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NORTHWEST

Economic Outlook
NWIBRT
October 31, 2025

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Economic Outlook of Northwest Indiana
Telling Our Story

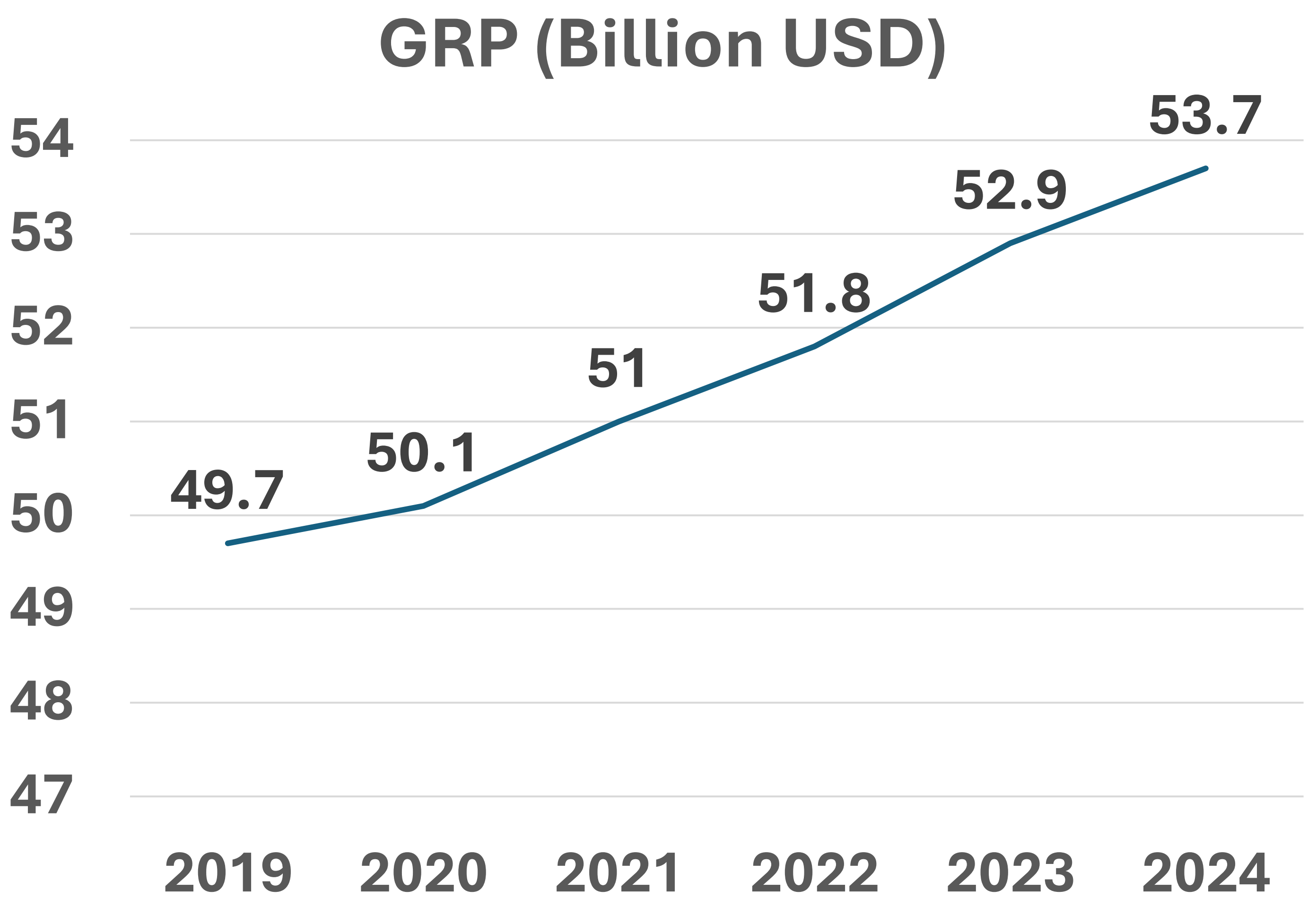
Northwest Indiana's 7-county region includes Lake, Porter, LaPorte, Jasper, Newton, Starke, and Pulaski counties

