

# MICHIANA BUSINESS

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### 3<sup>rd</sup> Quarter 2024 Summary

This issue presents an analysis of economic conditions in the South Bend-Mishawaka and Elkhart-Goshen metropolitan statistical areas (MSAs) as of September 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. Indicators in section II 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 THIRD QUARTER OF 2024

According to the U.S. Bureau of Labor Statistics<sup>1</sup>, the South Bend-Mishawaka MSA experienced growth in both its labor force and employment during the third quarter of 2024, with increases of 1,119 people (+0.85%) and 135 people (+0.11%), respectively. However, the number of unemployed individuals rose by 983 (+16.67%). In the Elkhart-Goshen MSA, the labor force and employment also grew, increasing by 1,233 people (+1.15%) and 388 people (+0.38%), respectively, while unemployment rose by 845 (+18.89%). As a result, both areas saw a rise in their jobless rates. The average unemployment rate in the South Bend-Mishawaka MSA for July-September 2024 was 5.17%, up 0.70 percentage points from the previous quarter. In the Elkhart-Goshen MSA, the quarterly unemployment rate reached 4.90%, a 0.77 percentage point increase from the second quarter.

Nonfarm payroll employment in the South Bend-Mishawaka MSA decreased by 500 jobs (-0.35%) in the third quarter.<sup>2</sup> Industry-specific employment data showed gains in natural resources, mining, and construction (+167 jobs); trade, transportation, and utilities (+33 jobs); financial activities (+33 jobs); professional and business services (+167 jobs); leisure and hospitality (+267 jobs); and other services (+33 jobs). However, employment losses were noted in manufacturing (-33 jobs), private educational and health services (-67 jobs), and government (-1,100 jobs). Employment in the information sector remained unchanged.

In the Elkhart-Goshen MSA, total nonfarm employment declined by 100 jobs (-0.07%) from July through September 2024. Job losses occurred in manufacturing (-167 jobs) and government (-433 jobs). Employment increased across several sectors: natural resources, mining, and construction (+67 jobs); trade, transportation, and utilities (+67 jobs); financial activities (+33 jobs); professional and business services (+167 jobs); private educational and health services (+67 jobs); and leisure and hospitality (+100 jobs). The information and other services sectors saw no change in employment.

## 2. REGIONAL ECONOMIC INDICATORS

As shown in the table below, the average monthly total nonfarm employment index in South Bend-Mishawaka reached 135.57 in the third quarter of 2024, an increase of 0.65 points from the previous quarter. Specifically, the manufacturing employment index in the area rose by 0.41 points to 63.53, while the non-manufacturing employment index increased by 0.60 points to 156.47. Additionally, the index of industrial electricity usage in South Bend-Mishawaka climbed by 1.13 points to 87.90 during this period.

The average index of new building permits for single-family homes was 36.19, remaining nearly unchanged from the second quarter of 2024. However, the index of the total value of these permits saw a substantial rise, increasing by 37.32 points to a quarterly average of 213.73. The seasonally adjusted index of the average permit value also rose, up 12.64 points to reach a quarterly average of 59.88.

Data from the Indiana Association of Realtors<sup>3</sup> indicated that new listings and closed sales of existing single-family homes both rose by 10.0% year-over-year in the July-September 2024 period. The median sales price increased by 7.0%, reaching \$223,000 in the third quarter of 2024. Additionally, housing supply in the South Bend-Mishawaka MSA improved, with the monthly inventory supply rising year-over-year by

18.0%, 19.0%, and 7.0% in July, August, and September, respectively.

In the third quarter of 2024, the Elkhart-Goshen metro area experienced a 0.36-point increase in its seasonally adjusted index of monthly nonfarm employment, reaching 146.49. Within this area, the monthly average manufacturing employment index decreased slightly by 0.15 points to 127.18, while the non-manufacturing employment index rose by 1.12 points to 169.24. Furthermore, the average index of electricity usage in the Elkhart-Goshen area decreased by 0.56 points to 63.00.

