

# Florida: An Economic Overview

January 22, 2024

Presented by:

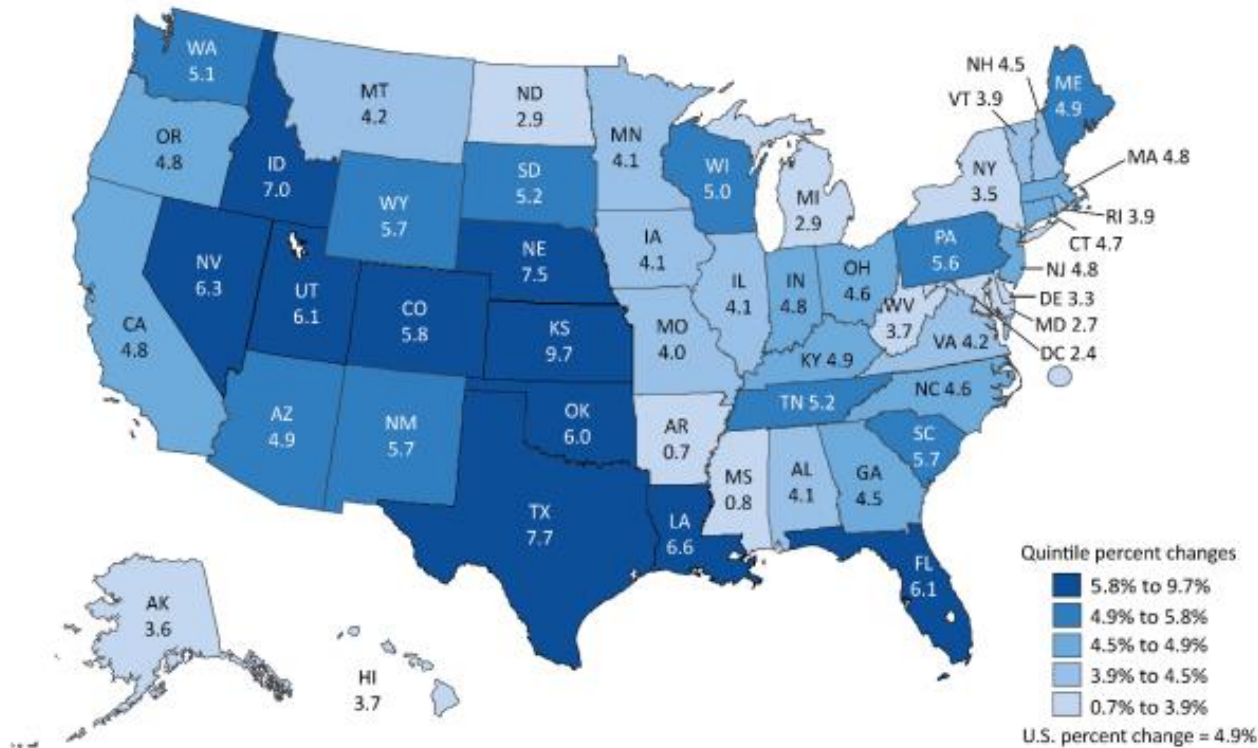


The Florida Legislature  
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*(Forecasts based on data available or adopted as part of the Estimating Conferences for the 2024 Session)*

# Florida's GDP Growth...

Real GDP: Percent Change at Annual Rate, 2023:Q2–2023:Q3



*In the 3<sup>rd</sup> Quarter of 2023, Florida's real economic growth was ranked 8<sup>th</sup> in the nation with a 6.1 percent change at an annual rate. The United States as a whole had quarterly growth of 4.9 percent.*

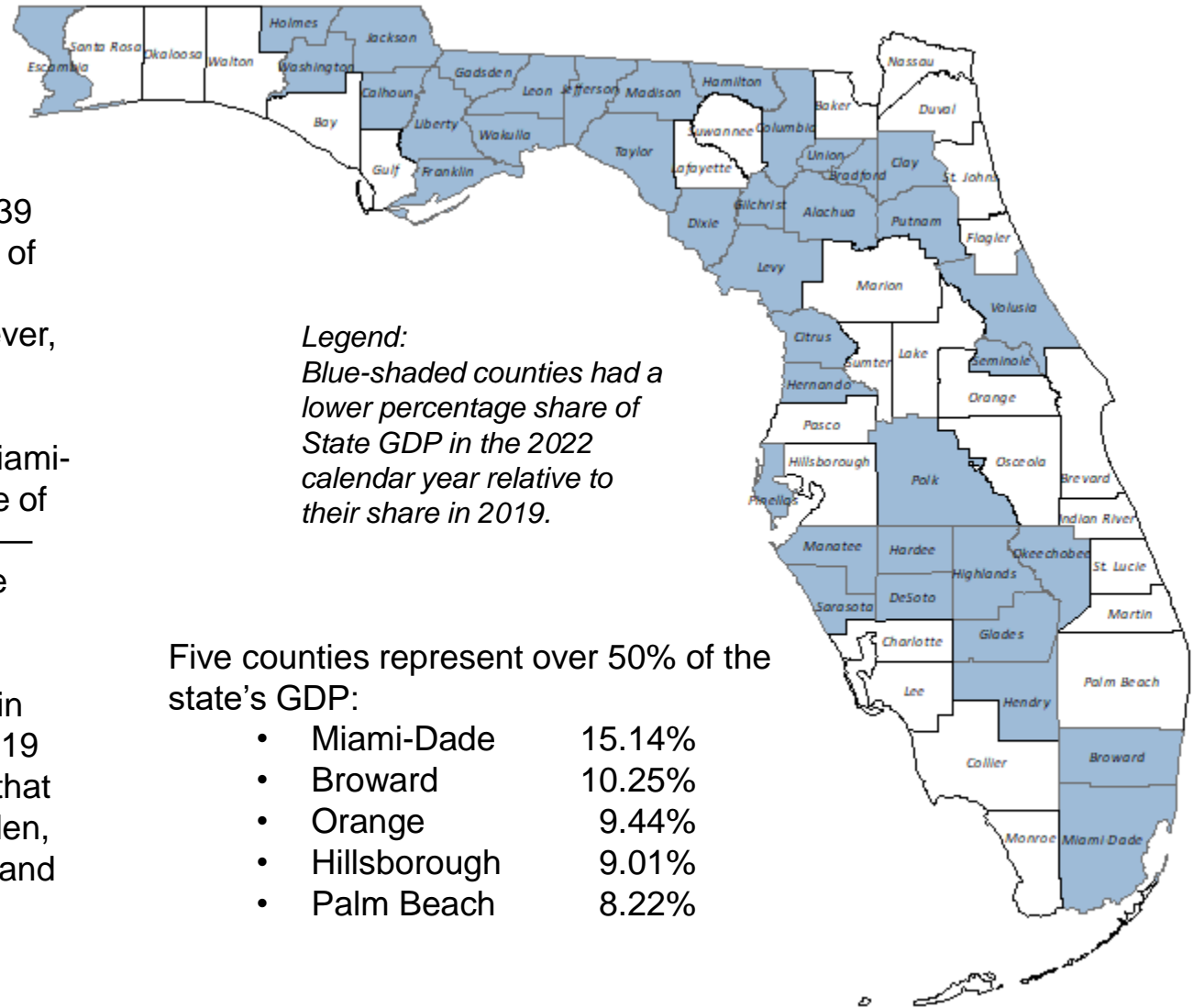
U.S. Bureau of Economic Analysis

According to the latest revised data, Florida's quarterly GDP movements have generally performed better than the nation as a whole since the beginning of the pandemic. Buffeted by a series of economic shocks, the state's GDP dipped to near zero (0.4 percent) in Fiscal Year 2019-20, bounced back to 4.7 percent in Fiscal Year 2020-21, and surged to 7.0 percent in Fiscal Year 2021-22, more than double the pre-pandemic-year growth rate and exceeding the prior peak growth rate of 6.6 percent in Fiscal Year 2004-05. The state's economy expanded by 4.4 percent in Fiscal Year 2022-23, but the Conference expects growth to decelerate to 2.8 percent and 1.1 percent over the current and next fiscal years as businesses and consumers transition from a high inflation environment to a high interest rate environment. Beginning in Fiscal Year 2025-26, the economy will grow at a more characteristic 1.9 – 2.0 percent per year.

# State's GDP by County in 2022 relative to 2019...

In the 2022 calendar year, 39 counties had a lower share of the State's GDP than pre-pandemic (see map); however, the share was marginally different for most of these counties. Pre-pandemic, Miami-Dade had the highest share of the State's GDP at 15.50%—today, the county is still the highest, but at 15.14%.

Almost all counties gained in Real GDP (62) between 2019 and 2022. The 5 counties that posted losses were: Gadsden, Glades, Jackson, Putnam, and Taylor.



