

March 21st, 2019

Executive Summary

MSA's

- The Cape Coral-Fort Myers MSA ranked 5th in the state of Florida, increasing from both the previous quarter and previous year, out of 22 total Florida MSA's. The average annual *IDI* for the area continued to improve in 2018, measuring at 8.558 for the four-quarter period ending in the third quarter of 2018.
- The Naples-Immokalee-Marco Island MSA ranked 1st in the state in industry diversification, improving one spot from the previous quarter. The average annual *IDI* for the Naples-Immokalee-Marco Island MSA also increased, measuring at 8.845 for the four-quarter period ending in the third quarter of 2018.
- The Punta Gorda MSA increased one spot in the rankings, measuring as the third least diverse MSA in the state. The average annual *IDI* for Punta Gorda continued to fall in 2018, decreasing to 7.431 for the four-quarter period ending in the third quarter of 2018.
- The Palm Bay-Melbourne-Titusville MSA recorded the second highest *IDI* in the third quarter of 2018 (8.737), while the lowest *IDI* belonged to the Sebring MSA (7.335).

Southwest Florida

- Industry diversification in Southwest Florida increased in the 3rd quarter of 2018, ranking 5th out of all 24 workforce regions.
- The average annual *IDI* for the region continued to improve, increasing to 8.537 for the four-quarter period ending in the third quarter of 2018.
- The Tampa Bay workforce region had the highest *IDI* for the third quarter of 2018 (measured at 9.216), while the North Central Florida workforce region had the lowest (measured at 7.349).

Florida

- Industry diversification for the state of Florida increased to 8.626 for the 3rd quarter of 2018, ranking it 21st out of 50 states.
- The average annual *IDI* for the state increased for the sixth straight year, improving to 8.603 for the four-quarter period ending in the third quarter of 2018.
- Georgia, South Carolina, and North Carolina had the three highest *IDI* measures, while Maine, New York, and Nevada had the three lowest *IDI* measures.
- The *IDI* for the United States was 8.671 for the third quarter of 2018.

Seasonality

- Southwest Florida ranked as the fifth most seasonal workforce region in the state for the 12-month period leading up to the third quarter of 2018.

The complete rankings for the *FGCU Industry Diversification Index* by state, Florida workforce region, and Florida MSA are available on the FGCU Industry Diversification Project website (<http://lutgert.fgcu.edu/IDP>), with results dating back to the 1st quarter of 2000. This link also contains information about the methodology used to construct the *IDI*.

