

Miami-Dade County: Analysis of Current Economic Conditions and Trends

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Overview

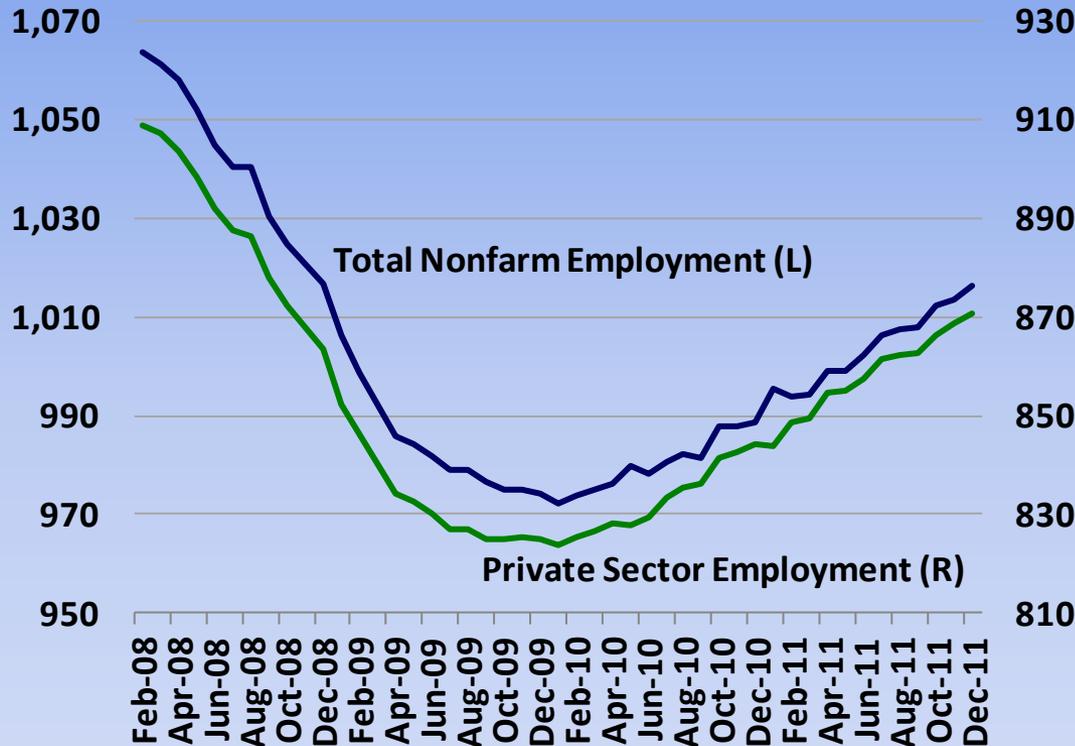
- Labor Market
 - 2 yr positive trend in (payroll) job creation (+44K)
 - 1st half of 2011 marked by acceleration in job growth, but loss of momentum since Aug.
 - Unemployment rate down sharply to 10.2% in December from peak of 12.6% in May 2010 (seasonally adjusted rates).
 - Number of unemployed residents fell by 17% as a result of 49,100 additional employment (including self-employed), and despite a modest 1.9% increase in the labor force from December 2010 to December 2011.
- Real Estate Market
 - Foreclosure filings and REOs down 50% in 2011 vs 2010, but started to climb slowly in the last half of the year.
 - Residential sales volume up 46% in 2011 with modest appreciation in SF home values, but more robust gains in condo prices.
 - Except for office market, commercial real estate in Miami-Dade starting to show signs of improvement: vacancy rates down, lease rates up, and positive net absorption in 2011.

Overview (continued)

- Tourism
 - Sector continues to perform well with hotel occupancy rates, hotel room rates, and room inventory all registering y/y gains in 2011.
 - Visitor estimates are up, and CDT tax collections have been very robust.
- Taxable Sales
 - Strong growth in taxable sales with monthly sales close to pre-recession peak levels.
- International Trade
 - Int'l trade continues to be a bright spot in the local economy.
 - Value of trade from county's airport and seaport up almost 20% in 2011.
 - Some geographic diversification of trade partners in exports and imports is occurring.
 - Key investments in int'l trade infrastructure holds promise of significant trade expansion after 2014.
- 2012 expected to be another year of (moderate) growth, but with significant forecast risks from international and (to a lesser degree) domestic sources.

Employment growth slowly picked up steam in 2011

Miami-Dade Nonfarm Payroll Employment
Thousands of Jobs, Seasonally Adjusted



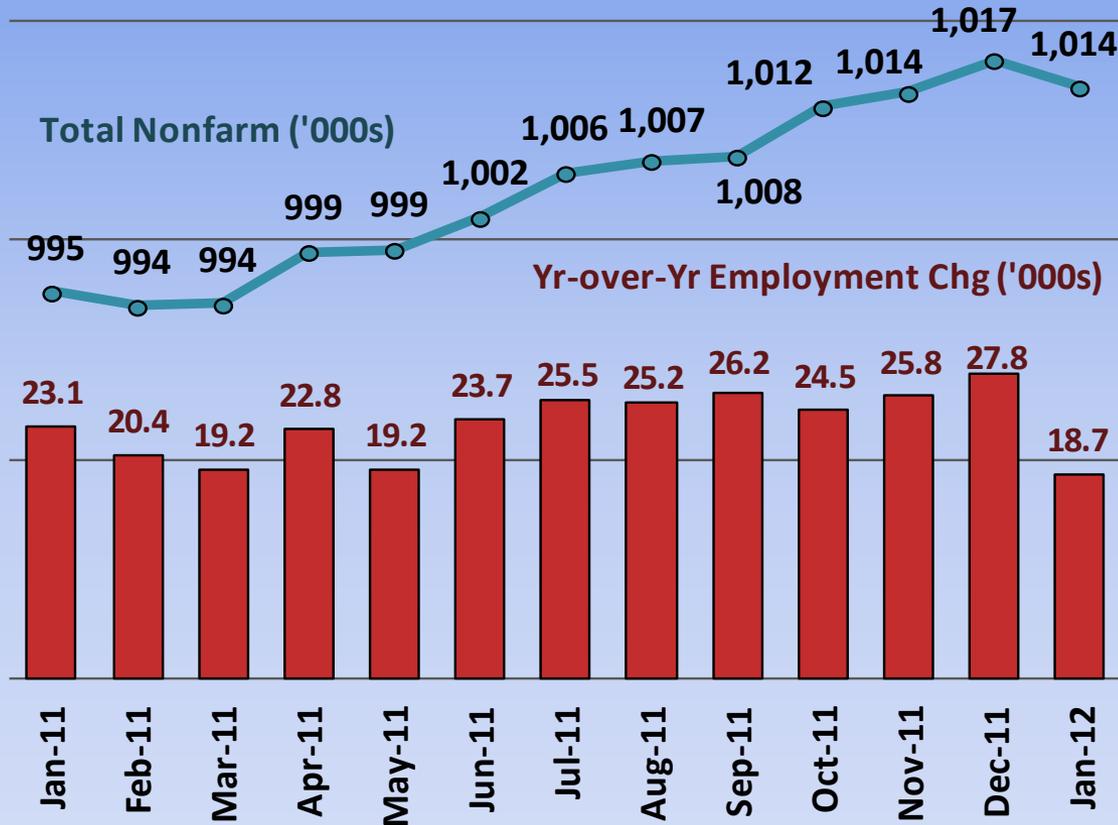
Data Source: Florida Agency for Workforce Innovation

