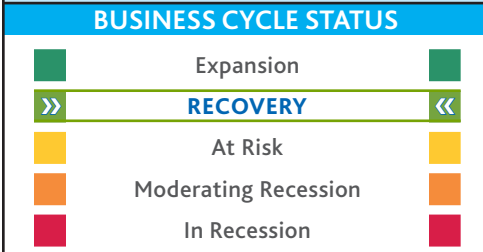


ECONOMIC DRIVERS TOURIST DESTINATION LOGISTICS RETIREE HAVEN			EMPLOYMENT GROWTH RANK 2016-2018: 95 (2nd quintile) 2016-2021: 175 (3rd quintile) <i>Best=1, Worst=409</i>		RELATIVE COSTS LIVING: 97% BUSINESS: 94% <i>U.S.=100%</i>		VITALITY RELATIVE: 115% RANK: 52 <i>U.S.=100% Best=1, Worst=402</i>	
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ANALYSIS

Recent Performance. Bolstered by robust population gains and strengthening trade linkages with Tampa and Orlando, Lakeland-Winter Haven is fast emerging as one of Florida's most dynamic midsize metro areas. The economy has been adding jobs at nearly three times the national rate as shipping firms and national retailers race to build new warehouse space, attracted by easy access to rail and highway transport. What is more, employment growth has been increasingly broad-based across industries, including manufacturing, where large job additions have bucked the national trend. The supply soaked housing market is the sole sore spot. Despite faster price appreciation, single-family house prices have recovered just half the ground ceded in the housing market bust, keeping new construction at a simmer.

New drivers. LAE will draw on several new drivers as its economy matures. Rapid growth in trade and transportation is transforming the area's industrial base and lessening its traditional reliance on housing spillover from neighboring Tampa and Orlando. Fulfillment centers opened by Amazon, FedEx and Walmart have pushed trade and transportation payrolls to new highs, and the industry will gain greater importance as national retailers compete for customers and to cut shipping times.

Goods producers will add relatively few jobs over the next few years, but growth in artisanal food and beverage production and rising fertilizer prices will sustain above-average growth in factory payrolls. Finally, rising tourist visits to central Florida, and particularly to Lakeland—home to the popular Legoland Florida theme park—will propel expansion in hospitality.

Subdued growth in high-paying services is a source of weakness and will keep the economy from matching the dynamism of Florida's largest metro areas. However, the new drivers will draw

investment as the U.S. economy strengthens and disposable incomes rise locally and nationally,

Built for southern links. Proximity to Tampa and Orlando will favor LAE as an important shipping and distribution hub for central Florida and the South. Recent infrastructure improvements, including CSX's new intermodal rail terminal, will cut shipping times to major ports on the Atlantic and Gulf coasts, granting local transportation and warehouse firms a significant cost advantage. New commercial developments will help ease the tight market for industrial and warehouse space, encouraging more firms to cluster in LAE's transportation corridor.

As consumer confidence firms and more families plan vacations to central Florida, LAE-based hotels, restaurants, and other leisure establishments will expand with vigor. The area, long favored by travelers as a cost-competitive alternative to lodgings in Tampa and Orlando, will benefit from rising tourist visits with the presence of Legoland Florida.

Treading water. Rising home sales will thin the still-elevated backlog of distressed properties, but low home values will weigh on listings in the near term. Despite recent improvement, LAE still leads all U.S. metro areas in the share of households with negative home equity, according to RealtyTrac. The tide will turn, however, over the next year as the local labor market tightens and better wage gains enable more households to take the leap into homeownership.

Lakeland-Winter Haven's economy will strengthen as the fast-expanding transport and logistics industry powers faster job gains and the housing market recovery finds its legs. Longer term, proximity to Tampa and Orlando will favor LAE as a transportation and logistics hub, enabling it to outperform the nation.

Jesse Rogers
April 2017
1-866-275-3266
help@economy.com

- 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-tech jobs.
 - » High employment volatility.

