

MICHIANA BUSINESS

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4th 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 December 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. SUMMARY OF REGIONAL ECONOMIC CONDITIONS IN THE FOURTH QUARTER OF 2021

According to the U.S. Bureau of Labor Statistics¹, the 2021 fourth quarter's labor force in the South Bend-Mishawaka MSA averaged 133,084, about 1.62 percent less than that in the third quarter. The Elkhart-Goshen MSA's labor force also declined by 0.48 percent, averaging 116,304 in the fourth quarter. The number of employed expanded slightly in both areas, 130,187 workers in South Bend-Mishawaka (+0.29 percent) and 114,701 workers in Elkhart-Goshen (+0.72 percent). Meanwhile, unemployment dropped by 2,568 in South Bend-Mishawaka and 1,383 in Elkhart-Goshen. Consequently, the fourth-quarter jobless rate decreased to 2.17 percent and 1.40 percent in South Bend-Mishawaka and Elkhart-Goshen, respectively.

The industrial level data² also indicated an expanded labor market. In the South Bend-Mishawaka MSA, total nonfarm employment added 2,033 jobs (+1.47 percent) in the fourth quarter of 2021. The job gains were observed in trade, transportation, and utilities (+867 jobs), professional and business services (+400 jobs), private educational and health services (+933 jobs), other services (+100 jobs), and government (+900 jobs). On the other hand, employment declined in natural resources, mining, and construction (-133 jobs), manufacturing (-33 jobs), financial activities (-33 jobs), and leisure and hospitality (-967 jobs). Employment remained unchanged in information.

In the Elkhart-Goshen MSA, total nonfarm employment increased by 2,600 workers (+1.83 percent) in the fourth quarter.

Jobs were added in manufacturing (+1,067 jobs), trade, transportation, and utilities (+333 jobs), professional and business services (+633 jobs), private educational and health services (+67 jobs), other services (+167 jobs), and government (+700 jobs). Employment decreased in natural resources, mining, and construction (-67 jobs), and leisure and hospitality (-300 jobs). No changes to employment in financial activities and information.

2. REGIONAL ECONOMIC INDICATORS

As the table below shows, the monthly average total nonfarm employment index in South Bend-Mishawaka increased by 0.72 point to 131.75 in the fourth quarter. The manufacturing employment index of the area gained 0.02 point to an average of 68.85, whereas the metro's non-manufacturing employment increased by 0.92 points to 149.98. However, the metropolitan's index of industrial electricity usage lost 6.20 points to 85.37 over the same period.

The housing sector of South Bend-Mishawaka MSA continued to prosper in the fourth quarter, with the index of new building permits of single-family housing jumping 11.88 points to 61.75. The total value of these permits increased by 4.32 points to 227.55. Ultimately, the seasonally adjusted index of the average value of new permits went down by 9.06 points to 37.59.

Data from the Indiana Association of Realtors³ provide additional evidence of the prosperity of the region's housing markets. According to the year-over-year data, the number of existing single-family homes sold and median sales price went up in the fourth quarter by 9.0 percent and 9.5 percent, respectively, compared to the fourth quarter of 2020. By the end of the fourth quarter, the South Bend-Mishawaka metropolitan area's monthly supply of inventories dropped 26.7 percent, 35.7 percent, and 41.7 percent, in October, November, and December, respectively, than one year ago.

The Elkhart-Goshen metro area's economic indicators also showed positive signs during the fourth quarter. In particular, the monthly average nonfarm employment

index in the Elkhart-Goshen metro area gained 3.46 points to 158.82. The monthly average non-manufacturing employment index increased by 4.40 points from the previous quarterly level to 166.91, and the monthly average index of manufacturing employment rose 2.87 points to 152.32. Yet, the index of electricity usage edged down 1.90 points to 70.68 in the fourth quarter.

In summary, both areas saw a robust labor market in the fourth quarter of 2021. The fourth-quarter average unemployment rate for South Bend-Mishawaka was 2.17 percent, the lowest rate since 1990. Significantly, the December unemployment rate was as low as 1.4 percent, also a historic low. Turning to Elkhart-Goshen, the fourth-quarter average unemployment rate of 1.40 percent was also a record low rate since 1990. In addition, the October to December unemployment rates made an all-time low for three consecutive months. The establishment survey also supported the strong hiring in the labor market. The total nonfarm employment continued to add jobs in both areas in the fourth quarter of 2021. As of December 2021, the total nonfarm jobs in South Bend-Mishawaka was 141,500, about 95 percent of the nonfarm employment in December 2019. The total nonfarm employment in Elkhart-Goshen was 145,100 in December 2021, which surpassed the pre-pandemic level of 136,700 in December 2019.

