

December 20, 2019

Executive Summary

MSA's

- The Cape Coral-Fort Myers MSA ranked sixth 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 8.580 for the four-quarter period ending in the second quarter of 2019.
- The Naples-Immokalee-Marco Island MSA was the third most diversified MSA in the state. The average annual *IDI* for the Naples-Immokalee-Marco Island MSA also increased, measuring at 8.726 for the four-quarter period ending in the second quarter of 2019.
- The Punta Gorda MSA rose one spot in the rankings, measuring as the 19th most diverse MSA in the state. The average annual *IDI* for Punta Gorda also increased in 2019, improving to 7.452 for the four-quarter period ending in the second quarter of 2019.
- The Lakeland-Winter Haven MSA recorded the highest *IDI* in the second quarter of 2019 (8.834), while the lowest *IDI* belonged to the Sebring MSA (6.988).

Southwest Florida

- Industry diversification in Southwest Florida increased in the second quarter of 2019, ranking seventh out of all 24 workforce regions.
- The average annual *IDI* for the region continued to improve, increasing to 8.590 for the four-quarter period ending in the second quarter of 2019.
- The Tampa Bay workforce region had the highest *IDI* for the second quarter of 2019 (measured at 9.257), while the North Central Florida workforce region had the lowest (measured at 7.289).

Florida

- Industry diversification for the state of Florida increased to 8.646 for the second quarter of 2019, ranking it 19th out of 50 states.
- The average annual *IDI* for the state increased for the seventh straight year, improving to 8.632 for the four-quarter period ending in the second quarter of 2019.
- Georgia, South Carolina, and North Carolina had the three highest *IDI* measures, while Hawaii, West Virginia, and Nevada had the three lowest *IDI* measures.
- The *IDI* for the United States was 8.670 for the second quarter of 2019.

Seasonality

- Southwest Florida ranked as the fourth most seasonal workforce region in the state for the 12-month period leading up to the second quarter of 2019.

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/reri/idp/>), with results dating back to the 1st quarter of 2000. This link also contains information about the methodology used to construct the *IDI*.

