

Florida: An Economic Overview

June 23, 2009

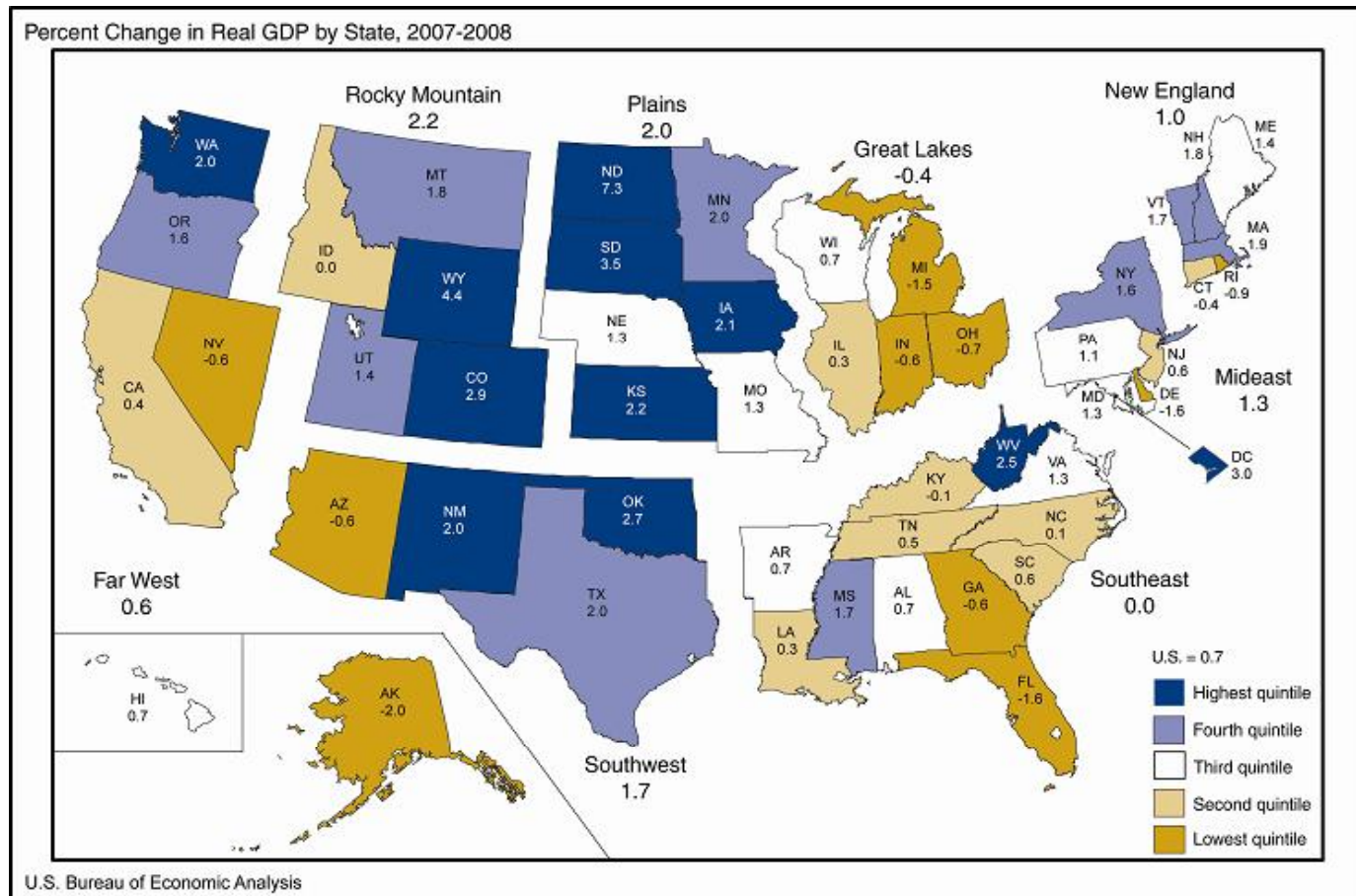
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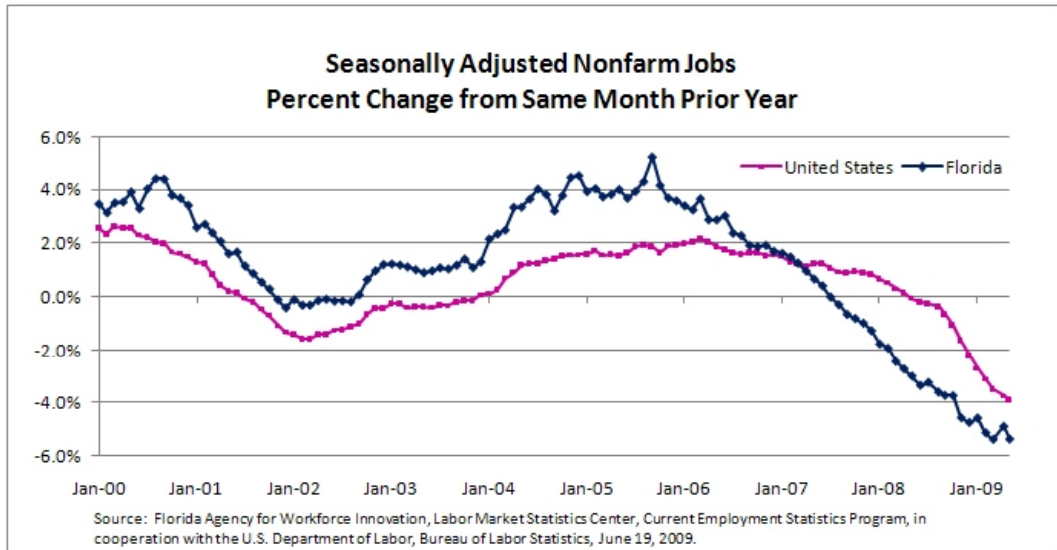
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Economy Lost Ground in 2008

