

MICHIANA BUSINESS

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4th 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 December 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 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 FOURTH QUARTER OF 2025

Data from the U.S. Bureau of Labor Statistics¹ show that both the South Bend-Mishawaka and Elkhart-Goshen MSAs experienced notable labor market changes in the fourth quarter of 2025. In South Bend-Mishawaka, the labor force declined by 1,203 individuals (-0.91%), while employment increased modestly by 170 (+0.13%). At the same time, unemployment fell sharply by 1,373 individuals (-24.21%). The Elkhart-Goshen MSA exhibited a similar pattern, with a reduction in the labor force of 2,247 people (-2.27%), a decline in employment of 902 (-0.95%), and a substantial drop in unemployment of 1,345 individuals (-31.63%). As a result, average unemployment rates decreased in both areas, falling to 3.3% in South Bend-Mishawaka and 3.0% in Elkhart-Goshen during the quarter.

Nonfarm employment in the South Bend-Mishawaka MSA increased by 800 jobs (+0.56%) between October and December 2025.² Job gains were concentrated in private educational and health services (+600 jobs) and government (+1,433 jobs). These increases were partially offset by employment declines in several sectors, including natural resources, mining, and construction (-133 jobs); manufacturing (-233); trade, transportation, and utilities (-67); financial activities (-67); leisure and hospitality (-633); and other services (-100). Employment levels in information and professional and business services remained unchanged over the quarter.

In contrast, total nonfarm payroll employment in the Elkhart-Goshen MSA declined by 67 jobs (-0.05%) in the fourth quarter.

Modest job gains occurred in professional and business services (+33 jobs) and government (+667 jobs). However, these gains were outweighed by losses in natural resources, mining, and construction (-167 jobs); manufacturing (-267); financial activities (-67); and leisure and hospitality (-267). Employment in trade, transportation, and utilities; information; private educational and health services; and other services remained stable during the period.

2. REGIONAL ECONOMIC INDICATORS

The average monthly nonfarm employment index in the South Bend-Mishawaka MSA declined slightly in the fourth quarter of 2025, falling 0.47 point to 135.16. This modest decrease reflected losses in both major components: the manufacturing employment index dropped by 0.83 points to 63.12, while the non-manufacturing employment index edged down 0.40 point to 156.02. In contrast, the industrial electricity usage index fell more sharply, declining 4.43 points to 82.14, suggesting a broader slowdown in industrial activity across the region.

Residential construction activity strengthened during the quarter. The average index of new single-family building permits increased by 2.50 points from the third quarter to 78.03. However, the index measuring the total value of these permits declined by 56.28 points to 304.30. As a result, the seasonally adjusted index of average permit value fell 10.61 points to 39.23, indicating a shift toward more modest housing projects.

The local housing market presented mixed conditions in the fourth quarter. Data from the Indiana Association of Realtors³ show that new listings of existing single-family homes declined 8.0% year over year, while closed sales fell 3.0%. Despite softer sales activity, the median sales price rose 9.0% to \$225,000. Housing inventory showed some improvement earlier in the quarter, with the monthly supply increasing 7.0% in October and 2.0% in November compared with a year earlier. However, inventory declined 10.0% in

December, underscoring persistent constraints in the housing market.

In contrast to South Bend-Mishawaka, labor market indicators in the Elkhart-Goshen MSA strengthened modestly in the fourth quarter. The seasonally adjusted monthly nonfarm employment index increased by 0.48 point to 144.96, driven primarily by gains in non-manufacturing employment, which rose 1.26 points to 171.68. Manufacturing employment remained essentially flat, with the index averaging 122.46. Industrial electricity usage also ticked up slightly, increasing by 0.11 point to 63.69, suggesting stable industrial conditions in the area.

3. SUMMARY

Due to the federal government shutdown from October 1 to November 12, 2025, October data from the household survey, which measures labor force participation, employment, unemployment, and the unemployment rate, were unavailable. As a result, this analysis relies on the average of November and December 2025 data.

