

# ISSUE BRIEF

## COVID-19 AND SOUTHWEST FLORIDA

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### Introduction

In March 2020, the global COVID-19 outbreak began to make its way through Southwest Florida, forcing residents to voluntarily quarantine themselves in response to the threats posed by the virus. Businesses in the five-county region had to adapt for the virus as well, with some opting to take additional safety measures to provide a safe atmosphere for their consumers. With the assistance of John Talmage, director of the Lee County Economic Development Office, the Regional Economic Research Institute (RERI) devised a plan to create a study analyzing the economic impacts of COVID-19 on Southwest Florida. The first part of the study involved distributing a survey amongst Southwest Florida business owners to establish baseline economic conditions for the region as soon as possible. The second part of the study required follow-up surveys each month to track how the baseline questions changed over time.

The present issue brief represents a continuation of the second phase of the study. In this issue, we look at information gathered from all the surveys to paint a picture of the impact COVID-19 had on businesses in Southwest Florida.

### March 2020

The RERI distributed the first COVID-19 survey to various chambers, economic development organizations, visitor convention bureaus, and other economic associations in late March, along with the request that these groups pass the survey along to their respective memberships. The impact COVID-19 had on Southwest Florida was apparent in the response rate, as 950 firms completed the survey between March 23, 2020 and March 28, 2020. The timing of the survey is noteworthy, as the Federal, state and local officials were already implementing guidelines to prevent an outbreak of the virus. However, the surveys were completed before Governor Ron Desantis signed Executive Order 20-91 (also known as the Florida Stay-at-Home order), which outlined the stay-at-home policy for Floridians.

Eighty-eight percent of businesses surveyed stated that customer demand had fallen as a result of the coronavirus, while 63 percent stated demand fell by more than 50 percent. Sales revenue told a similar story, as 88 percent of firms said sales revenue had declined as a result of the virus. Most firms were pessimistic about the effects of the virus on their firm, with 59 percent stating that they thought the adverse effects would be temporary and nearly a quarter of the respondents thinking the adverse effects would be permanent. Forty-seven percent of firms said at least 20 percent of their employees starting to work from home due to the coronavirus. However, due to the uncertainty of the situation and decreased demand, 35 percent of firms said they laid off at least twenty percent of their employees due to the coronavirus, while 49 percent of firms said they reduced hours for at least twenty percent of their employees.

## April 2020

The RERI continued the research efforts in late April 2020, conducting the first of three follow-up surveys. The first survey was conducted in a similar manner, with 484 participants filling out the survey between April 27, 2020 and May 3, 2020. These surveys were completed approximately one month into the Florida Stay-at-Home order, but just prior to some of the Phase 1 reopening guidelines specified by DeSantis.

Majority of businesses continued to report declines as a result of the COVID-19 outbreak, with 92 percent of respondents reporting a decline in customer demand as a result of the coronavirus, while 93 percent of responding executives reported a decline in sales revenue. Most firms continued to express pessimism regarding the overall effects of the coronavirus, with 61 percent stating that the effects would have temporary effects on their business and 26 percent believing that the effects would be permanent. Forty-eight percent of respondents stated that they had at least 20 percent of their workforce working from home since the start of the coronavirus outbreak. Employers were forced to lay off and reduce hours for some of their workers, with 40 percent of executives stating they laid off at least twenty percent of their employees and 52 percent of respondents saying that they reduced hours for at least twenty percent of their workforce.

Respondents were afforded the opportunity to provide any comments they had regarding their situation. While a complete list of the comments is provided in the appendix of the full report, it was evident many responding executives were concerned for their business and the ability to survive a shutdown and a lengthy period of decreased demand. The timing of the coronavirus outbreak was particularly bad for Southwest Florida, as March and April historically represented peak seasonal months for tourism industry in the five-county region. Seventy percent of respondents said their business had applied for some form of loan program to help offset some of the financial struggles they were experiencing, with 56 percent saying they applied for a CARES loan. Approximately half of the respondents said that they did not have a contingency plan if they didn't receive assistance they applied for. Forty-seven percent of respondents also thought the best time to begin "opening up" the local economy was within the next fifteen days, reinforcing their desire to bring business back to their store.