- Since Jan 2010 MDC recovered 44,000 (47%) of the 93,000 payroll jobs lost from Jan'08 to Jan'10.
- Avg. monthly job gain since Jan'10 = 1,210, but avg gain = 2,320 in 2011
- Average gains of 3,000/mo. needed to feel like a true recovery.

Latest 12-Months Payroll Jobs

Payroll Employment (SA)

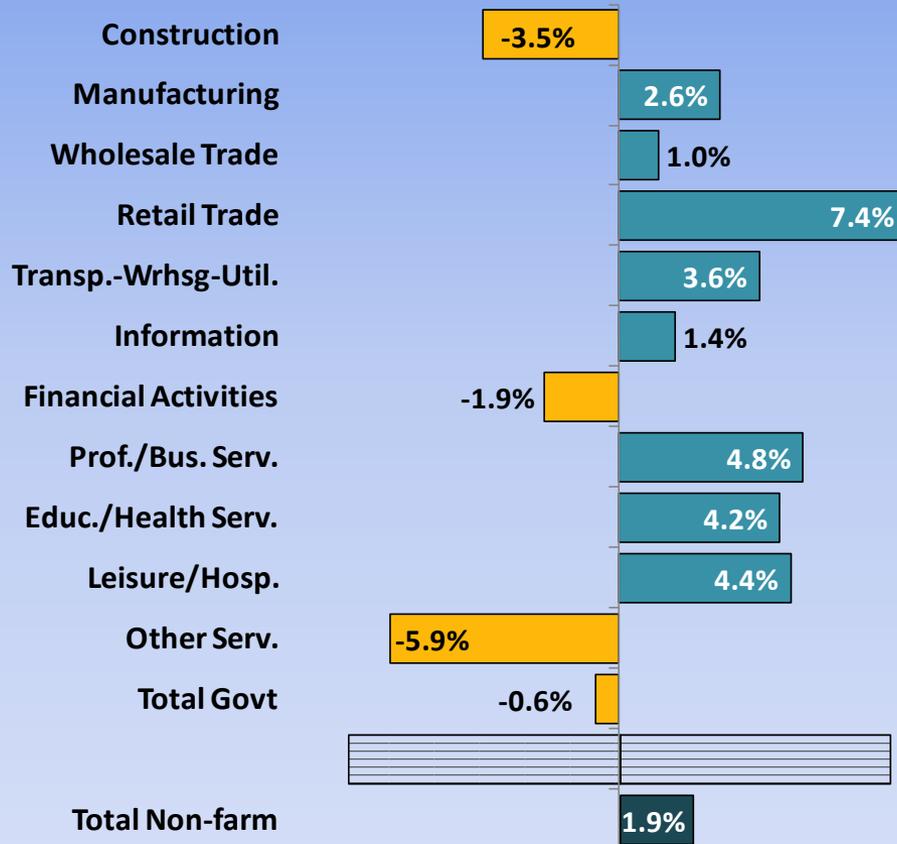
Data Source: US BLS



- Employment growth in 1st half 2011 was encouraging (+2,200 / month)
- Employment gains were a little better (2,400) in the last 6 months 2011.
- March revisions to the 2011 estimates from BLS show stronger growth than previously reported.

Yr/Yr Growth by Broad Sector

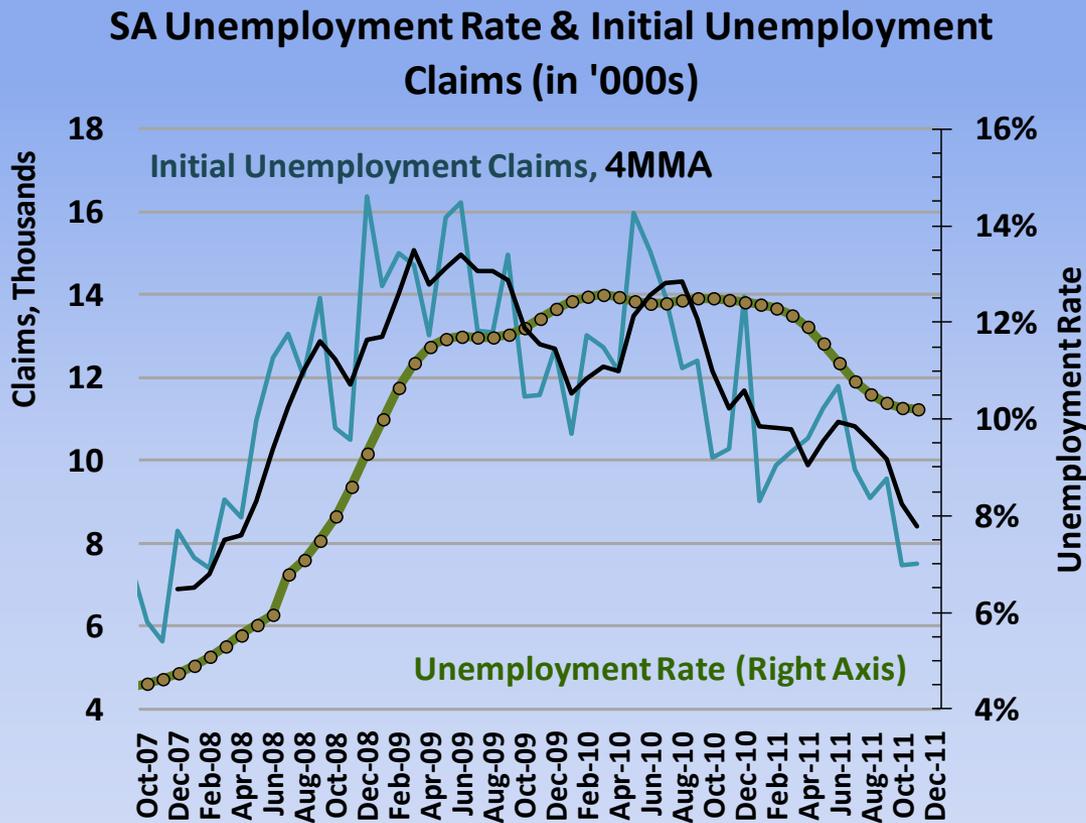
Miami-Dade Payroll Employment % Change Jan. 2012 over Jan. 2011



Data Source: U.S. Bureau of Labor Statistics, OEDIT.

