

MICHIANA BUSINESS

INSIDE THIS ISSUE

- *Introduction 3rd Quarter 2025 Summary*
- *Summary of Regional Economic Conditions in the 3rd Quarter of 2025*
- *Regional Economic Indicators*

3rd 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 September 2025, 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 2025

According to data from the U.S. Bureau of Labor Statistics¹, the South Bend-Mishawaka MSA experienced softening labor market conditions in the third quarter of 2025. Both the labor force and employment contracted, declining by 434 people (-0.33%) and 1,512 people (-1.18%), respectively, while the number of unemployed increased by 1,078 (+21.97%). Trends were mixed in the Elkhart-Goshen MSA: the labor force posted a modest gain of 213 individuals (+0.21%), yet employment fell by 858 people (-0.90%), leading to an increase of 1,071 unemployed workers (+30.46%). As a result, unemployment rates rose in both areas. The South Bend-Mishawaka unemployment rate averaged 4.50% from July through September—0.80 percentage points higher than in the prior quarter—while the Elkhart-Goshen rate climbed to 4.60%, up 1.07 percentage points from the second quarter.

Nonfarm payroll employment in the South Bend-Mishawaka MSA contracted by 333 jobs (-0.23%) during the third quarter.² Industry-level results were mixed: notable gains occurred in natural resources, mining, and construction (+267 jobs); trade, transportation, and utilities (+233 jobs); financial activities (+17 jobs); professional and business services (+267 jobs); private educational and health services (+150 jobs); leisure and hospitality (+217 jobs); and other services (+50 jobs). Employment held steady in manufacturing and information. The largest decline occurred in the government sector, which shed 933 jobs.

In the Elkhart–Goshen MSA, total nonfarm employment fell by 650 jobs (-0.49%) between July and September 2025. Losses were concentrated in manufacturing (-533 jobs), other services (-33 jobs), and government (-917 jobs). Several sectors, however, registered employment growth, including natural resources, mining, and construction (+200 jobs); trade, transportation, and utilities (+217 jobs); professional and business services (+133 jobs); private educational and health services (+133 jobs); and leisure and hospitality (+150 jobs). Employment in the information and financial activities sectors remained unchanged.

2. REGIONAL ECONOMIC INDICATORS

As shown in the table below, regional indicators for South Bend–Mishawaka point to modest strengthening in the third quarter of 2025. The average monthly total nonfarm employment index rose to 135.49, up 1.13 points from the previous quarter. Manufacturing employment edged higher, with its index increasing by 0.41 points to 63.94, while the non-manufacturing employment index posted a larger gain of 1.26 points, reaching 156.27. Industrial electricity usage also expanded during the quarter, with its index rising by 2.38 points to 86.57.

Residential construction activity showed notable movement. The average index of new single-family building permits reached 75.53, an increase of 43.10 points from the second quarter of 2025. The index capturing the total value of these permits rose sharply as well, climbing by 196.15 points to a quarterly average of 360.58. In contrast, the seasonally adjusted index of the average permit value edged down by 1.28 points, settling at 49.84.

Housing market data from the Indiana Association of Realtors³ indicated that new listings of existing single-family homes fell 7.0% year-over-year during July–September 2025, while closed sales held steady. The median sales price increased 2.0% to \$230,000. Inventory constraints persisted, with monthly supply

declining year-over-year by 1.0%, 10.0%, and 11.0% in July, August, and September, respectively.

In the Elkhart–Goshen metro area, the seasonally adjusted index of monthly nonfarm employment slipped by 0.28 point, ending the quarter at 144.43. Manufacturing softness remained evident, as the manufacturing employment index fell by 1.10 points to 122.57. Non-manufacturing employment showed some resilience, with its index increasing by 0.77 point to 170.08. The index of electricity usage in the Elkhart–Goshen area was essentially unchanged over the period.

