

Economic Currents provides an overview of the South Florida regional economy. The report presents current employment, economic and real estate market data using key indicators to measure growth and stability in the regional economy. Local governments, businesses and community-based organizations as to establish benchmarks, prioritize resources, target markets and apply for funding, can use the economic indicators. This report focuses on measurable indicators for five drivers of economic sustainability – employment and economic growth, household purchasing power, residential real estate stability and commercial/office market activity.

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Overview

South Florida experienced multiple positive economic trends during the first quarter of the year. The Miami-Fort Lauderdale-Pompano Beach metropolitan area experienced a decrease in unemployment from 8.0% in Q1 2013 to 6.3% in Q1 2014. The highest increased in employment were in the Leisure and Hospitality, and Wholesale Trade sectors, while employment in Construction decreased. The real estate market continues to show growth in median prices both for single family and condo units. However, in some markets, the sales activity has slowed down. In Palm Beach, the sold single family homes volume decreased by almost 6% compared to the same quarter of 2013. The number of condo units sold in Broward decreased by almost 5%. The South Florida region saw a significant decrease in the number of foreclosure filings. Leasing activity for office and industrial real estate made strong gains during the reporting period. Vacancy rates for both office and industrial space decreased from the same quarter of 2013, while leasing rates increased slightly.

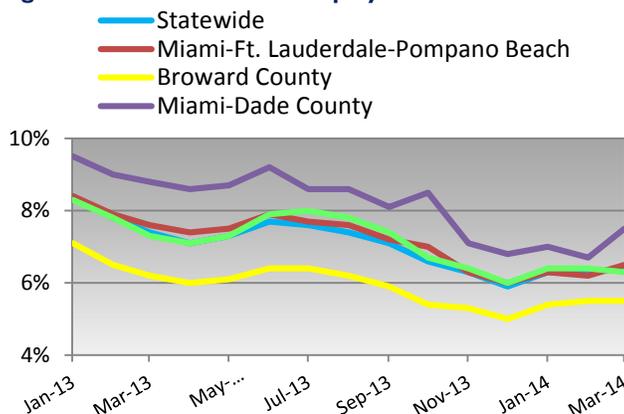
Key Findings, 1st Quarter, 2014

- Unemployment in the Metropolitan Statistical Area (MSA) of Miami-Fort Lauderdale-Pompano Beach in Q1 2014 (6.3%) was the same as the state's. The lowest unemployment was reported in Broward (5.5%) and the highest was in Miami-Dade (7.1%).
- There was mixed employment growth throughout the region: the Leisure and Hospitality industry added over 7,500 new jobs, while the Construction industry lost 2.0% of its workforce during the reporting period.
- Taxable sales in Miami-Dade grew 4.1% during the first quarter. Broward and Palm Beach had larger increases in taxable sales, 6.0% and 7.3% respectively, both higher than the state 5.9% increase.
- Consumer Bankruptcy filings in all three South Florida counties increased from the same quarter of 2013 for an overall increase in the area of 3.9%. Only Palm Beach had a drop in filings compared to last quarter, 11%.
- Overall, the total number of single family sales in the Tri-County area remained almost the same but while sales increase in Miami-Dade (7.4%), there was a drop in Broward (0.9%) and Palm Beach (5.9%). The median sales price for single family homes increased in all three counties.
- Broward had the lowest office vacancy rate (15.1%) and the highest industrial vacancy rate (8.1%) in the Tri-County area. Palm Beach had the highest office vacancy rate (18.9%) and the lowest industrial vacancy rate (6.6%). The average cost per square foot of leased office space remained the highest in Miami (\$31.65) and the lowest in Broward (\$26.24).

EMPLOYMENT AND ECONOMIC GROWTH

Encouraging employment figures show the South Florida economy's continued recovery. Relatively low unemployment across the state indicates a stable labor market. Florida's unemployment rate of 6.3% was significantly lower than the 7.9% reported in Q1 2013. The Miami-Fort Lauderdale-Pompano Beach area's rate was the same as the state's. Similarly to previous months, Broward continued to report the lowest unemployment - 5.5% among the three counties. Miami-Dade again had the highest at 7.1 percent but lower than the 7.5% rate for Q4 2013.

