

Florida Economic Forecast 2026 - 2035

Q1 2026

June 2026



INTRODUCTION

Fueled by a strong global presence in tourism, trade, and real estate development, Florida's economy has grown to \$1.87 trillion in 2025.¹ If Florida was a country, its economic output would be the 13th largest in the world, bigger than that of South Korea and Australia.² Florida ended 2025 with strong growth trends, ranking number one among the 50 states and District of Columbia for business startups.³ One question to be answered is whether Florida's impressive economic growth is sustainable over the next several years.

This is the first in a series of quarterly Florida TaxWatch economic forecasts for calendar year 2026. The data upon which these forecasts are based are provided through a partnership with the Regional Economic Consulting Group ("REC Group"), a research-based consulting firm that provides economic studies to help guide and inform business leaders and policy makers. Each quarter, beginning in the first quarter (Q1) of calendar year 2025, the REC Group has provided Florida TaxWatch with annual data on the following:

- Population—Florida's resident population;
- Net Migration—the flow of population moving into Florida minus the flow of population moving out of Florida;
- Total Non-Farm Employment—the number of workers in Florida's economy, excluding proprietors, private household employees, unpaid volunteers, farm employees, and unincorporated self-employed;
- Unemployment Rate—the number of unemployed persons as a percentage of the labor force;
- Florida Nominal Gross Domestic Product (GDP)—the total market value of final goods and services produced;
- Florida Real GDP—the total market value of final goods and services produced, adjusted for inflation;
- Per Capita Personal Income (PCPI)—the total statewide income divided by the population; and
- Total Visitors—the total number of visitors coming to Florida.

Florida TaxWatch will use the REC Group data (which uses past trends and current data to project future conditions) to prepare a forecast for Florida's economy through 2035. Florida TaxWatch will use 2026 as a baseline for this forecast.

¹ U.S. Bureau of Economic Analysis, "Gross Domestic Product: All Industry Total in Florida," May 2026.

² Author calculations with data from International Monetary Fund (IMF), "World Economic Outlook: Global Economy in the Shadow of War," April 2026.

³ Florida Chamber Foundation, "Florida Scorecard," May 2026.



ECONOMIC TRENDS BETWEEN FORECASTS

Florida's economy ended 2025 strong, with GDP increasing in a time when many other states stagnated or declined.⁴ Since our first forecast in Q1 2025, Florida TaxWatch had predicted that 2026 would serve as a break from this growth in almost all macroeconomic indicators. While the post-COVID growth was a welcome rebound, residents were due for a period of slower growth for wages to catch up and prices to stabilize. The labor market in early 2026 reflected this notion, as unemployment rates increased every month from December to March in Florida; however, national events quickly began to exacerbate this, specifically the military conflict in Iran that began in late February.⁵ This was notable because Iran controls the Strait of Hormuz, a channel connecting the Arabian Sea with the Persian Gulf that transits nearly 25 percent of sea transported oil and 19 percent of natural gas.⁶ Since the beginning of the conflict, the closing and continually uncertain state of the Strait of Hormuz has shaken up energy supply chains everywhere, drastically increasing the price of oil, natural gas, and fertilizer.

This price shock resulting from the conflict with Iran has severely shifted Florida's short-term economic outlook, largely due to how it slows down business activity, increases the costs to transport goods, and hampers people's ability to travel. This is most heavily reflected in Florida's future tourism and income growth, which have dropped since the last quarterly economic forecast despite strong population trends. Florida is still expected to come back strong from a tumultuous couple of years, although there may be more turbulence than originally anticipated. As the situation gets resolved with time and conditions improve, there will also likely be a course correction with the forecast as well. With this situation compounding on top of tariff issues mentioned in reports' past, there continues to be uncertainty in future expectations.

