

## SARASOTA COUNTY ECONOMIC OUTLOOK FOR 2009-2010

*Excerpts of a report prepared for Sarasota County Government by Donald Grimes and George Fulton of the Institute for Research on Labor, Employment, and the Economy. This report was presented to the Sarasota County Board of Commissioners on January 14, 2009. You can find the full report on <http://www.scgov.net/EconomicStimulus/default.asp>*

### DATA MEASURES, EMPLOYMENT, AND STRUCTURE OF THE SARASOTA COUNTY ECONOMY ALONG WITH ECONOMIC COMPARISONS TO 33 OF ITS PEERS

“Sarasota’s employment in theater, dance, and musical companies... 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.”

**“Where Sarasota really stands apart from its peers is in its arts industry.** Its employment share in theater, dance, and music companies... 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.”

“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.**”

### NATIONAL AND SARASOTA COUNTY OUTLOOK: 2009–2010

“In general, higher-paying industries that tend to employ people with higher levels of educational attainment (will) gain jobs, while lower-paying industries that have lower educational requirements (will) lose jobs. 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.”

“The performing arts industry (will add) 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.”

“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.”

## 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 workforce. 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."