

**THE ECONOMIC OUTLOOK FOR SARASOTA COUNTY
IN 2009–2010**

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INTRODUCTION

Sarasota County, Florida, has a well-deserved reputation as a very desirable place to live and work. Its white-sand beaches, year-round sunshine, world-class cultural activities, and comprehensive health care system all contribute to an enviable quality of life for its residents. The county also has been recognized in the past by several national publications as one of the better places to do business, not only in the state but in the nation. Obviously, the region has assets that create opportunities within, and recognition outside, its borders.

As impressive as these assets may be, they do not grant the county immunity from economic setbacks. The local economic landscape has been shifting during the past few years, and currently Sarasota's economy is struggling. The county's unemployment rate in October 2008 came in at 7.8 percent, the highest it has been since at least 1990 and well above the national rate of 6.5 percent. Two years ago the county's jobless rate was only 3.2 percent, and firms were having a difficult time finding qualified workers to hire. Now there is a surplus of available labor, and business establishments are closing all over the county. In order to plan effectively for the future, both the public sector and private businesses need answers to the obvious follow-up questions: (1) what contributed to Sarasota's economic setback, (2) how much worse will conditions get, and (3) when will its labor market begin to recover?

Answering these questions is the primary purpose of this report, starting with a better understanding of how the county got to where it is today. In the next section of the report we examine Sarasota's recent economic history. This is supplemented in the following section by a comparison of Sarasota's economic structure and performance with that of its peer counties nationwide, to assess the county's comparative strengths and weaknesses and how these could help or hinder long-term economic development.

The questions on the economic outlook are addressed both at the national level and for the Sarasota economy through 2010. The local forecast is generated from a regional model constructed specifically for this study at the University of Michigan's Institute for Research on Labor, Employment, and the Economy. The regional model uses as inputs national economic indicators from the University's Research Seminar in Quantitative

Economics. The Sarasota model was constructed with the support of Sarasota County Government.

SARASOTA'S ECONOMIC HISTORY

Data Measures

Since output measures such as Gross Domestic Product (GDP) are not available for counties as they are for the nation and for states, we typically evaluate a county's economy using information on employment, unemployment, and wages. The most comprehensive industry employment and wage measures available for counties are found in the Quarterly Census of Employment and Wages (QCEW) collected by state agencies for the U.S. Department of Labor.¹ These data are based upon administrative records derived “from quarterly tax reports submitted to State Employment Security Agencies by over eight million employers subject to State unemployment insurance (UI) laws and from Federal agencies subject to the Unemployment Compensation for Federal Employees (UCFE) program. This includes 99.7% of all wage and salary civilian employment.”² These data do not include self-employed workers—for example, almost no real estate agents are included in this data set.

Except for the self-employed, the QCEW data are comprehensive, based on a universe and not on a sample, thus permitting very detailed industry analysis. There are a few downsides to the data, however. First, the data are subject to at least a six-month publication lag; consequently, for this study the most recent data posted are for the first quarter of 2008. Second, there are occasionally changes recorded in an industry series over time that are unrelated to its economic performance, as establishments can be re-assigned to different industries or counties moving forward as part of a routine yearly revision process. In the course of carrying out this study, we determined that this data problem appears to be particularly acute for the employment services industry (North American Industrial Classification System (NAICS) code 5613) in Sarasota County. Employment and total wages in this industry varied dramatically from year to year,

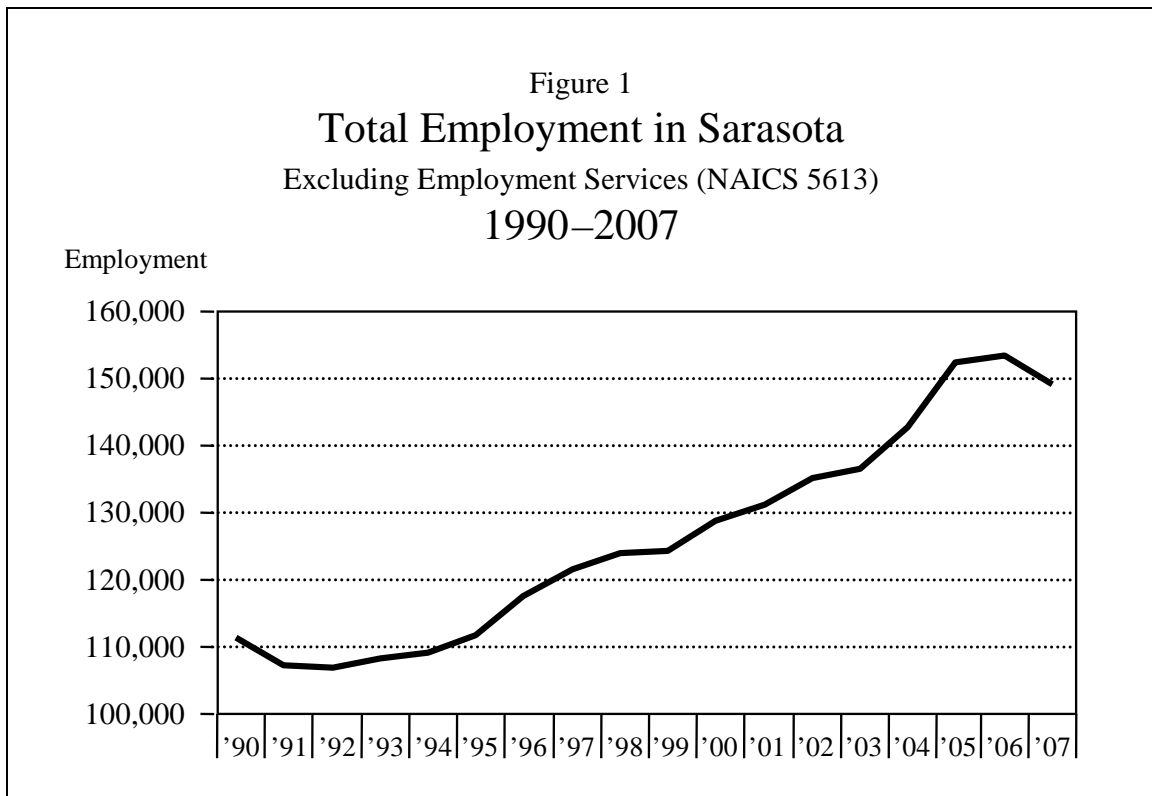
¹<http://www.bls.gov/cew/>

²<http://www.bls.gov/cew/cewfaq.htm#Q03>

changes which did not appear to be related to any real change in local economic conditions. Consequently, we have excluded this industry from part of our historical analysis of the local economy; data on this industry are included, however, in our peer county comparison and local forecast sections of the study.

Employment Path of the Sarasota County Economy

The path of total establishment employment in Sarasota County (excluding the employment services industry) from 1990 to 2007 is shown in figure 1. The data on the period of the early 1990s confirm that local economic downturns do occur. Between 1990 and 1992, employment in the county declined by 4,433 jobs, or by 4 percent. During the same period, total employment (again, excluding the employment services industry) declined by only 1.3 percent in the United States as a whole. The primary source of the contraction in the local economy during this period is not hard to find—local employment in the construction industry declined by 2,591 jobs, or 26.3 percent.



Nationally, the construction industry also absorbed a hit, its work force shrinking by 12.5 percent, although that decline was still not nearly as severe as suffered in Sarasota

County. Local job growth then resumed, albeit at a slow pace initially, with total employment in the county returning to 1990 levels by 1995.

After 1995 the local economy boomed. From 1995 to 2005, employment in the county grew at a very healthy rate of 3.2 percent per year on average, while the comparable growth rate for the nation came in at a much more moderate 1.3 percent per year. Perhaps most remarkable over the period, the 2001 national recession barely slowed down Sarasota's economy.

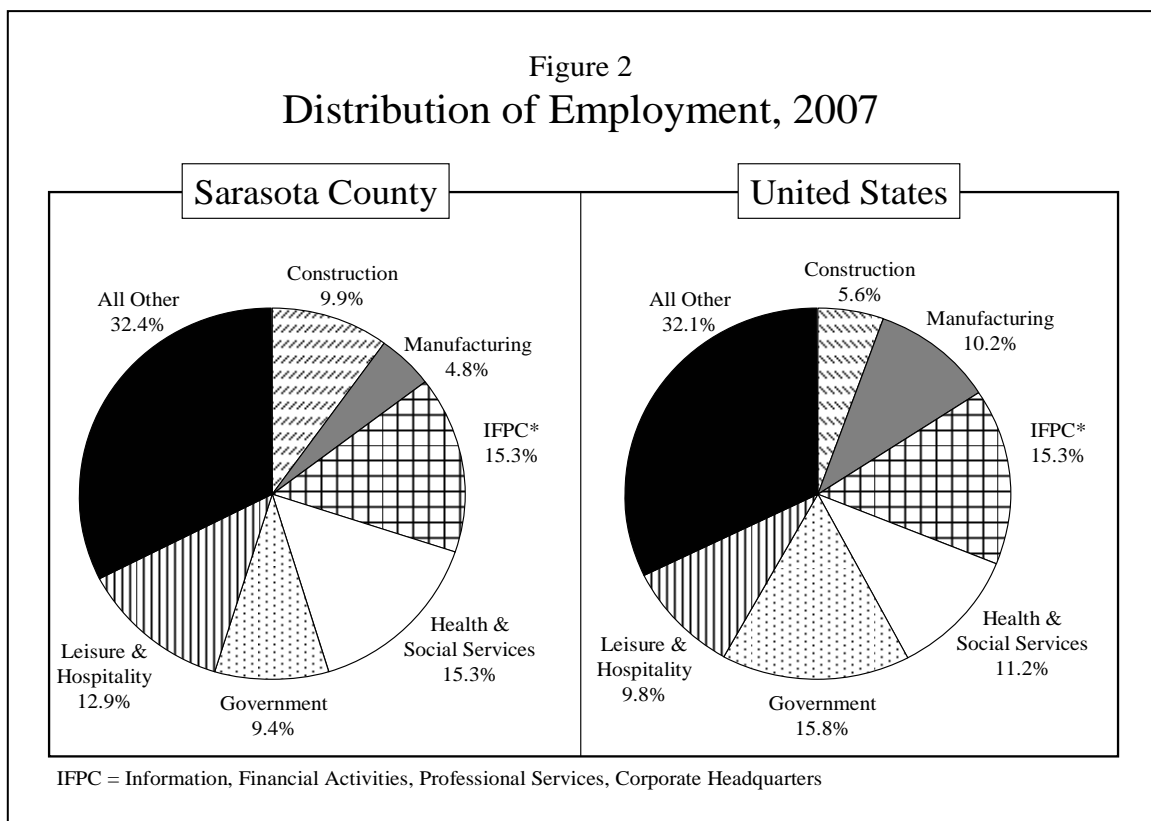
The construction industry led the 1995–2005 expansion, with its work force increasing by a factor of 2.5, from 6,910 jobs in 1995 to 17,395 in 2005. This translates into a torrid annual rate of growth of 9.7 percent for the local industry, compared with growth of 3.5 percent per year for construction employment nationwide over the same period. Local employment in industries that are closely related to the construction and sale of homes also grew rapidly during this period, at an average rate of 4.3 percent per year.³ In comparison, the rest of employment in Sarasota County, that is, excluding construction and construction-and-real-estate-related industries (and excluding the employment services industry), grew 2.4 percent per year between 1995 and 2005.

