Southwest Florida Regional Economic Indicators

September 2020

VOLUME XIV NUMBER 9

Regional Economic Research Institute

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

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Introduction: Regional and National Background

The latest economic results show some mixed signals, including increases in unemployment rates and moderate rebounds of other measures of the Southwest Florida economy. Political and other uncertainties continue to persist.

For many, one of the most conclusive indicators are the unemployment rates. The **seasonally-adjusted unemployment rate** for the region rose to 9.3 percent in July 2020 from 8.6 percent in June 2020, compared to 3.1 percent one year ago. Since July 2019, the regional employment has dropped by over 68,000, while the unemployment rolls have risen by more than 35,000.

Other areas of the economy showed signs of improvement from the initial effects of COVID-19, but remain well below pre-pandemic levels. **Airport passenger activity** for July 2020 increased by 7 percent from June 2020, but was 53 percent below the total for July 2019. **Seasonally-adjusted tourist tax revenues** showed a similar pattern, rising 125 percent in June 2020 compared to the prior month, but remain 20 percent below June 2019.

Not all of the indicators were trailing pre-pandemic numbers, with real estate indicators being a bright spot for the region. **Single-family building permits** for the coastal counties increased 9 percent from June 2020 to July 2020, and were virtually unchanged compared to July 2019. **Single-family home sales** in the three coastal counties rose to 2,630 units in July 2020, an improvement from both the previous month (19 percent) and same month last year (24 percent). **Median prices** for all three counties also increased in July 2020 compared to July 2019, ranging from 9 to 12 percent.

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 to enhance the usefulness of this report are always welcome. Please email them to RERI Senior Economist John Shannon at reri@fgcu.edu. Stay well, and please observe masks and distancing guidelines in order to save lives.

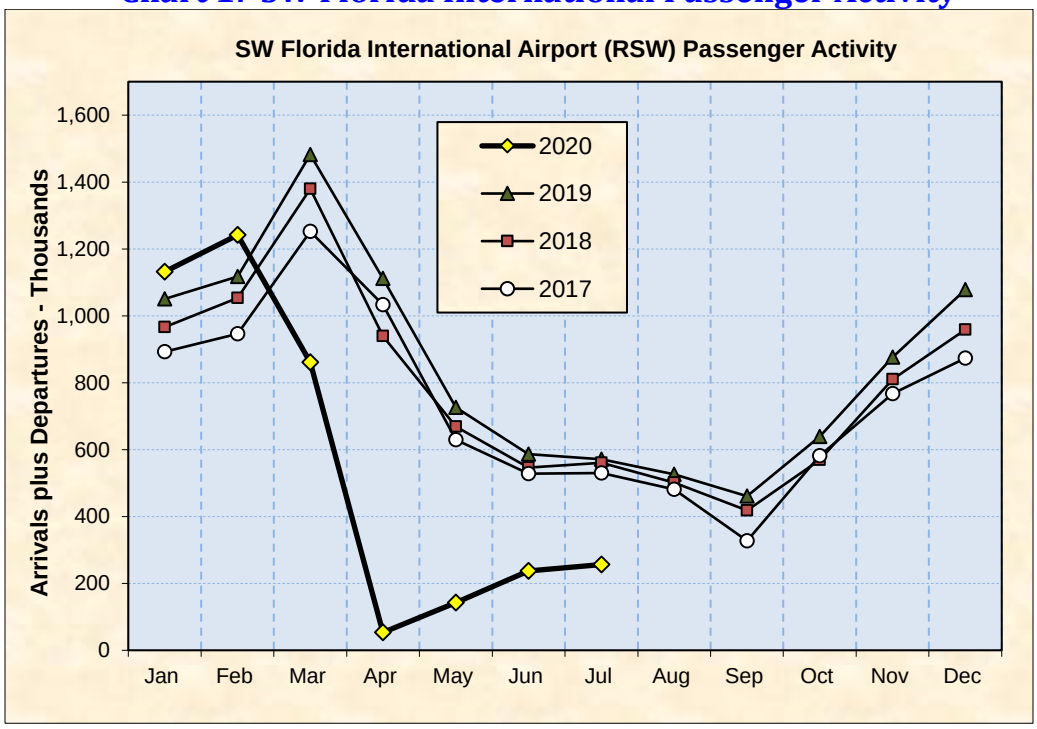
Airport Passenger Activity

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 usually occurs in February, March, and April, with significantly lower activity in the summer months. Charts 1, 2, and 3 illustrate the historic seasonality as well as the changes from year to year.

Total passenger traffic for the three airports in July 2020 showed another month-to-month increase, this time improving 7 percent. However, total traffic was down by more than 454,000 passengers (53 percent) from July 2019. As we have noted in previous reports, the COVID-19 pandemic is keeping both Floridians and non-Floridians at home. As a result, significant numbers of commercial aircraft have been idled, and existing flight schedules are still operating well below capacity. A complete reversal of these results to pre-pandemic levels is not anticipated in the short-term.

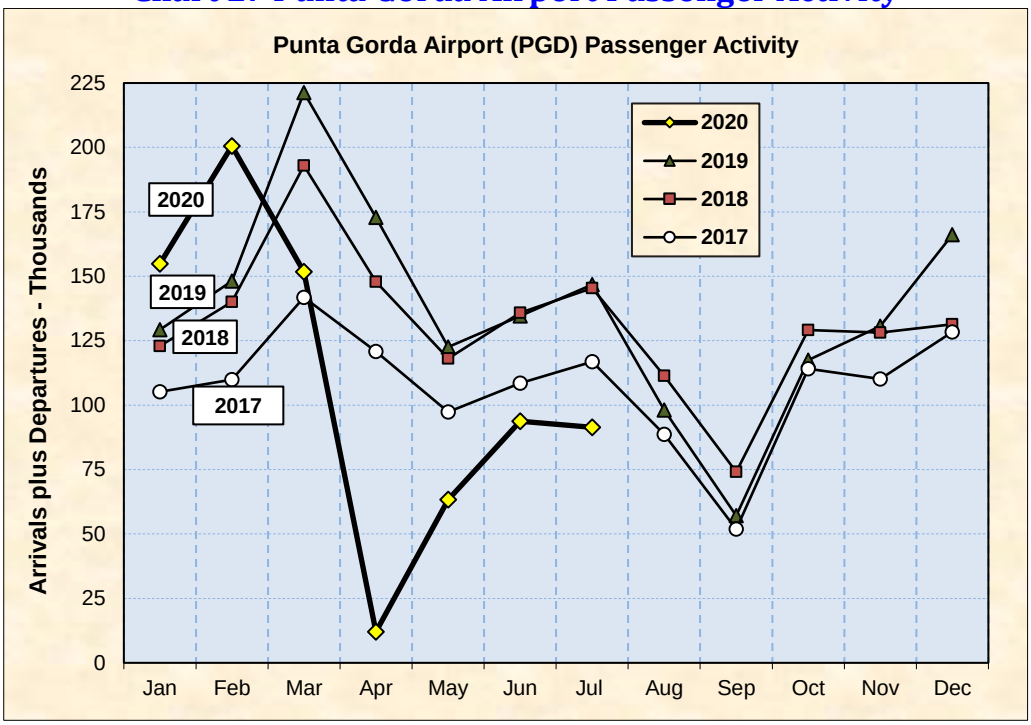
The charts tell the story; the fishhook patterns that began in April 2020 have begun to level off. Passenger traffic at RSW amounted to 256,418 in July 2020, 55 percent below July 2019, but 8 percent higher than June 2020 (see Chart 1). PGD's passenger activity was 91,437 in July 2020, a decrease of 38 percent from July 2019, and 2 percent below June 2020 (see Chart 2). Sarasota Bradenton activity increased to 62,405 in July 2020, an 18-percent increase over the prior month, but 58 percent below July 2019.

Chart 1: SW Florida International Passenger Activity



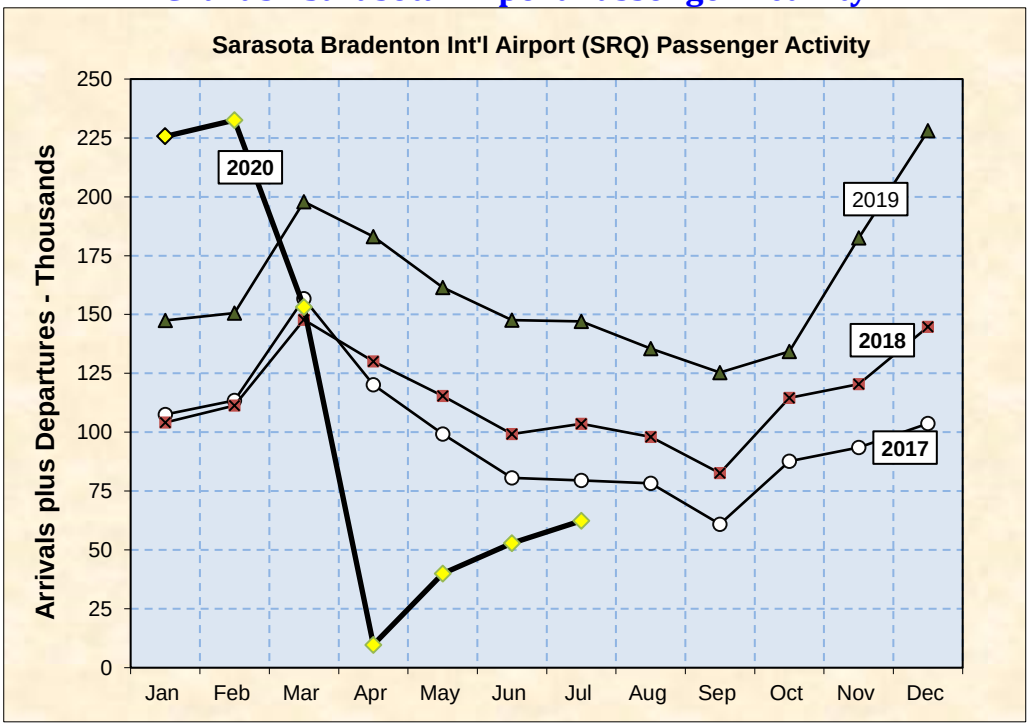
Source: Local Airport Authorities

Chart 2: Punta Gorda Airport Passenger Activity



Source: Local Airport Authorities

Chart 3: Sarasota Airport Passenger Activity



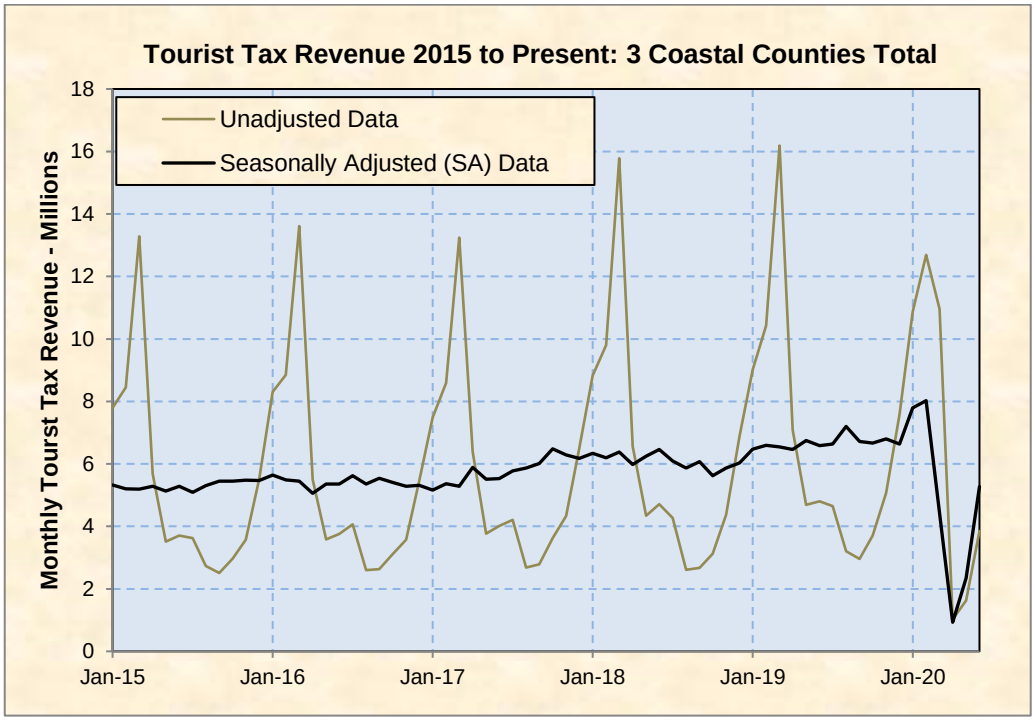
Source: Local Airport Authorities

Tourist Tax Revenues

Seasonally-adjusted tourist tax revenues are shown in Charts 4 and 5, based on month of occupancy. Revenues for the three coastal counties show significant effects from the COVID-19 pandemic, declining from $6.58 million in June 2019 to $2.34 million in May 2020 to $5.28 in June 2020. Revenues for June 2020 were 20-percent below June 2019, but increased by 125 percent over May's depressed level.

