

Bay County EDA

Economic Update

Haas Center for Business Research and Economic Development

The University of West Florida

Rick Harper, Ph.D., Director

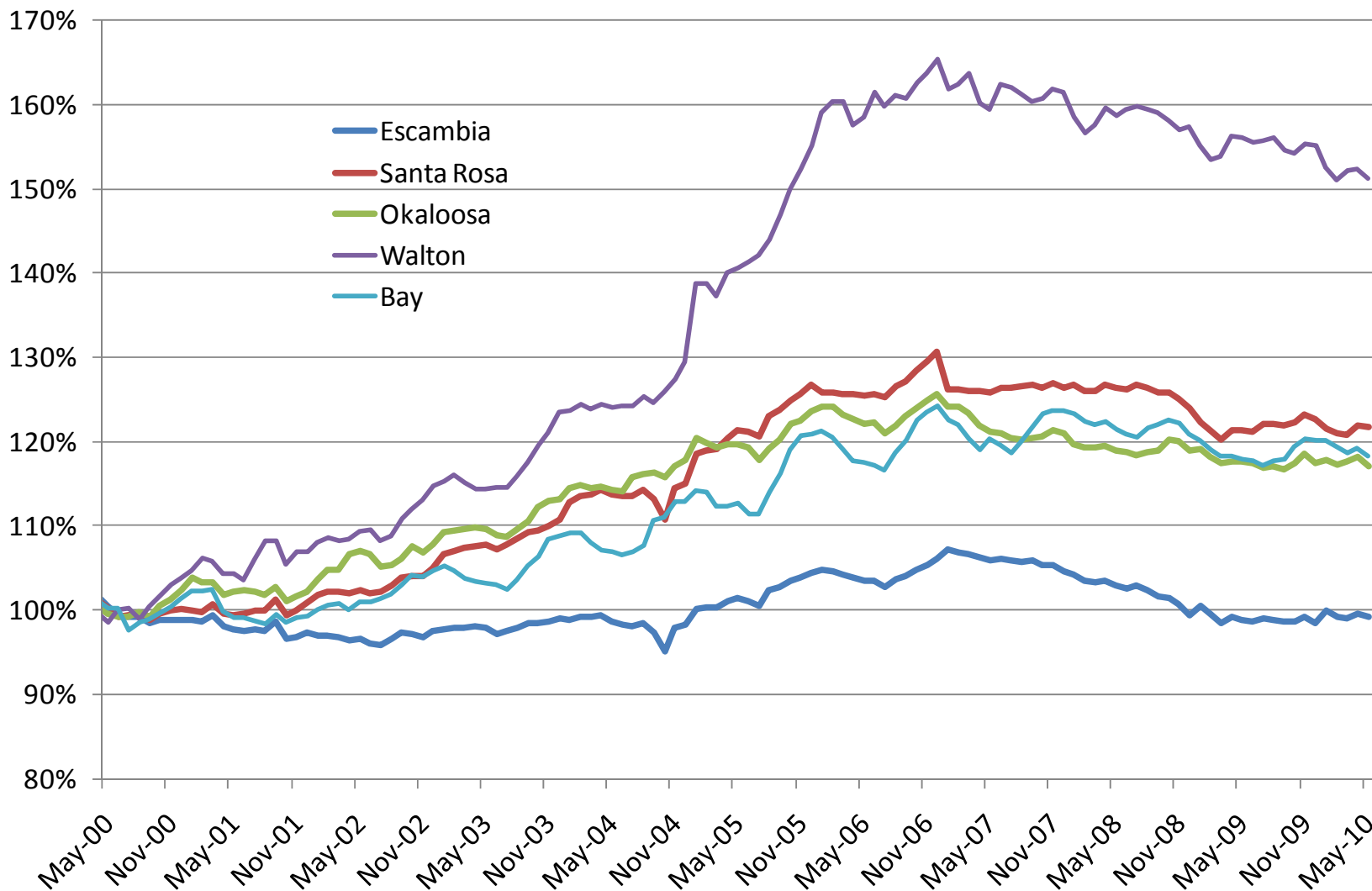
June 24th, 2010

June 2010: Economic Drivers in the National Picture

- Financial freeze eases (but lending is weak, the big get credit)
- Economic crisis easing (risk of double dip recession is 20%)
- Job losses end (+41k private, timing vs. Nov. elections)
- Negative GDP growth has ended (+5.6 Q4, +3.0 Q1)
- Housing market bottom reached (but no strong rebound)
- Monetary policy (Fed aggressive, but ready to unwind)
- Fiscal policy (\$1,500,000,000,000 deficit)
- Energy prices / inflation (oil \$70+, inflation expectations low)
- Dollar / inflation (\$ up v euro, inflation expectations anchored)
- Growth abroad moderates (less help to US exports)

