

Economic Outlook for the State of Florida

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Welcome and Introductions

- REMI models
- Big Picture: REMI Regional Growth Matrix
- Economic outlook
 - Short-term forecast
 - Long-term forecast
- Policy simulation

Model



Regional Economic Models, Inc. (REMI) was founded in 1980 on a transformative idea: *government decision-makers should test the economic effects of their policies before they're implemented.* We are the nation's leader in dynamic local, state and national policy modeling. Our clients use REMI models to perform rigorous economic analysis that critically influences local, state and national policies.

OUR CLIENTS:

Business Roundtable • Sandia National Laboratories • Ernst & Young • Texas Comptroller
University of Michigan • Tennessee Valley Authority • National Education Association
South Coast Air Quality Management District • Florida Legislature
North Carolina Department of Commerce • Wyoming Department of Administration & Information
California Environmental Protection Agency • U.S. Army Corps of Engineers

Florida State Economy

- 3rd-most populous state
- Large Cuban expatriate community and high population growth
- 4th-largest economy of any U.S. state
- The state's economy relies mainly on tourism, transportation, technology, finance, and aerospace

REMI Regional Growth Matrix: Economic & Demographic Factors



Economic Factors

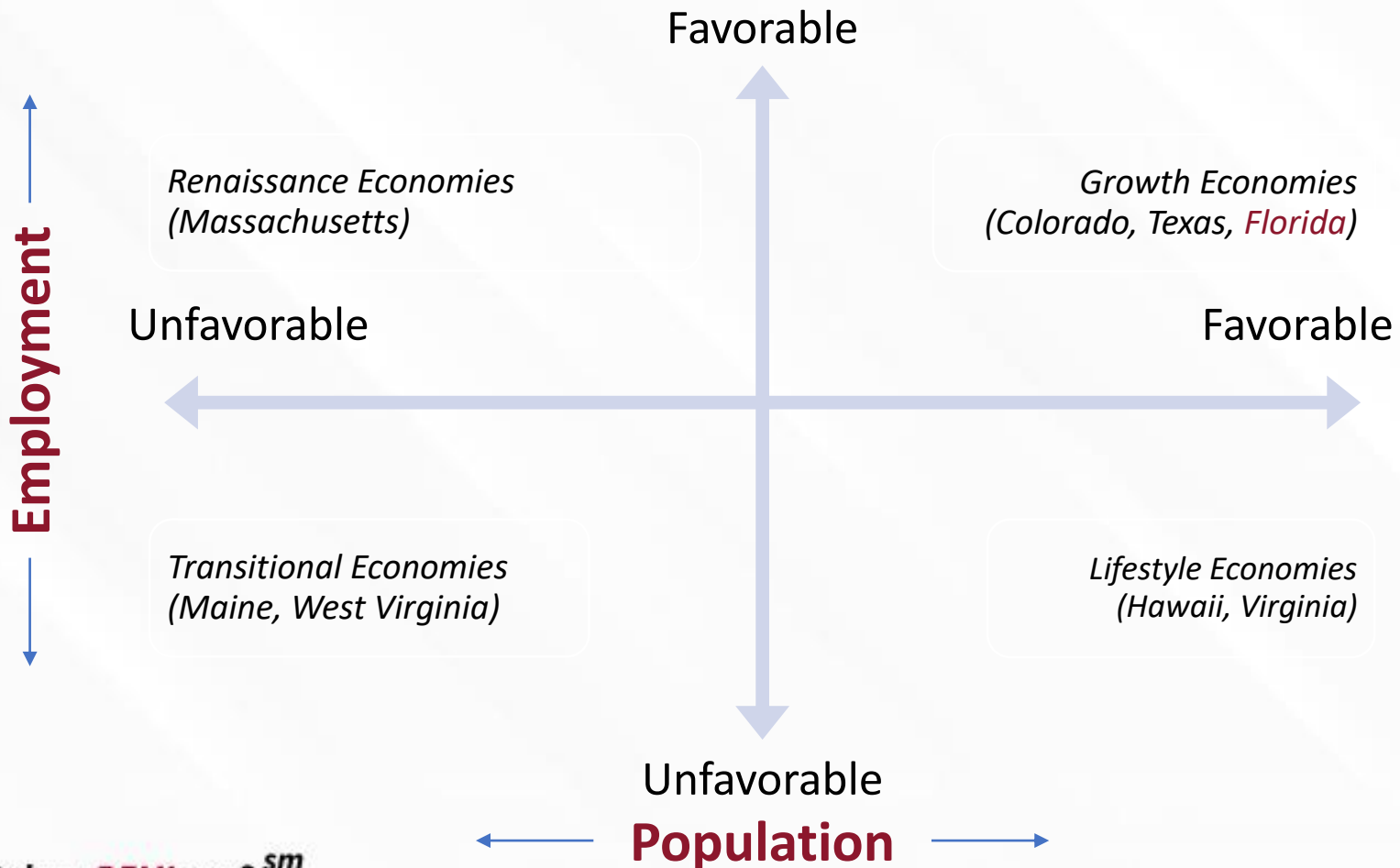
| | Industry Growth | Industry Clusters | Pay | Productivity | Business Cost |
|-------------|-----------------|-------------------|----------------------|--------------|---------------|
| Favorable | Growing | Strong | High-paid industries | High | Low |
| Unfavorable | Declining | Weak | Low-paid industries | Low | High |

Demographic Factors

| | Population Age | Retirees | Immigration | Amenities | Housing Cost |
|-------------|----------------|----------------|----------------------------|-----------|--------------|
| Favorable | Younger | Gains retirees | Immigration gateway | High | Low |
| Unfavorable | Older | Loses retirees | Low internat'l immigration | Low | High |

