

Southwest Florida Regional Economic Indicators

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Introduction: Regional and National Background

The latest economic results show some improvements as well as mixed signals, including decreases in unemployment rates and moderate rebounds of other measures of the Southwest Florida economy. Political and other uncertainties persist.

Unemployment rates tend to be conclusive indicators. The **seasonally-adjusted unemployment rate** for the region improved to 6.0 percent in August 2020, down from 9.2 percent in July 2020; this compares to 3.2 percent one year ago. From July to August 2020, the region's number employed rose by over 33,000, while the unemployment rolls declined by over 18,000.

Real estate indicators were a bright spot for the region. **Single-family building permits** for the coastal counties increased 20 percent from August 2019 to August 2020, and by 10 percent compared to July 2020. **Single-family home sales** in the three coastal counties rose to 2,571 units in August 2020, a 23-percent improvement from the previous August, albeit 2 percent below the July 2020 figure. **Median prices** for all three counties also increased in August 2020 compared to August 2019, ranging from 14 to 17 percent.

Other indicators provided mixed results for the hospitality and tourism economy:

- **Airport passenger activity** for August 2020 decreased by 15 percent from July 2020, and was 54 percent below the total for August 2019;
- **Seasonally-adjusted tourist tax revenues** rose 16 percent in July 2020 compared to the prior month, but were 7 percent below July 2019;
- **Seasonally-adjusted Taxable sales**, which rose 7 percent in June 2020 compared to June 2019, and were 17 percent higher than May 2020.

The RERI staff extends its sincere thanks and appreciation to the dedicated individuals and organizations which 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 to enhance the usefulness of this report are always welcome. Please email them to RERI Senior Economist John Shannon at leri@fgcu.edu. Stay well, and please observe masks and distancing guidelines in order to save lives.

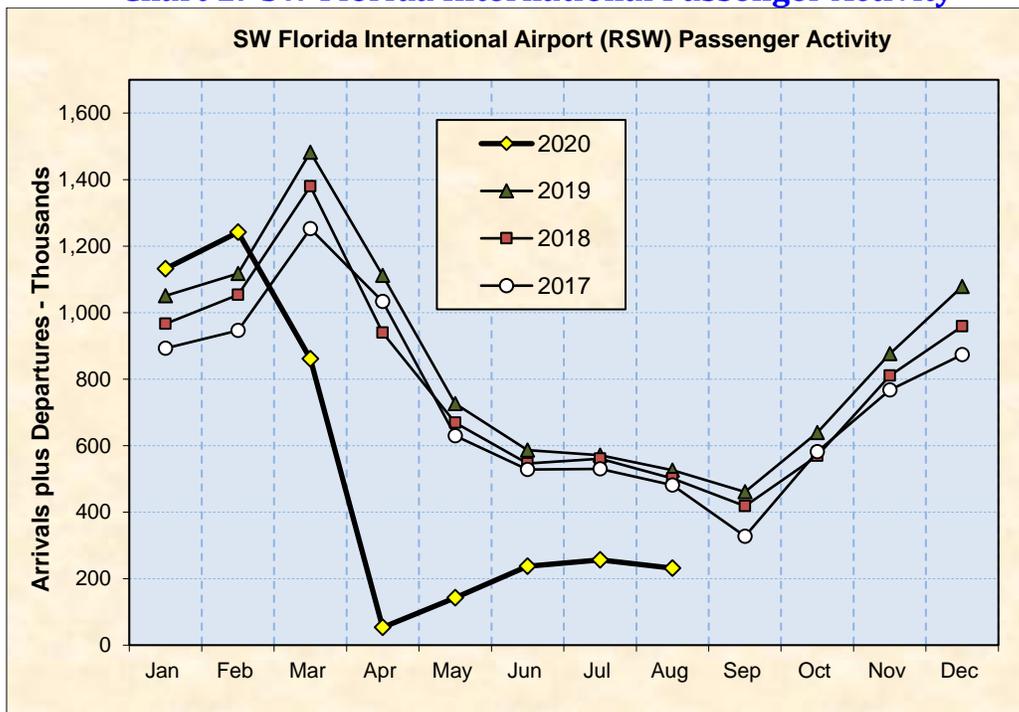
Airport Passenger Activity

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 usually occurs in February, March, and April, with significantly lower activity in the summer months. Charts 1, 2, and 3 illustrate the historic seasonality as well as the changes from year to year.

As we have noted in previous reports, the COVID-19 pandemic is keeping both Floridians and non-Floridians at home. Total passenger traffic for the three airports slumped to 350 thousand in August, down 15 percent from July 2020 and 54 percent below August 2019. Significant numbers of commercial aircraft continue to be idled, and existing flight schedules are still operating well below capacity. A complete reversal of these results to pre-pandemic levels is not anticipated in the short-term.

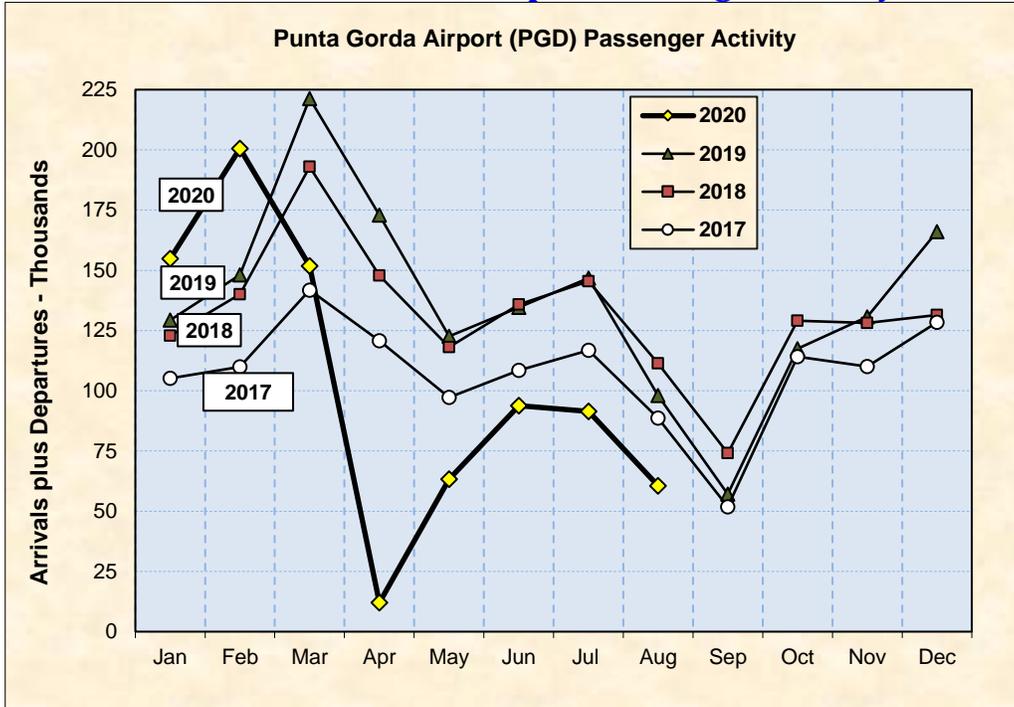
The charts show the story for all three airports; the fishhook patterns that began in April 2020 have levelled off, and are reflecting the historic seasonal decline. Passenger traffic at RSW amounted to 231,283 in August 2020, down 56 percent from August 2019, and 10 percent lower than July 2020 (see Chart 1). PGD's passenger activity was 60,506 in August 2020, a decrease of 38 percent from August 2019, and 34 percent below July 2020 (see Chart 2). Sarasota Bradenton activity decreased to 58,115 in August 2020, a 57 percent decrease from August 2019, and 7 percent below July 2020.

Chart 1: SW Florida International Passenger Activity



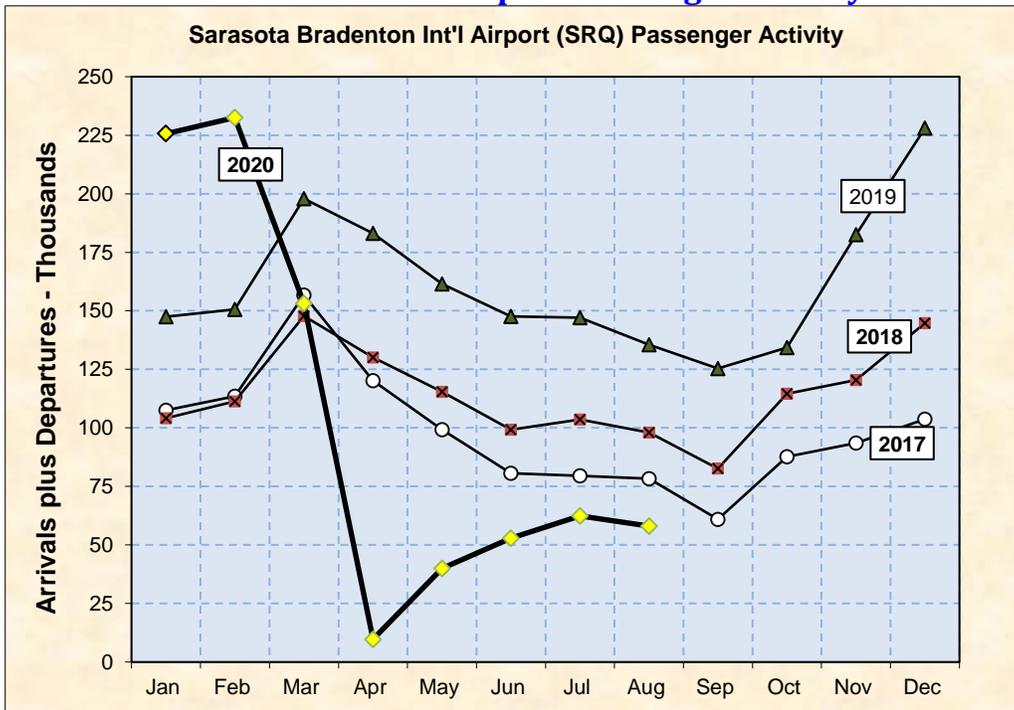
Source: Local Airport Authorities

Chart 2: Punta Gorda Airport Passenger Activity



Source: Local Airport Authorities

Chart 3: Sarasota Airport Passenger Activity



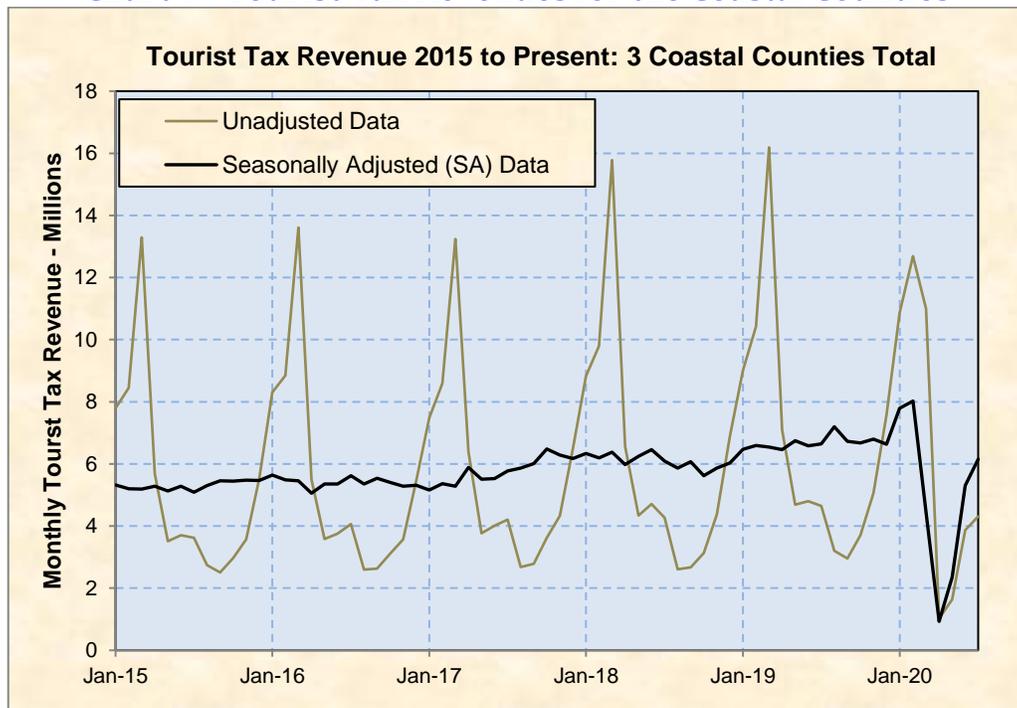
Source: Local Airport Authorities

Tourist Tax Revenues

Charts 4 and 5 show seasonally-adjusted tourist tax revenues by month of occupancy. In July 2020, revenues for the three coastal counties rose 16 percent above the prior month, albeit 7 percent below July 2019 reflecting the effects of the COVID-19 pandemic.