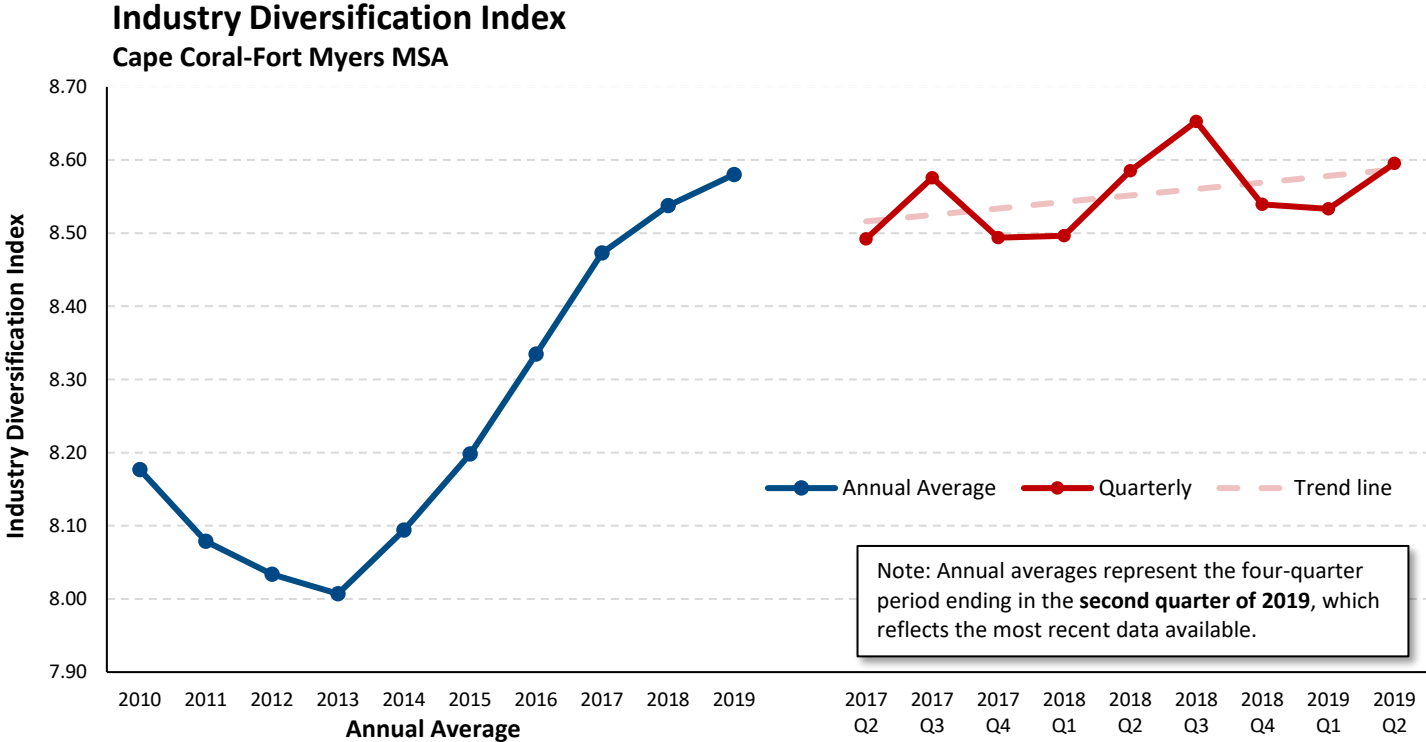
Cape Coral-Fort Myers MSA

The Cape Coral-Fort Myers *FGCU Industry Diversification Index (IDI)* improved in the second quarter of 2019, registering at 8.595. This was an increase from both the first quarter of 2019 (measured at 8.533) and the second quarter of 2018 (measured at 8.585). The MSA also improved in the rankings, rising two spots to the sixth 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 Q2	8.595	6th
2019 Q1	8.533	8th
2018 Q2	8.585	6th

The increase in the *IDI* for the Cape Coral-Fort Myers MSA was expected for the second quarter of 2019 and follows the usual seasonal trends exhibited by the region. 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 8.580 for the four-quarter period ending in the second 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. However, the construction industry has rebounded since then, resulting in a more diverse economy by industry for the Cape Coral-Fort Myers MSA.



