

Florida Economy Gains Momentum Heading into 2017

The Florida economy continues to run hot in the second half of 2016, supported by an acceleration in employment growth in the third quarter. Employment growth for most major Florida metro areas continues to outpace the national average and gains are being seen across most major sectors. In particular, Florida manufacturing has been surprisingly strong. While the U.S. has seen stagnant to declining manufacturing employment growth over the past year, Florida manufacturing employment increased, up 4.4 percent in the 12 months ending in September. Earlier this year the state legislature passed House Bill 7099 in support of state manufacturers, which made existing sales and use tax exemptions of eligible industrial machinery and equipment permanent. The state tourism sector is weathering the drag from the strengthening U.S. dollar, which makes Florida vacations more expensive for international visitors. Year-over-year employment growth in leisure and hospitality remains above 4 percent. While the U.S. dollar has appreciated by 24.4 percent against the U.K. pound in the 12-months ending in October, accelerated by the U.K.'s vote to leave the E.U., the U.S. broad trade weighted dollar has begun to stabilize, up just 3.2 percent. The housing sector began to cool off a bit with slower construction employment growth and a tick down in multifamily construction in the third quarter. However, we expect a rebound in residential housing due to strong home demand, supported by a robust labor market and population growth. The Florida economy will be firing on "most cylinders" heading into 2017.

Florida Economic Outlook

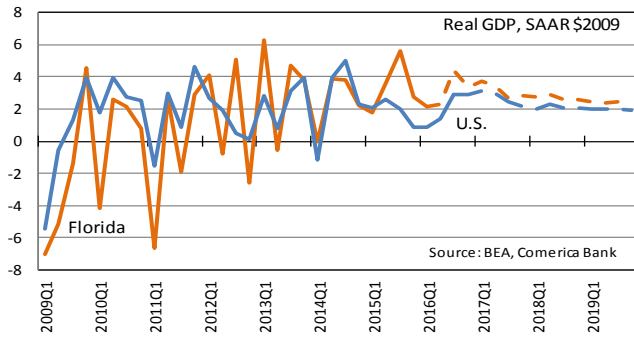
	2Q'16a	3Q'16a	4Q'16f	1Q'17f	2Q'17f	3Q'17f	4Q'17f	1Q'18f	2015a	2016f	2017f
State GDP											
Real GDP (Chained 2009 Millions \$)	809572	818287	825013	832606	839587	845191	851148	856895	789751	814486	842133
Percent Change Annualized	2.3	4.4	3.3	3.7	3.4	2.7	2.8	2.7	3.1	3.1	3.4
Labor and Demographics											
Payroll Jobs (Thousands)	8311	8400	8460	8521	8578	8633	8684	8736	8096	8354	8604
Percent Change Annualized	3.3	4.4	2.9	2.9	2.7	2.6	2.4	2.4	3.5	3.2	3.0
Unemployment Rate (Percent)	4.7	4.7	4.5	4.4	4.3	4.2	4.1	4.0	5.3	4.7	4.2
Population (Thousands)	20695	20795	20898	21007	21107	21207	21305	21402	20326	20745	21156
Percent Change Annualized	2.1	1.9	2.0	2.1	1.9	1.9	1.9	1.8	1.9	2.1	2.0
Net Migration (Thousands)	80.6	84.3	88.7	80.6	80.0	78.0	77.4	76.8	348.9	339.9	316.1
Personal Income											
Total Personal Income (Nom., Millions \$)	935175	948161	961141	975170	989060	1003421	1017795	1032353	900636	942135	996361
Percent Change Annualized	4.9	5.7	5.6	6.0	5.8	5.9	5.9	5.8	5.5	4.6	5.8
Housing											
Housing Starts (Total, Ann. Rate)	112334	111015	116116	119496	122464	124858	126962	128961	102638	112755	123445
Percent Change Annualized	2.8	-4.6	19.7	12.2	10.3	8.1	6.9	6.5	28.3	9.9	9.5
SF Housing Starts (# of Units, Ann Rate)	76459	77366	79636	82115	84151	85688	86957	88152	68597	77998	84728
MF Housing Starts (# of Units, Ann Rate)	35875	33649	36480	37382	38312	39171	40004	40809	34041	34757	38717
Existing Home Sales (Ths. of Units, Ann Rate)	503	451	499	508	517	526	535	542	508	485	522
House Prices, FHFA (1991 Q1=100, SA)	259	263	267	272	276	280	284	288	238	261	278
Year/Year Percent Change	10.0	9.4	8.5	6.5	6.5	6.4	6.2	6.0	9.6	9.7	6.4
Bankruptcies											
Total Business (12 Months Ending)	1922	1794	1726	1691	1675	1675	1691	1709	2066	1839	1683
Total Personal (12 Months Ending)	48402	45924	43653	41415	39103	36770	34356	33216	58783	47353	37911

