhart-Goshen metropolitan statistical areas (MSAs) as of March 2024, the latest month during the quarter for which all data are available for the indicators shown in the tables and graphs on pages 4-7. For the most part, these indicators are seasonally adjusted index numbers that 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 2024

The U.S. Bureau of Labor Statistics¹ reported that the labor force in the South Bend-Mishawaka MSA and the Elkhart-Goshen MSA declined in the first quarter of 2024 by 1,339 (-1.02%) and 1,604 (-1.48%), respectively. The number of persons employed was reduced by 2,742 in South Bend-Mishawaka and 2,449 in Elkhart-Goshen. Meanwhile, unemployment increased by 1,403 in South Bend-Mishawaka and 846 in Elkhart-Goshen. These labor market dynamics had a significant impact on the jobless rates, which were higher in the first quarter of 2024. The unemployment rate rose 1.13 percentage points to 4.6% in the South Bend-Mishawaka metropolitan area, and the jobless rate gained 0.83 percentage points to 4.3% in the Elkhart-Goshen metropolitan area.

The employment data by industry² from the establishment survey showed a detailed picture of the economic changes in the South Bend-Mishawaka MSA. Total nonfarm payroll employment lost 1,933 jobs from the fourth quarter of 2023 to 141,267 jobs in the first quarter of 2024. This job loss was observed in various sectors, including natural resources, mining, and construction (-167 jobs); manufacturing (-133 jobs); trade, transportation, and utilities (-600 jobs); financial activities (-67 jobs); professional and business services (-267 jobs); private education and health services (-267 jobs); leisure and hospitality (-367 jobs) and government (-100 jobs). However, there was some positive news, with employment growth in other services (+33 jobs) and employment in information remaining unchanged.

Total nonfarm payroll employment in Elkhart-Goshen was 132,700 in the first quarter of 2024, shedding 1,967 jobs from the last quarter. In particular, job losses were seen in natural resources, mining, and construction (-167 jobs); manufacturing employment (-767 jobs); trade, transportation, and utilities (-433 jobs); financial activities (67 jobs); professional and business services (-133 jobs); private educational and health services (-100 jobs); leisure and hospitality (-267 jobs); and government (-33 jobs). Jobs in information and other services remained unchanged.

2. REGIONAL ECONOMIC INDICATORS

As the table below shows, the monthly average total nonfarm employment index in South Bend-Mishawaka increased to 134.83 in the first quarter of 2024. In particular, the area's manufacturing employment index lost by 0.55 points to 63.41, and the non-manufacturing employment index gained 1.16 points to 155.85. The electricity usage index gained 2.19 points to 83.53 in the first quarter of 2024.

The index of new building permits for single-family housing was down 17.18 points to 40.06. The total value of these permits dropped by 35.95 points to 213.06 from the previous quarter. Consequently, the seasonally adjusted index of the average value of new permits was 48.75, down 2.43 points. Additional data from the Indiana Association of Realtors indicated that the closed sales of existing single-family homes were 582 in January-March 2024, which increased by 1% from a year ago.³ The median sales price rose by 2 percent, settling at \$182,917. In the first quarter of 2022, the South Bend-Mishawaka MSA's monthly supply of inventories declined by 8.0 percent, 6.0 percent, and 5.0 percent in January, February, and March, respectively, compared to a year ago.

Elkhart-Goshen's monthly nonfarm employment index averaged 147.74 for January-March 2024, reflecting a 0.38-point loss over the quarter. The monthly average manufacturing employment index declined by 1.25

points to 128.57, and the monthly average non-manufacturing employment index slipped by 0.36 points to 169.57. Yet, the index of electricity usage dropped 3.86 points to 61.66 in the first quarter of 2024.

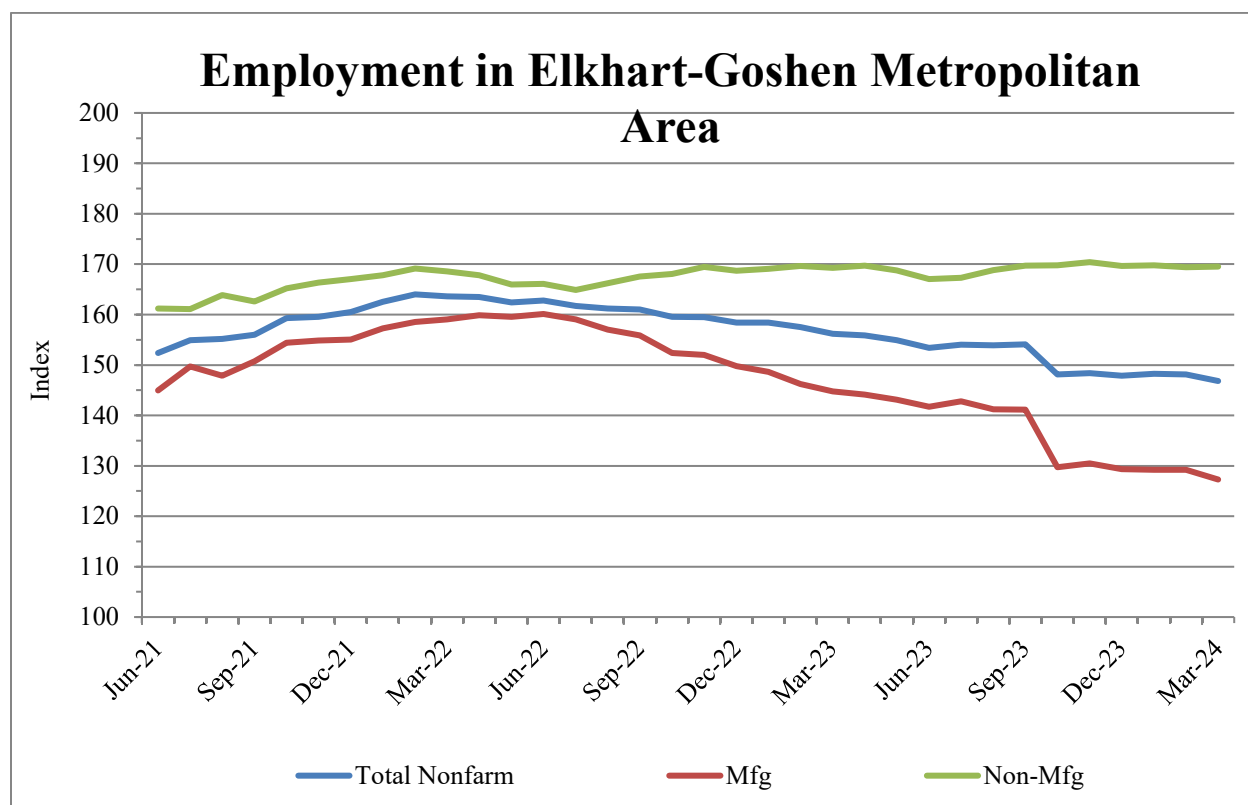
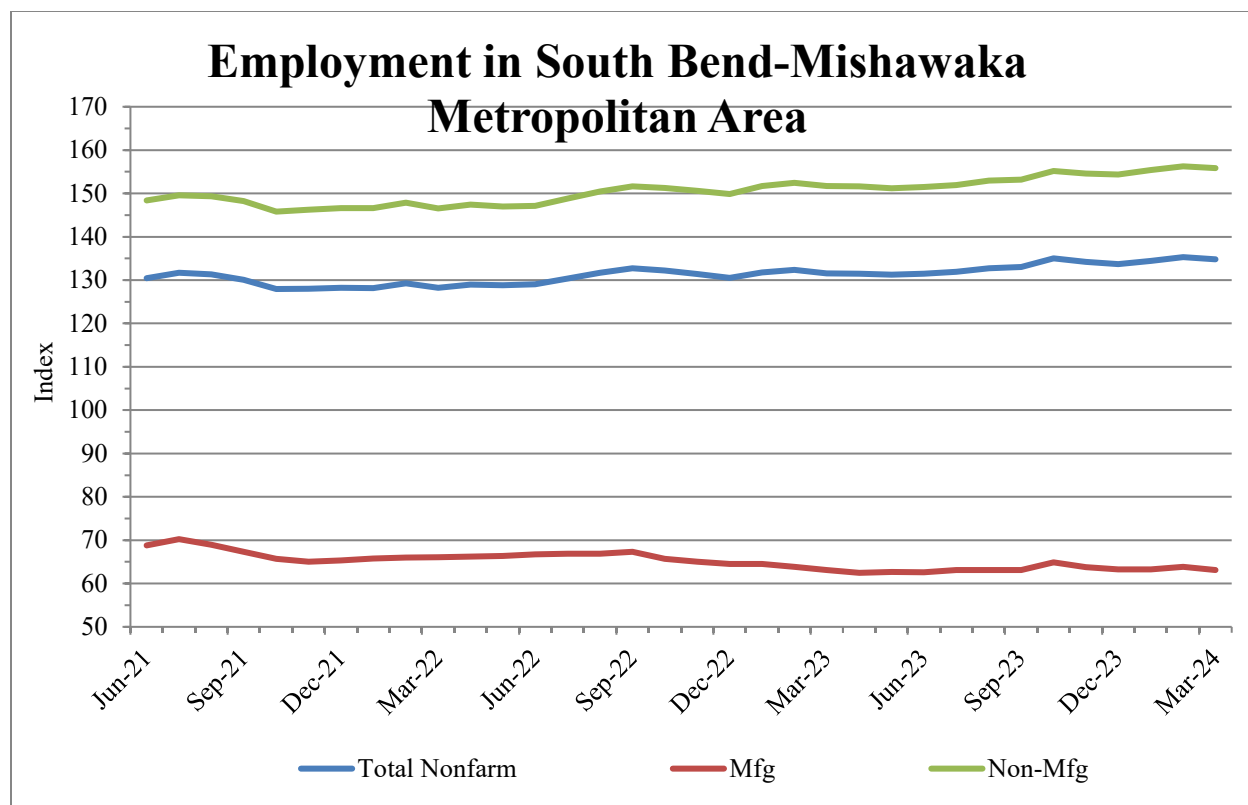
In summary, the first quarter of 2024 saw a continuation of the adverse effects of the tightening monetary policy on the labor markets of South Bend-Mishawaka and Elkhart-Goshen MSAs. The reduction in the local labor force, due to the rise in discouraged workers, coupled with the higher unemployment, led to higher unemployment rates in both areas. Total nonfarm employment significantly dropped, reflecting pervasive job losses across almost all sectors. These trends underscore the challenges faced by the labor market as it grapples with the persistent impact of monetary policy measures.

