

*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. 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 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. Unemployment in the Metropolitan Statistical Area (MSA) of Miami-Fort Lauderdale-Pompano Beach decreased to 7.2 percent. Overall, unemployment claims steadily decreased across South Florida. Taxable sales figures for the first quarter also show increased spending throughout Florida's largest metropolitan statistical areas. The Consumer Price Index (CPI) rose 0.2% during the reporting period. The South Florida region saw a significant decrease in the number of bankruptcy and foreclosure filings. Existing single family home and condominium sales also both generally experienced positive trends during the quarter. Leasing activity for office and industrial real estate made strong gains during the reporting period as well.

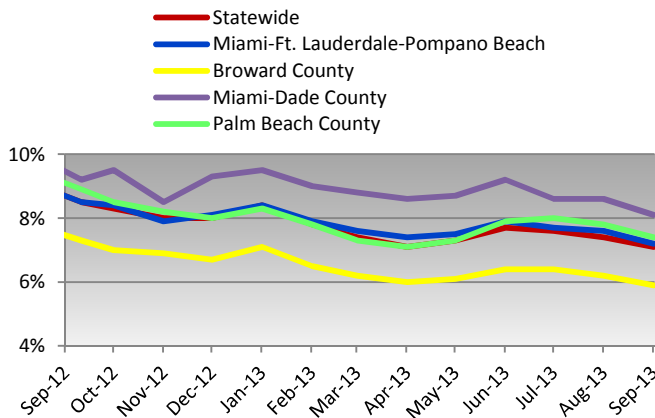
### Key Findings, 3rd Quarter, 2013

- Unemployment in the Metropolitan Statistical Area (MSA) of Miami-Fort Lauderdale-Pompano Beach dropped slightly, by 1.3 percent, from 7.6% in Q2 2013 to 7.5% in Q3 2013.
- There was mixed employment growth throughout the region: the Construction industry added over 4,000 new jobs, while the Leisure and Hospitality industry lost 2.9% of its workforce during the reporting period.
- Taxable sales in Miami-Dade grew 6.9% during the third quarter. Significant increases in taxable sales were also seen in Orlando (7.2%) and West Palm Beach (9.3%).
- Consumer bankruptcy filings increased across all three South Florida counties for an average increase of 9.4% compared to the third quarter of 2012.
- Single-family home sales increased in South Florida increased by 16.2% during the third quarter. The largest increase in median price of sold single family homes was in Broward, 28.3%.
- Demand for office and industrial space is high, with vacancy rates for both decreasing in most major Florida markets. Tampa (16.1%), Miami (16.3%) and Broward (16.3%) had the lowest office vacancy rates. Tampa (6.9%) and Miami (7.0%) also had the lowest industrial space vacancy rates.

**EMPLOYMENT GROWTH**

Decreasing unemployment across the state suggests a continuously improving labor market. Florida's unemployment rate of 7.1% at the end of the third quarter was lowest since April 2013 (also 7.1%). With 7.2% unemployment the Miami-Fort Lauderdale-Pompano Beach area had a rate only slightly higher than the state average. Similarly to previous months, Broward continued to report the lowest unemployment (5.9%) among the three counties. Miami-Dade again had the highest unemployment at 8.1%.

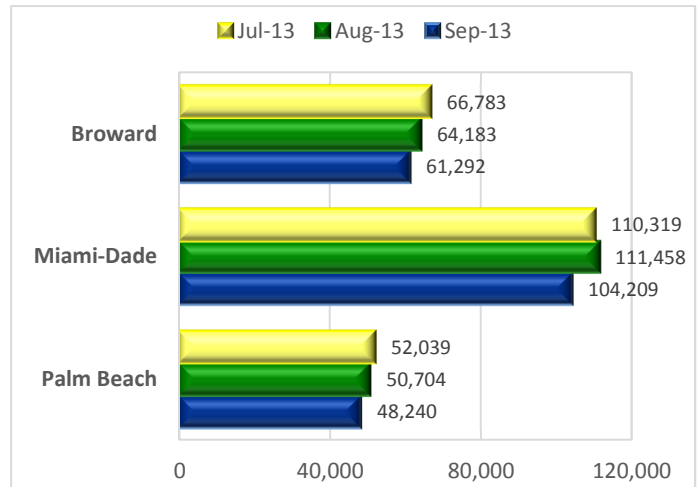
**South Florida Unemployment Rates**



Source: United States Department of Labor, Bureau of Labor Statistics.

