

October 2, 2019

Executive Summary

MSA's

- The Cape Coral-Fort Myers MSA ranked 8th in the state of Florida, out of 22 total Florida MSA's. The average annual *IDI* for the area continued to improve in 2019, measuring at 8.578 for the four-quarter period ending in the first quarter of 2019.
- The Naples-Immokalee-Marco Island MSA was the 5th most diversified MSA in the state. The average annual *IDI* for the Naples-Immokalee-Marco Island MSA also increased, measuring at 8.722 for the four-quarter period ending in the first quarter of 2019.
- The Punta Gorda MSA rose four spots in the rankings, measuring as the 18th most diverse MSA in the state. The average annual *IDI* for Punta Gorda also increased in 2019, improving to 7.557 for the four-quarter period ending in the first quarter of 2019.
- The Lakeland-Winter Haven MSA recorded the highest *IDI* in the first quarter of 2019 (8.854), while the lowest *IDI* belonged to the Gainesville MSA (7.318).

Southwest Florida

- Industry diversification in Southwest Florida increased in the 1st quarter of 2019, ranking 6th out of all 24 workforce regions.
- The average annual *IDI* for the region continued to improve, increasing to 8.589 for the four-quarter period ending in the first quarter of 2019.
- The Tampa Bay workforce region had the highest *IDI* for the first quarter of 2019 (measured at 9.328), while the North Central Florida workforce region had the lowest (measured at 7.312).

