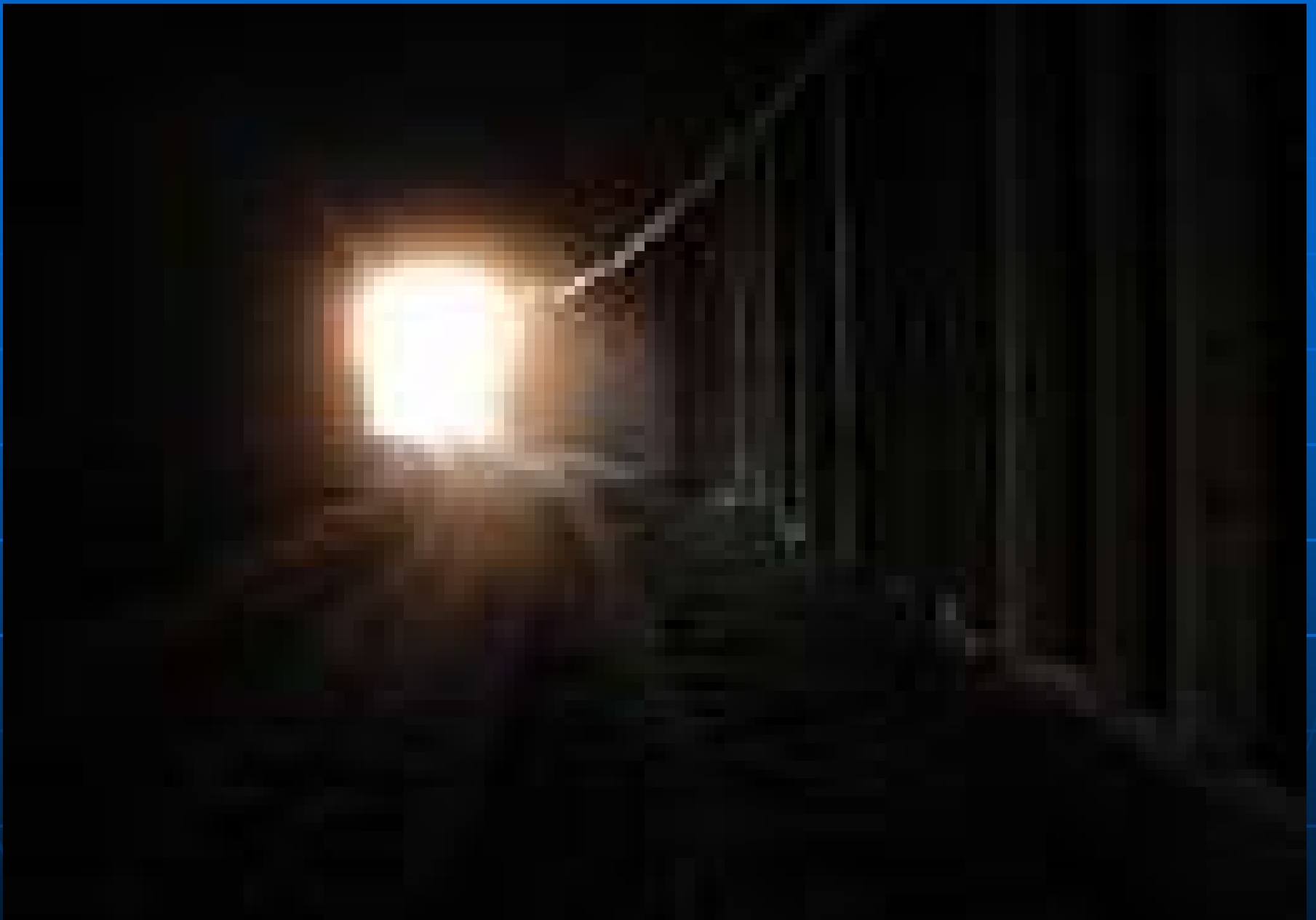


# **Economic Outlook: U.S., Florida and Palm Beach County Good, Bad and Ugly**

## **PGA Corridor Association May 6, 2009**

**Hank Fishkind, Ph.D.  
Fishkind & Associates, Inc.  
12051 Corporate Boulevard  
Orlando, Florida 32817**



# U.S. Forecast Summary 2008 – 2011

- **There is light at the end of the tunnel**
  - \$789 Billion economic stimulus program
  - \$700 TARP
  - \$11 Trillion committed to stimulus
  - Financial markets stabilizing
  - Yield curve is positively sloped
  - Contraction has bottomed
- **2010 – 2011 Recovery**
  - Demand rebounds
  - Housing markets recover
  - Much higher interest rates
- **Main forecasts risk – run away deficits and/or financial panic**

# The Origin of Swine Flu

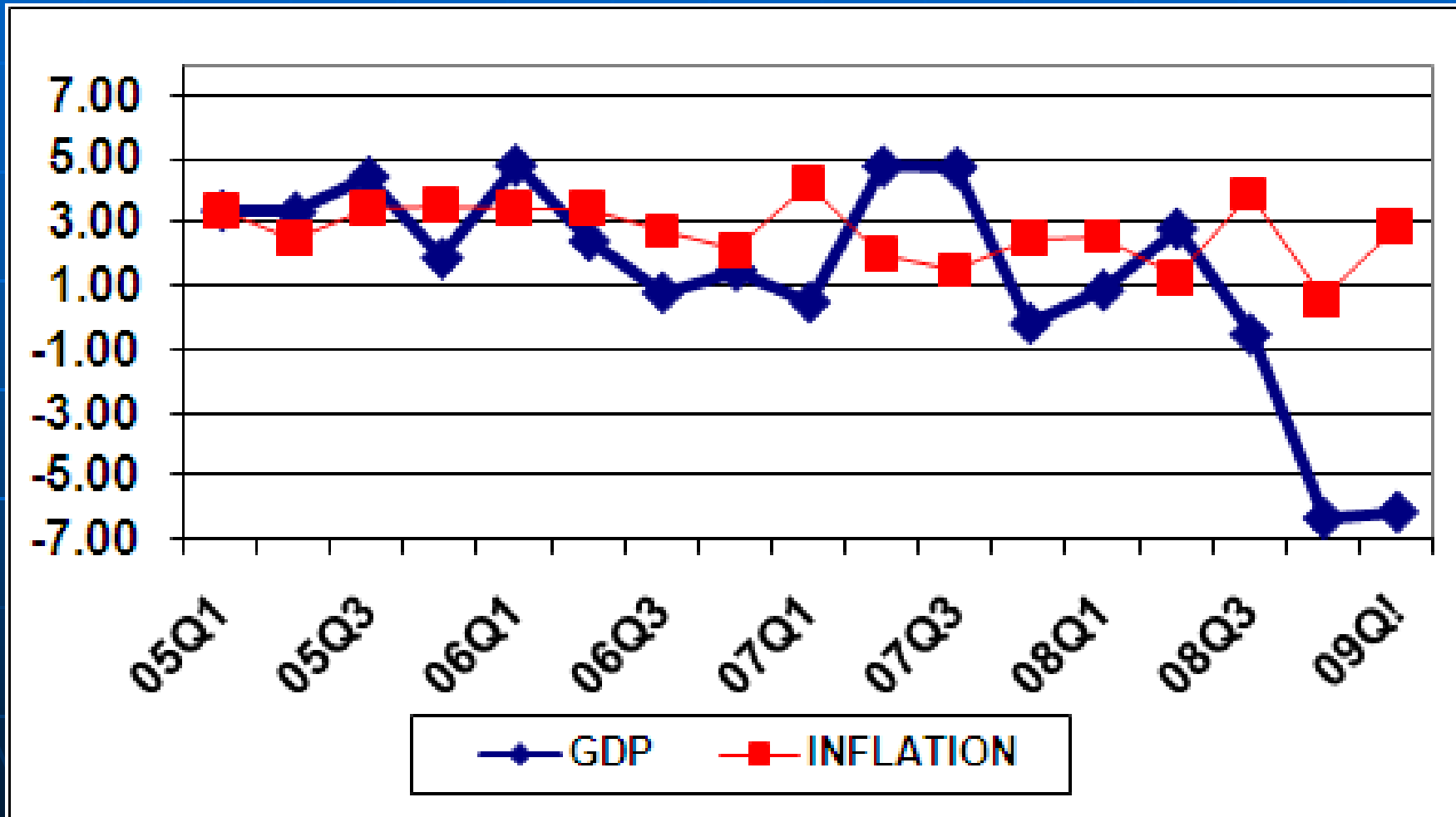


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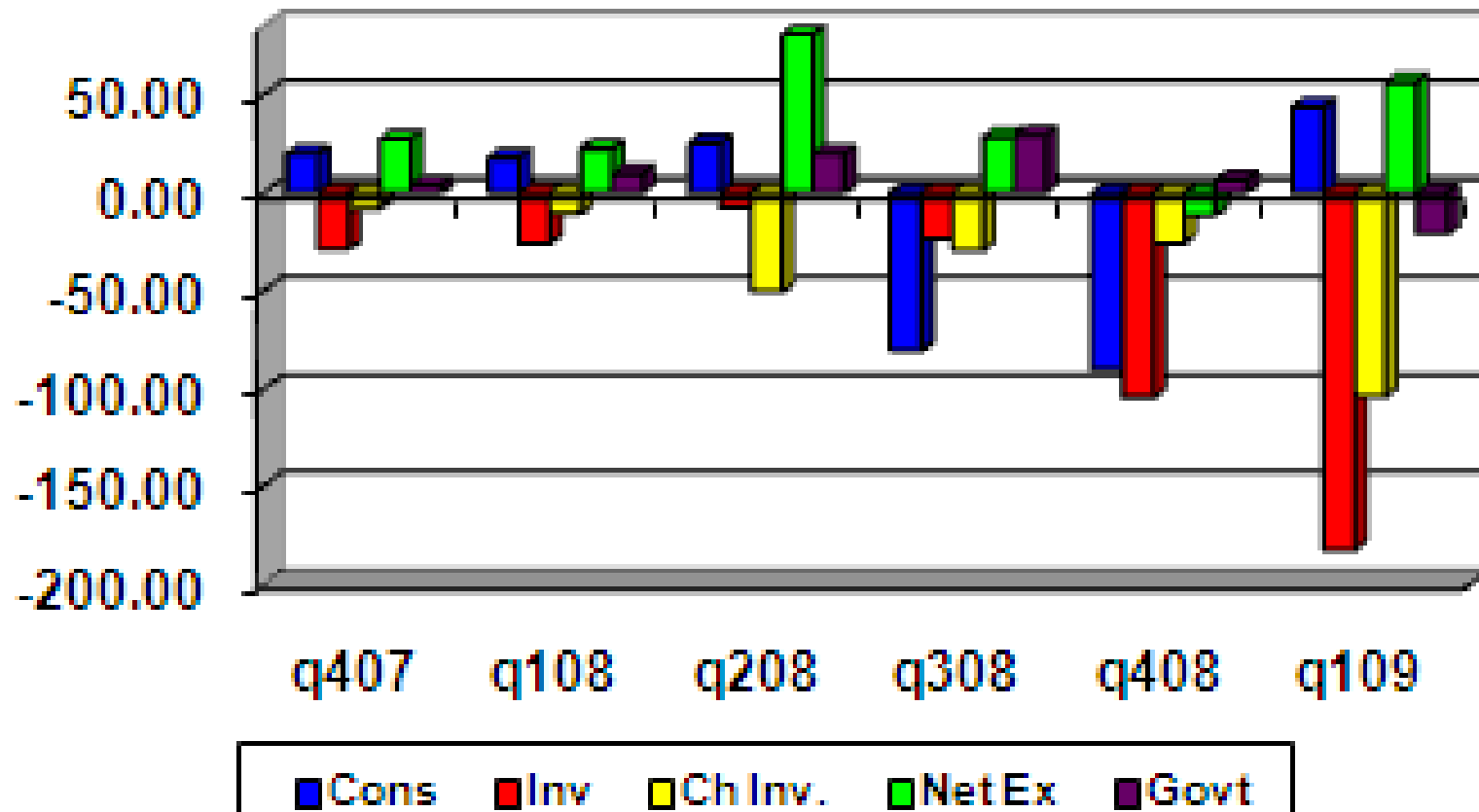
4

