9 Oct 2015 IHS Economics and Country Risk

Analysis: At a glance

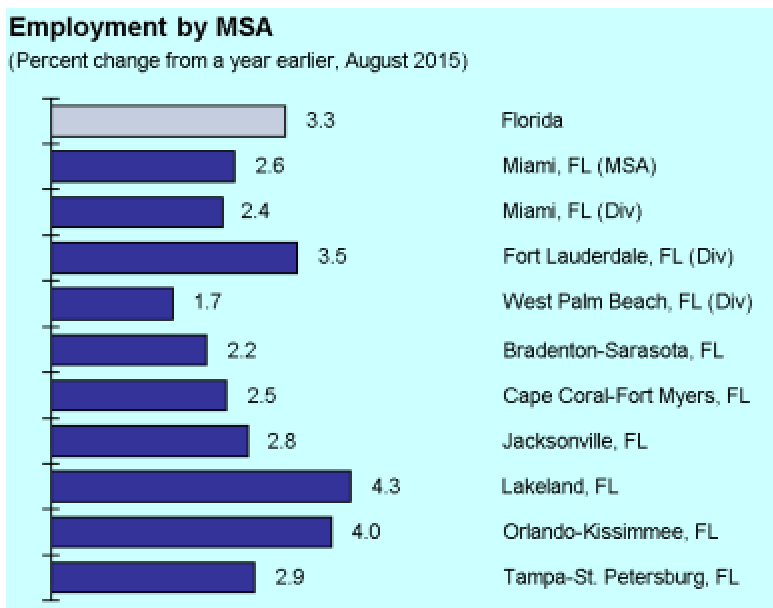
Strong growth continues

Payrolls advanced 3.3% year over year (y/y) in August, continuing a trend of rapid expansion. Since late 2009, Florida has been battling back from the severe recessionary declines and finally surpassed its prerecession employment level (8.05 million) in May, which was last achieved in 2007. Indeed, it has been a long road back, and there is still more work to do before one can say Florida has truly fully recovered. For one, the state has added an additional 1.5 million residents since 2007. Nevertheless, this feat indicates that the state has been on the right track and our medium-term outlook remains very positive.

Recent growth in Florida has been truly broad-based. The initial recovery was concentrated in leisure/hospitality and business services, and while those sectors are still performing well, the rest of the state economy has mostly caught up. The construction sector has been a large influence this year, with payrolls surging 6.3% y/y in August as hiring has sped up in the face of a recovering housing market, as well as numerous large-scale commercial and industrial projects. The remarkable growth in leisure and hospitality payrolls has continued through the first two-years of 2015 with family vacationers continuing to flock to Orlando, the country's theme park capital, as well as the continuing arrival of international visitors, which has been soaring in recent years. With the increased tourism comes heightened business in local stores, which is a boon for the retail industry as well and produces much-needed tax revenue for state coffers. The unemployment rate has been trending lower this year, but somewhat slowly. In August , joblessness hit 5.3%, slightly above the national average.

Real estate on the mend

The housing crisis has weighed heavily on the state economy but it has been a major source of growth as conditions improve. Depressed prices and still historically low interest rates are spurring home sales, which, along with investor activity, are chipping away at the excess supply of housing on the market. As a result, the homeowner vacancy rate is on the decline. It settled at 2.3% in the second quarter of 2015 (four-quarter moving average), half the rate experienced during the height of the downturn. Waning inventories are getting homebuilders working again. Growth in housing starts over 2012 and 2013 was the fastest seen in decades, and while 2014 growth was relatively modest, building activity has picked up in 2015. The uptick in residential building is buoying the much-maligned construction sector, which has now become the fastest-growing sector after being the worst-performing one during the downturn. The state is still working off the backlog of foreclosures accumulated during the downturn, but has made much progress. In the second quarter of 2015, the percentage of mortgages in default stood at 4.2%, well below the astronomically high rate of 14.3% in early 2012 . Florida's housing market will continue to improve in the coming years, though it will be a slow climb back; home prices are still two years away from returning to the prebubble levels and housing starts will not get back to "normal" levels until 2019.



Issues to watch

- Northrop Grumman will operate an aircraft design and manufacturing facility at Melbourne International Airport where it will presumably build the next generation of B-2 stealth bombers. The facility will be fully operational by 2020, employing 1,800 with an average salary of $100,000. This is a major victory for Brevard County, which continues to rebuild following the 2011 retirement of NASA's shuttle program.

- USAA is constructing a 420,000-square-foot facility in Hillsborough County that could lead to more than 1,200 new jobs by 2019. The company plans to use the facility to increase staff in the coming years to meet demand for its financial products and services among the military community. The new facility is expected to be complete in 2015.
- Tourism in Florida continues to thrive and is a major component behind the recovery. According to preliminary estimates from Visit Florida Research, there were 97.3 million visitors in 2014, up 3.5% from last year and the highest on record. Of those visitors, 11.5 million came from overseas, and comprising a larger share of Florida visitors in recent years.

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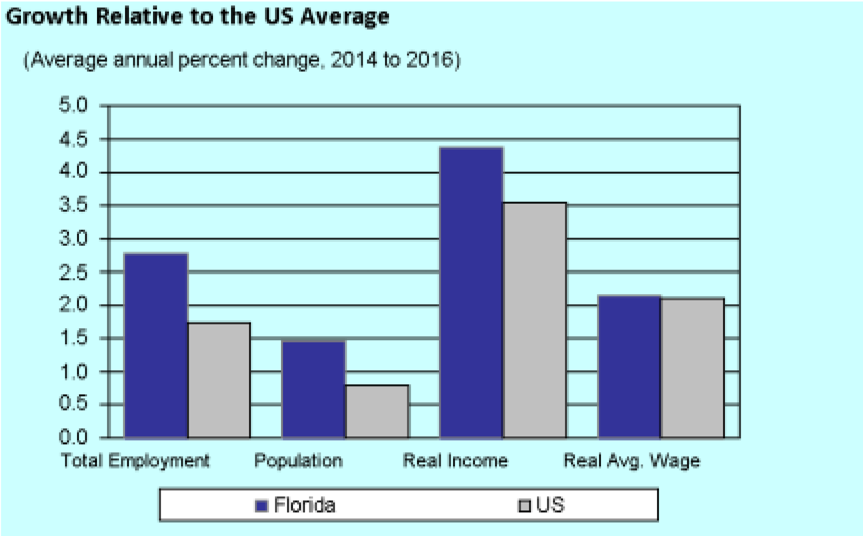
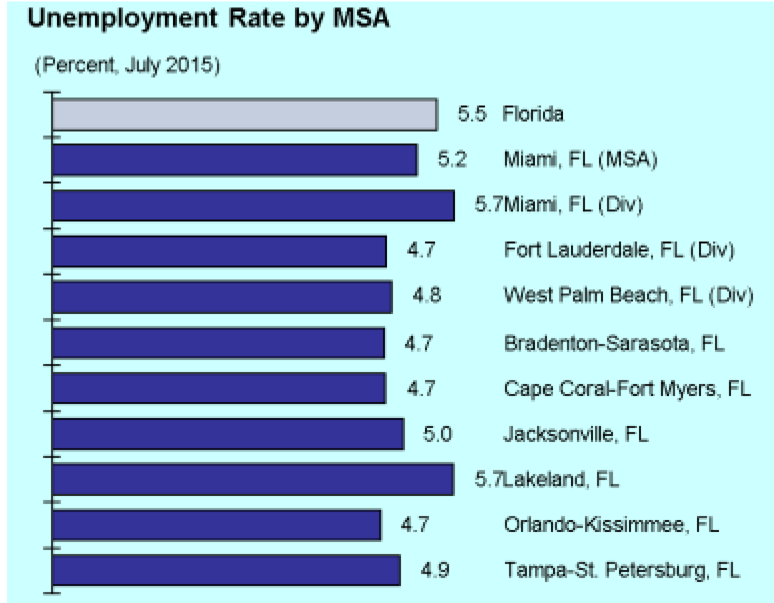




Near-term developments

By the third quarter of 2016 job growth in Florida will register 2.4% y/y, a very good result and among the fastest in the nation. This does represent a deceleration from the current growth trends, owing in large part to the fact that the economic recovery in Florida is maturing, with growth rates naturally settling down. Nevertheless, the near-term outlook remains robust, with the service sectors leading the way. The state will also benefit from continued recovery in the housing market. Construction employment will surge 6.1%, as the sector continues a strong multiyear recovery after seeing its payrolls slashed during 2007–11. Overall, job gains next year will be broadly based, with most sectors experiencing growth.

