Chapter Four

Economic Development

I. INTRODUCTION

To be successful, regional economies must continuously adapt to changing conditions. In today's global economy, East Central Florida is a significant economic power with its traditional sectors of agriculture and tourism, and strong dominance in space, modeling, simulation, training, and defense engineering.

With rising competition among regions across the world, East Central Florida must continue strengthening its economy by pushing forward with its investment in biomedical and life sciences and supporting more sectors like manufacturing, professional services, and education.

How can Central Florida maintain a high quality of life and be globally competitive in the 21st century?

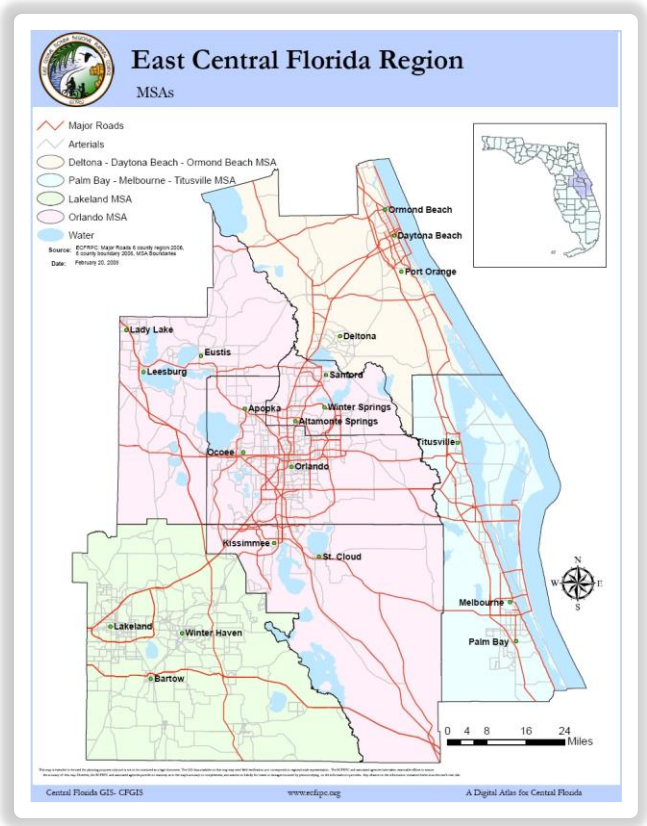


Figure 1: *The East Central Florida Region (including Polk County) Depicted by Metropolitan Statistical Areas (MSAs)*

This was the essential question asked in 1998 by the Greater Orlando Chamber of Commerce. The answer consumed 10 years of research and community involvement that resulted, in part, in the project "How Shall We Grow" and the region's 2050 Vision.

Most importantly, the Chamber saw themselves and the business community of Central Florida as a collaboration of human energy in competition with regions around the U.S. and the world. Today we see the collaboration of energy extending outside Central Florida into the "mega region" that arcs from Tampa to Orlando and down the coast to Miami.

So, where are we as a region economically, and what are the opportunities and threats facing the region today? This was the subject of the Regional Comprehensive Economic Development Strategy (CEDS) prepared by the ECFRPC in September 2007. The CEDS promotes regional economic development through public and private sector collaboration in order for the region to be more globally competitive.

The CEDS:

- Provides a technical description of the area's economy
- Studies the major clusters within its workforce
- Examines demographic and economic characteristics
- Analyzes the region's industries, employment, and infrastructure
- Explores the economic development district's economic strengths and weaknesses
- Identifies economic opportunities and threats
- Develops strategic findings and establishes objectives that become the center of an action plan
- Identifies projects that accomplish the action plan

The following County-by-County economic highlights for the region are provided by the respective economic development agencies:

BREVARD COUNTY ECONOMY

Brevard County is known for its 72 miles of Atlantic Ocean beaches, significant amounts of sensitive environmental lands, critical ecosystems, and strategic habitat.

Brevard County is home to the United State's gateway to space exploration, NASA's John F. Kennedy Space Center (KSC). KSC and other NASA Centers' expenditures in Florida were $1.93 billion in FY 2008. NASA and Kennedy Space Center's next challenge is the Constellation Program which calls for the return of human explorers to the moon and beyond. The county is also home to Port Canaveral which is the base for many cruise ships, cargo vessels, U.S. Navy ships, and the Navy's Trident Missile submarine force. Port Canaveral is the world's second-busiest cruise port and in FY 2008 passenger revenues reached 3.573 million. In 2008 the Port had $200 million in construction projects, and injected billions of dollars in business activities across the Central Florida region.

Brevard County is home to such high tech companies as Harris Corporation, Northrop Grumman, and Lockheed Martin. Melbourne-based Harris Corporation represents one of the biggest IT and communication high-tech companies in Brevard County with almost 7,000 local employees, 16,000 employees worldwide, and annual revenues of $4.2 billion.

Assisting such employers in their growth are the heavily workforce-oriented Brevard Community College and Florida Institute of Technology.

According to the Space Coast Economic Development Commission, the Florida Solar Energy Center (FSEC) in Cocoa is the renewable energy and energy efficiency research institute of the State of Florida. Florida's Technological Research and Development Authority (TRDA) operates the Florida/NASA Business Incubation Center (FNBIC) which is a 31,000 square-foot incubator.

Recently the Space Coast Economic Development Commission identified five industrial clusters where Brevard County will work on growing:

1. Advanced Security
2. Aerospace
3. Communications
4. Electronics
5. Emerging Technologies

Table 1. Brevard County Major Employers (By #Employees):

Employer	Employees
Harris Corporation Various Communications Equipment Manufacturing	6,700
Health First, Inc.	6,420
United Space Alliance	5,890
Wuesthoff Health System	2,430
Space Gateway Support	1,760
Northrop Grumman Corporation	1,640
Rockwell Collins, Inc.	1,430
Parrish Medical Center	1,040
Sea Ray Boats, Inc.	1,160
The Boeing Company	1,010
Melbourne Internal Medicine Associates	970

Source: *Economic Development Commission of Florida's Space Coast*

Additional Brevard County Data pertaining to Commuting Patterns From, Commuting Patterns To, Business Start-Ups, and Recent Establishment Activity was not available from the Metro Orlando Economic Development Commission (EDC).

LAKE COUNTY ECONOMY

Key economic assets in Lake County include Lake Technical Center, Lake-Sumter Community College, and Christopher C. Ford Commerce Park (more than 700 acres have been sold in the park.) The University of Central Florida, Troy State University, and St. Leo University provide higher education for an increasingly skilled workforce.

Large distributors, such as Dunkin' Donuts, Domino's Pizza, and Embarq have found the county's central location a significant business benefit. Convenient access to Florida's Turnpike allows for easy and efficient distribution throughout the state and the Southeast.

An emerging industry in Lake County has been sports medicine and technology. South Lake Hospital's 150-acre all-in-one campus is home to the National Training Center, which is designed to meet the needs of all ages and at all fitness levels, from residents in the local community to national and international athletes. Together the Central Florida Sports Commission and National Training Center partner to develop triathlon training programs and events throughout central Florida.

Another emerging market for Lake County includes agri-technology. Companies such as Agri-Starts III, Inc., Florida Food Products, Inc., and Senninger Irrigation, Inc. call the county home. The 80-acre Eustis Commerce Park has attracted high-wage, high-value tenants such as Valensa International and Traymax, Inc.[1]

[1] ***Source:*** *Metro Orlando EDC*

Table 2. Lake County Major Employers (by #employees)

Employer	Employees
Lake County Public Schools	4,353
Villages of Lake-Sumter, Inc.	2,220
Leesburg Regional Medical Center	1,870
Florida Hospital/Waterman, Inc.	1,400
Embarq (formerly Sprint)	811
Casmin Incorporated	800
Lake County Government	690
Lake County Sheriff's Department	585
G&T Conveyor Company, Inc.	550
Bailey Industries	509

Source: *Lexis Nexis, Harris InfoSource & Direct Company Contacts - 2008*

Table 3. Lake County Commuting Patterns From

To Lake County – From*	Trips	Percentage
Lake County	51,842	70.80%
Orange County	7,063	9.65%
Seminole County	1,645	2.25%
Marion County	3,968	5.42%
Sumter County	3,188	4.35%

**Note: percentages are those that work in Lake County and live in a specific county*

Source: *Journey to work and place of work data from 2000 Census and 2004-2007 American Communities Survey*

Table 4. Lake County Commuting Patterns To

From Lake County - To*	Trips	Percentage
Lake County	51,842	63.64%
Orange County	20,009	24.56%
Seminole County	2,979	3.66%
Volusia County	1,536	1.89%
Sumter County	1,214	1.49%

**Note: percentages are those that live in Lake County and work in a specific county*

Source: *Journey to work and place of work data from 2000 Census and 2004-2007 American Communities Survey*

Table 5. Lake County Business Start-ups*

2003	2004	2005	2006	2007
4,479	6,136	6,744	6,496	6,236

**Note: Includes home-based businesses.*

Source: *www.MarketForceCorporation.com – 2008*

Table 6. Lake County Recent Establishment Activity

Company	Investment	Products/Services
Blue Earth Solutions	$10,000,000	EPS Recycler
Blue Rhino	$6,000,000	Refurb. Propane Cylinders
Dunkin' Brands, Inc.	$500,000	Distribution Center
ICS of Florida, Inc.	$800,000	Mfg. Energy Efficient Panels
National Institute	$5,000,000	Interactive Video Tech./Research & Dev.of Telehealth (NIT)
PERI Formwork	$3,500,000	Supplier for Construction Systems, Inc.
QuietFlex	$1,000,000	Mfg. Flexible Duct Work Manufacturing Co., LP
The R.A. Siegel	$3,000,000	Wholesale Flooring Dist.

Source: *Metro Orlando EDC*

ORANGE COUNTY ECONOMY

Orange County is the region's most populous county and includes the City of Orlando. The County is home to the University of Central Florida, which is a major research university and is the second largest university in the nation according to *UCF, 2010*. In 2010, the University of Central Florida opened its new College of Medicine at Lake Nona. This emerging medical city will also include a VA medical center, the Sanford-Burnham Medical Research Institute, the Nemours Children's Hospital, and the M.D. Anderson Orlando's Cancer Research Institute (CRI)[2].

Orange County is home to the world famous attractions of Disney World, Universal Studios, and Sea World, which collectively attract 50 million tourists annually, making Orlando a premier world tourist destination.

Orlando is an international center for simulation modeling, and animation technology. The metropolitan Orlando area boasts a $13.4 billion technology industry that employs close to 53,000 people. Top sectors include: digital media; modeling, simulation and training; optics and photonics; aviation/aerospace; homeland security/defense; financial services technology (hi-tech); information technology; agri-technology; energy and alternative fuels; and life science/biotechnology.

[2] ***Source:*** *Metro Orlando EDC*

Table 7. Orange County Major Employers (by #employees)

Employer	Employees
Walt Disney Company	56,800
Orange County Public Schools	24,063
Florida Hospital (Advent Health System)	19,270
Universal Orlando	12,500
Orlando Regional Healthcare System	11,093
University of Central Florida	8,946
Central Florida Investments	7,500
Orange County Government	7,426
Darden Restaurants	7,361
Lockheed Martin Corp.	7,300

Source: *Lexis Nexis, Harris InfoSource & Direct Company Contacts*

Table 8. Orange County Commuting Patterns From

To Orange County – From*	Trips	Percentage
Orange County	376,709	68.25%
Seminole County	80,875	14.65%
Lake County	20,009	3.63%
Osceola County	34,085	6.18%
Polk County	11,823	2.14%

**Note: percentages are those that work in Orange County and live in a specific county*

Source: *Journey to work and place of work data from 2000 Census and 2004-2007 American Communities Survey*

University of Central Florida Incubator Program

The University of Central Florida (UCF) Business Incubation Program was founded in 1999 as a University-driven community partnership that provides early stage companies with the enabling tools, training and infrastructure to create financially stable and high growth impact enterprises. The Business Incubation Program is an economic development collaboration between:

* UCF;
* Orange County;
* The City of Orlando;
* Seminole County;
* The City of Winter Springs;
* Lake County;
* The City of Leesburg;
* The City of Sanford;

* Osceola County;
* The city of St. Cloud;
* The city of Kissimmee; and,
* The Florida High Tech Corridor Council

The program has helped more than 140 emerging companies create over $500 million in annual revenue and more than 1,600 new jobs with an average salary of $59,000. For additional information, visit www.incubator.ucf.edu.