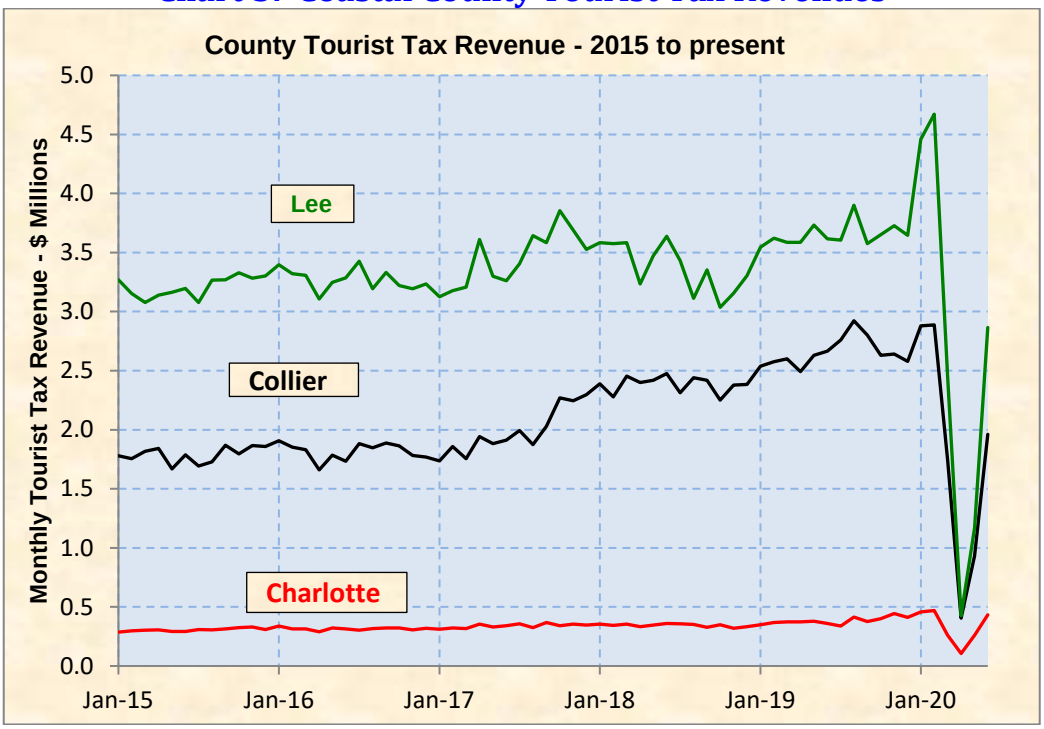
Lee County's seasonally-adjusted tourist tax revenues for June 2020 were $2.87 million, down 21 percent from June 2019. Collier County's tourist tax revenues amounted to $1.96 million in June 2020, down 26 percent compared to June 2019. Seasonally-adjusted tourist tax revenues in Charlotte County rose to $434.5 thousand in June 2020, an increase of 21 percent over the prior June.

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

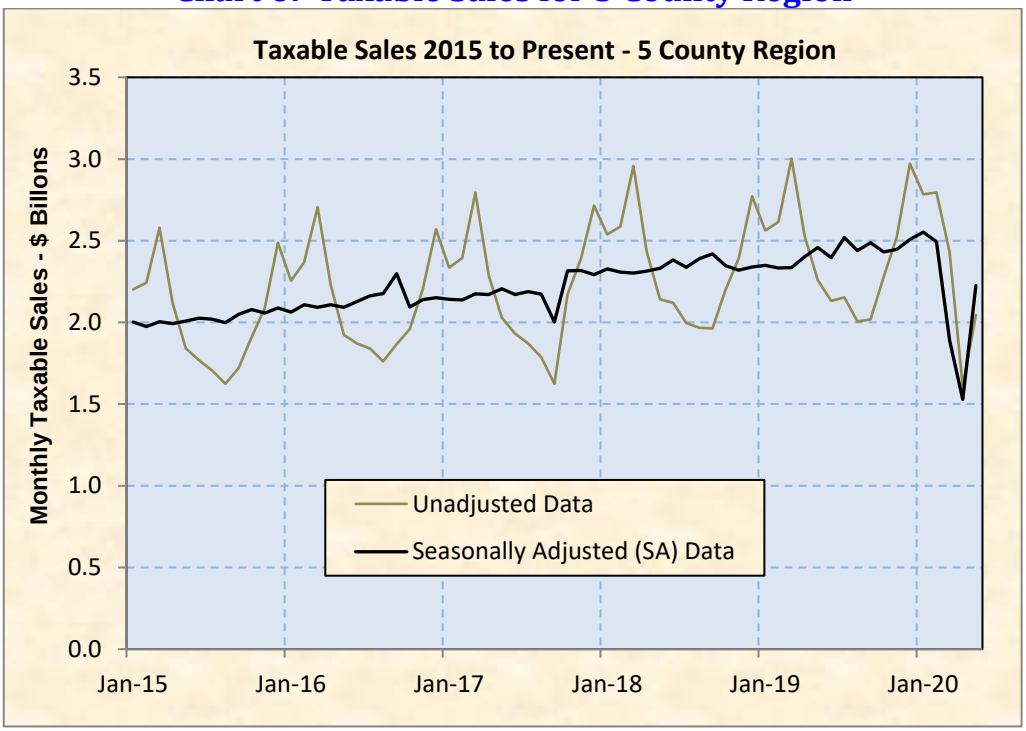
Taxable sales data track consumer spending based on the latest month of merchant collections. Data lag one month behind the Florida Department of Revenue's reporting month and are now available through May 2020.

Updated taxable sales figures were not available at the time of publication. As reported last month, seasonally-adjusted taxable sales for Southwest Florida increased to $2.23 billion in May 2020, up 46 percent from the previous month. Despite the improvement in taxable sales, the COVID-19 pandemic continues to show noticeable effects on the region, as sales were down 9 percent from the $2.46 billion reported in May 2019 (see Chart 6).

Seasonally-adjustable taxable sales for the coastal and inland counties are shown in Charts 7 and 8, respectively. Lee County's taxable sales were $1.21 billion in May 2020, a 9-percent drop compared to May 2019. Collier County taxable sales fell to $721.6 million in May 2020, down 14 percent from May 2019. Taxable sales in Charlotte County tumbled to $250.9 million in May 2020, a 3-percent decline from May 2019.

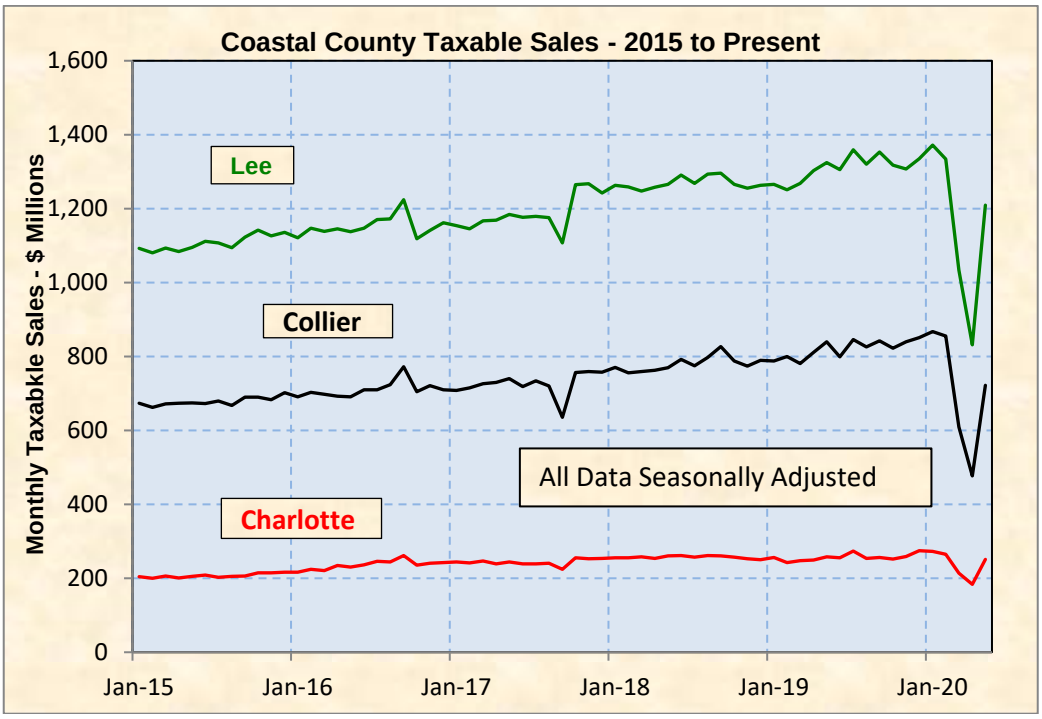
Taxable sales in Hendry County amounted to $38.4 million in May 2020, up 13 percent from the May 2019 figure. For the second straight month, Hendry County was the only county in Southwest Florida to show an annual increase in taxable sales. Glades County taxable sales were $4.1 million in May 2020, down 11 percent from May 2019. All cited data are seasonally adjusted.

Chart 6: Taxable Sales for 5 County Region



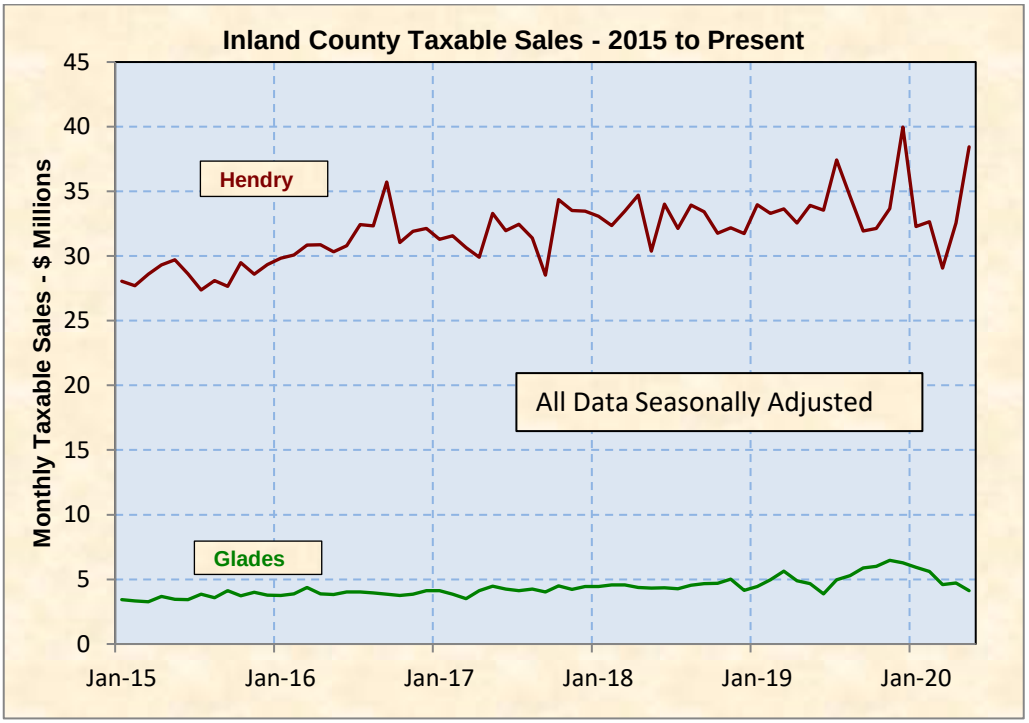
Source: Florida Department of Revenue, Office of Tax Research

