

MICHIANA BUSINESS

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1st Quarter 2026 Summary

This issue presents an analysis of economic conditions in the South Bend-Mishawaka and Elkhart-Goshen metropolitan statistical areas (MSAs) as of March 2026, 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 2 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 FIRST QUARTER OF 2026

Data from the U.S. Bureau of Labor Statistics¹ show divergent labor market trends in the South Bend-Mishawaka and Elkhart-Goshen MSAs in the first quarter of 2026. In South Bend-Mishawaka, the labor force contracted by 1,514 individuals (-1.16%) from the previous quarter, while employment fell by 2,146 (-1.69%) and unemployment increased by 632 (+14.70%).² As a result, the unemployment rate rose by 0.50 percentage points, averaging 3.80% during the quarter. In contrast, the Elkhart-Goshen MSA experienced expansion in its labor force, which grew by 2,461 individuals (+2.55%), accompanied by an employment gain of 2,047 (+2.18%) and a rise of 414 in unemployment (+14.24%). The Elkhart-Goshen unemployment rate increased by 0.33 percentage points to 3.33%.

Industry-level employment data from the establishment survey³ show that total nonfarm payroll employment in the South Bend-Mishawaka MSA fell by 1,900 jobs (-1.36%) between the fourth quarter of 2025 and the first quarter of 2026, bringing the quarterly average to 137,633. Job losses were broad-based, with declines in trade, transportation, and utilities (-567 jobs); leisure and hospitality (-367 jobs); professional and business services (-367 jobs); private educational and health services (-300 jobs); financial activities (-100 jobs); natural resources, mining, and construction (-67 jobs); information (-67 jobs); government (-67); and other services (-67 jobs). Manufacturing posted a modest gain of 67 jobs.

In the Elkhart-Goshen MSA, total nonfarm payroll employment averaged 132,100 in the first quarter of 2026, a decline of 900 jobs (-0.68%) from the previous quarter. The decline was led by trade, transportation, and utilities (-333 jobs); leisure and hospitality (-233 jobs); professional and business services (-200 jobs); government (-167 jobs); financial activities (-67 jobs); natural resources, mining, and construction (-33 jobs); and private educational and health services (-33 jobs). Manufacturing defied the trend with a gain of 167 jobs, while information and other services were unchanged.

2. REGIONAL ECONOMIC INDICATORS

As shown in the table on the following pages, the monthly average total nonfarm employment index in the South Bend-Mishawaka MSA edged up by 0.49 points to 131.37 in the first quarter of 2026. The manufacturing employment index rose 0.29 points to 62.15, and the non-manufacturing employment index gained 0.87 points to 151.73. The industrial electricity usage index, however, fell sharply by 7.58 points to 74.57, reflecting markedly lower industrial demand during the quarter.

Residential construction activity weakened during the quarter. The seasonally adjusted index of new single-family building permits dropped by 31.16 points to 46.87, and the index measuring the total value of these permits fell by 73.44 points to 230.86. In contrast, the index of average permit value rose by 5.90 points to 45.13, indicating that fewer but higher-priced projects were being initiated.

The existing home market in the South Bend-Mishawaka MSA continued to favor sellers in the first quarter of 2026. Data from the Indiana Association of Realtors⁴ show that 554 single-family homes were sold between January and March 2026, a 5% decline from the same period in 2025. The median sale price for the quarter reached \$225,000, up 12% year over year, and homes sold faster, with an average of 14 days on market, 46% lower than a year earlier. Inventory remained tight: average daily inventory was down 17%, 18%, and 13%

year over year in January, February, and March 2026, respectively, while new listings totaled 769 for the quarter (-3% year over year).

In the Elkhart-Goshen MSA, the total nonfarm employment index rose by 0.78 points to 147.07 in the first quarter of 2026. The manufacturing employment index increased by 0.64 points to 126.04, while the non-manufacturing employment index was essentially unchanged, edging down 0.02 points to 171.10. The industrial electricity usage index declined by 3.13 points to 60.56, suggesting some moderation in industrial activity in the area.

