

# MICHIANA BUSINESS

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### 3<sup>rd</sup> Quarter 2019 Summary

This issue presents an analysis of economic conditions in the South Bend-Mishawaka and Elkhart-Goshen metropolitan statistical areas (MSAs) as of September 2019, the latest month during the quarter for which all data are available for the indicators shown in the tables and graphs on pages 3 - 7. These indicators are for the most part, 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 THIRD QUARTER OF 2019

According to the U.S. Bureau of Labor Statistics data<sup>1</sup>, the labor forces in the third quarter of 2019 fell by 1,476 and 497 people on average in the South Bend-Mishawaka and Elkhart-Goshen MSAs, respectively. In particular, employment declined by 1,824 workers in South Bend-Mishawaka and 888 workers in Elkhart-Goshen. The number of unemployed went up by 348 workers in South Bend-Mishawaka and 391 workers in Elkhart-Goshen. Consequently, the average unemployment rate in the third quarter of 2019 rose in both areas, up 0.23 percentage point to 3.60 percent in South Bend-Mishawaka and 0.37 percentage point to 3.10 percent in Elkhart-Goshen.

The employment data by industry<sup>2</sup> indicated job losses in nonfarm sectors in both MSAs during the third quarter of 2019. Total nonfarm employment in South Bend-Mishawaka shed an average of 2,167 jobs from the second quarter to the third quarter of 2019. The most significant job loss came from private educational and health services (-2,033 jobs), followed by government (-867 jobs) and manufacturing the third (-100 jobs). Job gains occurred in natural resources, mining and construction (+367 jobs); professional and business services (+167 jobs); trade, transportation and utilities (+100 jobs); financial activities (+67 jobs), other services (+67 jobs); information (+33 jobs); and leisure and hospitality (+33 jobs).

The Elkhart-Goshen MSA lost 1,067 jobs on average in the third quarter of 2019. Jobs declined in government (-1,067 jobs), manufacturing (-500 jobs), and private educational and health

services (-67 jobs). Small job gains were observed in professional and business services (+133 jobs); trade, transportation and utilities (+100 jobs); financial activities (+67 jobs); and leisure and hospitality (+67 jobs). Information and other services saw no job changes.

## 2. REGIONAL ECONOMIC INDICATORS

As the table below shows, the monthly total nonfarm employment index in South Bend – Mishawaka averaged to 135.89 in the third quarter, 1.16 points down from the second quarter. Specifically, the manufacturing employment index of the area gained 0.24 point, whereas the non-manufacturing employment index lost 1.69 points. Moreover, the index of industrial electricity usage trended up 1.53 points and settled at a quarterly average of 102.79.

Compared to the second quarter, the monthly index for the number of new permits issued for single-family housing went up 3.80 points to a quarterly average of 42.62 and the index of the total value of the new permits gained 32.10 points to 159.78. Therefore, the index of the average value of new permits settled at 37.40, up 5.51 points from the last quarter.

Indiana Association of Realtors statistics<sup>3</sup> showed that the closed sales of existing single-family homes in the third quarter of 2019 were 2.7 percent higher than a year ago. Furthermore, the median sales price rose 4.8 percent in July – September 2019 from the sample period in 2018. In the year-over-year comparison, the inventory of homes for sale, an indicator of the home supply declined by 3.2 percent in July, 3.6 percent in August, and was little changed in September, respectively.

The Elkhart-Goshen MSA's indicators showed a small scale back in the labor market for the third quarter of 2019. The average monthly nonfarm employment index lost 0.55 point to 156.68 in the third quarter of 2019. The manufacturing employment index averaged to 143.95, 0.66 point lower than the second-quarter

average. Also, the non-manufacturing employment index tipped down 0.28 point to 171.77. The spotlight in Elkhart-Goshen is the average index of electricity usage increased 2.77 points to 73.34 from the second quarter to the third quarter of 2019.

In summary, the local labor market regressed in the third quarter of 2019. South Bend-Mishawaka saw the labor force and employment decline by 1.07 and 1.36 percent, respectively. Consequently, the third-quarter unemployment rate averaged to 3.6 percent, up 0.23 percentage point from the last quarter. In addition, the establishment survey data also showed job loss of 1.49 percent in total nonfarm sectors in the third quarter.