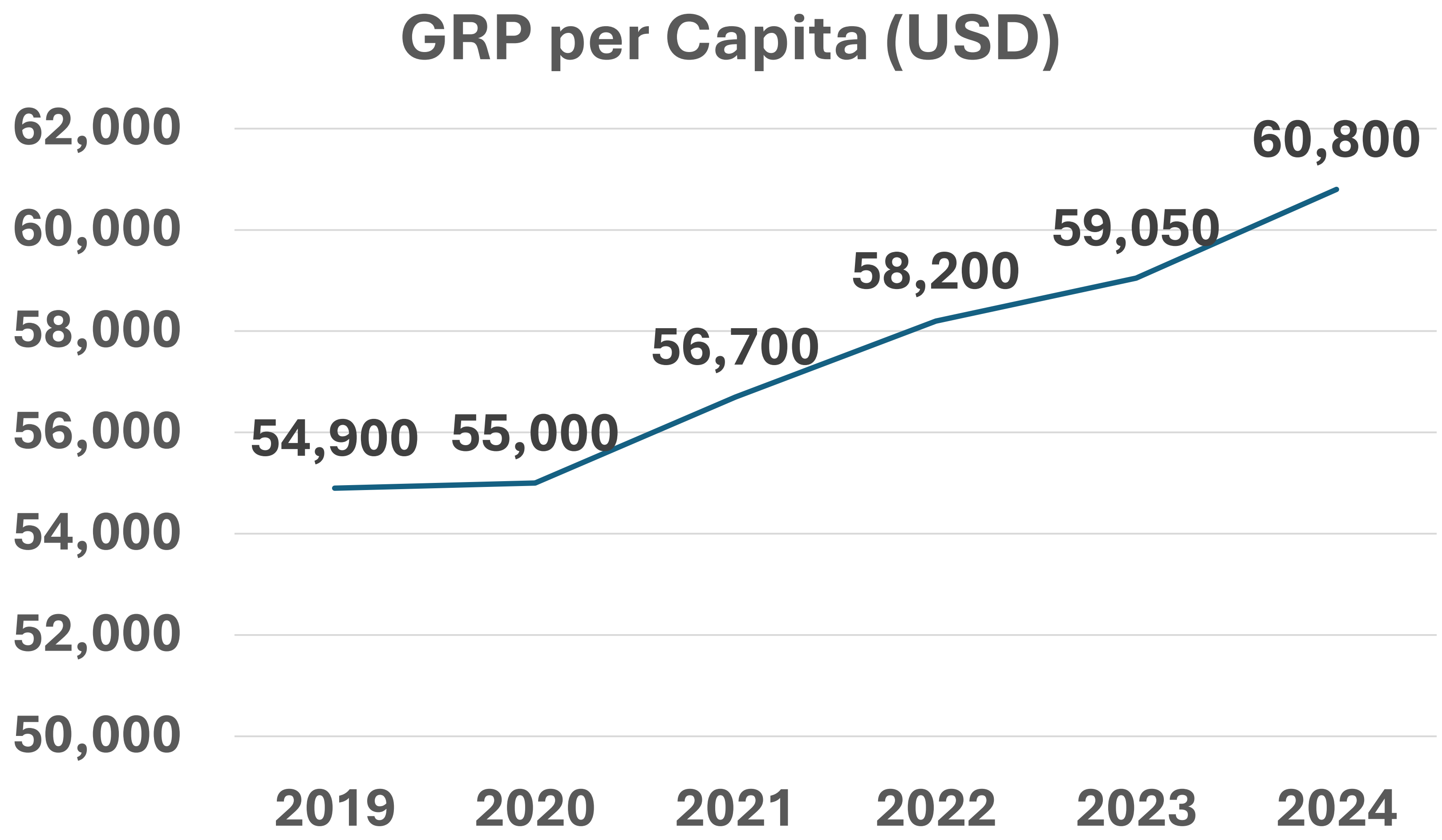
Shows mixed economic performance between 2020 and 2025, shaped by industrial diversification, housing recovery, and global trade pressures.

The following slides will summarize the economic trends and outlook by category, using BEA, BLS, Census, Stats Indiana Data, and other market data sources. We also provide a five-year outlook.