3. SUMMARY

In summary, labor-market conditions diverged between the two MSAs in the first quarter of 2026. South Bend-Mishawaka's household survey data indicated declines in both the labor force and employment, resulting in a higher unemployment rate. In contrast, Elkhart-Goshen recorded growth in both the labor force and employment, indicating comparatively stronger labor-market activity. Although unemployment rates increased in both areas from the previous quarter, they remained lower than their levels one year earlier.

Establishment-survey data showed a pullback in payroll employment in both South Bend-Mishawaka and Elkhart-Goshen during the quarter. The declines were broad-based and included several cyclical sectors, such as natural resources, mining, and construction; trade, transportation, and utilities; and leisure and hospitality. These declines likely reflected normal seasonal patterns associated with winter weather conditions and post-holiday adjustments in retail-related activity.

A comparison with the first quarter of 2025 provides additional perspective on the region's underlying labor-market trends beyond the quarter-to-quarter fluctuations discussed above. South Bend-Mishawaka's labor force averaged 129,612, down 1.10% from 131,058 a year earlier, while employment edged down 0.36% to 124,680. The unemployment rate declined from 4.50% to 3.80% as

the number of unemployed individuals fell by 16.75%. In Elkhart-Goshen, the labor force increased by 0.98% to 99,106, while employment expanded by 1.94% to 95,784. The unemployment rate decreased from 4.23% to 3.33%, with unemployment declining by 20.62%.⁵ Establishment-survey data show that total nonfarm employment declined by 0.36% year over year in South Bend-Mishawaka but increased by 1.56% in Elkhart-Goshen.⁶

Overall, the year-over-year comparison suggests that labor-market conditions softened modestly in the South Bend-Mishawaka area while continuing to strengthen in the Elkhart-Goshen MSA. One notable development was the modest increase in manufacturing employment in both MSAs, as manufacturing employment had typically declined during the first quarters of 2023 through 2025. However, other indicators of industrial activity did not show comparable strength during the quarter.

According to the RV Industry Association,⁷ total RV shipments reached 86,051 units during the first three months of 2026, down 12.1% from 97,848 units during

the same period one year earlier. In addition, industrial electricity usage declined in both MSAs during the quarter. Because the recreational vehicle industry is a major driver of manufacturing activity in the Elkhart area, the declines in RV shipments and electricity usage do not appear consistent with the reported increase in manufacturing employment. This suggests that the improvement in manufacturing payrolls should be interpreted cautiously until supported by broader measures of industrial activity.

Outside the labor market, cold winter weather in Northern Indiana contributed to slower construction activity during the first quarter, as reflected in the decline in new single-family building permits. At the same time, inflationary pressures intensified in March amid rising geopolitical tensions in the Middle East, contributing to higher construction costs and higher average permit values. Meanwhile, limited housing supply combined with relatively strong demand, supported by a more accommodative monetary policy environment, continued to place upward pressure on home prices across the region.

1st Quarter 2026

January February March Monthly Average

Employment

Total Nonfarm Employment	131.04	131.77	131.29	131.37
Manufacturing Employment	61.98	62.19	62.29	62.15
Non-manufacturing Employment	151.46	152.17	151.57	151.73
Unemployment Rate	3.4	4.1	3.9	3.80
Electricity Usage	82.23	72.50	68.97	74.57

Single Family Housing

Number of New Permits	71.02	49.23	20.37	46.87
Total Value of New Permits	390.99	224.22	77.36	230.86
Average Value of a New Permit	53.12	44.91	37.35	45.13