Overall, the labor market in the South Bend-Mishawaka and Elkhart-Goshen MSAs showed signs of loosening in the third quarter of 2024, largely under the influence of contractionary monetary policy. The labor force in both areas expanded in July-September; however, employment gains lagged behind labor force growth, leading to a rise in unemployment rates. In the South Bend-Mishawaka MSA, unemployment reached its highest level since the first quarter of 2016,<sup>4</sup> while the Elkhart-Goshen MSA saw its highest rate since the third quarter of 2014.<sup>5</sup> These trends suggest a cooling in the labor market, where labor supply outpaces demand as businesses and consumers respond to tighter financial conditions.

As discussed in Section 1, total nonfarm employment remained relatively stable quarter-over-quarter but exhibited year-over-year growth,<sup>6</sup> indicating some resilience despite the economic headwinds. Job losses were concentrated in manufacturing and government sectors, while service-related industries, including leisure, hospitality, and professional services, showed notable job additions. The stability in nonfarm employment, combined with the shift away from goods-producing sectors, points to a rebalancing toward services as consumer spending adapts to the broader economic climate.

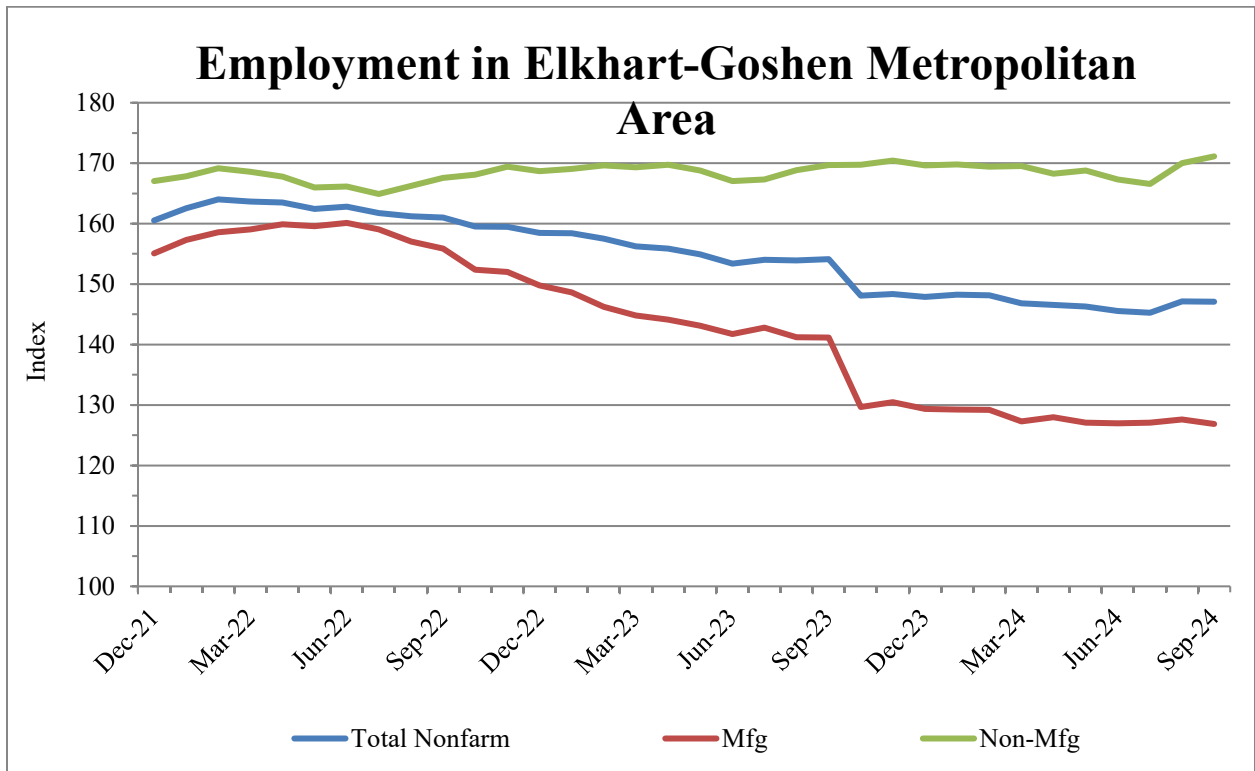
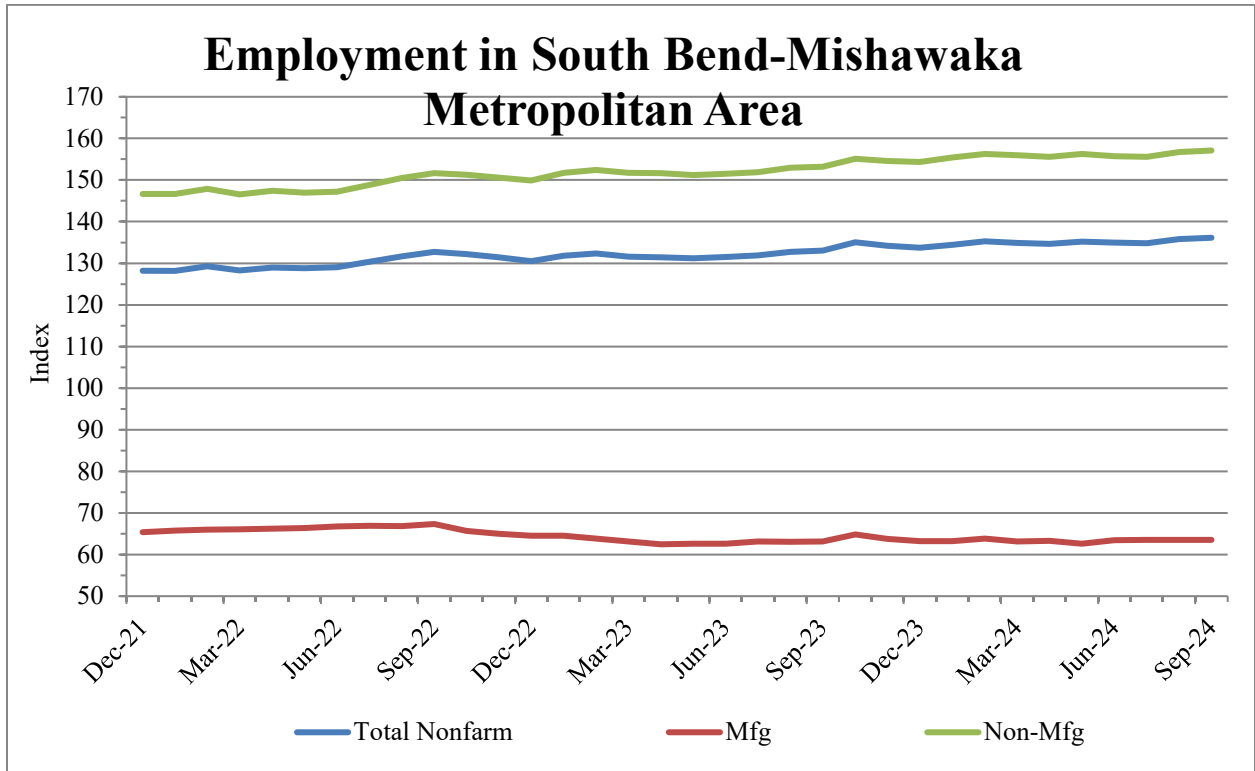
The housing market presented a mixed picture in the third quarter of 2024. The number of new single-family

