

MICHIANA BUSINESS

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2nd Quarter 2025 Summary

This issue presents an analysis of economic conditions in the South Bend-Mishawaka and Elkhart-Goshen metropolitan statistical areas (MSAs) as of June 2025, 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 SECOND QUARTER OF 2025

Recent data from the U.S. Bureau of Labor Statistics¹ shows encouraging labor force and employment growth in the South Bend-Mishawaka and Elkhart-Goshen metropolitan statistical areas (MSAs) during the second quarter of 2025. South Bend-Mishawaka expanded its labor force by 1,849 individuals, while Elkhart-Goshen added 1,064. Both regions also saw notable job gains—South Bend-Mishawaka added 2,867 jobs, and Elkhart-Goshen gained 1,732. As a result, unemployment rates dropped in both MSAs: South Bend-Mishawaka's rate fell by 0.80 percentage points to 3.70%, and Elkhart-Goshen's declined by 0.70 percentage points to 3.53%.

The South Bend-Mishawaka MSA saw total nonfarm employment² rise by 3,100 jobs—a 2.21% increase. The leisure and hospitality sector led the way with a 5.79% gain (+867 jobs), followed closely by professional and business services, which grew 4.97% (+633 jobs). Additional job growth occurred across several sectors: natural resources, mining, and construction (+500); private educational and health services (+400); trade, transportation, and utilities (+200); government (+200); manufacturing (+133); financial activities (+67); and other services (+100). Employment in the information sector remained unchanged.

In Elkhart-Goshen, nonfarm employment grew by 1,933 jobs, a 1.48% increase over the quarter. Professional and business services and leisure and hospitality both posted strong gains of 7.77% and 5.59%, respectively, each adding 533 jobs.

Other sectors also saw moderate increases: manufacturing (+500), natural resources, mining, and construction (+367), private educational and health services (+133), financial activities (+100), and other services (+33). Meanwhile, the government sector contracted by 267 jobs, and employment in both the information and trade, transportation, and utilities sectors remained unchanged.

2. REGIONAL ECONOMIC INDICATORS

During the second quarter of 2025, the total nonfarm employment index in the South Bend-Mishawaka MSA rose by 0.70 points, reaching an average of 134.52. Within this overall increase, the manufacturing employment index edged down by 0.16 points to 63.54, while the non-manufacturing employment index climbed by 0.77 points to 155.22. Industrial activity also saw an uptick, with the metropolitan area's index of industrial electricity usage increasing by 1.41 points to 84.19.

The number of new single-family housing permits declined significantly in the second quarter. The building permit index averaged 32.43, down 16.41 points from the previous quarter. Likewise, the index tracking the total value of these new permits dropped sharply by 52.36 points to an average of 164.43. In contrast, the average value per permit increased, rising 8.99 points to 51.12 from the first quarter of 2025.

According to data from the Indiana Association of Realtors,³ existing home sales in South Bend-Mishawaka were robust in the second quarter. A total of 874 single-family homes were sold between April and June 2025—up 50.2% from the first quarter and nearly matching sales levels from the same period in 2024. The median sales price rose 9.0% year-over-year to \$220,542. Additionally, housing inventory increased significantly compared to the previous year, with gains of 24.0%, 19.0%, and 17.0% in April, May, and June, respectively.

In the Elkhart-Goshen MSA, the total nonfarm employment index averaged 144.71 in the second

quarter of 2025, reflecting a decline of 0.65 points from the previous quarter. The manufacturing employment index dipped slightly by 0.04 points to 123.67, while the non-manufacturing index fell more notably by 0.83 points to 169.31. On a more positive note, the region's industrial electricity usage index rose by 1.74 points, reaching 63.56 for the quarter.

3. SUMMARY

In summary, labor market conditions in the South Bend-Mishawaka and Elkhart-Goshen MSAs showed clear improvement in the second quarter of 2025 compared to the previous quarter. Both household and establishment survey data confirm that labor force participation and employment increased during this period. Nonfarm employment rose in both MSAs, signaling broad-based job growth across sectors.

A year-over-year comparison reinforces this positive trend. In the South Bend-Mishawaka MSA, the average labor force reached 132,907—up 2.36% from the second quarter of 2024—while employment increased by 3.44% to 128,001. In the Elkhart-Goshen MSA, labor force and employment grew by 0.79% and 2.04%, respectively, over the same period.

Unemployment rates declined notably in the second quarter of 2025. South Bend-Mishawaka recorded an average unemployment rate of 3.70%, while Elkhart-Goshen posted a slightly lower rate of 3.53%. These figures mark significant improvements from both the previous quarter and the same period in 2024, when unemployment averaged 4.63% and 4.73% in South Bend-Mishawaka and Elkhart-Goshen, respectively.