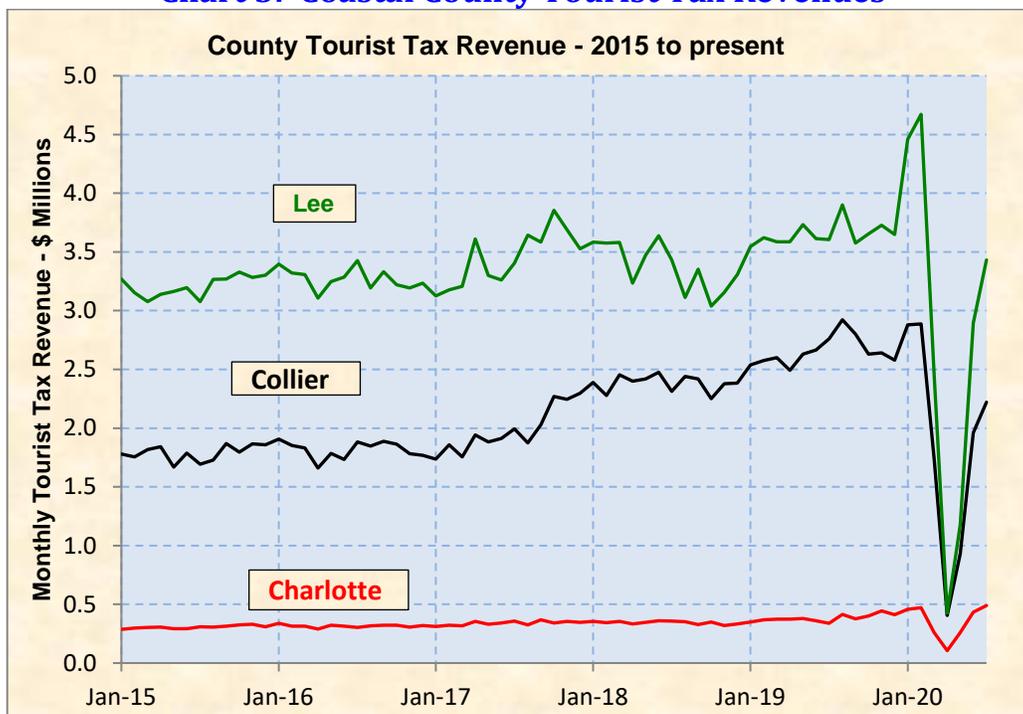
Lee County's seasonally-adjusted tourist tax revenues for July 2020 were \$3.43 million, down 5 percent from July 2019, and up 19 percent from June 2020. Collier County's tourist tax revenues amounted to \$2.22 million in July 2020, down 20 percent compared to July 2019, but showing a 13-percent increase over June 2020. Seasonally-adjusted tourist tax revenues in Charlotte County rose to \$489.8 thousand in July 2020, an increase of 44 percent over July 2019 and 13 percent above the June 2020 figure.

Chart 4: Tourist Tax Revenues for the Coastal Counties



Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Coastal County Tourist Tax Revenues



Source: Local County Tourism, Tax, and Economic Development Reports and seasonal adjustment by RERI

Taxable Sales

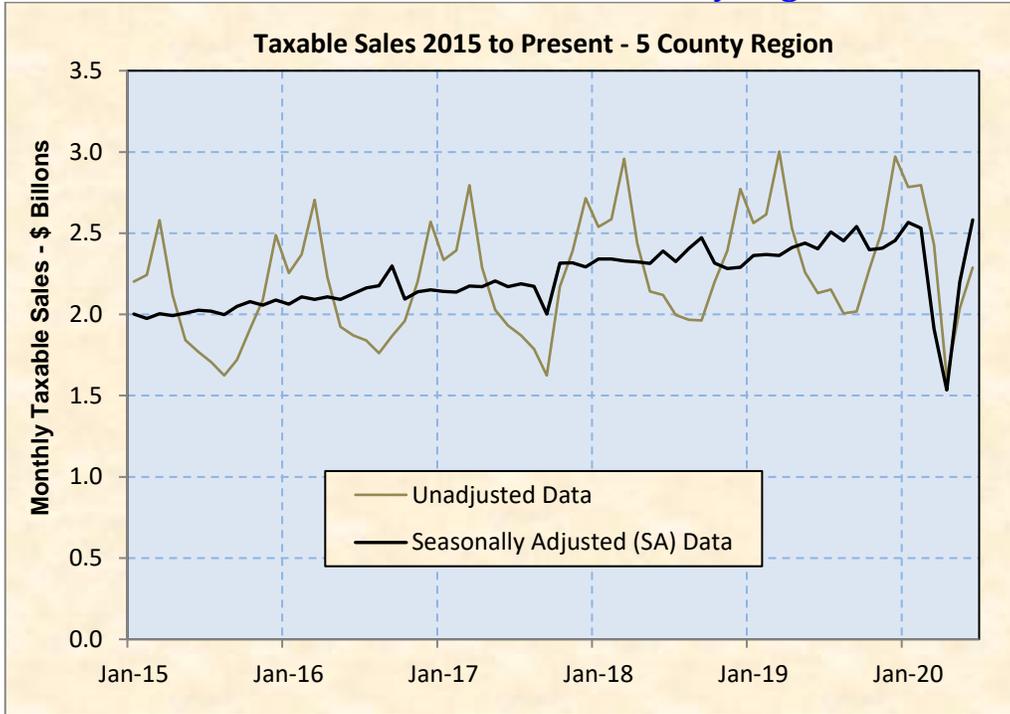
Taxable sales data track consumer spending based on the latest month of merchant collections. Data lag one month behind the Florida Department of Revenue’s reporting month and are now available through June 2020.

Seasonally-adjusted taxable sales for Southwest Florida increased to \$2.58 billion in June 2020, up 17 percent from May 2020, and, encouragingly, 7 percent higher than June 2019 (see Chart 6).

Results for the coastal and inland counties are shown in Charts 7 and 8, respectively. Lee County’s seasonally-adjusted taxable sales were \$1.39 billion in June 2020, an increase of 7 percent over June 2019, and 16 percent above May 2020. Collier County taxable sales rose to \$873.8 million in June 2020, up 8 percent from June 2019, and 23 percent from May 2020. Taxable sales in Charlotte County increased to \$278.7 million in June 2020, a 9-percent increase over June 2019, and 13 percent over May 2020.

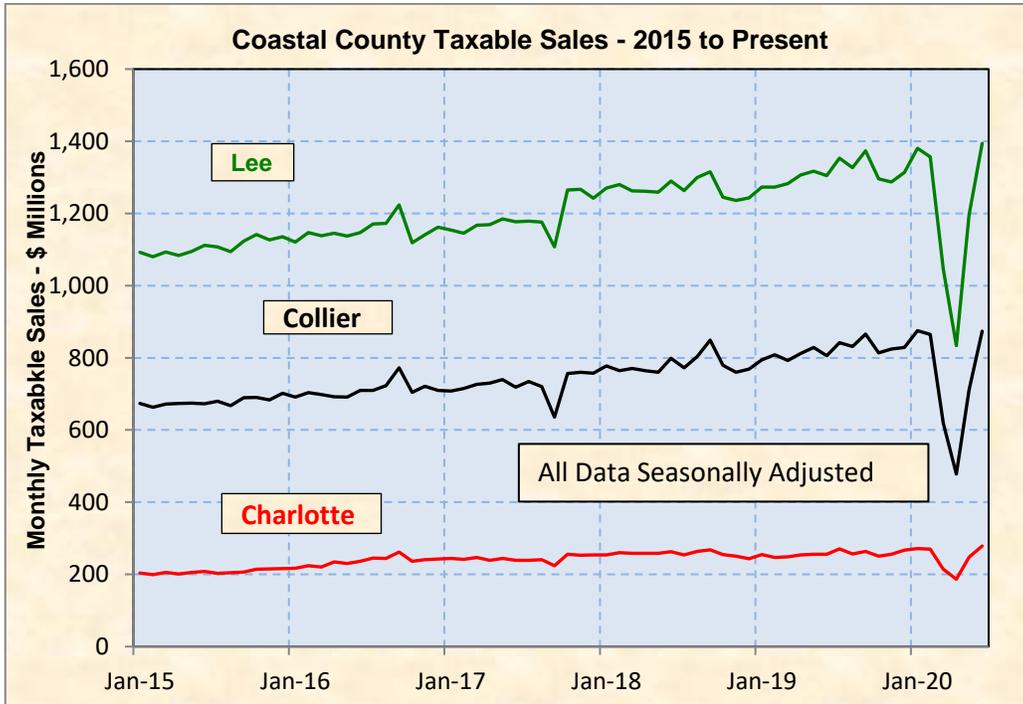
Taxable sales in Hendry County dipped to \$32.0 million in June 2020, down 4 percent from June 2019, and 17 percent from May 2020. Glades County taxable sales were \$4.7 million in June 2020, up 10 percent from June 2019 and 11 percent from May 2020. All cited data are seasonally adjusted.

Chart 6: Taxable Sales for 5 County Region



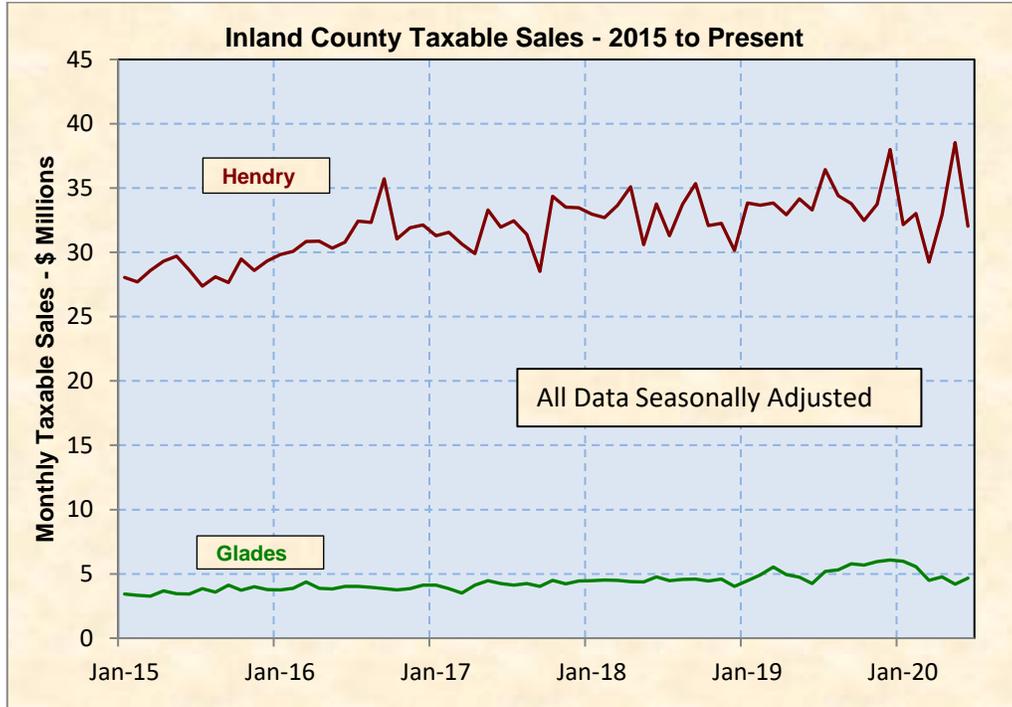
Source: Florida Department of Revenue, Office of Tax Research