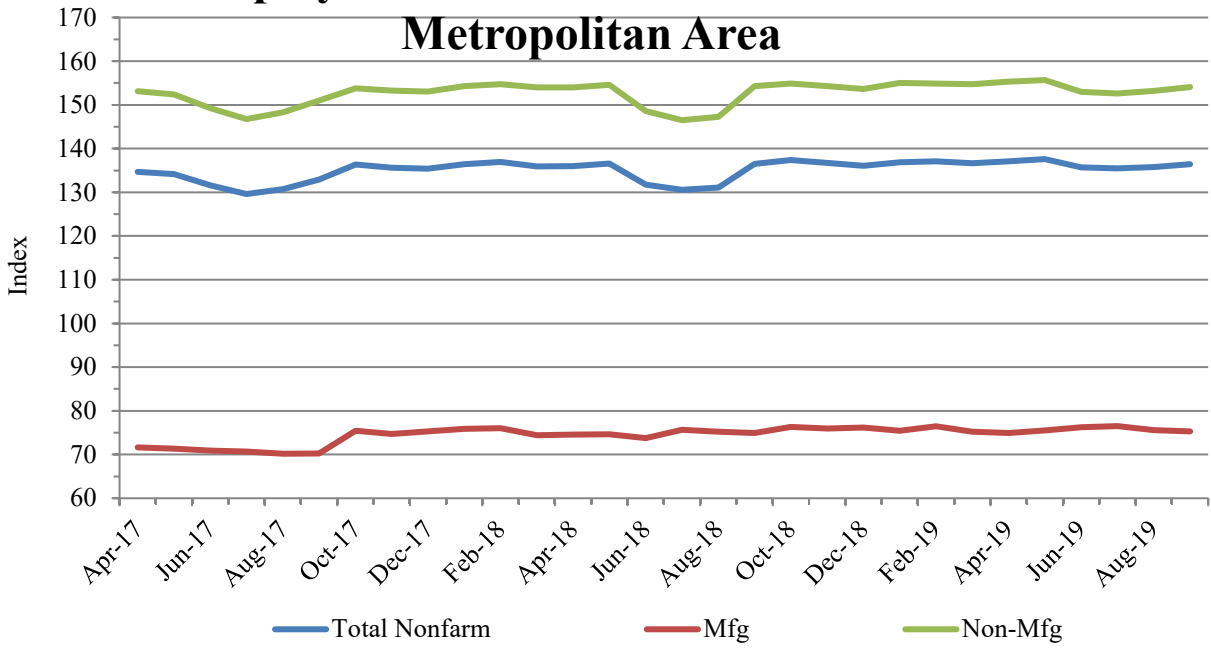
The real estate market in South Bend-Mishawaka seemed to rebound in the third quarter. Both the number of new single-family building permits and the total value of the new permits increased in St. Joseph County. Meanwhile, the housing transaction became more active in July-September as well, reflected in the greater closed sales of existing single-family homes. Due to the continuous decline in the home supply inventories, the median sales price went up further in the third quarter of 2019.

Elkhart-Goshen exhibited a similar but much smaller downward trend in the labor force and employment, declining 0.42 percent and 0.78 percent, respectively in the third quarter of 2019. Elkhart-Goshen saw a 3.10-percent unemployment rate in the third quarter, 0.37-percentage point higher than the second-quarter average. It is worth noticing that manufacturing employment fell by 500 on average in the third quarter despite strong job growth in the second quarter. The loss in manufacturing jobs could be attributed to the decline in the recreation vehicle (RV) sales because 50 percent of the RVs sold in the U.S. are produced in Elkhart-Goshen. According to the RV Industry Association statistics<sup>4</sup>, the RV shipment in the third quarter of 2019 was 20 percent less than in the second quarter of 2019 and 13 percent less than in the third quarter of 2018.

