

EMPLOYMENT

METROPOLITAN ORLANDO

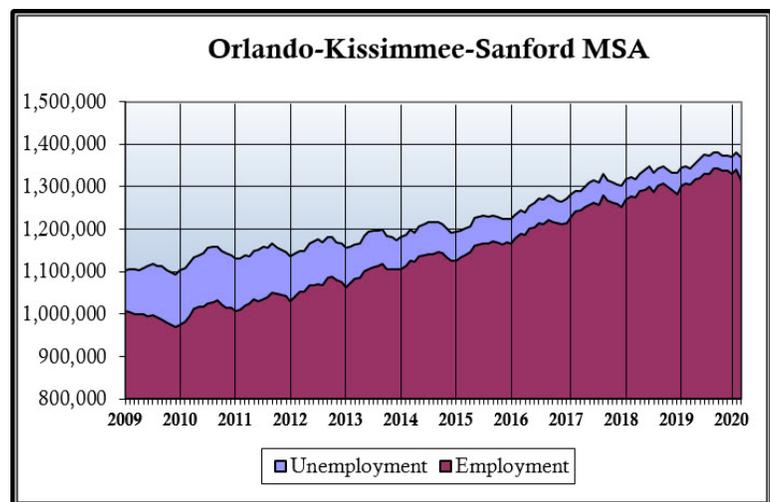
MARCH 2020



The Orlando-Kissimmee-Sanford MSA (Metropolitan Statistical Area) consists of Orange, Seminole, Osceola and Lake Counties. It is located near the center of peninsular Florida, east of midway between the Atlantic Ocean and the Gulf of Mexico.

The Orlando-Kissimmee-Sanford MSA's population grew from 1,644,561 in 2000 to 2,134,411 in 2010, averaging 48,985 persons per year. During the same time period, the number of households increased by 173,197, representing direct demand for 17,320 new dwelling units per year. The 2019 population estimate of 2,567,010 persons and 947,895 households reflects average growth of 48,067 persons per year and 16,606 households per year since 2010. Approximately 61% of occupied dwelling units are owner-occupied and 39% are renter-occupied. The MSA's population is forecast (by ESRI) to grow to 2,834,269 persons and 1,042,358 households by 2024. This forecast anticipates accelerating growth on the order of 53,452 persons (18,893 households) per year over the next five years.

Based on 2019 estimates, the area's population has a median household income of \$55,875 and an average household income of \$79,437. Employment had generally kept pace with population (labor force) growth from 2002 to the beginning of 2008, gradually bringing the unemployment rate down to around 3% to 3.5% for most of 2005 through May 2007. Concurrent with the nationwide Great Recession commencing 4Q2007, however, the local unemployment rate rapidly increased to 9.5% by March 2009, then remained around 11% through February 2011. Strong employment growth during the ensuing decade led the unemployment rate to gradually decline to below 3% by April 2019. With the outbreak of the COVID-19 pandemic, the preliminary March 2020 unemployment rate has jumped to 4.2%.



The U.S. Bureau of Labor Statistics shows that the Orlando-Kissimmee-Sanford MSA employment had grown from 864,331 jobs (1/2003) to 1,053,194 jobs (1/2008), for an average of 37,773 new jobs per year over the five years. During the following two years, from January 2008 to January 2010's trough, 80,000 jobs were lost. It then took the MSA nearly 2½ years (to May 2012) to recover the number of jobs lost during the recession. February 2020's total 1,339,640 jobs was an all-time high for the MSA and 265,000 jobs above pre-recession peak employment of 1,074,000 jobs (July 2007). Year-over-year job growth for the past 12 months has averaged 34,303 jobs per year. March 2020 employment has dipped, but reflects 5,270 more jobs than March 2019.



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September 2019's 1,381,556 person labor force was an all-time high for the MSA. March 2020's seasonal labor force at 1,368,636 is 20,962 persons larger than in March 2019, reflecting continued net working population growth over the past year, compared to the 26,350 persons growth in the 2018-2019 period and 31,244 persons growth in the 2017-2018 period.

In summary, the Orlando-Kissimmee-Sanford MSA's economy is beginning to slow, because of the effects of health-related business operating restrictions and "stay at home" orders due to the COVID-19 pandemic. Seasonal swings notwithstanding, job growth has been positive since June 2010. Job creation is presently in a "wait and see" status, because of the unknowns of how long COVID-19 fears will impact businesses. Accordingly, in-migration to the metropolitan area may be slowing, for now. Mortgage interest rates (residential 30 year) remain under 4.0%. We believe the local housing market will remain stable, albeit with fewer buyers and sellers, during this period of uncertainty.