



MARKET OUTLOOK

MACROECONOMICS TRENDS



AT A GLANCE

MACROECONOMICS REPORT



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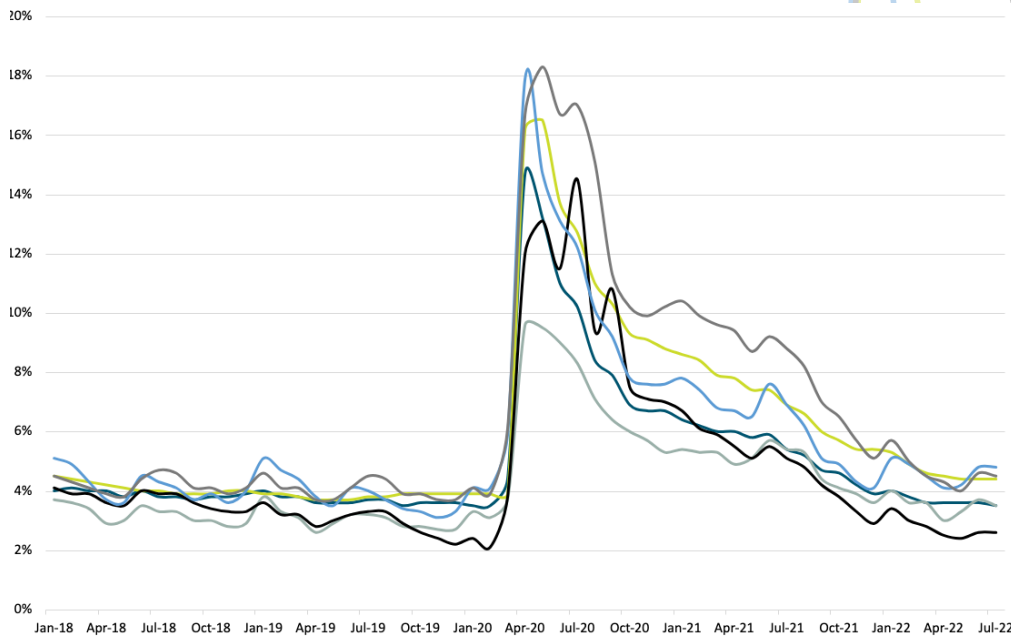
Although the macroeconomic environment has proved to be incredibly challenging this year, our outlook remains positive. The tightness in the labor market along with layoffs not yet materializing, despite the CPI figures, suggest that companies and consumers will enter a recessionary environment from a position of strength. For commercial real estate assets, the forward outlook is also positive, however, complex and regionally dependent. Given the current imbalance between supply and demand for housing, multifamily assets will continue to perform well in most regions. E-commerce trends and the comeback of brick-and-mortar retail have also presented unique opportunities in the industrial and retail space. Office assets present challenges right now with remote work becoming more popular and competition for quality products. Overall, if consumers can maintain a healthy position, commercial real estate assets will as well.”

NATIONAL

JOB MARKET



JOB MARKETS AMONG MAJOR METROS



- As of October 2022, the U.S. unemployment rate averaged 3.7%, up 0.2% from September, and the number of unemployed persons rose by 306,000 to 6.1 million.
- A handful of large public companies have already announced plans to reduce their workforces.
- Ford, for example, announced it would cut 8,000 jobs.
- Twitter has fired 7,500 employees
- CBRE has announced cost cuts of up to \$400 million, mostly related to headcount
- Meta has outlayed plans to lay off 11,000 employees
- Other companies such as Coinbase, CVS, Netflix and other tech players have all announced either a slow down in hiring or minor layoffs that could signal the beginning of a larger trend in unemployment.

