

# Florida: An Economic Overview

August 19, 2024

Presented by:

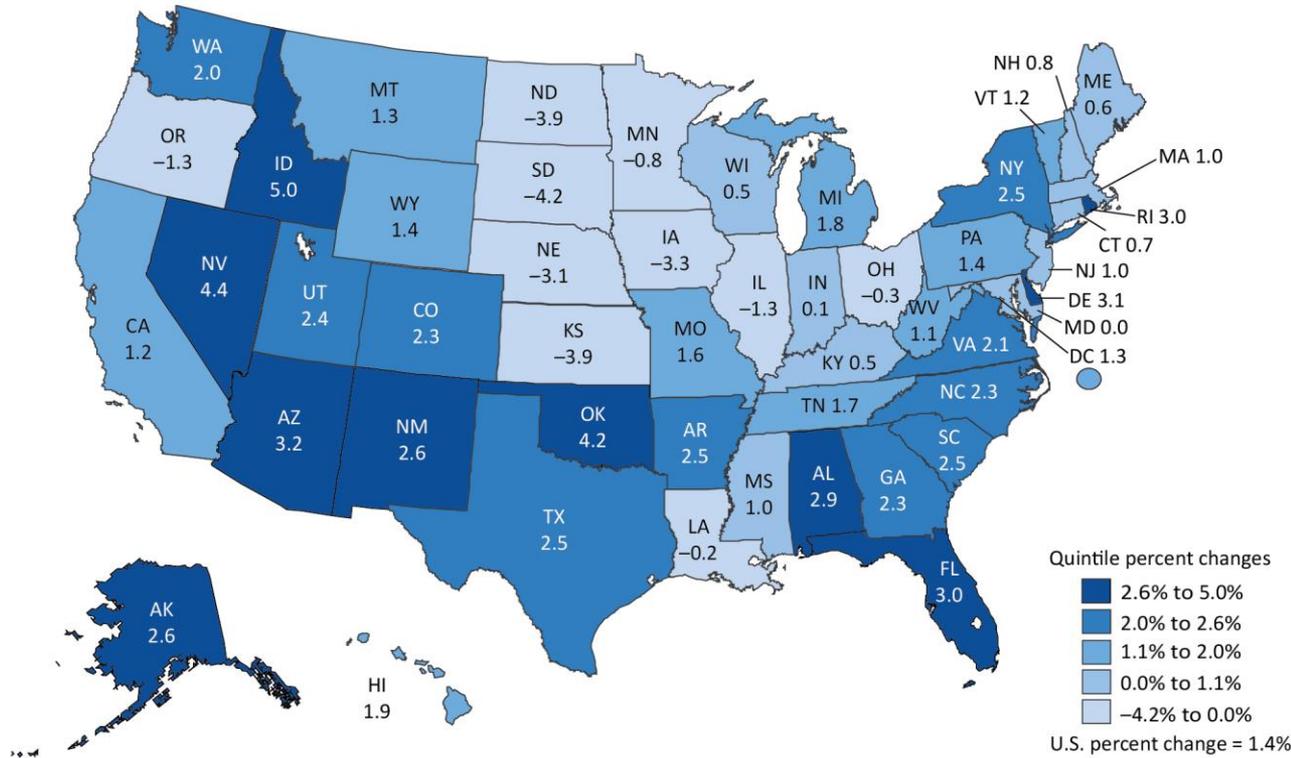


The Florida Legislature  
Office of Economic and  
Demographic Research  
850.487.1402  
<http://edr.state.fl.us>

*(Forecasts based on data available or adopted as part of the Estimating Conferences held in Summer 2024)*

# Florida's GDP Growth...

Real GDP: Percent Change at Annual Rate, 2023:Q4–2024:Q1



*In the 1<sup>st</sup> Quarter of 2024, Florida's real economic growth was ranked 6<sup>th</sup> in the nation with a 3.0 percent change at an annual rate. The United States as a whole had quarterly growth of 1.4 percent.*

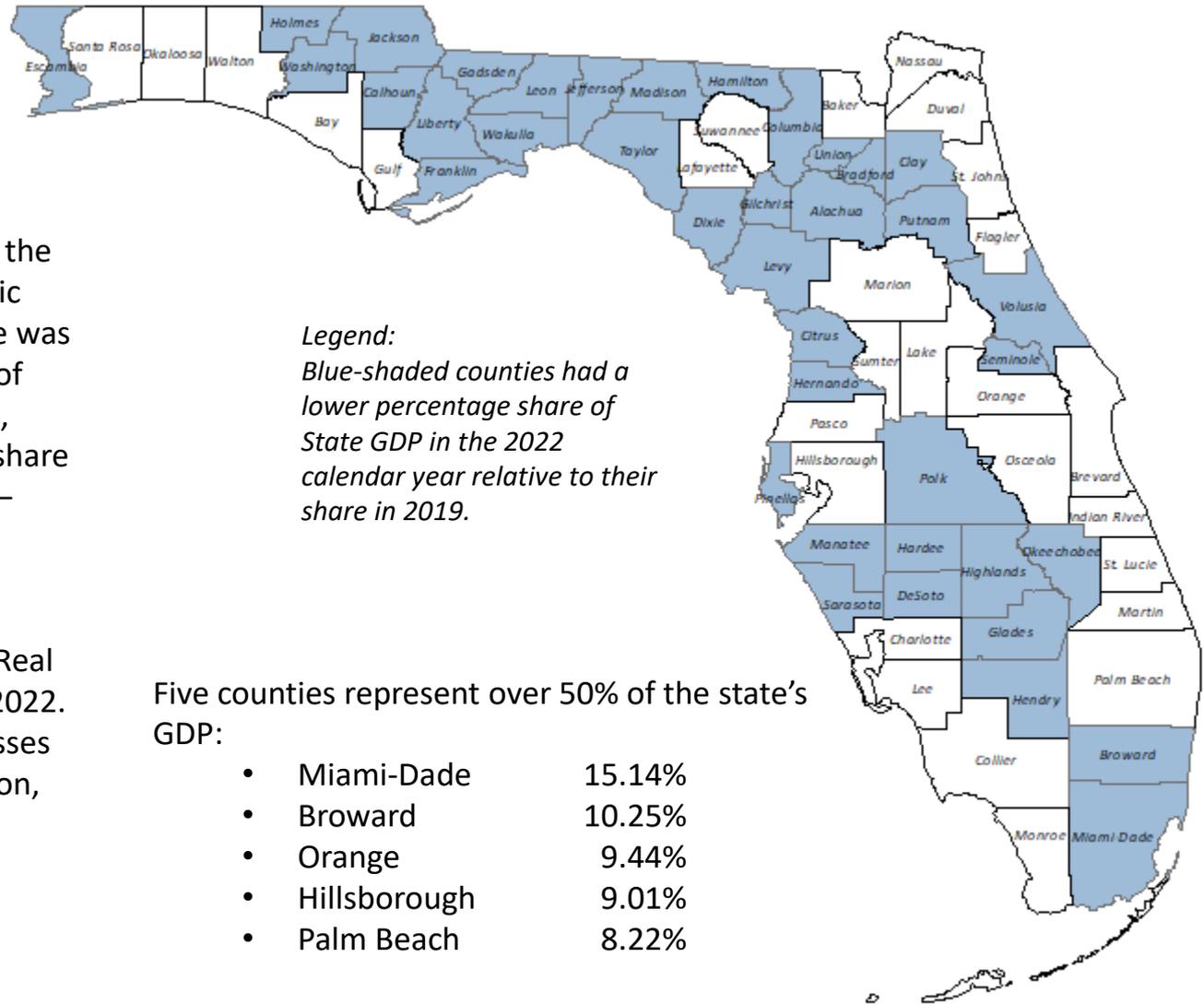
U.S. Bureau of Economic Analysis

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 and 4.5 percent in Fiscal Year 2023-24, but the Conference expects growth to decelerate to 2.1 percent and 1.9 percent over the current and next fiscal years as businesses and consumers transition from a high inflation / high interest rate environment to more normal conditions. Beginning in Fiscal Year 2026-27, the economy will stabilize at its characteristic 2.0 to 2.1 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.