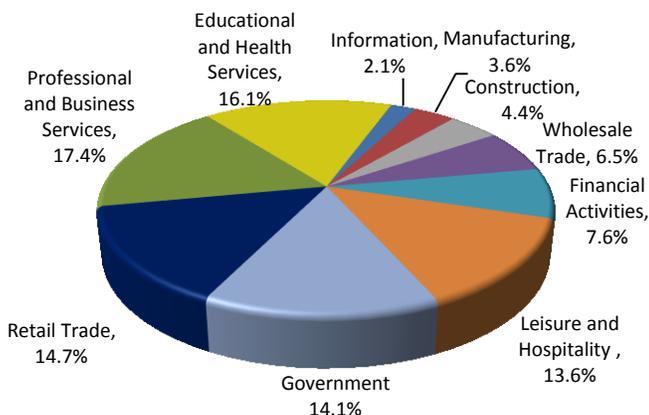
Figure 1: South Florida Unemployment Rates



Source: United States Department of Labor, Bureau of Labor Statistics. Graph created by FIU Metropolitan Center.

For the Miami-Ft. Lauderdale-Pompano Beach MSA, Professional and Business Services (381,133); Education and Health Services (352,100); Retail (320,933); and Government (307,667) comprised the largest percentage of employment.

Figure 2: Miami-Ft. Lauderdale-Pompano Beach Employment

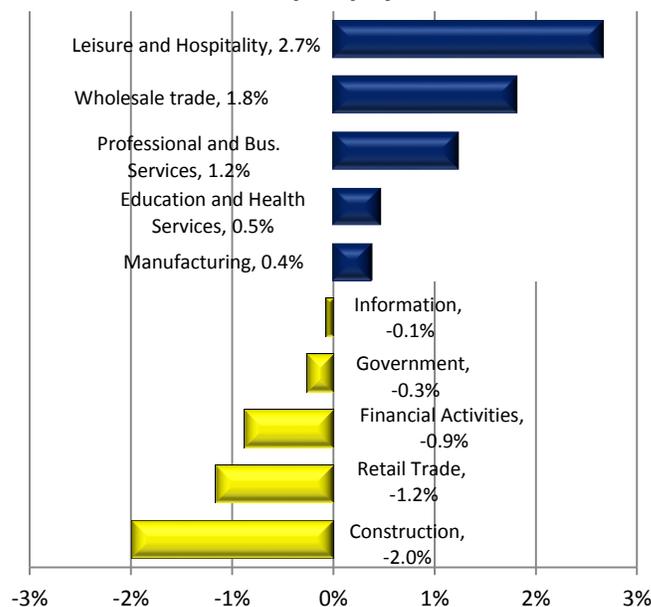


Source: Florida Department of Economic Opportunity. Graph created by FIU Metropolitan Center.

Total employment in the Miami-Fort Lauderdale-Pompano Beach area increased by 0.4 percent from the previous quarter, and increased by 3.0 percent from the same quarter of 2013. The year-over-year comparison of the first quarters of 2013 and 2014 shows a significant increase in employment across all sectors, with the largest increase shown in Professional and Business Services (9.0%), Construction (8.5%), and Leisure and Hospitality (4.7%).

The Leisure and Hospitality sector continued to grow from quarter to quarter adding over 7,500 new jobs compared to Q4 2013 (2.7%). Wholesale Trade added over 2,500 jobs (1.8%), and Professional and Business Services sectors added approximately 4,633 jobs (1.2%). Construction saw a marked decline with 2.0% alongside Retail Trade with a 1.2% decrease from the fourth quarter of 2013.

Figure 3: Miami-Ft. Lauderdale-Pompano Beach Q2 2014 - Q3 2014 Industry Employment Growth



Source: United States Department of Labor, Bureau of Labor Statistics. Graph created by FIU Metropolitan Center.