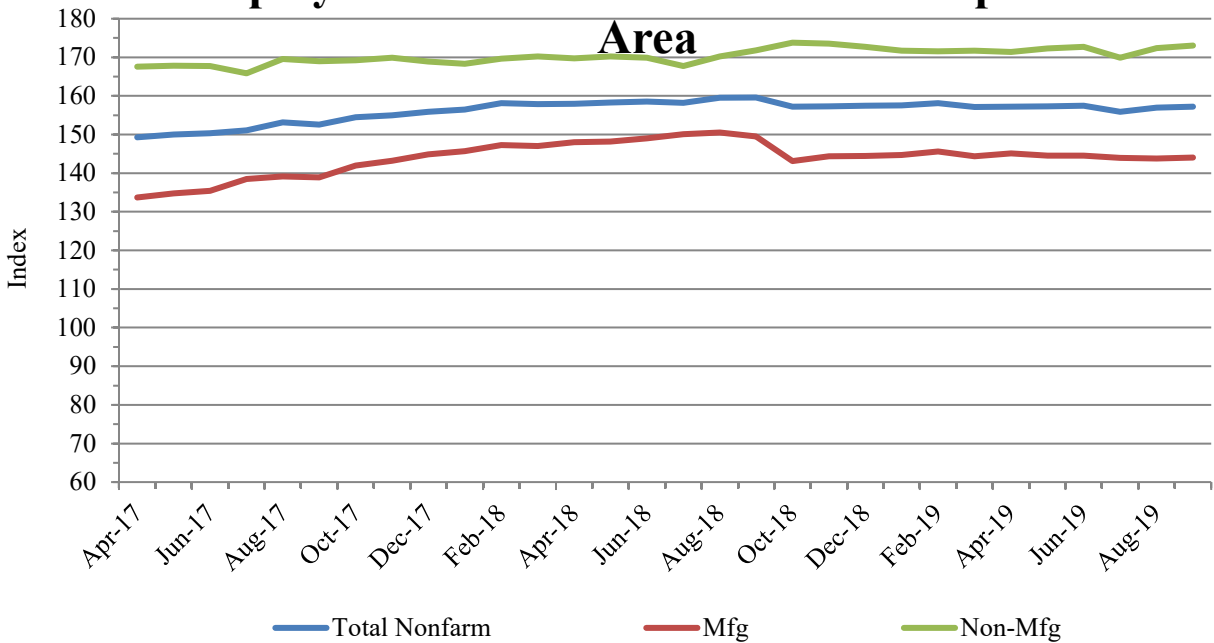
		3rd Quarter 2019			
		July	August	September	Monthly Average
South Bend - Mishawaka	<b>Employment</b>				
	Total Nonfarm Employment	135.49	135.77	136.41	135.89
	Manufacturing Employment	76.51	75.62	75.33	75.82
	Non-manufacturing Employment	152.63	153.18	154.06	153.29
	Unemployment Rate	4.00	3.60	3.20	3.60
	Electricity Usage	114.74	96.49	97.15	102.79
Elkhart - Goshen	<b>Single Family Housing</b>				
	Number of New Permits	29.93	49.87	48.06	42.62
	Total Value of New Permits	120.98	214.22	144.12	159.78
	Average Value of a New Permit	38.97	38.81	34.42	37.40
	<b>Employment</b>				
	Total Nonfarm Employment	155.91	156.95	157.18	156.68
	Manufacturing Employment	143.99	143.83	144.02	143.95
Non-manufacturing Employment	169.91	172.39	173.02	171.77	
Unemployment Rate	3.60	3.00	2.70	3.10	
Electricity Usage	74.74	73.43	71.84	73.34	

