

This issue of ECONTRENDS contains selected economic indicators for the housing market of LaPorte and Porter counties and Greater Northwest Indiana, and area which includes nine Indiana counties and contiguous areas in Illinois and Michigan.

Volume 20, Number 2, 2010

Overall Picture of Greater Northwest Indiana

The existing housing market in Greater Northwest Indiana was down in 2009, but less than the previous year according to the information obtained from Kenneth Barksdale, Director of Multiple Listing Service for the Greater Northwest Indiana Association of Realtors, Inc. (GNIAR). Similar to LaPorte and Porter counties, Greater Northwest Indiana overall experienced a decline of -8 percent with a total of 6,403 units sold (Figure 1). Table 1 presents various historical housing market statistics for LaPorte and Porter counties as well as Greater Northwest Indiana. Between 2008-2009, the number of homes sold in LaPorte County decreased from 882 units in 2008 to 846 units in 2009. The 2009 figure represents a drop from the previous year of about -4 percent. In Porter County, the 2009 number of homes sold was 1,308 units, reflecting a decline of -9.86 percent from the previous year.

Table 1
HOUSING MARKET STATISTICS

Year	Sold	%Change from Previous Year	Avg. Listing Price	%Change from Previous Year	Avg. Selling Price	% Change from Previous Year	% Listing Price Received	Avg. Mkt. Time of House Sold (Days)
LaPorte County								
2004	1,251	9.54	162,897	5.48	155,671	5.40	95.65	117
2005	1,310	4.72	186,022	14.20	177,185	13.82	96.08	125
2006	1,270	-3.05	192,726	3.60	183,434	3.53	95.41	137
2007	1,155	-9.06	190,661	-1.07	180,554	-1.57	95.27	127
2008	882	-23.64	201,472	5.67	187,929	4.08	94.10	139
2009	846	-4.08	169,482	-15.88	155,933	-17.03	93.10	149
Porter County								
2004	2,161	10.93	200,803	10.48	192,328	11.25	95.78	126
2005	2,092	-3.19	214,700	6.92	206,628	7.44	96.24	124
2006	1,988	-4.97	220,298	2.61	212,866	3.02	97.14	116
2007	1,849	-6.99	233,135	5.83	223,491	4.99	96.45	123
2008	1,451	-21.53	238,823	2.44	222,511	-0.44	93.17	128
2009	1,308	-9.86	202,823	-15.07	191,089	-14.12	94.73	149
Greater Northwest Indiana								
2004	9,444	8.08	142,424	4.87	138,051	5.01	96.93	116
2005	9,813	4.33	152,430	12.24	148,252	7.39	97.30	110
2006	10,088	2.22	152,827	0.30	148,571	0.22	97.22	111
2007	8,942	-11.36	158,104	3.50	152,936	2.98	96.73	119
2008	6,961	-22.21	153,580	-2.91	146,396	-4.32	95.32	126
2009	6,403	-8.02	139,809	-8.97	132,081	-9.78	94.47	139

Analysis derived from the Greater Northwest Indiana Association of Realtors, Inc. For LaPorte County and Porter County key see page 4.



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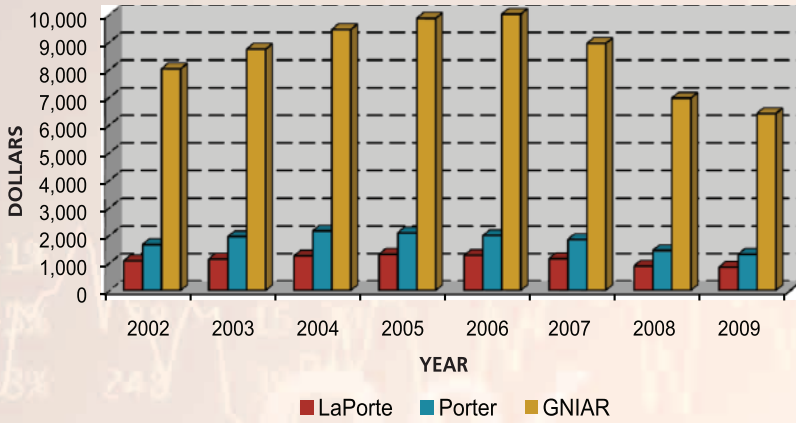
MBA Class Graduation