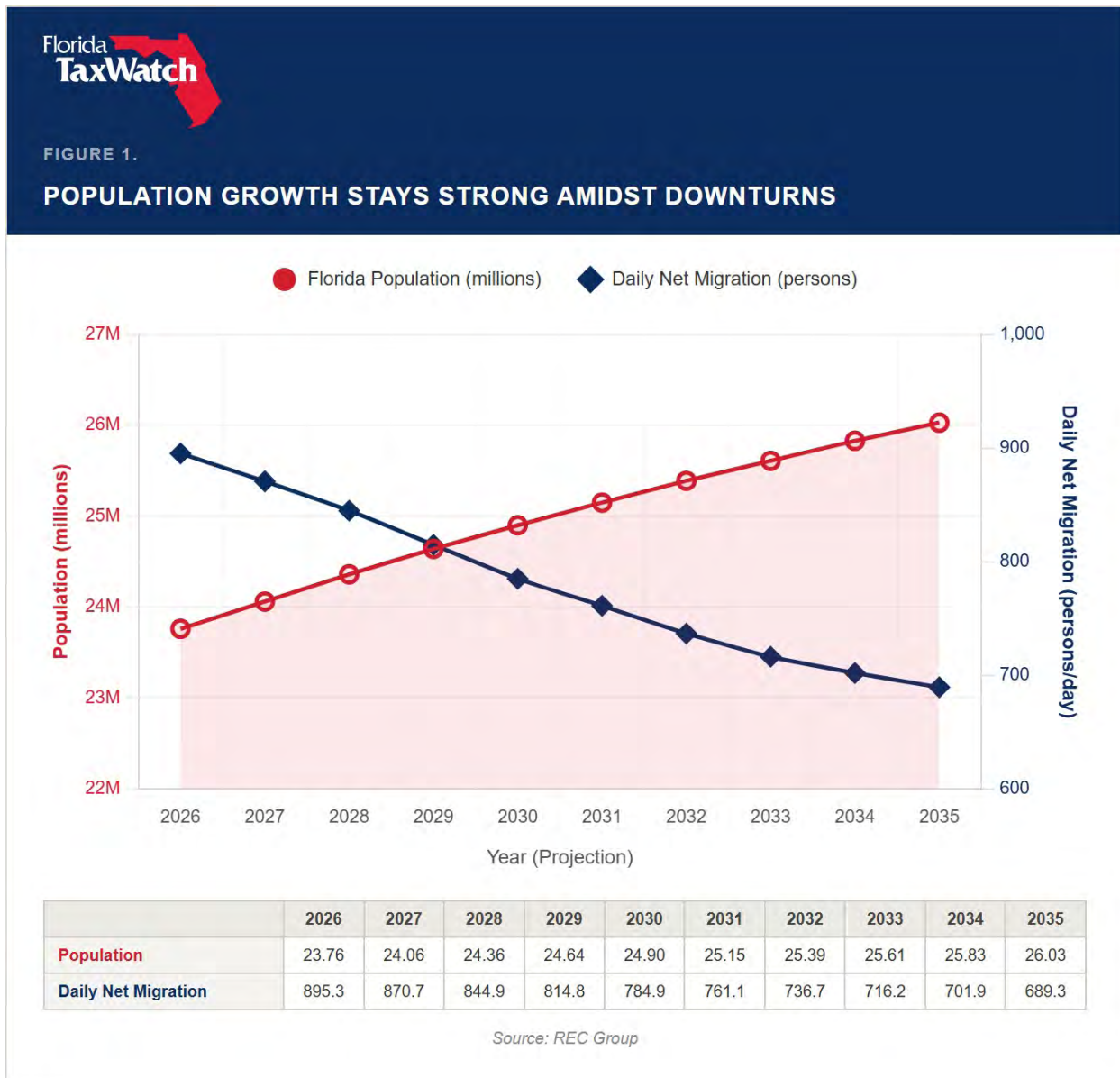
⁴ U.S. Bureau of Economic Analysis, "Real GDP: Percent Change at Annual Rate, 2025:Q3-2025:Q4," April 2026.

⁵ U.S. Bureau of Labor Statistics, "Unemployment Rate in Florida," May 2026.

⁶ International Energy Agency, "Strait of Hormuz Factsheet," Feb 2026.

POPULATION AND NET MIGRATION

Florida’s population growth is the one metric that seems to be unaffected by recent global events, with forecasts identical between the previous release and this one. As shown in Figure 1, Florida’s population is expected to increase by about 2.3 million people from 2026 to 2035. Although the state’s overall population is projected to continue to increase, fewer people are expected to move to Florida each year through 2035. In 2026, 895 more people are expected to move into Florida than out each day, although by 2035 this number is expected to fall to 689 people.



While decreasing over the next ten years, these daily migration trends are still a positive sign considering the drops in other metrics and Florida’s previously high population growth. From 2022 to 2023, Florida had the second highest population growth from interstate migration in the nation, growth that quickly pushed it towards capacity.⁷ Expecting the same number of people to come in between forecasts, despite major shake-ups to budgets and business activity in the past few months, shows just how attractive Florida is as a place to live. This can be attributed to its previously stated business startup ranking, no personal income tax, beautiful weather, and other amenities that benefit businesses and residents alike.

