

Economic Highlights

Employment

Contributions to Change in Nonfarm Payroll Employment	1
Unemployment and Labor Force Participation Rates	2

Real Estate

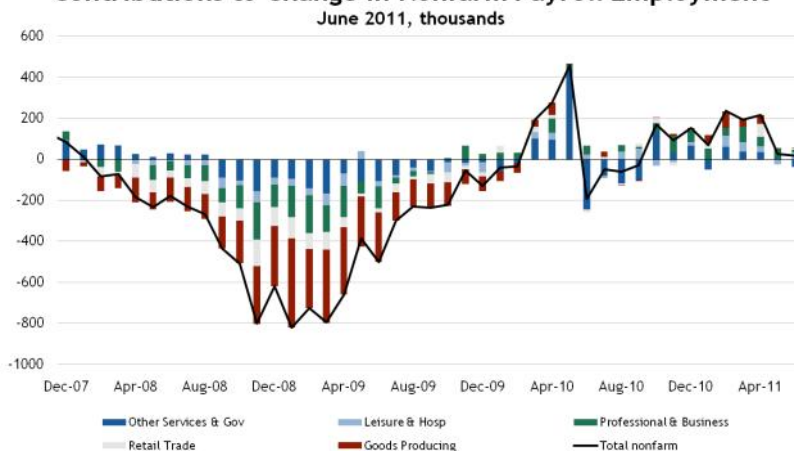
FRBA Real Estate Survey Results	3-5
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Employment

Summary

Payroll employment increased by 18,000 in June, while May and April payrolls were revised downward. June marks the second consecutive month with a payroll increase of less than 50,000. June's report also had the smallest monthly increase thus far in 2011.

Contributions to Change in Nonfarm Payroll Employment

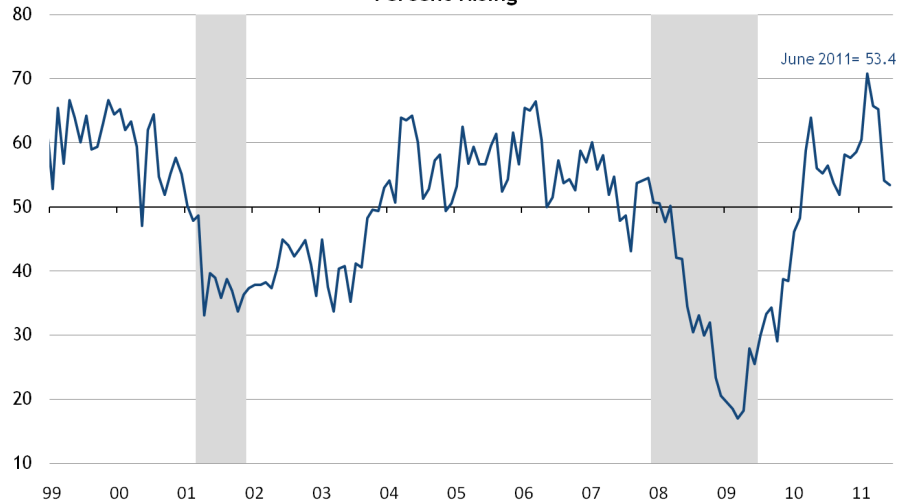


Source: U.S. Bureau of Labor Statistics

- **Nonfarm payroll employment** increased by 18,000 and **private payrolls** increased by 57,000 in June, significantly below consensus expectations and lower than May's revised payrolls of 25,000. April payrolls were revised down by 15,000, to 217,000.
- Following a decrease in May, **manufacturing** payrolls increased by 6,000 in June. However, this increase is well below the average monthly increase of 34,500 jobs experienced from January to April, 2011.
- **Leisure and hospitality** bounced back from May's job losses with an increase of 34,000 in June. **Education and health services** did not add any jobs over the month; prior to June's report, this sector had increases of more than 15,000 every month since May 2009.
- **Retail and wholesale trade** added 5,200 and 7,100 jobs, respectively. Retail trade hasn't experienced an appreciable change in payrolls in the last two months; wholesale trade has averaged gains of 7,000 jobs per month over the last three months.
- **Professional and business services** added 12,000 jobs. However, its **temporary help services** component decreased for the third consecutive month, losing 12,000 jobs.
- **Financial activities** cut payrolls by 15,000, offsetting the gain experienced in May.
- **Government** payrolls continued their declining trend by cutting 39,000 jobs in June.

