State Economic Forecast

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New England

- Economic growth in New England is expected to rebound at a solid clip of 5.7% this year, broadly in line with the nation. Improved public health conditions will allow for continued reopening and stimulus from the latest fiscal package will further charge economic growth. The spread of COVID-19 has already slowed noticeably at the outset of 2021. The pandemic's health impact is expected to subside further as vaccinations continue. All states in the region are slightly ahead of the U.S. on this front. An outsized exposure to tourism for some of the region's smaller states will turn a headwind to a tailwind this year. With many of the easy gains to be reaped this year, growth in the region should decelerate to a still-decent 4.2% next year as the labor market recovery continues into 2022.

Middle Atlantic

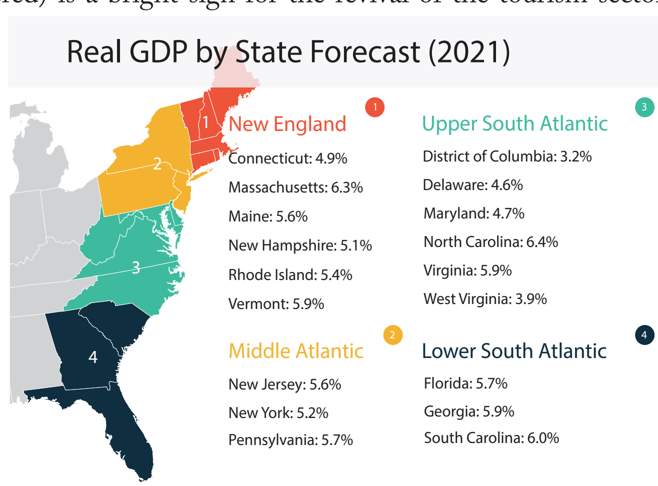
- After contracting by about 5% last year, the Mid-Atlantic economy is poised turn a corner this year. Growth is expected to accelerate to 5.4%, driven by a combination of improved public health conditions and stimulus through the American Rescue Plan. The latter will put money in consumer pockets but will also channel much-needed funds to the region's state and local governments. The badly bruised Empire State economy, and New York City in particular, stand the benefit from eased restrictions and a resultant rebound in tourism industries. Some of the pandemic's scars will take time to heal, with economic growth in New York expected to continue at an above-average rate of 4.8% next year as the economy continues to make up for lost ground. New Jersey and Pennsylvania, which suffered a less severe blow during 2020, have less catching up to do, and should see growth decelerate to just a little over 4% in 2022.

Upper South Atlantic

- The drastic reduction in COVID-19 infection rates has permitted the loosening of tough social restrictions that pinched growth in the Upper South Atlantic region in the fourth quarter of last year. The aggressive vaccination campaign (most of the region leads the national average on vaccines administered) is a bright sign for the revival of the tourism sector. Combined with the federal stimulus to shore up state and local government budgets, the groundwork for a robust recovery is in place. All told, the region is expected to grow by 5.4% in 2021 and 4.1% in 2022.

Lower South Atlantic

- Revival in tourism-reliant industries is on tap for the latter part of the year as the vaccine rollout surges ahead and provides a much needed lift for an industry still hurting. Meanwhile, completion of the expansion at the Port of Charleston leaves South Carolina ready to help facilitate a bounce-back in global trade. The dual positive impulses mean South Carolina is projected to grow by 6.0% in 2021, while Florida is forecast to experience a more moderate 5.7% rebound.



Source: TD Economics. Forecast as of March 2021.

For more on the national outlook please see our Quarterly Economic Forecast.

New England (CT, MA, ME, NH, RI, VT)

Connecticut: Recovery To Pick Up Pace

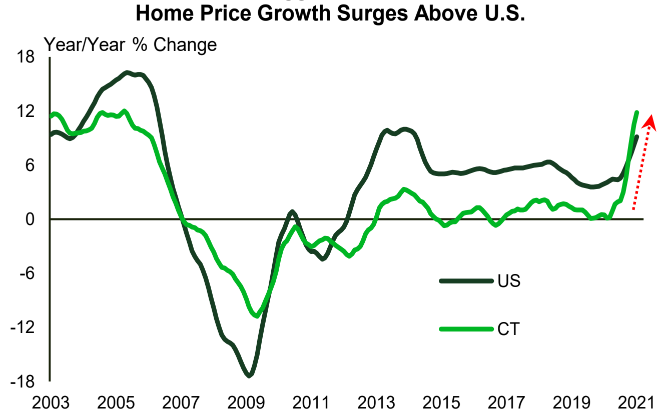
Connecticut's job recovery picked up steam through spring and summer of last year. Unfortunately, it lost momentum in the months that followed as a surge in COVID-19 cases took a heavy toll on the leisure and hospitality industry. The state's unemployment rate, which fell below the national average over the summer, has trended higher in recent months, holding at a little over 8%.

The good news is that COVID-19 cases and hospitalizations are trending down. The spread of new virus variants still poses a risk, but large swathes of the population are now being vaccinated. Connecticut is in the top five list in terms of the share of the population that has received at least one dose. Coupled with another major dose of fiscal stimulus, the Connecticut economy is expected to grow at a solid clip of nearly 5% this year. Improved economic growth will help support government coffers. The latest stimulus package, which will channel an estimated $4.5B to state and local governments, is an added tailwind.

Essential and online-related businesses have fared better during the pandemic. The state's transportation and warehousing industry is the only one where employment has moved well past its pre-crisis level (up over 13%). As the state economy reopens and consumers regain the confidence to get back to pre-COVID-19 activities, other consumer-related industries, such as leisure and hospitality, are poised to get a lift.