The resulting excess supply of new homes began to weigh on the local economy in 2006, as total employment growth (again, excluding the employment services industry) decelerated rapidly to a pace of only 0.6 percent. The bursting of the real estate bubble began to hit the local economy in earnest in 2007, when total employment turned around to decline by 2.8 percent. In the same year, employment in the construction industry dropped by 14.1 percent while shrinking in construction-and-real-estate-related industries by 10.6 percent. In contrast, employment in non-construction and non-real-estate-related industries fell by a much more modest 0.3 percent.

³We identified the following industries as being construction-related (at least in Sarasota County): real estate (NAICS 531), wood product manufacturing (321), nonmetallic mineral product manufacturing (327), fabricated metal manufacturing (332), furniture manufacturing (337), furniture and home furnishings stores (442), electronics and appliance stores (443), building material and garden supply stores (444), nondepository credit intermediation (5222), activities related to credit intermediation (5223), and natural resources and mining.

Structure of the Sarasota County Economy

Despite the job losses in 2007, the local economy remains perilously dependent on the construction industry as a source of jobs. The distribution of total employment in 2007 across major industry categories (now including the employment services industry) in Sarasota and the United States is shown in figure 2. Outside of manufacturing, the largest variance between the two geographies is in the construction industry, which accounts for 9.9 percent of all jobs in Sarasota, almost double construction's share in the U.S. economy (5.6 percent).



Sarasota also has an above-average share of jobs both in health and social services (15.3 percent compared with 11.2 percent for the country), and in leisure and hospitality services (12.9 percent versus 9.8 percent). The disproportionate share of employment in these sectors reflects the area's status as a premier retirement community for both full-year and part-year residents.

Tourism is widely thought to be a major part of the local economy, but employment in accommodation (NAICS 721), part of the leisure and hospitality sector, accounted for

only 1.7 percent of total employment in the county in 2007, not much higher than its share nationally at 1.4 percent. On the other hand, Sarasota's reputation as being a center for the performing arts is well deserved, according to the data. Sarasota's employment in theater, dance, and musical companies (NAICS 711110, 711120, and 711130) is 6.5 times more concentrated than employment in these industries in the nation as a whole. In fact, Sarasota's employment in these industries is nearly as large a share of total employment as in New York County, New York, better known as Manhattan.⁴

The presence of a thriving arts community, especially the performing arts, is clearly one of Sarasota's strongest assets. The county needs to make much better use of the arts community to attract tourism, wealthy retirees, and highly educated workers.

Sarasota has a disproportionately small share of employment in each of the government and manufacturing sectors, while the share of employment in information, financial activities, professional services, and corporate offices (NAICS industries 51, 52, 53, 54, and 55) in the county exactly matches the U.S. share, 15.3 percent. We will have more to say about these key industries when evaluating the local forecast, but for now we continue to set the stage for the outlook by assessing Sarasota County's economic structure and performance in the context of its peer counties across the nation.

SARASOTA AND ITS PEER COUNTIES

We have compiled a series of economic measures comparing Sarasota County with its peer counties around the country, that is, counties of a size similar to Sarasota. Specifically, all of the counties selected had a population in 2007 of between 330,000 and 410,000, with Sarasota County's population of 372,073 falling in the middle of the range. The thirty-three counties that met the size criterion for inclusion are identified in table 1.

⁴We needed to estimate employment in the theater, dance, and musical companies in Sarasota. Data on the larger industry category, the performing arts, are published and normally would be sufficient for our analysis. In this case, though, the industry group includes the "other performing arts" industry (NAICS 711190), which in Sarasota appears to be artificially inflated by the inclusion of many circus company employees in the county unemployment insurance tax records. We are assuming that the reporting anomaly in this industry involves a circus-related business, but it could include other components of the industry such as magic and carnival shows and ice skating companies. Data on this industry are not published by the BLS for Sarasota because of government data disclosure restrictions, but by means of a proprietary procedure we estimate that this industry employed 902 people in Sarasota in 2007. Nationally this industry employed 5,963 people in 2007, including 1,663 in Florida (both are actual data values).

(More detail on sub-industries is provided in table 1A.) These counties are very diverse; some are suburban to a major metropolitan city, others are the central county in a metropolitan area. Twenty-three different states are represented here, from East Coast to West Coast and in between. All regions of the country are included except for the Rocky Mountains and the Great Plains. Most of the states in these two regions are simply too sparsely populated to have any counties in the selected size range, or if they do have a county housing a major central city, it is much larger than Sarasota County. The purpose here is not simply to identify Sarasota's duplicates but to compare key economic and demographic characteristics of similarly sized counties.

Median household income is perhaps the best indicator of the economic prosperity of a region. A household is defined as a non-institutionalized housing unit comprising one or more people who might or might not be related. The "median" statistic identifies the middle value in a range of data; in this case, half of the households have higher incomes and half have lower incomes than the value indicated. These values are not adjusted for differences in the cost of living, but other than the price of housing, there are relatively small differences in the cost of living across regions of the United States. Within the peer group, the county with the highest median household income in 2007 is Prince William County, Virginia, at \$87,243. This suburban Washington, D.C., county is situated in one of the most affluent areas of the country. The county with the second-highest median household income is Dakota, Minnesota, a suburb of Minneapolis. While this suggests that being a suburb of a prosperous big city is associated with a higher income level, it's hardly a rule. For instance, the county with the third-highest median income is Waukesha, Wisconsin, a suburb of the less-than-prosperous city of Milwaukee. At the other extreme of the income range is Cameron County, Texas, with a median household income of \$29,347, one of the poorest counties in the United States.

In 2007, Sarasota County had a median household income of \$49,735, which ranks twenty-first among the thirty-three counties (where a rank of 1 indicates that the county had the highest income and a rank of 33 means it had the lowest income). Ranking slightly higher than Sarasota were two counties in Pennsylvania, Berks and Lehigh, while slightly below Sarasota were two counties in South Carolina, Richland and Charleston. Berks and Lehigh counties are located in eastern Pennsylvania, but are not part of the

Table 1
Sarasota County and Its Peers, 2007

County	State	Median Household Income	Unemployment Rate (%)	Share of County Employment (%)							Share of Population Aged 25–64 with Bachelor's Degree or More (%)
				Constr.	Manuf.	Govt.	Health & Social Services	Leisure & Hospitality	IFPC*	All Other	
Mobile	AL	\$37,391	3.6	7.8	9.2	15.7	11.7	8.8	11.6	35.1	19.7
Pulaski	AK	\$44,754	4.8	4.3	6.2	19.8	12.7	8.2	16.8	31.9	33.9
Monterey	CA	\$57,056	7.2	4.0	3.5	17.5	6.4	12.4	8.9	47.3	21.9
Placer	CA	\$69,076	4.9	10.6	6.1	13.5	10.2	13.8	15.7	30.2	36.9
Santa Barbara	CA	\$58,401	4.4	5.5	7.0	18.2	9.2	12.1	13.4	34.5	30.5
Solano	CA	\$66,880	5.4	8.2	7.7	19.6	12.2	10.3	8.7	33.3	23.4
Sarasota	FL	\$49,735	4.3	9.9	4.8	9.5	15.3	12.9	15.3	32.4	30.0
Seminole	FL	\$56,011	3.2	11.8	4.6	10.0	8.6	9.9	17.8	37.3	35.0
Ada	ID	\$54,607	2.3	7.7	9.9	14.3	11.3	9.6	15.2	32.2	37.0
Allen	IN	\$47,729	4.7	5.3	16.7	9.5	15.5	9.5	11.6	31.9	26.8
Washtenaw	MI	\$61,049	4.8	2.4	9.4	34.4	10.9	7.2	13.1	22.6	53.2
Dakota	MN	\$74,497	4.0	5.9	10.9	11.2	8.7	9.9	18.6	34.8	40.6
St. Charles	MO	\$67,146	4.1	8.3	10.4	11.6	10.1	14.2	14.0	31.3	35.1
St. Louis city	MO	\$34,191	7.0	3.5	10.1	14.5	14.0	10.1	19.8	28.1	27.5
Washoe	NV	\$54,343	4.6	9.4	6.6	12.8	8.8	18.3	12.1	32.0	27.4
Hillsborough	NH	\$67,667	3.6	3.9	15.5	10.8	12.7	8.5	16.9	31.7	36.4
Mercer	NJ	\$70,258	3.8	2.6	3.5	29.3	10.6	6.0	20.6	27.5	40.5
Orange	NY	\$65,775	4.3	4.3	5.9	21.0	13.6	7.8	10.5	36.9	29.1
Forsyth	NC	\$45,636	4.4	4.5	12.7	10.2	17.0	9.0	14.2	32.4	32.4
Butler	OH	\$52,955	5.1	6.2	13.9	13.6	11.4	9.3	10.7	34.9	27.4
Stark	OH	\$44,891	5.9	4.7	18.1	12.0	15.9	10.0	9.4	29.9	24.5
Clackamas	OR	\$61,220	4.6	8.3	12.1	11.5	9.8	9.3	12.8	36.2	32.7
Lane	OR	\$43,111	5.3	5.3	13.2	16.0	12.6	9.9	12.1	31.0	30.1
Berks	PA	\$52,787	4.2	5.1	18.5	12.5	12.8	8.2	11.9	30.9	23.8
Lehigh	PA	\$51,817	4.4	4.1	9.9	9.6	18.3	8.5	16.5	33.0	31.3
Westmoreland	PA	\$46,057	4.5	5.2	14.6	11.7	13.8	10.9	9.3	34.5	28.2
Charleston	SC	\$47,901	4.5	6.3	5.3	19.2	9.9	14.0	13.0	32.3	38.6
Richland	SC	\$47,978	5.5	4.2	5.2	24.0	11.3	8.9	19.1	27.3	39.6
Hamilton	TN	\$45,491	4.0	4.7	12.6	13.0	10.7	10.0	14.7	34.4	29.0
Cameron	TX	\$29,347	6.0	3.5	6.1	22.6	22.3	10.1	6.9	28.5	16.1
Williamson	TX	\$68,008	3.7	9.0	6.2	16.0	7.3	10.9	12.6	38.0	37.5
Prince William	VA	\$87,243	2.5	12.7	2.0	21.4	7.3	11.7	12.4	32.4	38.0
Waukesha	WI	\$72,073	4.0	6.8	20.3	7.2	9.8	8.8	16.0	31.0	43.8

IFPC = Information, Financial Activities, Professional Services, and Corporate Headquarters

Source: U.S. Census Bureau American Community Survey 2007; Bureau of Labor Statistics; and Quarterly Census of Employment and Wages. Compiled by Donald Grimes, University of Michigan.