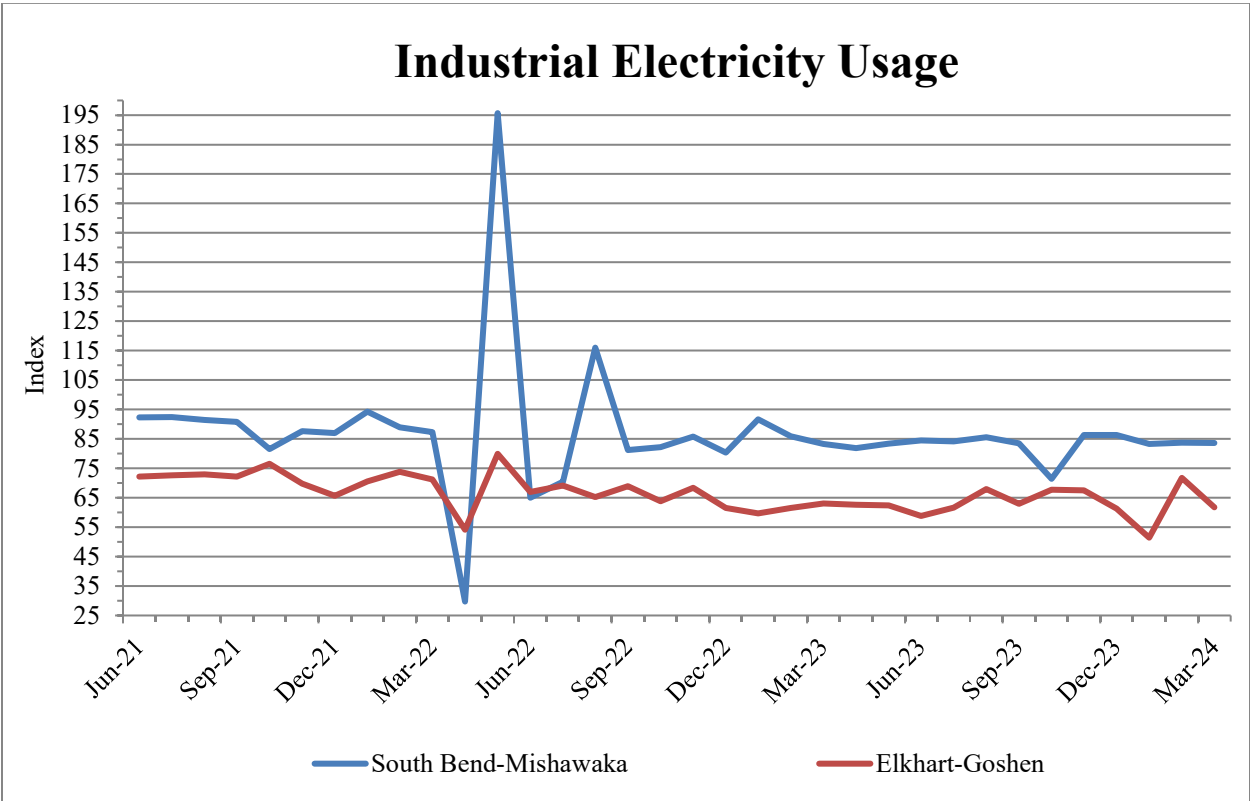
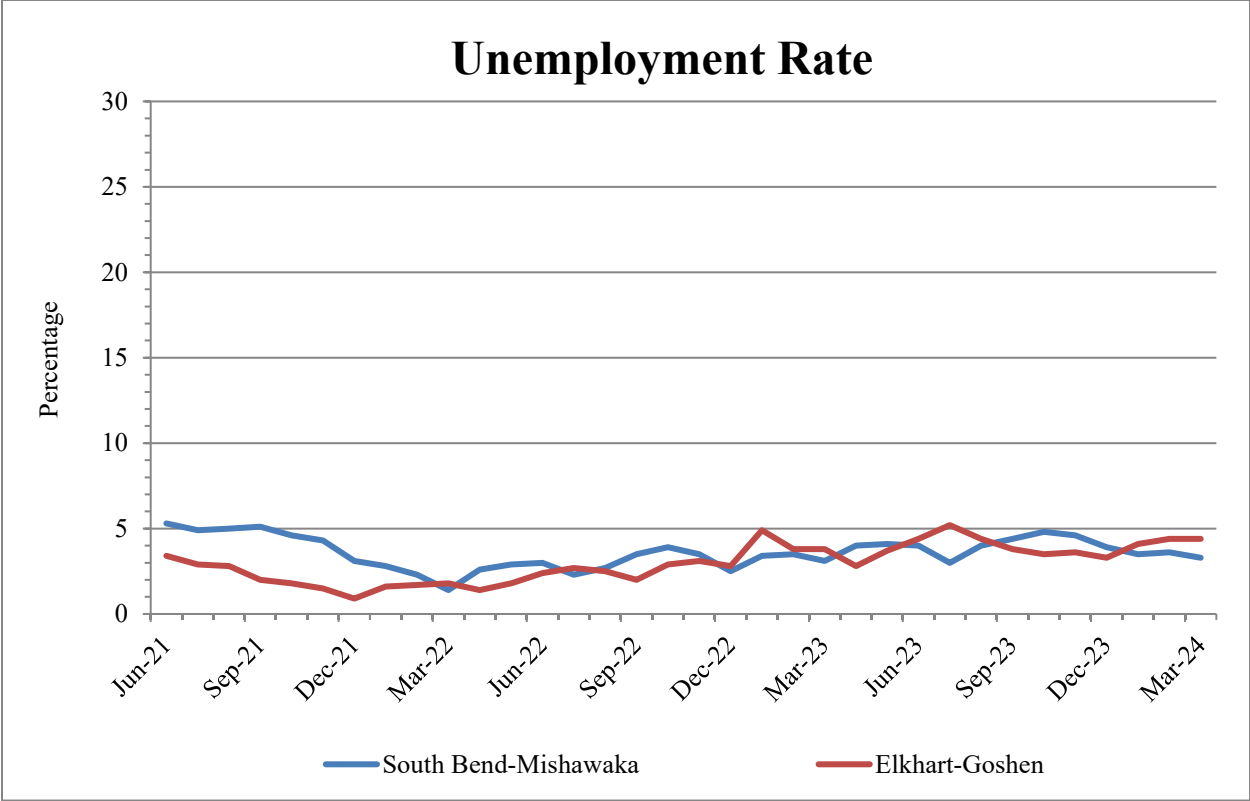
Meanwhile, in St. Joseph County, the housing market exhibited signs of sluggishness despite slight upticks in sales. Fewer new homes were constructed, contributing to a tense market characterized by low supply and demand. Although the prices of new homes rose, pre-existing home sale prices remained unchanged, indicating a complex dynamic influenced by the prevailing high interest rates. The contractionary monetary policy, with the Federal funds rate remaining at 5.25% to 5.50%, a 23-year high, has restrained consumer and firm borrowing, thus impacting both the housing and labor markets.

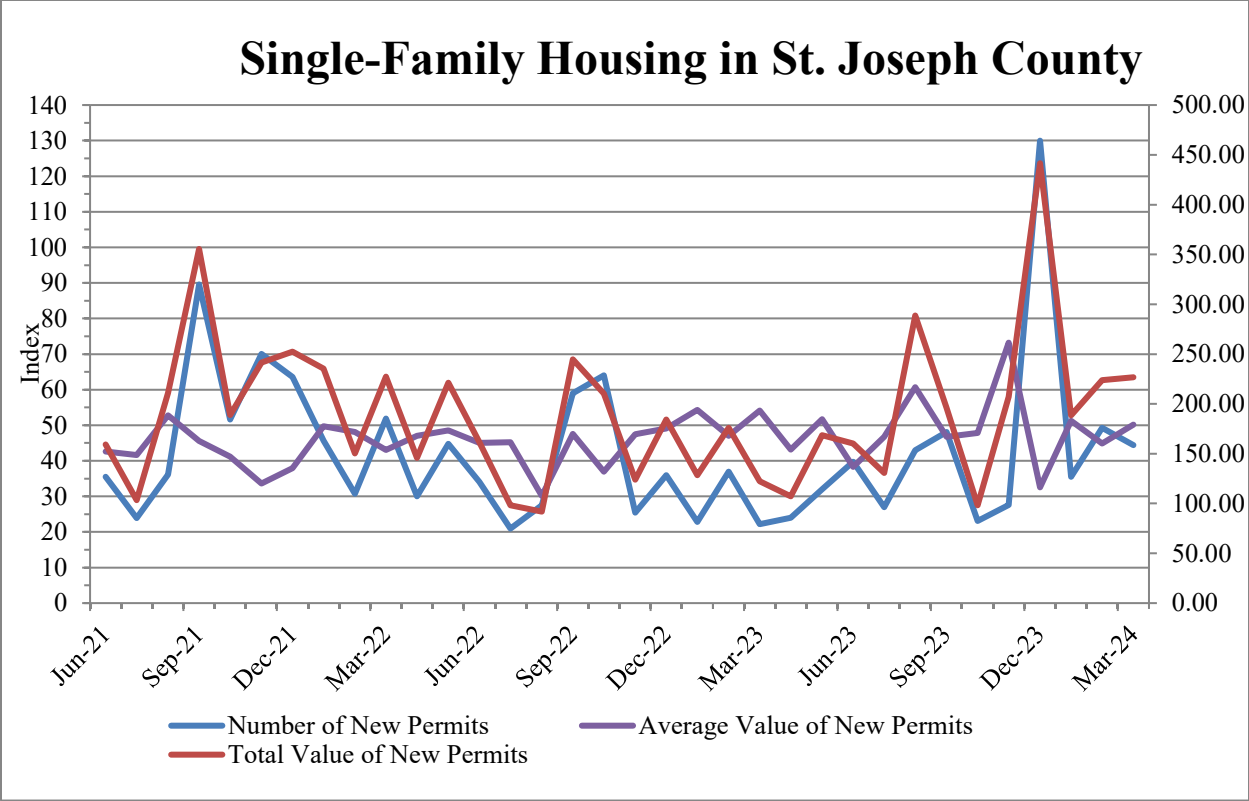
Conversely, the RV industry showed some signs of recovery in the first quarter of 2024, with total shipments increasing by 9% year-over-year.⁴ However, while this uptick is promising, it remains significantly lower than the first quarter of 2022. Despite its importance to the local economy, the RV sector is not the primary contributor to job losses in Elkhart-Goshen, suggesting that while improvements are occurring, challenges persist in other sectors impacted by the broader economic environment shaped by monetary policy decisions and inflationary pressures.