- Relatively large employment sectors led the growth in 2011– retail, professional & bus. svs, hospitality & leisure, and healthcare,
- Relatively strong gains in smaller wholesale trade and transp/warehsng and manufacturing
- Construction and finance sectors continued to be a drag on employment creation.
- Total Nonfarm payrolls up 1.9% January/January

Unemployment Estimates



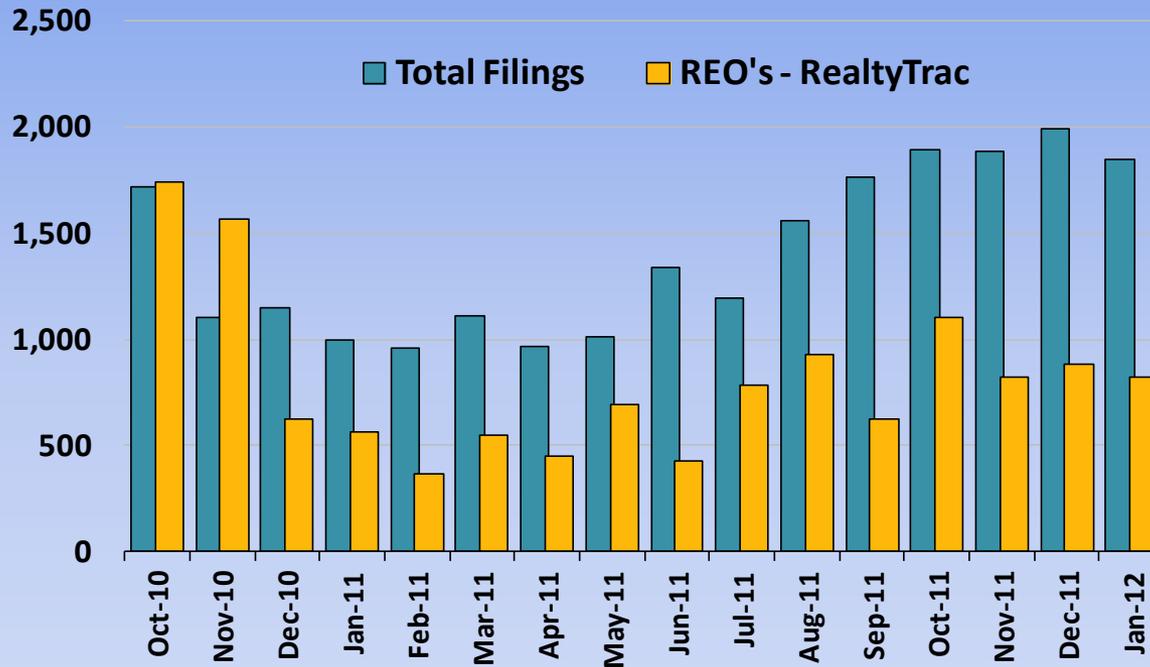
Data Source: Bureau of Labor Statistics

BLS revised prior estimates in March 2012.

- UR leveled off when payroll jobs stopped falling in Jan 2010.
- Demographic shift to working age pop. (+106k) contributed to rise in UR in 2009-10
- More recently LF growth flattened out and job gains are having greater impact on UR.
- Expect this trend to continue.
- Initial claims for UE on downward trend all year.

Housing Foreclosures

Miami-Dade Foreclosure Filings and REO's

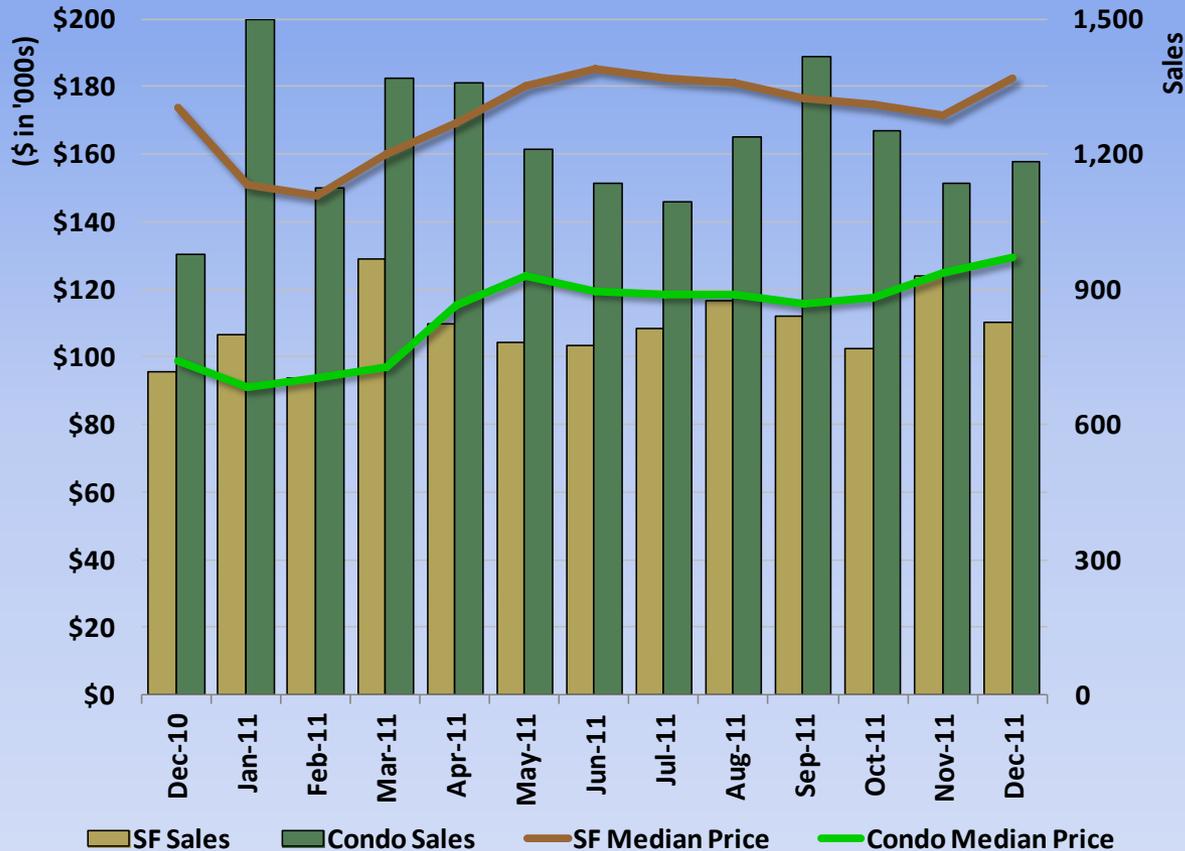


Data Sources: Miami-Dade Clerk of Courts, RealtyTrac.

