

Southwest Florida Regional Economic Indicators

MARCH 2019

VOLUME XIII NUMBER 3



**Regional Economic
Research Institute**

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Introduction: Regional and National Background

The latest economic numbers continue to suggest a regional economy that is continuing to grow. Improvements include a 12-percent increase in **airport passenger activity** in December 2018 from December 2017, a 10-percent increase in **single-family building permits** for the coastal counties in January 2019 compared to January 2018, and a 5-percent increase in **tourist tax revenues** in December 2018 compared to December 2017.

Other highlights in the report include:

- **Taxable sales** for the five-county region remained near the same level in November 2018, when compared to November 2017.
- **Single-family home sales** fell 19 percent in January 2019 compared to the prior month, and was 11 percent below the January 2018 figure; and
- **Median home prices** for Charlotte and Lee Counties rose moderately in January 2019 compared to January 2018 (median prices fell in Collier County over the same period).

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.

Reader comments or suggestions are always welcome. Please email them to RERI Senior Analyst John Shannon at reri@fgcu.edu.

Airport Passenger Activity

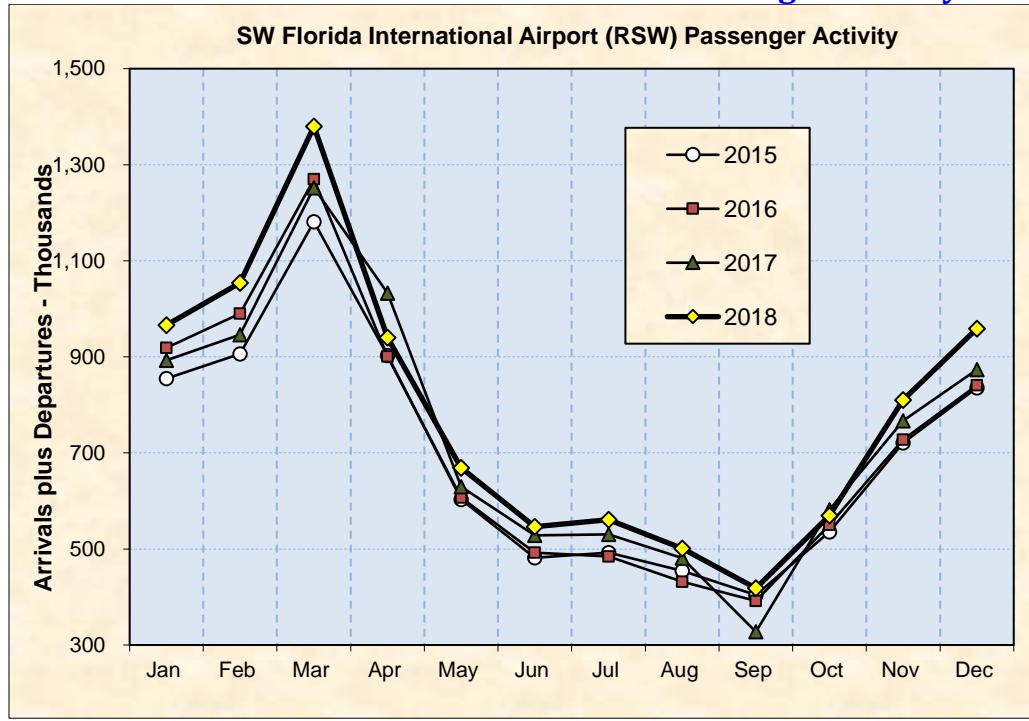
Airport passenger activity is the sum of arrivals and departures for Southwest Florida International (RSW), Sarasota Bradenton International (SRQ), and Punta Gorda (PGD) airports. Peak seasonal activity occurs in February, March, and April, with significantly lower activity in the summer months. Charts 1, 2, and 3 illustrate this seasonality as well as the changes from year to year.

Total traffic exceeded 1.2 million passengers in December 2018, an increase of 12 percent from December 2017, and up 17 percent from November 2018.

RSW recorded 958,717 passengers in December 2018, an increase of over 85,000 passengers (10 percent) compared to December 2017, and an 18 percent increase from the previous month (see Chart 1). PGD's passenger activity in December 2018 rose by 3 percent over November 2018, and by 2 percent over December 2017 (see Chart 2). Sarasota Bradenton airport served 144,699 passengers in December 2018, an increase of 39 percent over December 2017 and 20 percent over November 2018 (Chart 3).

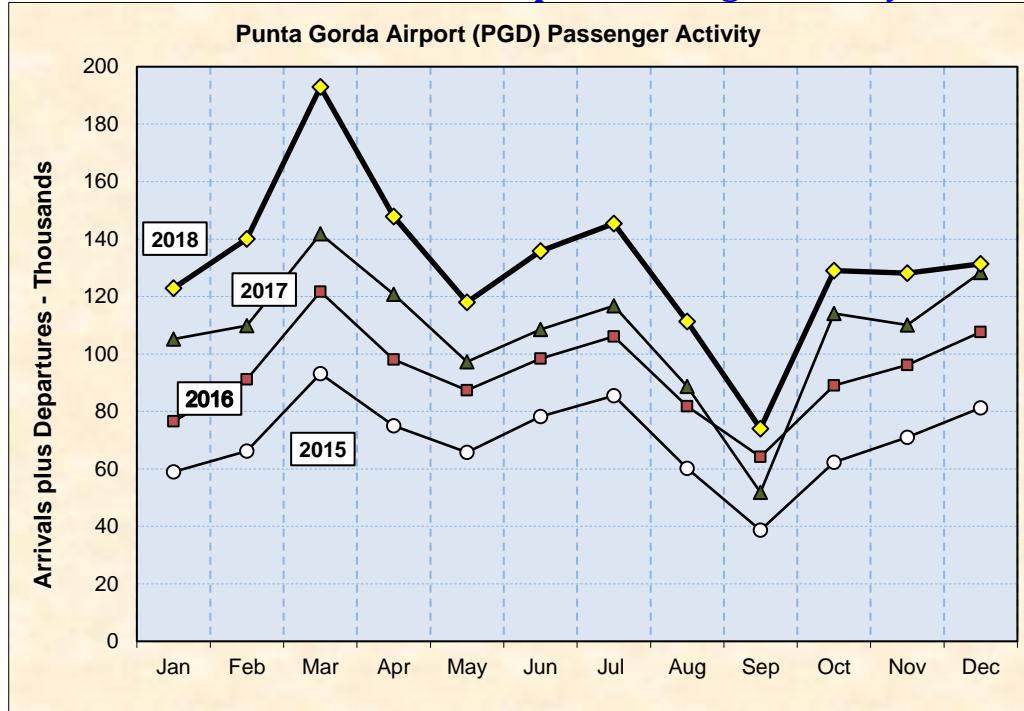
For the full calendar year of 2018, regional passenger activity rose to 12.3 million, an increase of 1 million (9 percent) over 2017.

Chart 1: SW Florida International Passenger Activity



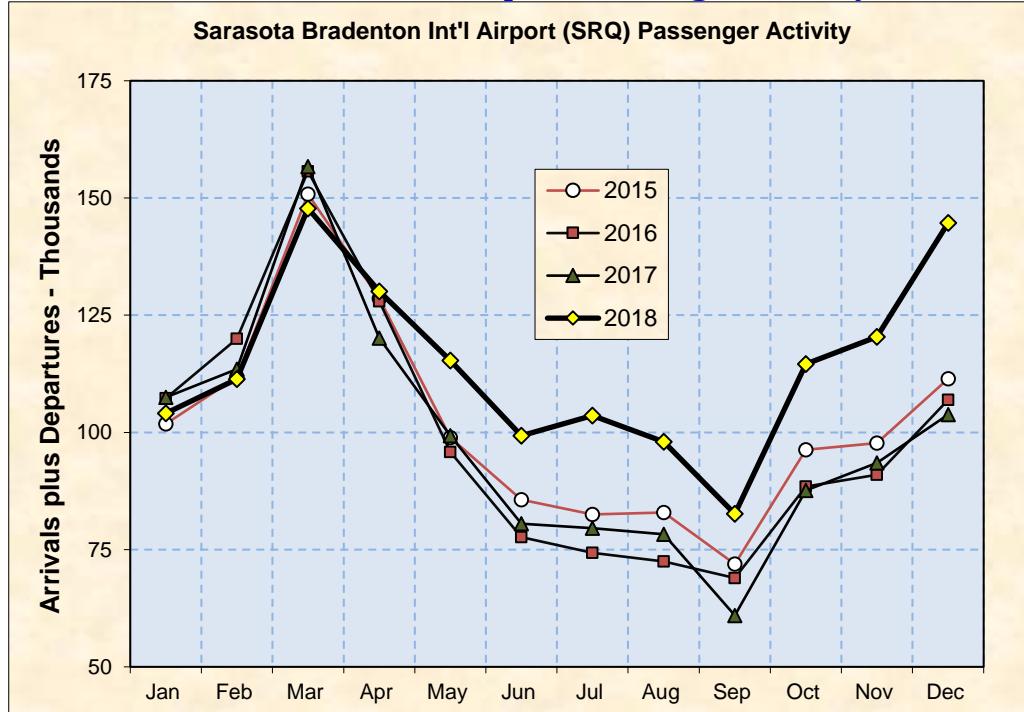
Source: Local Airport Authorities

Chart 2: Punta Gorda Airport Passenger Activity



Source: Local Airport Authorities

Chart 3: Sarasota Airport Passenger Activity



Source: Local Airport Authorities

Tourist Tax Revenues

Seasonally-adjusted tourist tax revenues, shown in Charts 4 and 5, are based on month of occupancy. Revenues for the three coastal counties totaled \$6,647,692 in December 2018, an increase of 3 percent over November 2018, and 5 percent more than December 2017.

Lee County's seasonally-adjusted tourist tax revenues for December 2018 amounted to \$3,610,813, a 5-percent increase over November 2018, albeit a fractional percent below December 2017. Collier County's tourist tax revenues increased to \$2,637,776 in December 2018, up 3 percent from November 2018 and up 13 percent from December 2017. Seasonally-adjusted tourist tax revenues in Charlotte County were \$348,229 in December 2018, down 9 percent from November 2018 but 2 percent above the December 2017 figure.