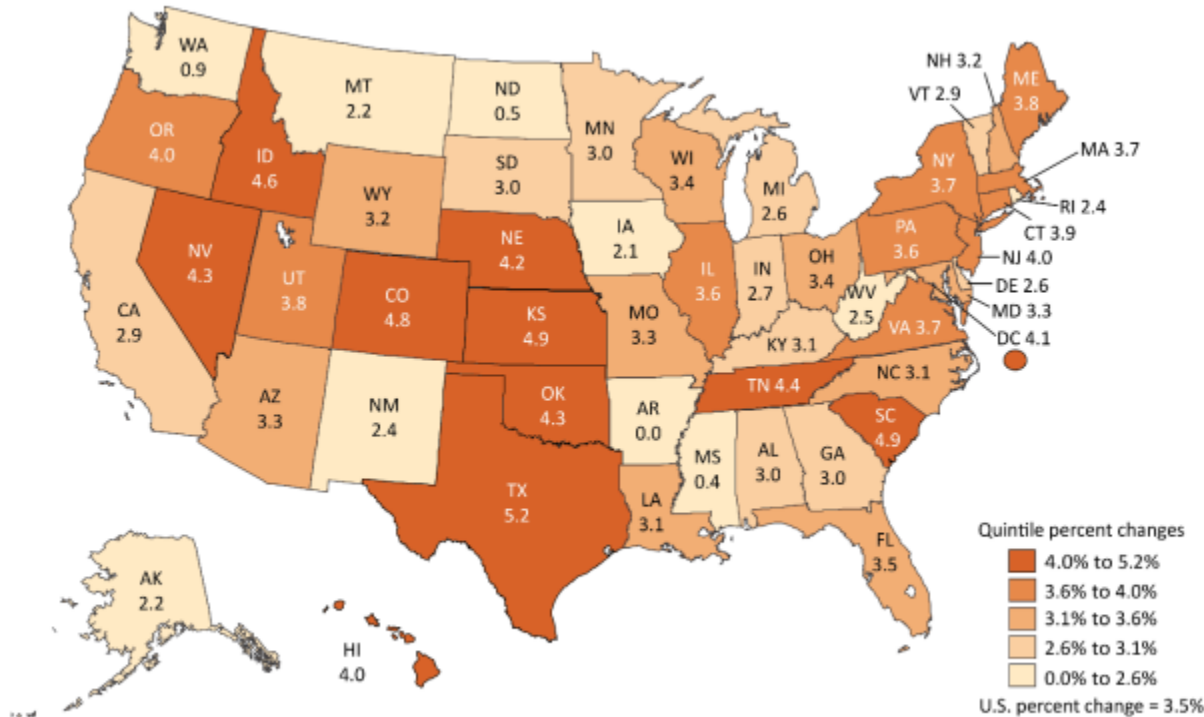
*Legend:  
Blue-shaded counties had a lower percentage share of State GDP in the 2022 calendar year relative to their share in 2019.*

Five counties represent over 50% of the state's GDP:

- Miami-Dade 15.14%
- Broward 10.25%
- Orange 9.44%
- Hillsborough 9.01%
- Palm Beach 8.22%

# Florida's Personal Income...

Personal Income: Percent Change at Annual Rate, 2023:Q2–2023:Q3

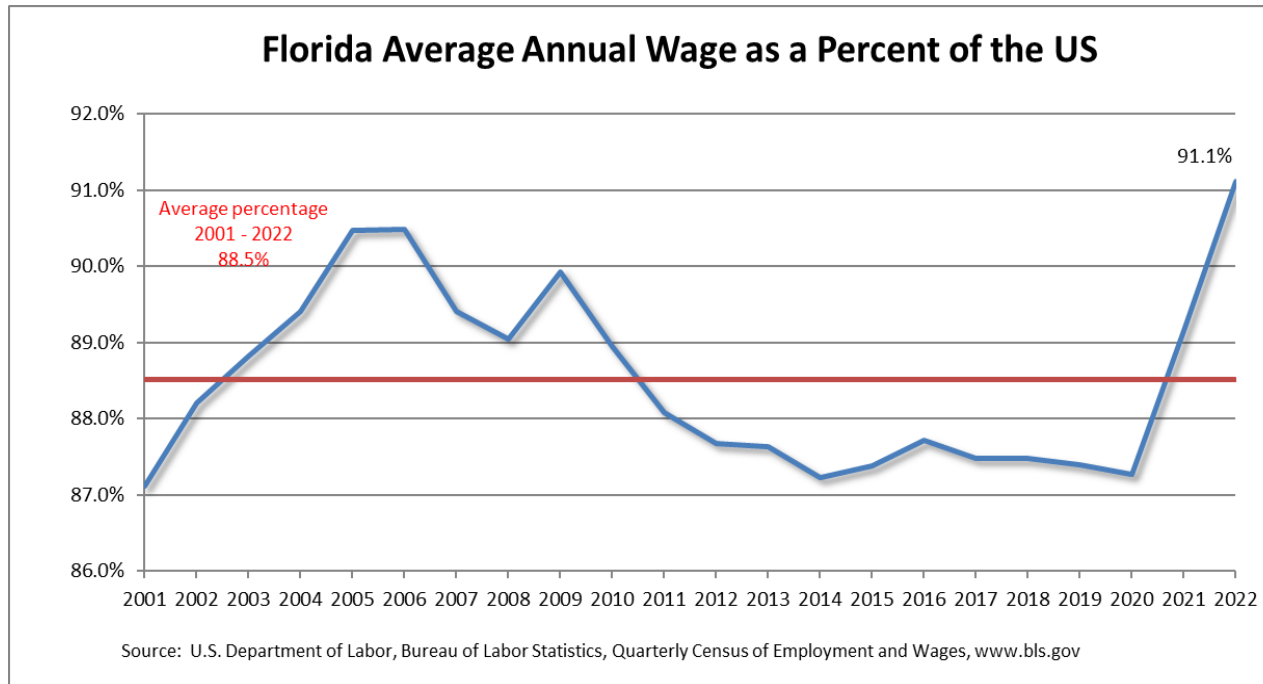


*In the 3<sup>rd</sup> Quarter of 2023, Florida's personal income growth was ranked 21<sup>st</sup> in the nation with a 3.5 percent change at an annual rate. The United States as a whole also had quarterly growth of 3.5 percent.*

U.S. Bureau of Economic Analysis

Buttressed during the pandemic by an infusion of federal dollars into Florida's households, the final growth rate for the state's 2020-21 fiscal year was 10.3 percent and for the 2021-22 fiscal year was 6.6 percent. Personal income growth then accelerated to 7.9 percent in Fiscal Year 2022-23 as workers and employers chased historic levels of inflation and leveraged the tight labor market into better paying opportunities. Largely on the continuing strength of wage growth, the Conference expects still high growth of 6.3 percent in Fiscal Year 2023-24, followed by a nearly matching year at 6.4 percent growth. After three additional years of above 5 percent growth (Fiscal Year 2025-26, Fiscal Year 2026-27 and Fiscal Year 2027-28), annual growth rates begin to stabilize at 4.7 percent.

# Wage Gap Markedly Narrows in 2022...



Wage growth since the onset of the pandemic has been distorted by the extreme ups and downs in employment, especially among lower-wage service workers in the leisure and hospitality industry who were the hardest hit. As they came back to work in large numbers in 2021 and 2022, wages appeared to grow at record levels, but the pure growth rates are somewhat misleading.

Calculating Florida's average annual wage relative to the US average cures some of these issues, providing a cleaner picture of how the state is faring. In the first two decades of this century, Florida's average annual wage was below the US average. The most recent data shows that the state's average percentage had fallen from 2016 when it was 87.7% to 87.3% in 2020.

This picture changed in 2021 when Florida moved above its longer run average of 88.5 percent to 89.2 percent. In that year, Florida had a 4.9 percent increase in the number of jobs in covered employment, but a 13.2 percent increase in total wages. Final data for 2022 indicates that the relationship to national wages has continued to transform—hitting a ratio of 91.1 percent, the highest over the past two decades. Moreover, Florida had a 5.6 percent increase in the number of jobs in covered employment, but was still dominated by an 11.8 percent increase in total wages. Based on Conference projections of average annual wage growth of 3.3 percent or above each year—following 4.2 percent in the current year and greater than projected inflation in all years—the higher wages are likely here to stay.

