

# MICHIANA BUSINESS

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### 3<sup>rd</sup> Quarter 2021 Summary

This issue presents an analysis of economic conditions in the South Bend-Mishawaka and Elkhart-Goshen metropolitan statistical areas (MSAs) as of September 2021, 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. These indicators are for the most part, seasonally adjusted index numbers that 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. REGIONAL ECONOMIC CONDITIONS IN THE THIRD QUARTER OF 2021

U.S. Bureau of Labor Statistics<sup>1</sup> data in the third quarter of 2021 showed improvements in the local labor market. The South Bend-Mishawaka MSA saw that the labor force and employment expanded by 154 (+0.11%) and 1,166 (+0.91%), respectively, and the number of unemployed dropped by 1,102 (-14.90%). Meanwhile, the Elkhart-Goshen MSA's labor force and employment rose by 1,580 (+1.37%) and 2,127 (1.90%), respectively, and the unemployment declined by 547 (-14.74%). Under the above labor market dynamics, the jobless rate in the two areas went down in the third quarter of 2021. In the South Bend-Mishawaka MSA, the average unemployment rate in July-September 2021 was 4.23%, 0.77 percentage point down from the last quarter. Elkhart-Goshen's quarterly unemployment rate was 2.70%, 0.50 percentage point below the second quarter of 2021.

Total nonfarm payroll employment in the South Bend-Mishawaka MSA added 567 jobs (+0.41% in the third quarter. The employment data by industry<sup>2</sup> showed employment gains in natural resources, mining and construction (+333 jobs); trade, transportation and utilities (+333 jobs); leisure and hospitality (+200 jobs); other services (+133 jobs); manufacturing (+67 jobs); private educational and health services (+67 jobs); and financial activities (+33 jobs). Employment remained unchanged in information and professional and business services, yet declined in government (-600 jobs).

Total nonfarm employment in the Elkhart-Goshen MSA gained 2,967 jobs over July-September of 2021, a 2.14% increase from the last quarter. Notable job gains occurred in manufacturing (+2,633

jobs); professional and business services (+433 jobs); leisure and hospitality (+233 jobs); trade, transportation and utilities (+200 jobs); and natural resources, mining and construction (+167 jobs). Job losses were seen in private educational and health services (-100 jobs) and government (-600 jobs). There were no job changes in information, financial activities and other services.

## 2. REGIONAL ECONOMIC INDICATORS

As the table below displays, the monthly total nonfarm employment index in South Bend-Mishawaka averaged at 130.56 in the third quarter of 2021, 1.62 points up from the last quarter. In particular, the manufacturing employment index of the area gained 0.87 point to 68.83 and the non-manufacturing employment index increased by 1.73 points to 148.45. In addition, the index of industrial electricity usage in South Bend-Mishawaka rose by 3.27 points to 91.57 in the third quarter of 2021.

The housing sector of the South Bend-Mishawaka MSA continued to prosper in the third quarter of 2021. The average index of new building permits for single-family houses was 49.87, gaining 10.45 points from the previous quarter. The average index of the total value of these permits increased significantly by 53.41 points to a quarterly average of 223.24. The average seasonally adjusted index of the average value of new permits was up 5.74 points to a quarterly average of 46.65.

Additional data from the Indiana Association of Realtors<sup>3</sup> showed that the new listings of existing single-family homes were 3.6% higher in July-September 2021 than one year ago, though the closed sales were 2.6% lower. Despite the softened sales, the median sales price jumped up 17.4% in the third quarter of 2021 compared to one year ago. Furthermore, St. Joseph County continued to run

short of home supplies. The year-over-year comparison shows that the region's monthly supply of inventories fell by 29.4%, 40.0% and 18.8% in July, August and September, respectively.

In the third quarter of 2021, the Elkhart-Goshen metro area saw its seasonally adjusted index of monthly nonfarm employment up 3.74 points to 155.36. Specifically, Elkhart-Goshen's monthly average manufacturing employment index increased by 5.59 points to 149.52, and the monthly average non-manufacturing employment index gained 1.71 points to 162.43. In addition, the average index of electricity usage edged down 0.26 point to 72.58.

## 3. SUMMARY

Overall, the local labor market continued to improve over the summer of 2021, but the recovery exhibited different characteristics in the two areas. South Bend-Mishawaka's job creation slowed down with newly added jobs in the third quarter less than half of that in the second quarter. In addition, the labor force in this area changed little from the second quarter. Although it is 1,482 workers more than the labor force in the 2020 third quarter, it is still 3,236 workers short of the pre-pandemic level in the 2019 third quarter.<sup>i</sup> The lower unemployment rate in South Bend-Mishawaka is worth noting, but the shrinking labor force is also concerning.