Chart 7: Taxable Sales for Coastal Counties



Source: Florida Department of Revenue, Office of Tax Research

Chart 8: Taxable Sales for Inland Counties

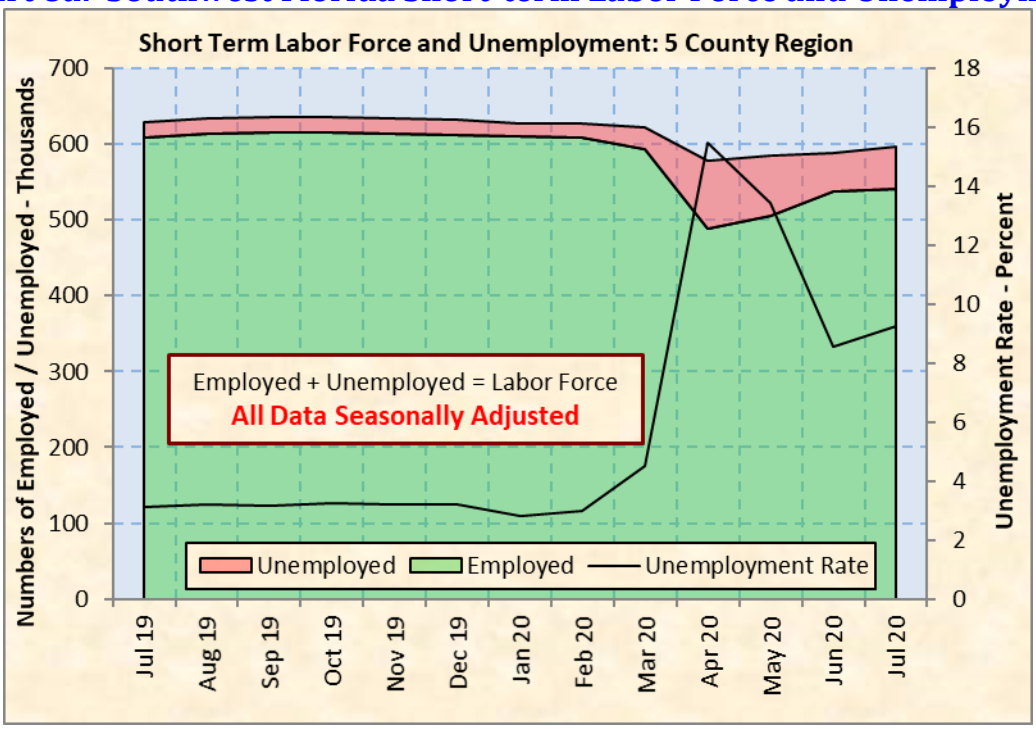


Source: Florida Department of Revenue, Office of Tax Research

Workforce – Labor Force, Employment and Unemployment

Charts 9-13 show total persons employed and unemployed, and the resulting unemployment rates seasonally adjusted by the RERI, for each county from January 2007 through July 2020. All five Southwest Florida counties showed an increase in their unemployment rate in July, despite the number of employed persons in the region rising by over 3,000. The number of unemployed rose as well; over 4,800 more were unemployed in July 2020 compared to June 2020, while the increase from July 2019 exceeded 35,000. The region's seasonally-adjusted unemployment rate rose to 9.3 percent in July 2020, up from 8.6 percent in the prior month and three times the 3.1 percent rate of July 2019. Chart 8a shows the current state of the region over the past 13 months more clearly:

Chart 8a: Southwest Florida Short-term Labor Force and Unemployment

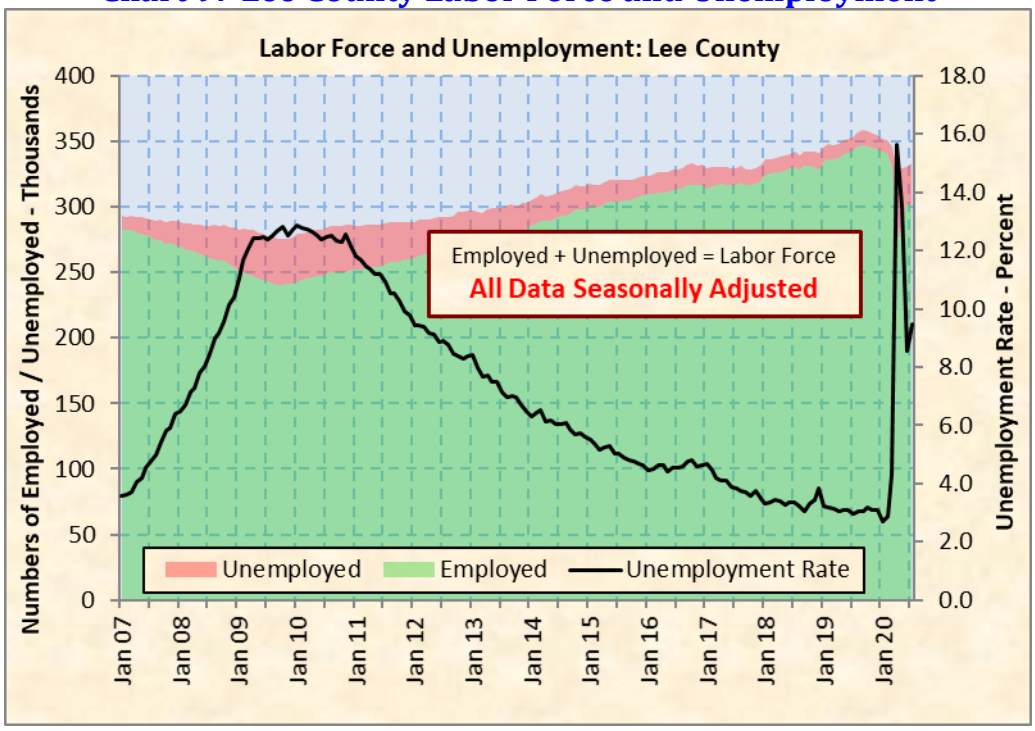


Lee County's seasonally-adjusted unemployment rate rose from 8.6 percent in June 2020 to 9.5 percent in July 2020, compared to 3.0 percent in July 2019 (Chart 9). Collier County's unemployment rate has risen from 3.0 percent in July 2019 to 8.7 percent in June 2020 and then to 9.0 percent in July 2020 (Chart 10). The unemployment rate pattern was the same for Charlotte County, rising from 3.5 percent in July 2019 to 8.4 percent in June 2020 and to 9.2 percent in July 2020 (Chart 11).

Unemployment rates for Hendry and Glades Counties showed a similar pattern. Hendry's unemployment rate has gone from 5.7 percent in July 2019 to 8.9 in June 2020 to 9.2 percent in July 2020, as depicted in Chart 12. The corresponding figures for Glades County are 3.9 percent in July 2019 to 6.3 percent in June 2020 to 6.7 percent in July 2020 (Chart 13).

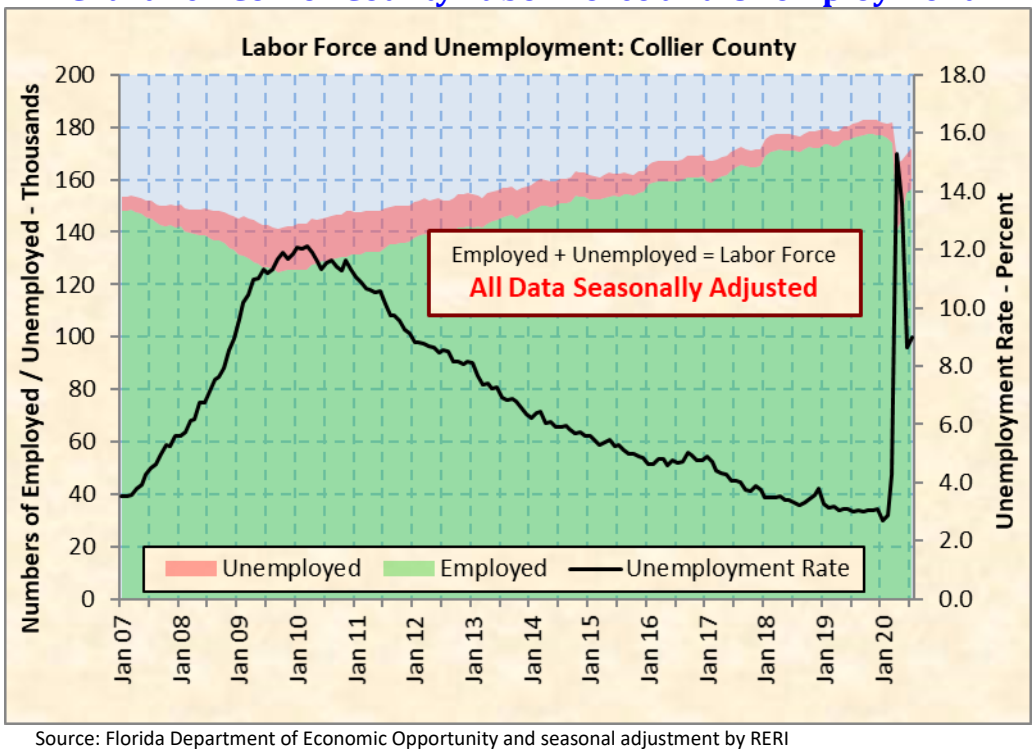
The state of Florida's seasonally adjusted unemployment rate rose to 11.3 percent in July 2020 from 3.1 percent a year ago, and from 10.3 percent in June 2020. The United States unemployment rate was reported at 10.2 percent in July 2020, up from 3.7 percent in July 2019 but showing some improvement from the 11.1 percent figure for June 2020.

Chart 9: Lee County Labor Force and Unemployment



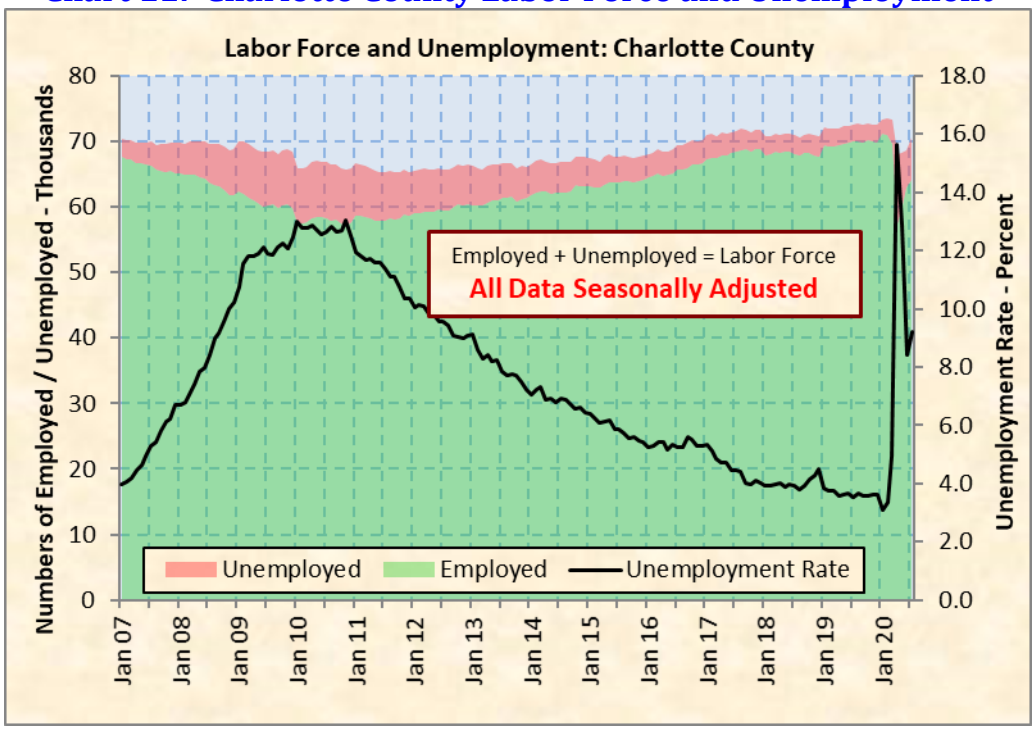
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 10: Collier County Labor Force and Unemployment



