

Economic Report for LaPorte and Porter Counties

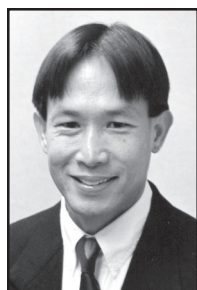
This issue of ECON TRENDS contains selected economic indicators for the housing and labor markets of LaPorte and Porter counties and Greater Northwest Indiana, an area which includes nine Indiana counties and contiguous areas in Illinois and Michigan. We hope this and future issues will help you in making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

From 1991 to 2001, residential building permits in LaPorte and Porter counties increased by 11.3 and 25.3 percent, respectively (Table 1). The latest cumulative year-to-date figure, May 2002, shows 316 permits (341 units) in Porter County, a decline of 12.9 percent in permits from the same period in 2001. In May 2002, the estimated value of residential building permits was \$52,971,952 in Porter County, a decline from \$67,025,073 of the same period in 2001.

The Existing Housing Market In Greater Northwest Indiana Was Up

The existing housing market in Greater Northwest Indiana was up in 2001 compared to the previous year. The information obtained from the LaPorte County Association of Realtors, Inc. and Greater Northwest Indiana Association of Realtors, Inc. (GNIAR) should well represent the housing market activity since most area active real estate companies belong to one of these organizations.

Table 2 presents various historical housing market statistics for LaPorte and Porter counties as well as Greater Northwest Indiana. Between



ECON TRENDS is prepared by Tantatapa Brahmarsene, Ph.D., Associate Professor of Economics Purdue University North Central

(Table 1)
RESIDENTIAL BUILDING PERMITS

Area	Total Units		% Change	Total Cost (\$000)		% Change
	1991	2001		1991	2001	
Indiana	24,114	39,117	62.2%	2,014,099	4,876,861	142.1%
LaPorte	397	442	11.3%	29,419	47,168	60.3%
Porter	1,060	1,328	25.3%	93,254	160,247	71.8%

Source: U.S. Bureau of the Census

(Table 2)
HOUSING MARKET STATISTICS
1995-01

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)
LaPorte County								
1995	977	1.98	96,861	6.48	91,192	6.65	94.15	90
1996	1,035	5.94	96,943	0.08	91,468	0.30	94.35	95
1997	1,021	-1.35	110,598	14.09	104,767	14.54	94.73	101
1998	1,089	6.66	113,130	2.29	107,041	2.17	94.62	109
1999*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	1,033	N/A	128,892	N/A	121,569	N/A	94.37	134
2001	1,019	-1.36	129,785	0.69	122,816	1.03	94.55	130
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	144,405	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	136.7
2001	1,645	14.63	180,741	5.14	172,471	5.93	95.42	178.5
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	6,383	-1.19	122,657	-0.48	117,994	-0.44	96.20	82
2001	6,693	4.86	129,684	5.73	126,894	7.54	97.85	88

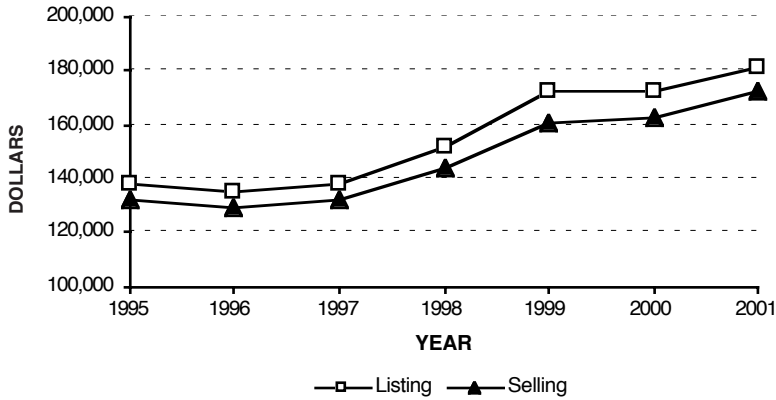
Note: Missing Data in 1999 LaPorte County

Source: Greater Northwest Indiana Association of Realtors, Inc.; LaPorte County Association of Realtors, Inc.