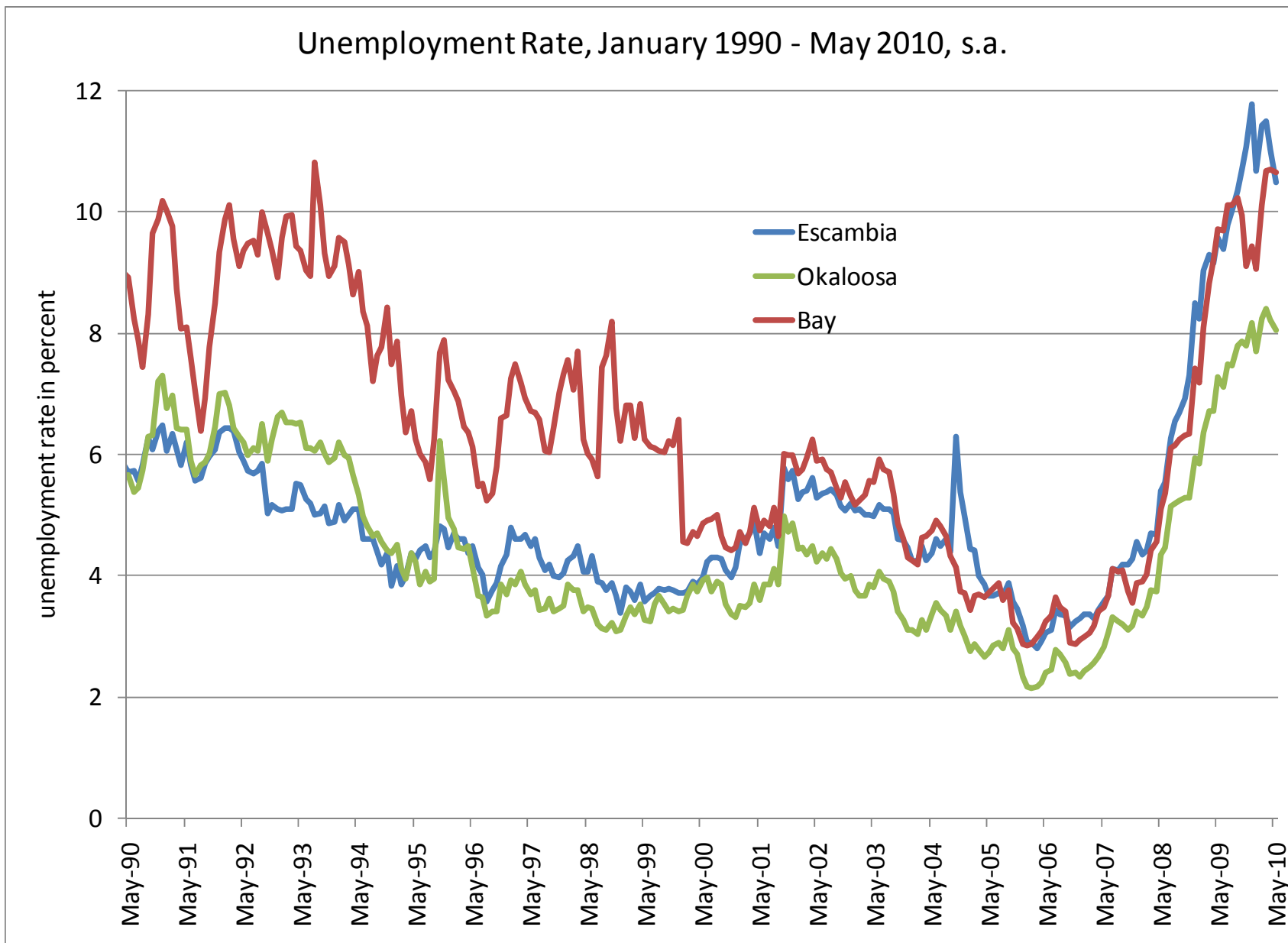
Employment Growth for Five Coastal Counties, 1/00 - 5/10