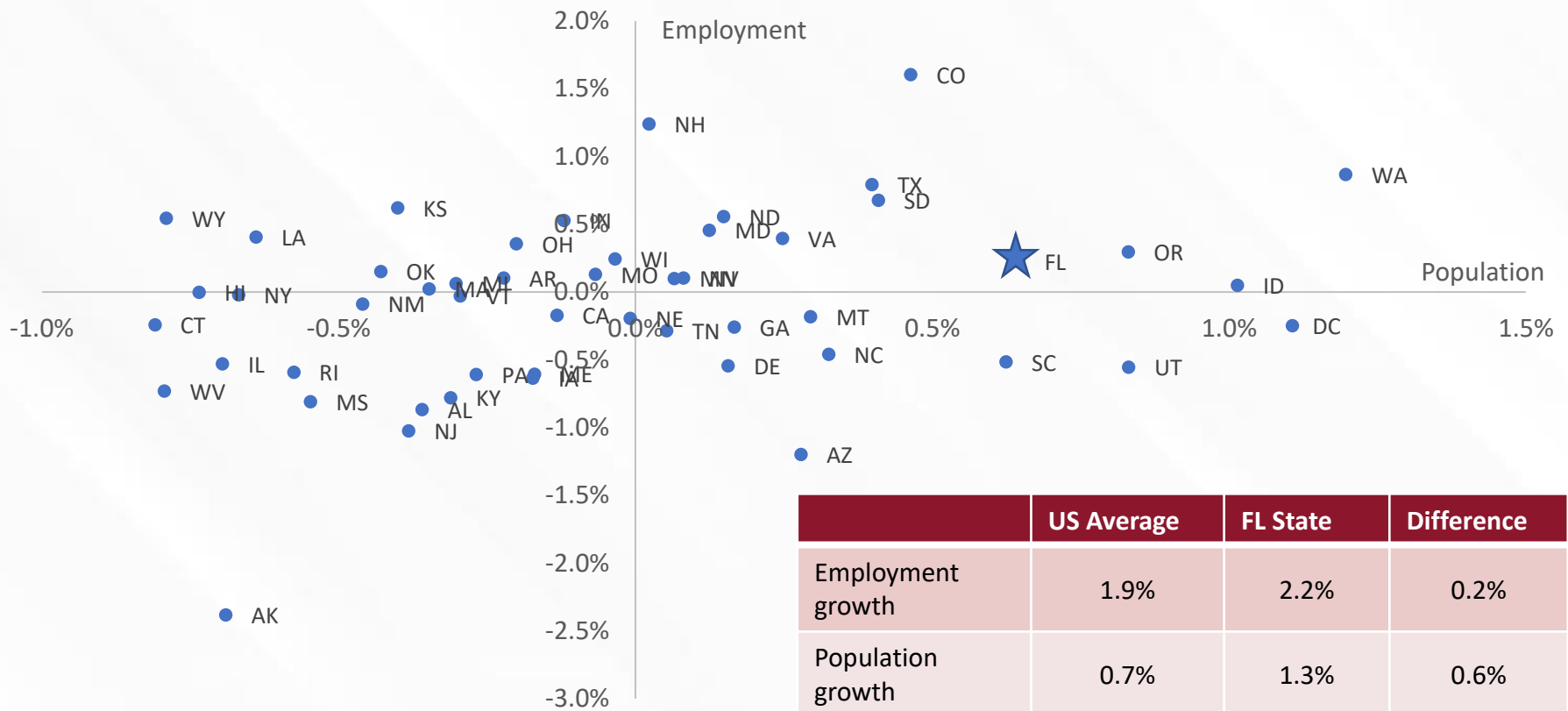
what does **REMI** say? sm

Regional Growth Matrix



Growth Matrix

Difference in Growth from US Average (2021-2022)



Data Sources

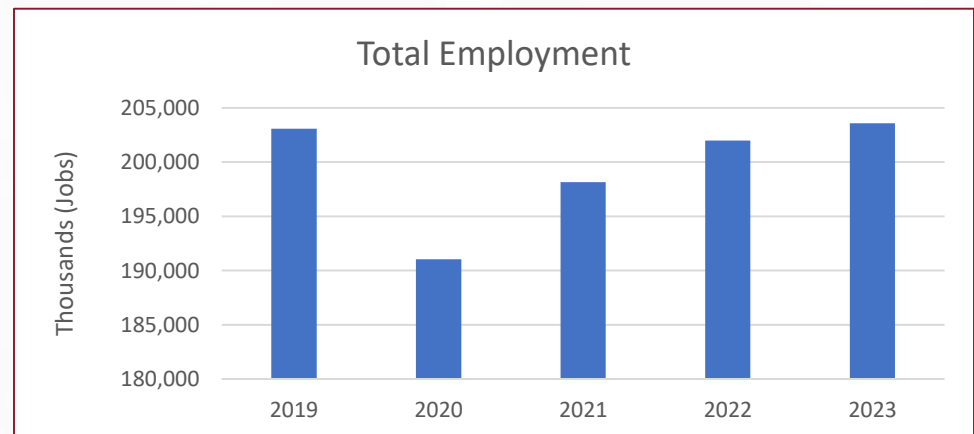
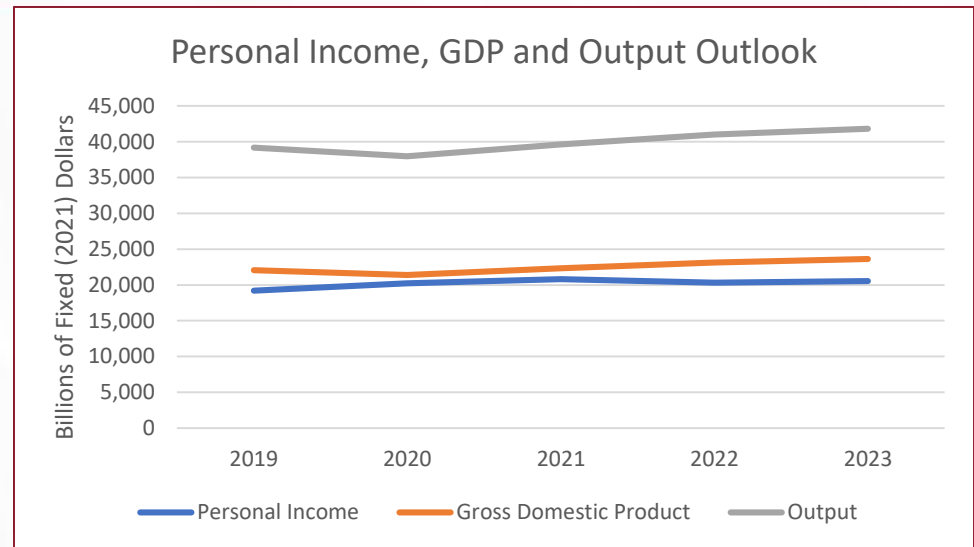
- Baseline (Standard National Control)
 - BLS Forecast Data
- Economic Forecast Update March 2021
 - 2019-2020 historical data from BEA
 - The U.S. Economic Outlook for 2020-2022 from the University of Michigan's Research Seminar in Quantitative Economics (RSQE)
 - An update to the Economics Outlook from CBO
 - Includes \$1.6 trillion out of \$1.9 trillion stimulus moved through Congress¹

National Outlook

Short-Term Outlook: the U.S.