Consistent with the unemployment rate decline, unemployment claims dipped overall across the South Florida region. Broward and Palm Beach counties had the greatest decreases from the same quarter of 2012, 18.8% and 16.8% respectively. However, Palm Beach County's unemployment claims increased by 4.4% over the previous quarter. Overall the South Florida region, had a 15.8% decrease in claims from the third quarter of 2012 but only a 1.2% decrease from the second quarter of 2013.

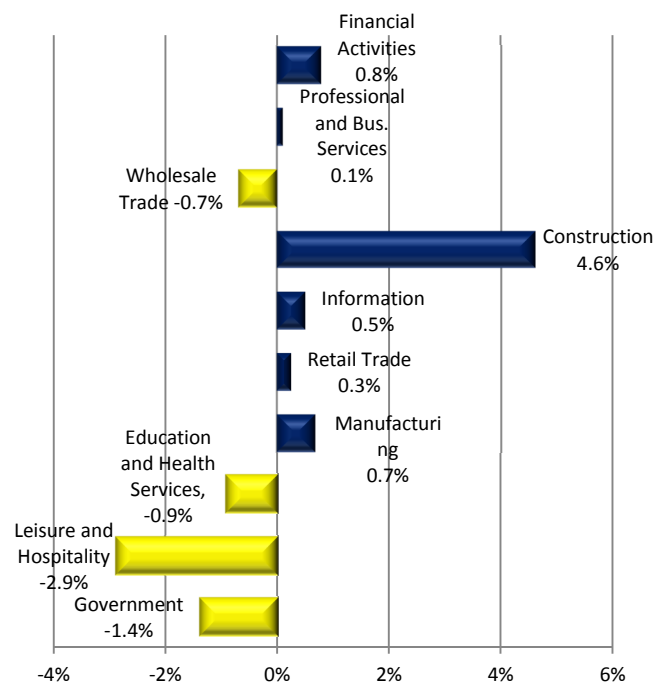
**South Florida Unemployment Claims, 3Q2013**



Source: Florida Department of Economic Opportunity.

Total employment in the Miami-Fort Lauderdale-Pompano Beach area increased by 1.2% from the previous quarter, and decreased by 6% from the same quarter of 2012. The largest gains were in the Construction (4.6%), Financial Activities (0.8%), and Information sectors (0.7%). The Government sector continued to post decreasing employment with a 1.4% decline along with Leisure and Hospitality which showed a 2.9% decrease in employment from the second quarter of 2013.

**Industry Employment Growth, 2Q 2013 – 3Q 2013**



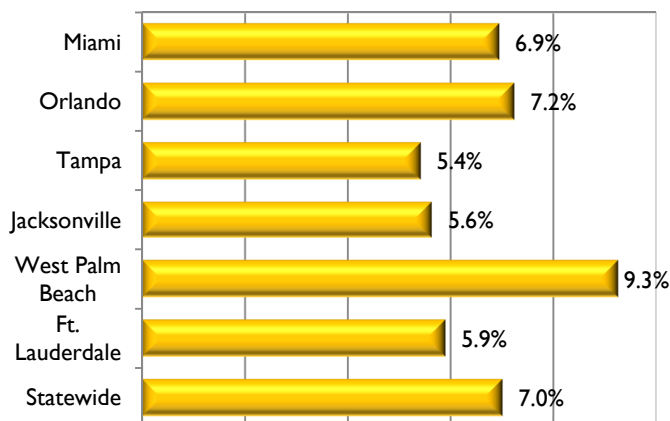
Source: United States Department of Labor, Bureau of Labor Statistics.

