

Economic Report for LaPorte and Porter Counties

This issue of *ECON TRENDS* contains selected economic indicators and information on housing market information for Porter County and Greater Northwest Indiana, an area which includes nine Indiana counties and contiguous areas in Illinois and Michigan and labor market of LaPorte and Porter counties. We hope this and future issues will help you in making business and personal decisions.

Affordability and Variety in Housing Market

In 2000, the Northwest Indiana housing market experienced a decline to about \$820 million from the 1999 total of \$835.6 million, the largest total dollar volume in the history of the regional market. The housing market in this area continues to possess the key strengths of affordability and variety.

Housing market statistics for LaPorte County are not included in this issue. The information obtained from Greater Northwest Indiana Association of Realtors, Inc. (GNIAR) should represent the housing market activity in its area well since there are not many active real estate companies that do not belong to GNIAR. GNIAR represents approximately 2000 realtors throughout Lake, LaPorte (partial), Porter, Jasper and Newton counties.

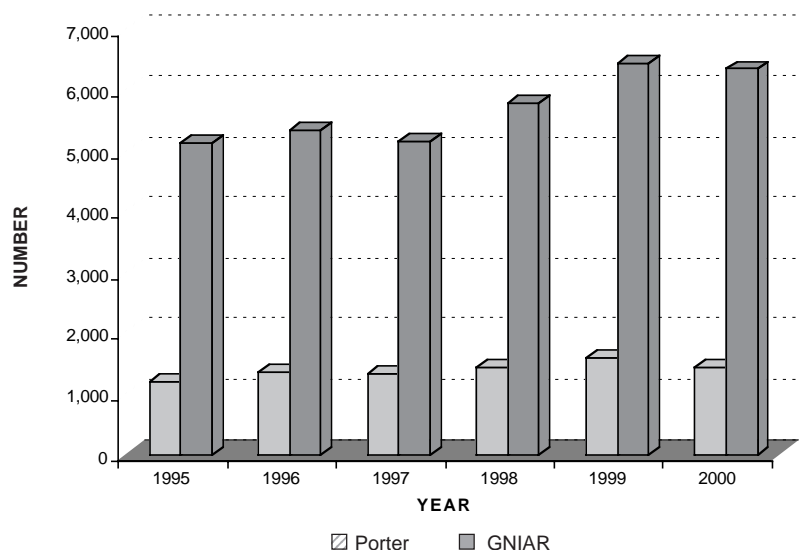
Table 1 presents various historical housing market statistics for Porter County and Greater Northwest Indiana. Between 1995-2000, the average number of homes sold in Porter County was 1,399 units per year, and 1999 saw the

(Table 1)
HOUSING MARKET STATISTICS
1995-2000

Year	Sold	Percent Change from Previous Year	Average Listing Price	Percent Change from Previous Year	Average Selling Price	Percent Change from Previous Year	Percent Listing Price Received	Av. Mkt. Time of House Sold (Days)
Porter County								
1995	1,216		137,848		132,140		95.86	115
1996	1,366	12.34	135,439	-1.75	129,528	-1.98	95.64	108
1997	1,327	-2.86	138,513	2.27	132,502	2.30	95.66	117
1998	1,451	9.34	151,590	9.44	144,045	8.71	95.00	119
1999	1,599	10.20	172,578	13.85	161,207	11.91	93.41	135
2000	1,435	-10.26	171,911	-0.39	162,822	1.00	94.71	137
Greater Northwest Indiana								
1995	5,152		107,136		103,294		96.41	86
1996	5,357	3.98	109,697	2.39	105,499	2.13	96.17	90
1997	5,179	-3.32	115,214	5.03	110,737	4.96	96.11	95
1998	5,784	11.68	117,593	2.06	113,181	2.21	96.25	98
1999	6,460	11.69	123,243	4.80	118,515	4.71	96.16	93
2000	6,369	-1.41	122,788	-0.37	117,989	-0.44	96.09	81

