

# Florida: An Economic Overview Focusing on County Differences

**House Commerce Committee Presentation**

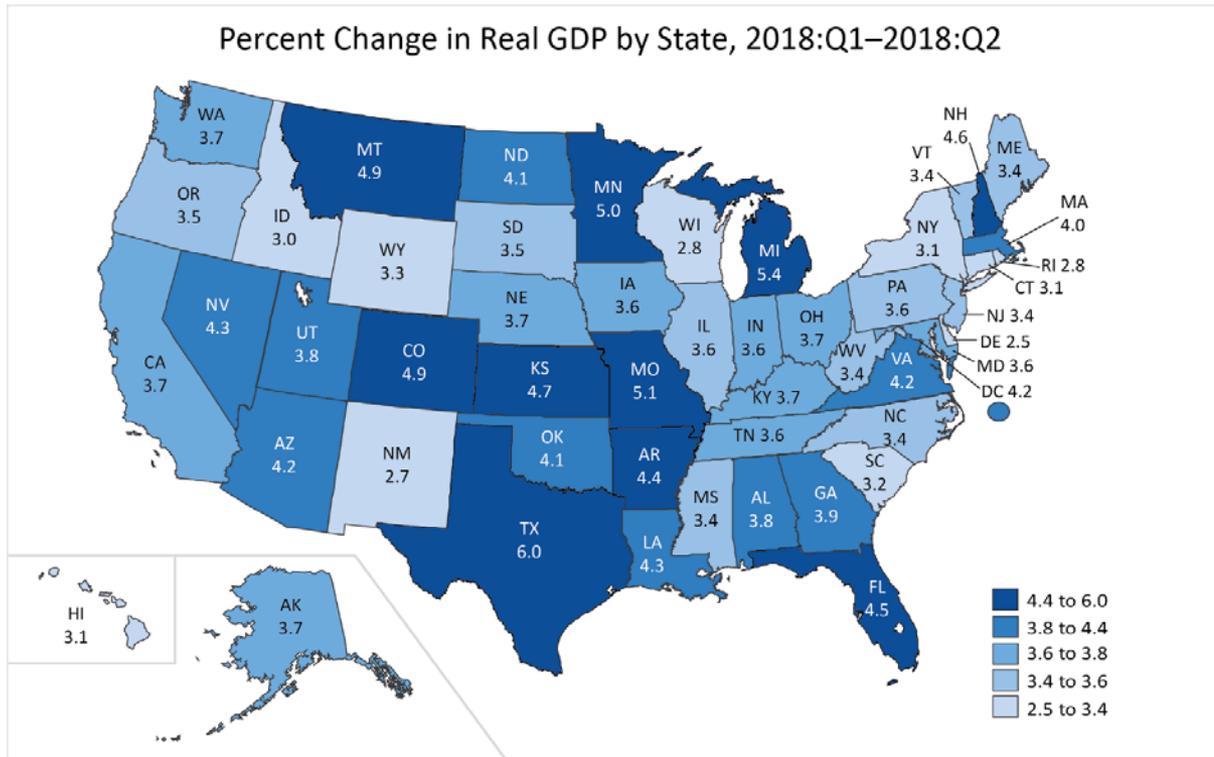
January 8, 2019

Presented by:



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# Economy Has Continued Growth...



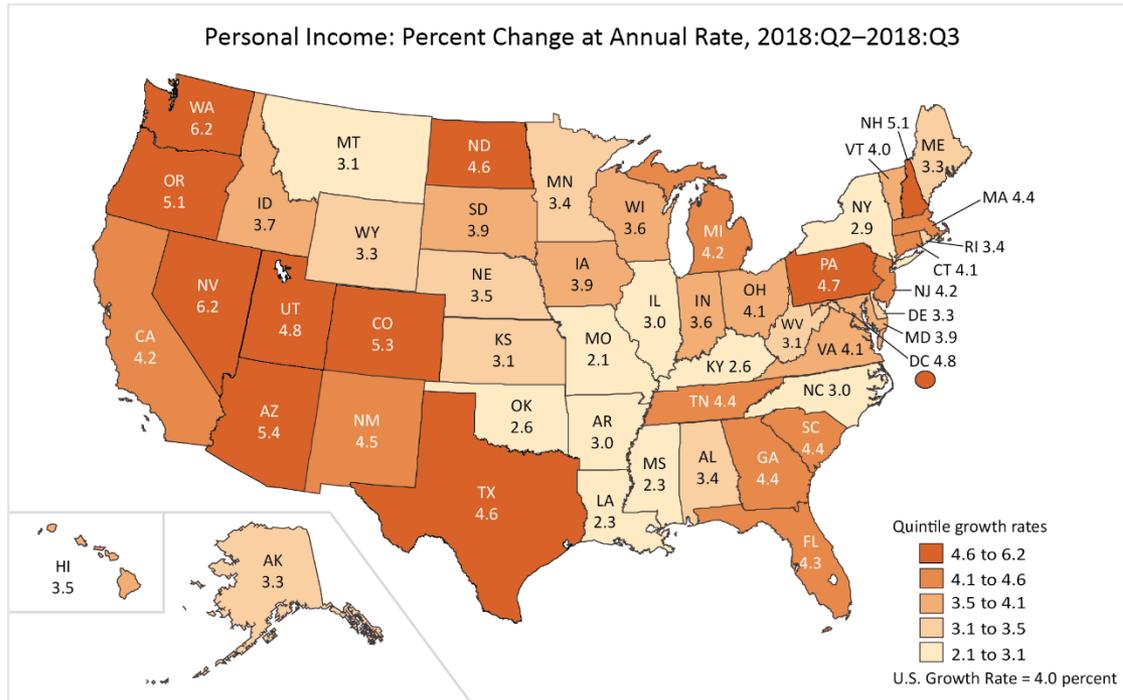
U.S. Bureau of Economic Analysis

For the second quarter of the 2018 calendar year, Florida posted growth of 4.5 percent, surpassing the national average of 4.2 percent and ranking the state 9<sup>th</sup> in the country for real growth.

In the latest revised data for State Gross Domestic Product (GDP), Florida had real growth of 4.0% in 2015, placing it above the national average of 2.9%. For the 2016 calendar year, Florida's growth slowed to 3.2%; however, this was still well above the national average of 1.6%.

For 2017, Florida's real growth further slowed to 2.2% over the prior year and matching the national average. This ranked Florida 16<sup>th</sup> among states for growth. The Estimating Conference expects that Florida's Real Gross Domestic Product (GDP) will show growth of 3.5% in Fiscal Year 2018-19 and then begin a slow decline to the 2.0% range in the mid- and long-term portions of the forecast.

# Statewide, Personal Income Growth Is Strong, Driven in Part by Robust Population Growth...



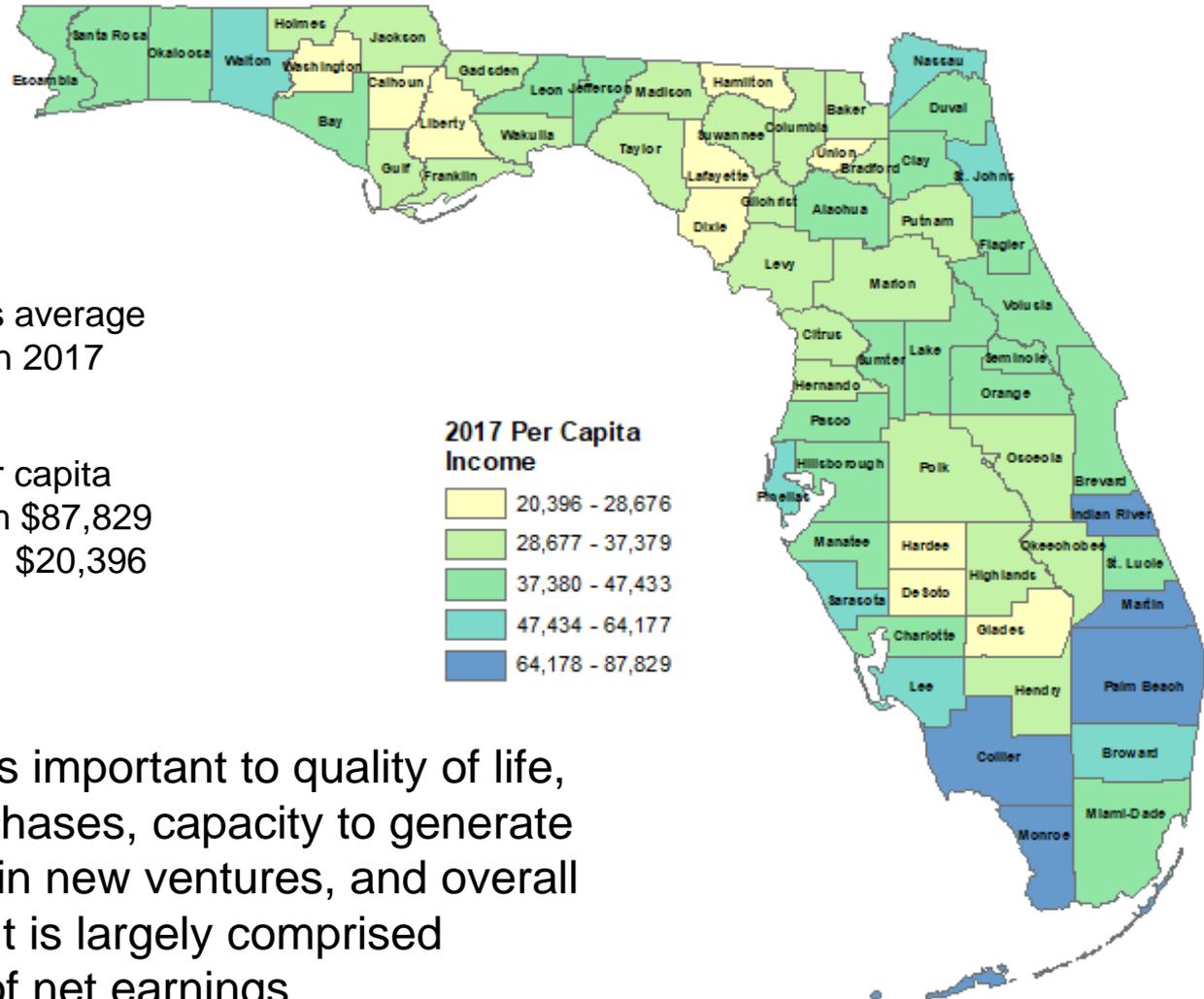
U.S. Bureau of Economic Analysis

The third quarter results for the 2018 calendar year indicated that Florida ranked 16<sup>th</sup> in the country with 4.3 percent growth over the prior quarter. The state was above the United States as a whole, which had 4.0 percent growth.