Chart 4: Tourist Tax Revenues for the Coastal Counties

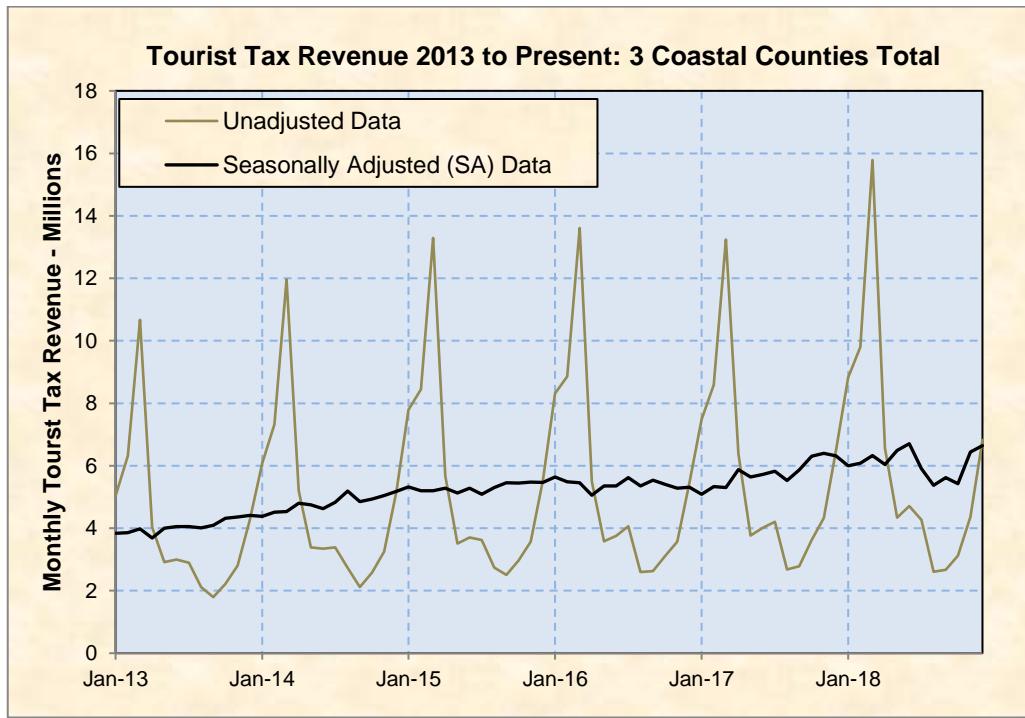
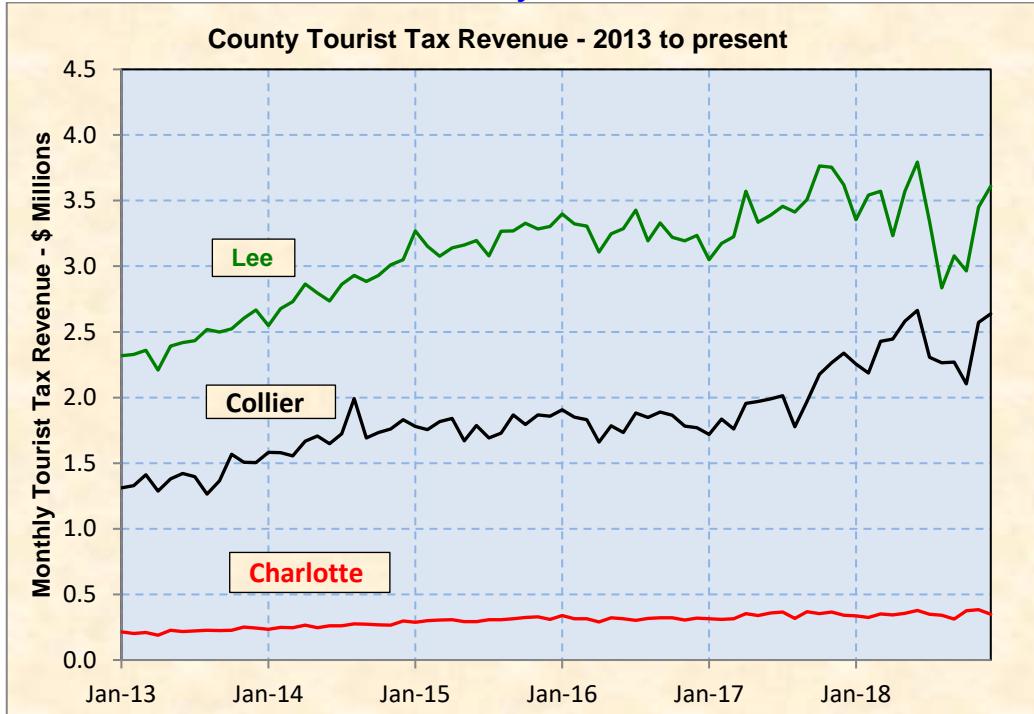


Chart 5: Coastal County Tourist Tax Revenues



Taxable Sales

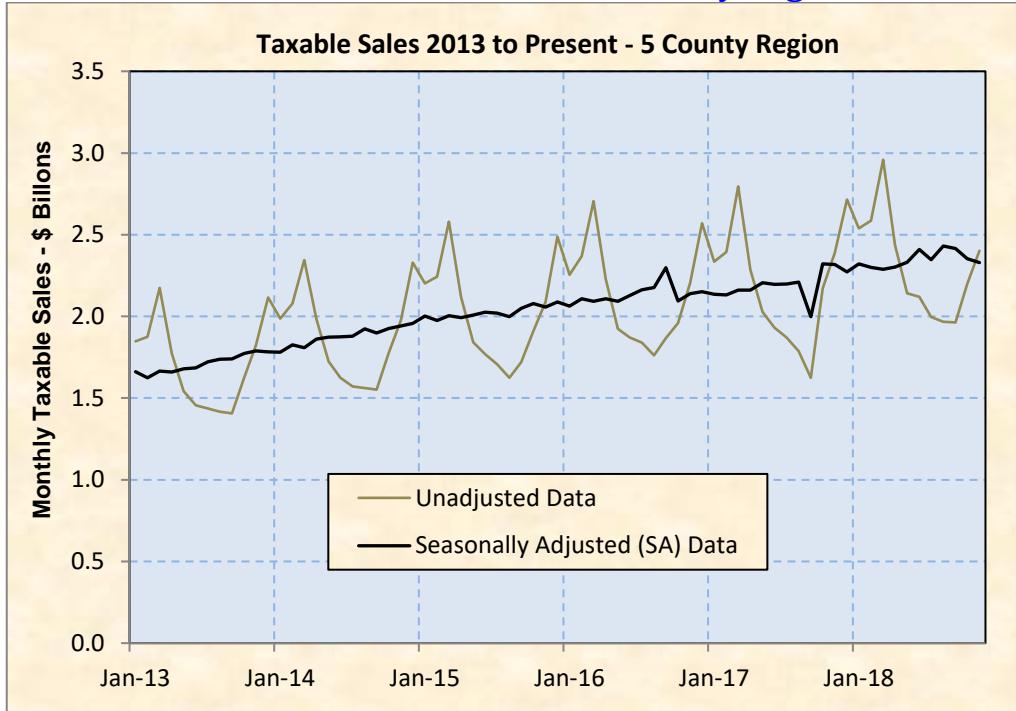
Taxable sales data track consumer spending based on the latest month of merchant collections. Data lags one month behind the Florida Department of Revenue's reporting month and are now available through November 2018.

Seasonally-adjusted taxable sales for the region fell to \$2.328 billion in November 2018, down 1 percent below October 2018, albeit a fractional percentage above November 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 \$1.259 billion in November 2018, down 1 percent from both October 2018, and from November 2017. Collier County taxable sales reached \$779.6 million in November 2018, a decrease of 1 percent from October 2018, but 3 percent higher than November 2017. Taxable sales in Charlotte County were \$251.7 million in November 2018, down \$185,000 from November 2017, and 3 percent below October 2018.

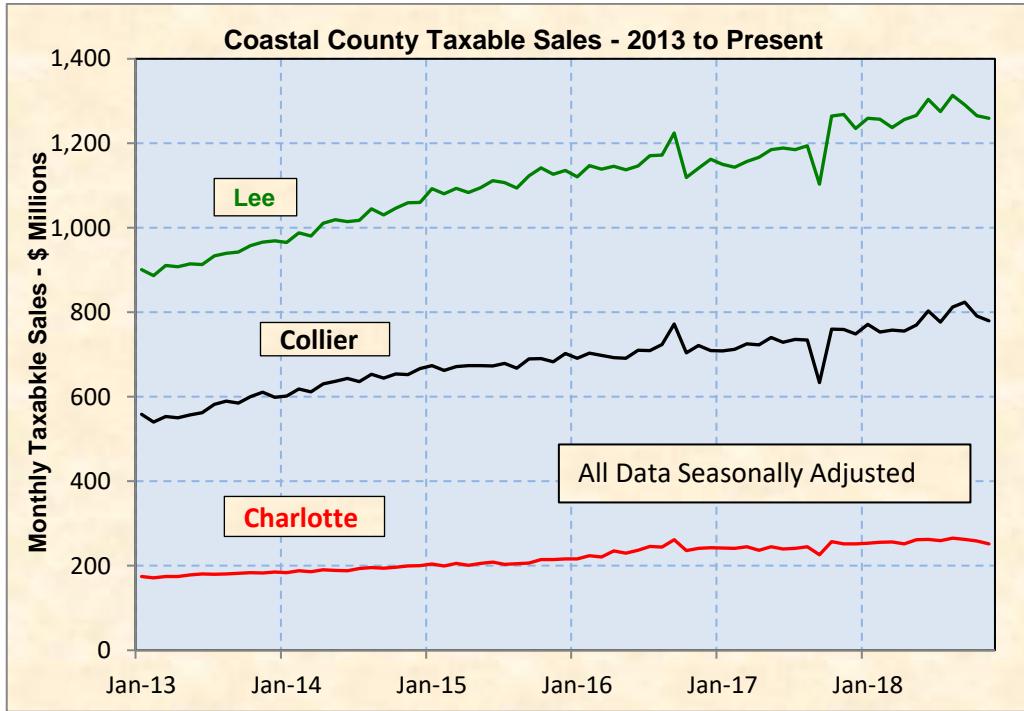
Taxable sales in Hendry County equaled \$32.5 million in November 2018, compared to \$33.9 million in November 2017, a decrease of 4 percent. Glades County taxable sales rose to \$5.1 million in November 2018, an increase of 18 percent over November 2017 and 8 percent over October 2018. All cited data are seasonally-adjusted.

