

Economic Growth in Florida Set to Moderate in 2023

The Floridian economy grew a robust 4.0% in 2022, nearly twice the national rate of 2.1%. The Sunshine State’s real GDP growth is expected to slow to a cooler 1.3% in 2023, as headwinds from high inflation, rising interest rates, and weaker national and global economies weigh on the state’s economy.

Lured by warm weather, low taxes, and plentiful job opportunities, migration to Florida is expected to slow slightly from 2022 but still be solid, fueling another year of rapid population gains. Payroll employment is projected to rise by 2.3%, a step down from 2022’s 5.7% jump. Florida’s unemployment rate is anticipated to average 3.1%, roughly a percentage point below the national average. Rising employment and solid wage gains are forecast to keep income growth roughly on pace with 2022.

Housing starts dropped sharply in the third quarter of 2022, but multifamily activity has led a modest rebound since. Homebuilding is expected to gain momentum in the latter half of 2023, as mortgage rates and construction costs ease. Even so, housing starts are projected to be down in 2023 from 2022.

Business and personal bankruptcies, which fell sharply in 2022, are expected to normalize higher in 2023, as households and businesses face a prolonged period of higher interest rates.

Florida Economic Outlook											
	1Q'22a	2Q'22a	3Q'22a	4Q'22p	1Q'23f	2Q'23f	3Q'23f	4Q'23f	2021a	2022p	2023f
State GDP											
Real GDP (Chained 2009 Billions \$)	1,060	1,065	1,074	1,084	1,087	1,087	1,084	1,083	1,030	1,071	1,085
Percent Change Annualized	-2.4	-0.7	5.2	6.2	0.8	0.1	-0.9	-0.6	8.4	4.0	1.3
Labor and Demographics											
Payroll Jobs (Millions)	9.2	9.4	9.5	9.6	9.7	9.7	9.7	9.6	8.9	9.4	9.6
Percent Change Annualized	4.4	5.8	5.9	3.0	3.0	0.7	-0.5	-2.2	4.6	5.7	2.3
Unemployment Rate (Percent)	3.3	2.9	2.7	2.7	2.7	3.0	3.3	3.6	4.7	2.9	3.1
Population (Millions)	22.1	22.2	22.4	22.6	22.7	22.8	23.0	23.1	21.9	22.3	22.9
Percent Change Annualized	2.0	2.4	2.7	3.0	2.4	2.0	2.7	2.1	1.2	2.1	2.5
Net Migration (Thousands)	116.8	132.8	145.0	109.9	119.5	127.4	99.5	86.4	353.7	504.5	432.7
Personal Income											
Total Personal Income (Nominal Billions \$)	1,368	1,395	1,433	1,463	1,480	1,486	1,484	1,473	1,356	1,415	1,481
Percent Change Annualized	1.6	8.1	11.5	8.5	4.9	1.7	-0.6	-3.1	6.9	4.3	4.7
Housing											
Housing Starts (Thousands, Annual Rate)	215.5	218.9	169.9	174.2	175.5	177.9	180.5	195.9	193.3	194.6	182.5
Percent Change Annualized	14.8	6.4	-63.7	10.5	3.1	5.7	5.9	38.8	22.5	0.7	-6.2
SF Housing Starts (1,000s Units, Annual Rate)	153.8	148.5	117.4	113.6	114.5	113.3	111.8	119.1	144.2	133.3	114.7
MF Housing Starts (1,000s Units, Annual Rate)	61.7	70.4	52.5	60.6	61.0	64.6	68.7	76.8	49.1	61.3	67.8
House Prices, FHFA (1991 Q1=100, SA)	490	520	528	528	530	544	539	531	417	517	536
Year/Year Percent Change	29.8	29.7	22.6	15.2	8.1	4.6	2.0	0.6	21.1	23.9	3.7

a = actual p = preliminary f = forecast

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