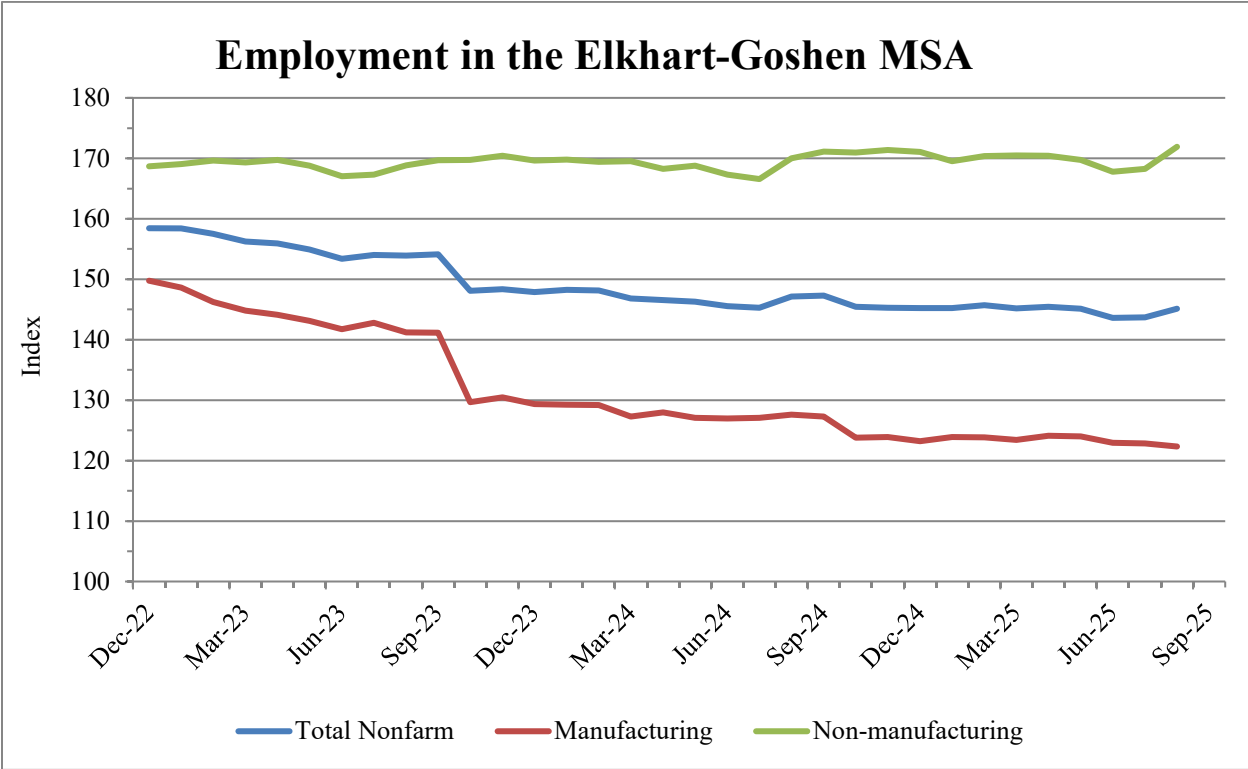
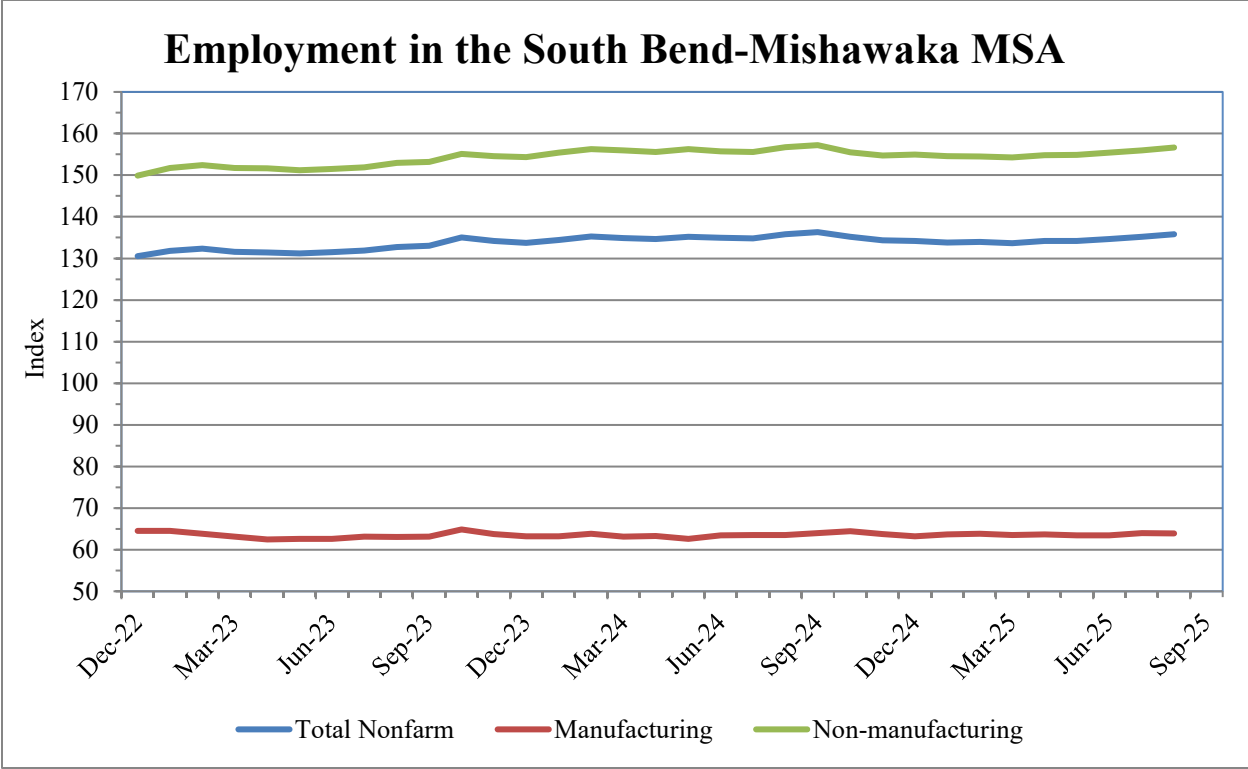
Due to the federal government shutdown in October 2025, September labor statistics were not released, leaving an important gap in assessing labor market conditions for the third quarter. The available data indicate that labor market activity in the South Bend–Mishawaka and Elkhart–Goshen MSAs softened during the period, with both the labor force and employment declining. Unemployment rose in July before easing in August, but without September data, it is difficult to determine whether July’s increase was an anomaly. Overall, the average unemployment rate for July–August was higher than in the previous quarter. At the same time, year-over-year comparisons show lower unemployment rates in both MSAs, suggesting that local labor markets remained more active in the fall of 2025 than in 2024.⁴