seasonally adjusted, year 2000 average employment = 100%

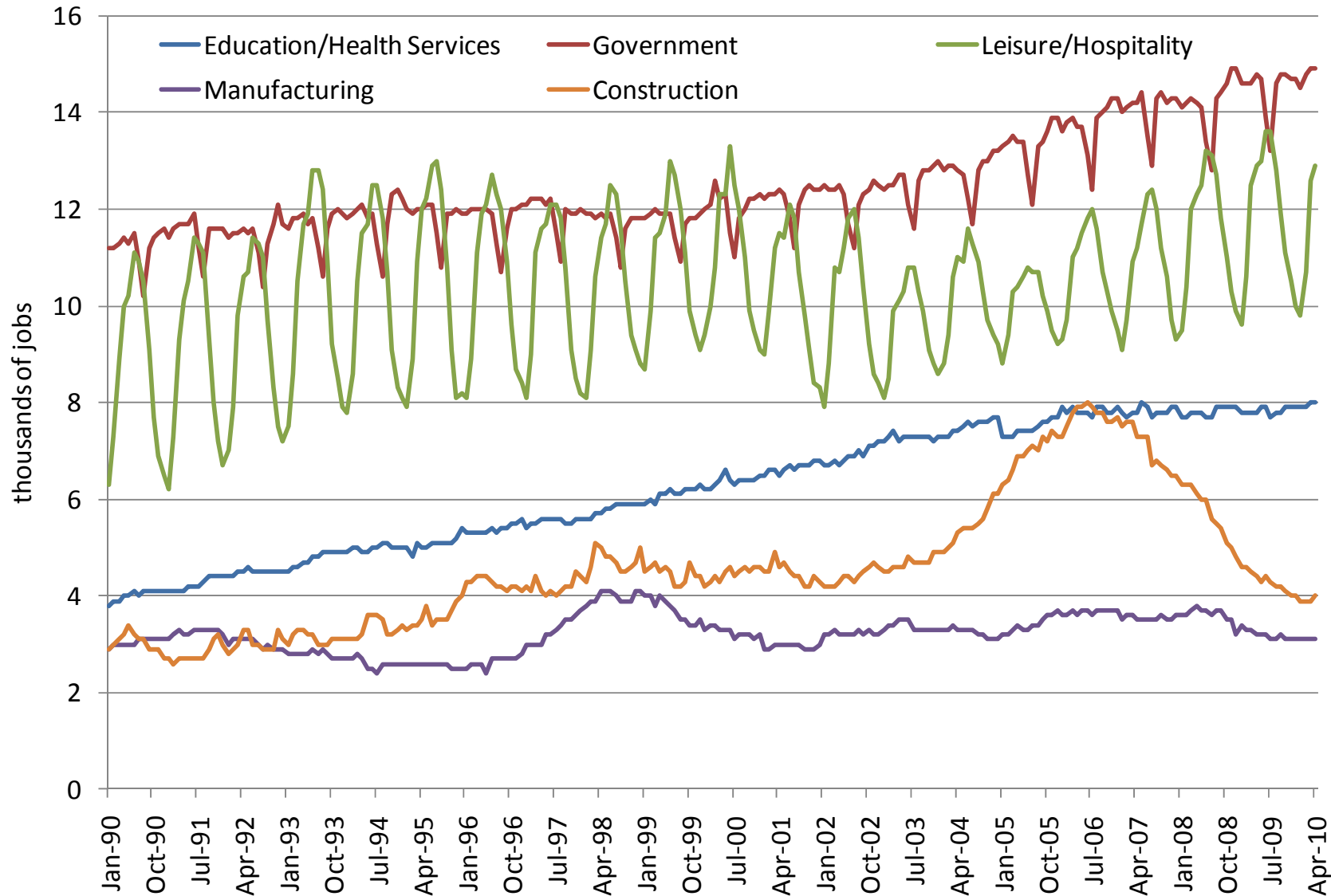


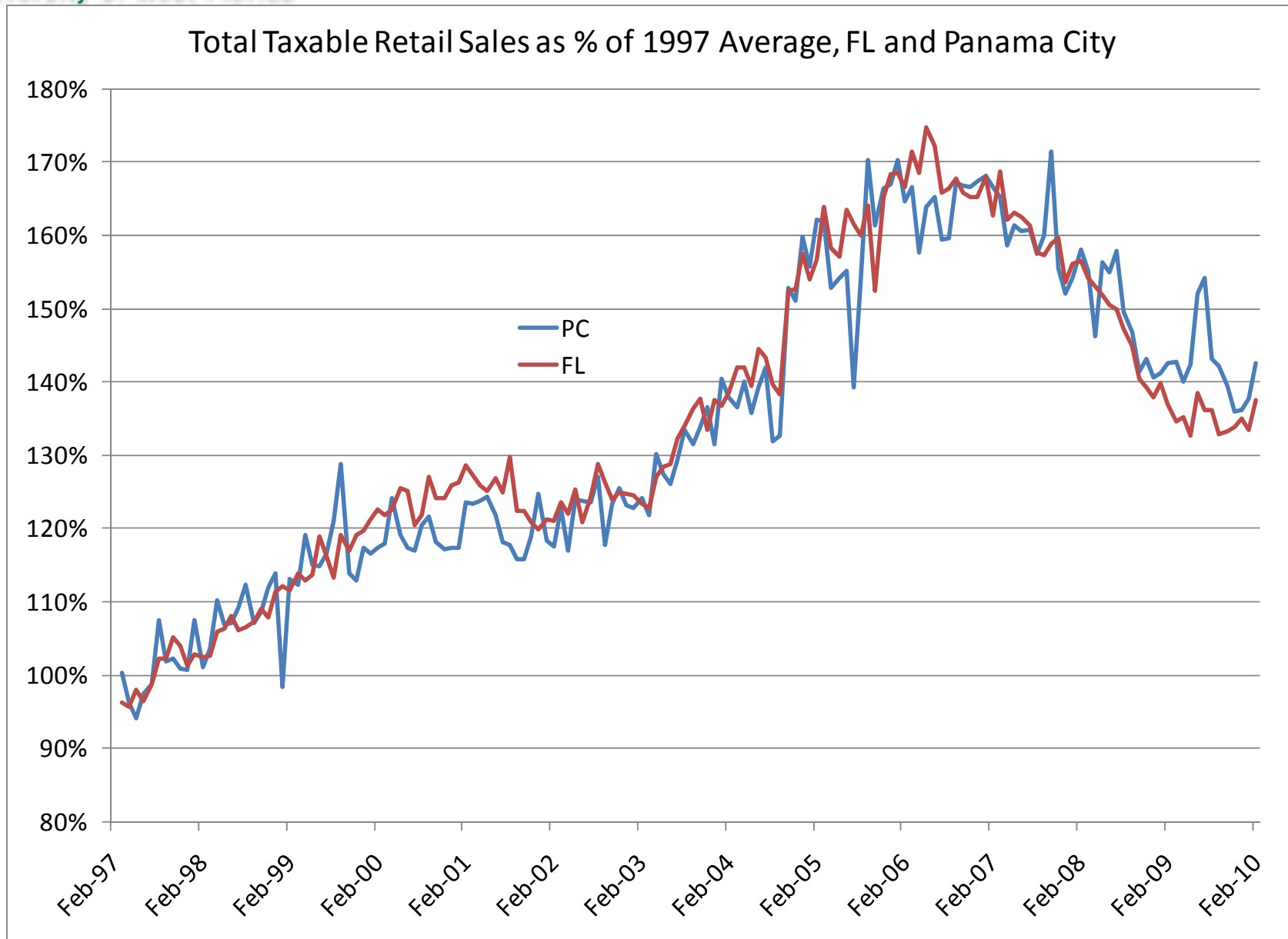
Bay County Projected Growth, 2009 - 2030

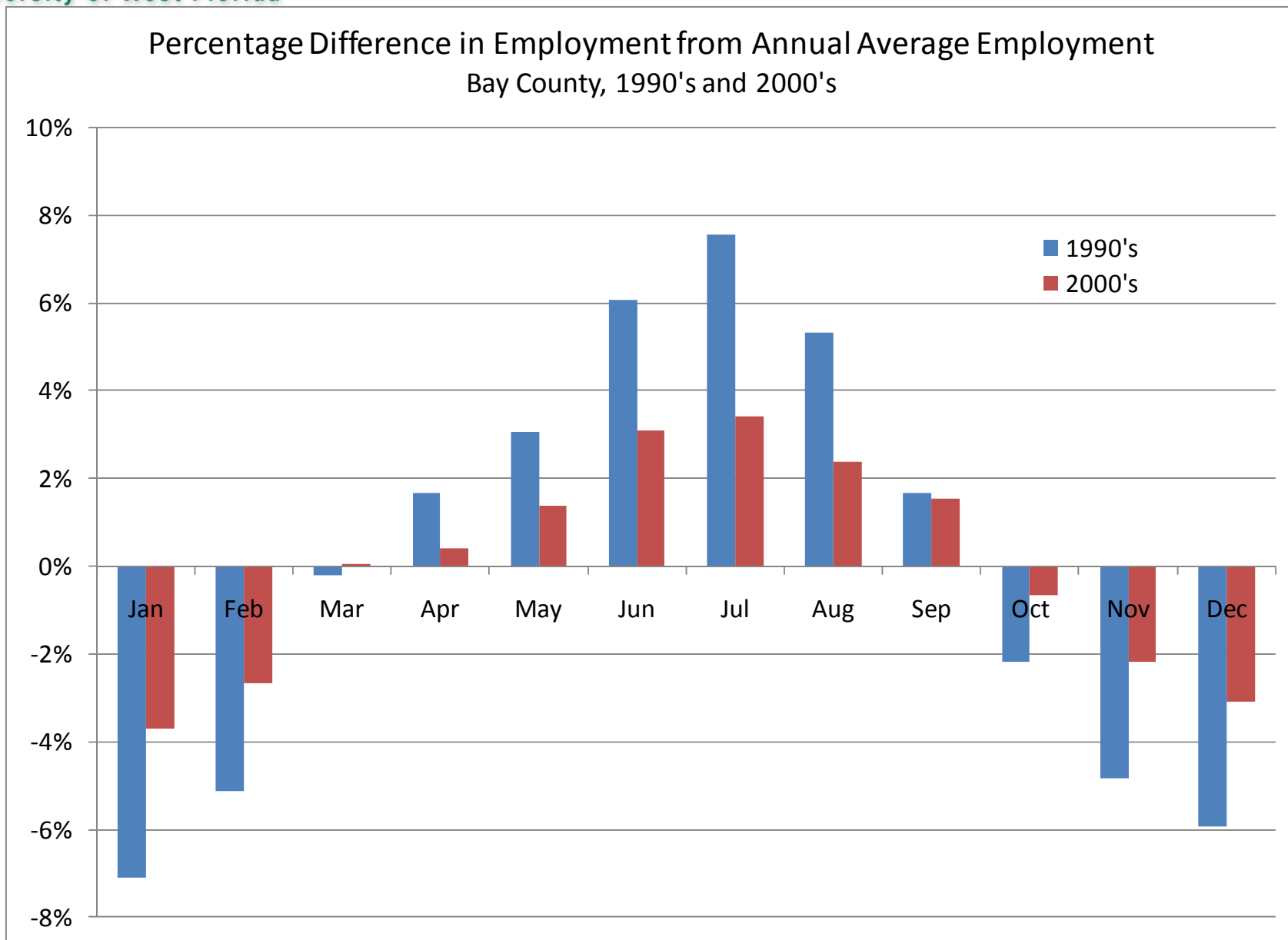
- ▶ Population: 2,041 per year
- ▶ Employment: 1,772 per year
- ▶ Median age in 2009: 39.9 yrs
- ▶ Median age in 2030: 42.0 yrs
- ▶ Fastest growing age group: 65+ (103%)
- ▶ Slowest growing age group: 45– 64 (3%)