HOUSING MARKET

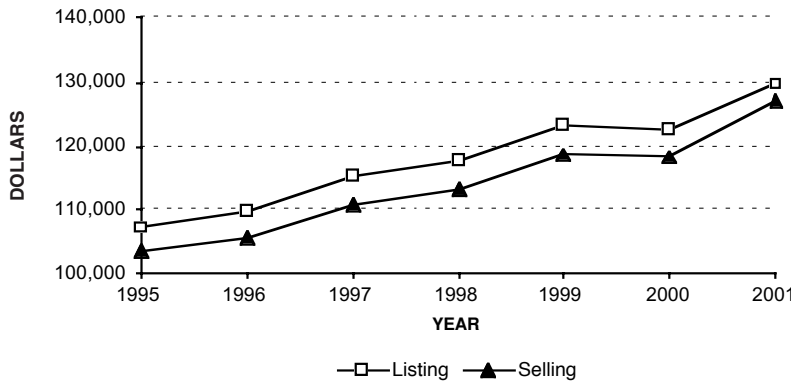
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(Figure 1)
PRICES FOR EXISTING HOME
Porter County



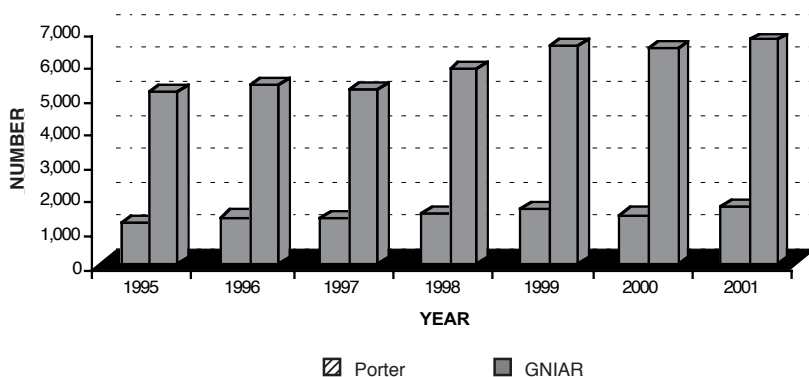
Source: Greater Northwest Indiana Association of Realtors, Inc.

(Figure 1a)
PRICES FOR EXISTING HOME
Greater Northwest Indiana



Source: Greater Northwest Indiana Association of Realtors, Inc.

(Figure 2)
NUMBER OF HOMES SOLD
1995-2001



Source: Greater Northwest Indiana Association of Realtors, Inc.

2000-2001, the number of homes sold in LaPorte County dropped from 1,033 units in 2000 to 1,019 units in 2001. The 2001 figure represents a decline from the previous year of about 1.4 percent.

In Porter County, the number of homes sold in 2001 was 1,645 units, reflecting an increase of 14.6 percent from the previous year. Overall, Greater Northwest Indiana also experienced an increase of 4.9 percent with a total of 6,693 units sold (Table 2).

In LaPorte County, the average listing and selling prices in 2001 were \$129,785 and \$122,816 respectively, a slight increase from the previous year. The 2001 average listing and selling prices for a home in Porter County were \$180,741 and \$172,471, respectively (Table 2). These represented an increase from the previous year of 5.1 and 5.9 percent, respectively. The annual average growth in the listing price since 1995 was 4.8 percent while the selling price growth averaged 4.7 percent. It should be noted here that the average annual rate of inflation (based on consumer price index) for that same period was 2.6 percent. According to the GNIAR report, the average listing and selling prices in 2001 were \$129,684 and \$126,894, respectively (Table 2). In 2001, Greater Northwest Indiana as a whole showed an increase of 5.7 percent in average listing price and 7.5 percent in selling price. Note that the inflation rate in 2001 was 2.9 percent. The annual average growth in the listing price since 1995 was 3 percent while the selling price averaged 4 percent.

Housing costs in LaPorte and Porter counties are quite reasonable. Most home buyers can generally acquire about twice as much house as they could get in a similar neighborhood in the Chicago area. Last year, sellers in LaPorte County received about 94.6 percent of the listing price. The average market time to sell a home went down by 4 days from the previous year to 130 days.

Even better, sellers in Porter County and Greater Northwest Indiana received about 95.4 and 97.9 percent of the listing price, respectively. The average market time of a home sold in Porter County was much higher (about 179 days over the last year compared with 88 days for Greater Northwest Indiana as a whole) due to higher home prices. The annual average market time of

HOUSING MARKET

continued from page 2

a home sold since 1995 is 130 days in Porter County and 90 days in Greater Northwest Indiana.

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 County and Greater Northwest Indiana were \$211,249 and \$144,313, 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. Thus, the market becomes more competitive.