— US — NYC — DC — MIA — CHI — LA

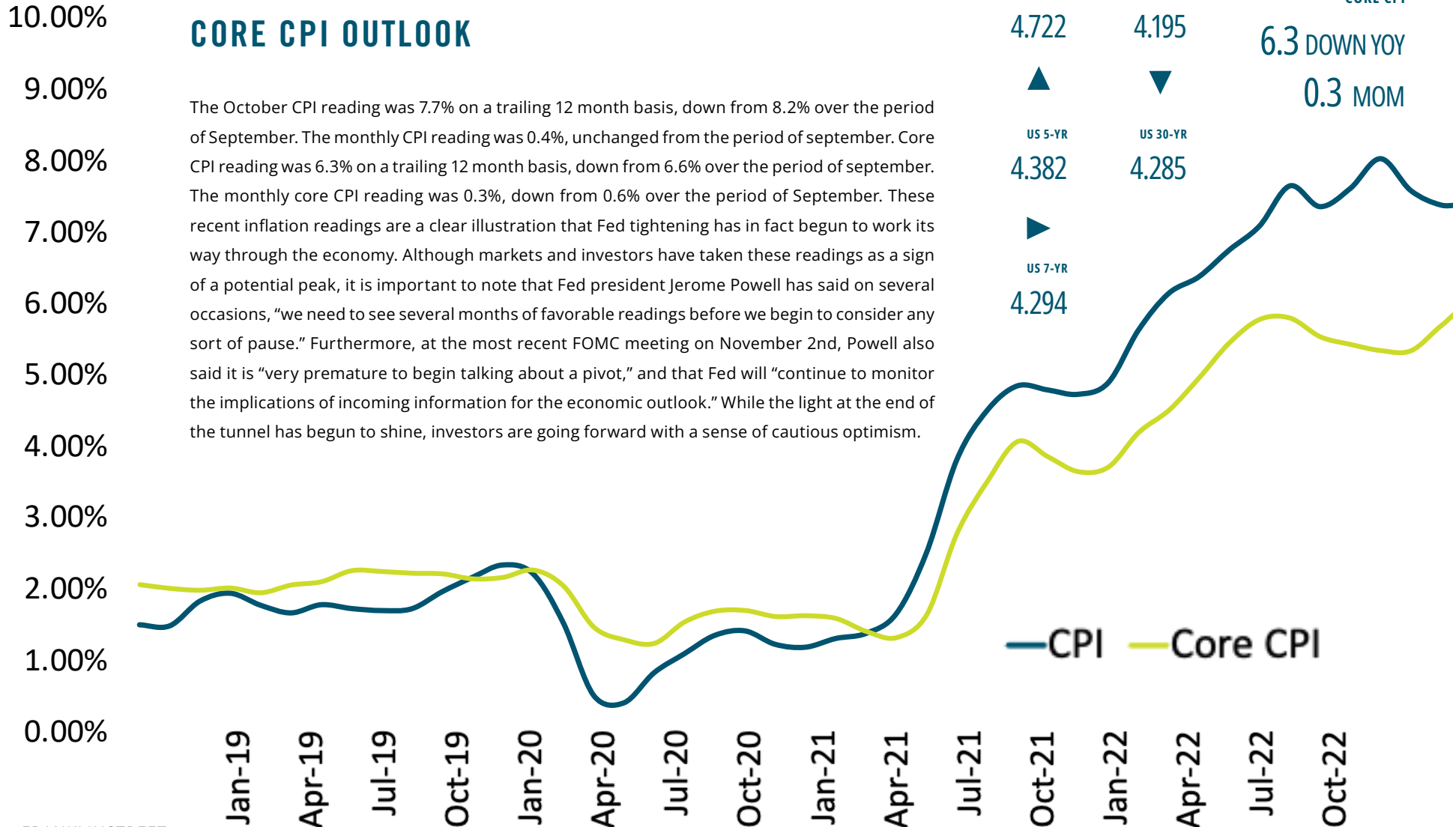
INFLATION

The current total value of secured commercial real estate loans in the US has topped \$2.76 trillion and has grown 10.81% over the past year. (As of 11/07/2022 Source: FRED)

October 2022 Inflation Level- 7.7% YOY / 0.4% MOM

CORE CPI OUTLOOK

The October CPI reading was 7.7% on a trailing 12 month basis, down from 8.2% over the period of September. The monthly CPI reading was 0.4%, unchanged from the period of september. Core CPI reading was 6.3% on a trailing 12 month basis, down from 6.6% over the period of september. The monthly core CPI reading was 0.3%, down from 0.6% over the period of September. These recent inflation readings are a clear illustration that Fed tightening has in fact begun to work its way through the economy. Although markets and investors have taken these readings as a sign of a potential peak, it is important to note that Fed president Jerome Powell has said on several occasions, "we need to see several months of favorable readings before we begin to consider any sort of pause." Furthermore, at the most recent FOMC meeting on November 2nd, Powell also said it is "very premature to begin talking about a pivot," and that Fed will "continue to monitor the implications of incoming information for the economic outlook." While the light at the end of the tunnel has begun to shine, investors are going forward with a sense of cautious optimism.



FLORIDA OUTPERFORMS

JOB MARKET

With favorable tax conditions, Florida has become a very attractive destination for relocation to businesses. Firms from New York like Goldman Sachs, Point72 Asset Management, Related Cos., and other financial firms have flocked to places like South Florida and Tampa Bay to take full advantage of the tax incentives and warmer weather, while avoiding potential pandemic-related restrictions.

Recently, media outlet FloridaInsider, commented on the intense population growth, where writer Chris J., said, "With approximately 22.25 million residents as of April 1, Florida continues to see an increase in population size that is roughly equivalent to adding a city the size of Orlando each year."



