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Florida's Economy to Grow Faster than the U.S. Economy Again in 2025

Following robust economic growth of 3.6% in 2024, the Floridian economy is expected to grow at a slower pace in 2025, but still outperform the national economy. The Sunshine State's employment growth, which was the fastest for any large state in recent years, is expected to moderate in 2025, as hiring slows in the critical agriculture and tourism sectors. While the unemployment rate is anticipated to rise, it is, nonetheless, expected to be markedly lower than the national unemployment rate. Job opportunities in the Sunshine State are projected to pick up in the second half of 2025 and into 2026 on the back of fiscal stimulus and greater clarity on international trade. A rebound in job openings, along with the long-standing draws of low taxes, mild winters, and housing that's more affordable than the Northeast, are expected to contribute to another solid year of population gains.

A cooler labor market and more modest growth in household income from dividends and interest will likely translate to moderate growth of incomes for Floridians in 2025. The outlook is expected to brighten next year in line with a rebound in the labor market, tax cuts, and reduced trade policy uncertainty as trade deals are negotiated and signed.

Housing construction and sales are expected to remain soft with homebuilder sentiment subdued and affordability strained by high house prices and mortgages rates. Also, listings of existing homes have risen in the first half of 2025, limiting demand for new construction. Tariffs on softwood lumber and other construction materials are additional headwinds for the sector. Single-family construction is projected to add around 120,000 units to Florida's housing supply in 2025. After falling sharply in the prior two years, multifamily construction is off to a flying start in 2025. Multifamily demand will be supported by laws that discourage buyers looking at older multifamily units. High single-family housing costs in much of the state are a further support for multifamily housing demand. On the back of the aforementioned, around 40,000 units are forecasted to be added in 2025. Reflecting increases in supply, slower employment growth, and more moderate income gains, house prices are forecast to pull back slightly in 2025, then return to increases in 2026; affordability will improve over the forecast horizon. High insurance costs and fewer insurers participating in the state's housing market are ongoing challenges to the industry.

<i>Florida Economic Outlook</i>											
	1Q'25f	2Q'25f	3Q'25f	4Q'25f	1Q'26f	2Q'26f	3Q'26f	4Q'26f	2024a	2025f	2026f
State Output											
Real GDP (Chained 2017 Billions \$)	1,357	1,362	1,371	1,380	1,389	1,398	1,407	1,418	1,340	1,368	1,403
Percent Change Annualized	1.1	1.3	2.8	2.6	2.6	2.5	2.8	3.0	3.6	2.1	2.6
Labor and Demographics											
Payroll Jobs (Millions)	10.0	10.0	10.1	10.1	10.1	10.1	10.2	10.3	9.9	10.1	10.2
Percent Change Annualized	2.8	0.4	0.5	0.6	1.3	1.6	2.3	2.8	1.8	1.1	1.3
Unemployment Rate (Percent)	3.6	3.8	3.9	4.0	3.9	3.8	3.6	3.4	3.4	3.8	3.7
Population (Millions)	23.7	23.8	23.9	23.9	24.0	24.1	24.1	24.2	23.4	23.8	24.1
Percent Change Annualized	1.6	1.5	1.5	1.4	1.3	1.2	1.1	1.0	2.0	1.6	1.3
Personal Income											
Total Personal Income (Nominal Billions \$)	1,688	1,714	1,727	1,742	1,764	1,784	1,807	1,837	1,645	1,718	1,798
Percent Change Annualized	4.9	6.2	3.1	3.5	5.1	4.5	5.5	6.8	5.9	4.4	4.7
Housing											
Housing Starts (Thousands, Annual Rate)	157.0	158.1	159.6	160.9	162.4	164.4	166.7	168.3	164.1	158.9	165.5
Percent Change Annualized	8.6	2.9	3.8	3.3	3.7	5.1	5.7	4.0	-11.2	-3.1	4.1
Single-Family Housing Starts (1,000s Units, Annual Rate)	117.3	118.1	119.1	120.1	121.2	122.8	124.5	125.9	125.8	118.6	123.6
Multi-Family Housing Starts (1,000s Units, Annual Rate)	39.7	40.1	40.6	40.8	41.2	41.7	42.2	42.4	38.2	40.3	41.9
House Price Index, FHFA (1991 Q1=100, SA)	555	554	546	552	549	563	560	569	557	552	560
Year/Year Percent Change	0.1	-0.6	-1.1	-1.9	-1.1	1.7	2.5	3.0	3.6	-0.9	1.5

a = actual f = forecast

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