



Making Cents! Economic Indicators

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Special Issue - Based on Mr. Fruth's Analysis

On August 12, 2008 William H Fruth, of POLICOM Corporation, provided a snapshot of Martin County's local economy to the Martin County Board of County Commission. William Fruth analyzes local and state economies all over the Country. Mr. Fruth also presented back in 1999 at the Martin County Economic Summit. As our community strives for economic diversity, The Economic Council and the Business Development Board of Martin County, recently commissioned Mr. Fruth to provide an update on the status of our economy. Since Martin County has a population greater than 90 Metropolitan Statistical Areas, Martin County was compared and ranked as if it is a stand alone Metropolitan Area. The following reflects some of his findings.

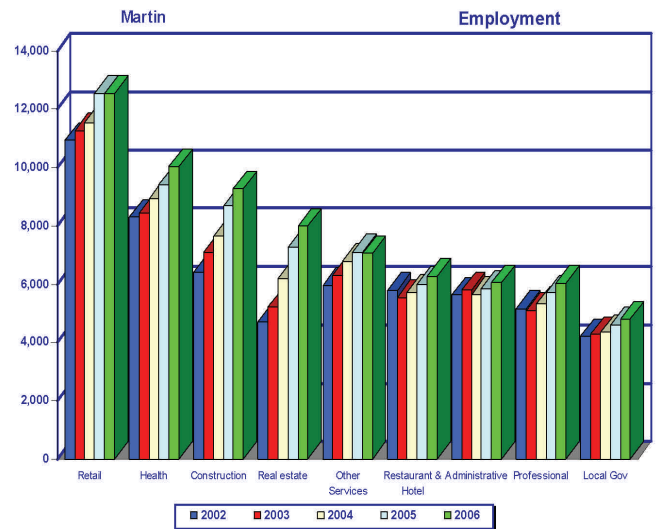
Population Growth Economy

A local economy grows or declines in size and quality in direct proportion to the amount, "type" and consistency of the money flowing into the area. Money is principally imported to an area by the "primary" or "targeted industries" those which sell goods and services outside of the economy and import new money into the local economy. Martin County's economy is based on the population growth that supports the service industries. Service Industries don't bring new money into the area, they simply circulate existing money within the economy. Martin County's current economic growth is dependent on population growth to support the service industries, rather than targeted businesses.

The size of the economy depends on the amount of money flowing into an area. The quality of the economy depends on what people earn.

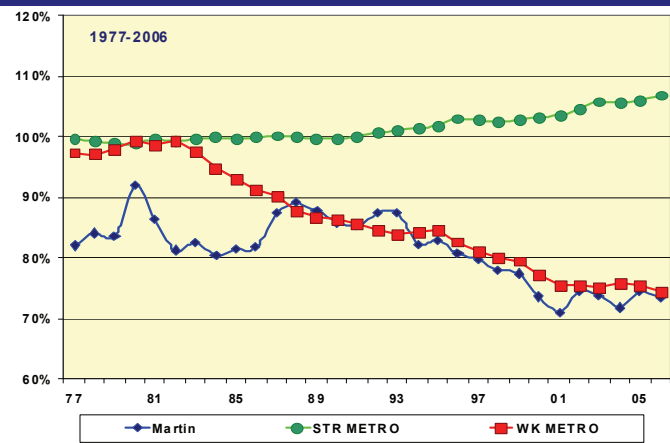
In 1988, the Martin County Wage was 89% of the National Average, but by 2006 it had dropped to 73%—Where will it be at the end of 2008?

Workforce Comparison 2002-2006



Workforce Comparison reflects the total jobs created from 2002-2006. This demonstrates high job growth within the lower wage industries such as Retail, Health Care and Construction over the past 6 years.

Metropolitan Service Areas Comparison



**Of the 363 Metropolitan Areas in the Nation, Martin County (shown above) ranks 321st, one of the slowest economic growth rates, compared to the strongest and weakest of economies.*

Martin County's "Workers Wage" continues to decrease. The wage or salary a worker receives determines the worker's standard of living or economic quality of life. According to the most recent data, our area economy has declined in quality at a rate comparable to the weakest economies in the United States. This is a result of the absence of any significant growth of contributory businesses paying a wage higher than the area average wage.