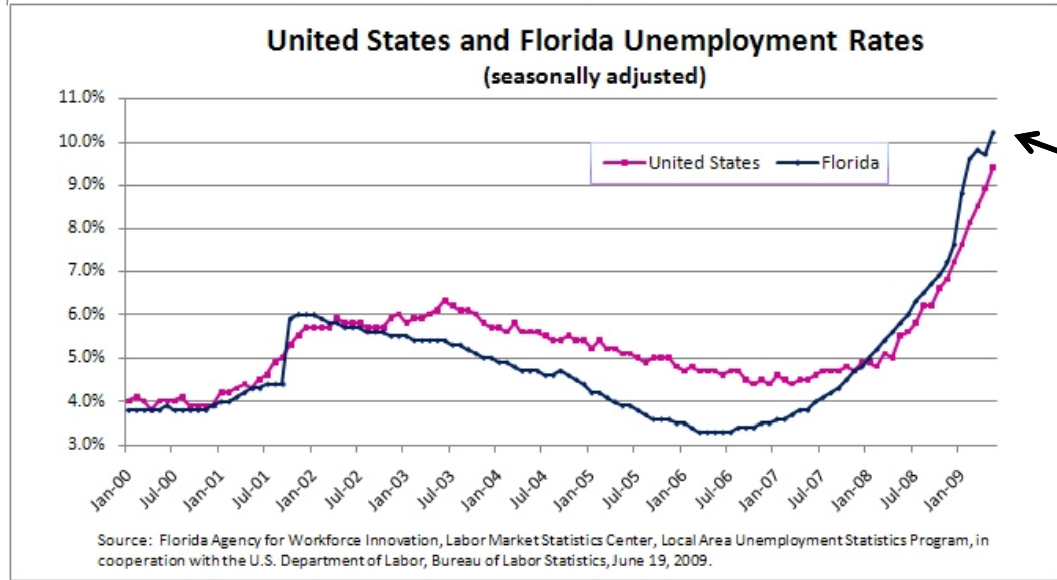
- Florida's growth is now declining. State Gross Domestic Product (GDP) ranked us 48th in the nation in real growth with a decline of (-1.6%) in 2008. In 2005, we were ranked 2nd in the nation.



Employment Worsens



May (YOY)
 US -3.9%
 FL -5.3%
 (-417,500 jobs)

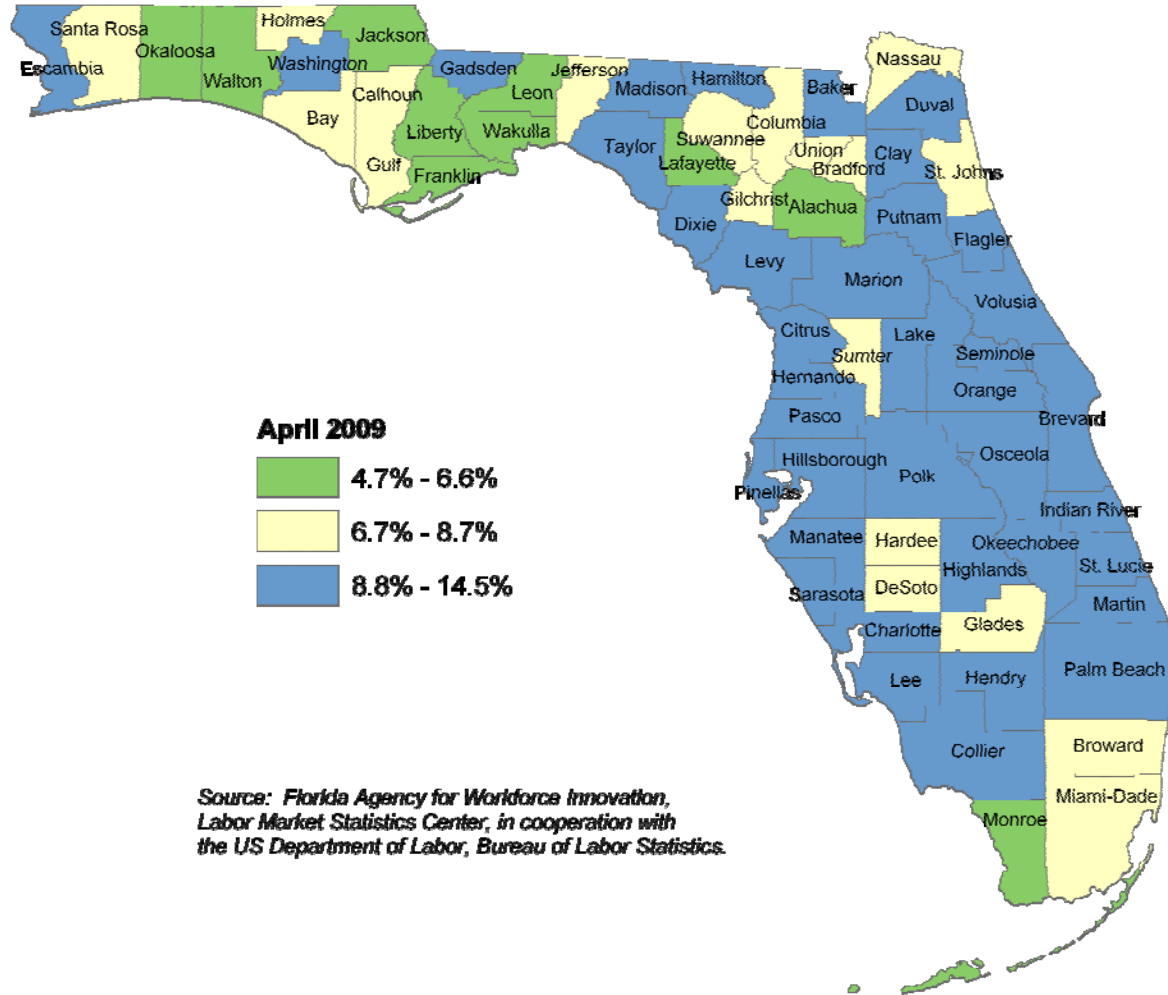


May
 US 9.4%
 FL 10.2%
 (943,000 people)

