

Southwest Florida's Economic and Real Estate Outlook – Q4 2024 and 2025

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This Community Report provides a comprehensive overview of Southwest Florida's economic and real estate trends for the fourth quarter of 2024, as well as some conclusions and areas of interest for 2025 and beyond, specifically for Estero Florida. This report highlights key insights from [Florida Gulf Coast University's Regional Economic Research Institute](#), focusing on industry diversification, real estate performance, and economic indicators. It serves as a resource for understanding the opportunities and challenges facing Estero and the Southwest Florida region as we move forward.

The websites and documents referenced to assemble this piece include:

- FGCU Industry Diversification Project Fourth Quarter Report [Website](#) | [PDF Report](#)
- FGCU RERI Reports [Website](#) | [PDF Report](#)
- FGCU RERI Dashboard [Website](#)
- FGCU's [RERI Job Resources information center featuring the top 100 employers](#)

Building a Stronger Economic Foundation

Southwest Florida continues progressing toward economic diversification, strengthening resilience, and long-term stability. However, based on the reporting and analysis in this summary and corresponding research, there's still a long way to go.

The Cape Coral-Fort Myers metropolitan statistical area (MSA) ranked 11th out of 22 MSAs in Florida for industrial diversification, improving its Industry Diversification Index (IDI) to 5.089. It's often believed that industrial diversification is vital to ensuring the economic health of a region as it can sustain itself across multiple fronts and sectors. Our region's growth was attributed to balanced expansion across smaller industries despite slight declines in major sectors like Education, Health Services, and Leisure. Much of this is evidenced by the boom in light industrial development along the Ben Hill Griffin and Alico corridors and the corresponding businesses filling up those commercial spaces.

Similarly, areas of Bonita (including old downtown and mid-town), Estero, and South Fort Myers continue a strong expansion of light industrial and large unit-count home, condo, and rental expansion projects throughout 2024 and through 2025 and beyond.

Similarly, the Naples-Marco Island MSA maintained its strong position, ranking second in the state, though its IDI slightly declined to 5.274. A notable rise of 9.8% in Leisure and Hospitality

employment demonstrates recovery and growth in this sector despite the devastation and overall nationwide sentiment of the hurricane-ravaged areas of Southwest Florida.

In contrast, the Punta Gorda MSA remains less diversified, with an IDI of 4.777, reflecting a larger reliance on industries serving older populations, such as Health Services. It also has a much less robust and diversified economy than its Southwest Florida neighbors.

The broader Southwest Florida region showed improvement, increasing its IDI to 5.202 and securing the 6th spot among Florida's 21 workforce regions. Growth in the Leisure, Natural Resources, and Information sectors drove this progress, emphasizing a shift toward a more stable and diversified economy.

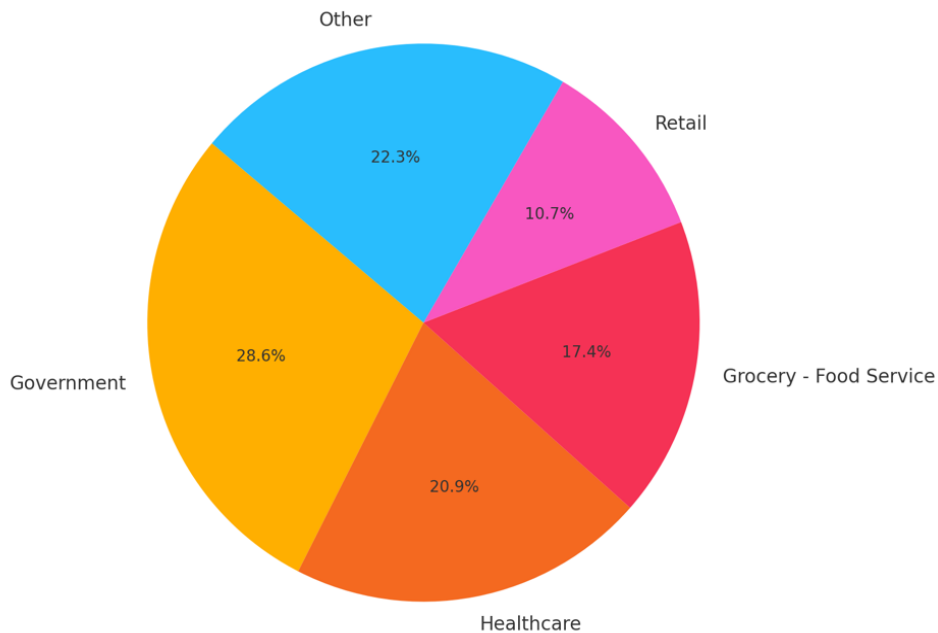
[Breaking Down Southwest Florida's Employment Data](#)