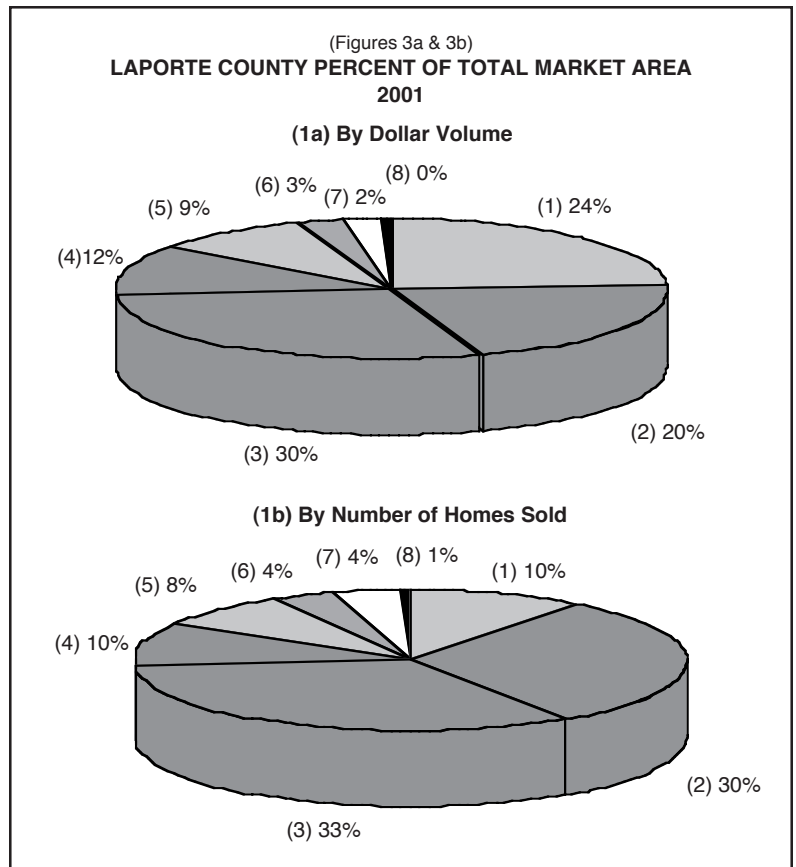
When adjusted for inflation (1982-84 dollars) the 2001 average selling price in LaPorte County was \$69,348, an increase of 15.9 percent from the 1995 level (or 2.3 percent annually). The 2001 average selling prices (adjusted for inflation) were \$97,386 and \$71,651 in Porter County and Greater Northwest Indiana, respectively. In real term, this represents an increase from 1995 of 12.3 and 5.7 percent in Porter County and Greater Northwest Indiana, respectively. The annual rates would be 1.8 and 0.8 percent, respectively.

Market Share in Different Areas of the Region

Figure 3a and 3b presents the 2001 market share in terms of dollar volume and units sold. The market share by dollar volume was highest in the city of LaPorte (30 percent) at \$35,205,305 followed by Beach area (24 percent) at \$29,191,719. The city of LaPorte holds the record high in market share as determined by units sold (33 percent).

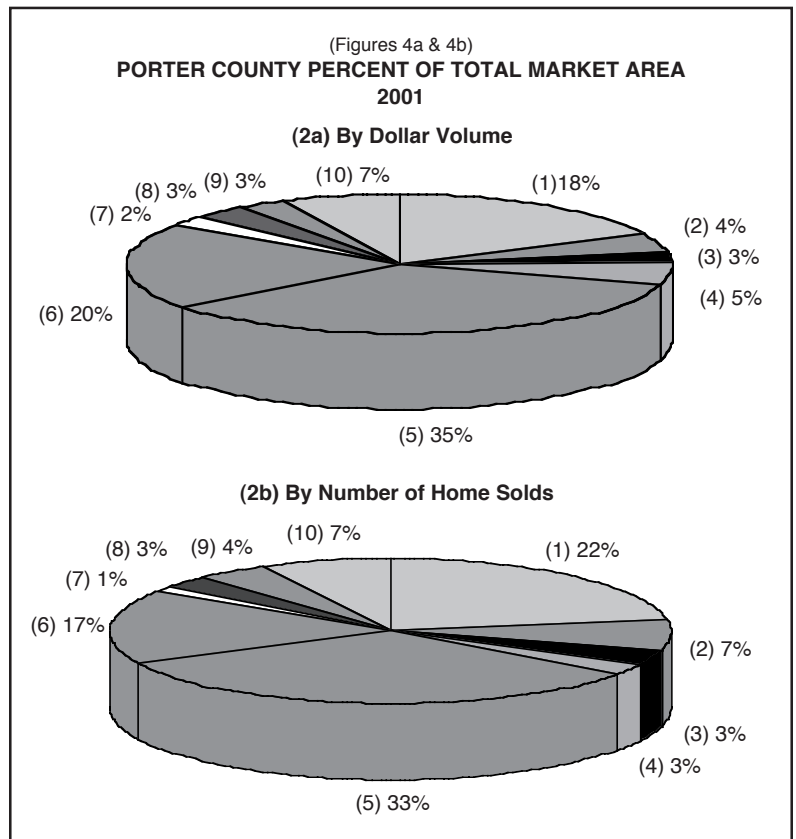
In Porter County, market share by unit sold (33 percent or 537 units) and by dollar volume (35 percent or \$90,204,254) were the highest in Area 5

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	



KEY FOR LAPORTE COUNTY	
1 - Beach	5 - Northeast
2 - Michigan City	6 - Southeast
3 - LaPorte	7 - Southwest
4 - Northwest	8 - Other

Source: LaPorte County Association of Realtors, Inc.