Table 9. Orange County Commuting Patterns To Work

From Orange County - To*	Trips	Percentage
Orange County	376,709	85.75%
Seminole County	31,926	7.27%
Lake County	7,063	1.61%
Osceola County	11,900	2.71%
Brevard County	2,020	0.46%

**Note: percentages are those that live in Orange County and work in a specific county*

Source: *Journey to work and place of work data from 2000 Census and 2004-2007 American Communities Survey*

Table 10. Orange County Business Start-ups*

2003	2004	2005	2006	2007
24,085	30,948	32,149	30,948	29,330

**Note: Includes home-based businesses.*

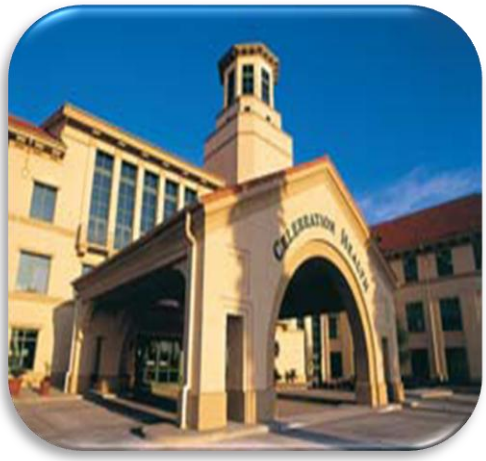
Source: *www.MarketForceCorporation.com – 2008*

Table 11. Orange County Recent Establishment Activity

Company	Investment	Products/Services
The Burnham Institute	$175.0	Biomedical R&D
Bank Atlantic	$11.0	Back Office
Bank of New York	$4.6	Back Office
Darden Restaurants	$62	Headquarters
Lockheed Martin - MFC	$177.1	Defense Systems
Northrop Grumman	$6.7	Photonics Laser Systems
Pink Sneakers	$4	Television Production
Regal Marine	$14.5	MS&T
UCF CREOL	$10	Photonics/Education

Source: *Metro Orlando EDC*

OSCEOLA COUNTY ECONOMY



Previously known as a tourist and ranching mecca, Osceola County is now also viewed as an excellent corporate location.

Most notable is the world headquarters of Tupperware Brands Corporation, Disney's World Wide Shared Services, and Channel Intelligence Technology and Marketing Service Company. The following well known companies have located major facilities in Osceola County: Quaker Oats, Lowe's, Mercury Marine, and Nursery Supplies, Inc.

Signs of success in Osceola County also include a thriving 1,200-acre industrial park at Poinciana and cutting-edge commercial development, which encompasses office, retail and residential sites[3] at Celebration, an Osceola community conceived and built by the Walt Disney World Company.

Osceola County is committed to growing its own businesses with the University of Central Florida Business Incubators in Kissimmee and St. Cloud. The Kissimmee/Osceola County Enterprise Zone is another tool to spur economic growth.

Table 12. Osceola County Major Employers (by #employees)

Employer	Employees
Osceola County Public Schools	6,132
Walt Disney Company	3,700
Walmart Supercenter (5)	2,730
Gaylord Palms Resort & Convention Center	1,445
Osceola Regional Medical Center	1,357
Osceola County Government	1,715
Publix	1,350
Florida Hospital - Celebration	1,300
McLane/Suneast, Inc.	900
Florida Hospital – Kissimmee	450
Lowes	607
Tupperware Brands Corporation	300

***Source**: Osceola County Economic Development Office, 2010*

[3] ***Source:*** *Metro Orlando EDC*

Table 13. Osceola County Commuting Patterns From

To Osceola County - From*	Trips	Percentage
Osceola County	38,416	65.96%
Orange County	11,900	20.43%
Seminole County	3,869	6.64%
Lake County	1,523	2.62%
Polk County	1,110	1.91%

**Note: percentages are those that work in Osceola County and live in a specific county. Source: 2003 Census Release, latest data available 2005*
Source: *Journey to work and place of work data from 2000 Census and 2004-2007 American Communities Survey*

Table 14. Osceola County Commuting Patterns To

From Osceola County - To*	Trips	Percentage
Osceola County	38,416	49.34%
Orange County	34,085	43.78%
Seminole County	1,628	2.09%
Lake County	1,264	1.62%
Polk County	560	0.72%

**Note: percentages are those that live in Osceola County and work in a specific county. Source: 2003 Census Release, latest data available 2005*
Source: *Journey to work and place of work data from 2000 Census and 2004-2007 American Communities Survey*

Table 15. Osceola County Business Start-ups*

2003	2004	2005	2006	2007
5,281	7,071	7,194	7,207	6,704

**Note: Includes home-based businesses.*
Source: *www.MarketForceCorporation.com - 2008*

Table 16. Osceola County Recent Establishment Activity

Company	Investment	Products/Services
Lowe's	$73,000,000	Distribution Center
Nursery Supplies, Inc.	$4,200,000	Plastic Nursery Supply Mfg.
McLane/Suneast Distribution	$4,100,000	Food Distribution Center
Disney Shared Services	$1,000,000	Western Hemisphere HQ Financial Services Ctr.
Quaker Oaks	$7,200,000	Gatorade/Tropicana Products Dist Ctr.
MicroKey Software	$400,000	Software Developer
Symbol Mattress	$3,000,000	Mattress Manufacturer

Source: *Metro Orlando EDC*

SEMINOLE COUNTY ECONOMY

Industry growth in Seminole County has taken several forms. Most notable is the establishment of corporate headquarters, such as American Automobile Association (AAA), Mitsubishi Power Systems, The Newport Group, Ruth's Chris Steak House, Scholastic Book Fairs, and Sears Home Improvement Products. There has also been an emergence of many high tech companies like Faro Technologies, Kinetics/NCR, Symantec, Team Information Systems, and Convergys. More recently, financial service companies providing back office services, software development, and insurance and mortgage services have clustered along the I-4/Lake Mary corridor. Companies such as AIG, BNY Investment Management Services, Fiserv CBS, The Hartford, Insurance Office of America, Metavante, Pershing, and Universal American Financial have established there.

On-going expansion at the Orlando Sanford International Airport (OSIA), coupled with the state's largest foreign trade zone designation, has helped OSIA become the third most active international airport in Florida and the 12th most active in the United States.

Seminole State College, the nation's 11th fastest growing community college, was voted best community college in Florida by Florida Monthly.[4]

Table 17. Seminole County Major Employers (by #employees)

Employer	Employees
Seminole County Public Schools	9,145
Convergys Corporation	1,800
Chase	1,685
Seminole County Government	1,446
Florida Hospital - Altamonte Springs	1,400
Seminole State College	1,350
Sprint PCS	1,200
Central Florida Regional Hospital	878
American Automobile Association	867
Orlando Regional South – Seminole	811

Source: *Lexis Nexis, Harris InfoSource & DirectCompany Contacts*

[4] ***Source:*** *Metro Orlando EDC*

Table 18. Seminole County Commuting Patterns From

To Seminole County - From*	Trips	Percentage
Seminole County	96,293	63.21%
Orange County	31,926	20.96%
Volusia County	16,653	10.93%
Lake County	2,979	1.96%
Osceola County	1,264	0.83%

**Note: percentages work in Seminole County and live in a specific county*

Source: *Journey to work and place of work data from 2000 Census and 2004-2007 American Communities Survey*

Table 19. Seminole County Commuting Patterns To

From Seminole County - To*	Trips	Percentage
Seminole County	96,293	51.33%
Orange County	80,875	43.11%
Volusia County	2,368	1.26%
Lake County	1,645	0.88%
Osceola County	1,523	0.81%

**Note: percentages live in Seminole County and work in a specific county*

Source: *Journey to work and place of work data from 2000 Census and 2004-2007 American Communities Survey*

Table 20. Seminole County Business Start-ups*

2003	2004	2005	2006	2007
9,990	12,211	11,604	10,924	10,513

**Note: Includes home-based businesses.*

Source: *www.MarketForceCorporation.com – 2008*

Table 21. Seminole County Recent Establishment Activity

Company	Investment	Products/Services
Central Florida Box Corp.	$5.7	HQ/Corrugated Box Mfg.
Empire Window	$6.5	Door Mfg./Window Dist.
The Newport Group	$8.1	HQ/Financial Svcs.
Pershing	$8.7	Financial Svcs.
Roses Southeast Paper Inc.	$32	Tissue Manufacturer
Ruth's Chris Steak House	$9	HQ/Restaurant

Source: *Metro Orlando EDC*

VOLUSIA COUNTY ECONOMY

Volusia is renowned for its 47 miles of world-class Atlantic Ocean beaches. These include Daytona Beach, Ormond Beach, and New Smyrna beach. The County is the headquarter for NASCAR, the Ladies Professional Golf Association, the bi-annual summer home of the London Symphony Orchestra, and host to hundreds of cultural and musical entertainment venues year-round.

The city of Daytona Beach is home to the world famous Daytona International Speedway and the "Daytona 500" as well as host to hundreds of thousands of visitors for other special event venues such as Bike Week and Bike-toberfest.

The county's diversified economy is supported by the development of projects like DeLand Crossings Industrial Park, Tomoka Farms Industrial Park, and the Daytona Beach International Airport Corporate Center. Volusia is home to a growing manufacturing workforce supporting more than 430 manufacturing companies with strong production clusters focusing on medical related products, automotive components, aviation, and recreational marine.

Among the leading manufacturers are Covidien (formerly Tyco Kendal Healthcare), Florida Manufacturing, Ocean Design/Teledyne, Boston Whaler, Brunswick Corporation's Government and Commercial Division, Sparton Electronics Corporation, Gambro Renal Products, Hawaiian Tropics, and Raydon Corporation.

The corporate offices of industry leaders such as Brown and Brown Insurance, NASCAR, and the nation's 7th largest telecommunications company, Frontier Communications, are also located in Volusia County communities.

Volusia County is also home to Embry-Riddle Aeronautical University, Stetson University, Bethune-Cookman University, Daytona Beach Community College, University of Phoenix, Webster College, and the University of Central Florida Daytona Campus.[5]

Table 22. Volusia County Major Employers (by #employees)

Employer	Employees
Volusia County School Board	8,998
Halifax Staffing	6,330
Publix Supermarkets	2,798
Wal-Mart	2,206
Vision HR Inc.	1,667
Embry-Riddle Aeronautical University	1,513
Florida Hospital Ormond Memorial	1,403
Daytona Beach Community College	1,334
Winn Dixie Stores Inc.	1,290

Source: *e-florida*

Additional Volusia County Data pertaining to Commuting Patterns From, Commuting Patterns To, Business Start-Ups, and Recent Establishment Activity was not available from the Metro Orlando Economic Development Commission (EDC).

CONCLUSIONS

- The largest employers in the region represent the major sectors in East Central Florida, including tourism, government operations, simulation and training, defense engineering, and space operations.
- East Central Florida attracts large numbers of non-residents through its one of a kind cluster of tourist attractions and convention centers. Tourist spending adds great value to the economy of the region but an economy based largely on growth is now vulnerable in a slow growth era. New economic sectors are needed to diversify the region's economy.
- The region needs to attract more headquarters of national and international based businesses to strengthen the professional sectors in the region.

[5] ***Source:*** *Volusia County Department of Economic Development*

II. EMPLOYMENT AND UNEMPLOYMENT RATE

The East Central Florida region has often maintained an unemployment rate lower than the national average, except during recession times when employment in the region usually drops at a faster rate than the nation.

Job creation and retention is a primary goal of regional economic development. Over the years, the region has been very successful in attracting new businesses and people, and building unique clusters in the high-tech sector, research and development, aerospace, bio-medical, and simulation and training among others. The growth in business activities has made the region what it is today, a region with diversified sectors that support a strong economy with great growth potential.

From mid 2002 until mid 2008, employment in the region grew at an average yearly rate of 4%. According to the Bureau of Labor Statistics, total non-farm* employment in the region in December 2008 was 1,430,900.

