

Southwest Florida Regional Economic Indicators

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Research Institute**

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Introduction: Regional and National Background

Southwest Florida continues to show signs of a strong regional economy. Improvements include a 4-percent increase in total **airport passenger activity** between October 2017 and October 2018, a 22-percent increase in **taxable sales** for September 2018 versus September 2017, and a 9-percent increase in **single-family home sales** for the coastal counties from November 2017 to November 2018.

Southwest Florida's seasonally-adjusted **unemployment rate** held steady at 3.1 percent in November 2018. This represents an improvement of 0.8 percentage points from November 2017, and remains below Florida's 3.3 percent and the nation's 3.7 percent.

Other highlights in the report include:

- **Tourist tax revenues** in October 2018 fell by 4 percent compared to a month earlier as well as by 14 percent compared to October 2017, possibly reflecting the continuing effects of red tide and algae blooms in the region;
- The region's coastal counties issued 13 percent more **single-family building permits** in November 2018 compared to November 2017; and
- **Median home prices** for Charlotte County were up 12 percent from November 2017 to November 2018. Meanwhile, median home prices rose 2 percent in Lee County and fell 3 percent in Collier over the same period.

The present edition of Regional Economic Indicators debuts **regional GDP** data, which is collected annually by the U.S. Bureau of Economic Analysis. This data is reported in the Appendix.

The RERI staff extends its sincere thanks and appreciation to the dedicated individuals and organizations who 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.

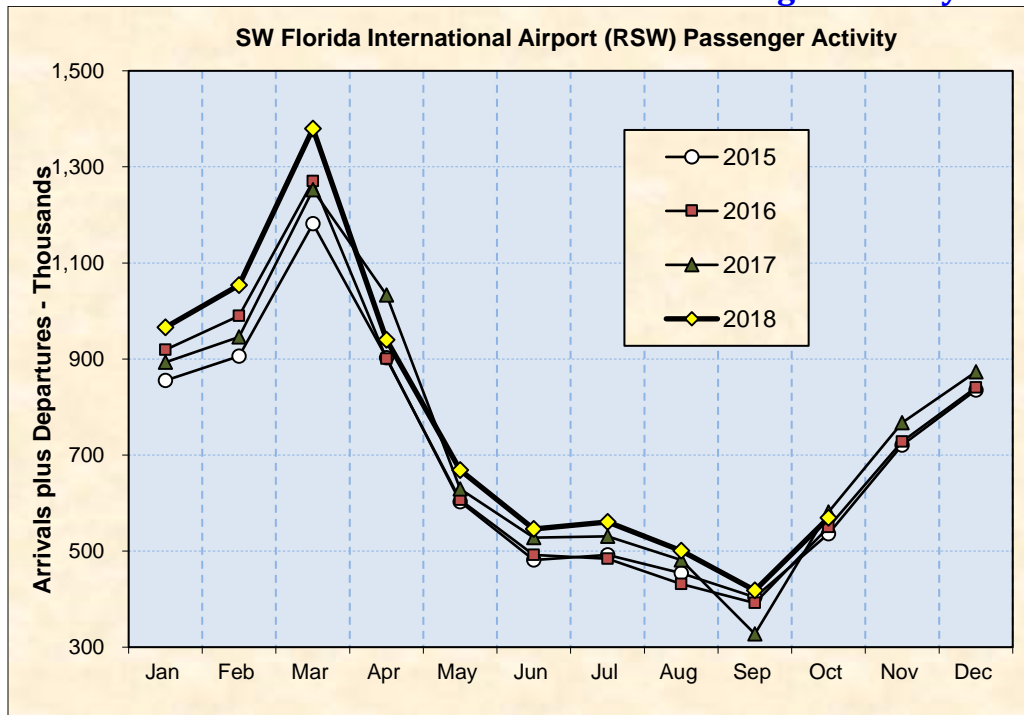
To all of you, our readers and friends, we extend best wishes for the Holiday Season and for a very Happy New Year.

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

Passenger traffic for all three major airports increased in October 2018, by 4 percent over October 2017 and by 41 percent from September 2018. RSW showed a 2 percent decrease in October 2018 from October 2017; there was a seasonal increase from September 2018 of 36 percent (see Chart 1). PGD's activity in October 2018 increased 13 percent over October 2017, and 74 percent over September 2018 (see Chart 2). October 2018 passenger activity for Sarasota Bradenton was 31 percent higher than October 2017, and 39 percent higher than September 2018 (see Chart 3).

Chart 1: SW Florida International Passenger Activity



Source: Local Airport Authorities

Chart 2: Punta Gorda Airport Passenger Activity

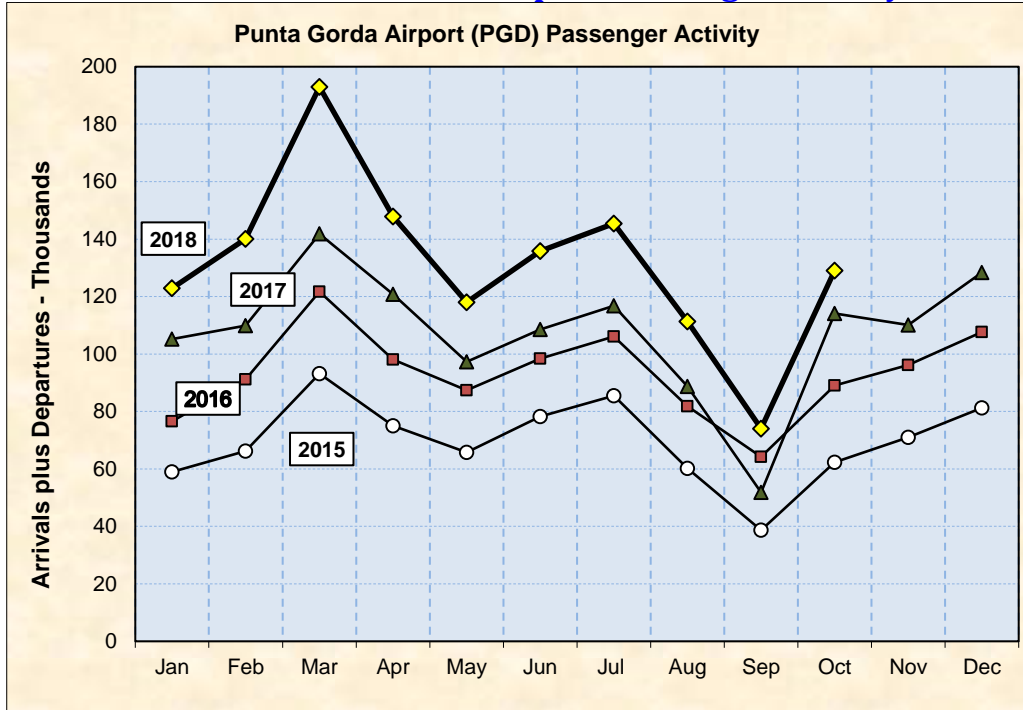
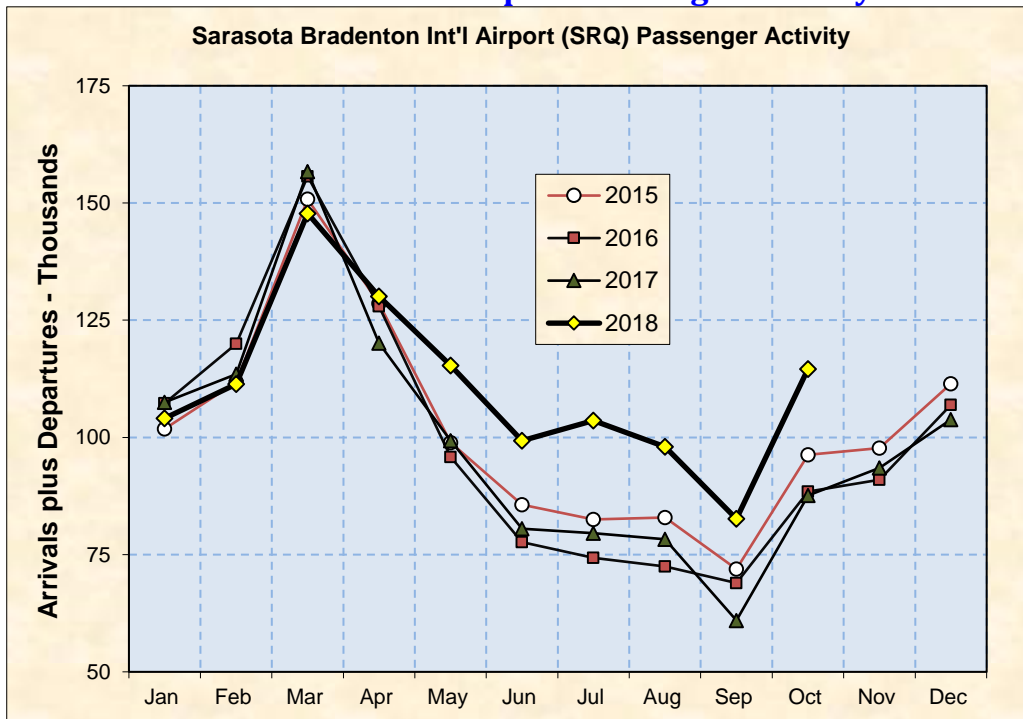


Chart 3: Sarasota Airport Passenger Activity

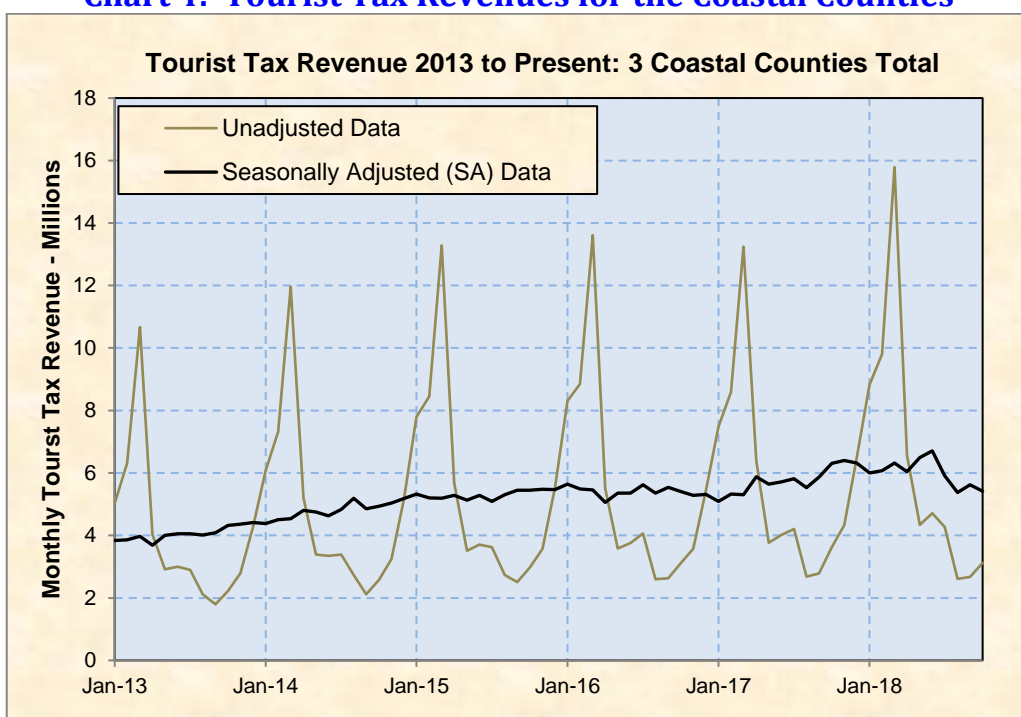


Tourist Tax Revenues

Seasonally-adjusted tourist tax revenues, shown in Charts 4 and 5, are based on month of occupancy. Total revenues for the three coastal counties in October 2018 amounted to \$5,420,728, a decrease of 4 percent from September 2018, and 14 percent (\$882 thousand) below October 2017.