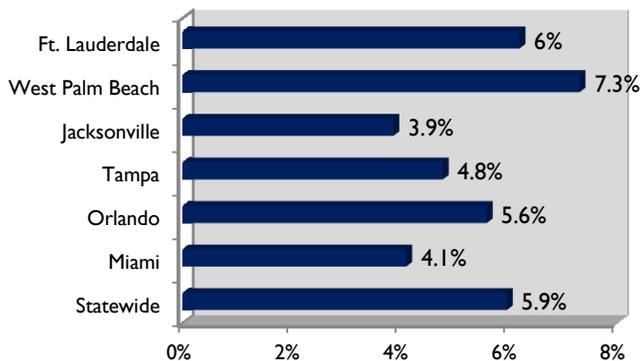
Year over year comparison of average weekly wages shows a positive trend for the South Florida region. Palm Beach County had the highest growth in wages up by 7.9% from Q1 2013. On average, workers in Palm Beach were making \$74 more in Q1 2014 than the same quarter of the previous year. Miami-Dade came in second with 4.3% growth, higher than the national average of 3.8 percent. Palm Beach County was the only county in the area with wage growth from Q4 2013 to Q1 2014, up by 1.7%, whereas Miami-Dade had an average decrease of 3.5% and the decrease in Broward was 1.0%.

PURCHASING POWER

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 for all items in the consumer basket for the Miami-Fort Lauderdale area increased by 1.3% compared to the last quarter of 2013. Food prices increased 2.7%, while gasoline costs remained unchanged. In comparison to 1Q 2013, the CPI increased modestly by 1.6%, with a 1.9% increase in food prices and an 8.2% decrease in gasoline costs.

Statewide spending increased slightly, by 1.8%, compared to 4Q 2013. In the South Florida area, taxable sales decreased for Miami (1.3) and Broward (2.9%), and increased in Palm Beach (2.9%). Spending increased in all major metropolitan areas in Florida during this quarter in comparison to the same quarter of 2013. The largest increase measured through the change in taxable sales was in West Palm Beach (7.3%), followed by Ft. Lauderdale (6%). Statewide taxable sales grew by 5.9% from Q1 2013. Miami and Jacksonville reported the smallest increases in taxable sales, 4.1% and 3.9% respectively.

Figure 4: Change in Taxable Sales, Q1 2013 – Q1 2014



Source: Office of Economic and Demographic Research. Chart created by FIU Metropolitan Center.

Sales activity for the Miami market was largely positive and totaled a 9.2% increase from Q1 2013. All major categories of consumer spending experienced growth in a year to year comparison with the exception of Consumer Durables which had a 1.8% drop in consumption. The largest increase in taxable sales was in the Autos and Accessories category (12.2%), followed by Building Investment (9.2%) and Business Investment (7.4%). The most significant changes from 4Q 2013 were in prices of Consumer Nondurables which dropped by 11.6%, while Tourism and Recreation sales taxes increased by 14.2%. Autos and Accessories had the highest growth (12.2%) from the previous year.

The increase in taxable sales across the state was in part influenced by the increase in overnight visitors. According to 2014 estimates from Visit Florida, the state's official tourism and marketing corporation, over 26 million visitors traveled to Florida in the first quarter of 2014 (January-March), an increase of 0.7% percent over the same period in 2013. The biggest increase was in overseas visitors, a 3.0% jump from 2013's first quarter. Domestic visitors, of which there were over 22 million in the quarter, grew by 0.3% in the year-to-year comparison.

Data from the US Bankruptcy Courts show that the Middle District of Florida had an overall 14.6% decline in bankruptcy filings, with Ft. Myers leading the downward trend at 31.6% less filings from year to year. By contrast, the South Florida District consisting of Miami-Dade, Broward, and Palm Beach counties experienced an increase of nearly 4 percent versus the same quarter of the previous year. Even though Palm Beach County reported the only dip in filings from the previous quarter (-11%) out of the tri-county area, it still had the highest percent in filings year over year.

