

Economic Outlook: U.S., Florida, and Sarasota/Bradenton January 21, 2010

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U.S. Summary – now that the storm has broken

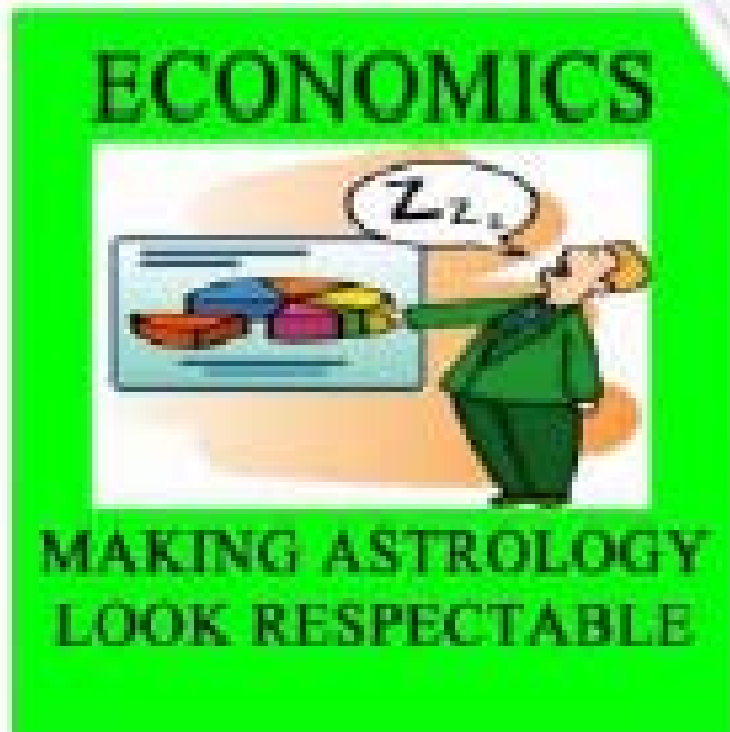


U.S. Forecast Summary 2010 – 2013

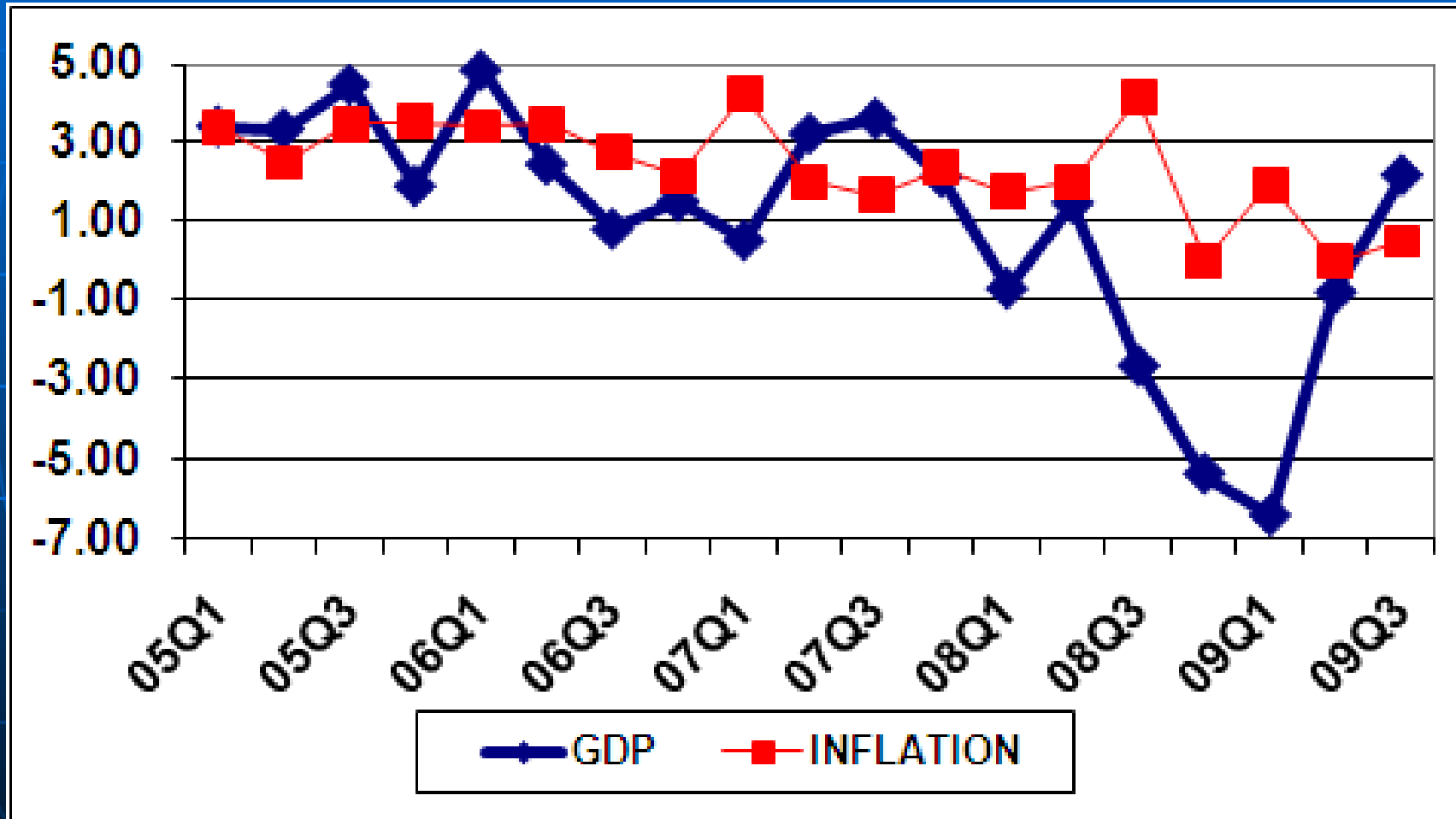
- **Recovery underway but will underwhelm**
 - Economy is slowly but steadily recovering
 - Job growth very modest – strong enough to sustain the recovery but not strong enough to reduce unemployment until 2011
 - Financial system remains impaired
- **2011-13 Paying the Bills**
 - By 2011 the recovery will pick up steam
 - Fed will end extraordinary measures
 - Deficit remains large
 - Interest rates rise significantly
- **Main forecasts risk – run away deficits and a collapse in confidence in the dollar**

Florida Summary

- **Worst Recession since 1975 bottoms in 2010**
 - National recession focused on households and banks
 - Soft housing markets limit migration into Florida 2010
 - Broken nest eggs
 - Hometown Democracy
- **Stronger Growth 2011-13**
 - Improving migration trends
 - Stronger housing markets
 - Higher rates limit the expansion
- **Paradigm shift – Florida less attractive**
 - Average annual population growth 200,000 +/- 50,000 depending on business cycle
 - Still Florida remains one of the fastest growing state east of the Mississippi

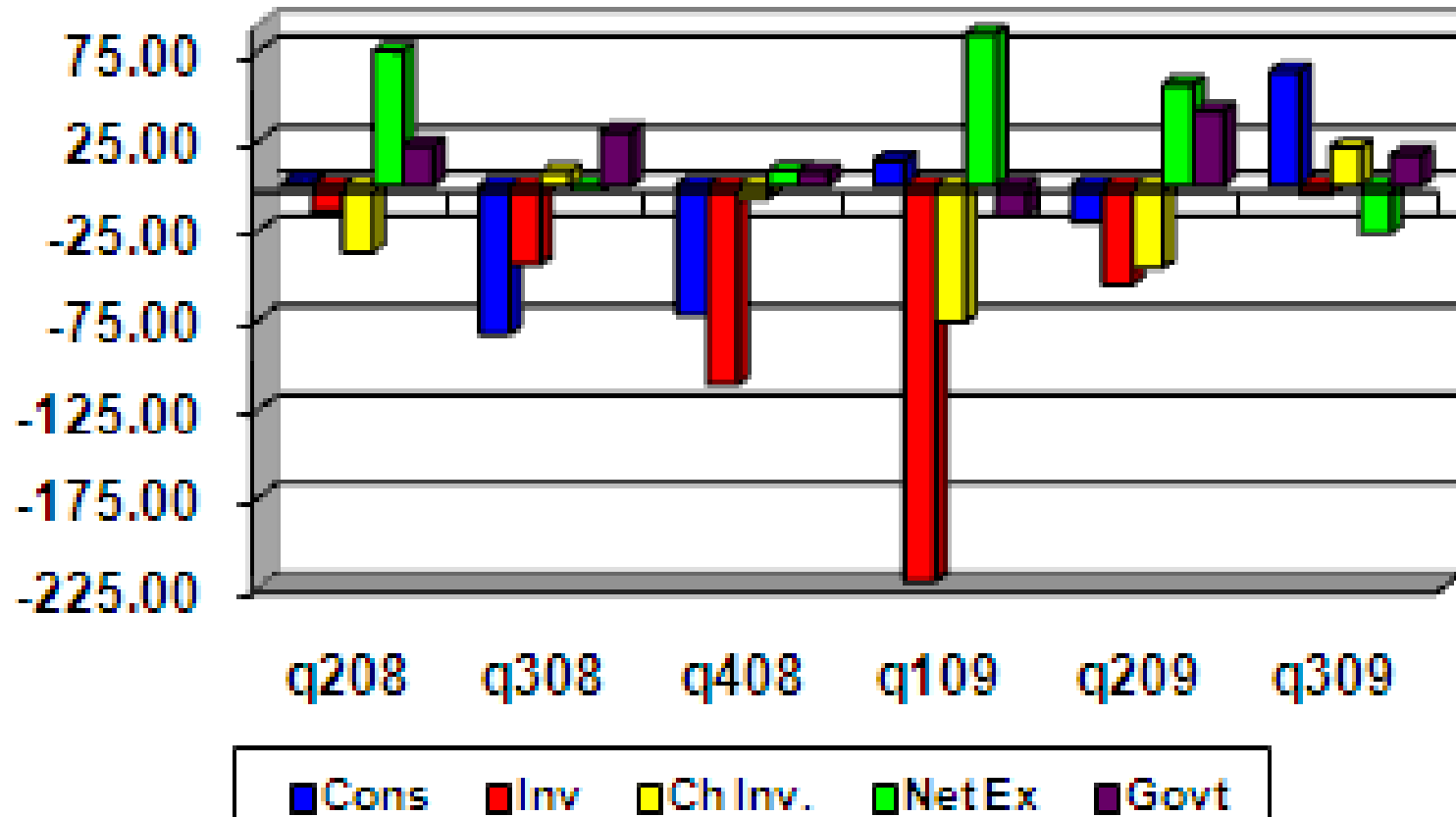


RECENT TRENDS IN GDP AND INFLATION

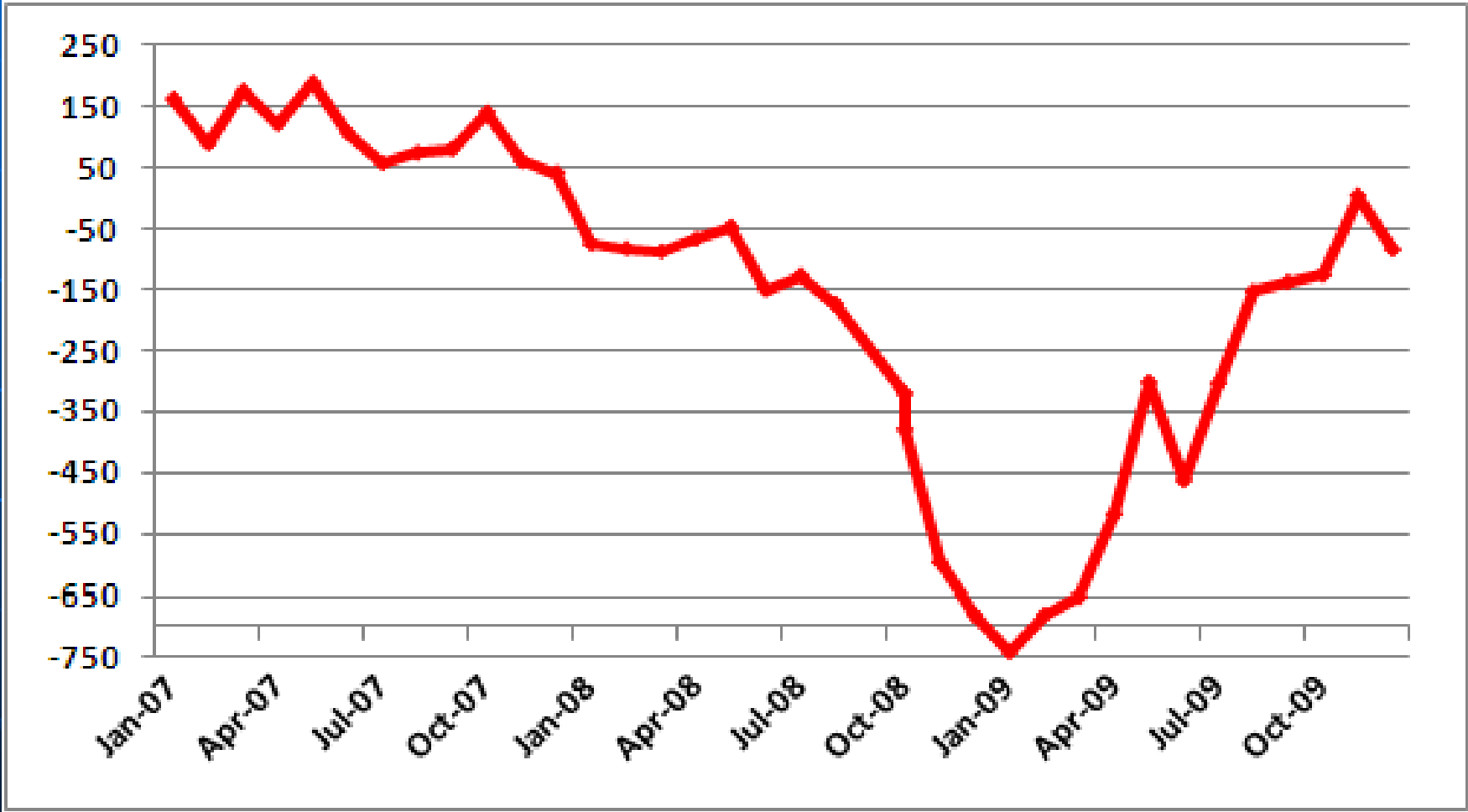


GROWTH IN REAL GDP

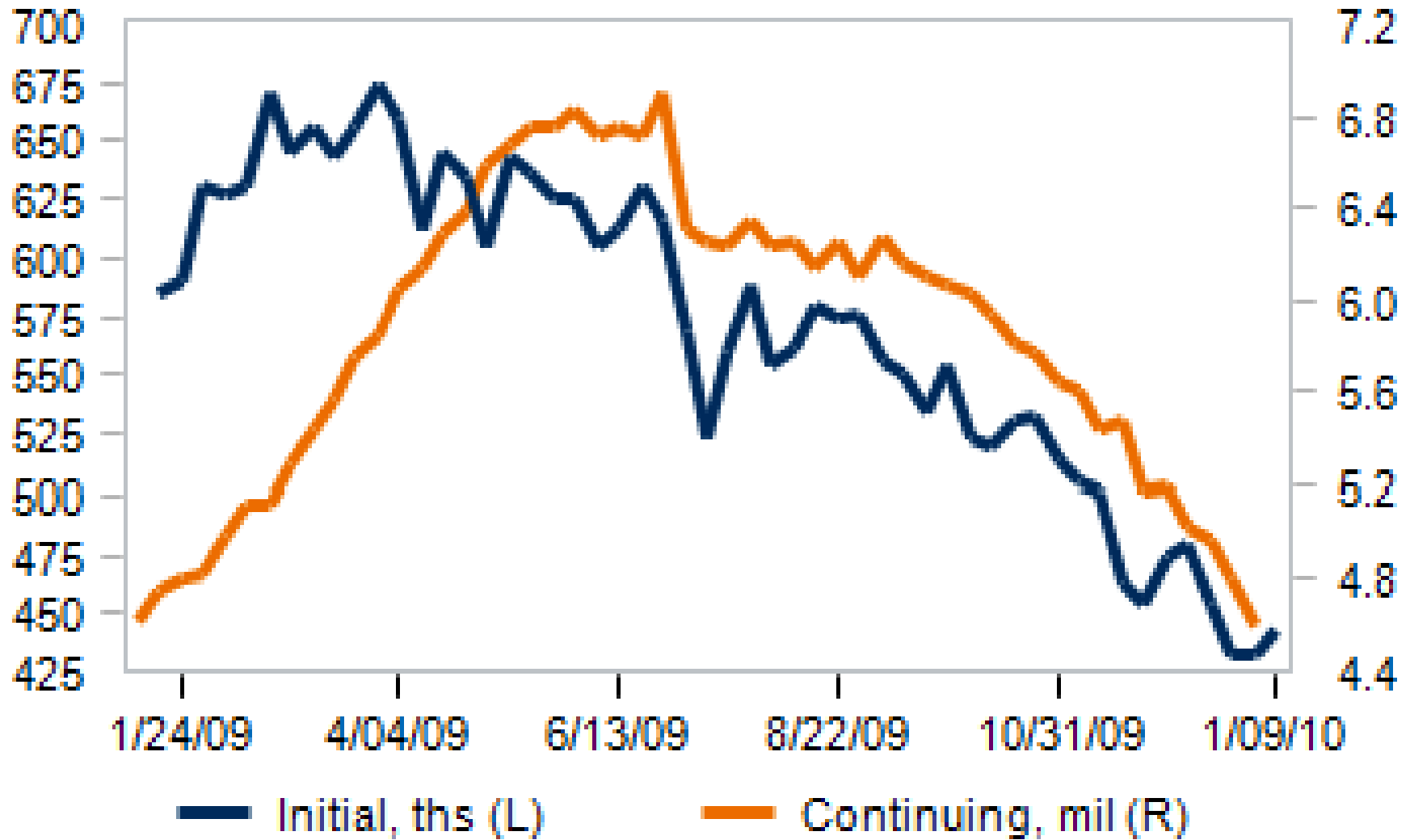
IN BILLIONS OF 2002\$



Growth in Payroll Employment (000s)

