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Second 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.

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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 4,362 executives and business owners in Lee County. Four reminders were sent during the survey period. Two hundred and fifty executives completed the survey from April 4, 2022, through April 19, 2022, giving the survey a margin of error of 6.2 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 present survey shows the index measured at 64 in the second quarter of 2022, the fourth decline since peaking at 75 in the second quarter of 2021. All three components of the index - Current and Future Economic Conditions and Future Industry Conditions - showed decreases in the second quarter of 2022. A complete graphical representation of each of these questions since 2013 can be found in Appendix A.

Results from the recurring questions revealed:

- 58 percent of the surveyed business executives indicated economic conditions in Lee County were better compared to a year ago; 19 percent stated that overall economic conditions were worse than a year ago.
- 59 percent of business executives were optimistic about economic conditions in the upcoming year, down from 66 percent the previous quarter; 18 percent of the surveyed business executives felt pessimistic about future economic conditions.
- Half of the surveyed business executives reported current industry conditions as better when compared to last year, while 19 percent of executives reported conditions getting worse.
- 61 percent of respondents believe industry conditions will improve over the next 12 months compared to 66 percent in the last quarter, with 12 percent expecting conditions to be worse.
- 48 percent of the surveyed executives reported increased hiring in the current quarter compared to 52 percent in the last quarter; 10 percent reported reducing employment.
- 57 percent of executives expect to increase hiring at their companies over the next year, 37 percent plan to remain at the same level; 5 percent planned to reduce employment.
- 60 percent of the surveyed executives expect to increase investment over the next year, similar to the previous quarter; 35 percent expect to keep it the same and 5 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 the effects of rising prices on businesses.

- 68 percent of surveyed executives stated their business raised prices over the past quarter, while 32 percent of the respondents indicated they did not increase their prices; 15 percent indicated raising prices by more than 10 percent.
- 63 percent of the respondents indicated that wages were a very important factor for raising prices with 17 percent indicating that wages were not at all important in their pricing decisions.
- 55 percent indicated that other labor costs were important factors.
- 68 percent of respondents said vendor costs were important factors.

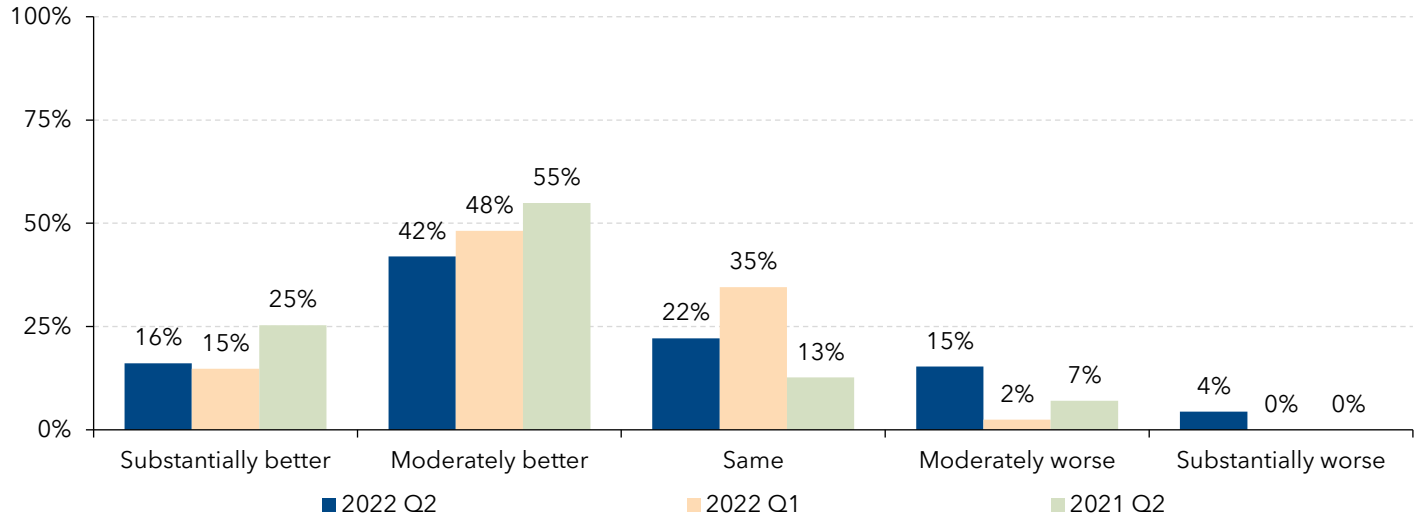
- 68 percent of respondents anticipated that the recent interest rate hike would have a negative impact on business costs, while 33 percent believe the hike will have no impact at all.
- 52 percent of the respondents expect the interest rate hike to have a negative impact on their business prices, while 43 percent state that the hike will have no impact at all.

