

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.

Residential Building Permits Decline

From 1996 to 1997, residential building permits in LaPorte and Porter counties decreased by 19.3 and 7.1 percent, respectively (Table 1). The latest figure, June 1998, shows 209 permits in LaPorte County, an increase of 7.7 percent from the same period in 1997. However, Porter County shows 473 permits, a decline of 8.5 percent from a year ago. Over the 1987-97 period, the average annual increases in building permits were 9.8 percent in LaPorte County and 15.2 percent in Porter County. Year by year, the annual growth for both counties generally rose and fell together, although overall from 1987 to 1997, Porter County issued more than twice the number of building permits as LaPorte County.

In 1997, the estimated value of residential building permits was \$42,671,000 in LaPorte County and \$145,192,400 in Porter County. The



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(Table 1)
RESIDENTIAL BUILDING PERMITS
(LaPorte and Porter Counties)

Year	LaPorte	Percent Change	Porter	Percent Change
1987	254	38.0	508	48.1
1988	313	23.2	546	7.5
1989	441	40.9	1,174	115.0
1990	314	-28.8	856	-27.1
1991	312	-0.6	794	-7.2
1992	378	21.2	994	25.2
1993	399	5.6	1,018	2.4
1994	465	16.5	1,051	3.2
1995	430	-7.5	880	-16.3
1996	512	19.1	1,083	23.1
1997	413	-19.3	1,006	-7.1

Source: U.S. Bureau of the Census

(Table 2)
HOUSING MARKET STATISTICS
1986-97

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								
1986	877	25.11	55,506	-0.39	48,284	4.27	86.99	116
1987	1,017	15.96	59,016	6.32	51,842	7.37	87.84	107
1988	1,009	-0.79	62,228	5.44	54,922	5.94	88.26	114
1989	990	-1.88	64,069	2.96	60,360	9.90	94.21	89
1990	974	-1.62	73,427	14.61	68,812	14.00	93.71	88
1991	977	0.31	78,807	7.33	73,310	6.54	93.02	93
1992	991	1.43	83,000	5.32	77,591	5.84	93.48	89
1993	1,020	2.93	83,744	0.90	78,654	1.37	93.92	83
1994	958	-6.08	90,966	8.62	85,508	8.71	94.00	91
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
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
Greater Northwest Indiana								
1995	5,152		107,136		103,294		96.41	86
1996	5,301	2.89	109,870	2.55	105,664	2.29	96.17	90
1997	5,123	-4.37	114,984	4.82	110,467	4.71	96.07	97

Source for Table 1 and Table 2: Multiple Listing Service of LaPorte County, Inc. and Greater Northwest Indiana Association of Realtors

HOUSING MARKET

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latest figures, June 1998, indicate an estimated value of \$20,547,100 in LaPorte County, an increase from \$19,789,300 for the same period in 1997. However, there was a decline in Porter County from \$77,681,500 in June 1997 to \$69,949,700 in the same period of 1998.

Existing Home Sales Down

According to Dan Dressman, Executive Vice President of the Greater Northwest Indiana Association of Realtors, the existing housing market was down in 1997 compared to the previous year. "The new construction site was a factor in the decline of existing home sales in 1997," he added.

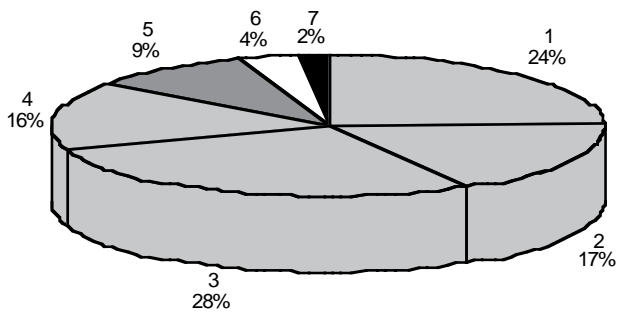
Information from the LaPorte County Multiple Listing Service, Inc. (MLS) and Greater Northwest Indiana Association of Realtors, Inc. should represent the local housing market activity well since there are not many active real estate companies that do not belong to a multiple listing service.

