

# MICHIANA BUSINESS

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### 1<sup>st</sup> 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 Statistics<sup>1</sup> 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 industry<sup>2</sup> 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.<sup>3</sup> 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.

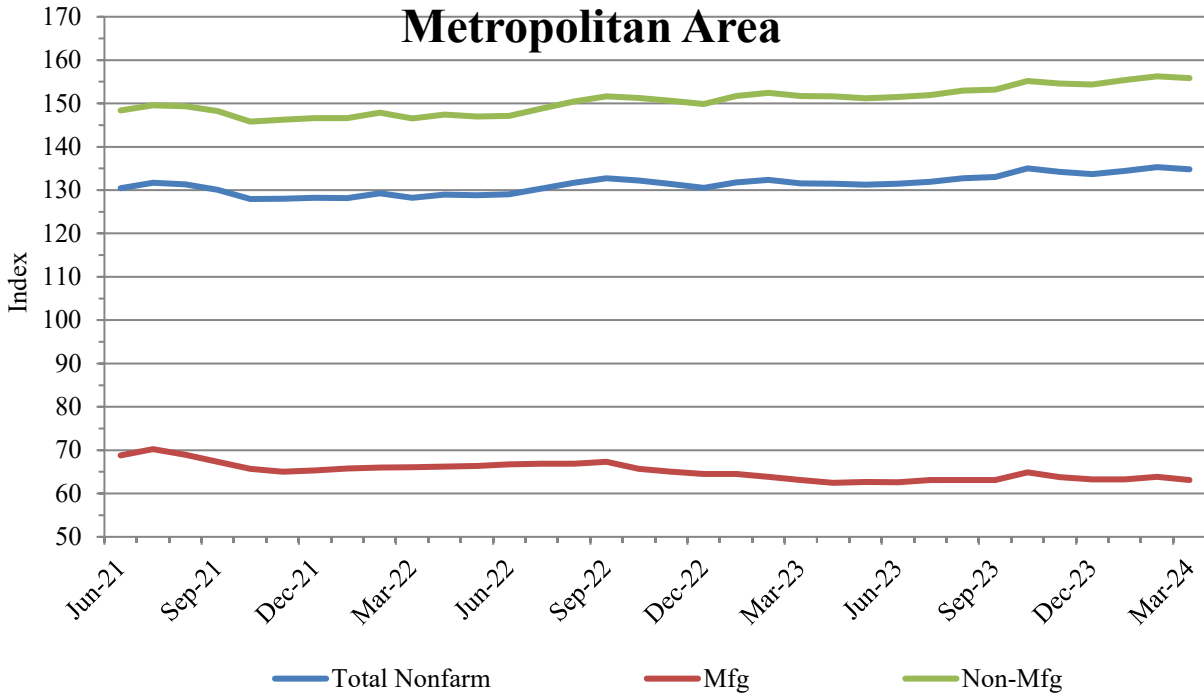
Meanwhile, in St. Joseph County, the housing market exhibited signs of sluggishness despite slight upticks in sales. Fewer new homes were constructed, contributing to a tense market characterized by low supply and demand. Although the prices of new homes rose, pre-existing home sale prices remained unchanged, 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.<sup>4</sup> 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.

