

# Current Economic Conditions and Short-term Outlook

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# Agenda

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- Brief Overview of National and Local Economic Environment
- Current Macroeconomic Conditions in Miami-Dade
- Factors Shaping Economic Outlook for Rest of 2008 and 2009

# National Economic Environment

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- The last 6 months characterized by very weak economic growth
  - 0.6% growth rate from Oct – Dec
  - 0.9% growth rate from Jan – Mar
  - Loss of 324,000 jobs since December, unemployment up to 5.5% (4.5% one year ago)
  - Residential construction in decline since April '06, but other fixed investment spending has recently slowed down too.
  - Consumer spending and manufacturing now stagnating as well

# National Economic Environment

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- What factors have been supporting growth?
  - Stronger exports and less competition from imports – products of a weak dollar
  - Vigorous intervention by the Federal Reserve Bank to keep credit institutions from collapsing and a severe contraction in credit.

# What's Driving the Local Economy?

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- Local economy is being affected by many of the same pressures driving the national economy
  - declining residential property values
  - tighter access to credit (consumers and small businesses)
  - higher prices for food and fuel eroding purchasing power
  - decline in consumer confidence

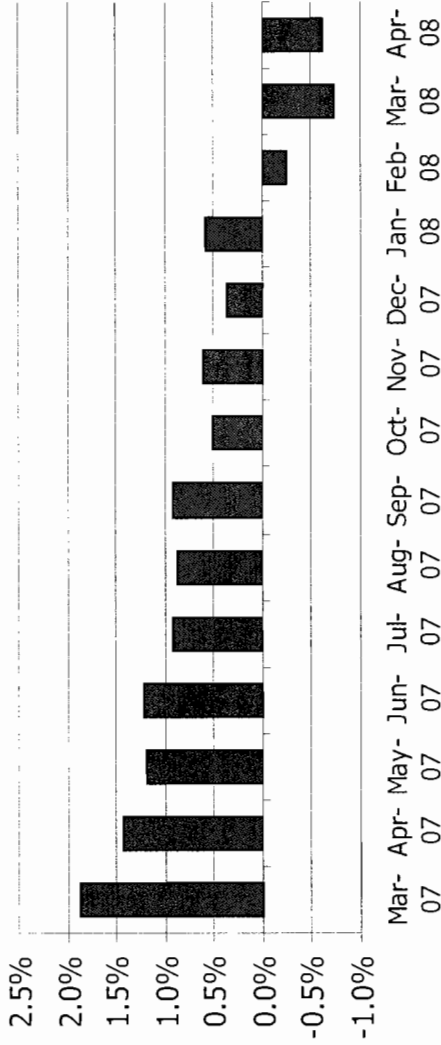
# Current Economic Indicators

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- Current local indicators reveal a slowing economy, potentially in recession
- Private sector payroll employment has declined each month from February to April
- Taxable sales (indicator of consumer spending) is down from same period last year.
- Residential construction, real estate sales and prices continue to reveal recession in residential real estate sector
- Foreclosures filings, bankruptcies and property tax delinquencies are up substantially.

# Private Sector Jobs

**Miami-Dade Private Sector Employment Growth**  
*Percent Change from Prior Year*



Source: Florida Agency for Workforce Innovation

Job growth has slowed consistently over the past year. The level of employment since February has declined compared to its prior year's level.

