

Economic News Briefing

May 30, 2008

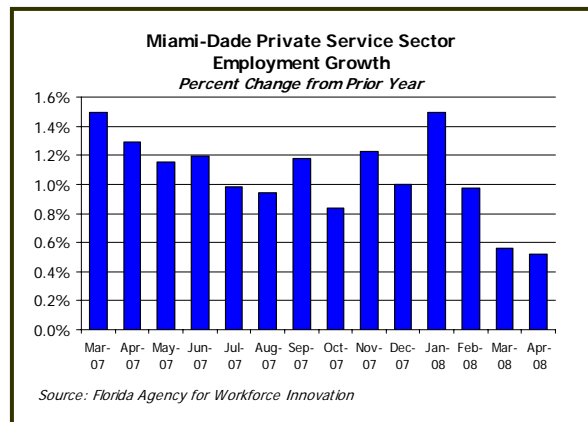
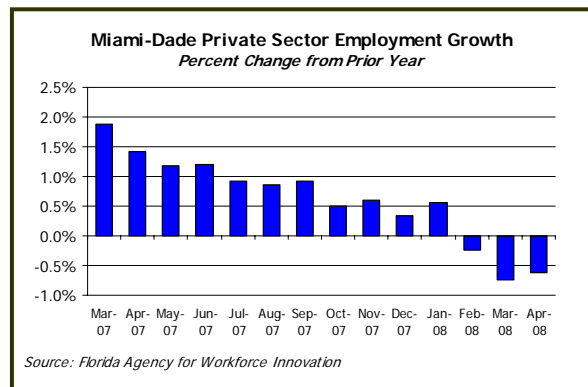
- In this issue:** Miami-Dade payroll employment declines in April and unemployment rate rises to 4.7%
- Personal bankruptcy filings in Miami-Dade continue to rise
 - Foreclosure filings rise again in April, median sales price of single family homes fell sharply in April and volume of realtor sales continue at historically low levels
 - Taxable sales in Miami-Dade decline in March
 - Planning Department research identifies missing residential units from preliminary 2010 Census files that could yield millions of dollars in additional federal aid.

Miami-Dade Payroll Employment Declines Slightly; Unemployment Rate Rises

Payroll employment in private sector establishments has declined modestly in each of the past three months, when compared to the same month last year. Employment in private sector establishments in the three months from February through April was 4,900 or 0.5% less than in the same period one year ago.

The decline in private sector jobs observed in April continues to represent job losses in both construction and manufacturing from a year earlier. On a positive note, the pace of job losses in both construction and manufacturing has moderated considerably and showing possible signs of approaching the bottom of their cyclical downturn. It is still too early to tell, however, if we are just seeing a temporary pause in job losses in these two industries. National macroeconomic conditions over the next six months will play the deciding role in determining whether these industries will stop shedding jobs and are ready to regain growth.

Private enterprise jobs in the aggregate services sector are holding up fairly well in the current economic environment and continue to grow, albeit, at a slow pace – 0.7% in the last three months compared with last year. The job growth experienced within this broad sector varies by sub-industry, however. Employment in the information and professional and business services categories have both seen declines of nearly 4% during the last three-month period



compared to a year ago.¹ Employment in education and health services experienced gains of almost 4% in the during the February-April period compared to a year earlier. Employment in other private services is roughly on par with last year’s levels.

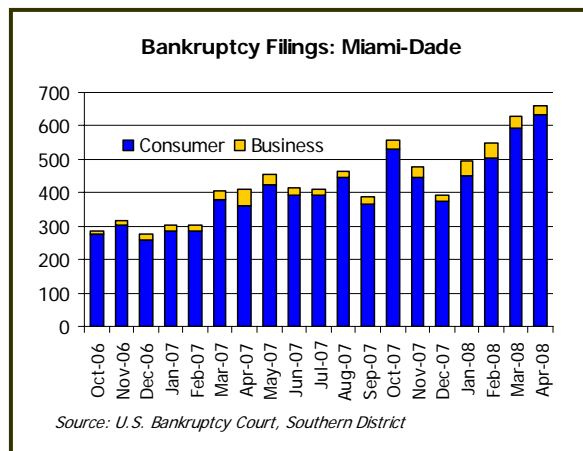
The official unemployment rate for April was 4.7% compared to 3.9% in March and 3.5% in April 2007.² According to the latest estimates there were nearly 56,000 county residents without a job and actively seeking employment. The unemployment estimates do not count persons who do not have a job, but have stopped looking for work because the prospects of finding a job are viewed as too low (“discouraged workers”). Similarly, this unemployment rate does not include persons working on a part-time basis, although they would prefer to have a full-time job (“under-employed”). Adding both discouraged workers and under-employed workers to the unemployed would likely lead to a significant increase in the unemployment rate.³

