

Introduction

Economic Currents provides a comprehensive 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 as quantitative measures to establish benchmarks, prioritize resources, target markets and apply for funding. The report provides measurable indicators for five drivers of economic sustainability – employment growth, economic growth, household purchasing power, residential real estate stability and commercial/office market activity.

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Overview

South Florida’s economy continued to show some signs of improvement in 4Q 2011. The area had the lowest unemployment rate since 2009. The total non-agricultural employment increased by 1.9 percent which reflects a total of 43,600 new jobs created in the South Florida area in the last quarter of 2011. Other positive signs of recovery were the continued decline in the number of personal and business bankruptcy filings, and the stable commercial real estate market. However, South Florida’s economic recovery is hindered by rising prices. From December 2010 to December 2011 there was a 3.1 percent increase in prices mainly due to large increases in transportation, apparel and energy costs. In addition, while South Florida experienced a robust real estate sales activity, median sales prices continued to drop and foreclosures increased by 20 percent since September 2011.

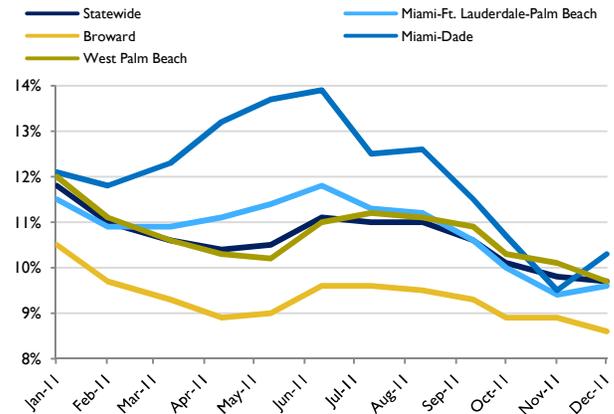
Key Findings, 4th Quarter and Year End, 2011:

- Miami-Dade County had its steepest drop in unemployment, from nearly below 14 percent in June to 10.3 percent in December. The lowest unemployment rate was 9.5 percent in November.
- Education and Health Services and Leisure and Hospitality industry sectors had the largest employment gains in 2011.
- From December 2010 to December 2011 there was a 3.1 percent increase in consumer prices with the highest increases in transportation, apparel, and energy.
- There has been an 8.5 percent increase in taxable sales revenue year-over-year with the majority of increases coming from sales in autos and accessories, consumer durables, and business investment.
- New bankruptcy filings continue to decrease throughout South Florida with the exception of West Palm Beach.
- Since December 2010, there has been a per month overall decrease in the average number of business bankruptcy filings in South Florida.
- Over the past year the number of single-family home and condominium sales has increased but median sales prices have continued to decrease.
- Overall, South Florida’s single-family home prices declined by 8 percent and condominiums by 4 percent in 2011. However, in Broward County the median sales price has increased for both.
- Vacancy rates for commercial real estate continue to steadily decrease, while inventory and leasing activity are on the rise.

EMPLOYMENT GROWTH

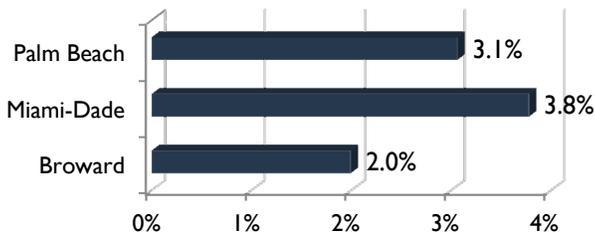
Unemployment rates have been steadily decreasing since August of 2011. Miami-Dade County has seen the steepest decrease in unemployment from nearly 14 percent in June to 10.3 percent in December. November saw the lowest unemployment rate in Miami-Dade County since the beginning of the recession which was on par with the rest of South Florida. However, at the end of the 4Q Miami-Dade County saw a slight increase (9.5% to 10.3%) in unemployment which was due to recent layoffs in local government. Broward County continued to have the lowest unemployment in the region (8.6%) and showed steady improvement.

