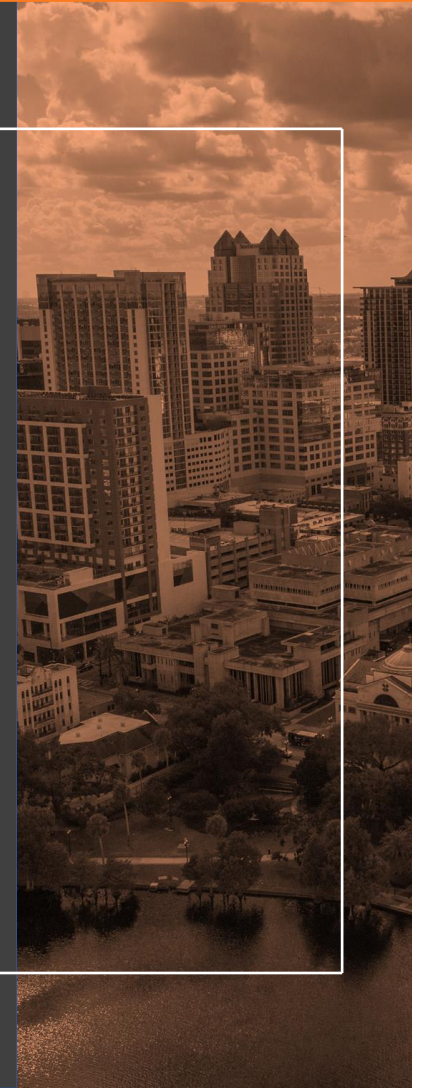


# Orlando MSA Business Conditions Survey



ORLANDO  
ECONOMIC  
PARTNERSHIP

NATIONAL  
CHAMBER  
OF THE YEAR



CALENDAR YEAR **Q2 2024**

## SUMMARY

- Businesses upbeat even as sentiment towards national economy hits lowest level in a year.
- Strong performance continues but political uncertainty casts a shadow on future activity.
- Businesses prioritize revenue management, seeking to offset cost pressures with new clients and gains in efficiency.
- Wage growth adds to inflationary pressures, but stubborn recruitment difficulties and skills shortages point to structural issues in the labor market.



**Neil Hamilton**

Vice President, Market Intelligence  
Orlando Economic Partnership

“ This quarter's results highlight the resilience of businesses in the Orlando region. Respondents remain confident about their own prospects following a period of strong performance, even as it becomes increasingly difficult to ignore the outside events weighing on their national outlook. Many businesses appear to be in a holding pattern until greater political clarity emerges in November, unwilling to make bold moves or invest in key priorities.

Results from our special topic on staffing issues suggest wage growth is adding to the cost pressures businesses are facing, but that the long-term challenge lies in pervasive recruitment and skills challenges.