# Current Employment Conditions...

## December 2023 Nonfarm Jobs (YOY)

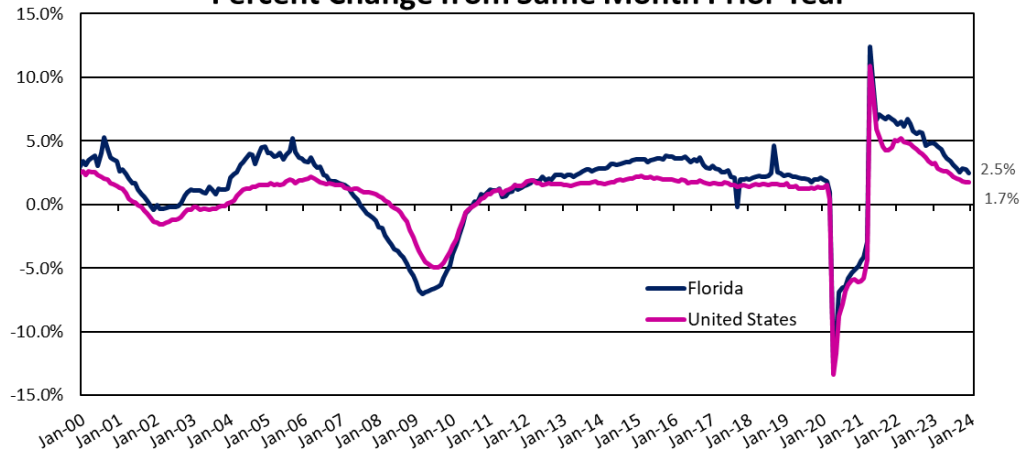
US: 1.7%

FL: 2.5%

*At the onset of the pandemic, employment dropped by almost 1.3 million jobs from February 2020 to April 2020, a decline of 14.1 percent. In December 2023, Florida exceeded the pre-pandemic level (February 2020) by 793,100 jobs, a gain of 8.7 percent.*

*The Conference expects growth to decelerate from 2.5 percent in Fiscal Year 2023-24, to 1.7 percent in Fiscal Year 2024-25 and 1.4 percent in Fiscal Year 2025-26 as the nation's economy softens due to the Federal Reserve's efforts to fight persistently elevated inflation. Job growth stabilizes at this percentage level through Fiscal Year 2028-29 before declining to 1.2 percent for the remainder of the forecast.*

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



Source: Florida Department of Commerce, Bureau of Workforce Statistics and Economic Research, Current Employment Statistics Program in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, January 19, 2024.

## December 2023 Unemployment Rate

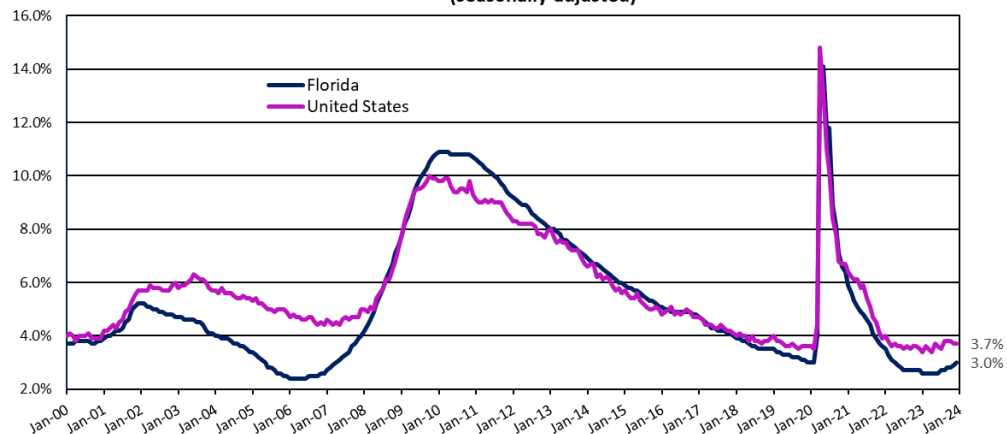
US: 3.7%

FL: 3.0% (334,000) jobless persons)

*The Revenue Estimating Conference assumes the "full employment" unemployment rate is about 4 percent.*

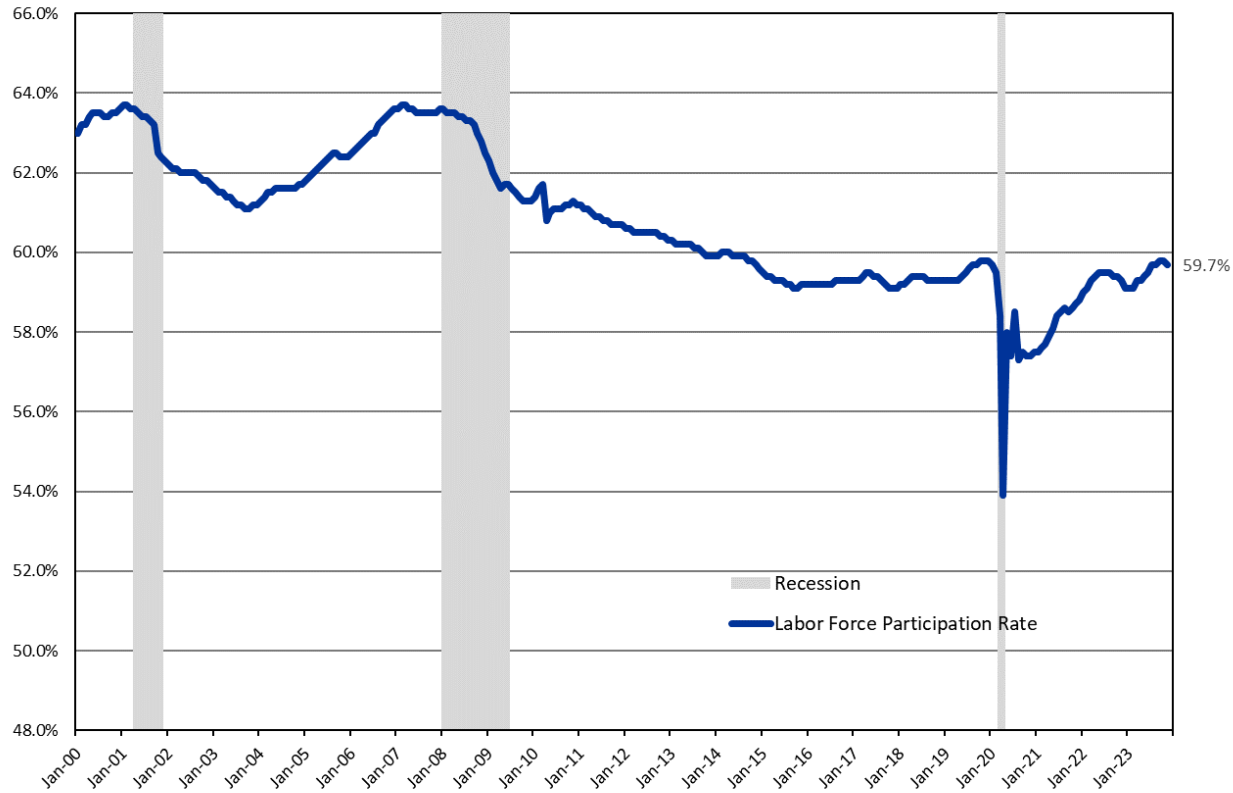
*Florida's monthly unemployment rate dropped to 2.7 percent for the entire 2022-23 fiscal year, not far from the lowest recorded rate in modern times (the first half of 2006 when it was 2.4 percent). Given the Federal Reserve's actions to cool off the economy through higher interest rates, the Conference expects the unemployment rate to start an upward drift—hitting 3.0 percent in Fiscal Year 2023-24. The rate ultimately reaches 4.3 percent in Fiscal Year 2026-27, after which it slightly retreats and then plateaus at 4.0 percent.*

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



Source: Florida Department of Commerce, Bureau of Workforce Statistics and Economic Research, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, January 19, 2024.