Source: Greater Northwest Indiana Association of Realtors

(Figure 1)
NUMBER OF HOMES SOLD
1995-2000



Source: Greater Northwest Indiana Association of Realtors

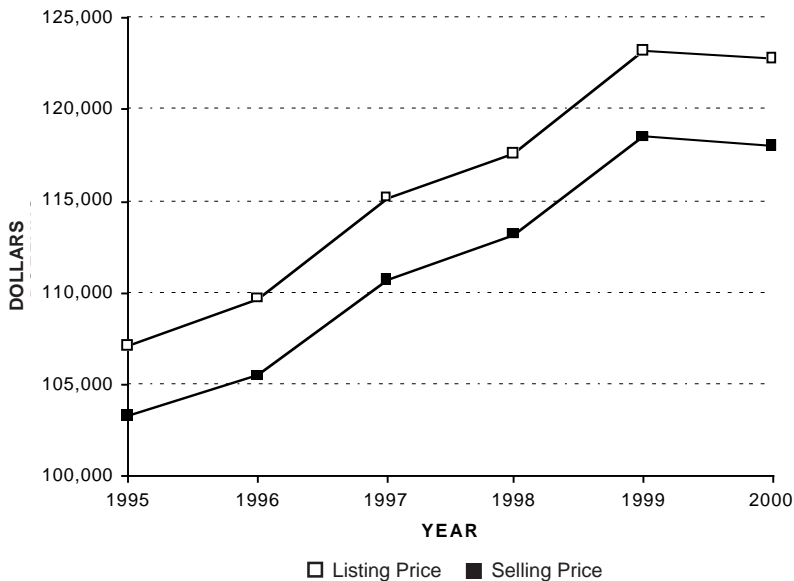


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HOUSING

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(Figure 2a)
GREATER NORTHWEST INDIANA AVERAGE PRICES FOR EXISTING HOMES
 1995-2000



Source: Greater Northwest Indiana Association of Realtors

(Figure 2b)
PORTER COUNTY AVERAGE FOR EXISTING HOME
 1995-2000



Source: Greater Northwest Indiana Association of Realtors

highest number of homes sold (1,599 units) since 1995. The 2000 figure (1,435 units) represents a decline from the previous year of about 10.3 percent (Figure 1). The average annual growth during the last six years is 3.8 percent. Overall, Greater Northwest Indiana also experienced a decline of 1.4 percent with a total of 5,717 units sold. Only 53 percent of the properties listed with the GNIAR were sold last year compared to 54 percent in 1999.

However, the area still indicates a number of regional housing market strengths. The strengths include proximity to Chicago, affordability in most areas, numerous financing options, various choices in housing stock from urban, suburban to rural, good public and private schools and availability of land able to be developed.

According to the GNIAR report, the average listing and selling prices in 2000 were \$122,788 and \$117,989, respectively, a little less than 1 percent decrease from the previous year (Figure 2a). The annual average growth in the listing price and the selling price since 1995 was 3 and 4 percent, respectively. It should be noted here that the average annual rate of inflation (based on consumer price index) for that same period was 2.5 percent. Average listing price and selling price increased sharply in 1997 at about 5 percent each.

The 1999 average listing and selling prices for a home in Porter County were \$172,578 and \$161,207, respectively (Figure 2b). The 2000 average listing price for a home in Porter County was \$171,911, a decrease of 0.4 percent. The average selling price was \$162,822, an increase of 1.0 percent. Note that the inflation rate in 2000 was 3.4 percent.

Housing costs in Greater Northwest Indiana are reasonable when compared to similar neighborhoods in the Chicago area. Most homebuyers can generally acquire about twice as much house as they could get in areas surrounding Chicago. Last year, sellers in Porter County and Greater Northwest Indiana received about 95 and 96 percent, respectively, of the listing price. This is consistent with the annual averages since 1995. The average market time of a home sold in Porter County was much higher (about 137 days over the last year, compared with 81 days for Greater Northwest Indiana as a whole) mainly due to higher home prices. The average market time begins from listing date to pending date. The average sold time (listing date to sold date) would be somewhat longer; for example, it was 117 days for Greater Northwest Indiana in 2000.