	1st Quarter 2024				
	January	February	March	Monthly Average	
South Bend - Mishawaka	Employment				
	Total Nonfarm Employment	134.40	135.30	134.79	134.83
	Manufacturing Employment	63.24	63.87	63.13	63.41
	Non-manufacturing Employment	155.43	156.26	155.86	155.85
	Unemployment Rate	4.3	4.8	4.7	4.60
	Electricity Usage	83.25	83.67	83.66	83.53
	Single-Family Housing				
	Number of New Permits	35.51	49.23	44.44	43.06
	Total Value of New Permits	188.62	223.78	226.77	213.06
	Average Value of a New Permit	51.25	44.82	50.18	48.75
Elkhart - Goshen	Employment				
	Total Nonfarm Employment	148.24	148.16	146.82	147.74
	Manufacturing Employment	129.24	129.19	127.28	128.57
	Non-manufacturing Employment	169.77	169.40	169.53	169.57
	Unemployment Rate	4.1	4.4	4.4	4.30
	Electricity Usage	51.44	71.75	61.79	61.66

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







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- (1) Labor Force Estimates and Unemployment Rates 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/
- (3) Indiana Housing Market Update <http://www.10kresearch.com/reports/IAR/Main.ht>
- (4) RV Industry Association, March 2024, Monthly Shipment Report. <https://www.rvia.org/news-insights/august-shipment-report-now-available>, retrieved on May 2, 2024

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Dr. Hong Zhuang, Director

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- *Regional Economic Indicators*

2nd 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 June 2024, the latest month during the quarter for 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. REGIONAL ECONOMIC CONDITIONS IN THE SECOND QUARTER OF 2024

According to the U.S. Bureau of Labor Statistics¹, the South Bend-Mishawaka and Elkhart-Goshen metropolitan statistical areas (MSAs) experienced labor force growth in the second quarter of 2024. The South Bend-Mishawaka MSA added 1,687 residents to its labor force, while Elkhart-Goshen saw an increase of 921. Both areas also recorded job growth, with South Bend-Mishawaka adding 1,808 jobs and Elkhart-Goshen adding 1,023. Consequently, unemployment rates declined in both regions: South Bend-Mishawaka's rate decreased by 0.17 percentage points to 4.33 percent, and Elkhart-Goshen's fell by 0.17 percentage points to 4.13 percent.

The employment data by industry² reveals that total nonfarm employment in the South Bend-Mishawaka MSA surged by 2,400 jobs, representing a 1.70 percent increase. The natural resources, mining, and construction sector led job growth with a 9.94 percent increase (+600 jobs), followed by leisure and hospitality at 6.88 percent (+1,067 jobs). Other sectors contributing to job growth included manufacturing (+67 jobs), trade, transportation, and utilities (+100 jobs), financial activities (+67 jobs), professional and business services (+300 jobs), other services (+133 jobs), and government (+67 jobs). The information and private educational and health services sectors did not experience any changes in employment for the second quarter.

In the Elkhart-Goshen MSA, total nonfarm employment expanded by 1,167 jobs, a 0.88 percent increase. Similar to South Bend-Mishawaka, the natural resources, mining, and construction sector

and leisure and hospitality sector experienced substantial growth, with increases of 7.69 percent (+333 jobs) and 7.94 percent (+567 jobs), respectively. Job gains were also seen in financial activities (+33 jobs), professional and business services (+300 jobs), other services (+67 jobs), and government (+67 jobs). Conversely, manufacturing (-67 jobs) and trade, transportation, and utilities (-133 jobs) sectors contracted. Information and private educational and health services saw no job changes in the second quarter.

2. REGIONAL ECONOMIC INDICATORS

As seen from the table below, the total nonfarm employment index in South Bend-Mishawaka increased by 0.03 points to an average of 134.89 in the second quarter of 2024. The manufacturing employment index dropped by 0.43 points to 62.98, and the nonmanufacturing employment index edged down by 0.03 points to 155.87. The metropolitan's index of industrial electricity usage increased by 3.25 points to 86.77 in April-June 2024.

The index for the number of new building permits for single-family housing in South Bend-Mishawaka averaged 36.25, a decrease of 6.81 points from the first quarter. The index for the total value of these new permits experienced a sizeable decrease from the previous quarter, dropping 36.64 points to an average value of 176.41. The average value for these new permits was 47.23, a small decline of 1.52 points from January-March 2024.

Data from the Indiana Association of Realtors³ indicated strong existing home sales. The number of existing single-family homes sold in April – June 2024 was 878, a 50.9 percent increase from the first quarter of 2024 and a 5 percent rise from the second quarter of 2023. The median sales price went up by 10.9 percent to an average of \$202,817 in the second quarter. Additionally, the area's inventory of homes for sale rose by 37.0 percent, 17.0 percent, and 17.0

percent in April-June, respectively, compared to a year ago.

In the Elkhart-Goshen MSA, the total nonfarm employment index averaged 146.20 points in the second quarter of 2024, down by 1.54 points from the previous quarter. The manufacturing employment index decreased by 1.24 points to an average of 127.33, and the nonmanufacturing employment index dropped by 1.29 points to 168.28. Meanwhile, the electricity usage index rose 1.89 points to 63.56 in the second quarter.

3. SUMMARY

In summary, labor market conditions in the South Bend-Mishawaka and Elkhart-Goshen MSAs improved compared to the first quarter of 2024. A quarter-over-quarter comparison based on household survey data shows that the labor force and employment rose in the second quarter of 2024. Furthermore, the establishment survey mirrors similar findings. Total non-farm employment rose in the second quarter of 2024 in both MSAs.

However, the year-over-year comparison reveals a different trend in labor market conditions. The quarterly average labor force was 131,951, and employment was 126,068 in the South Bend-Mishawaka MSA, which were 0.94 percent and 1.73 percent below the second quarter 2023 levels. The two indicators in the Elkhart-Goshen MSA, labor force and employment, declined by 4.14 percent and 4.67 percent, respectively, from one year ago.

The unemployment rate was 4.43 percent in South Bend-Mishawaka and 4.13 percent in Elkhart-Goshen MSA. Although the jobless rate decreased quarter-over-quarter, the rising unemployment rate from April to June in both areas raised concern. For example, the South Bend-Mishawaka MSA's unemployment rate was 4.0 percent in April, increasing to 4.9 percent in June. In the Elkhart-Goshen MSA, the unemployment rate rose from 3.8

percent in April to 4.5 percent in June. Moreover, the unemployment rate was 0.76 and 0.5 percentage points higher than one year ago in South Bend-Mishawaka and Elkhart-Goshen, respectively.

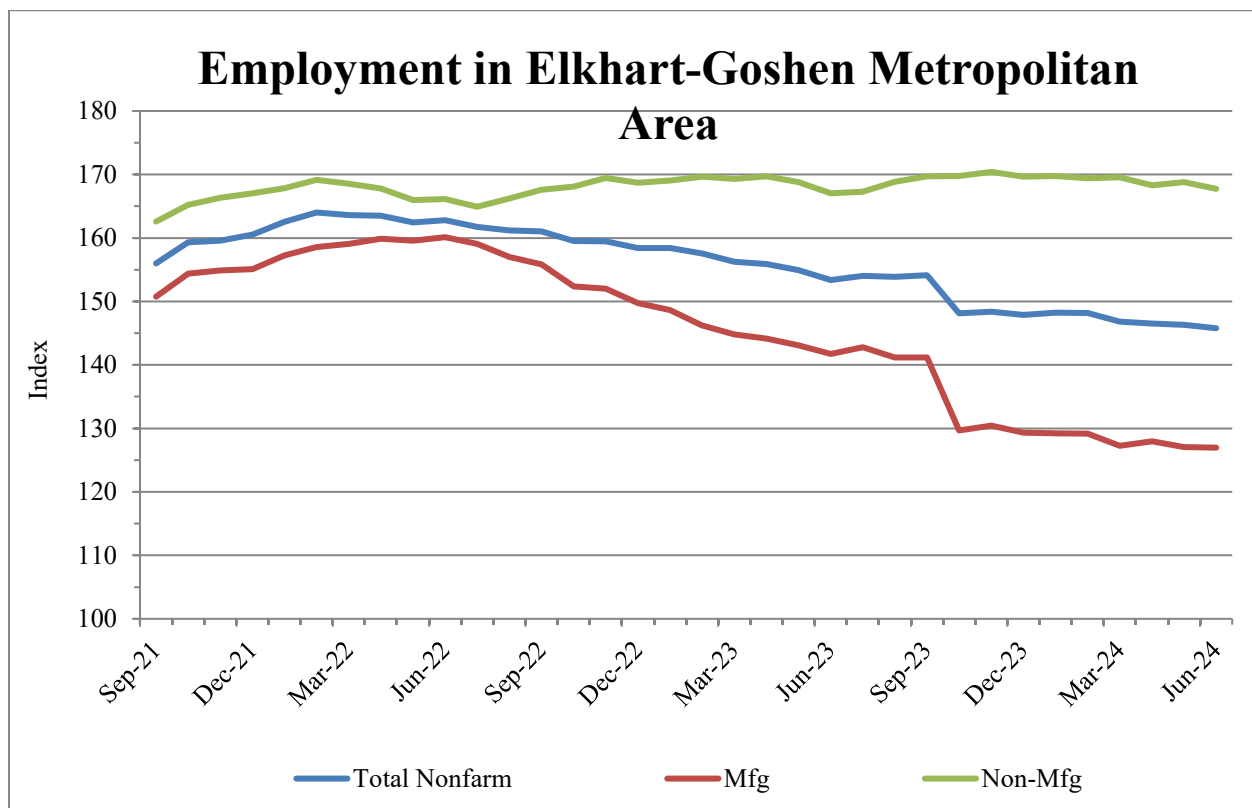
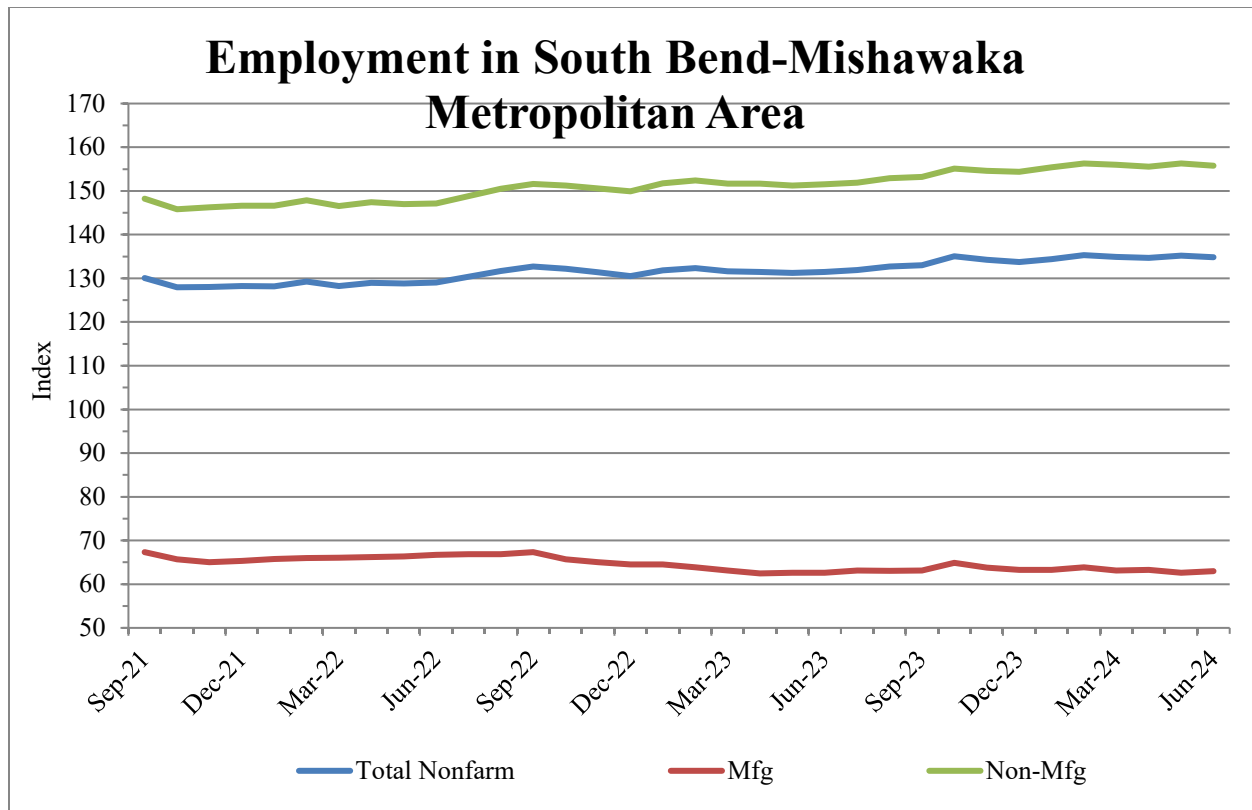
Higher unemployment over the year indicates that the contractionary monetary policy is taking effect, suppressing consumer demand and, therefore, bringing down the price level. Besides the above-mentioned labor force statistics, the average hourly earnings in private sectors imply a softened labor market. The average hourly earnings were \$28.51 in South Bend-Mishawaka and \$31.57 in Elkhart-Goshen, declining by 1.46 and 0.12 percent, respectively, from one year ago.