# Florida's Participation Rate...

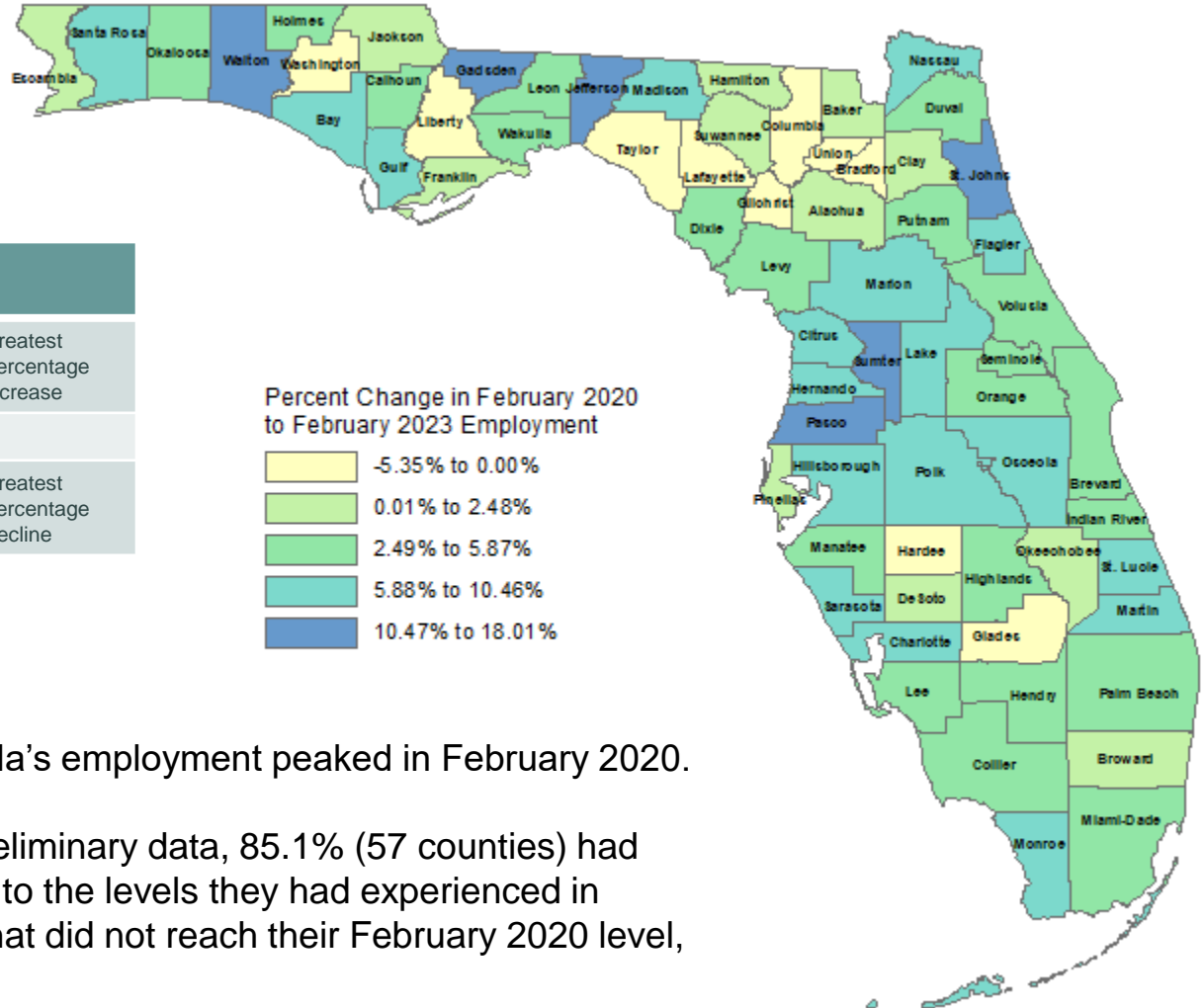


Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, Civilian Noninstitutional Population and Associated Rate and Ratio Measures for Model-Based Areas, released December 22, 2023.

Florida's labor force participation rate peaked during the Housing Boom at 63.7% (February 2007 to March 2007). During the twelve months prior to the pandemic, Florida's participation rate averaged 59.6%; however, once the pandemic took hold in April 2020, the state's participation rate plummeted to 53.9%. Since then, Florida's participation rate has recovered, reaching 59.7% in November 2023.

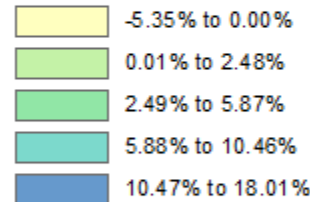
Going forward, Florida's annual participation rate is expected to decline steadily from the 59.3% expected for FY 2023-24 to 56.9% in FY 2032-33, as the last of the Baby Boomers reach retirement age (age 65) in FY 2030-31.

# County Employment Continues to Improve...



Area	February 2020 to February 2023	
Sumter County	18.0%	Greatest Percentage Increase
<b>Florida</b>	<b>6.3%</b>	
Glades County	-5.3%	Greatest Percentage Decline

Percent Change in February 2020 to February 2023 Employment



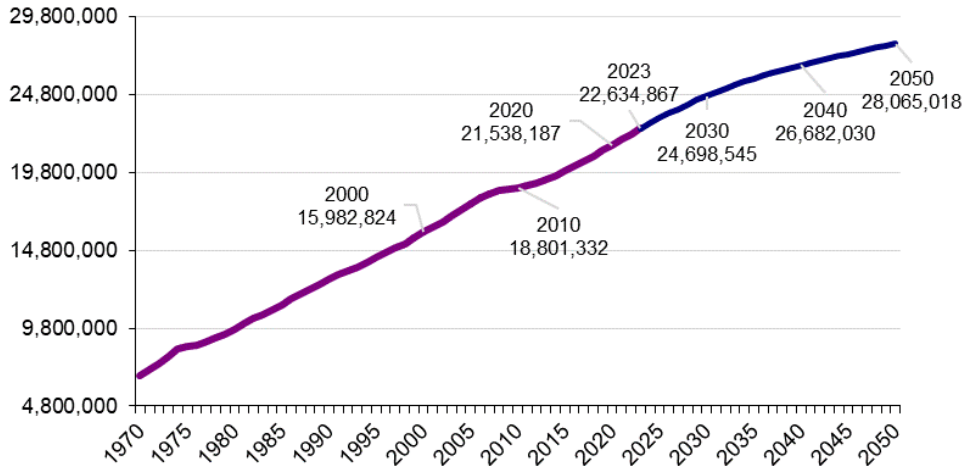
- Prior to the pandemic, Florida’s employment peaked in February 2020.
- Based on February 2023 preliminary data, 85.1% (57 counties) had gained employment relative to the levels they had experienced in February 2020. Of the 10 that did not reach their February 2020 level, 4 were within 50 jobs.



# Population Growth to Slow...

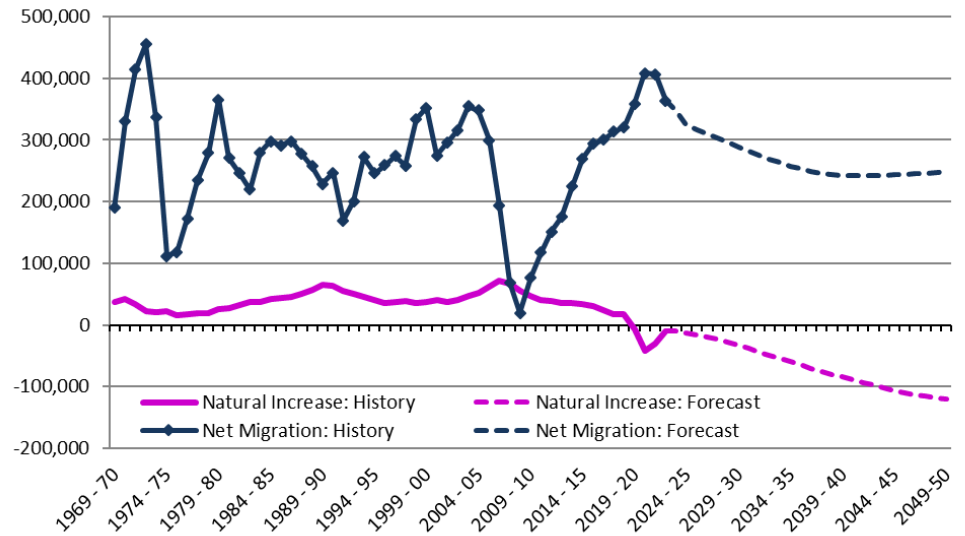
- Population growth is the state's primary engine of economic growth, fueling both employment and income growth.
- Florida is currently the third most populous state, behind California and Texas, with 21,538,187 permanent residents recorded as part of the 2020 Census.
- In the three years since the 2020 Census, Florida's strong migration trends have continued, increasing population by almost 1.1 million net new residents. This number takes account of both people leaving the state and losses in natural increase (more deaths than births). Between 2023 and 2030, the Demographic Estimating Conference forecasts growth to average 1.25% per year.
- Nationally, average annual growth is expected to be about one-third of that level — averaging 0.43% per year between 2023 and 2030.
- The future will be different than the past; Florida's long-term growth rate between 1970 and 1995 averaged over 3% per year.

# Florida's Population Growth...



Florida's strongest April-over-April growth rate in this century was the year 2000 at 2.58%, but the largest numerical change occurred in 2005 (+403,332), immediately prior to the collapse of the housing boom and the beginning of the Great Recession. Just before and during the pandemic era, the April 1<sup>st</sup> growth rates were: 1.64% (+348,338) for 2020, 1.67% (+360,758) for 2021, and 1.72% (+377,187) for 2022. For 2023, growth was 1.61% (+358,735).

