

Introduction

Economic Currents provides an 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 to establish benchmarks, prioritize resources, target markets and pursue funding opportunities. This report provides measurable indicators for five drivers of economic sustainability – employment and economic growth, household purchasing power, residential real estate stability and commercial/office market activity for the first quarter of 2012 (Q1 2012).

Overview

South Florida's economy improved in Q1 2012. Unemployment rates and unemployment claims have continued to drop throughout the first quarter. Though sales of both existing single-family homes and condominiums were down, median sales prices increased from March 2011 to March 2012. Tourism dollars and foreign investment kept the South Florida economy afloat during the recent recession. However, South Florida's future economic growth and sustainability will be largely dependent on a resurgent housing market and a more diverse economic base.

Key Findings, 1st Quarter, 2012

- South Florida's unemployment rate continued to decrease through Q1 2012. However, the March unemployment rate of 8.4 percent remained just slightly above the national average of 8.2 percent.
- South Florida's total non-agricultural employment increased by 26,100 jobs in Q1 2012.
- The top ten occupations in the Tri-County area have been projected to receive wage increases in 2012.
- There was a 13.4 percent increase in bankruptcy filings in South Florida during Q1 2012 unemployment claims in Broward, Miami-Dade, and Palm Beach counties decreased significantly.
- The median sales prices of single-family homes and condominiums increased 11.6 percent and 17.1 percent respectively. However, realtor sales of both dropped.
- All three counties in South Florida experienced improvements in foreclosure activity from Q4 2011 to Q1 2012.
- South Florida's office and industrial vacancy rates decreased from Q4 2011.
- Despite Ft. Lauderdale, Miami, and Palm Beach's positive overall absorption in Q1 2012, all three demonstrate leasing activity below that of Q1 2011.

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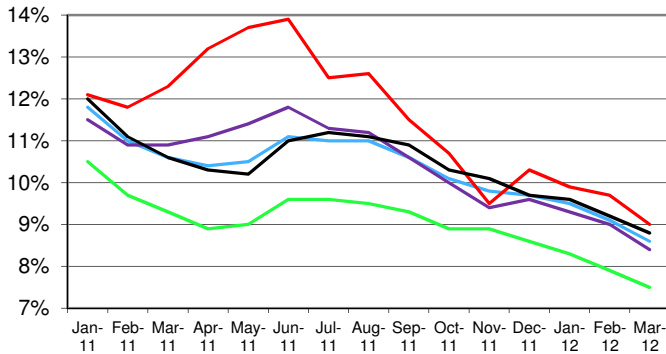
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EMPLOYMENT GROWTH

The Miami-Fort Lauderdale-Pompano Beach Metropolitan Statistical Area's (MSA) unemployment rate fell to 8.4 percent by the end of Q1 2012. This is a sharp decrease from the 10.9 percent rate at the end of Q1 2011. Miami-Dade County had the largest decrease (9.9 to 9.0 percent), while Broward County had the lowest overall unemployment rate (7.5 percent). The Miami-Fort Lauderdale-Pompano Beach MSA's unemployment rate (8.4%) is now below that of the State of Florida at 8.6 percent unemployment, and only slightly above that of the nation (8.2%).

South Florida Unemployment Rates

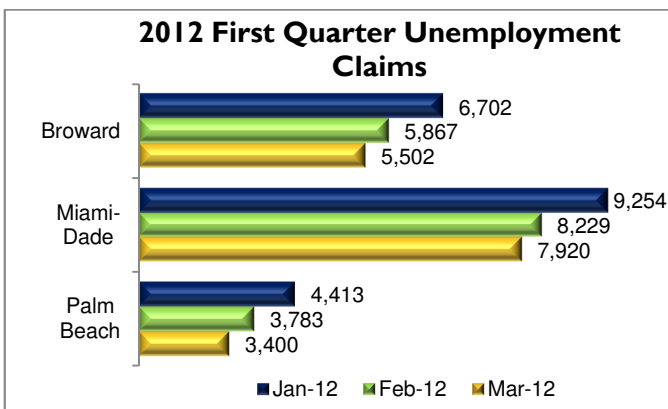
- Statewide
- Miami-Ft. Lauderdale-Pompano Beach
- Broward County
- Miami-Dade County
- Palm Beach County



Source: Agency for Workforce Innovation, Local Area Unemployment Statistics

In March 2012, South Florida's total non-agricultural employment was at 2,254,000, an increase of 1.2 percent from January 2012 or 26,100 jobs over the quarter. This is an increase of 34,000 jobs or 1.5 percent from March 2011. This increase in jobs can also be observed in the consistent drop in unemployment claims across all three counties.