## May 2020

A second follow-up survey was conducted in late May 2020, gathering 199 responses between May 20, 2020 and May 30, 2020. These surveys were completed during a time when the state was in full Phase 1 of the reopening of the Florida economy, but prior to Phase 2. Phase 1 saw some easements from the Florida Stay-at-Home order, allowing some nonessential businesses to begin reopening their doors and increasing store capacity, among other items.

While some businesses were beginning to report positive outcomes as a result of Phase 1, Southwest Florida was nowhere nearly fully recovered. Seventy-seven percent of respondents reported a decline in customer demand over the past 30 days, while 83 percent reported declining sales revenue. Forty-six percent of businesses had begun bringing employees from home back to the office, but 51 percent made no change in the number of employees working from home. Similarly, while 37 percent of employers had brought back some of their laid-off and furloughed workforce in the past 30 days, 60 percent had made no changes regarding these workers. Forty-two percent of executives had brought some reduced-hour employees back to normal working hours, but 56 percent of businesses had not done so yet.

## June 2020

The final follow-up survey went out in late June 2020, with only 82 respondents completing the survey between June 28, 2020 and July 8, 2020. Coronavirus cases were rising again in Florida, and talks began on how Florida should respond. Some advocated for a statewide mandate of masks, while others arguing for shutting down the Florida economy for the second time.

Despite the rise in COVID-19 cases, a number of respondents were reporting improving economic conditions for their firm. Fifty-four percent of executives said that customer demand had declined in the past 30 days, but 30 percent reported an increase in customer demand. Sales revenue had declined for 66 percent of respondents, but improved for 23 percent responding executives. Fifty-seven percent of businesses had begun bringing some of their employees that were working from home back to the office. Moreover, 54 percent of firms had also brought some of their laid-off and furloughed workforce back to work, while 61 percent had brought some reduced-hour employees back to normal working hours.

## Summary

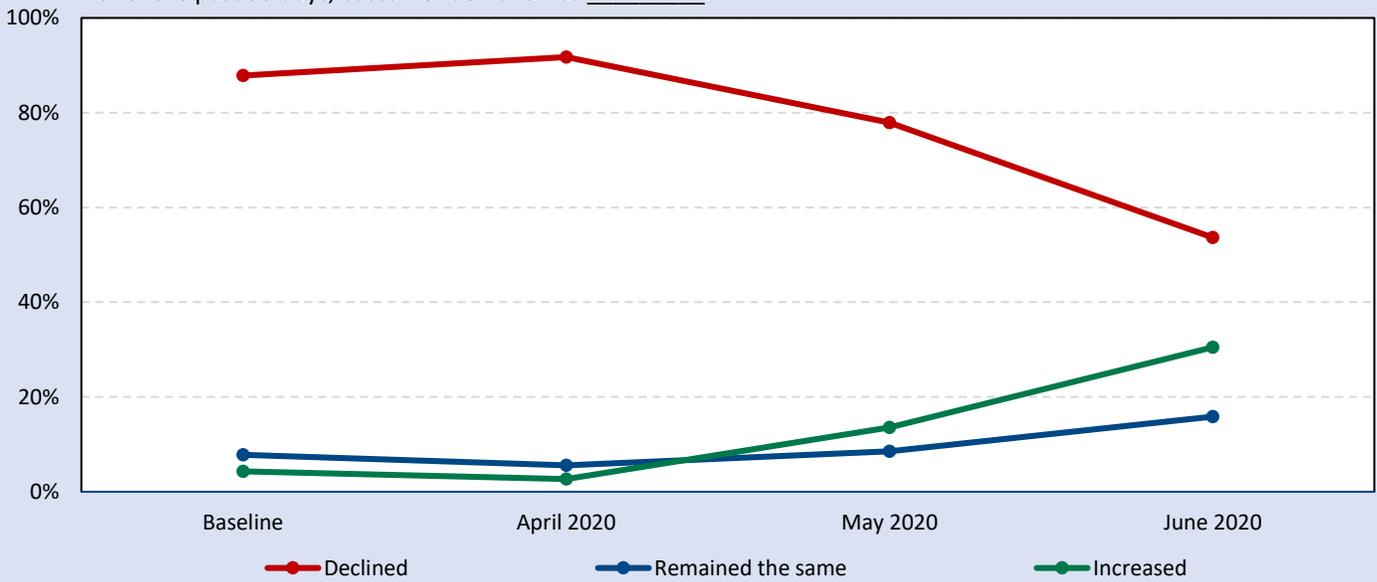
The initial impact of COVID-19 on Southwest Florida was devastating, as many businesses scrambled to deal with the onset of the pandemic. Executives reported a decline in customer demand and revenue as a result of the coronavirus, as well as having to lay off some employees and reducing hours for others to account for the decreased demand and uncertainty. The Florida Stay-at-Home order from Governor Ron DeSantis was issued for public safety reasons, but also managed to prolong any form of economic recovery for the region. Only once government restrictions were loosened did Southwest Florida begin to show signs of improvement.