Chart 7: Taxable Sales for Coastal Counties



Source: Florida Department of Revenue, Office of Tax Research

Chart 8: Taxable Sales for Inland Counties



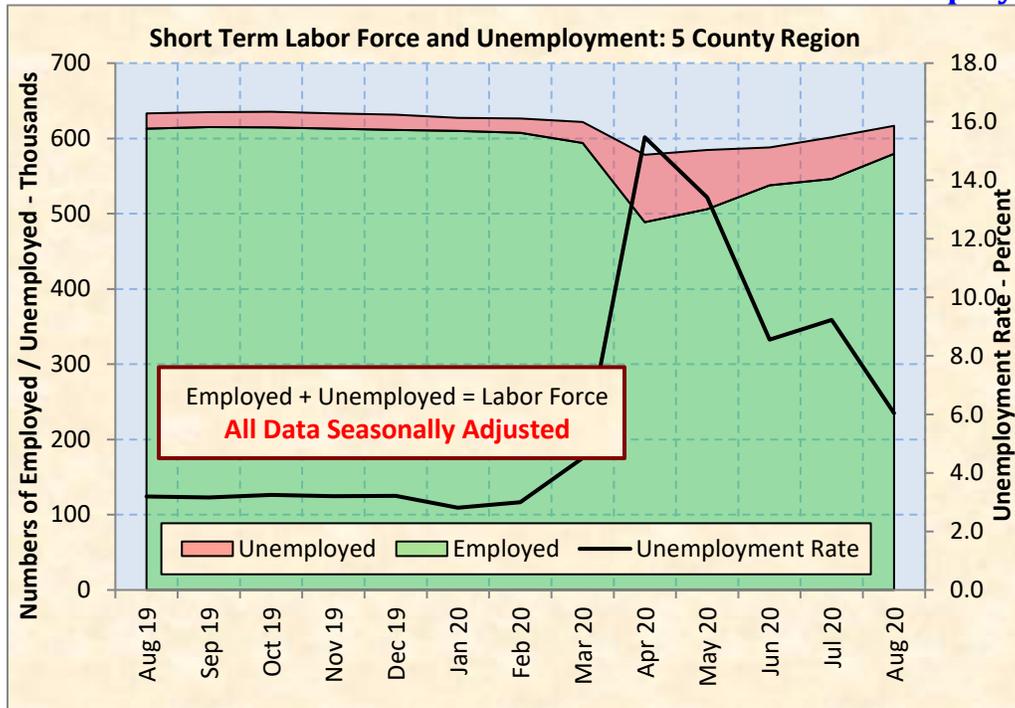
Source: Florida Department of Revenue, Office of Tax Research

Workforce – Labor Force, Employment and Unemployment

Charts 9-13 show total persons employed and unemployed, and the resulting unemployment rates seasonally adjusted by the RERI, for each county from January 2007 through August 2020. All five Southwest Florida counties showed a significant improvement in their unemployment rates in August compared to July 2020, with the number of employed persons in the region rising by 33,415 and the number of unemployed declining by 18,200. The region's seasonally-adjusted unemployment rate dropped to 6.0 percent in August 2020, down from 9.2 percent in the prior month, and well below the figures for the state and the nation. Compared to a year ago, the seasonally-adjusted number of employed remain down by 33,523 workers, while the number of unemployed were 17,067 higher. Total labor force declined by more than 16,000 from August 2019 to August 2020, mainly in the coastal counties.

Chart 8a shows the current state of the region over the past 13 months more clearly:

Chart 8a: Southwest Florida Short-term Labor Force and Unemployment

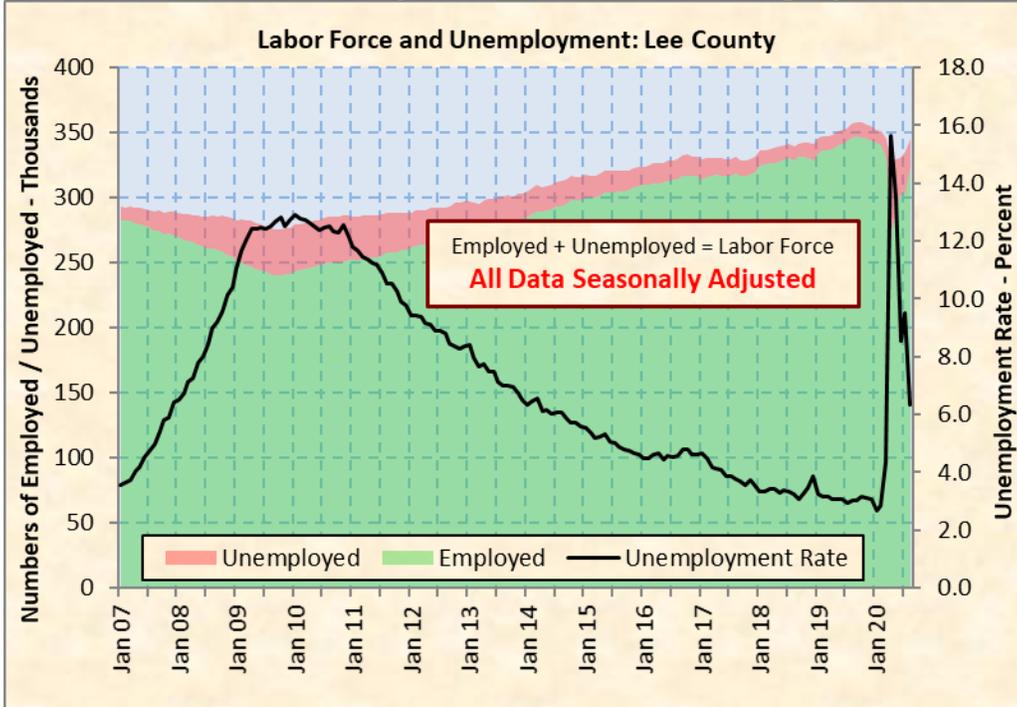


Lee County’s seasonally-adjusted unemployment rate dropped from 9.5 percent in July 2020 to 6.3 percent in August 2020, compared to 3.0 percent in August 2019 (Chart 9). Collier County’s unemployment rate rose from 3.1 percent in August 2019 to 8.9 percent in July 2020 and then improved to 5.7 percent in August 2020 (Chart 10). The unemployment rate pattern was the same for Charlotte County, rising from 3.7 percent in August 2019 to 9.2 percent in July 2020 and then dropping to 6.0 percent in August 2020 (Chart 11).

Unemployment rates for Hendry and Glades Counties are near prior year levels. Hendry’s unemployment rate has gone from 5.9 percent in August 2019 to 8.8 percent in July 2020 to 6.1 percent in August 2020, as depicted in Chart 12. The corresponding figures for Glades County are 3.9 percent in August 2019 to 6.3 percent in July 2020 to 4.1 percent in August 2020 (Chart 13). This may well be due to the staffing needs of the agricultural season.

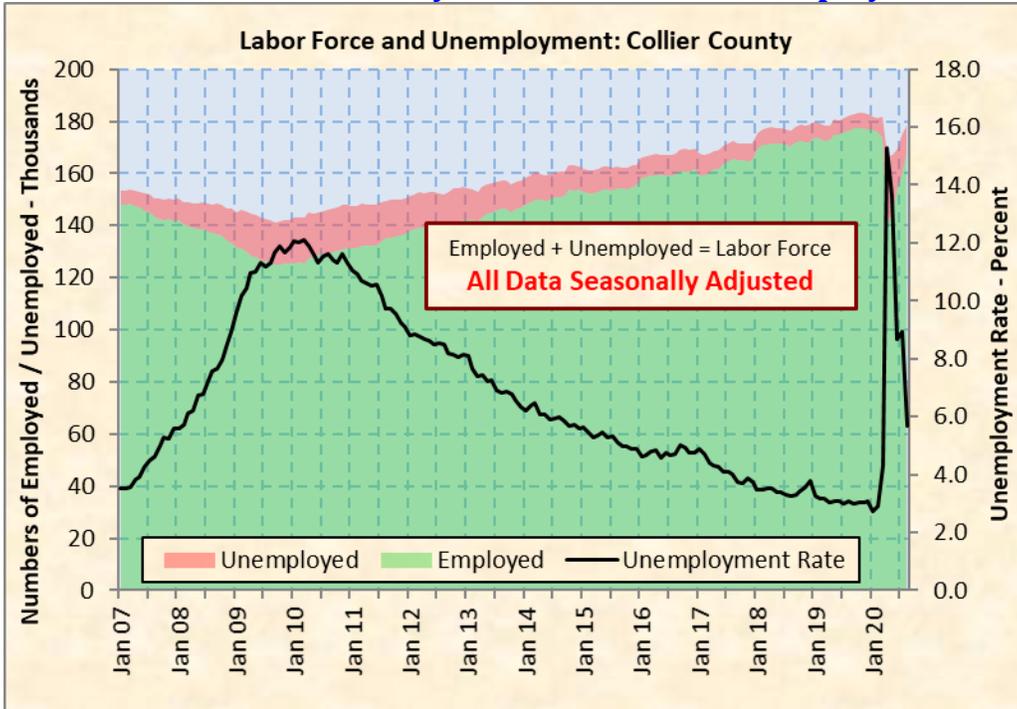
The state of Florida’s seasonally adjusted unemployment rate dropped to 7.4 percent in August 2020 from 11.4 percent in July 2020; it was 3.1 percent in August 2019. The United States unemployment rate was reported at 8.4 percent in August 2020, up from 3.7 percent in August 2019 but showing some improvement from the 10.2 percent figure for July 2020.

Chart 9: Lee County Labor Force and Unemployment



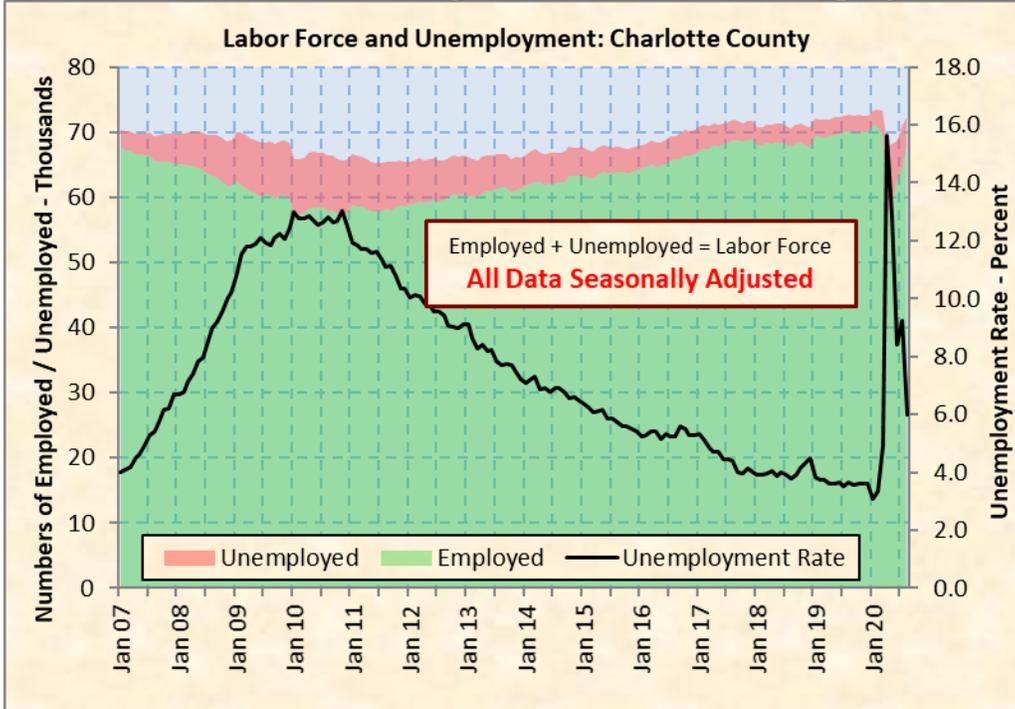
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 10: Collier County Labor Force and Unemployment



