

IV. Economic Development

1. Overview

In 1995, the Economic Development Work Group developing the *Strategic Regional Policy Plan for South Florida* concentrated on setting goals and policies that would achieve regional economic diversification, and increase opportunities through the coordination and strengthening of the region's social, infrastructural, and institutional resources.

For the last quarter of the century, the South Florida regional economic base has been under constant change. The economy of the region has become more service-oriented, with an ever-increasing share of income and employment concentrated in the service-producing industries. In addition, the South Florida region has strengthened its economic and cultural links with other regions of the world, resulting in an increasing interdependence with the world economy.

In today's South Florida regional economy we find that the growth in personal income and employment is mostly derived from economic activities that are linked to the service, finance, insurance, and real estate sectors of the economy. Although there are some vestiges of economic specialization in the Tri-County region such as the economy of Monroe County that exhibit a higher dependence on tourism/recreational activities, regional trends point toward a continued growth of the service and financial sectors of the economy.

This shift to a service/retail-based economy has helped create new employment opportunities in a wide range of economic activities, thus lowering the unemployment levels in the region. Overall, the region has gone from relatively high unemployment levels of close to ten percent in the early nineties to slowly reclaiming stable levels of job creation toward the late nineties. This trend has resulted in a lower unemployment rate for the region, at slightly over five percent, with a consequential growth in job opportunities. However, South Florida appears to still lag behind the state and the nation, which exhibit better performance in creating new employment opportunities with unemployment rates standing at about four percent in 1999.

Regional personal income levels have continued to grow following a similar positive trend to that of employment growth. As the economic base of the region has become more concentrated around the service sector, sources of personal income mirror this trend. Most personal income is derived from the service/retail sector of the economy and to some degree it reflects the type of occupational base and wage levels in the region. This may not be a short-term negative trend, but it may have some long-term implications since in a service sector oriented economy it is generally found that salaries and wages vary enormously, thus creating the potential for greater income disparities among workers. Educational level requirements for sectoral occupations vary, but for the most part do not require a high degree of training, thus representing greater

job opportunities for more people at different wage levels. This may, in the long run exacerbate economic disparities among different sectors of the workforce.

A related concern is the regional poverty levels. According to the U.S. Census, close to nineteen percent of the regional population lived in a household in poverty in 1995, which turns out to be almost one out of every five persons in the region living in poverty. This is a staggering number of people, about 670,000 persons in poverty conditions. The region is far above the national average of about thirteen percent. The region fares better with respect to poverty rates in the state that are about fifteen percent.

The direction that the regional economy appears to be taking is generally positive and does mirror the national trend. A service sector economic base creates opportunities and wealth in the long run, but the question remains about the types of jobs and opportunities that are created. Are these jobs the types that would allow for personal income to grow?

2. Assessment of Economic Development Goals

Goal:

4.1 Achieve a competitive and diversified regional economy, including lower unemployment rate and higher per capita income than the state and national average for Dade, Broward and Monroe Counties, through the achievement of cutting edge human resources, economic development infrastructure and other resources to ensure a sustainable regional community.

Indicator: Household income increase for families in the region.

Proxy Indicator: Per Capita Personal Income (in 1995 dollars)

Time Series Information:

County/Year	1970	1980	1990	1995	1996	1997
Broward	\$19,411	\$22,501	\$26,325	\$25,561	\$25,985	\$26,265
Miami-Dade	\$17,887	\$19,194	\$20,853	\$20,605	\$20,599	\$20,593
Monroe	\$14,360	\$16,781	\$25,381	\$26,455	\$27,428	\$28,160
S.F. Region	\$18,281	\$20,380	\$23,065	\$22,707	\$22,891	\$23,029

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System (REIS), May 1999.

Analysis

- Regional per capita incomes appeared to have peaked in 1990, experienced a slight decline through the mid-nineties, and began an upward growth trend beginning in 1996.
- Broward and Miami-Dade Counties per capita incomes grew steadily from 1970 to 1990. However, after a decline in per capita incomes in 1995, Miami-Dade County per capita income remained at about the same level through 1997, while Broward's experienced an upward increase.
- Monroe County outperformed Miami-Dade and Broward counties, including the State of Florida, in its average per capita income growth from 1970 to 1997.