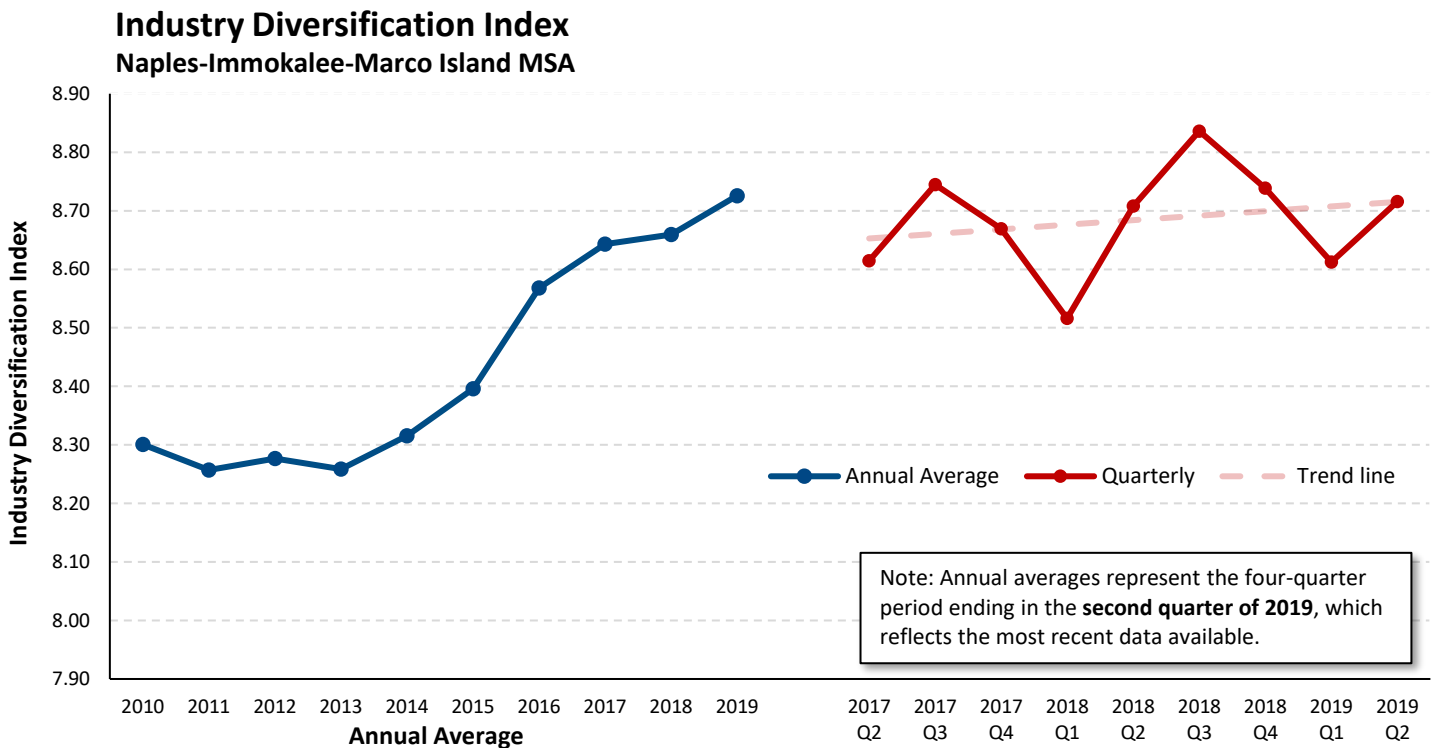
Naples-Immokalee-Marco Island MSA

The Naples-Immokalee-Marco Island *IDI* increased in the second quarter of 2019, with an *IDI* of 8.716—an improvement from both the first quarter of 2019 revised measure (8.612), and the second quarter of 2018 (measured at 8.708). The Naples-Immokalee-Marco Island MSA also rose in the rankings, increasing one spot to the third most diversified MSA in the state for the quarter.

FGCU IDI		
Naples-Immokalee-Marco Island MSA		
Quarter	FGCU IDI	Ranking
2019 Q2	8.716	3rd
2019 Q1	8.612	4th
2018 Q2	8.708	2nd

Similar to the Cape Coral-Fort Myers MSA, the increase in the *IDI* for the Naples-Immokalee-Marco Island MSA generally occurs in the second quarter each year, according to the typical seasonal trends shown by the MSA. 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 8.726 for the four-quarter period ending in the second quarter of 2019. The MSA's *IDI* declined 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, before increasing each of the next six years.