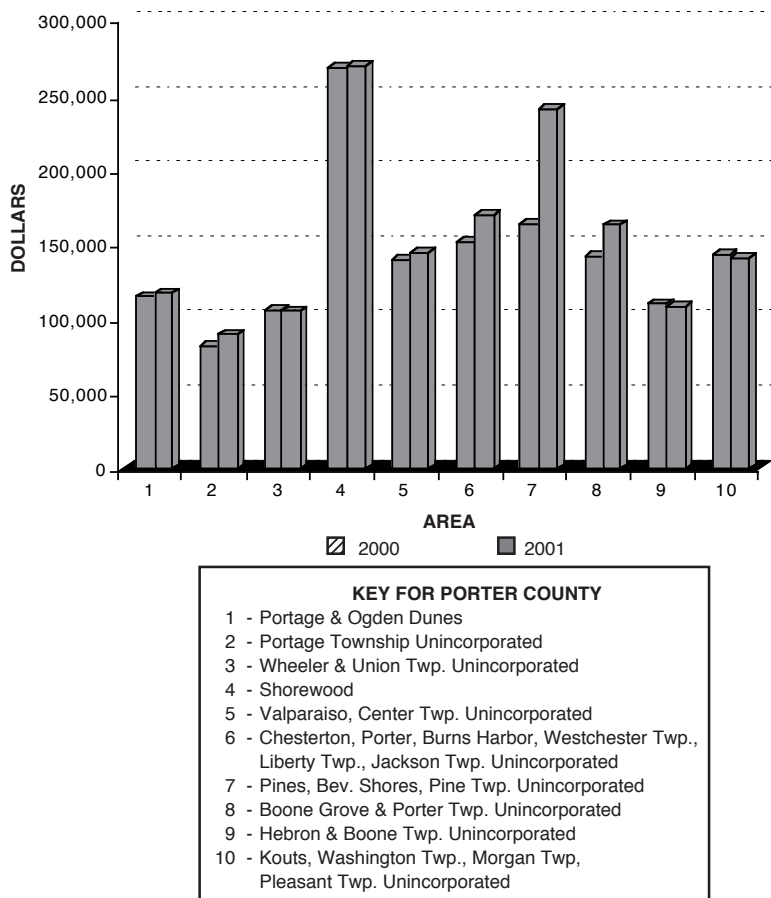


Source: Greater Northwest Indiana Association of Realtors, Inc.

MARKET SHARE

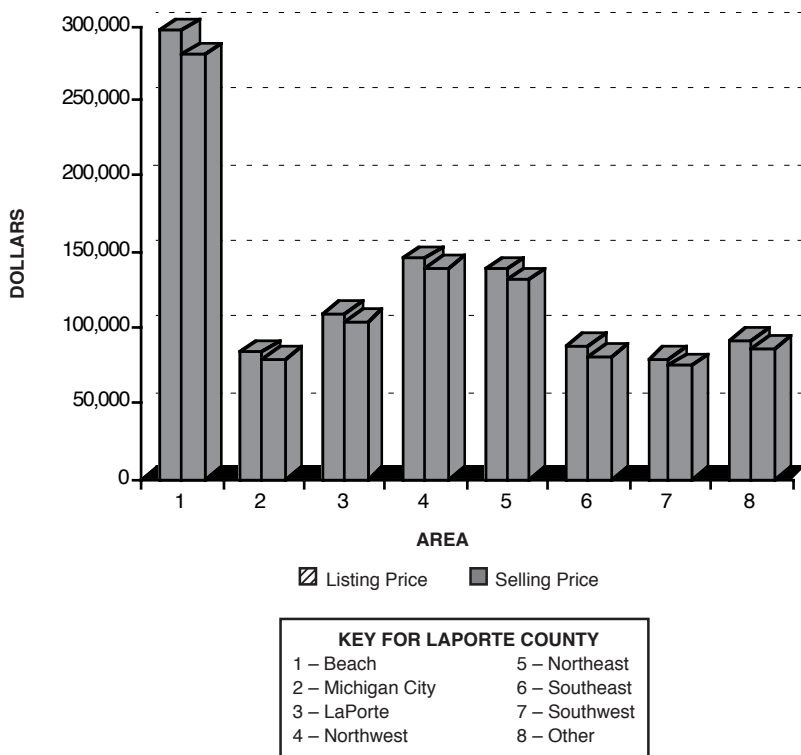
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(Figure 5)
PORTER COUNTY MEDIAN SALE PRICE
 2000-01



Source: Greater Northwest Indiana Association of Realtors, Inc.

