Orlando MSA Market Update

January 2023

All data represent most recent available as of January 30, 2023

Pictured: Orange County Convention Center

Consumer spending in Orlando **lost some momentum towards the end of 2022** but kept pace with inflation despite ongoing economic uncertainty.

Early signs of **labor market softening** may be beginning to emerge - preliminary data suggest the region unexpectedly lost jobs in December.

Still, Orlando added an estimated **53,000 jobs in 2022** and the region's recovery from the pandemic continues to evolve, although some gains still appear attributable to industries rebuilding capacity.

Unemployment dropped to a **historic low** in December and the tight labor market is creating **ongoing recruitment challenges** for employers, despite overall demand for labor easing from the summer. In December, there were **more jobs looking for people than people looking for jobs.**

Higher mortgage rates and buyer apprehension continue to impact the **local housing market**, with prices falling though the final quarter and homes remaining on the market for longer.

Most Orlando businesses remain **cautiously optimistic** about the future, but acknowledge some **clients are proving more hesitant** to move forward with new work or that they themselves are **scaling back recruitment plans.**

A **mild U.S. recession** in late 2023 remains a possibility; however, **Florida and Orlando** are projected to **outperform the national economy** due to sustained population growth and ongoing recovery in the tourism industry.
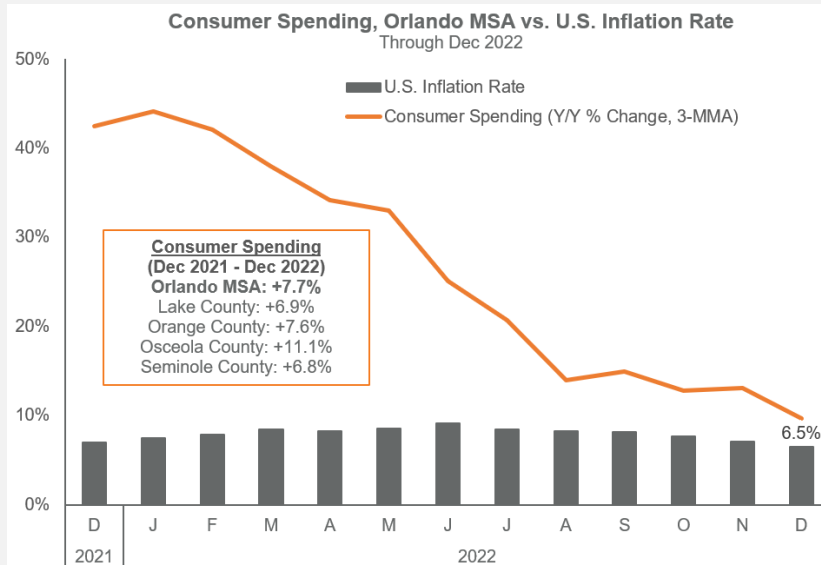
Orlando businesses can reasonably expect a **period of slower growth** as economic uncertainty lingers through 2023 but growth opportunities for ambitious businesses undoubtedly remain.
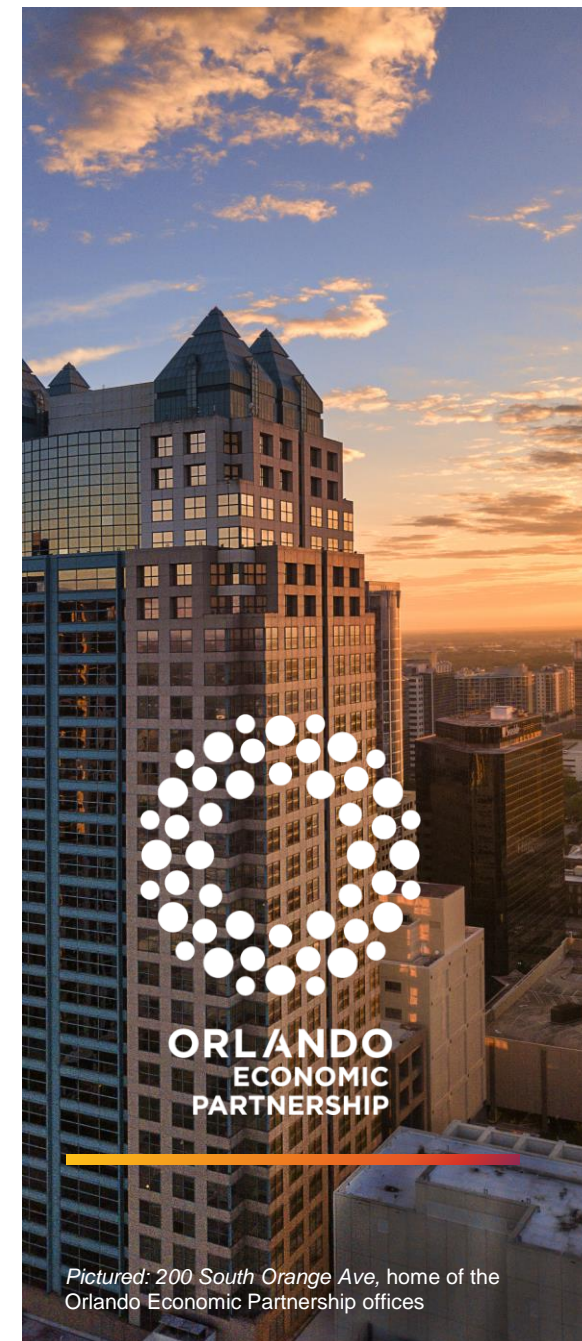
Pictured: 200 South Orange Ave, home of the Orlando Economic Partnership offices

