

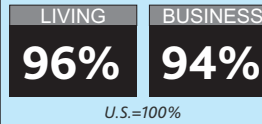
ECONOMIC DRIVERS



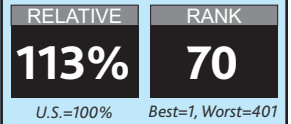
EMPLOYMENT GROWTH RANK



RELATIVE COSTS



VITALITY



BUSINESS CYCLE STATUS



ANALYSIS

Recent Performance. Lakeland-Winter Haven is building forward momentum, with output, incomes and employment edging closer to pre-recession peaks. Payrolls are rising more rapidly than the state and national averages and job growth has quickened in recent months thanks to stronger hiring in LAE's bedrock tourism and logistics industries. The unemployment rate has fallen by a full percentage point since the middle of last year even amid strong labor force growth, and the rise in better-paying transportation and logistics jobs has pulled the average weekly paycheck closer to the state average. With fewer distressed homes on the market, house prices are rising at a faster clip and single-family construction is showing green shoots.

while linking the metro area with major ports on the Atlantic and Gulf coasts, granting local distribution and freight companies a competitive edge. Trade and transportation account for one-quarter of jobs in LAE, second only to Miami among Florida metro areas, and the industry will grow in importance over the next few years as national retailers and shipping companies battle for customers and to establish more efficient supply chains. For example, Amazon will hire up to 800 additional workers at its LAE fulfillment center over the next 18 months, and new distribution facilities planned by FedEx and Walmart will add a similar number of jobs by the end of this year.

Retirees. Low living costs relative to other Florida metro areas, high housing affordability, a favorable climate, and abundant recreation opportunities will attract large numbers of retirees. Population growth has fully rebounded from its post-recession nadir and clocks in at more than three times the national rate, with migrants age 65 and older driving much of the gain. The influx of residents in their golden years will deliver a boost to consumer industries and health services, with the latter a rare source of better-paying jobs. A larger retiree population will also help the housing market contend with lingering excess supply, although a full recovery will hinge on demand by younger cohorts, whose share of the population has fallen in recent years.

Lakeland-Winter Haven's economy will accelerate as an influx of tourism revenues and a fast-expanding transport and logistics industry, anchored by the CSX terminal in Winter Haven, power faster job gains. Longer term, proximity to Tampa and Orlando will favor LAE as a transportation and logistics hub, enabling it to outperform the nation.

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March 2016

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STRENGTHS & WEAKNESSES

STRENGTHS

- » Regional transportation and tourism hub with strong long-term growth prospects.
- » Consistently above-average population growth.
- » Popular retirement destination.

WEAKNESSES

- » Low educational attainment.
- » Below-average per capita income.
- » Few high-paying jobs.
- » High employment volatility.

FORECAST RISKS



UPSIDE

- » State-of-the-art rail terminal attracts more investment in distribution and logistics.
- » Stronger U.S. wage growth drives more nonresident tourist traffic to the metro area.

DOWNSIDE

- » High mortgage debt levels slow the housing recovery.
- » Retiree in-migration disappoints and consumer-related industries suffer.

MOODY'S RATING

Aa2 COUNTY AS OF APR 03, 2014

2010	2011	2012	2013	2014	2015	INDICATORS	2016	2017	2018	2019	2020	2021
19.2	18.7	18.7	19.2	19.1	19.7	Gross metro product (C09\$ bil)	20.5	21.4	22.2	22.8	23.5	24.1
-1.0	-2.8	0.1	2.5	-0.1	2.7	% change	4.3	4.3	3.8	2.9	2.8	2.9
191.1	189.9	192.6	197.4	201.8	208.2	Total employment (ths)	213.5	218.0	222.9	226.1	227.5	228.9
-2.4	-0.6	1.4	2.5	2.2	3.2	% change	2.6	2.1	2.3	1.4	0.6	0.6
12.0	11.0	9.4	8.0	6.9	6.2	Unemployment rate (%)	5.4	5.1	4.5	4.6	4.8	5.0
6.0	6.0	-1.1	1.5	4.8	5.0	Personal income growth (%)	5.4	8.6	8.8	6.4	5.3	5.7
41.8	41.4	41.6	42.1	42.8	44.7	Median household income (\$ ths)	46.4	48.8	51.3	53.1	54.5	56.1
603.3	609.6	615.7	623.0	635.0	645.7	Population (ths)	657.8	670.9	684.5	698.4	712.5	726.1
0.8	1.1	1.0	1.2	1.9	1.7	% change	1.9	2.0	2.0	2.0	2.0	1.9
2.7	5.5	4.6	5.6	10.6	9.5	Net migration (ths)	11.0	12.0	12.6	12.9	13.1	12.7
1,112	1,074	1,382	1,994	2,547	2,729	Single-family permits (#)	3,783	4,995	5,414	5,370	5,274	5,414
88	82	140	40	12	39	Multifamily permits (#)	287	533	475	420	434	463
159.0	140.3	137.2	146.3	160.3	172.1	FHFA house price (1995Q1=100)	187.2	197.5	200.5	201.0	202.8	207.0