HOUSING

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In general, the housing market seems to be in good health for both buyers and sellers. There are plenty of homes to choose from at reasonable prices. On the other hand, sellers are getting good returns and homes are not in the market too long unless the price is very high. For instance, last year, the average listing price of properties not sold in Porter counties and Greater Northwest Indiana were \$194,995 and \$142,733, respectively.

As the housing market information is made available, buyers and sellers are generally more aware of the prices and quantities at which transactions are taking place in the market. This information helps the market become more competitive.

When adjusted for inflation (1982-84 dollars) the 2000 average selling prices were \$94,554 and \$68,519 in Porter County and Greater Northwest Indiana, respectively. In real terms, this represents an increase of 8.3 and 1.1 percent in Porter County and Greater Northwest Indiana, respectively.

Market Share in Different Areas of the Region

In Porter County, Valparaiso and the surrounding Center Township market area lead in total 2000 home sales for the fifth straight year. The Valparaiso area also lead in total sales dollar volume with \$77.6 million. The Shorewood area had the highest sold prices on average at \$304,256.

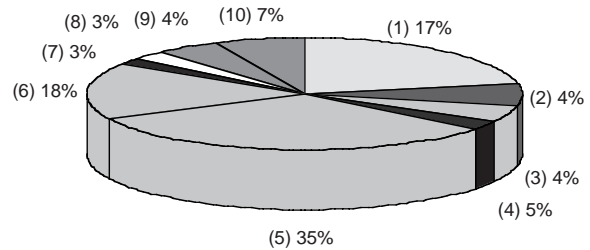
Figure 3 presents the 2000 market share in terms of units sold and dollar volume. The market share as determined by units sold in Area 5 dropped by 2 percent from 1999. It still holds the record high in market share (31 percent). In Porter County, market share by unit sold (31 percent or 461 units) and by dollar volume (35 percent or \$77,617,402) were the highest in Area 5 which includes Valparaiso and Center Township Unincorporated.

With respect to the Greater Northwest Indiana area, following Valparaiso (461) in number of units sold was Merrillville-412; Hobart-384; Crown Point-364; Portage-310; South Hammond-304; Schererville-258; Chesterton-238; North Hammond-202 and Highland-201.

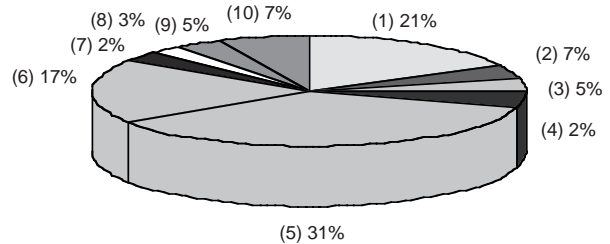
Munster-(\$184,135) was followed in average sold prices as follows: St. John-\$180,509; Schererville-\$178,463; Chesterton-\$172,723; Valparaiso-\$168,367; Crown Point-\$161,986; Lowell-\$125,476; Highland-\$125,147; Portage/

