



## The Palm Beach County Economic Environment: Reflections on 2020 and the Outlook Ahead

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The Palm Beach County Board of County Commissioners prioritizes economic development by driving the creation of employment opportunities while reducing disparities and improving quality of life in Palm Beach County. 2020 posed unique challenges and opportunities to the Palm Beach County business community.

In response to COVID-19, the Board took aggressive action to shift economic development efforts towards the preservation and recovery of existing Palm Beach County businesses adversely impacted by COVID-19. Small business owners in particular faced highly difficult circumstances including service limitations and closures. In response, the Board approved a sizeable portion of the County's \$261 million allocation of federal CARES Act dollars to support the Restart Business grant program. Since the program's May 2020 launch, more than 5,000 businesses have received over \$78 million in grants to support their preservation and recovery in the face of COVID-19. Small businesses were prioritized by the County resulting in a wide variety of small businesses receiving grants, including: hair and nail salons; bars, restaurants, and other food service providers; gyms and fitness studios; brick-and-mortar stores; and professional services including accountants and attorneys. More than 95% of grantee businesses have 25 employees or less; and more than 70% have \$250,000 or less in annual gross receipts or sales. For nearly 60% of grantee businesses, the Palm Beach County grant was the only COVID-related grant or forgivable loan relief they received.

The county's stable labor force and relatively low unemployment rate in 2019 fluctuated in 2020. The labor force shrank from a high of 742,269 in February 2020 to a low of 653,719 in April 2020 while the unemployment rate was at a low of 3% in February 2020 and a high of 14.1% in May 2020. In August 2020, the labor force began increasing and unemployment rates began decreasing. We expect this trend to continue in 2021.

Palm Beach County ranks 131<sup>st</sup> of 3,142 counties nationwide for industry diversity in a study conducted by Emsi Economic Modelling. Much of the stability experienced in 2019 was a result of the county's industry diversity. The county's top 5 industry sectors – professional and business services; trade, transportation, and utilities; education and health services; leisure and hospitality; and government – all experienced year-over-year job losses from 2019 to 2020. The hospitality and leisure industry experienced the greatest job loss as a result of the COVID-19: 16,800 jobs lost, equivalent of 24% of the sector's employed labor force. All sectors started to show a recovery in jobs as of September 2020. The hospitality and leisure industry showed the largest recovery, with 5,500 jobs recovered from September to October 2020.

Although COVID-19 critically impacted the county's business and economic environment, there were some economic development constants in 2020. The County continued its Business Loan Program, offering gap financing with favorable terms. To date, business Loan Program borrowers have created more than 2,116 new jobs in Palm Beach County. During the pandemic, 10 loans were closed. These

borrowers are expected to create 28 jobs and support their loan-funded projects with \$2.96 million in additional capital investments. More than 13,000 small businesses received a variety of technical assistance such as business plan development, credit repair, and licensing through the County's Department of Housing and Economic Sustainability and services provided through the County's contracted economic development partners. The County's Office of Equal Business Opportunity certified 656 small, minority or women-owned businesses to serve as vendors providing goods and services to Palm Beach County. And the County's construction industry is outpacing 2019 both in permitting issuance and capital investment.

Our economic vision for Palm Beach County in 2021 is focused on recovery while at the same time continuing to attract new businesses and diversify our industry base. We expect the hospitality and leisure industry to experience some recovery over the next 24 to 36 months through the promotion of the health and safety of the county's beaches, environmental areas, parks, and open-air recreational spaces. The Palm Beach County Board of County Commissioners knows the county's path to full economic recovery will be challenging. But, the Board is committed to implementing and refining economic development strategies for a robust economic recovery.

To learn more about the Department of Housing & Economic Sustainability, or any of the County's economic development and business investment programs, please contact me at 561-233-3600 or [showard@pbcgov.org](mailto:showard@pbcgov.org).