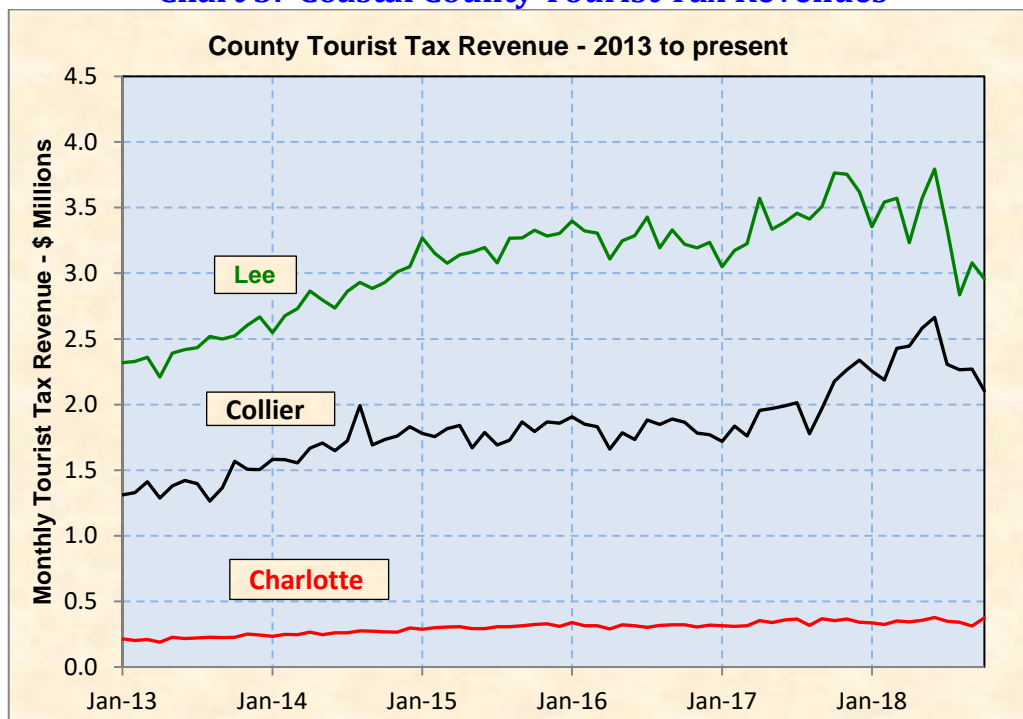
Seasonally-adjusted tourist tax revenues for Lee County dipped to \$2,956,087 in October 2018, a decrease of 4 percent from September 2018, and 21 percent less than October 2017. Collier County's tourist tax revenues were \$2,104,812 in October 2018, down 7 percent from September 2018 and 3 percent below October 2017. Seasonally-adjusted tourist tax revenues in Charlotte County were \$376,021 in October 2018, up 20 percent from September 2018 and 6 percent above the October 2017 figure.

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

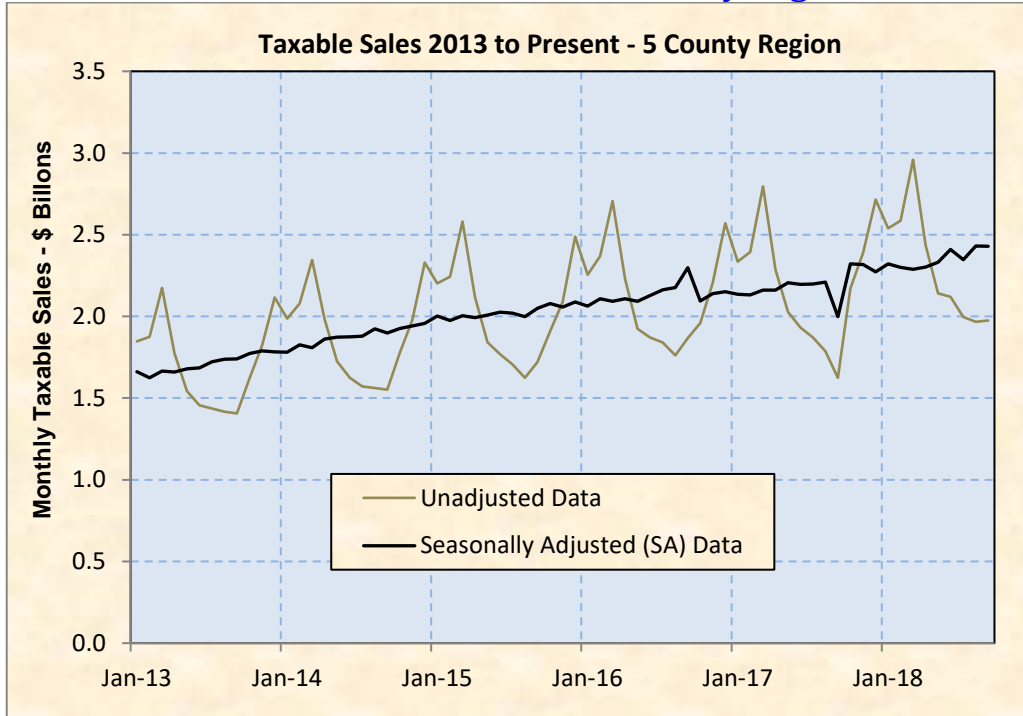
As reported last month, taxable sales data track consumer spending based on the latest month of merchant collections. Data lags one month behind the Florida Department of Revenue's reporting month and are now available through September 2018.

Seasonally-adjusted taxable sales for the region totaled \$2.428 billion in September 2018, a fractional decrease from August 2018, and a 22-percent increase from September 2017 (see Chart 6).

Charts 7 and 8 show seasonally-adjusted taxable sales for the coastal and inland counties, respectively. Lee County's taxable sales totaled \$1.298 billion in September 2018, down 1 percent from August 2018, but 18 percent higher than September 2017. Collier County taxable sales grew to \$830.3 million in September 2018, an increase of 2 percent over August 2018, and 31 percent higher than September 2017. Taxable sales in Charlotte County also showed a year-to-year gain, rising to \$263.2 million in September 2018, up 17 percent from September 2017, albeit 1 percent less than August 2018.

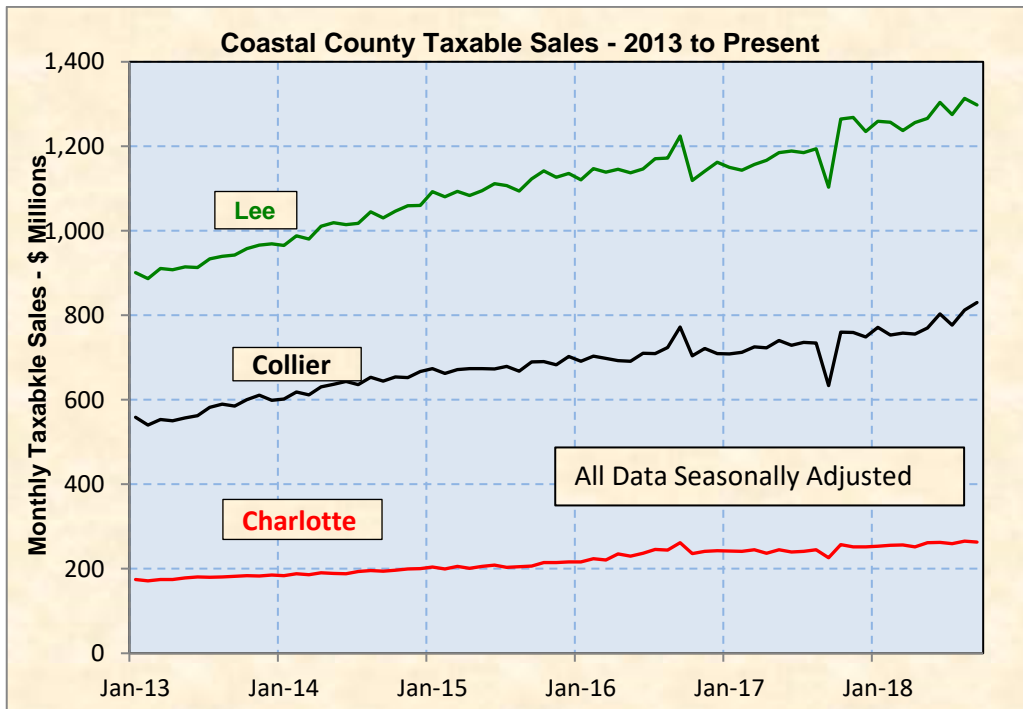
Taxable sales in Hendry County amounted to \$34.2 million in September 2018, compared to \$29.1 million in September 2017, an increase of 17 percent. Glades County taxable sales also increased from the prior year to \$4.4 million in September 2018, up 16 percent from September 2017. All cited data are seasonally-adjusted.

Chart 6: Taxable Sales for 5 County Region



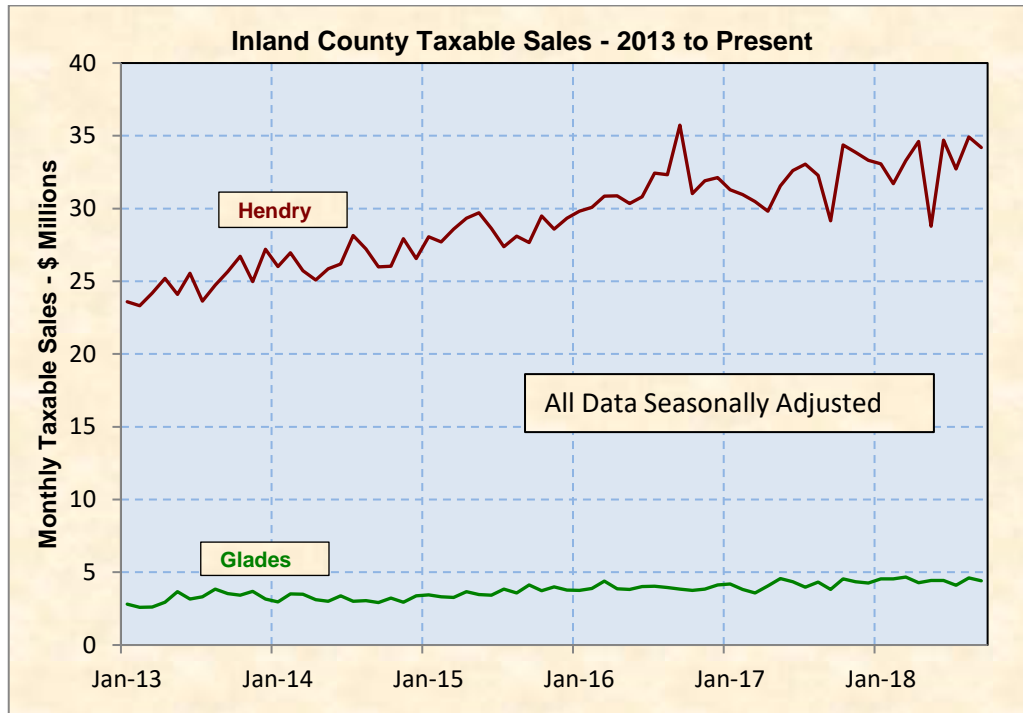
Source: Florida Department of Revenue, Office of Tax Research