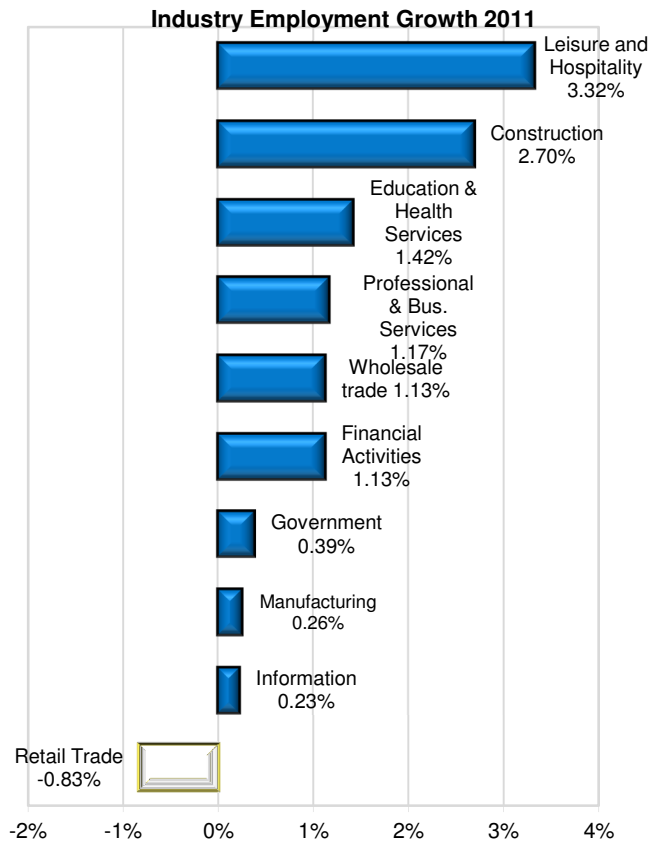
2012 First Quarter Unemployment Claims



Source: Agency for Workforce Innovation

Leisure and Hospitality showed the largest increases in employment with a 3.3 percent increase over the first quarter. Construction had the second most significant employment growth in Q1 2012 with an increase of 2.7 percent, followed by Education and Health Services at 1.4 percent. Conversely, the Retail Trade had the only loss in employment with a 0.8 percent decrease over the quarter. Retail Trade fell by 3.14 percent from December to March. However, employment in that industry increased by 3.9 percent from March 2011. Construction also shows a reversed pattern given how it fell by 5.1 percent from March 2011 while Leisure and Hospital showed a continued increase. In fact, jobs in that industry grew by 1.1 percent from March 2011.

Industry Employment Growth, First Quarter 2012



Source: Agency for Workforce Innovation, Current Employment Statistics Data updated July 20, 2012

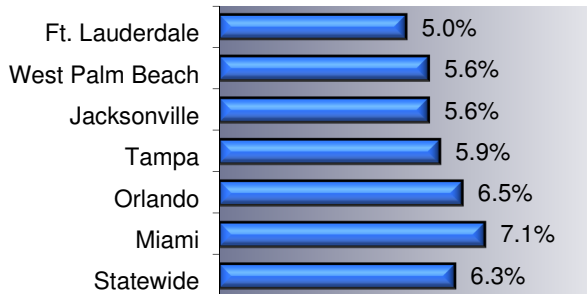
PURCHASING POWER

The economic strength of a region correlates with the spending patterns and purchasing power of its residents. The Consumer Price Index (CPI), as defined by the Bureau of Labor Statistics (BLS), is a measure of the average change in prices over time in a fixed market of goods and services. The CPI reflects increases or decreases in prices and is an indicator of the relative cost of living in an area. In sum, inflation reduces the purchasing power of individuals thus decreasing the amount of goods and services they can purchase which in turn affects the purchasing power of a region.

