

# LAKELAND

## EMPLOYMENT GROWTH RANK

Best=1 Worst=389

2007-09

**375**  
5th quintile

2007-12

**312**  
5th quintile

## LIFE CYCLE PHASE

Mature

Best=1 Worst=381

## VITALITY

**180**  
3rd quintile

## COST OF DOING BUSINESS

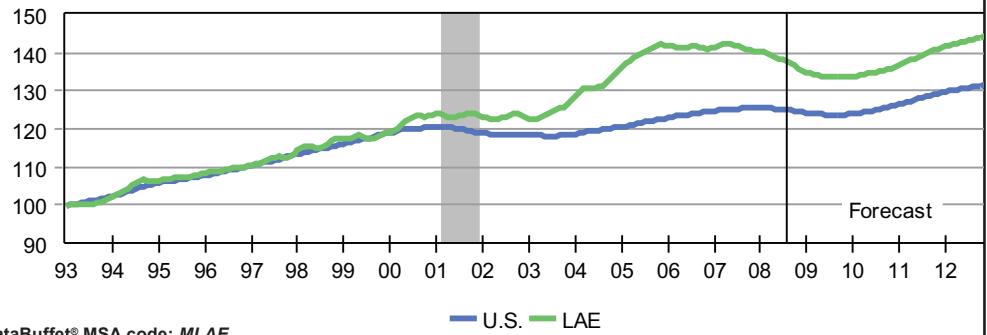
U.S.=100% **94%**

## COST OF LIVING

U.S.=100% **100%**

DataBuffet® MSA code: MLAE

## Relative Employment Performance (1993=100)



2001	2002	2003	2004	2005	2006	2007	Indicators	2008	2009	2010	2011	2012
12.5	12.8	13.2	13.6	14.5	14.9	14.8	<b>Gross Metro Product, C\$B</b>	14.5	14.4	15.0	15.7	16.2
2.2	2.4	2.9	3.5	6.3	2.7	-0.5	<b>% Change</b>	-1.9	-0.7	3.9	4.9	3.2
188.2	187.7	189.5	200.4	212.9	215.4	215.4	<b>Total Employment (000)</b>	210.3	203.9	205.5	211.9	218.1
1.2	-0.3	1.0	5.7	6.2	1.2	-0.0	<b>% Change</b>	-2.4	-3.1	0.8	3.1	2.9
5.0	5.8	5.5	4.9	4.0	3.7	4.5	<b>Unemployment Rate</b>	6.5	8.3	8.7	8.0	7.0
6.0	2.1	4.7	10.6	10.1	9.5	6.7	<b>Personal Income Growth</b>	2.1	-0.7	3.6	6.5	6.8
491.4	498.5	508.2	521.2	538.8	558.0	574.7	<b>Population (000)</b>	577.8	582.0	587.6	595.1	602.6
3,839	4,422	6,261	8,715	11,980	7,609	3,854	<b>Single-Family Permits</b>	2,456	2,554	4,224	6,129	6,064
682	550	562	1,527	1,199	1,714	368	<b>Multifamily Permits</b>	1,054	150	282	573	594
84.0	89.1	96.3	111.2	148.3	174.2	168.6	<b>Existing Home Price (\$Ths)</b>	145.8	126.0	123.6	129.1	136.9
1,928	2,257	3,761	3,090	5,607	6,542	4,135	<b>Mortgage Originations (\$Mil)</b>	4,270	4,097	4,358	4,612	4,723
4.7	5.8	8.2	11.9	16.3	16.8	13.5	<b>Net Migration (000)</b>	1.0	2.0	3.5	5.4	5.3
3,063	3,270	3,489	3,295	3,736	1,071	1,528	<b>Personal Bankruptcies</b>	2,894	3,517	5,121	5,243	4,489

## STRENGTHS & WEAKNESSES

### STRENGTHS

- Strong growth prospects as a regional transportation hub.
- Consistently above average population growth.
- Popular retirement destination.

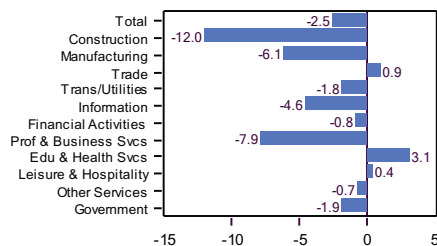
### WEAKNESSES

- Low educational attainment.
- Below average per capita income.
- Oversupplied housing market.