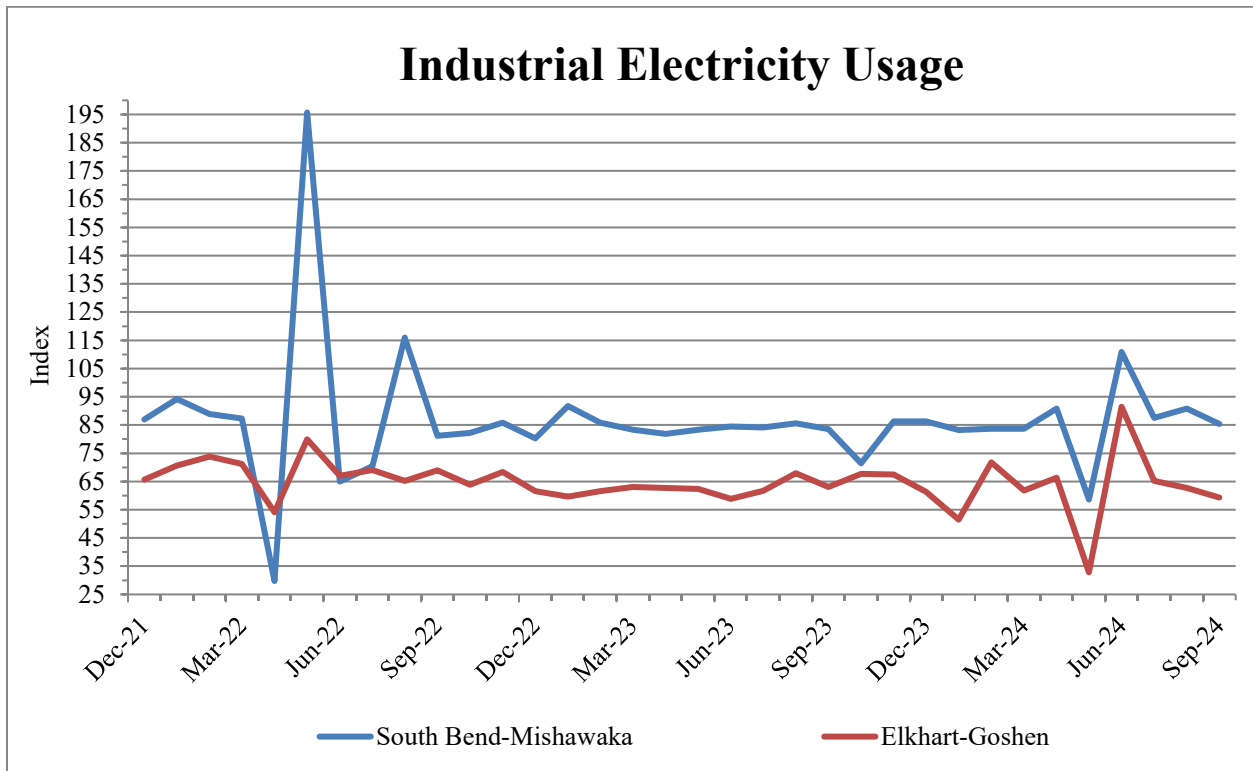
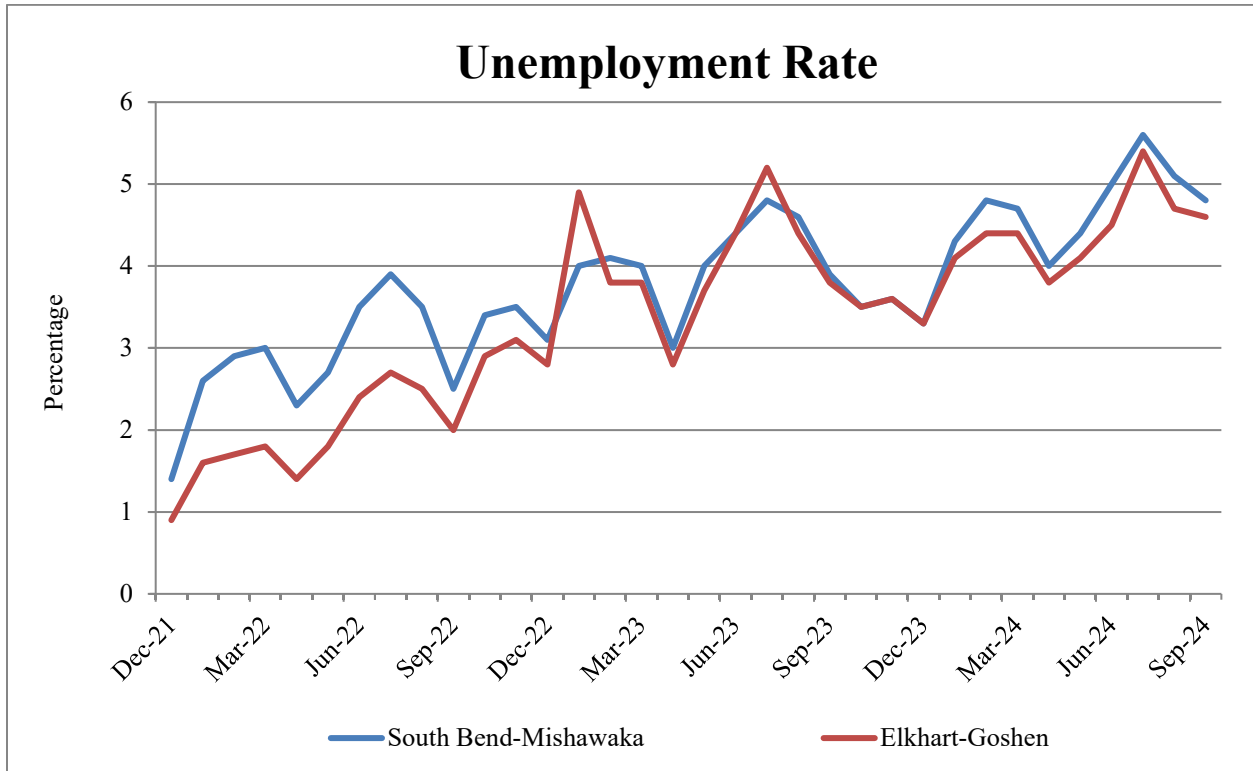
home constructions fell compared to 2023 levels, yet listings of existing homes and closed sales rose year-over-year.<sup>7</sup> Additionally, the median housing price continued to increase both quarterly and annually,<sup>8</sup> signaling sustained demand despite elevated housing costs and higher mortgage rates. This persistent demand in the existing home market, despite affordability challenges, suggests that buyers remain active, potentially due to limited housing supply and strong economic fundamentals in the region.

