

Regional Commentary — January 22, 2021

## Florida Payrolls Rise in December

### Summary

- Florida's recovery remains intact, although the pace of improvement appears to be slowing. Total nonfarm payrolls increased 16,800 in December. Payrolls remain down 4.6% over the year.
- The unemployment rate ticked down to 6.1% from 6.3% during the month.
- COVID cases spiked in late 2020, but case growth now appears to be receding.
- Vaccine deployment is well under way. The rate of vaccination in the state is currently outpacing the national average and is the best amongst the nation's largest states.
- Looking ahead, higher vaccination rates should help unlock hiring in many high-contact businesses, especially Florida's vital leisure & hospitality industry.

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### Payrolls Advance Despite COVID Surge

Florida's recovery appears to be losing a bit of momentum alongside the latest iteration of the pandemic. Total nonfarm payrolls expanded by 16,800 jobs during December. Growing payrolls in a month that brought a 140,000-job contraction nationwide is certainly encouraging. The monthly gain, however, is well-off the much stronger improvement seen in the summer and fall of 2020.

What's more, hiring in the vital leisure & hospitality industry took a step back during the month. Leisure & hospitality payrolls fell 2,300, dragged down by a 4,700 decline in arts, entertainment & recreation employment. Hiring at bars, hotels and restaurants picked up by 2,400, but industry payrolls are still down 15.5% over the year.

Florida allows local governments and businesses more leeway in determining whether they can open for business. Generally speaking, Florida businesses are allowed to open if they can do so safely. The Sunshine State has thus been able to avoid much of tumult seen in other large states, such as California, New York, Illinois and Pennsylvania.

### Hiring Is Improving Outside the Leisure & Hospitality Sector

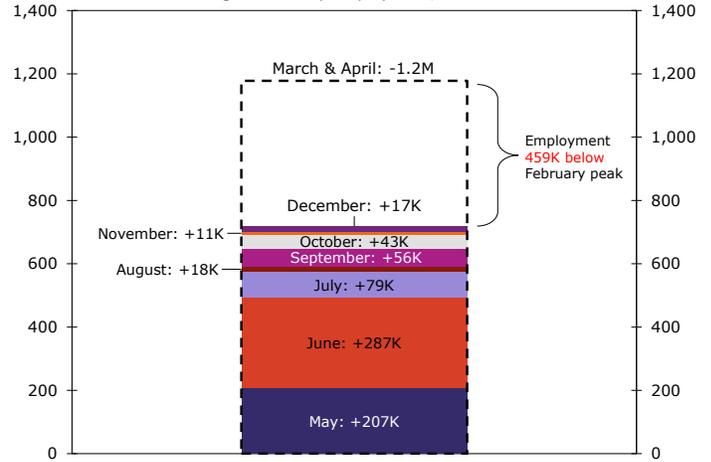
While the leisure & hospitality sector has accounted for most of the swing in nonfarm employment since the onset of the pandemic, most other areas of Florida's economy have shown much more consistent improvement.

Employment in professional & business services registered a robust 11,600 gain, which is more than any other industry. All of December's increase came from professional, scientific & technical services, which added 12,500 jobs during the month. Florida's tech sector has taken off in recent years, with a slew of relocations to Miami, Tampa and Jacksonville. One of the most recent is OPSWAT. The cybersecurity firm announced it would relocate its corporate headquarters from San Francisco to Tampa.

Construction employment increased by 3,200 over the month, although it remains 3% below its pre-pandemic peak. Commercial development is clearly winding down across the state, particularly for retail and office projects. Residential construction is booming, however, driven by the continued influx of new residents. Condominium sales have ramped up this winter as more seasonal residents are deciding to move to Florida permanently.

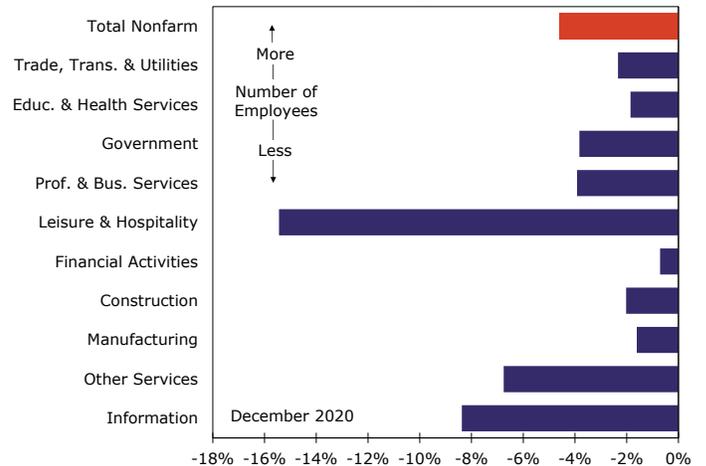
Trade, transportation & utilities added 4,800 jobs in December, bolstered by an 8,600 gain in retail trade employment.

Tracking the Florida Recovery  
Change in Monthly Employment; Thousands



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

Florida Employment Growth By Industry  
Year-over-Year Percent Change of 3-MMA



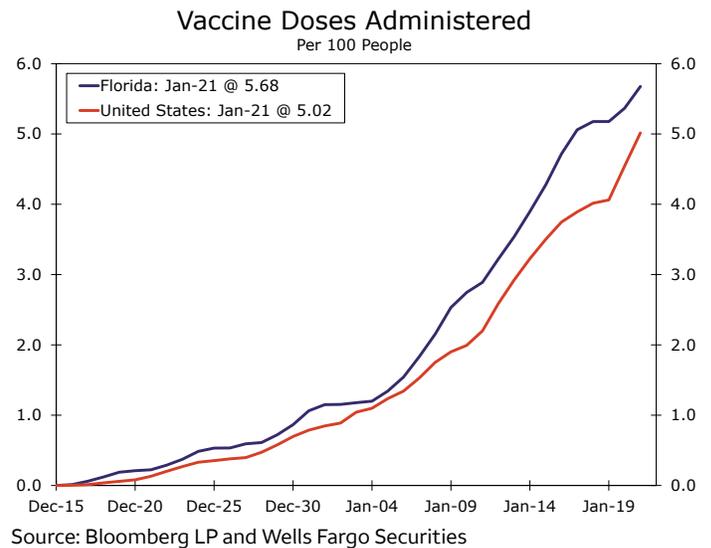
Source: U.S. Department of Labor and Wells Fargo Securities

### Florida Is Taking the Lead in COVID Vaccinations

Florida's unemployment rate ticked down to 6.1% in December from 6.3% the prior month. The jobless rate is still over three percentage points above prior year levels, however. Looking ahead, the accelerating rollout of vaccines should help get job growth back on track. Vaccine deployment is well under way and the rate of vaccinations in the state is considerably outpacing the national average. So far, Florida is doing one of the best jobs of vaccinating its population of any large state, which is particularly encouraging given that it has 21.7 million residents spread across 24 distinct metropolitan statistical areas and districts.

Florida's ability to manage its way through the pandemic is a plus for economic development, as businesses are increasingly looking to locate in parts of the country where state and local governments are amenable.

After as slow start, we look for Florida's economy to ramp up this spring and summer. Leisure travel will likely turn up well before business travel, and the inflow of retirees should also ramp up once the country moves past COVID. Florida is home to a number of rapidly emerging industries, including the commercial space industry, defense aerospace, life sciences and emerging tech clusters in South Florida, Tampa, Orlando and along the Space Coast.



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