Table 2 presents various historical housing market statistics for LaPorte and Porter counties as well as Greater Northwest Indiana. Between 1987-1997, the average number of homes sold in LaPorte County was 997 units per year, and 1996 saw the highest number of homes sold (1,035 units) since 1987. The 1997 figure represents a decline from the previous year of about 1.4 percent. The average annual growth during the last ten years is 1.5 percent.

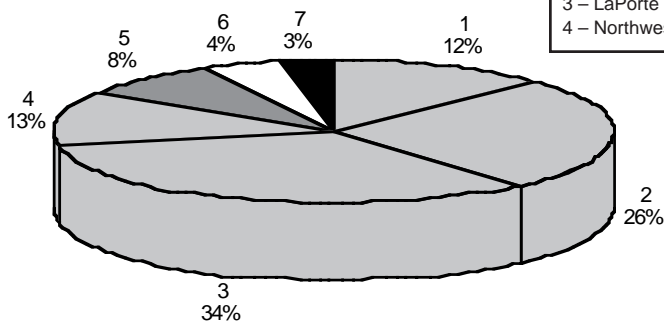
In Porter County, the 1997 number of homes sold was 1,327 units, reflecting a decline of 2.9 percent from the previous year. Overall, Greater Northwest Indiana also experienced a decline of 4.4 percent with a total of 5,123 units sold. "Only 49 percent of the properties listed in the MLS were sold last year compared to 56 percent in 1996," said Dressman.

(Figures 1a & 1b)
LAPORTE COUNTY PERCENT OF TOTAL MARKET AREA
1997

(1a) By Dollar Volume



(1b) By Number of Homes Sold

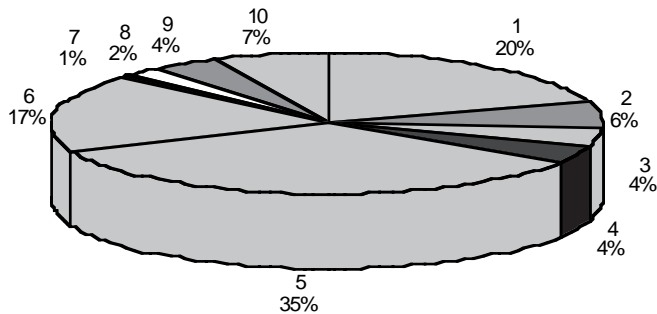


KEY FOR LAPORTE COUNTY

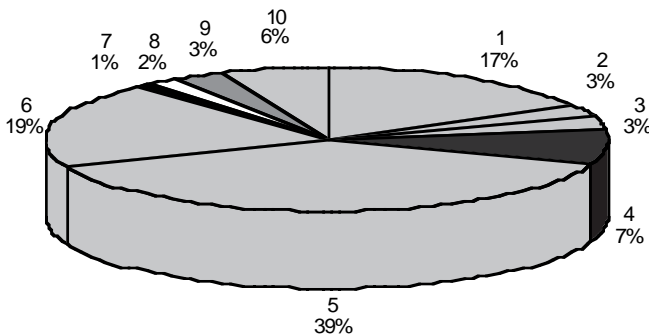
1 - Beach	5 - Northeast
2 - Michigan City	6 - Southeast
3 - LaPorte	7 - Southwest
4 - Northwest	

(Figures 2a & 2b)
PORTER COUNTY PERCENT OF TOTAL MARKET AREA
1997

(2a) By Dollar Volume



(2b) 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

HOUSING MARKET

continued from page 2

In LaPorte County, the average listing and selling prices in 1997 were \$110,598 and \$104,767 respectively, a significant increase from the previous year. The annual average growth in the listing price since 1987 was 6.6 percent while the average selling price increased by 7.4 percent. It should be noted here that the average annual rate of inflation (based on consumer price index) for that same period was 3.4 percent. Average listing price and selling price increased sharply in 1997 at 14.1 and 14.5 percent, respectively.

The 1997 average listing and selling prices for a home in Porter County were \$138,513 and \$132,502, respectively. These prices represented an increase of slightly over 2 percent for the year. However, Greater Northwest Indiana as a whole showed an increase of nearly 5 percent in average listing price and in selling price. Note that the inflation rate in 1997 was 2.3 percent.

