

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 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 2013—employment and economic growth, household purchasing power, residential real estate stability and commercial/office market activity.

Overview

The South Florida region showed signs of economic improvement in the second quarter of 2013. The region's unemployment rate decreased slightly (0.2%). However, unemployment claims increased in Palm Beach (11.3%) while declining in both Miami-Dade and Broward. Consumers spent more for primary goods and services compared to the same period last year as gauged by the United States Consumer Price Index for All Urban Areas (CPI-U). While foreclosure filings in the region declined by 14%, bankruptcies increased slightly, by 1.5%. South Florida's real estate market continued to boom with increased in both the volume of sales and median prices.

Key Findings, 2nd Quarter, 2013

- Unemployment in the Miami-Metropolitan Statistical Area (MSA) of Miami-Fort Lauderdale-Pompano Beach decreased to 7.5% in Q2 2013, down 0.2% from the previous quarter.
- Most industry sectors saw small employment increases compared to the previous quarter, including Leisure and Hospitality (0.9%), Wholesale Trade (0.7%) and Professional and Business Services (0.7%). The most significant decrease in employment was in the Government sector (2.8%), followed by Construction (0.5%) and Manufacturing (0.5%). Overall, the South Florida region saw a decline (3.1%) in the number of new unemployment claims for the quarter.
- Statewide taxable sales overall grew 0.8% compared to the previous year as a result of increased visitors as well as increase in prices. The Consumer Price Index in the Miami-Ft. Lauderdale area increased 1.6% in June 2013 compared to June 2012.
- South Florida (Broward, Miami-Dade and Palm Beach counties) had a marginal increase in bankruptcies (1.5%) compared to the same quarter in 2012, mainly as a result of an increase in bankruptcies in Miami-Dade.
- Single-family home sales in the Miami-Fort Lauderdale-Pompano Beach area increased almost 14.0% from the same period last year. Median prices for single family homes in the South Florida region increased on average 19.5% compared to last year. Townhome and condominium sales in the region were up 4.7% and median prices for condos increased by 22.9% compared to second quarter of 2012.

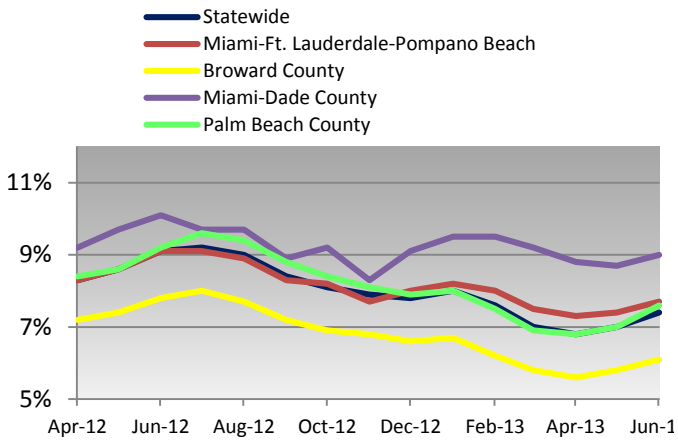
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EMPLOYMENT GROWTH

The Miami MSA's unemployment rate decreased slightly during the quarter (0.2%) to 7.7% in June from 7.5% reported in March. Miami-Dade County had the largest unemployment rate (9.0%) in the last month of the quarter, while Broward again had the lowest unemployment rate (6.1%). The unemployment rate in all three South Florida counties was higher than Florida's (7.4%). Palm Beach County had the lowest number of unemployment claims filed out of the three counties but experienced an increase of 11.3% in new filings in Q2 2013. New unemployment claims decreased in both Miami-Dade (8.7%) and Broward (5.7%) from the first quarter of the year.

