

### 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 apply for funding. This report provides measurable indicators for five drivers of economic sustainability in the third 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 third quarter of 2012. Despite October 2012 Consumer Price Index increases to a 2.0 percent from October 2011 with food prices growing by 1.3 percent increases in taxable sales, South Florida experienced positive economic trends compare to Q2 2012. There was a decrease in foreclosures from Q2 2012. In addition, unemployment rates decreased throughout the third quarter significantly.

### Key Findings, 3rd Quarter, 2012

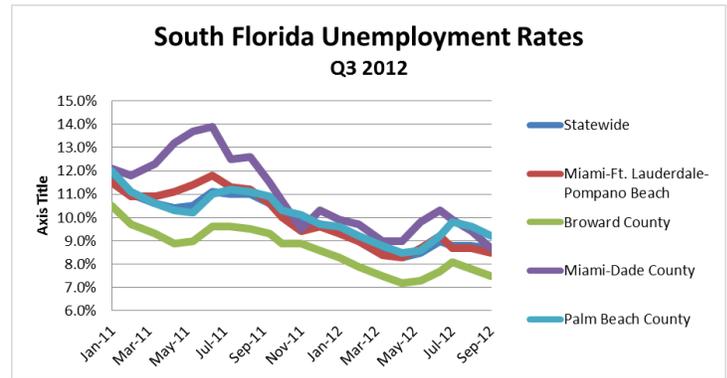
- Unemployment in the Metropolitan Statistical Area (MSA) of Miami-Fort Lauderdale-Pompano Beach decreased by 0.7 percent in Q3 compared to Q2 2012.
- High employment growth was observed in the Government industry (9.09%) and moderate growth in following industries: Education and health Services (.8%), Wholesale Trade (0.6%), Construction (0.5%) and Leisure and Hospitality (0.08%).
- From September to October 2012 the Consumer Price Index in the MSA increased by 0.3 percent and by 2.0% over the year.
- Statewide, taxable sales increased by 5.6 percent from the same quarter in the previous year.
- From September 2011 to September 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 (-18.2 and -19.8% decreases respectively).
- The Miami- Ft. Lauderdale- Pompano Beach MSA’s largest industries in terms of employment were the same as in Q2 such as Government (304,900, a sharp increase from 282,300 in Q2), Educational & Health Services (354,600 up from 353,800 employees in Q2) and Professional & Business Services (344,000 down from 346,500 in Q2).
- In South Florida, realtor sales increased by 4.5 percent for existing single family homes and fell by 0.9 percent for existing condominiums from September 2011. Median prices increased for single family homes (10.4%) and condominiums (24.2%).
- Commercial leasing activity increased in all metropolitan areas of Florida from the second quarter of 2012 with the largest increases in terms of office leasing activity occurring in Miami and Orlando counties and in terms of industrial leasing in Miami and Jacksonville.

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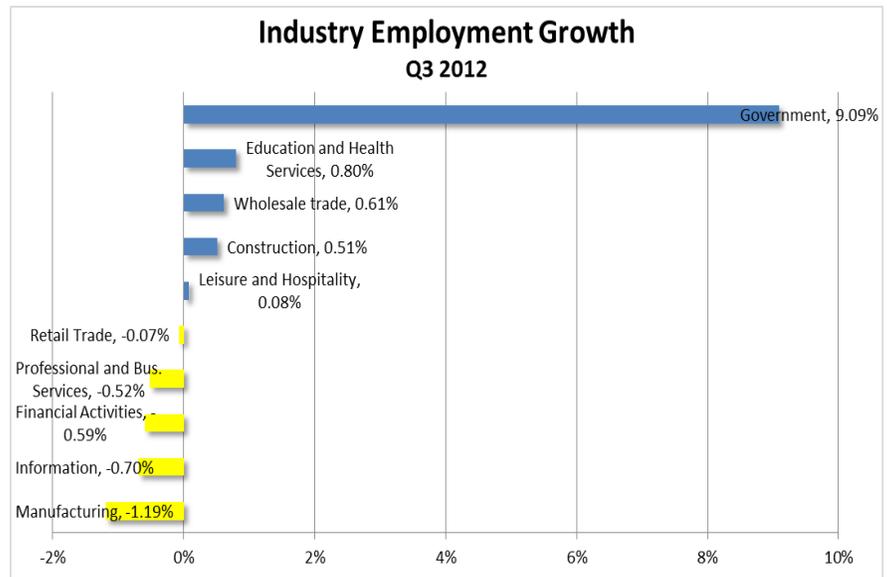
**EMPLOYMENT GROWTH**

Unemployment in the Metropolitan Statistical Area (MSA) of Miami-Fort Lauderdale-Pompano Beach decreased to 8.5 % in Q3 2012, down from 9.2 % by the end of Q2 2012. Palm Beach County had the largest unemployment rate (9.2 %), while Broward County kept the lowest overall unemployment rate (7.5 percent). The MSA's unemployment rate (8.5%) was slightly lower than Florida's average of 8.7 %. The MSA's September 2012 unemployment rate represents a 2.1 % decrease from September 2011.



