

Economic Update

Bank Executive Forum
September 1, 2020

Presented by:

Scott Hughes, Director
Risk Analysis Unit
Supervision, Regulation, and Credit



Disclaimer



The views and opinions expressed are those of the presenter and are not necessarily those of the Federal Reserve Bank of Atlanta or the Board of Governors of the Federal Reserve System.

Agenda



- The Macro Economy
- The Florida Economy
- Florida Residential Real Estate
- Florida Commercial Real Estate
- Latest FOMC Statement
- Questions

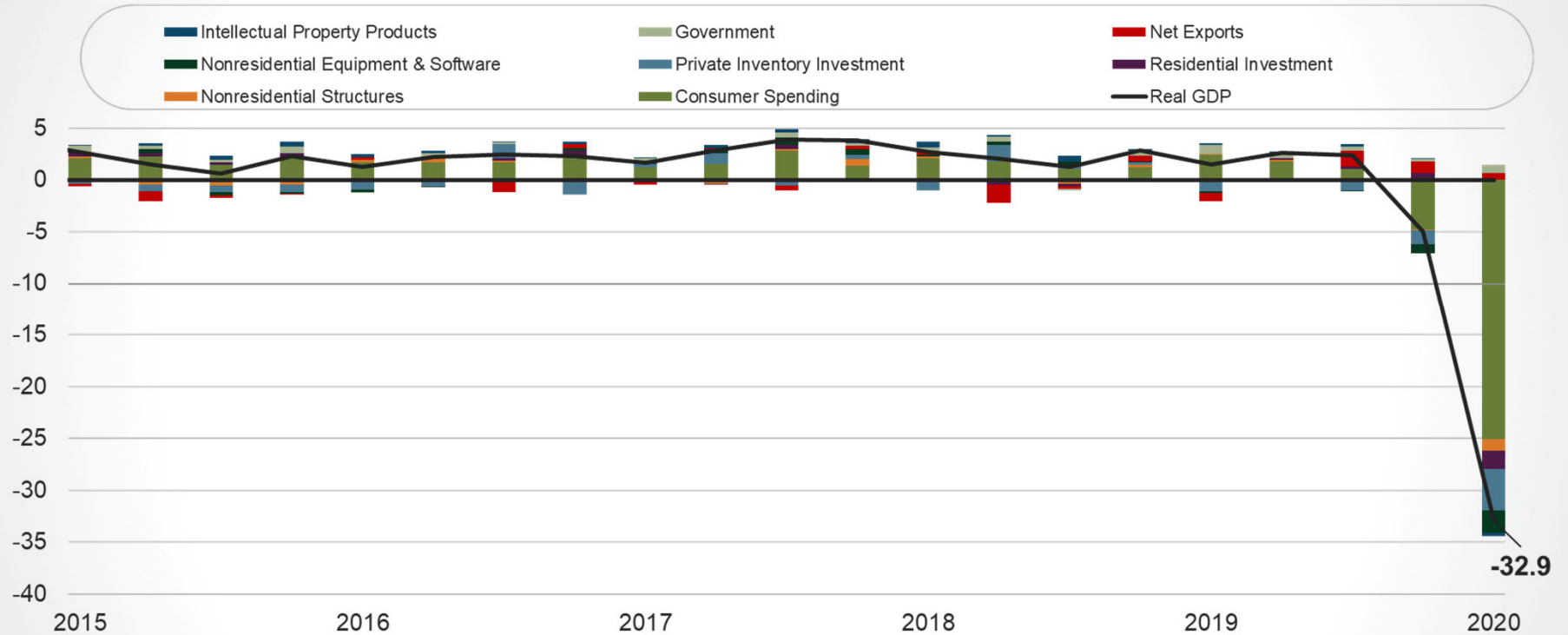


Contributions to Real GDP

Source: Bureau of Economic Analysis; SRC – Risk Analysis Unit



quarterly, percent, seasonally adjusted annualized rate



Contributions to GDP Table by Sector

Source: Bureau of Economic Analysis; SRC – Risk Analysis Unit



Line		2017	2018	2019	Seasonally adjusted at annual rates				
					2019			2020	
					Q2	Q3	Q4	Q1	Q2
	Percent change at annual rate:								
1	Gross domestic product	2.3	3.0	2.2	1.5	2.6	2.4	-5.0	-32.9
	Percentage points at annual rates:								
2	Personal consumption expenditures	1.79	1.85	1.64	2.47	1.83	1.07	-4.75	-25.05
3	Goods	0.86	0.86	0.78	1.57	0.87	0.12	0.03	-2.12
4	Durable goods	0.49	0.48	0.34	0.85	0.44	0.22	-0.93	0.04
5	Motor vehicles and parts	0.13	0.11	-0.01	0.26	0.01	0.08	-0.78	0.15
6	Furnishings and durable household equipment	0.13	0.11	0.06	0.16	0.09	0.05	-0.07	-0.17
7	Recreational goods and vehicles	0.20	0.20	0.25	0.40	0.27	0.10	0.10	0.77
8	Other durable goods	0.04	0.06	0.05	0.04	0.08	0.00	-0.19	-0.72
9	Nondurable goods	0.37	0.38	0.44	0.71	0.43	-0.10	0.97	-2.16
10	Food and beverages purchased for off-premises consumption	0.17	0.12	0.08	0.20	0.23	-0.09	1.33	-0.31
11	Clothing and footwear	0.03	0.07	0.07	0.20	-0.04	0.11	-0.75	-0.95
12	Gasoline and other energy goods	-0.01	-0.01	-0.01	0.00	-0.03	-0.04	-0.28	-0.85
13	Other nondurable goods	0.18	0.20	0.29	0.31	0.26	-0.08	0.66	-0.06
14	Services	0.93	0.98	0.86	0.90	0.96	0.96	-4.78	-22.93
15	Household consumption expenditures (for services)	0.93	0.92	0.92	1.00	0.94	1.07	-6.26	-25.93
16	Housing and utilities	0.11	0.17	0.15	0.17	0.21	-0.01	-0.04	0.61
17	Health care	0.27	0.27	0.31	0.44	0.09	0.54	-2.00	-9.50
18	Transportation services	0.08	0.08	0.04	0.10	0.15	0.01	-0.66	-2.88
19	Recreation services	0.03	0.06	0.04	0.10	-0.03	0.09	-1.05	-4.69
20	Food services and accommodations	0.12	0.13	0.05	0.21	0.11	0.00	-1.67	-5.55
21	Financial services and insurance	0.11	0.01	0.11	0.00	0.12	0.19	-0.11	0.17
22	Other services	0.22	0.19	0.23	-0.02	0.29	0.25	-0.73	-4.09
23	Final consumption expenditures of nonprofit institutions serving households	0.00	0.06	-0.06	-0.10	0.01	-0.11	1.48	3.00
24	Gross output of nonprofit institutions	0.11	0.19	0.10	-0.05	-0.03	0.15	-0.14	-1.95
25	Less: Receipts from sales of goods and services by nonprofit institutions	0.10	0.12	0.17	0.05	-0.04	0.26	-1.62	-4.95



GDPNow™



FEDERAL
RESERVE
BANK
of ATLANTA

Current GDP for 2020Q3
tracking at: **+25.6%**

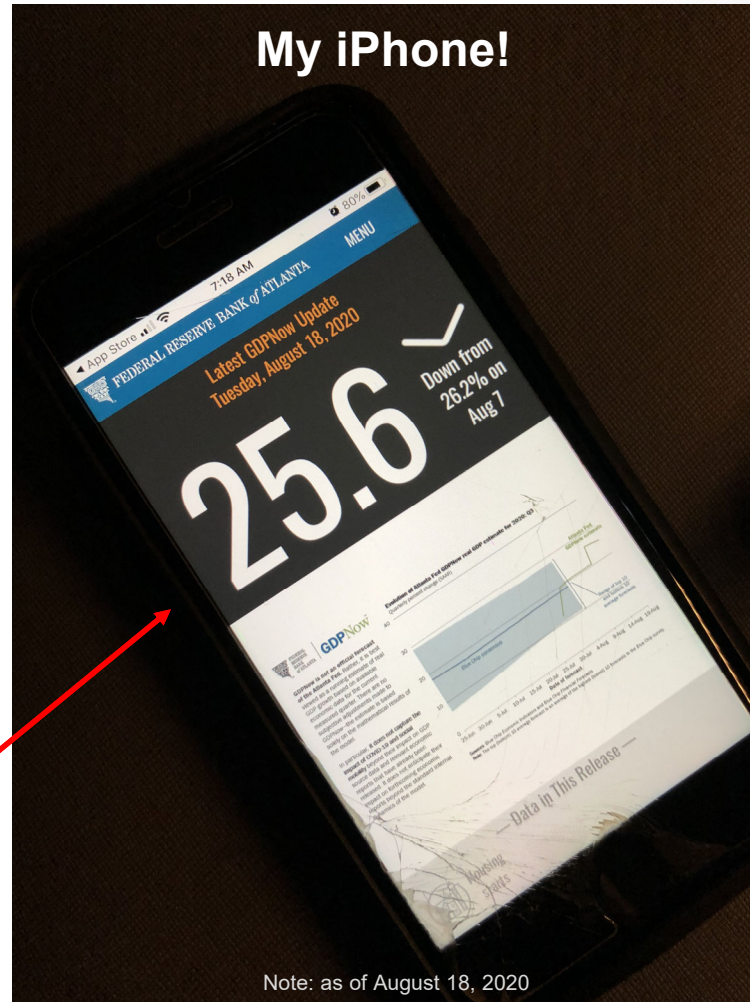


Get the app



Updated on 8/27!

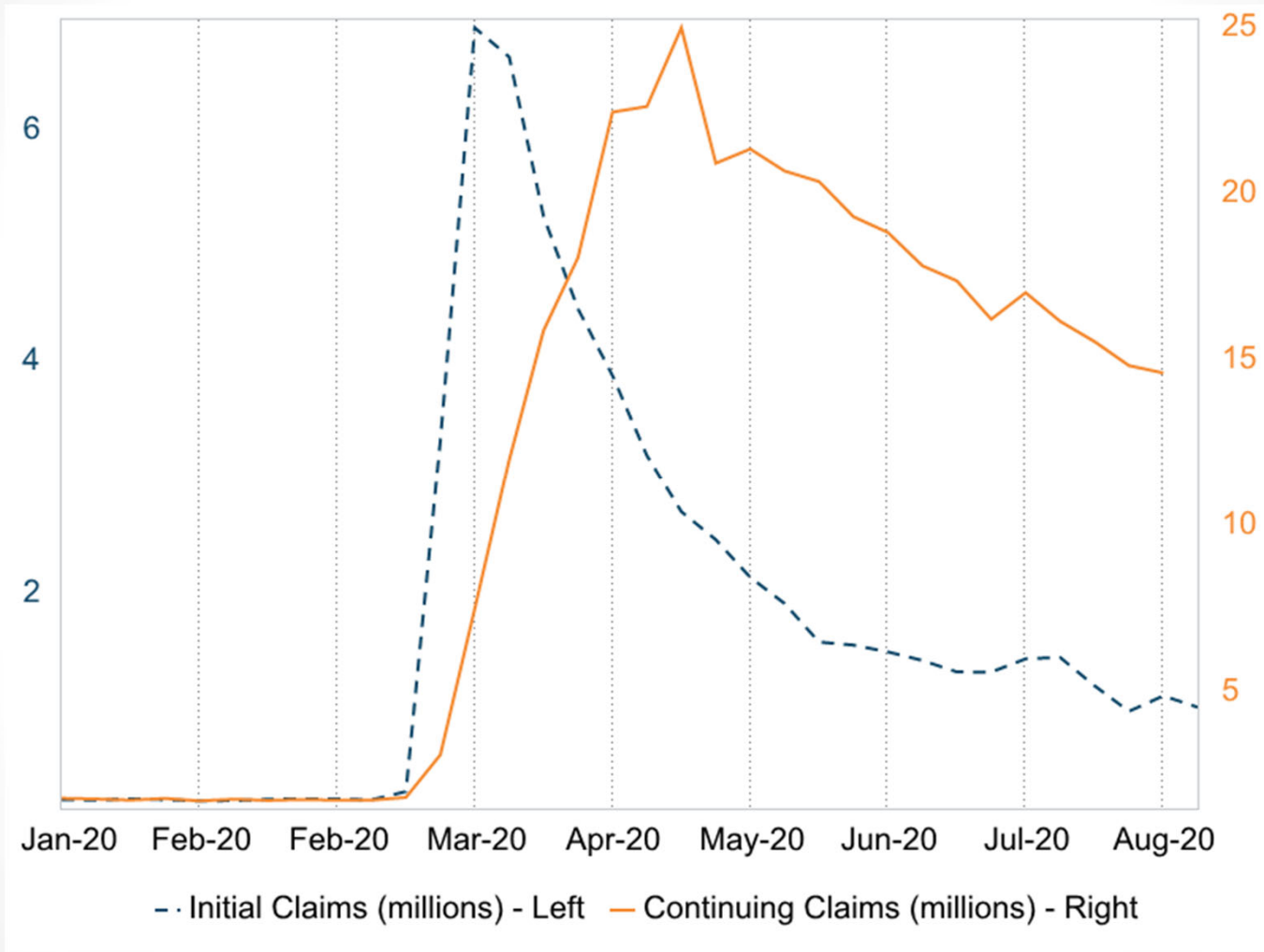
My iPhone!



Note: as of August 18, 2020

U.S. Weekly Unemployment Insurance Claims

Source: U.S. Employment & Training Administration; SRC – Risk Analysis Unit

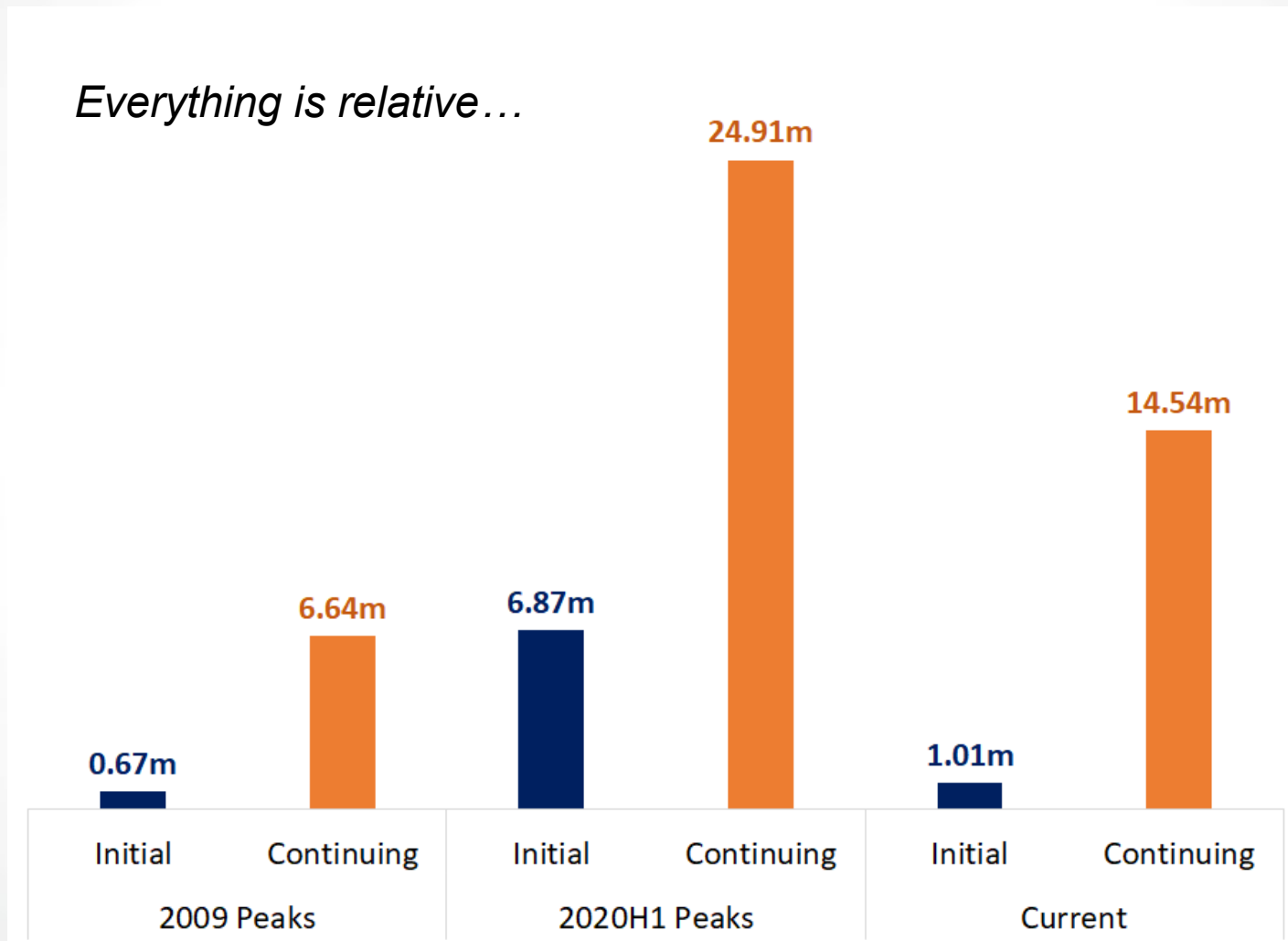


U.S. Weekly Unemployment Insurance Claims

Source: U.S. Employment & Training Administration; SRC – Risk Analysis Unit



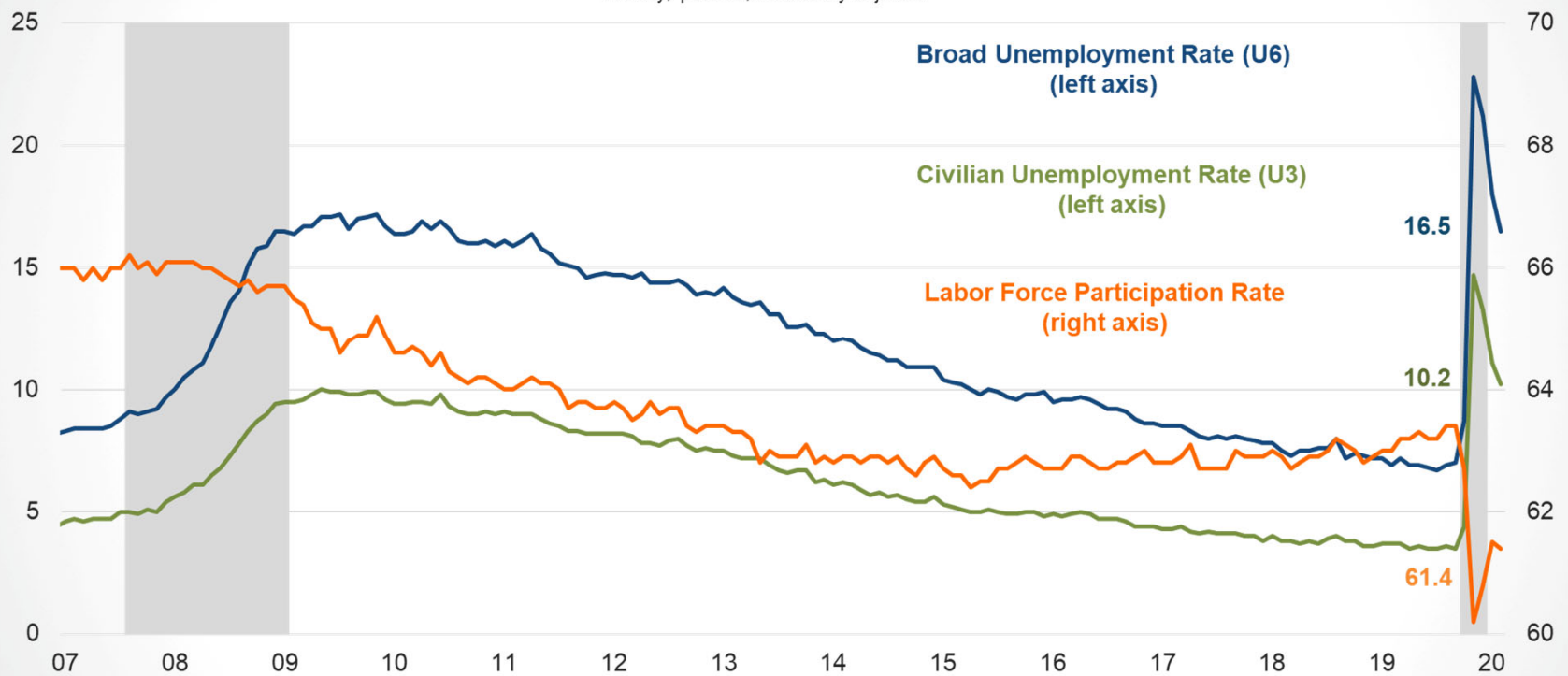
Everything is relative...



