

The 2012 Economy: A Comeback or a Setback?

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So, where are we?

- We continue the slow crawl forward
 - Recession technically over June 2009
 - 9 consecutive quarters Real GDP growth
 - Decent growth in retail sales
 - Industrial production of business equipment and consumer goods are up
 - Interest rates remain low
 - Inflationary pressures have slowed for now
 - S&P 500 ended 2011 where it began, after double – digit growth in 2010

So, where are we?

■ BUT..

- ❑ We created 1.2 million jobs in 2010, 1.37 million jobs in first 11 months of 2011
- ❑ We lost 8.6 million jobs in 2008 and 2009
- ❑ GDP needs to grow at 3.5% or more to see significant improvement in unemployment rate
- ❑ Increasing Federal debt and expansive monetary policy creates inflation concerns
- ❑ European debt crisis threatens monetary stability
- ❑ Housing sector still pathetic

What about Florida?

■ Still suffering, but showing signs of life

- ❑ Best job growth in 3 years
- ❑ Unemployment finally drops below 10 percent
- ❑ Housing starts are increasing, albeit at a snail's pace
- ❑ Home values aren't exactly surging, but the freefall appears to have stopped
- ❑ SE Florida, Jacksonville markets appear to be leading the recovery

What is the Prognosis?

■ The “Good” News

- We are recovering, yet modestly
- We’ve had recessions of similar magnitude in the past, and we’ve recovered from them
- Mid 70’s & early 80’s recessions
- 72% of economic growth positive since WWII
- U.S. per capita GDP growth since 1890 has averaged just under 2% per year
- Our ability to innovate has served as the cornerstone for prolonged economic growth

What is the Prognosis?

■ The “Bad” News

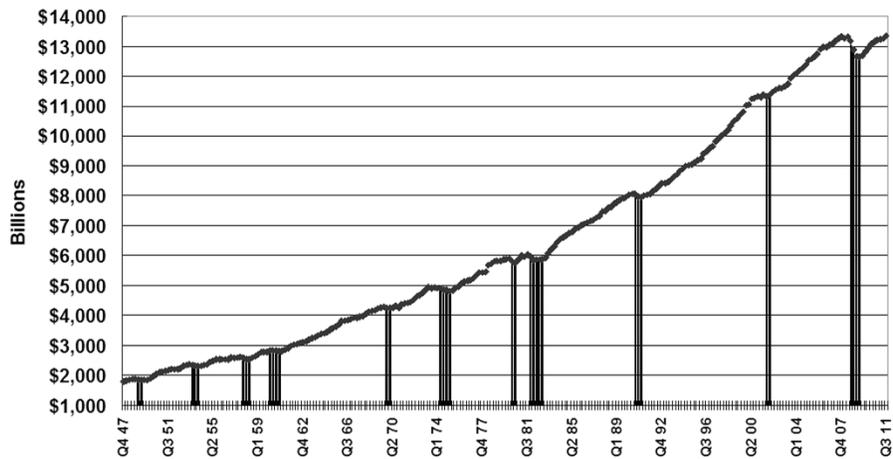
- The problems are short-term *and* long term
 - Corporate \$\$ is sitting on the sidelines
 - Monetary system is facing serious challenges
 - An increasingly leveraged economy (debt)
 - Relentless global competition
 - Economic pressures created by generational shifts
- Are we dealing with a “new normal”?
 - Higher unemployment, lower incomes
 - We’re in a “transitional struggle” w.r.t. production
 - Tough choices lie ahead