Our seventh MBA class at PNC will graduate in Spring 2010. Congratulations to all of our MBA graduates below:

Michael Berrier, Portage
Natasa Copic, Merrillville
Steve Plucinski, Westville

David Shaffer, Westville
Katie Stailey, Knox

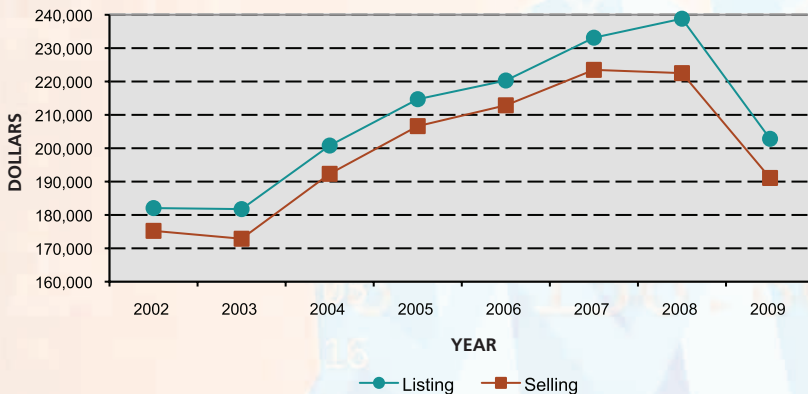
Figure 1
NUMBER OF HOMES SOLD



(Figure 2a)
PRICES FOR EXISTING HOMES
LaPorte County



(Figure 2b)
PRICES FOR EXISTING HOMES
Porter County



Analysis derived from the Greater Northwest Indiana Association of Realtors, Inc.

In LaPorte County, the average listing and selling prices in 2009 were \$169,482 and \$155,933, respectively, a decrease of -15.88 and -17 percent, respectively, from the previous year (Table 1 and Figure 2a). Note that the deflation rate in 2009 was -0.36 percent. The annual average growth in the listing price since 2002 was 2.16 percent while the selling price averaged 1.84 percent. It should be noted here that the average annual rate of inflation (based on Consumer Price Index) for that same period was 2.56 percent.

The 2009 average listing and selling prices for a home in Porter County were \$202,823 and \$191,089, respectively (Figure 2b). These represented a decrease in the listing price from the previous year by -15.07 percent and a decline in selling price by -14.12 percent. The annual average growth in the listing price since 2002 was 1.72 percent while the selling price averaged at 1.55 percent. According to the GNIAR report, the average listing and selling prices in 2009 were \$139,809 and \$132,081, respectively (Figure 2c). In 2009, Greater Northwest Indiana as a whole showed a decline of -8.97 percent in the average listing price and -9.78 percent in the average selling price. The annual average growth in the listing price and selling price since 2002 was 1.71 and 0.64 percent, respectively.

In 2009, sellers in LaPorte County received about 93.1 percent of the listing price. The average market time to sell a home rose by 10 days from the previous year. Sellers in Porter County and Greater Northwest Indiana received about 94.73 and 94.47 percent of the listing price, respectively. The market time of a home sold in LaPorte and Porter counties was 149 days, compared with 139 days for Greater Northwest Indiana as a whole. Higher home prices may take longer to sell. For instance, last year, the average listing price of properties not sold in LaPorte County, Porter County and Greater Northwest Indiana were \$249,403, \$297,806 and \$194,330, respectively. The annual average sold time since 2002 for Greater Northwest Indiana, LaPorte and Porter counties was \$131,127 and 120 days, respectively.