Labor Force Metrics



Unemployment and Labor Force Participation Rates
monthly, percent, seasonally adjusted

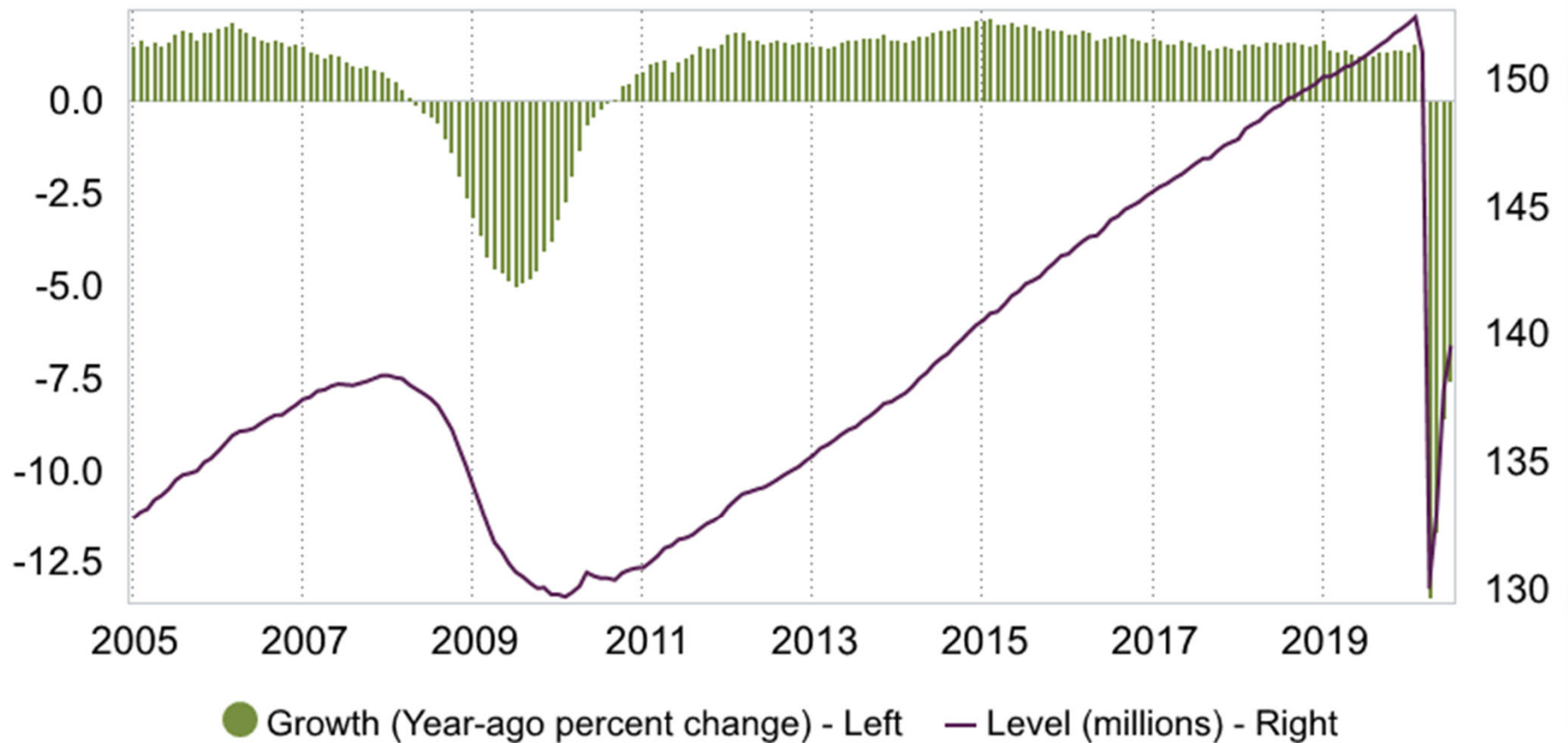


Source: Bureau of Labor Statistics, Haver Analytics

through July 2020

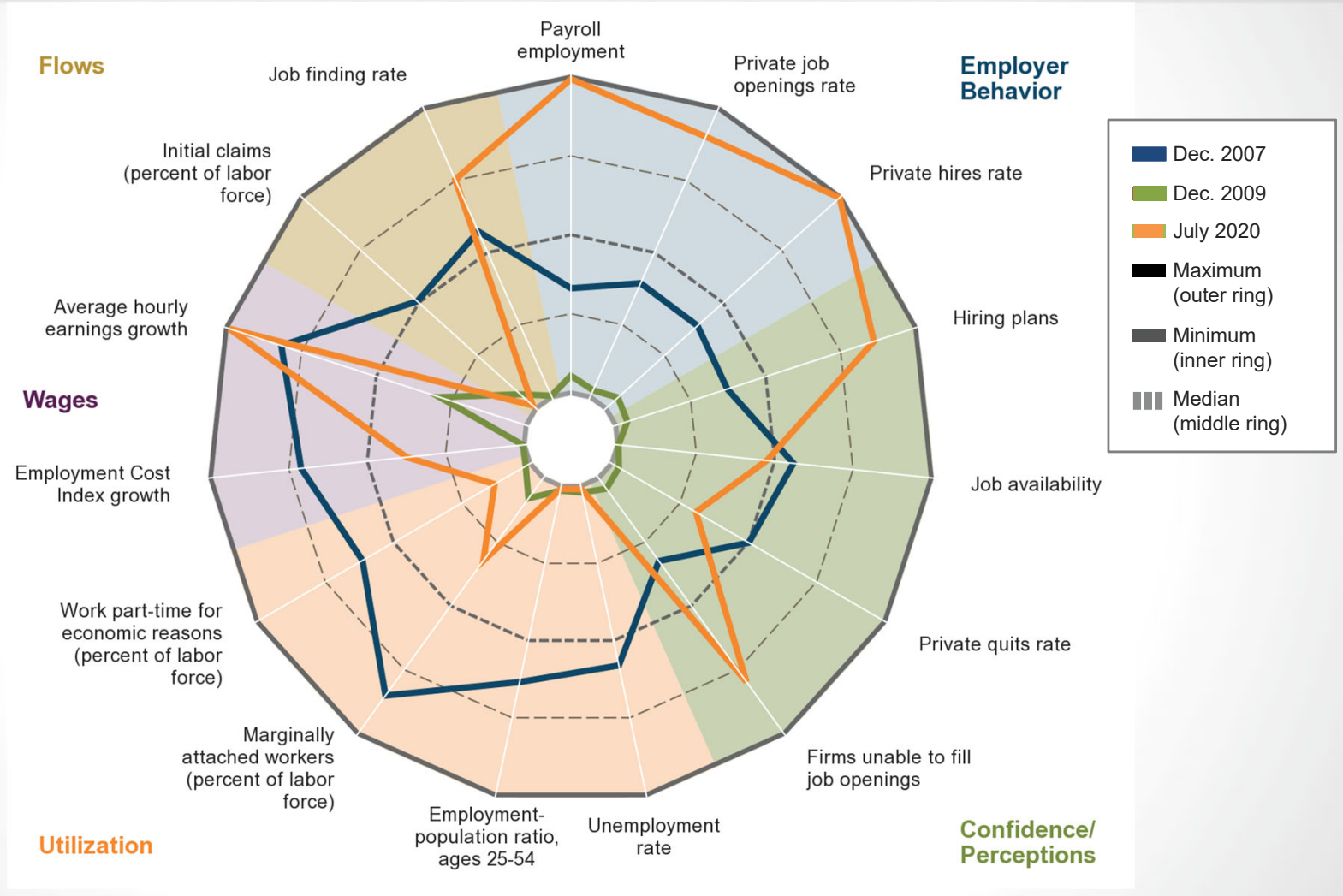
Job Gains

Source: Bureau of Labor Statistics; SRC – Risk Analysis Unit



Labor Market Distributions

Atlanta Fed Spider Chart



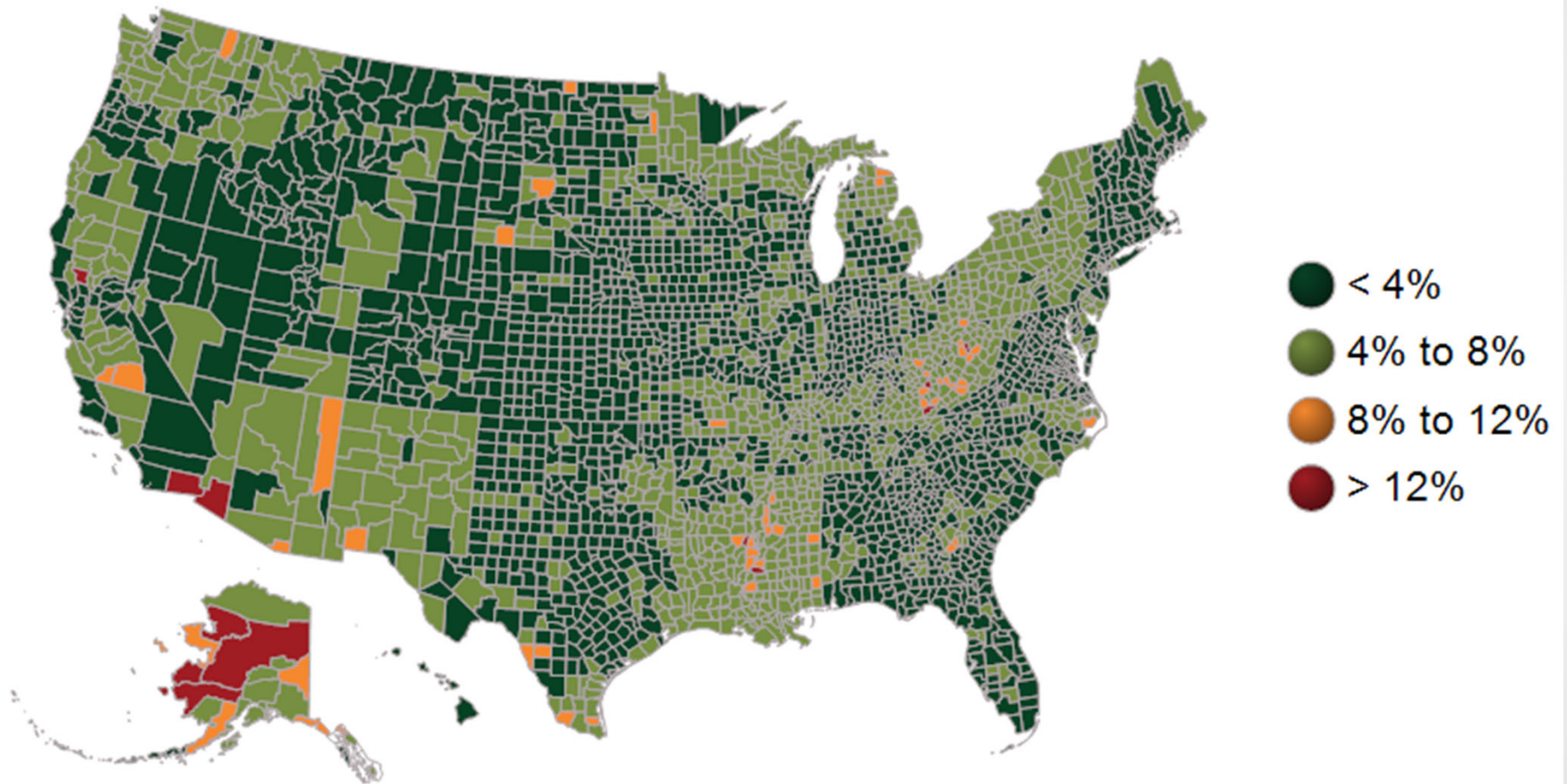
Sources: FRB Atlanta, Bureau of Labor Statistics, Department of Labor, National Federation of Independent Businesses, The Conference Board, Haver Analytics

County Unemployment Rates (SA)

Source: Bureau of Labor Statistics; SRC – Risk Analysis Unit



January 2020

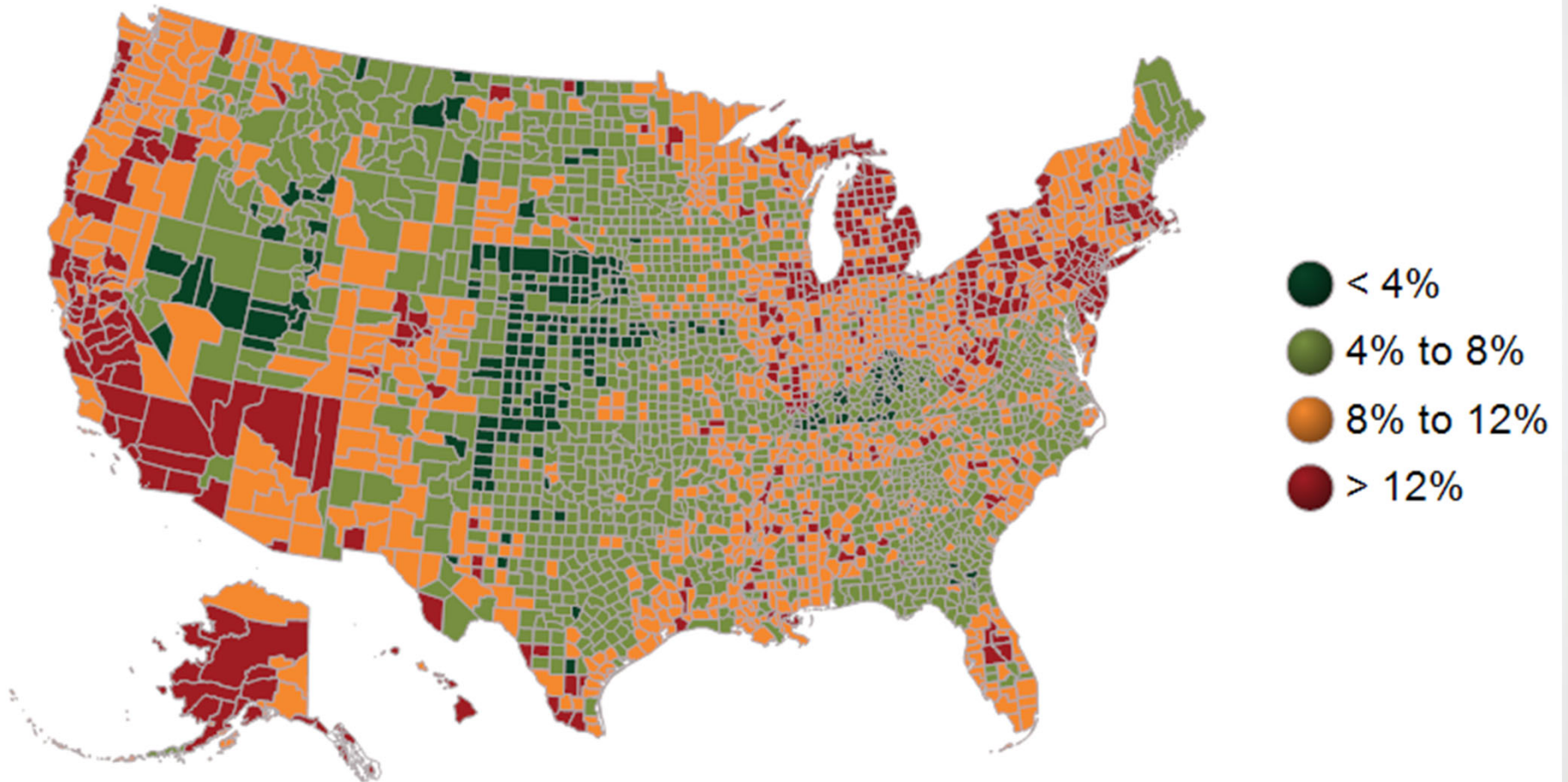


County Unemployment Rates (SA)