Primary Industry - "Retirement"

The retirement industry promulgates

the formation of low wage service and retail jobs within Martin County. Due to the "fixed" income nature of the retirement sector, little economic growth occurs over time as a result of its presence. While the retirees actually spend a lot of money when they first retire (New home, furniture, car, Country Club) spending by the typical retired household declines as the household grows older, with a greater proportion of its income going toward health care expenses. Without the presence of contributory (targeted) businesses to import new money into the economy, the community's Economic Quality declines. We need to change our focus to targeted businesses!

"Retire-Med"

(Social Security and Medicare Transfers) Combine to be the largest contributory industry in Martin County, accounting directly for 40% of the imported wealth.

Martin County's population over age 65 , is twice the National Average:

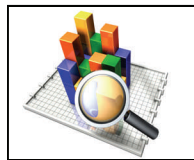
Martin 26.1%

USA 12.4%

Per Capita Medicare 2,375 ranking 6th in 363 Metro Areas

Per Capita Retire Transfers 3,608 ranking 2nd in 363 Metro Areas

"For every \$1 dollar invested in a primary business it yields a \$10 return on investment"



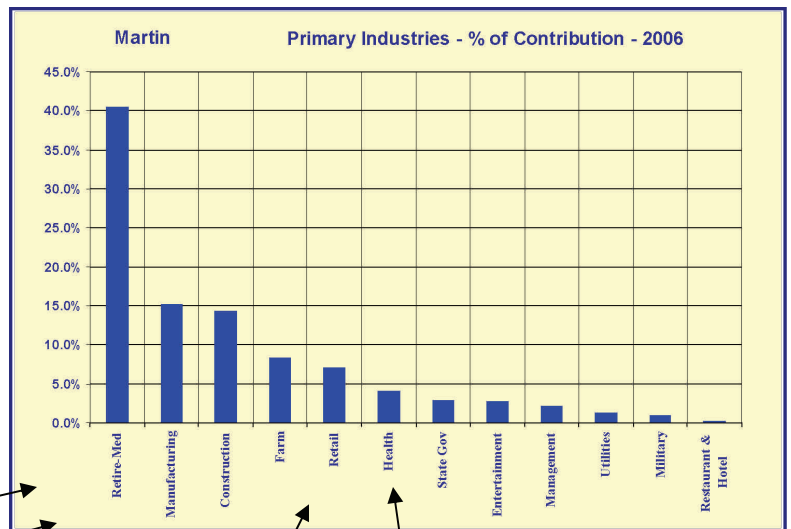
Manufacturing is the second highest industry followed by construction.

Health, Construction and Retail Trade are also not typically primary in nature as these sectors usually utilize local money for its business. However, in the case of Martin County, as a result of population growth based economy, construction appears contributory.

Retail is attributed to the construction industry as a result of purchases for the construction materials, furniture, appliances, window coverings and all of the trims when you purchase a new house.

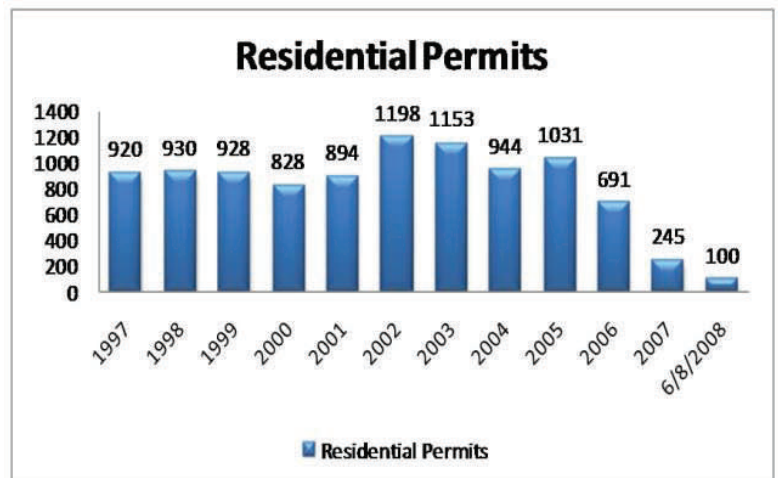
Health Services is shown as contributory because the amount exceeds the norm. Again this is a direct result of an older population and their usage of health care services.