## CURRENT EMPLOYMENT TRENDS

### October 2008 Employment Growth

% change year ago, 3 mo. MA



## FORECAST RISKS

SHORT TERM ↓ LONG TERM ↑ RISK-ADJUSTED RETURN, '07-12 **-0.65%**

### UPSIDE

- High-speed rail line construction restarts, amplifying the benefits of LAE's proximity to Orlando and Tampa.
- Area benefits from tourism spillover in Tampa and Orlando.

### DOWNSIDE

- Falling home values force massive cutbacks in state and local government budgets.
- Restricted credit for low-income residents prolongs housing correction.

## ANALYSIS

**Recent Performance.** The Lakeland economy is backpedaling and recent indicators suggest that weakness is intensifying. Not since the recession in the early 1990s has LAE witnessed such a strong and persistent decline in employment. Moreover, the household survey suggests that the decline in employment reaccelerated following the intensification of financial turmoil in September. Unemployment is surging and estimated wage compensation is in retreat. The unemployment rate continued its unrelenting rise in October to 7.9%, the highest mark in 15 years. The housing market has shown little sign of improvement; prices fell faster during the third quarter than earlier in the year and construction intentions continued to taper.

**Housing monitor.** The central force behind LAE's dismal recent performance, the housing market shows little indication of stabilizing. House price declines accelerated through the third quarter, prompted by a rising excess supply of homes for sale, which forced builders to retrench strongly. Flagging consumer confidence, a high unemployment rate, falling income, and a weak pace of household formation conspire against frail housing demand in LAE. Further, the mortgage write-off rate, an approximate gauge of foreclosures, jumped in the third quarter. Foreclosures sales will exert additional downward pressure on prices over the coming year.

Falling prices have raised single-family home affordability to its highest level since 2004, but more declines, as well as improved access to credit, are necessary to allow for a resurgence in home sales, which have improved little over the past year. Relative to median household income, the median home price would need to fall an additional 14% to reestablish the affordability lost during the housing boom.

**Consumers.** The consumer outlook calls for considerable retrenchment next year. The sting from falling homeowner wealth weighs heavily

on households, particularly on LAE's large cohort of retirees living on fixed incomes. Moody's Economy.com projects that retail spending will drop 9% below its year-ago level during the fourth quarter. Retailers, which have resisted the downward pull of weakening spending, will aggressively scale back employment over the next few quarters.

**Risks.** Short-term risks to LAE are geared toward the downside. LAE's concentration of insurance providers faces risks as the industry grapples with the rapid decline of employment and vehicle sales. Local operations could suffer cutbacks if the intensifying national recession cuts deeper into industry profits.

The unwinding commodity boom and weakening economy threaten to undo gains in mining. Polk County's phosphate mining and fertilizer production industries stand to suffer from falling crop prices via reduced demand for fertilizer. Mosaic, which operates mines and production facilities in the county, announced plans to ramp down production in the near term, but could do more if prices for agricultural and fertilizer commodities continue to fall.

**The Lakeland economy will contract strongly in coming months as job loss accelerates and unemployment increases. The ripple effects from the housing market will roll over construction, financial services, and retail trade for at least another year. LAE will not recover before the end of 2009, and risks are geared toward a deeper contraction and longer recovery period. The healthcare industry will help lead job growth in LAE as the economy recovers. Driven by the nation's large cohort of individuals approaching retirement age, a significant portion are expected to move to Florida, LAE's long-run growth remains well-supported and LAE will outperform the national economy.**

Alexander Miron  
November 2008

## EMPLOYMENT & INDUSTRY

### TOP EMPLOYERS

Publix Supermarkets	6,644
Wal-Mart Stores, Inc.	5,100
Lakeland Regional Medical Center	4,540
MOSAIC	4,000
Winter Haven Hospital	2,500
State Farm Insurance	2,000
GEICO	1,850
Watson Clinic	1,500
GC Services	1,000
Florida's Natural Growers	1,000
Rooms To Go	900
FedEx National LTL	850
Watkins Motor Lines	848
Saddle Creek Corporation	680
Summit Consulting	654
Key Safety Systems, Inc.	580
ICT Group	500
Advance Discount Auto Parts	475
Marriot Vacation Club International	450
McDonald Construction Corporation	400

Sources: CFDC Research Polk County, November 2007,  
Lakeland Economic Development Council, September 2008

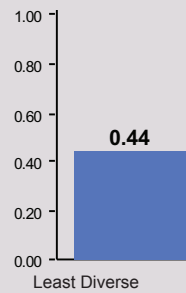
### Public

Federal	1,400
State	4,267
Local	23,412

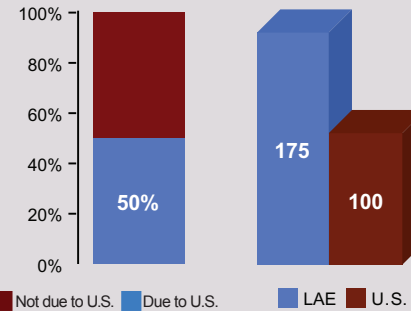
2007

### INDUSTRIAL DIVERSITY

Most Diverse (U.S.)



