

## *County Demographics, Economy & Housing Market*

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### **County Demographics**

The University of Florida’s Bureau of Economic & Business Research (BEBR) estimates the April 2008 County population at 1,294,694 persons. This is an increase of about 163,500 persons from year 2000 or 14.45% and a decline of 330 persons from 2007. The US Census Bureau estimated an increase of 1,281 in population between 2007 and 2008. In 2008, there were 268,254 foreign born residents in Palm Beach County. This represents approximately 21% of the total 2008 population.

Despite the slight decline in population between 2007 and 2008, BEBR is forecasting another 27,200 population increase in Palm Beach County by 2013, the end of the five-year planning period. The twenty-year projection (2028) exceeds 1.53 million people.

Age-group population for 2008 and estimates for 2013, 2018 and 2028 are shown in Table 1.4. The school-age cohort, 0-19 years, is forecast to decline slightly as a percentage of total population. In ten years, people over 45 will comprise 49% of total population, up from 47% in year 2008. The huge baby-boom bubble is now aged 49 to 64 years old. This group is anticipated to have a significant impact on county demographics in ten to twenty years, as boomers from other areas retire to Florida.

Table 1.4 – Palm Beach County – Population by Age-Group								
Age-Group	2008	% of Total	2013	% of Total	2018	% of Total	2028	% of Total
0-19	306,460	24%	300,805	23%	390,472	22%	328,672	21.5%
20-44	377,989	29%	371,982	28%	384,933	28%	412,608	27%
45-64	332,499	26%	349,254	26%	355,969	26%	344,087	22.5%
65+	277,706	21%	299,837	23%	340,240	23%	445,386	29%
<b>Total</b>	<b>1,294,654</b>		<b>1,321,878</b>		<b>1,390,614</b>		<b>1,530,754</b>	
<i>Source: Bureau of Economic &amp; Business Research, University of Florida</i>								

In 2008, there were 654,794 total housing units in Palm Beach County, 59.0% were owner-occupied housing units, with an average household size consisting of 2.5 people. Currently, the median age in Palm Beach County is 42.8 years.

The racial and ethnic mix of the county population continues to diversify. Table 1.6 compares Census 2000 racial and ethnic data with 2008 estimates. The estimated 2008 racial make-up of Palm Beach County population is more diverse than in 2000. African Americans, American

Indians, Asian and Multi-racial persons comprise a greater percentage of total population than in 2000. This Hispanic or Latino population grew from 12.4% in 2000 to 17.8% in 2008.

<b>Table 1.6 – Palm Beach County Racial &amp; Ethnic Population 2000 &amp; 2008</b>				
<b>Classification</b>	<b>2000</b>		<b>2008</b>	
	<b>NUMBER</b>	<b>PERCENT</b>	<b>NUMBER</b>	<b>PERCENT</b>
One Race	1,104,256	97.6%	1,250,012	98.8%
White	894,207	79.1%	1,004,402	80.4%
Black or African American	156,055	13.8%	208,500	16.7%
American Indian and Alaskan Native	2,466	0.2%	7,460	0.6%
Asian	17,127	1.5%	28,125	2.25%
Native Hawaiian and Other Pacific Islander	692	0.1%	1,525	0.1%
Some other race	33,709	3.0%	90,854	7.1%
Two or more Races	26,928	2.4%	15,281	1.2%
<b>Total Population</b>	<b>1,131,184</b>		<b>1,265,293</b>	
Hispanic or Latino (of any race)	140,675	12.4%	225,847	17.8%

