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3rd 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 September 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 THIRD QUARTER OF 2026

The U.S. Bureau of Labor Statistics[1] reported a decline of 328 people in the labor force in the South Bend-Mishawaka MSA and 339 people in the Elkhart-Goshen MSA. The number of employed persons decreased by 1,029 in the South Bend-Mishawaka MSA and 987 in the Elkhart-Goshen MSA. The number of unemployed persons rose by 701 in the South Bend-Mishawaka MSA and 648 in the Elkhart-Goshen MSA. Consequently, the unemployment rate rose in both areas in the third quarter of 2026. South Bend-Mishawaka's rate rose 0.53 percentage point to 4.07 percent, and Elkhart-Goshen's rose 0.63 percentage point to 3.90 percent.

The employment data by industry[2] also showed declines in nonfarm jobs in both regions. In the South Bend-Mishawaka MSA, total nonfarm employment fell by 533 jobs in the third quarter of 2026. Job increases occurred in the following sectors: natural resources, mining, and construction (+133 jobs); trade, transportation, and utilities (+233 jobs); professional and business services (+133 jobs); and other services (+67 jobs). By contrast, employment declined in manufacturing (-67 jobs); information (-67 jobs); private educational and health services (-133 jobs); leisure and hospitality (-167 jobs); and government (-667 jobs). Employment was unchanged in financial activities.

In the Elkhart-Goshen MSA, total nonfarm employment fell by 1,133 jobs in the third quarter, with manufacturing accounting for the lion's share (-967 jobs), followed by government (-367 jobs). Smaller job losses were recorded in financial activities (-33 jobs), private educational and health services (-67 jobs), and

leisure and hospitality (-67 jobs). Employment increased in the following sectors: natural resources, mining, and construction (+167 jobs); trade, transportation, and utilities (+100 jobs); and professional and business services (+100 jobs). Employment in information and other services remained unchanged.

2. REGIONAL ECONOMIC INDICATORS

As shown in the table below, the total nonfarm employment index in South Bend-Mishawaka averaged 131.66 in the third quarter, up 0.59 point from the previous quarter. The manufacturing employment index rose 0.26 point to a quarterly average of 61.72, and the non-manufacturing employment index increased by 0.57 point to 151.95. The average index of industrial electricity usage in South Bend-Mishawaka also rose 4.15 points to 85.59 in the third quarter of 2026.

The index of new single-family housing building permits issued, which reflects new home construction in the South Bend-Mishawaka MSA, averaged 45.60 points in the third quarter of 2026, down 7.61 points from the second quarter. By contrast, the index of these permits' total value gained 27.02 points to a quarterly average of 282.64. The index of the average value per new permit rose 15.39 points in the third quarter, reaching a quarterly average of 61.30.

Indiana Association of Realtors statistics[3] indicated that closed sales of existing single-family homes were 894, falling 1.0 percent in the third quarter of 2026 compared with the same period in 2025. Meanwhile, the median sales price rose 7.0 percent from a year earlier to $247,750. The supply of homes in South Bend-Mishawaka, measured by the inventory of homes for sale, rose 11.0 percent in July, 7.0 percent in August, and 6.0 percent in September, compared with the same months in 2025.

The total nonfarm employment index fell by 0.78 point to an average of 144.48 in Elkhart-Goshen during the third quarter of 2026. The manufacturing employment index declined by 1.78 points to a quarterly average of 122.71. The non-manufacturing employment index gained 0.56 point to an average of 170.11 in the third quarter. The average industrial electricity usage index also rose 1.23 points to 61.34.