(Figure 6)
LAPORTE COUNTY AVERAGE LISTING AND SELLING PRICES BY AREA
 2001



Source: LaPorte County Association of Realtors, Inc.

which includes Valparaiso and Center Township Unincorporated (Figure 4). Valparaiso led all Northwest Indiana areas in sales, with 537 units sold, followed by Merrillville with 393, Hobart at 374 sales, Portage with 366 sales, and Chesterton with 274 sales.

In Porter County, (Figure 5) the 2001 median sale price was highest in Area 4, Shorewood, at about \$269,800. The median sale price in Area 5, Valparaiso and Center Township Unincorporated, was \$145,000. In 2000, the median sale prices in these two areas were \$268,500 and \$140,000, respectively.

Figure 6 compares the 2001 average listing and selling prices in LaPorte County for each area. The Beach area had the highest average selling price of \$280,689. The average selling prices in Michigan City and LaPorte were \$80,196 and \$103,850, respectively.

Figure 7 compares the 2001 average listing and selling prices in Porter County for each area. The Shorewood area had the highest average selling price of \$303,689. The average selling prices in Valparaiso and Center Township Unincorporated was \$167,978.

Figure 8 shows the change in listing and selling prices during 2000-01 in LaPorte County. The largest increase in selling price occurred in the Beach area (13.2 percent) and the southwest area of the county (7.9 percent). The selling prices in Michigan City and the city of LaPorte increased by 6.8 and 4.1 percent, respectively. Area 8 experienced a decline in selling price by about 19 percent, but this area represents only 1 percent of total market share.

Figure 9 shows the change in listing and selling prices during 2000-01 in Porter County. Only areas 1,2,6,7,8 experienced an increase. Area 5, Valparaiso and Center Township Unincorporated, saw a decline of less than 1 percent. The largest increase in selling price (20.5 percent) occurred in Area 7, Pines, Beverly Shores and Pine Township Unincorporated. However, the number of homes sold there decreased from 24 to 19 units.

Last year all areas except Michigan City, the city of LaPorte and the southwest area in LaPorte County experienced a decline in percent dollar volume (Figure 10). Michigan City and the southwest area showed the largest increase in dollar volume, about 22.8 and 17.2 percent, respectively. The Beach area saw a decline of 12.8 percent.

MARKET SHARE

continued from page 4

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 11 shows that areas in Porter County except areas 1, 3, 7 and 9 experienced an increase in percent sales activity. Valparaiso and Center Township Unincorporated increased sales activity by 0.96 percent. Area 4 had the largest surge of 22.7 percent.

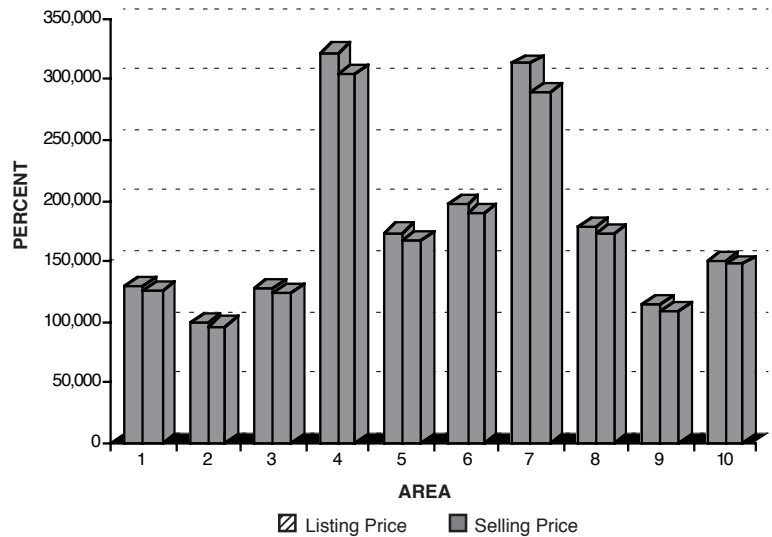
Table 3 and 4 show additional statistics for all areas in 2000-01. On average the percentage of listing price received was above 92.5 percent in LaPorte County and 92.4 percent in Porter County. Percent of listing price received in LaPorte County varied between 92.5 and 95.6 percent in 2001 compared to the 2000 range of 92.6 to 95.7 percent (Table 3). The percent of listing price received in Porter County areas varied between 92.4 and 97.9 percent in 2001, compared to the 2000 range of 88.6 to 97.9 percent (Table 4). Average sold time was longer in the areas with high property prices. For example, it was 167 days in the Beach area.

