

HUD PD&R Housing Market Profiles

Elkhart-Goshen, Indiana



Quick Facts About Elkhart-Goshen

- Current sales market conditions: slightly tight
- Current apartment market conditions: slightly soft
- Known as the “Recreational Vehicle (RV) Capitol of the World” since the 1940s, nearly 325,000 of the approximately 400,000 RVs produced in the United States in 2019 were made in the Elkhart-Goshen metropolitan area (RV Industry Association).

Goshen, Indiana

By Marissa Dolin | As of May 1, 2020

Overview

The Elkhart-Goshen (hereafter, Elkhart) metropolitan area is in northeastern Indiana and includes Elkhart County, Indiana. The largest city, Elkhart, is 25 miles east of South Bend and 140 miles north of Indianapolis. The metropolitan area is known as a center for RV manufacturing. Manufacturers in the metropolitan area produce approximately 80 percent of all RVs built in the nation (Elkhart County Convention and Visitors Bureau), and the industry has a \$32.4 billion economic impact statewide (RV Industry Association [RVIA], 2019). Jobs in the manufacturing sector accounted for 50 percent of total jobs in the area in 2018, up from a low of 40 percent in 2009.

- The current population is estimated at 206,700, an average increase of 900, or 0.4 percent, annually since 2010. Population growth was relatively steady, supported by net natural increase (resident births minus resident deaths), which averaged 1,400 people annually and was partially offset by net out-migration, which averaged 500 people a year.

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- Net out-migration has occurred nearly every year since 2010. The most common metropolitan areas that people moved to from the Elkhart area were South Bend-Mishawaka and Indianapolis-Carmel-Anderson (U.S. Census, Metro Area-to-Metro Area Migration Flows: 2013–2017).
- The two largest cities, Elkhart and Goshen, had populations of 52,300 and 33,900 in 2018, an average annual increase of 60, or 0.1 percent, and 330, or 1.0 percent, respectively, since 2010 (American Community Survey [ACS] 5-year data).

Economy

Economic conditions in the Elkhart metropolitan area are heavily influenced by changes in manufacturing sector payrolls. From 2010 through 2018, nonfarm payrolls increased by an average of 5,000 jobs, or 4.3 percent, annually, including an average annual gain of 3,600 jobs, or 6.9 percent, in the manufacturing sector. Economic growth in the area was supported by year-over-year increases in RV shipments from 2010 through 2017 (RVIA). A 4-percent decline in RV shipments in 2018 and a 16-percent decline in 2019 contributed to local job loss during 2019, including a decline of 4,600 jobs, or 6.5 percent, in the manufacturing sector and 4,300 jobs, or 3.0 percent, in total nonfarm payrolls.

During the 3 months ending April 2020—

- Total nonfarm payroll jobs fell by 12,400, or 8.9 percent, compared with a year earlier—the second consecutive year of decline. Job loss during the previous year was less severe, falling by 2,700 jobs, or 1.9 percent.
- Job loss occurred mainly in the manufacturing sector, which declined by 8,200 jobs, or 12.0 percent. Temporary closure of

manufacturing facilities in April 2020 contributed to the decline in payrolls.

- The service-providing sectors declined by 4,300 jobs, or 6.4 percent, with eight of the nine sectors declining and one unchanged. By comparison, the service-providing sectors increased by 900 jobs, or 1.3 percent, during the previous year.
- The unemployment rate averaged 11.8 percent, up from 2.9 percent a year earlier. The number of unemployed residents averaged 13,100—nearly four times the number of unemployed residents during the 3 months ending April 2019.

COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. To combat the spread of the virus, a stay-at-home order was put into effect from March 25, 2020, through May 4, 2020, for the state of Indiana, closing schools and nonessential businesses. Two of the largest RV manufacturers in the metropolitan area—Winnebago Industries, Inc. and Thor Industries, Inc.—announced the suspension of production lines in late March, followed by layoff notices filed by

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Ten of the 11 sectors in the Elkhart metropolitan area declined during the 3 months ending April 2020.