Florida Outlook over the Next Four Quarters

		Baseline Scenario			Pessimistic			Optimistic		
		Level	Percent	Rank	Level	Percent	Rank	Level	Percent	Rank
Year-over-year Change (2016Q3)										
	Employment	+195,009	+2.4	3	+93,927	+1.2	5	+ 267,864	+3.3	4
	Personal Income (Mil.$)	+46,300	+5.1	7	+28,932	+3.2	8	+60,881	+6.8	3
	Real Gross State Product (Mil. 2009$)	+25,985	+3.3	5	+9,909	+1.2	8	+37,779	+4.7	5
Level (2016Q3)										
	Unemployment Rate (%)	5.3		24	6.0		18	4.7		28
	Housing Starts	131,067		3	117,185		3	144,152		3

Outlook

Changes to the Forecast (Short Term)

Real GSP	Lower
Employment	Unchanged
Personal Income	Higher
Unemployment Rate	Higher
Housing Starts	Lower

Bright outlook

Florida's economy has been full speed ahead since emerging from a deep recession. The state has been capitalizing on its strengths—most notably its climate, which along with improved affordability since the housing correction has returned to luring thousands of retirees, vacationers, and new workers each year. Florida is in store for a strong rebound, averaging 1.5% annual growth from 2015 to 2020. The primary growth drivers will be professional and business services, trade, and of course health services, as the state continues to be a popular draw for retirees. Still, with more than 900,000 job losses during the recession, it is a long road to a full recovery, with payrolls not reaching the 2007 peak until late 2015.

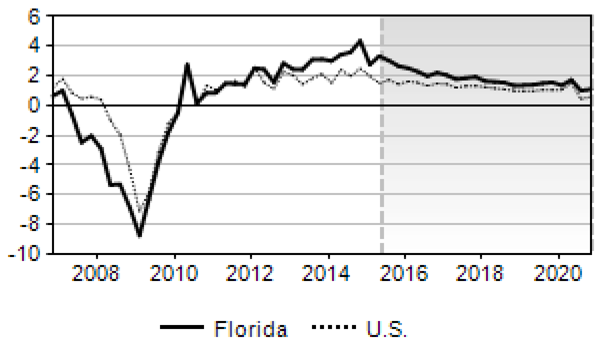
Strengths

- Florida's favorable climate and miles of coastline make it a popular destination for tourists and migrants.
- The state's proximity to Latin America and large seaports drive activity in its trade sector. Florida's export market is the fourth largest nationally and will be a major source of growth as the state recovers from the recession.
- Wage growth in Florida outpaced the country over the last decade as the state diversifies its economy away from the lower-paying leisure/hospitality and retail trade sectors and into the higher-paying professional/scientific/technical and health service sectors.

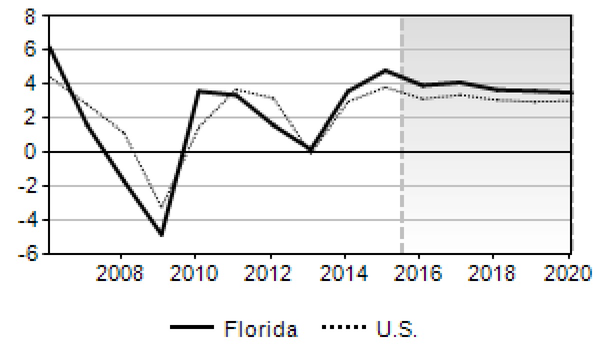
Weaknesses

- Even though Florida has been diversifying its employment base it still has a high concentration of service jobs in lower-paying industries. This is a drag on median household income, which trails the country by a significant margin.
- Florida's economy was wracked by the housing correction and it will take years for prices to come back to pre-recession levels.

Total Employment
(Quarterly change, compound annual rate)



Real Personal Income
(Percent change, annual rate)



Economic Key Indicators

	2011	2012	2013	2014	2015	2016	2017	2018
Real Gross State Product (Mil. 2009 $)	718,872	731,318	749,292	769,662	794,947	822,360	849,282	875,646
Real Gross State Product (% change)	-0.6	1.7	2.5	2.7	3.3	3.4	3.3	3.1
Total Employment (Thous.)	7,251.6	7,396.1	7,582.1	7,826.8	8,087.1	8,290.3	8,454.9	8,596.8
Total Employment (% change)	1.1	2.0	2.5	3.2	3.3	2.5	2.0	1.7
Manufacturing Employment (Thous.)	312.5	317.4	322.4	330.5	335.8	338.9	342.8	346.0
Nonmanufacturing Employment (Thous.)	6,939.1	7,078.7	7,259.7	7,496.3	7,751.3	7,951.3	8,112.1	8,250.8
Population (Thous.)	19,138.1	19,385.5	19,639.6	19,929.5	20,219.2	20,509.1	20,799.3	21,091.0
Population (% change)	1.3	1.3	1.3	1.5	1.5	1.4	1.4	1.4
Unemployment Rate (%)	9.8	8.3	7.0	6.1	5.5	5.2	5.0	5.0
Personal Income (% change)	6.1	3.1	1.4	5.0	5.1	5.4	6.1	5.7
U.S. ECONOMY								
Real Gross Domestic Product (% change)	1.6	2.2	1.5	2.4	2.5	2.9	3.0	2.6
Employment (% change)	1.2	1.7	1.7	1.9	2.1	1.5	1.3	1.2

Business climate

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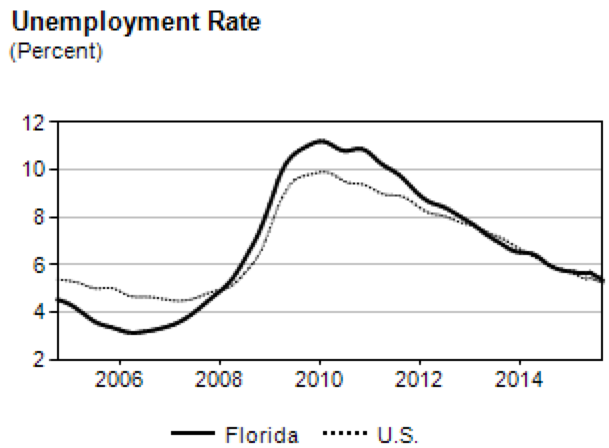

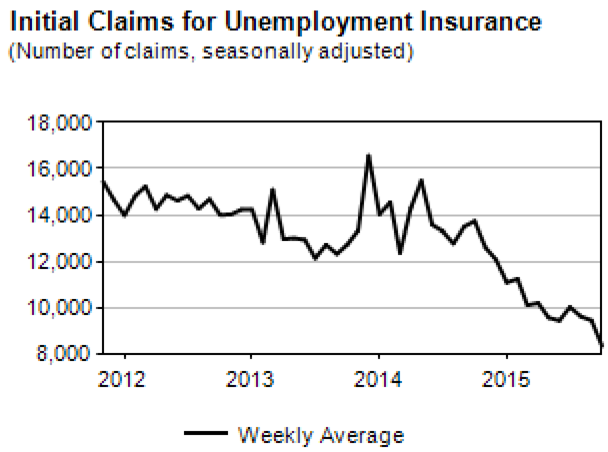

Swire breaks ground on $1-billion mixed-use development

- Swire Properties is in the construction phase of its planned $1-billion mixed-use development. The construction will be spread over three blocks in Miami just west of Brickell Avenue. The Brickell CitiCentre will feature 3–5 million square feet of office, residential, hotel, and retail space. It was also feature transportation infrastructure upgrades including an underground parking garage and incorporating a Metromover station. The project is expected to support 1,700 jobs during construction and could support 3,700 jobs once fully developed and occupied. Phase one of the project is expected to be complete in 2015, and will feature a luxury shopping center, two residential towers, a hotel, and Class-A office space.