Cape Coral-Fort Myers MSA

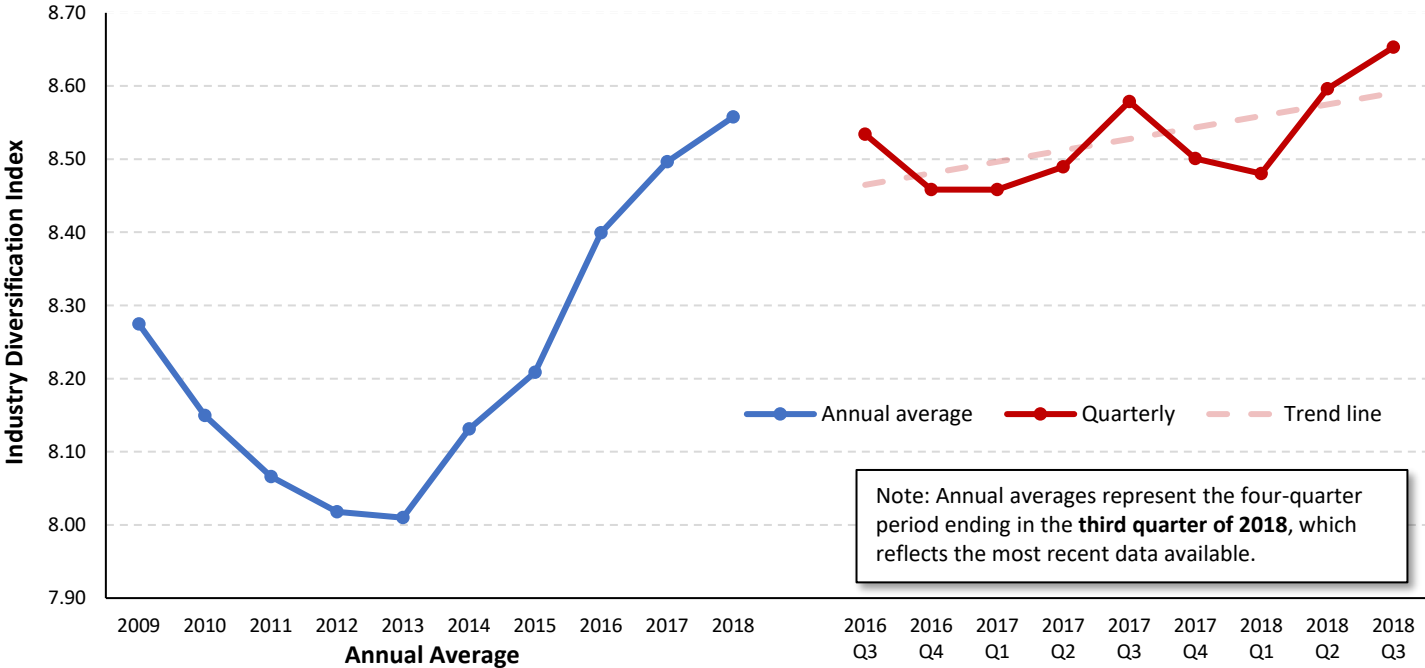
The Cape Coral-Fort Myers *IDI* rose in the 3rd quarter of 2018, registering at 8.653. This was an increase from the 2nd quarter of 2018 (measured at 8.596), as well as an improvement from the 3rd quarter of 2017 (measured at 8.579). The MSA also improved in the rankings, measured as the 5th most diversified MSA in the state, out of 22 total MSAs in the state of Florida. The index registers between 0 and 10, with 0 being the least diversified, and 10 being the most diversified.

FGCU IDI Cape Coral-Fort Myers MSA		
Quarter	FGCU IDI	Ranking
2018 Q3	8.653	5th
2018 Q2	8.596	6th
2017 Q3	8.579	6th

The increase in the *IDI* for the Cape Coral-Fort Myers MSA was expected for the third quarter of 2018 and follows the usual seasonal trends exhibited by the region. As can be seen in Chart 1, the MSA normally has its highest *IDI* measure during the third quarter of the year, and then falls the following two quarters. The decline is typically due to the concentration in employment in the hospitality and tourism industries as tourists and seasonal residents from outside our region visit the area for the winter season and increase demand for goods and services in these industries. The most recent nine-quarter trend suggests that the *IDI* for the MSA continues to trend upward.

The average annual *IDI* for the MSA continued to improve in 2018, measuring at 8.558 for the four-quarter period ending in the third quarter of 2018. The MSA had a declining diversity measure from 2009 to 2013, as employment in the construction industry fell sharply during this period, forcing the region to become more concentrated in the retail trade, accommodation and food services, and health care and social assistance industries. But the construction industry has rebounded since then, resulting in a more diverse economy by industry for the Cape Coral-Fort Myers MSA.