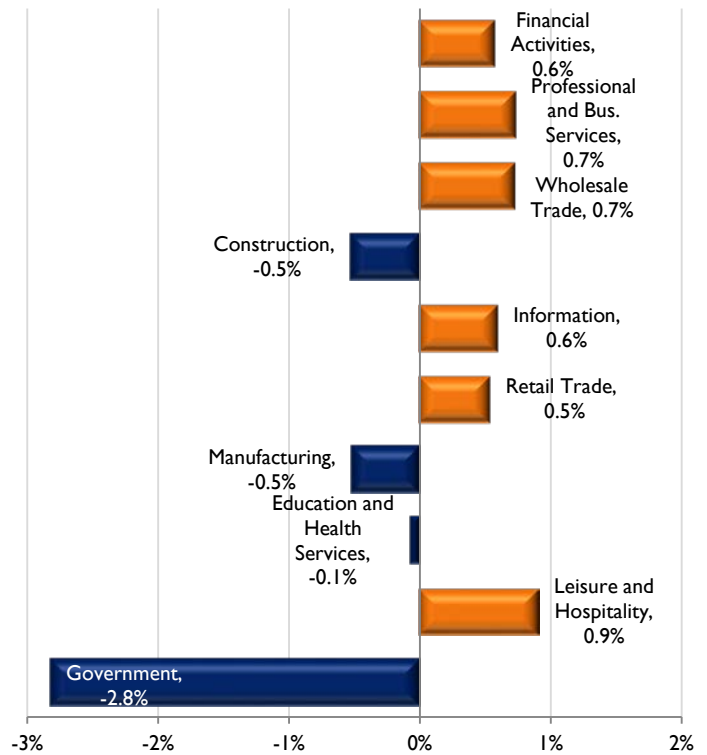
South Florida Unemployment Rates



Source: United States Department of Labor, Bureau of Labor Statistics. Table Created By FIU Metropolitan Center.

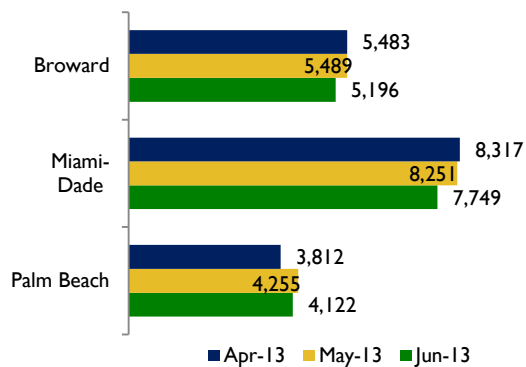
Total employment in the Miami MSA decreased slightly by 0.1% from the first quarter as a result of decreases in employment in several large sectors. Employment in Government, the fourth largest employment sector declined by 2.8%, while Education and Health Services, the second largest sector lost 0.1% of jobs compared to the previous quarter. The most significant increase was in Leisure and Hospitality (0.9%). When compared to the same quarter of 2012, overall employment increased by 1.1%, with most significant increases in the Leisure and Hospitality (3.2%) and Retail Trade (3.5%) sectors.

Nonagricultural Employment Growth, 2nd Quarter 2013 (NSA)



Overall, the South Florida region saw a decline (-3.1) in the number of new unemployment claims for the quarter as reported by the Florida Department of Economic Opportunity. While Miami-Dade County saw the biggest decrease (8.7%) in new claims filed during the reporting period, Palm Beach County experienced a marked increase (11.3%). Unemployment claims decreased by 5.7% in Broward County compared to the previous quarter.

South Florida Unemployment Claims By County, 2nd Quarter 2013



Source: Agency for Workforce Innovation, Graph Created by FIU Metropolitan Center. Data Retrieved December 11, 2013

ECONOMIC GROWTH

The South Florida region is comprised of four target industry sectors, all of which are service-related: retail, health care and social services, accommodation and food services; administrative support, waste management and remediation services which includes the professional and business services subsector. Government sector jobs experienced a significant decrease during Q2 2013 as nearly 26,000 jobs were lost.

**South Florida Employment Activity, 2nd Quarter 2013
(In thousands)**

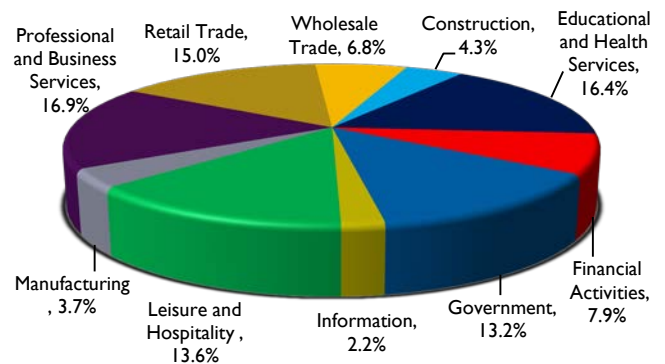
Industry	April	May	June	Average 2Q13
Information	44.8	45.0	45.1	45.0
Manufacturing	75.0	75.6	77.0	75.9
Construction	86.7	86.9	88.7	87.4
Wholesale Trade	144.9	143.9	141.7	143.5
Financial Activities	162.5	162.9	165.3	163.6
Leisure and Hospitality	285.5	287.6	283.5	285.5
Government	301.4	300.9	275.5	292.6
Retail Trade	311.6	312.2	311.7	311.8
Professional and Business	352.6	352.6	351.7	352.3
Educational and Health Services	344.4	346.1	341.6	344.0
Total				2,101.6

