Southwest Florida Regional Economic Indicators

November 2019

VOLUME XIII NUMBER 11

Regional Economic Research Institute

Lutgert College Of Business
10501 FGCU Blvd. South
Fort Myers, FL 33965
Phone 239-590-7090
fgcu.edu/cob/reri

Table of Contents

Introduction: Regional and National Background 4

Airport Passenger Activity 5

Chart 1: SW Florida International Passenger Activity 5

Chart 2: Punta Gorda Airport Passenger Activity 6

Chart 3: Sarasota Airport Passenger Activity 6

Tourist Tax Revenues 7

Chart 4: Tourist Tax Revenues for the Coastal Counties 7

Chart 5: Coastal County Tourist Tax Revenues 8

Taxable Sales 8

Chart 6: Taxable Sales for 5 County Region 9

Chart 7: Taxable Sales for Coastal Counties 9

Chart 8: Taxable Sales for Inland Counties 10

Workforce – Labor Force, Employment and Unemployment 10

Chart 9: Lee County Labor Force and Unemployment 11

Chart 10: Collier County Labor Force and Unemployment 12

Chart 11: Charlotte County Labor Force and Unemployment 12

Chart 12: Hendry County Labor Force and Unemployment 13

Chart 13: Glades County Labor Force and Unemployment 13

Single-Family Building Permits 14

Chart 14: Single-Family Building Permits for Lee County 14

Chart 15: Single-Family Building Permits for Collier County 15

Chart 16: Single-Family Building Permits for Charlotte County 15

Existing Single–Family Home Sales and Median Prices 16

Chart 17: Existing Single-Family Home Sales for Lee County 16

Chart 18: Existing Single-Family Home Sales for Collier County 17

Chart 19: Existing Single-Family Home Sales for Charlotte County 17

Consumer Sentiment Index 18

Chart 20: U.S. Index of Consumer Sentiment 19

Chart 21: Florida Consumer Sentiment Index 19

Consumer Price Index 20
Chart 22: CPI Annual Percentage Change 20
Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change 21
Appendix 21
Chart A1: Coastal Counties Population, 1990 to 2045 22
Chart A2: Inland Counties Population, 1990 to 2045 23
Chart A3: Historic and Projected GDP Growth, 2008 to Long Run 24
Chart A4: Historic and Projected Unemployment, 2008 to Long Run 25
Chart A5: Regional Gross Domestic Product for Coastal Counties 26
Chart A6: Regional Gross Domestic Product for Lee County 27
Chart A7: Regional Gross Domestic Product for Collier County 28
Chart A8: Regional Gross Domestic Product for Charlotte County 29
Chart A9: Industry Diversification Index, 2004 to 2019 30

Regional Economic Indicators is published monthly by the staff and students of the Regional Economic Research Institute at Florida Gulf Coast University.

Dr. Chris Westley, Director, Regional Economic Research Institute
Phone: 239-590-7090 Email: cwestley@fgcu.edu
Mr. Jim Breitbach, Technical Support, Regional Economic Research Institute
Email: jbreitba@fgcu.edu
Mr. Steven Scheff, Business Analyst, Regional Economic Research Institute
Email: sscheff@fgcu.edu
Mr. John Shannon, Senior Economist, Regional Economic Research Institute
Phone: 239-590-1430 Email: jmshannon@fgcu.edu

Copyright © **2019 FGCU** - All rights reserved.

Introduction: Regional and National Background

The latest economic figures provided positive signals for the regional economy. Positive signs include a 7-percent increase in **airport passenger activity** from August 2018 to August 2019, a 22-percent increase in **tourist tax revenues** between August 2018 and August 2019, and an 8-percent increase in **taxable sales** in July 2019 compared to July 2018.

Southwest Florida's seasonally-adjusted **unemployment rate** dropped to 3.0 percent in September 2019, its lowest level in over 13 years. This compared favorably with the State of Florida's 3.2 percent and the nation's figure of 3.5 percent. Attracting and retaining qualified employees is becoming an increasingly popular topic in our region.

Other highlights in the report include:

- The coastal counties issued 924 **single-family building permits** in September 2019, up from 899 in August 2019 and from 829 in September 2018;

- **Single-family home sales** for the coastal counties were down by 13 percent in September 2019 compared to the previous month, but 15 percent higher than September 2018; and

- **Median home prices** for the three coastal counties increased by 3 to 7 percent from September 2018 to September 2019.

The RERI staff extends its sincere thanks and appreciation to the dedicated individuals and organizations which make this report possible. They include FGCU student workers affiliated with the RERI, the Southwest Florida Regional Planning Council, the individual economic development organizations in Charlotte, Collier, and Lee counties, the convention and visitors bureaus in Charlotte, Collier and Lee counties, the regional airport authorities, the Realtors® of Collier, Lee, and Charlotte counties, the University of Florida Survey Research Center, and the county and city permit offices.

Reader comments or suggestions are always welcome. Please email them to RERI Senior Economist John Shannon at reri@fgcu.edu.

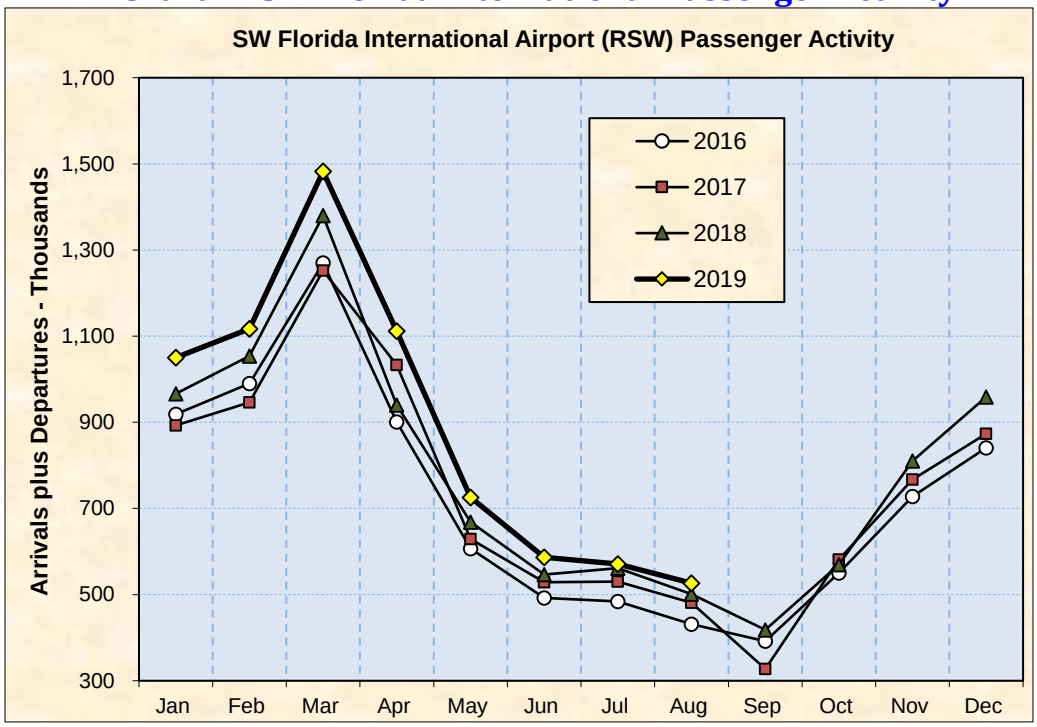
Airport Passenger Activity

Airport passenger activity is the sum of arrivals and departures for Southwest Florida International (RSW), Sarasota Bradenton International (SRQ), and Punta Gorda (PGD) airports. Peak seasonal activity occurs in February, March, and April, with significantly lower activity in the summer months. Charts 1, 2, and 3 illustrate this seasonality as well as the changes from year to year.

Airport passenger activity for Southwest Florida amounted to 760,046 in August 2019, an increase of nearly 50,000 passengers (7 percent) over August 2018, albeit seasonally below the prior month of July 2019.

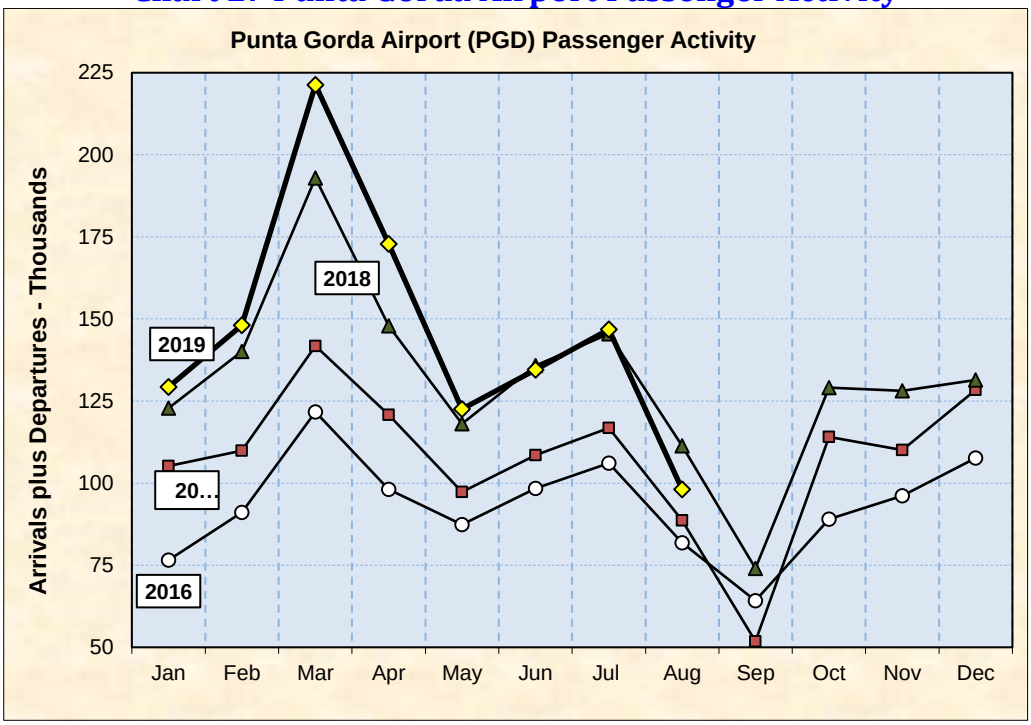
Passenger traffic at RSW was 526,519 in August 2019, up more than 25,000 (5 percent) from August 2018 (see Chart 1). PGD's passenger activity dropped to 98,060 in August 2019, down 12 percent from August 2018 (see Chart 2). At present, only Allegiant is servicing PGD. In contrast, Sarasota Bradenton airport has nine scheduled carriers, and experienced another large year-to-year increase with 135,467 passenger in August 2019, a growth of 38 percent over August 2018 (Chart 3).