In the latest revised data for State Personal Income, Florida had growth of 7.1% in 2015, placing it well above the national average of 4.9%. For the 2016 calendar year, Florida's growth slowed to 3.7%; however, this was still above the national average of 2.6%. For 2017, the latest revised numbers show that Florida's growth increased to 5.0% over the prior year, compared to national growth of 4.4%. Over the long term, the annual growth rates for the state are expected to straddle 4.0%.

Florida's per capita personal income growth trailed the nation in performance in 2017, growing only 3.3% compared to the national average of 3.6%.

# Per Capita Income by County...

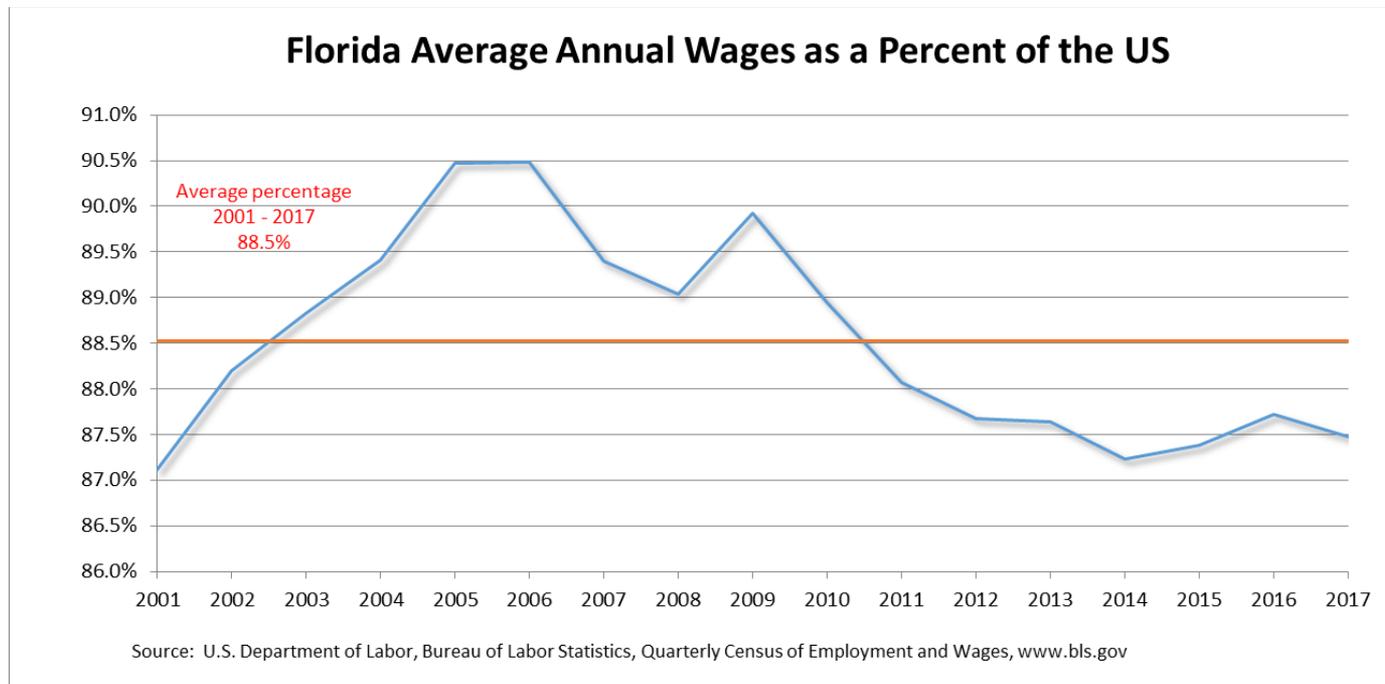


- Statewide, Florida's average per capita income in 2017 was \$47,684
- Florida's county per capita income ranged from \$87,829 in Collier County to \$20,396 in Union County.

Per capita income is important to quality of life, ability to make purchases, capacity to generate savings and invest in new ventures, and overall economic stability. It is largely comprised (53.0% in Florida) of net earnings.

Source: US Department of Commerce, Bureau of Economic Analysis; Place of Residence

# FL Wage Gap Increased Slightly in 2017...

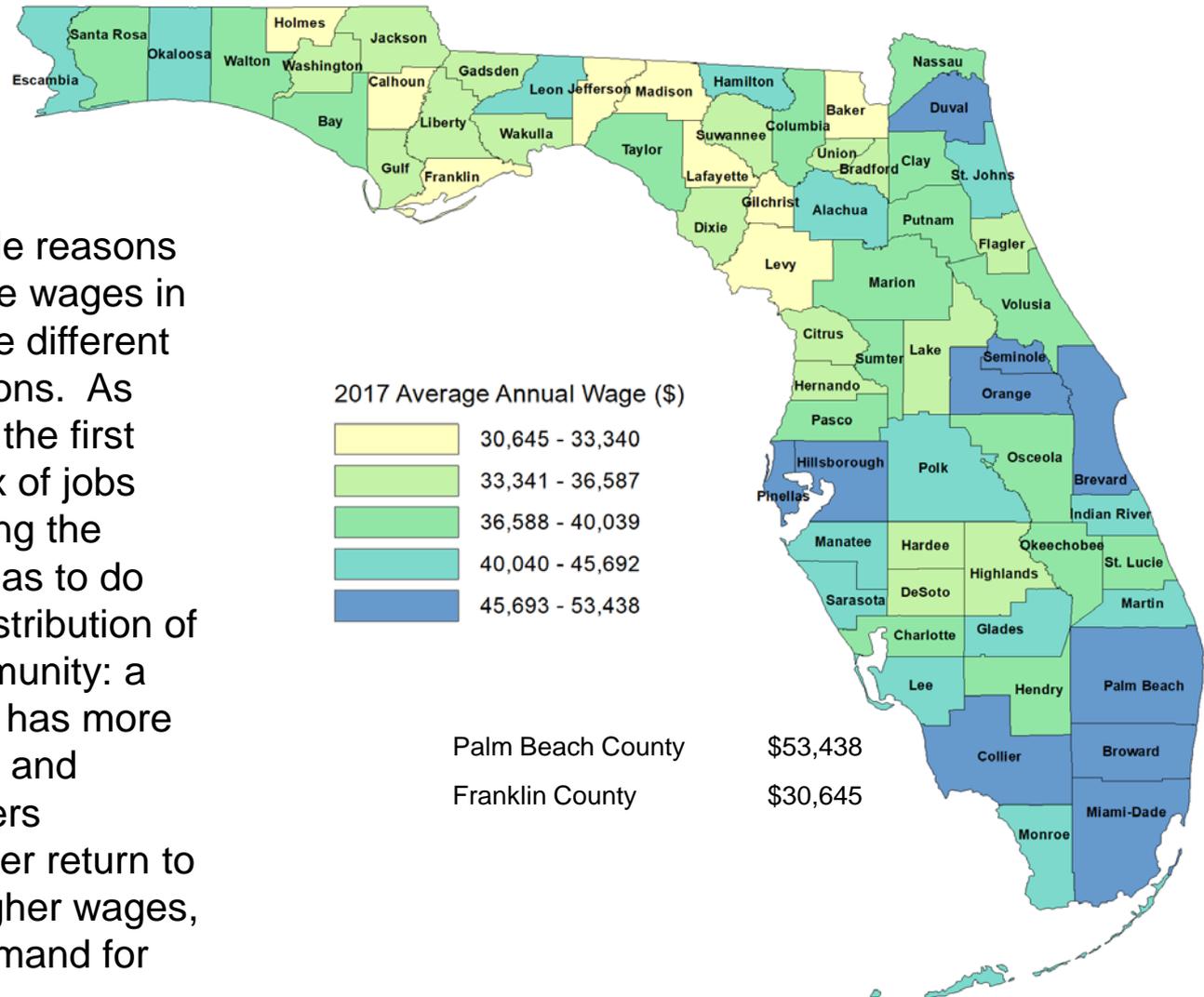


Florida's average annual wage has typically been below the US average. The most recent data for the 2017 calendar year showed that Florida's average wage, relative to the US average, fell slightly from 87.7% in 2016 to 87.5%. The ratio in 2014 (87.2%) was Florida's lowest percentage since 2001.

In part, the lower than average wage gains has to do with the mix of jobs that have been growing the fastest in Florida and their average wages. For example, the Accommodation & Food Services employment sector is large, has the lowest average annual wage, and had up until this past year been growing faster than overall employment in the state. This industry sector is closely related to the health of Florida's tourism industry that had a record 122.0 million visitors in FY 2017-18, an increase of 5.4% over FY 2016-17.