Who Rules the Global Roost? GDP Comparisons

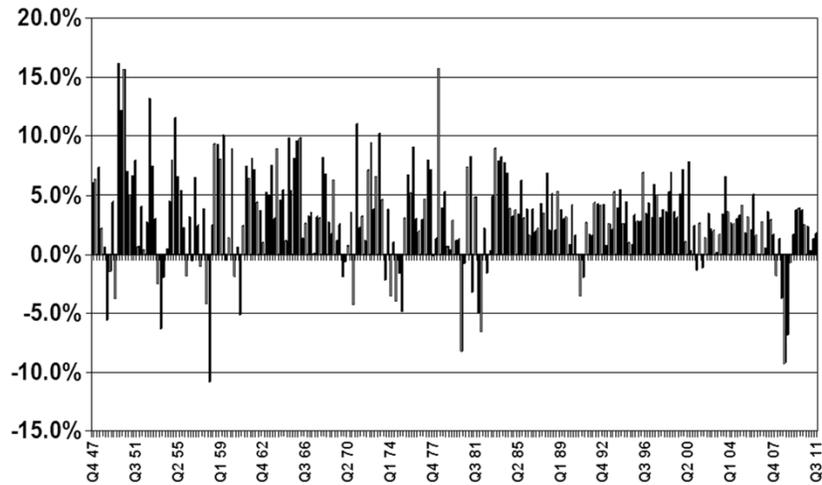
	<u>Aggregate GDP</u>	<u>Population</u>	<u>GDP Per Capita</u>
United States	\$15,010,300,000,000	311,256,000	\$48,225
European Union	\$16,228,230,000,000	492,387,344	\$32,958
China	\$10,090,000,000,000	1,330,141,295	\$7,586
Japan	\$5,459,000,000,000	126,804,433	\$43,051

Sources: International Monetary Fund, CIA World Factbook,
U.S. Department of Commerce

U.S. Real GDP 1947-2011



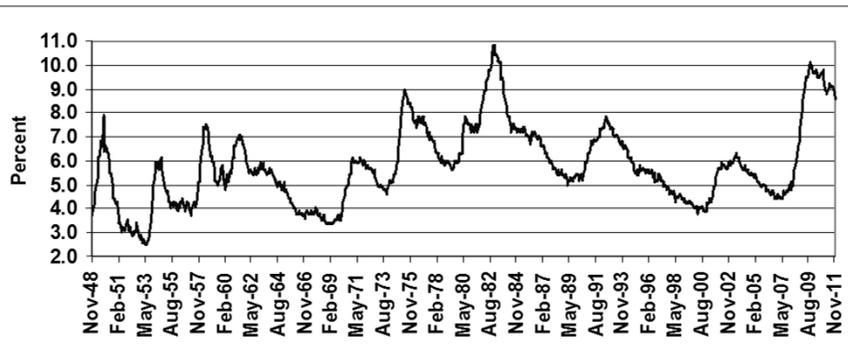
U.S. Real GDP Annualized % Growth 1947-2011



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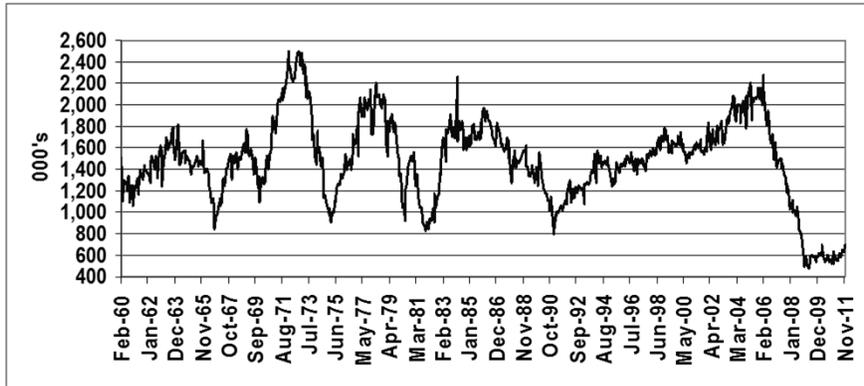
U.S. Unemployment Rate 1948-2011