The narrative in the housing market is more nuanced. The inflow of residents from NYC provided a notable boost, with home price growth recording the fastest acceleration in the Northeast (Chart 1). A labor market on the mend will offer support to housing, but with the inflow of residents likely to abate and mortgage rates poised to grind higher, activity and price growth should slow to more sustainable levels later in the year.

Chart 1: After Sluggish Decade, Connecticut Home Price Growth Surges Above U.S.



Source: CoreLogic, TD Economics. Last observation: January 2021.

On the production front, companies that build submarines and helicopters continue to land large contracts. With productions pipelines set to remain busy for years to come, defense-related manufacturing is expected to remain an important growth contributor over the medium term. Meanwhile, knowledge-based industries, which have fared better-than-most during the pandemic, will lend a hand. The medical space appears to be a particularly bright spot. Connecticut ranks highly on bioscience patents per capita and has had success in attracting or spinning off biotech companies. The trend should continue. Sema4 (a health intelligence firm) will expand its presence in the state by up to 250 employees, marking a recent positive development in the space.

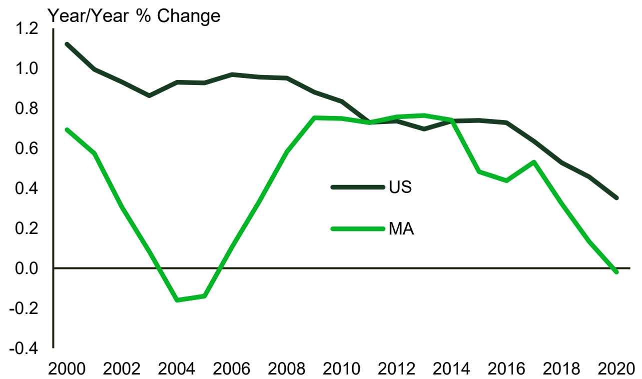
Massachusetts: Brighter Skies Ahead

Massachusetts' job recovery has been slower than average. Payrolls moved mostly sideways at the end of 2020, and despite recent gains, remain some 9% from the pre-crisis level (compared to 6% nationally). Restrictions have been more severe in the state, weighing on the leisure and hospitality sector, where payrolls are still down around 30% – among the worst showings in the region.

Despite a challenging labor market backdrop, there are signs of resilience. A better employment outturn in high value-added segments, such as professional and technical services and finance has meant that GDP has moved broadly in line with the nation. The state's housing market, meanwhile, has continued to pick up steam. This, despite a softer backdrop in the Boston core and population growth that dipped into negative territory last year (Chart 2). Changing housing preferences during the pandemic have favored the single-family market. The rapid draw down of inventory (down 64% in January), has led builders to ramp up the production of single-family homes.

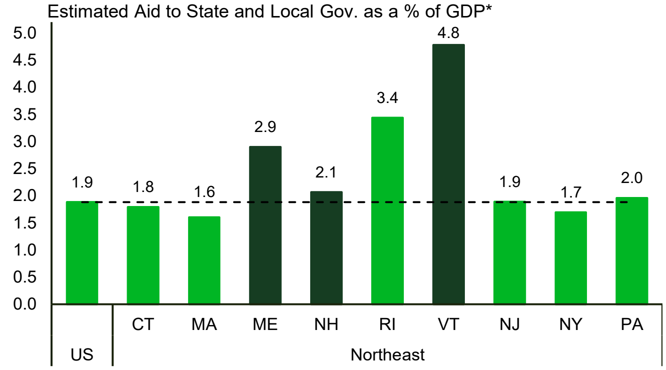
The Bay State economy is looking at brighter skies ahead, with economic growth projected to rebound over 6% this year and 4% next. Rising business confidence affirms the positive narrative. The spread of COVID-19 has slowed noticeably in recent months. Meanwhile, vaccinations continue at an accelerating clip, with Massachusetts among the top ten most vaccinated states. As health con-

Chart 2: Massachusetts Population Growth Dipped into Shallow Negative Territory Last Year



Source: Census Bureau, TD Economics. Data as of December of each year.

Chart 3: Fiscal Package Delivers Above-average Aid to Smaller New England States



*Q3-2020.
Source: House Committee on Oversight and Reform, TD Economics.

ditions improve, remaining business restrictions will be phased out. Consumer-related industries, especially the leisure and hospitality industry, stand to benefit most from this long-awaited return to normal.

A heavy tilt toward new-economy industries will continue to support growth. The state's biopharma industry experienced its best funding year on record in 2020. Moderna's COVID-19 vaccine success story shines a light on strengths in this area. Bristol Myers Squibb's expansion of a new cell therapy manufacturing facility marks another positive development in the space. Overall venture capital funding in the state was up over 50% in 2020, which means that many other sectors besides healthcare (i.e. tech), continued to attract capital during the pandemic. The rise of remote work may limit some of Boston's allure, but tech giants remain committed to ambitious expansion plans in the metro. Amazon, for instance, is expanding its presence in Boston with a new office and some 3,000 corporate and tech jobs.

Maine, N.H., Vermont: Here Comes The Sun

The spread of the COVID-19 surged to all-time highs toward the end of 2020 in Maine, New Hampshire (N.H.) and Vermont, slowing their job recoveries to a crawl. Maine and N.H. are keeping pace with the nation with respect to the job recovery. Vermont, which suffered a more severe blow earlier in the pandemic, is further behind. Still, at a little over 3%, Vermont's jobless rate is among the lowest in the country. However, this overstates labor market progress in the state, given an outsized pullback in the labor force.