Chart 6: Taxable Sales for 5 County Region



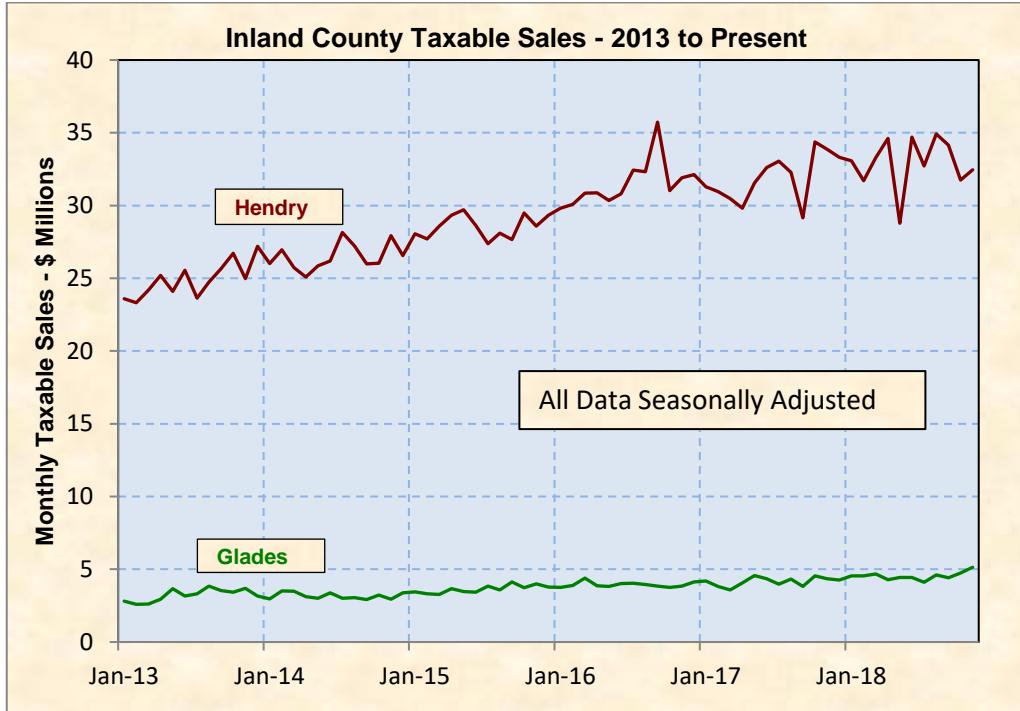
Source: Florida Department of Revenue, Office of Tax Research

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

January employment figures for the counties and the state were not available this month. Updated employment numbers will be included in the next issue of *Regional Economic Indicators*. However, 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 December 2018. The number of employed persons in Southwest Florida decreased by 1,419 from November to December 2018, while the number of unemployed rose by 2,359 workers. As a result, the region's unemployment rate for December rose to 3.5 percent from 3.1 percent in November 2018, still showing improvement from the 3.8 percent seasonally-adjusted figure observed in December 2017. All five counties had a similar pattern: an unemployment rate that was up from November 2018 but the same or less than December 2017.

Lee County's seasonally-adjusted unemployment rate rose to 3.3 percent in December 2018, up 0.3 percentage points from November 2018 and 0.2 percentage points below December 2017, as depicted in Chart 9. The Collier County unemployment rate was 3.4 percent in December 2018, up 0.4 percentage points from November 2018, down 0.4 points from December 2017 (Chart 10). The unemployment rate in Charlotte County rose to 4.0 percent in December 2018, up from 3.6 percent a month earlier, and unchanged from December 2017 (Chart 11).

Hendry County's unemployment rate was 5.6 percent in December 2018 compared to 4.9 percent a month earlier, but well below the 7.2 percent figure in December 2017 (Chart 12). The December 2018 unemployment rate for Glades County rose to 3.9 percent from November 2018's 3.6 percent, below December 2017's 5.0 percent (Chart 13).

The seasonally-adjusted unemployment rate for the State of Florida remained at 3.3 percent in December—0.6 percentage points lower than December 2017. The United States unemployment rate rose to 3.9 percent in December, up from 3.7 percent in November 2018 and 0.2 percentage points lower than December 2017.

Chart 9: Lee County Labor Force and Unemployment

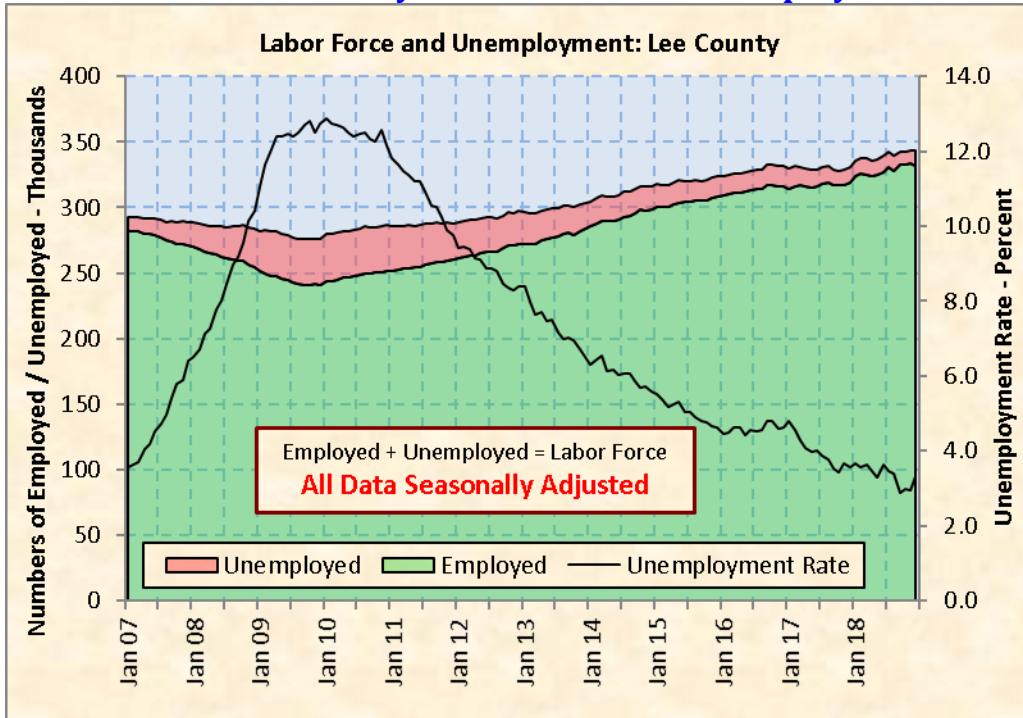
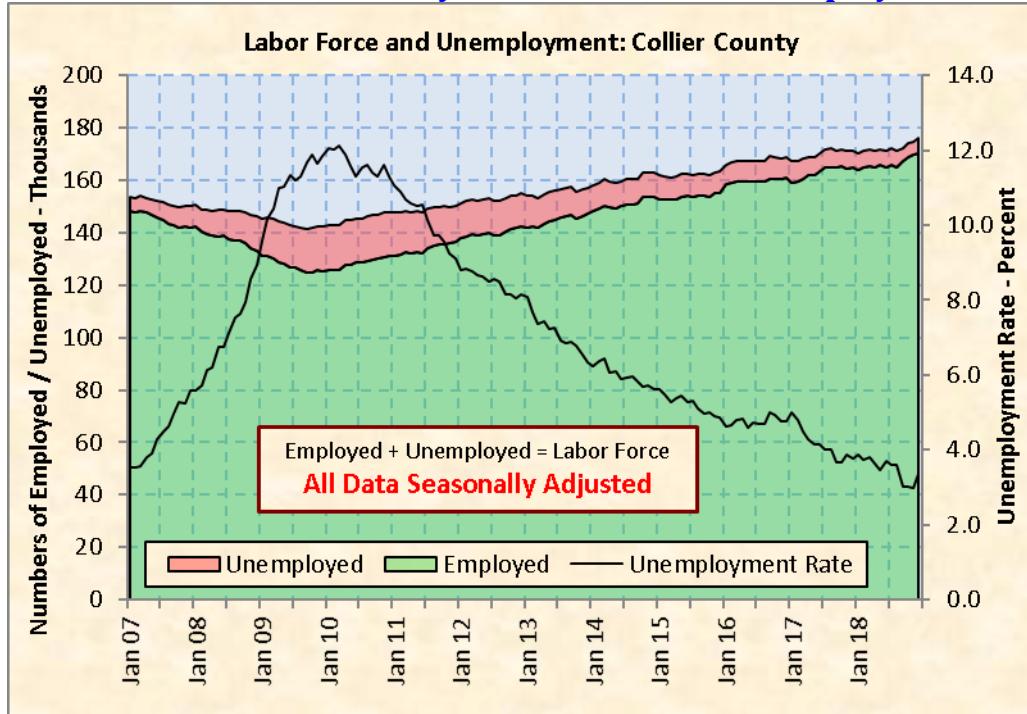
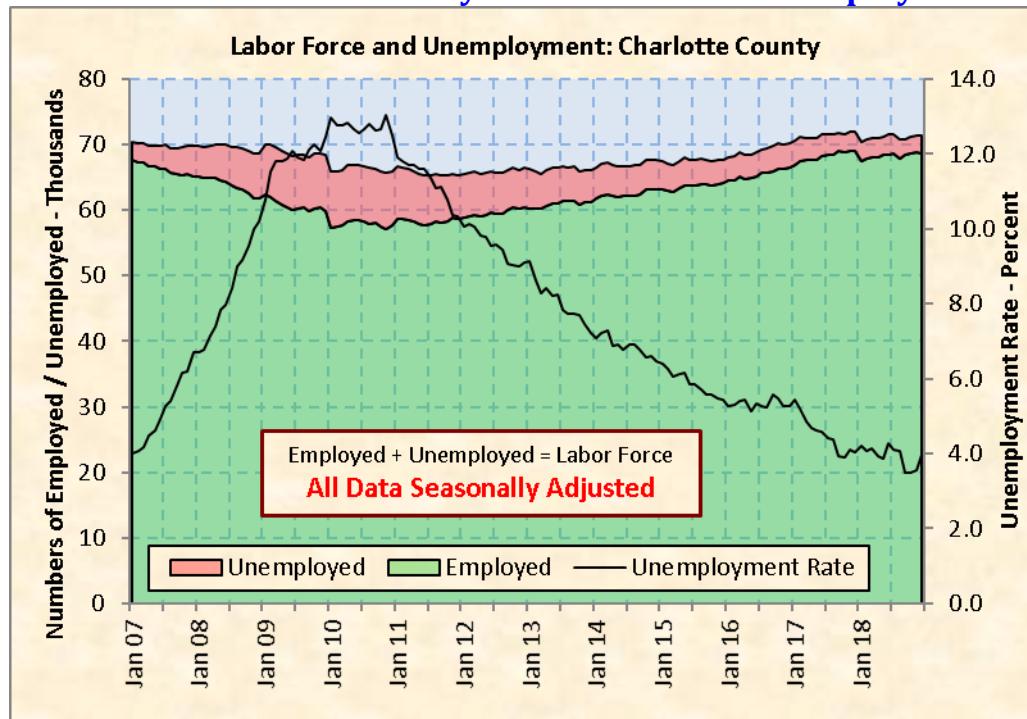