3. SUMMARY

In summary, labor market conditions softened in both MSAs during the third quarter of 2026, reversing the gains recorded in the second quarter. Compared with the second quarter, both regions experienced declines in the labor force and employment, accompanied by higher unemployment rates. Total nonfarm employment also fell in both metropolitan areas, with the loss in Elkhart-Goshen (-1,133 jobs) more than twice the loss in South Bend-Mishawaka (-533 jobs). Despite the third-quarter deterioration, the unemployment rates in both MSAs remained below their recent peaks of 4.97 percent and 5.10 percent, respectively, reached in the third quarter of 2024.[4]

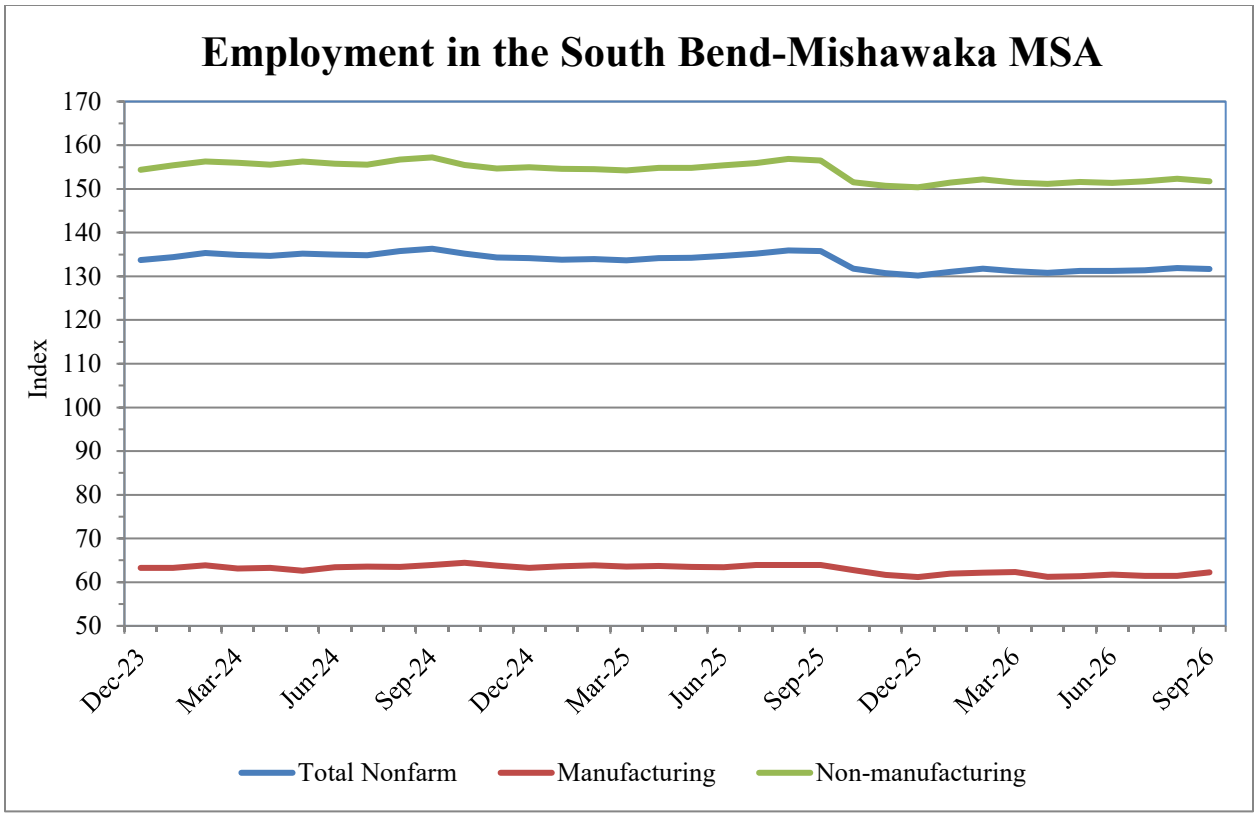
First, the government sector lost jobs in both MSAs in the third quarter, likely reflecting school staff on summer break.[5] Second, Elkhart-Goshen saw a substantial decline in manufacturing jobs in the third quarter. This decline is closely tied to continued weakness in the recreational vehicle (RV) industry. According to the RV Industry Association, year-to-date RV shipments through September 2026 totaled 230,508 units, down 13.7 percent from the same period in 2025. The association forecasts full-year 2026 shipments of about 290,000, the lowest annual total since 2012.[6] Additionally, higher financing costs and elevated fuel prices continue to depress consumer demand for RVs.The Fed increased the federal funds rate target to 3.75% - 4.00% in September 2026, and the interest rate is expected to remain at a higher level into 2027.[7] Consequently, manufacturers may continue to scale back production heading into 2027, which would further pressure Elkhart-Goshen's labor market.

