

FGCU

LUTGERT COLLEGE OF BUSINESS
Regional Economic
Research Institute

SOUTHWEST FLORIDA ECONOMIC OUTLOOK



Regional Economic Indicators

September 2024 Report

2nd Quarter 2024

Data from the second quarter of 2024 suggests that the national economy is beginning to slow, though signals are still mixed. While the labor market remains strong, the seasonally-adjusted unemployment rate rose slightly to 4.1 percent in June, marking the highest level since October 2021. In contrast, advanced estimates for real gross domestic product (GDP) were more optimistic, [showing a 2.8 percent annualized increase](#) and surpassing expectations for the second quarter of 2024. This followed a weak first quarter when real GDP grew at a meager 1.4 percent annualized rate. GDP gains come as sentiment among consumers, who represent roughly two-thirds of total GDP, fell during the second quarter, dropping 11.2 points from March to June 2024. Commentary from the June survey suggested that consumers continue to express concerns about high prices and weakening incomes on their personal finances.

Much like the national outlook, the regional economy has also shown signs of slowing down. Seasonally-adjusted real taxable sales for the region totaled \$15.4 billion in the first five months of 2024, down 6 percent from the first five months of 2023. Moreover, seasonally-adjusted real taxable sales have declined year-over-year for the past eight months. Southwest Florida's labor market showed improvement during the second quarter of 2024, with the seasonally-adjusted unemployment rate for the region decreasing 0.6 points over the quarter to 3.2 percent. Total employment in Southwest Florida has increased by 1.6 percent since June 2023, and the labor force levels for the region remain high.

Inflation has improved since the last quarter, progressing closer to the Federal Open Market Committee's (FOMC) two percent inflation target. National CPI was measured at 3.0 percent in June 2024 and has decreased by 0.5 percentage points since the first quarter of 2024. The Personal Consumption Expenditures (PCE) price index, the FOMC's preferred inflation measure, corroborated findings from the CPI, with core PCE holding steady at 2.6 percent in June. Despite the improved inflation conditions, the FOMC opted to maintain the federal funds rate at 5.25 to 5.50 percent for at least six more weeks at their July 30-31 meeting. Inflation among both the Miami-Ft. Lauderdale-West Palm Beach and Tampa-St. Petersburg-Clearwater regions continued to track down during the second quarter of 2024. Furthermore, consumer sentiment at the state level has also improved, with the Florida CSI increasing 1.2 points from March to June 2024.

Southwest Florida's tourism industry continues to improve as the region recovers from Hurricane Ian. In the second quarter, the region welcomed 4.4 million passengers, marking a 10 percent increase compared to the same period in 2023 and setting a record for the highest second quarter on record. Most coastal counties have returned to near pre-Hurricane Ian levels of tourist tax revenues, except for Lee County, where hotels in areas like Fort Myers Beach, Sanibel, and Captiva continue to operate at [reduced vacancy levels](#).

The local housing market continues to show signs of slowing compared to the rapid activity seen in 2021 and 2022. Supply of housing in Southwest Florida, measured by the residential active listings, declined in the second quarter, falling 5 percent from March to June 2024. Despite this decrease, total listings remained well above pre-pandemic levels. High interest rates and rising insurance rates have

impacted housing affordability in recent years and, consequently, impacted demand for housing locally. Many insurers have left Florida in the wake of Hurricane Ian, and although [more insurance companies are slated to enter the market](#), their effects will likely not be felt in the short term.

Observations from the latest data include:

- Southwest Florida coastal counties have totaled \$47.5 million in seasonally-adjusted real tourist tax revenues through the first half of 2024, up 13 percent from 2023 but 25 percent below 2022.
- The seasonally-adjusted unemployment rate for Southwest Florida has increased year over year for the last 8 consecutive months, following national trends.
- Seasonally-adjusted jobs in Southwest Florida rose 2 percent in July 2024 compared to July 2023. Collier county was the only coastal county in Southwest Florida whose employment growth has consistently outpaced the state of Florida.
- Keeping with historical trends, residential active listings in Southwest Florida have come down during the summer months. Notably, Charlotte County's listings are up 76 percent from July 2019 to July 2024 while Collier's are down 18 percent over the same period.
- Existing single-family home sales in the region rose by 7 percent in July 2024 from the same month last year, outpacing [Florida's 5 percent increase](#) and the [national decline of 1.4 percent](#).
- Single-family building permits in Southwest Florida were up 31 percent from July 2023 to July 2024, with Lee County seeing the largest increase (up 85 percent year over year). In comparison, Florida state permits were up only 5 percent over the same period.
- The Florida Consumer Sentiment rose by 1.6 points to 76.4 in August, up from July's revised figure of 74.8. Increased confidence in personal financial situations and the national economy over the next year were attributed as the primary drivers in the [latest press release](#).

More information for Southwest Florida, including interactive charts showing the latest regional economic indicators can be found on the RERI website at <https://www.fgcu.edu/reri/>