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

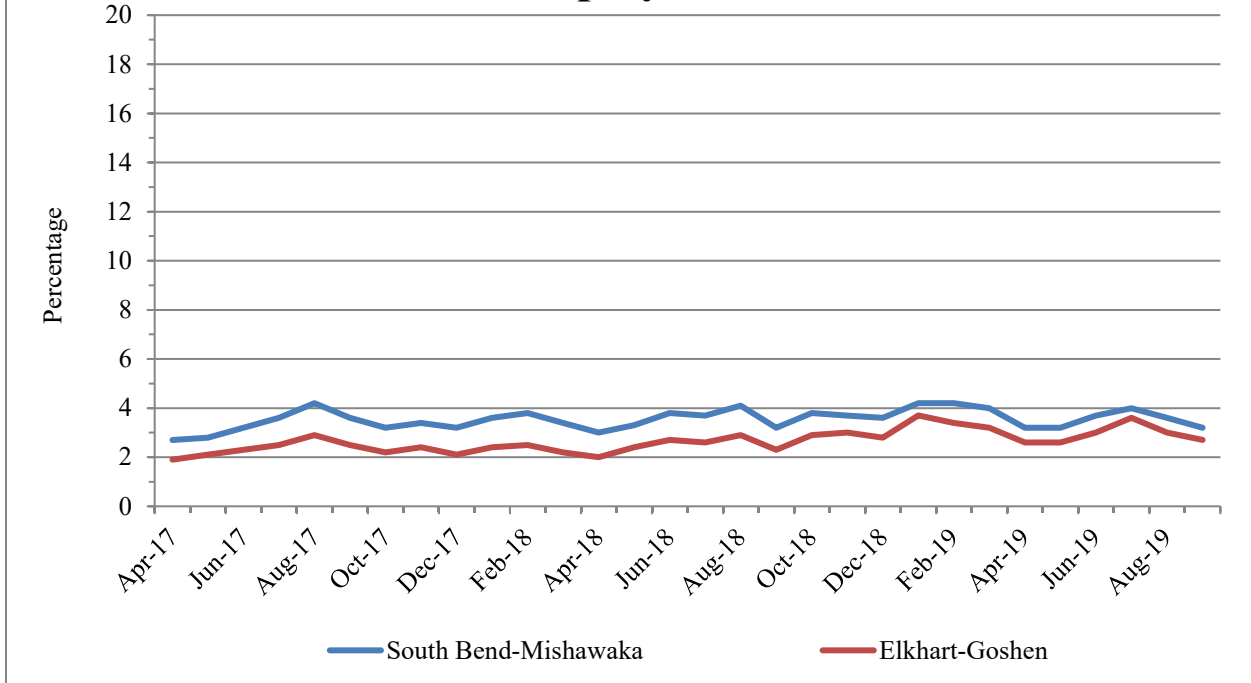
## Employment in South Bend-Mishawaka Metropolitan Area



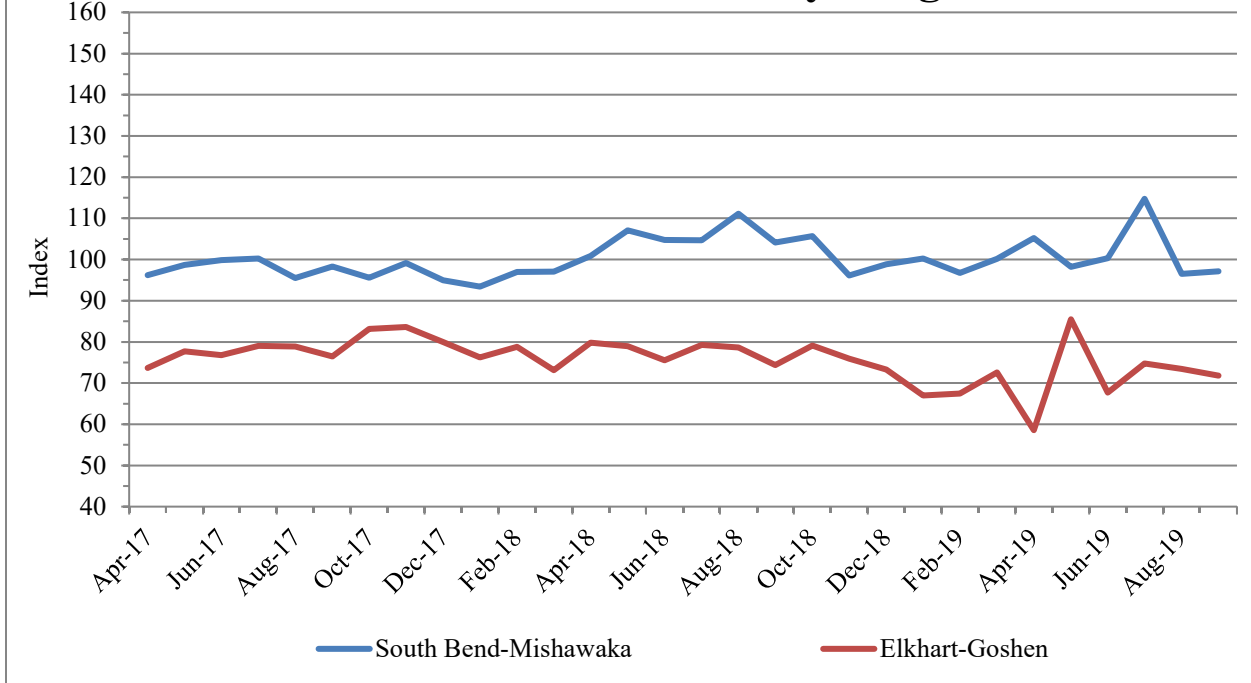
## Employment in Elkhart-Goshen Metropolitan Area