**Chart 1: Industry Diversification Index
Cape Coral-Fort Myers MSA**



Naples-Immokalee-Marco Island MSA

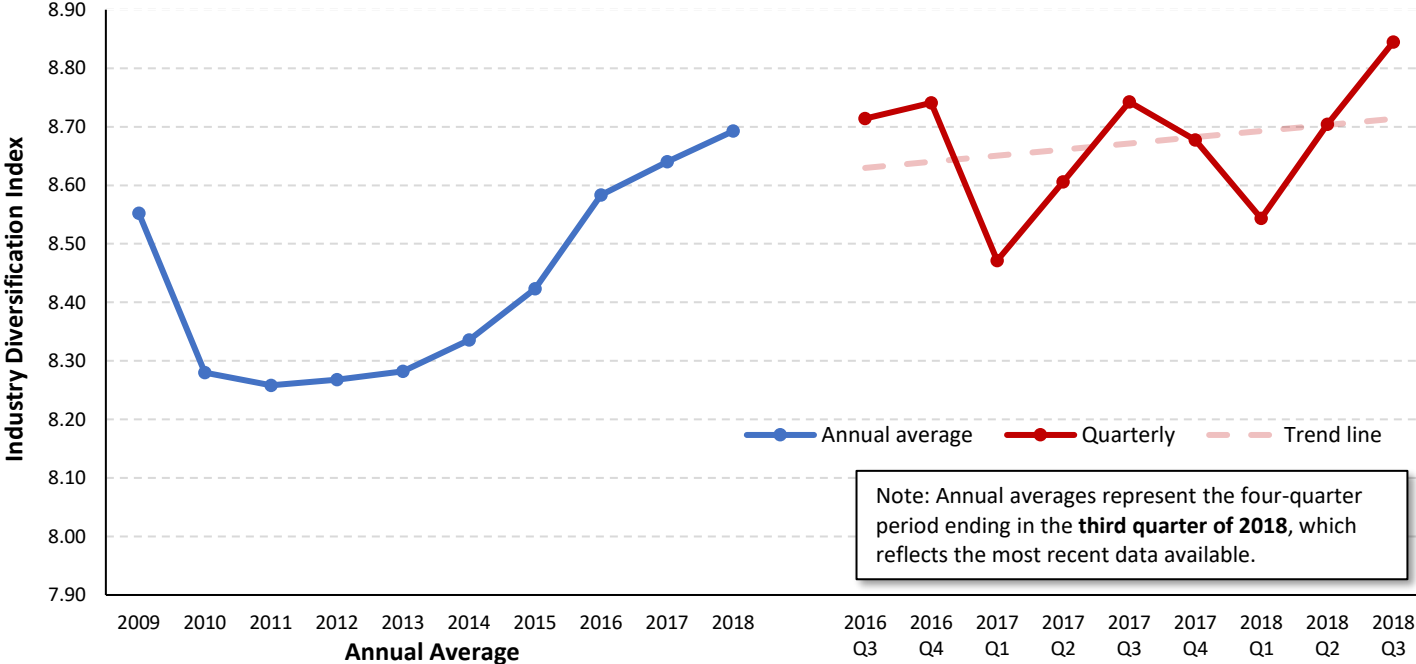
The Naples-Immokalee-Marco Island *IDI* increased in the 3rd quarter of 2018, with an *IDI* of 8.845—higher than both the 2nd quarter of 2018 (measured at 8.704) and the 3rd quarter of 2017 (measured at 8.743). The Naples-Immokalee-Marco Island MSA also gained one spot in the rankings, becoming the most diversified MSA in the state for the quarter.

FGCU IDI		
Naples-Immokalee-Marco Island MSA		
Quarter	FGCU IDI	Ranking
2018 Q3	8.845	1st
2018 Q2	8.704	2nd
2017 Q3	8.743	1st

Similar to the Cape Coral-Fort Myers MSA, the increase in the *IDI* for the Naples-Immokalee-Marco Island MSA generally occurs in the third quarter each year, according to the typical seasonal trends shown by the MSA. As can be seen in Chart 2, the MSA normally has its highest *IDI* measure during the third quarter of the year, and then falls the following two quarters. As is the case with the Cape Coral-Fort Myers MSA, the decline is typically due to the increased demand for industries tied to the influx of tourists and seasonal residents around that time each year. The most recent nine-quarter trend for this MSA is slightly trending upward.

The average annual *IDI* for the MSA remained continued to grow in 2018, measuring at 8.692 for the four-quarter period ending in the third quarter of 2018. The MSA’s *IDI* had sharp decline in industry diversity from 2009 to 2010, as employment in the construction industry fell sharply during this period, forcing the region to become more concentrated in other industries such as retail trade, accommodation and food services, and health care and social assistance. The MSA’s *IDI* remained near the same level from 2010 to 2013 but improved each of the following five years.