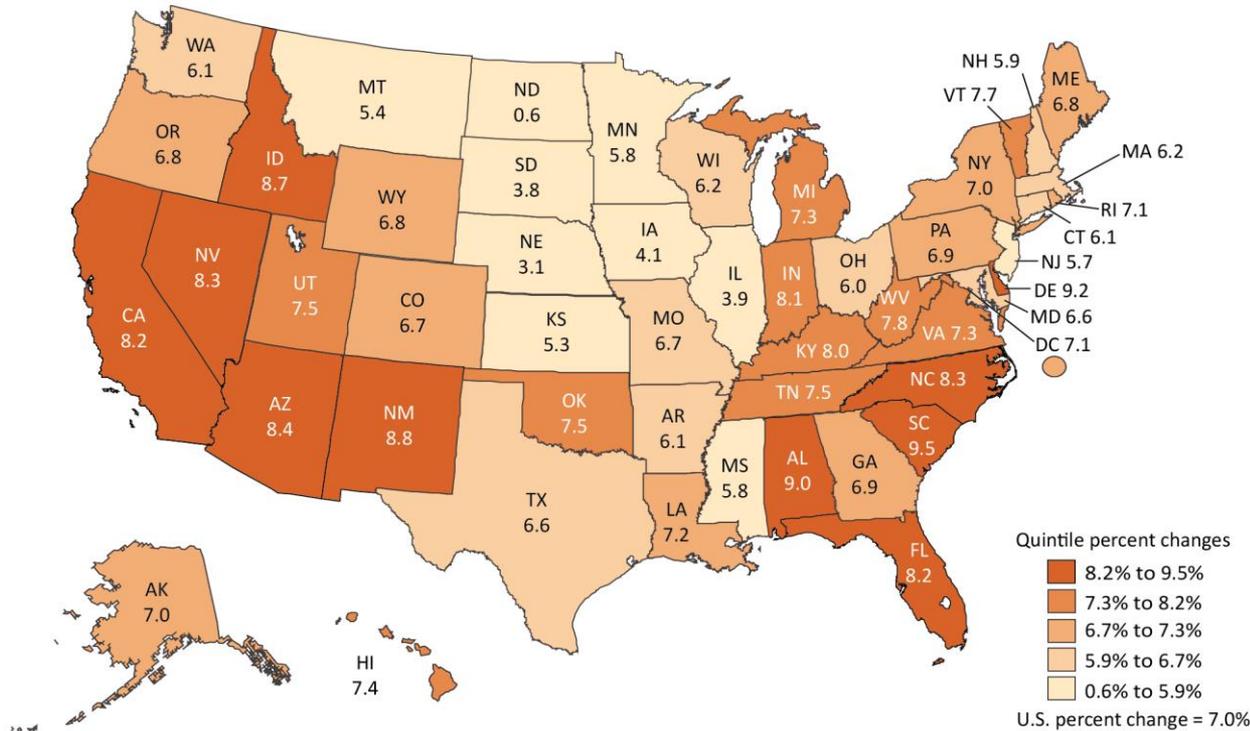
*Legend:*  
Blue-shaded counties had a lower percentage share of State GDP in the 2022 calendar year relative to their share in 2019.

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:Q4–2024:Q1

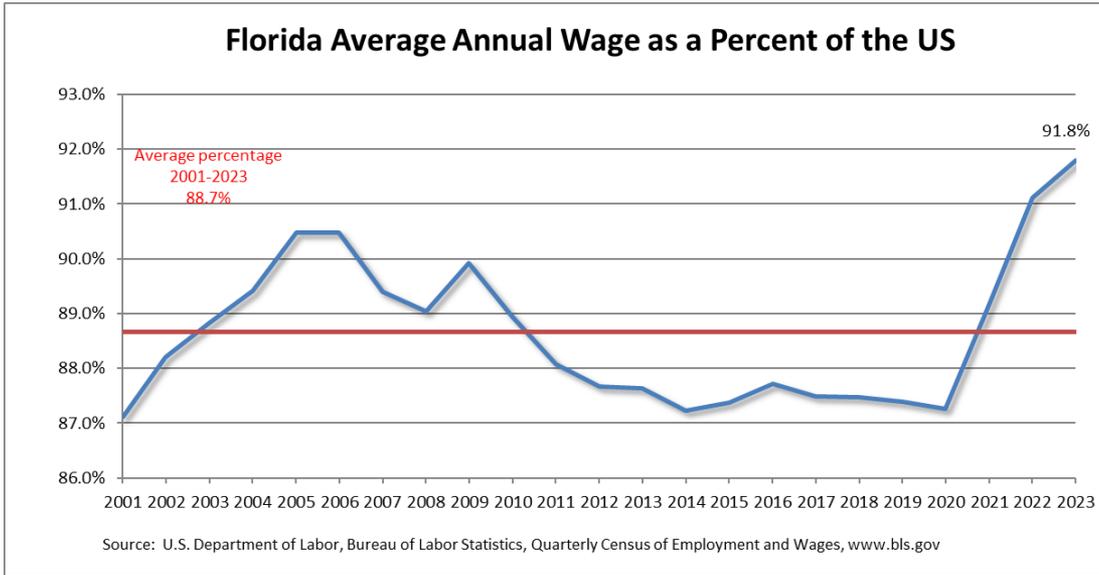


*In the 1st Quarter of 2024, Florida's personal income growth was ranked 10<sup>th</sup> in the nation with an 8.2 percent change at an annual rate. The United States as a whole had quarterly growth of 7.0 percent.*

U.S. Bureau of Economic Analysis

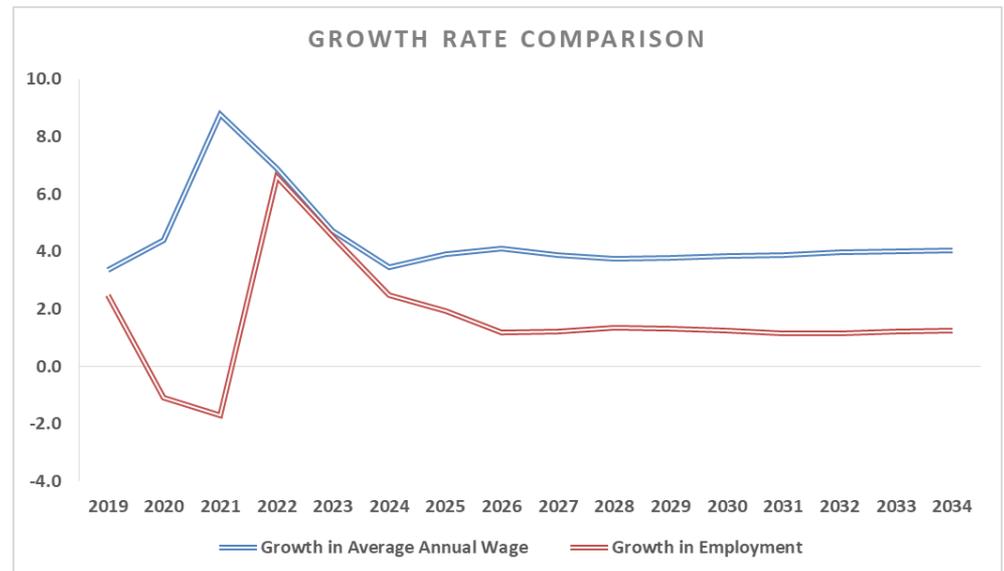
Buttressed during the pandemic by an infusion of federal dollars into Florida's households, the final growth rate for the state's 2020-21 fiscal year was 10.3 percent and for the 2021-22 fiscal year was 6.6 percent. Personal income growth then accelerated to 7.7 percent in Fiscal Year 2022-23 as workers 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, Florida had still high growth of 5.3 percent in Fiscal Year 2023-24, with the current year expected to slightly exceed that percentage at 5.6 percent. After five additional years at or above 5 percent growth (Fiscal Year 2025-26 through Fiscal Year 2029-30), annual growth rates begin to stabilize at 4.9 percent.

# Wage Gap Continues to Narrow in 2023...



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 fell 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 88.7% to 89.2%. The state’s percentage further rose in 2022 to 91.1%.

Preliminary data for 2023 suggests that the ratio continues to converge with Florida moving to 91.8%, the highest ratio over the past two decades. In 2023, Florida had a 3.4% increase in the number of jobs in covered employment and a 7.7% increase in total wages. Based on Conference projections of average annual wage growth of 3.8 percent or above each year—following a 3.9 percent increase in the current year and 4.1 percent in FY 2025-26—the higher wages are likely here to stay.



