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Struggling Latin American economies hold back growth in Miami-Dade

Military veteran Mark Cannon, of Miami, right, talks with Cynthia Carcillo, left, a veterans outreach representative for Career Source Broward, about employment opportunities at a job fair for veterans, in Pembroke Pines in October. **Lynne Sladky** - AP

BY NICHOLAS NEHAMAS

Bucking a statewide trend of growth, Miami-Dade County's job market had a sluggish month as the unemployment rate ticked up to 6 percent in November, according to a government report released Friday.

That's up from a revised rate of 5.9 percent in October. State numbers originally put October's rate at 5.8 percent but the latest report from the Florida Department of Opportunity tweaked that figure slightly upwards. The local economy still remains stronger than it was a year ago: Miami-Dade's unemployment rate stood at 6.3 percent in November 2014.

Miami-Dade's dependence on struggling Latin American economies and a slowing local construction industry are likely responsible for the uptick in unemployment. Rising interest rates won't help as they'll keep the dollar strong and further depress spending from Latin American tourists and home buyers, analysts say.

"Florida overall is doing very well," said Kurt Rankin, an economist at PNC Financial Services. "But job growth in Miami is going to be a concern because the dollar is only going to get stronger over the coming year."

Broward's unemployment rate dropped to 4.5 percent in November, down from 4.7 percent in October and 5.4 percent in November 2014. The jobless rate in Florida fell to 5 percent in November, down from 5.2 percent in October and 5.7 percent in November 2014.

The national rate was 5 percent in November.

Economists adjust the unemployment rates in Miami-Dade, Florida and the U.S. to account for seasonal changes in the workforce, making them a strong monthly barometer of the labor market. Broward's rate is not seasonally adjusted.

A stronger dollar in 2016

The Federal Reserve's decision Wednesday to raise interest rates by a quarter-point will mean a strong dollar in 2016, Rankin said.

That will make it more costly for foreigners to vacation in South Florida and hurt their ability to buy luxury homes, two drivers of the local economy.

Many Latin American economies are in the midst of a recession with their currencies falling fast against the dollar. Argentina's peso dropped 30 percent Thursday after the new government there removed capital controls in a bid to reform the country's economy, according to the Associated Press. Brazil's deep recession recently led two ratings agencies to cut its credit to junk status. Businesses and investors in both countries, as well as in ailing Venezuela, are major players in South Florida.

Mason Williams, chief investment officer of the Coral Gables Trust Company, agreed a stronger dollar could hurt foreign spending in Miami.

"By raising interest rates, we're pulling back on our stimulus while other countries continue to print money," Williams said. "That will keep the dollar strong and that could be a negative."

But Williams said a stronger dollar will also attract wealthy Latin American investors, even as it hurts middle-class tourists and condo buyers.

"We're seeing a huge Latin American influx to our business," he said. "They really need to get their money out of their own currencies into dollars."

Alex Zyberglait, a broker at Marcus & Millichap, said Miami commercial real estate in particular will benefit from the turmoil in Latin America.

"Those that have the resources to bring their dollars out are looking for a safe, secure, predictable environment to invest," Zyberglait said. "Commercial real estate has strong cash flows in place and there's financing available as well. It's a much better investment vehicle than residential because it can generate multiple streams of income from tenants."

Foreign woes

Miami-Dade is unique because of its reliance on foreign economies, said Manuel Lasaga, president of economic consultancy StratInfo and a professor of finance at Florida International University.

"We have a weakening economic pocket here in Miami-Dade versus the state," Lasaga said. "We're continuing to see areas of slowdown in the local economy that aren't appearing in Florida as a whole."

For example, the county's construction industry lost 1,200 jobs in November year over year as major infrastructure projects wrap up and the downtown condo boom draws down. But construction made gains in Broward, Palm Beach and the state overall.

Miami-Dade also saw slower growth in the categories of workers that include engineers, architects and lawyers, reflecting the construction slowdown. Retail suffered, too.

Other parts of the state are doing better than Miami because they rely more on domestic investment and tourists.

The Tampa area added the most jobs in Florida over the past year with 40,500. Orlando came second with 39,900, followed by Fort Lauderdale with 27,000.

Miami-Dade added 18,100 jobs, fourth most in the state.

Even so, the local numbers weren't all bad. Part of the reason Miami-Dade's unemployment rate rose is that more people entered the labor force. That means workers who've been out of a job have started hunting for a paycheck again.

And tourism hasn't been hit hard yet. The local leisure and hospitality industry added 6,600 jobs in the last year.

That could be thanks to domestic visitors taking advantage of low gas prices, which dipped to $2.17 per gallon in November and could drop under $2 after the New Year.