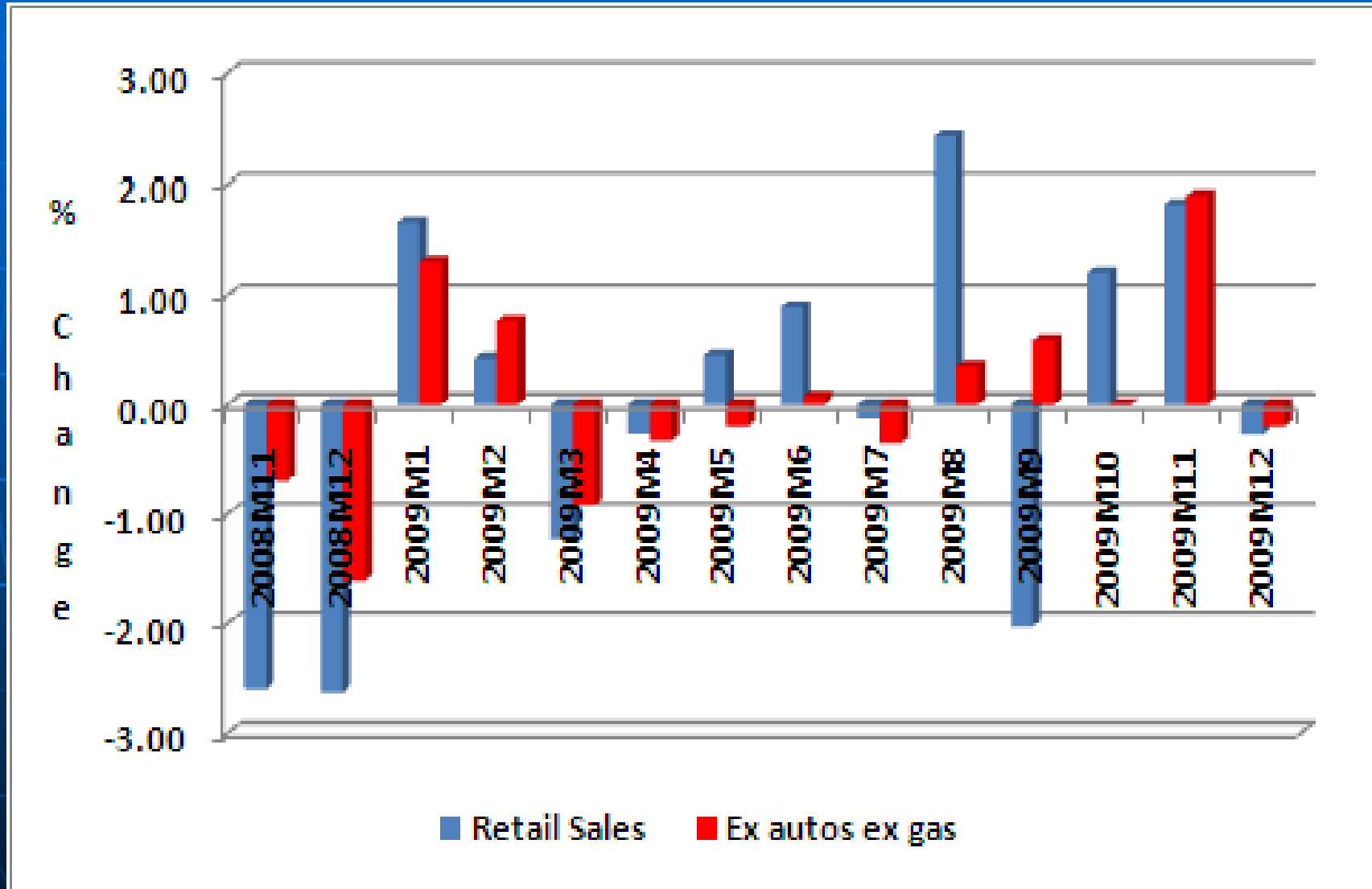


Jobless Claims

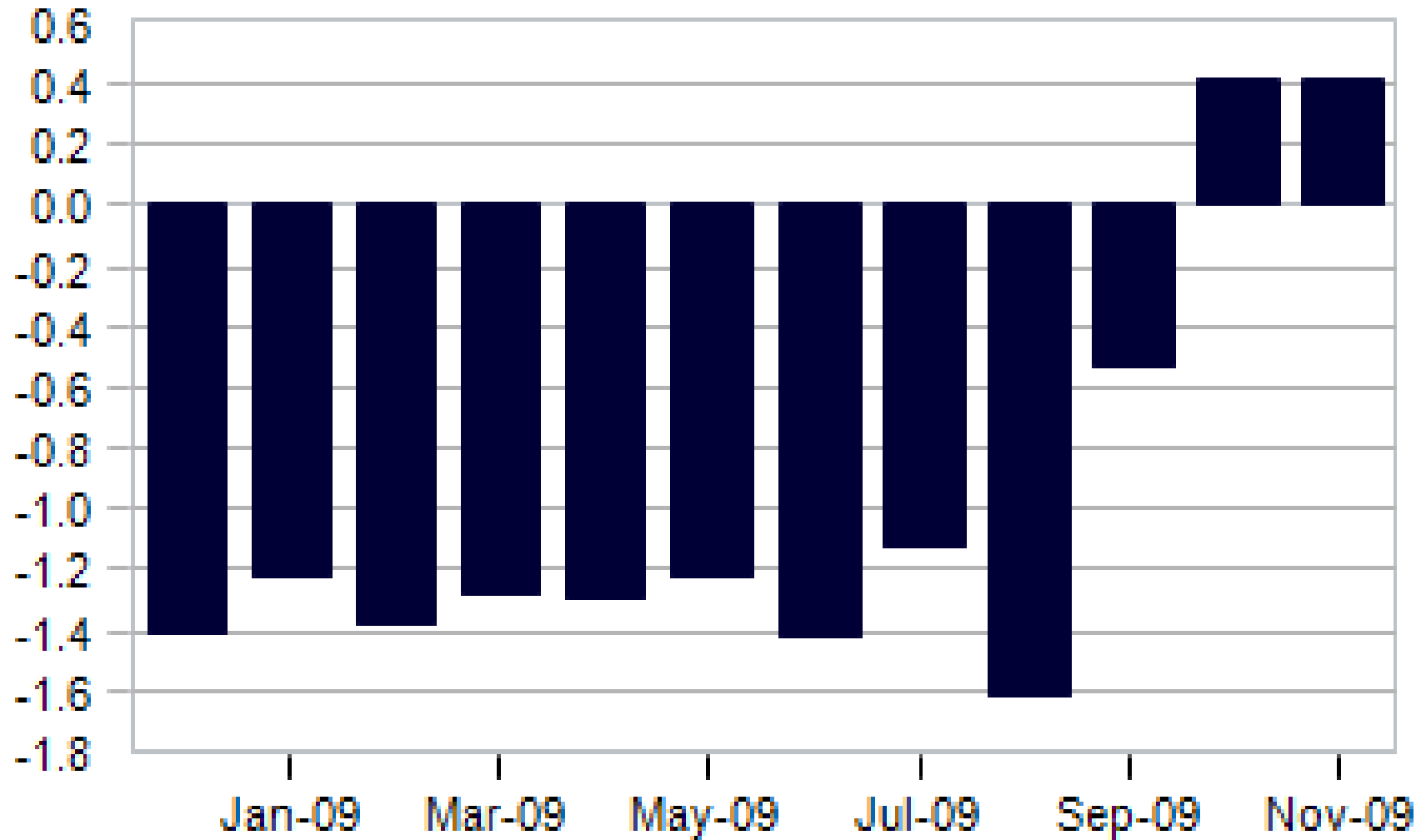




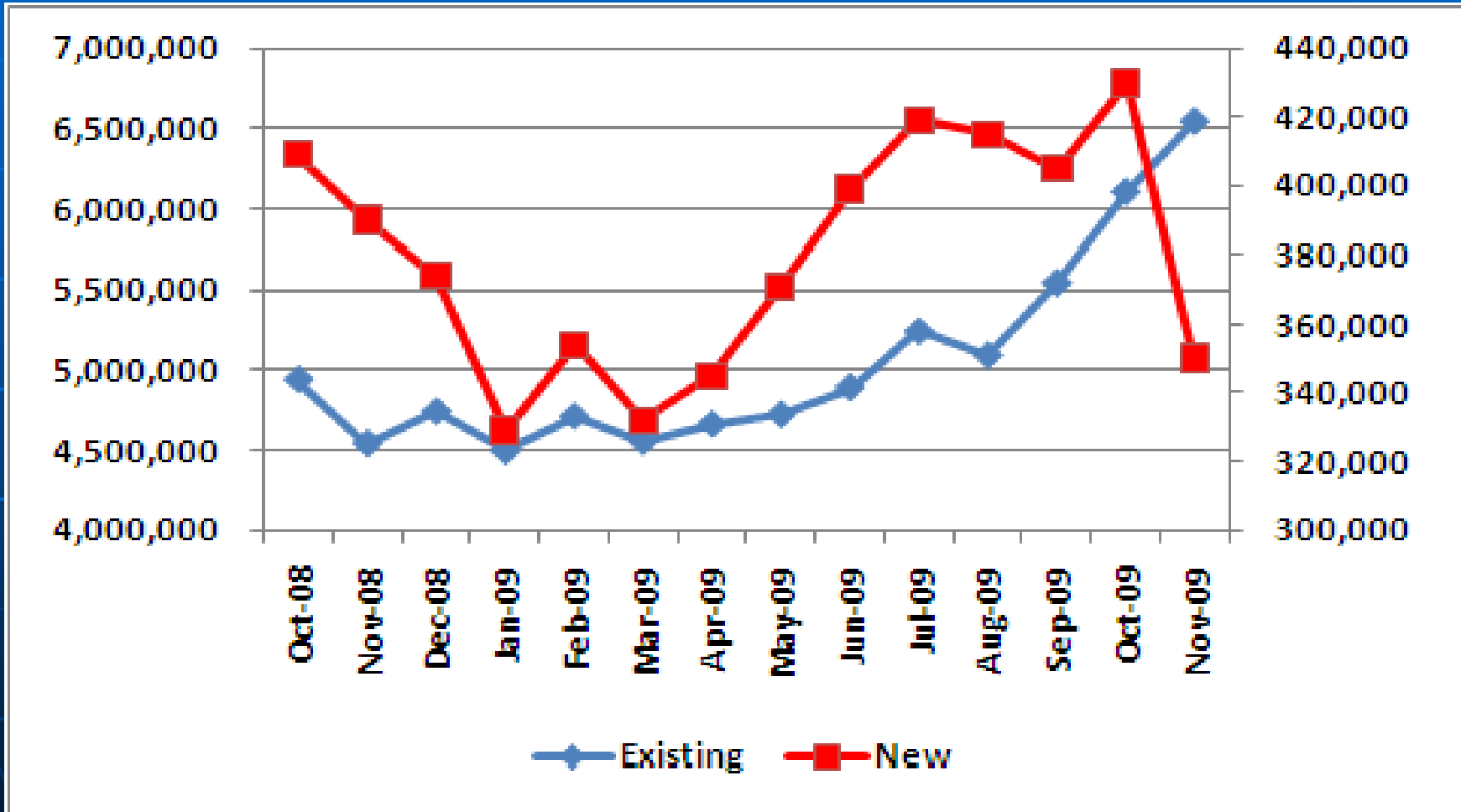
Retail Sales



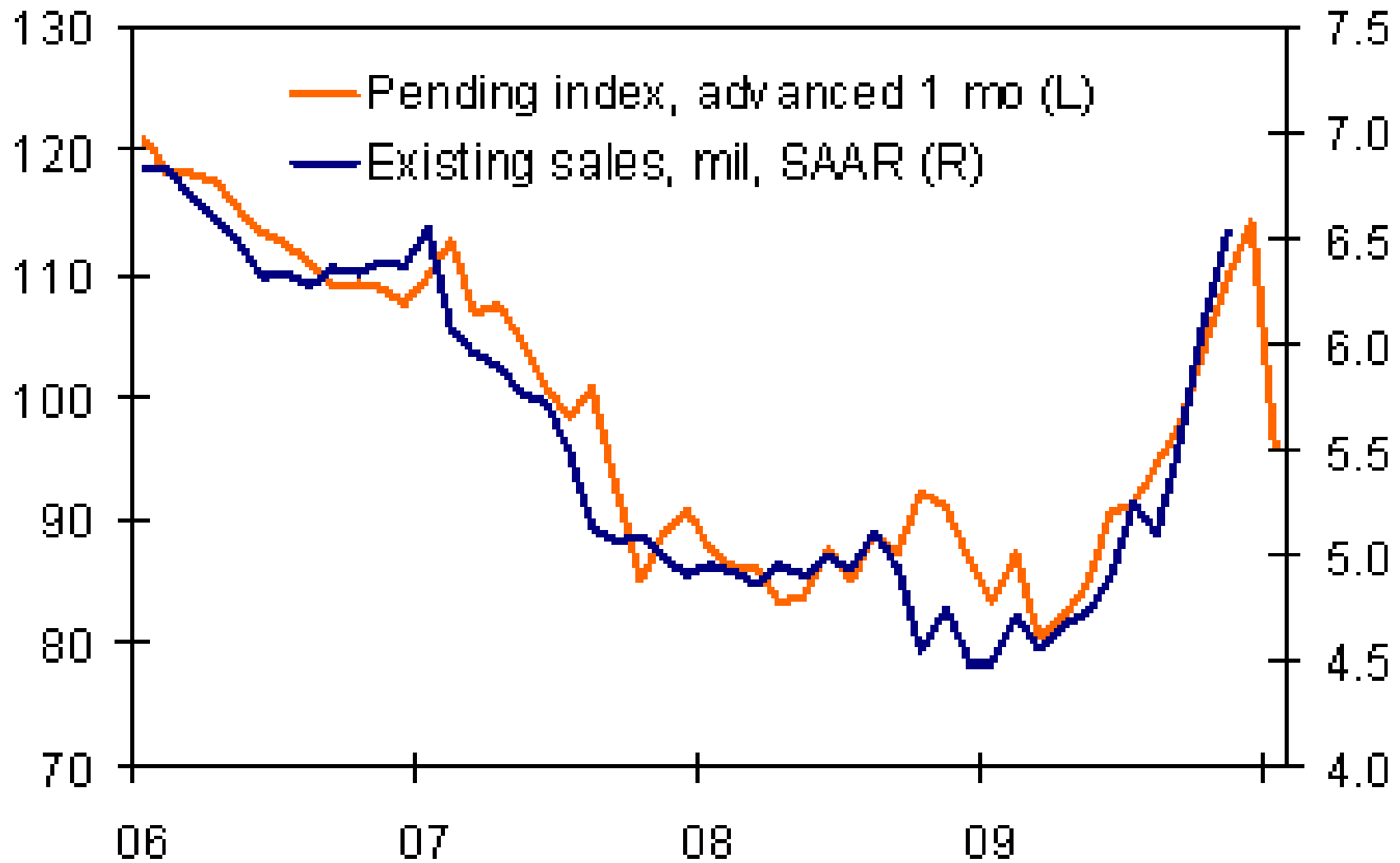
Business Inventories % change



Sales of New and Existing Homes

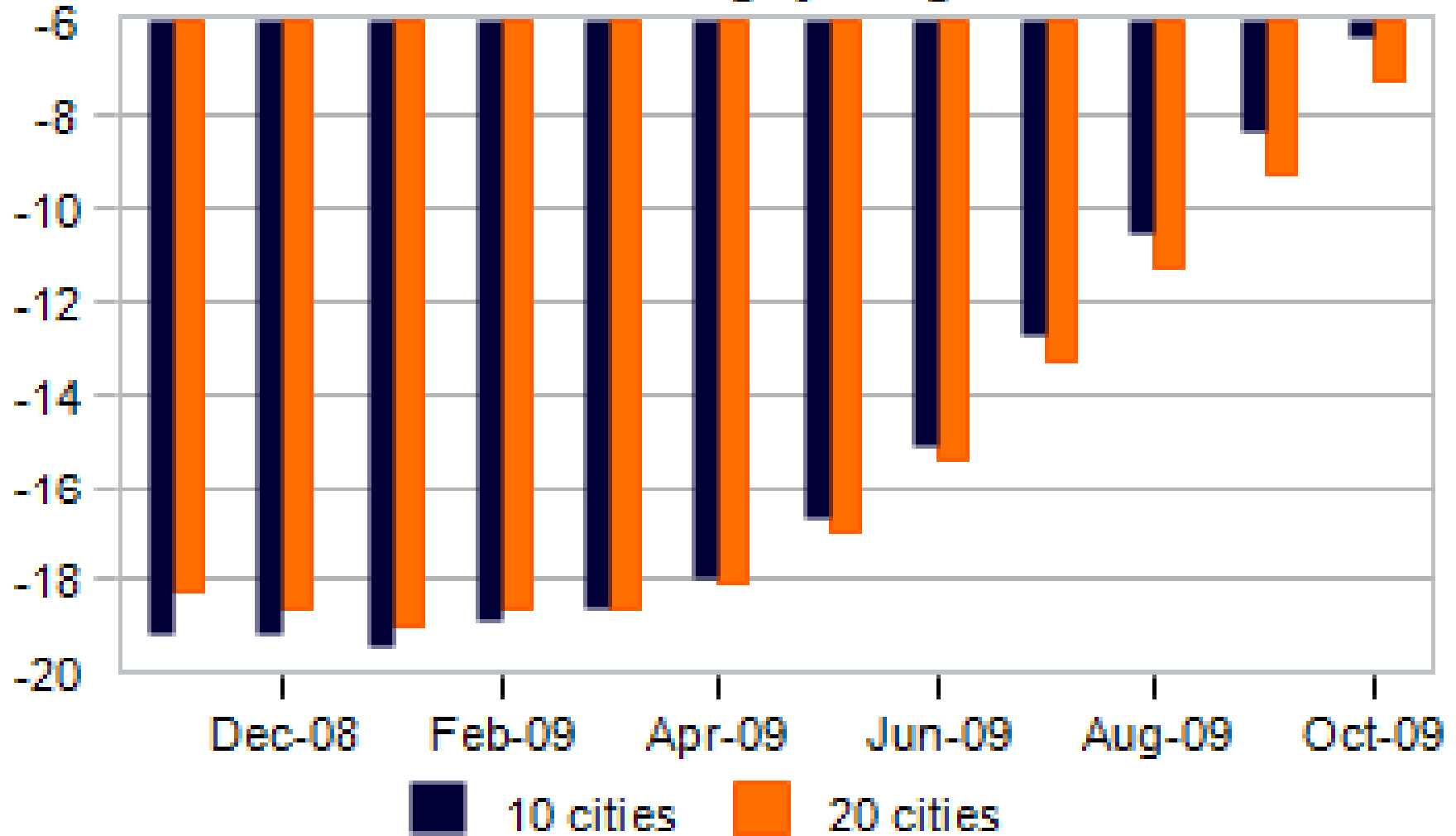


Large Pullback in Pending Index Home sales

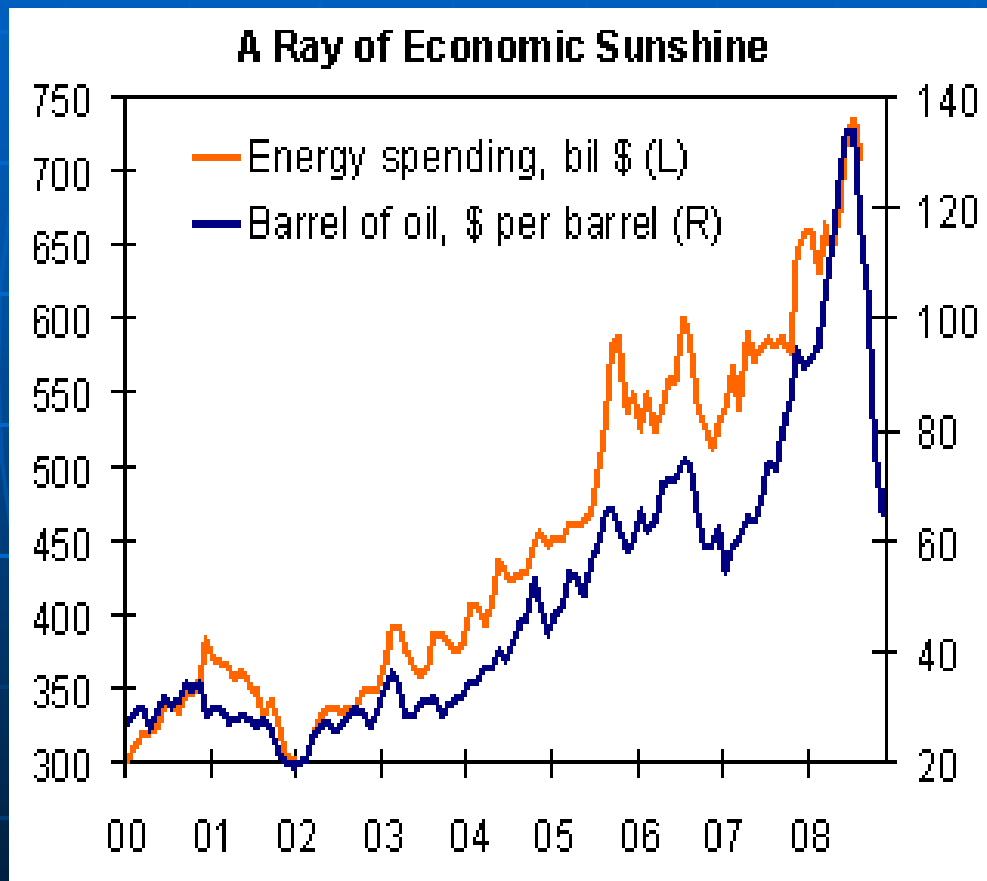


S&P/Case-Shiller® Home Price Indexes

% change year ago



Oil Prices – Acquisition Cost for U.S. Refiners

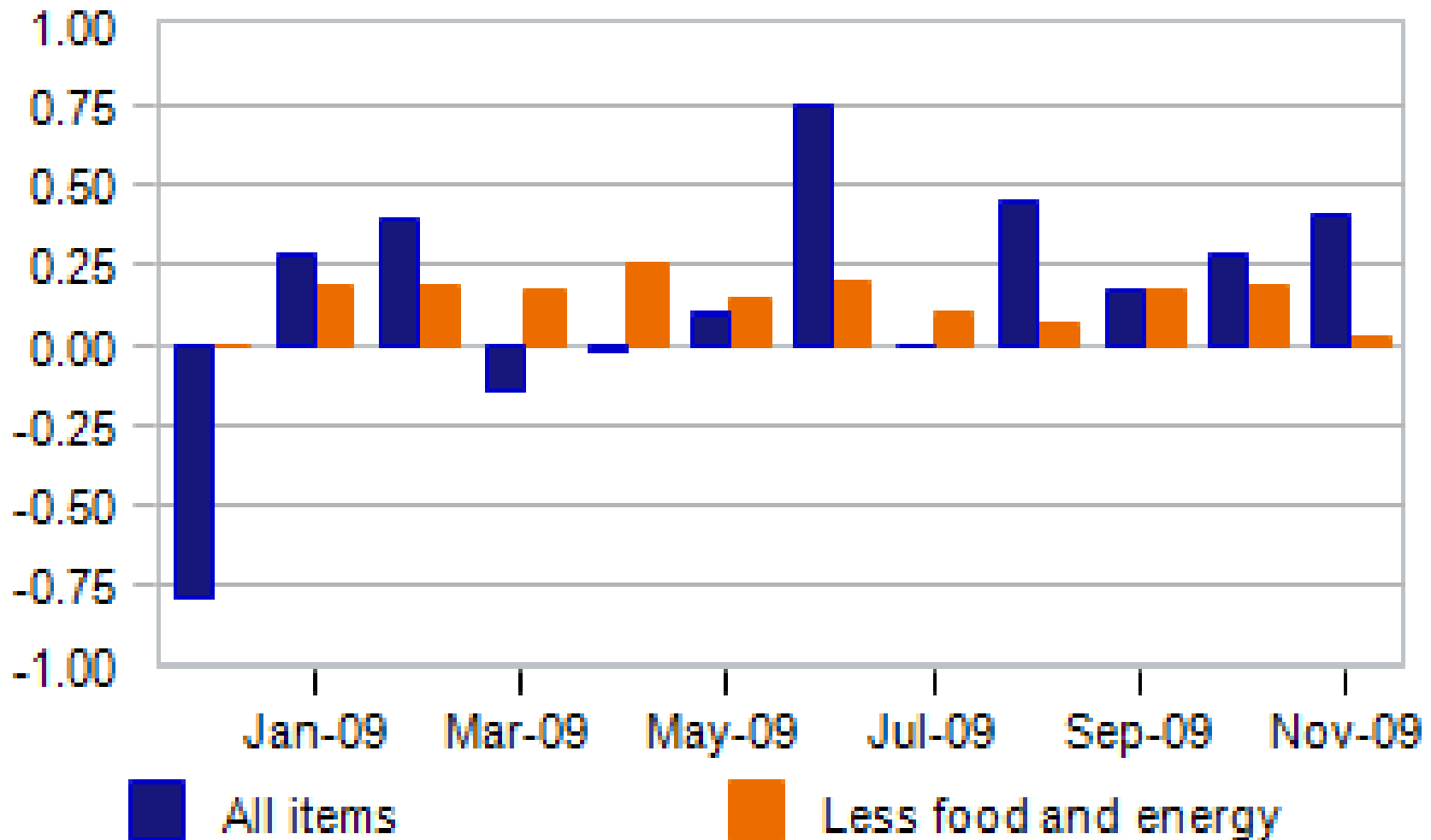


- **Structural change in market**
 - Supply driven to
 - Demand driven
- **China, India, etc.**
- **Prices will not move much lower**
 - \$60-to-\$70 floor
 - Below this production shuts in