## CONTENTS

BUSINESS  
CONFIDENCE

RECENT  
PERFORMANCE

FUTURE  
EXPECTATIONS

CHALLENGES

OPPORTUNITIES

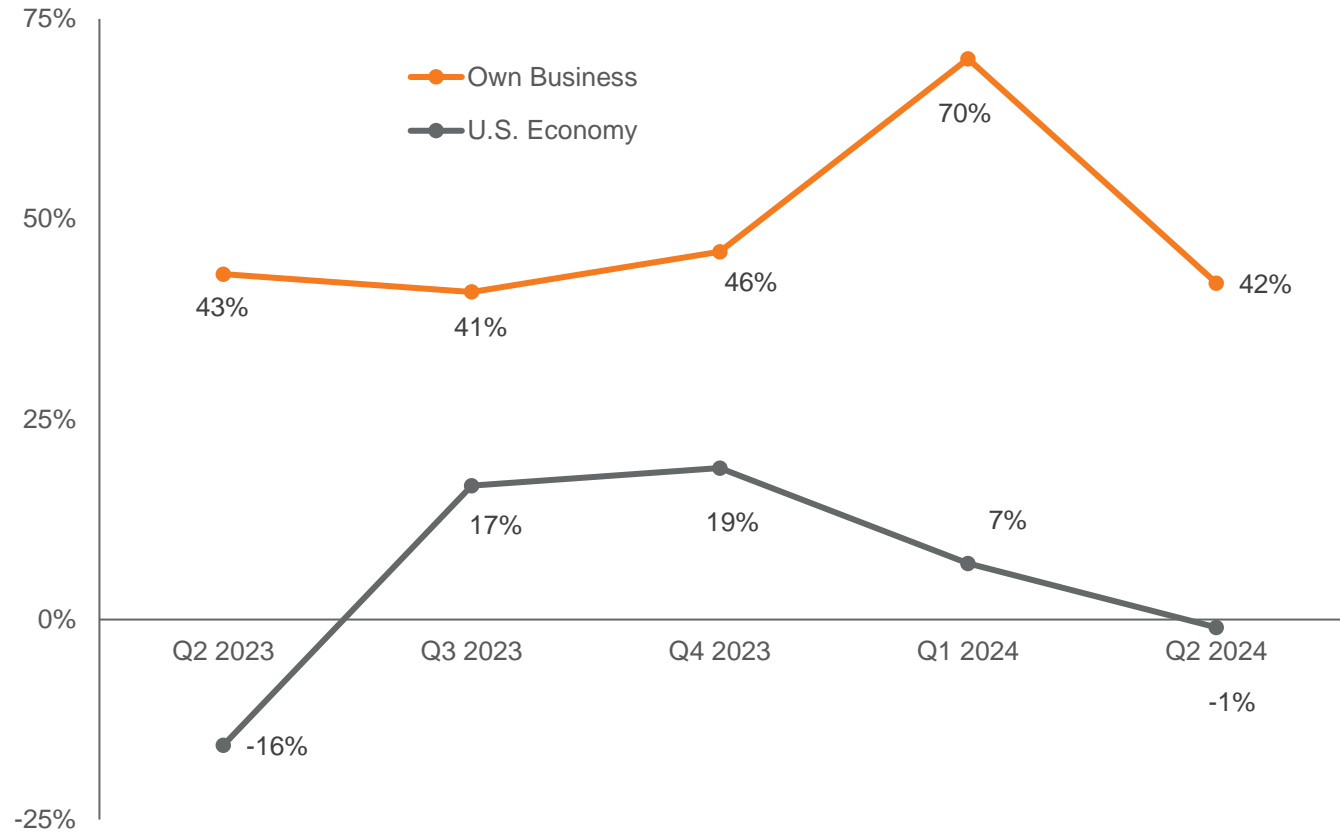
SPECIAL FOCUS  
STAFFING  
ISSUES

METHODOLOGY

## Local business confidence proves resilient despite concern over national outlook.

- 36% of businesses in Q2 2024 indicated they were confident in the outlook for the U.S. economy over the next 3 months, down from 38% in Q1. A much higher share (64%) indicated confidence in their own prospects.
- Measured as a net balance, confidence in their own prospects returned to a level consistent with previous quarters following the spike previously reported in Q1 2024. Confidence in the national economy turned negative for the first time since Q2 2023 amid what seems to be growing political uncertainty.
- Recent business performance was the biggest reason highlighted by companies as the source of their own upbeat outlook, cited by 29% of respondents in Q2 2024.