Source: Bureau of Labor Statistics; SRC – Risk Analysis Unit



June 2020



Personal Income Growth

Source: Bureau of Economic Analysis; SRC – Risk Analysis Unit

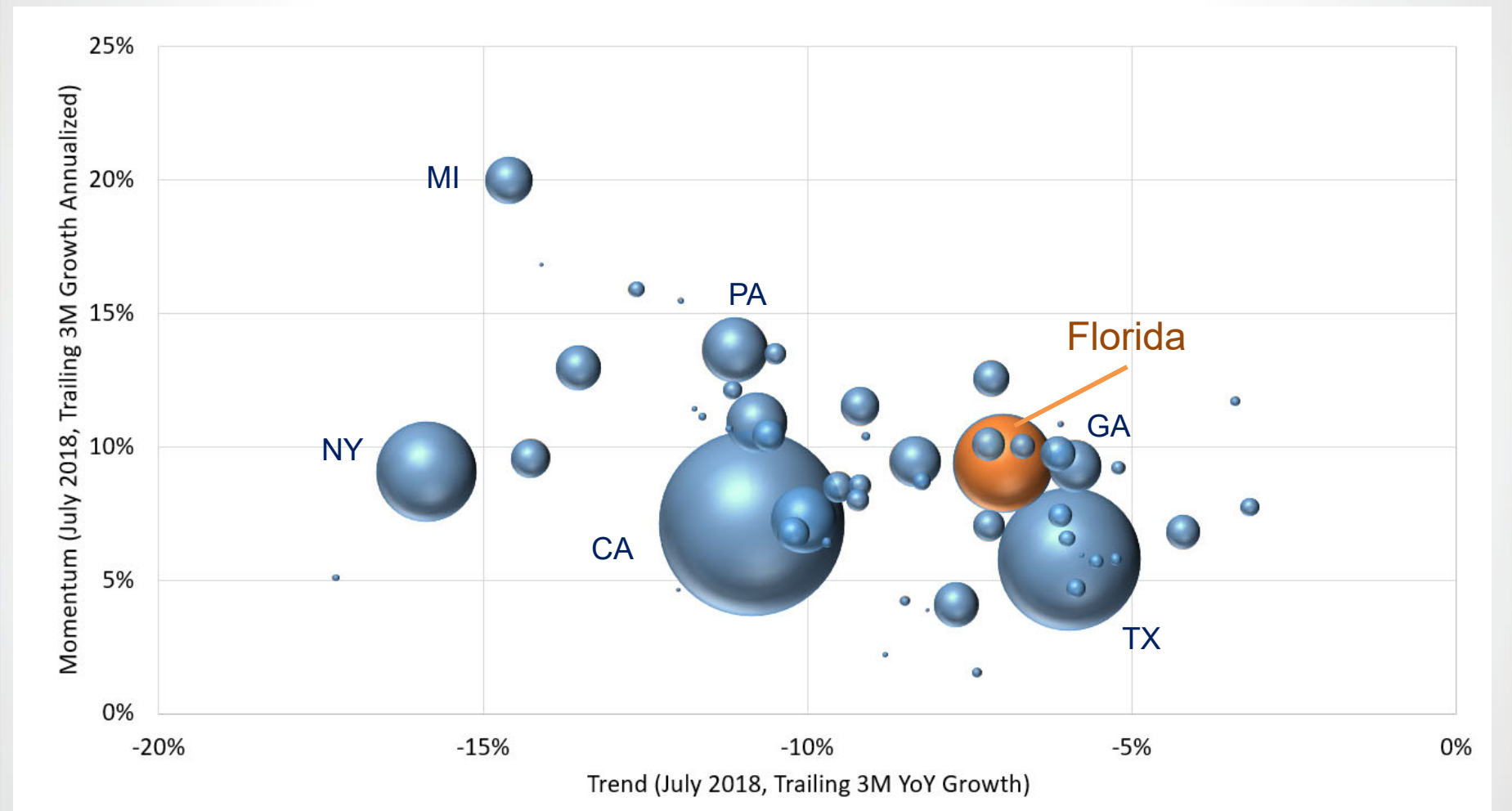




The Florida Economy

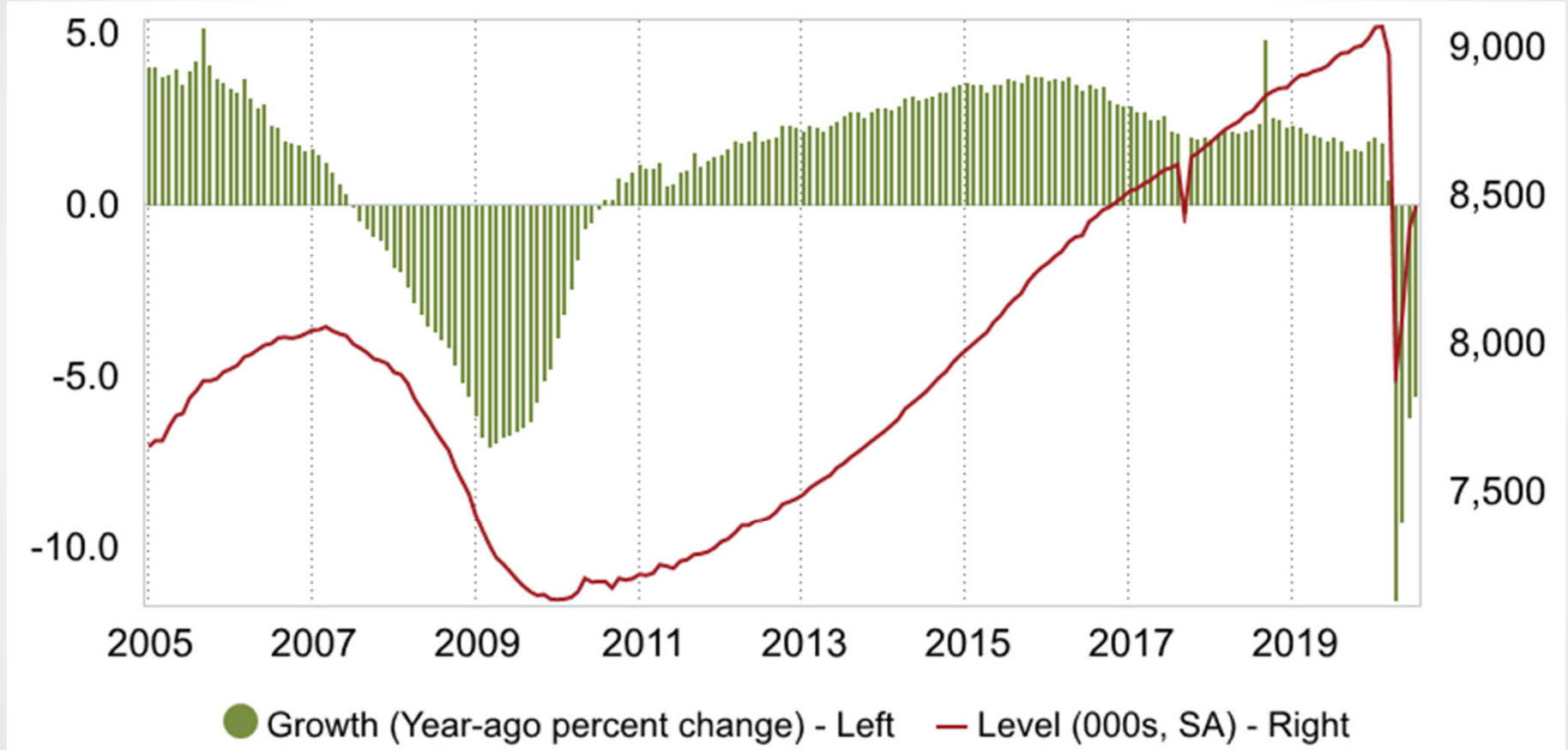
U.S. State Employment Growth

Source: Bureau of Labor Statistics; SRC – Risk Analysis Unit



Florida Job Growth

Source: Bureau of Labor Statistics; SRC – Risk Analysis Unit



Florida Employment Change by Sector

Source: Bureau of Labor Statistics; SRC – Risk Analysis Unit



Florida

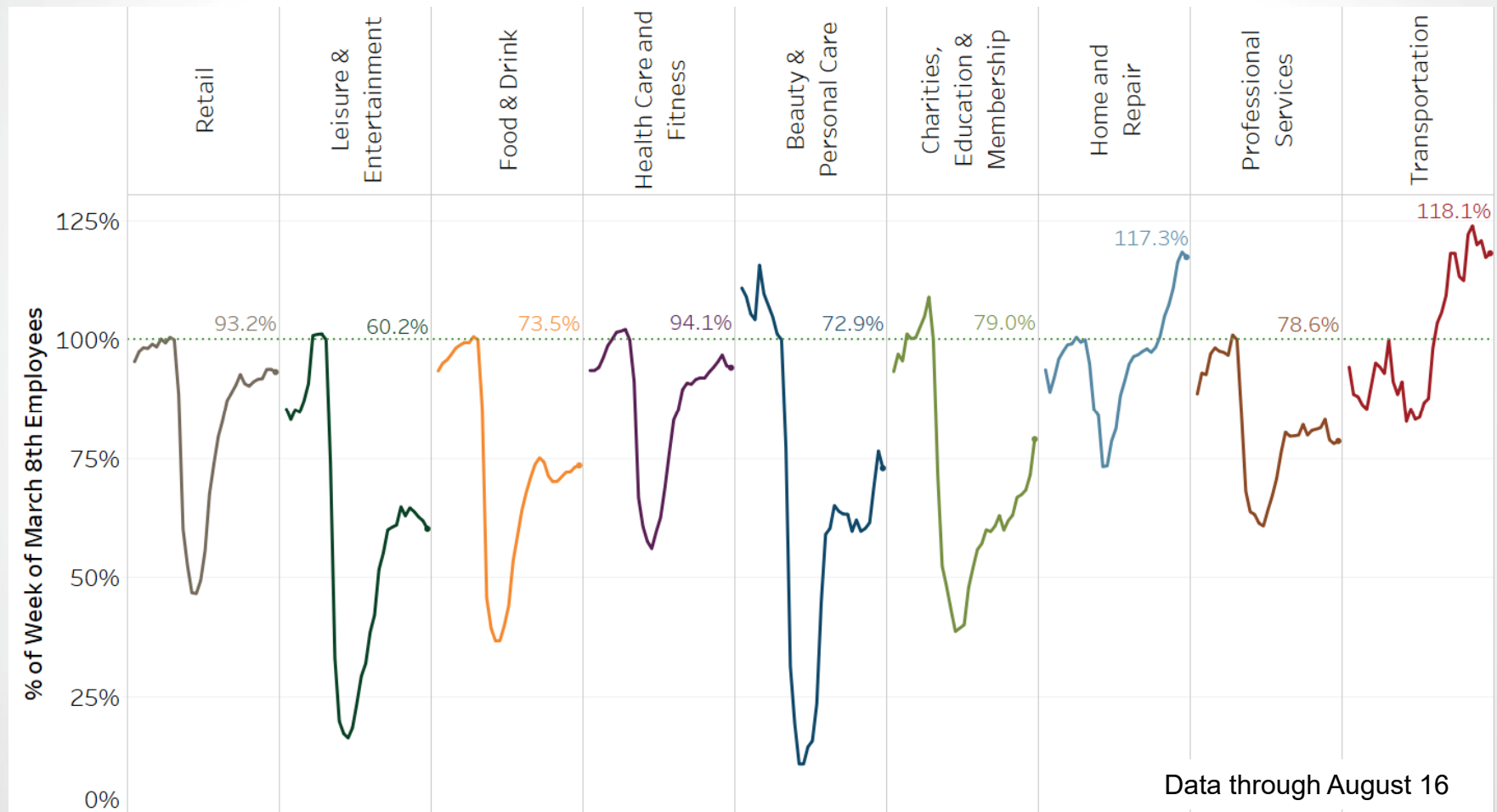
Sector	Year-Ago Difference (000s)																				Average Annual Wage	
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Jul-20	2019	% Change
Total	91.0	8.4	80.4	249.0	300.1	202.2	15.1	-283.7	-484.1	-58.0	80.0	144.4	186.1	241.8	283.4	278.0	182.2	211.7	172.1	-497.7	\$51,760	3.3%
Nat. Resources	-0.7	-0.8	-0.1	0.0	-0.1	-0.5	0.1	-0.5	-0.8	0.0	0.2	0.0	0.0	0.0	0.1	-0.1	-0.1	0.1	0.0	-0.3	\$35,650	2.8%
Construction	15.8	5.4	19.1	48.9	64.7	44.8	-59.4	-107.1	-119.2	-45.9	-15.3	6.6	23.9	31.3	35.2	43.1	29.8	37.5	22.5	1.1	\$52,930	3.2%
Manufacturing	-22.8	-26.7	-18.2	0.8	4.9	1.0	-17.4	-28.0	-47.0	-15.0	3.4	5.0	5.1	9.5	11.3	12.2	7.8	9.2	12.0	-11.0	\$63,930	3.5%
Wholesale Trade	-0.7	-0.8	1.6	10.5	13.1	9.8	5.1	-10.8	-27.3	-10.0	-1.0	4.4	3.0	6.6	7.4	4.2	4.9	8.6	7.3	-12.6	\$79,640	3.5%
Retail Trade	-3.6	-11.4	-2.3	25.3	39.2	19.7	4.5	-29.5	-65.0	1.3	21.2	23.3	26.7	37.1	35.0	17.8	9.3	10.6	-6.0	-38.5	\$32,550	3.4%
Transp. & Utilities	-2.2	-6.9	-7.6	3.6	8.9	3.6	0.2	-5.2	-16.4	-4.8	8.3	5.3	6.5	8.8	14.9	14.4	12.6	21.5	22.0	-6.4	\$53,190	-1.4%
Information	0.4	-10.6	-6.5	-3.4	0.3	-1.5	-0.4	-5.4	-13.5	-6.7	-1.4	-2.1	0.6	2.0	0.4	0.8	0.9	0.9	-0.4	-11.6	\$86,280	6.3%
Finance	6.4	5.6	10.7	18.6	25.5	16.8	-5.4	-25.3	-38.4	-9.3	8.6	12.9	13.5	9.3	13.1	13.1	14.3	12.7	15.2	-8.3	\$77,010	2.2%
Professional Services	30.9	2.3	15.4	59.5	76.3	48.3	8.3	-73.6	-89.4	13.0	29.9	38.9	43.4	47.0	57.6	61.1	38.4	37.1	28.4	-79.3	\$63,750	4.7%
Educ. & Health	25.1	23.1	32.7	27.1	23.2	25.7	30.5	21.4	13.3	19.7	20.2	18.3	19.0	31.0	40.9	43.5	31.9	29.4	35.0	-23.2	\$52,040	2.5%
Leisure & Hospitality	14.3	3.3	15.6	37.9	24.4	13.5	18.8	-13.2	-43.2	4.4	25.9	40.2	39.8	47.6	49.2	40.8	25.4	28.9	25.7	-241.1	\$26,670	3.1%
Other Services	4.9	10.1	6.5	6.6	4.9	2.5	7.0	-10.7	-23.3	-3.8	-1.7	5.9	7.6	14.0	10.7	13.8	0.3	5.1	0.0	-32.7	\$37,980	4.3%
Government	23.7	15.9	14.3	13.2	14.9	18.0	23.5	4.3	-12.6	-2.4	-18.6	-13.7	-3.2	-1.8	7.1	13.0	8.2	9.3	8.2	-10.4	\$55,890	2.5%

But, it's September 1st; where are we now?