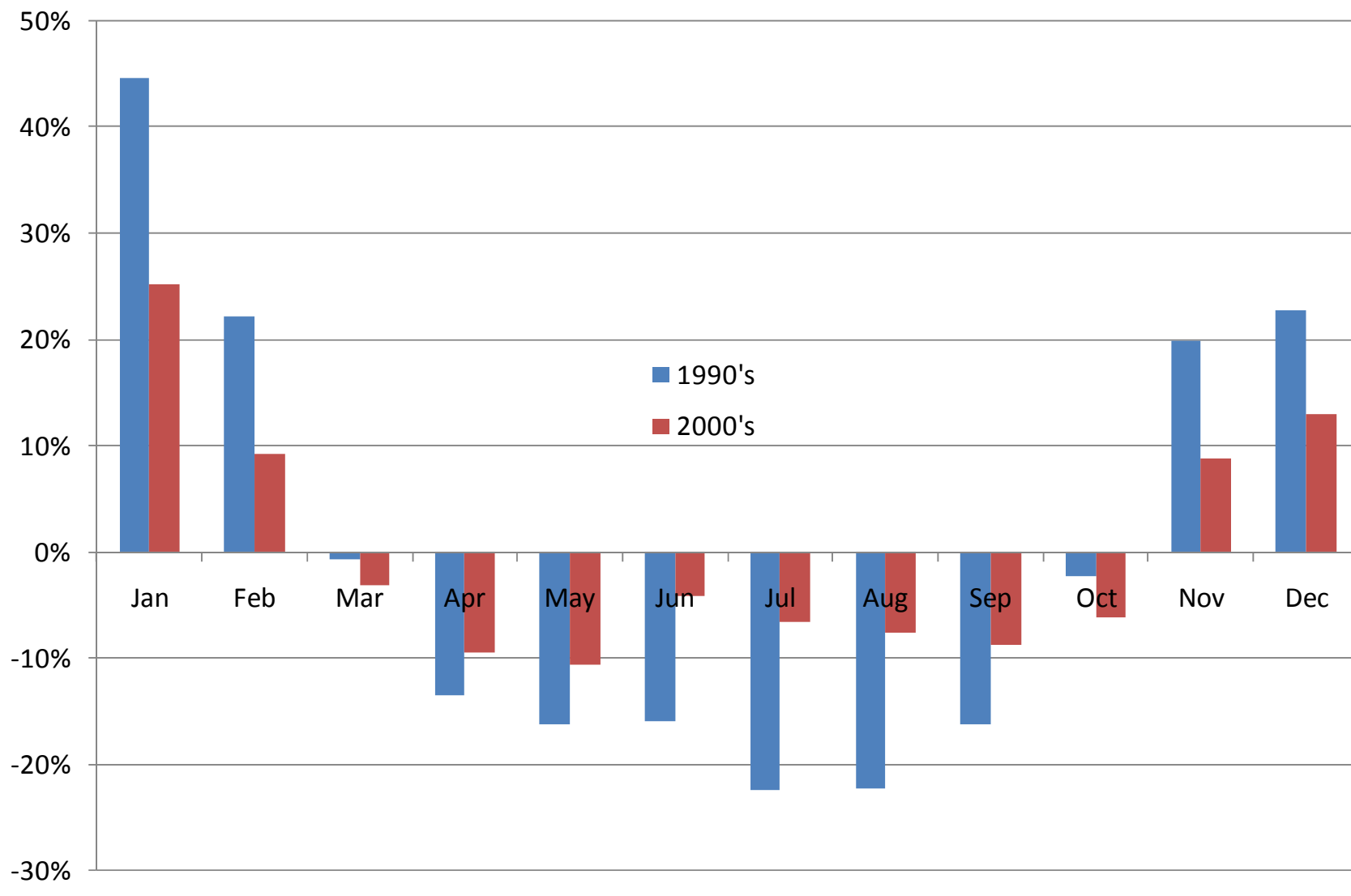
Bay County Employment by Major Sector, 1/90 - 4/10