- Both filings and REOs have crept higher since last summer.
- Foreclosure process is taking approximately 18 months (2011).
- In 2011: 16,700 foreclosure filings (1/2 of 2010)
- In 2011: 8,200 REOs (8.2/1000 housing units, -50% from 2010)
- Realtytrac estimates 1:265 units were in foreclosure for Jan. 2012

Existing Home Sales & Prices

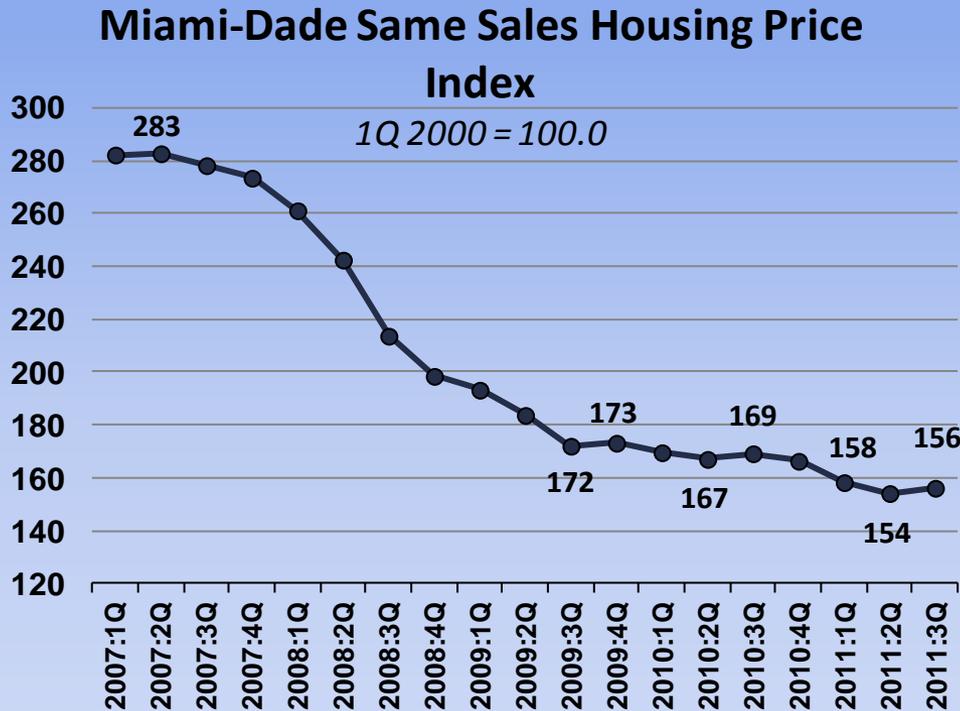
Existing Homes Sales and Median Price
(Seasonally Adjusted)



Data Source: Florida Realtors.

- Homes sold through realtors in 2011 46% above 2010.
- Prices of SF & condo homes rebounding after slump in 2nd half of 2011.
- Continuing distressed sales; soft price ceiling remains likely for 2012.
- Good chance of price stabilization and modest appreciation by year's end.
- Latent demand + better credit access; stronger housing market in 2012 is likely.

Same Sales Housing Price Index

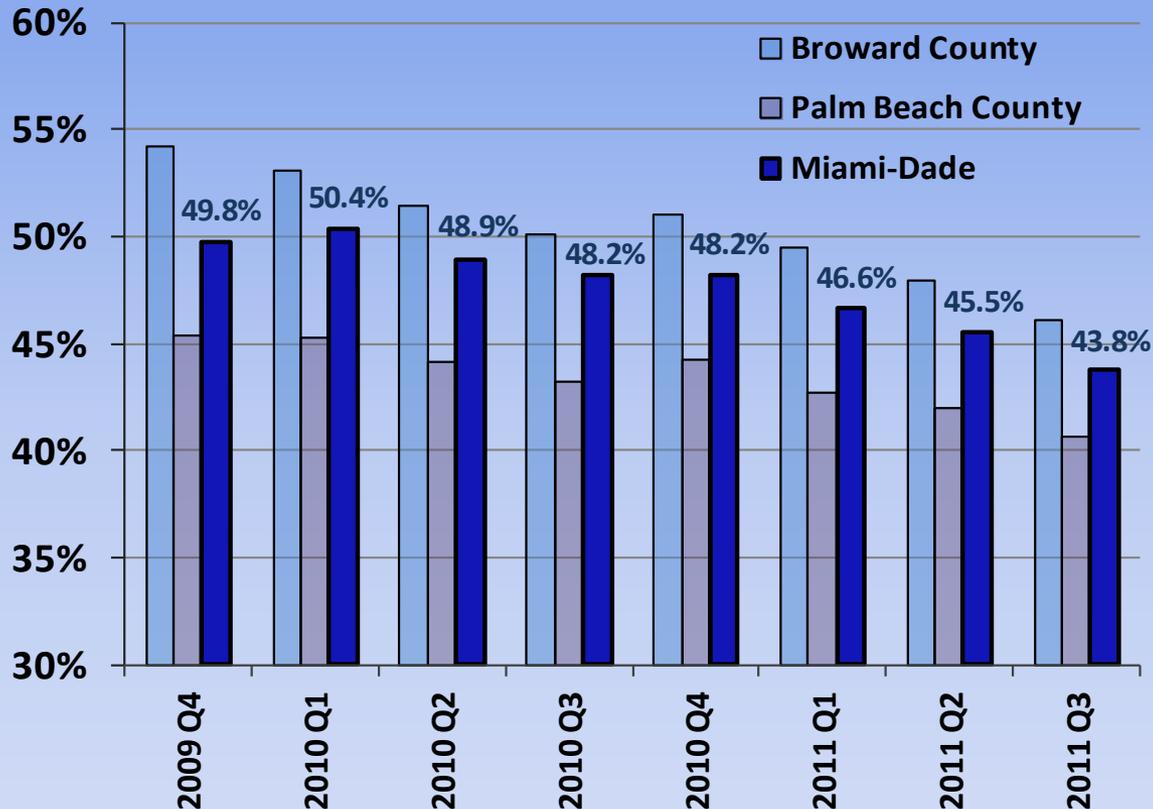


Data Source: Federal Housing Finance Agency

- Federal Housing Finance Agency (FHFA) indicates that home prices were off by 8% in Miami-Dade 3Q/3Q.
- 4th quarter data not out yet, but expect 6% decline 4Q/4Q