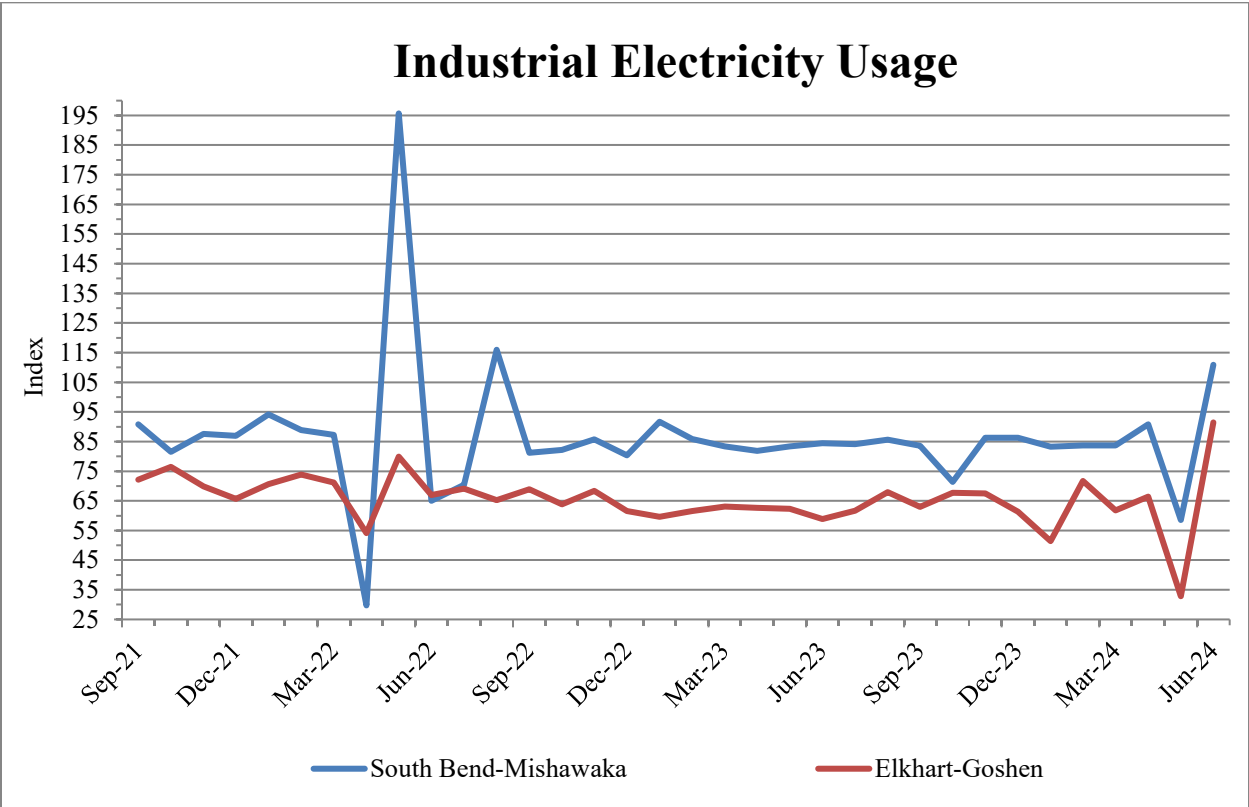
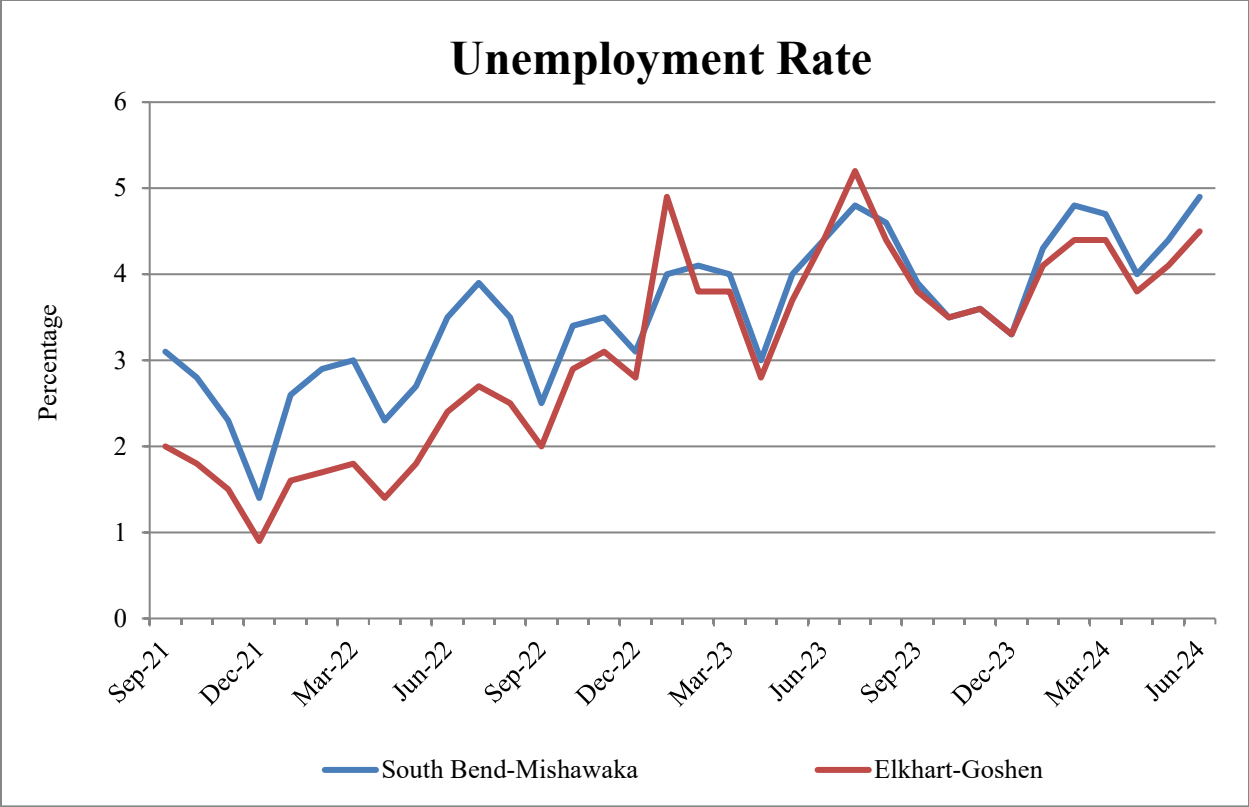
Lastly, the housing market displayed signs of easing supply constraints in April-June 2024. The number of new single-family housing construction permits issued totaled 73 in the second quarter, up 35.2 percent from the previous quarter and 14.1 percent from one year ago. Meanwhile, the existing homes listed for sale rose in the second quarter by 4.0 percent, year-over-year. The increase in new home construction and existing home listings helps to

relieve the housing shortage to a certain extent. However, despite the high interest rates, the demand for homes persists. Total sales rose by 5.0 percent in the second quarter of 2024, year-over-year. Regarding housing prices, the median sales price of existing single-family homes rose 4.0 percent from one year ago, which is higher than the 4 percent decline in the second quarter of 2023. Meanwhile, when forecasting the future home price, St. Joseph County building department data show that the average value of the new building permit issued in the second quarter of 2024 was \$444,287, 7.45 percent higher than one year ago, though 2.98 percent lower than in the first quarter of 2024. It suggests that while the pace of price increases appeared to be moderating, a significant decline in home prices seemed unlikely in the near term.

