

# **Seacoast National Bank Outlook for the U.S., Florida and Selected MSAs January 13, 2011**

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# U.S. Forecast Summary 2011 – 2014

## ■ Current Conditions

- Job growth improving with momentum building
- Stimulus #2 – tax cuts and benefit extensions add 1%
- Housing stabilizes

## ■ 2012 Accelerating Growth

## ■ 2013-2014 - Deficit concerns

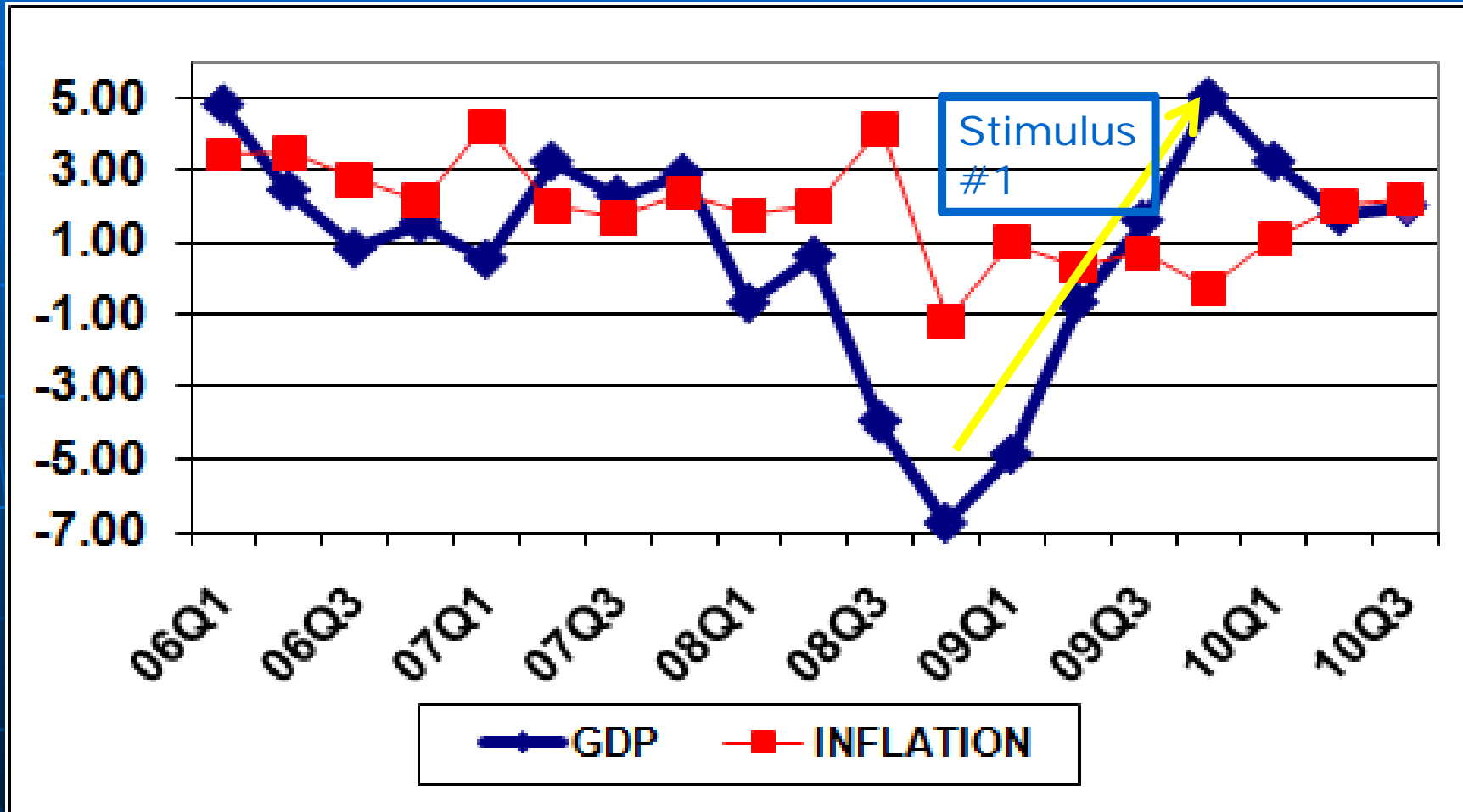
- Lower spending growth and some cuts in benefits
- Higher taxes and higher interest rates

- Main forecasts risk: (1) political dead lock, run away deficits and a collapse in confidence in the dollar (2) overly aggressive cuts in spending triggering another recession

# Florida Summary

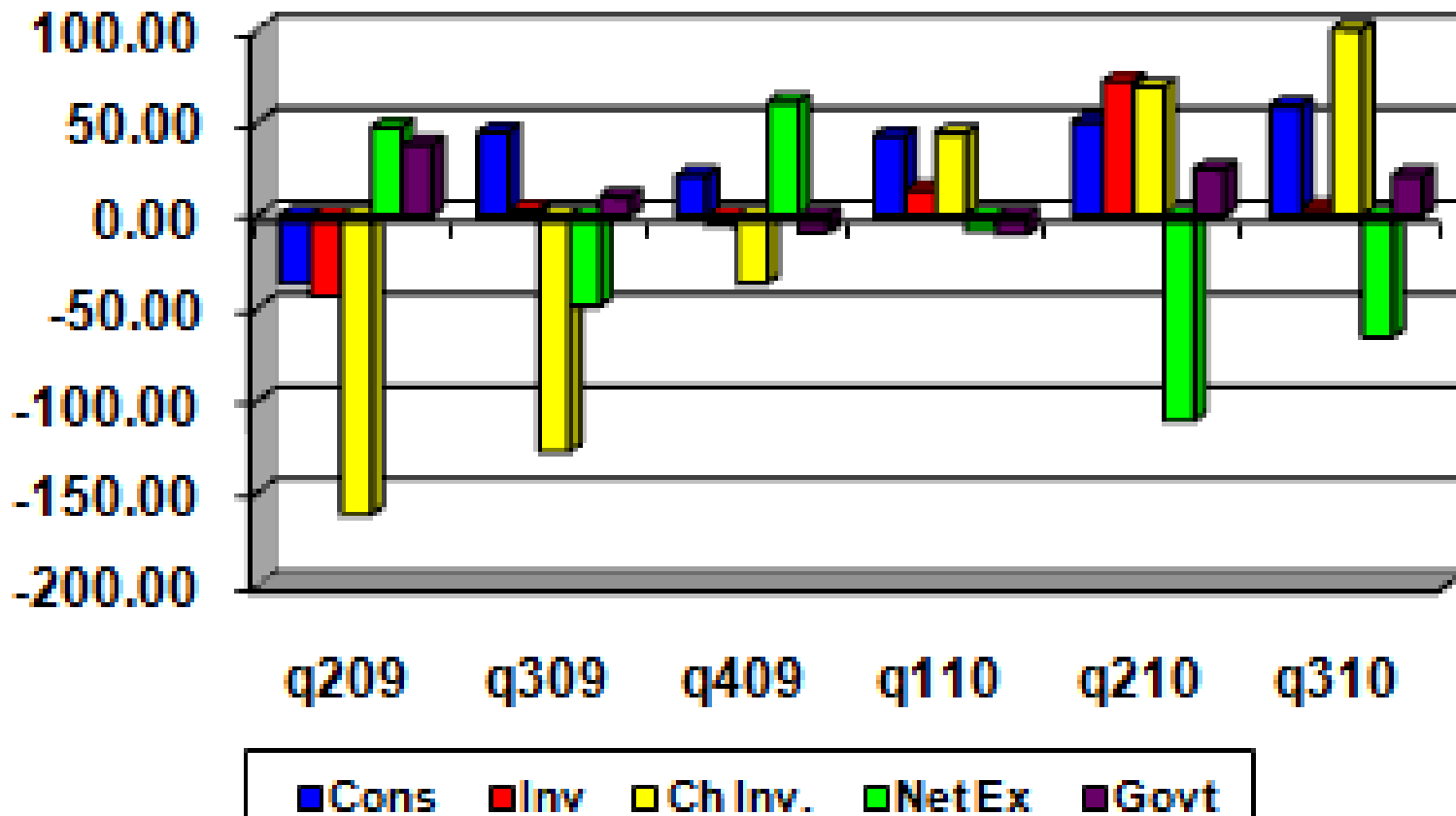
- **Worst Recession since 1975 bottomed in 2010**
  - National recession focused on households and banks bad for Florida
  - Soft housing markets limit migration into Florida 2011
  - Broken nest eggs and upside down homeowners limits migration of retiree
- **Stronger Growth 2011-14 – very slow at first then better**
  - Stronger tourism and convention/meetings 2011
  - Improving migration trends in 2012
  - Stronger housing markets as distress sales are processed in 2011
  - More international migration
- **Paradigm shift – Florida less attractive**
  - Average annual population growth 250,000 +/-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

