Orlando Insight is a publication of the Orlando Economic Forum, an initiative of the Orlando Economic Development Commission (EDC). Comprised of local industry leaders, the Forum meets quarterly to discuss both current economic conditions and issues of regional significance in the four-county Orlando Metropolitan Statistical Area (MSA). Orlando Insight reflects those discussions and draws from the most recent data available at time of preparation.

Orlando: Ten Years After The Boom

In early 2006, Orlando was the envy of the nation. The region had added over 50,000 jobs in 2005 and was growing at a rate second only to Phoenix. Our pipeline of development projects was full and almost all workers who wanted a job could find one.

Yet Orlando was on shaky ground, which ultimately resulted in the region experiencing a harsher recession than some similarly sized metro areas. More than 100,000 jobs would be lost between late 2007 and early 2010, and unemployment would reach a new high.

Ten years later, Orlando is once again at a crossroads. Growth has returned, and the region is consistently lauded as one of the nation’s leading job creators. Yet, work to rebuild Orlando’s economy remains unfinished.

Return To Growth

The final months of 2015 represented an extension of the recent past. The Orlando Metropolitan Statistical Area (MSA) added a seasonally-adjusted 13,000 new jobs in the fourth quarter, bringing total job creation for the year to over 38,000 and driving unemployment to its lowest level in more than seven years. At 4.3 percent, December’s unemployment rate is fast approaching the 3.0 percent of December 2005, and new claims for unemployment benefits have actually fallen below pre-recession levels.

Although more muted than in 2005, 2015’s job creation has helped return us to pre-recession employment levels – and beyond. We lost over 100,000 jobs during the recession, but we’ve gained over 180,000 since. Over 80,000 jobs in Orlando today were not present before the recession.

Our status as a regional growth center has resumed. In 2005, our employment growth was second among all of the country’s large regions and first in the South. In 2015, we were fourth in the U.S. and again first in the South.

“"We are once again one of the country’s leading growth centers and thus we are entering a year of great opportunity for our region. Now the question is, how will we seize those opportunities and forge a path to prosperity for all? The answer lies in our ability to make transformational investments in what matters most – education, infrastructure and high value industries.”

— Rick Weddle
President & CEO
Orlando Economic Development Commission
An Incomplete Recovery

For all the positives, there’s still work to do. We are fortunate to be anchored by a vibrant tourism sector but its ongoing success has served only to extend our vulnerability to outside forces. Robust job growth in one dominant industry is again overshadowing gains across all sectors and resulting in limited progress toward diversification. In 2005, construction accounted for almost one quarter of net job creation; in 2015, tourism accounted for nearly one third.

Challenges also persist in the labor market, where participation remains volatile and underemployment hidden. Wage stagnation has been the hallmark of the recovery nationally but has been particularly pronounced locally, where average weekly wages closed 2015 just $37 higher than in 2010. Much work remains to move the needle on persistent wage and income disparity.

Comfort has been found in a housing recovery that has reversed at least part of the wealth erosion of the previous decade, but the affordability issues of 2005 may yet return. Prices remain some 25 percent below pre-recession highs and sales volume in 2015 actually exceeded that of 2005. However, sustained double-digit price gains, elusive wage growth and the arrival of interest rate hikes in 2016 pose challenges. On the supply side, residential construction has been disciplined and has failed to add significantly to increasingly tight inventory levels.

A Community Agenda

As recession fades and growth normalizes, the time is now to course-correct Orlando’s economic trajectory. We can choose to drive structural economic change, build on existing strengths to ensure all sectors flourish equally, and embrace a targeted regional investment strategy that builds human capital and community capacity to deliver sustainable economic prosperity for all.

The road ahead is being paved with a solid foundation as the region begins to reap the benefits of its business branding campaign, “Orlando. You don’t know the half of it.” More companies are looking at Orlando as a business location after realizing the full potential of the region. The Orlando Economic Development Commission is seeing a 50 percent increase in its project pipeline relative to past years with prospect companies bringing a higher number of jobs that are associated with higher wages.

The Orlando MSA will welcome an additional 350,000 new residents by 2020, of which more than 200,000 will join the labor force. How we prepare for this influx and how we leverage that opportunity may be the challenge of our time.

"To advance prosperity in the region, we must focus on making strategic investments in growth segments of the advanced technology market. Through this focused collaboration among government, industry and academia, we can offer the diversity needed to accelerate innovation and protect against future economic challenges.”

― Jon Rambeau
Vice President & General Manager
Lockheed Martin Training and Logistics Solutions

“Advances in technology are both accelerating and enabling a new wave of economic progress and productivity that promises to reshape labor markets forever and potentially eliminate many of the jobs that have driven our economic recovery. Orlando’s economic future must be as a source of innovation and talent, not a victim of technological change.”

― Scott Faris
CEO
AeroSonix, LLC

"We have made good progress in attracting good, high paying jobs to Orlando. But, we are at a strategic point relative to our future economic growth. In order to attain quality, diversified and sustainable growth we will need to make strategic investments to position us for future growth.”

― David Fuller
President
SunTrust Foundation
Chair, Orlando EDC

Net Job Gains by Industry, Orlando MSA
December 2014 - December 2015

Leisure & Hospitality 33%
Business Services 21%
Trade, Transportation & Utilities 18%
Construction 7%
Government 7%
Finance 6%
Education & Health 5%
Manufacturing 3%

Source: Florida Department of Economic Opportunity

1,000 jobs
Around the Region - Coming in 2016

**Lake County:** The Minneola Interchange on Florida’s Turnpike began construction in January 2016. Less than 30 minutes to downtown Orlando and the tourist corridor, the interchange will bring 9,000 new homes and over 3 million square feet of new non-residential space to the City of Minneola.