South Florida Unemployment Rates



Source: Florida Department of Economic Opportunity

Percent Employment Growth 2011

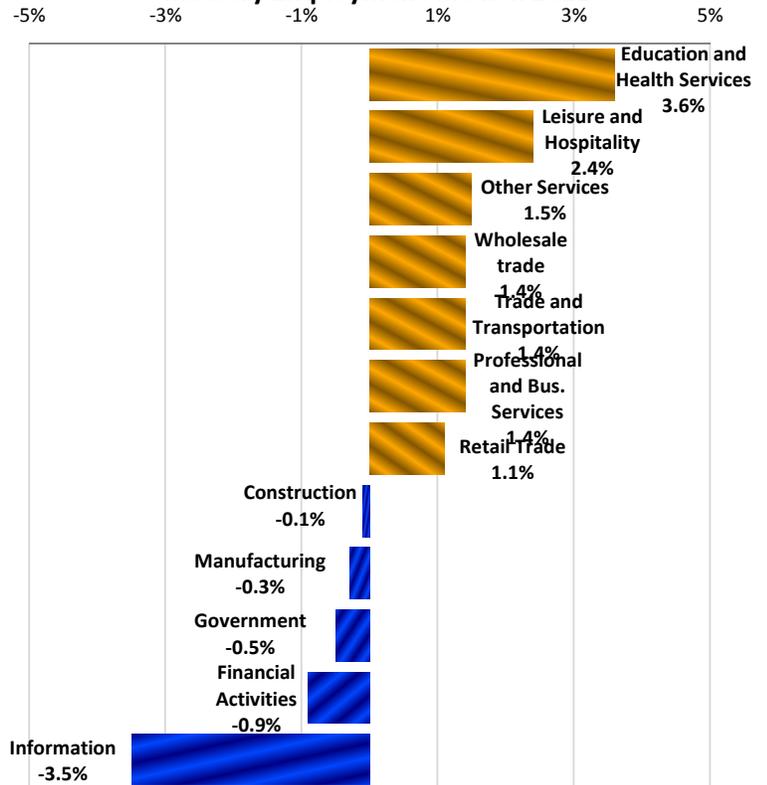


Source: Florida Department of Economic Opportunity

The number of people employed in South Florida has increased significantly over the last year. Miami-Dade County had a 3.8 percent increase in employment or 42,780 new jobs, followed by Palm Beach County with a 3 percent increase or 16,585 new jobs, and Broward County with a 2 percent increase or 17,454 new jobs.

Though overall gains and losses in employment slowed in 4Q2011, there were significant yearly gains in employment in certain industries. The Education and Health Services sector had the largest gains in 2011 with a 3.6 percent increase in employment. This increase was primarily in Hospitals which had a 4.5 percent increase in employment in 2011. Leisure and Hospitality was also a top sector in job creation in 2011 with a 2.4 percent increase in employment. South Florida job loss was mainly in the Information sector which had a 3.5 percent decrease in employment over the last year. In 4Q2011, the industry sectors with the largest increase in employment were: Trade, Transportation and Utilities (4.3%), Other Services (2.7%) which comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system, such as equipment and machinery repair, personal care services, dry cleaning and laundry services, and Leisure and Hospitality (2.6%). Overall, total non-agricultural employment increased by 1.9 percent in 4Q which represented a total of 43,600 jobs created.

Industry Employment Growth 2011



Source: Florida Department of Economic Opportunity

PURCHASING POWER

Purchasing power can be defined as the amount of goods and/or services one unit of money can buy. Inflation decreases purchasing power because as the value of the dollar decreases, consumers are unable to purchase as many goods and/or services with the same amount of money. The Consumer Price Index of the Bureau of Labor Statistic's measures the average change in prices over time. Over the last 2 months of 2011 the Miami Metropolitan Area had a decrease in prices over the majority of categories resulting in an overall decline if 0.1 percent. However, from December 2010 to December 2011 the overall increase in prices was 3.1 percent. The largest price declines in the 4th quarter came from energy with a 2.4 percent decrease, apparel with a 4.1 percent decrease and transportation with a 1 percent decrease. However, year over year many of the same items have had the largest increases in price. From 2010 to 2011 transportation costs had increased by 8.4 percent, apparel by 6.1 percent and energy by 7.3 percent. South Florida's prices have seen the largest increases in the country over the last year just behind Seattle and Detroit (Bureau of Labor Statistics).