Gross Regional Product (GRP)

- Gross Regional Product grew from an estimated $50.1 billion in 2020 to $52.9 billion in 2023 and $53.7 billion in 2024, averaging about 1.6% annual growth.
- Lake County’s manufacturing growth, and logistics expansion drove much of the regional growth, while rural counties showed gains as well.
- In 2023, nominal GRP = $52.9B. Real GRP for EGR1 was approximately $42B, driven by steel, energy, and warehousing.
- (GRP Deflator for 2023 =126. For 2024 GDP Deflator = 125.5)
- Real GRP for 2024 = $42.8B


GRP (Billion USD)
54
53
52
51
50
49
48
47
49.7
50.1
51
51.8
52.9
53.7
2019
2020
2021
2022
2023
2024


GRP per Capita (USD)
62,000
60,000
58,000
56,000
54,000
52,000
50,000
54,900
55,000
56,700
58,200
59,050
60,800
2019
2020
2021
2022
2023
2024

Real GRP

County	2019	2020	2021	2022	2023	5-Year % Change (2019–2023)
Lake County	23,810,911	21,965,299	25,768,562	29,040,662	30,459,082	+27.9%
Porter County	6,314,000	6,121,000	6,584,000	7,028,000	7,403,000	+17.2%
LaPorte County	508,737	523,753	538,529	553,239	572,588	+12.6%
Jasper County	1,627,729	1,537,337	1,786,696	1,879,289	1,911,665	+17.4%
Newton County	344,376	373,006	447,328	497,164	512,000	+48.6%
Starke County	545,872	570,699	634,353	648,655	701,171	+28.4%
Pulaski County	615,306	630,856	675,895	693,144	709,451	+15.3%

Labor Market

According to the BLS Local Area Unemployment Statistics report, unemployment in the EGR1 decreased from 8.5% in August 2020 to 4.5% in August 2025.

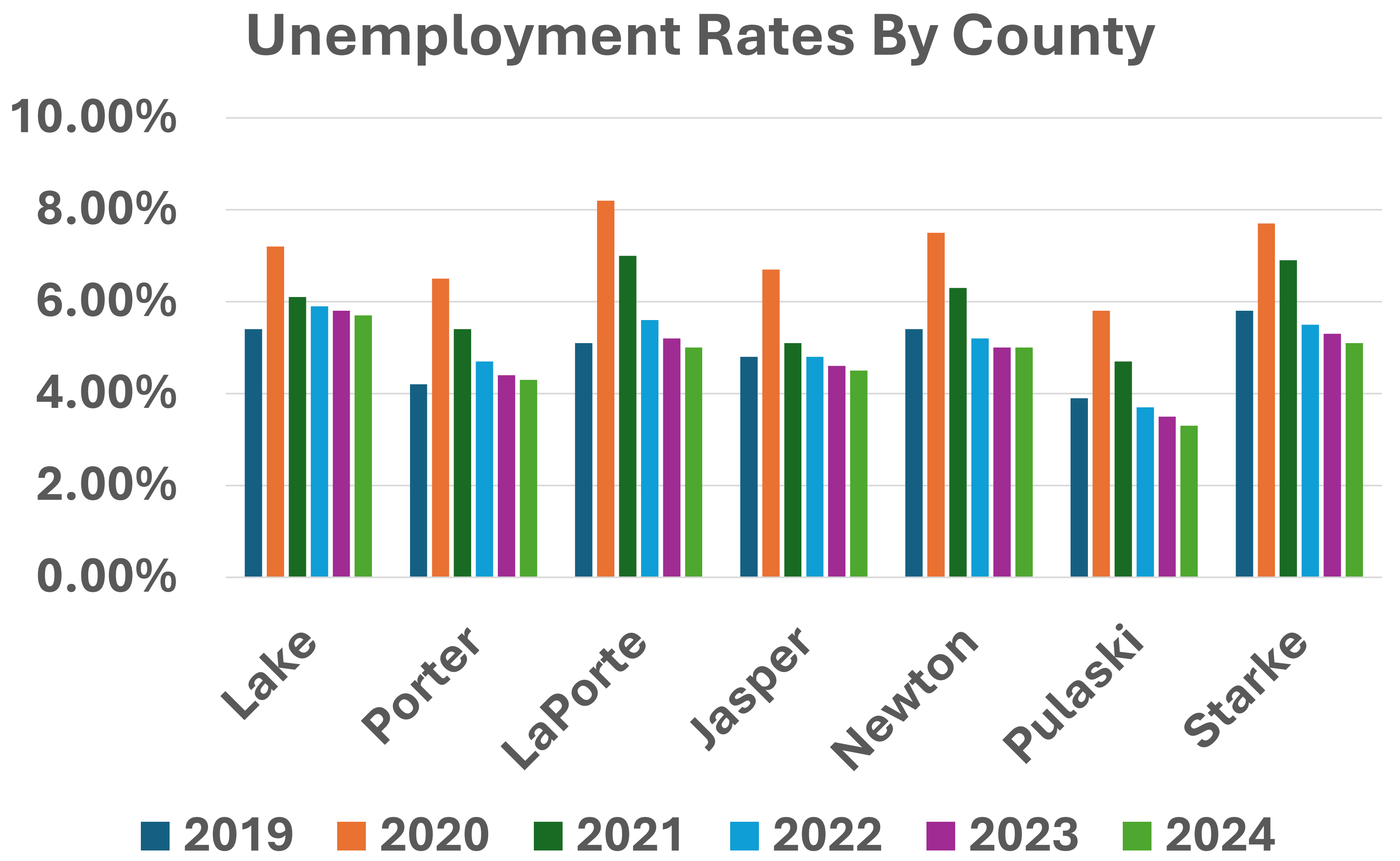
Employment gains occurred in health services, logistics, and manufacturing.