	3 Months Ending		Year-Over-Year Change	
	April 2019 (Thousands)	April 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	139.5	127.1	-12.4	-8.9
Goods-Producing Sectors	72.2	64.1	-8.1	-11.2
Mining, Logging, & Construction	4.0	3.9	-0.1	-2.5
Manufacturing	68.3	60.1	-8.2	-12.0
Service-Providing Sectors	67.3	63.0	-4.3	-6.4
Wholesale & Retail Trade	17.2	16.1	-1.1	-6.4
Transportation & Utilities	3.0	2.8	-0.2	-6.7
Information	0.4	0.4	0.0	0.0
Financial Activities	3.0	2.9	-0.1	-3.3
Professional & Business Services	10.4	9.9	-0.5	-4.8
Education & Health Services	12.7	12.5	-0.2	-1.6
Leisure & Hospitality	7.5	5.7	-1.8	-24.0
Other Services	4.1	4.0	-0.1	-2.4
Government	9.0	8.8	-0.2	-2.2
Unemployment Rate	2.9%	11.8%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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parts suppliers, including GDC, Inc. and Benteler International AG. In April, the two RV manufacturers announced a phased reopening of production facilities in May. April 2020 RV shipments were down 82 percent from the same month a year ago (RVIA) due to the closing of the manufacturing facilities. The industry association expects demand for RV travel to increase in the coming months, and total 2020 shipments are forecast to be down only 20 percent from 2019.

Largest Employers in the Elkhart Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Thor Industries, Inc.	Manufacturing	13,600
Forest River, Inc.	Manufacturing	10,000
Lippert Components, Inc.	Manufacturing	5,500

Note: Excludes local school districts.

Source: Economic Development Corporation of Elkhart County as of January 2018

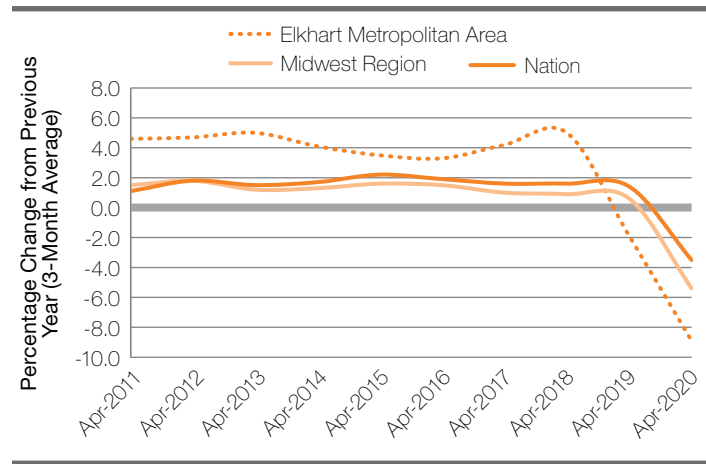
Sales Market Conditions

The home sales market is slightly tight. The vacancy rate is currently estimated at 1.1 percent, down from 2.7 percent in 2010. A low inventory of homes for sale and relatively affordable home sales prices have contributed to tight market conditions. In April 2020, approximately 290 homes were for sale, or 1.5 months of inventory—down from the 580 homes for sale, or 3.2 months of inventory, during April 2019 (Indiana Association of Realtors®). During the first quarter of 2020, a median-income household in the Elkhart metropolitan area could afford 87 percent of homes listed for sale (National Association of Home Builders/ Wells Fargo Housing Opportunity Index). By comparison, in the nation, a median-income household could afford only 61 percent of homes for sale. In February 2020, the rate of seriously delinquent mortgage loans and real estate owned (REO) properties in the Elkhart metropolitan area was at the lowest level since 2001, at 1.6 percent—down from 2.0 percent a year earlier (CoreLogic, Inc.).

