

Economic Report for LaPorte and Porter Counties

This issue of ECOTRENDS contains selected economic indicators and information on labor market of LaPorte and Porter counties and housing market information for Porter County 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.

A Definite Distinction Exists Between the Labor Market Indicators

“It should be noted that, as is reflected in the county unemployment rates, a definite distinction exists between the labor market indicators of LaPorte and Porter counties,” said Bruce F. Bendull, labor market analyst for the Indiana Department of Workforce Development. Porter’s larger labor force had less employment/unemployment level volatility in the late 1990’s than that of LaPorte County. Also, growth in population, employment, and new businesses have all been greater in recent years in Porter County. And manufacturing employment, historically greater in LaPorte County, is now about 1,000 workers higher in Porter County. The lead changed in 1996, due to both LaPorte’s declining manufacturing worker levels and Porter’s increasing levels.

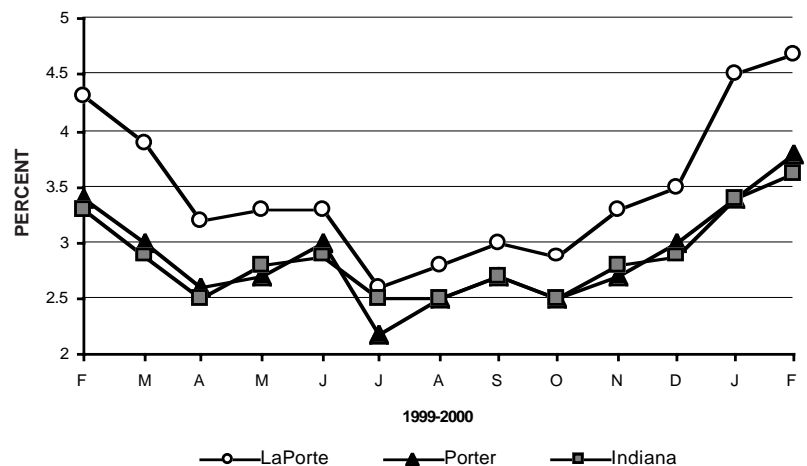
Bendull’s special report for Econtrends further indicated that Porter County’s average unemployment rate for 1999 matched that of the state at 3.0 percent and LaPorte County’s rate was only slightly higher at 3.5 percent. These were well below neighboring Lake County’s average of 4.5

(Table 1)
**COUNTY INDICATORS
1998-99**

	LaPorte		Porter	
	1998	1999	1998	1999
Labor Force	53,690	53,220	75,750	75,140
Employment	51,910	51,340	73,670	72,850
Unemployment Rates	3.3%	3.5%	2.7%	3%
		Thru 2nd Qtr		Thru 2nd Qtr
Manufacturing Employment	11,531	11,470	12,331	12,319
Non-Mfg Employment (private)	27,919	27,702	33,826	34,841
Non-Mfg Employment (private & public)	35,251	35,118	42,157	43,486
Average Weekly Earnings	489	488	591	577
Average Weekly Earnings (Mfg)	659	651	1,032	1,018

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

(Figure 1)
**UNEMPLOYMENT RATE
1999-2000**



Source: Manpower, Inc.



*ECOTRENDS is prepared by
Tantatape Brahmasrene, Ph.D.
Associate Professor of Economics
Purdue University North Central*

LABOR

continued from page 1

percent unemployment for the year. The historically very low levels of unemployment in 1999 for the two counties were still slightly higher than 1998's 2.7 and 3.3 percents respectively. Initial claims for unemployment benefits tallied for the two-county area showed higher claims levels for 1999 over the previous year. The last quarter of 1999 showed a 13.5 percent increase or an additional 430 claims over the previous year final quarter's 3,179 claims. In the year 2000, January and February continued the trend showing slightly increased claims activity over their 1999 counterparts. January and February were both about 78 claims above last year's 1,681 and 1,013 benefit claims respectively. These increased claims levels, though not good, are still relatively small.