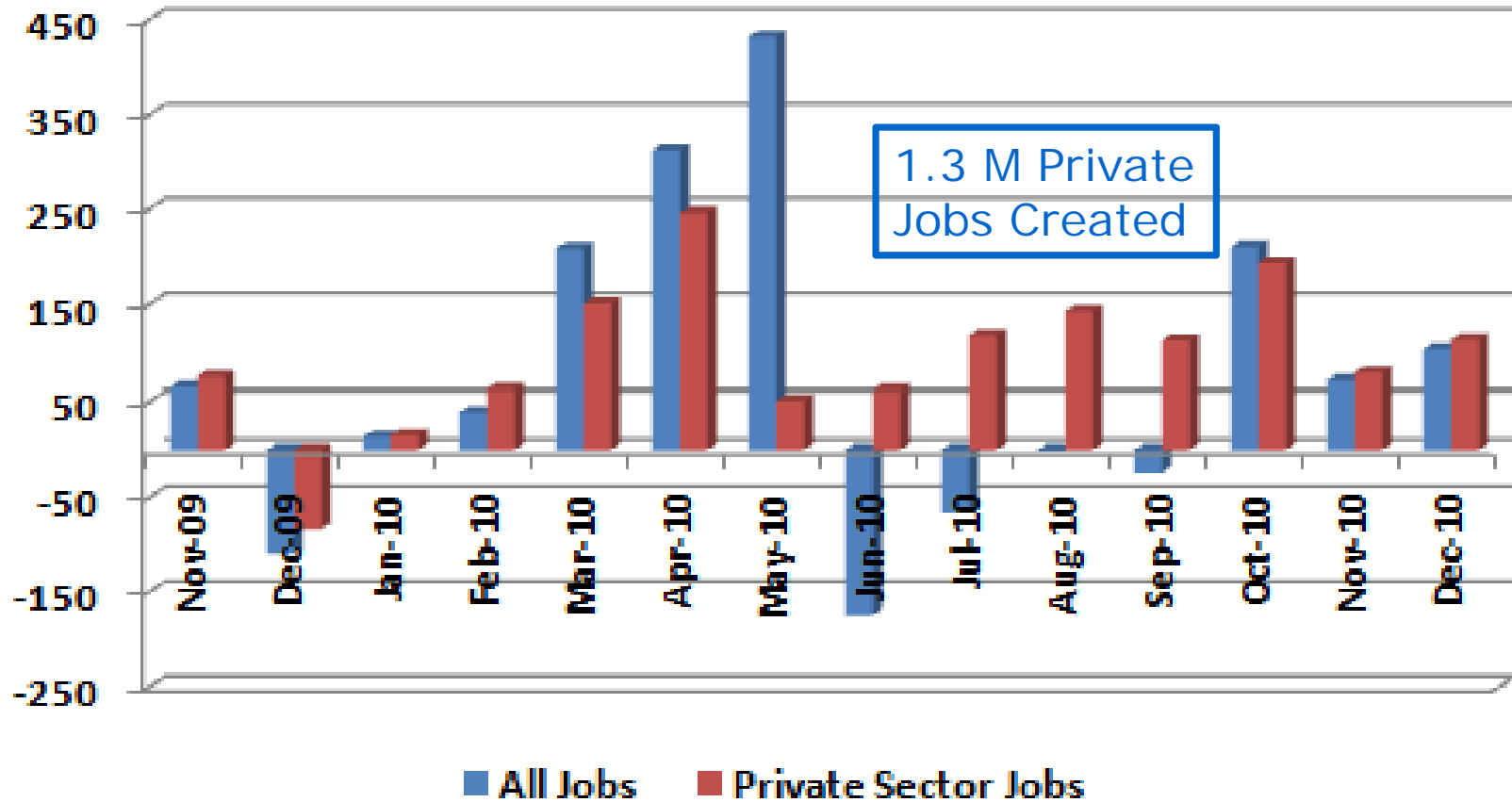


# GROWTH IN REAL GDP

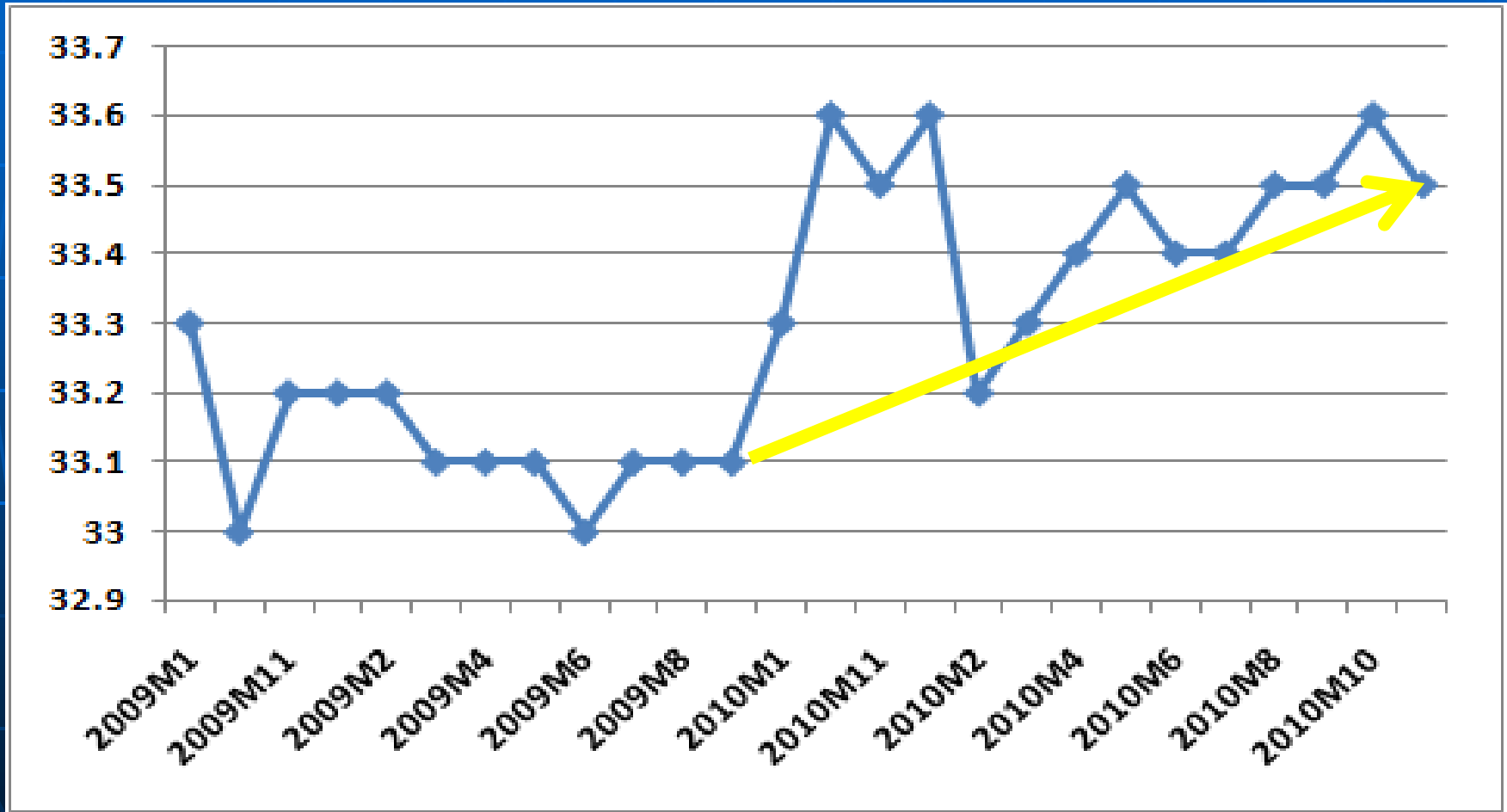
IN BILLIONS OF 2002\$



# Growth in Payroll Employment (000s)

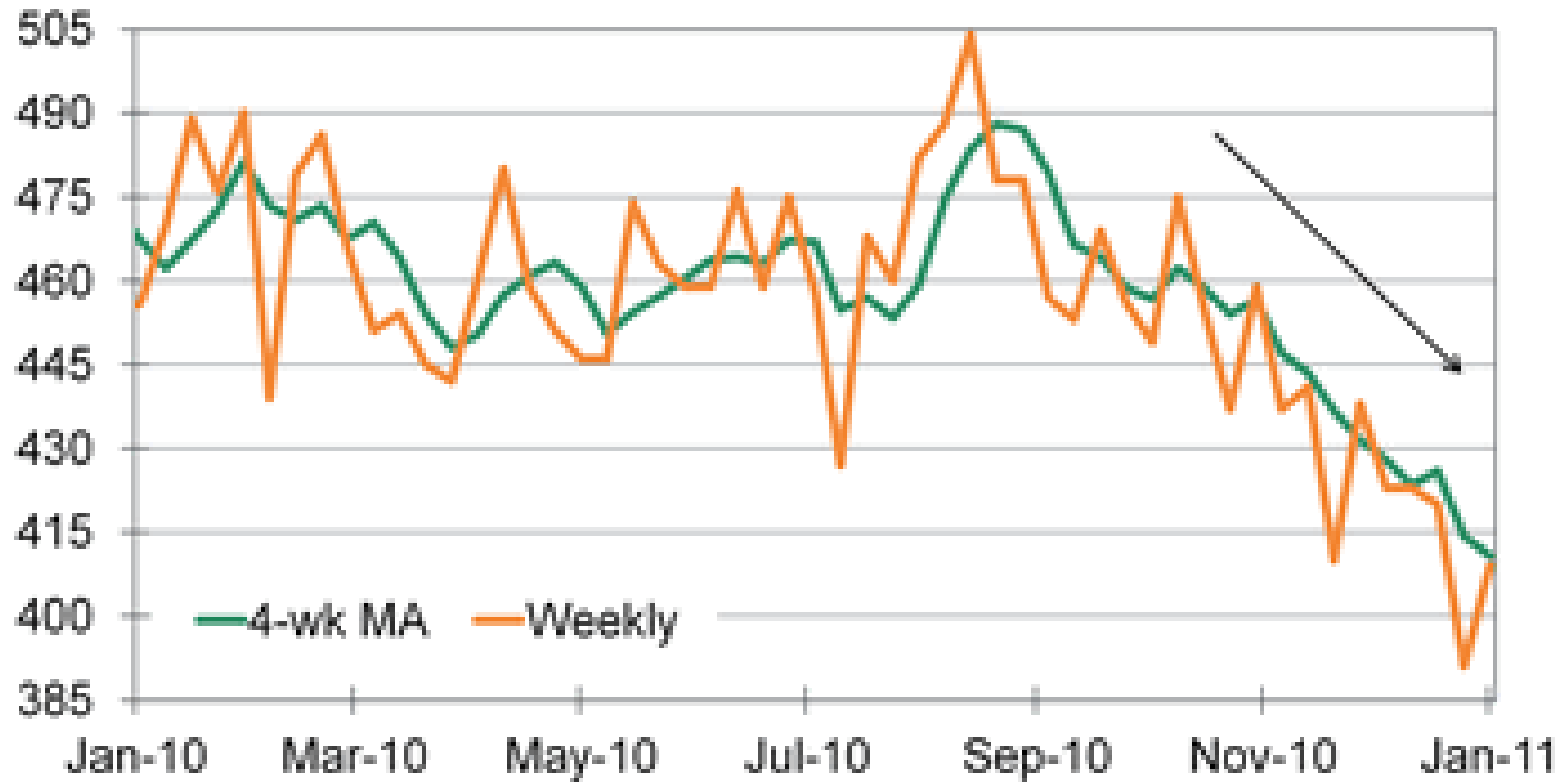


# Average Work Week



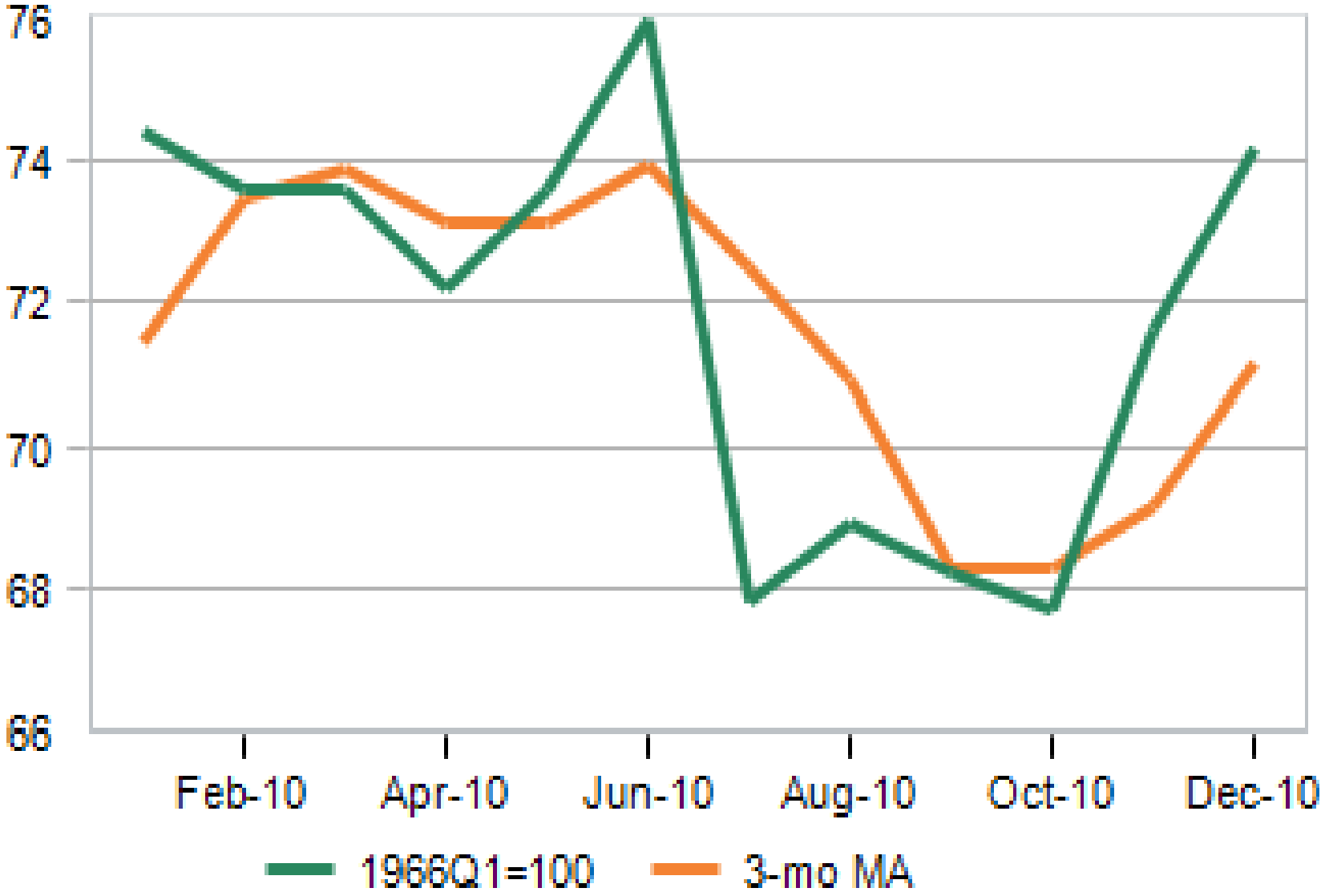
## Jobless Claims on a Slow Grind Lower

Initial claims for unemployment insurance benefits, ths

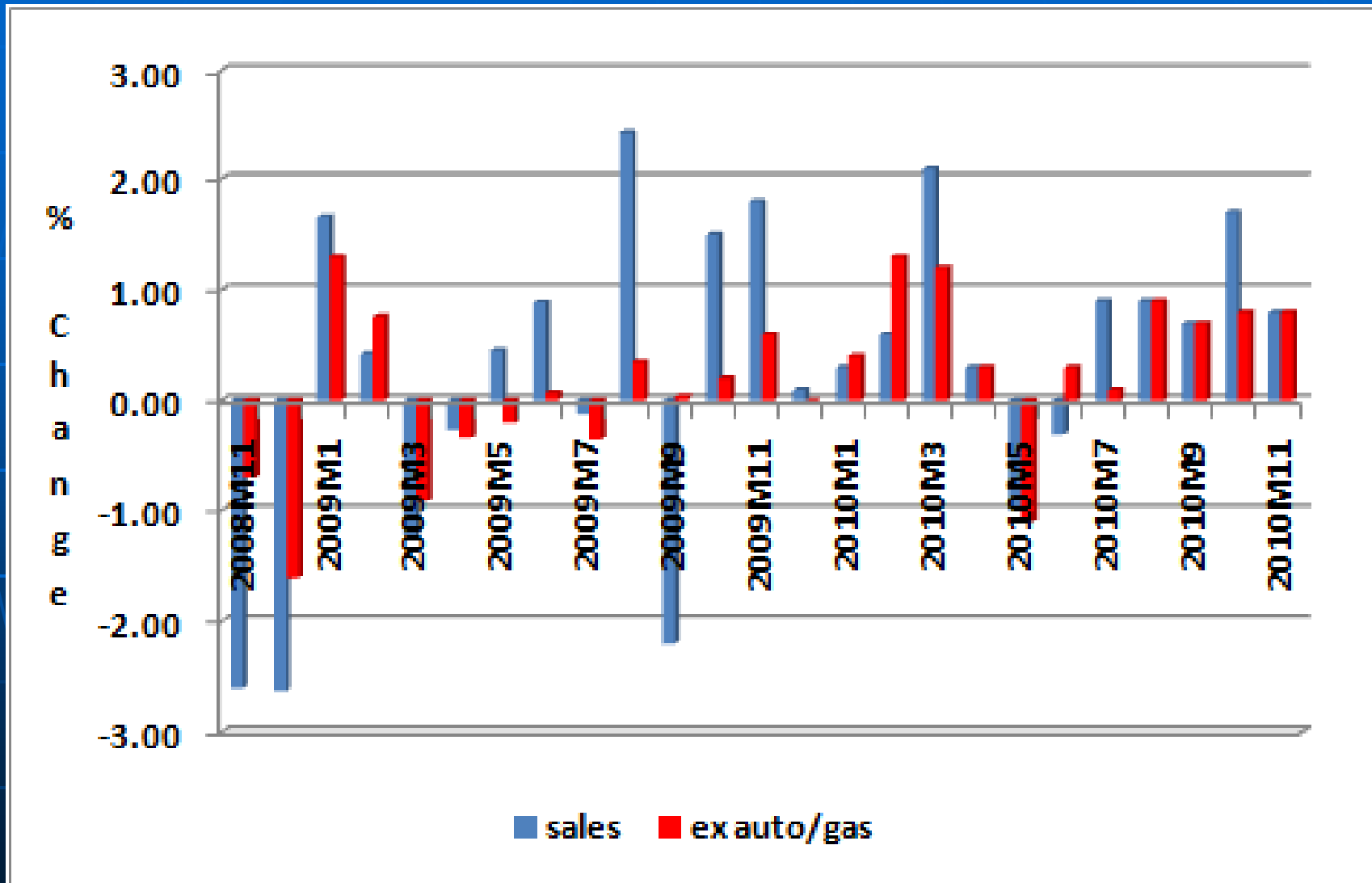


Source: BLS

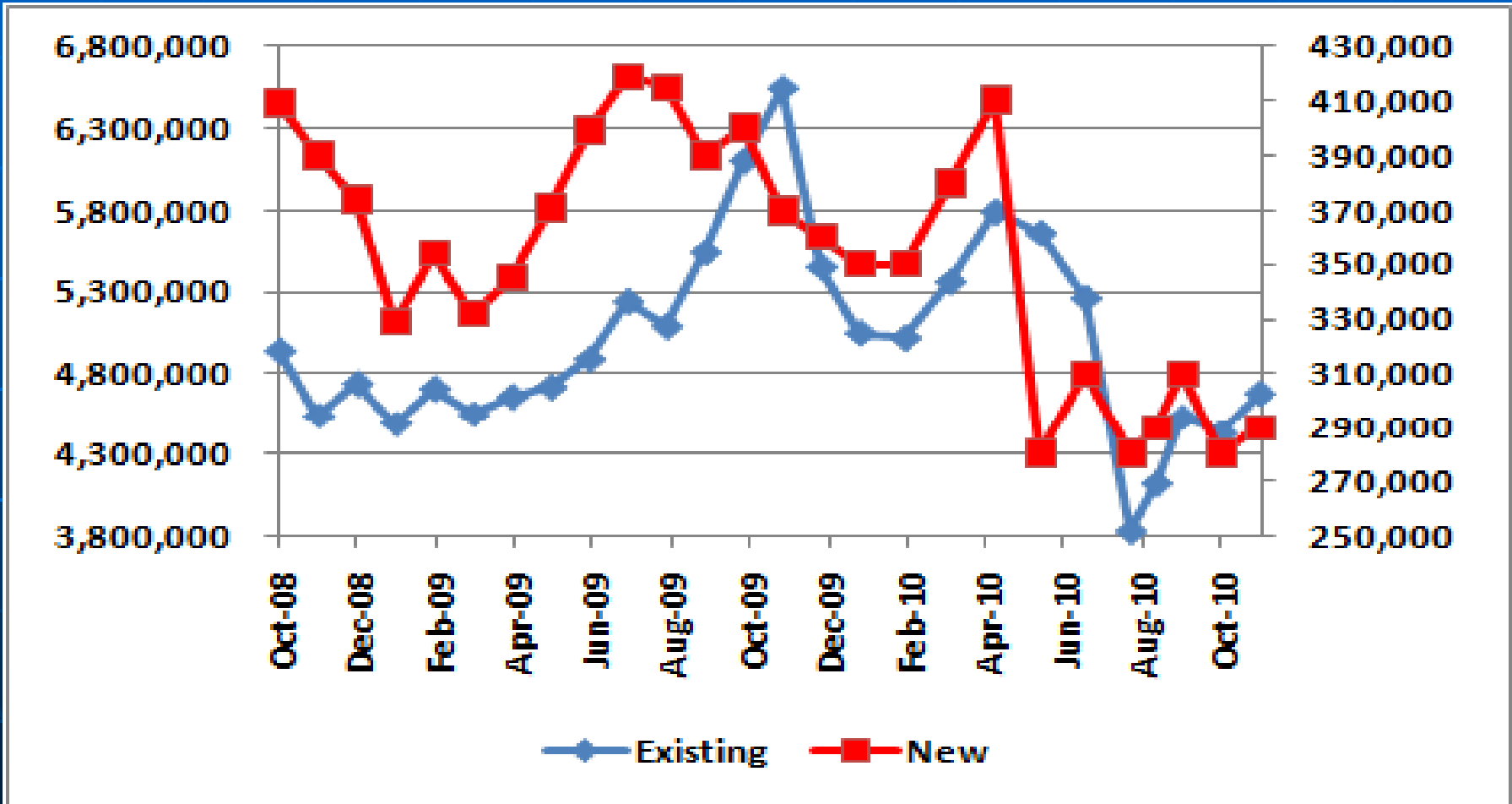
# Consumer Sentiment



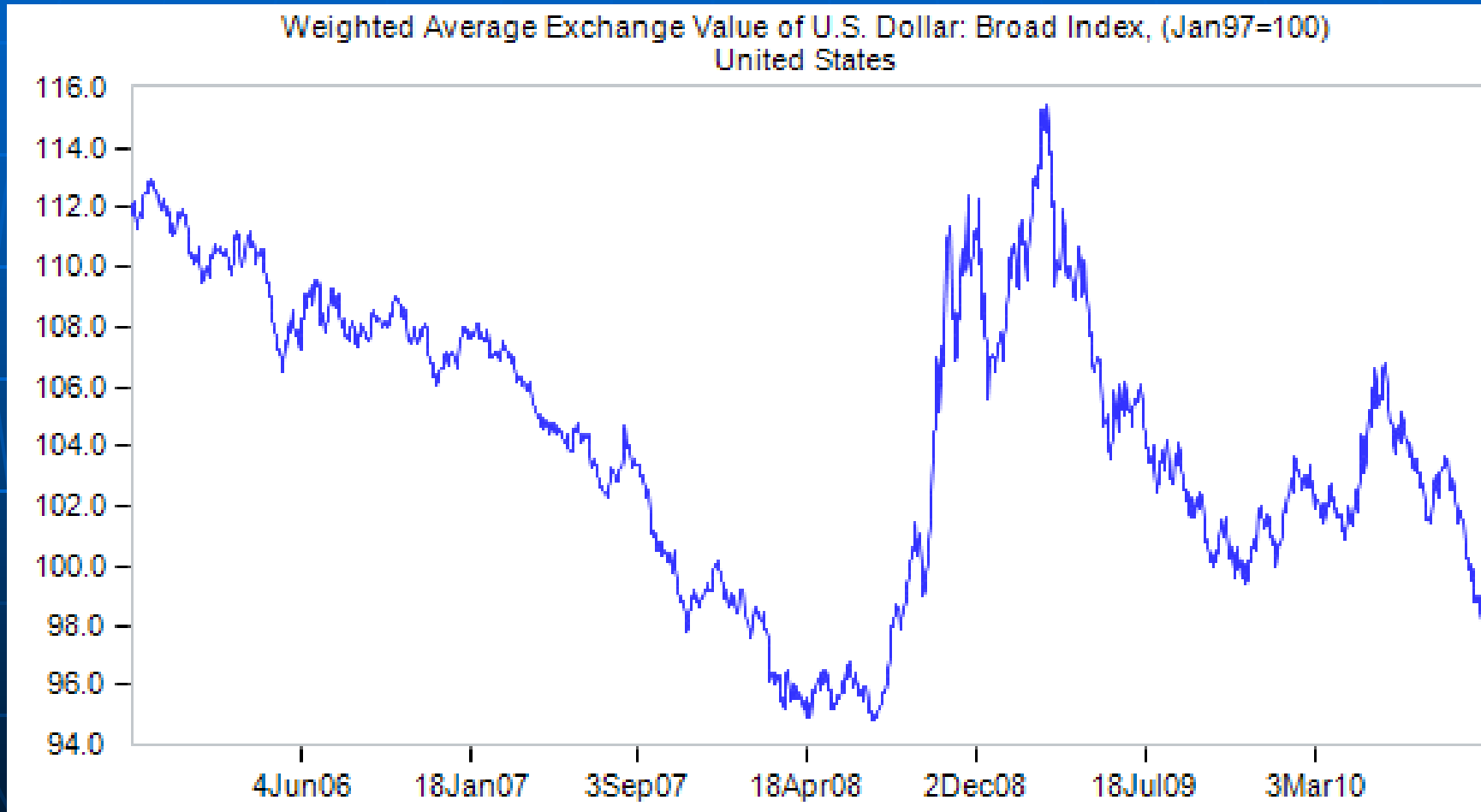
# Retail Sales



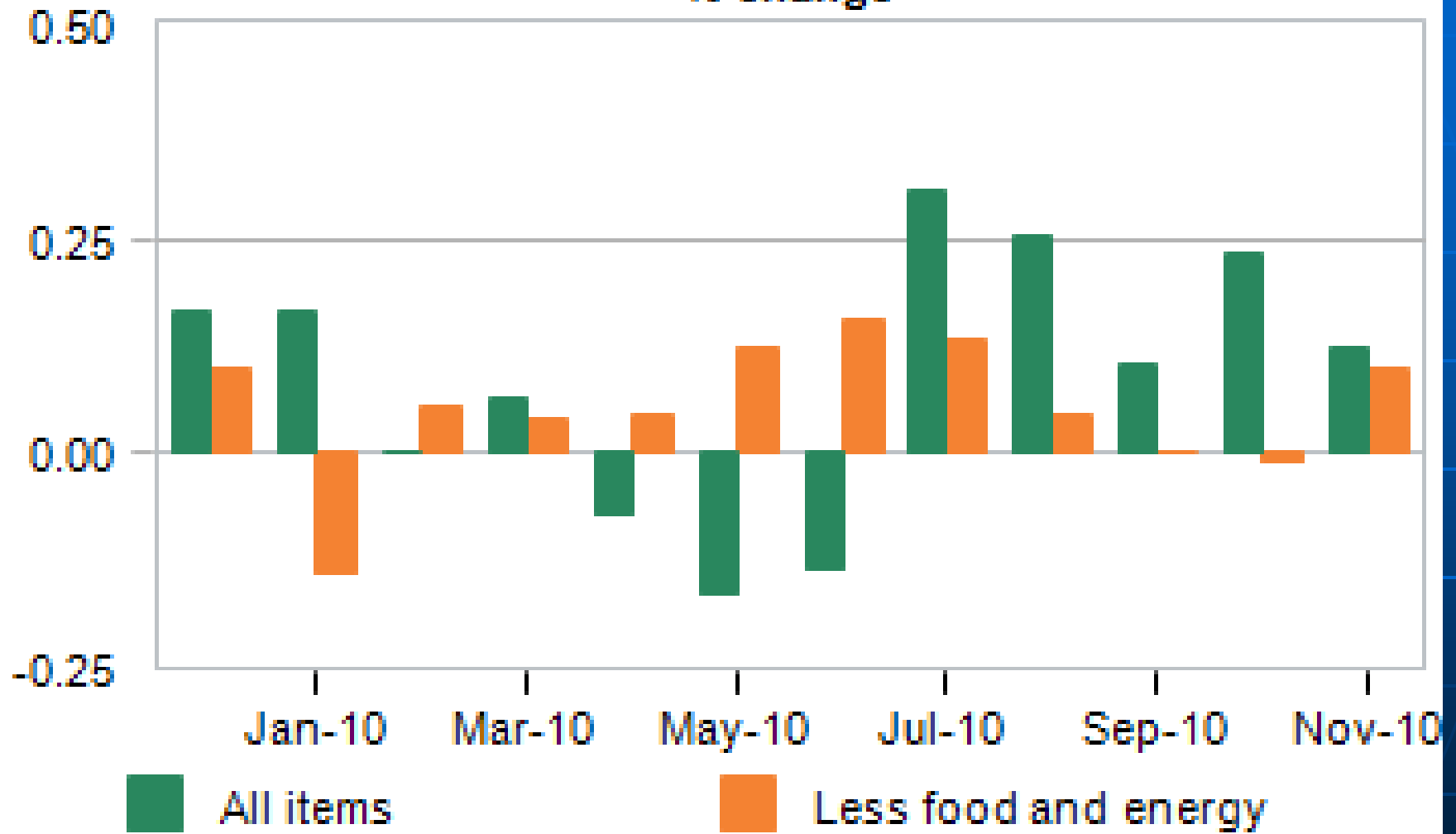
# Sales of New and Existing Homes



# Trade-Weighted Value of the U.S. Dollar



## Consumer Price Index % change

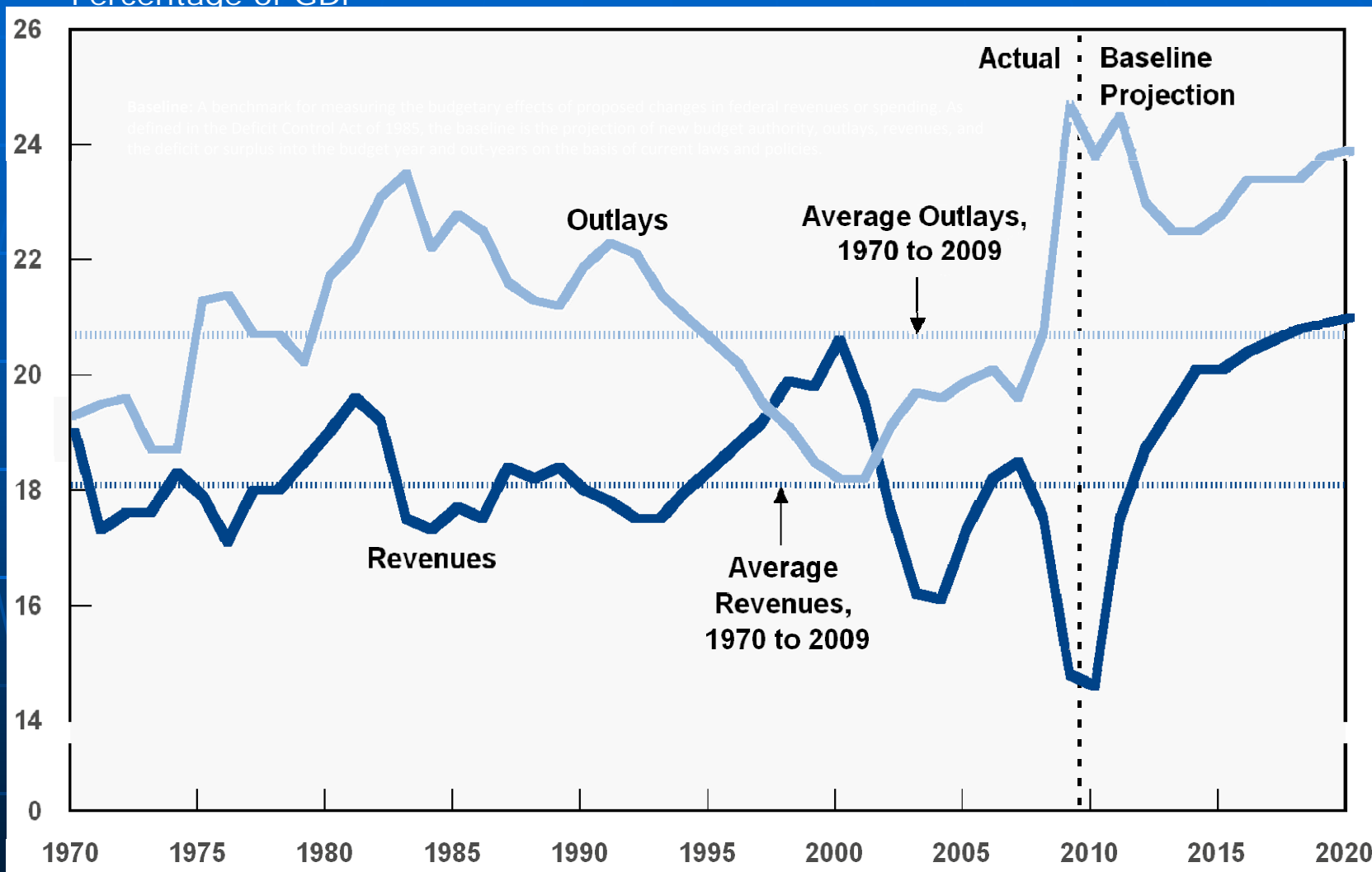


# Stimulus #2

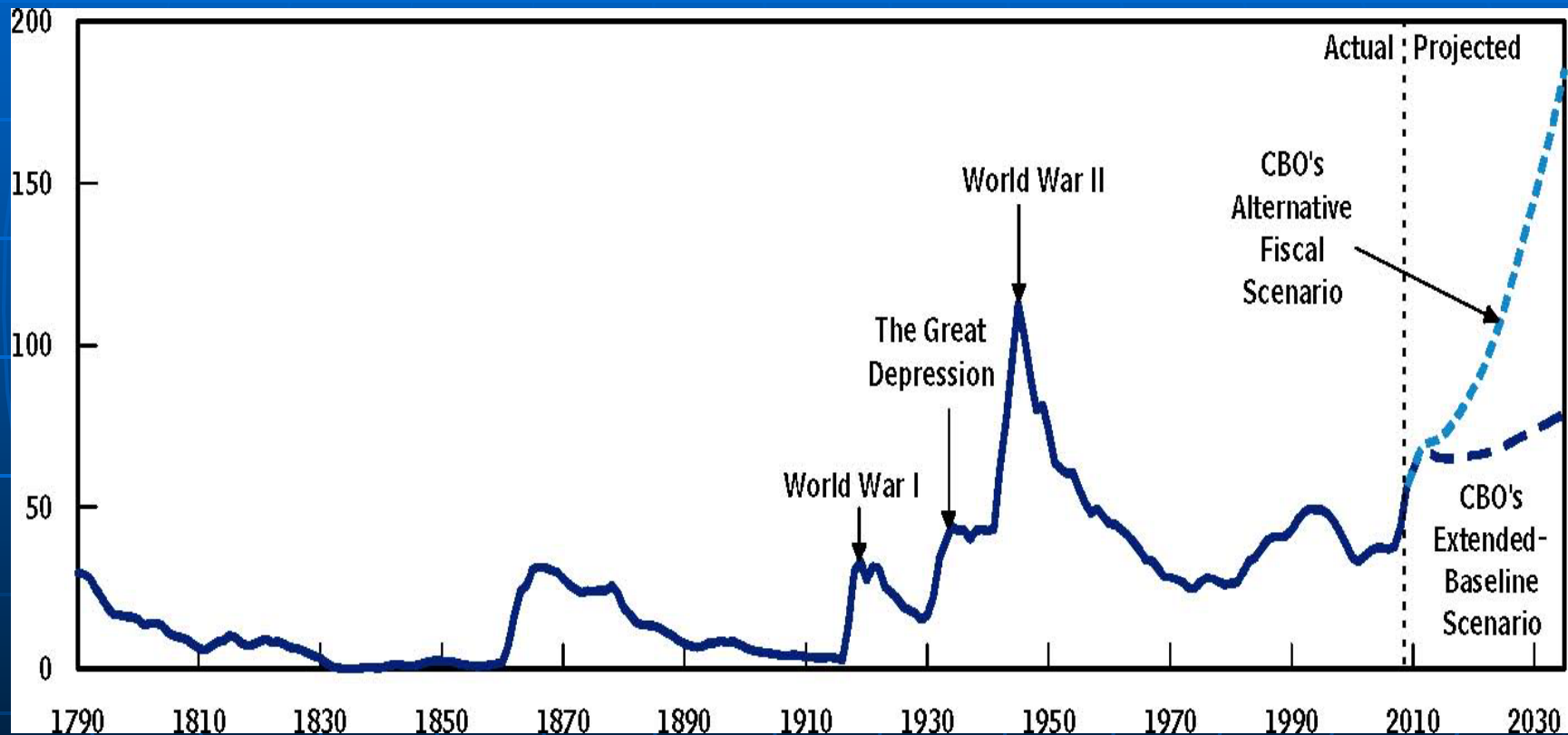
- **Bush tax cuts extended for 2 years**
- **Estate taxes remain low**
- **Unemployment benefits extended 13 months**
- **Payroll taxes for SS cut 2%**
- **Investment tax credits**
- **BIG STIMULUS**
  - **Forecast increment for growth in real GDP ranges from 0.5%-to-1.5%**