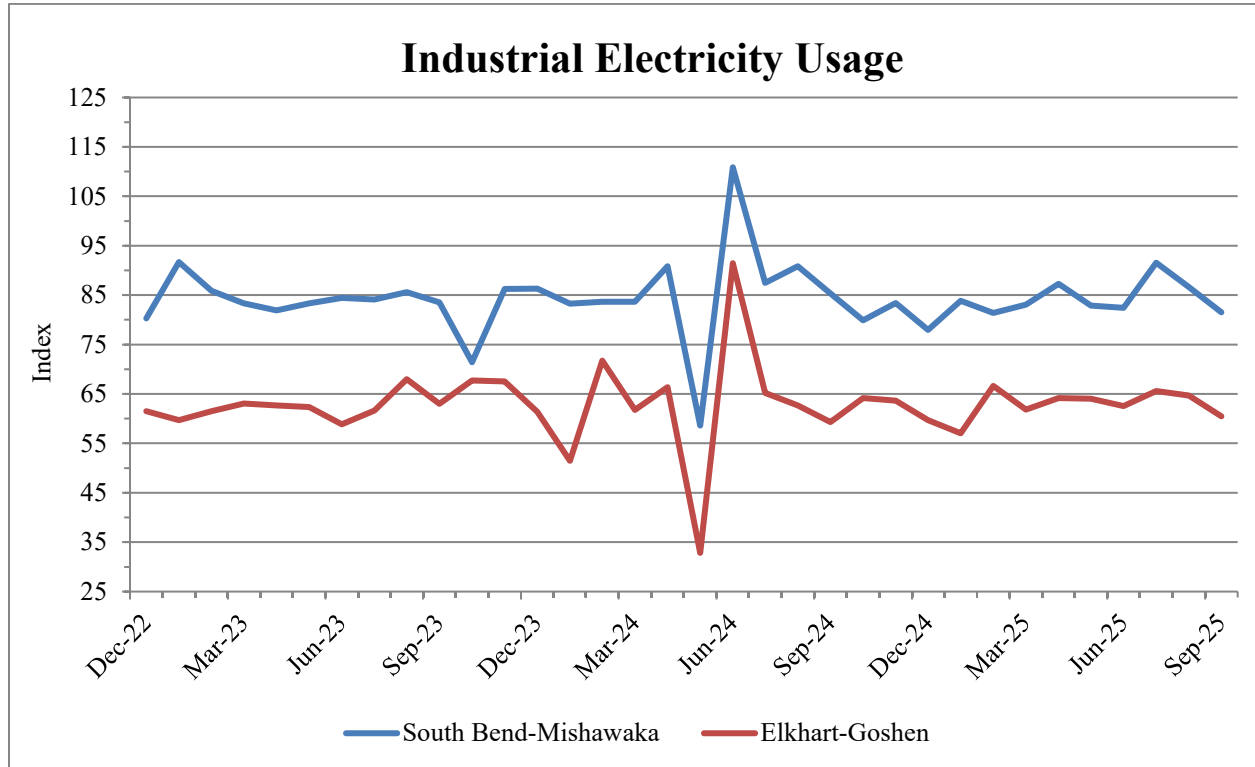
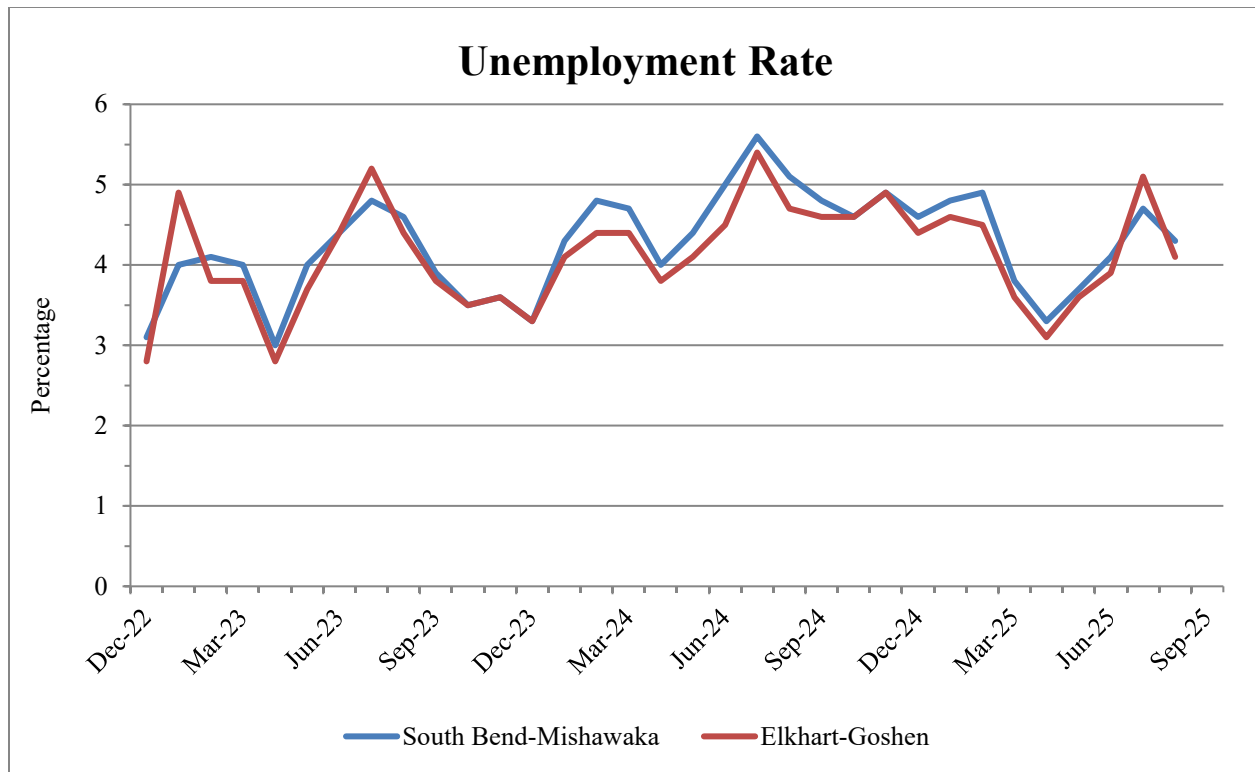
Housing market trends in South Bend–Mishawaka were mixed. New home construction was notably strong: a total of 121 single-family building permits were issued in the third quarter, compared with 65 in the previous quarter (+86.15%) and 59 in the same period of 2024 (+105%). The average permit value reached \$458,339, representing a 2.1 percent decline from the prior quarter and a 16.5 percent decline from the previous year. In contrast, the existing-home market showed limited supply while demand held steady. As a result, median sales prices continued to rise, though at a more moderate pace compared with the 9 percent increase recorded in the second quarter of 2024 and the 7 percent increase observed in the third quarter of 2025.