Chart 2: Industry Diversification Index
Naples-Immokalee-Marco Island MSA



Punta Gorda MSA

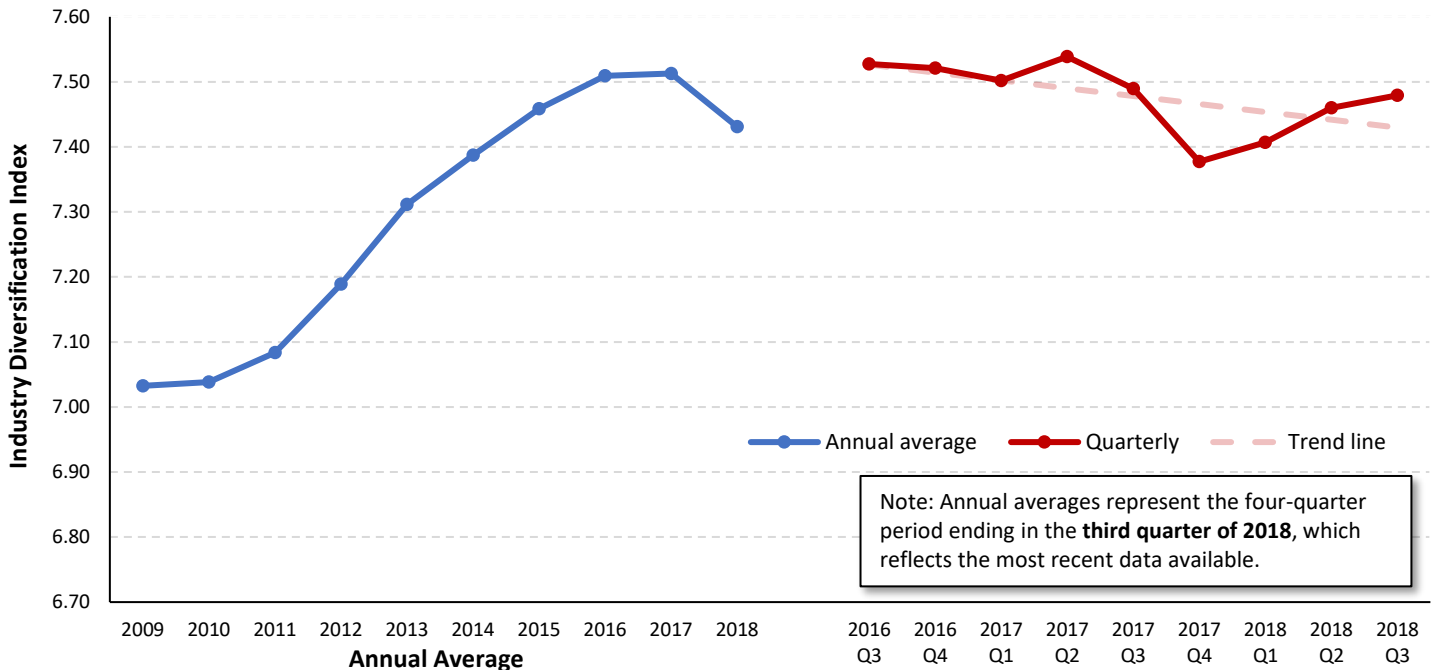
The Punta Gorda *IDI* increased in the 3rd quarter of 2018 to 7.479, an improvement over the 2nd quarter 2018 measure (7.460), but below the 3rd quarter 2017 measure (7.490). The increase resulted in an improvement in the rankings for the Punta Gorda MSA, registering 20th in the state of Florida (out of 22 MSAs in total).

FGCU IDI Punta Gorda MSA		
Quarter	FGCU IDI	Ranking
2018 Q3	7.479	20th
2018 Q2	7.460	21st
2017 Q3	7.490	21st

Historically, the Punta Gorda MSA's *IDI* is less seasonal than the other two coastal Southwest Florida MSA's. As can be seen in Chart 3, the Punta Gorda *IDI* measure has remained between 7.35 and 7.55 for the past nine quarters, with little fluctuation in between. Because the population in Punta Gorda has one of the highest median ages in the country (second highest median age out of 389 MSAs in the United States¹), the region is highly concentrated in industries catered towards the elderly, with the retail trade, health care and social assistance, and accommodation and food service industries accounting for 60 percent of total employment in the third quarter of 2018. This has resulted in one of the lowest *IDI*'s in the state of Florida. Furthermore, the most recent nine-quarter trend suggests that the *IDI* for the MSA is trending downward.