# Current Employment Conditions...

## July 2024 Nonfarm Jobs (YOY)

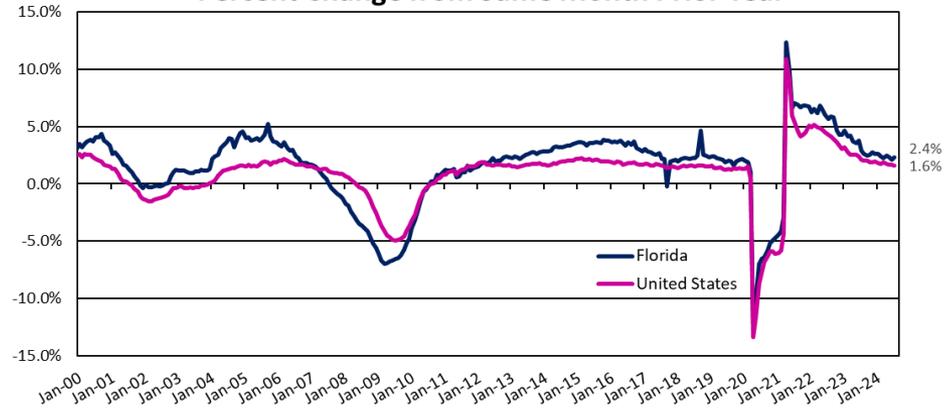
US: 1.6%

FL: 2.4%

*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 July 2024, Florida exceeded the pre-pandemic level (February 2020) by 902,700 jobs, a gain of 9.9 percent.*

*The Conference expects growth to decelerate from 2.5 percent in Fiscal Year 2023-24 to 1.9 percent in Fiscal Year 2024-25 and 1.2 percent in Fiscal Year 2025-26 as the nation's economy softens due to the Federal Reserve's efforts to fight inflation. Job growth essentially stabilizes at this percentage level through Fiscal Year 2033-34.*

**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, August 16, 2024

## July 2024 Unemployment Rate

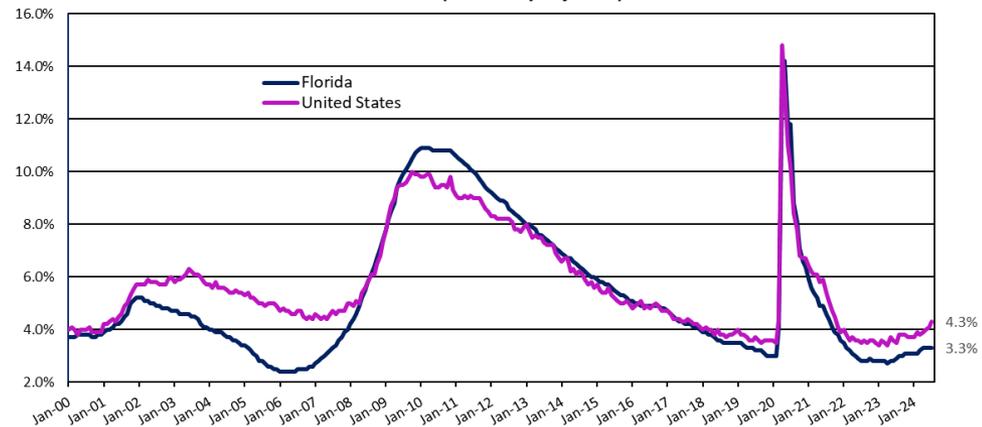
US: 4.3%

FL: 3.3% (366,500 jobless persons)

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

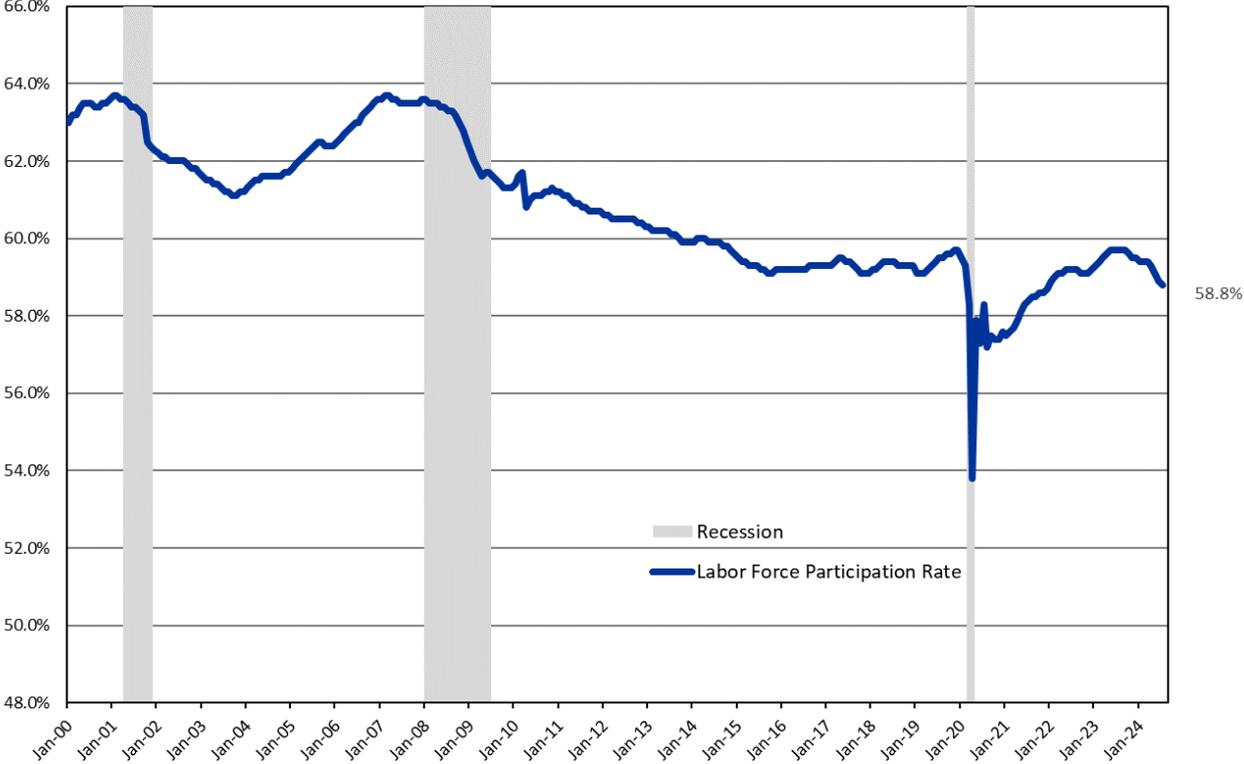
*Florida's monthly unemployment rate dropped to 2.8 percent for the entire 2022-23 fiscal year, not far from the lowest recorded rate in modern times (the first half of 2006 when it was 2.4 percent). Given the Federal Reserve's actions to cool off the economy through higher interest rates, the annual unemployment rate drifted up to 3.1 percent in Fiscal Year 2023-24. The Conference expects the rate to peak at 4.6 percent in Fiscal Year 2026-27 and Fiscal Year 2027-28, 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, August 16, 2024.

