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First Quarter 2022

EXECUTIVE BUSINESS CLIMATE SURVEY

Lee County

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About the Regional Economic Research Institute

The Regional Economic Research Institute studies, analyzes and reports on the regional economy encompassing Collier, Lee, Charlotte, Hendry, and Glades counties. Established in 2005, it serves as a public service and economic development unit of the Lutgert College of Business' Dean's Office and strives to connect Southwest Florida to the resources of Florida Gulf Coast University.

In its many regular and occasional publications, and custom economic research, the RERI focuses on areas such as economic development and forecasting, economic impact analysis, secondary data analysis and surveys. The RERI often partner with different economic development organizations and chambers of commerce in our region, and works closely with the Lucas Institute for Real Estate Development and Finance, the Small Business Development Center, the Southwest Florida Leadership Institute, all of which are housed in the Lutgert College of Business at FGCU, as well as the Institute for Entrepreneurship.

Project Information

The Institute's Business Climate Survey group specializes in sampling design and analysis, including program evaluation, policy research, and needs assessment. The Business Climate Survey group involves FGCU students in every stage of survey development, allowing them to develop professional skills and networks that add value to their degrees and, by extension, to their future employers.

This report is conducted quarterly by Florida Gulf Coast University's Regional Economic Research Institute. This work would not be possible without the RERI's student researchers, and the Lee County Economic Development Office. We would also like to thank the Horizon Council for their sponsorship of the report.

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Introduction

The Lee County Business Climate Survey Report, published in partnership between the Horizon Council and Florida Gulf Coast University, provides primary research to the business community, elected officials, and other concerned citizens in an effort to gauge the state of Lee County's economy over time as well as impressions and concerns about it in the future.

Since the beginning of this partnership, the BCS has been comprised of three areas of focus. The first area—encompassed in the first seven questions of the survey—examines Lee County business executives' impressions of economic conditions and trends with respect to hiring and investment. The second area has been the calculation of an *Executive Business Climate Index*. The *EBCI* provides a summary number which will allow one to quickly gauge whether the business climate in Lee County is improving or declining. Finally, the third area is comprised of various questions that change from survey to survey. In the past, these "Special Topics" have focused on areas such as business executives' concerns about interest rates and access to capital, firms' demand for critical occupations and their ability to find workers within those occupations, the cost of doing business in Lee County, and even concern for employee wellness and wellness programs.

The BCS also allows respondents to voice concerns, kudos, and criticisms of Lee County's economic environment. Every effort is made to include these comments in each survey.

The Horizon Council FGCU Business Climate Survey is administered, written, and published by the staff and students working with the Regional Economic Research Institute in the Lutgert College of Business. We very much welcome your comments and suggestions regarding the report, including suggestions for Special Topics questions for future editions.

This survey would not have been possible without the many busy business owners and executives who took the time to respond to it. I also thank John Talmage and his colleagues at Lee County Economic Development. CareerSource Southwest Florida's Peg Elmore continued to provide valuable input and advice.

Amir B. Ferreira Neto

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Executive Summary

The Executive Business Climate Survey provides a view of the local economy that is based on responses from senior executives from a range of industries across the county. An invitation to complete the internet survey was sent to 1,211 executives and business owners in Lee County. Four reminders were sent during the survey period. Eighty-one executives completed the survey from January 3, 2022, through January 18, 2022, giving the survey a margin of error of 10.9 percent.

This survey provides a key economic indicator for Lee County, the *Executive Business Climate Index*. This index value is computed each quarter and released to the public as a way to provide an established economic indicator on the state of the local economy. The index is computed using the two questions concerning the current and future economic conditions and a third question concerning the expected industry economic conditions. The index is an average of the responses, with substantially better equal to 100, moderately better equal to 75, same equal to 50, moderately worse equal to 25 and substantially worse equal to zero. The index value ranges from 0 to 100. The index measured at 67.6 in the first quarter of 2022, virtually the same as in the previous quarter slowing the decline that began in the third quarter of 2021. Results on all three components of the index were mixed. Current economic conditions decreased, future economic conditions increased, and future industry conditions remained flat. A complete graphical representation of each of these questions since 2013 can be found in Appendix A.

Results from the recurring questions revealed:

- 63 percent of the surveyed executives indicated economic conditions in Lee County were better compared to a year ago.
- 66 percent of business executives were optimistic about economic conditions in the upcoming year, while 4 percent of the surveyed business executives felt pessimistic about future economic conditions.
- 60 percent of the surveyed business executives reported current industry conditions as better when compared to last year, while 9 percent of executives reported conditions getting worse.
- 66 percent of respondents believe industry conditions will improve over the next 12 months with 9 percent expecting conditions to be worse.
- 52 percent of the surveyed executives reported increased hiring, continuing an upward hiring trend since the third quarter of 2021; 6 percent reported reducing employment; 41 percent of the surveyed business executives indicated little or no change in employment over the last year.
- 55 percent of executives expect to increase hiring at their companies over the next year, 43 percent plan to remain at the same level and 2 percent of the surveyed respondents plan to reduce employment.
- 60 percent of the surveyed executives expect to increase investment over the next year, similar to the previous quarter; 38 percent expect to keep it the same and just 4 percent of the surveyed respondents plan to reduce investment levels.

Each Executive Business Climate Survey contains a set of questions not asked on a recurring basis. These special topic questions highlight areas of importance to the economic development of our region with the intention of accessing the business community's input and feedback to development officials, industry agents, and government officials. The present survey includes questions regarding inflation.

- 66 percent of the respondents indicated that the cost of supplies increased by less than 20 percent since the beginning of the pandemic, while 28 percent indicated costs have increased over 20 percent.
- 37 percent of the respondents indicated no change in their prices of goods and services since the beginning of the pandemic, and about 55 percent indicated some price increases ranging from 1 to 25 percent.
- Inflationary pressures have caused about 24 percent of the surveyed executives to be concerned about the financial health of their business while 44 percent were not concerned.

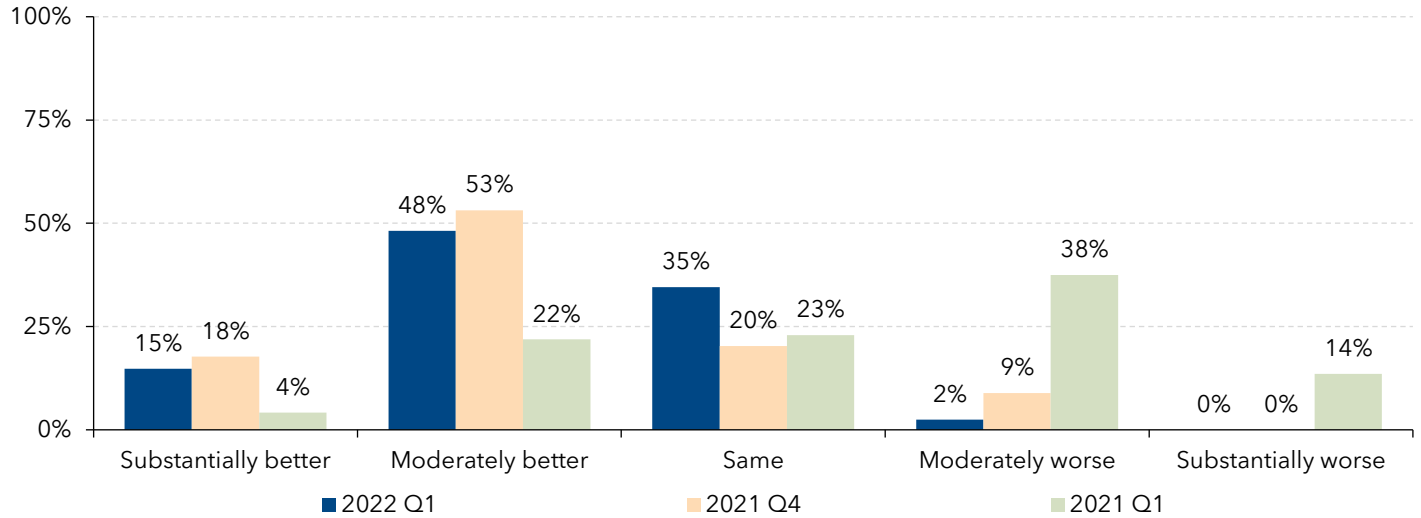
- 41 percent were concerned about customer complaints from higher prices while 34 percent were not concerned.
- 31 percent of the respondents were concerned that higher prices would lead to a loss of customer demand while 32 percent were not too concerned.
- The top measures planned by businesses to reduce overhead include reducing marketing costs (17 percent of respondents), reducing the number of employees (12 percent), and moving to a cheaper workspace (9 percent).

Recurring Questions

Each quarter, the Horizon Council FGCU Business Climate Survey polls Lee County’s business leaders about the state of the economy in Lee County. These seven questions are designed to provide a snapshot of short-term trends and perceptions regarding the state of the local economy, employment, and capital investment. Asking the same recurring questions allows for a side-by-side comparison of the economy during each quarter. The results from these questions for the first quarter of 2022 can be found in Figures 1 through 7 below.

Figure 1: Current Economic Conditions

How are the current Lee County economic conditions compared to a year ago?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

How are the current Lee County economic conditions compared to a year ago?

Figure 1 reflects the responses of business executives during the first half of January for the first quarter of 2022. Sixty-three percent of the surveyed executives indicated economic conditions in Lee County were better compared to a year ago. This was less than the last quarter when 71 percent felt conditions were better than a year ago. Only 2 percent stated that overall economic conditions were worse than a year ago, less than the 9 percent in the last quarter and much lower than the 52 percent recorded a year ago. About 35 percent of responding executives said current Lee County economic conditions were about the same compared to a year ago, higher than the 20 percent in the previous quarter and the 23 percent a year ago. Complete response counts are found in Table 1.