### EMPLOYMENT VOLATILITY DUE TO U.S. FLUCTUATIONS RELATIVE TO U.S.

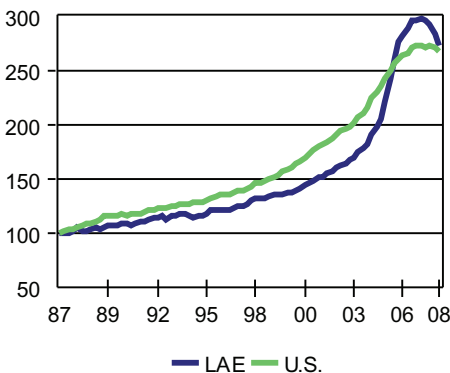


## COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment			Average Annual Earnings		
	LAE	FL	US	LAE	FL	US
Construction	5.3%	7.4%	5.5%	\$39,613	\$46,249	\$47,439
Manufacturing	8.0%	4.8%	10.1%	\$67,710	\$61,997	\$70,956
Durable	39.5%	67.6%	63.5%	nd	\$63,767	\$71,424
Nondurable	60.5%	32.4%	36.5%	nd	\$58,130	\$70,069
Transportation/Utilities	5.9%	3.1%	3.7%	\$44,314	\$48,065	\$58,157
Wholesale Trade	4.8%	4.4%	4.4%	\$51,433	\$64,008	\$67,687
Retail Trade	12.2%	12.6%	11.3%	\$26,063	\$28,932	\$27,715
Information	1.0%	2.0%	2.2%	\$44,157	\$67,744	\$82,715
Financial Activities	5.5%	6.7%	6.0%	\$31,793	\$38,276	\$53,019
Prof. and Bus. Services	16.7%	16.5%	13.1%	\$39,955	\$43,078	\$54,002
Educ. and Health Services	12.8%	12.5%	13.3%	\$41,195	\$42,477	\$42,114
Leisure and Hosp. Services	8.0%	11.6%	9.8%	\$16,744	\$23,947	\$20,625
Other Services	4.3%	4.3%	4.0%	\$23,046	\$22,373	\$23,807
Government	13.5%	14.0%	16.1%	\$48,590	\$58,236	\$57,889

Sources: Percent of total employment - Moody's Economy.com & BLS, 2007; Average annual earnings - BEA, 2006

### HOUSE PRICES



Source: FHFA, 1987Q1=100, NSA

### CREDIT QUALITY

MOODY'S  
RATING

COUNTY **A1**

### LEADING INDUSTRIES

NAICS Industry	Employees (000)
GVSL State & Local Government	27.7
5613 Employment Services	12.6
6221 General Medical and Surgical Hospitals	8.1
7221 Full-Service Restaurants	7.0
5511 Management of Companies and Enterprises	6.6
6211 Offices of Physicians	5.4
4931 Warehousing and Storage	5.3
7222 Limited-Service Eating Places	5.2
4451 Grocery Stores	4.3
5241 Insurance Carriers	4.3
FR Farms	4.0
4529 Other General Merchandise Stores	3.9
5614 Business Support Services	3.5
5617 Services to Buildings and Dwellings	3.3
FH Fishing, Hunting, Etc.	3.2
High-tech employment	3.1
As % of total employment	1.4

Sources: BLS, Moody's Economy.com, 2007

## MIGRATION FLOWS

### Into Lakeland, FL

Number  
of Migrants

Orlando, FL	8,074
Tampa, FL	4,622
Miami, FL	1,464
Fort Lauderdale, FL	1,368
New York, NY	1,268
West Palm Beach, FL	661
Nassau, NY	333
Jacksonville, FL	306
Bradenton, FL	306
Cape Coral, FL	285
Total Immigration	35,621