Table 1A

Sarasota County and Its Peers, 2007, Selected Industries

County	State	Share of County Employment (%)					
		Theater Dance Music	Accommodations	Private Four-Year Colleges & Universities	Private Hospitals	Public Four-Year Colleges & Universities	Public Hospitals
Mobile	AL	0.03	0.86	0.41	3.79	1.44	1.52
Pulaski	AR	0.07	1.03	0.19	5.08	0.78	5.06
Monterey	CA	0.08	4.31	0.27	1.42	0.49	1.55
Placer	CA	0.01	1.79	0.05	3.07	0.00	0.00
Santa Barbara	CA	0.06	2.53	0.64	2.14	2.98	0.29
Solano	CA	0.06	0.54	0.27	5.19	0.59	0.28
Sarasota	FL	0.52	1.66	0.32	4.13	0.45	0.00
Seminole	FL	0.05	0.63	0.18	1.98	0.04	0.00
Ada	ID	0.07	1.04	0.09	4.00	1.56	0.45
Allen	IN	0.09	0.48	0.51	5.47	0.82	0.28
Washtenaw	MI	0.04	0.61	0.29	3.49	16.94	8.42
Dakota	MN	0.01	0.56	0.28	1.12	0.30	0.00
St. Charles	MO	0.02	0.55	0.50	3.05	0.00	0.00
St. Louis city	MO	0.19	1.50	6.67	7.60	0.25	1.08
Washoe	NV	0.07	9.14	0.09	2.60	1.87	0.45
Hillsborough	NH	0.04	0.75	1.36	3.97	0.24	0.27
Mercer	NJ	0.09	0.42	2.83	3.79	0.77	1.38
Orange	NY	0.01	0.60	0.42	3.81	0.53	0.73
Forsyth	NC	0.05	0.75	3.43	7.44	0.60	0.00
Butler	OH	0.00	0.35	0.05	3.06	3.58	0.00
Stark	OH	0.05	0.47	1.06	4.89	0.33	0.04
Clackamas	OR	0.02	0.63	0.28	2.53	0.00	0.00
Lane	OR	0.13	0.98	0.16	3.91	2.50	0.00
Berks	PA	0.05	0.65	0.60	3.82	0.51	0.37
Lehigh	PA	0.08	0.53	0.74	7.34	0.22	0.16
Westmoreland	PA	0.02	0.58	0.80	3.01	0.32	0.23
Charleston	SC	0.06	2.93	0.33	2.94	3.54	2.87
Richland	SC	0.07	0.82	0.77	4.46	2.60	2.70
Hamilton	TN	0.06	0.95	0.12	2.42	1.21	1.47
Cameron	TX	0.02	1.38	0.00	3.92	1.32	0.95
Williamson	TX	0.03	0.50	0.42	1.22	0.05	0.00
Prince William	VA	0.01	0.77	0.03	1.27	0.67	0.07
Waukesha	WI	0.02	0.59	0.22	2.59	0.13	0.00

official Philadelphia metropolitan area; as with Sarasota, they have their own central cities, Reading and Allentown, respectively. Richland, South Carolina, is home to Columbia, the state capital, and Charleston is one of the counties most similar to Sarasota as a place to live and to work.

Another commonly cited statistic when measuring an area's economic prosperity is its unemployment rate. The unemployment rate is a measure of the share of an area's labor force that is both unemployed and actively seeking work. It includes both people who have lost their job, including people who quit their job, and new entrants into the work force, such as college and high school graduates seeking their first job. A common misconception is that the unemployment rate only includes people who are collecting unemployment insurance benefits. In fact, the unemployment rate includes everyone who is unemployed and looking for work. Excluded from the statistic are people who have quit looking for work, but would like a job, and people who are working part-time, but would prefer a full-time job if they could find one.

In 2007, the average annual unemployment rate in Sarasota was 4.3 percent. The local unemployment rate has increased substantially in 2008, but we don't yet have a full year of actual data. In making cross-county comparisons, we prefer to use annual data since counties have different seasonal patterns of activity during a year, and seasonally adjusted monthly data are not available for counties. In 2007, Sarasota had the thirteenth-lowest unemployment rate (tied with Orange County, New York).

Perhaps what is most remarkable about this statistic is that all of the counties listed were tightly clustered around a reasonably low rate of unemployment. Twenty-two out of thirty-three counties had an unemployment rate between 3.5 and 5.0 percent, with Sarasota falling in the middle of that range.

The counties with the lowest unemployment rates were Ada, Idaho,⁵ and Prince William, Virginia, and the counties with the highest unemployment rates were St. Louis city, Missouri,⁶ and Monterey, California. The federal statistical agencies collect data on the city of St. Louis as if it were a county, presumably because St. Louis city is not a part of

⁵Ada is home to the capital of Idaho, Boise.

⁶There is also a St. Louis County, Missouri, which is a suburban county to St. Louis city.

any county government, unlike the city of Sarasota. When most people think of Monterey they have images of Big Sur, Carmel, and Pebble Beach, a tourist center south of San Francisco on the Pacific Ocean with many of the same amenities as Sarasota. In reality, much of the local employment is engaged in farming, an industry that produces a very high annual unemployment rate because of the seasonal nature of its employment opportunities.

As discussed above, in 2007 Sarasota had a disproportionately high share of its employment working in the construction industry. The only counties with a greater concentration of construction employment in 2007 were Prince William, Virginia; Seminole, Florida (suburban to Orlando); and Placer, California (suburban to Sacramento). All were among the fastest-growing counties in the country between 2000 and 2007, but recently growth has slowed noticeably in all of these areas except Prince William County, although not to the extent that occurred in Sarasota.

Sarasota County had the fifth-lowest share of employment in manufacturing among the thirty-three counties. The only counties with a lower share were Seminole, Florida; Monterey, California; Mercer, New Jersey; and Prince William, Virginia. Conventional wisdom is that counties having a greater concentration of jobs in manufacturing also have a more prosperous middle class. This claim is generally not supported by the evidence found in table 1. The county with the lowest share of employment in manufacturing had the highest median income, and the county with the second-lowest share had the fourth-highest median income. There is some support for this traditional view of the economy in the data for Waukesha, Wisconsin, which had the highest share of employment in manufacturing and the third-highest median household income. But in general, having more manufacturing is not a path to prosperity. Of the ten counties with the highest share of manufacturing employment, six rank among the bottom ten in terms of median household income.

Sarasota County also has a very small share of employment in the government sector, only 9.5 percent. The only county with a lower share is Waukesha, Wisconsin. One major reason why Sarasota has such a relatively low government share is that it doesn't have any government hospitals, and the number of public college employees in the

county is very small. (Detail on colleges and hospitals is provided in table 1A.) Some of these other counties also have a large government presence because they are state capitals, or have a major federal government facility.

Sarasota has a relatively high share of employment in health and social services, 15.3 percent, which ranks sixth among the thirty-three counties. Given the age structure of Sarasota's population compared with the other counties on the list, it is surprising that Sarasota's ranking wasn't even higher. Four of the counties with a higher share of employment in health and social services—Lehigh, Pennsylvania; Stark, Ohio; Allen, Indiana; and Forsythe, North Carolina all have a larger share of employment in private hospitals than Sarasota (see table 1A). Forsyth County, North Carolina, which has an especially large share of employment in private hospitals, is the home to Wake Forest University School of Medicine; and Cameron County, Texas, is thirteen times as concentrated as the nation in employment in home health care agencies. Home health care agencies employ 9 percent of all workers in Cameron County, but only 0.7 percent of all workers in the United States.

Among the thirty-two peer counties, seventeen of them had a higher share of their employment in public and private hospitals than Sarasota. Some of this can be explained by the presence of medical schools, as at the University of Michigan and Wake Forest University, but it is unclear why some of the counties have such a large hospital system. It does indicate, however, that Sarasota is not over-served by hospitals, especially considering the county's age structure.

Sarasota had the fifth-highest share of employment in leisure and hospitality services. Looking at specific industries within this category, we see that Sarasota has the sixth-highest share of employment in accommodations (1.66 percent, as shown in table 1A), a good measure of the scale of the tourism industry. Washoe, Nevada, home to Reno, topped the list, reflecting its large gaming-related tourism industry; and Charleston, South Carolina, ranked third. Monterey, Placer, and Santa Barbara counties, all in California, had a greater share of employment in accommodations than Sarasota.

Where Sarasota really stands apart from its peers is in its arts industry. Its employment share in theater, dance, and music companies (0.52 percent, shown in table 1A) ranks first

among these counties. The second-highest share is in St. Louis city (0.19 percent), well behind Sarasota. In fact, in absolute numbers of workers, Sarasota greatly exceeds any of these counties, with an estimated 802 people employed in theater, dance, and music companies in 2007, compared with 430 in runner-up St. Louis city.

We have combined information services, financial activities, professional and technical services, and corporate managing offices (NAICS industries 51, 52, 53, 54, and 55) into one aggregate category (abbreviated as IFPC) for this analysis. All of these industries tend to have a well-educated work force, with a relatively large share of their employees holding at least a bachelor's degree. They also tend to pay relatively well, with an average U.S. wage of \$74,469 in 2007, compared with an all-industry average of \$44,458. In Sarasota County, the IFPC industries paid \$57,782 in 2007, compared with an all-industry average of \$37,737.

In Sarasota County, the IFPC industry group accounted for 15.3 percent of total employment in 2007, which ranks Sarasota eleventh among its peers. Counties with a higher share of employment in the IFPC category tend to have higher median incomes, although this is not as clear-cut as we expected. A relatively large share of employment in IFPC, however, partly explains why Seminole County, Florida, has a median household income about 13 percent in excess of Sarasota's.

All of the other industries collectively, serving mostly local residents, account for about 30 percent of total employment across the counties listed in table 1. The exceptions are: Washtenaw County, Michigan, where the government share is inflated by the presence of two large public universities, the University of Michigan and Eastern Michigan University, thus reducing the employment share for all other industries; and Monterey County, California, where the very large farm industry is included in the other industry category.⁷

With the exception of the construction industry, which we anticipate will remain weak for many years, we judge Sarasota County to have an economic base that will support long-term prosperity. The county has a relatively large share of employment in both health

⁷The data shown here only include wage and salary agricultural workers; self-employed agricultural workers are excluded from the count.

and social services and leisure and hospitality services, which we expect will continue to grow as the population ages. It also has a decent share of employment in IFPC (information, financial activities, professional and technical services, and corporate managing offices). One of the key questions for Sarasota and other communities is whether they can attract the workers to fill the jobs in those industries that seek a more highly educated work force. The lack of a significant college or university presence is a hindrance. Only 0.76 percent of all employees in the county work for either a private or a public four-year college or university (table 1A), ranking Sarasota County twenty-fourth among its peers.

One possible implication of the lack of a major college or university presence can be seen in the last column in table 1, which shows the proportion of the population aged 25 to 64, the prime-working age, with at least a bachelor's degree. In 2007, 30 percent of Sarasota's residents in this age group held at least a bachelor's degree, ranking twentieth among the thirty-three peer counties. Is this measure a good indicator of economic prosperity? It appears to be. All eight counties with the highest median income ranked in the top twelve in the share of the working-age population with at least a bachelor's degree. And among the ten counties with the lowest median income, none ranked higher than fourteenth in educational attainment. Notable exceptions to this pattern were Solano County, California, which ranked ninth in median income but only thirtieth in educational attainment, and Washtenaw County, Michigan, which ranked first in educational attainment but only twelfth in terms of median income. Solano is part of the San Jose-San Francisco-Oakland combined statistical area, but it is unclear why its level of income is so high given the relatively low level of educational attainment of its population. The variance in Washtenaw is attributed to the presence of an exceptionally large number of graduate student households, where high levels of educational attainment tend to be combined with relatively low levels of income.