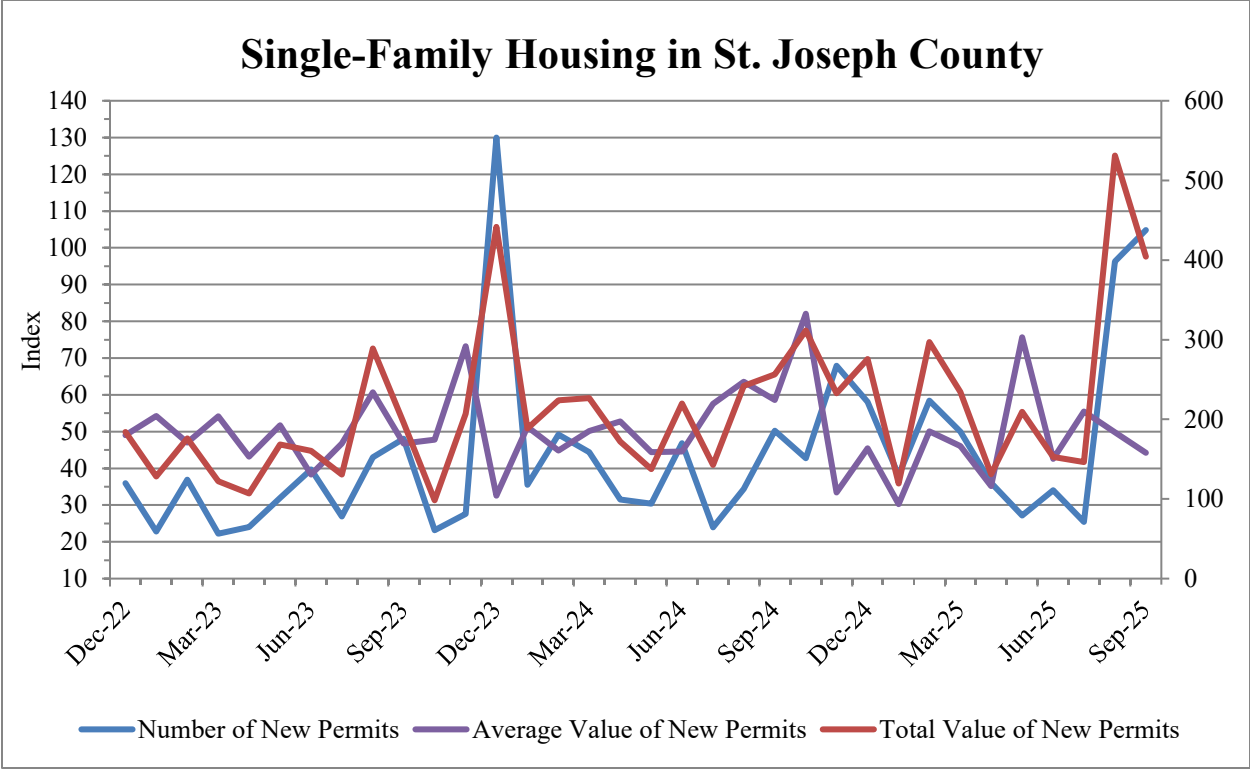
Manufacturing employment in the Elkhart–Goshen area also warrants attention. The quarterly average of 60,300 jobs represents a substantial contraction from the sector’s 2022 peak of 75,200 jobs. This decline is closely tied to weaker demand within the RV industry. According to the RV Industry Association⁵, total RV shipments during July–September 2025 were 73,582 units, down 18.0 percent from the previous quarter and 2.2 percent from one year earlier.