According to the BLS, from December 2011 to February 2012 the Miami- Ft. Lauderdale CPI rose 0.96 percent, as compared to the U.S. city average increase of 0.88 percent. This increase can be attributed to the rising cost of nearly all consumer categories in the region compared to the national average. In Q1 2012, the U.S. city average prices for food and all items (less food and energy) rose only 0.2 percent and 0.3 percent, respectively. By comparison, in the Miami- Ft. Lauderdale area, food prices increased 3.3 percent and all other items rose 2.3 percent. In Q1 2012, the U.S. city average energy prices rose 4.1 percent. This includes gasoline prices (all types) which rose 7.7 percent while utility gas was down 2.5 percent and electricity prices were down 0.8 percent for the quarter.

Despite cost of living increases, spending has grown in South Florida. Taxable sales increased statewide by 6.3 percent from March 2011 to March 2012. In Miami, taxable sales increased by 7.1 percent (the highest increase in the State) followed by Orlando at 6.5 percent. This is correlated with an increase in the number of visitors in Florida, which increased by 2.4 percent from the first quarter of 2011. Miami-Dade and Broward saw a 9.6 and 4 percent increase respectively in the total number of visitors from April 2011.

**Taxable Sales Percent Change
March 2011 - March 2012**



Source: Office of Economic and Development Research

Statewide, autos & accessories (9.2%), tourism & recreation (8.5%), and retail sales (7.9%) led in taxable sales percent increase. Over the last year, taxable sales from tourism and recreation have risen by 11.9 percent in Miami, while retail sales increased by 9.6 percent. In addition, both Ft. Lauderdale (9.3%) and West Palm Beach (8.2%) experienced significant increases in the taxable sales of autos and accessories.

Increased spending alone is not a good measure of the economic conditions of an area as demonstrated by South Florida's increases in bankruptcy filings. Data from the United States Bankruptcy Court shows that both the Middle (Tampa Bay, Orlando, Jacksonville, Ocala, Daytona and Fort Myers) and Southern (Miami, Key West, Fort Lauderdale, Pompano) Districts of Florida saw increases in bankruptcy filings from December 2011 to March 2012. Broward County had the largest increase of 35.9 percent. However from March 2011 to March 2012, bankruptcy filings in the two districts have decreased 16.8 percent and 15.0 percent. Palm Beach had the largest decrease at 24.5 percent, and was the only area to see a reduction in Q1 2012.

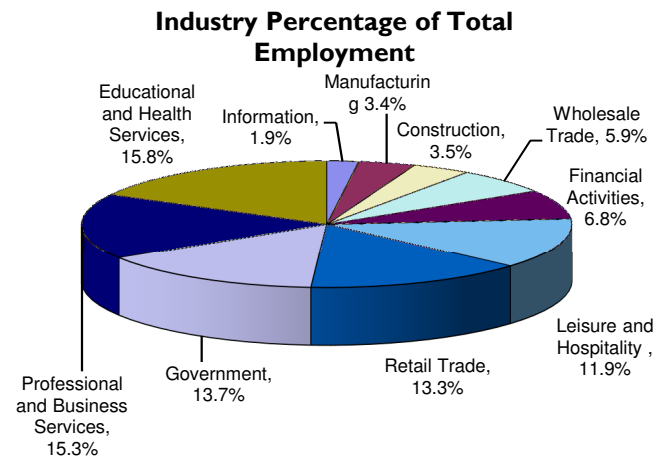
Bankruptcy Filings					
	Mar-11	Dec-11	Mar-12	CHANGE Mar 11-Mar 12	CHANGE Dec 11-Mar 12
Miami-Dade	1,499	1,185	1,327	-11.5%	12.0%
Broward	1,046	655	890	-14.9%	35.9%
Palm Beach	555	485	419	-24.5%	-13.6%
South Florida Total	3,100	2,325	2,636	-15.0%	13.4%
Jacksonville	1,025	699	894	-12.8%	27.9%
Orlando	1,927	1,509	1,692	-12.2%	12.1%
Tampa	2,027	1,300	1,556	-23.2%	19.7%
Middle District Total	4,979	3,508	4,142	-16.8%	18.1%

Source: United States Bankruptcy Court Middle District of Florida, United States Bankruptcy Court Southern District of Florida, 2012. Table Created by FIU Metropolitan Center,

ECONOMIC GROWTH

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 determined by population density and commuting patterns. Within a defined LMA workers can generally change their jobs without changing their places of residence. Economic growth is closely correlated with employment growth given how increased employment will result in more spending which in turn helps companies grow and produce more.