Chart 1: SW Florida International Passenger Activity



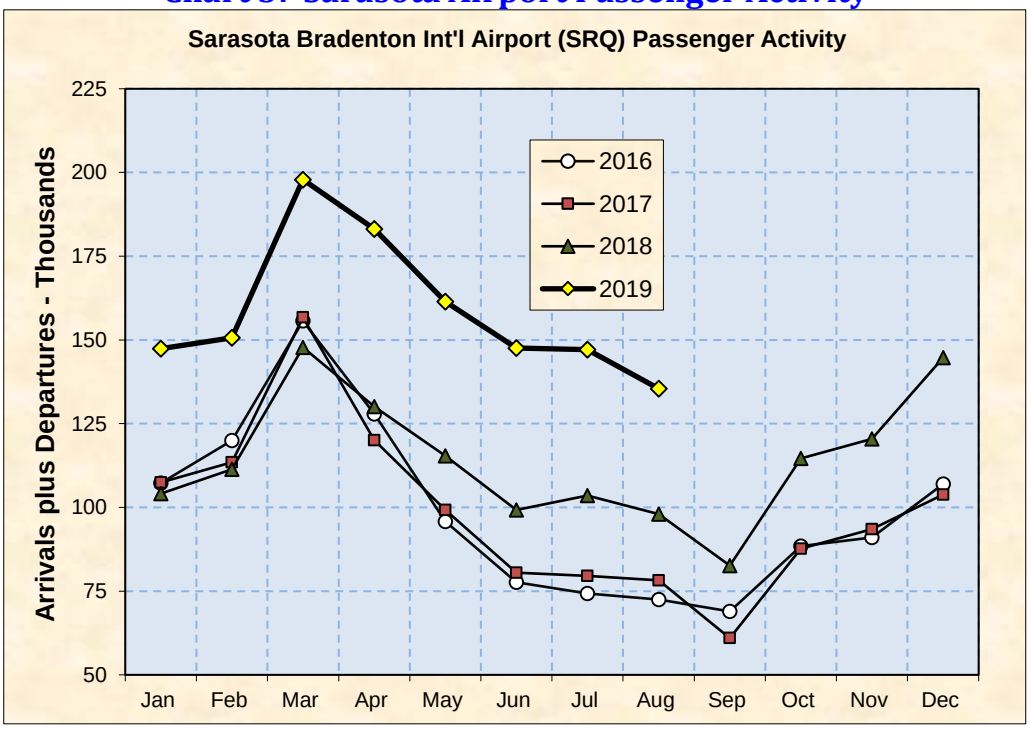
Source: Local Airport Authorities

Chart 2: Punta Gorda Airport Passenger Activity



Source: Local Airport Authorities

Chart 3: Sarasota Airport Passenger Activity



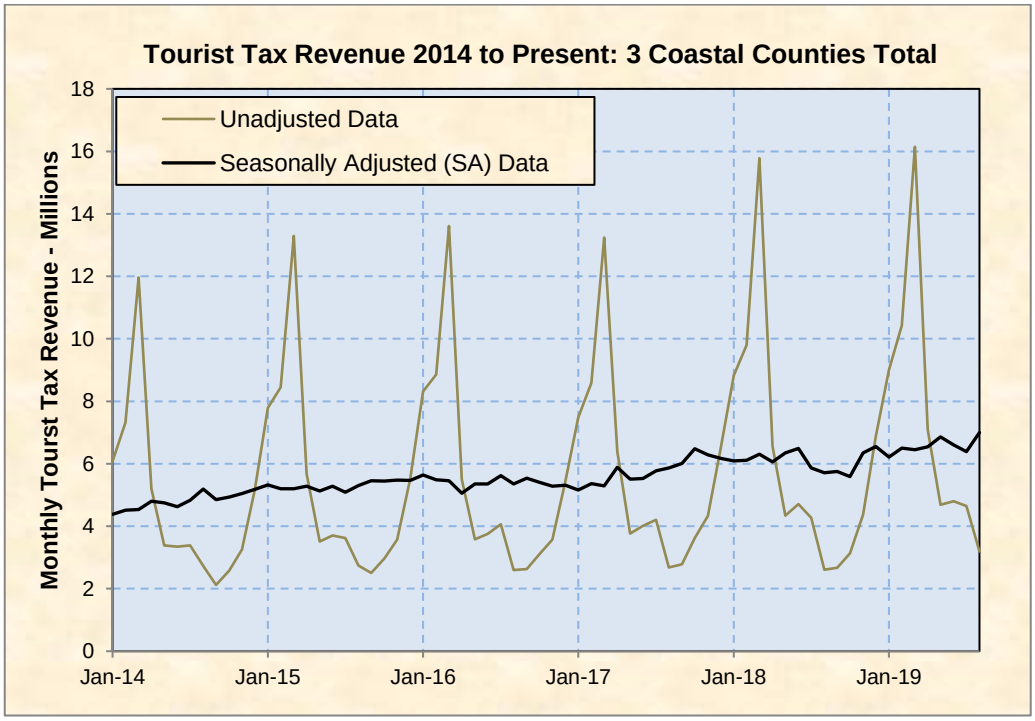
Source: Local Airport Authorities

Tourist Tax Revenues

Seasonally-adjusted tourist tax revenues, shown in Charts 4 and 5, are based on month of occupancy. Revenues for the three coastal counties rose to $7.0 million in August 2019, an increase of 22 percent over August 2018, and 10 percent higher than July 2019.

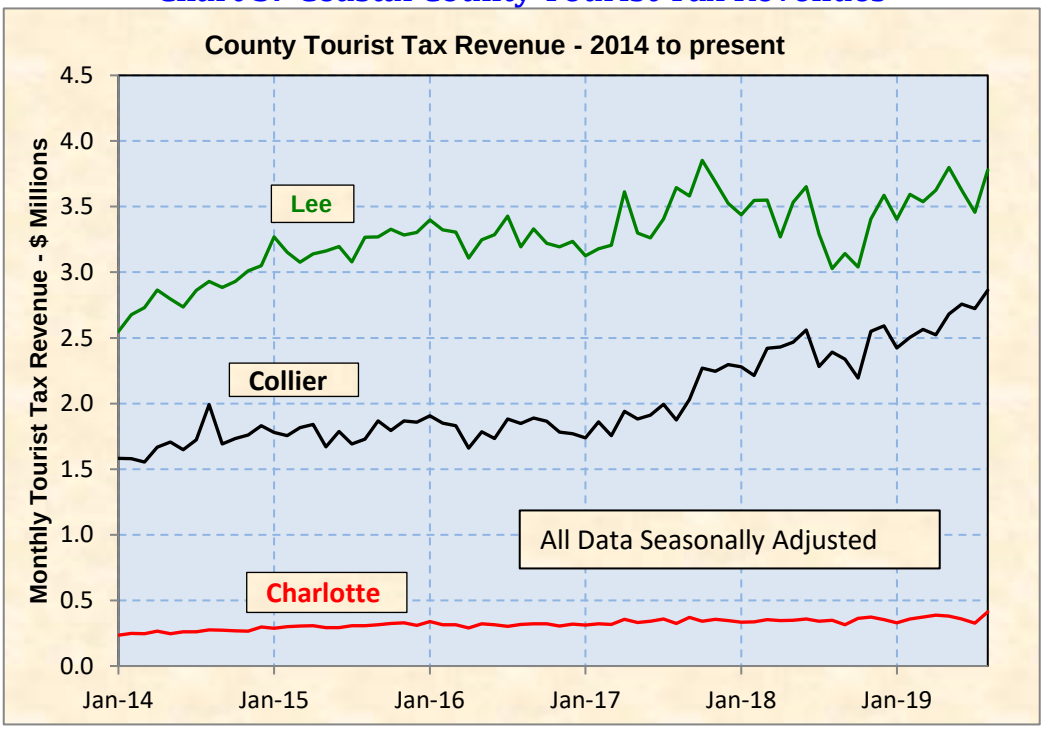
Lee County's seasonally-adjusted tourist tax revenues for August 2019 were $3.78 million, a 25-percent increase over August 2018. Collier County's tourist tax revenues increased to $2.86 million in August 2019, up 20 percent over August 2018. Seasonally-adjusted tourist tax revenues in Charlotte County were $413 thousand in August 2019, an increase of 18 percent from the previous year.

Chart 4: Tourist Tax Revenues for the Coastal Counties



Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Coastal County Tourist Tax Revenues



Source: Local County Tourism, Tax, and Economic Development Reports and seasonal adjustment by RERI

Taxable Sales

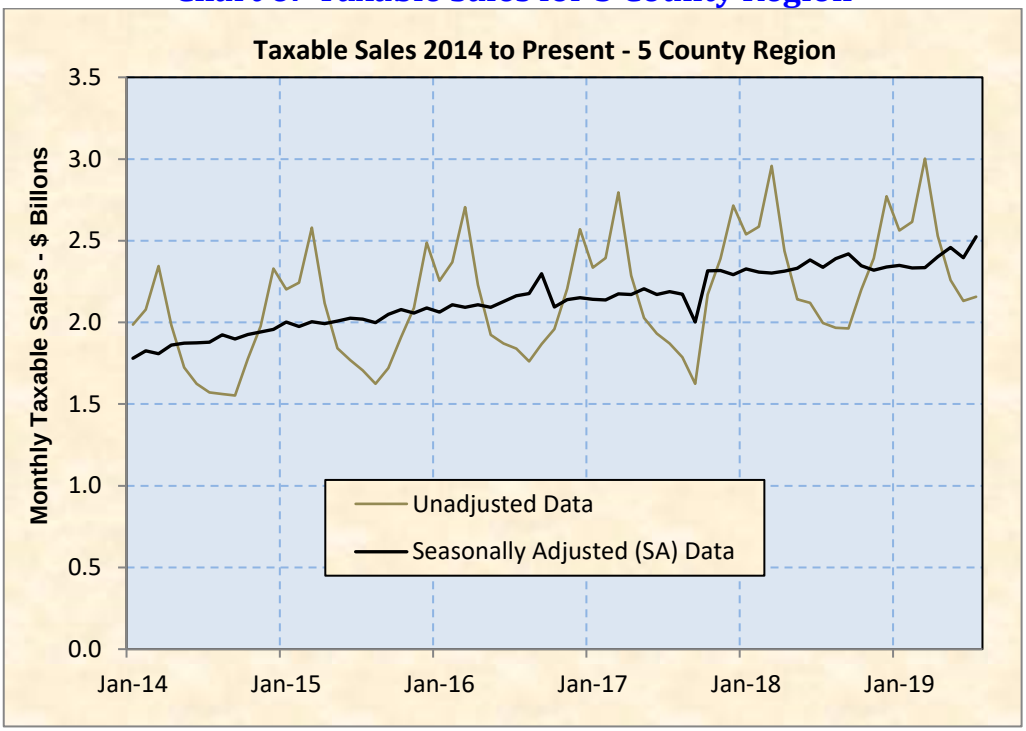
Taxable sales data track consumer spending based on the latest month of merchant collections. Data lag one month behind the Florida Department of Revenue's reporting month and are now available through July 2019.

Seasonally-adjusted taxable sales for the 5-county region amounted to $2.524 billion in July 2019, up 5 percent from the prior month, and an 8-percent increase over July 2018 (see Chart 6). All charts show positive long-term trends.

Seasonally-adjustable taxable sales for the coastal and inland counties are shown in Charts 7 and 8, respectively. Lee County's taxable sales rose to $1.360 billion in July 2019, a 7-percent increase over July 2018. Collier County taxable sales increased to $847.9 million in July 2019, up 9 percent from July 2018. Taxable sales in Charlotte County were $274.7 million in July 2019, an increase of 7 percent from July 2018.

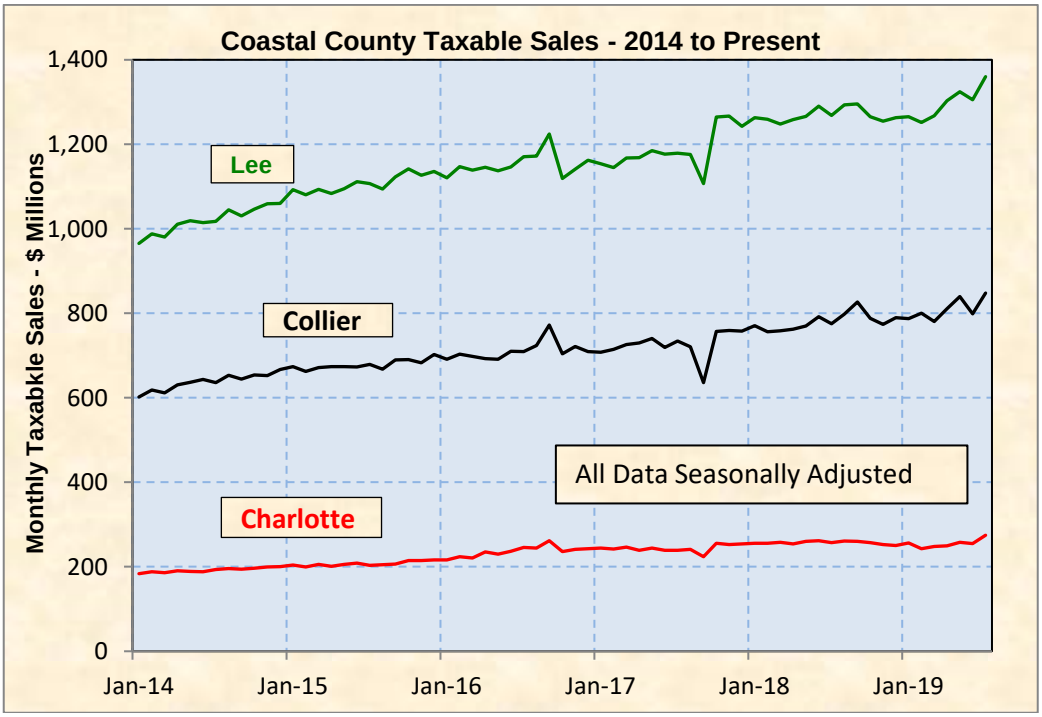
Taxable sales in Hendry County rose to $37.6 million in July 2019, an increase of 17 percent over the July 2018 figure. Glades County taxable sales totaled $5 million in July 2019, up 16 percent over July 2018. All cited data are seasonally adjusted.