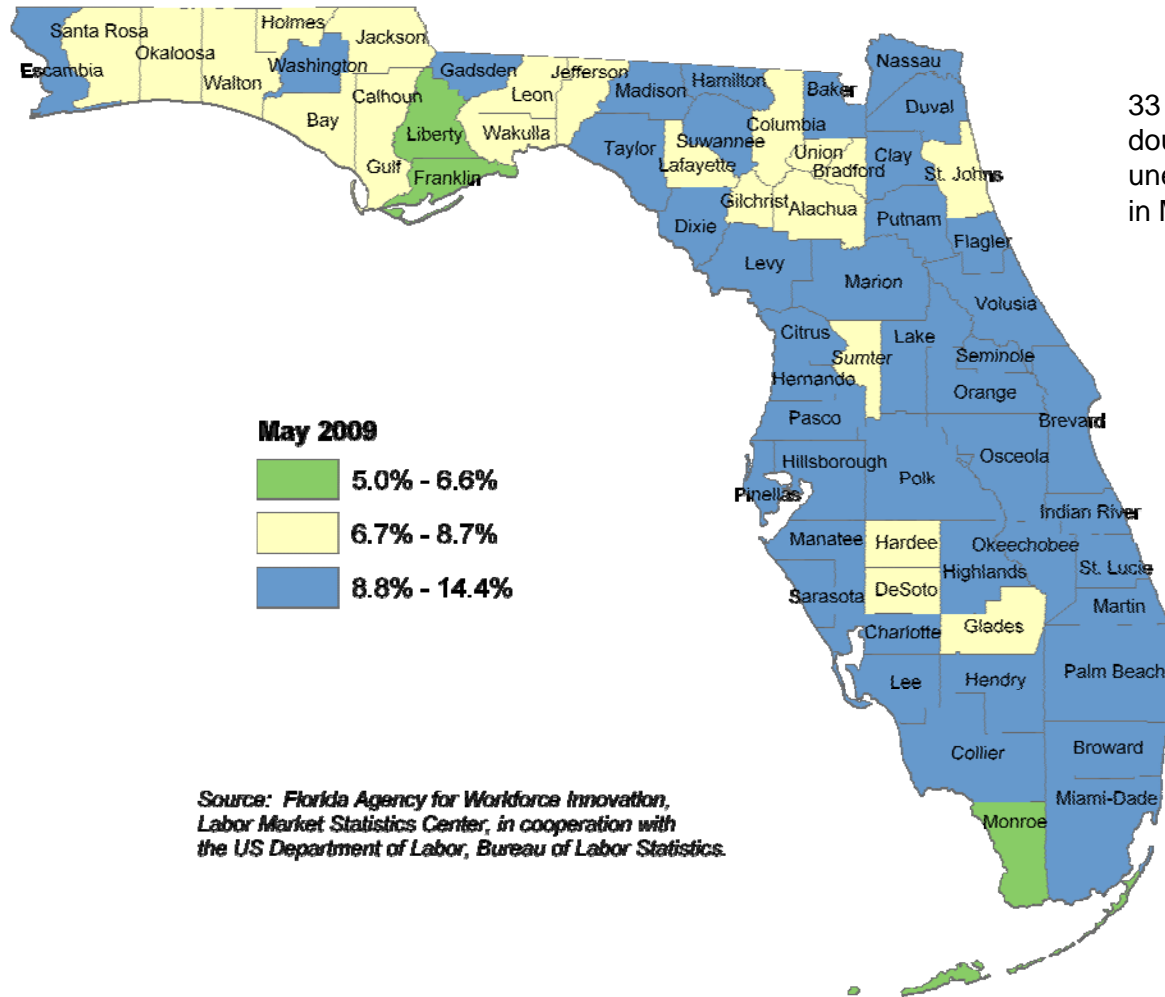
Projected
 FL 10.2
 January, 2010



Unemployment Rates



Unemployment Rates

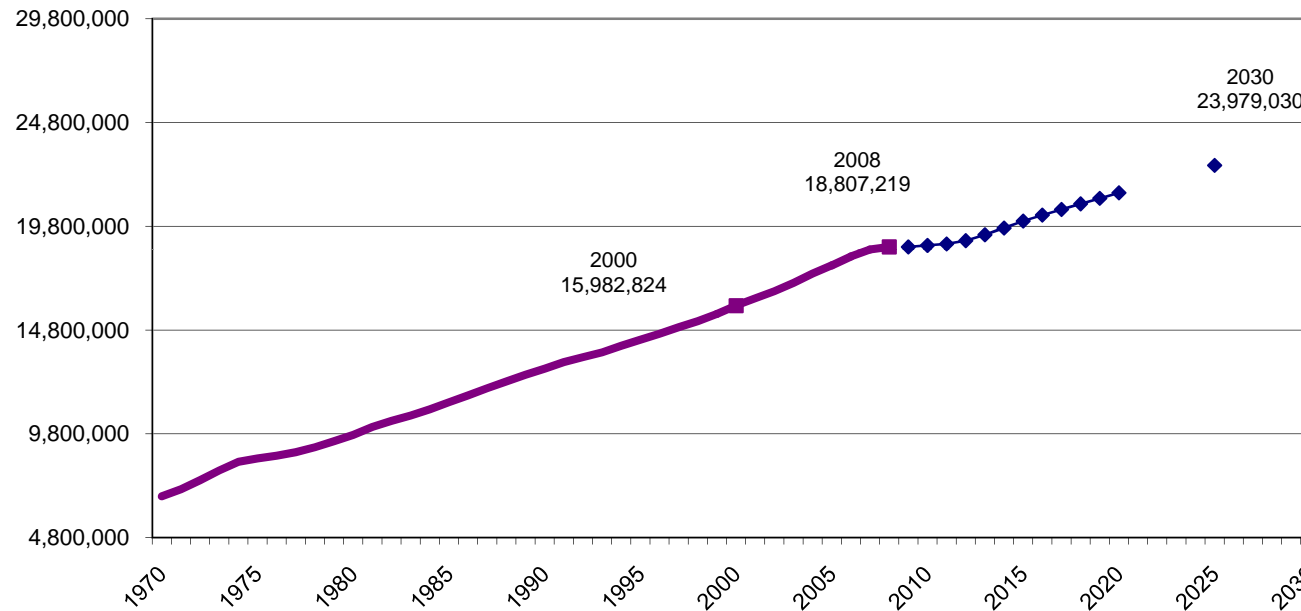


Population Growth Slowing

- Population growth is the state's primary engine of economic growth, fueling both employment and income growth.
- Population growth hovered between 2.0% and 2.6% from the mid 1990's to 2006, then began to slow – only reaching 0.7% in 2008. In the short term, population growth is forecast to remain relatively flat – averaging 0.4% between 2008 and 2012. Population growth is expected to rebound in the future – averaging 1.1% between 2025 and 2030.
- Florida is still on track to break the 20 million mark in 2015, becoming the third most populous state sometime before then – surpassing New York.



Florida's April 1 Population

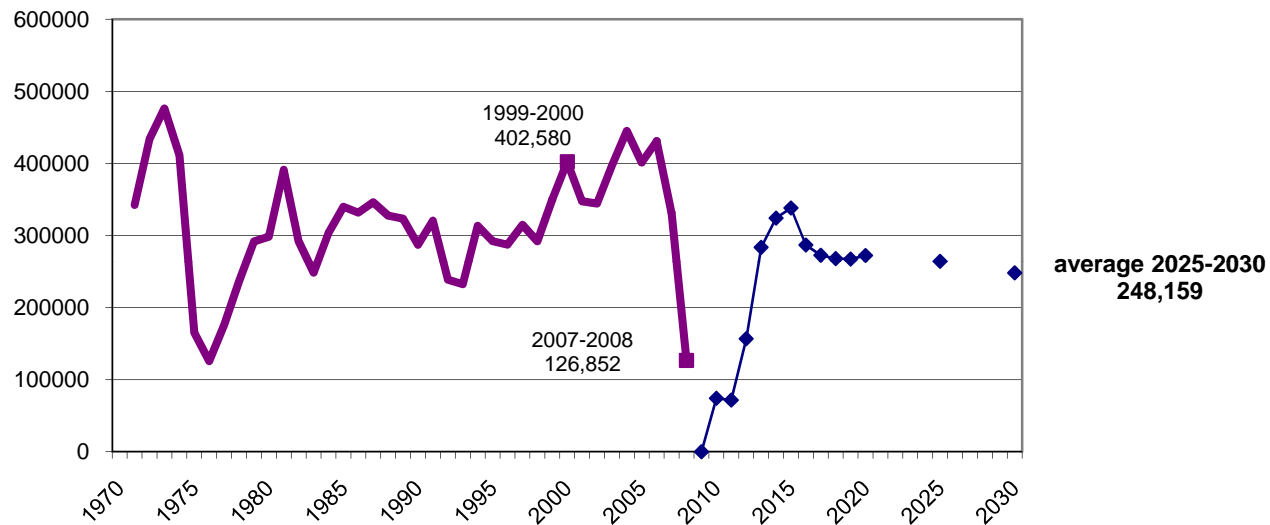


Florida's population:

- was 15,982,824 in 2000
- was 18,807,219 in 2008
- is forecast to grow to 23,979,030 by 2030



Florida's Population Growth



Population increased by:

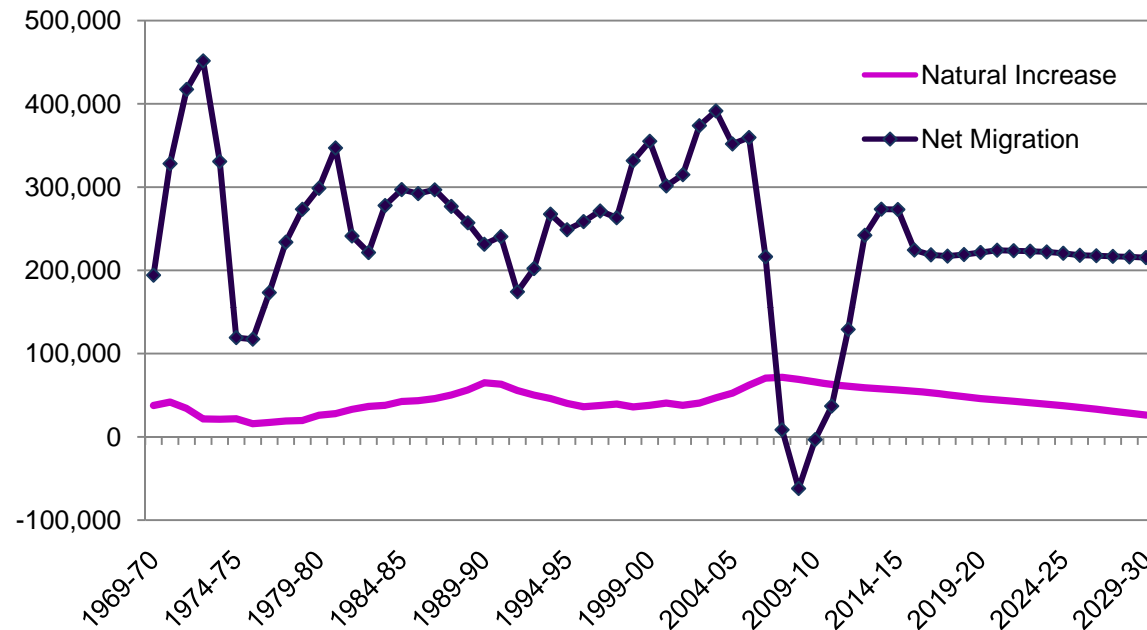
- 445,224 between 2003 and 2004
- 126,852 between 2007 and 2008

Population is forecast to increase on average by:

- -0- between 2008 and 2009
- 74,226 between 2009 and 2010
- 71,705 between 2010 and 2011
- 156,825 between 2011 and 2012
- 283,580 between 2012 and 2013



Population Components



- Typically, most of Florida's population growth is from net migration. However, between 2007 and 2008, net migration represented only 10.5 percent of Florida's population growth.
- In 2030, net migration is forecast to represent 89.2 percent of Florida's population growth.



The Reasons?

- US economy was simultaneously buffeted by three major shocks:
 - Home prices fell at the national level for the first time since the Great Depression (expected to fall 35% from the peak),
 - Financial markets experienced their worst credit crunch since the Great Depression, and
 - The U.S. recession spread globally, causing additional feedback loops.
- Florida has been particularly hit hard by the two housing-related shocks: home prices and credit tightening.



Recession – Now A Reality

- United States economy has officially been in a recession since December 2007.
- The longest recession now on record – and projected to last through September 2009 for a total of 22 months.

Recessions since the Great Depression

<u>Recession</u>	<u>Duration</u>	<u>Recession</u>	<u>Duration</u>
2001	8 mos	1960-1961	10 mos
1990-1991	8 mos	1957-1958	8 mos
1981-1982	16 mos	1953-1954	10 mos
1980	6 mos	1948-1949	11 mos
1973-1975	16 mos	1945	8 mos
1969-1970	11 mos	1937-1938	13 mos