The Miami-Ft. Lauderdale-Pompano Beach MSA’s largest industries in terms of employment are Educational & Health Services (356,100 employees), Professional & Business Services (345,400), and Government (309,400). These core industry sectors have all shown modest growth in employment over the quarter. Even the MSA’s smaller industry sectors including Information, Manufacturing, and Construction have experienced increases in jobs over Q1 2012.



Source: Florida Department of Economic Opportunity
Data updated July 20, 2012

The analysis of the top ten occupations in South Florida, points to mean wage increases from March 2011 to March 2012 in the three counties. In Broward and Palm Beach, the most significant mean wage increase was experienced by Retail Salespersons; this occupational category is also the most common in Florida with approximately 292,220 employees. Retail Salespersons have seen a mean wage increase of 1.57 percent. However, Cashiers in Miami-Dade received the highest individual mean wage increase of 1.60%.

These increases do not take into account inflation which increased by 2.7 percent in March 2012.

The table below displays the top five occupations by county, and their projected wage increases for 2012. All of the occupations represented are among the top 10 at both the county and state levels. At these projected mean wages, only 7 of the 15 occupations maintain a yearly salary above their county’s per capita income (PCI), and 4 of the 7 are in Miami-Dade County. However, this is due to the County’s low PCI of only \$22,957, compared to Broward County (\$28,631), Palm Beach County (\$33,610) and the State of Florida (\$26,551). Despite the projected mean wage increases, these are not favorable statistics given how lower paying occupations constitute most of the workforce.

Top Five Occupations, Wages, and Projected Increase, by County

County	Mean Wage		Annual Occupational Percent Change 2011-2019
	2011	2012	
Miami-Dade			
Retail Salespersons	\$11.31	\$11.49	1.59%
Cashiers	\$9.40	\$9.55	1.60%
Registered Nurses	\$33.02	\$33.45	1.30%
Office Clerks, General	\$12.50	\$12.67	1.36%
Secretaries, Except Legal, Medical, and Executive	\$14.86	\$15.07	1.41%
Broward			
Retail Salespersons	\$11.49	\$11.67	1.57%
Cashiers	\$9.93	\$10.08	1.51%
Customer Service Representatives	\$14.77	\$14.98	1.42%
Waiters and Waitresses	\$9.70	\$9.80	1.03%
Secretaries, Except Legal, Medical, and Executive	\$15.08	\$15.29	1.39%
Palm Beach			
Retail Salespersons	\$12.95	\$13.15	1.54%
Waiters and Waitresses	\$10.09	\$10.20	1.09%
Cashiers	\$9.77	\$9.92	1.54%
Combined Food Preparation	\$9.04	\$9.13	1.00%
Registered Nurses	\$32.54	\$32.96	1.29%

Source: Florida Department of Economic Opportunity.
Table created by FIU Metropolitan Center

RESIDENTIAL REAL ESTATE STABILITY

South Florida Residential Market Activity

The residential real estate market has been slower to show improvement than other areas of the local economy. The Florida Association of Realtors reports significant decreases in sales for existing single-family homes (-5.6%) and condominiums (-14.9%) in the Miami-Ft. Lauderdale-Pompano Beach MSA from March 2011 to March 2012. Single-family home sales in Miami-Dade experienced the largest decrease (-11.4%) from March 2011 to March 2012, followed by Palm Beach County (-6.7%) and then Broward County (-0.94%). Broward had the most significant drop in existing condominium sales (-17.9%), followed by Palm Beach County (-14.3%) and Miami-Dade County (-12.2%).

Meanwhile, the median sales price of existing single-family homes and condominiums increased across all three counties and the Miami-Ft. Lauderdale-Pompano Beach MSA (17.1%). As of March 2012, the median sales price of existing single-family homes for the MSA has risen to \$182,000, up 9.6 percent from March 2011. Miami-Dade County witnessed the largest increases in median sales price for both single-family homes (47.4%) and condominiums (13.5%). According to the National Association of Realtors, this increase in Miami-Dade is driven by an increase in both jobs and wages. Moreover, single-family housing permits have risen by 53.3 percent from Q1 2011. The increase in new and planned construction suggests that the local inventory has stabilized. However, the increase in sales prices is also due to foreign investment in real-estate. One common measure of this is cash sales. In March 2012, 65 percent of all real estate sales were cash sales. Total inventory available for sale decreased from approximately 40,000 in March 2011 to 28,981 in March 2012 for the Tri-County area.