We forecast modest job increases resulting in an average annual unemployment rate of 4% through 2030.

We also see several structural changes on the horizon.

U-Rates By County

Year	Lake	Porter	LaPorte	Jasper	Newton	Pulaski	Starke
2019	5.40%	4.20%	5.10%	4.80%	5.40%	3.90%	5.80%
2020	7.20%	6.50%	8.20%	6.70%	7.50%	5.80%	7.70%
2021	6.10%	5.40%	7.00%	5.10%	6.30%	4.70%	6.90%
2022	5.90%	4.70%	5.60%	4.80%	5.20%	3.70%	5.50%
2023	5.80%	4.40%	5.20%	4.60%	5.00%	3.50%	5.30%
2024	5.70%	4.30%	5.00%	4.50%	5.00%	3.30%	5.10%



Unemployment Rates By County
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
Lake
Porter
LaPorte
Jasper
Newton
Pulaski
Starke
2019
2020
2021
2022
2023
2024

Income Trends

Census Bureau data indicate median household income in the region rose from $59,100 in 2020 to $69,400 in 2024, a 17% increase.

LaPorte and Porter counties median household incomes exceed the state median.

LaPorte:	**$70,452**
Porter:	**$85,825**
Indiana:	**$70,051**

Housing Markets

Northwest Indiana's sold housing prices so far in 2025 averaged approximately $359,980 with the median sale price at $293,000,. The average is 15% higher than a year earlier. (Is this sustainable?)

Side Note: ***It would take an annual household income of approximately $80K/Year to afford the median price house. Only about 32% of households would qualify.***

Inventory rose by 4.3% in 2024. (375,121 in 2023 to 381,137 in 2024.)

Over the next five years, we project price growth to stabilize to approximately 3–4% annually

Agriculture and Tariffs

Indiana’s agricultural economy is mixed due to tariff uncertainty.

Soybeans, pork, and corn—Northwest Indiana’s major products—have been affected by U.S.–China trade tensions.

Since 2024, tariffs have reduced soybean prices from close to $12 to under $10 per bushel, squeezing margins.

However, proposed federal assistance using tariff revenues may mitigated some losses.

Crop yields exceeding expectations in 2025, providing short-term relief. But higher yields put downward pressure on prices.