As a longtime resident, one issue remains regionally: the lack of a stable and thriving middle class with industries, jobs, culture, and an environment that supports such things. Historically, there have been only three avenues to attain such wealth regionally: creating and growing a thriving small business, real estate speculation, or leaving the area to secure wealth and coming back.

Unlike other areas of the Midwest, Northeast, and the different regions of the country, Florida – particularly Southwest Florida - continues to be primarily a place for the wealthy to retire, and many jobs are support roles for this kind of industry makeup. Historically, most have thought of this region's major sectors as travel and vacation (hospitality), Healthcare, and retail – and they're not far off, but looking at the actual data tells a far different picture.

A quick analysis of FGCU's [RERI Job Resources information center featuring the top 100 employers](#) for 2024 in Lee & Collier County reveals some startling results. We've gone ahead and compiled our version of the data along with a breakdown of categories, which is attached to this publication:

Total Employees by Category (Government Combined, Grouped <5%)

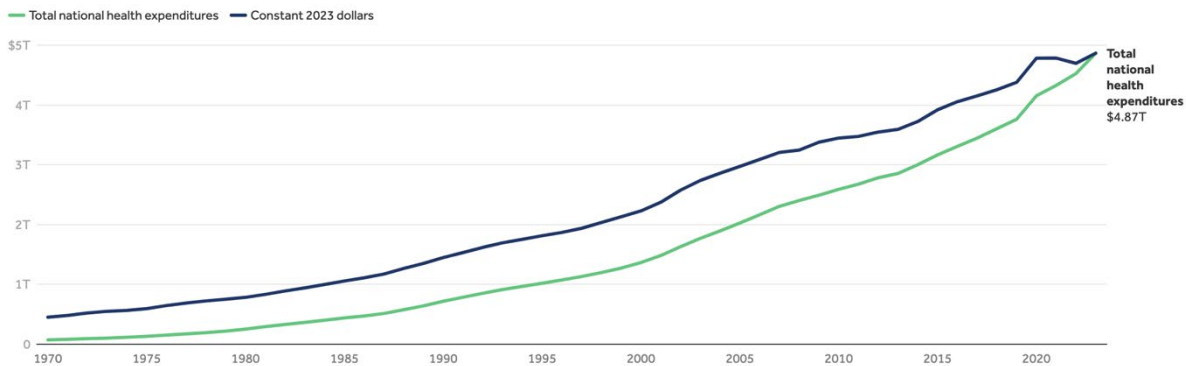


What we find is that only four major categories are driving the entire southwest Florida economy and providing employment currently:

1. **Government Services** – This consists primarily of schools and local governments.
2. **Healthcare Services**—We've included smaller employers catering to retirees. Still, if the service was direct Healthcare or adjacent (end-of-life care focused), it was included in this master category.
3. **Grocery & Food Services**—This is rather ironic considering the absolute dearth of mom-and-pop restaurants in our region, even in the major metro centers of Naples and Downtown Fort Myers. Here, most employment is for grocers and franchised cheap food services like McDonald's, Taco Bell, and Others.
4. **Retail Shopping**—which has quickly been eclipsed by the Internet and for which we looped in Amazon as a retail company. I think it's safe to assume that as the economy continues to lag post-COVID, without a significant turnaround of gigantic proportions, retail shopping should not be considered a "growth" industry (or an industry to rely on for expansion anytime soon).

What's interesting to note here is that nowhere in this list does vacation or tourism play a significant role in employment (but we'll get back to that in a second). Additionally, other than perhaps Healthcare (which might not be the best example) – none of the top employment categories cater to high-paying or high-education jobs.

