

FLORIDA ECONOMIC FORECAST

2024 - 2030

Florida
TaxWatch

Q3 2024



2024

Mostly sunny,
but a few
clouds appear
on the horizon



2025

Partly cloudy
with a chance
of showers



2026

Storm clouds
gather, with
periods of
heavy rain



2027

Clouds begin
to lift, glimpses
of sunshine



2028

Clearing skies,
with mild breezes
returning



2029

Sunny and stable,
with occasional
passing clouds.

INTRODUCTION

Fueled by a strong global presence in tourism, trade, and real estate development, Florida's economy has grown to nearly \$1.5 trillion. Despite this impressive growth, Florida slipped from the fifteenth largest economy in the world to the sixteenth.¹ Florida began 2024 with strong economic growth trends that outpaced those of the rest of the country. One question to be answered is whether Florida's impressive economic growth is sustainable over the next several years.

This is the third in a series of quarterly Florida TaxWatch economic forecasts. The data upon which these forecasts are based are provided through a partnership with the Regional Economic Consulting Group ("REC Group"), a research-based consulting firm that provides economic studies to help guide and inform business leaders and policy makers. Each quarter, beginning in the first quarter (Q1) of calendar year 2024, the REC Group provides Florida TaxWatch with annual data on the following:

- Population—Florida's resident population;
- Net Migration—the flow of population moving into Florida minus the flow of population moving out of Florida;
- Total Non-Farm Employment—the number of workers in Florida's economy, excluding proprietors, private household employees, unpaid volunteers, farm employees, and unincorporated self-employed;
- Unemployment Rate—the number of unemployed persons as a percentage of the workforce;
- Florida Gross Domestic Product (GDP)—the total market value of goods and services produced;
- Florida Real GDP—the total market value of goods and services produced, adjusted for price changes;
- Personal Income Per Capita—the total statewide income divided by the population; and
- Total Visitors—the total number of visitors coming to Florida.

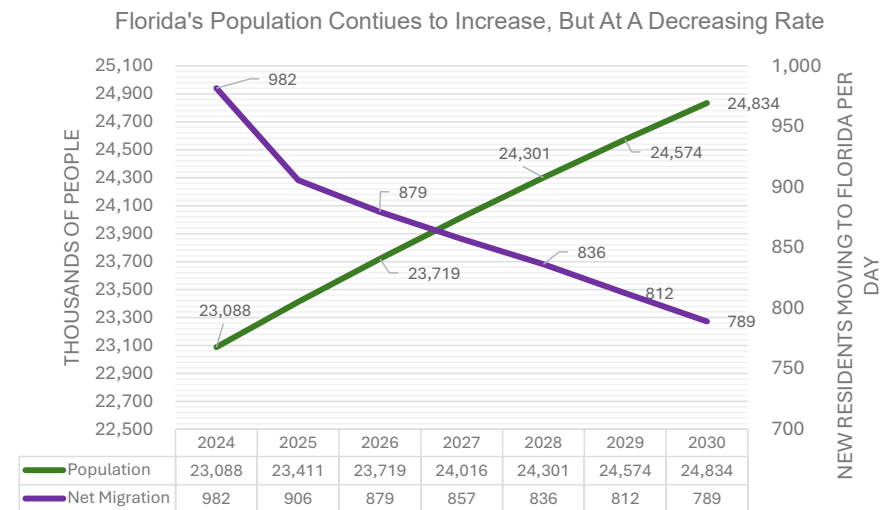
¹ Florida Chamber of Commerce, "Florida's Economy Shows High Growth, Dips One Spot to 16th Largest Global Economy," retrieved from <https://www.flchamber.com/floridas-economy-shows-high-growth-dips-one-spot-to-16th-largest-global-economy/>, accessed on January 8, 2025.

Florida TaxWatch will use the REC Group data (which uses past trends and current data to project future conditions) to prepare a forecast of Florida's economy through 2030. Florida TaxWatch will use 2024, the last full year for which data are available, as a baseline for this forecast.

POPULATION AND NET MIGRATION

As shown in Figure 1, Florida's population is projected to increase by about 1.45 million people (from 23.4 million to 24.8 million) from 2025 to 2030. Although the state's overall population is projected to continue to increase, the number of people moving to Florida each day is projected to decrease from 982 in 2024 to 789 in 2030. This reflects a shift in the balance between people moving into Florida and people moving out of Florida. The current growth rate of population is 1.6 percent and is projected to decrease to 1.1 percent by the end of 2030. As Florida's net migration decreases from 982 new residents each day to 906 over the next year (a negative 7.7 percent growth rate), the population will continue to increase, but at a decreasing rate.