Personal Filings for Bankruptcy Rose Sharply in April

Personal bankruptcy filings continued to climb in April registering a 6.7% increase from filings in March, and 76% higher than in April of 2007. Personal bankruptcies so far this year are running 67% above the number of petitions filed from January through April of 2007.

Business bankruptcy filings from January through April of this year are 35% higher than the number of filings for the same period in 2007.

Total bankruptcy filings in Miami-Dade have been on an upward path since 2007, but the pace of bankruptcy filings in 2008 have been accelerating.



Foreclosure Filings Continue to Rise in April

Foreclosure activity in Miami-Dade County continued to rise in April with new filings reaching 4,478, and approximately 156% higher than the number of filings in April of 2007. From January through April

¹ The “information” sector contains sub-industries such as publishing industries, film and video production and distribution, sound recording, broadcasting, telecommunications and data processing. The “professional and business services” sector include a broad range of services from professional and technical services such as legal, accounting, architecture, engineering and related services to office administrative services to waste management services.

² The national unemployment rate in April was 5.0% -- slightly below the 5.1% rate in March.

³ For example, accounting for discouraged workers and other “marginally attached” workers plus persons working part-time who want and are available for full-time employment would increase the national unemployment rate in April from 5.0% to 9.2%.

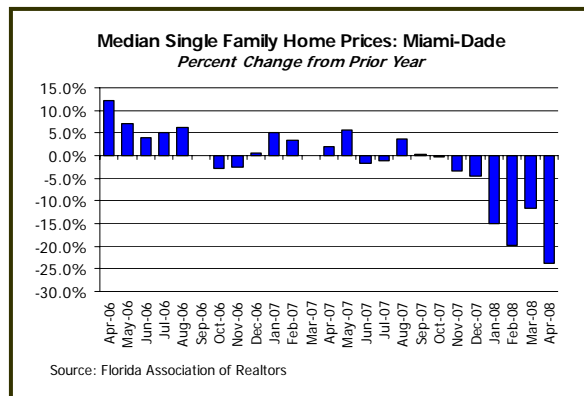
of this year 15,871 properties entered into the foreclosure process compared to 6,455 in the same period last year. Foreclosures in 2008 are on pace to more than double the 26,441 filings experienced in 2007.

Federal legislation to provide relief to homeowners facing foreclosure moved a step forward last week when Senate negotiators reached a bipartisan compromise on a new housing stimulus package. (The House had earlier passed a bill providing homeowners with foreclosure relief.) The Senate bill contains several components, but those more directly related to foreclosures include: 1) \$4 billion in supplemental Community Development Block Grant Funds to communities that may be used to purchase and rehabilitate or redevelop foreclosed homes, and thereby stabilize neighborhoods and stem the decline in neighboring house values; 2) \$100 million in additional funding for pre-foreclosure counseling to be distributed through the Neighborhood Reinvestment Corporation by the end of this year; 3) \$10 billion in Federal tax-exempt private bond authority to provide refinancing of subprime loans, mortgages for first-time homebuyers and multi-family rental housing; and 4) a \$7,000 federal income tax credit (taken over two years) to purchasers of foreclosed homes.

Both the Senate and House would need to pass reconciled legislation, but it appears the Senate compromise has a good chance of being passed by Congress before the August recess. The White House has not signaled clear opposition to the Senate bipartisan compromise, and, there is, therefore, a reasonable chance that a bill close to the one negotiated in the Senate will become law.