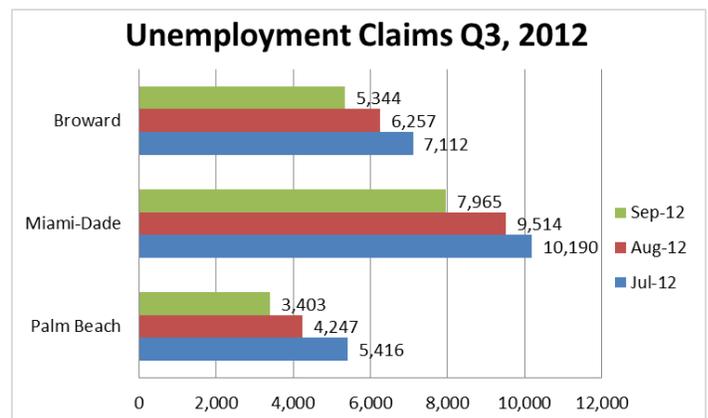
Source: Agency for Workforce Innovation.

There were significant changes in Industry Employment in Q3 2012 compared to Q2 2012. In September 2012, South Florida's total not seasonally adjusted non-agricultural employment was at 2,031,600, a .56 % increase from Q2 2012 and 1.3 % increase during Q3 2012 compare to constant decreases in Q2 2012. The largest increase occurred in Government (9.09 %), which is totally opposite to the largest decrease in Q2 2012, while the largest decrease was in Manufacturing (- 1.19 %). Moderate employment growth was experienced in the following industries: Education and Health Services (0.80%), Wholesale Trade (0.61%), Construction (0.51%) and Leisure and Hospitality (0.08%). Moderate decreases in employment were in following industries: Information (-0.70%), Financial Activities (-0.59%), Professional Services (-0.52%) and Retail Trade (-0.07%).



Source: Agency for Workforce Innovation.

Unemployment claims decreased from July 2012 to September 2012 in all Broward, Miami-Dade and Palm Beach counties. The highest decrease compare to Q2 2012 was in Palm Beach County (-8.1 %) but the lowest was in Miami-Dade County (-1.3 %). Moreover, Palm-Beach County has the lowest total number of unemployment claims among all three studied counties.



Source: Agency for workforce Innovation, Local Area Unemployment.

**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.

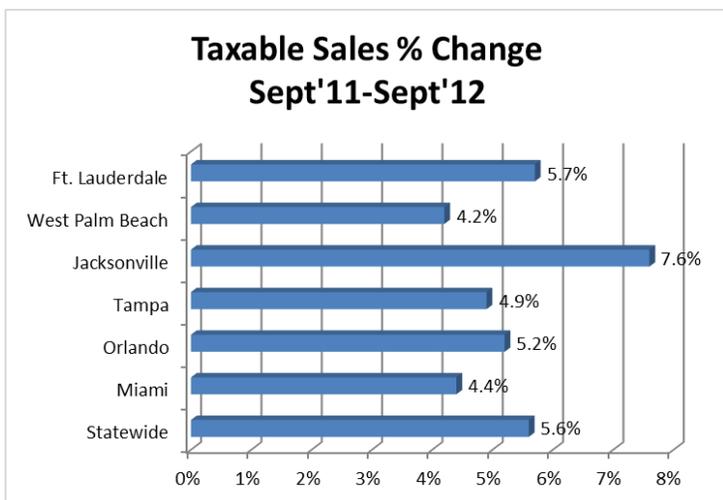
Miami area prices up 0.3 percent over the September to October 2012 and 2.0 percent over the year. Food prices edged down 0.2 percent over the two-month pricing period, reflecting price decreases for food at home (-0.2 percent) and for food away from home (-0.3 percent). Price declines were recorded for apples during the pricing period. From October 2011 to October 2012, the food index advanced 1.3 percent as prices increased for both food away from home (2.6 percent) and food at home (0.7 percent). The energy index rose 0.7 percent during the September-October pricing period, primarily due to a 1.2 percent increase in motor fuel prices. Within the energy group, electricity prices were unchanged, while prices for utility (piped) gas service declined 2.6 percent. Over the year, the energy index advanced 3.8 percent, led by a 7.6-percent increase in motor fuel costs. Price decreases were recorded for electricity (-1.5 percent) and utility (piped) gas service (-1.3 percent).

