

### 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 as to establish benchmarks, prioritize resources, target markets and apply for funding. This report provides measurable indicators for five drivers of economic sustainability in the second quarter of 2012—employment and growth, household purchasing power, residential real estate stability and commercial/office market activity.

### Overview

South Florida's economy had a mixed performance in the second quarter of 2012. Despite increases in taxable sales and number of visitors from the same quarter in 2011, and a decrease in foreclosures from Q1 2012, South Florida experienced negative economic trends. The Consumer Price Index points to a 1.2 percent increase in prices from June 2011 with food prices growing by 1.6 percent. In addition, unemployment rates increased throughout the second quarter.

### Key Findings, 1<sup>st</sup> Quarter, 2012

- Unemployment in the Metropolitan Statistical Area (MSA) of Miami-Fort Lauderdale-Pompano Beach increased to 9.2 percent in Q2, up from 8.4 percent by the end of Q1 2012.
- Moderate employment growth was observed in the following industries: Financial Activities (1.25%), Professional and Business Services (0.73%) and Wholesale Trade (0.38%).
- From April to June 2012 the Consumer Price Index in the MSA decreased by 0.9 percent.
- Statewide, taxable sales increased by 5.6 percent from the same quarter in the previous year.
- From June 2011 to June 2012, the Middle (Tampa Bay, Orlando, Jacksonville, Ocala, Daytona and Fort Myers) and Southern (Miami, Key West, Fort Lauderdale, Pompano) Districts of Florida underwent significant reductions in bankruptcy filings (-18.1 and -23.2% decreases respectively).
- The Miami- Ft. Lauderdale- Pompano Beach MSA's largest industries in terms of employment were Educational & Health Services (353,800 employees), Professional & Business Services (346,500), and Government (282,300).
- In South Florida, realtor sales increased by 4.1 percent for existing single family homes and fell by 1.6 percent for existing condominiums from June 2011. Median prices increased for single family homes (8.3%) and condominiums (22.3%).
- Commercial leasing activity increased in all metropolitan areas of Florida from the first quarter of 2012 with the largest increases in terms of office leasing activity occurring in Palm Beach and Broward counties.

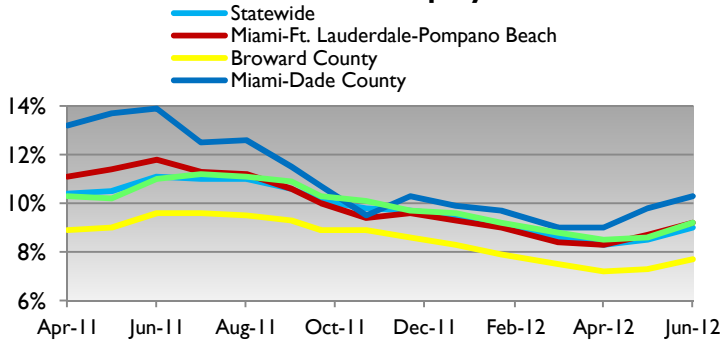
### In this Issue:

Employment Growth .....	2
Purchasing Power.....	3
Economic Growth .....	4
Residential Real Estate Stability.....	5
Commercial Real Estate Activity .....	6

**EMPLOYMENT GROWTH**

Unemployment in the Metropolitan Statistical Area (MSA) of Miami-Fort Lauderdale-Pompano Beach increased to 9.2 percent, up from 8.4 percent by the end of Q1 2012. Miami-Dade County had the largest unemployment rate (10.3 percent), while Broward County had the lowest overall unemployment rate (7.7 percent). The MSA's unemployment rate (9.2%) was slightly above the Florida rate of 9 percent.