This year should be a big turning point for the New England trio, as improving public health conditions and the latest fiscal package help supercharge the recovery. An overexposure on the leisure and hospitality industry, which stands to benefit the most from these trends, will turn from a headwind to a tailwind. An improvement in cases and declining hospitalizations have already been accompanied by reduced restrictions across all three states. N.H., which recently allowed retailers to operate at 100% capacity and removed out-of-sate quarantine restrictions, is pushing further ahead. More easing is in the cards as larger parts of the population are vaccinated. All three states are ahead of the U.S. average on this front.

Several other industries are poised to offer support. The positive trend in the housing market, for instance, has more room to run. Strong demand, helped by an inflow of residents from other parts of the country, and a tight inventory backdrop, have led to a surge in price growth. Prices were up about 15% year-on-year (y/y) across the board at the start of the year. Homebuilding activity has picked up as a result and is particularly strong in Maine, with building permits up around 80% y/y in January.

The healthcare industry should also lend a hand. As the pandemic abates visits to healthcare providers should pick up measurably. The expansion of MicroGEM (diagnostics) in N.H. and Southwestern Vermont Medical Center mark positive developments in the space.

All told, growth will be solid and should top 5% across all three states this year. The badly bruised Vermont economy is likely to expand at a slightly faster clip, given that it has more easy gains to reap in the near-term. An outsized windfall to its state and local governments will also help (Chart 3). However, N.H. remains in better overall shape, and is likely to outperform further out, thanks to its high-tech tilt and a stronger demographic backdrop.

Middle Atlantic (NJ, NY, PA)

New Jersey: Brighter Skies

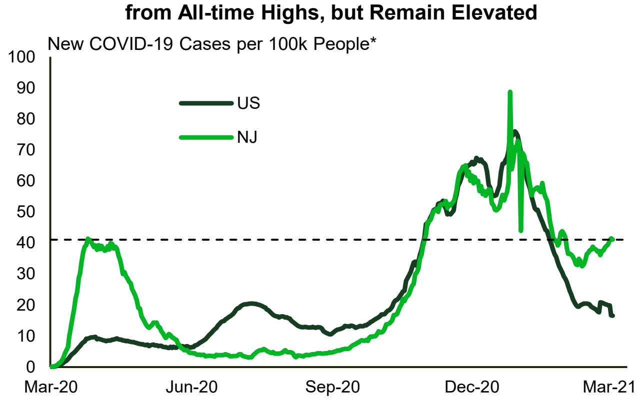
Economic activity slowed in the Garden State toward the end of last year as the third wave of COVID-19 hit. The health emergency turned a positive corner early this year, as new cases trended down. Nonetheless, the virus' spread is near the same level that it was last spring during the height of the first COVID-19 wave (Chart 4). Fortunately, hospitalizations and deaths are well below the highs experienced last April, allowing for an easing of restrictions. Of note, the Garden State is slightly ahead of the country on vaccinations.

Indoor and outdoor gathering limits doubled in mid-March and number of close-contact establishments, such as bars, restaurants, gyms and casinos, were allowed to operate at an increased capacity of 50%. New Jersey's consumer-related industries stand to benefit as more restrictions are lifted. The latest stimulus package, meanwhile, will be an added tailwind as it channels more money to consumers through the summer.

In the meantime, the booming housing market likely has more room to run. Homes sales shot higher in the second half of 2020, buoyed by low mortgage rates and an inflow of residents from NYC. Strong homebuying activity ate into inventory and bid up prices. Home price growth (10% y/y) surged past the U.S. average recently, for the first time since housing crash. With inventories down 44% at the start of this year and the labor market poised to continue healing, homebuilding should remain elevated this year.

Health-related industries and logistics will similarly add to growth. A close concentration of pharmaceutical companies has meant that New Jersey has picked up due to the fight against COVID-19. Examples include firms like Becton Dickinson in the diagnostics space, or Merck, which will produce the single-shot vaccine of Johnson & Johnson, yet another NJ-based firm. A combination of stronger global growth prospects and an increase in online shopping bodes well for the state's expansive logistics industry.

Chart 4: New Jersey COVID-19 Cases Have Fallen from All-time Highs, but Remain Elevated



*7-day moving average.
Source: Johns Hopkins U., TD Economics. Last observation: March 16, 2021.

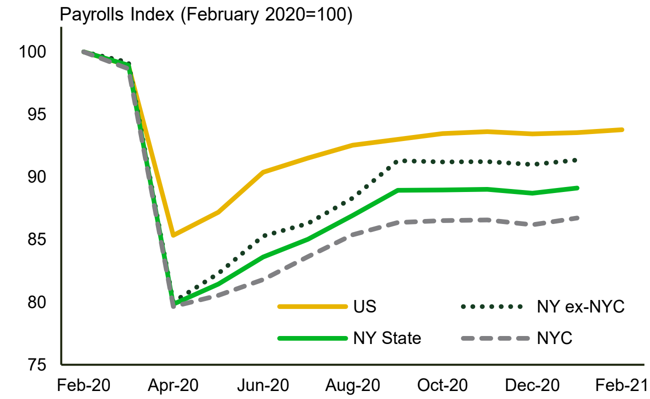
The aid that the latest stimulus package will deliver to state and local governments will also help. The state's fiscal position was in better footing than initially feared even before the latest federal stimulus package was passed, thanks to better-than-expected tax revenues during the pandemic. In this vein, a recently proposed state budget aims to raise spending by nearly 9%. The budget includes no new taxes, but will provide $500 rebates checks to families and fully fund the state pension program for the first time since 1996. Ultimately, the windfall from the latest stimulus package, estimated at $10.2B, will make it easier for governments to achieve growth-friendly objectives. All things considered, the Garden State economy is projected to expand at a solid clip of 5.6% this year and 4.2% next.