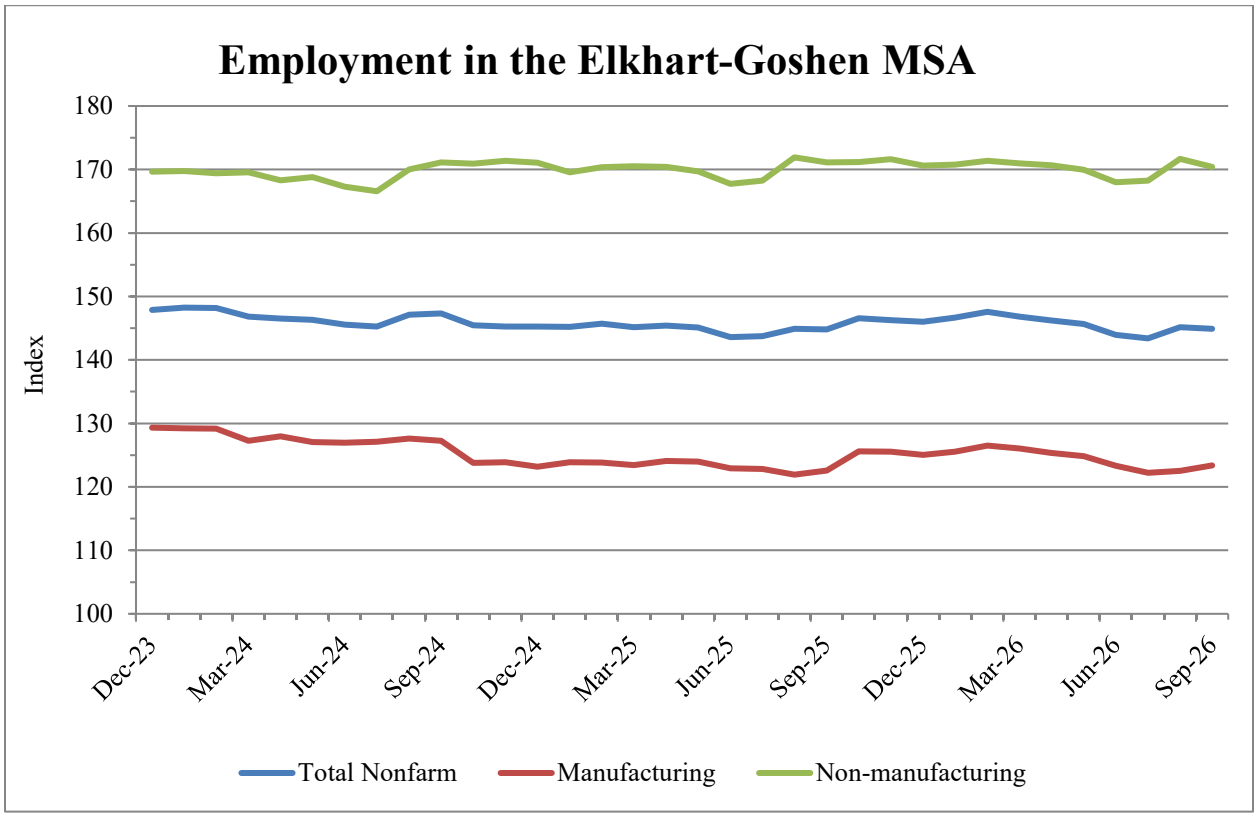
The South Bend-Mishawaka MSA's housing market showed mixed signals in the third quarter of 2026. New

