

Southwest Florida Economic Outlook

October 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 the 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.

As mortgage rates have reached their highest levels since 2001, the tighter credit conditions have trickled 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** continued 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** slightly declined in July 2023, a less than 1 percent decline from the prior month but still 32 percent beneath July 2022. Results continue to be driven by Lee County, where revenues decreased by 52 percent over the past 12 months.
- The **Miami-Ft. Lauderdale Consume Price Index** was up 7.8 percent over the past 12 months while the U.S. South region was up 4.1 percent, and the national CPI was only up 3.7 percent. Housing, the main driver of the index, was up 12.5 percent year-to-year.

- **Existing single-family home sales** increased by 7 percent from July 2023 to August 2023 but were one percent lower than the same month last year and 17 percent lower year-to-date from the August 2022 level.
- **Existing single-family median sale prices** declined in all the coastal counties by 3 and 5 percent compared to August 2022. On the other hand, the State of Florida experienced a 2 percent increase in single family home prices over the same period.
- **New single-family building permits** increased 16 percent from July to August 2023, but were 23 percent below the same month last year, and down 23 percent year-to-date compared to August 2022.
- **Residential active listings** for the region fell from July to August 2023, driven by decreases in listings in Collier County and a slowdown in active listings in Lee and Sarasota Counties. Additionally, properties are spending from 8 to 23 more days on the market compared to a 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.
- **Florida Consumer Sentiment** rose eight-tenths of a point in August 2023 to 67.6. Three of the five components in the index increased. Hector Sandoval, director of the Economic Analysis program at UF's Bureau of Economic and Business Research, [noted](#) that Hurricane Idalia could have a short-term impact on consumer sentiment, but does not expect any enduring effects on the state's economic outlook.
- The **SWFL Stock Index** fell 3.09 percent last month, underperforming the S&P 500 by one basis point, as investors digested macro-economic data and remarks by the Federal Reserve. Chico's FAS, Inc., the Fort Myers based women's retailer, recently [announced plans to be acquired](#) by Sycamore Partners for \$1 Billion.

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/>