

State Economic Forecast

September 22, 2026

New England

New England entered 2026 with uneven momentum, but financial services, defense manufacturing, health care, and productivity gains are helping offset headwinds from higher energy prices and tighter financial conditions. We expect regional economic growth of 2.0% in 2026, led by Massachusetts and New Hampshire, before slowing to 1.7% in 2027. Aging demographics, reduced immigration, and continued domestic outmigration are restraining labor force growth, which should keep the labor market tight despite muted hiring. Tight inventories continue to support home values, although affordability pressures should slow price growth from 3.5% in 2026 to 2.7% in 2027.

Middle Atlantic

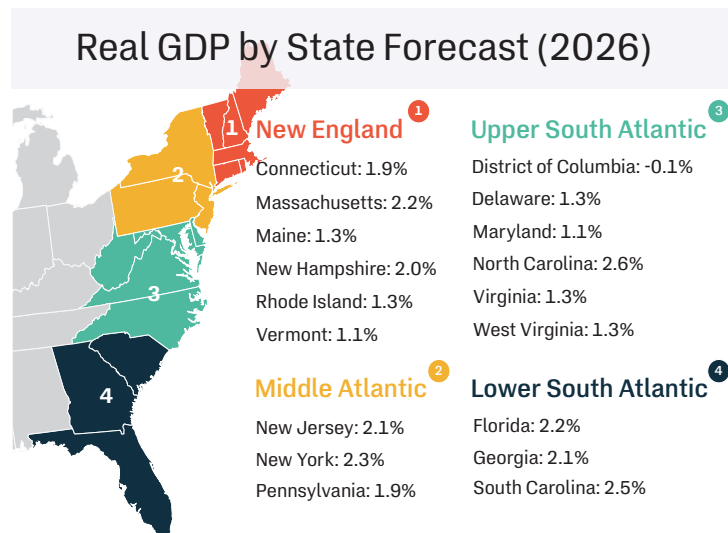
Economic growth in the Middle Atlantic has remained firm in 2026, supported by finance, technology, professional services, improving manufacturing activity, and investment tied to artificial intelligence. We expect regional growth of 2.1% this year before it moderates to 1.7% in 2027, with New York providing the strongest near-term contribution. Hiring has been comparatively subdued and uneven across surveys, but slower labor force growth should keep the unemployment rate broadly stable. On housing, tight supply and affordability pressures should slow home-price growth from 2.9% in 2026 to 2.2% in 2027.

Upper South Atlantic

Economic activity in the Upper South Atlantic is forecast to trail the national pace at 1.6% this year, but accelerate to 2.0% in 2027 as headwinds dissipate. Performance is likely to remain uneven. North Carolina should lead this year, supported by broad-based hiring, decent population growth and a healthy investment pipeline. The DMV is stabilizing as the drag from federal retrenchment fades, but Virginia and Maryland are likely to underperform the nation, while D.C. records an essentially flat outcome. Regional unemployment should average 3.9% this year, but trek lower later in the year, reflecting slower labor-force growth alongside some improvement in hiring. Elevated borrowing costs should keep housing activity subdued, with home-price growth holding near 1.5% through 2027.

Lower South Atlantic

The Lower South Atlantic should match the nation this year before regaining an edge, with growth of 2.2% in 2026 and 2.3% in 2027. South Carolina is the standout, supported by demographic tailwinds and a rich investment pipeline. Florida is moderating as softer migration, flat domestic tourism and an uneven housing market limit momentum, although the investment outlook provides support. Signals from Georgia's labor market remain mixed, but a diversified investment outlook provides runway for improvement. Regional unemployment is forecast to decline from 4.3% this year to 3.9% in 2027, while regional home-price growth improves from nearly flat to 1.3%, with Florida weighing on the 2026 result.



Source: TD Economics. Forecast as of September 2026.

For more on the national outlook please see our [Quarterly Economic Forecast](#).

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

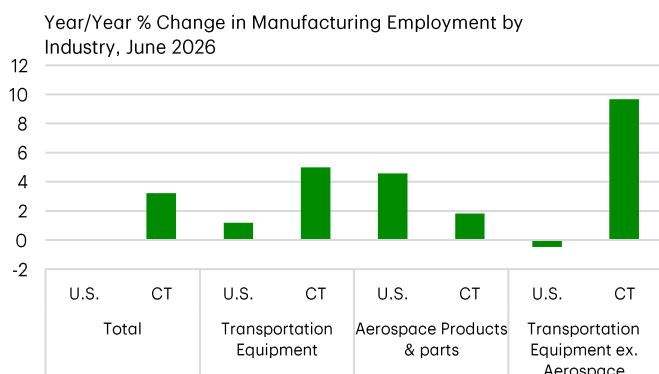
Connecticut: Higher Defense Spending Bolstering Local Economy

Connecticut enters the fall with a resilient industrial base that helped real GDP growth hit 3.1% year-on-year in the first quarter - the strongest in the region. More recent indicators suggest that momentum has been sustained, with retail activity strengthening through June and defense-related production benefiting from a growing order book. We expect real GDP growth to reach 1.9% in 2026, before slowing to 1.3% in 2027.

Non-farm payrolls increased 0.3% over the three months through August, extending the gradual improvement evident over the past year. The advance indicates that employer demand has regained some traction rather than merely stabilized, although the pace remains measured. The improvement in job growth helped to moderate the marked increase in the unemployment rate so far this year, which is currently sitting at 5.1%. This has been partly driven by volatility in the household employment data, but we expect this trend to gradually reverse moving forward, especially as job gains stabilize and demographic constraints continue to weigh on the supply of labor. We expect the unemployment rate to trend lower through the remainder of the year and average 4.7% in 2027.