In real terms, the 2009 average selling prices adjusted for inflation (1982-84 dollars) were \$72,683; \$89,070 and \$61,566 in LaPorte County, Porter County and Greater Northwest Indiana, respectively. This represented a decrease from 2002 by -7.36 and -8.56 percent in LaPorte County and Porter County, respectively. Greater Northwest Indiana as a whole

showed a decline of -12.19 percent in real value. On average, the annual real depreciation rates was -0.78 and -1.04 in LaPorte County and Porter County, respectively, while Greater Northwest Indiana incurred an annual negative growth of -1.72 percent. Housing prices in LaPorte County were relatively lower than Porter County. That typically may attract more home buyers and drive up the price faster than the high price areas.

Characteristics of Homes Sold

The majority of homes sold (16.35 percent or 1,047 units) in Greater Northwest Indiana were in the high end such as the \$150,000-199,999 price range, followed by the \$125,000-over price range (11.81 percent or 756 units). Moreover, the majority of homes sold were three-bedroom type (3,584 units or 56 percent), followed by four bedrooms (1,472 units or 23 percent) and two-bedrooms (1,091 units or 17 percent).

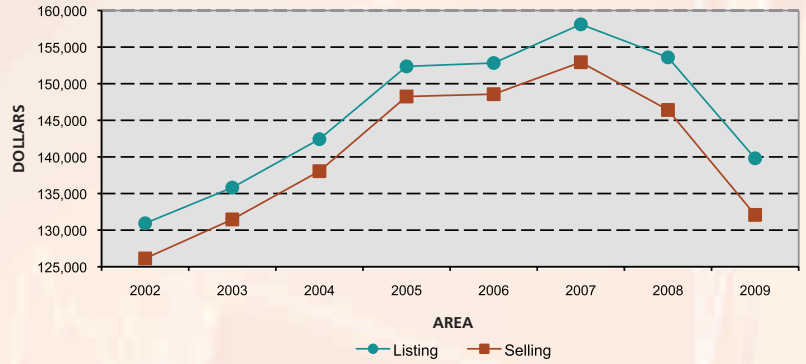
Local Housing Market Experience

Decrease in demand for housing and an excess supply of housing continued to put a downward pressure on selling prices. A sharp rise in the unemployment rate in addition to credit constraints due to the collapse in the national housing market has contributed to a decline in demand for housing. The overall percent sales activity remained negative.

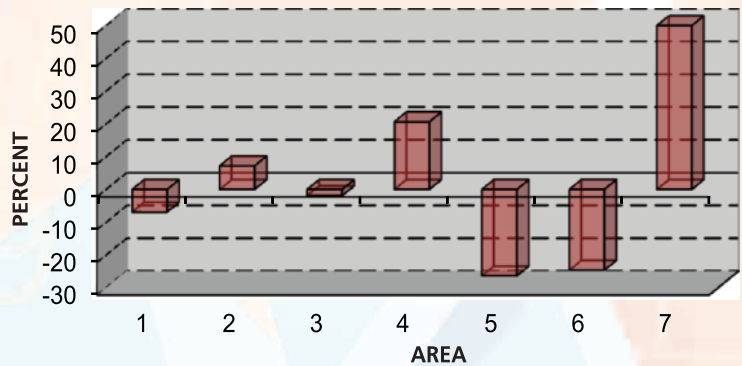
While all areas in LaPorte County experienced a decline in percent sales activity in 2008, three areas (Michigan City, Northwest and Southwest areas) showed an increase (Figure 3). The average increase in all areas was 2.37 percent in 2009 compared to -21.09 percent decline in 2008. Michigan City showed an increase of 7.21 percent while LaPorte showed a slight decline of -1.88 percent. The Southwest area indicated the largest increase of 50.13 percent.

Figure 4 shows that all areas except Shorewood, Valparaiso and Center and Hebron & Boone townships in Porter County experienced a decline in percent sales activity in 2009. The condition seems to have improved because in 2008 one out of the ten areas in Porter County experienced an increase in percent sales activity. Valparaiso and Center Township Unincorporated increased sales activity by 4.17 percent. Area 9, Hebron and Boone townships had the largest increase of 27.96 percent. Area 1, the Portage and Ogden Dunes area, incurred the largest drop of 19.02 percent in 2009.