Implications

Increasing and decreasing per capita regional incomes may have a number of implications for the future economic well being of the region. An immediate and critical implication of decreasing per capita incomes in Miami-Dade County would be the impoverishment of certain population sectors. A decrease in per capita incomes could be related to a multiplicity of factors including the quality of jobs, wage levels, and types of jobs being created. In contrast, the reasons for increased per capita incomes in Broward and Monroe counties may vary, and could be related to the quality of the employment, salary and wage levels, and different sources of income. Lower per capita incomes will affect the overall health of the county economy and the socio-economic well being of its population.

Goal:

- 4.1 Achieve a competitive and diversified regional economy, including lower unemployment rate and higher per capita income than the state and national average for Dade, Broward and Monroe Counties, through the achievement of cutting edge human resources, economic development infrastructure and other resources to ensure a sustainable regional community.

Indicator: Decrease in Regional Unemployment Rate.

Time Series Information:

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Broward	5.6	7.7	8.5	6.9	6.5	5.7	5.1	4.9	4.1
Miami-Dade	7.8	9.4	10.5	8.1	8.4	7.4	7.3	7.1	6.1
Monroe	2.6	3.8	4.6	3.5	3.1	2.7	2.7	2.3	2.8
S.F. Region	6.8	8.6	9.6	7.6	7.5	6.6	6.3	6.1	5.2
State	6.0	7.4	8.3	7.1	6.6	5.5	5.1	4.8	3.8
USA	5.4	6.6	7.3	6.7	6.1	5.6	5.4	4.9	4.5

Sources: Florida Department of Labor & Security, U.S. Department of Labor, Bureau of Labor Statistics, U.S. Census Bureau, Statistical Abstract of the United States, 1998.

Analysis

- Unemployment throughout the South Florida region has retreated substantially from its peak jobless rate in 1992.
- Regional strength in abating unemployment has yielded the creation of about 194,000 new jobs in the six-year period ending in 1998.
- Broward and Monroe Counties exhibit the lowest unemployment rates in the region, whereas Miami-Dade County's rate is well above the two counties.
- The regional average jobless rate is substantially higher than the state as a whole, while Monroe County's unemployment rate outperformed that of the state.
- Average unemployment in the South Florida region is slightly higher than the national average.

Implications

Increased employment opportunities, in general, raise the standard of living of the population providing people with more opportunities for accessing education, housing, health care, and other basic necessities of life while contributing to support public services and a more stable local economy. The greater the employment opportunities become, the greater the prospects for the longer term overall economic stability of the region.

Goal:

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achievement of cutting edge human resources, economic development infrastructure and other resources to ensure a sustainable regional community.

Indicator: Increase numbers of high paying jobs

Proxy Indicator: Average Wage Growth (adjusted for inflation)

Time Series Information:

	1989	1997	% Change
Broward	\$17,374	\$17,933	3.21%
Miami-Dade	\$18,229	\$18,447	1.20%
Monroe	\$14,334	\$14,369	0.24%
State	\$16,497	\$16,834	2.04%
USA	\$18,158	\$18,918	4.18%

Source: Labor Report on the State of Florida , Center for Labor Research & Studies, FIU, 1999.

Analysis

- Average growth of wages throughout the South Florida counties appeared to have grown well below the national average.
- Average wages in Broward County show significant growth compared to wages in Miami-Dade and Monroe counties. It even outpaced the State s average growth by more than a percentage point.
- Monroe County s insignificant average wage growth may be related to the fact that a large percentage of the economically active population is retired.