Net balance\*, confidence in next 3 months

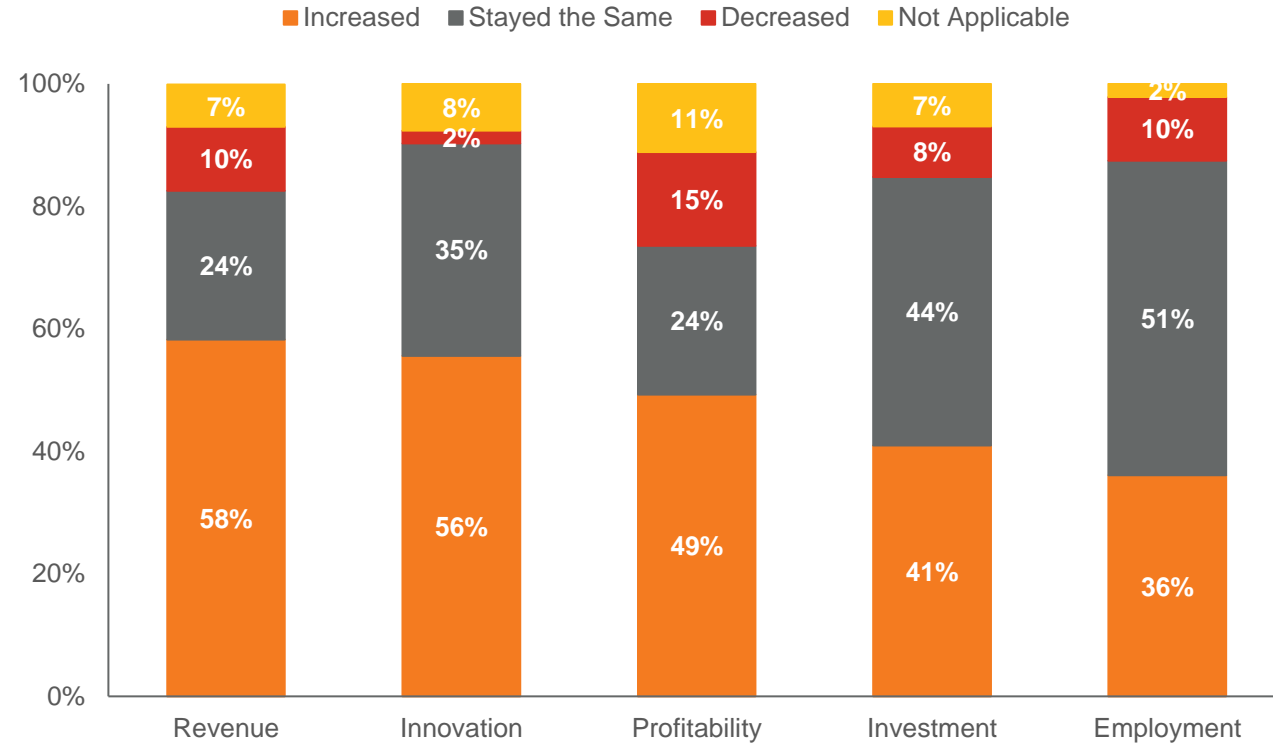


\*percentage of businesses confident in economic outlook less percentage not confident

## Revenue and profitability performance strengthen.

- 58% of respondents in Q2 2024 reported increased revenue in the last 3 months, higher than even the strong performance reported in previous quarters.
- Measured as net balances, revenue and profitability both improved from Q1, suggesting businesses were able to both monetize the first-quarter bounce in confidence and benefit from earlier actions taken to address cost pressures.
- Respondents in Q2 were most likely to report no change in employment (51%) or investment (44%), highlighting the growing uncertainty that appears to be undermining business decisions.

In the last 3 months, how did your business perform in the following areas?  
Q2 2024