# Average Annual Wage by County...

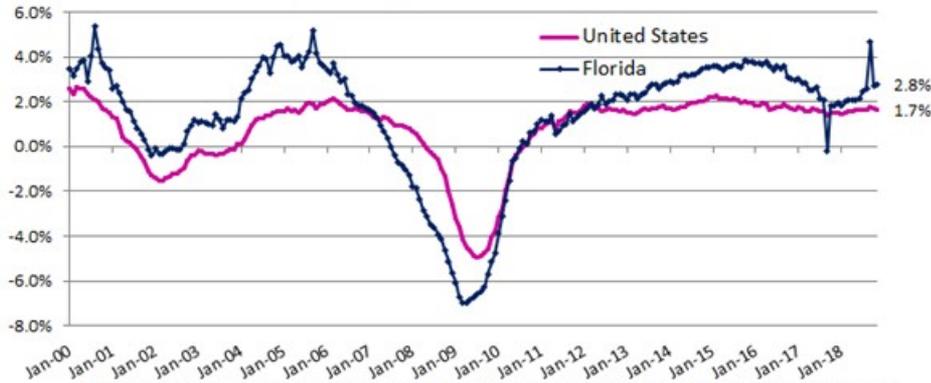
There are two possible reasons for lower than average wages in Florida, and they have different economic interpretations. As described previously, the first has to do with the mix of jobs that have been growing the fastest. The second has to do with the range and distribution of wages across a community: a narrow band typically has more to do with opportunity and poverty. Urban workers generally have a higher return to education through higher wages, due to the greater demand for their skillsets.



Source: Florida Department of Economic Opportunity, Labor Market Statistics, Quarterly Census of Employment and Wages; Place of Work

# Current FL Employment Conditions Strong...

**Seasonally Adjusted Nonfarm Jobs  
Percent Change from Same Month Prior Year**



Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, Current Employment Statistics Program in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, December 21, 2018.

## November Nonfarm Jobs (YOY)

US 1.7%  
 FL 2.8%  
 YR: 241,600 jobs  
 Peak: +821,700 jobs  
 [Prior Employment Peak passed in May 2015]

## November Unemployment Rate

US 3.7%  
 FL 3.3%  
 (335,000 people)

The Revenue Estimating Conference assumes Florida has fallen below the “full employment” unemployment rate (about 4 percent).

## Highest Monthly Rate

11.3% (January 2010)

## Lowest Monthly Rate

3.1% (March 2006)

**United States and Florida Unemployment Rates  
(seasonally adjusted)**

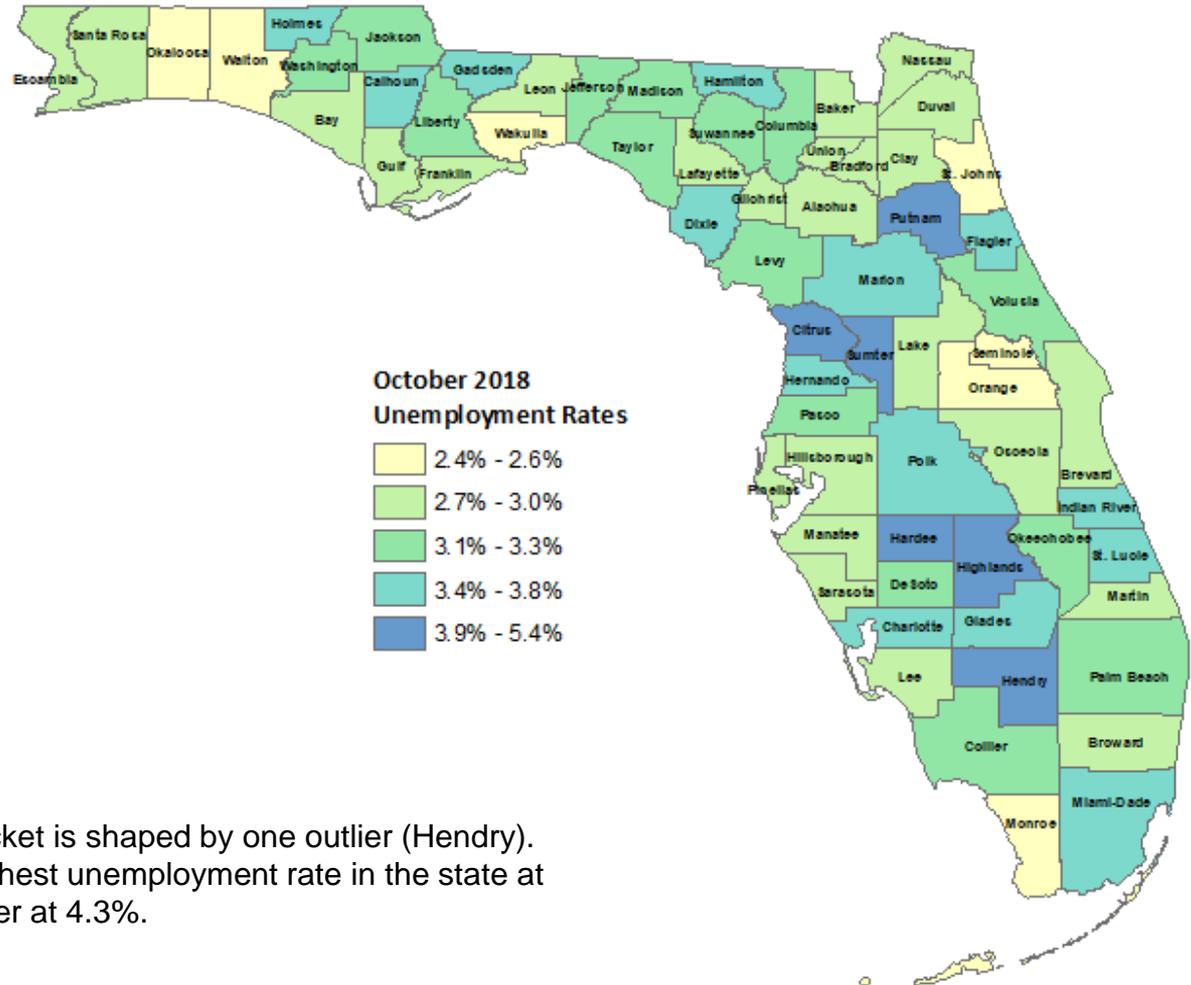


Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, December 21, 2018.

# Unemployment Rates Mostly Show Small Differences...

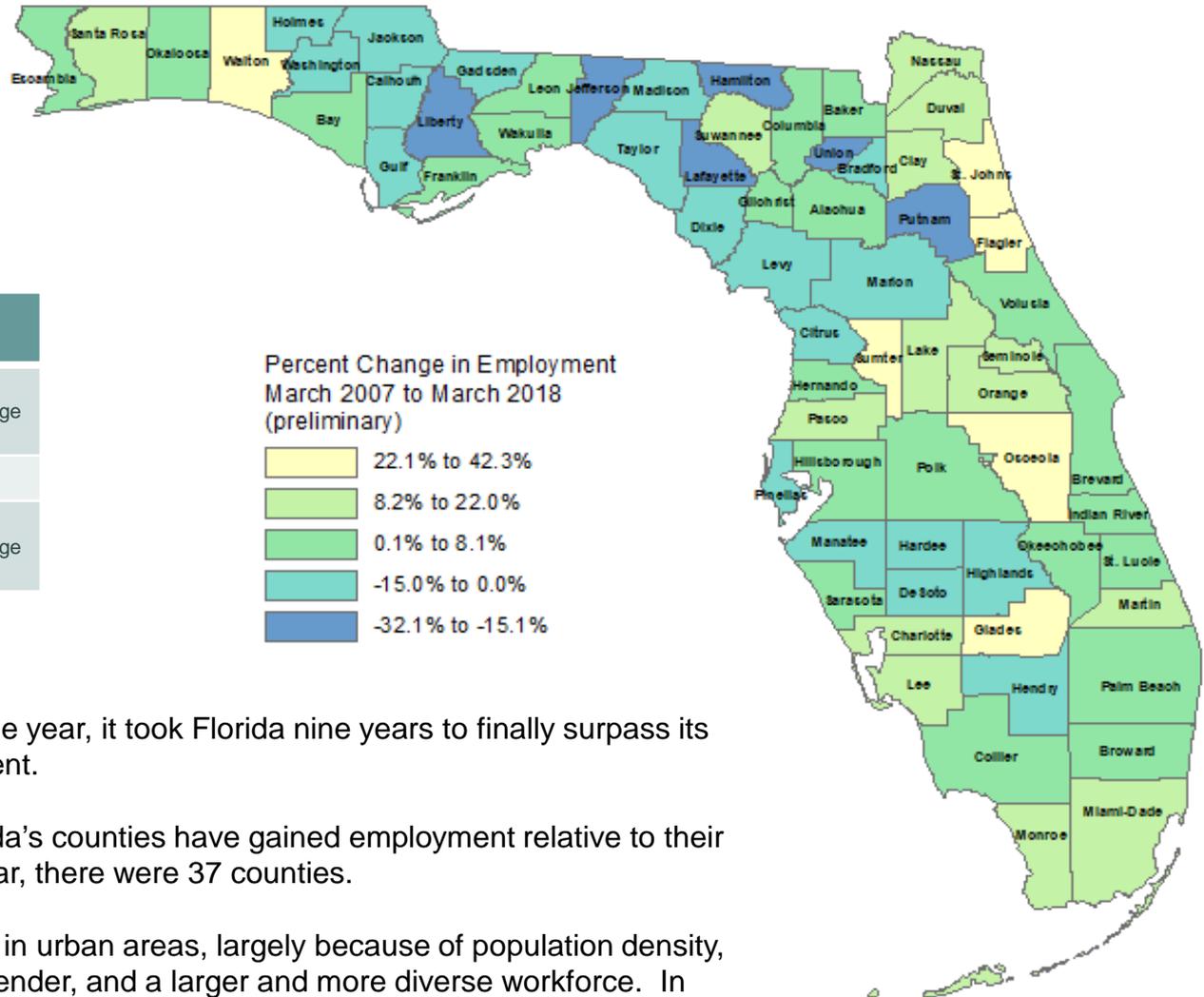
| Area                             | October 2018 |              |
|----------------------------------|--------------|--------------|
| Hendry County                    | 5.4%         | Highest Rate |
| <b>Florida</b>                   | <b>3.4%</b>  |              |
| Monroe County<br>Okaloosa County | 2.4%         | Lowest Rate  |

Florida's unemployment rate is seasonally adjusted, while the county rates are not seasonally adjusted.