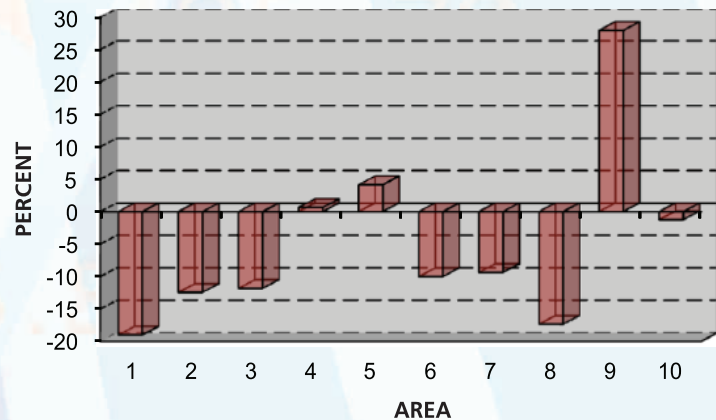
(Figure 2c)
PRICES FOR EXISTING HOMES
Greater Northwest Indiana



(Figure 3)
CHANGE IN SALES ACTIVITY 2008-09
LaPorte County



(Figure 4)
CHANGE IN SALES ACTIVITY 2008-09
Porter County



Analysis derived from the Greater Northwest Indiana Association of Realtors, Inc. For LaPorte County and Porter County key see page 4.

Some Areas Hit Harder Than Others

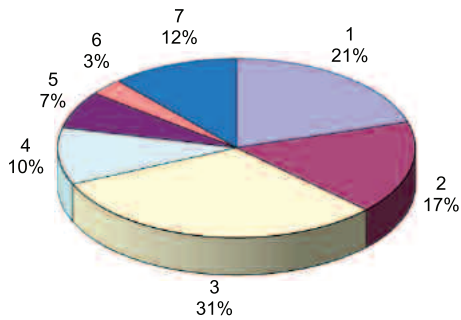
Figure 5a and 5b present the 2009 market share in terms of dollar volume and units sold. The market share by dollar volume was highest in the city of LaPorte (31 percent) at \$32,443,065 followed by the Beach area (20 percent) at \$21,077,726. LaPorte holds the record high in market share as determined by units sold (310 units or 37 percent). In Porter County, the highest dollar volume (34 percent or \$82,800,454) went to Area 5 which includes Valparaiso and Center Township Unincorporated (Figure 6a and 6b). Valparaiso led all Northwest Indiana areas in sales, with 401 units sold, followed by Merrillville at 333, Crown Point with 304, Hobart at 287 sales, Chesterton with 276 sales, while the Portage and Ogden Dunes area registered 243 sales.

In LaPorte County, the Lake Michigan beach area shows the highest median sale price at \$355,000 in 2009 (Figure 7) followed by the Northwest and Northeast areas at \$152,500 and \$143,750, respectively. LaPorte and Michigan City median sale prices were \$89,000 and \$69,900, respectively. These latter two areas had median sale prices of \$95,000 and \$74,900 in 2008.

Figure 9 compares the 2009 average listing and selling prices in LaPorte County for each area. The Beach area had the highest average selling price of \$425,836, a 28.74 percent decrease from \$597,555 in 2008. The average selling prices in Michigan City and LaPorte were \$74,958 and \$104,655, respectively.

In Porter County, (Figure 8) the 2009 median sale price was highest in Area 4 (Shorewood) at about \$277,000, followed by Area 7 the Pines and Beverly Shores and Pine Township at \$269,000. The median sale price in Area 5 (Valparaiso and Center Township Unincorporated) was \$185,700. In 2008, the median sale prices in these three areas were \$322,500, \$210,000 and \$181,500, respectively.

