

**Introduction**

*Economic Currents* provides a comprehensive overview of the South Florida regional economy. The report combines current employment, economic and real estate market data using key indicators to measure growth and stability in the regional economy. The economic indicators can be used by local governments, businesses and community-based organizations as quantitative measures to establish benchmarks, prioritize resources, target markets and apply for funding. The report provides measurable indicators for five drivers of economic sustainability – employment growth, economic growth, household purchasing power, residential real estate stability and commercial/office market activity.

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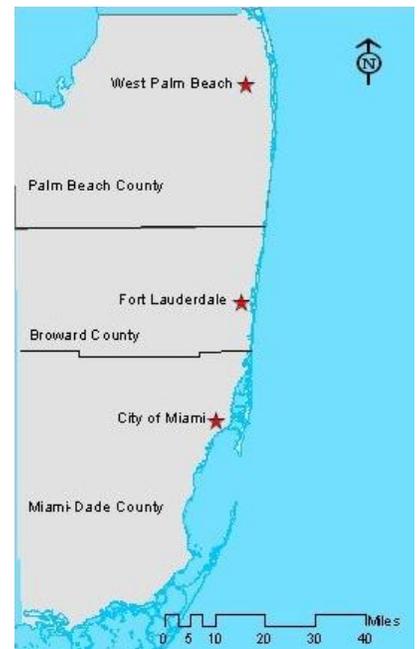
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**The South Florida Region**

The South Florida region is comprised of Miami-Dade, Broward and Palm Beach Counties. The tri-county region has a population of approximately 5.5 million people with 2.4 million housing units. The region consists of approximately 175,000 business establishments that employ just over 2 million workers. The South Florida economy is comprised of four major industrial sectors: Retail; Health Care and Social Services; Accommodation and Food Services; and Administrative Support, Waste Management and Remediation Services. The median annual salary is \$27,202 with a median hourly wage of \$15.25.

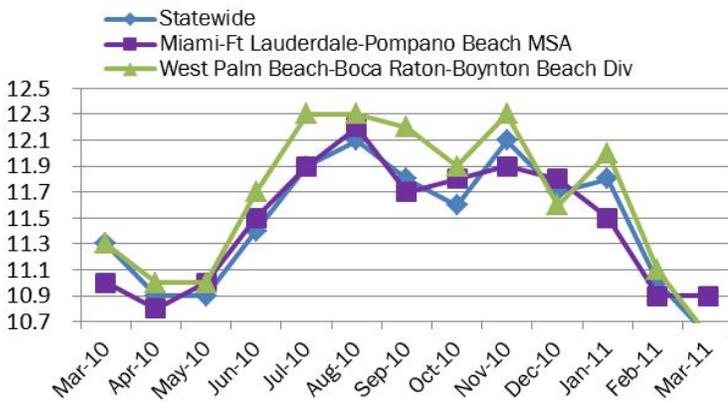
**Key 1<sup>st</sup> Quarter 2011 Findings:**

- South Florida's unemployment rate decreased to 11.0 percent in March 2011 and had a 30 percent decrease in unemployment claims from the previous year;
- South Florida's total non-agricultural employment increased by 5,100 jobs compared to the previous year;
- Job growth is skewed with most new jobs created in the service sector and continued job loss in the goods producing sectors, including construction and manufacturing;
- The number of bankruptcy filings in the South Florida area remained unchanged from February 2010 to February 2011.
- Consumer spending in South Florida seems to have increased from 2010 to 2011 at a rate above the state average
- Existing single-family and condominium sales increased significantly, but the median sales price of both single-family homes and condos continued to decline;
- Commercial office activity has improved throughout South Florida led by Miami which had a record breaking 1.5 million sf of new office construction in 2010.



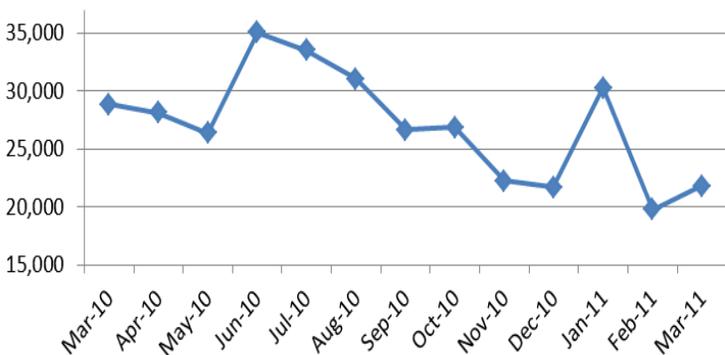
In March 2011, the unemployment rate for the Miami-Fort Lauderdale-Pompano Beach MSA was 10.9 percent. The overall Tri-county unemployment rate was 11.0 percent. However, this represents a 0.3 percent decrease from the previous month and a 0.7 percent decrease from January, 2010. There were 21,818 new unemployment claims in South Florida in March 2011 which represented a 24.3 percent decrease from March 2010.