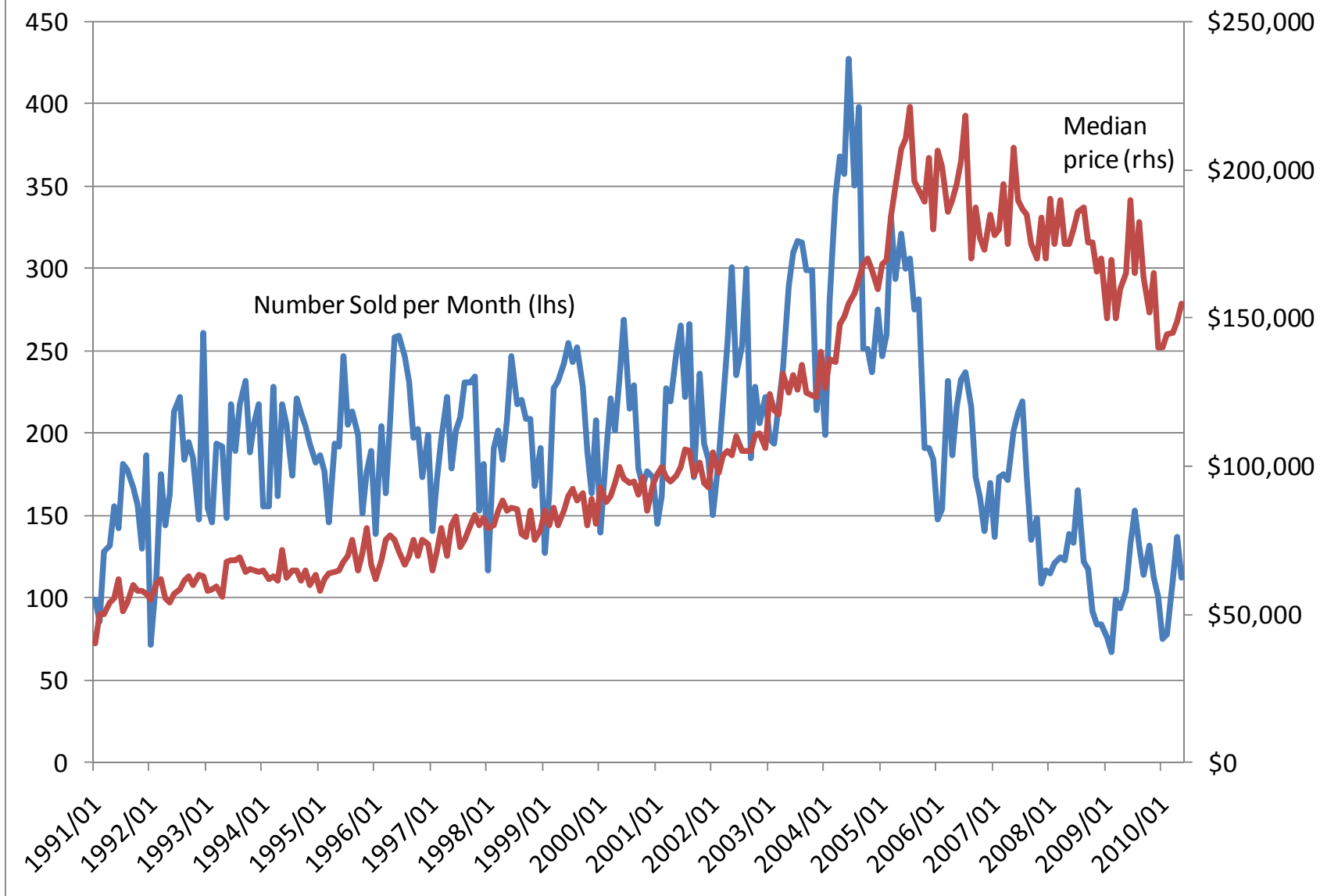




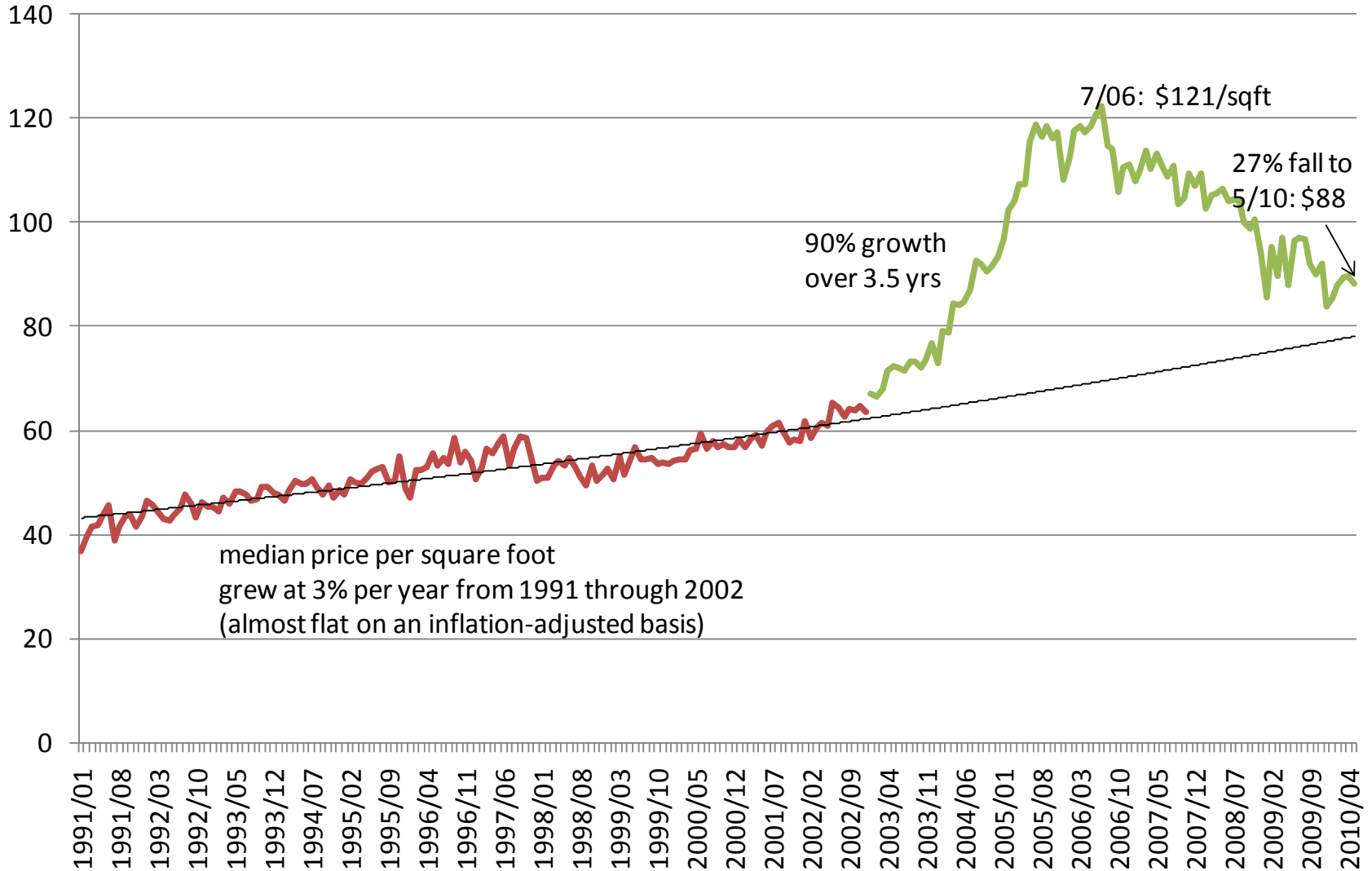
Percentage Difference in Unemployment Rate from Annual Average
Unemployment Rate, Bay County, 1990's and 2000's