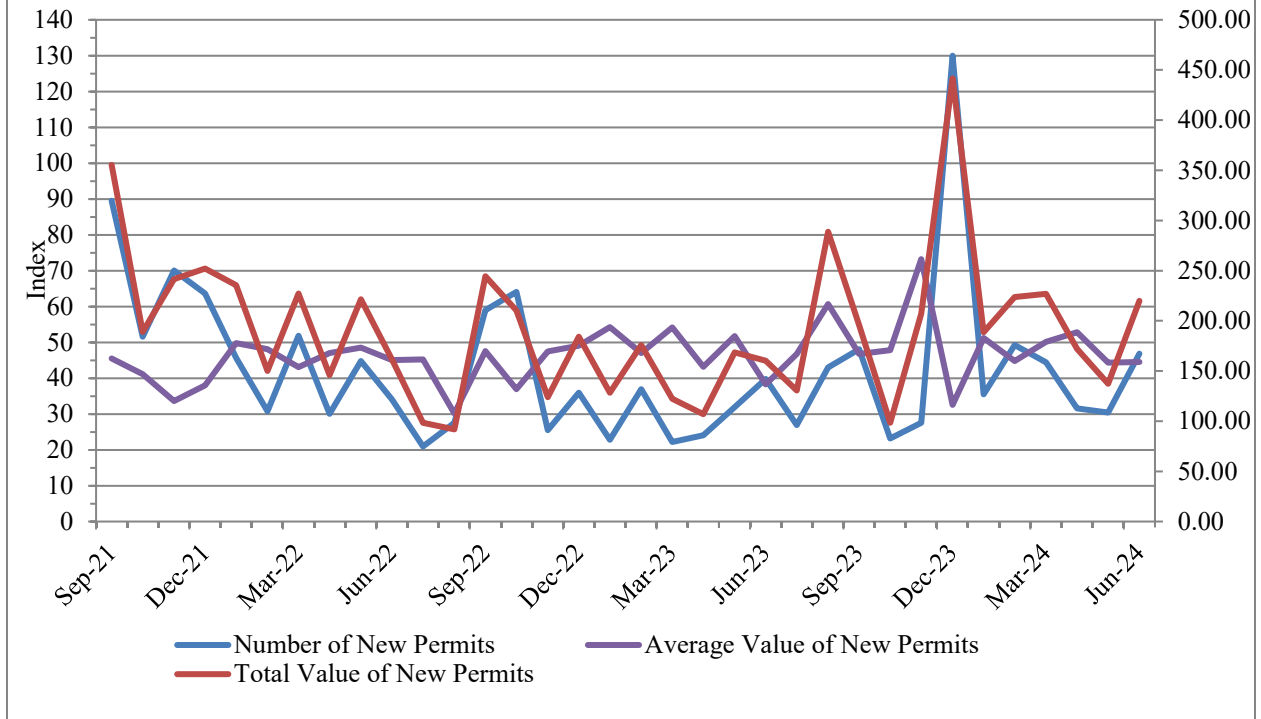
Overall, the local economy faced challenges during the second quarter of 2024. While the labor market exhibited short-term improvements, underlying weaknesses were evident. The housing market, though showing signs of easing, remained influenced by conflicting factors.

	2nd Quarter 2024				
	April	May	June	Monthly Average	
South Bend - Mishawaka	Employment				
	Total Nonfarm Employment	134.66	135.17	134.86	134.89
	Manufacturing Employment	63.30	62.64	63.01	62.98
	Non-manufacturing Employment	155.56	156.29	155.74	155.87
	Unemployment Rate	4.0	4.4	4.9	4.43
	Electricity Usage	90.85	58.60	110.88	86.77
	Single-Family Housing				
	Number of New Permits	31.54	30.37	46.84	36.25
	Total Value of New Permits	172.01	137.34	219.89	176.41
	Average Value of a New Permit	52.79	44.36	44.54	47.23
Elkhart - Goshen	Employment				
	Total Nonfarm Employment	146.53	146.30	145.78	146.20
	Manufacturing Employment	127.98	127.05	126.96	127.33
	Non-manufacturing Employment	168.28	168.79	167.76	168.28
	Unemployment Rate	3.8	4.1	4.5	4.13
	Electricity Usage	66.38	32.83	91.46	63.56
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.					





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
- (2) Employment by industries: Monthly Current Employment Statistics (CES) http://www.stats.indiana.edu/ces/ces_naics/
- (3) Indiana Housing Market Update <http://www.10kresearch.com/reports/IAR/Main.ht>

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3rd Quarter 2024 Summary

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1. SUMMARY OF REGIONAL ECONOMIC CONDITIONS IN THE THIRD QUARTER OF 2024

According to the U.S. Bureau of Labor Statistics¹, the South Bend-Mishawaka MSA experienced growth in both its labor force and employment during the third quarter of 2024, with increases of 1,119 people (+0.85%) and 135 people (+0.11%), respectively. However, the number of unemployed individuals rose by 983 (+16.67%). In the Elkhart-Goshen MSA, the labor force and employment also grew, increasing by 1,233 people (+1.15%) and 388 people (+0.38%), respectively, while unemployment rose by 845 (+18.89%). As a result, both areas saw a rise in their jobless rates. The average unemployment rate in the South Bend-Mishawaka MSA for July-September 2024 was 5.17%, up 0.70 percentage points from the previous quarter. In the Elkhart-Goshen MSA, the quarterly unemployment rate reached 4.90%, a 0.77 percentage point increase from the second quarter.

Nonfarm payroll employment in the South Bend-Mishawaka MSA decreased by 500 jobs (-0.35%) in the third quarter.² Industry-specific employment data showed gains in natural resources, mining, and construction (+167 jobs); trade, transportation, and utilities (+33 jobs); financial activities (+33 jobs); professional and business services (+167 jobs); leisure and hospitality (+267 jobs); and other services (+33 jobs). However, employment losses were noted in manufacturing (-33 jobs), private educational and health services (-67 jobs), and government (-1,100 jobs). Employment in the information sector remained unchanged.

In the Elkhart-Goshen MSA, total nonfarm employment declined by 100 jobs (-0.07%) from July through September 2024. Job losses occurred in manufacturing (-167 jobs) and government (-433 jobs). Employment increased across several sectors: natural resources, mining, and construction (+67 jobs); trade, transportation, and utilities (+67 jobs); financial activities (+33 jobs); professional and business services (+167 jobs); private educational and health services (+67 jobs); and leisure and hospitality (+100 jobs). The information and other services sectors saw no change in employment.

2. REGIONAL ECONOMIC INDICATORS

As shown in the table below, the average monthly total nonfarm employment index in South Bend-Mishawaka reached 135.57 in the third quarter of 2024, an increase of 0.65 points from the previous quarter. Specifically, the manufacturing employment index in the area rose by 0.41 points to 63.53, while the non-manufacturing employment index increased by 0.60 points to 156.47. Additionally, the index of industrial electricity usage in South Bend-Mishawaka climbed by 1.13 points to 87.90 during this period.

The average index of new building permits for single-family homes was 36.19, remaining nearly unchanged from the second quarter of 2024. However, the index of the total value of these permits saw a substantial rise, increasing by 37.32 points to a quarterly average of 213.73. The seasonally adjusted index of the average permit value also rose, up 12.64 points to reach a quarterly average of 59.88.

Data from the Indiana Association of Realtors³ indicated that new listings and closed sales of existing single-family homes both rose by 10.0% year-over-year in the July-September 2024 period. The median sales price increased by 7.0%, reaching \$223,000 in the third quarter of 2024. Additionally, housing supply in the South Bend-Mishawaka MSA improved, with the monthly inventory supply rising year-over-year by

18.0%, 19.0%, and 7.0% in July, August, and September, respectively.

In the third quarter of 2024, the Elkhart-Goshen metro area experienced a 0.36-point increase in its seasonally adjusted index of monthly nonfarm employment, reaching 146.49. Within this area, the monthly average manufacturing employment index decreased slightly by 0.15 points to 127.18, while the non-manufacturing employment index rose by 1.12 points to 169.24. Furthermore, the average index of electricity usage in the Elkhart-Goshen area decreased by 0.56 points to 63.00.

Overall, the labor market in the South Bend-Mishawaka and Elkhart-Goshen MSAs showed signs of loosening in the third quarter of 2024, largely under the influence of contractionary monetary policy. The labor force in both areas expanded in July-September; however, employment gains lagged behind labor force growth, leading to a rise in unemployment rates. In the South Bend-Mishawaka MSA, unemployment reached its highest level since the first quarter of 2016,⁴ while the Elkhart-Goshen MSA saw its highest rate since the third quarter of 2014.⁵ These trends suggest a cooling in the labor market, where labor supply outpaces demand as businesses and consumers respond to tighter financial conditions.

As discussed in Section 1, total nonfarm employment remained relatively stable quarter-over-quarter but exhibited year-over-year growth,⁶ indicating some resilience despite the economic headwinds. Job losses were concentrated in manufacturing and government sectors, while service-related industries, including leisure, hospitality, and professional services, showed notable job additions. The stability in nonfarm employment, combined with the shift away from goods-producing sectors, points to a rebalancing toward services as consumer spending adapts to the broader economic climate.