The average annual *IDI* for the MSA fell to 7.431 for the four-quarter period ending in the third quarter of 2018. However, despite the recent downward trend over the last nine quarters, the MSA's Diversification Index has improved over the past decade. The MSA's *IDI* reached just above the 7.00 mark from 2009 to 2011, as the decline in the construction industry turned the Punta Gorda MSA into a region even more focused on retail trade, health care and social assistance, and accommodation and food services. However, the region's *IDI* improved each of the following six years, as construction has rebounded since the recession.

**Chart 3: Industry Diversification Index
Punta Gorda MSA**



¹ Source: American Community Survey, 2017 five-year estimates.

Southwest Florida

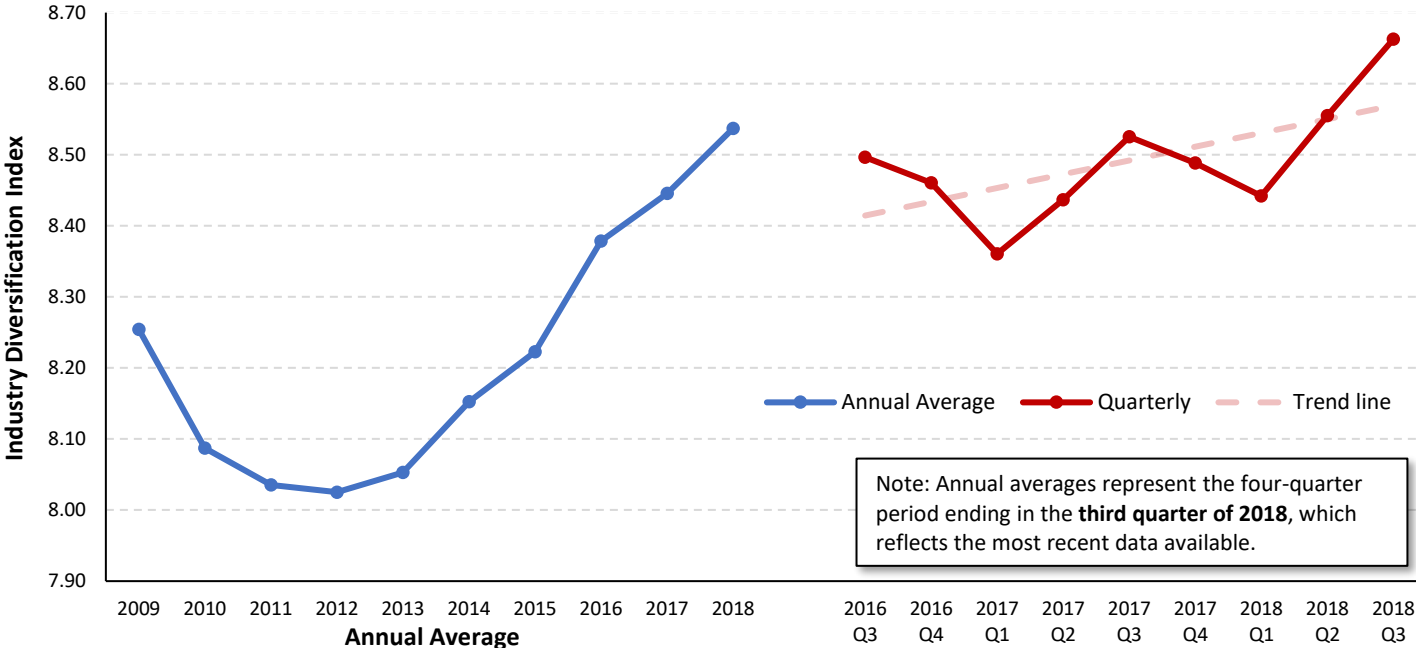
The *FGCU Industry Diversification Index* for the Southwest Florida workforce region—comprising Charlotte, Collier, Glades, Hendry, and Lee counties—improved in the third quarter of 2018, indicating an increase in workforce diversification for that time period. The workforce region’s *IDI* measured 8.663, an increase from both the 2nd quarter of 2018 (measured at 8.555), and the 3rd quarter of 2017 (measured at 8.525). The *IDI*’s rise resulted in an improvement in the rankings, registering as the 5th most diversified workforce region in the state (out of 24 total regions).