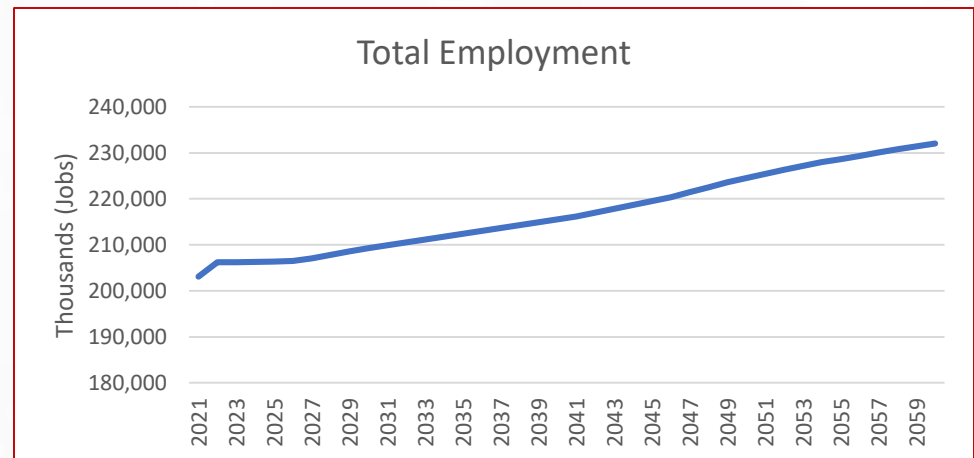
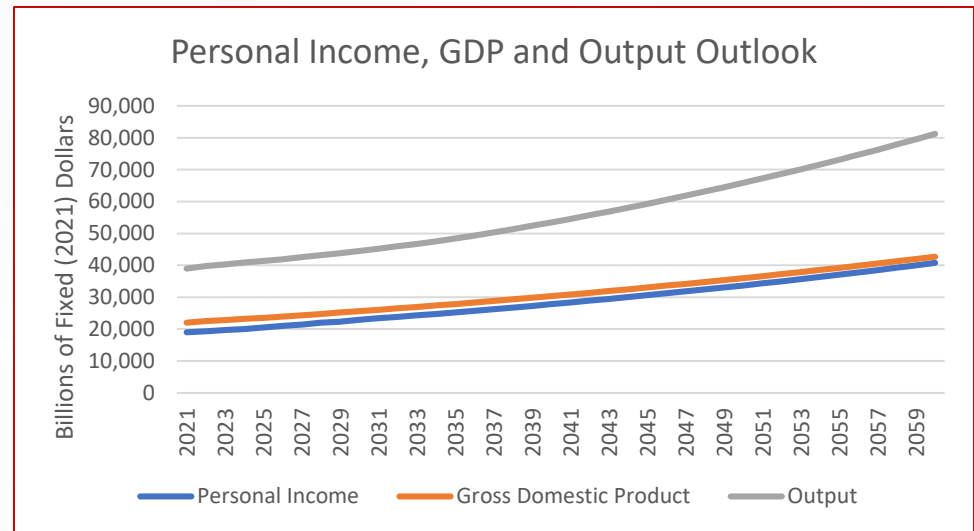
- Years 2019-2023
- Growth 2020-2021
 - Personal income (nominal dollars): 2.9%
 - GDP: 4.4%
 - Output: 4.4%
 - Employment: +7,099 thousand jobs



Long-Term Outlook: The U.S.



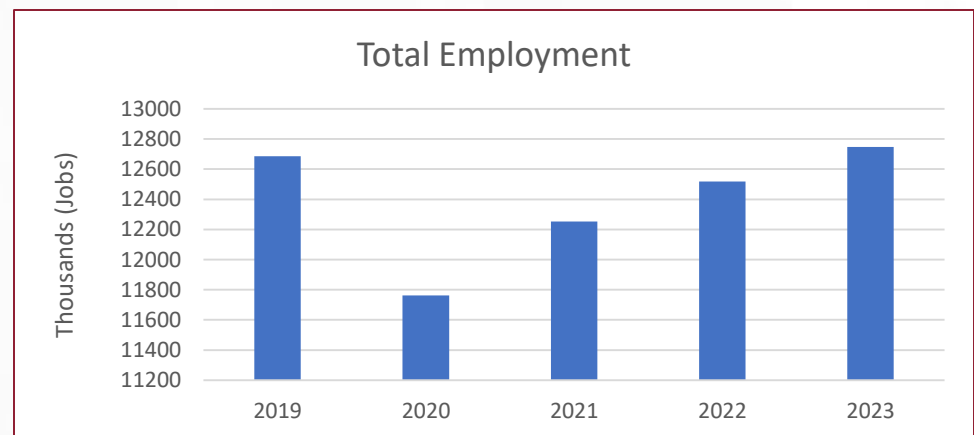
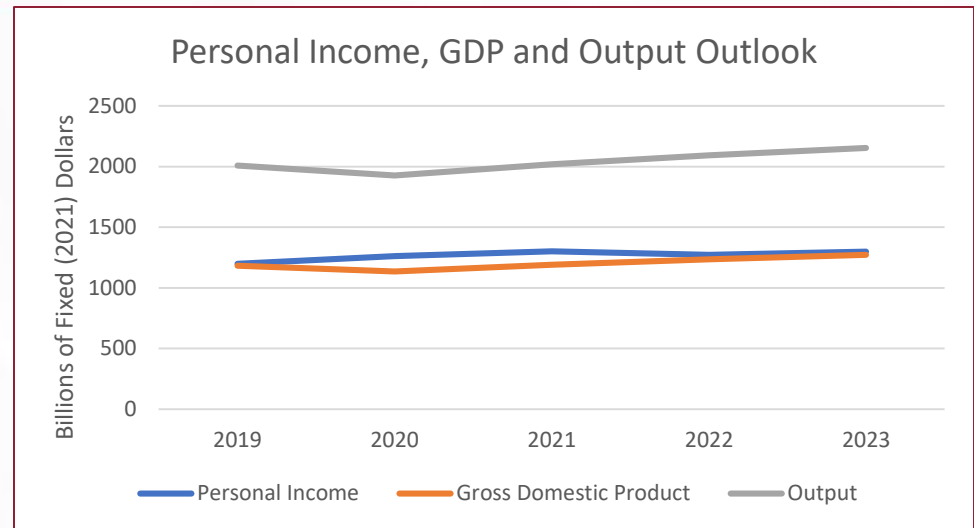
- Years 2021-2060
- Average growth / year
 - Personal income: 1.9%
 - GDP: 1.8%
 - Output: 1.9%
- Total employment:
+741 thousand jobs



Regional Outlook: Florida

Short-Term Outlook: Florida

- Years 2019-2023
- Growth 2020-2021
 - Personal income (nominal dollars): 3.3%
 - GDP: 4.9%
 - Output: 4.8%
 - Employment: +490 thousand jobs
- Uncertainty