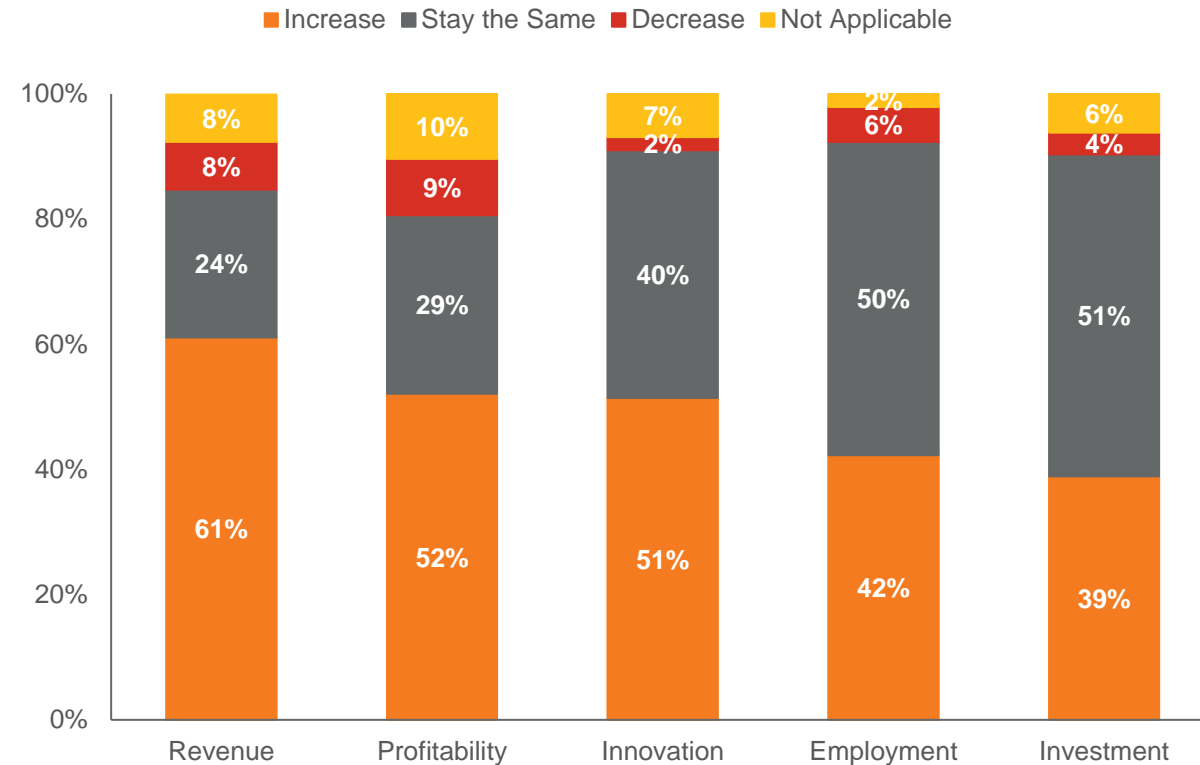
Net balances

	Revenue	Innovation	Profitability	Investment	Employment
<b>Q2 2024</b>	<b>48%</b>	<b>54%</b>	<b>34%</b>	<b>33%</b>	<b>26%</b>
Q1 2024	38%	56%	27%	33%	28%
Q4 2023	36%	51%	17%	30%	19%
<b>Change</b>	<b>10%</b>	<b>-2%</b>	<b>7%</b>	<b>0%</b>	<b>-2%</b>

### Future expectations weaken.

- 61% of respondents in Q2 2024 expected to increase revenue over the next 3 months, down from 68% in Q1. The share of businesses projecting no change in revenue rose to almost one in four.
- Expectations around investment remained subdued, with just 39% of businesses expecting to increase investment. As in previous quarters, this likely reflects the current interest rate environment.