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 second 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 April 4th, 2022 and April 19th, 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 second quarter of 2022. Fifty-eight percent of the surveyed executives indicated economic conditions in Lee County were better compared to a year ago. This was lower than last quarter when 63 percent felt conditions were better than a year ago. Nineteen percent stated conditions were worse than a year ago, up from the 2 percent in the first quarter and higher than the 7 percent recorded a year ago. About 22 percent of responding executives said current Lee County economic conditions were about the same compared to a year ago, lower than the 35 percent in the previous quarter. Complete response counts are found in Table 1.

Table 1: Current Economic Conditions

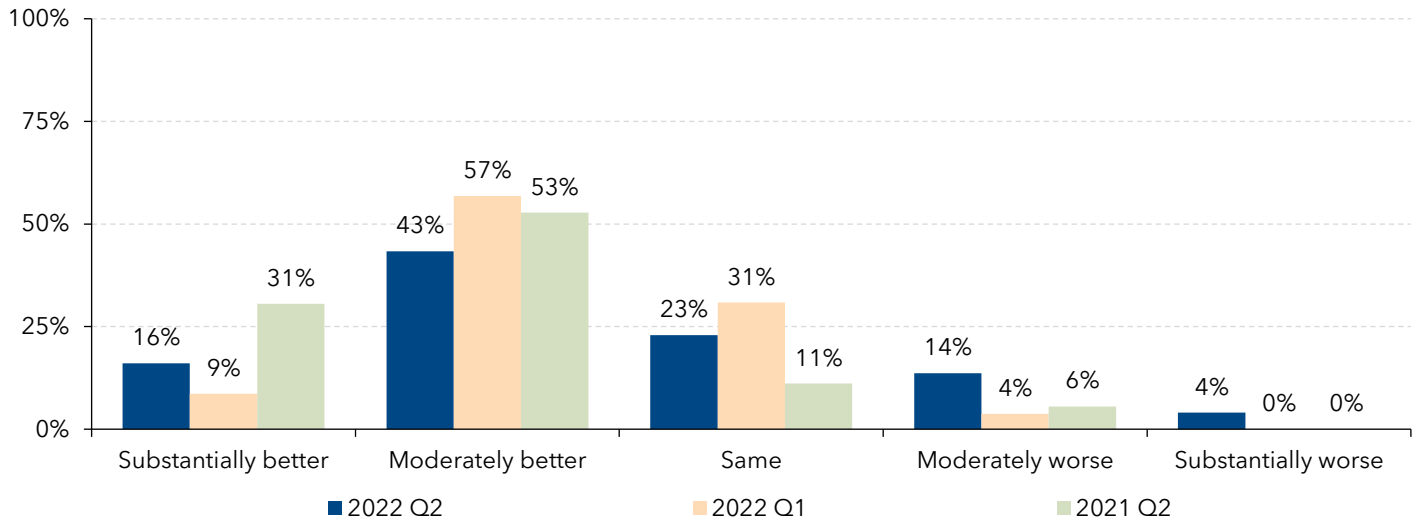
How are the current Lee County economic conditions compared to a year ago?

Response	2022 Q2		2022 Q1		2021 Q2	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially better	40	16.1%	12	14.8%	18	25.4%
Moderately better	104	41.9%	39	48.1%	39	54.9%
Same	55	22.2%	28	34.6%	9	12.7%
Moderately worse	38	15.3%	2	2.5%	5	7.0%
Substantially worse	11	4.4%	0	0.0%	0	0.0%
Total Responses	248	100.0%	81	100.0%	71	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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 April 4th, 2022 and April 19th, 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. Optimism about the future economic conditions declined. The second quarter results indicated that 59 percent of business executives are optimistic about economic conditions in the upcoming year, compared to the 66 percent in the previous quarter. In contrast, 18 percent of executives indicated some pessimism about the future of the economy, higher than the 4 percent in the previous quarter. Twenty-three percent expect economic conditions to remain the same, lower than the 31 percent in the previous quarter. Complete response counts can be found in Table 2.