FGCU IDI Southwest Florida WFR		
Quarter	FGCU IDI	Ranking
2018 Q3	8.663	5th
2018 Q2	8.555	8th
2017 Q3	8.525	8th

The increase in industry diversification for Southwest Florida follows the usual trend for this quarter. Southwest Florida typically experiences higher index measures during the quarters spanning April through September, and lower index measures during the quarters spanning October through March. The lower index measures, expected during the winter period, can be attributed to an influx of tourism and seasonal residents, which leads to an increase in demand for both the retail trade and accommodation and food service industries to meet the seasonal demand. When the winter period ends and seasonal residents leave the region, the demand for both of these industries contracts, leading to a more diverse economy during the spring and summer period.

The average annual *IDI* for the workforce region continued to improve in 2018, measuring at 8.537 for the four-quarter period ending in the third quarter of 2018. Similar to the Cape Coral-Fort Myers MSA, the region had a declining diversity measure from 2009 to 2012, as employment in the construction industry fell sharply during this period, forcing the region to become more concentrated in the retail trade, accommodation and food services, and health care and social assistance industries. But the construction industry has rebounded since then, resulting in a more industrially diverse economy for the Southwest Florida workforce region.

**Chart 4: Industry Diversification Index
Southwest Florida Workforce Region**



Florida

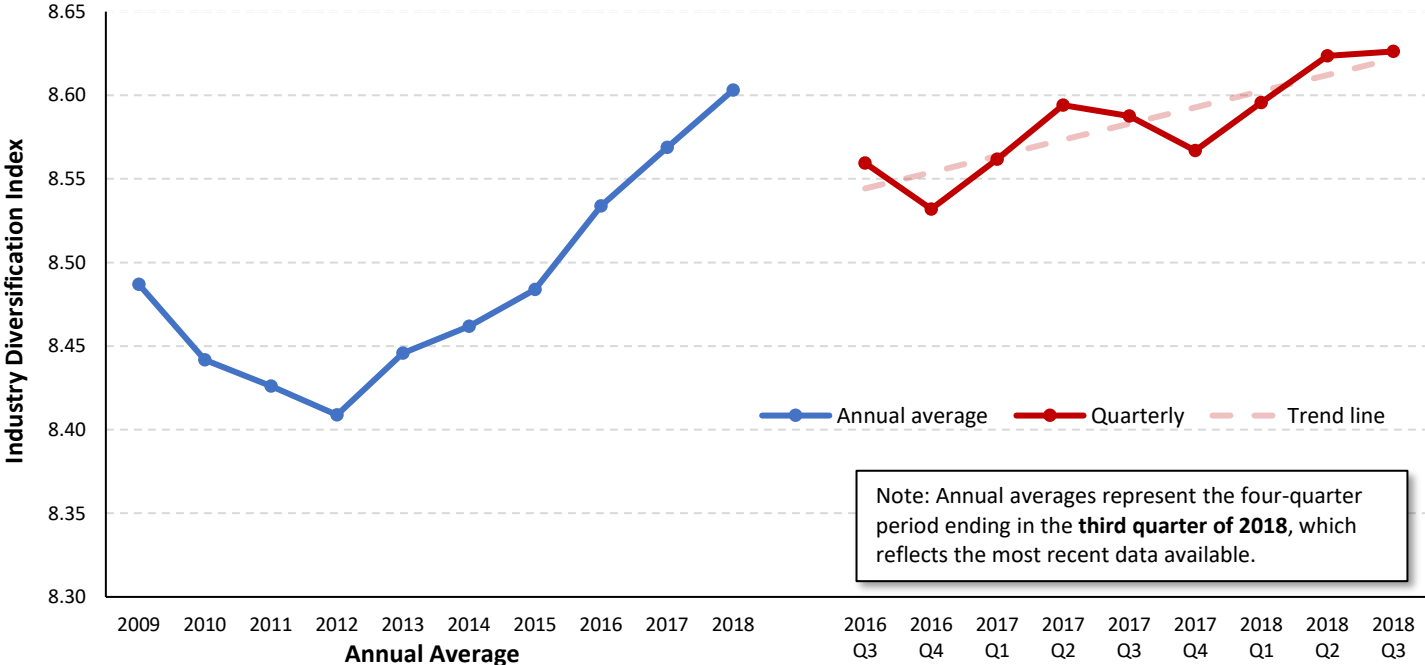
Florida’s workforce experienced a slight increase in industry diversification in the 3rd quarter of 2018, while declining in the rankings nationally. Florida’s *IDI* measured at 8.626, an increase from both the 2nd quarter of 2018 (measured at 8.624) and the 3rd quarter of 2017 (measured at 8.588). Despite the increase, Florida’s ranking among the states fell one spot to 21st, behind Louisiana (8.632) and ahead of Arizona (8.602). The state continues to rank in the bottom of the Southeast Region, which contains five of the top 10 states with the highest *IDIs* in the United States.