Spending increased in the largest Florida counties from September 2011. The largest increase, as gauged by growth patterns in taxable sales, was in Jacksonville (7.6%) followed by Ft. Lauderdale (5.7%). Statewide taxable sales grew by 5.6 percent from September 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 4.4 percent from September 2011. Miami-Dade experienced an increase of 6.7 percent in terms of the number of overnight visitors.

Miami-Dade Taxable Sales declined modestly in August, dropping 0.3% from July on a seasonally adjusted basis. Strong growth in consumer spending from July to August on Tourism and Recreation (+3.7%), Consumer Durables excluding autos (+2.2%), and Business Investment (+1.6%) offset sharp declines in spending on Building Investment (-6.9%), Automobiles and Accessories (-4.3%), and Consumer Non-Durables (-2.0%). Taxable sales of Autos and Accessories were down nearly 15% from August of 2009, but it is important to note that sales of autos last August were unusually high due to the "cash for clunkers" tax incentive. Total taxable sales from January 2010 through August have followed a positive trend, led by spending on consumer goods (excluding autos and accessories) and tourism and recreation. Monthly taxable sales in the building and business investment categories have been virtually unchanged since January.

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 June to September 2012. Fort Myers and Jacksonville had the largest decreases of 19.1 and 14.3 percent respectively. From September 2011 to September 2012, both districts underwent significant reductions in bankruptcy filings with the sharpest declines in Fort Myers (-39.5%), Palm Beach (-25.4%).



Source: Office of Economic and Development Research

	Sep-11	Jun-12	Sep-12	CHANGE Sep 11- Sep 12	CHANGE Jun 12-Sep 12
Broward	785	683	637	-18.9%	-6.7%
Miami-Dade	1,464	1,289	1,191	-18.6%	-7.6%
Palm Beach	437	348	326	-25.4%	-6.3%
<b>South Florida Total</b>	<b>2,686</b>	<b>2,320</b>	<b>2,154</b>	<b>-19.8%</b>	<b>-7.2%</b>
Jacksonville	747	686	588	-21.3%	-14.3%
Orlando	1,601	1,510	1,453	-9.2%	-3.8%
Fort Myers	468	350	283	-39.5%	-19.1%
Tampa	1,487	1,296	1,194	-19.7%	-7.9%
<b>Middle District Total</b>	<b>4,303</b>	<b>3,842</b>	<b>3,518</b>	<b>-18.2%</b>	<b>-8.4%</b>

Source: United States Bankruptcy Court, Middle and Southern Districts

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

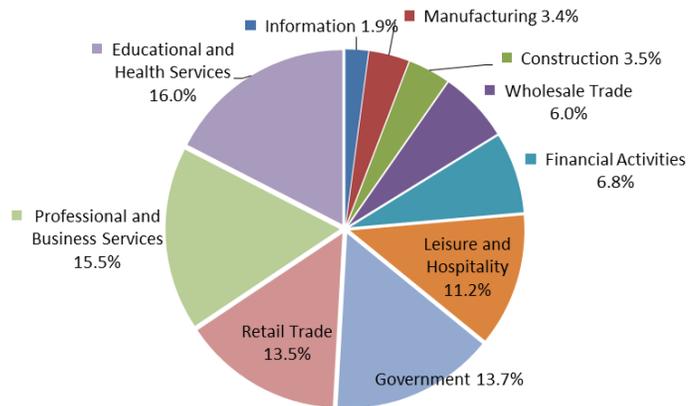
**ECONOMIC GROWTH**

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 Q3 2012, the Miami-Ft. Lauderdale-Pompano Beach MSA’s largest industries in terms of employment were Educational & Health Services (354,600 up from 353,800 employees in Q2), Professional & Business Services (344,000 down from 346,500 in Q2), and Government (304,900, a sharp increase from 282,300 in Q2).