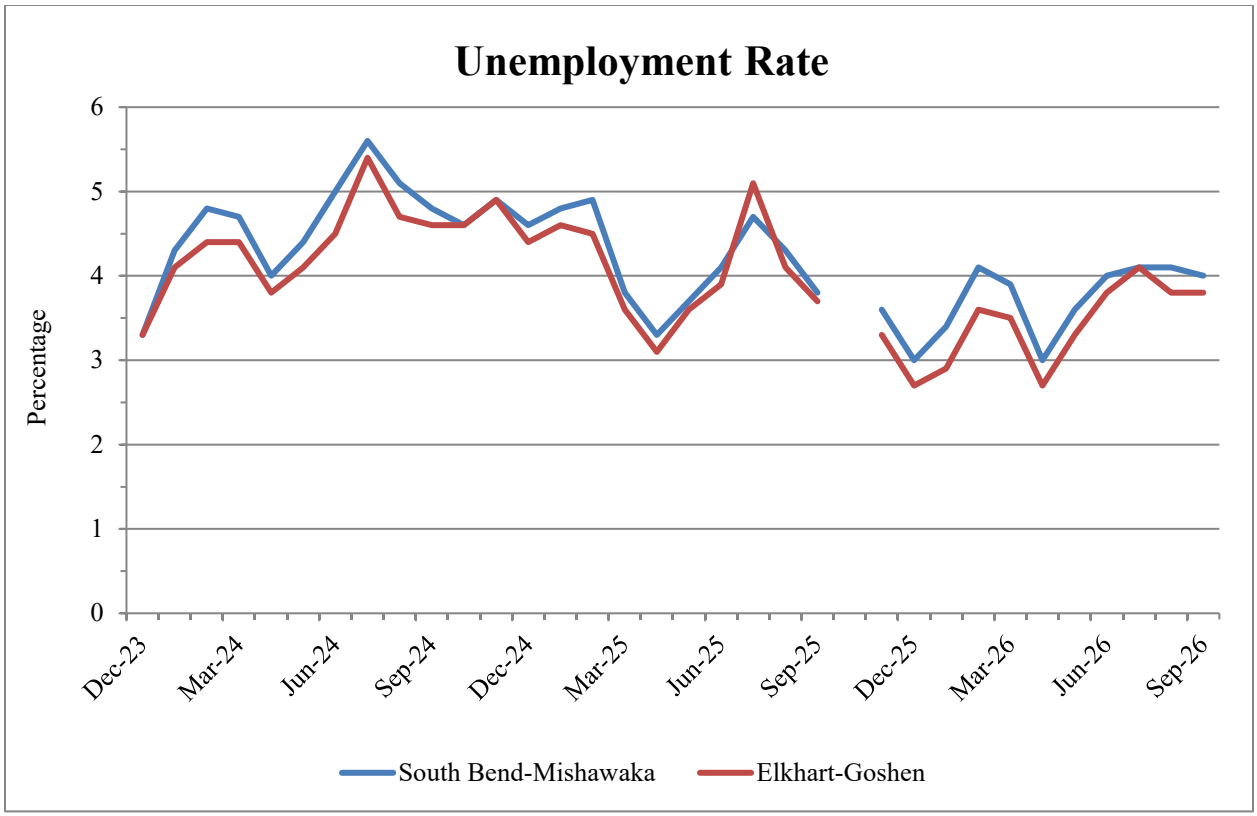
home construction slowed, as reflected in the lower index of new single-family building permits. The decline is consistent with higher mortgage rates discouraging builder activity.[8] However, the increase in both the index of the total value of new permits and the index of the average value per permit indicated that the units being built were larger or more expensive. The rising construction costs are attributed to the persistent inflation in raw materials, tariffs on imported inputs, and tight labor markets.[9] In turn, the more expensive new homes help support higher prices for existing homes.