These gains reflect the resilience of the regional labor market, as well as the effects of easing monetary policy. After reaching a peak federal funds rate of 5.25%–5.50% in mid-2024, the Federal Reserve implemented three rate cuts, reducing the rate to 4.25%–4.50% by December 2024. Lower borrowing costs have supported increased consumer spending and business investment.

Wage trends remained relatively stable in Elkhart-Goshen, where average hourly earnings in the private sector edged down by 0.3% from the first quarter to \$31.75 in the second quarter of 2025, though they remained 0.36% higher than a year earlier. South Bend-Mishawaka, by contrast, experienced stronger wage growth: average hourly earnings rose 2.56% from the previous quarter and 10.3% year-over-year, reaching \$31.61 in the second quarter.

The housing market continued to grapple with affordability challenges in the second quarter of 2025, driven by elevated home prices and high mortgage rates. In South Bend-Mishawaka, the average sales price of existing homes reached a historic high of \$220,542. Meanwhile, the average value of new single-family building permits surged to \$468,279—up 17.2% from the first quarter and 5.4% compared to a year earlier.

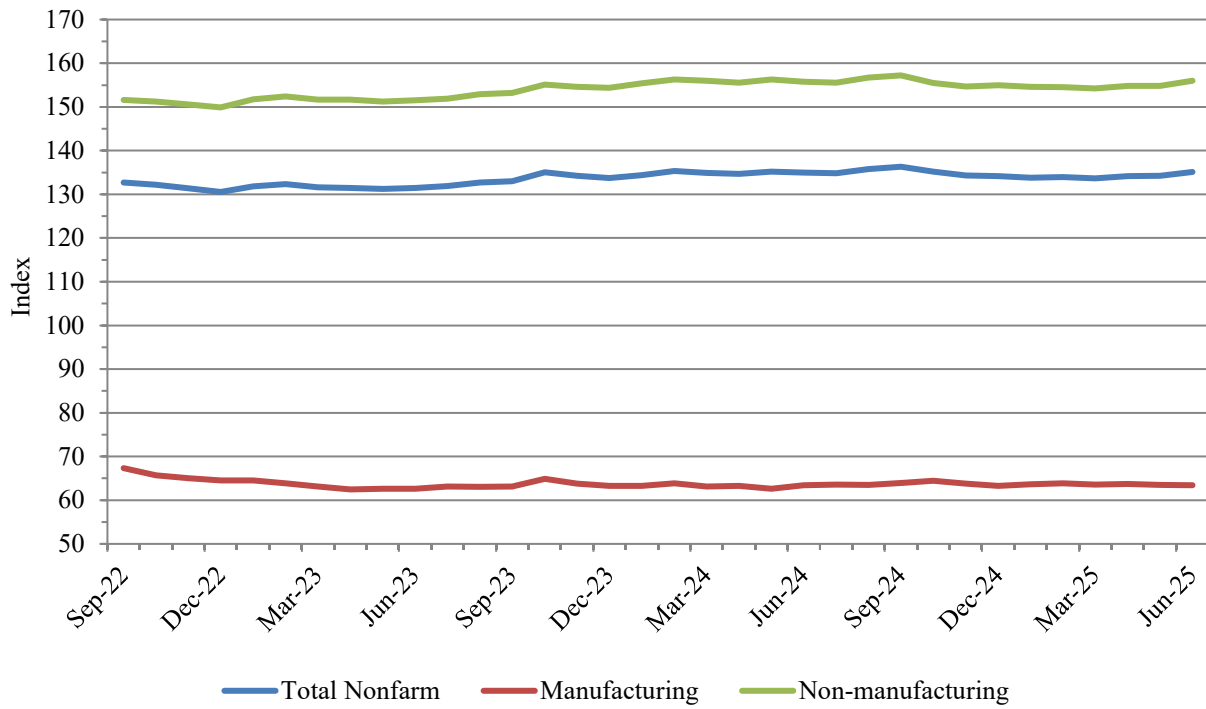
Moreover, persistently high mortgage rates—ranging from 6.62% to 6.89%—combined with rising prices have strained buyers' purchasing power. The average number of new single-family building permits issued was 21.7, representing a 6.9% increase from the previous quarter but a 10.7% decline from the same period in 2024. This figure is nearly identical to the 21.3 permits issued in the second quarter of 2023.

While the total number of closed sales remained relatively stable year-over-year, homes are taking longer to sell. The average days on market rose to 12—an 85% increase from a year earlier. If high home prices and elevated interest rates persist, the regional housing market may continue to face headwinds in the coming months.

