

Southwest Florida Economic Outlook

April 2024

4th Quarter 2023 Outlook

The regional economy continued to track upward during the fourth quarter of 2023, as evidenced by the latest indicators available. For starters, **seasonally-adjusted airport passenger activity** for the region totaled 4.5 million during the final quarter of 2023, a 3 percent increase from the prior quarter and 24 percent over the lan-impacted fourth quarter of 2022. Southwest Florida served 16.6 million passengers during 2023, the highest mark recorded for the region. **Seasonally-adjusted tourist tax revenues** also improved, increasing 11 percent from November 2022. Despite the improvement in tax revenues, year-to-date revenues in 2023 were still 24 percent below 2022.

Mortgage rates have cooled down from their high in October 2023, when the average 30-year fixed mortgage rate reached nearly 8 percent. Demand for housing has slowed regionally, as Southwest Florida closed out 2023 with 5 months of inventory, up from last year's 2 months' worth. Consequently, the supply of housing, measured through **residential active listings**, was up 84 percent from the fourth quarter of 2022 to the fourth quarter of 2023. **Existing single-family home sales** for the coastal counties slipped 11 percent from the third to fourth quarter of 2023, staying in line with the normal shifts in the local real estate market. **Existing median home prices** for Collier and Sarasota counties continue to remain much higher than the state median of \$415,000, with Lee County recently also surpassing the state's median at \$420,495.

Outside the region, consumer sentiment continued to improve during the fourth quarter, both at a state level and a national level. **Florida Consumer Sentiment Index** rose each month during the fourth quarter, finishing 2023 at 69.5. While the year ended on a high note, 2023 had the third-lowest level since the index began in 1985. The **US Consumer Sentiment Index** rallied in December to negate both October and November declines, ending the year at 69.7. The Miami **Consumer Price Index (CPI)** continued to deaccelerate during the final quarter, measured at 5.7 percent in December 2023. The Miami CPI was still higher than national CPI in December (3.4 percent). Along with other indicators, the CPI and CSI are pushing more analysts to expect a soft landing instead of a recession in 2024.

The **SWFL Stock Market Index** gained 5.7 percent in December 2023 from November 2023 and 21.8 percent from December 2022, outperforming both the Dow Jones and the S&P 500. Both Chico's and PGT Innovations were acquired by private companies and will no longer be a part of the index.

Other observations from the latest data include:

- The coastal counties generated \$8.3 million in **seasonally-adjusted real tourist tax revenues** in January 2024, a 5 percent increase from the prior month and 16 percent increase from January 2023.
- **Seasonally-adjusted real taxable sales** in January 2024 were down 1 percent from the previous month and 5 percent from this time last year. Taxable sales totaled \$3.117 billion in January 2024.
- **Seasonally-adjusted airport activity** for the region has increased from January 2024 to February 2024, increasing by just over 2 percent. Traffic remained almost 20 percent above February 2023.
- **Residential active listings** in Southwest Florida were up 101 percent from February 2023 to February 2024. For comparison, Florida was up only 46 percent over the same period. The recent spike in listings is in line with normal shifts in the real estate market, as active listings tend to peak during this time.
- **Existing single-family home sales** in the region increased 6 percent in February 2024 from the same month last year. All the coastal counties had month-to-month increases in home sales of at least 25 percent.
- The **single-family median sale prices** for Charlotte and Collier were up 5 and 15 percent respectively. Prices in Lee County fell 6 percent.
- **Single-family building permits** in Southwest Florida were up almost 11 percent since January 2024, and 44 percent above the February 2023 measure.
- The **Miami-Ft. Lauderdale-West Palm Beach Consumer Price Index** increased 4.9 percent from February 2023. Apparel led the growth with an increase of 8.4 percent since this time last year. Recreation and housing followed at 6.9 percent and 6.7 percent, respectively.
- The **SWFL Stock Market Index** gained 1.8 percent in March 2024, compared to the 7.2 percent decline a year ago. The index outperformed the Dow Jones by 0.5 percent and underperformed the S&P 500 EW by 0.9 percent. Investors remain vigilant amid recent economic data showing sticky inflation. Hertz CEO Stephen Scherr announced he will be stepping down on March 31st. He will be replaced by Gil West, who served as chief operating officer at Delta.

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/>