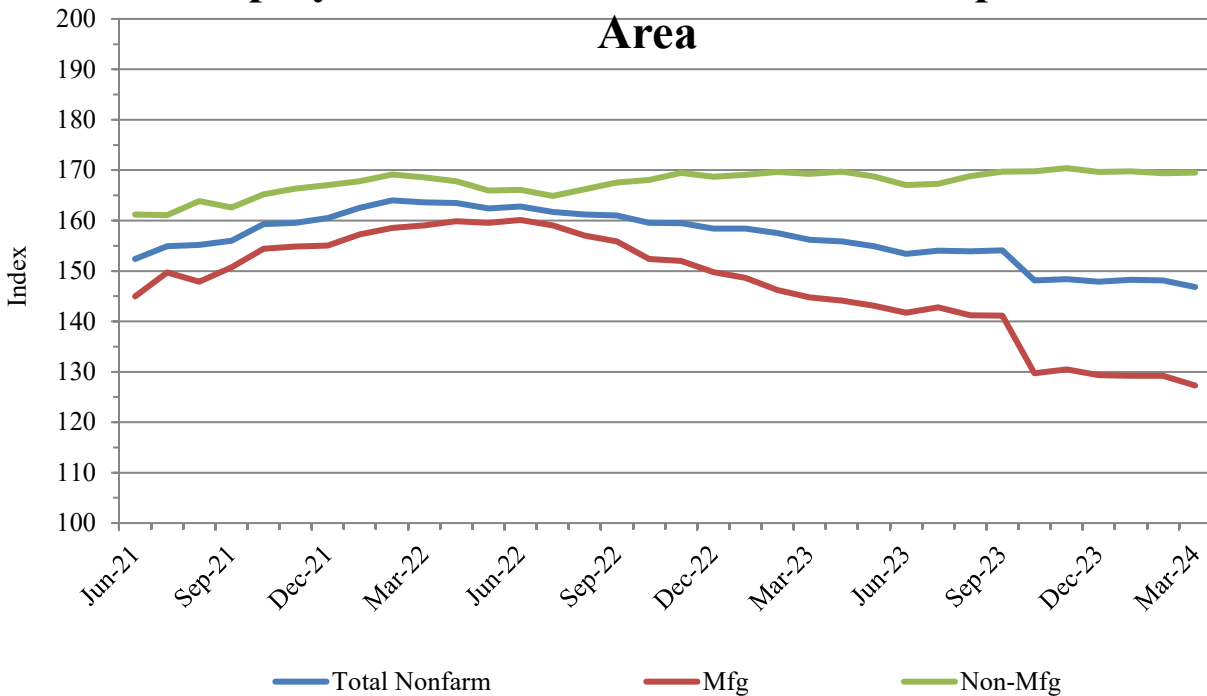
	1st Quarter 2024				
	January	February	March	Monthly Average	
South Bend - Mishawaka	<b>Employment</b>				
	Total Nonfarm Employment	134.40	135.30	134.79	134.83
	Manufacturing Employment	63.24	63.87	63.13	63.41
	Non-manufacturing Employment	155.43	156.26	155.86	155.85
	Unemployment Rate	4.3	4.8	4.7	4.60
	Electricity Usage	83.25	83.67	83.66	83.53
	<b>Single-Family Housing</b>				
	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	<b>Employment</b>				
	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.