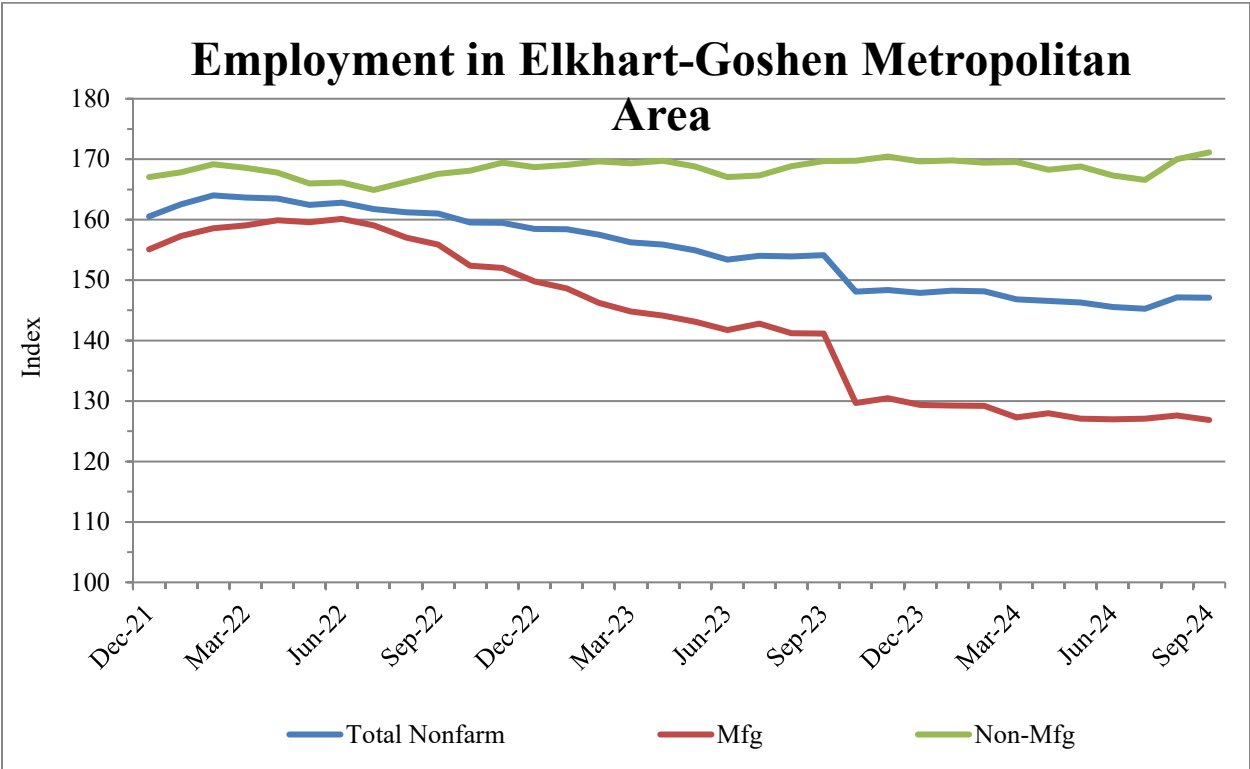
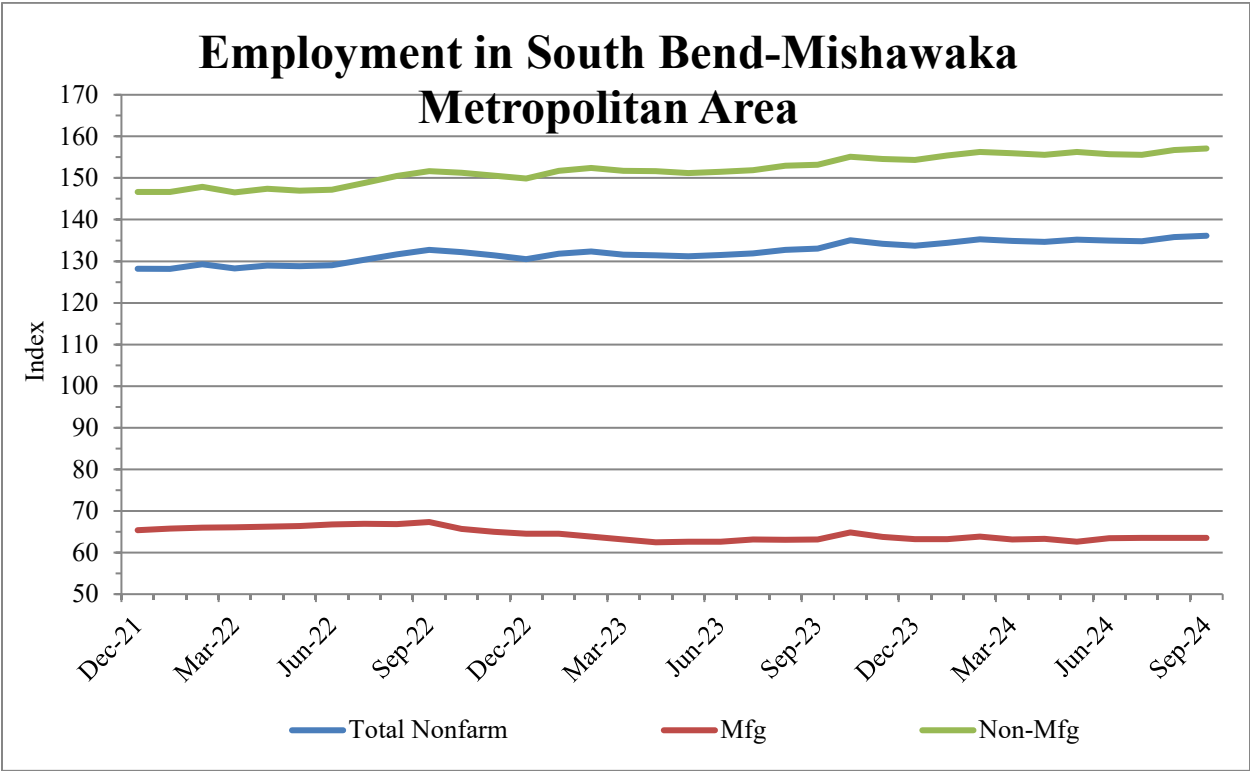
The housing market presented a mixed picture in the third quarter of 2024. The number of new single-family

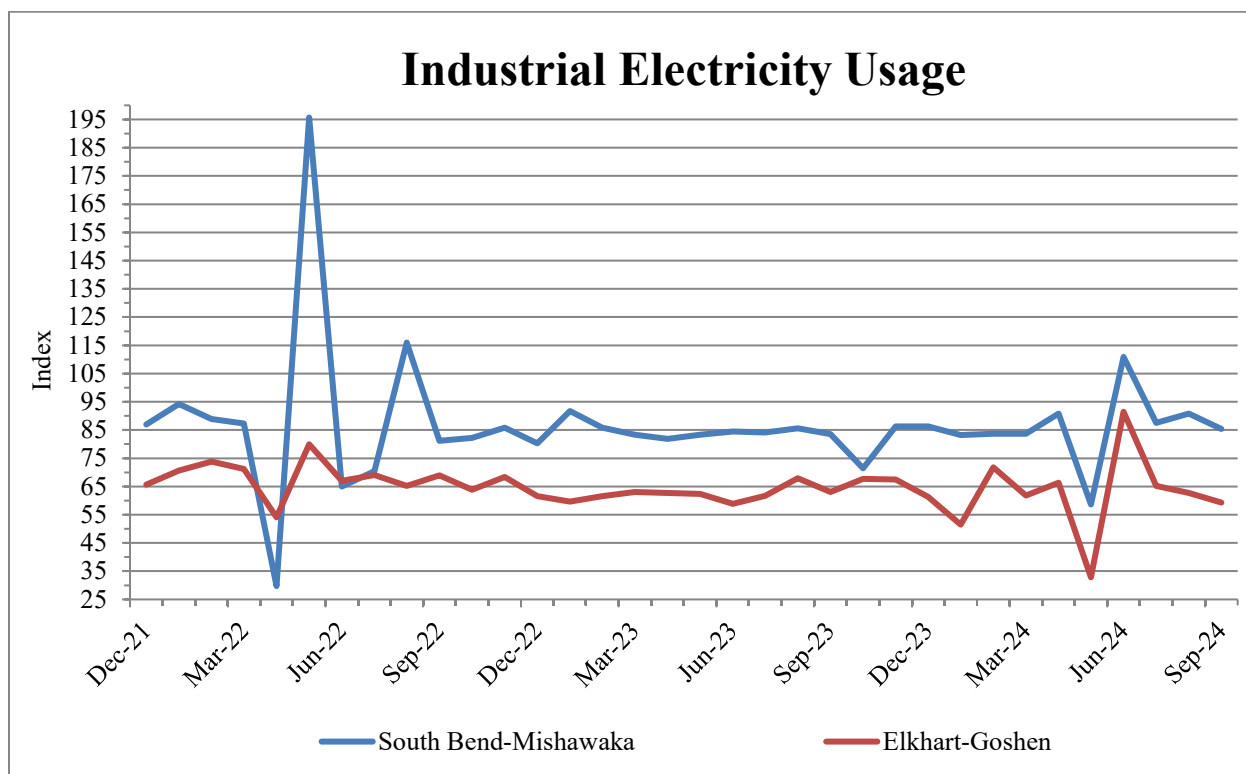
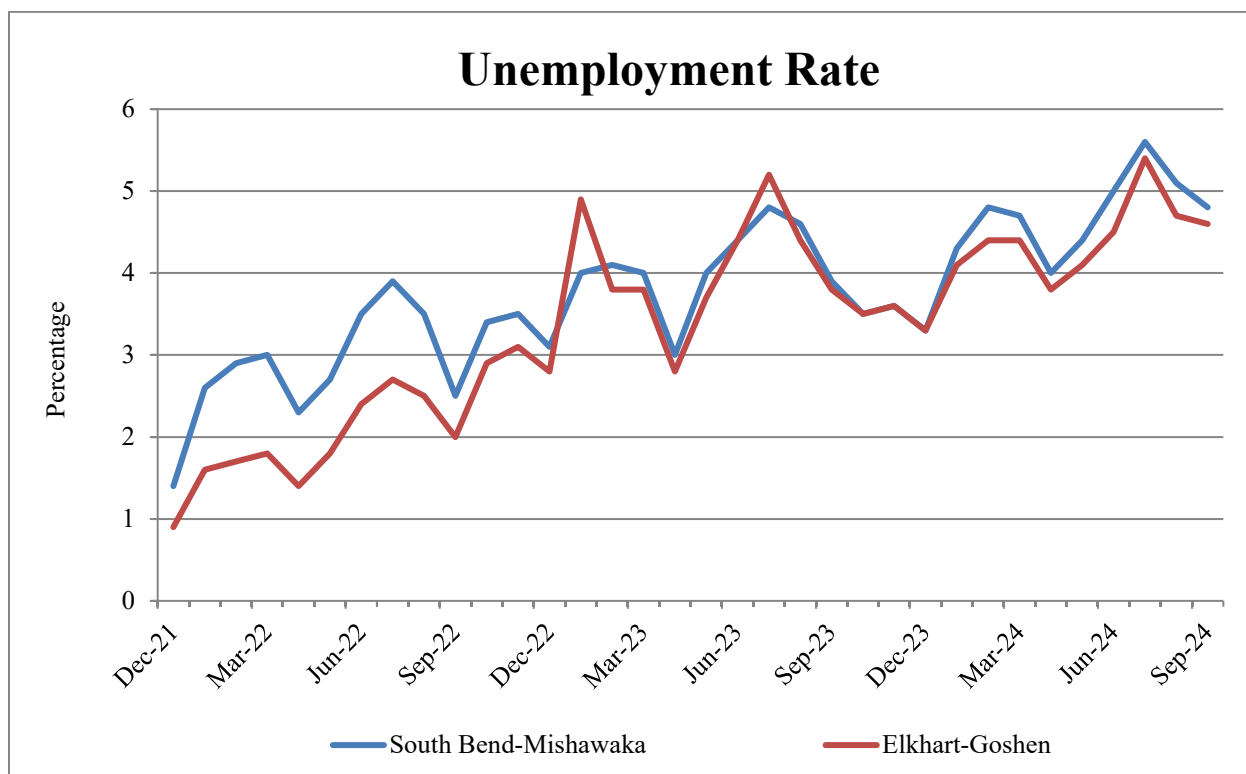
home constructions fell compared to 2023 levels, yet listings of existing homes and closed sales rose year-over-year.⁷ Additionally, the median housing price continued to increase both quarterly and annually,⁸ signaling sustained demand despite elevated housing costs and higher mortgage rates. This persistent demand in the existing home market, despite affordability challenges, suggests that buyers remain active, potentially due to limited housing supply and strong economic fundamentals in the region.