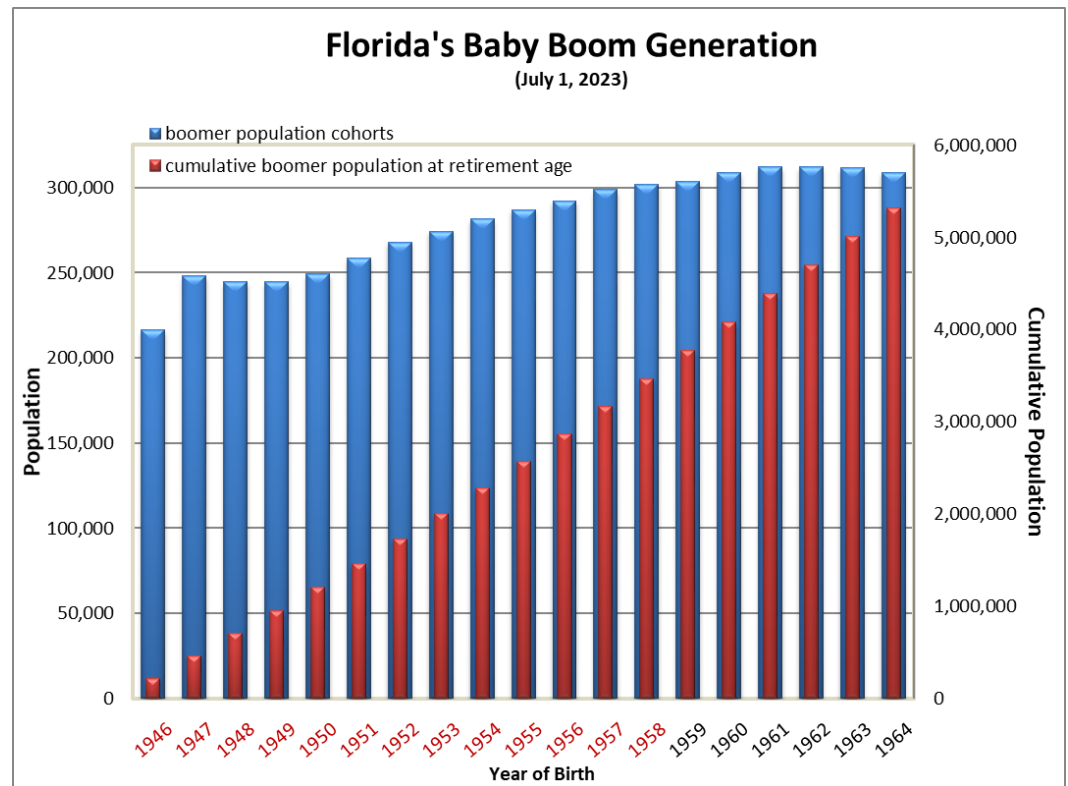
In the past, Florida's population growth has largely been from net migration. Going forward, this will produce all of Florida's population growth, as natural increase is anticipated to remain negative with deaths outnumbering births.



# Baby Boomers in Context...

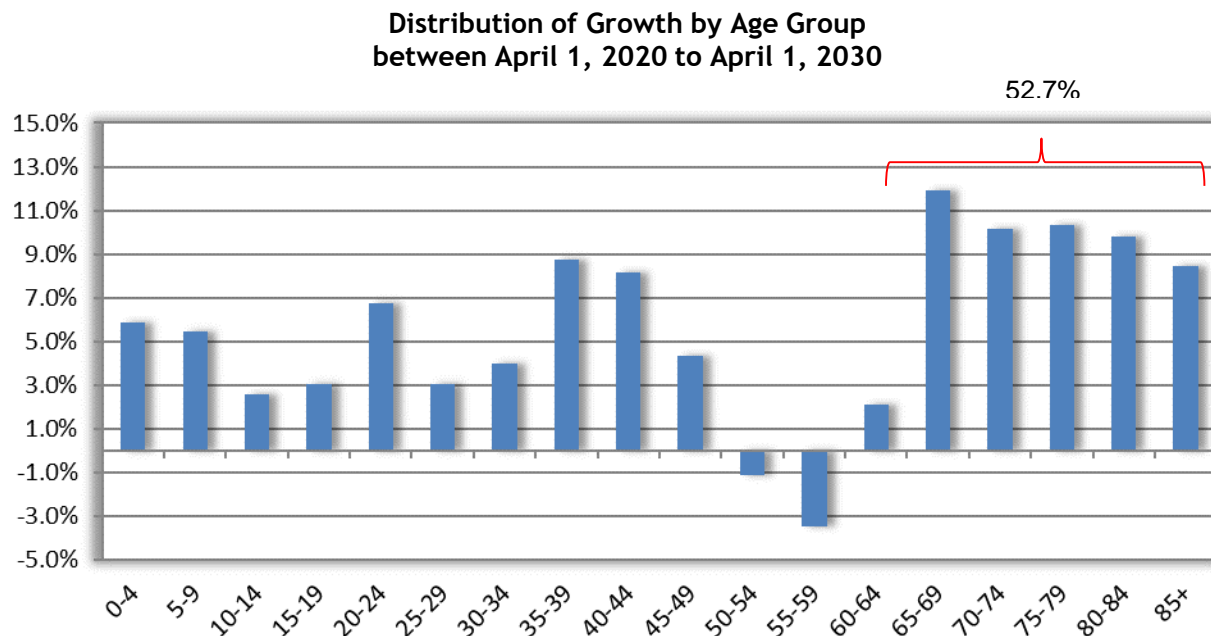
The first cohort of Baby Boomers became eligible for retirement (turned age 65) in 2011. Thirteen of nineteen cohorts have now entered the retirement phase. This represents approximately 65% of all Baby Boomers.

Population aged 65 and over is forecast to represent at least 24.6% of the total population in 2030, compared with 21.2% in 2020 and 17.3% in 2010.



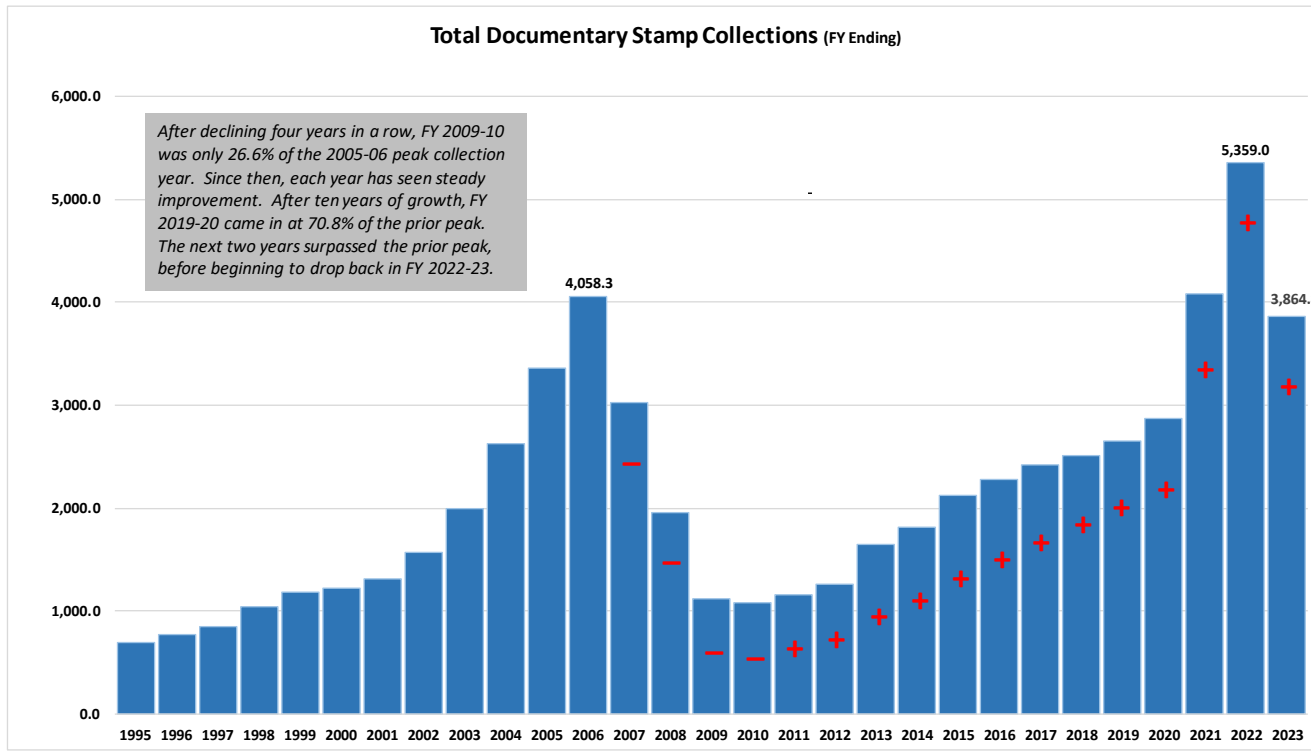
- In 2000, Florida's prime working age population (ages 25-54) represented 41.5% of the total population. With the aging Baby Boom generation, this population represented 36.8% of Florida's total population in 2020 and is anticipated to represent 36.3% by 2030.
- The youngest population group, 0-17, represented 22.8% of the total population in 2000. In 2020, only 19.5% of the total population was in this age group, and its share is projected to be about the same in 2030.

