

# MICHIANA BUSINESS

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### 2<sup>nd</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 June 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 SECOND QUARTER OF 2019

U.S. Bureau of Labor Statistics data<sup>1</sup> during the second quarter of the year showed that the labor force shrank in both areas, -391 in the South Bend – Mishawaka MSA and -91 in the Elkhart – Goshen MSA, respectively. During the same period, payroll employment data showed an increase of 1,061 workers in South Bend – Mishawaka and 738 workers in Elkhart – Goshen. The number of unemployed declined by 1,191 in South Bend – Mishawaka and 829 in Elkhart – Goshen. The interplay of the above labor market dynamics in both areas contributed to the continuous decline of jobless rates during this quarter. The unemployment rate in the South Bend – Mishawaka metropolitan area, fell by 0.70 percentage point to a quarterly average of 3.33 percent by June 2019. Similarly, the jobless rate for the Elkhart – Goshen metropolitan area decreased from 3.43 percent in the first quarter to an average of 2.73 percent in the second quarter in 2019.

The employment data by industry<sup>2</sup> presented an encouraging picture in the South Bend – Mishawaka MSA. Total nonfarm employment in this region gained 2,567 jobs from the first quarter to a quarterly average of 146,000 jobs, showing a 1.79 percent increase in the second quarter of 2019. Job additions were observed in the following industries: natural resources, mining and construction (+767 jobs); manufacturing (+167 jobs); trade, transportation and utilities (+200 jobs); financial activities (+67 jobs); professional and business services (+467 jobs); leisure and hospitality (+1,133 jobs); and other services (+133 jobs). Employment declined in information (-67 jobs), private

educational and health services (-200 jobs), and government (-100 jobs).

The Elkhart – Goshen MSA experienced similar strong job growth in the second quarter of 2019. Total nonfarm employment in this region increased by 2,433 to an average of 143,967 jobs in the second quarter. Specifically, job increase was seen in natural resources, mining and construction (+467 jobs); manufacturing (+467 jobs); trade, transportation and utilities (+300 jobs); financial activities (+33 jobs); professional and business services (+533 jobs); private educational and health services (+67 jobs); and leisure and hospitality (+767 jobs). Government lost 200 jobs, whereas there was no change in information and other services.

## 2. REGIONAL ECONOMIC INDICATORS

As the table below shows, the average monthly total nonfarm employment index in South Bend – Mishawaka gained 0.41 point from the first quarter to an average of 137.05 in the second quarter. Manufacturing employment index of the area lost 0.16 point, and non-manufacturing employment index was up 0.40 point this quarter. Meanwhile, the index of industrial electricity usage increased 3.26 points during the same period, reaching a quarterly average of 101.26.

After an impressive surge in the first quarter, the index of the number of new permits issued for single-family housing was down 3.30 points to a quarterly average of 38.82 and the index of the total value of the new permits decreased 105.37 points to 127.68. As a result, the mean index of the average value of new permits was 17.63 points down from the last quarter and settled at 31.88.

Indiana Association of Realtors statistics<sup>3</sup> indicated that the closed sales of existing single-family homes climbed 1.5 percent in the second quarter of 2019 from a year ago. Meanwhile, the median sales price in the second quarter of 2019 was 10.7 percent higher than one year ago. The supply of homes in South Bend – Mishawaka, measured by the inventory of homes for sale, declined 1.1 percent in April, but increased 4.7 and

2.7 percent, respectively in May and June 2019, as compared to the same months in 2018.

The Elkhart – Goshen MSA's economic indicators showed mixed information during the second quarter of 2019. The average monthly nonfarm employment index lost 0.52 point to 157.23 in the second quarter of 2019. The quarterly average manufacturing employment index dropped 1.04 points to 144.61, whereas the quarterly average non-manufacturing employment index gained 0.87 point to 172.05. Meanwhile, the index of electricity usage increased 1.39 points to 70.57 in the second quarter of 2019.