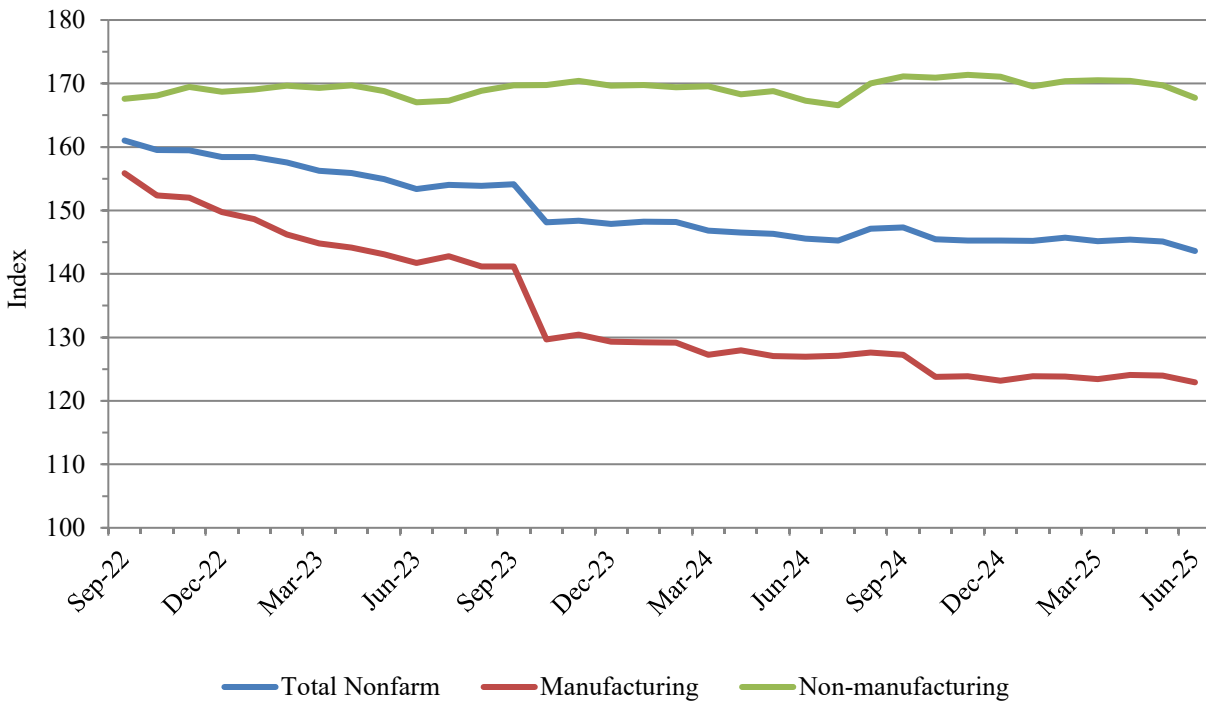
	2nd Quarter 2025				
	April	May	June	Monthly Average	
South Bend - Mishawaka	Employment				
	Total Nonfarm Employment	134.19	134.23	135.14	134.52
	Manufacturing Employment	63.71	63.47	63.43	63.54
	Non-manufacturing Employment	154.83	154.84	155.98	155.22
	Unemployment Rate	3.3	3.7	4.1	3.70
	Electricity Usage	87.30	82.86	82.40	84.19
	Single Family Housing				
	Number of New Permits	36.05	27.17	34.06	32.43
	Total Value of New Permits	131.01	209.44	152.84	164.43
	Average Value of a New Permit	35.18	75.62	42.57	51.12
Elkhart - Goshen	Employment				
	Total Nonfarm Employment	145.43	145.10	143.61	144.71
	Manufacturing Employment	124.10	124.00	122.92	123.67
	Non-manufacturing Employment	170.43	169.73	167.76	169.31
	Unemployment Rate	3.1	3.6	3.9	3.53
	Electricity Usage	64.14	64.01	62.53	63.56