Source: Homebase; SRC –Risk Analysis Unit

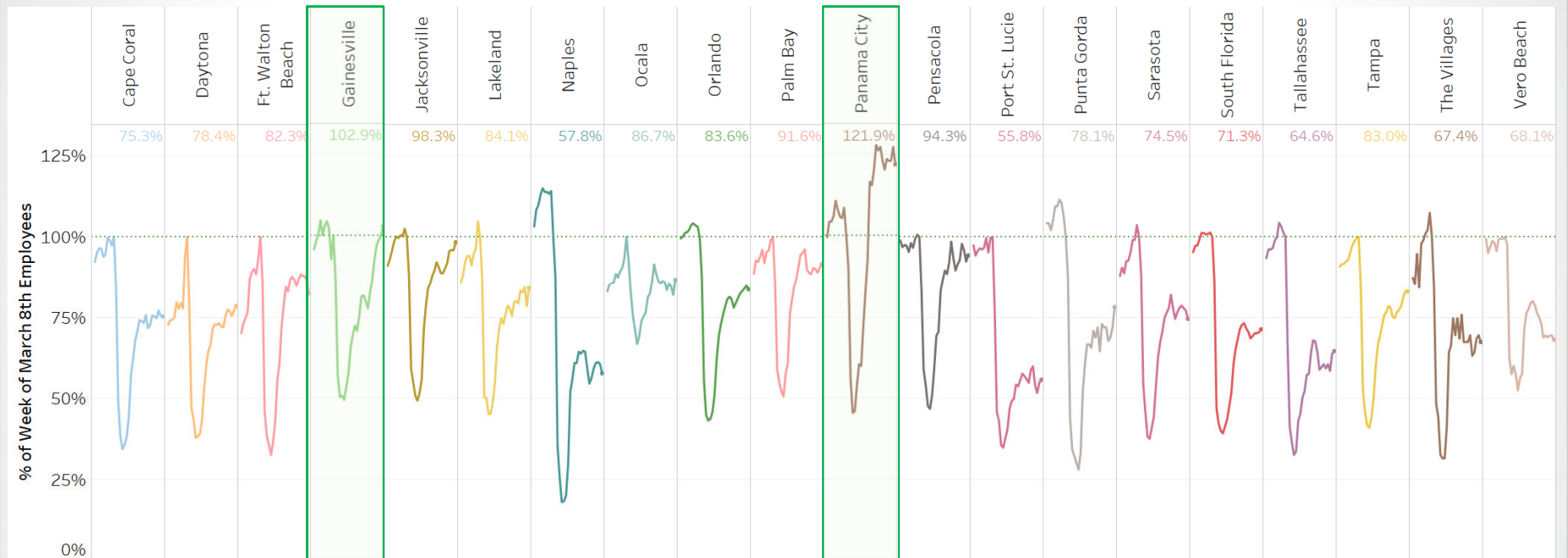


Florida Small Business Employment



Small Business Employment by Metro

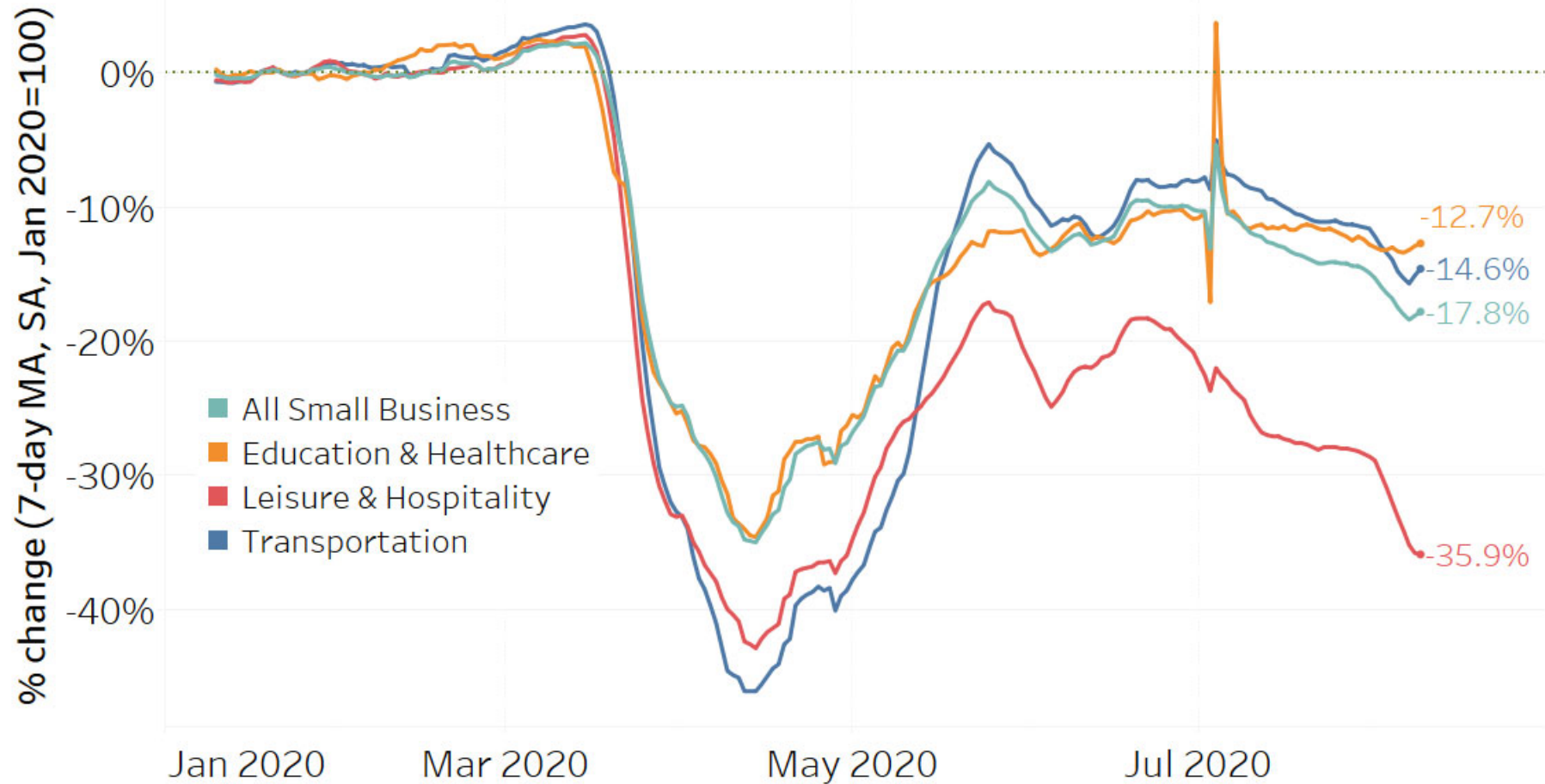
Source: Homebase; SRC –Risk Analysis Unit



Data through August 16

Percent Change in Number of Open Florida Small Businesses

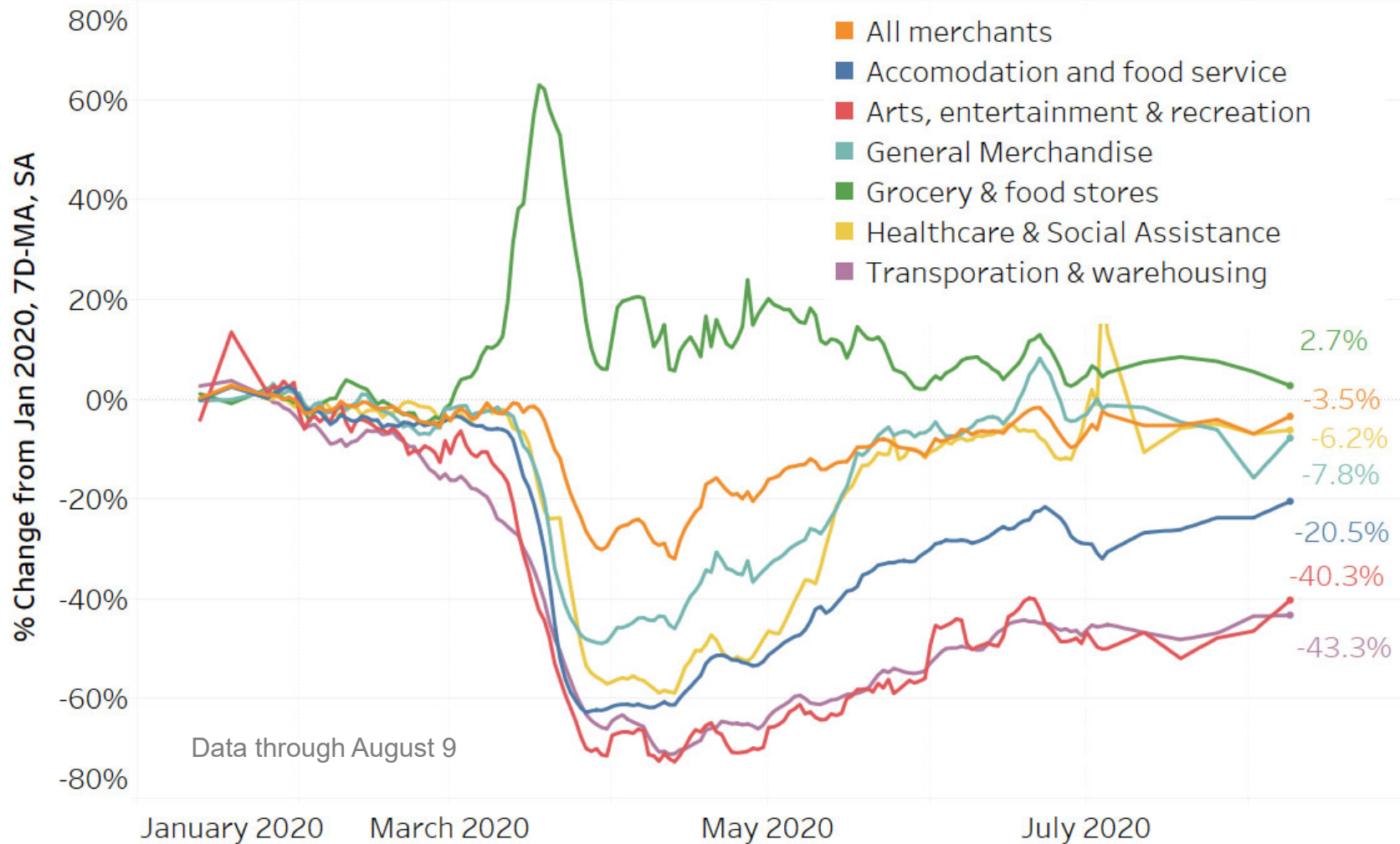
Source: Economic Tracker; SRC – Risk Analysis Unit



Data through August 9

Florida Credit/Debit Card Spending

Source: Economic Tracker; SRC – Risk Analysis Unit



Florida Small Business Default Rates

Source: PayNet; SRC – Risk Analysis Unit



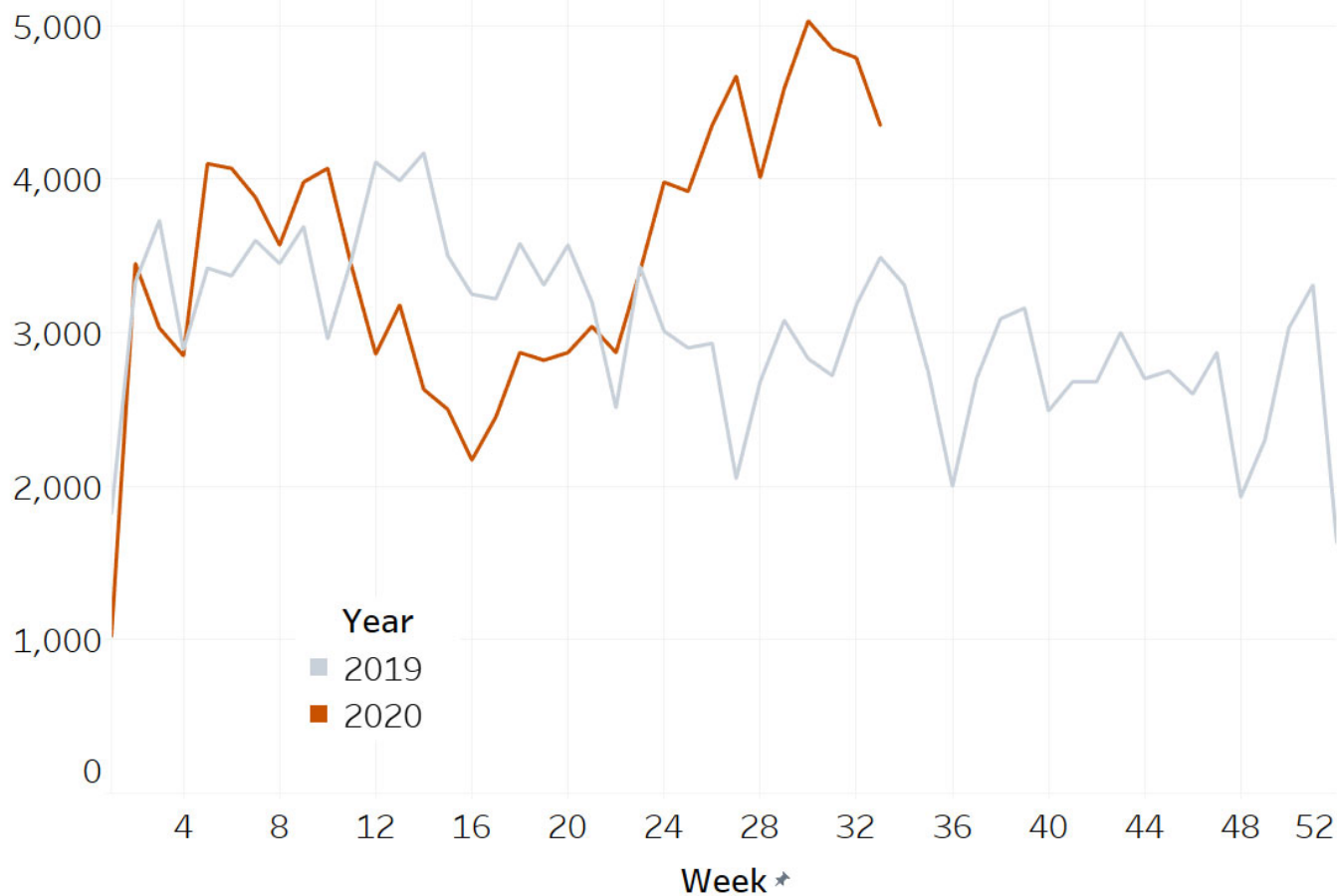
Sector	2020					
	Jan	Feb	Mar	Apr	May	Jun
Overall	3.22%	3.23%	3.41%	3.71%	3.91%	4.29%
Transportation and Warehousing	9.13%	9.39%	9.67%	9.69%	9.59%	9.25%
Accommodation and Food Services	4.86%	4.91%	5.09%	5.52%	5.93%	6.99%
Information	7.78%	7.28%	4.91%	5.10%	5.39%	6.88%
Educational Services	2.70%	2.64%	2.71%	3.18%	3.49%	6.59%
Admin & Support and Waste Management & Remediation Services	3.20%	3.53%	3.64%	4.35%	4.70%	5.10%
Construction	3.49%	3.68%	3.95%	4.19%	4.48%	4.95%
Finance and Insurance	2.42%	2.35%	3.65%	3.97%	4.10%	4.87%
Retail Trade	3.06%	3.57%	3.99%	4.21%	4.45%	4.59%
Health Care and Social Assistance	3.46%	3.50%	3.61%	3.80%	4.10%	4.26%
Manufacturing	3.51%	3.30%	3.21%	3.57%	3.83%	4.10%
Mining, Quarrying, and Oil and Gas Extraction	2.59%	2.78%	2.21%	2.27%	4.01%	4.00%
Agriculture, Forestry, Fishing and Hunting	3.07%	3.11%	3.20%	3.07%	3.09%	3.55%
Real Estate and Rental and Leasing	2.69%	2.44%	2.08%	2.65%	2.95%	3.38%
Professional, Scientific, and Technical Services	2.35%	2.33%	2.35%	2.81%	2.98%	3.23%
Other Services	3.10%	3.00%	3.08%	3.03%	3.14%	3.11%
Wholesale Trade	2.38%	2.32%	2.73%	2.56%	2.64%	2.76%
Arts, Entertainment, and Recreation	2.71%	2.53%	3.16%	2.99%	1.97%	1.91%
Public Administration	1.13%	1.27%	1.32%	1.38%	1.41%	1.63%

Ugh, give us something positive...!