New York: The Worst is Likely Over

New York's job recovery lost steam at the end of last year as COVID-19 cases surged to an all-time high. The state continues to have one of the worst showings on the East Coast, with payrolls down over 10% from the pre-crisis level. The Big Apple trails further behind (Cart 5). Fortunately, new COVID-19 cases have fallen recently, but the spread is still higher than the national average. As such, the Empire State has been slower to remove restrictions.

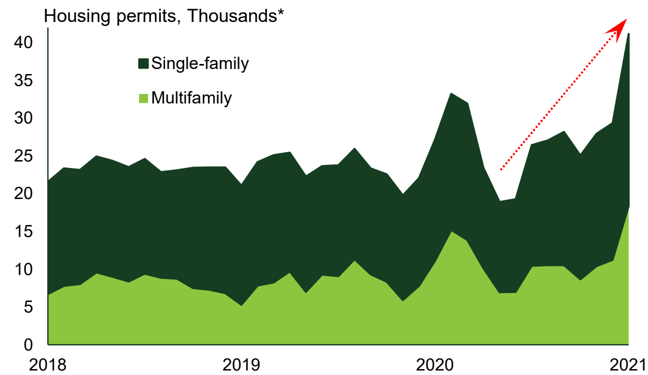
The better news is that the Empire State is slightly ahead of the nation on vaccinations. Improving public health conditions should lead to a change in fortunes this year. The leisure and hospitality industry stands to benefit from eased restrictions and the latest stimulus package. Indoor dining in NYC resumed at 25% of capacity in February, with that threshold recently lifted to 50% for NYC and 75% in the rest of the state. An abundance of unique cultural, entertainment and gastronomical institutions in NYC should allow for a faster recovery of this sector as the world finally moves back to normal. This will improve the allure of the Big Apple and should help ease population hemorrhaging. Lower dwelling costs may also lend a hand by improving affordability for prospective residents.

Chart 5: New York's Job Recovery Trails Behind



Source: BLS, TD Economics.

Chart 6: Pennsylvania Homebuilding Picks up pace, with Single-family Homes Favored



*Seasonally Adjusted Annual Rate (SAAR). 3-month moving average.
Source: BEA, Moody's, TD Economics.

While the rise of remote work will be a challenge to the office and multifamily markets, New York's strengths in areas such as professional and technical services, should continue to support economic activity. In a show of commitment to the Big Apple, major tech companies, such as Apple, Facebook, Google and Amazon, have continued to snap up commercial space. Google plans to invest at least $250M in NYC this year. Meanwhile, Amazon, which added nine new warehouses in city in the past year, plans to add 2,000 jobs at its tech hub in the Lord & Taylor building.

Large scale redevelopment and construction projects, such as those at LaGuardia and JFK (20k jobs), will help absorb some of the slack in NYC's construction sector. The upstate housing market, meanwhile, continues to run hot, with sales, prices and single-family starts all pointing higher in recent months. A number of electricity-related projects throughout the state (totaling $1.5B) will offer additional support. All told, the New York economy is projected to expand at 5% on average over the next two years.

Pennsylvania: Strong Rebound Ahead

Like many states, the Keystone State economy lost steam toward the end of the year as COVID-19 surged. Fortunately, the state managed to avoid earlier spikes and with less exposure to tourism activities, employment has held up better than its Mid-Atlantic neighbors.

Economic growth is expected to rebound at a healthy clip of 5.7% this year, thanks in part to the latest stimulus package, which will channel almost $14B to the state and local governments, among numerous other support measures.

The public health situation has improved markedly this year, with new COVID-19 cases, hospitalizations and deaths all trending lower. Given this, the state has taken steps to reopen the economy. Recent measures have included raising capacity limits on indoor and outdoor events to 15% and 20% respectively and lifting restrictions on out-of-state travel. Several restrictions remain in place, such as a 25-50% capacity limit on indoor dining, but more easing is in the cards as vaccinations pick up. Pennsylvania is moving broadly in line with the country on these fronts.

As the health crisis eases, high-contact consumer-related industries will see the biggest rise in activity. The American Recovery Plan will be an added tailwind to consumer spending. The housing market, which has had a solid ride since last summer, meanwhile, should continue to perform well as labor market healing continues. The health crisis has tilted demand toward single-family homes, a trend that has been reflected in building activity (Chart 6). Still, rapid price growth (currently 10% y/y) and rising interest rates are likely to lead to a gradual slowing in activity later in the year.

Besides shifting housing preferences, the health crisis has also changed the way Americans shop. The shift to online shopping is likely to have some staying power, even as the economy reopens. This bodes well for the state's logistics industry, which is the only sector to have already recouped all of the jobs lost during the pandemic. Capacity-expanding investment at the PhilaPort, including a new $42M warehouse, suggest that the port is well-positioned to attract more business as global trade rebounds.

Pennsylvania's healthcare industry will continue to advance. Prior capacity-improving investments will continue to bear fruit, with Penn Medicine's $1.5B hospital, which will open this year, a prime example. Grand View Health's plan to build a new hospital, meanwhile, marks yet another positive development in the space.

Upper South Atlantic (DC, DE, MD, NC, VA,WV)

Delaware: Shaking off the Winter

The First State saw job growth hit stall speed in the fourth quarter as COVID-19 cases surged and Governor Carney imposed another lockdown. Fortunately, payrolls returned to growth in January, and, while the unemployment rate ticked higher, this was mitigated by the entry of 5k people into the labor force, the first increase of over 1k since July.