A comparison with the previous quarter suggests an improving labor market in both MSAs, as unemployment rates declined across the region. However, these declines were driven by different underlying dynamics. In South Bend-Mishawaka, the lower unemployment rate reflected a moderately shrinking labor force, a substantial reduction in unemployment, and a slight increase in employment. In contrast, the Elkhart-Goshen MSA experienced significant declines in both the labor force and unemployment, accompanied by a modest decrease in employment. In both cases, the contraction in the labor force, likely due to fewer individuals actively seeking work, may signal underlying economic weakness rather than broad-based labor market strength.

Year-over-year comparisons provide additional context. Relative to the fourth quarter of 2024, the South Bend-Mishawaka labor force remained largely stable, while the number of unemployed individuals declined by

30.3%. Elkhart-Goshen, however, saw a 1.3% contraction in its labor force alongside a 35.9% drop in unemployment.⁴ Correspondingly, unemployment rates in both MSAs declined sharply from a year earlier, falling from 4.70% to current levels in South Bend-Mishawaka and from 4.63% in Elkhart-Goshen. Data from the establishment survey further indicate divergent employment trends: total nonfarm employment rose by 0.4% year over year in South Bend-Mishawaka but declined by 0.3% in Elkhart-Goshen.⁵

These labor market outcomes may partly reflect the effects of expansionary monetary and fiscal policies implemented in the second half of 2025. The Federal Reserve lowered the benchmark interest rate by 25 basis points at both its September and October meetings, bringing the target range to 3.75%-4.00%. In addition, the passage of the *One Big Beautiful Bill* in July 2025 introduced expanded government spending and tax cuts, providing further economic stimulus. Local investment projects, including the Amazon data center and the Samsung-GM EV battery plant in New Carlisle, also contributed to employment growth in the South Bend-Mishawaka MSA.

Sector-specific trends help explain some of the observed employment patterns in Elkhart-Goshen. According to the RV Industry Association, total RV shipments reached 342,121 units in 2025, an increase of

2.5% from 2024.⁶ However, shipments declined 2.1% in the fourth quarter compared with the previous quarter and fell 3.1% relative to the fourth quarter of 2024. These declines likely contributed to the modest quarterly and annual reductions in manufacturing employment, including a 3.5% year-over-year decline.⁷

Housing market indicators further highlight mixed economic signals. In St. Joseph County, new single-family home permits declined 6.6% in the fourth quarter of 2025, and the average permit value fell 19.4% from the previous quarter.^{8,9} Compared with the fourth quarter of 2024, however, new home construction increased substantially (up 46.8%), even as average permit values declined 26.8%, suggesting a shift toward lower-priced construction. Meanwhile, the existing home market recorded fewer sales (-2.9%) alongside a notable increase in median sales prices (+7.7%) relative to a year earlier.

Overall, the local labor market demonstrated resilience despite slowing job growth and sector-specific headwinds, while the housing market in St. Joseph County remained active at the end of 2025. Going forward, continued attention should be given to assessing the lagged effects of the Federal Reserve's December 2025 interest rate cut on economic activity in both the South Bend-Mishawaka and Elkhart-Goshen MSAs.

4th Quarter 2025

October November December Monthly Average

Employment

Total Nonfarm Employment	136.15	134.68	134.65	135.16
Manufacturing Employment	64.02	62.93	62.42	63.12
Non-manufacturing Employment	156.84	155.42	155.81	156.02
Unemployment Rate	n/a	3.6	3.0	3.3
Electricity Usage	83.32	82.23	80.89	82.14

Single-Family Housing

Number of New Permits	76.51	118.86	38.72	78.03
Total Value of New Permits	318.11	460.89	133.91	304.30
Average Value of a New Permit	46.75	37.82	33.11	39.23