This review of where the Sarasota economy has come from over recent history and where it sits currently sets the stage for assessing where it is headed over the next two years. Before we present our view on "where to from here" for Sarasota, we first summarize the outlook for the U.S. economy through 2010, which influences the county's near-term prospects.

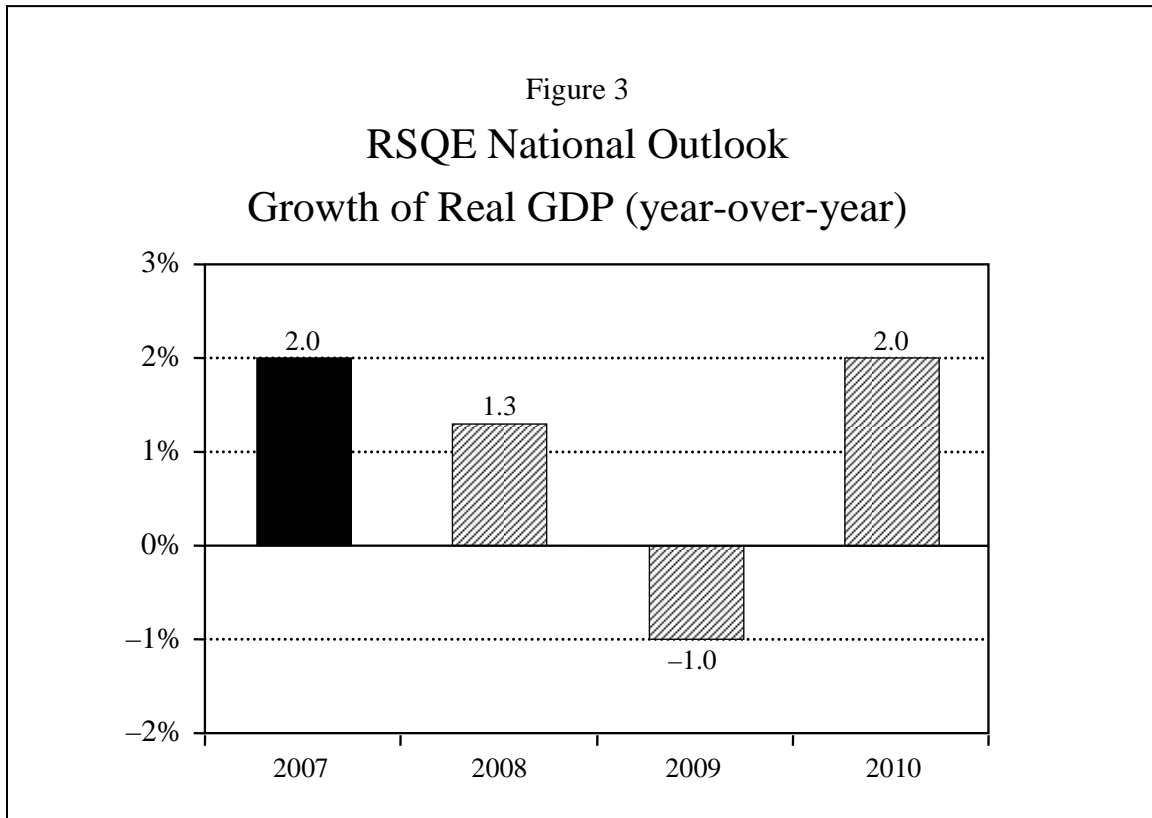
NATIONAL OUTLOOK: 2009–10

The outlook for the Sarasota County economy is influenced by what happens in the national economy. Forecasts of economic indicators for the U.S. economy in 2009–10 were provided by the Research Seminar in Quantitative Economics (RSQE) at the University of Michigan. The national outlook, summarized by four key economic indicators in figures 3–6, comes from an RSQE forecast released on November 20, 2008, by Joan P. Crary, Stanley A. Sedo, and Janet C. Wolfe.

The first half of 2008 was marked by sluggish output growth and a steady march of job losses averaging 77,000 per month. Credit markets then seized up in September, and monthly job losses swelled to about 260,000 in September and October. Consumer confidence plunged in October, and light vehicle sales dropped to their lowest pace since February of 1983. The worsening financial crisis tipped the balance, sharply curbing economic activity and plunging the economy into a full-blown recession. Households—beleaguered by declining home values, soaring food and gasoline prices, and lack of credit—throttled back on purchases.

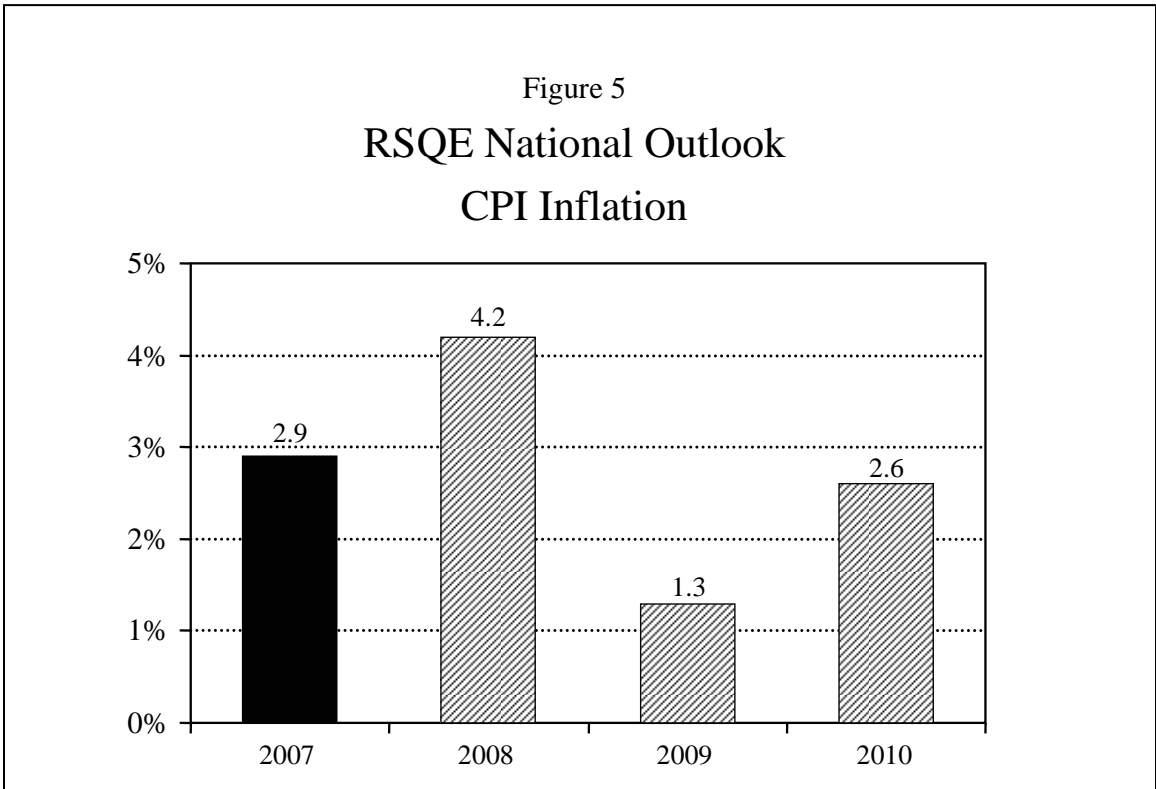
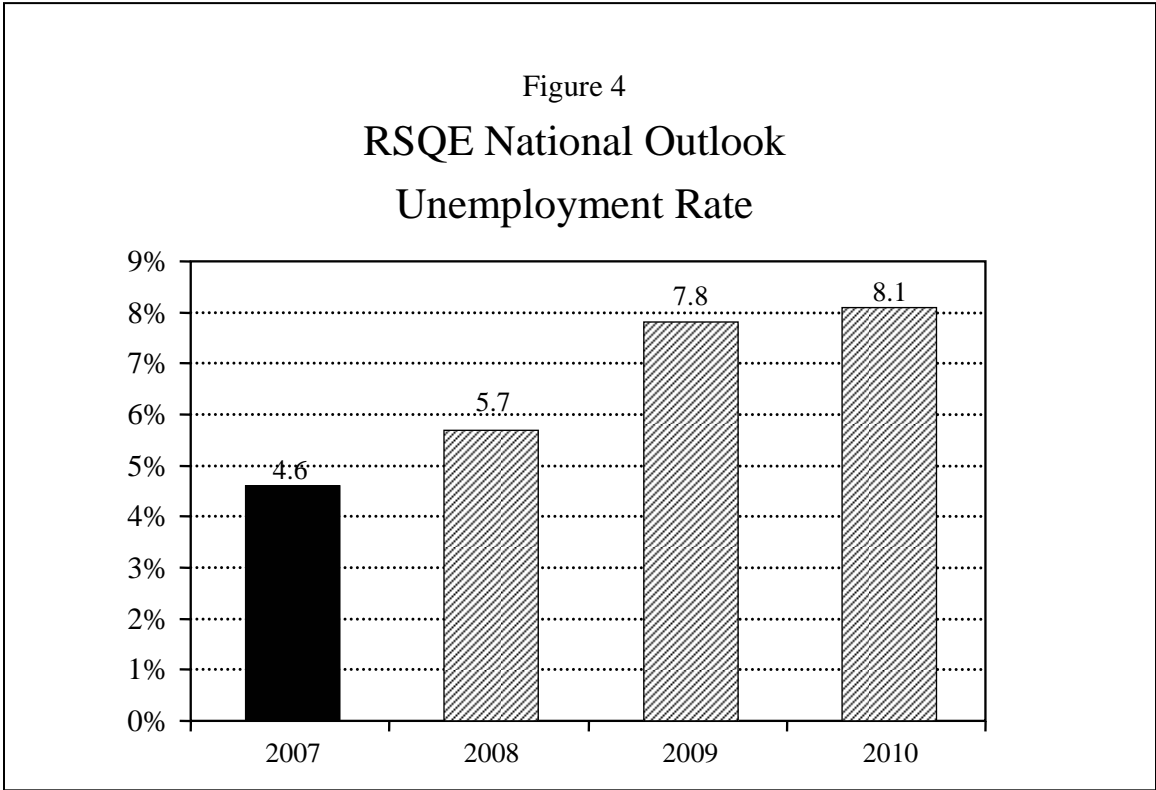
The forecast presented here is for a moderately severe recession, with a decline in output larger than the 1990–91 recession, but nowhere near as severe as the contractions of the mid-1970s and early 1980s. The downturn continues into the first half of 2009. With a second stimulus package in place and credit markets thawing, the recession ends about mid-year. But the recovery gets off to a slow start in the second half of 2009. Residential building activity finally hits bottom in late 2009, setting the stage for more rapid growth the following year, with the national economy accelerating during 2010.