Payrolls were still 5% below their January 2020 peak one year later, having recouped roughly two thirds their losses. A healthy performance by the finance and insurance industry has helped offset the deficit in other high-touch industries (notably accommodation and food services and healthcare and social assistance). Another bright spot has been the resiliency of the retail sector. Retail, which represented more than one in ten jobs in the state before the pandemic, had recovered 81% of its employment losses by January, despite the renewed shutdown.

As winter turns to spring, the outlook has brightened considerably alongside the herculean vaccination effort. Roughly 22% of the Delaware population has received at least one dose of the vaccine (slightly ahead of the national average) and weekly newly identified cases have dropped 76% to 144.5 (per 100k people) as of March 12th from a high of 591.2 in early December.

Improvement on the public health front has allowed stay at home orders to be loosened and indoor COVID-19 restrictions were lifted on February 19th. While the restrictions early in the first quarter will weigh on growth, they should be reversed in the second quarter, as plummeting case counts and the vaccination campaign allow for greater mobility and the continued reopening of high-touch industries.

The outlook also looks bright for the state's healthcare sector as the reduced COVID-19 burden should allow for the resumption of higher-margin elective procedures. Combined with the relief for state and local governments in the stimulus bill, two of the sectors hardest hit by the pandemic are on the verge of a substantial turnaround.

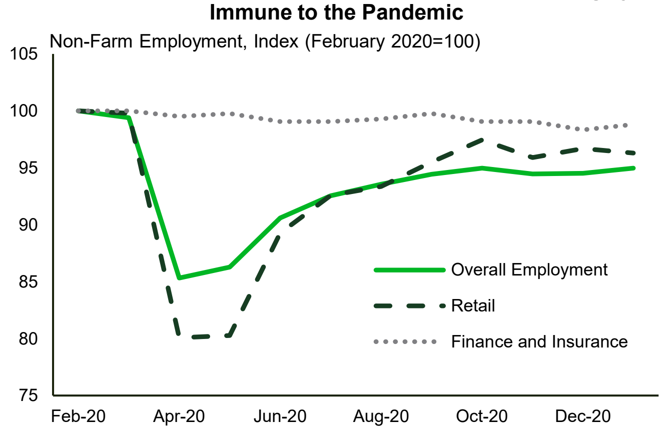
All told, following an 4.0% decline in 2020, we expect Delaware's economy to rebound by 4.6% in 2021 and 2.9% in 2022.

D.C.-Maryland-Virginia: Getting Better All the Time

After a brief pullback in December, the DMV region added 20k jobs in January. The virus surged in late 2020, inducing another round of shutdowns, but we do not anticipate it to have many lingering effects as mass vaccinations put the virus on its heels.

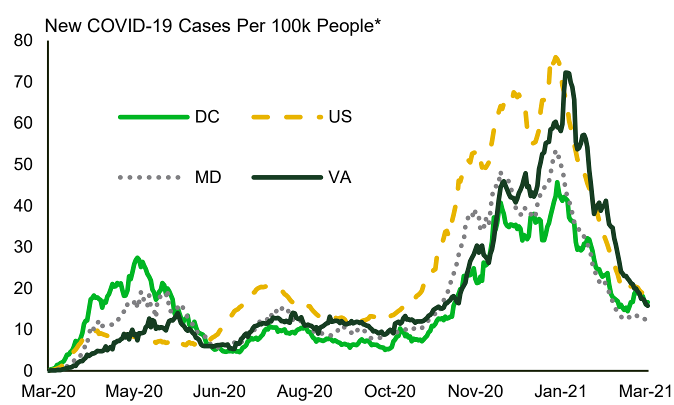
D.C. has shown progress in re-opening its economy, for example moving to resume in-person learning as of February. However, the District has fallen behind the nation in terms of vaccination rates (with only 19% of the population vaccinated as of mid-March, compared to the 22% nationally). As case counts recede and vaccine availability improves, the gradual reopening of the local economy (and its critical tourism sector) will provide a significant lift to growth into the third and fourth quarters of the year. Losses in food services and accommodation and hospitality account for 45% of the jobs still missing, so

Chart 7: Delaware's Finance and Insurance Sector Largely Immune to the Pandemic



Source: Bureau of Labor Statistics, TD Economics.

Chart 8: Third Wave Hit Hard, but Worst Is over in DMV



*7-day moving average.
Source: Center for Disease Control, Moody's, TD Economics. Last observation March 7, 2021.

the coming resumption in travel and tourism will be critical for the recovery.

As the global economy turns the corner, completion of the expansion of the Port of Baltimore this summer will provide an added lift from the logistics industry in Maryland. Indeed, the Port reported a large jump in auto volumes to start 2021, and while poor weather weighed on overall volumes, these should turn positive as the global recovery gains steam. A stronger global rebound in trade is an upside risk to our forecast and would bode especially well for employment and production in Maryland.

Meanwhile, good news is on the horizon for Virginia, as the evening curfew, as well as gathering limits, were lifted as of March 1st. State finances are also looking up. The state recently updated its two-year budget forecast, upgrading its revenue projections by $730M over the next two years as economic data has come in better than expected. Virginia will also benefit from the infusion of Federal funds, with roughly $3.8B being sent directly to the state. The cash infusion will represent an additional 14.9% boost to the Commonwealth's coffers above expected tax revenues. These funds should help support state payrolls that are still 4% below their pre-crisis levels (and comes on top of $2.9B for local governments whose payrolls are still 7% below pre-crisis levels).

