Orlando MSA Market Update

ORLANDO
ECONOMIC PARTNERSHIP

NATIONAL CHAMBER
OF THE YEAR
acce

December 2023

Local **business revenue** increased year-over-year in November as consumer sentiment rebounded and economic uncertainty eased.

The Orlando MSA **added 11,300 jobs in November,** but seasonal hiring is masking an ongoing slowdown in job growth.

The **labor market remains tight** and **unemployment historically low**. However, meaningful **wage growth** is proving elusive and may prove a headwind to future growth in consumer spending.

A period of reduced activity is inching the **housing market** closer to a balanced market. In November, inventory rose above four months of supply for the first time since early 2019.

Area **hotels** are expected to close 2023 having sold more rooms at higher rates than in 2022; growth is projected to continue in 2024.

Businesses surveyed by the Partnership report **strong performance** and a **rebound in confidence in December** as hopes of a soft landing for the U.S. economy increase.

Staffing issues persist but are **moderating slightly**; as wider uncertainty eases, businesses are increasingly noting **industry-specific considerations** as key to achieving or maintaining growth.

The outlook for the **U.S. economy has improved in recent weeks** but a mild downturn in 2024 remains possible. Regardless, Florida and Orlando are projected to **outperform** the national economy.

Orlando businesses should continue to seize **local growth opportunities** while positioning themselves for stronger national conditions in late 2024 and 2025.
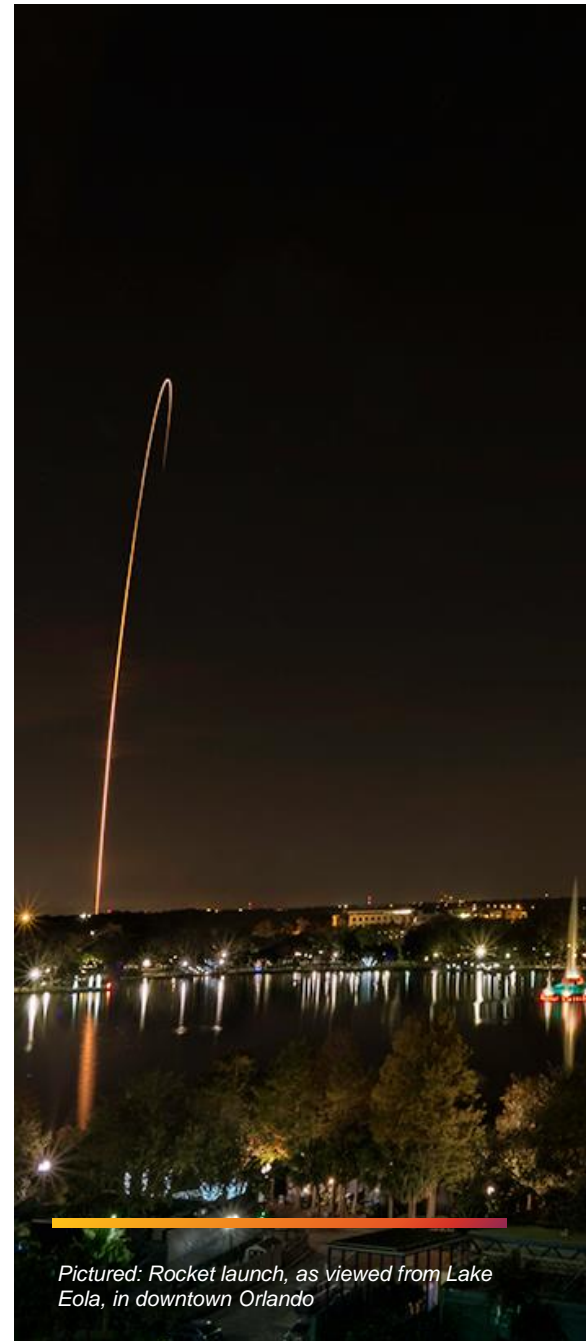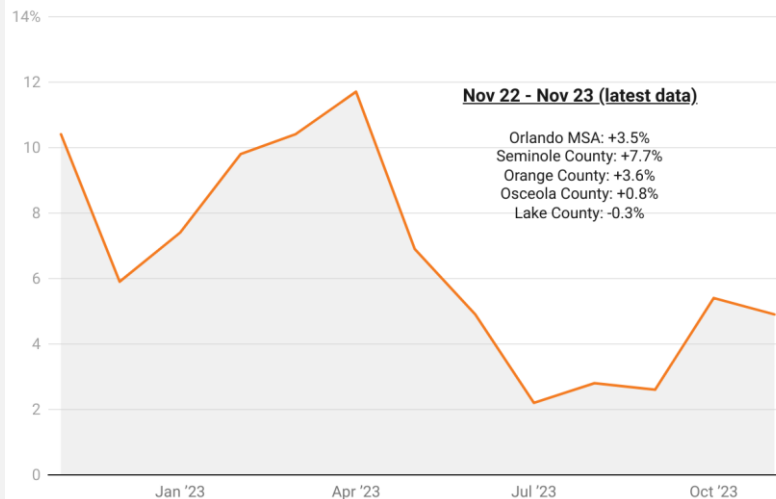