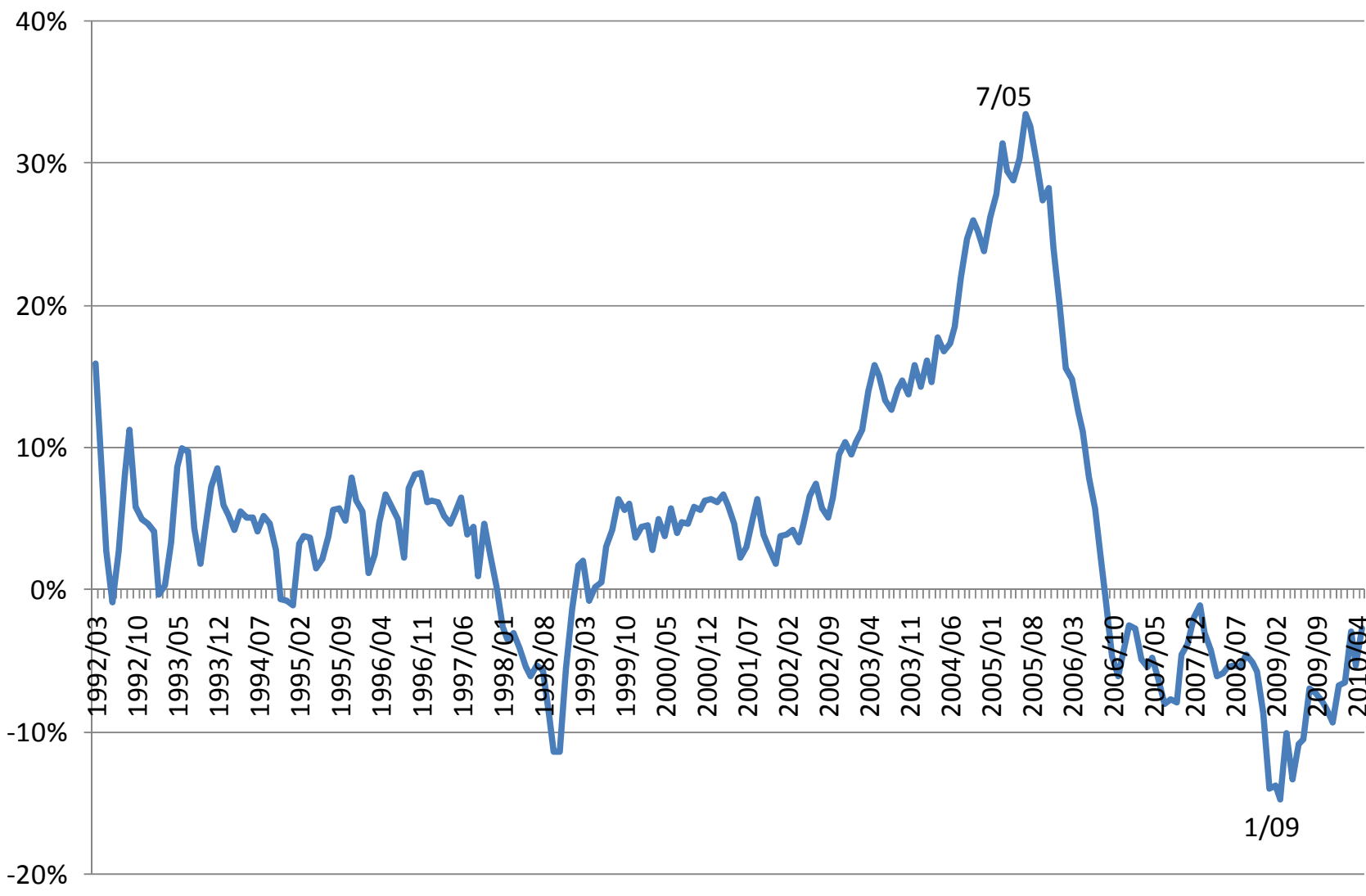
Bay County Single Family Home Resales, 1/93 - 5/10