Signs of life on Space Coast?

- Florida's Space Coast and the broader Palm Bay metropolitan statistical area (MSA) economy were devastated when NASA retired its shuttle program in mid-2011, which led to thousands of layoffs of good-paying high-tech jobs. As the region looks to rebuild it is putting efforts toward attracting private investment. Rocket Crafters will bring about 1,400 jobs over the next four years as it sets up shop here with the goal to develop and commercialize a new hybrid rocket propulsion technology. Northrop Grumman is creating another 1,800 high-tech jobs in Melbourne over the next five years as its new Manned Aircraft Design Center of Excellence becomes fully operational, which will work on aircraft electronic systems and aircraft. XCOR Aerospace also announced that it will build rocket engines and potentially a suborbital space craft at the Kennedy Space Center. The region has also gained interest from other firms. While we do not know yet if the Space Coast will ever "fully" recover, it at least has gotten off to a good start utilizing its existing infrastructure to attract private investment—a key to the future prospects of the broader Palm Bay MSAs economy.

Northrop Grumman increasing its presence in northwest Florida

- Northrop Grumman has plans construct three manufacturing and office buildings in Jacksonville to support its new Aircraft Integration Center of Excellence. Construction is expected to be completed over 2015–16; the project will support 400 new employees. Northrop Grumman already employs more than 1,000 in the Jacksonville area.

Jobs Report

	Location	Company	Industry	+/-	Date	Reason
Mar-15	Orlando MSA	Crayola	Leisure/hospitality	+200	2015Q3	New site
	Orlando MSA	Merlin Entertainment	Leisure/hospitality	+300	2015Q3	New attractions
	Tampa MSA	Citigroup	Financial services	+1,163	2015-18	Expanding Brandon campus
Feb-15	Jacksonville MSA	C2C Solutions	Business services	+200	2015	Expansion
	W. Palm Beach Div	FedEx	Trans./Warehousing	+440	2015-16	Regional distribution center
	Jacksonville MSA	Volkswagen Group of America	Trans./Warehousing	+100	2015Q3	Importing VW vehicles through Jaxport
	Orlando MSA	Genesis10	Information	+200	2015	Opening new center
	Palm Bay MSA	Merrit Island Boat Works	Manufacturing	+380	2015-16	New manufacturing facility
	Fort Lauderdale Div	Citrix Systems	Information	-200	2015	Layoffs
	Orlando MSA	Alorica	Business Services	+150	2015	Expansion
Dec-14	Tampa MSA	Cognizant Tech. Solutions Corp.	Information	+400	2015-18	Expansion
	Orlando MSA	Nautique Boat Co.	Manufacturing	+200	2015-18	Expansion
Nov-14	Miami Div	Amazon.com	Trans./Warehousing	+500	2015	New distribution center
	Lakeland MSA	FedEx Ground Shipping Svcs	Trans./Warehousing	+360	2016Q3	New distribution center

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	Jacksonville MSA	CSX Corp.	Business Services	-300	2014Q4	Reducing staff at corporate headquarters
Sep-14	Orlando MSA	Viewpost Management Services	Information	+262	2015-16	Expansion
	Miami Div	RBC Wealth Management	Financial Services	-155	2014	Closing branch
	Jacksonville MSA	GE Oil and Gas	Manufacturing	+500	2014-15	New plant
	Jacksonville MSA	Deutsche Bank	Financial Services	+200	2014Q3	New international office
Aug-14	Tampa MSA	Tribridge	Information	+200	2016	Expansion
	W. Palm Beach Div	Med-Care Diabetic & Supplies	Business Services	+250	2014-15	Expansion
	Orlando	Deloitte	Business Services	+1,000	2014-18	New facility
July-14	Tampa MSA	GE Energy Management	Manufacturing	+250	2015Q1	Expansion
	Palm Bay MSA	TeleTech	Business Services	+300	2014	Expanding call center
	Orlando MSA	Crayola	Leisure/hospitality	+200	2015	New attraction
	Orlando MSA	Voxx International Corp	Manufacturing	+134	2015-17	New plant
	Tampa MSA	Unilever Manufacturing	Manufacturing	-210	2014	Closing facility
Jun-14	Sarasota MSA	Star2Start Communications	Information	+350	2014-18	Expansion
	Tampa MSA	Quest Diagnostics	Business Services	+350	2014-15	New operations center
	W. Palm Beach Div	Pratt & Whitney	Manufacturing	+340	2014-15	Expanding jet engine center
	Jacksonville MSA	Convergys	Business Services	+250	2014	Expansion
	Orlando MSA	U.S. Tennis Association	Leisure/hospitality	+150	2017	New training center
May-14	Miami Div	Metropolitan Hospital of Miami	Health Services	-240	2014Q2	Layoffs
	Cape Coral MSA	Source Interlink Distribution LLC	Business Services	-165	2014Q3	Layoffs
	Palm Bay MSA	Northrop Grumman	Business Svcs/Manufacturing	+1,800	2015-20	New aircraft design center
Apr-14	Tampa MSA	Express Scripts	Retail Trade	-400	2014Q2	Layoffs
	Orlando MSA	Verizon Communications	Business Svcs/Finance	+350	2015-16	Expanding new center
	Sarasota MSA	Scarborough Research	Business Services	-220	2014Q3	Closing call center
	Miami Div	Wal-Mart	Retail Trade	+400	2014Q3	New store
Mar-14	Statewide	Verizon Wireless	Information/Retail trade	+300	2014	Expansion
	Orlando MSA	Sprint	Business Services	-400	2014	Call center layoffs
	W. Palm Beach Div	Security Networks, LLC	Business Services	-200	2014Q2	Layoffs
	Jacksonville MSA	Convergys Customer Mgt. Group, Inc	Information	-250	2014Q1	Layoffs
	Panama City MSA	General Dynamics	Business Services	-730	2014	Layoffs at call center
	Jacksonville MSA	Adecco	Business Services	+200	2014	Moving headquarters
	South Florida	Humana	Health Services	+140	2014	Expansion
Feb-14	Orlando MSA	Lockheed Martin	Business Services	+200	2014	Expansion
	Port St. Lucie MSA	Martin Health System	Health Services	+400	2014Q1	New hospital
	Orlando MSA	Universal Orlando	Leisure/hospitality	+3,500	2014	Expansion/seasonal hiring
	Orlando MSA	US Ambulance Corp.	Manufacturing	+126	2014	Expansion
	Jacksonville MSA	Digital Risk	Financial/Business Svcs	-150	2014	Layoffs
	Orlando MSA	Digital Risk	Financial/Business Svcs	-560	2014	Layoffs
Jan-14	Miami Div	IKEA	Retail Trade	+350	2014Q3	New store
	Statewide	Health Management Associates, Inc.	Health Services	-395	2014Q2	Layoffs
	W. Palm Beach Div	Sinai Residences	Health Services	+150	2015	New nursing residence
	Sarasota MSA	Air Products and Chemical Inc.	Manufacturing	+250	2014-15	New facility
Dec-13	Jacksonville MSA	EverBank Financial Corp.	Financial Services	-300	2014Q1	Consolidation
Nov-13	Panama City MSA	iSirona	Information	+300	2013-16	Expansion
	Miami Div	Container on Wheels	Manufacturing/Business svcs	+200	2013-16	Expansion
	Orlando MSA	JetBlue	Business Services	+500	2013-18	New call center
	Orlando MSA	Enterprise Holdings	Business Services	+200	2014	Expansion
	Orlando MSA	Florida Hospital's	Health Services	+260	2016	New hospital
	Tampa MSA	USAA	Finance/Business Services	+1,200	2014-19	Expansion
	Tampa MSA	Sweetbay	Retail Trade	-346	2013	Layoffs
Oct-13	Statewide	AT&T	Information/Business svcs	+600	2014-15	Expansion
	Brevard County	Embraer S.A.	Manufacturing	+600	2014-15	New assembly plant
	Orlando MSA	Walt Disney Co.	Leisure/hospitality	+1,000	2013Q4	Expansion
	Orlando MSA	Photon-X Inc.	Manufacturing	+110	2013-16	Expansion
	Jacksonville MSA	First Transit Inc.	Transportation	-138	2013Q4	Layoffs
	Jacksonville MSA	AmeriHealth Caritas	Business Services	+300	2014	New operations center
	Tampa MSA	Amazon	Transportation/Warehousing	+750	2014-15	New fulfillment center
	Lakeland MSA	Amazon	Transportation/Warehousing	+750	2014-15	New fulfillment center
	Jacksonville MSA	PHH Mortgage	Financial Services	-365	2013	Layoffs
Sep-13	Fort Lauderdale Div	American Express	Business Services	-300	2013	Closing office
	Jacksonville MSA	Swisher	Manufacturing	-250	2013	Moving production
	Orlando MSA	Izon LLC	Manufacturing	+400	2014	New plant