This thumbnail sketch of the U.S. economic outlook can be summarized by the forecast for inflation-adjusted Gross Domestic Product (real GDP), shown in figure 3. The sharp drop in output in the final quarter of 2008 implies a meager 1.3 percent increase in real GDP for the calendar year. With the recession continuing through mid-2009, output falls by one percent that year. Real GDP then increases by 2 percent in 2010, a relatively sluggish pace for the first full calendar year of a recovery.

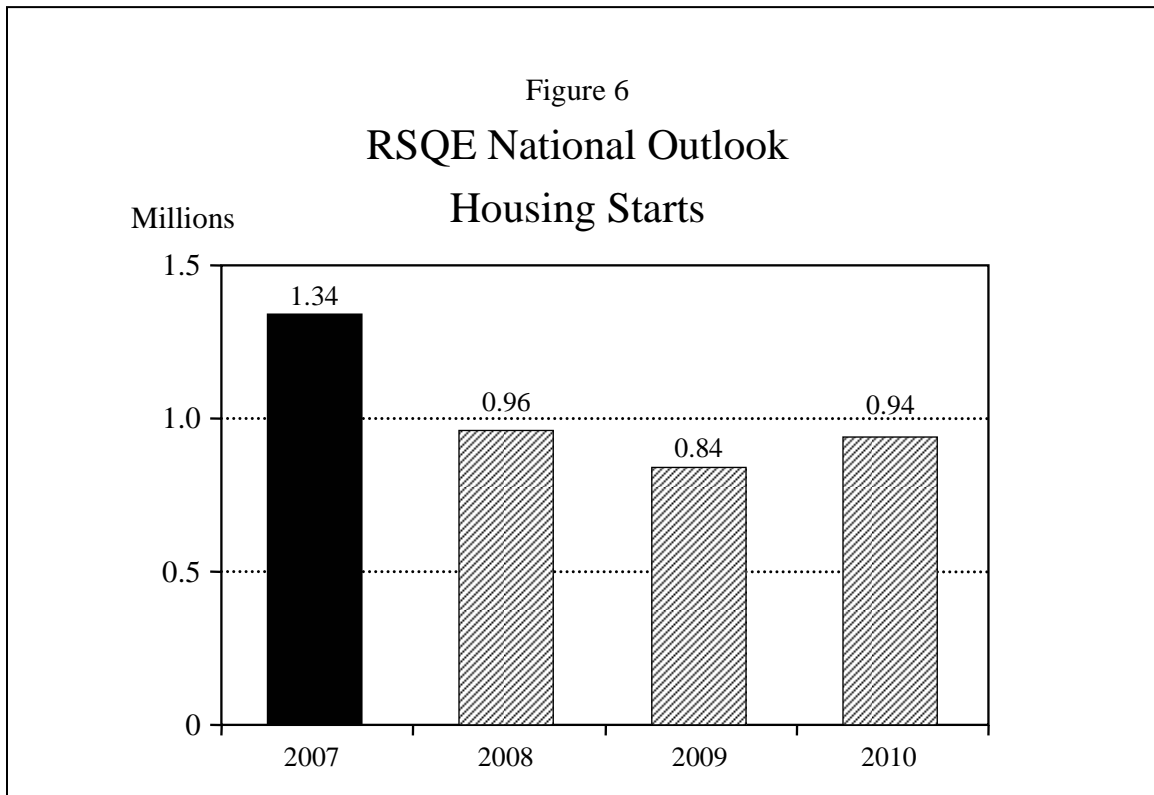


The loss in employment accompanying the recession and slow recovery is larger than the loss in output, with the payroll job count falling by 2.5 percent from its late 2007 peak to its trough in early 2010. Job gains finally move above 100,000 per month in the second half of 2010. As a result, the unemployment rate, expected to average 5.7 percent for 2008, moves up to 7.8 percent in 2009 and 8.1 percent in 2010, as shown in figure 4. The job gains forecast for the second half of 2010 are not sufficient to sustain a significant drop in the unemployment rate then.

Consumer price inflation jumped sharply in 2008, fueled by a mid-year spike in oil prices and a 5.4 percent rise in food prices. At 4.2 percent, the CPI increase for 2008 is the worst inflation rate since 1991. A steep drop in oil prices and moderating food price gains projected for 2009 reduce CPI inflation to 1.3 percent, as shown in figure 5. CPI inflation then rebounds to 2.6 percent in 2010 as oil prices increase moderately.



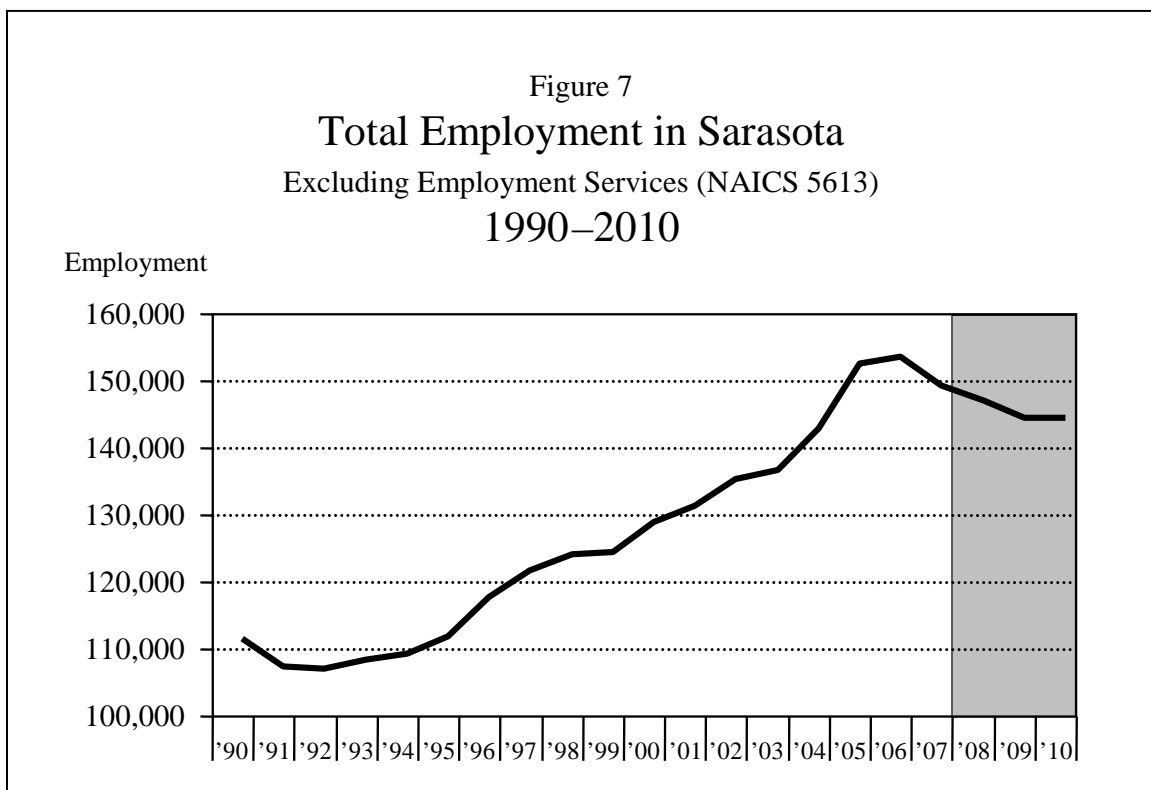
Difficulties in the financial markets continue to plague the housing industry. Housing prices fell by 14.1 percent during 2008 and are expected to fall further, by 6 percent, during 2009. The inability of many existing homeowners to refinance their mortgages has increased foreclosure rates, while tightening credit standards make it difficult for potential buyers to take advantage of the reduced prices. As shown in figure 6, housing starts are forecast to reach a low of 840,000 units in 2009, but improve to total 940,000 units in 2010, less than half the 2005 total of 2.1 million.



How does the outlook for the Sarasota economy line up with the U.S. forecast? We now turn to our view of the prospects for the local economy through 2010.

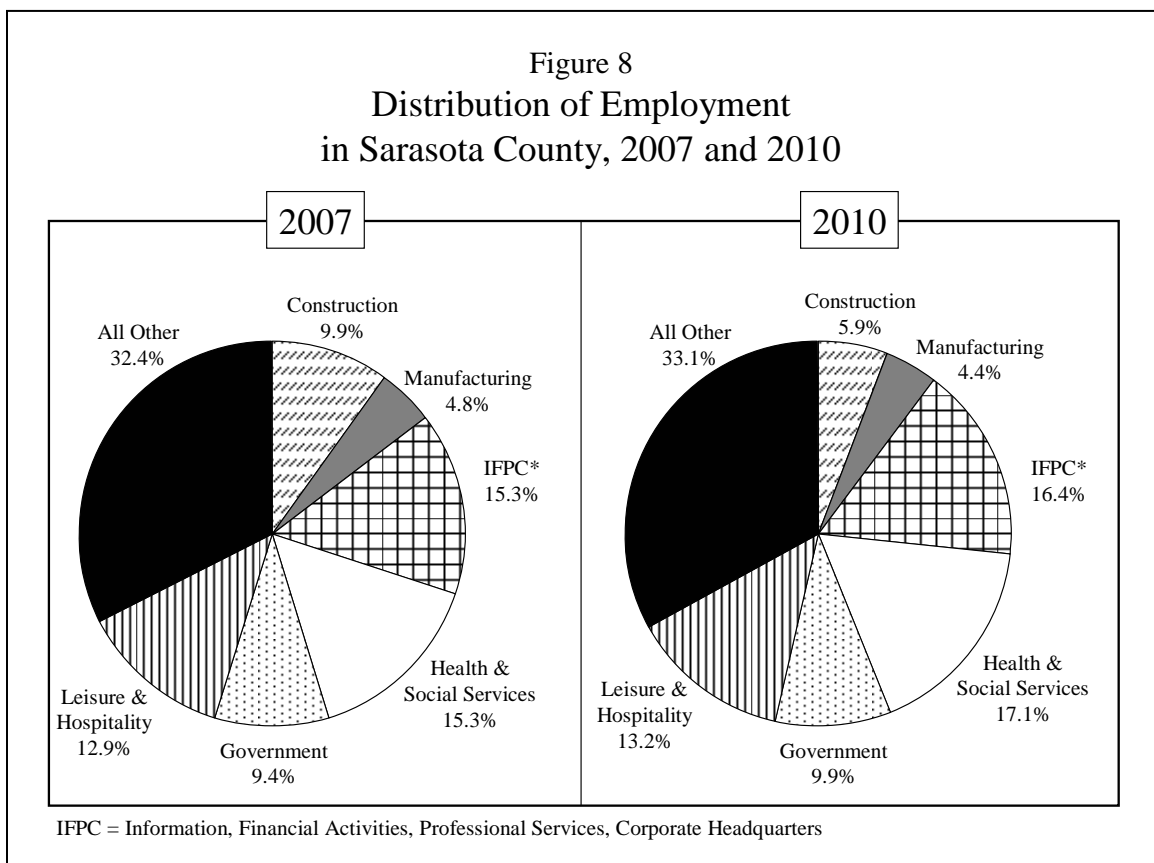
SARASOTA COUNTY OUTLOOK: 2009–10

Our forecast of total employment in Sarasota County (excluding employment services) through 2010 is shown in figure 7. Between 1995 and 2005, Sarasota County added 3,949 jobs on average each year, but in 2006 the local economy slowed and the county gained only 1,100 jobs. In 2007, the local economy turned down, losing 3,942 jobs, precisely the reverse of the yearly job gains from 1995 to 2005. We are estimating that fewer jobs were lost in 2008 (2,398) than in 2007, as some of the county's private service-providing industries showed strength. Job losses in 2009 (2,515) are forecast to be slightly worse than in 2008, as the weak national economy adds to the local problems. For 2010, we are forecasting that employment in the county remains virtually unchanged, a loss of only 76 jobs. The job losses in 2010 would have been much worse without the additional construction and engineering services jobs we assumed would result from the forthcoming federal stimulus package.