Employment

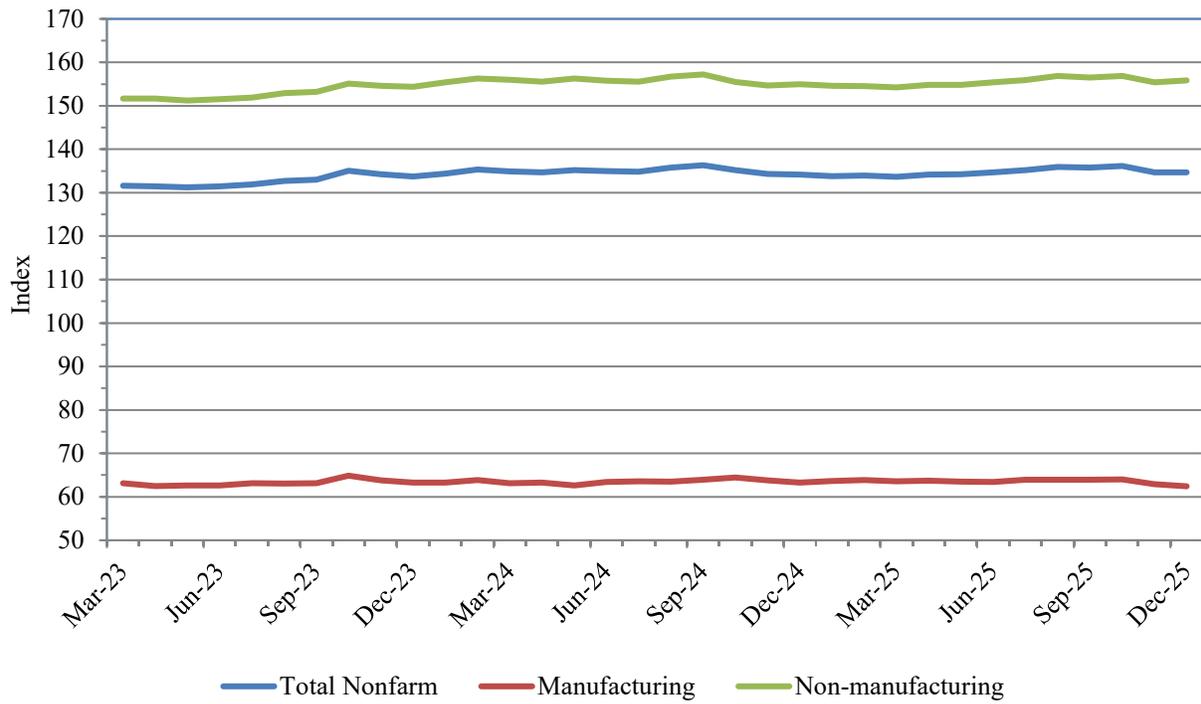
Total Nonfarm Employment	145.14	145.06	144.69	144.96
Manufacturing Employment	122.54	122.87	121.97	122.46
Non-manufacturing Employment	171.65	172.08	171.32	171.68
Unemployment Rate	n/a	3.3	2.7	3.0
Electricity Usage	65.64	64.80	60.62	63.69