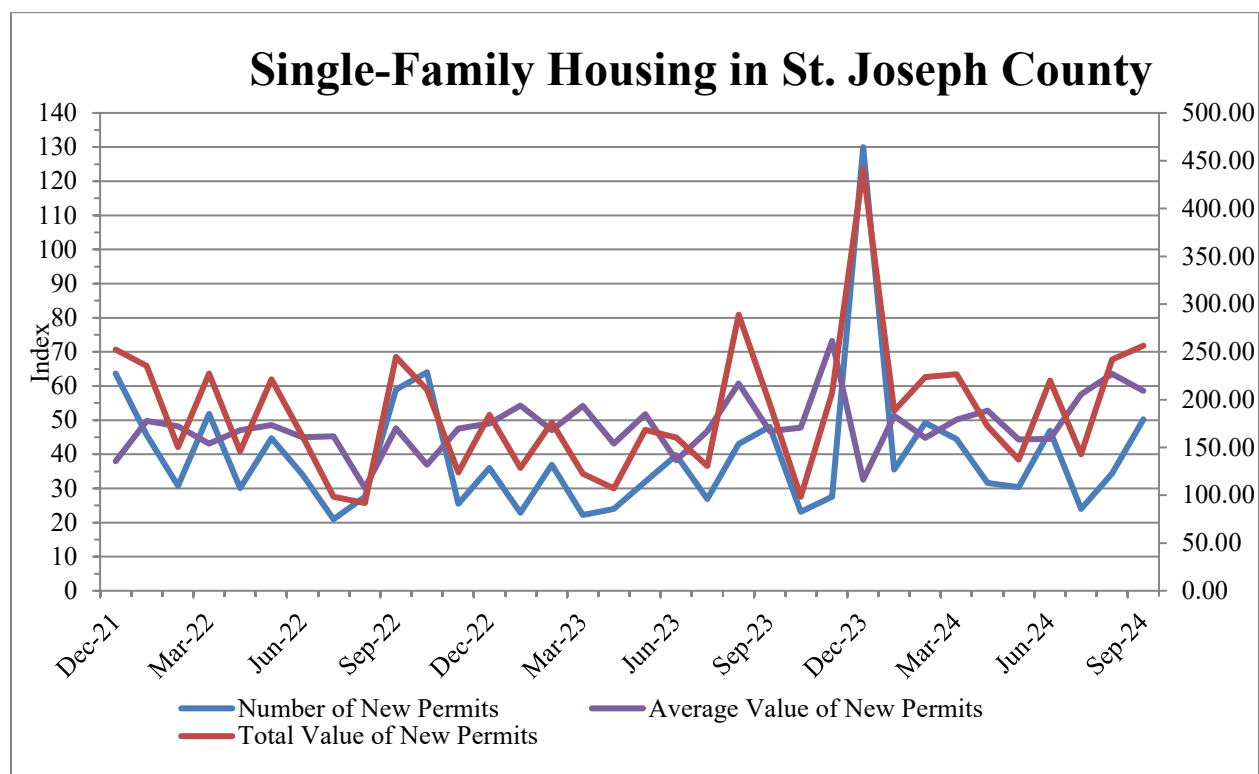
A noteworthy trend was the decline in manufacturing employment in the Elkhart-Goshen area, especially given its high in 2022 (76,700 jobs). This decrease has been closely linked to weakened demand in the RV

industry, the backbone of the area's manufacturing sector. According to the RV Industry Association,⁹ total RV shipments in 2023 dropped to 313,174 units, the lowest since 2013, driven by high prices and expensive financing options. While cumulative RV shipments reached 256,412 in the first nine months of 2024 (a 7.7% increase over the previous year), the demand remains below pandemic levels, with projections suggesting a return to around mid-300,000 units in 2025. The Federal Reserve's recent 50-basis-point interest rate cut on September 18, 2024, could spur recovery in the manufacturing sector, potentially boosting employment in the Elkhart-Goshen MSA in the coming months.

	3rd Quarter 2024				
	July	August	September	Monthly Average	
South Bend - Mishawaka	Employment				
	Total Nonfarm Employment	134.83	135.77	136.13	135.57
	Manufacturing Employment	63.55	63.50	63.55	63.53
	Non-manufacturing Employment	155.57	156.73	157.09	156.47
	Unemployment Rate	5.6	5.1	4.8	5.17
	Electricity Usage	87.48	90.86	85.36	87.90
	Single-Family Housing				
	Number of New Permits	23.94	34.39	50.24	36.19
	Total Value of New Permits	142.84	241.96	256.40	213.73
	Average Value of a New Permit	57.51	63.56	58.57	59.88
Elkhart - Goshen	Employment				
	Total Nonfarm Employment	145.26	147.11	147.10	146.49
	Manufacturing Employment	127.09	127.60	126.86	127.18
	Non-manufacturing Employment	166.57	170.01	171.12	169.24
	Unemployment Rate	5.4	4.7	4.6	4.9
	Electricity Usage	65.21	62.68	59.31	63.00
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.					







ENDNOTES

- (1) Labor Force Estimates and Unemployment Rates: 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/.
- (3) Indiana Housing Market Update: <https://indianarealtors.com/consumers/housing-hub/>.
- (4) The unemployment rate was 5.00% in the first quarter of 2016 in the South Bend-Mishawaka MSA.
- (5) The unemployment rate was 4.90% in the third quarter of 2014 in the Elkhart-Goshen MSA.
- (6) In the third quarter of 2024, total nonfarm employment in the South Bend-Mishawaka MSA reached 143,233, up from 141,733 in the third quarter of 2023. In the Elkhart-Goshen MSA, total nonfarm employment was 133,700 in the third quarter of 2024, compared to 133,333 in the same period in 2023.
- (7) From July to September 2024, 59 new single-family building permits were issued, compared to 65 during the same period in 2023. New listings of existing homes reached 1,153 in the third quarter of 2024, up from 1,124 in the third quarter of 2023. Closed sales also increased, totaling 886 in 2024 Q3 compared to 808 in 2023 Q3.
- (8) The median sales price was \$208,000 in July-September 2023.
- (9) RV Industrial Association Historical Data: <https://www.rvia.org/historical-rv-data>.

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Michiana Business is published quarterly by the Bureau of Business and Economic Research at Indiana University South Bend under the generous sponsorship of 1st Source Bank. Subscriptions are available at no charge. For information, contact the BBER at 574-520-4133.



JUDD LEIGHTON SCHOOL OF
BUSINESS AND ECONOMICS

INDIANA UNIVERSITY
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4th 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 Statistics¹ 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 2024.² 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,³ 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.⁴ 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.⁵ In contrast, the Elkhart-Goshen MSA lost 2,008 nonfarm jobs, reflecting a 1.48% decline.⁶ 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.⁷ Service-related jobs—especially in healthcare, education, utilities, and government—tend to be more resilient to rising interest rates (Wiseman, 2024).⁸ 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.⁹ 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.¹⁰ 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 2023.¹¹ Meanwhile, the existing home market showed similar strength. New listings

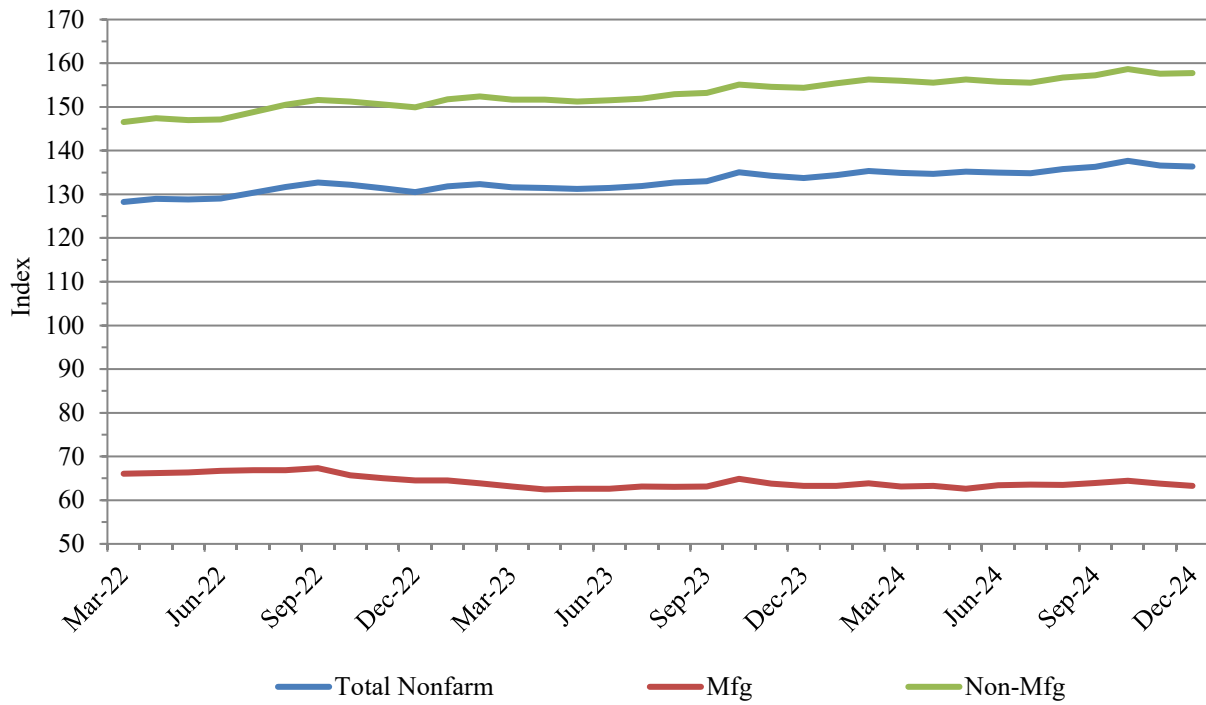
grew by 7%, and closed sales increased by 2% year-over-year. The median sales price for October through December 2024 was \$209,000, down from the third-quarter peak of \$223,000 but still 10% higher than the previous year. One key indicator, the average number of days on market, revealed a slight cooling 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.¹²

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.

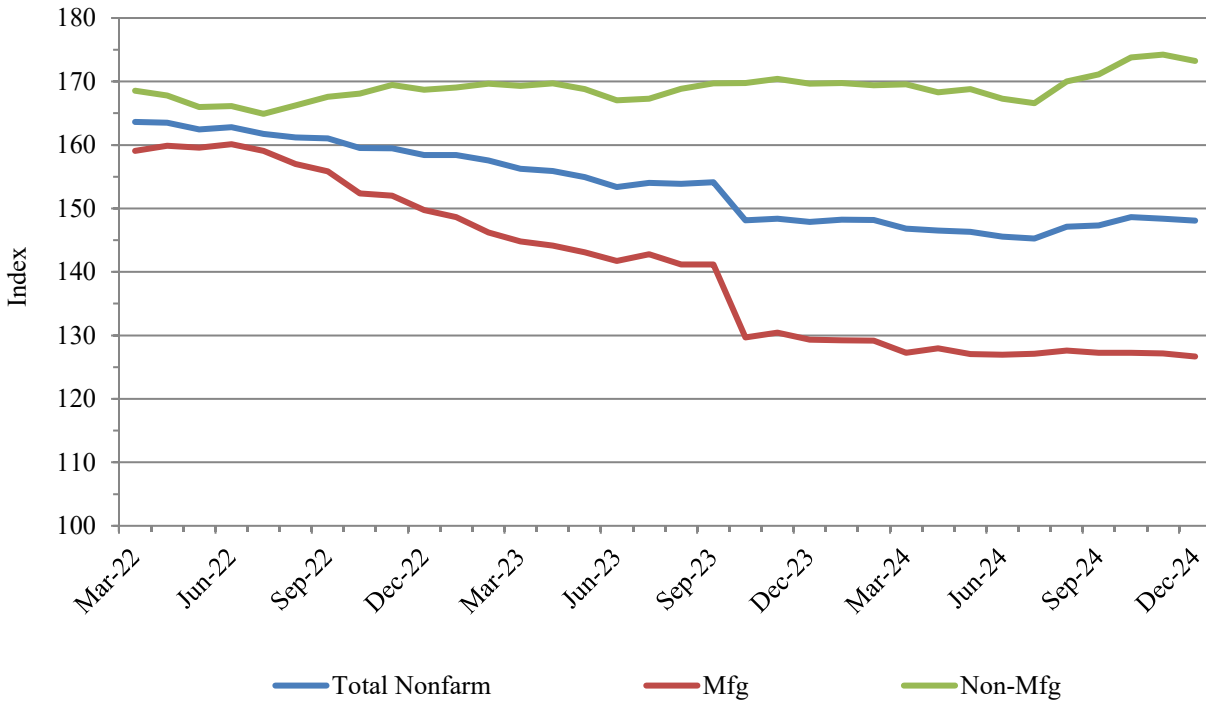
	4th Quarter 2024				
	October	November	December	Monthly Average	
South Bend - Mishawaka	Employment				
	Total Nonfarm Employment	137.66	136.56	136.34	136.85
	Manufacturing Employment	64.44	63.77	63.26	63.82
	Non-manufacturing Employment	158.66	157.59	157.74	158.00
	Unemployment Rate	4.50	4.70	4.50	4.57
	Electricity Usage	79.91	83.41	77.97	80.43
	Single-Family Housing				
	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	Employment				
	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