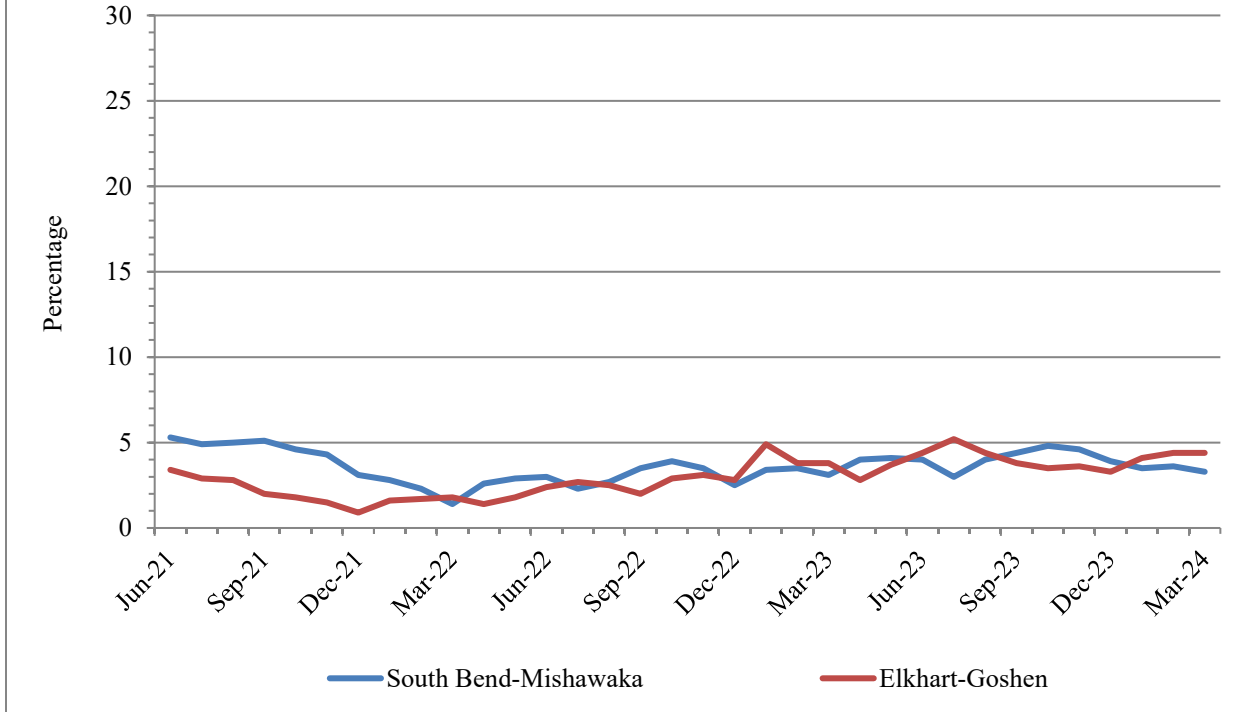
## Employment in South Bend-Mishawaka Metropolitan Area



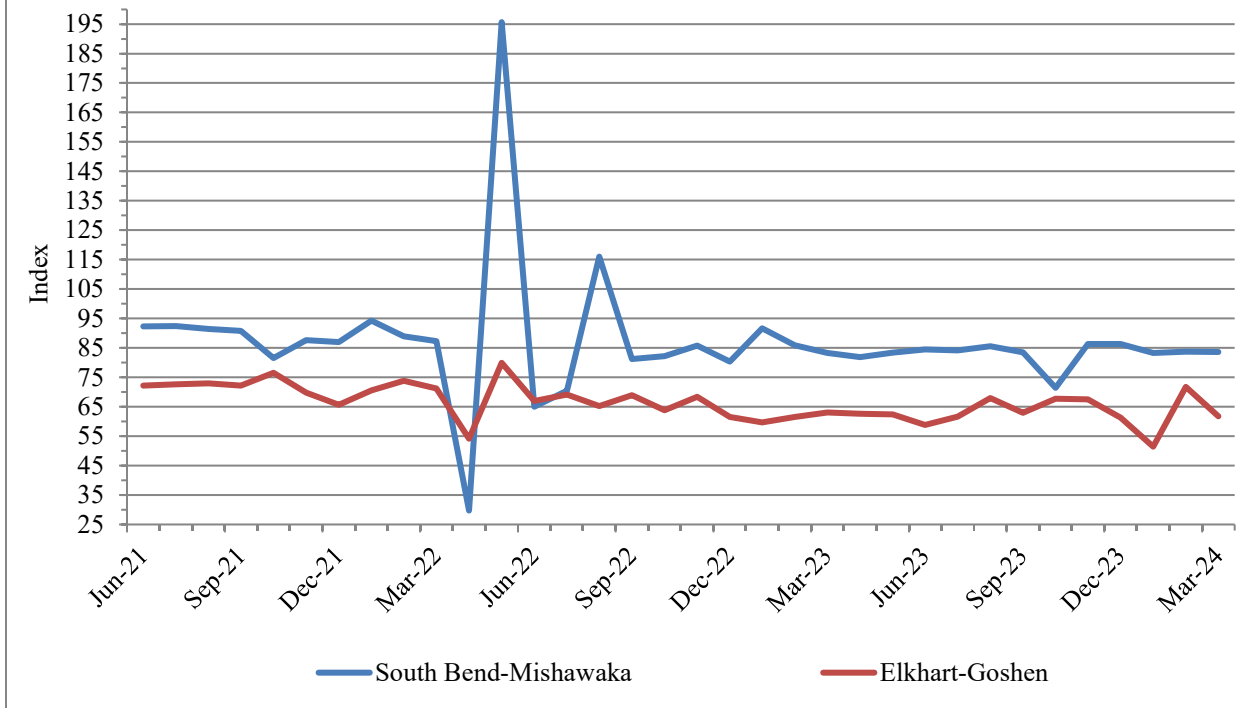
## Employment in Elkhart-Goshen Metropolitan Area