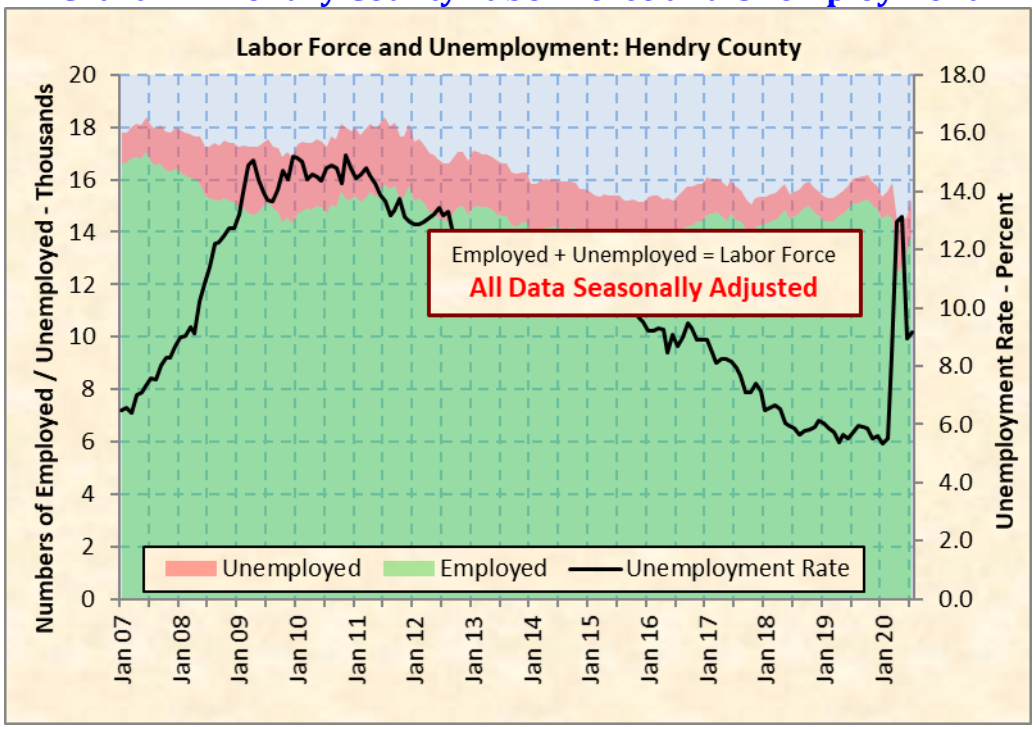
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 11: Charlotte County Labor Force and Unemployment



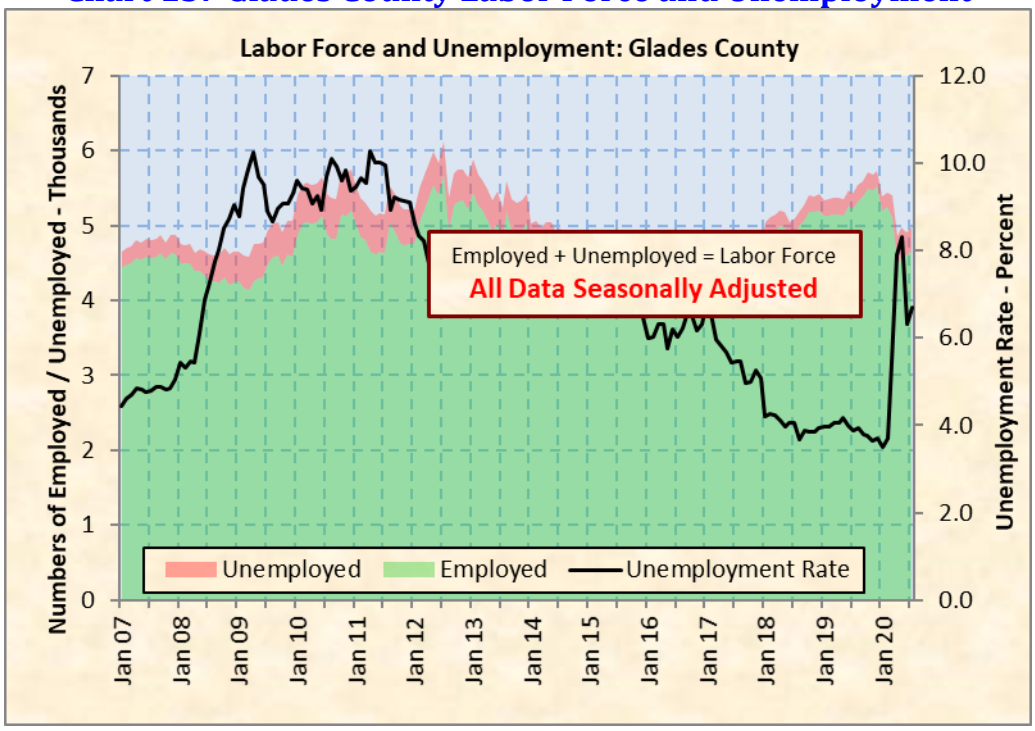
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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

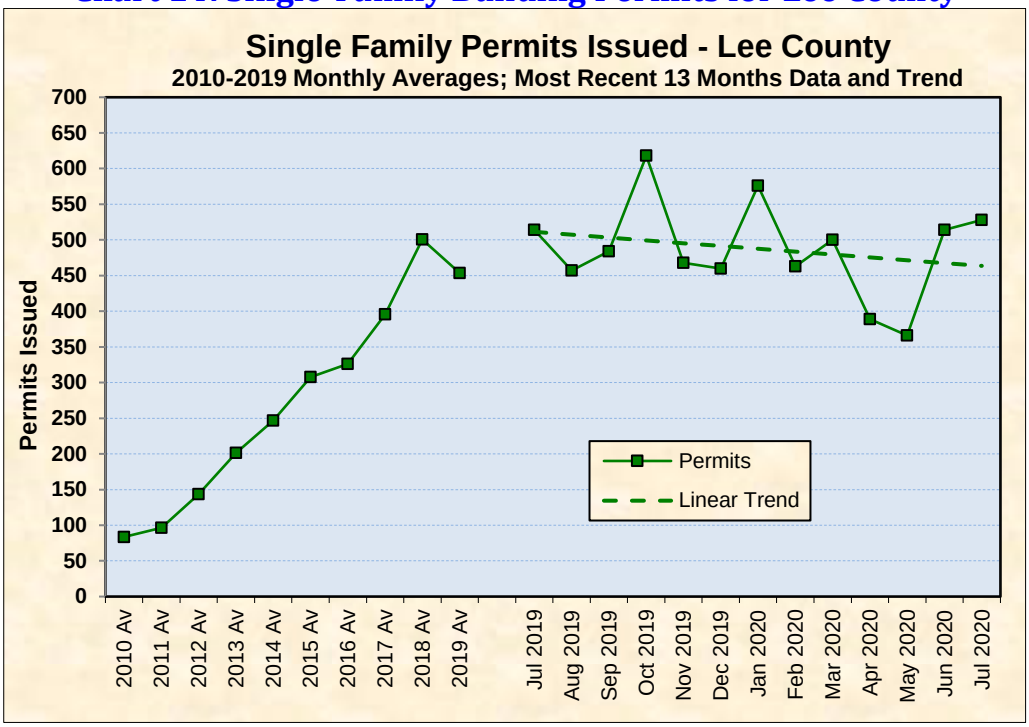
Single-Family Building Permits

During July 2020, the three Southwest Florida coastal counties issued 987 single-family building permits, three permits more than July 2019, and 84 more than June 2020. Lee County issued 528 permits in July 2020, an increase of 14 over both July 2019 and June 2020 (Chart 14). In Collier County, 234 permits were issued in July 2020, compared to 274 in July 2019 and 196 in June 2020 (see Chart 15). Charlotte County issued 225 permits during July 2020, an increase of 29 over July 2019 and 32 more than the prior month (as depicted in Chart 16).

For the first seven months of 2020, Hendry County issued 136 single-family building permits, compared to 110 through July 2019.

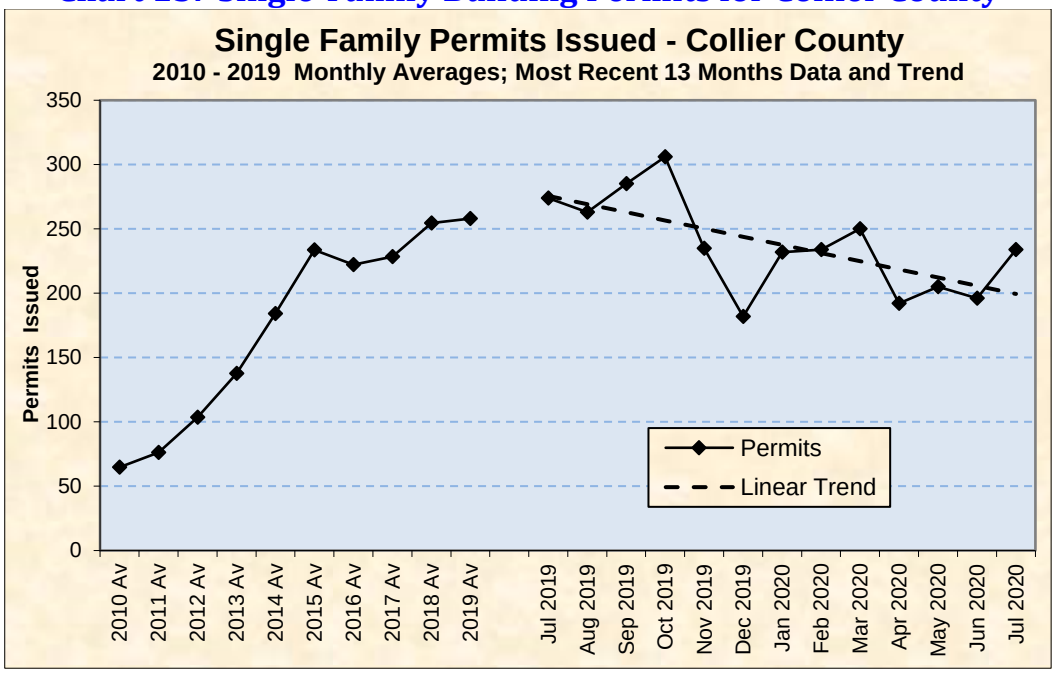
While the COVID-19 pandemic is clearly having deleterious effects on the economy of Southwest Florida, and the 13-month trend lines continue to show a moderate downward slope, there appears to be some optimism inherent in the single-family building permit data of the last few months.

Chart 14: Single-Family Building Permits for Lee County



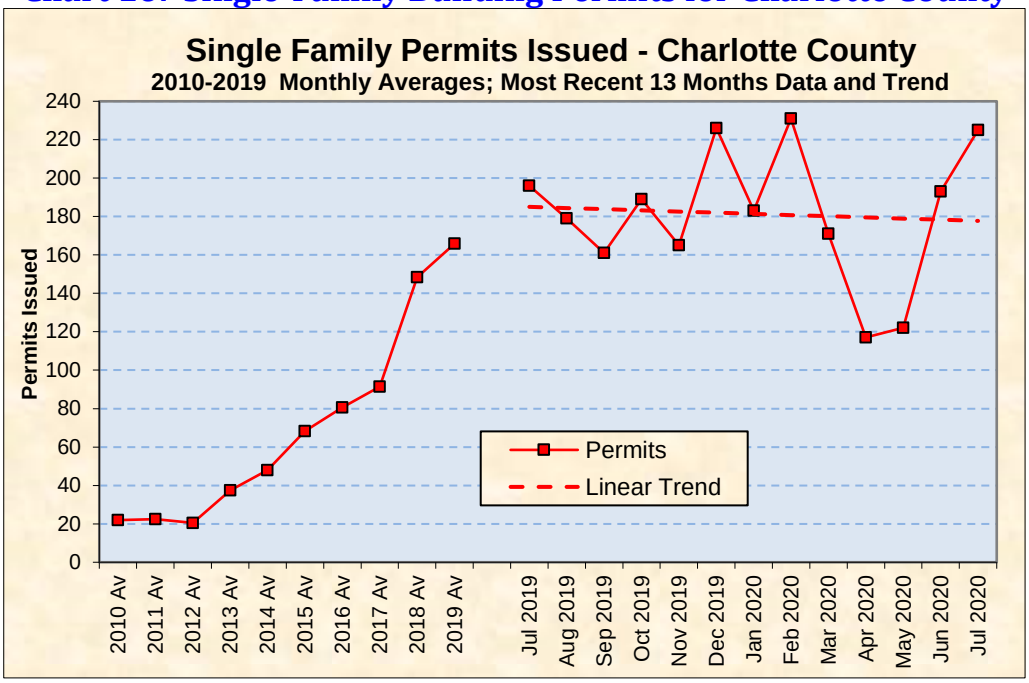
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs, Estero, and Fort Myers Beach permits