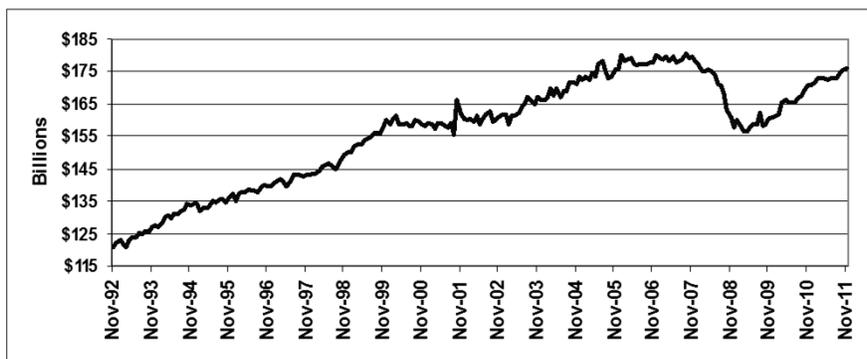
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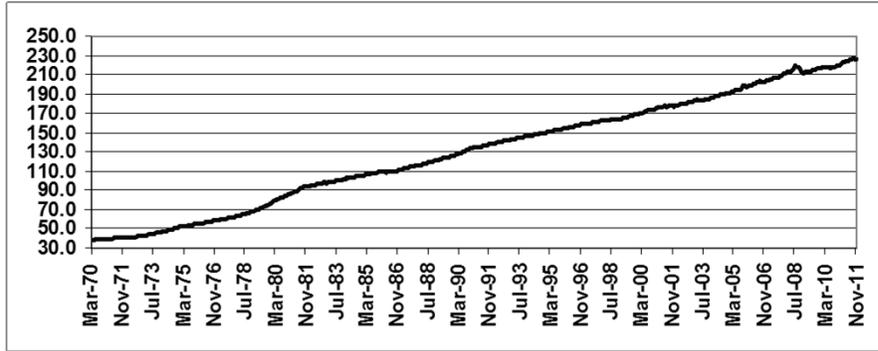
U.S. Housing Starts (SAAR) 1960-2011



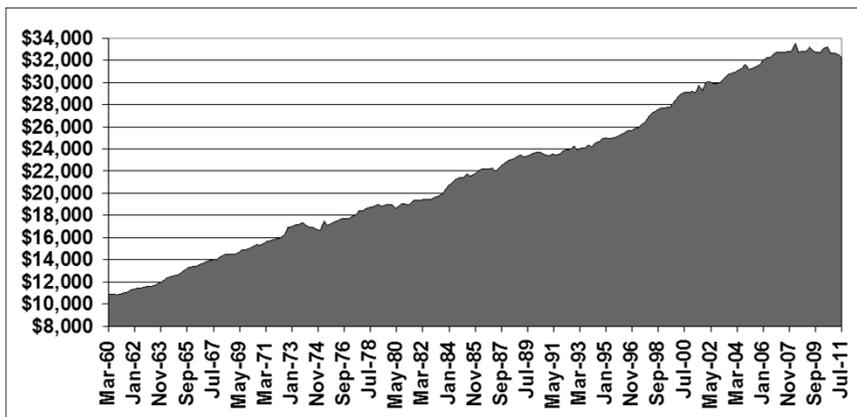
Real Retail & Food Svcs. Sales 1992-2011