# RECENT TRENDS IN GDP AND INFLATION

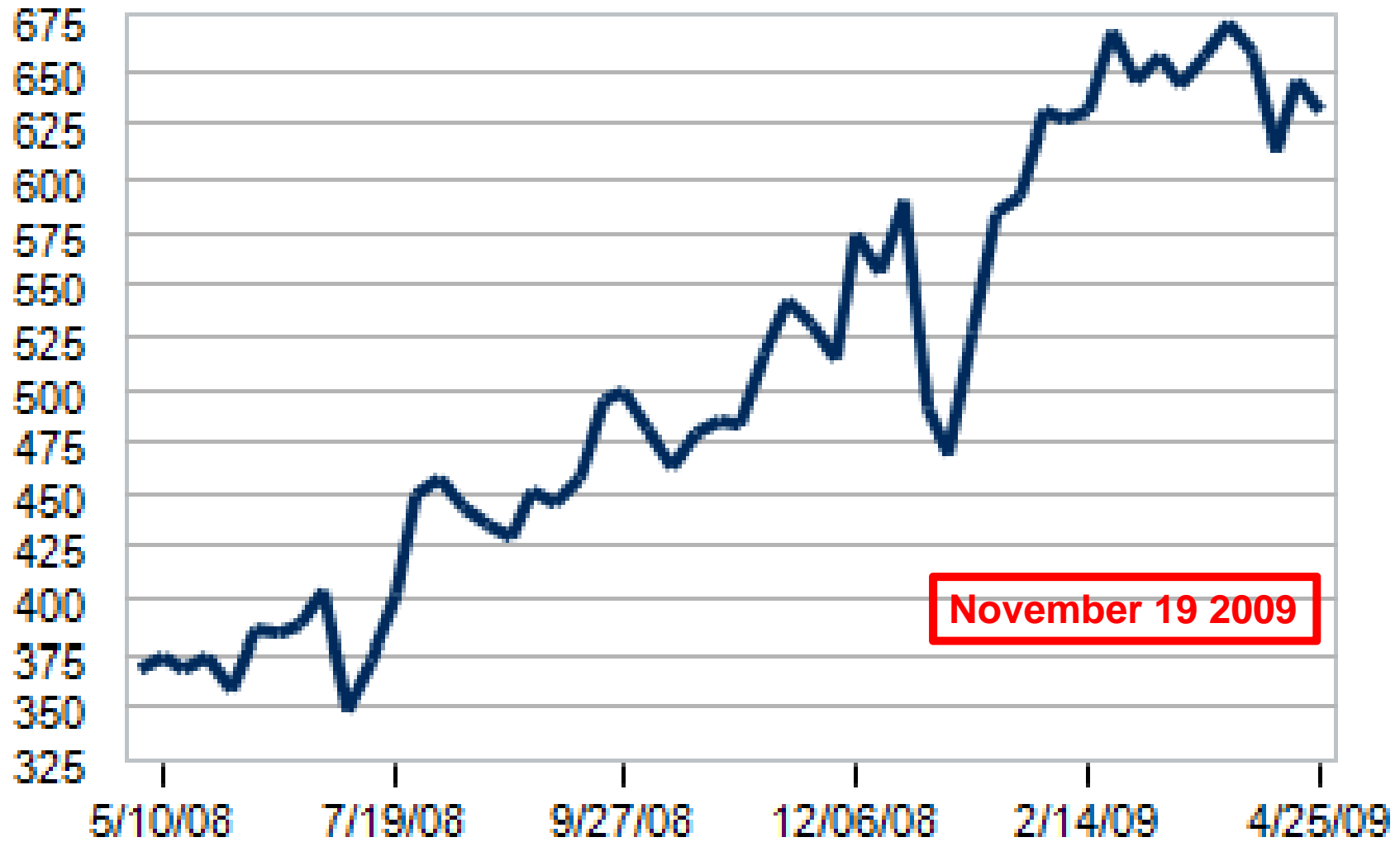


# GROWTH IN REAL GDP

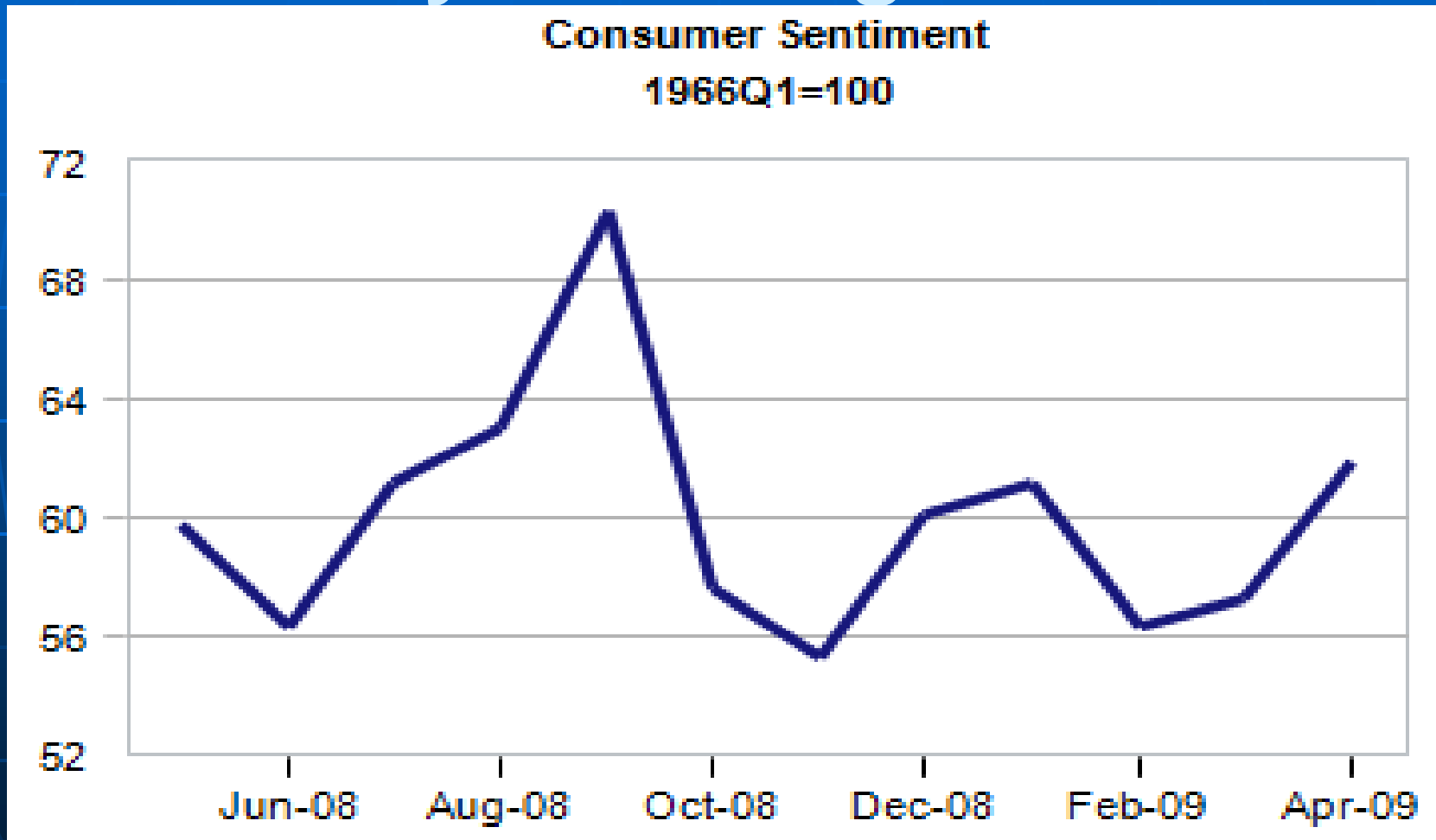
IN BILLIONS OF 2002\$



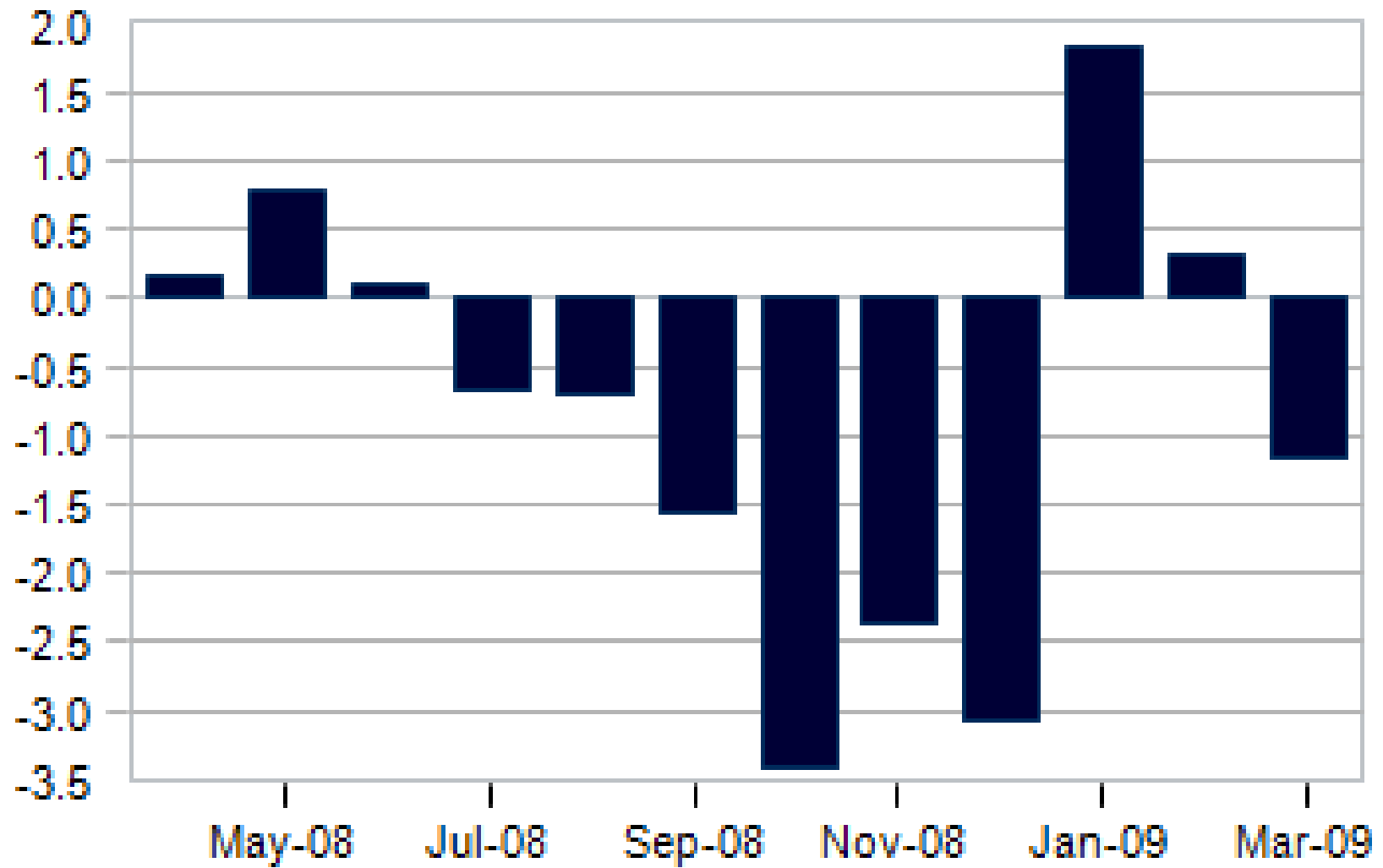
## Weekly Jobless Claims Ths, SA



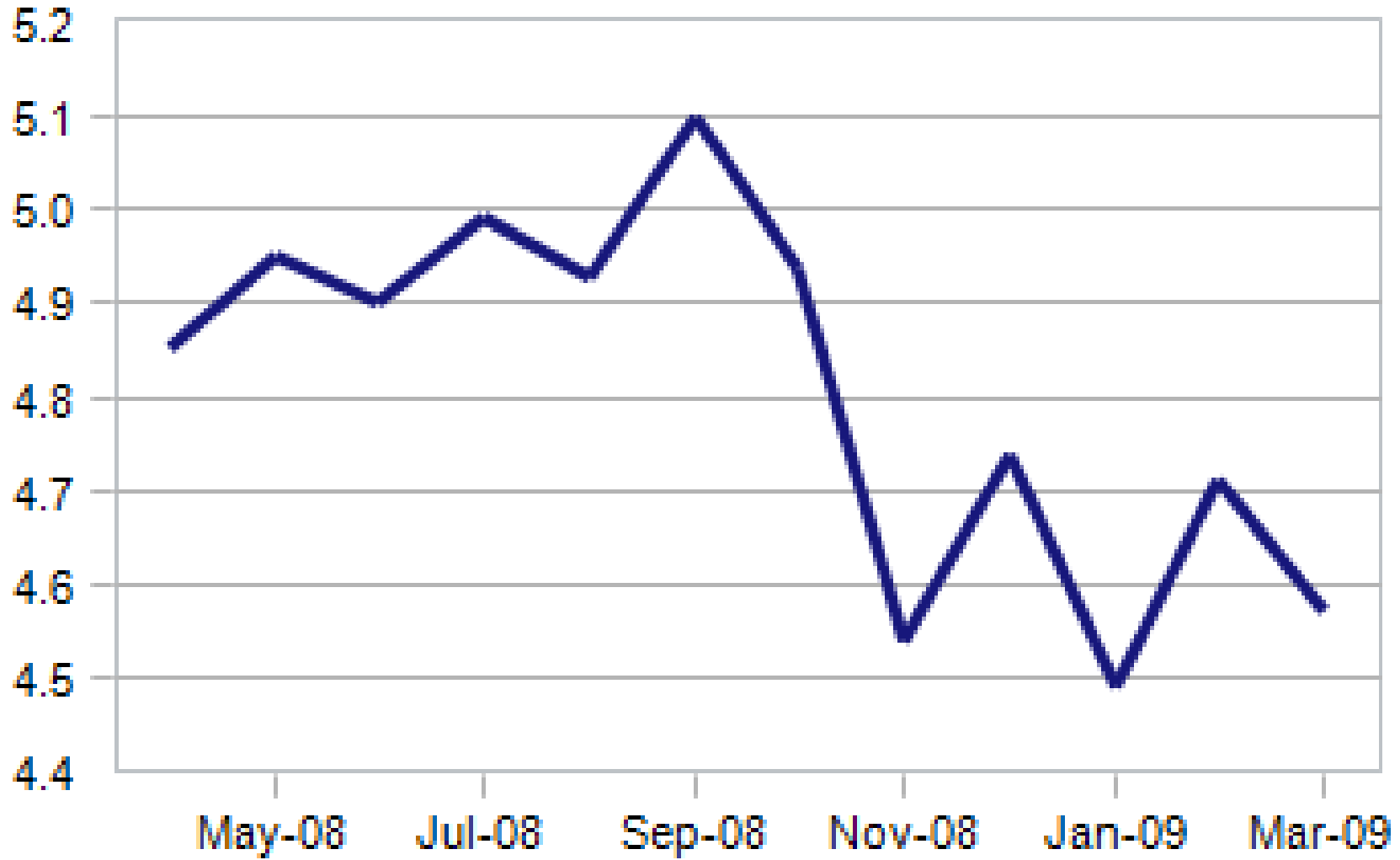
# Consumer Confidence Index University of Michigan 1966=100



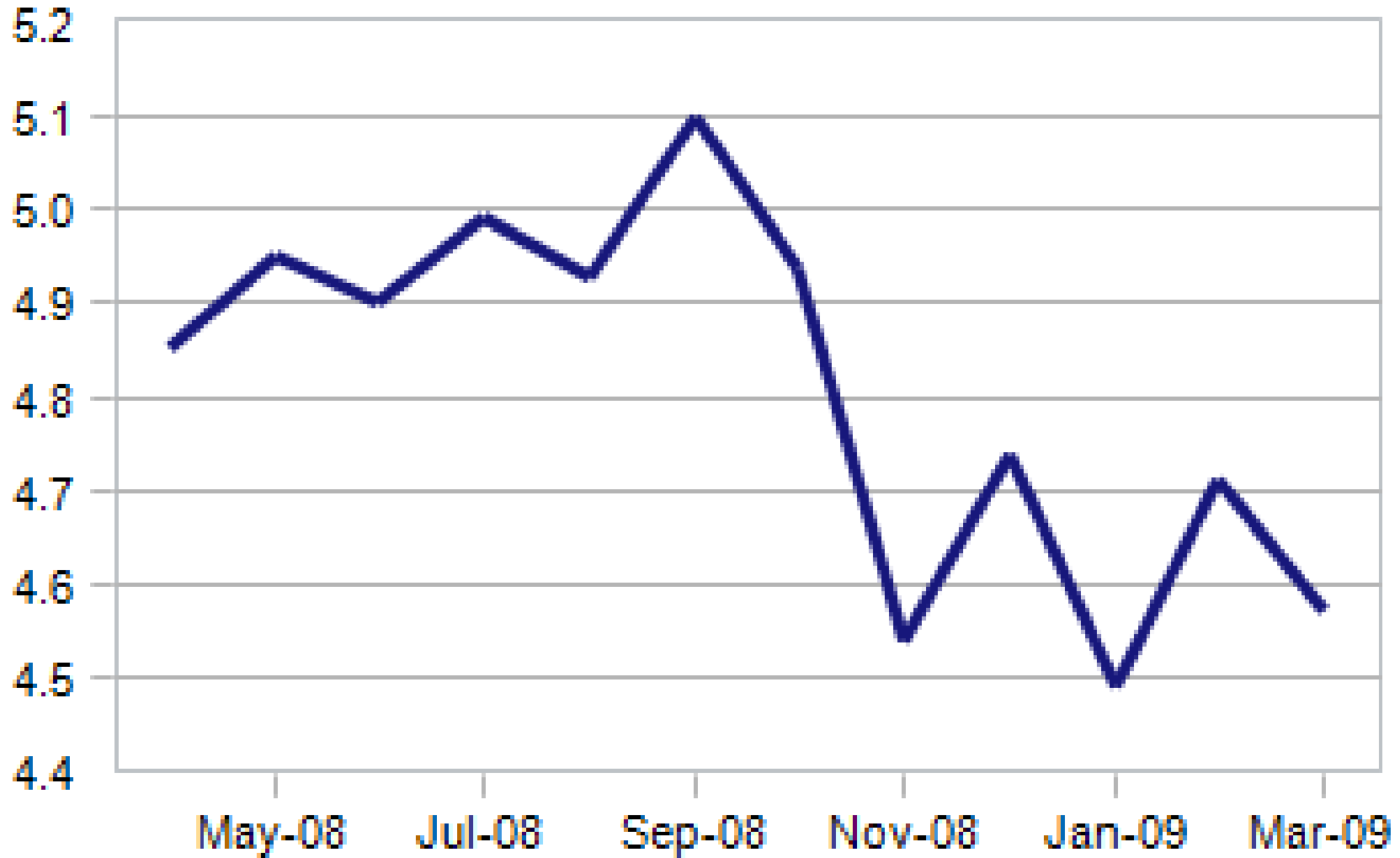
## Retail Sales % change



## Existing Home Sales Mil, SAAR



## Existing Home Sales Mil, SAAR



# Actions to Prevent Depression

- **Economic Stimulus**
  - **Rebates 2008 \$135 B**
  - **Stimulus Package 2009 \$789 B (3% GDP for 2 years)**
- **TARP \$700 B**
- **Fed Actions**
  - **Lower interest rates**
  - **Flood banking system with liquidity**