Table 1: Current Economic Conditions

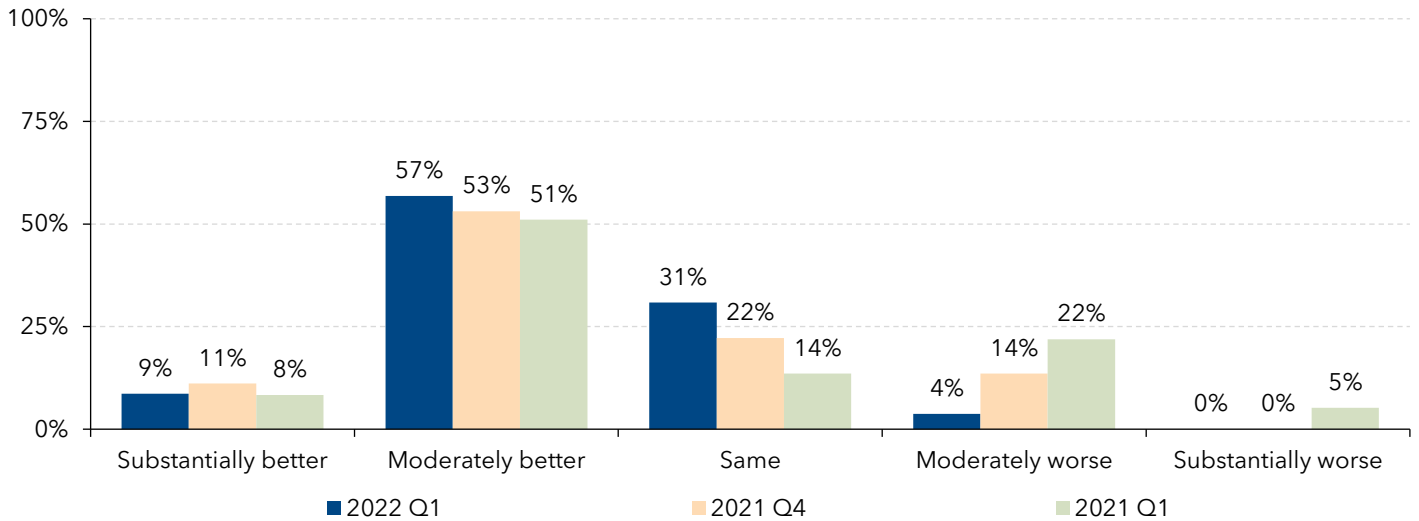
How are the current Lee County economic conditions compared to a year ago?

Response	2022 Q1		2021 Q4		2021 Q1	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially better	12	14.8%	14	17.7%	4	4.2%
Moderately better	39	48.1%	42	53.2%	21	21.9%
Same	28	34.6%	16	20.3%	22	22.9%
Moderately worse	2	2.5%	7	8.9%	36	37.5%
Substantially worse	0	0.0%	0	0.0%	13	13.5%
Total Responses	81	100.0%	79	100.0%	96	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 2: Future Economic Conditions

What are your expectations for the Lee County economy one year ahead?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

What are your expectations for the Lee County economy one year ahead?

Figure 2 tracks business leaders' expectations about economic conditions in the year ahead. The first quarter results indicated that 66 percent of business executives are optimistic about economic conditions in the upcoming year, compared to the 64 percent in the previous quarter. Just 4 percent of the business executives expect worsening conditions a year ahead, down significantly from the 14 percent in the previous quarter. The proportion of executives that felt conditions would stay the same was 31 percent, up from 22 percent in the previous quarter. Complete response counts can be found in Table 2.

Table 2: Future Economic Conditions

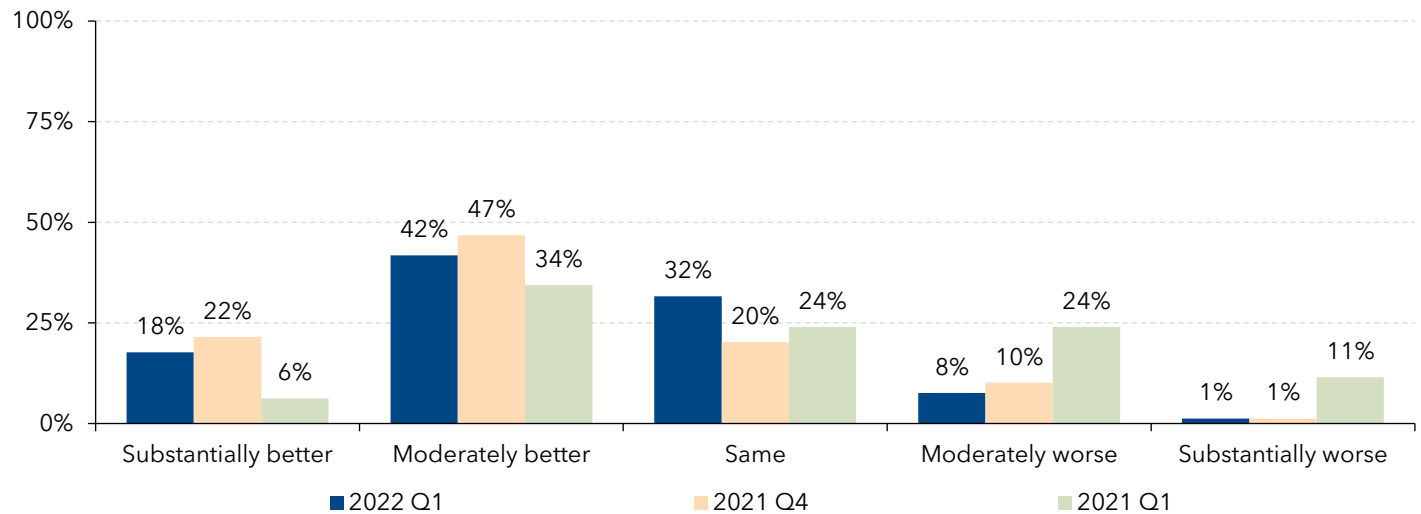
What are your expectations for the Lee County economy one year ahead?

Response	2022 Q1		2021 Q4		2021 Q1	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially better	7	8.6%	9	11.1%	8	8.3%
Moderately better	46	56.8%	43	53.1%	49	51.0%
Same	25	30.9%	18	22.2%	13	13.5%
Moderately worse	3	3.7%	11	13.6%	21	21.9%
Substantially worse	0	0.0%	0	0.0%	5	5.2%
Total Responses	81	100.0%	81	100.0%	96	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 3: Current Industry Conditions

What are the current conditions in your industry in Lee County compared to one year ago?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

What are the current conditions in your industry in Lee County compared to one year ago?

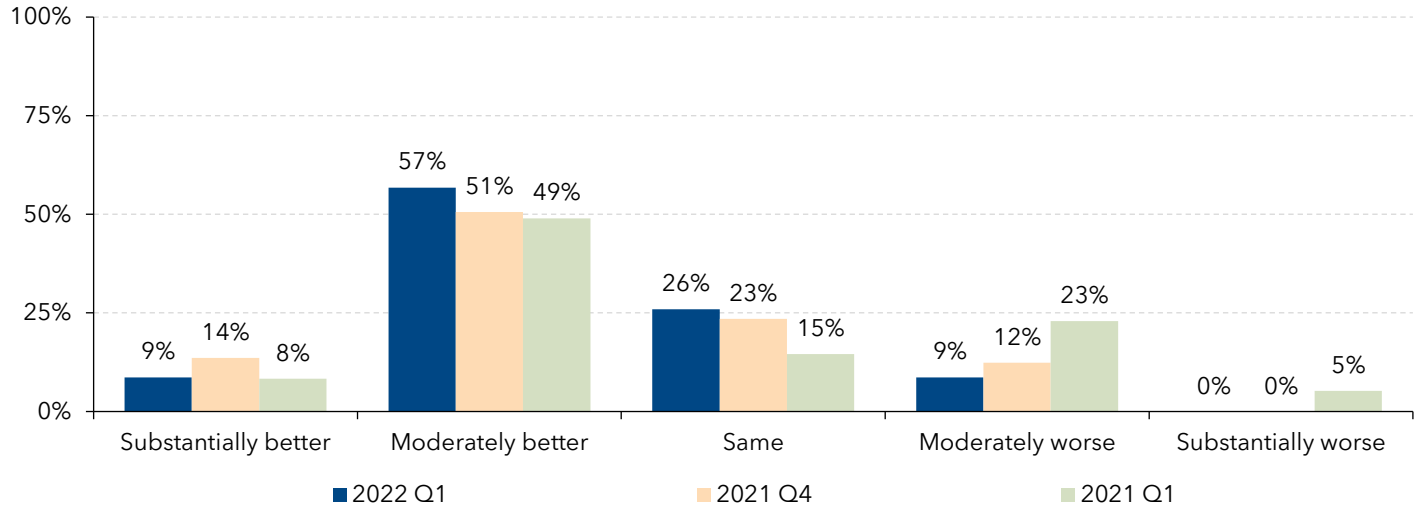
Figure 3 reports on executives’ perceptions about their industry and is more narrowly focused. The percentage of the surveyed executives who felt current conditions in their industry were better compared to a year ago was 60 percent compared to 69 percent in the previous quarter and in sharp contrast to just 40 percent a year ago. The percentage of business executives reporting worsening industry conditions in the first quarter of 2022 fell to 9 percent from 11 percent in the previous quarter, and lower than the 35 percent a year ago. About 32 percent of executives noted conditions remained the same in the first quarter compared to 20 percent in the previous quarter. Complete response counts can be found in Table 3.

Table 3: Current Industry Conditions						
What are the current conditions in your industry in Lee County compared to one year ago?						
Response	2022 Q1		2021 Q4		2021 Q1	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially better	14	17.7%	17	21.5%	6	6.3%
Moderately better	33	41.8%	37	46.8%	33	34.4%
Same	25	31.6%	16	20.3%	23	24.0%
Moderately worse	6	7.6%	8	10.1%	23	24.0%
Substantially worse	1	1.3%	1	1.3%	11	11.5%
Total Responses	79	100.0%	79	100.0%	96	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 4: Future Industry Conditions

What are your expectations for your own industry in Lee County one year ahead?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

What are your expectations for your own industry in Lee County one year ahead?

Figure 4 reports the expectations business executives have for the conditions in their own industry one year from now. The percent of surveyed executives who expect conditions in their industry to be moderately or substantially better in the next year was 66 percent compared to 65 percent in the previous quarter and 57 percent a year ago. About 26 percent of the surveyed executives expected conditions to remain the same, up from 23 percent in the previous quarter. The proportion of executives expecting conditions to worsen was 9 percent, down from 12 percent the previous quarter and significantly lower than the 28 percent a year ago. Complete response counts can be found in Table 4.