- The upper edge of the highest bracket is shaped by one outlier (Hendry).
- Hardee County had the second highest unemployment rate in the state at 4.4%, followed by Citrus and Sumter at 4.3%.

# Job Creation is Higher in Urban Areas...

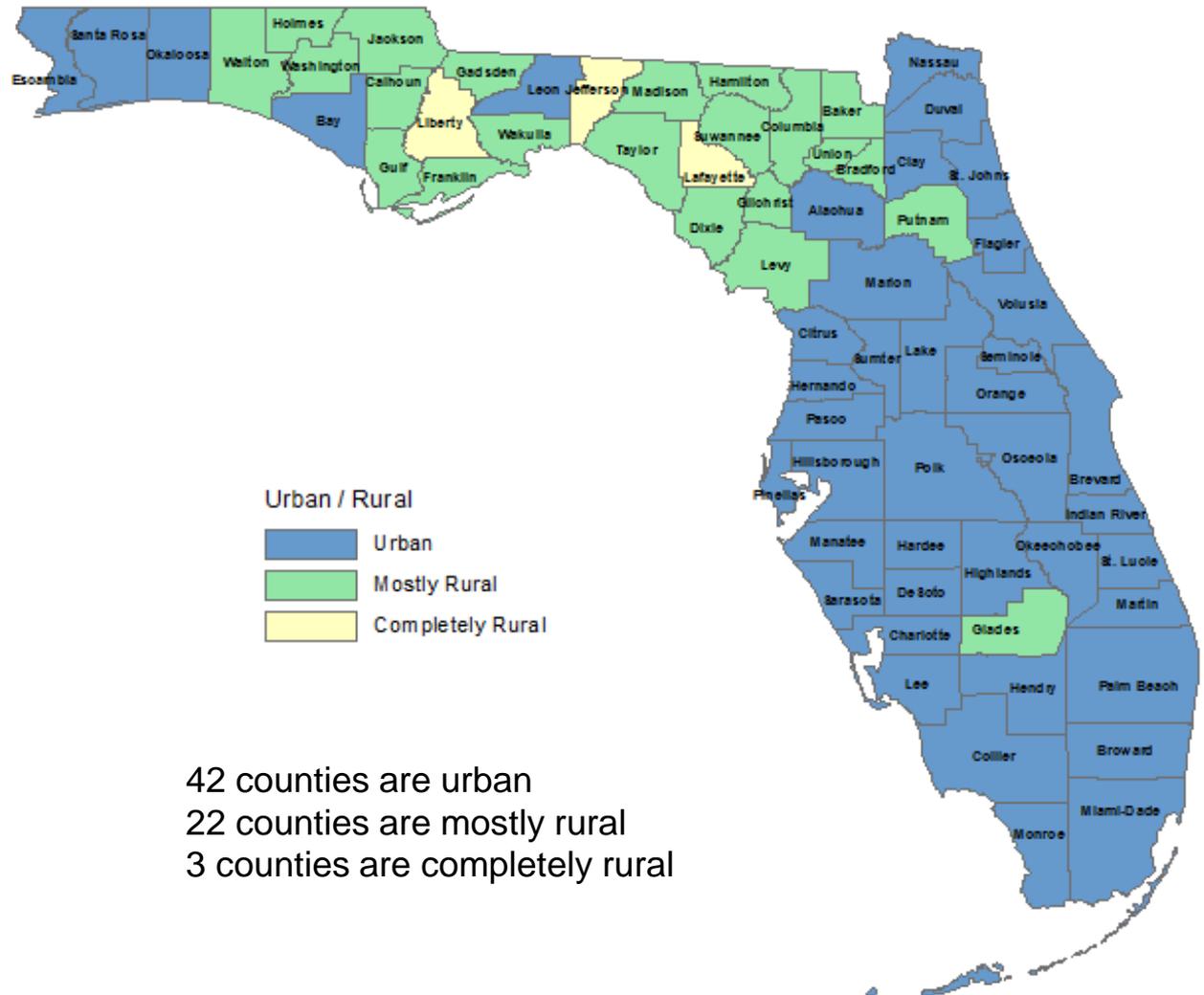


| Area           | March 2007 to March 2018 |                              |
|----------------|--------------------------|------------------------------|
| Sumter County  | 42.3%                    | Greatest Percentage Increase |
| <b>Florida</b> | <b>7.7%</b>              |                              |
| Liberty County | -32.1%                   | Greatest Percentage Decline  |

- Comparing March data over the year, it took Florida nine years to finally surpass its March 2007 level of employment.
- Almost two-thirds (42) of Florida's counties have gained employment relative to their levels in March 2007. Last year, there were 37 counties.
- Job creation is typically higher in urban areas, largely because of population density, the inherent markets they engender, and a larger and more diverse workforce. In addition, urban areas with large populations become more attractive to people and firms by creating economies of scale (agglomeration economies).

# Florida's Urban and Rural Counties (Based on Census Population Size and Density)...

- The Census Bureau defines rural as all population, housing, and territory not included within an urbanized area (50,000 or more people) or urban cluster (at least 2,500 and less than 50,000 people).
- It defines "rural" at the census tract level, so a county may have a mixture of rural and urban areas as building blocks.
- As a result, the rural portion of Florida encompasses a wide variety of settlements, from densely settled small towns and "large-lot" housing subdivisions on the fringes of urban areas, to more sparsely populated and remote areas.
- In addition to lower overall population, rural areas have a population density of fewer than 500 people per square mile.



42 counties are urban  
22 counties are mostly rural  
3 counties are completely rural

Source: US Department of Commerce,  
Census Bureau, 2010 Census

# Florida's Urban and Rural Data...

- **Urban**

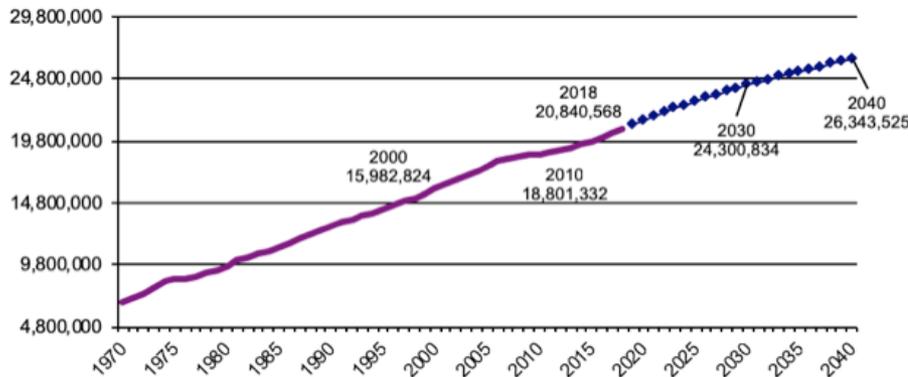
- 91.2% of the state's population lives in urban areas
- 13.8% of the state's land area is in urban areas
- 2,315.2 persons per square mile in urban areas

- **Rural**

- 8.8% of the state's population lives in rural areas
- 86.2% of state's land area is in rural areas
- 35.9 persons per square mile in rural areas

# Population Growth Slowing Slightly...

- Population growth is the state's primary engine of economic growth, fueling both employment and income growth.
- Florida's population grew by 1.74% between April 1, 2017 and April 1, 2018 to 20,840,568, adding 356,426 residents. This growth was bolstered by the in-migration of Puerto Ricans and US Virgin Islanders as a result of the 2017 hurricane season.
- Over the next four years, Florida's population growth is expected to remain at or above 1.4%, averaging 1.51% between 2018 and 2022. Most of Florida's population growth through 2030 will be from net migration (98.0%).
- Nationally, average annual growth will be about 0.67% between 2018 and 2030.