	Tampa MSA	Bristol-Myers	Business Services/ Information	+250	2014Q1	New facility
Aug-13	Fort Lauderdale Div	Citrix Systems	Business Services	+200	2013	Expansion
	Tampa MSA	JP Morgan Chase	Financial Services	-208	2013	Reducing mortgage unit
	Jacksonville MSA	Flytele	Business Services	-255	2013Q4	Layoffs
	Jacksonville MSA	Vistakon	Manufacturing	+100	2013-14	Expansion
	Orlando MSA	Sedgwick Claims Mgmt Service	Business Services	+225	2013-15	Expansion
July-13	South Florida	AT&T	Information	+235	2013Q3	Expansion
	Miami Div	DeliverLean	Leisure/hospitality	+135	2013-15	Expansion
June-13	Tampa MSA	Conax/FL and Cobham Life Support	Manufacturing	-141	2013Q3	Layoffs
	Miami Div	AgroTrade America Inc.	Retail Trade	-157	2013Q3	Layoffs
	Tampa MSA	Mortgage Bank	Business Services	-435	2013Q3	Layoffs
	Jacksonville MSA	BAE Systems	Manufacturing	+100	2013	Expansion
	Jacksonville MSA	Bank of America	Finance	+200	2013	Expansion
May-13	Sarasota MSA	Pierce Manufacturing	Manufacturing	-129	2013	Layoffs
	Orlando MSA	Comcast	Information	-260	2013Q3	Layoffs
	Miami Div	Crown Global Services	Business Services	+160	2013	Layoffs
	Cape Coral MSA	Pall Aerospace Corp.	Manufacturing	-255	2013Q3	Closing factory
	Port St. Lucie MSA	Liberty Medical Supplies Inc.	Wholesale Trade	-211	2013Q3	Layoffs
	Tampa MSA	DSE, Inc.	Manufacturing	-113	2013Q2	Layoffs
	Miami Div	Multiband Field Services, Inc.	Construction	-203	2013Q2	Layoffs
Apr-13	Cape Coral MSA	Hertz	Business Services	+700	2013-14	Moving headquarters
	Gainesville MSA	Mobiquity	Information	+260	2013-16	New office
	Jacksonville MSA	Bank of America	Financial Services	+100	2013	Expansion
	Tampa MSA	The Depository Trust & Clearing	Information/PBS/Finance	+255	2013	Expansion
	Palm Bay MSA	Harris Corp.	Business Services	-150	2013	Cuts in gov. spending
	Tampa MSA	Raymond James	Financial Services	+115	2013	Layoffs
	Dixie County	Ameris Health Systems	Health Services	+300	2014	New hospital
	Fort Walton MSA	L-3 Crestview Aerospace	Manufacturing	+182	2013-14	Expansion
	Tampa MSA	Humana	Health Services	+170	2013	Expansion
	Statewide	AT&T	Information/Business svcs	+650	2013-16	Expansion
	Orlando MSA	Walt Disney Co.	Information	-150	2013	Layoffs
	Jacksonville MSA	Northrop Grumman	Manufacturing/Business svcs	+400	2015-16	New Facilities
Mar-13	Jacksonville MSA	British Airways	Business Services	-280	2013	Closing call center
	Fort Lauderdale Div	Actavis	Manufacturing	+220	2013	Expanding MFG facility
	Jacksonville MSA	Deutsche Bank	Financial Services	+300	2013	Expansion
	Orlando MSA	SoftRock Inc	Business Services/ Information	+750	2013-14	Expansion
	Jacksonville MSA	Greencore Group	Manufacturing	+400	2013-16	Expansion
	Palm Bay MSA	Sea Ray Boats	Manufacturing	-200	2013	Consolidating operations
	Palm Bay MSA	Northrop Grumman	Business Services	+900	2014	New aircraft design center
	Jacksonville MSA	Homeward Residential	Financial Services	-370	2013Q2	Layoffs
	Orlando MSA	International Cruise & Excursions Inc	Business Services	+200	2015	Expansion
	Tampa MSA	Cobham	Manufacturing	-160	2013	Cuts to defense budget
Feb-13	Orlando MSA	Verizon Communications	Business Services	+750	2014-16	Consolidating into FL
Jan-13	Orlando MSA	Booking.com	Business Services	+200	2013	Expanding call center
	Tampa MSA	Terminix	Business Services	+200	2013	New call center
	Tampa MSA	Morgan Stanley	Financial Services	+110	2013Q1	Expansion
	Orlando MSA	Loews Hotels & Resorts / Universal	Leisure/hospitality	+600	2014	New Hotel
	Jacksonville MSA	United Health Group	Business Services	+300	2013	Expanding call center
	St. Johns County	Bass Pro Shop	Retail Trade	+250	2014Q2	New store
	Jacksonville MSA	FlightStar Aircraft Services Inc.	Transportation/Warehousing	+400	2013	New hangar
Nov-12	W. Palm Beach Div	United Technologies Corp.	Manufacturing	+230	2013	Expansion
Oct-12	Orlando MSA	Orlando Medical VA Center	Health Services	+1,100	2014Q2	New facility
July-12	Tampa MSA	LNG Company	Utilities	+250	2012-16	New plant
	Palm Bay MSA	Rocket Crafters	Business Services	+1,300	2012-16	New facility