# Total Revenues and Outlays

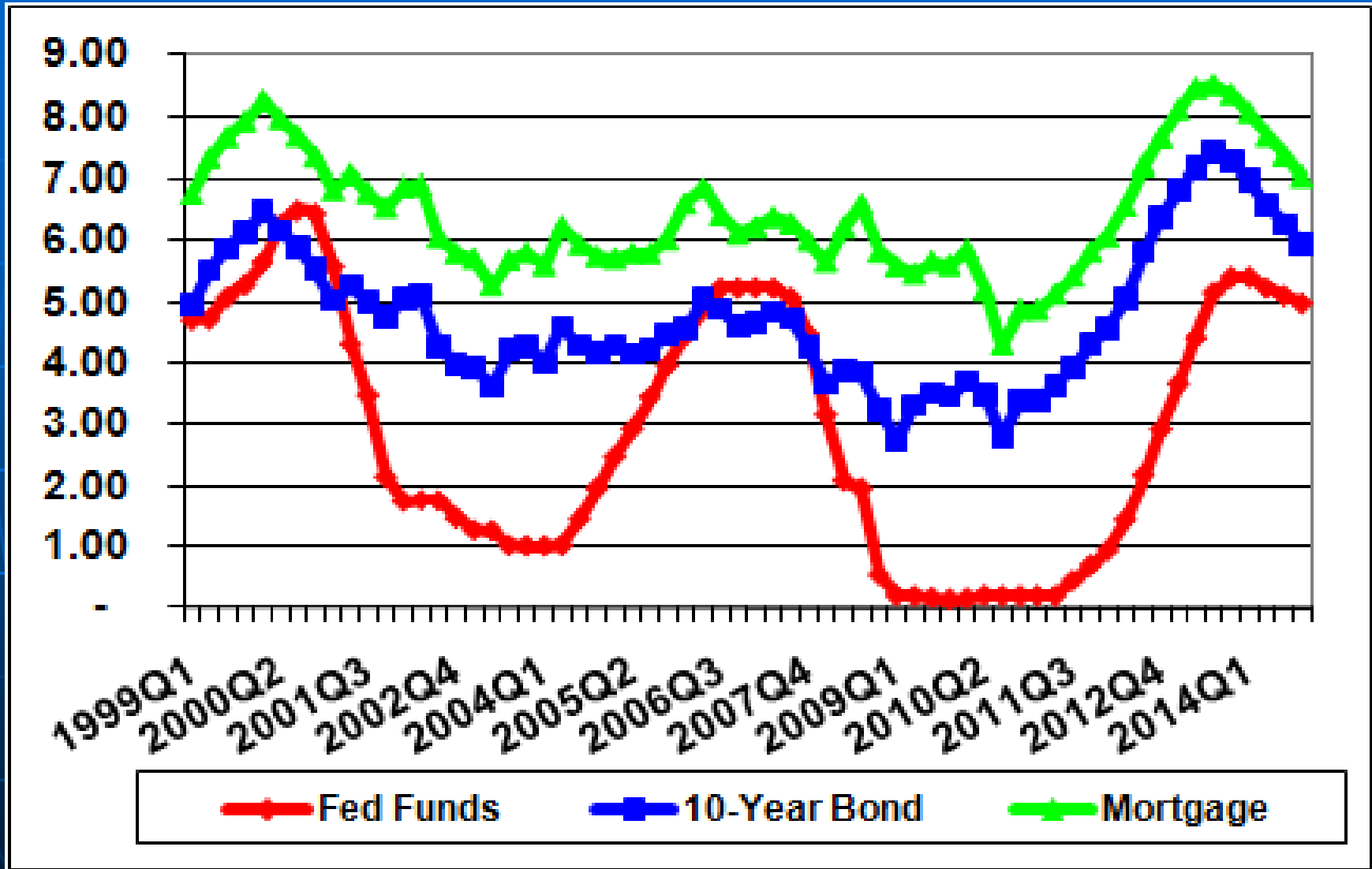
Percentage of GDP



# Federal Debt Held by the Public 1790-2030 as % GDP

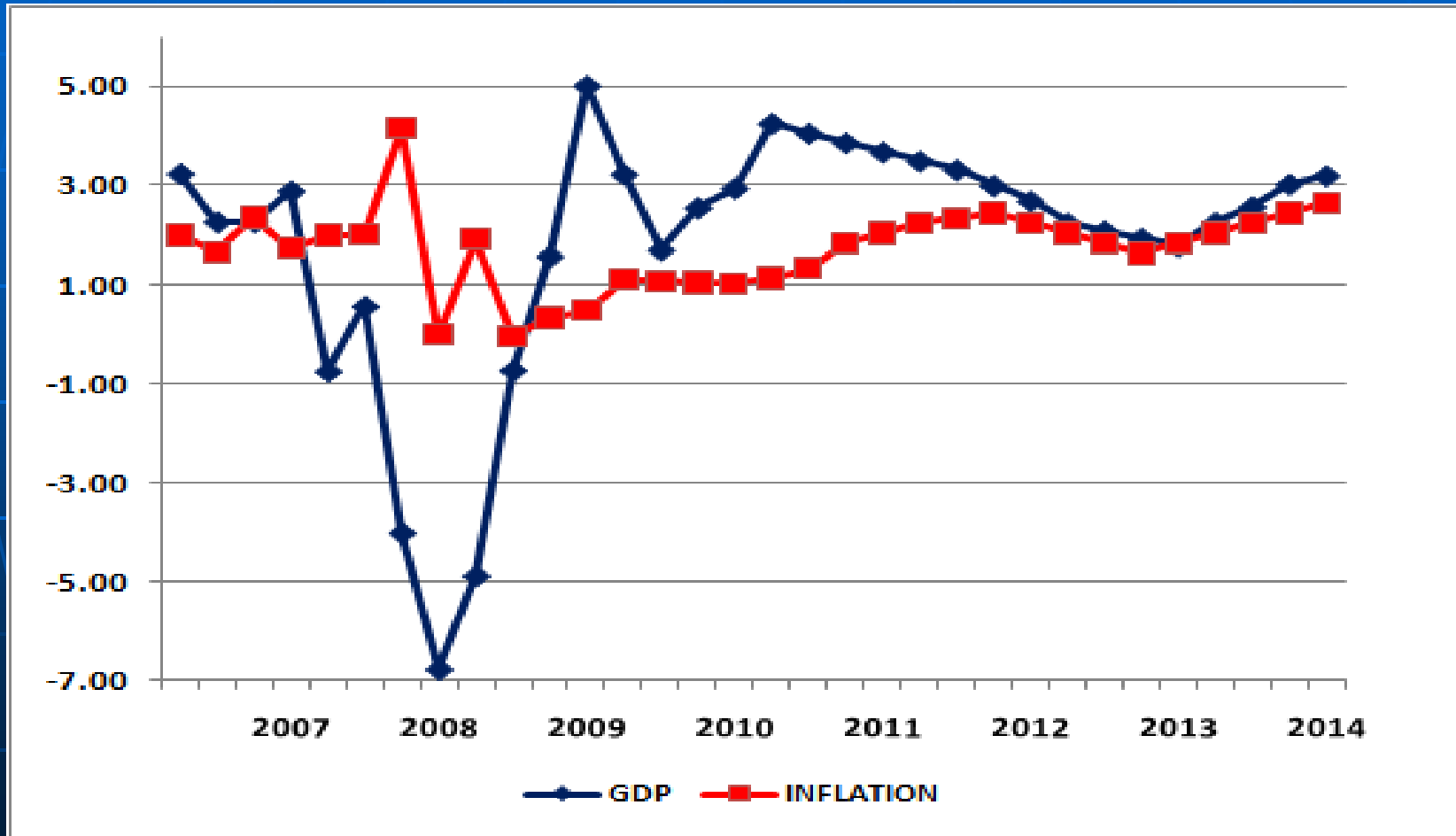


# INTEREST RATES

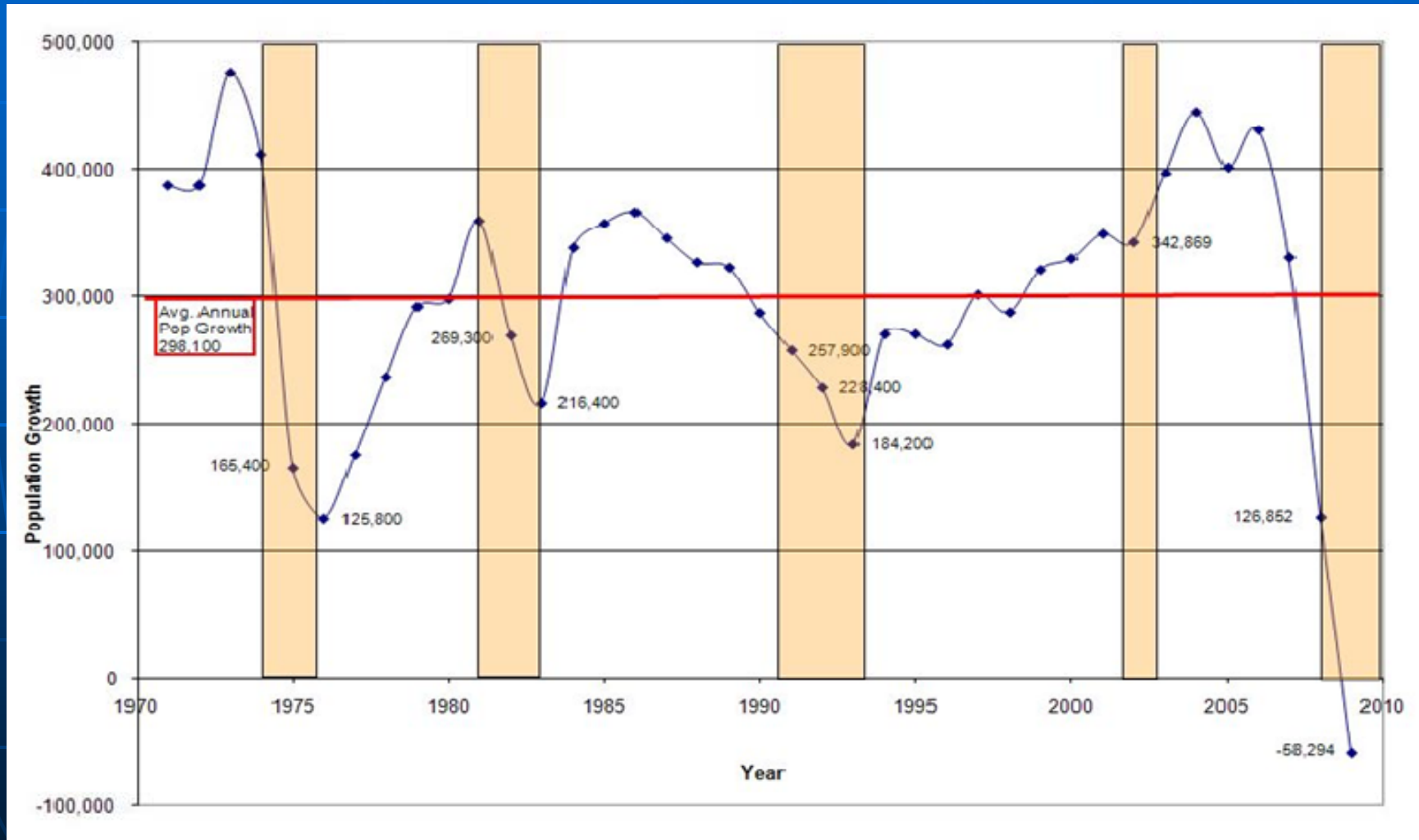


# GDP AND INFLATION

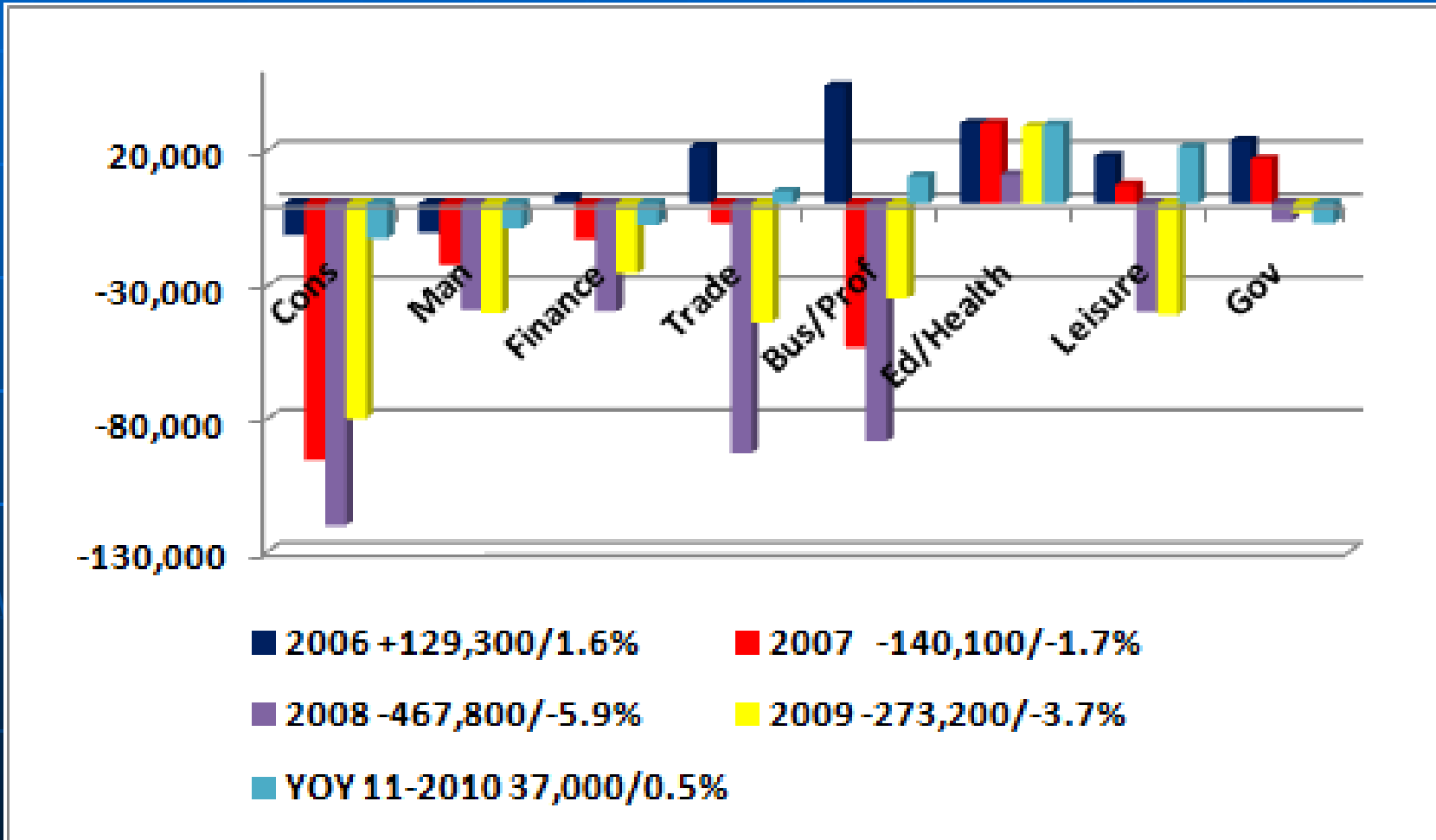
(Percent growth SAAR)



# Florida Population Growth

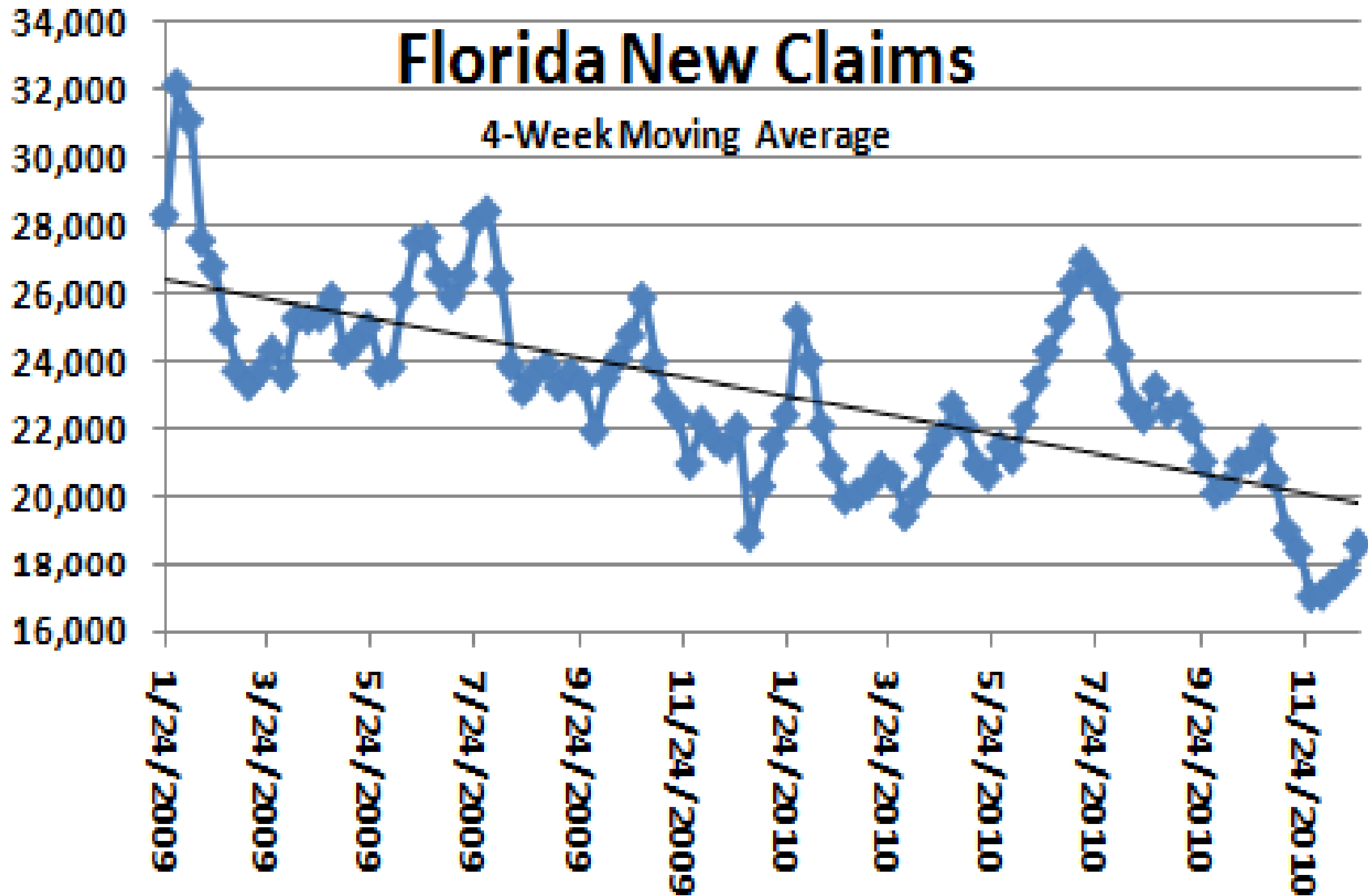


# Florida Employment Growth Year-over-Year Changes



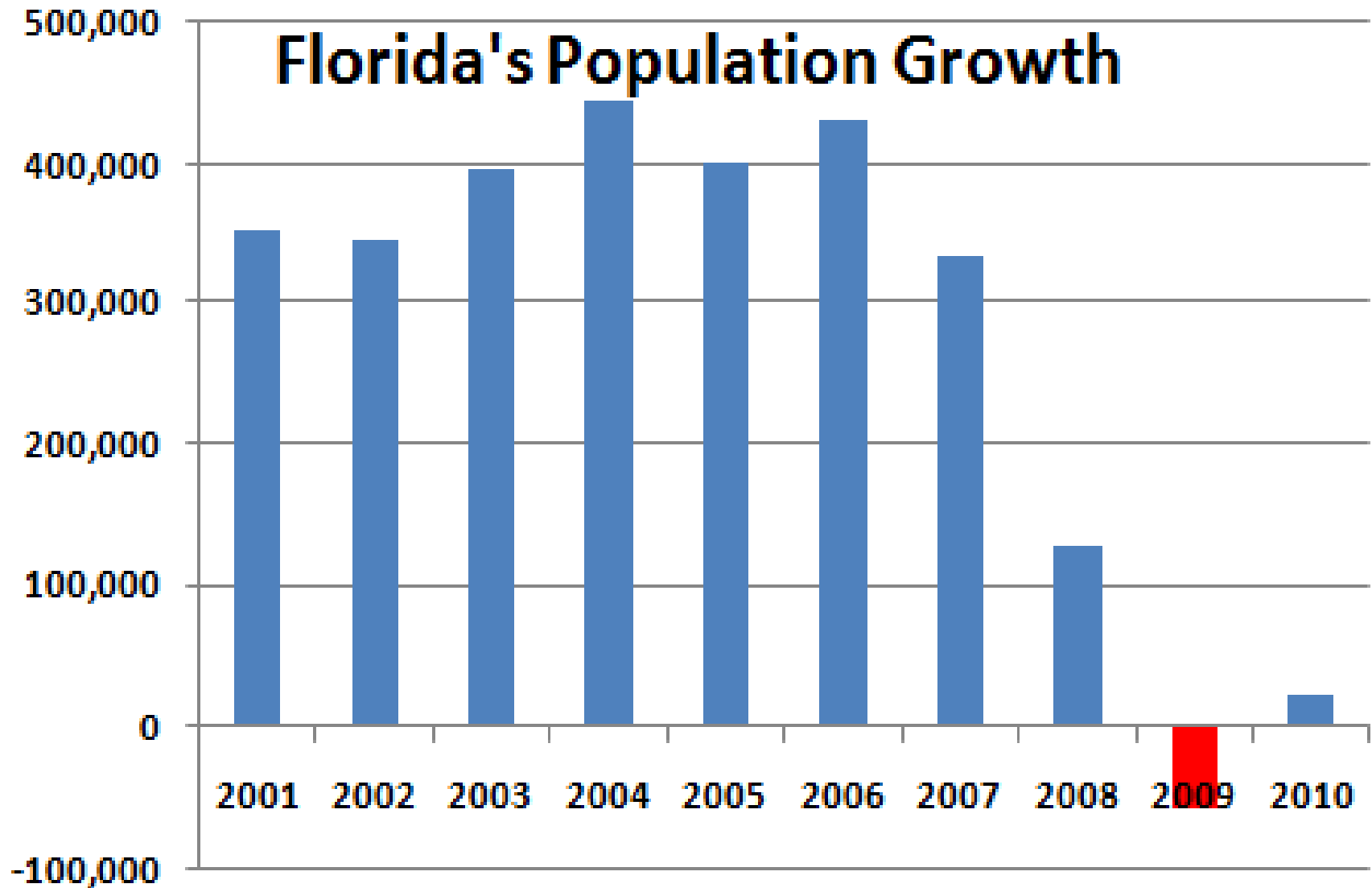
# Florida New Claims

4-Week Moving Average



<b>12 Months Ending November 2010</b>	<b>Unemployment Rate</b>	<b>Jobs</b>	<b>Jobs</b>
Bradenton-Sarasota	12.3%	0.8%	2,000
Cape Coral-Ft. Myers	13.3%	-0.2%	-300
Deltona-Daytona Bch.	12.8%	-3.0%	-400
<b>Florida</b>	<b>12.2%</b>	<b>0.5%</b>	<b>37,000</b>
Ft. Lauderdale-Pompano	10.8%	-0.8%	-5,300
Ft. Walton Bch	8.7%	-4.0%	-300
Gainesville	8.7%	0.7%	900
Jacksonville	11.6%	-0.3%	-1,600
Lakeland-Winter Haven	13.3%	-0.4%	-800
Miami	13.0%	0.5%	4,900
Naples	12.4%	-0.1%	-100
Ocala	14.6%	-1.0%	-900
Orlando-Kissimmee	11.9%	1.2%	11,600
Palm Bay-Melbourne	12.6%	-1.3%	-2,500
Palm Coast	16.6%	-2.2%	-400
Panama City	11.6%	0.8%	600
Pensacola	11.1%	0.3%	400
Port St. Lucie	14.3%	0.2%	200
Punta Gorda	12.9%	-0.3%	-100
Tallahassee	9.0%	0.3%	500
Tampa-St. Petersburg	12.6%	0.1%	1,500
Vero Beach	14.5%	-0.5%	-200
West Palm-Boca Raton	12.3%	1.1%	5,700

# Florida's Population Growth



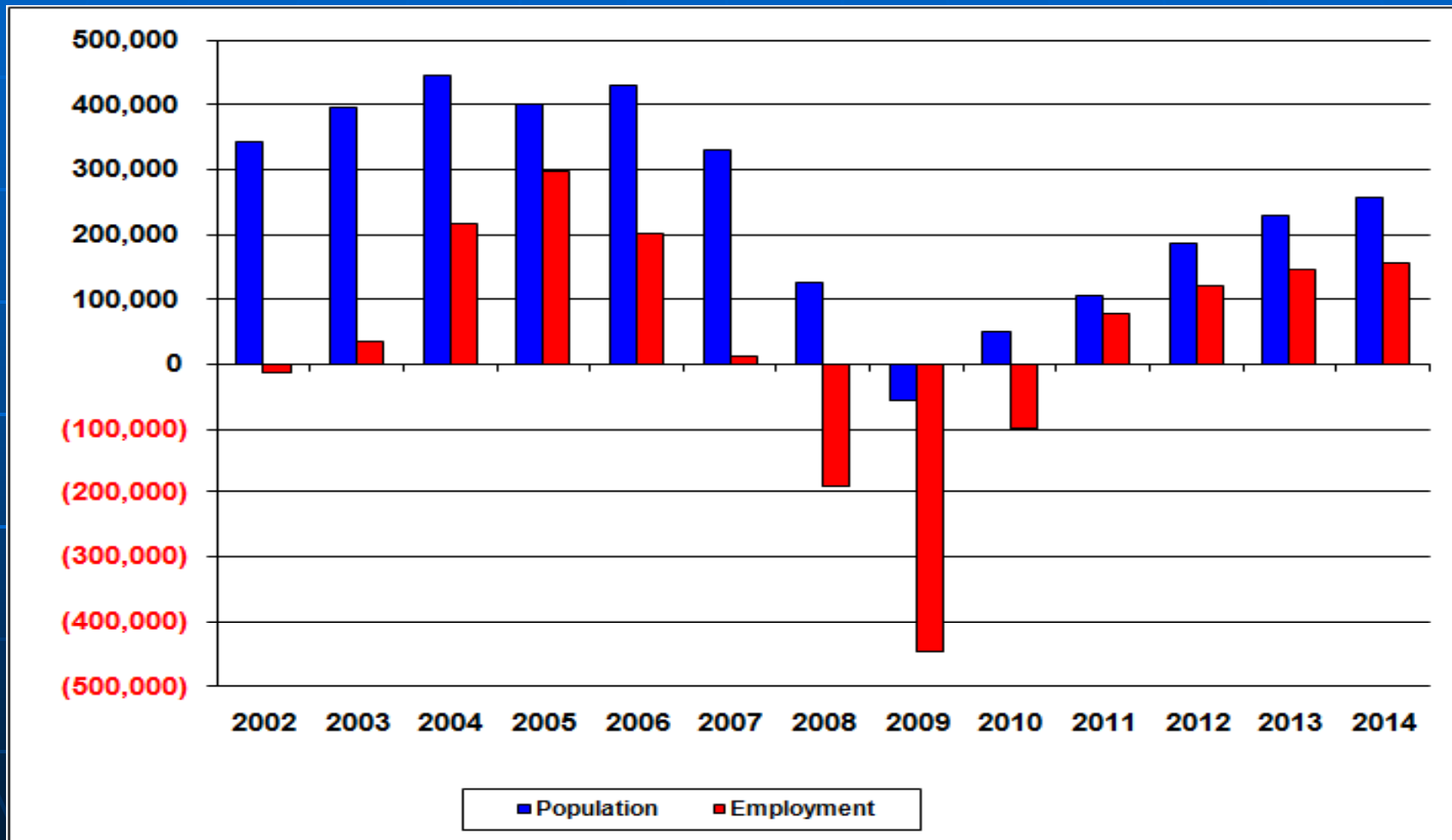
# Why Has Florida Lost its Competitive Edge?