At the industrial level, manufacturing job growth has remained solid alongside expanding submarine and aerospace workloads (Chart 1), while construction and health care have added a second layer of support. While these sectors have allowed job growth to exceed the national average, other sectors including financial services and leisure & hospitality have shed jobs in re-

Chart 1: Manufacturing Rebound in CT Driven by Defense Sectors



Source: U.S. Bureau of Labor Statistics, TD Economics.

cent months. The sustained decline in the former over the past year, despite being a stalwart in economic growth contributions, partially illustrates the productivity-led growth being recorded at the national level.

House-price momentum continued to firm in the first half of the year, rising 5% from a year earlier. The trajectory is stronger than most of the Northeast and suggests that limited supply continues to dominate the weight from higher mortgage rates. However, affordability is likely to increasingly weigh on demand with the median price-to-income ratio in Connecticut continuing to rise. We expect price growth to slow from 5.7% in 2026 to 3.8% in 2027.

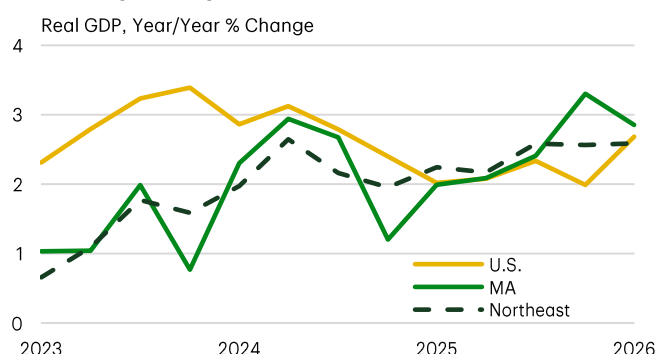
Massachusetts: Productivity-Led Growth Fosters Uneven Expansion

Economic growth in Massachusetts has been sustained by notable productivity growth. In the first quarter of this year, growth remained near 3%, slightly outpacing the nation (Chart 2). The central driver remains the combination of the state's large research, technology, and specialized services base with the outsized investments in advanced computing and artificial intelligence. We expect real GDP growth to remain stable near 2% into 2027.

The rebound in employment growth in the first half of the year eased recently with non-farm payrolls falling 0.1% over the three months through August. The unemployment rate edged lower during the spring but remains elevated relative to the national average and the state's long run average. A lasting improvement will depend on stronger transmission from investment and research activity into staffing, which is unlikely to occur quickly while firms continue to control costs amid elevated uncertainty. The unemployment rate is expected to continue to fall gradually into 2027 to average 3.9% – roughly half a percentage-point above its historical average.

Aggregate job growth by industry has remained concentrated within the health care and education sectors, while prior support from the construction and manufacturing sectors has moderated. Most of the remaining sectors in the state have shed jobs in 2026, with the trade & transportation, information, financial activities, and leisure & hospitality sectors collectively losing nearly 17,000 positions so far this year. Howev-

Chart 2: Massachusetts' Economy Entered 2026 On Strong Footing



Source: U.S. Bureau of Economic Analysis, TD Economics.

er, with output growth remaining strong and job postings rising through the summer, employment growth is likely to stabilize over the near-term. We expect employment growth to strengthen from 0.3% in 2026 to 0.6% in 2027.

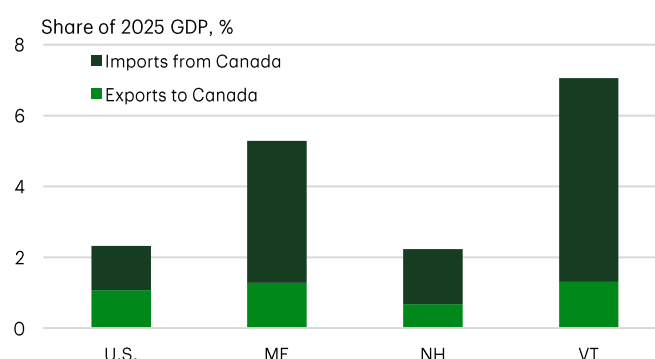
House prices in the Bay State ended the first half of the year up 2.9% after an acceleration during the spring buying season. The movement indicates that demand adjusted to higher mortgage rates more readily than expected, while limited supply prevented the earlier slowdown from deepening. Even so, the expansion is softer relative to other states in the Northeast, and persistent affordability pressures should cap the duration of the rebound. House-price growth is expected to slow from 2.8% in 2026 to 2.3% in 2027.

New Hampshire, Maine & Vermont: Cross-Border Headwinds Temper the Outlook

The region's economy strengthened in early 2026, although performance remained uneven across states. Manufacturing, professional services, and health care supported growth across all three states, with the information technology sector providing an additional boost in New Hampshire. For 2026, we expect real GDP growth of 2.0% in New Hampshire, 1.3% in Maine, and 1.1% in Vermont.

One of the more significant risks facing the tri-state region is trade disputes with Canada. Maine and Vermont are more exposed to cross-border trade than New Hampshire, as trade with Canada amounts to 5-7% of GDP for each state (Chart 3). However, much of

Chart 3: Elevated Trade Exposure to Canada in ME & VT Primarily Import Based



Source: U.S. Census Bureau, TD Economics.

this exposure is concentrated on the import side, and only a limited share is subject to the new Section 338 tariffs. As a result, tariffs should represent a manageable headwind unless trade tensions escalate further.