During the 12 months ending April 2020—

- Existing home sales, which represent 99 percent of total home sales, declined 6 percent, to 3,475 sales, compared with the previous 12 months, continuing a downward trend that began in 2018 (Metrostudy, A Hanley Wood Company). The decline in sales is partially due to the limited inventory of homes for sale.
- The average existing home sales price increased 4 percent to \$183,200, slowing from a 9-percent gain a year earlier. The estimated monthly homeownership cost for an average priced home, including mortgage payments, taxes, and insurance, is expected to range from \$1,050 to \$1,400 depending on the mortgage interest rate and size of the down payment (estimate by the analyst).

Nonfarm payrolls in the Elkhart metropolitan area declined during the 3 months ending April 2019 and April 2020.



Note: Nonfarm payroll job growth.

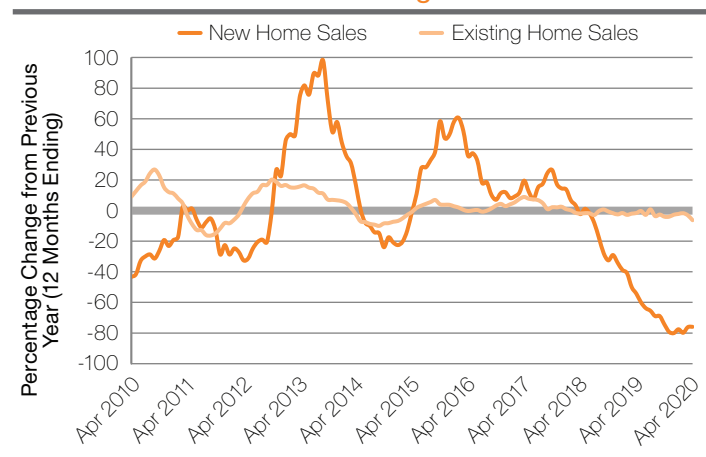
Source: U.S. Bureau of Labor Statistics

- New home sales prices averaged \$270,800, down 2 percent from a year ago but nearly 50 percent, or \$87,600, higher than the average existing home sales price.
- New home sales totaled less than 20 homes, down from the 80 new homes sold during the previous 12 months.

Single-family home construction, as measured by the number of homes permitted, increased steadily in the early to mid-2010s—supported by job growth—but permitting has moderated after peaking in 2017.

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In the Elkhart metropolitan area, new and existing home sales have been declining since 2018.



Note: Includes single-family homes, townhomes, and condominiums.

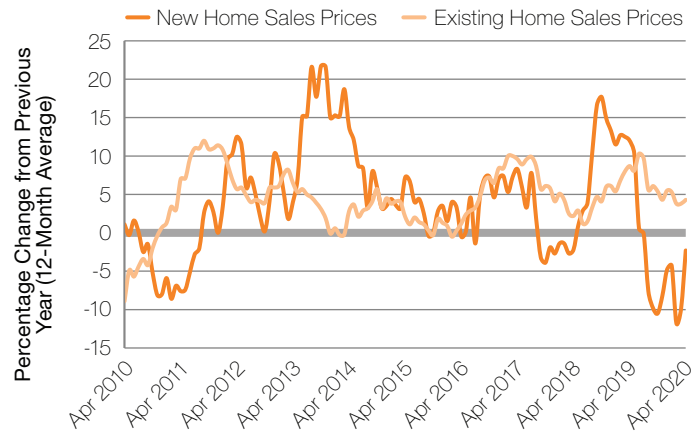
Source: Metrostudy, A Hanley Wood Company



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- From 2011 through 2017, single-family permitting increased by an average of 35 homes, or 17 percent a year, to a peak of 370 homes in 2017. During 2018 and 2019, permitting averaged 350 homes a year.
- During the 12 months ending April 2020, approximately 260 homes were permitted—relatively unchanged from the previous 12 months (preliminary data, not all jurisdictions reporting).
- New single-family home construction is concentrated in the northwest portion of Elkhart County. Golden Pond, a 56-lot single-family subdivision in the northwest portion of the county, has 14 lots sold, with homes currently listed for sale starting at \$240,900.
- New condominiums and manufactured homes are also for sale in the metropolitan area. Millrace on the Canal, a 16-unit townhome and condominium development near downtown Goshen, has two- and three-bedroom homes for sale from \$311,500 to \$497,000. The Willows, a manufactured-home community for adults ages 55 and older, has three-bedroom homes listed for sale from \$54,000 to \$78,300.