MC Industry Contributions



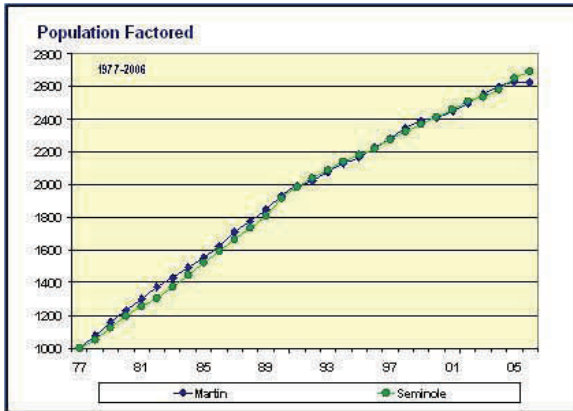
Residential Permitting 1997-Present

"The drop in construction will contribute to the loss of approx. 10,000 jobs in Martin County by the end of 2009. Florida has lost over 49,000 jobs in 2006-2007.



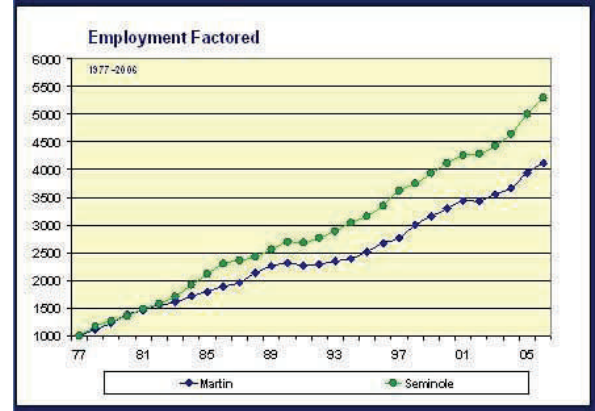
Comparison of Two Florida Counties – Martin County & Seminole County

Both communities are located near the interstate, within close proximity to a 4 year University, are adjacent to a neighboring county exceeding population of 160,000, and have a comprehensive growth plan designed to curtail and manage growth.



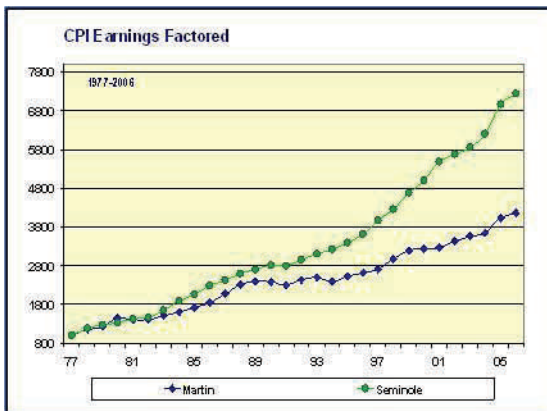
Same Population Growth

MC falls in job growth



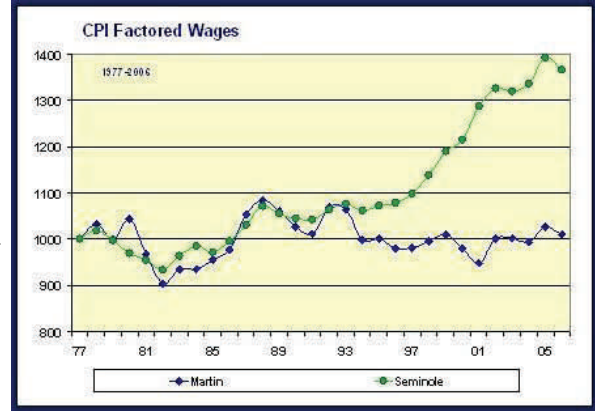
Population growth for the past 30 years is the same. Martin County's population declines in 2005-2006

Seminole County seeks Economic Development and leads in the creation of job growth



MC Earnings Decline

MC Declines Factored Wages



Seminole County's CPI (Worker Earnings) increases as Martin County's decline.

