

Southwest Florida Economic Outlook

December 2023

3rd Quarter 2023 Outlook

One year has elapsed since Hurricane Ian, yet the region is still recovering from the aftermath of the storm. **Seasonally-adjusted real tourist tax revenues** improved in August 2023, rising 7 percent over the 2023 Q2 average, but still remained 22 percent below August 2022. The year-to-year decline can be largely attributed to the impact Hurricane Ian had on Lee County, as Fort Myers Beach and other coastal areas continue to rebuild. **Seasonally-adjusted airport passenger activity** for the region also improved, rising 8.5 percent from July to September 2023.

On the real estate side, mortgage rates remained at their highest levels since 2001, as tighter credit conditions and the elevated home prices impact both demand and supply in the local residential real estate market. **Existing median home prices** in the region cooled down from July to September 2023, with Charlotte, Lee and Sarasota each seeing declines in prices over the three-month period. Home prices for both Collier and Sarasota counties remained higher than the state median of \$409,243 in September. At the same time **existing single-family home sales** for the coastal counties were below the 2022 level of sales but are in line with 2019 pre pandemic level. On the supply side, **residential active listings** continue to rise as homes are taking longer to sell and new listings increased by 12 percent compared to the previous quarter. Still, given the effects of Hurricane Ian, it is uncertain the number of properties that are move-in ready.

Florida consumer sentiment index saw only small changes this quarter, only dipping 0.5 points from July to September 2023. The decline continues a downward trend the state has exhibited since March 2023. Both the Tampa-St. Petersburg and the Miami-Fort Lauderdale **Consumer Price Index** saw an increase in the year-to-year change in their most recent reports. This is the first significant increase either area has seen in over-the-year percent change since they both peaked in the summer of 2022.

The **SWFL Stock Market Index** was down 9.0 percent over the last quarter¹, underperforming the S&P 500 by 300 basis points, as investors assessed higher volatility due to the United Auto Workers Strike and ongoing conflict in the Middle East impacting oil prices. The S&P 500 volatility index was 18.97 as of October 24, 200 basis points above the third quarter average, ending September 30. Beasley Broadcast Group, Inc. (BBGI), a holding of the SWFL Stock Market Index, was down 22 percent over the last month after facing possible delisting from the Nasdaq Exchange due to trading below the minimum requirement of \$1.00 per share. On the other hand, the 10-year note reached 5 percent in October 2023 and has manifested in the real estate market in the form of higher mortgage rates, climbing over 8.5 percent.

¹ See [IB 2023-08: Southwest Florida Stock Market Index](#) for more information.

Other observations from the latest data include:

- **Seasonally-adjusted airport passenger activity** for the region fell 1 percent from September to October 2023 but remained 44 percent higher than October 2022.
- The **seasonally-adjusted unemployment rate** for Southwest Florida was 3.0 percent in September 2023, 0.1 percentage points above August 2023 and 0.5 percentage points above the same month last year.
- **Seasonally-adjusted real taxable sales** declined 2 percent from August to September 2023, but remained 13 percent higher than September 2022.
- All three coastal counties experienced a 6 percent decline in **single-family median home prices** from October 2022 to October 2023.
- **Residential active listings** continued to rise as new listings continue to enter the market, increasing by 74 percent from October 2022 to October 2023.
- **Single-family building permits**, which help forecast the performance of the construction industry and estimate the demand for single-family homes, were up 67 percent in October 2023 compared to a year ago.
- **Florida consumer sentiment index** has gained two points in the last three months, rising to its highest level (68.3) since June 2023. All components of CSI increased this month which can be attributed to steady unemployment rates, slowing of inflation, and the Fed holding rates steady in this most recent release.
- The Miami-Fort Lauderdale **Consumer Price Index** rose 7.4 percent from October 2022. Unlike most other months, apparel was the main driver with a 13.5 percent increase while housing followed behind at 10.7 percent.
- The **SWFL Stock Market Index** rebounded from its correction period of three consecutive months of losses (August – October), gaining 7.6 percent in November 2023. However, the index underperformed the S&P 500 (8.7 percent) by 110 basis points, as investors assessed recent speeches from the Federal Reserve signaling interest rates to remain unchanged and better than expected third quarter earnings.

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/>