2015: A Year of Opportunity

Recovery Gaining Traction

As 2014 progressed, so did Orlando’s economic renaissance. In April, the region became the first major MSA in Florida to regain all jobs lost during the recession. By midyear, improving job prospects were prompting workers to rejoin the labor market and by early fall the region had staked its claim among the fastest-growing large MSAs in the country.

The slow trickle of year-end data then brought what many had hoped for – new claims for unemployment insurance came in at their lowest annual total in almost a decade, online job postings increased 11 percent over 2013 levels and retail activity returned to pre-recession levels.

Preparing For Growth

Recession, and reduced immigration, have arguably worked to the region’s long-term advantage by allowing the region the opportunity to lay the foundation for quality, balanced growth in the years ahead. Last year saw the completion of a number of large infrastructure projects including Phase 1 of SunRail, the region’s first commuter train, the $207 million renovation of the Citrus Bowl with its added quality-of-life value, and the grand opening of the $429 million Dr. Phillips Center for the Performing Arts, a state-of-the-art entertainment venue.

“Unprecedented partnerships between the independent, public and private sectors have transformed our business and community infrastructure. As market fundamentals continue to improve, we are uniquely positioned to recruit the best companies to our region, creating new jobs and further diversifying our economy. We are ready to adopt one voice and tell our story through our new branding campaign. Orlando is well-positioned for an exceptional year.”

- Thomas K. Sittema
CEO
CNL Financial Group

“In 2015, I expect Orlando will continue to be the fastest-growing major metro area in Florida. Payroll job growth should be near three percent.”

- Sean M. Snaith, Ph.D.
Director, Institute for Economic Competitiveness
University of Central Florida
Cementing Our Future

Further investment is planned for 2015. Work will begin in February on the $2.3 billion, seven-year I-4 Ultimate Project designed to overhaul 21 miles of the region’s key transportation corridor. Orlando International Airport will embark on a $1.1 billion expansion that will include a new intermodal transportation hub and expansion of the existing North Terminal. Construction will also begin on the $110 million Major League Soccer stadium, scheduled to be completed in time for the Orlando City Lions’ 2016 season.

Two additional transformational projects will look to build on current momentum: the Florida Advanced Manufacturing Research Center (FAMRC) in Osceola County will continue efforts to position the region as a world leader in smart sensors and the University of Central Florida’s plans to build a downtown campus will go to the Florida Legislature in the spring.

Challenges Remain

Inevitably, headwinds persist. Full clarity has yet to return to the housing market, for example, as we await the next act of institutional investors. Momentum in the region’s tech scene and the movement to more dynamic workspaces may continue to impair the translation of gains in office-using employment in the local office market. Our key tourist sector, on a four-year tear fueled in part by international visitation and investment in new attractions, may face the challenges of an uncertain global economy whose recovery seems far from solid.

A Different Playing Field

This year will play out against a backdrop that has already shifted. Employment gains, which began disproportionately in the more nimble service sector, have evolved into a more generalized, broad-based recovery. Almost all of the region’s major industries closed 2014 on an upward trajectory, and all but one have exceeded pre-recession employment levels.

As the national economy heals, in-migration will naturally return to the region – and very possibly bring a new set of economic accolades; in the meantime, a different Orlando is emerging – one less dependent on the continued inflow of new residents and tourists and one that has made great strides at improving both its product and competitive position.
**Around the Region**

**Lake County:** The Center for Advanced Manufacturing at Lake Technical College broke ground in Eustis on October 30, 2014. The center will train CNC Machinists and Fabricators to help meet the region’s growing need for a high-tech manufacturing workforce.

**Seminole County:** Mitsubishi Hitachi Power Systems Americas, Inc. announced its decision to locate its North American Headquarters in Lake Mary on October 29, 2014. The new headquarters will bring 100 new high-wage jobs over the next five years.

**Orange County:** Viewpost, a financial services company specializing in electronic invoicing and payments, announced its decision to expand its existing operations in Maitland on December 19, 2014. The company will create 262 new jobs over the next three years, including many in programming and software development, and make a capital investment of almost $2 million.

**City of Orlando:** The Dr. Phillips Center for the Performing Arts officially opened its doors on November 6, 2014. Construction of the transformational facility proved to be one of the region’s largest economic engines, supporting approximately 3,000 jobs.