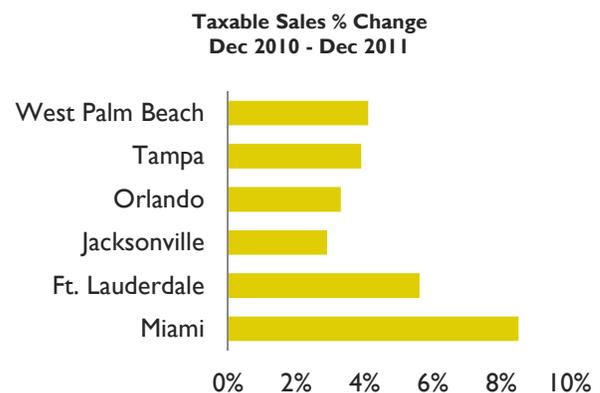
In addition to the CPI, taxable sales revenues can illustrate purchasing power because they correlate with how much people are buying. Taxable sales continue to show a growth trend throughout the fourth quarter as well as the year. Within the South Florida region, Miami continued to show the largest increase in taxable sales with an 8.5 percent increase from Dec 2010 to Dec 2011 with the majority of the increase coming from sales in Autos and Accessories (10.2 percent increase), Consumer Durables (10.3 percent increase) and Business Investment (9.5 percent increase). This shows signs of greater purchasing power because people are buying larger items at a higher rate. Even though taxable sales include tourist activity, it is still a good indicator of the strength of the local retail and service sectors. The upward trend in large item sales continued throughout South Florida with Consumer Durables increasing by 16.7 percent in Broward County and 17.6 percent in Palm Beach County.

Bankruptcy Filings

	Dec-10	Sep-11	Dec-11	CHANGE Dec10-Dec-11	CHANGE Sep-11-Dec11
Miami	1,240	1,483	1,204	-2.9%	-18.8%
Broward	867	786	655	-24.5%	-16.7%
West Palm Beach	733	660	708	-3.4%	7.3%
South Florida Total	2,840	2,929	2,567	-9.6%	-12.4%
Jacksonville	796	747	699	-12.2%	-6.4%
Orlando	1,629	1,601	1,509	-7.4%	-5.7%
Tampa	1,689	1,487	1,300	-23.0%	-12.6%
Middle District Total	4,640	4,303	3,871	-16.6%	-10.0%

Source: United States Bankruptcy Court Middle District of Florida, United States Bankruptcy Court Southern District of Florida, 2011. Table Created by FIU Metropolitan Center.

Bankruptcy rates relate to purchasing power in that the greater number of people who file for bankruptcy the fewer consumers there are to infuse money into the local economy. New bankruptcy filings continued to decline in 4Q2011 throughout Florida with the exception of West Palm Beach, which had an increase of 7.3 percent. In 2011, there were significant declines in the number of new bankruptcy filings, particularly in Broward County with a 24.5 percent decrease. South Florida had a 9.6 percent overall decrease in new bankruptcy filings in 2011. A majority of the increased filings happened in the middle of 2011 but have been declining since. The downward trend in new bankruptcy filings bodes well for the purchasing power of South Florida consumers for the coming year.

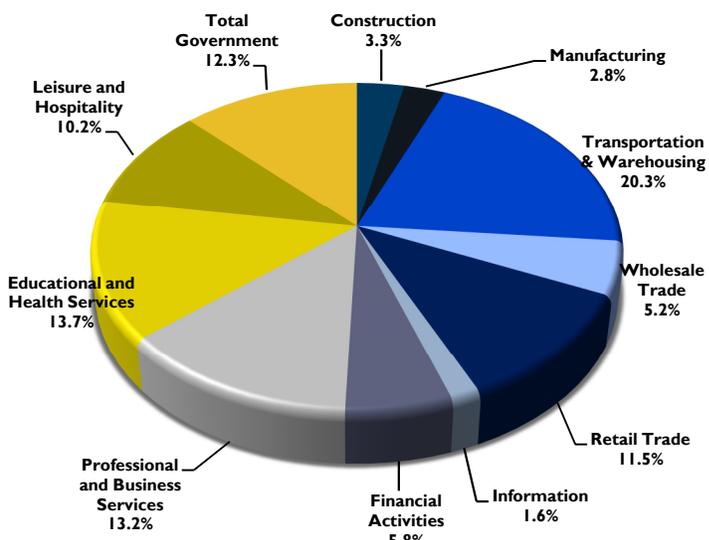


Source: Office of Economic and Demographic Research.