# Florida's Participation Rate...

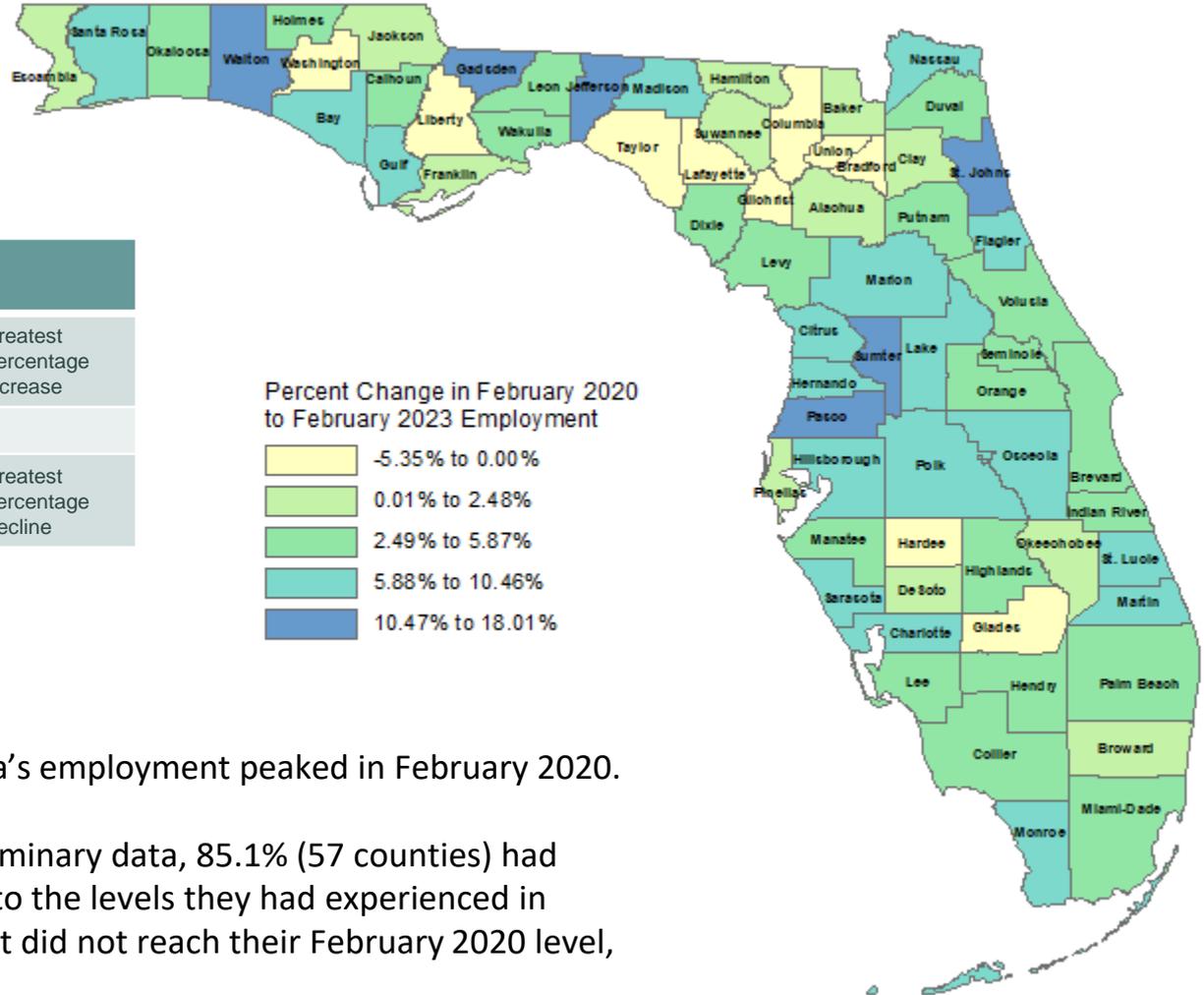


Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, Civilian Noninstitutional Population and Associated Rate and Ratio Measures for Model-Based Areas, released August 16, 2024.

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 59.5%; however, the state's participation rate plummeted to 53.8% once the pandemic took hold in April 2020. Since then, Florida's participation rate recovered, reaching 59.7% in May through September 2023, before settling back to 58.8% in July 2024.

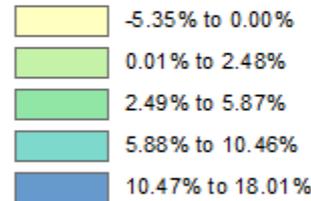
Going forward, Florida's annual participation rate is expected to decline steadily from the 59.2% expected for FY 2024-25 to 58.1% in FY 2033-34, as the last of the Baby Boomers reach retirement age (age 65) in FY 2030-31.

# 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

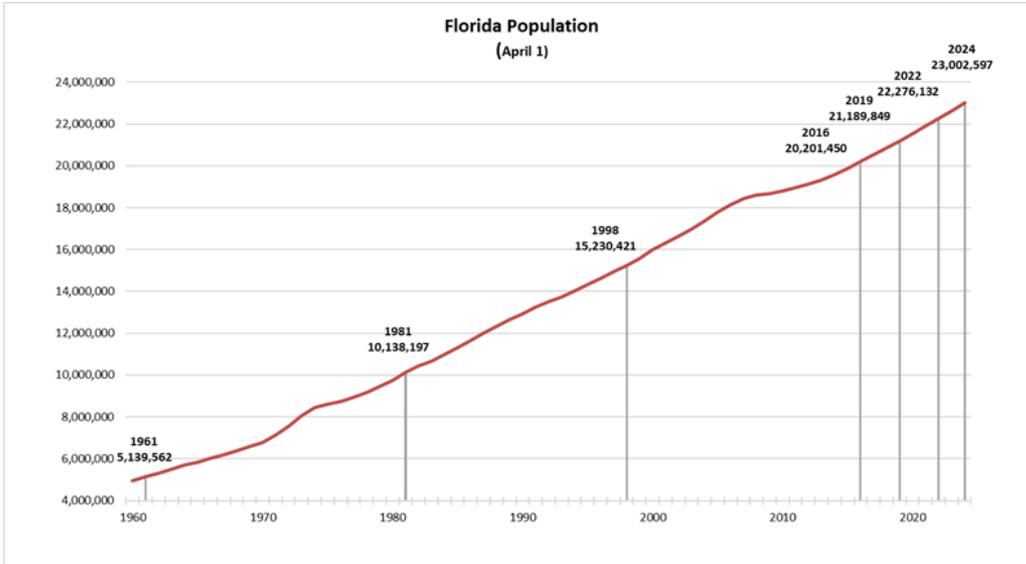


- Prior to the pandemic, Florida’s employment peaked in February 2020.
- Based on February 2023 preliminary data, 85.1% (57 counties) had gained employment relative to the levels they had experienced in February 2020. Of the 10 that did not reach their February 2020 level, 4 were within 50 jobs.

# Population Growth to Slow...

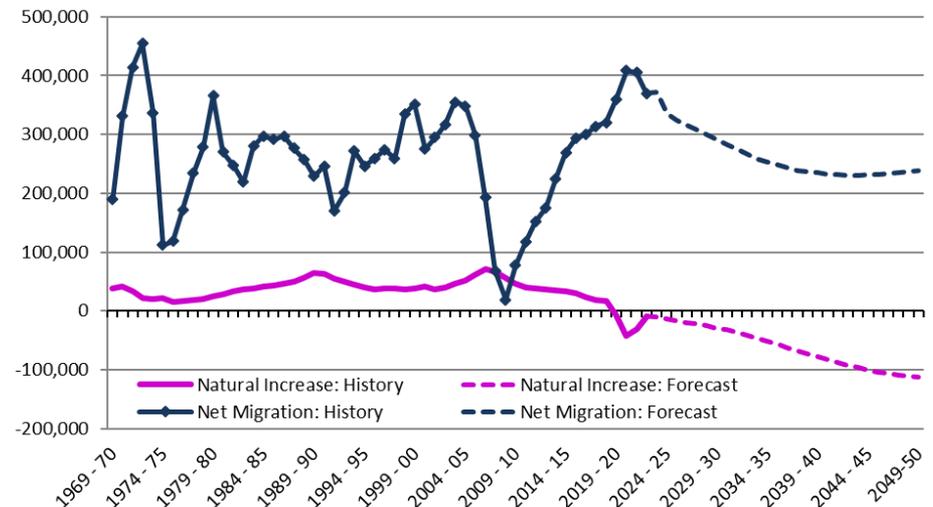
- Population growth is the state's primary engine of economic growth, fueling both employment and income growth.
- Florida is currently the third most populous state, behind California and Texas, with 21,538,187 permanent residents recorded as part of the 2020 Census.
- In the four years since the 2020 Census, Florida's strong migration trends have continued, increasing population by almost 1.5 million net new residents. This number takes account of both people leaving the state and losses in natural increase (more deaths than births). Between 2024 and 2030, the Demographic Estimating Conference forecasts growth to average 1.24% per year.
- Nationally, average annual growth is expected to be about one-third of that level — averaging 0.42% per year between 2024 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 Topped 23 million in 2024...



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).