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

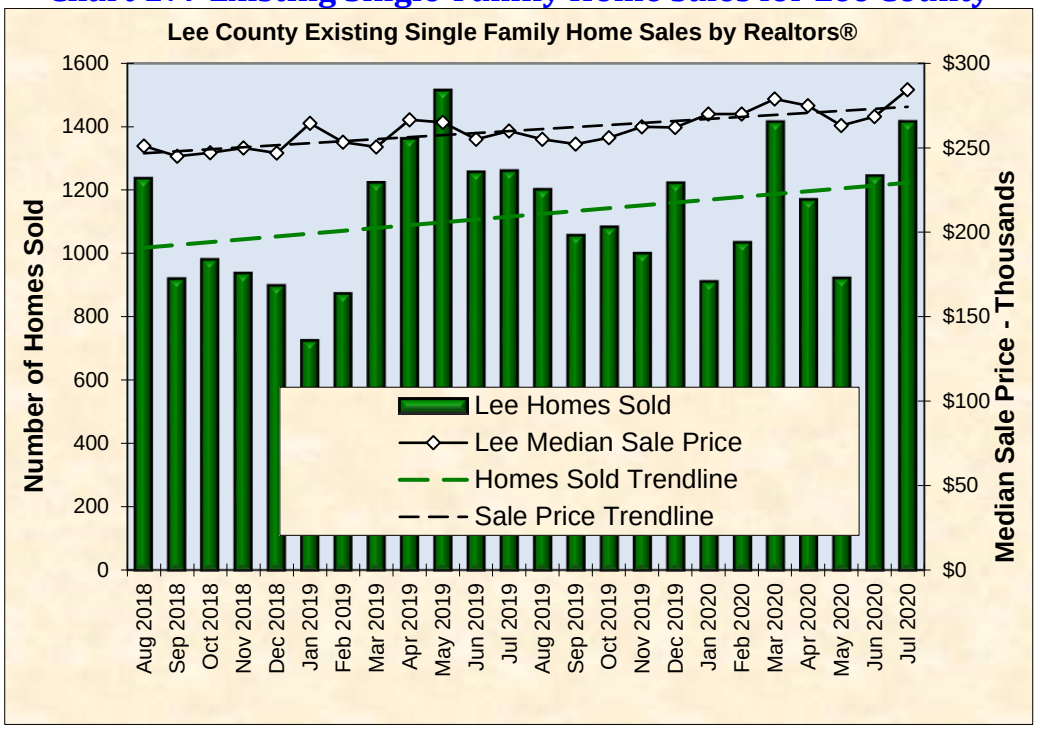
Existing Single–Family Home Sales and Median Prices

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

There were substantial increases in the Realtor® sales of single-family homes in the three coastal counties, from 2,123 units in July 2019 to 2,210 in June 2020 to 2,630 in July 2020. This amounts to an increase of 24 percent over July 2019 and 19 percent over June 2020. All three counties experienced an increase in median prices, ranging from 9 to 12 percent, compared to July 2019.

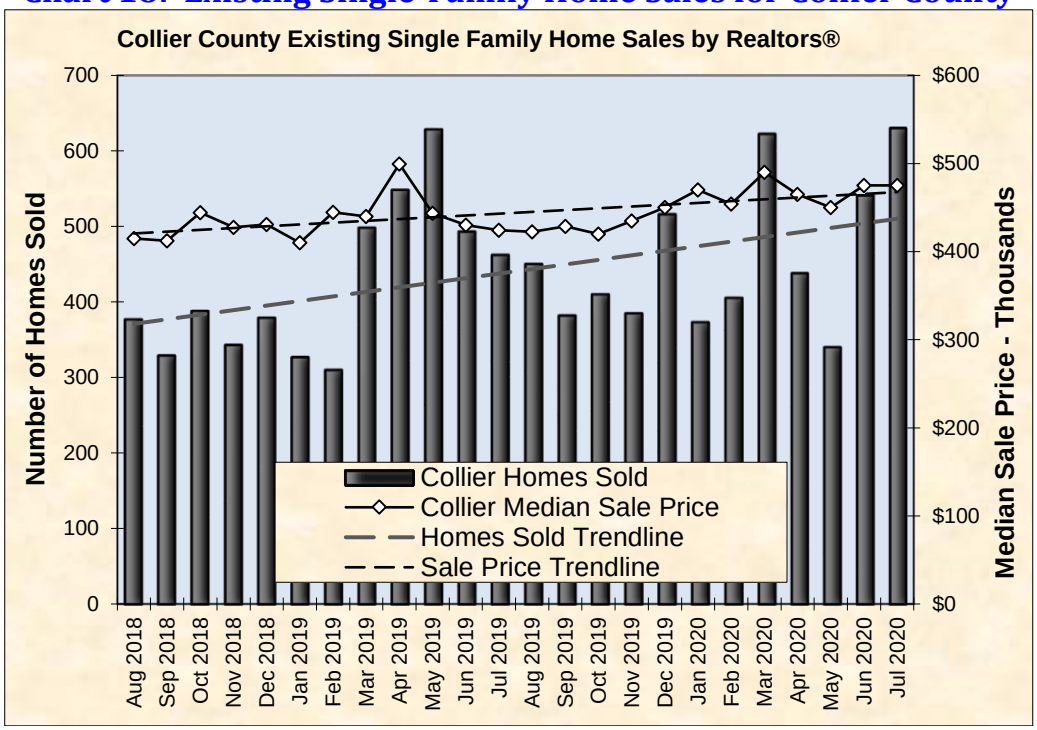
Single-family home sales in Lee County increased to 1,416 units in July 2020, up 155 units (12 percent) from July 2019, while Lee's median price rose from $260,000 to $284,450 (Chart 17). Collier County single-family home sales rose to 630 units in July 2020, an increase of 168 (36 percent) over July 2019. The median price in Collier County has risen from $424,500 in July 2019 to $475,000 in July 2020 (Chart 18). Charlotte County reported 584 single-family home sales for July 2020, up 46 percent from 400 units in July 2019. In the RERI's database going back to 2005, the July 2020 sales number for Charlotte County represents a record high. Charlotte's median price in July 2020 increased by 11 percent to $255,000, compared to July 2019 (Chart 19).

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



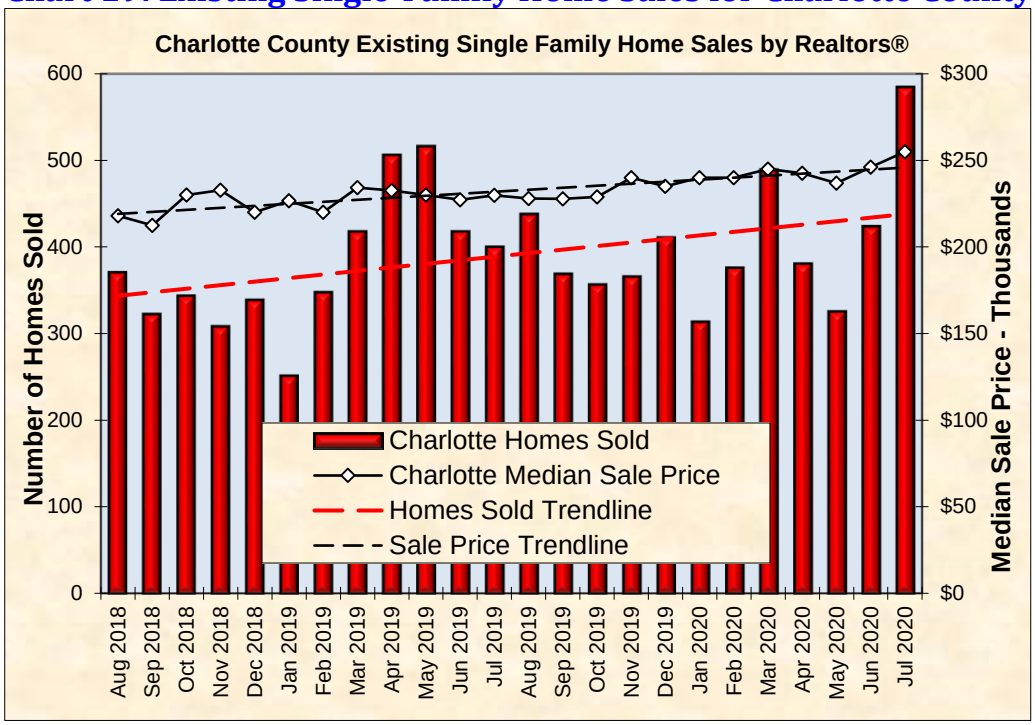
Source: Florida Realtors® Cape Coral-Fort Myers MSA

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

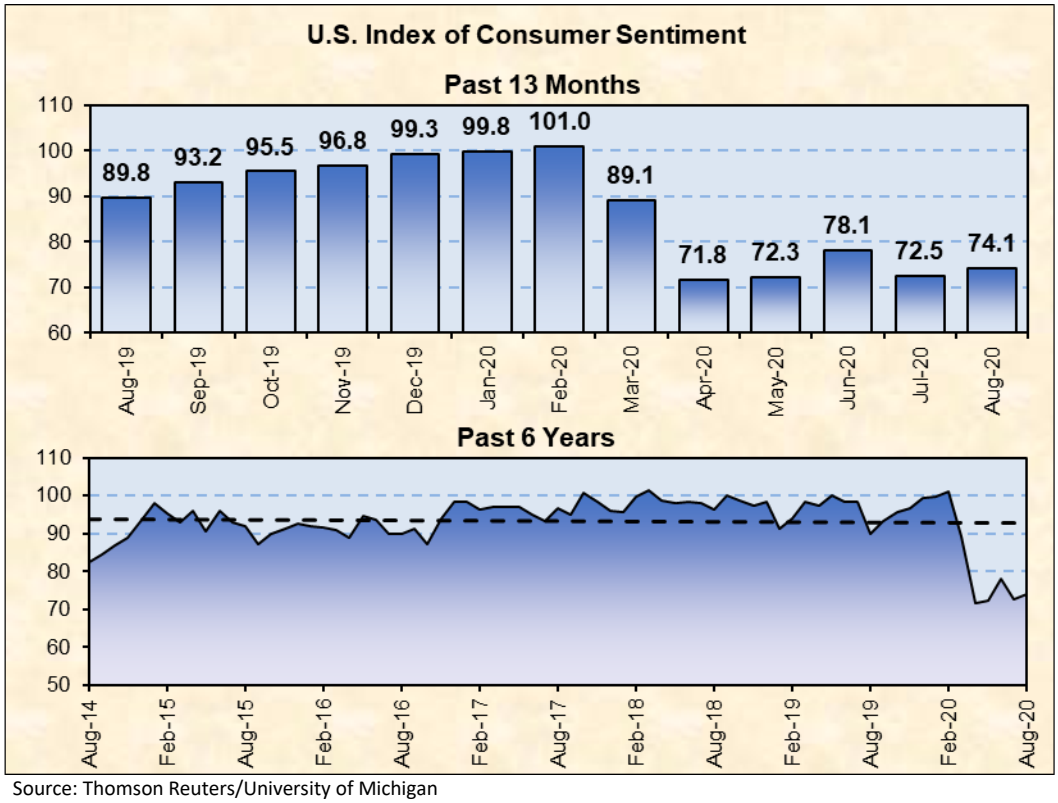
Charts 20 and 21 shows monthly data and linear trend lines over the last six years for both the Florida Consumer Sentiment Index ("CSI") reported by the University of Florida Bureau of Economic and Business Research (BEBR) and for the United States Index of Consumer Sentiment ("ICS") reported by Thomson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

The U.S. Index of Consumer Sentiment rose in August 2020, improving 1.6 points from the previous month to 74.1. "Consumer sentiment has remained trendless in the same depressed range it has traveled during the past five months. The August figure posted an insignificant gain of just +0.4 Index points above the April to July average," said Richard Curtin, chief economist for the Surveys of Consumers. "The small August gain reflected fewer concerns about the year-ahead outlook for the economy, although those prospects still remained half as favorable as six months ago."