(Figure 5a)
HOUSING MARKET SHARE
BY DOLLAR VOLUME
LaPorte County

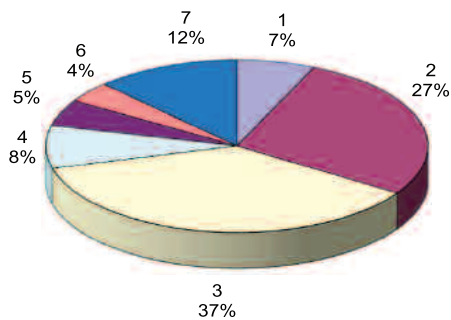


Key for LaPorte County

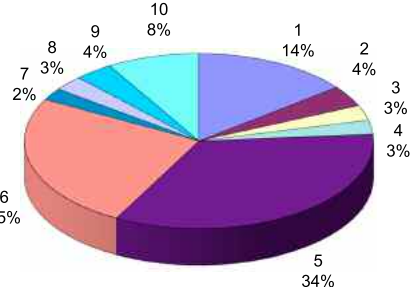
Area	Name
1	Beach
2	Michigan City
3	LaPorte
4	Northwest
5	Northeast
6	Southeast
7	Southwest

Analysis derived from Greater Northwest Indiana Association of Realtors, Inc.

(Figure 5b)
HOUSING MARKET SHARE
BY HOMES SOLD
LaPorte County



(Figure 6a)
HOUSING MARKET SHARE
BY DOLLAR VOLUME
Porter County

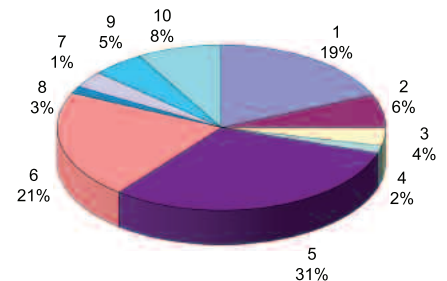


Key for Porter County

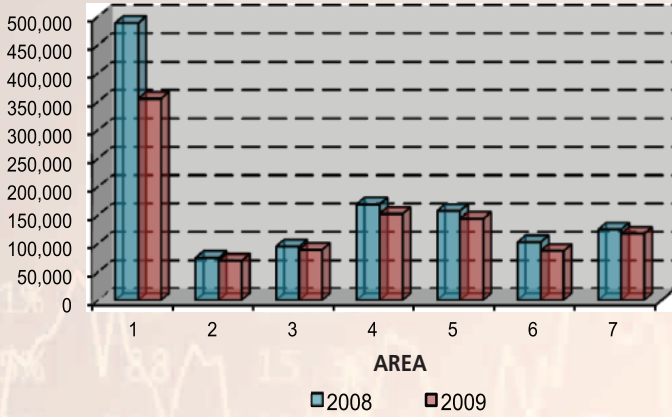
Area	Name
1	Portage & Ogden Dunes
2	Portage Township
3	Wheeler & Union Twp.
4	Shorewood
5	Valparaiso, Center Twp.
6	Chesterton, Porter, Burns Harbor, Westchester Twp. Liberty Twp., Jackson Twp.
7	Pines, Beverly Shores, Pine Twp.
8	Boone Grove & Porter Twp.
9	Hebron & Boone Twp.
10	Kouts, Washington Twp., Morgan Twp., Pleasant Twp.

Analysis derived from Greater Northwest Indiana Association of Realtors, Inc.

