

High Tech to Become Florida's Economic Ray of Sunshine: TD Economics

CHERRY HILL, N.J. and PORTLAND, Maine (November 15, 2010) – Florida's future economic success will require a shift away from its once robust construction and real estate industries to its burgeoning high-tech sector, according to a new, in-depth report released today by TD Economics (www.td.com/economics), an affiliate of TD Bank, America's Most Convenient Bank®. The good news, the report's authors write, is that the Sunshine State is well-positioned to make this transition. With help from innovation and supportive policies, Florida's aerospace, medicine and information technology sectors have the potential to breathe new life into the state's deflated economy.

"If these high-tech industries flourish, they will have a powerful and lifting impact on Florida's entire economy. Alone, these sectors could account for a cumulative 15 percent of the state's economic growth over the next five years," write Deputy Chief Economist Beata Caranci and Economist Alistair Bentley of TD Economics.

The report outlines the two "ingredients" already in the mix that can position Florida's high-tech sector for accelerated growth: existing efforts to establish industrial clusters that create networks, lower costs and promote competition, and Florida's unique access to international trade markets. However, the authors assert that for the high-tech sector to realize its full potential, it is essential that the state supports ongoing initiatives to enhance the state's venture capital infrastructure and to facilitate the most competitive business environment possible.

"The once stalwart construction and real estate sectors are shadows of their former selves," the authors write, with those industries expected to contribute roughly \$2.9 billion less to the economy each year relative to their traditional shares, which has a knock-on impact on other sectors like retail. "This means that the state's economy will come to increasingly depend on other industries for growth in future years. And, it looks to us that Florida's often overlooked high-tech sector stands ready and able to answer this call."

Not only do Florida's high-tech sectors have the potential for expansion themselves, the wealth they generate would bring prosperity to virtually all industries in the state and raise the standard of living. Technical, transportation, scientific and professional services will all expand due to increased demand from the high-tech clusters, potentially creating more than 22,000 jobs annually across the state for the next five years. Combined with manufacturing output, these industries could account for 30 percent of economic growth over the same time period.

The report also highlights Florida's unique opportunity to tap into the global marketplace, which is five times larger than the entire U.S. economy. Many of the state's exports are already produced by the high-tech clusters, and the ongoing economic development in Latin America and the Caribbean will fuel Florida's export growth for years to come. However, as with the clusters themselves, the ability to capitalize on international trade opportunities will require continued investments in infrastructure.

"In sum, Florida's aerospace, medical and IT industries all exhibit enormous potential for innovation and future growth. Without question, these industries face challenges as the NASA Shuttle Program ends in 2011 and advanced segments of Florida's life science sector have yet to establish a critical mass," the TD Economists write. "However, there are

encouraging signs that these challenges are being confronted and overcome through innovation and supportive state policies. In the past, these industries lived in the shadow of the state's large real estate sector; but, with the shrinking presence of real estate, these sectors have the raw potential to take on greater economic importance."

TD Economics provides analysis of global economic performance and forecasting, and is an affiliate of TD Bank, America's Most Convenient Bank.

For the complete findings of the TD Economics report, click here:
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