

MICHIANA BUSINESS

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2nd 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 June 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 SECOND QUARTER OF 2026

U.S. Bureau of Labor Statistics data¹ showed that, during the second quarter of 2026, the labor force increased by 1,140 in the South Bend-Mishawaka MSA and by 1,119 in the Elkhart-Goshen MSA. Employment also increased, rising by 1,456 workers in South Bend-Mishawaka and by 1,189 workers in Elkhart-Goshen. Meanwhile, the number of unemployed declined by 316 in South Bend-Mishawaka and by 70 in Elkhart-Goshen. These labor market dynamics contributed to lower unemployment rates in both metropolitan areas. The unemployment rate in the South Bend-Mishawaka MSA fell by 0.27 percentage point to a quarterly average of 3.53 percent. In the Elkhart-Goshen MSA, the unemployment rate decreased by 0.07 percentage point from the first quarter to a second-quarter average of 3.27 percent.

Employment data by industry² showed that total nonfarm employment in the South Bend-Mishawaka MSA increased by 1,833 jobs from the first quarter to a quarterly average of 139,433 jobs, representing a 1.33 percent increase in the second quarter of 2026. Job gains were recorded in natural resources, mining, and construction (+200 jobs); trade, transportation, and utilities (+300 jobs); information (+33 jobs); professional and business services (+533 jobs); private educational and health services (+133 jobs); and leisure and hospitality (+667 jobs). Government employment declined by 33 jobs, while employment in manufacturing, financial activities, and other services remained unchanged.

The Elkhart-Goshen MSA also experienced moderate job growth during the second quarter of 2026. Total nonfarm employment increased by 933 jobs to a quarterly average of 133,000. Employment gains were recorded in natural resources, mining, and construction (+233 jobs); trade, transportation, and utilities (+100 jobs); professional and business services (+367 jobs); private educational and health services (+100 jobs); leisure and hospitality (+500 jobs); and financial activities (+67 jobs). Employment declined in manufacturing (-267 jobs) and government (-167 jobs), while information and other services showed no change.

2. REGIONAL ECONOMIC INDICATORS

As shown in the table below, the average monthly total nonfarm employment index in the South Bend-Mishawaka MSA declined by 0.44 point from the first quarter to an average of 130.89 in the second quarter of 2026. The area's manufacturing employment index fell by 0.69 point, while the nonmanufacturing employment index declined by 0.56 point during the quarter. In contrast, the industrial electricity usage index increased by 6.87 points over the same period, reaching a quarterly average of 81.44.

The index of new permits issued for single-family housing increased by 6.34 points to a quarterly average of 53.21, while the index of the total value of new permits rose by 24.77 points to 255.62. The average value of new permits also increased, with its index rising by 0.79 point from the previous quarter to 45.92.

According to the Indiana Association of Realtors,³ closed sales of existing single-family homes declined by 1.0 percent in the second quarter of 2026 compared with the same quarter a year earlier. Meanwhile, the median sales price increased by 11.0 percent year over year to \$245,000. The supply of homes in the South Bend-Mishawaka MSA, as measured by the inventory of homes for sale, decreased by 8.0 percent in April but increased by 1.0 percent in May and 11.0 percent in June compared with the corresponding months of 2025.

The Elkhart-Goshen MSA's total nonfarm employment index declined by 1.17 points to 145.26 in the second quarter of 2026. The quarterly average manufacturing employment index fell by 1.62 points to 124.42, while the quarterly average nonmanufacturing employment index decreased by 1.40 points to 169.62. Meanwhile, the industrial electricity usage index edged down by 0.44 point to 60.12 during the second quarter of 2026.

3. SUMMARY

In summary, labor market conditions improved in both MSAs during the second quarter of 2026. Compared with the first quarter, both regions experienced growth in the labor force and employment, accompanied by lower unemployment rates. Total nonfarm employment also increased in both metropolitan areas, with job gains recorded across most major industry sectors.