Recent Trends in the Labor Market

Preliminary figures released by Indiana Department of Workforce Development, Labor Market Information, indicate that in February 2000, the unemployment rate in LaPorte County was 4.7 percent (about 2,470 persons out of 52,720 labor force), compared to 4.3 percent in February a year ago. The Indiana unemployment rate also increased from 3.3 percent in February 1999 to 3.6 percent in February 2000.

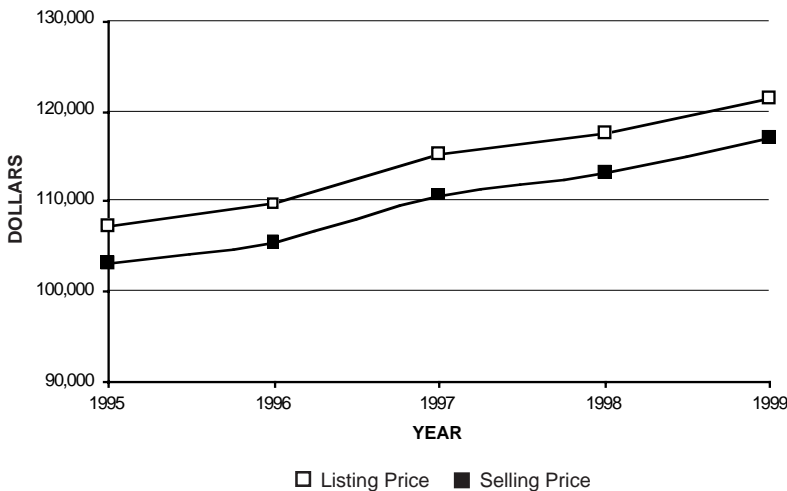
The unemployment rate in Porter County showed a slight increase this year, to 3.8 percent (about 2,850 persons out of 74,870 labor force), compared to 3.4 percent in February a year ago.

In Table 1, manufacturing and non-manufacturing employment; and weekly earnings in 1999 represented only the average of the first half of 1999 and therefore should not be compared with the full year average of 1998. Overall, average weekly earnings in manufacturing was about 1.35 times of non-manufacturing in LaPorte County and about 1.75 times in Porter County.

The Brisk Housing Market

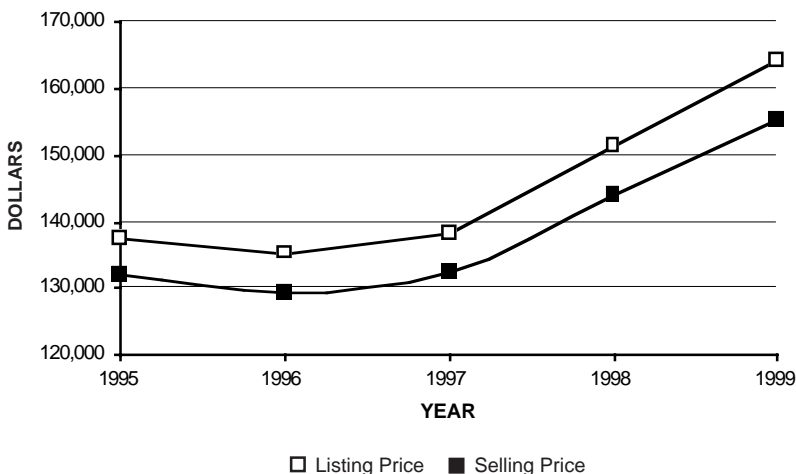
"We're pleased to see that the Northwest Indiana housing market continues to possess the key strengths of affordability and variety," said Dan Dressman, former Executive Vice President of the Greater Northwest Indiana Association of Realtors, Inc. (GNIAR). "In 1999 we had the largest total dollar volume in the history of the regional market with \$742.7 million," he added.