Trade-Weighted Value of the U.S. Dollar

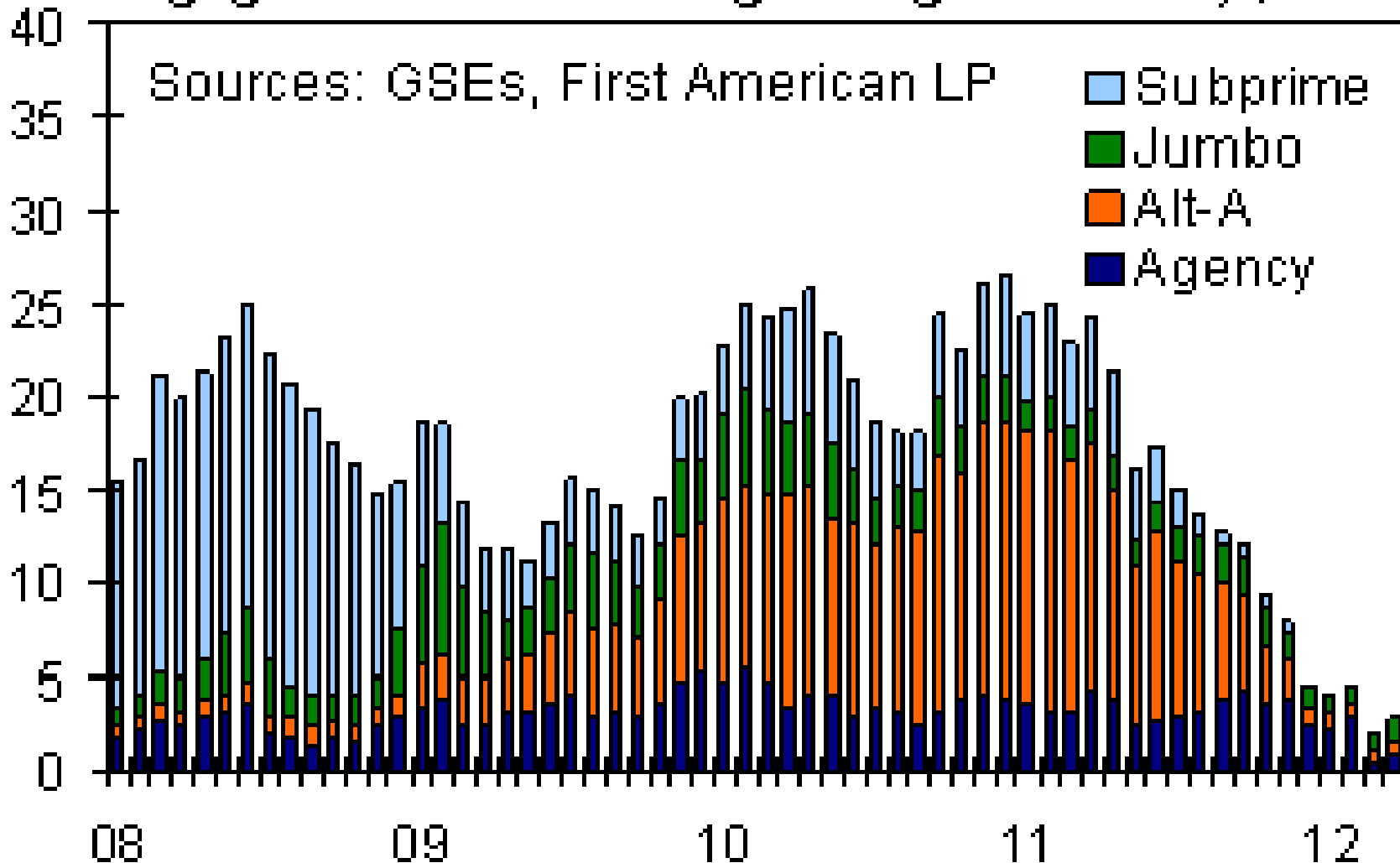


Consumer Price Index % change

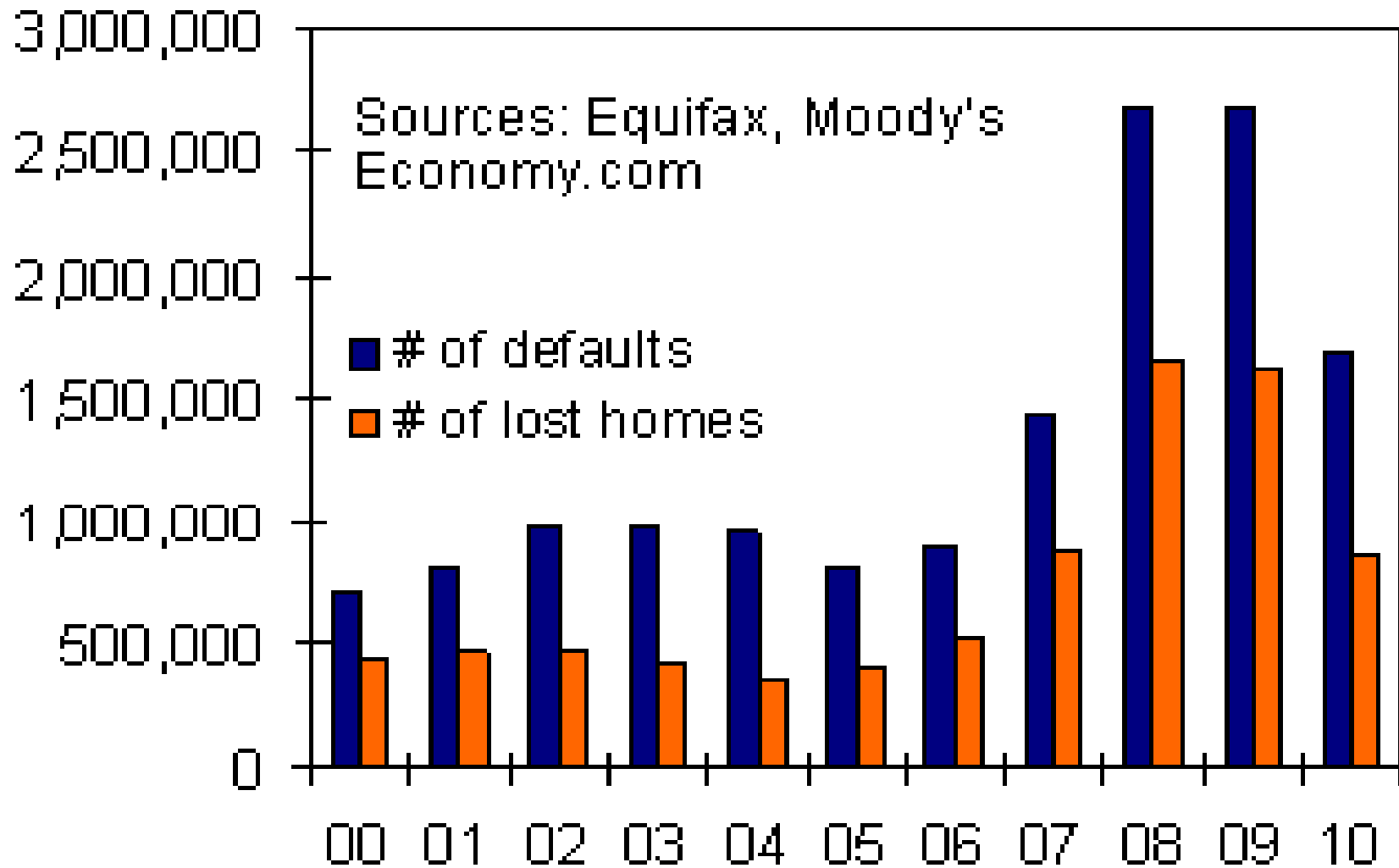


ARM Resetting Remains a Problem

Mortgage debt outstanding facing first reset, \$ bil

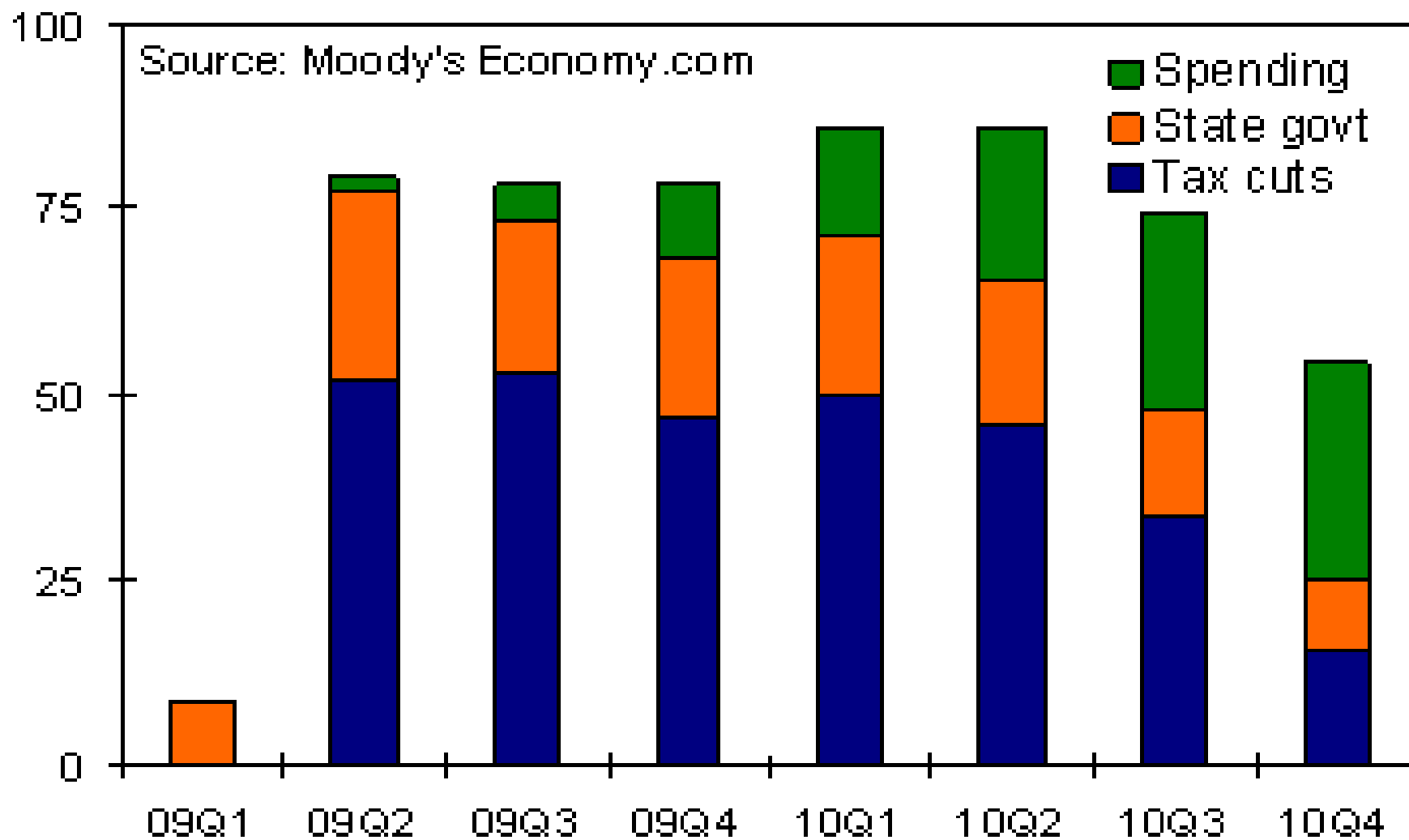


Foreclosures Will Stay High Into Next Decade



Payout from U.S. fiscal stimulus is accelerating

Stimulus payout, \$ bil

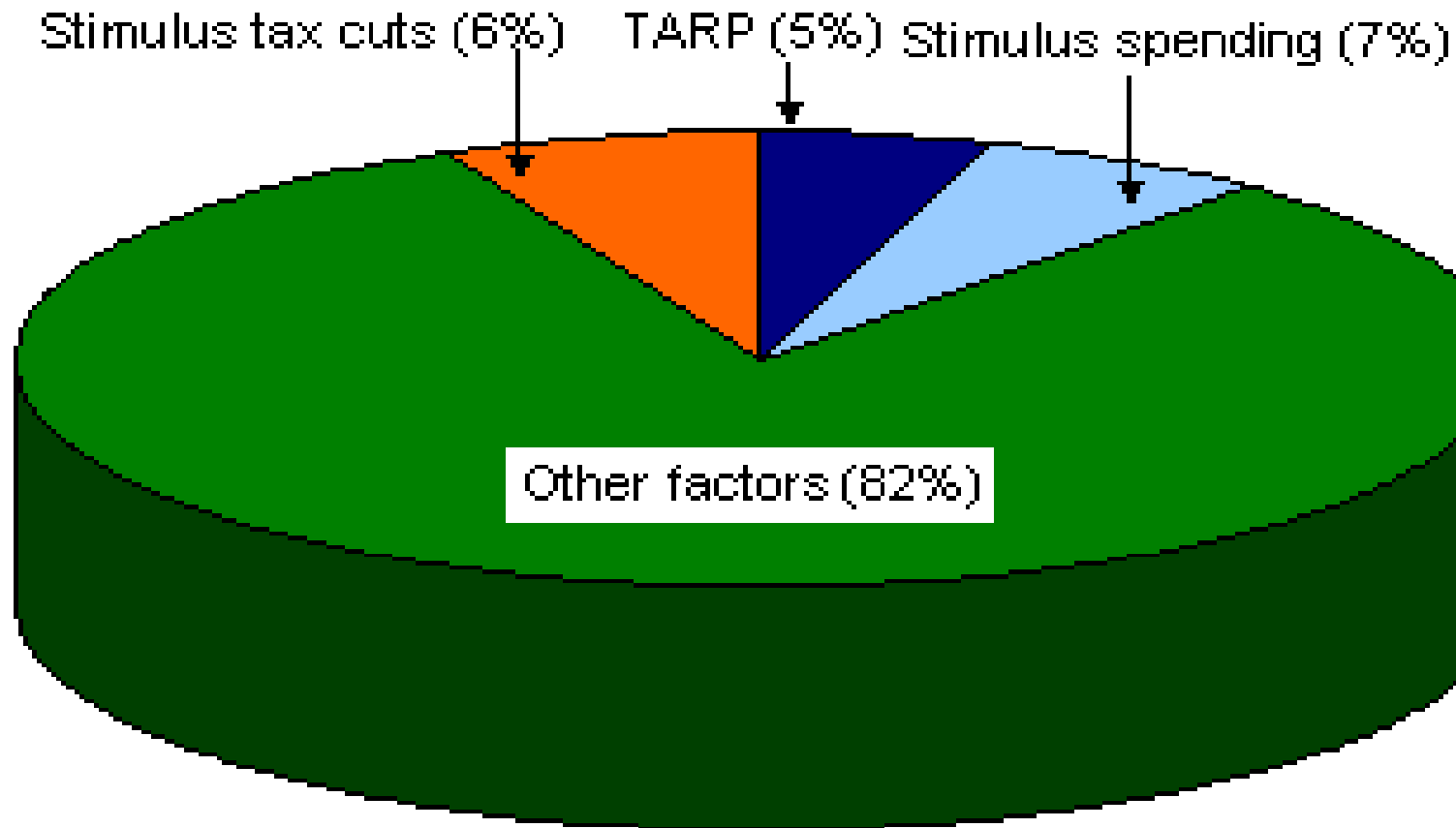


10 Year Treasury Bond



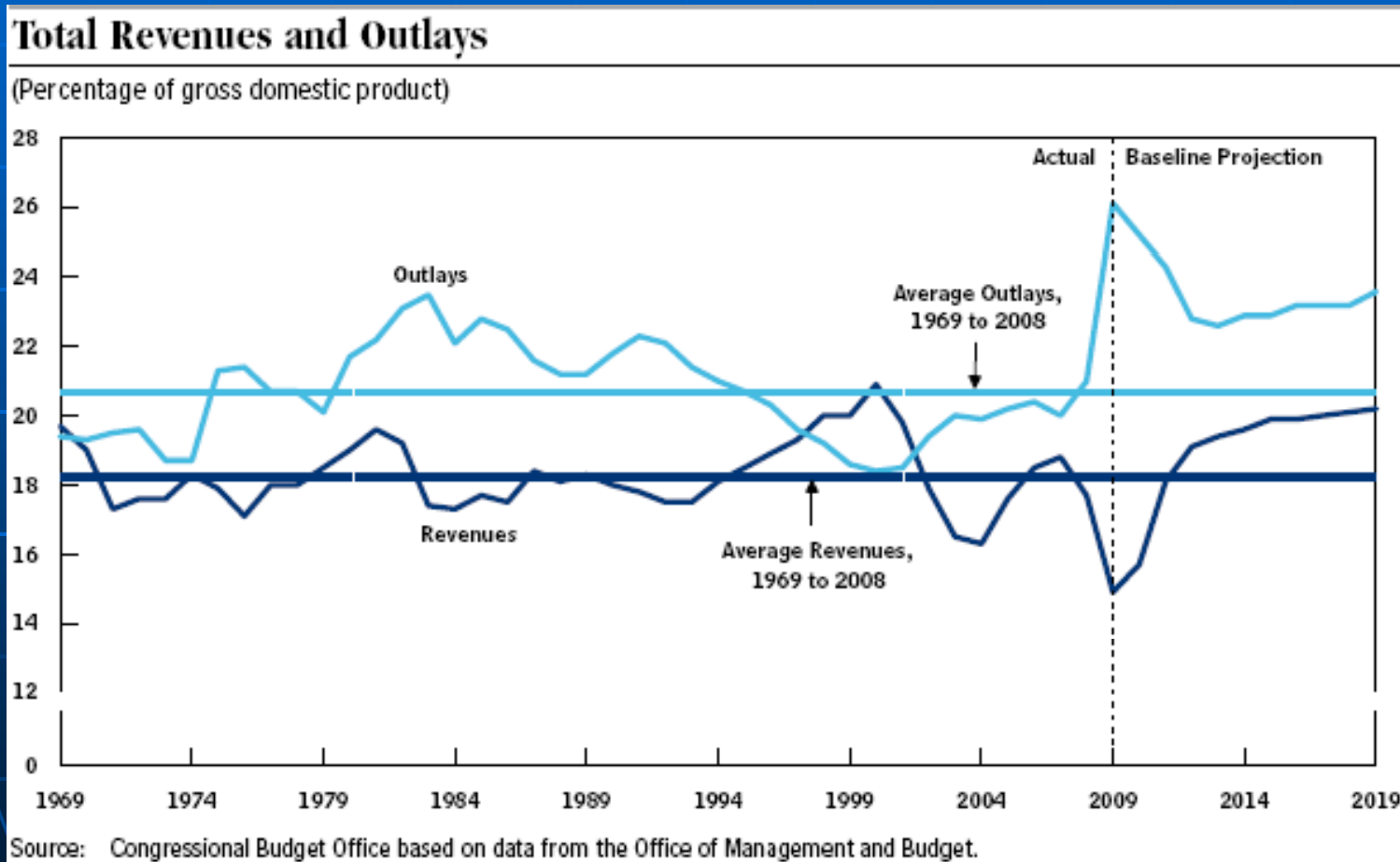
Stimulus, TARP only a small reason for deficit

Contribution to fiscal 2009 budget deficit



Sources: CBO, Treasury Department, Moody's Economy.com

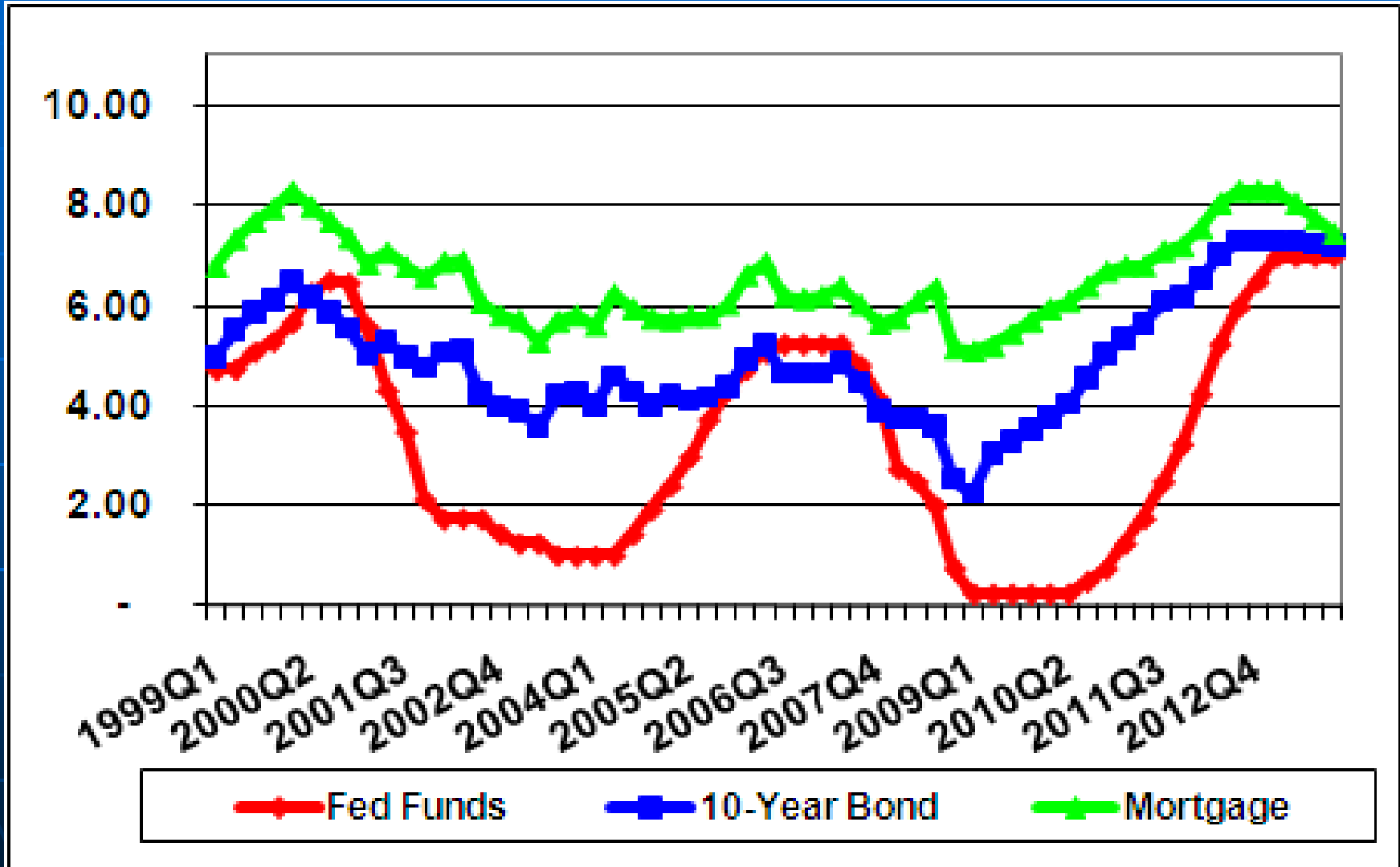
CBO Estimates of Federal Spending and Outlays as a % of GDP





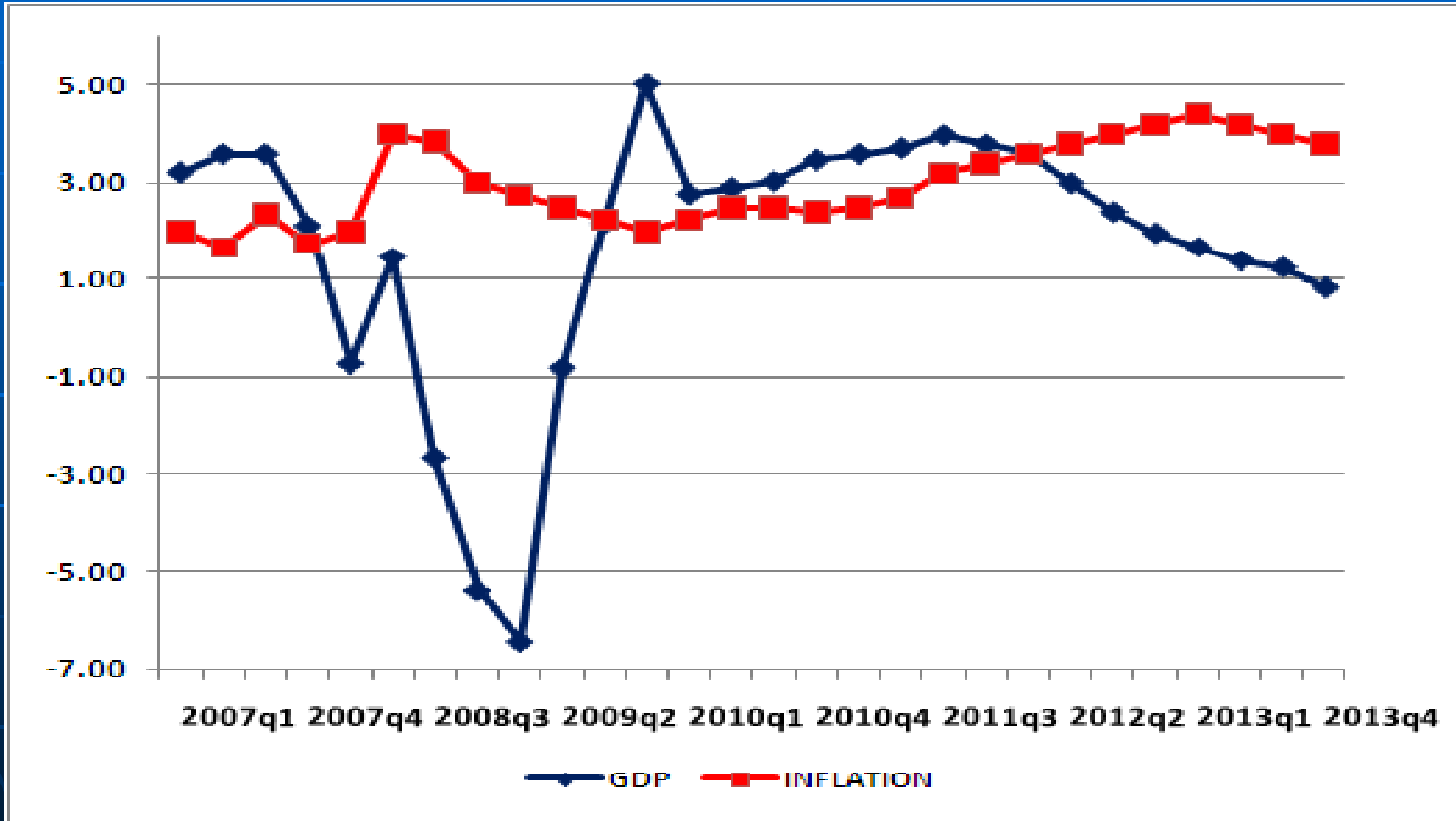
- **The rearview mirror is always clearer than the windshield**
- **Warren Buffet**

INTEREST RATES



GDP AND INFLATION

(Percent growth SAAR)

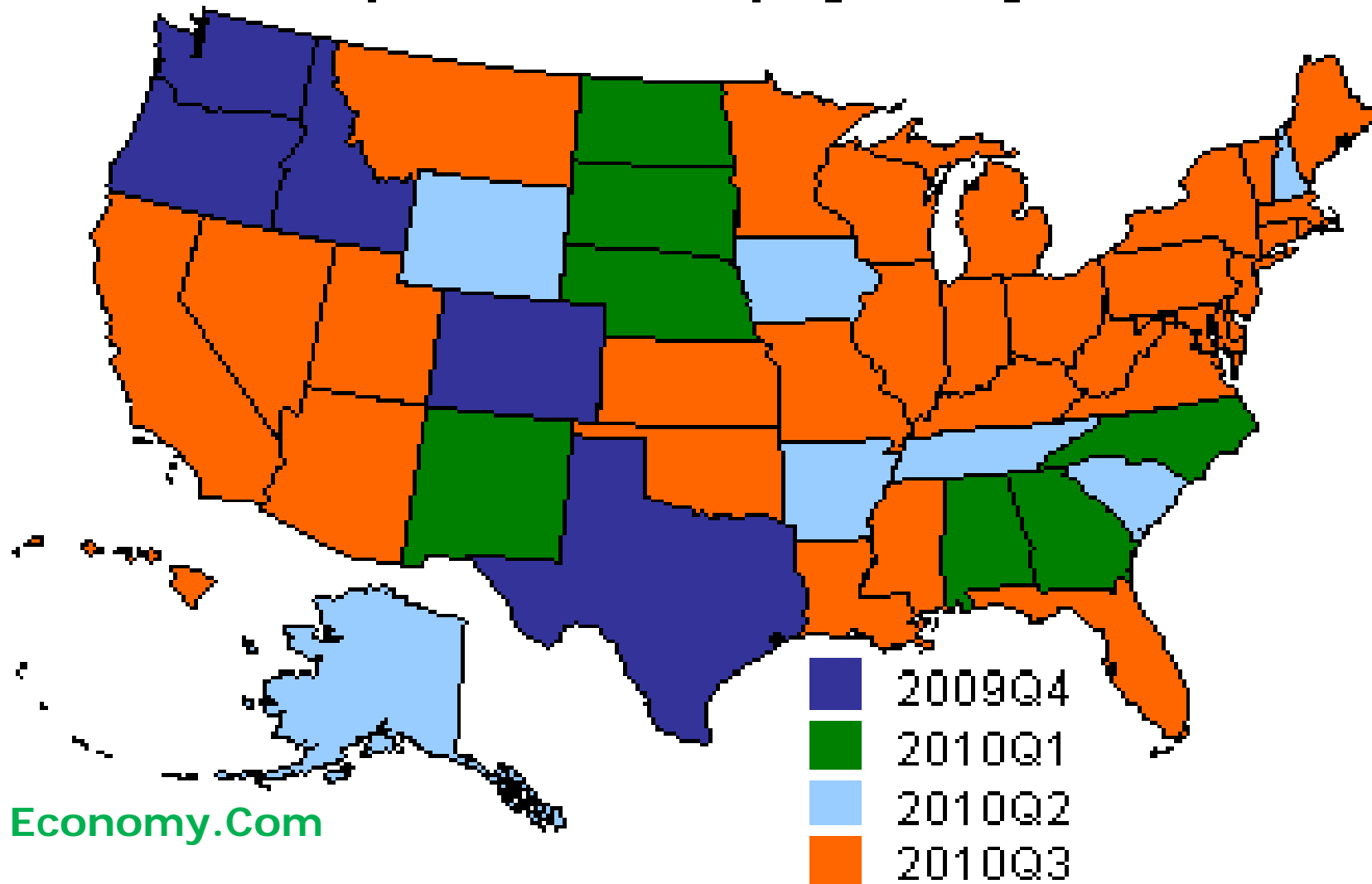


Post War Recession in U.S.