- Measured as net balances, revenue and profitability expectations weakened notably from Q1 (down 8 and 6 percentage points, respectively), consistent with reduced confidence in the outlook as well as ongoing cost pressures. All other measures were broadly stagnant.

In the next 3 months, how does your business expect to perform in the following areas?  
Q2 2024



**Net balances**

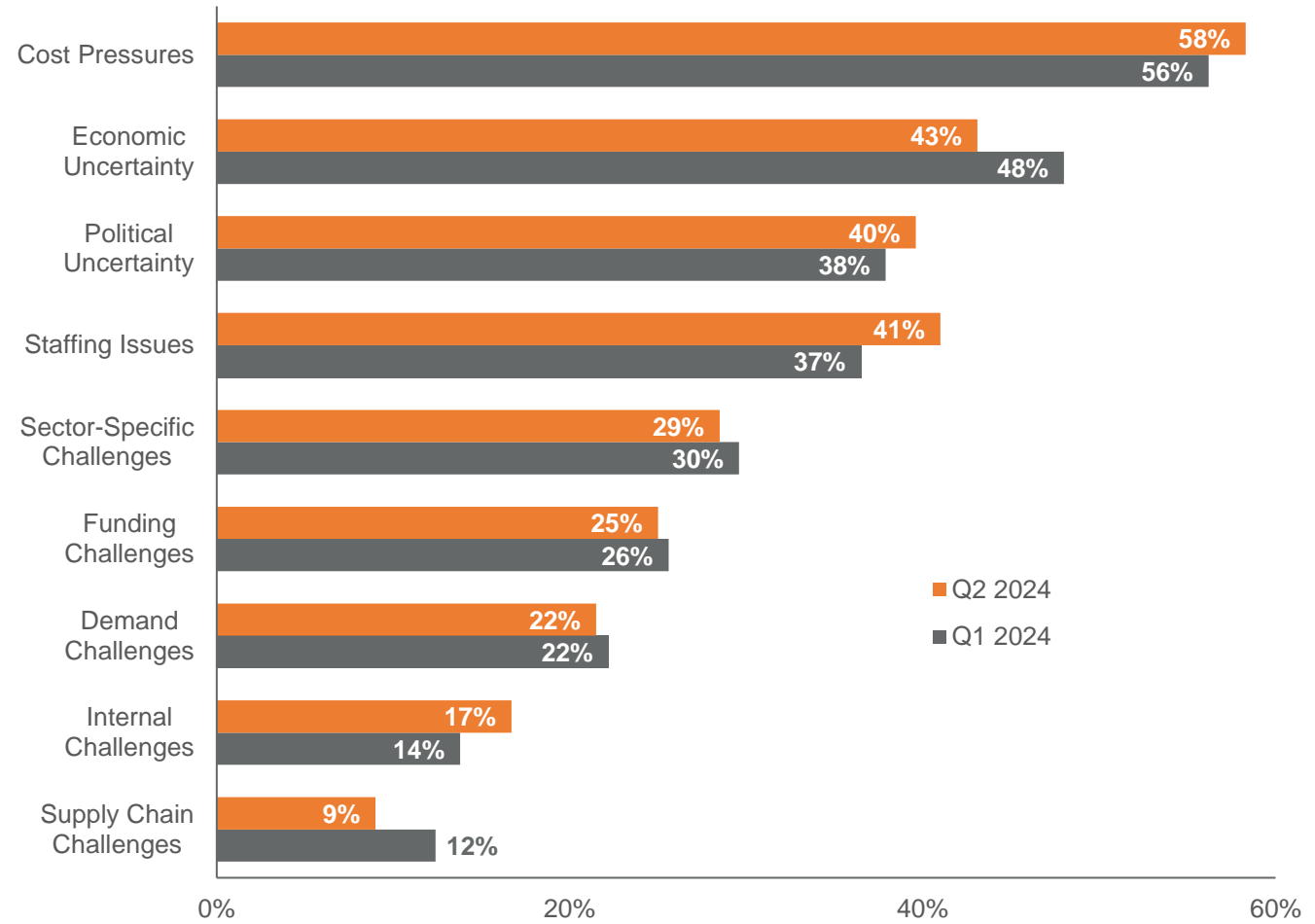
	Revenue	Profitability	Innovation	Employment	Investment
<b>Q2 2024</b>	<b>54%</b>	<b>43%</b>	<b>49%</b>	<b>37%</b>	<b>35%</b>
Q1 2024	62%	49%	49%	36%	34%
Q4 2023	46%	38%	48%	27%	29%
<b>Change</b>	<b>-8%</b>	<b>-6%</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>