**South Florida Unemployment Trends, March 2010- March 2011**



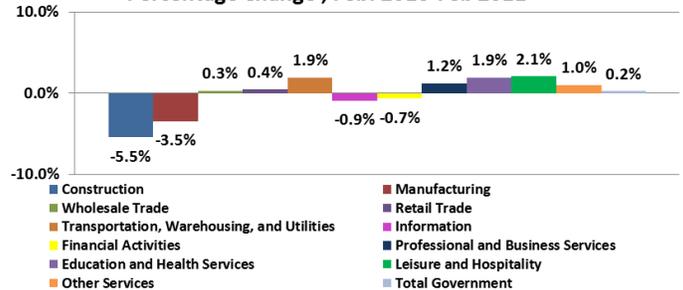
Source: Agency for Workforce Innovation: LAUS Local Area Unemployment Statistics, 2010.

**South Florida Initial Unemployment Claims, March 2010- March 2011**



Source: Florida Agency for Workforce Innovation: Employment by Industry, 2011.

**South Florida's Job Growth Loss by Industry, Percentage Change, Feb. 2010-Feb 2011**



Source: Agency for Workforce Innovation: LAUS Local Area Unemployment Statistics, 2011.

Unemployment rates in all of Florida's metropolitan areas were higher than the national average (9.2 percent). In March 2011 the Orlando and Jacksonville metropolitan areas unemployment rates stood below the state average at 10.4 and 10.2 percent; respectively. However, the Tampa metropolitan area's unemployment rate of 11 percent was one of the highest in the state. Compared to March 2010, unemployment claims decreased in all three areas, down 24.4 percent in Orlando, 26.8 percent in Jacksonville, and 24.7 percent in Tampa.

South Florida's total non-agricultural employment was 2,196,700 in February 2011, which represented a 5,100 increase from January 2010. Miami-Dade County's 0.6 percent increase in employment during the past year was the largest in South Florida. The Leisure and Hospitality sector's 2.8 percent increase in employment during the past year was the highest in the region followed by Education and Health Services with a 1.2 percent increase in employment.

South Florida's rebound from the "Great Recession" has been somewhat skewed. Employment gains in the past year largely occurred in service sector jobs, including Leisure and Hospitality, Education and Health Services and Accommodation and Food Services. The Goods Producing sectors, i.e. Construction and Manufacturing, shed an additional 13,500 jobs during 2010.

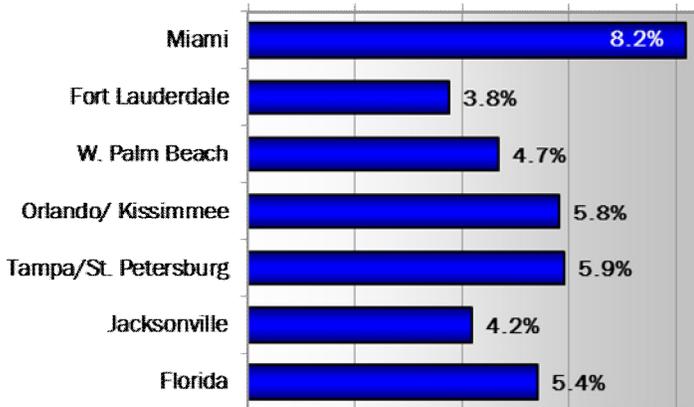
**PURCHASING POWER**

South Florida's economic strength is related to the disposable income and spending power of its residents, as well as the cost of living in the area. Over the last 12 months, the Consumer Price Index for All Urban Consumers (CPI-U) for the Miami area rose 2.2 percent. The CPI-U measures changes in the prices paid by urban consumers for a representative basket of goods and services.

Annual increases were registered in a number of categories, but higher costs for motor fuel, shelter, and food had the greatest impact on the all items index. Over the year, the energy index increased 9.0 percent, as motor fuel prices rose 15.5 percent. From February 2010 to February 2011, the food index increased 2.4 percent, reflecting a 2.6-percent rise in prices for food at home and an increase of 2.0 percent in food away from home prices. The same upward trend is observed in other metropolitan areas in Florida. For example, Tampa's index rose 1.3 percent over 2010.