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%
Average for previous recessions	10	-1.90%	-8.50%	-2.60%

Commodity, Distribution States Improve First

First quarter with employment growth



Economy.Com

Florida Summary – Now that the Hurricane is Over ...

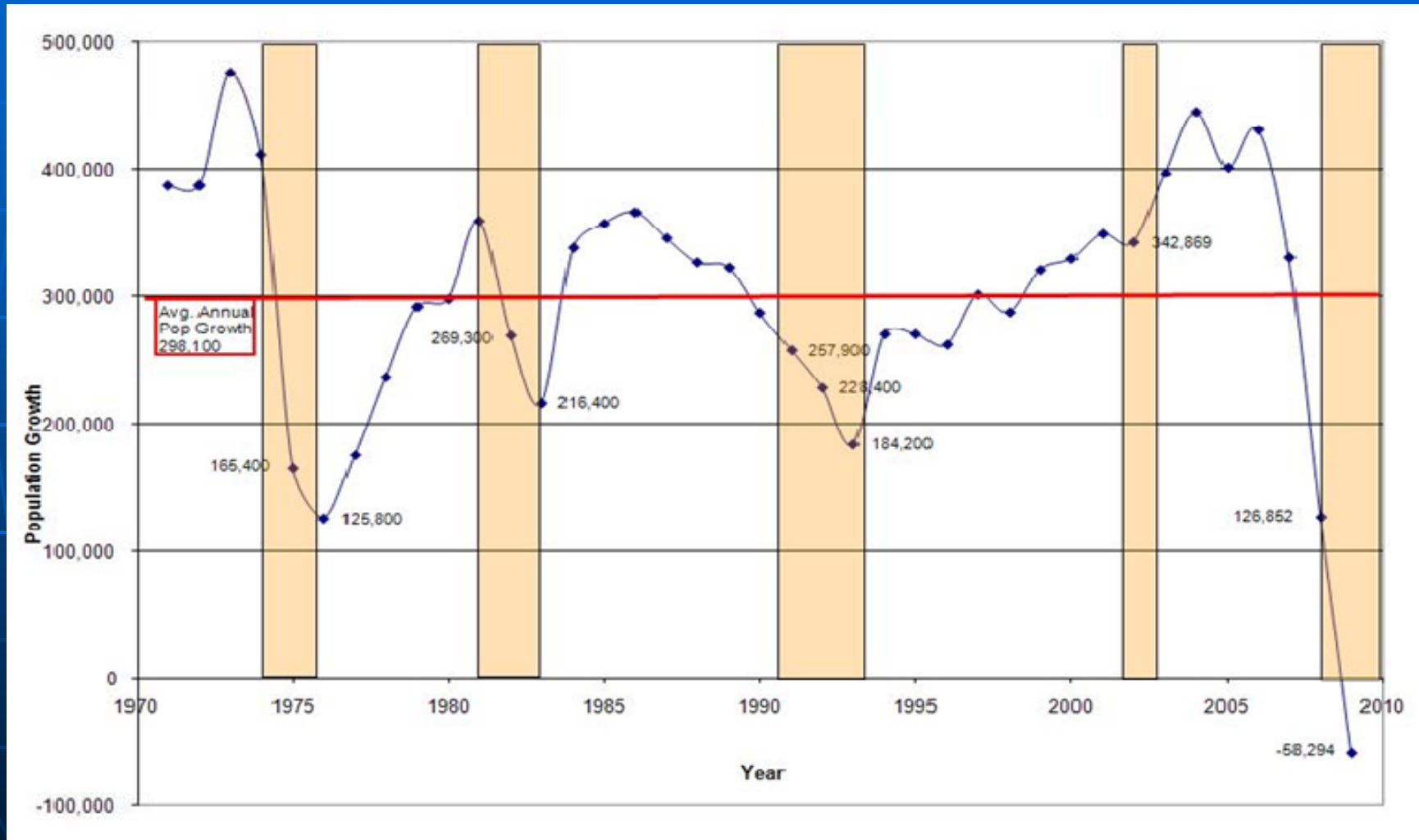


1/20/2010

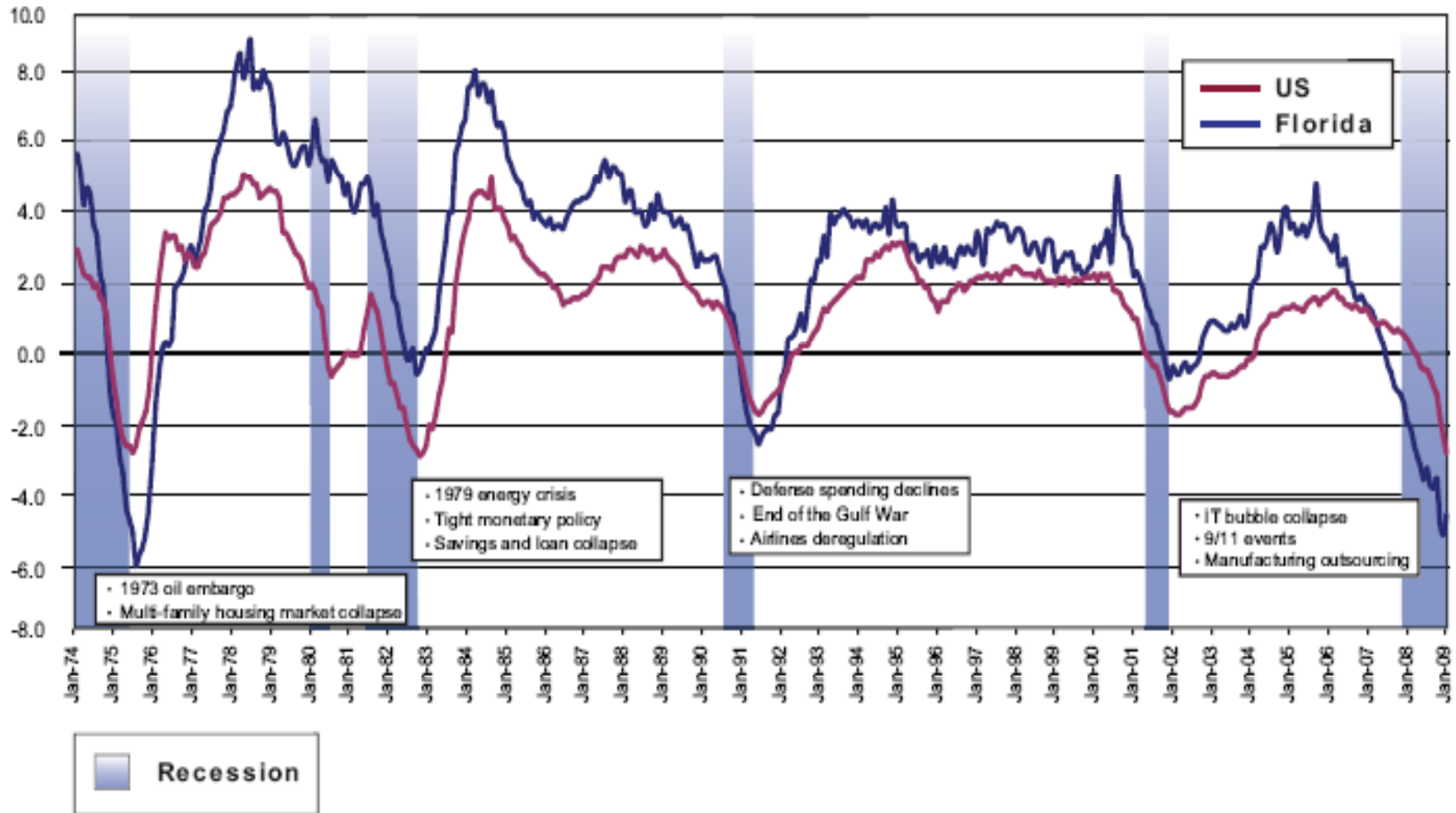
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Florida Population Growth

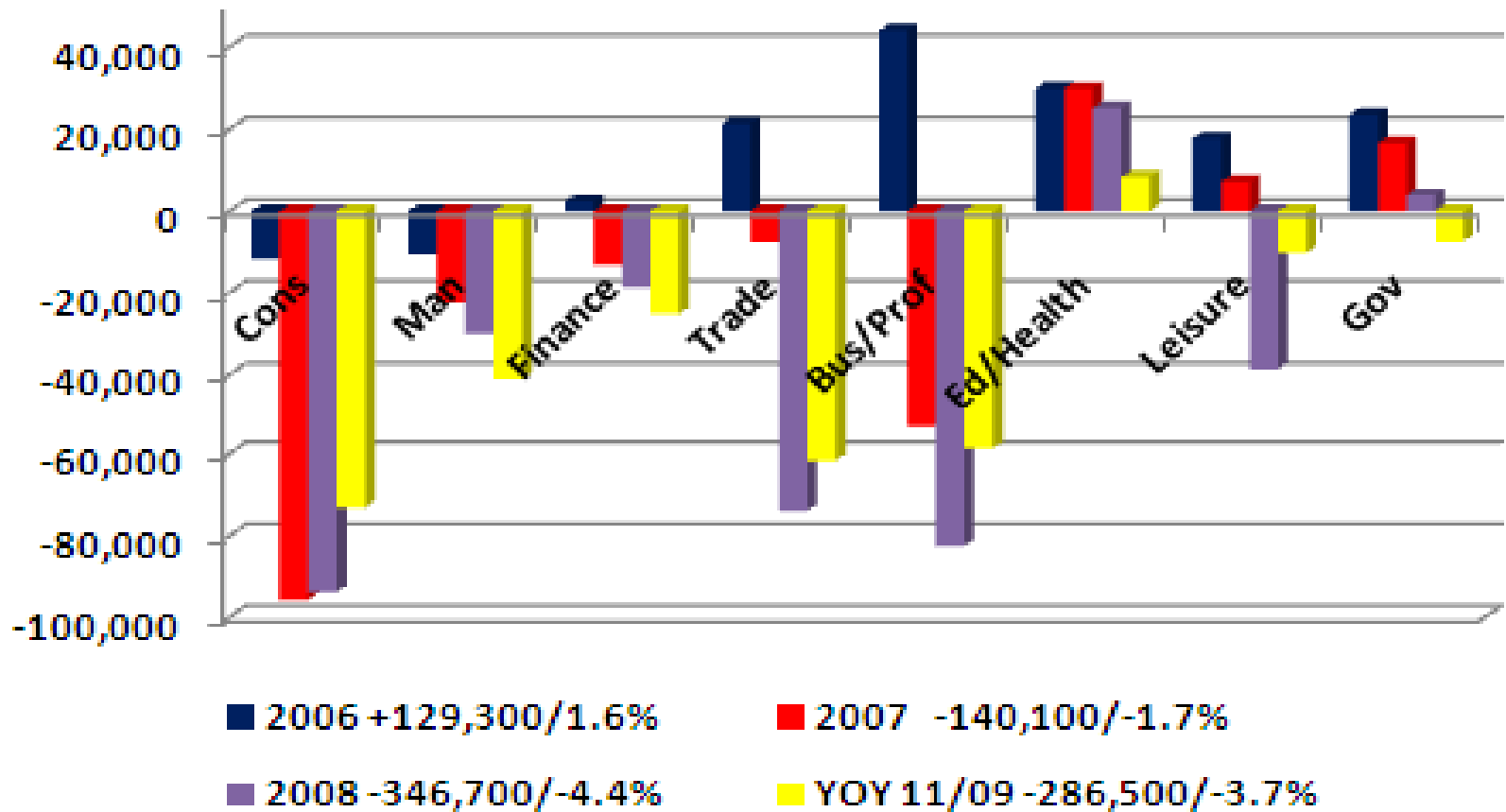


Total Nonagricultural Employment Annual Job Growth Rates



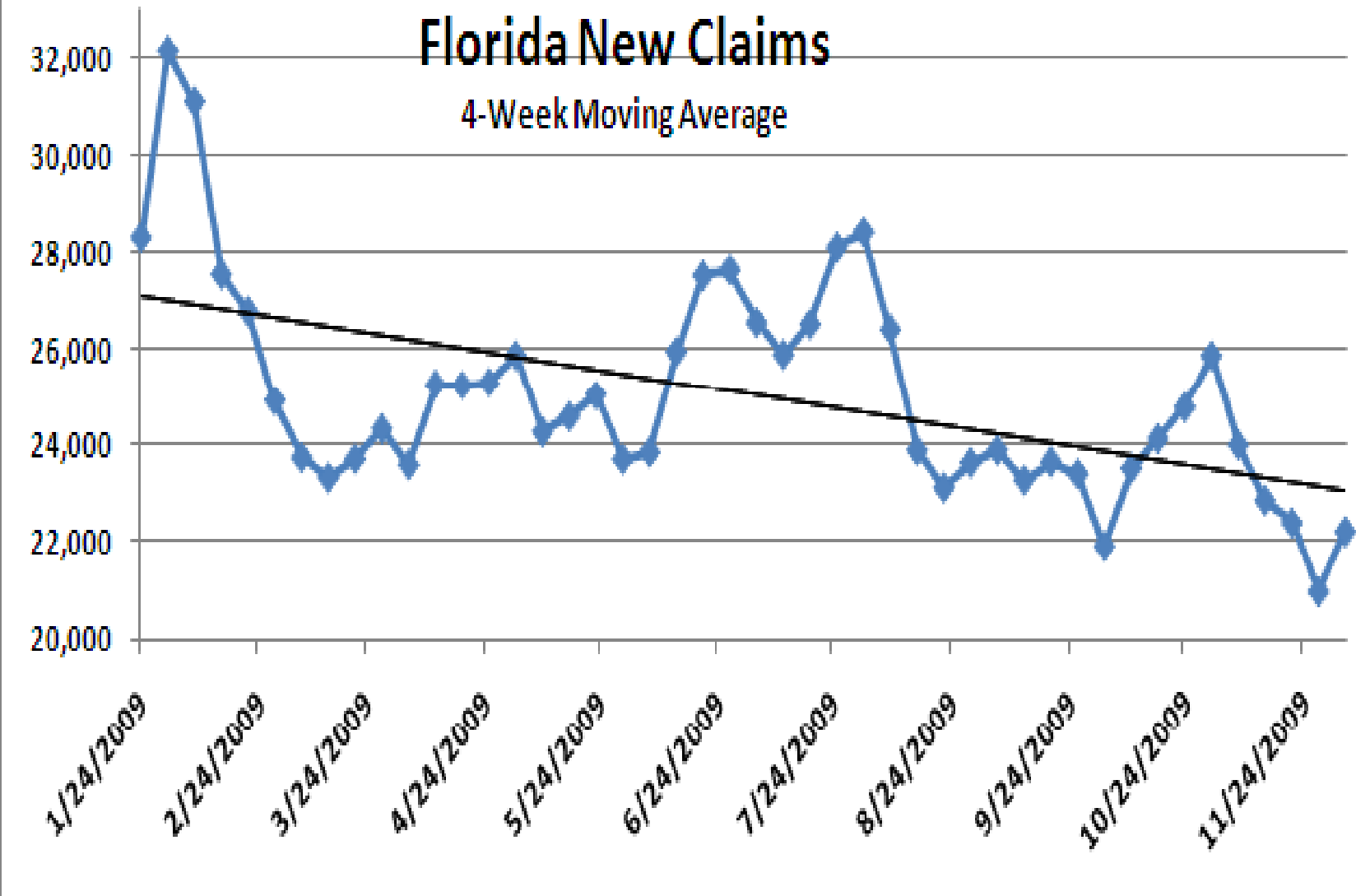
Source: Florida Agency for Workforce Innovation, Labor Market Statistics Center, Current Employment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Florida Employment Growth Year-over-Year Changes