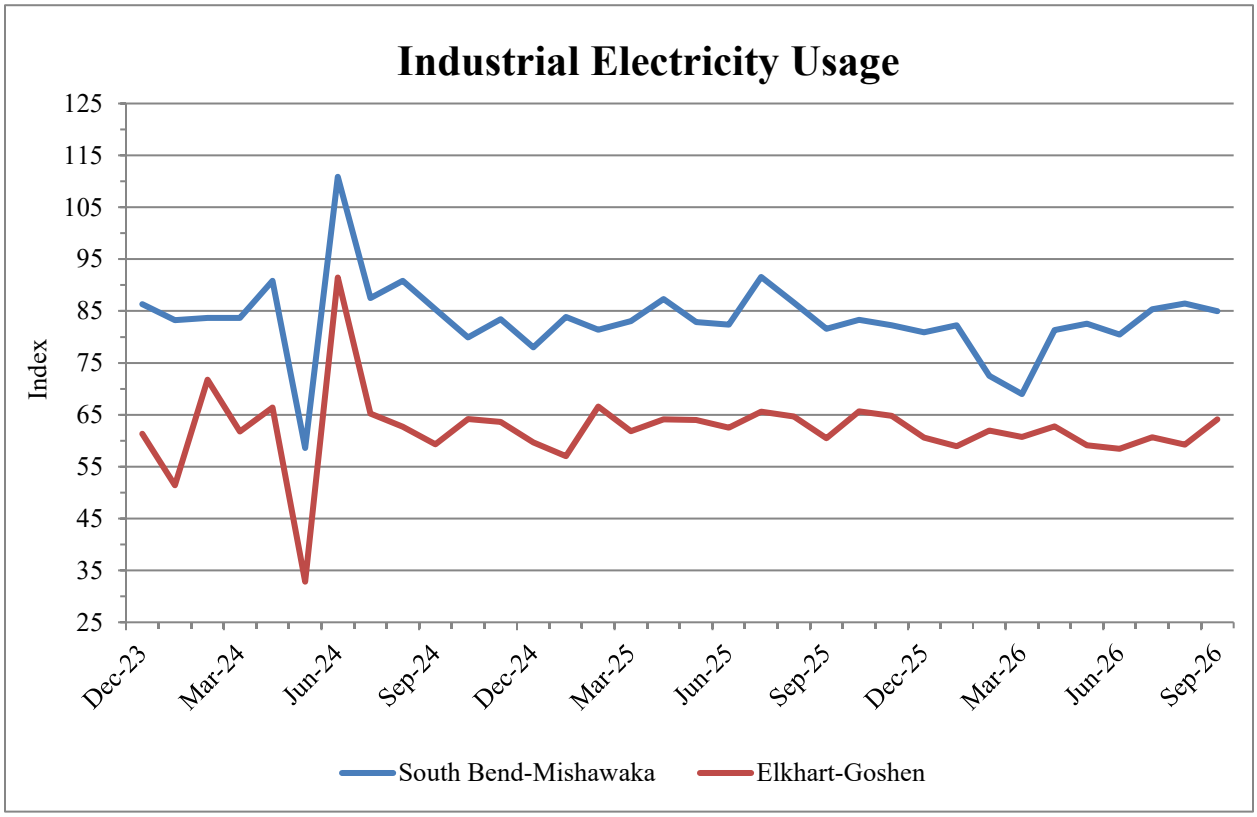
		3rd Quarter 2026			
		July	August	September	Monthly Average
South Bend - Mishawaka	**Employment**				
	Total Nonfarm Employment	131.41	131.88	131.70	131.66
	Manufacturing Employment	61.46	61.41	62.28	61.72
	Nonmanufacturing Employment	151.77	152.32	151.75	151.95
	Unemployment Rate	4.1	4.1	4.0	4.07
	Electricity Usage	85.31	86.47	84.98	85.59
	Single Family Housing				
	Number of New Permits	25.44	56.75	54.61	45.60
	Total Value of New Permits	172.26	458.39	217.27	282.64
	Average Value of a New Permit	65.28	72.97	45.66	61.30
Elkhart - Goshen	**Employment**				
	Total Nonfarm Employment	143.39	145.14	144.90	144.48
	Manufacturing Employment	122.20	122.53	123.39	122.71
	Nonmanufacturing Employment	168.24	171.67	170.41	170.11
	Unemployment Rate	4.1	3.8	3.8	3.90
	Electricity Usage	60.66	59.26	64.10	61.34