Chart 6: Taxable Sales for 5 County Region



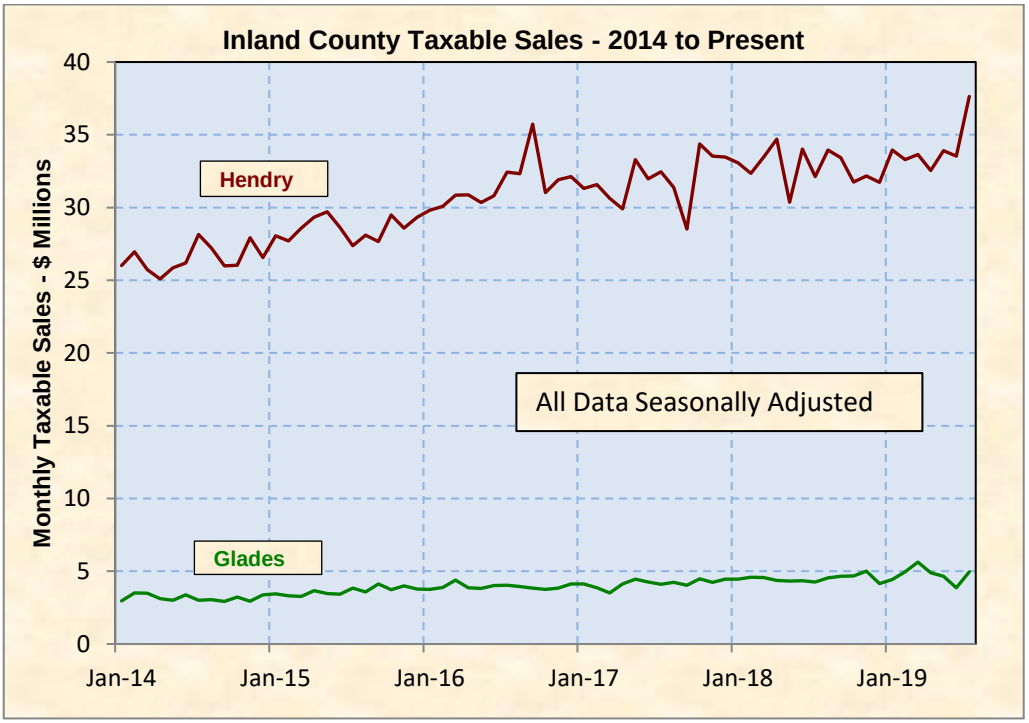
Source: Florida Department of Revenue, Office of Tax Research

Chart 7: Taxable Sales for Coastal Counties



Source: Florida Department of Revenue, Office of Tax Research

Chart 8: Taxable Sales for Inland Counties



Source: Florida Department of Revenue, Office of Tax Research

Workforce – Labor Force, Employment and Unemployment

Charts 9-13 show total persons employed and unemployed, and the resulting unemployment rate, all seasonally adjusted by the RERI, for each county from January 2007 through September 2019. The number of employed persons in Southwest Florida rose by 4,538 from August to September of 2019 (0.7 percent increase) and the number of unemployed decreased by 2,091 (a 10 percent decrease), resulting in a 0.4 percent decline in the regional unemployment rate to 3.0 percent. This is the lowest level since April 2006. Since September 2018, employment has increased by over 24,000 workers, while the number of unemployed dropped by 200. The region's unemployment rate for September 2019 shows a 0.2 percent improvement from September 2018.

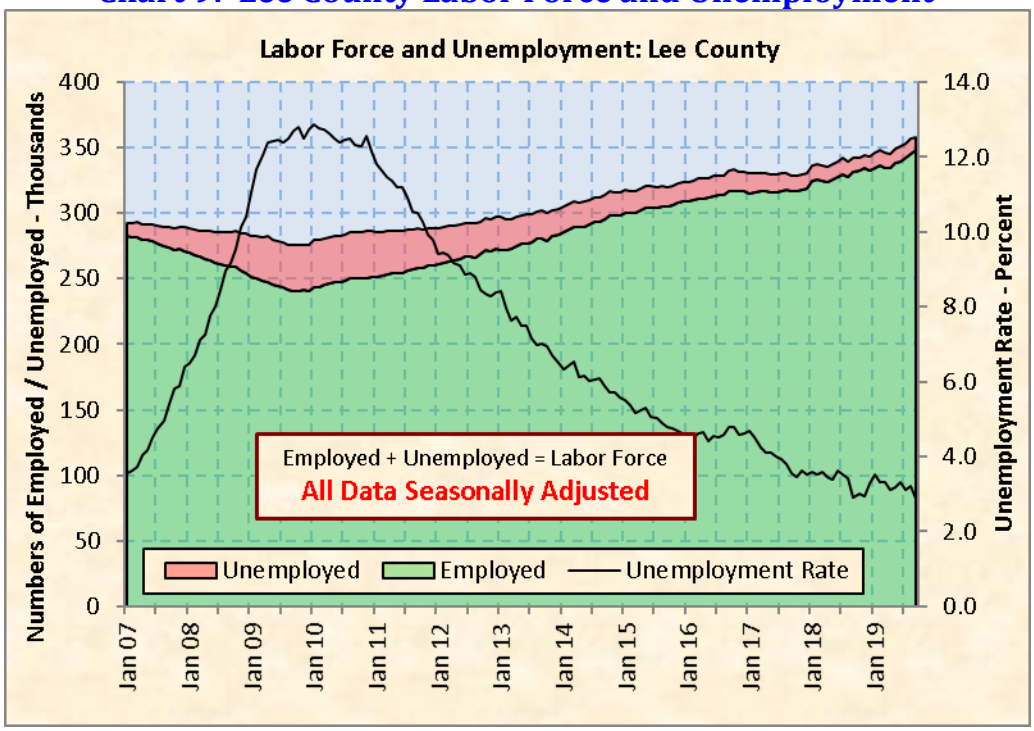
Lee County had a seasonally-adjusted unemployment rate of 2.9 percent in September 2019, unchanged from September 2018, but down 0.3 points from the prior month (Chart 9). Collier County's unemployment rate dropped to 2.9 percent in September 2019, down 0.3 points from the prior year and from the previous month (Chart 10). The September 2019 unemployment rate in Charlotte County was 3.5 percent, a decline from 3.8 percent in September 2018 and from 3.9 percent in August 2019 (Chart 11).

Hendry County's unemployment rate dropped to 5.8 percent in September 2019 from 6.1 percent in August 2019, slightly above the September 2018 figure of 5.7 percent, as depicted in

Chart 12. The September 2019 unemployment rate for Glades County was 3.6 percent, a 0.4 percent decrease from August 2019, and 0.1 percent below September 2018 (Chart 13).

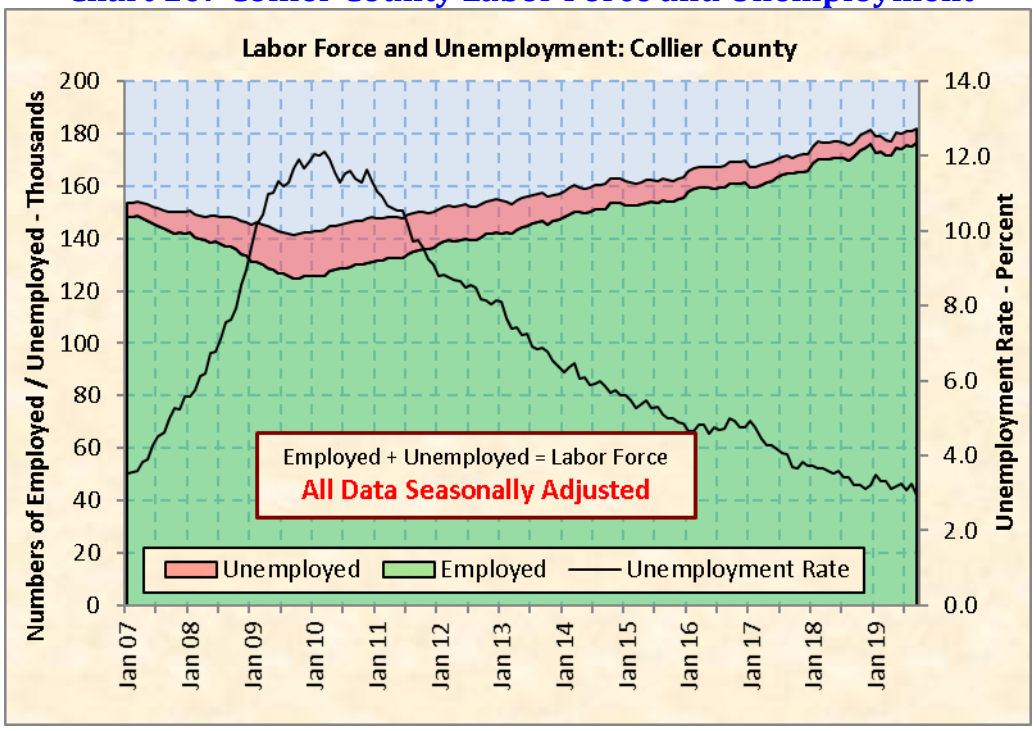
The seasonally-adjusted unemployment rate for the state of Florida dipped to 3.2 percent in September 2019, down from 3.3 percent in both September 2018 and August 2019. The United States unemployment rate declined to 3.5 percent in September 2019, down from 3.7 percent in September 2018 and in August 2019.

Chart 9: Lee County Labor Force and Unemployment



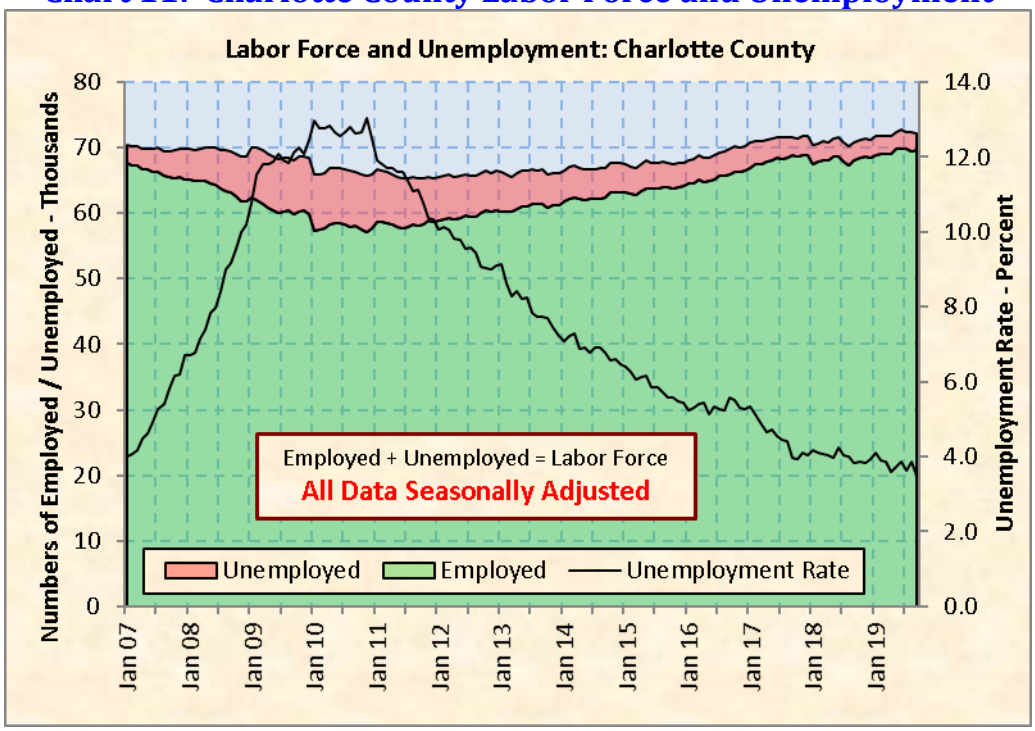
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 10: Collier County Labor Force and Unemployment



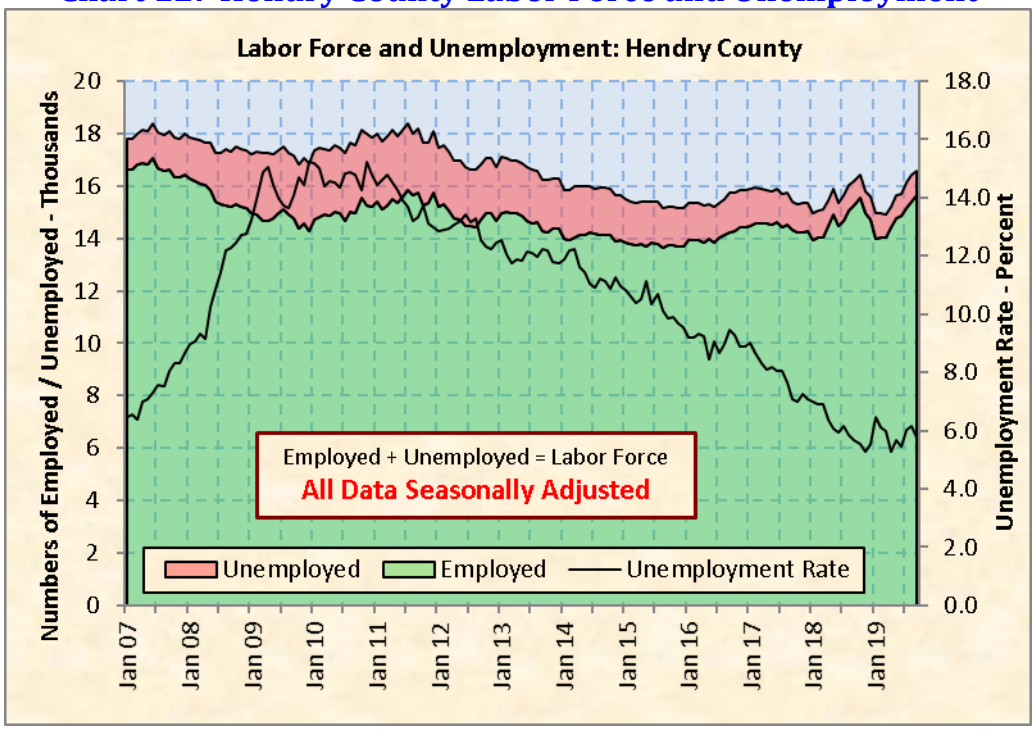
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 11: Charlotte County Labor Force and Unemployment