Florida

- Industry diversification for the state of Florida increased to 8.628 for the 1st quarter of 2019, ranking it 16th out of 50 states.
- The average annual *IDI* for the state increased for the seventh straight year, improving to 8.625 for the four-quarter period ending in the first quarter of 2019.
- South Carolina, Georgia, and Tennessee had the three highest *IDI* measures, while West Virginia, Alaska, and Nevada had the three lowest *IDI* measures.
- The *IDI* for the United States was 8.664 for the first quarter of 2019.

Seasonality

- Southwest Florida ranked as the third most seasonal workforce region in the state for the 12-month period leading up to the first 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 (<https://www.fgcu.edu/cob/eri/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

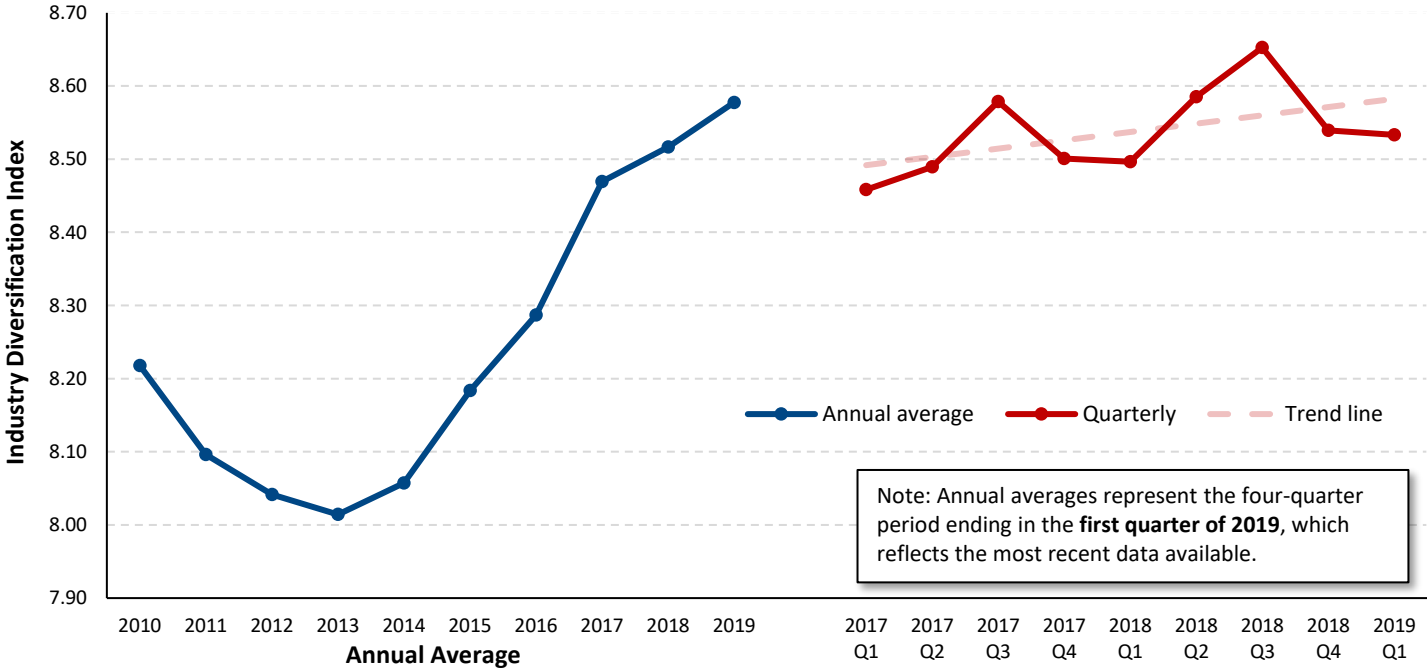
The Cape Coral-Fort Myers *FGCU Industry Diversification Index (IDI)* fell in the 1st quarter of 2019, registering at 8.533. This was a decrease from the 4th quarter of 2018 (measured at 8.539), but an improvement from the 1st quarter of 2018 (measured at 8.496). The MSA also fell in the rankings, decreasing 3 spots to the 8th most diversified MSA in the state, out of 22 total MSAs in 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
2019 Q1	8.533	8th
2018 Q4	8.539	5th
2018 Q1	8.496	7th