## Cost pressures again dominate as political uncertainty inches up.

- For the second consecutive quarter, cost pressures were the most common challenge facing area businesses. Referenced by 58% of businesses in Q2 2024, small businesses were most likely to highlight cost pressures.
- There was a small but notable increase in businesses highlighting political uncertainty in Q2 as November approaches. Economic uncertainty eased somewhat, consistent with inflation continuing its downward trajectory.
- Staffing issues increased in prevalence despite evidence of recent labor market softening. Respondents attributed some of these issues to a disconnect in wage expectations.

What would you say are your company's biggest challenges in the next 3 months?

% of businesses referencing challenge

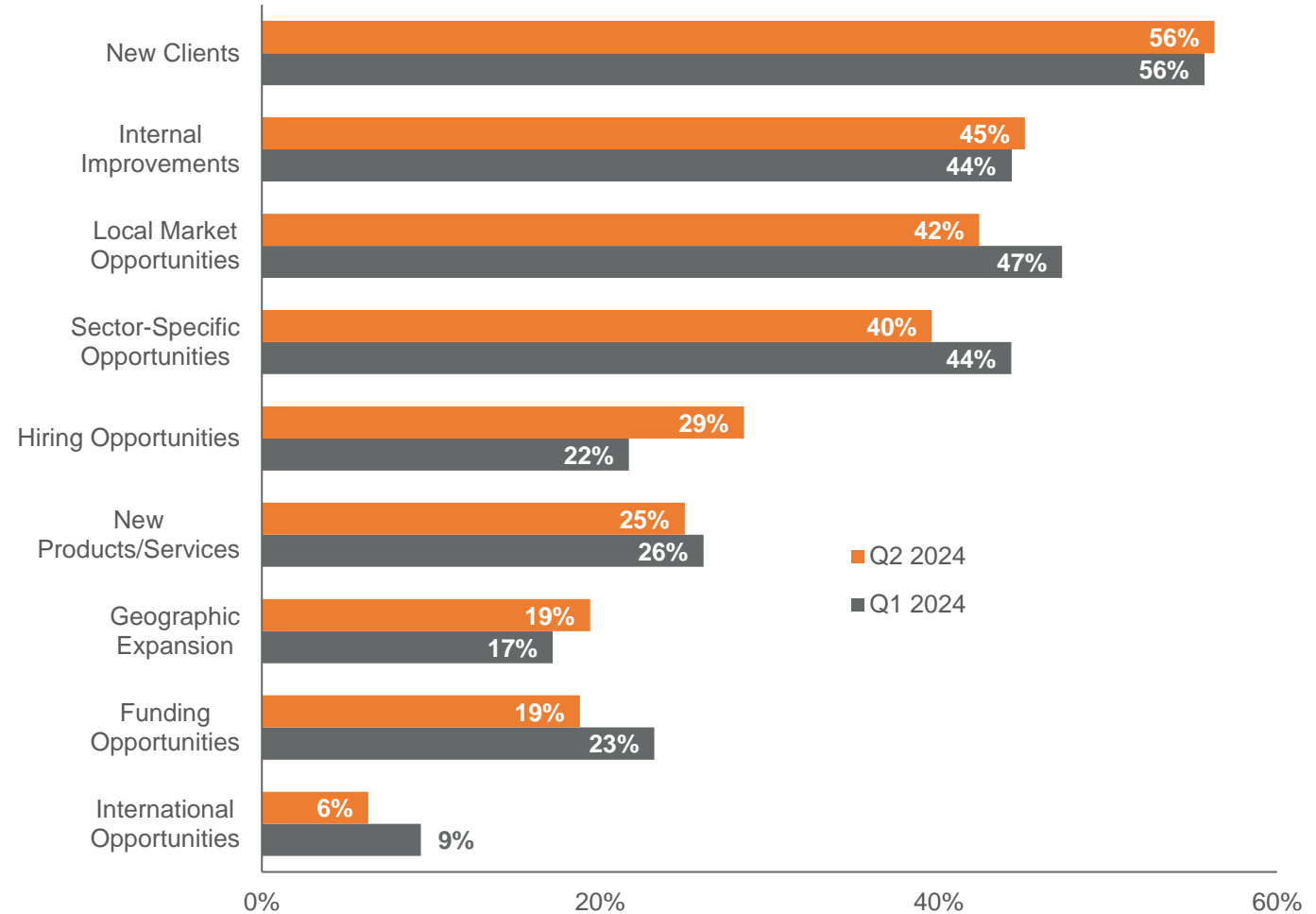


## Revenue growth becomes key.

- Securing new clients remained the most common opportunity identified in Q2 2024, referenced by 56% of businesses. Several businesses acknowledged the need to grow revenue in an uncertain environment.
- Making internal adjustments remained a key priority – referenced by 45% of respondents in Q2 - as businesses likewise recognized the ongoing need to manage expenses.
- The share of businesses referencing hiring opportunities rose considerably from Q1 amid reports of increased candidate availability. However, declines in the percentages of businesses highlighting local market opportunities, sector-specific opportunities, and funding opportunities all hint at emerging uncertainty in the market.

### What would you say are your company's biggest opportunities in the next 3 months?

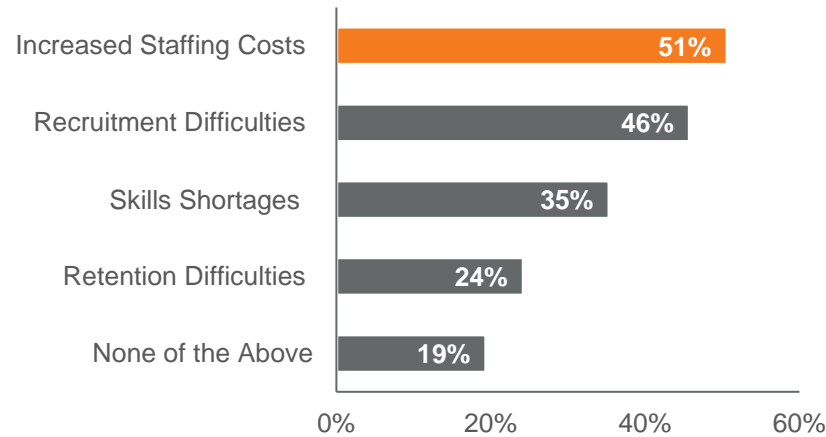
% of businesses referencing opportunity



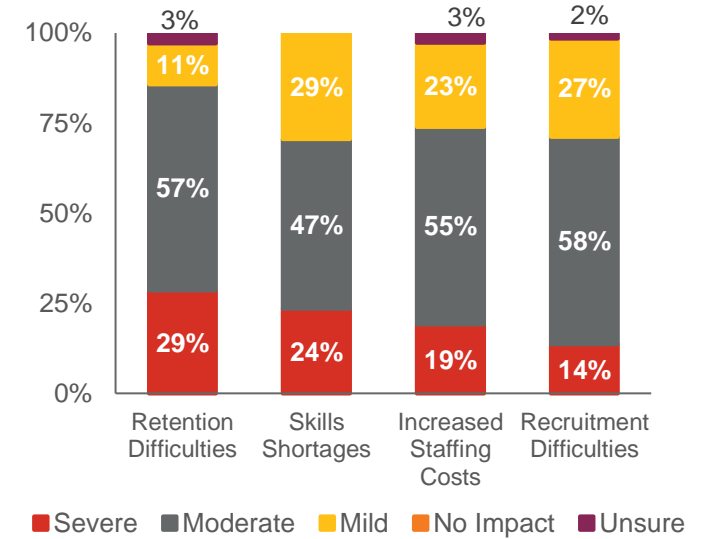
## Staffing issues appear likely to linger.