# Status of Stimulus Programs

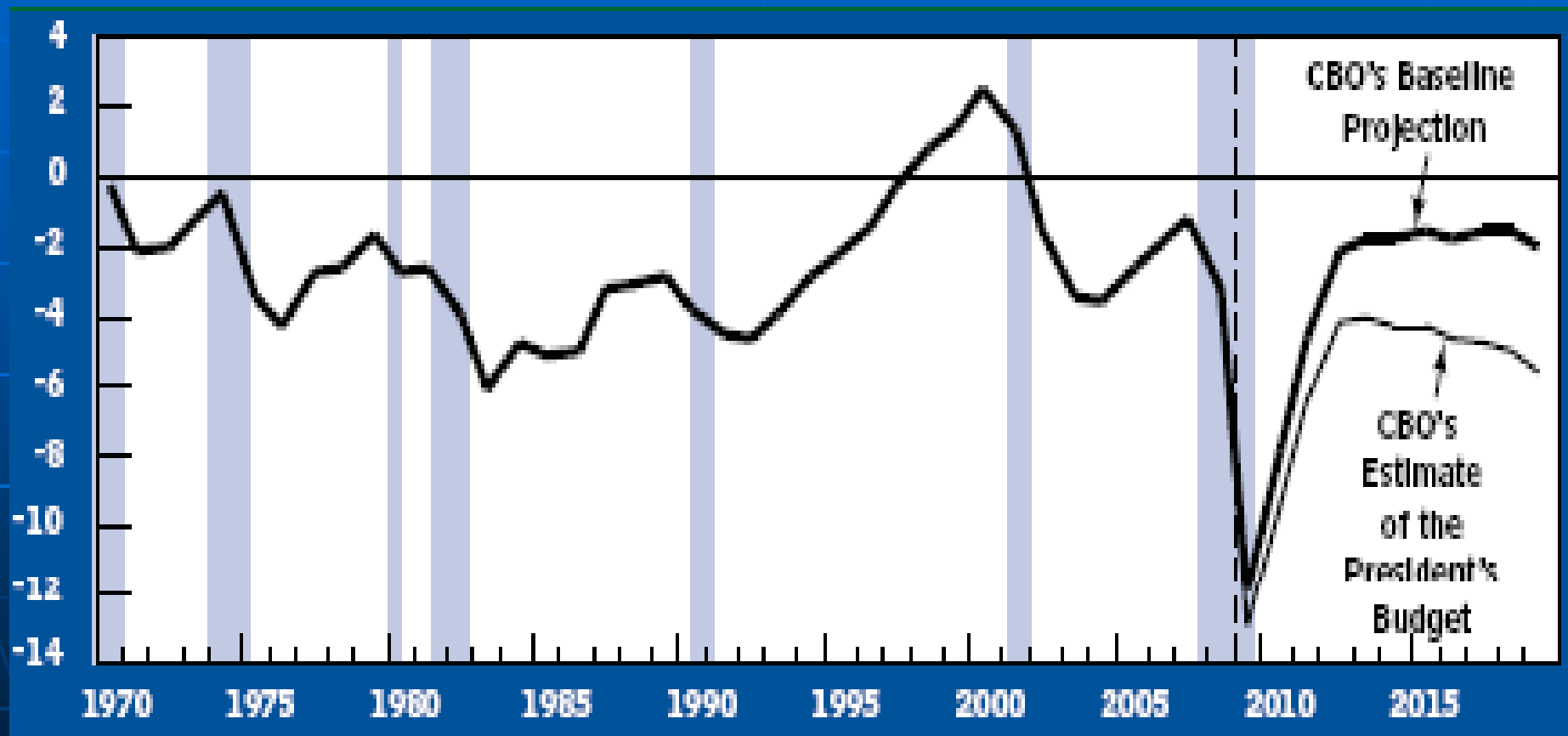
Agency	Pledged	Spent
<b>Federal Reserve</b>		
Term Auction Loan Facility	\$1,000	\$0
Term Auction Credit	\$900	\$448
Other Loans	Unlimited	\$249
Commercial Paper	\$1,800	\$242
Money Markets	\$600	\$70
Purchase of GSE Debt and MBS	\$600	\$107
Term Securites	\$200	\$26
All Other	\$473	\$268
<b>Treasury</b>		
TARP	\$700	\$497
Fed Supplementary Financing	\$479	\$479
Backstop GSE	\$400	\$0
Homeowner Stability Plan	\$75	\$0
<b>FDIC</b>		
Guarantee U.S Bank Debt	\$1,413	\$175
Transaction Deposit Accounts	\$500	\$0
<b>Congress</b>		
Economic Stimulus Act 2008	\$170	\$170
Economic Recovery Act 2009	\$789	\$789
<b>Joint Fed, FDIC, Treasury</b>		
Public-Private Investment Fund	\$1,000	\$0
	=====	=====
<b>Totals</b>	<b>\$11,348</b>	<b>\$3,520</b>

# Obama Stimulus Package

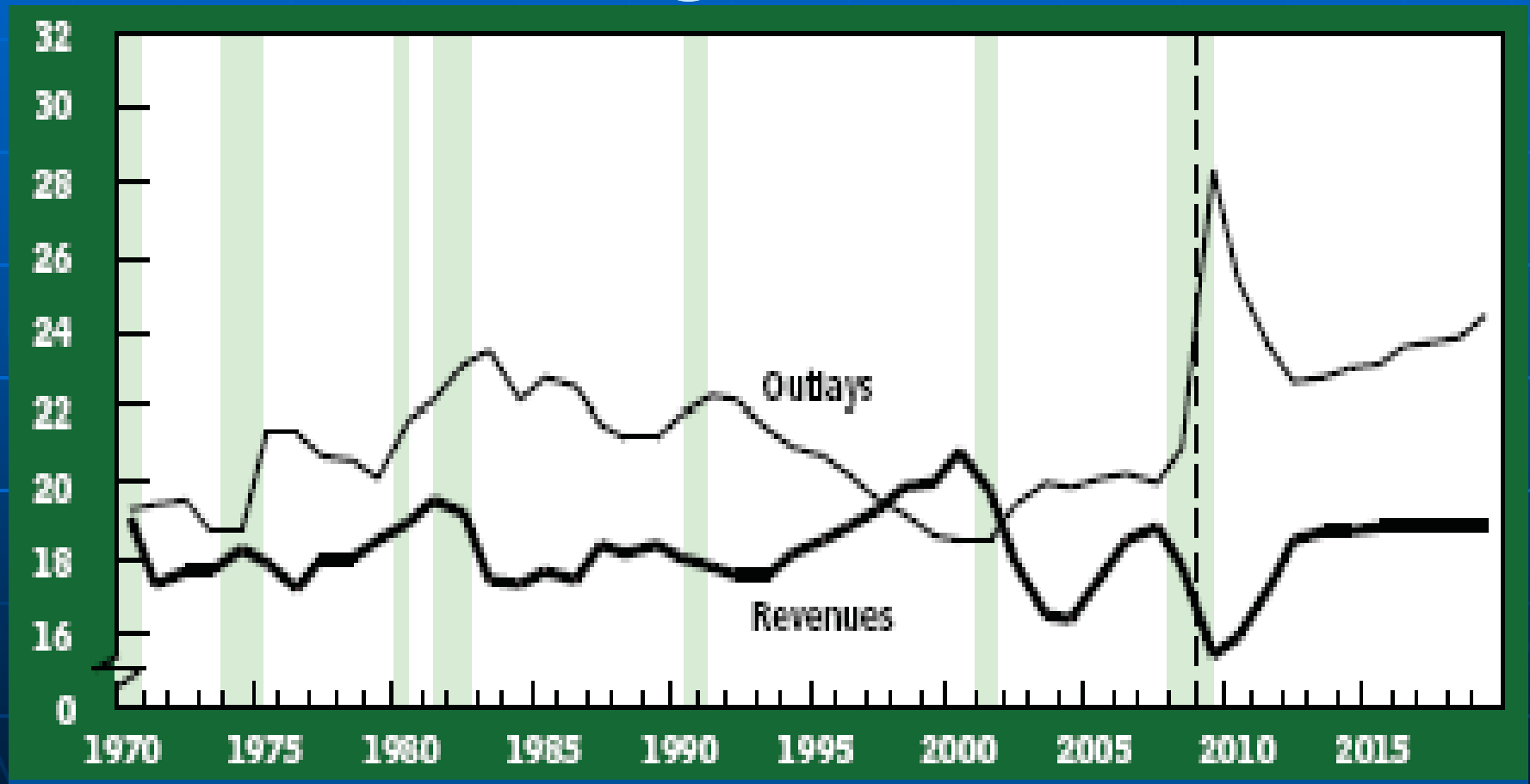
Stimulus Package	Total	%
Tax Cuts		
Business	\$61	8%
Personal	\$227	29%
Aid to People	\$83	11%
Healthcare	\$59	7%
Infrastructure and Science	\$111	14%
Education, Energy, Other	\$104	13%
Local Govt	\$144	18%
	=====	=====
<b>Total</b>	<b>\$789</b>	<b>100%</b>

Can spending be reigned in? Deficit challenge difficult!

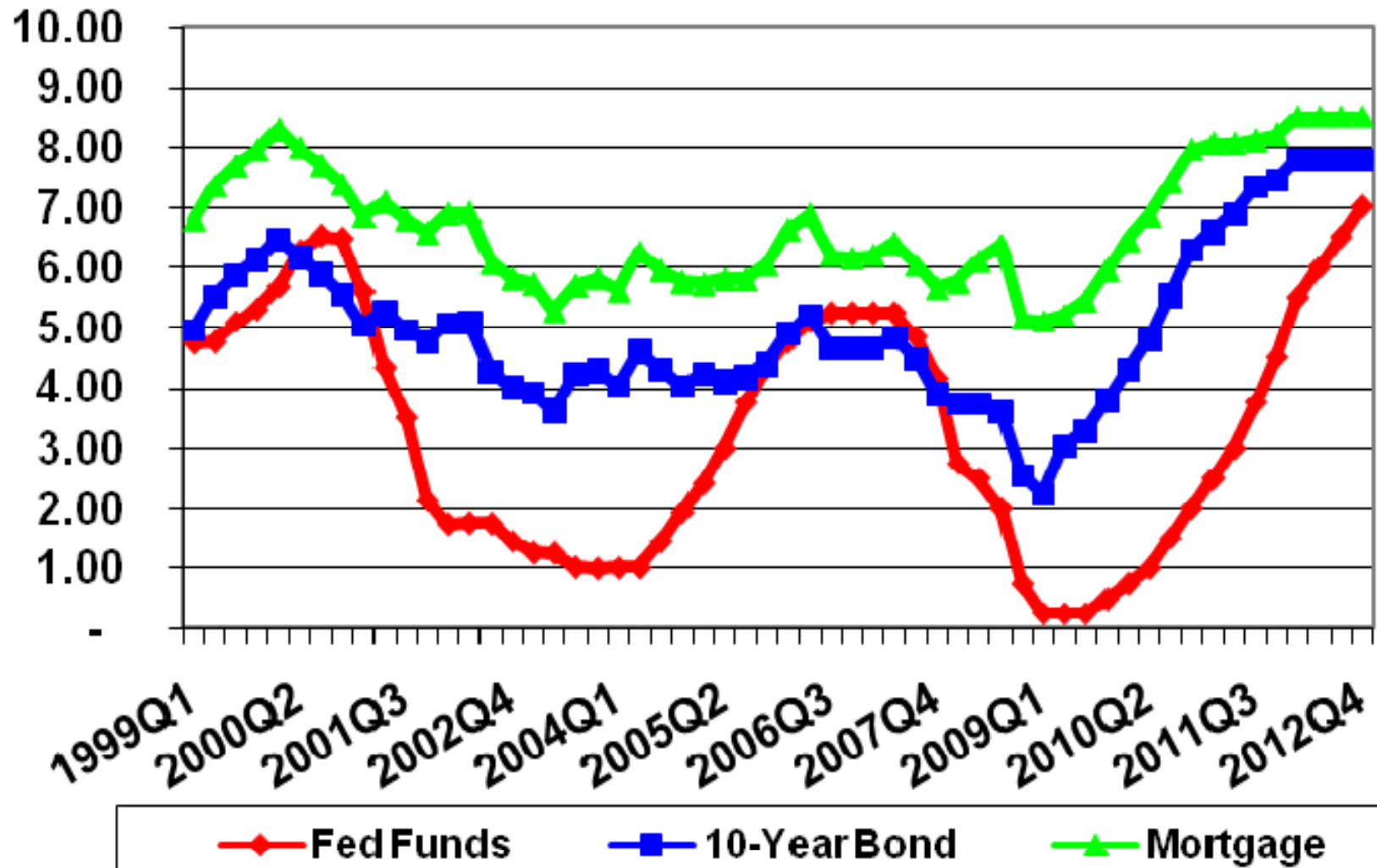
# Total Deficit or Surplus (% of GDP)