Employment

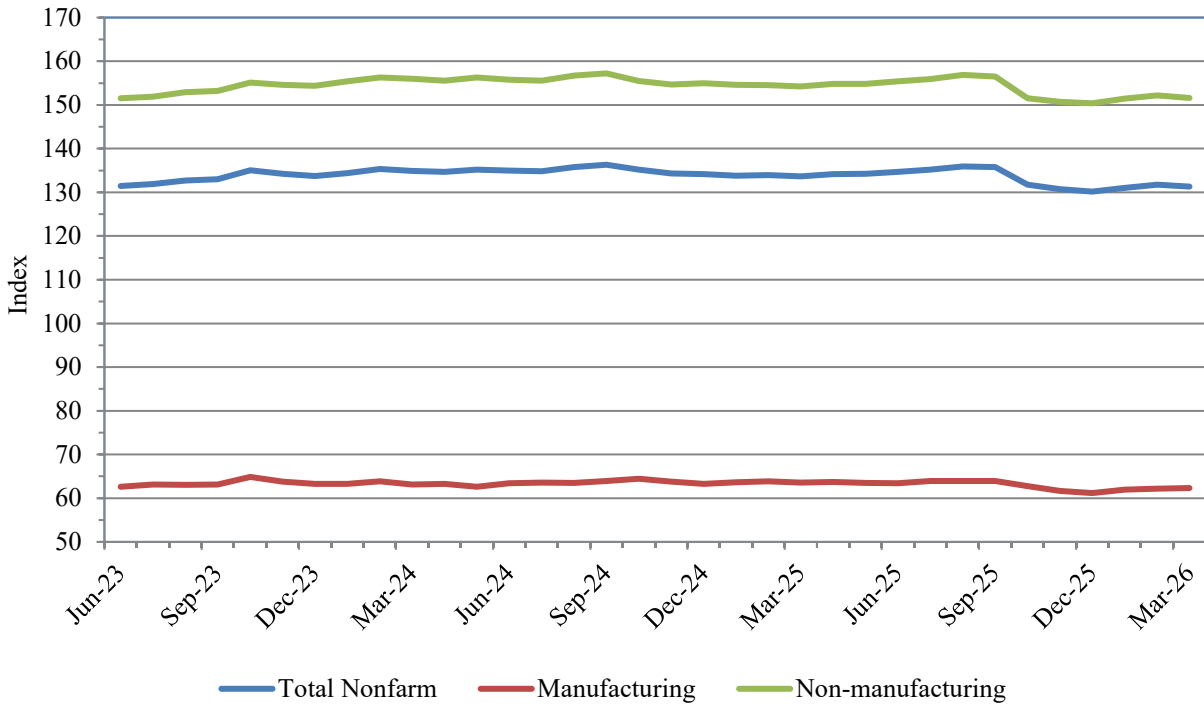
Total Nonfarm Employment	146.67	147.60	146.93	147.07
Manufacturing Employment	125.53	126.52	126.06	126.04
Non-manufacturing Employment	170.75	171.35	171.22	171.10
Unemployment Rate	2.9	3.6	3.5	3.33
Electricity Usage	58.96	61.97	60.74	60.56