KEY FOR LAPORTE COUNTY			
1	- Beach	5	- Northeast
2	- Michigan City	6	- Southeast
3	- LaPorte	7	- Southwest
4	- Northwest	8	- Other

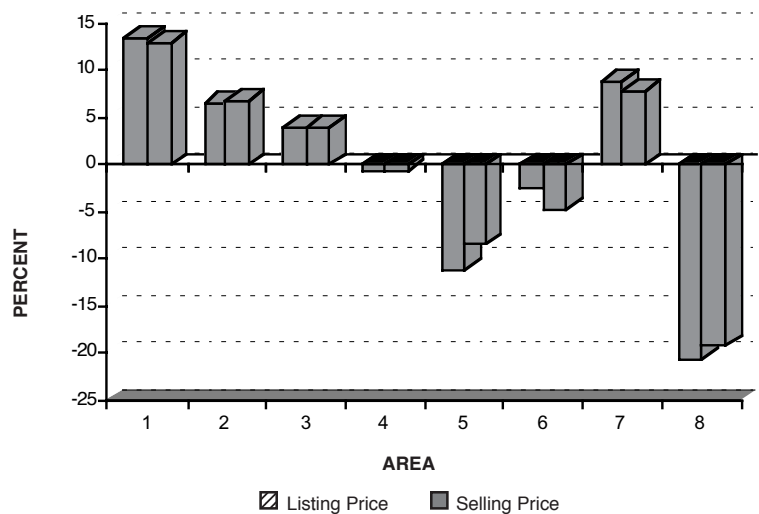
Percent sold activity in Porter County was relatively low in comparison with LaPorte County due to higher home prices in general. In Area 5, Valparaiso and Center Township Unincorporated, percent sold activity was 34.6 percent in 2001. The highest sold activity in this county occurred in Area 1 at about 43.6 percent.

The majority of homes sold (17.5 percent or 1,171 units) in Greater Northwest Indiana were in the \$100,000-124,999 price range, followed by the \$150,000-199,999 price range (15 percent or 746 units). Moreover, the majority of homes sold were three-bedroom type (3,827 units or 57 percent), followed by four bedrooms (1,573 units or 24 percent) and two-bedrooms (1,054 units or 16 percent).

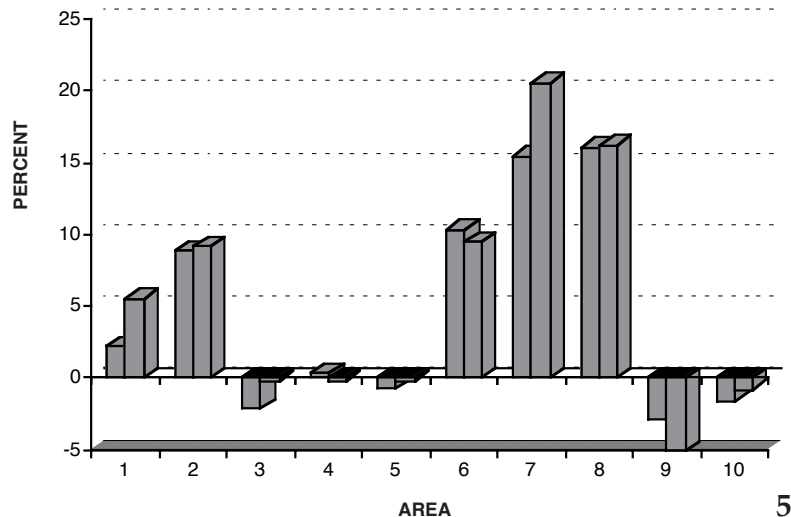
(Figure 7)
PORTER COUNTY AVERAGE LISTING AND SELLING PRICES BY AREA
2001