(Figure 6b)
HOUSING MARKET SHARE
BY HOMES SOLD
Porter County



(Figure 7)
MEDIAN SALE PRICE
 LaPorte County



(Figure 9)
LISTING AND SELLING PRICE
 LaPorte County



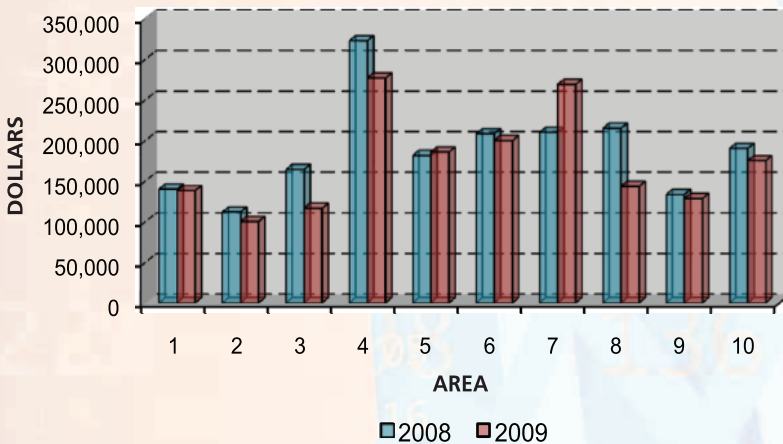
Key for LaPorte County	
Area	Name
1	Beach
2	Michigan City
3	LaPorte
4	Northwest
5	Northeast
6	Southeast
7	Southwest

Key for Porter County	
Area	Name
1	Portage & Ogden Dunes
2	Portage Township
3	Wheeler & Union Twp.
4	Shorewood
5	Valparaiso, Center Twp.
6	Chesterton, Porter, Burns Harbor, Westchester Twp. Liberty Twp., Jackson Twp.
7	Pines, Beverly Shores, Pine Twp.
8	Boone Grove & Porter Twp.
9	Hebron & Boone Twp.
10	Kouts, Washington Twp., Morgan Twp., Pleasant Twp.

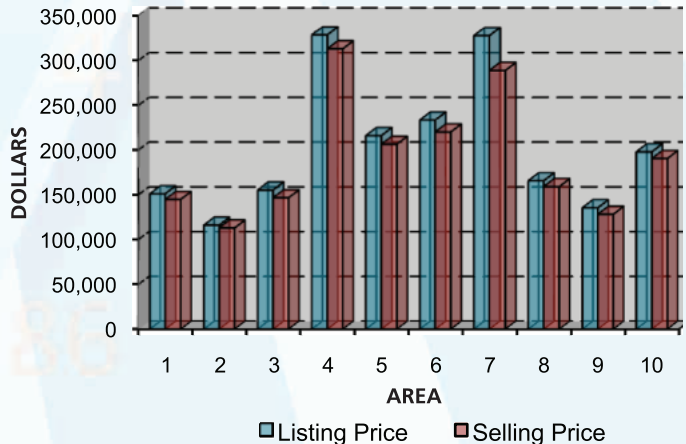
Figure 10 compares the 2009 average listing and selling prices in Porter County for each area. Shorewood had the highest average selling price of \$313,105. This area also had the highest average selling price of \$393,299 in 2008. The average selling prices in Valparaiso and Center Township Unincorporated was \$206,485, a 0.34 percent increase from \$205,789 in 2008.

Figure 11 shows the change in listing and selling prices during 2008-09 in LaPorte County. The largest plunge in selling price occurred in the Beach area (31.25 percent), followed by the Southeast area (20.01 percent). The selling prices in LaPorte also dropped by -15.42 percent while Michigan City decreased by -5.78 percent. Other areas such as the Northeast and Southwest experienced an increase in selling prices by 2.43 and 3.22 percent, respectively.

(Figure 8)
MEDIAN SALE PRICE
 Porter County



(Figure 10)
LISTING AND SELLING PRICE
 Porter County

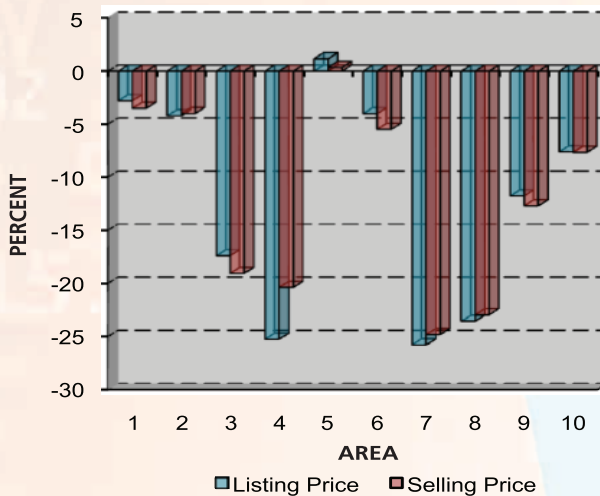


Analysis derived from Greater Northwest Indiana Association of Realtors, Inc.