The flourishing local labor market aligned with the strong economic growth in the U.S. The U.S. real gross domestic product expanded by 1.7 percent in the fourth quarter of 2021 and grew 5.7 percent in 2021. The strong labor and economic performance was supported by the continuous vaccination efforts, easing credit conditions, and government stimulus. While we cheer for the almost full recovery in South Bend-Mishawaka and an even stronger labor market in Elkhart-Goshen, it is notable that the labor force declined in both areas. The shrink could be temporary, attributed to seasonal factors and the rise in the Omicron variant. Also, leisure and hospitality, which was hit hard during the pandemic, has not recovered its pre-pandemic employment yet. South Bend-Mishawaka's employment in leisure and

hospitality was 13,867 in October-December 2021, which was 1,166 below its 2019 fourth-quarter level, and Elkhart-Goshen's employment was 6,933 in the fourth quarter of 2021, short of 1,134 workers compared to two years ago.

The housing market in St. Joseph County continued to be tight in the fourth quarter of 2021. Due to the cold

weather, the housing market was less active than in the previous quarter. Yet, both the closed sales and median sales price went up in the year-over-year comparison. In general, the pandemic-induced demand and the low mortgage rate drove the median housing price in St. Joseph up by 12.9% to \$175,000 in 2021.

4th Quarter 2021

October November December Monthly Average

Employment

Total Nonfarm Employment	131.72	131.22	132.32	131.75
Manufacturing Employment	68.26	68.38	69.91	68.85
Non-manufacturing Employment	149.93	149.39	150.61	149.98
Unemployment Rate	2.80	2.30	1.40	2.17
Electricity Usage	81.54	87.61	86.96	85.37

Single-Family Housing

Number of New Permits	51.60	70.05	63.61	61.75
Total Value of New Permits	188.93	241.47	252.26	227.55
Average Value of a New Permit	41.17	33.63	37.96	37.59

Employment

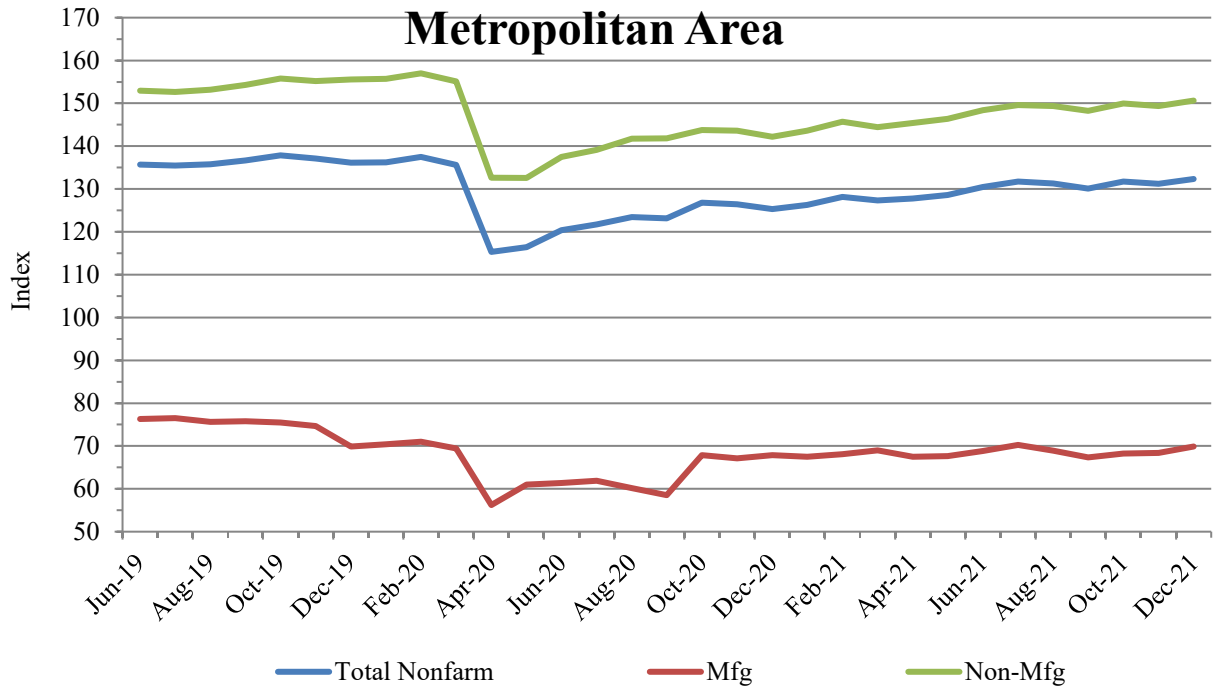
Total Nonfarm Employment	158.22	158.70	159.54	158.82
Manufacturing Employment	152.15	152.20	152.62	152.32
Non-manufacturing Employment	165.45	167.53	167.75	166.91
Unemployment Rate	1.80	1.50	0.90	1.40
Electricity Usage	76.51	69.85	65.67	70.68