FGCU IDI		
Florida		
Quarter	FGCU IDI	Ranking
2018 Q3	8.626	21st
2018 Q2	8.624	20th
2017 Q3	8.588	22nd

While the Florida *IDI* does exhibit seasonality throughout the year, the seasonality is very mild compared to the seasonality experienced in Southwest Florida. This is partly because two of the largest seasonal industries in the state of Florida (retail trade and accommodation and food services) do not represent as large of a share of total employment when compared to MSAs such as the Cape Coral-Fort Myers MSA and the Naples-Immokalee-Marco Island MSA. However, the state also has a large health care and social assistance industry, administrative and waste service industry, and professional and technical service industry, each typically characterized as sectors that experience little to no seasonality throughout a given year. Over the past nine quarters, the state had an upward trend in its *IDI*.

The average annual *IDI* for the state continued to improve in 2018, measuring at 8.603 for the four-quarter period ending in the third quarter of 2018. The states average annual *IDI* had a steep decline from 2009 to 2010, as employment in both the construction industry and the administrative and waste service industry declined rapidly. The *IDI* continued to decline from 2010 to 2012, before improving each of the following six years.

Chart 5: Industry Diversification Index
Florida



Southwest Florida Seasonality

Southwest Florida is often characterized as experiencing seasonal fluctuations in employment levels throughout the year. Employment for the workforce region typically peaks between November and April, before declining for the rest of the year. In this section, we identify the month with the largest employment and smallest employment over a four-quarter period. The smallest employment number is then divided by the largest employment number to create the FGCU Seasonality Index. The index represents a value between 0 and 100 percent, with higher percentages representing regions with a larger fluctuation in seasonality. Note that all indices calculated in this section are calculated for a four-quarter period ending with the third quarter of the reported year.

Southwest Florida had a seasonality index of 5.6 percent during the third quarter of 2018. This index represented the fifth highest index for all 24 workforce regions in the state, making it the fifth most seasonal region in the state for the 12-month period leading up to the third quarter of 2018. The Southwest Florida workforce region continues trend well above the state in terms of its seasonality measures.