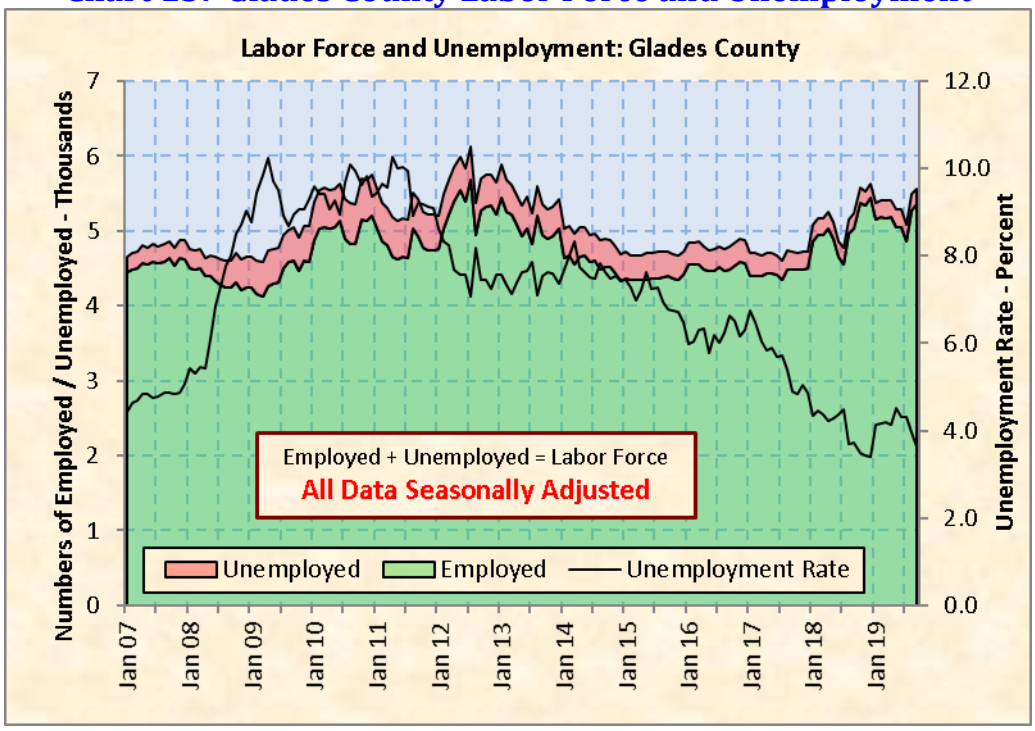
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 12: Hendry County Labor Force and Unemployment



Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 13: Glades County Labor Force and Unemployment



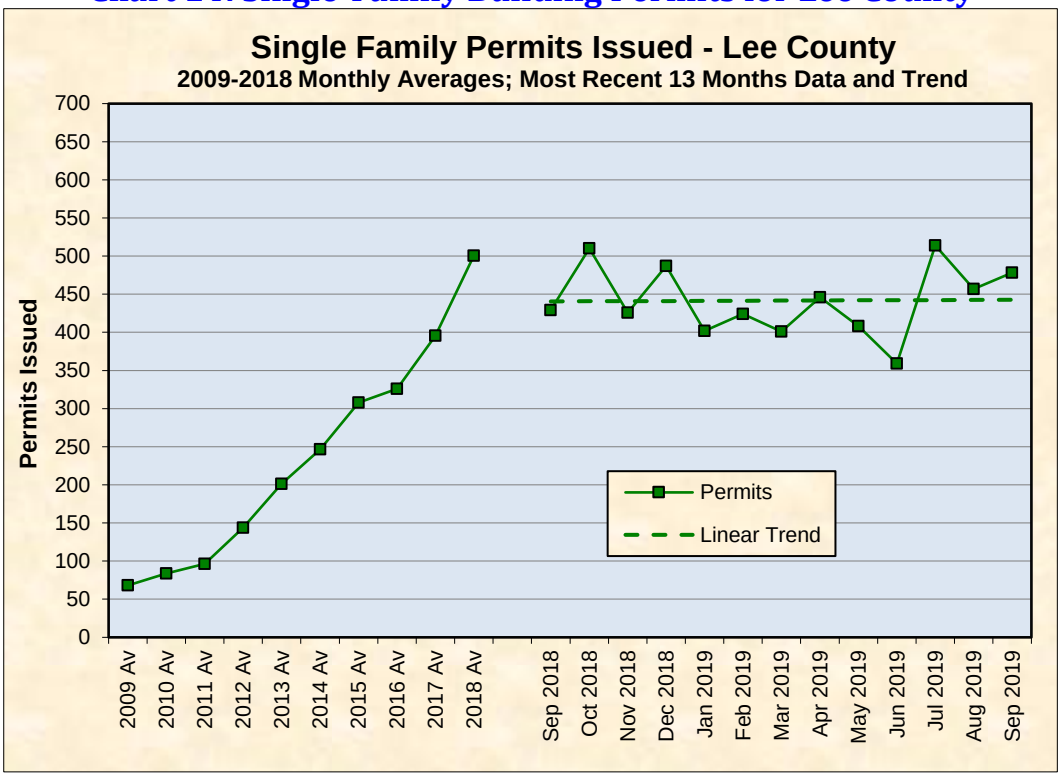
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Single-Family Building Permits

Southwest Florida coastal counties reported the issuance of 924 building permits in September 2019, an increase of 25 over the prior month of August 2019, and 95 more than September 2018. Lee County issued 478 permits in September 2019, up from 457 in August 2019, and 49 more than September 2018 (Chart 14). In Collier County, 285 permits were issued in September 2019, an increase of 22 from August 2019, and 62 more than September 2018 (see Chart 15). Charlotte County issued 161 permits in September 2019, down 18 from August 2019, and 16 fewer than September 2018 (as depicted in Chart 16). All 13-month trends now show positive slopes for permits issued.

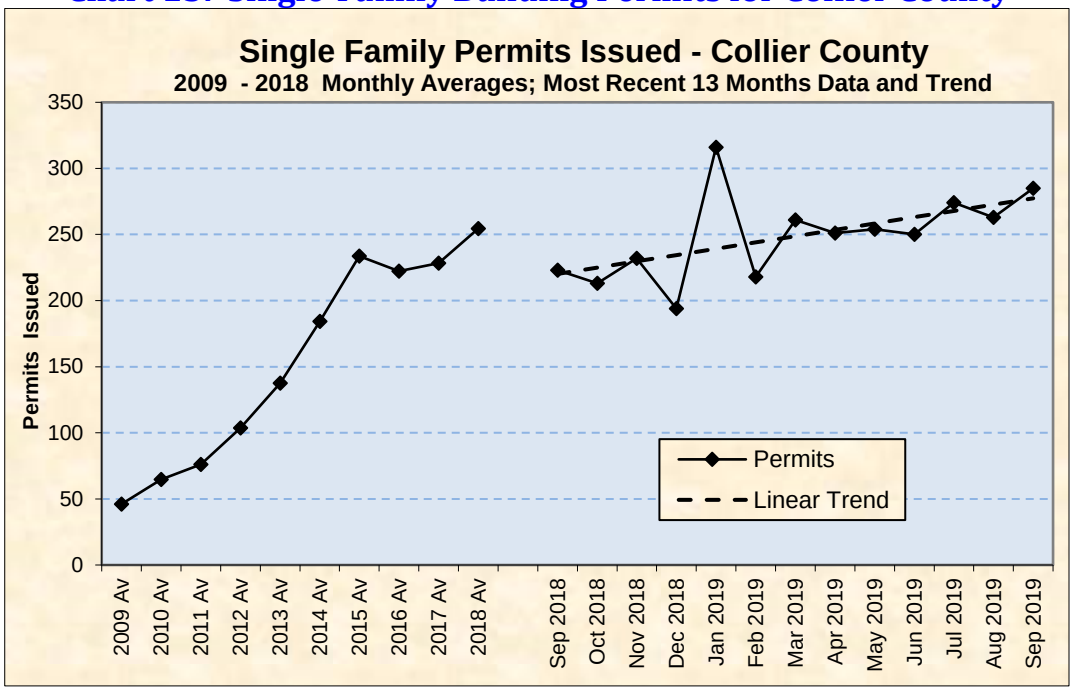
Through September 2019, Hendry County had issued 162 single-family building permits compared to 132 in the first nine months of 2018, a 23 percent increase.

Chart 14: Single-Family Building Permits for Lee County



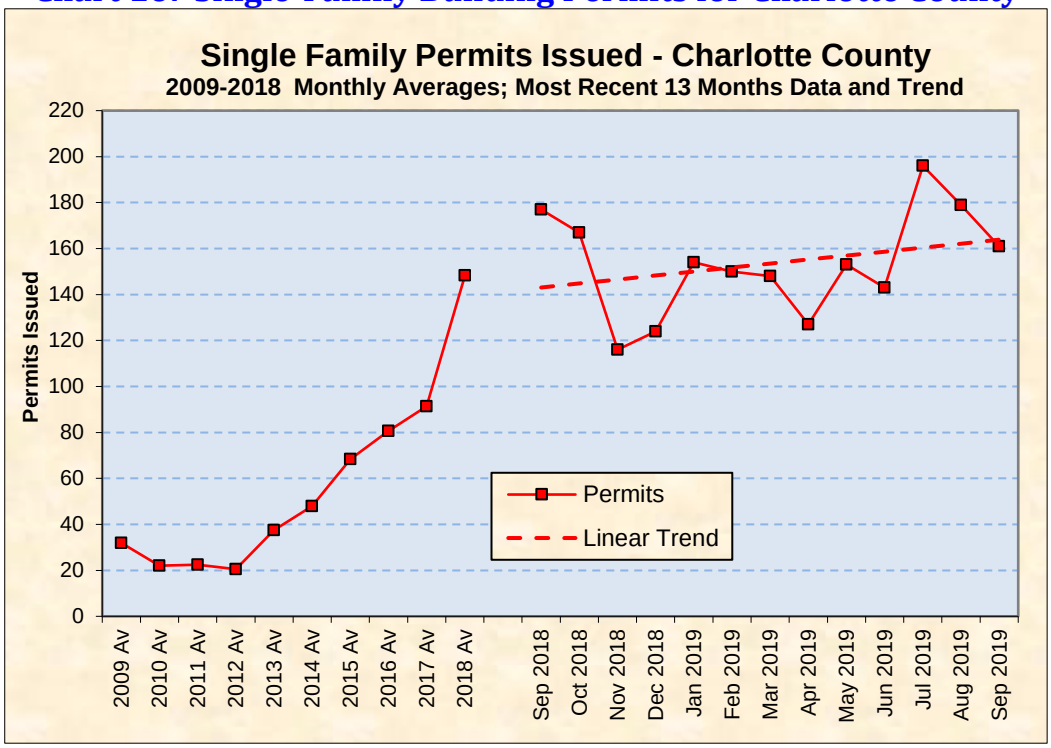
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs, Estero, and Fort Myers Beach permits

Chart 15: Single-Family Building Permits for Collier County



Source: Collier County Growth Management Department, includes unincorporated Collier County permits only

Chart 16: Single-Family Building Permits for Charlotte County



Source: Charlotte County Economic Development Organization, includes unincorporated Charlotte County permits only

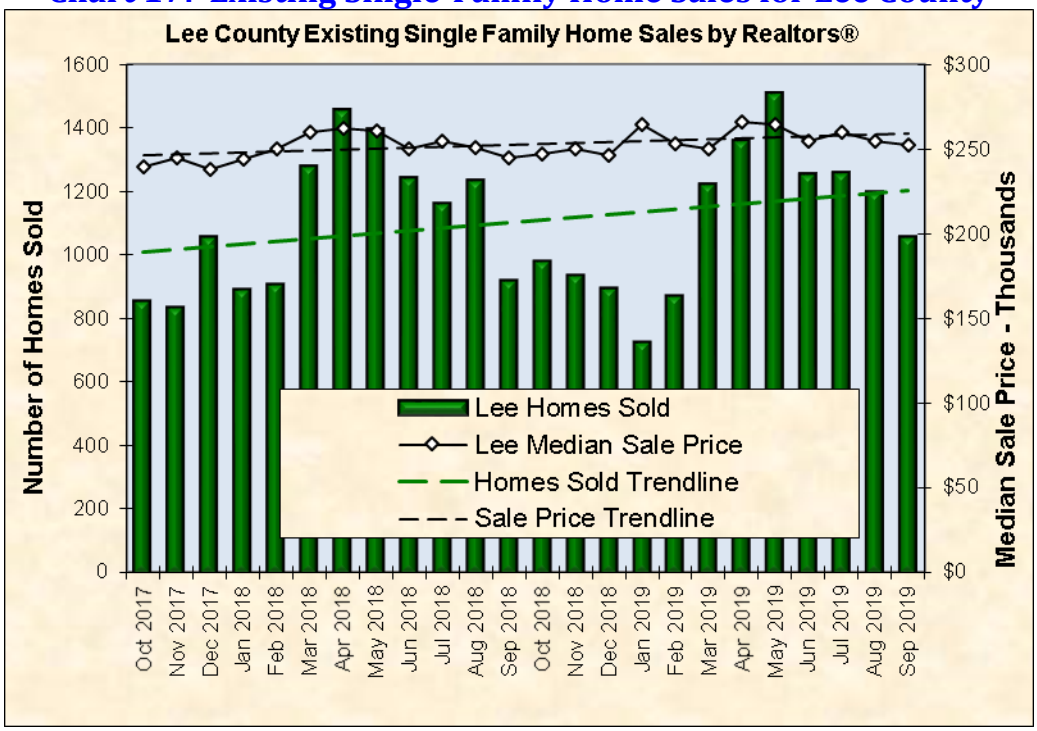
Existing Single–Family Home Sales and Median Prices

Charts 17-19 show existing single-family home sales by Realtors® for Lee, Collier, and Charlotte Counties. The solid lines represent median prices plotted against the scale on the right side, and the bars represent the number of homes sold with the scale on the left side. The broken lines show the trends in numbers of homes sold and median prices.