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

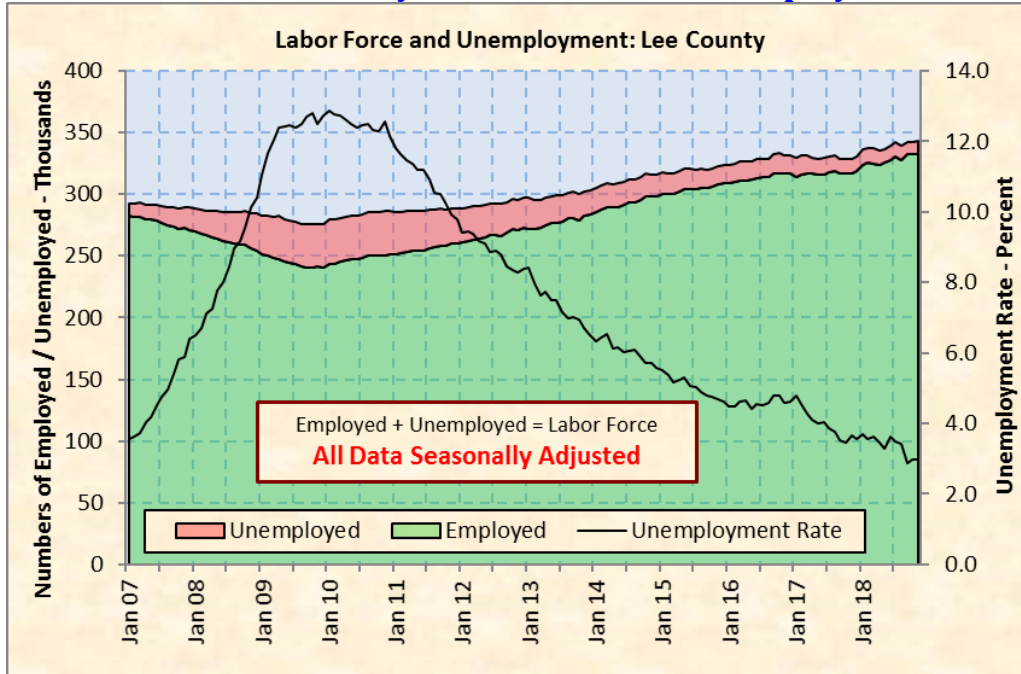
Charts 9-13 show total persons employed and unemployed, and the unemployment rate, all seasonally adjusted by the RERI, for each county from January 2007 through November 2018. The number of employed persons in Southwest Florida increased by 1,880 from October to November 2018, while the number of unemployed fell by 29 workers. As a result, the region's unemployment rate for November held steady at 3.1 percent, still well below the 3.9 percent adjusted figure observed in November 2017.

Lee County's seasonally-adjusted unemployment rate was 3.0 percent in November 2018, unchanged from October 2018 and 0.7 percentage points below November 2017, as depicted in Chart 9. The Collier County unemployment rate remained at 3.0 percent in November 2018, down 0.9 points from November 2017 (Chart 10). The unemployment rate in Charlotte County rose to 3.6 percent in November 2018, up from 3.5 percent a month earlier, although down from 4.1 percent in November 2017 (Chart 11).

Hendry County's unemployment rate dropped to 4.9 percent in November 2018 compared to 5.1 percent a month earlier, and well below 7.3 percent in November 2017 (Chart 12). The November 2018 unemployment rate for Glades County rose to 3.6 percent from October 2018's 3.5 percent, still well below November 2017's 5.1 percent (Chart 13).

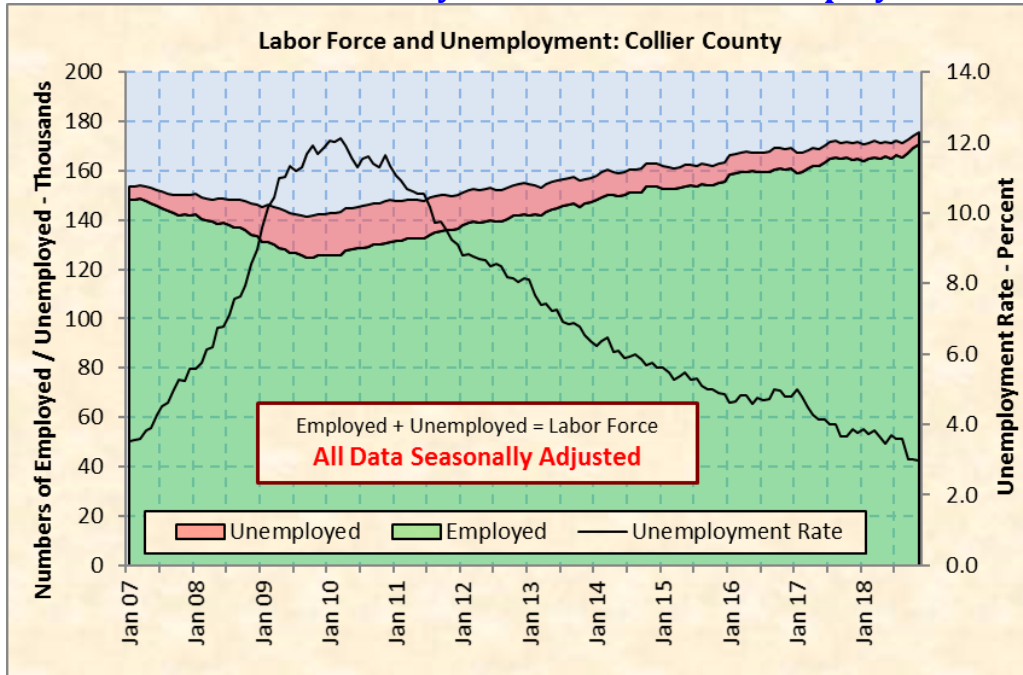
The state of Florida continued to show a downward trend in unemployment. The unemployment rate for Florida dipped to 3.3 percent in November 2018, down from 3.4 percent in October 2018, as well as 3.9 percent in November 2017. Meanwhile, the nation's unemployment rate remained at 3.7 percent for the third consecutive month, down 0.4 percentage points from November 2017.

Chart 9: Lee County Labor Force and Unemployment



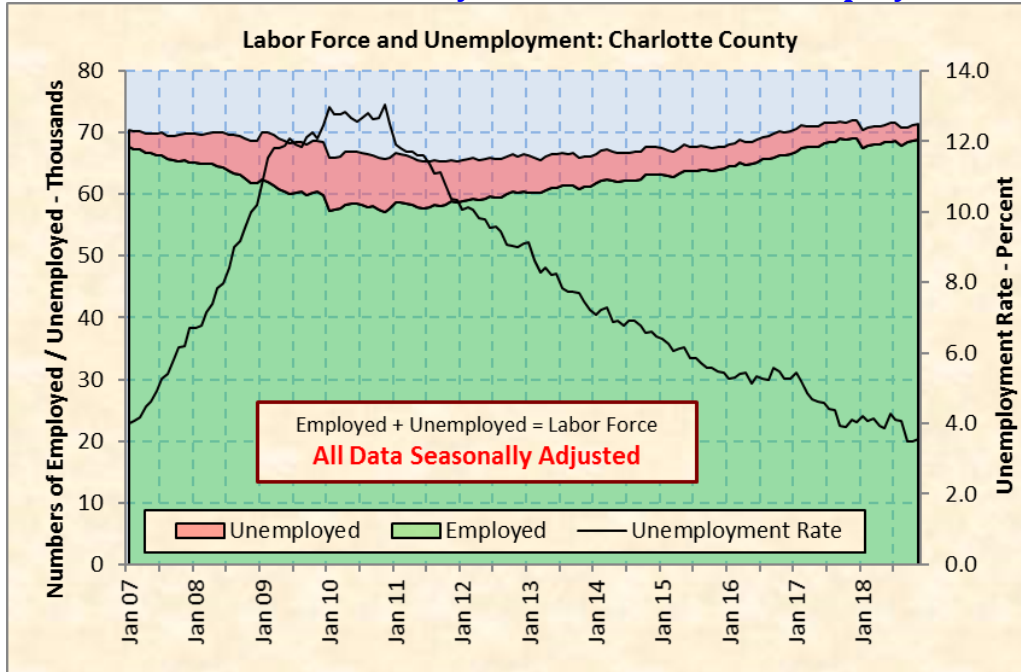
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 10: Collier County Labor Force and Unemployment



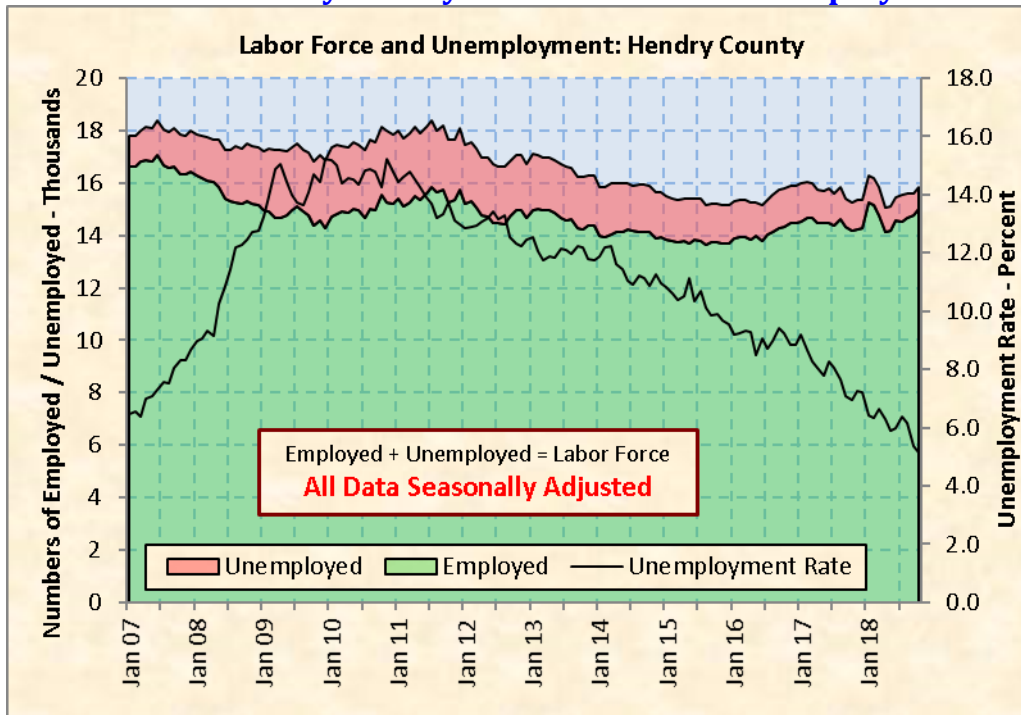
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 11: Charlotte County Labor Force and Unemployment



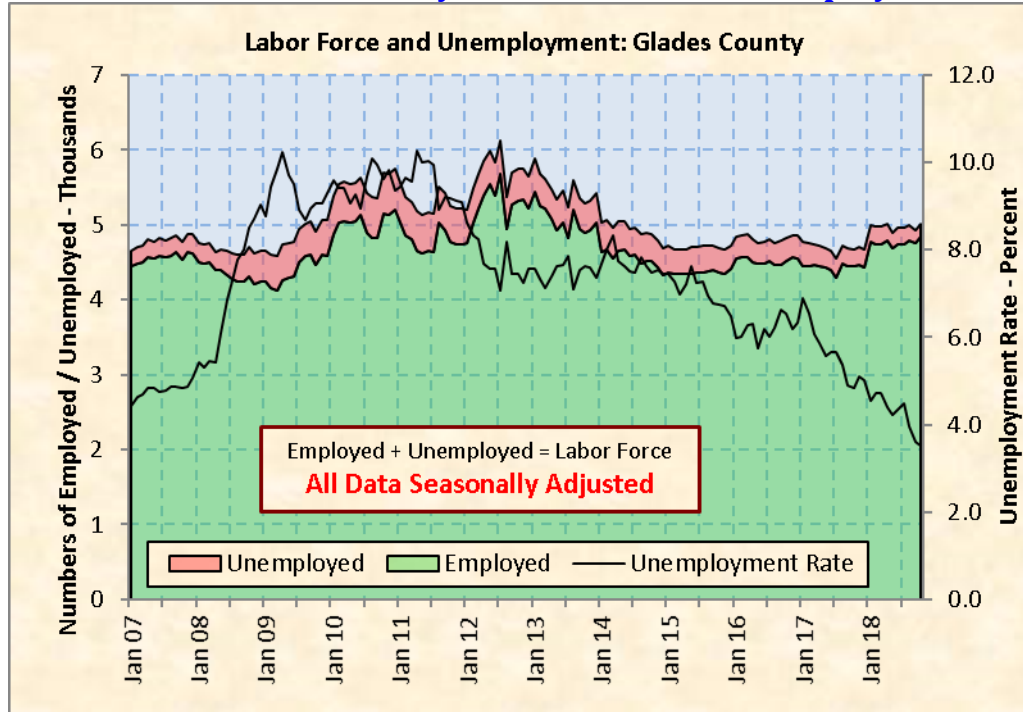
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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