## Population:

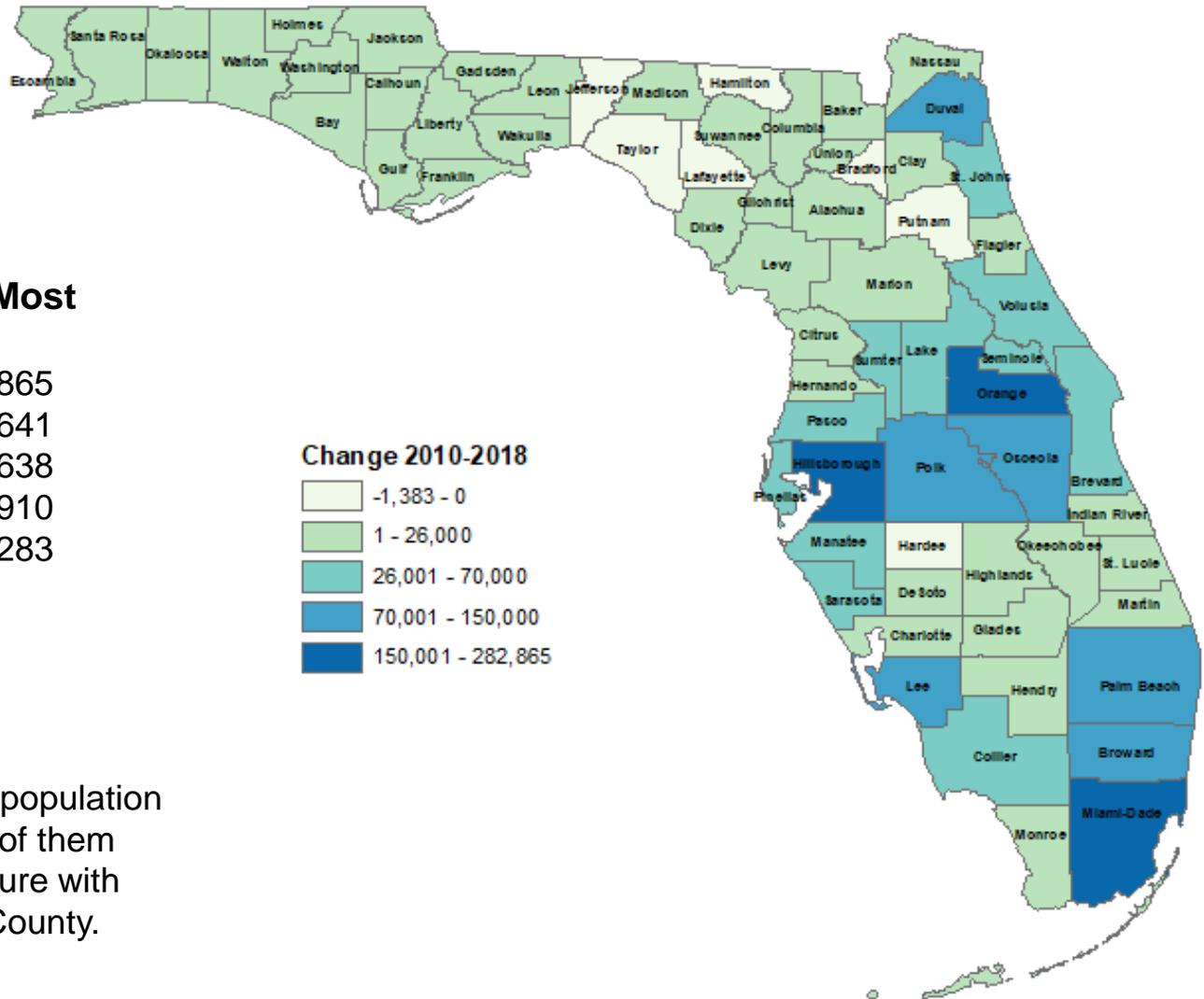
- Average annual increase between 2000 and 2006 was: 361,942
- Average annual increase between 2006 and 2014 was: 169,112
- Average annual increase between 2014 and 2018 was: 333,300

## Population is forecast to increase on average annually by:

- 327,921 between 2018 and 2020
- 305,050 between 2020 and 2025
- 255,835 between 2025 and 2030

# Population Growth across Counties...

(April 1, 2010 – April 1, 2018)



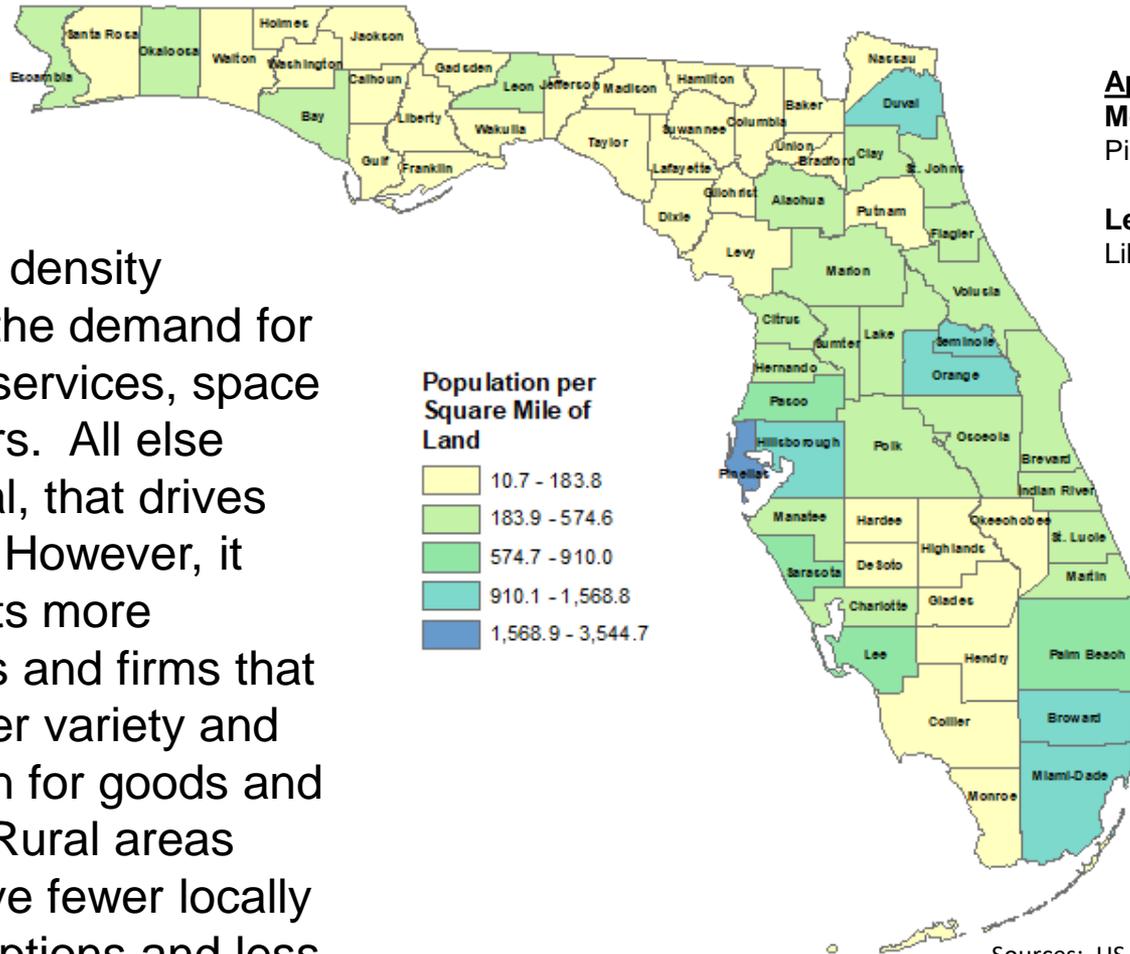
## Counties Gaining the Most Population:

|              |         |
|--------------|---------|
| Miami-Dade   | 282,865 |
| Orange       | 203,641 |
| Hillsborough | 179,638 |
| Broward      | 149,910 |
| Palm Beach   | 113,283 |

Seven counties have lost population since the last Census, all of them rural or mostly rural in nature with the exception of Hardee County.

# Florida's Population Density...

Population density increases the demand for all goods, services, space and workers. All else being equal, that drives up prices. However, it also attracts more businesses and firms that offer greater variety and competition for goods and services. Rural areas tend to have fewer locally available options and less economic development.



**April 1, 2018**

**Most Dense County:**

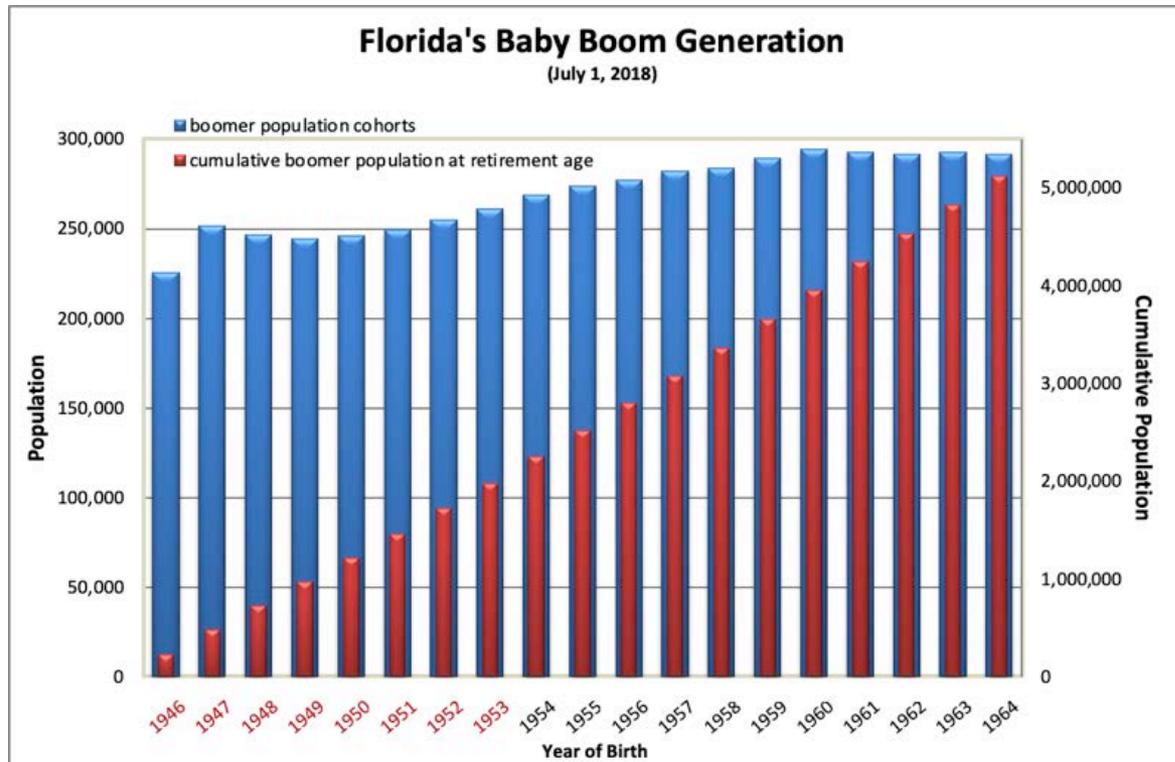
Pinellas 3,544.7

**Least Dense County:**

Liberty 10.7

Sources: US Department of Commerce, Census Bureau, 2010 Census, Land Area; and Florida April 1, 2018 Population Estimates