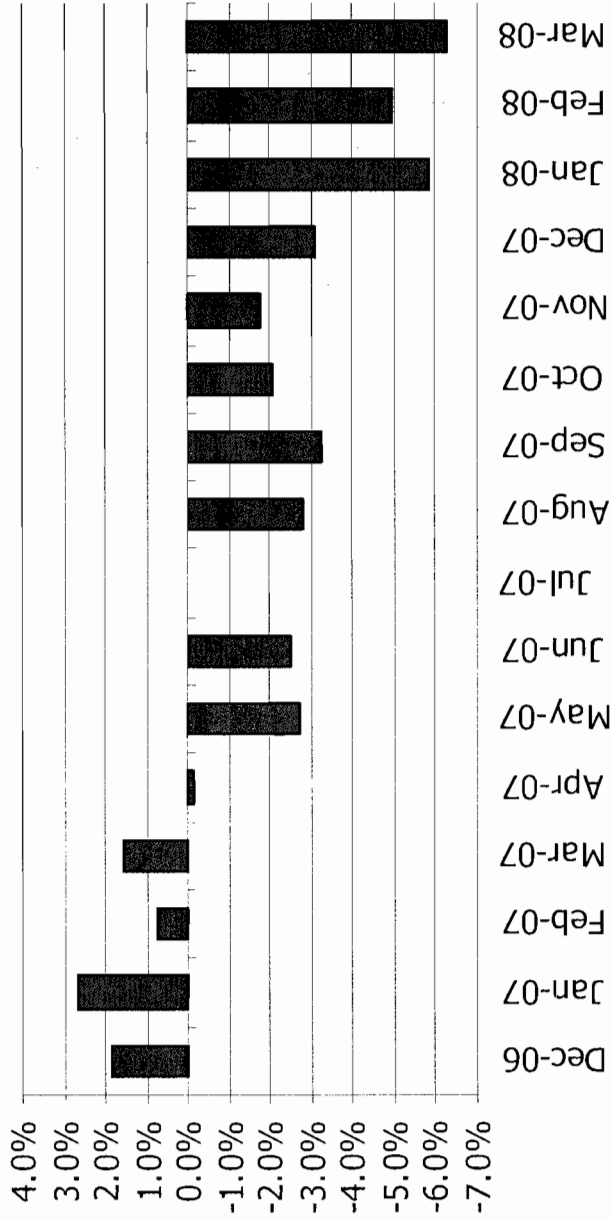
**Thousand  
Jobs**

Month	2006	2007	2008
Feb	889.6	906.9	904.7
Mar	896.8	913.4	906.4
Apr	892.2	904.9	899.3



# Taxable Sales

**Miami-Dade Taxable Sales**  
*Percent Change from Prior Year*



Source: Florida Department of Revenue

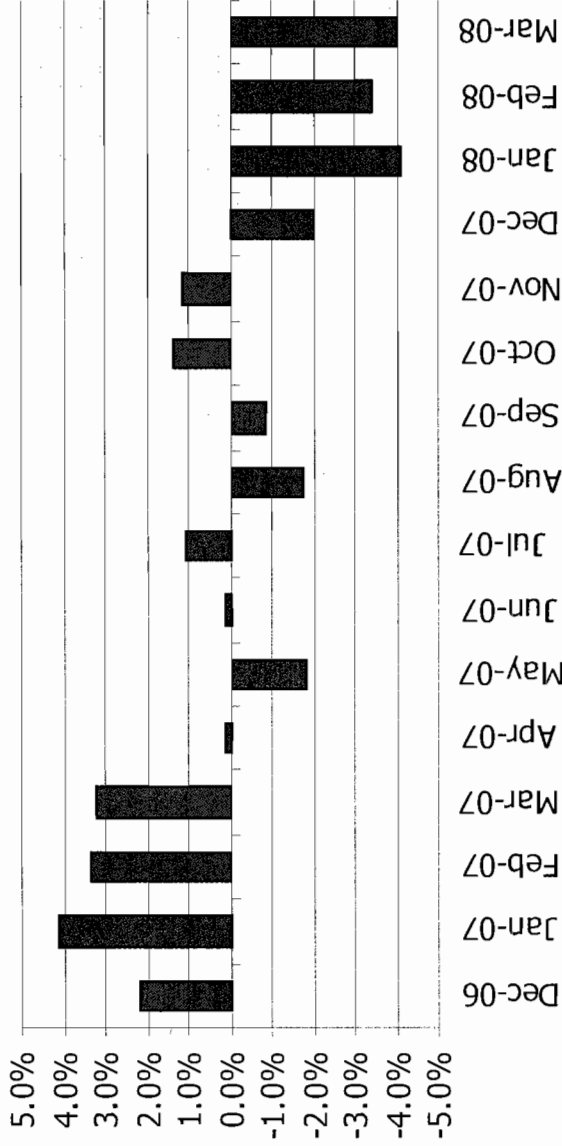


**Taxable sales growth in negative territory for the last year.**

# Taxable Sales Consumer Goods (and some consumer services)

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Miami-Dade Taxable Sales Consumer Goods  
Percent Change from Prior Year