Pictured: Rocket launch, as viewed from Lake Eola, in downtown Orlando

SALES

The latest sales data suggest business revenue increased 3.5% between November 2022 and November 2023. Growth above inflation is consistent with improving consumer sentiment in Florida and a growing belief the U.S. economy can escape a meaningful downturn in 2024.

Gross Sales, Orlando MSA

Y/Y % Change, 3-Month Moving Average, Nov 2022 - Nov 2023

Nov 22 - Nov 23 (latest data)

Orlando MSA: +3.5%
Seminole County: +7.7%
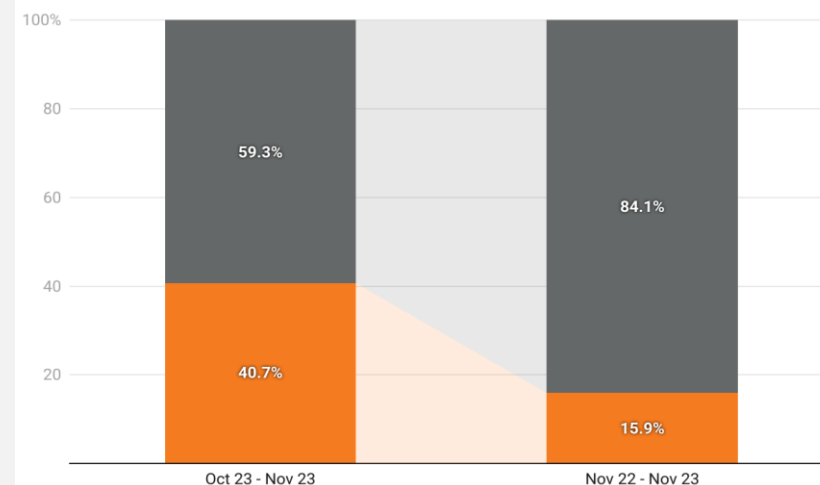Orange County: +3.6%
Osceola County: +0.8%
Lake County: -0.3%

JOB GROWTH

The region added 11,300 jobs in November to bring total gains in the last year to 27,000. However, November's job growth was dominated by hiring in the retail sector ahead of the festive season.

Job Growth, Orlando MSA

Not Seasonally Adjusted

Legend: Retail | All Other Industries

- Oct 23 - Nov 23: Retail 40.7%, All Other Industries 59.3%
- Nov 22 - Nov 23: Retail 15.9%, All Other Industries 84.1%

PAYROLL EMPLOYMENT

Year-over-year employment growth dropped below 2% in November for the first time since the region emerged from the pandemic in early 2021 and is now only just above the national rate. A slowdown in leisure & hospitality and a decline in temporary staffing remain the key headwinds.