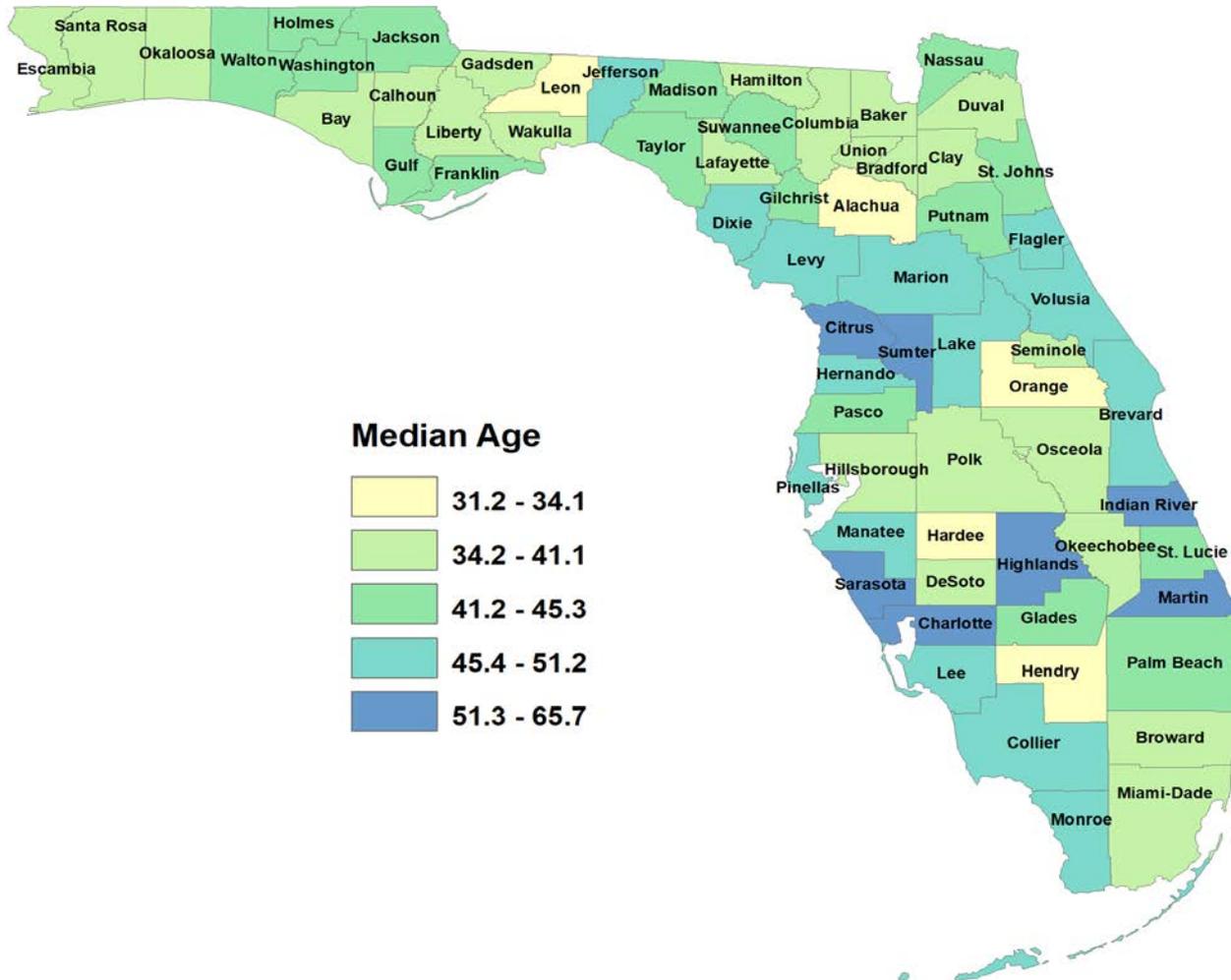
# Baby Boomers in Florida Today...



- The first cohort of Baby Boomers became eligible for retirement (turned age 65) in 2011. Eight cohorts have entered the retirement phase: 2011, 2012, 2013, 2014, 2015, 2016, 2017, and 2018. This represents almost 39 percent of all Baby Boomers.
- In 2000, Florida's prime working age population (ages 25-54) represented 41.5 percent of the total population. With the aging Baby Boom generation, this population now represents 37.4 percent of Florida's total population and is expected to represent only 35.9 percent by 2030.

# Median Age of Floridians

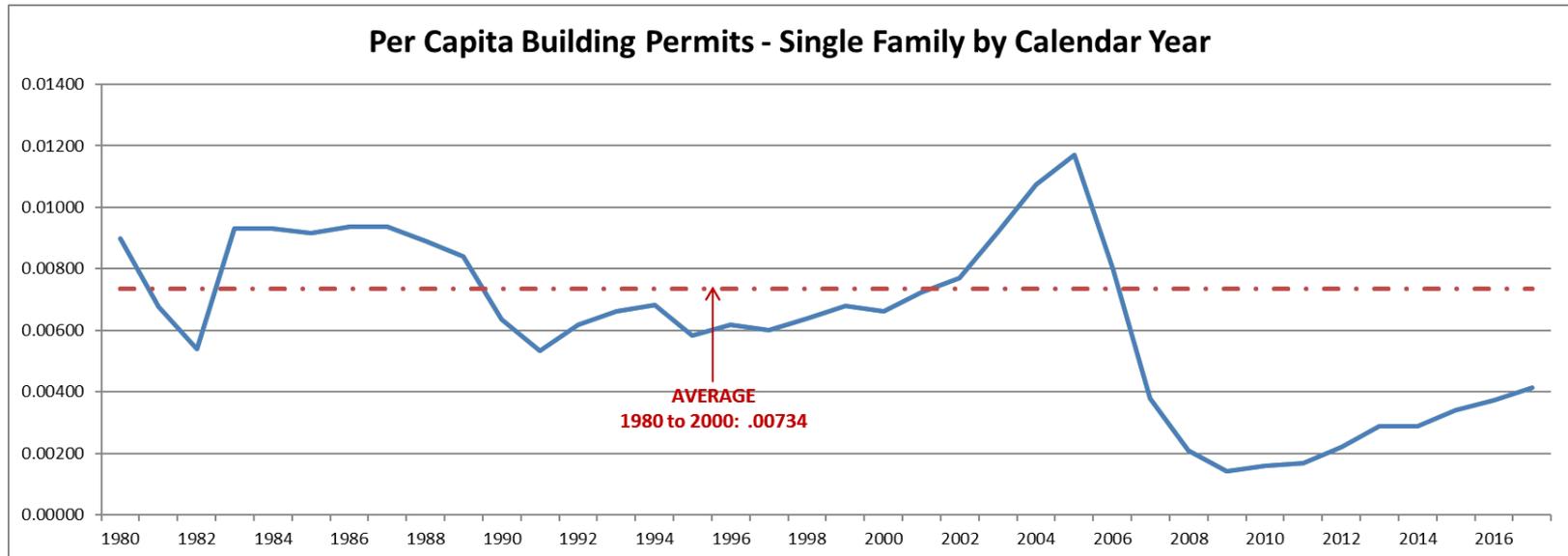
(April 1, 2017)



- The median age of Florida residents was estimated to be **41.6** years as of April 1, 2017.
- The county with the lowest median age was Alachua County at 31.2.
- There were 7 counties with a median age of 50 and older: Sumter (65.7), Charlotte (57.7), Citrus (56.1), Sarasota (54.8), Highlands (53.7), Martin (52.3), and Indian River (51.3).

