

The Florida Economy's Virtuous Cycle Continues

The Florida economy maintained positive economic momentum heading into early 2019. Florida added 231,200 jobs in 2018, up from the 163,900 net new jobs in 2017. In 2019 we expect to see another 230,000 net new jobs. The influx of people moving to the state following Hurricane Maria was a boost to Florida's labor market in 2018. It increased both the total number of job-seekers and demand for goods and services last year. In Florida, people are attracting jobs, which are attracting more people in a virtuous cycle. We look for net migration to remain positive as workers and retirees continue to flock to the state this year, driving population growth. Florida's strong population growth also spurred demand for housing in 2018. Single-family existing home sales were up 2.2 percent for the year, according to Florida Realtors. The inventory of existing single-family homes for sale remained tight, supporting an 8.6 percent gain in Florida existing home prices for the year ending in 2018Q3. We expect Florida home price growth to moderate in 2019 as builders supply more inventory this year. The state's tourism industry has also seen strong growth. Total domestic visitors to Florida was up 7.7 percent year to date through 2018Q3, according to Visit Florida. PortMiami set a record with 5.4 million cruise passengers travelling through its port in 2018. Lower consumer confidence is a downside risk for Florida tourism in 2019. State total trade, the sum of total exports and imports, also improved last year, reaching \$126 billion by November 2018. A risk to state trade this year is uncertainty surrounding U.S./ China trade negotiations. We look for ongoing strong population growth to keep the Florida economy on track in 2019 despite U.S. and global headwinds.

Florida Economic Outlook

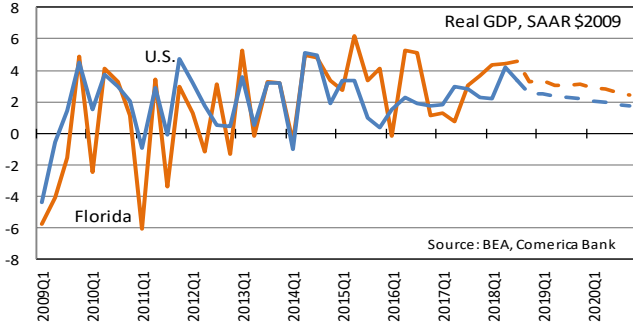
| | 2Q'18a | 3Q'18a | 4Q'18f | 1Q'19f | 2Q'19f | 3Q'19f | 4Q'19f | 1Q'20f | 2017a | 2018f | 2019f |
|---|------------|-------------|-------------|------------|------------|------------|------------|------------|------------|-------------|------------|
| State GDP | | | | | | | | | | | |
| Real GDP (Chained 2009 Millions \$) | 912196 | 922521 | 929950 | 937678 | 944738 | 951895 | 959235 | 966083 | 883122 | 916743 | 948386 |
| Percent Change Annualized | 4.5 | 4.6 | 3.3 | 3.4 | 3.0 | 3.1 | 3.1 | 2.9 | 2.2 | 3.8 | 3.5 |
| Labor and Demographics | | | | | | | | | | | |
| Payroll Jobs (Thousands) | 8750 | 8819 | 8870 | 8934 | 8989 | 9042 | 9095 | 9148 | 8570 | 8784 | 9015 |
| Percent Change Annualized | 2.4 | 3.2 | 2.3 | 2.9 | 2.5 | 2.4 | 2.4 | 2.3 | 2.2 | 2.5 | 2.6 |
| Unemployment Rate (Percent) | 3.8 | 3.6 | 3.3 | 3.1 | 3.0 | 2.9 | 2.8 | 2.8 | 4.2 | 3.7 | 3.0 |
| Population (Thousands) | 21299 | 21393 | 21483 | 21574 | 21661 | 21745 | 21826 | 21907 | 21016 | 21348 | 21701 |
| Percent Change Annualized | 1.6 | 1.8 | 1.7 | 1.7 | 1.6 | 1.6 | 1.5 | 1.5 | 1.7 | 1.6 | 1.7 |
| Net Migration (Thousands) | 79.5 | 74.6 | 73.9 | 69.5 | 67.8 | 65.5 | 65.1 | 65.1 | 308.1 | 305.0 | 267.9 |
| Personal Income | | | | | | | | | | | |
| Total Personal Income (Nom., Millions \$) | 1041256 | 1052279 | 1065586 | 1078431 | 1092243 | 1106916 | 1121736 | 1136334 | 1000624 | 1048928 | 1099831 |
| Percent Change Annualized | 1.8 | 4.3 | 5.2 | 4.9 | 5.2 | 5.5 | 5.5 | 5.3 | 5.0 | 4.8 | 4.9 |
| Housing | | | | | | | | | | | |
| Housing Starts (Total, Ann. Rate) | 128998 | 132639 | 131192 | 132890 | 134168 | 135261 | 136262 | 137026 | 118305 | 130243 | 134645 |
| Percent Change Annualized | 2.7 | 11.8 | -4.3 | 5.3 | 3.9 | 3.3 | 3.0 | 2.3 | 4.9 | 10.1 | 3.4 |
| SF Housing Starts (# of Units, Ann Rate) | 98016 | 91758 | 93079 | 94458 | 95347 | 96107 | 96803 | 97367 | 86115 | 93125 | 95679 |
| MF Housing Starts (# of Units, Ann Rate) | 30982 | 40881 | 38113 | 38432 | 38821 | 39154 | 39459 | 39659 | 32190 | 37118 | 38967 |
| Existing Home Sales (Ths. of Units, Ann Rate) | 546 | 532 | 523 | 531 | 536 | 541 | 545 | 548 | 528 | 536 | 538 |
| House Prices, FHFA (1991 Q1=100, SA) | 306 | 312 | 317 | 322 | 326 | 330 | 334 | 338 | 284 | 308 | 328 |
| Year/Year Percent Change | 8.8 | 8.9 | 8.2 | 7.4 | 6.7 | 6.0 | 5.5 | 5.2 | 9.3 | 8.6 | 6.4 |
| Bankruptcies | | | | | | | | | | | |
| Total Business (12 Months Ending) | 1675 | 1654 | 1681 | 1634 | 1621 | 1604 | 1588 | 1575 | 1682 | 1673 | 1612 |
| Total Personal (12 Months Ending) | 39667 | 40764 | 42131 | 41270 | 40666 | 40647 | 40546 | 40491 | 42228 | 40663 | 40782 |