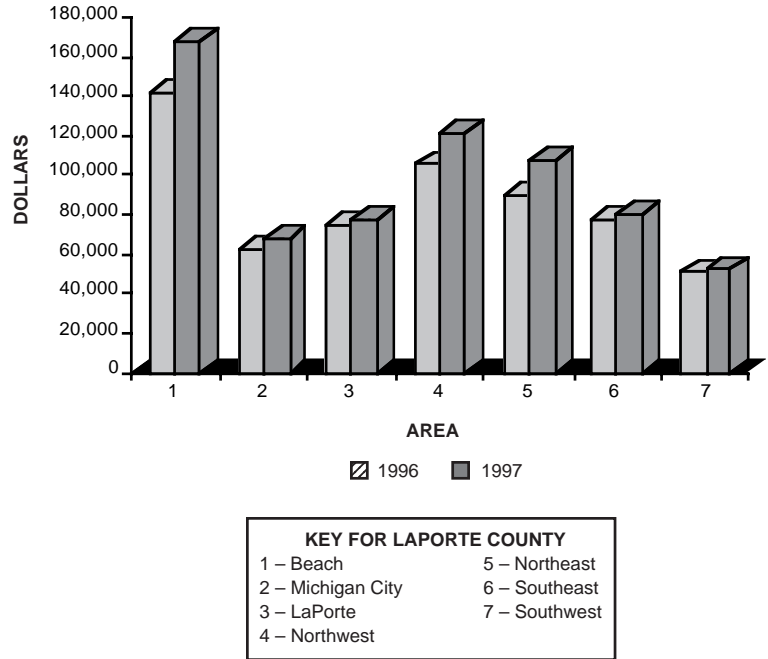
Housing costs in LaPorte and Porter counties are quite reasonable. Most local homebuyers can acquire about twice as much home as they could get in a similar neighborhood in the Chicago area for the same price. Last year, sellers in LaPorte County received about 95 percent of the listing price compared with the annual average of 93 percent since 1987. The average market time to sell a home went up by six days from the previous year. The annual average since 1987 is 95 days.

Even better, sellers in Porter County and Greater Northwest Indiana received about 96 percent of the listing price. The average market time of a home sold in Porter County was much higher (about 117 days last year, compared with 97 days for Greater Northwest Indiana as a whole) probably due to higher home prices in the county.

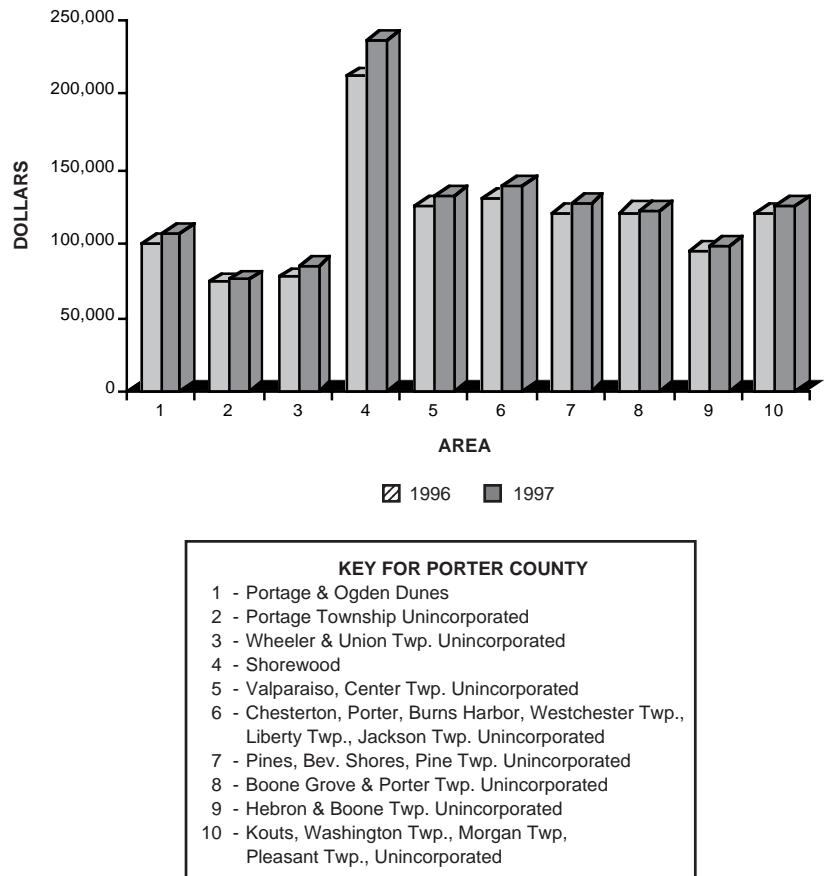
In general, the housing market seems to be in good health for both buyers and sellers. There are plenty of homes to choose from at reasonable prices. On the other hand, sellers are getting good returns and homes are not on the market too long unless the price is very high. For instance, last year the average listing price of properties not sold in LaPorte and Porter counties and Greater Northwest Indiana were \$145,837, \$166,194 and \$130,797, respectively.