South Bend - Mishawaka

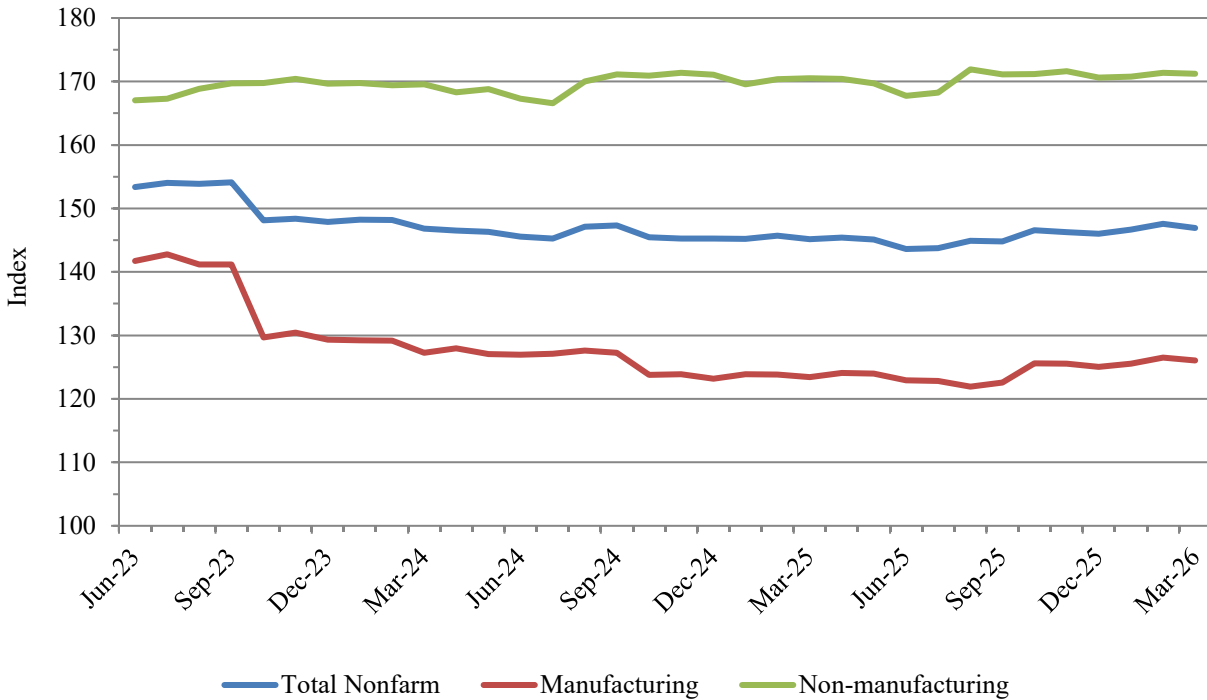
Elkhart - Goshen

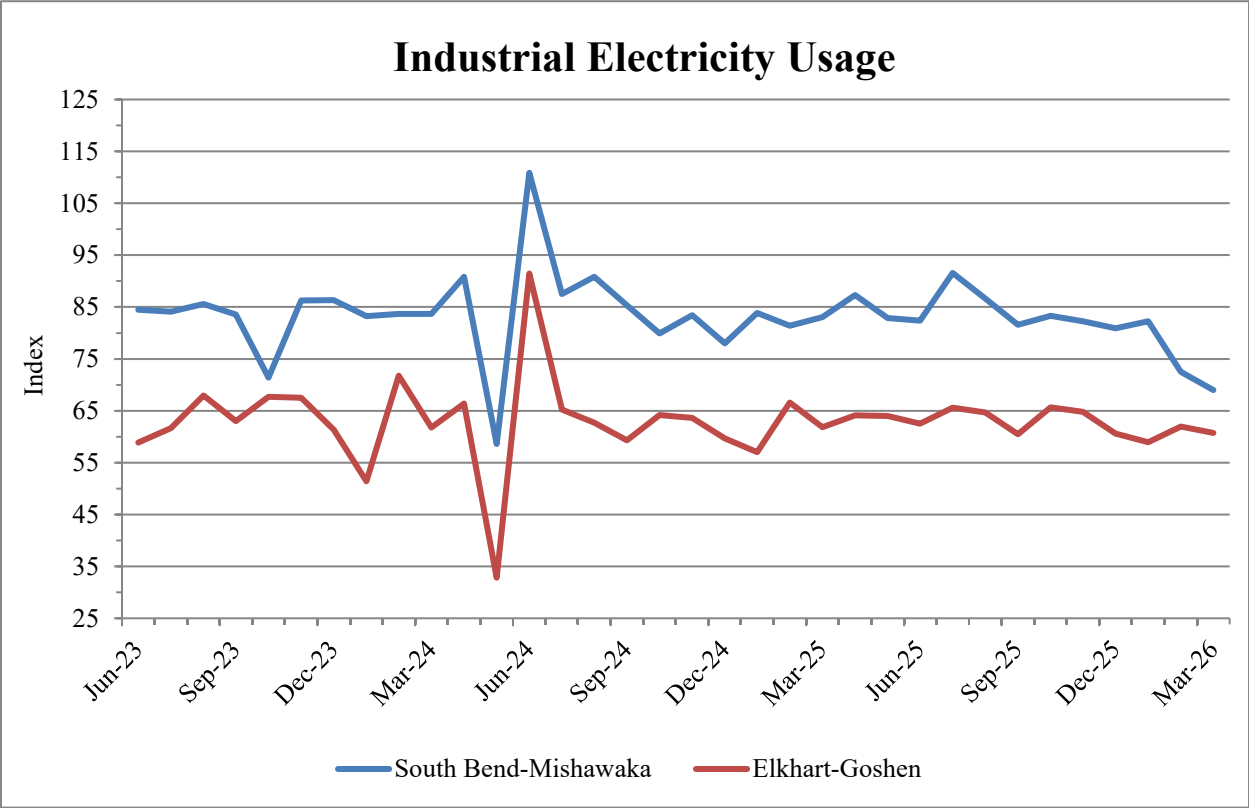