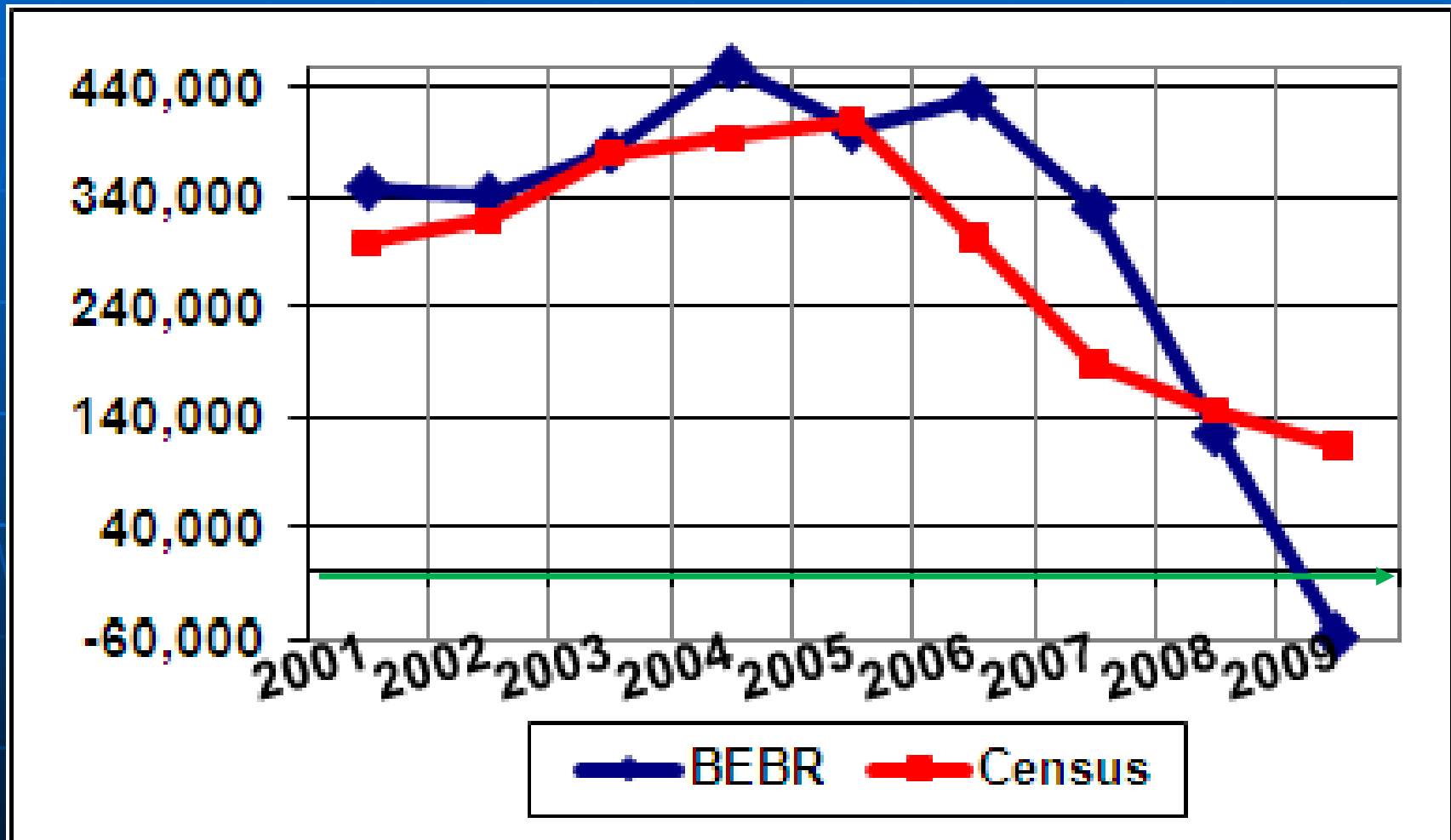


Florida New Claims

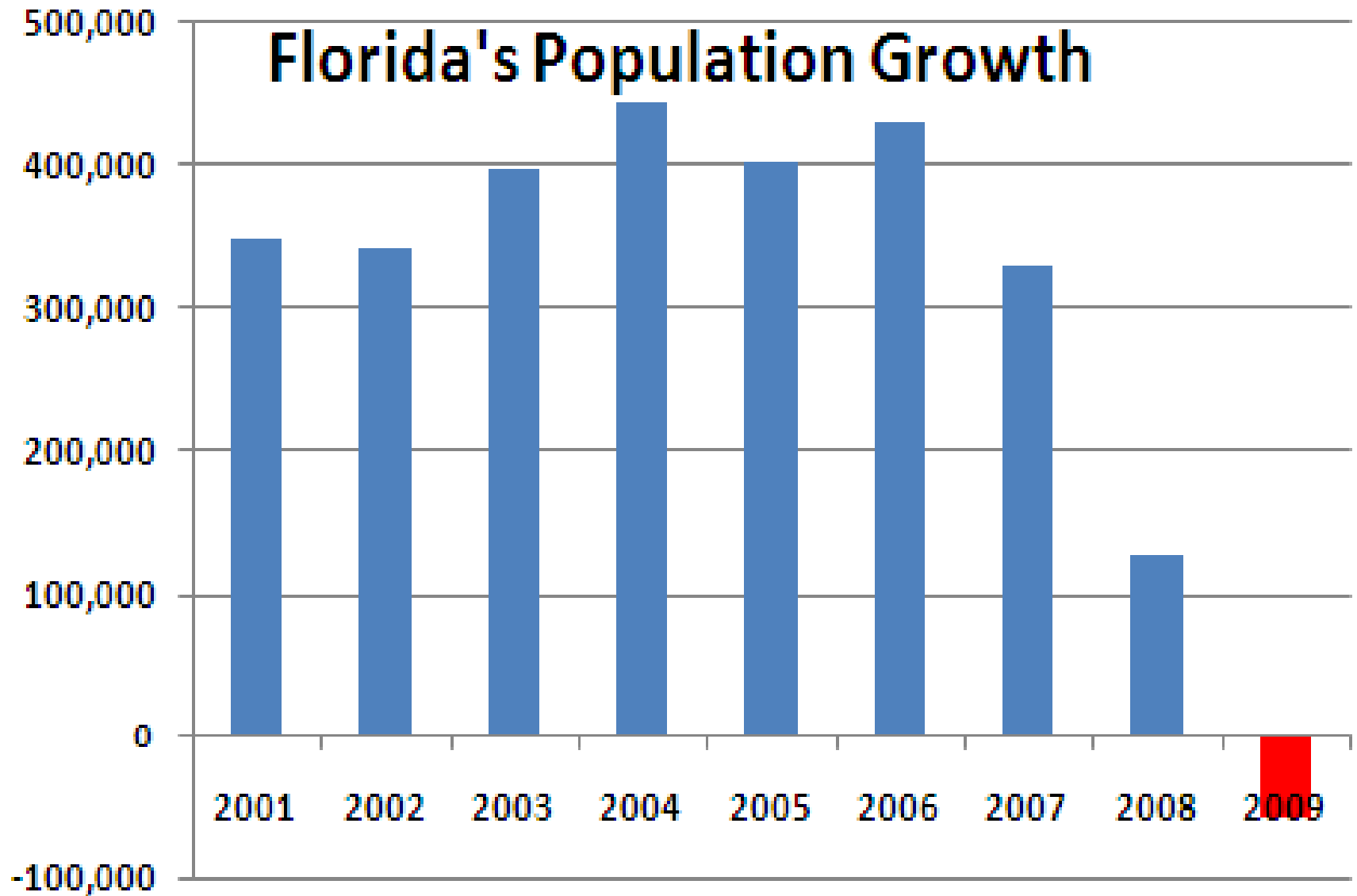
4-Week Moving Average



Population Growth? Census v. BEBR



Florida's Population Growth



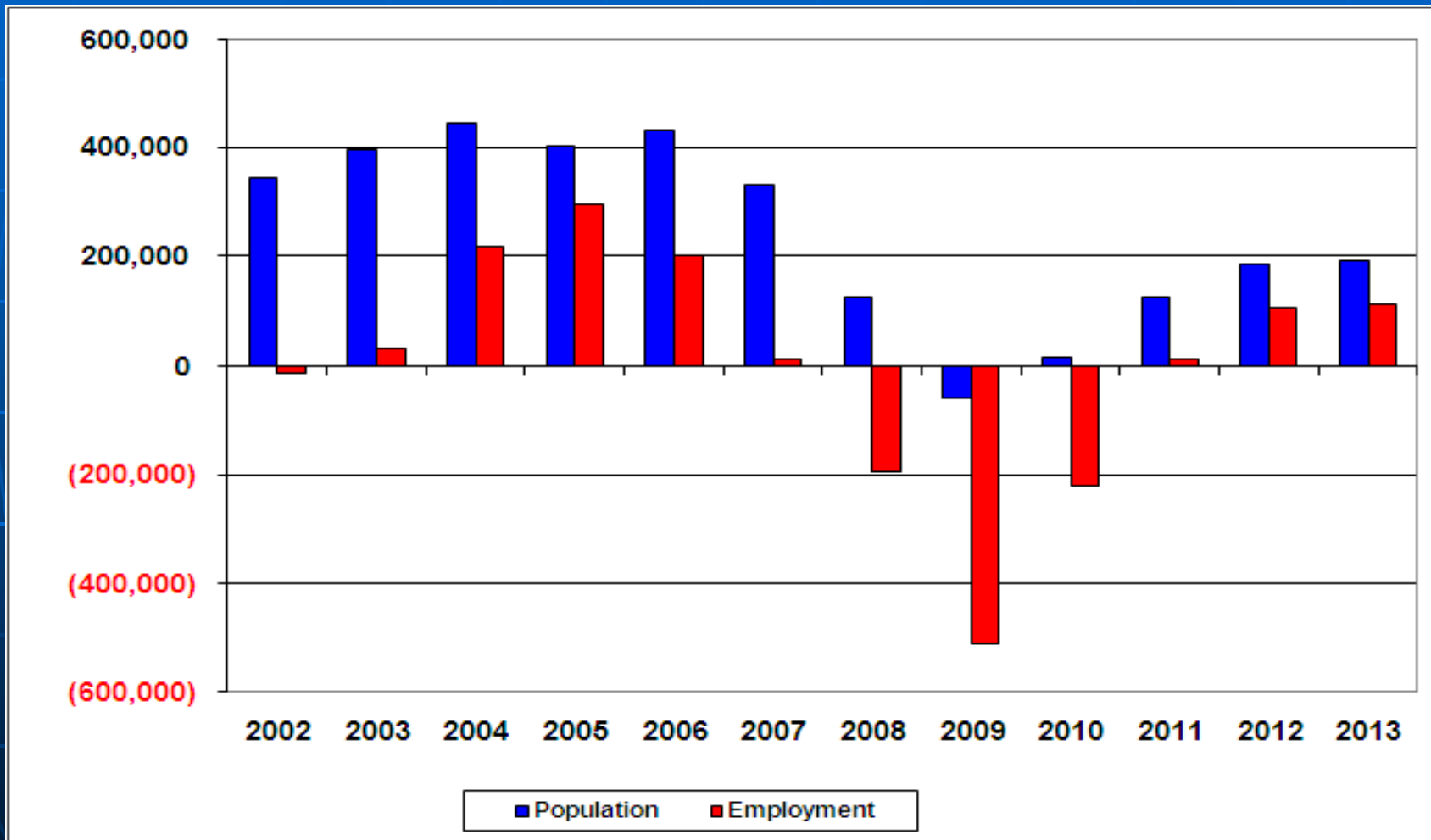
Counties Accounting for Loss

County	2009-2008
Broward	(13,904)
Lee	(8,601)
Palm Beach	(8,033)
Pinellas	(7,348)
Orange	(6,097)
Dade	(5,485)
Duval	(4,453)
St. Lucie	(3,721)
Hillsborough	(3,649)
Volusia	(3,645)
	=====
Total	(64,936)

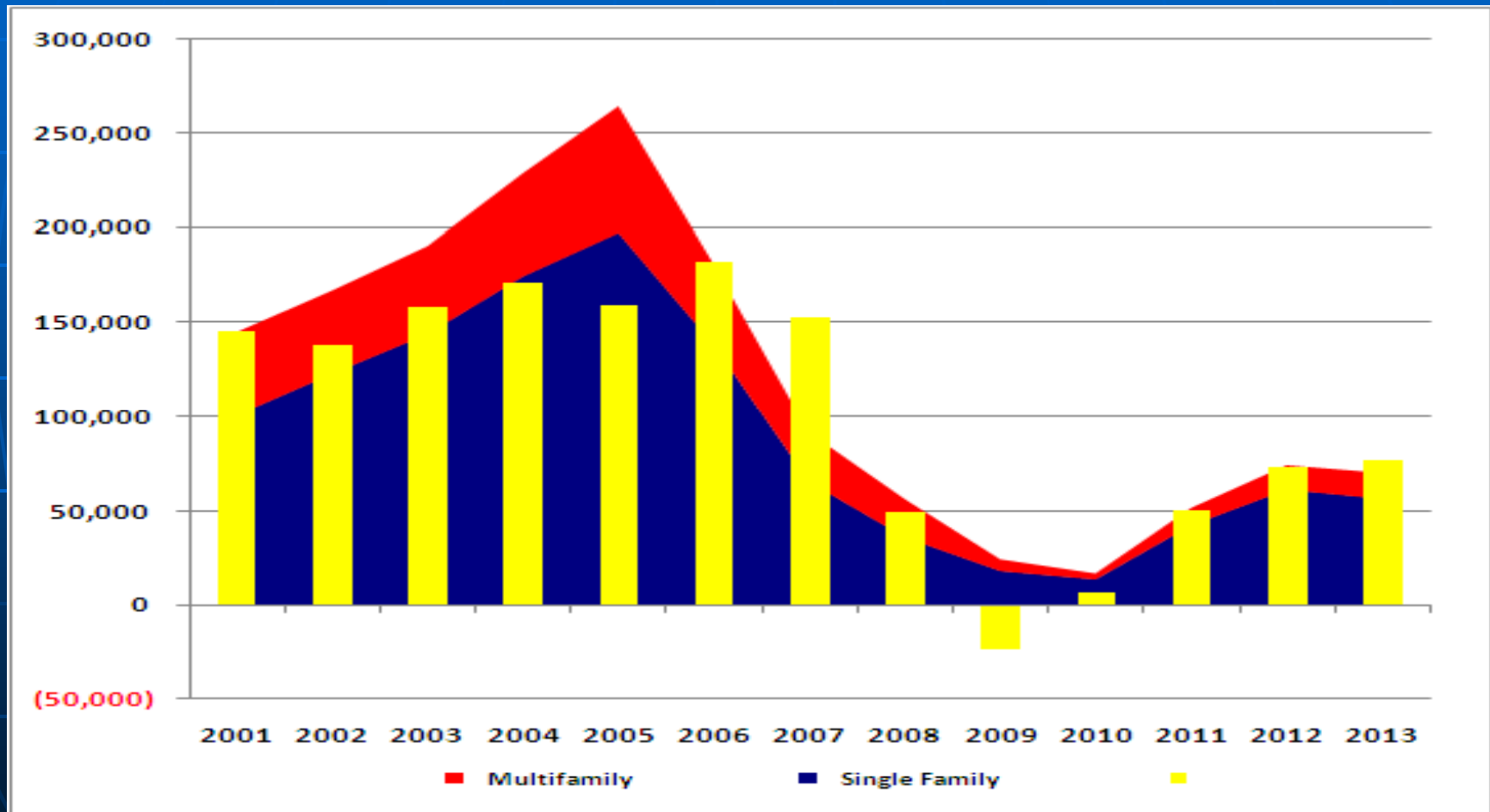
Why Has Florida Lost its Competitive Edge?

- **Some attractive areas built out**
- **Unbridled impact fees**
- **Poor land use policies**
- **Faulty property insurance market**
- **Faulty property tax system**
- **High cost/duplication local government services (police, fire, ems, planning)**

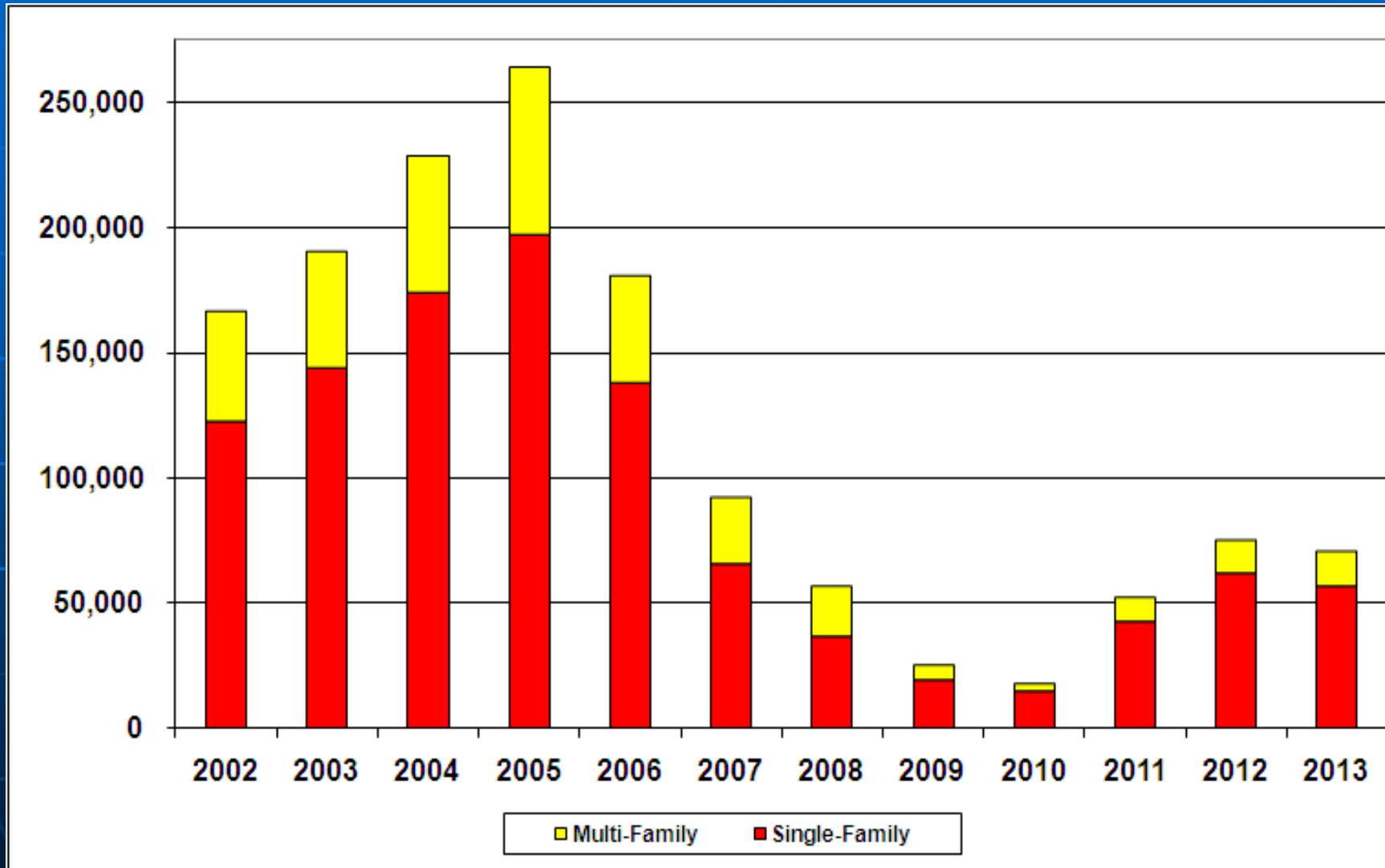
Florida Growth Forecast Population and Employment



