

MICHIANA BUSINESS

INSIDE THIS ISSUE

- *Introduction 2nd Quarter 2024 Summary*
- *Summary of Regional Economic Conditions in the 2nd Quarter of 2024*
- *Regional Economic Indicators*

2nd Quarter 2021 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

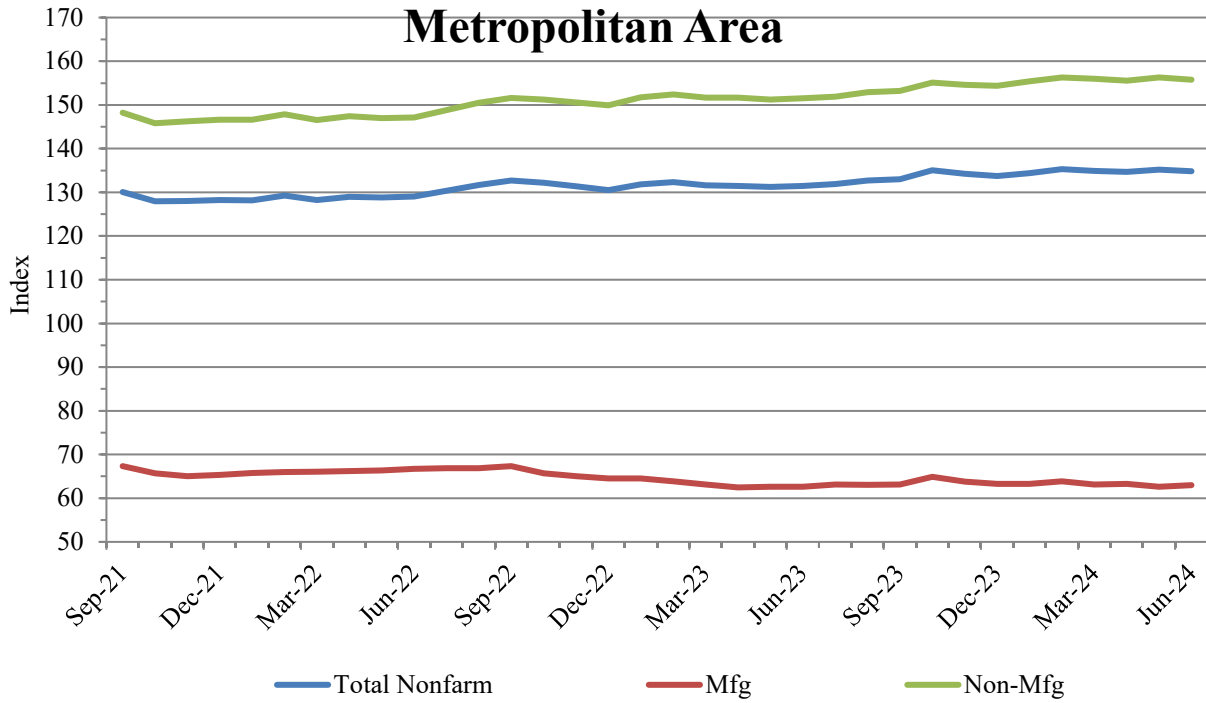
relieve the housing shortage to a certain extent. However, despite the high interest rates, the demand for homes persists. Total sales rose by 5.0 percent in the second quarter of 2024, year-over-year. Regarding housing prices, the median sales price of existing single-family homes rose 4.0 percent from 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.