Implications

The average growth of wages may be tied to a number of factors that may have an impact on the slow growth of average wages in the region over the past eight years. Among others, a persistent inflationary pressure to keep wages down, an ever growing supply of low-wage labor concomitant with a proportionally large number of low-wage occupations available in the region would tend to counteract any tendency to raise wages. Slow growth in the average wage and/or low-wages can be associated with causing a delay in the achievement of better standard of living goals by the population including a state of socio-economic stagnation.

Goal:

- 4.1 Achieve a competitive and diversified regional economy, including lower unemployment rate and higher per capita income than the state and

national average for Dade, Broward and Monroe Counties, through the achievement of cutting edge human resources, economic development infrastructure and other resources to ensure a sustainable regional community.

Indicator: Increased number of high paying jobs.

Proxy Indicator: Percent Change in Annual Average Labor Income

Time Series information:

<u>County/Year</u>	<u>75-80</u>	<u>75-80</u>	<u>80-85</u>	<u>85-90</u>	<u>90-95</u>	<u>95-2000</u>	<u>2000-2005</u>
Broward	11.70	15.40	9.00	8.30	6.40	6.00	5.70
Miami-Dade	9.40	11.80	7.30	6.50	4.20	4.60	5.00
Monroe	6.70	10.40	10.70	10.50	4.20	6.10	4.90
Region	10.10	13.00	8.00	7.30	5.10	5.20	5.30
State	11.30	13.10	10.00	8.40	5.30	6.10	5.90

Source: *The Florida Long-Term Economic Forecast, 1998, University of Florida Warrington College of Business Administration, Bureau of Economic and Business Research*

Analysis

- The percent change in average labor income between 1970 and 1980 increased substantially across the State, the South Florida region and individual counties.
- From 1980 through 1995 the change in average labor income decreased consistently across the region and the State reaching its lowest levels in the period 1990-1995.
- Projected regional average labor income change for the period 1995 through 2005 appears steady with no significant change from the previous five years (1990-1995) in Broward and Miami-Dade counties including the South Florida region. However, across the State, and in Monroe County, average labor income is expected to rise during the period 1995 through 2000.
- At the county level, Miami-Dade exhibits the slowest growth rate in the average labor income change when compared to Broward and Monroe counties.
- Projections in the percent change of average labor income for the year 2000 through 2005 appear to remain similar to the previous five-year period with no significant changes expected.

Implications

A number of implications may be concluded from the data presented above.

- Annual average labor incomes in the South Florida region from 1995 to 2005 appear to be stagnant.
- Socio-economic well being of families in the region may not be expected to rise significantly.
- Regional economic diversification may not necessarily be sufficient in order to raise the standard of living of families. The quality of jobs and their corresponding salary and wage levels may need to be addressed differently.

Goal:

- 4.1 Achieve a competitive and diversified regional economy, including lower unemployment rate and higher per capita income than the state and national average for Dade, Broward and Monroe Counties, through the achievement of cutting edge human resources, economic development infrastructure and other resources to ensure a sustainable regional community.

Indicator:

- Change in the share of derived personal income from selected regional economic activities as an indication of diversification.

Proxy Indicator: Income Diversification

Time Series Information:

The time series correspond to the period from 1970 to 1996. Included, are Tables 1 through Table 4 representing personal income derived from different economic activities as a percent share of total non-farm income for the South Florida region, Miami-Dade, Broward, and Monroe Counties.

Analysis:

The attached data tables highlight the change in derived personal income as a share of total non-farm income for those economic activities that have experienced substantive growth, and decline in their share as income generators within the South Florida region. The following trends can be observed at the regional and county level:

Regional Trends

- Personal Income growth is predominantly concentrated in the Finance, Insurance & Real Estate, and Service sectors of the regional economy.
- Within Manufacturing, the Instruments & Related Products and Electronic & Other Electrical Equipment sub-sectors appear to be emerging economic activities. However, these activities are growing at a slower pace than those in other competing sectors.
- Business Services emerges as the predominant economic activity with the greatest growth in personal income from 1970 to 1996 (136% growth).
- Health Services was the single largest personal income contributor in 1996 with slightly over 10 percent of the total non-farm income.
- The greatest decline in derived personal income has taken place in those activities within the Construction and Retail Trade sectors of the economy.
- The General Merchandise Stores sub-sector experienced a substantial decline in its contribution to personal income.
- Income derived from the Military experienced a significant decrease across the South Florida region from 1970 to 1996.
- The major sources of personal income for Miami-Dade and Broward counties population appear to be substantially different from those sources in Monroe County.
- Monroe County's income sources are directly tied to the tourism and recreational sectors of the economy while Miami-Dade and Broward counties exhibit a broader diversification of their income sources.