Florida's Consumer Sentiment Index fell in August 2020, declining 2.1 points to 78.4 from the revised figure of 80.5 in July 2020. "Most of the pessimism in August stems from Floridians' views about their current economic conditions, particularly from opinions about their personal financial situation now compared with a year ago. Notably, this component of the index reached its lowest level since February 2014," Hector H Sandoval, director of the Economic Analysis Program at the University of Florida's Bureau of Economic and Business Research, said in the September 1, 2020 edition of Florida Consumer Sentiment Index. "The decline in consumer sentiment, particularly in

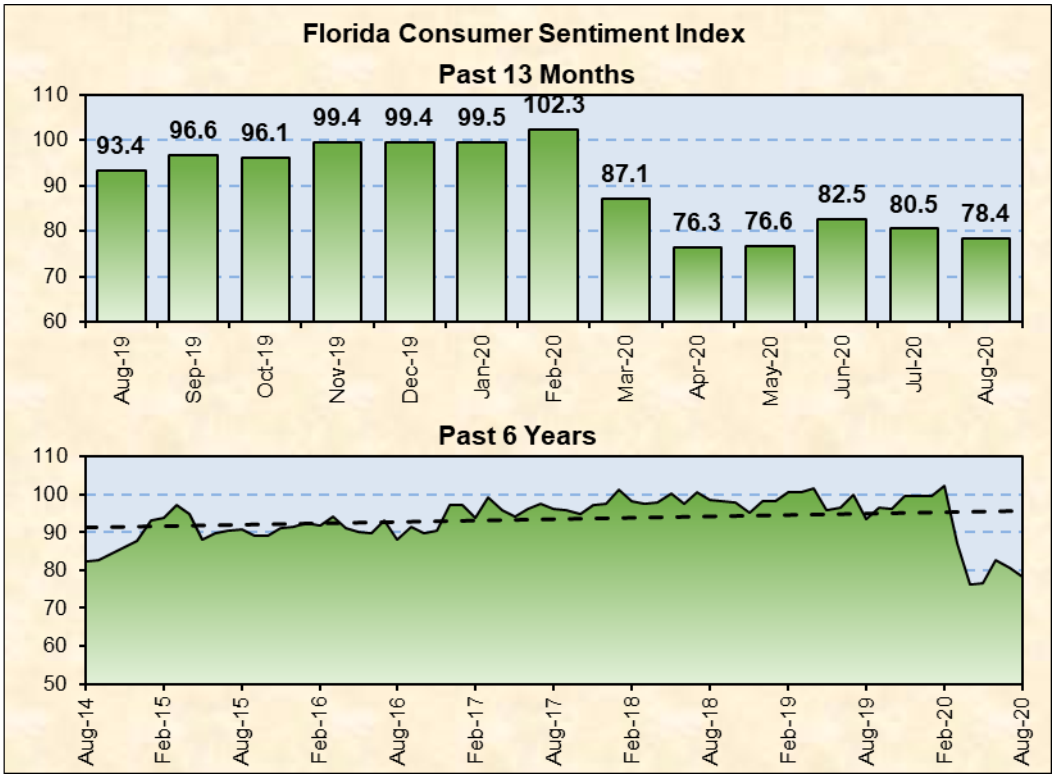
Floridians' views about their personal finances, come as no surprise. The resulting loss of tourism business from the pandemic has continued to severely impact Florida's economy. The state's unemployment rate remained at historically high levels in July; coupled with the expiration of the weekly $600 in enhanced unemployment benefits from the federal government at the end of July, the economic situation deteriorated for those out of work."

Chart 20: U.S. Index of Consumer Sentiment



Source: Thomson Reuters/University of Michigan

Chart 21: Florida Consumer Sentiment Index



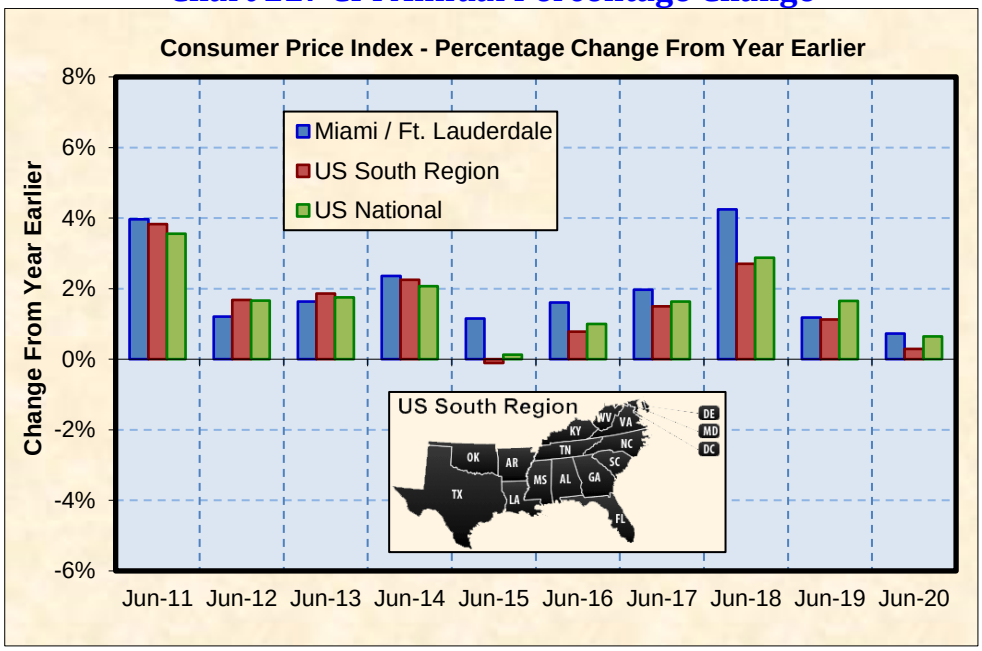
Source: Bureau of Economic and Business Research, University of Florida

Consumer Price Index

As reported last month, the impact of the COVID-19 Pandemic is apparent in this measure as well. Chart 22 shows that year-to-year changes in consumer price indices ("CPI") through June 2020 are substantially lower than a year ago. The June 2020 Miami/Ft. Lauderdale CPI change increased by 0.7 percent from June 2019, while the CPI change for the US South Region was 0.3 percent above the June 2019 figure. For the same period, CPI growth for the nation was positive at 0.6 percent, but 1 percent below the 1.6 percent growth experienced by the nation in June 2019.

The COVID-19 Pandemic has necessitated changes in the information gathering methods employed by the United States Bureau of Labor Statistics ("BLS"). These changes are outlined in the following BLS notice: https://www.bls.gov/covid19/consumer-price-index-covid19-impacts-june-2020.htm.

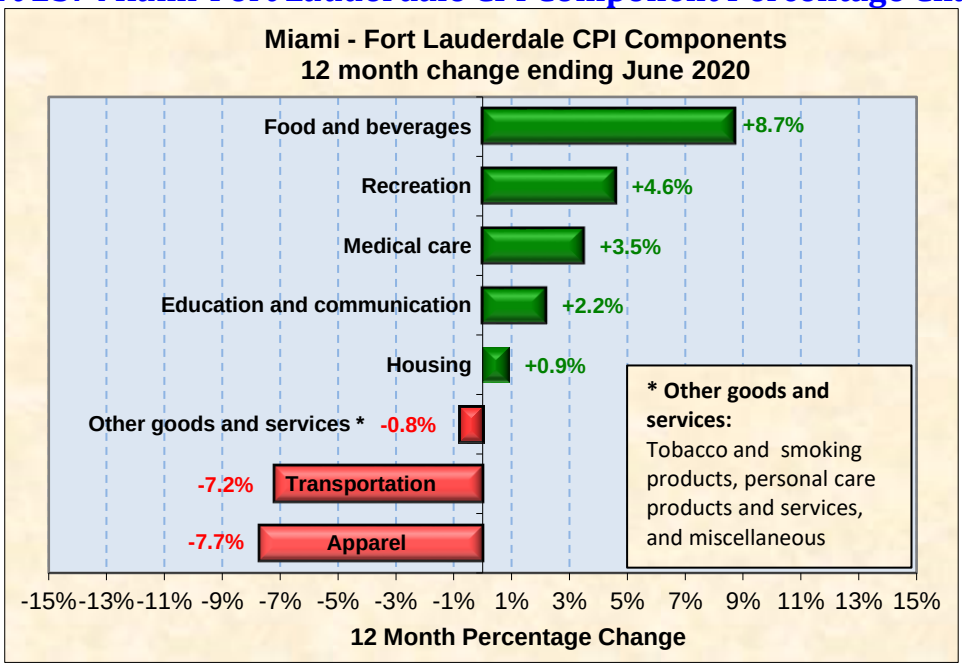
Chart 22: CPI Annual Percentage Change



Source: U.S. Bureau of Labor Statistics

Components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending June 2020 are shown in Chart 23. Increases in food & beverage and medical care costs could be considered an expected outcome of this pandemic, along with decreases in apparel and transportation expenses due to quarantining.

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change



Source: U.S. Bureau of Labor Statistics

Appendix

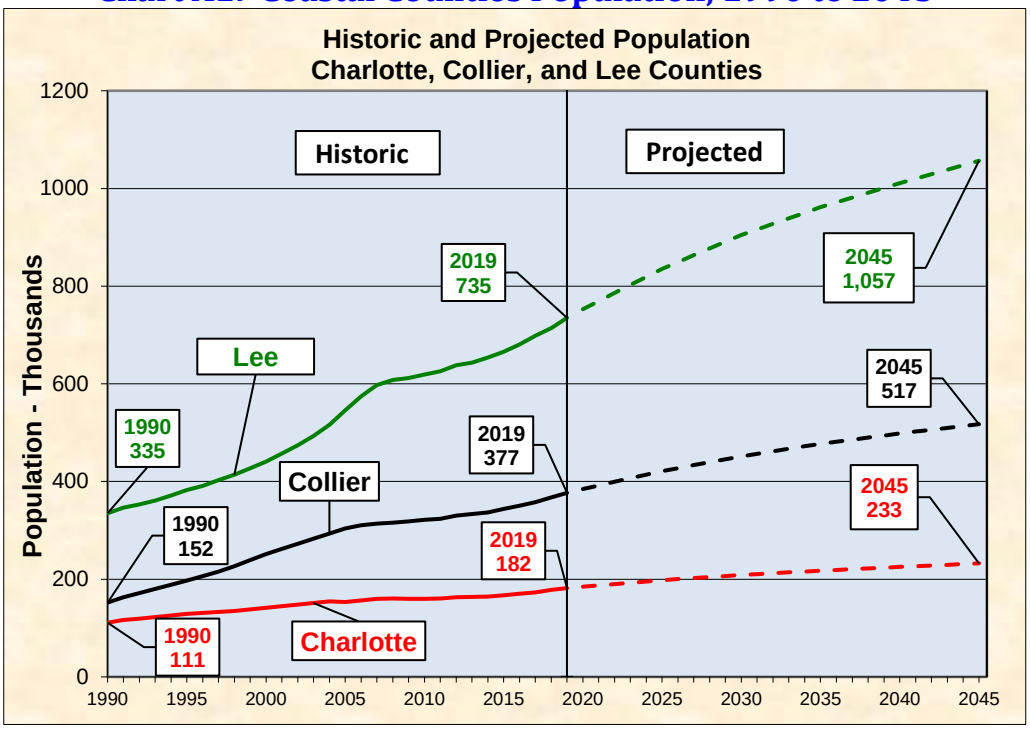
The data presented in this appendix are not released on a monthly basis. The first two charts, Charts A1 and A2, show historic population growth through 2019, as well as projections updated annually by the state of Florida's Office of Economic and Demographic Research, working in conjunction with the University of Florida's Bureau of Economic and Business Research. These data have been revised since our last report. 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
Last Updated: August 2020

From 1990 to 2019, regional population grew at a compound average rate of 2.6 percent per year. The compound average annual rates of growth were 2.8 percent in Lee County, 3.2 percent in Collier County, 1.7 percent in Charlotte County, 1.9 percent in Glades County, and 1.5 percent in Hendry County.

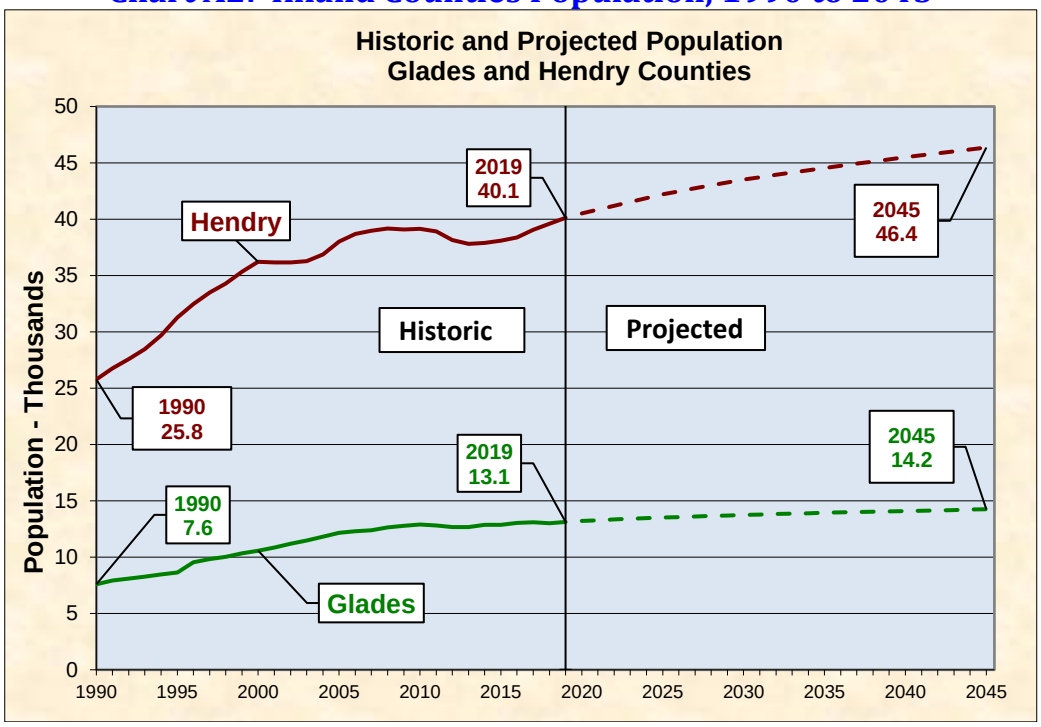
The right-hand sections of Charts A1 and A2 show projected population increases from 2020 to 2045, at substantially lower rates than those experienced between 1990 and 2019. Projected growth for the five-county region averages 1.3 percent per year, resulting in a population increase of 38.6 percent from 2019 to 2045. This would add over 520,000 residents to the region, and bring the total to 1,867,600. Lee County's population is projected to grow an average of 1.4 percent per year, Collier County at 1.2 percent, and Charlotte County at 1.0 percent. Projected growth rates for the inland counties are substantially lower; Hendry County's population is projected to grow at an average of 0.6 percent per year and Glades County at 0.3 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

