

2025 SUNCOAST ECONOMIC OUTLOOK

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Outline

- Inflation
 - What is it?
 - National
 - Tampa Bay Region
- Labor Markets
 - Labor force participation
 - National and Tampa Bay Region
 - Unemployment
- So what? Takeaways.



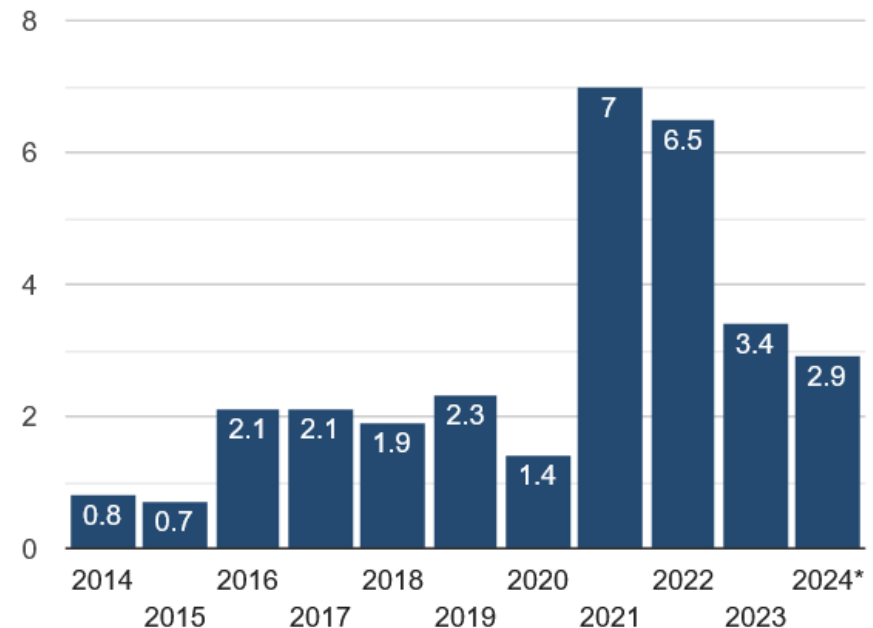
What Is Inflation?

- Based on Consumer Price Index
 - Measures the cost of living for the average consumer
- Think of it as an average price for the economy
 - More accurately, a weighted average
 - Some prices may stabilize or even decrease, but if other prices increase, we can still have inflation
- What is normal?
 - Currently, national inflation is 2.9%, up from 2.5% last month
 - 2% is the goal set by the Federal Reserve

What's Driving Inflation - US

- Inflation numbers much larger than 2.9%
 - Transportation – 7.3%
 - Housing – 4.6%
 - Restaurant Meals– 3.6%
 - Eggs – 37%

Chart: United States Annual Inflation Rates (2014 to 2024)