Comparative Trends between Miami-Dade and Broward Counties

- Both counties exhibit a slight degree of sectoral specialization; Miami-Dade County shows a greater income growth in the Health and Legal service activities, Broward County appears to favor those activities in the Finance sector. However, a trend towards the location of high technology associated activities appears to be emerging in both counties.
- The Finance and Services sectors of the economy are the strongest performers as providers of personal income across both counties.

- High technology associated economic activities such as Electronics and Instruments, and their related products exhibited growth as sources of personal income.
- Construction sector activities experienced significant decline as major sources of income.
- In the Retail Trade sector, General Merchandise Stores contribution to personal income declined substantially.
- Personal Income derived from the Military decreased across the two counties with a strongest decline in Miami-Dade County.

Comparative Trends among Monroe, Miami-Dade and Broward Counties

- Monroe County exhibits a very different economic base representing major sources of income growth than Miami-Dade and Broward counties.
- The greatest share of total personal income contribution is found in the Service and Retail Trade sectors of the economy.
- Personal Income growth is highly concentrated in just three economic sub-sectors, the Hotels & Other Lodging Places and Health Services, and Eating and Drinking Places.
- Military associated personal income declined significantly between 1970 and 1996, mirroring regional trends. The Military played a major role as an alternative source of income in the early 1970 s with a total share of over a third of total non-farm income.
- Common to the Tri-County region is the decline of activities within the Retail Trade sector such as General Merchandise Stores.

Implications

Trends in derived personal income appear to underscore the fact that the service and financial sectors of the economy are the major sources of personal income in the region. Continued growth and concentration of derived personal income in these sectors may create future dependence on just a few economic activities as sources of income including employment. However, this seeming economic dependence, and to a certain extent economic diversification, may also provide opportunities for future employment and added income. In addition, general education, job training, and retraining may have to be addressed in order to have a prepared labor force to supply any future occupational demand needs for these growing economic activities.

TABLE 1

**SOUTH FLORIDA
DERIVATION OF PERSONAL INCOME**
(Percent Share of Total Non-Farm Income)

ECONOMIC ACTIVITY	1970	1996
INCREASING		
MANUFACTURING		
Instruments & Related Products	0.29	0.92
Electronic & Other Electrical Equipment	0.81	1.08
RETAIL TRADE		
Miscellaneous Retail	1.67	1.87
FINANCE, INSURANCE, & REAL ESTATE		
Depository & Non-Depository	1.85	3.21
Other Finance, Insurance and Real Estate	5.82	6.62
SERVICES		
Business Services	2.56	6.05
Health Services	5.72	10.26
Legal Services	1.84	3.34
Hotels & Other Lodging Places	0.69	1.46
DECLINING		
CONSTRUCTION		
Special Trade Contractors	6.25	3.20
General Building Contractors	3.14	1.18
Heavy Construction Contractors	1.62	0.59
RETAIL TRADE		
General Merchandise Stores	2.32	1.05
Automotive Dealers & Service Stations	2.58	1.96
Eating and Drinking Places	2.97	2.82
Food Stores	1.98	1.70
Miscellaneous Retail	1.67	1.87
GOVERNMENT		
Military	1.87	0.32

Prepared by the South Florida Regional Planning Council
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional
Economic Information System (REIS) May, 1998.

