

FLORIDA ECONOMIC FORECAST

2023 - 2028

Florida
TaxWatch

Q2 2024



2023

Sunny with
warm breezes



2024

Mostly sunny,
some clouds
appear



2025

Overcast
with chance
of rain



2026

Rainy, with
potential
storms



2027

Clouds start to
break, mild
sunshine



2028

Clearing skies,
returning to
mild weather

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INTRODUCTION

Fueled by a strong global presence in tourism, trade, and real estate development, Florida's economy grew by more than \$140 billion during 2023, reaching a gross domestic product (GDP) of \$1.58 trillion. Despite this impressive economic gain, 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; however, one question to be answered is whether Florida's impressive economic growth is sustainable over the next several years.

This is the second 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 policymakers. Each quarter, beginning in the first quarter (Q1) of calendar year 2024, the REC Group provides Florida TaxWatch with annual data through the year 2029 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.

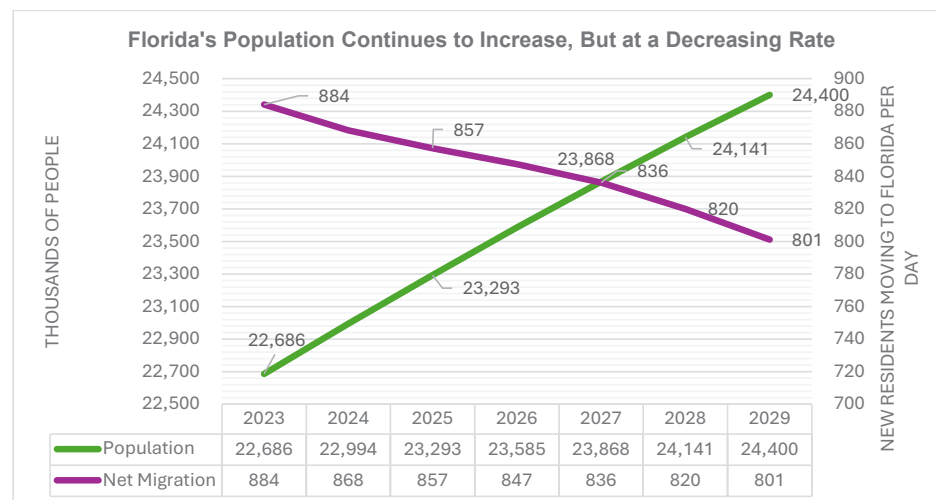
¹ Caden DeLisa, "Chamber Foundation: Florida Economy Grows by \$140 Billion But Slips to 16th Largest in the World," The Capitolist, July 18, 2024, retrieved from <https://thecapitolist.com/chamber-foundation-florida-economy-grows-by-140b-but-slips-to-16th-largest-in-the-world/#:~:text=CNBC's%20Top%20States%20for%20Business,up%20by%20a%20strong%20housing...>, September 3, 2024.

Florida TaxWatch will use the REC Group data (which utilizes past trends and current data to project future conditions) to prepare a forecast of Florida's economy through 2028. Florida TaxWatch will employ 2023 data, 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 1.15 million people (from 22.99 million to 24.40 million) from 2024 to 2029. 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 868 in 2024 to 801 in 2029. This reflects a shift in the balance between people moving into Florida and people moving out of Florida. The current (2024) growth rate of population is 1.4 percent and is projected to decrease to 1.1 percent by the end of 2029. As Florida's net migration decreases from 868 new residents each day to 801 (a negative 7.7 percent growth rate annually), Florida's population will continue to increase, but at a decreasing rate. This is consistent with Florida TaxWatch's *Florida Economic Forecast 2023-28, Q1 2024*.

Figure 1.