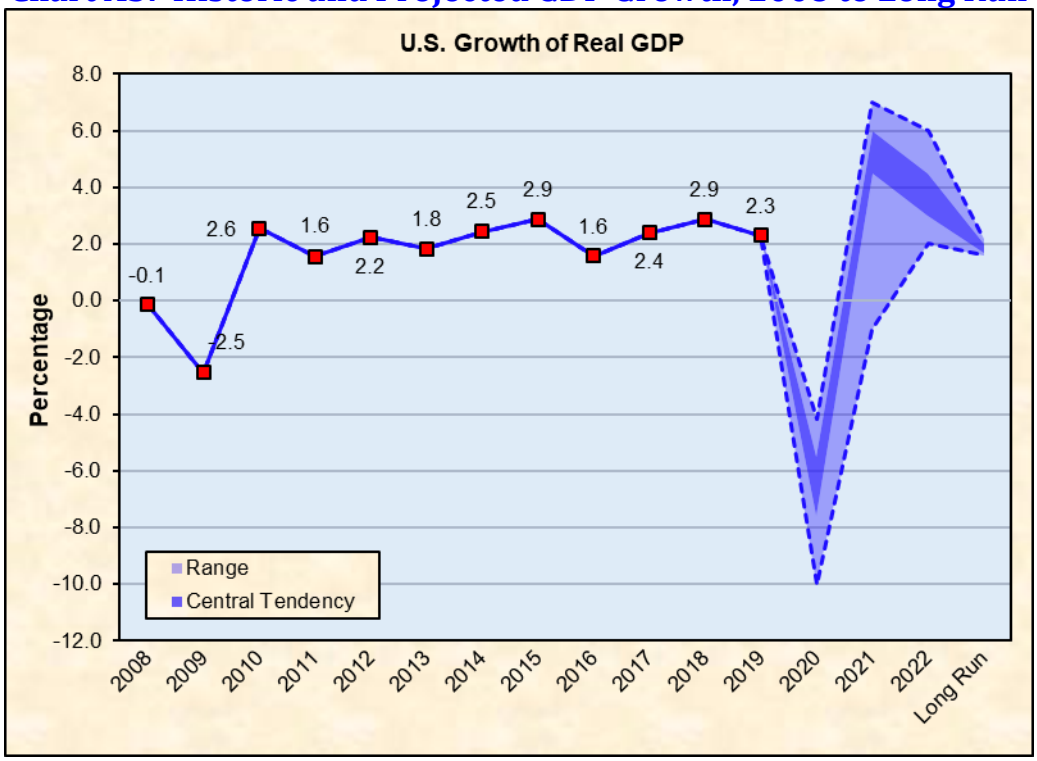
National GDP and Unemployment
Last Updated: July 2020

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 June 2020 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 illustrates the uncertainty in GDP projections from the COVID-19 pandemic, with both ranges and central tendencies fluctuating erratically from 2020 to 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 2019 measured 2.3 percent, a decline from the 2.9 percent measured in both 2015 and 2018. The overall high and low projections (shown as ranges below and denoted by the dotted lines) for 2020 show that GDP growth is expected to fall by 4.2 percent to as much as 10 percent. While 2021 is projected to show an improvement in GDP growth, uncertainty surrounding the pandemic makes it difficult to project precisely where GDP growth will be next year, resulting in projections that predict GDP will grow by 7 percent or fall by 1 percent. In 2022, the board members believe that GDP growth will range from 2 to 6 percent, and project that in the long-run, GDP growth will remain somewhere between 1.6 percent and 2.2 percent.

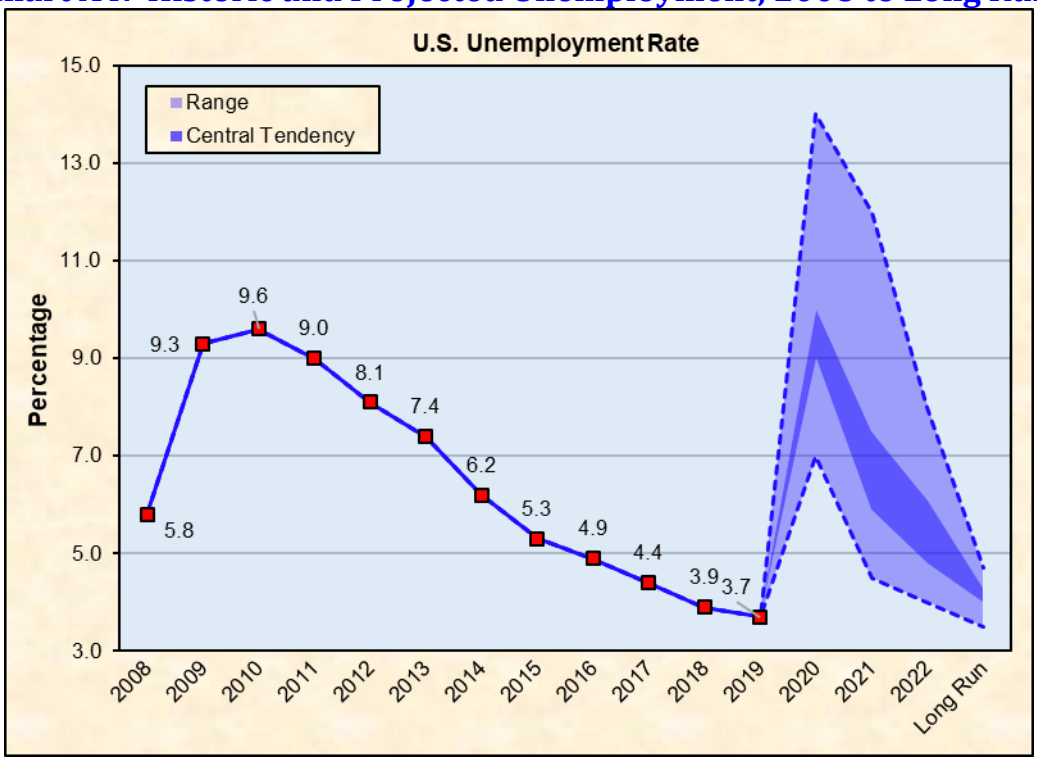
Chart A3: Historic and Projected GDP Growth, 2008 to Long Run



Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, June 10, 2020.

Chart A4 depicts unemployment following the 2008 recession. Unemployment is expected to rise considerably in 2020, with rate estimates ranging from 7 percent to 14 percent. Some FOMC members believe that unemployment will remain in double digits in 2021, with predictions ranging from 4.5 percent to 12 percent. Unemployment in 2022 is projected to range somewhere between 4 percent and 8 percent in 2022, and in the long run, the unemployment rate is expected to range between 3.5 percent and 4.7 percent. 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.

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



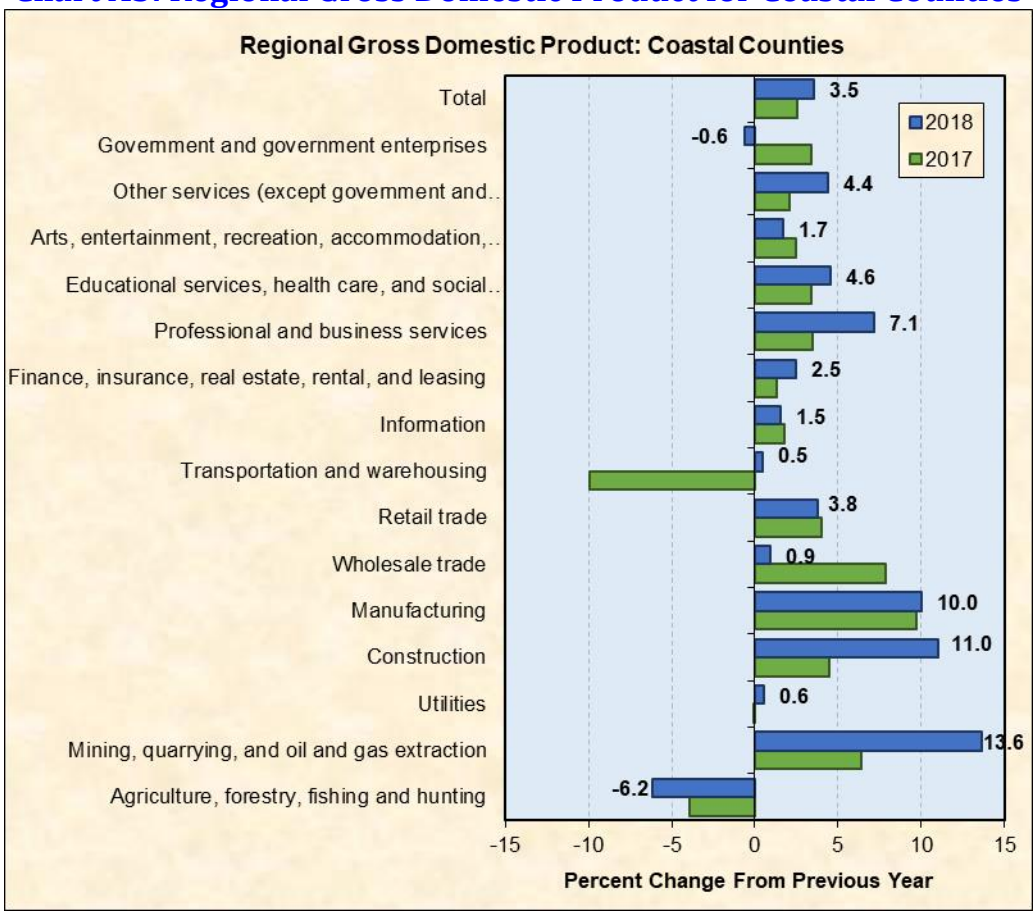
Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, June 10, 2020.

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

Regional GDP
Last Updated: January 2020

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 (13.6 percent increase from 2017 to 2018), construction industry (11 percent increase), manufacturing industry (10 percent increase), and professional and business services industry (7.1 percent increase) making the largest gains. Agriculture, forestry, fishing, and hunting (6.2 percent decline), and government enterprises (0.6 percent decline) were the only industries to retract from 2017 to 2018.