⁷ Tax Foundation, “Americans Are Moving to States with Lower Taxes and Sound Tax Structures,” April 2026.



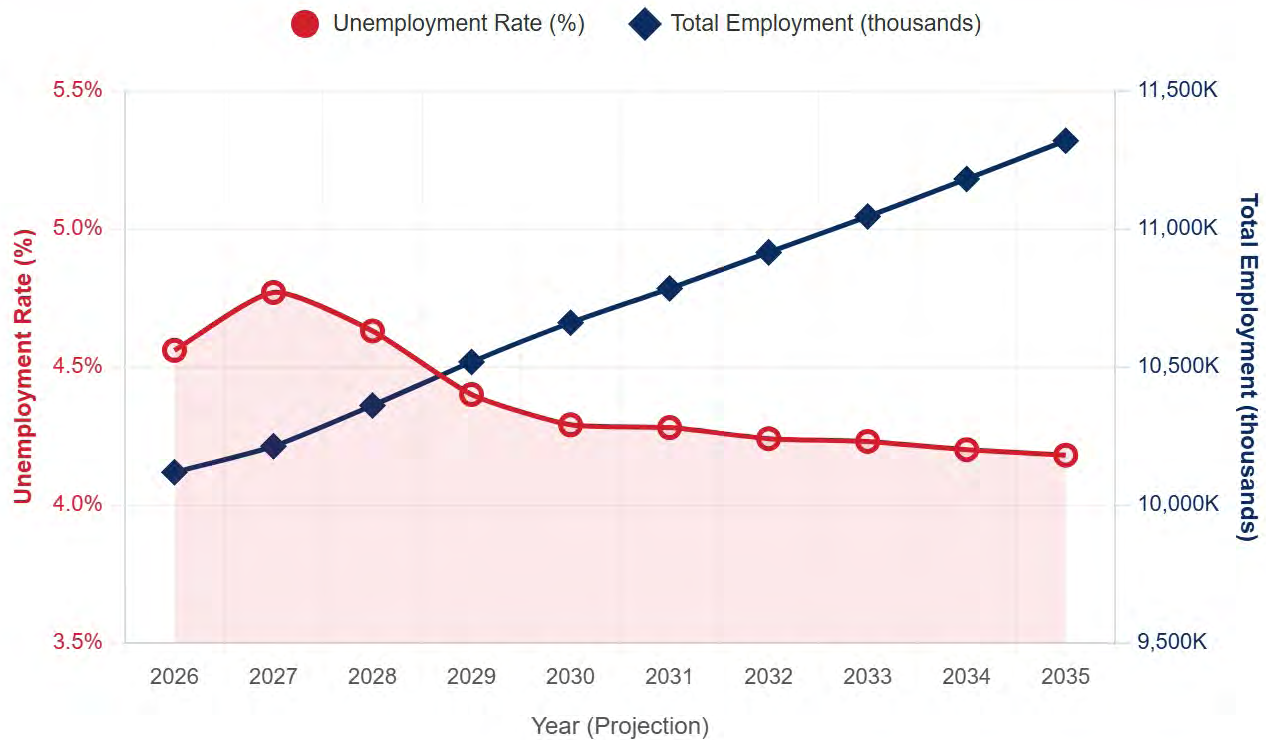
LABOR MARKET

As shown in Figure 2, the number of total employed Floridians is expected to increase from 10.1 million in 2026 to 11.3 million people in 2035, an increase of 1.2 million people; however, the unemployment rate itself is expected to vary a lot during this time. It is expected to continue to increase through 2028, peaking at 4.8 percent, before dropping and stabilizing around 4.2 percent for the first half of the 2030s.



FIGURE 2.