South Bend - Mishawaka

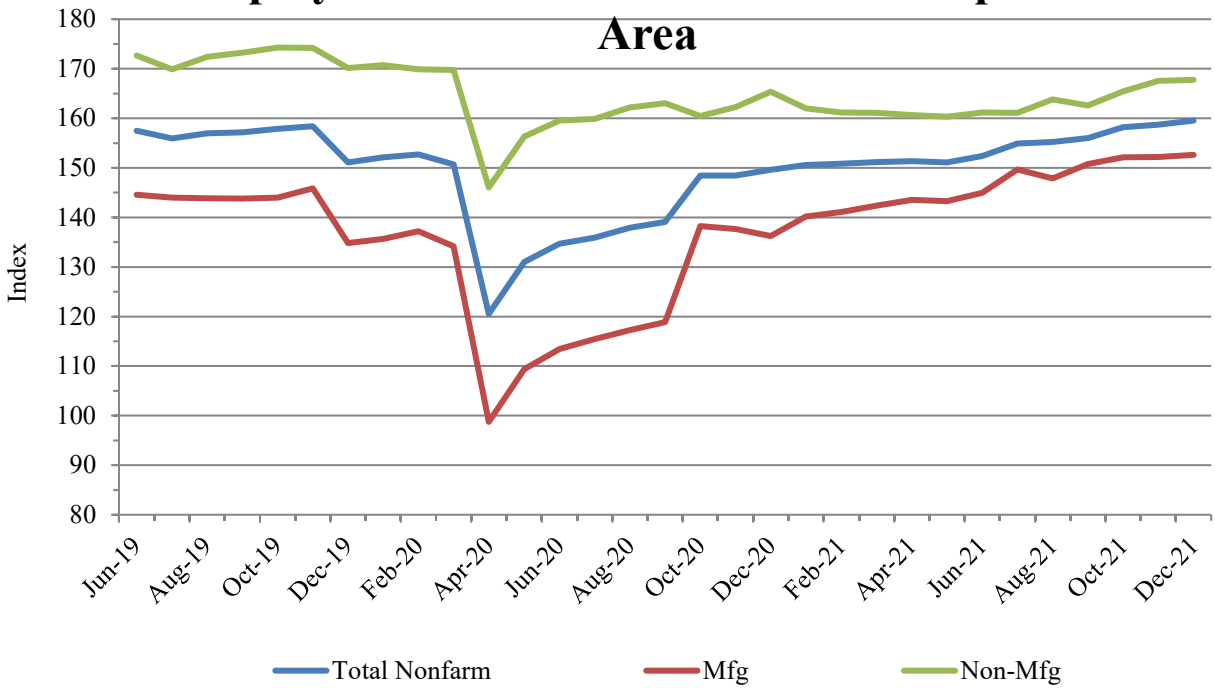
Elkhart - Goshen

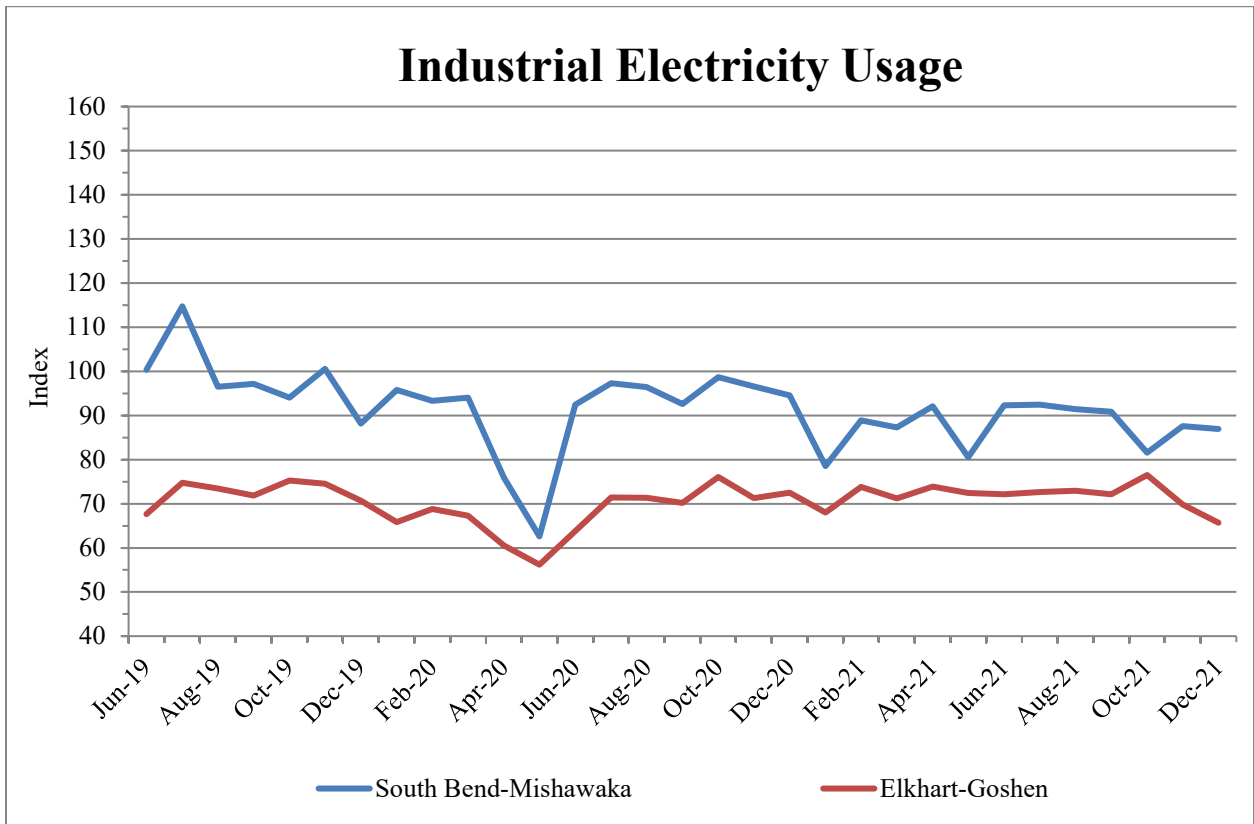