Chart 6: FGCU Seasonality Index
Southwest Florida

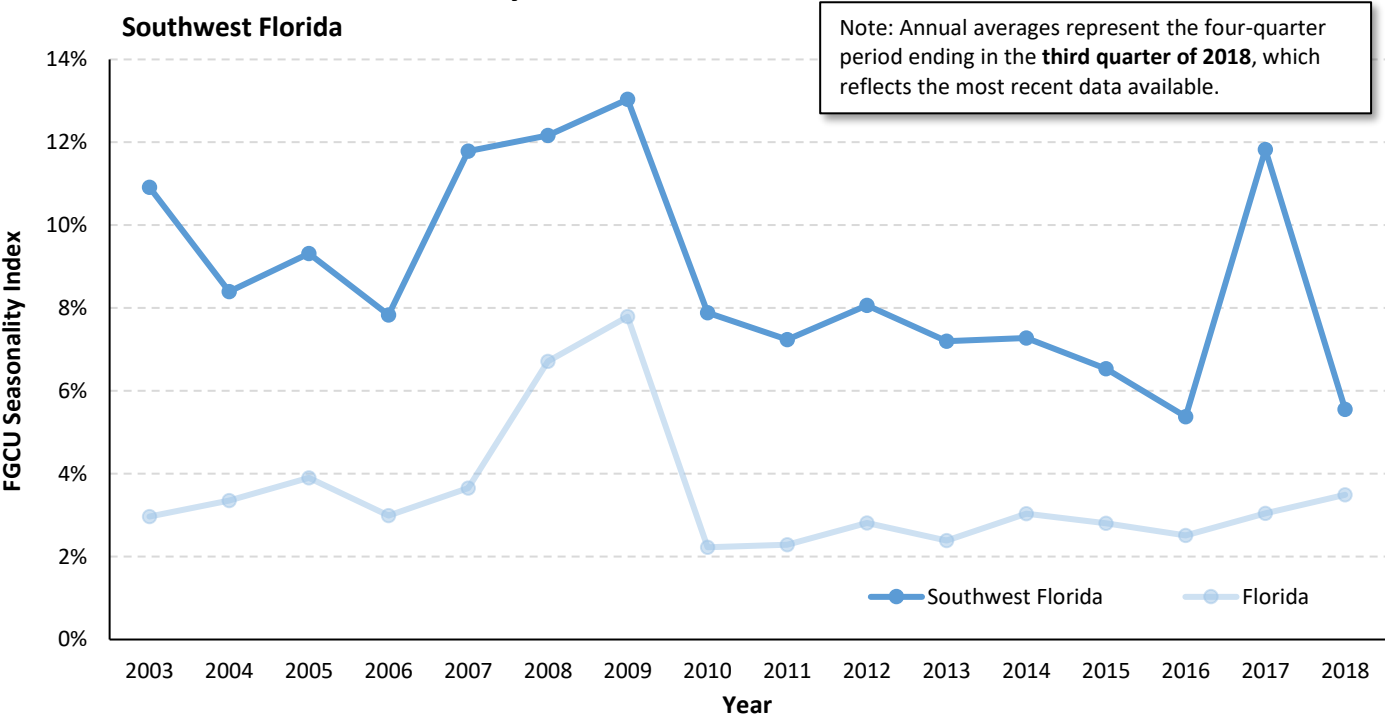


Table 1: FGCU Seasonality Index

Four-quarter period ending in the third quarter of 2018

Rank	Workforce Region	Lowest		Highest		FGCU Seasonality Index
		Employment	Month	Employment	Month	
1	Okaloosa Walton	86,076	January	94,463	June	8.9%
2	Heartland	43,584	September	47,761	December	8.7%
3	Gulf Coast	67,900	January	74,407	June	8.7%
4	Chipola	17,875	January	18,993	August	5.9%
5	Southwest Florida	392,486	October	415,564	March	5.6%
6	Escarosa	142,200	January	149,165	August	4.7%
7	Brevard	180,034	October	188,379	August	4.4%
8	North Florida	21,449	January	22,377	June	4.1%
9	Florida Crown	23,947	July	24,951	December	4.0%
10	Suncoast	261,442	October	271,024	March	3.5%
--	Florida	7,472,920	October	7,743,465	August	3.5%
11	Research Coast	168,960	October	174,386	March	3.1%
12	Pasco Hernando	136,195	October	140,566	September	3.1%
13	Capital Region	113,427	January	117,048	September	3.1%
14	Palm Beach County	533,706	October	549,702	December	2.9%
15	Flagler Volusia	169,748	January	174,698	April	2.8%
16	Polk	187,565	October	192,900	September	2.8%
17	North Central Florida	98,784	January	101,471	April	2.6%
18	Central Florida	1,115,197	October	1,143,600	September	2.5%
19	Pinellas	383,473	October	392,721	May	2.4%
20	South Florida	1,019,774	October	1,042,991	December	2.2%
21	Tampa Bay	600,021	October	613,207	December	2.2%
22	Citrus Levy Marion	121,737	October	124,203	April	2.0%
23	Broward	695,833	October	709,863	December	2.0%
24	Northeast Florida	600,884	January	612,198	August	1.8%

Source: Calculated by the RERI, using data from the Quarterly Census of Employment and Wages

Note: Seasonality index is calculated based on employment data from the four-quarter period beginning in the fourth quarter of 2017 and ending in the third quarter of 2018.

INDUSTRY DIVERSIFICATION REPORT

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