South Bend - Mishawaka

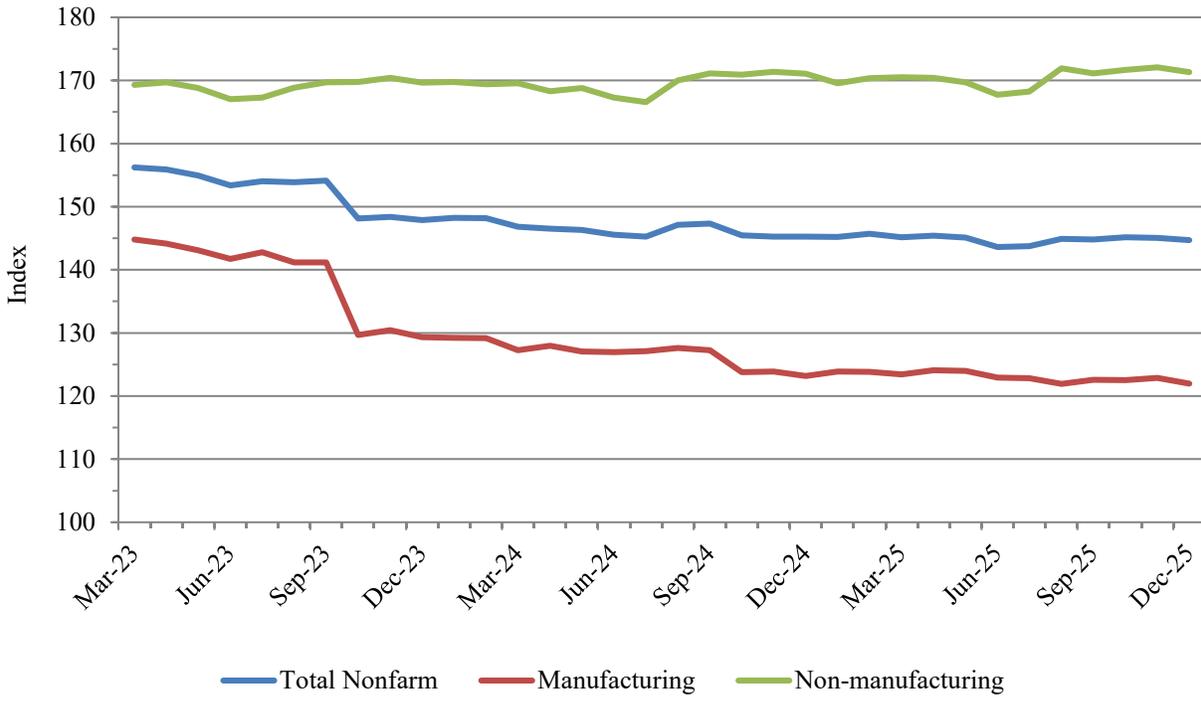
Elkhart - Goshen

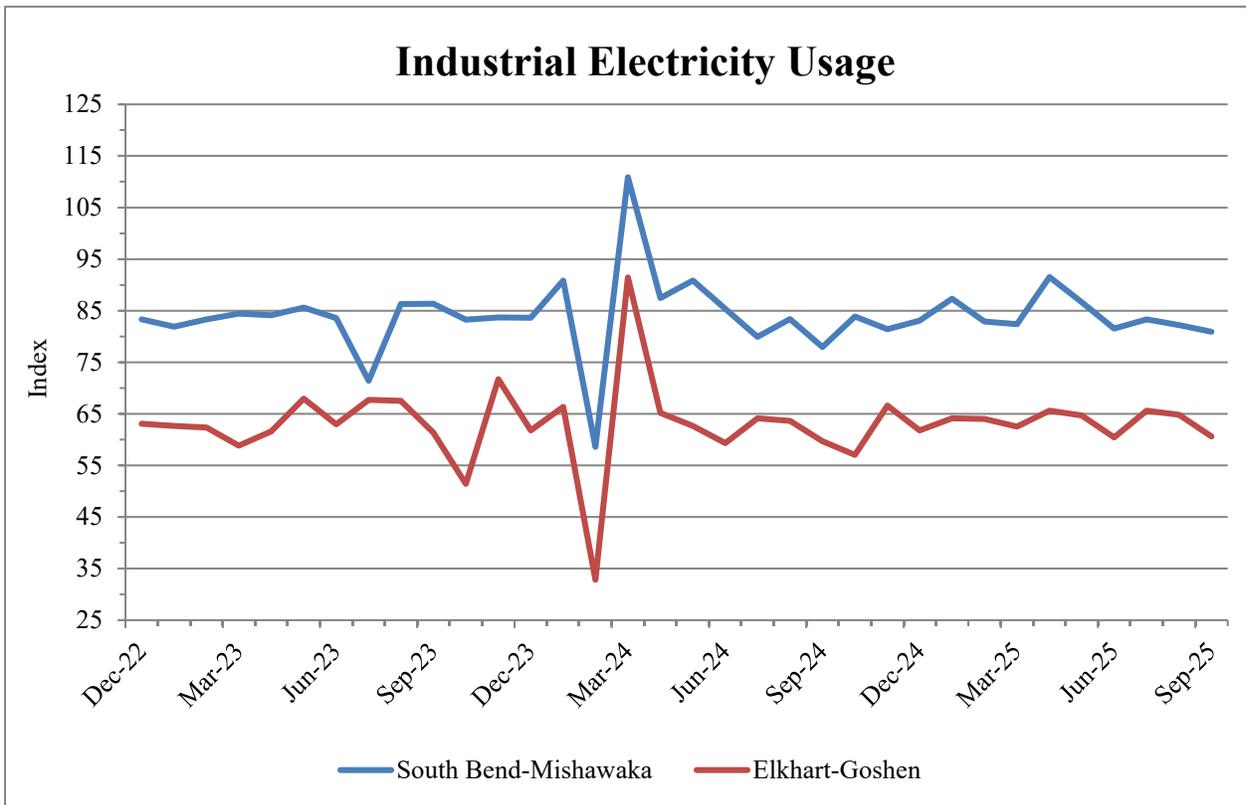
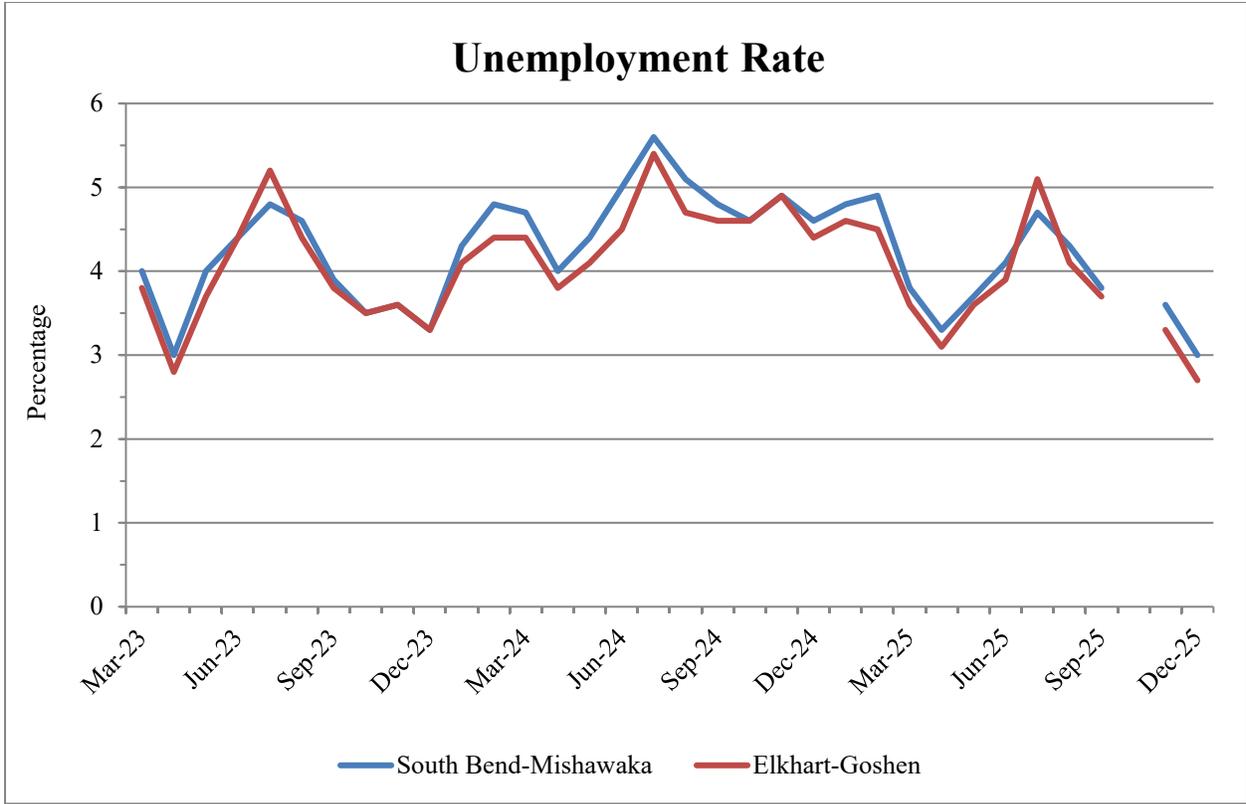
Note: Due to the federal government shutdown in October–November 2025, the October unemployment rate data are unavailable. All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.