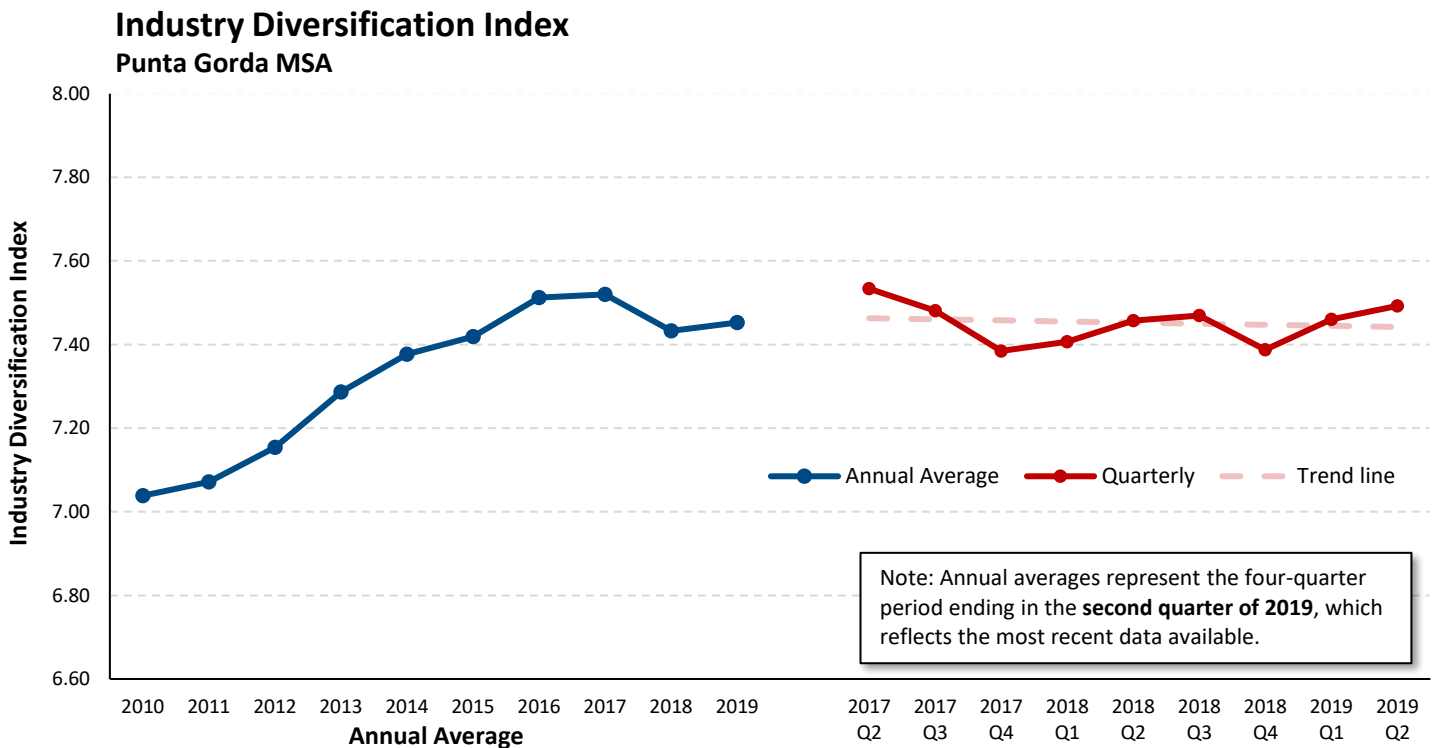
Punta Gorda MSA

The Punta Gorda *IDI* improved in the second quarter of 2019 to 7.493, up from both the first quarter of 2019 revised measure (7.460), and the second quarter 2018 measure (7.457). The increase also resulted in an improvement in the rankings for the Punta Gorda MSA, registering 19th in the state of Florida (out of 22 MSAs in total).

FGCU IDI Punta Gorda MSA		
Quarter	FGCU IDI	Ranking
2019 Q2	7.493	19th
2019 Q1	7.460	20th
2018 Q2	7.457	20th

Historically, the Punta Gorda MSA's *IDI* is less seasonal than the other two coastal Southwest Florida MSA's. The Punta Gorda *IDI* measure has remained between 7.35 and 7.55 for nine consecutive 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 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 60 percent of total employment in the second 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 downward.

The average annual *IDI* for the MSA increased to 7.452 for the four-quarter period ending in the second 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.