Source: U.S. Census Bureau; SRC – Risk Analysis Unit



Florida High-Propensity Business Applications

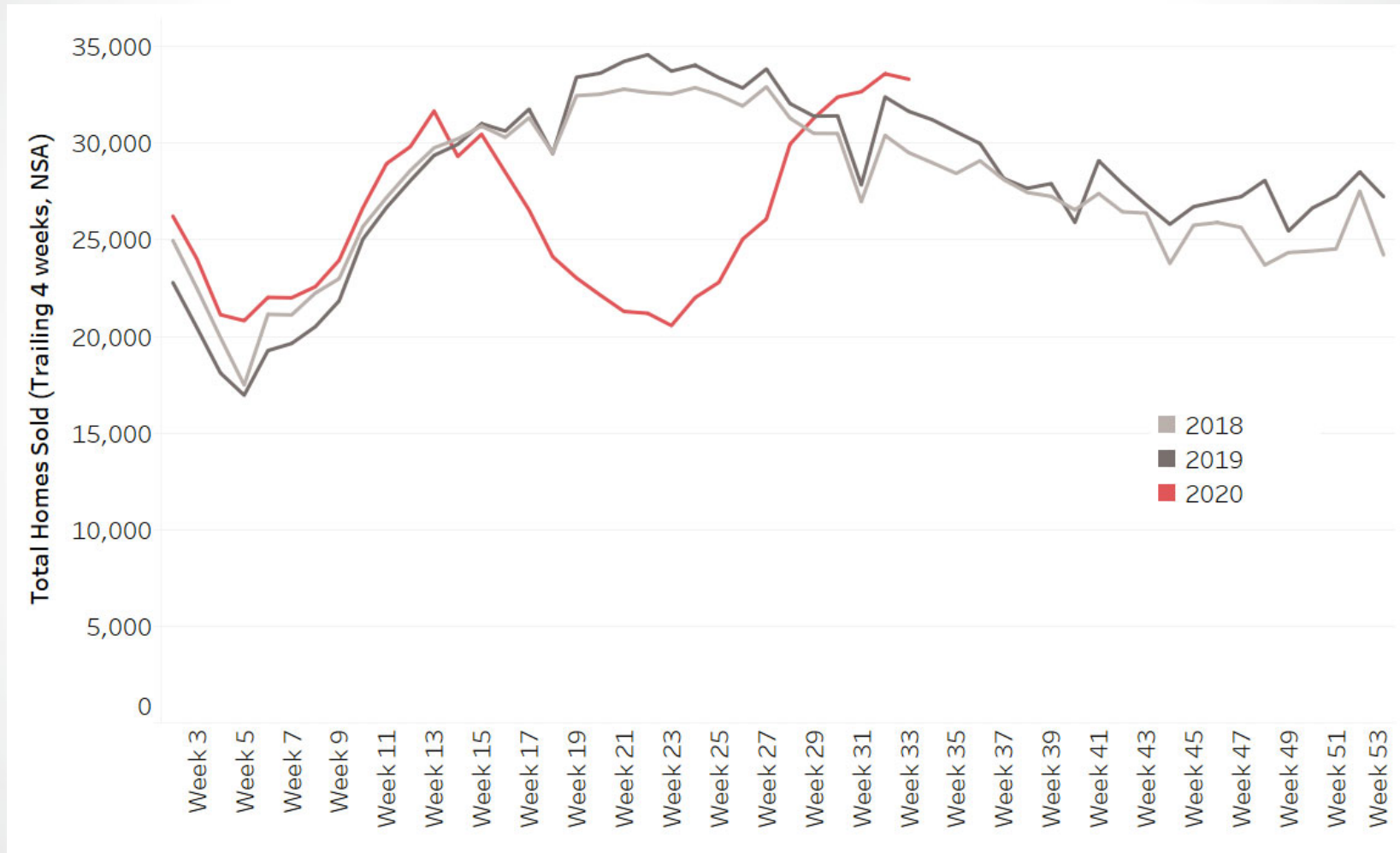




Florida Residential Real Estate

Florida Total Home Sales

Source: Redfin; SRC – Risk Analysis Unit

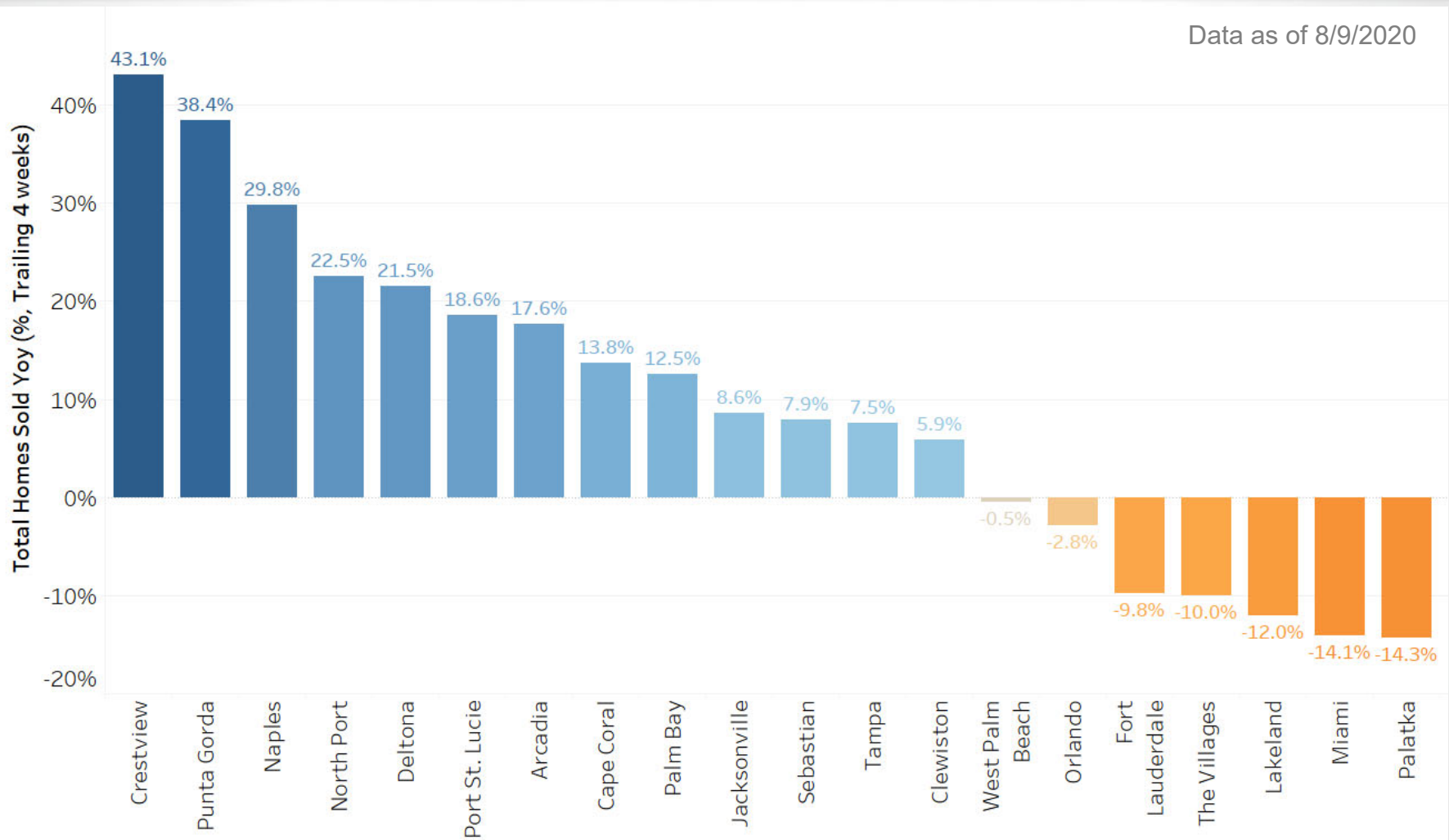


Home Sales Growth by Market

Source: Redfin; SRC – Risk Analysis Unit

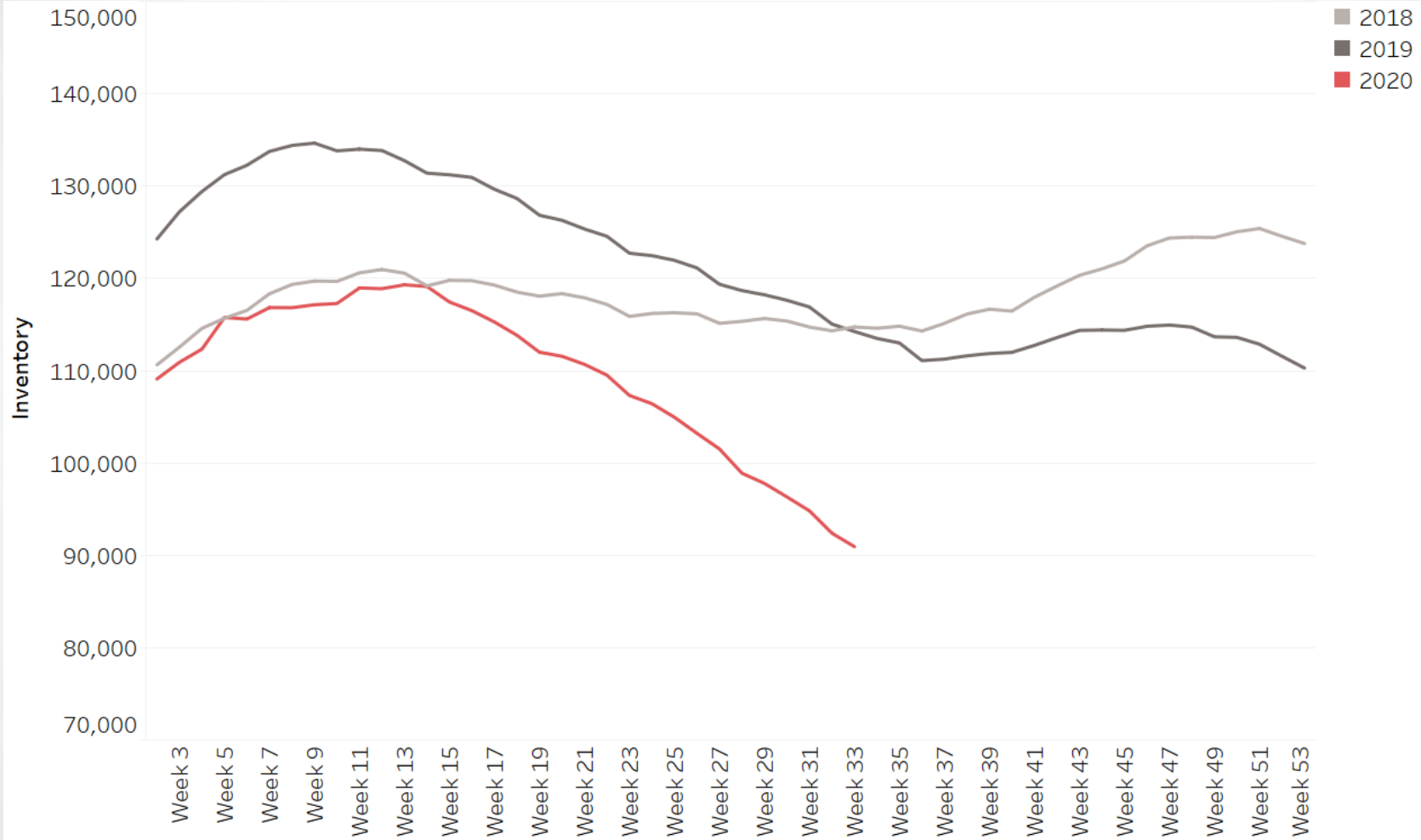


Data as of 8/9/2020



Inventory of Homes for Sale

Source: Redfin; SRC – Risk Analysis Unit

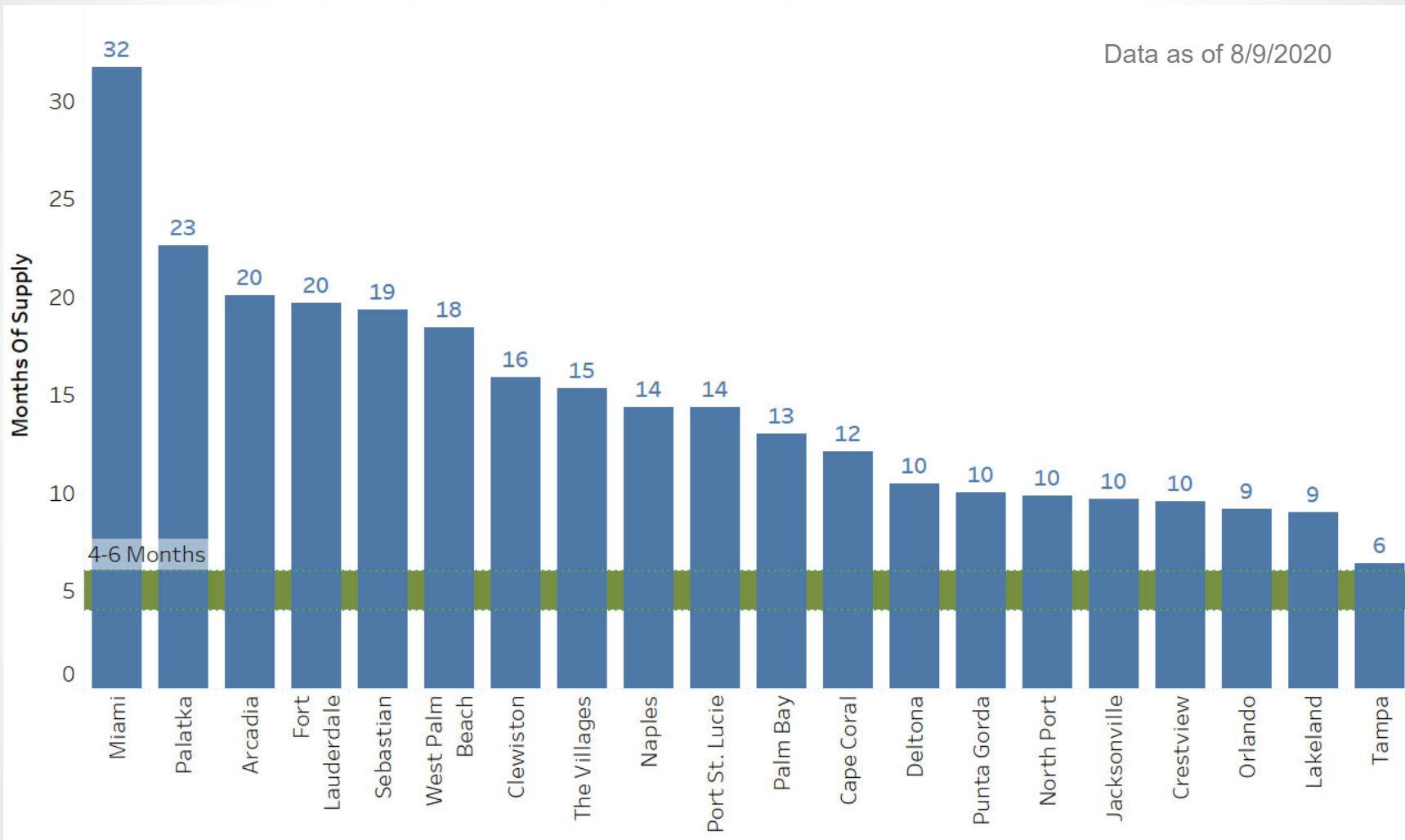


Months of Supply

Source: Redfin; SRC – Risk Analysis Unit

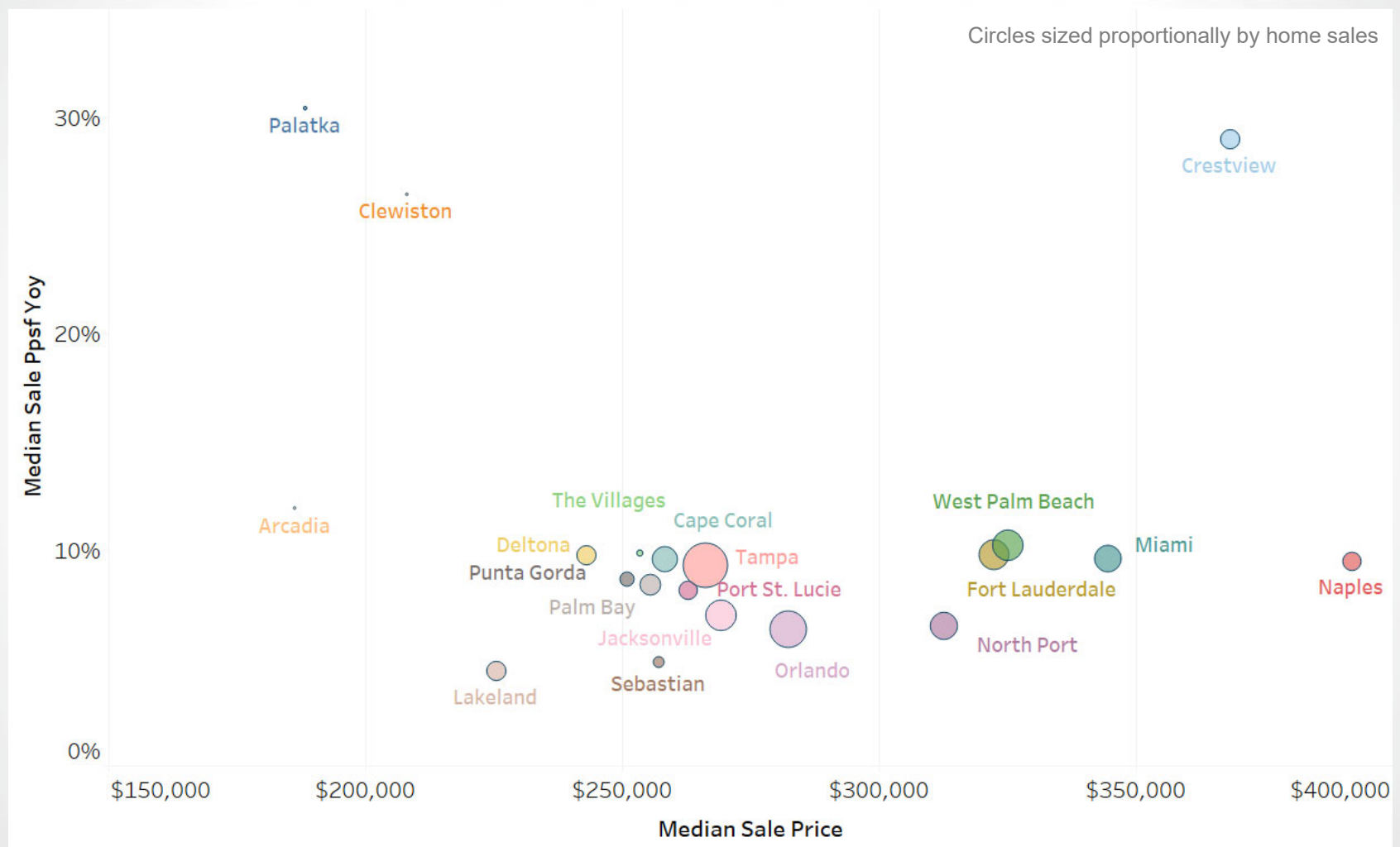


Data as of 8/9/2020



Home Prices

Source: Redfin; SRC – Risk Analysis Unit



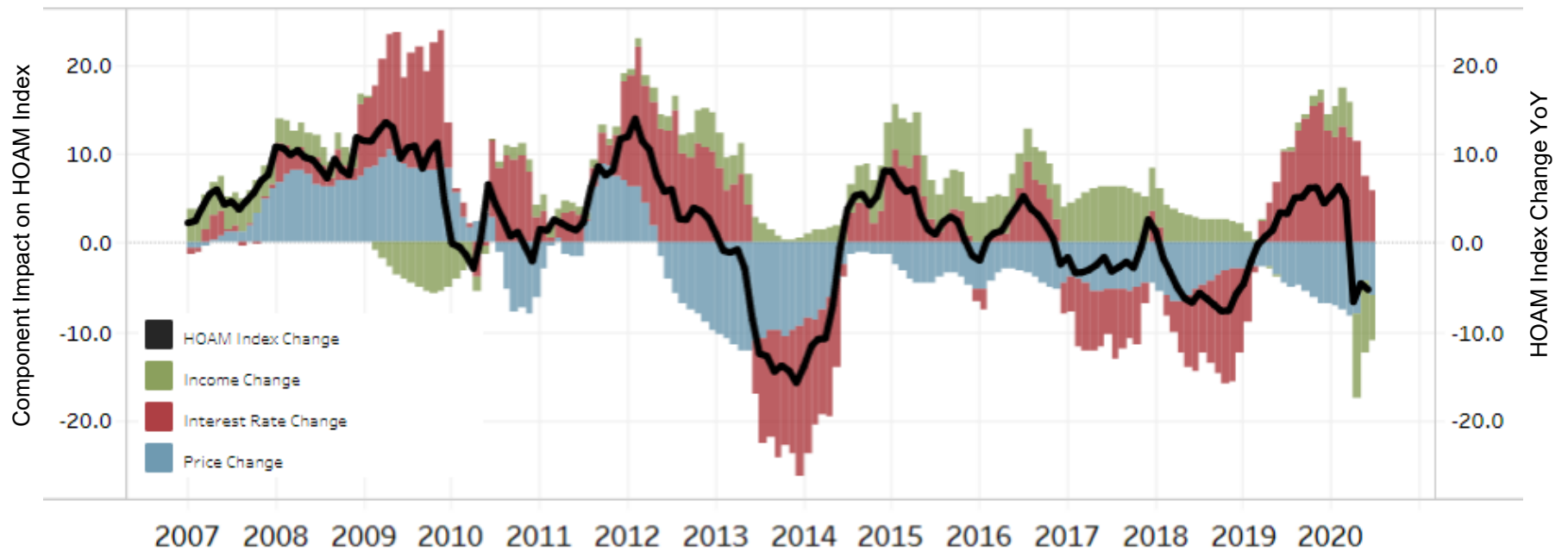
U.S. Affordability

Source: SRC – Risk Analysis Unit



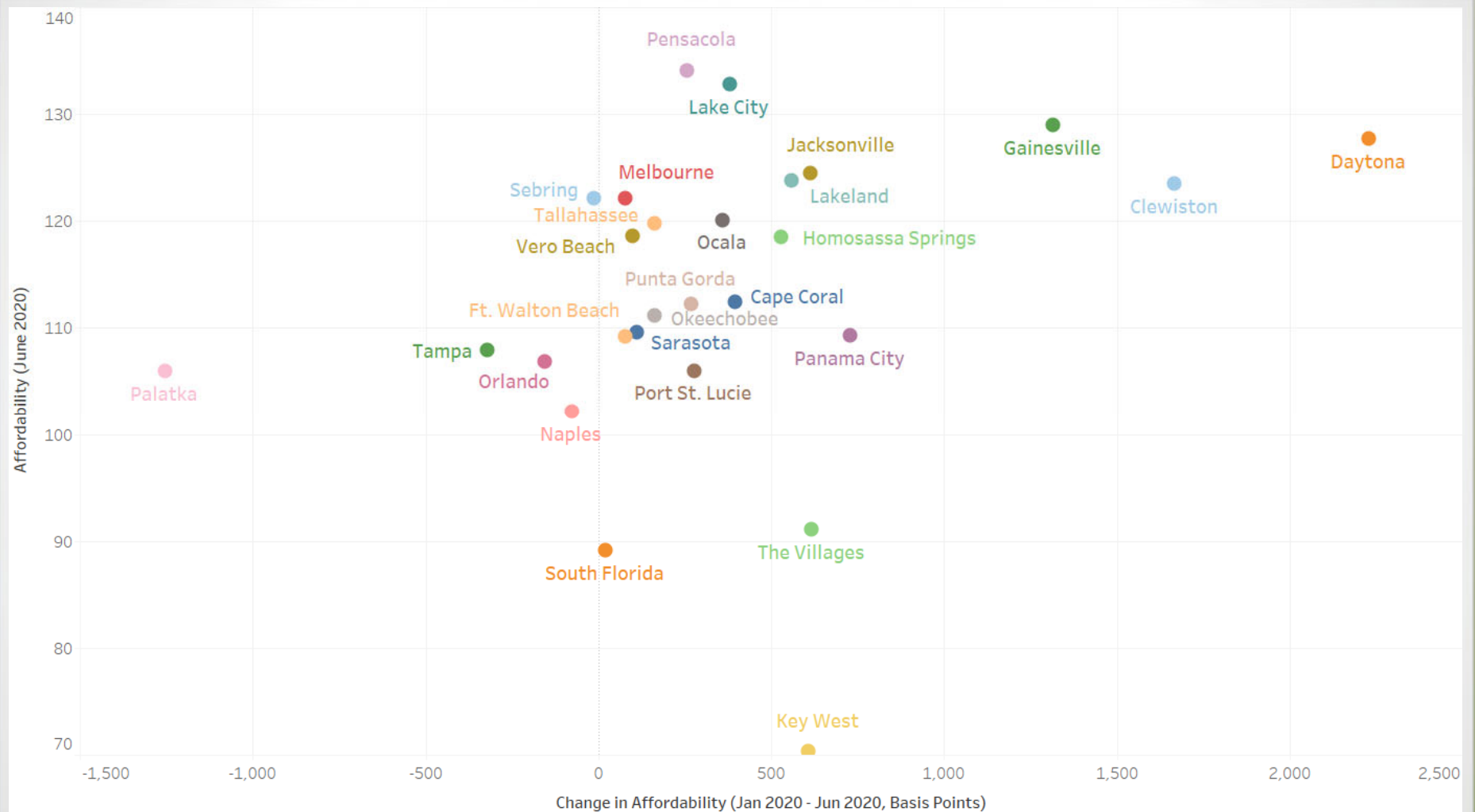
Drivers of Affordability

Note: Tracks actual and not percent change. Does not sum to change in index as other components (such as taxes, insurance, or PMI) are not included.



Florida Affordability

Source: SRC – Risk Analysis Unit

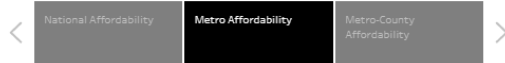


'HOAM' on your own...

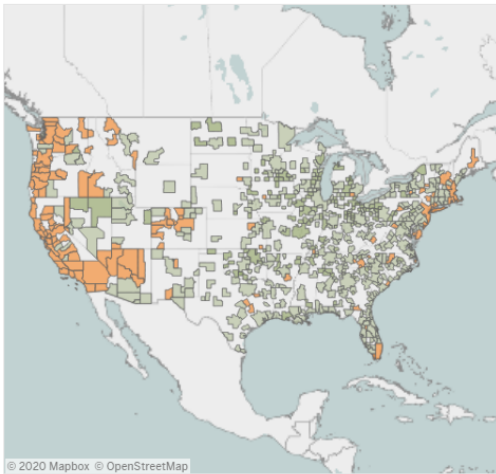
Source: Federal Reserve Bank of Atlanta



Home Ownership Affordability Monitor (HOAM) Center for Housing and Policy at the Federal Reserve Bank of Atlanta



Federal Reserve Bank of Atlanta
Metro Home Ownership Affordability Monitor (HOAM) Index
June 2020
Index Less than 100 = Unaffordable



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HOAM Index (Min/Max)



Most Affordable June 2020 (Metros with Population > 500,000)

Toledo, OH	155.7
Youngstown-Warren-Boardman, OH-PA	158.9
Tulsa, OK	154.8
Akron, OH	152.7
St. Louis, MO-IL	149.4
Jackson, MS	145.2