The decrease in the *IDI* for the Cape Coral-Fort Myers MSA was expected for the first quarter of 2019 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 return 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 2019, measuring at 8.578 for the four-quarter period ending in the first quarter of 2019. The MSA had a declining diversity measure from 2010 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

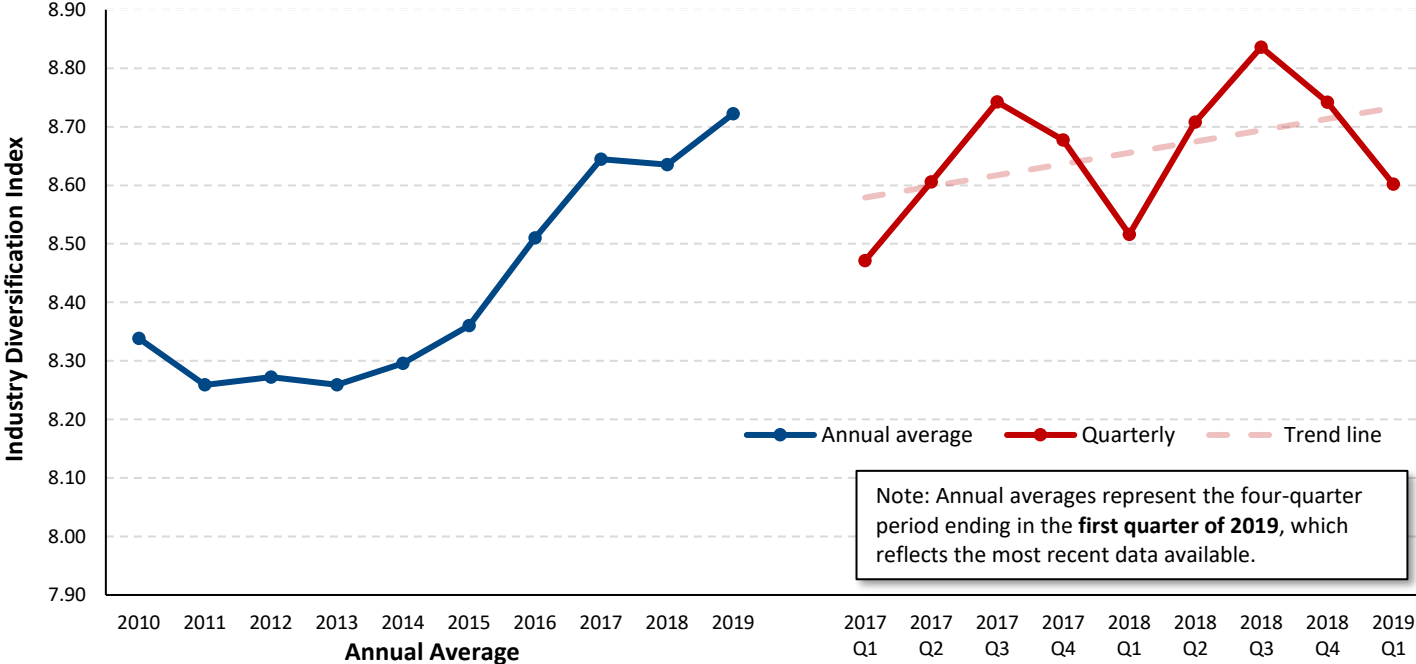
The Naples-Immokalee-Marco Island *IDI* decreased in the 1st quarter of 2019, with an *IDI* of 8.602—a decline from the 4th quarter of 2018 (measured at 8.742), but higher than the 1st quarter of 2018 (measured at 8.516). The Naples-Immokalee-Marco Island MSA also fell in the rankings, dropping four spots to the 5th most diversified MSA in the state for the quarter.