Table 4: Future Industry Conditions

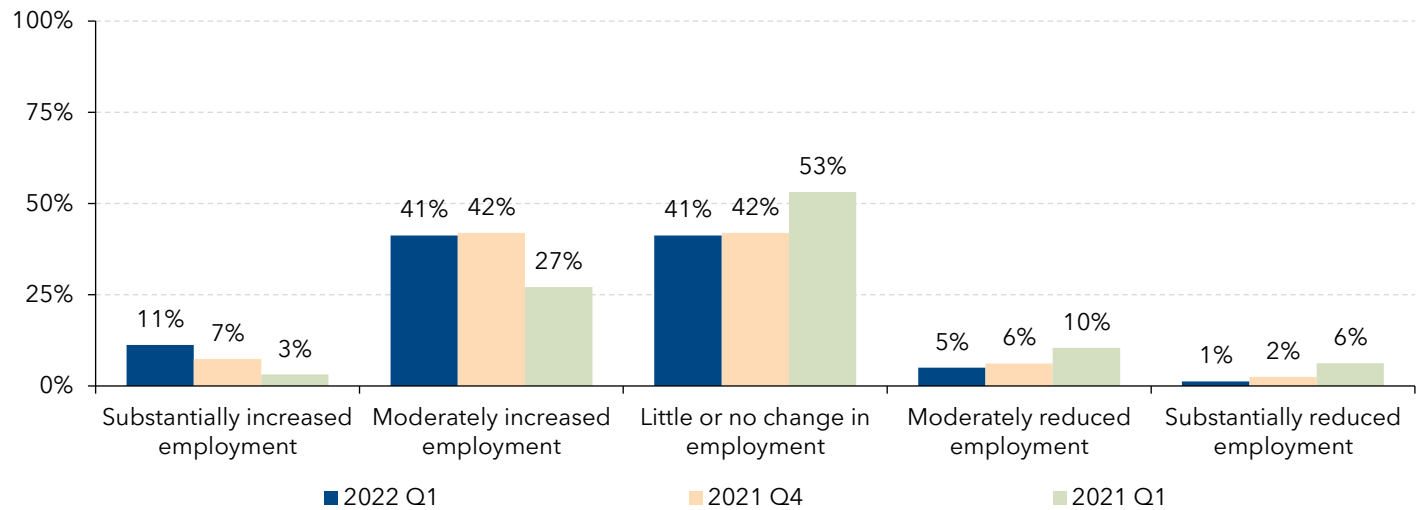
What are your expectations for your own industry in Lee County one year ahead?

Response	2022 Q1		2021 Q4		2021 Q1	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially better	7	8.6%	11	13.6%	8	8.3%
Moderately better	46	56.8%	41	50.6%	47	49.0%
Same	21	25.9%	19	23.5%	14	14.6%
Moderately worse	7	8.6%	10	12.3%	22	22.9%
Substantially worse	0	0.0%	0	0.0%	5	5.2%
Total Responses	81	100.0%	81	100.0%	96	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 5: Current Hiring Trend

What has been your hiring trend over the last year?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

What has been your hiring trend over the last year?

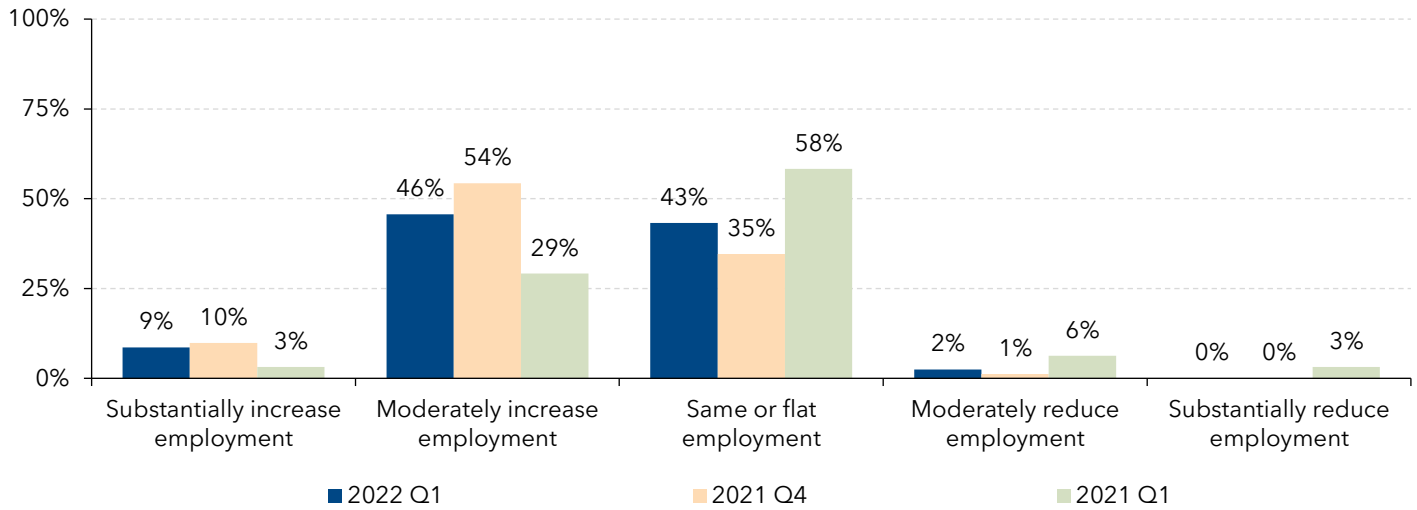
Figure 5 focuses on the current hiring trends of the surveyed executives. Survey responses of our executives showed a continuation of an upward hiring trend, with 52 percent indicating employment increased, compared to 49 percent in the last quarter of 2021. About 41 percent of the business executives indicated little or no change in employment over the last year, lower than the 42 percent reported in the previous quarter and 53 percent in the same quarter of last year. The proportion of surveyed firms that said they reduced employment over the last year fell to 6 percent from 8 percent in the previous quarter, and was lower than the 16 percent reported a year ago. Complete response counts can be found in Table 5.

Table 5: Current Hiring Trend						
What has been your hiring trend over the last year?						
Response	2022 Q1		2021 Q4		2021 Q1	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially increased employment	9	11.3%	6	7.4%	3	3.1%
Moderately increased employment	33	41.3%	34	42.0%	26	27.1%
Little or no change in employment	33	41.3%	34	42.0%	51	53.1%
Moderately reduced employment	4	5.0%	5	6.2%	10	10.4%
Substantially reduced employment	1	1.3%	2	2.5%	6	6.3%
Total Responses	80	100.0%	81	100.0%	96	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 6: Future Hiring Trend

What hiring trends do you see for your business over the next year?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

What hiring trends do you see for your business over the next year?

Figure 6 depicts a slowdown in future hiring trends. Overall, the response outcome indicates that about 55 percent of the surveyed business executives plan to increase employment over the next year, compared to 64 percent in the previous quarter. This was still higher than the 32 percent last year. More executives plan to keep employment flat over the next year, as indicated by 43 percent of the respondents in the first quarter compared to 35 percent in the previous quarter. Only 2 percent of the respondents indicated that they were planning to reduce employment, compared to 1 percent in the previous quarter and 9 percent a year ago. Complete response counts can be found in Table 6.

Table 6: Future Hiring Trend

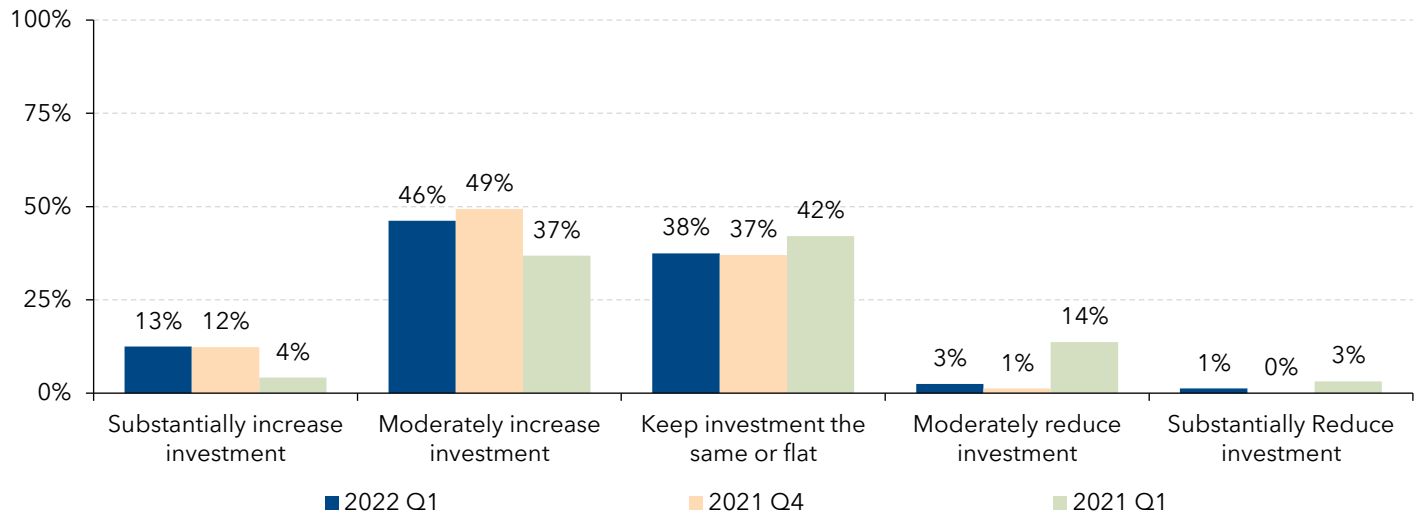
What hiring trends do you see for your business over the next year?

Response	2022 Q1		2021 Q4		2021 Q1	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially increase employment	7	8.6%	8	9.9%	3	3.1%
Moderately increase employment	37	45.7%	44	54.3%	28	29.2%
Same or flat employment	35	43.2%	28	34.6%	56	58.3%
Moderately reduce employment	2	2.5%	1	1.2%	6	6.3%
Substantially reduce employment	0	0.0%	0	0.0%	3	3.1%
Total Responses	81	100.0%	81	100.0%	96	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 7: Future Investment Trend

Do you plan to increase investment in your business during the next year?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

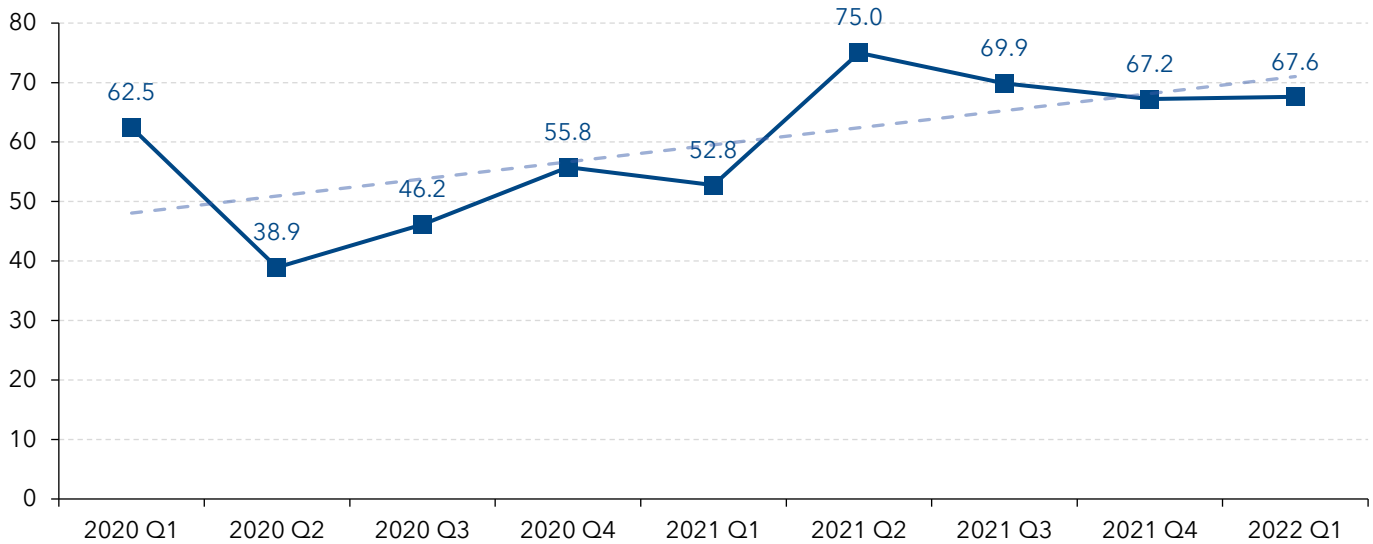
Prepared by the Regional Economic Research Institute

Do you plan to increase investment in your business during the next year?