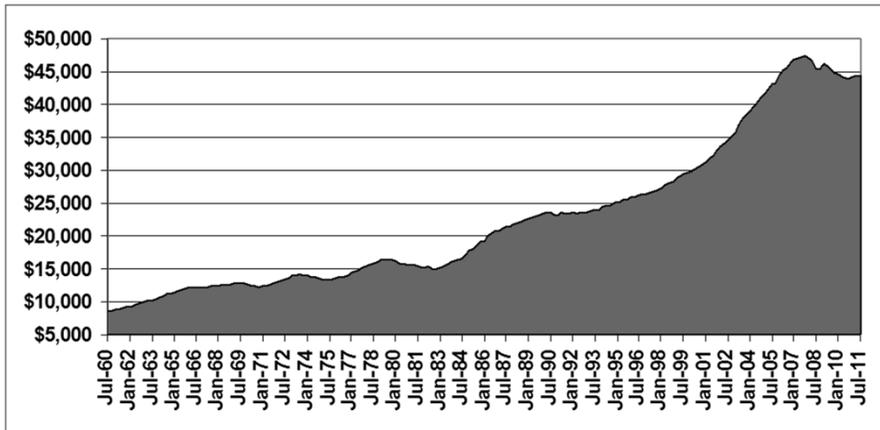
Inflation (CPI-U) 1970-2011



Real Per Capita Disposable Personal Income 1960-2011



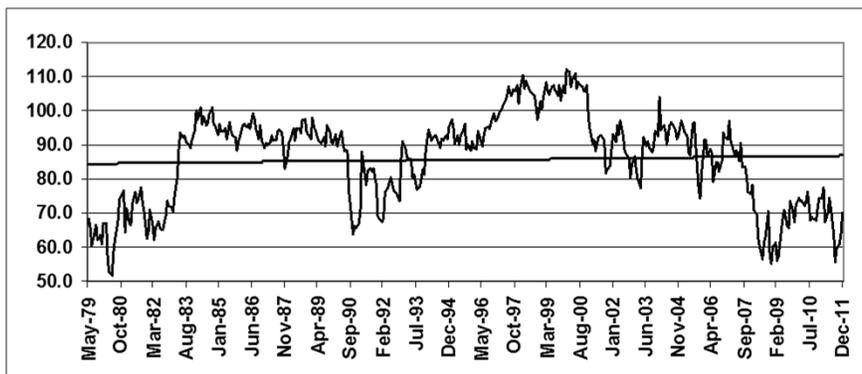
Credit Market Debt Per Capita 1960-2011 (infl. adj.)



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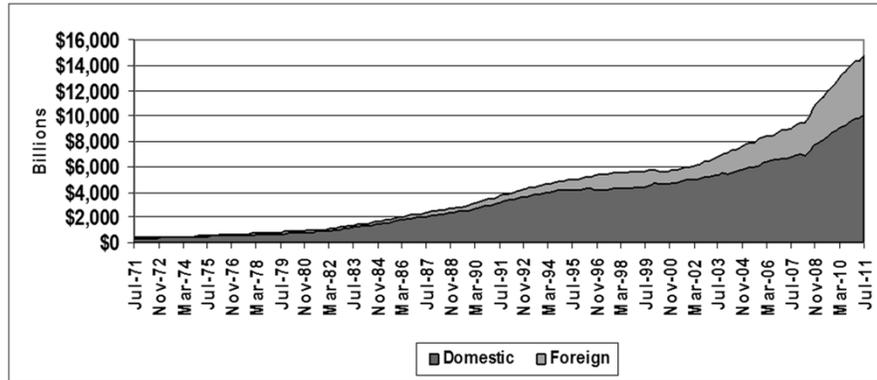
Consumer Sentiment 1979-2011



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Federal Debt 1971-2011



2012 U.S. Forecast

- Double-dip recession is avoided, real GDP will grow by 2% - 2.5%
- Job growth remains modest, unemployment unlikely to move below 8%
- Stock markets grow by 3% - 5%
- Potential inflation continues to be a concern
- Global monetary instability nears a crisis level
- Political cycle will impact economy
- A tightrope walk to recovery/prosperity
- 2013 could be the “big” year for U.S. Economy

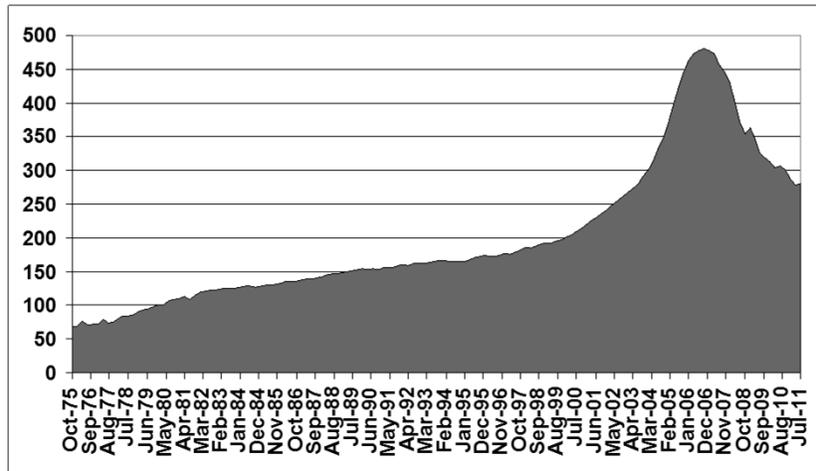
Florida: The Facts

- Dec. 2007 to Jul. 2010: Lost 930,800 jobs
- Equivalent to losing 92% of Orlando MSA, or 83% of Tampa-St. Pete-Clearwater MSA
- Jul. 2010 – Nov. 2011: Gained 250,900 jobs
- 9.8% unemployment (Nov. 2011)
- 39,716 housing starts first 11 mos. of 2011, compared to 35,698 in 2010 and 32,621 in '09
- Home prices comparable with late 2003 prices