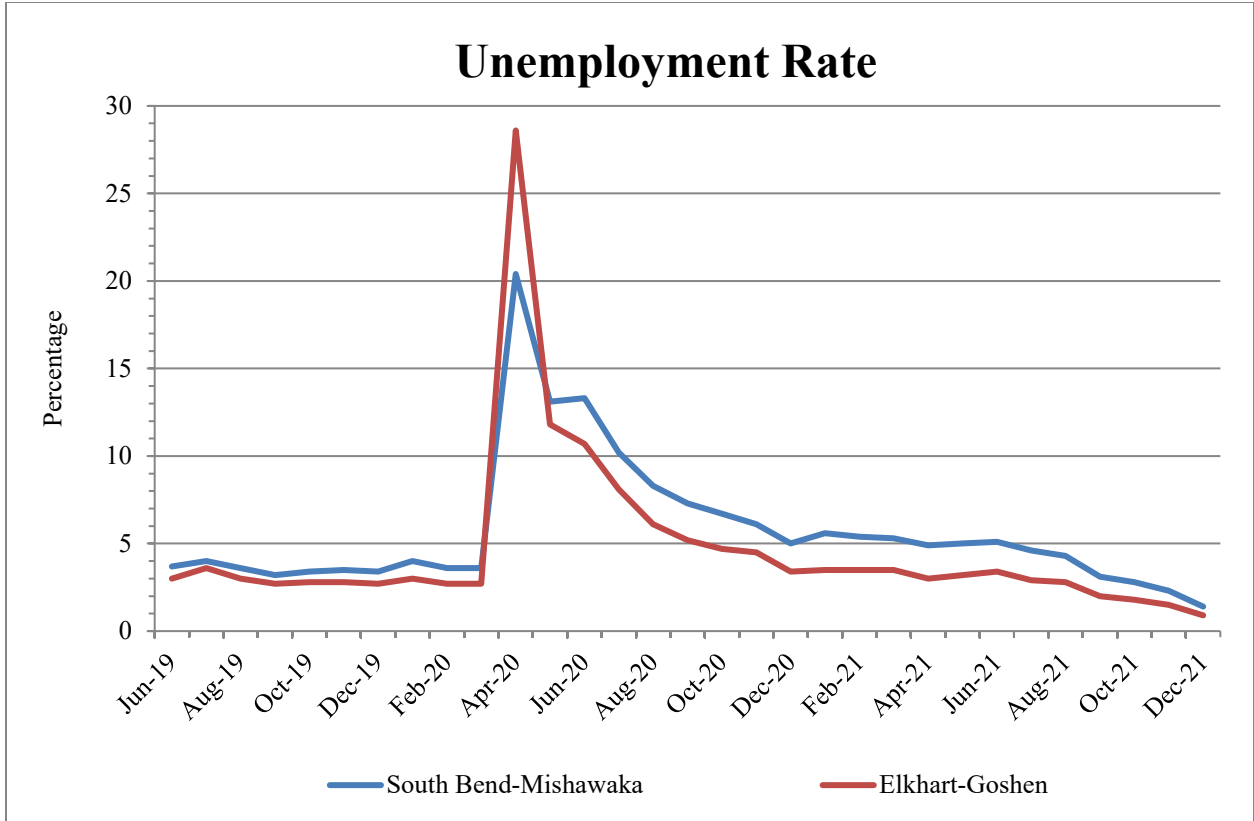
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.

