

FLORIDA CONSUMER CONFIDENCE INDEX
December 31, 2007
FOR IMMEDIATE RELEASE



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Consumer Confidence

Consumer confidence fell two points in December to 74, the lowest level for the overall index since August 2002. The fall this month is entirely due to declines in only two of the five components. Perceptions of personal finances now compared to a year ago fell six points to 64, the lowest level for that component since December 1991. Expectations of personal finances a year from now actually rose a point to 87. Perceptions of U.S. economic conditions over the next year rose two points to 64, although the November reading of 62 was among the lowest in years. Perceptions of U.S. economic conditions over the next five years remained flat at 79. The biggest decline was in perceptions of whether it is a good time to buy big-ticket items, which fell 10 points to 74, the lowest level for that component since January 1991.

“Consumer confidence among Floridians is eroding,” said Chris McCarty, the Survey Director. “The big declines in confidence in December were among low income households, which fell five points to 64, while middle and upper income households fell three points to 77. Despite the strong showing immediately following Thanksgiving, retailers are reporting relatively weak holiday sales since then. This is in line with this reading on consumer confidence.”

As has been the case for the past several months, the main drivers of consumers’ increasingly pessimistic outlook is housing, the stock market, and to a lesser extent, the rise in prices, particularly gas prices. While gas prices have declined some in December, they still remain above \$3 a gallon. The stock market has been extremely volatile over the past six months and is currently down nearly one thousand points from its all time high. The main culprit of lower confidence is now housing.

“Everyone now recognizes the excesses of the housing market over the past three years, and the extent to which the problems have spread throughout the U.S. and global economies through mortgage-backed securities,” said McCarty. “There is a lot of housing inventory waiting to be purchased, and there are at least some buyers out there waiting for the price to bottom out so that they don’t buy in on the way down. The question is -- when will housing prices bottom out?”

There are three scenarios. When looking at the median price of Florida housing statewide over the past fifteen years the period from 2004 to 2006 appears to be an aberration. The peak was June of 2006 when the median price was \$257,800. Since that time prices have declined 13.8% in October 2007 to \$222,100. Drawing a trend line through the data and including the recent years, one could argue that with the recent drop we are very close to where the price would have been without the recent run-up. This would suggest that prices are not going a lot lower than they are now.

A second scenario is arrived at by creating a trend line, but excluding the last four years of aberrant data. Doing that suggests that the bottom should be approximately \$187,000. At the current pace of declines that would not be reached until March of 2009.

The doomsday scenario suggests that applying a straight trendline is not a good assumption. This scenario assumes that the economy must pay a penalty for the run up so that the correction will fall below the trendline. This scenario is supported by limited credit, rising foreclosures and the sheer number of houses available. It is difficult to predict how low such a scenario could go. Forces working against this are the number of people that simply could not afford to sell their home at a substantial loss, and therefore the natural tendency of lenders to lower rates to a point that would mitigate that.

“My best guess is that the market will have to factor the recent run-up into the overall trend and that the bottom in prices may be reached as early as the second quarter of 2008. The big question is how much of a penalty will we have to pay for the run-up. One thing is absolutely certain. The peak price reached in June of 2006 is many years away. Anyone who is hoping to sell their home at that price will have to wait a very long time. Buyers on the other hand may want to consider second quarter 2008 prices as very near lows.”

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	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Consumer Confidence Index													
FLORIDA	90	89	92	86	85	81	82	81	78	77	79	76	74
Men	95	95	97	90	94	88	89	82	83	76	85	80	79
Women	87	84	87	83	78	76	77	81	75	76	75	74	71
Under age 60	92	91	97	91	89	83	86	83	81	81	79	77	75
Aged 60 and over	87	87	84	79	80	79	77	77	76	73	79	76	72
Income under \$30,000	77	82	81	70	70	68	70	67	67	66	73	69	64
Income \$30,000 and over	98	93	95	92	93	87	89	88	84	81	80	80	77
Personal financial situation now compared to a year ago													
FLORIDA	84	80	84	80	83	77	78	73	72	71	69	70	64
Men	88	87	90	83	93	79	86	71	79	75	76	73	70
Women	81	73	79	78	74	76	72	75	67	75	64	68	60
Under age 60	86	81	94	89	89	83	86	78	78	72	70	73	67
Aged 60 and over	78	78	69	67	75	69	66	64	65	70	69	68	60
Income under \$30,000	62	62	58	48	60	50	51	48	49	45	54	59	42
Income \$30,000 and over	94	88	94	91	94	89	88	83	83	80	74	74	70
Personal financial situation expected one year from now													
FLORIDA	96	92	94	90	93	89	88	89	88	86	90	86	87
Men	95	103	97	92	98	95	94	86	92	83	96	89	90
Women	97	83	92	89	88	84	83	91	85	83	86	84	85
Under age 60	105	108	109	101	106	98	98	99	99	97	100	93	95
Aged 60 and over	81	71	74	73	73	77	72	71	73	71	75	78	76
Income under \$30,000	89	86	86	79	80	80	76	81	83	74	83	72	77
Income \$30,000 and over	101	97	99	93	97	95	97	95	93	90	93	94	91
Expected national economic conditions over the next year													
FLORIDA	84	83	85	78	76	74	75	73	70	69	73	62	64
Men	89	86	92	86	85	86	80	72	75	66	76	63	71
Women	81	80	78	71	68	65	71	73	66	66	71	61	60
Under age 60	85	77	87	80	73	75	75	71	67	71	71	59	61
Aged 60 and over	84	91	82	75	79	74	75	74	76	69	77	65	69
Income under \$30,000	69	78	79	68	61	62	69	60	63	69	71	58	65
Income \$30,000 and over	92	85	86	83	83	79	78	77	71	68	73	64	66
Expected national economic conditions over the next 5 years													
FLORIDA	85	83	87	81	79	76	82	80	77	80	78	79	79
Men	95	88	95	86	89	88	88	83	79	78	82	85	82
Women	77	79	80	77	71	67	79	78	76	78	75	75	77
Under age 60	87	85	87	81	83	76	82	78	75	82	72	76	78
Aged 60 and over	82	82	86	82	74	78	84	83	81	78	87	83	81
Income under \$30,000	70	83	77	64	62	66	75	65	72	75	75	70	66
Income \$30,000 and over	94	84	88	89	85	80	86	88	79	81	77	83	84
Is this a good time to buy major household items?													
FLORIDA	103	106	109	99	97	90	87	91	85	81	84	84	74
Men	110	110	111	100	107	94	97	96	91	80	93	89	80
Women	97	104	108	98	87	87	76	88	80	80	78	81	70
Under age 60	99	102	110	101	96	85	90	90	85	83	80	82	73
Aged 60 and over	109	114	108	97	98	98	85	94	86	78	90	88	75
Income under \$30,000	94	101	106	89	86	81	79	79	68	68	81	84	68
Income \$30,000 and over	107	108	108	101	103	92	94	95	92	85	84	88	74

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	494	Race		Gender	
		% Non-white	18	% Male	38
Average age	55	% White	82	% Female	62
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	12	% Yes	9	% North	26
% \$20,000 to \$29,999	13	% No	91	% Central	20
% \$30,000 to \$49,999	25			% Southeast	26
% over \$50,000	50			% Southwest	28