Real estate and construction

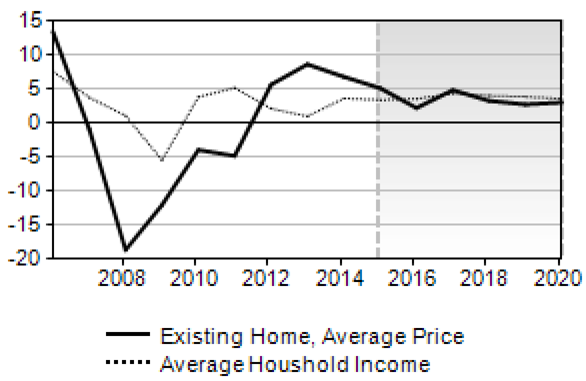
Real Estate Key Indicators

	2011	2012	2013	2014	2015	2016	2017	2018
CONSTRUCTION ACTIVITY								
Housing Starts, Total Private	41,295	59,331	80,650	80,402	99,418	128,107	148,216	155,656
Housing Starts, Total Private (% change)	8.9	43.7	35.9	-0.3	23.7	28.9	15.7	5.0
Single-Family Units	31,678	42,479	54,580	56,692	66,941	82,457	98,455	103,328
Multi-Family Units	9,618	16,852	26,070	23,711	32,477	45,650	49,761	52,328
PRICES AND SALES								
Home Price, Existing Average ($)	211,082	222,791	241,790	258,015	271,019	276,783	289,923	299,125
Home Price, Existing Average (% change)	-4.9	5.5	8.5	6.7	5.0	2.1	4.7	3.2
Home Sales, Existing Single-Family Units (Thous.)	372.4	400.0	434.2	420.6	452.7	468.1	462.1	461.1
Home Sales, Existing Single-Family Units (% change)	10.7	7.4	8.6	-3.1	7.6	3.4	-1.3	-0.2

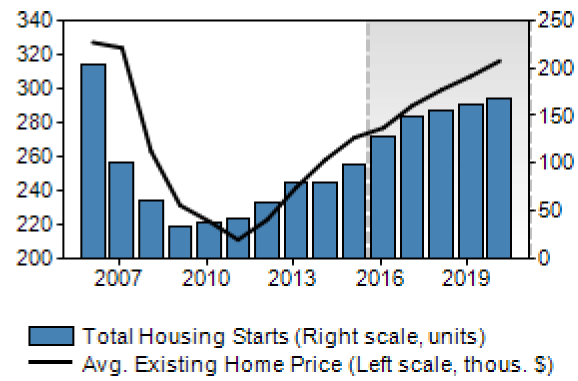
Florida's housing market can be described as a "good news/bad news" situation. The good news: the housing recovery over the last two years in Florida has been robust, with home construction on the rise, home prices springing off their bottoms, the homeowner vacancy rate sliding downward, and sales of existing single-family homes trending upward. Increased affordability, a favorable climate, and a large pool of foreign buyers are helping to stimulate housing market demand. The bad news: the major indicators remain at depressed levels and it will take time before the housing market is back to full health because it is coming back from such severe losses incurred during 2006–10.

According to the Federal Finance Housing Authority’s purchase-only index, home prices in Florida surged 9.7% year over year in the second quarter of 2015. Since early 2011, home prices have come soaring back, increasing by more than 43% from the recessionary low, but there is still has a ways to go before prices are back to prerecession levels. Growth in home price will stay strong over the medium term—homeowner vacancies are low, foreclosure activity is softening, and housing starts remain very much depressed, which are all conditions that put upward pressure on prices. Indeed, while housing starts are currently at low levels, builders are already responding to the low inventories and rising prices by ratcheting up housing starts.

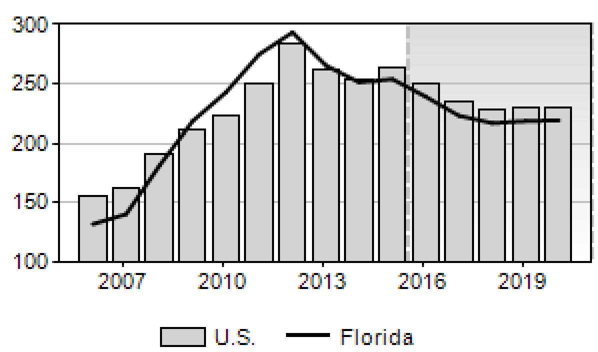
Home Prices vs. Average Household Income
(Percent change, annual rate)



Home Prices vs. Housing Starts
(Thousands)



Housing Affordability
(Higher index reading = more affordable)



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Key Mortgage Foreclosure Statistics for Florida

	Share of Total Loans (%)	U.S. Average (%)	U.S. Rank
Total Loans in Foreclosure, 2015Q2	4.2	2.1	3
Loans in Foreclosure, Begun During 2015Q2	0.5	0.4	6
Prime Loans in Foreclosure, End of 2015Q2	2.7	1.2	3
Subprime Loans in Foreclosure, End of 2015Q2	13.4	8.5	6
Subprime Loans, 2015Q2	13.3	8.8	1

Source: Mortgage Bankers Association, IHS Global Insight, Inc.

Profile: Economic structure

The state's warm, sunny climate has been integral in the development of theme parks, beaches, and cruise ships' home ports, which form the backbone of a mammoth tourism industry. The prevalence of tourists and retirees has spawned a service-based, low-manufacturing economy. Manufacturing jobs make up only 4% of total employment, well below the national average of 9%, while the leisure and hospitality sector makes up 14% of total employment, ahead of the 10% U.S. average.

The combined spending of tourists and retirees has benefited the state's economy enormously, enabling Florida to reap a large amount of revenue from its sales tax (more than half of all state taxes). In particular, tourists account for about one-fifth of sales tax receipts, which has allowed the state to avoid an income tax and to keep business taxes low, thereby attracting companies. However, the high concentration of lower paying tourism-related jobs is a drag on income levels in the state. Florida has made a push to diversify its employment base in recent years to include jobs in high-tech industries such as life sciences. Some high-profile projects include Scripps Research and the Max Planck Institute in West Palm Beach and the development of Medical City in Orlando. These types of projects bring high-paying jobs to the state and help diversify its economy away from its traditional tourism and construction base.

Florida is located on the southern-most end of the Interstate 95 (I-95) corridor, an important transportation and distribution channel through the East Coast of the United States, from Florida to Maine. The state has an extensive rail network that provides freight and passenger service and also offers numerous deep-water harbors, many of them with extensive container facilities. Miami International Airport serves as the state's principal international airport and is the gateway to Latin America for millions of U.S. and international travelers, as well as tons of air cargo.

Florida - Employment Structure

	2005		2015		2025	
	Share of Total	Location Quotient (U.S. Avg = 100)	Share of Total	Location Quotient (U.S. Avg = 100)	Share of Total	Location Quotient (U.S. Avg = 100)
Construction	**8.2%**	**149**	**5.3%**	**117**	**6.8%**	**121**
Natural Resources and Mining	**0.1%**	**20**	**0.1%**	**12**	**0.1%**	**9**
Manufacturing	**5.3%**	**50**	**4.1%**	**48**	**3.6%**	**45**
Durables	3.6%	54	2.8%	51	2.5%	49
Nondurables	1.7%	44	1.3%	42	1.1%	39
Trade, Transportation, and Utilities	**20.5%**	**106**	**20.7%**	**109**	**19.2%**	**108**
Wholesale Trade	4.4%	103	4.1%	99	4.1%	99
Retail Trade	12.9%	113	13.3%	121	11.8%	120
Transportation and Warehousing	2.9%	89	3.0%	90	3.1%	90
Utilities	0.3%	76	0.3%	69	0.2%	61
Information	**2.1%**	**93**	**1.7%**	**86**	**1.7%**	**84**
Financial Activities	**6.9%**	**114**	**6.7%**	**117**	**6.1%**	**120**
Finance and Insurance	4.7%	104	4.5%	107	3.9%	107
Real Estate and Rental and Leasing	2.3%	142	2.2%	147	2.1%	154
Professional and Business Services	**14.1%**	**113**	**15.0%**	**108**	**17.8%**	**111**
Prof., Scientific, and Technical Svcs	5.5%	105	6.3%	104	7.2%	105
Management of Companies	1.0%	74	1.2%	78	1.1%	81
Admin/Support and Waste Mgt	7.6%	129	7.5%	120	9.6%	123
Education and Health	**12.3%**	**93**	**14.9%**	**96**	**14.9%**	**96**
Educational Services	1.4%	68	1.9%	77	1.5%	73
Healthcare and Social Services	10.9%	98	13.1%	99	13.4%	99
Leisure and Hospitality	**12.2%**	**127**	**14.0%**	**132**	**13.2%**	**128**
Arts, Entertainment, and Recreation	2.4%	170	2.7%	174	2.4%	166
Accommodation and Food Services	9.8%	120	11.4%	125	10.8%	122
Other Services	**4.2%**	**105**	**4.2%**	**106**	**3.9%**	**110**
Government	**13.9%**	**85**	**13.4%**	**85**	**12.7%**	**82**
Federal Government	1.7%	81	1.6%	85	1.4%	86
State and Local Government	12.2%	85	11.7%	85	11.3%	82