Even though there have been improvements in the baseline measures tracked each month, Southwest Florida still has plenty to go as the region embarks down the road to economic recovery. Unemployment for the state remained in the double-digits in June 2020, with nearly 130,000 unemployment claims submitted during the week-long period ending July 11, 2020. Coronavirus cases have begun to surge in the state, and discussion continues on whether or not the Florida should shut down for the second time in four months. Uncertainty surrounding the coronavirus will play a role in economic recovery, as it is unknown when a vaccine will be discovered. Regime uncertainty will also be a factor, as local, state and Federal government continue to balance the health and economic concerns of the populace.

# Appendix

## Customer Demand

Over the past 30 days, customer demand has \_\_\_\_\_.

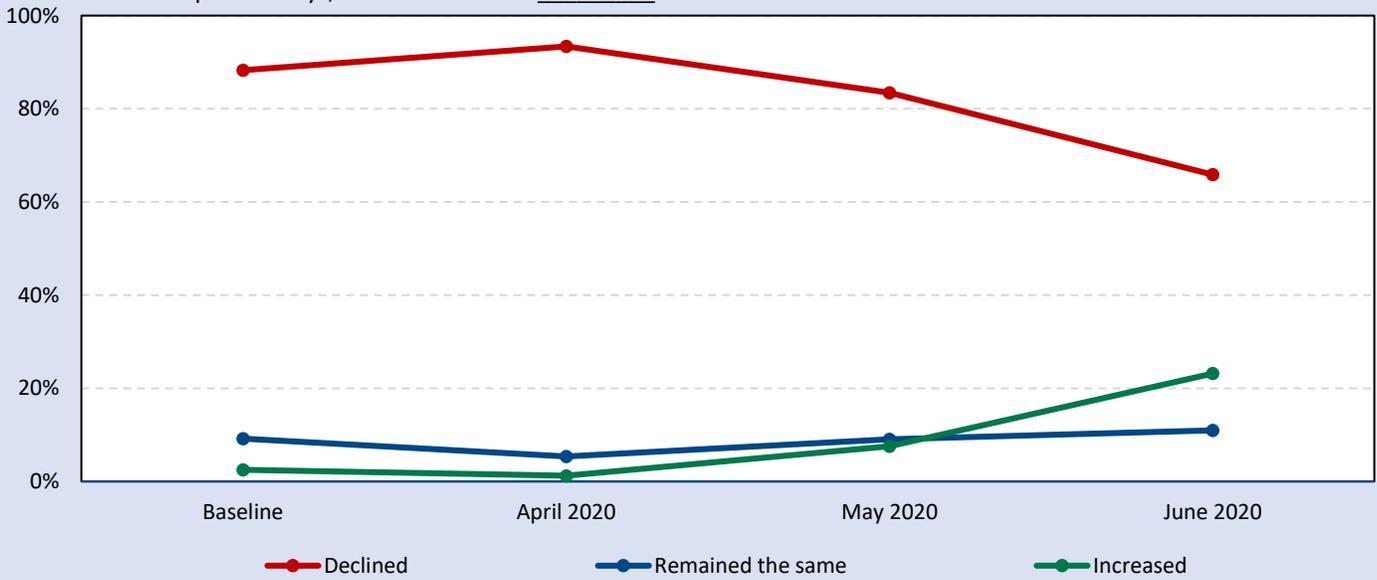


Source: Coronavirus Economic Impact Survey, conducted by the Regional Economic Research Institute