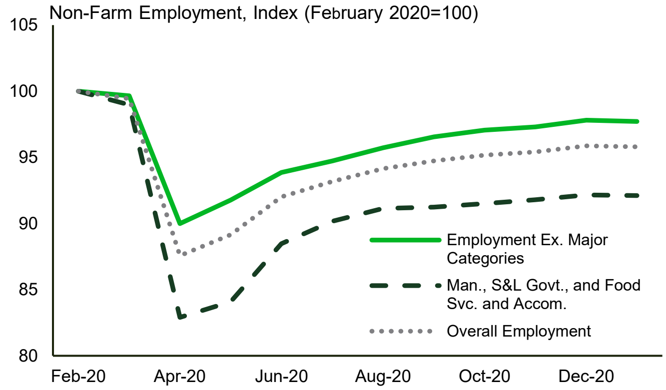
Overall, fiscal stimulus will be the rising tide that lifts all boats and we expect Virginia to lead the way for the region with a 5.9% GDP expansion in 2021, followed by Maryland at 4.7% and lastly the District (where GDP was more resilient through the crisis) at 3.2%.

North Carolina: Ready to Rebound

After adding jobs through the fall, the labor market in the Tar Heel State took a step back in January, shedding 3k positions. In fact, while the unemployment rate dipped to 5.9% (the lowest rate since the start of the pandemic), this was accompanied by a contraction in the labor force (the first since August). January represented a setback, but all signs point to a recovery set to gain steam.

Financial services and transportation and warehousing are leading the jobs recovery, having surpassed their pre-crisis peaks by the end of last year. In fact, though overall payrolls in the state are still 4% lower than before the crisis, nearly two thirds of the slack is attributable to losses in only three sectors: manufacturing, state and local government, and accommodation and food service.

Chart 9: Nearly Half of North Carolina's Employment Losses Are Concentrated in Just Three Sectors



Source: Bureau of Labor Statistics, TD Economics.

Fortunately, capacity limits on indoor venues and curfews were lifted at the end of February, meaning strength likely built through the first quarter. Restaurant workers began receiving vaccinations March 10th, and with the curfew now lifted and bars allowed to reopen (albeit at reduced capacity), we should start to see an improvement in the accommodation and food services sector in the coming months.

Teachers and school staff became eligible for vaccines on February 24th and the few remaining school districts that are still closed should reopen in the next several weeks. Government budgets will also get help from the recent stimulus bill, with the state due to receive nearly $5.3B, while local jurisdictions are due another $3.4B. These funds should help pave the way for a strong employment recovery in 2021.

The housing market has remained tight through the pandemic with demand resiliency a key theme. The median sales prices in Charlotte and the Triangle region posted gains of 12.9% and 7.4% year-on-year, respectively, in January 2021, only marginally stronger than January 2020's showing of 10.4% in Charlotte and 6.1% in the Triangle Region. The sustained healthy demand has eroded months' supply of inventory down to just 0.7 in both regions as of January. We expect the trend to moderate slightly this year with prices rising another 8.6% overall in 2021.

All told, we expect North Carolina GDP to expand by a healthy 6.4% in 2021 and 4.6% in 2022.

Lower South Atlantic (SC, FL)

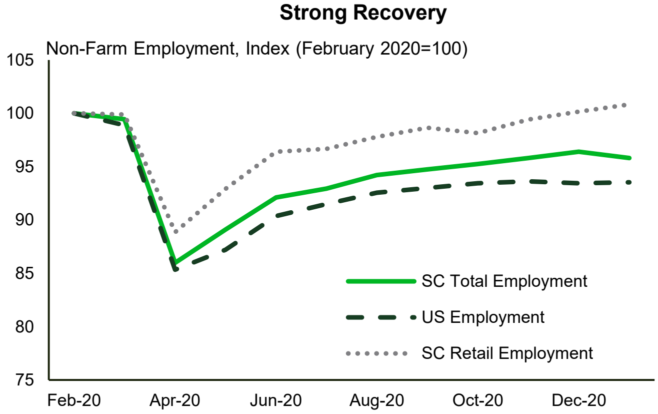
South Carolina: Plenty of Reasons for Optimism

The Palmetto state's labor market has weathered the COVID-19 storm better than the rest of the country. Total payrolls are 4.3% below their 2020 peaks, and have recouped 70% of their losses, compared to 58% nationally. While the unemployment rate ticked up to 5.6% in December, it pulled back to 5.3% in January, the lowest reading since the start of the crisis. This outperformance should not come as a surprise given relatively loose restrictions compared to other parts of the country. While vaccination in the Palmetto state (20.7% of the population has received their first dose) is slightly behind the rest of the country, the continued aggressive national strategy and push towards reopening will benefit the state.

South Carolina's manufacturing sector has suffered in much the same way as the rest of the country with January payrolls down 4.2% from the prior year, (compared to the 4.5% nationally). Hours worked have recovered for manufacturers (40.7 per week in January) and for consumer durables producers specifically (41.2 in January) with both slightly lagging the national trends in January (41.5 and 41.8, respectively). Weekly hours at pre-crisis levels indicate that productive capacity is being maintained and forms a bright spot for the state's auto manufacturers looking to take advantage of a recovery in global trade.

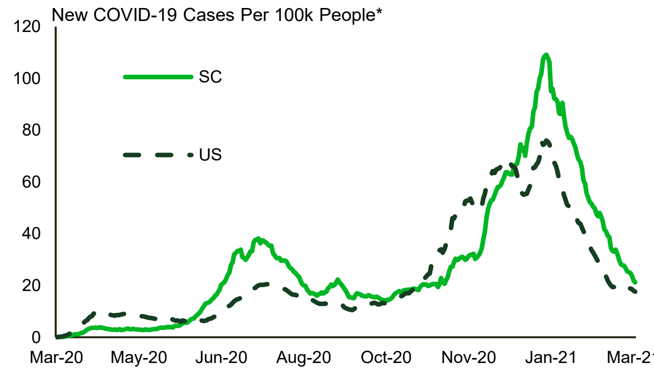
Volvo Cars, which had initially planned to use their Ridgeville facility to produce sedans for export and domestic markets are committing to produce the coming all-electric XC-90 SUV (and its gasoline powered counterpart) at that location. This should cement the role of the company's sole U.S. production facility in executing its vision of an entirely electric fleet by 2030 by delivering the SUV product U.S. consumers prefer.