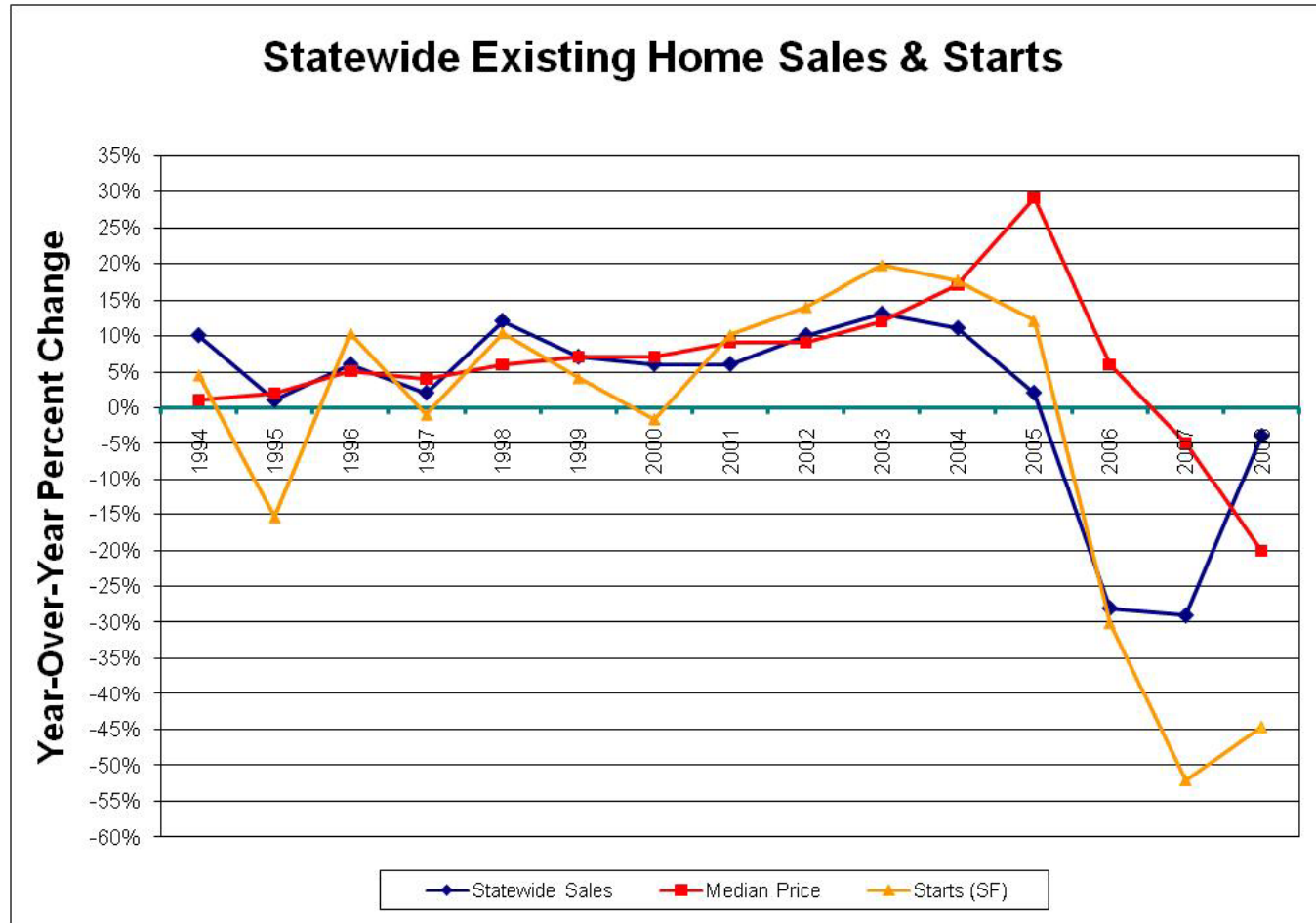
The Economy Will Rebound

By Summer 2010, growth rates will begin a slow return to more typical levels. In the meanwhile...

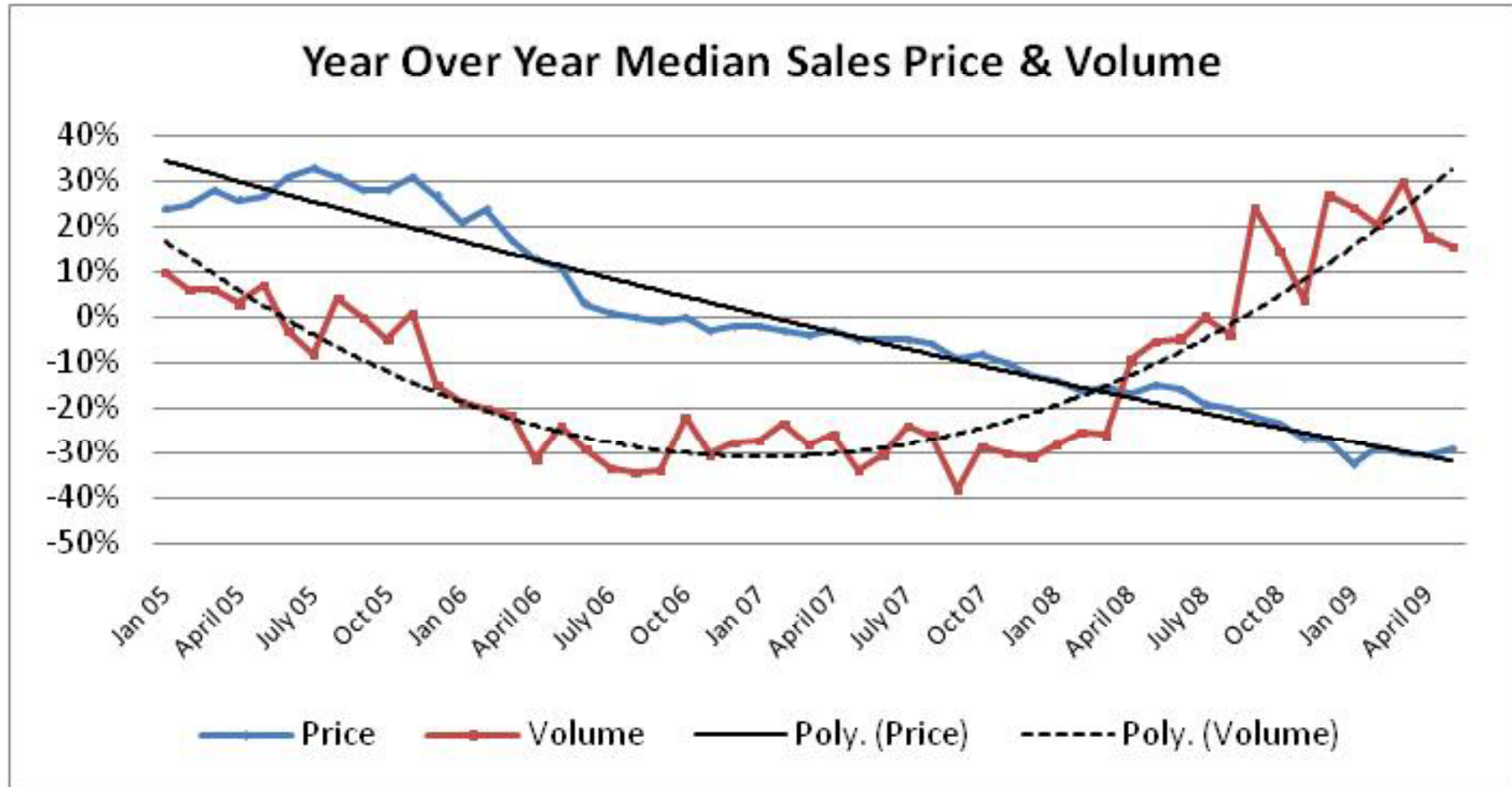
- The national economic contraction will run its course and, more importantly, the financial markets will recover stability.
- The subsequent turnaround in Florida housing will be led by:
 - Falling home prices that begin to attract buyers and clear the inventory (FL below the national average in April: \$169,800 nationally vs. \$138,500 in Florida...18.4% below)
 - Long-run sustainable demand caused by continued population growth and household formation.
 - Florida's unique demographics and the aging of the baby-boom generation.