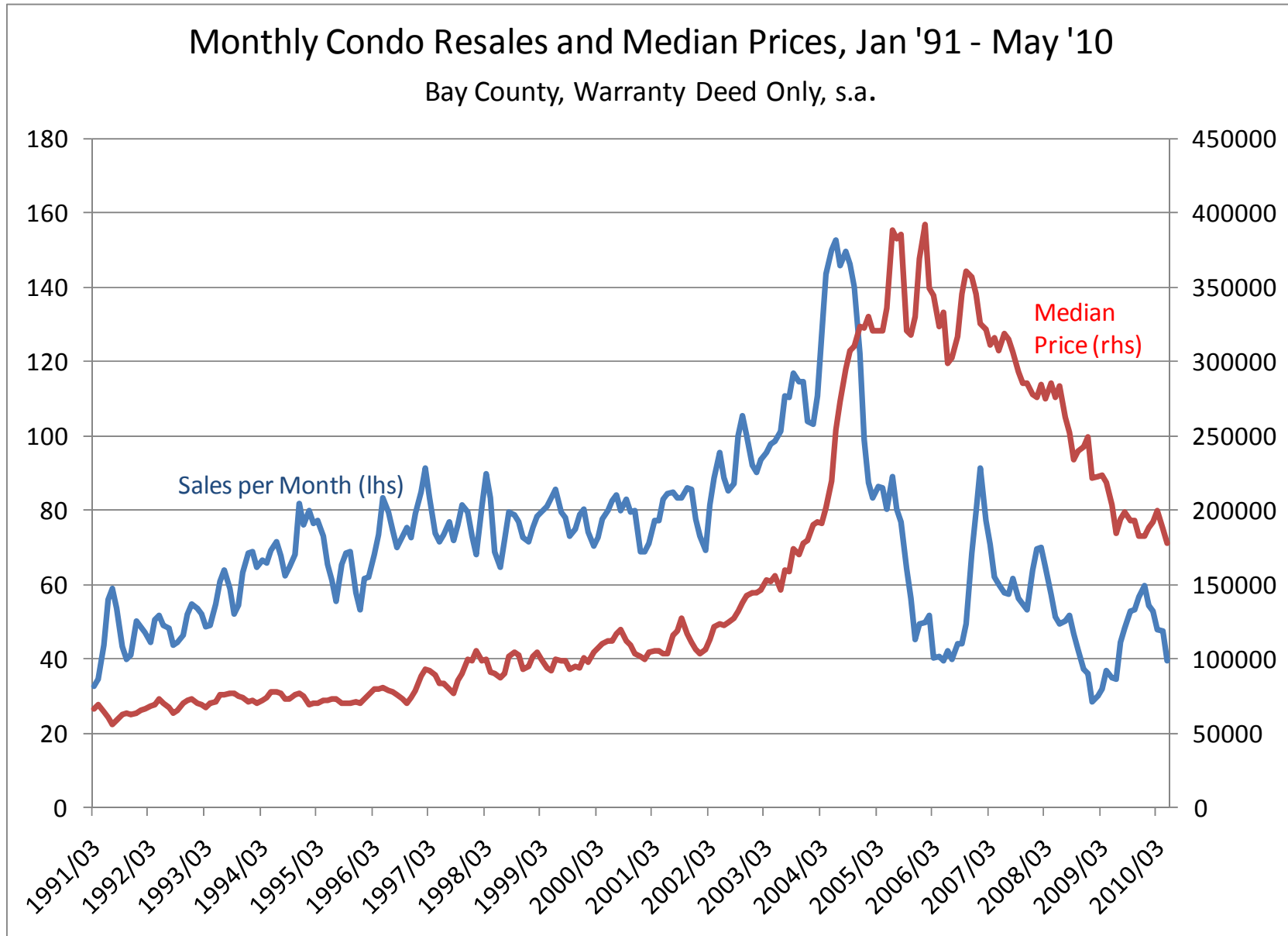


Median Price per Square Foot for Single Family Home Resales Bay County, warranty deed only, January 1991 - May 2010



Change from Previous Year in Median \$/SqFt Single Family Home Resales
 Bay County, warranty deed only, Jan 1992 - May 2010, 3 mo. m.avg.