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

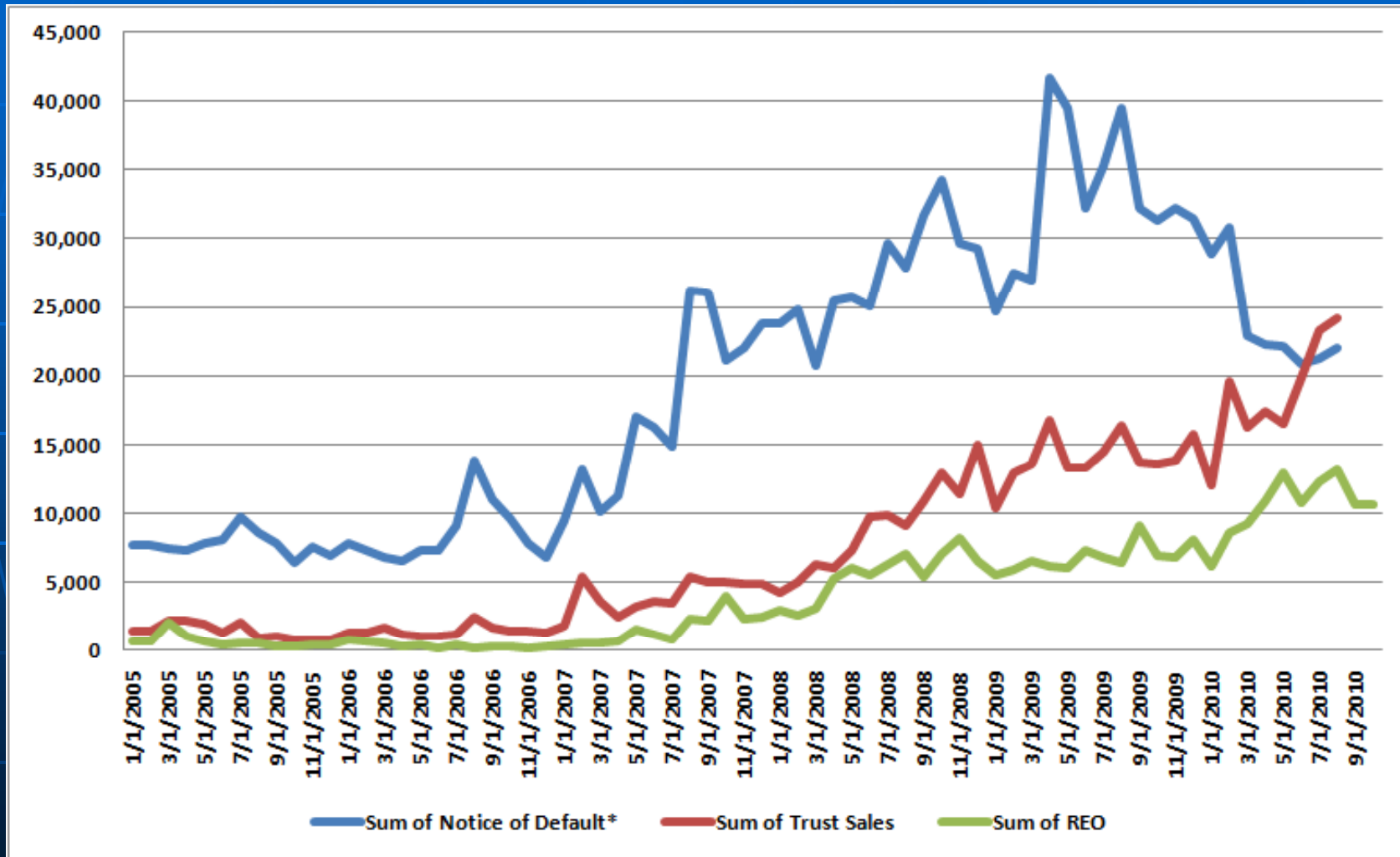
# Gov Scott's Plan

- **700,000 Jobs in 7 years above normal cyclical recovery**
- **Eliminate corporate income tax**
- **Cut property taxes 19% holding schools harmless**
- **Reduce regulation**
- **Cut size of state government**
- **Challenges:**
  - **Can it actually work?**
  - **Can it be financed?**

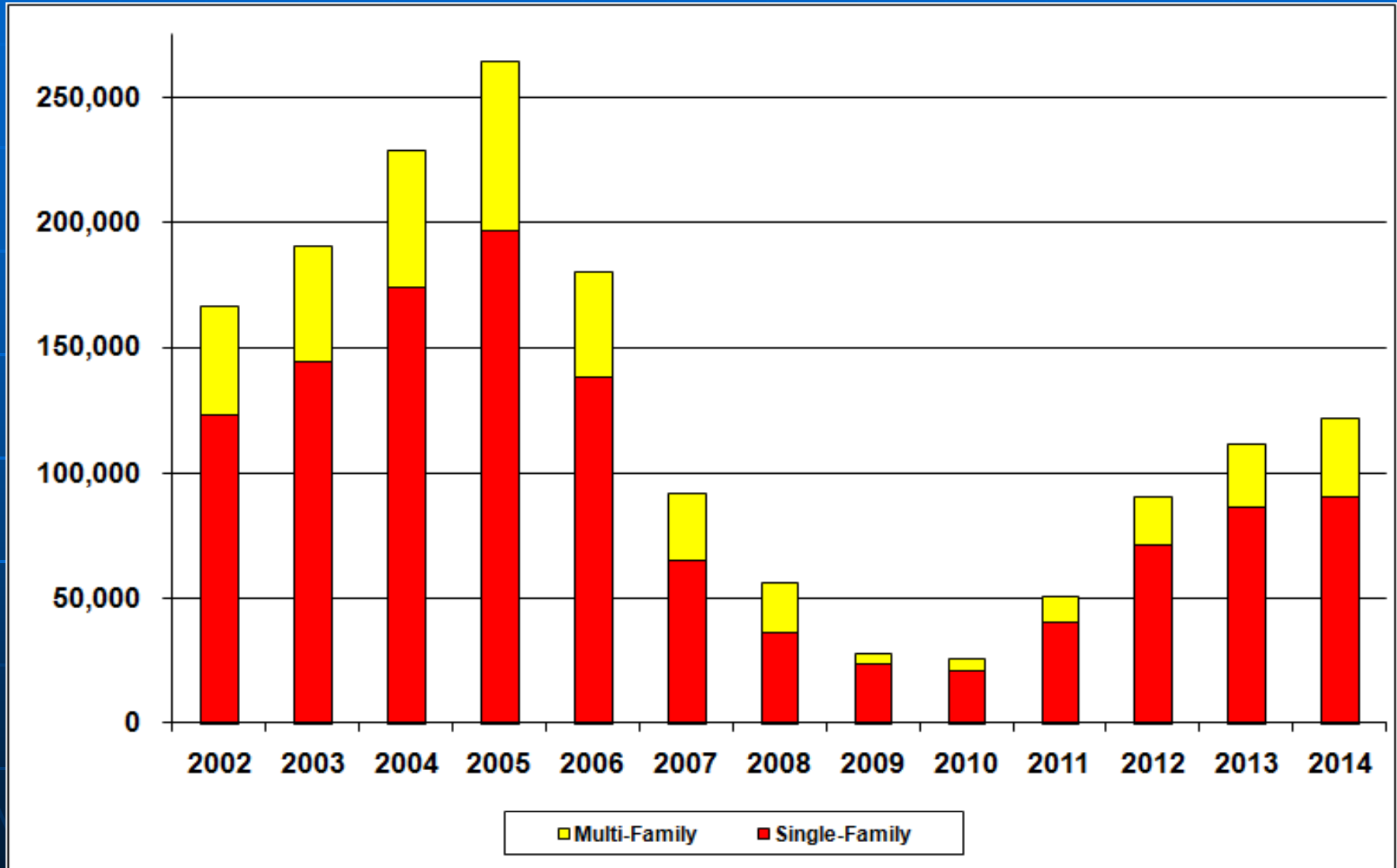
# Florida Growth Forecast Population and Employment



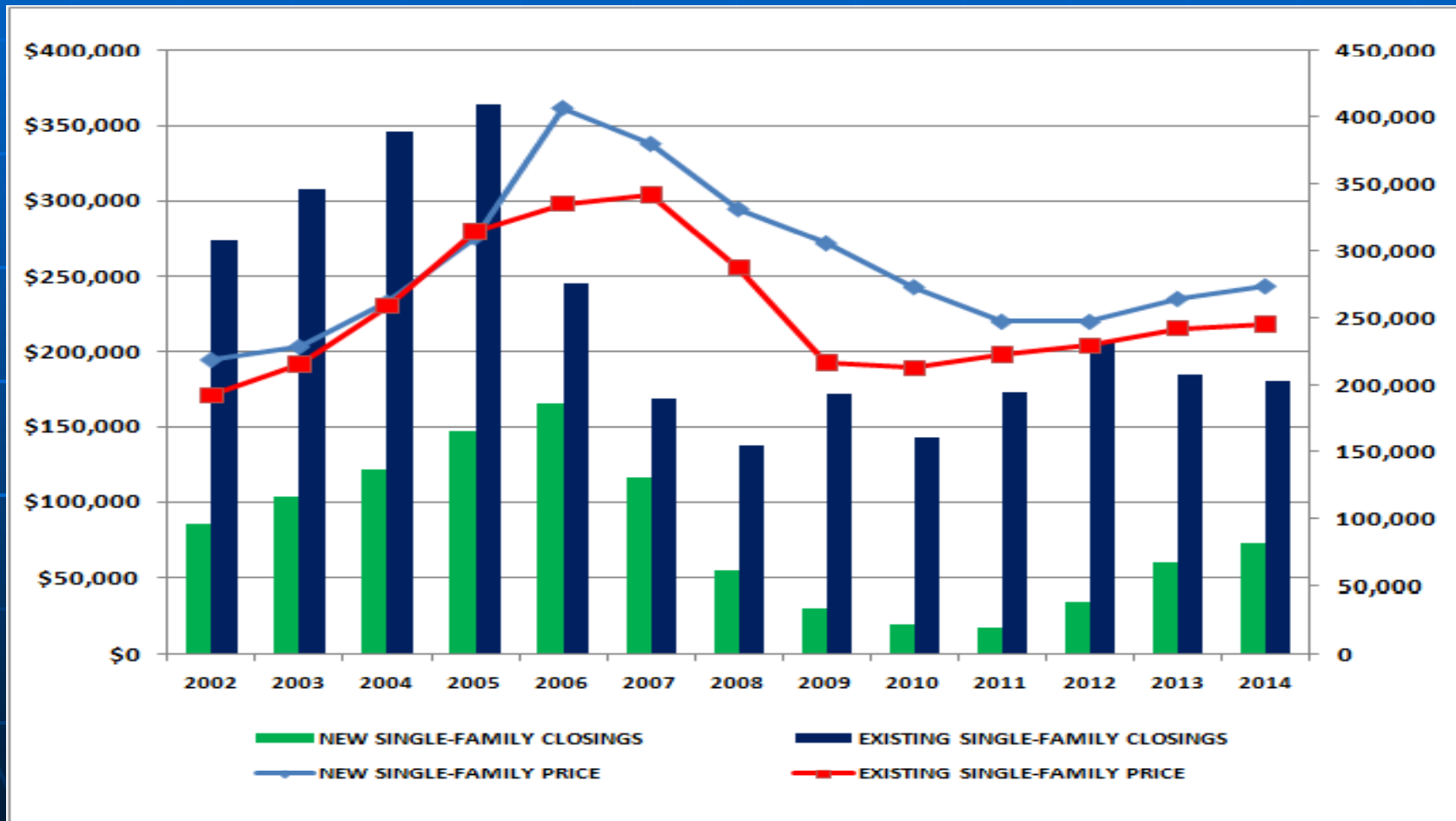
# Florida Foreclosures



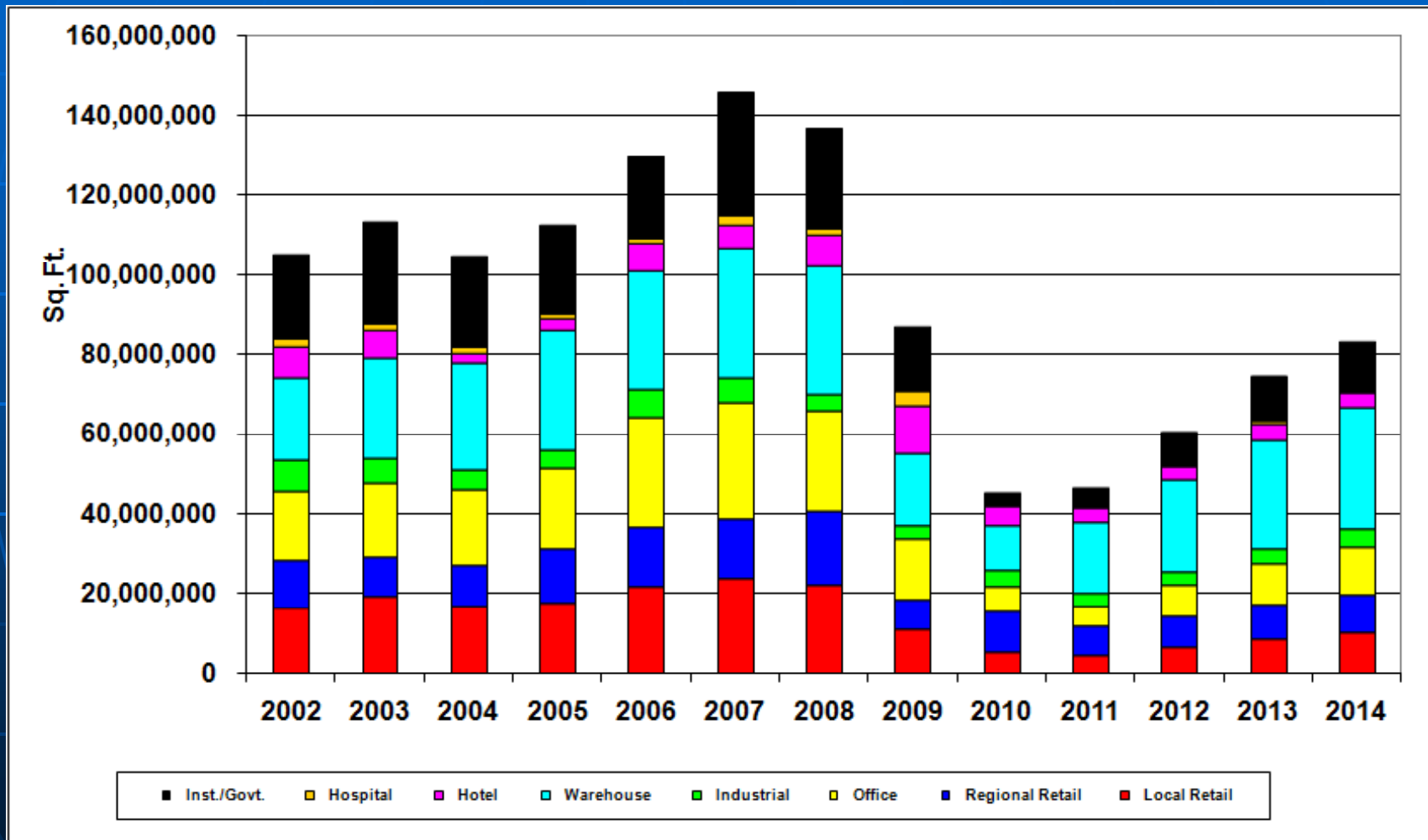
# Housing Starts



# Single-Family Pricing and Closing Volumes



# Non Residential Construction Put in Place in Square Feet

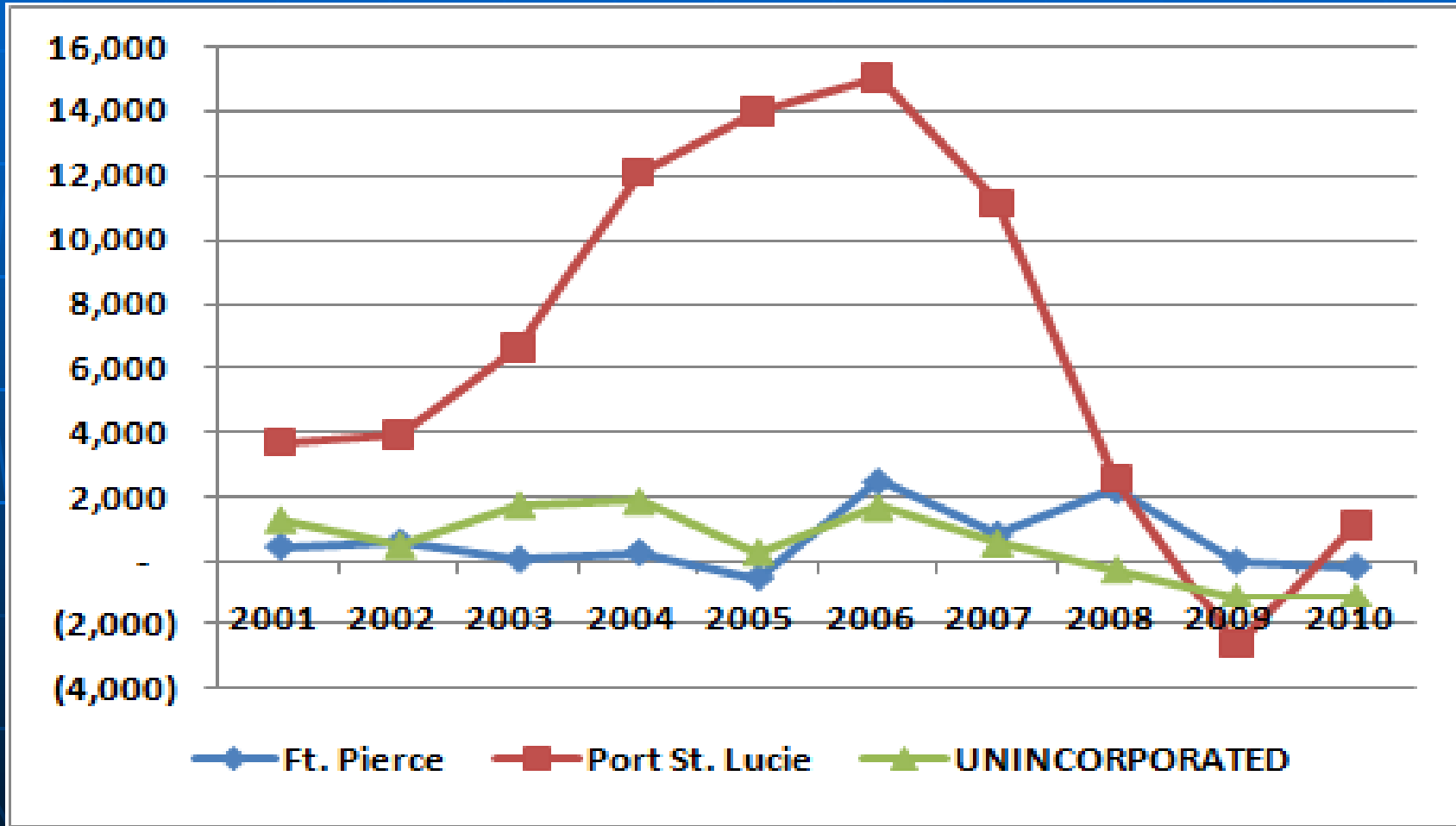


# St. Lucie County

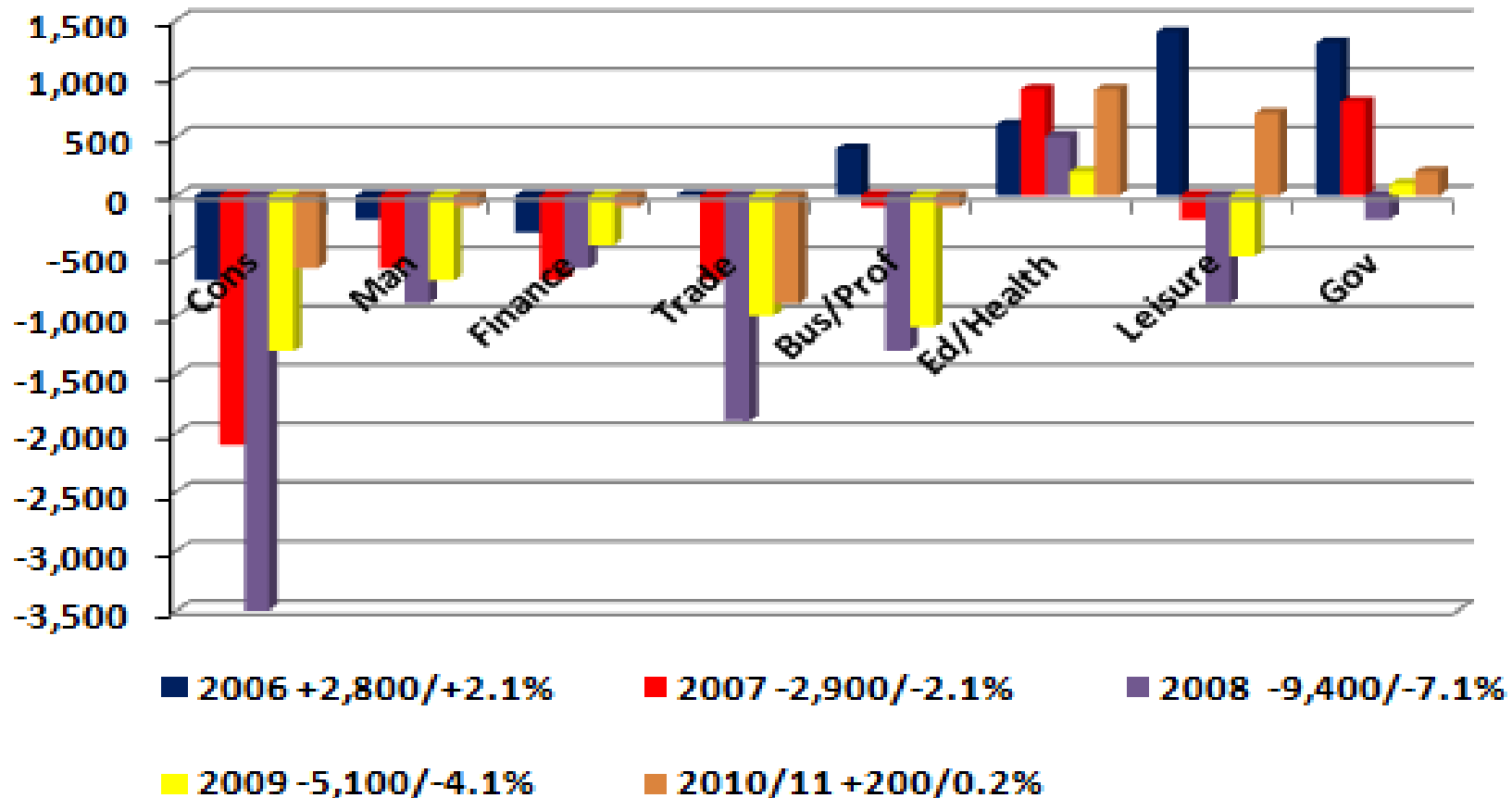
## Major Economic Drivers

- **Florida Center for Innovation “FCI”**
- **New interchange I-95@Becker Road**
- **Major new communities in Port St. Lucie and in St. Lucie County 6 million square feet of commercial and office space approved and 6 MSF in process**
- **The next major suburban office/commercial center on the southeast coast will be between Becker and Gatlin on I-95**
- **Successful biomedical complex – Torrey Pines/VGIT/Martin Memorial/Mann Institute/Digital Domain**
- **Growth restrictions in Martin and Palm Beach Counties divert growth into St. Lucie County**

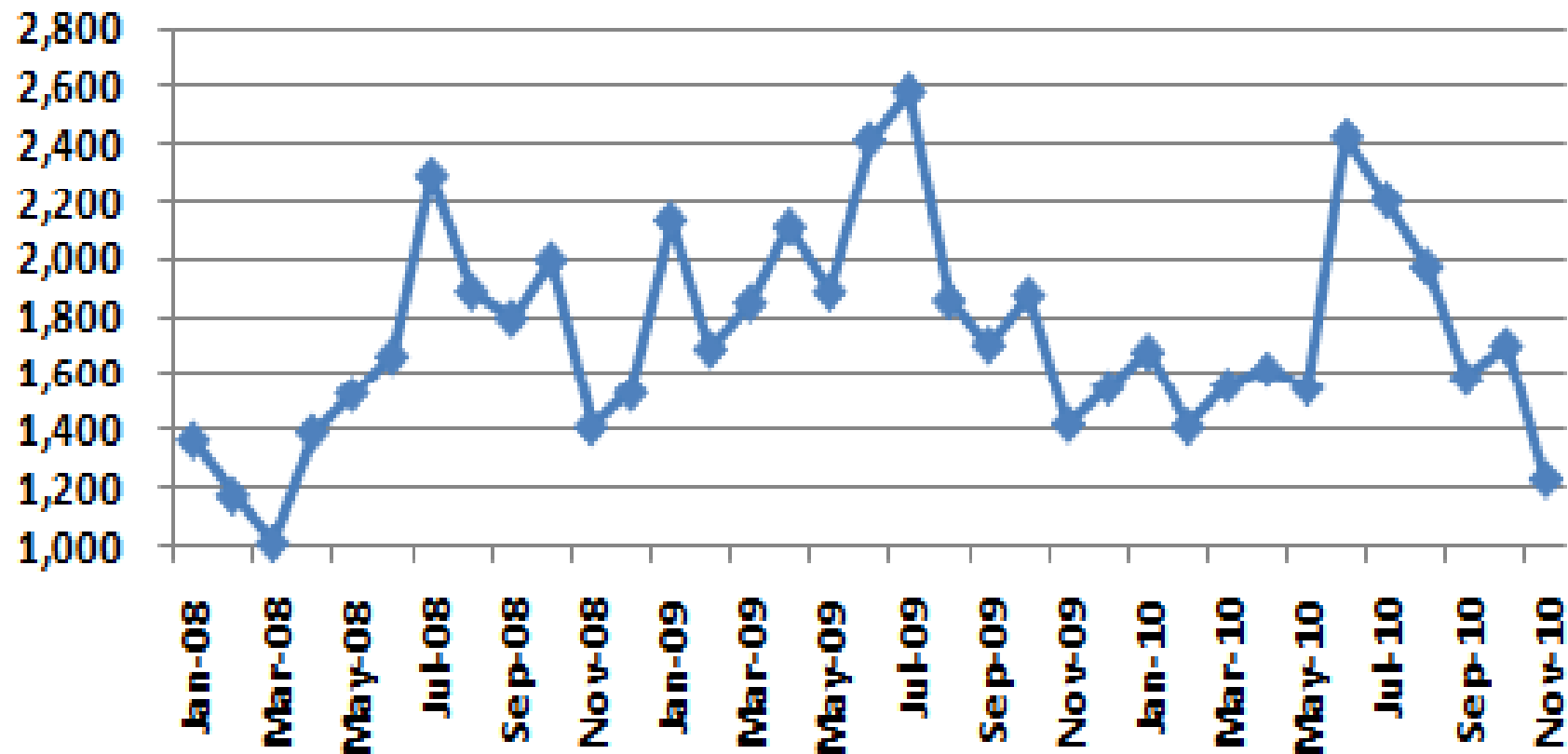
# St. Lucie County Population Growth



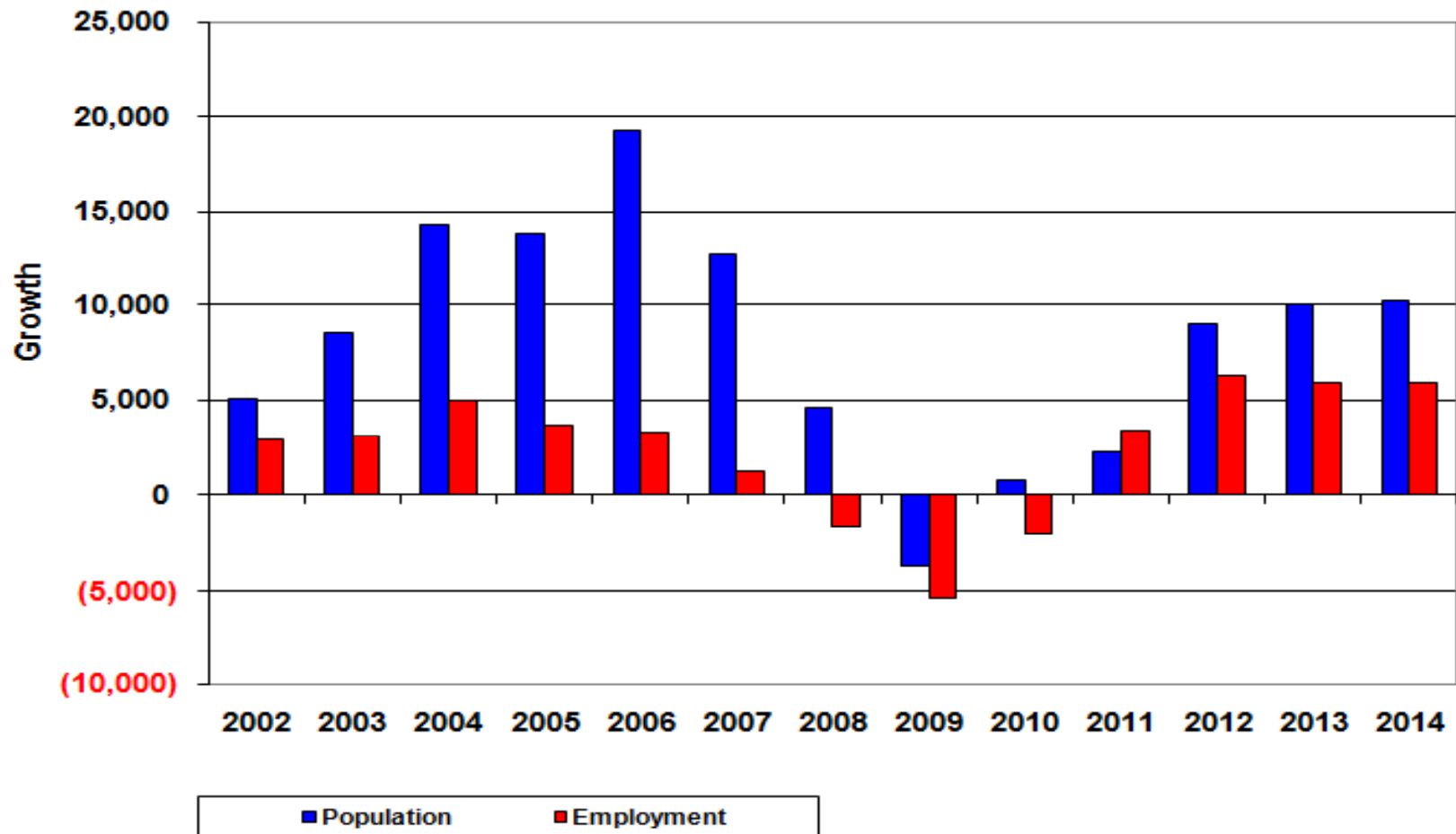
# St. Lucie Employment Growth Year-Over-Year