Median Home Prices Continue to Slide

The median price of a single family home in Miami-Dade declined sharply in April, falling to \$291,900 from \$382,600 one year ago (-24%) and down from the previous peak of \$395,500 in January 2007 (-26%). Median prices statewide declined about 17% over the same period and are down 22% from their previous peak in June 2006. (These prices are based on realtor sales.)



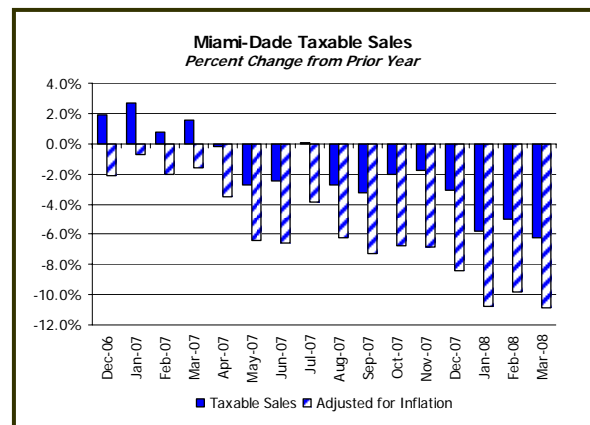
The number of single family homes sold in Miami-Dade through realtors continues to run at approximate half the level of what they were one year ago and are off by approximately 80 percent from what they were at their peak in June 2005.

The Case-Shiller Home Price Index for the Miami-Ft. Lauderdale metropolitan area also shows that home prices continue to decline. Single family home prices in March in the two-county region had fallen 25% from their levels one year ago. The year-over-year decline in prices in Miami-Ft. Lauderdale was the second highest in the nation in March behind the 26% price decline observed in Las Vegas, NV.⁴

⁴ The Standard and Poors Case-Shiller Home Price Price Index tracks changes in the price of single family homes using a repeat sales pricing technique. The advantage of this technique is that it measures changes in housing market prices controlling for a price changes due to changes in the types and sizes of houses or changes in the physical characteristics of houses sold in a particular month.

Taxable Sales in Miami-Dade Have Been Declining Since April of Last Year

Information on taxable sales is available with a two-month time lag, and taxable sales for March were released on May 21st. The latest data show that taxable sales are continuing along a negative trend that began in April of 2007. The decline in taxable sales, however, accelerated during the first three months of this year as increases in fuel and food prices and the loss in consumer confidence are apparently taking a toll on local sales of autos and other durable consumer goods.



Taxable sales during the first three months of 2008 are down 5.7% from the first three months of 2007. Total taxable sales in March were down 6.3% compared to March 2007, but the year-over-year decline in March after taking local price inflation into account was nearly 11%. Sales of non-durable consumer goods, after adjusting for price inflation, have also begun to decline, which typically occurs during periods of economic recession.

Planning Department Research Helps Ensure Accurate 2010 Census Population Count

The Miami-Dade County Planning and Zoning Department led an effort to update the U.S. Census Bureau's list of addresses that will be used in conducting population surveys and population counts for the 2010 Decennial Census. Using digital computer technology, and combining information from various County and State databases and aerial photographs, the Department's Research Section was able to identify approximately 137,000 residential addresses that were missing from the Census Bureau's preliminary address list. This research effort was partially funded through a Department of Community Affairs (DCA) grant, obtained with the assistance of the Revenue Maximization and Grants Division of the Office of Strategic Business Management.

The address list is an essential element in determining an accurate population count and has important fiscal implications for the County and its municipalities. The missing addresses could have potentially led to a population undercount of up to 386,000 persons, based on the most recently available estimate of average household size in the County.

Each missing address in the Census list is worth approximately \$2,500 in federal funds and grants to state and local government, according to Florida DCA. The 137,000 addresses added to the list could potentially yield an additional \$342.5 million in federal funding. In addition to federal grants, many state funding allocations to local governments are based on population counts, and an accurate population count is necessary for Miami-Dade receiving its fair share of future state funding.

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