Note: For "Baseline" and "April 2020", question asked was "As a result of the coronavirus, customer demand has \_\_\_\_\_."

## Sales Revenue

Over the past 30 days, sales revenue has \_\_\_\_\_.

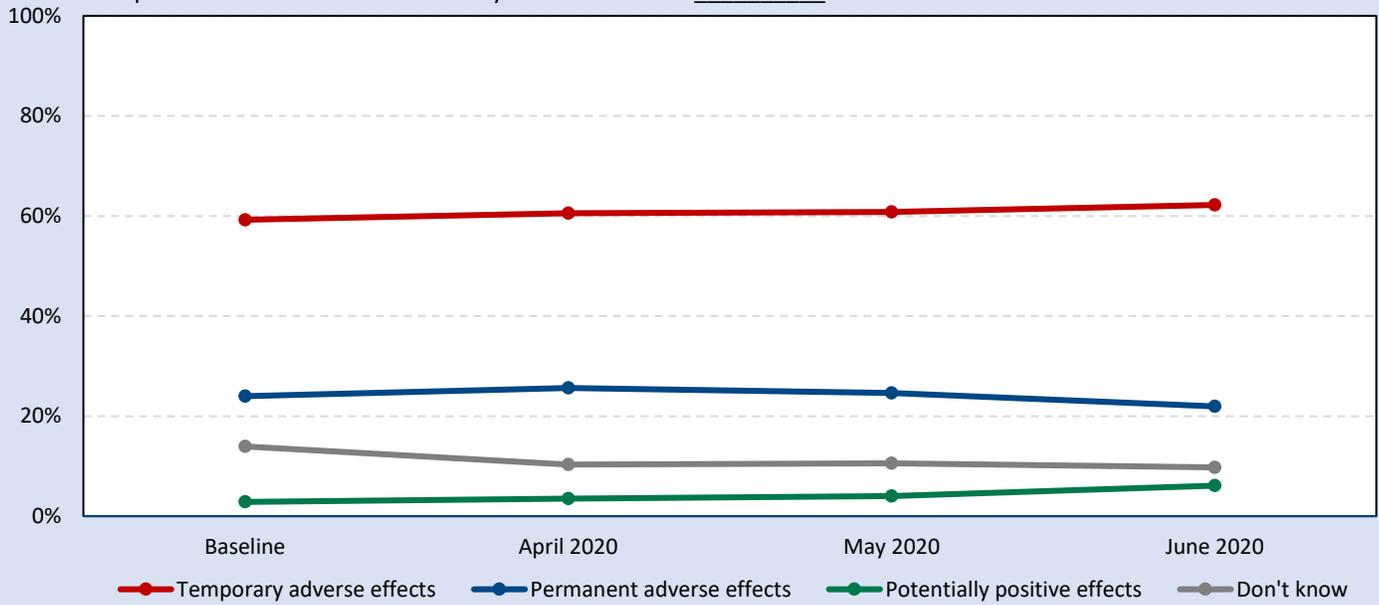


Source: Coronavirus Economic Impact Survey, conducted by the Regional Economic Research Institute

Note: For "Baseline" and "April 2020", question asked was "As a result of the coronavirus, sales revenue has \_\_\_\_\_."

## Coronavirus Effect

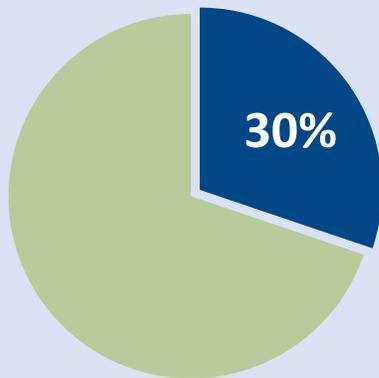
I expect the coronavirus' effect on my business to have \_\_\_\_\_.