As the MLS 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.

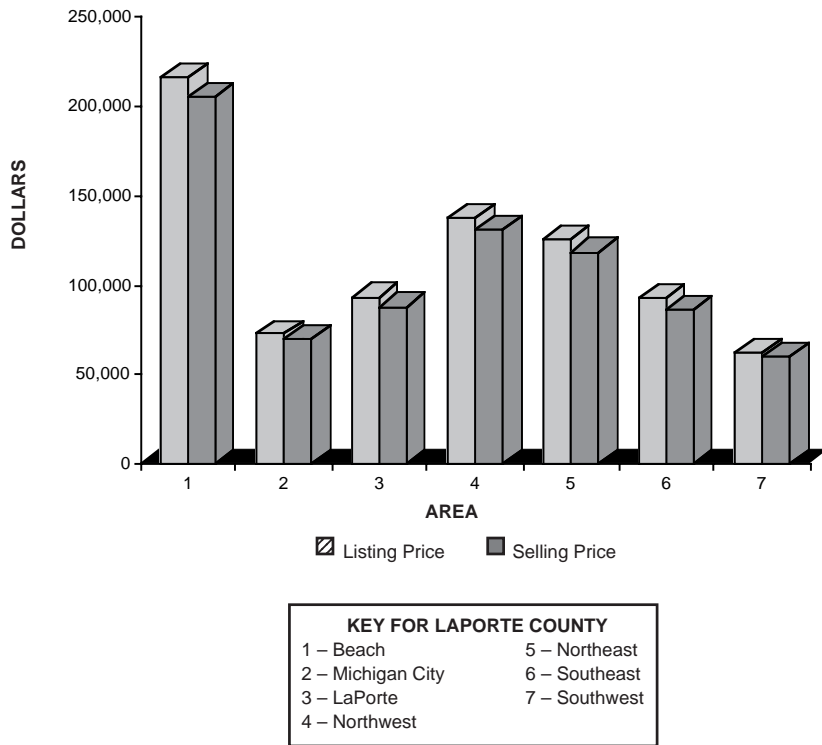
(Figure 3)
LAPORTE COUNTY MEDIAN SALE PRICE
1996-97



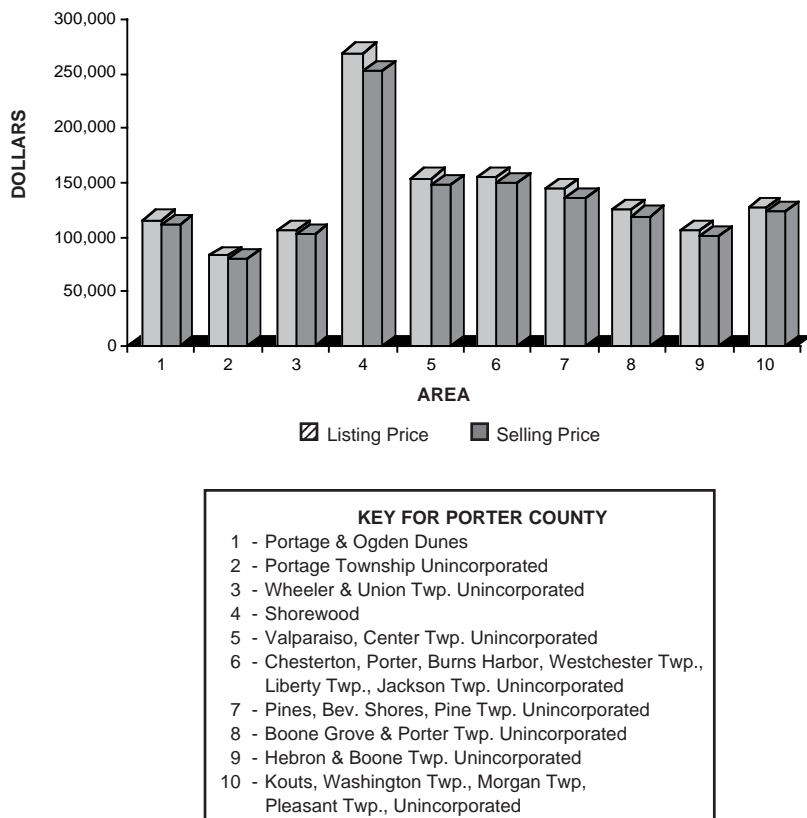
(Figure 4)
PORTER COUNTY MEDIAN SALE PRICE
1996-97