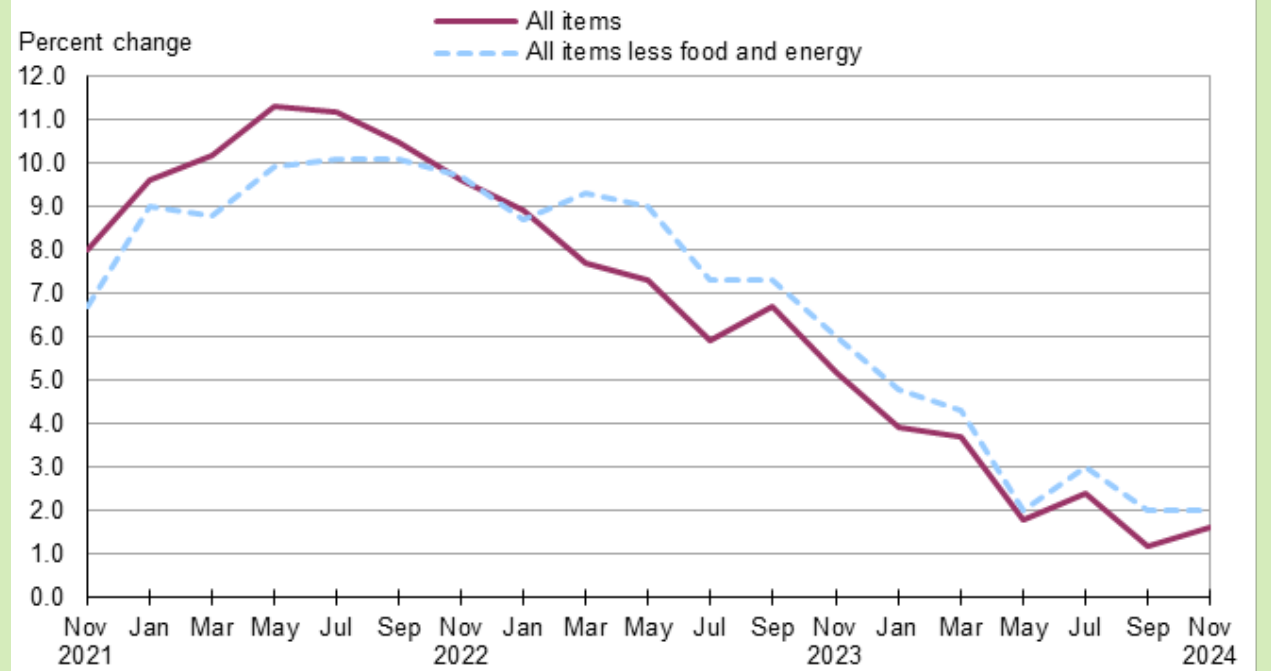


How Does Our Region Stack Up?

- Tampa Bay

- 1.6% (most recent data, 11/2024)
 - Down from high of 10.1%
- Biggest driver is housing prices
- Driven mostly by increases in demand due to new residents
- Insurance costs
- Energy

Chart 1. Over-the-year percent change in CPI-U, Tampa-St. Petersburg-Clearwater, FL, November 2021–November 2024



Source: U.S. Bureau of Labor Statistics.

How Does Our Region Stack Up?

- Sun Coast

- Inflation around 3.4%
 - Mostly due to housing costs
 - 15% higher than state average
 - Home insurance premiums