FIGURE 1



Source: REC Group

The projected slowdown in population growth and decrease in net migration into the state can be attributed in large part to Florida's past growth and the problems that come with it. An abundance of natural amenities, low cost of living, and no personal income tax have fueled Florida's rapid growth over the past several decades, as the number of people moving into Florida increased and the number of people moving out of Florida remained steady.

Recently, an increasing number of Floridians are leaving the state, often citing increased costs of living, rising property taxes, rising property and automobile insurance, rising housing costs, worsening traffic, and more frequent and severe weather events as reasons for leaving. U.S. Census data show that the top destination for more than 20 percent of those leaving Florida is either Georgia, Texas, or North Carolina, states with no personal income tax and/or a lower cost of living than Florida.²

EMPLOYMENT

As shown in Figure 2, the number of employed Floridians is projected to increase from 9.9 million in 2024 to 10.6 million in 2030. During this same period, Florida's unemployment rate is projected to increase from 3.5 percent in 2024 to 3.9 percent in 2026, and then decrease to 3.6 percent in 2030. The projected unemployment rate for 2025 as of Q3 2024 is 0.4 percentage points higher than reported in Q2 2024.

FIGURE 2.

As Employment Increases, Unemployment is Projected to Increase Until 2028 and then Begin to Level Off



Source: REC Group

As of October 2024, there were 1.3 job openings for every unemployed worker.³ This indicates that there are not enough unemployed persons to fill all of the current job openings. The projected increase in the unemployment rate from 2024 to 2026 can be attributed to the actions of the Federal Reserve to attempt to rein in inflation through higher inflation rates.⁴ Given the Federal Reserve's role in achieving sustainable employment rates, when unemployment rates become too high, interest rates are lowered as a way to stimulate job creation. Conversely, when unemployment rates become too low,⁵ interest rates are increased as a way to stem inflation. It is important to note that on September 18, 2024, the Federal Reserve lowered its interest rate by a half-percentage point, to between 4.75 and 5.0 percent. This is the first rate cut in more than four years and comes on the heels of 11 rate hikes dating back to March 2022.⁶

² Anthony Talcott, "Nearly 500K People Have Left Florida. Where Did They Go?," retrieved from <https://www.clickorlando.com/news/florida/2024/02/28/nearly-500k-people-have-left-florida-where-didthey-go/#:~:text=Mean-while%2C%201M%20flocked%20to%20Sunshine%20State%20in%202022&text=During%20that%20same%20year%2C%20though,%20and%20North%20Carolina%20>, accessed on September 10, 2024.

³ U.S. Bureau of Labor Statistics, "Florida Jobs Openings and Labor Turnover – October 2024," retrieved from https://www.bls.gov/regions/southeast/news-release/jobopeningslaborturnover_florida.htm, accessed on January 8, 2025.

⁴ Office of Economic and Demographic Research, "Florida: An Economic Overview," January 22, 2024.

⁵ The "full employment" unemployment rate is presumed to be about four percent.

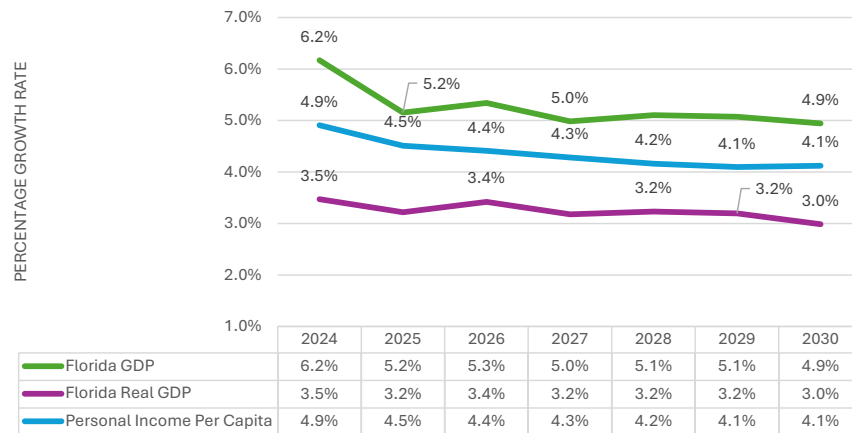
⁶ Cora Lewis, "What the Fed's Rate Cut Could Mean for You," retrieved from <https://apnews.com/article/federal-reserve-interest-rates-loans-consumers-borrowing-6127436dd3e6d8af48825aca6d3a7715>, accessed on September 19, 2024.