**Osceola County:** The Florida Advanced Manufacturing Research Center had its groundbreaking ceremony on October 16, 2014. The facility will be home to the International Consortium for Advanced Manufacturing Research, which will focus on the integration of semiconductor-based processes and materials into future products including smart sensors and photonics devices.
Labor Market

• Unemployment closed 2014 at 5.0 percent, a decrease of six-tenths of a percentage point from one year earlier and lower than the national rate of 5.4 percent.

• Gains have flattened in recent months as returning workers remove some of the slack in the labor market. Orlando’s labor force increased 3.4 percent from December 2013 to December 2014.

• New claims for unemployment insurance have fallen to pre-recession lows; total new claimants in 2014 were in line with those in 2006.

• New online job postings increased year-over-year in all but one month of 2014. Total postings exceeded 2013 levels by close to 30,000 and followed seasonal trends.

“In 2015, CareerSource Central Florida expects increased demand for skilled construction workers, manufacturing and information technology talent, and expanding career pathways in health and hospitality. Businesses will be looking to up-skill their existing workers to meet market needs.”

- Pamela Nabors
  President & CEO
  CareerSource Central Florida

Arrows indicate change from previous year. Data for December 2014 unless otherwise specified.
Payroll Employment / Consumer Spending

• In purely employment terms, Orlando’s job market has fully recovered. Approximately 145,000 jobs have been added since the labor market’s trough in January 2010, surpassing those lost by 30,000.

• A net gain of 47,500 jobs was recorded between December 2013 and December 2014 – the largest over-the-year gain among all major Florida MSAs in percentage terms (4.3 percent). Current job growth has now exceeded the nation’s for 38 consecutive months.

• Year-over-year trends continue to show construction, business services and leisure/hospitality outperforming the market; financial activities continues to underperform.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Dec-14</th>
<th>Nov-14</th>
<th>Dec-13</th>
<th>Change from Nov 2014 to Dec 2014</th>
<th>Change from Dec 2013 to Dec 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level</td>
<td>Percent</td>
<td>Level</td>
<td>Percent</td>
<td>Level</td>
</tr>
<tr>
<td>TOTAL PAYROLL EMPLOYMENT</td>
<td>1,141,000</td>
<td>1,134,900</td>
<td>1,083,500</td>
<td>6,100</td>
<td>9.5%</td>
</tr>
<tr>
<td>PRIVATE</td>
<td>1,020,900</td>
<td>1,014,100</td>
<td>974,300</td>
<td>6,800</td>
<td>0.7%</td>
</tr>
<tr>
<td>Construction</td>
<td>60,100</td>
<td>58,600</td>
<td>53,500</td>
<td>6,600</td>
<td>2.6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>40,200</td>
<td>40,100</td>
<td>39,100</td>
<td>100</td>
<td>0.3%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>43,300</td>
<td>43,700</td>
<td>40,500</td>
<td>-400</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>144,800</td>
<td>142,900</td>
<td>140,100</td>
<td>1,900</td>
<td>1.3%</td>
</tr>
<tr>
<td>Transportation, Warehousing, and Utilities</td>
<td>34,300</td>
<td>33,200</td>
<td>32,500</td>
<td>1,100</td>
<td>3.3%</td>
</tr>
<tr>
<td>Information</td>
<td>24,500</td>
<td>24,400</td>
<td>23,900</td>
<td>100</td>
<td>0.4%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>70,600</td>
<td>70,300</td>
<td>71,500</td>
<td>-300</td>
<td>0.4%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>189,400</td>
<td>190,800</td>
<td>179,600</td>
<td>-1,400</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>135,600</td>
<td>135,800</td>
<td>132,400</td>
<td>-200</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>240,700</td>
<td>237,100</td>
<td>225,000</td>
<td>3,600</td>
<td>1.5%</td>
</tr>
<tr>
<td>Other Services</td>
<td>37,100</td>
<td>36,900</td>
<td>35,900</td>
<td>200</td>
<td>0.5%</td>
</tr>
<tr>
<td>GOVERNMENT</td>
<td>120,100</td>
<td>120,800</td>
<td>119,200</td>
<td>-700</td>
<td>-0.6%</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Labor, Bureau of Labor Statistics

• Buoyed by strong tourism gains, consumer spending in the region is outperforming statewide consumer confidence. Taxable sales (which comprise 45 percent of all retail sales) increased 7.7 percent year-over-year in October.