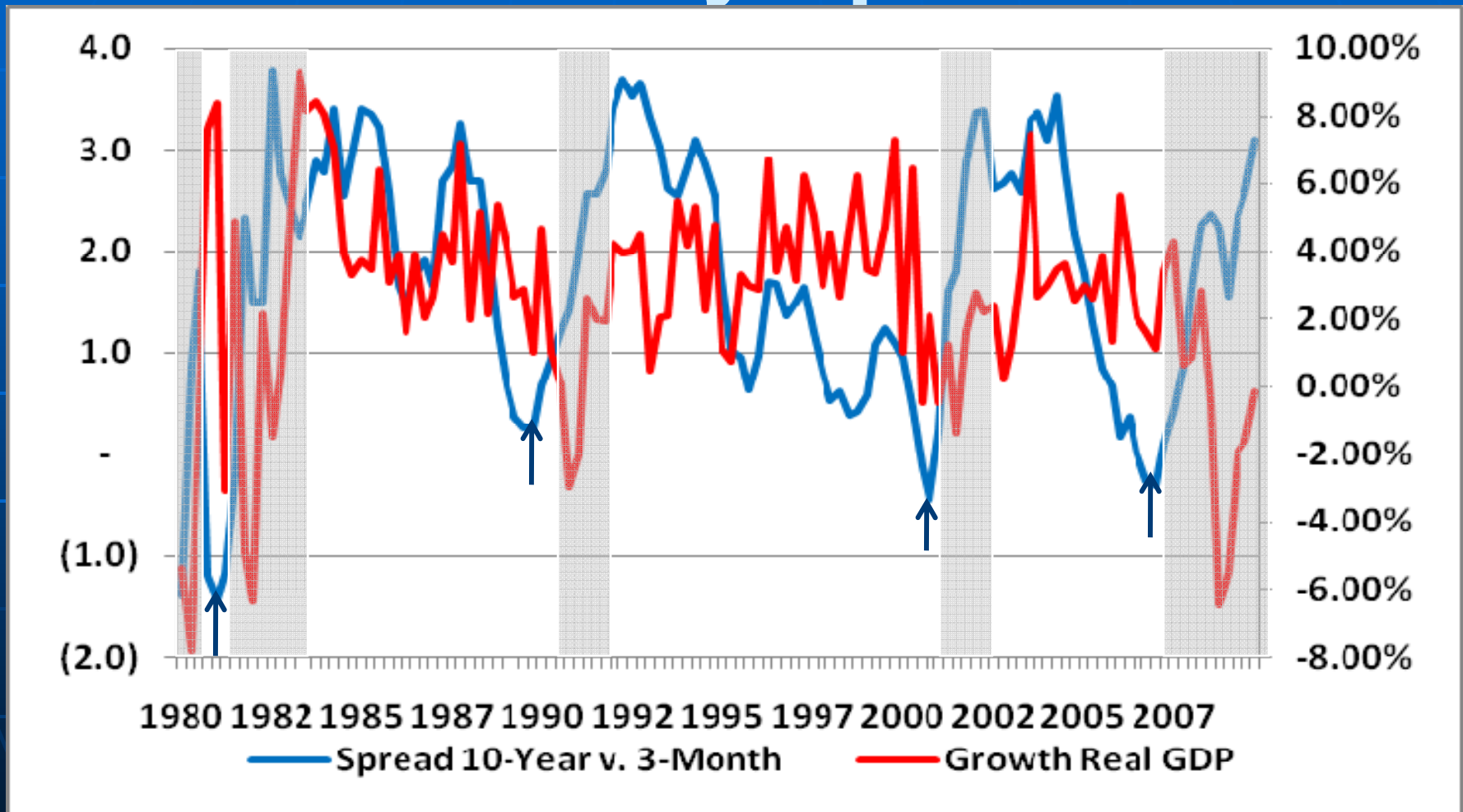
# CBO Estimates of Federal Spending and Outlays as a % of GDP



# INTEREST RATES

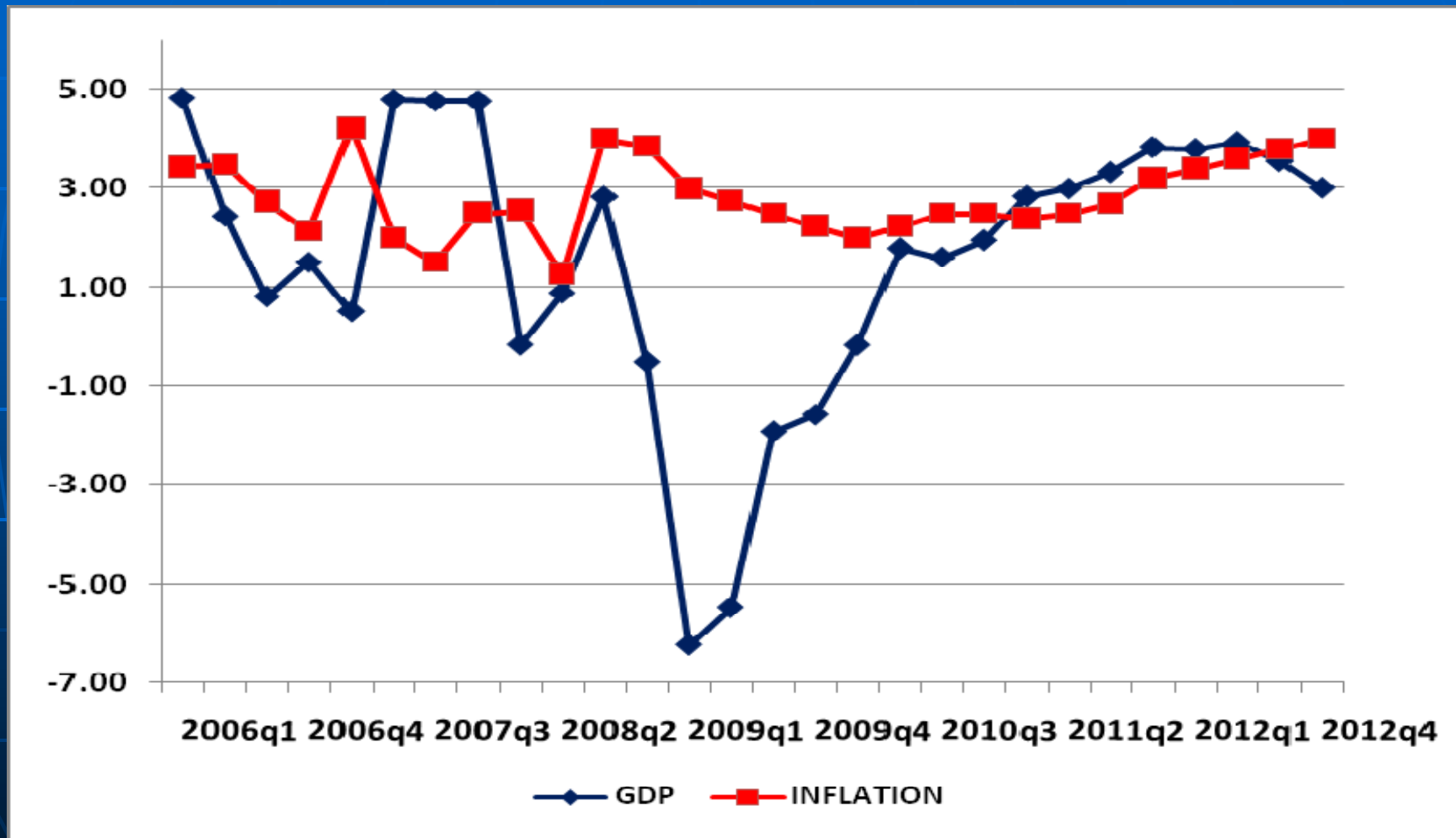


# Business Cycles and the Treasury Spread



# GDP AND INFLATION

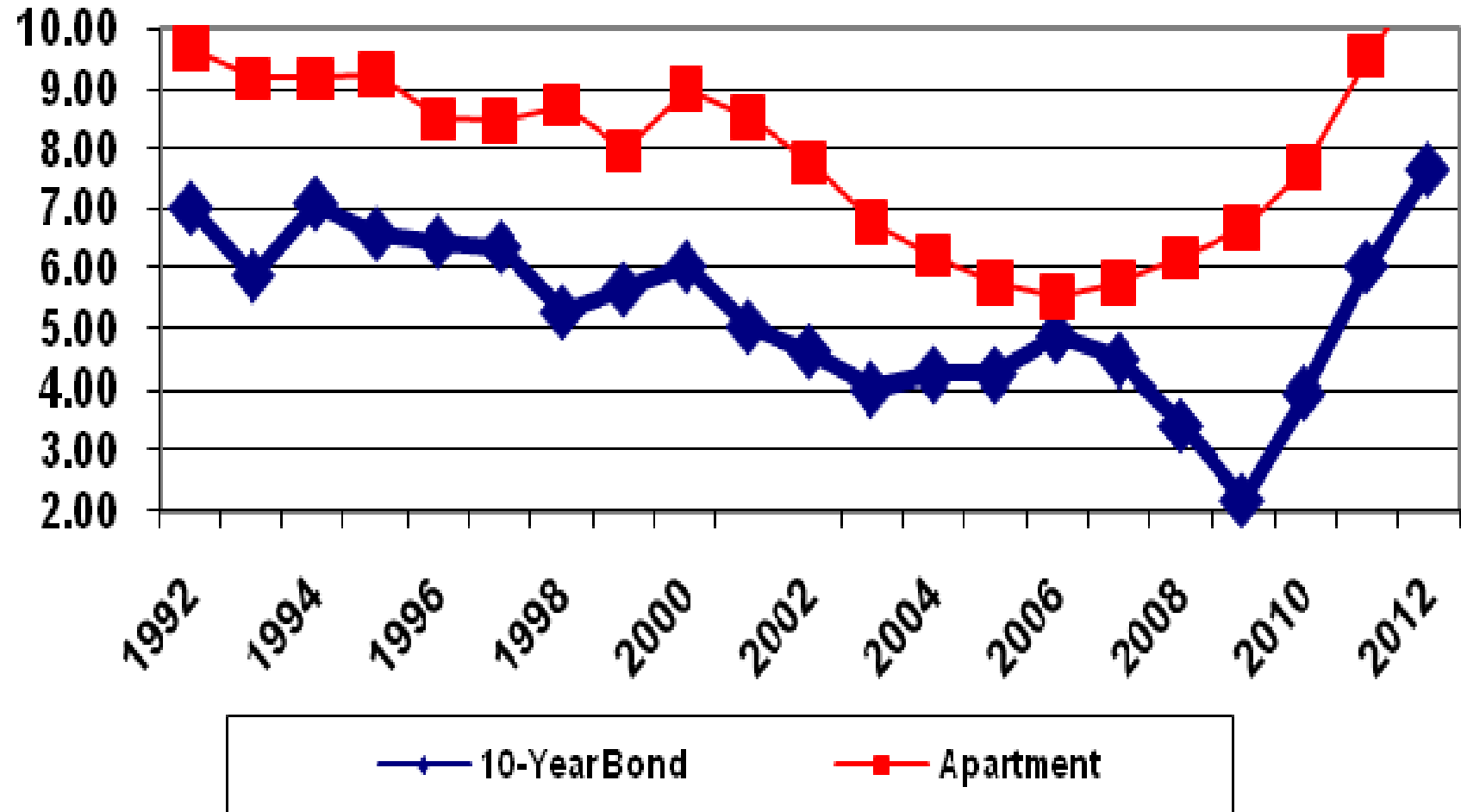
(Percent growth SAAR)



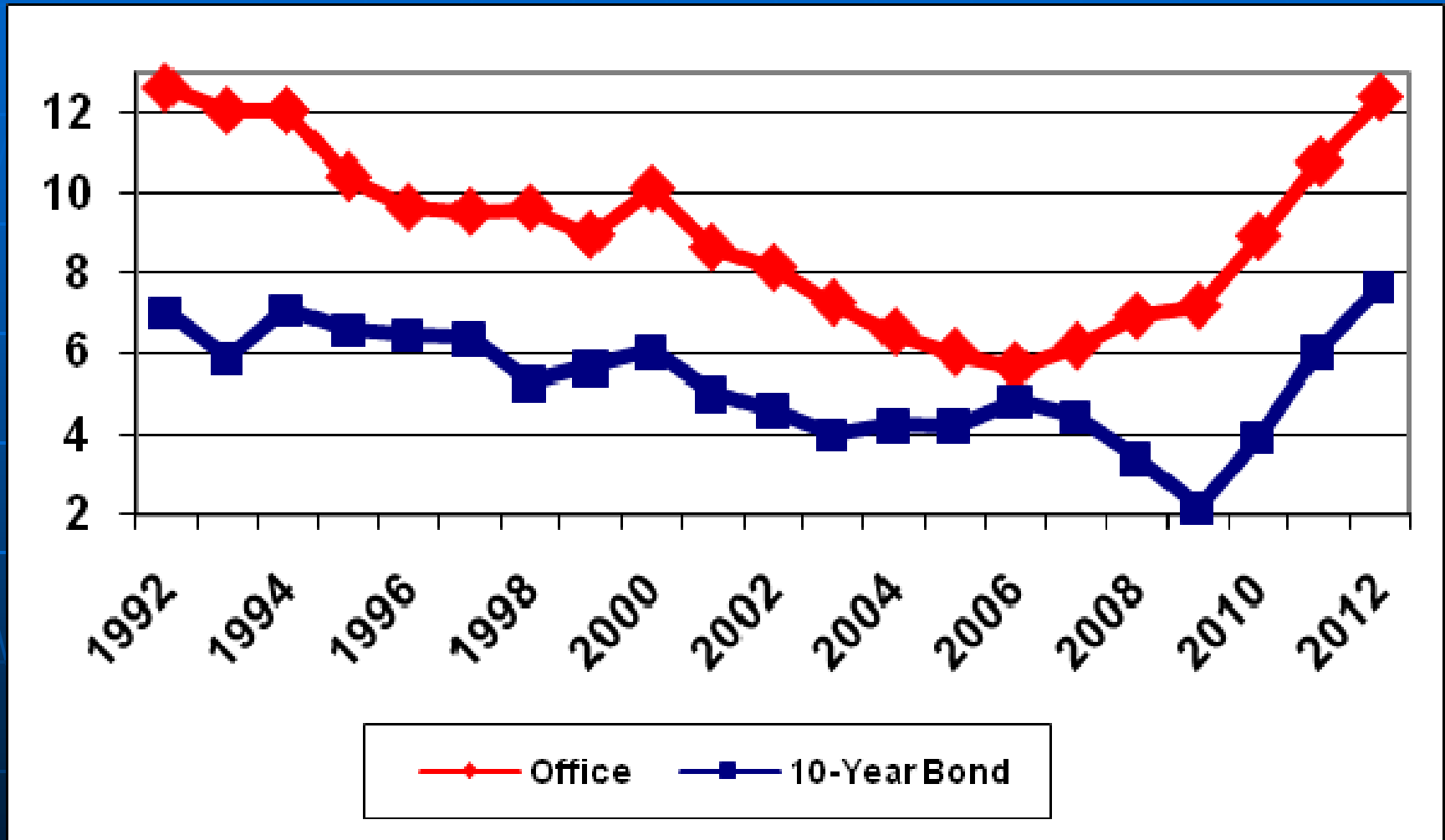
# Post War Recession in U.S.

