

Florida on pace to swell to \$1 trillion economy, says UCF forecast



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Florida's economy will continue to outpace the rest of the country for the next four years, pushing the state toward a \$1 trillion economy by 2018, according to the latest economic forecast from the University of Central Florida.

In his second-quarter forecast, UCF economist Sean Snaith said the Sunshine State is enjoying rising job growth and home construction. The mix of aging baby boomers and a healthier jobs market in Florida "bodes well for continued population growth via the immigration of workers and retirees," he said.

His analysis projects Florida's economy will expand at an average annual rate of 2.9 percent from 2016 to 2019, outpacing the national average. That means Florida's gross state product, or economic output, would cross the \$1 trillion threshold in 2018 and climb to \$1.074 trillion in 2019. Based on current World Bank rankings, Snaith said, that would make Florida's economy the 16th largest in the world.

Already, Florida has enjoyed a healthy housing recovery. Median home prices have jumped from a low of \$122,200 during the housing crisis to \$213,000. A shrinking inventory of homes on the market is encouraging builders.

But Snaith discounted fears that another housing crisis may be brewing. "While this looks like another housing bubble, it's really just an old-fashioned shortage in the single-family market," he said, predicting any housing shortage will correct itself as housing starts pick up in the next few years.

For Tampa Bay, the buzzword is building. The UCF economist predicts construction and mining will be the fastest-growing sector, with an annual average growth rate of 5.2 percent. Second would be professional and business services, growing at 4.5 percent a year. He forecasts that wages will grow by 3.7 percent annually, on average.

Snaith drafted his report before Thursday's surprise vote in Britain to pull out of the European Union.

On Tuesday, Snaith said he may temper expectations for Florida somewhat after Britain's exit, but he still sees the state on the path toward a \$1 trillion economy. In the long-term, the scope of a global slowdown or a recession depends on whether other European countries follow Britain's lead; in the short term, the biggest impact on Florida will be on tourism, he said.

"Everything is 10 percent more expensive now for visitors from the UK to Florida, so that will change some behavior," he said.



A rising population, job growth and housing demand all are pushing Florida toward becoming a \$1 trillion economy within a couple years, a new report says. This photo from March shows early construction for One St. Petersburg, a 41-story, 253-unit condo tower in downtown St. Petersburg. [SCOTT KEELER | Times]

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