UNEMPLOYMENT EXPECTED TO SPIKE BEFORE FALLING



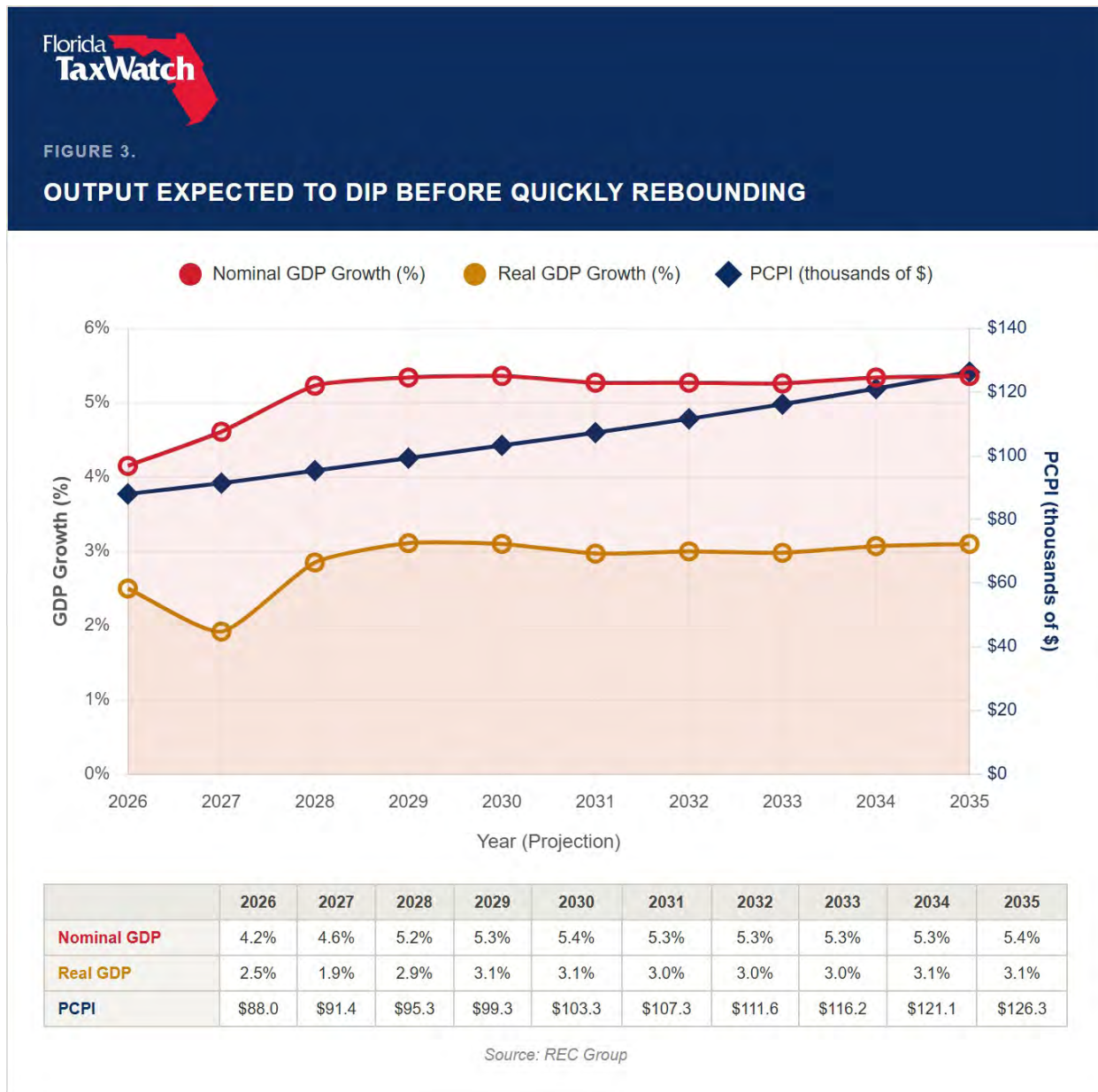
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Employment	10.1	10.2	10.4	10.5	10.7	10.8	10.9	11.0	11.2	11.3
Unemployment Rate	4.6	4.8	4.6	4.4	4.3	4.3	4.2	4.2	4.2	4.2

Source: REC Group

While the general movements from year to year are very similar to the previous report, there are some notable differences. The most notable is the average unemployment rate over the ten-year period, which has risen from 4.17 percent to 4.33 percent between reports. This likely comes as a result of the expectations for business slowdown in the face of rising costs, which leads to higher unemployment. The other notable point is that the peak of unemployment concerns has shifted where, instead of plateauing in 2027, unemployment is expected to further increase to the ten-year maximum.

GDP AND INCOME GROWTH

Population and employment levels ultimately impact a state’s total economic output, represented here through GDP and PCPI. While their levels are useful, their year-to-year growth tends to be a better indicator of the expectations of the underlying economy. As shown in Figure 3, real GDP growth is expected to be 2.5 percent in 2026 before dipping to 1.9 percent in 2027; however, from here Florida TaxWatch sees consistent output: growth immediately rebounds to 2.9 percent in 2028 and stays slightly above three percent for the rest of the period. PCPI shows similar output, expected to increase across the entire ten-year period from around \$88,000 to \$126,300, an average of five percent year over year. It should be kept in mind that this does not control for inflation, so actual purchasing power is still expected to increase but at a lower rate.