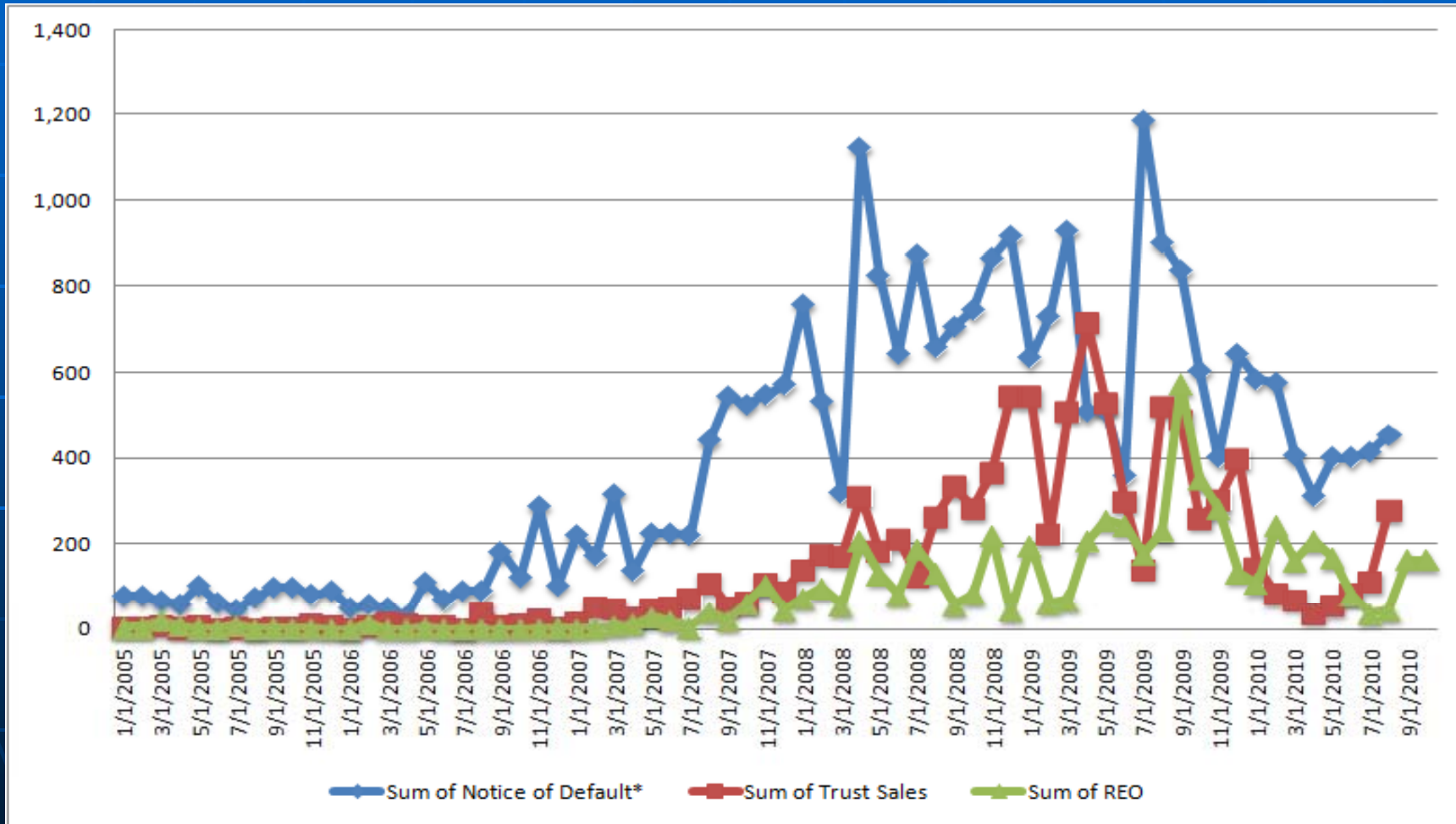
# St. Lucie County New Claims for Unemployment Compensation



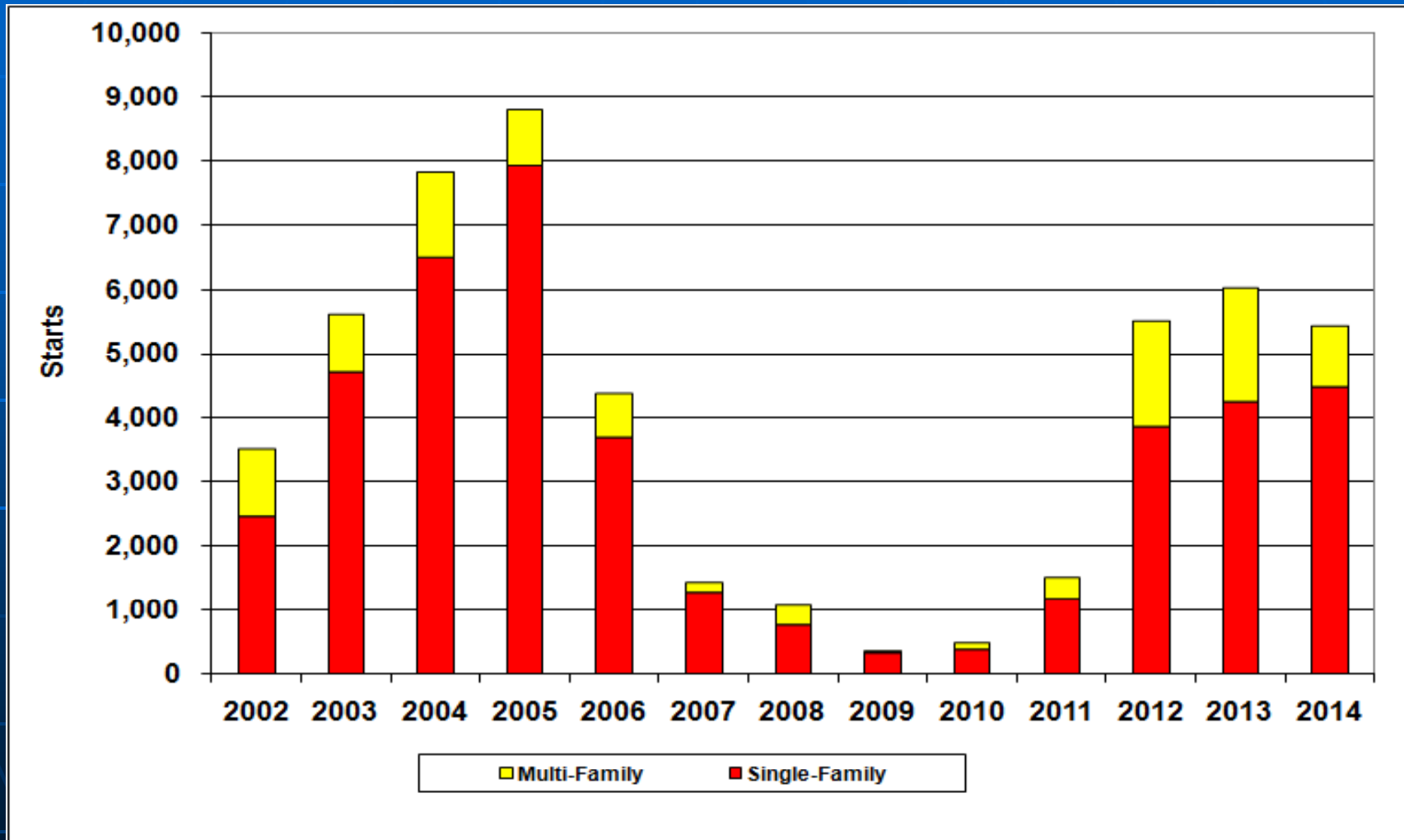
# ST. LUCIE COUNTY GROWTH OF POPULATION & EMPLOYMENT



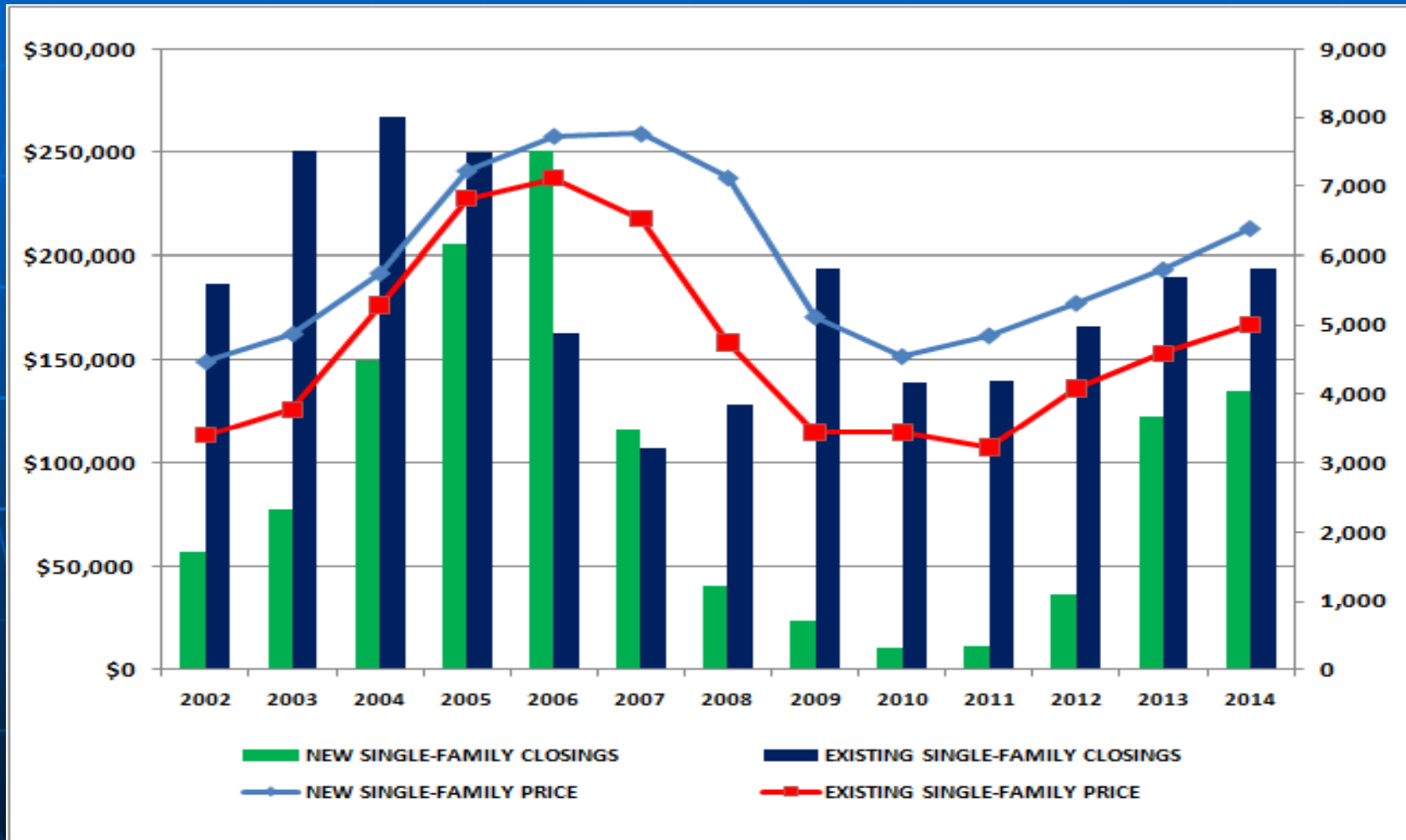
# St. Lucie Foreclosures



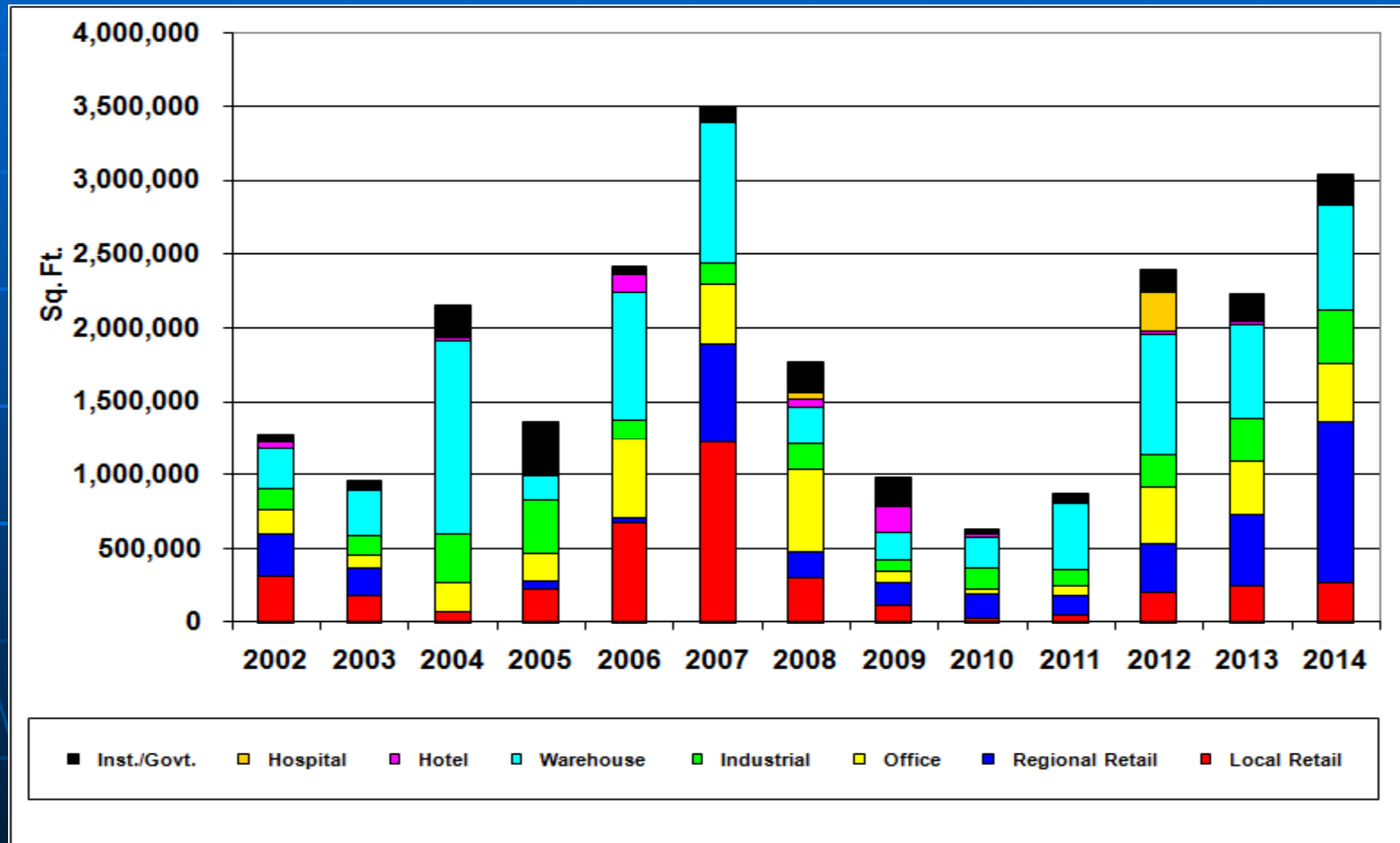
# ST. LUCIE COUNTY HOUSING STARTS



# Closing Volume and Average Prices for SF Homes



# St. Lucie County Non Residential Construction (sqft)



# Martin County

## Major Economic Drivers

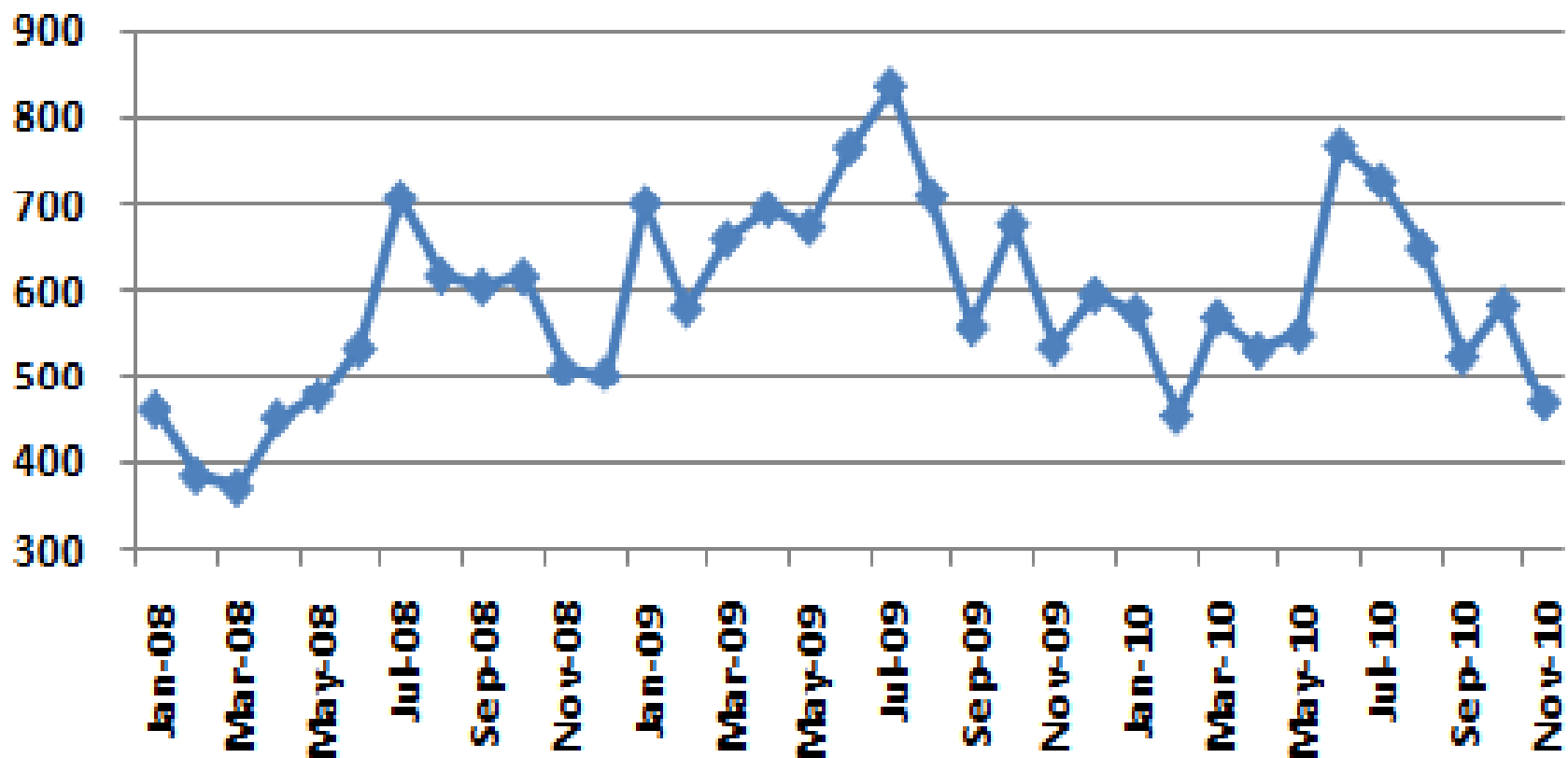
- Retirement, tourism and luxury residential development drive the economy.
- Broward County is almost built out and Palm Beach County has chosen to restrict future growth. This pushes growth pressures up the coast, but Martin has chosen to restrict its growth as well and focus on high end development.
- The political environment has been hostile to economic development and to population growth, and there is every reason to believe that this posture will remain in place.