*Florida's rural area is somewhat unusual given its relative youth.*

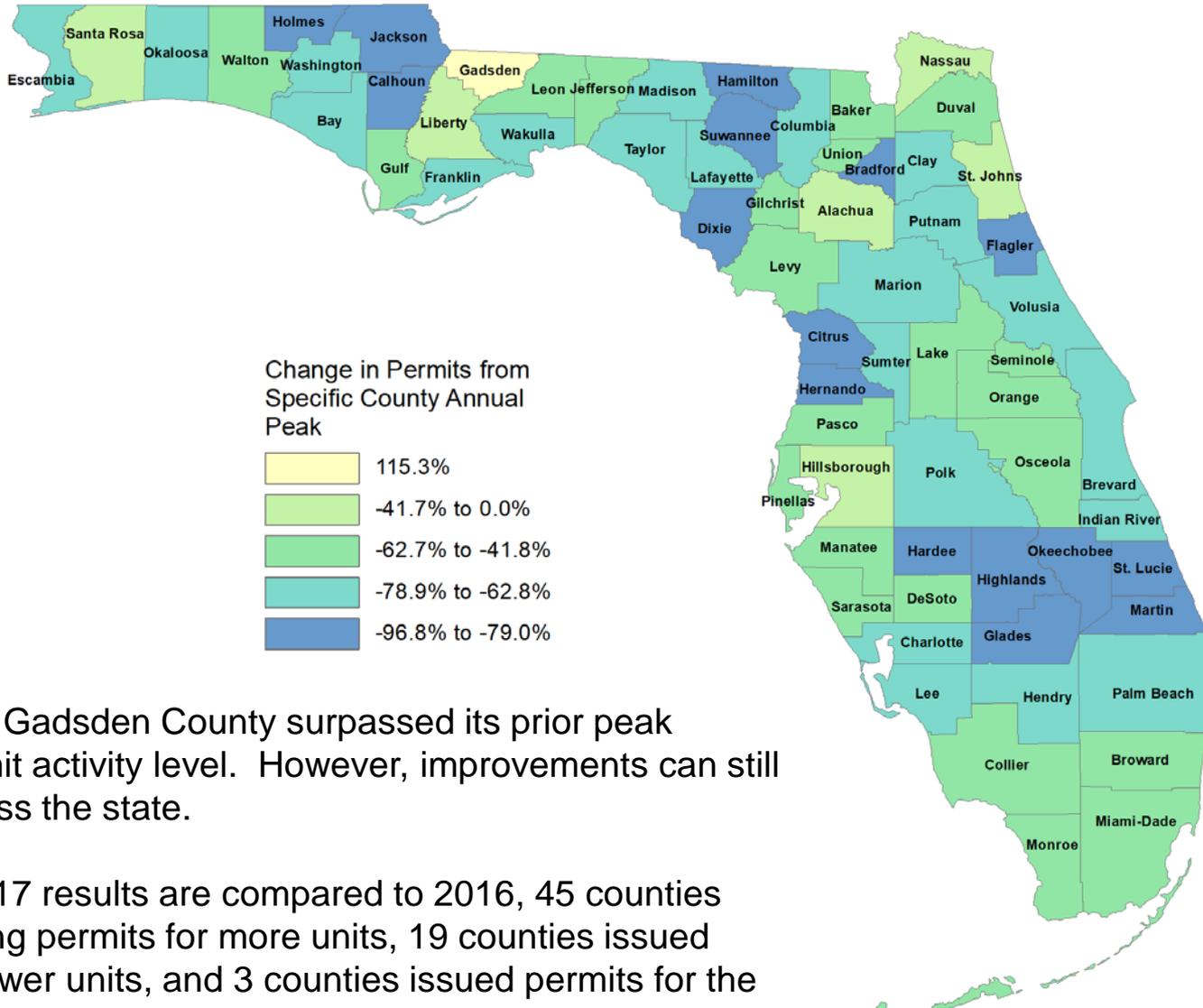
# Permits Are Still Well Below Historic Norms...



Single-Family building permit activity, an indicator of new construction, remains in positive territory, beginning with strong back-to-back growth in both the 2012 and 2013 calendar years (over 30% in each year). The final data for the 2014 calendar year revealed significantly slowing (but still positive) activity—posting only 1.6% growth over the prior year. However, annual activity for the past three calendar years ran above their individual periods a year prior; single family data was higher than the prior year by 20.3% in 2015, 11.1% in 2016, and 13.5% in 2017.

Despite the strong percentage growth rates in five of the last six calendar years, the level is still low by historic standards – about half of the long-run per capita level.

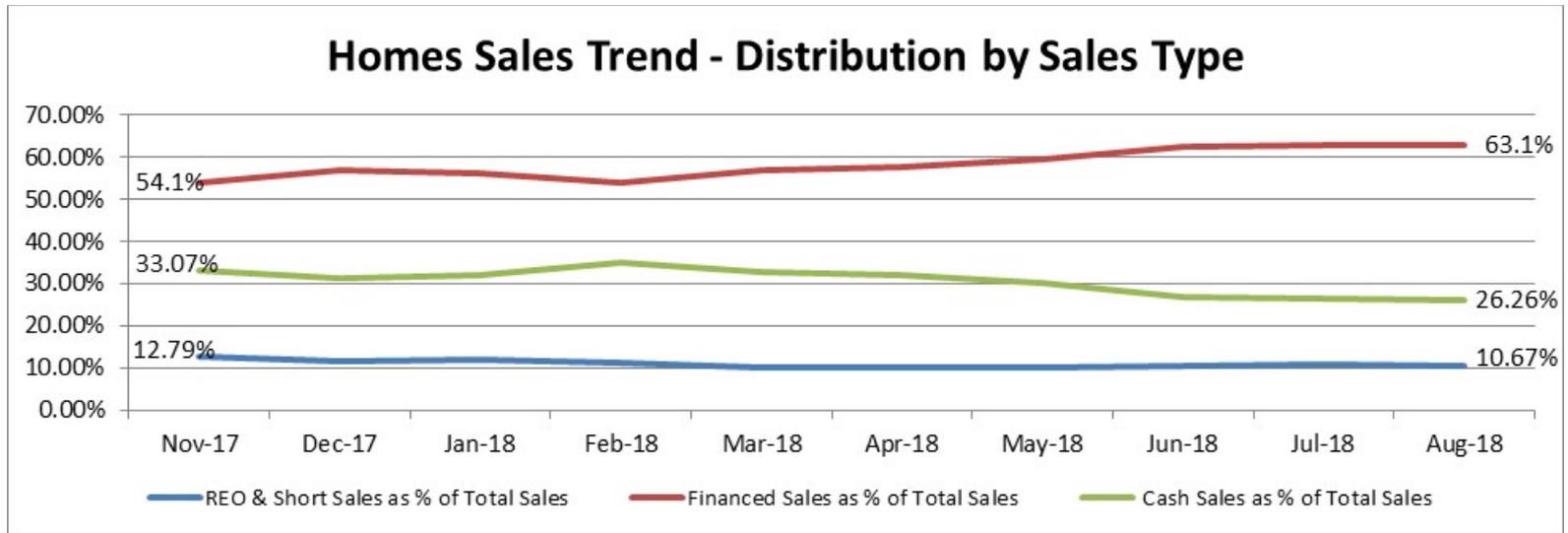
# 2017 Building Permit Activity Relative to the County's Peak during the Period 2000-2007



In 2017, only Gadsden County surpassed its prior peak building permit activity level. However, improvements can still be seen across the state.

When the 2017 results are compared to 2016, 45 counties issued building permits for more units, 19 counties issued permits for fewer units, and 3 counties issued permits for the same number of units.

# Home Financing Still Challenging...



Data from LPS / Black Knight

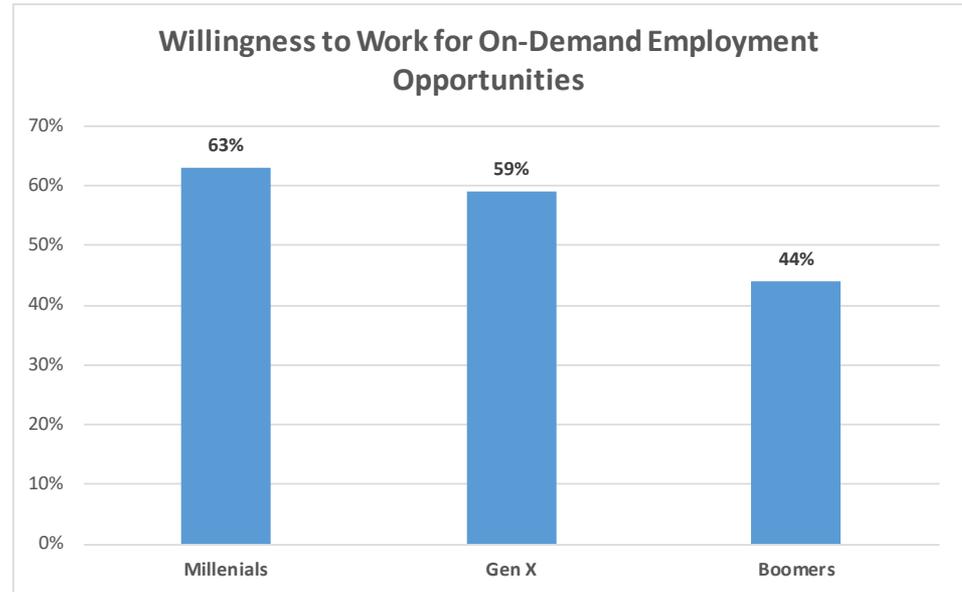
Financed Sales continue to gain as a percentage of all sales, ending August 2018 with a higher share than this segment had in August 2017 (63.1% versus 54.4%). The share for REO & Short Sales has drifted steadily downward over this period; however, the share for Cash Sales has bounced around and remains elevated.

While most areas of commercial and consumer credit have significantly strengthened – residential credit for home purchases still remains somewhat difficult for consumers to access with a weighted average credit score of 727 and a LTV of 79 percent on all closed loans in October (virtually identical to June). Seventy-one percent of all home purchase lending in October had credit scores that were 700 or above. Student loans and auto debts appear to be affecting the ability to qualify for residential credit. Even so, the percent of all home sales that are financed is approaching 63 percent in Florida (July 2018), up from 60 percent in May.

# The New Economy...

The New Economy, in which many transactions are conducted electronically using high tech tools such as the internet and powerful computers, may help bridge some of the differences between urban and rural economies, but not all. Rural areas may be less disadvantaged; however, they are still disadvantaged.

