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### *Consumer Confidence*

Consumer confidence among Floridians jumped seven points in October to 90, its highest level since March. The increase in confidence was broad-based with increases in all five of the components. Perceptions of personal finances now compared to a year ago increased seven points to 83, while perceptions of personal finances a year from now increased seven points to 96. Perceptions of US economic conditions over the next year increased 11 points to 84, and perceptions of economic conditions over the next five years increased eight points to 85. Perceptions as to whether it is a good time to buy big-ticket items increased three points to 103.

“The increases in consumer confidence were particularly high among lower-income households, emphasizing the role that lower gas prices continue to have on consumer confidence,” said Chris McCarty, the Survey Director. “Gas prices across the US are nearly 40 cents lower than this time a year ago, and in the lower Atlantic states they are 53 cents lower. This, coupled with the absence of hurricanes here in Florida and solid employment numbers, provides some much needed relief for low income consumers. The effect on consumers is indicated in the retail sales data which showed a strong increase this for September once the declines in gas prices were removed. Higher income households, though not showing as much of an increase in optimism, were no doubt encouraged by the gains in the stock market. Investors, also encouraged by oil prices and steady job growth have been bullish for the past two months, pushing the stock market to record highs. Nationally, consumer confidence as measured by the University of Michigan also realized large gains.”

Despite the large increases in confidence, there is reason to believe they may be short-lived. Debt burdens on households continue to remain at record levels, and while employment has been steady, wage growth has been stagnant. The larger threat to the economy is the effect of the decline in housing which is now apparent nationally, and is particularly severe in Florida where many coastal properties were inflated. Single family home sales fell in Florida during September by 34 percent, with a one percent decline in the median price. The price decline was particularly severe for coastal communities such as Sarasota where the median price fell by 16 percent, compared to areas like Gainesville which realized a 15 percent price increase. Overall housing sales and prices are expected to decline more before they rise again.

“Frankly I am puzzled that the decline in housing has not significantly affected consumers here in Florida yet,” said McCarty. “There is a lot of debate among economists about how much of an effect housing will have. Some think that the worst is over and that strong employment and lower energy prices will balance out the ill effects of resetting adjustable rate mortgages and declines in home equity. Others think that we have not seen the bottom of this decline and that over the next several months consumers will feel the effects of the decline in a number of ways, and that this will ultimately impact the economy, perhaps pushing it into recession. I tend to hold the latter view, although consumers have remained surprisingly resilient so far. My expectation is that consumer confidence will decline in the coming months as the full effects of housing are fully realized in terms of consumer debt and home equity extraction, construction employment and spending associated with home sales.”

# FLORIDA ECONOMIC AND CONSUMER SURVEY†

October 31, 2006

Bureau of Economic and Business Research

University of Florida

Oct-05   Nov-05   Dec-05   Jan-06   Feb-06   Mar-06   Apr-06   May-06   Jun-06   Jul-06   Aug-06   Sep-06\*   Oct-06†

### Consumer Confidence Index

FLORIDA	80	84	91	95	87	91	86	86	88	87	77	83	90
Men	88	88	96	99	92	99	94	93	91	92	84	90	99
Women	74	80	87	92	83	84	82	81	86	84	72	78	85
Under age 60	82	85	95	96	89	94	91	87	93	90	79	86	94
Aged 60 and over	74	82	83	92	84	86	81	83	82	79	73	80	85
Income under \$30,000	67	72	81	83	77	77	75	67	70	74	62	72	83
Income \$30,000 and over	86	89	97	100	92	97	93	92	95	91	83	89	95

### Personal financial situation now compared to a year ago

FLORIDA	79	80	88	88	83	89	84	88	87	80	74	76	83
Men	87	84	90	94	89	95	91	95	92	87	76	78	95
Women	73	76	85	84	78	83	80	84	83	76	72	75	75
Under age 60	86	85	93	93	88	98	94	97	93	87	79	81	91
Aged 60 and over	62	71	76	80	76	73	67	72	78	65	62	66	73
Income under \$30,000	51	54	61	61	71	66	65	51	61	47	52	53	64
Income \$30,000 and over	91	91	98	97	91	101	94	102	96	91	81	85	90

### Personal financial situation expected one year from now

FLORIDA	90	92	95	99	95	96	92	92	94	98	91	89	96
Men	94	93	100	104	97	102	95	99	92	103	98	90	104
Women	87	90	92	96	93	90	90	88	95	95	86	87	90
Under age 60	98	101	105	109	106	107	107	99	106	107	100	101	107
Aged 60 and over	71	75	73	83	77	75	68	77	72	76	71	69	77
Income under \$30,000	81	78	89	96	81	85	82	74	77	82	77	83	87
Income \$30,000 and over	96	100	99	104	103	101	101	99	102	104	98	93	102

### Expected national economic conditions over the next year

FLORIDA	66	72	84	86	77	81	76	73	77	76	62	73	84
Men	78	74	90	92	81	93	88	85	87	78	68	86	96
Women	58	70	79	81	74	70	68	66	69	74	57	64	76
Under age 60	67	73	87	84	78	78	74	70	80	76	60	72	84
Aged 60 and over	68	72	81	89	76	86	80	81	76	73	64	78	86
Income under \$30,000	61	68	86	80	69	71	71	61	61	74	49	63	73
Income \$30,000 and over	68	73	86	90	81	82	79	78	85	75	65	79	91

### Expected national economic conditions over the next 5 years

FLORIDA	76	78	84	90	79	83	78	75	86	82	73	77	85
Men	86	84	91	94	85	96	91	80	89	89	85	88	93
Women	69	73	78	87	74	72	70	72	83	77	65	70	81
Under age 60	74	77	86	86	76	84	79	73	86	82	71	76	84
Aged 60 and over	81	80	81	97	84	84	80	79	85	81	79	84	87
Income under \$30,000	65	74	82	78	66	73	68	61	65	76	60	70	86
Income \$30,000 and over	81	78	86	94	84	86	86	80	90	83	76	84	86

### Is this a good time to buy major household items?

FLORIDA	88	98	105	109	102	106	102	100	98	100	87	100	103
Men	95	107	107	109	107	109	104	108	97	105	93	108	105
Women	83	90	103	109	97	104	101	95	100	96	82	94	102
Under age 60	88	91	104	109	98	104	101	97	98	100	84	100	104
Aged 60 and over	90	110	105	113	107	110	107	106	99	98	92	102	100
Income under \$30,000	78	85	89	100	101	91	91	87	88	89	74	90	104
Income \$30,000 and over	96	103	114	113	101	112	107	103	102	103	92	108	104

\*Revised. †Preliminary.

**FLORIDA ECONOMIC AND CONSUMER SURVEY**  
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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

Sample Size	438	Race		Gender	
		% Non-white	15	% Male	42
Average age	53	% White	85	% Female	58
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	16	% Yes	12	% North	24
% \$20,000 to \$29,999	15	% No	88	% Central	18
% \$30,000 to \$49,999	20			% Southeast	26
% over \$50,000	49			% Southwest	32