SALES

The latest sales data suggest growth in consumer spending softened through the final quarter of 2022 despite outpacing inflation.

Consumer Spending, Orlando MSA vs. U.S. Inflation Rate
Through Dec 2022

- U.S. Inflation Rate
- Consumer Spending (Y/Y % Change, 3-MMA)

Consumer Spending (Dec 2021 - Dec 2022)
Orlando MSA: +7.7%
Lake County: +6.9%
Orange County: +7.6%
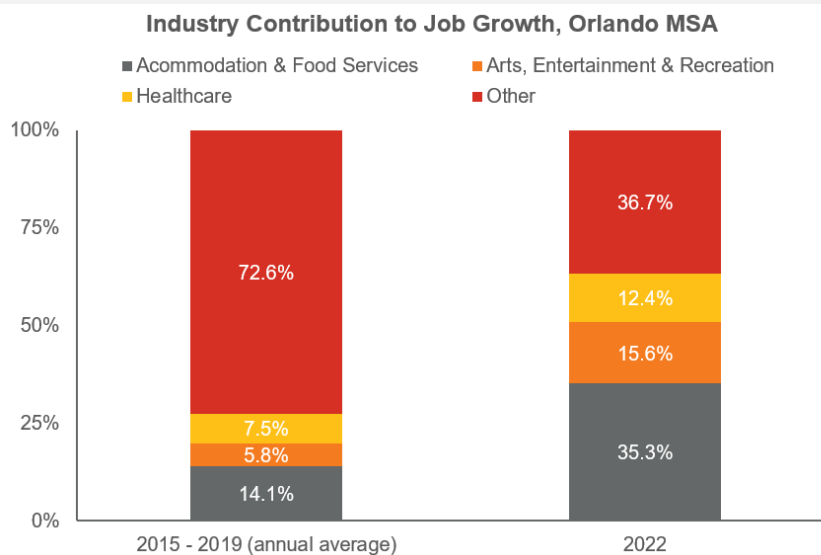Osceola County: +11.1%
Seminole County: +6.8%