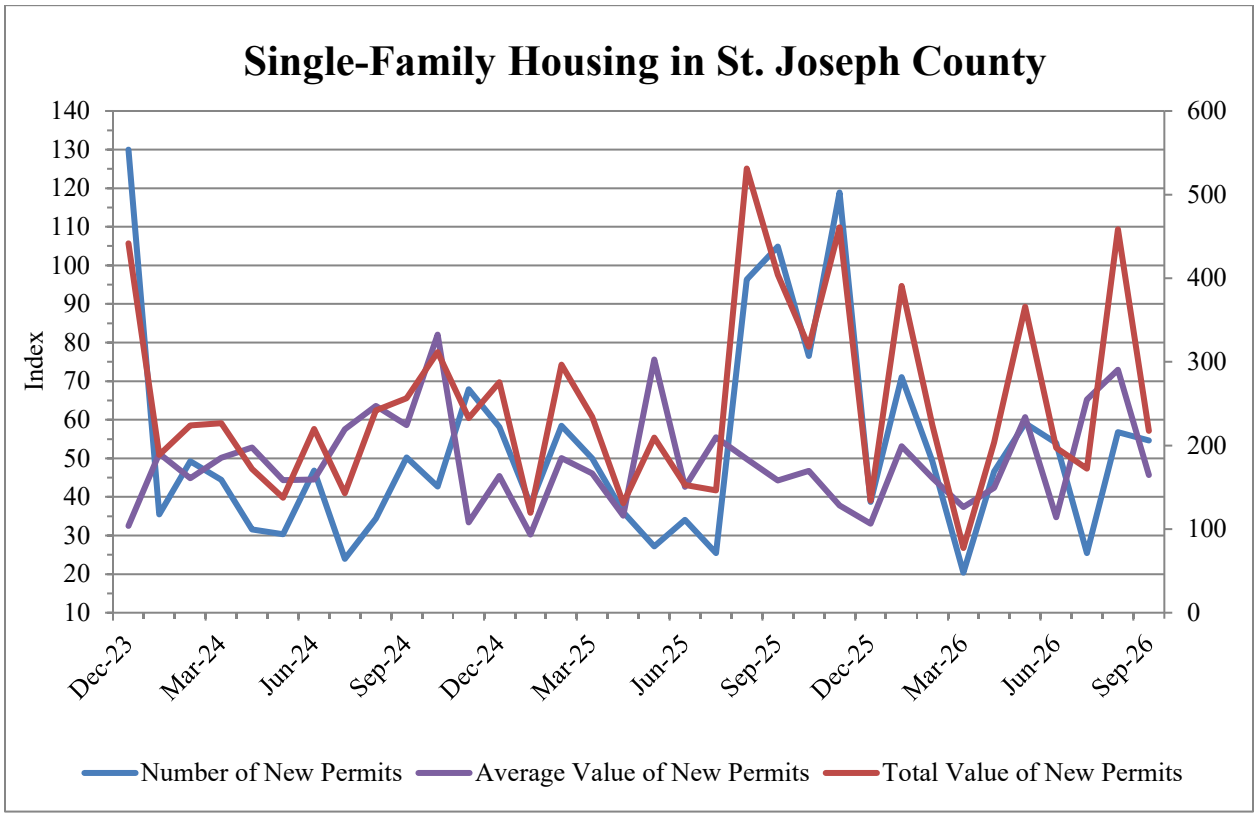
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.