ECONOMIC HEALTH CHECK

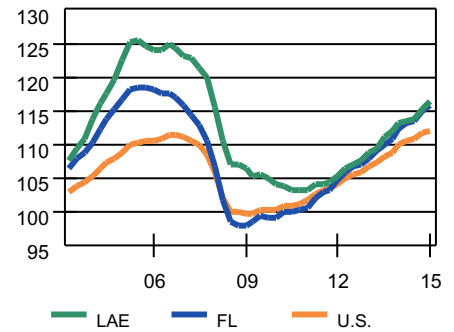
3-MO MA

	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16
Employment, change, ths	1.0	0.7	0.5	0.4	0.4	0.4
Unemployment rate, %	5.9	5.8	5.8	5.7	5.7	5.7
Labor force participation rate, %	54.5	54.6	54.7	54.9	54.8	54.7
Employment-to-population ratio, %	51.3	51.4	51.5	51.8	51.7	51.6
Average weekly hours, #	36.3	36.6	36.7	36.9	36.9	37.0
Industrial production, 2007=100	104.2	104.2	103.9	103.5	103.5	103.4
Residential permits, single-family, #	2,788	2,951	3,325	3,315	3,424	2,961
Residential permits, multifamily, #	0	0	0	0	0	16
Better than prior 3-mo MA		Unchanged from prior 3-mo MA		Worse than prior 3-mo MA		

Sources: BLS, Census Bureau, Moody's Analytics

BUSINESS CYCLE INDEX

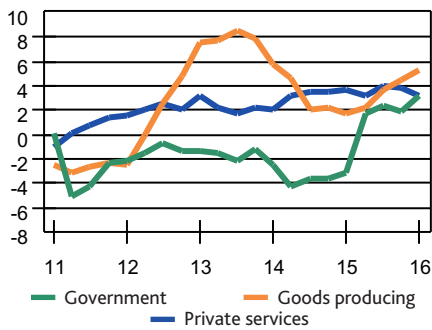
JAN 2002=100



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO



Sources: BLS, Moody's Analytics

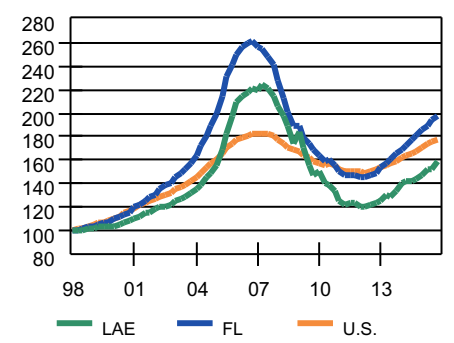
% CHANGE YR AGO, 3-MO MA

	Jun 15	Oct 15	Feb 16
Total	2.9	3.8	3.4
Construction	5.8	8.3	10.0
Manufacturing	0.6	1.3	2.8
Trade	4.6	3.3	2.9
Trans/Utilities	7.2	8.5	9.3
Information	-0.0	-0.1	2.3
Financial Activities	3.1	5.3	5.5
Prof & Business Svcs.	-1.3	2.7	5.0
Edu & Health Svcs.	1.5	1.1	-2.5
Leisure & Hospitality	7.5	8.2	5.5
Other Services	1.1	4.7	4.3
Government	1.7	2.2	1.4