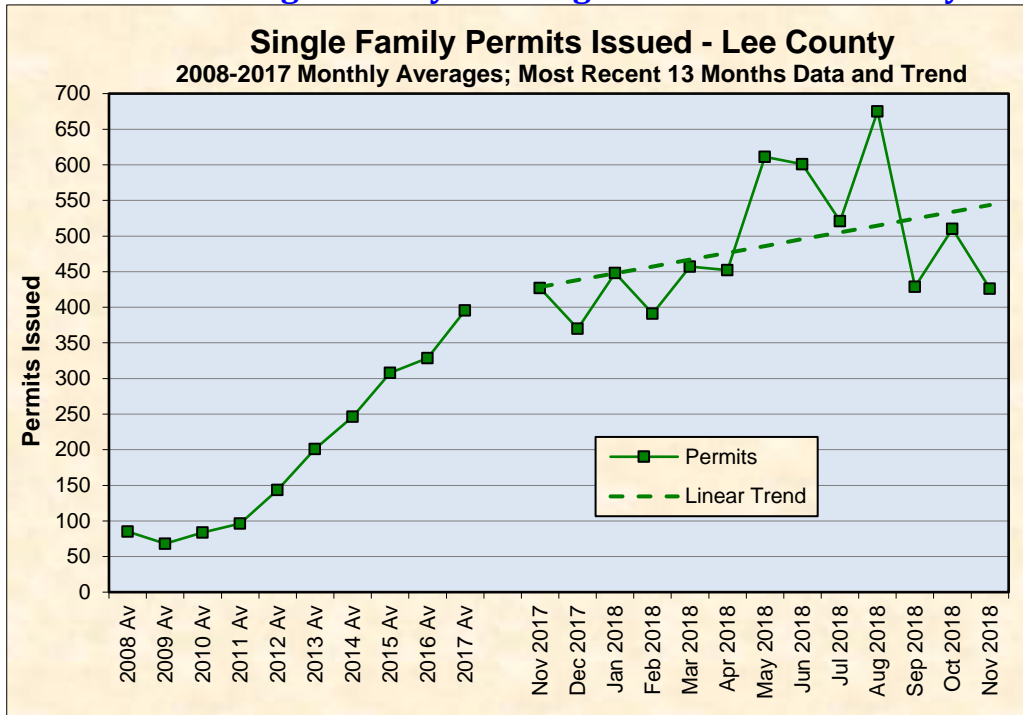
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Single-Family Building Permits

The three coastal counties again reported strong year-to-year growth in single-family building permits for November 2018. A total of 774 permits were issued by the three counties in November 2018, an increase of 86 (13 percent) over November 2017, but 116 fewer (13 percent) than October 2018. Lee County issued 426 permits in November 2018, a decrease of 1 from November 2017, and 84 fewer than October 2018 (Chart 14). In Collier County, 232 permits were issued in November 2018, an increase of 69 (42 percent) from November 2017, and 19 more than October 2018 (Chart 15). During November 2018, Charlotte County issued 116 permits, 18 (18 percent) more than November 2017, and 51 fewer than October 2018 (as depicted in Chart 16). Despite Charlotte's month-to-month decline, its 13-month trend remained positive.

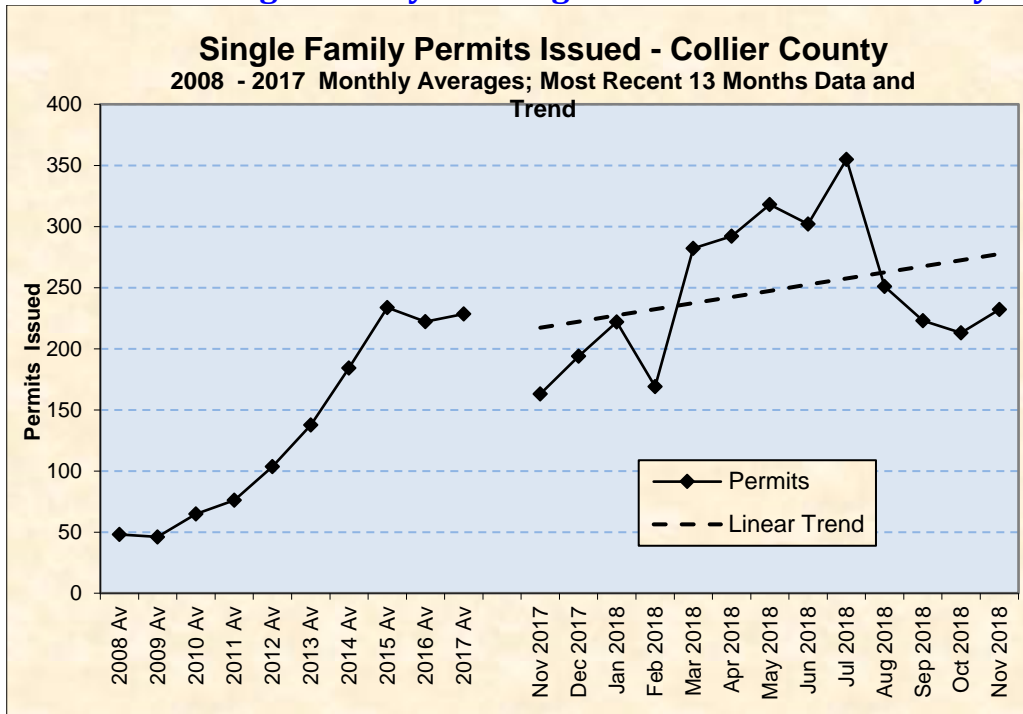
Through November 2018, Hendry County issued 161 single-family building permits—more than double the 79 issued during the same 11-month period last year.

Chart 14: Single-Family Building Permits for Lee County



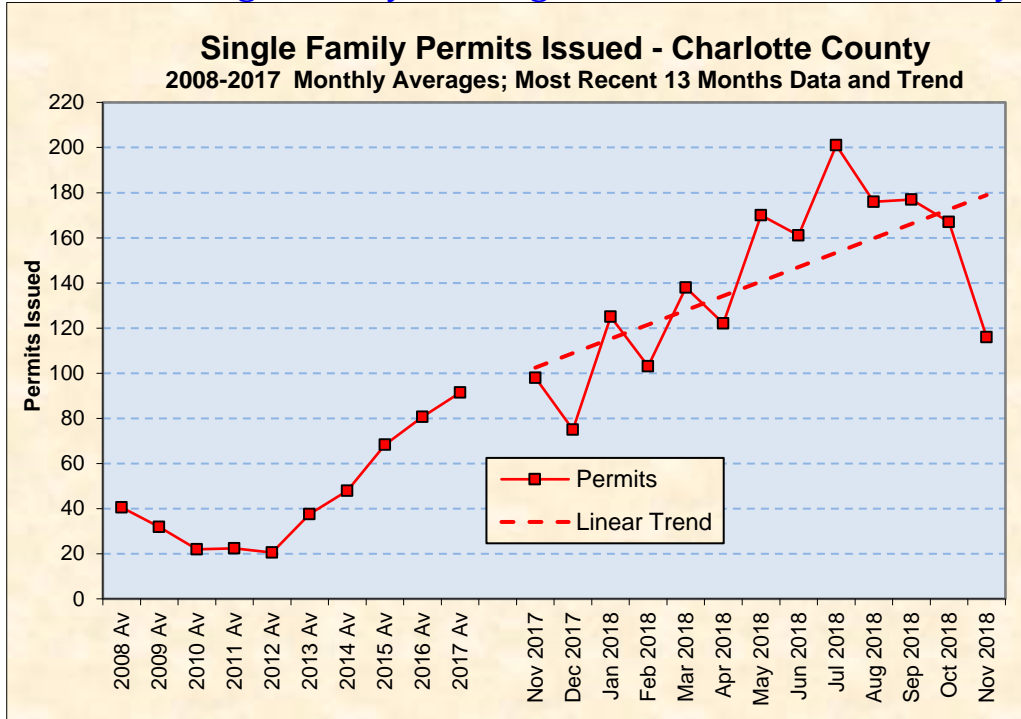
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs, Estero, and Fort Myers Beach permits

Chart 15: Single-Family Building Permits for Collier County



Source: Local Building and Zoning Departments, includes unincorporated Collier County permits only

Chart 16: Single-Family Building Permits for Charlotte County



Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only

Existing Single-Family Home Sales and Median Prices

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

Total Realtor® sales of single-family homes in the three counties improved to 1,591 units in November 2018, an increase of 9 percent (127 units) over November 2017, and 7 percent (123 units) lower than October 2018.

There were 939 single-family home sales in Lee County in November 2018, up 12 percent from November 2017, while the median price increased from \$245,000 to \$250,000 (Chart 17). Collier County single-family home sales were 343 units in November 2018, up 13 percent from November 2017, while its median price declined from \$439,000 to \$427,500 in this period (Chart 18). In November 2018, Charlotte County had 309 single-family home sales, a 5-percent decrease from November 2017. Charlotte's median price was \$232,750 in November 2018, up \$24,250 from the prior November (Chart 19).