Chattanooga, TN-GA	144.3
Cincinnati, OH-KY-IN	140.7
Omaha-Council Bluffs, NE-IA	140.5
Des Moines-West Des Moines, IA	140.2

Least Affordable June 2020 (Metros with Population > 500,000)

San Francisco-Oakland-Hayward, CA	54.3
San Jose-Sunnyvale-Santa Clara, CA	57.5
Los Angeles-Long Beach-Anaheim, CA	57.6
San Diego-Carlsbad, CA	68.7
Oxnard-Thousand Oaks-Ventura, CA	68.9
New York-Newark-Jersey City, NY-NJ-PA	75.7
Riverside-San Bernardino-Ontario, CA	81.1
Stockton-Lodi, CA	81.5
Sacramento-Roseville-Arden-Arcade, CA	85.6
Bridgeport-Stamford-Norwalk, CT	86.7

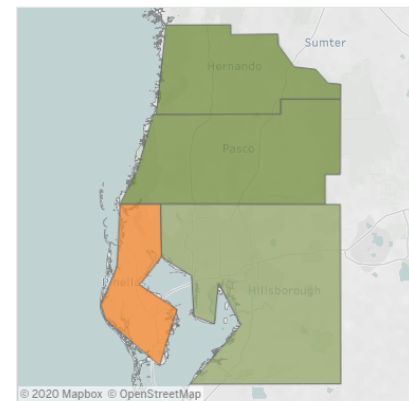
Home Ownership Affordability Monitor (HOAM) Center for Housing and Policy at the Federal Reserve Bank of Atlanta



Select Metro>>

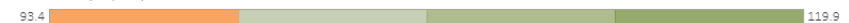
Tampa-St. Petersburg-Clearwater, FL

Tampa-St. Petersburg-Clearwater, FL
June 2020
Federal Reserve Bank of Atlanta Metro-County Home Ownership Affordability Monitor (HOAM) Index
Index Less than 100 = Unaffordable

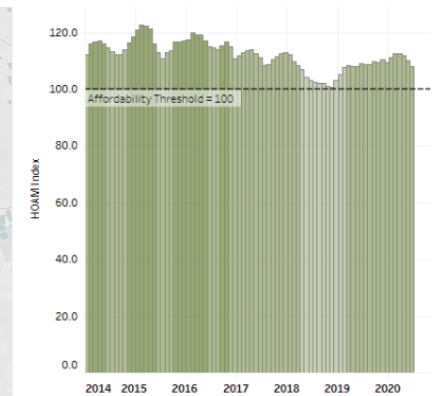


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HOAM Index (Min/Max)



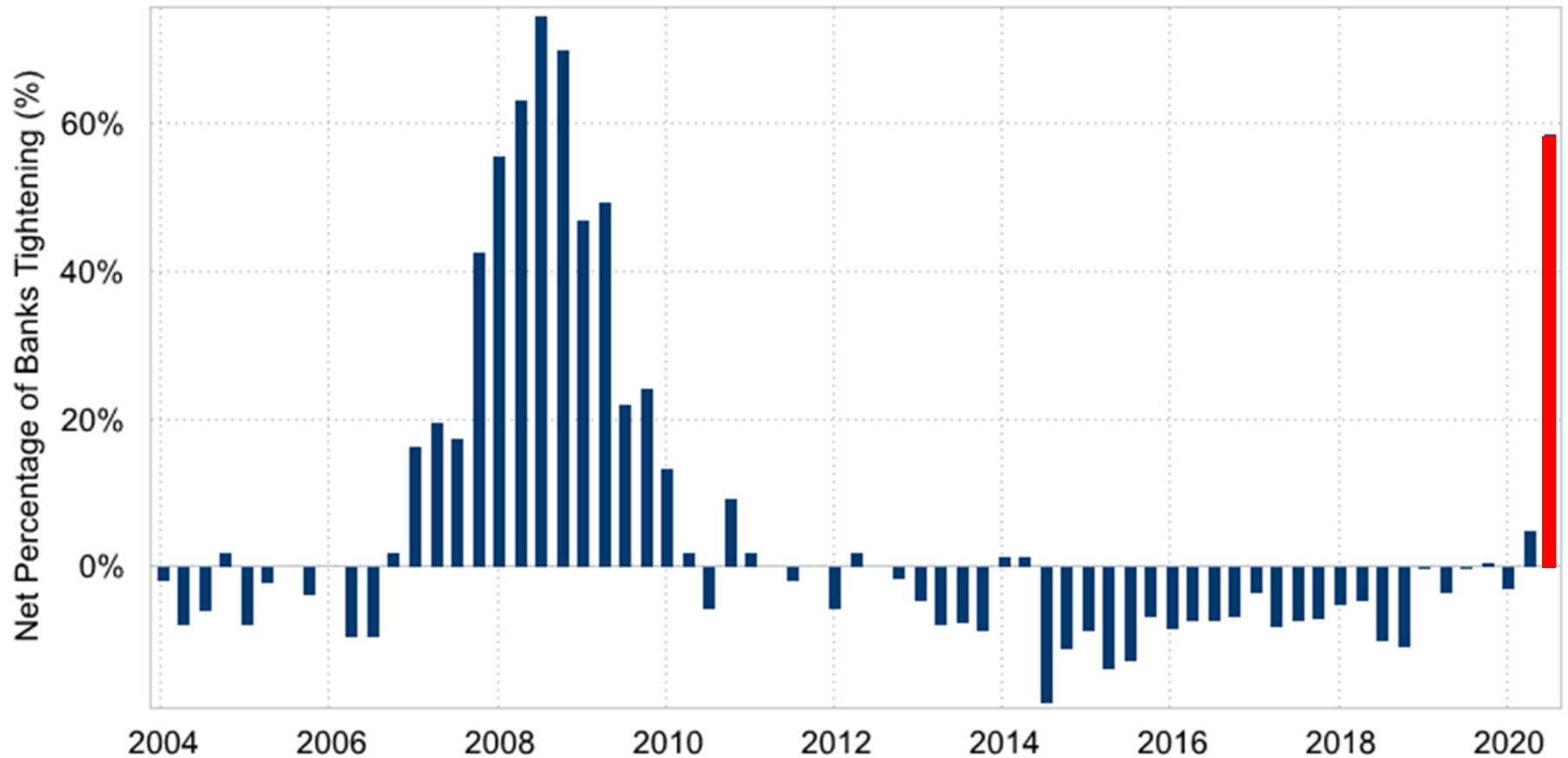
Tampa-St. Petersburg-Clearwater, FL
January 2014 to June 2020
Federal Reserve Bank of Atlanta Metro Home Ownership Affordability Monitor (HOAM) Index
Index Less than 100 = Unaffordable



<https://www.frbatlanta.org/center-for-housing-and-policy/data-and-tools/home-ownership-affordability-monitor.aspx>

Mortgage Underwriting

Source: Senior Loan Officer Opinion Survey (July 2020)/Moody's Analytics; SRC – Risk Analysis Unit

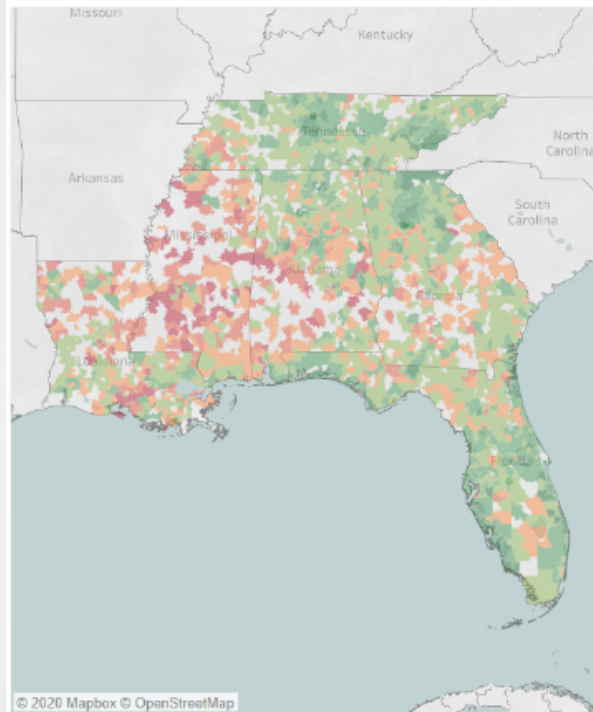


1st Lien Mortgage Delinquencies by ZIP Code

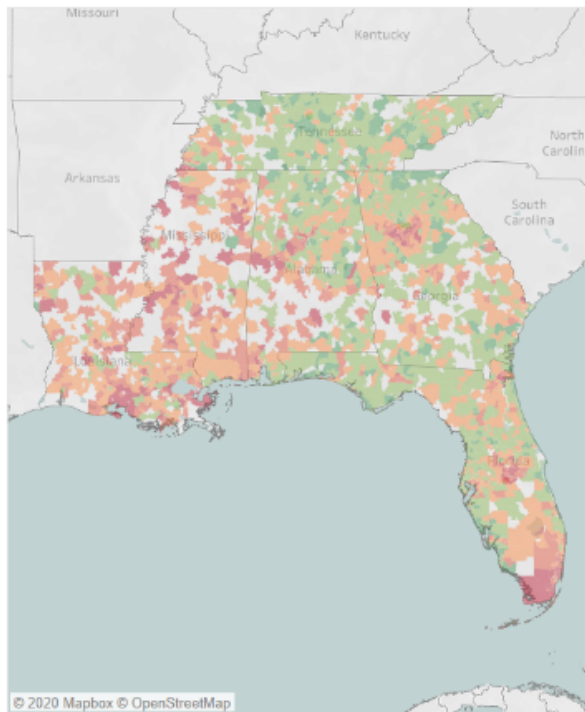
Source: Black Knight McDash Data, SRC – Risk Analysis Unit