(Figure 2a)
GREATER NORTHWEST INDIANA AVERAGE
PRICES FOR EXISTING HOMES
1995-1999



Source: Greater Northwest Indiana Association of Realtors

(Figure 2b)
PORTER COUNTY AVERAGE PRICES FOR EXISTING HOME
1995-1999



Source: Greater Northwest Indiana Association of Realtors

HOUSING

continued from page 2

Housing market statistics for LaPorte County are not available due to termination of the LaPorte County Multiple Listing Service, Inc. The information obtained from the Greater Northwest Indiana Association of Realtors, Inc. (GNIAR) should well represent the housing market activity in its area 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 2 presents various historical housing market statistics for Porter County and Greater Northwest Indiana. Between 1995-1999, the average number of homes sold in Porter County was 1,387 units per year, and 1999 saw the highest number of homes sold (1,576 units) since 1995. The 1999 figure represents an increase from the previous year of about 8.6 percent. The average annual growth during the last five years is 6.9 percent. Overall, Greater Northwest Indiana also experienced an increase of 9.7 percent with a total of 6,346 units sold. Only 54.9 percent of the properties listed with the GNIAR were sold last year, an increase from the 54.3 percent sold in 1998.

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

According to the GNIAR report, the average listing and selling prices in 1999 were \$121,473 and \$117,048 respectively, an increase of more than 3 percent since last year. The annual average growth in the listing price and the selling price since 1995 was 6 percent for each. It should be noted here that the average annual rate of inflation (based on consumer price index) for that same period was 2.4 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 \$164,448 and \$155,167, respectively. These represented increases of about 8.5 and 7.7 percent.

Housing costs in Porter County are relatively reasonable compared with a similar neighborhood in the greater Chicago. Most home buyers can generally acquire about twice as much house as they could get in the Chicago area for the same price. Last year, sellers in Porter County and

(Table 2)
HOUSING MARKET STATISTICS
1995-99

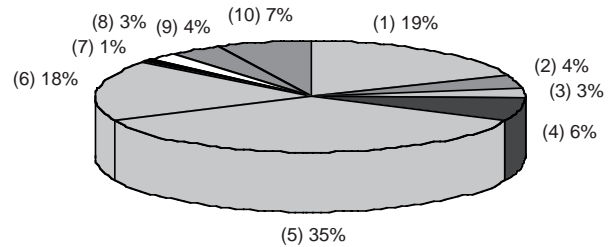
Year	Sold	Percent Change from Previous Year	Average Listing Price	Percent Change from Previous Year	Average Selling Price	Percent Change from Previous Year	Percent Listing Price Received	Av. Mkt. Time of House Sold (Days)
Porter County								
1995	1,216		137,848		132,140		95.86	115
1996	1,366	12.34	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	1,576	8.61	164,448	8.48	155,167	7.72	95.00	132
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	6,346	9.72	121,473	3.30	117,048	3.42	96.36	92

Source: Greater Northwest Indiana Association of Realtors

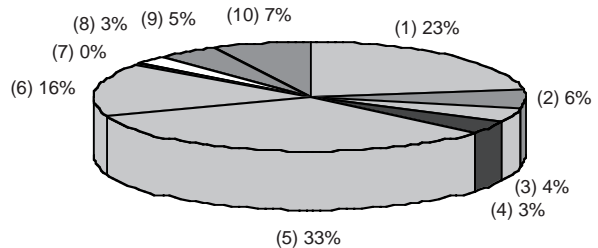
Note: The Multiple Listing Service of LaPorte County Inc., no longer provides data because it closed in 1999.