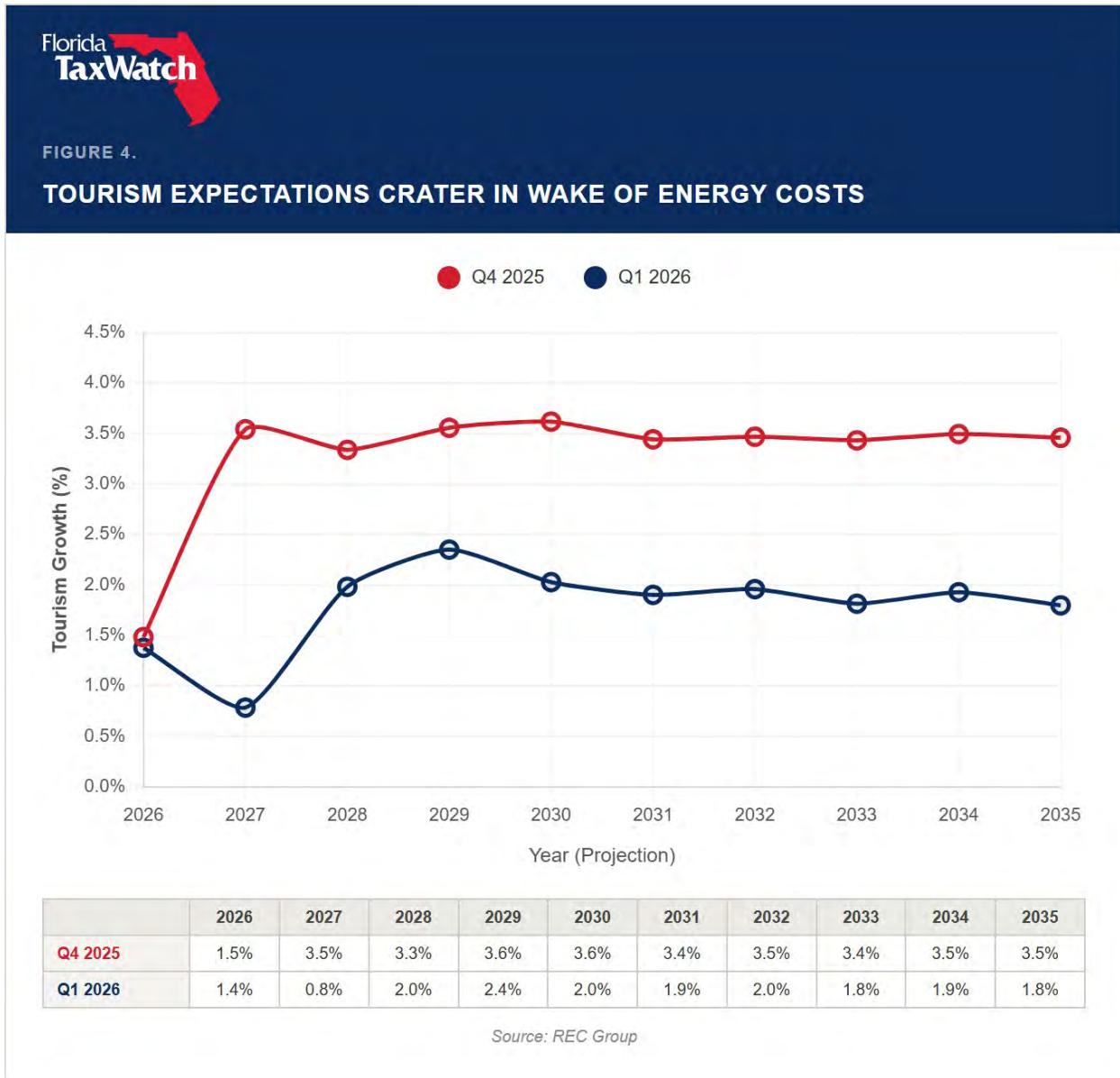


Both nominal and real GDP projections remained remarkably stable in the wake of recent supply chain shake-ups, a testament to Florida’s economic resilience. Real GDP growth estimates were revised an average of four percent upward in the 2030s from the last report, showing that Florida is prepared to weather the storm and come out stronger. On the other hand, total income projections suffered a similar fate to many of the other indicators, decreasing by an average of 10.3 percent since the previous report.