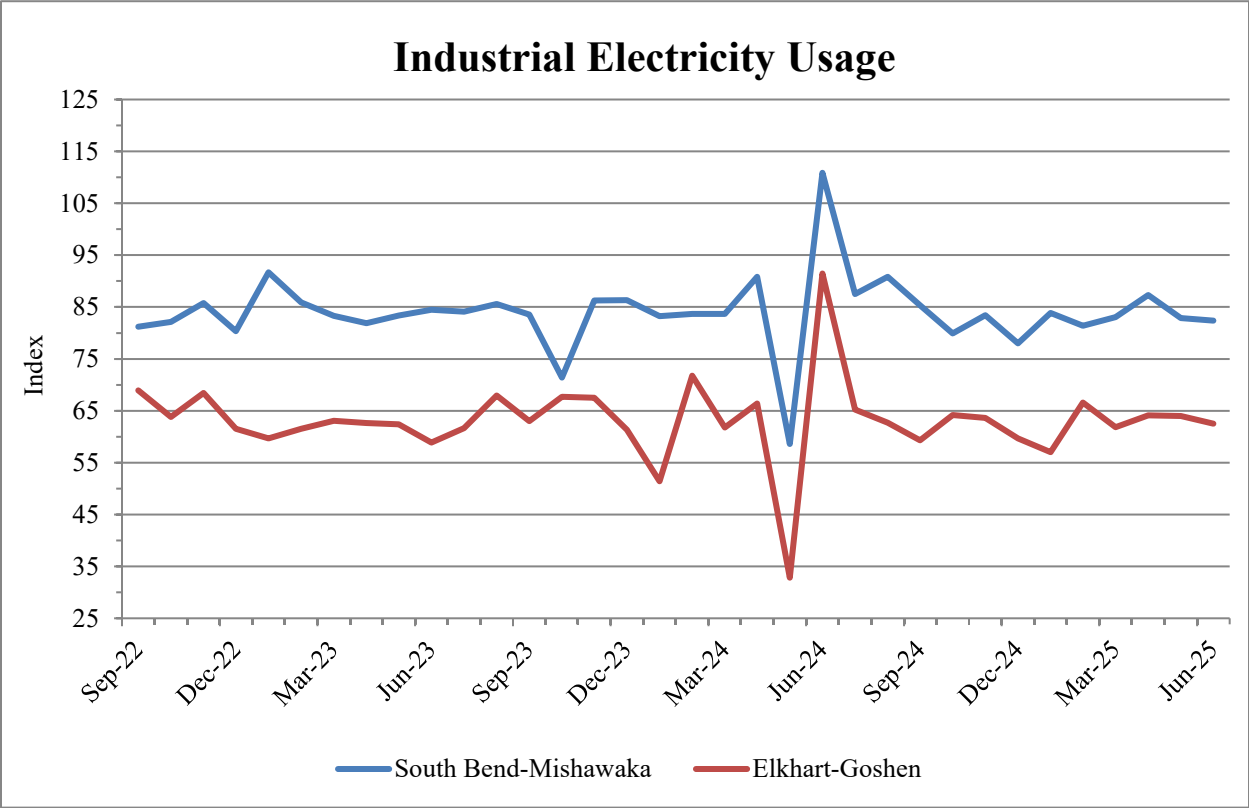
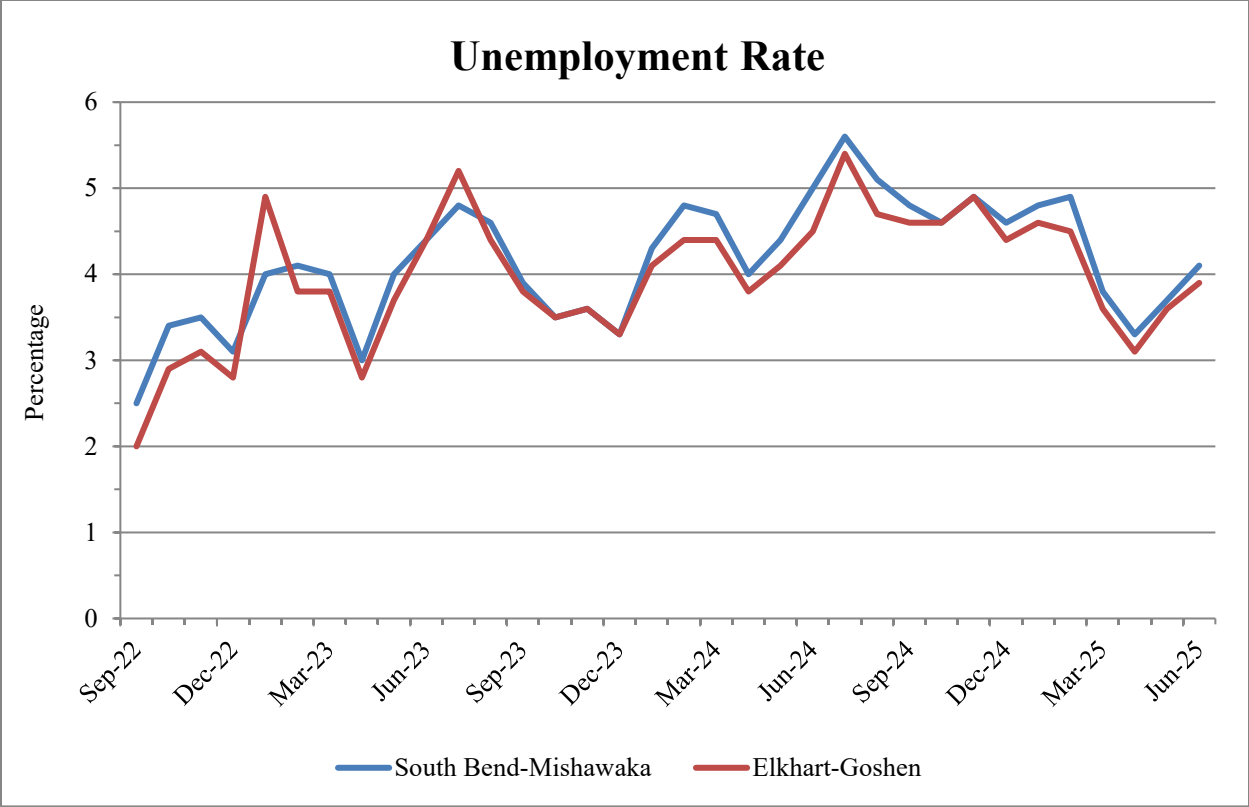
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.