Figure 7 focuses on planned future investment by the surveyed respondents. Close to 60 percent of the surveyed executives expect to increase investment, moderately or substantially, over the next year, slightly below the 61 percent in the previous quarter and greater than the 41 percent reported in the same quarter of 2021. Thirty-eight percent of the executives planned to keep their investment levels flat or the same over the next year, quite similar to the previous quarter but lower than the 42 percent a year ago. Just 4 percent of respondents said they planned to reduce investment during the next 12 months, higher than the previous quarter but lower than the 17 percent in the first quarter of 2021. Complete response counts can be found in Table 7.

Table 7: Future Investment Trend						
Do you plan to increase investment in your business during the next year?						
Response	2022 Q1		2021 Q4		2021 Q1	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially increase investment	10	12.5%	10	12.3%	4	4.2%
Moderately increase investment	37	46.3%	40	49.4%	35	36.8%
Keep investment the same or flat	30	37.5%	30	37.0%	40	42.1%
Moderately reduce investment	2	2.5%	1	1.2%	13	13.7%
Substantially Reduce investment	1	1.3%	0	0.0%	3	3.2%
Total Responses	80	100.0%	81	100.0%	95	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 8: Executive Business Climate Index

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Executive Business Climate Index

One of the key features of this survey is the calculation of an *Executive Business Climate Index (EBCI)*. This index value measures the current business climate in Lee County and is released quarterly to provide an economic indicator allowing one to gauge whether the business climate in Lee County is improving or declining. The *EBCI* is computed using the two questions concerning the current and future economic conditions (reported in Tables 1 and 2) and a third question concerning the expected industry economic conditions (reported in Table 4). The index is an average of the responses, with substantially better equal to 100, moderately better equal to 75, same equal to 50, moderately worse equal to 25 and substantially worse equal to zero. The index value can range from 0 to 100.

The index measured at 67.6 in the first quarter of 2022, virtually the same as in the previous quarter slowing the decline that began in the third quarter of 2021. The index for Current Economic Conditions fell from 69.9 in the fourth quarter of 2021 to 68.8. Respondents in Lee County were slightly more optimistic about future economic conditions in the first quarter of 2022 with the index increasing to 67.6 from 65.4 in the final quarter of 2021. Sentiment about future industry conditions stayed flat from the fourth quarter of 2021 to the first quarter of 2022 at 66.4. A complete historical graphical representation of each of the components can be found in Appendix A.

Table 8: Executive Business Climate Index

Components	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1
Current Economic Conditions	62.7	18.0	25.6	34.9	41.4	74.6	72.2	69.9	68.8
Future Economic Conditions	62.5	48.3	55.4	66.4	58.9	77.1	68.4	65.4	67.6
Future Industry Conditions	62.1	50.5	57.5	66.1	58.1	73.3	69.1	66.4	66.4
Executive Business Climate Index	62.5	38.9	46.2	55.8	52.8	75.0	69.9	67.2	67.6

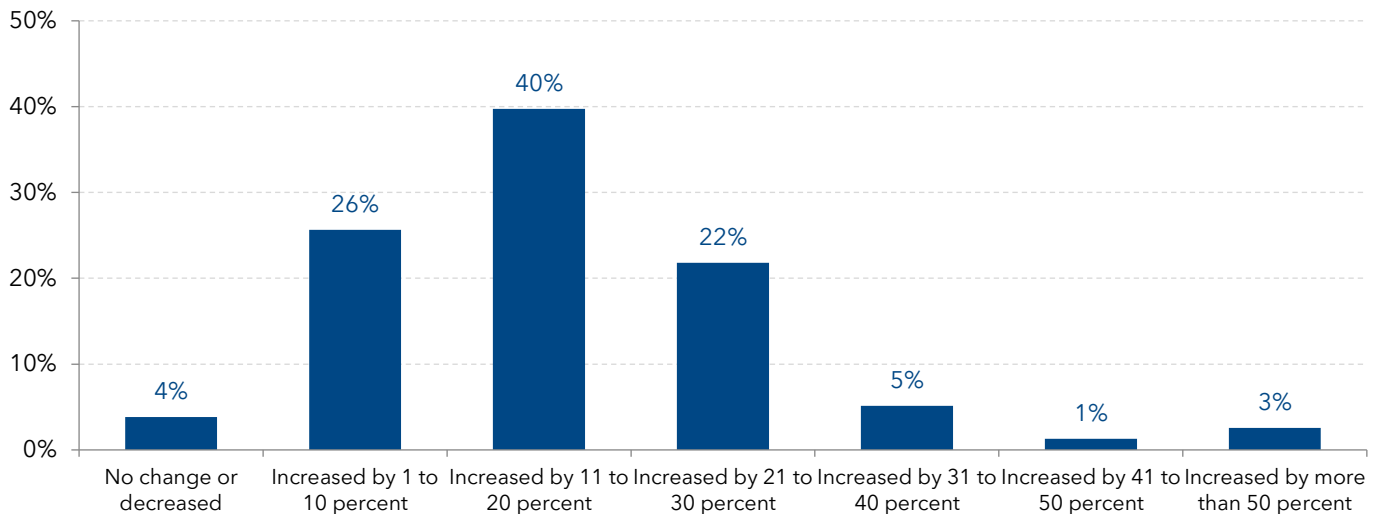
Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Special Topics

Each Executive Business Climate Survey contains a set of questions not asked on a recurring basis. These special topic questions highlight areas of importance to the economic development of our region with the intention of accessing the business community's input and feedback to development officials, industry agents, and government officials. The present survey includes questions regarding inflation.

Figure 9: Cost of Supplies

Since the beginning of the pandemic, how have costs of supplies and services to run your business changed?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Since the beginning of the pandemic, how have costs of supplies and services to run your business changed?

The largest proportion surveyed respondents, about 40 percent, indicated that the cost of supplies increased between 11 to 20 percent since the beginning of the pandemic. About 26 percent saw costs increase between 1 and 10 percent while 22 percent saw costs increase between 21 and 30 percent. Just 1 percent saw prices increase between 41 and 50 percent. Only 3 percent of the respondents indicated price hikes over 50 percent. Four percent indicated no change or a decrease in costs. Complete results can be found in Table 9.

Table 9: Cost of Supplies

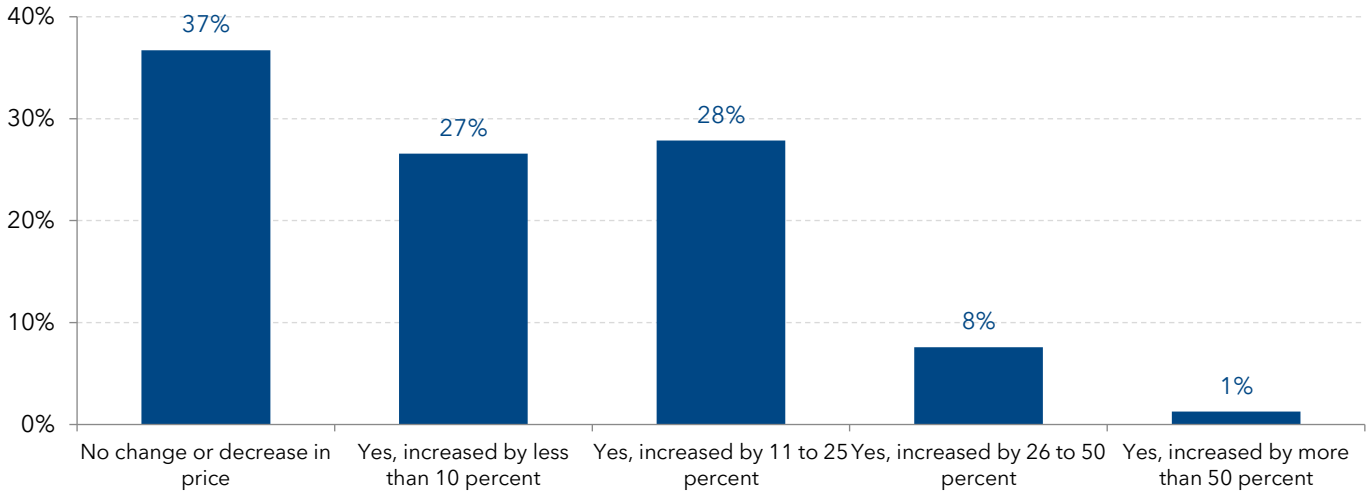
Since the beginning of the pandemic, how have costs of supplies and services to run your business changed?

Response	Count	Percentage
Increased by 1 to 10 percent	20	25.6%
Increased by 11 to 20 percent	31	39.7%
Increased by 21 to 30 percent	17	21.8%
Increased by 31 to 40 percent	4	5.1%
Increased by 41 to 50 percent	1	1.3%
Increased by more than 50 percent	2	2.6%
No change or decreased	3	3.8%
Total Responses	78	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 10: Price of Products

Since the beginning of the pandemic, has your business increased prices of products or services due to inflation? If so, by how much?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Since the beginning of the pandemic, has your business increased prices of products or services due to inflation? If so, by how much?

Responding to this question, 37 percent of the surveyed executives said they had not changed or decreased their product or service prices since the beginning of the pandemic. Twenty-seven percent said they had increased prices by less than 10 percent, but 28 percent stated they increased prices between 11 and 25 percent. Just 8 percent indicated that they raised prices between 26 and 50 percent, and just 1 percent of the respondents' raised prices by more than 50 percent. Complete results can be found in Table 10.