Source: REC Group



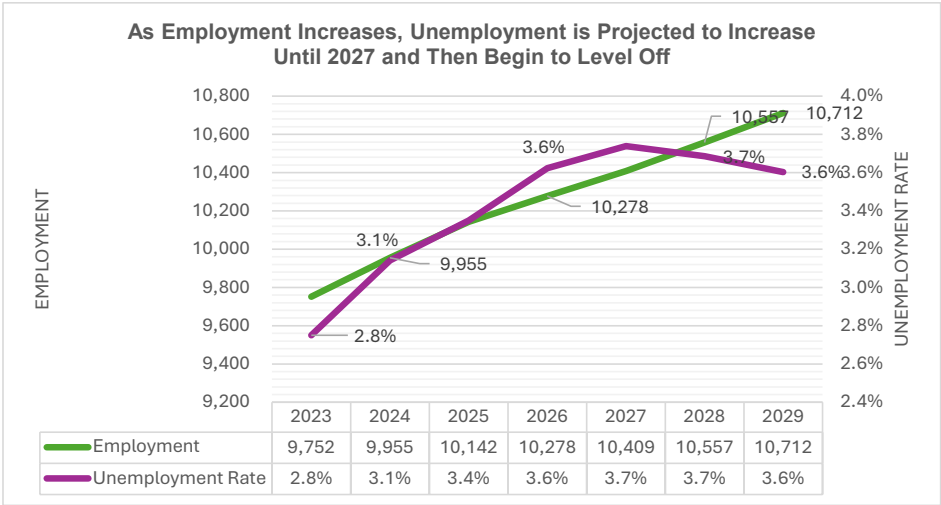
The projected slowdown in population growth and decrease in net migration into the state can be attributed in large part to Florida’s past growth and the problems that come with it. An abundance of natural amenities, low cost of living, and no personal income tax have fueled Florida’s rapid growth over 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 9.96 million in 2024 to 10.7 million in 2029. During this same period, Florida’s unemployment rate is projected to increase from 3.1 percent in 2024 to 3.7 percent in 2027, and then decrease to 3.6 percent in 2029. The unemployment rate curve shown in Figure 2 is flatter than the curve shown in Florida TaxWatch’s Florida Economic Forecast 2023-28, Q1 2024. The unemployment rate curve shown in the Q1 2024 commentary peaks at 4.3 percent in 2026 and decreases to 4.2 percent in 2028. The projected unemployment rate as of Q2 2024 is about 0.6 percent lower than the projected unemployment rate reported in Q1 2024.

Figure 2.



Source: REC Group

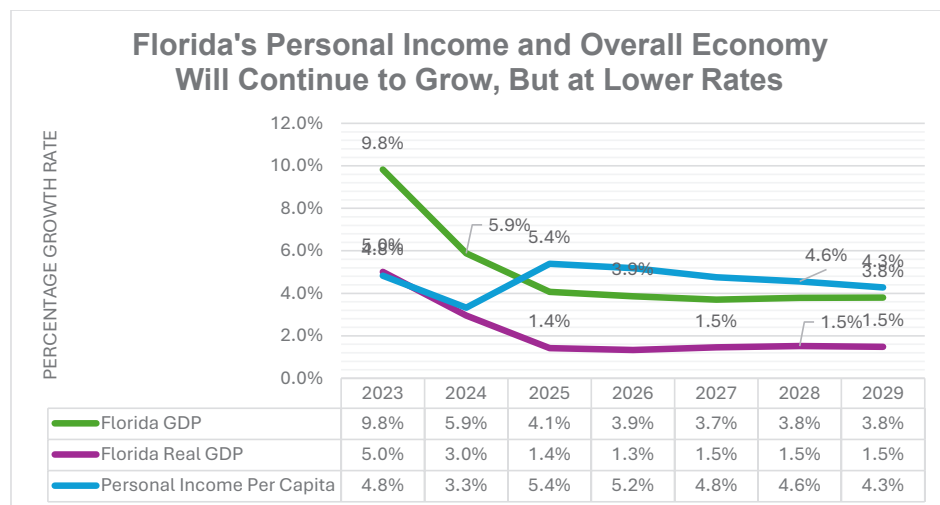
As of January 2024, there were 1.6 job openings for every unemployed Floridian.³ This suggests that there are not enough unemployed Floridians to fill all of the current job openings. The projected increase in the unemployment rate from 2024 to 2027 can be attributed in large part to the actions of the Federal Reserve to attempt to rein in inflation through higher interest 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?” ClickOrlando.com, retrieved from [https://economics.td.com/state-economic-forecast](https://www.clickorlando.com/news/florida/2024/02/28/nearly-500k-people-have-left-florida-where-did-they-go/#:~:text=Meanwhile%2C%201M%20flocked%20to%20Sunshine%20State%20in%202022&text=During%20that%20same%20year%2C%20though,)%20and%20North%20Carolina%20(No., September 10, 2024.
3 TD Bank, “State Economic Forecast,” retrieved from <a href=), April 22, 2024.
4 Office of Economic and Demographic Research, “Florida: An Economic Overview,” January 22, 2014.
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,” Associated Press, September 18, 2024, retrieved from <https://apnews.com/article/federal-reserve-interest-rates-loans-consumers-borrowing-6127436dd3e6d8a-f48825aca6d3a7715>, 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, the rate of GDP growth is projected to decrease from 5.9 percent in 2024 to 3.8 percent in 2029. When inflation is considered, the rate of Real GDP growth is projected to decrease from 3.0 percent in 2024 to 1.4 percent in 2025 and remain steady through 2029. This suggests that Florida's economy will continue to grow through 2029, but at a lower rate.

Figure 3.