### **Housing Market & Economy**

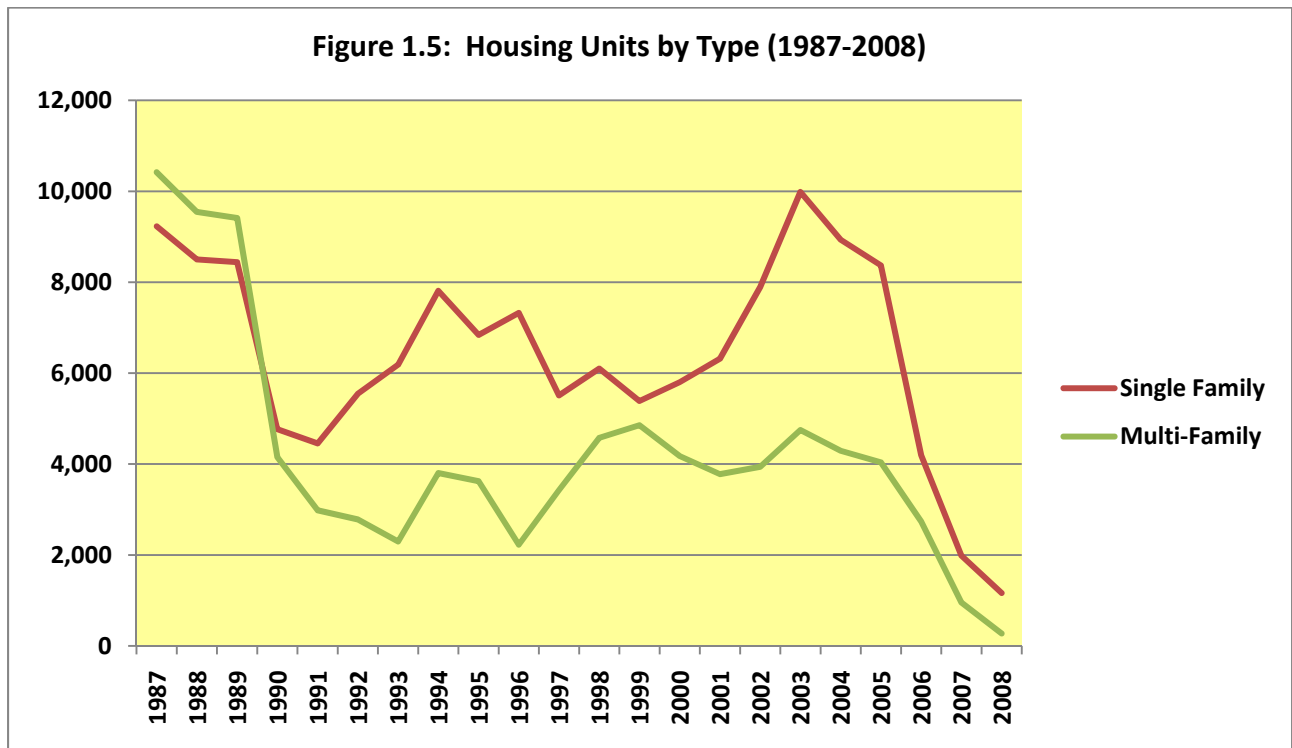
Palm Beach County experienced steady and significant economic growth from the mid-1980s through the late 1990s (with the exception of the 1991 recession). More recently, economic trends moderated with downturns in years 2000 and 2001, and the post-September 11, 2001 uncertainty. In early 2008, many economists and analysts characterized the economy in recession, although not all agree. Today there is widespread consensus that the economy has been in recession since 2008. The housing market in Palm Beach County was robust from mid-2003 through 2005. The “run-up” in median housing price in 2004 was substantial, increasing 20% in one year. Many investors and speculators got into the market. Creative “Sub-prime” financing allowed more opportunities for home ownership.

The housing market experienced significant increases in median home prices and over 12,000 rental apartment units were converted to condominiums. The market peaked in 2005 and most speculators stopped buying in the fall. Since the fourth quarter 2005, the housing market has cooled and shifted to a buyer’s market. The median purchase price for existing homes in Palm Beach County in mid-2008 was \$334,300. This is down from the peak median price of \$421,500 in November 2005. In July 2009, the median price has fallen to \$250,000 or by 40%. In 2008, median household income in Palm Beach County was \$57,256; Per capita personal income was \$32,323.

Table 1.7 and Figure 1.5 show building permit data by type from 1987 to 2006. The number of total units peaked in 2003 and 2004 and fell off significantly in 2006. In 2003, over 9,900

single-family units and over 4,700 multi-family units were permitted. By 2006, the total number permitted fell to less than 7,000 units. Permit activity has continued to decline into 2009. In 2008, just over 1,500 units were issued permits. This is a 50% decrease in building activity from 2007 (2,943 units). First quarter 2009 permits totaled 401 units.