Payroll Employment

Y/Y % Change, Not Seasonally Adjusted, Through Nov 2023

Legend: Orlando MSA | United States

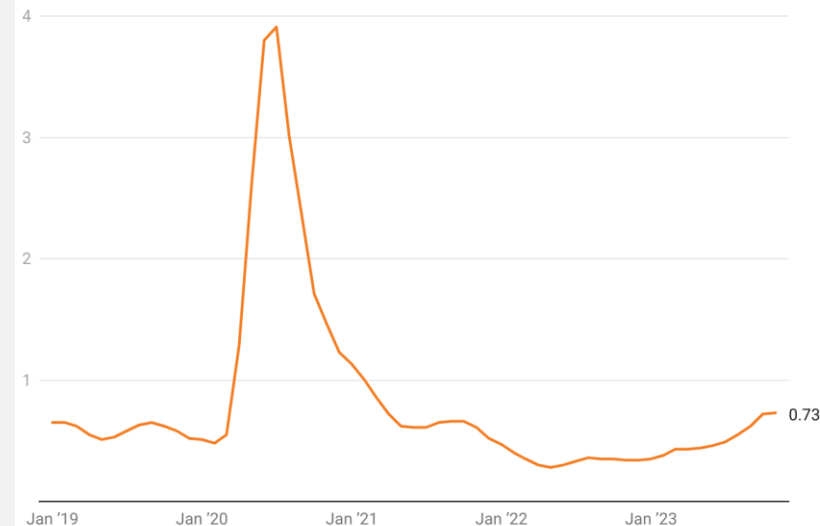Orlando MSA: 1.9%
United States: 1.8%
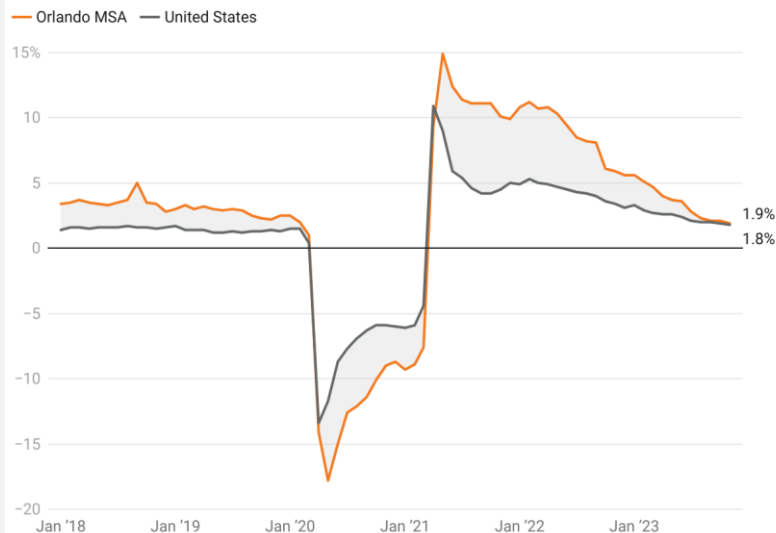
LABOR MARKET

Hiring conditions appear to be easing, even as labor market conditions remain tight, and unemployment is just 3.0%. There were approximately 73 unemployed workers available for every 100 job openings in November, up from 28 in mid-2022.

Number of Unemployed People per Job Opening

Not Seasonally Adjusted, 3-Month Moving Averages

0.73

WAGE GROWTH

Average weekly wages in November were up less than 1% from a year ago, despite the tight labor market. The region's service-led recovery is likely the main obstacle to more meaningful wage growth.