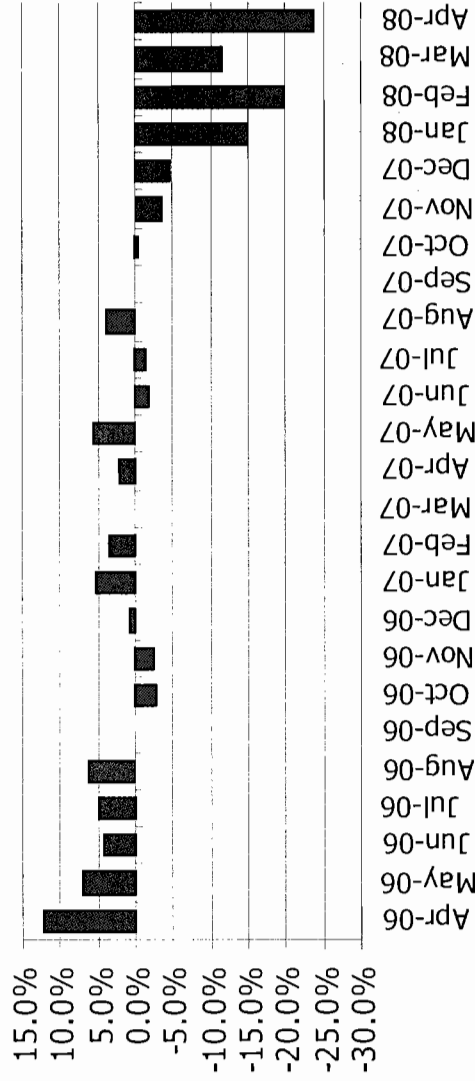
Source: Florida Department of Revenue

**Taxable sales of consumer goods are significantly down since December – approximately 6% if price increases are taken into account.**



# Home Prices

## Median Single Family Home Prices: Miami-Dade *Percent Change from Prior Year*



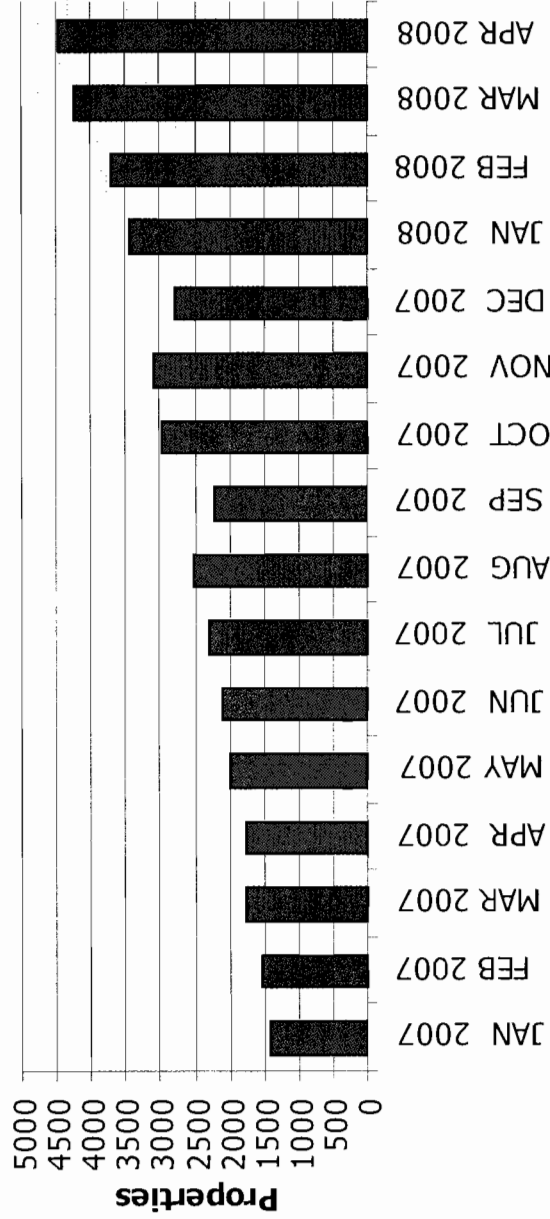
Source: Florida Association of Realtors

- Single family home prices declining since September 2007.
- April's prices 24% below last April; 27% below peak (5/2007).
- Median price fell to \$291,900, Price below \$300K not seen since January 2005.
- Permits for new residential construction down 35% from 2007.



