

### Introduction

*Economic Currents* provides an overview of the South Florida regional economy and in comparison to the state and other regions in Florida. The report incorporates 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 fourth quarter of 2012 – employment and economic growth, household purchasing power, residential real estate stability and commercial/office market activity.

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### Overview

South Florida's economy had an overall positive performance in Q4 2012. South Florida's foreclosure activity in Q4 2012 decreased compared to the previous quarter. South Florida also had encouraging decreases in unemployment rates throughout Q4 2012 and a marked decrease in the number of bankruptcy filings throughout South Florida. Single-family homes and condominiums sales increased compared to last year. The Consumer Price Index (CPI) increased by 1.9% over the previous year.

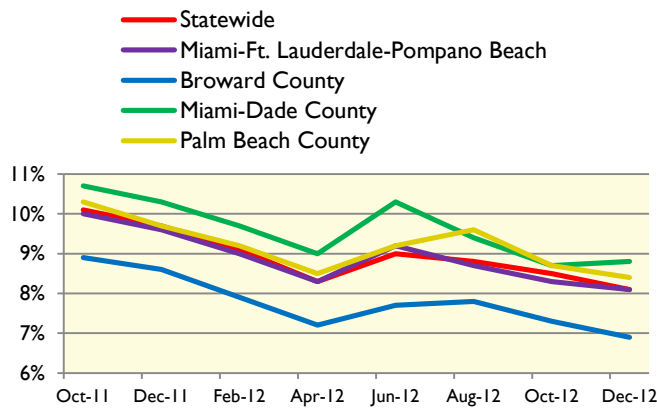
### Key Findings, 4th Quarter, 2012

- Unemployment rates in the Miami-Fort Lauderdale-Pompano Beach area edged down to 8.2% from 8.6% in Q3 2012.
- Notable employment growth was observed in several sectors: Government (4.2%); Retail Trade (4.0%), and Leisure and Hospitality (3.2%) and Construction (3.2%).
- The Consumer Price Index for the Miami-Fort Lauderdale area increased by 1.4% from December 2011 to December 2012 and increased 1.9% over the year. Taxable sales for Miami increased by 6.5% compared to the previous year.
- From December 2011 to December 2012, the US Bankruptcy Court Southern District of Florida (Miami-Dade, Broward and Palm Beach Counties) reported a significant reduction in bankruptcy filings (19.4%).
- The Miami MSA's largest industries in terms of employment were: Professional and Business Services (353,367); Educational and Health Services (343,567); Retail Trade (312,567) and Government (302,833).
- Realtor sales in South Florida increased by 22.5% for existing single family homes and 12.1% for existing condominiums from December 2011. Median home prices increased 18.5% for single family homes and 25.0% for condominiums.
- Office vacancy rates declined considerably from Q3 to Q4 2012 in Palm Beach (29.2%), Tampa (9.6%) and Jacksonville (5.0%). The vacancy rate in Miami-Dade remained constant while it increased in Ft. Lauderdale and Orlando (10.9% and 5.9%).
- Industrial vacancy rates decreased in Jacksonville (12.7%), Orlando (5.1%) and Tampa (1.4%) from Q3 to Q4 2012. The rate in Miami-Dade remained unchanged but it increased in Ft. Lauderdale (11.0%) and Palm Beach (10.4%).

**EMPLOYMENT GROWTH**

The state of Florida's Unemployment rate was 8.2% over Q4 2012 while in the Miami MSA of Miami-Fort Lauderdale-Pompano Beach unemployment decreased to 8.2, down slightly from 8.7% by the end of Q3 2012. Miami-Dade County had the largest unemployment rate (8.8%), while Broward County kept the lowest overall unemployment rate (6.9%). The MSA's unemployment rate (8.1%) was on par with the state of Florida's average (8.1%). The Miami MSA's unemployment rate for the month of December represents a 1.6% decrease compared to December 2011.

