

Moderate Expansion for the Florida Economy

The Florida economy remains on good footing as we head into the latter portion of 2018. Florida has experienced a steady economic expansion since 2012 which helped push the state economy to over \$1 trillion in Q2 of this year. While we expect the current economic expansion to continue for the next couple of years, some of the underlying economic indicators may be near or past cyclical peaks. After peaking in 2015 and 2016, with job growth north of 3 percent, Florida's job creation engine moderated considerably in 2017. So far in 2018, the state has added a net 99,400 jobs through June, which is slightly better than the pace set in the first six months of 2017. However, tighter labor markets, with the state's unemployment rate now down to 3.8 percent as of June, will be a limiting factor on the pace of hiring moving forward. Population growth has also been a strong driver of the Florida economy in recent years and is expected to moderate moving forward. Our Florida population forecast was given a temporary boost at the tail end of 2017 as people migrated from Puerto Rico following last year's hurricanes. Going forward we expect population growth to return to trend and net migration to be driven by job seekers and retirees. While we do not believe that we are past peak housing in the Florida market, there are notable headwinds for construction and home sales. Florida multifamily housing starts have been range-bound in the realm of 30,000-40,000 units since 2015. Single-family housing starts are showing a more discernible growth trend through mid-2018. However, according to Florida Realtors, the year-to-date sales of single-family homes is flat relative to the same time last year. Tight housing supply, rising mortgage rates and a strong U.S. dollar are possible headwinds for Florida's housing market in the near-term.

Florida Economic Outlook

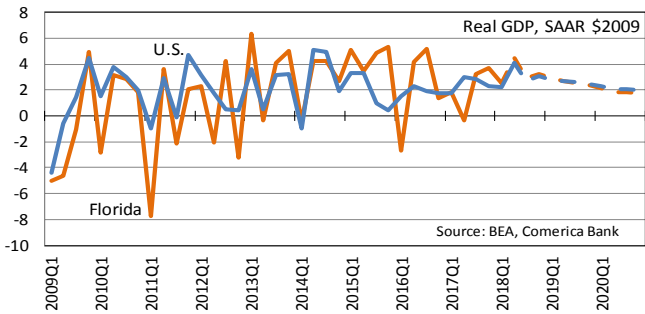
	1Q'18a	2Q'18a	3Q'18f	4Q'18f	1Q'19f	2Q'19f	3Q'19f	4Q'19f	2017a	2018f	2019f
State GDP											
Real GDP (Chained 2009 Millions \$)	850192	859525	865745	872587	878819	884692	890260	895510	836056	862012	887320
Percent Change Annualized	2.5	4.5	2.9	3.2	2.9	2.7	2.5	2.4	2.2	3.1	2.9
Labor and Demographics											
Payroll Jobs (Thousands)	8699	8745	8798	8847	8894	8937	8978	9017	8570	8772	8956
Percent Change Annualized	3.0	2.2	2.4	2.3	2.1	2.0	1.9	1.7	2.2	2.4	2.1
Unemployment Rate (Percent)	3.9	3.8	3.7	3.6	3.5	3.5	3.4	3.3	4.2	3.8	3.4
Population (Thousands)	21268	21369	21463	21552	21638	21717	21796	21875	21032	21413	21756
Percent Change Annualized	1.9	1.9	1.8	1.7	1.6	1.5	1.5	1.4	1.6	1.8	1.6
Net Migration (Thousands)	84.7	77.6	73.5	69.9	64.1	63.5	62.7	62.2	312.0	305.6	252.6
Personal Income											
Total Personal Income (Nom., Millions \$)	1010050	1021303	1035186	1048666	1062247	1075329	1088621	1101781	983559	1028801	1081995
Percent Change Annualized	5.0	4.5	5.5	5.3	5.3	5.0	5.0	4.9	3.8	4.6	5.2
Housing											
Housing Starts (Total, Ann. Rate)	128559	132540	128325	129715	131152	132337	133454	134476	118305	129785	132855
Percent Change Annualized	28.0	13.0	-12.1	4.4	4.5	3.7	3.4	3.1	4.9	9.7	2.4
SF Housing Starts (# of Units, Ann Rate)	89368	99212	94579	95629	96694	97571	98481	99295	86115	94697	98010
MF Housing Starts (# of Units, Ann Rate)	39191	33328	33746	34086	34458	34767	34973	35181	32190	35088	34845
Existing Home Sales (Ths. of Units, Ann Rate)	533	531	539	545	551	555	559	563	522	537	557
House Prices, FHFA (1991 Q1=100, SA)	300	306	311	315	320	325	330	335	285	308	327
Year/Year Percent Change	8.4	8.5	8.3	7.3	6.7	6.3	6.2	6.1	9.4	8.1	6.3
Bankruptcies											
Total Business (12 Months Ending)	1682	1675	1641	1609	1587	1570	1557	1552	1682	1652	1566
Total Personal (12 Months Ending)	40088	39667	39364	38942	38641	38376	38242	38303	42228	39515	38390