FORECAST RISKS

SHORT TERM LONG TERM

RISK EXPOSURE 2017-2022 **43** 1st quintile *Highest=1 Lowest=402*

- 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 LAE.

- 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

2011	2012	2013	2014	2015	2016	INDICATORS	2017	2018	2019	2020	2021	2022
18.6	18.7	19.1	19.0	19.5	19.9	Gross metro product (C09\$ bil)	20.6	21.4	22.0	22.6	23.3	24.0
-2.9	0.1	2.6	-0.5	2.5	1.9	% change	3.4	4.0	2.9	2.7	3.0	3.1
189.9	192.5	197.1	201.5	207.8	214.6	Total employment (ths)	220.0	222.8	224.6	225.6	225.5	226.1
-0.6	1.4	2.4	2.2	3.1	3.3	% change	2.5	1.3	0.8	0.5	-0.1	0.3
11.0	9.5	8.0	7.1	6.1	5.6	Unemployment rate (%)	5.3	4.2	3.7	4.0	4.5	4.6
6.6	-0.1	1.1	4.9	4.7	4.9	Personal income growth (%)	6.5	7.7	7.2	6.7	6.1	6.2
41.6	41.8	42.4	43.2	44.1	45.5	Median household income (\$ ths)	47.3	49.5	51.3	53.0	54.6	56.4
609.3	615.3	622.5	634.7	649.2	660.0	Population (ths)	672.8	686.1	699.5	712.9	725.8	738.8
1.0	1.0	1.2	2.0	2.3	1.7	% change	1.9	2.0	2.0	1.9	1.8	1.8
5.2	4.7	5.6	10.6	12.8	9.8	Net migration (ths)	11.9	12.4	12.6	12.6	12.2	12.3
1,074	1,382	1,994	2,547	3,003	3,291	Single-family permits (#)	4,276	5,711	6,497	6,018	5,925	6,266
82	140	40	12	36	1,145	Multifamily permits (#)	1,839	1,555	1,319	1,157	1,142	1,169
140.2	136.7	145.6	159.0	171.3	186.5	FHFA house price (1995Q1=100)	194.3	199.6	199.0	197.5	199.3	204.5

ECONOMIC HEALTH CHECK

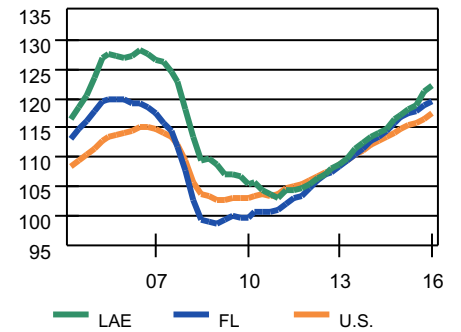
3-MO MA

	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Employment, change, ths	0.9	0.9	0.7	0.7	0.5	0.5
Unemployment rate, %	5.6	5.6	5.7	5.7	5.8	5.8
Labor force participation rate, %	54.3	54.4	54.4	54.6	54.6	54.9
Employment-to-population ratio, %	51.2	51.3	51.4	51.4	51.5	51.7
Average weekly hours, #	35.6	35.5	35.6	35.5	35.7	35.7
Industrial production, 2012=100	103.3	103.3	103.3	103.6	103.8	104.0
Residential permits, single-family, #	3,428	3,461	3,335	3,684	4,422	4,347
Residential permits, multifamily, #	2,015	1,440	24	23	33	71
	Better than prior 3-mo MA	Unchanged from prior 3-mo MA	Unchanged from prior 3-mo MA	Worse than prior 3-mo MA	Worse than prior 3-mo MA	Worse than prior 3-mo MA