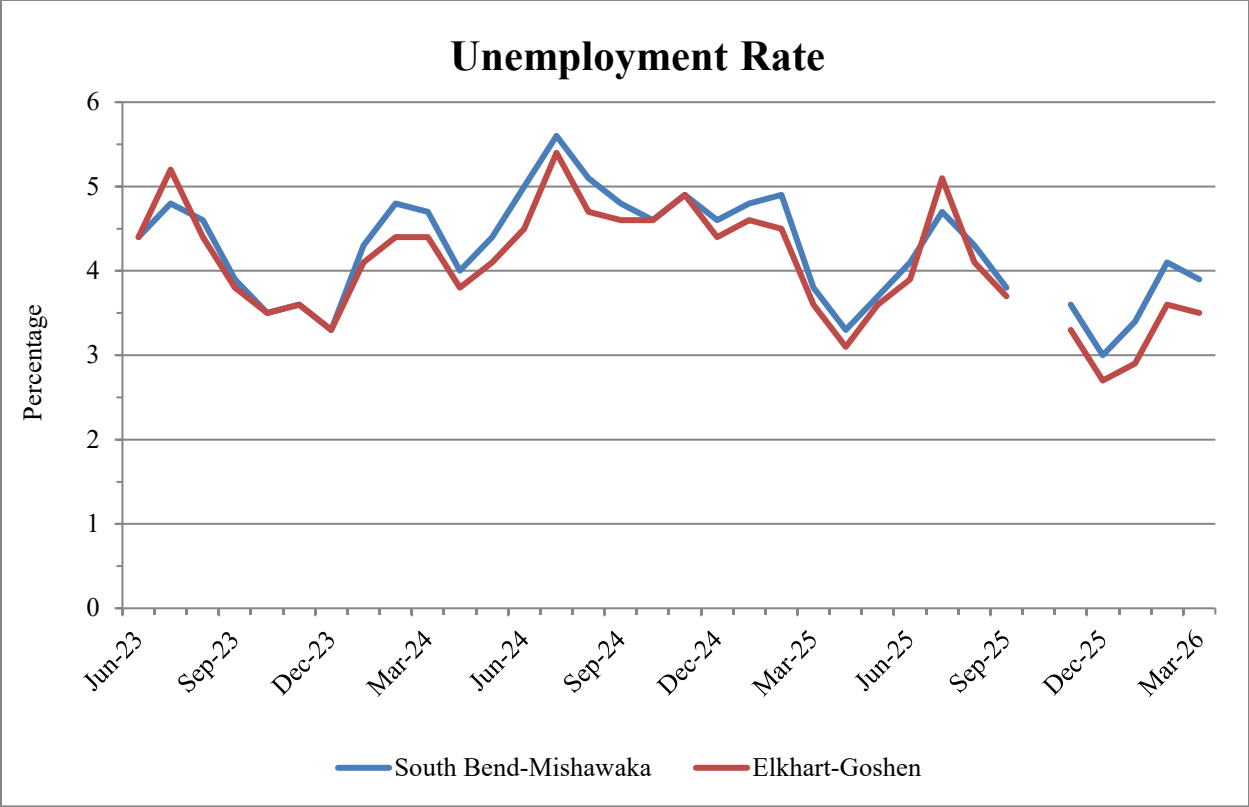
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.