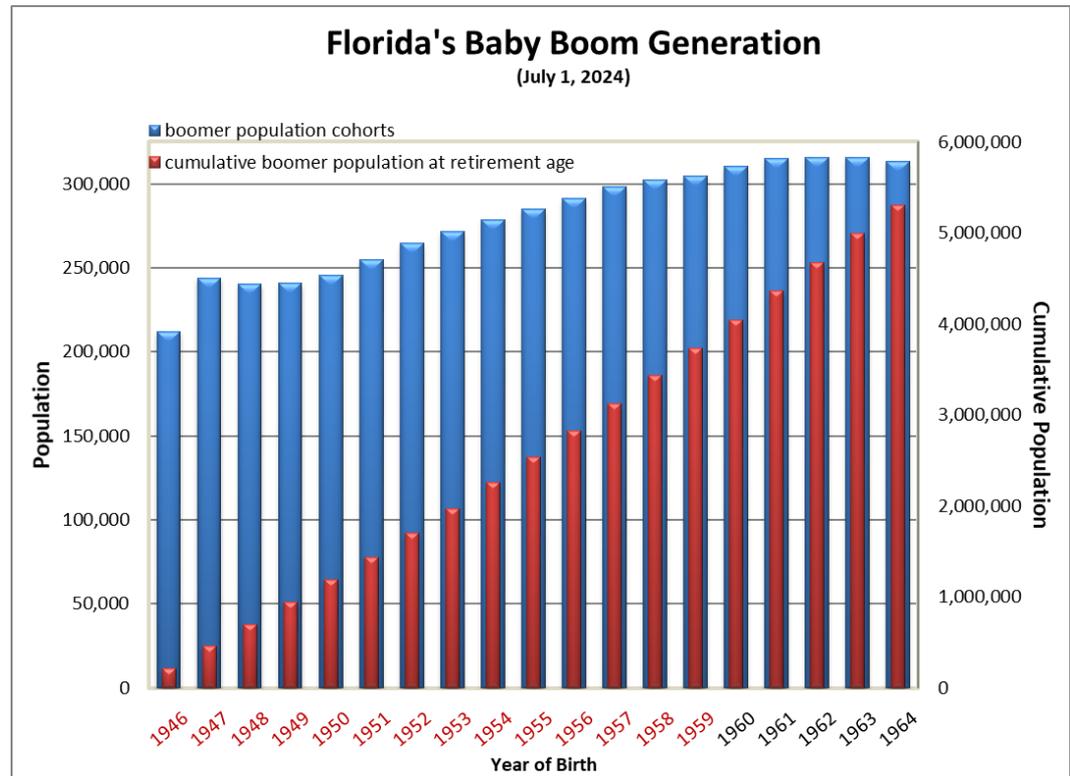
In the past, Florida's population growth has largely been from net migration. Going forward, this will produce all of Florida's population growth, as natural increase is anticipated to remain negative with deaths outnumbering births.



# Baby Boomers in Context...

The first cohort of Baby Boomers became eligible for retirement (turned age 65) in 2011. Fourteen of nineteen cohorts have now entered the retirement phase. This represents approximately 70% of all Baby Boomers.

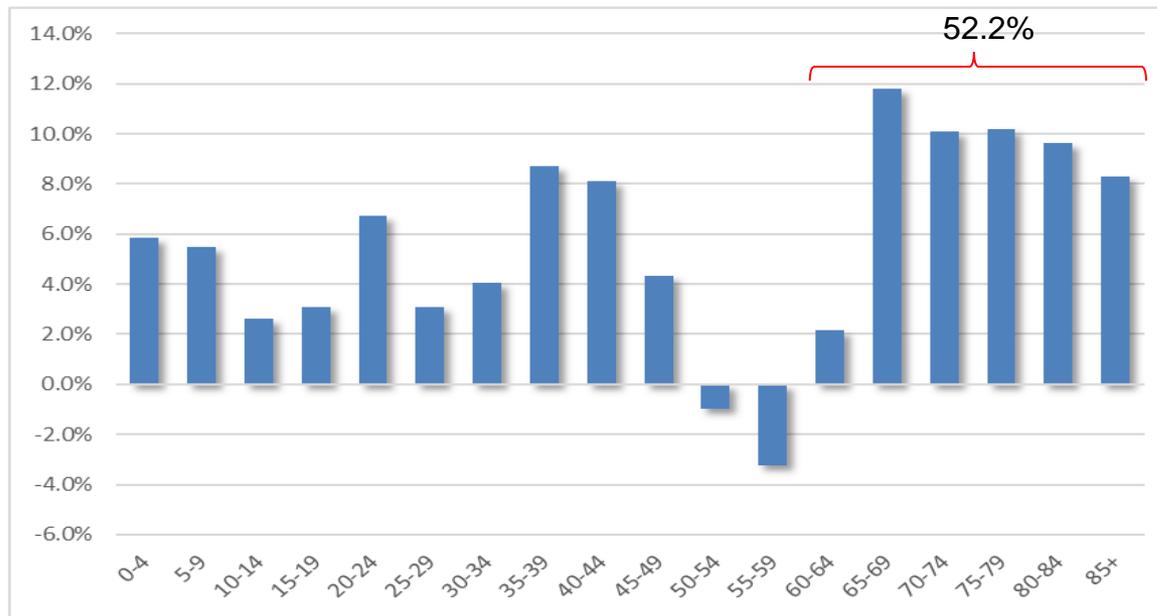
Population aged 65 and over is forecast to represent at least 24.6% of the total population in 2030, compared with 21.2% in 2020 and 17.3% in 2010.



- 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...

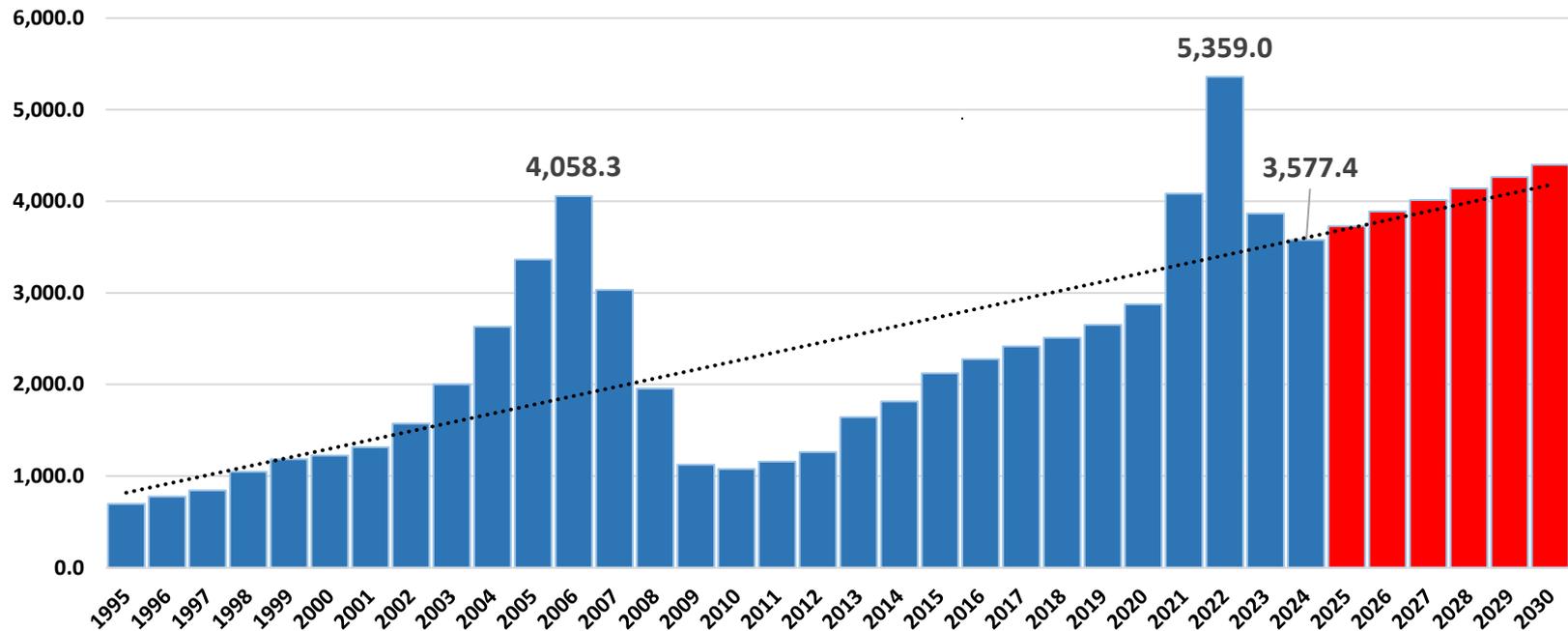
Distribution of Growth by Age Group  
between April 1, 2020 to April 1, 2030



- As a result of both net migration and natural increase, Florida is forecasted to grow by slightly over 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 52.2% of those gains occurring in the older population (age 60 and older).
- Florida's younger population (age 0-17) will account for 15.9% of the gains, as will the younger working age group (25-39).