Figure 5: Consumer Bankruptcy Filings

	Q1 2013	Q4 2013	Q1 2014	Change Q4 - Q1	Change Q1 '13 - 14
Broward	1,848	1,731	1,933	11.7%	4.6%
Miami-Dade	3,713	3,537	3,824	8.1%	3%
Palm Beach	980	1,167	1,039	-11%	6%
South Florida	6,541	6,435	6,796	5.6%	3.9%
Jacksonville	2,019	1,637	1,579	-3.5%	-21.8%
Orlando	4,030	3,509	3,846	9.6%	-4.6%
Tampa	3,784	3,254	3,137	-3.6%	-17.1%
Ft. Myers	950	703	650	-7.5%	-31.6%
Middle District	10,783	9,103	9,212	1.2%	-14.6%

Source: U.S. Bankruptcy Court, Southern District and Middle District. Table created by FIU Metropolitan Center.

Unlike consumer bankruptcies, business bankruptcies in South Florida decreased by 26.3% compared to the first quarter of 2013 and by 29.2% from the previous quarter. Miami-Dade had the largest decrease in business bankruptcies from 2013, 36.5%, followed by Palm Beach with a 23.6% decrease.

RESIDENTIAL REAL ESTATE ACTIVITY

The South Florida residential real estate market presents a mixed picture with the start of 2014. Median sales price for townhomes and condominiums, as well as single-family units went up both in the tri-county area and the State, which generally signals a robust real estate market. However, although median sales prices continue to increase across all three counties, the amount of units sold has decreased when compared to 2013 numbers.

Data from the Regional Realtors Association shows that all three counties in South Florida experienced significant increases in median sales prices for single family homes. The largest increase was in Palm Beach (22.1%), followed by Broward (13.9%) and Miami (11.8%). Median prices in the South Florida market continue to be significantly higher than the median price of single family homes in the state, and the price increases observed from 2013 are above the state's (9.1%). However, while in Miami the sales volume also increased (7.4%), the number of sales decreased in Broward (0.9%) and Palm Beach (5.9%).

Figure 6: Residential Sales by County - Single Family

Single Family Home Sales by County			
County	IQ 2013	IQ 2014	Change from 2013
Miami-Dade			
Realtor Sales	2,694	2,893	7.4%
Median Price	\$205,650	\$230,000	11.8%
Broward			
Realtor Sales	3,201	3,172	-0.9%
Median Price	230,000	262,000	13.9%
Palm Beach			
Realtor Sales	3,242	3,051	-5.9%
Median Price	\$235,000	\$286,825	22.1%
Florida			
Realtor Sales	49,112	50,251	2.3%
Median Price	\$154,000	\$168,000	9.1%

Source: Regional Realtors Association. Table Created by FIU Metropolitan Center.

Compared to the first quarter of 2013 quarter, the volume of sales increased in Miami-Dade (1.3%) and Palm Beach (4.8%), but decreased in Broward (-4.6%). All three counties experienced significant decreases in median sales prices of condo units sold.

Figure 7: Residential Sales by County- Townhome/Condo
Townhome and Condo Sales by County

COUNTY	IQ 2013	IQ 2014	Change from 2013
Miami-Dade			
Realtor Sales	3,808	3,859	1.3%
Median Price	\$162,000	\$187,500	15.7%
Broward			
Realtor Sales	3,929	3,747	-4.6%
Median Price	\$92,500	\$120,000	29.7%
Palm Beach			
Realtor Sales	3,283	3,440	4.8%
Median Price	\$97,995	\$120,000	22.5%
Florida			
Realtor Sales	25,057	24,860	-0.8%
Median Price	\$115,500	\$135,000	16.9%

Source: Regional Realtors Associations. Table Created by FIU Metropolitan Center. Data Retrieved October 31, 2014.

In addition to the rising cost of condos and single family units, the significant drop in foreclosure filings in South Florida is yet another sign of a recovering economy. New foreclosure filings were down nearly 38% from a year ago in South Florida, after several consecutive quarters of increases. In a year-to-year comparison, Broward also had 474 more new foreclosure filings the first Quarter of 2014. Miami-Dade had the largest decrease from last year (54.7%), while filings in Palm Beach dropped by 52.7%. Compared to Q4 2013 new filings were down in Miami-Dade and Palm Beach, but Broward County had an increase of more than 50 percent.

According to RealtyTrac's March foreclosure report, Florida retained its #1 status for homes in foreclosure, with one in every 407 Florida homes with a mortgage affected.