Total national health expenditures, 1970-2023



Note: A constant dollar is an inflation adjusted value used to compare dollar values from one period to another.

Source: KFF analysis of National Health Expenditure (NHE) data • Get the data • PNG

Peterson, KFF
Health System Tracker

Healthcare has been one of the largest sectors of growth over the last few decades, especially with spending increases nationally via COVID policies. So, it's no wonder it's one of the top areas of employment in our retiree-focused community. ¹

Additionally, there's a massive discrepancy between what's reported as the mean, median, or average and what businesses pay in terms of salaries. For decades, the median income of Lee County has hovered around \$35,000 annually. Only in recent years has that started to trend upwards slightly, with numbers as high as \$60,000+ being reported since the pandemic, but even then, websites like Lee County's own Demographics service, as well as others, often report these as "household incomes" and not individual incomes. Quick searches across various job search sites reveal that highly technically skilled positions, including C-level positions, are being communicated as starting at \$40,000 - \$50,000 on average.

The Changing Middle Class

One last thing to note before we go after the "other" category listed above is the changing state of the middle class. Because of the quickening pace of inflation, especially post-COVID, most people don't realize just how quickly the middle class is/has been eliminated in masse in the United States. As an example of this, let's look at a few things: local housing prices, mortgage rates, general salary, hourly rates, and finally, Wendy's Double Stacks.

From 2003 to 2007, I worked a roughly full-time position after school and on weekends for a local law firm. I started at \$8/hr and worked up to \$12/hr. I then got a job building out the digital marketing department of a nationwide ad agency that was transitioning to incorporate websites and digital marketing. In the mid-late 2000s, you could get a gallon of gas for roughly \$1; you could purchase a new vehicle for \$10,000 - \$20,000, and before the run-up of the housing explosion, homes were generally available below \$200,000 and even after the bubble

¹ <https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/>

popping many homes were available for highly competitive rates especially compared to other areas of the country.

Based on my yearly salary of \$45,000 at the time (which was absurd as a 19-year-old), I could purchase roughly 2 - 4x new cars with my salary and buy a home with 2.5 years of my salary. Today, salaries have only grown by approximately 50%, while many essential items have increased exponentially.

The events of the last 4+ years of monetary policy have devastated the middle class. Many don't realize that we've firmly transitioned from a homeownership society to strict renting – particularly for Millennials and younger generations. As of January 2025, the average home price in Estero is just under \$600,000 (with mortgage rates at 7% average or \$4400/month in mortgage prices alone), and the average salary of an Estero resident is \$60,000, meaning home ownership is completely untenable for virtually anyone except retirees currently. Even if you take the top estimates of "household income" as \$80,000, that would mean (when factoring in mortgage rates) the average couple or family can only afford a home that's roughly \$240,000 (and that includes a \$45,000 downpayment). Nowhere in Southwest Florida are there single-family homes in this price range anymore. Indeed, most areas nationally don't have these numbers anymore.

Results



You can afford a house up to **\$238,630** according to the 28/36 rule, within which \$190,904 is the loan and \$47,726 is the down payment. Most conventional loan lenders use the 28/36 rule.

You can borrow	\$190,904
Total price of the house	\$238,630
Down payment	\$47,726
Estimated closing cost (one time, assume 3%)	\$7,159
Front-end debt-to-income (DTI) ratio	28%
Back-end debt-to-income (DTI) ratio	28%
Total one-time payment at closing	\$54,885
Monthly mortgage payment	\$1,270
Annual property tax	\$3,579
Annual HOA or co-op fee	\$2,386
Annual insurance cost	\$1,193
Estimated annual maintenance cost (repair, utility etc., assume 1.5%)	\$3,579
Total monthly cost on the house	\$2,165