Despite high unemployment, declining wages, and rising costs, consumer spending in South Florida seems to have increased from 2010 to 2011 at a rate above the state average, partially as a result of rising cost of living expenses. In January 2011 total taxable sales, which represent consumer spending on goods subject to state sales tax, rose 5.9% to \$8.024 billion compared to \$7.580 billion in January 2010, according to figures from the state legislature's Office of Economic and Demographic Research. Consumer nondurable taxable sales of items such as clothing, paper products and food increased from \$8.6111 billion to \$8.9105 billion or 3.5 percent in March 2011.

Percentage Change of Taxable Sales, Jan. 2010-Jan. 2011



Source: Florida Legislature, Office of Economic and Demographic Research, 2011.

Taxable sales also increased in other metropolitan areas in the state, including Orlando/Kissimmee (5.8 percent), Tampa/St. Petersburg (5.9 percent) and Jacksonville (4.2 percent). Statewide taxable sales increased by 5.4 percent.

Despite the increasing cost of living in the South Florida area, the number of bankruptcy filings in the area decreased by 1 percent from March 2010 to March 2011. The high unemployment and foreclosure rates have contributed to the continued high number of bankruptcy filings in South Florida. Approximately 73 percent were Chapter 7 filings which lead to liquidation of assets and 26 percent Chapter 13 filings which allow debtors to repay their debt according to a payment plan.

Florida's Middle District which includes the major metro areas of Tampa, Fort Myers, Orlando and Jacksonville, had the second highest number of bankruptcy filings in the nation in 2010 after Los Angeles, California. Overall, in 2010 personal bankruptcy filings rose in Florida by 16.5 percent. The decreasing number of bankruptcy filings in the district in the beginning of 2011 may be a positive sign for the stabilization of the area's economy.

Bankruptcy Filings			
	Mar-10	Mar-11	CHANGE
Miami	1502	1520	1.2%
Broward	1062	1059	-0.3%
West Palm Beach	882	834	-5.4%
Total	3,446	3,423	-0.7%
Jacksonville	1216	1025	-15.7%
Orlando	2302	1927	-16.3%
Tampa	2338	2027	-13.3%

Source: United States Bankruptcy Court, Middle District of Florida; United States Bankruptcy Court, Southern District of Florida, 2011.

Some signs of stabilization in the purchasing power of the South Florida region were seen in mid-2010. The Federal Deposit Insurance Corporation reported that by June 30, 2010, bank deposits in the South Florida area had increased by 2.7 percent compared to 2009. Overall, bank deposits in the State of Florida increased by 2.2 percent. The most significant increase was in the Jacksonville/Duval County area where bank deposits rose by 26.2 percent.

The South Florida regional economy is classified as a “major” labor market area (LMA). LMAs are designated by the Bureau of Labor Statistics (BLS) in reporting key employment and unemployment data. LMAs are intended to capture economic integration which is determined by population density and commuting patterns. Within a defined LMA workers can generally change their jobs without changing their places of residence.

The South Florida region is comprised of four major industry sectors, all service-related: retail, health care and social services, accommodation and food services and administrative support, waste management and remediation services which includes the professional and business services subsector. With the exception of health care, all industrial sectors experienced substantial job loss during the economic recession. South Florida’s construction industry lost approximately 65,000 jobs during this period.

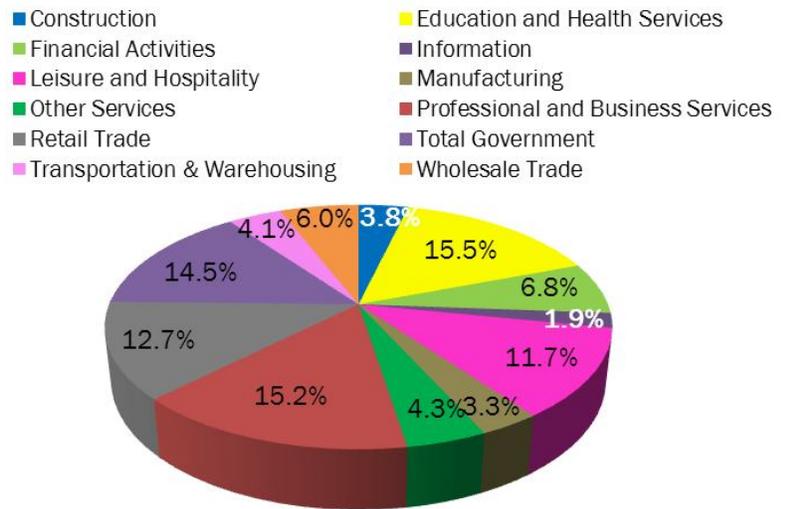
Industry projections for 2010-2018 show steady employment increases in South Florida’s traditional sectors, including administrative support and modest gains in the transportation and manufacturing sectors.