(Figure 8)
LAPORTE COUNTY PERCENT CHANGE ON AVERAGE LISTING AND SELLING PRICES BY AREA
2000-01



(Figure 9)
PORTER COUNTY PERCENT CHANGE ON AVERAGE LISTING AND SELLING PRICES BY AREA
2000-01



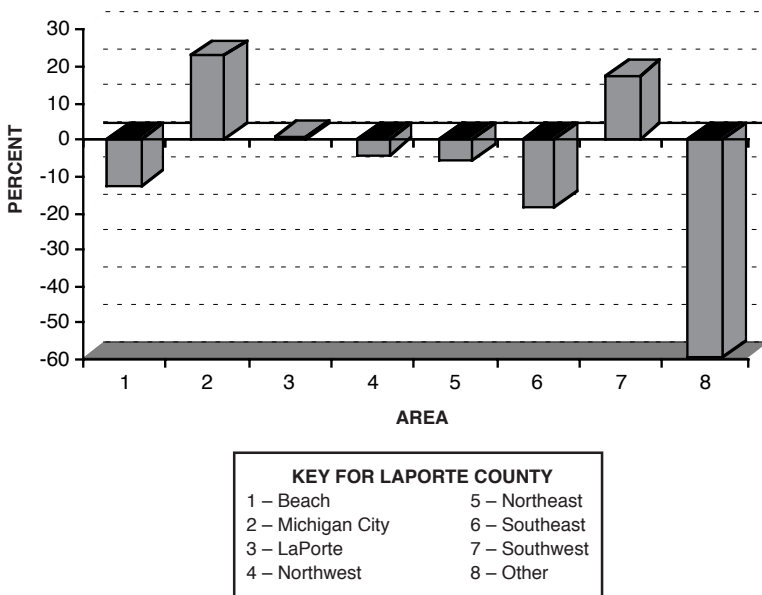
OUTLOOK

(Table 3)
HOUSING MARKET BY AREA
 Porter County

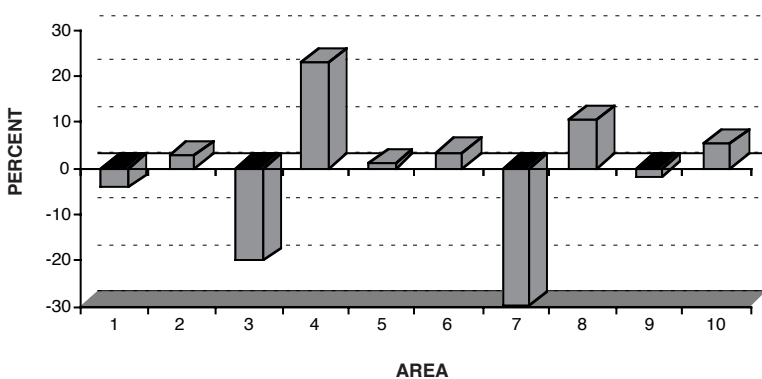
Area	Percent Listing Received		Average Properties Not Sold		Average Sold Time		Percent Sold Activity	
	2000	2001	2000	2001	2000	2001	2000	2001
1	94.15	97.13	150,314	158,684	108	111	45.52	43.57
2	97.64	97.91	121,773	140,185	116	114	41.53	42.65
3	95.40	97.23	167,334	235,218	135	102	48.92	39.10
4	94.55	93.69	323,977	338,376	113	173	22.97	28.19
5	96.02	96.48	209,565	209,799	135	134	34.25	34.58
6	96.45	95.75	222,897	229,457	147	152	28.92	29.88
7	88.59	92.41	240,045	294,550	223	171	51.06	35.85
8	96.16	96.22	198,056	187,352	92	140	33.33	36.80
9	97.87	95.63	159,817	155,471	135	542	35.05	34.47
10	96.63	97.44	156,172	163,399	163	146	38.96	40.94

Source: Greater Northwest Indiana Association of Realtors

(Figure 10)
LAPORTE COUNTY PERCENT CHANGE IN DOLLAR VOLUME
 2000-01



(Figure 11)
PORTER COUNTY PERCENT CHANGE IN SALES ACTIVITY
 2000-01



Variations Seen In Mortgage Financing

In 2001, most of the homes sold in the Greater Northwest Indiana Region, were financed through conventional mortgages (60.3 percent), followed by the Federal Housing Administration (FHA) insured mortgages (23.79 percent), cash (10.28 percent), the Veterans Administration (VA) guaranteed mortgage (3.21 percent), and others (2.42 percent).

Percent of listing price received was highest with owner assist (100 percent), the conventional mortgage (98.07 percent) but not much higher than other financing methods such as the FHA mortgage (97.85 percent), the VA mortgage (97.82 percent), and cash (92.72 percent). Home buyers tend to pay less when buying with cash due to less paper work and also because of the opportunity cost of alternative use of that cash.

The Outlook

The average selling prices in LaPorte County, Porter County and Greater Northwest Indiana have gone up from the 1995 level by 34.7, 30.5 and 22.9 percent, respectively, while the cost of living index has advanced by 16.2 percent. In other words, the real value of a home purchased during 1995 has gone up by 15.9, 12.3 and 5.7 percent in those areas, respectively. In terms of annual averages from 1995, the increase would be about 2.3 percent for LaPorte County, 1.8 percent for Porter County and 0.8 percent for Greater Northwest Indiana. This simply means that homeowners or sellers are fairly well off. Many home buyers were later able to sell their homes for much more than they paid because housing prices increased steadily. For Greater Northwest Indiana and Porter County, the market has rebounded in 2001 while LaPorte County experienced a slight setback in 2001. As long as economic conditions remain favorable the rebound trend should occur or continue through the remainder of the year.

Recent Trends in the Labor Market

In Table 5, manufacturing and non-manufacturing employment, and weekly earnings in 2002 represented only the average of the first half of the year and therefore should not be compared with the full year average of 2001. The table shows a definite

LABOR MARKET

continued from page 6

distinction exists between the economic indicators of LaPorte and Porter counties. Manufacturing employment in Porter County is higher than that of LaPorte County by 911 and 415 workers in 2000 and 2001, respectively. Overall, the average weekly earnings in manufacturing was

about 1.3 times that of non-manufacturing in LaPorte County and about 1.6 times in Porter County.