TABLE 2

**MIAMI-DADE COUNTY
DERIVATION OF PERSONAL INCOME**
(Percent Share of Total Non-Farm Income)

ECONOMIC ACTIVITY	1970	1996
INCREASING		
TIER I		
Business Services	2.66	5.30
Legal Services	1.93	3.96
Depository & Non-Depository Instruments & Related Products	1.84	2.95
	0.27	1.26
TIER II		
Health Services	5.92	10.80
Other Finance, Insurance and Real Estate	5.69	6.66
DECLINING		
TIER III		
Special Trade Contractors	4.82	2.39
TIER V		
Eating and Drinking Places	2.80	2.57
General Building Contractors	2.59	1.07
General Merchandise Stores	2.28	1.01
Automotive Dealers & Service Stations	2.22	1.59

Prepared by the South Florida Regional Planning Council
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional
Economic Information System (REIS) May, 1998.

TABLE 3

**BROWARD COUNTY
DERIVATION OF PERSONAL INCOME**
(Percent Share of Total Non-Farm Income)

ECONOMIC ACTIVITY	1970	1996
INCREASING		
TIER I		
Business Services	2.43	7.40
Electronic & Other Electric Equip.	2.14	2.62
Depository & Non-Depository	1.95	3.68
Legal Services	1.70	2.44
TIER II		
Other Finance, Insurance and Real Estate	6.54	6.65
Health Services	5.42	9.57
DECLINING		
TIER III		
Special Trade Contractors	10.77	4.52
General Building Contractors	4.80	1.25
TIER IV		
Automotive Dealers & Service Stations	3.64	2.60
Eating and Drinking Places	3.37	2.96
Heavy Construction Contractors	2.83	0.68
General Merchandise Stores	2.47	1.10
Hotels & Other Lodging Places	2.21	1.04
Food Stores	2.11	2.02
Miscellaneous Retail	2.10	1.91

Prepared by the South Florida Regional Planning Council
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional
Economic Information System (REIS) May, 1998.

TABLE 4

**MONROE COUNTY
DERIVATION OF PERSONAL INCOME**
(Percent Share of Total Non-Farm Income)

Economic Activity	1970	1996
INCREASING		
TIER I		
Eating and Drinking Places	3.84	7.54
Health Services	2.78	6.71
Other Finance, Insurance & Real estate	1.98	5.07
Food Stores	1.89	3.07
Miscellaneous Retail	1.33	3.17
Amusement & Recreation Serv.	1.24	3.14
Depository & Non-Depository Institutions	1.17	2.05
Business Services	0.87	3.47
Hotels & Other Lodging Places	0.69	1.46
TIER II		
Hotels & Other Lodging Places	5.81	10.50
DECLINING		
TIER III		
Special Trade Contractors	6.25	3.20

Prepared by the South Florida Regional Planning Council
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional
Economic Information System (REIS) May, 1998.

Goal:

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Indicator:

- Increased number of goods produced in South Florida, that are exported outside the U.S. by seaport and air.

Proxy Indicator: International Trade Trends (Miami Customs District)

(Billions of dollars)

<u>Year</u>	<u>Exports</u>	<u>% Change</u>
1989	10.4	---
1990	11.0	7.3
1991	13.3	19.6
1992	16.0	19.8
1993	17.1	6.7
1994	19.5	13.8
1995	22.7	16.8
1996	24.5	7.6
1997	29.5	20.4

Source: *Miami Business Profile*, The Beacon Council, 1998-1999.
Miami Business Profile, The Beacon Council, 1995-1996

Analysis:

- Exports out of the Miami Metropolitan Area have risen significantly in constant dollars. Percentage wise, the trend from 1989 to 1997 is rather uneven. The largest percent increase in exports occurred between 1996 and 1997, registering slightly over a 20 percent change.

Implications:

- Foreign trade has a multiplier effect on other supportive economic activities such as financial, insurance and legal services.
- It provides employment opportunities in a wide range of occupational activities.
- It may attract export-related businesses to locate in the area due to proximity to seaports and airports.

Goal:

- 4.2 Achieve a coordinated regional strategy to address opportunities and threats and promote the region's assets for international business, tourism, sports and entertainment and other economic development activities.