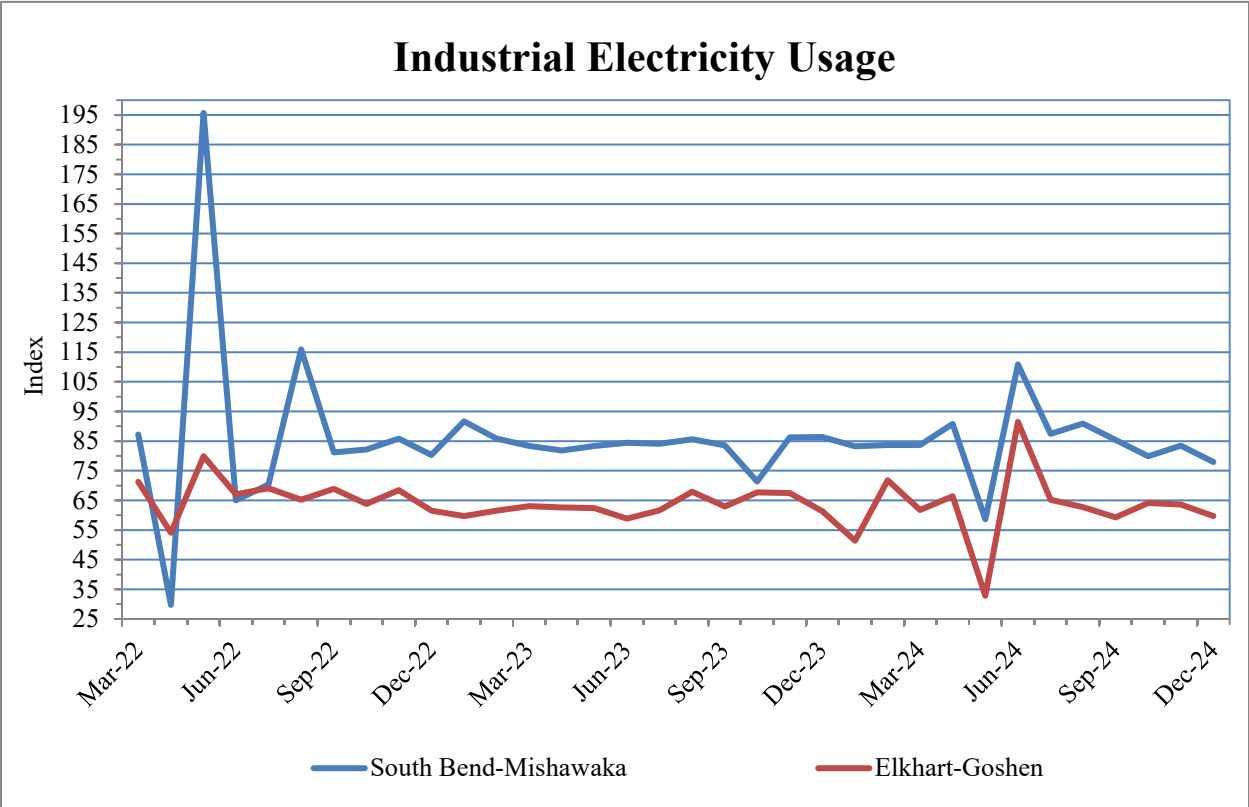
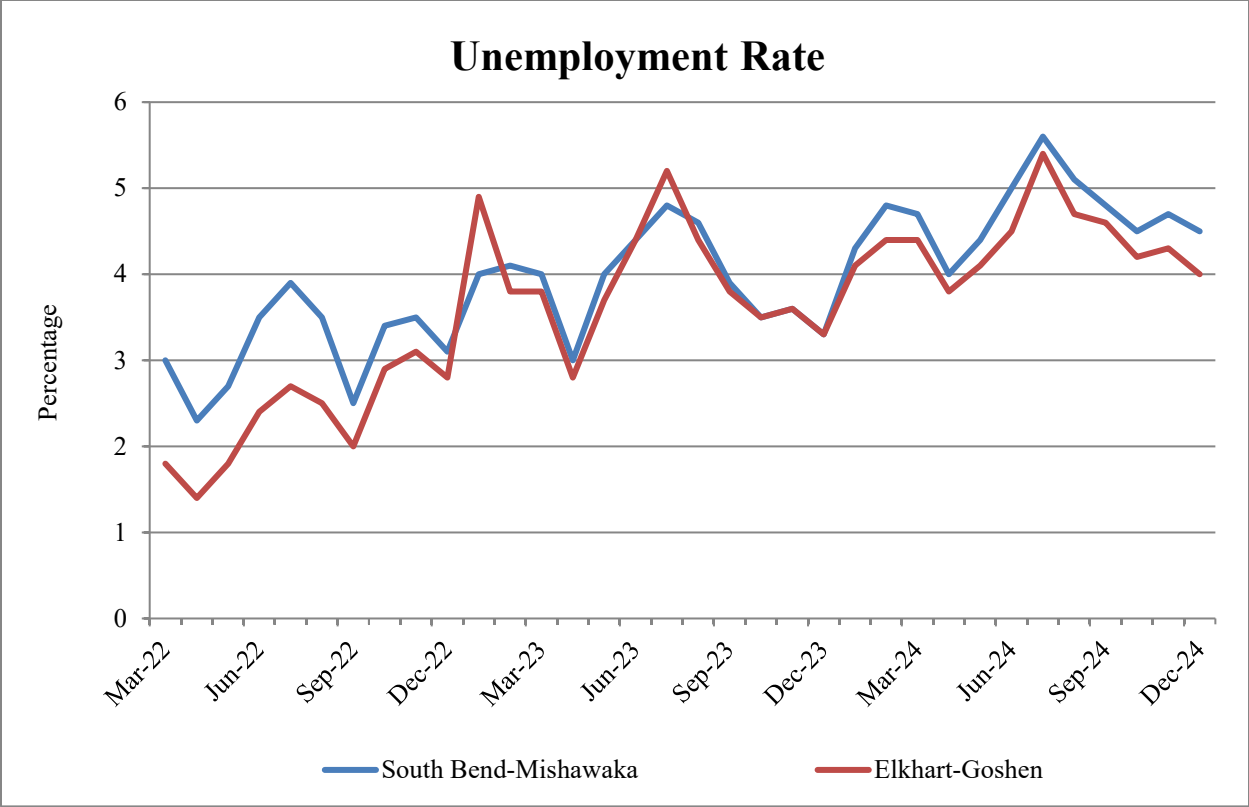
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.

Employment in the South Bend-Mishawaka MSA

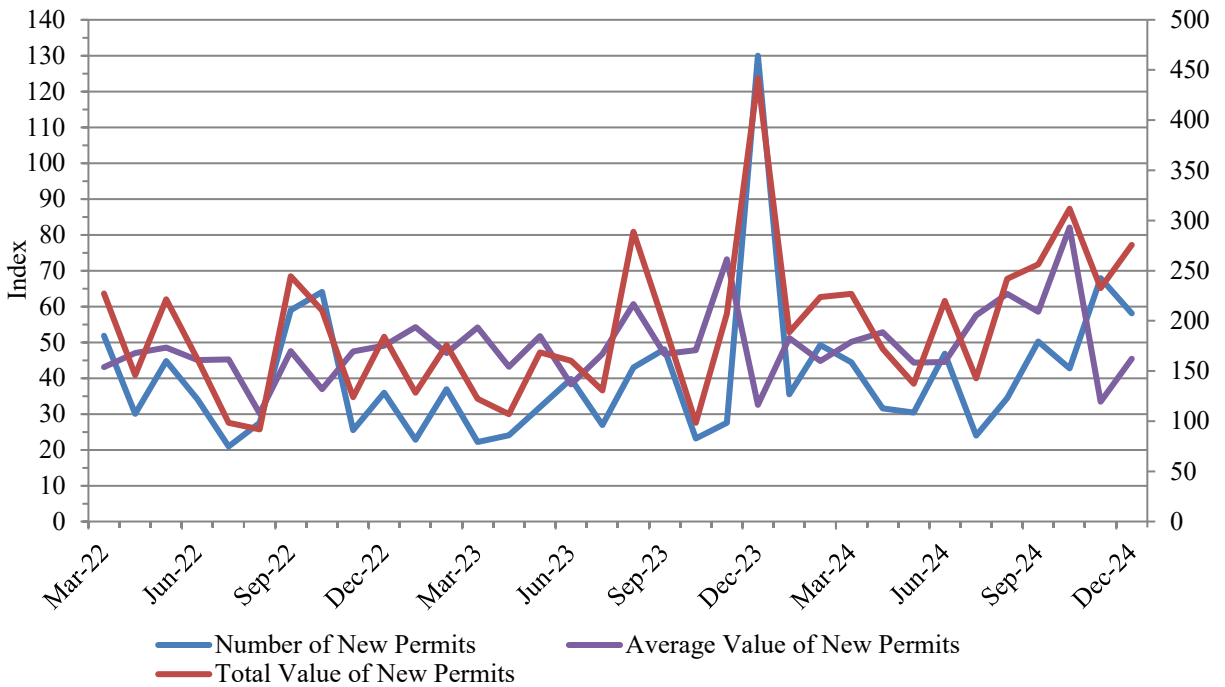


Employment in the Elkhart-Goshen MSA





Single-Family Housing in St. Joseph County



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- (2) Employment by industries: Monthly Current Employment Statistics (CES)
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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Michiana Business is published quarterly by the Bureau of Business

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