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

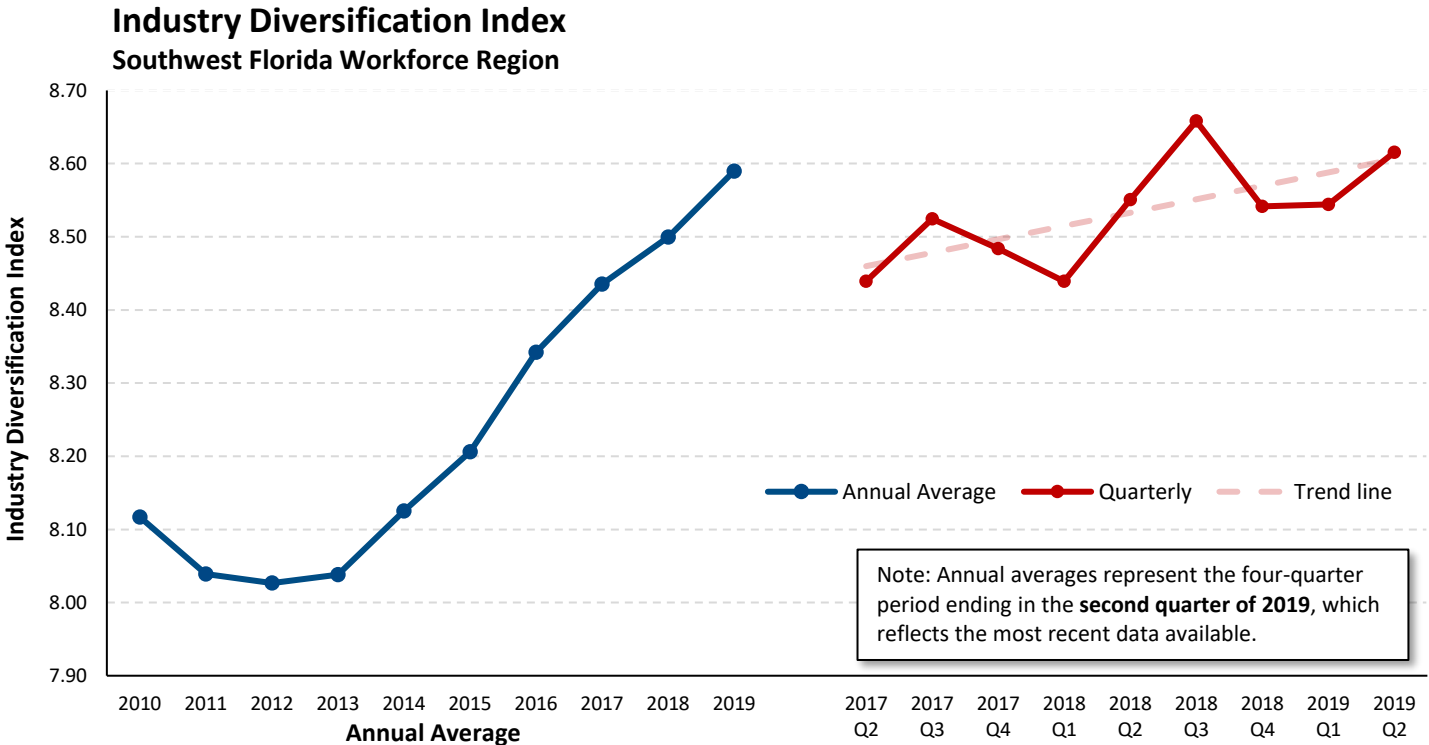
Southwest Florida

The *IDI* for the Southwest Florida workforce region—comprising Charlotte, Collier, Glades, Hendry, and Lee counties—improved in the second quarter of 2019, indicating an increase in workforce diversification for that time period. The workforce region’s *IDI* measured 8.615, an increase from both the first quarter of 2019 revised measure (8.544) and the second quarter of 2018 (measured at 8.551). The *IDI* also improved in the rankings, registering as the seventh most diversified workforce region in the state (out of 24 total regions).

FGCU IDI Southwest Florida WFR		
Quarter	FGCU IDI	Ranking
2019 Q2	8.615	7th
2019 Q1	8.544	9th
2018 Q2	8.551	8th

The increase in industry diversification for Southwest Florida is typical for the second 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 8.590 for the four-quarter period ending in the second 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. However, the construction industry has rebounded since then, resulting in a more industrially diverse economy for the Southwest Florida workforce region.