Sources: BLS, Census Bureau, Moody's Analytics

BUSINESS CYCLE INDEX

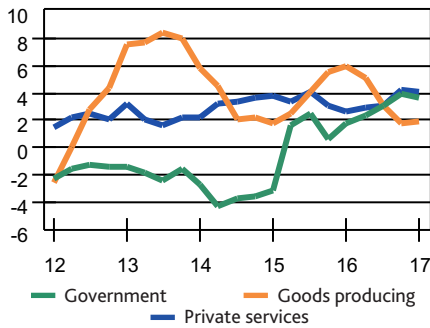
JAN 2002=100



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO



Sources: BLS, Moody's Analytics

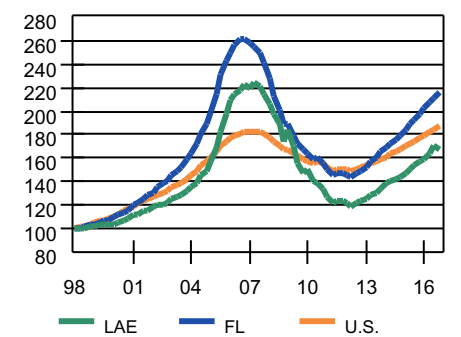
% CHANGE YR AGO, 3-MO MA

	Jun 16	Oct 16	Feb 17
Total	3.1	3.4	3.9
Mining	-1.1	-6.1	-5.0
Construction	7.7	3.8	3.2
Manufacturing	3.6	2.4	-0.0
Trade	0.3	1.5	3.7
Trans/Utilities	3.7	5.0	5.1
Information	2.1	6.1	-0.0
Financial Activities	4.7	2.8	2.1
Prof & Business Svcs.	4.0	6.9	6.3
Edu & Health Svcs.	2.1	1.5	4.1
Leisure & Hospitality	5.2	5.5	5.2
Other Services	3.5	2.7	4.1
Government	2.4	3.3	4.0