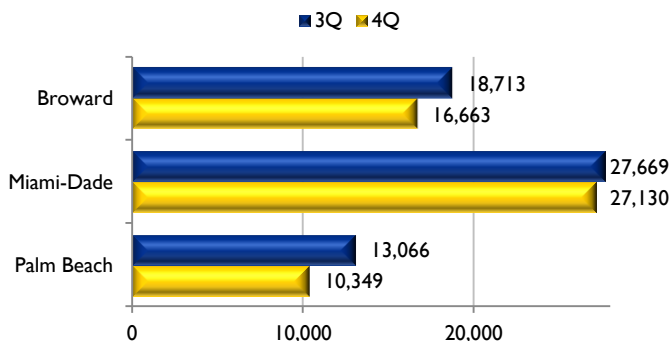
**South Florida Unemployment Rates, 4<sup>th</sup> Quarter 2012**



Source: Agency for Workforce Innovation, Local Area Unemployment Statistics; FIU Metropolitan Center.

Unemployment claims steadily decreased from October 2012 to December 2012 in all three South Florida counties. The most significant decrease was in Palm Beach County (-20.8%), but unemployment claims also decreased in Broward (-11.0%) and Miami-Dade (-1.9%) compared to the third quarter of the year.

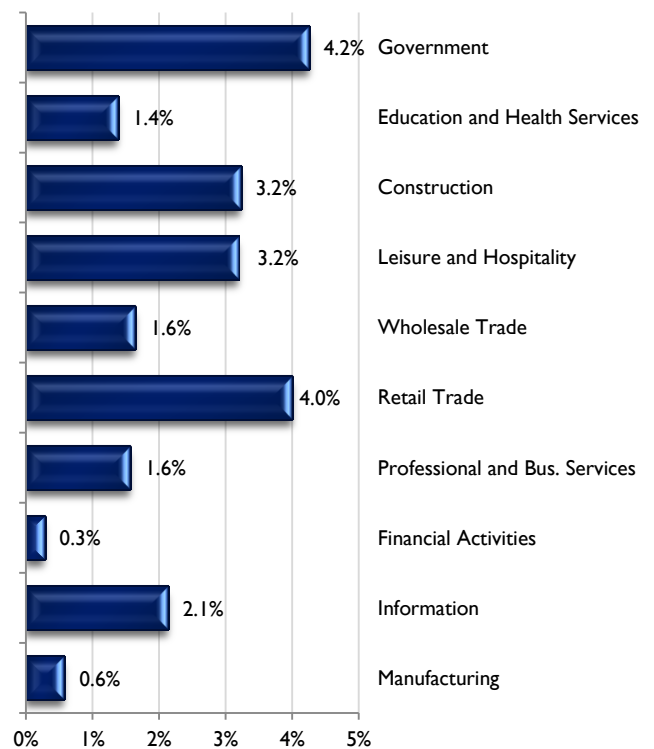
**Unemployment Claims, 2012**



Source: Agency for Workforce Innovation, Current Employment Statistics; Data as of January 2013.

There were significant changes in employment in various economic sectors in Q4 2012 compared to Q3 2012. In Q4, South Florida's total not seasonally adjusted non-agricultural employment was 2,106,200, a 2.4% increase from the previous quarter. The largest increase occurred in Government (4.2%), with Retail following (4.0%). Employment growth also occurred in the Leisure and Hospitality and Construction (3.2%) industries. More moderate employment growth was experienced in the following industries: Information (2.1%), Professional and Business Services (1.6%); Wholesale Trade (1.6%); Education and Health Services (1.4%). Other sectors experienced small growth: Manufacturing (0.6%) and Financial Activities (0.3%).

**Industry Employment Growth, 4<sup>th</sup> Quarter 2012  
Miami-Fort Lauderdale-Pompano Beach MSA**



Source: Agency for Workforce Innovation, Current Employment Statistics Data as of January 2013.

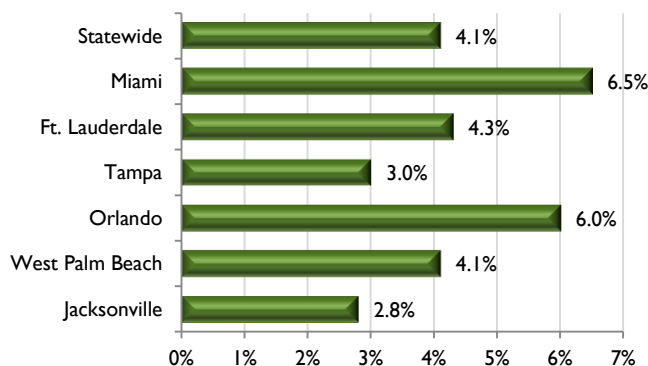
**PURCHASING POWER**

The strength of an area is correlated with the purchasing power of residents. The Consumer Price Index (CPI) from the United States Bureau of Labor Statistics (BLS), 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. The CPI for the Miami-Fort Lauderdale area increased by 1.4% from December 2011 to December 2012 and increased 1.9% over the year. Food costs increased by 2.1% from the previous year, while transportation costs increased by 4.1%. The increase in gasoline prices by 2.6% accounts for most of the upward change in the transportation cost category.