Employment in the South Bend-Mishawaka MSA

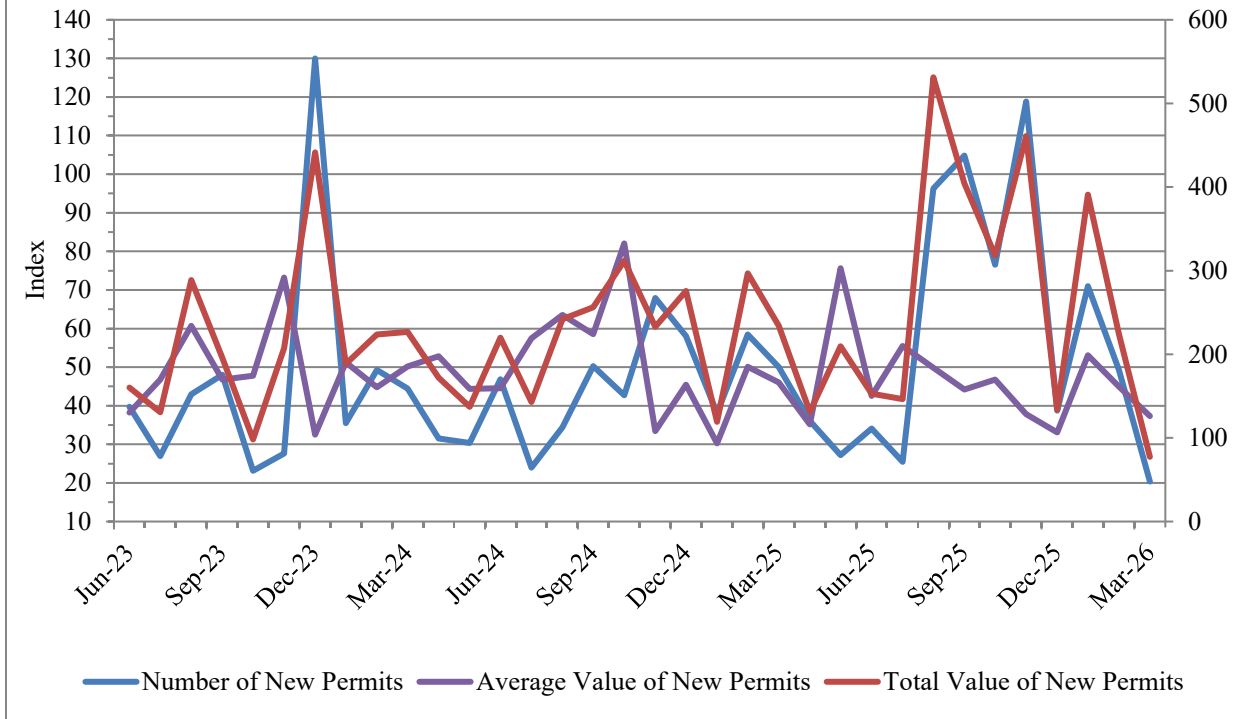


Employment in the Elkhart-Goshen MSA





Single-Family Housing in St. Joseph County



REFERENCES

- (1) Labor Force Estimates and Unemployment Rates, http://www.stats.indiana.edu/laus/laus_view3.html.
- (2) Because no household survey data were released for October 2025 (the federal government shutdown delayed publication), the fourth-quarter 2025 averages used in these comparisons reflect only November and December 2025.
- (3) Employment by industries: Monthly Current Employment Statistics (CES), http://www.stats.indiana.edu/ces/ces_naics/.
- (4) Indiana Housing Market Update, <https://indianarealtors.com/research/housing-data/>.
- (5) The 2025 first-quarter averages were 131,058 (labor force), 125,134 (employment), and 5,924 (unemployment) for South Bend-Mishawaka and 98,146, 93,961, and 4,185, respectively, for Elkhart-Goshen.
- (6) South Bend-Mishawaka's monthly average total nonfarm employment was 137,633 in the first quarter of 2026 versus 138,133 in the first quarter of 2025. Elkhart-Goshen's averaged 132,100 in the first quarter of 2026 versus 130,067 in the first quarter of 2025.
- (7) RV Industry Association, March 2026, Monthly Shipment Report. <https://www.rvia.org/news-insights/august-shipment-report-now-available>, retrieved on May 8, 2026.

Bureau of Business and Economic Research

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