Table 2: Future Economic Conditions

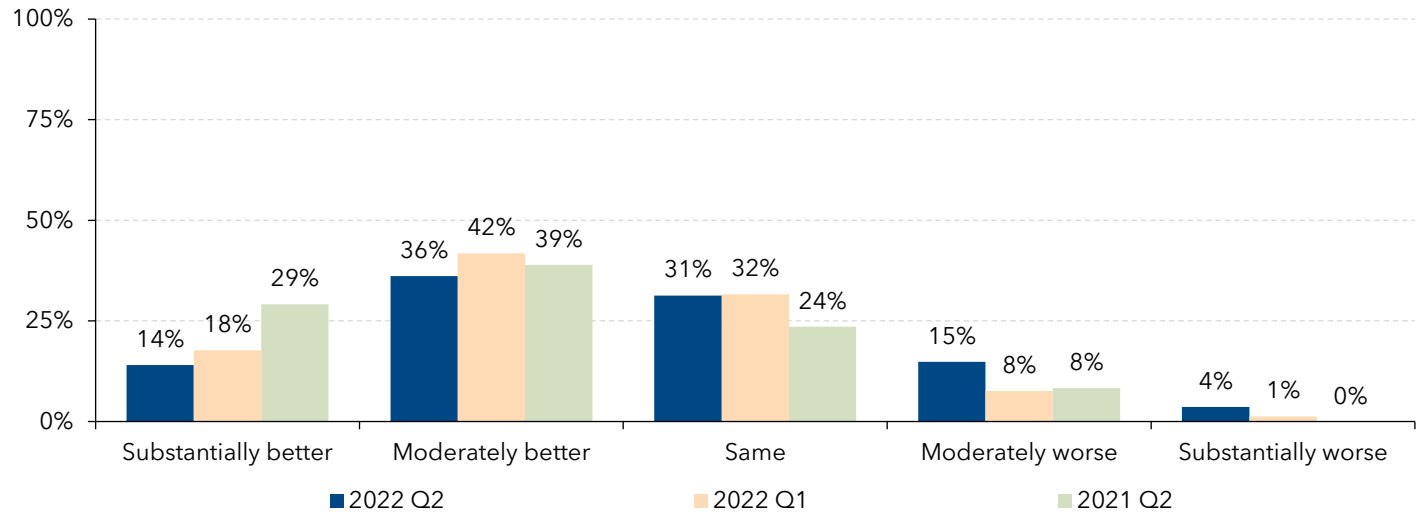
What are your expectations for the Lee County economy one year ahead?

Response	2022 Q2		2022 Q1		2021 Q2	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially better	40	16.1%	7	8.6%	22	30.6%
Moderately better	108	43.4%	46	56.8%	38	52.8%
Same	57	22.9%	25	30.9%	8	11.1%
Moderately worse	34	13.7%	3	3.7%	4	5.6%
Substantially worse	10	4.0%	0	0.0%	0	0.0%
Total Responses	249	100.0%	81	100.0%	72	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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 April 4th, 2022 and April 19th, 2022.