On the other hand, Elkhart-Goshen's unemployment rate declined in the third quarter of 2021 is more significant because the labor force was greater in this area. Elkhart-Goshen's labor force expanded for the fourth consecutive quarter since the 2020 third quarter and passed the pre-pandemic level of 111,391 in the 2019 third quarter. The area's unemployment rate is also below its pre-pandemic rate of 3.13% in the 2019 third quarter.

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<sup>i</sup> South Bend-Mishawaka's average labor force was 135,346 in 2021 third quarter, 133,863 in 2020 third quarter and 138,582 in 2019 third quarter.

In South Bend-Mishawaka, moderate job gains were observed in natural resources, mining and construction; trade, transportation and utilities; and leisure and hospitality. In Elkhart-Goshen, manufacturing is the primary driver of jobs, attributed mainly to the strong demand for recreational vehicles (R.V.). According to the R.V. Industry Association reports,<sup>4</sup> the R.V. unit shipments were 430,412 in 2020, a 6.0% growth from the 2019 statistics. The cumulative R.V. unit shipments up to September 2021 were 452,637, which surpassed the 2020 annual number by 5.2%.

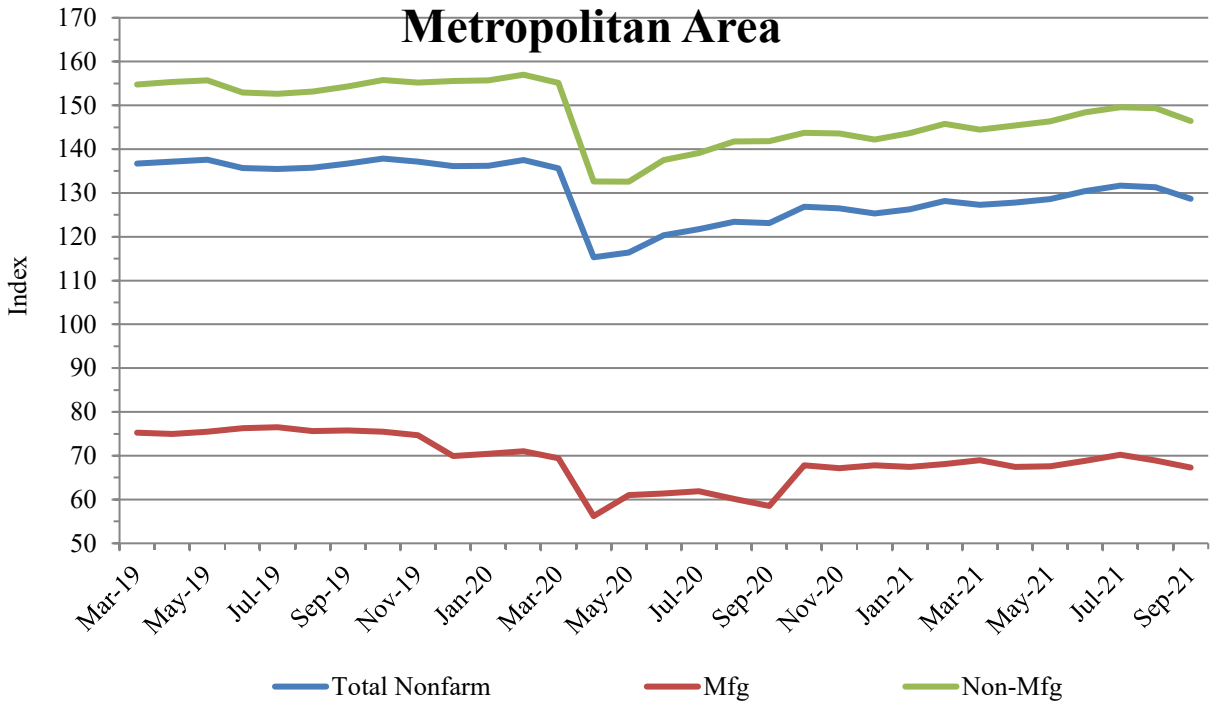
The St. Joseph County housing market remained tense in summer 2021. The total number of building

permits issued in the third quarter was the same as in the second quarter, though the average value of each building permit increased by 12%. The rising building permit value is in line with the upward trend of the housing price. The median sales price of existing homes rose by 10.7% from the second quarter to the third quarter in 2021. Meanwhile, the closed sales of existing homes in the third quarter of 2021 went up by 7.5%, compared to the second quarter, though it was 2.6% down from a year ago. Under the high housing price and rising inflation rate, it is uncertain if the housing market fever will continue in St. Joseph County.