(Figure 5)
**LAPORTE COUNTY AVERAGE LISTING
 AND SELLING PRICES BY AREA**
 1997



(Figure 6)
**PORTER COUNTY AVERAGE LISTING
 AND SELLING PRICES BY AREA**
 1997



HOUSING MARKET

continued from page 3

When adjusted for inflation (1982-84 dollars) the 1997 average selling price in LaPorte County was \$65,275, a significant increase of 35.8 percent from 1982-84 level. Furthermore, the average selling price has grown at a decreasing rate since 1990, and did once again in 1997. The 1997 average selling prices adjusted for inflation were \$82,556 and \$68,827 in Porter County and Greater Northwest Indiana, respectively.

Market Share in Different Areas of the Region

Figure 1 presents the 1997 market share in terms of units sold and dollar volume. The market share as determined by units sold in the cities of LaPorte and Michigan City dropped by 3 percent each from 1996. The city of LaPorte holds the record high in market share by number of homes sold (34 percent). The market share by dollar volume was highest in the city of LaPorte (28 percent) at \$30,035,920 followed by Beach area (24 percent) at \$25,965,805.

In Porter County, market share by unit sold (39 percent or 466 units) and by dollar volume (35 percent or \$68,976,610) were the highest in Area 5 which includes Valparaiso and Center Township Unincorporated (Figure 2). Dressman commented that Valparaiso led all Northwest Indiana areas in sales, with 276 units sold, followed by Merrillville with 247, Crown Point with 222 sales, and Chesterton with 210 sales, while Portage registered 200 sales.

Figure 3 shows the median sale price in seven areas of LaPorte County for the past two years. In 1997, the median sale price in the Beach area was \$168,000, representing an increase of 19 percent from the prior year. In all other areas the median sale price has also gone up. In Michigan City and city of LaPorte, the 1996 median sale prices were \$63,000 and \$75,000, respectively. In 1997 they were \$67,625 and \$77,000 in Michigan City and LaPorte, respectively. The median housing prices in other areas of the county except the southwest were also higher than that of Michigan City or LaPorte.

In Porter County, (Figure 4) the 1997 median sale price was highest in area 4, Shorewood, at about \$235,950. The median sale price in area 5, Valparaiso and Center Township Unincorporated, was \$131,422. In 1996, the median sale prices in these two areas were \$212,250 and \$125,200, respectively.

MARKET SHARE

continued from page 4

Figure 5 compares the 1997 average listing and selling prices in LaPorte County for each area. The Beach area had the highest average selling price of \$206,078. The average selling prices in Michigan City and LaPorte were \$69,424 and \$88,602, respectively. Percent of listing price received in LaPorte County varied between 93 and 97 percent in 1997 compared to a range of 93 to 95 percent in 1996 (Table 3).

Figure 6 compares the 1997 average listing and selling prices in Porter County for each area. The Shorewood area had the highest average selling price of \$253,747. The average selling price in Valparaiso and Center Township Unincorporated was \$148,018. The percent of listing price received in Porter County areas varied between 94 and 97 percent in 1996, compared to the 1997 range of 94 to 98 percent (Table 3).

Figure 7 shows the change in listing and selling prices during 1996-97 in LaPorte County. The largest increase in selling price occurred in the Beach (27 percent) and Northwest (22 percent) regions of the county. The selling prices in Michigan City and LaPorte increased by 6 and 3 percent, respectively. The Southwest area experienced a decline in average selling price by about 8 percent.