The Construction and Real Estate sectors in East Central Florida employ a large number of people. In fact, employment in these sectors makes up 15% of total non-farm employment. The Leisure and Hospitality sector make up another 17% of non-farm employment. The concentration of employment in these sectors have allowed the 2007 crash in the real estate sector and the 2008 meltdown in the financial sectors to have major negative economic impacts on the region. This is causing unemployment to rise at rates that are higher than the national average.

For a long time Florida's economy has depended in large part on population growth and real estate development. In 2006, the real estate, rental, leasing, and construction industries contributed 25% of the region's value added gross regional product. This means that one fourth of sales in the state come from these sectors. The great contributions of these sectors to sales in the state and the region give extra explanation for the effects of the current recession on East Central Florida.

The charts below show employment and unemployment levels from January 2008 until October 2010 in the Orlando-Kissimmee MSA (includes the four counties of Orange, Osceola, Seminole, and Lake). It shows the effect of the current economic meltdown on the region's employment and the rise in the unemployment rates. We can also see the effects of the recovery that started in January 2010 through the increase in employment levels and the decrease in unemployment rates.

Table 23. Employment Levels Orlando-Kissimmee MSA by Month 2008-2010
Source: *Bureau of Labor Statistics*

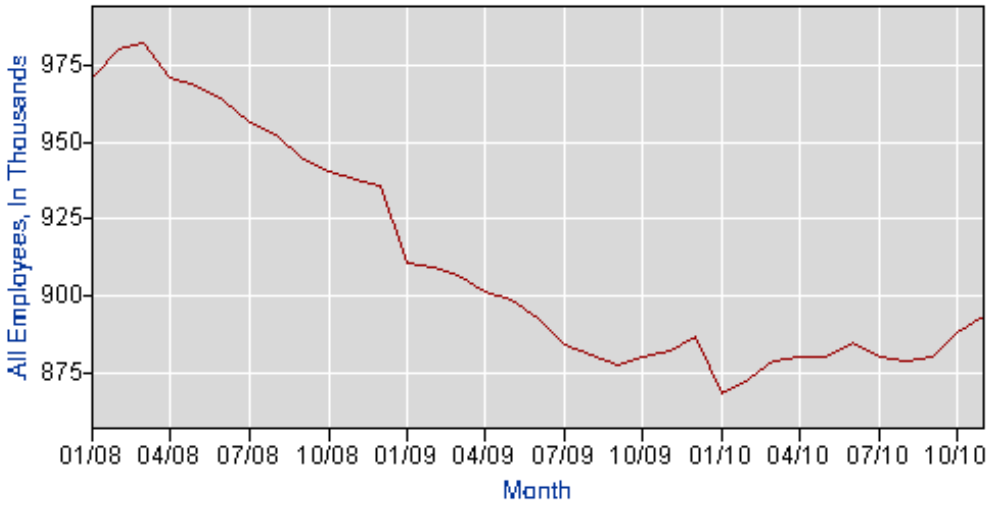
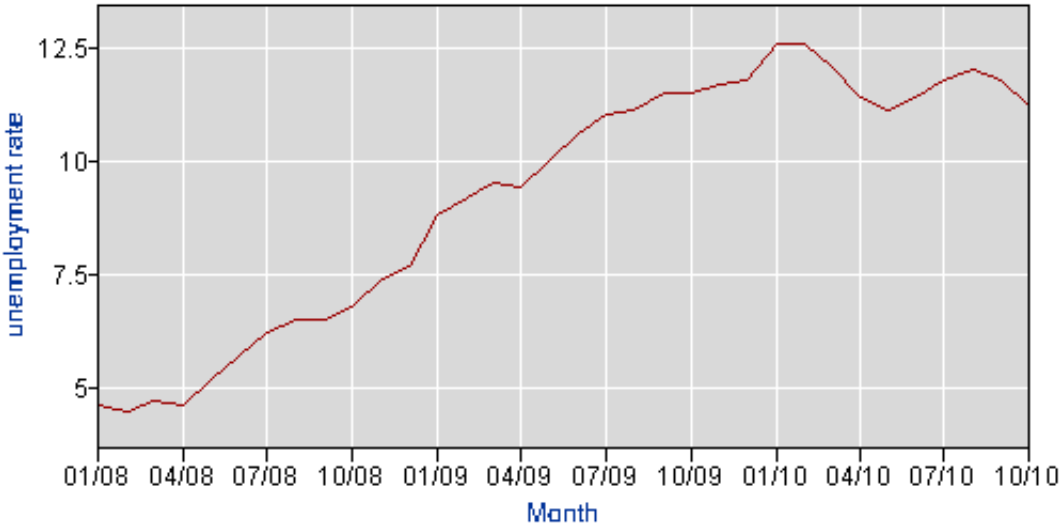


Table 24. Unemployment Levels Orlando-Kissimmee MSA by Month 2008-2010
Source: *Bureau of Labor Statistics*



In the last quarter of 2008, economies across the world were contracting and the financial and real estate industries continued to meltdown. By the end of the first quarter of 2009, the recession has spread very fast across all industries. The East Central Florida region has not fared any better than the rest of the nation, with some of its major industries including real estate, construction and their support industries facing challenges that have never been seen before at such intensity.

As development continues to slow down in 2009 and in-migration into the State shows lower than average rates, the region faces serious challenges. To ensure a successful economic recovery, East Central Florida must work harder on the following:

- Achieve further economic diversification.
- Stop sprawling and adopt alternative land development patterns. This will reduce infrastructure costs and increase efficiencies offering a competitive advantage to other regions.
- Embrace transit oriented development around commuter rail stops to stimulate new compact urban real estate development.
- Increase investment in value added industries (industries that use a large percentage of their intermediate inputs from the region).
- Implement a better and more efficient public transportation plan.

III. EMPLOYMENT BY DEMAND SOURCE:

One way to measure employment is through the demand source of the product or service. Figure shows the percentage of employment by demand source for the region. Demand can be one of seven types which are listed in the chart. Demand sources are further explained in the definition part at the end of the chapter.

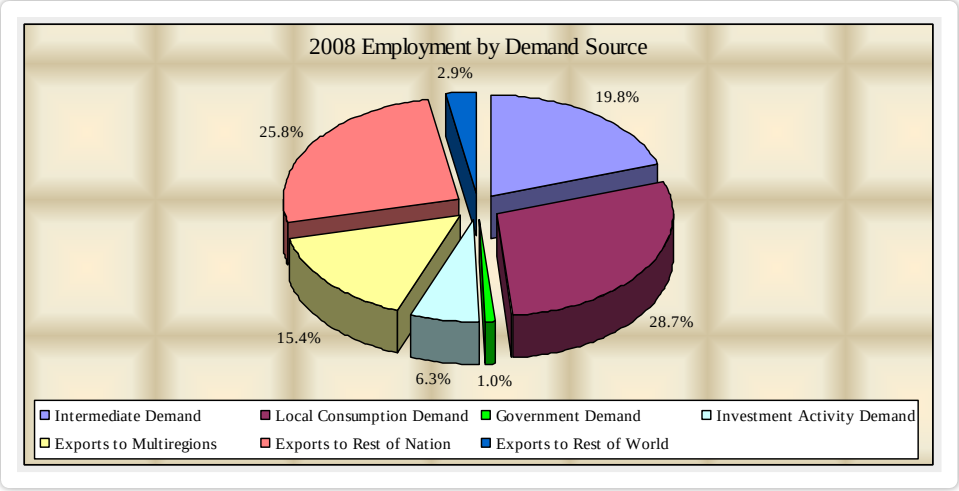


Figure 2.

Employment Demand Source

Source: *Regional Economic Model Inc.*

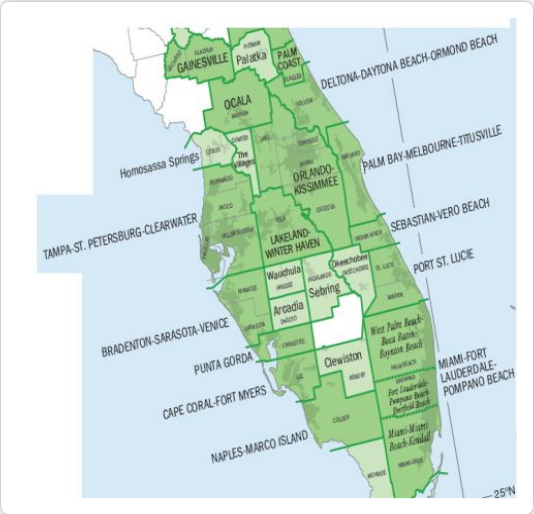


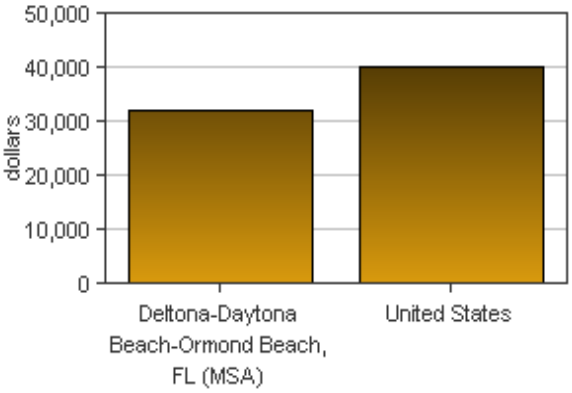
Figure 3. Metropolitan Statistical Areas (MSA's)
Source: *Bureau of Economic Analysis*

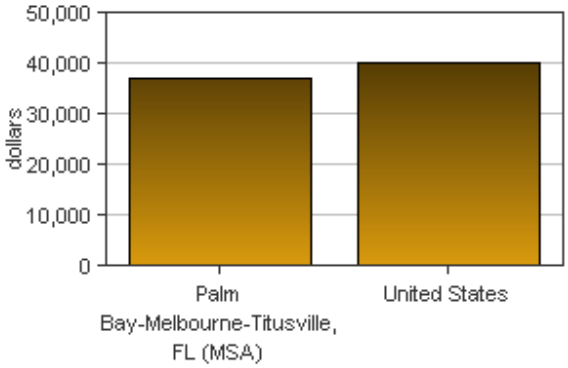
East Central Florida Metropolitan Statistical Areas[6]

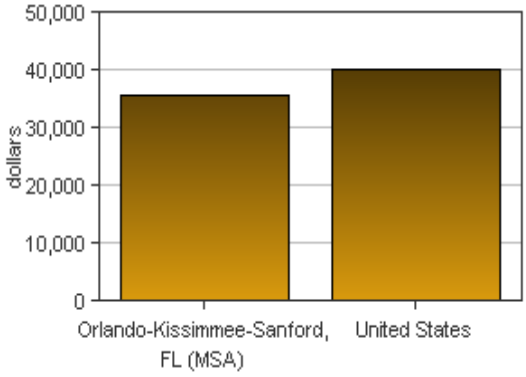
The East Central Florida counties are part of three Metropolitan Statistical Areas (MSAs), and one Economic Area (EA) (as defined by the bureau of economic analysis). Lake, Orange, Osceola, and Seminole counties belong to the Orlando-Kissimmee MSA while Brevard County makes up the Palm Bay-Melbourne-Titusville MSA. Volusia County makes up the Deltona-Daytona Beach-Ormond Beach MSA.

Per Capita Personal Income

When studying the region's economy it is important to look at the personal income levels and how they compare to the national average. In 2008 the Orlando-Kissimmee MSA had a per capita personal income (PCPI) of $35,717. The Palm Bay-Melbourne-Titusville MSA had a per capita personal income of $37,035. The Deltona-Daytona Beach-Ormond Beach MSA had a per capita personal income of $32,098. All three MSAs had PCPI less than the national average of $38,615.