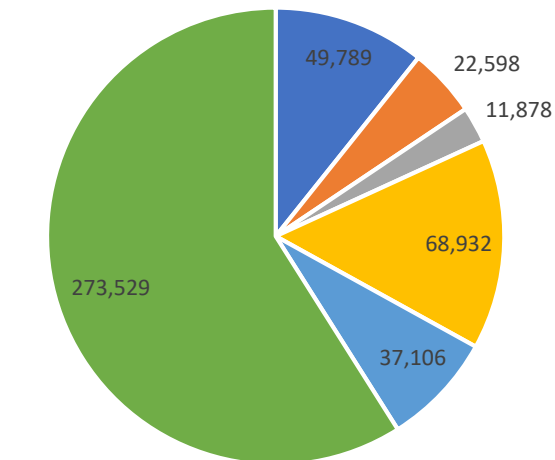


Short-Term Outlook: Employment by Industry



- Industries with largest employment growth rates in 2021
- 2020 - 2021: 190 thousand jobs increasing in the top 5 fast growing industries

Job Increase in The Fastest Growing Industries in 2021

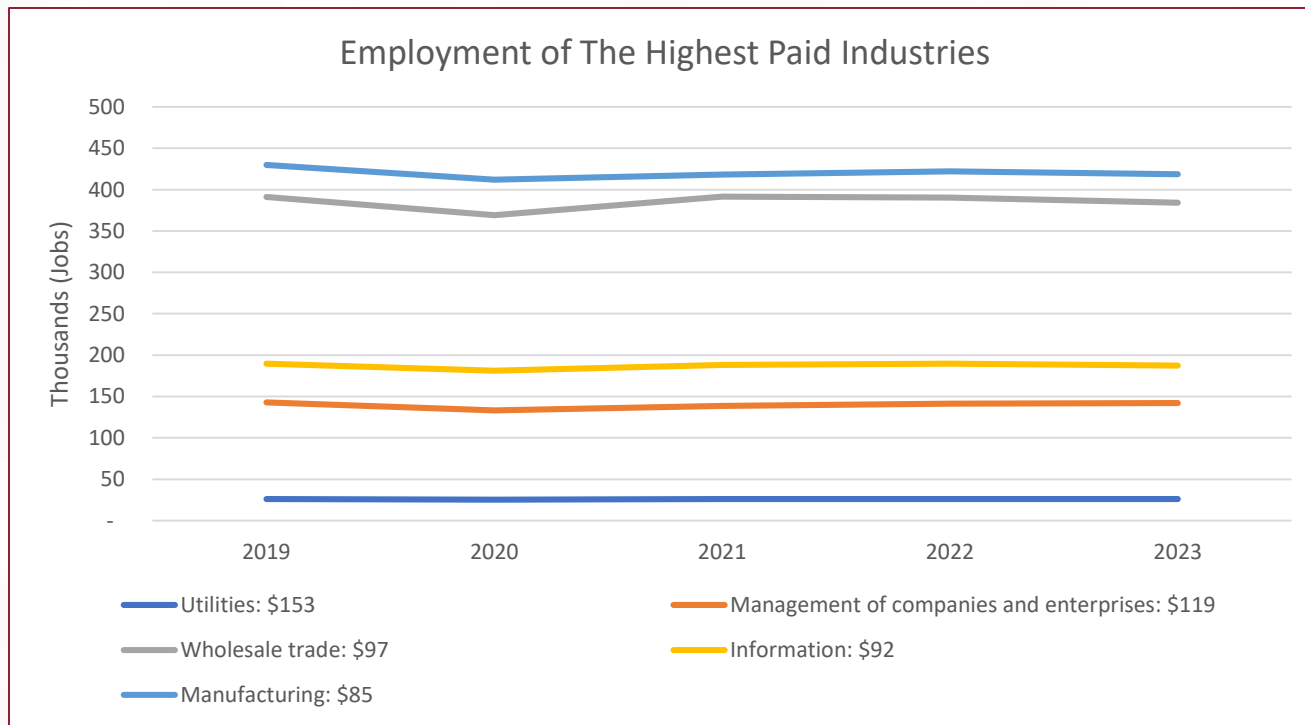


- Construction: 6.59%
- Wholesale trade: 6.12%
- Educational services; private: 5.69%
- Health care and social assistance: 5.57%
- Other services (except public administration): 5.38%
- All other industries

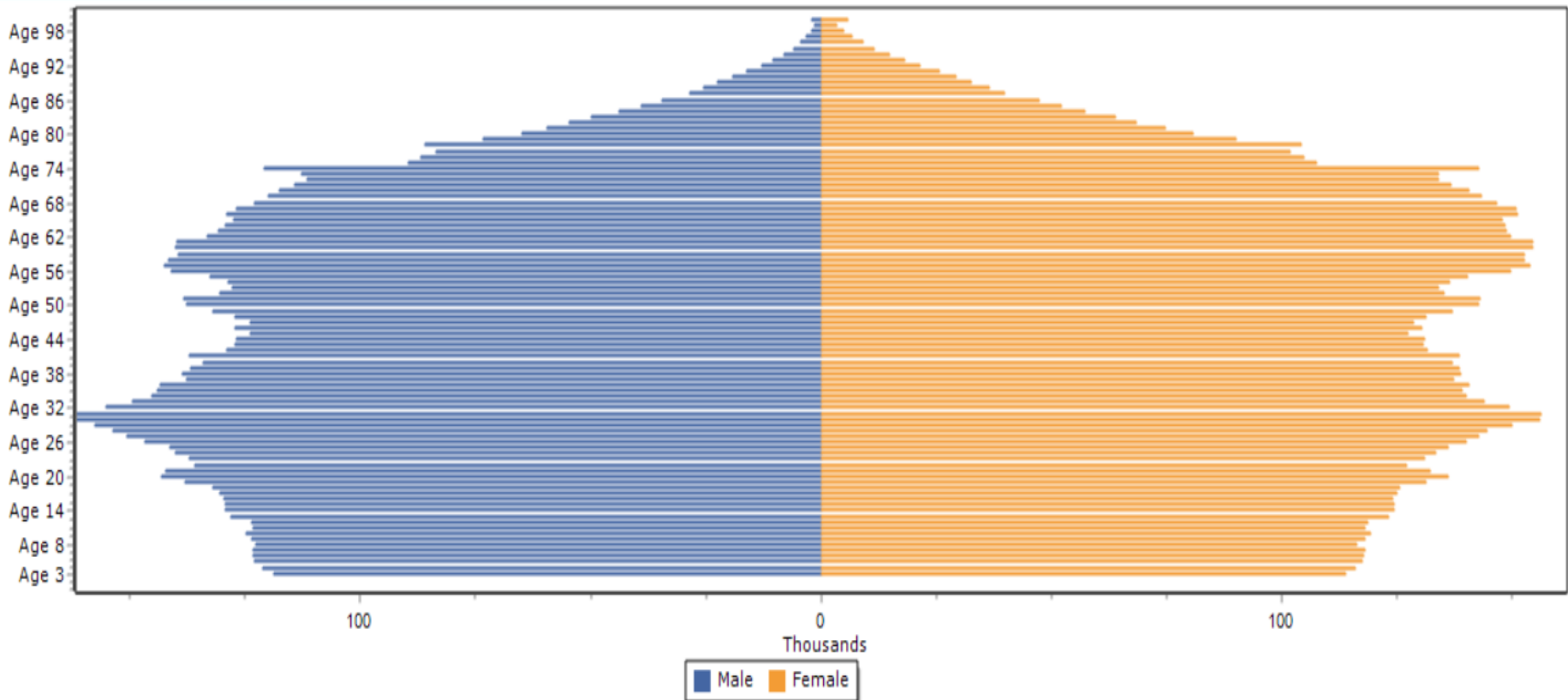
Short-Term Outlook: Employment by Industry