# Florida Housing Market Payback for Prior Surge...

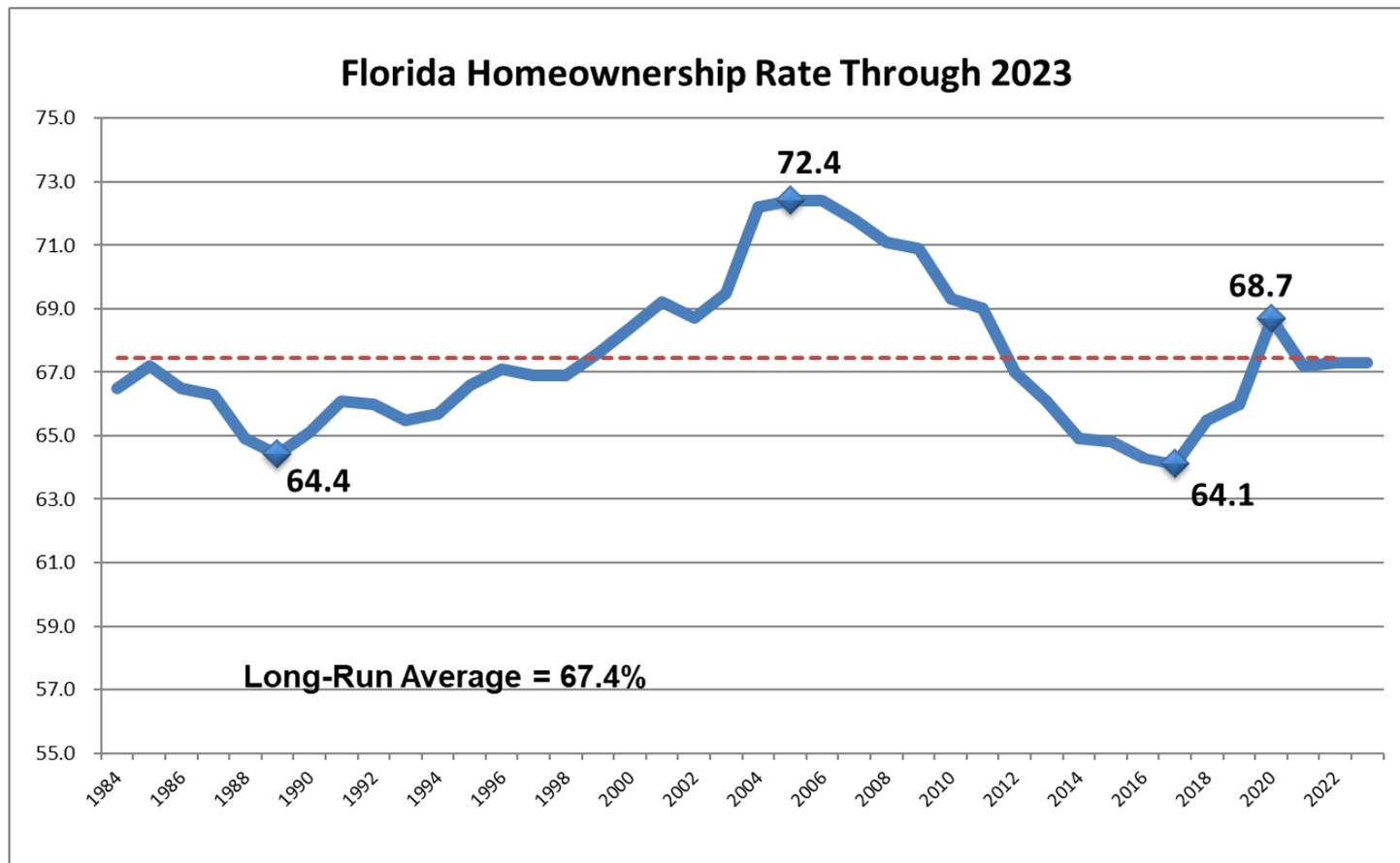
Total Documentary Stamp Collections with Forecast (FY Ending)



Documentary Stamp Tax collections in FY 2023-24 came in lower than the prior year for the second consecutive year. The Conference views this period as a correction from the interest rate-fueled surge during the height of pandemic which inflated collections in FY 2020-21 and FY 2021-22. While the Conference had expected a drop of -10.6 percent in FY 2023-24, the final decline of -7.4 percent was better than expected for the year.

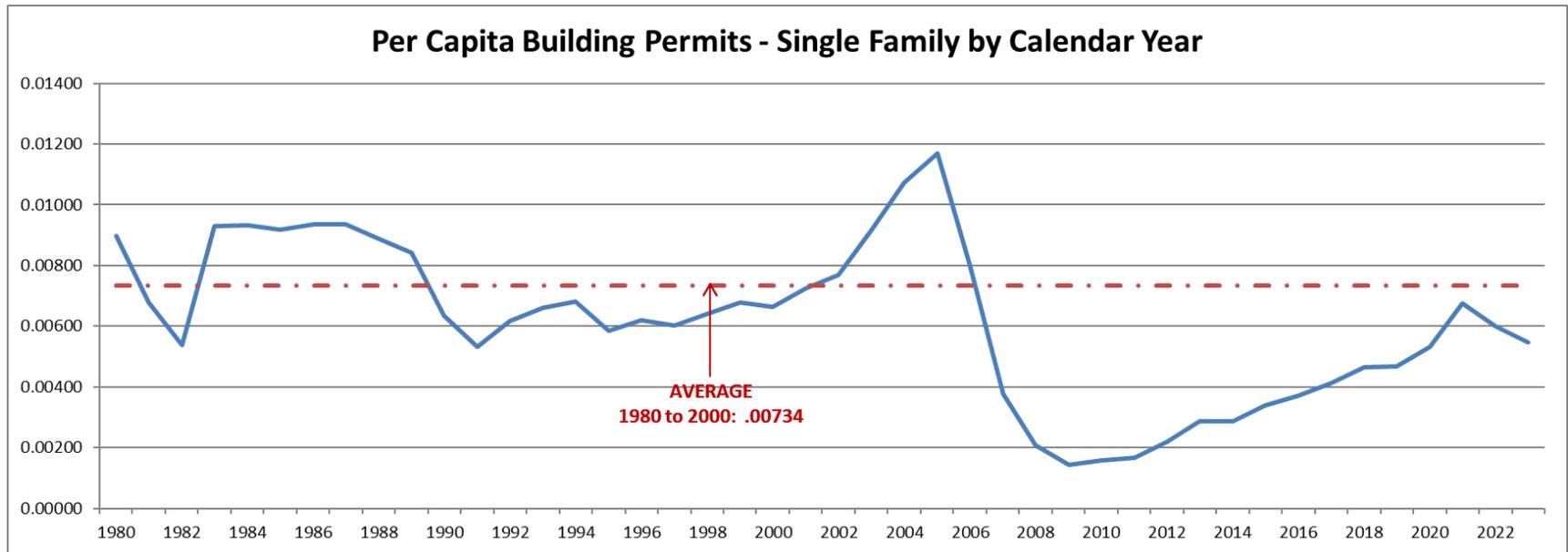
With affordability challenges, a high volume of cash sales, a payback for pre-buying during the pre-pandemic, and lower interest rates all in the background, Documentary Stamp Tax collections in FY 2024-25 are still expected to increase a solid 4.2 percent to \$3.73 billion. One last year of stronger growth is projected for FY 2025-26 (4.3 percent), before the remaining years of the forecast downshift to annual growth between 3.0 and 3.2 percent.