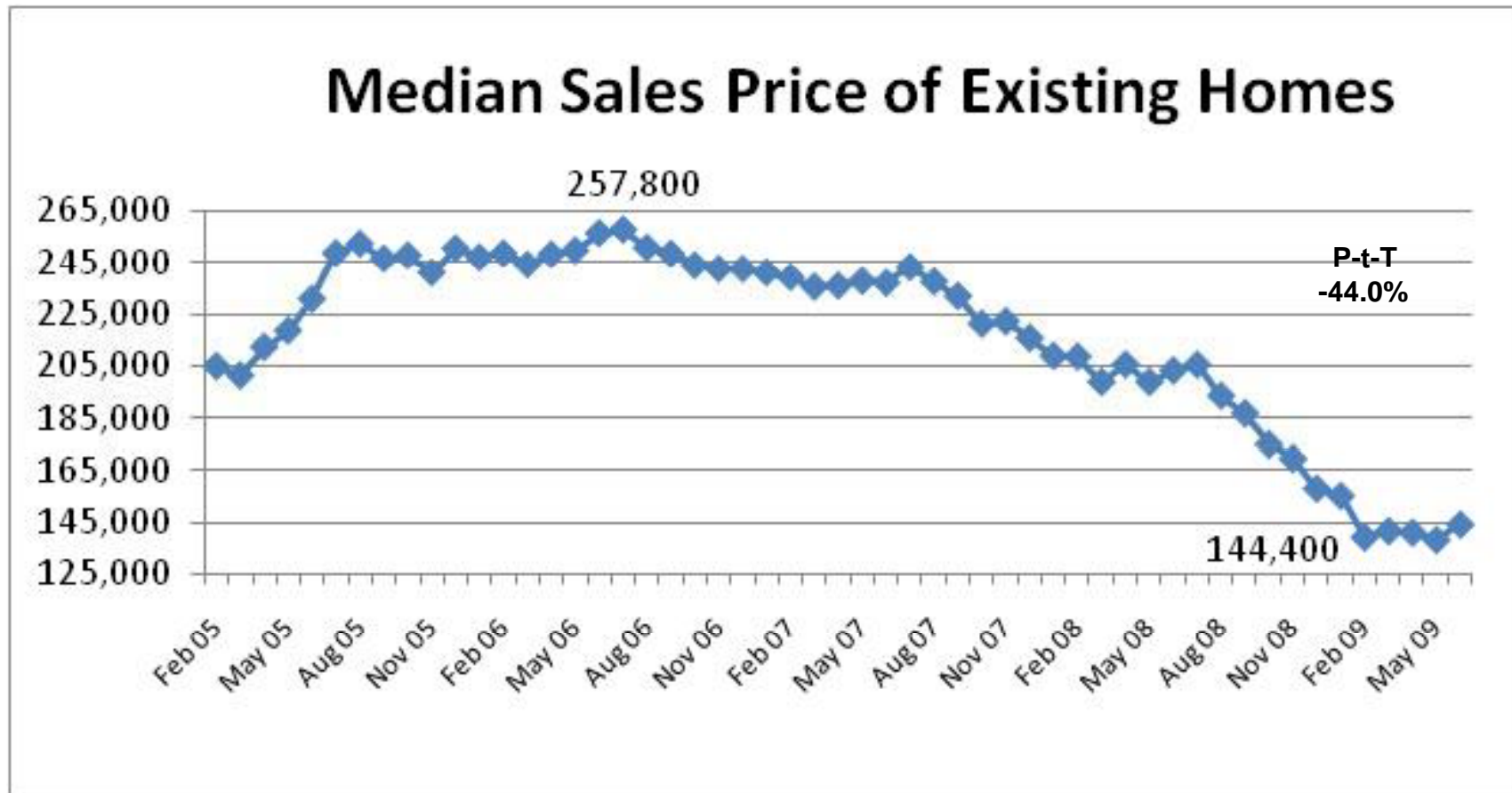
Florida Housing is Improving



Existing Homes Sales Growing



Existing Home Prices Flattening



Foreclosure Filings Bottomed?

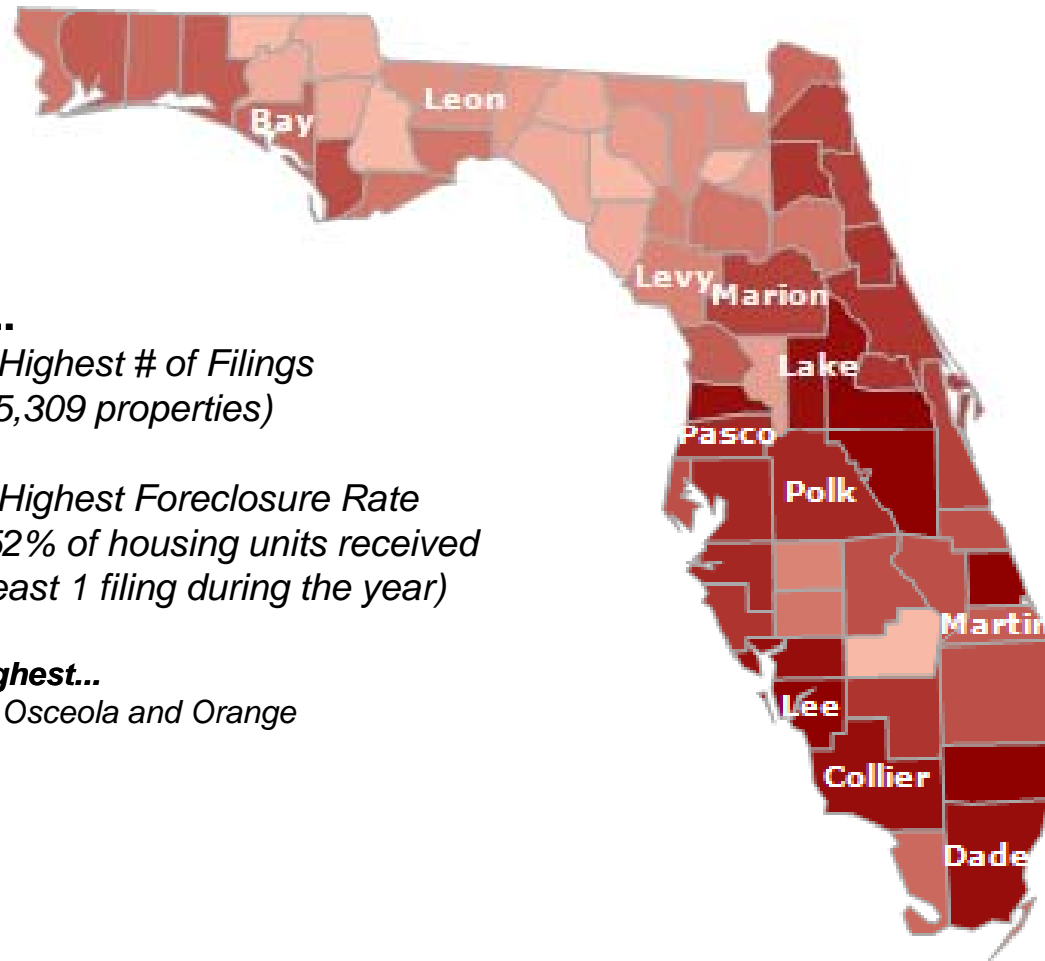
2008...