# Mortgage Foreclosures Continue to Rise

Foreclosure Filings in Miami-Dade



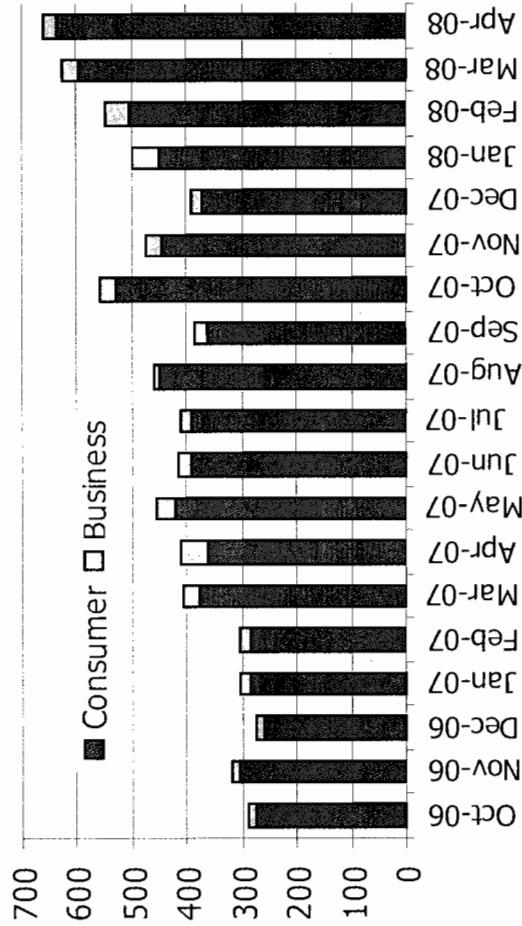
Source: Miami-Dade Clerk of Courts

- 4478 foreclosure filings in Miami-Dade in April; 15,871 YTD.
- Current pace of filings 146% higher than same time last year.
- Pace of filings is accelerating; looks like 2008 will see more than double the number of foreclosures in 2007 (26,441).



# Personal Bankruptcies Climbing

**Bankruptcy Filings: Miami-Dade**



Source: U.S. Bankruptcy Court, Southern District

- Personal bankruptcies in April up 63% from April 2007.
- 2,185 personal bankruptcies YTD through April, compared to 1,307 during same period of last year (+61%).
- No similar trend in business bankruptcy filings.



## What to expect for rest of the year and 2009.

- Local economy is strongly tied to national economy, even while local trade and tourism have benefited from robust economies abroad and weak U.S. dollar.
- Despite labor market conditions that have kept wage cost pressures under control, there are significant inflationary pressures limiting ability to reduce interest rates further and expand credit.
- Major European and Asian economies are having relatively strong growth and concerned with rising inflationary pressures and may raise interest rates.

## What to expect for rest of the year and 2009.

- Tax rebates have yet to provide significant economic stimulus and state and local government spending cuts will be a drag on the U.S. economy.
- U.S. economy remains weak and fragile with bottom of housing market not yet in sight and financial institutions continuing to report losses.
- Balance of year likely to be stagnant, at best, but with \$4.00+/gallon of gas, rising food and energy prices, tight credit and negative job growth a more pronounced decline is a distinct likelihood.

## What to expect for rest of the year and 2009.

- Economic recovery / acceleration of growth should begin in 2<sup>nd</sup> or 3<sup>rd</sup> quarter of 2009
- Miami-Dade's economy likely to fare better than U.S. economy due to its greater reliance on private sector services and international trade and tourism.
- Local non-residential construction is likely to hold up well with contributions from public sector capital projects.