Florida Metro Economic Activity 2008-2011

FLORIDA INDICATORS BY MSA	2011				2010				2009				2008			
	Aug.	Sep.	Oct.	Nov.												
Housing Starts (Permits)																
Florida	4,173	3,541	3,418	3,844	3,196	2,772	2,630	2,710	2,802	3,040	2,881	3,002	5,825	5,245	3,634	3,052
Tampa-St. Pete	458	648	386	493	436	490	434	501	491	524	434	1,074	1,189	858	694	699
Orlando	473	440	430	387	384	321	300	360	327	284	387	324	626	850	435	452
Jacksonville MSA	342	307	248	629	277	242	204	215	293	354	328	266	293	354	337	301
Miami-Ft. Laud-PB	604	304	451	308	438	348	527	478	248	309	312	200	824	558	447	255
Employment (000's)																
Florida	7,186.5	7,218.0	7,266.7	7,317.6	7,179.1	7,181.6	7,208.5	7,253.9	7,168.6	7,162.0	7,183.5	7,216.9	7,657.8	7,629.2	7,600.6	7,607.9
Tampa-St. Pete	1,131.4	1,138.0	1,138.3	1,146.7	1,118.2	1,121.9	1,120.7	1,127.9	1,123.8	1,124.3	1,123.8	1,126.4	1,195.3	1,190.2	1,184.6	1,183.9
Orlando	1,002.9	1,010.4	1,015.6	1,022.1	997.5	995.7	1,007.9	1,013.5	998.1	995.6	999.6	1,001.9	1,070.7	1,064.1	1,060.1	1,058.0
Jacksonville MSA	584.5	584.6	586.4	595.3	576.3	576.5	578.8	582.7	578.1	577.2	579.0	584.3	616.2	615.5	614.2	615.6
Miami-Ft. Laud-PB	2,214.8	2,197.5	2,194.6	2,230.2	2,162.9	2,171.0	2,175.7	2,192.1	2,166.4	2,168.3	2,174.3	2,186.8	2,319.2	2,315.0	2,308.2	2,320.4
Unemployment (%)																
Florida	11.0	10.6	10.1	9.8	12.4	12.0	11.6	12.2	11.2	11.4	11.5	11.4	7.1	7.1	7.2	7.5
Tampa-St. Pete	11.0	10.8	10.4	10.3	12.6	12.4	11.9	12.6	11.6	11.8	11.9	12.2	7.3	7.3	7.5	8.0
Orlando	10.4	10.2	9.8	9.7	12.0	11.8	11.3	11.9	11.1	11.5	11.5	11.7	6.5	6.5	6.8	7.4
Jacksonville MSA	10.4	10.0	9.6	9.5	11.9	11.5	11.0	11.6	10.7	10.8	10.9	11.1	6.6	6.4	6.4	6.8
Miami-Ft. Laud-PB	11.2	10.7	10.0	9.4	12.8	12.1	11.8	12.1	11.1	11.0	11.2	10.7	7.0	6.9	7.1	7.1

Florida Home Price Index (Q1 1980 = 100)



The Question of Florida Recovery

■ When?

- Now - the recovery has started (finally)
- But it's slow, and it may be less robust than desired

■ How?

- By becoming relatively affordable again, and the return of tourists

■ Central Florida will remain highly vulnerable

- Less economically diverse than S. Florida
- 30% of the state's job losses in I-4 corridor
- I-4: Only major artery linking Tampa and Orlando markets

Florida Recovery

■ North v. South

- SE Florida's more diversified economy will lead
- Jacksonville market poised to follow
- SW and Central Florida will recover more slowly and with less stability (economic restructuring necessary)
- Statewide unemployment rate may drop below 9 percent by early 2013

■ Florida's Future

- It can't be all about real estate anymore
- Tourism will remain important
- Healthcare, international commerce sectors expand