Realtor® sales of single-family homes in the three counties amounted to 1,809 units in September 2019, down 282 units (13 percent) from August 2019, but an increase of 235 units (15 percent) over September 2018. Home sale trend lines continued to be positive for all three coastal counties.

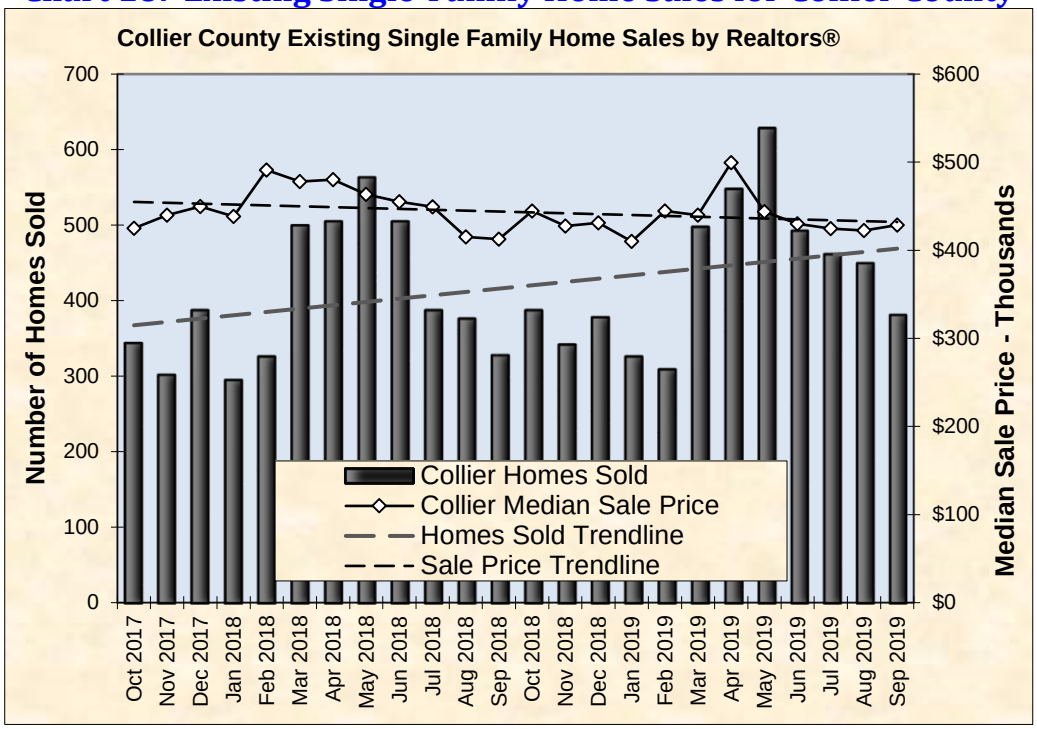
Single-family home sales in Lee County fell to 1,058 units in September 2019, down 145 units (12 percent) from the prior month, but 136 units (15 percent) more than September 2018. The median price in Lee was $252,250 in September 2019, compared to $245,000 in September 2018 and $255,000 in August 2019 (Chart 17). Collier County single-family home sales totaled 382 in September 2019, a decrease of 68 units (15 percent) from the previous month, but 53 units (16 percent) more than September 2018. The median price in Collier County rose to $428,500 in September 2019 from $412,500 in September 2018 and from $422,500 in August 2019 (Chart 18). Charlotte County reported 369 single-family home sales in September 2019, an increase of 46 (14 percent) from September 2019, albeit 69 fewer (16 percent) than August 2019. Charlotte's median price was $227,860 in September 2019, compared to $212,500 in September 2018 and to $227,950 in August 2019 (Chart 19).

Chart 17: Existing Single-Family Home Sales for Lee County



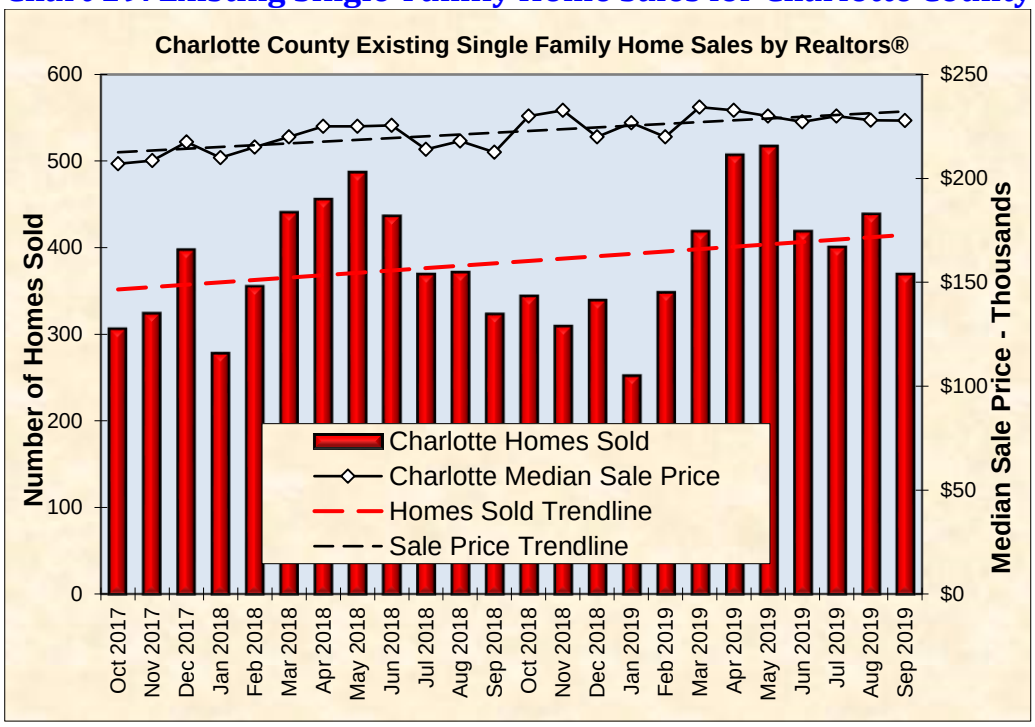
Source: Florida Realtors® Cape Coral-Fort Myers MSA

Chart 18: Existing Single-Family Home Sales for Collier County



Source: Florida Realtors® Naples-Immokalee-Marco Island, Florida MSA

Chart 19: Existing Single-Family Home Sales for Charlotte County



Source: Florida Realtors® Punta Gorda, Florida MSA

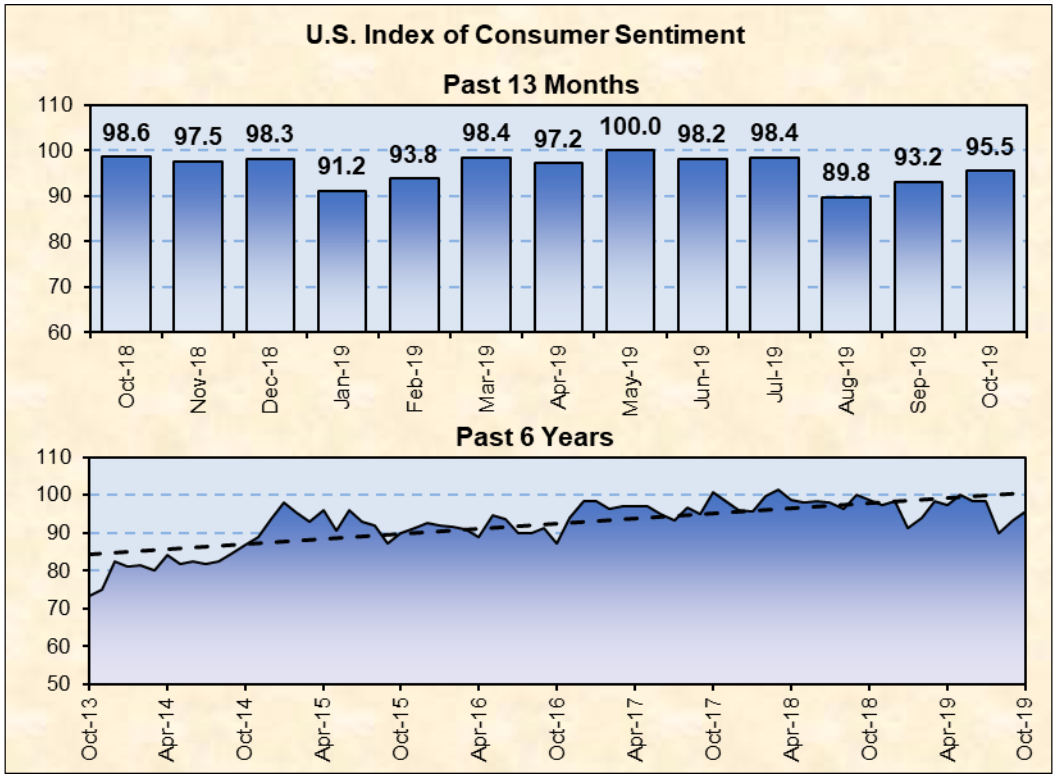
Consumer Sentiment Index

Charts 20 and 21 shows monthly data and linear trend lines over the last six years for both the Florida Consumer Sentiment Index ("CSI") reported by the University of Florida Bureau of Economic and Business Research (BEBR) and for the United States Index of Consumer Sentiment ("ICS") reported by Thomson Reuters/University of Michigan.

The U.S. Index of Consumer Sentiment rose to 95.5 in October 2019, up 2.3 points from September 2019, but down 3.1 points from the October 2018 figure. "The overall level of consumer confidence has remained quite favorable and largely unchanged during the past few years. The October level was nearly identical to the 2019 average (95.6) and only a few Index-points below the average since the start of 2017 (97.0)," noted Survey of Consumers chief economist, Richard Curtin.

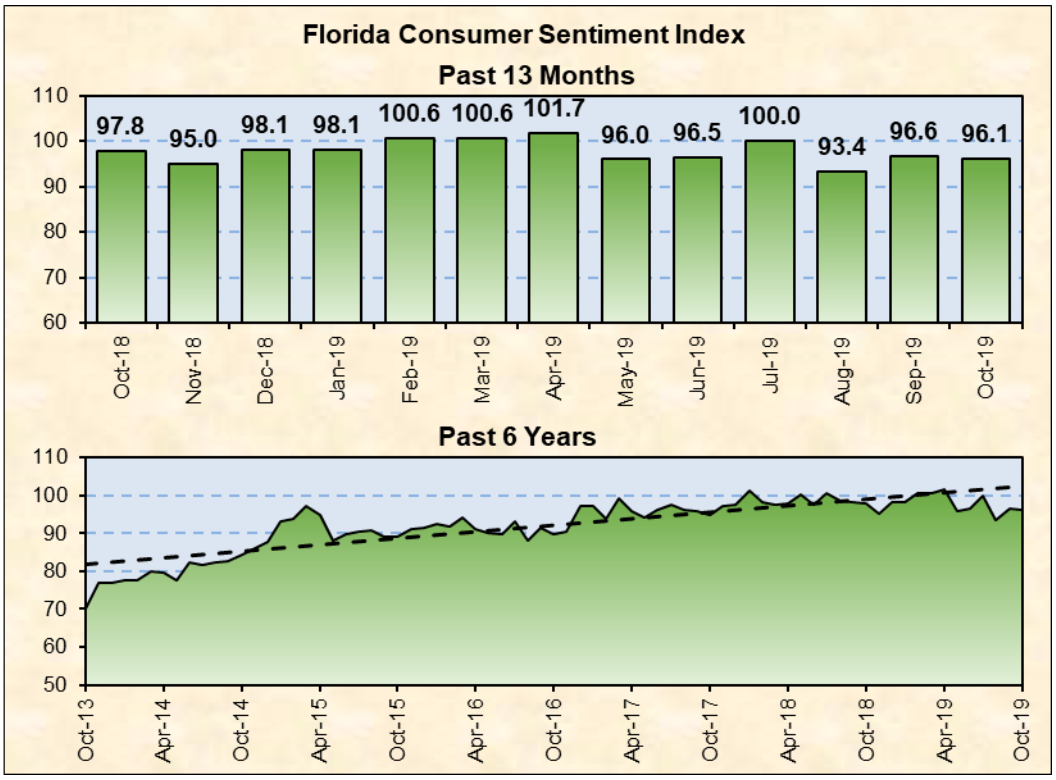
The Consumer Sentiment Index for Florida fell to 96.1 in October 2019, down 0.5 points from the revised September 2019 figure and 1.7 points below the October 2018 index. "Opinions are divided across sociodemographic groups regarding Floridians' expected financial situation as well as views about the U.S economic situation in the long-run," Hector H Sandoval, director of the Economic Analysis Program at the University of Florida's Bureau of Economic and Business Research, said in the October 29, 2019 edition of Florida Consumer Sentiment Index. "The pessimistic views about the short-term outlook on the U.S. economy, however, are shared by all Floridians and are particularly stronger among women, those age 60 and older, and those with income levels above $50,000."