Table 10: Price of Products

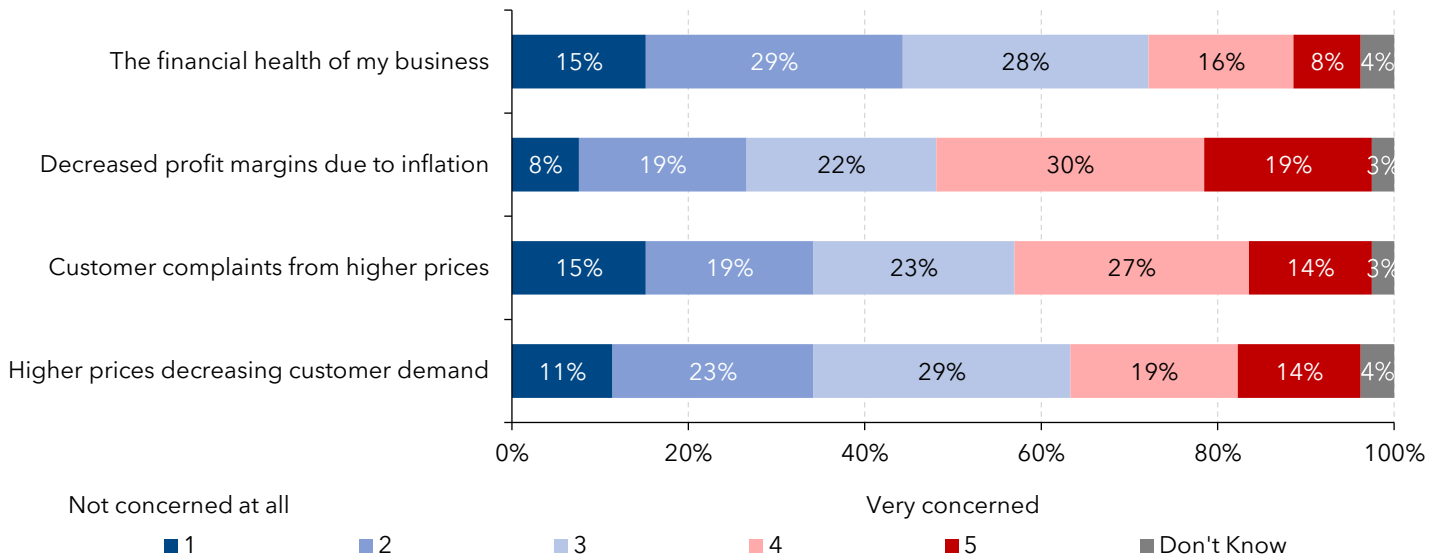
Since the beginning of the pandemic, has your business increased prices of products or services due to inflation? If so, by how much?

Response	Count	Percentage
Yes, increased by less than 10 percent	21	26.6%
Yes, increased by 11 to 25 percent	22	27.8%
Yes, increased by 26 to 50 percent	6	7.6%
Yes, increased by more than 50 percent	1	1.3%
No change or decrease in price	29	36.7%
Total Responses	79	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 11: Inflationary Pressures

Given the current inflationary pressures, how concerned are you with the following aspects of your business?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Given the current inflationary pressures, how concerned are you with the following aspects of your business?

Inflationary pressures have caused about 24 percent of the surveyed executives to be concerned about the financial health of their business countered by about 44 percent that are not too concerned. About half of the respondents are concerned about decreased profit margins due to inflation while a relatively smaller proportion, 27 percent, are not concerned. About 41 percent were concerned about customer complaints about higher prices while 34 percent were not concerned. About a third of the respondents were concerned that higher prices would lead to a loss of customer demand while 34 percent were not too concerned about losing customers. Complete results can be found in Table 11.

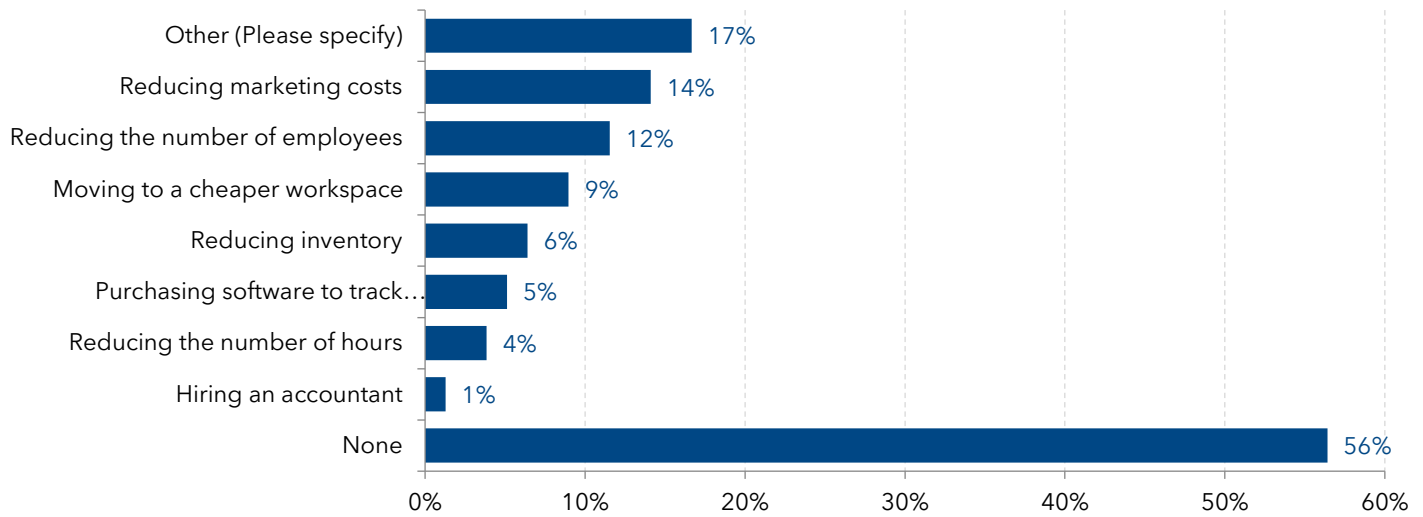
Table 11: Inflationary Pressures
Given the current inflationary pressures, how concerned are you with the following aspects of your business?

Aspect	Not concerned at all			Very concerned		Don't Know
	1	2	3	4	5	
The financial health of my business						
Count	12	23	22	13	6	3
Percentage	15.2%	29.1%	27.8%	16.5%	7.6%	3.8%
Decreased profit margins due to inflation						
Count	6	15	17	24	15	2
Percentage	7.6%	19.0%	21.5%	30.4%	19.0%	2.5%
Customer complaints from higher prices						
Count	12	15	18	21	11	2
Percentage	15.2%	19.0%	22.8%	26.6%	13.9%	2.5%
Higher prices decreasing customer demand						
Count	9	18	23	15	11	3
Percentage	11.4%	22.8%	29.1%	19.0%	13.9%	3.8%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 12: Reducing Overhead

Which of the following measures is your business taking to reduce overhead?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Which of the following measures is your business taking to reduce overhead?

Figure 12 shows that over half of the respondents have not employed any measures to reduce overhead. The highest proportion, 14 percent, planned to reduce marketing costs, 12 percent were planning to reduce the number of employees, and 9 percent planned to move to a cheaper workspace. Six percent were planning to reduce inventory, and 5 percent planned to purchase software to track their expenses. Four percent planned to reduce the number of hours worked and 1 percent planned to hire an accountant to help with reducing their overhead. Complete results can be found in Table 12.

Table 12: Reducing Overhead

Which of the following measures is your business taking to reduce overhead?

Response	Count	Percentage
Other (Please specify)	13	16.7%
Reducing marketing costs	11	14.1%
Reducing the number of employees	9	11.5%
Moving to a cheaper workspace	7	9.0%
Reducing inventory	5	6.4%
Purchasing software to track expenses	4	5.1%
Reducing the number of hours	3	3.8%
Hiring an accountant	1	1.3%
None	44	56.4%
Total Responses	78	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Comments, Suggestions, and Recommendations

At the end of each survey, business executives are given the opportunity to provide any general comments they have about the local economy. Below is a list of the general topics on which the business executives commented.

- Supply Chain Disruptions
- Inflation
- Qualified Employees
- Regional Economy
- Other

Executive responses to this question are found in Appendix B.

Company Characteristics

Each executive provided information about his or her firm, including:

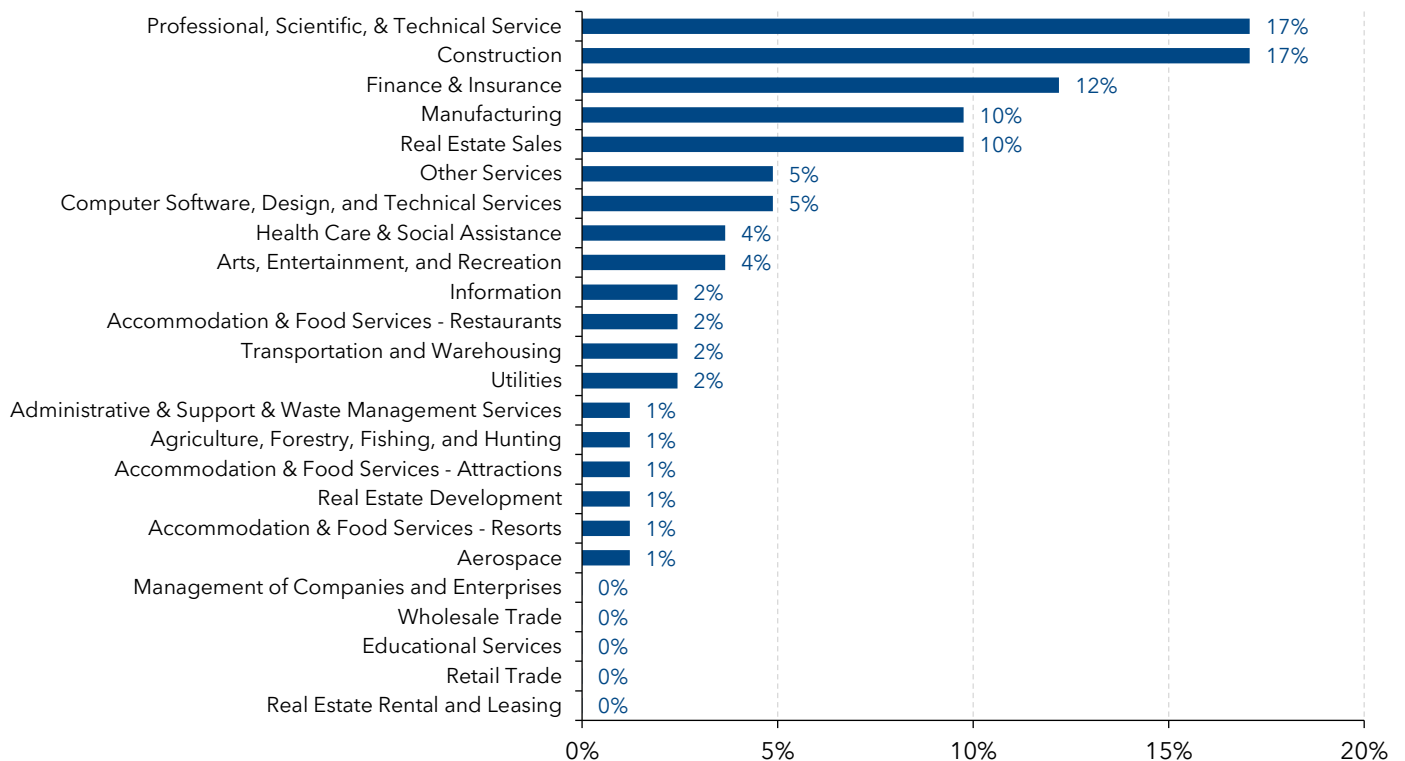
- Business Type;
- Number of Employees;
- Company Location; and
- Geographic Client Base.