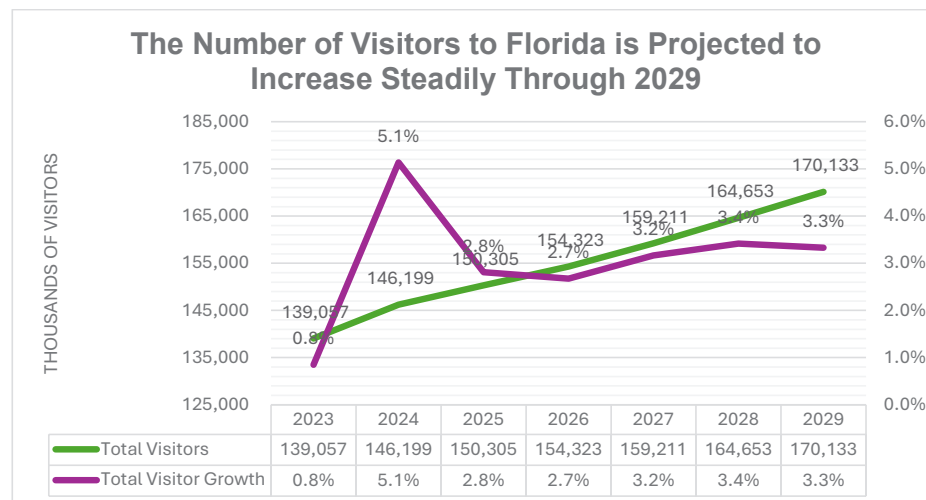
Source: REC Group

In terms of personal income per capita, Figure 3 shows a 2.1 percent increase in growth from 2024 to 2025, followed by a gradual (1.1 percent) tapering through 2029. Since inflation erodes the purchasing power of Floridians and limits increases in personal income, the 1.0 percent increase in personal income per capita through 2029 suggests that inflation will be on the decline and the spending capabilities of Floridians will be on the rise.

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 2022, 137.4 million visitors spent a record \$1.249 billion, an average of \$333 million per day. Tourism directly supports 13 million jobs and is responsible for \$73 billion in employee wages. Thanks to tourism and the revenue tourism generates, every Florida household saves \$1,840 a year in state and local taxes.⁷

Figure 4.



Source: REC Group

⁷ Florida Restaurant & Lodging Association, "Florida Tourism Industry Promotes the Impacts and Benefits of Tourism During 'Florida Tourism Days,'" retrieved from <https://frla.org/news-release/florida-tourism-industry-promotes-the-impacts-and-benefits-of-tourism-during-florida-tourism-days/#:~:text=In%202022%2C%20travelers%20spent%20a,per%20day%20to%20Florida's%20economy.,> May 20, 2024.

SUMMARY

Overall, Florida's economy is now set to return to pre-pandemic growth rates over the next five years, after experiencing high economic growth in the past three years. Florida's economic growth through 2029 is summarized in Table 1.

Table 1.
Growth Rates of Key Economic Indicators

REC Regional Economic Consulting Group	2024	2025	2026	2027	2028	2029
Population	1.4%	1.3%	1.3%	1.2%	1.1%	1.1%
Net Migration	-1.8%	-1.3%	-1.2%	-1.3%	-1.9%	-2.3%
Total Non-farm Employment	2.1%	1.9%	1.3%	1.3%	1.4%	1.5%
Unemployment Rate	14.2%	6.7%	8.2%	3.2%	-1.4%	-2.2%
Florida GDP	5.9%	4.1%	3.9%	3.7%	3.8%	3.8%
Florida Real GDP	3.0%	1.4%	1.3%	1.5%	1.5%	1.5%
Personal Income Per capita	3.3%	5.4%	5.2%	4.8%	4.6%	4.2%
Total Visitors	5.1%	2.8%	2.7%	3.2%	3.4%	3.3%

Source: REC Group

As shown in Table 1, Florida's population is expected to continue to grow through 2029, albeit at a slower rate. Florida's economic growth, expressed as GDP and Real GDP, is also expected to grow through 2029 at slower rates. Likewise, the number of new jobs created and personal income per capita are also projected to grow at slower rates. Florida's tourism industry is projected to continue its strong growth through 2029, with more visitors expected each year. 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 environment to a high interest rate environment.⁸

⁸ Office of Economic and Demographic Research, "Florida: An Economic Overview," January 22, 2024.

Key Takeaways



01

Florida's Population

Florida's population is projected to grow by 1.15 million people (to 24.4 million) over the next five years.

02

Unemployment Rate

There are currently not enough unemployed Floridians to fill existing job openings. Florida's unemployment rate is expected to increase over the next five years, which will help employers fill vacant positions.

03

Economic Growth

Florida's economy will continue to grow through 2029, but at a slower rate.

04

Tourism

The number of tourists visiting Florida is projected to increase to more than 170 million by 2029.



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.

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