Average Weekly Earnings, Orlando MSA

Not Seasonally Adjusted, Nov 2022 - Nov 2023

Nov 22 - Nov 23: +0.7%

$999.84 $1,006.49
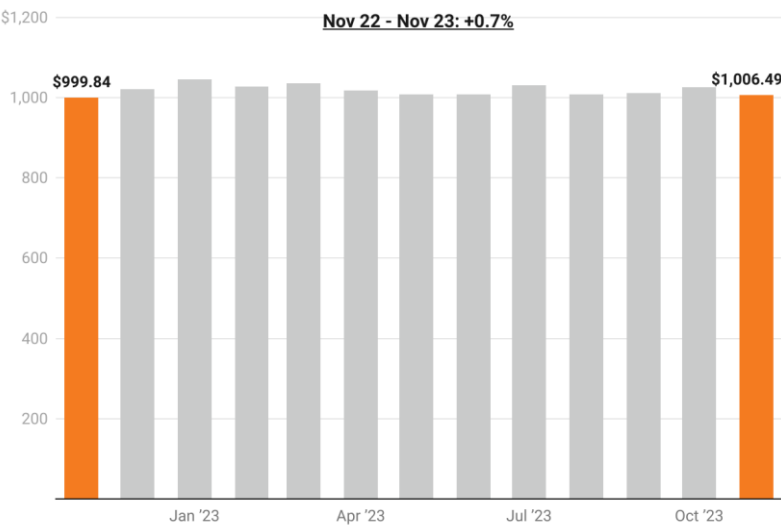
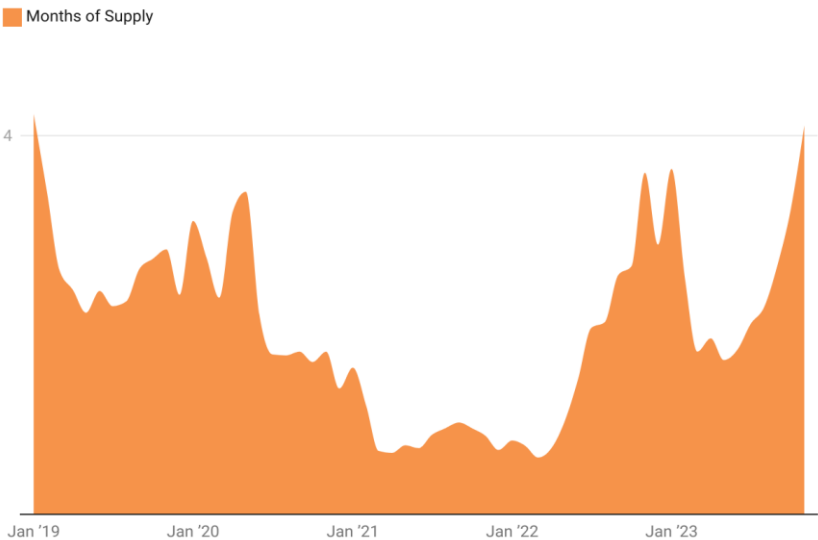# HOUSING MARKET

Home sales fell for the sixth consecutive month in November as higher interest rates continue to impact buyer demand. Inventory rose above 4 months for the first time since January 2019, after increasing for the eighth consecutive month in November.

Housing Market, Orlando MSA

Through Nov 2023

■ Months of Supply

VISITOR INDUSTRY

Area hotels are expected to report overall gains in 2023 even as growth in the tourism sector slows. The total number of rooms sold is projected to be 1% more than in 2022, while the average daily rate is forecast to have increased 5%. Gains are expected to continue into 2024 and 2025.

Hotel Performance Forecast, Orlando MSA

Y/Y % Change

■ Hotel Demand   ■ Average Daily Rate
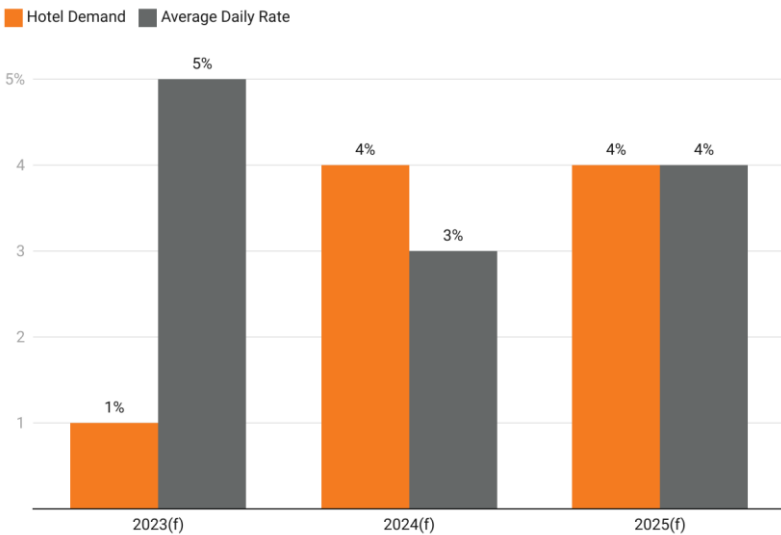
OUTLOOK

The prospect of a soft landing for the U.S. economy has risen in recent weeks alongside data confirming easing inflation, a cooling labor market, and decelerating consumer spending. Although a modest downturn remains possible in 2024, Florida and Orlando are projected to continue to outpace the national economy.