Labor market conditions improved across Northern New England in the first half of 2026, though performance remained uneven across states. New Hampshire generated nearly all the region's momentum, with employment rising 1% year-to-date, supported by gains in professional & business services and leisure & hospitality that helped to lower its unemployment rate. By contrast, Maine's job growth remained modest amid broad-based weakness, while Vermont's employment edged lower as gains in local government and health care failed to offset declines in other service sectors. Despite the divergence in hiring, a contraction in the labor force has helped keep unemployment rates stable in Maine and Vermont. Looking ahead, demographic headwinds and slower immigration inflows are likely to limit labor force growth, leaving regional unemployment rates broadly stable through 2027.

House prices in all three states accelerated in the first quarter of the year before decelerating into the summer. Year-to-date prices are up 2.2% in New Hampshire, 1.6% in Maine, and 0.5% in Vermont. Supply levels have remained relatively tighter in New Hampshire, which has led to firmer price growth in the state. However, challenging affordability dynamics have weighed on growth in all three states, which is likely to remain a constraint even in a limited supply environment. For 2026, we expect price growth of 4.1% in Maine, 3.1% in New Hampshire, and 2.3% in Vermont.

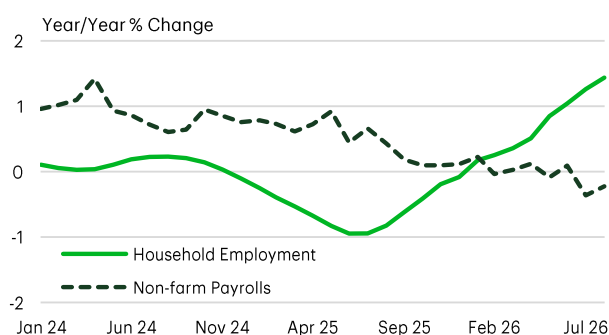
Middle Atlantic (NJ, NY, PA)

New Jersey: Unemployment Rate Hits 3-Year Low Amid Stable Growth

New Jersey's economic outlook continues to be shaped by its concentration in high-value service industries and its close integration with the New York metropolitan economy. The state's stable pace of growth is increasingly driven by information, professional and business services, and finance-related activity, reflecting ongoing demand for technology, digital infrastructure, and corporate services. The state is well-positioned to benefit from broader trends tied to AI adoption and expanding knowledge-based industries. Manufacturing activity has also shown signs of improvement, providing an additional source of support alongside the state's service-sector strengths. However, trade uncertainty and persistent affordability challenges are expected to continue to temper overall growth. Economic growth is expected to ease marginally from 1.8% in 2026 to 1.7% in 2027.

Despite solid economic growth, New Jersey's labor market has been relatively subdued through the first half of the year. However, the two main employment surveys are presenting conflicting signals on the labor market. The establishment survey paints a subdued picture (Chart 4). In contrast, the household survey points to rising employment over the past year. The unemployment rate is generated using the household survey data, which has led to a decline in the series to a three-year low. The recent strength in household survey employment is likely somewhat overstated, as the weakness in the series last year was. On aggregate, we expect job growth to improve gradually moving for-

Chart 4: Employment Surveys Have Diverged Notably in NJ in 2026



Source: U.S. Bureau of Labor Statistics, TD Economics.

ward which should allow the unemployment rate to remain stable near its historical average of roughly 4.4%.

The Garden State housing market has remained stronger than the broader economy, with year-on-year gains over the past year in the range of 4-5%, versus 1% nationally. Low resale listings and subdued homebuilding activity have kept supply conditions tight, which in turn has bolstered price growth. However, demand challenges are mounting, with real wages contracting on the back of elevated energy price growth, mortgage rates ticking higher, and the median home price-to-income ratio reaching its highest level since 2007. We expect these factors to weigh on price growth over the near-term, leading to a slowdown from 4.7% in 2026 to 3.2% in 2027.

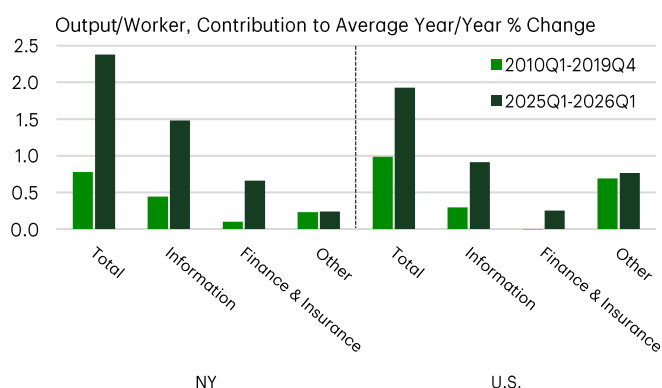
New York: Productivity-Led Growth Produces Limited Hiring Follow-Through

New York continues to benefit from a relatively concentrated growth composition led by finance and technology. Looking under the hood, the Empire State economy continues to be bolstered by elevated productivity growth in the information and finance & insurance sectors (Chart 5). For 2026, we expect real GDP growth of 2.3%, before slowing to 1.8% in 2027.

New York's labor market has been comparatively subdued relative to overall economic growth. Non-farm payrolls declined 0.5% over the three months through August, softening relative to its stagnant performance earlier in the year. Even so, the unemployment rate fell by 0.3 percentage points during this time, as the labor force declined. This stemmed from a partial retracement of the notable uptick in the labor force participation rate over the past year, which remains at a thirteen-year high. We expect the unemployment rate to remain stable over the coming year, as supply challenges tied to slower immigration inflows and structural domestic migration outflows persist.