A noteworthy trend was the decline in manufacturing employment in the Elkhart-Goshen area, especially given its high in 2022 (76,700 jobs). This decrease has been closely linked to weakened demand in the RV

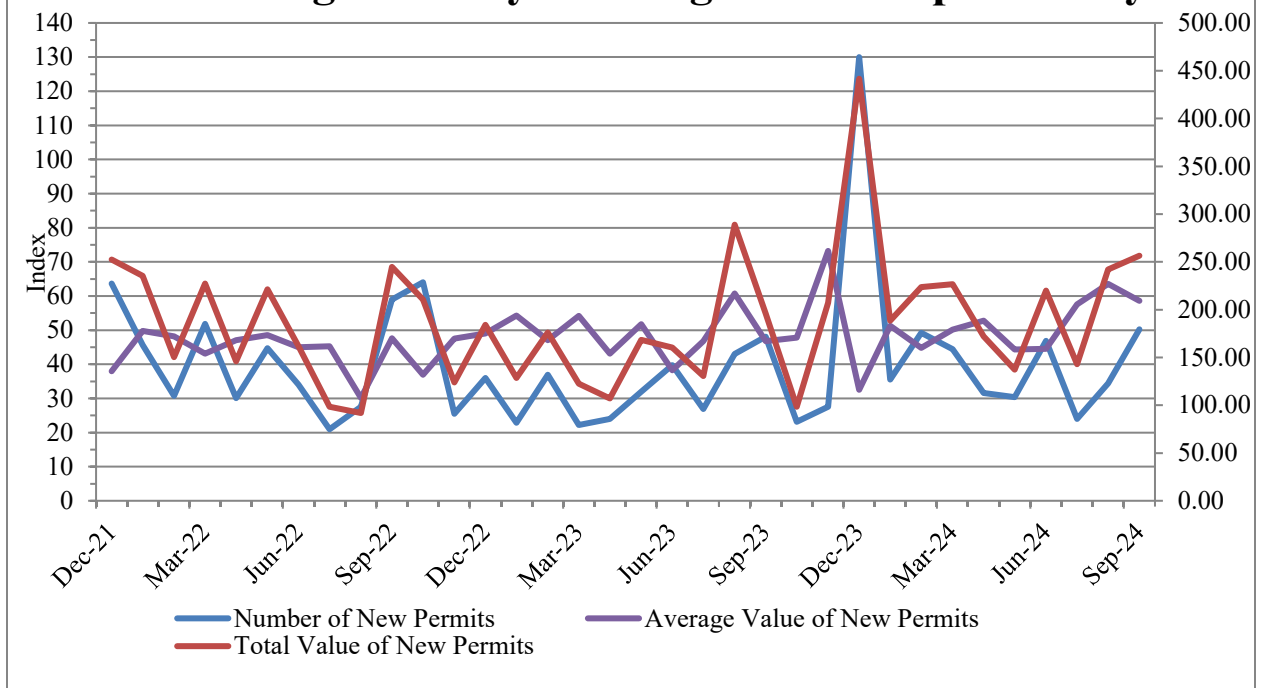
industry, the backbone of the area's manufacturing sector. According to the RV Industry Association,<sup>9</sup> total RV shipments in 2023 dropped to 313,174 units, the lowest since 2013, driven by high prices and expensive financing options. While cumulative RV shipments reached 256,412 in the first nine months of 2024 (a 7.7% increase over the previous year), the demand remains below pandemic levels, with projections suggesting a return to around mid-300,000 units in 2025. The Federal Reserve's recent 50-basis-point interest rate cut on September 18, 2024, could spur recovery in the manufacturing sector, potentially boosting employment in the Elkhart-Goshen MSA in the coming months.