However, employment projections show that construction will likely continue to be among the fastest growing employment sectors in both Broward and Miami-Dade counties.

South Florida’s residential construction was particularly hard hit by the economic recession. Residential construction activity continued its downward trend during the First Quarter of 2011. Construction of new residential units was down 13 percent over the previous year with construction spending down 15 percent.

The projections on construction employment show the desirability of South Florida as a real estate development area.

Non-Agricultural Employment by Industry, Feb. 2011



Source: Florida Agency for Workforce Innovation, 2011.

Employment Projections for Fastest Growing Industries, 2010-2018.

Title	Employment		Percent Change
	2010	2018	
<b>Miami-Dade</b>			
Construction of Buildings	7,625	9,755	3.49
Apparel Manufacturing	1,120	1,416	3.30
Plastics and Rubber Products Manufacturing	1,376	1,723	3.15
Administrative and Support Services	54,721	68,275	3.10
Securities, Commodity Contracts, and Other Investments	7,115	8,805	2.97
<b>Broward</b>			
Construction of Buildings	6,061	8,447	4.92
Transportation Equipment Manufacturing	1,472	2,048	4.89
Heavy and Civil Engineering Construction	3,153	4,382	4.87
Truck Transportation	2,257	2,986	4.04
Specialty Trade Contractors	23,497	30,787	3.88
<b>Palm Beach</b>			
ISPs, Web Search Portals, and Data Processing Services	668	974	5.73
Chemical Manufacturing	1,140	1,658	5.68
Administrative and Support Services	35,131	47,260	4.32
Transit and Ground Passenger Transport	1,159	1,547	4.18
Fabricated Metal Product Manufacturing	1,193	1,580	4.05

Source: Florida Agency for Workforce Innovation: Employment Projections, 2011.

**RESIDENTIAL REAL ESTATE STABILITY**

Standard & Poor’s Case-Shiller Home Price Indices released in January 2011 showed further deceleration in the annual growth rates in 13 of the 20 MSAs and the 20-City Composites compared to the December 2010 report. The S&P/Case-Shiller Home Price Indices are the leading measures for the US residential housing market, tracking changes in the value of residential real estate both nationally as well as in 20 metropolitan regions. The January 2011 S&P/Case Shiller Report indicated that South Florida’s residential market has now entered the fifth year of its slump.

According to the Case-Shiller Home Price Indices for the Miami-Fort Lauderdale-Pompano Beach, FL Metropolitan Statistical Area (MSA), residential values have declined to 2002 levels. South Florida’s persistent housing market downturn has created mounting spillover effects as evidenced by increasing job loss, a rising home foreclosures and a growing pipeline of mortgage delinquencies. Price declines have also taken their toll on home equity and have pushed an estimated 60 percent of South Florida homeowners with a mortgage underwater (into a negative equity position). Recent declines in home values have yet to visibly improve housing affordability due to continued unemployment challenges and stagnant wage growth.

March 2011 monthly sales figures released by the Florida Association of Realtors showed a continuing increase in both existing single-family and condominium sales activity throughout South Florida.

Among the three South Florida areas, the Fort Lauderdale MSA is the only one in which the median sales price of existing single-family homes and condominiums increased. Regionally, the median sales price for single family homes dropped by 14 percent. In the Miami area, the number of single

family homes sold increased by almost 60 percent month over month, from March 2010 to March 2011. However, the median sales price for the same two months plummeted by 20 percent.

**Foreclosures in South Florida, Jan. 2010 – Jan. 2011.**

COUNTY	FORECLOSURES		% CHANGE
	Nov-10	Mar-11	
Broward	3,198	2,199	-31%
Miami Dade	3,952	2,749	-30%
Palm Beach	3,053	1,196	-61%
<b>TOTAL SOUTH FLORIDA</b>	<b>10,203</b>	<b>6,144</b>	<b>-40%</b>

Source: RealtyTrac, March 2011.