In summary, the second quarter regional economic data indicated an improvement in the labor market conditions of the two metropolitan areas. The size of the labor force remained similar in both areas from the first quarter to the second quarter of 2019. Meanwhile, employment grew 0.80 and 0.65 percent, respectively, in the South Bend – Mishawaka and Elkhart – Goshen MSAs. The number of unemployed fell by 20.57 percent in South Bend-Mishawaka and by 20.51 percent in Elkhart – Goshen. Consequently, the quarterly average unemployment rate was down to 3.33 and 2.73 percent in South Bend – Mishawaka and Elkhart – Goshen, respectively.

The sectoral employment statistics in the South Bend – Mishawaka MSA also confirmed the strong growth in the second-quarter labor market. The total nonfarm employment added 2,567 jobs (+1.79 percent) in the second quarter of 2019, which overturned the job loss in the last quarter. Most of the sectors experienced job increases with leisure and hospitality, adding the most jobs (+1,133 jobs). Similarly, the total nonfarm employment in the Elkhart – Goshen MSA created 2,433 new jobs (+1.72 percent) in April – June. Furthermore, job increases were witnessed in seven out of ten sectors, where leisure and hospitality added the most jobs (+767 jobs). Moreover, the industrial electricity usage index was higher in the second quarter for both MSAs, indicating more manufacturing activities.

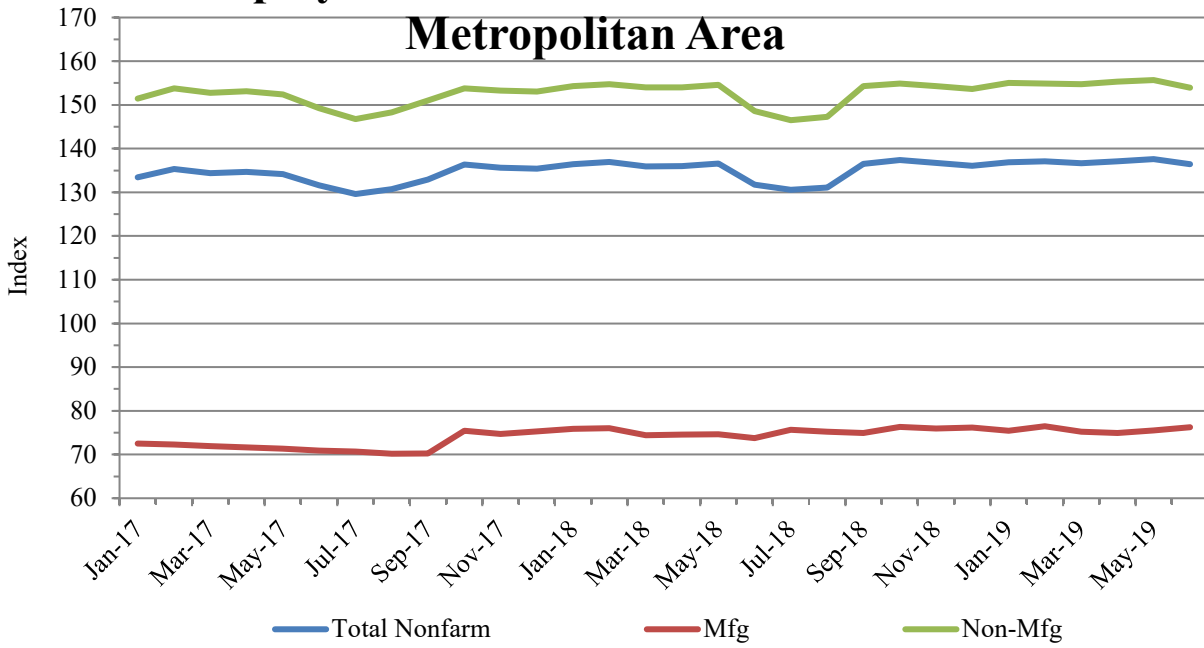
After substantial growth in the first quarter, the new housing construction in South Bend – Mishawaka was weaker in the second quarter of 2019. All three indicators went down, which showed fewer numbers of new permits issued for single-family homes, less total value of new permits and thus less average value

of a new permit. On the other hand, the median sales price of existing homes in April – June was \$149,450, up 10.7 percent from one year ago. This is a much more significant rise compared to the first-quarter change. Also, it is worth noting that the median sales price has reached a historical high since November 2012.