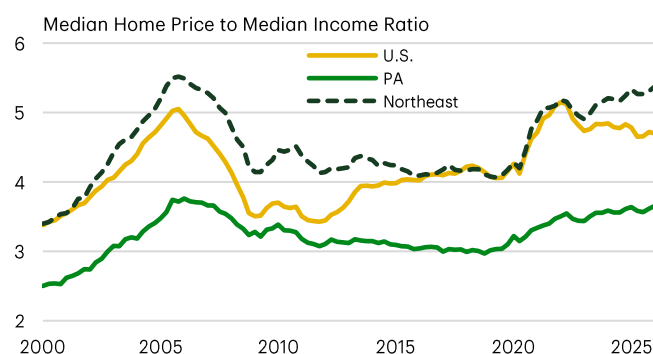
The soft job growth New York has experienced in 2026 has been uneven across sectors. Cyclical sectors, such as construction, retail trade, and leisure & hospitality have collectively shed 28,000 positions so far this year. Non-cyclical sectors, including health and education, have also seen subdued headcount additions. Other sectors that have helped boost economic growth, such as finance & insurance, information,

Chart 5: Excess Productivity Growth Concentrated in Tech & Finance



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, TD Economics

Chart 6: PA Less Affected by Affordability Deterioration Than Regional Peers



Last Observation: 2026Q2. Source: National Association of Realtors, Moody's Analytics, U.S. Census Bureau, TD Economics.

and manufacturing, have seen limited hiring activity in 2026. The current expansion is primarily generating output through productivity and capital intensity, meaning that economic growth can be sustained without employment gains, though the sustainability of this trend remains uncertain.

The Empire State housing market has struggled this year, with prices down 1.2% year-to-date – the third worst performance nationwide. Resale supply levels have improved modestly, and homebuilding activity has picked up, which has likely contributed to the deceleration in price growth. Despite the weak year-to-date performance, we expect house prices to rise 1.8% in 2026, with growth slowing to 1.3% in 2027.

Pennsylvania: Manufacturing Recovery Supports Steady Expansion

Pennsylvania enters the second half of the year with a relatively balanced composition of economic growth. The state's oil & gas sector has benefited from higher energy prices and increased global demand for U.S. energy products, which, combined with higher defense spending, has bolstered manufacturing activity in the state. We expect real GDP growth to slow from 1.9% in 2026 to 1.4% in 2027.

Non-farm payrolls were essentially unchanged over the three months through July, but the broader trend indicates that hiring has paused rather than reversed. The labor market is more stable than the modest declines recorded in New Jersey and New York, although it confirms that the expansion has not yet produced a material rise in labor demand. The more volatile household

survey has painted a brighter picture of the Pennsylvania labor market, with household employment up 2.0% year-to-date – second fastest growth in the nation – and the unemployment rate over half a percentage point lower. However, this likely overstates the strength in the labor market by a considerable magnitude, and we expect the unemployment rate to remain anchored close to 4% into 2027.

At the industry level, manufacturing and leisure & hospitality are the two sectors consistently driving employment growth. The former remains in the early stages of recovery after nearly 18 months of consecutive headcount reductions, while the latter likely received a boost from the FIFA World Cup. Conversely, the construction and professional & business services sectors have seen declines, reflecting the impact of elevated uncertainty on hiring decisions. The health care sector, which has been a key driver of job growth in recent years, has also decelerated. Over time, the tailwinds supporting the economic expansion should filter through to employment, but this is likely to be a gradual influence over the coming quarters.

The state's housing market recorded a soft start to the spring buying season but recovered into the summer. Prices are up 1.7% so far this year, which is slightly slower than the state's pre-pandemic average, but four times the current national average. This is consistent with a market where relative affordability has been an advantage (Chart 6), but elevated financing costs nevertheless still weigh on demand. We expect price growth to slow from 3.3% in 2026 to 2.7% in 2027.

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

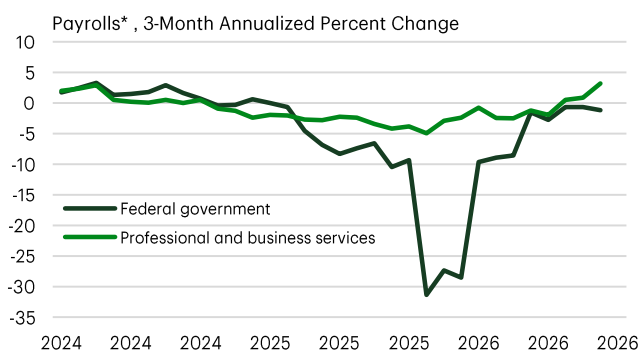
DMV (DC–Maryland–Virginia): Momentum Stabilizes, Though Soft Spots Remain

The DMV economy is stabilizing following last year's slowdown, which was driven by retrenchment in the federal-government sector. The region should find firmer footing as 2026 unfolds, but the pace will remain uneven. Virginia and Maryland are projected to grow below the national pace at 1.3% and 1.1%, respectively. Meanwhile, D.C. is expected to lag, with output projected to be essentially flat in 2026. This reflects a weak handoff from the previous year and represents stabilization rather than any meaningful expansion.

Job losses in the federal-government sector were concentrated in late 2025 and were especially deep in D.C. The sector has since stabilized, with payrolls moving broadly sideways across the region this year. Professional and business services have been another soft spot. The sector's exposure to federal contracts and funding likely contributed to its weakness following last year's government-sector pullback. The latest data indicate that this adjustment is fading. Three-month annualized growth in professional and business services has turned modestly positive across the DMV, driven by a marked improvement in Maryland. In sum, both sectors are on better footing than they were several months ago (Chart 7).