Real GDP Growth Forecast

% Change, Seasonally Adjusted Annual Rate

■ Florida   ■ United States

Pictured: Downtown from Lake Eola

PERFORMANCE & EXPECTATIONS

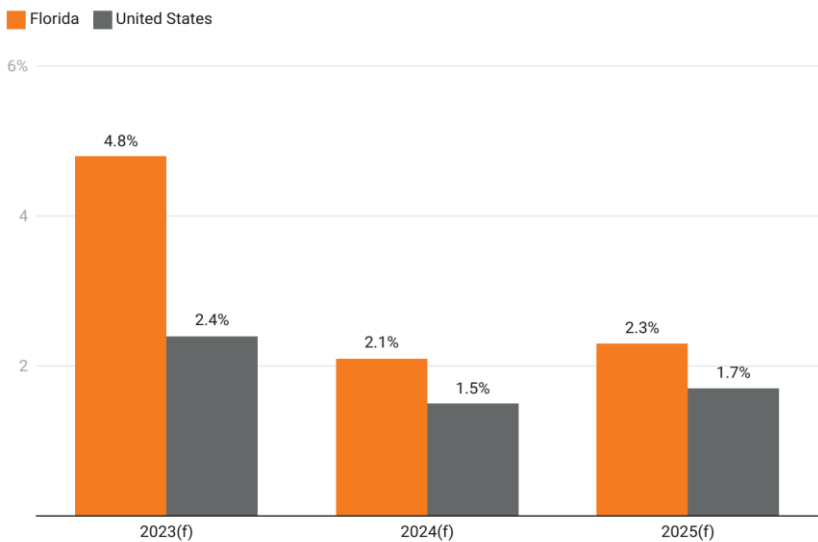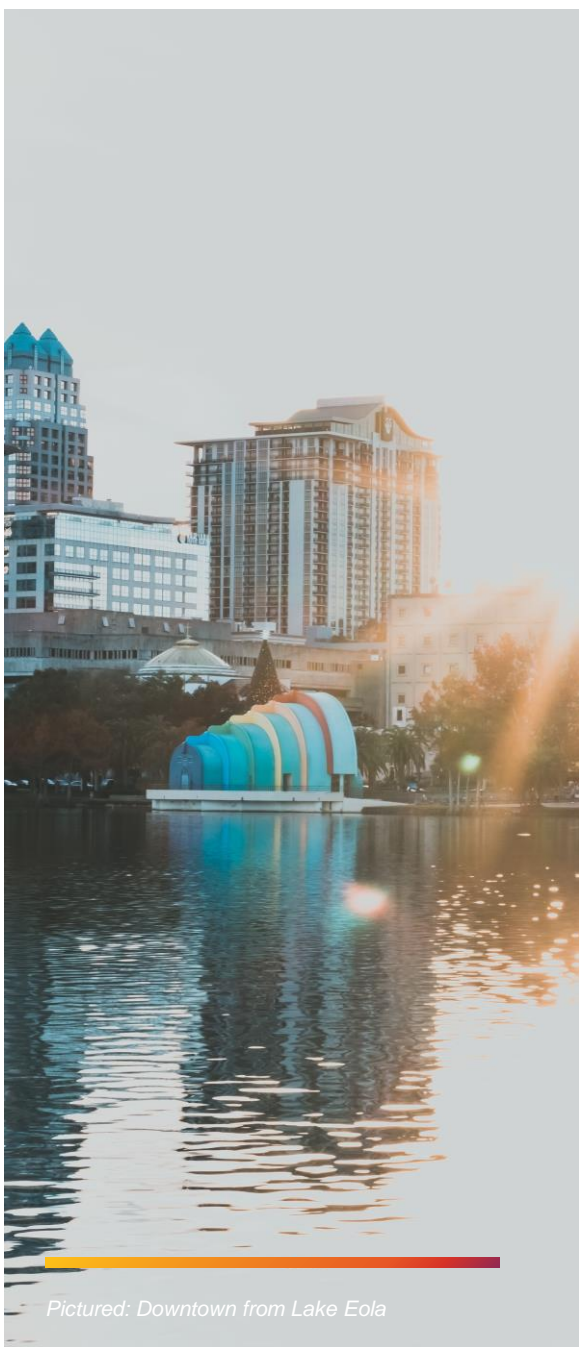57% of Partnership investors surveyed in the three months ending December 2023 reported **increased revenue** in the last six months.