	Broward		Miami-Dade		Palm Beach		Change for South Florida
	Mar. 2011	Mar. 2012	Mar. 2011	Mar. 2012	Mar. 2011	Mar. 2012	
Existing Single-Family Home Sales							
Realtor Sales	1,168	1,179	1,097	972	1,215	1,133	-5.6%
Median Price	\$175,000	\$190,600	\$156,000	\$177,000	\$185,000	\$195,000	11.6%
Existing Condominium Sales							
Realtor Sales	1,889	1,550	1,666	1,463	1,607	1,378	-14.9%
Median Price	\$70,000	\$75,000	\$95,000	\$140,000	\$73,750	\$81,000	17.1%

Source: Florida Association of Realtors, March 2012. Table by FIU Metropolitan Center.

South Florida's foreclosure activity decreased by 7.8 percent in Q1 2012 from Q4 2011, 2.3 percent higher than the statewide figure (-5.5%). Broward County had the greatest decline in foreclosure activity at -11.2% followed by Miami-Dade (-4.7%) and Palm Beach (-8.4%) counties experienced improvements as well. Despite all of these improvements, South Florida has the highest foreclosure rates in the state and Florida continues to have the second highest foreclosure rate in the country, preceded only by California. In fact, according to CoreLogic in Miami-Dade slightly less than one in five homes (17.5%) with outstanding mortgages was being foreclosed compared to 13.96% and 12.44% foreclosure rates in Broward and Palm Beach.

COUNTY	FORECLOSURES		% Change
	4Q 2011	Q1 2012	
Broward	10,140	9,005	-11.2%
Miami-Dade	12,965	12,351	-4.7%
Palm Beach	6,998	6,412	-8.4%
South Florida	30,103	27,768	-7.8%
Florida	82,388	77,878	-5.5%

Source: RealtyTrac, July 2011. Table created by FIU Metropolitan Center.

COMMERCIAL REAL ESTATE STABILITY

The commercial real estate market performance is an important indicator of growth and stability in the economy. Positive commercial real estate activity is generally a precursor to business and employment growth. According to Cushman & Wakefield's First Quarter 2012 Office and Industrial Reports, the State of Florida was performing well overall; vacancy rates were slowly falling and absorption rates were up throughout South Florida.

Both office and industrial vacancy rates decreased from Q4 2011 in all three South Florida MD's. The only exception is Ft. Lauderdale's office vacancy rate which remained the same. In South Florida, Miami's vacancy rates decreased the most, down 0.9 percent for office space and 0.5 percent for industrial space. Overall, office and industrial vacancy rates in South Florida were down slightly from Q1 2011. In terms of the average price per square foot, Fort Lauderdale had the most expensive office spaces with a weighted average of

\$8.75 per square foot compared to \$8.33 and \$7.72 for Miami and Palm Beach respectively.

Despite commercial leasing activity rising steadily throughout Q1 2012, overall leasing activity in South Florida was down from Q1 2011. The most significant reductions were Miami's industrial leasing activity, down 42.4 percent from Q1 2011, followed by Palm Beach's office leasing activity which was down 39.9 percent from Q1 2011. Regardless, Cushman & Wakefield's analysis forecasted an increase in leasing activity throughout 2012. Increasing overall absorption, decreasing commercial vacancy rates, and continually dropping unemployment rates were seen as positive signs for the future of South Florida's economy.

Table: Commercial Real Estate Activity

Market	Inventory (sqft)		Vacancy Rate		YTD Leasing Activity		YTD Overall Absorption	
	Office	Industrial	Office	Industrial	Office	Industrial	Office	Industrial
Miami	48,935,676	161,424,357	18.30%	7.60%	600,841	829,287	301,131	500,146
Palm Beach	24,866,279	41,730,055	20.90%	8.10%	246,050	331,247	38,560	279,153
Ft. Lauderdale	30,553,079	92,960,015	16.80%	8.90%	311,595	403,811	190,364	329,515
Jacksonville	24,484,559	100,485,936	21.00%	11.10%	144,894	430,734	111,926	66,690
Orlando	37,473,547	105,511,336	20.30%	12.70%	359,774	1,017,968	29,402	313,359
Tampa	31,832,414	78,858,798	17.40%	7.60%	630,613	485,330	147,086	150,015

Source: Cushman & Wakefield, Marketbeat United States Office/Industrial Report, Q1 2012. Table 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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