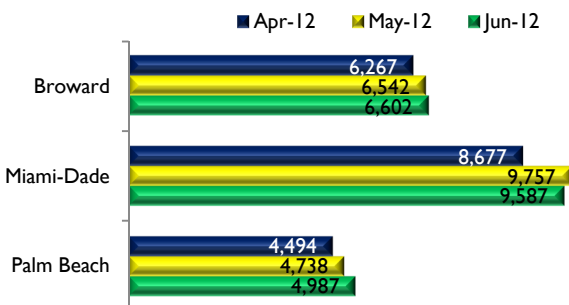
**South Florida Unemployment Rates**



Source: Agency for Workforce Innovation, Local Area Unemployment Statistics

In June 2012, South Florida's total not seasonally adjusted non-agricultural employment was at 2,207,600, a 2.1 percent decrease from March 2012. Unemployment claims increased from May 2012 to June 2012 in both Broward and Palm Beach counties. However, the June 2012 employment figure represents a 0.58 percent increase in jobs from June 2011. This is an increase of 12,700 jobs which can also be observed in the consistent drop in unemployment claims in Miami-Dade.

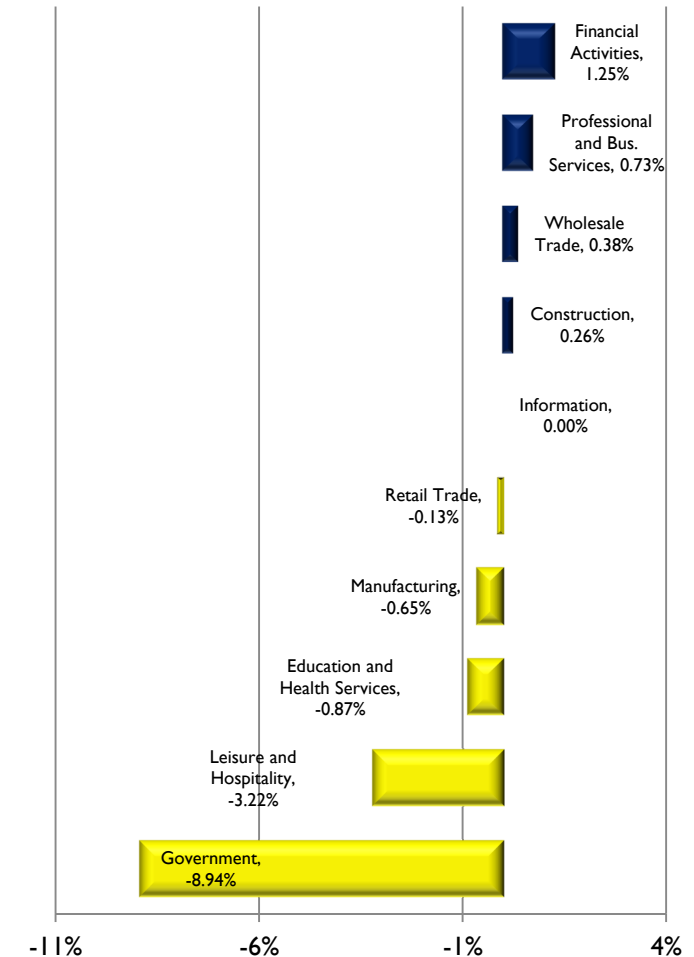
**Second Quarter Unemployment Claims, 2012**



Source: Agency for Workforce Innovation

Non-agricultural employment decreased overall from Quarter 1 to Quarter 2 with the largest decreases occurring in Leisure and Hospitality (-3.22%) and Government (-8.94%). Moderate employment growth was experienced in the following industries: Financial Activities (1.25%), Professional and Business Services (0.73%) and Wholesale Trade (0.38%). Interestingly, Leisure and Hospitality had increased by 3.32 percent from the fourth quarter 2011 to the first quarter 2012 while the government sector had grown by 0.39 percent during that period.

**Industry Employment Growth, Second Quarter 2012**



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

**PURCHASING POWER**

The economic strength of an area is correlated with the purchasing power of residents. The Bureau of Labor Statistics (BLS)'s Consumer Price Index (CPI), measures the average change in prices over time for a fixed basket of goods and services. The CPI illustrates the relative cost of living in an area. In sum, inflation reduces the real value of a currency as well as 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.

