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Subject: Central Florida Economic Status: Summary

Concrete Slowdown

Rates of growth in Central Florida business conditions, much like the national economy, have definitely moved into the slow lane as evidenced by data covering the initial four months of 2001. This move to a much more modest pace has been in place now for approximately one year. Two significant local economic sectors are now displaying contractions in growth rates.

Current (near-term) assessments continued **strong only** in the area of the local rate of unemployment. The important area of nonfarm payroll jobs growth remained stuck in the **slower** category. For the April 2001 observation, the 12-month change in the jobs-added category was 26,000 (year-over-year). A similar 12-month comparison for the period ended April 1999 (only two years back) put the jobs-added estimate at 39,900; the current expansion rate here has slowed to 2.9 percent from a rate of 4.8 percent back in April 1999. One year ago the growth rate in payroll jobs added was still at 3.6 percent, which is where it came in for all of 2000 vs. 1999.

The local hotel occupancy rate was downgraded to **weak** from a previous rating of moderate. Over 2001's first four months the occupancy rate for metro Orlando was placed at 73.3 percent. This represented a relative contraction of 4.4 percent from the 76.7 percent occupancy rate in place over the same four months in 2000. The true economic test for this sector in the year 2001 is yet to come, as the weakest months for the local occupancy rate typically run from August through December. If July's numbers are bad, the rest of the year will be ugly for the hotel sector.

Passenger arrivals at Orlando International Airport have been downgraded to **slower** from a previous rating of moderate. Arrivals through April 2001 are up by only 1.3 percent compared to 5.9 percent for all of 2000 relative to 1999.

Sales of existing single-family homes were classified as **slow**. Over the first five months of 2001 this real estate resale sector has contracted by 2.9 percent compared to a year back. Private construction activity has been basically flat and was evaluated as **moderate**.

Among Florida's six largest metro areas, Orlando (1) placed first based on the most-favorable rate of unemployment, (2) placed an unusually low fifth based on growth rates in nonfarm payrolls, only beating out Miami, (3) placed third behind metro Tampa and Miami 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.

There was a time when metro Orlando was ranked first by all of the above indicators. Thus, the national economic slowdown has, indeed, encompassed Orlando. But, the local economy is not falling apart—just adjusting from a high base level of performance. The fundamental building blocks for outstanding output are still in place.

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. Also, see www.bus.ucf.edu/dpi.

Metro Orlando

Selected Economic Indicators: Summary

Indicator	Data Level	Near-Term Assessment	Longer Trend
Unemployment Rate	2.8% (April 2001)	Strong	Steady
Nonfarm Payroll Jobs Growth	Up 2.9% 26,000 jobs (April 01 vs. April 00)	Slower	Slower
Sales of Existing Single-Family Homes	Down 2.9% 5 Month Look (Thru May 01 vs. Thru May 00)	Slow	Slow
Hotel Occupancy Rate	73.3% vs. 76.7% 4 Month Look (Thru April 01 vs. Thru April 00)	Weak	Weak
Orlando International Airport (passenger arrivals)	Up 1.3% 4 Month Look (Thru April 01 vs. Thru April 00)	Slower	Slower
Private Construction Activity (housing permits)	Up 1.0% 4 Month Look (Thru April 01 vs. Thru April 00)	Moderate	Steady

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. Also, see www.bus.ucf.edu/dpi.