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

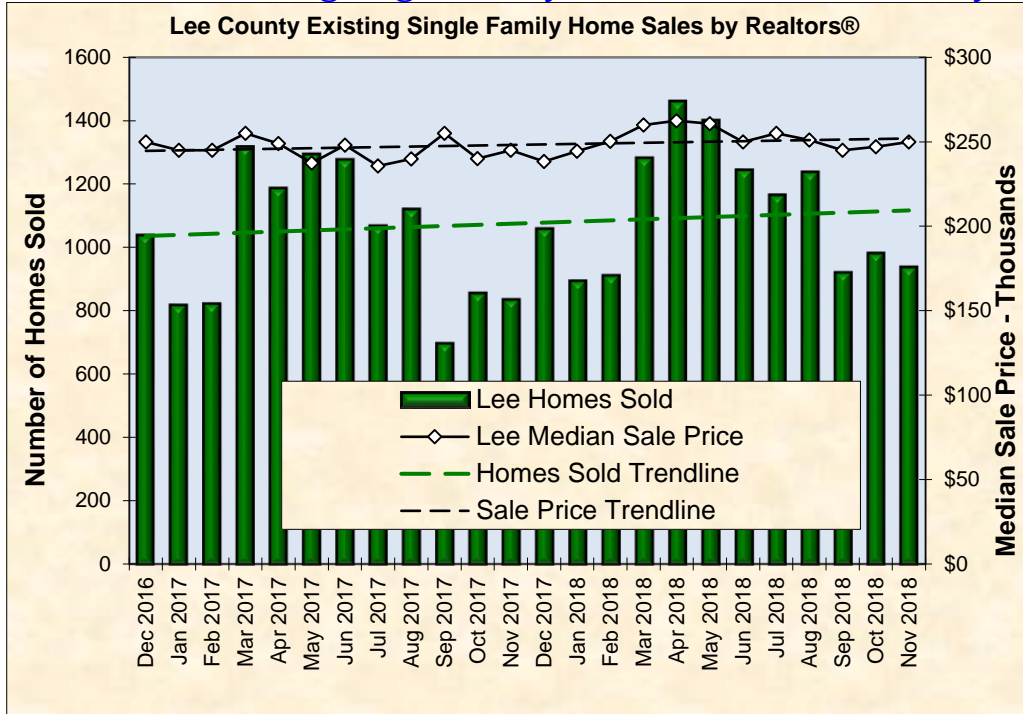


Chart 18: Existing Single-Family Home Sales for Collier County

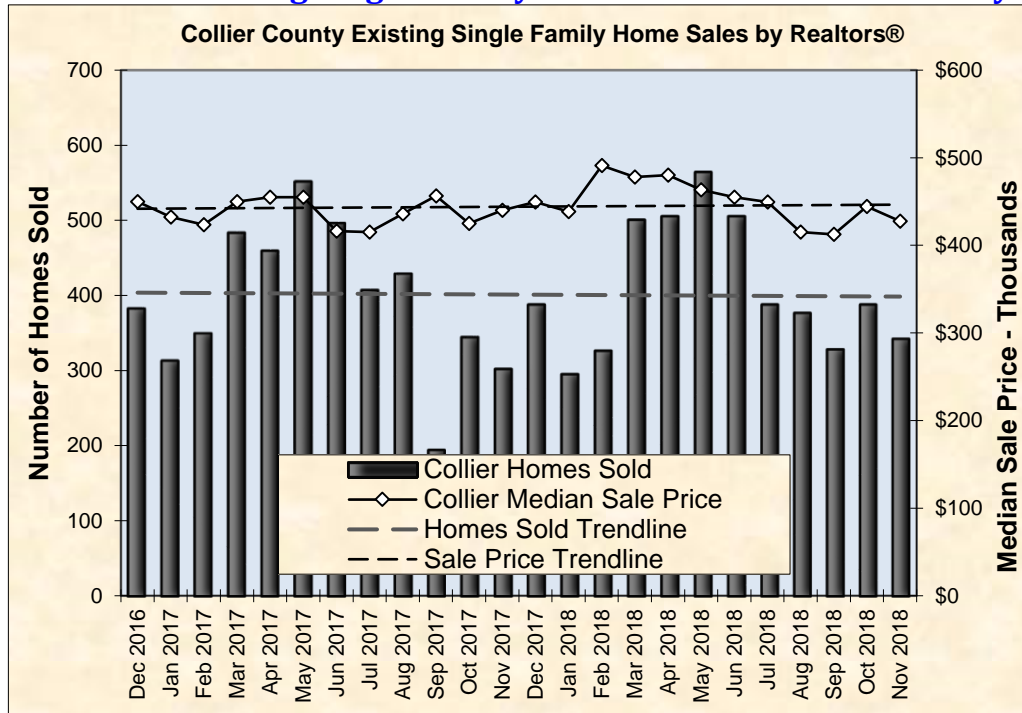
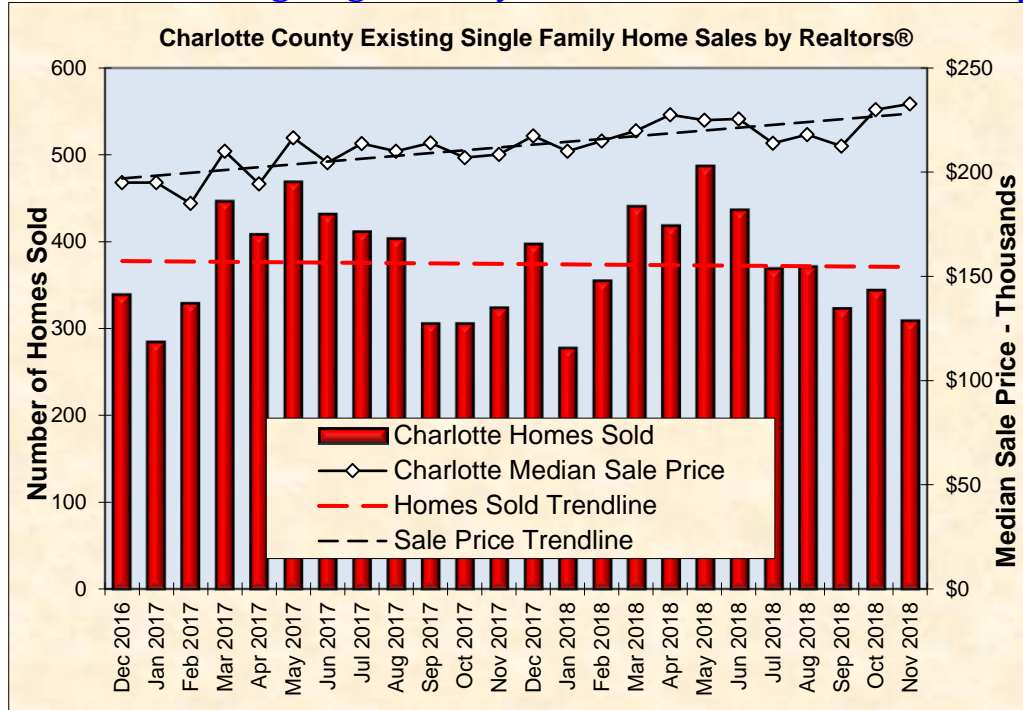


Chart 19: Existing Single-Family Home Sales for Charlotte County



Source: Florida Realtors® Punta Gorda, Florida MSA

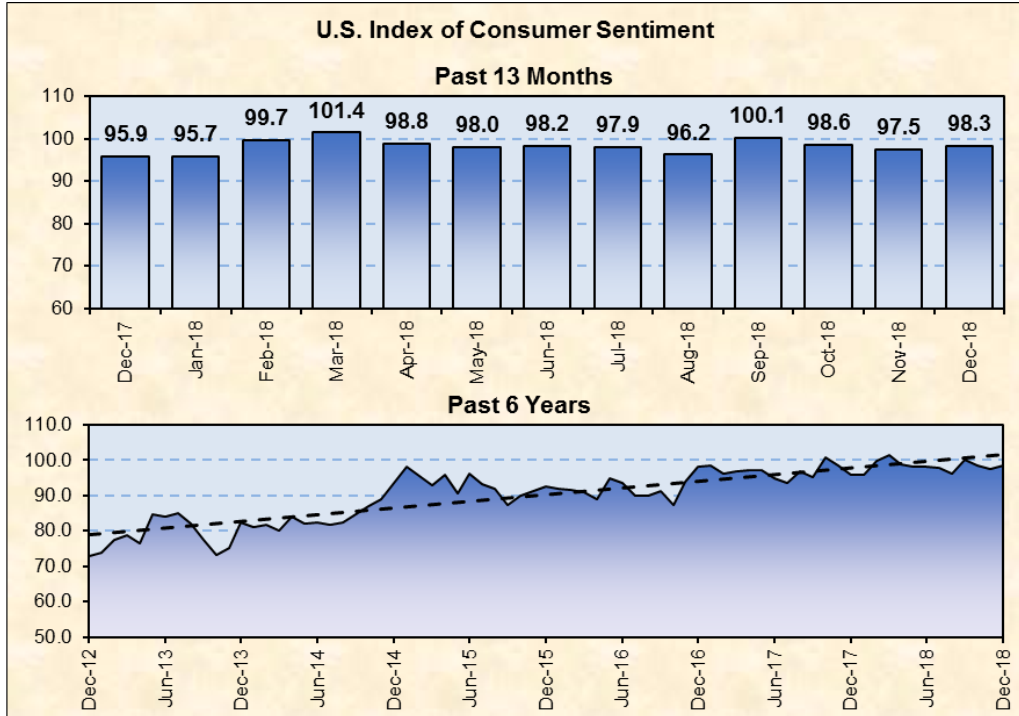
Consumer Sentiment Index

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 to 98.3 in December 2018, up 0.8 points from November 2018, and 2.4 points above December 2017. The December 2018 issue of Survey of Consumers noted that “[w]hile the plunge in stock prices has recently garnered the most attention in the national press, consumers have focused more on their concerns about income and job prospects.” Nationally, consumers are reporting more negative than positive news about job prospects for the first time in two years.

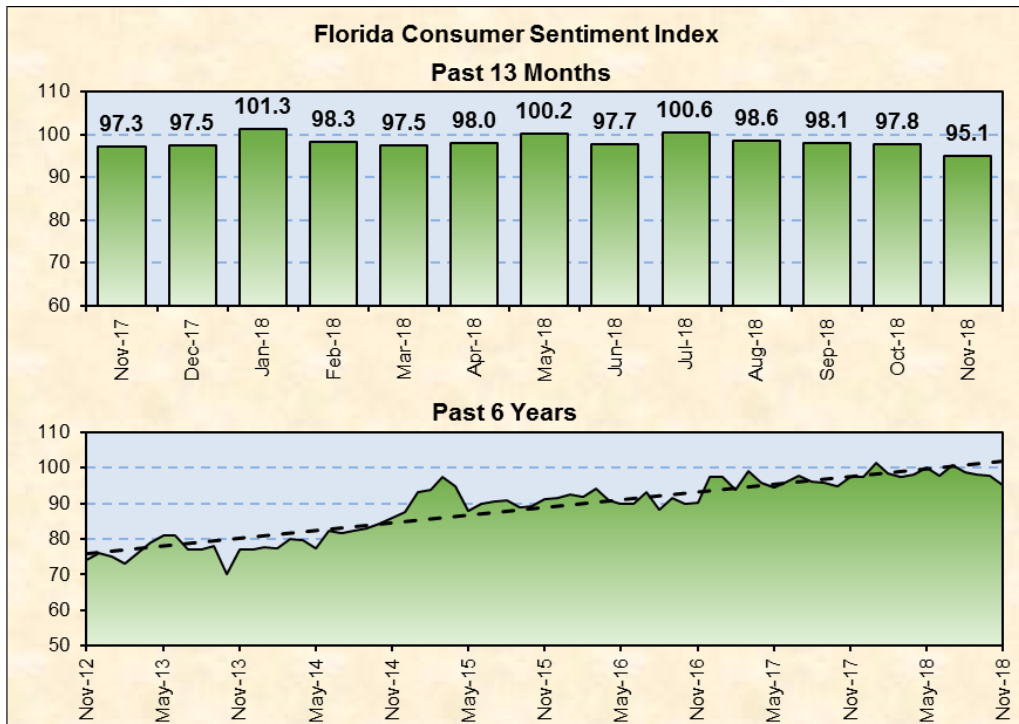
The December 2018 Consumer Sentiment Index for Florida was not available at the deadline. However, November 2018 index of 95.1 represented the fourth consecutive decrease. The index also decreased 2.2 points from November 2017. “Opinions regarding the long-term economic outlook are split by gender, income levels and age,” Hector H. Sandoval, director of the Economic Analysis Program at the University of Florida’s Bureau of Economic and Business Research, said in the December 4, 2018 edition of Florida Consumer Sentiment Index. “Although short-and long-run expectations about the national economy deteriorated among Floridians, general economic conditions in the U.S. and Florida have remained at favorable levels”

