

Southwest Florida Economic Outlook

March 2024

4th Quarter 2023 Outlook

The regional economy continued to track upward during the fourth quarter of 2023, as evidenced by the latest indicators available. For starters, **seasonally-adjusted airport passenger activity** for the region totaled 4.5 million during the final quarter of 2023, a 3 percent increase from the prior quarter and 24 percent over the lan-impacted fourth quarter of 2022. Southwest Florida served 16.6 million passengers during 2023, the highest mark recorded for the region. **Seasonally-adjusted tourist tax revenues** also improved, increasing 11 percent from November 2022 (the latest data available). Despite the improvement in tax revenues, year-to-date revenues in 2023 were still 24 percent below 2022.

Mortgage rates have cooled down from their high in October, when the average 30-year fixed mortgage rate reached nearly 8 percent. Demand for housing has slowed regionally, as Southwest Florida closed out 2023 with 5 months of inventory, up from last year's 2 months' worth. Consequently, supply of housing, measured through **residential active listings**, was up 84 percent from the fourth quarter of 2022 to the fourth quarter of 2023. **Existing single-family home sales** for the coastal counties slipped 11 percent from the third to fourth quarter of 2023, staying in line with the normal shifts in the local real estate market. **Existing median home prices** for Collier and Sarasota counties continue to remain higher than the state median of \$405,000.

Outside the region, consumer sentiment continued to improve during the fourth quarter, both at a state level and a national level. **Florida Consumer Sentiment Index** rose each month during the fourth quarter, finishing 2023 at 69.5. While the year ended on a high note, 2023 had the third-lowest level since the index began in 1985. The **US Consumer Sentiment Index** rallied in December to negate both October and November declines, ending the year at 69.7. The Miami **Consumer Price Index (CPI)** continued to deaccelerate during the final quarter, measured at 5.7 percent in December 2023. The Miami CPI was still higher than national CPI in December (3.4 percent). Along with other indicators, the CPI and CSI are pushing more analysts to expect a soft landing instead of a recession in 2024.

The **SWFL Stock Market Index** gained 5.7 percent in December 2023 from November 2023 and 21.8 percent from December 2022, outperforming both the Dow Jones and the S&P 500. Both Chico's and PGT Innovations were acquired by private companies and will no longer be a part of the index.

Other observations from the latest data include:

- The coastal counties generated \$88.6 million in **seasonally-adjusted real tourist tax revenues** in 2023, well below 2021 and 2022 and on par with 2019.
- **Seasonally-adjusted real taxable sales** were relatively flat during 2023, varying less than \$200 million dollars between the highest point in May and lowest point in November.
- **Seasonally-adjusted airport activity** for the region was virtually unchanged from December 2023 to January 2024, decreasing by less than 1 percent. Traffic remained 13 percent above January 2023.
- **Residential active listings** in Southwest Florida were up 94 percent from January 2023 to January 2024. For comparison, Florida was up only 35 percent over the same period.
- **Existing single-family home sales** in the region fell 20 percent from December 2023 to January 2024. All the coastal counties experienced month-to-month declines in home sales of at least 16 percent.
- The **Florida Consumer Sentiment Index** improved in February 2024, gaining 1.5 points from the last month to 74.1. After the large increase from November 2023 to January 2024, U.S. Consumer Sentiment increased just slightly, up 0.6 points from the previous month.
- The **Tampa-St. Petersburg-Clearwater Consumer Price Index** increased 3.9 percent from January 2023. Other goods and services lead the growth with an increase of 7.6 percent since this time last year. Medical care and housing followed at 6.3 percent and 6.0 percent, respectively.
- The **SWFL Stock Market Index** gained 1.2 percent between January 2024 and February 2024, compared to a 2.3 percent decline a year ago. The index underperformed both the Dow Jones and the S&P 500 EW by 3.3 percent and 1.4 percent, respectively, as the region is not exposed to the Magnificent 7. A third of the SWFL Index constituents beat fourth quarter 2023 earnings, with Roper Technologies' earnings rising 11 percent year-over-year. Alico Inc. finalized the sale of 17,229 acres of the Alico Ranch to the State of Florida for \$77.6 million in December 2023.

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/>