**PURCHASING POWER**

The purchasing power of residents is influenced by multiple factors which include cost of living and wages. Some indicators of the purchasing power include the taxable sales collected from the sale of goods in an area, as well as bankruptcy filings. Additionally, 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 0.6% compared to the third quarter of 2012. Food prices increased 0.1%, while gasoline costs decreased by 2.2%. The CPI for all items less food and energy increased by 0.9%.

Spending increased in all major metropolitan areas in Florida from Q3 2012. The largest increase measured through the change in taxable sales was in West Palm Beach (9.3%), followed by Orlando (7.2%). Statewide taxable sales grew overall by 7.0%. Tampa and Jacksonville reported the smallest increases in taxable sales, 5.4% and 5.6% respectively.

**Change in Taxable Sales, Q3 2012 - Q3 2013**



Source: Florida Legislature, Office of Economic and Demographic Research.

In the Miami area the increase in taxable sales was across all categories tracked by the Florida Office of Economic and Demographic Research but the most significant increases were in Business Investment (14.3%), Building Investment (12.4%) and Tourism and Recreation (5.5%). The smallest increases were in the categories of Consumer Durables (2.2%) and Autos and Accessories (3.3%).

The increase in taxable sales across the state was in part influenced by the increase in overnight visitors. According to Visit Florida, the state's official tourism marketing corporation, 22.9 million visitors came to Florida in the third quarter of 2013 (July-September), an increase of 1.7 percent over the same period in 2012. The biggest increase was in overseas visitors, a 10.1% jump from the same time in 2012. Domestic visitors, of which there were an estimated 19.5 million between July 1 and Sept. 30, grew by 0.5% in the year-to-year comparison. The Miami area was on par with the state with a 1.7% increase in visitors.

Data from the US Bankruptcy Courts shows that while the Middle District of Florida (Tampa, Orlando, Jacksonville, Fort Myers) had an overall 8.4% decline in bankruptcy filings, the Southern District (Miami, Broward, Palm Beach) experienced an increase (9.4%) compared to the same quarter the previous year. The Fort Myers area had the largest decrease with 12.4%. Orlando had a sizable decrease as well, 9.6%. However, Miami-Dade County experienced an increase of 14.0%. Of the three counties in the South Florida, Broward had the smallest increase, 1.7%.

**Consumer Bankruptcy Filings by County**

	Q3 2012	Q3 2013	Change
Broward	1,962	1,995	1.7%
Miami-Dade	3,568	4,066	14.0%
Palm Beach	1,068	1,159	8.5%
<b>South Florida</b>	<b>6,598</b>	<b>7,220</b>	<b>9.4%</b>
Jacksonville	2,074	1,915	-7.7%
Orlando	4,572	4,133	-9.6%
Tampa	3,787	3,555	-6.1%
Ft. Myers	1,016	890	-12.4%
<b>Middle District</b>	<b>11,449</b>	<b>10,493</b>	<b>-8.4%</b>

Source: U.S. Bankruptcy Court, Southern District and Middle District.

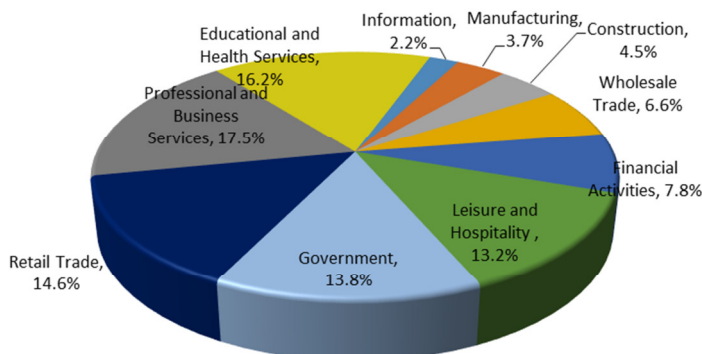
Unlike consumer bankruptcies, business bankruptcies in South Florida decreased by 11.8% compared to the third quarter of 2012 and by 15% compared to the second quarter of 2013. Broward had the largest decrease in business bankruptcies from 2012, 20.9%, followed by Palm Beach with a 17.9% decrease. Miami-Dade, the county with the highest number of bankruptcy filings, only had a 1.1% decrease.