Over the three-year period from 2007 to 2010, we are forecasting that the county will lose a total of 4,989 jobs. The private service-providing and government sectors gain jobs over this period, increasing their share of jobs in the county, as shown in figure 8. The biggest gains occur in health and social services and IFPC (information, financial activities, professional and technical services, and corporate headquarters). These are very good jobs, and the county should look to continue to expand this slice of their pie.

The goods-producing sector is expected to lose a substantial number of jobs between 2007 and 2010. These job declines are especially large in the construction industry, causing its share of county employment to shrink dramatically, from 9.9 percent in 2007 to 5.9 percent in 2010, returning its employment share almost back to its 1995 value of 5.8 percent.



Our detailed industry forecast is presented in table 2 at the end of this section. This table shows average annual employment by 154 industry divisions for the years 2006 through 2010. The first two years, 2006 and 2007, represent actual data as reported by the U.S. Bureau of Labor Statistics. The data for 2008 are based upon one quarter of preliminary data and our estimates for the other three quarters. All the data for 2009 and 2010 are our forecasts. In addition to the employment data, the table also includes information on the average annual wage by industry in 2007.⁸

The goods-producing sector includes the natural resource industries (including wage and salary workers on farms); mining; construction; and manufacturing. The natural resource and mining industries are forecast to lose 181 jobs between 2007 and 2010, as the contraction in the construction industry reduces the demand for mineral products and the number of workers on farms continues a decade-long decline.

With respect to construction, employment by non-residential building contractors, road and highway construction companies, and other heavy construction contractors holds up reasonably well, and is given a big boost in 2010 with the additional construction spending proposed by President-elect Obama (and assumed to be approved by Congress). Indeed, we are forecasting that local employment in highway, street, and bridge construction in 2010 will be the highest in history, but construction involved with residential building will continue to weaken throughout the forecast horizon.

Employment among residential building contractors is forecast to decline by 460 jobs in 2008 (17 percent), 485 in 2009 (22 percent), and 270 in 2010 (16 percent). By 2010, residential building contractors will have lost 53 percent of the jobs they had in 2006.

Specialty trade contractors fare even worse, with job losses of 35 percent in 2008, 22 percent in 2009, and 6 percent in 2010. By 2010, specialty trade contractors will have lost 60 percent of the jobs they had in 2006.

Between 2006 and 2007, the manufacturing sector in Sarasota lost 1,508 jobs. On a percentage basis this loss (15 percent) was slightly larger than the decline in construction-

⁸These data count all employees equally, that is, both full-time and part-time workers each count as one employee. Industries with a greater concentration of part-time workers will thus tend to have a lower average pay rate than industries with a greater concentration of full-time workers.

related jobs over this period (14 percent). In 2008 and 2009, we expect the weakness in the manufacturing sector will continue, with the loss of 662 jobs in 2008 (a 9 percent decline), and 343 jobs in 2009 (a 5 percent drop). We are forecasting a slight gain of 81 jobs in 2010.

The reason for the weakness in the local manufacturing sector is easy to see in the industrial detail. Sarasota County's largest manufacturing industry is architectural and structural metals manufacturing (NAICS 3323), and almost all of the employment in this industry is at one firm, PGT in Venice, which manufactures windows and doors. Obviously, their fortunes have risen and fallen with the construction industry. From 2006 to 2009, we are projecting that this industry will lose 951 jobs, but we anticipate that this industry, which is to say this firm, will have a slightly better performance in 2010, when it adds 137 jobs. The other construction-related manufacturing industries are also easy to spot: wood product manufacturing, nonmetallic mineral product manufacturing, other fabricated metal manufacturing, and furniture manufacturing. These construction-related manufacturing industries combined accounted for 54 percent of total manufacturing employment in 2006, and they make up the lion's share of the manufacturing job losses between 2006 and 2009.

The non-construction-related manufacturing industries have not fared badly, except for a substantial decline in transportation equipment manufacturing employment in 2006 and 2007 when the local boat manufacturing industry took a hit. And many of these industries are expected to perform reasonably well over the forecast period. In particular, computer and electronic products manufacturing adds 20 jobs between 2007 and 2010, and the miscellaneous manufacturing industry contributes another 38 jobs, mostly in medical product manufacturing. On the other hand, the non-construction-related manufacturing industries are all very small. Altogether employment in these industries in 2007 summed to 3,577 jobs, only 2.3 percent of total employment in the county. Nationally, the non-construction-related manufacturing industries accounted for a much larger 8 percent of total employment in 2007.

Sarasota County is located on a narrow peninsula, hundreds of miles from the nearest population center in another state. Given this geography, it is very difficult to see how it

could become an attractive place to locate a manufacturing establishment that was not primarily serving the local or regional construction industry, or primarily owned by a local resident.

The private service-providing sector is estimated to have had employment gains in 2008 in a wide variety of industries, to be followed in 2009 and 2010 by a relatively flat employment profile: a loss of 53 jobs in 2009 and a gain of 135 jobs in 2010. The underlying industrial detail is more interesting than this flat scenario suggests. In general, higher-paying industries that tend to employ people with higher levels of educational attainment gain jobs, while lower-paying industries that have lower educational requirements lose jobs.

Utilities and wholesale trade industries are exceptions to this general observation. Both utilities and wholesale trade tend to pay well, in spite of average or below-average educational attainment levels. Some individual wholesale trade industries such as chemicals and electronics, however, have work forces with high levels of educational attainment. Many of the workers in these industries have very specialized product-specific knowledge, and both industry groups are forecast to lose jobs in Sarasota in 2009 and 2010.

The retail trade industries fit the general wage-education correlation to a T. Almost all of these industries pay relatively low wages, they tend to have work forces with low levels of educational attainment, and they are forecast to lose a relatively large number of jobs in 2009 and 2010 (a total of 873 jobs, or a decline of 4 percent over two years). Many of the job losses occur in construction and industries related to residential real estate sales such as furniture and home furnishings stores, electronics and appliance stores, and building material and garden supply stores. Auto dealerships, as well as food stores, department stores, and gasoline stations, are also projected to see substantial job losses. On the other hand, personal care stores, including drug stores, clothing stores, and non-department store general retailers (e.g., superstores and warehouse clubs), realize small job gains over the next two years.

Transportation and information services both realize small employment gains over the next two years. The publishing industry, including local newspapers, loses jobs, but the

losses are more than offset by job gains in other information industries, with most of the gains occurring in telecommunications.

The finance and insurance industries are forecast to record relatively small job losses over the next two years (189 jobs, or 2.8 percent). This is unfortunate since these are some of the highest-paying jobs in the county; the losses reflect in part the ties of some of the finance industries to residential real estate sales.

The real estate and rental industries are anticipated to achieve small wage and salary job gains over the next two years. That might seem odd, but it is perhaps more credible in light of the fact that the data do not include job losses among real estate agents, the vast majority of whom are self employed. Jobs at the offices of real estate agents and brokers are forecast to decline by 171 workers (17.4 percent) over the next two years. The job gains occur in activities related to real estate, including property managers and appraisers. This reflects the growing need for financial institutions to manage and dispose of foreclosed properties and to hire people to carry out those tasks.

Professional and technical services are the industries that best fit the vision of the knowledge economy. These industries tend to employ people with relatively high levels of education, they pay well, and historically employment in these industries has grown faster than average. Between 1990 and 2006, employment in this group of industries in Sarasota County increased at an average rate of 5.4 percent per year (in the nation as a whole, employment in this group of industries increased at an average rate of 2.7 percent per year). By 2006, employment in professional and technical services accounted for 6.3 percent of total county employment compared with 5.5 percent nationally. Sarasota has clearly become part of the knowledge economy. Employment in these industries in Sarasota fell in 2007, but we are forecasting that they added 429 jobs in 2008, and will gain add an additional 417 jobs over the following two years.

Professional and technical service industries that we are forecasting to gain more than 100 jobs over the next two years include accounting and bookkeeping services (104 jobs), architectural and engineering services (200 jobs, mostly because of the construction stimulus package), and computer systems design (106 jobs).

Another high-paying industry that tends to employ relatively well-educated people is the corporate management industry.⁹ This industry, although small, has grown very rapidly in Sarasota County, from 208 jobs in 2001 to 759 jobs in 2007. Obviously this rate of growth cannot continue, but we estimate that this industry gained 51 jobs in 2008, and we forecast that it will add another 50 jobs in 2009 and 46 in 2010. While these numbers are small, they indicate that Sarasota has been, and will continue to be, successful in attracting and growing some of the best knowledge-economy jobs. One of the key issues for people involved in the county's economic development efforts will be how to add even greater numbers of jobs in these industries to help offset some of the spillover effects of the loss of jobs in construction and industries related to real estate.

Administrative and waste management services industries provide support services to business firms and households. These tend to be lower-paying support services requiring lower levels of educational attainment, including employment services (which includes temporary help services and professional employer organizations), travel arrangement services, and services to buildings (including landscaping services). This is the only major industry group employing workers with lower educational attainment where we see employment gains over the next two years.

Private educational services have been, and will continue to be, one of the fastest-growing local industries. Between 1990 and 2007, employment in this industry group grew rapidly, at an average rate of 5.7 percent per year. Employment in this industry group took an especially large jump in 2008 with the opening and expansion of some colleges and trade schools. We expect that over the next two years employment in private educational services will grow 4 percent per year. (Note that this industry group does not include pre-schools, which are included in the social services industry.)

⁹According to the official definition of this industry, “[t]he Management of Companies and Enterprises sector comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decision-making role of the company or enterprise. Establishments that administer, oversee, and manage may hold the securities of the company or enterprise.”

<http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=55&search=2007%20NAICS%20Search>

Employment in health and social services grew very modestly between 1998 and 2006 (an average annual rate of only 1.2 percent), compared with the very rapid growth in total employment in Sarasota County over that period. Local health services providers appear to be trying to catch up with the demand for their services in 2007 and 2008, when employment in this sector picked up considerably. Employment growth slows to 1.5 percent in 2009 and 1.3 percent in 2010. Most of the job growth occurs in offices of physicians (225 jobs over two years) and community care facilities for the elderly (237 jobs over two years). We do not expect to see any substantial change in employment at local hospitals.