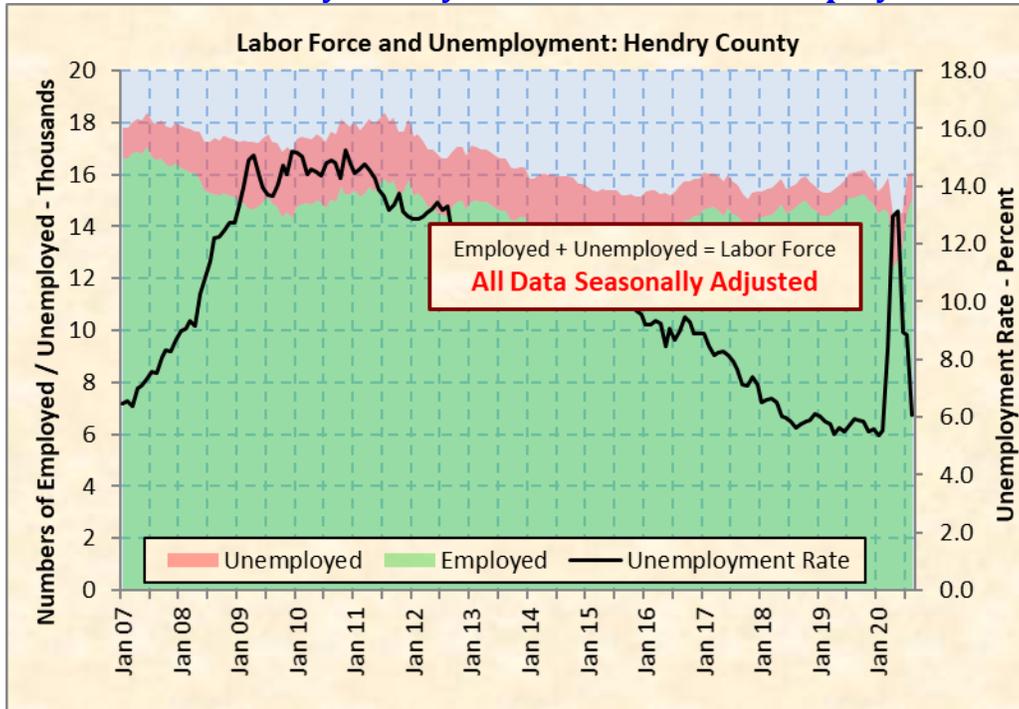
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 11: Charlotte County Labor Force and Unemployment



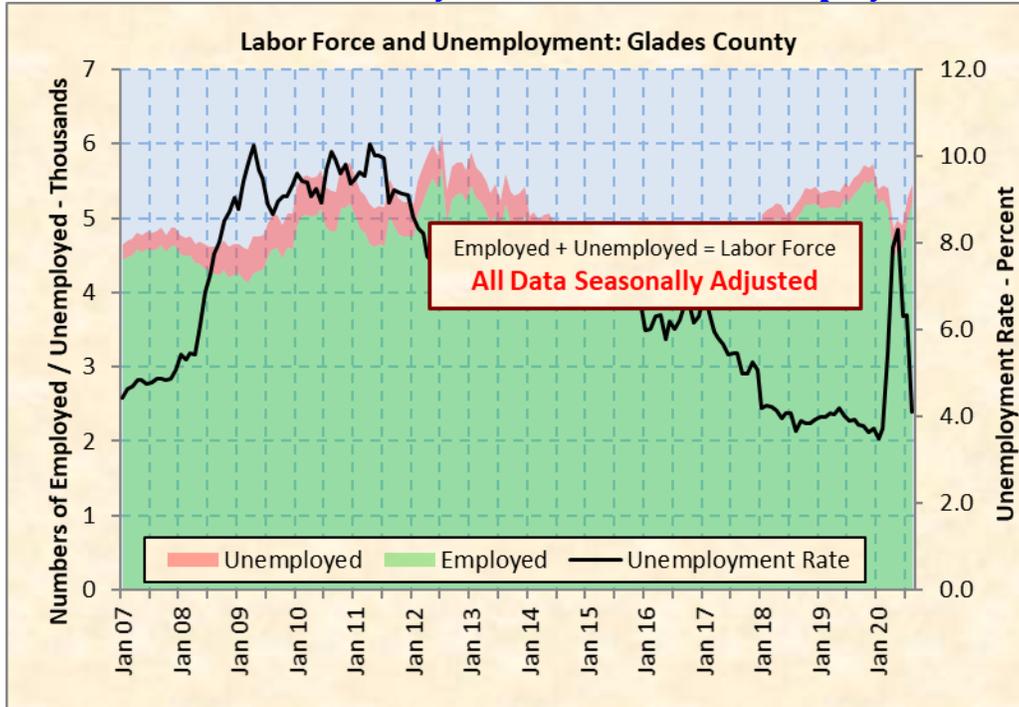
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 12: Hendry County Labor Force and Unemployment



Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 13: Glades County Labor Force and Unemployment



Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

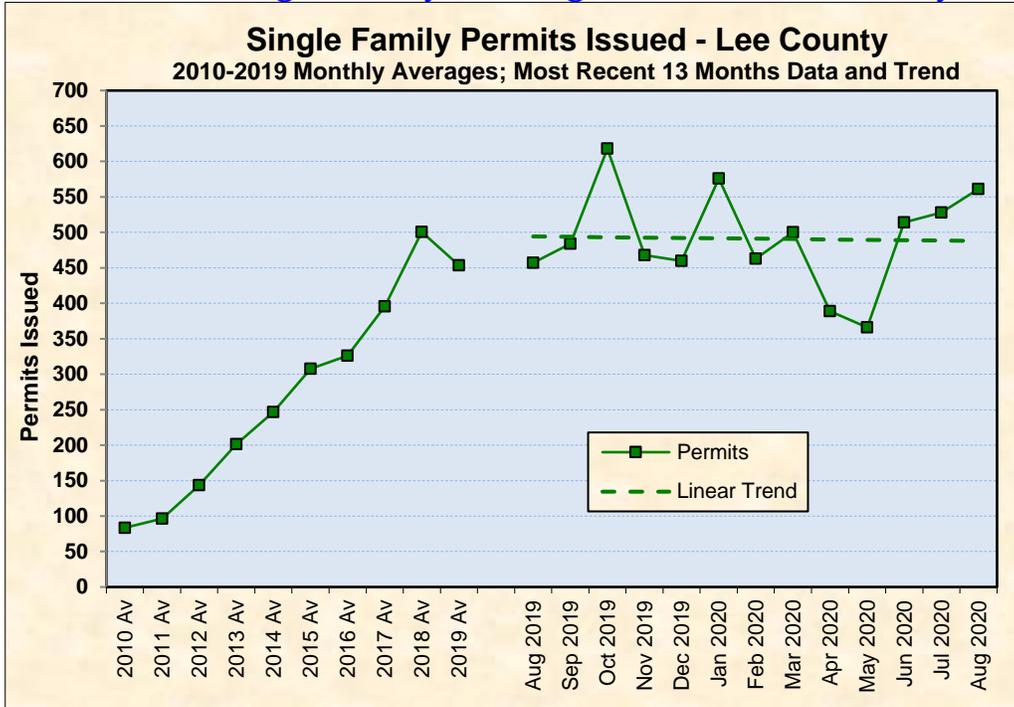
Single-Family Building Permits

The three Southwest Florida coastal counties issued a total of 1,082 single-family building permits in August 2020, an increase of 183 permits over August 2019, and 95 more than July 2020. Lee County issued 561 permits in August 2020, an increase of 104 over August 2019 and 33 more than July 2020 (Chart 14). In Collier County, 296 permits were issued in August 2020, compared to 263 in August 2019 and 234 in July 2020 (see Chart 15). Charlotte County recorded issuance of 225 permits during August 2020, an increase of 46 over August 2019 and the same number as the prior month (as depicted in Chart 16).

For the eight months ended August 31, 2020, Hendry County issued 164 single-family building permits, compared to 147 through August 2019.

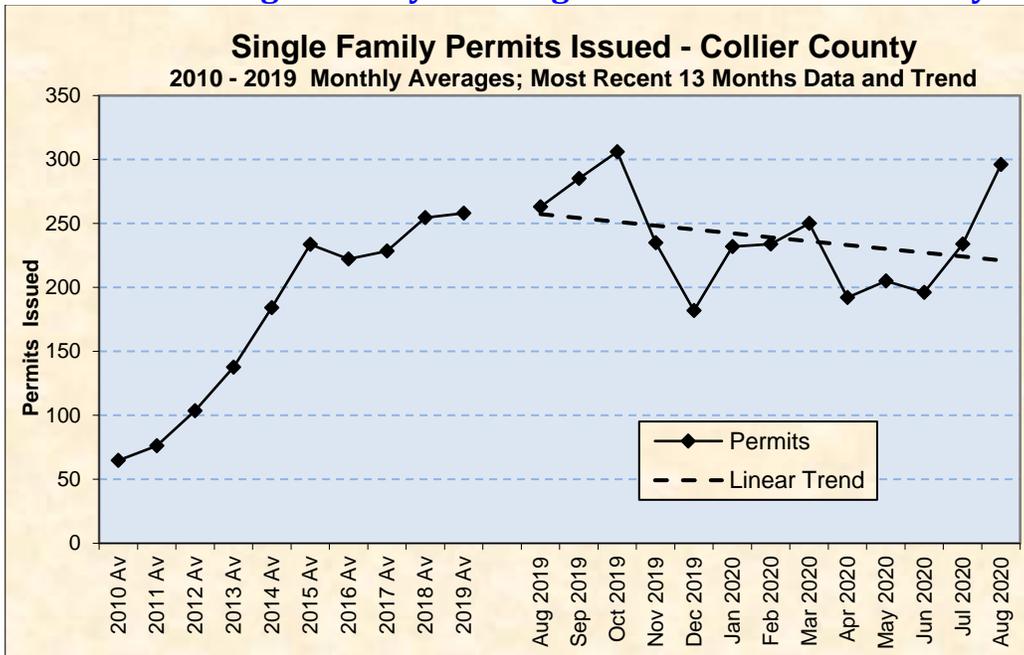
While the COVID-19 pandemic has had deleterious effects on the economy of Southwest Florida, there appears to be some optimism for the future inherent in the single-family building permit data of the last few months.

Chart 14: Single-Family Building Permits for Lee County



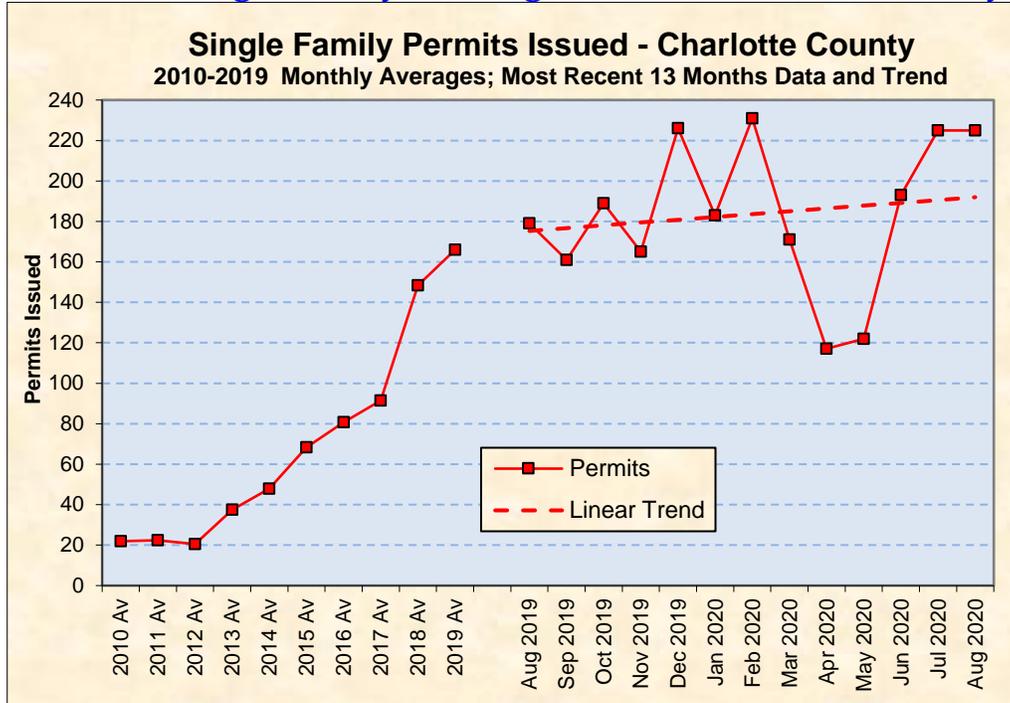
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs, Estero, and Fort Myers Beach permits