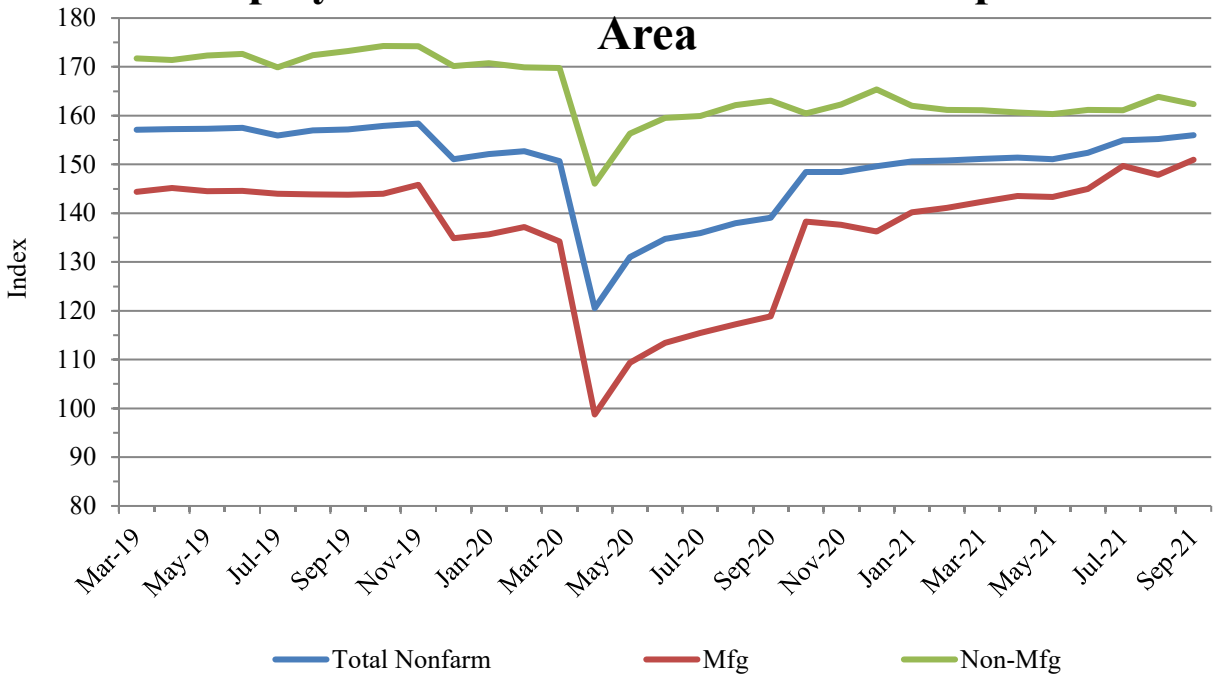
		3rd Quarter 2021			
		July	August	September	Monthly Average
South Bend-Mishawaka	<b>Employment</b>				
	Total Nonfarm Employment	131.70	131.31	128.68	130.56
	Manufacturing Employment	70.24	68.93	67.34	68.83
	Non-manufacturing Employment	149.57	149.38	146.41	148.45
	Unemployment Rate	4.60	4.30	3.80	4.23
	Electricity Usage	92.42	91.45	90.82	91.57
	<b>Single-Family Housing</b>				
	Number of New Permits	23.94	36.11	89.56	49.87
	Total Value of New Permits	103.41	210.89	355.40	223.24
	Average Value of a New Permit	41.64	52.76	45.54	46.65
Elkhart-Goshen	<b>Employment</b>				
	Total Nonfarm Employment	154.92	155.20	155.98	155.36
	Manufacturing Employment	149.70	147.89	150.96	149.52
	Non-manufacturing Employment	161.09	163.85	162.34	162.43
	Unemployment Rate	2.9	2.8	2.4	2.70
	Electricity Usage	72.65	72.93	72.16	72.58