# Population Growth by Age Group...



- As a result of both net migration and natural increase, Florida is forecasted to grow by almost 3.2 million persons between 2020 and 2030.
- Growth by age group depends upon this overall growth and the aging of resident population, resulting in 52.7% of those gains occurring in the older population (age 60 and older).
- Florida's younger population (age 0-17) will account for 15.8% of the gains, as will the younger working age group (25-39).

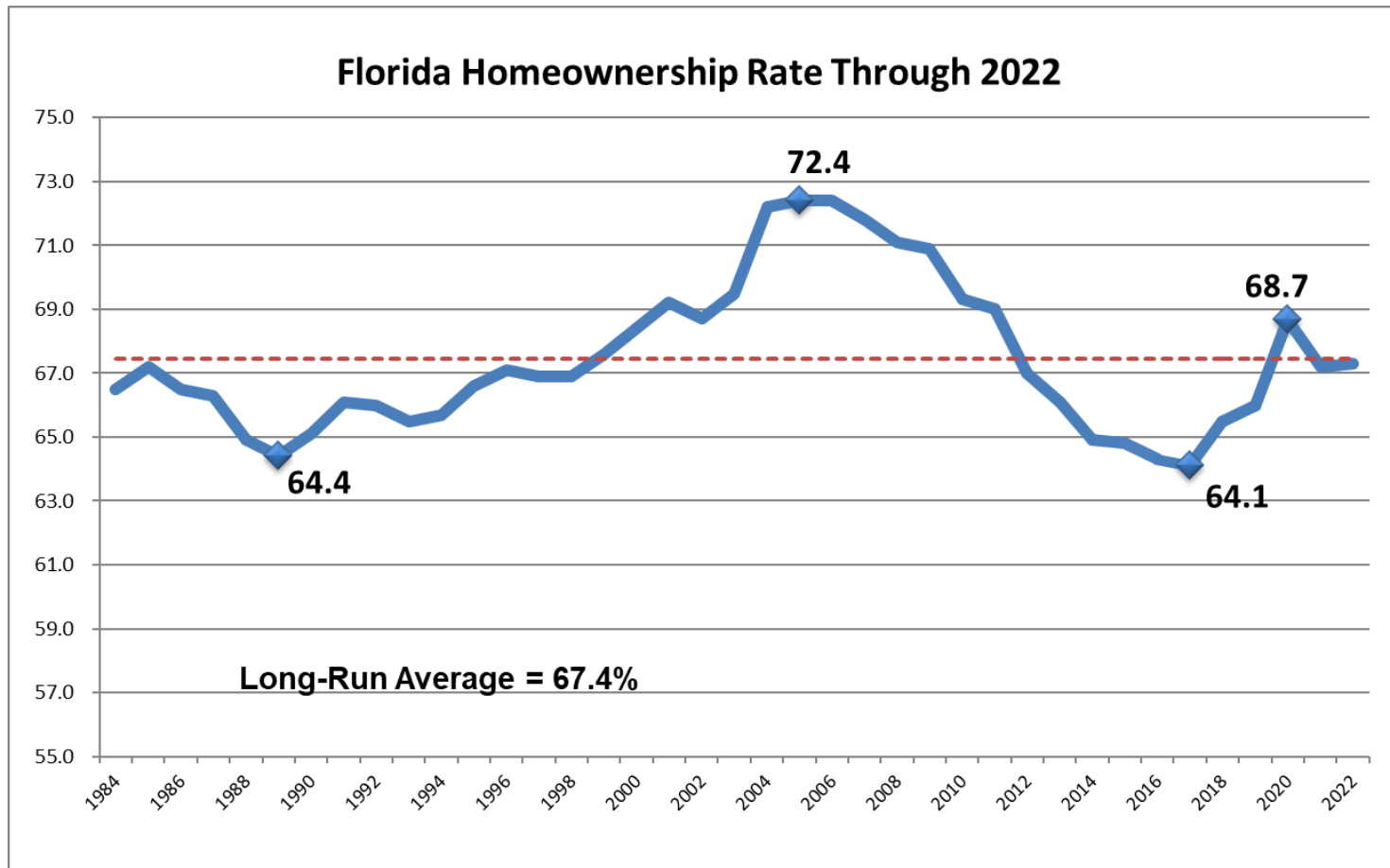
# Florida Housing Market Soared during Low Interest Rate Period...



Documentary Stamp Tax collections in FY 2020-21 topped the FY 2005-06 peak reached at the height of Florida's housing boom. This milestone was particularly remarkable considering the prior year (FY 2019-20) registered only 70.8 percent of that level after steadily increasing for ten years from a low of 26.6 percent. The results for FY 2021-22 were even more eye-popping with collections soaring to nearly \$5.4 billion. The market environment leading to this result was caused by the record low interest rates arising from the Federal Reserve's actions to stem the severity of the pandemic's economic disruption.

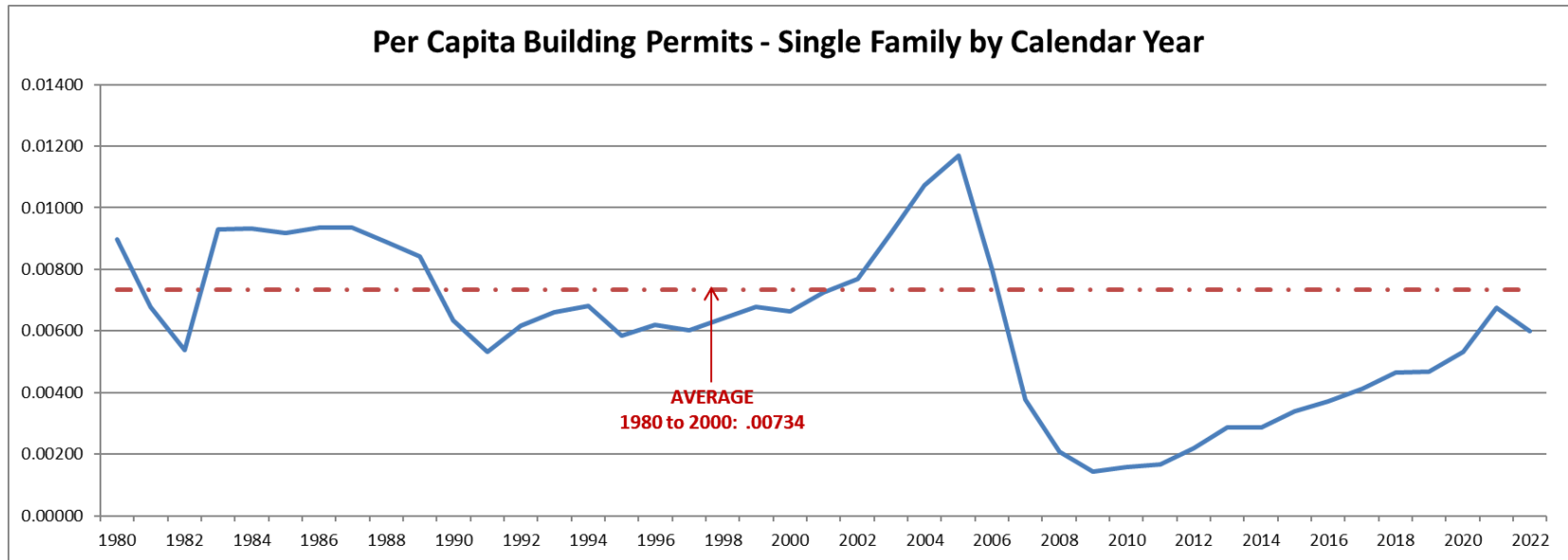
As rates rose and affordability became increasingly an issue, Documentary Stamp Tax collections began to decline in FY 2022-23 (-27.9%). The Revenue Estimating Conference expects another decline of -10.6% in FY 2023-24, before a modest two-year recovery begins in FY 2024-25 and FY 2025-26 (6.3% and 4.3%). Thereafter, more typical growth (about 3% per year) resumes.

# Homeownership Rate at LR Average...



From 2012 to 2019, Florida was below its long-run average homeownership rate. As interest rates plummeted in 2020, the state moved quickly above the average, posting 68.7 percent for the year. A small correction began in 2021 (67.2) that continued into 2022 (67.3); however, the rates for both of those years are roughly equivalent to Florida's average since the inception of the series. Early 2023 data (through Q3) signals that this year will match 2021 at 67.2 percent.