FLORIDA

JOB MARKET

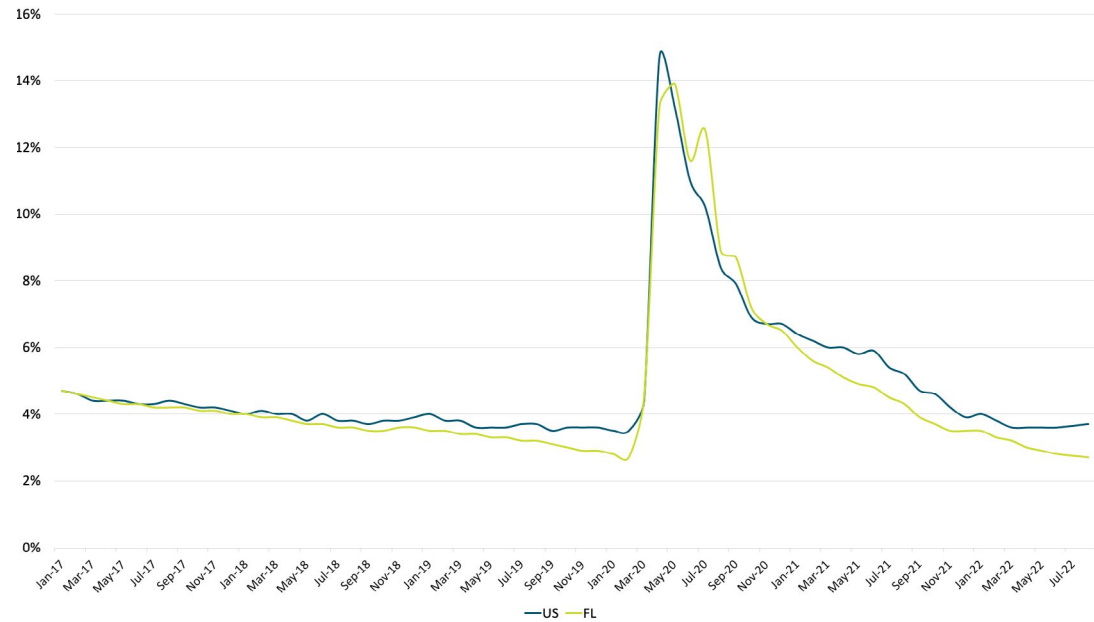
▼
FL
2.5%

▲
US
3.7%

Florida unemployment is down 1.4% from a year ago

The majority of the population inflow to Florida has been focused around suburban areas. As the metro areas become more dense and housing becomes more expensive, suburban areas neighboring larger cities have captured much of the incoming population. Bradenton, Lakeland, Winter Haven, Fort Myers, Sarasota and Daytona Beach have all benefited from the spillover population growth.

FLORIDA JOB MARKET PERFORMING



FLORIDA

12-MONTH PAYROLL CHANGE



FLORIDA JOB MARKET MO PAYROLL

Sector	Payroll Change
Construction	(200)
Mining and Logging	500
Other Services	4,400
Government	8,300
Financial Activities	13,300
Information	13,700
Manufacturing	21,700
Education and Health Services	26,200
Leisure and Hospitality	40,700
Trade, Transportation, and Utilities	57,200
Professional Business Services	60,500

MSA	Labor Force	Employed	Unemployed	Rate
Cape Coral-Fort Myers MSA	368,449	357,586	10,863	2.9%
Crestview-Fort Walton Beach-Destin MSA	139,381	135,921	3,460	2.5%
Deltona-Daytona Beach-Ormond Beach MSA	314,688	304,456	10,232	3.3%
Gainesville MSA	147,275	142,984	4,291	2.9%
Homosassa Springs MSA	48,148	46,045	2,103	4.4%
Jacksonville MSA	838,056	813,564	24,492	2.9%
Lakeland-Winter Haven MSA	337,225	324,738	12,487	3.7%
Miami-Fort Lauderdale-West Palm Beach MSA	3,153,127	3,069,816	83,311	2.6%
Fort Lauderdale-Pompano Beach-Deerfield Beach MD	1,065,846	1,033,926	31,920	3.0%
Miami-Miami Beach-Kendall MD	1,323,587	1,295,113	28,474	2.2%
West Palm Beach-Boca Raton-Delray Beach MD	763,694	740,777	22,917	3.0%
Naples-Immokalee-Marco Island MSA	187,088	181,761	5,327	2.8%
North Port-Sarasota-Bradenton MSA	396,310	385,183	11,127	2.8%
Ocala MSA	144,512	139,267	5,245	3.6%
Orlando-Kissimmee-Sanford MSA	1,396,222	1,351,947	44,275	3.2%
Palm Bay-Melbourne-Titusville MSA	299,714	291,167	8,547	2.9%
Panama City MSA	95,155	92,626	2,529	2.7%
Pensacola-Ferry Pass-Brent MSA	240,023	232,963	7,060	2.9%
Port St. Lucie MSA	231,170	223,595	7,575	3.3%
Punta Gorda MSA	76,154	73,695	2,459	3.2%
Sebastian-Vero Beach MSA	67,033	64,596	2,437	3.6%
Sebring MSA	35,042	33,428	1,614	4.6%
Tallahassee MSA	199,376	193,161	6,215	3.1%
Tampa-St. Petersburg-Clearwater MSA	1,645,691	1,598,481	47,210	2.9%
The Villages MSA	36,276	34,745	1,531	4.2%

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