# Martin County Population Growth

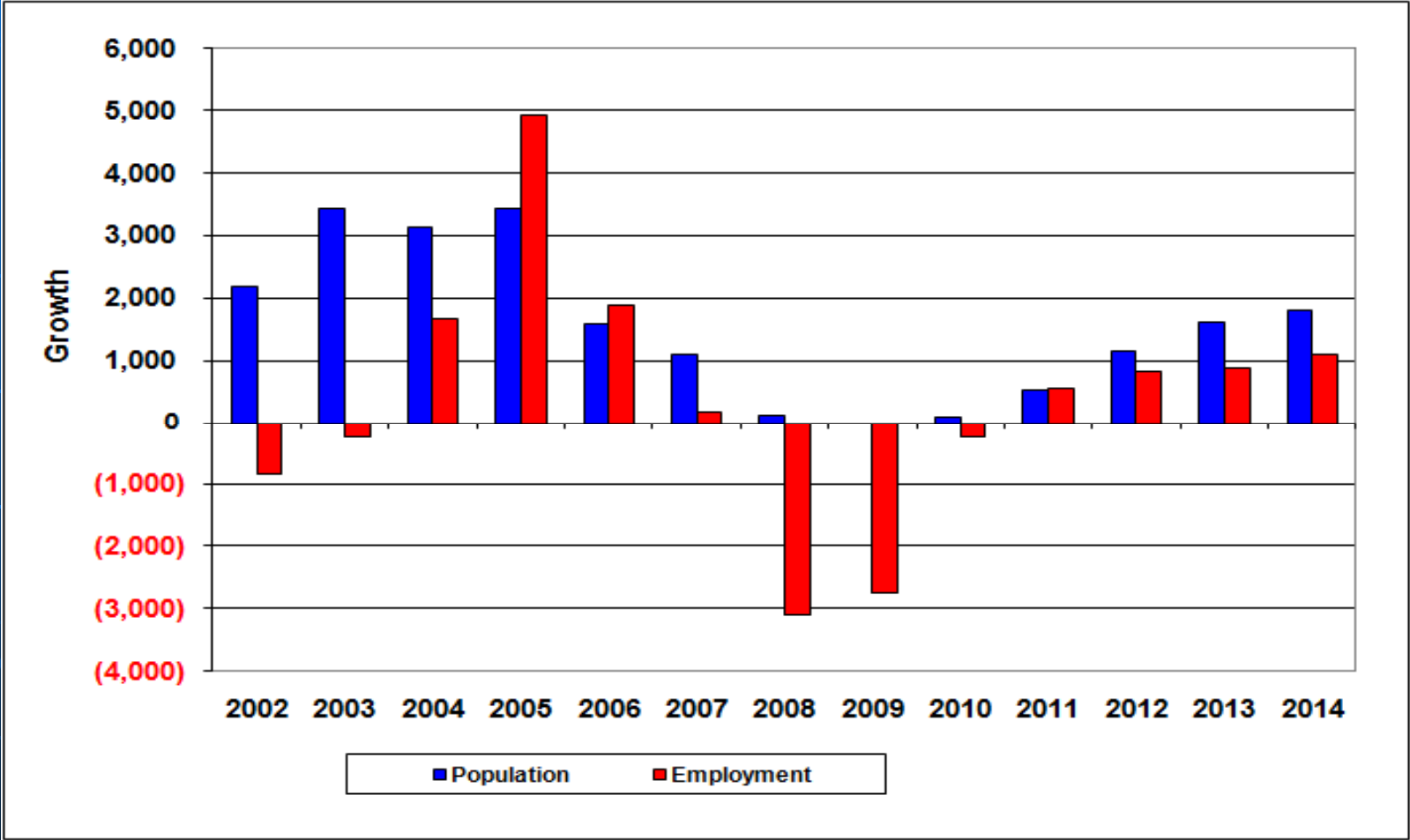
Area	2007-08	2008-09	2009-10
MARTIN	131	-12	-79
Jupiter Island	3	19	3
Ocean Breeze Park	0	0	-13
Sewalls Point	4	77	1
Stuart	13	-94	-146
UNINCORPORATED	111	-14	76

# MARTIN COUNTY

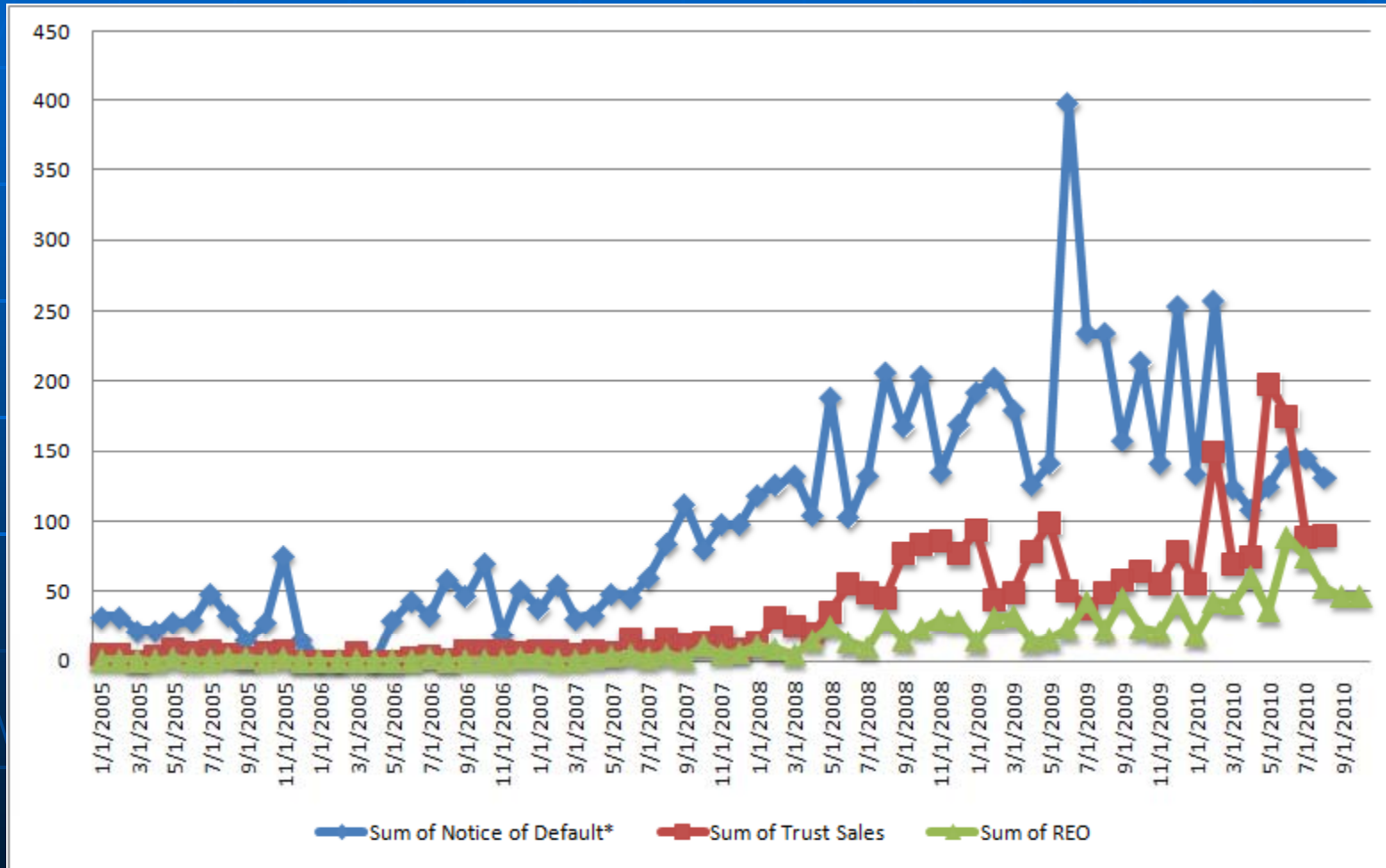
## New Claims for Unemployment



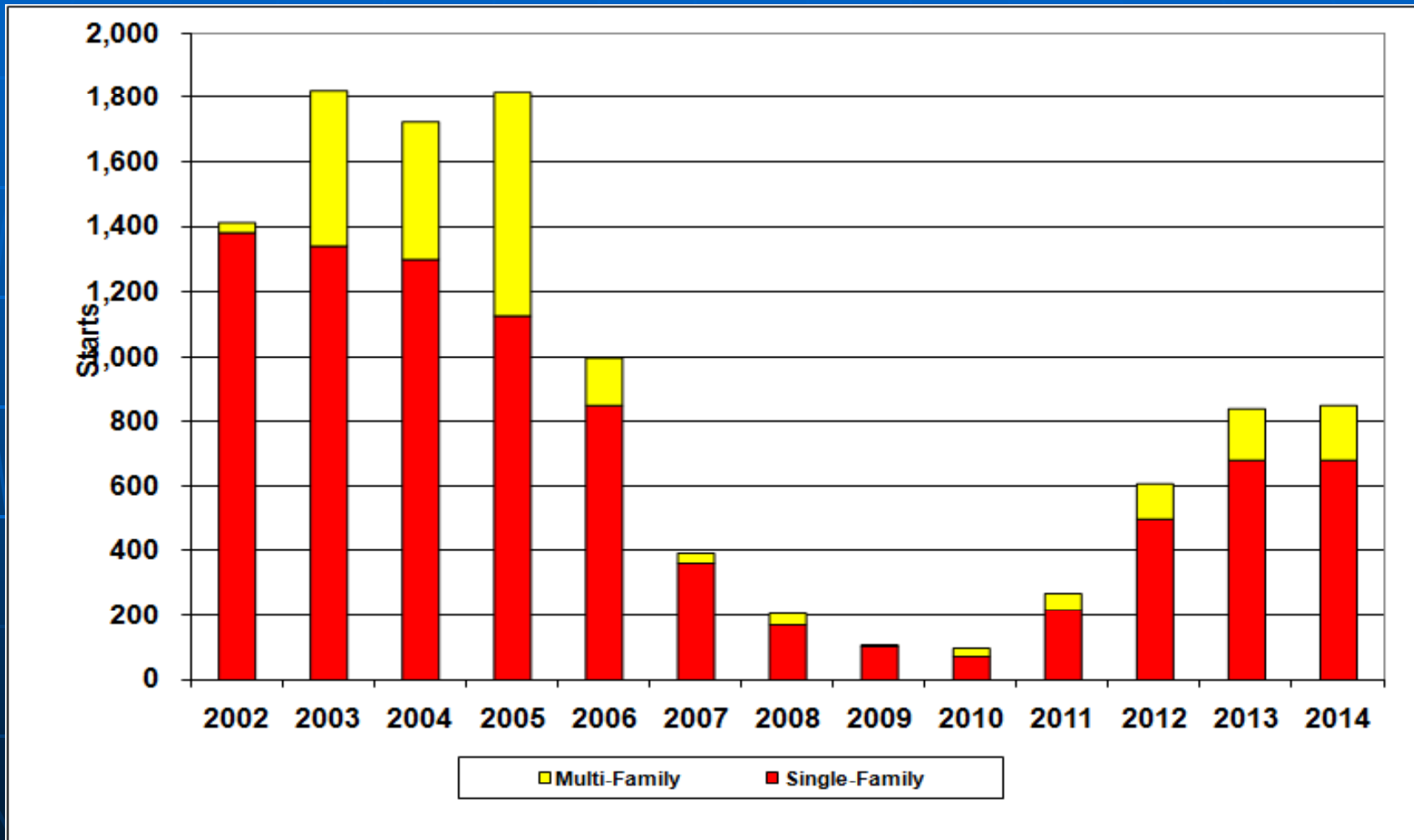
# MARTIN COUNTY GROWTH IN POPULATION & EMPLOYMENT



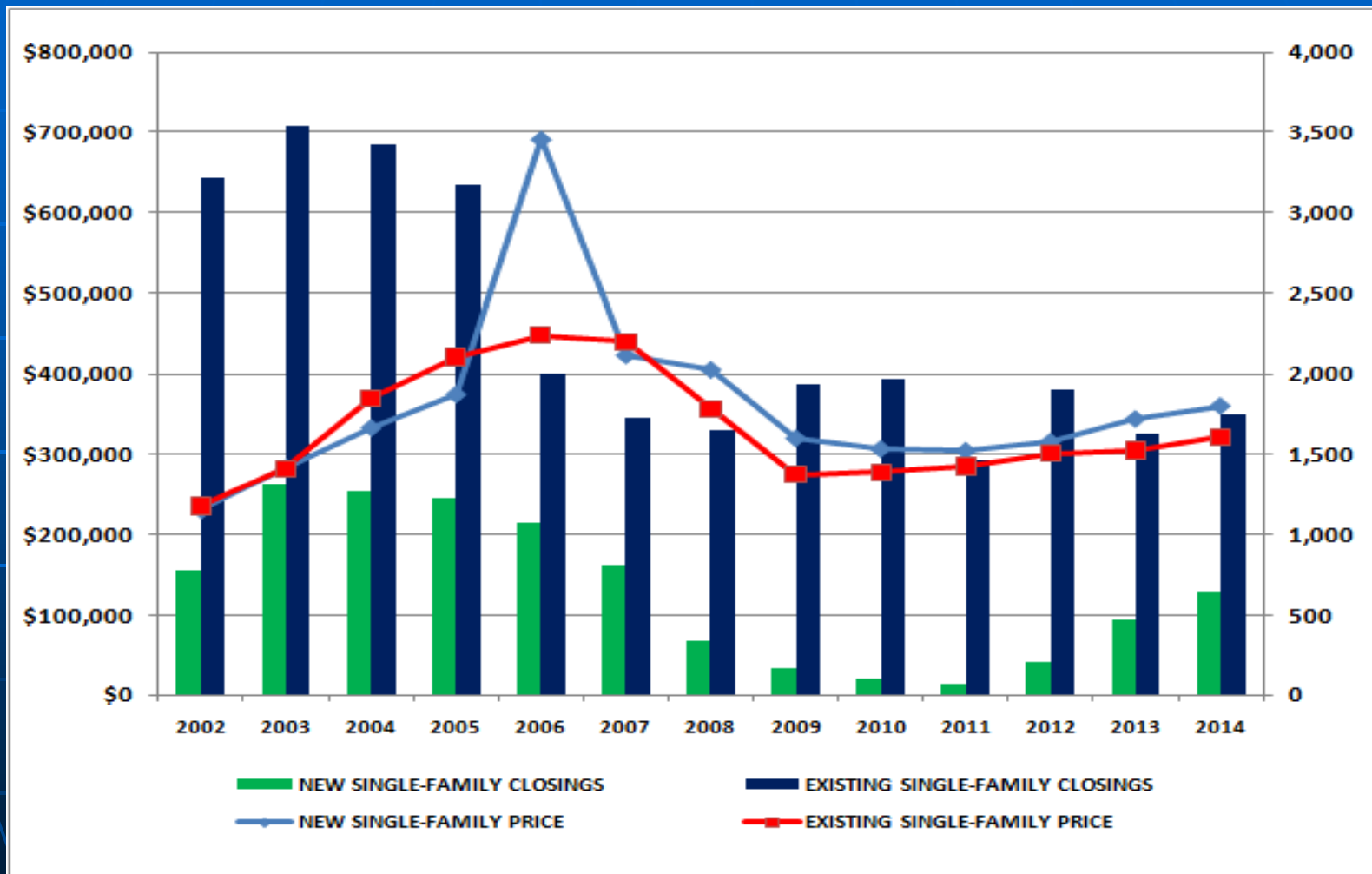
# Martin County Foreclosures



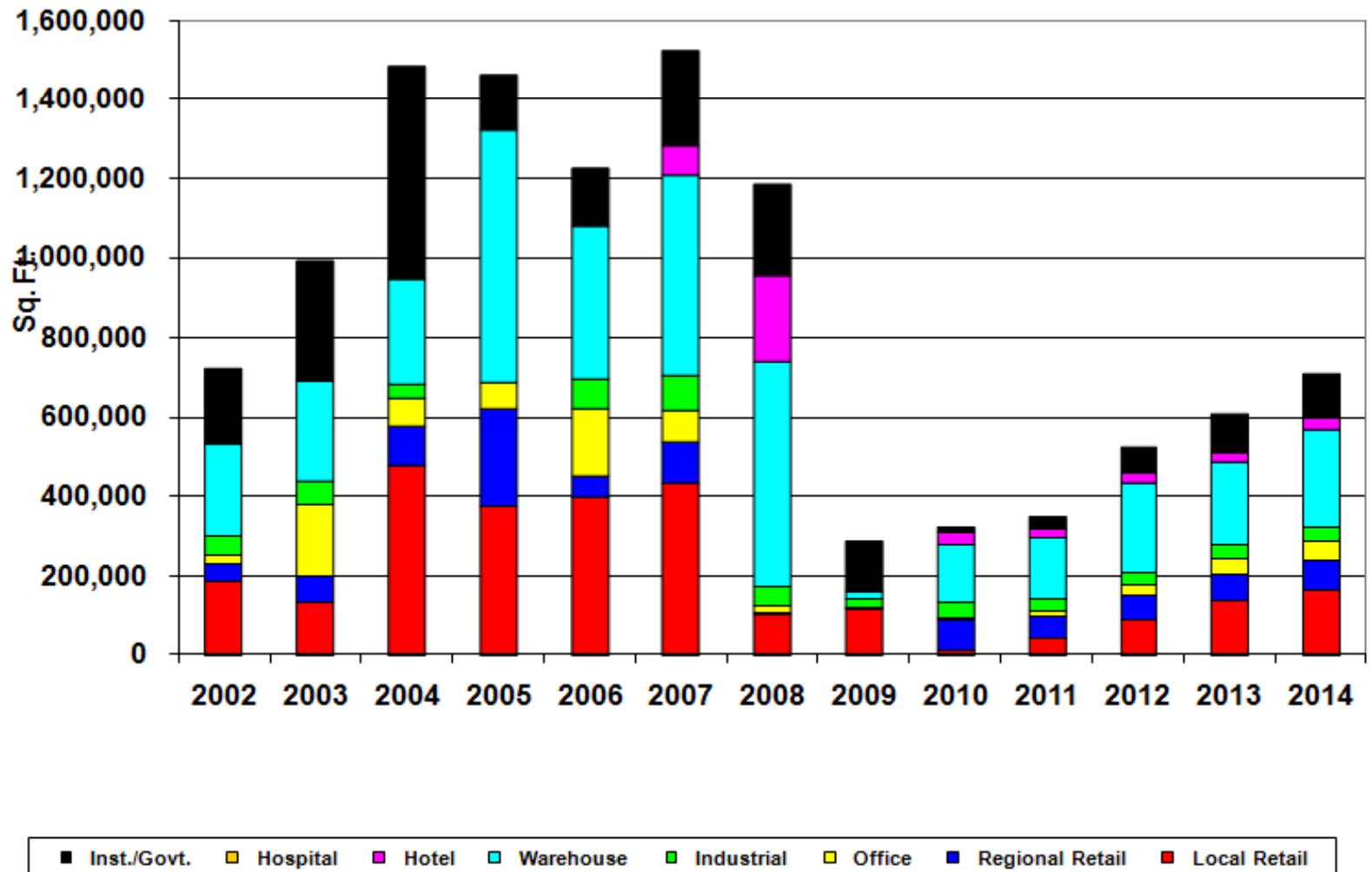
# MARTIN COUNTY HOUSING STARTS



# Single-Family Closings



# Martin County Commercial Construction



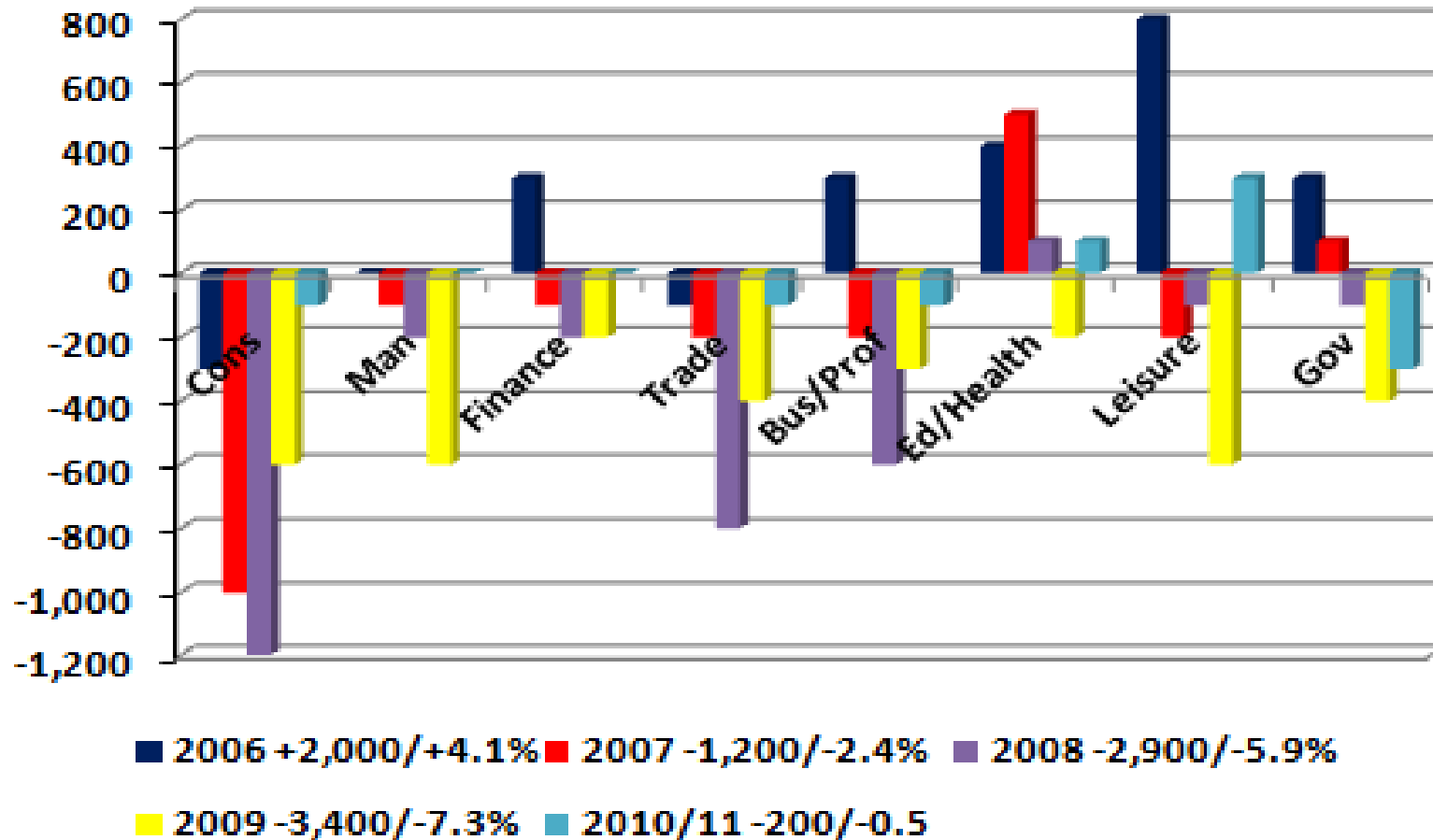
# Indian River County Major Economic Drivers

- Retirement and tourism drive this economy.
- Piper and other manufacturers have been on the wane
- County is unwilling and unable to do what needs to be done to retain and grow the area's economic base
- The area is too far from major airports to sustain strong sustained growth
- Quality of life is excellent and Vero remains very attractive

# Indian River County Population Growth

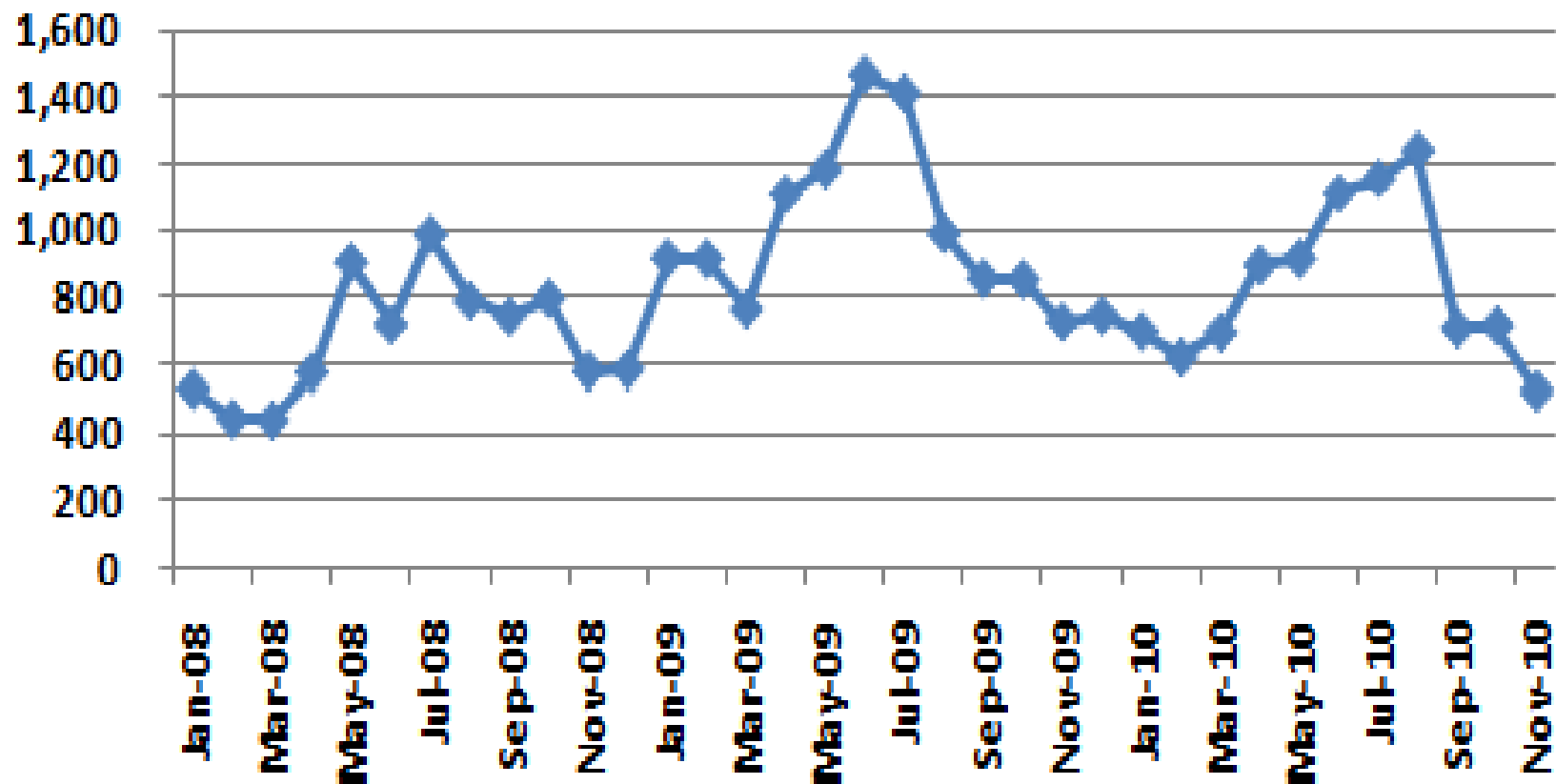
Area	2007-08	2008-09	2009-10
INDIAN RIVER	1,910	(192)	534
Fellsmere	421	75	157
Indian River Shores	155	(25)	5
Orchid	2	-	(1)
Sebastian	498	(202)	200
Vero Beach	(171)	(34)	-
UNINCORPORATED	1,005	(6)	173