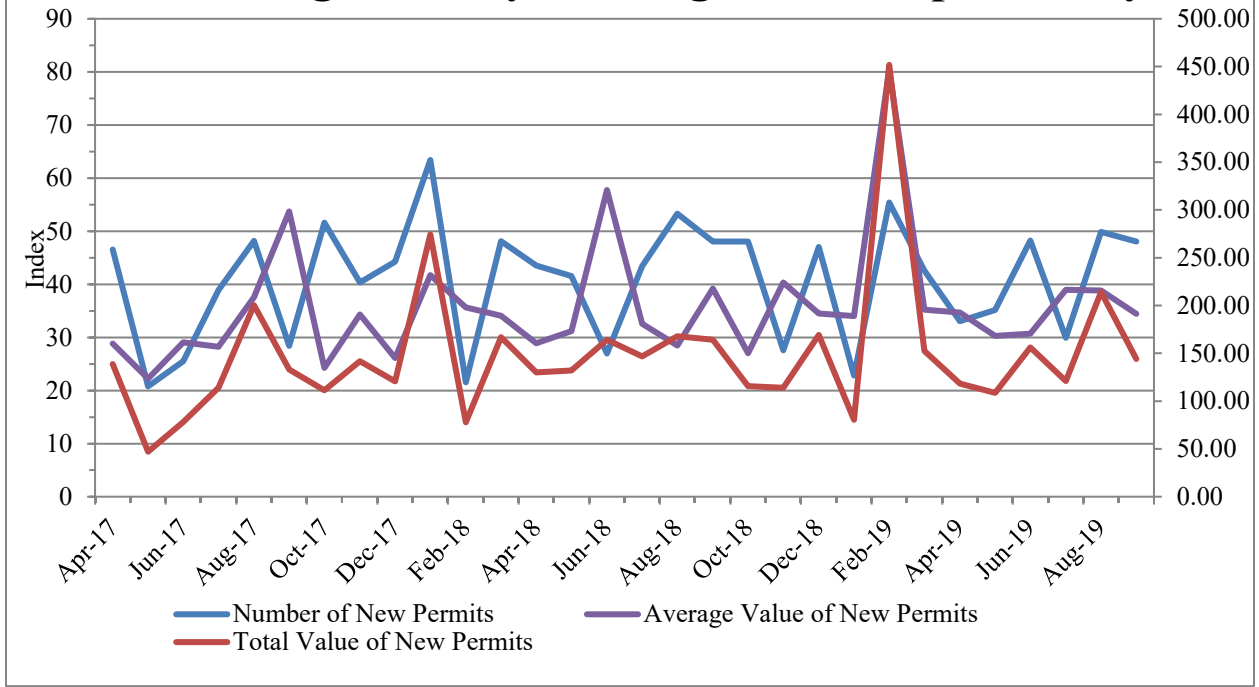
## Unemployment Rate



## Industrial Electricity Usage



## 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 Housing Market Update, <http://www.10kresearch.com/reports/IAR/Main.ht>
- (4) Recreation Vehicle Industry Association, [https://www.rvia.org/news-insights?limit=10&page=1&sort=field\\_date&topic=2](https://www.rvia.org/news-insights?limit=10&page=1&sort=field_date&topic=2)

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