GDP AND INCOME GROWTH

All the factors mentioned so far—population, migration, employment, and unemployment—ultimately affect the economy of Florida. As shown in Figure 3, Florida had a real GDP growth rate of 3.5 percent in 2024; projected to decrease to 3.0 percent by 2030. Comparing the difference in the growth rate of Florida’s GDP and real GDP, one can see that the difference is becoming smaller. This suggests that the rate of inflation is expected to decrease in the coming years.

FIGURE 3.

Florida's Personal Income and Overall Economy Will Continue to Grow, But at Lower Rates



Source: REC Group

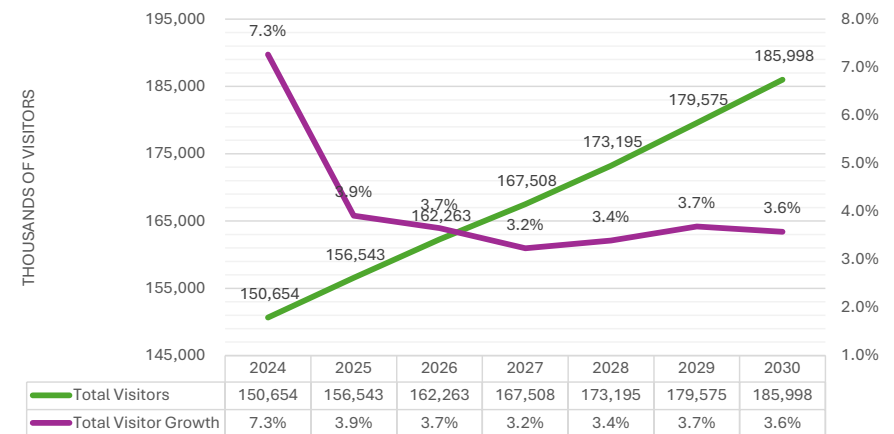
In terms of personal income per capita, Figure 3 shows a 0.5 percent decline through 2026, followed by a gradual (0.1 percent) tapering through 2030. The growth rate in per capita income was five percent in 2024. Unlike the projections in Q1 and Q2 of 2024 (which showed a sharp increase followed by a gradual decrease), Figure 3 shows that the spending capabilities of Floridians will gradually decline or stay stagnant in the coming years. This stagnancy in the purchasing power of Floridians will be a result of changing inflation in the state.

TOURISM

Tourism plays a major role in Florida’s economy. Visitors from all over the world come to experience Florida’s spectacular natural features, theme parks, and other natural and man-made attractions. In 2023, 156.9 million visitors spent a record \$131 billion, an average of \$359 million per day. Tourism directly supports 2.1 million jobs and is responsible for \$76.4 billion in employee wages. Thanks to tourism and the revenue tourism generates, every Florida household saves \$1,910 a year on state and local taxes.⁷ As shown in Figure 4, tourism is projected to increase steadily through 2028.

FIGURE 4.

The Number of Visitors to Florida is Projected to Increase Steadily Through 2030



Source: REC Group

Florida’s tourism industry is projected to continue its strong growth through 2030, with more visitors expected each year.

⁷ Florida Restaurant & Lodging Association, “Florida Again Shatters Tourism Records; Posts Highest Visitation Numbers in State History in 2023,” retrieved from <https://frla.org/news-release/florida-again-shatters-tourism-records-posts-highest-visitation-numbers-in-state-history-in-2023/>, accessed on January 8, 2025.

FLORIDA ECONOMY VS U.S ECONOMY

Looking at Table 1 and Table 2, Florida's economy is growing at a faster rate than the U.S. economy in multiple aspects. The U.S. economy is forecasted to have a real GDP growth rate of 2.4 percent in 2025 declining to 1.9 percent in 2029. Florida's real GDP growth rate is forecasted to be one percentage point higher than the national rate in 2025 and in the long-term forecast, remaining above three percent until 2030.

Additionally, Florida's unemployment rate also remains below the national rate throughout the next five years; the U.S. unemployment rate remains at four percent or higher from 2024 to 2029, whereas Florida's unemployment rate fluctuates between 3.5 percent to 3.9 percent from 2024 to 2030.

Personal income growth, which decides the spending capacity of the population, is almost equal at the national and the state level for the next five years. As of 2024, Florida's income growth was lower than the national growth rate of 5.4 percent, at 4.9 percent; however, it is projected to be slightly higher than the national rate until 2028 before becoming equal again.