Table 1.7 – Building Permit Data, By Type							
Year	Single Family	Multi-family	Total	Year	Single Family	Multi-family	Total
1987	9,228	10,418	19,646	1998	6,101	4,576	10,677
1988	8,501	9,545	18,046	1999	5,386	4,856	10,242
1989	8,440	9,414	17,854	2000	5,801	4,177	9,978
1990	4,767	4,150	8,917	2001	6,314	3,777	10,091
1991	4,454	2,982	7,436	2002	7,895	3,939	11,834
1992	5,545	2,782	8,327	2003	9,986	4,751	14,737
1993	6,186	2,295	8,481	2004	8,932	4,291	13,223
1994	7,810	3,801	11,611	2005	8,369	4,039	12,408
1995	6,840	3,625	10,465	2006	4,192	2,735	6,927
1996	7,325	2,227	9,552	2007	1,987	956	2,943
1997	5,511	3,426	8,937	2008	1,162	273	1,435



Other sources, including Metrostudy, Inc. and the Florida Association of Realtors (FAR) reported some signs of improving conditions in the housing market in 2008. Metrostudies indicated that housing starts in the region and particularly Palm Beach County ticked up slightly between the first and second quarters in 2008. FAR reports 744 sales of existing homes in June 2008 in the WPB-Boca MSA, down only slightly from 764 sales in June 2007. In 2009, Metrostudies reports 213 single-family starts in the second quarter, up from first quarter starts. These starts accounted for more than half the starts in the six county region. The number of single-family units under construction also rose in the second quarter, albeit the levels of construction are low compared to 2006.

Resale's of homes continues to be an important factor in the market. In 2008, inventories began to ease. Some large developers have cut prices on new homes to spur sales. Monthly foreclosures, homes in some stage of pre-foreclosure, increased in 2006 from under 200 in February to over 500 in December. Forecasts for 2008 predicted foreclosures and changes in mortgages as factors affecting the housing market. Rate adjustments for many adjustable rate mortgages obtained in the "run-up" period and the 2005 market peak will happen in 2008 and 2009. Other creative financing mechanisms in the sub-prime market, such as balloon payments, will force some homeowners to default. These changes interject more uncertainty into the currently sluggish Palm Beach County housing market. Property tax reform and insurance costs further complicate the future.

Inventories of single family homes in Palm Beach County fell for the 16<sup>th</sup> straight quarter. There is a 4.2 month of supply of units which is higher than normal. Actual foreclosures (first notice from Bank) in 2008 averaged over 2000 per month from April through the fall. The effect nine months later has been 300-500 foreclosed homes per month. Local analysts are forecasting another wave of housing problems from ARMs that reset in 2010 and 2011. Earlier foreclosures resulted from sub-prime loans. The next wave will be from option ARM and foreclosures on properties with prime (and Jumbo) mortgages.

The cost of housing in Palm Beach County continues to be an issue. Affordable and workforce housing are topics under discussion at the county and state level. The County Commission recently adopted an ordinance, which requires developers to provide a percentage of affordable housing in new residential developments. The Housing Leadership Council of Palm Beach County, Inc. hosts an ongoing forum regarding workforce and attainable housing. The State of Florida is also developing programs to assist with affordable housing.

In May 2009, the civilian labor force in Palm Beach County was 627,647. The unemployment rate was 10.2%, holding steady for the past year. The national unemployment rate in May 2009 was 9.1% and 10% in Florida. An economic decline in Palm Beach County is indicated by the -4.2% rate of change (net loss of 23,500 jobs) in the number of non-agricultural jobs from May

2008 to May 2009. Over 479,600 jobs, or 85.1% of all jobs, were service-providing sectors. Table 1.8 shows employment by type. The Professional and Business Services and Trade, Transportation and Utilities sectors had the highest number of employees.