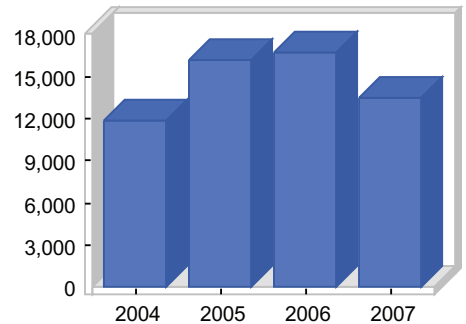
### From Lakeland, FL

Orlando, FL	4,455
Tampa, FL	3,308
Atlanta, GA	504
Jacksonville, FL	349
Bradenton, FL	283
New York, NY	273
Miami, FL	271
Fort Lauderdale, FL	268
Deltona, FL	229
West Palm Beach, FL	210
Total Outmigration	24,538

### Net Migration

11,083

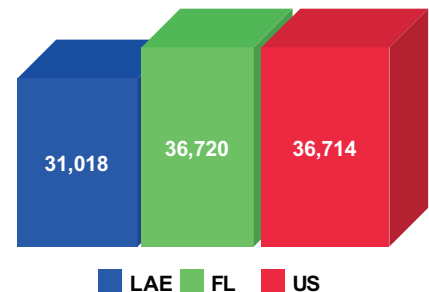
### Net Migration, LAE



	2004	2005	2006	2007
Domestic	10,786	15,171	15,577	12,298
Foreign	1,092	1,123	1,186	1,174
Total	11,878	16,294	16,763	13,472

Sources: IRS (top), 2007; Census Bureau, 2007

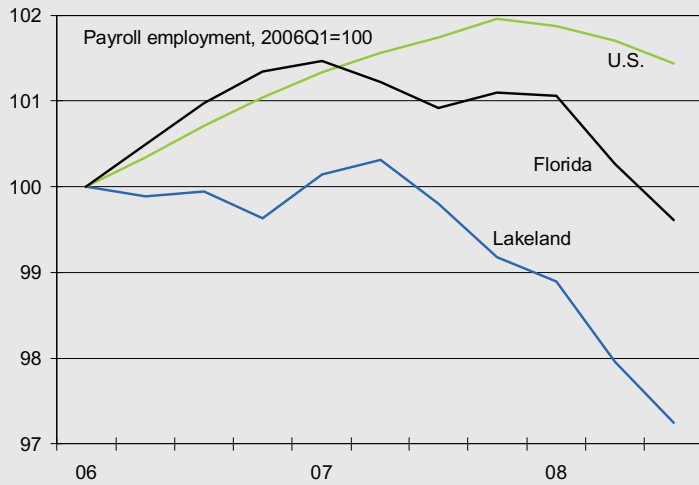
### PER CAPITA INCOME



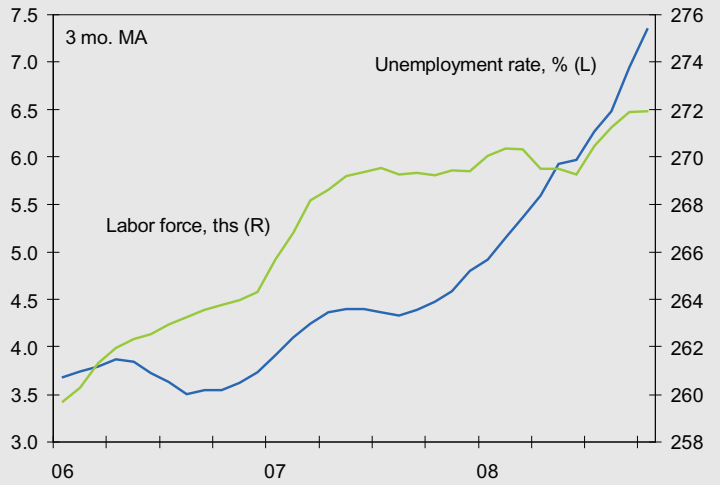
Source: Bureau of Economic Analysis, 2006