The spread of job growth across industries decreased for a second consecutive month, but the decrease was significantly smaller in June than it was in May.

Diffusion Index of Private Nonfarm Payrolls



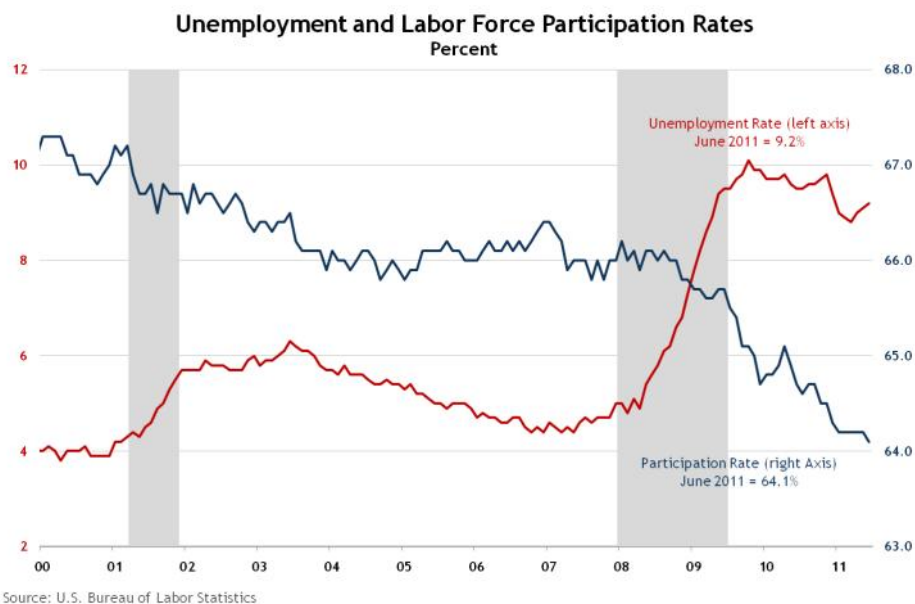
Source: U.S. Bureau of Labor Statistics

- The diffusion index decreased by 0.2 percentage points in June; this decrease is markedly smaller than the 11 percentage point drop seen in May.

Employment

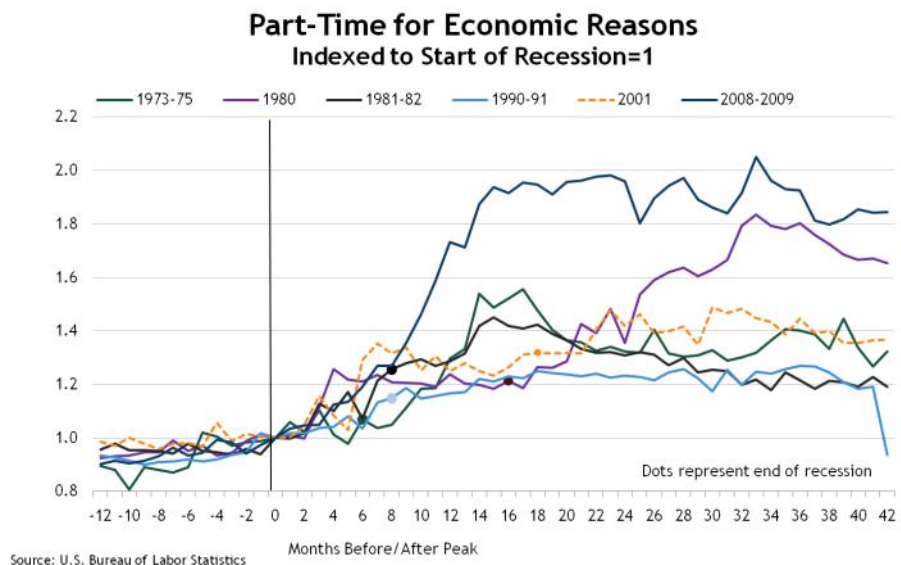
Summary

The unemployment rate increased to 9.2 percent in June.