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

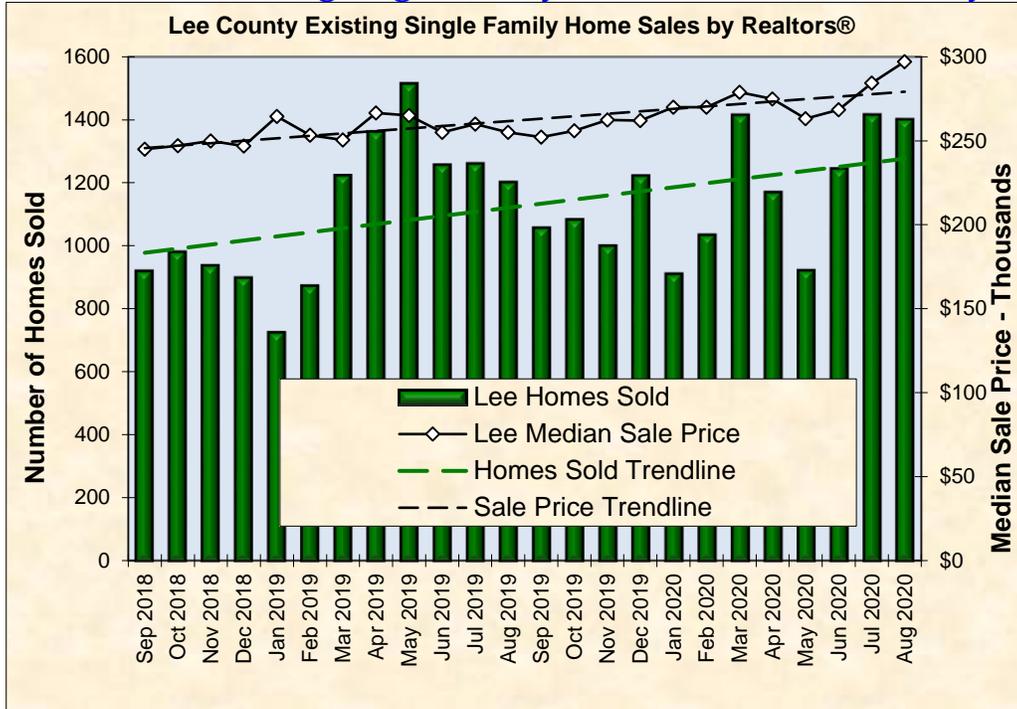
Existing Single-Family Home Sales and Median Prices

Charts 17-19 show existing single-family home sales by Realtors® for Lee, Collier, and Charlotte Counties. Each solid line represents median prices plotted against the scale on the right side, and the bars show the number of homes sold with the scale on the left side. The broken lines show the linear trends in numbers of homes sold and median prices.

Realtor® sales of single-family homes in the three coastal counties rose from 2,091 in August 2019 to 2,571 in August 2020, an increase of 23 percent. On a month-to-month comparison, sales fell by 2 percent. All three counties experienced increases in median prices, ranging from 14 to 17 percent, compared to August 2019. The sales and median price trend lines for all three counties are positive.

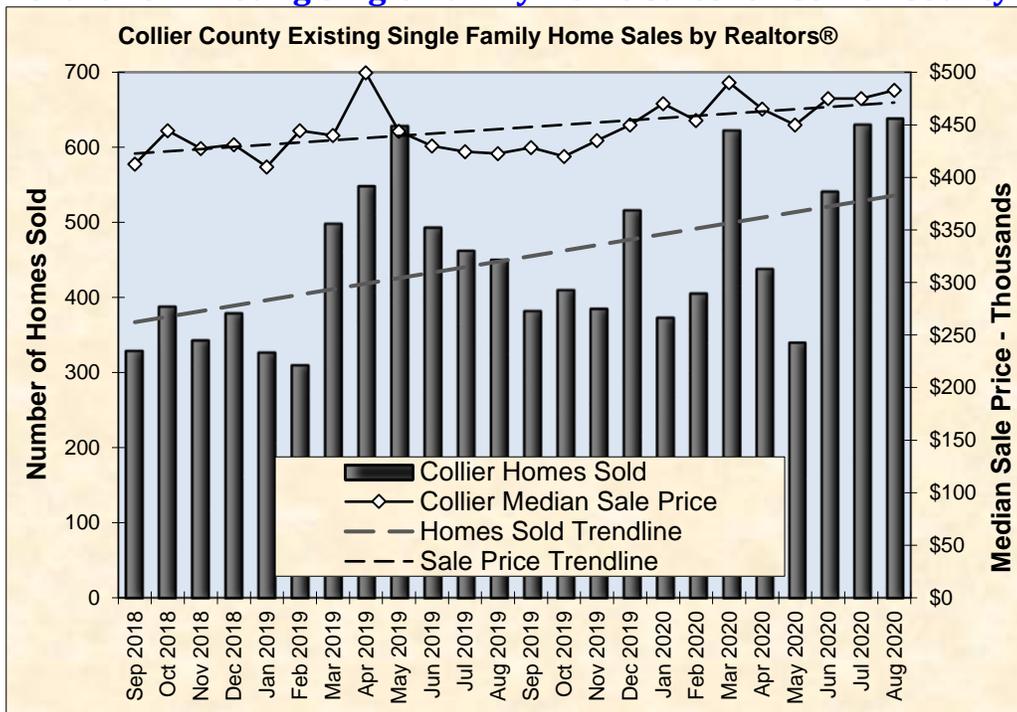
Single-family home sales in Lee County rose to 1,401 units in August 2020, up 198 units (16 percent) from August 2019, while Lee’s median price rose from \$255,000 to \$297,188 over the same period (Chart 17). Collier County single-family home sales rose to 638 units in August 2020, an increase of 188 (42 percent) over August 2019. The median price in Collier County has risen from \$422,500 in August 2019 to \$475,000 in July 2020 to \$482,839 in August 2020 (Chart 18). Charlotte County reported 532 single-family home sales for August 2020, up 21 percent from 438 units in August 2019, along with a \$30,925 (14 percent) increase in median price (Chart 19).

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



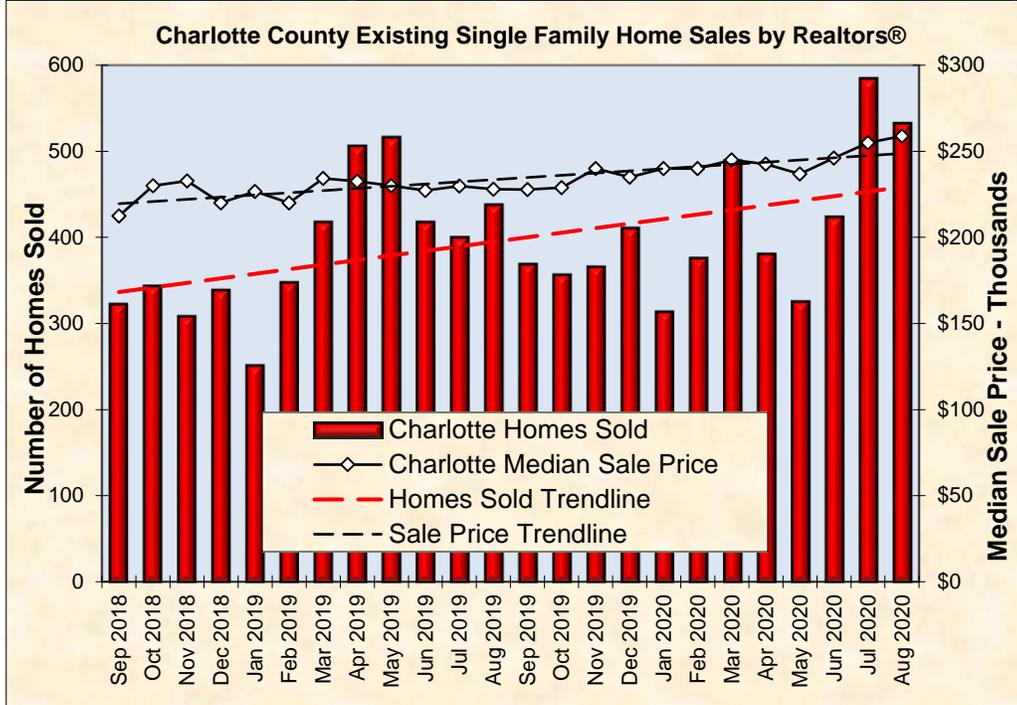
Source: Florida Realtors® Cape Coral-Fort Myers MSA

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

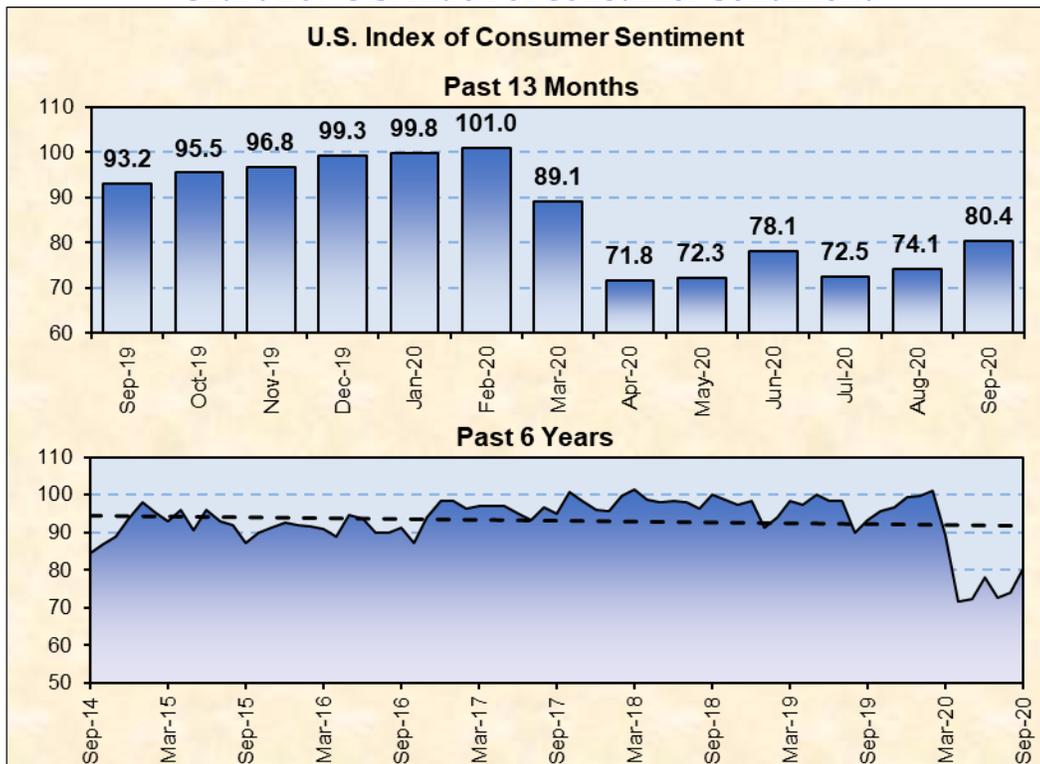
Consumer Sentiment Index

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 improved in September 2020, increasing 6.3 points from the previous month to 80.4. “The gains were mainly due to a more optimistic outlook for the national economy,” said Richard Curtin, chief economist for the Surveys of Consumers. “While consumers have anticipated gains in the national economy ever since the April shutdown, the September survey recorded a significant increase in the proportion that expected a reestablishment of good times financially in the overall economy.”