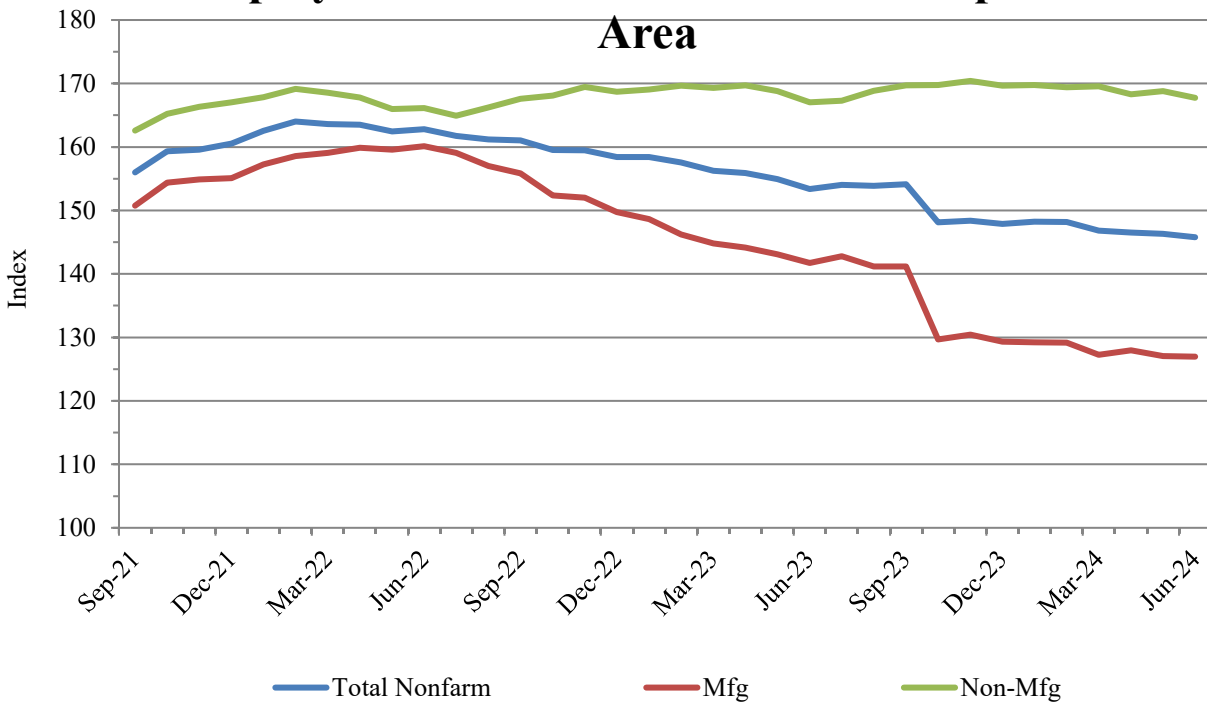
	2nd Quarter 2024				
	April	May	June	Monthly Average	
South Bend - Mishawaka	Employment				
	Total Nonfarm Employment	134.66	135.17	134.86	134.89
	Manufacturing Employment	63.30	62.64	63.01	62.98
	Non-manufacturing Employment	155.56	156.29	155.74	155.87
	Unemployment Rate	4.0	4.4	4.9	4.43
	Electricity 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