(Figures 3a & 3b)
PORTER COUNTY PERCENT OF TOTAL MARKET AREA
1999

(3a) By Dollar Volume



(3b) By Number of Homes Sold



Source: Greater Northwest Indiana Association of Realtors

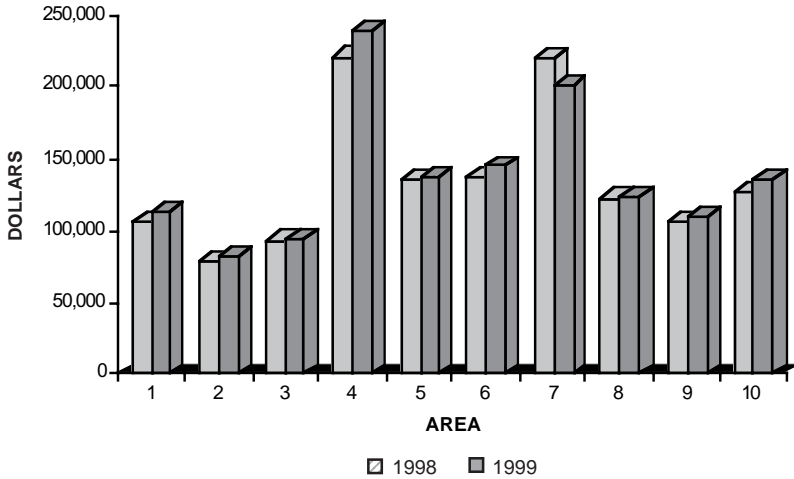
KEY FOR PORTER COUNTY

- 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

HOUSING

continued from page 3

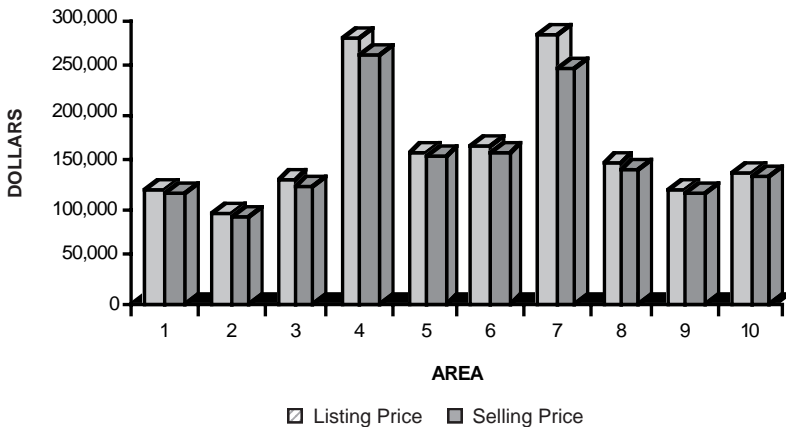
(Figure 4)
PORTER COUNTY MEDIAN SALE PRICE
 1998-1999



Source: Greater Northwest Indiana Association of Realtors

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 5)
PORTER COUNTY AVERAGE LISTING AND SELLING PRICES BY AREA



Source: Greater Northwest Indiana Association of Realtors

Greater Northwest Indiana received about 96.4 percent of the listing price compared with the annual average of 96 percent since 1995. The average market time of a home sold in Porter County was much higher (about 132 days over the last year compared with 92 days for Greater Northwest Indiana as a whole) due to higher home prices.

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 \$204,947 and \$483,950, 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 1999 average selling prices were \$93,138 and \$70,257 in Porter County and Greater Northwest Indiana, respectively. In real terms, this represents an increase of 7.4 and 3.7 percent in Porter County and Greater Northwest Indiana, respectively.

Market Share in Different Areas of the Region

Valparaiso and the surrounding Center Township market area lead in total 1999 home sales for the third straight year, reported the Greater Northwest Indiana Association of Realtors, Inc. The Valparaiso area also lead in total sales dollar volume with \$81 million. The Munster area had the highest sold prices on average at \$186,335.

Figure 3 presents the 1999 market share in terms of units sold and dollar volume. The market share as determined by units sold in Area 5 increased by 1 percent from 1998. This area still holds the record high in market share (33 percent). In Porter County, market share by unit sold (33 percent or 525 units) and by dollar volume (35 percent or \$81,094,171) were the highest in Area 5, which includes Valparaiso and Center Township Unincorporated.

With respect to the Greater Northwest Indiana Area, following Valparaiso in number of houses sold was Merrillville – 440; Hobart – 371;

MARKET SHARE

continued from page 4

Portage – 353; Crown Point – 333; South Hammond – 309; Schererville – 278; Munster – 250; Chesterton – 248 and Lowell – 224.

Munster was followed in average sold prices by: St. John – \$178,502; Schererville – \$176,398; Chesterton – \$159,781; Valparaiso – \$154,465; Crown Point – \$145,616; Lowell – \$121,817; Highland – \$121,726; Portage/Ogden Dunes – \$117,724; Hobart – \$101,507; Merrillville – \$99,436 and South Hammond – \$81,524.