Employment in the South Bend-Mishawaka MSA

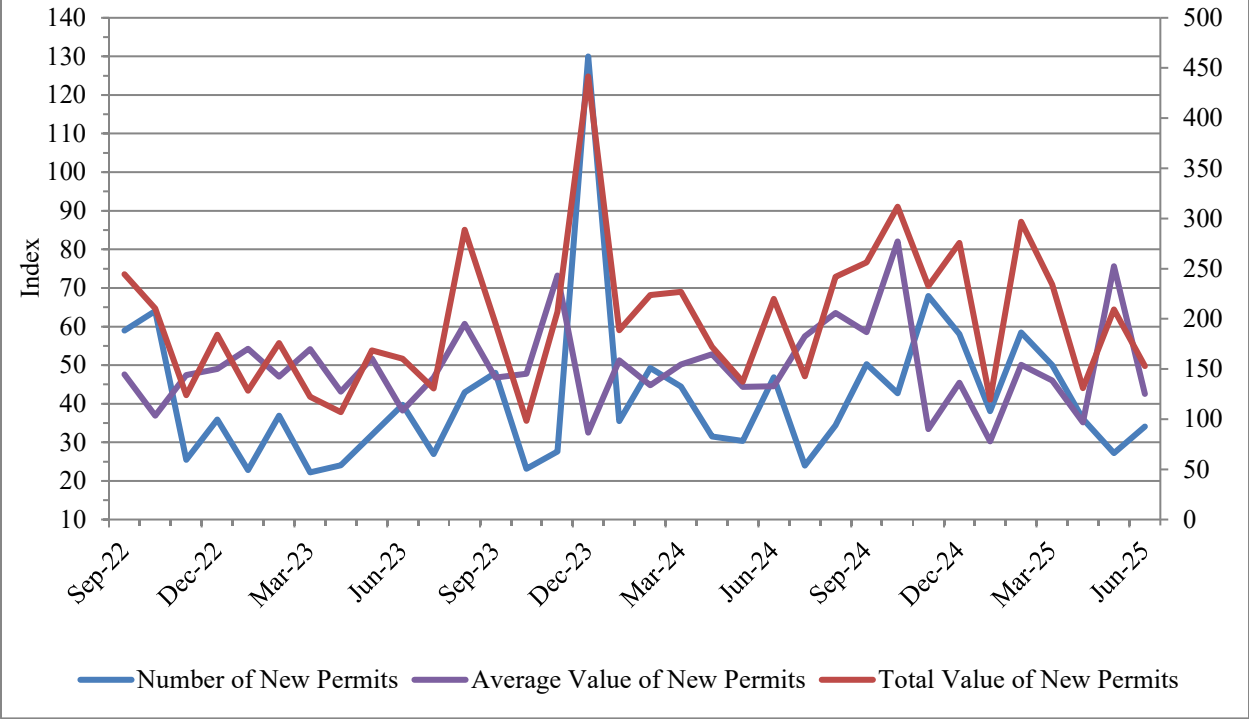


Employment in the Elkhart-Goshen MSA





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) Employment by industries: Monthly Current Employment Statistics (CES)
http://www.stats.indiana.edu/ces/ces_naics/.
- (3) Indiana Real Estate Market Reports: <https://indianarealtors.com/consumers/housing-hub/>

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