**Nonagricultural Employment by industry 3Q 2012**

Miami-Fort Lauderdale-Pompano Beach MSA



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

**OCCUPATIONS AND WAGES**

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 second to the third quarter of 2012. In Miami-Dade county, the fifth occupation by number of employees became Customer Service Representatives excluding Retail Salespersons from the Top 5 compare to Q2 2012. However, the same occupation had the 34% decrease in mean wages in Broward county while Miami-Dade and palm Beach had the highest decrease in Registered Nurses, which is opposite to increase in Q2 2012. The most significant mean wage increases were experienced by Cashiers and Retail Salespersons in Broward County while in Miami-Dade the highest mean wages were among secretaries and in Palm Beach – Food preparation and Serving.

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

Mean Wage by Occupation and County				
	2011	2Q 2012	3Q 2012	Change Year-To-Date
<b>Broward County</b>				
Retail Salespersons	\$11.49	\$11.80	\$26.88	133.94%
Cashiers	\$9.93	\$10.20	\$98.36	890.53%
Customer Service Representatives	\$14.77	\$15.05	\$9.74	-34.06%
Waiters and Waitresses	\$9.70	\$9.84	\$20.72	113.61%
Secretaries, Except Legal, Medical, and Executive	\$15.08	\$15.37	\$34.06	125.86%
<b>Miami-Dade County</b>				
Cashiers	\$9.40	\$9.66	\$34.12	262.98%
Registered Nurses	\$33.02	\$33.59	\$16.65	-49.58%
Office Clerks, General	\$12.50	\$12.74	\$16.68	33.44%
Secretaries, Except Legal, Medical, and Executive	\$14.86	\$15.14	\$68.83	363.19%
Customer Service Representatives	\$14.28	\$15.02	\$16.59	16.18%
<b>Palm Beach County</b>				
Retail Salespersons	\$12.95	\$13.30	\$17.98	38.84%
Waiters and Waitresses	\$10.09	\$10.23	\$16.75	66.01%
Cashiers	\$9.77	\$10.04	\$19.45	99.08%
Combined Food Preparation and Serving Workers, Including Fast Food	\$9.04	\$9.17	\$23.94	164.82%
Registered Nurses	\$32.54	\$33.10	\$17.92	-44.93%

Source: Florida Department of Economic Opportunity; Table prepared by FIU Metropolitan Center

**RESIDENTIAL REAL ESTATE STABILITY**

The South Florida residential real estate market presents a mixed picture in the third quarter of 2012. While existing single-family home sales moderately increased (4.5%) from September 2011 in the MSA, existing condominium sales fell slightly from September of the previous year (-0.9%). Single-family home sales in Miami-Dade underwent the increase (11.4%), while Palm Beach and Broward Counties had only the slight decrease in single-family home sales (-0.06% and -0.02%). Broward had the most drop in existing condominium sales (-0.09%), followed by Palm Beach County (-0.02%). Miami-Dade's existing condominium sales grew by 0.14% from September 2011.

Meanwhile, the median sales prices of existing single-family homes and condominiums increased across all three counties except the condominium sales in Palm Beach County where median price decreased (-0.4%). The median price for single-family homes increased the most in Broward County (12.7%) from Q2 2011 followed by Palm Beach (10.4%) and Miami-Dade (0.07%). Miami-Dade County saw the sharpest increase in the median price for existing condominiums (a growth of 26.05%). In fact, the median price for an existing condominium went from \$129,000 in Q3 2011 to \$162,000

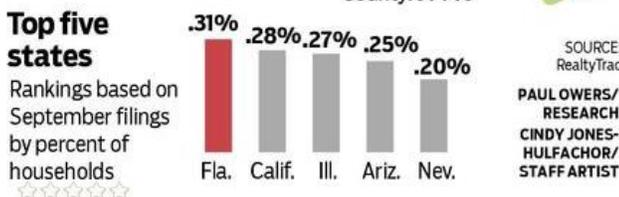
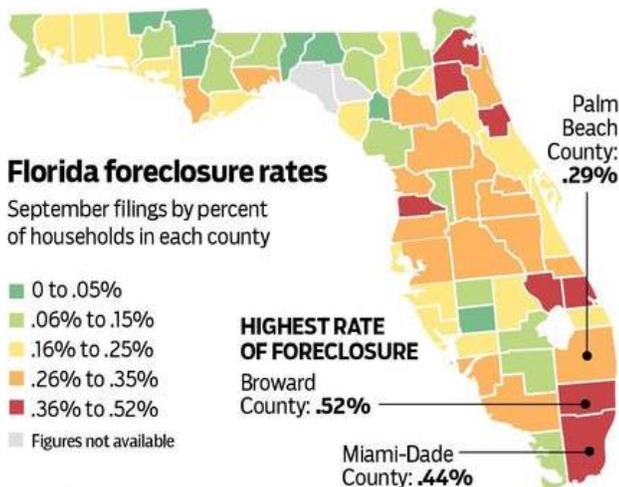
by September 2012. However, there was actual decline in condo median price in Palm Beach while in Broward County had only the slight increase.