A similar share (58%) *expect* to increase revenue in the next 6 months, up from 52% in the three months ending November following greater optimism about the direction of the national economy. Expectations for employment are weakest as businesses continue to adopt a '**wait-and-see' approach to hiring.**

CHALLENGES & OPPORTUNITIES

Staff recruitment and retention remains the most common issue reported by area employers but is becoming less prevalent (noted by 25% of respondents in the three months ending December 2023, down from 32% in the three months ending November 2023). As wider economic uncertainty slowly dissipates, businesses are increasingly highlighting **industry-specific considerations** as key to realizing growth or maintaining performance - for example, maximizing the potential of **new business models** or **digital transformation** in certain sectors, or navigating **reduced access to capital** in others.
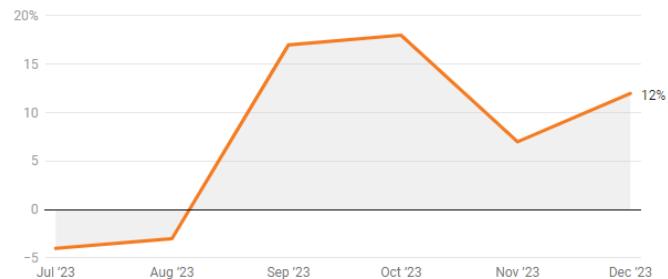
How has your business performed/how does your business expect to perform in the following areas?

Legend: ■ Increased in the last 6 months ■ Expect to increase in the next 6 months

Area	Increased in the last 6 months	Expect to increase in the next 6 months
Innovation	57%	67%
Revenue/Sales	57%	58%
Profitability	50%	50%
Investment	43%	35%
Employment	30%	33%

What would you say are your company's biggest CHALLENGES in the next 6 months?

% of respondents referencing challenge, 3 months ending Dec 2023

Challenge	%
Staffing Issues	25%
Industry-Specific Challenges	23%
Political/Policy Issues	12%
Economic Uncertainty	7%
Higher Operating Costs	6%
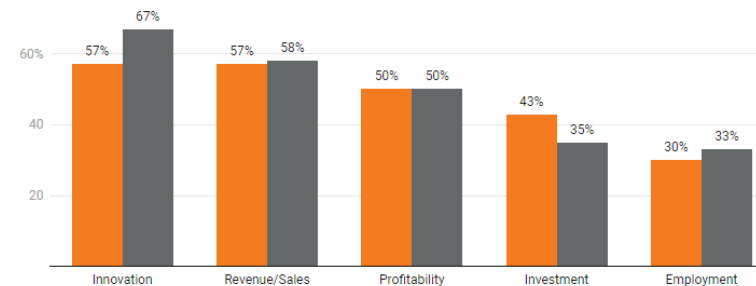
What would you say are your company's biggest OPPORTUNITIES in the next 6 months?

% of respondents referencing opportunity, 3 months ending Dec 2023

Opportunity	%
Industry-Specific Opportunities	26%
Growth	22%
More Clients	9%
Collaborations	6%
Hiring Opportunities	6%

Businesses expecting U.S. economy to grow

Net balance, 3-month periods ending in month specified

Month	Net balance
Dec '23	12%

Net balance: % who expect economy to grow minus % who expect economy to weaken

OUTLOOK

Business optimism **rebounded** in December as respondents who were previously **unsure** about the economy's prospects became more likely to forecast **growth**. A higher share of respondents in December indicated they believe the economy will grow (46%) than in October (33%) or November (38%). However, concern over the impact of a sustained period of **high interest rates** remains, cited by 28% of businesses in the quarter ending December 2023.