a = actual f = forecast

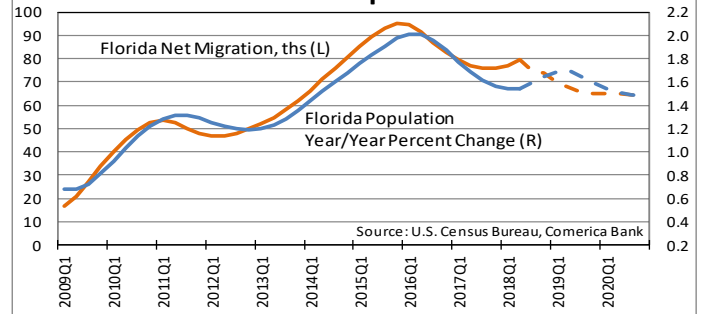
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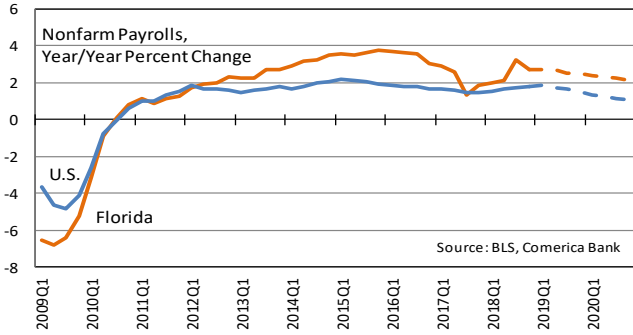
Florida Economy Sees Solid Momentum