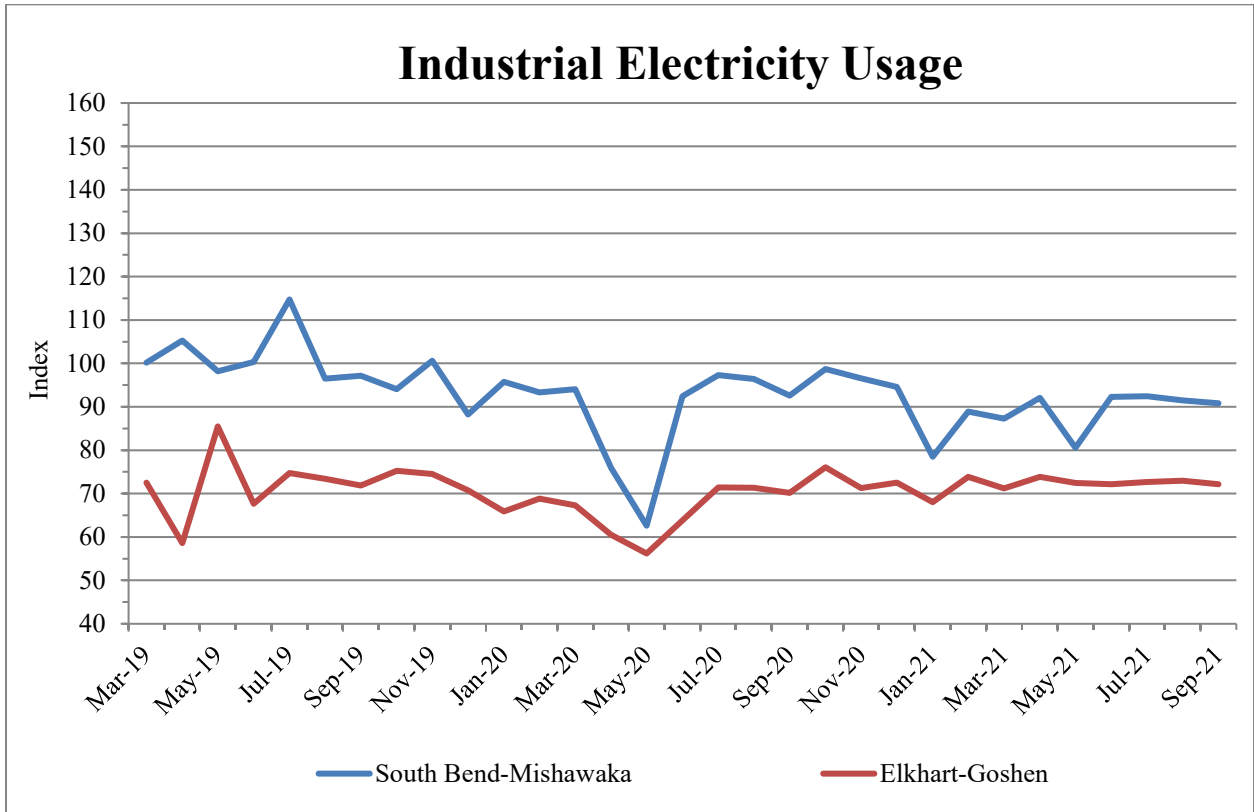
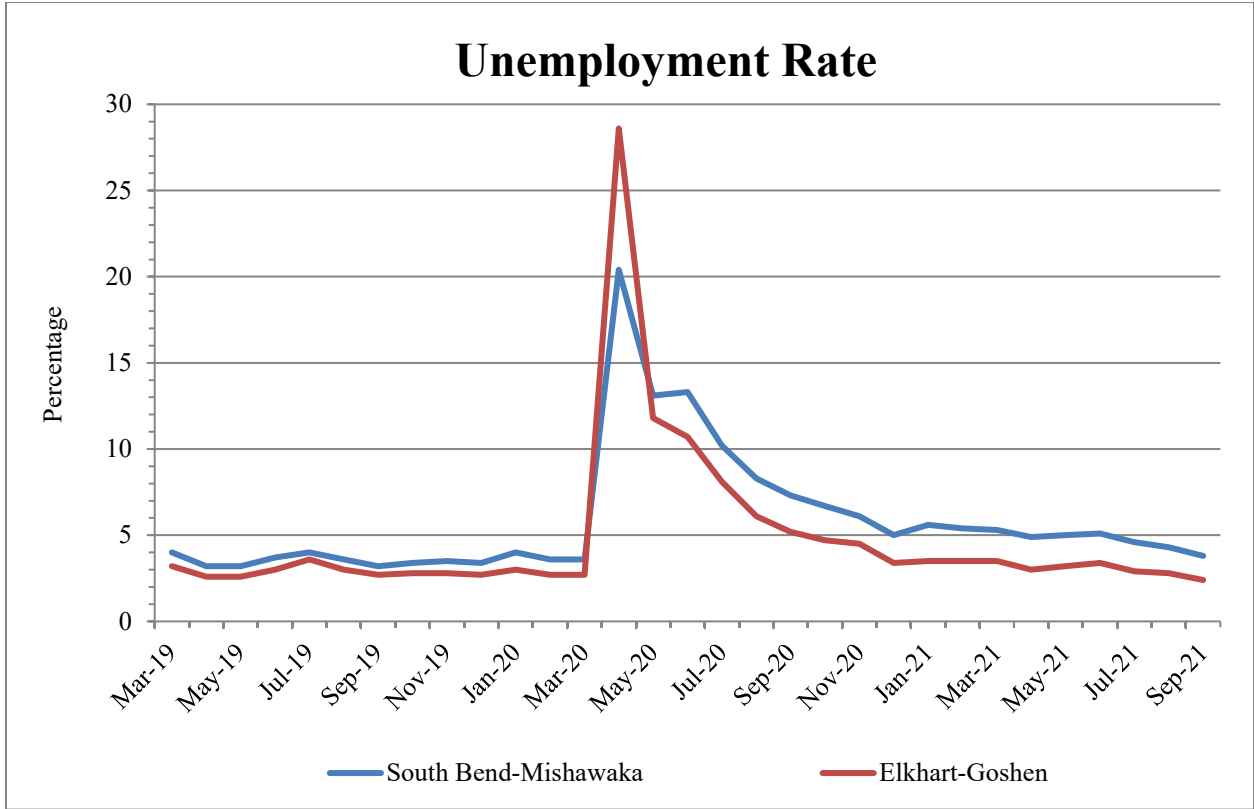
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.