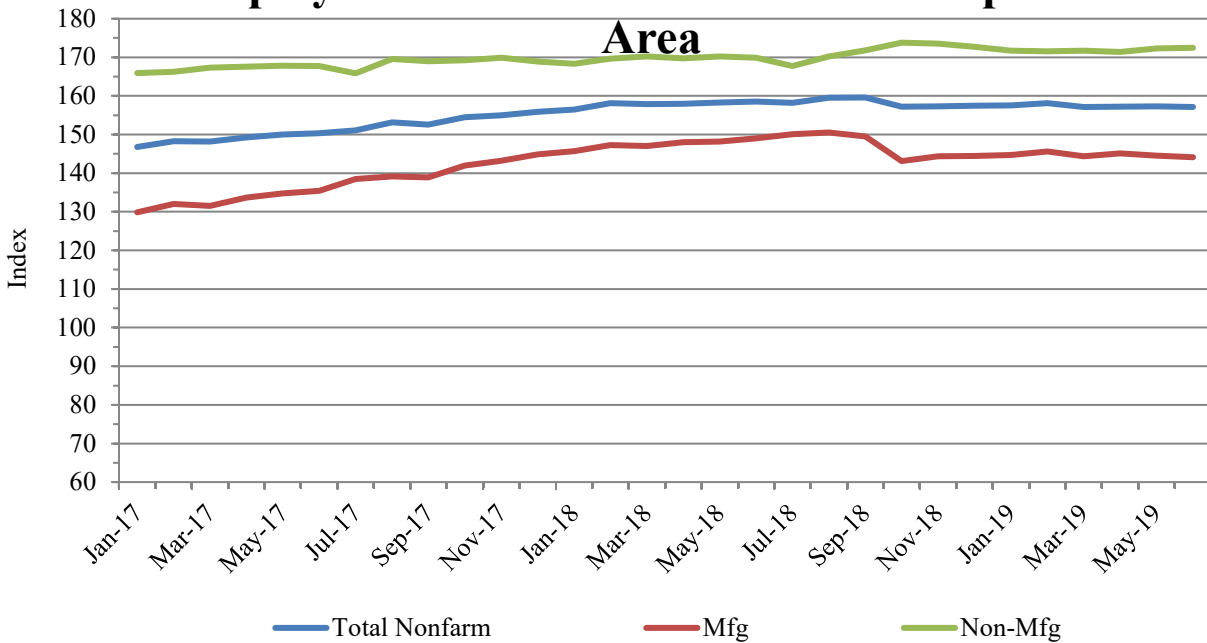
	2nd Quarter 2019				
	April	May	June	Monthly Average	
South Bend - Mishawaka	<b>Employment</b>				
	Total Nonfarm Employment	137.11	137.60	136.45	137.05
	Manufacturing Employment	74.96	75.50	76.28	75.58
	Non-manufacturing Employment	155.32	155.69	153.93	154.98
	Unemployment Rate	3.2	3.2	3.6	3.33
	Electricity Usage	105.23	98.20	100.34	101.26
	<b>Single Family Housing</b>				
	Number of New Permits	33.04	35.16	48.26	38.82
	Total Value of New Permits	118.30	108.53	156.21	127.68
	Average Value of a New Permit	34.66	30.28	30.71	31.88
Elkhart - Goshen	<b>Employment</b>				
	Total Nonfarm Employment	157.22	157.31	157.17	157.23
	Manufacturing Employment	145.15	144.53	144.15	144.61
	Non-manufacturing Employment	171.39	172.32	172.45	172.05
	Unemployment Rate	2.6	2.6	3.0	2.73
	Electricity Usage	58.56	85.49	67.65	70.57