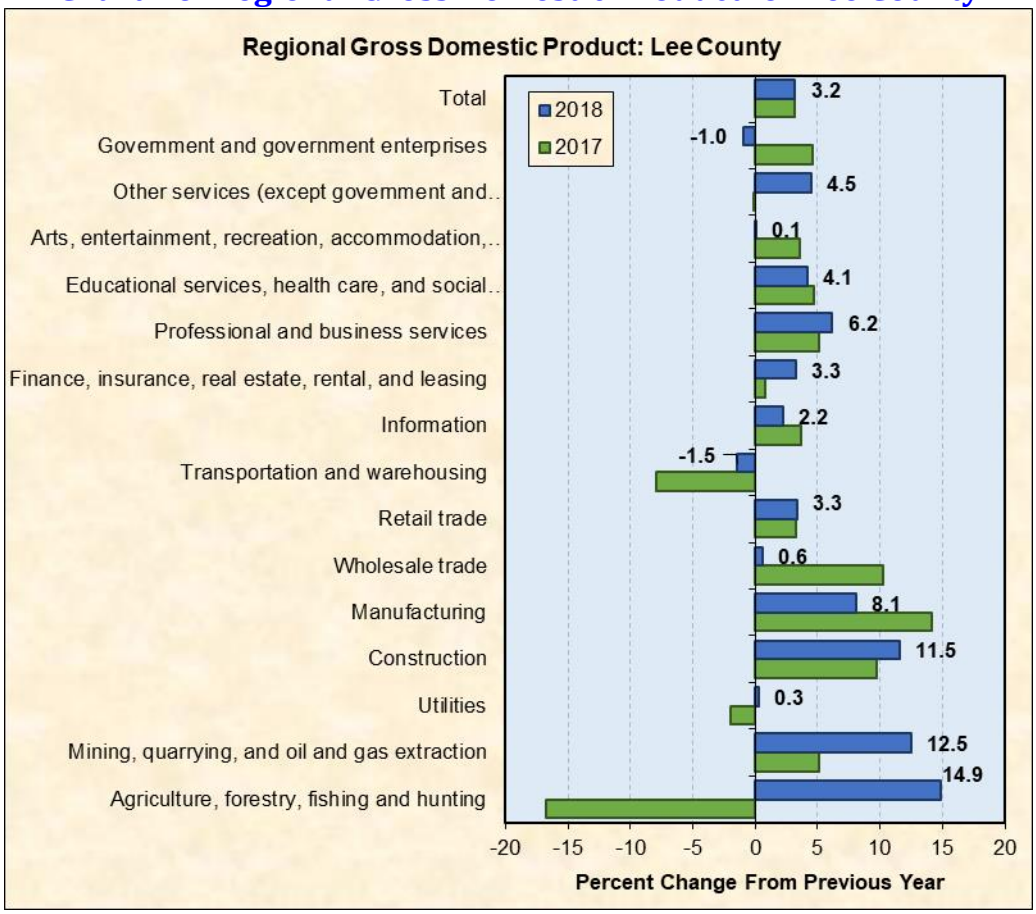
Chart A5: Regional Gross Domestic Product for Coastal Counties



Source: U.S. Bureau of Economic Analysis

Charts A6 shows GDP by industry for Lee County. The agriculture industry (14.9 percent increase from 2017 to 2018), mining, quarrying, and oil and gas extraction industry (12.5 percent increase), construction industry (11.5 percent increase), and manufacturing industry (8.1 percent increase) made the largest gains over the 12-month period. Meanwhile, transportation and warehousing (1.5 percent decline), and government enterprises (1 percent decline) both retracted over the same period.

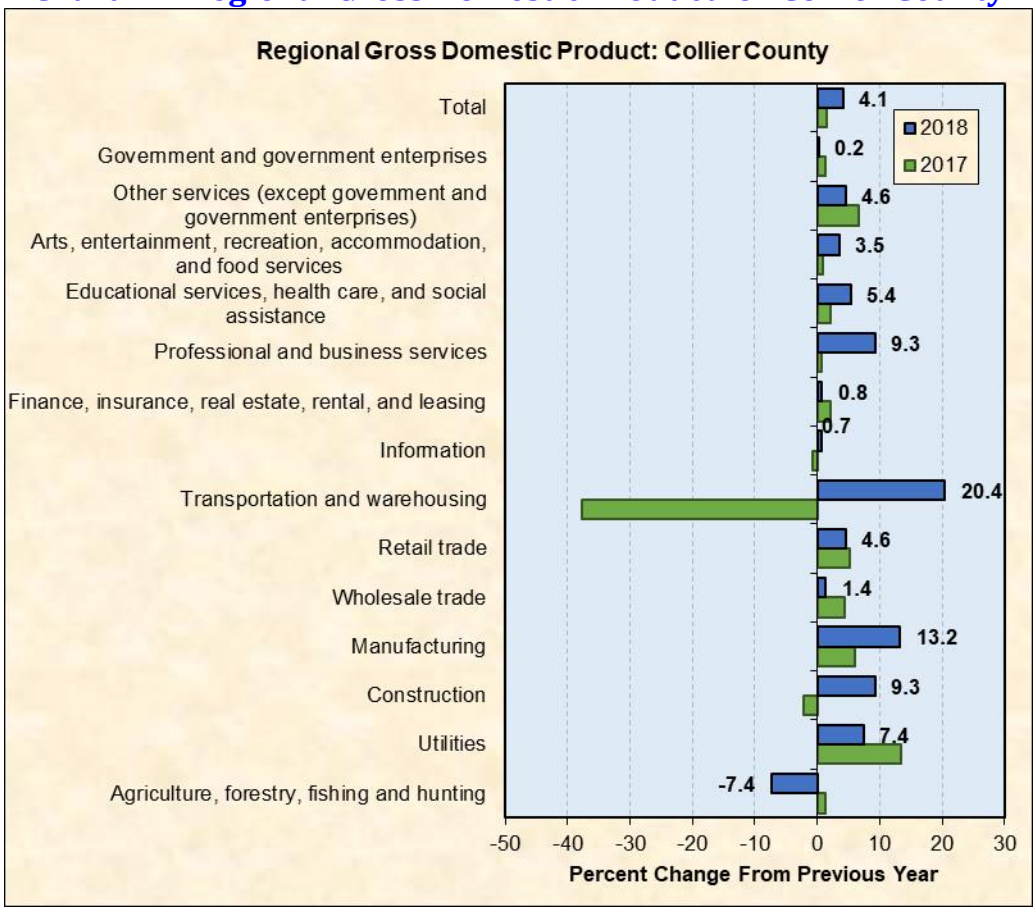
Chart A6: Regional Gross Domestic Product for Lee County



Source: U.S. Bureau of Economic Analysis

Charts A7 shows GDP by industry for Collier County. The transportation and warehousing industry (20.4 percent increase from 2017 to 2018), manufacturing industry (13.2 percent increase), construction industry (9.3 percent increase), and professional and business services industry (9.3 percent increase) made the largest gains over the 12-month period. Meanwhile, agriculture, forestry, fishing, and hunting (7.4 percent decline) was the only industry to retract over the same period.

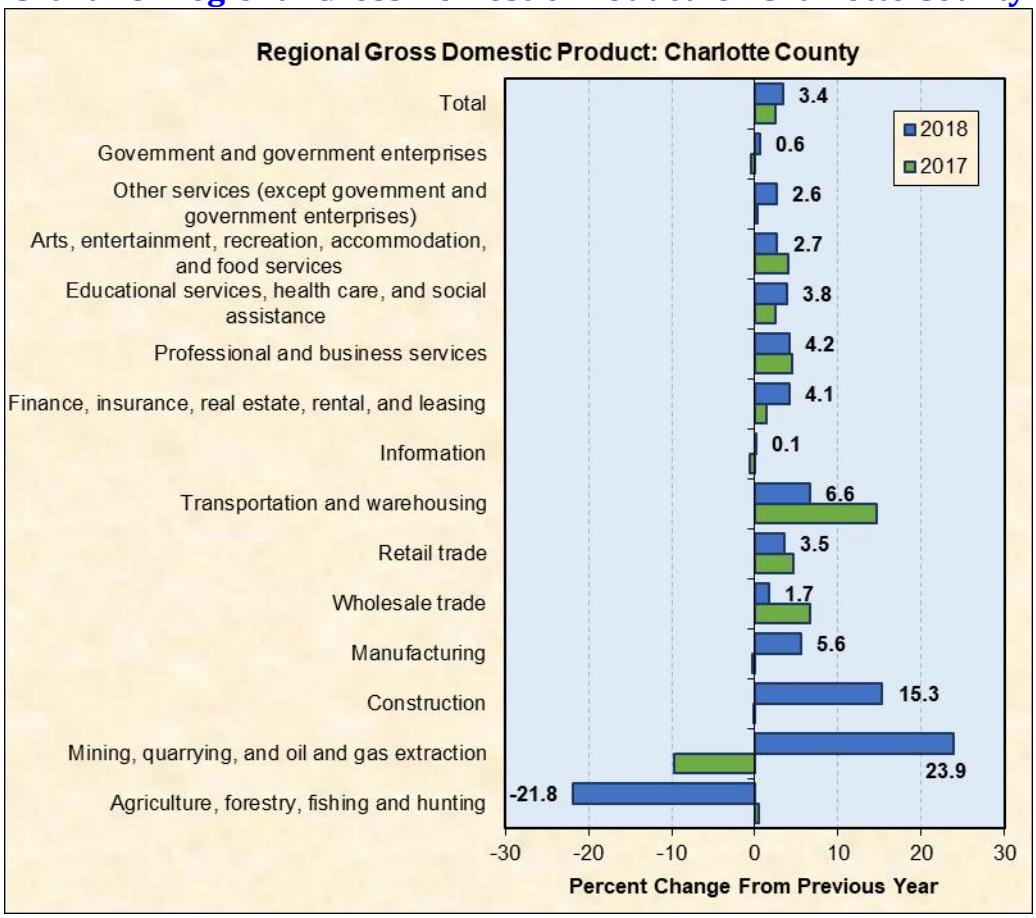
Chart A7: Regional Gross Domestic Product for Collier County



Source: U.S. Bureau of Economic Analysis

Charts A8 shows GDP by industry for Charlotte County. The mining, quarrying, and oil and gas extraction industry (23.9 percent increase from 2017 to 2018), construction industry (16.3 percent increase), transportation and warehousing industry (6.6 percent increase), and manufacturing industry (5.6 percent increase) made the largest gains over the 12-month period. Meanwhile, agriculture, forestry, fishing, and hunting (21.8 percent decline), was the only declining industry over the same period.

Chart A8: Regional Gross Domestic Product for Charlotte County



Source: U.S. Bureau of Economic Analysis

Industry Diversification Index
Last Updated: July 2020

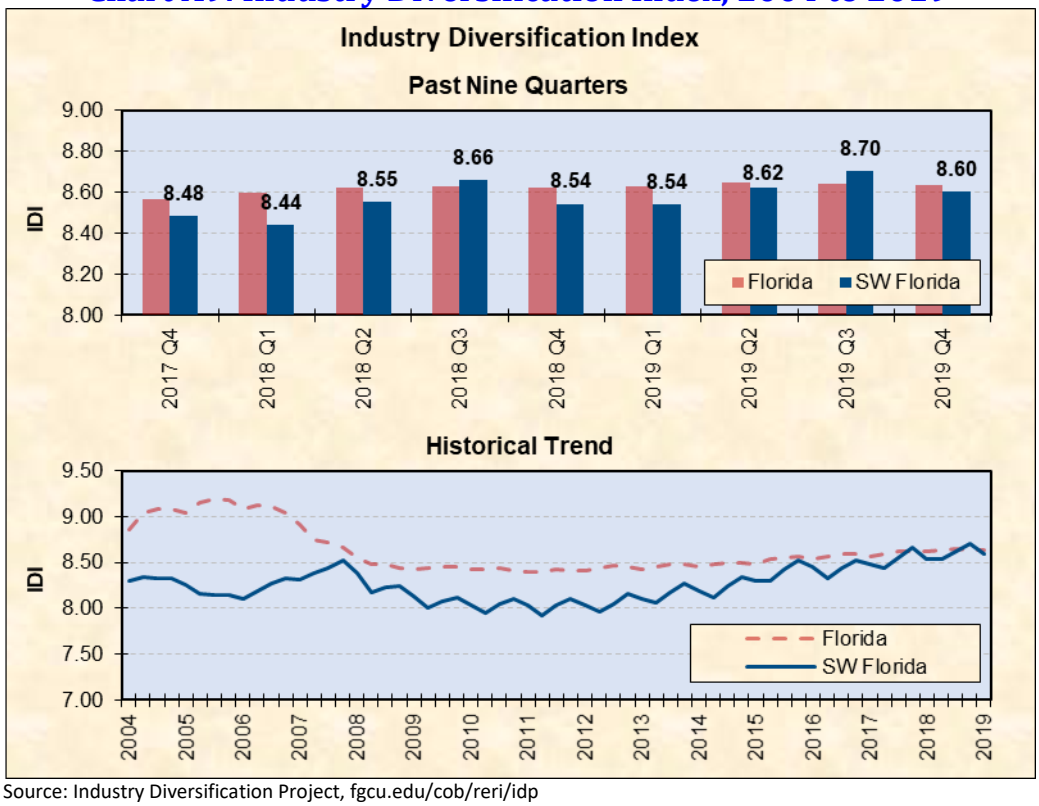
The FGCU *Industry Diversification Index* (*IDI*) measures the degree to which a region's workforce is concentrated in few industries or dispersed into many. The *IDI* is computed quarterly by the Regional Economic Research Institute's Industry Diversification Project, which tracks industry diversification 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 fourth quarter of 2019, the *IDI* for Southwest Florida measured at 8.60, ranking it as the 8th most industrially diverse workforce region in the state of Florida (out of 24). Meanwhile, the state of Florida had an *IDI* of 8.63, ranking Florida as the 17th highest state in the nation in industry diversification, although below the national average of 8.65.

Chart A9: Industry Diversification Index, 2004 to 2019



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