- 81% of businesses surveyed in Q2 2024 indicated they have experienced at least one staffing issue in the last year.
- Increased staffing costs has been the most common challenge experienced as well as the challenge most likely to have intensified over the period. Respondents broadly consider higher wages as just one of several cost pressures they are currently facing.
- Retention difficulties and skills shortages have had the greatest impact, however - in some cases disrupting workflows or the ability of businesses to secure new work.
- Despite recent evidence of a cooling labor market, businesses were unlikely to report any significant improvement in either recruitment difficulties or skills shortages. This points to long-term, structural issues in the labor market.

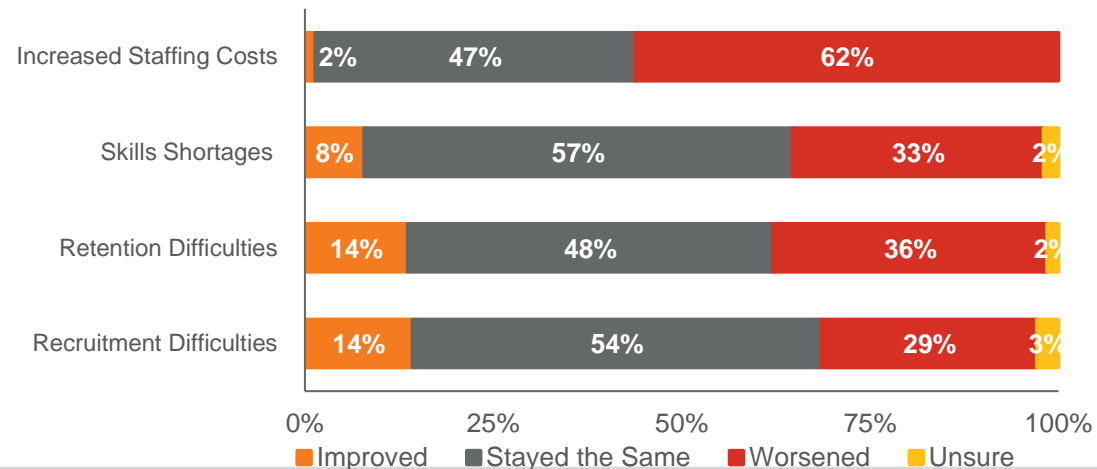
Which of the following staffing challenges has your business experienced in the last year?



How would you rate the impact these challenges have had on your business?



How would you say these challenges have changed in the last year?