a = actual f = forecast

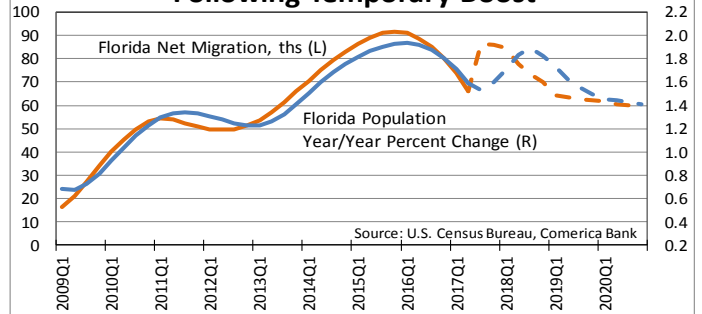
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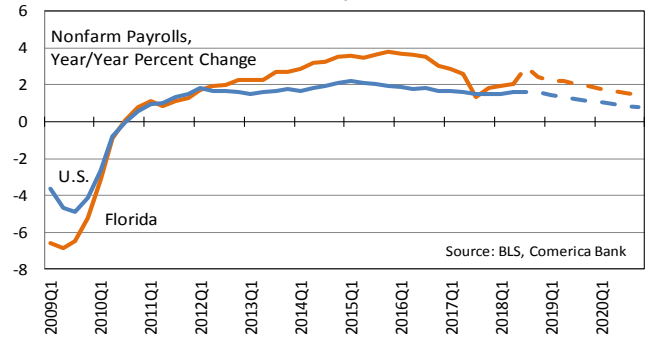
Florida GDP Growth Closer to Average



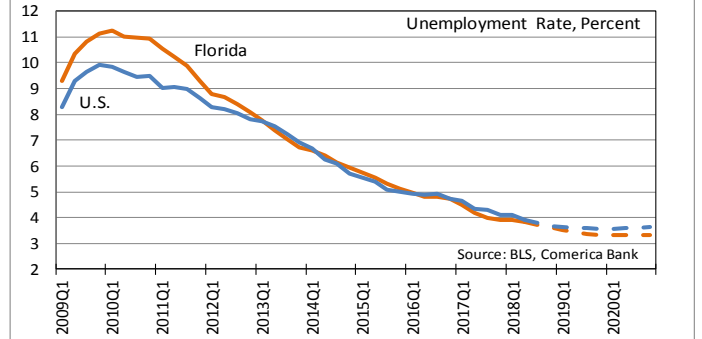
Population Growth to Return to Trend Following Temporary Boost



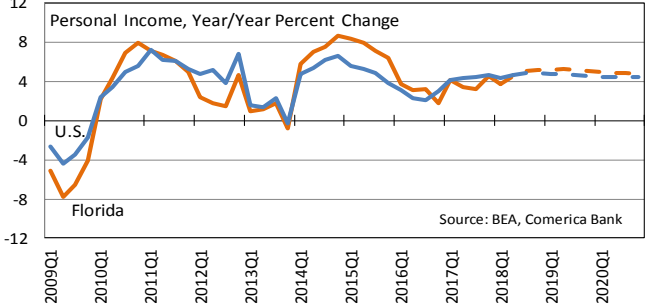
State Added 99,400 Jobs in H1



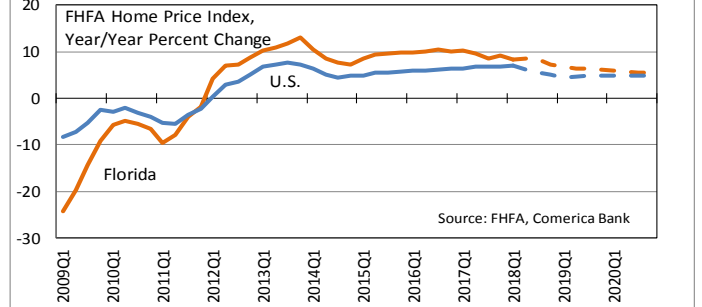
June Florida U. Rate at 3.8%



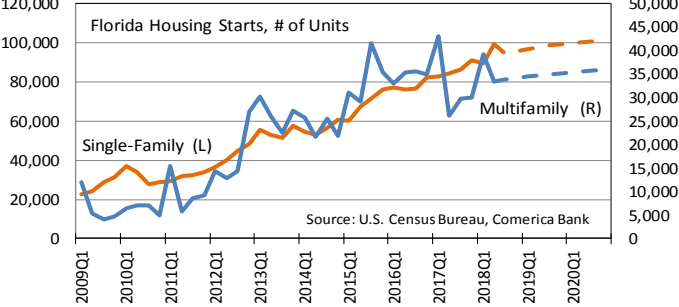
Rising Incomes Are Supportive of Florida Consumer Spending



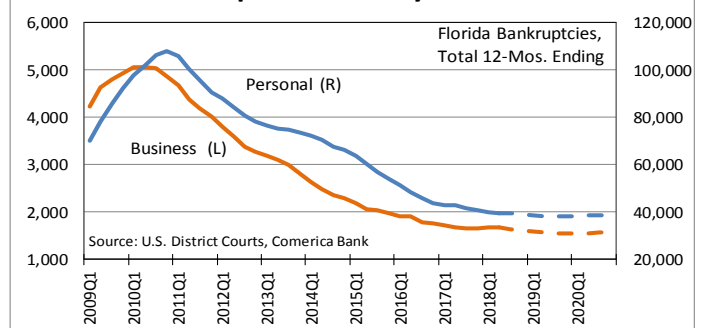
Tight Supply of Single-Family Homes Boosts Prices



Florida Multifamily Construction Remains Range Bound



Bankruptcies Near Cyclical Lows



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