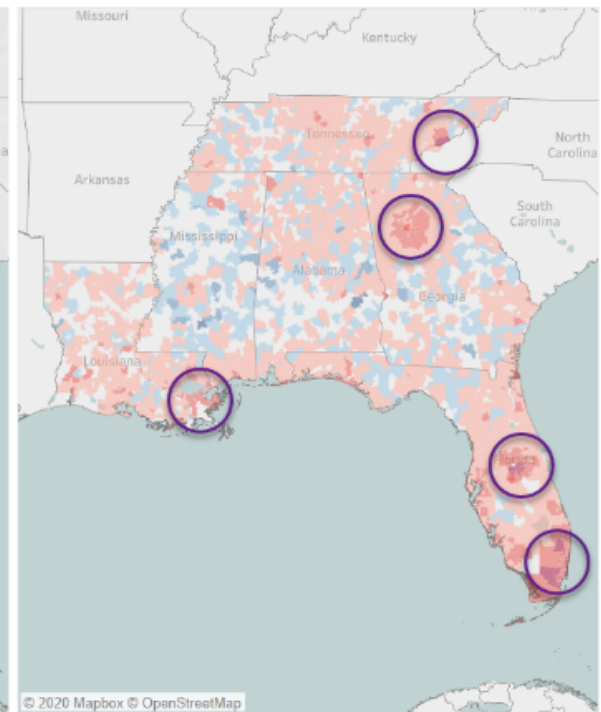
December 2019



June 2020



Change in Past Dues

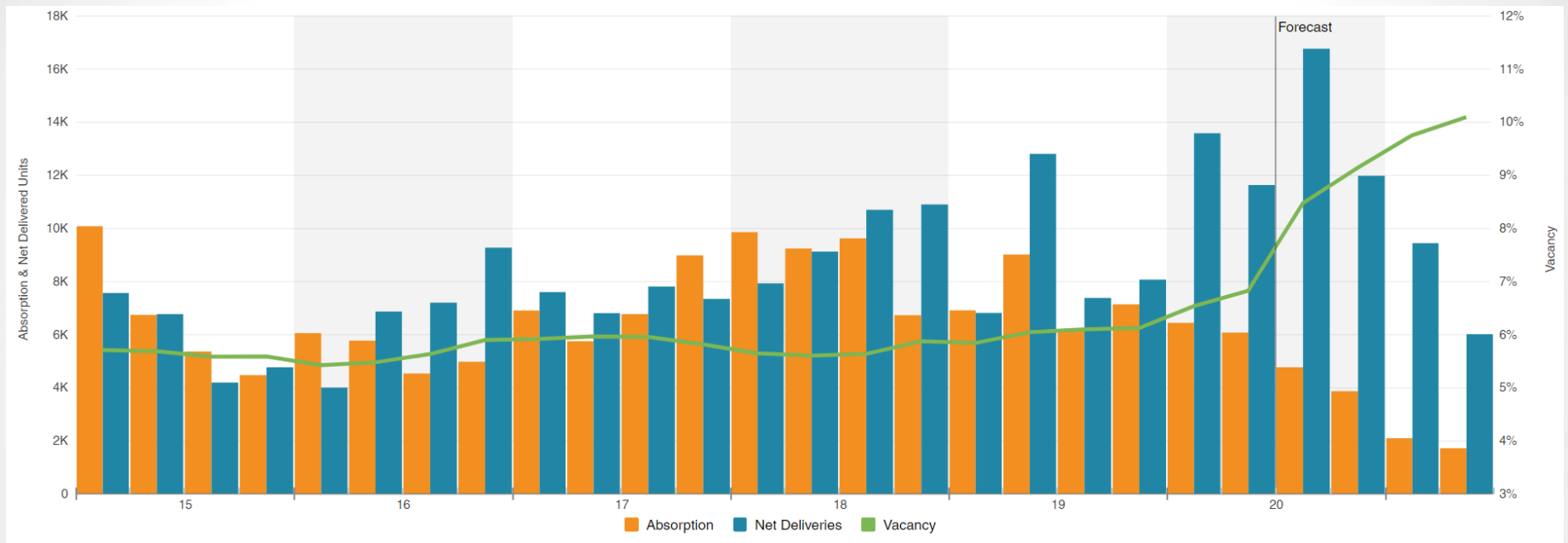




Florida Commercial Real Estate

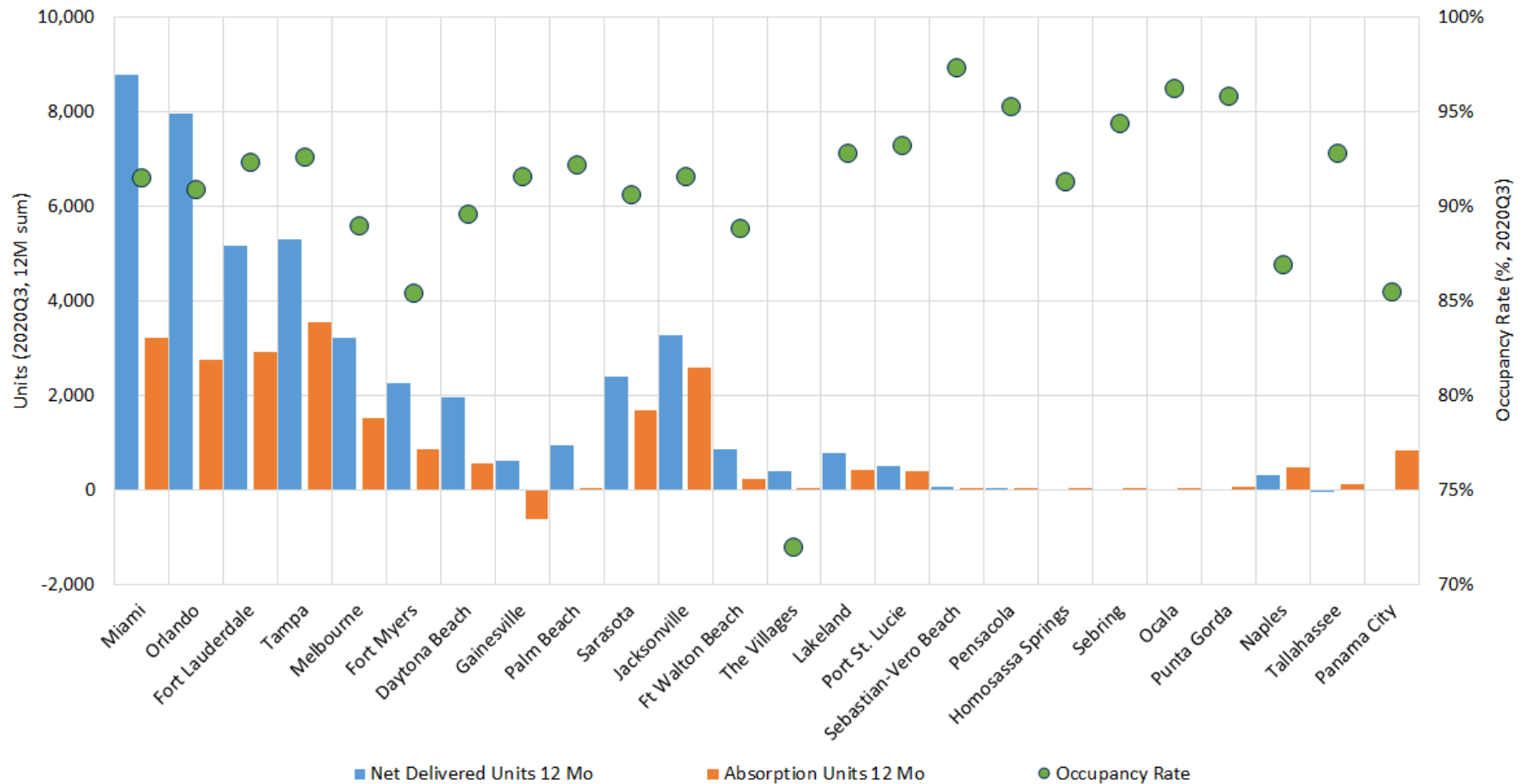
Florida Apartment Trends

Source: CoStar; SRC –Risk Analysis



Florida Apartment Markets

Source: CoStar; SRC – Risk Analysis Unit



Note: Sorted by Deliveries-Absorption Gap

U.S. Apartment Rent Payments

Source: Rentec Direct; SRC – Risk Analysis Unit



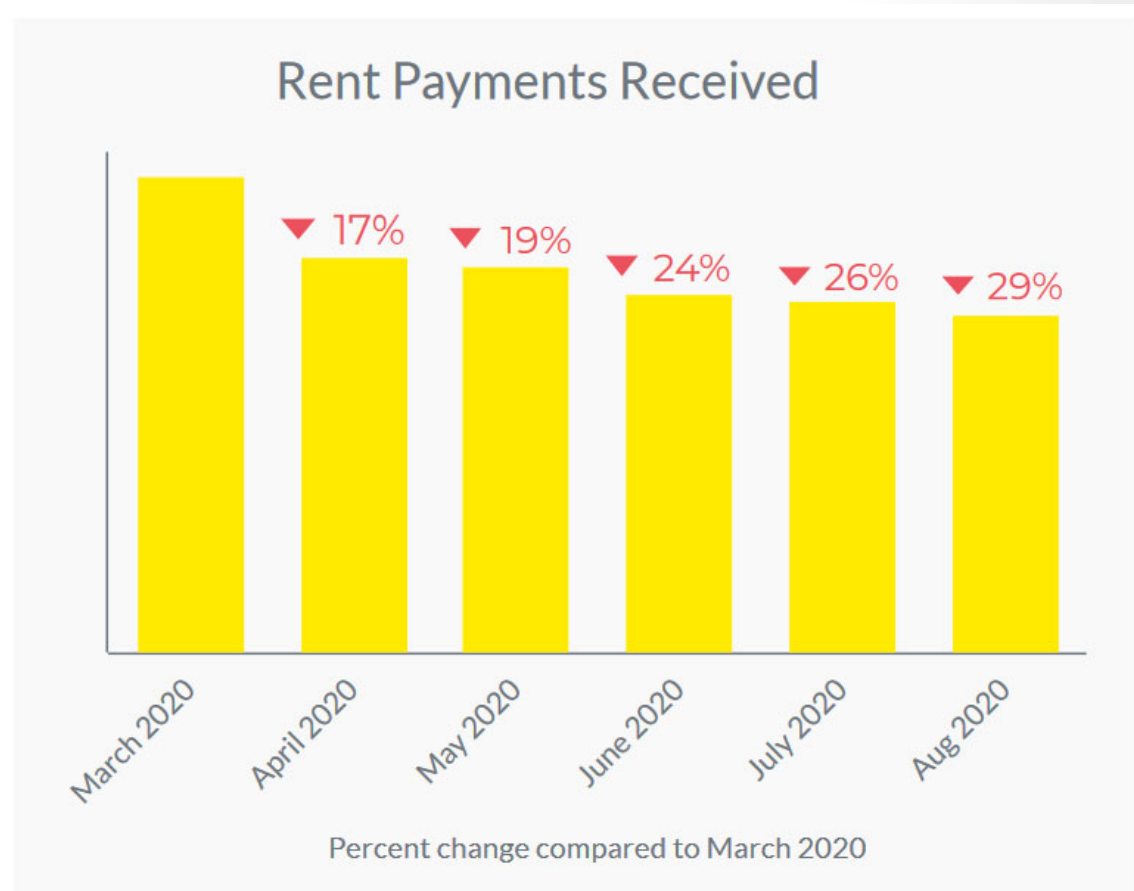
Property managers and landlords received fewer rent payments in August 2020.

Rent Payments Received

▼ 29%

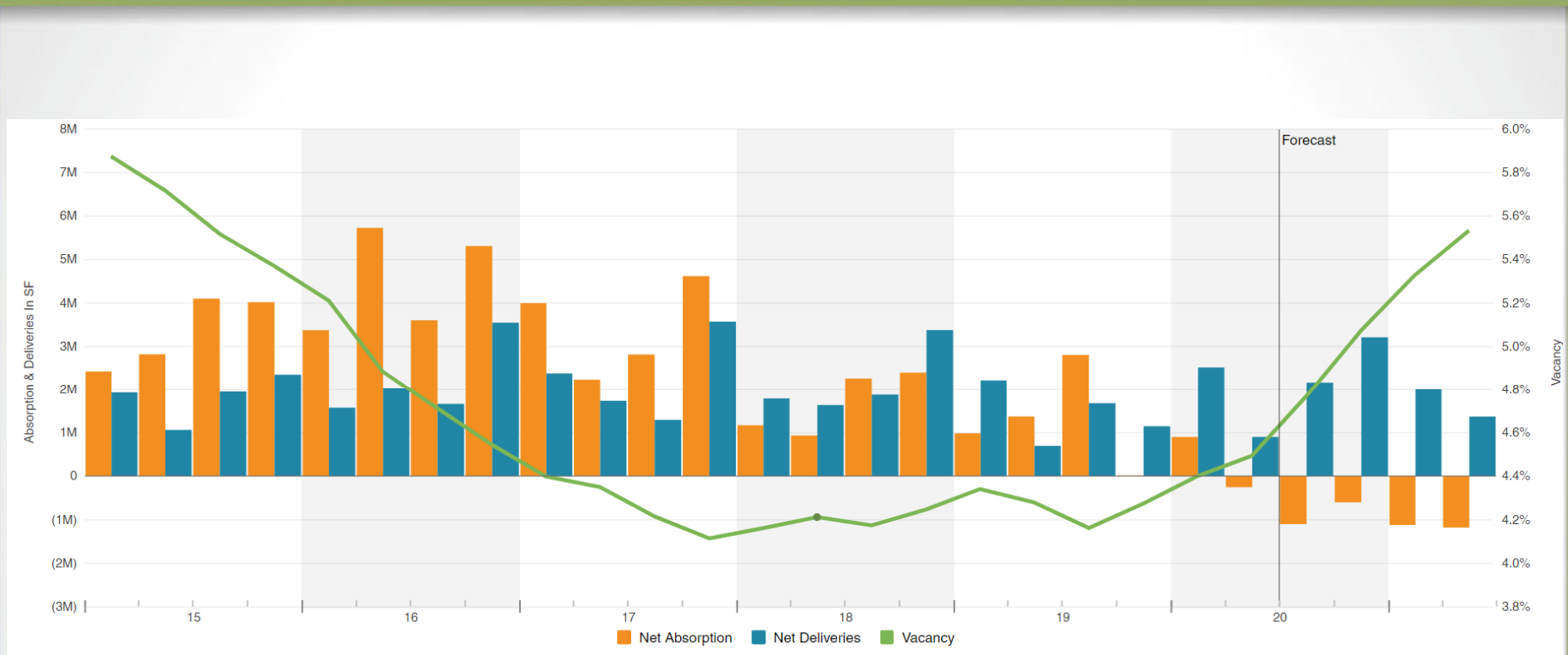
March vs. Aug. 2020
Percent change

As of August 10th, rent payments received nationwide by property managers and landlords are 29% lower than rent received for the same period in March, prior to the onset of the COVID-19 pandemic in the US.



Florida Retail Market Trends

Source: CoStar; SRC – Risk Analysis Unit



Retail Rent Collections (%)

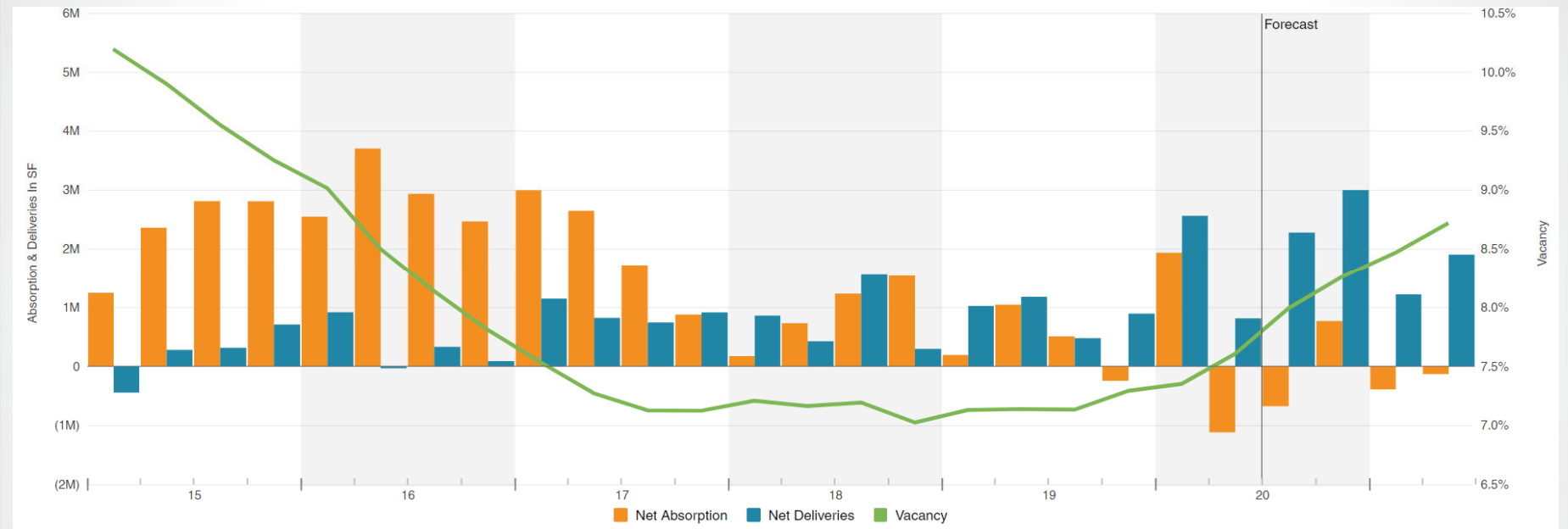
Source: DATEX; SRC – Risk Analysis Unit



Retail Sector	8/15/2019	6/15/2020	7/15/2020	8/15/2020	Annual Δ	Monthly Δ-2	Monthly Δ
Office Supplies	97.2%	91.6%	83.9%	98.9%	▲	▲	▲
Supermarket	97.5%	97.4%	96.2%	97.8%	▲	▲	▲
Bank	96.2%	98.0%	91.2%	96.8%	▲	▼	▲
Drug Store	95.9%	97.2%	96.9%	96.6%	▲	▼	▼
Pet Supplies	96.1%	86.9%	93.6%	96.4%	▲	▲	▲
Home Improvement	87.2%	91.1%	93.6%	94.4%	▲	▲	▲
Beauty Supplies	96.7%	90.0%	91.7%	92.6%	▼	▲	▲
Auto	94.5%	91.0%	93.2%	90.1%	▼	▼	▼
Services	92.5%	86.1%	84.8%	89.1%	▼	▲	▲
Dollar Store	95.9%	82.3%	85.7%	89.0%	▼	▲	▲
Sporting Goods	97.3%	66.5%	87.2%	88.4%	▼	▲	▲
Specialty Food	93.0%	85.9%	89.3%	86.8%	▼	▲	▼
Craft	94.6%	63.8%	90.6%	85.3%	▼	▲	▼
Department Store	96.1%	62.0%	79.0%	83.6%	▼	▲	▲
Fast Food	92.1%	78.8%	81.4%	83.2%	▼	▲	▲
Shoes	92.9%	32.1%	84.5%	80.5%	▼	▲	▼
Restaurant	95.7%	54.2%	67.8%	74.1%	▼	▲	▲
Salon	91.4%	58.6%	66.2%	68.8%	▼	▲	▲
Specialty Retail	96.9%	40.0%	60.8%	67.1%	▼	▲	▲
Home Goods	97.9%	22.9%	56.5%	64.3%	▼	▲	▲
Hair	92.4%	36.1%	56.8%	58.0%	▼	▲	▲
Fitness	95.8%	13.5%	47.5%	50.9%	▼	▲	▲
Apparel	90.8%	29.8%	44.1%	48.5%	▼	▲	▲
Specialty Restaurant	95.7%	8.1%	47.6%	47.3%	▼	▲	▼
Movie Theater	99.8%	11.3%	24.4%	36.4%	▼	▲	▲