Five-Year Forecast (2026–2030)

- **Regional GDP is expected to grow by 2–3% annually, driven by transportation, logistics, and advanced manufacturing.**
- **Employment growth will likely settle near 0.5–1% per year, with labor shortages in construction and healthcare.**
- **Household income will continue to rise slowly, supported by manufacturing wages and regional migration from Illinois.**
- **Housing inventory will continue to grow as interest rates ease post-2026; affordability remains both a comparative advantage and a concern.**
- **Agriculture will depend on trade relations and export diversification; soybean acreage may shift toward higher-value crops.**

Effects of Tariffs on Business in Northwest Indiana

Results from research and simulation

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Industries Affected by Tariffs in Northwest Indiana:

1. Steel & Metals (e.g., U.S. Steel, Cleveland-Cliffs)
2. Automotive and Heavy Equipment Manufacturing
3. Logistics and Transportation (due to proximity to Chicago & Great Lakes ports)
4. Agriculture (retaliatory tariffs impact exports of soy, corn, etc.)

Assumptions

- **Baseline Year: 2023**
- **Tariff Shock Scenario: 25% import tariff on foreign steel + retaliatory tariffs on U.S. agricultural exports**
- **Time Horizon: Short run (1 year) and medium run (3–5 years)**
- **Model Type: Partial equilibrium + sectoral input-output effects (non-dynamic CGE-lite)**

Variable	Description
ΔP (Price Change)	Tariff-induced price increase on imported inputs (e.g., steel)
ΔC (Cost Change)	Increase in production costs for manufacturers
ΔQd (Quantity Demanded)	Change in demand due to higher prices
ΔE (Employment)	Employment changes by sector
ΔX (Exports)	Change in export volume due to retaliatory tariffs
ΔI (Investment)	Capital expenditures impacted by uncertainty or higher input costs

Sectoral Simulation Outcomes

Steel Production (Domestic)

- **Tariff Effect: Boosts domestic demand due to reduced foreign competition**
- **Short-Run Effect:**
  - **+8% in regional steel output**
  - **+4% increase in employment (modest due to capital intensity)**
- **Medium-Run Effect:**
  - **+12% output**
  - **Potential capacity constraints may dampen further gains**

Manufacturing (Auto Parts, Machinery)

- **Tariff Effect: Higher costs on imported inputs (steel/aluminum)**
- **Short-Run Effect:**
  - **−6% profit margins**
  - **−2% employment (cost-cutting measures)**
- **Medium-Run Effect:**
  - **Firms may begin sourcing domestically or automate more**
  - **Potential −4% investment slowdown**

Agriculture (Soybeans, Corn)

- **Tariff Effect: Retaliatory tariffs from China/Mexico/EU**
- **Short-Run Effect:**
  - **−12% in soybean exports**
  - **−8% income shock to farmers**
- **Medium-Run Effect:**
  - **Crop switching or fallowing land; potential −5% regional ag GDP**

Logistics & Transportation

- **Tariff Effect: Lower trade volumes reduce freight movement**
- **Short-Run Effect:**
  - **−3% freight activity via rail and port**
  - **−1.5% employment**
- **Medium-Run Effect:**
  - **Stabilizes as domestic supply chains adjust**

Aggregate Economic Impact on Northwest Indiana Pressure Changes

Impact Area	Short Run (1 Year)	Medium Run (3–5 Years)
Real GRP (Gross Regional Product)	−1.2%	−0.8%
Employment (Net Change)	−0.5% (~2,500 jobs)	Flat to +0.2% (steel rebounds)
Business Investment	−3.5%	−2.0%
Export Volume	−7% (mainly ag)	−4%

Policy Implications & Recommendations

1. **Diversify Input Sources: Promote local supply chains to insulate from international shocks.**

2. **Workforce Transition: Support retraining for ag and manufacturing workers affected by reduced exports or plant downsizing.**

3. **Infrastructure Investment: Offset private investment slowdowns with public spending on logistics and port facilities.**

4. **Trade Diplomacy: Encourage federal re-engagement in trade pacts to reduce retaliatory tariff threats.**

Summary

1. **Employment Change by Sector – Steel benefits from tariffs, while agriculture and manufacturing experience short- to medium-term job losses.**

2. **Gross Regional Product (GRP) Impact – The region sees a slight contraction in GRP, more severe in the short run.**

3. **Export Volume Impact – Export volumes drop significantly in the short run, especially due to agricultural retaliation, with modest recovery in the medium term.**

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