Florida Payrolls Tumble in April

Payrolls fell by over one million jobs during the month, while the jobless rate surged to 12.9%. The COVID-19 crisis is having a devastating impact on the Florida economy, but the recovery will soon begin to take shape.

Shut downs Rain Job Losses Across The Sunshine State

Employers in Florida slashed payrolls amid efforts to contain the coronavirus crisis during April. Total nonfarm payrolls plummeted by just over one million jobs, which is the largest one-month decline on record. The jobless rate spiked to 12.9% from 4.4%. But even the abrupt rise in unemployment likely understates the true impact of social distancing, stay-at-home orders and business closures that took place during the month. Roughly 17% of the state’s labor force has applied for unemployment insurance over the past two months, and there is still a huge backlog of unprocessed claims.

Nearly every major industry saw a decline in payrolls during April. Florida’s all-important leisure & hospitality sector registered the sharpest drop, losing 479,300 jobs, a 39.6% plunge. Even while some establishments were able to provide delivery or curbside pick-up, most restaurants and bars were closed in April, while amusement parks were shuttered entirely, necessitating massive layoffs. Hotels were never mandated to close, but many did so anyways because of the collapse in visitors to the state.

The tourism-driven Orlando metro area has especially hard hit and saw payrolls plunge by 181,000 jobs in April. Walt Disney World Resort alone furloughed 70,000 workers, although many of those job losses will likely show up in the May data. Orlando is home to over 500 hotels, and occupancy rates remain depressed (20% as of May 16 vs. 71% a year ago).

The coronavirus and efforts to contain it also dealt a gut punch to South Florida. Slightly more than half of the state’s cases have occurred in Miami-Dade, Broward and Palm Beach counties. Moreover, Miami is the “cruise capital of the world” and many cruise lines have laid off employees and canceled voyages through at least July. These measures have been painful. International trade is another key economic engine that is being severely impacted by COVID-19. South Florida has close ties with Latin America, especially Brazil, where the coronavirus outbreak is now raging.

Stay-at-home orders lapsed in early May and state officials are gradually allowing businesses to re-open with strict sanitation guidelines and occupancy limits. For example, most retail, restaurants, gyms and salons are allowed to open with up to 50% capacity. Bars, pubs and nightclubs, however, remain closed. Encouragingly, these efforts have not yet been met by a marked increase in COVID-19 cases. With the worst of the pandemic likely behind us and businesses slowly beginning to re-open, a modest recovery should take hold this summer. Weekly first-time unemployment claims, while still very high, are declining, and we may see payroll growth return as soon as June. That said, it will be quite some time until Florida fully recovers the enormous loss in jobs experienced over the past two months, and we do not expect the unemployment rate to fall back to the low levels seen as recently as February until 2022 at the earliest.

Source: U.S. Department of Labor and Wells Fargo Securities