The Federal Reserve lowered interest rates by 25 basis points in September and is expected to pursue additional rate cuts in the remaining months of 2025. This shift toward a more accommodative monetary policy may help stimulate aggregate demand and support improvements in the labor and housing markets in the South Bend–Mishawaka and Elkhart–Goshen MSAs in the coming quarter.

	3rd Quarter 2025				
		July	August	September	Monthly Average
South Bend - Mishawaka	Employment				
	Total Nonfarm Employment	135.21	135.77	NA	135.49
	Manufacturing Employment	63.97	63.92	NA	63.94
	Non-manufacturing Employment	155.94	156.61	NA	156.27
	Unemployment Rate	4.7	4.3	NA	4.50
	Electricity Usage	91.54	86.63	81.55	86.57
	Single-Family Housing				
	Number of New Permits	25.44	96.30	104.85	75.53
	Total Value of New Permits	146.32	531.22	404.21	360.58
	Average Value of a New Permit	55.45	49.83	44.24	49.84
Elkhart - Goshen	Employment				
	Total Nonfarm Employment	143.72	145.14	NA	144.43
	Manufacturing Employment	122.81	122.33	NA	122.57
	Non-manufacturing Employment	168.24	171.91	NA	170.08
	Unemployment Rate	5.1	4.1	NA	4.60
	Electricity Usage	65.59	64.67	60.47	63.00
Note: Due to the federal government shutdown in October – November 2025, the September labor market data are not available. All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.					







ENDNOTES

- (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 Housing Market Update: <https://indianarealtors.com/consumers/housing-hub/>.
- (4) The South Bend-Mishawaka's unemployment rate was 5.60% and 5.10% in July and August 2024. Additionally, the Elhart-Goshen's jobless rate was 5.40% and 4.70% in July and August 2024.
- (5) RV Industrial Association Historical Data: <https://www.rvia.org/historical-rv-data>.

Bureau of Business and Economic Research

BUREAU OF BUSINESS AND ECONOMIC RESEARCH STAFF:

Dr. Hong Zhuang, Director

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1700 Mishawaka Ave.
P.O. Box 7111
South Bend, Indiana 46634