The improvement in labor market conditions is also evident over a longer time horizon. The unemployment rate in the South Bend-Mishawaka MSA has declined steadily from its recent peak of 4.97 percent in the third quarter of 2024. Similarly, the unemployment rate in the Elkhart-Goshen MSA has fallen from its recent high of 5.10 percent in the third quarter of 2024. Total nonfarm employment in the South Bend-Mishawaka MSA recovered the losses recorded in the first quarter of 2026, narrowing the gap with employment levels observed in the second quarters of 2024 and 2025.⁴ In the Elkhart-Goshen MSA, total nonfarm employment exceeded its second-quarter 2024 level and approached its second-quarter 2025 level.⁵ These trends suggest that the regional labor market has remained resilient despite a challenging economic environment. With the federal funds target range remaining at 3.50-3.75 percent since December 2025, local employers continued to expand payrolls, helping keep unemployment rates low.

Manufacturing remains the largest employment sector in the Elkhart-Goshen MSA. Although manufacturing employment declined modestly from the first quarter of 2026, it remained above 61,000 jobs, comparable to second-quarter levels in 2024 and 2025.⁶ This suggests

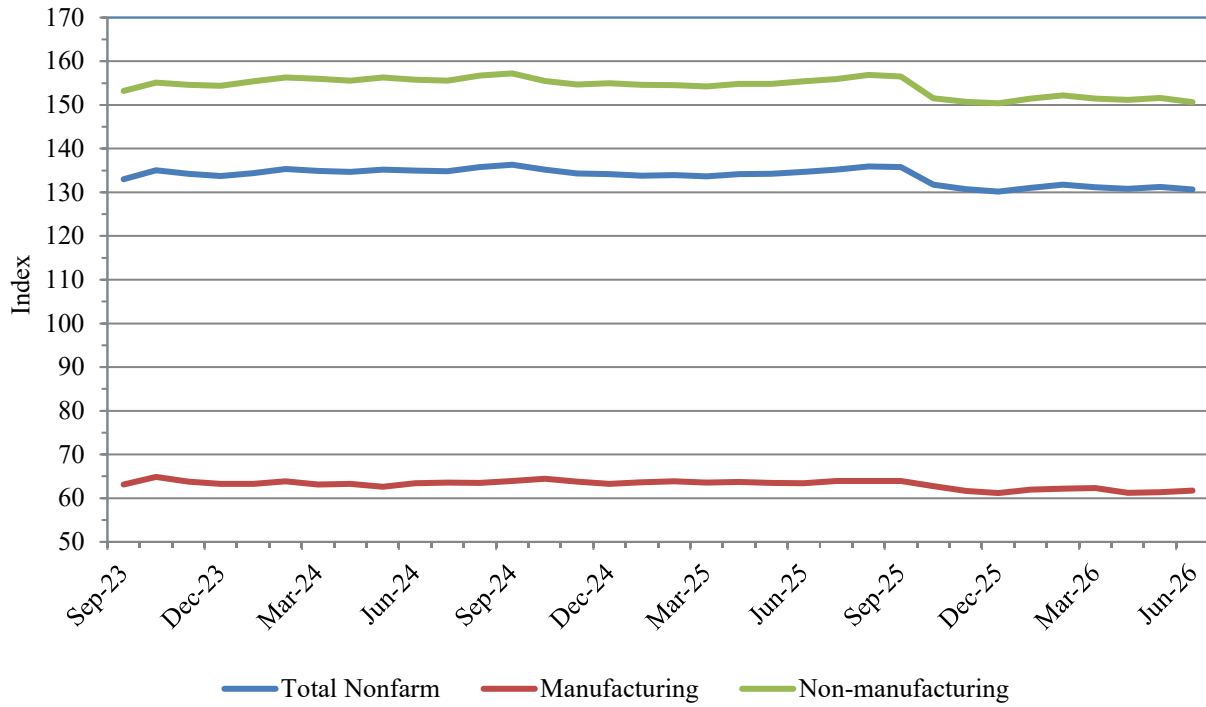
that the sector has largely recovered from the downturn experienced between the third quarter of 2024 and the first quarter of 2025.⁷ Because manufacturing employment in Elkhart-Goshen is closely tied to the recreational vehicle (RV) industry, recent shipment data provide additional context. According to the RV Industry Association, total RV shipments in the second quarter of 2026 declined by 16.4 percent from the previous quarter and by 9.8 percent from a year earlier.⁸ The weakness in RV shipments is consistent with manufacturing employment remaining below its 2025 level.