Spending increased in the largest Florida areas from December 2011. The largest increase, as gauged by growth patterns in taxable sales, was in Miami (6.5%), followed by Orlando. Statewide taxable sales grew by 4.1% from December 2011. This is correlated with an increase in the number of visitors in Florida, which increased by 2.3% from the previous year. Visitors spent a record \$21.8 billion in 2012, a 5.1 percent increase over 2011.

Miami-Dade experienced an increase of 2.7% in terms of overnight visitors compared to Q4 2011. According to the Greater Miami Convention & Visitors Bureau the county welcomed 13.9 million overnight visitors in 2012, a 3.5% increase compared to 2011. Miami-Dade month-to-month taxable sales were up 2.1% in October and up 7.0% in December 2012 compared to the previous year. Taxable sales also grew in the following industries: Tourism and Recreation (11.6%); Building Investment (9.1%); Automobiles and Accessories (3.7%) which offset an overall decline in Consumer Non-Durables (-5.8%).

**Taxable Sales % Change, Dec 2011 to Dec 2012**



Source: Office of Economic and Development Research. Graph Created by FIU Metropolitan Center.

The Southern and Middle Districts of Florida saw sharp decreases in bankruptcy filings from October to December 2012. Jacksonville and Palm Beach had the largest decreases of -31.0% and -28.0%, respectively. Both Orlando and Fort Myers also had sizable decreases as well, with 25.5% and 18.2%. Broward and Miami-Dade (16.5% and 15.8% respectively) reflected comparative decreases in bankruptcy filings as well. Over the last quarter of 2012, both districts underwent significant reductions in bankruptcy filings with the Middle District seeing the steepest decline in bankruptcy filings with 22.8%. The Southern District also saw a marked decrease in filings too with 19.3%.

When compared to Q3 2012 both Southern and Middle Districts of Florida fared better in terms of the declining numbers in bankruptcy filings where they previously only saw slight decreases—only -7.2% for the Southern District and just -8.4% in the Middle District then. This signifies an encouraging trend that over the past six months bankruptcy filings in a significant portion of the state are on the decline.

Bankruptcy Filings, 4 <sup>th</sup> Quarter 2012				
Area	Oct '12	Nov '12	Dec '12	Oct-Dec '12
Broward	655	802	547	-16.5%
Miami-Dade	1,204	1,349	1,014	-15.8%
Palm Beach	708	681	510	-28.0%
<b>South Florida Total</b>	<b>2,567</b>	<b>2,838</b>	<b>2,071</b>	<b>-19.3%</b>
Jacksonville	699	785	482	-31.0%
Orlando	1,509	1,569	1,124	-25.5%
Fort Myers	363	359	297	-18.2%
Tampa	1,300	1,466	1,087	-16.4%
<b>Middle District Total</b>	<b>3,871</b>	<b>4,179</b>	<b>2,990</b>	<b>-22.8%</b>

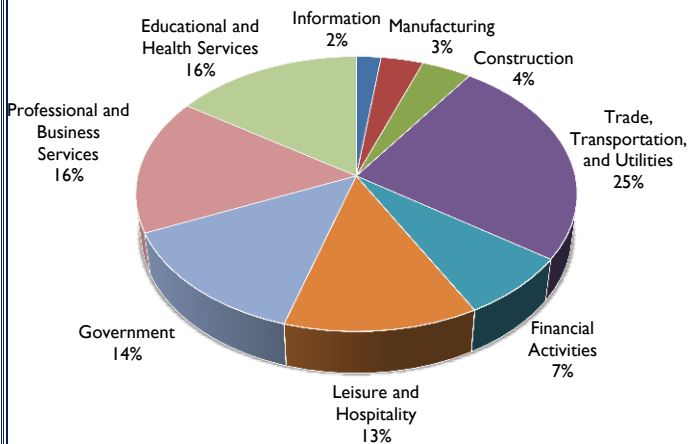
Source: United States Bankruptcy Court Middle and Southern Districts. Table Created by FIU Metropolitan Center.