Chart 20: U.S. Index of Consumer Sentiment



Source: Thomson Reuters/University of Michigan

Chart 21: Florida Consumer Sentiment Index

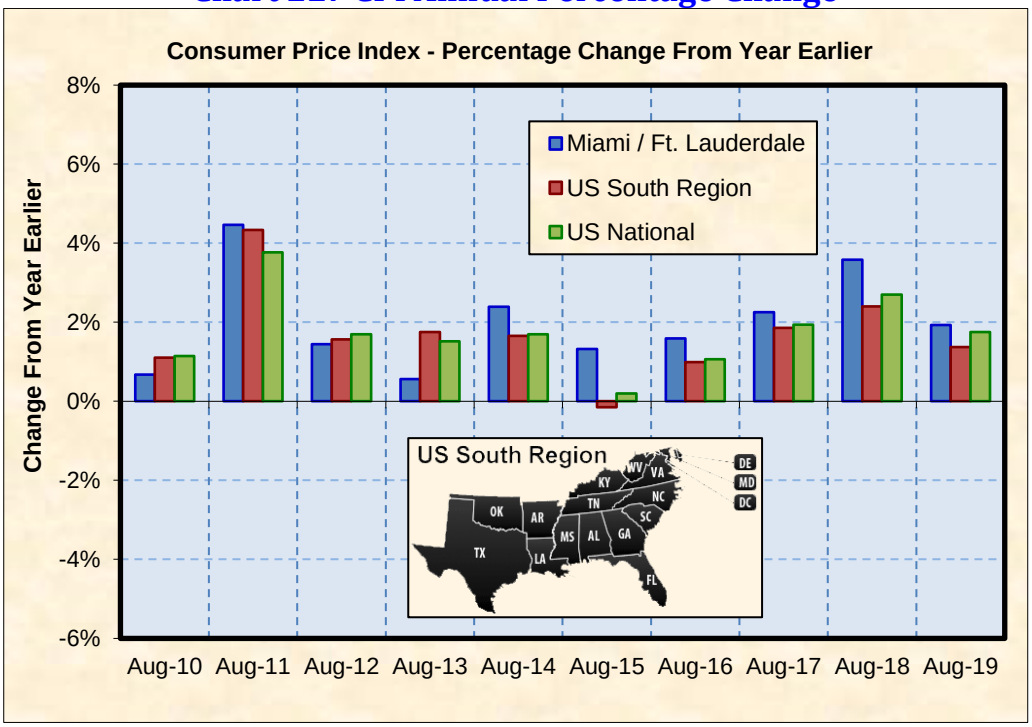


Source: Bureau of Economic and Business Research, University of Florida

Consumer Price Index

As noted in last month's report, Chart 22 shows year-to-year changes in consumer price indices (CPI) through August 2019, continuing to indicate that rates of inflation have abated from a year ago. The August 2019 Miami/Ft. Lauderdale CPI showed an increase of 1.9 percent from August 2018, compared to 3.6 percent a year earlier (from August 2017 to August 2018). CPI growth in the US South Region was 1.4 percent from August 2018 to August 2019, down from 2.4 percent growth between August 2017 and August 2018. For the same period, the CPI for the nation dipped to 1.7 percent from 2.7 percent from August 2017 to August 2018.

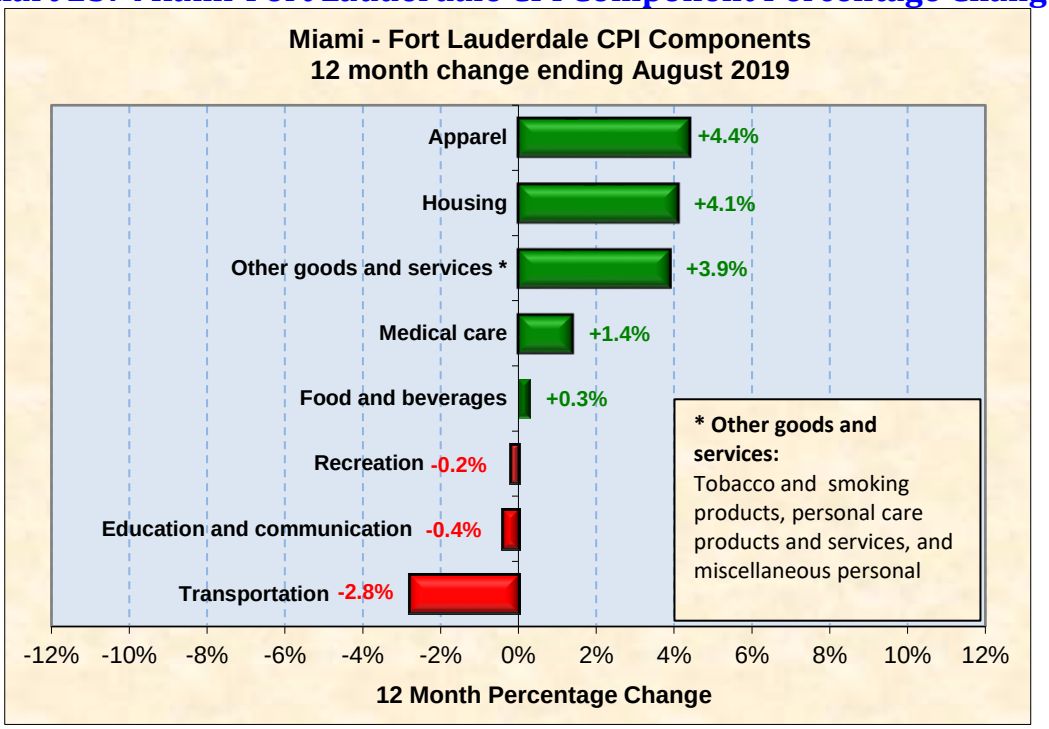
Chart 22: CPI Annual Percentage Change



Source: U.S. Bureau of Labor Statistics

Components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending August 2019 are shown in Chart 23. Increases in apparel, housing, and other goods and services were the primary drivers behind the rise in CPI inflation over this period.

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change



Source: U.S. Bureau of Labor Statistics

Appendix

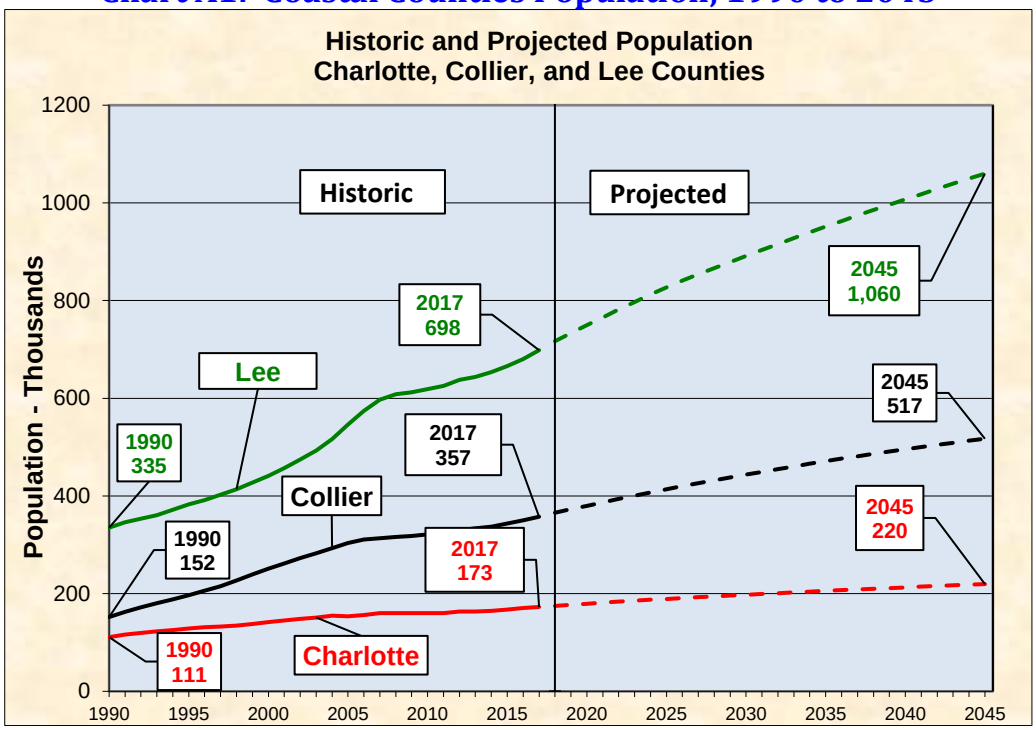
The data presented in this appendix are not released on a monthly basis. The first two charts, Charts A1 and A2, show historic population growth through 2017, as well as projections updated annually by the state of Florida's Office of Economic and Demographic Research, working in conjunction with the University of Florida's Bureau of Economic and Business Research. The second two charts, Charts A3 and A4, depict historic measures of U.S. GDP growth rates and unemployment as well as projections by the Federal Reserve's Federal Open Market Committee and are updated quarterly. Charts A5 through A8 show regional GDP for the coastal counties (published annually), while Chart A9 depicts the FGCU Industry Diversification Index for Southwest Florida and the state, which is updated quarterly.

Regional Population

From 1990 to 2017, regional population growth compounded average was 2.6 percent per year. The compound average annual rate of growth for 1990 to 2017 was 2.8 percent in Lee County, 3.2 percent in Collier County, 1.7 percent in Charlotte County, 2.0 percent in Glades County, and 1.6 percent in Hendry County. The right-hand sections of Charts A1 and A2 show projected population

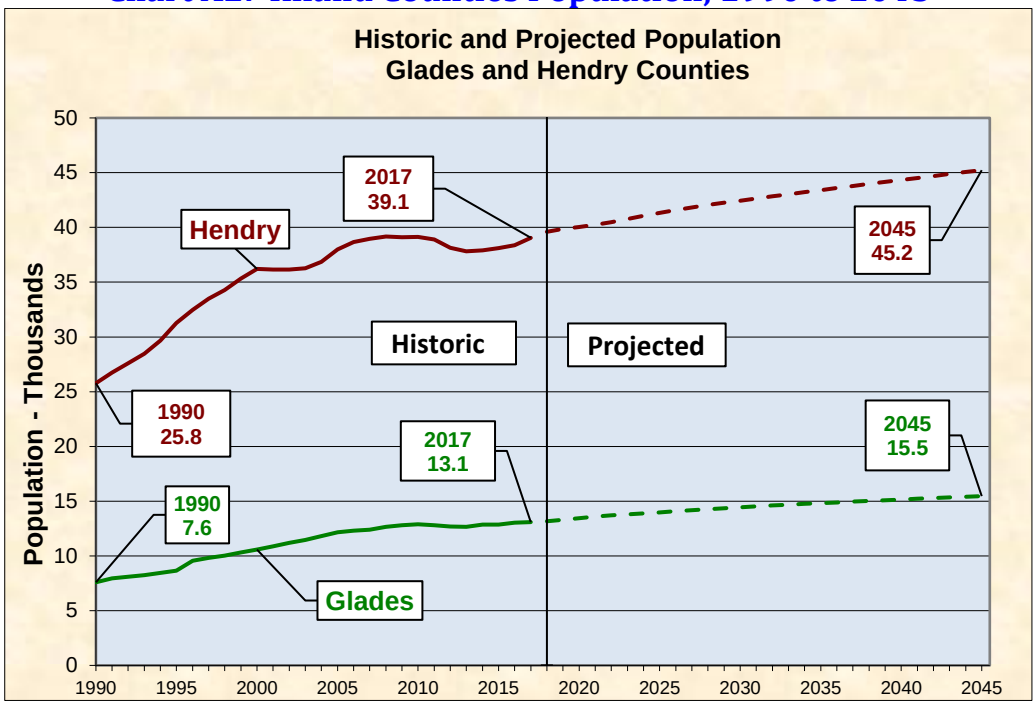
increases from 2018 to 2045. All projected rates of increase are substantially lower than the aforementioned historic growth rates of 1990 to 2017. Projected growth for the five-county region averages 1.3 percent per year, resulting in a population increase of 41.8 percent from 2018 to 2045, adding over 547,000 residents and bringing the total to 1,857,272. Lee County's population is projected to grow an average of 1.6 percent per year, Collier County at 1.3 percent, and Charlotte County at 0.8 percent. Hendry County's population is projected to grow at an average of 0.5 percent per year and Glades County at 0.6 percent per year.

