

Southwest Florida Economic Outlook

September 2023

2nd Quarter 2023 Outlook

The after-effects of Hurricane Ian continue to be felt in the Southwest Florida economy. As rebuilding continues in Fort Myers Beach and other coastal areas, Lee County continues to experience the larger effect in **tourist tax revenue**, down year-to-year by an average of 52.5 percent in 2023 Q2. **Real taxable sales** have also followed this downward trend since Hurricane Ian. All counties have followed a similar downward trend, with exception of Charlotte County, where the real taxable sales have mostly been on an upward trend since the lowest point in September 2022.

Florida consumer sentiment index has seen a slight upward trend over the past quarter after the one-point decrease between March 2023 and April 2023. The category concerning the timing for purchasing big-ticket household items continues to trend upward (since October 2022) suggesting confidence in the ability to pay for such goods and indicating a positive outlook on inflation. Both the Tampa-St. Petersburg and the Miami-Fort Lauderdale **Consumer Price Index** also indicated a slowing of inflation in the past quarter. While prices do continue to rise in both regions with housing being a common driver, the percentage change from month to month has trended downward in the past quarter. The tight labor market, **seasonally-adjusted unemployment rate** remains steady at lower levels, contributing to real wage increases in the last few months, supporting the levels of consumer spending and the positive consumer sentiment.

Tighter credit conditions may have started to trickle down to the local residential real estate market in the form of lower listings and sales activity. From April to June 2023 **existing single-family home sales** for the Coastal counties remained fairly constant. However, **residential active listings** continue to rise. Given the effects of Hurricane Ian, it is uncertain the number of properties that are move-in ready. The increase in active listings can also be attributed to existing listings as properties are spending from 23 to 32 more days on the market while new listings are decreasing compared to a year ago. In addition, **new single-family building permits**, which help forecast the performance of the construction industry, trended upwards for the coastal counties from April to June 2023 (31 percent increase) but remained below the same period last year. The permitting process for new residential homes has been affected by the demand for repair permits. As the market seems to be shifting from a seller's market to a buyer's market, **existing median home prices** for all coastal counties decreased from 1 to 11 percent over the last three months.

Other observations from the latest data include:

- **Seasonally-adjusted real tourist tax revenues** decreased to \$6.5 million in June 2023, down 4 percent from May 2023, but still 34 percent beneath June 2022. The year-to-year decline is driven by results for Lee County where revenues decreased by 50 percent from June 2022.
- **Tampa-St. Petersburg-Clearwater Consumer Price Index** increased by 5.9 percent from July 2022 to July 2023. This is above both the US South Region increase of 3.4 percent as well as the US national CPI increase of 3.2 percent. Housing continues to be a main driver of the high increases with a 9.5 percent increase from July 2022 to July 2023.

- **Existing single-family home sales** have decreased for the second consecutive month, being 17 percent down from June 2023 and 4 percent lower than July 2022. **Median sale prices** have remained around the same level compared to a year ago in Lee County, while increasing by 3 and 4 percent in Collier and Charlotte counties.
- **Residential active listings** are still trending upwards but at a decreasing rate. Additionally, with the exception of Glades County, new listings have decreased from 10 to 30 percent compared to July 2022, and properties are spending from 20 to 29 more days on the market compared one year ago. Higher prices and interest rates are keeping both sellers and buyers out of the market as homeowners fear selling their homes and not being able to find an affordable buying option.
- **U.S. Consumer Sentiment** was down in August 2023, down 2.1 points in the previous month and 0.8 points over August 2022.

More information for Southwest Florida, including interactive charts showing the latest regional economic indicators can be found on the RERI website at <https://www.fgcu.edu/reri/>