(Figure 11)
LISTING AND SELLING PRICE
LaPorte County



(Figure 12)
LISTING AND SELLING PRICE
Porter County



(Table 2)
HOUSING MARKET BY AREA
LaPorte County

Area	% Listing Received		Average Price Properties Not Sold		Average Sold Time		% Sales Activity	
	2008	2009	2008	2009	2008	2009	2008	2009
1	91.61	91.61	581,449	591,275	171	200	13.79	12.84
2	93.58	93.58	108,731	116,556	122	131	30.91	33.14
3	94.51	94.51	168,820	162,937	130	131	33.50	32.87
4	95.84	95.84	269,922	236,766	126	122	26.34	31.78
5	92.61	92.61	297,708	284,609	143	168	25.56	18.83
6	94.33	94.33	152,631	184,959	137	166	35.29	26.61
7	96.19	96.19	167,744	168,718	142	122	27.71	41.60

Analysis derived from the Greater Northwest Indiana Association of Realtors, Inc. For LaPorte County and Porter County see key on pages 4 and 5.

Figure 12 shows the change in listing and selling prices from 2008 to 2009 in Porter County. All areas except Area 5 (Valparaiso and Center Township Unincorporated) experienced a decline. Area 5 (Valparaiso and Center Township Unincorporated) saw an increase of only .34 percent compared to a decline of -1.94 percent in 2008. The largest drop in selling price (-24.82 percent) occurred in Area 7, the Pines and Beverly Shores area.

Tables 2 and 3 show additional statistics for all areas in 2008-09. The percent of listing price received in LaPorte County areas varied between 88.39 and 95.36 percent in 2009, compared to the 2008 range of 91.61 to 96.19 percent (Table 2). The percent of listing price received in Porter County varied between 88.17 and 97.21 percent in 2009 compared to the 2008 range of 87.04 and 96.99 percent (Table 3). The average price of property not sold was significantly higher than property sold, 1.60 times in LaPorte County and 1.56 times in Porter County. Generally, average sold time is longer in the areas with high property prices, e.g. 200 days in Area 1 (the Beach area) in LaPorte County with the average price of properties not sold at \$591,275.

Percent sold activity in Porter County (30 percent) was higher in comparison with LaPorte County (28 percent) due to various factors such as lower unemployment, higher income and geographical proximity to the Chicago metropolitan area. In LaPorte County, the Southwest area showed the highest sold activity at 41.6 percent while it was 32.87 percent in the city of LaPorte. In area 5, Valparaiso and Center Township Unincorporated, the percent sold activity was up slightly to 28.75 percent in 2009 compared to 27.60 in 2008. The highest sold activity in Porter County occurred in Area 10 (Hebron & Boone Township) at 39.77 percent, a significant rise from 31.08 percent in 2008.

The Outlook

The annual average selling price in LaPorte County, Porter County and Greater Northwest Indiana from 2002 to 2009 was 1.84, 1.54 and 0.82 percent, respectively, while the average annual cost of living index was 2.56 percent. It is obvious that these average housing prices overall fell far behind inflation rate. At any rate, the Northwest Indiana housing market continues to possess the key strengths of affordability and variety. If the fiscal stimulus initiatives are effective, a rebound trend may occur in the future. Some indicators below may provide further insight.

