

Economic Perspectives

Florida's unemployment rate rises to 10.2%

Most Seacoast served counties now in double digits

June 24, 2009

After dipping modestly in April, Florida's unemployment rate surged to 10.2% in May turning in the worst performance in 30 years. Florida employers shed another 26,000 jobs in May leaving 943,000 Floridians jobless out of a labor force of 9,232,090. Florida has lost 417,500 jobs year over year. Nationally, non farm payrolls declined by 345,000 jobs swelling the ranks of unemployed by 787,000 and bringing total unemployed to 14.5 million and an unemployment rate of 9.4%. The number of unemployed persons nationally has increased by 7.0 million since the recession officially began in December 2007 and the nation's unemployment rate has risen by 4.5 percentage points.

Eighteen months into the recession, payroll employment continues to fall, unemployment continues to rise and there is almost certainly more to come. Employment is unlikely to find bottom until late 2009 or perhaps into 2010. The unemployment rate is not likely to stop climbing until mid 2010. This is characteristic of virtually every recession since World War II as employment tends to lag recovery of the broader economy. Indeed, the recovery from the current recession may be a jobless recovery just like it was early in the decade after the dot com | 911 recession. At that time job losses continued even as the broader economy began to show robust growth.

As the economy recovers from the current recession, employers will almost surely be slow to rehire. As a result, it may be several years before there is full recovery in the labor market.

Looking behind the numbers. Professional and business services lost the most jobs year over year at 92,600 (8.0%). The sector has been trending down steadily since the real estate bubble burst nearly three years ago. The construction sector also continued to lose jobs. May 2008 to May 2009, the sector lost 90,800 jobs (17.4%). The industry was propped up temporarily as workers took their skills from the residential to the commercial real estate sector. Now that the commercial sector is also in decline, construction is losing more jobs.

Trade, transportation and utilities lost 82,200 jobs (5.2%). That too is largely a result of the real estate decline where fewer goods are transported and there is reduced demand for utility services.

Leisure and hospitality employment increased long after the housing bubble burst. Today, however, the industry is feeling the full force of the recession as consumers cut back on both business and personal travel. In May, the sector lost 55,100 jobs (5.8%) year over year.

Similarly, local government increased employment even as other sectors shed jobs. Today, however, local government has entered the loss column with a loss of 12,500 jobs. Given severe budget constraints at all levels of government from municipal to

state, and reduced ad valorem tax revenue becoming the norm, we expect the local government sector to shed jobs for the next year. The wild card is, of course, the impact of federal stimulus spending which could temporarily reverse the downward trend.

Other sectors losing jobs include financial services — another victim of the housing crisis which began with residential and moved into commercial real estate. A total of 23,500 jobs were lost in May year over year.

The only major sector experiencing employment growth was education and health care. Most of the 5,000 job increase was in nursing and residential care facilities. Both public and private education payrolls are shrinking as a result of declining school enrollment around the state and particularly in the areas most affected by construction job losses.

Unemployment Rates In Seacoast Served Counties

County	May '09	Apr '09 Adjusted	May '08
Orange	10.2	9.8	5.1
Seminole	9.6	9.2	5.0
Lake	10.8	10.4	5.6
Osceola	10.8	10.6	5.5
Brevard	10.2	9.9	5.7
Indian River	13.0	11.9	7.2
St. Lucie	13.3	12.8	7.8
Martin	10.3	9.8	6.0
Palm Beach	10.2	9.9	5.8
Broward	8.8	8.5	4.8
Okeechobee	10.9	10.5	6.5
Glades	8.6	8.3	5.3
Hendry	11.6	10.8	8.0
Desoto	8.5	7.9	5.4
Highlands	9.3	8.9	5.9
Hardee	8.3	8.1	4.6

Highest Florida County Unemployment Rates

County	Rate
Flagler	14.4%
St. Lucie	13.3%
Indian River	13.0%
Hernando	12.7%
Lee	12.4%