Proxy Indicator: Increased utilization and enhancement of the region's airports and seaports for international business, tourism and other economic development activities

Analysis and Implications:

Role of the Region's Airports

The growth rate in international trade between Miami International Airport (MIA) and Latin America has been averaging about 15 percent over the past few years, representing a doubling in volume every five or six years. Miami's trade is primarily with the Caribbean and Latin American countries. The majority of MIA's international import cargo comprises perishable products including flowers, fruits, vegetables, seafood, plus some assembled clothing. MIA's export cargo comprises computers and peripherals, machinery, medical equipment, telecommunication equipment, agricultural machinery, apparel articles and aircraft parts. Transatlantic cargo is carried in the bellies of the more than 80 weekly wide-body passenger aircraft leaving for Europe, or on the main deck of the B747 freighters on the Amsterdam, Milan, Frankfurt, and Paris routes. All of the international cargo traffic depends on the ease and efficiency of the federal inspectional services.

Federal Express is in the process of locating its Latin American and Caribbean hub at MIA. This is expected to add 400 permanent jobs in the new facilities with the ability to process 6,000 parcels per hour, both coming from and going to international destinations.

Passenger services at MIA employ tens of thousands of people in the tri-county area and process more than thirty million people per year. International traffic at MIA accounts for more than 45% of the total passenger traffic through the facility. This creates an added pressure on the federal inspectional services present at the airport and an increased need in staffing and support.

Ft. Lauderdale-Hollywood International Airport (FLL) is growing in both regional importance and as a business location for aviation-related industries. The recent relocation of Amerijet, a cargo hauler, to FLL has created additional demand on inspectional services that are now testing the limits of current allocated capacity. Embraer, the Brazilian aircraft manufacturer, has its North American service center on the airport property. Embraer has introduced a new and competitive regional jet for worldwide sale and distribution and is using its FLL facility for North American distribution and service.

Air Passenger Trends

1988 1998

	Total/FLL	Total/MIA	Domestic/FLL	Domestic/MIA	Int'l /FLL	Int'l/MIA
1988	8,576,814	24,525,302	7,604,295	15,164,046	972,519	9,361,256
1990	9,098,124	25,837,445	7,764,305	15,828,665	1,333,819	10,008,780
1995	9,850,713	33,235,658	8,605,942	18,792,626	1,244,771	14,443,032
1998	12,453,874	33,935,491	11,212,164	18,449,027	1,241,710	15,449,027

Source: Dade County Aviation Department and Broward County Aviation Department
Prepared by the South Florida Regional Planning Council

Air Cargo Trends

1988 1998

	<u>Miami-Dade</u>	<u>Broward</u>
1988	816,187*	75,829
1990	966,443	87,082
1995	1,747,170	166,770
1998	1,946,857	207,277

* tons

Source: Dade County Aviation Department/Broward County Aviation
Prepared by the South Florida Regional Planning Council

Role of the Region's Seaports

As a component of the region's growth as an international trade center, the seaport facilities play a major role. The South Florida region has two of Florida's largest and most active port facilities: the Port of Miami and Port Everglades.

In fiscal year 1998, the Port of Miami's estimated impact on the community was \$8.3 billion, and 45,000 jobs. Miami is the largest container port in Florida, and the 10th largest in the U.S. Geographic location and cultural connectivity helped make Miami the "Gateway of the Americas." The Port of Miami has 40 shipping lines that make calls on 132 countries and 362 ports around the world. In the past year Port of Miami cargo moving through the facility increased by 4%, reaching 7.1 million tons. Trade through the Port is almost equally balanced between imports and exports. The Port has a traditional customer base in Latin America and the Caribbean, accounting for 67% of the Port's total volume.

Additionally, the Port of Miami is the largest cruise ship port in the world, with over 3 million passengers per year. The Port's major cruise lines are headquartered in Miami and anticipate significant growth in the coming years.