(Figures 3a & 3b)
PORTER COUNTY PERCENT OF TOTAL MARKET AREA
2000

(3a) By Dollar Volume



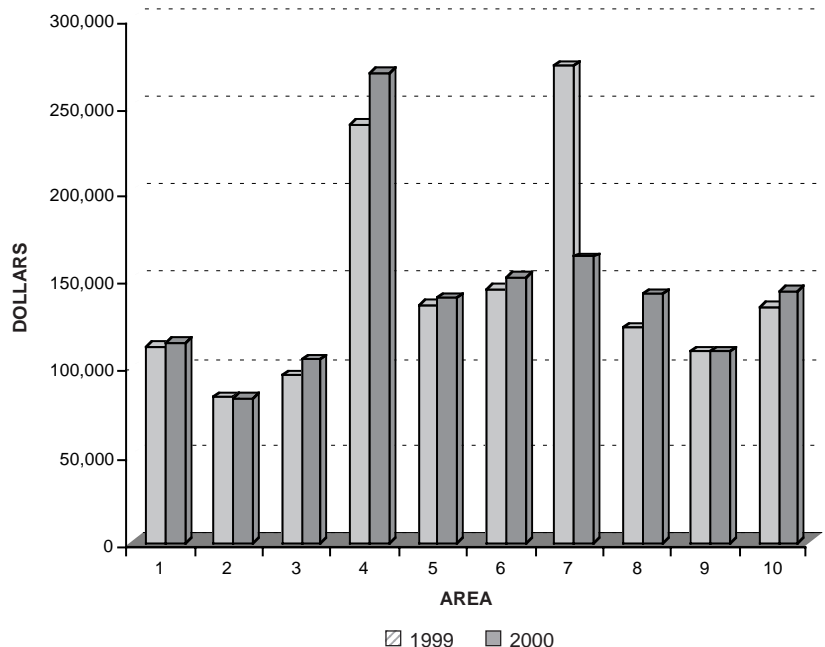
(3b) By Number of Homes Sold



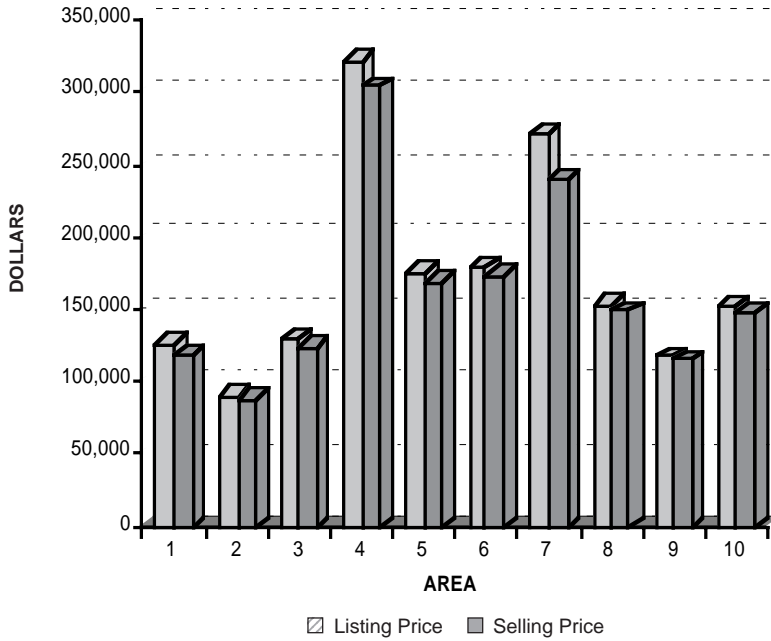
KEY FOR PORTER COUNTY

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

(Figure 4)
PORTER COUNTY MEDIAN SALE PRICE
1999-2000



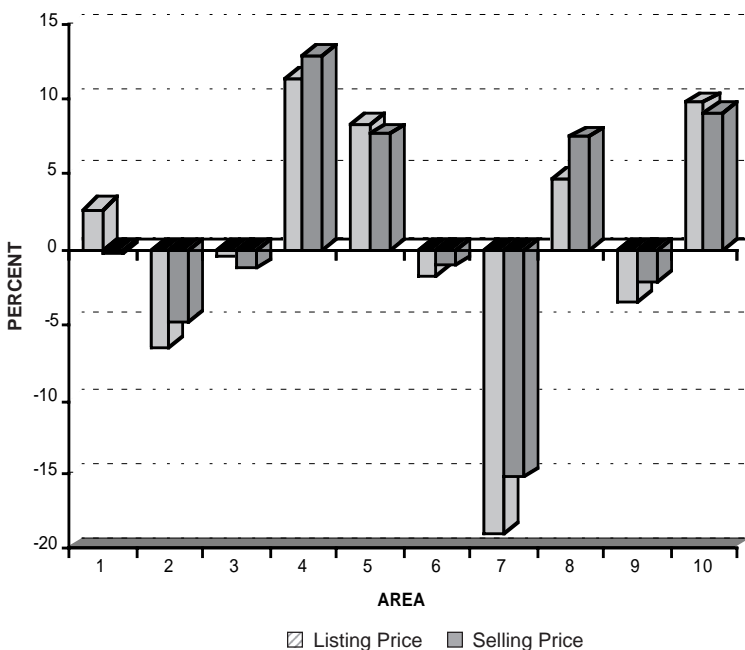
(Figure 5)
**PORTER COUNTY AVERAGE LISTING
 AND SELLING PRICES BY AREA**
 2000



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(Figure 6)
**PORTER COUNTY PERCENT CHANGE ON
 AVERAGE LISTING AND SELLING PRICES BY AREA**
 1999-2000



HOUSING

continued from page 3

Ogden Dunes—\$118,803; Merrillville—\$102,392; Hobart—\$100,732 and South Hammond—\$84,513.