Chart A1: Coastal Counties Population, 1990 to 2045



Source: Office of Economic and Demographic Research

Chart A2: Inland Counties Population, 1990 to 2045



Source: Office of Economic and Demographic Research

National GDP and Unemployment

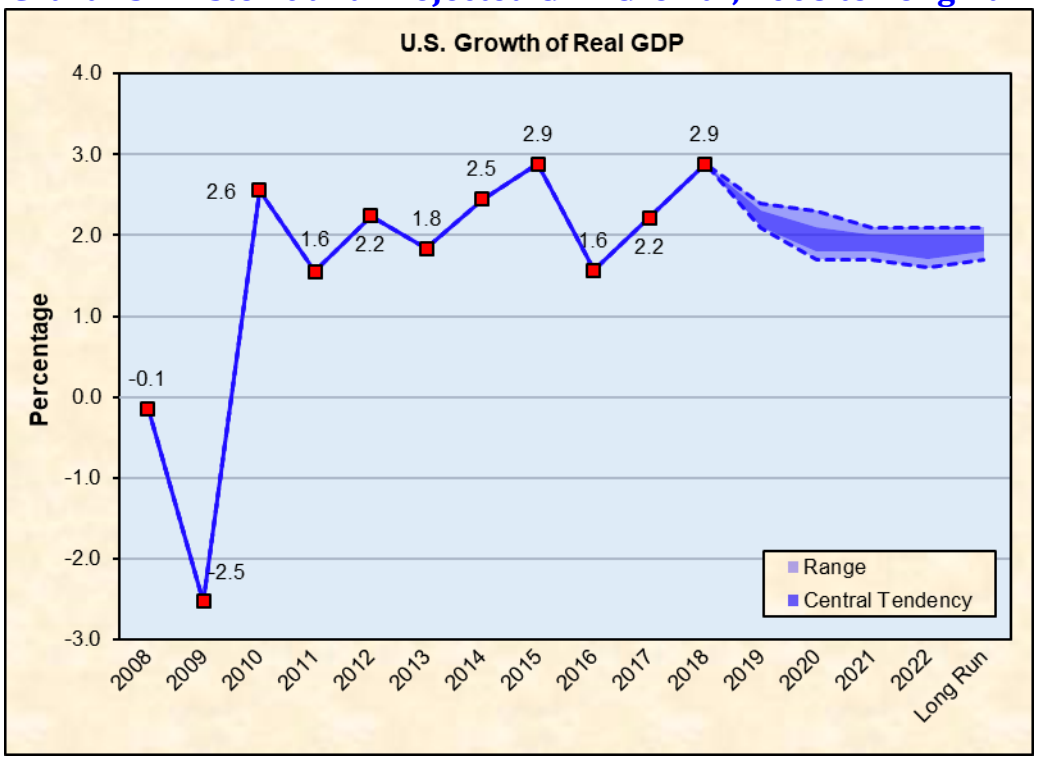
Charts A3 and A4 depict both historical trends and the Federal Open Market Committee's projections for national Gross Domestic Product ("GDP") and Unemployment. The FOMC's projections are released quarterly and reflect the assessments of the Federal Reserve Board of Governors and of Federal Reserve District Bank presidents, with the September 2019 figures shown in the following charts. The dotted lines depict the highest and lowest projections—or the range of all projections—while the darker blue area within the dotted lines depict the central tendency forecast within those projections.

Chart A3 shows the recovery in GDP growth following the most recent recession, and current projections close to the normal long-run trend ("LR"). Real GDP growth rates are based on the change from the fourth quarter of one year to the fourth quarter of the next year.

GDP growth for 2018 measured 2.88 percent (rounded up to 2.9 percent below), which is an increase from the 2.2 measured in 2017, and on par with the 2.9 percent measured in 2015. The overall high and low projections (shown as ranges below and denoted by the dotted lines) for 2019 remained unchanged when compared to the projections made in June 2018, while projections for 2020, 2021, and the long run slightly improved. Despite the slight increase in the range, projections continue to indicate sentiment that economic conditions will slow over the next three years. Although growth projections fall thereafter, there is no sign that the surveyed economists foresee negative growth associated with a recession at this time. Long-run growth rates of 3 percent GDP are generally associated with an economy operating with a full employment of resources.

With the current economic expansion continuing through September 2019, the United States is now in the longest recorded expansion over the last 150 years.

Chart A3: Historic and Projected GDP Growth, 2008 to Long Run

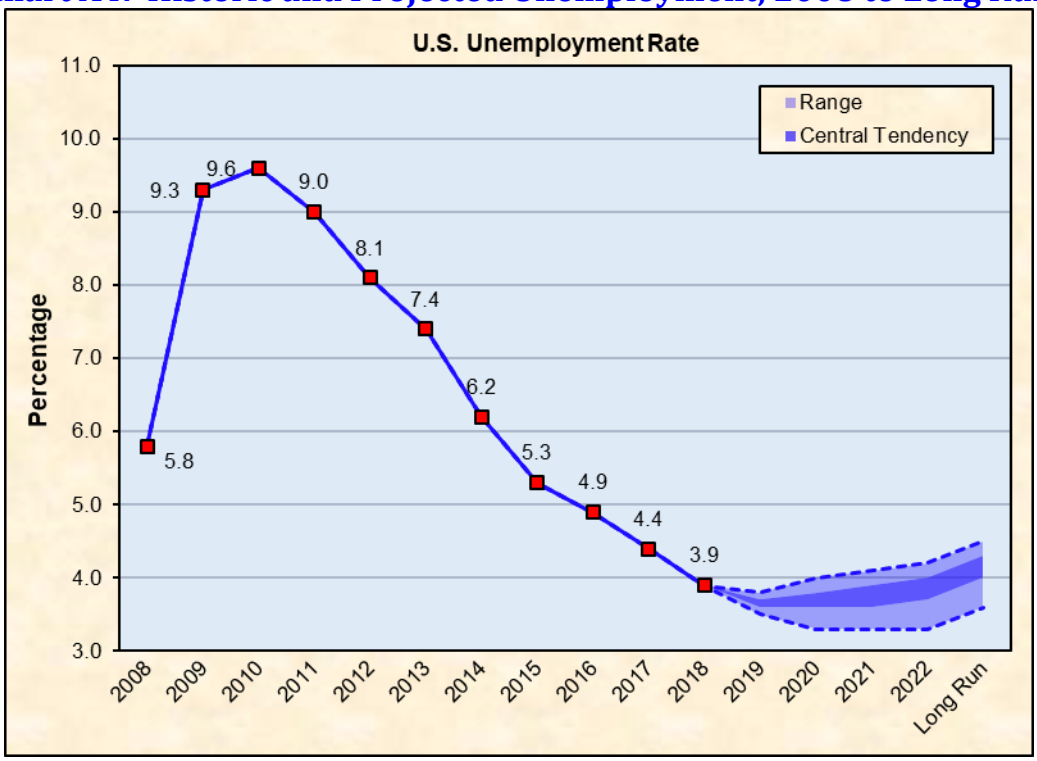


Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, September 18, 2019.

Chart A4 depicts the decline in unemployment following the 2008 recession to levels, beginning in 2016, more closely associated with natural rates of unemployment. Compared to these national numbers, unemployment rates in Florida and Southwest Florida tend to be more volatile, falling lower when national unemployment is falling and rising higher when national unemployment is rising.

The central tendency from the September 2019 forecast suggests that unemployment will fall slightly in 2019, before increasing the following three years. However, the central tendencies predict that the unemployment rate will not rise above 4 percent until 2022. While long run projections indicate an unemployment rate slightly above 4 percent, these forecasts remain at levels well below those that would normally be associated with an economy in recession.

Chart A4: Historic and Projected Unemployment, 2008 to Long Run



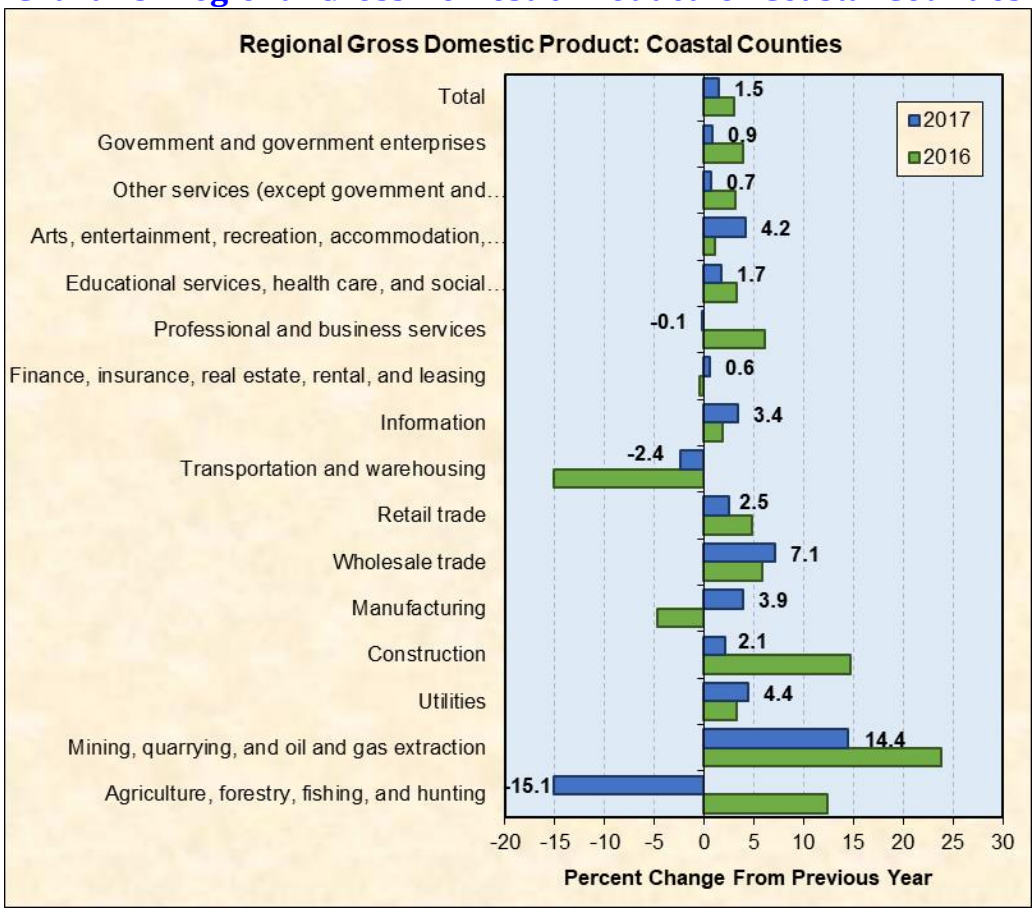
Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, September 18, 2019.

The next quarterly release of projections for GDP and Unemployment will be released following the FOMC meeting scheduled in December 2019. These projections will be updated in the January 2020 edition of *Regional Economic Indicators*.

Regional GDP

Charts A5 shows GDP growth by industry for the Southwest Florida coastal region. Most industries in Southwest Florida continued to grow, with the mining, quarrying, and oil and gas extraction industry (14.4 percent increase from 2016 to 2017), wholesale trade industry (7.1 percent increase), utilities industry (4.4 percent increase), and arts, entertainment, recreation, accommodation, and food services industry (4.2 percent increase) making the largest gains. Agriculture, forestry, fishing, and hunting (15.1 percent decline), transportation and warehousing (2.4 percent decline), and professional and business services (0.1 percent decline) were the only industries to retract over the past year.

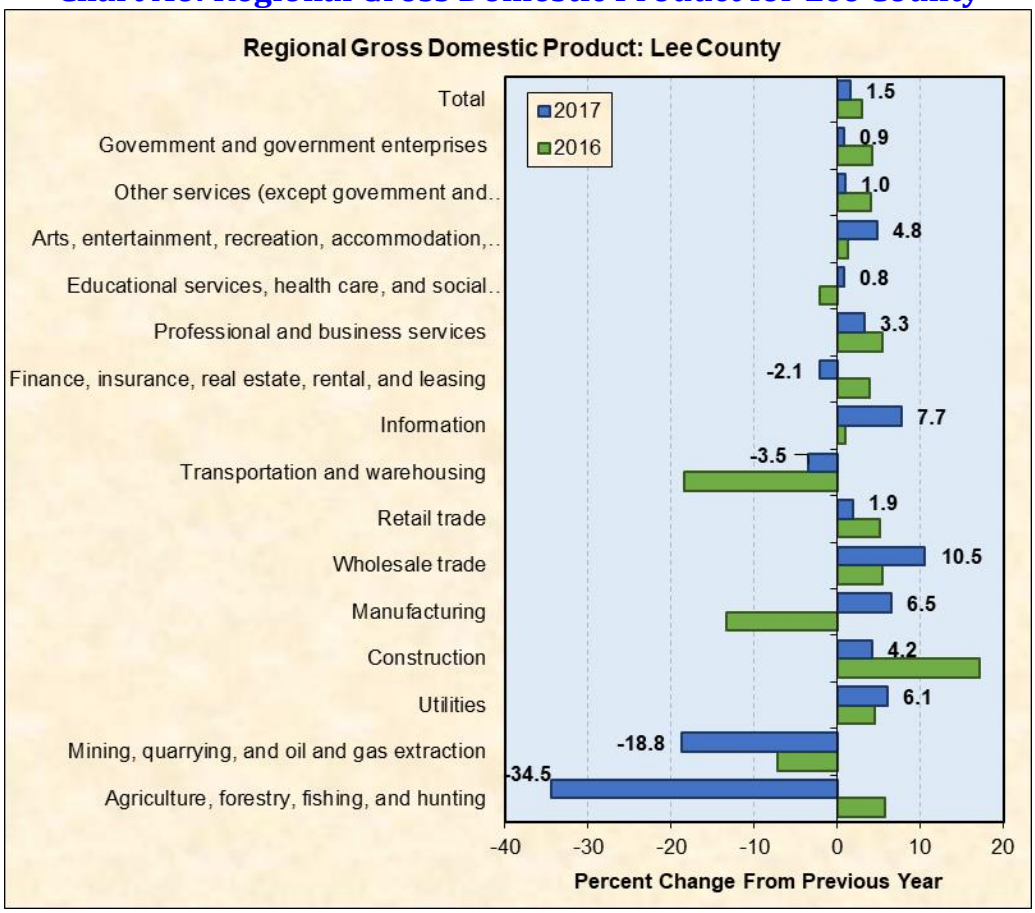
Chart A5: Regional Gross Domestic Product for Coastal Counties



Source: U.S. Bureau of Economic Analysis

Charts A6 shows GDP by industry for Lee County. The wholesale trade industry (10.5 percent increase from 2016 to 2017), information industry (7.7 percent increase), manufacturing industry (6.5 percent increase), and utilities industry (6.1 percent increase) made the largest gains over the 12-month period. Meanwhile, agriculture, forestry, fishing, and hunting (34.5 percent decline), mining, quarrying, and oil and gas extraction (18.8 percent decline), transportation and warehousing (3.5 percent decline), and finance, insurance, real estate, rental, and leasing (2.1 percent decline) all retracted over the same period.