ECONOMIC GROWTH

Since economic growth is closely tied to employment growth, it is important to look at the fastest growing industry sectors in terms of new and projected employment. The Transportation and Warehousing sector accounts for 20.3 percent of all non-agricultural employment in South Florida. Employment in this sector showed steady growth in 4Q2011 (4.3 percent) and for the year (1.4 percent). Education and Health Services accounts for 13.7 percent of the total employment in the region and had a significant 3.6 percent increase since 4Q2010. The Leisure and Hospitality sector accounts for 10.2 percent of employment and had growth of 2.6 percent in 4Q2011 and a 2.4 percent growth for the year.

Industry Percent of Total Employment



Industries gaining the most new jobs	Employment		Annual Openings
	2011	2019	
Miami-Dade			
Local Government	106,431	119,300	1,609
Professional, Scientific and Technical Services	62,655	74,005	1,419
Administrative and Support Services	60,539	71,667	1,391
Ambulatory Health Care Services	52,455	60,129	959
Educational Services	31,643	36,795	644
Broward			
Professional, Scientific and Technical Services	54,226	66,255	1,504
Administrative and Support Services	57,898	68,305	1,301
Ambulatory Health Care Services	42,353	51,049	1,087
Local Government	84,572	93,167	1,074
Specialty Trade Contractors	21,800	29,339	942
Palm Beach			
Professional, Scientific and Technical Services	35,503	45,802	1,287
Ambulatory Health Care Services	33,508	42,809	1,163
Administrative and Support Services	39,490	47,449	995
Food Services and Drinking Places	43,906	50,882	872
Specialty Trade Contractors	15,221	21,318	762

Source: Florida Department of Economic Opportunity: floridajobs.org.

three counties are projected to have high increases in Administrative and Support Services, Ambulatory Health Care Services and Professional, Scientific and Technical Services. Miami is projected to have very high gains in Local Government employment with 1,609 annual jobs opening per year. Broward County is projected to increase Specialty trade Contractors by 942 per year and Palm Beach County is projected to increase Food Services and Drinking Places jobs by 872 per year.

Business bankruptcy filings can illustrate the overall financial stress on local businesses. From year end 2010 to year end 2011 there was an overall decrease in the average number of monthly business filings in South Florida (31 cases per month). In 2011 the region averaged about 105 business bankruptcy filings per month with March having the highest number at 132 new cases and November the lowest with 77 new cases. While there was a downward trend in 2011, the 2011 numbers are still high in comparison to the average of 64 monthly filings in the pre-economic recession year of 2007.

The Florida Department of Economic Opportunity (FDEO) releases employment projections every year, projecting out for eight years ahead. FDEO's latest report showed there are both similarities and differences among the TriCounties of South Florida. All

RESIDENTIAL REAL ESTATE STABILITY

The residential real estate market has been slower to show improvement than other areas of the South Florida economy. South Florida increased the number of sales of both single family homes (22 percent) and condominiums (28 percent) in 2011. However, the increased sales activity was offset by a continued decrease in median sales prices. Overall, in 2011 South

Florida's existing single-family home prices decreased by 8 percent and existing condominium prices by 4 percent. The Fort Lauderdale MSA had an increase in median sale prices for both existing single-family homes and condominiums, while the West Palm Beach MSA had significant decreases in median sales for both existing single-family homes and condominiums.

Table: Existing Home Sales Activity

	Fort Lauderdale		Miami		West Palm Beach		Change for Region
	Year End 2010	Year End 2011	Year End 2010	Year End 2011	Year End 2010	Year End 2011	
Existing Single-Family Home Sales							
Realtor Sales	11,548	12,817	7,308	9,920	9,584	11,900	22%
Median Price	\$179,200	\$186,000	\$189,400	\$172,700	\$228,900	\$193,700	-8%
Existing Condominium Sales							
Realtor Sales	15,049	16,714	9,760	15,009	10,100	13,124	28%
Median Price	\$70,800	\$74,800	\$117,000	\$113,800	\$90,000	\$77,500	-4%

Source: Florida Association of Realtors.