Figure 8: New Foreclosure Filings

New Foreclosure Filings					
County	4Q 2013	1Q 2014	Q4-Q1 Change	1Q 2013	Year to Year Change
Broward	2,069	3,231	56.2%	2,757	17.2%
Miami-Dade	3,070	2,667	-13.1%	5,885	-54.7%
Palm Beach	1,891	1,619	-14.4%	3,424	-52.7%
South Florida	7,030	7,517	6.9%	12,066	-37.7%

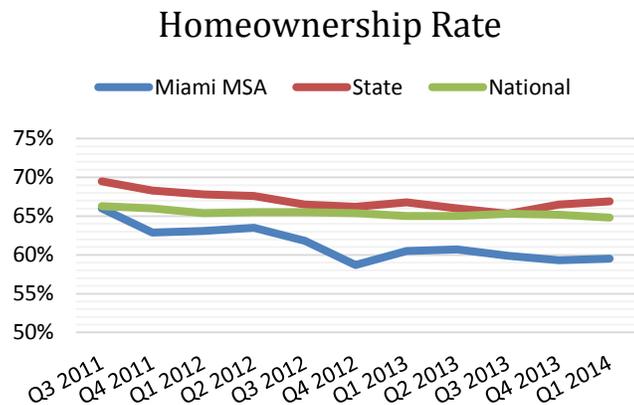
Source: County Clerk's Office for Broward, Miami-Dade and Palm Beach.

RESIDENTIAL REAL ESTATE STABILITY

Several indicators can measure the quality and health of various aspects of the real estate market. A higher homeownership rate correlates with higher median income and higher net wealth, thereby illustrating the financial health of households within an area. However, homeownership serves a dual purpose, as it is a security provision, the bare necessity of shelter, and an economic investment which can provide returns as basic supply and demand determine the appreciation of land values.

The homeownership rate in the Miami-Ft. Lauderdale-Miami Beach MSA has been progressively decreasing and was at 59.5% in Q1 2014, slightly higher than the 59.3% reported for Q3 2013. The last time the rate fell below the 60 percent mark was in 2012's Quarter 4 at 58.7%. According to US Census statistics on Housing Vacancies and Homeownership the downward trend in the Miami MSA mirrors those of the National and State of Florida average. By comparison, the State reported 66.9% and the National rate was 64.8% this quarter. The 2.5% homeownership vacancy rate for the Miami MSA was the highest reported since Q1 2011 (3.3%).

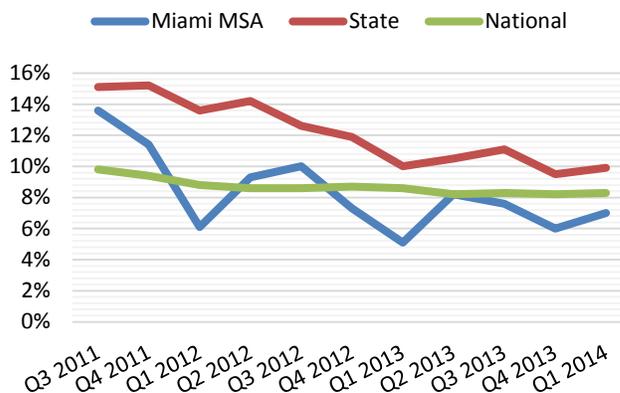
Figure 9: Miami MSA Homeownership Rate



Source: Census Bureau Housing Vacancies and Homeownership (CPS/HVS). Graph created by FIU Metropolitan Center.

The MSA's rental vacancy rate of 7% was higher than Q1 2013's rate of 5.1%, the lowest reported in the post-recession years. A considerable drop occurred from 2011 when the rate was 10.1%. The Miami MSA's rental vacancy rate was lower than Florida's statewide rental vacancy rate of 9.9% in the current quarter, while the national average was 8.3%.

Figure 10: Miami-Ft. Lauderdale-Miami Beach MSA Rental Vacancy Rate



Source: Census Bureau Housing Vacancies and Homeownership (CPS/HVS). Graph created by FIU Metropolitan Center.