The following figures provide an overview of general characteristics of the responding companies.

What type of business or industry best describes your company?

Figure 13: Business Type

What type of business or industry best describes your company?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Figure 13 shows the percentage of representation by type of industry that characterizes the responding business executives. The professional, scientific, and technical industry and the construction industry each was represented by 17 percent of the surveyed executives, followed by 12 percent from the finance and insurance industry and 10 percent from manufacturing and the real estate sales industry. The rest of the industries each were represented by 5 percent or less. Complete breakdown by type of industry can be found in Table 13.

Table 13: Business Type

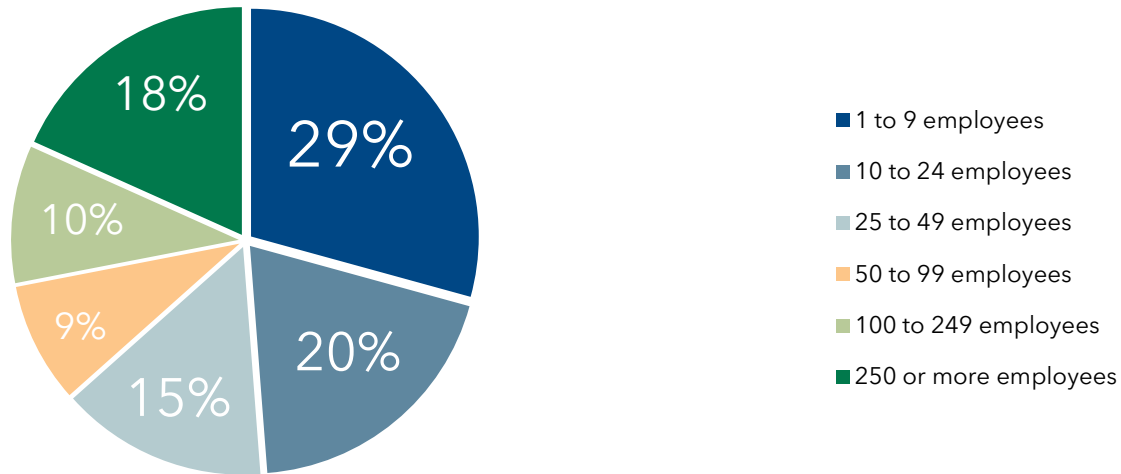
What type of business or industry best describes your company?

Response	Count	Percentage
Professional, Scientific, & Technical Service	14	17.1%
Construction	14	17.1%
Finance & Insurance	10	12.2%
Manufacturing	8	9.8%
Real Estate Sales	8	9.8%
Other Services	4	4.9%
Computer Software, Design, and Technical Services	4	4.9%
Health Care & Social Assistance	3	3.7%
Arts, Entertainment, and Recreation	3	3.7%
Information	2	2.4%
Accommodation & Food Services - Restaurants	2	2.4%
Transportation and Warehousing	2	2.4%
Utilities	2	2.4%
Administrative & Support & Waste Management Services	1	1.2%
Agriculture, Forestry, Fishing, and Hunting	1	1.2%
Accommodation & Food Services - Attractions	1	1.2%
Real Estate Development	1	1.2%
Accommodation & Food Services - Resorts	1	1.2%
Aerospace	1	1.2%
Management of Companies and Enterprises	0	0.0%
Wholesale Trade	0	0.0%
Educational Services	0	0.0%
Retail Trade	0	0.0%
Real Estate Rental and Leasing	0	0.0%
Total Responses	82	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 14: Number of Employees

What is the size of your firm?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

What is the size of your firm?

Figure 14 shows the business executives categorized by the number of employees in their firms. About 29 percent of surveyed executives were of firms that employed less than ten employees, 20 percent of the firms employed between 10 to 24 employees and 15 percent employed between 25 to 49 employees. Nine percent were firms that employed between 50 and 99 employees, 10 percent of firms employed between 100 to 249 employees and 18 percent of surveyed executives were with firms that employed 250 employees or more. Complete response counts can be found in Table 14.

Table 14: Number of Employees

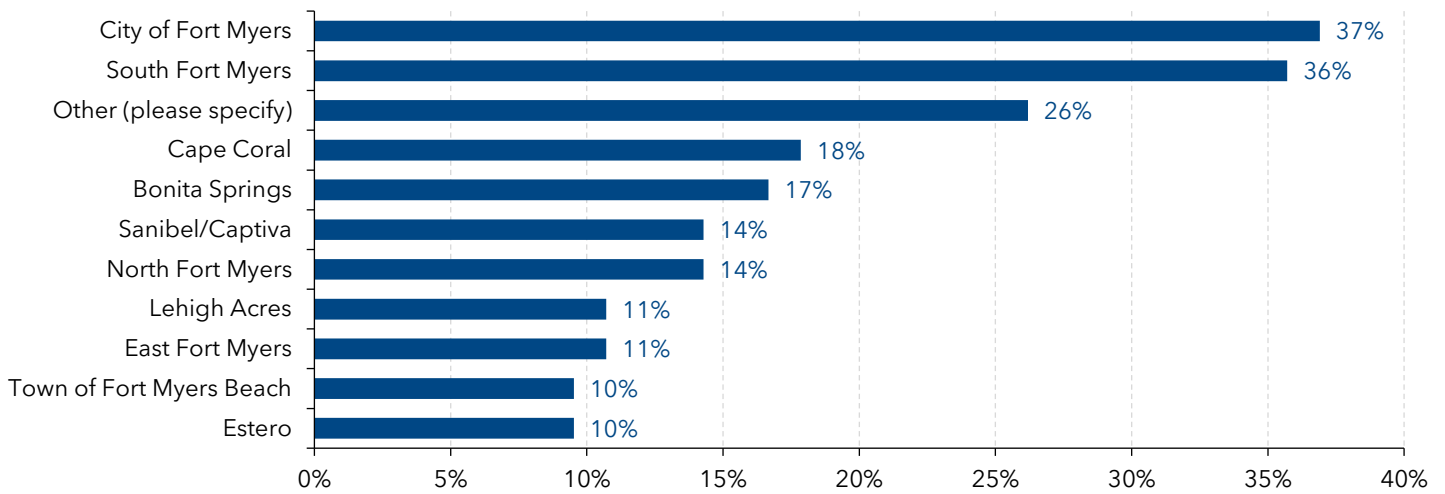
What is the size of your firm?

Response	Count	Percentage
1 to 9 employees	24	29.3%
10 to 24 employees	16	19.5%
25 to 49 employees	12	14.6%
50 to 99 employees	7	8.5%
100 to 249 employees	8	9.8%
250 or more employees	15	18.3%
Total Responses	82	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 15: Company Locations

Where is your firm located?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Where is your firm located?

Figure 15 shows where firms of surveyed business executives operated. Business executives were allowed to select all locations in which their firms had operations. The largest proportion (37 percent) of surveyed executives said their firm was located in the City of Fort Myers while 36 percent were in South Fort Myers. The next largest location (18 percent) was in Cape Coral followed by 17 percent in Bonita Springs. Fourteen percent of the executives indicated their firms were located in Sanibel/Captiva and North Fort Myers. Lehigh Acres and East Fort Myers were locations for 11 percent. The town of Fort Myers Beach and Estero each were locations for 10 percent of the respondents. Twenty-six percent were in locations not provided in the survey. Complete response counts can be found in Table 15.

Table 15: Company Locations

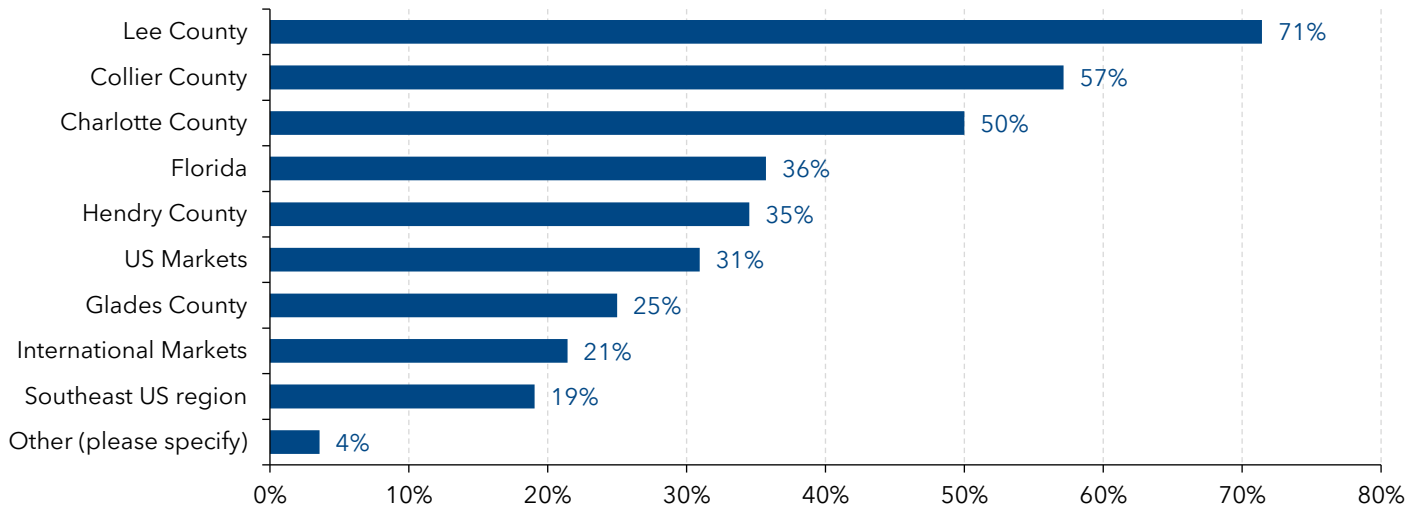
Where is your firm located?