Sources: BLS, Moody's Analytics

HOUSE PRICE

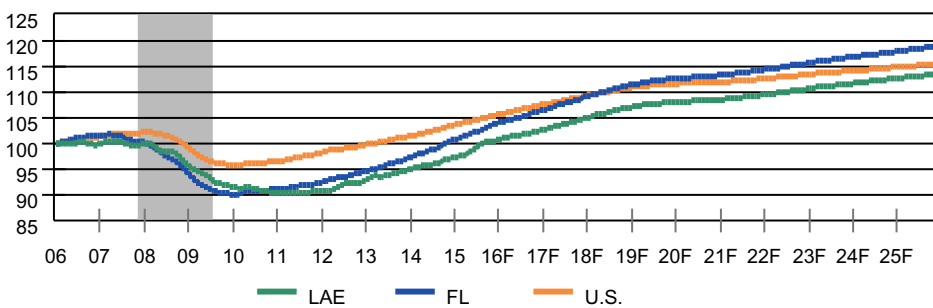
1998Q1=100, NSA



Sources: FHFA, Moody's Analytics

RELATIVE EMPLOYMENT PERFORMANCE

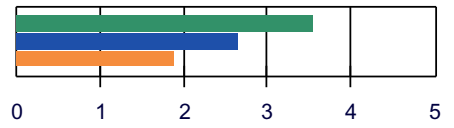
JAN 2006=100



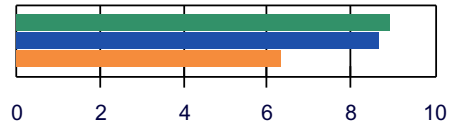
Sources: BLS, Moody's Analytics

VACANCY RATES

HOMEOWNER, % HOUSES FOR SALE



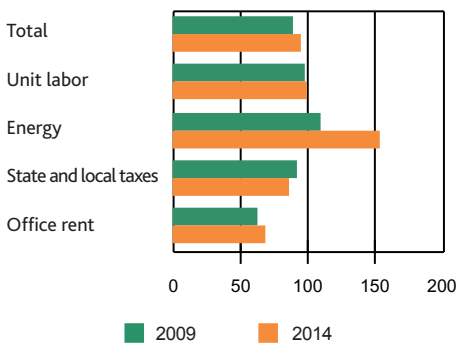
RENTAL, % INVENTORY FOR RENT



Sources: Census Bureau, ACS, Moody's Analytics, 2014

BUSINESS COSTS

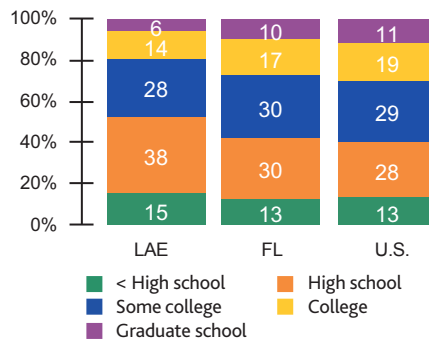
U.S.=100



Source: Moody's Analytics

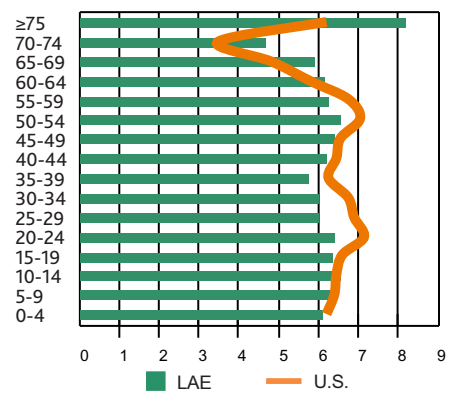
EDUCATIONAL ATTAINMENT

% OF ADULTS 25 AND OLDER



Sources: Census Bureau, Moody's Analytics, 2014

POPULATION BY AGE, %



Sources: Census Bureau, Moody's Analytics, 2014

EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

Publix Super Markets Inc.	8,063
Wal-Mart Stores Inc.	5,100
Lakeland Regional Medical Center	4,540
Winter Haven Hospital	2,500
GEICO	2,300
MOSAIC	1,950
State Farm Insurance	1,800
Watson Clinic	1,600
Sykes	1,150
GC Services	1,000
Florida's Natural Growers	1,000
Rooms To Go	900
Heart of Florida	800
The Ledger Publishing Co.	702
Comcar Industries	700
Saddle Creek Corp.	680
W.S. Badcock Corp.	600
Walgreens	600
Stryker	600
J. C. Penney Co	588

Sources: CFDC Research Polk County, 2011, Lakeland Economic Development Council, 2015

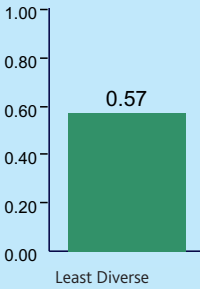
PUBLIC

Federal	1,067
State	3,678
Local	22,740

2015

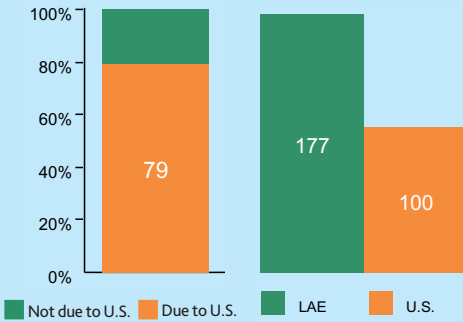
INDUSTRIAL DIVERSITY

Most Diverse (U.S.)



EMPLOYMENT VOLATILITY

Due to U.S. fluctuations Relative to U.S.