• The region’s Index of Retail Activity (a four-month moving average analogous to personal consumption) is up 7.6 percent year-over-year. Recreational spending increased 9.2 percent; only nominal growth of 0.2 percent occurred in the more ‘big-ticket’ consumer durables category.
Commercial / Residential Real Estate

- Office market fundamentals continue to strengthen, evident by a lack of large spaces and rising rents; however, net absorption in 2014 remained muted at 74,000 square feet and overall vacancy through the fourth quarter stood at 19.0 percent.

- Speculative development has returned to the industrial market as positive net absorption continues to outpace new deliveries. Overall vacancy closed the year at 9.9 percent, down 180 basis points from the fourth quarter of 2013. Approximately 1.9 million square feet is under construction, all in the Southeast Orange County submarket.

“Orlando is positioned for another banner year in commercial real estate development and demand activity. Key economic contributors to this projected growth will be Orlando’s continued impressive job and population growth supported by increasing corporate and consumer confidence.”

- Bill Moss
Senior Managing Director
CBRE

- Sales of existing homes increased 13 percent in the final quarter of 2014 from the corresponding period in 2013. However, market inventory in December remained 23 percent higher than in December 2013 and the number of both pending sales and homes under contract declined.

- Price appreciation has moderated as the impact of both institutional investment and distressed sales wanes. On a three-month moving average basis, year-over-year price growth fell in all but two months of 2014. Home prices remain roughly 33 percent below pre-recession highs.

Source: Orlando Regional Realtor Association
Transportation / Visitor Industry

- Orlando International Airport (MCO) welcomed 35.7 million passengers in 2014, a 2.7 percent increase from 2013. The addition of new airlines and expanded routes saw international travel increase 9.6 percent; domestic travel increased 1.8 percent.

- Passenger traffic through Orlando Sanford International Airport (SFB) in 2014 surpassed 2013 levels by 7.5 percent. December 2014 marked the third consecutive monthly year-over-year double-digit increase, increasing 12.5 percent from December 2013.

“Orlando’s tourism industry has celebrated several back-to-back record years. With the industry’s continued investment in both product and marketing, we expect our growth in visitation to continue through 2015, though perhaps at a somewhat slower rate than in 2014.”

- Phillip Brown
  Executive Director
  Greater Orlando Aviation Authority

- Larry Henrichs
  Chief Operating Officer & Chief Financial Officer
  Visit Orlando

Aided by both significant investment in new attractions and demand from South America, growth in local tourism continues. Hotel occupancy and average daily rate both recorded year-over-year increases in all months of 2014.

“Orlando’s tourism industry has celebrated several back-to-back record years. With the industry’s continued investment in both product and marketing, we expect our growth in visitation to continue through 2015, though perhaps at a somewhat slower rate than in 2014.”

- Phillip Brown
  Executive Director
  Greater Orlando Aviation Authority

“Orlando’s tourism industry has celebrated several back-to-back record years. With the industry’s continued investment in both product and marketing, we expect our growth in visitation to continue through 2015, though perhaps at a somewhat slower rate than in 2014.”

- Larry Henrichs
  Chief Operating Officer & Chief Financial Officer
  Visit Orlando

**Hotel Occupancy vs. Average Daily Rate, Orlando MSA**

**Source: Visit Orlando**

**Total Passengers - Orlando International Airport**

**Source: Greater Orlando Aviation Authority**

**Total Passengers - Orlando Sanford International Airport**

**Source: Sanford Airport Authority**

Orlando International Passengers: 3,195,369
Orlando Sanford Passengers: 190,313
Hotel Occupancy: 74.4 percent
Average Daily Rate: $115.80

Arrows indicate change from previous year. Data for December 2014 unless otherwise specified.
ABOUT THE EDC
The Orlando Economic Development Commission (EDC) is a not-for-profit, public-private partnership that attracts, retains and grows jobs for the region. The EDC serves Orange, Seminole, Lake and Osceola counties and the City of Orlando in Florida.

For more information, contact:

NEIL HAMILTON
Director, Business Intelligence
neil.hamilton@orlandoedc.com

ELIZABETH RAMIREZ
Associate Director, Business Intelligence
elizabeth.ramirez@orlandoedc.com