		3rd Quarter 2024			
		July	August	September	Monthly Average
South Bend - Mishawaka	<b>Employment</b>				
	Total Nonfarm Employment	134.83	135.77	136.13	135.57
	Manufacturing Employment	63.55	63.50	63.55	63.53
	Non-manufacturing Employment	155.57	156.73	157.09	156.47
	Unemployment Rate	5.6	5.1	4.8	5.17
	Electricity Usage	87.48	90.86	85.36	87.90
	<b>Single-Family Housing</b>				
	Number of New Permits	23.94	34.39	50.24	36.19
	Total Value of New Permits	142.84	241.96	256.40	213.73
	Average Value of a New Permit	57.51	63.56	58.57	59.88
Elkhart - Goshen	<b>Employment</b>				
	Total Nonfarm Employment	145.26	147.11	147.10	146.49
	Manufacturing Employment	127.09	127.60	126.86	127.18
	Non-manufacturing Employment	166.57	170.01	171.12	169.24
	Unemployment Rate	5.4	4.7	4.6	4.9
	Electricity Usage	65.21	62.68	59.31	63.00
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.					





## Single-Family Housing in St. Joseph County



## ENDNOTES

- (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: <https://indianarealtors.com/consumers/housing-hub/>.
- (4) The unemployment rate was 5.00% in the first quarter of 2016 in the South Bend-Mishawaka MSA.
- (5) The unemployment rate was 4.90% in the third quarter of 2014 in the Elhart-Goshen MSA.
- (6) In the third quarter of 2024, total nonfarm employment in the South Bend-Mishawaka MSA reached 143,233, up from 141,733 in the third quarter of 2023. In the Elkhart-Goshen MSA, total nonfarm employment was 133,700 in the third quarter of 2024, compared to 133,333 in the same period in 2023.
- (7) From July to September 2024, 59 new single-family building permits were issued, compared to 65 during the same period in 2023. New listings of existing homes reached 1,153 in the third quarter of 2024, up from 1,124 in the third quarter of 2023. Closed sales also increased, totaling 886 in 2024 Q3 compared to 808 in 2023 Q3.
- (8) The median sales price was \$208,000 in July-September 2023.
- (9) RV Industrial Association Historical Data: <https://www.rvia.org/historical-rv-data>.

## Bureau of Business and Economic Research

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