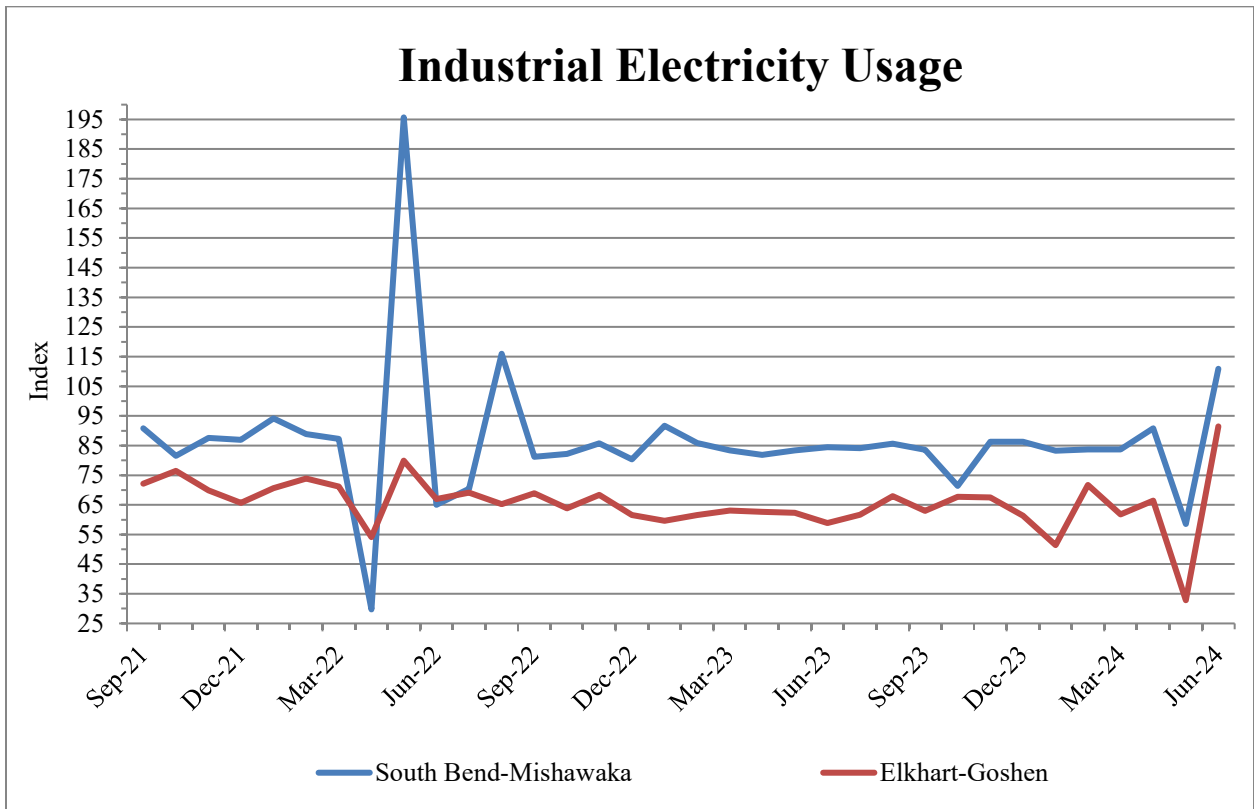
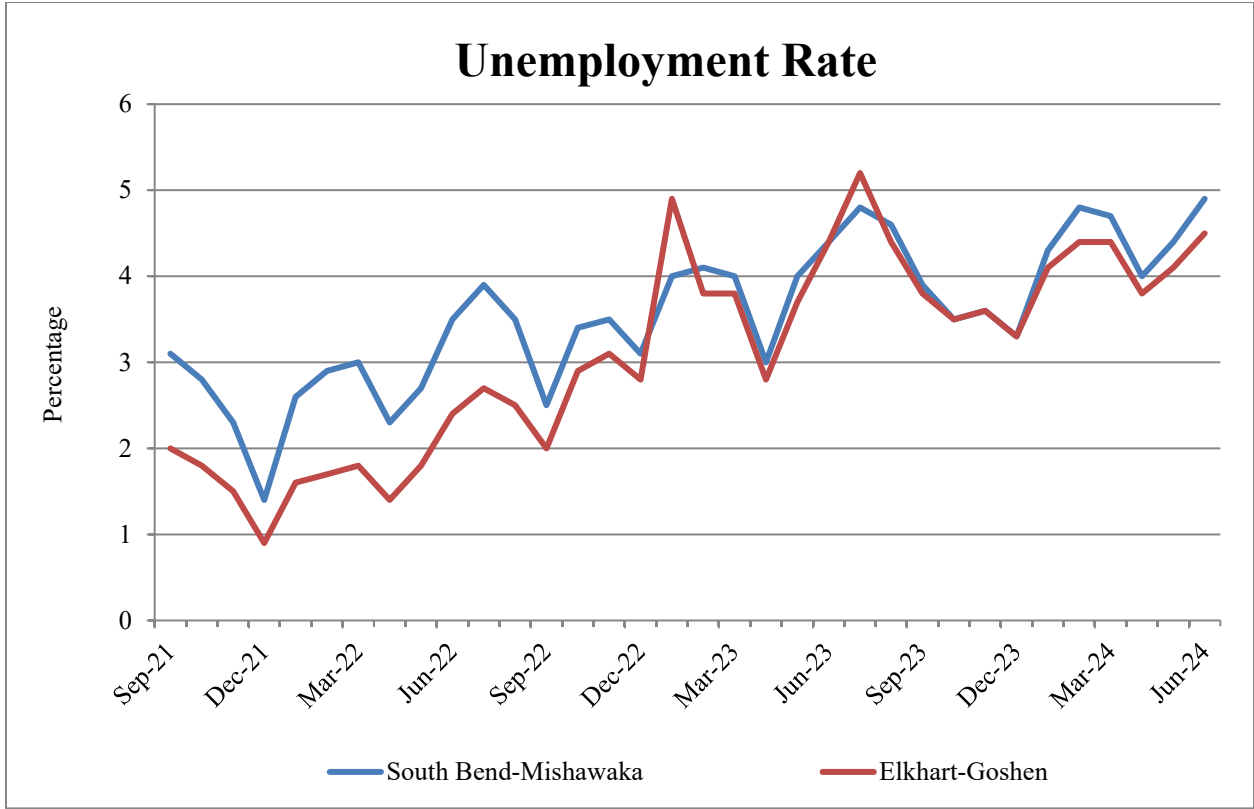
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.