Existing home sales prices have been rising since early 2016 in the Elkhart metropolitan area, whereas new home sales prices have fallen since mid-2019.

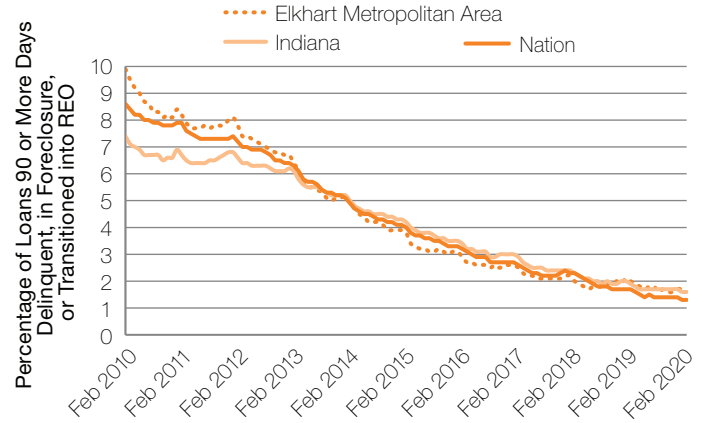


Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

Apartment Market Conditions

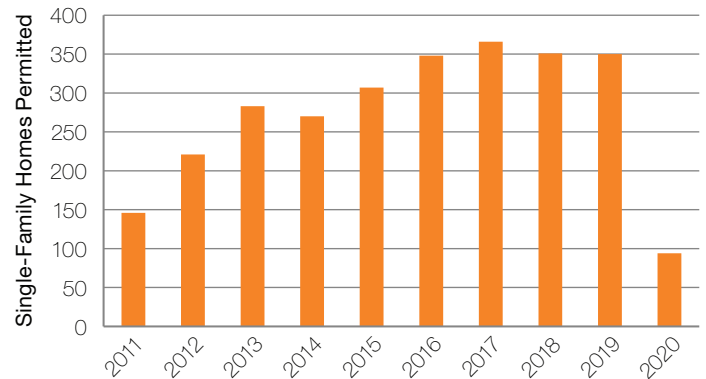
The apartment market is slightly soft. The apartment vacancy rate has been trending upward since 2017, and rent growth has slowed compared with 2016 and 2017. The completion of new apartment properties has contributed to the rising vacancy rate and rents. Rental units in buildings with five or more units, many of which are apartments, represent approximately one-third of all renter-occupied housing (2018 ACS 1-year data). Rental units in

The rate of seriously delinquent mortgages and REO properties in the Elkhart metropolitan area was higher than that of the state and the nation in the early 2010s but currently matches the rate for Indiana.



REO = real estate owned. Source: CoreLogic, Inc.

Single-family home permitting in the Elkhart metropolitan area peaked in 2017.



Note: Includes preliminary data from January 2020 through April 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

buildings with four or fewer units, including single-family homes and duplexes, account for slightly more than one-half of all rental units, and the remaining share are mobile homes. Approximately 10 percent of all rental units in the metropolitan area receive some form of HUD subsidy (HUD Picture of Subsidized Households 2019, with adjustments by the analyst).