The performing arts industry adds 101 jobs over the next two years. As noted previously, we view this industry as one of Sarasota's strongest assets, and we expect that it will continue to grow as the county attempts to recover from the recession induced by construction and real estate. We are also forecasting small gains in the other arts and spectator sports category. We have not included in our calculation the loss of spring training baseball in 2010; if that should happen, the forecast for this industry will prove to be too optimistic.

Offsetting the forecast job gains in the performing arts industry are employment declines at golf courses and country clubs, fitness centers, and other amusement and recreational activities centers. These job losses reflect the impact of a weak economy on consumer discretionary spending, a problem also facing the local food services industry.

Employment in food services and drinking places declines by 306 jobs in 2009 and 199 in 2010. Especially hard-hit will be limited-service restaurants (better known as fast-food restaurants), special food services (mobile food services and caterers), and bars. These establishments tend to provide services disproportionately to the construction industry and now have many fewer customers. These establishments also provide low-wage job opportunities for less-skilled workers, implying fewer job opportunities for people who lack college degrees.

We are forecasting that employment in the accommodation industry will remain flat over the next two years. We believe Sarasota's tourism industry will be able to continue to attract visitors despite the weak national economy.

We predict modest employment gains in membership organizations over the next two years, offset by somewhat larger employment losses in repair and personal services, leaving employment in the aggregate category “other services” down a bit.

Government is expected to see modest employment declines over the next two years as state and local government budgets tighten even further.

All in all, this forecast sees modest job gains in industries that employ people with higher levels of educational attainment, but substantial employment declines, particularly in the goods-producing sector, for industries that tend to employ people with lower skill levels.

Total wages in the county will be very weak. Adjusted for inflation, the total wages of all people employed in the county will be \$5.828 billion (2009\$) in 2010, down 8.7 percent from 2006.

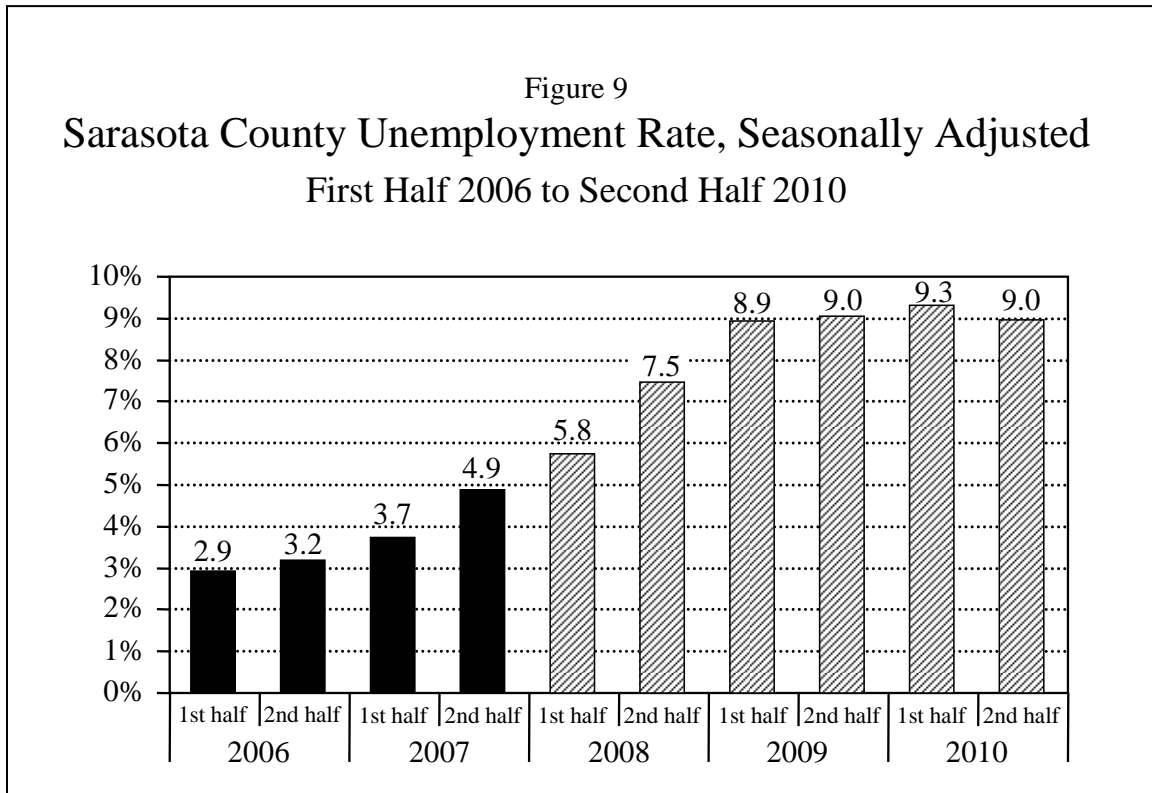
We are forecasting that the unemployment rate in the county will rise from 6.6 percent in 2008 to 9 percent in 2009 and 9.1 percent in 2010. These are much higher unemployment numbers than the county has seen in recent memory. Even in 1992, the worst year of the early 1990s recession, the local unemployment rate peaked at 5.7 percent.

Since 1990, the earliest year for which we have data, Sarasota County’s unemployment rate has been substantially lower than the U.S. rate, usually by at least 1.5 percentage points.¹⁰ But times have certainly changed. The rapid rise in the local unemployment rate can be seen in figure 9, which shows the seasonally adjusted half-year rates from the beginning of 2006 through 2010.

The county’s unemployment rate in the first half of 2006 was 2.9 percent, the lowest in history and 1.8 percentage points below the U.S. rate of 4.7 percent. The local unemployment rate has been rising rapidly since then, reaching 7.5 percent in the last six months of 2008. The national rate also increased during this period, but much less dramatically, reaching 6.3 percent in the second half of 2008.¹¹

¹⁰Between 2000 and 2002, the unemployment rate in Sarasota County was only 0.8 to 0.9 percentage points lower than the national rate.

¹¹These are the authors’ estimates of the unemployment rate in the second half of 2008.



As shown in figure 9, we are forecasting that the local unemployment rate will continue to increase through the first half of 2010, when it reaches a peak of 9.3 percent. We then expect the unemployment rate to retreat a bit in the second half of 2010, to 9 percent, as the economy slowly regains strength.

Is there a silver lining in this forecast cloud? Yes, but it might be a bit hard to see. Employment in the county is projected to begin growing again in the second half of 2010, although at a rate that is too small to show up in these annual average numbers. Second, the county will continue to see job growth in the high-wage, high-educational-attainment industries such as professional and technical services, corporate headquarters, and health and education services. Finally, the county has great assets. These assets include its natural beauty and weather, its recreational opportunities, and its arts community. These assets can be exploited to build an even more prosperous community, although it might take awhile to get there.

Table 2
Forecast of Employment in Sarasota County by Detailed Industry Division

	Actual		Estimated	Forecast		Average Wage
	2006	2007	2008	2009	2010	2007
Total wage and salary employment	159,101	155,159	152,761	150,246	150,170	\$37,730
Private	144,460	140,485	137,867	135,441	135,342	\$36,862
Goods-producing	27,149	23,269	18,191	15,819	15,584	\$40,346
Natural resources and mining	424	377	288	222	196	\$34,113
Construction	17,935	15,410	11,093	9,129	8,840	\$40,143
Buildings	3,739	3,374	2,872	2,365	2,185	\$52,474
Residential	3,029	2,642	2,182	1,697	1,427	\$47,907
Nonresidential	710	732	689	668	759	\$68,956
Heavy and civil engineering construction	1,475	1,460	1,318	1,377	1,586	\$47,971
Highway, street, and bridge construction	562	627	523	592	757	\$51,837
Other heavy construction	913	833	795	785	829	\$45,015
Specialty trade contractors	12,721	10,577	6,903	5,388	5,068	\$35,117
Building foundation and exterior	3,780	2,994	2,433	2,016	1,909	\$32,958
Building equipment	4,091	3,694	3,277	2,913	2,783	\$38,986
Building finishing	3,031	2,443	1,870	1,553	1,421	\$30,299
Other specialty trade	1,819	1,446	1,095	922	863	\$37,836
Manufacturing	8,790	7,482	6,810	6,467	6,548	\$41,080
Wood products	552	316	182	147	138	\$40,048
Printing and related support activities	482	476	427	421	414	\$37,704
Chemicals	324	342	295	287	282	\$42,096
Plastics and rubber products	579	524	590	561	558	\$38,955
Nonmetallic mineral products	717	653	604	572	576	\$35,606
Fabricated metal products	2,937	2,472	1,948	1,787	1,906	\$39,628
Architectural and structural metals	2,484	2,097	1,650	1,533	1,670	\$38,135
Other fabricated metal products	453	376	298	254	236	\$47,894
Machinery	495	408	434	419	409	\$43,696
Computer and electronic products	692	706	734	731	726	\$58,074
Transportation equipment	450	233	261	240	233	\$45,837
Furniture and related products	568	463	431	381	359	\$39,110
Miscellaneous manufacturing	541	561	565	575	599	\$37,306
Other manufacturing	453	327	338	346	347	\$37,142
Private service-providing	117,311	117,216	119,676	119,623	119,758	\$36,171
Trade, transportation, and utilities	28,597	28,144	27,830	27,228	26,801	\$31,975
Utilities	568	571	430	443	441	\$73,513
Wholesale trade	4,319	4,217	3,995	3,910	3,824	\$47,928
Merchant wholesalers, durable goods	2,547	2,476	2,310	2,226	2,149	\$48,555
Merchant wholesalers, nondurable goods	1,194	1,230	1,174	1,168	1,156	\$46,538
Electronic markets and agents and brokers	578	512	511	516	519	\$48,235
Retail trade	22,146	21,847	21,923	21,393	21,050	\$27,748
Motor vehicles and parts	3,416	3,402	3,295	3,181	3,098	\$45,342
Automobiles	2,501	2,380	2,283	2,164	2,079	\$50,215
Other motor vehicles	453	562	555	562	570	\$38,910
Auto parts, accessories, and tires	463	461	458	454	450	\$28,032
Furniture and home furnishings	1,184	1,106	1,095	1,036	1,017	\$29,598
Furniture	350	326	297	264	242	\$33,703
Home furnishings	834	780	798	772	775	\$27,880
Electronics and appliances	702	690	638	539	457	\$32,962
Building materials and garden supplies	2,138	1,888	1,912	1,761	1,687	\$31,435

Table 2 continued
Forecast of Employment in Sarasota County by Detailed Industry Division