Employment in the South Bend-Mishawaka MSA
Index
170
160
150
140
130
120
110
100
90
80
70
60
50
Dec-23
Mar-24
Jun-24
Sep-24
Dec-24
Mar-25
Jun-25
Sep-25
Dec-25
Mar-26
Jun-26
Sep-26
Total Nonfarm
Manufacturing
Non-manufacturing


Employment in the Elkhart-Goshen MSA
Index
180
170
160
150
140
130
120
110
100
Dec-23
Mar-24
Jun-24
Sep-24
Dec-24
Mar-25
Jun-25
Sep-25
Dec-25
Mar-26
Jun-26
Sep-26
Total Nonfarm
Manufacturing
Non-manufacturing


Unemployment Rate
Percentage
6
5
4
3
2
1
0
Dec-23
Mar-24
Jun-24
Sep-24
Dec-24
Mar-25
Jun-25
Sep-25
Dec-25
Mar-26
Jun-26
Sep-26
South Bend-Mishawaka
Elkhart-Goshen


Industrial Electricity Usage
Index
125
115
105
95
85
75
65
55
45
35
25
Dec-23
Mar-24
Jun-24
Sep-24
Dec-24
Mar-25
Jun-25
Sep-25
Dec-25
Mar-26
Jun-26
Sep-26
South Bend-Mishawaka
Elkhart-Goshen


Single-Family Housing in St. Joseph County
Index
140
130
120
110
100
90
80
70
60
50
40
30
20
10
600
500
400
300
200
100
0
Dec-23
Mar-24
Jun-24
Sep-24
Dec-24
Mar-25
Jun-25
Sep-25
Dec-25
Mar-26
Jun-26
Sep-26
Number of New Permits
Average Value of New Permits
Total Value of New Permits

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(1) Labor Force Estimates and Unemployment Rates. STATS Indiana, using U.S. Bureau of Labor Statistics data. http://www.stats.indiana.edu/laus/laus_view3.html

(2) Monthly Current Employment Statistics (CES) by Industry. STATS Indiana, using U.S. Bureau of Labor Statistics data. http://www.stats.indiana.edu/ces/ces_naics/

(3) Indiana Association of Realtors, Indiana Housing Market Update. http://www.10kresearch.com/reports/IAR/Main.htm

(4) Prior-quarter unemployment rates were calculated by the author from the monthly Labor Force Estimates maintained by STATS Indiana (see reference 1).

(5) Kopak, S. "Job Losses in July and Negative Revisions Reveal a Weakening U.S. Labor Market." NBC News, August 6, 2026. https://www.nbcnews.com/business/economy/july-2026-jobs-report-rcna591138

(6) RV Industry Association. "RV Shipments Expected to Stabilize in 2027 Following Challenging 2026." https://www.rvia.org/rv-roadsigns-quarterly-forecast

(7) Federal Reserve. FOMC statement and Summary of Economic Projections, September 17, 2026. https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm.

(8) Freddie Mac. Primary Mortgage Market Survey. https://www.freddiemac.com/pmms. The 30-year fixed rate averaged 6.71 percent on September 3, 2026, the highest since July 2025; later September readings were reported near 7 percent.

(9) National Association of Home Builders. "House Bill Seeks Tariff Relief for Building Materials," September 17, 2026, https://www.nahb.org/blog/2026/09/tariff-relief-building-materials; "How Tariffs Impact the Home Building Industry," https://www.nahb.org/advocacy/top-priorities/building-materials-trade-policy/how-tariffs-impact-the-home-building-industry.

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