Preliminary figures released by Indiana Department of Workforce Development, Labor Market Information, indicate that in July 2002, the unemployment rate in LaPorte County was 7 percent (about 4,000 persons out of 57,220 labor force), compared to 4.2 percent in July last year (Figure 12). The Indiana unemployment rate also increased from 4.6 percent in July 2001 to 5.2 percent in July 2002. The unemployment rate in Porter County showed an increase this year, to 4.8 percent (about 3,610 persons out of 74,480 labor force), compared to 3.6 percent in July a year ago. The surplus of skilled workers becomes apparent as the economy continues to weaken.

Employment Demand To Increase in Most Areas

According to the latest Employment Outlook Survey just released by Manpower Inc., the outlook in area job market projections is subdued in Valparaiso with 14 percent of employees projecting a decrease in staffing (Table 6). A fairly positive staffing pattern is in store for Michigan City and LaPorte with a net increase being forecast by 47 and 3 percent of employers, respectively. Job opportunities are most likely in finance, insurance, real estate and services. Hiring statewide and nationally will be sustained at a high seasonal level typical of last quarter, as 17 percent of employers in Indiana and 15 percent nationwide intend to add staff.

KEY FOR LAPORTE COUNTY	
1	Beach
2	Michigan City
3	LaPorte
4	Northwest
5	Northeast
6	Southeast
7	Southwest
8	Other

(Table 4)
HOUSING MARKET BY AREA
LaPorte County

Area	Listing Price		Selling Price		Percent Listing Price Received		Total Sold		Average Sold Time	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
1	261,161	296,617	248,077	280,689	94.99	94.63	135	104	184	167
2	79,107	84,408	75,080	80,196	94.91	95.01	268	308	127	134
3	105,330	109,570	99,747	103,850	94.7	94.78	350	339	126	123
4	147,672	146,881	141,352	140,433	95.72	95.61	104	100	129	155
5	157,250	139,813	144,387	132,361	91.82	94.67	80	82	117	130
6	90,802	88,622	86,053	82,002	94.77	92.53	49	42	136	113
7	73,621	80,107	70,279	75,861	95.46	94.7	35	38	108	108
8	116,197	92,263	107,575	87,133	92.58	94.44	12	6	142	107

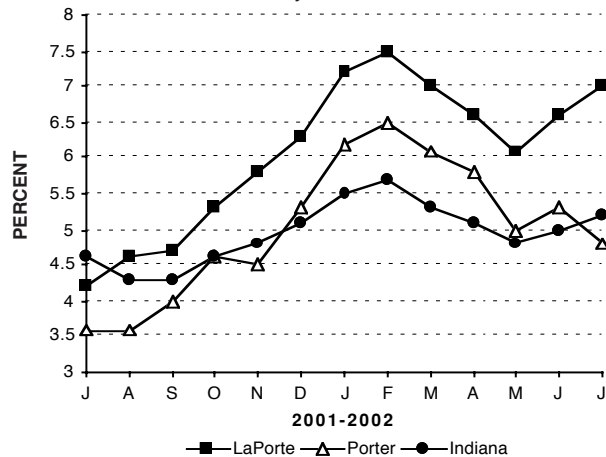
Source: Multiple Listing Service of LaPorte County

(Table 5)
COUNTY INDICATORS
2000-2002

	LaPorte			Porter		
	2000	2001	2002	2000	2001	2002
			thru July			thru July
Labor Force	53,010	54,230	56,170	74,230	74,270	74,170
Employment	51,000	51,550	52,320	71,820	71,260	69,950
Unemployment Rates	3.8	4.9	6.9	3.2	4	5.7
Manufacturing Employment	10,827	10,406	N/A	11,738	10,821	N/A
Non-Mfg Employment (private)	29,163	29,013	N/A	34,822	34,127	N/A
Non-Mfg Employment (private& public)	36,598	36,462	N/A	43,264	42,687	N/A
Average Weekly Earnings	530	538	N/A	601	610	N/A
Average Weekly Earnings (Mfg)	690	701	N/A	1,008	980	N/A

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

(Figure 12)
UNEMPLOYMENT RATE
July 2001-2002



(Table 6)
EMPLOYMENT OUTLOOK SURVEY
for the Fourth Quarter of 2002

(All figures are percentages)					
	Increase	No Change	Decrease	Don't Know	Net (Inc.- Dec.)
LaPorte	13	74	10	3	3
Michigan City	50	47	3	0	47
Valparaiso	3	80	17	0	-14
Indiana	25	64	8	3	17
Midwest	22	65	9	4	13
National	24	62	9	5	15

Source: Manpower, Inc.

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