Seminole County's influence of CPI Factored Wages demonstrate the influence of new money within the community.



Drastic difference in Wages

The National Percentage of Wages increased over 10-12 years in Seminole County while Martin County falls to the bottom third of national wages.

SUMMARY! The desire for Economic Development and the creation of over 5,000 high wage jobs demonstrate the difference between these two similar communities. Seminole County has a diversified and quality economy. Martin County has attempted to make necessary changes within their Comprehensive Growth Management Plan for Economic Development. However, a local activist group, fearing Economic Development will lead to "population growth", has unsuccessfully sued the county over 12 times and cost the taxpayers hundreds of thousand of dollars. Recently, the Martin County Commission approved an economic stimulus package designed to attract targeted businesses and encourage higher wage jobs, creating an opportunity for a diverse economy. **Economic Development, is not a threat to Martin County– its an investment for our Future!**

"Never in the history of Florida have we had such a catastrophic decline in residential construction."

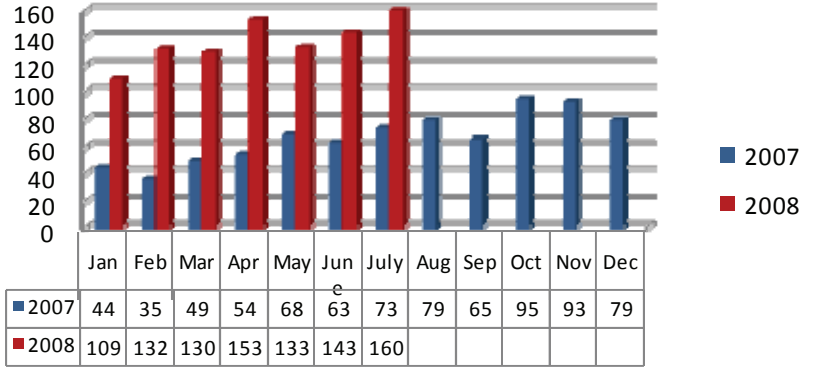
In fact, in 2007, more people moved out of Florida than into Florida."

Stated Fruth in his presentation at the Board of County Commission Meeting

SOLUTION:

We Must Attract Targeted Businesses and increase our local wages!

Martin County Foreclosures



Source: Business Development Board of Martin

Martin County Real Estate 2007 vs. 2008



MC	Units sold		MC Inventories		Months of Supply	
	July 08	July 07	2008	2007	2008	2007
Residential	148	116	2342	2804	15.82	24.17
Condo	36	29	1147	1239	31.86	42.72

Source: This update is based on the listings in the REALTOR® Association of Martin County Multiple Listing Service

Unemployment

July 08

**Martin County - 7.1 %
State of Florida - 6.4 %**

The Unemployment Rate is Up 2.2% since July 2007. There are 4,762 unemployed workers in Martin County from a workforce of 67,101.

Source Agency for Workforce Development



Join us as we continue to strive for Economic Sustainability in Martin County!

Special Thanks to the following members of the Economic Indicator Committee for this month's contributions to the Economic Update publication:

- Sandra Smith, Miller Legg, Chair
- Dawn Mitchell, Realtors Association of Martin County
- Gwenda Thompson, Workforce Development
- Jeff Dougherty, Treasure Coast Builders Association
- Jill Knapp, First Peoples Bank
- Monica Graham, National City Bank
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A Special Thanks to

**William Fruth
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William Fruth is the President of POLICOM Corporation, an independent economics research firm, which specializes in studying the dynamics of local economies. Since 1995, Fruth has personally evaluated the data for more than 600 local economies in the US, created more than 150 economic and community studies, and has provided presentations and workshops for state associations and local communities in 32 states. If you would like more information on the study prepared for the Economic Council, please contact Tammy Simoneau.