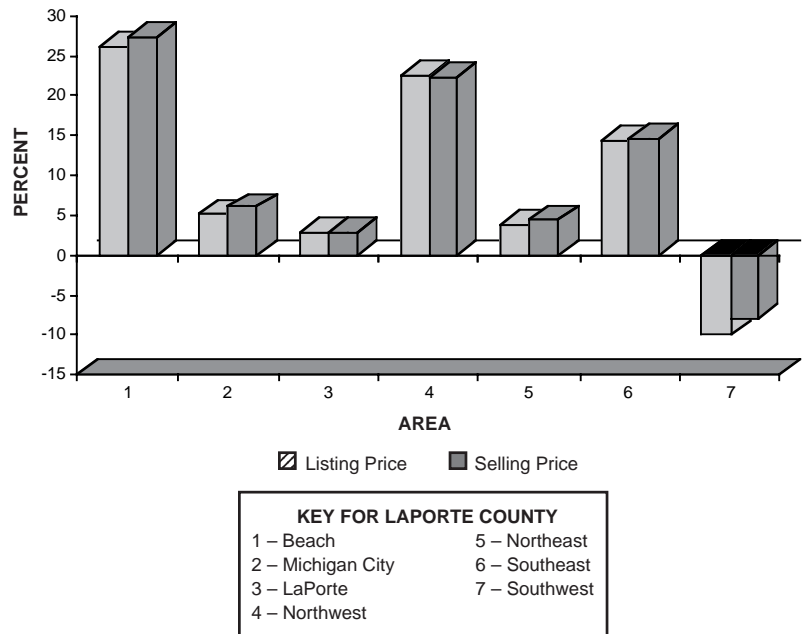
Figure 8 shows the change in listing and selling prices during 1996-97 in Porter County. All areas except Areas 7 and 8 experienced an increase. Area 5 (Valparaiso and Center Township Unincorporated) saw an increase of about 6 percent in both prices. The largest increase in selling price (28 percent) occurred in Area 3, Wheeler and Union Township Unincorporated. Data indicate that the number of homes sold there increased from 38 to 53 units.

Last year all areas except Beach and Southeast in LaPorte County experienced a decline in percent sales activity (Figure 9). Beach and Southeast area showed the largest increase in sales activity (about 19 percent each). Michigan City and LaPorte saw a decline of 6 and 7 percent, respectively.

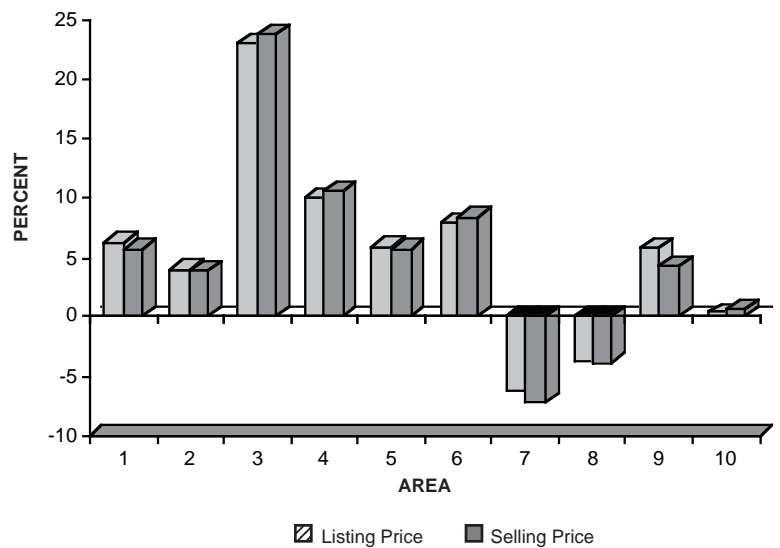
Figure 10 shows that all areas in Porter County except Area 3 experienced a decline in percent sales activity. Valparaiso and Center Township Unincorporated sales activity dropped by 2.3 percent. Area 9 had the largest plunge of 25 percent.