Figure 4 shows the median sale prices in ten areas of Porter County for the past two years. In 2000, median sale price was highest in area 4, Shorewood, at about \$268,500, followed by \$163,500 in area 7 (Pines, Beverly Shores and Pine Township Unincorporated). The median sale price in area 5, Valparaiso and Center Township Unincorporated, was \$140,000. In 1999, the median sale prices in these three areas were \$240,000, \$272,500 and \$136,000, respectively.

Figure 5 compares the 2000 average listing and selling prices in Porter County for each area. The Shorewood Area had the highest average selling price of \$304,256. The average selling prices in Valparaiso and Center Township Unincorporated was \$168,367. The percent of listing price received in Porter County areas varied between 89 and 98 percent in 2000, compared to the 1999 range of 85 to 97 percent (Table 2).

Figure 6 shows the percentage change in listing and selling prices during 1999-2000 in Porter County. Four out of six areas experienced an increase in selling price. Area 5, Valparaiso and Center Township Unincorporated, saw an increase of about 8.4 percent in listing price and 7.8 percent in selling price. The largest increase in selling price (13 percent) occurred in Area 4, Shorewood. The data indicated that the number of homes sold dropped from 57 to 34 units.

Figure 6 shows that in 2000, all areas in Porter County except Areas 2, 3 and 7 experienced an increase in percent sales activity. Areas 2 and 3 encountered an increase of 0.5 and 8.9 percent, respectively. However, Area 7 had the largest surge of 168 percent. Valparaiso and Center Township Unincorporated decreased sales activity by 16 percent while Shorewood Area had the largest drop of 36 percent.

In 1999, all areas in Porter County except Areas 7 and 9 experienced an increase in percent sales activity. Areas 7 and 9 encountered a reduction of -11 and -0.75 percent, respectively. Valparaiso and Center Township Unincorporated increased sales activity by 12.83 percent. Area 8 had the largest surge of 37 percent.

Table 2 shows additional statistics for all areas in 1999-2000.

On average the 2000 percentage of listing price received was about 95 percent compared to 93.4 percent in 1999 in Porter County. In 1999, average sold time was longer in the areas with high property prices such as Area 7 (Pines, Beverly Shores and Pine Township Unincorporated) and Area 4 (Shorewood). The average sold

MARKET SHARE

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time in these area in 1999 were 378 and 159 days, respectively. In 2000, Area 7 still holds the longest average sold time of 223 days followed by Area 10 (Kouts, Washington, Morgan and Pleasant Township, Unincorporated) with 163 days.

Among Greater Northwest Indiana, Highland had the shortest number of 58 days for a home to be on the market in Northwest Indiana. Following Highland in the shortest number of days on the market were—St. John—65; Munster—70; Portage—76; Hobart—76; Merrillville—79; Schererville—80; South Hammond—86; Crown Point—88; Valparaiso—94; Lowell—94 and Chesterton—114.