With these headwinds fading, overall hiring momentum has improved somewhat, although it remains uneven. Despite a downtick in August, total job creation has generally trended better in Maryland so far this year.

Chart 7: Earlier Employment Headwinds for DC–Maryland–Virginia Are Fading



Source: U.S. Bureau of Labor Statistics, TD Economics.
*For DC, MD, and VA combined.

Meanwhile, momentum has turned positive in D.C., while Virginia only recently moved marginally above zero. The good news is that weekly jobless claims remain muted across all three jurisdictions, while August unemployment rates fell to 5.7% in D.C., 4.1% in Maryland and 3.6% in Virginia. Wage growth also continues to run above the national pace, helping cushion household demand. The decline in unemployment partly reflects shrinking labor forces. Slower migration should restrain labor-force growth, while an expected improvement in hiring should keep unemployment rates contained over the near-to-medium term.

The investment pipeline provides a basis for firmer growth ahead, particularly in Virginia. Major company expansion announcements span several economic areas, including IT, consumer-health manufacturing and distribution, electrical-equipment manufacturing and defense technology. Recent commitments from Spatial Front, RINGANA, Jabil and Innovative Defense Technologies are a case in point, with these initiatives expected to generate nearly 1,500 jobs combined. These projects should broaden Virginia's growth base, although their full employment impact will take time to materialize.

Maryland's expansion pipeline is more selective but still encouraging, with sizeable recent commitments spanning areas such as aerospace and AI/cloud services. Expansion announcements on these fronts include those from Platform Aerospace, Cloudforce and Intuitive Machines, collectively expected to support hundreds of new jobs. D.C., on the other hand, has fewer growth drivers to lean on. Federal payrolls have stabilized but are unlikely to provide much lift, while tourism continues to face headwinds and the private-investment pipeline remains limited. These elements suggest the District is likely to remain on a subdued growth path.

Housing remains constrained by elevated mortgage rates. Price growth is subdued, although recent momentum has improved across the region. Inventory remains relatively lean in Maryland and Virginia, at around three months' supply, while building permitting is low despite some improvement in the multifamily sector. With affordability already stretched and longer-term borrowing rates expected to remain elevated, any improvement in housing demand will likely be gradual.

and depend increasingly on continued labor-market improvement. Our latest forecast points to only moderate home-price growth through 2027, with momentum expected to trend around 1.5% to 2.0% across the region next year.

North Carolina: Many Growth Engines Keep the State Out Front

North Carolina remains one of the Southeast's stronger economies. Real GDP advanced 2.7% in 2025, ahead of the 2.1% national gain and behind only Florida and South Carolina among East Coast states. The state appears to have maintained a healthy pace through the first half of 2026. Its broad economic base remains a key advantage, spanning the Research Triangle's life-sciences and technology ecosystem, Charlotte's banking cluster, and growing advanced-manufacturing, aerospace and defense activity elsewhere in the state. We expect real GDP to increase by 2.6% in 2026 and 2.2% in 2027. That would put North Carolina narrowly at the front of the Southeast's growth pack this year.

Labor-market conditions remain relatively healthy. Professional and business services, construction, health care, and leisure and hospitality are supporting job growth. Payroll employment was 1.3% above year-ago levels in August, well ahead of the national pace, while the unemployment rate eased to 3.5% (Chart 8). However, the recent decline in unemployment partly reflects a shrinking labor force. With population growth expected to continue outpacing the nation, labor supply should resume expanding, leaving scope for the jobless rate to edge modestly higher. This would represent normalization rather than a material deterioration, particularly as business investment supports continued hiring.

North Carolina has a robust investment pipeline spanning areas such as financial services and manufacturing. In financial services, SMBC Group plans to establish its second U.S. headquarters in Charlotte and create 2,000 jobs through 2032, while JPMorgan-Chase expects to add roughly 400 corporate positions. Manufacturing presents a more mixed picture, with soft factory payrolls contrasting with close to \$7B in planned investment across aircraft, automotive components, building materials, fiber, glass and health-care products. The two largest projects are JetZero's

Chart 8: N.C. Unemployment Rate Trends Lower, Though Partly Due to a Falling Labor Force



Source: U.S. Bureau of Labor Statistics, TD Economics.

planned \$4.7B Greensboro aircraft complex and STERIS's \$600M manufacturing, research and distribution campus in Sanford. These investments are expected to generate thousands of jobs over time, but the effect on factory payrolls will materialize gradually.

Demographics provide another tailwind. North Carolina's population grew a healthy 1.3% last year, supported by domestic migration even as international inflows cooled. That expansion supports demand for housing, health care and local services while enlarging the potential workforce. Housing supply has improved with inventory reaching approximately six months' supply over the summer, up from much leaner conditions in recent years. But with the median price unchanged at \$375,000 and borrowing rates moving higher during the summer, sales activity has lagged, extending a period of weak turnover. Overall, while greater supply is improving buyers' position, elevated mortgage rates will keep turnover and home price growth subdued. Consistent with this outlook, we anticipate price growth of 1.3% this year and 1.5% in 2027.

In sum, North Carolina's increasingly investment-led expansion retains broad foundations, positioning it to remain one of the region's stronger performers over the medium term.

Lower South Atlantic (SC, GA, FL)

South Carolina: Firmer Hiring, Investment Pipeline Remains Deep

South Carolina carried considerable momentum into 2026, with real GDP growth holding at a little over 3% in the first quarter, broadly matching 2025's pace. Job growth has since improved, suggesting the positive momentum continued into mid-year. The Palmetto State should remain one of the Southeast's stronger performers, supported by rapid population growth, an improved employment backdrop and a healthy investment pipeline. We expect the state economy to expand by 2.5% this year and 2.4% in 2027, retaining an edge over the national outlook.