Annual household income ?	<input type="text" value="\$80,000"/>	salary + other incomes (before tax)
Mortgage loan term	<input type="text" value="30"/>	years
Interest rate	<input type="text" value="7"/>	%
Monthly debt payback ?	<input type="text" value="\$0"/>	long-term debts, car, student loan, etc
Down payment	<input type="text" value="20"/>	% <input data-bbox="803 1312 852 1354" type="text" value="%"/>
Property tax	<input type="text" value="1.5"/>	% <input data-bbox="803 1365 852 1407" type="text" value="%"/> per year
HOA or co-op fee	<input type="text" value="1"/>	% <input data-bbox="803 1417 852 1459" type="text" value="%"/> per year
Insurance	<input type="text" value="0.5"/>	% <input data-bbox="803 1470 852 1512" type="text" value="%"/> per year
Debt-to-income (DTI) ratio	<input type="text" value="Conventional loan (28/36 rule)"/>	
<input type="button" value="Calculate"/> <input type="button" value="Clear"/>		

Unfortunately, there are no immediate solutions (or even acknowledgment right now) to this problem. Average workers' wages will have to go up significantly, and the price for production or sales will have to decrease drastically for the golden age of the mid to late 2000s to return. For more specific information on how Fed Policy led to these issues, in particular during both the 2007-2008 financial crisis as well as the COVID pandemic, I highly recommend checking out

Based on current conventions, it is exceptionally hard to believe that only one-third of people are considered part of the active labor force.

Until we see whole sectors or an increase in manufacturing, the current state of the Southwest Florida economy is not likely to change. Some groups have failed to bring big tech jobs to Southwest Florida for decades. If, in previous decades, we had extremely competitive goods and home prices that could out-compete much of the nation – unfortunately, that's all gone away with the change in home prices.

Real Estate Trends: Opportunities and Challenges

Switching gears from employment and employer data to real estate, we see that 2020 and beyond has been a great transition period for Southwest Florida and Estero. As we all know and as [Engage Estero has reported on in the past](#) - between the development along the Corkscrew corridor as well as planned developments for East Corkscrew, including The Kingston project, FFD (Florida Farms Development) Project, and expansions to Rivercreek Estero and "east" Estero's population is set to more than double in the next 5-years. But what happened in 2024?

As the above-linked reports point out, the real estate market in Southwest Florida reflects both opportunities and challenges. Residential markets experienced notable shifts, with single-family home sales dropping 4% and condominium sales falling **A MASSIVE 42% compared to last year – with no signs of stopping**. Median home prices also declined, with a 12% drop for single-family homes and a 10% decrease for condos. Despite these declines, housing affordability indices rose between 13–14%, presenting potential buyer opportunities; however, although slightly reduced, median rents remain extremely elevated relative to pre-pandemic levels.

Commercial markets experienced a similar pattern of mixed results. Sales dropped across all categories, including a 40% decline in entertainment properties, an 18% drop in office spaces, and a 12% decrease in retail properties. Despite the reduction in sales volume, prices per square foot increased for office and retail spaces, rising by 17% and 13%, respectively. This price stability hints at long-term growth potential, even as sales figures adjust.

Economic Outlook

While the regional economy shows resilience, it faces headwinds from storms, rising insurance rates, rising mortgage rates, and inflationary pressures. Additionally, as previously noted, the unemployment rate rose in the region to 3.5%, which remains below the national average but reflects seasonal employment fluctuations, the impact of recent hurricanes, and job opportunity availability in the area.

Tourism shows promising signs of recovery, with record-high passenger traffic at regional airports. However, hurricane recovery efforts remain uneven, impacting some areas more significantly than others. Taxable sales have also declined for 11 consecutive months, reflecting cautious consumer spending habits.

Housing supply has rebounded, with active listings rising 14%, driven partly by hurricane-related disruptions, investment speculation, and price pressure. At the same time, single-family home sales fell 19% between July and September 2024. Rising interest rates and insurance costs continue to strain affordability, posing challenges for prospective buyers.

Key Insights for Engage Estero Southwest Florida's ongoing economic transformation highlights the importance of diversification and resilience. Reducing reliance on seasonal industries builds economic stability, while recent adjustments in the housing market offer improved affordability, albeit with lingering challenges from high insurance and interest costs. Commercial real estate price stability suggests long-term growth potential despite recent sales declines. Tourism recovery also underscores the region's resilience, though disaster preparedness remains a top priority considering recent storms.