6.5%

PAYROLL EMPLOYMENT

The slowdown in spending appears consistent with some labor market weakness late in the year, although an apparent job loss in December remains subject to revision.
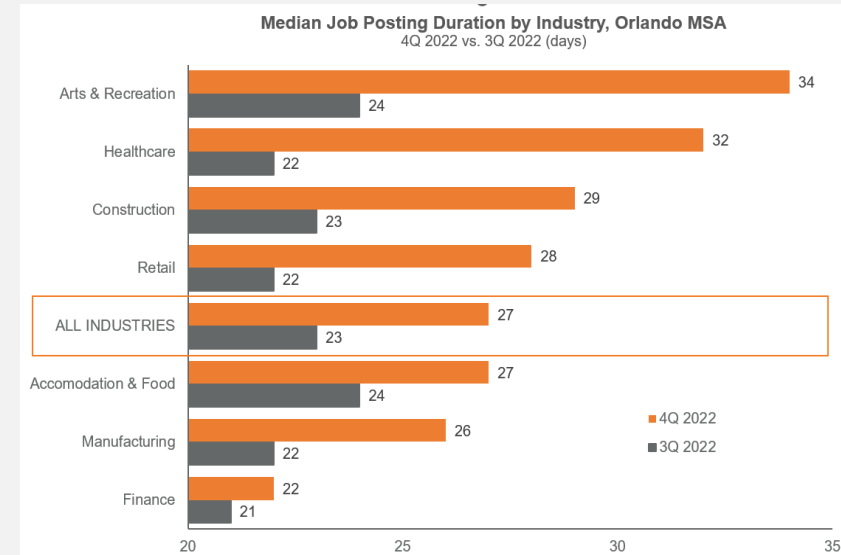
Payroll Employment, Orlando MSA
Seasonally Adjusted
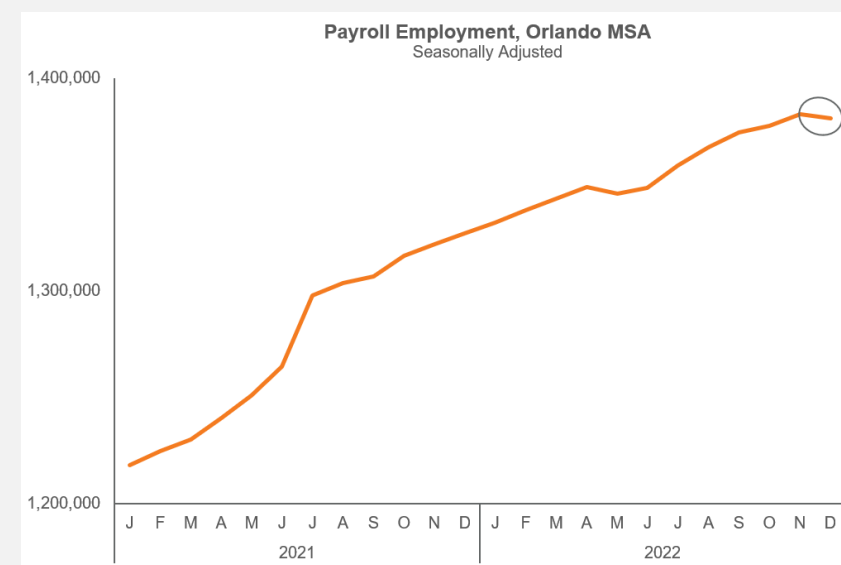
JOB GROWTH BY INDUSTRY

Orlando added a preliminary 53,300 jobs in 2022 and the region now has 46,000 more jobs than in February 2020. However, the composition of jobs created in 2022 suggests the labor market continues to readjust with service industries disproportionate contributors relative to pre-pandemic averages.

Industry Contribution to Job Growth, Orlando MSA

- Accommodation & Food Services
- Arts, Entertainment & Recreation
- Healthcare
- Other

2015 - 2019 (annual average):
- Other: 72.6%
- Healthcare: 7.5%
- Arts, Entertainment & Recreation: 5.8%
- Accommodation & Food Services: 14.1%

2022:
- Other: 36.7%
- Healthcare: 12.4%
- Arts, Entertainment & Recreation: 15.6%
- Accommodation & Food Services: 35.3%

JOB POSTINGS

Total job postings have eased from earlier in 2022, but this has not translated into a less challenging hiring environment. All industries appear to be taking longer to fill open positions.