Key employers

Florida's Key Employers		
Company	**Industry**	**NAICS**
Walt Disney World	Leisure - Recreation	71
Naval Air Station Jacksonville	Military/Defense	Govt
BayCare Health Care Systems	Healthcare - Healthcare Facility Operations	62
University of Miami	Educational Services	61
Verizon	Telecommunications	51
Universal Orlando	Leisure - Recreation	71
Lockheed Martin	Defense Manufacturing/Scientific & Technical Services	336
American Airlines	Transportation – Air	481
Florida International University	Educational Services	Govt
Bank of America	Financial - Banking and Investments	52

Labor force and demographics

Warm winters have helped lure a large, growing, and often wealthy retiree population to the state, giving Florida the country's highest concentration (18%), by far, of residents over age 65; the US average is 14%. Despite the Sunshine State's reputation as an elderly mecca, however, many other states are now proving attractive to retirees: since 2000, the growth in Florida's 65-plus population has barely outpaced the national average. Meanwhile, Mountain West states such as Arizona, Nevada, Colorado, and Utah have seen the strongest gains in their elderly populations. At the other end of the spectrum, Florida's younger age groups have been booming, thanks to a strong influx of young families and immigrants, as well as higher average fertility rates among Hispanics.

In 2013, Florida was the fourth-largest state by population. From 2012 to 2013, the state's total population increased 1.2%, to 19.5 million, ahead of the national growth rate (0.7%), making Florida the eighth-fastest-growing state. Florida experienced a net influx of 99,900 new residents from foreign countries, while net domestic in-migration was 89,600. Total net in-migration was 200,200.

With much stronger population growth over the last few decades, Florida has been closing ground on New York and is forecast to surpass it this year. Part of the reason for robust population gains is booming immigration among Hispanic/Latino residents, which according to the 2010 Census account for a whopping 22.5% of the population thanks to 57% growth over the last decade. The Cuban-origin population, in particular, is highly concentrated in Florida with 1.2 million or 68% of the entire US population residing in the state. Indeed, with Florida's growing ties to Latin America, it will continue to be a magnet for Hispanic immigration, especially South Florida.

In the latest American Community Survey, median income was estimated to be $45,040 in Florida in 2012. This is well below the national average, ranking 40th among states. Florida's high concentration of employment in the lower paying leisure and hospitality and retail trade sectors dilute the state total.

Age Distribution

Percent of Population, 2014			Average Annual Percent Change	
	Florida	United States	2010-14	2015-19
0-24	29.4	32.9	0.4	1.0
25-34	12.7	13.6	2.3	1.9
35-44	12.2	12.7	0.0	1.6
45-54	13.8	13.6	-0.1	-0.2
55-64	12.9	12.6	2.1	1.5
65+	19.1	14.5	3.6	2.6

Source: IHS Economics

Population Characteristics (Percent of total population, 2014)

	Florida	United States
High School Diploma *	87.2	86.9
Higher Education **	37.0	38.2
Foreign-Born	20.0	13.3
Non-U.S. Citizen	9.2	7.0
Median Household Income	47,463	53,657

*Population over 25 years of age

** Associate's, Bachelor's, or Advanced Degree

Source: American Community Survey

Florida's Top-Five Counties By Per Capita Income (2013)

	Income ($)	Encompassing MSA
Monroe	63,923	-
Collier	63,170	Naples, FL
St Johns	56,771	Jacksonville, FL
Martin	56,680	Port St. Lucie, FL
Palm Beach	55,937	West Palm Beach, FL (Div)

Source: U.S. Bureau of Economic Analysis and IHS Global Insight

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Personal Income Indicators

	2011	2012	2013	2014	2015	2016	2017	2018
Per Capita Personal Income (Thous. $)	40.5	41.2	41.2	42.7	44.2	45.9	48.0	50.0
Per Capita Personal Income (% change)	4.7	1.8	0.1	3.5	3.6	3.9	4.6	4.3
Average Annual Wage (Thous. $)	44.9	45.9	46.3	47.5	48.5	50.0	51.9	54.0
Average Annual Wage (% change)	2.0	2.2	1.0	2.6	2.0	3.1	4.0	3.9
Total Personal Income (Mil. $)	774,599	798,388	809,665	850,178	893,224	941,103	998,223	1,055,584
Total Personal Income (% change)	6.1	3.1	1.4	5.0	5.1	5.4	6.1	5.7
Wage Disbursements (Mil. $)	332,467	346,258	358,475	379,080	399,176	421,625	446,900	472,088
Wage Disbursements (% change)	3.0	4.1	3.5	5.7	5.3	5.6	6.0	5.6
Other Labor Income (Mil. $)	75,273	78,309	81,371	82,990	86,224	90,336	95,175	99,611
Other Labor Income (% change)	-1.7	4.0	3.9	2.0	3.9	4.8	5.4	4.7
Dividends, Interest & Rent (Mil. $)	211,497	217,193	213,424	221,757	230,573	241,195	258,983	278,164
Dividends, Interest & Rent (% change)	12.9	2.7	-1.7	3.9	4.0	4.6	7.4	7.4
Transfer Payments (Mil. $)	157,781	156,283	161,302	171,152	181,706	191,375	201,014	210,888
Transfer Payments (% change)	4.1	-0.9	3.2	6.1	6.2	5.3	5.0	4.9
Other Income (Mil. $)	-2,418	345	-4,907	-4,801	-4,455	-3,427	-3,849	-5,167

Tax and revenue picture

Florida Tax Revenue

	Latest Quarter		Total of Latest Four Quarters			
	Qtr Ended June 2015 (Thous. $)	Year/Year Change (Percent)	Year Ended June 2015 (Thous. $)	Year/Year Change (Percent)	Five-Year Avg. Change (Percent)	Share of Total Revenue Percent
Total Tax Collections (Thousands)	10,441,960	2.7	38,380,278	2.3	4.0	-
General Sales and Gross Receipts	5,588,698	-0.4	21,800,895	2.5	4.5	56.8
Individual Income	-	-	-	-	-	-
Corporate Net Income	798,000	5.3	2,237,500	7.0	4.5	5.8
Motor Fuel Sales	995,000	6.2	3,679,230	3.9	2.0	9.6
Motor Vehicle and Driver's License	392,672	0.1	1,537,391	-4.4	-0.7	4.0
Alcoholic Beverage Sales	144,947	2.4	459,019	-1.7	-4.9	1.2
Tobacco Product Sales	311,403	5.1	1,192,906	1.3	25.1	3.1
Other Taxes	2,211,240	8.8	7,473,337	1.7	3.5	19.5

Energy

About 60% of Florida's electricity generation comes from natural gas but it also uses a significant amount of coal (20%) and nuclear (10%) for its electricity needs. Its share of electricity generated by renewable sources is small, amounting to just 2% of the total. The Sunshine State, fittingly, is expanding its solar energy capacity, currently ranking third in the nation in net electricity generation from solar.

Florida is one of the largest users of residential electricity in the nation, ranking second behind Texas. Electricity use is high during the warm months to cool homes and when the temperature does drop electrical heat is widely used in the state. Commercial electricity use is also high, ranking third in the nation, driven up by its large tourist industry. Industrial use, however, is small—that sector accounts for only 7% of total electricity use compared with 26% nationally.