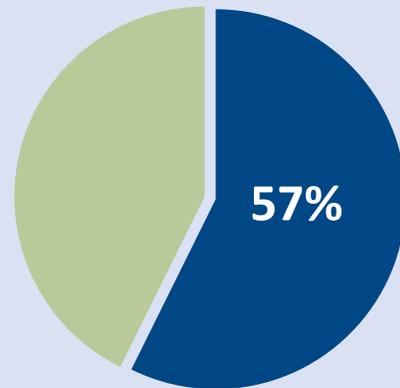
Source: Coronavirus Economic Impact Survey, conducted by the Regional Economic Research Institute

## Working from Home

Baseline



June 2020



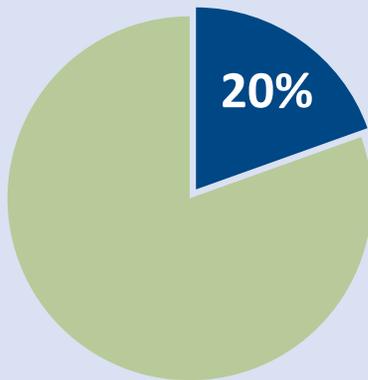
In March 2020, 30 percent of responding executives said at least 80 percent of the workforce started working from home as a result of the coronavirus.

In June 2020, 57 percent of executives indicated that they have brought back some of their workforce into the office over the past 30 days.

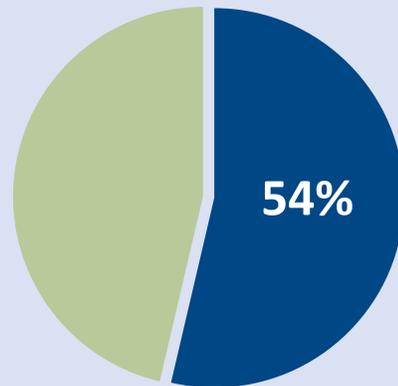
Source: Coronavirus Economic Impact Survey, conducted by the Regional Economic Research Institute

## Employees Laid Off

Baseline



June 2020



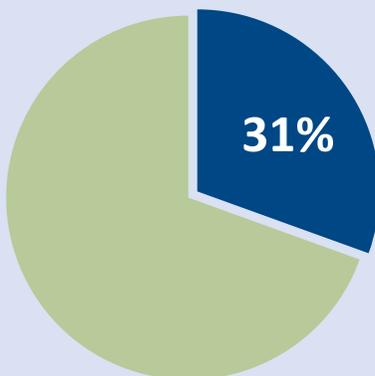
In March 2020, 20 percent of responding executives said they laid off at least 80 percent of the workforce as a result of the coronavirus.

In June 2020, 54 percent of executives indicated that they have brought back some of their laid-off and furloughed employees over the past 30 days.

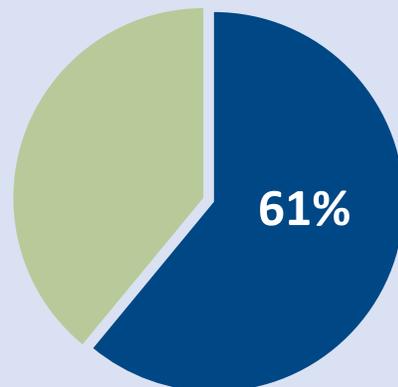
Source: Coronavirus Economic Impact Survey, conducted by the Regional Economic Research Institute

## Reduced Hours

Baseline



June 2020



In March 2020, 31 percent of responding executives said they had reduced hours for at least 80 percent of their workforce as a result of the coronavirus.

In June 2020, 61 percent of executives indicated that they had brought back some employees to normal working hours over the past 30 days.

Source: Coronavirus Economic Impact Survey, conducted by the Regional Economic Research Institute