Median Job Posting Duration by Industry, Orlando MSA
4Q 2022 vs. 3Q 2022 (days)

Industry	4Q 2022	3Q 2022
Arts & Recreation	34	24
Healthcare	32	22
Construction	29	23
Retail	28	22
ALL INDUSTRIES	27	23
Accomodation & Food	27	24
Manufacturing	26	22
Finance	22	21

UNEMPLOYMENT
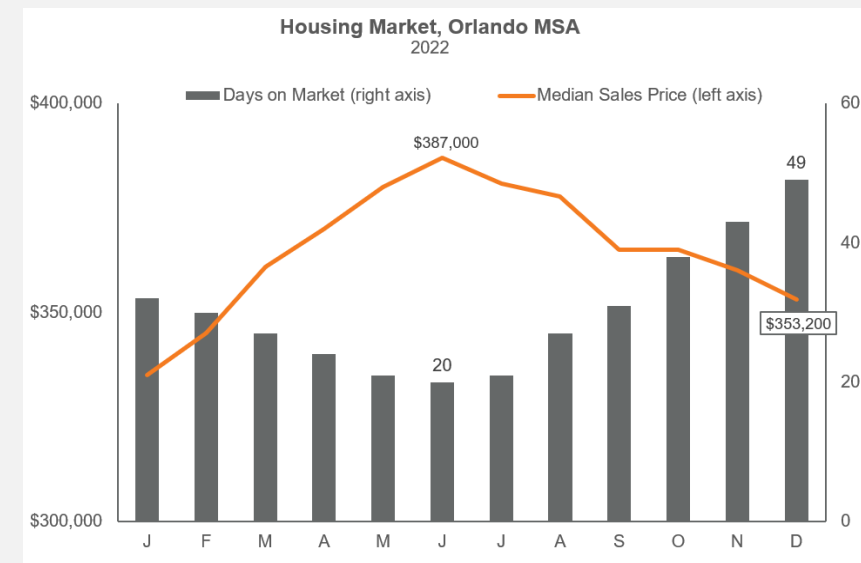
Recruitment difficulties have been compounded by unemployment falling to just 2.3% in December, its lowest level since 2006. The region closed 2022 with more job postings than unemployed workers.

Orlando MSA Labor Market
Through Dec 2022

Legend: Job Postings, Unemployment
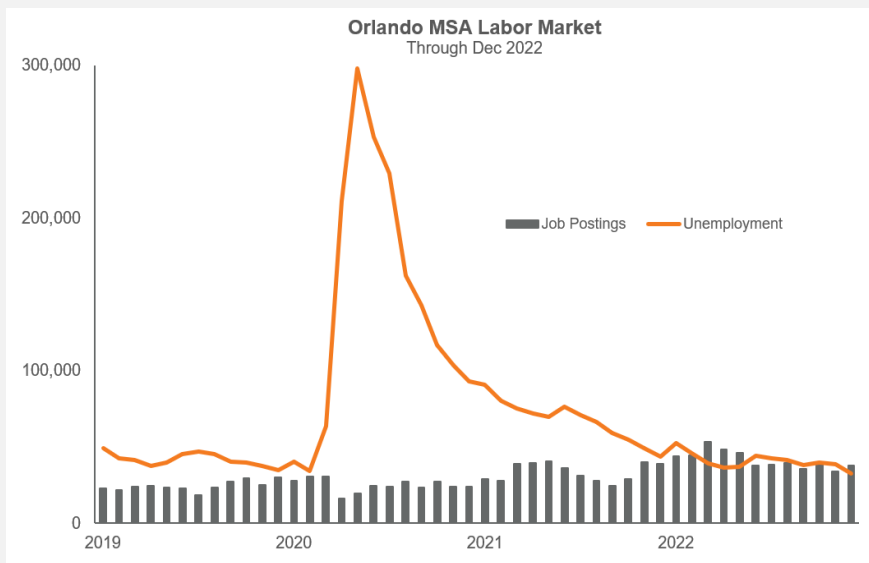
HOUSING MARKET

Higher borrowing costs are putting downward pressure on prices, meaning homes are remaining on the market for longer. 17,000 fewer homes were sold in 2022 than in 2021 and annual price growth closed the year at a more sustainable 4%.