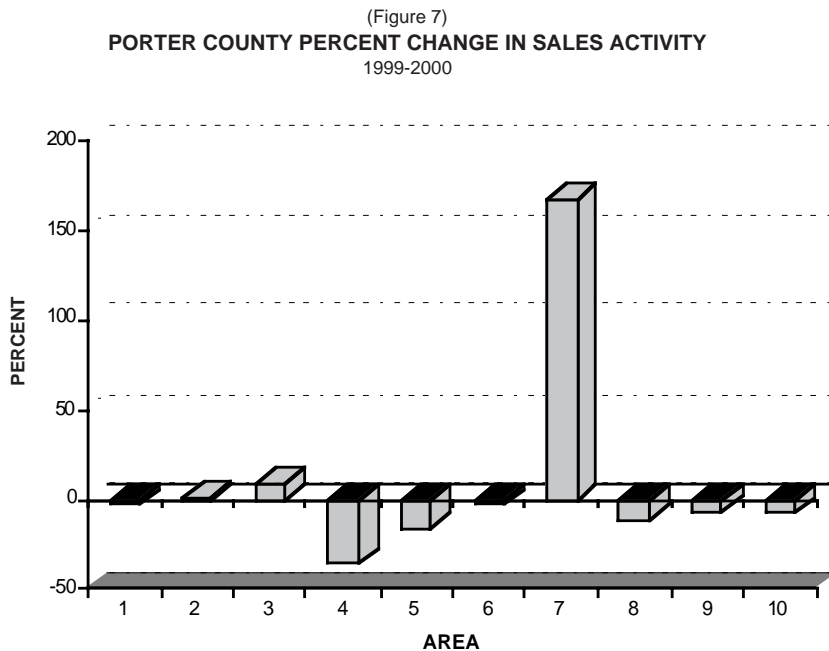
The highest of all areas in percent sold are Areas 7 and 3 at about 51 and 49 percent, respectively. In Area 5, Valparaiso and Center Township Unincorporated, percent sold activity was 34.3 percent.

Last year, the majority of homes sold (16.19 percent or 1,031 units) in Greater Northwest Indiana were in the \$100,000-124,999 price range, followed by the \$125,000-149,999 and \$85,000-99,999 price range (about 14.71 percent or 937 and 14.04 percent or 894 units, respectively). The majority of homes sold were three-bedroom type (3,610 units or 57 percent), followed by four bedrooms (1,503 units or 24 percent) and two-bedrooms (1,024 units or 16 percent).

In 1999, the majority of homes sold (18.63 percent or 1,182 units) in Greater Northwest Indiana were in the \$100,000-124,999 price range, followed by the \$125,000-149,999 and \$85,000-99,999 price range (about 14.23 percent or 837 and 13.74 percent or 823 units, respectively). The majority of homes sold that year were three-bedroom type (3,710 units or 58.5 percent), followed by four bedrooms (1,481 units or 23 percent) and two-bedrooms (934 units or 15 percent).

How Is the Area Mortgage Financed?

Last year, most of the homes sold in the Greater Northwest Indiana region, were financed through conventional mortgages (50.8 percent), followed by the Federal Housing Administration (FHA) insured mortgages (19.4 percent), cash (9.2 percent), the Veterans Administration (VA) guaranteed mortgages (2.8 percent), and others (17.8 percent). Percent of listing price received was highest with the FHA type (97.6 percent) with cash being the lowest (92.7 percent).



Source: Greater Northwest Indiana Association of Realtors

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In 1999, most of the homes sold in the Greater Northwest Indiana region were financed through conventional mortgages (57.3 percent), followed by the Federal Housing Administration (FHA) insured mortgages (21.6 percent), cash (8.5 percent), the Veterans Administration (VA) guaranteed mortgages (3.7 percent), and others (8.9 percent). Percent of listing price received was highest with the owner assisted type (99.3 percent) with cash being the lowest (93.5 percent).

MARKET SHARE

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The Outlook

The average selling prices in Porter County and Greater Northwest Indiana have gone up from 1995 by 23.2 and 14.2 percent, respectively, while the cost of living index has advanced by 13 percent. In other words, from 1995 the real home value in Porter County and Greater Northwest Indiana has gone up by 8.3 and 1.08 percent or about 1.4 and 0.2 percent annual average, respectively. This simply means that homeowners or sellers would be fairly well off over a longer period of time. Many homebuyers were later able to sell their homes for more than they paid (depending upon the location) because housing prices increased steadily.

Stable home sales throughout the year will rest upon a number of factors such as consumer confidence, employment, housing prices and availability, inflation rate, interest rates and financing options. First-time buyer activity will have a significant impact on the housing market.