Figure 4 shows the median sale price in ten areas of Porter County for the past two years. In 1998, median sale price was highest in Area 4, Shorewood, at about \$221,500, followed by \$220,000 in Area 7 (Pines, Beverly Shores and Pine Township Unincorporated). The median sale price in Area 5, Valparaiso and Center Township Unincorporated, was \$134,500. In 1999, the median sale prices in these three areas were \$239,000, \$200,000 and \$136,000, respectively.

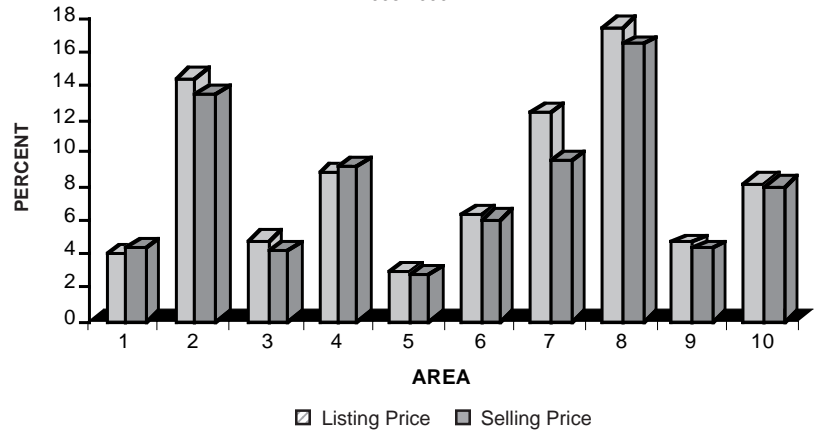
Figure 5 compares the 1999 average listing and selling prices in Porter County for each area. The Shorewood area had the highest average selling price of \$260,415. The average selling prices in Valparaiso and Center Township Unincorporated was \$154,465. The percent of listing price received in Porter County areas varied between 88 and 97 percent in 1999, compared to the 1998 range of 90 to 97 percent (Table 3).

Figure 6 shows the percentage change in listing and selling prices during 1998-99 in Porter County. All areas experienced an increase. Area 5, Valparaiso and Center Township Unincorporated, saw an increase of about 2.85 percent in listing price and 2.69 percent in selling price. The largest increase in selling price (16.4 percent) occurred in Area 8, Boone Grove and Porter Township Unincorporated. The data indicated that the number of homes sold rose from 37 to 40 units.

Figure 7 shows that 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.

In 1998, all areas in Porter County except areas 8 and 9 experienced a decline in percent sales activity. Valparaiso and Center Township Unincorporated dropped sales activity by 4.2 percent. Area 7 had the largest plunge of 25 percent.

(Figure 6)
PORTER COUNTY PERCENT CHANGE ON AVERAGE LISTING AND SELLING PRICES BY AREA 1998-1999



Source: Greater Northwest Indiana Association of Realtors

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

Table 3 shows additional statistics for all areas in 1998-1999. On average the percentage of listing price received was about 94 percent in Porter County. 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 selling times in these areas in 1999 were 362 and 158 days, respectively.

Munster had the shortest time on market of 60 days for a home in Northwest Indiana. Following Munster in the shortest number of days on the market were Highland – 61; South Hammond – 70; Schererville – 85; St. John – 89; Lowell – 89; Crown Point – 93; Portage – 98; Merrillville – 98; Hobart – 102; Chesterton – 109 and Valparaiso – 116.

Percent sold activity in Porter County was relatively lower in comparison with LaPorte County due to higher home prices in general. In Area 5, Valparaiso and Center Township Unincorporated, percent sold activity was 62 percent, the highest of all areas. Areas 2 and 3 followed closely at about 59 and 58 percent, respectively.

MARKET SHARE

continued from page 5

Last year 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). Moreover, the majority of homes sold had three bedrooms (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).