Prepared by the Regional Economic Research Institute

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

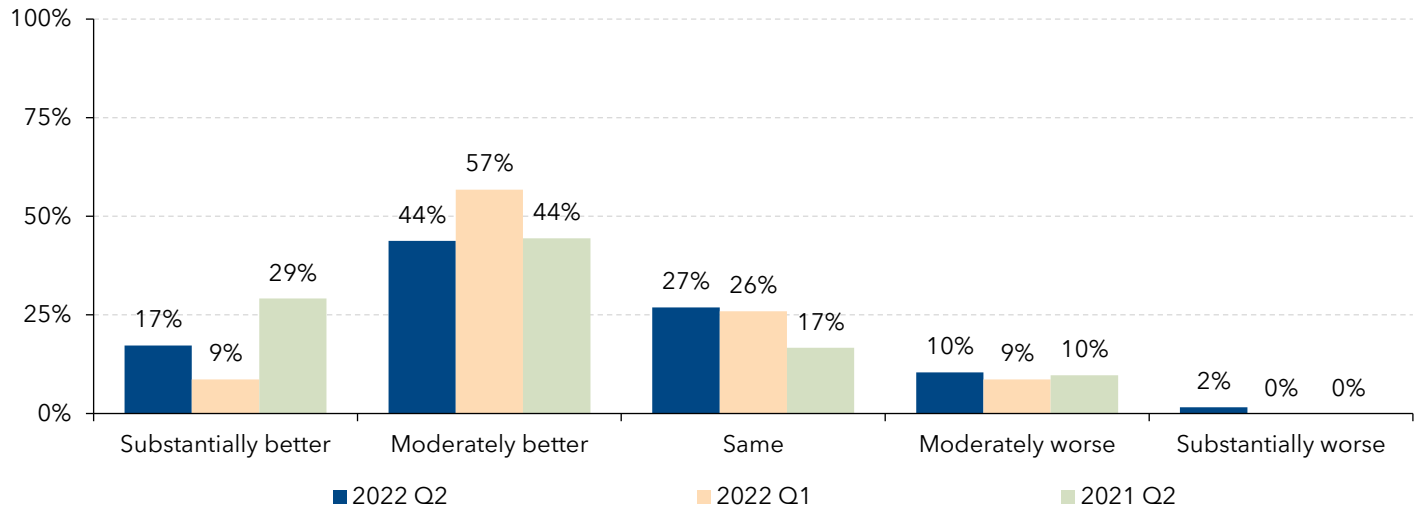
Figure 3 reports on executives’ perceptions about their industry and is more narrowly focused. The percentage of the surveyed executives who felt current conditions in their industry were better compared to a year ago was 50 percent compared to 60 percent in the previous quarter and lower than the 68 percent a year ago. The percentage of business executives reporting worsening industry conditions in the second quarter of 2022 rose to 19 percent from 9 percent in the previous quarter, and higher than the 8 percent a year ago. About 31 percent of executives noted conditions remained the same in the second quarter compared to 32 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 Q2		2022 Q1		2021 Q2	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially better	35	14.1%	14	17.7%	21	29.2%
Moderately better	90	36.1%	33	41.8%	28	38.9%
Same	78	31.3%	25	31.6%	17	23.6%
Moderately worse	37	14.9%	6	7.6%	6	8.3%
Substantially worse	9	3.6%	1	1.3%	0	0.0%
Total Responses	249	100.0%	79	100.0%	72	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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 April 4th, 2022 and April 19th, 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 fell to 61 percent in the second quarter, down from the 66 percent in the last quarter and lower than 73 percent a year ago. About 27 percent of the surveyed executives expected conditions to remain the same, about the same as in the previous quarter. The proportion of executives expecting conditions to worsen rose to 12 percent, up from 9 percent the previous quarter and 10 percent a year ago. Complete response counts can be found in Table 4.

Table 4: Future Industry Conditions

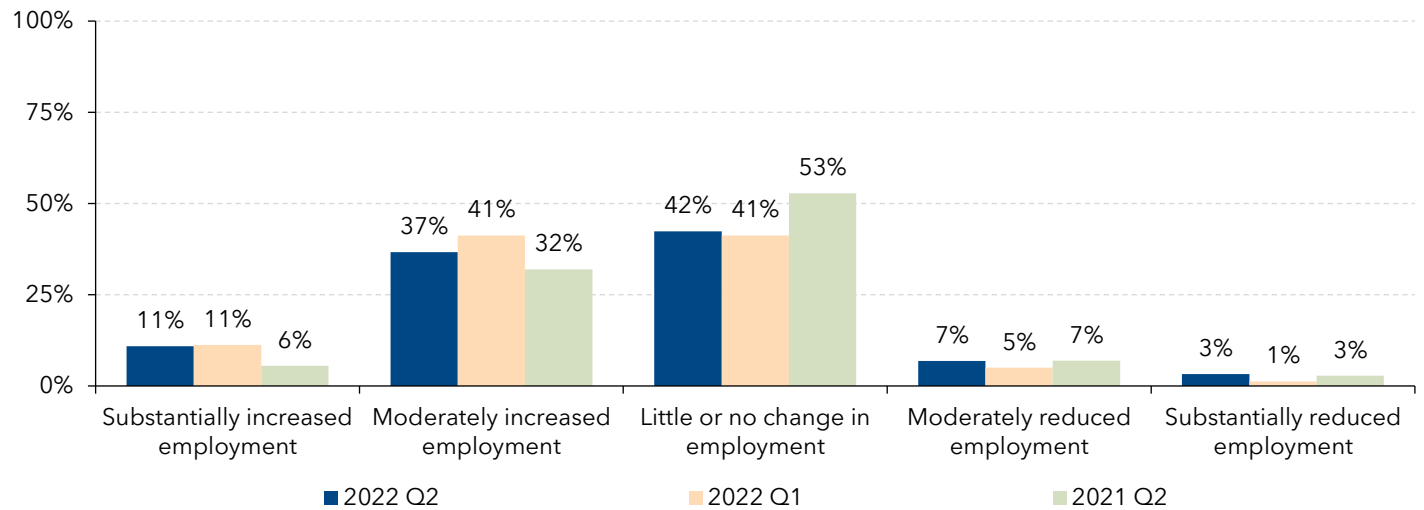
What are your expectations for your own industry in Lee County one year ahead?