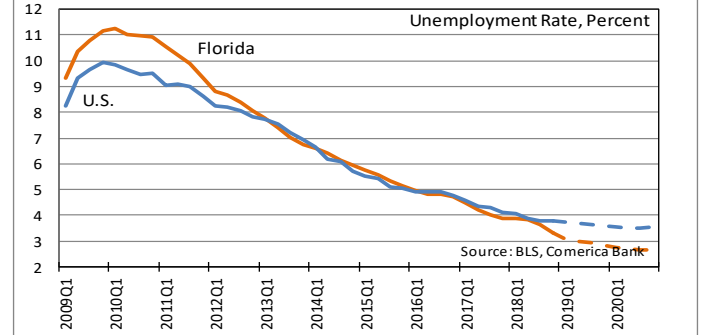
Population Growth Will Moderate Over the Next Couple of Years



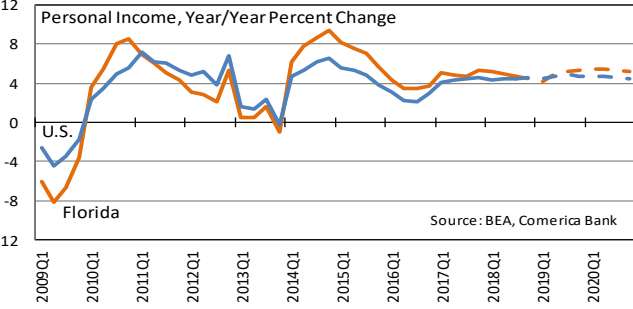
Florida Up 231,200 Jobs in 2018



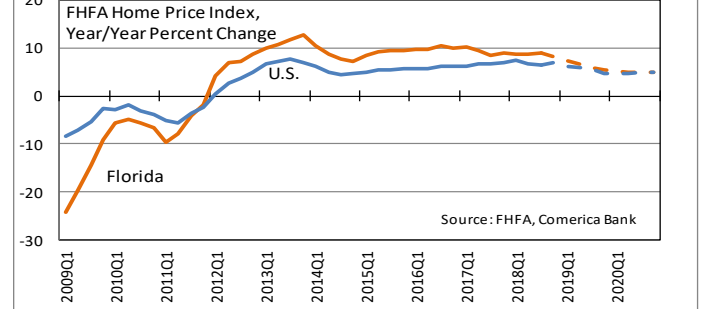
December Florida U. Rate Down to 3.3%



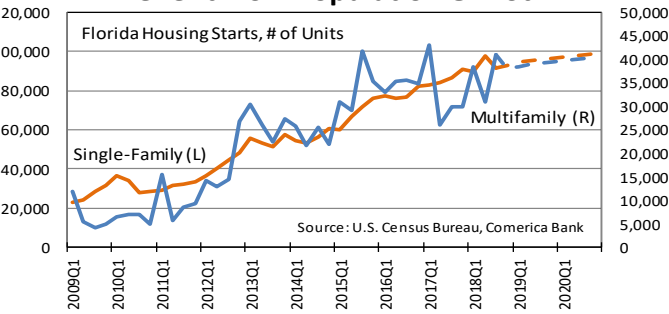
Strong Income Growth to Support Consumer Spending



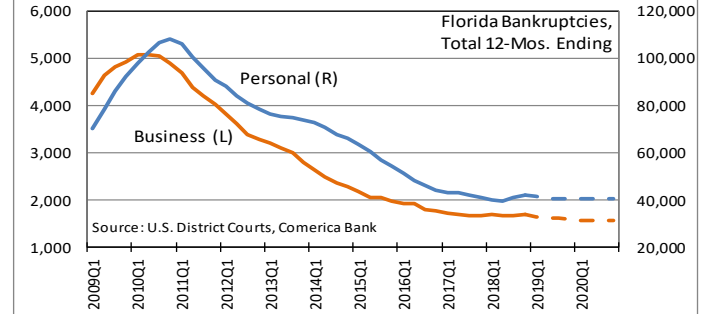
SF Home Prices Boosted by Tight Supply



Construction Industry Continues to Benefit from Population Growth



Bankruptcies Near Cyclical Lows



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