Negative Equity Borrowers

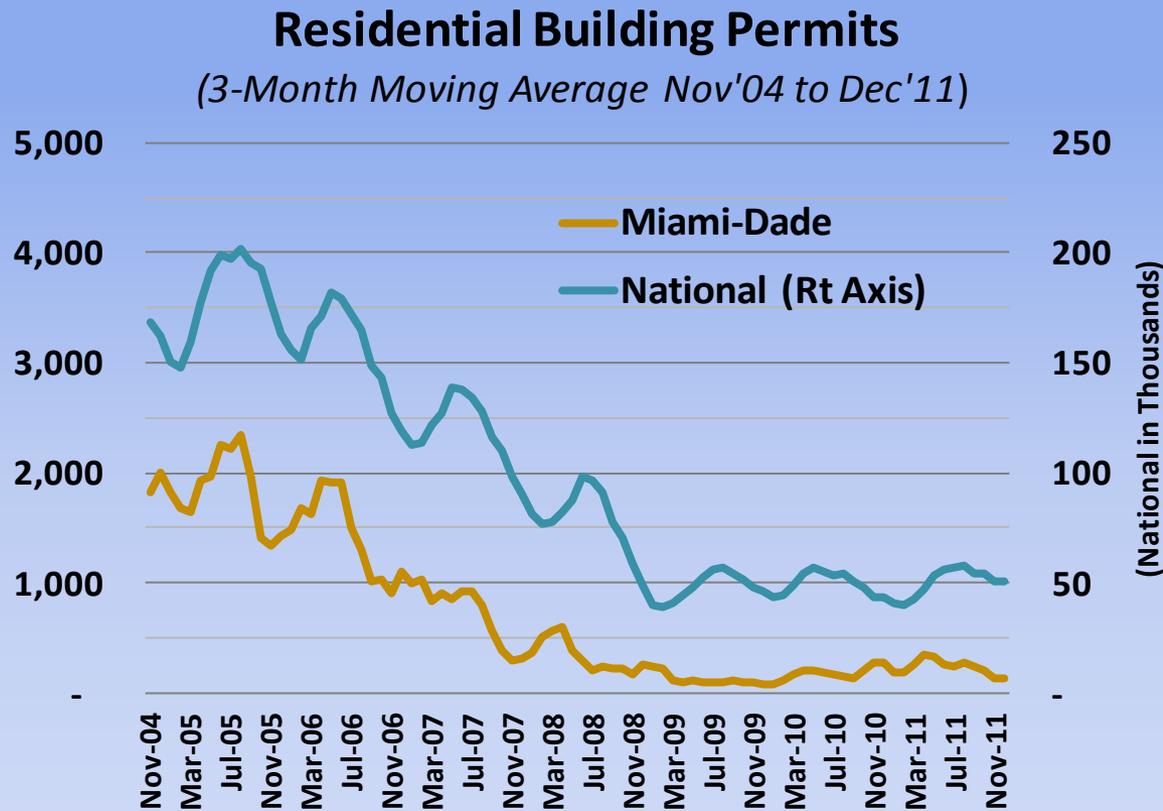
Negative Equity Mortgage Borrowers



Data Source: Corelogic

- Fewer borrowers owing more than residential property is worth (44% vs 50% at peak).
- Recent policies meant to encourage more refinancing.
- Both factors suggest refinancing opportunities are improving generally and could support greater consumer spending.

Housing Units Authorized by Permit



Data Source: US Census Bureau

- Units authorized by permit remain at low levels compared to the boom years.
- A large share of the units (60%) are in multi-family (5+) structures.
- 2,600 permitted units in 2011, down (18%) from 2010, but nearly double 2009 lows.

Commercial Real Estate

Miami-Dade Commercial Vacancy Rates



Data Source: CoStar Group

- Vacancy rates still high but have seen a slight decline over the last 4 quarters, except for office.
- Positive net absorption over the last 12 months in all types.

Commercial Real Estate

Commercial Lease Rates: \$/SF

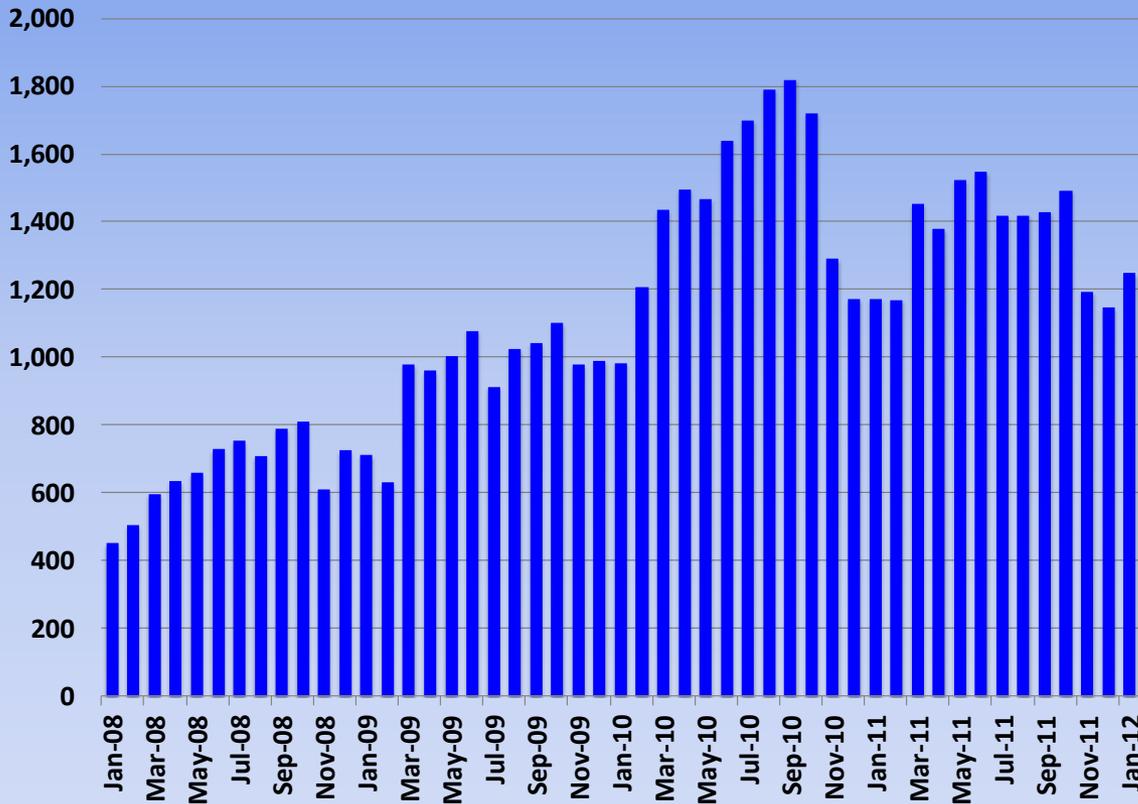


Data Source: CoStar Group

- Lease rates for industrial and retail experiencing a modest rebound in 2011.
- Office lease rates continue on a negative trend.
- Commercial property valuations could improve this year.