**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.

For the Miami-Ft. Lauderdale-Pompano Beach MSA, the sectors with most employment were Professional and Business Services (370,900); Education and Health Services (343,300); Retail (309,400); and Government (293,433). Construction saw the highest increase in employment, up over 4,000 jobs compared to Q2 2013. Financial Activities added approximately 1,300 jobs, while Retail Trade added 800 jobs.

**Industry Employment, Third Quarter 2013**



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

The Leisure and Hospitality industry experienced a significant loss in the third quarter of the year, with more than 8,000 jobs lost over the 3-month period. Government also saw a decline in job growth, with over 4,000 jobs lost. Education and Health Services along with Wholesale Trade lost 3,167 and 967 jobs respectively. Despite these decreases, total nonfarm employment figures for the region were up 66,700 jobs compared to last year.

Retail Salespersons, Cashiers, Waiters and Waitresses, Customer Service Representatives and Registered Nurses continue to comprise the largest employment share for the State. While the Bureau of Labor Statistics (BLS) indicated nationwide employment growth to be at 1.8 percent, the South Florida region experienced growth higher than the national average. Palm Beach experienced the biggest increase in overall employment (3.8%). Nationwide, average weekly wages increased 1.9% over 2012. Within the South Florida region, Palm Beach County (2.4%) had growth exceeding the national average. Broward and Miami-Dade County’s average weekly wage was slightly below, showing a 1.2% and 1.8% increase respectively over the previous year.

**Establishments and Wages by County, Third Quarter 2013**

County	Establishments (thousands)	Employment		Average Weekly Wage	
		March 2013 (thousands)	Change, March 2012-2013	3Q13	Change, 3Q12-3Q13
<b>Broward</b>	65.4	719.4	2.6%	\$846	1.2%
<b>Miami-Dade</b>	93.4	1,016.7	2.4%	\$873	1.8%
<b>Palm Beach</b>	51.2	518.4	3.3%	\$884	2.4%

Source: Bureau of Labor Statistics County and Employment Wages, Third Quarter 2013. Table Created by FIU Metropolitan Center.

## RESIDENTIAL REAL ESTATE STABILITY

The South Florida residential real estate market showed continued improvement in Q3 2013. Existing single-family home sales increased by 16.2% over the previous year. Single-family home sales in Miami-Dade County saw a significant increase (21.2%), with Broward County and Palm Beach County seeing similar gains (9.2% and 19.6% respectively). These third quarter figures are in line with the state of Florida as a whole. Statewide single-family home sales increased by 17.3%.

In addition to increased volume of sales, sales prices also continued to increase. Broward, which has the highest averaged-price homes in the area (\$272,000), also had the highest median price increase for sold homes, 28.3%. Miami-Dade, which had the region's lowest median price for sold homes (\$230,000) registered an increase of 21.1%, while median price in Palm Beach increased 13.7%.

Single Family Home Sales by County			
COUNTY	3Q 2012	3Q 2013	CHANGE from 2013
<b>Miami-Dade</b>			
Realtor Sales	2,925	3,545	21.2%
Median Price	\$190,000	\$230,000	21.1%
<b>Broward</b>			
Realtor Sales	3,739	4,082	9.2%
Median Price	212,000	272,000	28.3%
<b>Palm Beach</b>			
Realtor Sales	3,507	4,194	19.6%
Median Price	\$219,900	\$250,000	13.7%
<b>Florida</b>			
Realtor Sales	51,735	60,661	17.3%
Median Price	\$147,500	\$175,000	18.6%

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

All three counties experienced significant increases in median prices for condos; Miami-Dade, which has the highest median price condominium in the region (\$183,600), grew by 26.6% during Q3 2013. In Palm Beach the median price of a condo increased by 32.2%, while in Broward, with the lowest median price for a condo in the region (\$110,000), condo prices increased by 29.1%. Existing condominium sales in the region were up slightly (3.1%) for the third quarter.