The Port is expecting to be the home of six or more new mega-liners in the coming years, with each ship boarding over 2,000 passengers and 1,000 crew every time it leaves port.

Port Everglades is also one of South Florida's strongest economic engines with annual operating revenues of more than \$66 million and total waterborne commerce exceeding 23 million tons in liquid, bulk and containerized cargoes. More than 5,300 ships call at Port Everglades in a year, forming the basis of a diverse maritime operation that includes a thriving and expanding cruise industry. Containerized cargo and a major petroleum storage and distribution hub has established Port Everglades among the nation's top seaports.

	<u>Miami/Tons</u>	<u>Broward/Tons</u>
1988	2,602,556	1,501,337
1990	3,590,937	1,492,389
1995	5,850,990	4,779,444
1998	7,056,000	6,201,036

Source: Port Everglades/Port of Miami
Prepared by the South Florida Regional Planning Council

Seaport Passenger Trends
1988 - 1998

	<u>Dade</u>	<u>Broward</u>
1988	2,502,411	1,689,844
1990	2,734,816	2,127,503
1995	2,974,703	2,215,554
1998	2,980,000	2,256,169

Source: Miami-Dade County, Port of Miami, Broward County, Port Everglades
Prepared by the South Florida Regional Planning Council

Goal:

- 4.2 Achieve a coordinated regional strategy to address opportunities and threats and promote the region's assets for international business, tourism, sports and entertainment and other economic development activities.

Indicators: Increase of annual expenditures by South Florida s visitors

Analysis and Implications:

Domestic Tourism

South Florida remains one of the most popular tourist destinations in the country and entertains hundreds of thousands of visitors every day. South Florida has over 10 million visitors annually, its tourist activity generates over \$10 billion in

the region's economy every year, and its direct economic impact is more than \$13 billion. Of the visitors coming to South Florida each year, 51% come from the Northeast Region, 23% from the North Central Region, 22% from the South Central Region and 6% from the West coast of the United States. Tourism is an important component of the economy. In 1997, both eating and drinking places and lodgings ranked in the top sectors of the regional economy in terms of employment. Tourism related jobs are an economic asset as they often provide entry-level jobs for the young and can increase opportunities for older south Floridians to meet their economic needs. However, as noted earlier, tourism is seasonal and subject to outside influences. Reliance on tourism should therefore be balanced with other economic sectors.

In addition to its traditional tourism activities, South Florida possesses an abundance of natural resources that are more than adequate to support the expanding eco-tourism market. The region has National Parks; forest parks, wildlife management areas, campgrounds, scenic rivers and canals; and private sector resource-based amenities. Also, there are many areas of the region that have been designed for agricultural use that can be used for resource-based tourism. Regional and local policies should be developed and implemented to ensure that this segment of the economy remains a viable component.

International Tourism

The ports and waterways are what created South Florida, bringing the first wave of tourists. Today, the region's ports are the leading cruise ports in the world. The region's ports accommodate the world's largest fleet of cruise ships owned and operated by some of the largest and more well known cruise lines in the world. These operators have turned the region's ports into an international checkpoint. The implications for the region are even more significant. The cruise industry is a microcosm of a bigger economic phenomenon redefining the region: the port functions as conduit for passengers just as it does for cargo.

The other key value in tourism growth is the international visitor vacationing at the region's resorts. International travelers are one of the fastest-growing groups in tourism. International visits increased at a compounded annual rate of 8.8%, above the domestic visitation rate of 5.8%. Although Latin American visitors are a mainstay, the European sector has increased at an annual compounded rate of 27% over the past five years. The international visitors are also major contributors to the growth in retail trade. Many of the foreign travelers to the region spend heavily in the retail sector, making purchases of household and electronic items that frequently are expensive or difficult to find in their domestic markets.

Goal:

- 4.2 Achieve a coordinated regional strategy to address opportunities and threats and promote the region's assets for international business, tourism, sports and entertainment and other economic development activities.