Peak to Trough %	Length of Recssion in Months	Real GDP	Industrial Production	Payroll Employment
12- 2007 to 11-2009*	23	-4.00%	-17.88%	-5.47%
3- 2001 to 11-2001	8	-0.40%	-5.80%	-2.10%
7-1990 to 3-1991	8	-1.30%	-4.30%	-1.50%
7-1981 to 11-1982	16	-2.70%	-10.30%	-3.20%
1-1980 to 7-1980	6	-2.20%	-6.90%	-1.30%
11-1973 to 3-1975	16	-3.10%	-12.80%	-2.80%
12-1969 to 11-1970	11	0.00%	-7.50%	-1.40%
4-1960 to 2-1961	10	-1.60%	-7.80%	-2.30%
8-1957 to 4-1958	8	-3.80%	-12.70%	-4.00%
7-1953 to 5-1954	10	-2.40%	-9.10%	-3.30%
11-1948 to 10-1949	11	-1.80%	-7.70%	-4.40%
<b>Average for previous recessions</b>	<b>10</b>	<b>-1.90%</b>	<b>-8.50%</b>	<b>-2.60%</b>

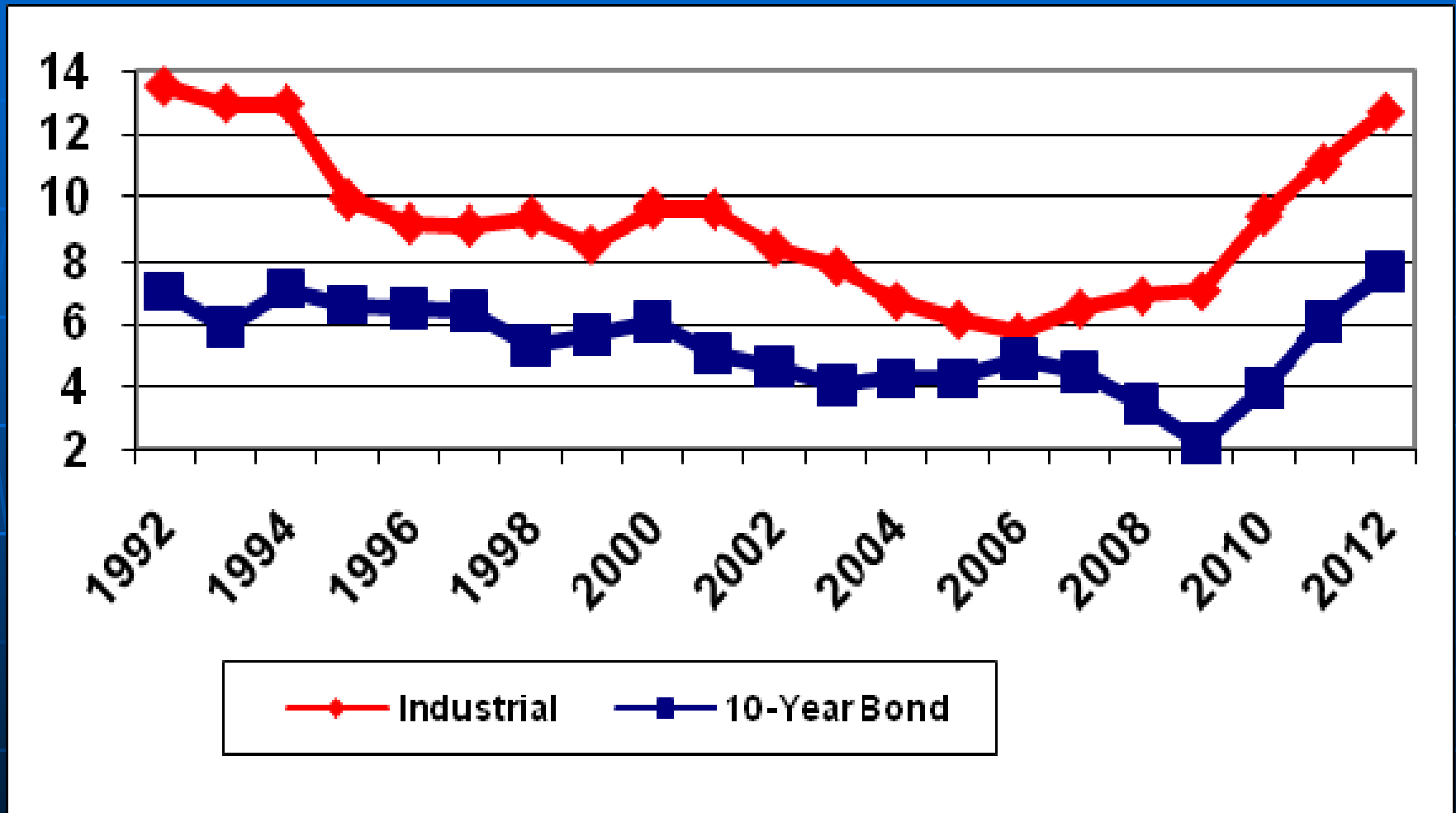
# Apartment Cap Rates



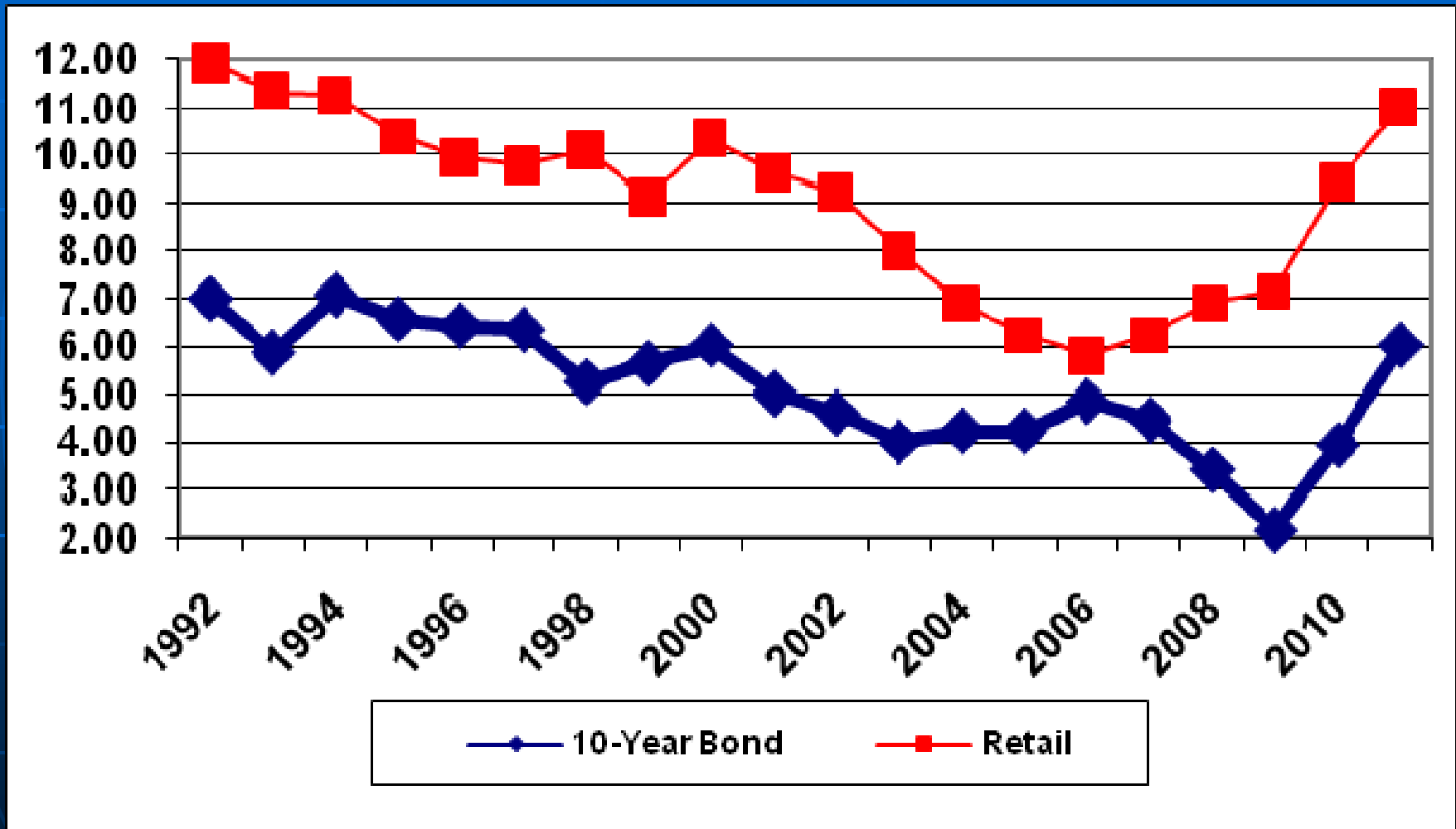
# Office Cap Rates



# Industrial Cap Rate



# Retail Cap Rate



# Florida Summary



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# Florida Summary

## Worst Recession since 1976

### Population Growth

- 126,000 for 2008
- 125,000 for 1976

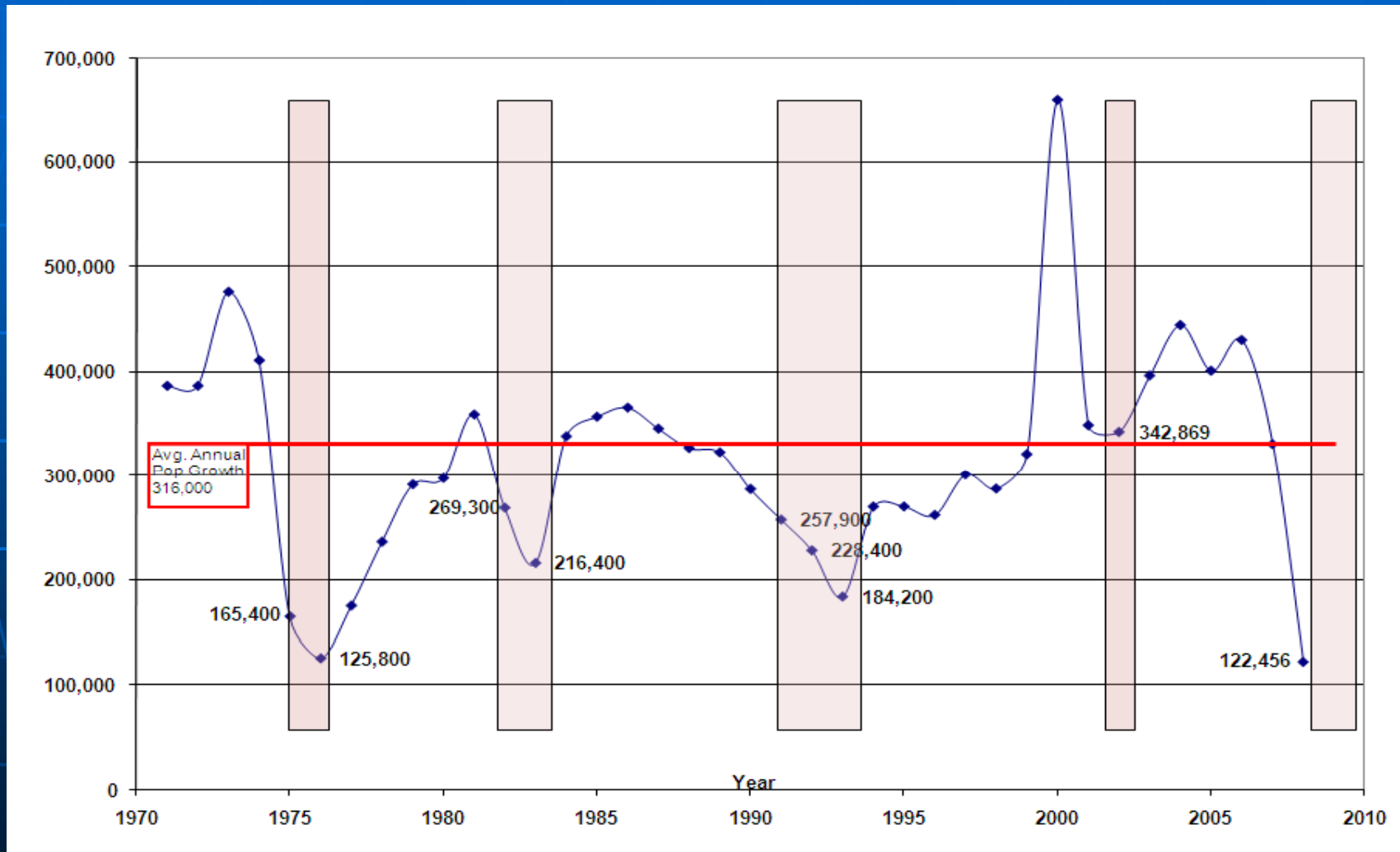
### Employment

- -275,000 for 2008
- -55,000 for 1976

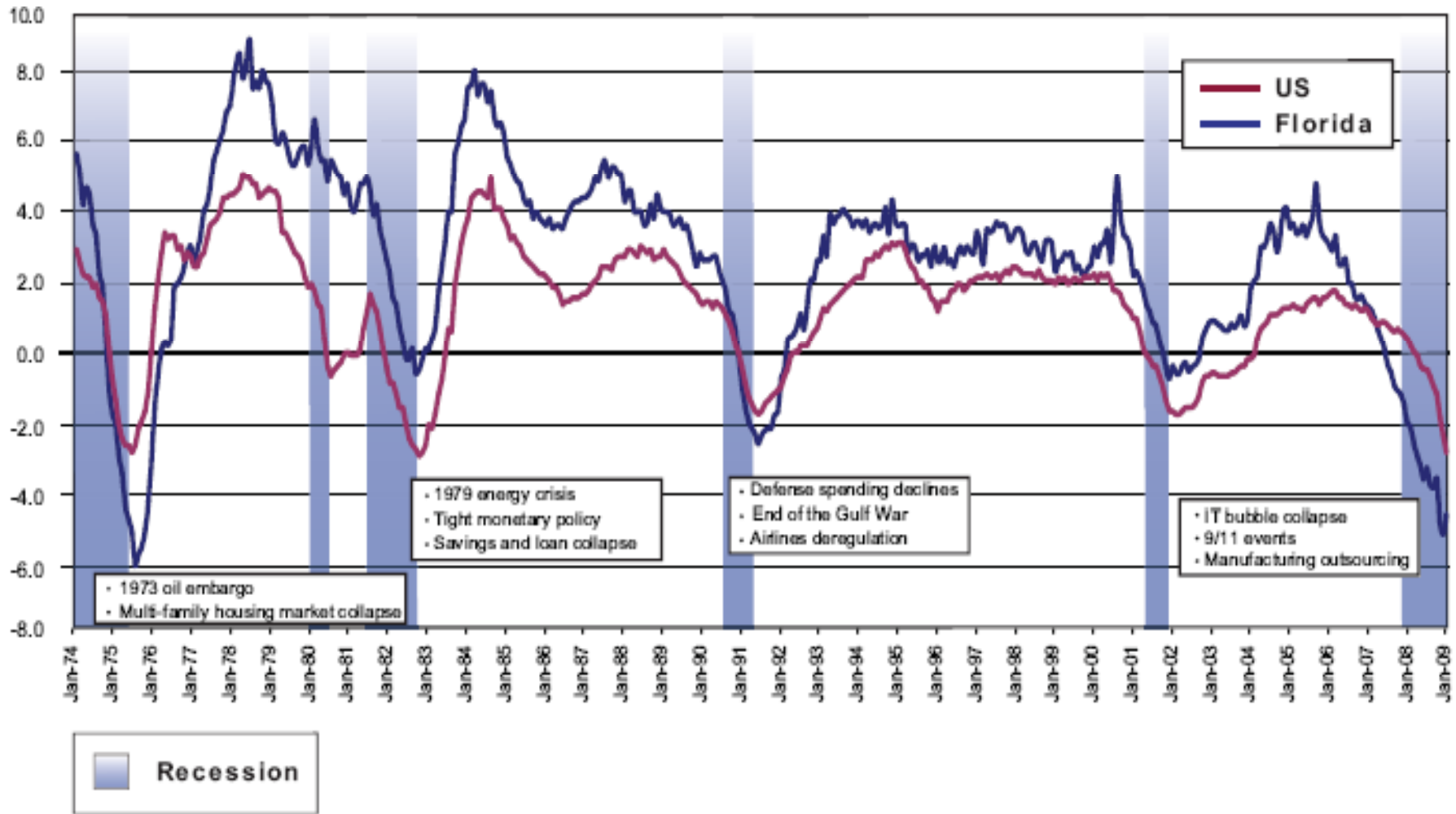
### Housing Starts

- 48,000 for 2008
- 33,000 for 1976

# Florida Population Growth

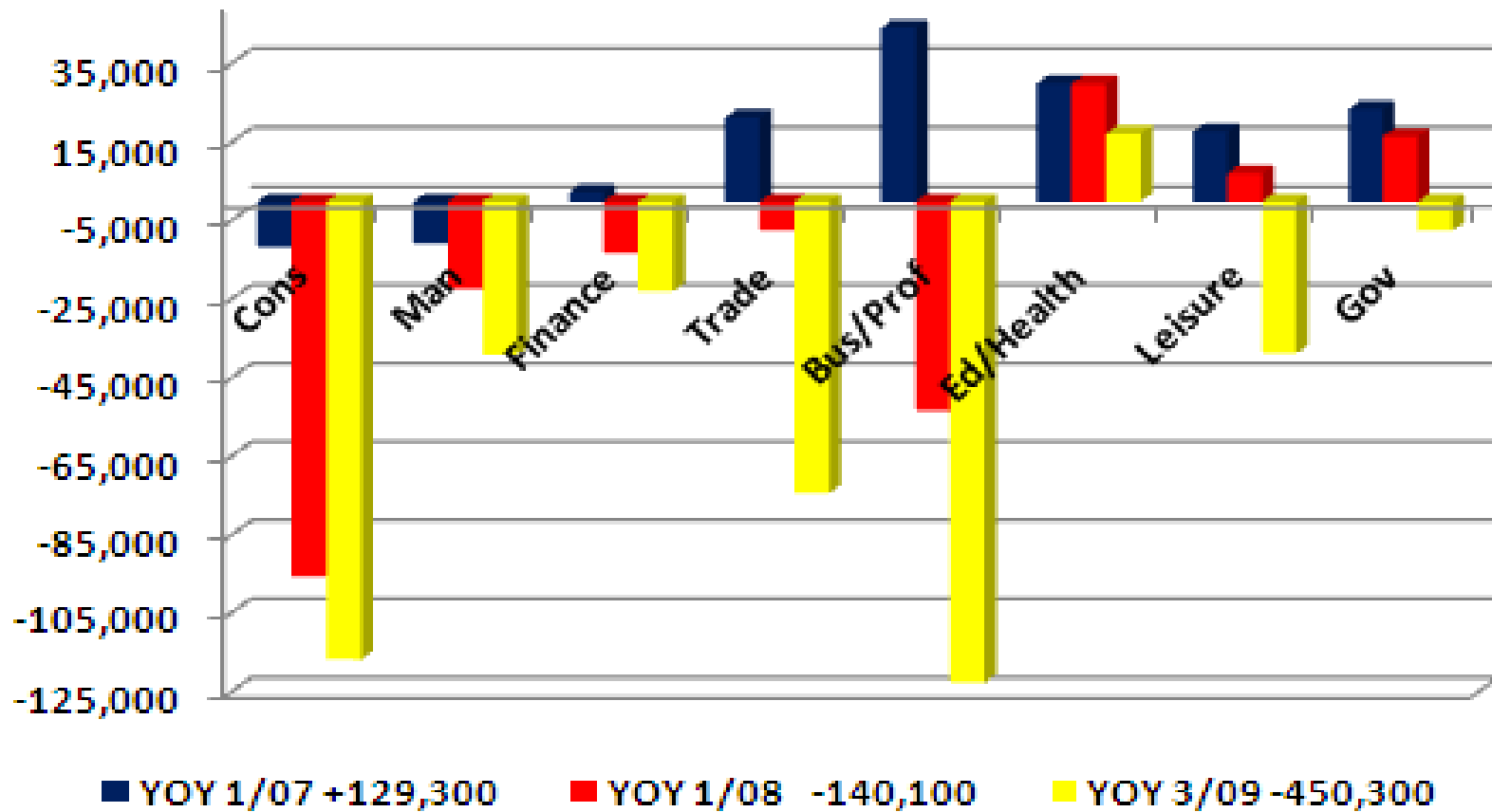


## Total Nonagricultural Employment Annual Job Growth Rates



Source: Florida Agency for Workforce Innovation, Labor Market Statistics Center, Current Employment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