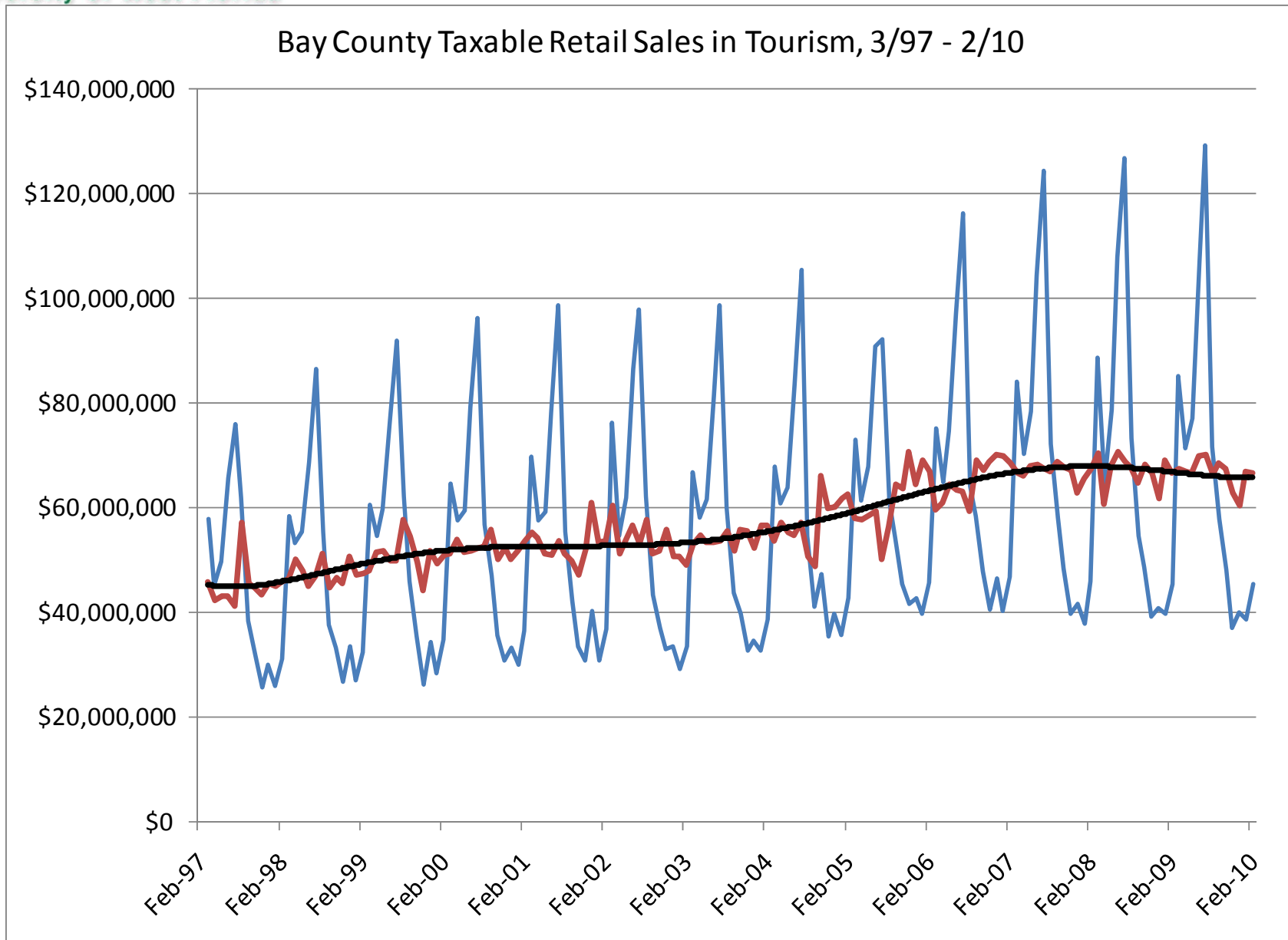


The final cost cannot yet be predicted with accuracy

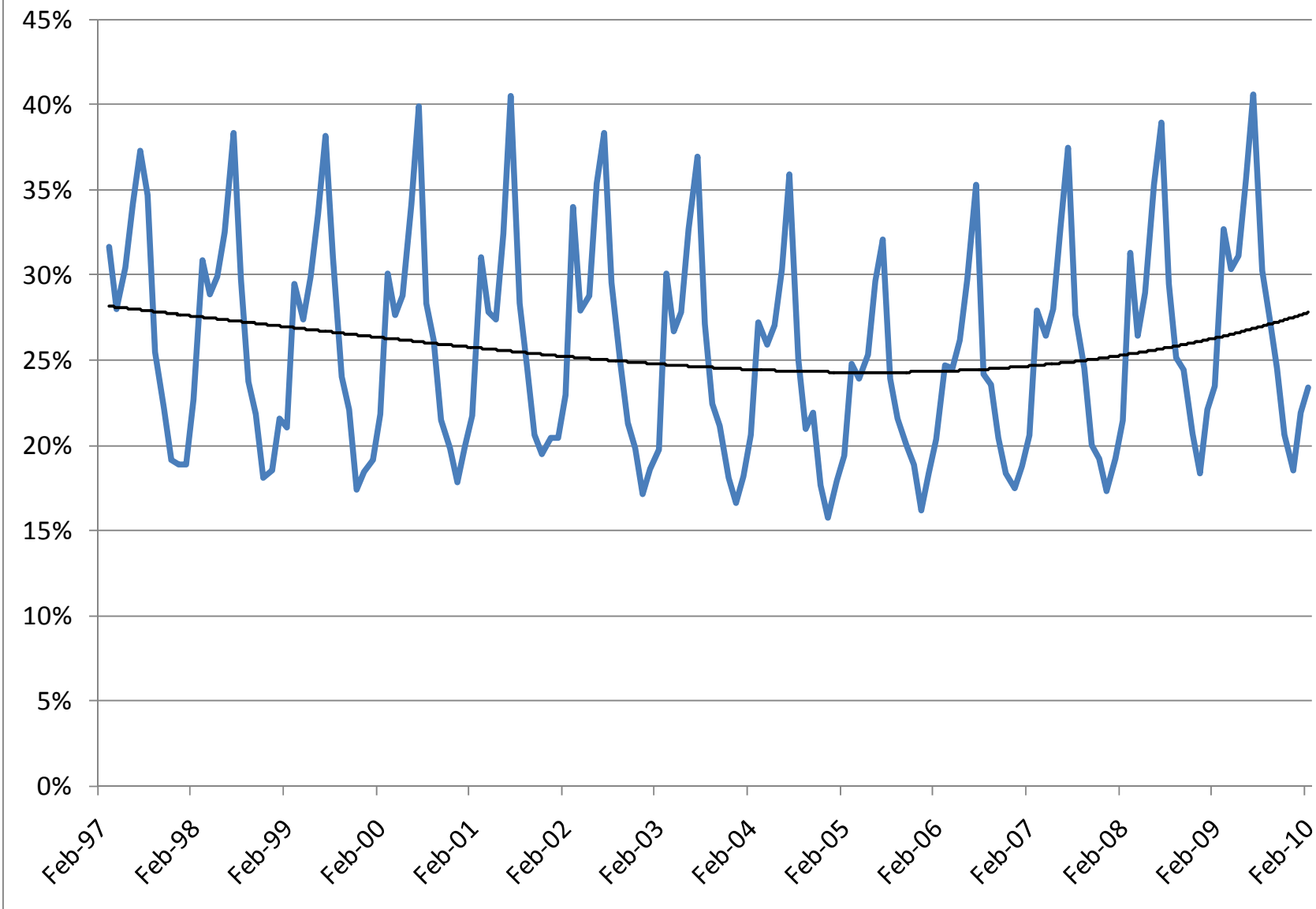
- ▶ Negative economic impacts resulting from the spill will cause lower levels of economic activity in directly affected sectors such as tourism and commercial fishing, and in the subsequent ripple effects that spread broadly throughout the economy.
- ▶ It will also be seen in diminished asset values that reflect expected future lost profitability due to the damage to their income-producing potential.
- ▶ Above and beyond these market transactions, it will be seen in lost well-being of residents, visitors and others who value our natural assets.

How Does the Visitor Industry Here Differ?

- ▶ Trails only military as an employment generator
- ▶ Largest taxable sector of the economy – visitors pay sales and use tax, bed tax, and indirectly, property tax
- ▶ According to VISIT FLORIDA's Research Department:
 - NW FL has by far the highest share of visitors (52%) reporting that their top activities are beach/waterfront.
 - The only one of FL region where the top season is summer.
 - Ranks fourth of 8 in per person, per day spending
 - \$378 per party per day in 2007
 - Highest share of non-air travel among FL regions.



Bay County Tourism Taxable Sales as Share of Total Taxable Sales



Top Employment Categories in Bay County Visitor Sector

Description	Jobs
Full-Service Restaurants	3,573
Hotels (except Casino Hotels) and Motels	1,693
Limited-Service Restaurants	607
Warehouse Clubs and Supercenters	570
Discount Department Stores	494
Local government	449
Supermarkets and Other Grocery (except Convenience) Stores	386
Independent Artists, Writers, and Performers	333
Drinking Places (Alcoholic Beverages)	252
Department Stores (except Discount Department Stores)	234
Home Centers	227
All Other Amusement and Recreation Industries	212
Amusement and Theme Parks	207
Children's and Infants' Clothing Stores	190
Marinas	172

The economic impact to Florida of the oil spill cannot yet be calculated with precision.

However, the effect will be substantial, even for lightly-fouled areas, because of the important role that perceptions play in planning and decision-making for our customers.

The effects will be seen first in our visitor industry, including all of the businesses that rely on visitor spending in the key summer season. Those effects will have collateral damage as they ripple through the economy.

Changes in asset values will be more severe if the perceptions of risk and damage are more pronounced.

Non-market valuations of environmental amenities will also suffer.

The fiscal impact to local and state government will be seen in reduced revenue and increased spending.

These effects will only become larger should a hurricane or tropical storm exacerbate the potential for damage.

The more quickly the oil flow can be completely stopped, and the spill contained, the less the damage will be.

The FL outlook: Recovery lags the nation

- Massive housing inventory to be worked through
- Job shrinkage continues until mid-2010
- It will take until 2014 to return to 2007 jobs count
- Unemployment for FL peaks at +/- 12% in late 2010
- Continued subpar job growth in FL into 2011
- Unemployment stays above 8% into 2014
- Decreased numbers of economic migrants into Florida
- General revenues for Florida have finally stopped falling
- Federal fiscal stimulus dollars end in 10 → FL budget woe
- Declining property values will call for increased millage rates in school districts, but political pressure will limit increases.
- Growing risks to military budgets in WDC threaten vitality
- FL needs to address windstorm insurance and property tax

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Questions?

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