Financial Distress Among Consumers

Consumer Bankruptcy Filings: Miami-Dade

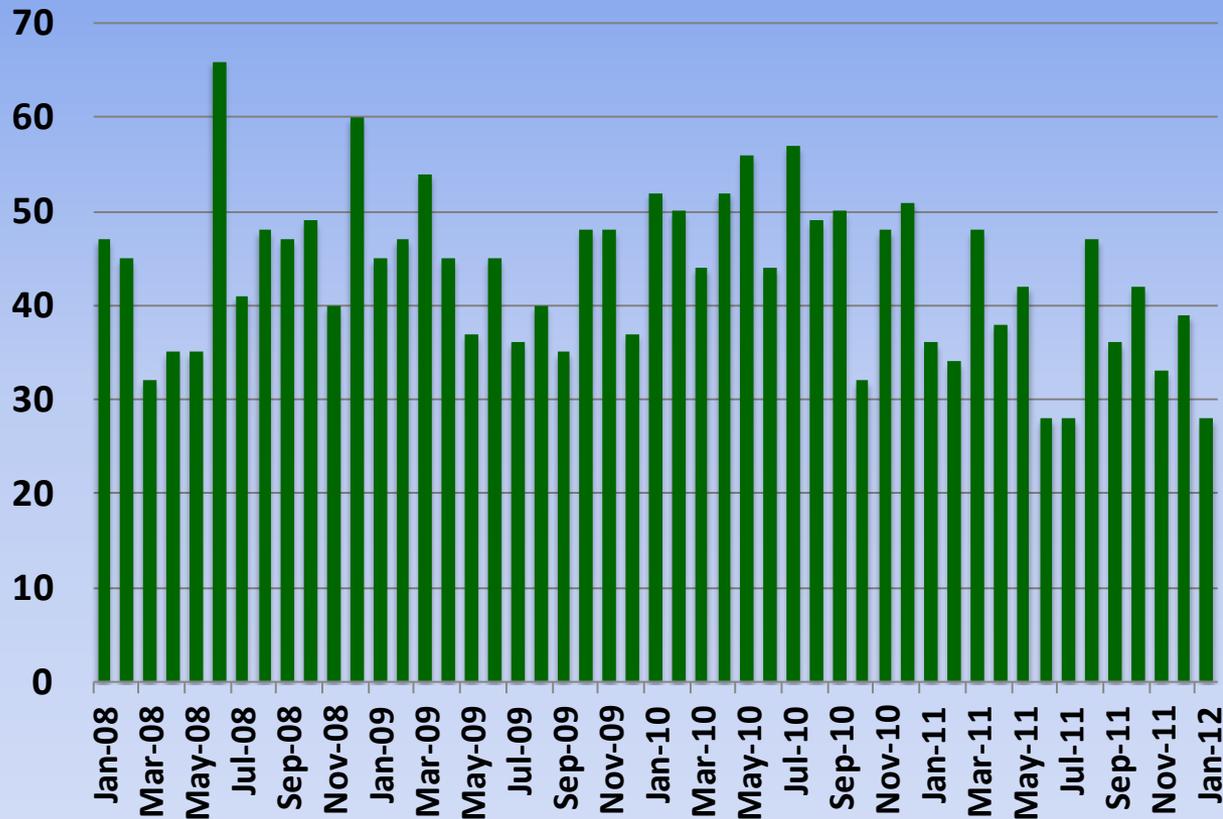


Source: U.S. Bankruptcy Court, Southern District

- Consumer bankruptcies rose quickly during the recession and, although declining, continue at high levels.
- Average monthly filings:
 - 2007 = 390;
 - 2010 = 1,475;
 - 2011 = 1,361
- Bankruptcy filings lag behind the business cycle. Filings should decline with continued job growth and lower unemployment.