TOURISM

Tourism expectations were by far the indicator impacted the most between reports. While the total number of visitors each year is still expected to grow year after year, the projected amount by which it grows has been reduced. This was to be expected, as energy costs are a major input to transportation and tourism activities and will eventually be passed over to consumers, limiting what they can do with their budget. Unfortunately, the magnitude is sobering. Tourism growth expectations have shrunk by an average of 45.3 percent over the ten-year period, more than quadrupling the next closest indicator. Figure 4 shows how these changes vary year by year, cratering to a decade-low growth rate of 0.8 percent in 2027 before stabilizing around two percent by 2028.



FLORIDA VS. U.S. ECONOMY

Looking at Table 1, we can see that changes to national projections have some similarities, but mostly differences to Florida's. The changes since last report are recorded next to the raw statistics in the table. The unemployment rate has the most notable changes, with elevated levels throughout the next three years. Unlike Florida, however, income growth expectations have improved while economic growth prospects have worsened. Additionally, its new job growth is also stunted, likely a downstream effect of the GDP adjustments.

TABLE 1.
NATIONAL CHANGES FOLLOW STATEWIDE DIRECTION

	2026	2027	2028	2029	2030
U.S. Economic Growth (GDP) ⁸	2.2% (+0.8)	1.8% (-0.3)	1.8% (-0.1)	1.8% (-0.1)	1.8%
Thousands of New Jobs ⁹	271 (+52)	729 (-147)	429 (-351)	400 (-380)	400
Unemployment Rate	4.6% (+0.1)	4.5% (+0.2)	4.5% (+0.4)	4.3% (+0.2)	4.2%
Income Growth	5.5% (+0.9)	5.6% (+0.6)	5.2% (+0.6)	4.9% (+0.4)	4.7%

Source: Congressional Budget Office (CBO) and TD Economics

Florida's growth compared to the rest of the country follows a very similar path to these changes. More specifically, its GDP and new job growth greatly outpace that of the rest of the nation; however, the income growth and unemployment rate will likely be worse than the national average. It is worth noting that the national forecasts specifically assumed a quick end to the conflict in Iran, an assumption our model does not share, which likely leads to it representing a best-case scenario.

⁸ CBO, "Testimony on the Budget and Economic Outlook: 2026 to 2036," March 2026.

⁹ TD Economics, "Long Term U.S. Economic Outlook," May 2026.

SUMMARY

Overall, Florida's economic outlook, while hampered by current global events, still reflects some of the signs for optimism it gleamed at the end of 2025. Major macroeconomic indicators discussed through 2030 are summarized in Table 2. Once again, it is worth noting that both the underlying assumptions and model structures are different between our forecast and the various national ones used, especially considering the sensitivity of current events in these matters. If the Strait of Hormuz is quickly opened, Florida's forecast will likely correct course to previous ones. If not, the national forecasts will likely worsen similar to Florida's, with more intense unemployment and income growth damage.

TABLE 2.
FLORIDA EXPECTED TO TAKE A HIT BUT KEEP MOVING

	2026	2027	2028	2029	2030
Florida Economic Growth (GDP)	2.5% (+0.2)	1.9% (-0.6)	2.9% (+0.3)	3.1% (+0.6)	3.1% (+1.0)
Thousands of New Jobs	181 (-)	177 (-)	163 (-)	159 (-)	150 (-)
Unemployment Rate	4.6% (+0.2)	4.8% (+0.4)	4.6% (+0.2)	4.4% (+0.1)	4.3% (+0.1)
Income Growth	3.5% (-0.5)	5.2% (-1.2)	5.6% (-0.2)	5.3% (-0.4)	5.1% (-0.4)

Source: REC Group

Florida's resiliency in economic output and as a destination for business and residency outpaces much of the rest of the nation, reflected in its stubborn GDP and population growth. GDP growth, while taking a hit next year, is expected to stay strong and greatly outpace the rest of the nation through 2030; however, the labor market is expected to take a hit, reflected in the changes to the unemployment and income growth rate.

Truly, nobody knows for certain what is going to happen next with the Strait of Hormuz, easily the largest factor in this current forecast and the state of future ones this year. In these times of great uncertainty, it is best to anchor ourselves with what we know; Florida has been and will continue to be a bastion of opportunity and innovation for the rest of the nation. It has done so in times worse and shows no reason why it will not be the case here.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

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