Chart 20: U.S. Index of Consumer Sentiment



Source: Thomson Reuters/University of Michigan

Chart 21: Florida Consumer Sentiment Index

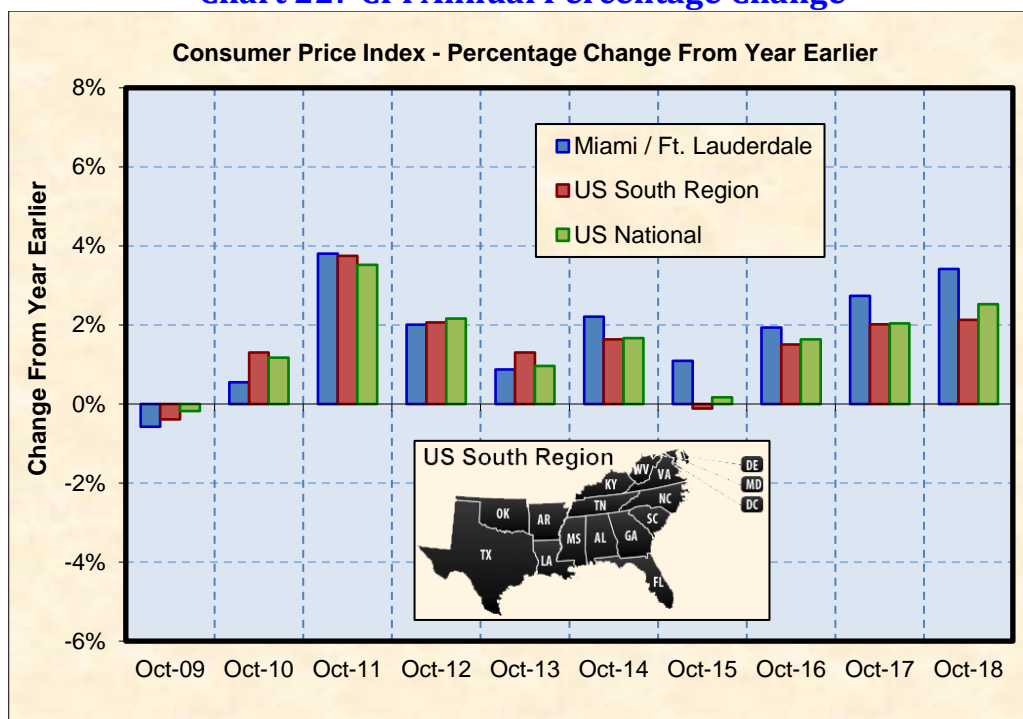


Source: Bureau of Economic and Business Research, University of Florida

Consumer Price Index

As reported last month, Chart 22 shows year-to-year changes in consumer price indices (CPI) through October 2018. The Chart depicts noticeable increases in consumer price inflation compared to the previous six years. The October 2018 Miami/Ft. Lauderdale CPI showed an increase of 3.4 percent from October 2017, compared to 2.7 percent from October 2016 to October 2017. CPI growth in the US South Region was 2.1 percent from October 2017 to October 2018, slightly higher than the 2.0 percent recorded from October 2016 to October 2017. Nationally, the CPI rose to 2.5 percent from October 2017 to October 2018, compared to 2.0 percent from October 2016 to October 2017.

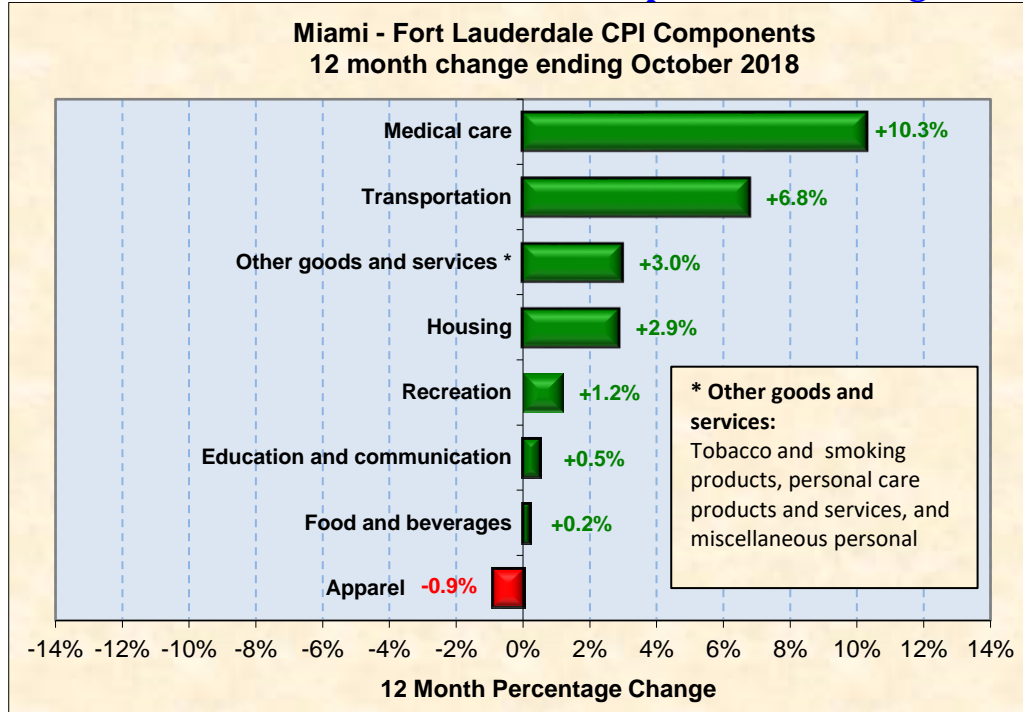
Chart 22: CPI Annual Percentage Change



Source: U.S. Bureau of Labor Statistics

Components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending October 2018 are shown in Chart 23. Increases in medical care and transportation costs continued to be the principal drivers behind the rise in CPI inflation.

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change



Source: U.S. Bureau of Labor Statistics

Appendix

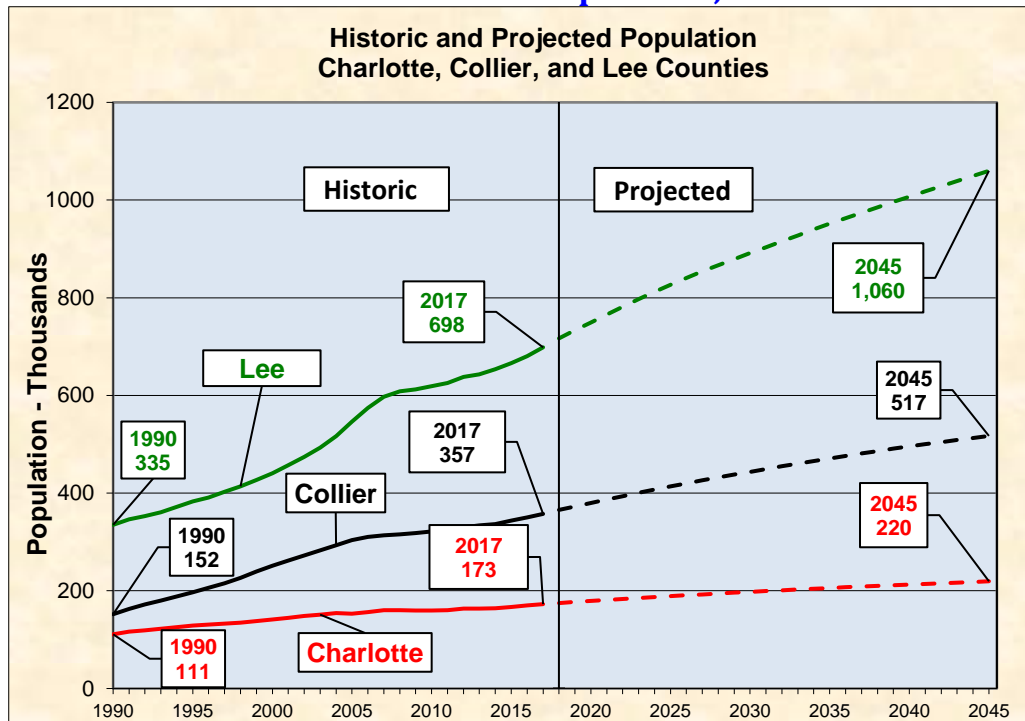
The data presented in this appendix are not released on a monthly basis. The first two charts, Charts A1 and A2, show historic population growth through 2017, as well as projections updated annually by the state of Florida's Office of Economic and Demographic Research, working in conjunction with the University of Florida's Bureau of Economic and Business Research. 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

From 1990 to 2017, regional population growth compounded average was 2.6 percent per year. The compound average annual rate of growth for 1990 to 2017 was 2.8 percent in Lee County, 3.2 percent in Collier County, 1.7 percent in Charlotte County, 2.0 percent in Glades County, and 1.6 percent in Hendry County. The right-hand sections of Charts A1 and A2 show projected population increases from 2018 to 2045. All projected rates of increase are substantially lower than the aforementioned historic growth rates of 1990 to 2017. Projected growth for the five-county region averages 1.3 percent per year, resulting in a population increase of 41.8 percent from 2018 to 2045, adding over 547,000 residents and bringing the total to 1,857,272. Lee County's population is projected to grow an average of 1.6 percent per year, Collier

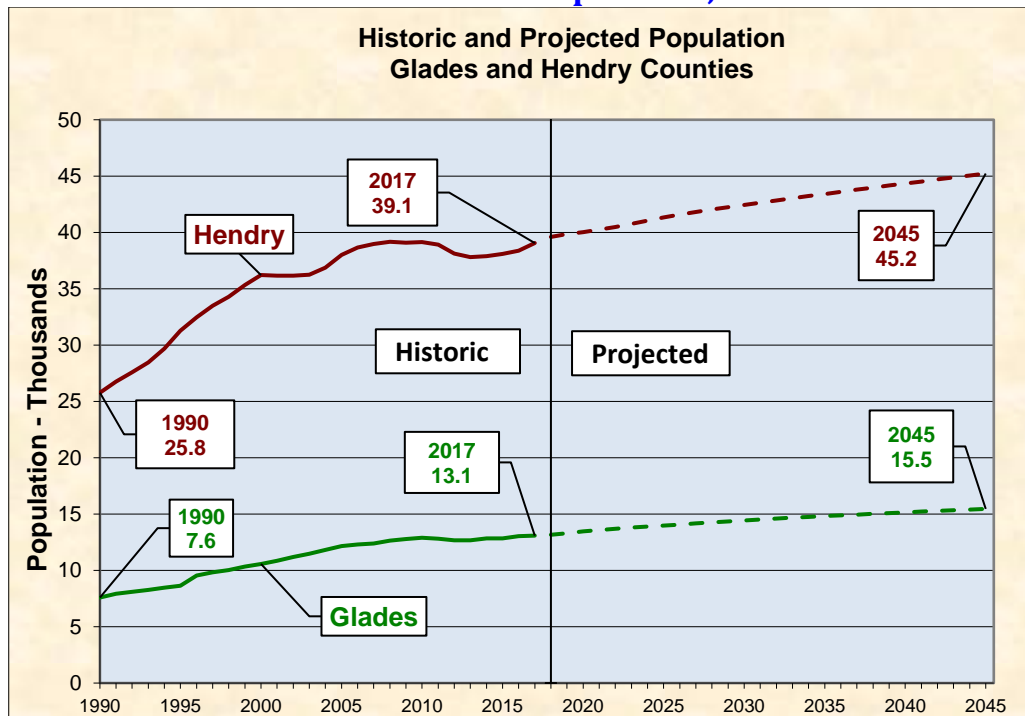
County at 1.3 percent, and Charlotte County at 0.8 percent. Hendry County's population is projected to grow at an average of 0.5 percent per year and Glades County at 0.6 percent per year.