Housing activity in the South Bend-Mishawaka MSA strengthened during the second quarter of 2026. Future

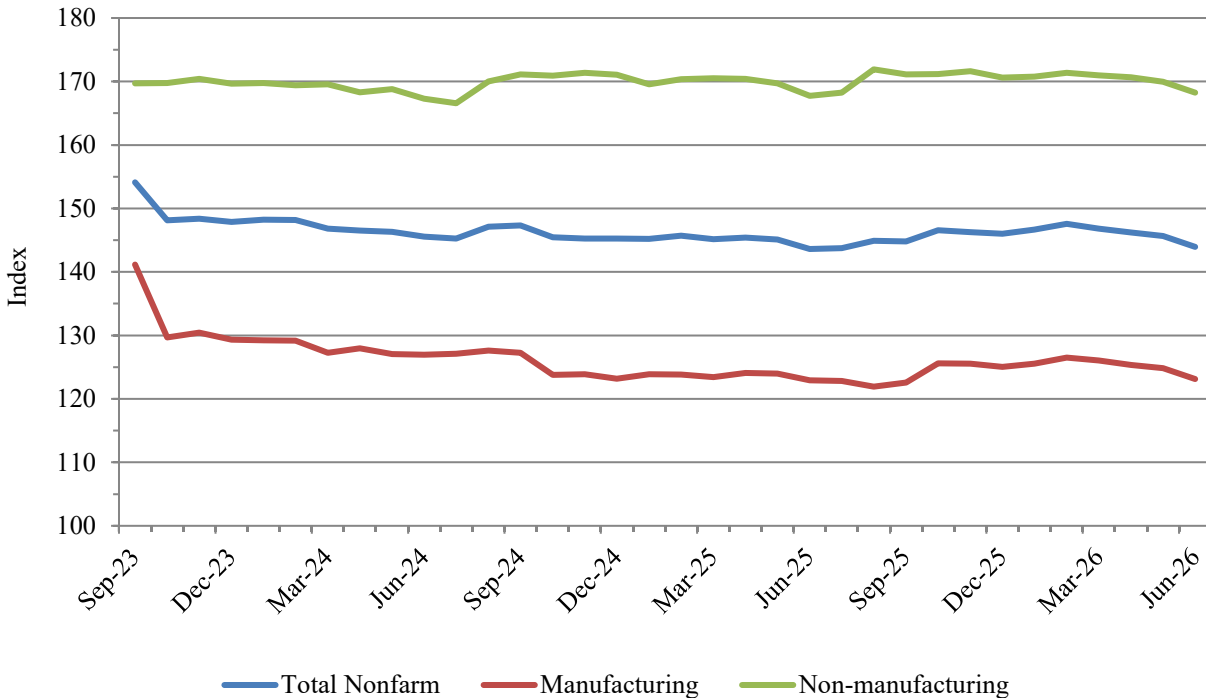
housing supply expanded, as reflected in the higher number of permits issued for single-family homes. The new permit index not only exceeded its first-quarter level but also surpassed its level from one year earlier.⁹ Supply also increased modestly in the existing home market. Despite these improvements, housing prices remained elevated. The higher index for the average value of new building permits indicates that the cost of constructing new homes continued to rise. At the same time, the median sales price of existing homes reached a record high of \$245,000 in the South Bend-Mishawaka MSA. Rising construction costs and historically high home prices are likely to continue placing pressure on prospective homebuyers.