Source: Bureau of Labor Statistics Quarterly News Release; Table Created by FIU Metropolitan Center. Data Retrieved December 11, 2013.

The Miami MSA's largest employment industries were: Professional and Business Services (352,300, up from 349,700 employees in Q1); Education and Health Services (344,000 in Q2 slightly down from 344,300 in Q1); Retail (311,800 in Q2, up from 310,200); and Government (292,600 in Q2, down from 301,100 in Q1). The Government sector saw a sharp decline in total employment from March to June 2013 (a net loss of 26,200 jobs). Professional and Business Services added roughly 2,600 jobs over the quarter. At the end of June both Financial Activities and Wholesale Trade added close to 1,000 jobs, while the Information sector added 300 jobs. Retail jobs rose marginally for the quarter, with the region adding roughly 1,700 new jobs.

Despite the sharp job decrease in the Government sector, total employment figures for the region only moderately reduced in Q2 2013, with Education and Health Services sector total employment numbers seeing a modest dip, with 300 jobs lost since the last quarter. The Leisure and Hospitality sector, coming off a positive job growth first quarter, added an additional 2,500 jobs in the second quarter. South Florida still has one of the highest unemployment rates with Miami-Dade County comprising the largest share of negative growth, losing roughly 13,244 jobs during the quarter. Employment in the private sector increased by 1.5% over the same quarter of 2012 and by 0.4% over the first quarter of 2013.

**Industry Percentage of Total Employment,
2nd Quarter 2013**



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

In addition to reduced employment, South Florida also experienced a reduction in average quarterly wages. The largest reduction was in Palm Beach County. Miami-Dade which is the largest county in terms of employment experienced a 2.7% decrease in wages.

County	Avg. Wage		% Change 1Q-2Q
	1 Q 2013	2 Q 2013	
Broward	\$11,434	\$11,192	-2.12%
Miami-Dade	\$11,810	\$11,497	-2.65%
Palm Beach	\$12,166	\$11,591	-4.73%

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

PURCHASING POWER

The Bureau of Labor Statistics (BLS)'s Consumer Price Index (CPI) measures changes in the prices paid by consumers for a representative basket of goods and services. These expenditures include the costs of food, clothing, shelter, and fuels; transportation fares, and service charges on other goods and services that people purchase for day-to-day consumption. Consumer spending in South Florida continues to increase in part due to the increased costs of goods and services.

The CPI for All Urban Consumers (CPI-U) in the Miami-Ft. Lauderdale area increased 1.6% in June 2013 compared to June 2012. Food and beverage spending rose 0.9% at the end of the quarter, and transportation costs increased by 3.6% mainly as a result of a 3.3% increase in the cost of gasoline. Energy prices increased by 2.3% percent over the previous year.

In terms of taxable sales, statewide taxable sales overall grew 0.8% compared to the previous year. The greatest growth in taxable sales was experienced in: Building Investment (16.0%), Autos & Accessories (11.1%), Consumer Durables (9.5%) and Retail Activity (6.6%). West Palm Beach saw the greatest increase in taxable sales for Building Investment and Autos & Accessories (18.2% and 12.8% respectively). Ft. Lauderdale saw the biggest increase in taxable sales for Tourism & Recreation (6.2%) and also saw increased retail activity for the reporting period at 7.5%, compared percent to the rest of the South Florida and the state.