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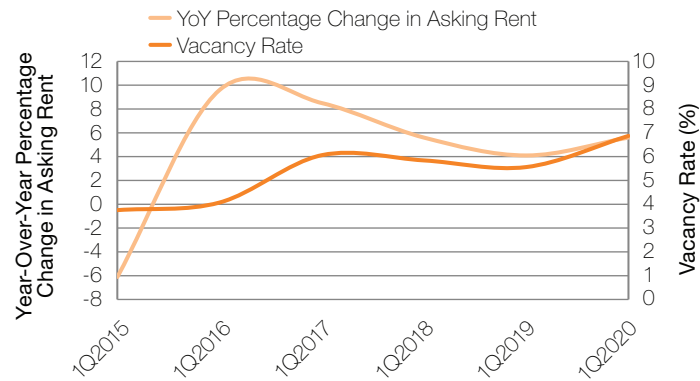


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- The market-rate apartment vacancy rate was 6.9 percent during the first quarter of 2020, up from 5.6 percent a year earlier and the highest level in 5 years (RealPage, Inc.). The rising vacancy rate is also partially attributable to weakening economic conditions since 2019.
- The average apartment rent was \$787 during the first quarter of 2020, up nearly 6 percent from a year ago and accelerating from a 4-percent increase a year earlier. Nearly 500 new market-rate apartment units, which tend to have above-average rents, have been completed since 2018, contributing to the increase in the average rent.
- In April 2020, the average rent by bedroom at apartment units built since 2015 was \$834 for a studio, \$960 for a one-bedroom unit, \$1,261 for a two-bedroom unit, and \$1,656 for a three-bedroom unit. The average rent by bedroom was 57, 47, 58, and 72 percent higher, respectively, than the average rent for units built before 2015.

Multifamily home construction, as measured by the number of units permitted, was extremely limited in the 2010s, partially because

The apartment vacancy rate was at a 5-year high during the first quarter of 2020 in the Elkhart metropolitan area.

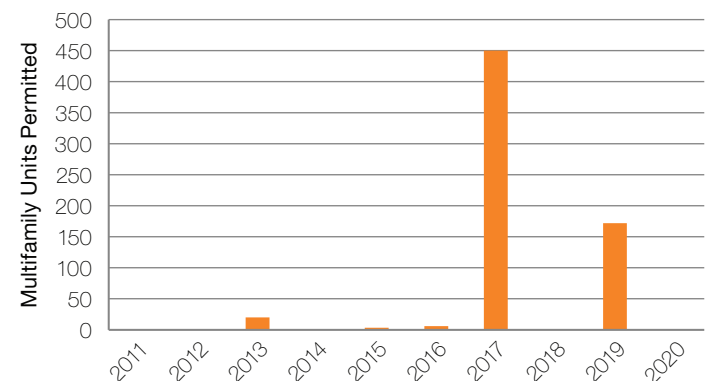


1Q = first quarter. YoY = year-over-year. Source: RealPage, Inc.

home sales prices and average monthly homeownership costs were relatively affordable and thus competitive with the average rent at a new market-rate apartment unit.

- From 2011 through 2016, multifamily permitting averaged five units annually. During 3 of the 6 years, no multifamily units were permitted.
- In 2017, after 6 years of payroll growth and limited multifamily construction, 450 units were permitted, followed by no units permitted in 2018 and 170 units permitted in 2019. No units were permitted during the first 4 months of 2020; however, not all jurisdictions report monthly.
- The 188-unit Park Thirty-Three apartment complex in the city of Goshen opened in 2018. Rents range from \$1,000 for a one-bedroom unit to \$1,450 for a three-bedroom unit.
- In the city of Elkhart, Stonewater at the Riverwalk opened earlier in 2020 with 203 units and is currently in lease up. Rents range from \$760 for a studio to \$2,500 for a three-bedroom unit. To encourage leasing, the management company is offering 1 month of free rent with a 12-month lease.

Multifamily permitting in the Elkhart metropolitan area was extremely limited during much of the 2010s.



Note: Includes preliminary data from January 2020 through April 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