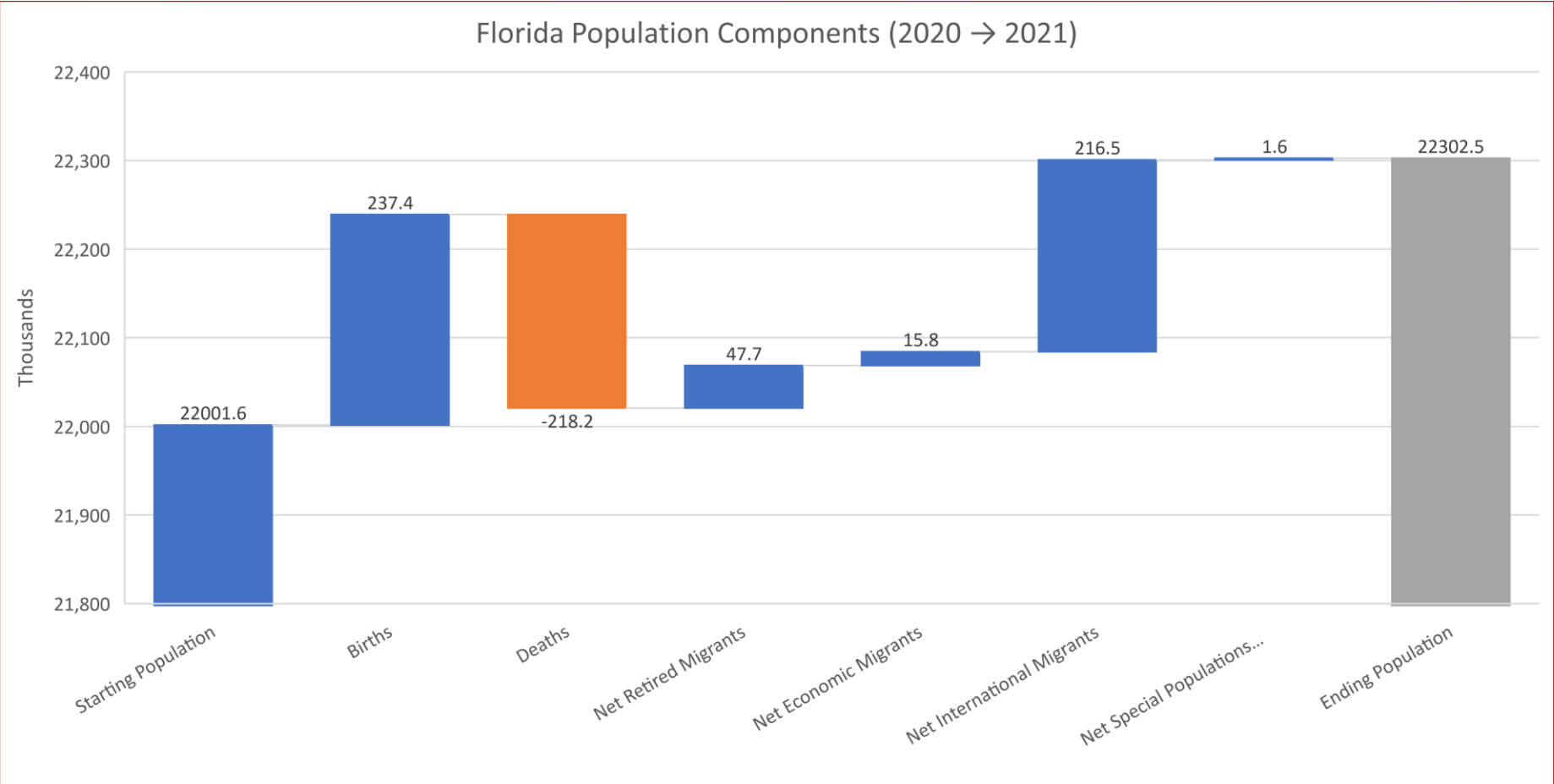
- Industries with highest average annual compensation rates in 2021



Short-Term Outlook: Population Pyramid (2021)