Response	2022 Q2		2022 Q1		2021 Q2	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially better	43	17.3%	7	8.6%	21	29.2%
Moderately better	109	43.8%	46	56.8%	32	44.4%
Same	67	26.9%	21	25.9%	12	16.7%
Moderately worse	26	10.4%	7	8.6%	7	9.7%
Substantially worse	4	1.6%	0	0.0%	0	0.0%
Total Responses	249	100.0%	81	100.0%	72	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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 April 4th, 2022 and April 19th, 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 decrease in the percentage of respondents that indicated they had increased employment. About 48 percent indicated an increase in hiring compared to 52 percent in the last quarter and 38 percent a year ago. About 42 percent of the business executives indicated little or no change in employment over the last year, higher than the 41 percent in the previous quarter but lower than the 53 percent reported a year ago. Ten percent of surveyed firms that said they reduced employment over the last year, compared to 6 percent in the previous quarter and 10 percent a year ago. Complete response counts can be found in Table 5.

Table 5: Current Hiring Trend

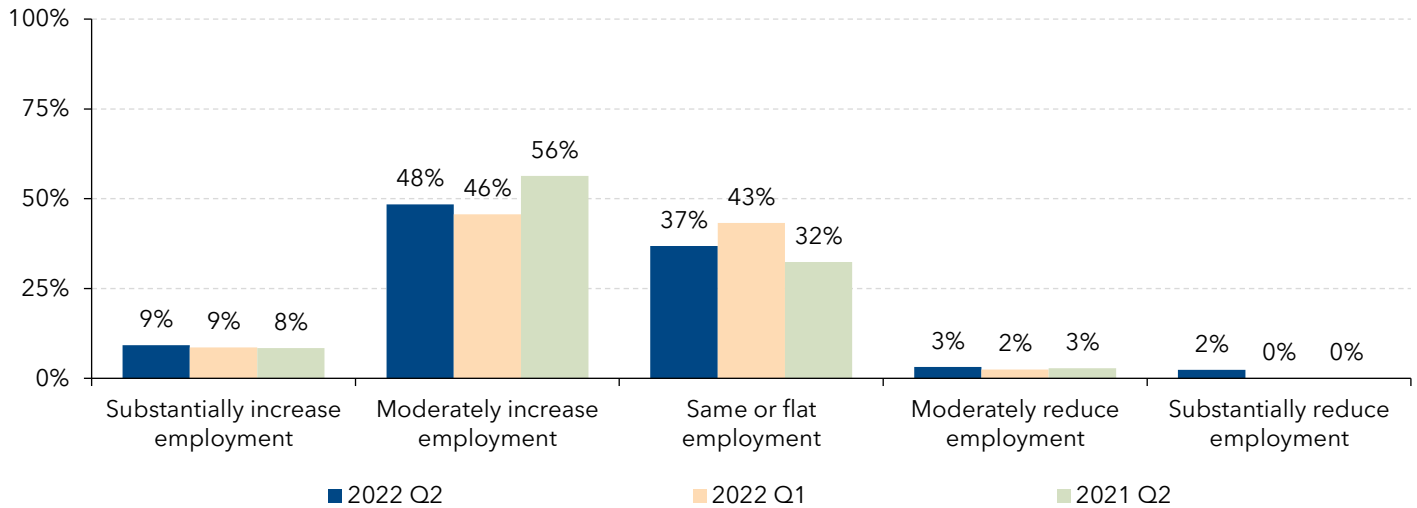
What has been your hiring trend over the last year?