Sources: BLS, Moody's Analytics

HOUSE PRICE

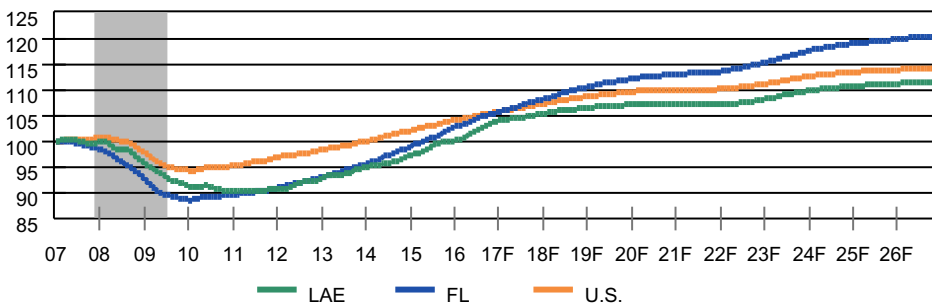
1998Q1=100, NSA



Sources: FHFA, Moody's Analytics

RELATIVE EMPLOYMENT PERFORMANCE

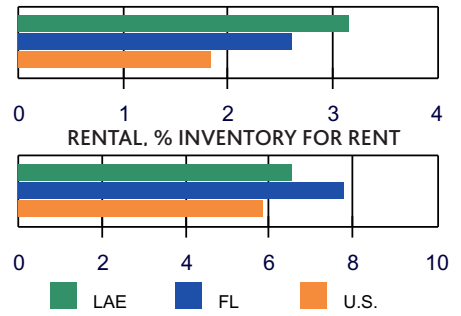
JAN 2007=100



Sources: BLS, Moody's Analytics

VACANCY RATES

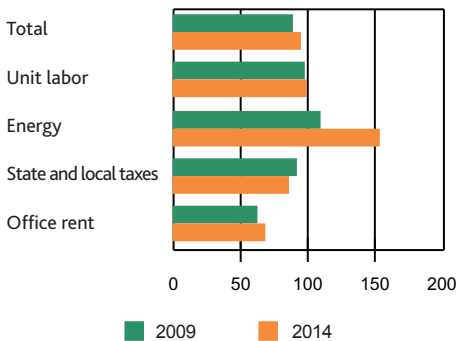
HOMEOWNER, % HOUSES FOR SALE



Sources: Census Bureau, ACS, Moody's Analytics, 2015

BUSINESS COSTS

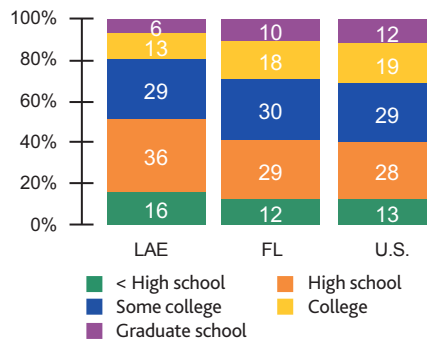
U.S.=100



Source: Moody's Analytics

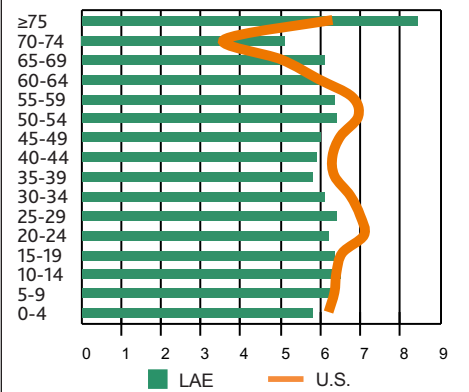
EDUCATIONAL ATTAINMENT

% OF ADULTS 25 AND OLDER



Sources: Census Bureau, Moody's Analytics, 2015

POPULATION BY AGE, %



Sources: Census Bureau, Moody's Analytics, 2015

EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

Publix Super Markets Inc.	8,200
Lakeland Regional Medical Center	5,500
Wal-Mart Stores Inc.	5,100
GEICO	2,800
City of Lakeland	2,600
Winter Haven Hospital	2,500
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
Legoland Florida	1,000
Rooms To Go	900
Amazon	900
Heart of Florida	800
Comcar Industries	700
Stryker	700
Saddle Creek Logistics	680
W.S. Badcock Corp.	600

Sources: CFDC Research Polk County, 2011, Lakeland Economic Development Council, 2017

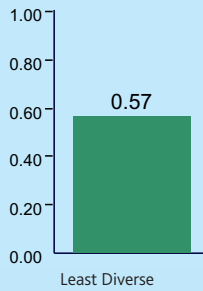
PUBLIC

Federal	1,092
State	3,593
Local	23,278

2016

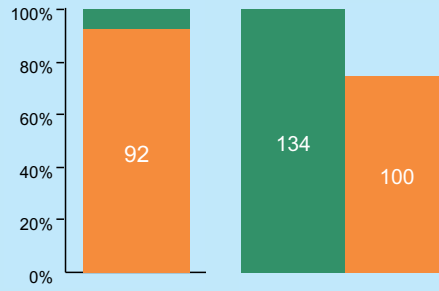
INDUSTRIAL DIVERSITY

Most Diverse (U.S.)



EMPLOYMENT VOLATILITY

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



■ Not due to U.S. ■ Due to U.S. ■ LAE ■ U.S.

MIGRATION FLOWS

INTO LAKELAND FL

	Number of Migrants
Orlando FL	7,523
Tampa FL	4,551
New York NY	1,123
Miami FL	688
Fort Lauderdale FL	668
Sebring FL	483
Jacksonville FL	395
West Palm Beach FL	341
Atlanta GA	336
North Port FL	321
Total in-migration	34,285

FROM LAKELAND FL

Orlando FL	6,728
Tampa FL	4,459
Austin TX	771
North Port FL	434
Fort Lauderdale FL	423
Palm Bay FL	383
Miami FL	370
Jacksonville FL	353
West Palm Beach FL	314
Sebring FL	312
Total out-migration	28,193