% Change in Taxable Sales , 2 nd Quarter 2013			
	Apr-13	May-13	Jun-13
Statewide	5.8%	8.2%	7.2%
Miami	6.0%	7.8%	6.3%
Orlando	2.5%	10.0%	8.2%
Tampa	7.1%	8.3%	4.3%
Jacksonville	6.7%	9.6%	8.0%
West Palm Beach	5.4%	6.5%	7.0%
Ft. Lauderdale	7.1%	7.8%	7.4%

Source: State of Florida Agency for Workforce Innovation, AWI; Table Created by FIU Metropolitan Center. Data Retrieved December 11, 2013.

The volume of bankruptcy filings is also indicative of the region's economic health. Data from the United States Bankruptcy Court shows that the Southern District of Florida (Broward, Miami-Dade and Palm Beach counties) had a marginal increase in bankruptcies (1.5%) compared to the same quarter in 2012, mainly as a result of an increase in bankruptcies in Miami-Dade. In fact, Miami-Dade was the only county in the two districts that experienced an increase (7.5%). Comparisons with the first quarter of the year also show significant increases in bankruptcy filings in all three South Florida counties that account for a 12.7% overall increase.

Bankruptcy Filings by County					
	Q2 2012	Q 1 2013	Q2 2013	% Change from Q2 '12	% Change from Q1 '13
Broward	2,165	1,848	2,010	-7.2%	8.8%
Miami-Dade	3,946	3,713	4,240	7.5%	14.2%
Palm Beach	1,152	980	1,120	-2.8%	14.3%
South Florida Total	7,263	6,541	7,370	1.5%	12.7%
Jacksonville	2,186	2,019	2,133	-2.4%	5.6%
Orlando	4,757	4,030	4,355	-8.5%	8.1%
Tampa	4,198	3,784	3,727	-11.2%	-1.5%
Ft. Myers	1,105	950	927	-16.1%	-2.4%
Middle District Total	12,246	10,783	11,142	-9.0%	3.3%

Source: United States Bankruptcy Court, Middle and Southern Districts of Florida; Table Created by FIU Metropolitan Center. Data Retrieved December 11, 2013.

In addition to consumer bankruptcy filings, business bankruptcies are also important for gauging the strength of an area economy. Business bankruptcies in the second quarter of the year decreased slightly to 220 compared to 232 in the first quarter, a 5.2% decrease. Miami-Dade continues to lead the region in the number of filings with 93 in Q2, followed by Palm Beach (71) and Broward (56).

RESIDENTIAL REAL ESTATE STABILITY

Home sales volume and prices in South Florida continued to increase during the second quarter of the year, despite the rise in mortgage rates which began in May 2013. However, according to Freddie Mac, the interest rate for a 30-year fixed-rate mortgage averaged 3.69 percent for 2Q 2013, down from the previous year's average of 3.80 percent.

Single-family home sales in the Miami-Fort Lauderdale-Pompano Beach area increased almost 14.0% from the same period last year. Miami-Dade experienced the largest increase in single family home sales (19.5%), with Broward (10.4%) and Palm Beach (12.9%) showing significant improvements as well. These figures align with the state averages, as single-family home sales increased 14.7% from the previous year.

Median prices for single family homes in the South Florida region increased on average 19.5% compared to last year. Broward County, which has the highest median price for single family homes in the region (\$255,000), saw prices rise 21.4%. Palm Beach and Miami-Dade followed with 14.0% and 20.9% increases in median home prices during the period.

Existing Single Family Home Sales, 2 nd Quarter 2013			
	2Q '12	2Q '13	% Change
Miami-Dade			
Realtor Sales	2,911	3,480	19.5%
Median Price	\$186,000	\$225,000	20.9%
Broward			
Realtor Sales	3,742	4,132	10.4%
Median Price	210,000	\$255,000	21.4%
Palm Beach			
Realtor Sales	3,869	4,369	12.9%
Median Price	\$215,000	\$245,000	14.0%

Source: Regional Realtors Associations, Table Created by FIU Metropolitan Center. Data Retrieved December 11, 2013.

Townhome and condominium sales in the region were up 4.7%, with Miami showing the largest increase (8.9%). Broward and Palm Beach counties saw modest increases in condo sales (2.2% and 2.9% respectively). Additionally, South Florida experienced similar growth in median prices for condos, 22.9% for the region. In Miami-Dade, which has the highest median price for condominiums in the region (\$180,000), the median price grew by another 18.4 % year-over-year. Both Broward and Palm Beach experienced even higher increases of over 23%.