Response	Count	Percentage
City of Fort Myers	31	36.9%
South Fort Myers	30	35.7%
Other (please specify)	22	26.2%
Cape Coral	15	17.9%
Bonita Springs	14	16.7%
Sanibel/Captiva	12	14.3%
North Fort Myers	12	14.3%
Lehigh Acres	9	10.7%
East Fort Myers	9	10.7%
Town of Fort Myers Beach	8	9.5%
Estero	8	9.5%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Figure 16: Geographic Client Base

What areas comprise your geographic client base?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

What areas comprise your geographic client base?

Figure 16 shows the geographic client base for the firms of surveyed business executives. Business executives were allowed to select all geographical areas in which their firm had a client base. Lee County accounted for 71 percent of the surveyed executives' client base. Collier County accounted for 57 percent of their client base and Charlotte had 50 percent. Hendry County had 35 percent and Glades County accounted for a client base of 25 percent. The Southeast U.S. region was the geographical client base for 19 percent of surveyed executives and the state of Florida was the geographical client base for 36 percent of the firms. Thirty-one percent of the client base for these firms was in all U.S. markets and 21 percent was in international markets. Complete response counts can be found in Table 16.

Table 16: Geographic Client Base

What areas comprise your geographic client base?

Response	Count	Percentage
Lee County	60	71.4%
Collier County	48	57.1%
Charlotte County	42	50.0%
Florida	30	35.7%
Hendry County	29	34.5%
US Markets	26	31.0%
Glades County	21	25.0%
International Markets	18	21.4%
Southeast US region	16	19.0%
Other (please specify)	3	3.6%

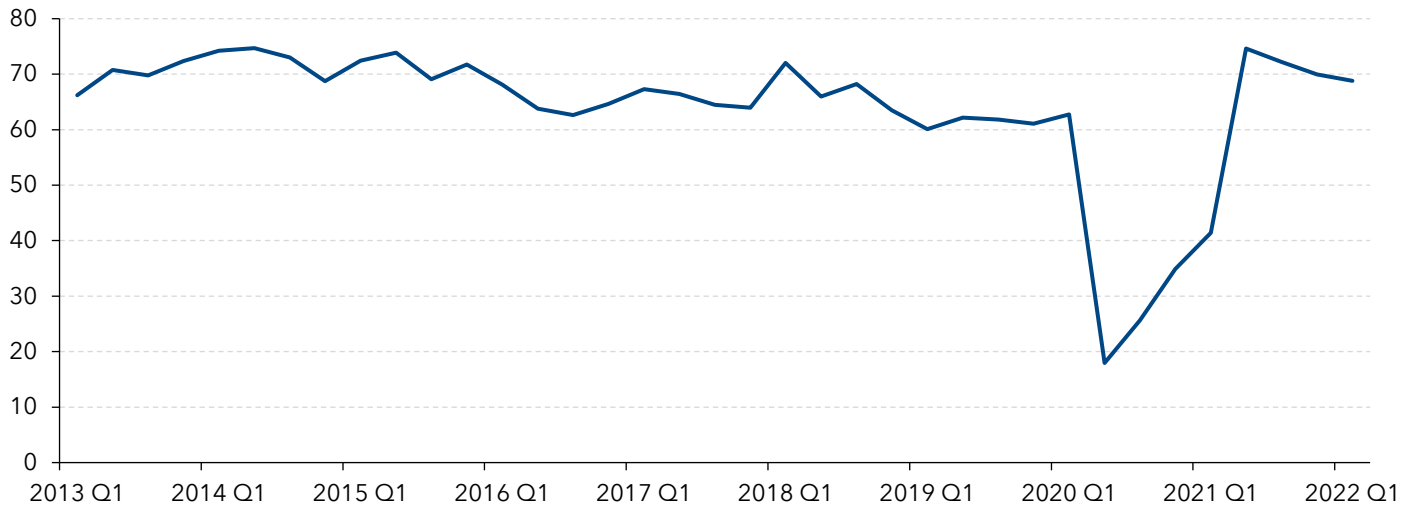
Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Appendix A. Historical Trends

Historical trends of the seven recurring questions asked in each Executive Business Climate Survey can be found in this section.

Figure 17: Current Economic Conditions

How are the current Lee County economic conditions compared to a year ago?

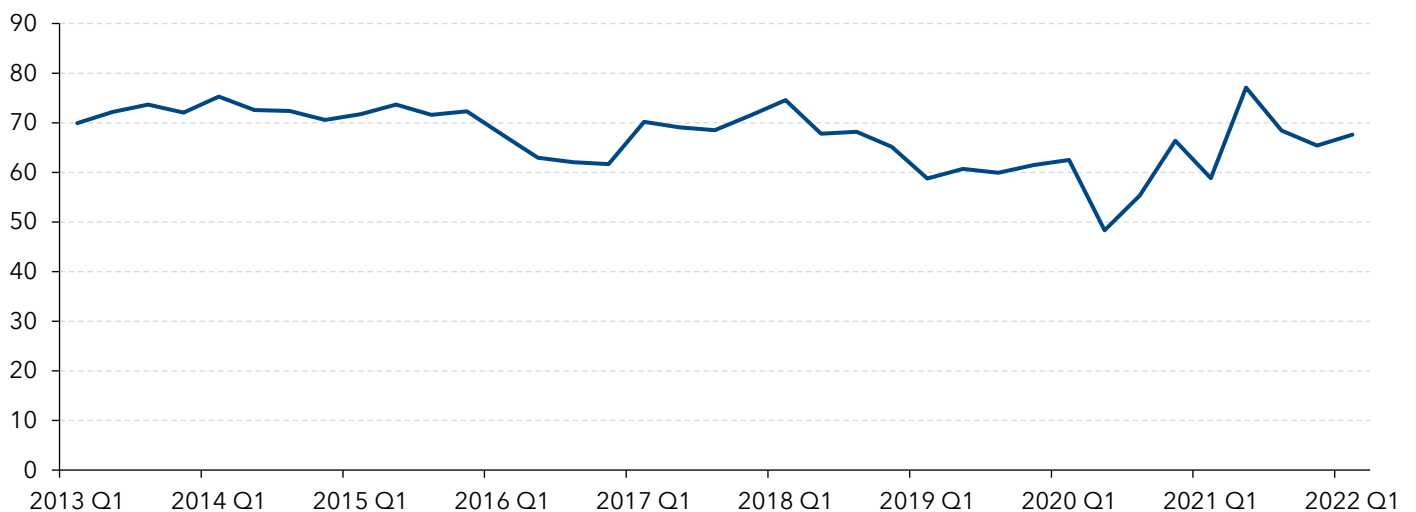


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Figure 18: Future Economic Conditions

What are your expectations for the Lee County economy one year ahead?

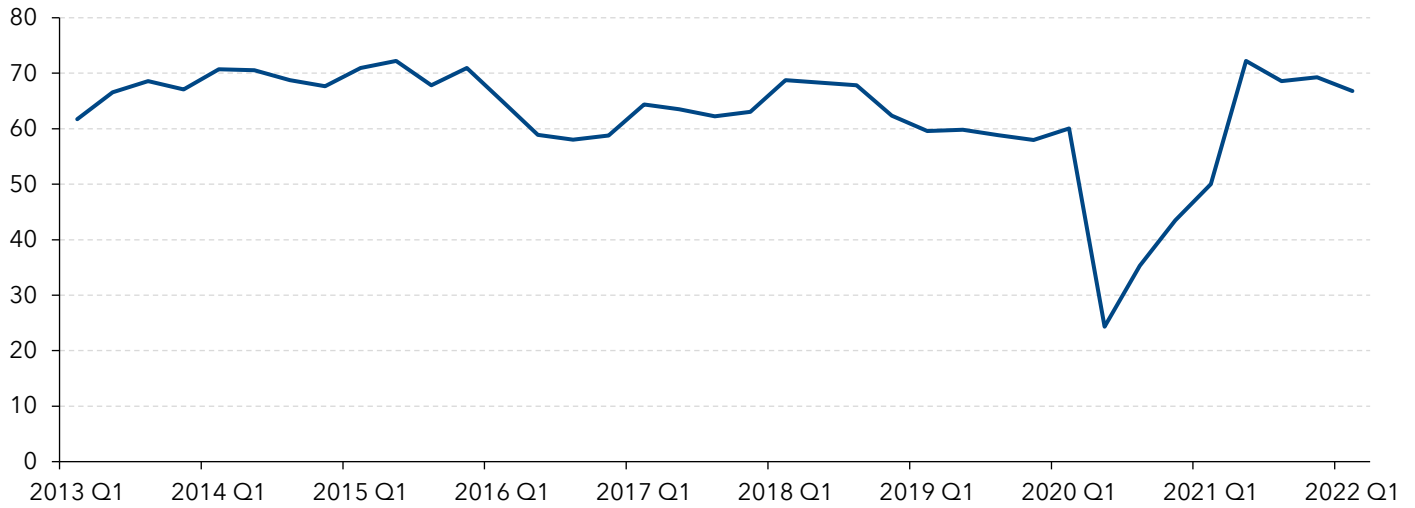


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Figure 19: Current Industry Conditions

What are the current conditions in your industry in Lee County compared to one year ago?

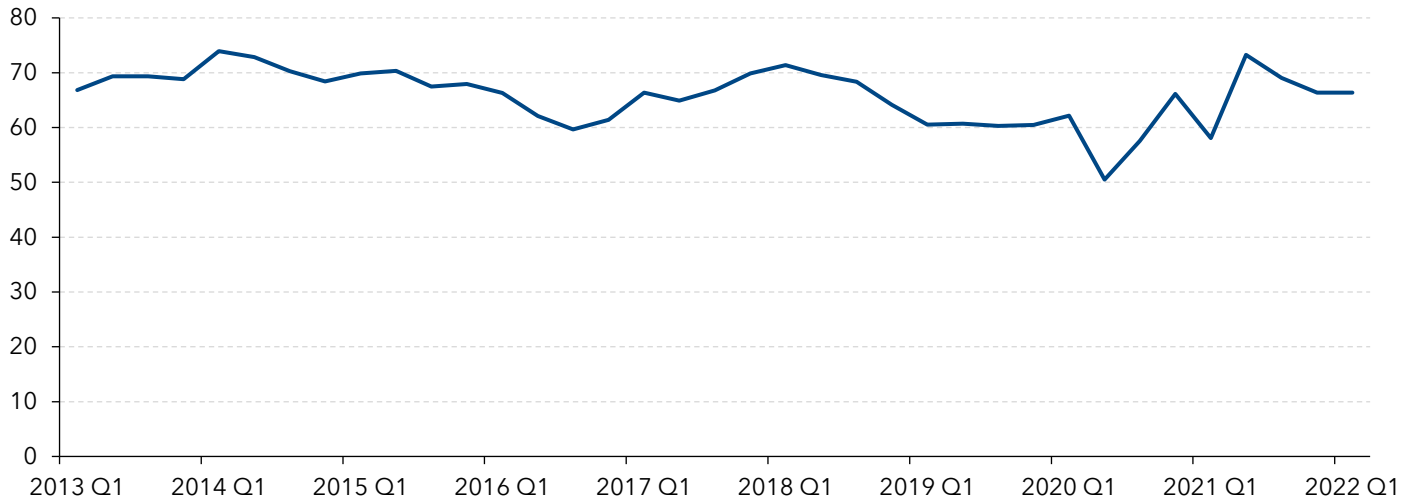


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Figure 20: Future Industry Conditions

What are your expectations for your own industry in Lee County one year ahead?