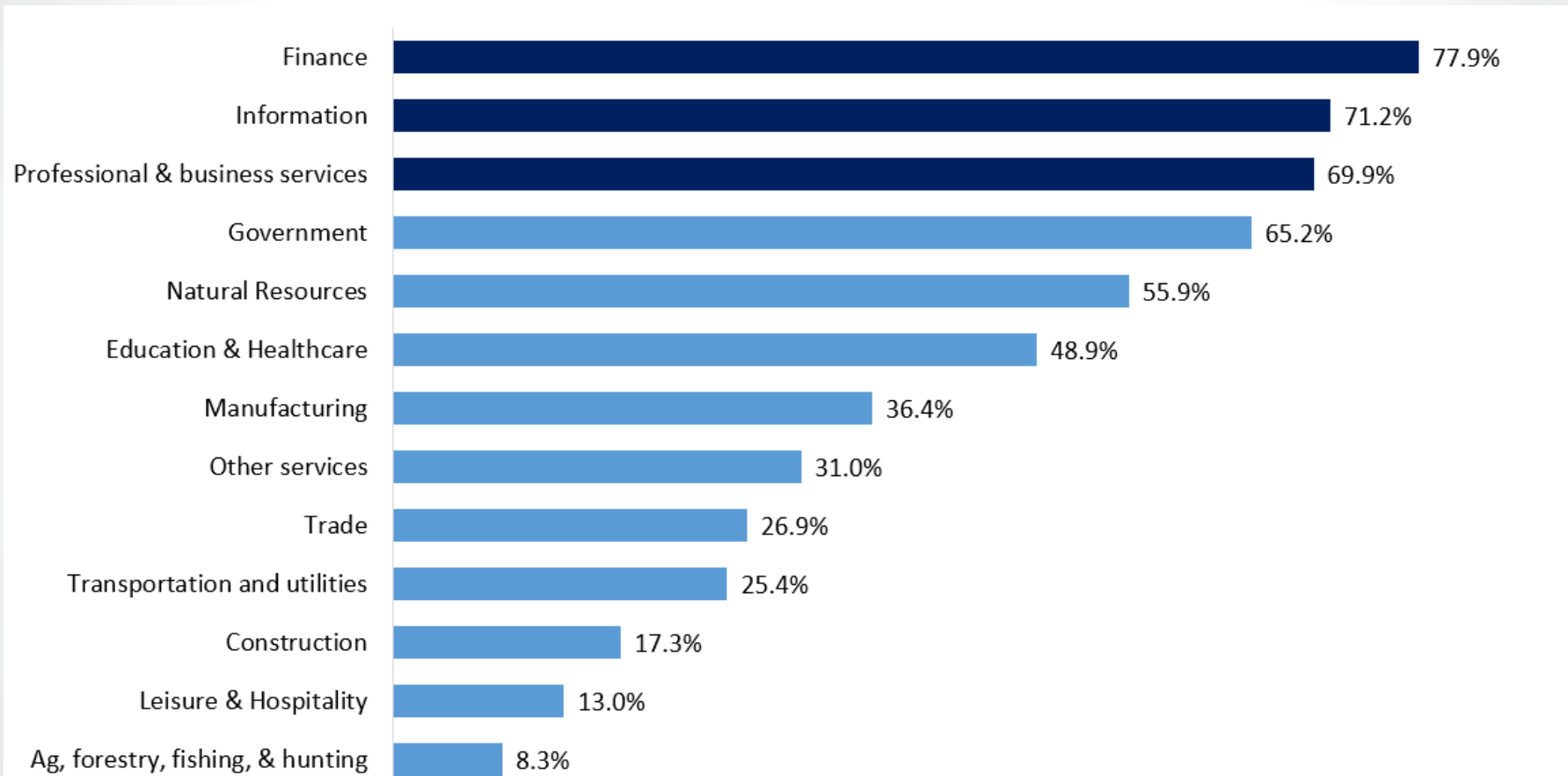
Florida Office Market Trends

Source: CoStar; SRC – Risk Analysis Unit



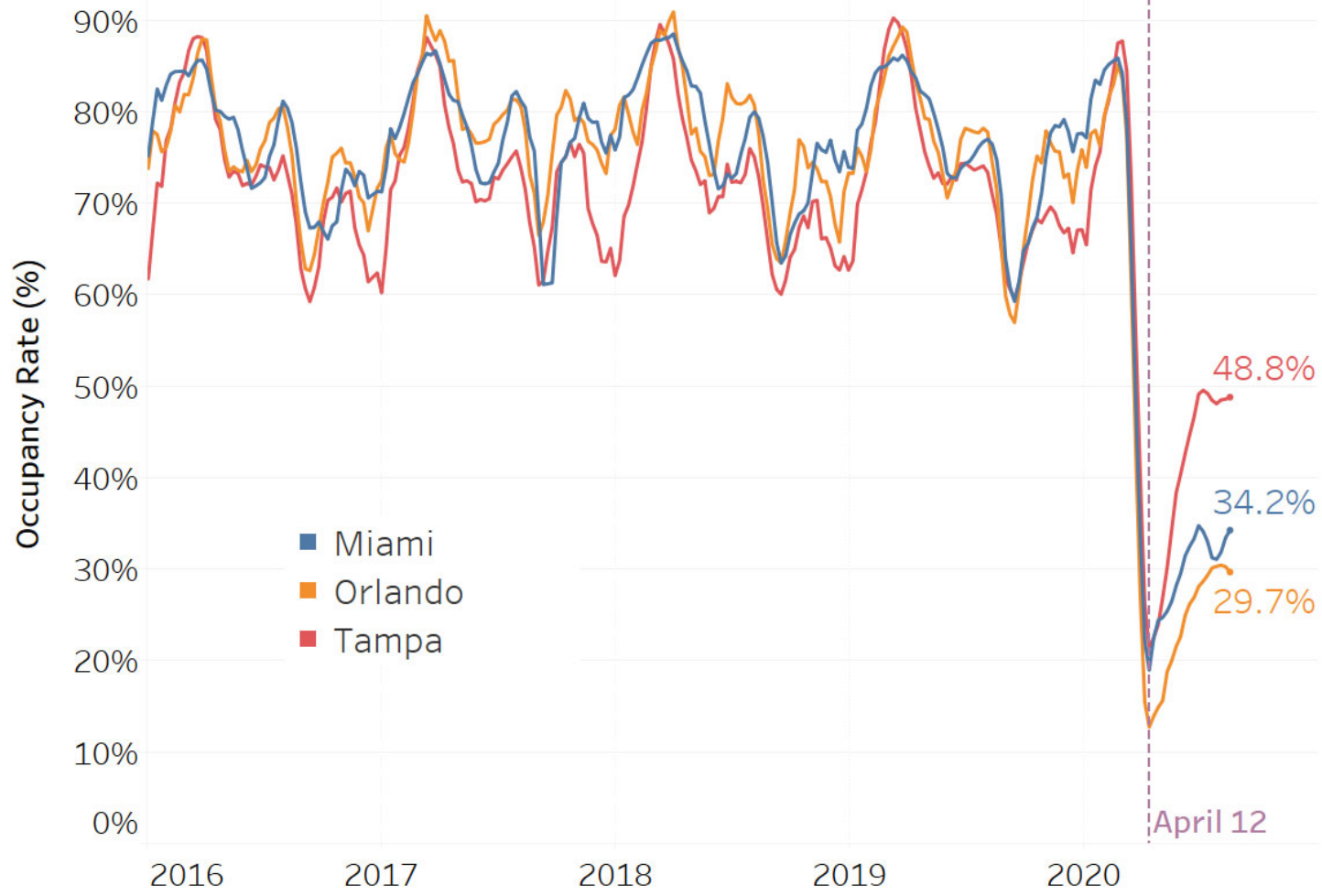
Future Office: The Ability to Telework

Source: Bureau of Labor Statistics; SRC – Risk Analysis Unit



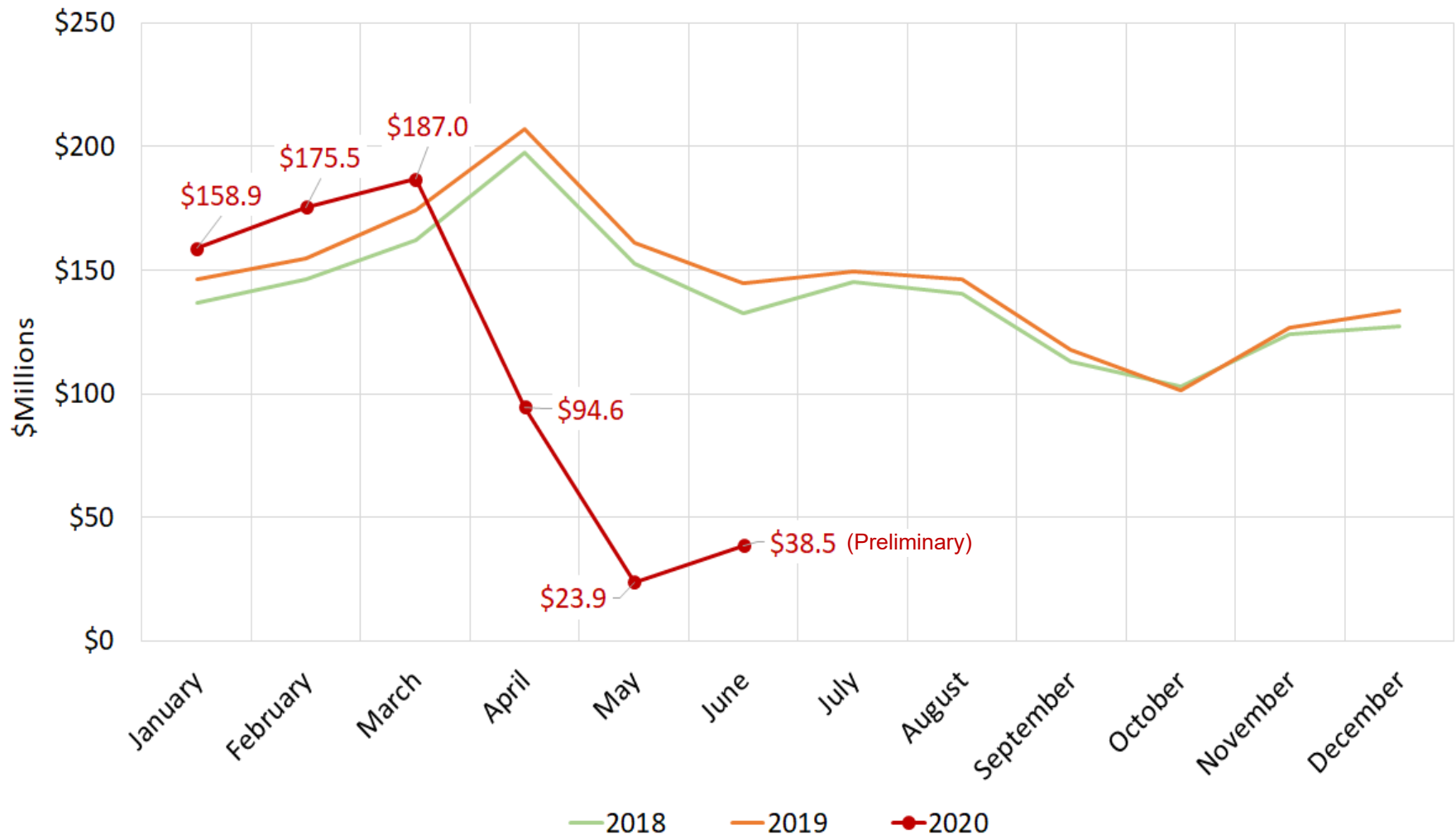
Hotel Market Metrics

Source: Smith Travel Research; SRC – Risk Analysis Unit



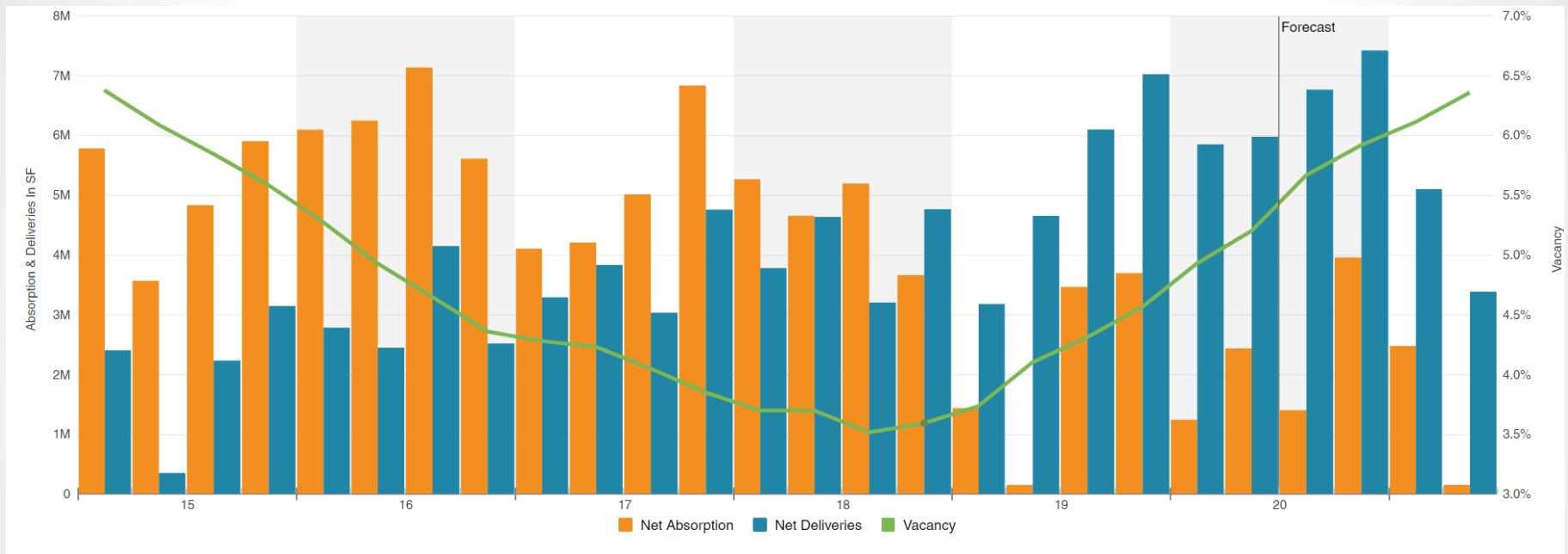
Florida Hotel/Motel Sales Tax Receipts

Source: Florida Department of Revenue; SRC – Risk Analysis Unit



Florida Industrial Market Trends

Source: CoStar; SRC – Risk Analysis Unit

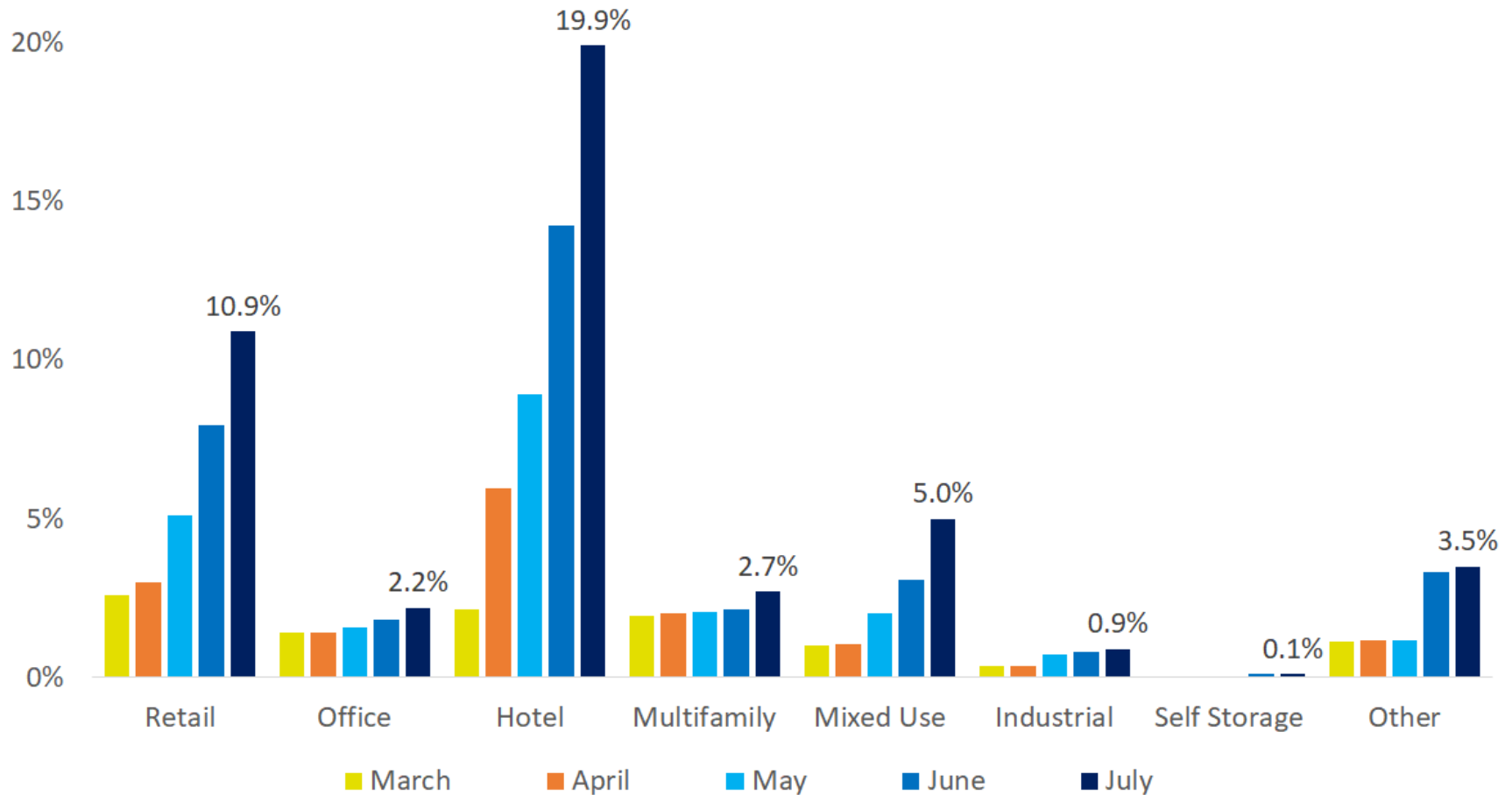


CMBS Loans Transferred to Special Servicing

Source: Wells Fargo Securities; Intrex Solutions; SRC – Risk Analysis Unit



The Canary in the Coal Mine?



July 2020 FOMC Statement



- The coronavirus outbreak is causing tremendous human and economic hardship across the United States and around the world.
- Following sharp declines, **economic activity and employment have picked up** somewhat in recent months but remain well below their levels at the beginning of the year.
- Weaker demand and significantly lower oil prices are **holding down consumer price inflation**.
- Overall **financial conditions have improved** in recent months, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.
- **The path of the economy will depend significantly on the course of the virus.** The ongoing public health crisis will weigh heavily on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term.

Questions?