Chart 10: Collier County Labor Force and Unemployment



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

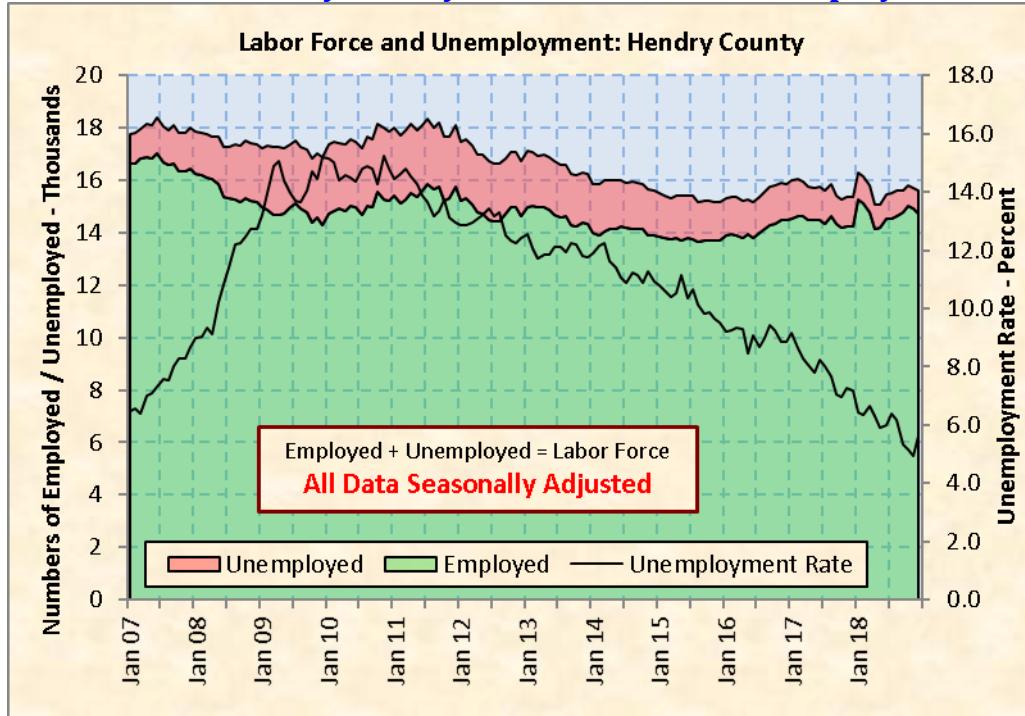
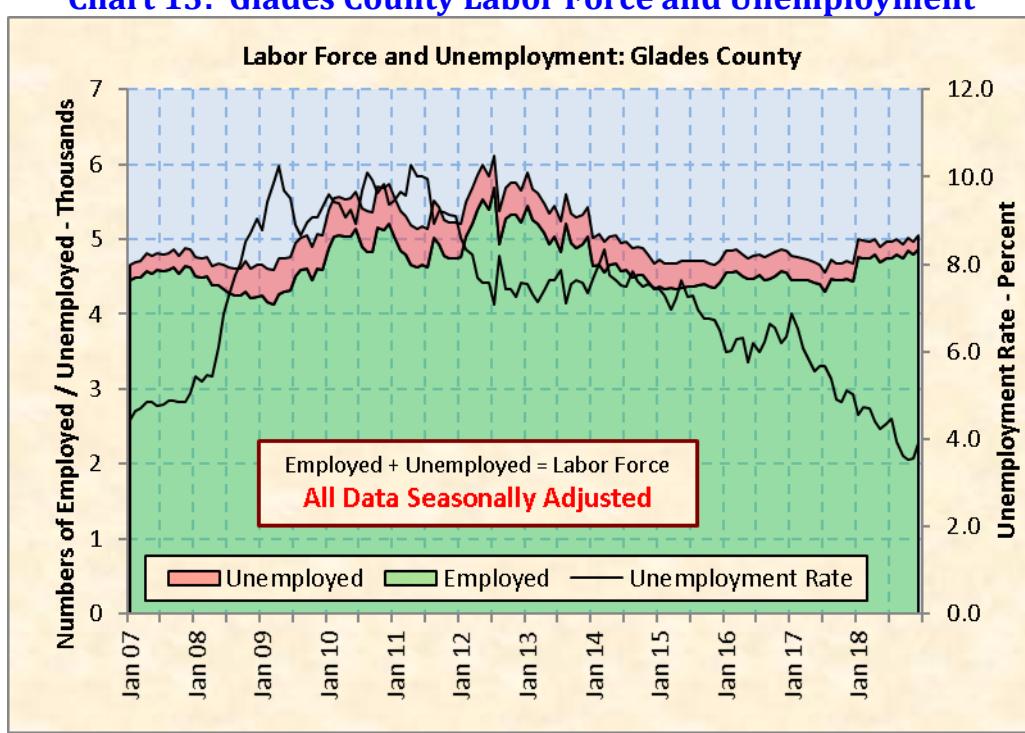


Chart 13: Glades County Labor Force and Unemployment

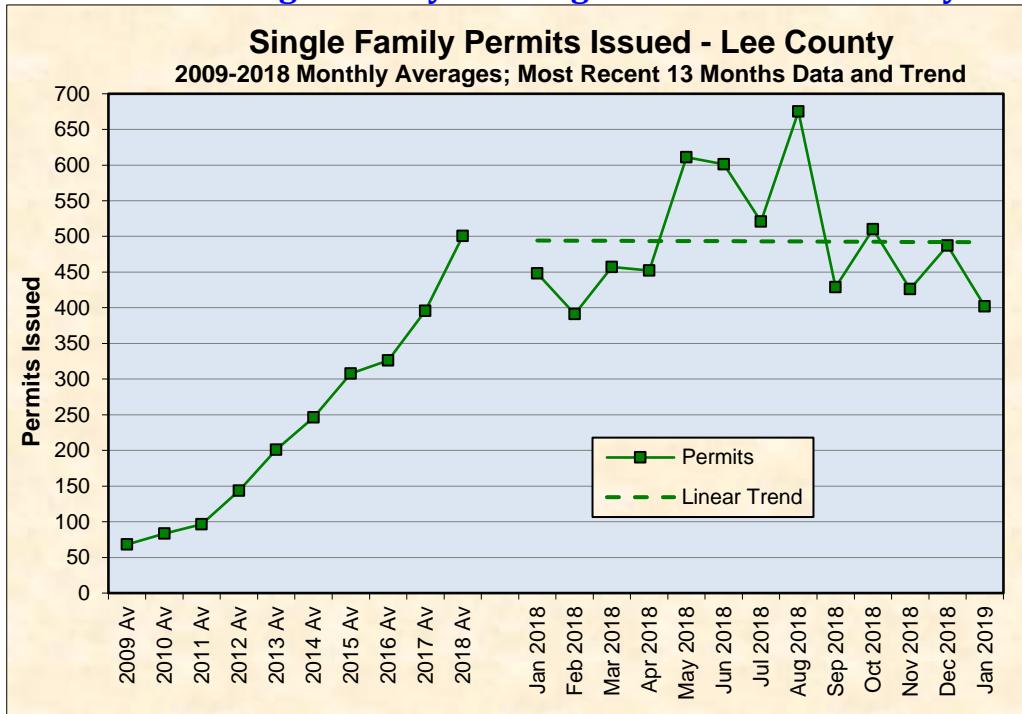


Single-Family Building Permits

A total of 872 permits were issued by the three coastal counties in January 2019, an increase of 77 (10 percent) over January 2018, and 67 (8 percent) more than December 2018. Lee County issued 402 permits in January 2019, down from 448 in January 2018 and from 487 in December 2018 (Chart 14). In Collier County, 316 permits were issued in January 2019, up from both the previous month (194) and previous year (222) (see Chart 15). During January 2019, Charlotte County issued 154 permits, 29 more than January 2018, and 30 more than December 2018 (as depicted in Chart 16).

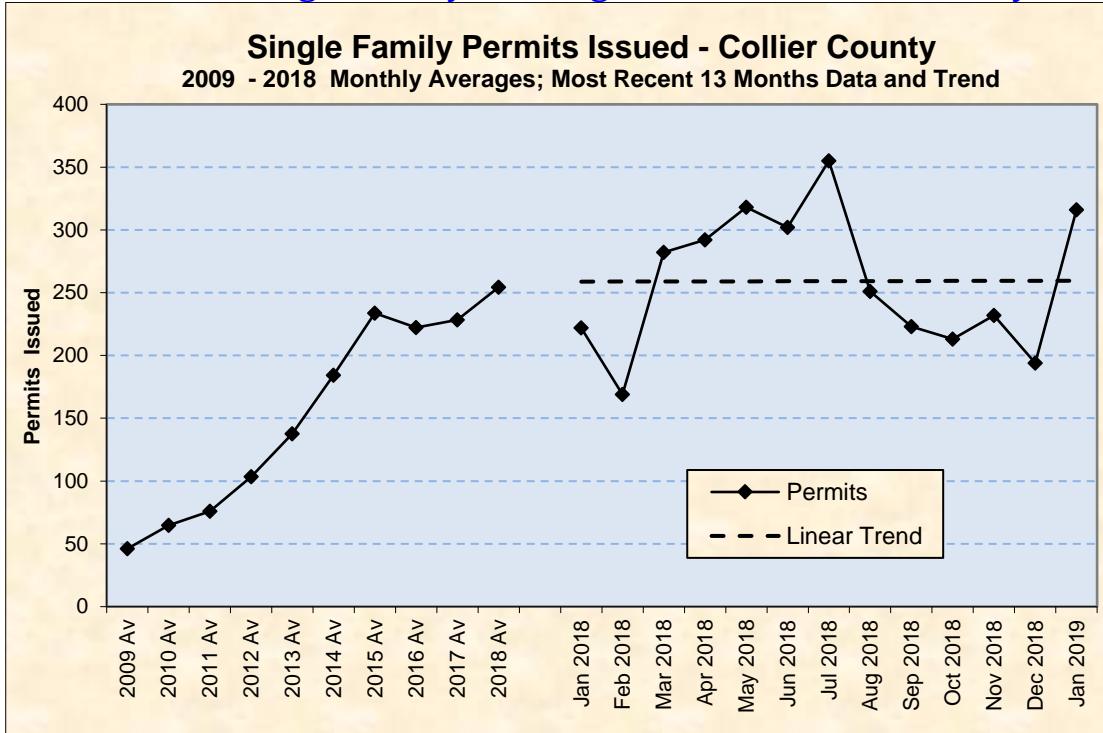
For January 2019, Hendry County issued 19 single-family building permits, an increase over the 15 issued in January 2018.