- The **unemployment rate** climbed to 9.2 percent in June, from 9.1 percent in May. It has been increasing by at least 0.1 percentage point per month since March.
- The **labor force participation rate** decreased by 0.1 percentage point in June, to a level of 64.1 percent. This change is the first one since January 2011.

Underemployment continues to remain higher than in previous recoveries.



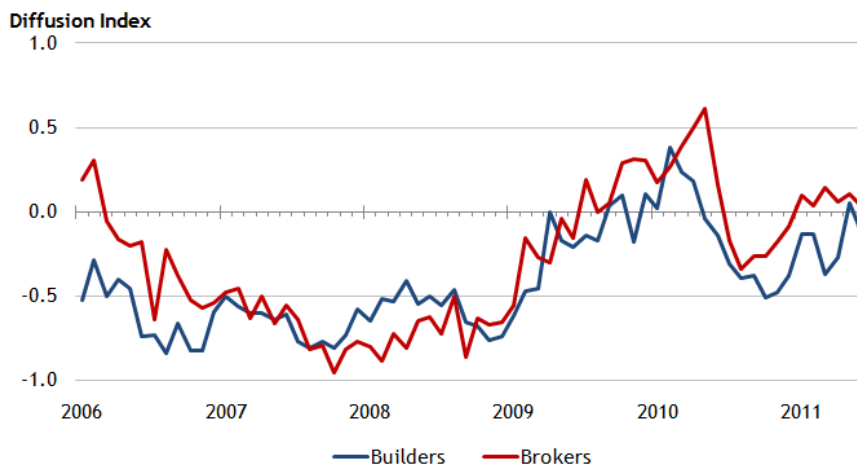
- “Economic reasons” is defined both as people who want to work full time but can only find part-time jobs and as people who work part time because their employers are able to afford only part-time positions given the demand for their business.
- The trend for people working part-time because of these reasons decreased from months 33 to 38 (in line with the 1980 recession) but has increased slightly since then (deviation from the 1980 recession). This measure remains elevated in the current recovery compared with previous recoveries.

Summary

Southeast Realtors reported that home sales growth in June remained slightly ahead of sales last year. However, builders reported that sales weakened in June, falling below the year-earlier level.

Note: The housing survey's diffusion indexes are calculated as the percentage of total respondents reporting increases minus the percentage reporting declines. Positive values in the index indicate increased activity while negative values indicate decreased activity.

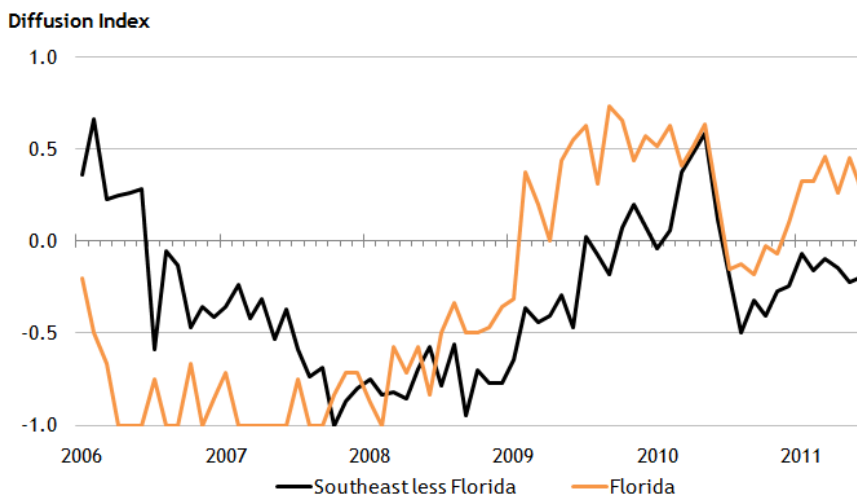
June 2011 Southeast Home Sales vs. a Year Earlier



Source: FRBA business contact poll

Reports from Florida residential brokers indicated that sales remained ahead of the year-earlier level in June, while elsewhere in the region sales were down on a year-over-year basis.