Financial Stress on Local Businesses

Business Bankruptcy Filings: Miami-Dade

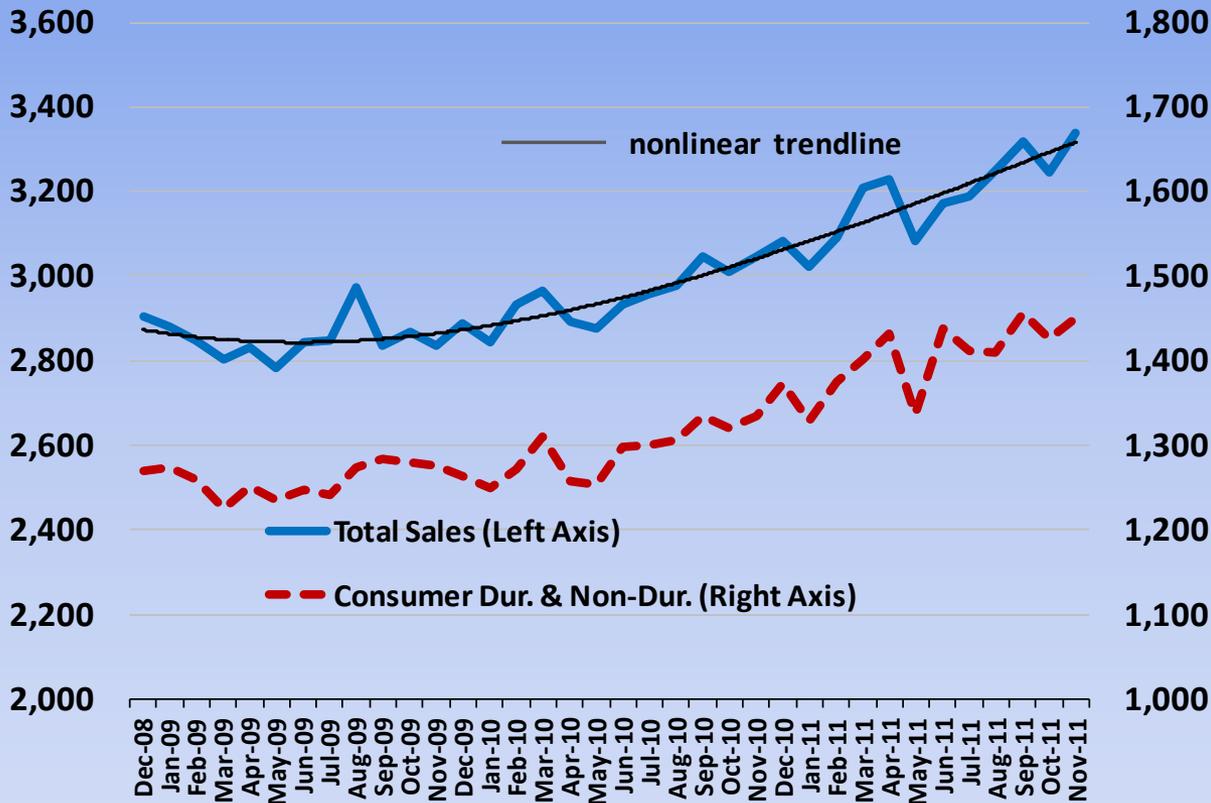


Source: U.S. Bankruptcy Court, Southern District

- Business bankruptcies rose quickly during the recession, decreased in 2011 (-22%), but continue at high levels.
- Average monthly filings:
 - 2007 = 25;
 - 2010 = 49;
 - 2011 = 38

Taxable Sales

Miami-Dade Taxable Sales
Seasonally Adjusted, Million \$

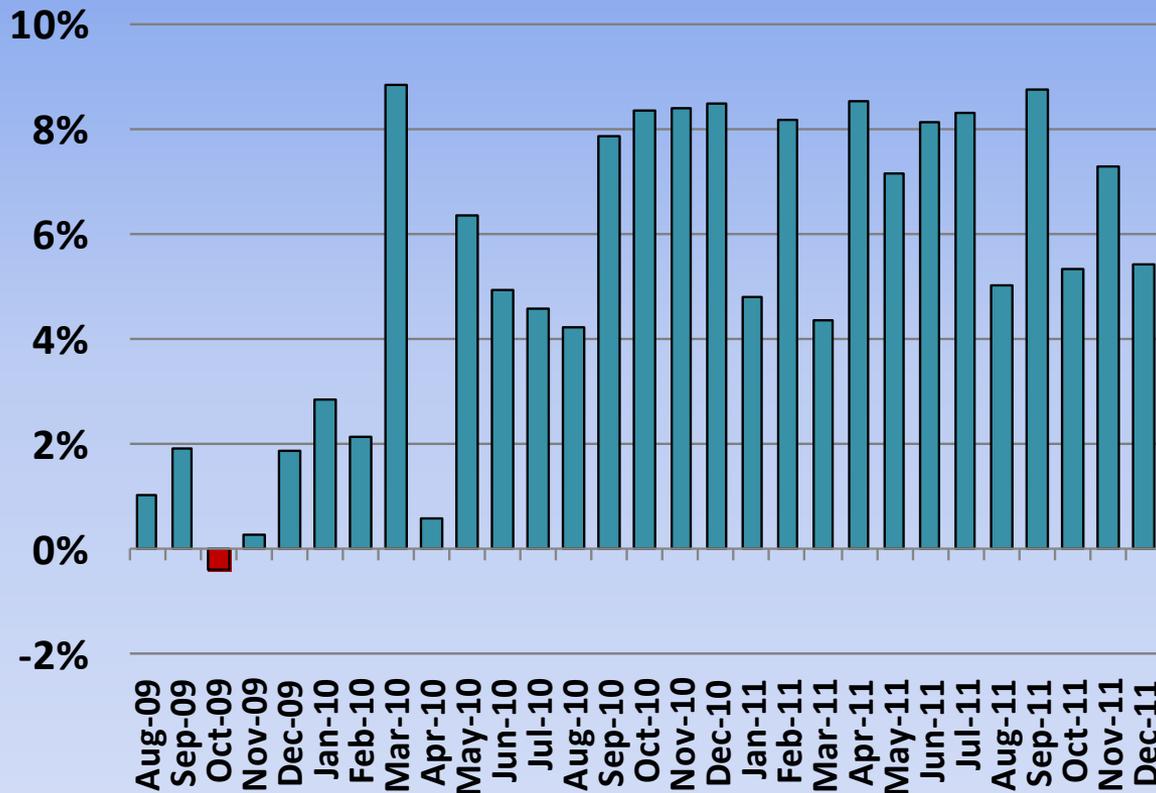


Data Source: FL Office of Economic & Demographic Research; OEDIT

- Taxable sales increasing since spring '09.
- November (2011) taxable sales were \$3.34B (SA).
- Since Jun'09 Miami Dade has recovered nearly all (98%) of the decline in taxable sales from peak (mid '06) to trough.
- The gain is 86% after accounting for local CPI inflation.