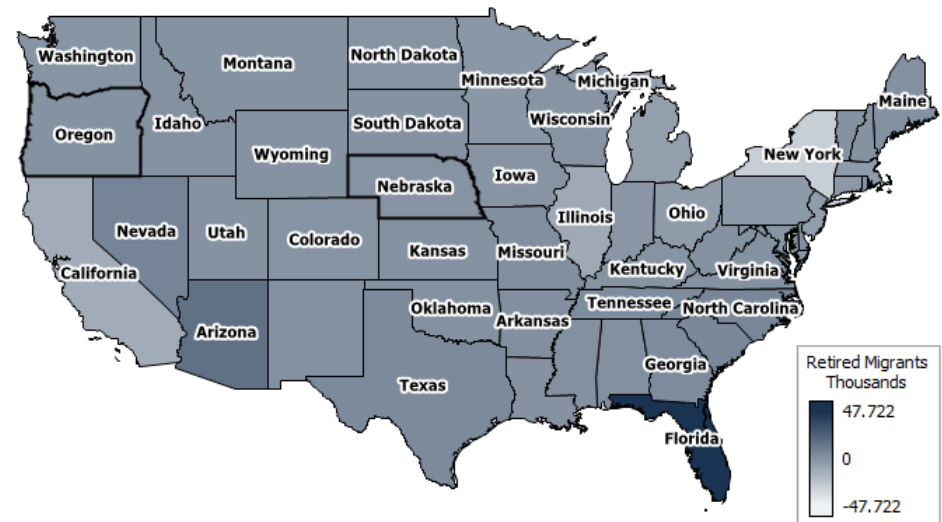


Short-Term Outlook: Population Components



Retired Migrants Profile

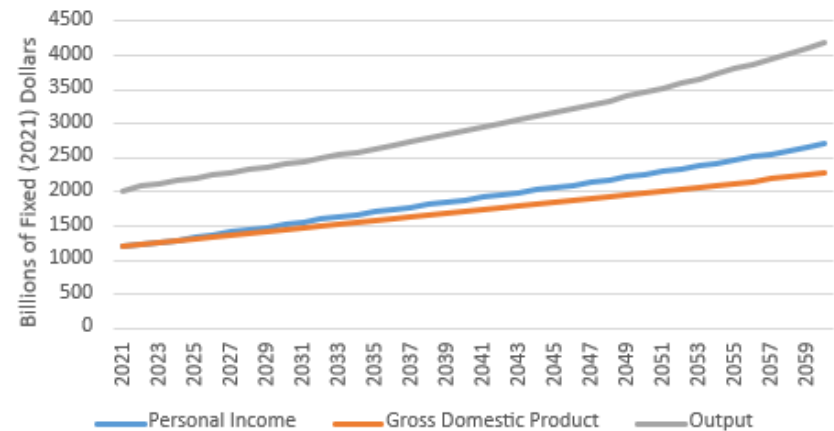
- Year 2021
- Net **47,722** retired migrants into Florida



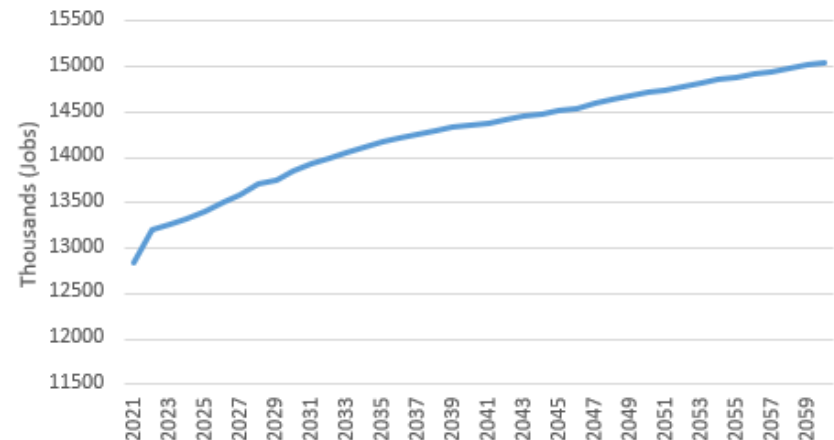
Long-Term Outlook: Florida

- Years 2021-2060
- Average growth / year
 - Personal income: 2.0%
 - GDP: 1.8%
 - Output: 1.9%
 - Total employment: +59 thousand jobs

Personal Income, GDP and Output Outlook



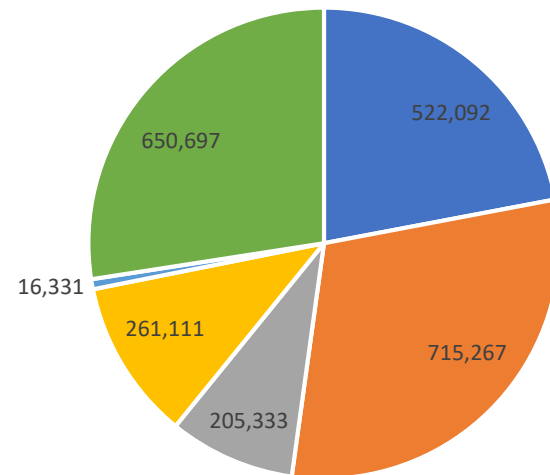
Total Employment



Long-Term Outlook: Employment by Industry

- Industries with fastest employment increasing
- 2020 - 2060: 1.7 million jobs increasing in the top 5 fast growing industries