June 2011 Broker Home Sales vs. a Year Earlier



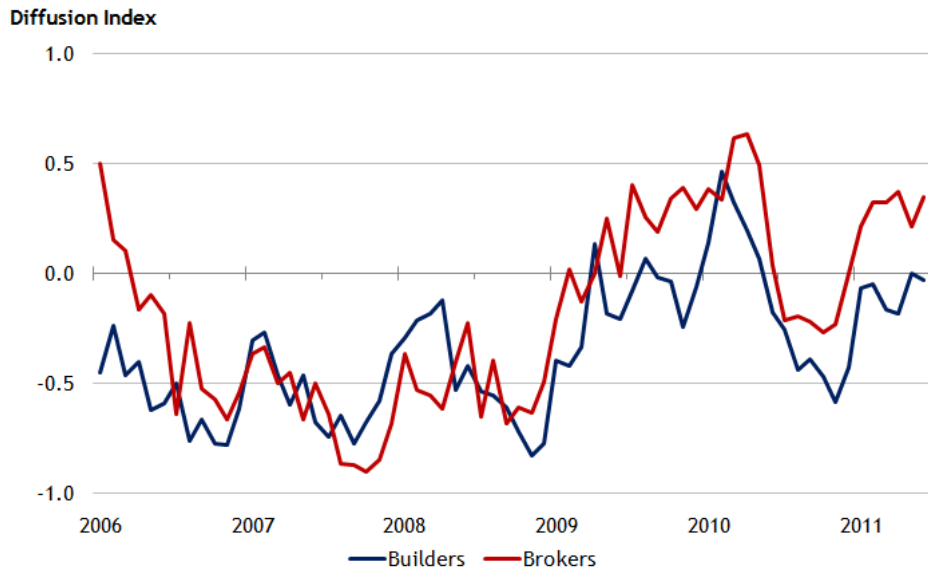
Source: FRBA business contact poll

Note: June poll preliminary results are based on responses from 81 residential brokers and 35 homebuilders and were collected July 5-13.

Summary

Southeast brokers reported that buyer traffic remained positive in June on a year-over-year basis while builders noted buyer interest was little changed.

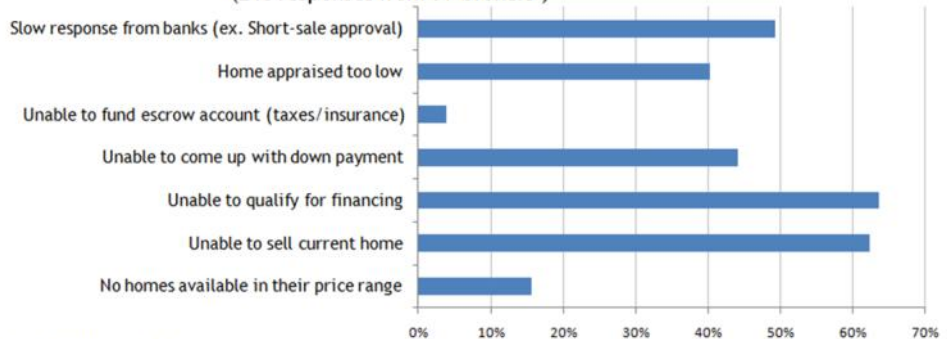
June 2011 Southeast Buyer Traffic vs. a Year Earlier



Source: FRBA business contact poll

Close to two-thirds of Southeast brokers reported that the buyers' inability to qualify for financing and their inability to sell their current home had prevented buyers from purchasing a new home.

Southeast Brokers: Among home buyers who have contacted you about purchasing a home what has prevented them from doing so thus far in 2011? (215 responses from 77 brokers)



Source: FRBA business contact poll

Note: Multiple-response questions

Southeastern brokers reported that the buyers' inability to sell their current home was most problematic for home buyers. Among Florida brokers, slow response from banks and the inability to sell current homes were most problematic.

Southeast Brokers: In your opinion, which one has been most problematic for buyers?