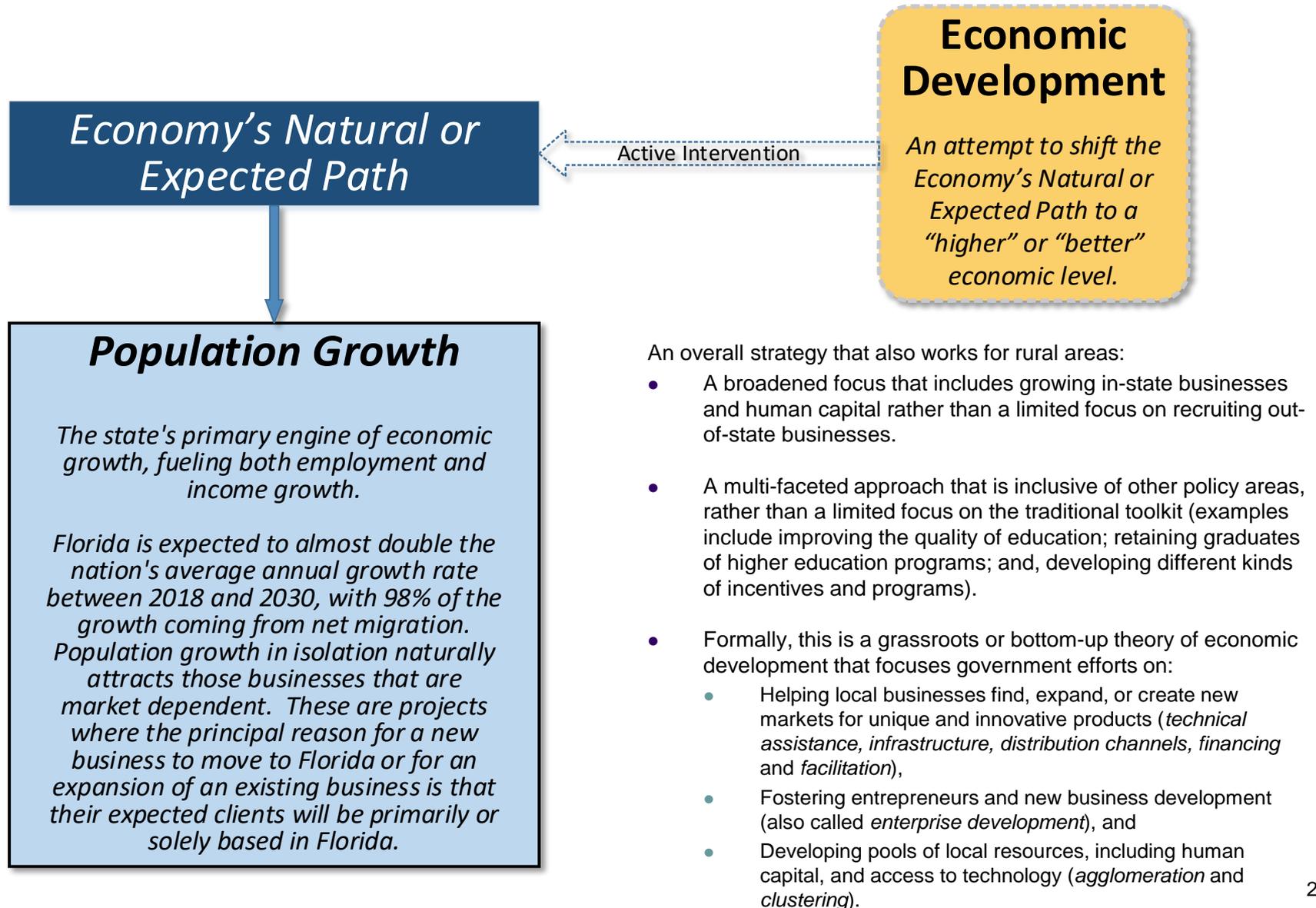
Some of the jobs in the New Economy are service-based which will not lend themselves to low population-density areas.



Ultimately, preferences will also come into play: consumers generally prefer high wage areas with a greater array of amenities. These amenities include access to health facilities, entertainment, education, better communication services, etc.

- In the economic development arena, a lack of amenities and other drawbacks have to be compensated in some other way if the desire is to increase population or business activity.
- Otherwise, targeted training and educational opportunities for existing residents, with a focus on developing individual strengths and skillsets, is more important than a head-to-head traditional approach to economic development.
- The digital divide (access to information, broadband access etc.) would need to be eliminated.

# Economic Development Concept...



# Hurricane Michael adds a New Challenge for Rural Florida...

| Florida Disaster Counties   |                             |                     |                                    |                     |                           |   |   |              |                         |
|---|-----------------------------|---------------------|------------------------------------|---------------------|---------------------------|---|---|--------------|-------------------------|
|   | April 1, 2018<br>Population | % of State<br>Total | Insurance<br>Claims<br>(Paid+Open) | % of State<br>Total | Per Capita<br>(Paid+Open) | % of<br>Residential<br>Parcels<br>Mortgaged | Rural / Urban<br>(Census:<br>Population &<br>Density) | Poverty Rate | Average<br>Annual Wages |
| <b>Public Assistance</b>  | <b>93,706</b>               | <b>0.4%</b>         | <b>172</b>                         | <b>0.1%</b>         | <b>0.0018</b>             | <b>7.7%</b>                                 |   | 22.0%        | \$34,555                |
| Hamilton  | 14,621                      | 0.1%                | 5                                  | 0.0%                | 0.0003                    | 6.8%  | Mostly Rural  | 24.0%        | \$42,886                |
| Jefferson   | 14,733                      | 0.1%                | 117                                | 0.1%                | 0.0079                    | 9.6%  | Rural   | 17.7%        | \$33,246                |
| Madison   | 19,473                      | 0.1%                | 36                                 | 0.0%                | 0.0018                    | 8.1%  | Mostly Rural  | 28.3%        | \$32,067                |
| Suwannee  | 44,879                      | 0.2%                | 14                                 | 0.0%                | 0.0003                    | 7.2%  | Mostly Rural  | 20.3%        | \$33,592                |
| <b>Individual Assistance and Public Assistance<br/>(Categories A&amp;B)</b> | <b>403,829</b>              | <b>1.9%</b>         | <b>12,655</b>                      | <b>10.6%</b>        | <b>0.0313</b>             | <b>18.0%</b>                                |   | 18.4%        | \$42,961                |
| Franklin  | 12,009                      | 0.1%                | 1,366                              | 1.1%                | 0.1137                    | 7.4%  | Mostly Rural  | 21.3%        | \$30,667                |
| Holmes  | 20,133                      | 0.1%                | 748                                | 0.6%                | 0.0372                    | 8.7%  | Mostly Rural  | 21.2%        | \$31,061                |
| Leon  | 292,332                     | 1.4%                | 6,831                              | 5.7%                | 0.0234                    | 28.3%                                       | Urban   | 18.0%        | \$44,297                |
| Taylor  | 22,283                      | 0.1%                | 37                                 | 0.0%                | 0.0017                    | 6.4%  | Mostly Rural  | 23.8%        | \$39,208                |
| Wakulla   | 31,943                      | 0.2%                | 804                                | 0.7%                | 0.0252                    | 16.4%                                       | Mostly Rural  | 12.9%        | \$35,143                |
| Washington  | 25,129                      | 0.1%                | 2,869                              | 2.4%                | 0.1142                    | 3.0%  | Mostly Rural  | 21.1%        | \$34,625                |
| <b>Individual Assistance and Public Assistance<br/>(Categories A-G)</b>     | <b>319,969</b>              | <b>1.5%</b>         | <b>102,850</b>                     | <b>86.1%</b>        | <b>0.3214</b>             | <b>13.6%</b>                                |   | 17.2%        | \$37,893                |
| Bay   | 181,199                     | 0.9%                | 74,480                             | 62.4%               | 0.4110                    | 16.4%                                       | Urban   | 14.9%        | \$39,321                |
| Calhoun   | 15,093                      | 0.1%                | 3,693                              | 3.1%                | 0.2447                    | 7.0%  | Mostly Rural  | 21.1%        | \$32,057                |
| Gadsden   | 47,828                      | 0.2%                | 4,767                              | 4.0%                | 0.0997                    | 13.6%                                       | Mostly Rural  | 23.1%        | \$35,395                |
| Gulf  | 16,499                      | 0.1%                | 6,604                              | 5.5%                | 0.4003                    | 10.5%                                       | Mostly Rural  | 21.6%        | \$35,146                |
| Jackson   | 50,435                      | 0.2%                | 12,295                             | 10.3%               | 0.2438                    | 7.6%  | Mostly Rural  | 18.0%        | \$34,473                |
| Liberty   | 8,915                       | 0.0%                | 1,011                              | 0.8%                | 0.1134                    | 8.4%  | Rural   | 23.0%        | \$36,395                |
| <b>Total of Above Counties</b>  | <b>817,504</b>              | 3.9%                | <b>115,677</b>                     | 96.8%               | <b>0.1415</b>             | <b>14.8%</b>                                |   | 18.3%        | \$40,512                |
| <b>Total Statewide</b>  | <b>20,840,568</b>           |                     | <b>119,454</b>                     |                     | <b>0.0057</b>             | <b>23.1%</b>                                | <b>91.2% Urban</b>                                    | 14.1%        | \$48,452                |

Preliminary estimates indicate that the combined cost for emergency relief and targeted recovery related to Michael will surpass the Irma level. This is because much of the disaster area was severely impacted and economically challenged before the storm. Further, the people living in this area are less likely to be fully compensated for their losses.