Job Increase in The Fastest Growing Industries
2020 - 2060

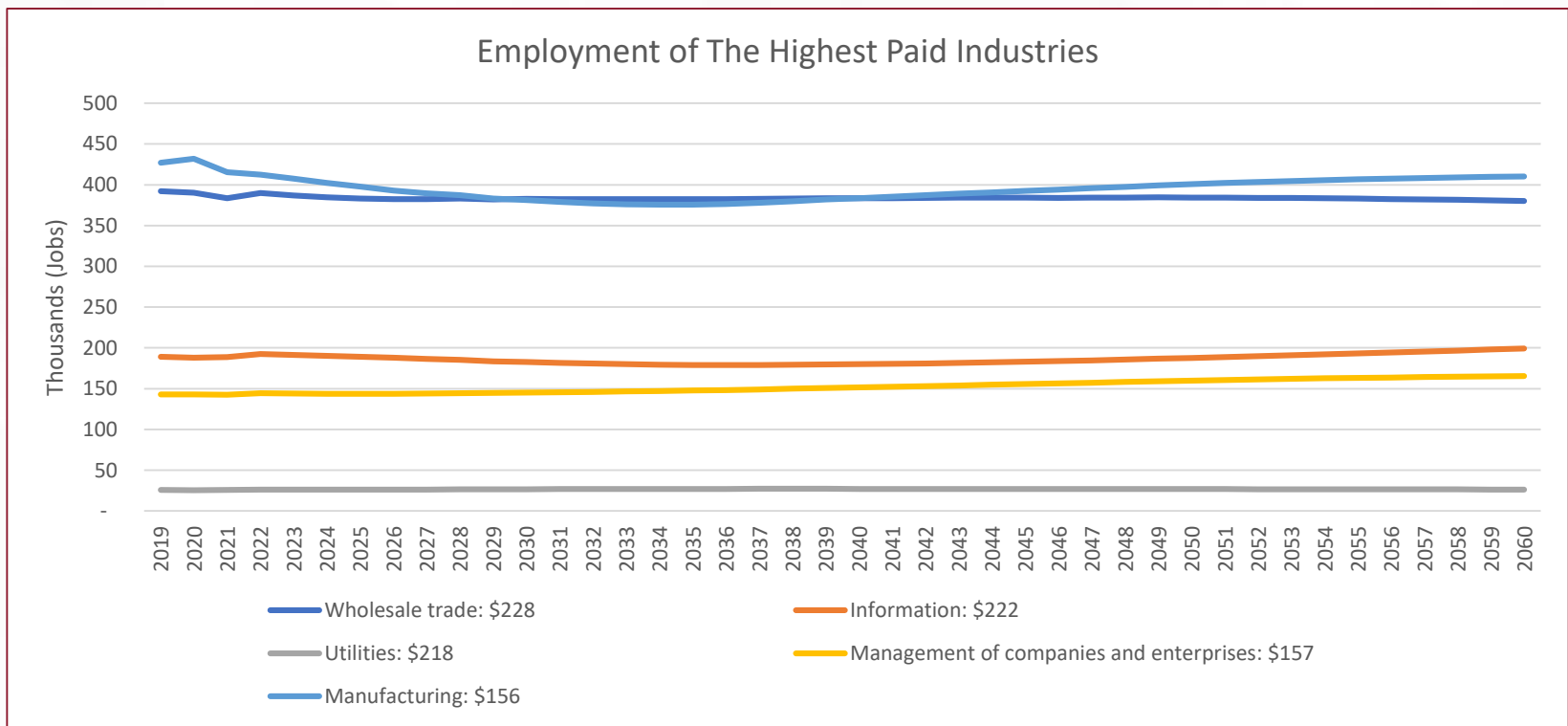


- Professional, scientific, and technical services: 1.13%
- Health care and social assistance: 1.07%
- Real estate and rental and leasing: 0.58%
- Administrative, support, waste management, and remediation services: 0.57%
- Forestry, fishing, and hunting: 0.54%
- All other industries

Long-Term Outlook: Employment by Industry



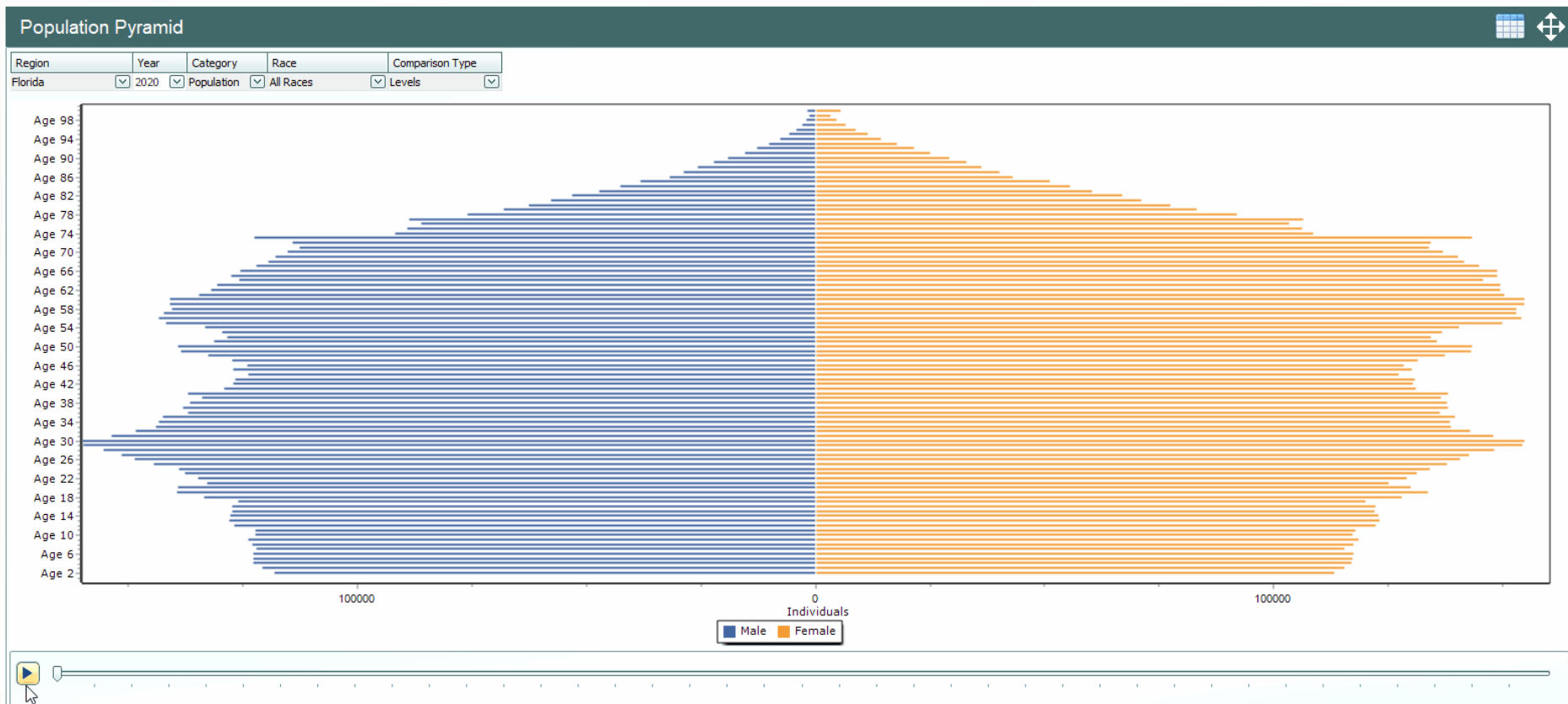
- Employment of industries with highest average annual compensation rates in 2060