Employment in South Bend-Mishawaka Metropolitan Area

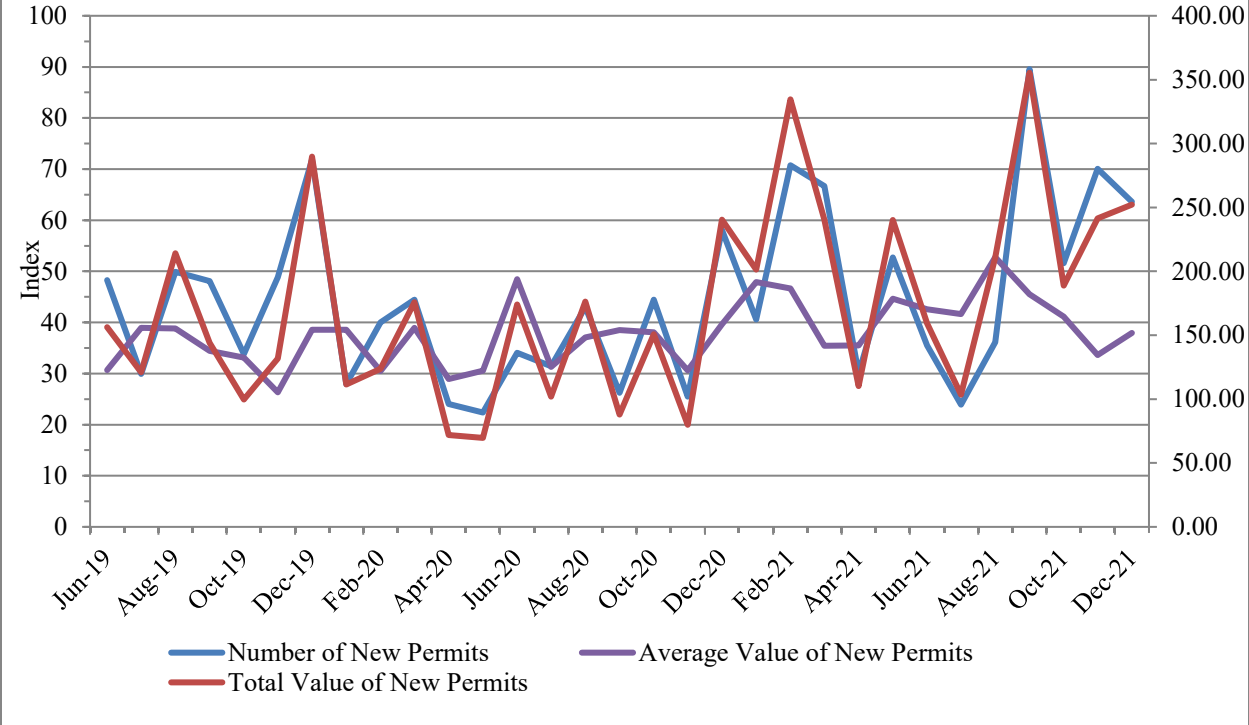


Employment in Elkhart-Goshen Metropolitan Area





Single-Family Housing in St. Joseph County



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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 Housing Market Update <http://www.10kresearch.com/reports/IAR/Main.ht>

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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