## Employment in South Bend-Mishawaka Metropolitan Area

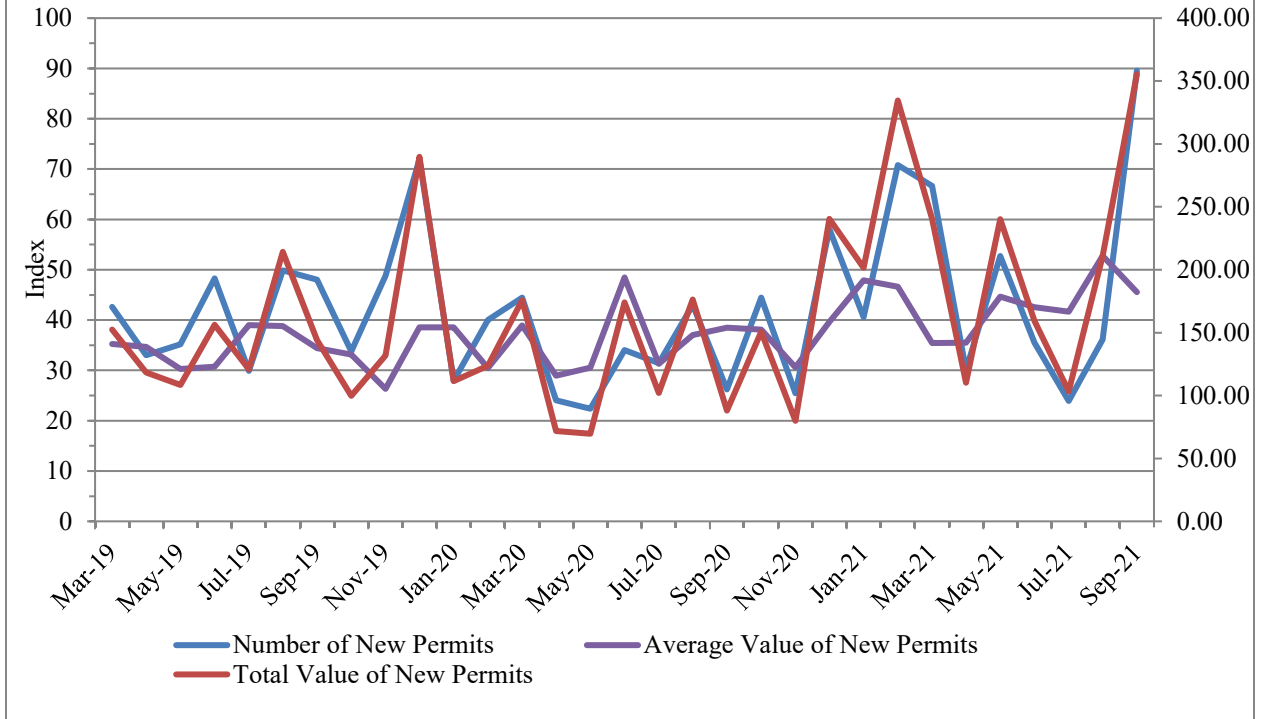


## Employment in Elkhart-Goshen Metropolitan Area





## Single-Family Housing in St. Joseph County



## REFERENCES

- (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 <http://www.10kresearch.com/reports/IAR/Main.ht>
- (4) R.V. Industry Association Historical Data <https://www.rvia.org/historical-rv-data>

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