Foreclosures are also still a very large problem in South Florida. The region still has one of the highest foreclosure rates in the country and while the numbers steadily decreased in 2011, the number of new foreclosures each month remains very high. At the end of 4Q2011, the Palm Beach County had the highest foreclosure rate of 1 in 249 properties followed closely by Broward County with 1 in 250 homes in foreclosure.

Palm Beach County was also the only county in South Florida with an increase in new foreclosure activity in 4Q2011, while Miami-Dade County had a significant decrease in new foreclosure activity during the quarter. However, compared to September, 2011 there was a significant increase in the number of new foreclosure activity in all three counties.

Table: Foreclosure Activity 4th Quarter

	Florida	Miami	Broward	WPB
Total # Foreclosures	171,781	27,440	22,092	15,144
Average Foreclosure Sale Price	\$119,685	\$136,007	\$128,422	\$128,204
Ratio	1 in 360	1 in 278	1 in 250	1 in 249
New Foreclosure Activity Oct-Dec	82,388	12,965	10,140	6,998
% Pre-Foreclosure	45%	39%	62%	56%
% Auction	25%	36%	21%	18%
% Bank Owned	30%	25%	17%	26%

Source: RealtyTrac.

Table: Foreclosures 4th Quarter

COUNTY	FORECLOSURES		% Change
	Sep-11	Dec-11	
Broward	2,553	3,219	26%
Miami-Dade	3,424	3,519	3%
Palm Beach	1,798	2,587	44%
South Florida	7,775	9,325	20%
Florida	24,077	24,576	2%

Source: RealtyTrac

COMMERCIAL REAL ESTATE STABILITY

Commercial real estate activity is a very important factor in determining and growth and stability of the regional economy. It is an indicator of business creation and expansion, and may point to the presence of vibrant entrepreneurial activity in a region. The commercial real estate market of South Florida has a positive outlook. Vacancy rates continued to decrease slowly but steadily in 4Q2011, while inventory and leasing activity continued to increase. The office market performed better than the industrial market as far as increasing inventory. Ft. Lauderdale's office vacancy rate fell 0.1 percent in 4Q2011, while the industrial vacancy rate fell 0.2 percent. Palm Beach had a larger decrease in the industrial vacancy rates of 0.3 percent, but had an increase in office vacancy rates of 1.7 percent. Miami-Dade County's vacancy rates in both markets fell flat from the 3rd to 4th quarter.

According to Cushman & Wakefield, the Fort Lauderdale MSA is was recovering from a huge negative absorption rate that occurred in 2Q 2011, but was slowly showing improvement with each passing quarter. Absorption is the rate at which vacant properties are filled and negative absorption would be the result of companies vacating with no tenant to fill the spot.

According to Cushman & Wakefield's South Florida Market Beat, the outlook is good for 2012 in both the office and industrial markets. Some major developments in Miami-Dade County point to the optimism of this sector for continued growth. Two significant projects are the Marlins Stadium which was set to open in March 2012, and Brickell Citi Center which is expected to break ground in 2012 and should be a significant addition to the commercial real estate market upon completion.

Table: Commercial real Estate Activity

Market	Inventory (sqft)		Vacancy Rate		YTD Leasing Activity		YTD Overall Absorption	
	Office	Industrial	Office	Industrial	Office	Industrial	Office	Industrial
Miami	49,061,555	161,496,963	19.2%	8.1%	3,113,554	7,302,526	605,628	2,292,704
Palm Beach	24,869,279	41,730,055	21.3%	8.4%	1,382,532	1,351,515	405,745	426,597
Broward	30,008,682	92,956,487	17.1%	9.1%	1,617,623	2,410,261	24,148	285,343
Jacksonville	24,483,275	100,551,387	20.6%	11.0%	1,363,018	2,534,859	317,365	1,181,106
Orlando	37,757,619	106,093,475	20.2%	13.1%	1,898,533	4,545,192	362,094	1,485,385

Source: Cushman & Wakefield Marketbeat 4Q11.



**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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