Tourism

Overnight Visitors
Year/Year % Change

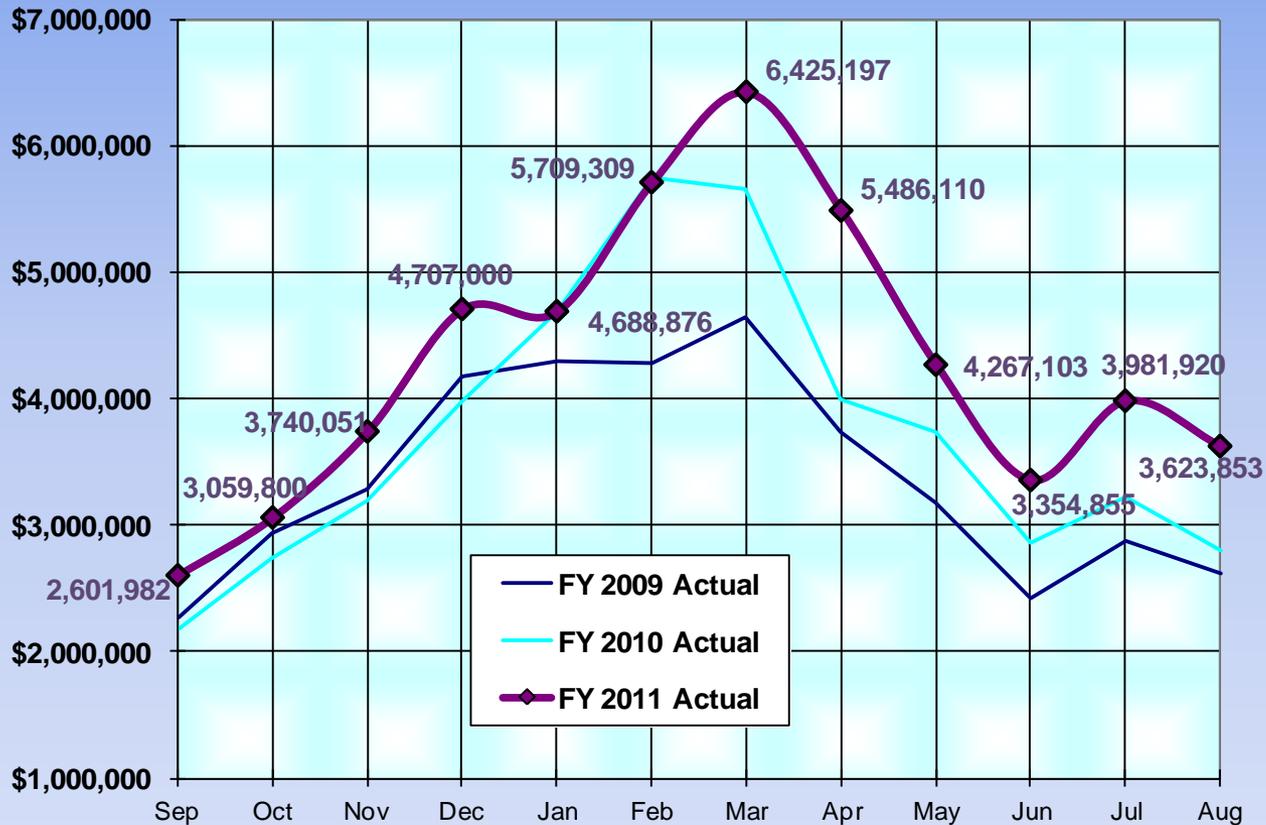


Data Source: Greater Miami Convention and Visitors Bureau

- Tourism indicators are much improved over last year.
- Visitors in 12 months ending in Dec are 7.2% above same period last year.
- From Feb-Dec, hotel occupancy and room rates were up yr/yr.
- CDT generated in 12 mo. ending in Nov. up 18% over same period last year.

Bed Tax Collections

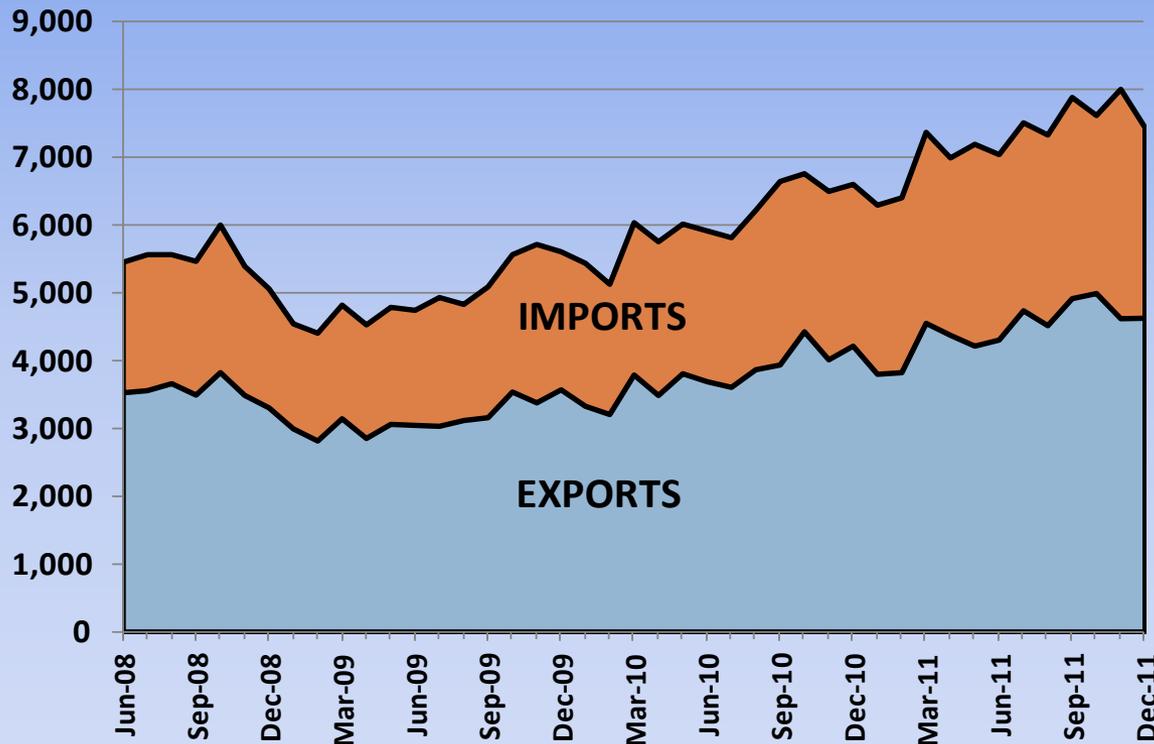
Convention Development Tax Revenues
(by generation month)



1. The Convention Development Tax is a 3% bed tax collected in Miami-Dade County, except Bal Harbour and Surfside. Source: Miami-Dade County Finance Department

International Trade

Value of International Trade from Miami-Dade
Millions of US\$



Data Source: USATradeOnline

- 2011 total trade from MIA and POM running well ahead of 2010, and 2009 levels.
- Three years of steady growth at MIA and POM.
- In 2011 the value of total trade was up 19.5% vs. 2010.
- 2011 saw continuing diversification in value of trade among trading partners (+Europe, +Asia).

Positive Outlook but with Significant Forecast Risks

- In the last few months **several indicators** in addition to payroll employment gains, initial unemployment claims falling, bankruptcy filings stabilized, **suggest continued** (albeit slow-to-moderate) economic **growth**.
- Other indicators:
 - Residential foreclosures far down from their 2010 peak, but initial filings are rising again.
 - Existing residential home sales holding steady and prices trending higher, and commercial real estate performing better.
 - Monthly taxable sales trend is positive; gaining 85% of loss during recession (accounting for local CPI inflation).
 - Tourism sector began recovery in early 2009. Pace of expansion settling down and steady growth continues.
 - International trade continues to grow as well.

Forecast Risks

- World economic growth decelerating: U.S., Euro zone, Asia, Japan, and Latin America (varying causes).
- Euro sovereign debt crisis remains unresolved. Austerity policies leading to reduced growth or recession in Euro zone economies, at least for 2012.
- No policy actions to significantly accelerate growth in U.S. likely in 2012, but actions that would jeopardize recovery before November do not appear likely either.
- Instability in the Middle East and actual military conflict threatens adverse oil price shocks with negative implications for the global economy.