Table 3 shows additional statistics for all areas in 1997. On average the percentage of

(Figure 7)
LAPORTE COUNTY PERCENT CHANGE ON
AVERAGE LISTING AND SELLING PRICES BY AREA
1996-97



(Figure 8)
PORTER COUNTY PERCENT CHANGE ON
AVERAGE LISTING AND SELLING PRICES BY AREA
1996-97



KEY FOR PORTER COUNTY

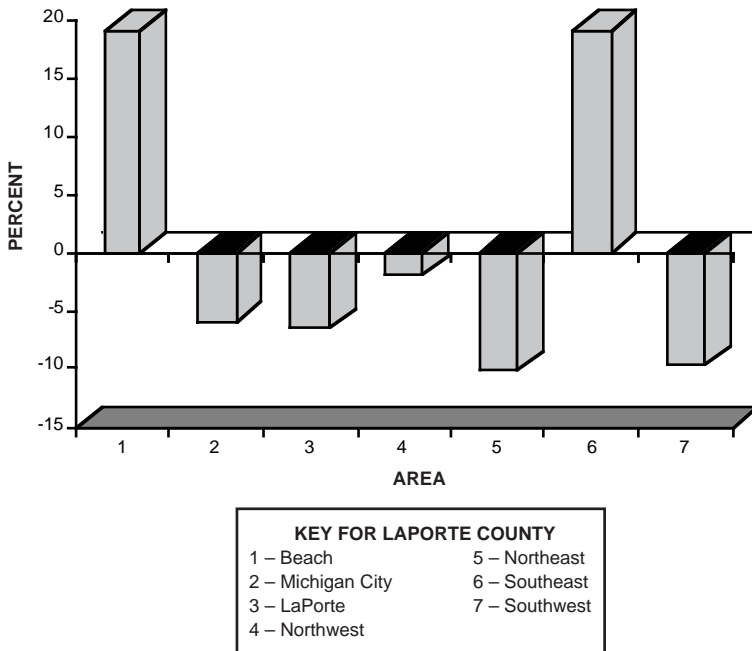
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MARKET SHARE

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(Figure 9)

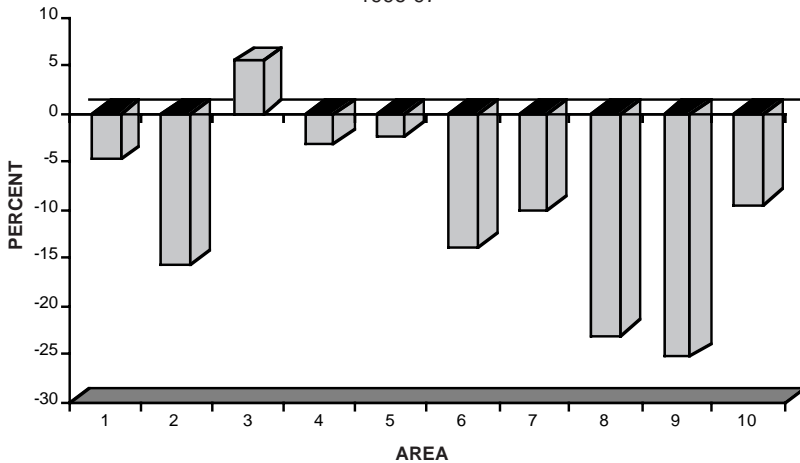
**LAPORTE COUNTY PERCENT CHANGE IN SALES ACTIVITY
1996-97**



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

(Figure 10)

**PORTER COUNTY PERCENT CHANGE IN SALES ACTIVITY
1996-97**



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listing price received was above 93 percent in LaPorte County and 94 percent in Porter County. Average sold time was longer in the areas with high property prices.

In LaPorte County, the 1997 percent sales activity was the highest in the city of LaPorte (80 percent) followed closely by Michigan City (79 percent). The lowest percent sales activity occurred in Northeast area (62 percent).

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 57 percent. The highest percent sold activity in this county occurred in Area 10 at about 60 percent.

The majority of homes sold (17.6 percent or 902 units) in Greater Northwest Indiana were in the \$100,000-124,999 price range, followed by the \$85,000-99,999 price range (14.5 percent or 746 units). Moreover, the majority of homes sold contained three bedrooms (3,071 units or 60 percent), followed by four bedrooms (1,154 units or 23 percent) and two-bedrooms (739 units or 14 percent).

Variations Seen in Mortgage Financing

In 1997, most of the homes sold in the Greater Northwest Indiana Region were financed through conventional mortgages (59.4 percent), followed by the Federal Housing Administration (FHA) insured mortgages (26.3 percent), cash (7.5 percent), the Veterans Administration (VA) guaranteed mortgage (4.6 percent), and others (2.3 percent).