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

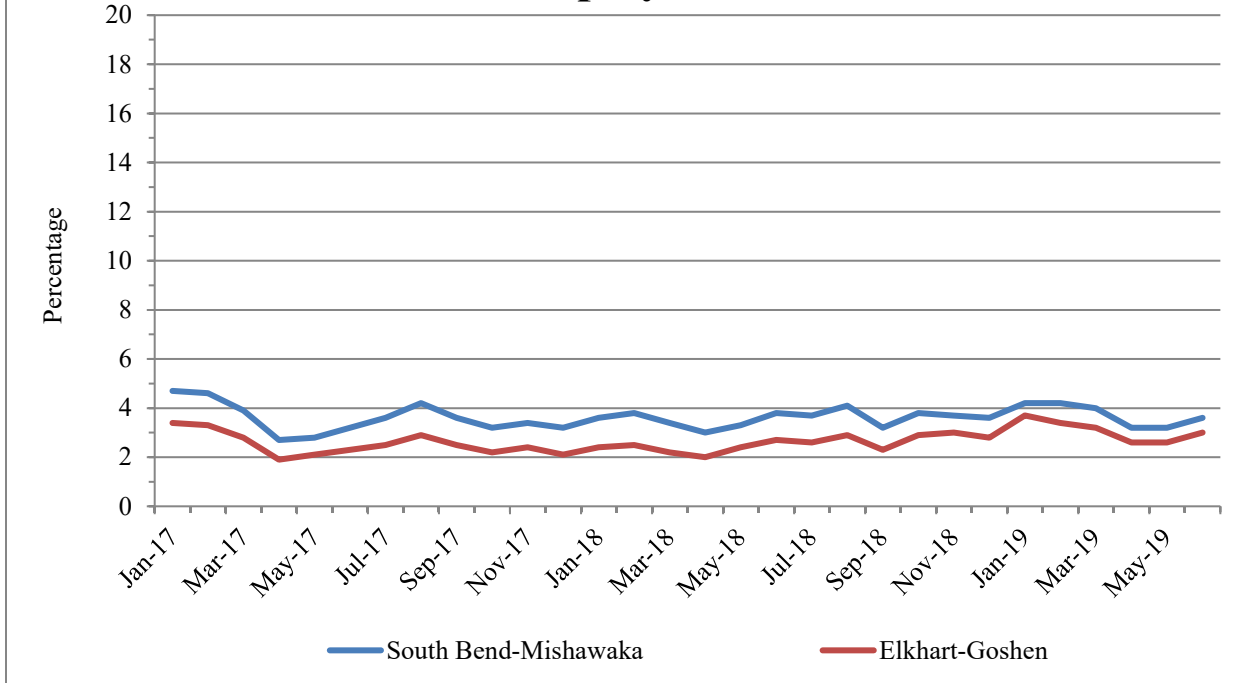
## Employment in South Bend–Mishawaka Metropolitan Area



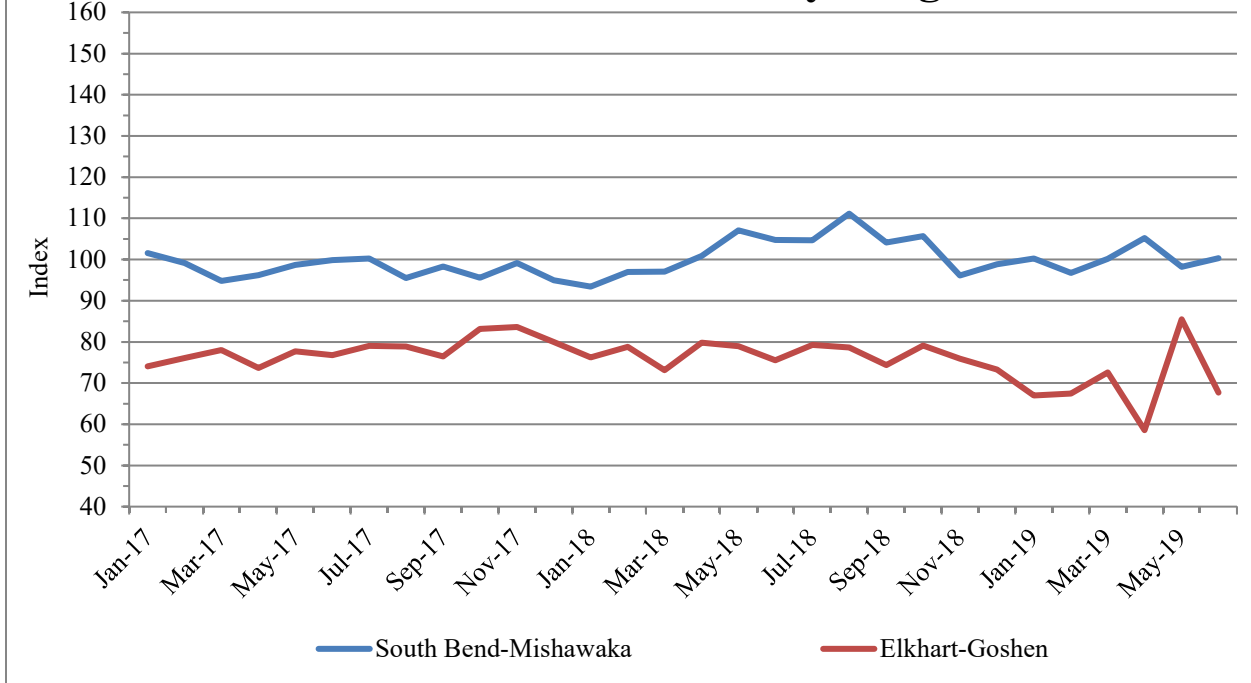
## Employment in Elkhart–Goshen Metropolitan Area