**Orange County:** Mayor Teresa Jacobs and the National Center for Simulation will host the second annual Florida Simulation Summit September 22 at the Orange County Convention Center. The Summit highlights Florida’s growing simulation industry as well as opportunities for commercialization.

**Osceola County:** Construction on the $200 million Florida Advanced Manufacturing Research Center (FAMRC) should be substantially complete by the end of 2016. The first industry-led smart-sensor research and development center in the nation is a cooperative effort of Osceola County, the University of Central Florida, The Corridor, the Orlando EDC and Enterprise Florida.

**Seminole County:** In May Seminole County will celebrate the opening of the new Seminole County Sports Complex. The facility will offer 102 acres of premier tournament-quality fields across 15 lighted athletic fields, including nine synthetic turf fields. The complex will be home to more than 40 sporting events by the end of 2016 and is expected to generate 13,100 hotel room nights.

**City of Orlando:** The fourth annual Lake Nona Impact Forum will take place February 24-26, convening more than 200 thought leaders from business, academia, government and industry. The Forum provides a platform to highlight Lake Nona Medical City and the City of Orlando to global leaders of industry as a leader in health, product development and scientific research.
Labor Market

At 4.3 percent, unemployment closed 2015 at its lowest level in more than 7 years and down eight-tenths of a percentage point from year-end 2014. Declines in the unemployment rate have occurred throughout the region and in all four counties. Neighboring Ocoee and Winter Garden have the lowest rates.

New claims for unemployment benefits have fallen below pre-recession levels. Claims are normalizing at a 12-month moving average of approximately 3,300.

“The success of Central Florida moving forward relies extensively, and perhaps exclusively, on our ability as a region to diversify and expand our economy into sectors that focus as much on high-tech, healthcare, and advanced manufacturing as they do on our benchmark industries of tourism and construction. This region is dedicated to training and growing our already talented pool of career seekers to sustain and encourage these emerging industries in our community.”

— Pamela Nabors
President & CEO
CareerSource Central Florida

New Job Postings
21,818

Labor Force
1,222,042

Unemployment Rate
4.3%

Initial Claims
2,810

Arrows indicate change from previous year. Data for December 2015 unless otherwise specified.
Payroll Employment / Consumer Spending

“I expect 2016 will see a continuation of Orlando’s strong job growth. Construction and business services will be key contributors.”

Source: Florida Department of Economic Opportunity

• Orlando’s net job creation of 38,100 in 2015, while less than in 2014, brought total net gains since late 2010 to over 180,000. Almost one in six jobs in the region today did not exist in 2010.

• Year-over-year employment growth closed 2015 at 3.3 percent. Among large regions, this was the highest rate in the South and the fourth highest in the country.

- Although job growth has been uneven across sectors, the region nevertheless added over 25,000 jobs outside of our headline tourism industry, most prominently in the business services sector.

Source: Florida Department of Economic Opportunity

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment</th>
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<td><strong>GOVERNMENT</strong></td>
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<td>122,900</td>
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</tbody>
</table>

Source: Florida Department of Economic Opportunity

- Although job growth has been uneven across sectors, the region nevertheless added over 25,000 jobs outside of our headline tourism industry, most prominently in the business services sector.

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

Arrows indicate change from previous year. Data for December 2015 unless otherwise specified.
Absorption in the office market closed 2015 at 1.4 million square feet, its highest level in over nine years. Market fundamentals may now support new speculative office development. Demand for Class A space is far outpacing the rest of the market, accounting for almost 60 percent of all leasing volume in 2015.

Over 35,000 homes were sold in the region in 2015, a level surpassing even 2005 activity. Despite consecutive years of double-digit price growth, 2015’s median sales price of $178,500 remains almost 30 percent lower than the market’s peak of $248,000 in 2006.

Although on the uptick, residential construction continues to prove relatively muted. Approximately 12,000 single-family homes are expected to be permitted in 2015, less than half the region’s peak of 27,000 in 2004. Multi-family activity is expected to finish the year closer to historic averages at 7,000 units.
Transportation / Visitor Industry

- With one month of 2015 still remaining, total passengers through Orlando International Airport is expected to post its highest annual total on record. Through November, international visitation has already posted a new high, at 4.6 million passengers.

- SunRail recorded almost 1 million boardings in 2015, its first full calendar year of operation. Boardings increased year-over-year in each of the last 5 months.

- Orlando-area hotels closed 2015 by reporting year-over-year growth in both key metrics. Occupancy increased to 77.0 percent from 74.0 percent in 2014; average daily rate (ADR) rose $5.18 to $112.00. Both numbers represent recent highs.

*through November
Source: Greater Orlando Aviation Authority

Source: Florida Department of Transportation

Source: Visit Orlando

Arrows indicate change from previous year. Data for December 2015 unless otherwise specified.
ABOUT THE EDC
The Orlando Economic Development Commission (EDC) is a not-for-profit, public-private partnership that works to aggressively attract, retain and grow jobs for the Orlando region while advocating, championing and educating in support of efforts to improve competitive position. The EDC serves Orange, Seminole, Lake and Osceola counties and the City of Orlando in Florida.

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