Employment in the South Bend-Mishawaka MSA

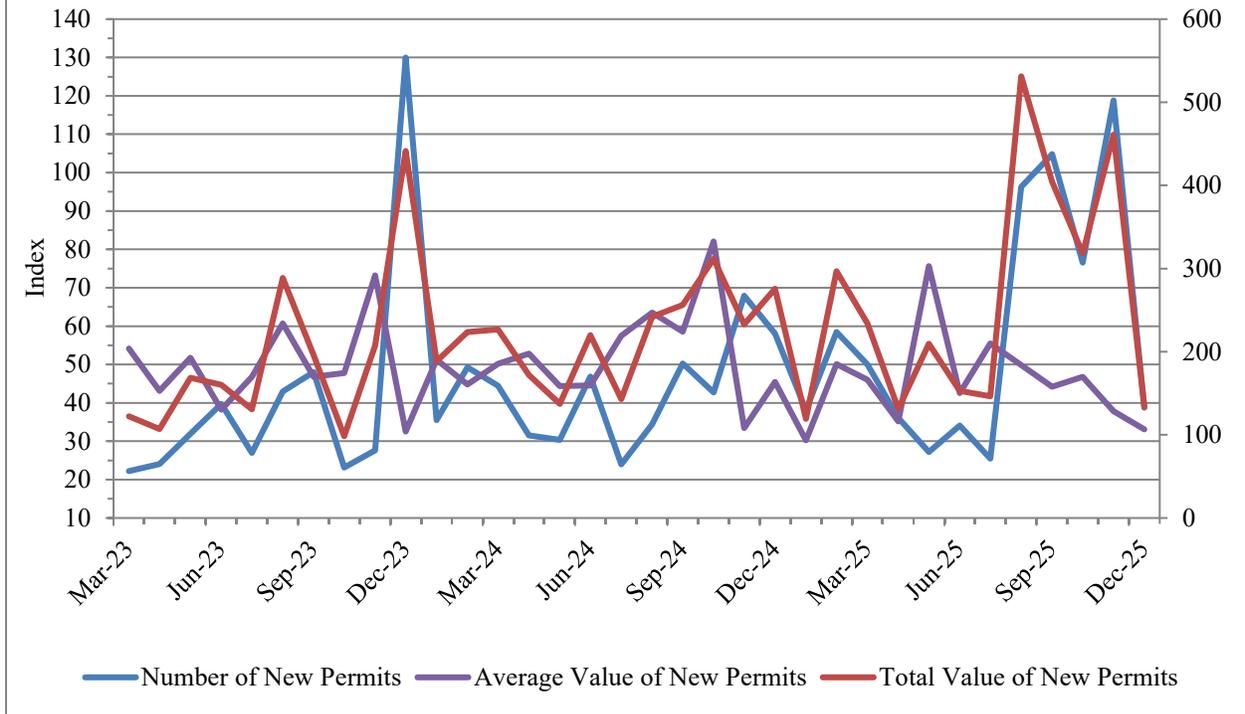


Employment in the Elkhart-Goshen MSA





Single-Family Housing in St. Joseph County



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- (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/>
- (4) The 2024 four-quarter average labor force was 131,366 in South Bend-Mishawaka and 97,894 in Elkhart-Goshen. The average number of unemployed was 6,127 in South Bend-Mishawaka and 4,535 in Elkhart-Goshen.
- (5) South Bend-Mishawaka's average monthly nonfarm employment was 143,467 in the fourth quarter of 2024 and 144,100 in the fourth quarter of 2025. Elkhart-Goshen's average monthly nonfarm employment was 131,800 in the fourth quarter of 2025 and 132,133 in the fourth quarter of 2024.
- (6) R.V. Industry Association Historical Data: <https://www.rvia.org/reports-trends/rv-shipment-reports/2025-12/rv-shipments-end-2025-342220-units-modest-25-growth-over-2024>.
- (7) The average manufacturing employment in Elkhart-Goshen was 59,900 in the fourth quarter of 2025 and 62,100 in the fourth quarter of 2024.
- (8) The total number of single-family building permits issued in St. Joseph County was 121 in the third quarter of 2025, 113 in the fourth quarter of 2025, and 77 in the fourth quarter of 2024.
- (9) The average value of the building permit in St. Joseph County was \$369,575 in the fourth quarter of 2025, \$458,339 in the third quarter of 2025, and \$504,883 in the fourth quarter of 2024.

Bureau of Business and Economic Research

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