In 1998, the majority of homes sold (19 percent or 1,094 units) in Greater Northwest Indiana were in the \$100,000-124,999 price range, followed by the \$85,000-99,999 and \$125,000-149,999 price range (about 15 percent each or 837 and 823 units, respectively). Moreover, the majority of homes sold had three-bedrooms (3,369 units or 59 percent), followed by four bedrooms (1,272 units or 22 percent) and two bedrooms (839 units or 15 percent).

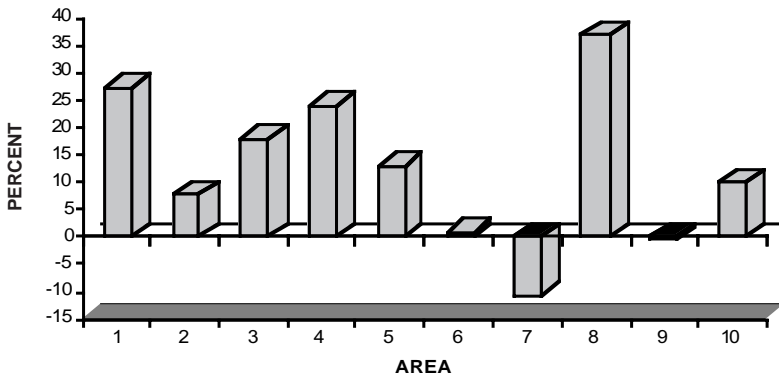
How Is the Area Mortgage Financed?

Last year, most of the homes sold in the Greater Northwest Indiana Region were financed through conventional mortgages (57.3 percent), followed by the Federal Housing Administration (FHA) insured mortgages (21.6 percent), cash (8.54 percent), the Veterans Administration (VA) guaranteed mortgage (3.7 percent), and others (8.86 percent). Percent of listing price received was highest with owner assisted financial (99.3 percent) with cash being the lowest (93.5 percent).

In 1998, most of the homes sold in the Greater Northwest Indiana Region were financed through conventional mortgages (61.4 percent), followed by the Federal Housing Administration (FHA) insured mortgages (23.7 percent), cash (6.4 percent), the Veterans Administration (VA) guaranteed mortgage (4.2 percent), and others (4.3 percent). Percent of listing price received was highest with the VA mortgage (97 percent) but not much higher than other financing methods such as the FHA mortgage (96.7 percent), the conventional mortgage (96.4 percent), and cash (93.7 percent). Home buyers tend to pay less when buying with cash due to less paper work and also the opportunity cost of alternative use of that cash.

(Figure 7)

PORTER COUNTY PERCENT CHANGE IN SALES ACTIVITY
1998-99



Source: Greater Northwest Indiana Association of Realtors

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

(Table 3)

HOUSING MARKET BY AREA
1998

Area	Percent of Listing Price Received		Average Price Properties Not Sold		Average Sold Time		Percent Sales Activity	
	1998	1999	1998	1999	1998	1999	1998	1999
Porter								
1	96.56	96.97	141,509	169,840	111	98	50.34	64.30
2	96.65	95.86	95,898	121,359	81	85	52.69	56.77
3	97.06	96.29	148,872	195,132	84	102	50.00	59.05
4	93.36	93.60	326,136	367,467	169	158	38.18	47.41
5	96.99	96.84	195,703	181,099	112	116	54.93	61.98
6	96.51	96.22	204,209	222,466	128	109	49.12	49.50
7	94.04	87.64	319,186	303,678	188	362	37.50	33.33
8	95.45	94.50	158,857	167,830	138	107	37.37	51.28
9	96.76	96.47	142,868	158,324	79	83	54.96	54.55
10	97.41	97.25	150,608	162,275	96	100	50.00	54.98

Source: Greater Northwest Indiana Association of Realtors

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

The Outlook

The average selling prices in Porter County and Greater Northwest Indiana have gone up from 1995 by 17.43 and 13.32 percent, respectively, while the cost of living index has advanced by 9.32 percent. In other words, from 1995 the real home value in Porter County and Greater Northwest Indiana has gone up by 7.42 and 3.66 percent or about 1.48 and 0.73 percent annual average, respectively. This simply means that homeowners or sellers would be fairly well off over a longer period of time. Many home buyers were later able to sell their homes for much more than they paid because housing prices increased steadily.