Chart 14: Single-Family Building Permits for Lee County



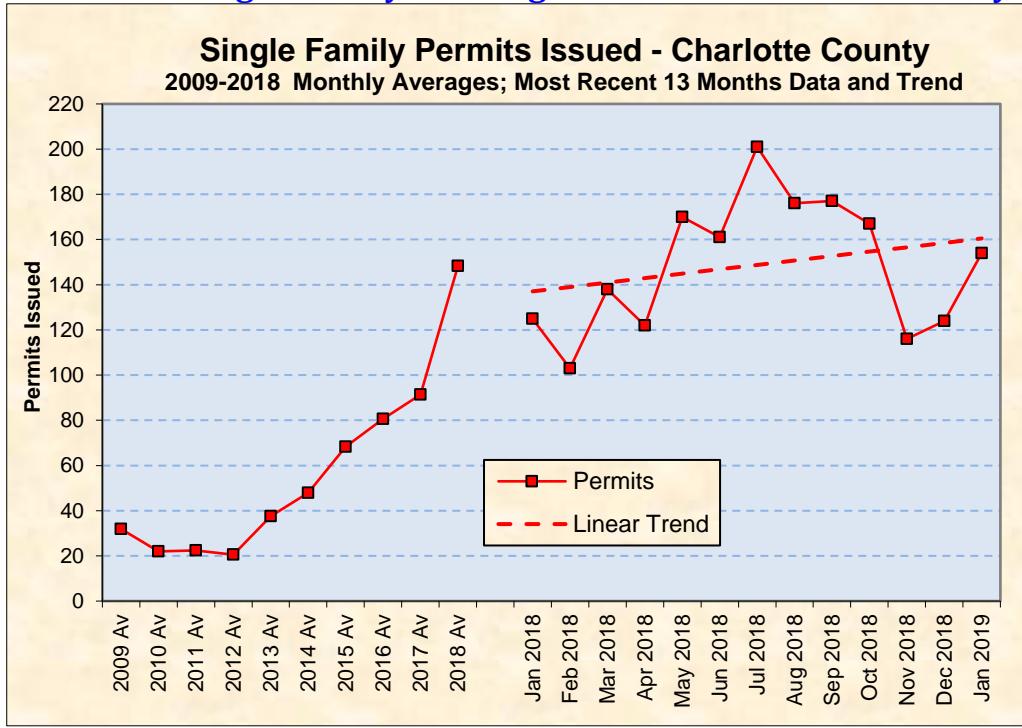
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs, Estero, and Fort Myers Beach permits

Chart 15: Single-Family Building Permits for Collier County



Source: Collier County Growth Management Department, includes unincorporated Collier County permits only

Chart 16: Single-Family Building Permits for Charlotte County



Source: Charlotte County Economic Development Organization, includes unincorporated Charlotte County permits only

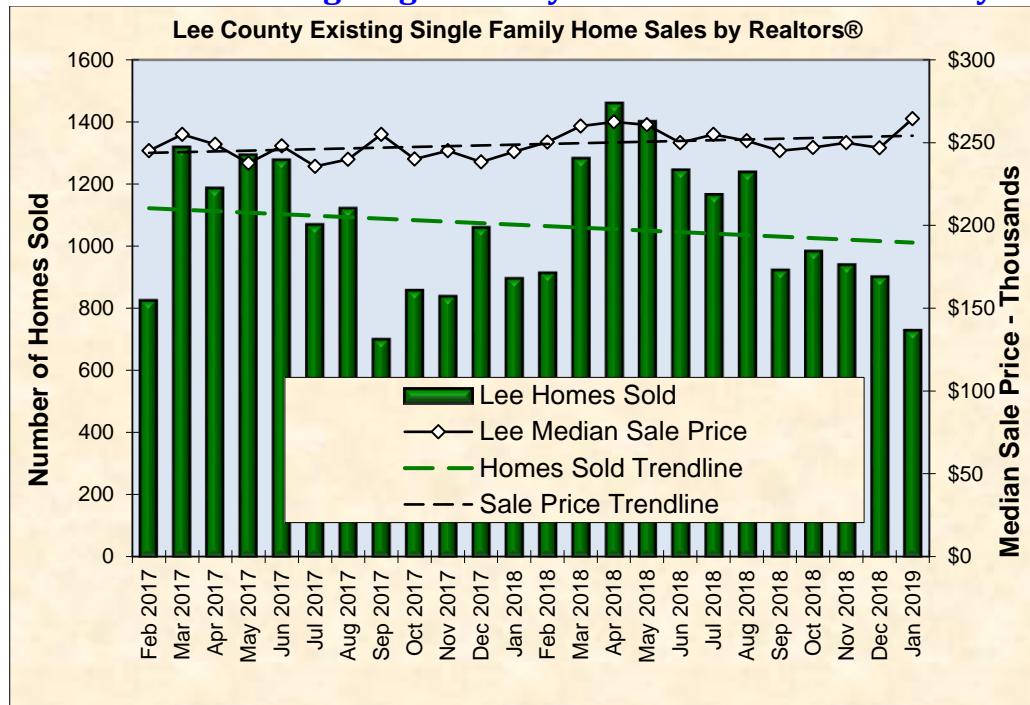
Existing Single-Family Home Sales and Median Prices

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 fell to 1,307 units in January 2019, down 19 percent (311 units) from December 2018 and 11 percent (162 units) from January 2018.

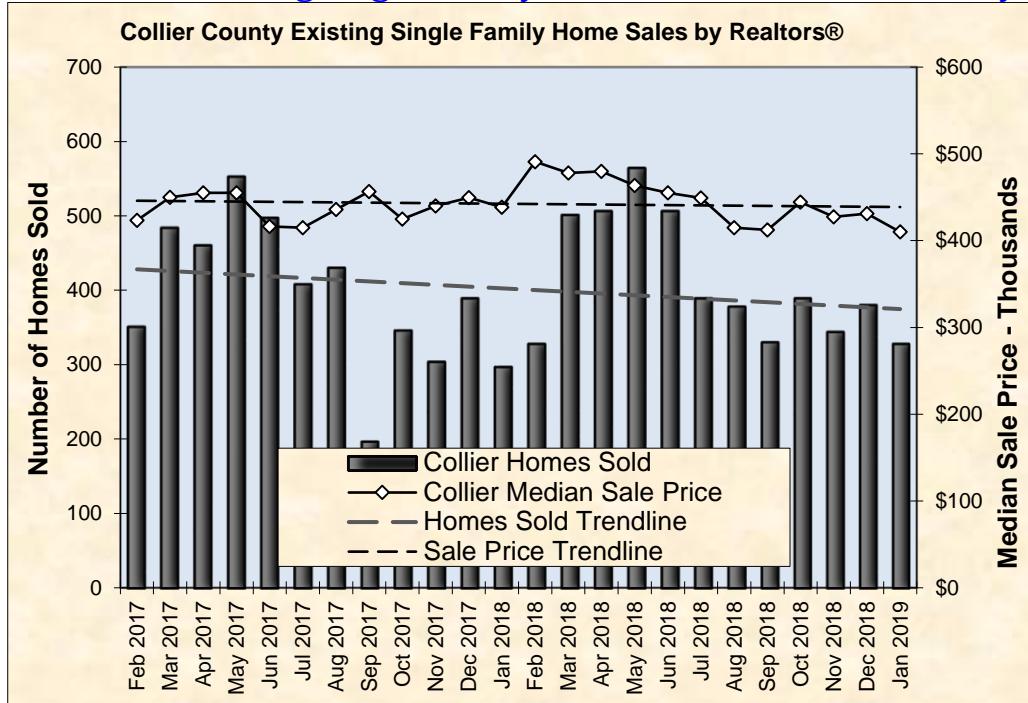
Single-family home sales in Lee County fell to 728 in January 2019, down 19 percent from January 2018, while the median price increased from \$244,500 to \$264,498 (Chart 17). Collier County single-family home sales were 327 units in January 2019, up 10 percent from January 2018. The median price in Collier County declined by \$28,500 to \$410,000 during this period (Chart 18). In January 2019, Charlotte County had 252 single-family home sales, a 9-percent decrease from January 2018. Charlotte's median price of \$226,759 in January 2019 was 8 percent higher than January 2018 (Chart 19).

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



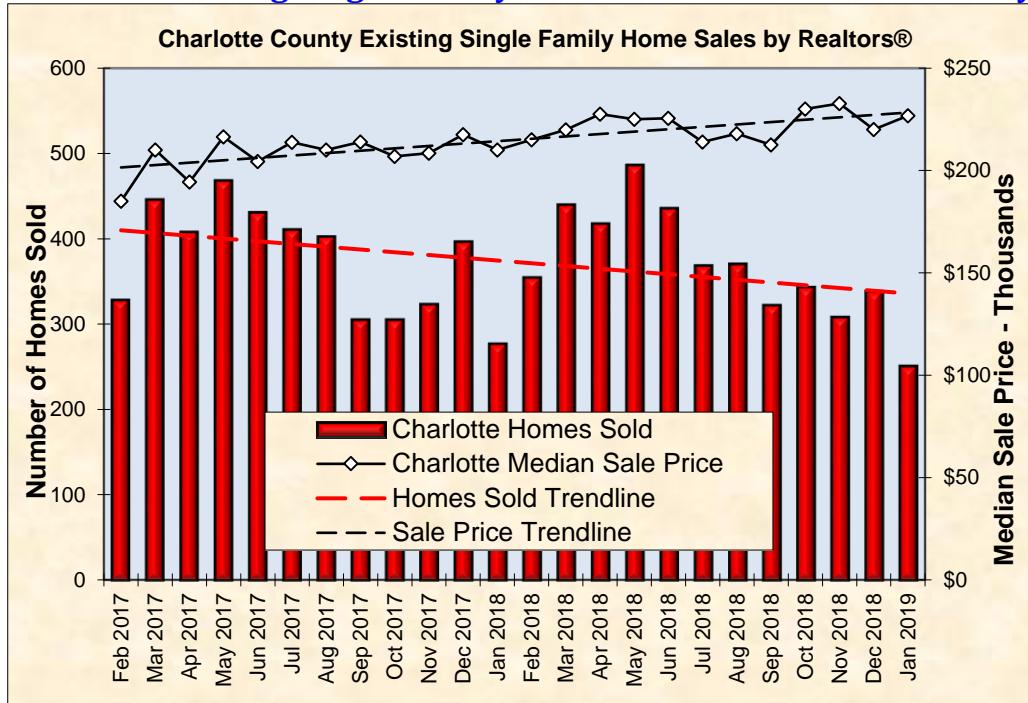
Source: Realtor® Association of Greater Fort Myers and the Beach, Inc.