# 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 its average, posting 68.7 percent for the year. A small correction occurred in 2021 (67.2) that leveled out in 2022 and 2023 (both years at 67.3), with the rates for all three years roughly equivalent to Florida's average since the inception of the series. Early 2024 data (through Q2) signals that this year could end ahead of Florida's long-run average.

# Permits Continued to Drift in 2023...

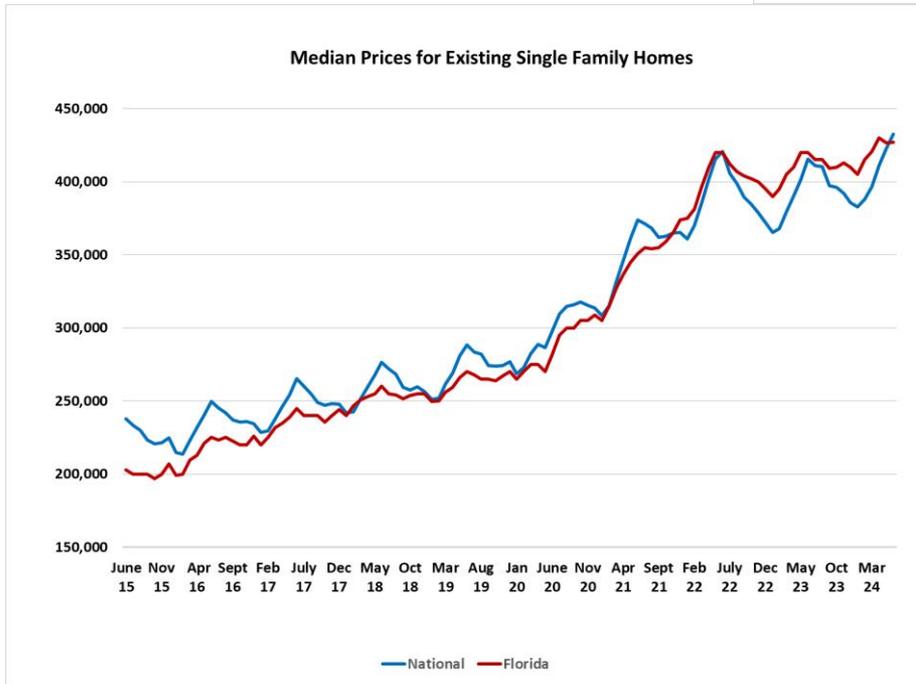
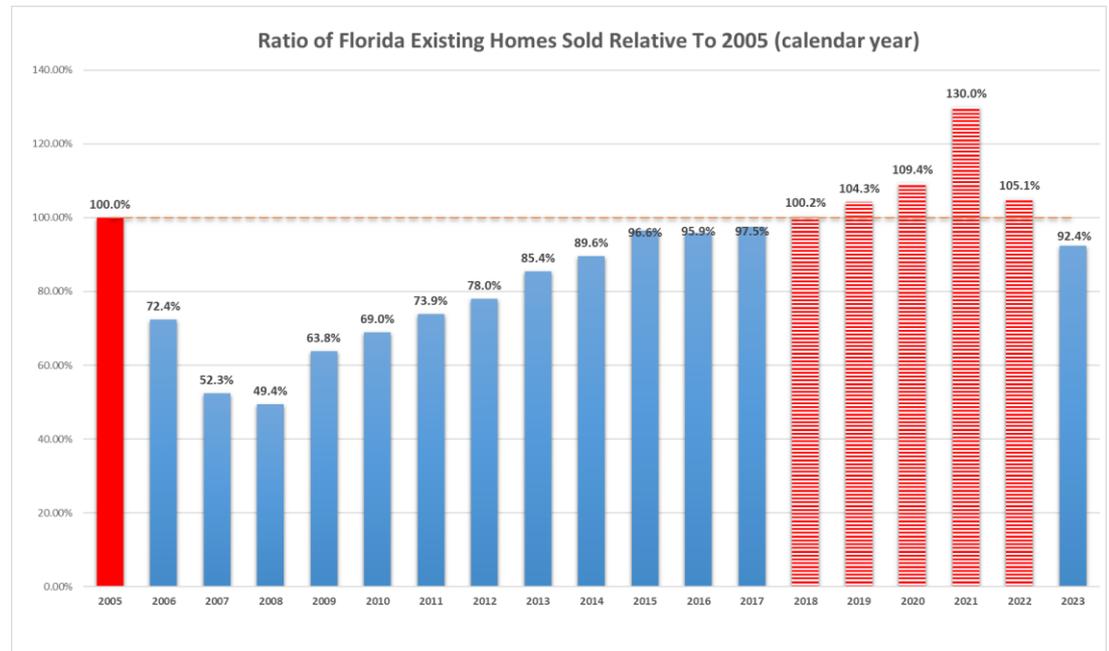


Single-family building permit activity is an indicator of new construction activity. Annual activity for the 2015, 2016, 2017 and 2018 calendar years ran well above their individual periods a year prior, posting double-digit growth in each year: 20.3% in 2015, 11.1% in 2016, 13.5% in 2017, and 13.8% in 2018. In 2019, activity temporarily slowed 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 their prior years. Declines in single-family permitting activity occurred in both 2022 (-9.7%) and 2023 (-7.3), the first time the series had turned negative since 2009.

The Economic Estimating Conference expects single-family starts (a closely aligned metric) to see declines in both the 2024-25 (-8.6%) and 2025-26 (-0.7%) fiscal years, before positive growth resumes in 2026-27. At that point, annual growth will average 0.5 percent through the end of Fiscal Year 2033-34.

## Existing Single Home Market

The volume of existing home sales in each of the five calendar years from 2018 to 2022 exceeded the 2005 peak year, but sales in the 2023 calendar year fell below the index year, with the 2023-24 fiscal year recording a third year of decline relative to the prior fiscal year.



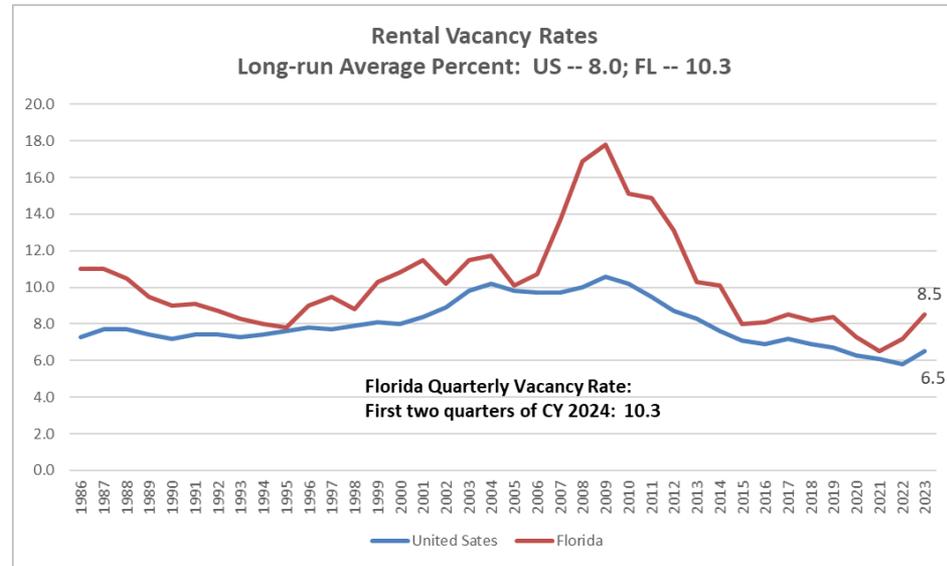
The story is different for sales price. Through November 2021, Florida’s existing home price gains roughly tracked national gains, but generally stayed below the national median. From December 2021 through May 2024, Florida’s median price was at or above the national median, peaking in February 2023 at 107.3 percent. Florida’s median price first surpassed its own prior peak (\$256,200 from June 2006) in June 2018—and at \$429,900 in April 2024, set a new record high. The new forecast shows that prices will continue to have positive growth in each year through FY 2032-33.

### 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 very low vacancy rates, this suggests that the price pressure, at least in part, is coming from the supply-side.