Florida natural gas prices are among the highest in the nation. Residential natural gas prices are more than 50% higher than the national average. Since Florida does not produce natural gas itself, large import volumes are necessary to meet demand. Currently, all of the state's natural gas comes through two pipelines, the Gulfstream and Florida Gas Transmission, which are already running at high capacity, putting upward pressure on prices. There are proposals to add a third pipeline, which would alleviate some of the capacity stress and help with redundancy, but there would be huge monetary and time costs before something like this could go online.

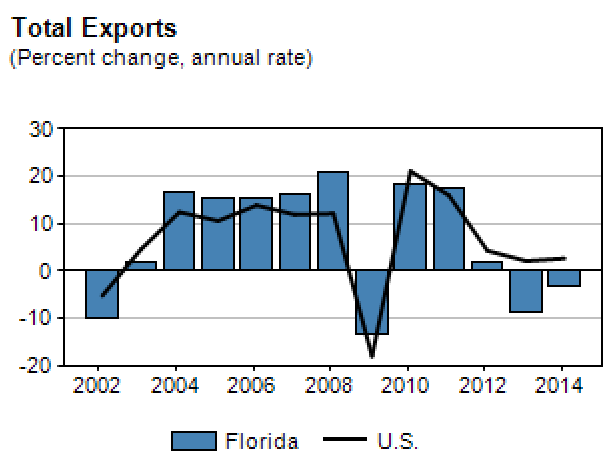
Florida Average Electricity Prices for Quarter Ended June 2015

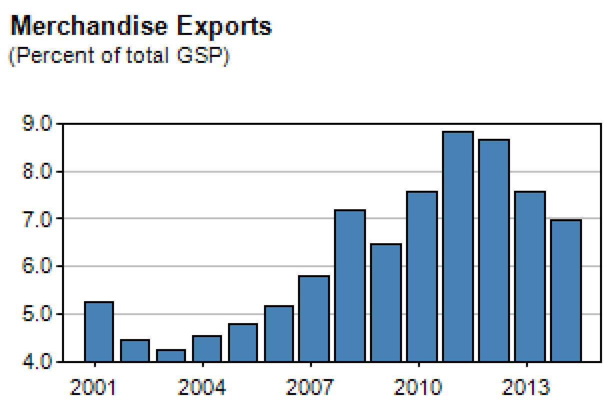
	Price (Cents/kWh)	Relative Price (US avg. = 1)	State Price Rank (Highest = 1)	Year/Year Change	Five-Year Avg.Change
Residential	11.7	0.9	25	-2.1	-0.2
Industrial	8.3	1.2	12	2.7	-1.2
Commercial	9.7	0.9	24	-3.1	-0.6

Florida Average Natural Gas Prices for Quarter Ended June 2015

	Price (Dollars/million Btu)	Relative Price (US avg. = 1)	State Price Rank (Highest = 1)	Year/Year Change	Five-Year Avg.Change
Residential	18.9	1.9	2	3.3	1.8
Industrial	5.9	1.6	28	-17.4	-6.4
Commercial	10.0	1.3	10	-10.2	-0.5

Export performance





Florida's exports sank by 3% in 2014, to $58.6 billion. Computers and electronic products—the state's largest export segment—make up almost one-fourth of total merchandise value, which include medical devices, cell phones, printers, and copiers. This industry was in the red, but not entirely to blame for the overall decline on the year. Florida's next two key product categories—transportation equipment (mostly aircraft and parts) and machinery—together make up another quarter of the state's total shipments, and both experienced significant declines in 2014. Latin American countries capture over one-third of Florida's exports and lackluster economic growth in the region is partly to blame for the disappointing results.

However, the 2014 figures are not quite as bad as they seem. Exports to Switzerland plunged 68% last year, moving that country from the state's top trading destination to third. Gold comprises the vast majority of Florida's exports to Switzerland, a nonmanufactured good where tumbling prices over the past year have sliced into merchandise value and its export activity. The run-up in gold prices inflated the export results, but they are now exacerbating the declines. The good news is that since gold exports from Florida have already fallen tremendously in recent years, their impact on the 2015 results will be much smaller.

Florida's Top Export Product Categories in 2014

	Share of Total (%)	Value (Mil. $)	Change from 2013 (%)
Computer & Electronic Products	23.8	13,955	-5.4
Transportation Equipment	14.9	8,743	-4.5
Chemicals	12.3	7,241	7.6
Machinery	9.4	5,540	-8.7
Primary Metal Manufacturing	6.9	4,056	-36.9
Miscellaneous Manufactured Commodities	5.3	3,107	-0.7
Food Manufactures	4.2	2,488	1.5
Electrical Equipment	3.9	2,307	18.9
Fabricated Metal Products	2.8	1,655	3.0
Used or Second-Hand Merchandise	2.3	1,340	-
Other	14.0	8,206	-9.7

Source: Census Bureau, International Trade Administration, U.S. Department of Commerce

Florida's Largest Export Destinations in 2014

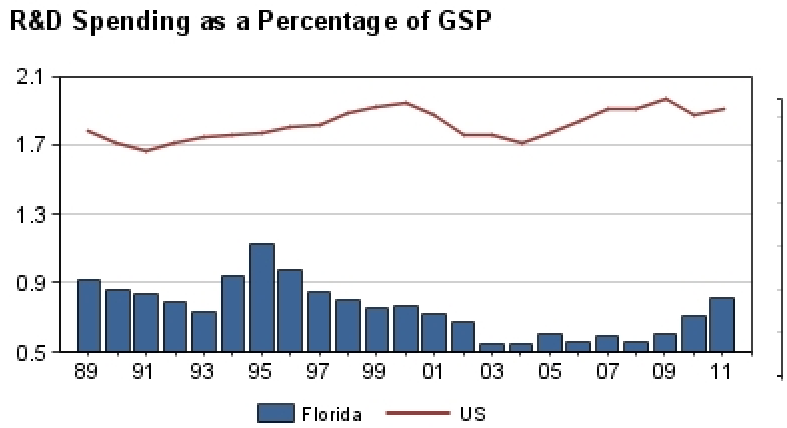
	Share of Total (%)	Value (Mil. $)	Change from 2013 (%)
Brazil	8.7	5,093	-4.4
Canada	7.2	4,218	-22.0
Colombia	5.3	3,126	-5.4
Venezuela	4.4	2,594	-19.1
Hong Kong	4.1	2,382	82.7
Mexico	3.8	2,214	0.8
Chile	3.1	1,838	3.5
United Arab Emirates	3.0	1,770	-20.0
Peru	2.9	1,718	4.3
Germany	2.8	1,624	16.4
Other	54.7	32,062	-4.4

Source: Census Bureau, International Trade Administration, U.S. Department of Commerce

High tech

The state's concentration of high-tech employment currently amounts to 5.1% of payrolls, below the national average of 6.4%. High-tech employment is a key source of high-paying jobs and would help Florida diversify away from its traditional tourism, retail trade, and construction base, which are typically lower paying and sensitive to economic downturns. Florida has made a push to attract firms in the life sciences industries, including Scripps Research and the Max Planck Institute in Palm Beach County, and the Torrey Pines Institute for Molecular Studies in Port St. Lucie, which the state hopes will lead to further clustering around these firms. In Central Florida, Orlando continues to develop the Medical City, a network of projects geared toward medical research and medical care which is anchored by the Burnham Institute for Medical Research, University of Florida Research Center, Nemours Children's Hospital and Orlando VA Medical Center. This is a feather in the cap for Florida's "high-tech corridor" along Interstate 4, which has focused strategies to attract, retain, and grow high-tech industries along the 23-county corridor.