*2nd Highest # of Filings
(385,309 properties)*

*2nd Highest Foreclosure Rate
(4.52% of housing units received
at least 1 filing during the year)*

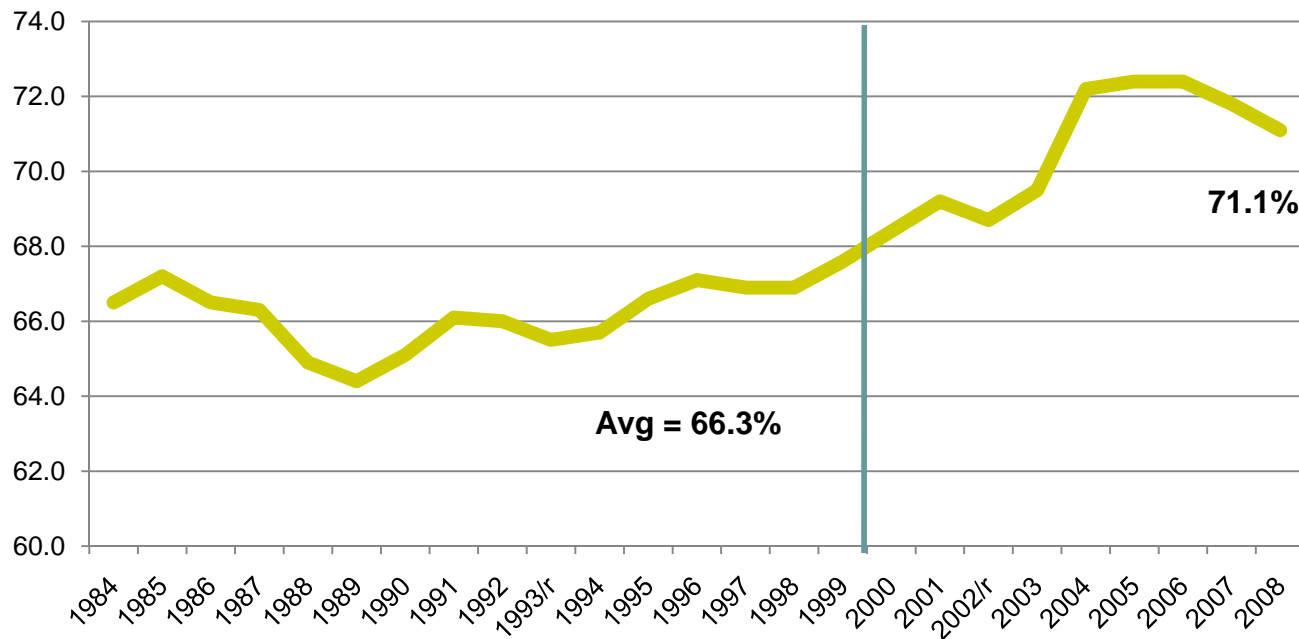
May Highest...

Lee, Osceola and Orange



Vulnerability

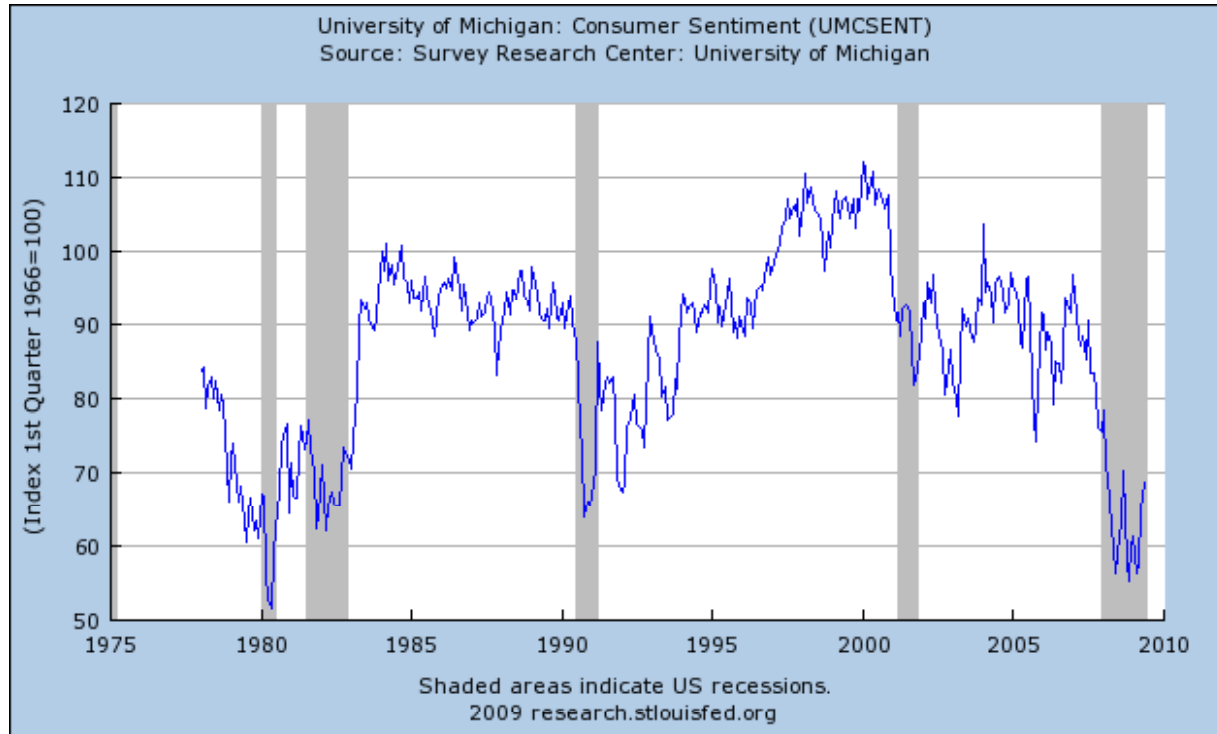
Florida Homeownership Rate



If the 2008 rate dropped immediately back to the long-run average, 359,990 homeowners would be affected and over \$74 billion of value.