**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 Q4 2012, the Miami-Ft. Lauderdale-Pompano Beach MSA’s largest industries in terms of employment numbers were: Trade, Transportation and Utilities (549,800); Professional and Business Services (351,400); Educational and Health Services (343,400) and Government (302,000).

In terms of the number of new jobs created between Q3 and Q4, the sector which saw the largest increase was Government with a 4.2% increase. The Construction and the Leisure and Hospitality sector employment also increased by 3.2% during the last quarter of 2012.

**Industry Percent of Total Employment, 4<sup>th</sup> Quarter 2012**



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

The analysis of the top occupations in South Florida, points to changes in mean wages from December 2011 to December 2012. In Broward County, Waitresses and Waiters occupational category had a moderate increase in mean wages of 3.5% over the previous year. In Miami-Dade Office and Clerical occupations had a slight increase in mean wages, while Registered Nurses experienced a steep decrease in mean wages, at just over 10%. In Palm

Beach County, Food Preparation and Service workers, and Waiters and Waitresses occupations had overall increases in mean hourly wages from the previous year with 10.2% and 2.8% respectively.

**Mean Wage by Occupation, Dec 2011 to Dec 2012**

	YTD 2011	YTD 2012	%YTD Change
<b>Broward County</b>			
Retail Salespersons	\$11.49	\$11.23	-2.3%
Cashiers	\$9.93	\$9.51	-4.2%
Customer Service Representatives	\$14.77	\$14.23	-3.7%
Waiters and Waitresses	\$9.70	\$10.04	3.5%
Registered Nurses	\$15.08	\$14.72	-2.4%
<b>Miami-Dade County</b>			
Retail Salespersons	\$11.31	\$11.30	-0.1%
Cashiers	\$9.40	\$9.22	-1.9%
Registered Nurses	\$33.02	\$29.67	-10.1%
Office Clerks, General	\$12.50	\$12.84	2.7%
Secretaries (Except Legal, Medical, and Executive)	\$14.86	\$14.68	-1.2%
<b>Palm Beach County</b>			
Retail Salespersons	\$12.95	\$11.96	-7.6%
Waiters and Waitresses	\$10.09	\$10.37	2.8%
Cashiers	\$9.77	\$9.69	-0.8%
Food Preparation Serving Workers	\$9.04	\$9.96	10.2%
Registered Nurses	\$32.54	\$31.84	-2.2%

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

The number of business bankruptcy filings is also a useful statistic in depicting the health of an area. According to data reported by the Southern Federal Judicial District of Florida there were 262 business bankruptcy filings in the last quarter of the year, up from 250 in the third quarter of 2012.

**RESIDENTIAL REAL ESTATE ACTIVITY**

The South Florida residential real estate market experienced significant increases in sales volume and prices in Q4 2012. Existing single-family home sales increased by 22.5% from December 2011 in the Miami-Fort Lauderdale-Pompano Beach Metropolitan Statistical Area, and existing condominium sales increased a by 6.8% from the previous year. Single-family home sales in Miami-Dade underwent the largest increase (19.4%), while Broward and Palm Beach also had significant increases (14.9% and 14.3%). Miami-Dade had the largest increase in existing condominium sales (9.8%), followed by Palm Beach (6.0%). Broward also saw a moderate increase in condominium sales (4.7%) as well.

The median sales prices of existing single-family homes and condominiums significantly increased across South Florida compared to last year. The median price for single-family homes increased the most in Palm Beach (21.6%) from Q4 2011 followed by Broward (21.1%) and Miami-Dade (12.9%). Palm Beach had the sharpest increase in the median price for existing condominiums (a growth of 25.3%). Prices in the other two South Florida counties also went up – 24.9% in Miami-Dade and 24.7% in Broward.