[6] ***Source:*** *Census.gov*

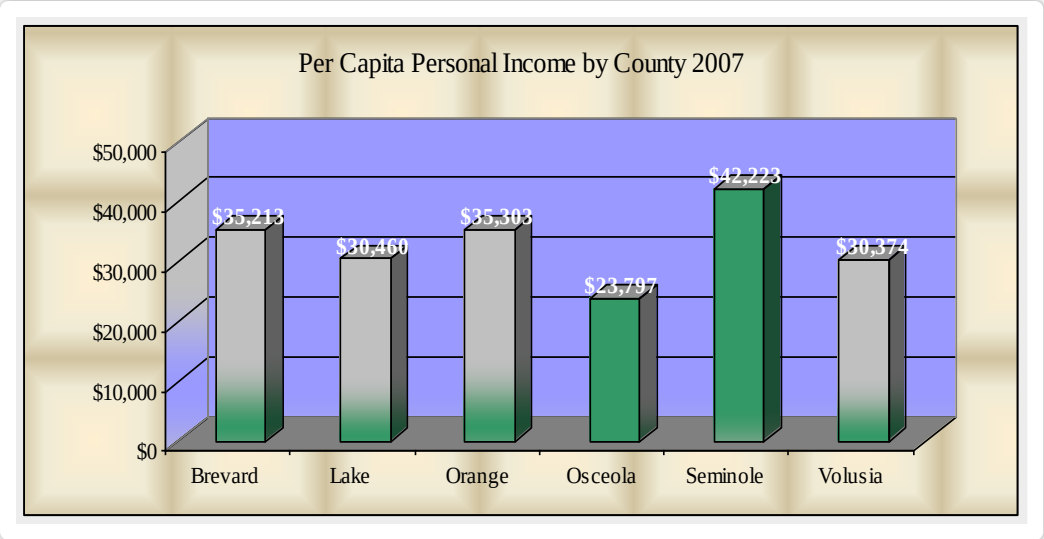
IV. HOUSING AS AN ECONOMIC INDICATOR

After the 2002 recession, and for the next four years the real estate sector in Florida and the nation saw massive investment in residential and non-residential development. This was consistent with an unprecedented increase in housing values across the nation. By the end of 2006, the median sales price for existing single-family homes in Florida had risen 75% from $141,700 to $248,300.

The increase in annual average pay for employees did not keep pace. This pushed many potential home buyers out of the East Central Florida market.

Table 25. Personal Income

Source: *Florida Realtors Association: Florida Sales Report*



The two charts below show the levels of Realtors Sales and Median Sales Price between 2002 and 2009.

Figure 4.

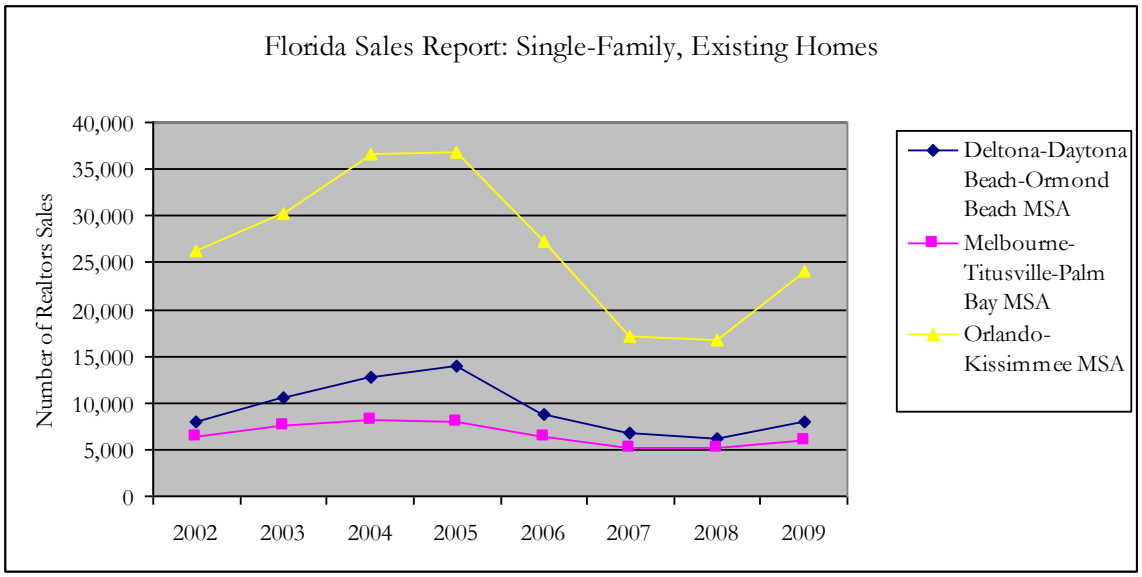
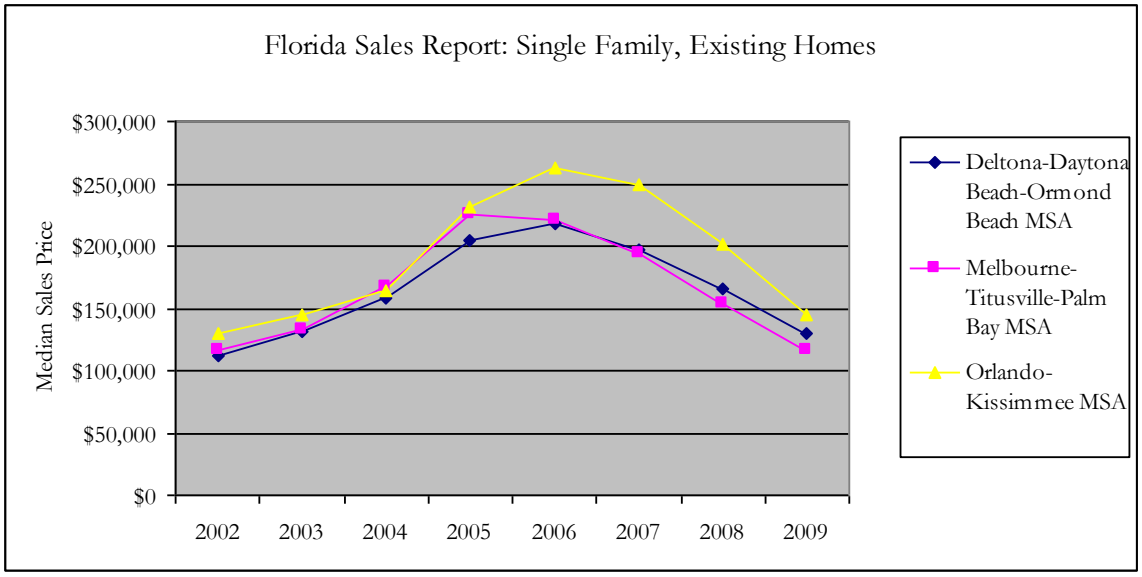


Figure 5.



By the end of 2006, the housing bubble burst, with significant oversupply and reduced demand for housing. Home prices began falling at a high rate, and Florida became one of the leading foreclosure states. Most new home construction stopped, and the oversupply (more than 25,000 vacant units in 2009) will take years to be absorbed.

Until then, it is expected that prices will continue to fall until demand goes up again. When the market returns, it is likely there will be more demand for smaller urban homes and apartments, and less demand for large lot single family detached homes far from job centers,

since that market is overbuilt. From the end of 2006 until early 2009, median sales prices of existing single family houses continued to slide at high percentage rates.

The two Florida Sales Report tables below show the year to year percentage changes in Realtors Sales and Median Sales Price for single existing family houses between 2002 and 2009. By 2006 the year to year percent change in realtors sales of existing single family houses in the East Central Florida Region had slowed down significantly and began to decline. Similarly, the year to year change in median sales price began to decline significantly by 2006.

Table 26.

	Year to Year Percentage Change in Realtors Sales							
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Deltona-Daytona Beach-Ormond Beach MSA		33.9%	20.7%	8.9%	-36.7%	-23.6%	-9.2%	30.5%
Melbourne-Titusville-Palm Bay MSA		20.2%	7.1%	-0.6%	-20.3%	-19.3%	-1.6%	15.8%
Orlando-Kissimmee MSA		15.2%	20.8%	0.2%	-25.9%	-37.0%	-2.8%	44.0%

Source: *Florida Sales Report*

Table 27.

	Year to Year Percentage Change in Median Sales Price							
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Deltona-Daytona Beach-Ormond Beach MSA		17.8%	20.2%	29.5%	6.5%	-9.4%	-16.0%	-21.2%
Melbourne-Titusville-Palm Bay MSA		15.2%	24.9%	35.7%	-2.6%	-12.1%	-20.8%	-24.4%
Orlando-Kissimmee MSA		10.7%	14.1%	40.7%	13.6%	-5.3%	-19.0%	-28.2%

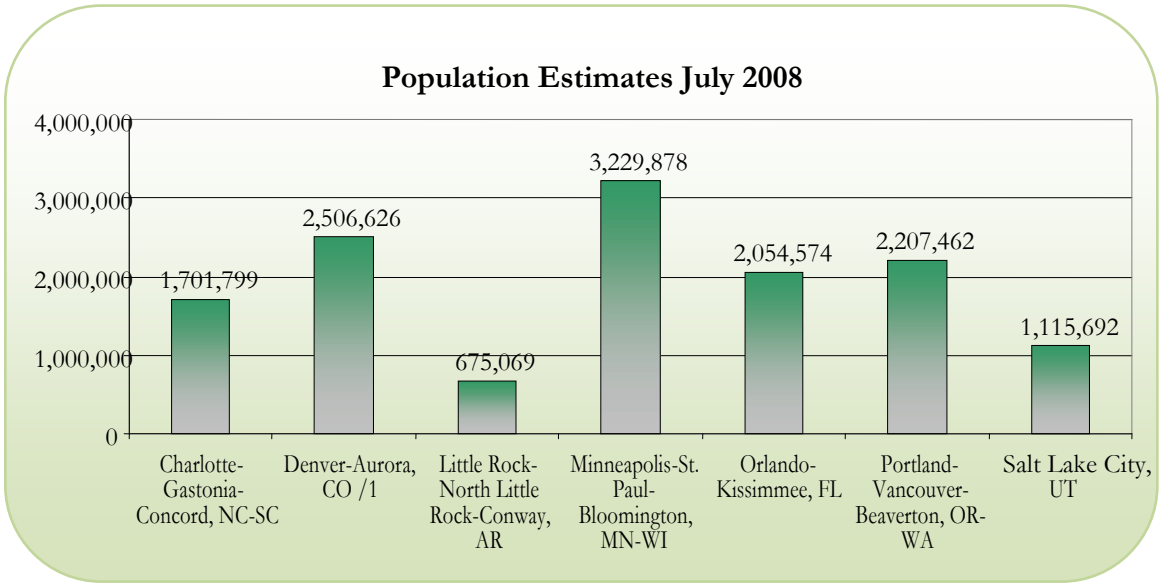
Source: *Florida Sales Report*

V. HOW DO WE COMPARE?

East Central Florida's sunny climate and many recreational opportunities, including world class beaches in Volusia and Brevard Counties, are strong attractions and the basis for the tourism industry. However, the complete reliance on automobile traffic and low density development patterns with a disconnected street network has created severe traffic congestions in portions of the region. This lack of a balanced and efficient surface transportation system was cited by the International Olympic committee as a reason why Orlando and Tampa were denied a bid for the Olympic Games. While this was only one incidence, it appears that our current lack of transit and increasingly lengthy trip delays (see Chapter 5) is putting our region at a competitive disadvantage.

To evaluate this, the REMI Policy Insight model, Bureau of Labor Statistics, the Bureau of Economic Analysis, and Census data were used to compare our region to other regions in the United States that have constructed rail transit systems.