Townhome and Condo Sales by County			
COUNTY	3Q 2012	3Q 2013	CHANGE from 2013
<b>Miami-Dade</b>			
Realtor Sales	4,124	4,482	8.7%
Median Price	\$145,000	\$183,600	26.6%
<b>Broward</b>			
Realtor Sales	3,979	4,290	7.8%
Median Price	\$85,225	\$110,000	29.1%
<b>Palm Beach</b>			
Realtor Sales	3,304	2,996	-9.3%
Median Price	\$87,000	\$115,000	32.2%
<b>Florida</b>			
Realtor Sales	24,439	27,200	11.3%
Median Price	\$105,000	\$130,000	23.8%

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

Changes in foreclosure filings also show a relative stabilization of the residential real estate market when compared to previous quarters. For the State of Florida foreclosure activity in the third quarter decreased 8 percent from a year ago, but the state still posted the nation's highest foreclosure rate during the quarter. South Florida, however, experienced significant decreases in filings. Miami-Dade saw the largest decrease, with a 63.2% reduction compared to the previous quarter. In Palm Beach the drop was 50.1%, and in Broward the filings dropped by 7.6%. In Q3 2013, South Florida overall saw a 47.2% reduction in foreclosure filings.

## Foreclosure Filings by County

AREA	3Q 2012	2Q 2013	3Q 2013	Change from 2012	Change from Q2
<b>Miami-Dade</b>	7,101	5,663	2,086	-70.6%	-63.2%
<b>Broward</b>	2,374	2,512	2,322	-2.2%	-7.6%
<b>Palm Beach</b>	1,966	3,030	1,512	-23.1	-50.1%
<b>South Florida</b>	11,441	11,205	5,920	-48.3%	-47.2%

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 performed well overall; vacancy rates held constant and on par with other major commercial real estate markets in Florida

Tampa led the state with the lowest available office vacancy rate, 16.1%, while Jacksonville had the highest, 20.5%. Both year-to-date (YTD) leasing and absorption rates throughout the region were on par with Q3 2012. Tampa led the state in terms of YTD leasing, for a total of 1,818,386, while Miami led in YTD absorption, with a total of 423,335.

There were some changes in the vacancy rates in some Florida markets, with Miami showing a lower vacancy rate compared to the third quarter of 2012 when office vacancy was at 17.1% and industrial at 6.9%. All major Florida markets showed a decrease in office vacancy with the exception of Jacksonville where the rate increased to 20.5%, up from 19.9% reported in Q3 2012.

Industrial space vacancy rates also decreased in most markets with the exception of Miami and Broward which showed slight increases. However, Miami had the highest YTD leasing activity for industrial space, with a total of 3,519,643. YTD overall absorption was highest in Orlando (1,261,961). Tampa registered the lowest overall absorption for Q3 2013 (333,862).

### 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>	46,664,365	159,425,303	16.3%	7.0%	1,799,303	3,519,643	423,335	800,044
<b>Palm Beach County</b>	24,920,157	41,505,502	20.0%	7.4%	736,131	1,149,019	194,868	565,308
<b>Broward County</b>	28,567,861	92,831,046	16.3%	8.4%	1,169,837	1,827,666	358,484	984,195
<b>Jacksonville</b>	26,297,456	103,440,196	20.5%	9.9%	1,025,646	2,193,635	236,544	425,026
<b>Orlando</b>	37,048,667	105,733,436	18.0%	8.9%	1,554,263	2,660,763	39,486	1,261,961
<b>Tampa</b>	32,207,390	78,779,511	16.1%	6.9%	1,818,386	1,827,888	112,917	333,862

Source: Cushman & Wakefield, Marketbeat United States Office/Industrial Report, Q3 2013. Table Created by FIU Metropolitan Center



**Metropolitan  
Center**

The Florida International University Metropolitan Center is an applied research and training institute that provides policy solutions to public, private and nonprofit 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 Housing Market Analysis  
 Training and Organizational Development  
 Survey and Opinion Research

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