Recent Trends in the Labor Market

Preliminary figures released by Indiana Department of Workforce Development, Labor Market Information, indicate that in January 2001, the unemployment rate in LaPorte County was 4.2 percent (about 2,190 persons out of 52,260 labor force), compared to 4.5 percent in January a year ago. The Indiana unemployment rate increased from 3.4 percent in January 2000 to 3.7 percent in January 2001. The unemployment rate in Porter County showed a slight decline this year, to 3.3 percent (about 2,430 persons out of 73,880 labor force), compared to 3.4 percent in January a year ago. Porter County's larger labor force has shown a lower unemployment rate than that of LaPorte County in the past few years (Figure 8). Higher growth in population, employment, and new businesses may be contributing factors in Porter County in recent years.

In Table 3, manufacturing and non-manufacturing employment and weekly earnings in 2000 represented only the average of the first half of the year and therefore should not be compared with the full year average of 1999. The table shows a definite distinction exists between the economic indicators of LaPorte and Porter counties. Manufacturing employment in Porter County is higher than that of LaPorte County by 800 and 826 workers in 1998 and 1999, respectively. Overall, average weekly earnings in manufacturing was

(Table 2)
HOUSING MARKET BY AREA
1999-2000

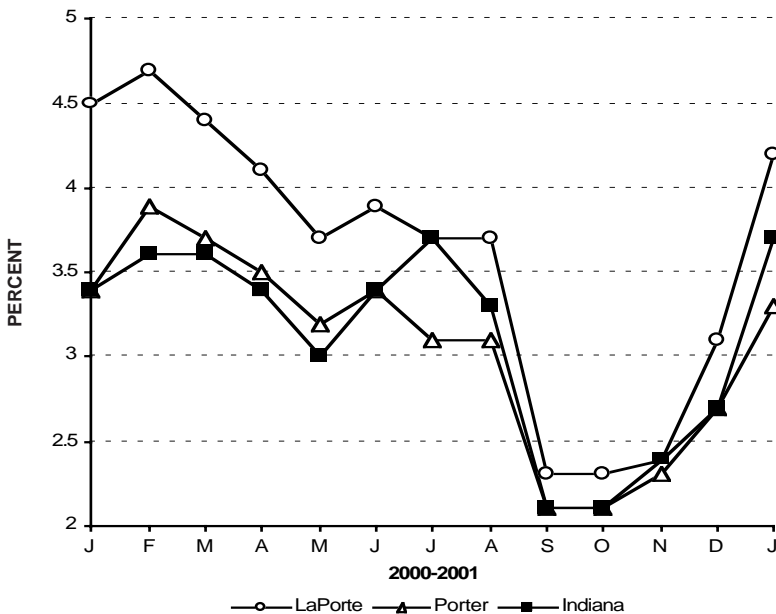
Area	Percent of Listing Price Received		Average Price Properties Not Sold		Average Sold Time		Percent Sales Activity	
	1999	2000	1999	2000	1999	2000	1999	2000
Porter	1999	2000	1999	2000	1999	2000	1999	2000
1	96.94	94.15	143,875	150,314	104	108	47.17	45.52
2	95.86	97.64	120,567	121,773	85	116	41.31	41.53
3	96.29	95.40	194,442	167,334	101	135	44.93	48.92
4	93.21	94.55	355,584	323,977	159	113	35.63	22.97
5	96.61	96.02	183,106	209,565	103	135	40.78	34.25
6	95.78	96.45	214,108	222,897	114	147	29.71	28.92
7	84.73	88.59	227,260	240,045	378	223	19.05	51.06
8	93.67	96.16	169,197	198,056	124	92	37.84	33.33
9	96.56	97.87	159,768	159,817	84	135	37.56	35.05
10	97.30	96.63	163,138	156,172	98	163	41.90	38.96

Source: Greater Northwest Indiana Association of Realtors

Note: The Multiple Listing Service of LaPorte County Inc., no longer provides data because it ceased operating in 1999.

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(Figure 8)
UNEMPLOYMENT RATE
1999-2000



Source: Manpower, Inc.

OUTLOOK

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about 1.34 times that of non-manufacturing in LaPorte County and about 1.72 times in Porter County.