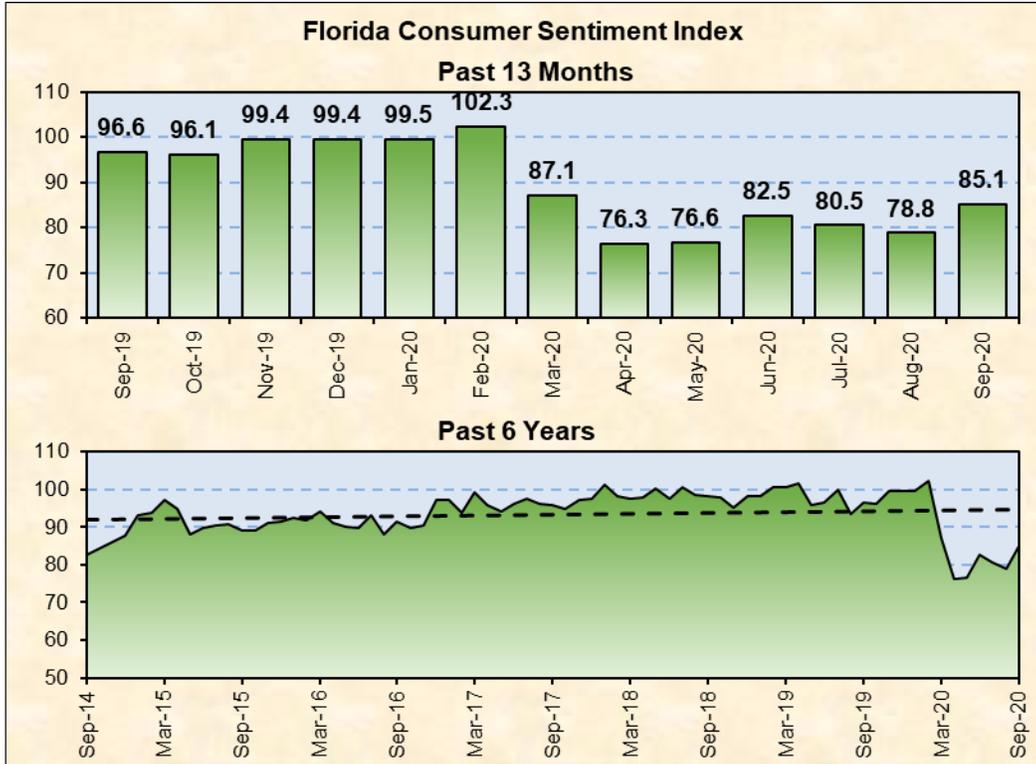
Florida’s Consumer Sentiment Index surged in September 2020, rising 6.3 points to 85.1 from the revised figure of 78.8 in August 2020. “September’s reading shows the largest increase in consumer sentiment since it bottomed out in April. Nonetheless, the index has only recovered to about half of the levels observed before the economic downturn due to the pandemic,” Hector H Sandoval, director of the Economic Analysis Program at the University of Florida’s Bureau of Economic and Business Research, said in the September 30, 2020 edition of Florida Consumer Sentiment Index. “The gain in September’s confidence came mostly from consumers’ future expectations about the national economy. Overall, Floridians are more optimistic and are anticipating greater economic prospects in the medium-and long-run.”

Chart 20: U.S. Index of Consumer Sentiment



Source: Thomson Reuters/University of Michigan

Chart 21: Florida Consumer Sentiment Index



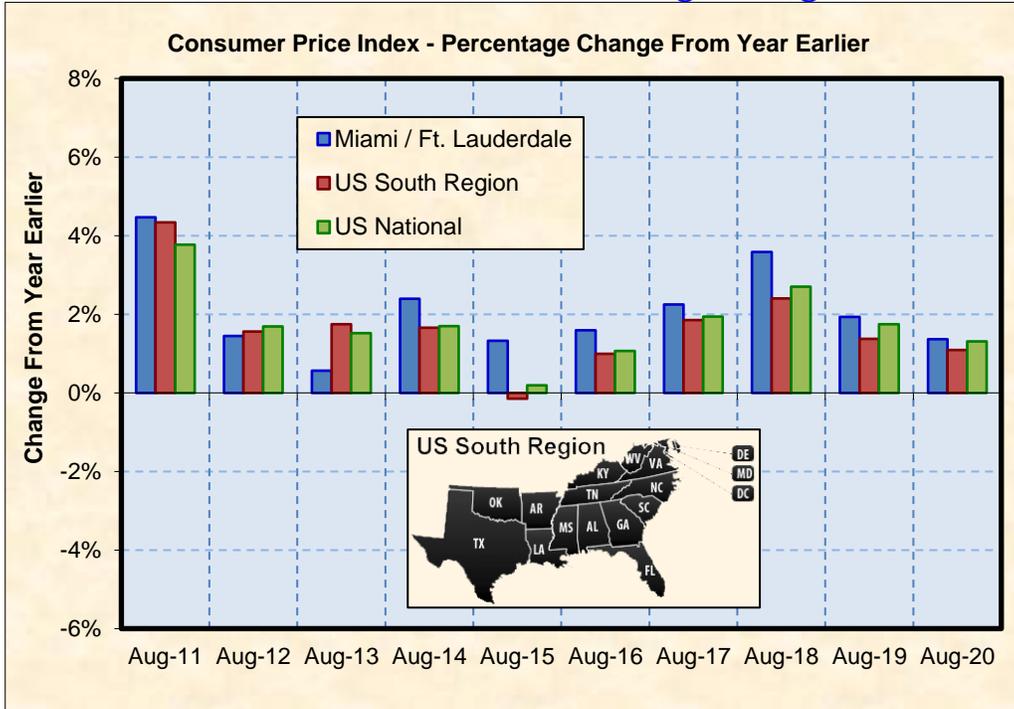
Source: Bureau of Economic and Business Research, University of Florida

Consumer Price Index

Chart 22 shows that year-to-year changes in consumer price indices (“CPI”) through August 2020 continue to be substantially lower than a year ago. The August 2020 Miami/Ft. Lauderdale CPI change decreased by 0.5 percent from August 2019, while the CPI change for the US South Region was 0.3 percent below the August 2019 figure. For the same period, CPI growth for the nation was 0.4 percent below the 1.7 percent growth experienced in August 2019.

As noted in last month’s report, the COVID-19 Pandemic has necessitated changes in the information gathering methods employed by the United States Bureau of Labor Statistics (“BLS”). These changes are outlined in the following BLS notice: <https://www.bls.gov/covid19/consumer-price-index-covid19-impacts-june-2020.htm>.

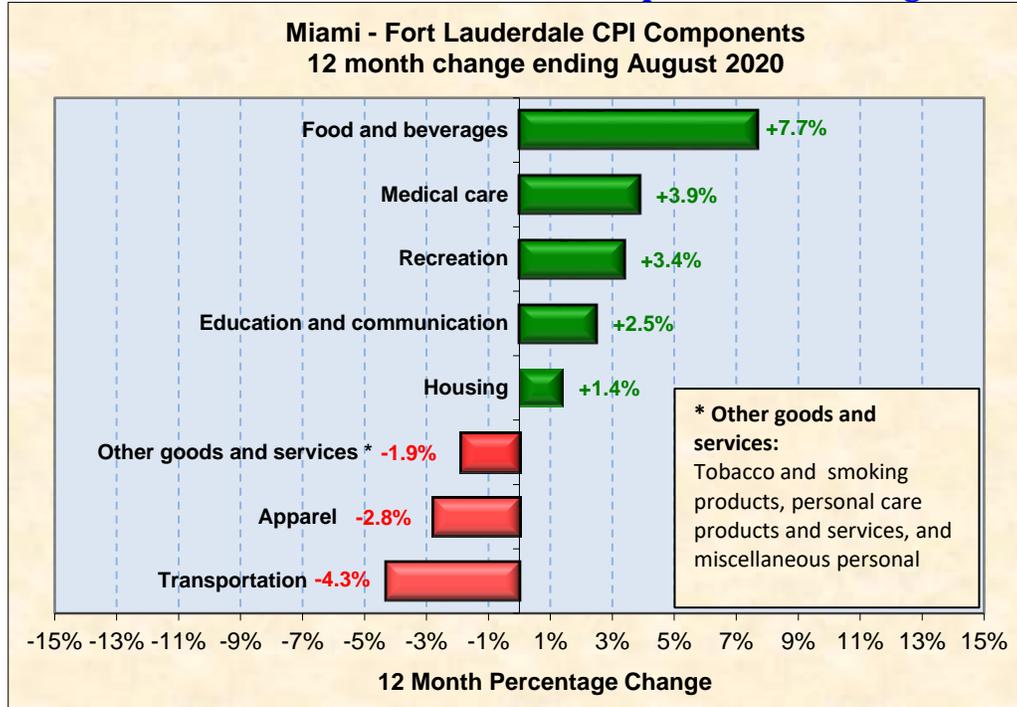
Chart 22: CPI Annual Percentage Change



Source: U.S. Bureau of Labor Statistics

Components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending August 2020 are shown in Chart 23. Increases in food and beverage and medical care costs, although moderated from the June 2020 rates, could be considered an expected outcome of this pandemic. Similarly, decreases in apparel and transportation expenses due to quarantining are also lower than June 2020.

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 2019, 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. These data have been revised since our last report. 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

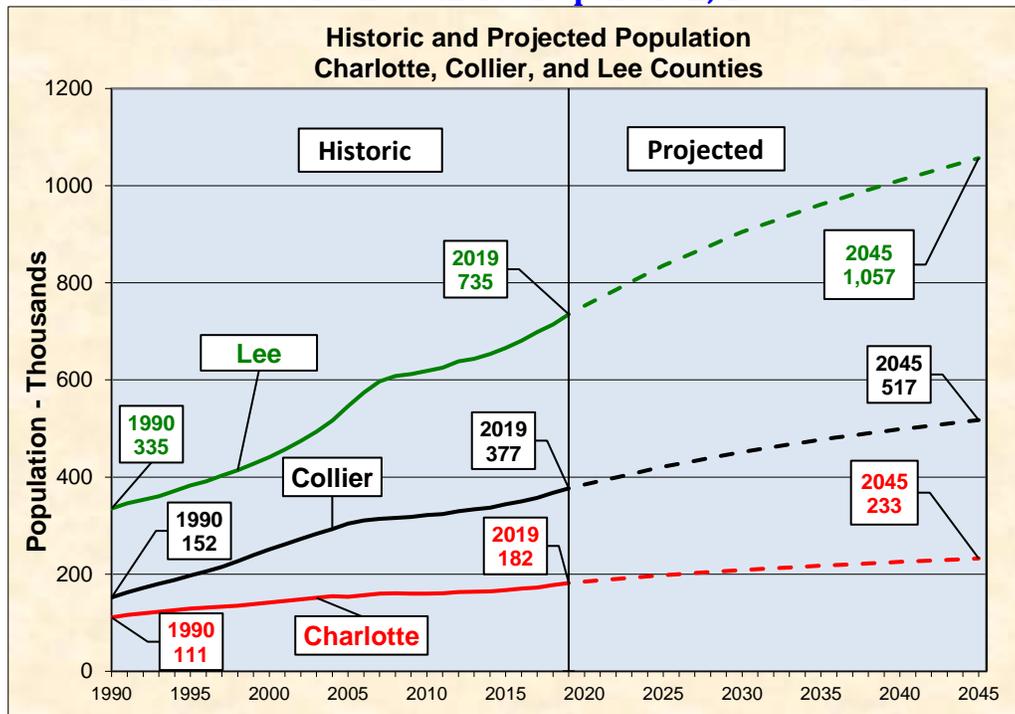
Last Updated: August 2020

From 1990 to 2019, regional population grew at a compound average rate of 2.6 percent per year. The compound average annual rates of growth were 2.8 percent in Lee County, 3.2 percent in

Collier County, 1.7 percent in Charlotte County, 1.9 percent in Glades County, and 1.5 percent in Hendry County.