			Current Month	Month Earlier	Year Earlier	Monthly Change		Annual Change	
						Level	Percent	Level	Percent
Business Revenue	Total Sales[1]	Nov-23	**$17.2 billion**	$18.2 billion	$16.6 billion	-$989.1 million	**-5.4%**	$575.0 million	**3.5%**
Consumer Spending	Florida Consumer Sentiment Index	Nov-23	**68.3**	66.2	64.4	**2.1pp**		**3.9pp**	
	Consumer Spending[2]	Nov-23	**$8.7 billion**	$8.7 billion	$8.4 billion	-$33.9 million	**-0.4%**	$263.7 million	**3.1%**
Labor Market	Labor Force	Nov-23	**1,485,541**	1,498,650	1,440,213	-13,109	**-0.9%**	45,328	**3.1%**
	Employed	Nov-23	**1,440,313**	1,451,553	1,402,634	-11,240	**-0.8%**	37,679	**2.7%**
	Unemployed	Nov-23	**45,228**	47,097	37,579	-1,869	**-4.0%**	7,649	**20.4%**
	Unemployment Rate	Nov-23	**3.0%**	3.1%	2.6%	**-0.1pp**		**0.4pp**	
	Average Weekly Wage	Nov-23	**$1,006.49**	$1,026.12	$999.84	-$19.63	**-1.9%**	$6.65	**0.7%**
	Job Postings - New	Nov-23	**23,161**	24,207	33,178	-1,046	**-4.3%**	-10,017	**-30.2%**
	Job Postings - Total	Nov-23	**64,280**	59,084	108,103	5,196	**8.8%**	-43,823	**-40.5%**
Payroll Employment	TOTAL	Nov-23	**1,462,900**	1,451,600	1,435,900	11,300	**0.8%**	27,000	**1.9%**
	Mining & Logging	Nov-23	**200**	200	200	0	**0.0%**	0	**0.0%**
	Construction	Nov-23	**86,400**	86,500	85,500	-100	**-0.1%**	900	**1.1%**
	Manufacturing	Nov-23	**54,200**	54,100	53,000	100	**0.2%**	1,200	**2.3%**
	Wholesale Trade	Nov-23	**53,300**	53,800	51,800	-500	**-0.9%**	1,500	**2.9%**
	Retail	Nov-23	**158,500**	153,900	154,200	4,600	**3.0%**	4,300	**2.8%**
	Transportation, Warehousing & Utilities	Nov-23	**64,500**	62,000	63,300	2,500	**4.0%**	1,200	**1.9%**
	Information	Nov-23	**27,100**	26,900	27,600	200	**0.7%**	-500	**-1.8%**
	Financial Activities	Nov-23	**91,600**	91,900	90,900	-300	**-0.3%**	700	**0.8%**
	Professional & Business Services	Nov-23	**274,700**	272,400	277,800	2,300	**0.8%**	-3,100	**-1.1%**
	Education & Health Services	Nov-23	**191,100**	190,300	180,500	800	**0.4%**	10,600	**5.9%**
	Leisure & Hospitality	Nov-23	**288,400**	286,600	279,300	1,800	**0.6%**	9,100	**3.3%**
	Other Services	Nov-23	**43,900**	44,200	43,200	-300	**-0.7%**	700	**1.6%**
	Government	Nov-23	**129,000**	128,800	128,600	200	**0.2%**	400	**0.3%**
Real Estate	Closed Sales	Nov-23	**1,996**	2,429	1,996	-433	**-17.8%**	0	**0.0%**
	Median Price	Nov-23	**$375,000**	$377,000	$360,000	-$2,000	**-0.5%**	$15,000	**4.2%**
	New Housing Units Authorized	Nov-23	**1,650**	1,810	1,550	-160	**-8.8%**	100	**6.5%**
Visitor Industry	Hotel Occupancy	Nov-23	**69.8%**	70.6%	72.6%	**-0.8pp**		**-2.8pp**	
	Total Passengers - Orlando International Airport	Nov-23	**4,886,663**	4,879,725	4,238,804	6,938	**0.1%**	647,859	**15.3%**

[1]preliminary
[2]custom OEP aggregation; NOT a published statistic