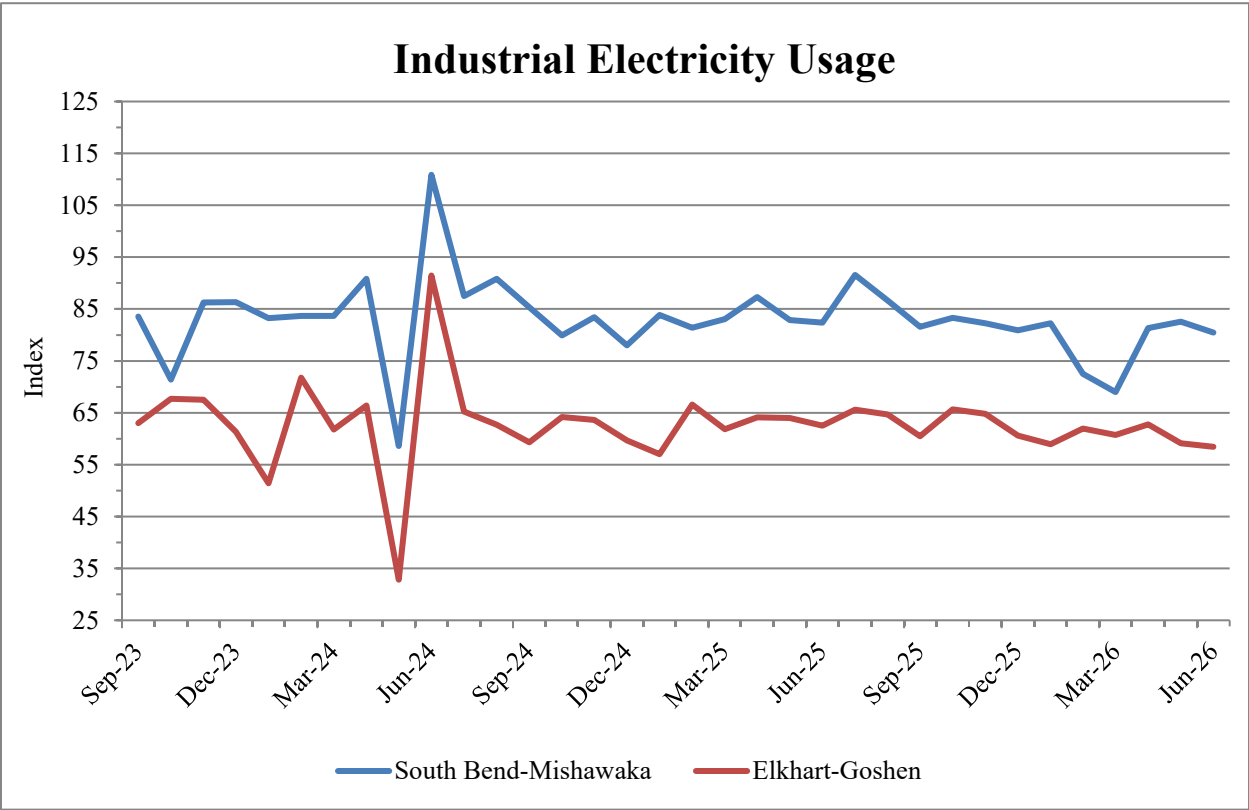
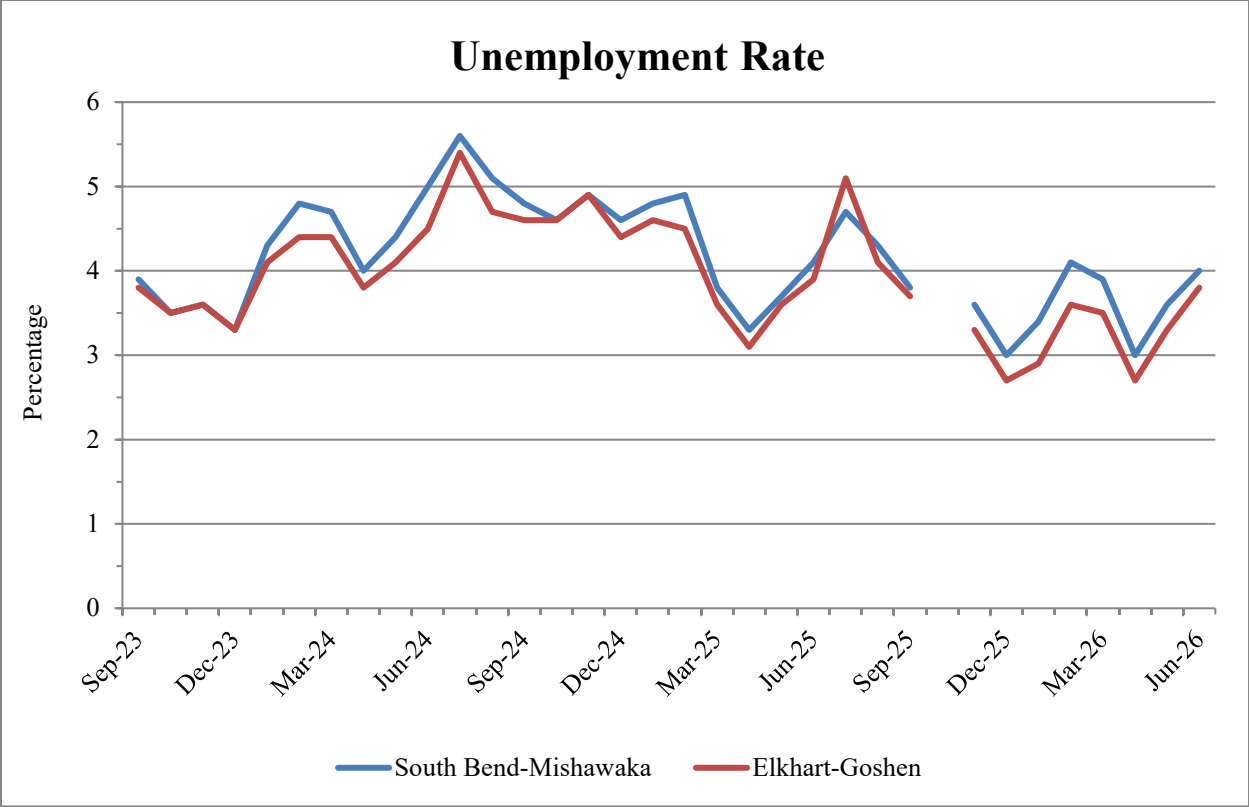
		2nd Quarter 2026			
		April	May	June	Monthly Average
South Bend - Mishawaka	Employment				
	Total Nonfarm Employment	130.79	131.23	130.64	130.89
	Manufacturing Employment	61.21	61.40	61.77	61.46
	Nonmanufacturing Employment	151.17	151.57	150.67	151.14
	Unemployment Rate	3.00	3.60	4.00	3.53
	Electricity Usage	81.32	82.54	80.46	81.44
	Single Family Housing				
	Number of New Permits	46.56	59.14	53.93	53.21
	Total Value of New Permits	203.64	365.88	197.35	255.62
	Average Value of a New Permit	42.34	60.69	34.72	45.92
Elkhart - Goshen	Employment				
	Total Nonfarm Employment	146.20	145.64	143.94	145.26
	Manufacturing Employment	125.32	124.81	123.12	124.42
	Nonmanufacturing Employment	170.67	169.97	168.23	169.62
	Unemployment Rate	2.7	3.3	3.8	3.27
	Electricity Usage	62.76	59.13	58.46	60.12
Note: All figures except unemployment rates are seasonally adjusted indexes with the base year of 2002 = 100 using the BLS seasonal adjustment program.					