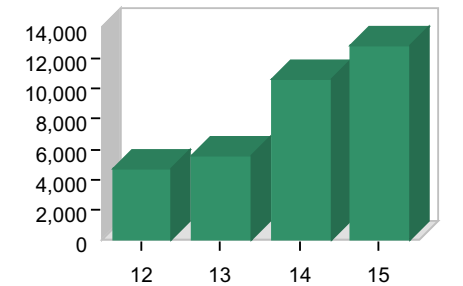
Net migration 6,092

COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment			Average Annual Earnings		
	LAE	FL	U.S.	LAE	FL	U.S.
Mining	0.4%	0.0%	0.4%	\$56,070	\$7,023	\$110,528
Construction	5.5%	5.6%	4.7%	\$47,906	\$50,987	\$64,354
Manufacturing	8.0%	4.2%	8.6%	\$66,178	\$68,746	\$80,667
Durable	44.3%	67.6%	62.5%	nd	\$72,931	\$82,450
Nondurable	55.7%	32.4%	37.5%	nd	\$60,466	\$77,689
Transportation/Utilities	7.1%	3.3%	3.8%	\$52,748	\$58,935	\$67,456
Wholesale Trade	4.7%	4.0%	4.1%	\$68,560	\$76,500	\$82,548
Retail Trade	12.8%	13.2%	11.0%	\$30,579	\$33,779	\$34,289
Information	0.8%	1.6%	1.9%	\$47,654	\$88,771	\$110,216
Financial Activities	5.9%	6.5%	5.7%	\$36,144	\$37,441	\$54,785
Prof. and Bus. Services	13.4%	15.3%	14.0%	\$43,026	\$52,409	\$67,615
Educ. and Health Services	14.8%	14.8%	15.7%	\$52,499	\$52,875	\$53,853
Leisure and Hosp. Services	10.8%	14.0%	10.8%	\$20,364	\$28,369	\$27,201
Other Services	2.7%	4.2%	3.9%	\$32,692	\$32,615	\$36,830
Government	13.0%	13.1%	15.4%	\$59,362	\$71,992	\$75,980

Sources: Percent of total employment — BLS, Moody's Analytics, 2016, Average annual earnings — BEA, Moody's Analytics, 2015

NET MIGRATION, #

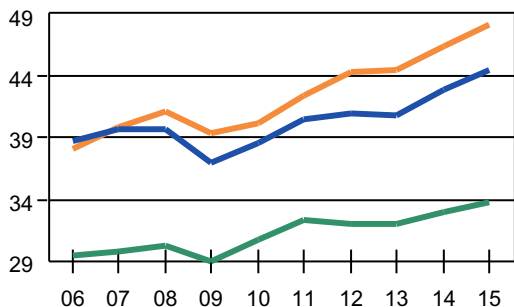


	2012	2013	2014	2015
Domestic	2,010	3,205	7,785	9,853
Foreign	2,652	2,401	2,843	2,990
Total	4,662	5,606	10,627	12,844

Sources: IRS (top), 2014, Census Bureau, Moody's Analytics

PER CAPITA INCOME

\$ THS



Sources: BEA, Moody's Analytics

HIGH-TECH EMPLOYMENT

	Ths	% of total
LAE	3.8	1.8
U.S.	6,937.1	4.8

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
LAE	22.0	10.3
U.S.	13,565.7	9.4

Source: Moody's Analytics, 2016

LEADING INDUSTRIES BY WAGE TIER

	NAICS Industry	Location Quotient	Employees (ths)
HIGH	6211 Offices of physicians	1.6	5.8
	3253 Pesticide, fertilizer, and other agricultural chemical manufacturing	29.9	1.6
	GVF Federal Government	0.3	1.1
MID	2123 Nonmetallic mineral mining and quarrying	6.4	0.9
	GVL Local Government	1.1	22.5
	6221 General medical and surgical hospitals	1.3	8.6
LOW	4931 Warehousing and storage	5.1	6.6
	5511 Management of companies & enterprises	1.8	5.9
	7225 Restaurants and other eating places	1.1	15.9
	5613 Employment services	1.1	5.7
	4451 Grocery stores	1.2	4.8
4529 Other general merchandise stores	1.7	4.6	

Source: Moody's Analytics, 2016

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