# Permits Drift Slightly in 2022...



After the collapse of the housing market, single-family building permit activity, an indicator of new construction, first saw 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 significant slowing—posting only 1.6% growth over the prior year. Nonetheless, annual activity for the four subsequent calendar years again ran well above their individual periods a year prior, posting double-digit growth in each year: 20.3% in 2015, 11.1% in 2016, 13.5% in 2017, and 13.8% in 2018. In 2019, activity temporarily slowed again; this time to 2.9%—but spurred in part by record low interest rates, single-family building permit activity was 15.4% higher in 2020 and 29.1% higher in 2021, relative to the prior year. A decline in single-family permitting activity occurred in 2022 (-9.7%), the first time the series had turned negative since 2009.

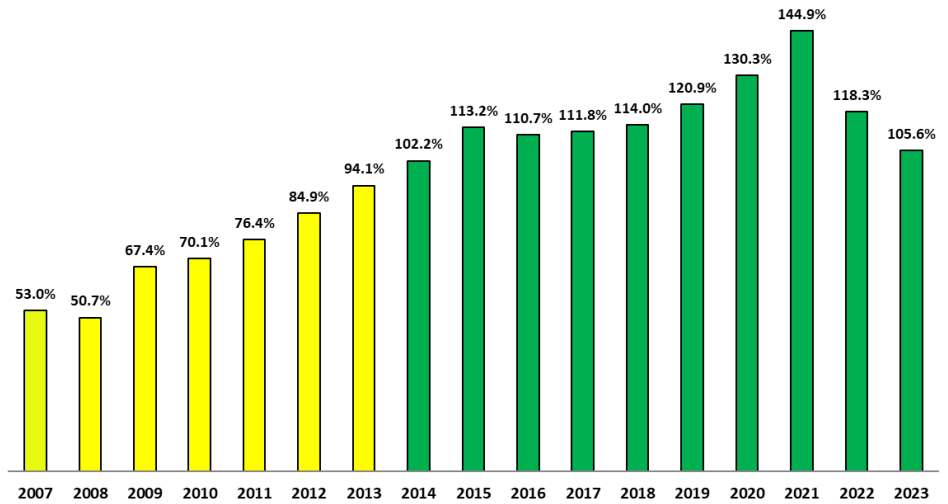
The Economic Estimating Conference expects single-family starts (a closely aligned metric) to see significant declines in both the 2022-23 (-22.4%) and 2024-25 (-6.9%) fiscal years with an intervening positive year (+9.7 in FY 2023-24).

## Existing Single Home Market

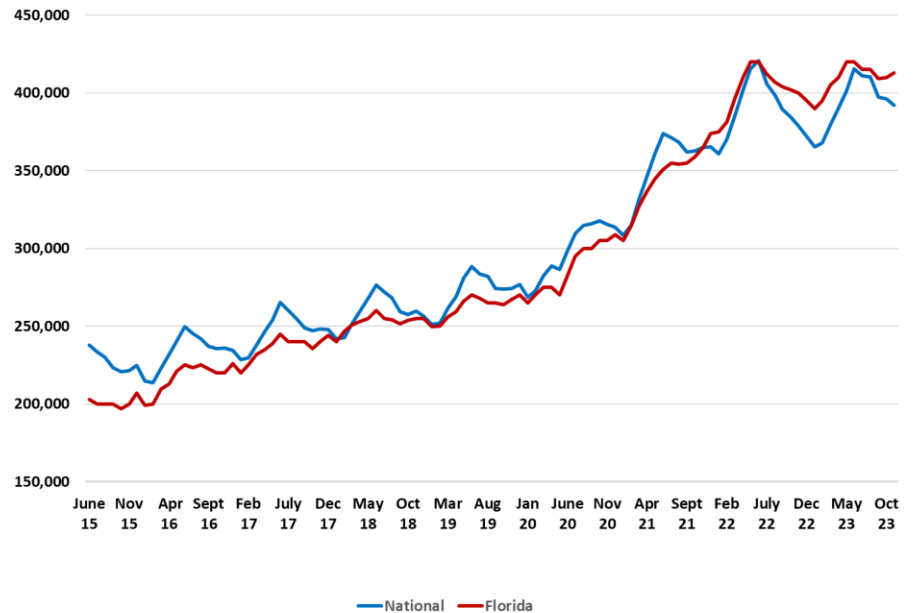
The volume of existing home sales in each of the calendar years from 2014 to 2023 exceeded the 2005 peak year, but sales in the 2023 calendar year markedly slowed, with 10 months posting lower sales than the already subdued prior year, and two of them even falling below the 2005 level.

The story is different for sales price. Through November 2021, Florida's existing home price gains roughly tracked national gains, but generally stayed below the national median. With the exception of only one month, Florida's median price shifted above the national median from December 2021 through December 2023, reaching a peak of 107.31% in February 2023. At roughly \$420,000 in May and June 2022 and June 2023, Florida has set and met a new record high, but this may be time-limited. The new forecast shows that prices will continue to have positive growth in each year through FY 2032-33.

Calendar Year Sales as Share of 2005 Peak Year



Median Prices for Existing Single Family Homes



Data through December 2023



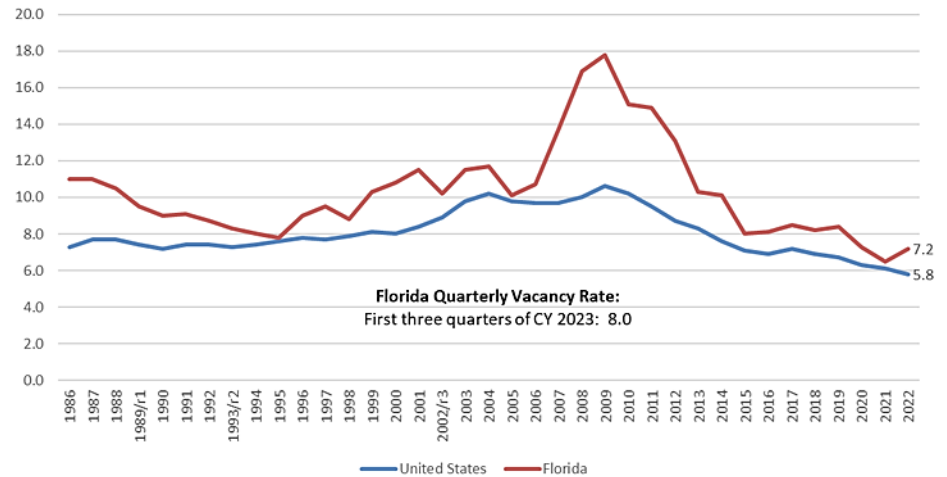
### Florida and U.S. Median Gross Rent (in Current Dollars)

Year	Median Gross Rent			Average Gross Rent		
	United States	Florida	Florida relative to United States	United States	Florida	Florida relative to United States
2005	728	809	111%	803	863	107%
2006	763	872	114%	844	932	110%
2007	789	925	117%	878	991	113%
2008	824	947	115%	919	1,015	110%
2009	842	952	113%	938	1,024	109%
2010	855	947	111%	954	1,017	107%
2011	871	949	109%	973	1,027	106%
2012	884	954	108%	990	1,037	105%
2013	905	972	107%	1,016	1,050	103%
2014	934	1,003	107%	1,047	1,087	104%
2015	959	1,046	109%	1,077	1,129	105%
2016	981	1,086	111%	1,105	1,161	105%
2017	1,012	1,128	111%	1,138	1,203	106%
2018	1,058	1,182	112%	1,182	1,251	106%
2019	1,097	1,238	113%	1,223	1,301	106%
2021	1,191	1,348	113%	1,341	1,429	107%
2022	1,300	1,525	117%	1,468	1,627	111%

Source: U.S. Census Bureau, American Community Survey, 1-Year, 2006-2022

Residential rental prices in Florida have been strongly increasing over the seven-year period running from 2015 through 2022. However, the overall share of Florida’s population living in rentals is not following this pattern. The share peaked in 2015 and then dropped each year after that until 2022 when it essentially stayed flat. Coupled with the historically low vacancy rates, this suggests that the price pressure, at least in part, is coming from the supply-side.