	Actual		Estimated	Forecast		Average Wage
	2006	2007	2008	2009	2010	2007
Retail trade (continued)						
Food and beverages	4,783	4,671	4,658	4,478	4,335	\$20,688
Health and personal care	1,430	1,467	1,556	1,598	1,637	\$37,059
Gasoline stations	659	658	602	571	544	\$22,744
Clothing and accessories	2,112	2,182	2,257	2,316	2,379	\$18,119
Sporting goods, hobby, book, and music stores	804	818	810	812	814	\$17,998
General merchandise	3,142	3,212	3,328	3,302	3,270	\$20,023
Department stores	1,757	1,718	1,766	1,687	1,617	\$20,294
Other general merchandise stores	1,385	1,493	1,562	1,616	1,652	\$19,712
Miscellaneous store retailers	1,564	1,486	1,545	1,562	1,569	\$27,034
Nonstore retailers	212	266	227	236	244	\$46,455
Transportation and warehousing	1,564	1,510	1,482	1,481	1,486	\$32,868
Information	2,930	2,804	2,738	2,753	2,758	\$56,472
Publishing industries, except Internet	1,283	1,244	1,224	1,210	1,198	\$48,364
Other information	1,648	1,560	1,513	1,543	1,560	\$62,937
Financial activities	10,635	10,434	10,625	10,520	10,468	\$58,970
Finance and insurance	7,096	6,780	6,812	6,707	6,623	\$73,046
Credit intermediation and related activities	3,068	2,946	2,785	2,679	2,602	\$57,999
Depository credit intermediation	2,072	2,124	2,167	2,148	2,138	\$55,066
Nondepository credit intermediation	688	591	444	415	388	\$73,584
Activities related to credit intermediation	308	231	175	117	77	\$45,097
Securities, commodity contracts, investments	1,178	1,128	1,140	1,135	1,131	\$129,678
Insurance carriers and related activities	2,781	2,644	2,819	2,826	2,824	\$65,524
Insurance carriers	1,210	1,148	1,081	1,037	998	\$71,408
Insurance agencies and brokerages	1,572	1,496	1,738	1,789	1,825	\$61,013
Other finance	68	63	67	67	67	\$78,688
Real estate and rental and leasing	3,539	3,654	3,813	3,813	3,845	\$32,837
Real estate	2,923	2,958	3,097	3,105	3,143	\$33,669
Lessors of real estate	637	776	730	726	721	\$30,624
Offices of real estate agents and brokers	1,194	1,023	981	876	810	\$38,520
Activities related to real estate	1,091	1,159	1,386	1,503	1,612	\$31,425
Other rental and leasing	616	696	716	709	702	\$29,289
Professional and business services	24,030	23,946	24,350	24,864	25,304	\$40,478
Professional and technical services	10,017	9,683	10,112	10,319	10,529	\$55,074
Legal services	2,133	2,061	2,141	2,152	2,157	\$70,880
Accounting and bookkeeping	1,417	1,249	1,286	1,343	1,390	\$51,401
Architectural and engineering	1,735	1,588	1,572	1,711	1,772	\$60,141
Specialized design	329	374	364	357	360	\$37,949
Computer systems design and related services	922	986	999	1,060	1,115	\$60,554
Management and technical consulting	1,150	1,111	1,157	1,155	1,191	\$62,596
Other professional and technical services	1,611	1,645	1,934	1,877	1,874	\$31,277
Remaining professional and technical services	720	668	658	664	669	\$48,728
Management of companies and enterprises	677	759	810	860	906	\$80,008
Administrative and waste services	13,336	13,504	13,428	13,685	13,869	\$27,809
Administrative and support services	12,853	13,110	13,027	13,283	13,467	\$27,121
Office administrative services	476	513	475	476	475	\$47,509
Employment services	5,689	6,088	5,821	5,865	5,854	\$24,574
Business support	1,042	968	941	933	920	\$35,181

Table 2 continued
Forecast of Employment in Sarasota County by Detailed Industry Division

	Actual		Estimated	Forecast		Average Wage
	2006	2007	2008	2009	2010	2007
Administrative and support services (continued)						
Travel arrangements and reservations	506	557	553	580	607	\$32,668
Investigation and security	517	580	644	666	683	\$25,251
Services to buildings and dwellings	4,349	4,116	4,309	4,483	4,652	\$25,352
Other administrative and support services	273	289	285	280	276	\$35,647
Waste management and remediation services	483	394	401	402	402	\$50,731
Private education and health services	24,349	25,278	26,875	27,307	27,732	\$40,469
Private educational services	1,415	1,552	1,880	1,938	2,033	\$34,990
Private elementary and secondary schools	587	627	653	631	646	\$32,702
Other private educational services	828	924	1,227	1,307	1,387	\$36,544
Private health care and social assistance	22,934	23,727	24,995	25,369	25,700	\$40,827
Ambulatory health care services	9,547	9,590	10,185	10,332	10,453	\$51,111
Offices of physicians	3,934	3,901	4,097	4,218	4,322	\$68,627
Offices of dentists	1,216	1,302	1,453	1,458	1,466	\$51,224
Offices of other health practitioners	1,230	1,230	1,279	1,286	1,287	\$34,069
Outpatient care centers	794	778	788	770	753	\$38,513
Home health care services	1,851	1,847	1,988	2,020	2,040	\$31,569
Other ambulatory health care services	521	532	579	580	584	\$48,109
Hospitals	6,403	6,407	6,394	6,395	6,397	\$43,466
Nursing and residential care facilities	5,451	6,017	6,399	6,552	6,682	\$26,464
Nursing care facilities	2,252	2,543	2,772	2,806	2,821	\$29,948
Community care facilities for the elderly	3,123	3,324	3,460	3,580	3,697	\$23,757
Other residential care facilities	76	150	167	167	164	\$27,380
Private social assistance	1,533	1,714	2,017	2,090	2,167	\$23,762
Individual and family services	729	876	994	988	984	\$24,564
Other private social assistance	804	838	1,024	1,102	1,183	\$22,925
Leisure and hospitality	19,661	19,980	20,380	20,104	19,871	\$20,451
Arts, entertainment, and recreation	4,463	4,767	5,146	5,159	5,139	\$26,107
Performing arts and spectator sports	1,890	2,118	2,175	2,245	2,295	\$29,733
Performing arts companies	1,648	1,704	1,758	1,807	1,859	\$29,798
Other arts and spectator sports	242	414	416	438	435	\$29,461
Museums, historical sites, zoos, and parks	198	163	195	199	201	\$24,300
Amusements, gambling, and recreation	2,375	2,486	2,776	2,714	2,644	\$23,130
Golf courses and country clubs	1,213	1,342	1,473	1,418	1,398	\$24,414
Fitness and recreational sports centers	762	813	872	877	836	\$22,047
Other amusements, gambling, and recreation	400	331	430	419	410	\$20,621
Accommodation and food services	15,198	15,214	15,234	14,945	14,732	\$18,682
Accommodation	2,609	2,569	2,636	2,653	2,639	\$28,418
Food services and drinking places	12,589	12,644	12,598	12,292	12,093	\$16,706
Full-service restaurants	8,386	8,182	8,289	8,145	8,057	\$18,632
Limited-service eating places	3,369	3,705	3,645	3,534	3,455	\$12,226
Special food services	262	241	182	156	140	\$19,136
Drinking places, alcoholic beverages	571	517	482	457	440	\$17,168
Other services	6,877	6,503	6,672	6,652	6,629	\$24,813
Repair and maintenance	1,390	1,430	1,435	1,389	1,360	\$28,155
Automotive	1,104	1,162	1,117	1,097	1,078	\$28,033
Other repair and maintenance	286	268	318	292	283	\$28,684
Personal and laundry services	2,059	1,990	2,014	1,996	1,970	\$24,646

Table 2 continued**Forecast of Employment in Sarasota County by Detailed Industry Division**

	Actual		Estimated	Forecast		Average Wage
	2006	2007	2008	2009	2010	2007
Other services (continued)						
Personal care services	1,197	1,151	1,184	1,161	1,139	\$24,414
Other personal and laundry services	863	839	830	835	831	\$24,965
Membership associations and organizations	3,062	2,723	2,875	2,940	2,990	\$23,136
Civic and social organizations	1,189	1,025	1,030	1,051	1,043	\$12,218
Professional and similar organizations	1,519	1,264	1,308	1,342	1,393	\$27,113
Other membership organizations	354	434	538	547	554	\$37,276
Private households	366	360	347	327	309	\$25,134
Unallocated private service-providing	231	126	205	193	195	\$32,514
Government	14,641	14,674	14,894	14,805	14,828	\$45,796
Federal government	972	992	1,011	1,016	1,102	\$55,683
State government	2,000	1,903	1,820	1,799	1,782	\$38,039
Local government	11,669	11,780	12,063	11,989	11,943	\$46,519
<u>Addendum</u>						
Total Wages (millions \$)	\$5,942.8	\$5,855.4	\$5,808.7	\$5,809.0	\$5,952.6	N.A.
Total Wages (millions 2009\$)	\$6,384.8	\$6,131.4	\$5,877.0	\$5,809.0	\$5,827.9	N.A.
Unemployment rate	3.1	4.3	6.6	9.0	9.1	N.A.

CONCLUSION

Sarasota County's economy has entered its worst economic episode in memory. The unemployment rate in the county, which historically has been below the national average, now exceeds the unemployment rate in the nation as a whole, and it's expected to get worse before improving slightly in the second half of 2010.

The county's economic troubles can be traced to the construction-and-real-estate-related boom between 1995 and 2005, which inevitably has led to a construction-and-real-estate-related bust. The nation has followed a similar path, but the amplitude of both the boom and the bust has been much greater in Sarasota. We anticipate that there will continue to be job losses in Sarasota County in 2009 and 2010, but the losses in 2010 will be minimal, partly because we have assumed that the much-discussed economic stimulus package, especially its infrastructure spending portion, will mitigate some of the job losses in residential construction activity.

The good news is that there has been some employment growth in the high-wage, high-educational-attainment industries in the county, even during the first two years of employment decline. We expect that employment will continue to grow in these industries (health care, professional services, and corporate headquarters) over the next two years, but that these gains will be too small to overcome the job losses resulting from the construction bust and the weak economy overall. Job opportunities for people with relatively low levels of educational attainment will be scarce.

We are forecasting that the unemployment rate in the county will continue to increase through the first half of 2010, when it will peak at 9.3 percent, after which it will begin to drift down slowly.

The county has some great assets to promote future economic development. These include its natural beauty and weather, its recreational opportunities, and its arts community. There is already a sizable and reasonably healthy white-collar employment base in the county. These assets are a magnet to attract up-and-coming industries. Among such opportunities is a group not usually thought of as an industry, that is,

affluent retirees. It is fortunate that so many of them have gravitated here on their own, but there should be no slacking off of efforts to keep them coming.

At the same time, it is important to recognize the county's liabilities, especially the fact that it is geographically isolated from most of the country. This will make it difficult to attract manufacturing companies to this area, an observation supported by Sarasota's very low share of manufacturing employment that is not related to construction. In fact, it would be difficult to imagine a less geographically hospitable place for manufacturing than coastal southern Florida, except for Alaska and Hawaii. Economic development efforts should be directed elsewhere.

The most important factor in determining any area's economic prosperity, at least as measured by the income of its residents, is the level of educational attainment of its work force. Sarasota County needs to become single-minded in its efforts to attract highly educated residents and the industries that seek to employ them. We believe Sarasota has the assets to do so.