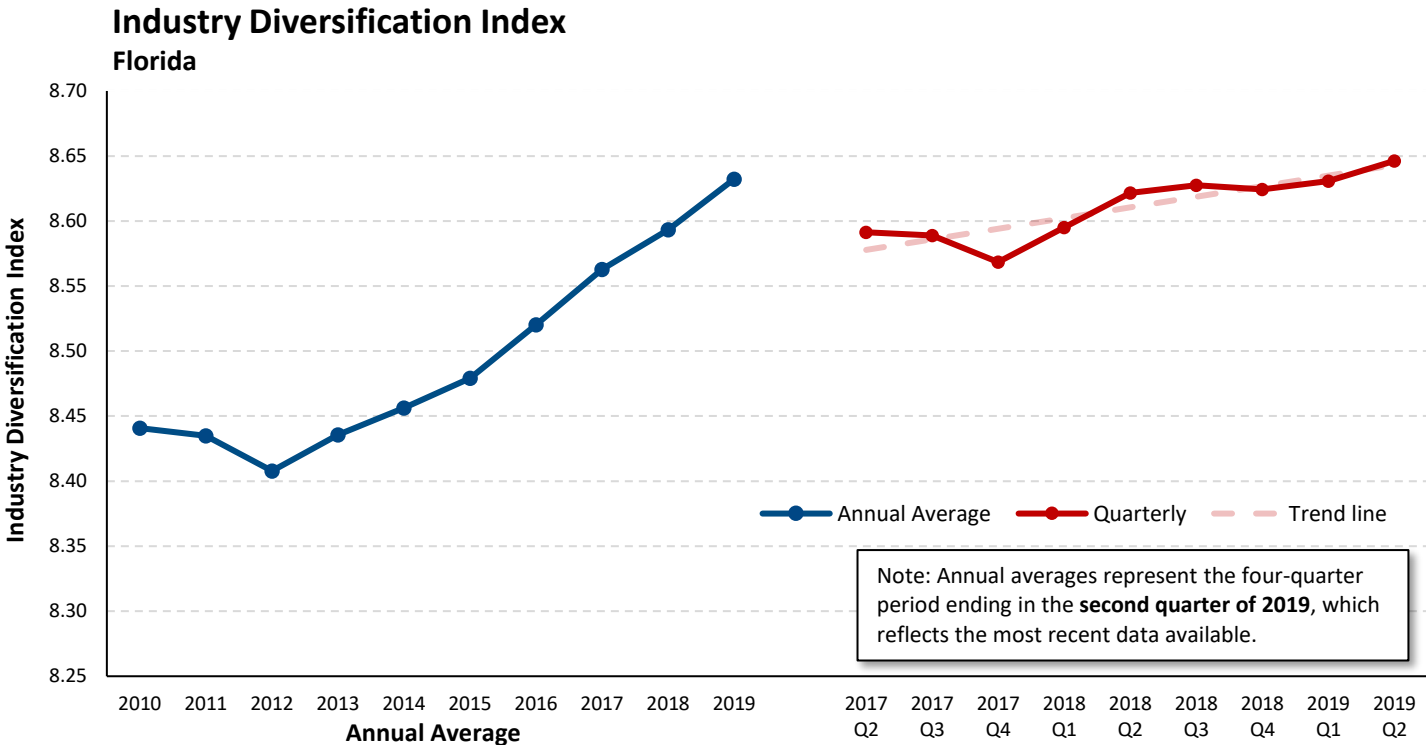
Florida

Florida’s workforce experienced a slight increase in industry diversification in the second quarter of 2019, while improving in the rankings nationally. Florida’s *IDI* measured at 8.646, an increase from both the first quarter of 2019 (revised at 8.631) and the second quarter of 2018 (measured at 8.621). Despite the increase in the *IDI*, Florida’s ranking amongst the states fell three spots to 19th, behind Washington (8.649) and ahead of Oregon (8.625). 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 Q2	8.646	19th
2019 Q1	8.631	16th
2018 Q2	8.621	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*.