TABLE 1.

SUMMARY OF THE U.S. ECONOMIC FORECAST 2024 - 2030⁸

	2024	2025	2026	2027	2028	2029
U.S. Economic Growth	2.8%	2.4%	1.7%	2.1%	2.0%	1.9%
Thousands of New Jobs	2,544	1,788	744	828	744	756
Unemployment Rate	4.0%	4.3%	4.3%	4.2%	4.1%	4.0%
Income Growth	5.4%	4.5%	4.2%	4.2%	4.1%	4.1%
Source: Deloitte Insights and TD Economics						

Overall, Florida's economic growth pattern matches or surpasses the national economic growth pattern in most economic indicators for the next five years.

SUMMARY

Overall, Florida's economy is now set to return to pre-pandemic growth rates over the next six years, after experiencing high economic growth in the past three years. Florida's economic growth through 2030 is summarized in Table 2.

TABLE 2.

SUMMARY OF FLORIDA'S ECONOMIC FORECAST 2024 - 2030⁹

	2024	2025	2026	2027	2028	2029	2030
Florida's Economic Growth	3.5%	3.2%	3.4%	3.2%	3.2%	3.2%	3.0%
Thousands of New Jobs	178.6	121.9	109.2	77.9	80.9	113.6	128.7
Unemployment Rate	3.5%	3.8%	3.9%	3.9%	3.9%	3.7%	3.6%
Income Growth	4.9%	4.5%	4.4%	4.3%	4.2%	4.1%	4.1%
Source: REC GROUP							

Florida's economic growth expressed as real GDP, will continue to grow through 2030, albeit at a reduced rate. Likewise, personal income is also projected to grow at slower rates. Employment is projected to decline until 2028 before rising again.

Overall, Table 2 reflects a projected slowdown in the rate of growth of Florida's economy through 2030, showing pre-pandemic growth rates. The economic experts that comprise the state's Revenue Estimating Conference attribute this primarily to the transition of businesses and consumers from a high inflation/high-interest rate environment to more normal conditions.¹⁰

⁸ Deloitte Insights, "United States Economic Forecast Q4 2024 – Figure 18," retrieved from <https://www2.deloitte.com/us/en/insights/economy/us-economic-forecast/united-states-outlook-analysis.html>, accessed on January 9, 2025.

⁹ TD Economics, "Forecast Tables," retrieved from <https://economics.td.com/ca-forecast-tables#lt-us>, accessed on January 9, 2025.

¹⁰ Office of Economic and Demographic Research, "Florida: An Economic Overview," August 19, 2024.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

FLORIDA TAXWATCH RESEARCH LEADERSHIP

Dominic M. Calabro	President & CEO
The Hon. Jeff Kottkamp	Executive Vice President & General Counsel
Bob Nave	Senior Vice President of Research
Kurt Wenner	Senior Vice President of Research

FLORIDA TAXWATCH VOLUNTEER LEADERSHIP

Piyush Patel	Chairman
James Repp	Chairman-Elect
Marva Brown Johnson	Treasurer
David Casey	Secretary
The Hon. George LeMieux	Immediate Past Chairman

RESEARCH PROJECT TEAM

Jui Shah	<i>Research Economist</i> Lead Author
Azariah Clemons	<i>Communications Specialist</i> Layout & Design

All Florida TaxWatch research is done under the direction of Dominic M. Calabro, President, CEO, Publisher & Editor.

The findings in this Report are based on the data and sources referenced. Florida TaxWatch research is conducted with every reasonable attempt to verify the accuracy and reliability of the data, and the calculations and assumptions made herein. Please contact us if you believe that this paper contains any factual inaccuracies.

The research findings and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff, Executive Committee, or Board of Trustees; and are not influenced by the individuals or organizations that may have sponsored the research.

- This Page Left Blank for Printing Purposes -

The **EYES** and **EARS** of Florida Taxpayers.

See more at Floridataxwatch.org/Research

Florida  TaxWatch

Stay Informed

 Floridataxwatch.org

 Florida TaxWatch

 @Floridataxwatch

 @Floridataxwatch

 @Floridataxwatch

 FloridaTaxWatch

106 N. Bronough St
Tallahassee, FL 32301

o: 850.222.5052

Copyright © 2024
Florida TaxWatch
Research Institute, Inc.
All Rights Reserved

Have a Research Inquiry?

Contact Jeff Kottkamp at jkottkamp@floridataxwatch.org