Table 28. Population Estimates

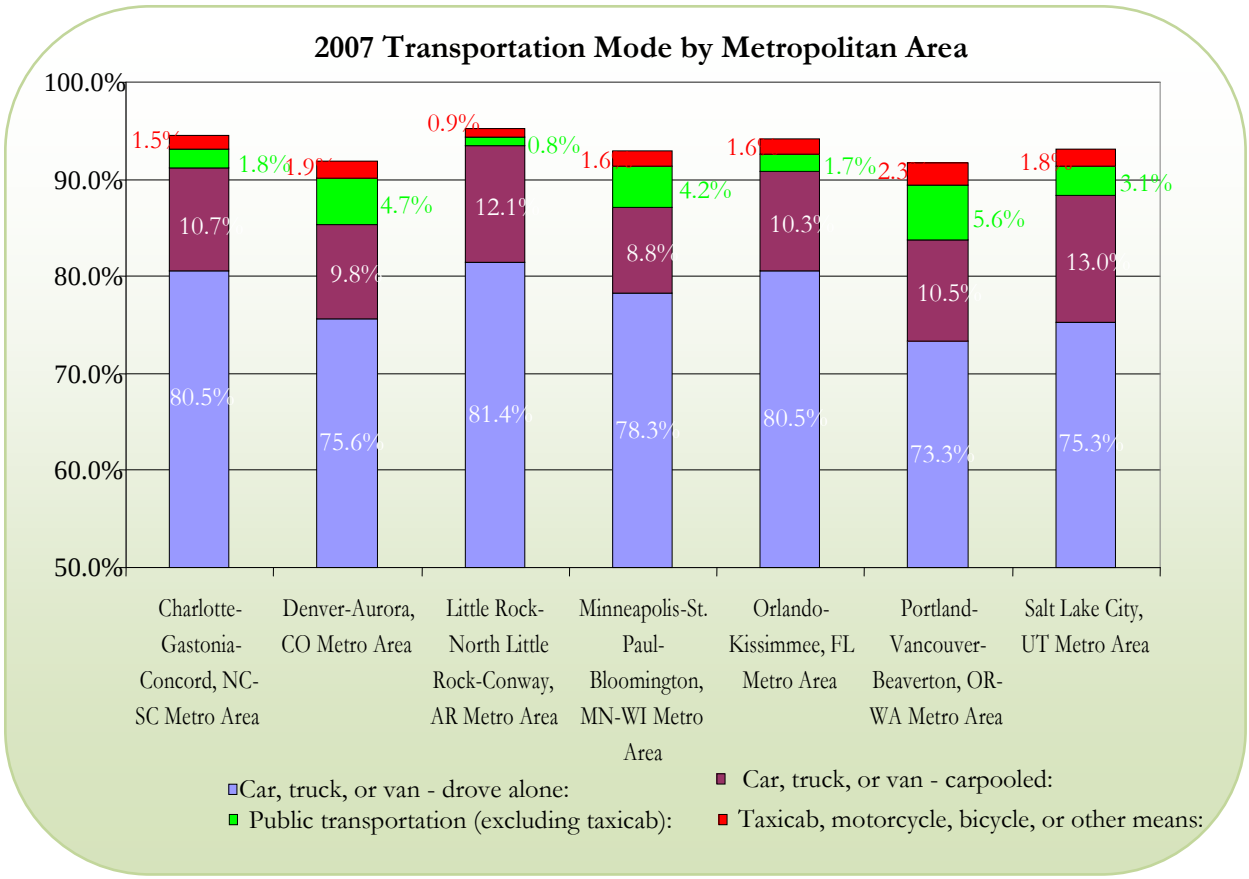


Source: *Census Bureau*

TRANSPORTATION MODES

Six (6) MSA's, of similar population, were compared to analyze their percentage of modal-split (different transportation modes). This was done to determine if the Orlando-Kissimmee MSA was typical in its modal split. Table 29 shows the Portland MSA has the highest percent of people using public transportation among the selected regions. The Orlando MSA ranks the second highest in the percent of people driving alone.

Table 29. Mode Split by MSA



Source: *Bureau of Labor Statistics*

Conclusions:

- The Orlando MSA is among the three most auto dependent of the seven regions. It is also in the bottom three of public transportation service. There is a very significant difference between Portland/Denver/Minneapolis and the other MSAs in public transportation.

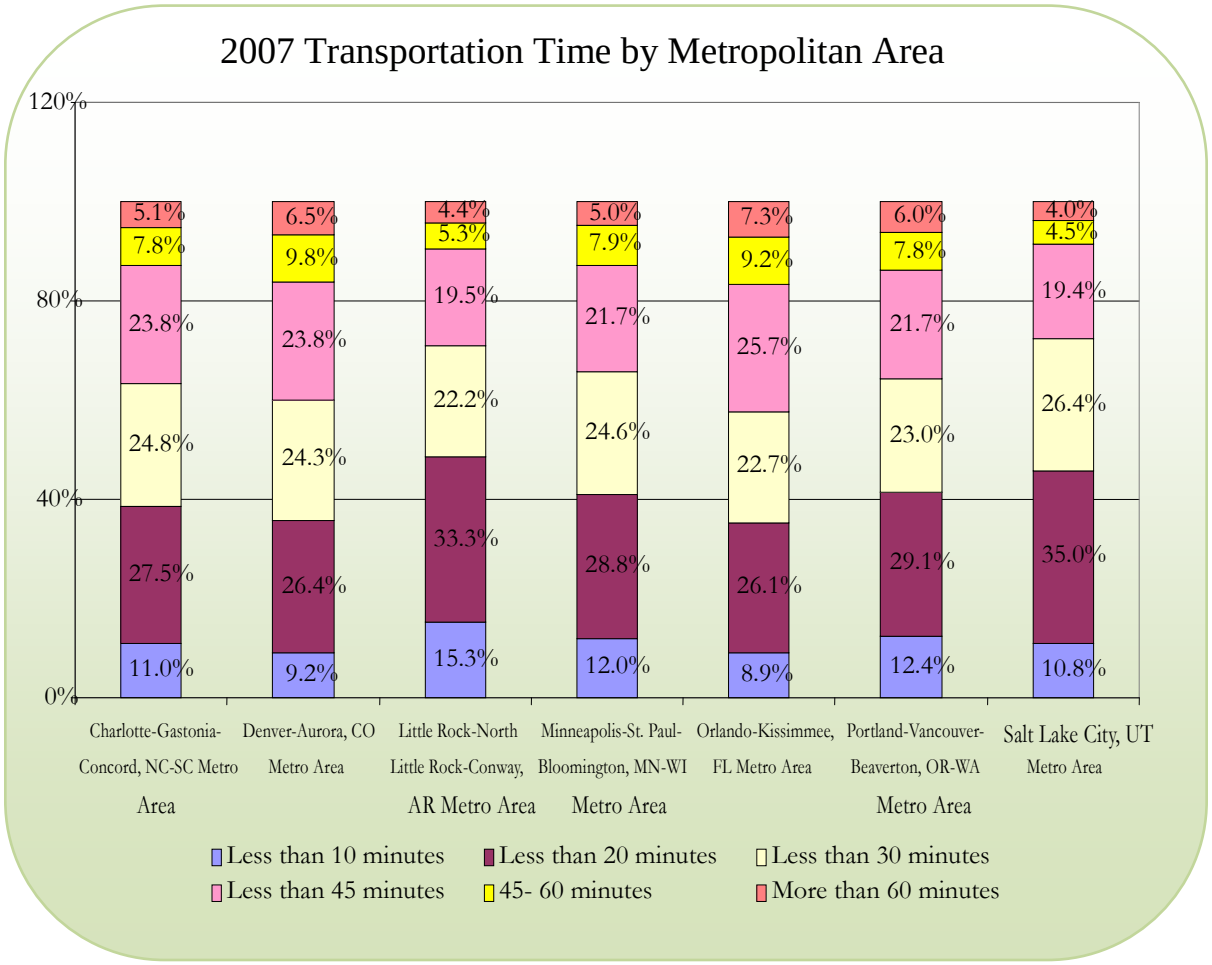
- Charlotte, Little Rock, and Salt Lake City MSAs have only recently installed rail/transit, so it is premature to judge the extent of trips transit may soon serve.

- Orlando MSA is the only one of the seven regions that is not currently served by rail.

TRANSPORTATION TIMES:

The chart below shows the percentage of people by their driving times and by metropolitan area.

Table 30. Time by Area



Source: *Bureau of Labor Statistics*

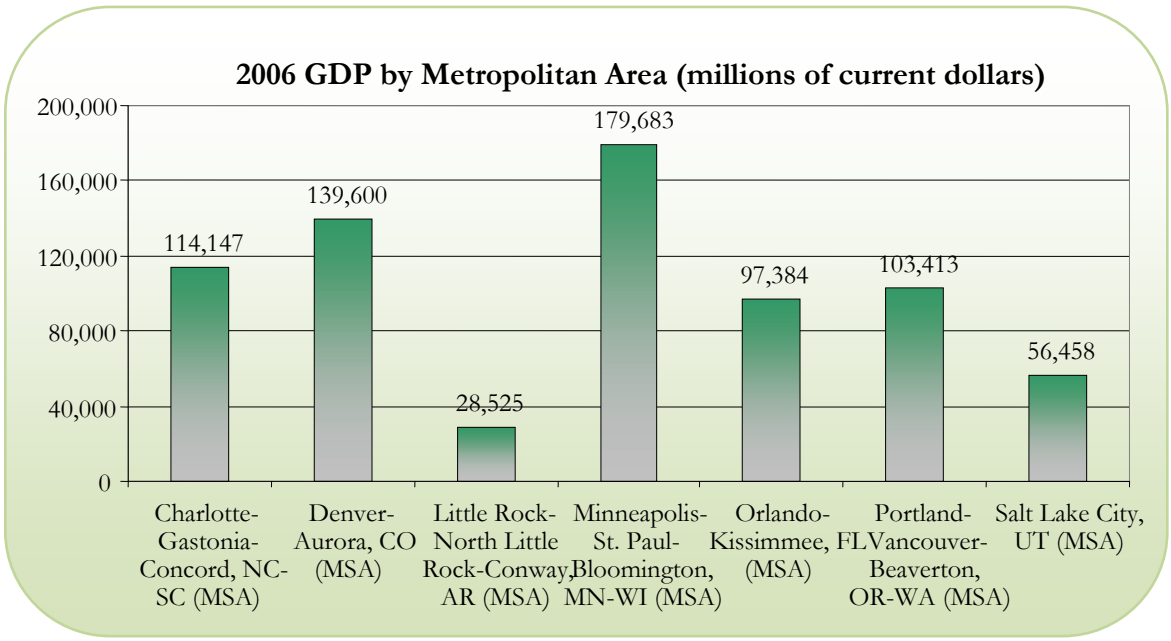
Conclusion:

The Orlando MSA has the highest percentage of people driving over 60 minutes. It has the lowest percent of people driving less than 10 minutes.

GROSS DOMESTIC PRODUCT BY METRO AREA

Gross Regional Product for any geographical area represents the amount of sales for that area minus the value of all intermediate inputs not produced in that area.

Table 31. GDP by Area

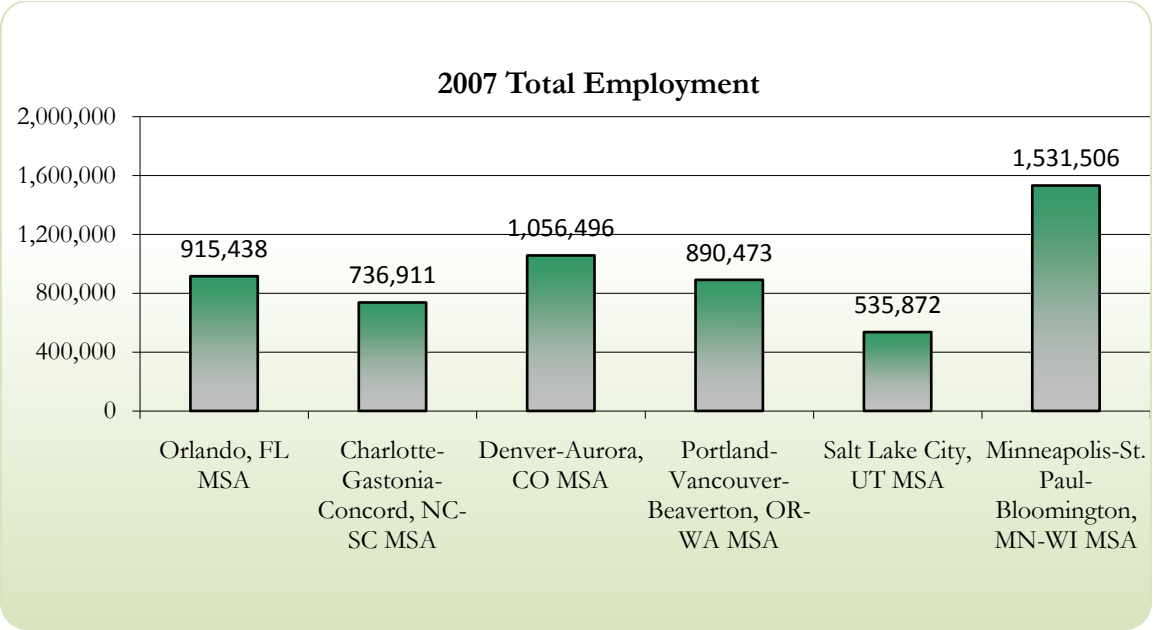


Source: *Bureau of Economic Analysis*

Conclusion:

Although the Orlando MSA has higher employment than the Charlotte MSA and the Portland MSA, their gross regional product surpasses that of the Orlando MSA.