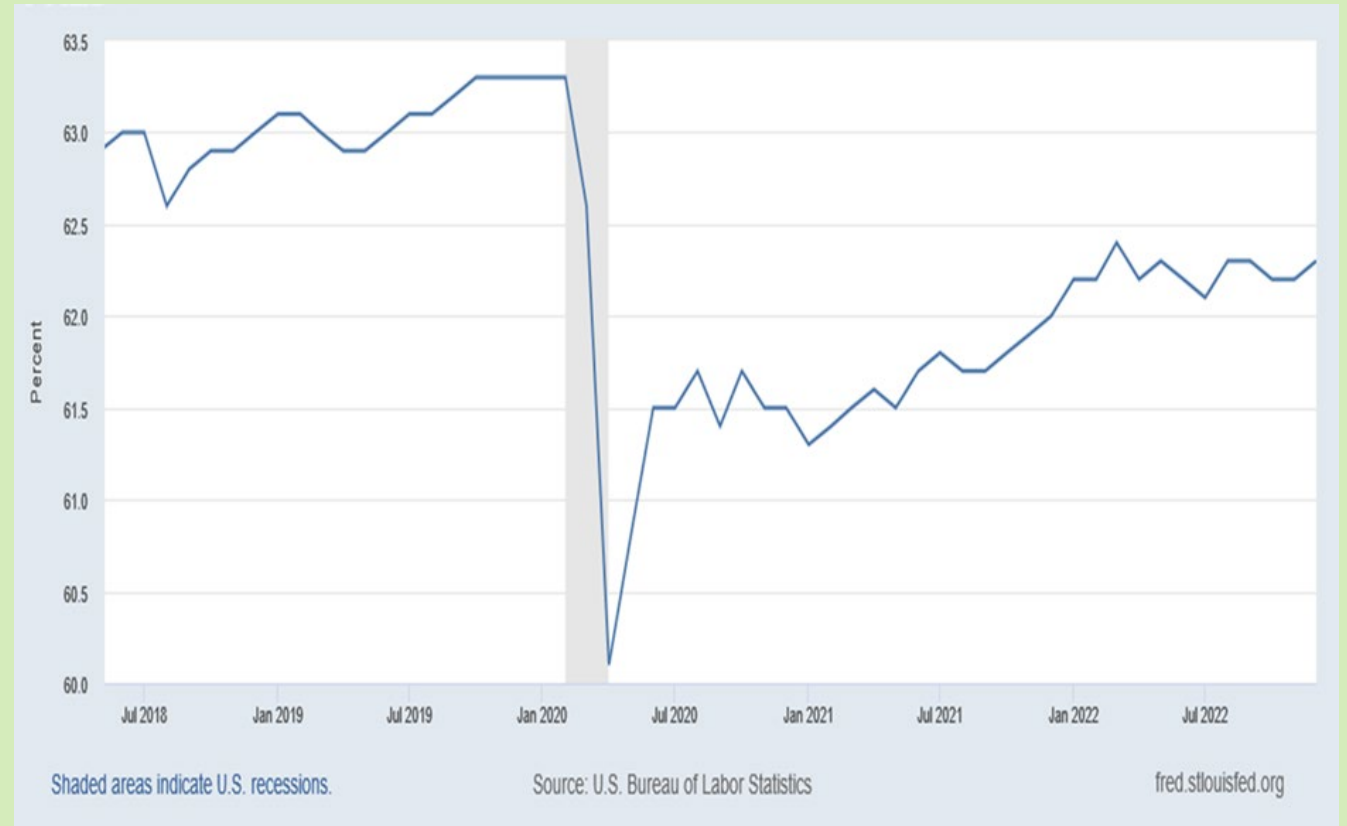


Sibling Statistics: LFP and u

- Labor Force (LF) = #Employed + #Unemployed
 - Potential workers
- Labor Force Participation (LFP)
 - Proportion of population in the labor force
- Unemployment Rate (u) = #unemployed/LF
 - Proportion of the labor force that is unemployed
- Ideally, LFP increases and u decreases

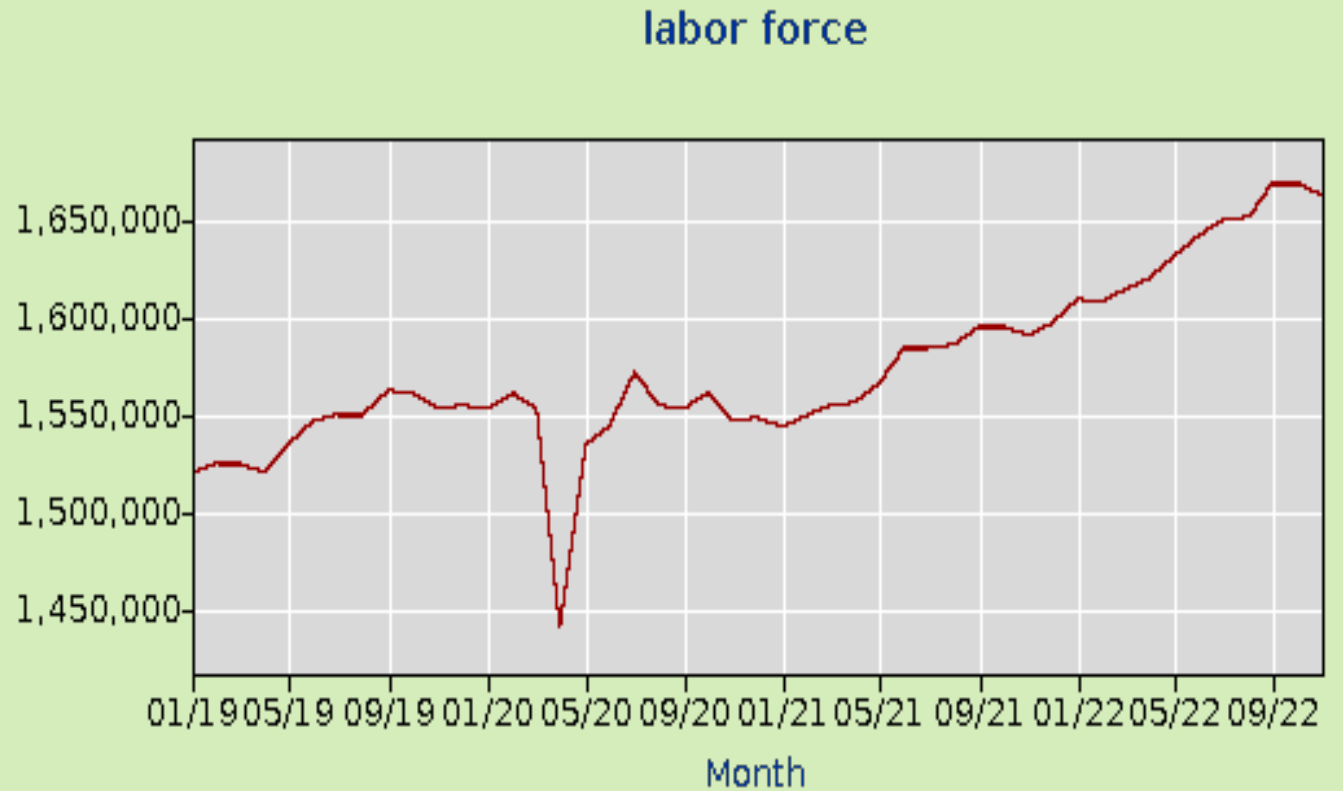
Labor Force Participation - US

- Currently 62.5%
- February 2020 – 63.3%
- Low of 60.1% (April 2020)
- Labor force size has mostly recovered