**Residential Real Estate Activity**

	Broward		Miami-Dade		Palm Beach		Change for Region
	September	September	September	September	September	September	
	2011	2012	2011	2012	2011	2012	
<b>Existing Single-Family Home Sales</b>							
Realtor Sales	1,843	1,814	951	1,059	1,785	1,669	4.5%
Median Price	\$188,800	212,700	\$194,000	\$208,500	\$2,470,000	\$2,726,900	10.4%
<b>Existing Condominium Sales</b>							
Realtor Sales	2,043	1,853	1,311	1,492	1,610	1,573	-0.9%
Median Price	\$71,900	\$80,900	\$129,000	\$162,600	\$719,000	\$453,800	24.2%

Source: Regional Realtors Associations Table by FIU Metropolitan Center.

Statewide, foreclosure rates fell by 61.6 percent from the previous quarter. South Florida's foreclosure activity decreased by 44.3 percent from Q2 2012 to Q3 following a 16 % decrease from Q2 2012 to Q1 2012. Palm Beach County experienced the greatest decline in foreclosure activity (-68.7%) following a more moderate fall (-4.1%) from Q2 2012. Foreclosures in Miami-Dade and Broward experienced a moderate decline from Q2 2012 to Q3 2012 (-63.8% and -19.7% respectively). Interestingly, foreclosure had fallen more steeply from Q1 2012 to Q2 2012 in Broward (-41.7%). In September 2012 the highest foreclosure was in Broward County. Despite all of these improvements, South Florida had the highest foreclosure rates in the state. According to the RealtyTrac, in Q3 2012 Florida had the highest foreclosure rate in the country (.31%).



(Cindy Jones-Hulfachor, Sun Sentinel / October 10, 2012)

<b>Foreclosures Activity Counts</b>			
	2Q 2012	3Q 2012	Percent Change
Broward	5,247	4,214	-19.7%
Miami-Dade	11,937	4,316	-63.8%
Palm Beach	6,148	1,923	-68.7%
South Florida	23,332	13,000	-44.3%
Florida	73,545	28,235	-61.6%

Source: RealtyTrac

**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 Third 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 Q2 2012 in all three South Florida markets as well as throughout most areas of the State. The only exceptions in office vacancy rates were Palm Beach and Orlando with increases by .2 and .1 percent. In South Florida, Jacksonville’s office vacancy rates decreased the most from 20.7 to 19.9 percent. In terms of the average price per square foot, Miami had the

most expensive office space with a weighted average of \$30.96 per square foot compared to Q2 2012 Fort Lauderdale’s \$9.13 per sq. foot. This is a dramatic 239.10 percent increase just between Q2 and Q3 2012.

Commercial leasing activity increased in the major areas of Florida from the second quarter of this year. The largest increases in year-to-date office leasing activity were in Miami and Orlando. The largest growth in industrial YTD leasing activity occurred in Miami and Jacksonville. In terms of overall absorption, Miami stays having the largest absorption of office space while Orlando still had the lowest since Q2 2012. However, Orlando had the largest YTD overall absorption of industrial space while Jacksonville still had the lowest since and even lower since Q2 2012.

**Table: Commercial Real Estate Activity**

Market	Inventory (sqft)		Vacancy Rate		YTD Leasing Activity		YTD Overall Absorption	
	Office	Industrial	Office	Industrial	Office	Industrial	Office	Industrial
<b>Miami</b>	49,087,469	161,065,712	17.1%	6.9%	2,120,266	2,648,949	832,748	650,194
<b>Palm Beach County</b>	24,866,279	41,730,028	20.2%	7.7%	1,065,505	1,145,898	181,385	379,148
<b>Broward County</b>	30,553,079	92,960,966	16.5%	8.2%	1,366,938	1,731,471	301,911	617,588
<b>Jacksonville</b>	24,499,092	100,721,813	19.9%	11.0%	546,968	1,583,902	511,502	-139,599
<b>Orlando</b>	37,506,174	105,641,982	20.2%	11.8%	1,503,647	3,226,729	83,947	1,112,942

Source: Cushman & Wakefield, Marketbeat 3Q2012



**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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