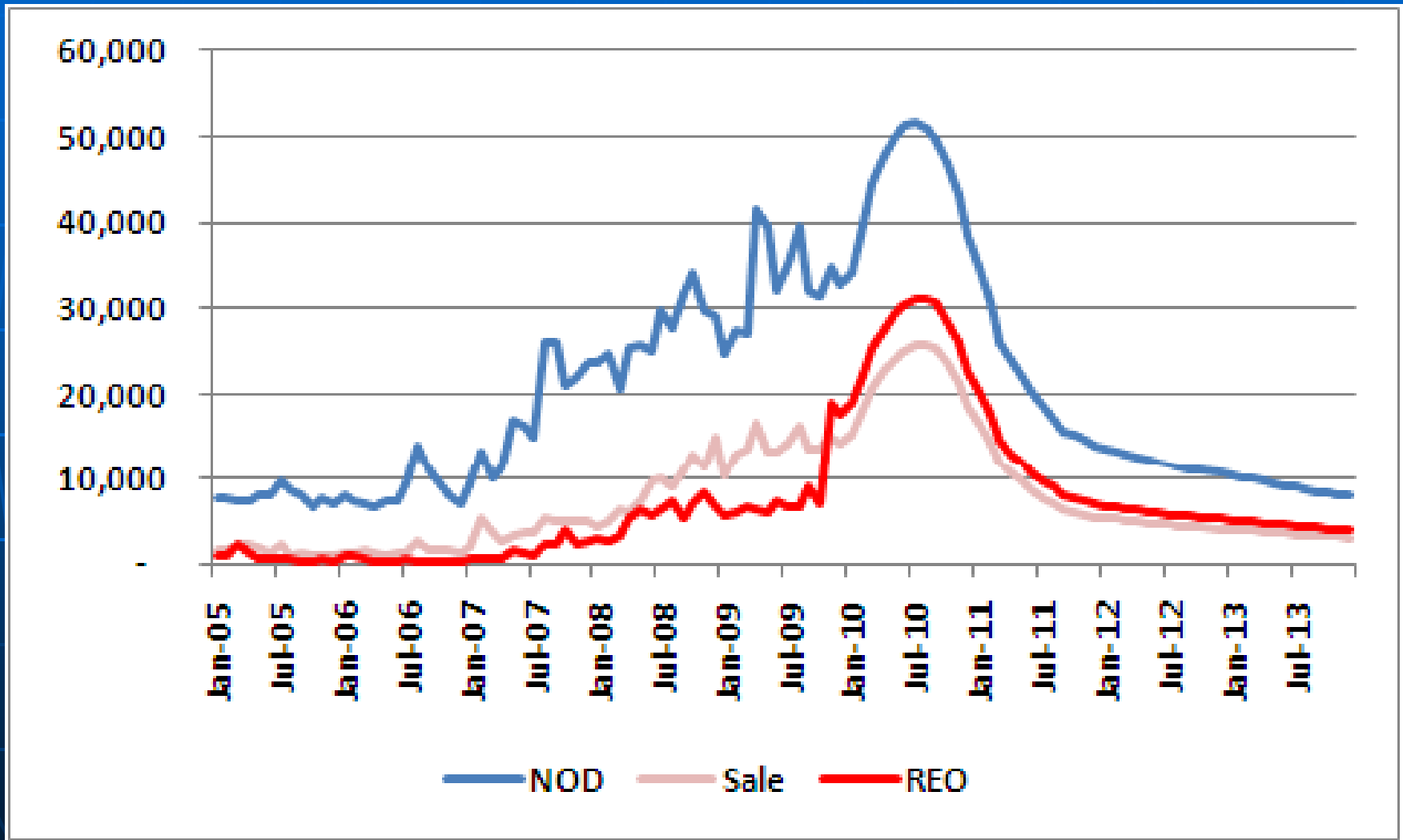
Housing Market Supply/Demand Balance



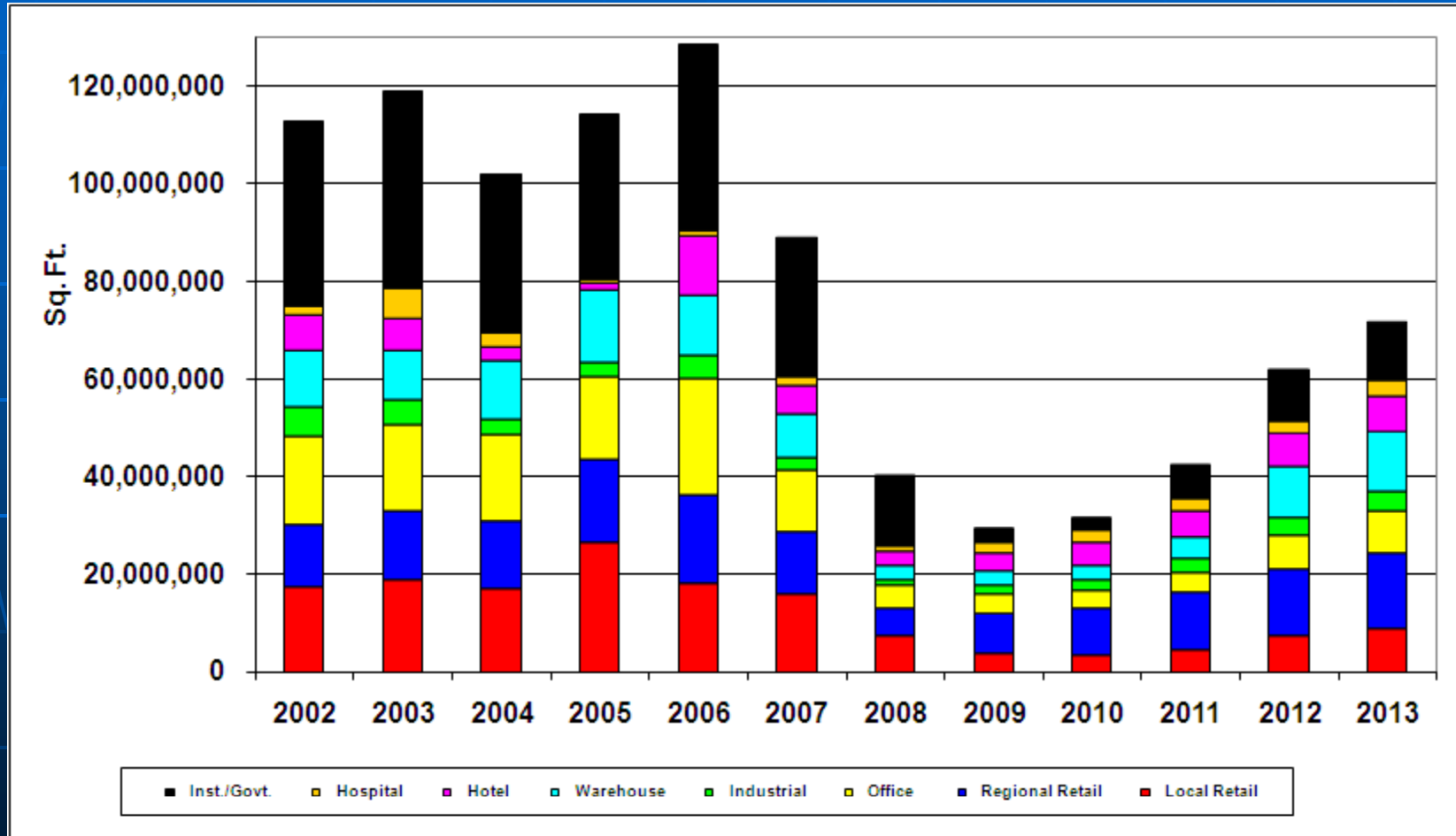
Housing Starts



Florida Foreclosures



Non Residential Construction Put in Place in Square Feet

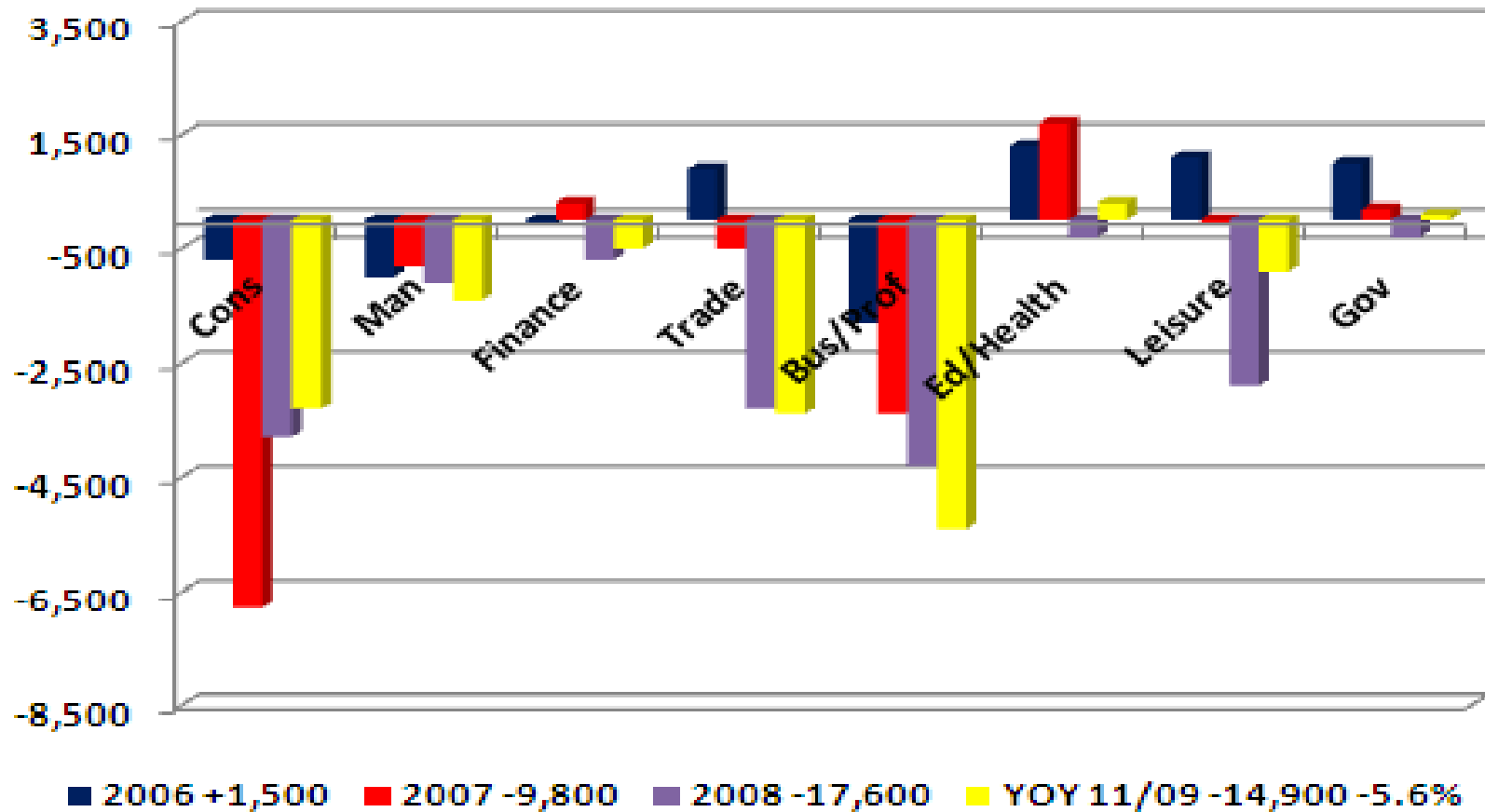


MANATEE COUNTY

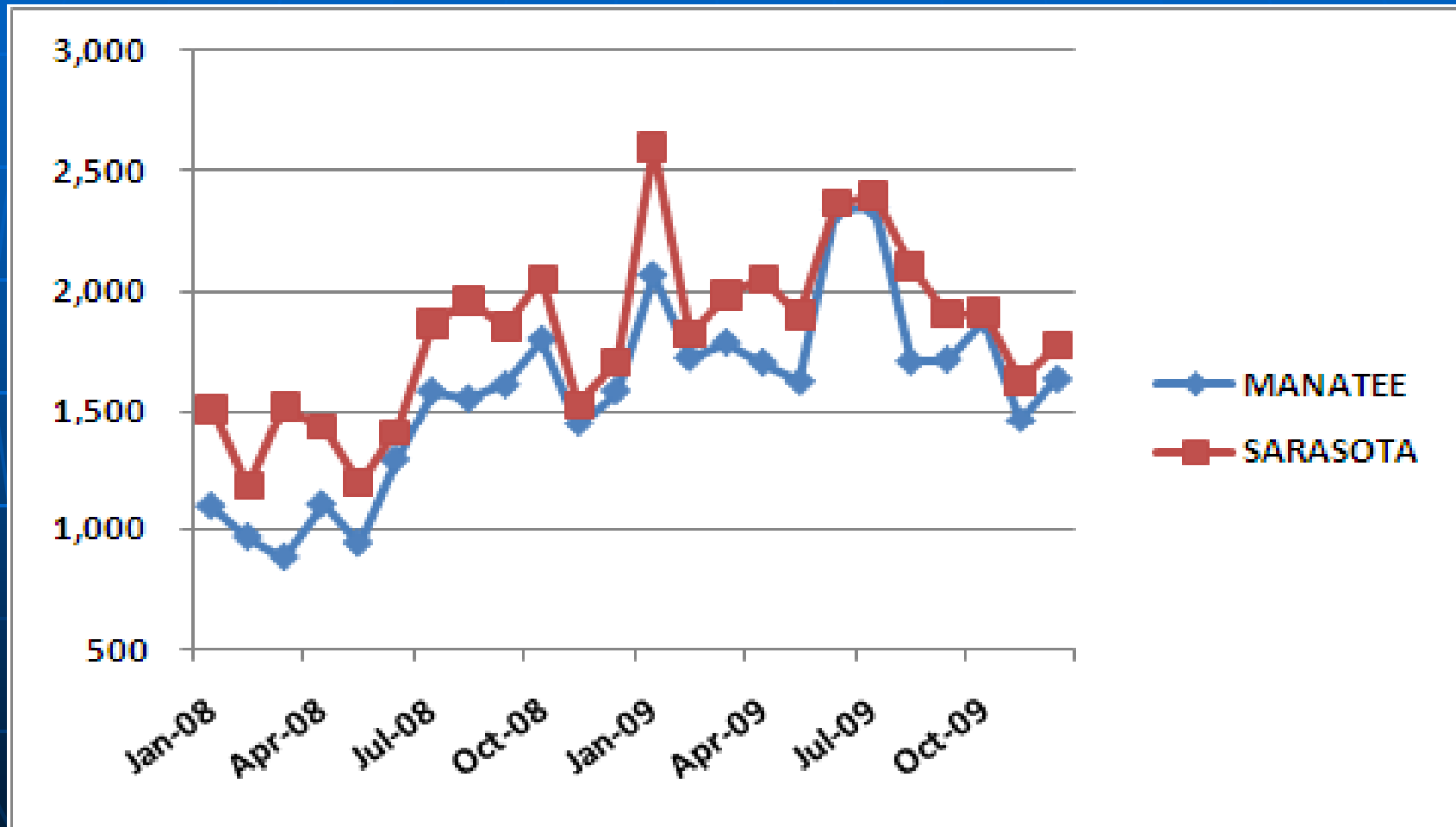
Major Economic Drivers

- **Underperformed during contraction**
 - Employment fell 2007, 2008 & 2009
 - 2010 will be little better
- **Lesson learned?**
- **Maybe**
 - Impact fees reduced 50%
 - Permitting environment better
- **I-75 corridor attractive**
- **Pricing use to be enough to make Manatee attractive compared to Sarasota or Hillsborough**
 - Less difference now
 - Less important now
- **Major infrastructure challenges, ROADS, inhibiting growth**

Sarasota/Bradenton Employment Growth



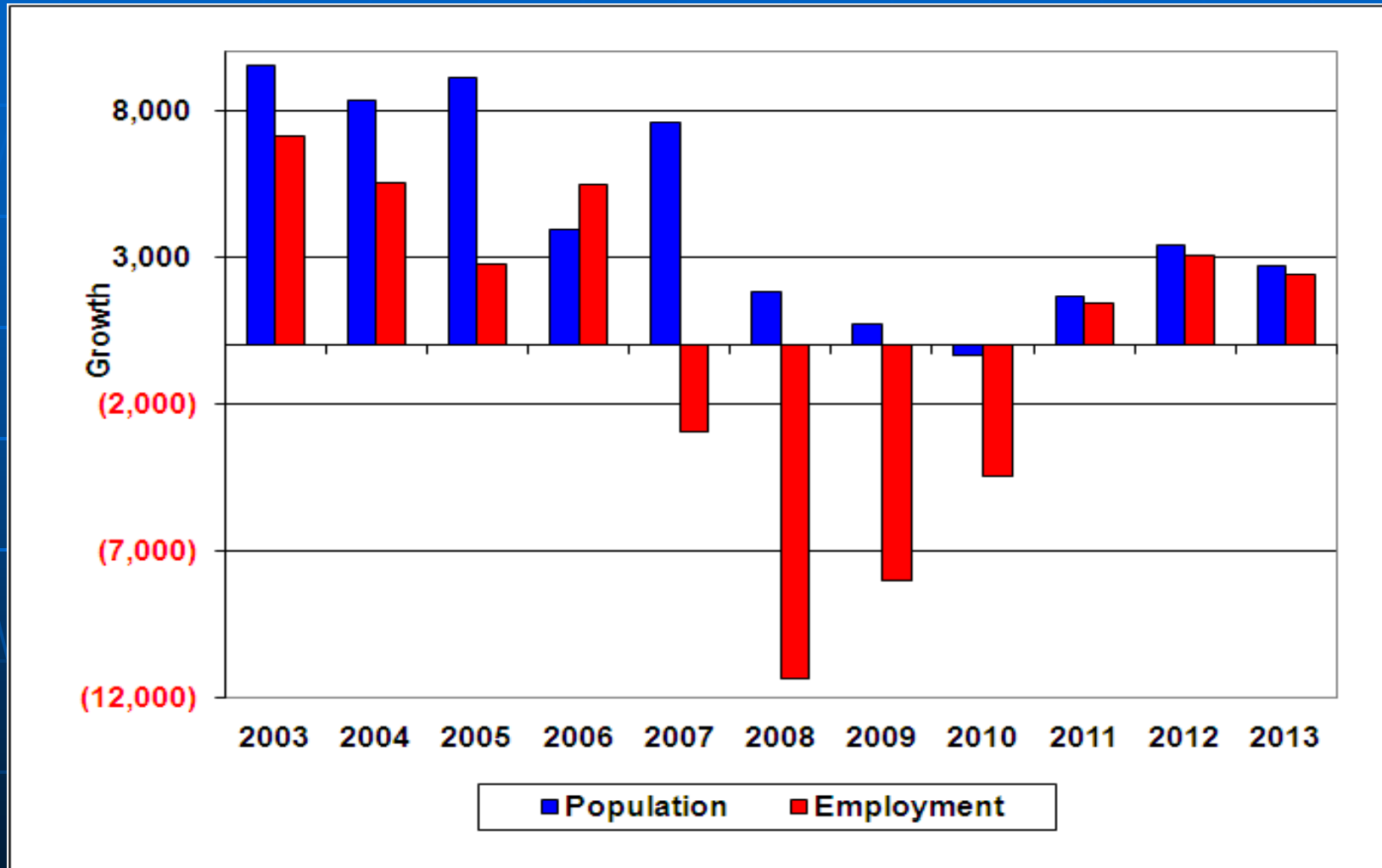
New Claims for Unemployment Compensation



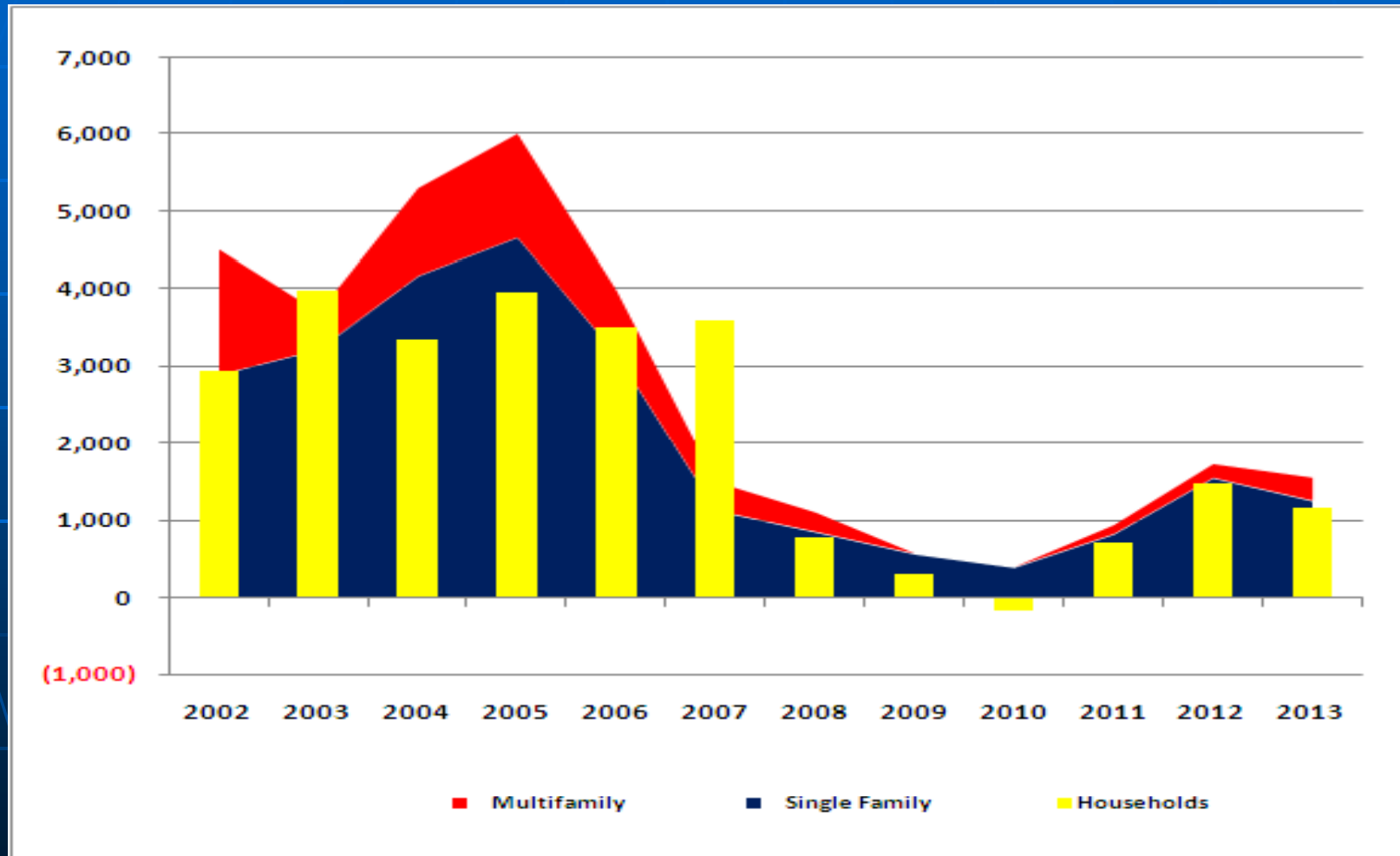
Population Growth 2007-09

Area	2007 v 2008	2008 v 2009
MANATEE	1,809	705
Anna Maria	21	(42)
Bradenton	(225)	(133)
Bradenton Beach	5	9
Holmes Beach	48	7
Longboat Key (part)	3	(14)
Palmetto	137	(28)
UNINCORPORATED	1,820	906

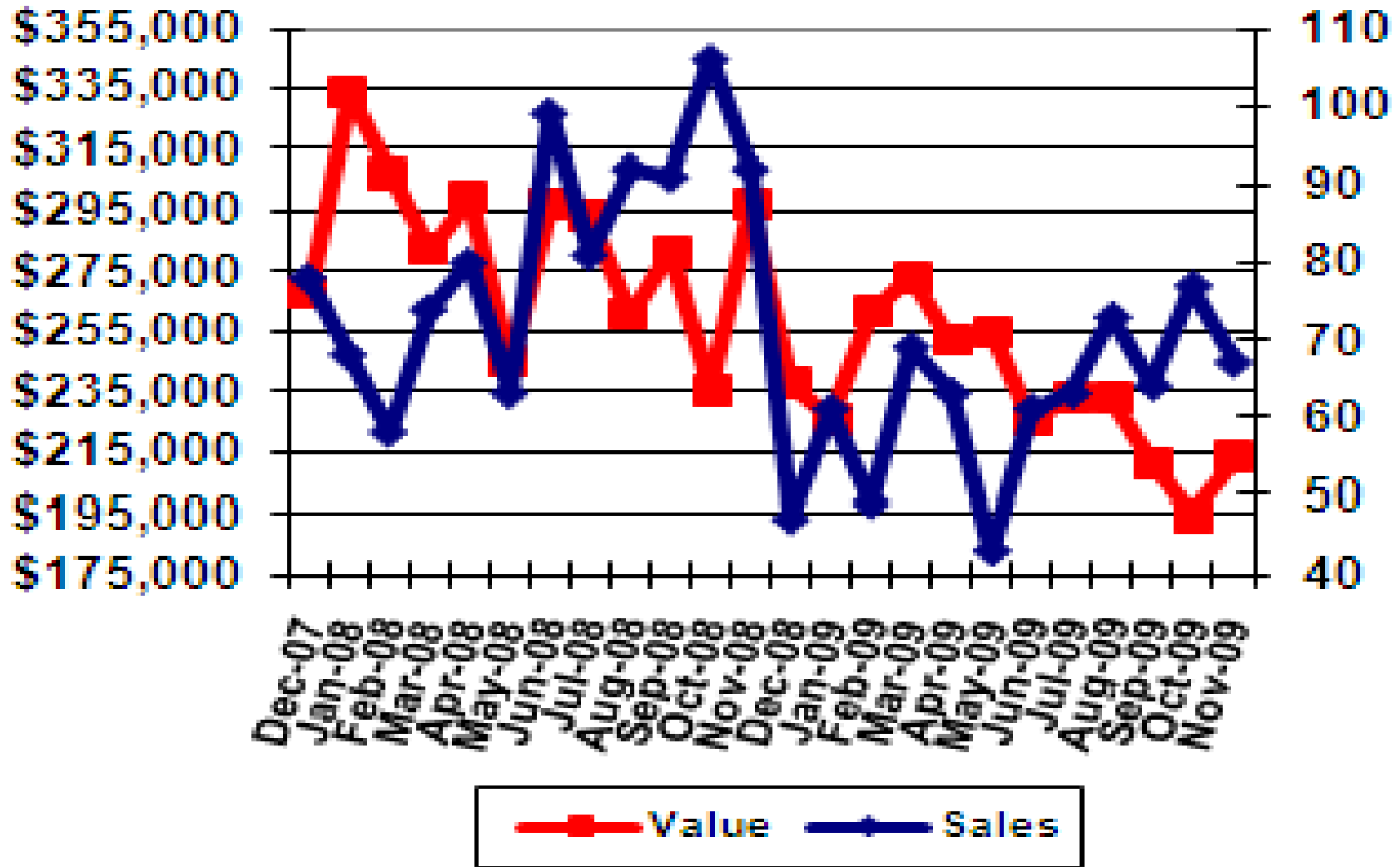
Manatee County Population and Employment Growth



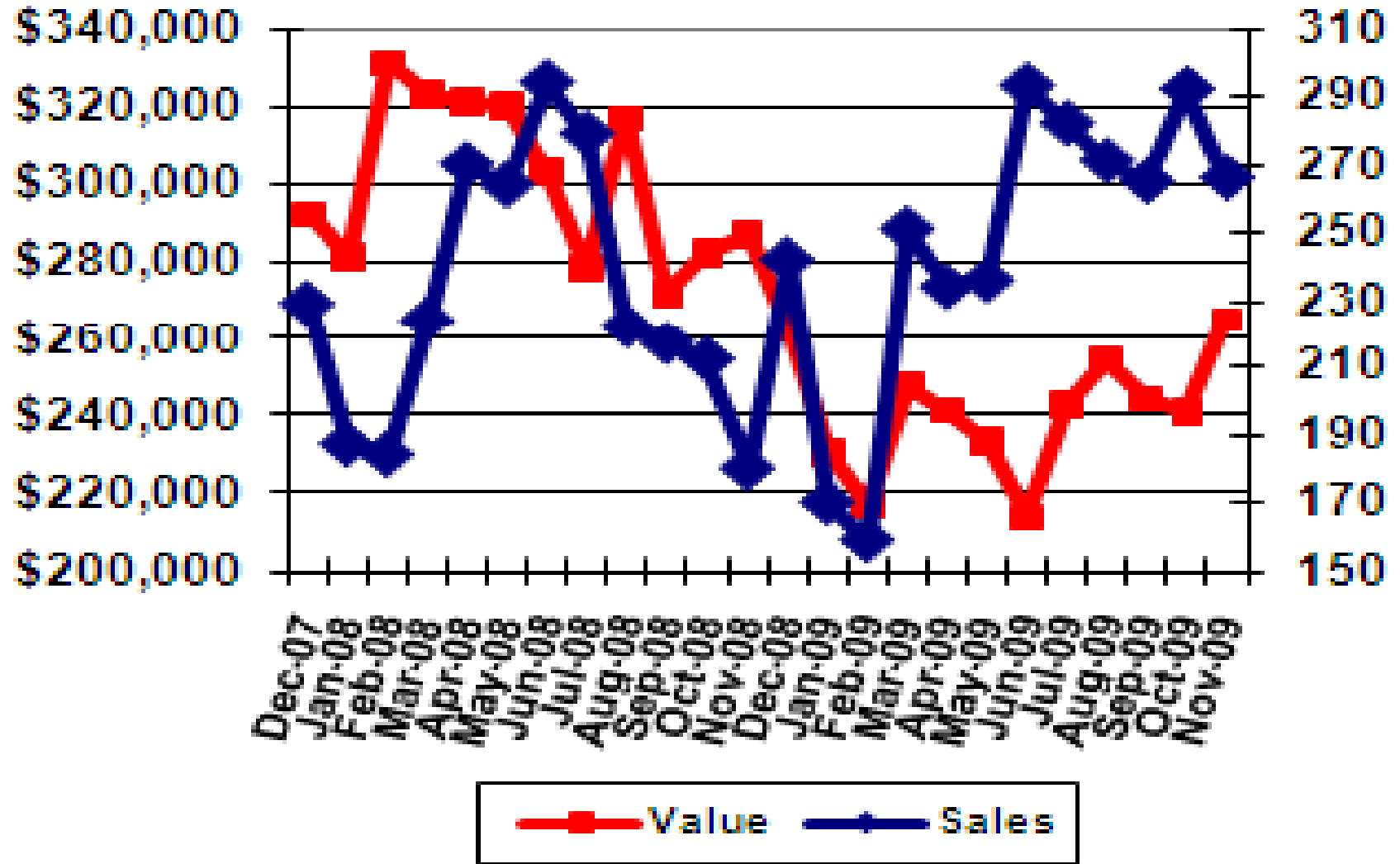
Manatee County Households v. Housing Starts