(Table 3)
HOUSING MARKET BY AREA
 Porter County

Area	% Listing Received		Average Price Properties Not Sold		Average Sold Time		% Sales Activity	
	2008	2009	2008	2009	2008	2009	2008	2009
1	96.46	95.74	186,231	222,192	118	163	35.60	28.83
2	96.99	97.21	172,110	147,131	94	132	43.02	37.67
3	96.35	94.41	276,610	258,028	107	131	31.05	27.38
4	89.43	95.26	478,769	459,104	187	225	16.98	17.09
5	96.27	95.49	297,394	283,835	112	144	27.60	28.75
6	95.72	94.23	328,727	303,303	133	153	33.08	29.77
7	87.04	88.17	564,248	563,103	148	140	32.76	29.69
8	95.30	96.06	354,067	319,236	136	131	31.76	26.25
9	95.60	94.57	210,003	187,054	125	134	31.08	39.77
10	96.24	96.20	247,473	235,075	115	132	35.83	35.39

Analysis derived from the Greater Northwest Indiana Association of Realtors, Inc. For LaPorte County and Porter County see key on pages 4 and 5.

Fixed-Rate Mortgage Dropped

HSH Associates is the nation's largest publisher of mortgage information from its weekly survey of 2,000 retail lenders, coast to coast. It provides reports to lenders, consumers, the media, relocation companies, employee placement firms, and others. According to its recent national survey the 30-year fixed-rate mortgage dropped to 5.33 percent in February 2010 compared to 5.66 one year ago while the annual average in 2009 was 5.59 percent. Residential mortgages are influenced by changes in monthly and the long-term trend of economic indicators. Economic indicators can provide clues to the future direction of interest rates.

Unemployment Rates Remain High

The latest figures at press time released by the U.S. Bureau of Labor Statistics indicate that in March 2010, the unemployment rate in LaPorte County was 13.2 percent (about 6,727 persons out of a 51,053 labor force), up from 12.3 percent in March 2009. The unemployment rate in Porter County showed a decline in March 2010 to 9.8 percent (about 7,791 persons out of 79,510 labor force), compared to 9.9 percent the year before. Overall statewide, Indiana unemployment dropped from 10.8 percent in March 2009 to 10.7 percent in March 2010. For the U.S. as a whole, the rate rose from 9 to 10.2 percent during the same period. Of all 92 Indiana counties in March 2010, Elkhart County showed the highest unemployment rate at 15.2 percent while Davies County had the lowest at 6.1 percent. LaPorte County led all Northwest Indiana areas in the unemployment rate, ranked eleventh in Indiana, followed by Lake County, ranked forty fourth (11.4 percent), Porter County ranked seventy-second.

Improved economic fundamentals such as lower interest rates and greater future hiring trends may provide momentum for the local economy and the housing market to extricate itself; from its current state. It would be too premature to predict from the cited data. Some of these indicators may either turn up or down. Many of them are preliminary data that are subject to future revision. At any rate, it may not be as robustly optimistic as anticipated. Disentanglement is complicated by high trade deficits and high budget deficits that lead to exorbitant national debt coupled with increasing social problems such as health care, high poverty rates and widening income gap.

Archived issues of *Econtrends* can be retrieved at www.pnc.edu

NEWS FROM COLLEGE OF BUSINESS

BUSINESS DISCOVERY since fall 2009

Dr. Tantatape Brahmasrene, Professor of Economics & Business, published the following articles in refereed academic journals:

“Capital Mobility In Asia: Evidence From Bounds Testing Of Cointegration Between Savings And Investment” with K. Jiranyakul in *Journal of the Asia Pacific Economy*, Volume 14, Number 3, 2009.

“Testing Exchange Rate Pass-Through Effect on U.S. Imported Crude Oil Prices” with J-C. Huang & C. Witman in the *International Journal of Business and Economics Perspectives*, Volume 4, Number 2, 2009.

FACULTY PROMOTION

Dr. Carolyn Roper and **Sarah S. Smith** have been promoted from Assistant Professor to Associate Professor of Organizational Leadership & Supervision. This will become effective with the beginning of the 2010-2011 academic year. Congratulations!

NEW DEPARTMENT NAME

On April 9, 2010, Purdue University Board of Trustees approved the renaming of the Department of Business and Organizational Leadership & Supervision to the Department of Business and Leadership.



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