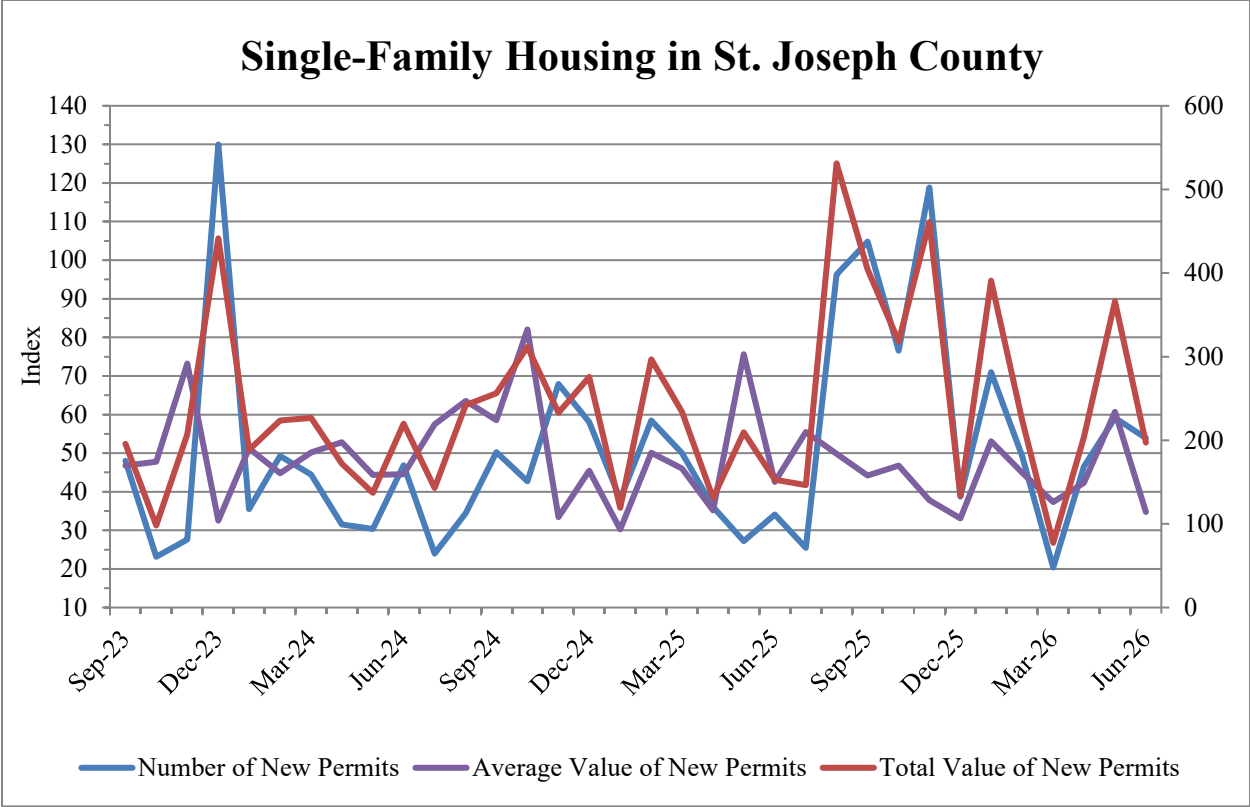
Employment in the South Bend-Mishawaka MSA



Employment in the Elkhart-Goshen MSA







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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, <https://indianarealtors.com/research/housing-data/>.
- (4) The average total nonfarm employment in South Bend-Mishawaka was 140,400 and 140,333 in the second quarter of 2024 and 2025, respectively.
- (5) The average total nonfarm employment in Elkhart-Goshen was 132,433 and 133,133 in the second quarter of 2024 and 2025, respectively.
- (6) The average manufacturing employment in Elkhart-Goshen was 61,200 in the second quarter of 2026, 61,467 in the first quarter of 2026, 61,433 in the second quarter of 2025, and 61,367 in the second quarter of 2024.
- (7) Manufacturing employment in Elkhart-Goshen was 60,000 in the third quarter of 2024 and declined to 59,700 in the fourth quarter of 2024 and 59,900 in the first quarter of 2025.
- (8) The percent change in total RV shipments is calculated based on the monthly RV shipment data from the RV Industry Association monthly market reports. <https://www.rvia.org/reports-trends>.
- (9) The index of the number of new permits for single-family houses was 32.43 in the second quarter of 2025.

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