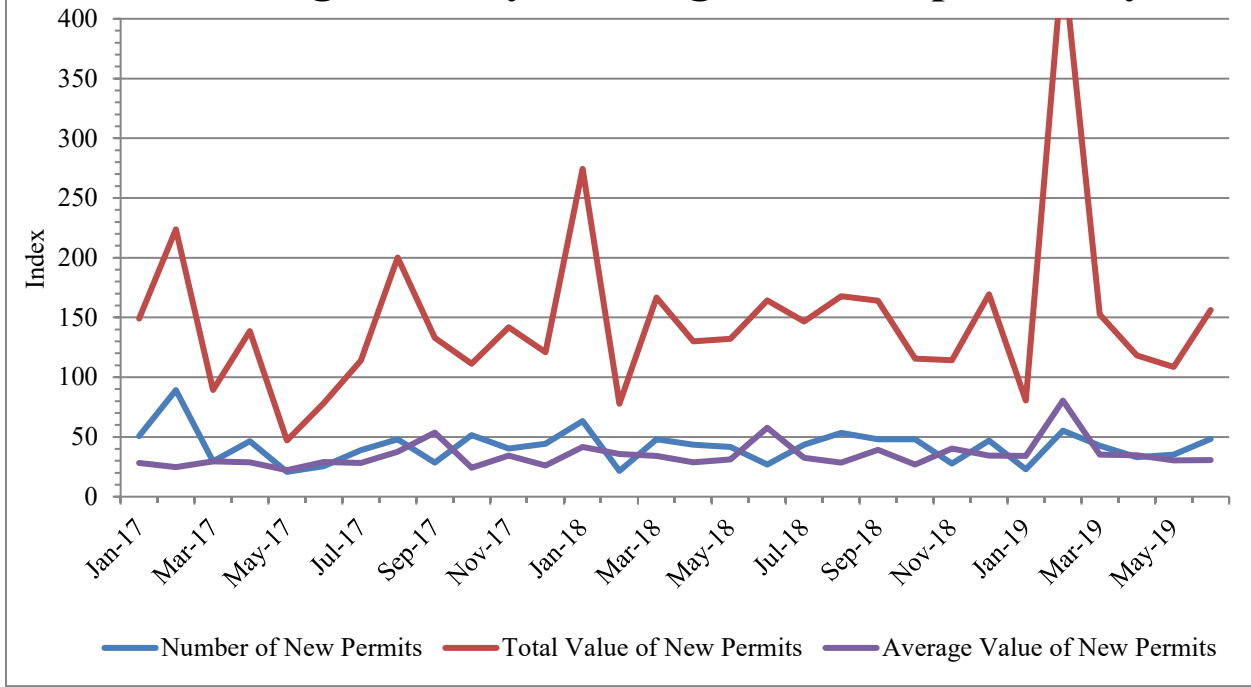
## Unemployment Rate



## 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>

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