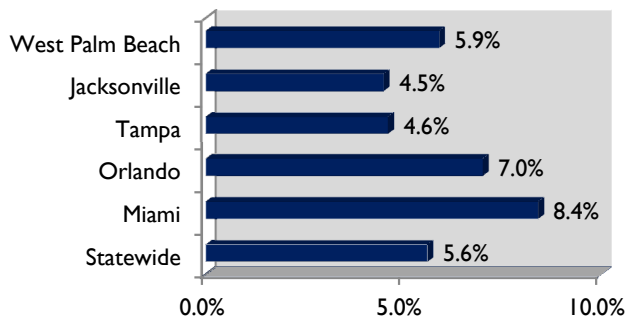
From April to June 2012 the Consumer Price Index in the Miami-Fort Lauderdale MSA decreased by 0.9 percent. During that time, energy prices fell by 7.9 percent while food prices increased by 0.1 percent. Despite this, the CPI increased by 1.2 percent from the previous twelve months. Food prices grew by 1.6 percent from June 2011 while energy prices decreased by 5.5 percent during that time period.

Spending increased in the largest Florida counties from June 2011. The largest increase, as gauged by growth patterns in taxable sales, was in Miami-Dade (8.4%) followed by Orlando (7%). Statewide taxable sales grew by 5.6 percent from June 2011. This is correlated with an increase in the number of visitors in Florida, which increased by 1.3 percent from the second quarter of 2011. In Miami, taxable sales increased by 7.1 percent from March 2011. Miami-Dade experienced an increase of 6.7 percent in terms of the number of overnight visitors.

Statewide, taxable sales have increased from the same quarter in the previous year. The greatest growth in taxable sales was experienced by the following industries: Autos & Accessories (11.6%), Tourism & Recreation (9%) and Retail Activity (5.6%). Over the last year, taxable sales in autos increased by 14.4 percent in Miami compared to 13.6 percent and 13.5 percent for Ft. Lauderdale and West Palm Beach respectively. Increases in tourism taxable sales increased the most in Miami (16%) compared to 7 and 12.1 percent for Ft. Lauderdale and West Palm Beach. Miami-Dade also experienced the greatest growth in retail activity (8%) compared to Ft. Lauderdale (5.5%) and West Palm Beach (5.1%).

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 sharp decreases in bankruptcy filings from March to June 2012. Broward and Jacksonville had the largest decreases of 23.3 percent each. From June 2011 to June 2012, both districts underwent significant reductions in bankruptcy filings with the sharpest declines in Broward (-29.1%), Palm Beach (-27.8%) and Tampa (-22.5%).

**Change in Taxable Sales, Jun 11- Jun 12**



Source: Office of Economic and Development Research

Bankruptcy Filings by County					
	Jun-11	Mar-12	Jun-12	Change Jun 11-Jun 12	Change Mar 12-Jun 12
Broward	963	890	683	-29.1%	-23.3%
Miami-Dade	1,574	1,327	1,289	-18.1%	-2.9%
Palm Beach	482	419	348	-27.8%	-16.9%
<b>South Florida Total</b>	<b>3,019</b>	<b>2,636</b>	<b>2,320</b>	<b>-23.2%</b>	<b>-12.0%</b>
Jacksonville	839	894	686	-18.2%	-23.3%
Orlando	1,752	1,692	1,510	-13.8%	-10.8%
Tampa	1,672	1,556	1,296	-22.5%	-16.7%
<b>Mid District Total</b>	<b>4,263</b>	<b>4,142</b>	<b>3,492</b>	<b>-18.1%</b>	<b>-15.7%</b>

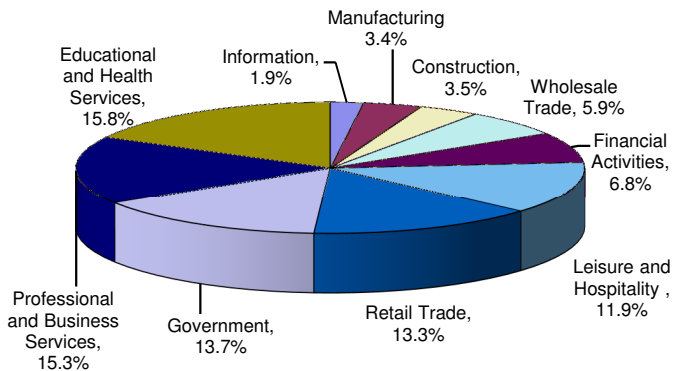
Source: United States Bankruptcy Court Middle District of Florida, United States Bankruptcy Court Southern District of Florida, 2012. Table Created by FIU Metropolitan Center.