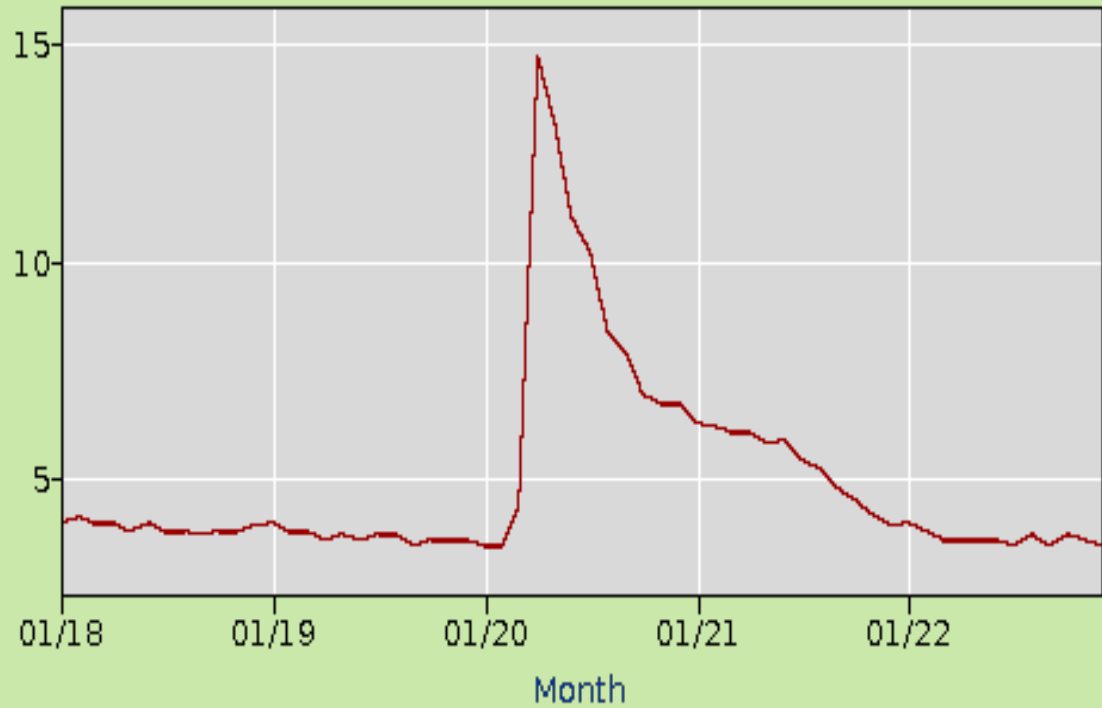
LFP – Region

- Labor force is greater in size than pre-COVID
- Growth in all sectors
- Outperformed US recovery



Unemployment Rate - US

- Currently 4.1%
- Remained at or near 4% for past year
- High of 14.7% (April, 2020)



Unemployment Rate - Region

- Florida currently 3.4%
- Tampa Bay currently 3.8%
- Sun Coast 3.9%



Region at a Glance

- The Takeaway

- Regional inflation is slightly higher than the rest of the US
- Regional unemployment is slightly lower than the rest of the US
- Indicative of higher than usual growth
 - US – 3%
 - Florida 4.3%
 - Tampa – 9.2%
 - Sun Coast 8.9%

Looking Forward

- Is this growth slowing?
 - Slowdown in housing
 - Lower prices, fewer sales (-18.9% Sarasota, -15.5% Manatee, Year Over Year)
 - High mortgage rates and higher-than-normal inflation rates
 - Expected growth in tourism industry
 - Despite drop in 2024
 - Expansion of SRQ
 - Expansion of athletic offerings
 - Increase in business and international tourism
- More tourists => More interest => More movers



Looking Forward

- For now, economic indicators predict a more “stable” 2025 for the national, regional, and local economy
- But wait!
 - What economic policies will the current administrations put in place?
 - Tariffs will contribute to higher prices
 - Reorganization of government departments?
 - Loss of income and “red-tape” costs
 - Tax cuts? For whom?
 - Social programs (SNAP and Social Security)

Sectors That Should Do Well

- Financial activities
- Construction
- Manufacturing
- Leisure and hospitality
- Trade, transportation, and utilities
- Professional and business services
- We are indeed a service based economy!



Concluding Points

- Inflation is coming down
 - Still higher than “normal” and the US
 - Largely due to growth
- LFP and unemployment rates look good and are holding steady
- Consistent population growth
- Outlook is generally positive, but policy uncertainty will play a role moving forward