Residential Market Activity in South Florida, 4 <sup>th</sup> Quarter 2012			
Existing Single-Family Home Sales (Median Prices)			
County	Q4 2011	Q4 2012	% Change
Broward	\$190,000	\$230,000	21.1%
Miami-Dade	\$176,200	\$199,000	12.9%
Palm Beach	\$185,000	\$225,000	21.6%
Existing Single-Family Condominium Sales (Median Prices)			
County	Q4 2011	Q4 2012	% Change
Broward	\$76,250	\$95,100	24.7%
Miami-Dade	\$124,100	\$155,000	24.9%
Palm Beach	\$75,000	\$94,000	25.3%

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

According to RealtyTrac, Florida ended the year with the nation’s highest foreclosure rate in 2012, with 3.11 percent of housing units (one in 32) receiving a foreclosure filing during the year. Florida also had the highest foreclosure rate in the month of December, with one in every 338 housing units receiving a foreclosure filing, up 8% from a year ago. In the last quarter of the year, foreclosures in the state increased by 24% on a year-over-year basis. In addition, RealtyTrac reported that nationally, there was a 13.5% increase in the number of foreclosures. Foreclosure activity in Florida rose 53.5 percent in 2012 from a year earlier. Florida had eight of the 20 metropolitan areas with the highest foreclosure rate, including Miami at No. 5 in the nation; Palm Bay-Melbourne-Titusville, at No. 6; and Orlando at No. 8.

Despite these overall negative trends for the state, South Florida’s foreclosure activity in Q4 2012 decreased significantly by 7.6% from Q3, following a 16.4% increase from Q2 2012 to Q3 2012. Broward experienced South Florida’s only increase in foreclosure activity from Q3 2012 to Q4 2012 (2.2%). Both Miami-Dade and Palm Beach experienced a significant decrease in foreclosures, 11.7% and 6.0% respectively.

Foreclosures in South Florida, 4 <sup>th</sup> Quarter 2012			
Area	Q3 2012	Q4 2012	% Change
Broward	2,374	2,426	2.2%
Miami-Dade	7,101	6,269	-11.7%
Palm Beach	4,023	3,780	-6.0%
South Florida	13,498	12,475	-7.6%

Source: County Clerk’s Office for Broward, Miami-Dade and Palm Beach, RealtyTrac Q3 2012, Q4 2012 U.S. Foreclosure & Short Sales. Table Created by FIU Metropolitan Center.

## COMMERCIAL REAL ESTATE ACTIVITY

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 Fourth Quarter 2012 Marketbeat Snapshot Office and Industrial Reports, the state of Florida was performing well overall as vacancy rates decreased. Office vacancy rates, both in South Florida and the state declined considerably from Q3 2012 to Q4 2012 in Palm Beach (29.2%), Tampa (9.6%) and Jacksonville (5.0%). The vacancy rate in Miami-Dade remained constant while it increased in Ft. Lauderdale and Orlando (10.9% and 5.9%).

There was also a decrease in industrial vacancy rates with Jacksonville posting the greatest decrease (12.7%) followed by Orlando (5.1%) and Tampa (1.4%). The rate in Miami-Dade remained unchanged but it increased in Ft. Lauderdale (11.0%) and Palm Beach (10.4%).

Over Q4 2012 in terms of Year-to-Date (YTD) Overall Absorption activity Jacksonville led others (742,021) followed by Tampa (649,191) while Palm Beach saw a notable decrease in activity (-624,884). Regarding Industrial YTD Overall Absorption Miami (1,944,156) and Orlando (1,798,379) set the bar for others in the state which also saw encouraging activity over the quarter.

**Commercial Real Estate Activity, 4<sup>th</sup> Quarter 2012**

Market	Inventory (sq. ft.)		Vacancy Rate		YTD Leasing Activity		YTD Overall Absorption	
	Office	Industrial	Office	Industrial	Office	Industrial	Office	Industrial
Miami	49,087,469	161,039,135	17.1%	6.9%	2,777,623	4,476,145	957,806	1,944,156
Ft. Lauderdale	30,533,079	92,960,966	18.3%	9.1%	1,745,236	2,873,876	320,455	878,810
Palm Beach	132,133,847	41,730,028	14.3%	8.5%	5,586,320	1,996,433	-624,884	357,787
Jacksonville	24,547,353	100,744,191	18.9%	9.6%	821,936	1,961,909	742,021	982,339
Orlando	24,866,279	105,729,792	21.4%	11.2%	1,524,847	4,003,375	337,314	1,798,379
Tampa	31,804,525	79,134,998	15.0%	7.2%	2,676,903	3,243,632	694,191	134,016

Source: Cushman & Wakefield, Marketbeat United States Office/Industrial Report, Q4 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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