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



Source: Florida Realtors® Naples-Immokalee-Marco Island, Florida MSA

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 increased to 93.8 in February 2019, up 2.6 points from January 2019. Despite the month-to-month decrease in the index, it remains 5.9 points below the February 2018 figure. The February 2019 issue of Survey of Consumers noted that “[c]onsumers continued to react to the Fed's pause in raising interest rates, balancing the favorable impact on borrowing costs against the negative message that the economy at present could not withstand another rate hike.”

The Consumer Sentiment Index for Florida increased to 100.9 in February 2019, up 2.8 points from the revised January 2019 figure. The index was also up 2.6 points from February 2018’s 98.3. “Overall, Floridians are more optimistic. The increase in February’s confidence comes mostly from consumers’ future expectations about the national economy in the medium-and long-run,” Hector H. Sandoval, director of the Economic Analysis Program at the University of Florida’s Bureau of Economic and Business Research, said in the February 26, 2019 edition of Florida Consumer Sentiment Index. “Looking ahead, in view of the realized economic outlook, we anticipate consumer sentiment to remain high in Florida.”

Chart 20: U.S. Index of Consumer Sentiment

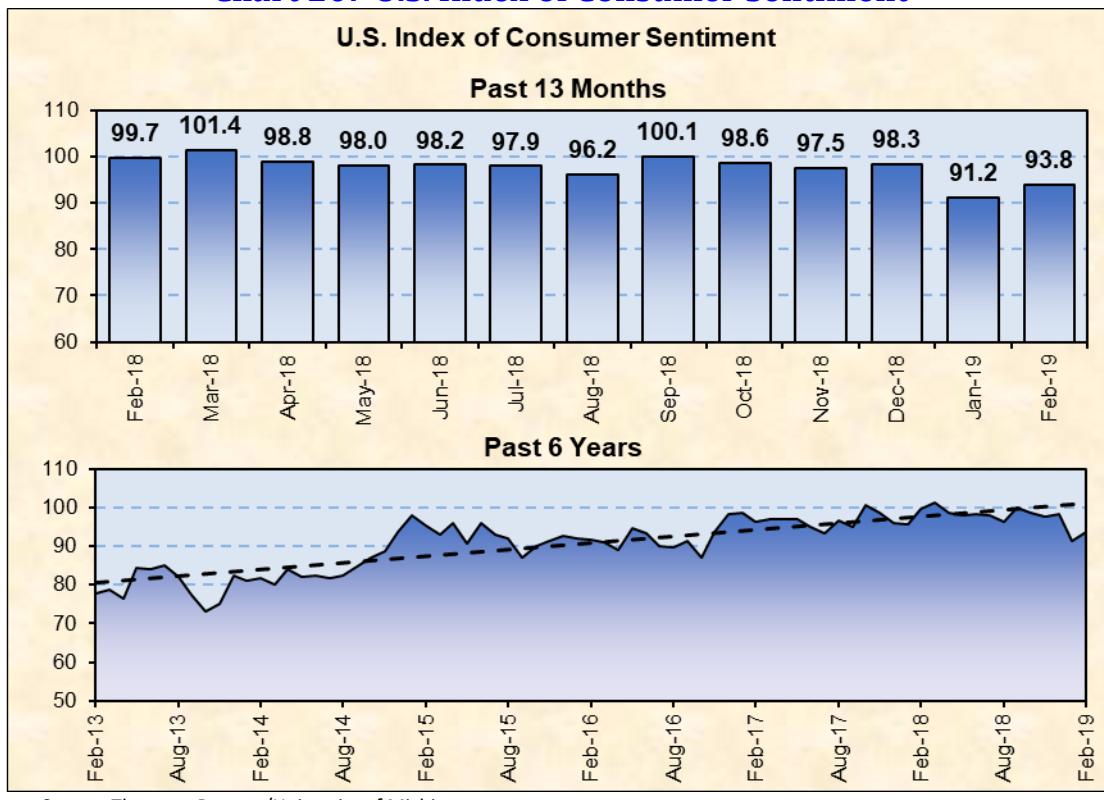
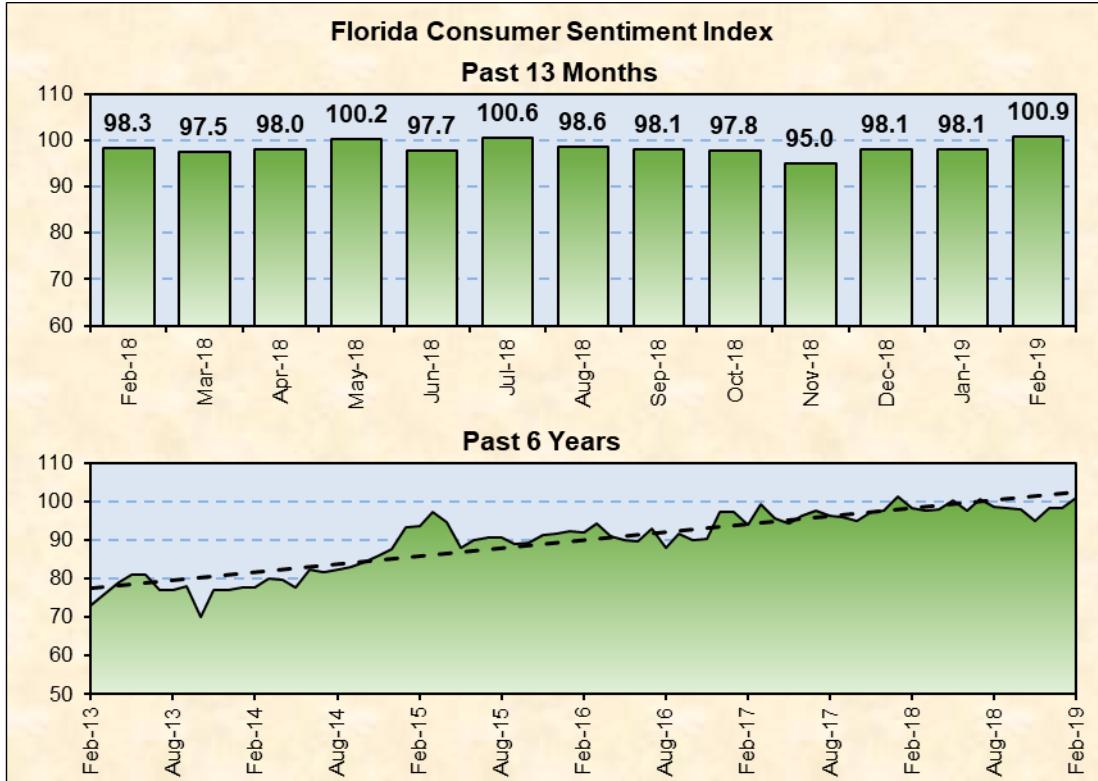


Chart 21: Florida Consumer Sentiment Index

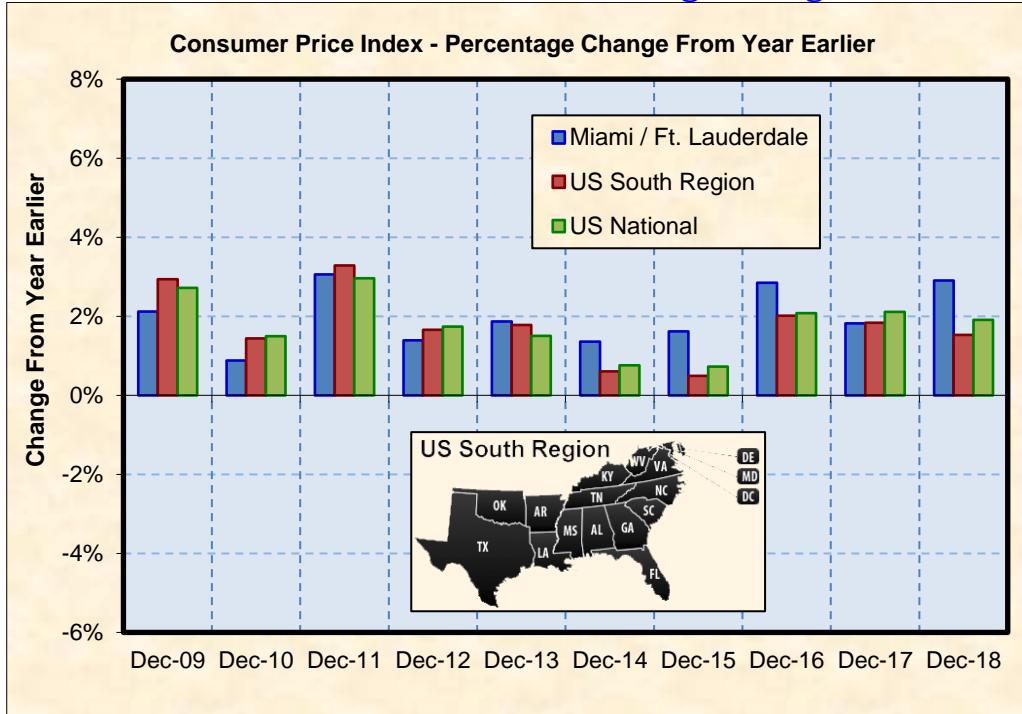


Source: Bureau of Economic and Business Research, University of Florida

Consumer Price Index

Chart 22 shows year-to-year changes in consumer price indices (CPI) through December 2018. Data is reported every two months; last month's charts and narrative are republished here for the reader's convenience. The Chart depicts increases in consumer price inflation compared to the previous six years. The December 2018 Miami/Ft. Lauderdale CPI showed an increase of 2.9 percent from December 2017, compared to 1.8 percent a year earlier (from December 2016 to December 2017). CPI growth in the US South Region was 1.5 percent from December 2017 to December 2018, slightly higher lower than the 1.8 percent recorded from December 2016 to December 2017. Nationally, the CPI rose 1.9 percent from December 2017 to December 2018, compared to 2.1 percent from December 2016 to December 2017.

