



Economics Group

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Florida Posts Modest Payroll Gain in November

Employers added just 4,000 jobs in November, while the unemployment rate held steady at 6.4%. Job growth will likely cool further in coming months but should rebound this spring, as vaccines rollout across the country.

Slowdown in the Sunshine State

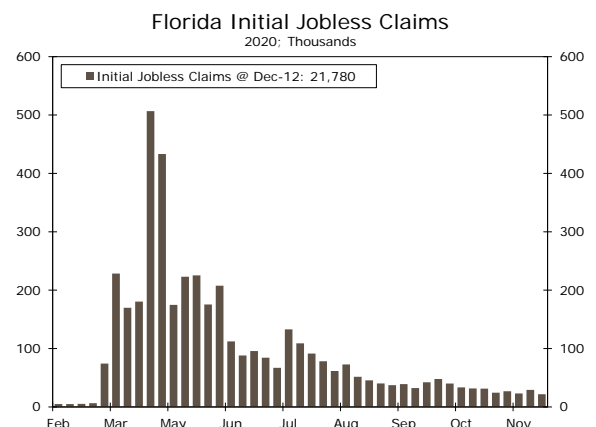
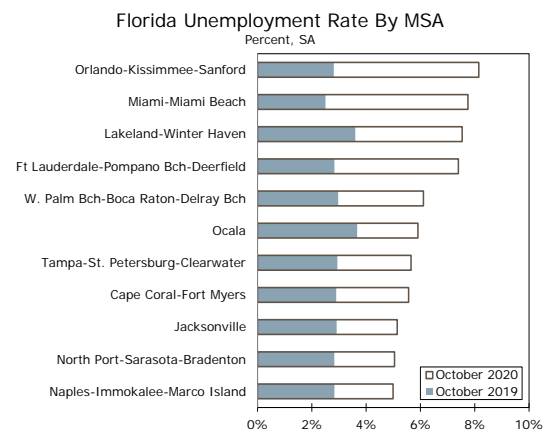
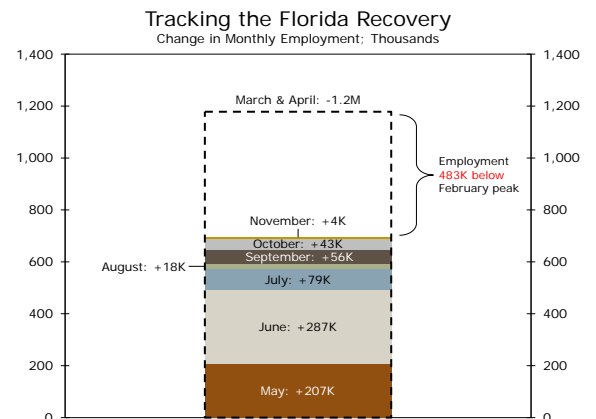
Like many states, Florida's recovery appears to be losing a bit of momentum at the tail end of 2020. Total nonfarm payrolls rose by a meager 4,000 jobs, the smallest monthly gain since payrolls plummeted earlier in the spring. Furthermore, there is still a great deal of distance to go in terms of recouping all of those lost jobs. On an overall basis, employers have only regained about 59% of the jobs lost during the lockdown period in March and April.

Most major industries added jobs during the month, but gains were relatively small. Leisure & hospitality headcounts rose by 11,800, more than any other industry. Healthcare & social assistance payrolls advanced by 4,100. Offsetting the gains, however, were sizable, seasonally-adjusted drops in retail (-10,900) and federal government (-8,100) payrolls.

The unemployment rate was unchanged at 6.4% during November. While jobless rates have come down drastically across the state (middle chart), unemployment in the tourism-driven Orlando, Miami and Fort Lauderdale metro areas remains highly historically high. The widespread distribution of vaccines should be mostly complete by summer's end, which should unleash some of the pent-up demand for vacations and meetings. This would provide a needed boost to tourism-driven parts of the state.

COVID case counts are back on the rise throughout the state, just as they are nationally. In contrast to the state's summer surge, however, there has not yet been a groundswell of hospitalizations. Moreover, restrictions set on close-contact businesses remain relatively modest, which has allowed economic activity to recover at a faster pace than other large states. Florida's warm weather has also played a key role in keeping the recovery intact. Nationwide, jobless claims have edged higher in recent weeks, as colder weather and more stringent restrictions on indoor businesses have set it. In Florida, claims have steadily declined (bottom chart).

Bearing all this in mind, we have provided an updated economic forecast for the state of Florida on Page 2. We still expect a fairly sharp -2.9% contraction in state-level real GDP growth for 2020. Growth picked up late in the year, and even with some slowing at the start of 2021 we expect Florida's real GDP to bounce-back 4.7% in the coming year. Florida also continues to attract scores of new businesses, particularly in the tech, aerospace and financial service fields. Florida will continue to benefit from the exodus of businesses and residents from higher-cost areas who seek lower rents and fewer regulations. While Florida has steadily progressed in recovering the massive job losses from March and April, 2020 will still finish with a net loss of 394,000 jobs. After a slow start to 2021, hiring is expected to ramp up over the spring and summer. We expect 265,000 jobs to be added in 2021 and 318,000 jobs to be added in 2022.



Florida Economic Outlook

	Actual			Forecast		
	2017	2018	2019	2020	2021	2022
Real Gross Domestic Product by State, \$ Millions	901,904	936,580	963,256	935,321	979,282	1,020,411
Annual Rate	3.6%	3.8%	2.8%	-2.9%	4.7%	4.2%
Nominal Personal Income, \$ Millions	1,016,819	1,082,702	1,125,984	1,194,669	1,211,394	1,261,062
Percent Change	7.1%	6.5%	4.0%	6.1%	1.4%	4.1%
Median Household Income, Year-End \$	55,365	55,634	58,368	62,746	59,169	60,471
Percent Change	1.5%	0.5%	4.9%	7.5%	-5.7%	2.2%
Population, Thousands	20,964	21,244	21,478	21,628	21,855	22,105
Change in Thousands	350	281	233	150	226	250
Percent Change	1.7%	1.3%	1.1%	0.7%	1.0%	1.1%
Nonfarm Employment, Thousands	8,572	8,783	8,953	8,559	8,824	9,142
Change in Thousands	184	211	170	-394	265	318
Percent Change	2.2%	2.5%	1.9%	-4.4%	3.1%	3.6%
Unemployment Rate, Annual Average	4.2%	3.6%	3.1%	8.0%	5.8%	4.2%
Total Housing Permits	118,548	142,273	154,711	161,150	167,690	175,600
Single-Family Permits	83,911	94,836	99,725	110,050	119,150	129,500
Multi-Family Permits	34,637	47,437	54,986	51,100	48,540	46,100
FHFA Home Price Index, Percent Change	8.9%	7.7%	5.9%	6.7%	7.6%	6.1%
Light Vehicle Registrations	1,319,243	1,339,639	1,325,338	1,385,476	1,430,765	1,468,300

Forecast as of: December 18, 2020

Sources: National Association of Realtors, Federal Housing Finance Authority, U.S. Departments of Commerce and Labor, Moody's Analytics, RL Polk & Wells Fargo Securities

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