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

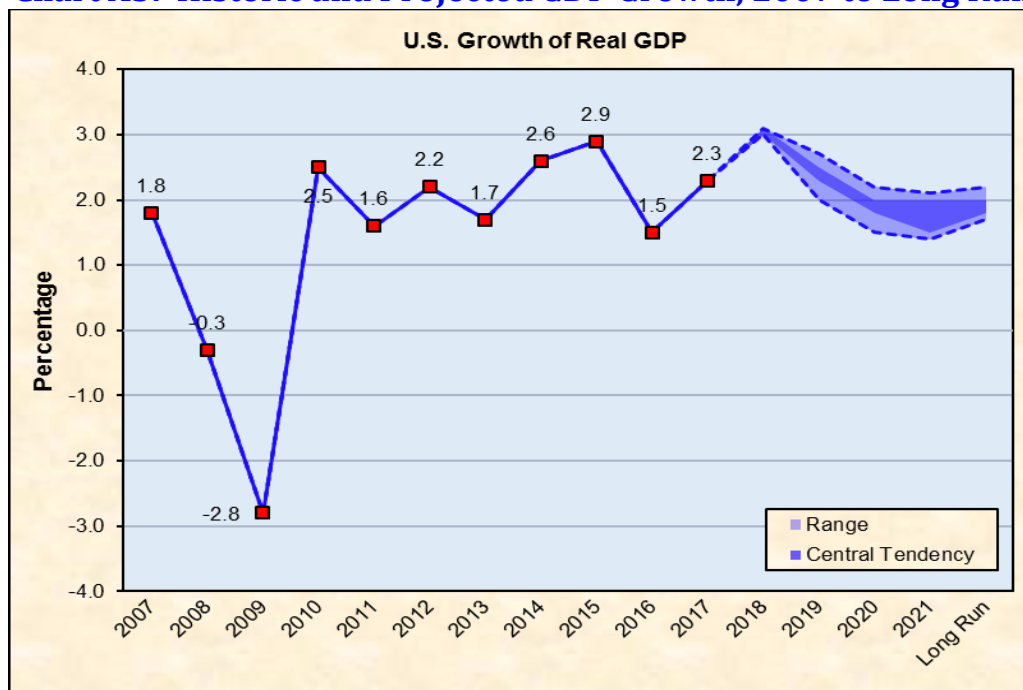
Charts A3 and A4 depict both historical trends and the Federal Open Market Committee's projections for national Gross Domestic Product ("GDP") and Unemployment. The FOMC's projections are released quarterly and reflect the assessments of the Federal Reserve Board of Governors and of Federal Reserve District Bank presidents, with the most recent 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 depicts the central tendency forecast within those projections.

Chart A3 shows the recovery in GDP growth following the most recent recession, and current projections close to the normal 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 2017 measured 2.25 percent (rounded up to 2.3 percent below), which is an increase from the 1.5 measured in 2016, but a decline from 2.9 measured in 2015. The overall high and low projections (shown as ranges below and denoted by the dotted lines) for 2018, 2019, 2020, 2021 and the long run, were almost unchanged when compared to the projections made in September 2018, including sentiment that the economy will slow in 2020. The high and low predictions for 2018's central tendency and the broader range are now equivalent, with the low equaling 3.0 and the high equaling 3.1, all but confirming that 2018 will be the first year since 2005 that U.S. GDP will equal 3 percent or higher. Although growth projections fall thereafter, there is no sign that the surveyed economists foresee negative growth associated with a recession at this time. Long-run growth rates of 3 percent GDP are generally associated with an economy operating with a full employment of resources.

Earlier this year, the current economic expansion recently became the second-longest recorded in the last 150 years. If it continues past the summer of 2019, then the current expansion will be the longest one observed over that time period.

Chart A3: Historic and Projected GDP Growth, 2007 to Long Run

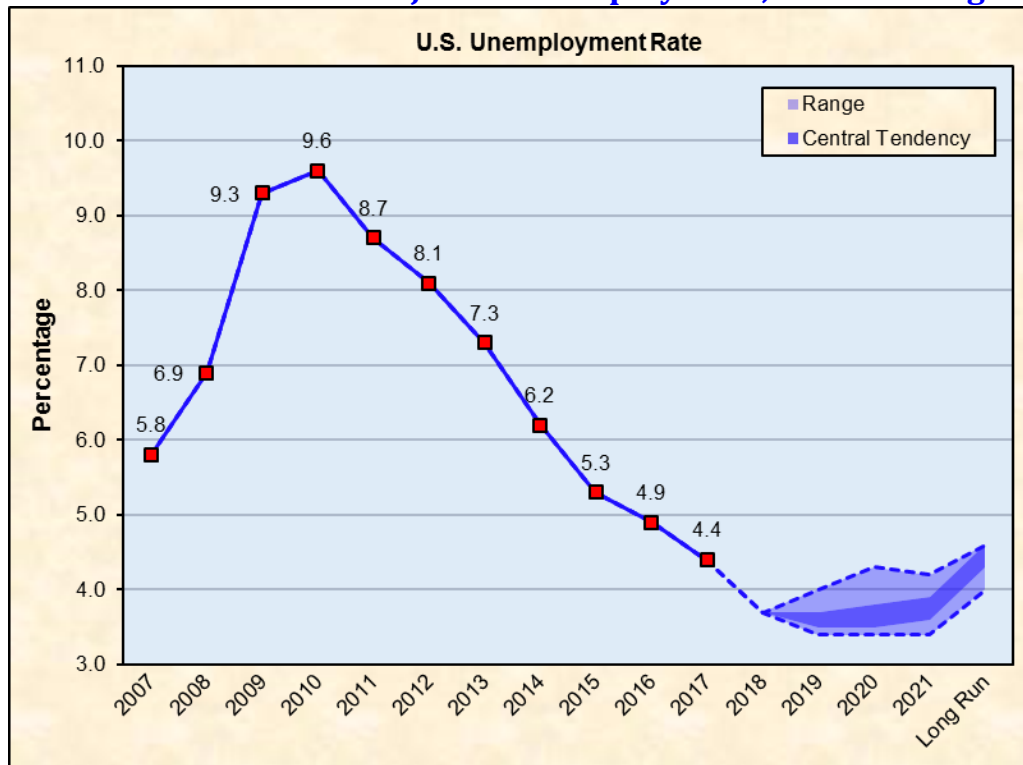


Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, December 19, 2018.

Chart A4 depicts the decline in unemployment following the 2008 recession to levels, beginning in 2016, more closely associated with natural rates of unemployment. 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.

As projected in previous quarters, the December 2018 forecast suggests a range that falls slightly through 2019 and then starts to rise, although with central tendency forecasts that do not rise above 4 percent until after 2021. The long run projected increases in unemployment remain at levels well below those that would normally be associated with an economy in recession.

Chart A4: Historic and Projected Unemployment, 2007 to Long Run



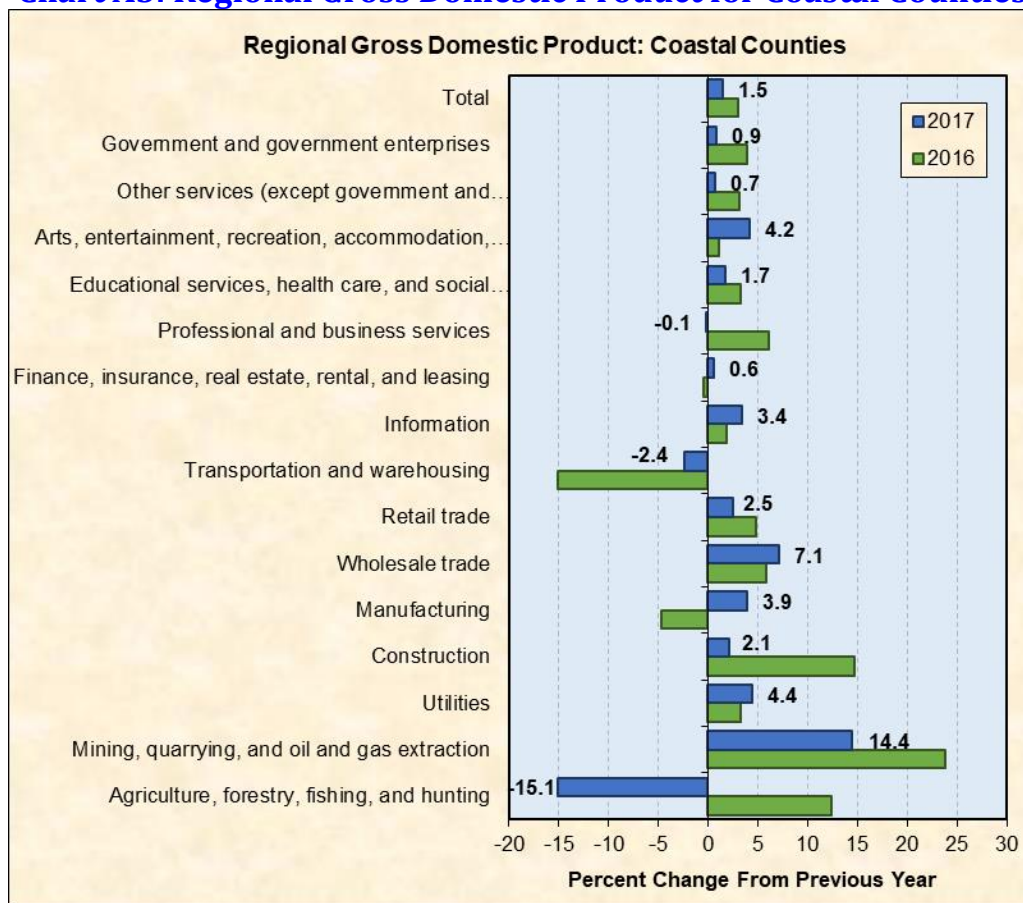
Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, December 19, 2018.

The next quarterly release of projections for GDP and Unemployment will be released following the FOMC meeting scheduled in March 2019. These projections will be updated in the April 2019 edition of *Regional Economic Indicators*.

Regional GDP

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 (14.4 percent increase from 2016 to 2017), wholesale trade industry (7.1 percent increase), utilities industry (4.4 percent increase), and arts, entertainment, recreation, accommodation, and food services industry (4.2 percent increase) making the largest gains. Agriculture, forestry, fishing, and hunting (15.1 percent decline), transportation and warehousing (2.4 percent decline), and professional and business services (0.1 percent decline) were the only industries to retract over the past year.

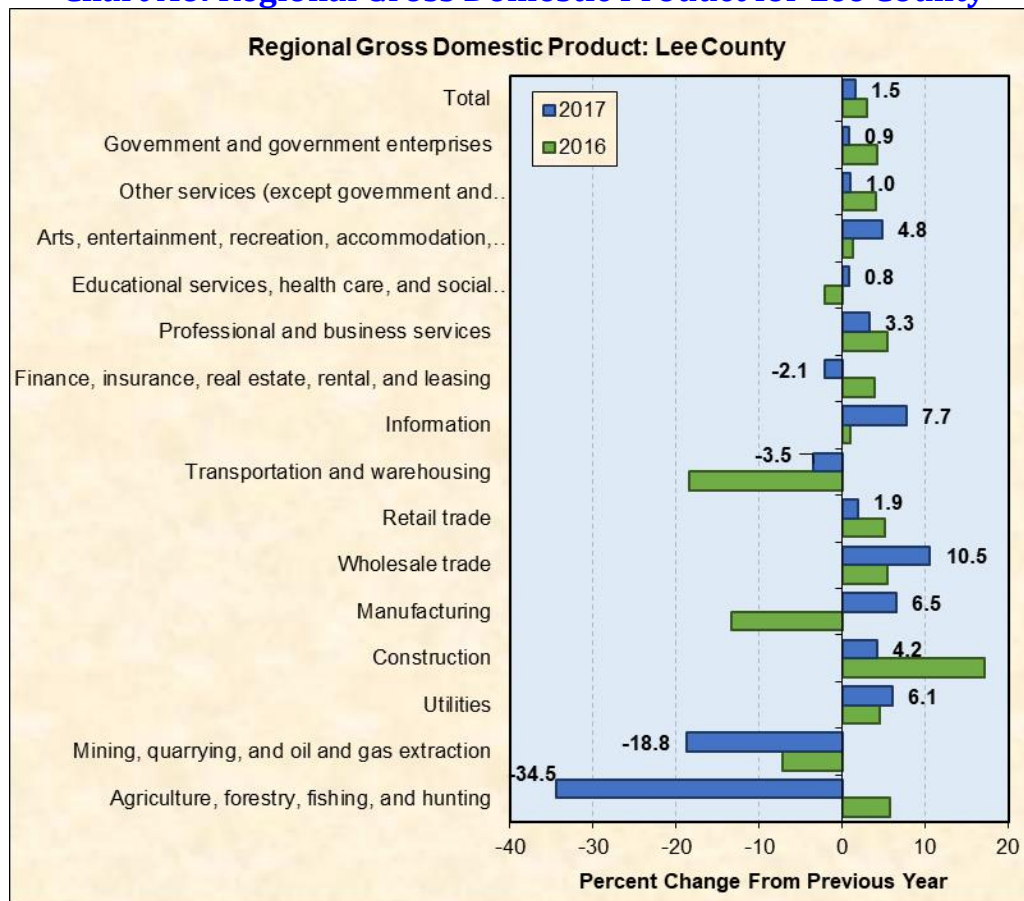
Chart A5: Regional Gross Domestic Product for Coastal Counties



Source: U.S. Bureau of Economic Analysis

Charts A6 shows GDP by industry for Lee County. The wholesale trade industry (10.5 percent increase from 2016 to 2017), information industry (7.7 percent increase), manufacturing industry (6.5 percent increase), and utilities industry (6.1 percent increase) made the largest gains over the 12-month period. Meanwhile, agriculture, forestry, fishing, and hunting (34.5 percent decline), mining, quarrying, and oil and gas extraction (18.8 percent decline), transportation and warehousing (3.5 percent decline), and finance, insurance, real estate, rental, and leasing (2.1 percent decline) all retracted over the same period.