**ECONOMIC GROWTH**

The South Florida regional economy is classified as a “major” labor market area (LMA) by the Bureau of Labor Statistics (BLS). LMAs are used to gauge economic integration as determined by population density and commuting patterns. Within a defined LMA workers can change their jobs without changing their places of residence. Economic growth is correlated with employment growth given how increased employment tends to result in more spending which helps companies grow and produce more.

In Q2 2012, the Miami-Ft. Lauderdale-Pompano Beach MSA’s largest industries in terms of employment were Educational & Health Services (353,800 down from 356,100 employees in Q1), Professional & Business Services (346,500, up from 345,400 in Q1), and Government (282,300, a sharp decrease from 309,400 in Q1). Total employment has contracted by 1.6 percent from the first quarter with the sharpest quarterly decreases in Government (-8.9%) and Leisure and Hospitality (-3.2%).

**Industry Percentage of Total Employment**



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

Statewide the largest occupations in terms of total employment were: Retail Salespersons, Cashiers, Waiters and Waitresses, Customer Service Representatives and Registered Nurses. Of these, the highest mean wages were for Registered Nurses (\$31.31 an hour) and Customer Service Representatives (\$14.51 an hour).

The analysis of the top occupations in South Florida, points to mean wage increases from the first to the second

quarter of 2012. In all three, the most significant mean wage increases were experienced by Cashiers and Retail Salespersons; these occupational categories were also the most common in Florida with approximately 292,220 Retail and 202,500 Cashier employees. In Broward and Palm Beach counties, Waiters and Waitresses had the smallest increase in mean hourly wages from the previous quarter in terms of the top five occupations. In Miami-Dade, Registered Nurses experienced the most modest growth of the top five occupations in that County.

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

	Mean Wage			Mean Wage Increase Y2D
	2011	1Q 2012	2Q 2012	
<b>Broward County</b>				
Retail Salespersons	\$11.49	\$11.67	\$11.80	2.70%
Cashiers	\$9.93	\$10.08	\$10.20	2.72%
Customer Service Reps	\$14.77	\$14.98	\$15.05	1.90%
Waiters and Waitresses	\$9.70	\$9.80	\$9.84	1.44%
Secretaries (Except Legal, Medical, and Executive)	\$15.08	\$15.29	\$15.37	1.92%
<b>Miami-Dade County</b>				
Retail Salespersons	\$11.31	\$11.49	\$11.62	2.74%
Cashiers	\$9.40	\$9.55	\$9.66	2.77%
Registered Nurses	\$33.02	\$33.45	\$33.59	1.73%
Office Clerks, General	\$12.50	\$12.67	\$12.74	1.92%
Secretaries (Except Legal, Medical, and Executive)	\$14.86	\$15.07	\$15.14	1.88%
<b>Palm Beach County</b>				
Retail Salespersons	\$12.95	\$13.15	\$13.30	2.70%
Waiters and Waitresses	\$10.09	\$10.20	\$10.23	1.39%
Cashiers	\$9.77	\$9.92	\$10.04	2.76%
Food Preparation and Serving Workers	\$9.04	\$9.13	\$9.17	1.44%
Registered Nurses	\$32.54	\$32.96	\$33.10	1.72%

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

RESIDENTIAL REAL ESTATE STABILITY

The South Florida residential real estate market presents a mixed picture in the second quarter of 2012. While existing single-family home sales moderately increased (4.1%) from June 2011 in the MSA, existing condominium sales fell slightly from June of the previous year (-1.6%). Single-family home sales in Miami-Dade underwent the largest decrease (-3.9%), while Palm Beach County had the largest increase in single-family home sales (13.8%). Broward had the most significant drop in existing condominium sales (-4.4%), followed by Palm Beach County (-2.2%). Miami-Dade's existing condominium sales grew by 2 percent from June 2011.