Housing Market, Orlando MSA
2022

Legend: Days on Market (right axis), Median Sales Price (left axis)

$387,000

49

20

$353,200

TRANSPORATION

Ahead of Brightline commencing operations in Orlando later this year, SunRail welcomed 24% more passengers in 2022 than in 2021; however, ridership remains some way below pre-pandemic levels.

SunRail Passenger Volume
CY 2019 - CY 2022

1,571,656

749,544

743,395

919,946
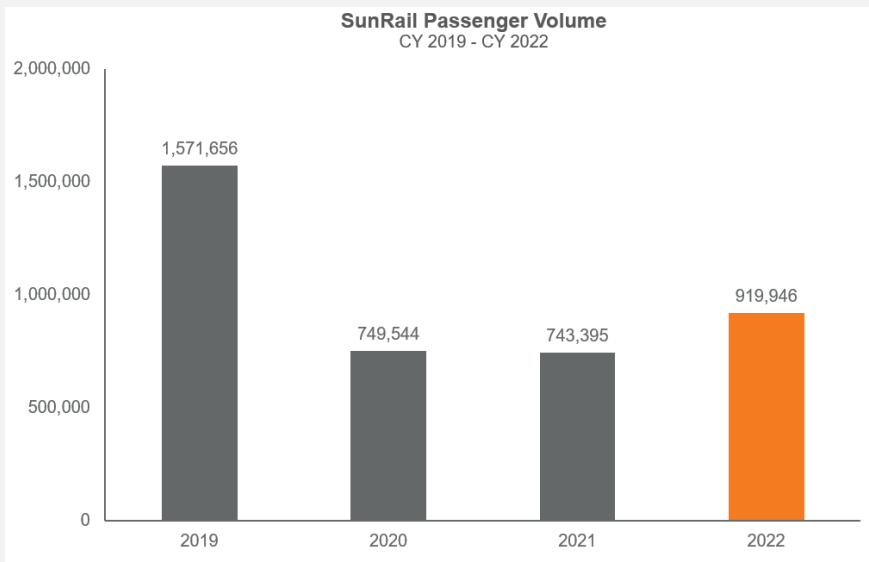
OUTLOOK

A recession lasting just a few quarters in late 2023 remains the consensus forecast for the U.S economy. However, the downturn is not expected to be severe enough to produce an annual decline and Florida and Orlando are projected to feel even less of an impact.