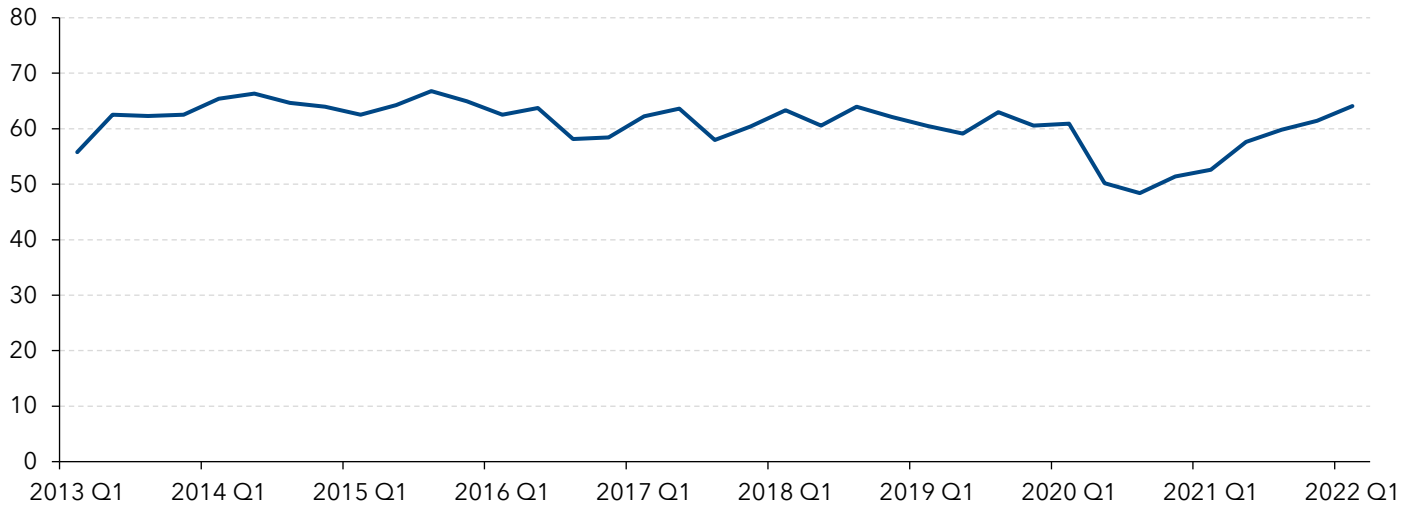


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Figure 21: Current Hiring Trends

What has been your hiring trend over the last year?

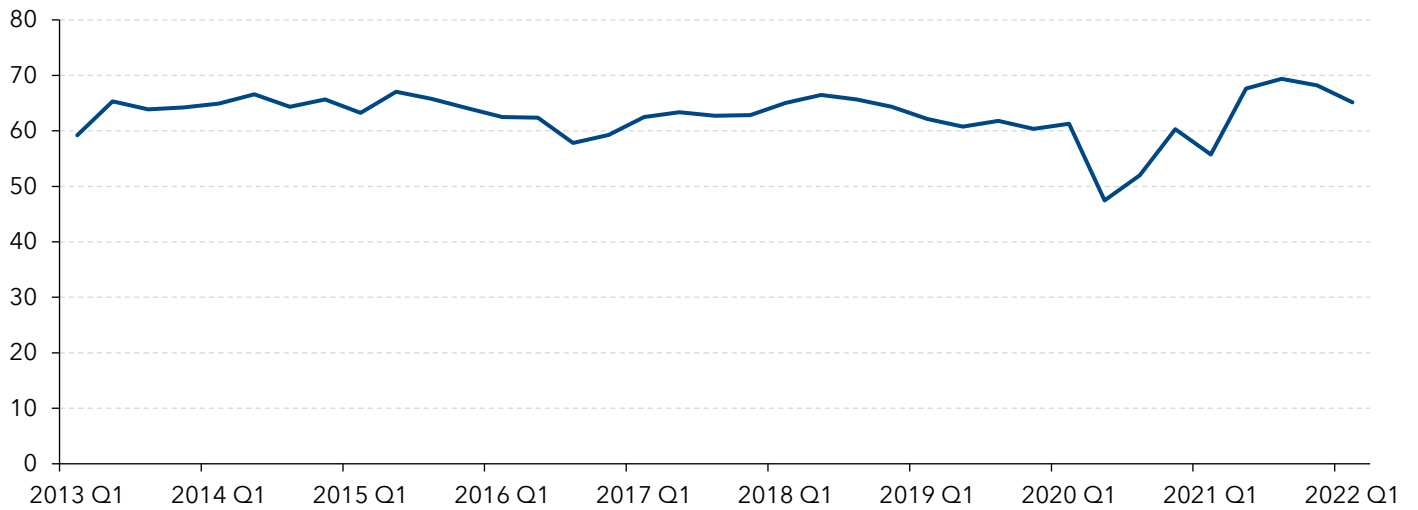


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Figure 22: Future Hiring Trends

What hiring trends do you see for your business over the next year?

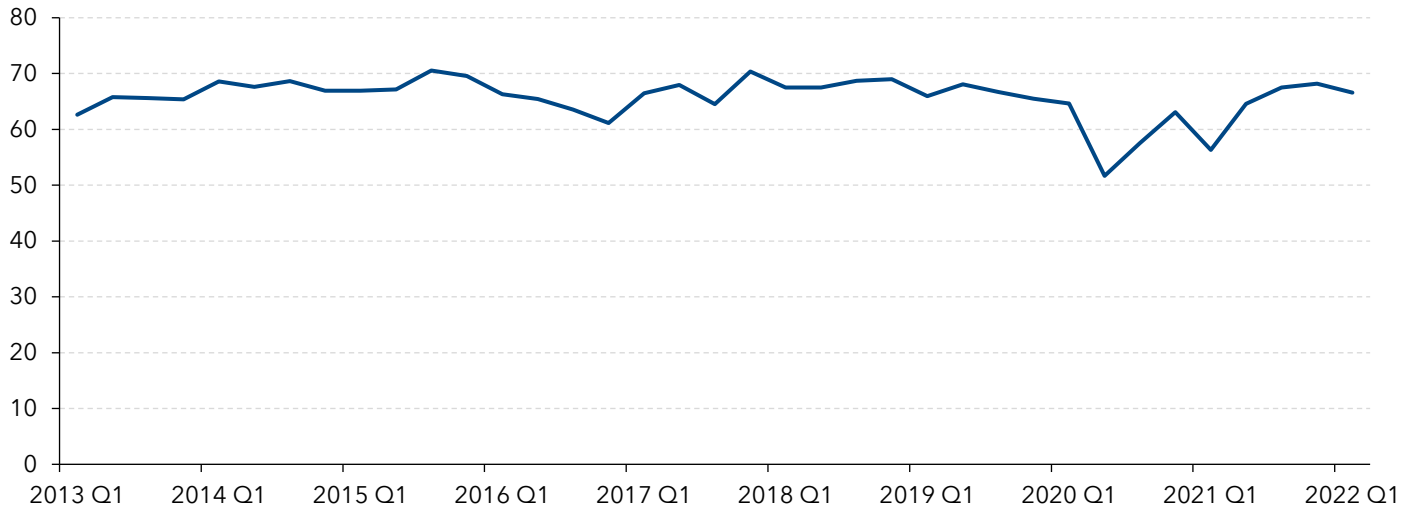


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Figure 23: Future Investment Trends

Do you plan to increase investment in your business during the next year?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between January 3rd, 2022 and January 18th, 2022.

Prepared by the Regional Economic Research Institute

Appendix B. Full Comments

The following lists include specific responses from the executives for the following question:

Please indicate any other comments, suggestions, or recommendations you would like to make regarding the regional economy or your business.

Supply Chain Disruptions

- Supply chain disruptions are causing delays and unprecedented cost impacts.
- We are faced with supply shortages. Not much one can do about that.

Inflation

- The Covid problem has resulted in terrific jump in construction material prices. My hope is that a lessening of inflation and a return to normalcy in the next couple of years will fix that.
- Health care is in a different predicament - as expenses rise reimbursement does not. We have significant staffing issues.
- We have been fortunate to have an overwhelming number of applicants apply for newly created positions with our company, but median salaries have increased 30% to 50% in the industry which is scary. Our profit margin has decreased so we have not other option but to raise our rates adding to the current state of inflation. People believe higher salaries will create more spending and stronger economies, but what we are experiencing first hand is that higher salaries has led to inflation and not more spending or stronger economies.

Qualified Employees

- Given the federal investment in infrastructure, the building and engineering markets will expand dramatically. The struggle will be hiring qualified staff.
- Changing COVID requirements creating confusion and distress. At any one time, 20 to 40% of teammates are positive and/or in quarantine. Based on market forces and real estate consolidations, 40% of entire workforce will not be required to return to brick and motor office workspace. Requires a whole new style of leadership/management. Client service expectations have not changed so we need to change our behaviors to meet them. Finding qualified employees is a significant challenge. We are being raided by competitors offering crazy compensation packages.
- Lee County grows at a pace faster than the infrastructure including blue collar workers needed to fill positions at the new businesses and construction activities. Sustainability will be difficult without qualified workers.

Regional Economy

- Concern with events nationwide seems to be affecting decisions to (re)locate in the region. People are trying to be cautious about all business decisions but also realize they're being pressured to move quickly when opportunities present themselves.
- We do not rely on the regional economy for business. We do rely on the region for employees and that has been especially difficult.
- Construction and demand for services appear robust at this time
- Moving forward in the economic expansion currently underway in Lee County and Southwest Florida, the major issue may become the availability of capital. We anticipate that the growing demand for construction funding will outstrip the availability for financing in the next 12 months. Specifically in leasing commercial real estate and construction of all real estate, the inability of local government zoning, permitting, and inspecting departments is seriously limiting the rate of economic development. Inexperienced staff, archaic regulations, and a lack of common sense are costing potential tenants, contractors, and developers valuable time and money.

Other

- Expect the local economy to grow based on population demand. Will work through second quarter, then move to retirement as I will be 65 then.
- Research who is coming into the marketplace. Its great to be an entrepreneur, however, everyone has an idea and its saturates the market place. Also, workforce where are all these college graduates not just from FGCU going to find work.



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