a = actual f = forecast

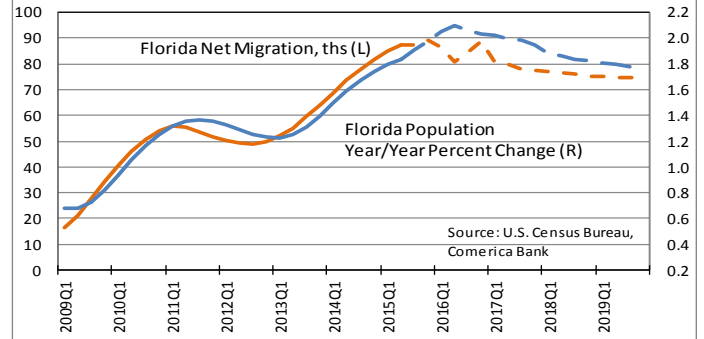
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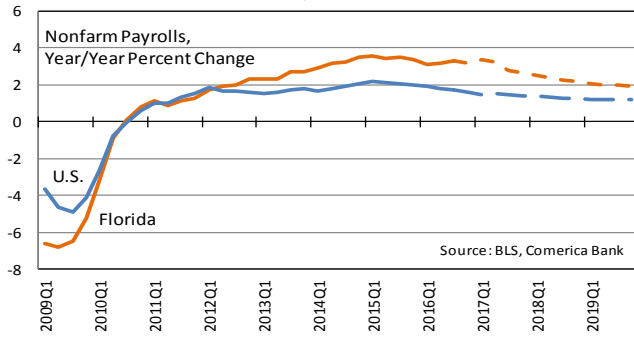
Florida Real GDP Runs Hot in 2016



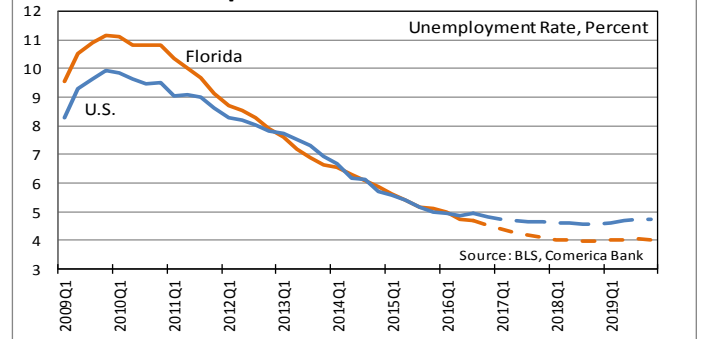
Retirees and Workers Fuel Pop. Growth



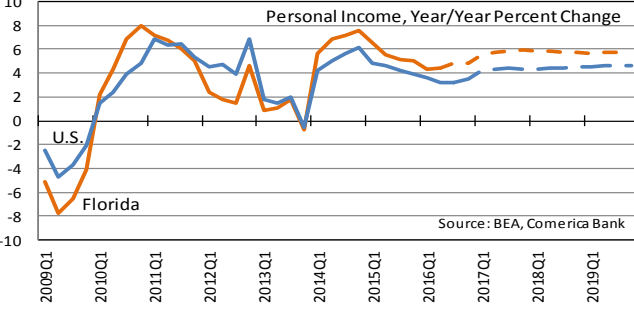
State Added 96,800 Jobs in 2016Q3



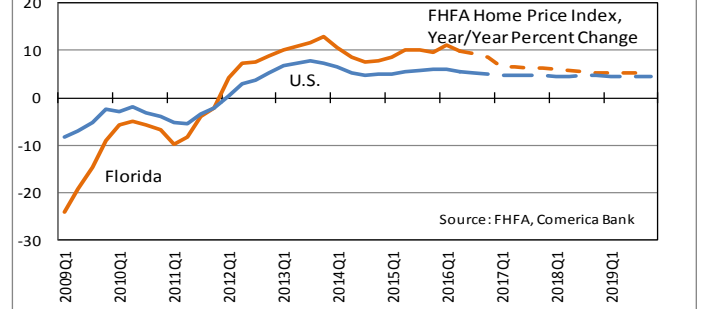
Florida September U. Rate Flat at 4.7%



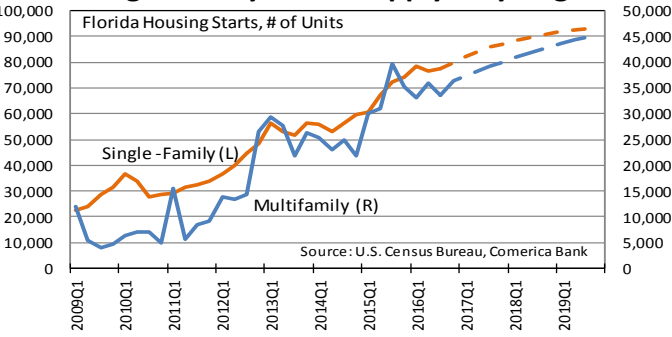
Rising Incomes Will Support Florida Housing and Retail Markets



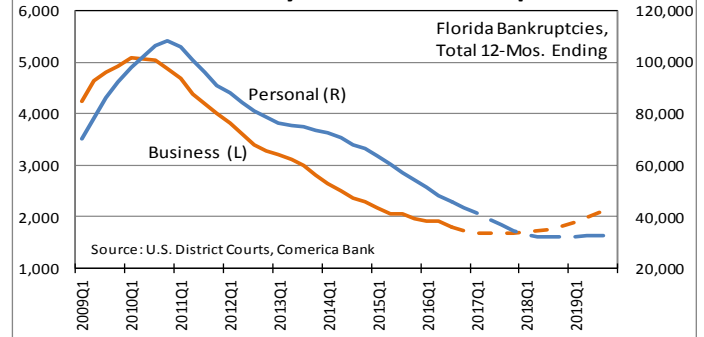
Home Price Appreciation Remains Strong



Single-Family Home Supply Stays Tight



Credit Quality Continues to Improve



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