Table 32. Total Employment

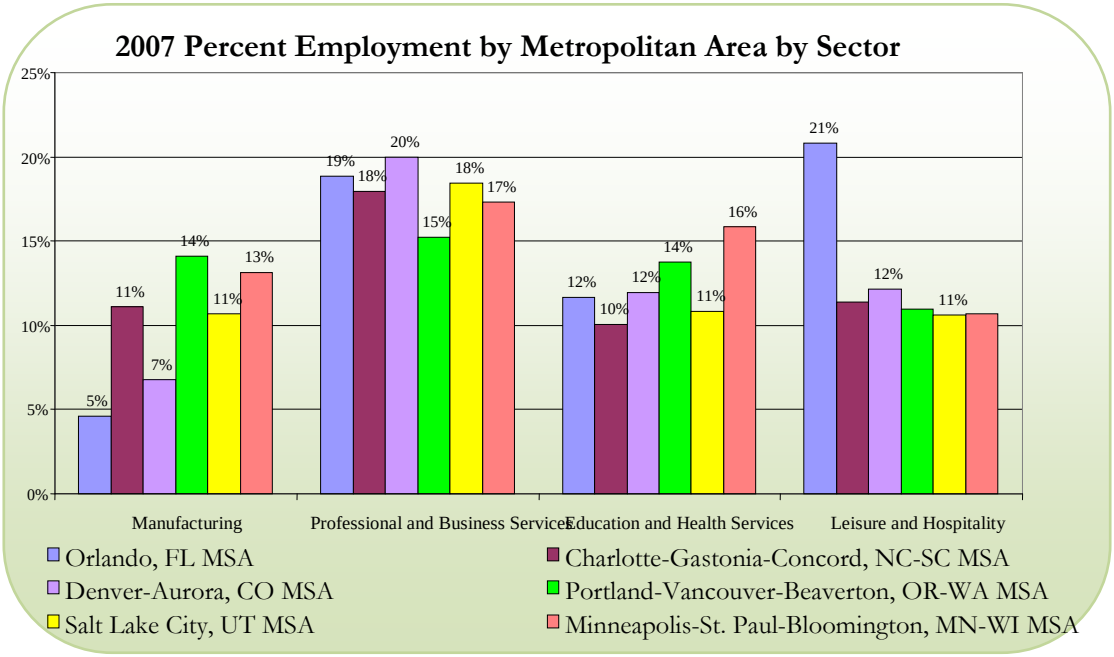


Source: *Bureau of Labor Statistics*

PERCENT EMPLOYMENT BY INDUSTRY

Table 44 shows the percent of employment by industry by MSA. These percentages represent the number of jobs in each industry to total number of jobs in the MSA. ND is placed where data is not disclosed by the Bureau of Labor Statistics (BLS). The Orlando MSA ranks highest in the Leisure and Hospitality sector and ranks the lowest in the Manufacturing sector.

Table 33. Employment

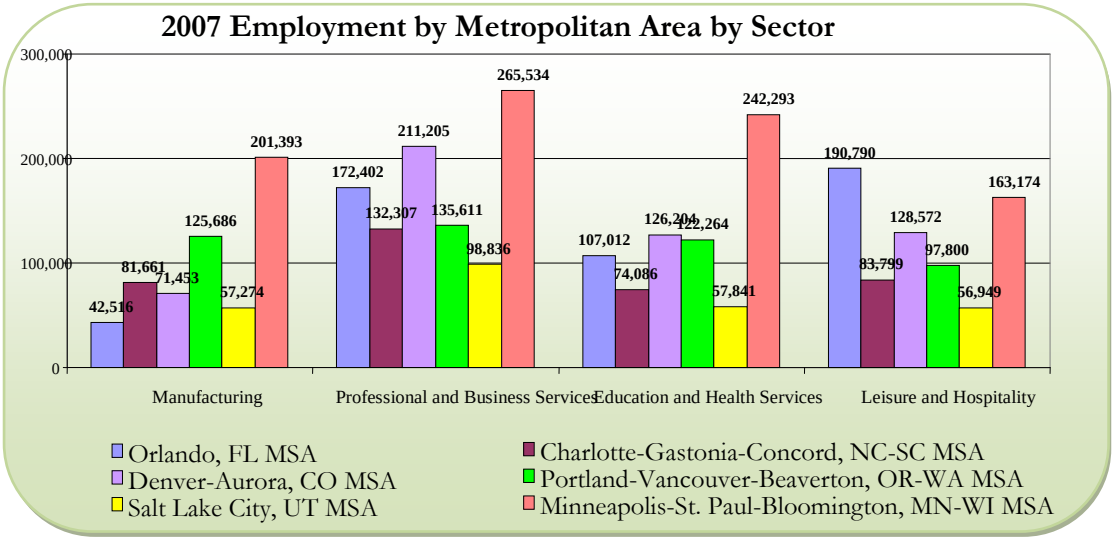


Source: *Bureau of Labor Statistics*

EMPLOYMENT BY MSA BY INDUSTRY

Table 45 shows the number of jobs by industry by MSA.

Table 34. Employment



Source: *Bureau of Labor Statistics*

Conclusion:

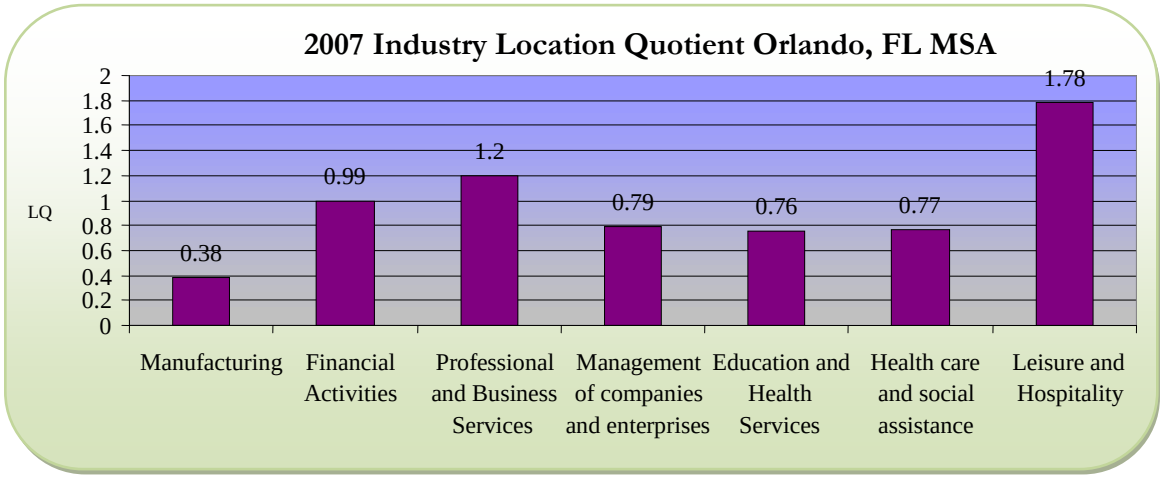
The Orlando MSA has the least manufacturing jobs and the most leisure and hospitality jobs. Despite the fact that the Orlando MSA has more total employment than Charlotte and Portland MSAs, their GDP (Total Economic Output) is larger.

LOCATION QUOTIENT BY INDUSTRY BY MSA:

The charts below show the Location Quotient (LQ) by MSA. LQ is used to measure how much an industry is concentrated in a certain region.

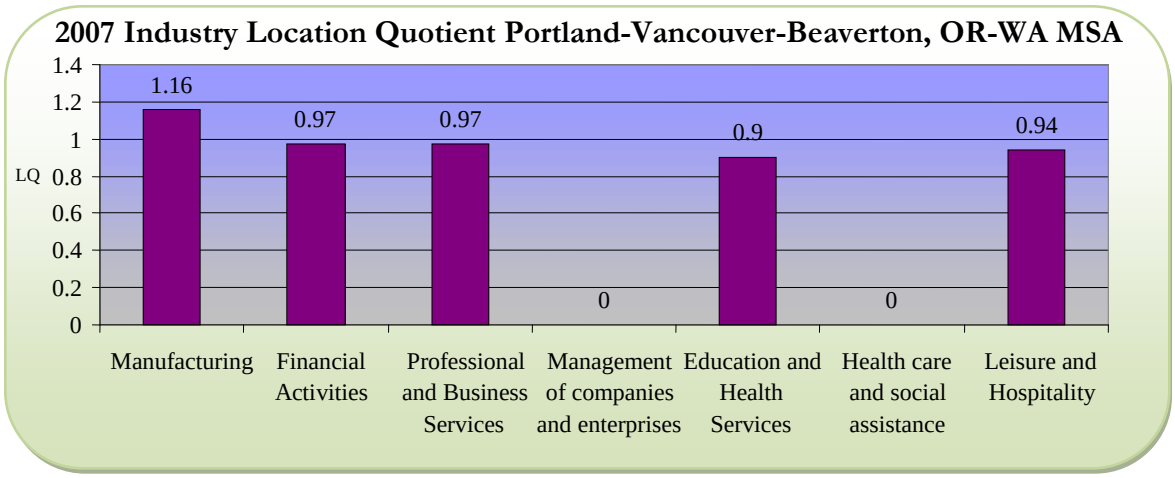
- An LQ greater than one means an industry is more dominant than the national average.
- An LQ of less than one means an industry is less dominant than the national average.