Action Plan for Engage Estero: Supporting Growth

To sustain growth and enhance resilience, Engage Estero proposes an actionable framework to address some of the abovementioned issues. Infrastructure improvements should be prioritized, including improved roadways with bike and sidewalk paths, to strengthen disaster preparedness and recovery capabilities. Community engagement initiatives will encourage economic diversification by fostering small business growth and attracting startups.

Promoting sustainable housing policies that balance affordability with environmental protection is equally important. Educational resources can be developed to help residents and businesses understand economic trends and prepare for potential disruptions. Finally, tourism development efforts should focus on attracting year-round visitors, reducing reliance on seasonal peaks, and supporting long-term stability.

Conclusion: Preparing for a Resilient Future

Southwest Florida is undergoing a dynamic transformation characterized by economic diversification, adjustments in real estate markets, and recovery in tourism post-Ian, Helene, and Milton. Engage Estero remains committed to advocating for current and future residents through sustainable growth, infrastructure improvements, and disaster preparedness. Together, we can build a resilient and thriving community, ensuring stability and prosperity for years.

Breakdown of Key Bullet Points – Good, Bad & Ugly

The Good

- Cape Coral-Fort Myers ranked 11th in Florida for industrial diversification, showing balanced growth in smaller industries.

- Naples-Marco Island maintained the 2nd highest diversification score in the state, with a 9.8% rise in Leisure and Hospitality employment.
- Office and retail property prices per square foot rose by 17% and 13%, indicating long-term growth potential despite recent sales drops.
- Tourism showed resilience, with record-high passenger traffic and recovery potential despite hurricane impacts.

The Bad

- Single-family home sales dropped 4%, and condominium sales fell 42% year-over-year
- Median prices for single-family homes declined 12%, and condos dropped 10%
- Commercial property sales fell across all categories—entertainment (40%), office (18%), and retail (12%)
- Unemployment rose to 3.5%, reflecting seasonal fluctuations and hurricane impacts
- Active housing listings increased by 14%, driven by the topsy-turvy home industry as well as hurricane disruptions, contributing to an oversupply issue

The Ugly

- COVID has drastically changed the makeup of the country's classes – virtually eliminating the middle class and transforming most home buyers into perpetual renters.
- Despite lowered Fed Rates, mortgage rates have continued to climb.
- Based on real-time data analysis via Reventure App, the number of homes for sale in Estero increased by 56% from December 2023 (291) to December 2024 (455).
- Home values are down five percent across the board in Estero.
- Rising insurance costs strain affordability, with interest rates and premiums increasingly challenging homeownership.
- Despite fed rate cuts, mortgage rates have increased to over 7% as the national average, meaning carrying costs are nearly triple what they were during the pandemic buying frenzy and making homes virtually unaffordable for new home buyers.
- Hurricanes have exacerbated infrastructure damage and slowed recovery in some areas, particularly impacting affordability and employment.
- Taxable sales fell for 11 consecutive months, reflecting reduced consumer spending and economic caution.
- Home transactions were down over 60% in season 2024 (November ~ 1400 homes compared to ~3500 monthly volume in peak season 2021).

Summary

The "Southwest Florida's Economic and Real Estate Outlook—Q4 2024 and 2025" report analyzes economic and real estate trends specifically for Estero, Florida. Compiled by Florida Gulf Coast University's Regional Economic Research Institute, it emphasizes the region's economic diversification, real estate performance, and key indicators.

Key insights include:

The Cape Coral-Fort Myers MSA improved its Industrial Diversification Index (IDI) to 5.089, ranking 11th among Florida's 22 MSAs. This ranking was driven by growth in light industrial development.

- The Naples-Marco Island MSA remains strong, ranking 2nd in the state despite a slight decline in its IDI, with Leisure and Hospitality employment showing significant recovery.
- The Punta Gorda MSA shows less economic diversification and relies heavily on industries serving older populations.
- Overall, the Southwest Florida region's IDI increased to 5.202, reflecting progress toward a more stable economy.

The report also highlights the ongoing challenges of developing a stable middle class in the region, where employment opportunities are largely concentrated in a few key sectors: Government Services, Healthcare Services, and Grocery & Food Services. The reliance on tourism, Healthcare, and retail has led to a job market primarily supporting the wealthy, with limited opportunities for widespread economic growth.