Chart 10: South Carolina's Retail Sector Continues Strong Recovery



Source: Bureau of Labor Statistics, TD Economics. Last observation: January 2021.

Chart 11: COVID-19 Case Rates Have Drastically Declined in the Palmetto State



*7-day moving average.
Source: Center for Disease Control, Moody's, TD Economics. Last observation March 7, 2021.

Going forward, major infrastructure investments should provide a boon to the state's economy. The first phase of the $2B dollar Hugh K. Leatherman Terminal at the port of Charleston opened in March 2021, and as the only new permitted container port developed in the U.S., it is expected to be able to handle the larger classes of ship passing through the Panama canal (after its most recent upgrades). Recovering global trade volumes over the course of this year will be especially constructive for the local logistics industry.

Like much of the rest of the country, the housing market has been on an absolute tear in South Carolina, with sales up 19.2% y/y, median prices up 15.9% and days on market down 23.5%. The tight housing market should continue to provide support for construction employment as the crisis moves into the background.

Employment in the accommodation and food service sector is still hurting (still 12% below its pre-crisis level). Restrictions on alcohol sales have been lifted as of March 1st offering a measure of reprieve for the food service sector as the race towards comprehensive inoculations continues.

Overall, we see GDP in South Carolina expanding by a robust 6.0% in 2021, bringing the unemployment rate below 3.0% by the end of 2022.

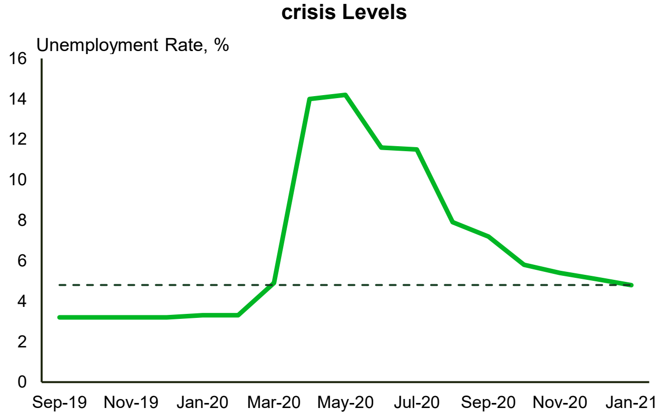
Florida: Tiptoeing Towards Normal

The Sunshine state has continued down the road to recovery, as the unemployment rate receded to 4.8% in January, just 1.5 percentage points above its pre-recession level. Equally encouraging was that both the labor force and household employment recorded three consecutive months of expansion. There is still plenty of room for recovery, as tourism-dependent industries continue to struggle, accounting for nearly half of the jobs still missing since the start of the pandemic. The decline in COVID-19 cases has allowed for a gradual recovery in overall employment, but a rebound in the highly-important hospitality sector will be crucial for the revitalization of the state's economy.

The longer-term outlook is decidedly sunny, but it will take time to get there. In an effort to limit another surge in COVID-19 cases, new restrictions have been imposed in some jurisdictions. This is not great news for tourism sector still hurting, with hotel demand down 25% year-on-year as of the end of February. These numbers will begin to turn higher over the next several weeks but will remain soft until the vaccination campaign allows for the return to economic normalcy nationwide. The delayed return to the status quo is reflected in American Airlines recently announcing 1,000 employees at Miami International Airport will be furloughed as of April 10th.

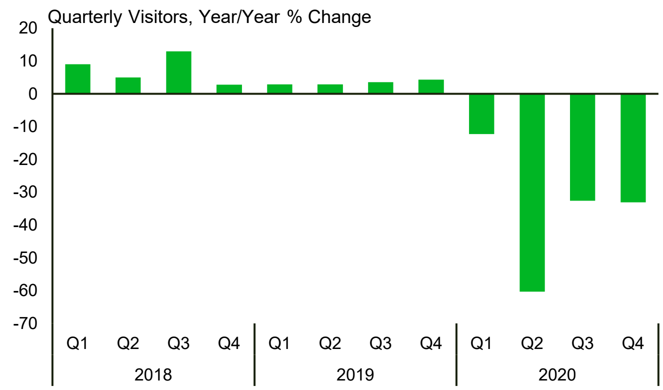
Despite some setbacks, the news of vaccine rollouts, slowing infections and other positive indicators are reason for optimism. For instance, Disneyworld reported selling out for spring break (while still operating below capacity). And though some jurisdictions, like Miami Beach, are enforcing enhanced social distancing measures, there is still an expected influx of tourists. Still, full recovery is a late-2021 early-2022 story. Disney, for instance, does not realistically anticipate resuming cruises before the fall.

Chart 12: Florida's Unemployment Rate Approaches Pre-crisis Levels



Source: Bureau of Labor Statistics, TD Economics.

Chart 13: Florida's Tourism Demand Remained Severely Depressed Through 2020



Source: VisitFlorida.org, TD Economics.

On that front, 21.1% of the population has received at least one dose of a vaccine. As of March 3rd, K-12 school employees, police officers and firefighters over 50 became eligible for the jab.