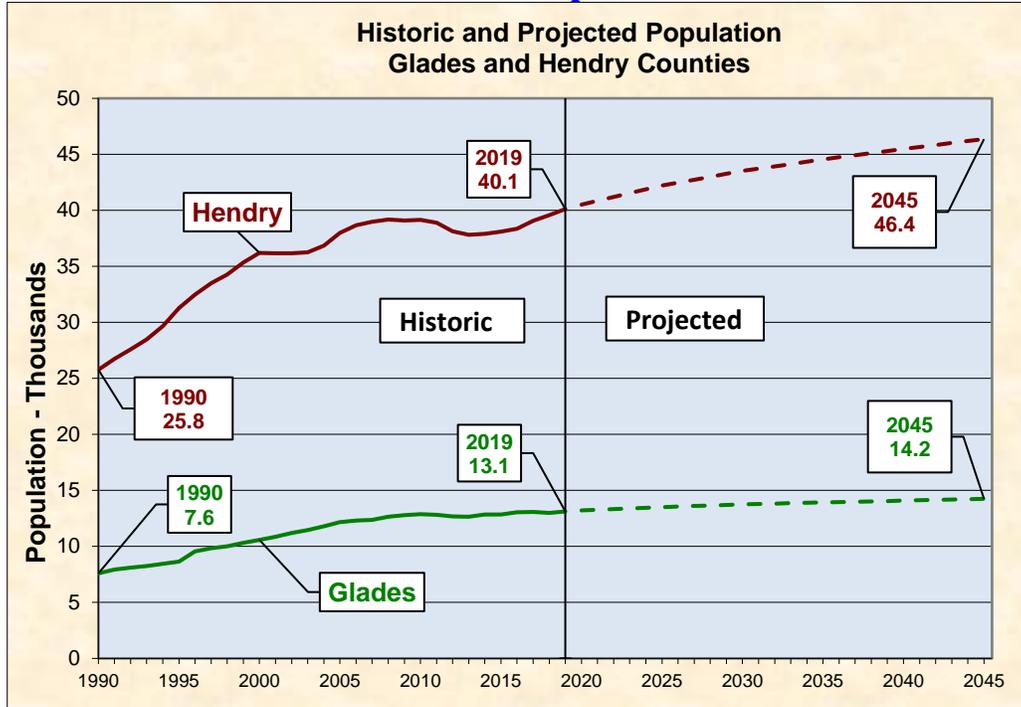
The right-hand sections of Charts A1 and A2 show projected population increases from 2020 to 2045, at substantially lower rates than those experienced between 1990 and 2019. Projected growth for the five-county region averages 1.3 percent per year, resulting in a population increase of 38.6 percent from 2019 to 2045. This would add over 520,000 residents to the region, and bring the total to 1,867,600. Lee County’s population is projected to grow an average of 1.4 percent per year, Collier County at 1.2 percent, and Charlotte County at 1.0 percent. Projected growth rates for the inland counties are substantially lower; Hendry County’s population is projected to grow at an average of 0.6 percent per year and Glades County at 0.3 percent per year.

Chart A1: Coastal Counties Population, 1990 to 2045



Source: Office of Economic and Demographic Research

Chart A2: Inland Counties Population, 1990 to 2045



Source: Office of Economic and Demographic Research

National GDP and Unemployment

Last Updated: October 2020

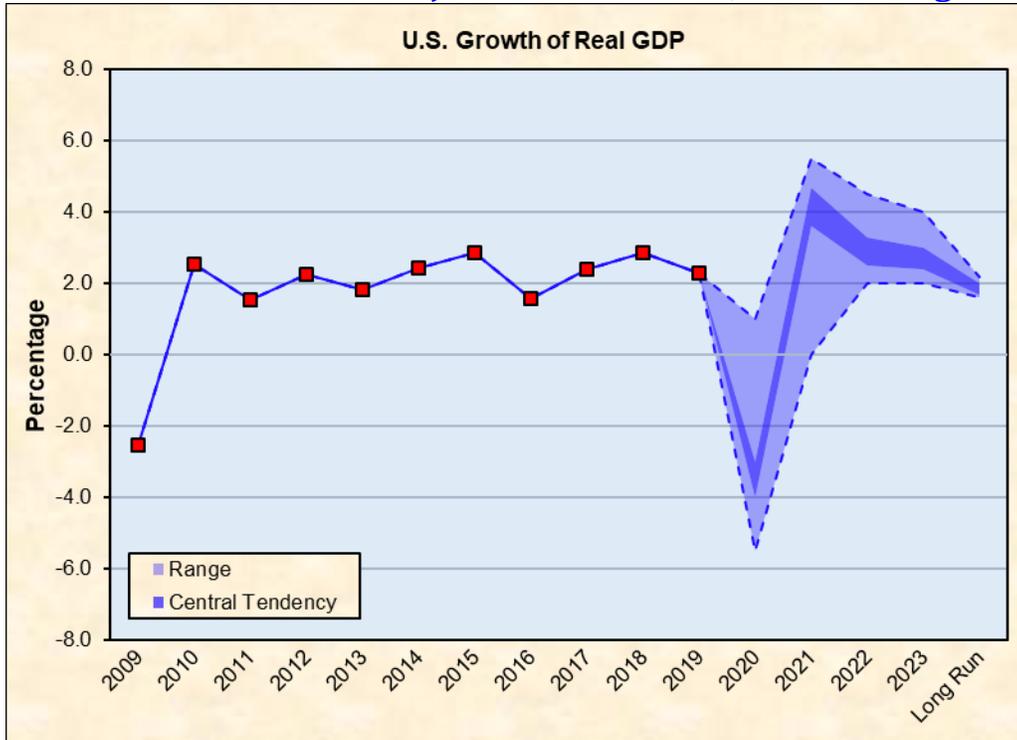
Charts A3 and A4 depict both historical trends and the Federal Open Market Committee’s projections for national Gross Domestic Product (“GDP”) and Unemployment. The FOMC’s projections are released quarterly and reflect the assessments of the Federal Reserve Board of Governors and of Federal Reserve District Bank presidents, with the September 2020 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 illustrates the uncertainty in GDP projections from the COVID-19 pandemic, with both ranges and central tendencies fluctuating erratically from 2020 to 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 2019 measured 2.3 percent, a decline from the 2.9 percent measured in both 2015 and 2018. The overall high and low projections (shown as ranges below and denoted by the dotted lines) for 2020 show that GDP growth is expected to fall by as much as 5.5 percent, although some members on the FOMC believe that GDP will actually grow by 1 percent in 2020. While FOMC members project that 2021 will show an improvement in GDP growth, uncertainty surrounding the pandemic makes it difficult to project precisely where GDP growth will be next

year, resulting in projections that predict GDP will fall somewhere between 0 and 5.5 percent. In 2022, the board members believe that GDP growth will range from 2 to 4.5 percent, and project that in the long-run, GDP growth will remain somewhere between 1.6 percent and 2 percent.

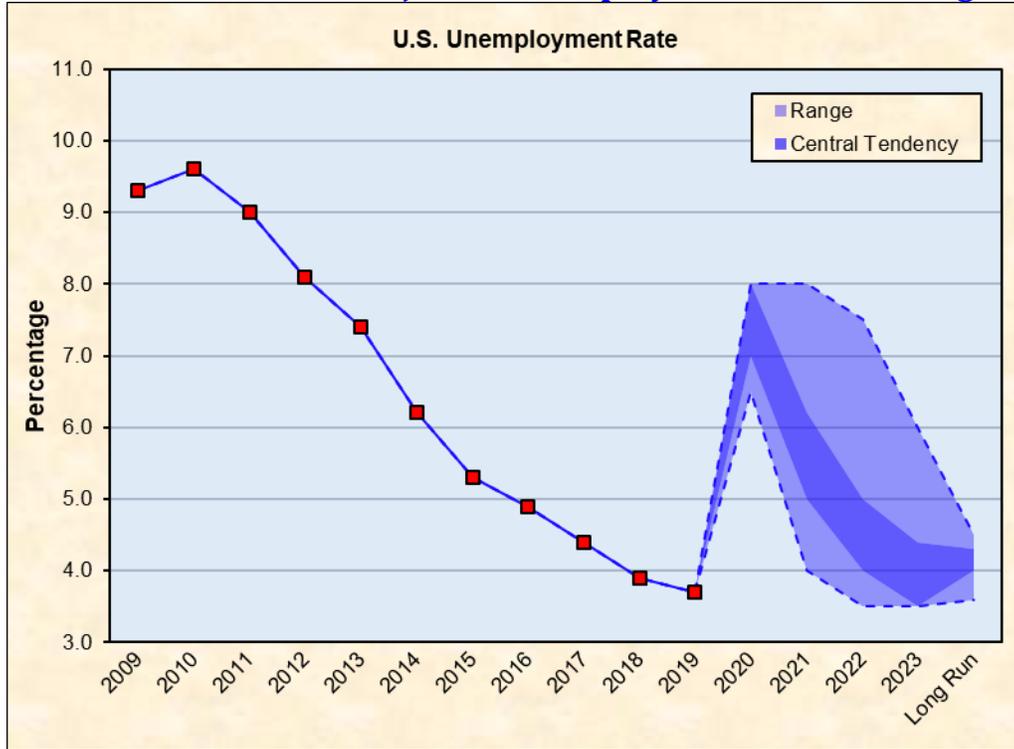
Chart A3: Historic and Projected GDP Growth, 2009 to Long Run



Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, September 16, 2020.

Chart A4 depicts unemployment trends since 2009. Unemployment expectations from FOMC board members were tempered in the latest projections, ranging between 6.5 and 8 percent for 2020. For comparison, board members believed 2020 unemployment rates would fall between 7 percent and 14 percent during the June 2020 meetings. FOMC members believe unemployment will continue to improve in 2021, with predictions ranging from 4 percent to 8 percent. Unemployment in 2022 is projected to range somewhere between 3.5 percent and 7.5 percent, and in the long run, the unemployment rate is expected to range between 3.6 percent and 4.5 percent. 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.

Chart A4: Historic and Projected Unemployment, 2009 to Long Run



Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, September 16, 2020.

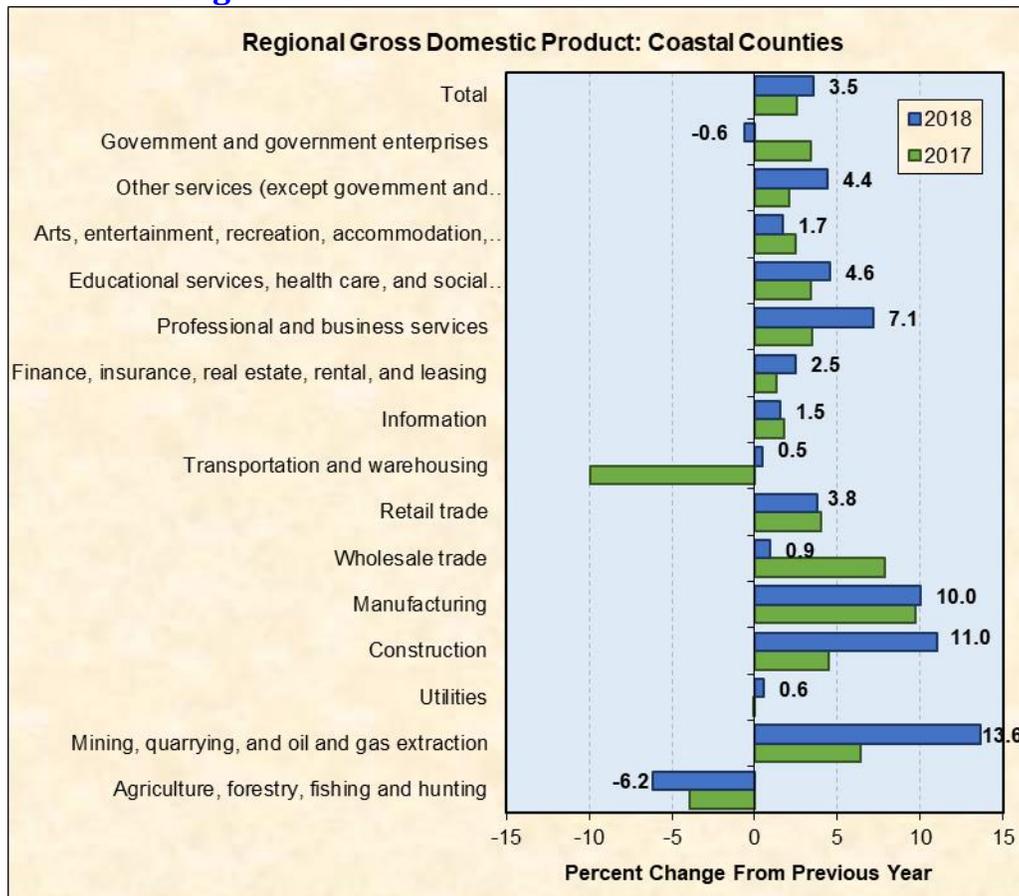
The next quarterly release of projections for GDP and Unemployment will be released following the FOMC meeting scheduled in December 2020. These projections will be updated in the January 2021 edition of *Regional Economic Indicators*.