Payroll growth has accelerated over the last several months, joining the robust signal from household employment. Moreover, recent gains have been relatively broad-based, spanning sectors such as state and local government, leisure & hospitality, education, retail, and construction, with manufacturing also contributing. The unemployment rate has also trended lower, falling to 4.1% in August and matching the nation, even as South Carolina posted the strongest year-to-date labor-force growth on the East Coast. Above-average population growth should sustain labor-force expansion and some upward pressure on unemployment, but the investment pipeline should keep labor-market conditions relatively firm.

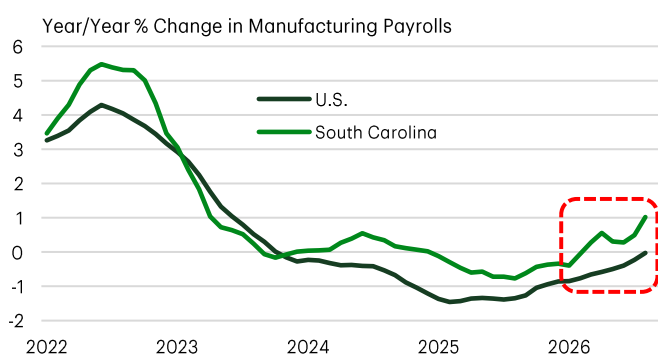
Manufacturing remains at the centre of the investment pipeline. Scout Motors has added a \$300M supplier park alongside its Blythewood production campus, building on its existing \$2B/4,000-job commitment.

Supplier agreements associated with the initiative are expected to support more than 1,000 additional jobs. This investment complements other major commitments from Boeing, Ferrara, Suniva and USA Rare Earth, reinforcing the state's strength across automotive, aerospace and advanced manufacturing. These projects tend to be capital-intensive, with a more gradual effect on sectoral employment. Still, manufacturing payrolls are already improving and outpacing the national trend (Chart 9).

Another notable positive is the broadening of investment into life sciences. Octapharma plans a \$1.5B biopharmaceutical manufacturing and administrative campus in Rock Hill expected to create more than 1,500 jobs, while AmbioPharm is investing nearly \$120M in North Augusta and adding 200 positions. Building on earlier expansions from SHL Medical and Ritedose, these projects reinforce the positive trend in high value-added branches of health care. Traditional health-care capacity is also expanding, with close to \$1B in planned investment across Fountain Inn Medical Park, Greer Memorial Hospital and a new Atrium Health campus in Fort Mill. These projects should support construction and health-care hiring as new capacity comes online.

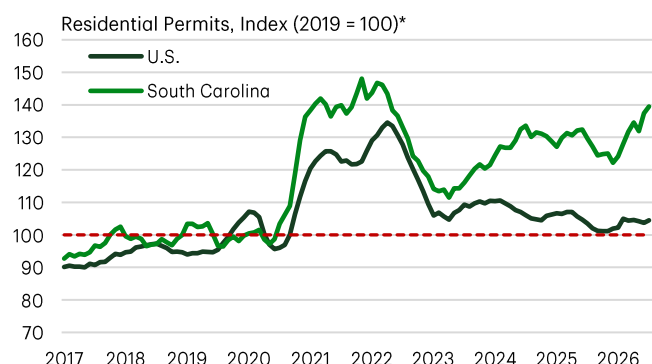
Housing demand remains restrained, but supply and construction are improving. Home sales remain near year-ago levels, while the median sale price held near \$345,000. As of August, inventory was up by nearly 10% y/y, lifting months' supply to 4.3 and providing buyers with a bit more choice. Home-price growth as measured by CoreLogic remains modest at 1.4% year-

Chart 9: South Carolina Manufacturing Sector Hiring Again



Source: U.S. Bureau of Labor Statistics, TD Economics.

Chart 10: Homebuilding in South Carolina Trekked Higher in First Half of 2026



Source: U.S. Bureau of Economic Analysis, TD Economics. *6-month moving average.

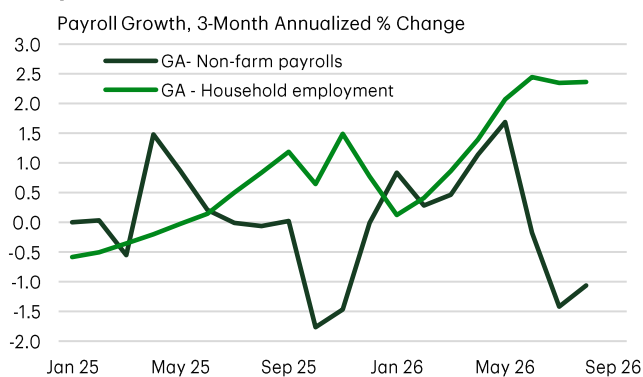
over-year. Permitting, on the other hand, has strengthened, particularly for single-family homes (Chart 10), which should support construction employment and expand supply. Elevated mortgage rates will limit demand near term, but healthy employment and population growth should provide some counterbalance. In line with the moderately improved supply backdrop, we expect annual home-price growth to remain a little below 2% through 2027.

Georgia: Soft Payrolls, Stronger Investment Runway

Georgia's economy entered 2026 on firmer footing after real GDP growth slowed to 1.9% in 2025. First-quarter activity advanced at a 2.5% annualized rate, marginally ahead of the national gain. Signals from the labor market remain mixed, but a robust investment pipeline supports our forecast for a middling growth pace averaging 2.0% over the 2026–27 period.