MIGRATION FLOWS

INTO LAKELAND FL

	Number of Migrants
Orlando FL	6,128
Tampa FL	4,986
New York NY	827
Miami FL	689
Fort Lauderdale FL	617
Sebring FL	445
Atlanta GA	359
Jacksonville FL	341
West Palm Beach FL	329
North Port FL	275
Total in-migration	30,498

FROM LAKELAND FL

Orlando FL	6,439
Tampa FL	4,966
Miami FL	585
Fort Lauderdale FL	524
Atlanta GA	400
Sebring FL	393
New York NY	386
Jacksonville FL	343
West Palm Beach FL	322
North Port FL	298
Total out-migration	27,402

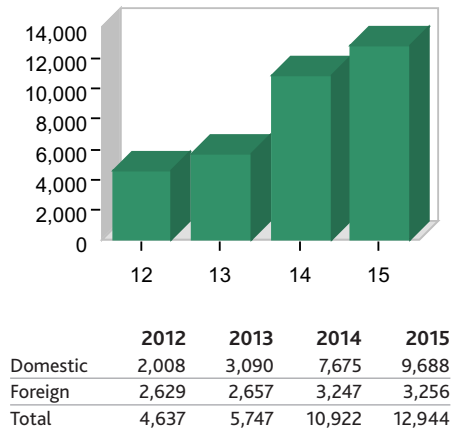
Net migration 3,096

COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment			Average Annual Earnings		
	LAE	FL	U.S.	LAE	FL	U.S.
Mining	0.5%	0.1%	0.5%	\$58,407	\$22,959	\$108,705
Construction	5.3%	5.3%	4.5%	\$43,997	\$47,200	\$61,655
Manufacturing	7.9%	4.2%	8.7%	\$62,831	\$66,774	\$78,447
<i>Durable</i>	43.6%	67.9%	63.0%	nd	\$71,191	\$80,476
<i>Nondurable</i>	56.4%	32.1%	37.0%	nd	\$58,348	\$75,052
Transportation/Utilities	6.9%	3.3%	3.8%	\$49,604	\$54,080	\$65,427
Wholesale Trade	4.9%	4.1%	4.1%	\$72,428	\$79,619	\$83,751
Retail Trade	13.1%	13.4%	11.0%	\$33,172	\$33,254	\$33,494
Information	0.8%	1.7%	1.9%	\$49,783	\$84,584	\$108,937
Financial Activities	5.9%	6.6%	5.7%	\$36,154	\$37,328	\$54,020
Prof. and Bus. Services	13.3%	15.1%	13.9%	\$40,720	\$50,206	\$65,204
Educ. and Health Services	14.8%	14.8%	15.5%	\$51,052	\$52,192	\$52,501
Leisure and Hosp. Services	10.7%	14.0%	10.7%	\$21,308	\$28,983	\$26,128
Other Services	2.7%	4.1%	4.0%	\$31,314	\$30,474	\$35,611
Government	13.2%	13.4%	15.5%	\$58,325	\$70,848	\$73,862

Sources: Percent of total employment — BLS, Moody's Analytics, 2015, Average annual earnings — BEA, Moody's Analytics, 2014

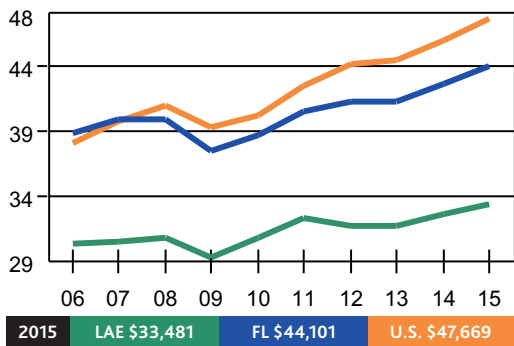
NET MIGRATION, #



Sources: IRS (top), 2011, Census Bureau, Moody's Analytics

PER CAPITA INCOME

\$ THS



Sources: BEA, Moody's Analytics

HIGH-TECH EMPLOYMENT

	Ths	% of total
LAE	3.6	1.7
U.S.	6,767.6	4.8

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
LAE	21.2	10.2
U.S.	13,151.2	9.3

Source: Moody's Analytics, 2015

LEADING INDUSTRIES BY WAGE TIER

NAICS Industry	Location Quotient	Employees (ths)
6211 Offices of physicians	1.5	5.5
3253 Pesticide, fertilizer, and other agricultural chemical manufacturing	30.0	1.6
CVF Federal Government	0.3	1.0
4242 Drugs & sundries merch. wholesalers	3.1	0.9
GVL Local Government	1.1	22.4
6221 General medical and surgical hospitals	1.3	8.4
4931 Warehousing and storage	5.2	5.9
5511 Management of companies & enterprises	1.8	5.6
7225 Restaurants and other eating places	1.1	15.6
5613 Employment services	1.3	6.4
4451 Grocery stores	1.2	4.8
4529 Other general merchandise stores	1.7	4.4

Source: Moody's Analytics, 2015

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