According to the report from Bruce F. Bendull, labor market analyst for the Department of Workforce Development, initial claims for unemployment benefits tallied for the two-county area show higher claims levels for 2000 over the year 1999 (similar to the trend of 1999 over 1998) with all of the increase coming in the last half of 2000. The last quarter of 2000 showed a 10.7 percent increase or an additional 386 claims over the previous year final quarter's 3,609 claims. In the year 2001, January and February seem to have strengthened the trend showing greatly increased claims activity over their year 2000 counterparts. January's total was 505 claims or about 29 percent above the previous January's 1,759 claims. February saw 237 claims above last year's 1,092, an increase of almost 22 percent. These increased claims levels reflect the overall slowdown in local and national market conditions.

Staffing Pattern

Manpower Inc. recently completed its quarterly Employment Outlook Survey of participants in 488 markets across the country. According to the latest Employment Outlook Survey just released by Manpower Inc., the outlook in the Michigan City area job market projections significantly surpasses those in the spring of recent years with a net increase of 50 percent compared to 3 percent a year ago (Table 4). The second quarter of the year is often a time of job renewal. In the LaPorte area this spring, a fairly positive staffing pattern is in store with a net increase of 10 percent. For the same period last year, the projections in the Valparaiso area are less optimistic when 13 percent were prepared to recruit more workers while 10 percent voiced plans to cut back. Overall net increase in the second quarter in the Valparaiso area is 3 percent.

Terri Werner, Staffing Services Supervisor of Manpower Temporary Services in LaPorte, said that nationally, 28 percent of employers say they will continue to add workers, 8 percent expect decreases, 59 percent intend no change and 5 percent are undecided in the upcoming second quarter.

Job opportunities in the second quarter are always most likely in the construction industry. Plans among durable goods and non-durable goods manufacturing are reduced from the prior year. Some slippage is evident among services. Only transportation, public utilities and public administration maintain the optimism of the past years.

(Table 3)
COUNTY INDICATORS
1999-2000

	LaPorte		Porter	
	1999	2000	1999	2000
Labor Force	53,220	52,910	75,140	74,210
Employment	51,340	50,900	72,850	71,800
Unemployment Rates	3.5%	3.8%	3.0%	3.2%
		Thru 2nd Qtr		Thru 2nd Qtr
Manufacturing Employment	11,448	11,336	12,274	12,221
Non-Mfg Employment (private)	28,178	28,401	34,608	34,394
Non-Mfg Employment (private & public)	35,475	36,038	43,118	42,921
Average Weekly Earnings	503	521	593	587
Average Weekly Earnings (Mfg)	674	690	1,017	998

Source: Indiana Department of Workforce Development, Labor Market Information Division

(Table 4)
EMPLOYMENT OUTLOOK SURVEY
(2nd Quarter 2001)

(All figures are percentages)					
	Increase	No Change	Decrease	Don't Know	Net Increase
LaPorte	13	84	3	0	10
Michigan City	60	30	10	0	50
Valparaiso	13	77	10	0	3
Indiana	29	58	10	3	19
Midwest	29	59	9	3	20
National	28	59	8	5	20

Source: Manpower, Inc.

Beyond the soar of energy prices that squeeze business profits and the diminished household wealth, the strength of the diverse labor market encompassing Porter and LaPorte counties seems to show that area employment growth will continue to slow, seasonally adjusted, possibly through third quarter of 2001. However, given stable area economic activity, the outlook for the counties' employment may be sustainable through the backdrop of a slowing national and global economy.

Initial claims for unemployment benefits tallied for the two-county area show higher claims levels for 2000 over the year 1999 (similar to the trend of 1999 over 1998) with all of the increase coming in the last half of 2000. The last quarter of 2000 showed a 10.7 percent increase or an additional 386 claims over the previous year final quarter's 3,609 claims. In the year 2001, January and February seem to have strengthened the trend showing greatly increased claims activity over their year 2000 counterparts. January's total was 505 claims or about 29 percent above the previous January's 1,759 claims. February was 237 claims above last year's 1,092, an increase of almost 22 percent. These increased claims levels reflect the overall slowdown in local and national market conditions.

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