FGCU IDI		
Naples-Immokalee-Marco Island MSA		
Quarter	FGCU IDI	Ranking
2019 Q1	8.602	5th
2018 Q4	8.742	1st
2018 Q1	8.516	5th

Similar to the Cape Coral-Fort Myers MSA, the decline in the *IDI* for the Naples-Immokalee-Marco Island MSA generally occurs in the first 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 continued to grow in 2019, measuring at 8.722 for the four-quarter period ending in the first quarter of 2019. The MSA's *IDI* had sharp decline in industry diversity from 2010 to 2011, 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 2011 to 2013 but has improved since 2013.

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



Punta Gorda MSA

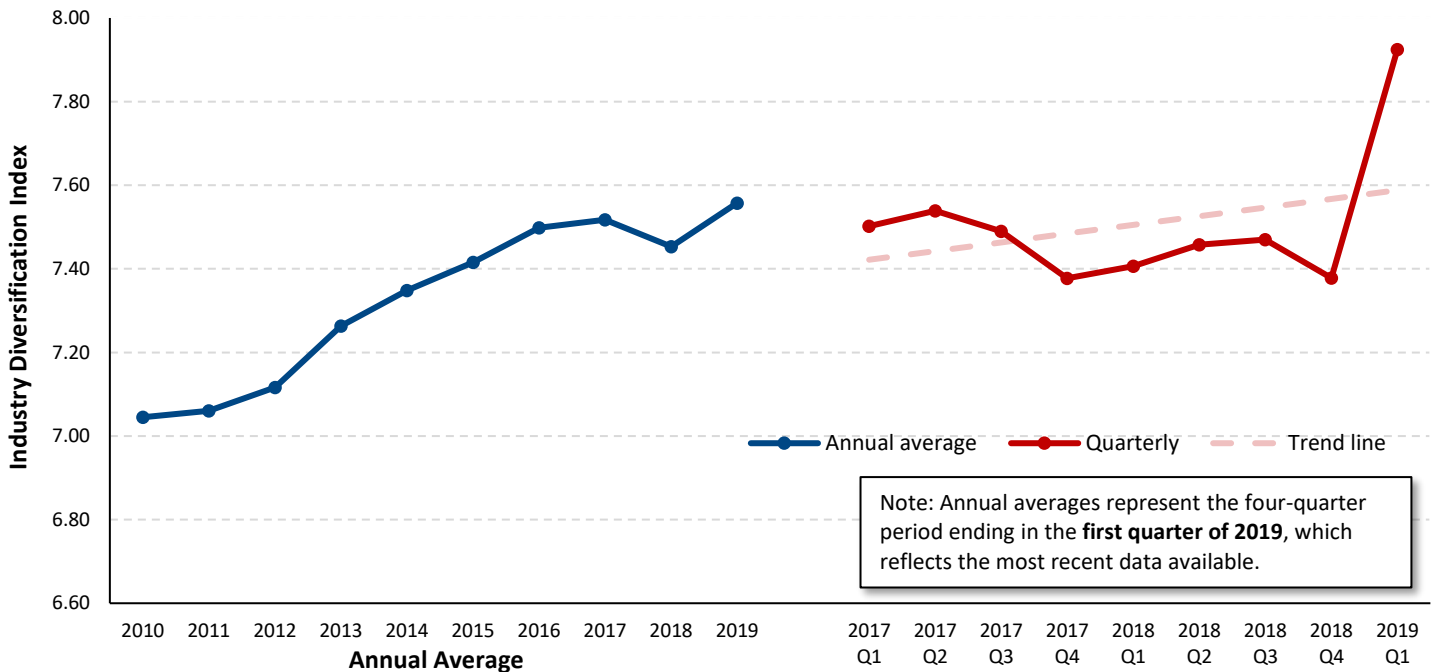
The Punta Gorda *IDI* improved in the 1st quarter of 2019 to 7.925, up from both the 4th quarter 2018 measure (7.378), and the 1st quarter 2018 measure (7.406). The increase also resulted in an improvement in the rankings for the Punta Gorda MSA, registering 18th in the state of Florida (out of 22 MSAs in total).