<b>Table 1.8 – Employment by Sector, Palm Beach County, May 2009</b>			
<b>TYPE OF EMPLOYEMENT</b>	<b>NUMBER</b>	<b>TYPE OF EMPLOYEMENT</b>	<b>NUMBER</b>
<b>Professional and Business Services</b>	<i>87,700</i>	<b>Information</b>	<i>10,500</i>
<b>Education and Health Services</b>	<i>81,200</i>	<b>Trade, Transportation and Utilities</b>	<i>100,500</i>
<b>Total Government</b>	<i>68,300</i>	<b>Leisure and Hospitality</b>	<i>67,900</i>
<b>Financial Activities</b>	<i>38,400</i>	<b>Construction</b>	<i>30,200</i>
<b>Information</b>	<i>10,500</i>	<b>Manufacturing</b>	<i>16,800</i>

Table 1.9 reports employment by largest employers. The School District of Palm Beach County, with 21,718 employees, is the largest employer in the county followed by Palm Beach County and other various government agencies and municipalities. The School District is responsible for contributing over one billion dollars to the local economy.

<b>Table 1.9 – Major Employers in Palm Beach County</b>			
<b>RANK</b>	<b>EMPLOYER/LOCATION</b>	<b>EMPLOYEES</b>	<b>INDUSTRY SECTOR</b>
<b>1</b>	<b>School District of Palm Beach County</b>	<b>21,718</b>	<b>Education</b>
<b>2</b>	<b>Palm Beach County</b>	<b>11,319</b>	<b>Government</b>
<b>3</b>	<b>Tenet Healthcare Corp., Delray Community, Palm Beach Gardens Medical, Good Samaritan, Pincrest Rehab., &amp; West Boca Medical Center</b>	<b>4,500</b>	<b>Healthcare</b>
<b>4</b>	<b>Florida Power &amp; Light (Hdqtrs)</b>	<b>3,632</b>	<b>Utilities</b>
<b>5</b>	<b>Hospital Corporation of America (HCA)</b>	<b>3,395</b>	<b>Healthcare</b>
<b>6</b>	<b>Wackenhut Corporation</b>	<b>3,000</b>	<b>Security Services</b>
<b>7</b>	<b>Florida Atlantic University</b>	<b>2,838</b>	<b>Higher Education</b>
<b>8</b>	<b>Veterans Health Administration</b>	<b>2,207</b>	<b>Healthcare</b>
<b>9</b>	<b>Office Depot (Hdqtrs)</b>	<b>2,100</b>	<b>Office Supplies</b>
<b>10</b>	<b>Boca Raton Community Hospital</b>	<b>2,100</b>	<b>Healthcare</b>

### **Bio-Technology Sector**

In February 2009, Scripps Florida opened its 375,000 square foot state-of-the-art biomedical research facility in Jupiter, Florida. Scripps Florida is the expansion of The Scripps Research Institute, the world's largest non-profit biomedical research institute. In January 2008, the Max

Planek Florida Institute announced it would establish a permanent facility near Scripps Florida and the Jupiter campus of Florida Atlantic University, thus expanding the developing biotech industry in South Florida.

Within the next five years, Scripps Florida is projected to increase its workforce to more than 500 employees, including scientists, researchers and administrative staff. The institute is expected to generate 6,500 new jobs (directly and indirectly) and to increase the number of life science companies in Palm Beach County. Scripps currently has 330 employees of which:

- 50% are PhD's from outside Florida;
- 25% are scientific support staff: ½ from within the County; ½ from out-of-state;
- 25% are administrative: 10% from out-of-state; 90% from within Florida; of these 70% from Palm Beach County.

The addition of Scripps Florida was and is an impetus to increasing the number of biotech companies throughout the state, with over 120 firms now calling Florida home. These companies create a larger demand for scientists, laboratory technicians and support staff for biotechnology and manufacturing.

Phase II of Scripps is planned on a parcel located south of Donald Ross Road adjacent to the current facility in Jupiter. This phase is planned for 1.6 million square feet on 100 acres for bioscience, research and development, offices and a conference hotel; 500,000 square feet of retail space; and, 2,700 homes including 600 single-family; 1,400 apartments and 700 multi-family units.