Table 35. Industry LQ Orlando



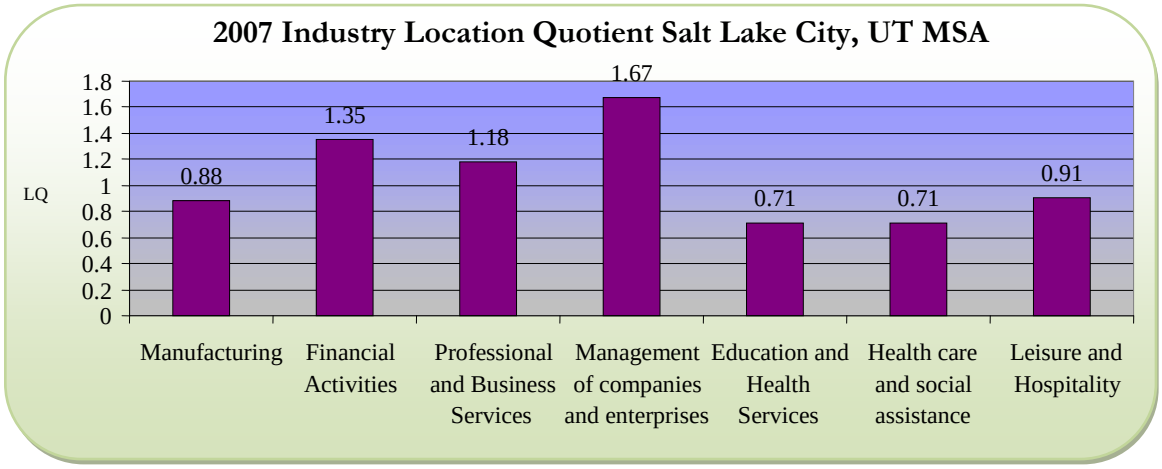
Source: *Bureau of Labor Statistics*

Table 36. Industry LQ Portland, Vancouver, Beaverton



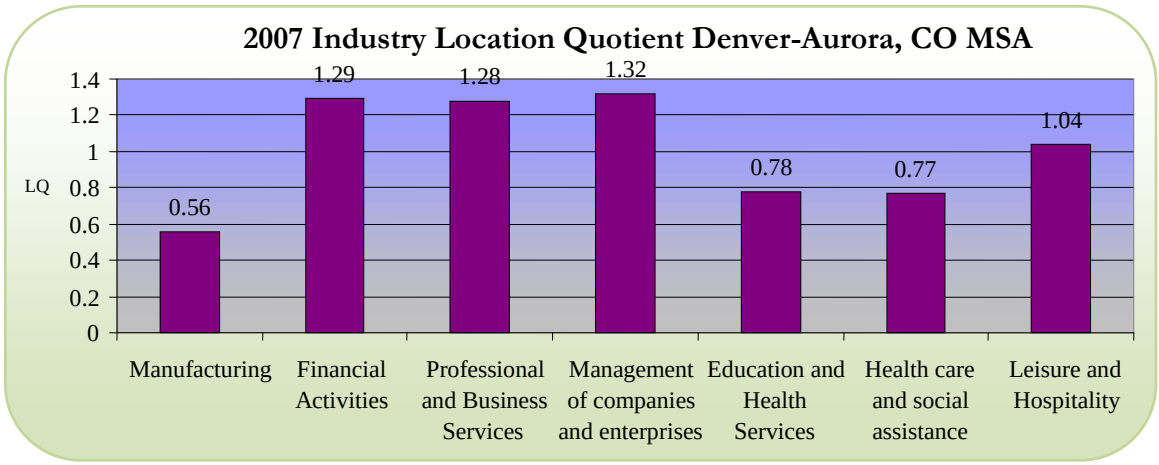
Source: *Bureau of Labor Statistics*

Table 37. Industry LQ Salt Lake City, Utah



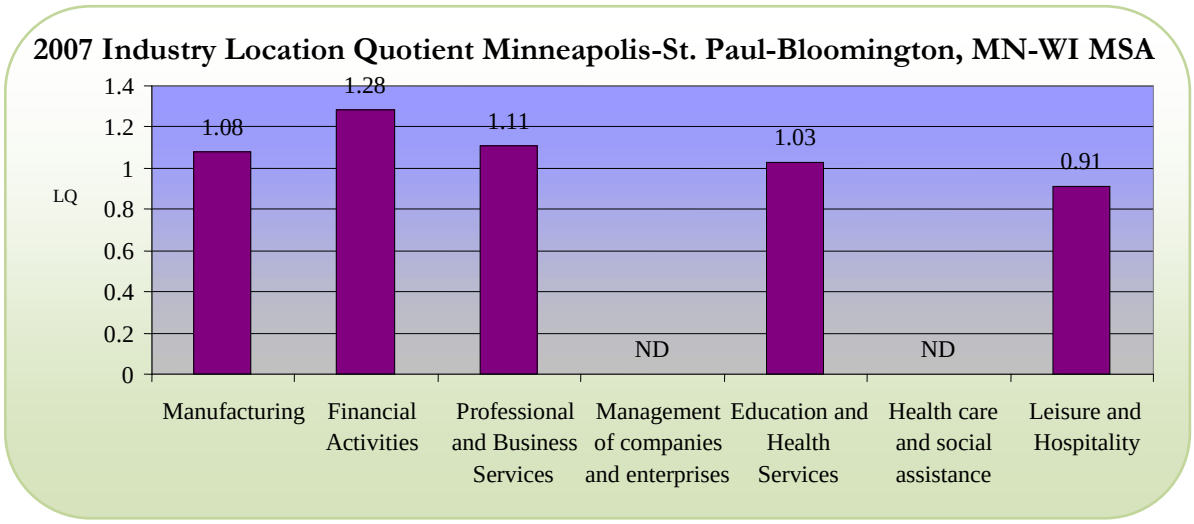
Source: *Bureau of Labor Statistics*

Table 38. Industry LQ Denver, Aurora



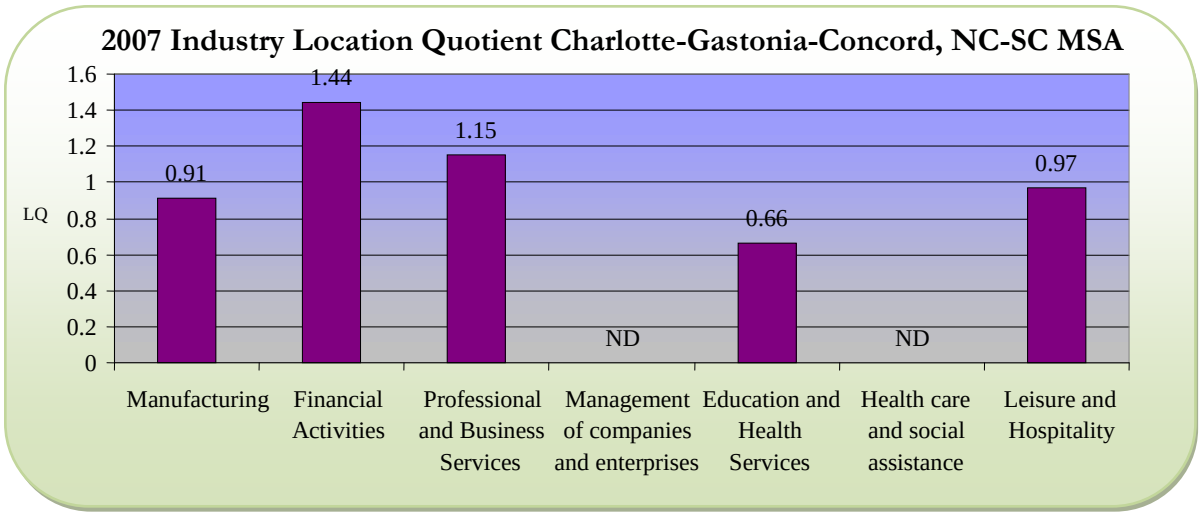
Source: *Bureau of Labor Statistics*

Table 39. Industry LQ Minneapolis, St. Paul-Bloomington



Source: *Bureau of Labor Statistics*

Table 40. Industry LQ Charlotte, Gastonia, Concord



Source: *Bureau of Labor Statistics*

Conclusion:

The Orlando-Kissimmee MSA has 1.78 LQ in the leisure and hospitality industry. This means that this industry is 1.78 times more concentrated in the Orlando-Kissimmee MSA than in the nation. The Orlando-Kissimmee MSA's economy is most dominant in tourism, but there are a variety of other sectors that are competitive. However, overall, the Orlando - Kissimmee MSA's gross domestic product is lower than some of its competitive regions.

CHANGE IN EMPLOYMENT AND REGIONAL LOCATION QUOTIENT:

The tables below show the change in each industry's Location Quotient and percent of total employment from 2001 to 2007 by MSA.

Table 41. Change in Location Quotient and Employment Percentage 2001-2007

	Portland-Vancouver-Beaverton, OR-WA MSA		Orlando, FL MSA	
	% Change in LQ	% Change in Employment Concentration	% Change in LQ	% Change in Employment Concentration
Manufacturing	5.5%	-14.2%	-9.5%	-26.1%
Financial Activities	-5.8%	-3.5%	5.3%	7.4%
Professional and Business Services	-4.0%	1.4%	3.4%	8.9%
Management of companies and enterprises	ND	ND	19.7%	23.1%
Education and Health Services	1.1%	13.8%	-7.3%	4.5%
Health care and social assistance	ND	ND	-9.4%	2.4%
Leisure and Hospitality	0.0%	7.3%	-9.6%	-2.8%

Table 42. Location Quotient and Employment Percentage by Year

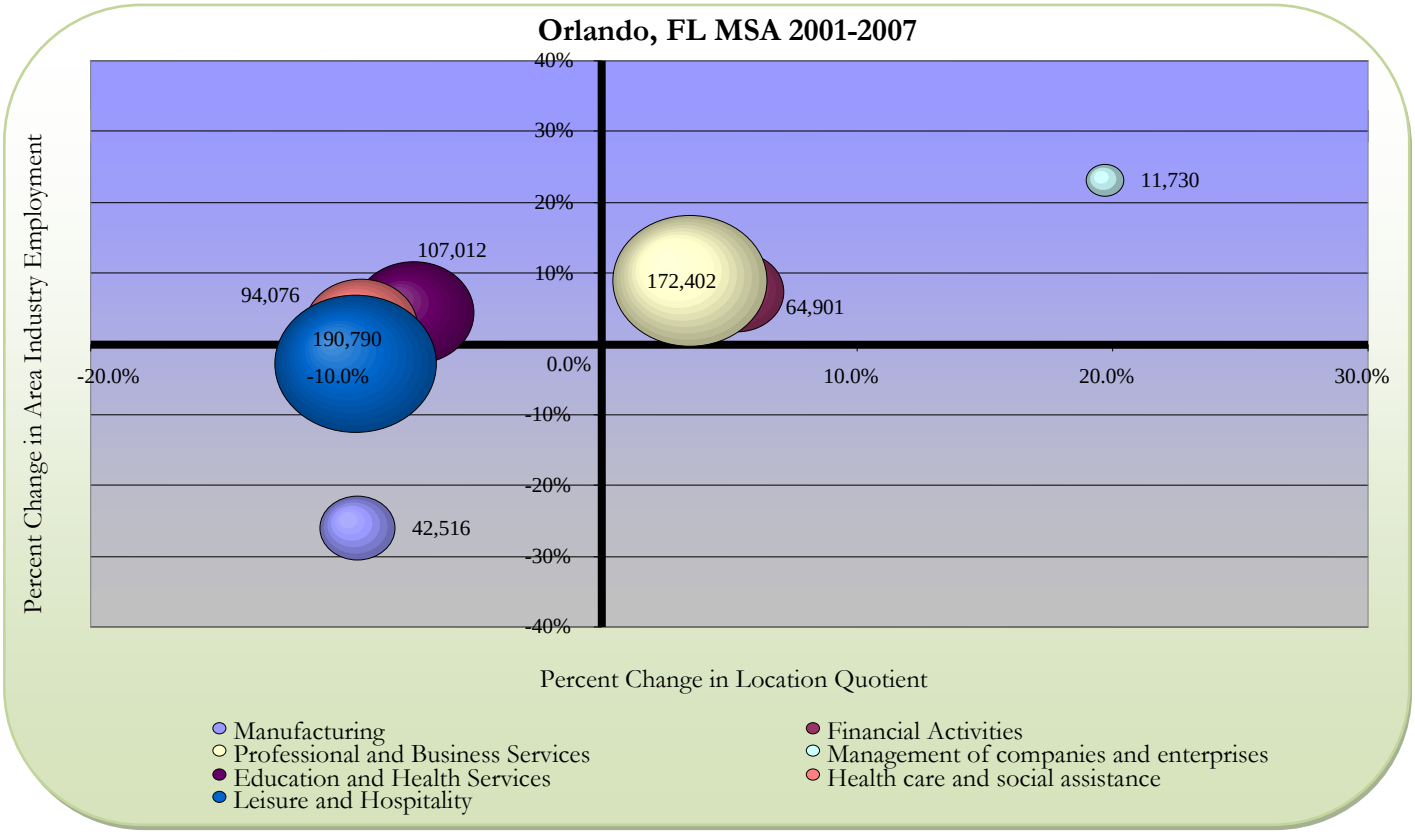
	Portland-Vancouver-Beaverton, OR-WA MSA				Orlando, FL MSA			
	LQ 2007	LQ 2001	% Emp. 2007	% Emp. 2001	LQ 2007	LQ 2001	% Emp. 2007	% Emp. 2001
Manufacturing	1.16	1.1	14.11%	16.44%	0.38	0.42	4.64%	6.28%
Financial Activities	0.97	1.03	6.96%	7.21%	0.99	0.94	7.09%	6.60%
Professional and Business Services	0.97	1.01	15.23%	15.02%	1.2	1.16	18.83%	17.29%
Management of companies and enterprises	ND	ND	ND	ND	0.79	0.66	1.28%	1.04%
Education and Health Services	0.9	0.89	13.73%	12.07%	0.76	0.82	11.69%	11.19%
Health care and social assistance	ND	0.88	ND	10.41%	0.77	0.85	10.28%	10.04%
Leisure and Hospitality	0.94	0.94	10.98%	10.23%	1.78	1.97	20.84%	21.45%

Conclusions:

- Orlando MSA lost 26% of its manufacturing employment from 2001 to 2007, but since manufacturing is a small sector, this really was less than 2% of total employment.
- Leisure and Hospitality also shrank by 2.8%, which can mean that the sector has already achieved its balance point in terms of growth.
- New rising sectors included a 23% increase in management of companies, but this is still a small sector with only 1.04% of total employment.
- Health Care is growing, as is professional and business services.

Figures 3 and 4 show the change in each industry's Location Quotient and percent of total employment from 2001 to 2007 for the Orlando and Portland MSA's respectively. The size of each bubble shows the number of jobs in each industry.

Figure 6.