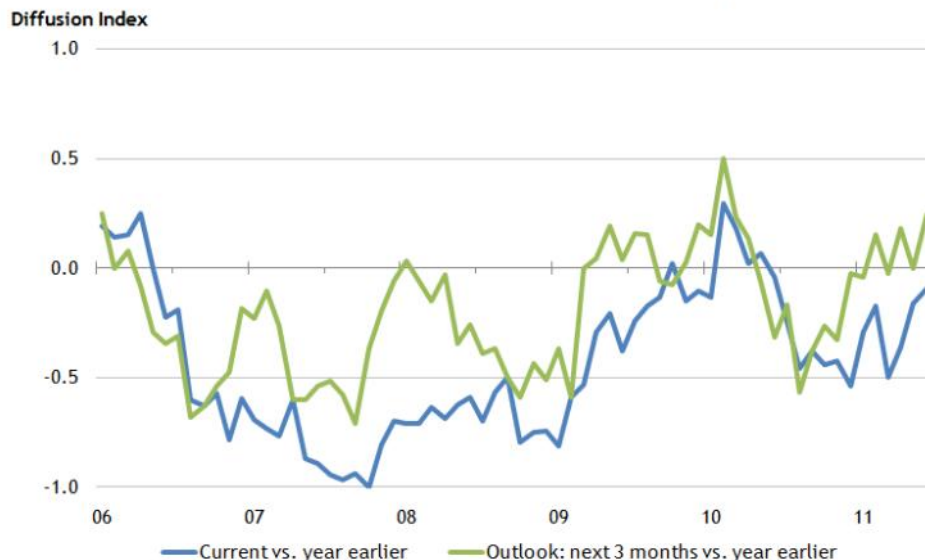


Source: FRBA business contact poll

Summary

The majority of Southeast homebuilders reported that home construction was flat to slightly down compared with a year earlier while the outlook remained slightly positive.

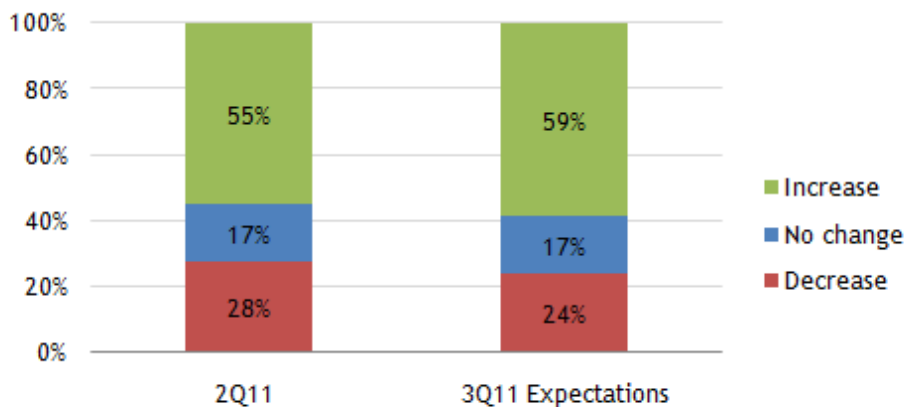
June 2011 Southeast Construction Activity



Source: FRBA business contact poll

Southeast builders indicated an increase in home improvement construction growth in the second quarter of 2011 compared with a year earlier and with reports at the end of the first quarter. The outlook remains positive as well.

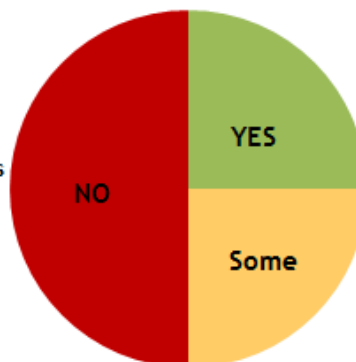
Home Improvement Construction Activity year-over-year basis



Source: FRBA business contact poll

However, builders indicated that it was very challenging to pass along cost increases in the work they were bidding.

In recent months, have you been able to effectively pass along cost increases in the home improvement work you have bid?



Source: FRBA business contact poll