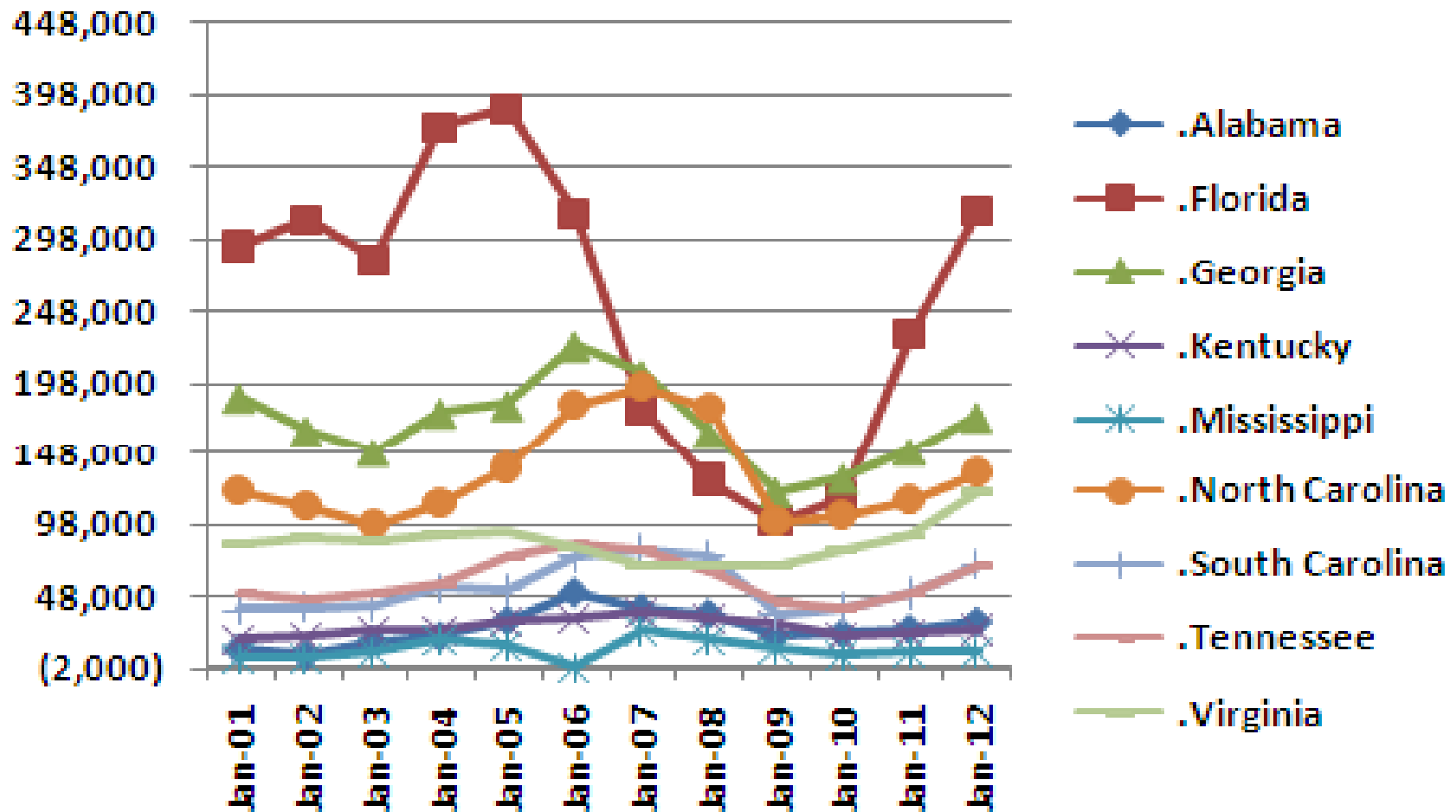
# Florida Employment Growth Year-over-Year Changes



# Labor Market Performance for the Ten Largest States in U.S.

State	Job Growth		Unemployment Rate
	Over-the-Year Change		
	Level	Rate (%)	
Texas	-106,500	-1.0	6.7
Pennsylvania	-132,800	-2.3	7.8
New York	-160,500	-1.8	7.8
Georgia	-183,000	-4.4	9.2
North Carolina	-210,000	-5.0	10.8
Ohio	-229,500	-4.3	9.7
Illinois	-232,600	-3.9	9.1
Michigan	-270,500	-6.4	12.6
<b>Florida</b>	<b>-424,300</b>	<b>-5.4</b>	<b>9.7</b>
California	-637,400	-4.2	11.2

# Population Growth SE States



# Population Growth 2007-08

## Slowest and Fastest Counties

County	2007	2008	Total Change
Broward	1,765,707	1,758,494	-7,213
Pinellas	944,199	938,461	-5,738
Monroe	78,987	76,081	-2,906
Collier	333,858	332,854	-1,004
Palm Beach	1,295,033	1,294,654	-379
Calhoun	14,477	14,310	-167
Sarasota	387,461	393,608	6,147
St. Johns	173,935	181,180	7,245
Duval	897,597	904,971	7,374
Osceola	266,123	273,709	7,586
Hillsborough	1,192,861	1,200,541	7,680
Lee	615,741	623,725	7,984
Orange	1,105,603	1,114,979	9,376
Miami-Dade	2,462,292	2,477,289	14,997

# Florida's Share of Stimulus Program

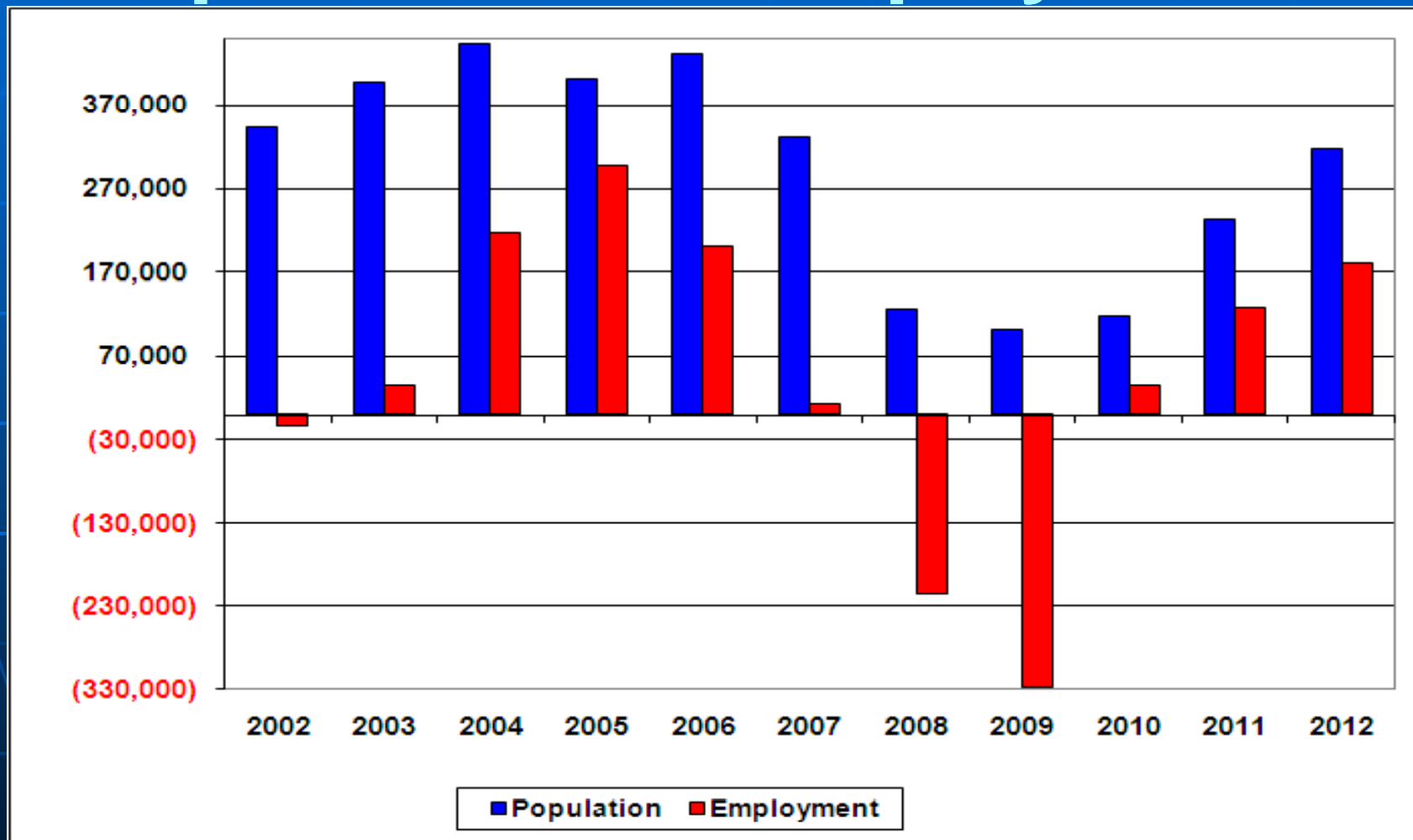
Stimulus Package	Total	%
Tax Cuts		
Business	\$1.8	5%
Personal	\$10.2	30%
Aid to People	\$4.9	14%
Healthcare	\$3.5	10%
Infrastructure and Science	\$1.8	5%
Education, Energy, Other	\$5.0	15%
Local Govt	\$7.2	21%
	=====	=====
<b>Total</b>	<b>\$34.5</b>	<b>100%</b>