South Florida’s foreclosure activity in March reflects a downward trend over the past five months. However, there are still 82,418 South Florida properties in foreclosure. Further, the Mortgage Bankers Association (MBA) National Delinquency Survey indicated that South Florida has the highest “seriously delinquent” and “foreclosure inventory” rates in the country. Foreclosure actions include default notices, auction notices and bank possessions or REOs. Each of the Tri-counties was included in the “Top 20” metropolitan areas in the country with the highest foreclosure rates.

The Fort Lauderdale MSA with a 19.53 foreclosure rate per 1,000 households ranked 6th in the country followed by Miami (16.01/ranked 10th) and Palm Beach (11.32/ranked 18th).

**South Florida Existing Home Sales: March 2010 & March 2011**

	Fort Lauderdale MSA		Miami MSA		West Palm Beach MSA		Change for Region
	March 2010	March 2011	March 2010	March 2011	March 2010	March 2011	
Existing Single-Family Home Sales							
Realtor Sales	1,080	1,169	649	1,031	843	1,105	28.0%
Median Price	\$162,800	\$175,400	\$197,500	\$159,800	\$246,100	\$186,500	-14.00%
Existing Condominium Sales							
Realtor Sales	1,525	1,645	723	1,404	1,024	1,338	34.0%
Median Price	\$69,300	\$71,800	\$130,000	\$115,700	\$102,000	\$81,800	-11.0%

Source: Florida Association of Realtors, April 2011.

**COMMERCIAL REAL ESTATE ACTIVITY**

Commercial real estate market performance is an important indicator of growth and stability in the larger economy. Cushman & Wakefield's First Quarter National Office Report found that major metro areas with strong Central Business Districts (CBDs), abundant infrastructure, educated and versatile workforces and existing pool of well-capitalized industries fared best. The key office producing industries include Professional Businesses Services, Information and Finance. These industries account for 750,000 jobs in South Florida. Based on Cushman & Wakefield historical data, in the First Quarter of 2011, the Miami-Dade office market rebounded faster than all other markets in Florida. In Miami-Dade County over 13 million square feet (msf) of new office space were added to the market. The bulk of this activity occurred in the Brickell Avenue and

Downtown submarkets. Year-to-date leasing activity showed an increase of less than one percent over March 2010. Year-to-date absorption activity was at a negative 108,465 sf compared to negative 53,272 sf a year prior.

Palm Beach County experienced a decline in the vacancy rate in the first quarter from 24.5% in 2010 to 22%. Rental rates also fell during this time. Palm Beach also saw a decrease of \$.50 per sf in the direct asking rental office rate to \$27.16 psf. In Broward County both vacancy rates and rental rates also fell as landlords dropped rates to retain their current tenants. The overall vacancy rate decreased to 17.9% in the First Quarter. The average \$30.68 psf asking rental office rate represented the lowest rate since 2006.

**Commercial Office Real Estate Market Activity, First Quarter, 2011**

Market	Inventory		Vacancy Rate		YTD Leasing Activity		YTD Overall Absorption	
	CBD	Suburban	CBD	Suburban	CBD	Suburban	CBD	Suburban
Ft. Lauderdale	5,101,839	24,777,821	18.8%	17.7%	107,399	207,467	15,847	(45,496)
Jacksonville	7,433,008	17,042,069	21.6%	22.1%	18,401	145,043	(66,122)	139,660
Miami	13,763,468	35,098,671	21.7%	17.4%	147,111	511,372	(75,616)	(32,849)
Orlando	7,233,734	30,430,677	19.1%	21.5%	90,588	274,553	29,631	32,766
Palm Beach	3,154,034	21,832,133	22.9%	21.9%	47,316	246,637	11,591	123,757
Tampa/St. Petersburg/ Clearwater	6,374,743	39,026,998	19.0%	20.7%	400,147	2,444,217	17,766	(9,815)

Source: Cushman & Wakefield, Marketbeat United States Office Report, 1Q11; Table created by FIU Metropolitan Center.



**Metropolitan  
Center**

The Florida International University Metropolitan Center is an applied social science research and training institute focusing on economic development, planning, performance improvement and policy solutions to public, private and non-profit organizations in South Florida.

The Metropolitan Center is a part of the School of International and Public Affairs in the College of Arts and Sciences.

Our core areas are:

- Economic and Demographic Research
- Housing Market and Policy Research
- Local Government Planning and Management
- Applied Social Science Research and Evaluation
- Leadership Training and Organizational Development

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