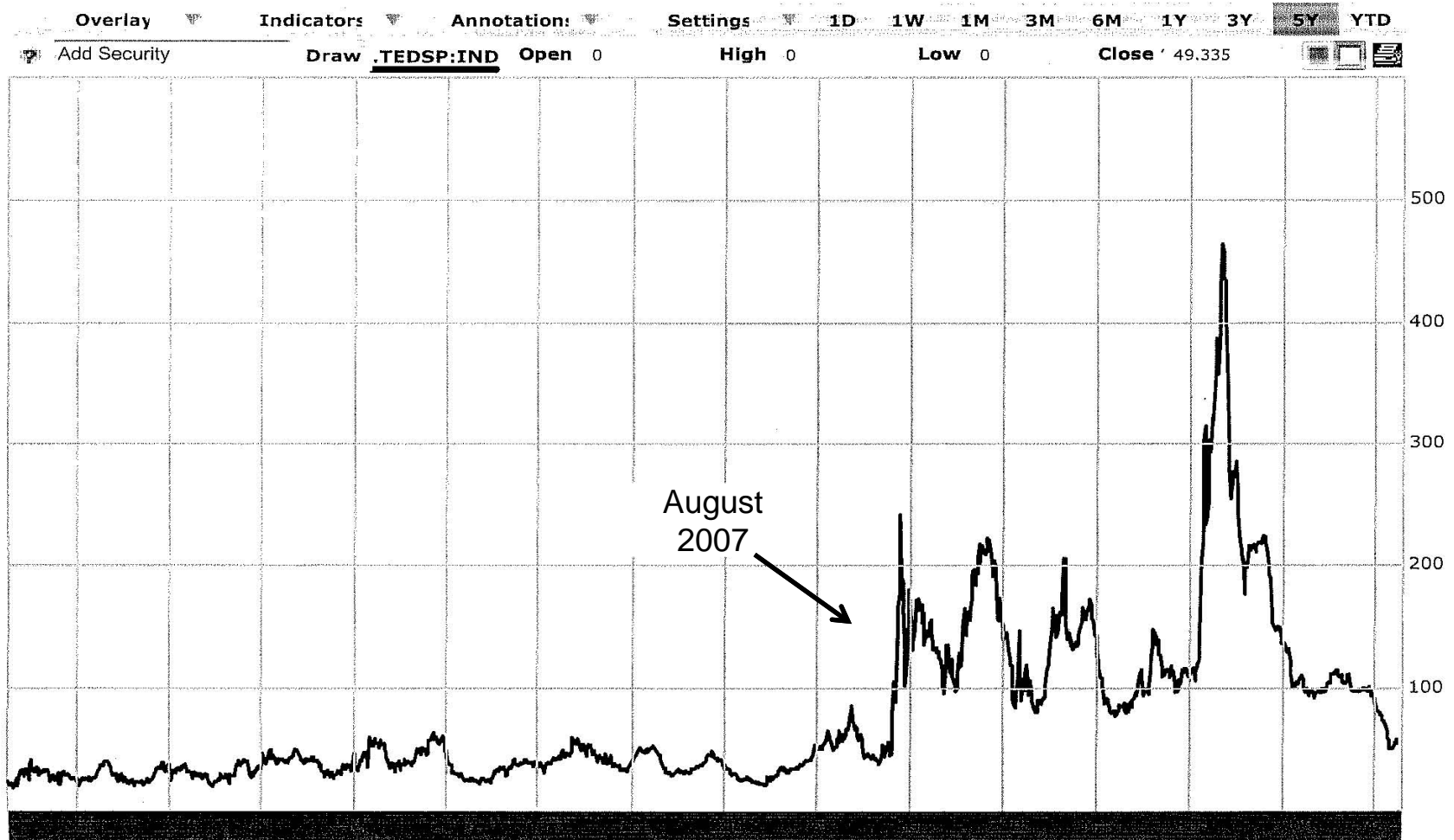
Sentiment is Stabilizing



- Consumer sentiment can be a leading indicator of recession: nationally, it is improving from near the lowest levels ever obtained (68.7 in May versus 51.7 in May 1980).
- Florida's consumer confidence (May: 71 versus record low 59 in June) is following the national trend.



Credit Market Thawing



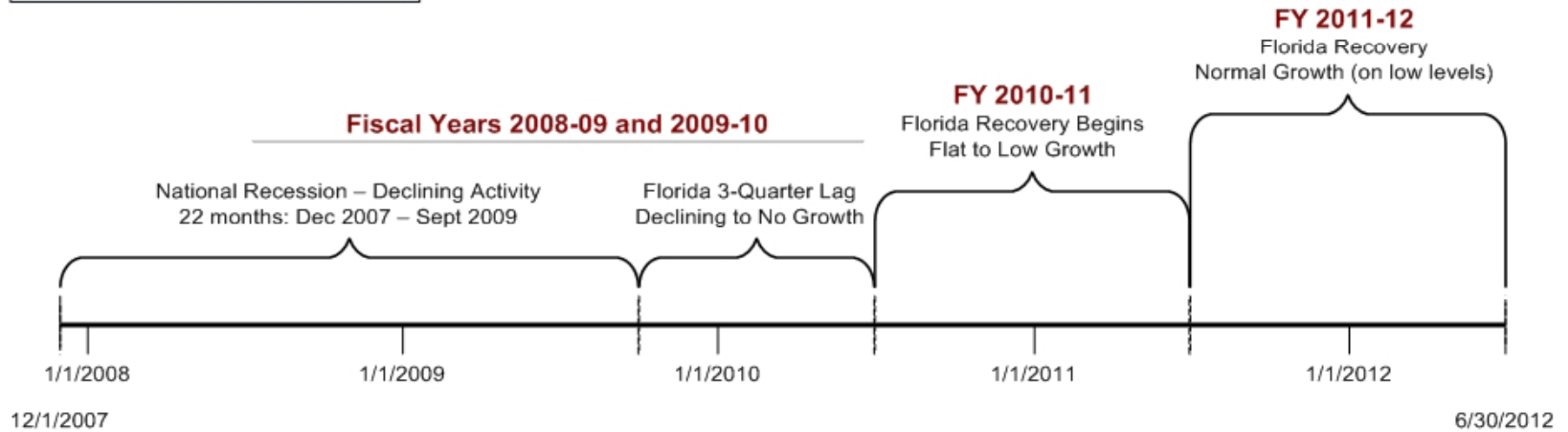
Revenue: Bringing It Together

- Drags are more persistent relative to some past events, and strength will be slow to return.
- Credit Market, while improving, remains sluggish and still above historic norms.
- Global recessionary conditions affect international migration, tourism and spending decisions, as well as exports.
- U.S. Consumers are responding to massive wealth destruction and tighter credit conditions.
- Recovery in the Florida housing market is not anticipated to begin until the latter half of Fiscal Year 2010-11.



Florida Recovery Timeline

Spring 2009 Projections



Fiscal Years 2008-09 and 2009-10

- National GDP has negative growth of -1.8%.
- National consumer price index is negative.
- Standard & Poor's Index is negative.
- Consumer Sentiment Index hits low point.
- Florida has virtually zero population growth.
- Florida personal income declines.
- Florida employment declines.
- Florida unemployment rate peaks at 10.2.
- Florida housing starts decline.
- Florida registration of new light vehicles declines.
- Florida visitors decline.

Fiscal Year 2010-11

- National GDP has normal growth.
- Florida population still has virtually no growth.
- Florida personal income has weak growth.
- Florida employment has weak growth.
- Florida unemployment rate is still high.
- Florida private housing starts enter positive territory.

Fiscal Year 2011-12

- Most Florida measures return to normal or accelerated growth rates.
- Florida population growth is still weak.
- Florida unemployment rate improves slowly.

Lower General Revenue Estimate

Fiscal Year	Old Forecast	March 2009 Forecast	Forecast Difference	Percentage Reduction	Incremental Growth	Growth
2005-06	27074.8	27074.8				8.4%
2006-07	26404.1	26404.1				-2.5%
2007-08	24112.1	24112.1				-8.7%
2008-09	22018.0	20944.6	-1073.4	-4.9%	-3167.5	-13.1%
2009-10	22365.8	19998.4	-2367.4	-10.6%	-946.2	-4.5%
2010-11	24323.1	21091.2	-3231.9	-13.3%	1092.8	5.5%
2011-12	26536.0	23007.9	-3528.1	-13.3%	1916.7	9.1%
2012-13	28556.3	24950.6	-3605.7	-12.6%	1942.7	8.4%

Level does not return to 2005-06 banner year during the forecast horizon.