Employment in South Bend-Mishawaka Metropolitan Area

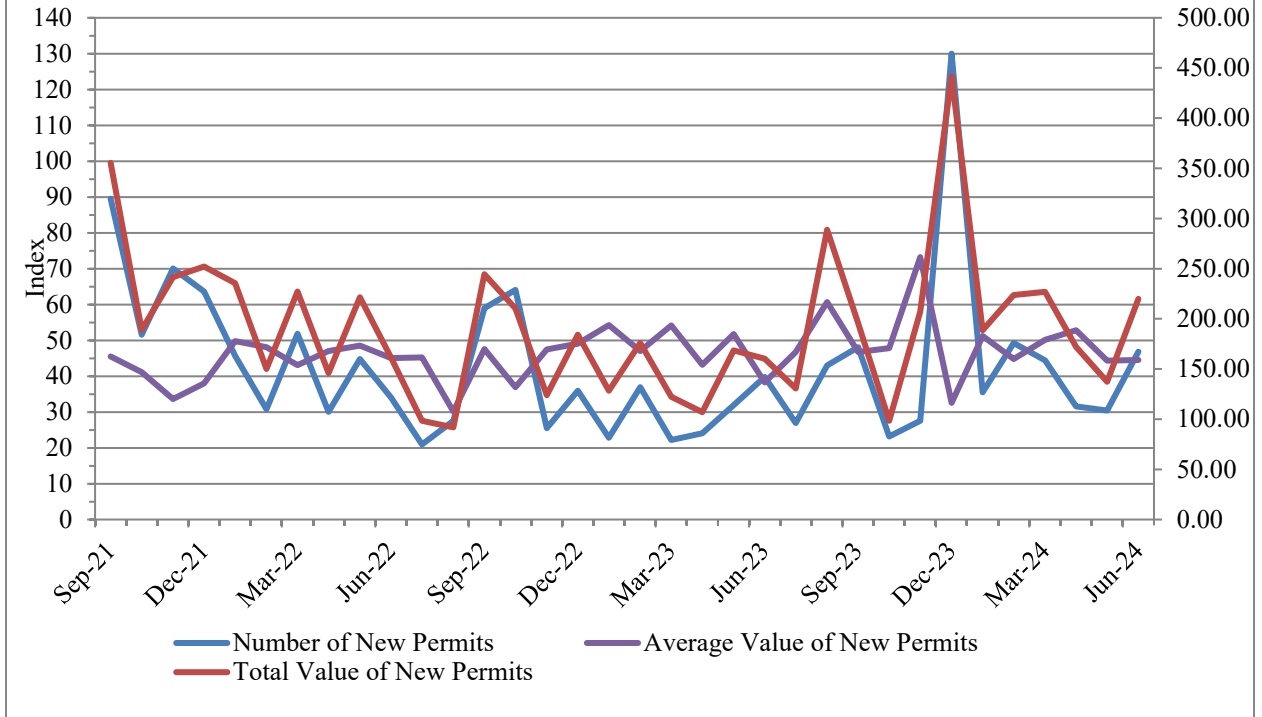


Employment in Elkhart-Goshen Metropolitan Area





Single-Family Housing in St. Joseph County



REFERENCES

- (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>

Bureau of Business and Economic Research

BUREAU OF BUSINESS AND ECONOMIC RESEARCH STAFF:

Dr. Hong Zhuang, Director

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.

1700 Mishawaka Ave.
P.O. Box 1700
South Bend, Indiana 46634