Long-Term Outlook: Population Pyramid



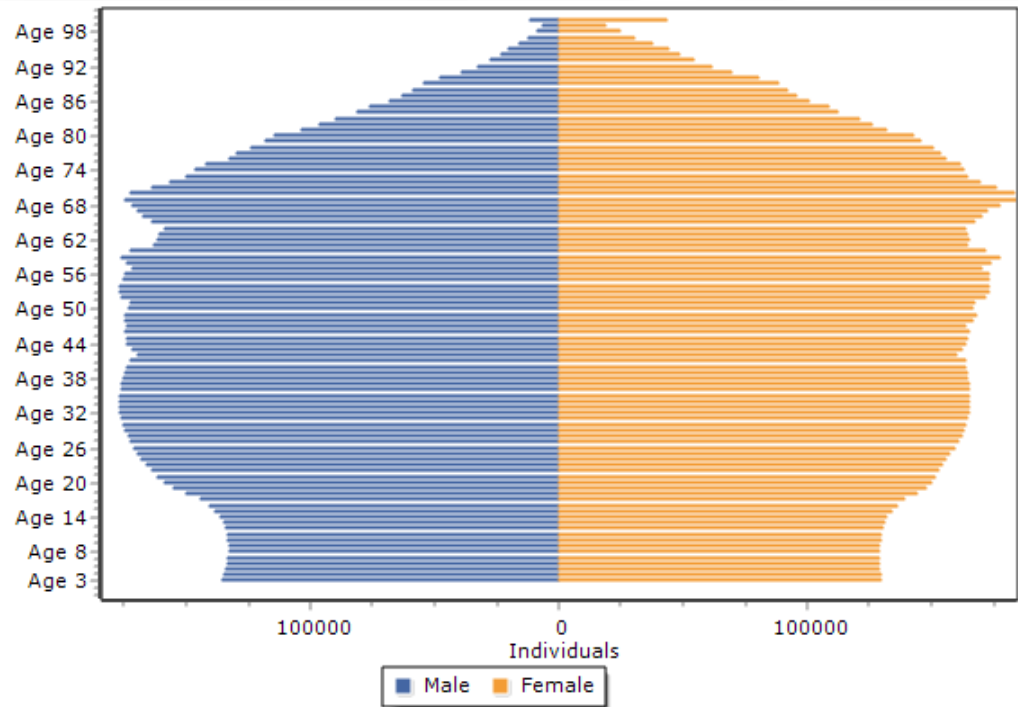
- Year 2060



what does REMI say? sm

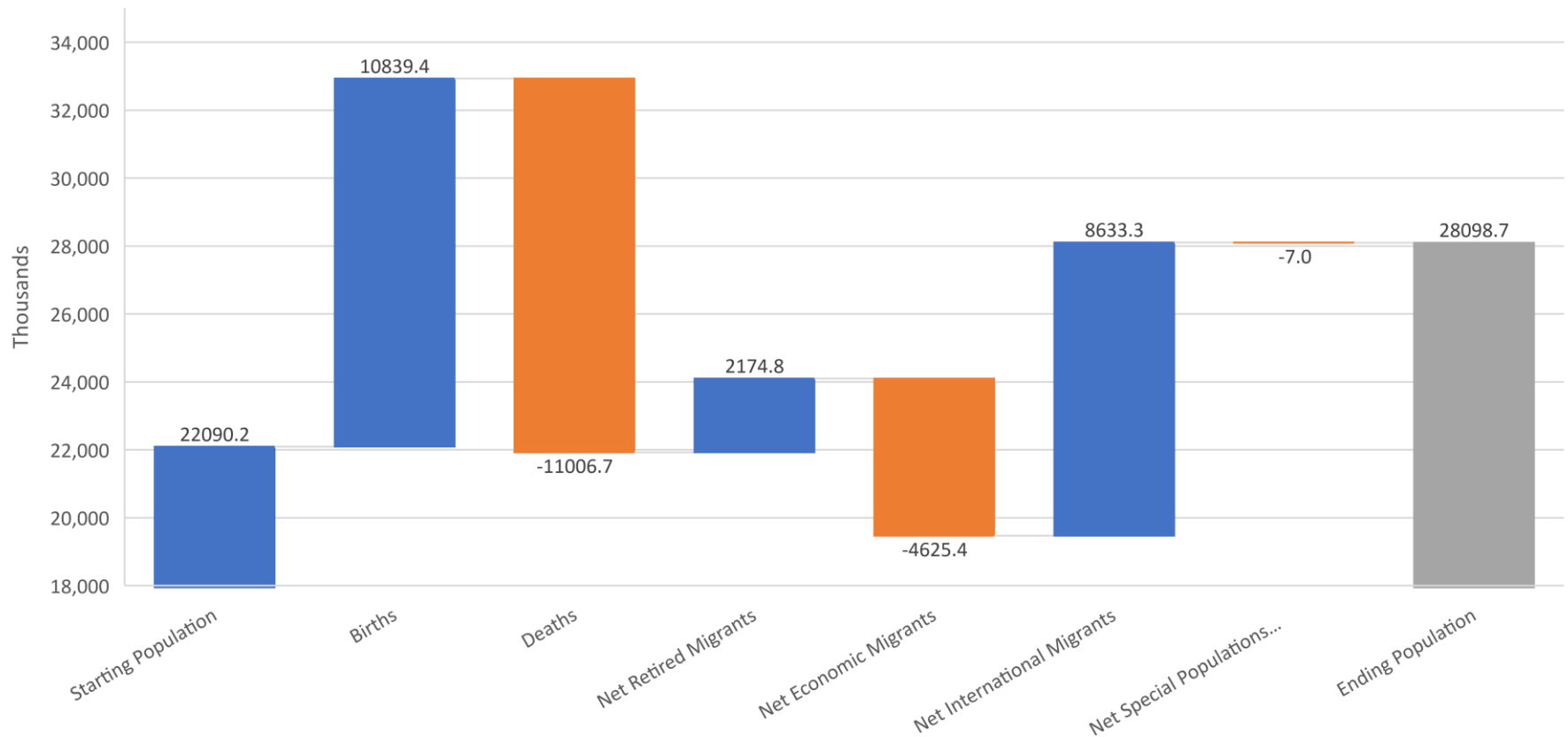
Long-Term Outlook: Population Pyramid

- Year 2060
- Near stationary
 - Low birth rates
 - High overall quality of life
 - Aging population



Population Components

Florida Population Components (2020→2060)



Policy Simulation

Assumptions and Methodology



- 2011: Space Shuttle *Atlantis* retired, taking 7,500 jobs²
- Now, renewed interest in space
 - Space Force, *Perseverance*, SpaceX
- Florida well suited for launches (open water, equatorial)
- Policy:
 - Increase employment (professional/technical services) by 7,500
 - Average annual pay of \$77,000 in 2008
 - Adjust compensation paid to reflect difference from REMI average
 - Tie pay to changes in price index

Conclusion

- Points to consider
 - Government policies
 - Cannibalization in the space sectors
- Economic forecasts can be difficult
 - The outbreak of COVID-19
 - The election of a new president
 - General uncertainty about the economy
- REMI can help
 - Forecasts: Macro modeling used to clarify, calculate, and communicate
 - Simulations: What-if scenarios
 - Dynamic results

Citations

1. Ehrlich, Gabriel M. “The U.S. Economic Outlook for 2021-2022 -- Executive Summary: February 2021.” *College of Literature, Science, and the Arts, University of Michigan*, Research Seminar of Quantitative Economics, University of Michigan, 19 Feb. 2021, lsa.umich.edu/content/dam/econ-assets/Econdocs/RSQE%20PDFs/Exec_Sum_Feb_2021.pdf.
2. Guarine, Jonathan. “Economic Commentary – The Economic Impact of a Rebounded and Revitalized Space Program on Florida's Space Coast.” *Florida TaxWatch*, Florida TaxWatch, 23 Sept. 2020, floridataxwatch.org/Research/Full-Library/ArtMID/34407/ArticleID/18935/EC-SpaceCoast.

Q & A

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