# Florida Jobs from the Stimulus Package

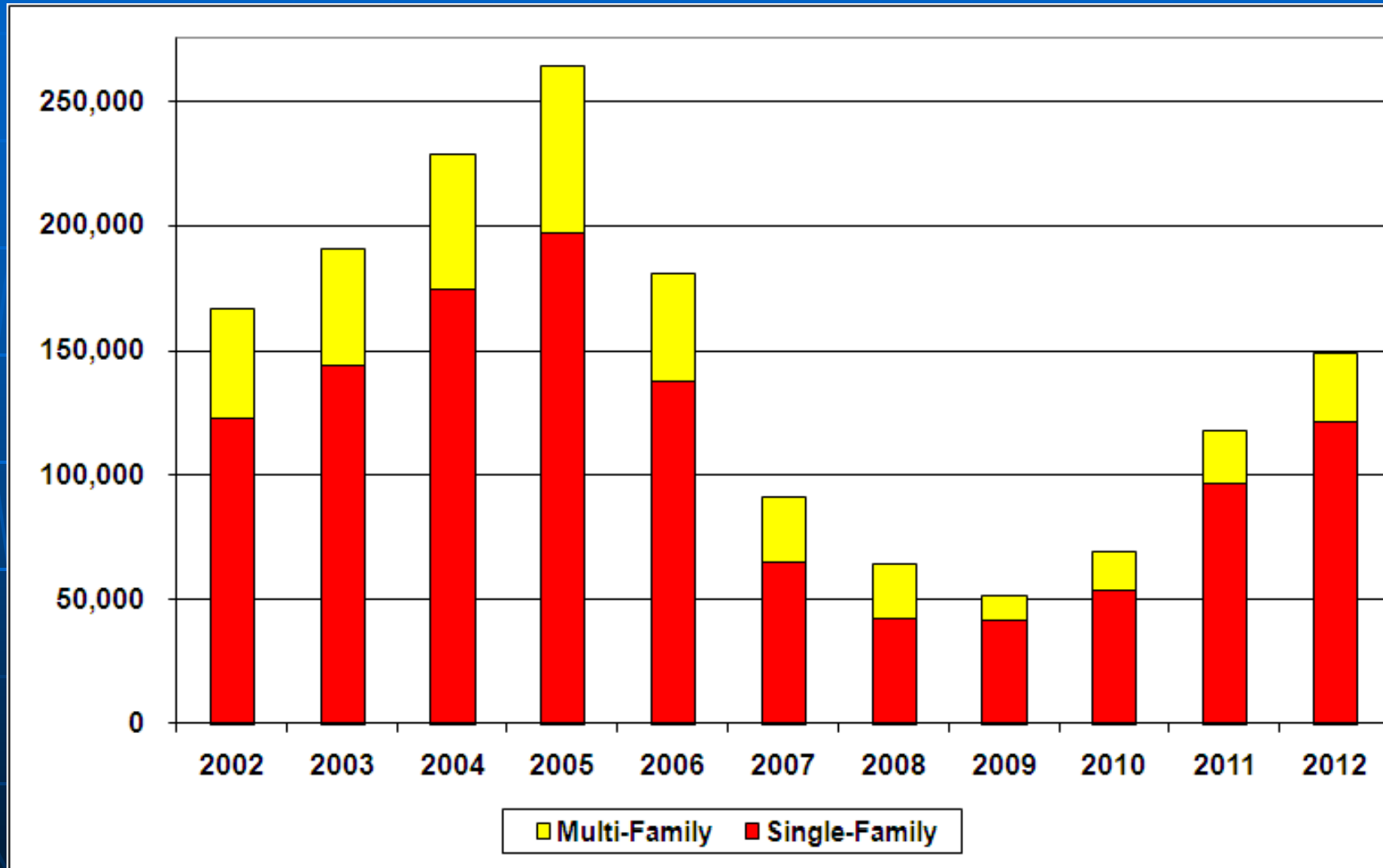
State	Estimated Effect
Alabama	52,000
Alaska	8,000
Arizona	70,000
Arkansas	31,000
California	396,000
Colorado	59,000
Connecticut	41,000
Delaware	11,000
District of Columbia	12,000
Florida	206,000
Georgia	106,000
Hawaii	15,000
Idaho	17,000
Illinois	148,000
Indiana	75,000
Iowa	37,000

**\$167,000/Job**

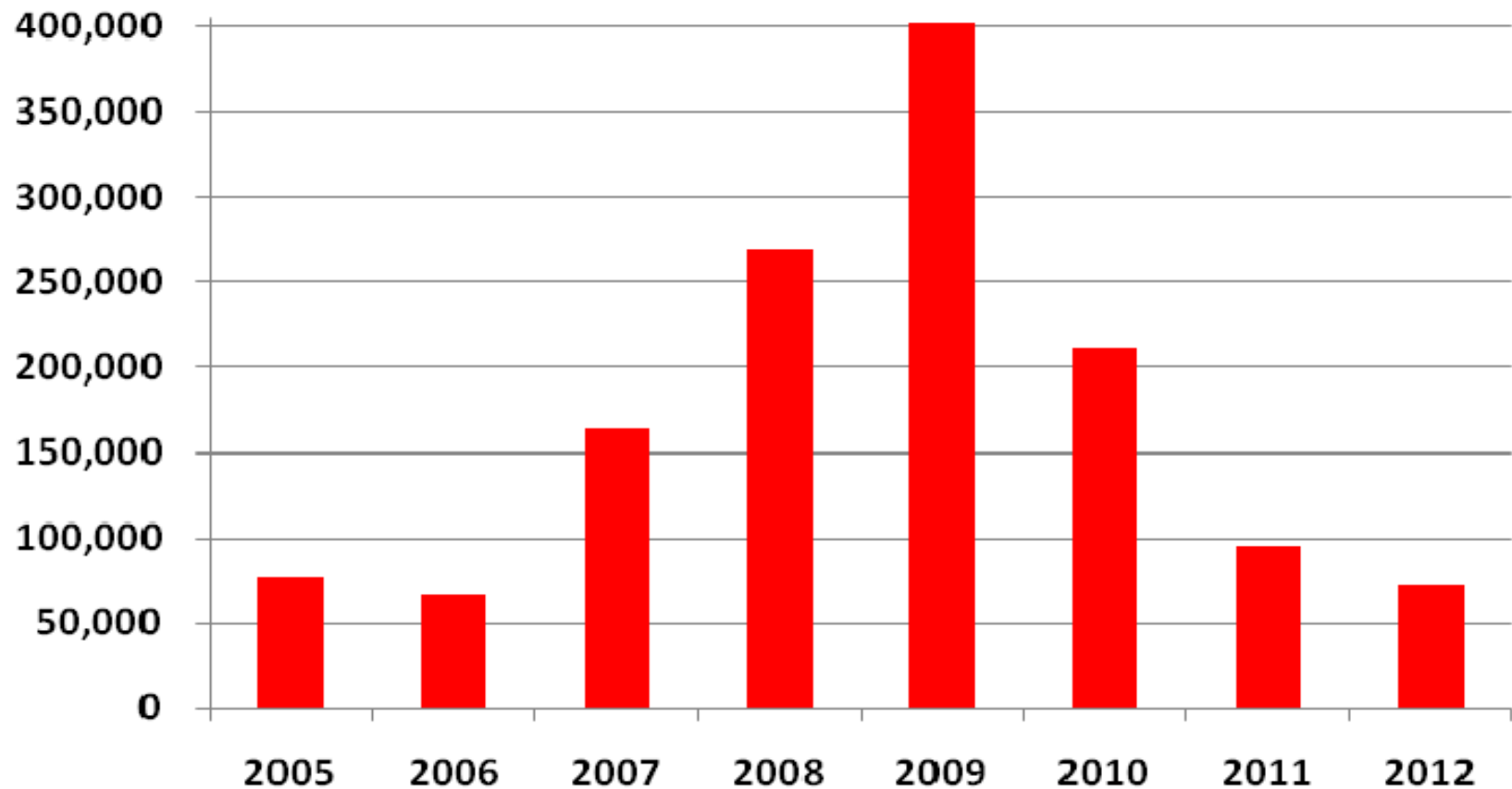
# Florida Growth Forecast Population and Employment