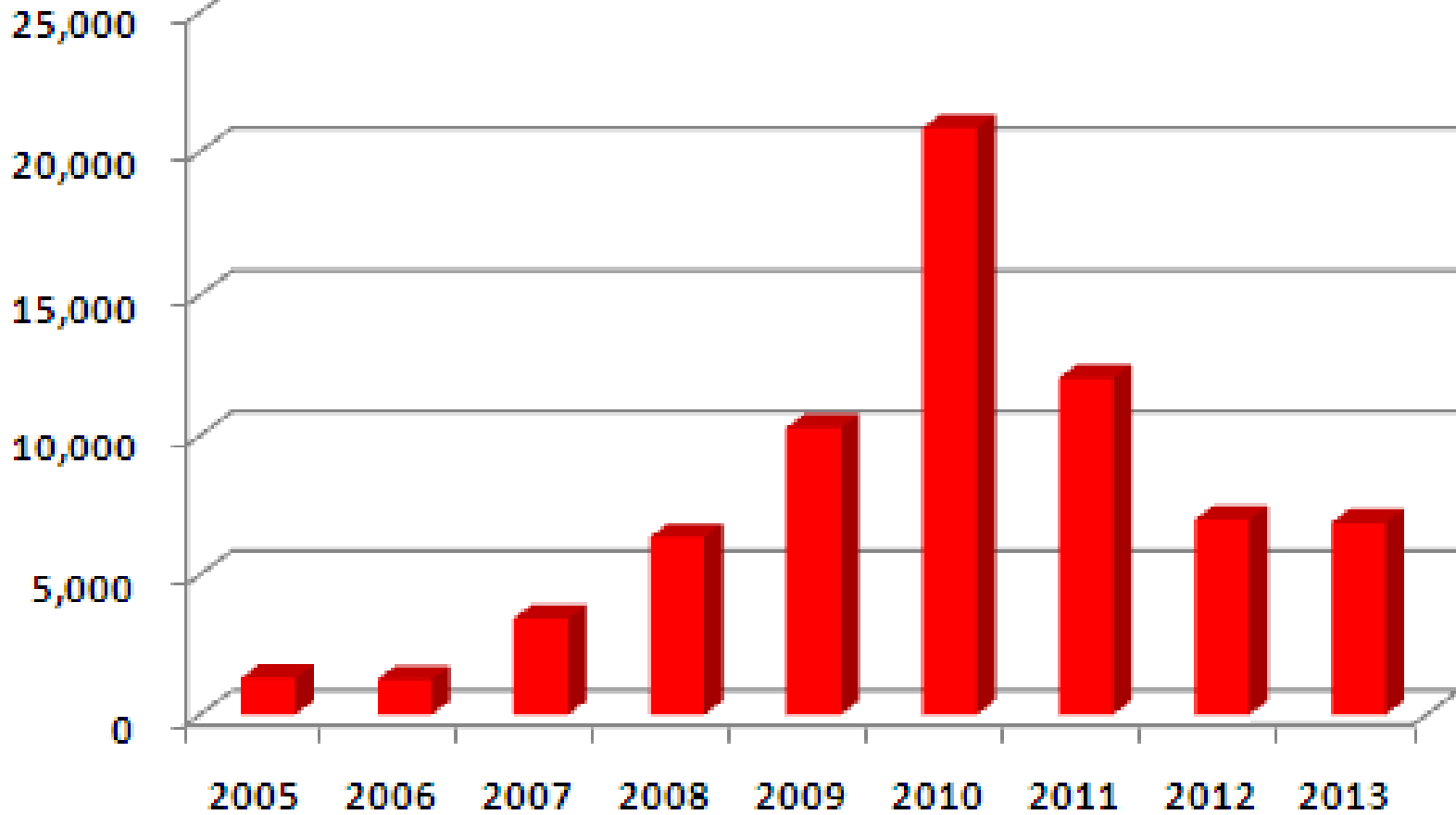
Manatee County New Homes



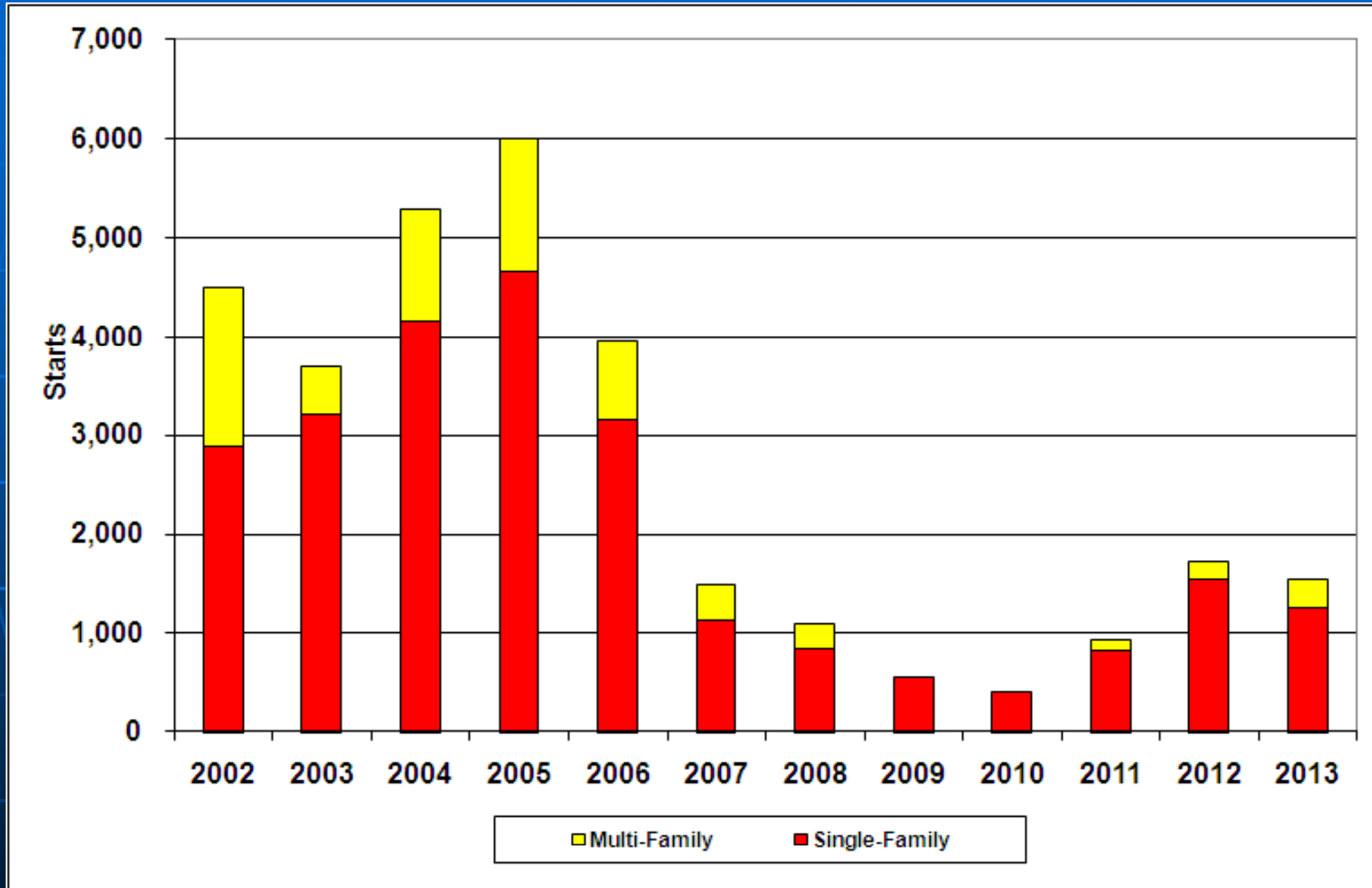
Manatee County Existing Homes



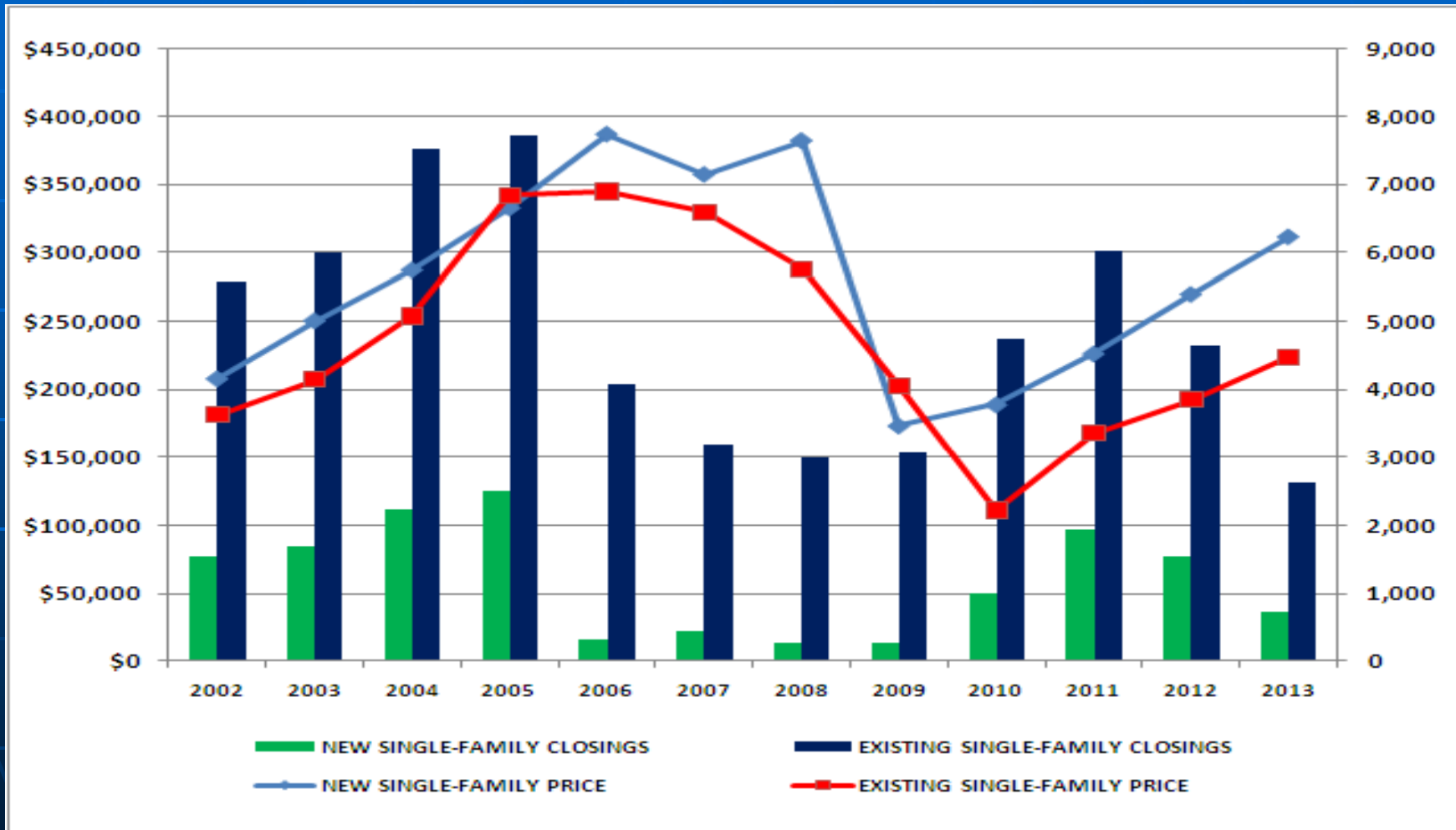
Foreclosures



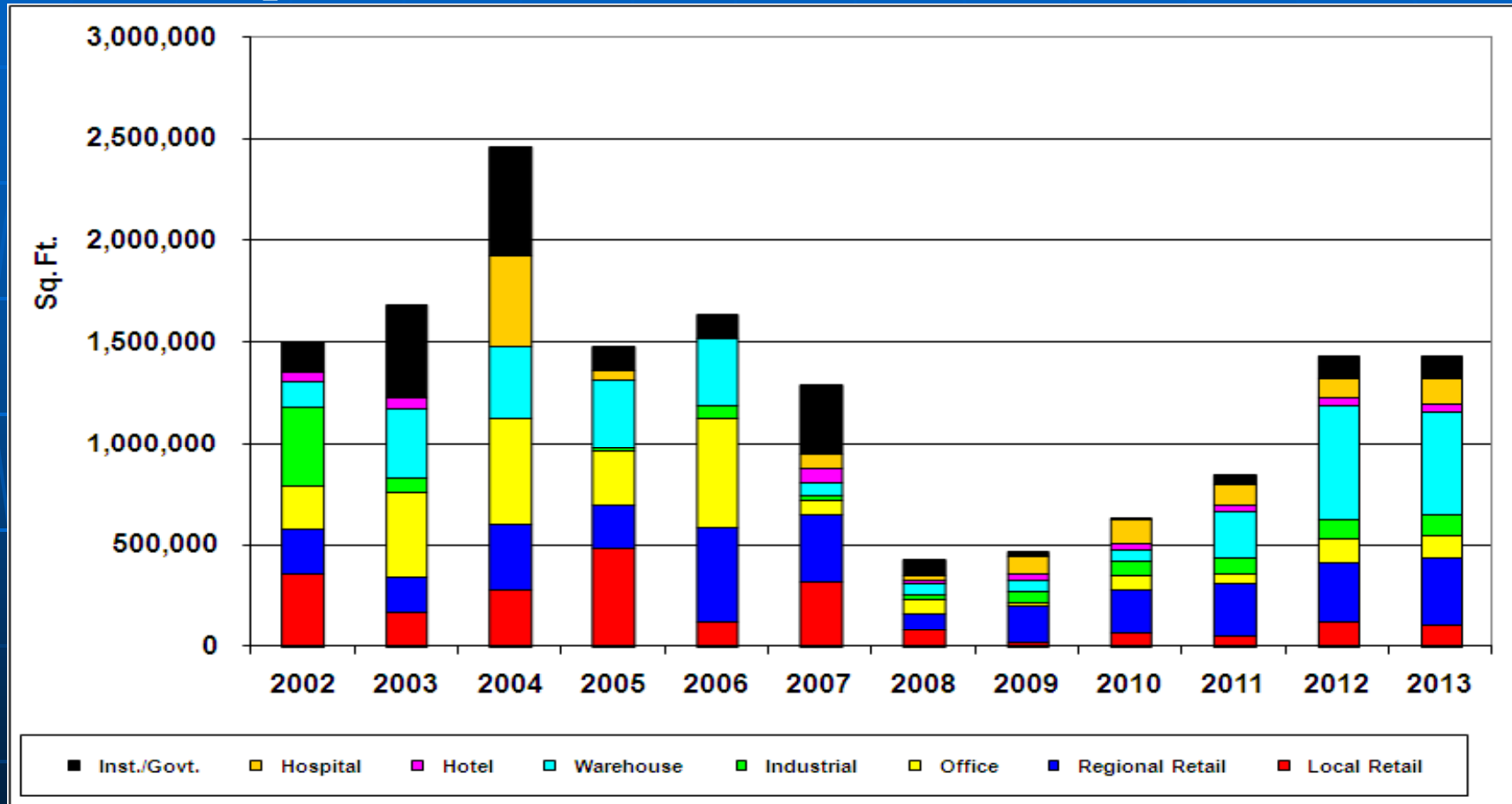
Manatee County Housing Starts



Single-Family Closings



Non Residential Construction Square Feet Put in Place

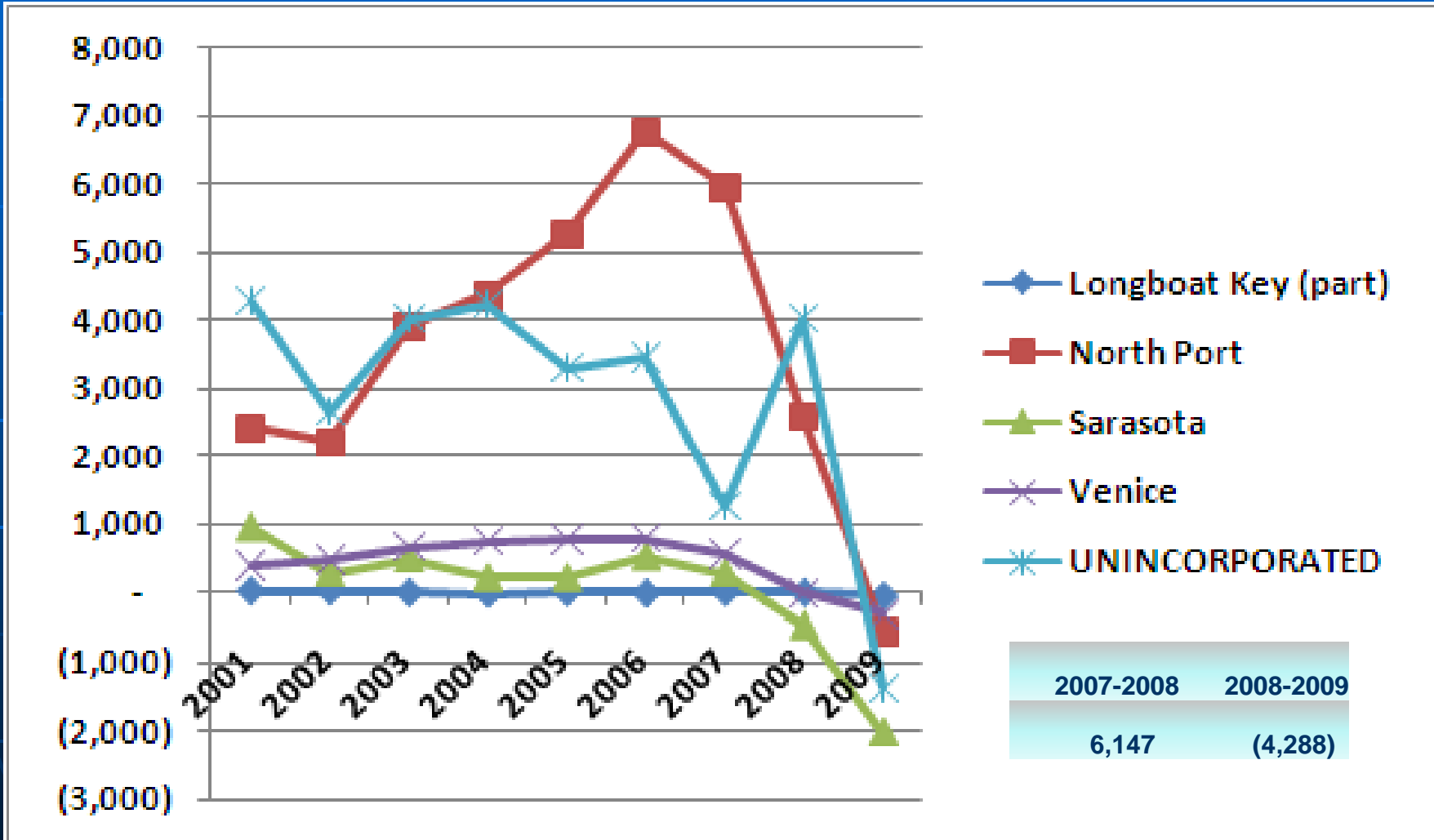


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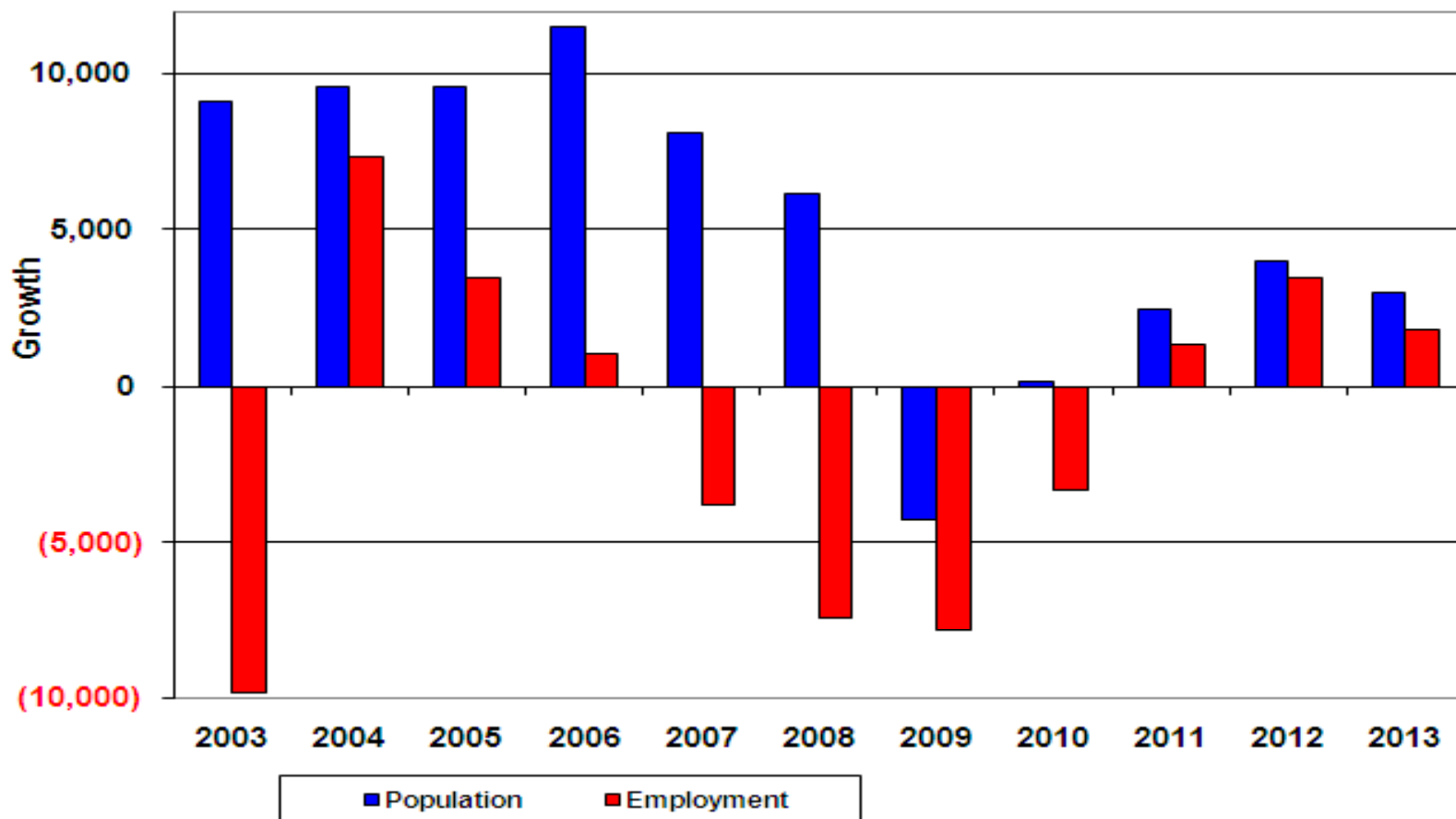
Sarasota County Economic Drivers

- **Great trademark value**
- **Physically beautiful place**
- **Approaching limits of policies and infrastructure – can't trade on reputation alone**
 - **Sarasota 2050 FAILURE**
 - **Follows in the tradition of policy failure and ineptitude**
 - **Permitting, impact fees, costs excessive**
- **Squandering the opportunity**