The labor market appears decent, but the evidence is not uniformly strong. Nonfarm payrolls fell by more than 21,000 between May and July, wiping out earlier gains. Hiring rebounded in August, but trend growth in nonfarm payrolls remains relatively weak (Chart 11). On the other hand, household employment continues to grow robustly, and initial jobless claims remain low and range-bound. The unemployment rate has also trended lower, falling to 3.2% in August from 3.6% earlier this year. This occurred despite continued labor-force growth, pointing to reasonably healthy underlying labor-market conditions.

Chart 11: Georgia Labor Market Sends Mixed Signals



Source: U.S. Bureau of Labor Statistics, TD Economics.

A strong investment pipeline provides runway for improvement. Siemens plans to invest at least \$185M in a new electrical-equipment plant in Jackson County that is expected to create more than 1,400 jobs. Other sizeable commitments span fulfillment and logistics, metal fabrication, power-generation equipment, and battery-energy storage, including projects from Walmart (1,000 jobs), Unified Legacy, Yancey Engineered Solutions, and DeltaX. These diverse expansions suggest hiring in Georgia has room to broaden.

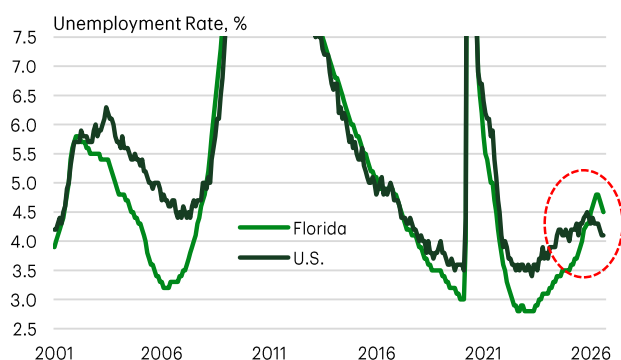
Trade exposure has become a more immediate risk. The EU is Georgia's largest export market when treated as a bloc, receiving nearly \$14B in goods in 2025, while Canada is the state's largest individual-country market at \$6.8B. Transatlantic tensions have cooled, while Canada–U.S. trade frictions have intensified. Recent Canadian counter-tariffs cover selected steel and aluminum goods, machinery and textiles. Their broader economic impact should be modest, but Georgia's sizeable trade relationship with Canada leaves the state exposed to further escalation. Over the longer term, however, the state's logistics platform should remain supportive. The \$1.6B redevelopment of Ocean Terminal at the Port of Savannah will substantially expand container capacity and improve freight efficiency.

The housing market remains subdued. August sales and pending transactions were below year-ago levels, while inventory increased moderately, reaching 5.1 months' supply, leaving the market close to balance. Price growth also remains tepid, with home prices essentially flat from year-ago levels as tracked by the CoreLogic measure and the three-month annualized trend running just over 1%. Elevated mortgage rates are poised to restrain transactions and construction near term. We expect home-price growth of 0.5% in 2026 and 1.2% in 2027, consistent with a gradual improvement alongside firmer labor-market conditions.

Florida: Growth Cools, Investment Holds Firm

Florida's economy is settling into a more moderate expansion after its exceptional post-pandemic run. Growth was healthy at around 3% in 2025, tying South Carolina for the strongest performance in the Southeast, but slowed below the national pace early this year. Available indicators suggest activity remained healthy through the second quarter and summer.

Chart 12: Florida Unemployment Rate Joins the National Trend in Heading Lower



Source: U.S. Bureau of Labor Statistics, TD Economics.

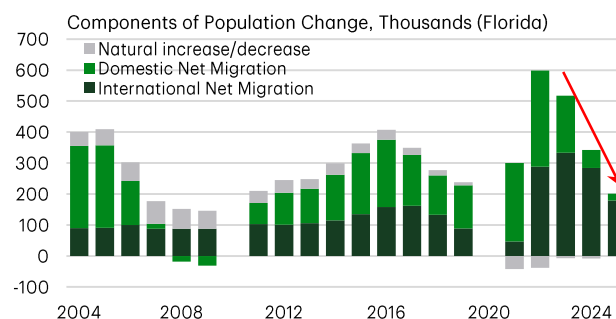
The labor market remains decent, and recent momentum has improved. After hiring slowed between May and July, three-month annualized payroll growth strengthened in August. Healthcare has supplied the largest recent gains, with professional & tech services, retail, arts & entertainment, and manufacturing also contributing. The unemployment rate fell to 4.5% in August from 4.8% earlier this spring, but the modest decline has been largely driven by a shrinking labor force (Chart 12).

Florida's investment pipeline provides support, with green shoots in aerospace, defense and maritime manufacturing. On the Space Coast, Relativity Space is expanding rocket production and launch infrastructure, while Blue Origin is investing \$600M in an upper-stage manufacturing facility. AAR recently completed an expansion of its Miami aviation-maintenance facility that is expected to add 200 positions, while Birdon America plans a roughly \$275M shipbuilding complex at the Port of Pensacola that could create about 2,000 jobs.

Florida's fading migration tailwind poses a challenge. Domestic migration has slowed sharply, while international inflows are also cooling (Chart 13). With immigration policy likely to restrain foreign inflows further, slower population growth could weigh on labor-force expansion as well as consumer demand. At the same time, it may help tighten the job market and keep some upward pressure on wage growth, currently running at 5% year-over-year, well above the national rate.

Hiring in leisure and hospitality has pushed higher this year, but the tourism backdrop is mixed. Domestic visits remained in a holding pattern in the first half of

Chart 13: Domestic Migration to FL Has Slowed to a Crawl, Int'l Migration Has Helped But is Easing Too



Source: U.S. Census Bureau, TD Economics.
*Missing 2010 and 2020 data are Census years.