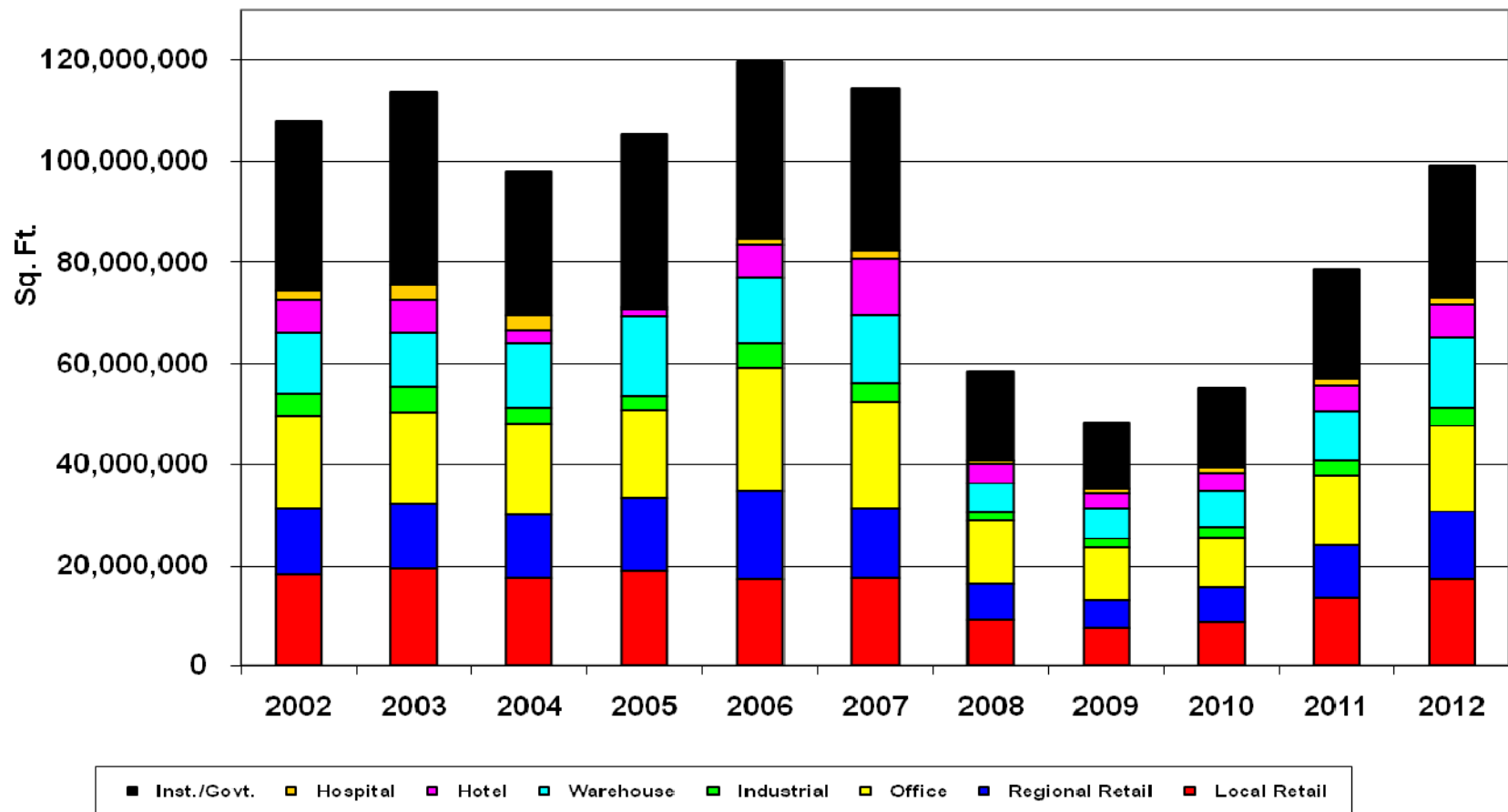
# Housing Starts



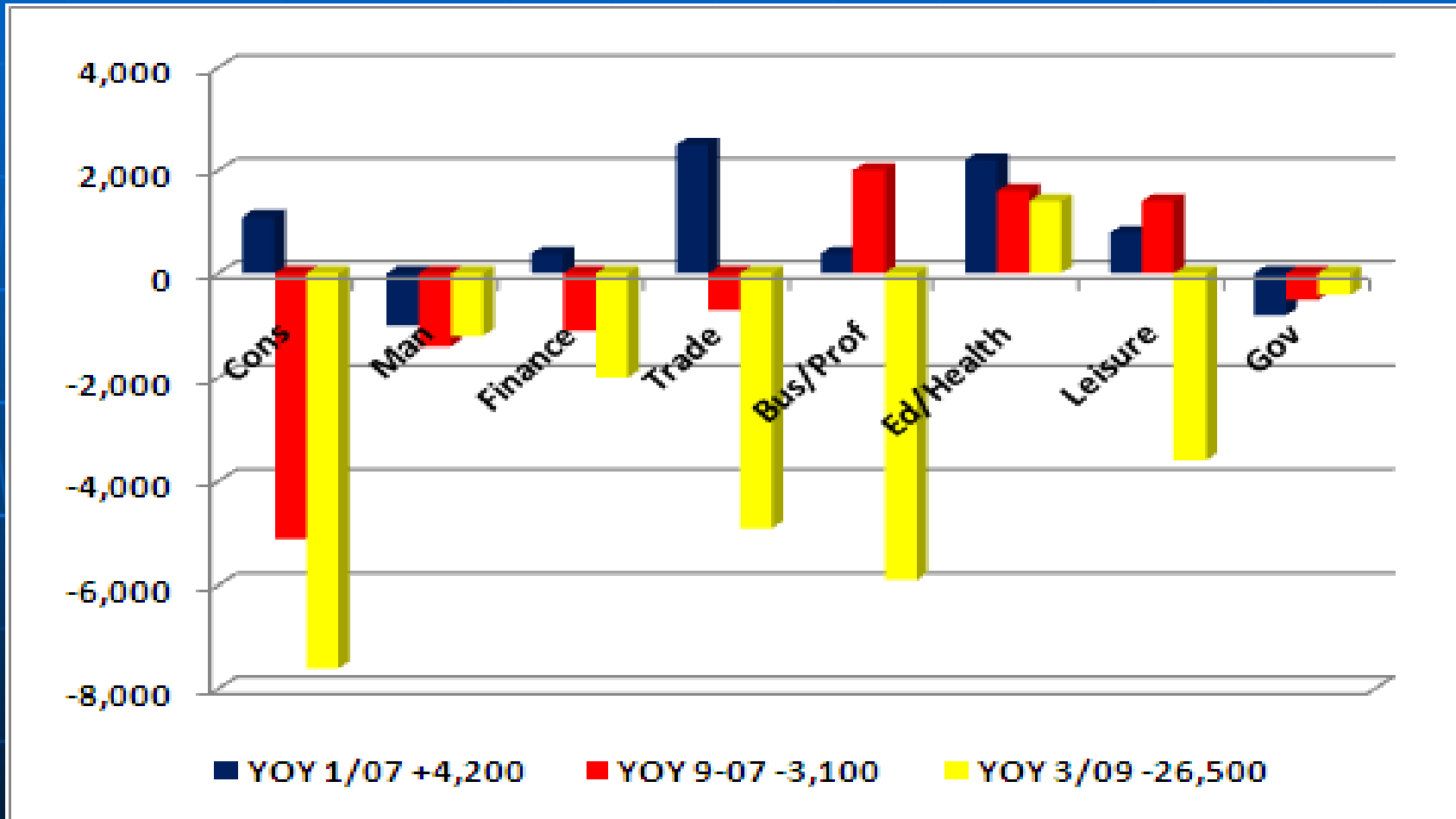
# Volume of New Foreclosure Filings



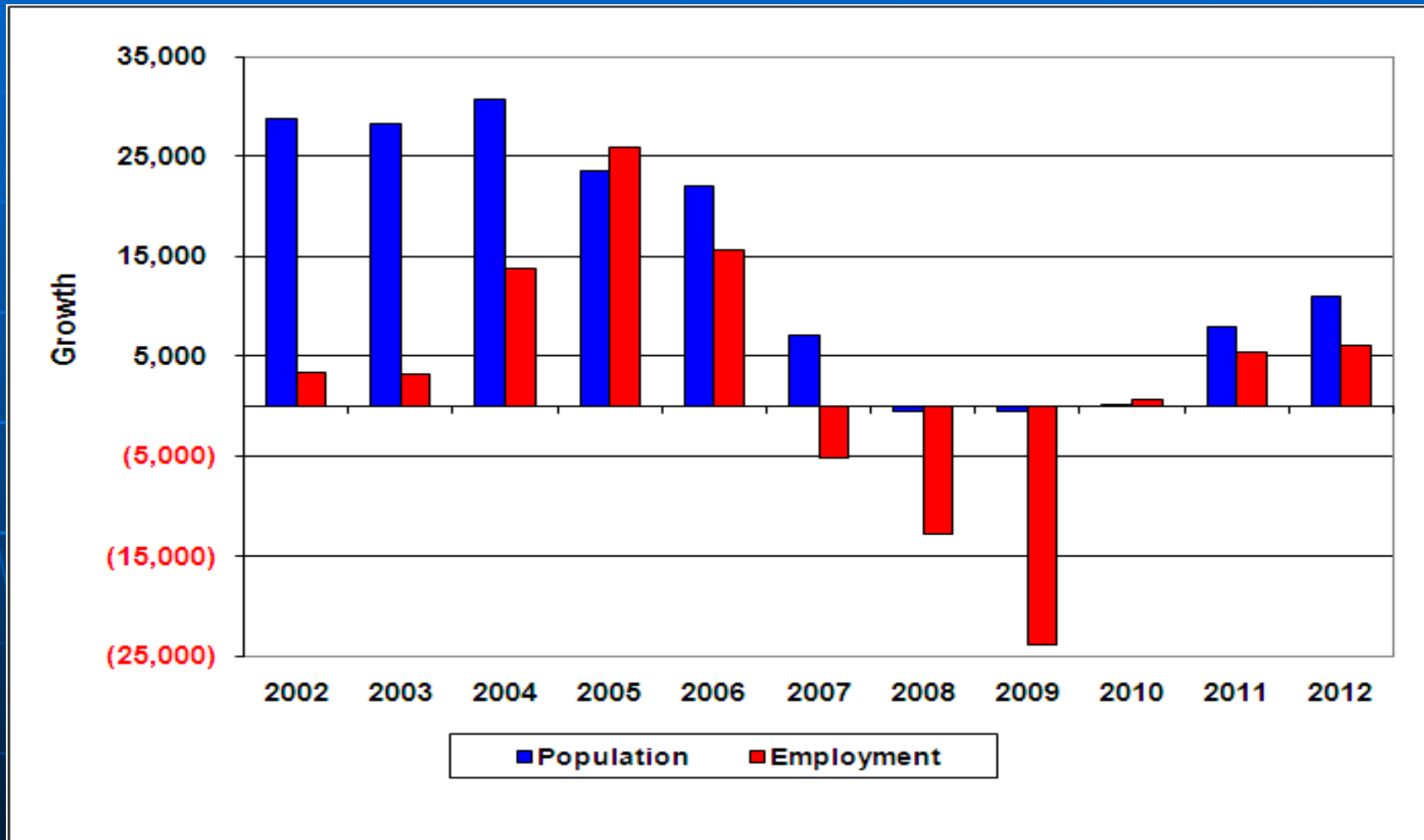
# Non Residential Construction Put in Place in Square Feet



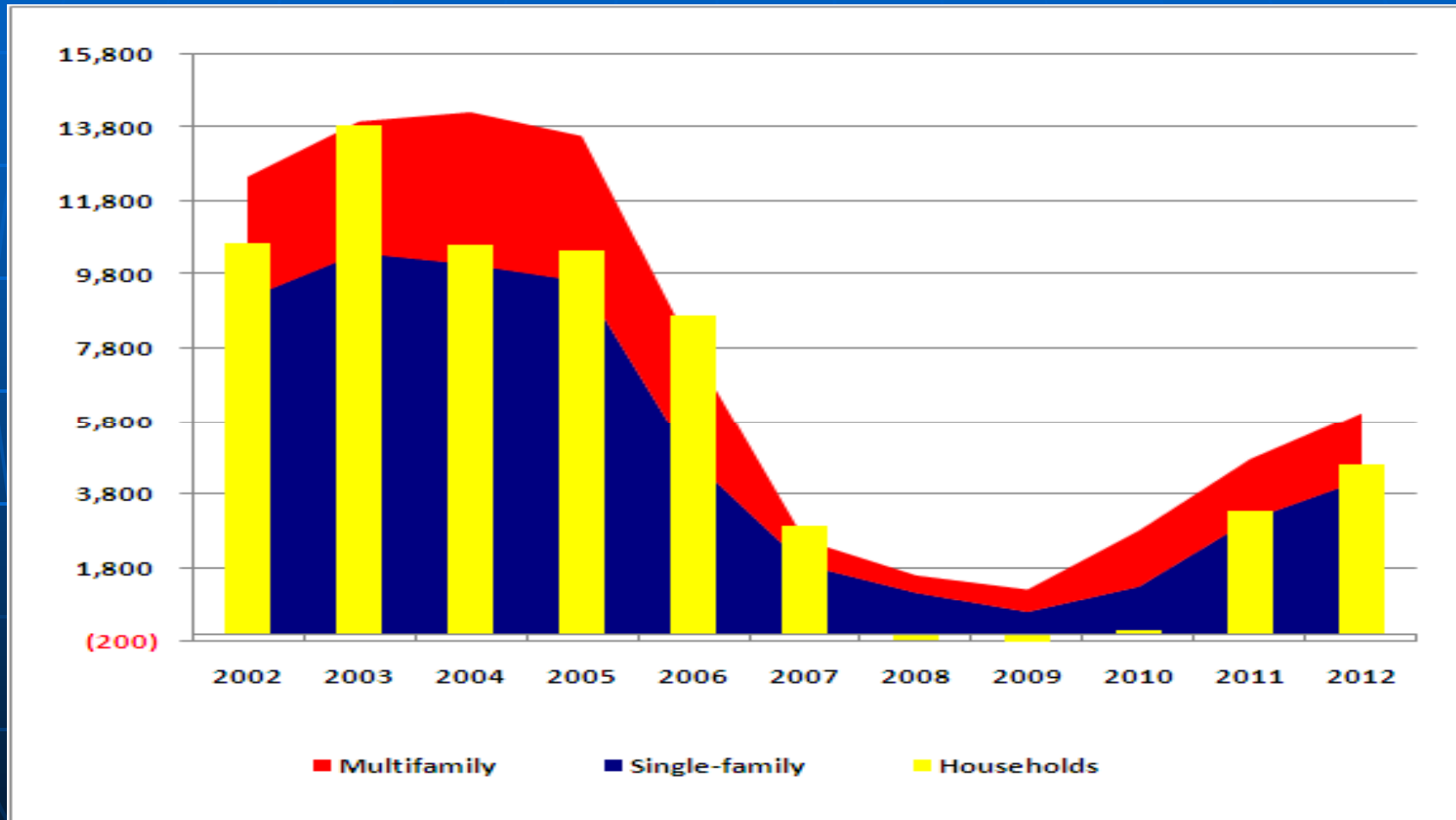
# Palm Beach Employment Growth Year-Over-Year



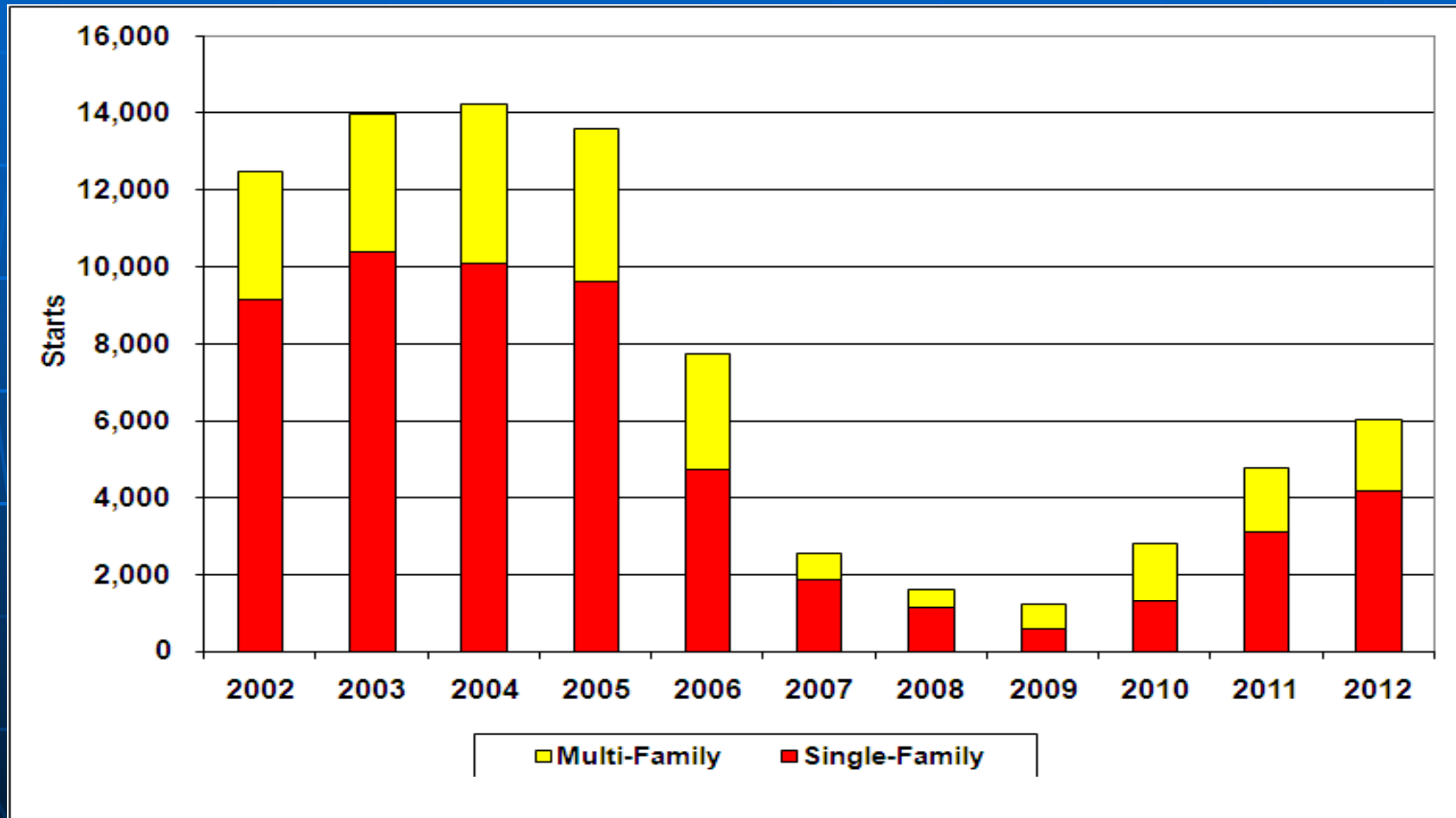
# PALM BEACH GROWTH IN POPULATION & EMPLOYMENT



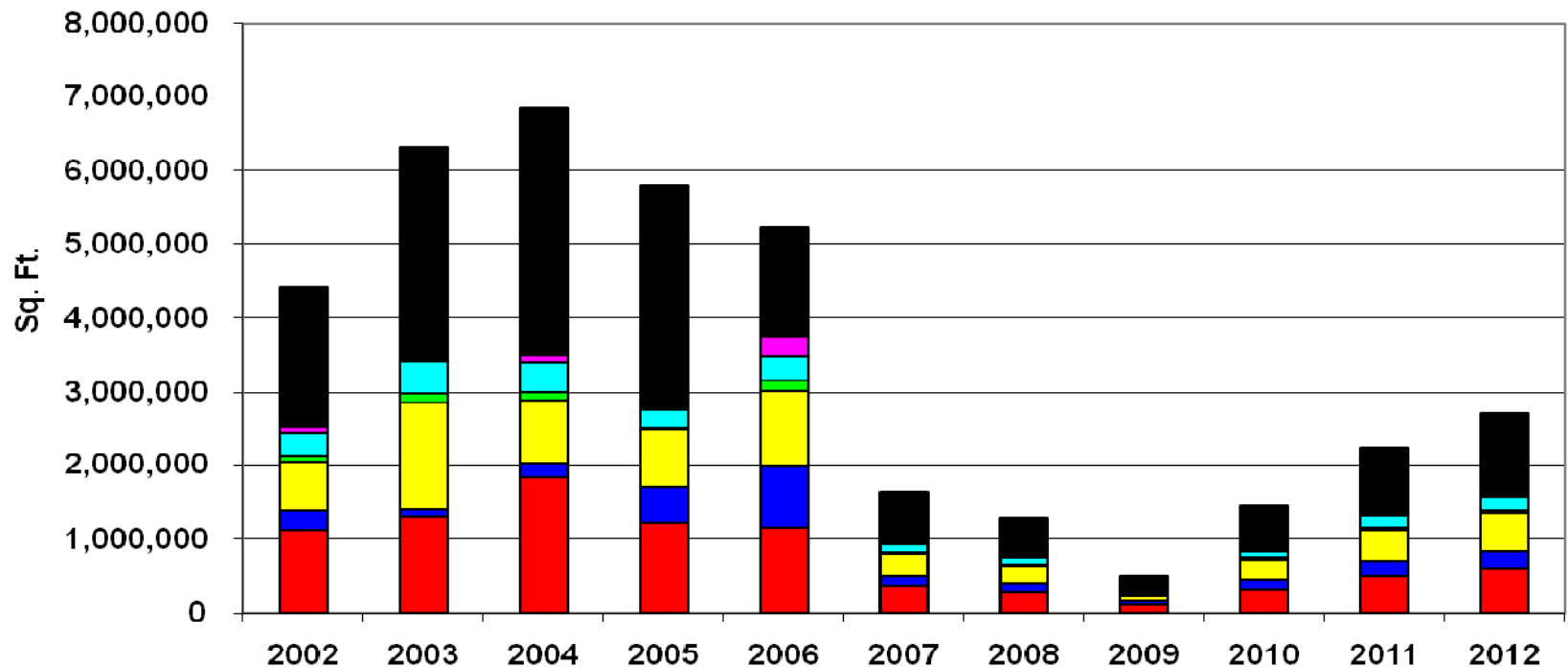
# Palm Beach's Housing Market Starts v. Household Growth



# PALM BEACH COUNTY HOUSING STARTS



# PALM BEACH COUNTY NON RESIDENTIAL CONSTRUCTION (SQ. FT.)



Inst./Govt.
  Hospital
  Hotel
  Warehouse
  Industrial
  Office
  Regional Retail
  Local Retail



The End

# QUESTIONS?

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