Meanwhile, the median sales prices of existing single-family homes and condominiums increased across all three counties and the Miami-Ft. Lauderdale-Pompano Beach Metropolitan Statistical Area (8.3% for single-family homes and 22.3% for condominiums). The median price for single-family homes increased the most in Broward County (8%) from Q2 2011 followed by Palm Beach (7.1%) and Miami-Dade (5.6%). Miami-Dade saw the sharpest increase in the median price for existing condominiums (a growth of 39.1%). In fact, the median price for an existing condominium went from \$115,000 in Q2 2011 to \$160,000 by June 2012. Median condominium sales prices also saw great increases in Broward and Palm Beach counties (growth rates of 14.5% and 16.6% respectively).

South Florida Residential Market Activity

	Broward		Miami-Dade		Palm Beach		Change for Region
	June 2011	June 2012	June 2011	June 2012	June 2011	June 2012	
Existing Single-Family Home Sales							
Realtor Sales	1,293	1,310	981	943	1,196	1,361	4.1%
Median Price	\$199,000	\$215,000	\$180,000	\$190,000	\$210,000	\$225,000	8.3%
Existing Condominium Sales							
Realtor Sales	1,554	1,485	1,408	1,436	1,284	1,256	-1.6%
Median Price	\$75,000	\$85,900	\$115,000	\$160,000	\$75,500	\$88,000	22.3%

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

Statewide, foreclosure rates fell by 5.6 percent from the previous quarter. South Florida's foreclosure activity decreased by 16 percent from Q1 2012 to Q2 following a 7.8 percent from Q4 2011 to Q1 2012. Broward County experienced the greatest decline in foreclosure activity (-41.7%) following a more moderate fall (-11.2%) from Q4 2011. Foreclosures in Miami-Dade and Palm Beach experienced a moderate decline from Q1 2012 (-3.4% and -4.1% respectively). Interestingly, foreclosures had fallen more steeply from Q4 2011 to Q1 2012 in Miami-Dade (-4.7%) and Palm Beach (-8.4%). Despite all of these improvements, South Florida had the highest foreclosure rates in the state. According to the Mortgage Bankers Association's National Delinquency Survey, in Q2 2012 Florida had the highest foreclosure rate in the country (23.6%).

RealtyTrac Foreclosures			
	1Q 2012	2Q 2012	Percent Change
Broward	9,005	5,247	-41.7%
Miami-Dade	12,351	11,937	-3.4%
Palm Beach	6,412	6,148	-4.1%
South Florida	27,768	23,332	-16.0%
Florida	77,878	73,545	-5.6%

Source: RealtyTrac, 2012

## COMMERCIAL REAL ESTATE STABILITY

The commercial real estate market's performance is an indicator of growth and stability in the larger economy. Positive commercial real estate activity is usually associated with business and employment growth. According to Cushman & Wakefield's Second 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 since Q1 2012 in all three South Florida markets as well as throughout most areas of the State. The only exception is Jacksonville's industrial vacancy rate which remained at 11.1 percent. In South Florida, Palm Beach's office vacancy rates decreased the most from 20.9 to 20 percent. 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

space with a weighted average of \$9.13 per square foot compared to \$8.33 and \$7.76 for Miami and Palm Beach respectively.

Commercial leasing activity increased in the major areas of Florida from the first quarter of this year. The largest increases in year-to-date office leasing activity were in Palm Beach and Broward counties (increases of 203% and 177% respectively). The largest growth in industrial YTD leasing activity occurred in Tampa and Broward (262% and 173% respectively). In terms of overall absorption, Miami had the largest absorption of office space while Orlando had the lowest. Broward had the largest YTD overall absorption of industrial space while Jacksonville had the lowest.

**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	49,085,409	160,875,806	17.7%	7.4%	1,428,368	1,433,878	753,371	510,664
Palm Beach County	24,866,279	41,730,055	20.0%	7.8%	744,775	753,373	133,288	397,665
Broward County	30,553,079	92,960,516	16.7%	8.6%	862,060	1,104,168	280,212	779,110
Jacksonville	24,503,240	100,687,468	20.7%	11.1%	367,024	609,026	292,492	101,596
Orlando	37,506,174	105,579,186	20.1%	12.4%	904,142	2,444,058	96,881	633,394
Tampa	31,858,842	79,070,904	17.0%	7.1%	1,370,486	1,755,386	218,883	312,079

Source: Cushman & Wakefield, Marketbeat United States Office/Industrial Report, Q2 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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