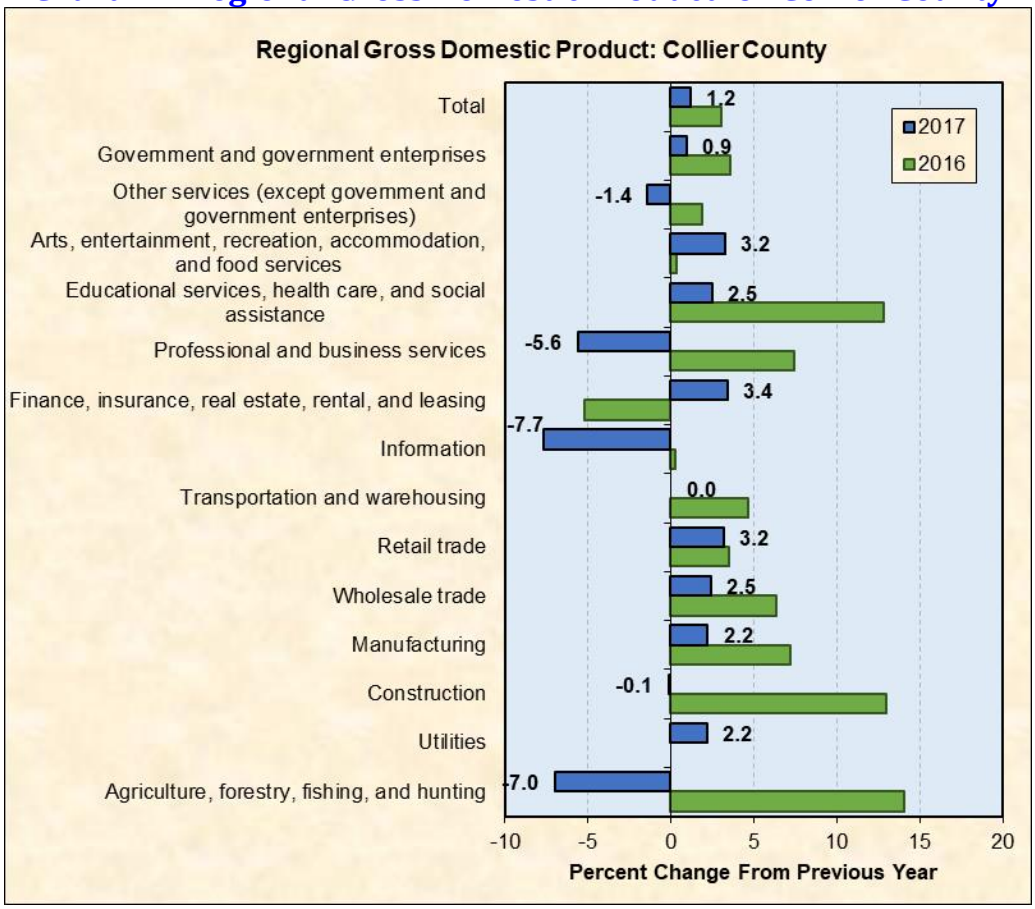
Chart A6: Regional Gross Domestic Product for Lee County



Source: U.S. Bureau of Economic Analysis

Charts A7 shows GDP by industry for Collier County. The finance, insurance, real estate, rental, and leasing industry (3.4 percent increase from 2016 to 2017), retail trade industry (3.2 percent increase), arts, entertainment, recreation, accommodation, and food services industry (3.2 percent increase), and educational services, health care, and social assistance industry (2.5 percent increase) made the largest gains over the 12-month period. Meanwhile, information (7.7 percent decline), agriculture, forestry, fishing, and hunting (7.0 percent decline), professional and business services (5.6 percent decline), and other services (1.4 percent decline) all retracted over the same period.

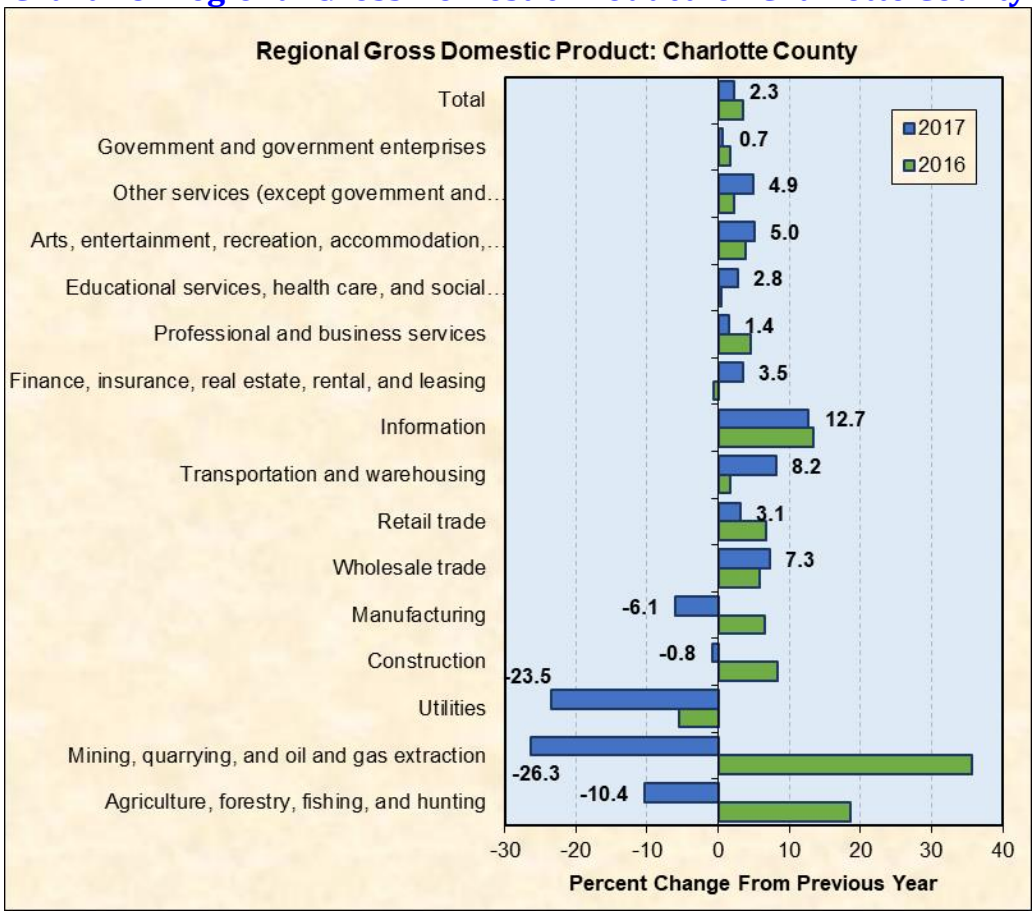
Chart A7: Regional Gross Domestic Product for Collier County



Source: U.S. Bureau of Economic Analysis

Charts A8 shows GDP by industry for Charlotte County. The information industry (12.7 percent increase from 2016 to 2017), transportation and warehousing industry (8.2 percent increase), wholesale trade industry (7.3 percent increase), and arts, entertainment, recreation, accommodation, and food services industry (5.0 percent increase) made the largest gains over the 12-month period. Meanwhile, mining, quarrying, and oil and gas extraction (26.3 percent decline), utilities (23.5 percent decline), agriculture, forestry, fishing, and hunting (10.4 percent decline), manufacturing (6.1 percent decline), and construction (0.8 percent decline) all retracted over the same period.

Chart A8: Regional Gross Domestic Product for Charlotte County



Source: U.S. Bureau of Economic Analysis

Industry Diversification Index

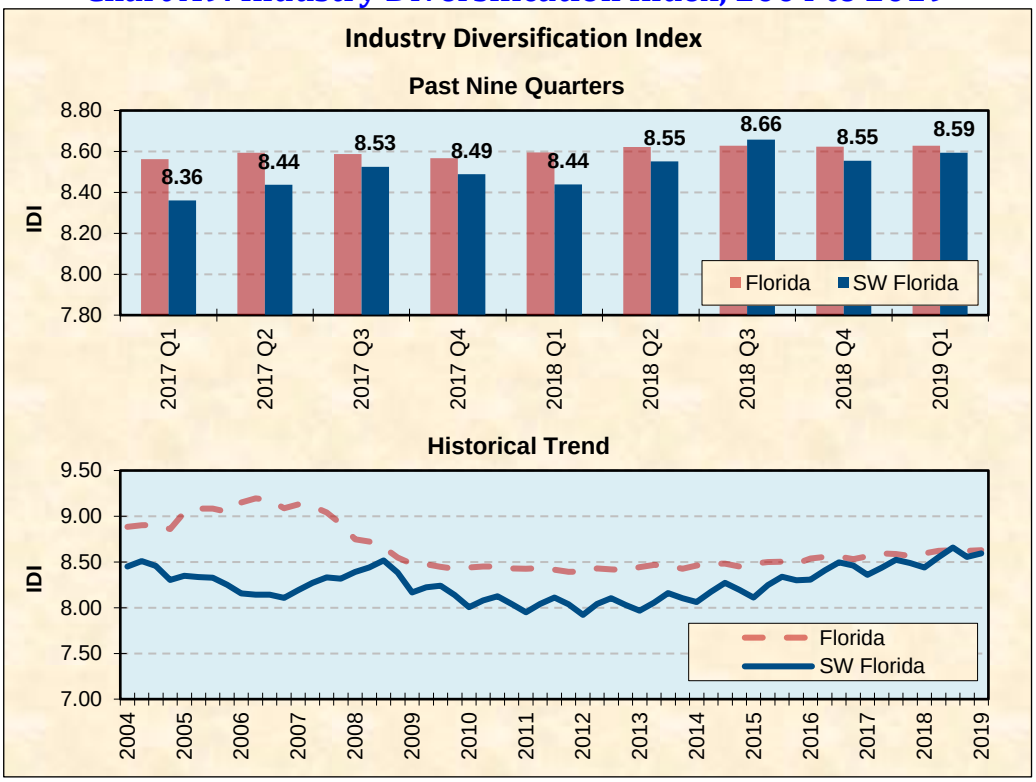
The FGCU Industry Diversification Index (IDI) measures the degree to which a region's workforce is concentrated in few industries or dispersed into many. The IDI is computed quarterly by the Regional Economic Research Institute's Industry Diversification Project, which tracks industry diversification by Metropolitan Statistical Area, workforce region, and state. (For more details, please go to fgcu.edu/cob/reri/idp).

The IDI can be between 0 and 10, with a higher index denoting a more diverse workforce and a lower one denoting a less diverse workforce. Industry diversification is an important factor explaining our state and region's tendency to overheat during expansions in the business cycle and overcorrect during contractions in the business cycle.

Chart A9 shows the industry diversification index for the Southwest Florida workforce region and the state of Florida. Southwest Florida's industry diversification increased from the fourth quarter of 2006 to the 3rd quarter of 2008. After 2008, the region exhibits a seasonal trend, mainly due to the stronger influence of tourism and seasonal residents that visit Southwest Florida during the winter season, increasing the demand for retail trade and accommodation and food service jobs.

During the first quarter of 2019, the IDI for Southwest Florida measured at 8.59, ranking it as the 6th most industrially diverse workforce region in the state of Florida (out of 24). Meanwhile, the state of Florida had an IDI of 8.62, ranking Florida as the 16th highest state in the nation in industry diversification, although below the national average of 8.66.

Chart A9: Industry Diversification Index, 2004 to 2019



Source: Industry Diversification Project, fgcu.edu/cob/reri/idp