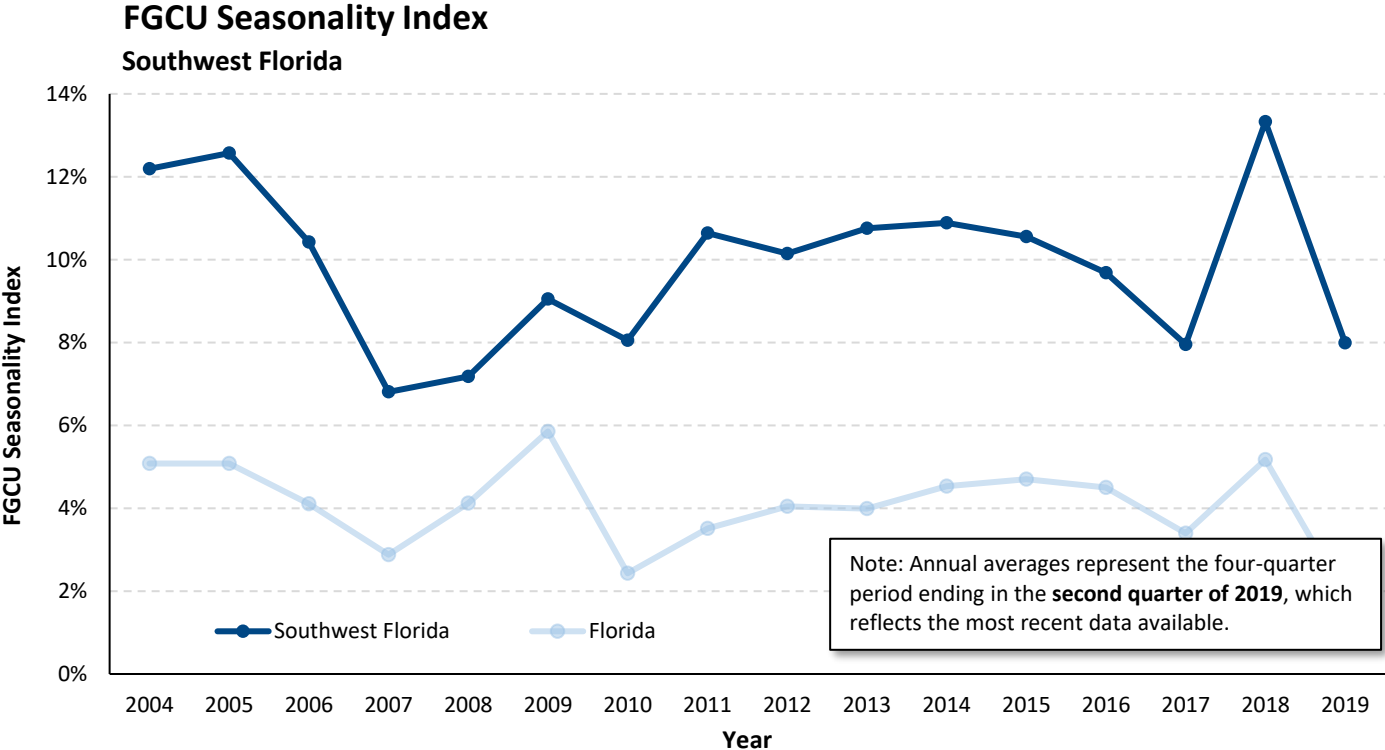
The average annual *IDI* for the state continued to improve in 2019, measuring at 8.632 for the four-quarter period ending in the second quarter of 2019. The state’s average annual *IDI* had a steep decline from 2010 to 2012, as employment in both the construction industry and the administrative and waste service industry declined rapidly. Florida’s *IDI* improved each of the following seven years following the decline.



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 second quarter of the reported year.

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



FGCU Seasonality Index

Four-quarter period ending in the second quarter of 2019

Rank	Workforce Region	Lowest		Highest		FGCU Seasonality Index
		Employment	Month	Employment	Month	
1	Gulf Coast	63,532	January	74,233	July	14.4%
2	Chipola	17,672	October	19,629	March	10.0%
3	Okaloosa Walton	88,523	January	96,232	June	8.0%
4	Southwest Florida	394,475	July	428,750	March	8.0%
5	Suncoast	262,331	July	278,499	March	5.8%
6	Heartland	43,584	September	46,204	April	5.7%
7	Research Coast	170,276	July	179,994	April	5.4%
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	Florida Crown	23,947	July	24,977	October	4.1%
12	Polk	191,263	July	199,243	March	4.0%
13	North Central Florida	99,366	July	103,230	April	3.7%
14	North Florida	21,424	January	22,250	June	3.7%
15	Central Florida	1,137,681	July	1,176,099	April	3.3%
16	South Florida	1,031,224	July	1,066,043	December	3.3%
17	Escarosa	147,295	October	152,204	May	3.2%
18	Pasco Hernando	138,928	July	143,557	May	3.2%
19	Citrus Levy Marion	123,064	July	127,107	December	3.2%
20	Brevard	187,361	July	193,469	June	3.2%
21	Northeast Florida	608,019	July	626,192	December	2.9%
22	Broward	702,559	July	721,256	December	2.6%
23	Flagler Volusia	173,027	January	176,615	March	2.0%
--	Florida	7,661,590	July	7,806,268	December	1.9%
24	Pinellas	390,647	September	397,540	April	1.7%

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

INDUSTRY DIVERSIFICATION REPORT

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