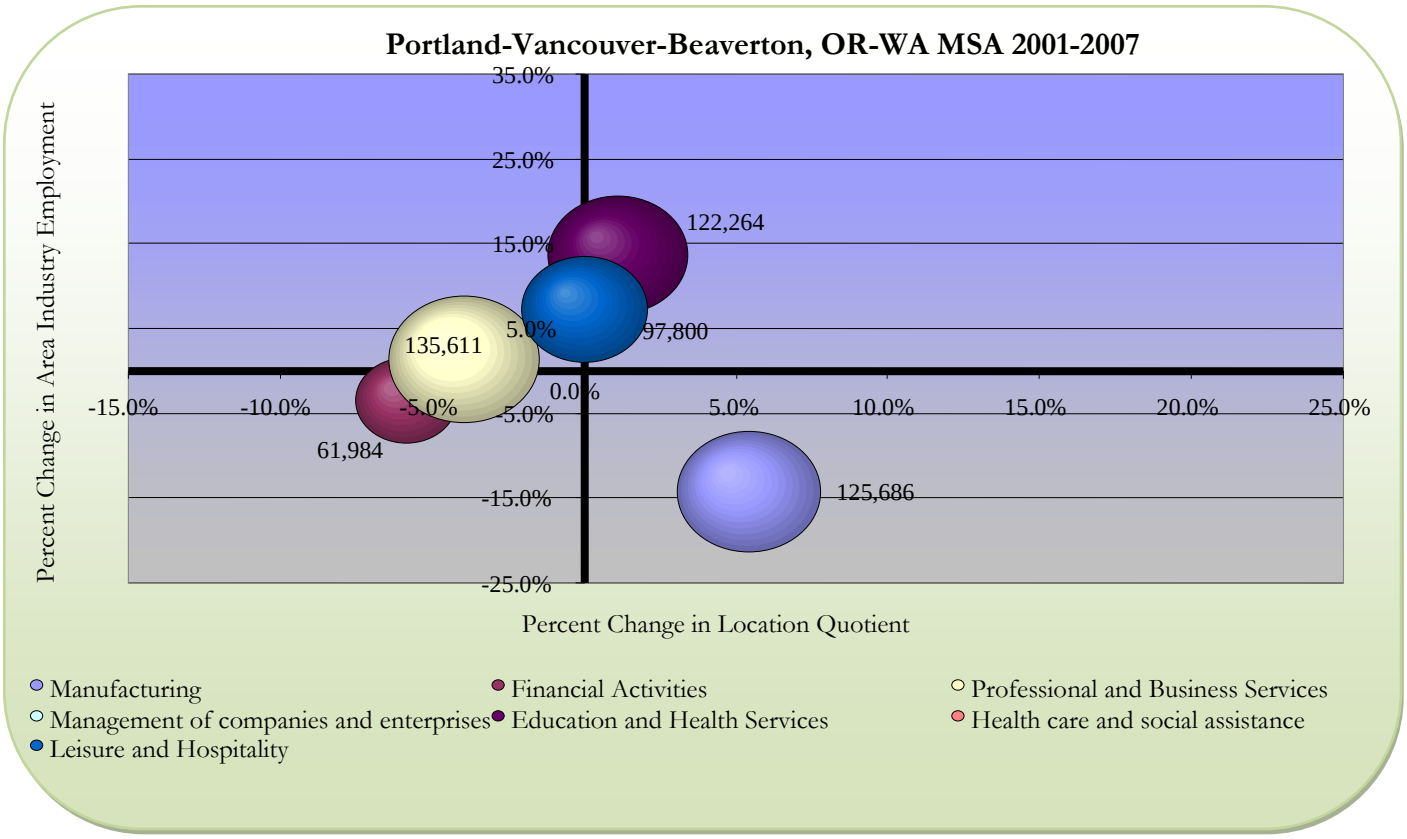


- The top right quadrant of the chart includes industries with growing percentage of total regional employment, and growing Location Quotient (growing LQ shows the area is becoming more concentrated in an industry compared to the nation.)

- Bubbles in the top right quadrant are an indicator that their industries are becoming more dominant and that they are gaining more share of total employment in the region.

- In the Orlando MSA rising industries are: Financial Activities, Management of Companies, and Professional and Business Services.

Figure 7.



- Industries in the top left quadrant show growth in the change of employment concentration in the region, but declining change in location quotient. This means that the industry is growing in number of jobs in the region but is still lagging the national growth represented through the declining change in location quotient. In East Central Florida these industries include the Education and Health Services and Health Care and Social Assistance sectors.

- Industries in the lower left quadrant show decrease in both the changes in job creation and the change in LQ. These industries are losing jobs in the region and compared to how the industry is performing nationally. Industries like that in East Central Florida include the Manufacturing industry and the Leisure and Hospitality industries. For the leisure and hospitality industry in the region, this can be a sign of industry maturation and rising national competitiveness.

VI. COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

The ECFRPC's Comprehensive Economic Development Strategy was accepted by the US Economic Development Administration (EDA) in March 2008. This means that projects listed as vital to the region's economy receive preferential treatment in getting EDA grant money, since they are seen as being regionally supported and essential to the progress of the economy.

This was an overarching theme to the CEDS: "The integration of human and natural systems must drive our region's future economic development. This integration will help the region reverse the negative effects of its current sprawling low density development patterns, and signal change to more efficient centers of commerce. This is the strategy for East Central Florida in the coming years.

The ECFRPC continues to identify specific trends in land use and employment in order to support industry growth and expansion. The ECFRPC finds the following missions key to advancing the regional economy.

- **Mission A**: Connect and build upon mature and blossoming technology centers (space, oceanographic research, bio-medical, university research and development, simulation, and green energy).
- **Mission B**: Identify, adopt and implement best practices for land and development planning, environmental preservation and green energy production.
- **Mission C**: Improve global connectivity of all transportation systems.

The Council uses the region's Comprehensive Economic Development Strategy as an important tool to facilitate the implementation of economic policies and projects. The region will succeed in achieving the goals of the CEDS when economic and land-use planning is closely synchronized."[7]

It is essential that we take the analysis of economic development in this chapter in accordance with the analysis performed in the CEDS. The work in both plans compliments each other and aim at moving forward regional efforts to advance the economy of East Central Florida.

[7] ***Source:*** *East Central Florida CEDS*

DEFINITIONS:

Nonfarm business sector (Productivity and Costs)

> The nonfarm business sector is a subset of the domestic economy and excludes the economic activities of the following: general government, private households, nonprofit organizations serving individuals, and farms. The nonfarm business sector accounted for about 77 percent of the value of gross domestic product (GDP) in 2000.[8]

Personal income is a comprehensive measure of the income of all persons from all sources. In addition to wages and salaries, it includes employer-provided health insurance, dividends and interest income, social security benefits, and other types of income.

Per capita personal income (personal income divided by population) ranged from $8,579 in Loup County, Nebraska to $132,728 in Teton County, Wyoming.

- Intermediate demand source: These jobs are created to produce products or services for use as intermediate inputs to the production of a final product.
- Local consumption demand source: These jobs are created to produce final products or services for local consumption.
- Exports demand source: These jobs are created to produce products or services for export by destination.
- Government demand source: These jobs are created to produce final products or services for government use.
- Investment activity demand source: These jobs are created to produce final products or services for investment purposes.

[8] ***Source:*** *Bureau of Labor Statistics*

CHAPTER 4: ECONOMIC DEVELOPMENT	
Goal	Coordinate with economic development agencies, local governments, and educational institutions to implement the region's Comprehensive Economic Development Strategy (CEDS).
Smart Growth and Sustainability	
Policy 4.1	Promote integrated land use and multi-modal transportation strategies that support diverse economic centers.
Policy 4.2	Discourage new development from locating in flood prone and hurricane surge areas to prevent adverse economic impacts.
Policy 4.3	Support emerging economic centers that are located in the most appropriate areas, such as along transit corridors or in existing or planned employment centers.
Policy 4.4	Support green energy research and development.
Policy 4.5	Support and promote natural resource protection as a component of the region's economy.
Policy 4.6	Promote and preserve agriculture as a viable land use and integral economic industry.
Policy 4.7	Support events that market the cultural identity of the region.
Policy 4.8	Promote and preserve the region's rich cultural, historic, and archaeological resources.
Attraction, Retention, and Expansion	
Policy 4.9	Support efforts to retain and maximize traditional industry sectors (See Chapter 4).
Policy 4.10	Promote the development and attraction of high-wage, value-added, and export-oriented technology and manufacturing industries.
Policy 4.11	Support efforts to move towards a greater share of high technology and science-based economy.
Policy 4.12	Support the attraction, retention, and development of rising economic clusters and new business.
Policy 4.13	Support efforts that connect regional airports, rail systems, and seaports to gain a competitive advantage in the global marketplace.

Education and Workforce Training	
Policy 4.14	Support improvements to the elementary, secondary, and post-secondary educational systems in order to develop a competitive workforce.
Policy 4.15	Support workforce training and transition programs in the region.
Intergovernmental Coordination	
Policy 4.16	Help communities identify vacant or underutilized sites and facilities for adaptive reuse.
Policy 4.17	Support the implementation of the Comprehensive Economic Development Strategy (CEDS) and other state and federal plans that are consistent with the region's economic policies.
Housing Affordability and Proximity to Jobs	
Policy 4.18	Support efforts that integrate mixed-income housing into existing, expanding, and emerging job centers.

CHAPTER 4: ECONOMIC DEVELOPMENT INDICATORS	
Knowledge-based jobs with high average wages created or retained	Baseline: Variable 117,040; Professional and Technical Services 13,868; Management of Companies, Enterprises 29,377; Educational Services 157,625; Health Care and Social Assistance 37,765; Information 65,825; Finance and Insurance 421,500. Total – 843,000 Source (2006): Regional Economic Models, Inc. (REMI), East Central Florida Region
Average annual compensation rates	Baseline: $37,493 Source (2006): Regional Economic Models, Inc. (REMI), East Central Florida Region
Number of jobs created and retained especially in falling economic clusters	Baseline: Manufacturing – 80,791 Jobs Source (2006): Regional Economic Models, Inc. (REMI), East Central Florida Region
Private and public investment in rising economic clusters	Baseline: Biotechnology – 155 Companies, 9,248 Jobs Aviation and Aerospace – 100 Companies, 34,000 Jobs Film Production and Digital Media – 3,400 Jobs Source (2007): East Central Florida Comprehensive Economic Development Strategy (CEDS)

REMI refers to the Policy Insight™ model by the Regional Economic Model Institute (Amherst, Mass.) and is widely used as an economic data source. REMI provides periodic updates to a wide variety of economic data sets and is recognized as an accepted data source by the Bureau of Labor Statistics, Bureau of Economic Analysis, and others. This data is packaged in regional comparison data sets.

The ECFRPC would like to extend a special thanks to all those who participated in developing this chapter including those listed below:

ECONOMIC DEVELOPMENT SOUNDING BOARD (November 13, 2008)	
Harry Barley	MetroPlan Orlando
Randolph Berridge	Florida High Tech Corridor Council, Inc.
Duane DeFreese	Hubbs-Seaworld Research Institute
Dori DeBord	Seminole County
F.J. Flynn	City of Orlando
Raymond Gilley	Metro Orlando Economic Development Commission
Maria Grulich	Osceola County
Lawrie Platt Hall	Platt Hall & Associates
Dean Hybl	MyRegion.Org
John Kaliski	Cambridge Systematics, Inc.
Jay Kalter	MSCW, Inc.
Dorothy Keedy	Lake County
Margot Knight	United Arts of Central Florida
Michael Latham	Metro Orlando Economic Development Commission
Shelley Lauten	MrRegion.Org
Charles Lee	Audubon of Florida
Pedro Leon	Volusia County
William McDermott	Seminole County
Malcolm McLouth	Port Planning and Environmental Consultant
David Pape	Commercial Business Finance
Thomas Patton	Central Florida Development Council, Inc.
Roger Pynn	Curley & Pynn Public Relations and Marketing Communications
Jon Rawlson	Akerman Senterfitt
Kelly Repass	Orlando/Orange County Convention and Visitors Bureau, Inc.
Jerry Ross	Disney Entrepreneur Center
Joanie Schirm	Geotechnical and Environmental Consultants, Inc.
Charles Shinn	Florida Farm Bureau Federation
Julie Song	Florida Space Coast Economic Development Commission
Linda Watson	LYNX