Foreign buyers account for a very large percentage of home sales. In the Miami market more than 62 percent of closed sales were all cash in the second quarter compared to 65 percent in that time period in 2012, mostly attributable for foreign buyers, 90 percent of who buy in cash. All cash sales were 44.7 percent of single family home closings and nearly 76 percent of all condo sales.

Existing Townhome and Condominium Sales, 2 nd Quarter 2013			
	2Q12	2Q13	% Change
Miami-Dade			
Realtor Sales	4,347	4,734	8.9%
Median Price	\$152,000	\$180,000	18.4%
Broward			
Realtor Sales	4,573	4,675	2.2%
Median Price	\$85,000	\$105,000	23.5%
Palm Beach			
Realtor Sales	4,076	4,196	2.9%
Median Price	\$91,000	\$112,000	23.1%
Statewide			
Realtor Sales	29,493	31,829	7.9%
Median Price	\$110,500	\$129,000	16.7%

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

South Florida experienced a significant decrease in new foreclosure filings in the second quarter. Palm Beach County saw the largest decrease (23.0%) followed by Miami-Dade (14%). Broward County only had a 1.0% reduction. As a region, new foreclosure filings declined by 14% over the previous quarter.

South Florida Foreclosure Filings, 2 nd Quarter 2013			
County	2Q '12	2Q '13	% Change
Miami-Dade	6,575	5,663	-14%
Broward	2,530	2,496	-1%
Palm Beach	3,914	3,030	-23%
South Florida	13,019	11,189	-14%

Source: County Clerk's Office (Miami-Dade, Broward and Palm Beach); Table Created by FIU Metropolitan Center.

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. South Florida was performing well overall; vacancy rates held constant and inventory space demand increases were felt throughout the region.

Office vacancy rates, both in South Florida and throughout the state, remained relatively constant in the second quarter. Tampa led both the region and state with the lowest available office vacancy rate, 16.0%, while Jacksonville and Palm Beach had the highest rates at approximately 20.0%. Both year-to-date (YTD) leasing and absorption rates throughout the region were consistent with Q2 2012 rates albeit Jacksonville continuing to fluctuate negatively in terms of office absorption compared to last year. Miami led the state in terms of YTD overall office absorption, for a total of 448,215.

In terms of industrial real estate, Tampa had the lowest industrial vacancy rate for the second straight quarter at 7.1%. Miami-Dade saw a slight decrease (-0.9%) in the amount of inventory square footage compared to last year, while Jacksonville's inventory increased (1.8%).

Industrial vacancy rates for both Jacksonville and Orlando stood at 10% during Q2. Miami saw the highest YTD industrial leasing activity, with a total of 2,448,917 and Orlando followed behind (1,402,003). Miami led the South Florida region in YTD office absorption but in terms of YTD industrial absorption it was Ft. Lauderdale who outpaced everyone else (726,290). Miami-Dade and Orlando were the closest to Ft. Lauderdale's performance in YTD industrial absorption (507,951 and 425,768 respectively).

Commercial Real Estate Activity, 2 nd Quarter 2013								
Market	Inventory (sq. ft.)		Vacancy Rate		YTD Leasing Activity		YTD Overall Absorption	
	Office	Industrial	Office	Industrial	Office	Industrial	Office	Industrial
Miami-Dade	46,907,790	159,425,303	16.4%	7.3%	1,207,420	2,448,917	448,215	507,951
Ft. Lauderdale	28,567,861	92,831,046	16.7%	8.7%	717,133	1,101,903	246,915	726,290
Palm Beach	24,920,157	41,505,502	20.0%	8.0%	736,131	745,705	194,868	283,390
Orlando	37,171,149	104,935,672	17.9%	10.0%	1,038,809	1,402,003	88,581	425,768
Tampa	32,152,604	78,756,285	16.0%	7.1%	1,117,919	1,213,711	96,543	104,672
Jacksonville	25,863,070	102,501,641	20.3%	10.0%	657,258	1,300,847	-349,611	55,992

Source: Cushman & Wakefield, Marketbeat United States Office/Industrial Report, Q2 2013. Table Created 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

Our Contact Information:

1101 Brickell Ave, Suite 200-S * Miami, FL 33131
 Office: 305.779.7879 * Fax 305.779.7880
<http://metropolitan.fiu.edu>