The Florida Economic Estimating Conference met on July 17, 2019, to revise the forecast for the state’s economy. The latest forecast generally shows little change from the assumptions made in February for the short term, but was slightly weaker in construction and related industries. Overall, Florida growth rates are at levels that are typical of solid growth and continue to show progress. The drags—particularly construction—are more persistent than past economic downturns, but the strength in tourism is largely compensating for this. In the various forecasts, most measures of the Florida economy surpassed their peaks from the prior year and achieved new highs in Fiscal Year 2018-19.

One of the main factors used to measure the economic health of an individual state is personal income growth. Using the latest revised series, Florida’s personal income growth in the first quarter of 2019 was 5.1 percent over the fourth quarter of 2018, ranking Florida 4th in the country among all states. The current rank is far higher than the previous quarter’s result with a growth rate above the nation for the current quarter. The Conference expects personal income growth to edge up to 5.2 percent in Fiscal Year 2019-20 from 5.0 percent in Fiscal Year 2018-19 and then ease down to 4.7 percent in Fiscal Year 2020-21. Over the long term, the annual growth rates are expected to stay above 4.0 percent.

Two key measures of employment are job growth and the unemployment rate. The job market in Florida continues to grow at steady rates, with a 2.4 percent growth rate for nonfarm employment for the first quarter of 2019 compared to the same period last year. The Conference expects total nonfarm employment to grow 2.3 percent in Fiscal Year 2019-20, with more modest rates of growth throughout the long run.

Florida’s unemployment rate continues to drift downward and is now below the “full employment” unemployment rate (assumed to be about 4 percent). The state’s actual unemployment
rate in June was lower than the nation at 3.4 percent; the U.S. was at 3.7 percent. The state’s rate was as low as 3.1 percent in March 2006 (the lowest unemployment rate in more than thirty years), and most recently peaked at 11.3 percent in January 2010. The forecast expects the downward trend to continue through the third quarter of 2020 and then slowly move upwards to 4.4 percent in Fiscal Year 2028-29.

Overall, the housing market continues to trudge forward, although slowing from the stronger growth over the past few years. For the first quarter of 2019, single-family building permits were 7.6 percent higher than the same period last year, while multi-family building permits were 4.6 percent lower. Combined, total private housing starts are expected to decline 1.3 percent in Fiscal Year 2019-20 before recovering to a positive rate of 1.1 percent in Fiscal Year 2020-21 and then shifting further up to 2.0 percent in Fiscal Year 2021-22. Total private housing starts are still well below the peak Fiscal Year 2004-05 level of 272,250 units; they do not recover to their previous peak level at any time during the ten-year forecast period. Reflecting the strains of the housing market, the median price of existing single-family homes sold surpassed its prior peak from Fiscal Year 2005-06 in Fiscal Year 2018-19. Total construction expenditures (including nonresidential and public, as well as residential) continue to grow throughout the entire forecast period, with 3.7 percent growth in Fiscal Year 2019-20 and growth hovering just under 3.0 percent for much of the long-run horizon. Helped by the public and private nonresidential expenditure components, total construction expenditures return to peak levels by Fiscal Year 2020-21, although the private residential component does not return to peak levels during the current forecast horizon. Reflecting the housing market weakness, construction employment does not get back to its peak level from Fiscal Year 2005-06 until Fiscal Year 2028-29. A related industry, financial activities, surpassed its prior peak from Fiscal Year 2006-07 in Fiscal Year 2017-18 and recorded a new peak in Fiscal Year 2018-19.
New light vehicle registrations were a source of strength in the Florida economic forecast as the state recovered from the Great Recession, but contracted by 0.5 percent in Fiscal Year 2018-19. New light truck registrations faltered in the middle of Fiscal Year 2018-19 and were unable to counter the declines in automobile registrations. New light vehicle sales for the first quarter of 2019 were down 2.7 percent over the same period last year. Further slowing in this measure is expected through Fiscal Year 2021-22 as many consumers have already replaced their older vehicles and future purchases will be affected by the rising interest rates in the short run. The forecast predicts slight declines in the first half of the forecast period, followed by only modest growth of up to 1.4 percent for the rest of the period.

Florida tourism is a major component of the state’s economy and continues to show its strength. Preliminary estimates indicate that 32.6 million visitors came to Florida during the first quarter of 2019 for an increase of 5.8 percent over the same period in 2018. The forecast for Fiscal Year 2019-20 expects this trend to soften with a projected overall growth rate of 4.4 percent, with domestic, Canadian, and international visitors contributing to the growth. The expected growth in total visitors stabilizes at growth rates ranging at and just under 4.0 percent annually over the rest of the forecast.

Finally, the Conference expects that Florida’s Real Gross Domestic Product (GDP) will show growth of 2.5 percent in Fiscal Year 2019-20 and then stabilize in the 2.0 percent range in the mid- and long-term portions of the forecast. Actual annualized real GDP growth was 2.9 percent in the first quarter of 2019.