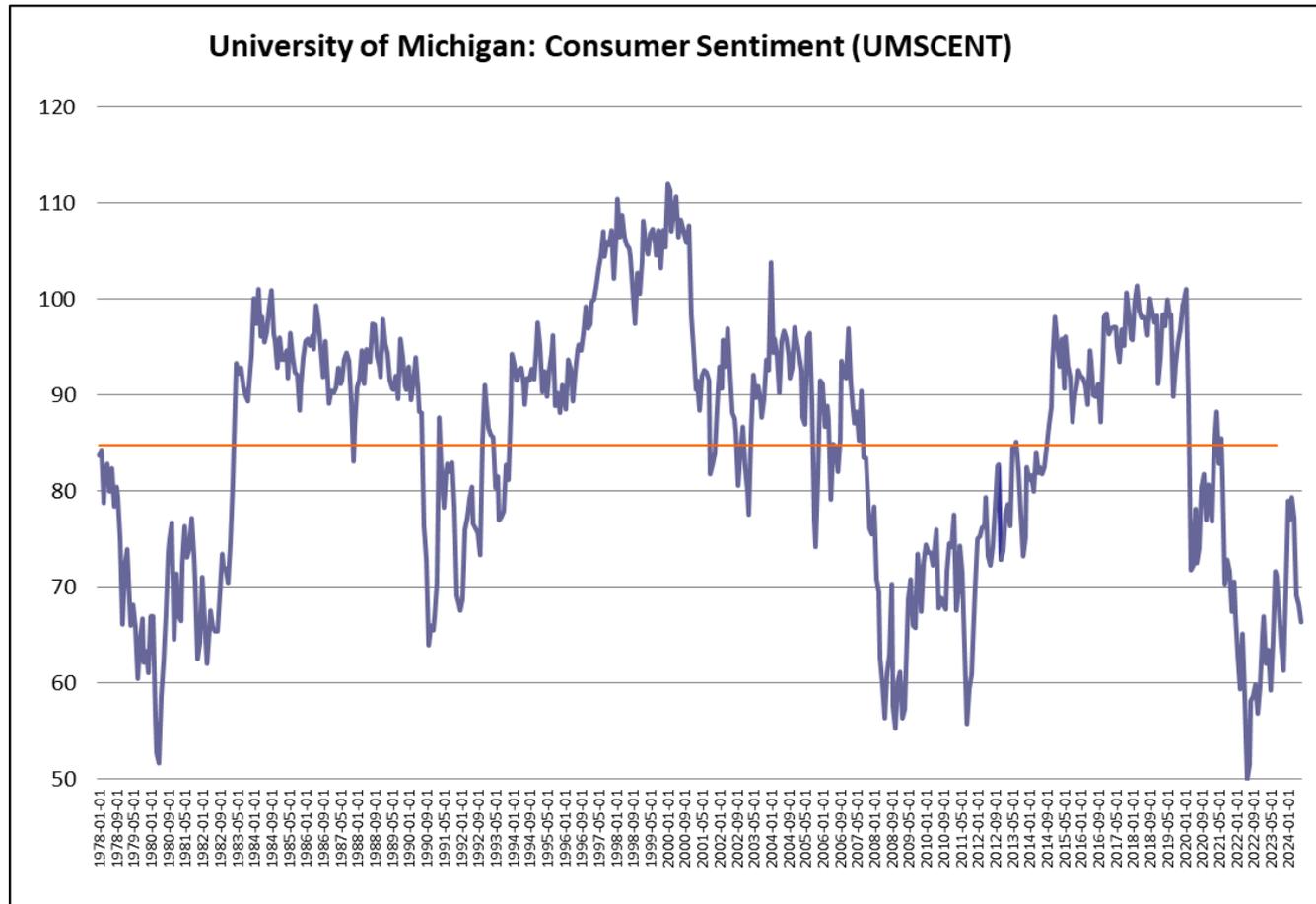


### Florida Renter Fraction

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

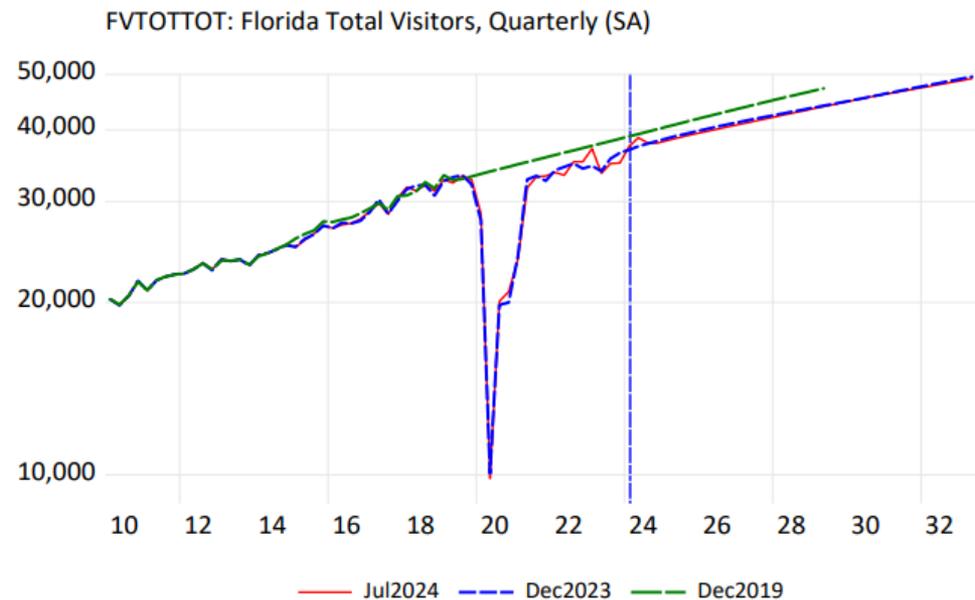


Nationally, the sentiment reading for July 2024 (66.4) is still climbing out of its lowest point since the current series began (June 2022 at 50.0). The lowest point prior to this was May 1980 at 51.7 during a period with high inflation, rising interest rates, high unemployment and a recession induced in part by the 1979 energy crisis. Over the past 25 months, consumer sentiment had improved to 79.4 in March 2024, but has drifted down since then. The July reading remains well below the long-run average (84.8). The National Economic Estimating Conference suggests sentiment will not move above the average until FY 2025-26.

# Tourism Has Customary Path Forward...

Florida's tourism-sensitive economy is particularly vulnerable to the longer-term effects of a 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 recovered 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 longer for Canadian visitors, with international visitors still at sub-peak levels. Total visitors, growing by 38.3 percent, surpassed the pre-pandemic peak by the end of Fiscal Year 2021-22, albeit with a different composition.

After posting 3.6 percent growth in Fiscal Year 2023-24, the Conference expects another strong period of growth (4.6 percent) during Fiscal Year 2024-25, after which the annual growth rate moderates from 3.3 percent in Fiscal Year 2025-26 to 2.7 percent at the end of the forecast period. The expected 152.8 million visitors in FY 2024-25 will have a collective effect on Florida's infrastructure of an additional 2.38 million residents. While the new forecast levels never exceed the pre-pandemic forecast levels for the overlapping years, they come close.



# General Revenue Forecast...

Fiscal Year	Jan 2024 Adj Forecast	August 2024 Forecast	Difference	Incremental YOY 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	48342.0				2.1%
2024-25	47,581.6	48,515.9	934.3	173.9	0.4%
2025-26	48,596.9	49,697.1	1,100.2	1,181.2	2.4%
2026-27	50,405.0	51,829.0	1,424.0	2,131.9	4.3%
2027-28	51,797.9	53,000.5	1,202.6	1,171.5	2.3%
2028-29	53,253.2	54,336.2	1,083.0	1,335.7	2.5%
2029-30	n/a	55,754.4	n/a	1,418.2	2.6%

Key variables from the new state and national economic forecasts adopted in July 2024 were very similar to those adopted in December 2023. Overall, the forecasting environment has greatly stabilized with improving conditions expected over the forecast horizon. While total revenue collections exceeded expectations since the last conference by \$1,085.7 million (or 2.3 percent), nearly 60 percent of the revenue gain was related to two sources: Corporate Income Tax and Earnings on Investments. For FY 2024-25 and FY 2025-26, the two-year combined increase is just over \$2.0 billion. Assuming this amount is budgeted next year, about one half of this will be non-recurring. That said, considerable economic uncertainty still exists. For this reason, the forecast changes were comparatively modest given the size of the General Revenue Fund. The new forecast reaches nearly \$50 billion in FY 2025-26.