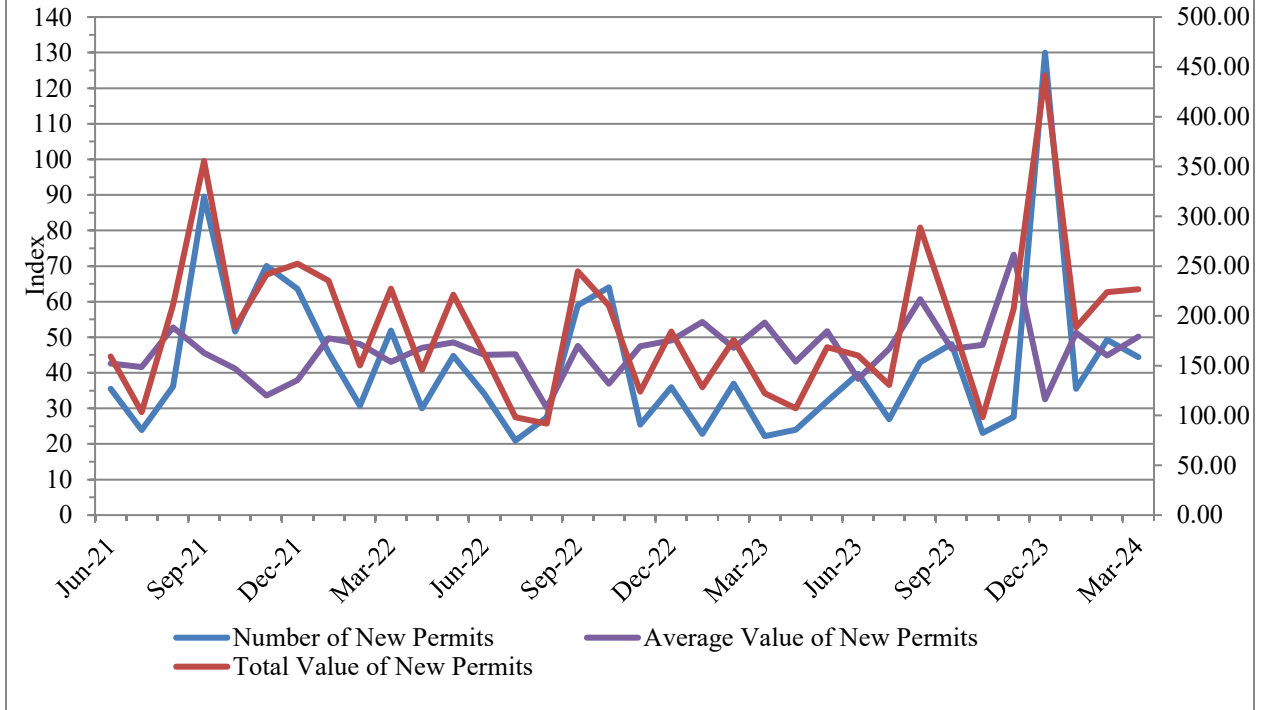
## Unemployment Rate



## 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) 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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