### Rental Vacancy Rates Long-run Average Percent: US---8.1; FL---10.3

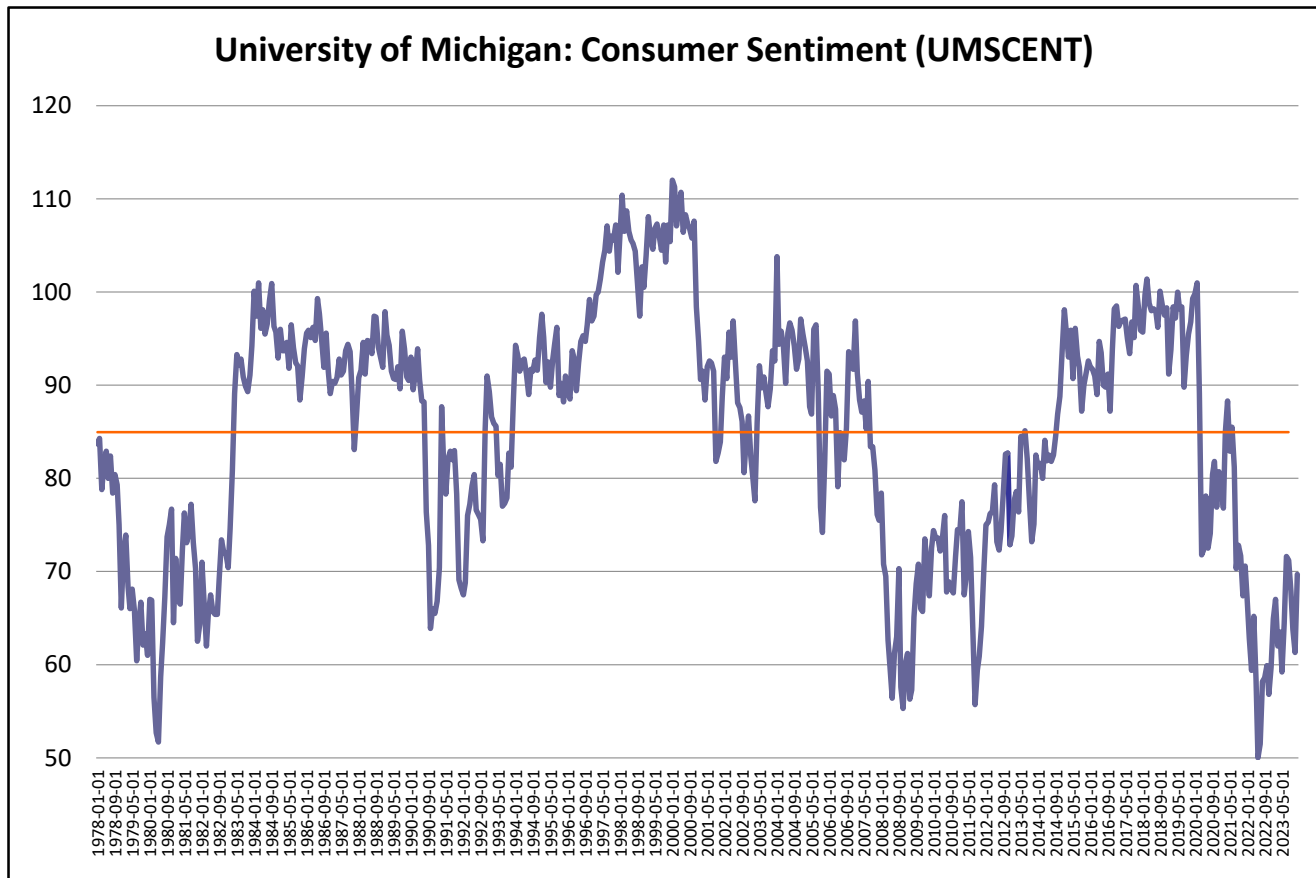


### Florida Renter Fraction

Date	US	Florida
2022	34.82%	32.82%
2021	34.61%	32.61%
2019	35.89%	33.75%
2018	36.05%	34.08%
2017	36.13%	34.85%
2016	36.88%	35.87%
2015	36.97%	36.22%
2014	36.90%	35.95%
2013	36.50%	35.21%
2012	36.09%	34.36%
2011	35.42%	33.28%
2010	34.65%	31.85%
2009	34.13%	31.52%

Source: U.S. Census Bureau, American Community Survey, 1-Year, 2009-2022

# Consumer Perceptions Still Subdued



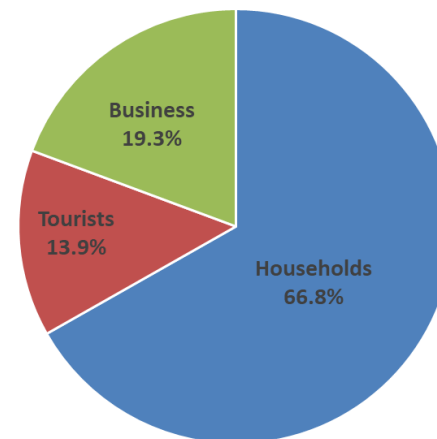
Nationally, the sentiment reading for June 2022 (50.0) dropped to its lowest point since the current series began and well below the Great Recession depths. The lowest point prior to June 2022 was May 1980 at 51.7 during a period with high inflation, rising interest rates, high unemployment and a recession induced in part by the 1979 energy crisis. Over the past 18 months, consumer sentiment had improved to 71.6 in July 2023 and 71.2 in August 2023, but has since declined. The reading was 69.7 in December 2023 and still remains below the long-run average (85.0). The National Economic Estimating Conference suggests sentiment will not move above the average until FY 2025-26.

# Tourism Recovery Continues

Florida's tourism-sensitive economy is particularly vulnerable to the longer-term effects of the pandemic. The total number of tourists declined nearly -70.0 percent from the prior year in the second quarter of 2020. After that dramatic drop, tourism managed to recover gradually, buttressed by the increased number of domestic visitors travelling to Florida by air or car. It took two years to reach recovery from this pandemic in domestic visitors and three years in Canadian visitors, while international visitors are still at depressed levels. Total visitors, growing by 39.0 percent, surpassed the pre-pandemic peak by the end of Fiscal Year 2021-22, albeit with a different composition. After 2.5 percent in Fiscal Year 2022-23, the Conference expects another strong period of growth (6.4 percent) during Fiscal Year 2023-24, after which the annual growth rate moderates from 4.9 percent in Fiscal Year 2024-25 to 2.9 percent in the latter half of the forecast period. While the new forecast levels never exceed the pre-pandemic forecast levels for those years, they come close in the latter part of the 10-year forecast horizon.

*The Legislative Office of Economic and Demographic Research has updated and refined an empirical analysis of the various sources of the state's sales tax collections. In FY 2020-21, sales tax collections provided nearly \$27.2 billion or 74.9% of Florida's total pandemic-impacted General Revenue collections for the year. Of this amount, an estimated 13.9% (\$3.8 billion) was directly attributable to purchases made by tourists or temporary residents.*

Contributions to General Revenue from Sales Tax (with CST)  
Collections in FY 2020-21, By Source



# General Revenue...

Fiscal Year	August 2023 Forecast	January 2024 Forecast	Difference	Percentage Change	Incremental Growth	Growth
2005-06	27074.8					8.4%
2006-07	26404.1					-2.5%
2007-08	24112.1					-8.7%
2008-09	21025.6					-12.8%
2009-10	21523.1					2.4%
2010-11	22551.6					4.8%
2011-12	23618.8					4.7%
2012-13	25314.6					7.2%
2013-14	26198.0					3.5%
2014-15	27681.1					5.7%
2015-16	28325.4					2.3%
2016-17	29594.5					4.5%
2017-18	31218.2					5.5%
2018-19	33413.8					7.0%
2019-20	31366.2					-6.1%
2020-21	36280.9					15.7%
2021-22	44035.7					21.4%
2022-23	47327.8					7.5%
2023-24	45,664.4	<b>47,256.3</b>	1,591.9		(71.5)	<b>-0.2%</b>
2024-25	47,424.2	<b>48,009.7</b>	585.5		753.4	<b>1.6%</b>
2025-26	48,586.8	<b>49,092.7</b>	505.9		1,083.0	<b>2.3%</b>
2026-27	49,934.8	<b>50,521.3</b>	586.5		1,428.6	<b>2.9%</b>
2027-28	51,451.3	<b>51,909.3</b>	458.0		1,388.0	<b>2.7%</b>
2028-29	52,924.5	<b>53,362.6</b>	438.1		1,453.3	<b>2.8%</b>

Key variables from the new state and national economic forecasts adopted in December 2023 ranged from slightly weaker to little changed from those adopted in July 2023. While economic disruption is still evident with varied impacts on household savings, the elevated use of credit, and strong inflationary pressures on households, the forecasting environment has greatly stabilized with improving conditions expected over the forecast horizon. To this point, revenue collections have exceeded expectations since the last conference. General Revenue collections across all sources were \$1,258.6 million or 6.0 percent above the forecast since the beginning of the fiscal year. That said, considerable uncertainty exists regarding the impact on Florida from current geopolitical events, national fiscal policy decisions and future Federal Reserve actions.