2026, providing a stable base but little growth momentum. International visits excluding Canada rose 2.2% over the same period. More notably, Canadian visits, including longer-duration snowbird stays, fell 14%, following a 7% drop in 2025. These visits could weaken further amid heightened bilateral trade tensions, posing a headwind for the important snowbird season across parts of the state.

Housing conditions have stabilized somewhat, although performance remains uneven. Despite a modest setback in August, sales in both the single-family and condo/co-op segments remained above year-ago levels through much of 2026. At the same time, the market has continued to tighten, with months' supply in the single-family segment falling to 4.3. The condo market remains much looser but has also improved, with months' supply falling to 7.7 from 9.3 a year earlier. With affordability still materially worse than before the pandemic, home-price growth remains soft, though in shallow positive territory. Besides elevated mortgage rates, insurance (and association fees for townhomes and condos) add to the affordability challenge. The good news is that there are signs Florida's property-insurance market is beginning to stabilize, including new insurer entries and a rate reduction from Citizens Property Insurance. We expect tepid home-price growth of 0.2% this year to improve to 1.3% in 2027.

Overall, the current backdrop reaffirms that Florida's rapid post-pandemic growth period is in the rearview mirror. Still, conditions remain supportive enough for the state to expand near the national pace this year and regain a modest edge in 2027.

State Economic Forecasts

TD State Forecasts															
States	Real GDP (% Chg.)			Employment (% Chg.)			Unemployment Rate (Average, %)			Home Prices (% Chg.)			Population (% Chg.)		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
National	2.2	2.1	2.1	0.3	0.4	0.3	4.2	4.0	4.0	2.4	1.6	2.7	0.3	0.3	0.4
New England	2.0	1.7	1.8	0.3	0.4	0.2	4.3	3.9	3.5	3.5	2.7	2.9	0.2	0.2	0.3
Connecticut	1.9	1.3	1.4	0.5	0.2	0.0	5.0	4.7	4.2	5.7	3.8	3.2	0.2	0.2	0.3
Massachusetts	2.2	2.1	2.1	0.3	0.6	0.4	4.5	3.9	3.4	2.8	2.3	2.8	0.1	0.1	0.3
Maine	1.3	1.1	1.3	0.2	0.3	0.1	3.2	3.2	3.1	4.1	2.6	3.1	0.3	0.3	0.3
New Hampshire	2.0	1.6	1.8	0.3	0.4	0.3	2.9	2.8	2.7	3.1	2.5	2.7	0.4	0.3	0.4
Rhode Island	1.3	1.1	1.1	0.1	0.2	0.0	4.2	4.1	4.1	3.6	2.6	2.7	0.2	0.2	0.3
Vermont	1.1	1.0	1.1	0.1	0.1	0.0	2.6	2.7	2.6	2.3	1.8	2.5	-0.1	0.0	0.0
Middle Atlantic	2.1	1.7	1.3	0.4	0.3	0.0	4.4	4.3	4.3	2.9	2.2	2.5	0.0	0.0	0.1
New Jersey	1.8	1.7	1.4	0.3	0.4	0.3	4.6	4.5	4.3	4.7	3.2	2.9	0.2	0.2	0.3
New York	2.3	1.8	1.3	0.4	0.3	-0.1	4.5	4.4	4.3	1.8	1.3	2.0	-0.1	-0.1	-0.1
Pennsylvania	1.9	1.4	1.4	0.4	0.2	0.0	4.0	4.2	4.2	3.3	2.7	2.8	0.0	0.1	0.1
Upper South Atlantic	1.6	2.0	1.9	0.0	1.0	0.7	3.9	3.6	3.5	1.4	1.7	2.8	0.6	0.7	0.7
District of Columbia	-0.1	1.5	1.3	-3.6	1.0	0.3	6.1	5.5	5.3	0.1	1.5	2.2	0.2	0.2	0.3
Delaware	1.3	1.5	1.4	0.2	0.7	0.5	5.0	4.5	4.2	1.0	1.3	2.7	0.7	0.8	1.0
Maryland	1.1	1.8	1.7	-0.3	0.9	0.3	4.2	3.4	3.0	0.8	1.7	2.6	0.2	0.3	0.4
North Carolina	2.6	2.2	2.2	1.1	1.1	0.9	3.6	3.6	3.8	1.3	1.5	2.9	1.0	1.1	1.1
Virginia	1.3	2.1	2.0	-0.6	1.1	0.8	3.7	3.3	3.1	2.0	2.0	3.1	0.4	0.6	0.6
West Virginia	1.3	1.1	1.1	0.6	0.4	0.0	4.3	4.3	4.4	2.1	1.2	2.4	-0.2	-0.2	-0.2
Lower South Atlantic	2.2	2.3	2.3	0.4	1.2	1.1	4.3	3.9	3.7	0.1	1.3	2.9	0.6	0.9	1.1
Florida	2.2	2.5	2.5	0.5	1.4	1.2	4.6	4.0	3.7	-0.2	1.3	2.8	0.5	0.9	1.2
Georgia	2.1	1.9	2.0	0.1	0.8	0.8	3.4	3.5	3.7	0.5	1.2	2.8	0.6	0.8	0.9
South Carolina	2.5	2.4	2.4	1.0	1.4	1.1	4.5	3.9	3.7	1.6	1.7	3.3	1.2	1.3	1.4

F: Forecast by TD Economics, September 2026. Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Census Bureau, CoreLogic, TD Economics.

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