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## NEWS NEWS NEWS NEWS NEWS

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### Deflating

Central Florida business conditions are definitely on a slower track than has been the case for several years.

Current (near-term) assessments continued **strong** only in the area of the local rate of unemployment. Nonfarm payroll jobs growth was scaled back to **slower** from a previous rating of strong. Back in April of 2000 the 12-month change in the jobs-added category was 48,200 (year-over-year). A similar 12-month comparison for the period ended October 2000 put the jobs-added estimate at 40,300; the expansion rate here has slowed to a still-good 4.5 percent from a rate of 5.5 percent back in April 2000. The payroll jobs growth rate for the entire U.S., however, was a much more paltry 1.8 percent.

The local hotel occupancy rate was upgraded to **moderate** from a previous rating of weak. Over 2000's first 10 months the occupancy rate for metro Orlando was placed at 74.0 percent; this was imperceptively different from 74.1 percent over 1999's initial 10 months. Since 1981, the two strongest years for the local area's hotel occupancy rate were 1983 and 1989; during both of those years the rate came in at 81.3 percent.

Passenger arrivals at Orlando International Airport held onto the previous rating of **moderate**. But (1) sales of existing single-family homes and (2) private construction activity were evaluated as **slow** and **slower**, respectively. Contractions in growth rates are observed in both of these local economic sectors.

Among Florida's six largest metro areas, Orlando (1) placed first based on the most-favorable rate of unemployment, (2) placed second, falling from first, based on growth rates in nonfarm payrolls, behind metro Tampa, but ahead of West Palm Beach, (3) placed second behind metro Tampa on the basis of the absolute number of payroll jobs added, and (4) placed first, ahead of Tampa, on the basis of total authorized permits for private construction. Within all of Florida, metro Orlando is still doing quite well, but lofty growth rates have disappeared being replaced with modest ones, or in some cases even contraction.

One change is notable: the 13-month growth rate in authorized permits for private construction (period ended August 2000) slowed to a contraction rate of 11.7 percent compared with an expansion rate of 21.1 percent for the 13-month period ended August of 1999. Both the natural building cycle and the interest-rate cycle negatively impacted the performance of this sector during 2000.

As we move into 2001, it is indeed a positive sign that policymakers at the Federal Reserve are now more concerned with a national economic slowing than rising inflation rates. On a cautionary note, interest rate levels are not the only factor placing a drag on national economic performance.

**Note:** For more information, or to receive the full version of the latest Status Report, contact Dr. David F. Scott, Jr., Executive Director, Dr. Phillips Institute for the Study of American Business Activity, and Phillips-Schenck Chairholder, University of Central Florida, Orlando, FL 32816-1400. Phone: 407-823-5903.

# Metro Orlando

## Selected Economic Indicators: Summary

<b>Indicator</b>	<b>Data Level</b>	<b>Near-Term Assessment</b>	<b>Longer Trend</b>
<b>Unemployment Rate</b>	<b>2.5%</b> (Oct. 2000)	<b>Strong</b>	<b>Steady</b>
<b>Nonfarm Payroll Jobs Growth</b>	<b>Up 4.5%</b> <b>40,300 jobs</b> (Oct. 00 vs. Oct. 99)	<b>Slower</b>	<b>Slower</b>
<b>Sales of Existing Single-Family Homes</b>	<b>Down 1.37%</b> <b>11 Month Look</b> (Thru Nov. 00 vs. Thru Nov. 99)	<b>Slow</b>	<b>Slow</b>
<b>Hotel Occupancy Rate</b>	<b>74.0% vs. 74.1%</b> <b>10 Month Look</b> (Thru Oct. 00 vs. Thru Oct. 99)	<b>Moderate</b>	<b>Moderate</b>
<b>Orlando International Airport (passenger arrivals)</b>	<b>Up 5.7%</b> <b>10 Month Look</b> ( Thru Oct. 00 vs. Thru Oct. 99)	<b>Moderate</b>	<b>Steady</b>
<b>Private Construction Activity (housing permits)</b>	<b>Down 11.7%</b> <b>13 Month Look</b> (Thru Aug. 2000 vs. Thru Aug. 99)	<b>Slower</b>	<b>Slower</b>

Sources: Several public data sources, each identified by request. Analysis and presentation by the Dr. Phillips Institute for the Study of American Business Activity, College of Business Administration, University of Central Florida.