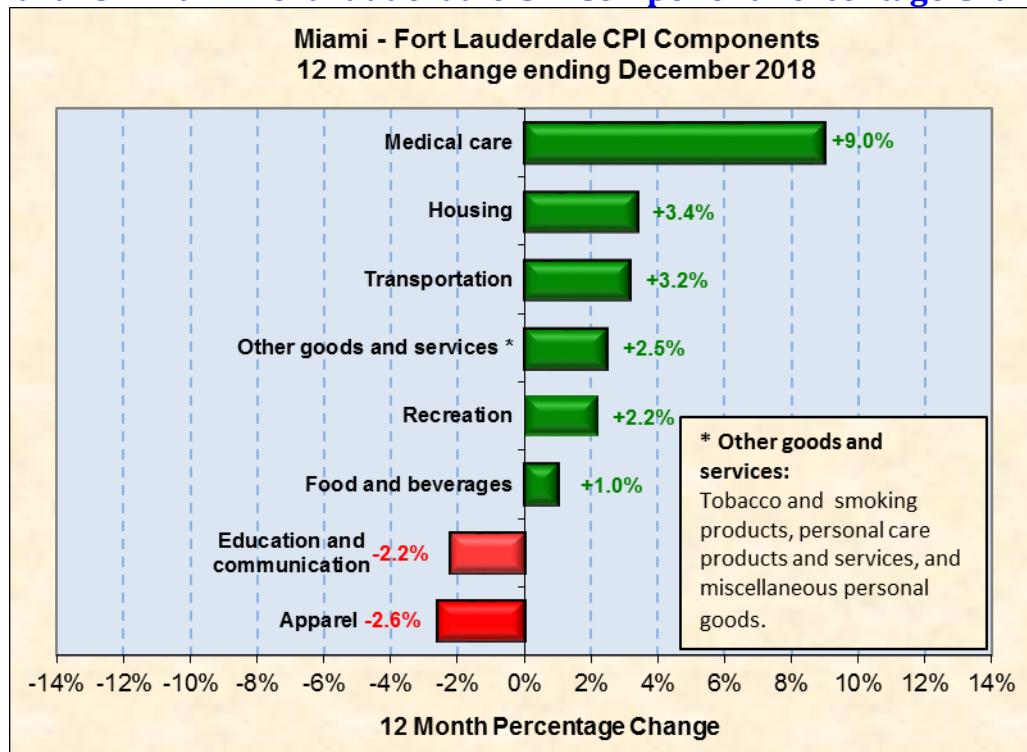
Chart 22: CPI Annual Percentage Change



Source: U.S. Bureau of Labor Statistics

Components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending December 2018 are shown in Chart 23. Increases in medical care continue 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

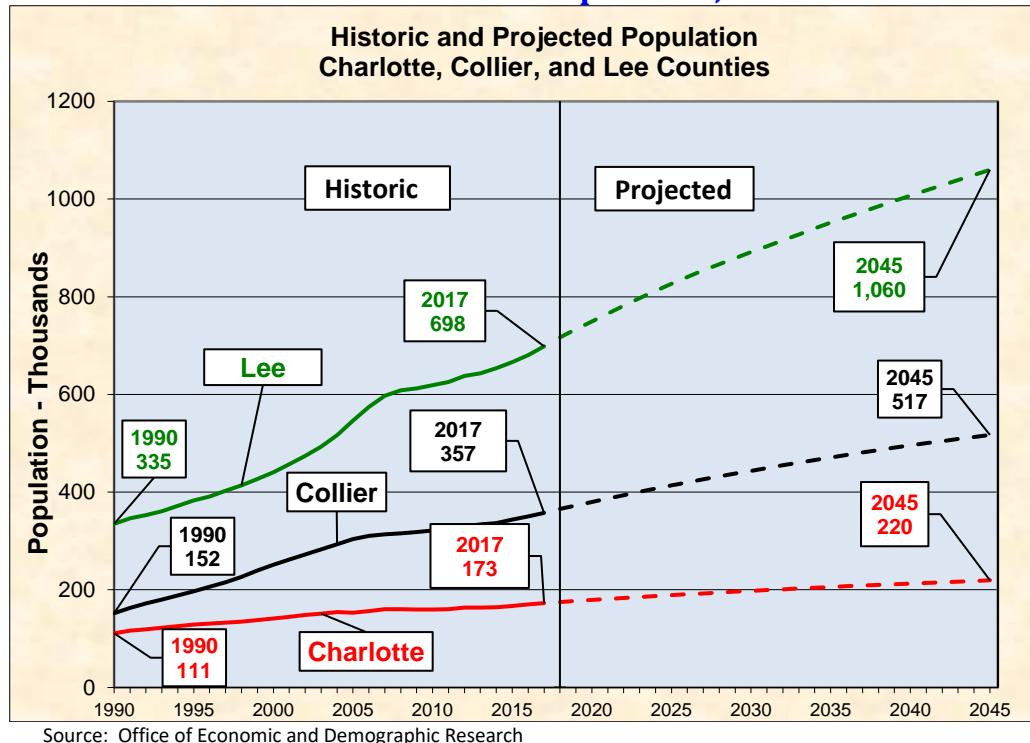
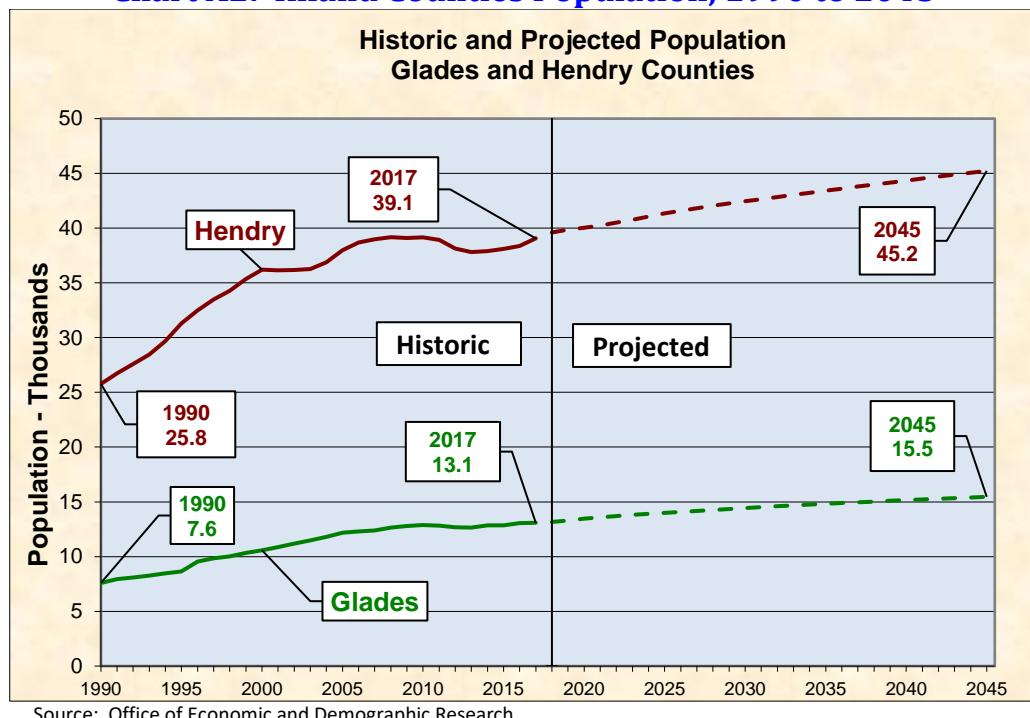


Chart A2: Inland Counties Population, 1990 to 2045



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 depict 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

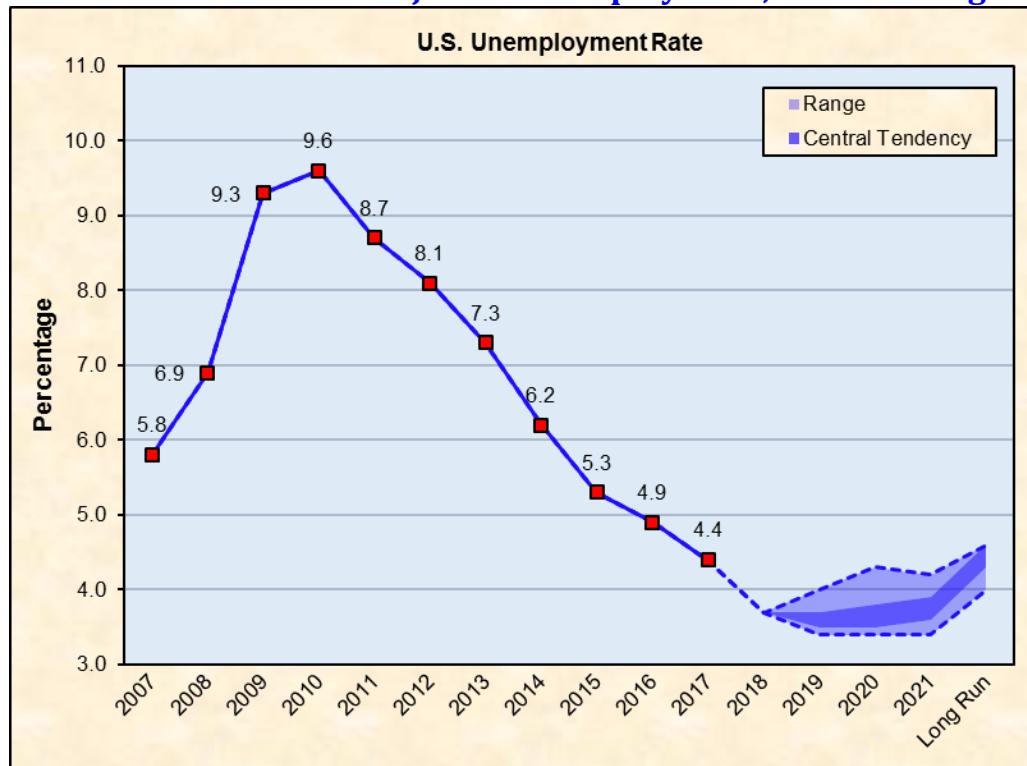


Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, December 19, 2018.

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



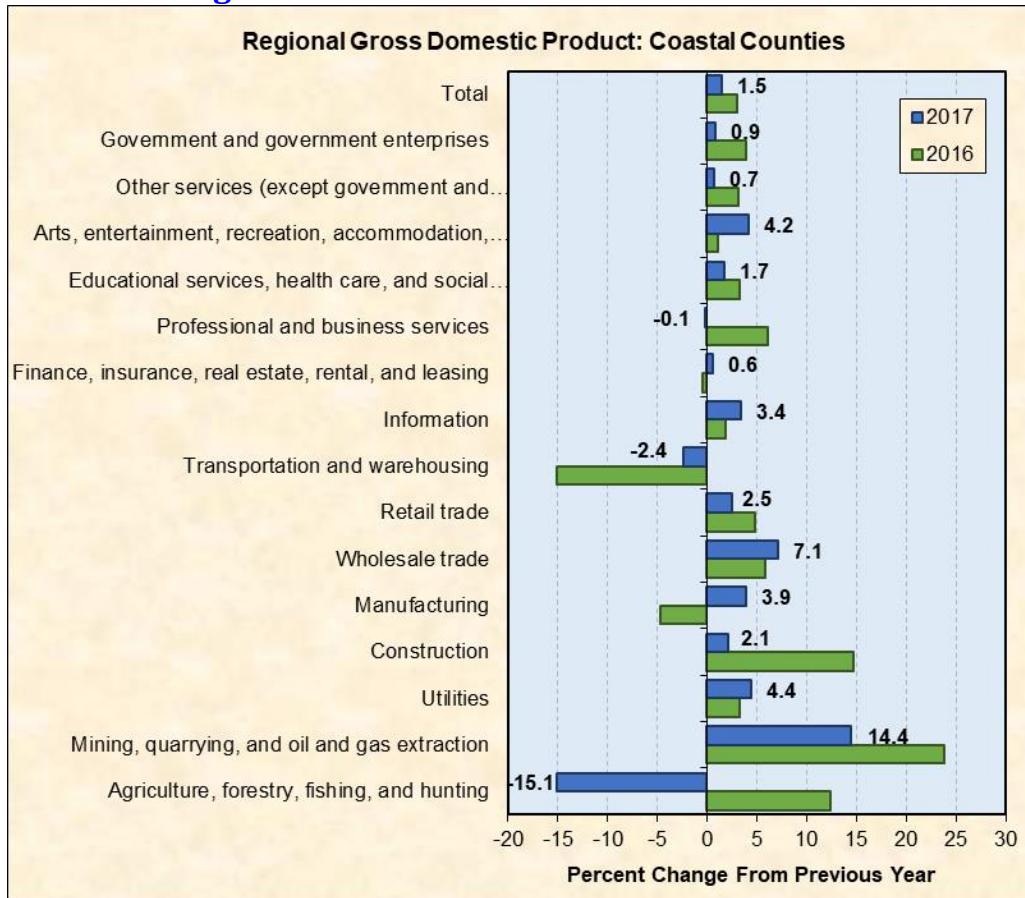
Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, December 19, 2018.