FGCU IDI Punta Gorda MSA		
Quarter	FGCU IDI	Ranking
2019 Q1	7.925	18th
2018 Q4	7.378	22nd
2018 Q1	7.406	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 remained between 7.35 and 7.55 for eight consecutive quarters before the 1st quarter of 2019, with little fluctuation in between. The large increase in the *IDI* for the present quarter was the result of an increase in employment for the administrative and waste services industry, where employment increased by 85 percent from the previous quarter. However, 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 remains 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 58 percent of total employment in the first quarter of 2019. This results in Punta Gorda having one of the lowest *IDI*'s in the state of Florida. The most recent nine-quarter trend suggests that the *IDI* for the MSA is trending upward.

The average annual *IDI* for the MSA increased to 7.557 for the four-quarter period ending in the first quarter of 2019. The MSA's *IDI* was just above the 7.00 mark in 2010, 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. The region's *IDI* slowly improved each of the following eight 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

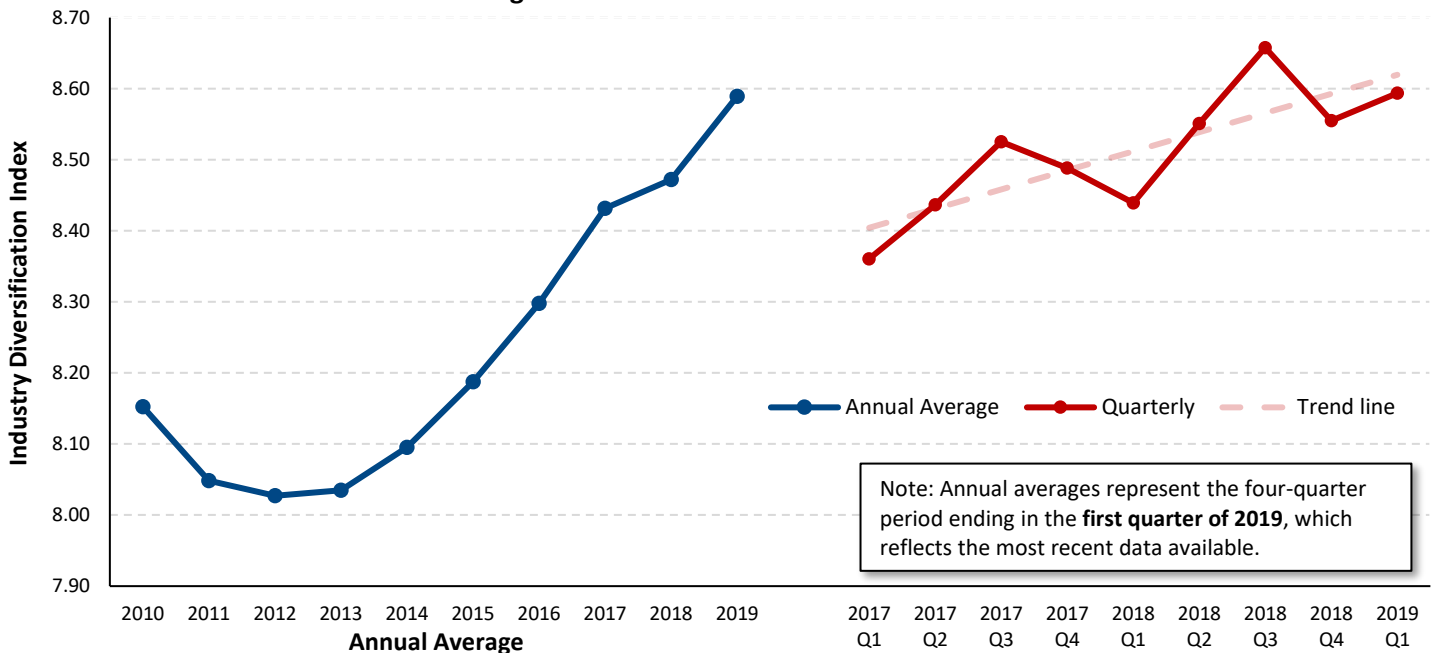
The *IDI* for the Southwest Florida workforce region—comprising Charlotte, Collier, Glades, Hendry, and Lee counties—improved in the first quarter of 2019, indicating an increase in workforce diversification for that time period. The workforce region’s *IDI* measured 8.594, an increase from both the 4th quarter of 2018 (measured at 8.555) and the 1st quarter of 2018 (measured at 8.439). The *IDI* also improved in the rankings, registering as the 6th most diversified workforce region in the state (out of 24 total regions).

FGCU IDI Southwest Florida WFR		
Quarter	FGCU IDI	Ranking
2019 Q1	8.594	6th
2018 Q4	8.555	7th
2018 Q1	8.439	9th

The increase in industry diversification for Southwest Florida runs counter to 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 2019, measuring at 8.589 for the four-quarter period ending in the first quarter of 2019. Similar to the Cape Coral-Fort Myers MSA, the region had a declining diversity measure from 2010 to 2012, as employment in the construction industry contracted 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