Percent of listing price received was highest with the VA mortgage (96.8 percent) but not much higher than other financing methods such as the FHA mortgage (96.4 percent), the conventional mortgage (96 percent), and cash (92.7 percent).

Most of the homes sold in LaPorte County were financed through conventional mortgages (63.6 percent), followed by the FHA insured mortgages (17.9 percent), cash (11 percent), VA guaranteed mortgages (5.4 percent), and others (2.1 percent).

Among these four financing methods, the percent of listing price received was highest with the VA mortgage (95.8 percent) but not much higher than other financing methods such as the

OUTLOOK

continued from page 6

FHA mortgage (95 percent), the conventional mortgage (94.8 percent), and cash (92.7 percent). Homebuyers tend to pay less when buying with cash because of less paper work and also the opportunity cost of alternative use of that cash.

The Outlook

The average selling price in LaPorte County has gone up from the 1982-84 level by 118 percent while the cost of living index has advanced by 60.5 percent. In other words, the real value of a home purchased during 1982-84 has gone up by 35.8 percent or about 2.6 percent annually. This simply means that most homeowners or sellers benefit from their investment. Many homeowners eventually sell their homes for much more than they paid because housing prices increase steadily.

Market Has Rebounded in 1998

According to Dressman of Greater Northwest Indiana Association of Realtors, the market has rebounded in 1998 with 2,853 homes sold between January and June, an increase of 11 percent from the same period in 1997. "There's no reason why this trend will not continue throughout the remainder of the year, as long as economic conditions remain favorable," Dressman added.

Employment Demand to Grow

According to the latest Employment Outlook Survey just released by Manpower Inc., the outlook in area job market projections is bright this autumn (Table 4). A fairly positive staffing pattern is in store. Job opportunities are most likely in wholesale/retail trade and manufacturing. "Hiring nationally will be sustained at a high seasonal level typical of earlier 1998 quarters, as 29 percent of employers intend to add staff, 7 percent expect declines, 60 percent foresee no change and 4 percent are uncertain," said Jeff Clapman of Manpower, Inc.

Recent Trends in the Labor Market

The labor market in the Midwest was especially tight in recent years with unemployment rates that were below the national average. Preliminary figures released by Indiana Department of Workforce Development, Labor Market Information, indicate that in July 1998, the unemployment

(Table 3)
HOUSING MARKET BY AREA
1997

Area	Percent of Listing Price Received	Average Price Properties Not Sold	Average Sold Time	Average Sales Activity
LaPorte				
1	95.07	241,989	150	68.48
2	95.15	82,836	85	78.57
3	94.31	122,382	90	79.58
4	94.68	184,123	107	75
5	94.65	171,352	98	62.12
6	93.29	103,205	138	69.35
7	96.70	64,731	67	71.11
Porter				
1	96.34	136,069	112	56.67
2	96.39	100,170	71	54
3	96.05	127,989	66	58.16
4	94.12	282,486	164	44.82
5	96.41	166,825	116	57.32
6	96.51	178,369	130	50.29
7	94.12	237,698	216	50
8	95.41	165,246	91	37.2
9	95.57	129,585	83	42.74
10	97.59	137,502	118	60.24

Source: Multiple Listing Service of LaPorte County, Inc. and Greater Northwest Indiana Association of Realtors

KEY FOR LAPORTE COUNTY	
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4	- Northwest
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(Table 4)
EMPLOYMENT OUTLOOK SURVEY
for the Fourth Quarter of 1998

(All figures are percentages)					
	Increase	No Change	Decrease	Don't Know	Net (Inc.- Dec.)
LaPorte	20	60	10	10	10
Michigan City	20	64	3	13	17
Valparaiso	13	81	6	0	7
Indiana	28	60	9	3	19
National	29	60	7	4	22
Midwest	30	60	7	3	23

Source: Manpower, Inc.

rate in LaPorte County was 2.2 percent (about 1,170 persons out of 54,020 in the labor force), compared to 3.7 percent in July 1997. The Indiana unemployment rate also decreased from 3.6 percent in July 1997 to 2.7 percent in July 1998. The unemployment rate in Porter County also declined this year, to 1.7 percent (about 1,290 persons out of 74,780 in the labor force), compared to 2.9 percent in July of last year. The shortage of skilled workers becomes more apparent as the local economy continues to grow.

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