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.

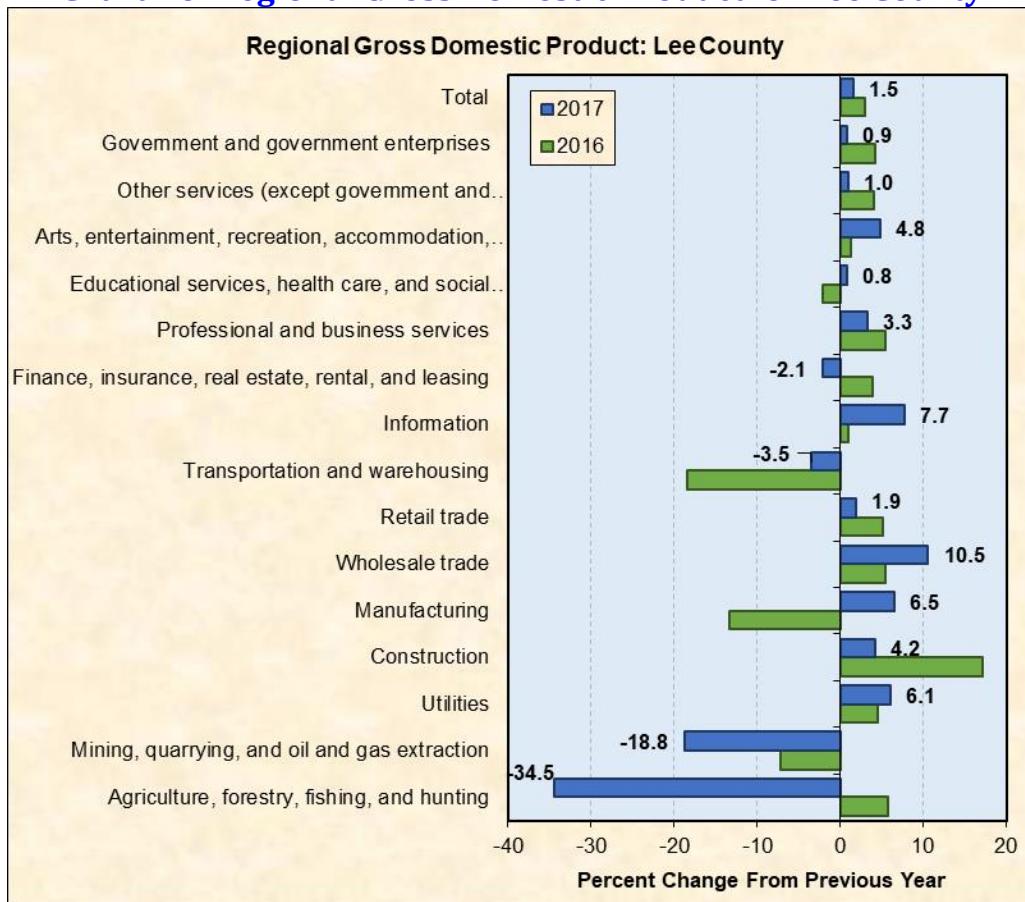
Chart A5: Regional Gross Domestic Product for Coastal Counties



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.

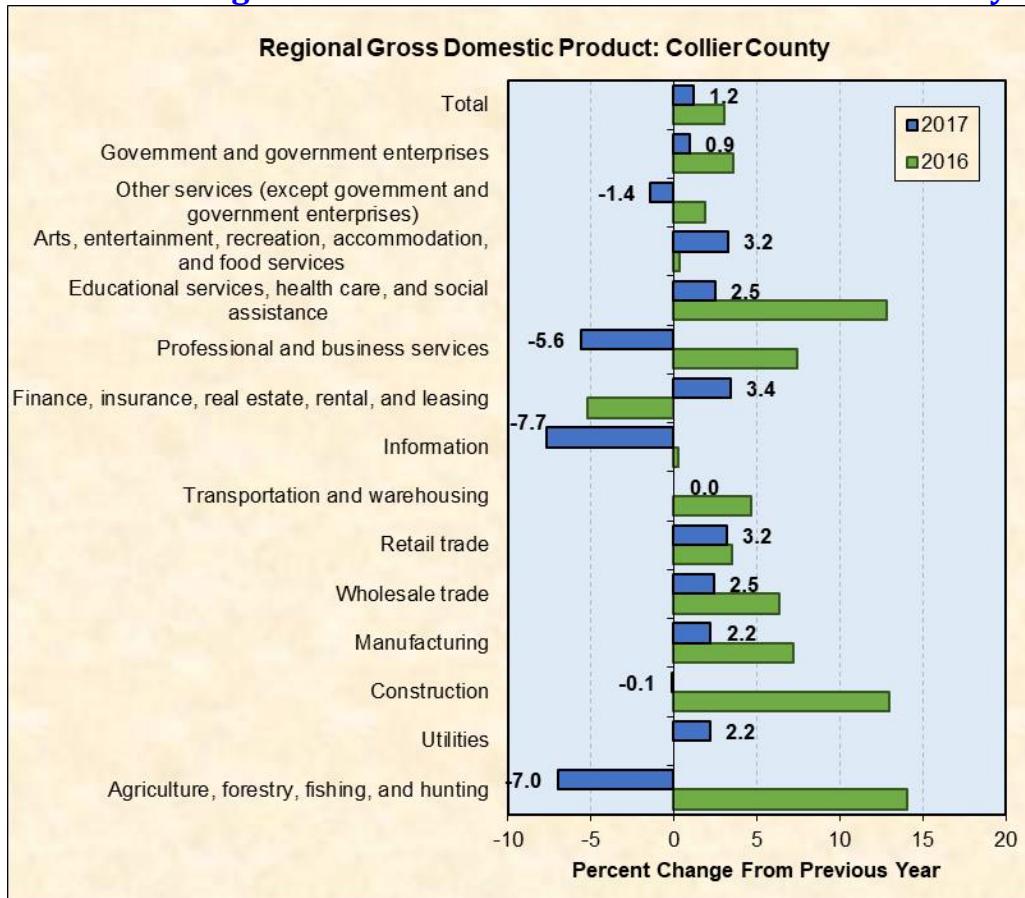
Chart A6: Regional Gross Domestic Product for Lee County



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.

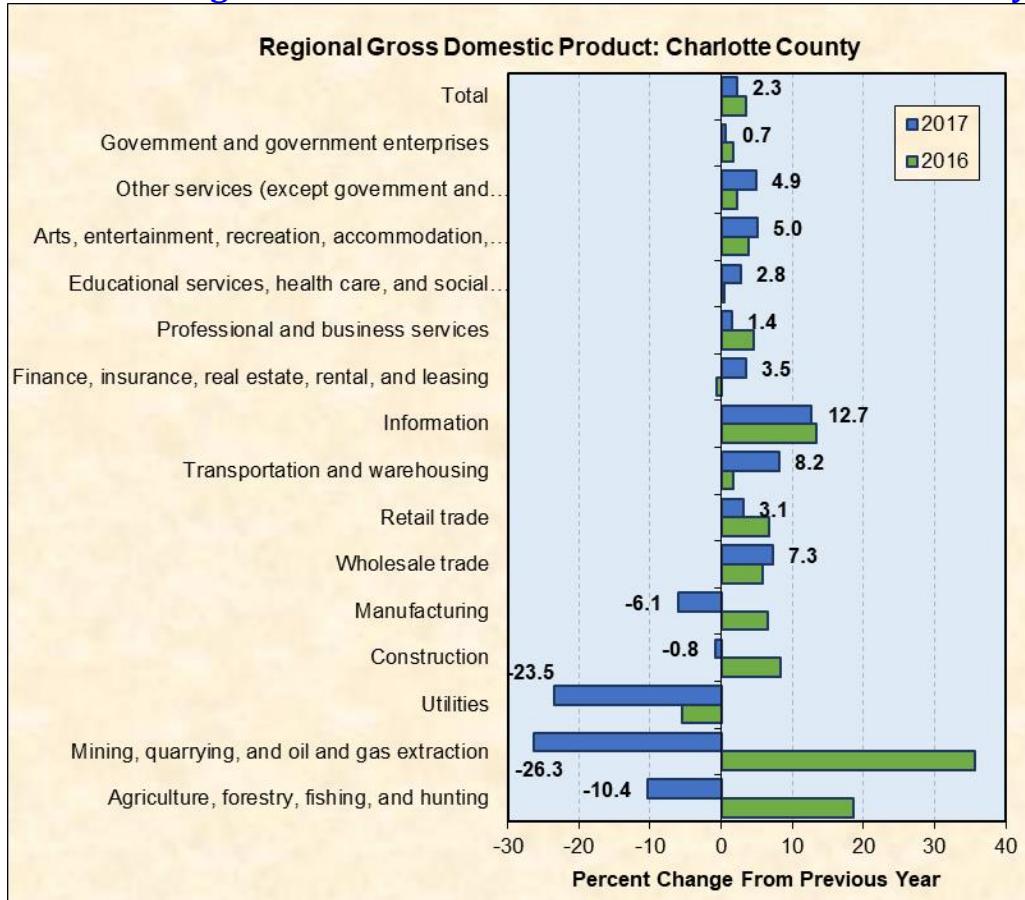
Chart A7: Regional Gross Domestic Product for Collier County



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 lulgert.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