The housing market has continued to rip. Single Family sales are up 18% y/y, median prices up 15.1%, and months' supply has been sliced to just 1.6 months (from 3.4 the prior year). A similar story holds in the condo market with sales (+24.6% y/y), median prices (+15.0% y/y) and months' supply (-20.5% y/y) all flashing signs of robust demand and tight market conditions.

The impressive job market performance would have been a boon to most state finances; however, Florida relies on sales taxes for roughly 60% of its revenues (as of 2019). As a result, state finances have emerged worse for wear from the crisis. Indeed, while most U.S. states have weathered the crisis quite well, the Sunshine state's tax revenues are expected to be 7.8% below where they were in calendar 2019 according to estimates by the Urban Institute. So, the American Rescue Plan could not have come at a better time. Florida is projected to receive just over $17B in transfers (with $10B going to the state directly), more than doubling the projected revenue shortfall.

With shored up state and local finances and continued vaccine rollout contributing to the recovery in the important travel sector, Florida should see robust GDP growth of 5.7% in 2021, followed by an equally impressive 5.0% in 2022.

TD State Forecasts															
States	Real GDP (% Chg.)			Employment (% Chg.)			Unemployment Rate (average, %)			Home Prices (% Chg.)			Population (% Chg.)		
	2020	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
National	**-3.5**	**5.7**	**4.3**	**-5.7**	**2.6**	**3.8**	**8.1**	**5.7**	**4.1**	**5.6**	**8.6**	**4.5**	**0.3**	**0.2**	**0.4**
New England	**-4.2**	**5.7**	**4.2**	**-8.3**	**3.4**	**4.3**	**8.1**	**5.7**	**3.7**	**6.1**	**9.2**	**3.5**	**0.0**	**0.0**	**0.1**
Connecticut	-4.4	4.9	3.9	-7.7	2.8	3.7	7.9	6.3	4.6	4.3	10.0	3.5	-0.3	-0.2	0.0
Massachusetts	-3.9	6.3	4.3	-9.0	3.7	4.7	9.0	6.2	3.6	5.5	8.6	3.4	0.0	0.0	0.2
Maine	-4.2	5.6	3.8	-6.4	3.4	3.6	5.5	4.5	3.3	9.2	10.3	3.5	0.3	0.2	0.2
New Hampshire	-4.8	5.1	4.3	-6.6	3.6	4.2	6.7	3.2	2.7	8.0	9.3	3.6	0.4	0.4	0.4
Rhode Island	-4.5	5.4	4.3	-8.8	2.8	3.9	9.5	6.2	4.3	8.1	9.1	3.8	-0.1	-0.1	-0.1
Vermont	-5.5	5.9	4.1	-9.4	3.2	4.0	5.6	3.0	2.7	6.2	9.2	2.9	-0.1	-0.1	0.0
Middle Atlantic	**-5.1**	**5.4**	**4.6**	**-9.1**	**3.2**	**4.7**	**9.7**	**6.7**	**4.6**	**3.4**	**6.9**	**3.5**	**-0.4**	**-0.4**	**-0.1**
New Jersey	-4.1	5.6	4.2	-8.3	3.4	4.4	9.8	6.8	4.9	5.1	8.4	3.6	-0.1	-0.1	0.0
New York	-5.9	5.2	4.8	-10.3	3.3	5.1	10.1	7.1	4.7	1.7	5.8	3.4	-0.6	-0.7	-0.2
Pennsylvania	-4.3	5.7	4.3	-7.6	3.0	4.3	9.1	5.9	4.2	5.5	7.7	3.6	-0.1	-0.1	0.0
Upper South Atlantic	**-2.6**	**5.4**	**4.1**	**-5.3**	**3.6**	**4.2**	**7.0**	**5.2**	**3.9**	**5.5**	**7.8**	**4.3**	**0.5**	**0.2**	**0.5**
District of Columbia	-1.4	3.2	3.2	-6.3	1.6	4.1	8.1	7.1	5.5	4.1	5.2	4.2	0.6	0.3	0.5
Delaware	-4.0	4.6	2.9	-5.9	4.0	3.4	7.9	4.8	3.7	5.1	7.5	4.1	1.0	0.7	0.7
Maryland	-2.6	4.7	3.5	-6.8	3.0	3.1	6.8	5.6	4.1	4.4	7.6	4.2	0.0	-0.1	0.1
North Carolina	-2.4	6.4	4.6	-4.3	4.1	4.5	7.4	5.3	4.1	6.4	8.6	4.5	0.9	0.7	0.9
Virginia	-2.5	5.9	4.7	-5.0	4.0	5.1	6.3	4.5	3.2	5.6	7.7	4.4	0.4	0.1	0.4
West Virginia	-5.5	3.9	3.0	-6.6	2.6	2.8	8.4	5.9	5.1	5.6	7.9	3.1	-0.6	-0.7	-0.7
Lower South Atlantic	**-2.9**	**5.8**	**4.7**	**-5.0**	**3.8**	**5.7**	**7.2**	**4.3**	**3.6**	**5.9**	**8.5**	**5.5**	**1.0**	**0.8**	**1.0**
Florida	-2.8	5.7	5.0	-5.2	3.6	6.2	7.9	4.2	3.7	5.8	8.1	5.3	1.1	0.8	1.1
Georgia	-2.5	5.9	4.4	-4.7	3.9	5.2	6.6	4.5	3.6	6.1	9.9	6.5	0.8	0.6	0.8
South Carolina	-4.2	6.0	4.4	-5.0	4.4	5.1	6.2	4.5	3.3	5.7	8.0	5.0	1.2	1.0	1.1

Source: BEA, BLS, Census Bureau, CoreLogic, TD Economics. Forecasts by TD Economics as at March 2021.

Disclaimer