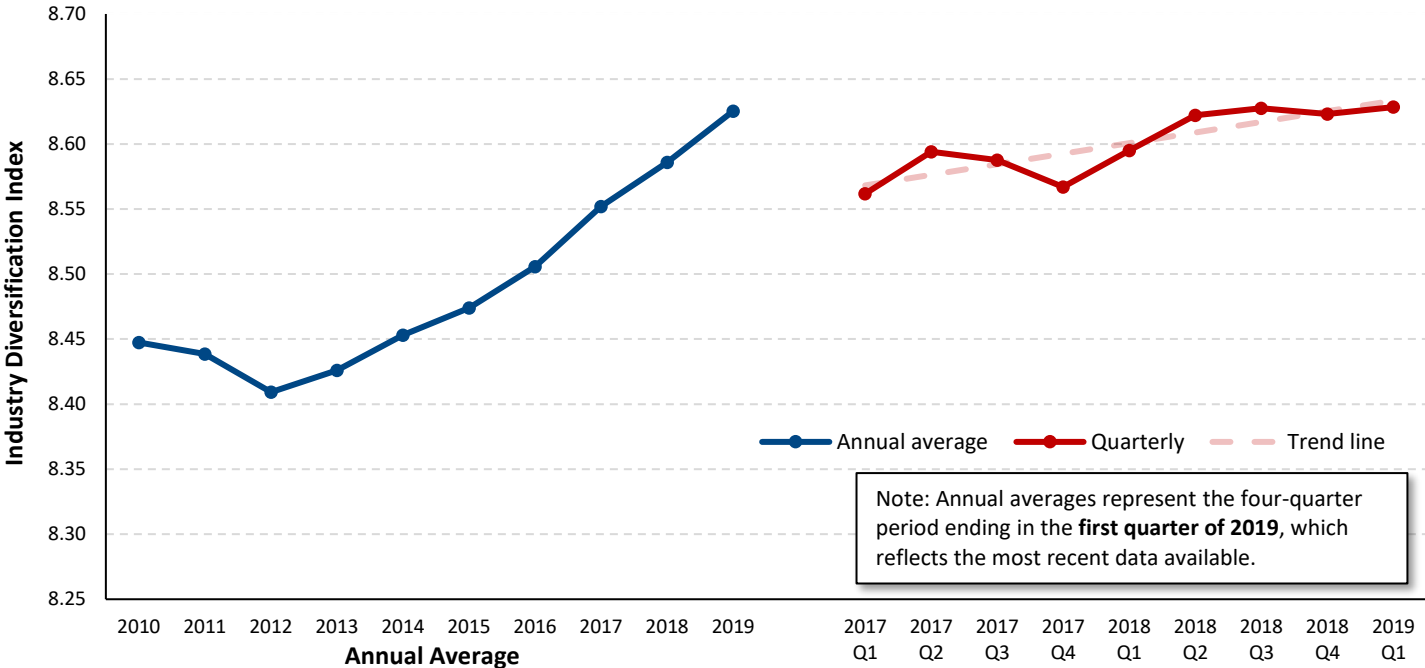
Florida’s workforce experienced a slight increase in industry diversification in the 1st quarter of 2019, while improving in the rankings nationally. Florida’s *IDI* measured at 8.628, an increase from both the 4th quarter of 2018 (measured at 8.623) and the 1st quarter of 2018 (measured at 8.595). Florida’s ranking among the states also improved, up two spots to 16th, behind Alabama (8.693) and ahead of Washington (8.627). 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
2019 Q1	8.628	16th
2018 Q4	8.623	18th
2018 Q1	8.595	20th

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 2019, measuring at 8.625 for the four-quarter period ending in the first quarter of 2019. The state’s average annual *IDI* had a steep decline from 2010 to 2012, as employment in both the construction industry and the administrative and waste service industry declined rapidly. Florida’s *IDI* improved each of the following seven years following the decline.

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 first quarter of the reported year.

Southwest Florida had a seasonality index of 8.0 percent during the first quarter of 2019. This index represented the third highest index for all 24 workforce regions in the state, making it the third most seasonal region in the state for the 12-month period leading up to the first quarter of 2019. The Southwest Florida workforce region continues trend well above the state in terms of its seasonality measures.