The picture has not been entirely rosy though. The 2011 retirement of NASA's space shuttle program was a huge blow to the Space Coast economy and cost Florida thousands of high-paying research and engineering jobs. In all, it is estimated that a total of 5,000–9,000 workers at Cape Canaveral lost their jobs. However, the space coast is rebuilding itself around private investment, although it will take time to fill the hole left by NASA. The existing infrastructure will play a major role in attracting new companies to the region. Expansion announcements in recent years into the area include Rocket Crafters, Northrop Grumman, XCOR Aerospace, and Embraer, which will add millions in investment dollars and thousands of new jobs in the space, defense, and aircraft industries.



Source: National Science Foundation, Bureau of Economic Analysis

Source: National Science Foundation, Bureau of Economic Analysis

Florida: High-Tech Employment

	Employment Level (Total Jobs)			Average Annual Percent Change	
NAICS	2004	2014	2024	2004-14	2014-24
3254 Pharmaceutical & Medicine Mfg.	6,653	7,090	8,560	0.6	1.9
3336 Turbine & Power Transmission Eq.	825	1,778	2,008	8.0	1.2
3341 Computer & Peripheral Eq. Mfg.	1,995	3,691	3,655	6.3	-0.1
3342 Communications Eq. Mfg.	10,151	6,207	6,005	-4.8	-0.3
3343 Audio & Video Eq. Mfg.	988	669	798	-3.8	1.8
3344 Semiconductor & Comp. Mfg.	16,169	10,523	10,832	-4.2	0.3
3345 Electronic Instrument Mfg.	24,435	19,117	20,592	-2.4	0.7
3346 Magnetic Media Mfg.	885	310	450	-10.0	3.8
3353 Electrical Equipment	3,198	4,149	4,073	2.6	-0.2
3363 Motor Vehicle Parts Mfg.	3,195	1,936	1,277	-4.9	-4.1
3364 Aerospace Product & Parts Mfg.	24,269	20,397	19,810	-1.7	-0.3
3391 Medical Eq. & Supplies Mfg.	19,501	19,240	18,337	-0.1	-0.5
5112 Software Publishers	8,103	13,564	24,293	5.3	6.0
5121 Motion Picture & Video Industries	13,153	11,559	15,547	-1.3	3.0
5122 Sound Recording Industries	1,671	856	1,346	-6.5	4.6
5182 Data Processing and Hosting	19,753	16,922	19,033	-1.5	1.2
5413 Architectural, Engin. & Related Svcs.	81,984	73,067	86,259	-1.1	1.7
5414 Specialized Design Services	8,148	6,754	7,078	-1.9	0.5
5415 Computer Systems Design & Svcs.	52,398	74,661	108,530	3.6	3.8
5416 Management Consulting Services	49,476	85,193	109,913	5.6	2.6
5417 Scientific Research & Dev. Svcs.	8,378	13,750	18,229	5.1	2.9
8112 Elec. & Precision Eq. Repair & Maint.	6,160	6,532	6,819	0.6	0.4
State Total	**361,488**	**397,965**	**493,444**	**1.0**	**2.2**
U.S. Total	**7,890,227**	**8,795,339**	**10,562,153**	**1.1**	**1.8**

Note: 50% of motor vehicle parts employment is used in the analysis.

Source: U.S. Business Markets Insights Navigator, IHS Economics

Manufacturing

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Manufacturing Detail

	2011	2012	2013	2014	2015	2016	2017	2018
Manufacturing Employment ('000)	312.5	317.4	322.4	330.5	335.8	338.9	342.8	346.0
Manufacturing Employment (% change)	1.1	1.6	1.6	2.5	1.6	0.9	1.1	0.9
Durables Manufacturing Employment ('000)	206.2	209.9	215.1	222.4	228.4	230.9	234.5	237.3
Durables Manufacturing Employment (% change)	1.3	1.8	2.5	3.4	2.7	1.1	1.6	1.2
Nondurables Manufacturing Employment ('000)	106.3	107.5	107.3	108.1	107.4	108.0	108.3	108.7
Nondurables Manufacturing Employment (% change)	0.8	1.1	-0.2	0.7	-0.7	0.6	0.3	0.4

Transportation

Rail and road infrastructure

Central Orlando is increasing its connectivity via rail with the long-awaited SunRail project, which is ultimately planned to run from DeBary in Volusia County to Poinciana in Osceola, possibly by late 2016. A portion of the 61-mile, 17-station greater Orlando commuter rail will begin service in the spring of 2014 and stretch 32 miles from Volusia County to southern Orange County. The Florida Department of Transportation released a report on SunRail's progress indicating that substantial commercial interest is developing around the project. In total, $785-million of projects are currently under construction in the proximity of the SunRail stations, which will add 3.4 million gross square feet and over 1,000 residential units, and more projects are in the planning stage that will add to these totals in the coming years.

A $1.8-billion, five-year overhaul of Interstate 595 in Broward County was completed towards the end of the first quarter of 2014. The route connects Interstate 75 in the west with the Florida Turnpike and Interstate 95 to the east. The project features reversible express lanes carrying traffic eastbound during the morning rush and westbound during the evening rush. Additionally, a large portion of the funds went towards widening or replacing bridges and improving the on and off ramps. Not only does this help relieve commuter traffic, it also provides better access to Port Everglades.

Port expansions

Major port expansion projects are also under way that will greatly improve trade and tourism operations and further cement South Florida's role as the United States' major gateway to Latin America. South Florida ports are looking to capitalize on the Panama Canal expansion, which will allow larger cargo ships to utilize the route, improving shipping capacity and volume. Port Everglades in Fort Lauderdale is in the midst of a planned 20-year, $2-billion expansion. In the first five years, the port will reconfigure berths to accommodate larger ships, as well as increase commercial parking, expand cruise terminals, and bring a railroad close to the docks to improve transportation efficiency. The longer term projects include further expansion of the port's cargo, cruise, and petroleum capacity.

Key renovations to the Port of Miami include deepening berths and the port's tunnel project. Construction of the $600-million tunnel was completed this spring and improves access to and from the port, linking with the MacArthur Causeway and Interstate 395. The Port of Miami will be one of three ports on the East Coast authorized by Congress to be 50 feet, and expects to double the volume of cargo moved within the next 10 years.

Port Canaveral is constructing a new $85-million cruise terminal and 1,000-vehicle parking facility set to open in November 2014. The terminal will handle the largest cruise ships at the port. The cruise industry is massive in Florida and Port Canaveral serves as one of the busiest cruise ports in the World.

Airport news

Miami-Dade County is home to the Miami International Airport (MIA), which is a major passenger and trade outlet for the state. In 2012, Miami International ranked first in the United States for tons of international freight, second for international passengers, and third in total freight. To cater to the increasing ridership at MIA, the airport has invested $1.7-billion under the Miami Intermodal Center project. Projects completed over the past few years include the Rental Car Center and the MIA mover, an automated light-rail system linking the airport to the intermodal center. The most significant piece, the Miami Central Station, is expected to be operational in 2014 and will serve as Miami's ground transportation hub. The goal is to provide connectivity through South Florida and reduce road congestion.

Outside of South Florida, in May 2010 Panama City opened its new Northwest Florida Beaches International Airport—the first international airport to be built in the United States in more than a decade. This has helped increase visitorship to northwest Florida. Out-of-state tourism to the Panhandle has long been comprised of visitors from Alabama and south Georgia, with the airport opening up new markets across the United States.

In central Florida, the Orlando airport commission approved plans for a $1.1-billion expansion and renovation of the Orlando International Airport. The initial phase of improvements includes four new international gates, upgrades to the ticket hall and baggage screening areas, an automated people mover, and a rail terminal. A second phase of development is also on the table for a new $1-billion terminal to begin construction once annual passenger traffic reaches 40 million (currently 35 million), but financing has not yet been secured. The airport is already running well over planned capacity, so the expansions are crucial to keep up with Orlando's fast growing tourism and professional/medical service industries.

Forecast Data: Quarterly Data

Annual Data

Core Summary Tables

State PDF: State PDF

County Data: County Data

Real Estate Data: Real Estate Data

Real Estate Forecast Tables