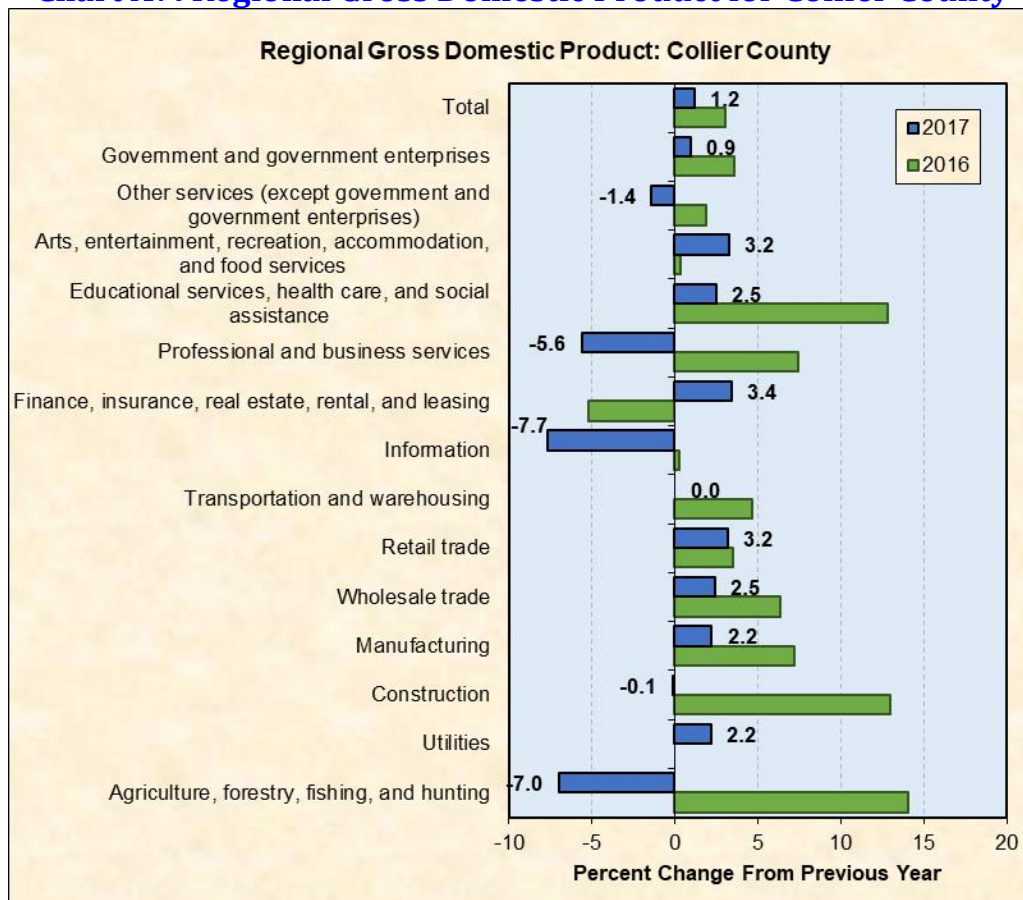
Chart A6: Regional Gross Domestic Product for Lee County



Source: U.S. Bureau of Economic Analysis

Charts A7 shows GDP by industry for Collier County. The finance, insurance, real estate, rental, and leasing industry (3.4 percent increase from 2016 to 2017), retail trade industry (3.2 percent increase), arts, entertainment, recreation, accommodation, and food services industry (3.2 percent increase), and educational services, health care, and social assistance industry (2.5 percent increase) made the largest gains over the 12-month period. Meanwhile, information (7.7 percent decline), agriculture, forestry, fishing, and hunting (7.0 percent decline), professional and business services (5.6 percent decline), and other services (1.4 percent decline) all retracted over the same period.

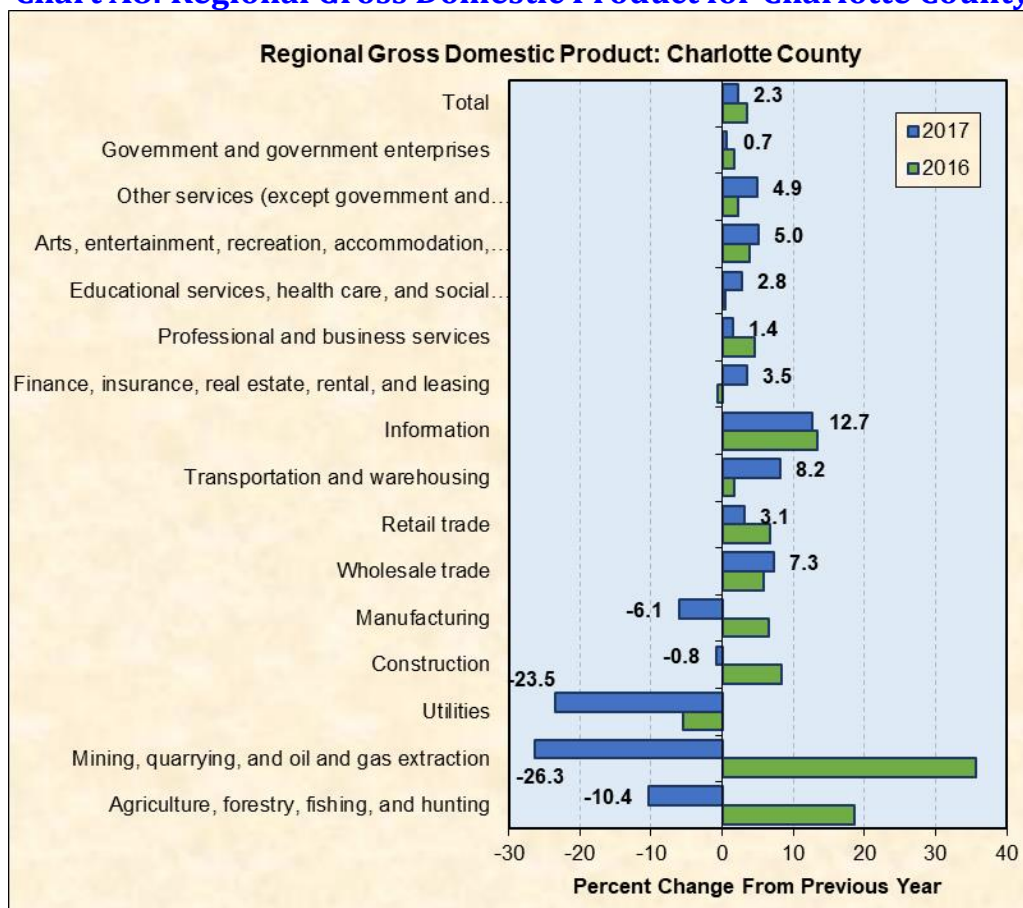
Chart A7: Regional Gross Domestic Product for Collier County



Source: U.S. Bureau of Economic Analysis

Charts A8 shows GDP by industry for Charlotte County. The information industry (12.7 percent increase from 2016 to 2017), transportation and warehousing industry (8.2 percent increase), wholesale trade industry (7.3 percent increase), and arts, entertainment, recreation, accommodation, and food services industry (5.0 percent increase) made the largest gains over the 12-month period. Meanwhile, mining, quarrying, and oil and gas extraction (26.3 percent decline), utilities (23.5 percent decline), agriculture, forestry, fishing, and hunting (10.4 percent decline), manufacturing (6.1 percent decline), and construction (0.8 percent decline) all retracted over the same period.

Chart A8: Regional Gross Domestic Product for Charlotte County



Source: U.S. Bureau of Economic Analysis

Industry Diversification Index

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 lutgert.fgcu.edu/IDI).

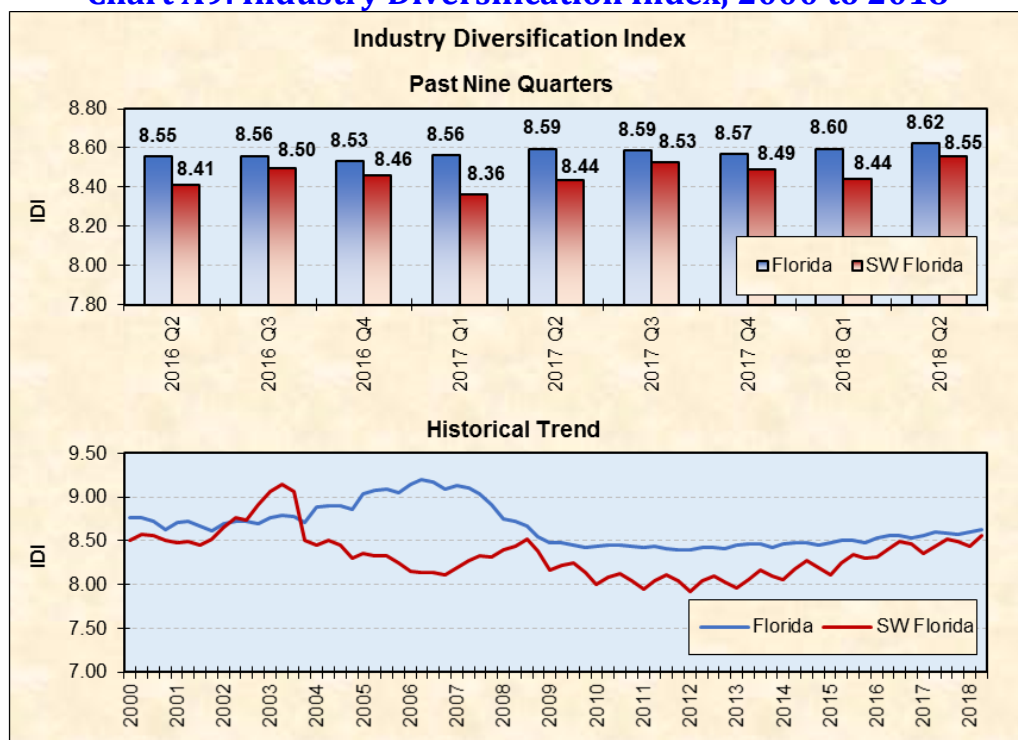
The IDI can be between 0 and 10, with a higher index denoting a more diverse workforce and a lower one denoting a less diverse workforce. Industry diversification is an important factor explaining our state and

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 shows an increase in industry diversification from the fourth quarter of 2006 to the 3rd quarter of 2008. After 2008, the Southwest Florida workforce 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 second quarter of 2018, the IDI for Southwest Florida measured at 8.55, 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 8.62, ranking Florida as the 20th highest state in the nation in industry diversification, although below the national average of 8.65.

Chart A9: Industry Diversification Index, 2000 to 2018



Source: lutgert.fgcu.edu/IDP