2023 Forecast

Legend: Florida, United States

1.0%

0.5%

3.4%

4.1%

GDP

Unemployment (annual rate)
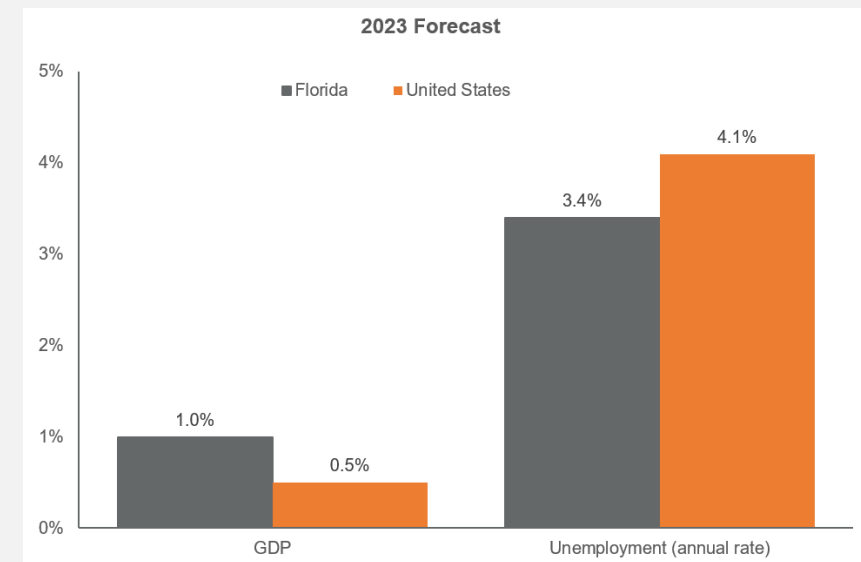
			Current Month	Month Earlier	Year Earlier	Monthly Change		Annual Change	
						Level	Percent	Level	Percent
Business Revenue	Total Sales[1]	Dec-22	**$16.5 billion**	$16.4 billion	$15.0 billion	$80 million	**0.5%**	$1.4 billion	**9.6%**
Consumer Spending	Florida Consumer Sentiment Index	Dec-22	**64**	64.4	72.3	**-0.4pp**		**-8.3pp**	
	Consumer Spending[2]	Dec-22	**$8.5 billion**	$8.4 billion	$7.9 billion	$66 million	**0.8%**	$611 million	**7.7%**
Labor Market	Labor Force	Dec-22	**1,407,116**	1,414,348	1,366,646	-7,232	**-0.5%**	40,470	**3.0%**
	Employed	Dec-22	**1,374,399**	1,375,733	1,323,163	-1,334	**-0.1%**	51,236	**3.9%**
	Unemployed	Dec-22	**32,717**	38,615	43,483	-5,898	**-15.3%**	-10,766	**-24.8%**
	Unemployment Rate	Dec-22	**2.3%**	2.7%	3.2%	**-0.4pp**		**-0.9pp**	
	Average Weekly Wage	Dec-22	**$1,021.31**	$999.84	$992.99	-$21.47	**2.1%**	$28.32	**2.9%**
	Job Postings	Dec-22	**37,735**	34,127	39,230	3,608	**10.6%**	-1.495	**-3.8%**
Payroll Employment	TOTAL	Dec-22	**1,394,600**	1,396,600	1,341,300	-2,000	**-0.1%**	53,300	**4.0%**
	Mining & Logging	Dec-22	**200**	200	200	0	**0.0%**	0	**0.0%**
	Construction	Dec-22	**76,400**	75,800	83,900	600	**0.8%**	-7,500	**-8.9%**
	Manufacturing	Dec-22	**55,200**	55,700	51,000	-500	**-0.9%**	4,200	**8.2%**
	Wholesale Trade	Dec-22	**51,000**	51,300	47,300	-300	**-0.6%**	3,700	**7.8%**
	Retail	Dec-22	**156,000**	155,000	154,900	1,000	**0.6%**	1,100	**0.7%**
	Transportation, Warehousing & Utilities	Dec-22	**63,500**	62,000	60,500	1,500	**2.4%**	3,000	**5.0%**
	Information	Dec-22	**26,600**	26,700	26,400	-100	**-0.4%**	200	**0.8%**
	Financial Activities	Dec-22	**86,200**	87,600	85,700	-1,400	**-1.6%**	500	**0.6%**
	Professional & Business Services	Dec-22	**254,300**	255,400	250,400	-1,100	**-0.4%**	3,900	**1.6%**
	Education & Health Services	Dec-22	**173,500**	173,600	163,900	-100	**-0.1%**	9,600	**5.9%**
	Leisure & Hospitality	Dec-22	**277,000**	278,400	249,900	-1,400	**-0.5%**	27,100	**10.8%**
	Other Services	Dec-22	**46,000**	45,200	41,900	800	**1.8%**	4,100	**9.8%**
	Government	Dec-22	**128,700**	129,700	125,300	-1,000	**-0.8%**	3,400	**2.7%**
Real Estate	Closed Sales	Dec-22	**2,230**	1,996	3,820	234	**11.7%**	-1,590	**-41.6%**
	Median Price	Dec-22	**$353,200**	$360,000	$340,000	-$6,800	**-1.9%**	$13,200	**3.9%**
	New Housing Units Authorized	Dec-22	**2,385**	1,550	1,667	835	**53.9%**	718	**43.1%**
Visitor Industry	Hotel Occupancy	Dec-22	**71.9%**	72.6%	68.8%	**-0.7pp**		**+3.1pp**	
	Total Passengers - Orlando International Airport	Nov-22	**4,238,804**	4,387,009	3,884,962	-148,205	**-3.4%**	353,842	**9.1%**

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