# Employment Growth Year-Over-Year

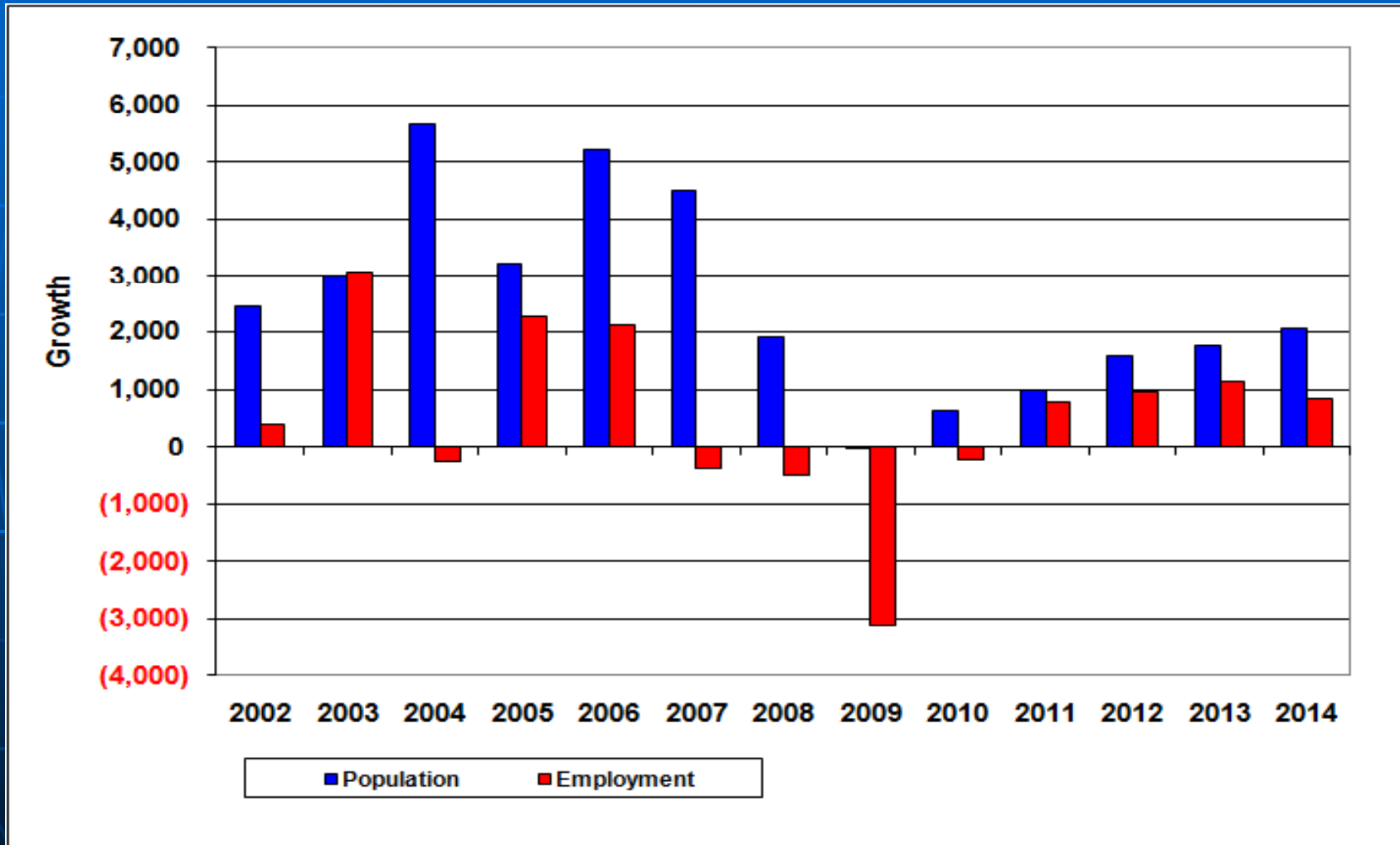


# INDIAN RIVER COUNTY

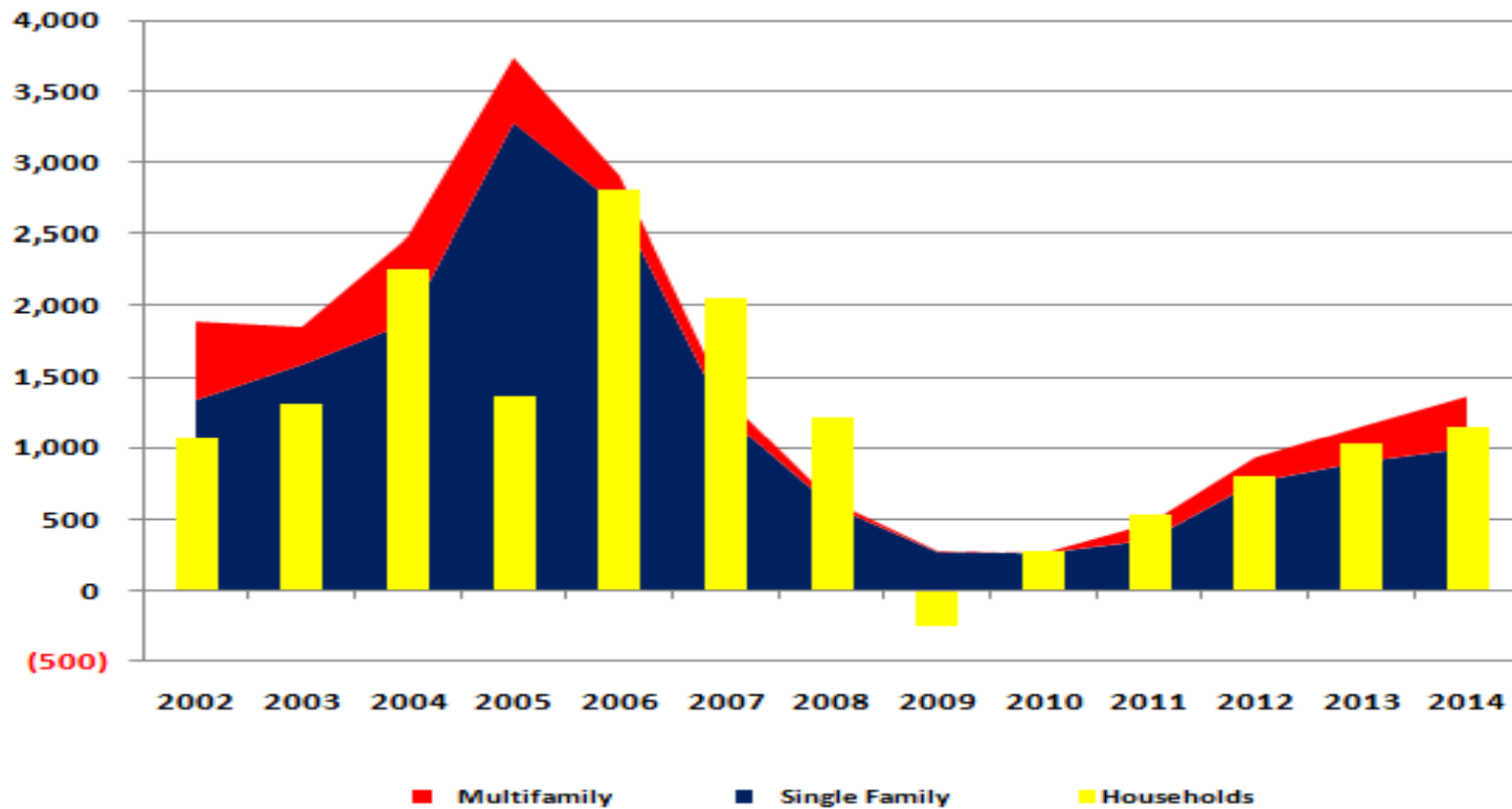
## New Claims for Unemployment



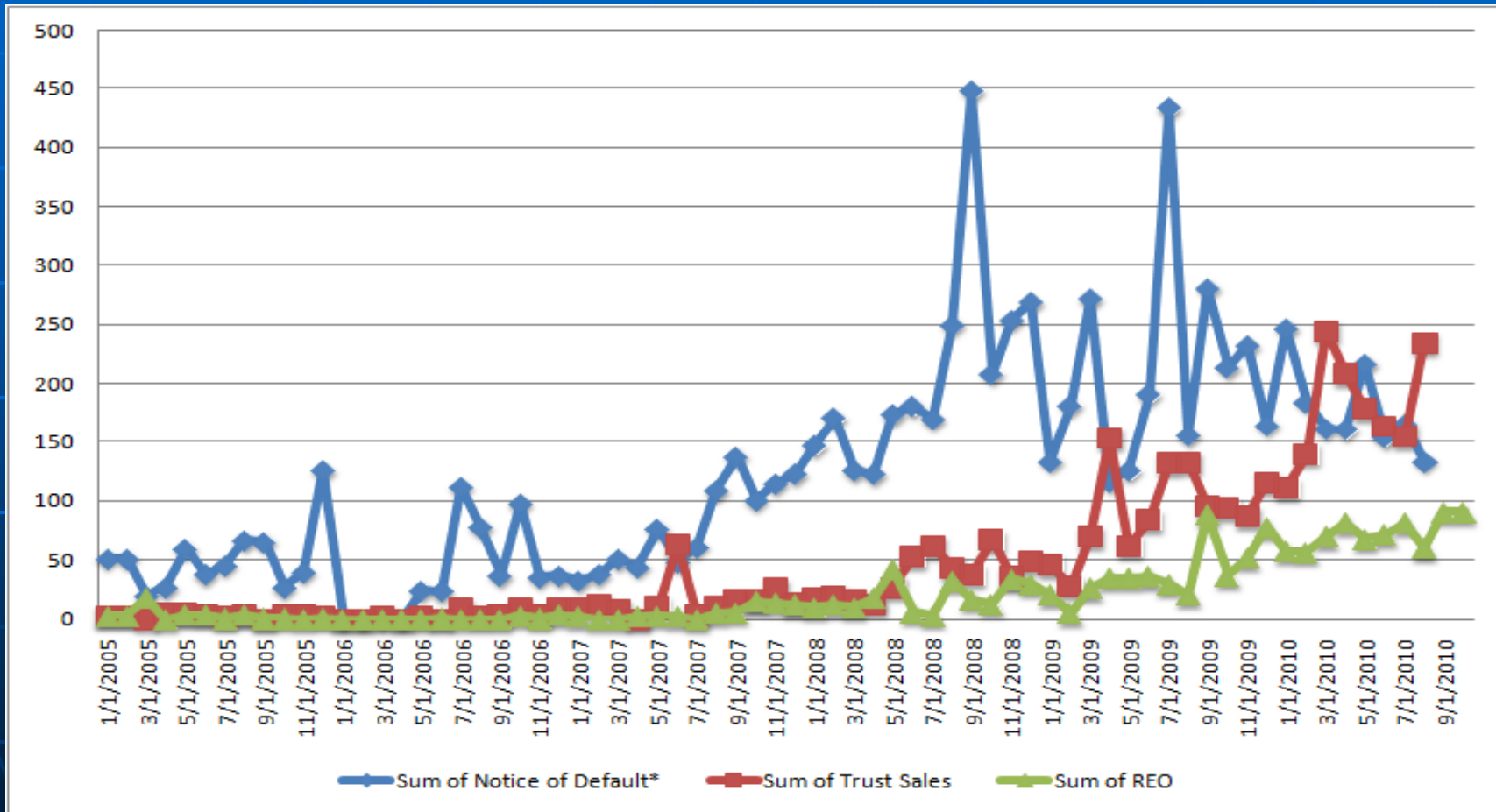
# Indian River County Growth



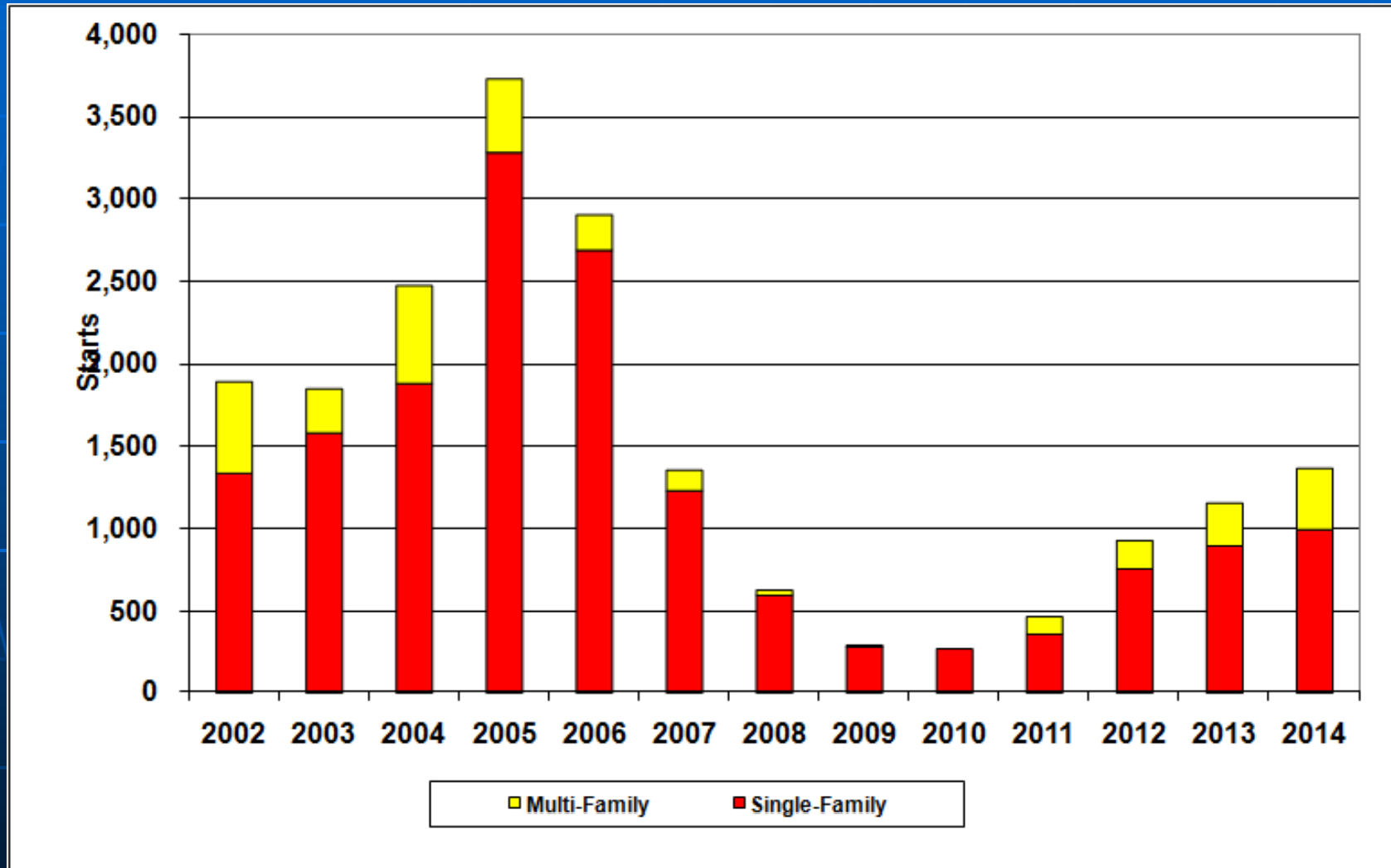
# Indian River County Growth in Households v. Starts



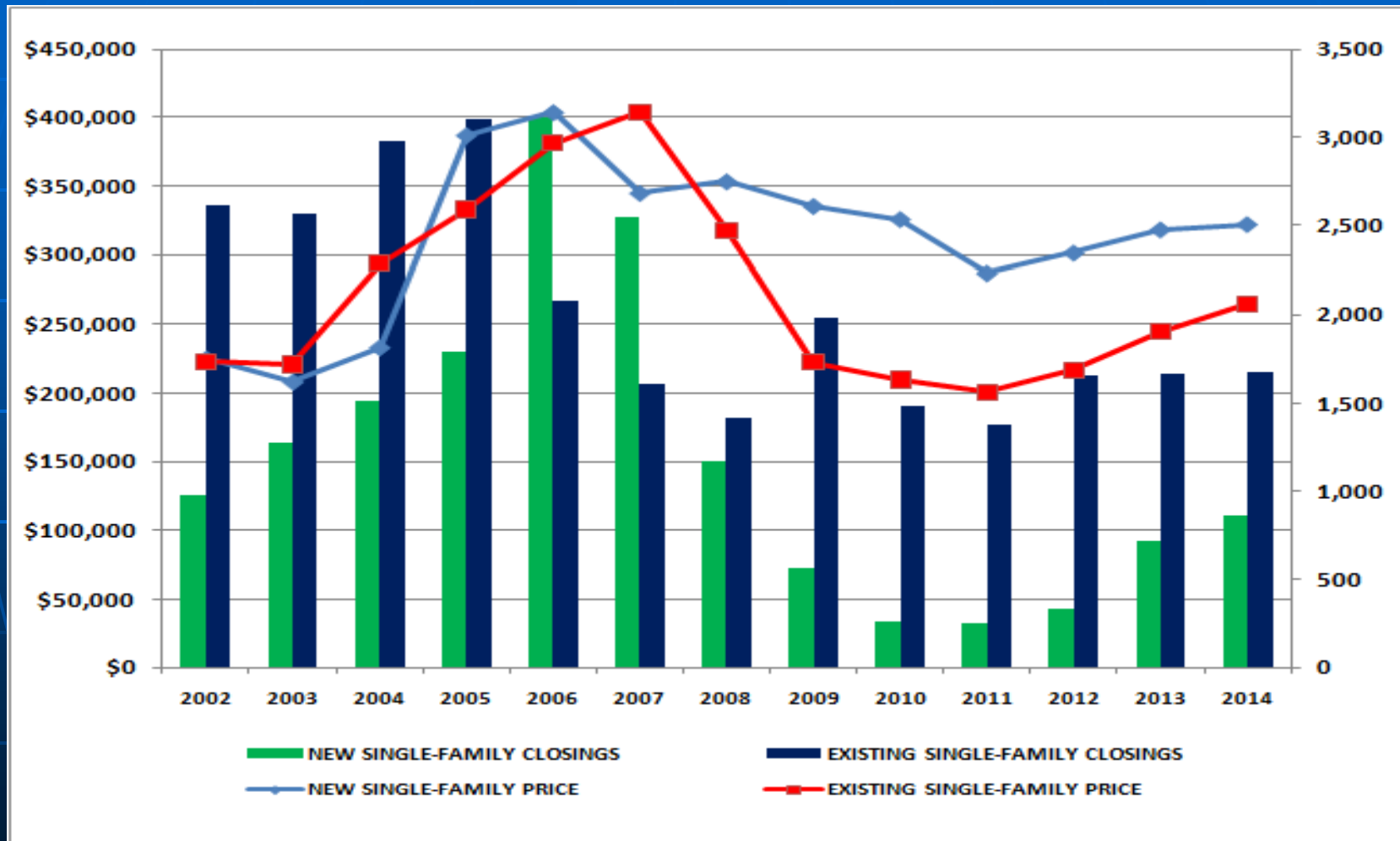
# Indian River Foreclosures



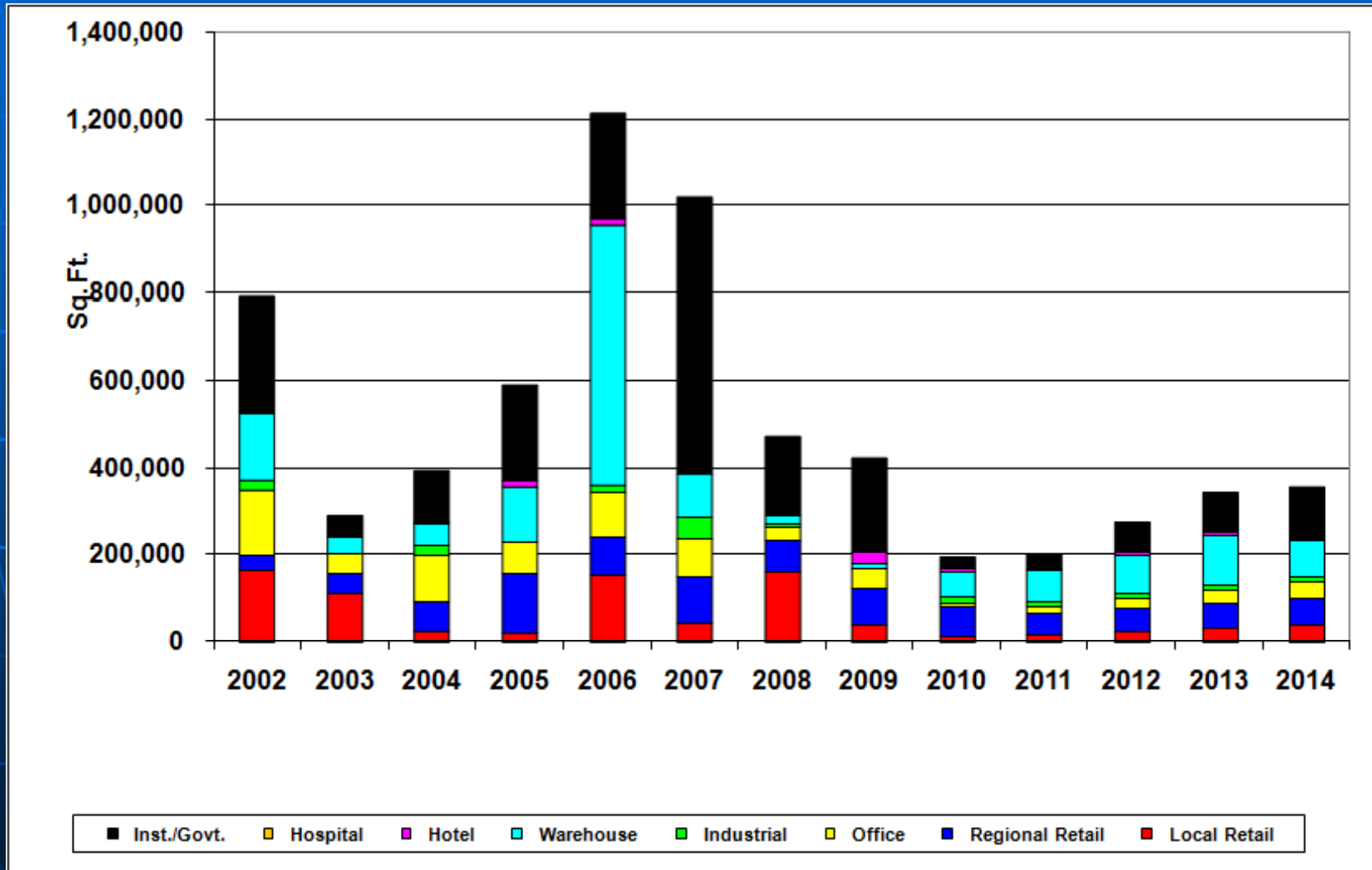
# Indian River Housing Starts



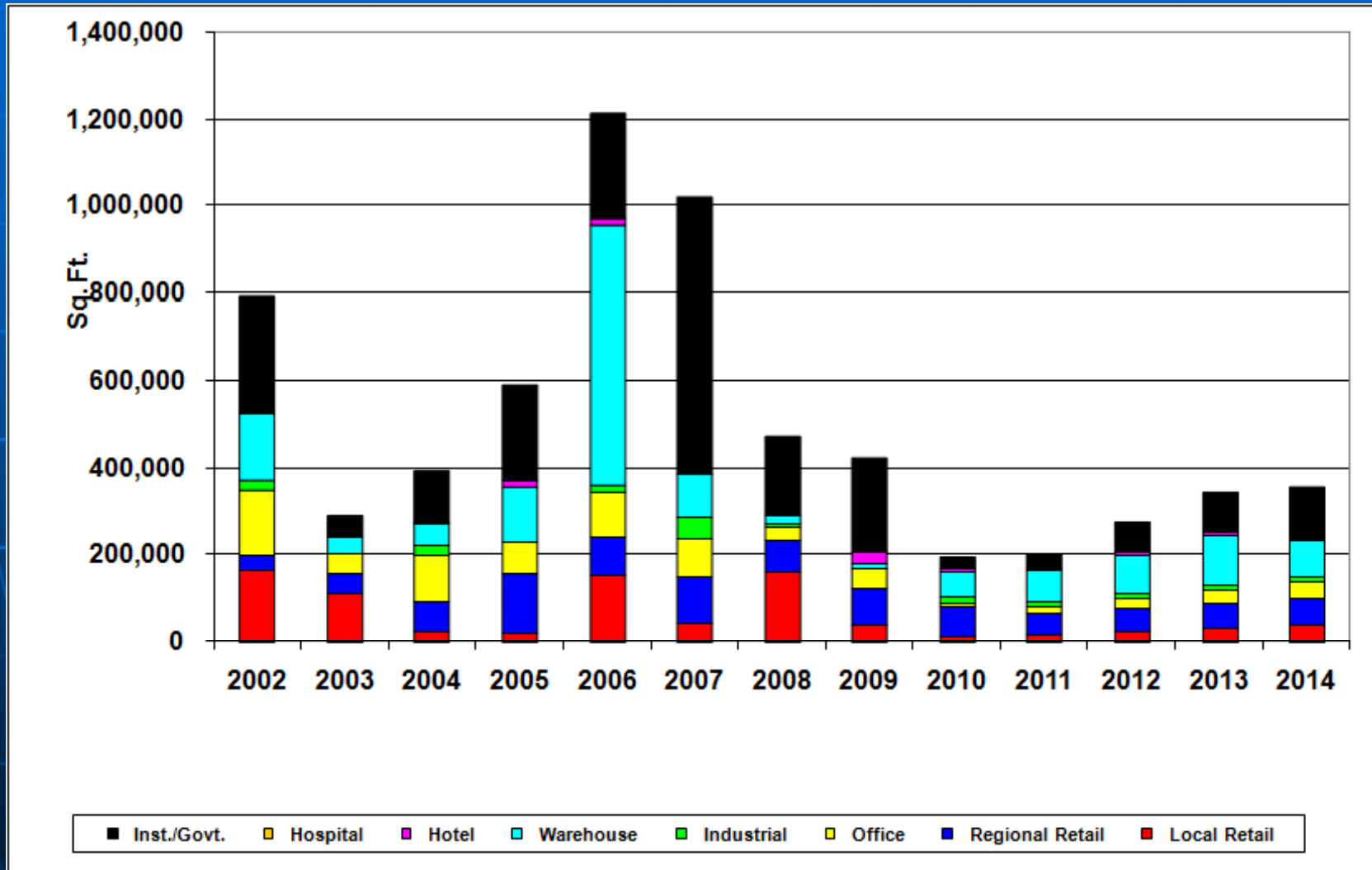
# Single-Family Closings



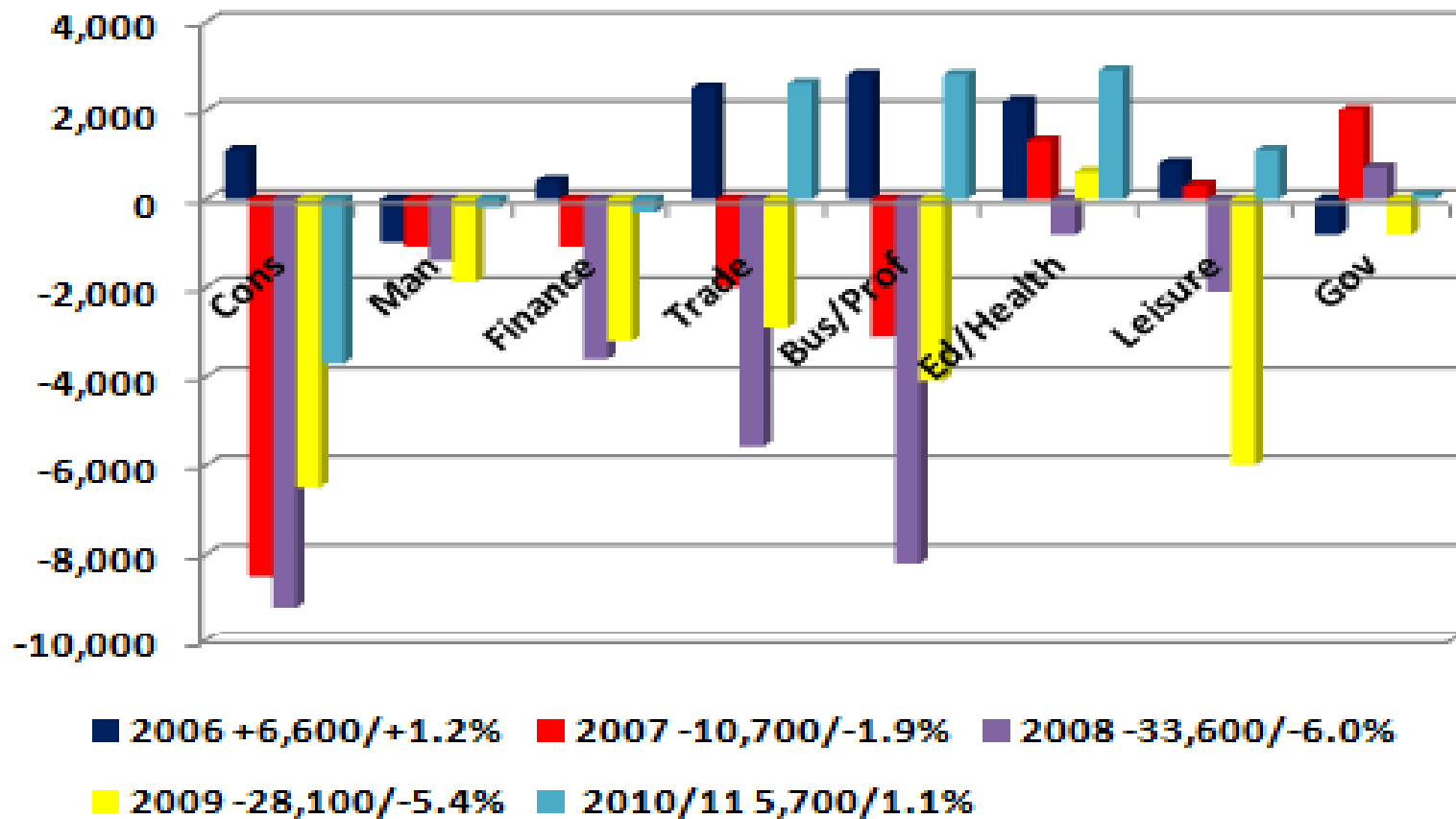
# Indian River County Non Residential Construction (sqft)