# Lakeland

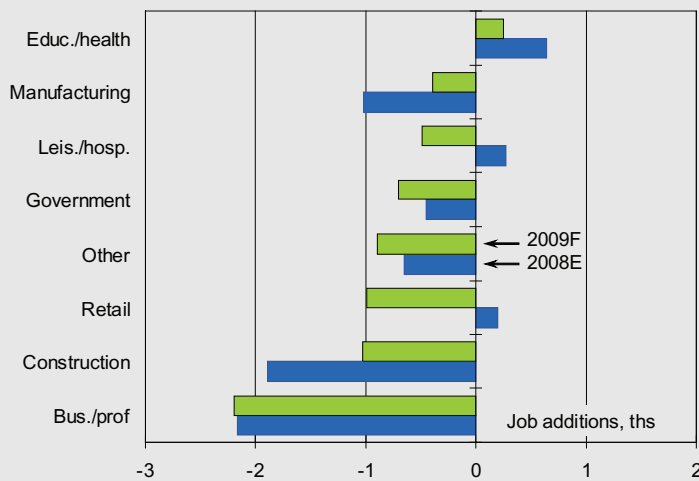
## Construction's Miseries Spill Over Into Service Industries



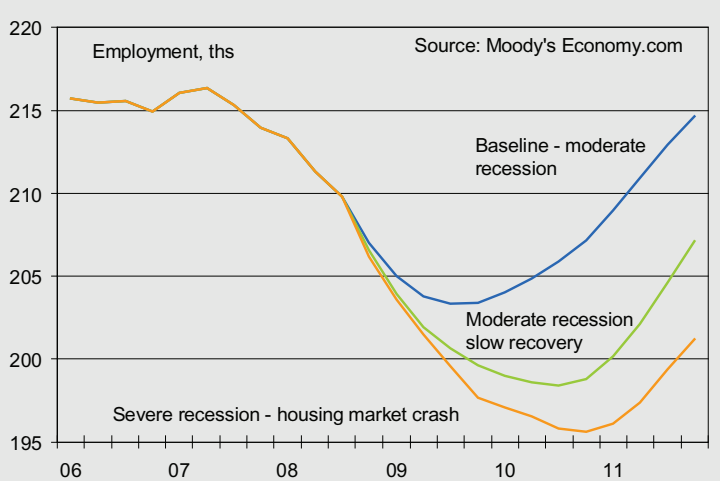
## Battered Household Finances Force Many to Seek Work



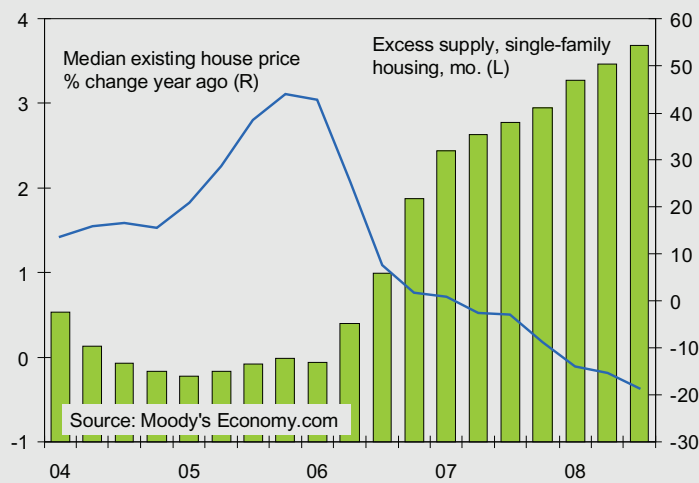
## Little Help for Former Growth Drivers in 2009



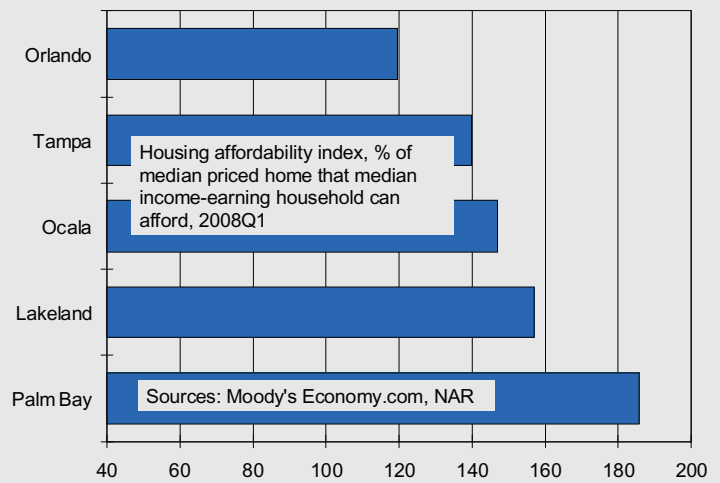
## Housing Exposure Creates Considerable Employment Risk



## Rising Excess Supply Pushes Prices Down Faster



## On Balance, Price Declines Help Retain Local Affordability Edge



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