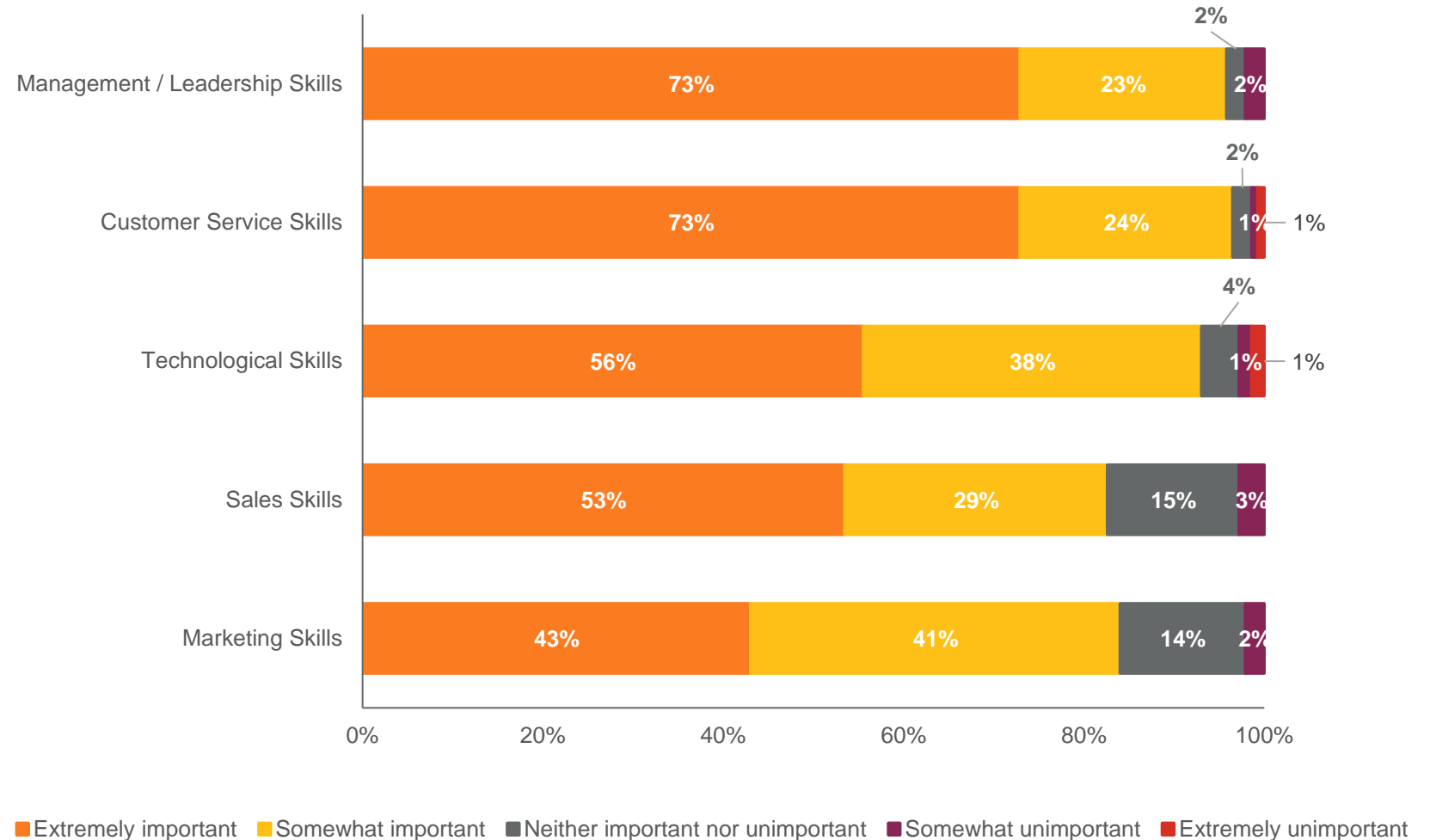




## Interpersonal skills to the fore.

- Businesses rated leadership and customer service skills as most important to their success over the next year.
- Tech skills were also highly valued with 56% of businesses rating them as extremely important to their future success. However, some businesses suggested tech skills are more easily taught than leadership skills.
- Skills overall were deemed to be a key driver of future business performance, with only a handful of businesses rating any skills group as somewhat or extremely unimportant. This is consistent with wider evidence of area employers investing in internal development programs as well as more companies embracing skills-based hiring practices.

How important would you say the following skills are to the success of your business over the next year?



## ABOUT THE Q2 2024 ORLANDO MSA BUSINESS CONDITIONS SURVEY

- 144 business responses collected between April 1, 2024, and June 30, 2024
- Responding businesses employ more than 175,000 people in the Orlando region
- Orange, Osceola, Seminole and Lake counties all represented
- 15 different industries represented

## METHODOLOGY

The Orlando MSA Business Conditions Survey asks businesses in Orange, Osceola, Seminole and Lake counties a series of questions relating to their confidence, recent and expected business performance, challenges, and opportunities. The survey is administered by Stetson University's Center for Public Opinion Research (CPOR), with responses collected throughout the quarter. Each quarter, businesses are also asked a series of questions on a topical issue of regional significance.

Survey results are often presented as a **net balance** - the percentage of businesses who report an increase in any given measure minus the percentage who report a decrease. For example, if 50% of businesses indicate their revenue increased and 18% said their revenue decreased, the net balance for the quarter would be +32% (an overall expansion). If 32% indicate revenue increased and 33% said revenue decreased, the net balance would be -1% (an overall contraction).

## ADD YOUR VOICE



Improve your understanding of the Orlando economy while helping to shape the region's economic future.  
[www.orlando.org/survey](http://www.orlando.org/survey)

For more information on the Orlando MSA Business Conditions Survey, contact Neil Hamilton, Vice President of Market Intelligence  
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