Sales Continue Strong into 2000

Sales continue strong throughout the previous year and indications are good for a strong real estate market in 2000 as well. Moreover, a number of factors such as consumer confidence, employment, housing prices and availability, inflation rate, interest rates and financing options and first-time buyer activity will have significant impact on the housing market.

A Surge in Staffing Pattern

According to the latest Employment Outlook Survey just released by Manpower Inc., the outlook in the Valparaiso area job market projections significantly surpasses those in the spring of recent years with a net increase of 20 percent compared to 10 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 predicted. For the same period last year, the projections in the Michigan City area were more optimistic when 13 percent of employers were prepared to recruit more workers while 10 percent voiced plans to cut back. Overall net increase in the second quarter in LaPorte and Michigan City are 26 and 3 percent, respectively.

Jeri Cantwell, Branch Manager of Manpower Temporary Services in LaPorte, said "nationally, employers will find little relief from the lengthy worker shortages as 32 percent of nearly 16,000 interviewed companies plan to increase employment in the upcoming second quarter, 6 percent plan to reduce staff, 58 percent plan no change and 4 percent were undecided."

(Table 4)
EMPLOYMENT OUTLOOK SURVEY
 (2nd Quarter 2000)

(All figures are percentages)					
	Increase	No Change	Decrease	Don't Know	Net Increase
LaPorte	33	60	7	0	26
Michigan City	13	74	10	3	3
Valparaiso	27	66	7	0	20
Indiana	33	58	6	3	27
Midwest	33	58	6	3	27
National	32	58	6	4	26

Source: Manpower, Inc.

Job opportunities are most likely in construction, durable goods and non-durable goods manufacturing and wholesale/retail trade and services. In general, the second quarter is traditionally a spring-board into the strong summer hiring session. Nationally, employers anticipate one of the brightest second quarter outlooks in recent years.

The Uneven Economy of the two Counties

According to the report from Bruce F. Bendull, labor market analyst for the Department of Workforce Development, the uneven economy of the two-county area appears fairly strong. U.S. steel production half way through March 2000, affecting the area, was up 15 percent year-to-date over last year. Also, U.S. fourth quarter 1999 GDP rose an unusual 7.3 percent revealing a healthy national economy. However, a few major employers are leaving the LaPorte County area. And, other negative factors eventually influencing area employment are high oil prices and rising interest rates. Oil prices are expected to remain high for the near term despite increased production, and interest rates, recently raised, are expected to be boosted again as many as three more times by year's end by the Federal Reserve. The Federal Reserve is also slowing the rate of money growth which can slow the national economy. In addition, competitive pressure to "down-size" and ongoing technology improvements continue to reduce the need for workers in many industries. And, no one is quite sure what effects the new Internet economy will have on labor markets.

"Thus, signals relating to the health of the diverse labor market encompassing Porter and LaPorte counties are mixed," added Bendull. The indicators seem to show that area employment growth will continue to slow, seasonally adjusted, possibly through third quarter of 2000. However, given strong area economic activity the outlook for the counties' employment is good, more so for Porter County, but probably not as good as last year or the year before for this time period.

RETURN SERVICE REQUESTED

Purdue University North Central
1401 S. U.S. 421
Westville, Indiana 46391-9542
www.purduenc.edu



Non-profit Organization
U.S. Postage Paid
Westville, IN 46391
Permit No. 2

ECONIRENDS is published three times a year by Purdue University North Central to provide basic economic information to the area business community. For a free subscription, write Campus Relations, Purdue University North Central, 1401 S. U.S. 421, Westville, Indiana 46391, email Campus_Relations@purduenc.edu, or visit our website www.purduenc.edu.

James B. Dworkin Chancellor
Tantatape Brahmasrene Associate Professor of Economics
Andrew R. Weiss Chair of General Business Section
J. Jeffrey Jones Director of Enrollment and Marketing
Karen Prescott Graphic Design Specialist
Bruce Bendull Contributing Writer

ECONIRENDS