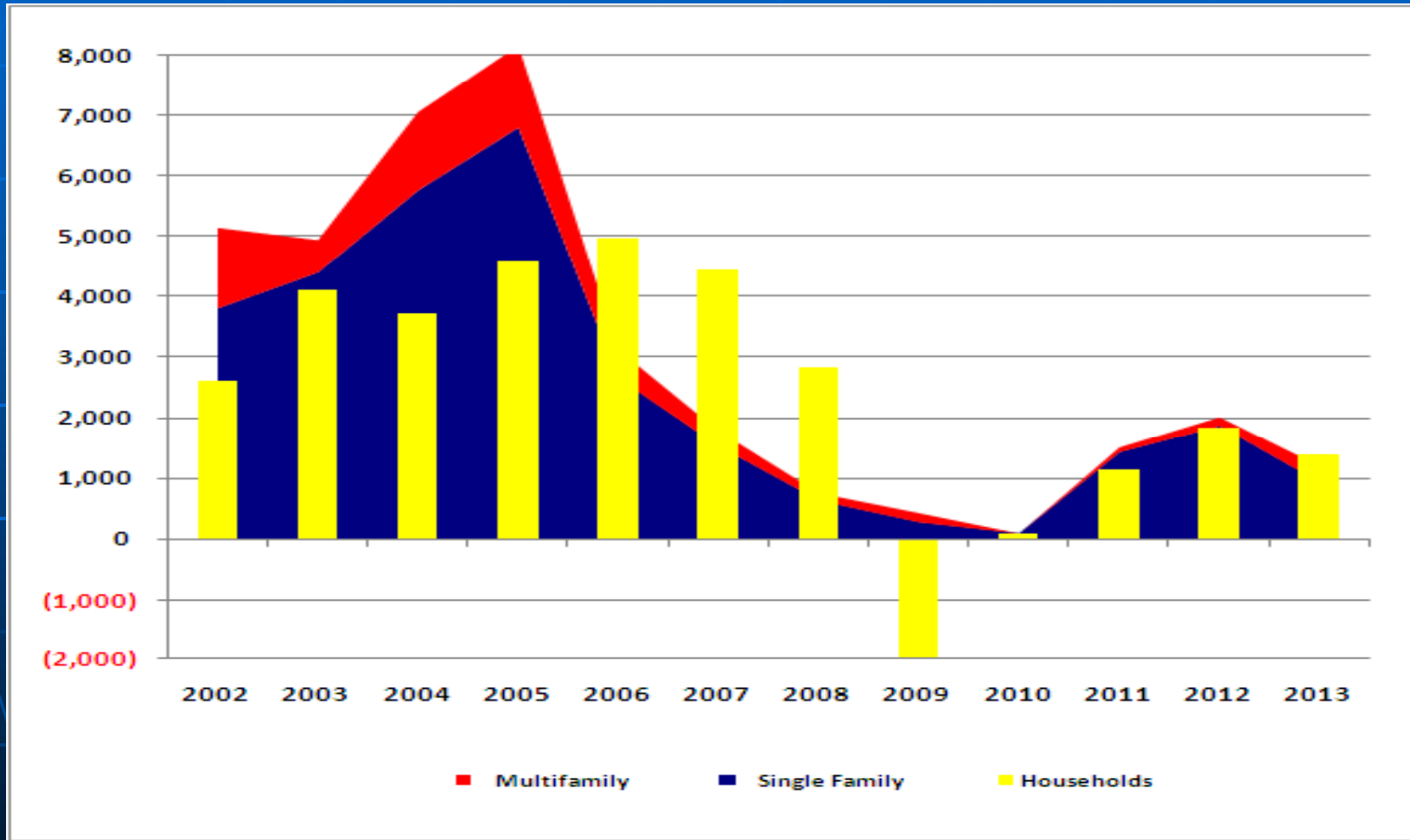
Population Growth



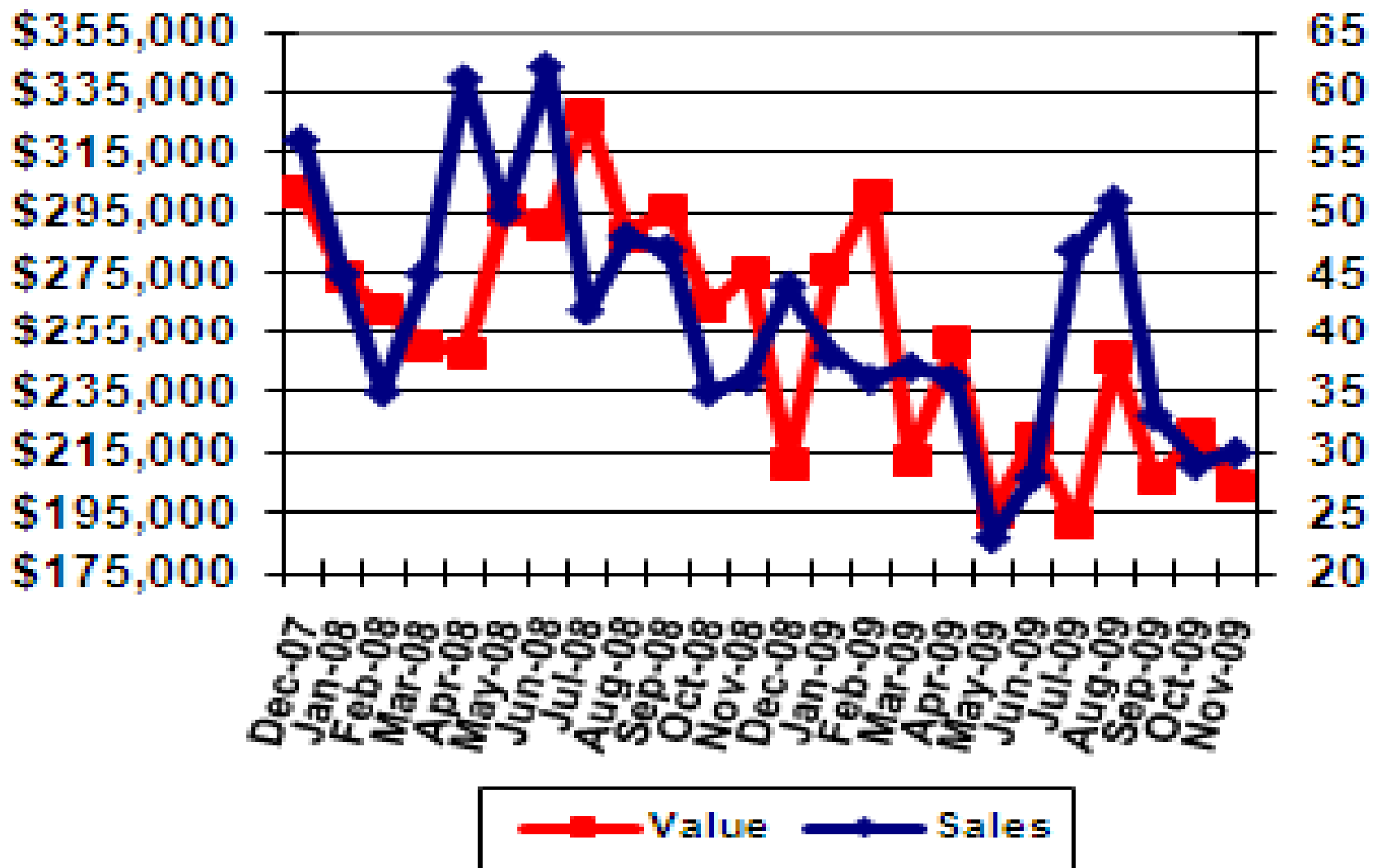
SARASOTA COUNTY GROWTH POPULATION & EMPLOYMENT



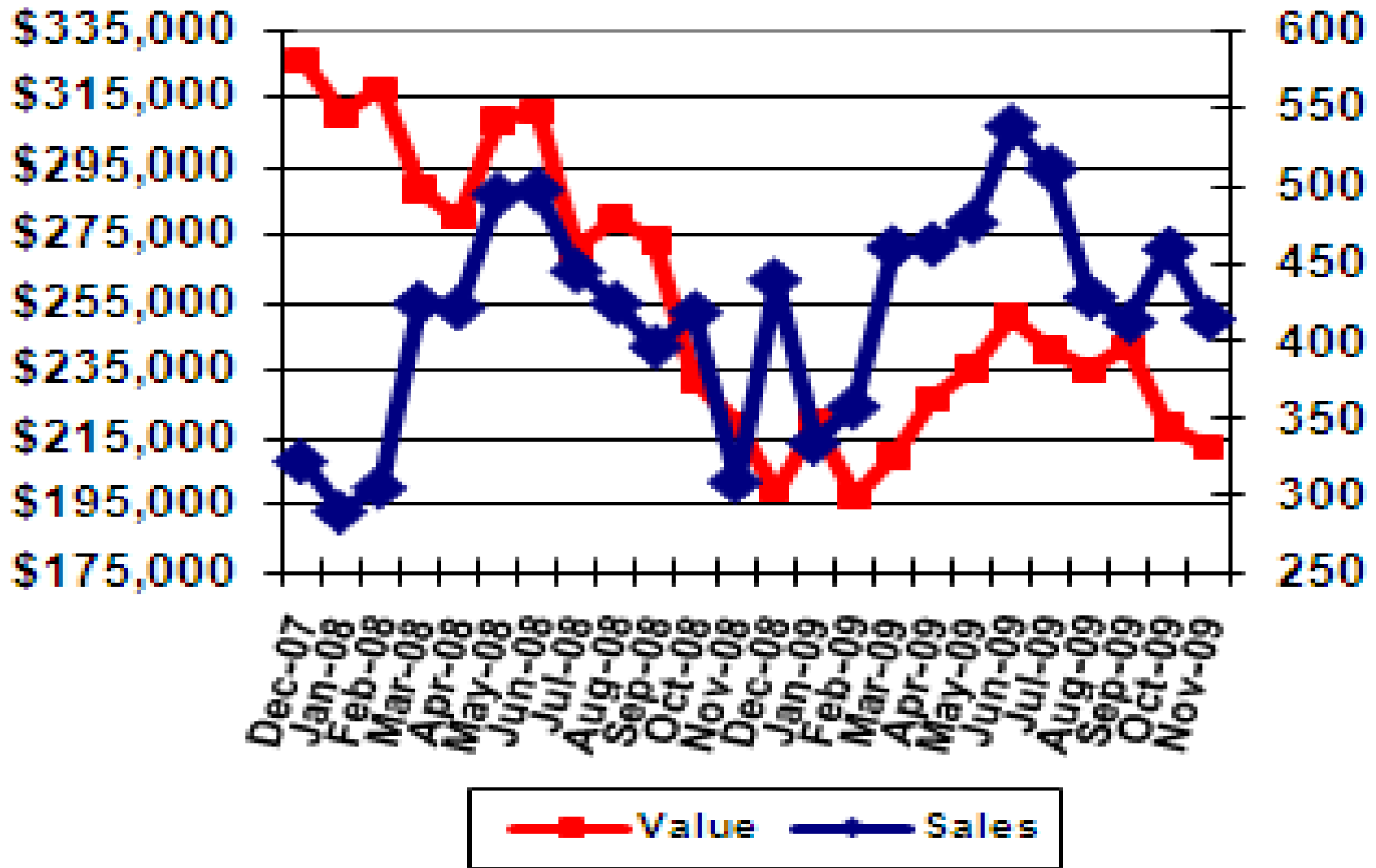
Sarasota County Household Growth v Starts



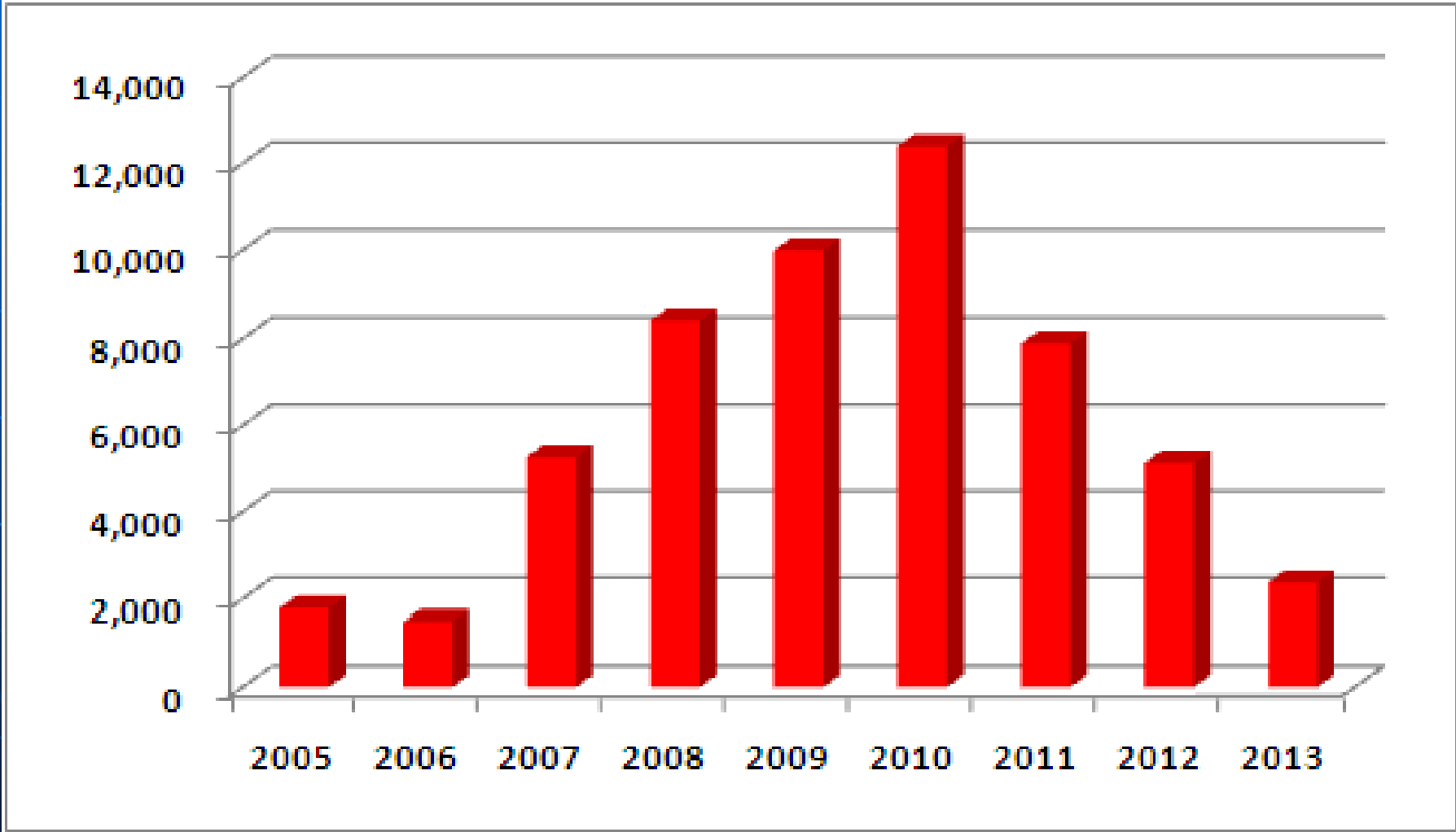
Sarasota County New Homes



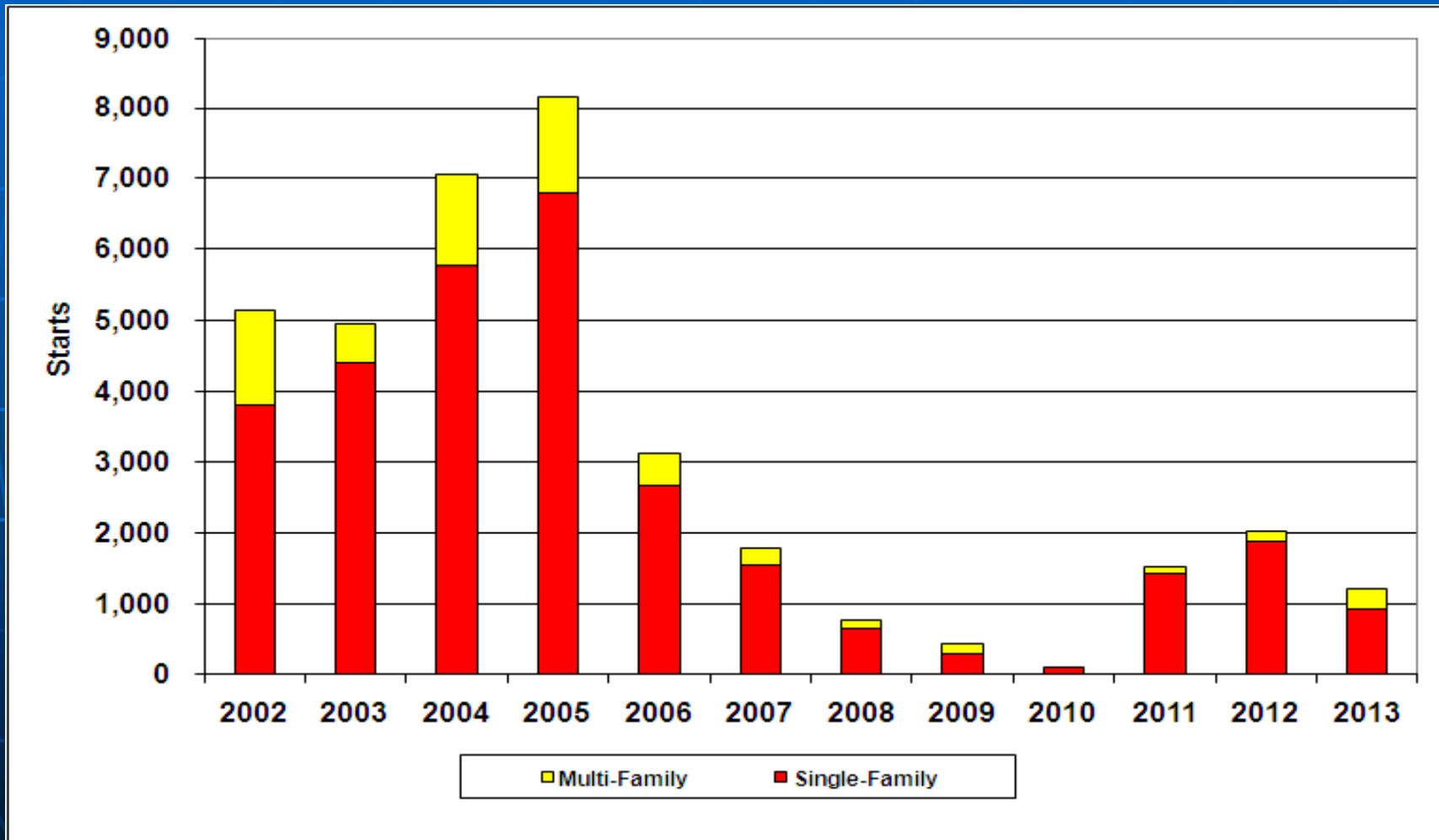
Sarasota County Existing Homes



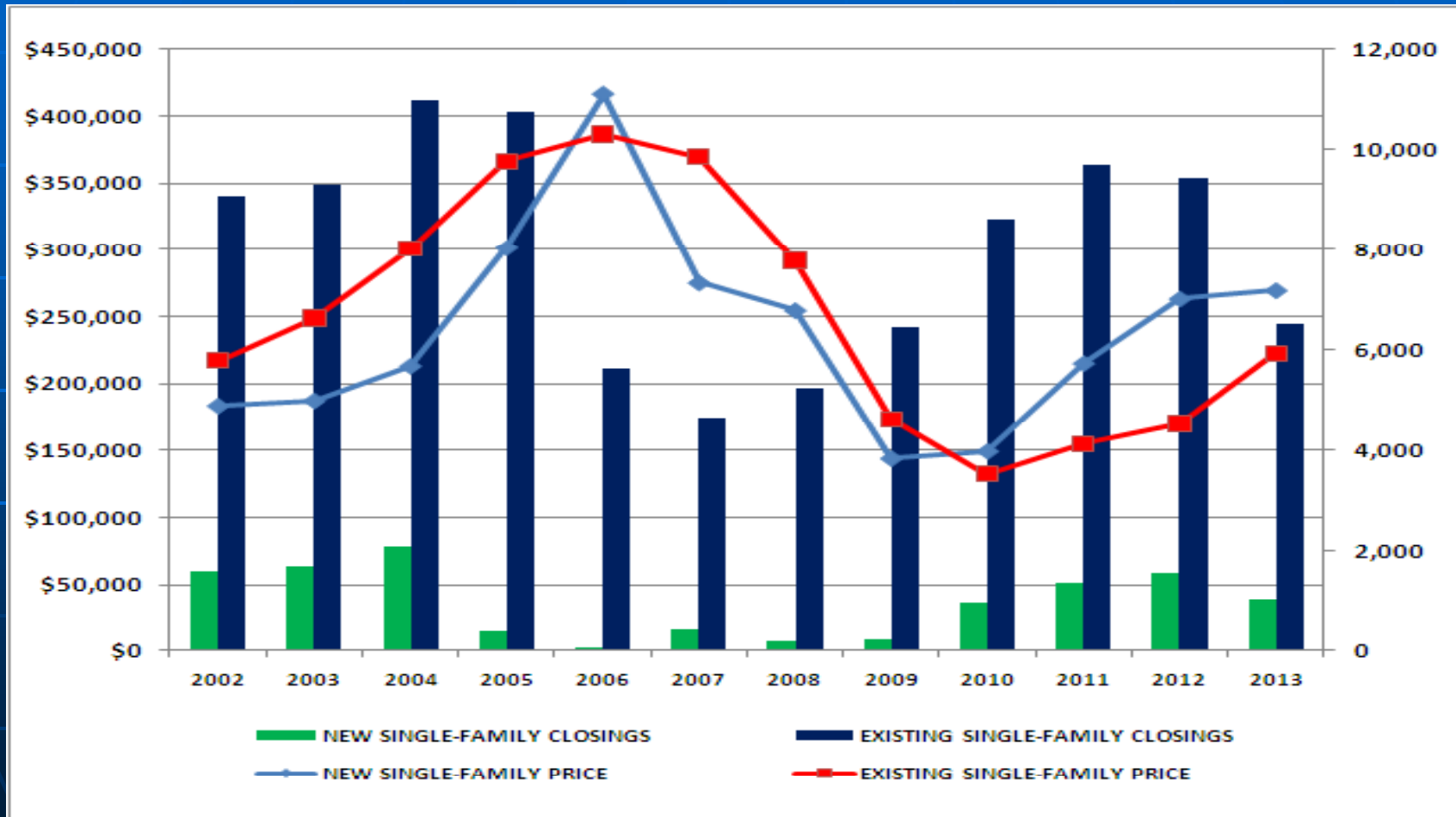
Foreclosures



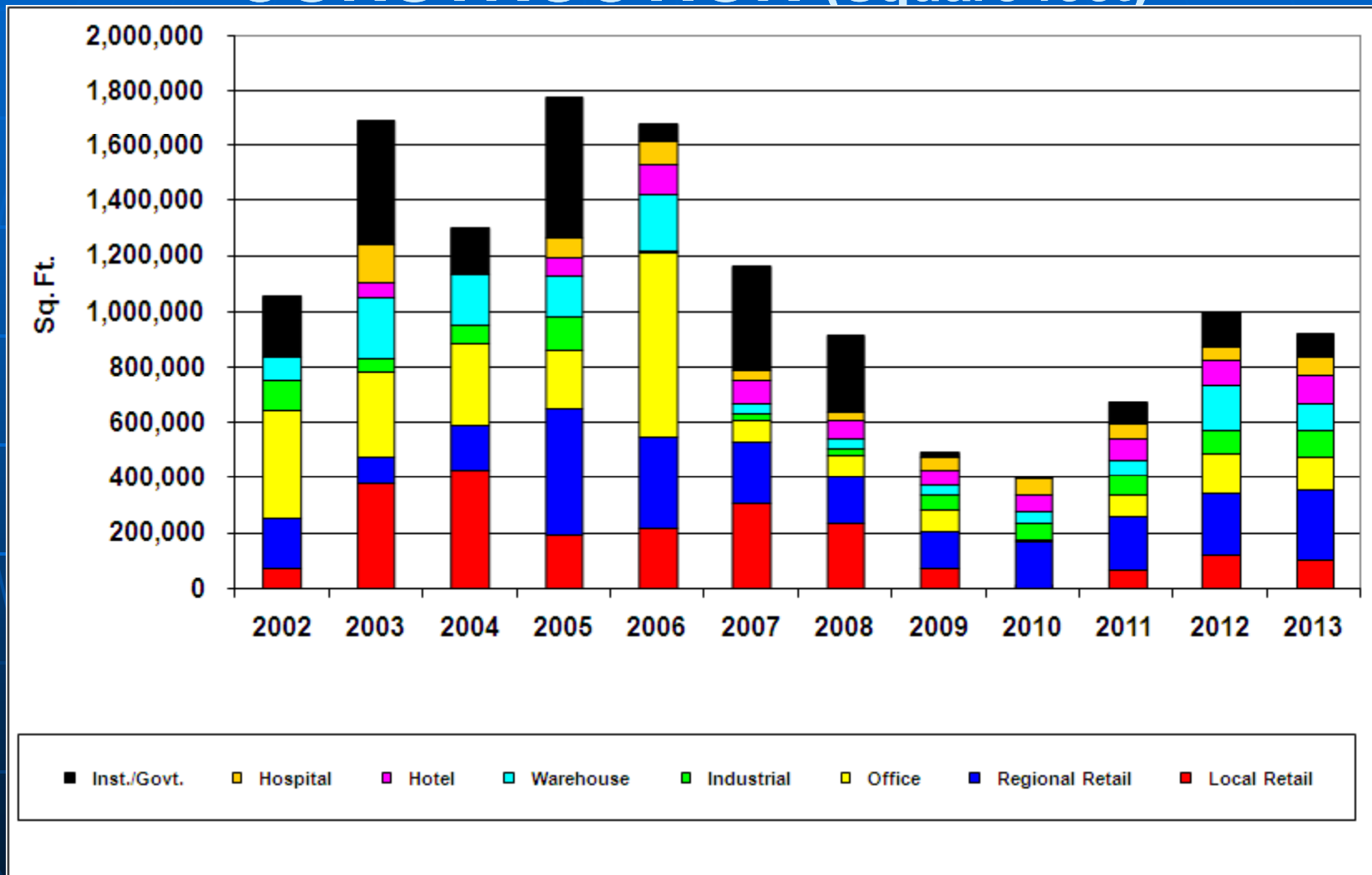
SARASOTA COUNTY HOUSING STARTS



Single-Family Closings



SARASOTA NONRESIDENTIAL CONSTRUCTION (Square feet)





The End

QUESTIONS?

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