Median number of days on the market and the monthly supply of inventory for homes and condos are additional indicators that can be used to monitor the residential real estate market. These indicators help inform when the market is favorable for buyers versus sellers and whether it is wise for an investor to finance new construction or wait for current inventory to be absorbed. Single family homes in Miami-Dade and Broward counties have remained on the market for a consistent number of days between Q1 2013 and Q1 2014. Quarter three of 2013 proved to be a more active time for sales in both Broward and Miami-Dade's single-family housing market. By contrast, the median number of days a condo sat in the Miami-Dade market climbed up from 48 days in Q1 2013 to 57 days this quarter.

Figure 11: Median Number of Days on Market

Median Number of Days on Market				
County	Miami-Dade		Broward	
	Single Family	Condo	Single Family	Condo
Q3 2012	43	43	39	38
Q4 2012	41	46	38	42
Q1 2013	46	48	38	42
Q2 2013	40	45	31	37
Q3 2013	37	46	27	36
Q4 2013	40	47	31	38
Q1 2014	47	57	38	46

Source: Regional Realtors Associations. Table Created by FIU Metropolitan Center

COMMERICAL 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. South Florida performed well overall; vacancy rates held constant and inventory space demand increases were felt throughout the region. Office inventory space demand was found in every region of Florida in Q1 2014 with the exception of Jacksonville and Orlando. A negative absorption rate means that more companies are downsizing or subleasing space than companies expanding and adding space.

Vacancy rates both in South Florida and the rest of the state remained relatively constant, as well in Q1 2014. Broward led the state with the lowest available office vacancy rate, 15.1%, while Palm Beach had the highest, 18.9%. Both year-to-date (YTD) leasing and absorption rates throughout the region were on par with Q1 2013. Orlando led the state in terms of YTD leasing, for a total of 556,059 square feet of leased office space, while Broward led in YTD absorption, with a total of 279,902 sq. ft.

Industrial space availability numbers was down slightly in Miami-Dade but up in and Broward and Palm Beach from Q4 2013. Vacancy rates slightly decreased from Q4 2013 with Tampa having the lowest available vacancy rate and Jacksonville having the highest. Jacksonville also saw the highest YTD leasing activity, with a total of 1,558,384 sq. ft. YTD overall absorption was highest in Broward (419,098). Orlando, in comparison, produced much lesser overall absorption figures for Q1 2014 (130,592).

The rates in the table below for Overall Average, all Classes represent rental prices per sq. ft. per year for office buildings. In Miami shows almost 10% more office space was leased in Q1 2014 compared to the same quarter of 2013. The average \$31.65 rate per square foot of office space was only slightly higher than the rate in Q1 2013, \$31.47. The office space rental rate also increased in Palm Beach but decreased in Broward, down from \$26.65 in Q1 2013.

Figure 12: Commercial Real Estate Activity

Market	Inventory (sq.ft.)		Vacancy Rate		YTD Leasing Activity		YTD Overall Absorption		Overall Avg. All Classes
	Office	Industrial	Office	Industrial	Office	Industrial	Office	Industrial	Office
Miami	45,988,518	158,599,895	15.4%	6.8%	449,736	592,186	167,560	392,269	\$31.65
Palm Beach	24,844,507	41,786,558	18.9%	6.6%	301,766	298,591	39,863	190,743	\$27.50
Broward	28,673,663	93,638,473	15.1%	8.1%	306,601	721,398	279,902	419,098	\$26.24
Jacksonville	24,793,708	103,274,496	18.8%	9.9%	306,614	1,558,384	-56,108	203,715	\$17.41
Orlando	37,054,166	105,924,176	17.3%	9.4%	556,059	811,301	-46,896	130,592	\$19.93
Tampa	32,254,766	78,652,408	15.2%	6.0%	440,306	751,166	17,346	348,228	\$22.00
All Markets	4,791,720,014	13,366,028,333	15.3%	7.7%	57,539,251	95,151,530	13,265,383	46,260,959	\$26.52

Source: Cushman & Wakefield, Marketbeat 1Q 2014. Table made by FIU Metropolitan Center.



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