Chart 6: FGCU Seasonality Index
Southwest Florida

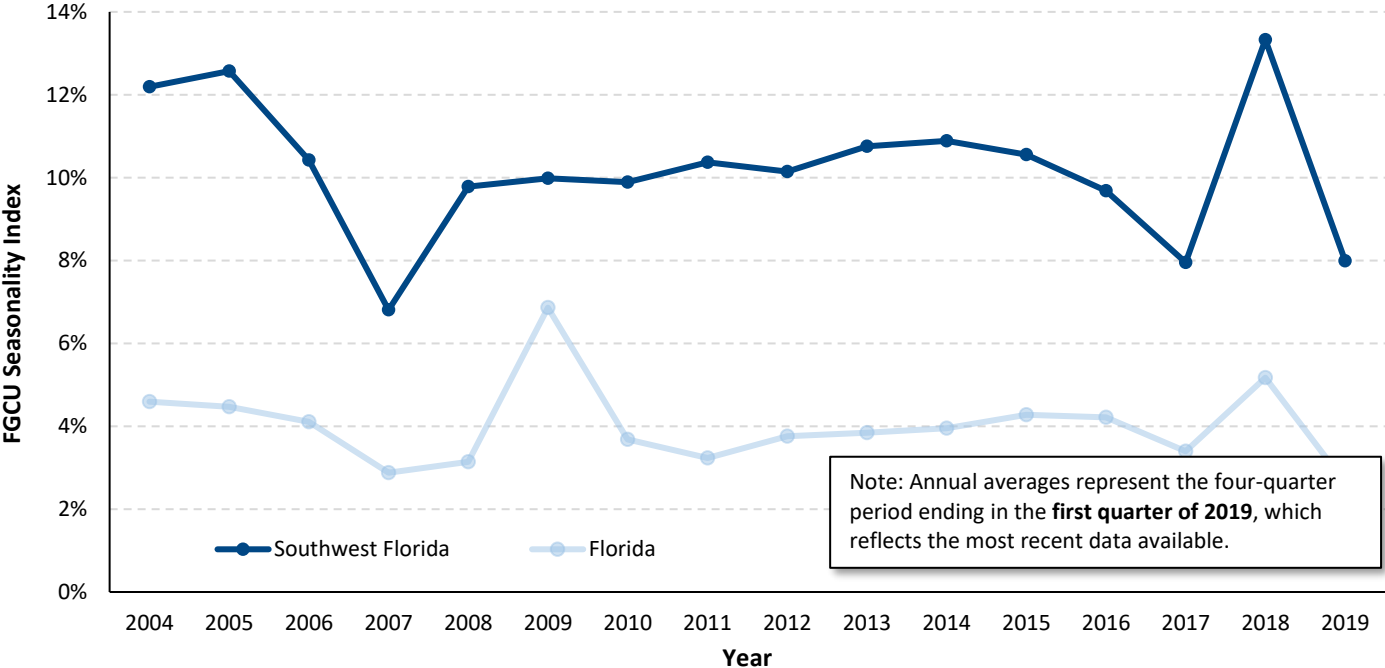


Table 1: FGCU Seasonality Index

Four-quarter period ending in the first quarter of 2019

Rank	Workforce Region	Lowest		Highest		FGCU Seasonality Index
		Employment	Month	Employment	Month	
1	Gulf Coast	63,532	January	74,407	June	14.6%
2	Chipola	17,672	October	19,629	March	10.0%
3	Southwest Florida	394,475	July	428,750	March	8.0%
4	Heartland	43,584	September	47,218	April	7.7%
5	Okaloosa Walton	88,523	January	94,463	June	6.3%
6	Suncoast	262,331	July	278,499	March	5.8%
7	Research Coast	170,276	July	179,900	March	5.3%
8	Tampa Bay	600,757	July	632,542	March	5.0%
9	Capital Region	114,342	July	119,895	November	4.6%
10	Palm Beach County	533,956	July	559,688	December	4.6%
11	North Florida	21,424	January	22,377	June	4.3%
12	Brevard	185,077	April	193,058	March	4.1%
13	Florida Crown	23,947	July	24,977	October	4.1%
14	Polk	191,263	July	199,243	March	4.0%
15	South Florida	1,031,224	July	1,066,043	December	3.3%
16	Pasco Hernando	138,928	July	143,540	December	3.2%
17	Citrus Levy Marion	123,064	July	127,107	December	3.2%
18	North Central Florida	99,366	July	102,610	November	3.2%
19	Central Florida	1,137,681	July	1,171,891	March	2.9%
20	Northeast Florida	608,019	July	626,192	December	2.9%
--	Florida	7,600,394	June	7,806,268	December	2.6%
21	Broward	702,559	July	721,256	December	2.6%
22	Escarosa	147,117	April	150,541	March	2.3%
23	Flagler Volusia	173,027	January	176,615	March	2.0%
24	Pinellas	390,647	September	395,627	December	1.3%

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 second quarter of 2018 and ending in the first quarter of 2019.

INDUSTRY DIVERSIFICATION REPORT

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