Regional GDP

Last Updated: January 2020

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 (13.6 percent increase from 2017 to 2018), construction industry (11 percent increase), manufacturing industry (10 percent increase), and professional and business services industry (7.1 percent increase) making the largest gains. Agriculture, forestry, fishing, and hunting (6.2 percent decline), and government enterprises (0.6 percent decline) were the only industries to retract from 2017 to 2018.

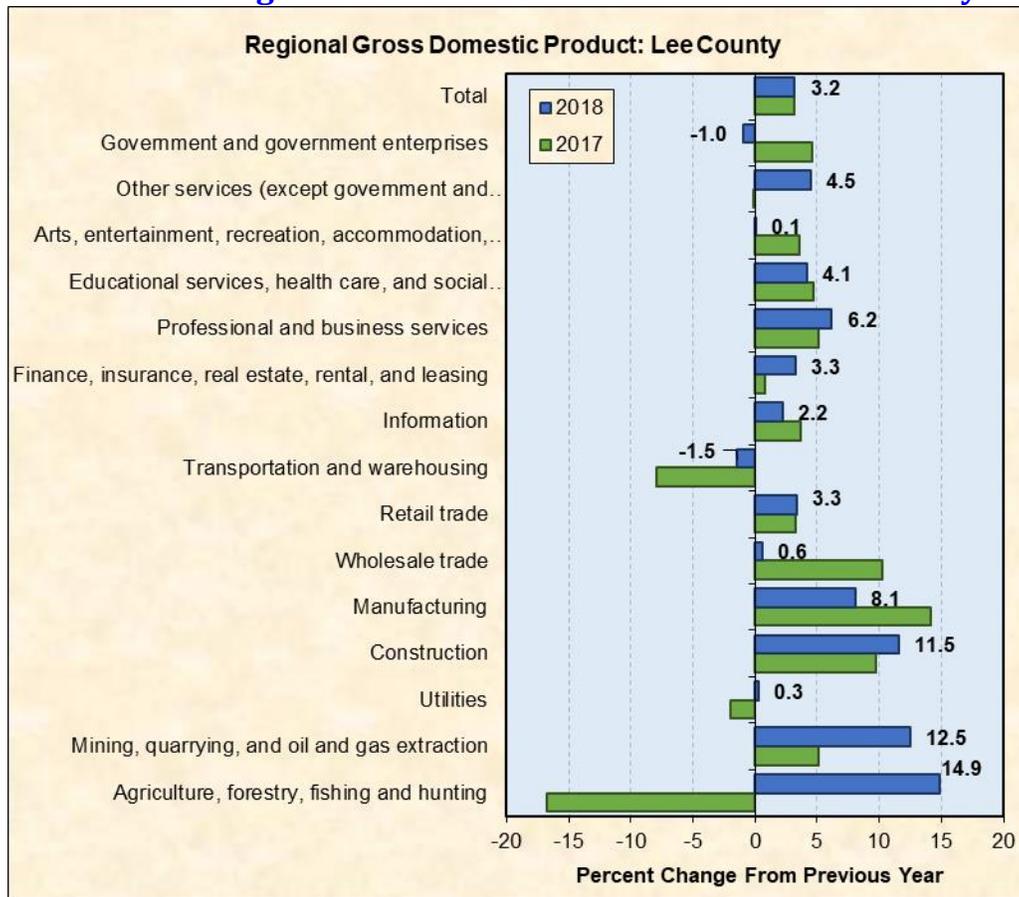
Chart A5: Regional Gross Domestic Product for Coastal Counties



Source: U.S. Bureau of Economic Analysis

Charts A6 shows GDP by industry for Lee County. The agriculture industry (14.9 percent increase from 2017 to 2018), mining, quarrying, and oil and gas extraction industry (12.5 percent increase), construction industry (11.5 percent increase), and manufacturing industry (8.1 percent increase) made the largest gains over the 12-month period. Meanwhile, transportation and warehousing (1.5 percent decline), and government enterprises (1 percent decline) both retracted over the same period.

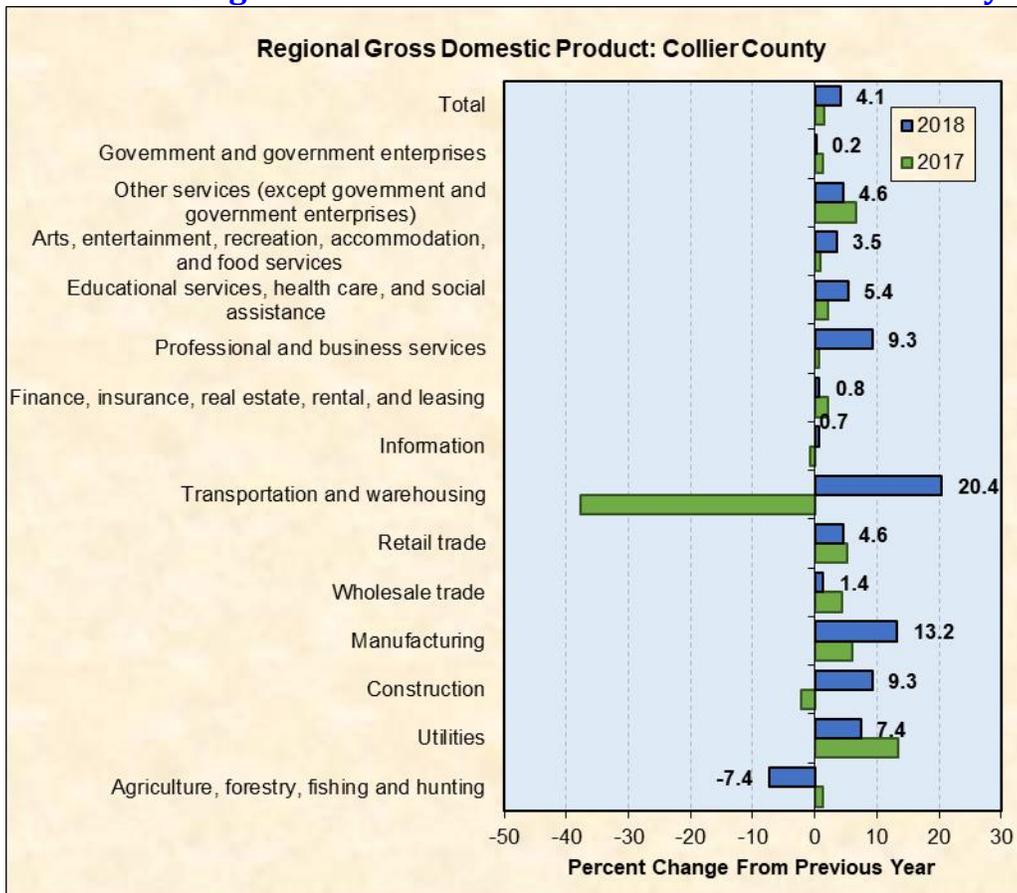
Chart A6: Regional Gross Domestic Product for Lee County



Source: U.S. Bureau of Economic Analysis

Charts A7 shows GDP by industry for Collier County. The transportation and warehousing industry (20.4 percent increase from 2017 to 2018), manufacturing industry (13.2 percent increase), construction industry (9.3 percent increase), and professional and business services industry (9.3 percent increase) made the largest gains over the 12-month period. Meanwhile, agriculture, forestry, fishing, and hunting (7.4 percent decline) was the only industry to retract over the same period.

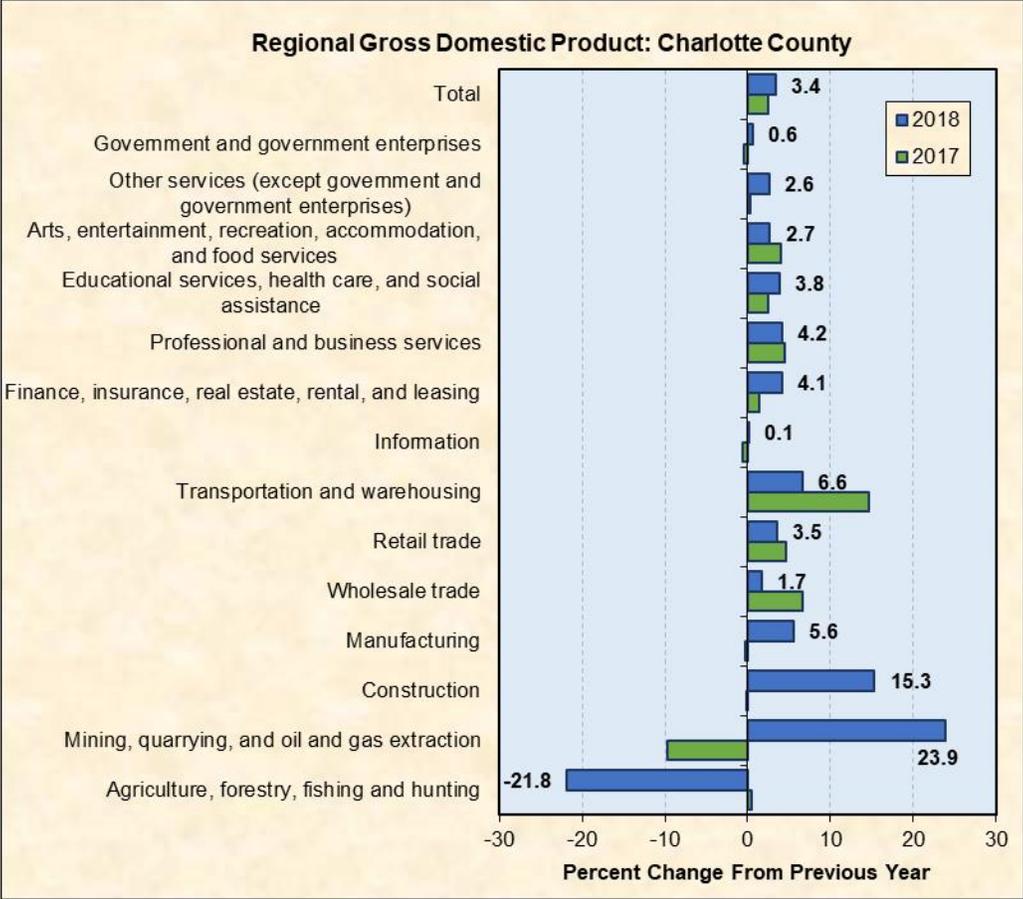
Chart A7: Regional Gross Domestic Product for Collier County



Source: U.S. Bureau of Economic Analysis

Charts A8 shows GDP by industry for Charlotte County. The mining, quarrying, and oil and gas extraction industry (23.9 percent increase from 2017 to 2018), construction industry (16.3 percent increase), transportation and warehousing industry (6.6 percent increase), and manufacturing industry (5.6 percent increase) made the largest gains over the 12-month period. Meanwhile, agriculture, forestry, fishing, and hunting (21.8 percent decline), was the only declining industry over the same period.

Chart A8: Regional Gross Domestic Product for Charlotte County



Source: U.S. Bureau of Economic Analysis

Industry Diversification Index

Last Updated: July 2020

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 fgcu.edu/cob/reri/idp).

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. During the first quarter of 2020, the *IDI* for Southwest Florida measured at 5.27, ranking it as the 13th most industrially diverse workforce region in the state of Florida (out of 24). Meanwhile, the state of Florida had an *IDI* of 5.24, ranking Florida as the 16th highest state in the nation in industry diversification, although below the national average of 5.28.

Chart A9: Industry Diversification Index, 2004 to 2019