Proxy Indicator: Enhancement of telecommunication infrastructure and higher educational institutions for supporting regional economic development

Analysis and Implications:

Role of Telecommunications Infrastructure

The multicultural and multilingual population of South Florida has been a fertile ground for the music, film and television industries. Home to two major television networks and one large radio network, South Florida has propelled itself into the realm of a national media center. As a byproduct of the extensive entertainment infrastructure in South Florida, telecommunications and information technology are becoming major factors in defining the future of South Florida. As the region and the world moves toward global interconnectivity, economic and social rewards will go to regions that are organized to participate effectively in the information-led economy that is emerging. Improvement in the area of technology is rapidly being embraced as a national goal as well as a regional one. Improved technological networks would help us compete effectively with other regions. Telecommunication infrastructure is increasingly important to economic development, as the region moves toward a more professional service-based economy.

Telecommunication technology is also a growing export commodity from South Florida. Most telecommunication systems in Central and South America, as well as, the Caribbean Basin are currently experiencing significant change. South Florida has become the region that multinational telecommunication companies have discovered and elected as a base for Latin American Operations and Sales. Telecommunication and information technology will be major factors in defining future economic development efforts in this region

Role of the Region's University System

Historically, the university community in South Florida has not grown as fast as the region's population. Founded in 1928, the University of Miami is the region's first and oldest university. A private university, the University has grown in both size and reputation to become an institution with national name recognition. However, South Florida did not have any state supported university places of higher education until the formation of the local community college system. In 1960 Miami-Dade Community College and Broward Community

College were formed. Since that time Florida International University and Florida Atlantic University were founded, both of which are four-year degree granting institutions. Additionally, the region's private schools, such as Florida Memorial College, St. Thomas University, Barry University and Nova Southeastern University have experienced tremendous growth. Nova Southeastern University, with 16,000 students, is now the largest private institution in Florida. Additionally, the region has added three new degree granting private schools, International Fine Arts College, Trinity International University and Johnson and Wales University.

The collective enrollment in the region's Colleges and Universities is now over 165,000 students. Increasingly, more of the region's enrollment is coming from out of the region, often from out of State or the country. These schools are now a regional economic cluster. The Universities are generating thousands of jobs directly and thousands more indirectly for the region. The University of Miami is the second largest private employer in Miami-Dade County with nearly 8,200 jobs and a total annual economic impact approaching \$2.2 billion¹.

The Universities, however, provide the region with an additional economic opportunity. With the continuing diversification of the regional economy, the University community of South Florida can be a catalyst for growing and attracting new business and industries to the area. One example is the growth of the film and television production industry in Miami-Dade County that benefits from the local talent pools at the Universities that provide Film programs.

Universities nationally have been developing economic opportunities that are a product of research funded and conducted at individual institutions. The byproduct of this type of economic development includes the benefits found in such areas as "Silicon Valley" in Northern California and "Mass Ave" in Cambridge, Massachusetts. These areas have fostered partnerships between the national business communities and the Universities and these partnerships have fostered enormous benefits in the form of new jobs and industries.

The regional composition of South Florida research universities and the current diversification of the regional economy should provide a productive base from which new industry can be grown within the region. The growth of the region's technology, software and Internet industries could work with region's universities to foster and accelerate job growth.

¹ This information was provided by the University of Miami.

Goal:

- 4.2 Achieve a coordinated regional strategy to address opportunities and threats and promote the region's assets for international business, tourism, sports and entertainment and other economic development activities.

Indicator: Increase of domestic and international investment into the region.

Analysis and Implications:

South Florida's economy now revolves around service-based industries. The region has historically exploited its comparative advantage by building a service economy around tourism and construction. However, our cultural and ethnic diversity and geographic location have provided a strong base of development for the addition and expansion of global trade. This trend is evidenced by the continued movement of Latin American sales offices for Fortune 500 companies to the area. Most recently Daimler Chrysler, IBM, Caterpillar, Volkswagen and Club Med have moved significant sales and administration jobs, in the form of headquarters offices for Latin America, to Miami-Dade County.