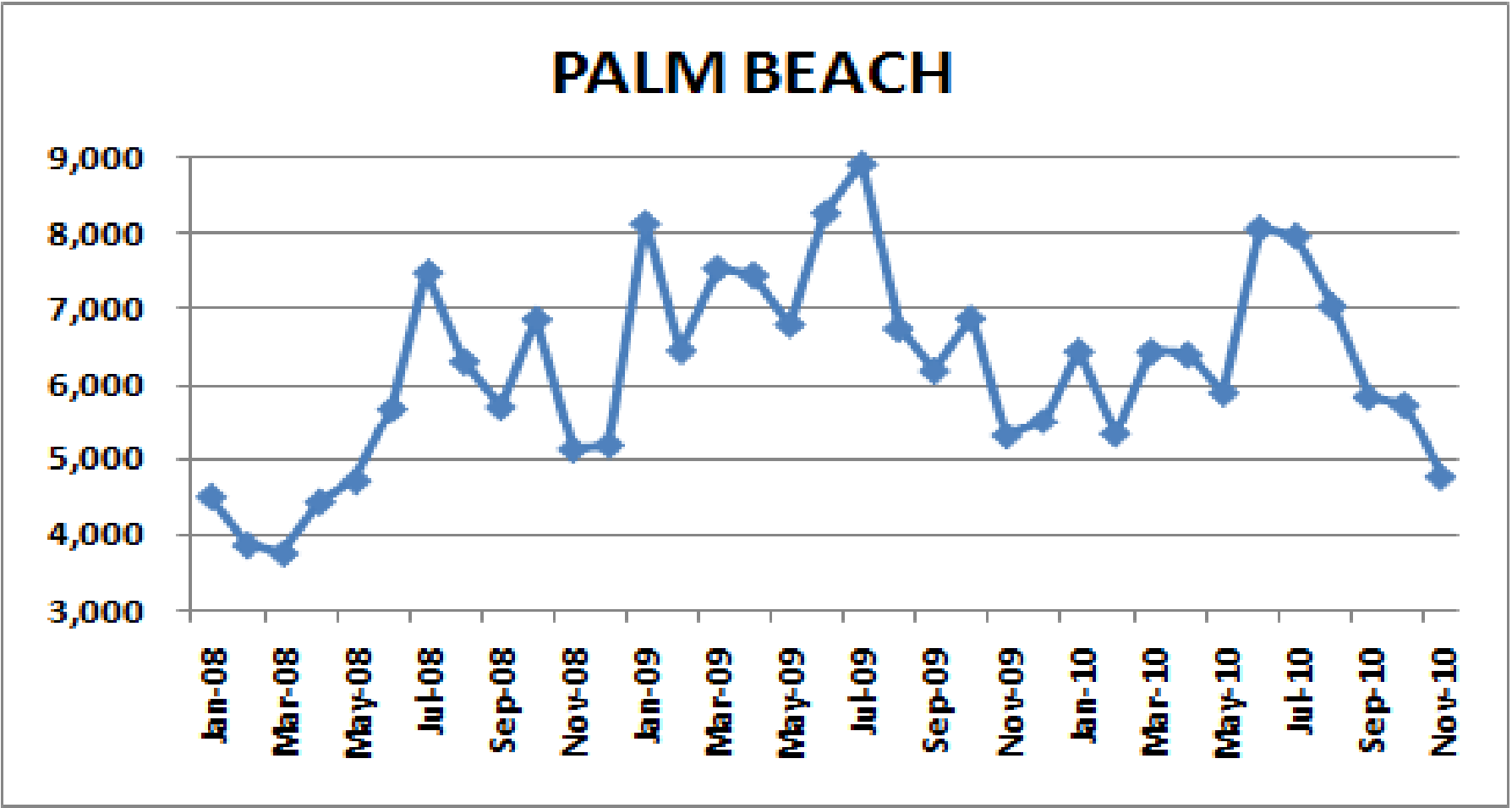
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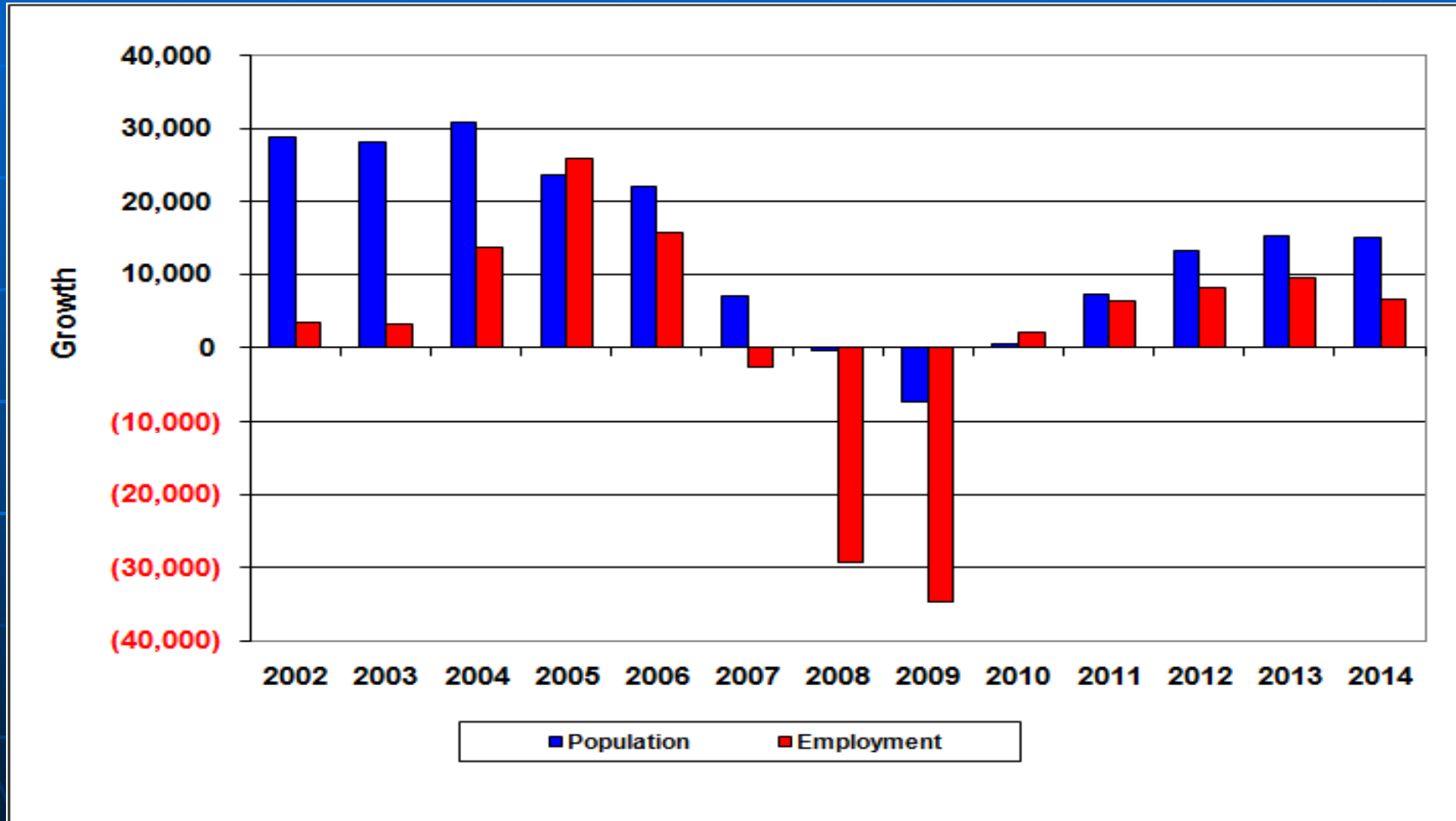
# Palm Beach Employment Growth Year-Over-Year



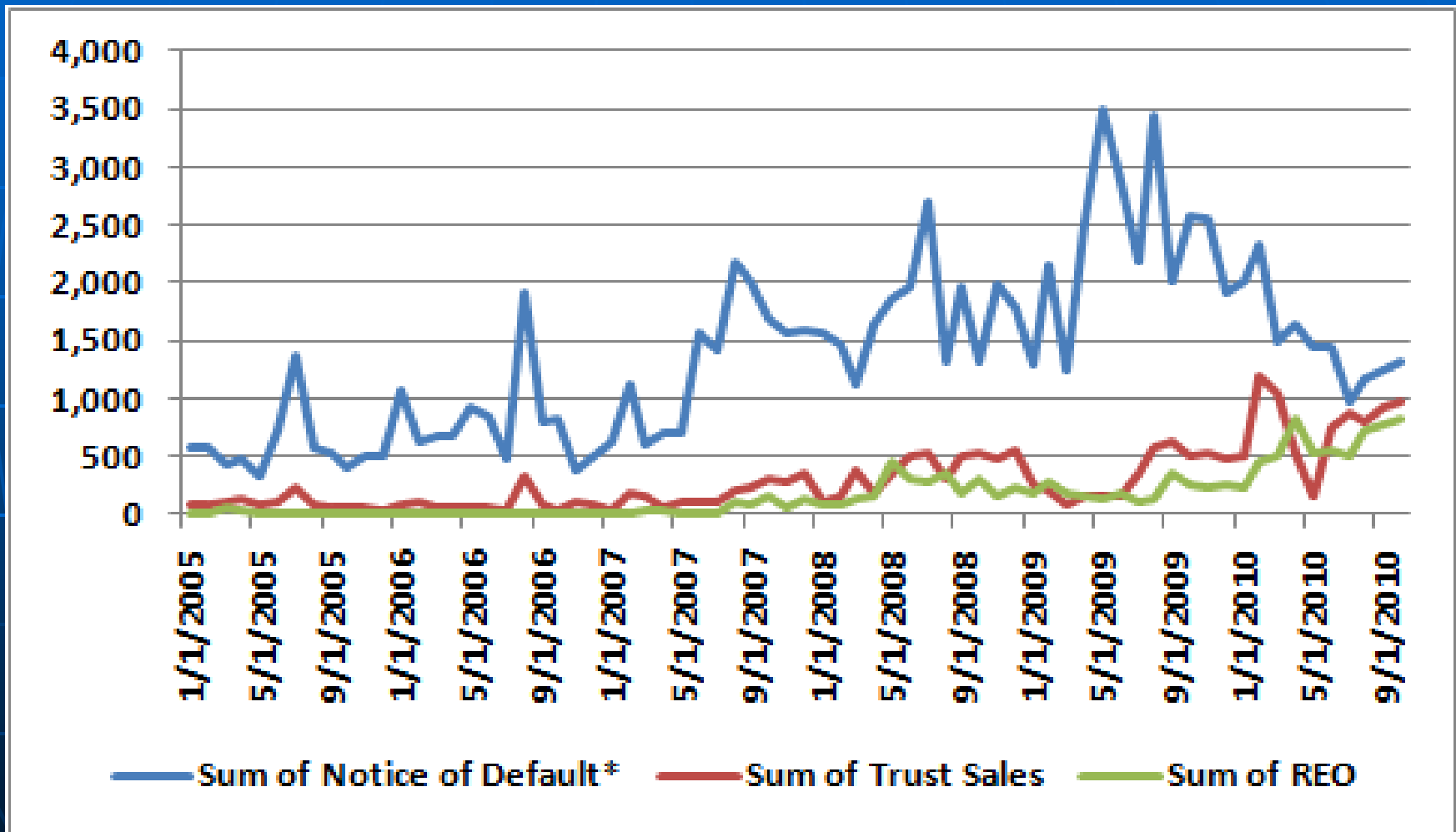
# New Claims for Unemployment Compensation



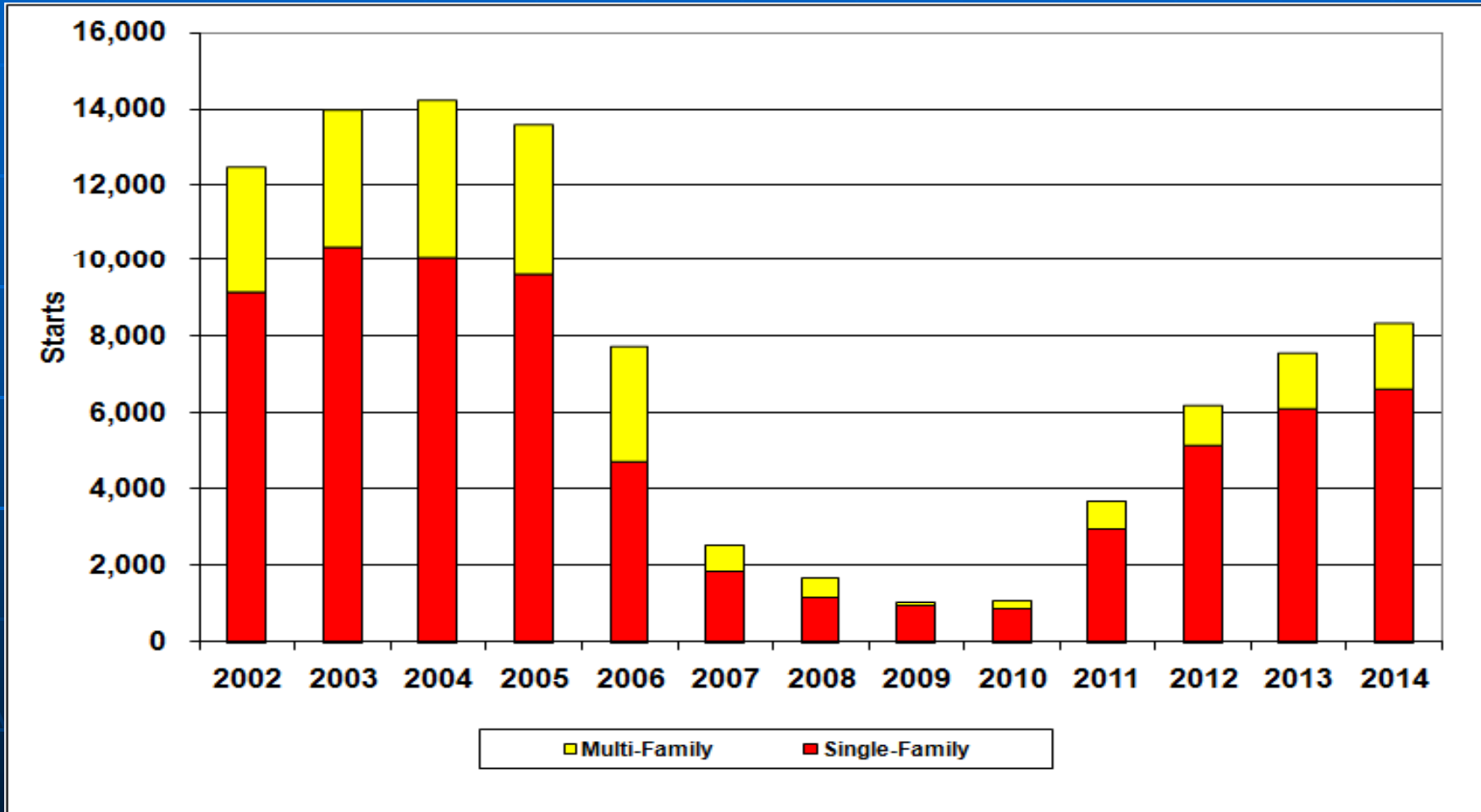
# PALM BEACH GROWTH IN POPULATION & EMPLOYMENT



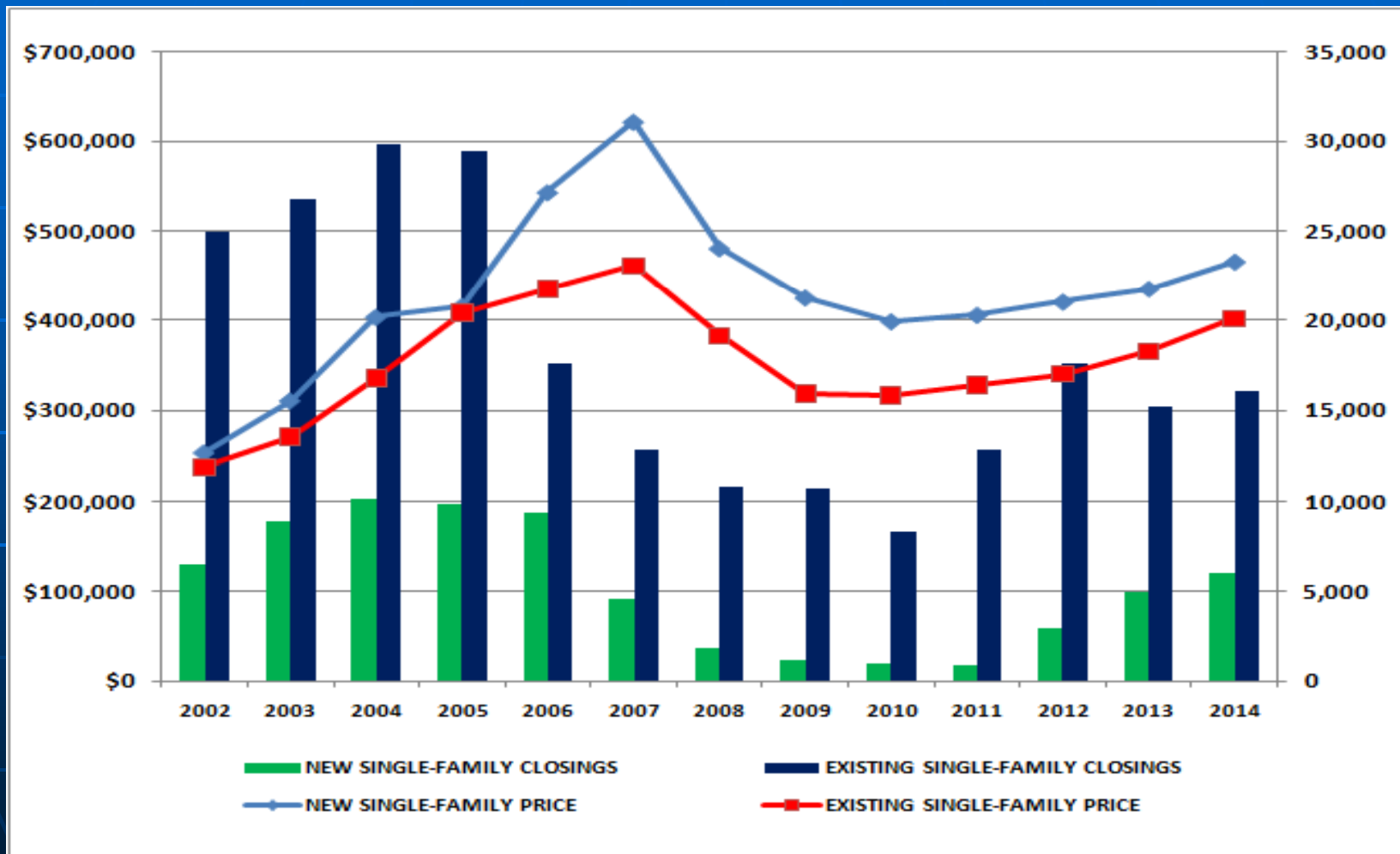
# Palm Beach Foreclosures



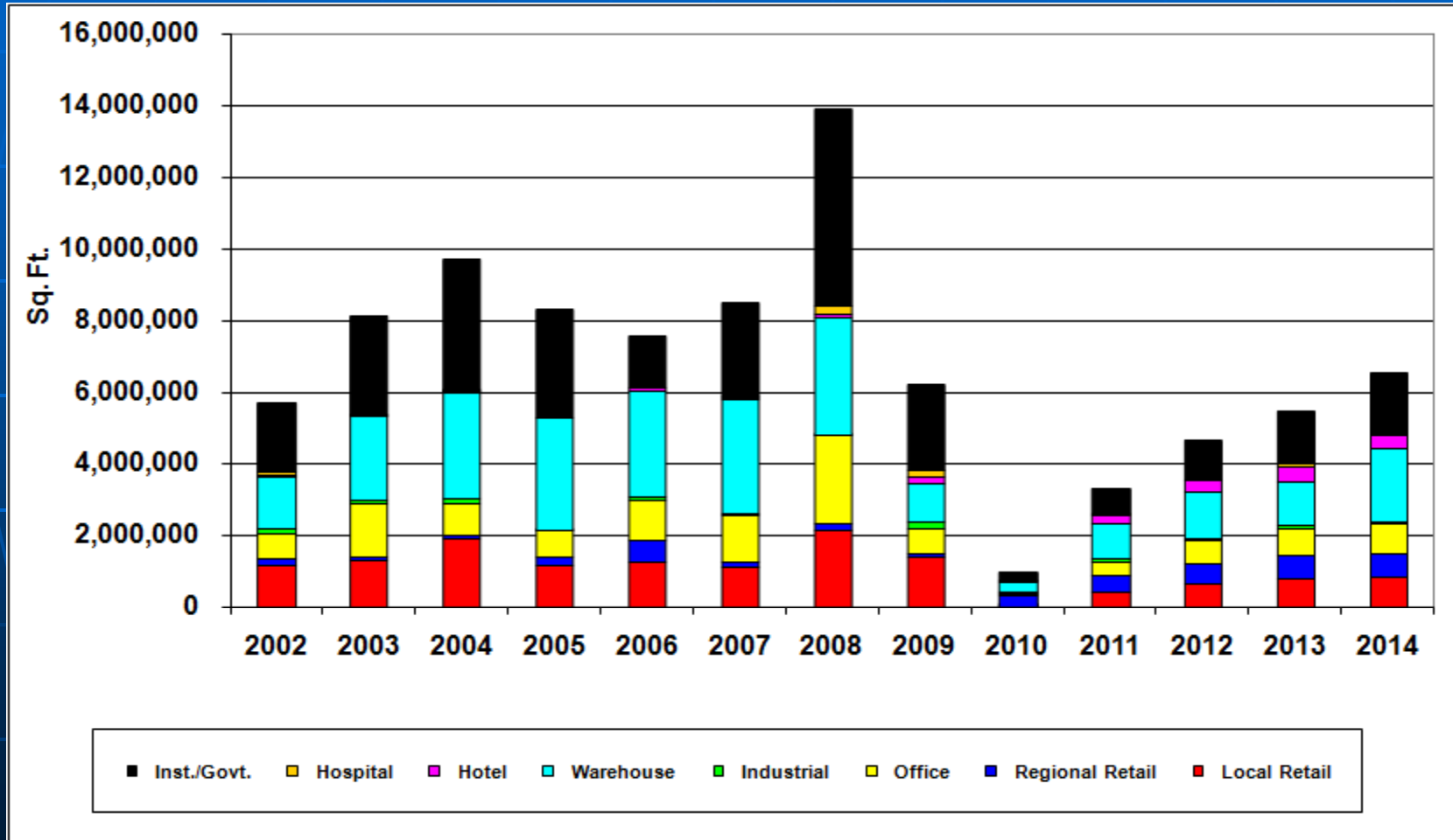
# PALM BEACH COUNTY HOUSING STARTS



# Single-Family Closings



# PALM BEACH COUNTY NON RESIDENTIAL CONSTRUCTION (SQUARE FEET)





The End

# QUESTIONS?

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