Response	2022 Q2		2022 Q1		2021 Q2	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially increased employment	27	10.9%	9	11.3%	4	5.6%
Moderately increased employment	91	36.7%	33	41.3%	23	31.9%
Little or no change in employment	105	42.3%	33	41.3%	38	52.8%
Moderately reduced employment	17	6.9%	4	5.0%	5	6.9%
Substantially reduced employment	8	3.2%	1	1.3%	2	2.8%
Total Responses	248	100.0%	80	100.0%	72	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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 April 4th, 2022 and April 19th, 2022.

Prepared by the Regional Economic Research Institute

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

Figure 6 focuses on future hiring trends by the surveyed businesses. Hiring trends indicated only slight gains in the second quarter. The response outcome indicates that about 57 percent of the surveyed business executives plan to increase employment over the next year, compared to 55 percent in the previous quarter. This was lower than the 64 percent last year. About 37 percent of the executives plan to keep employment flat over the next year, compared to 43 percent of the respondents in the last quarter and 32 percent a year ago. Five percent of the respondents indicated that they were planning to reduce employment, compared to 2 percent in the previous quarter and 3 percent a year ago. Complete response counts can be found in Table 6.

Table 6: Future Hiring Trend

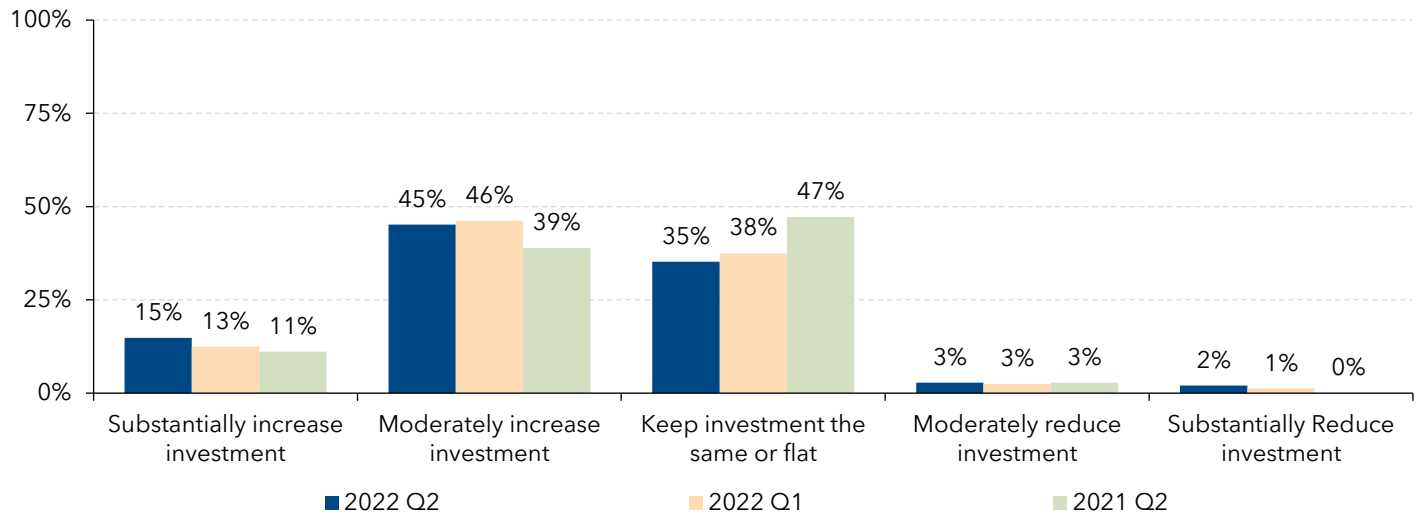
What hiring trends do you see for your business over the next year?

Response	2022 Q2		2022 Q1		2021 Q2	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially increase employment	23	9.2%	7	8.6%	6	8.5%
Moderately increase employment	121	48.4%	37	45.7%	40	56.3%
Same or flat employment	92	36.8%	35	43.2%	23	32.4%
Moderately reduce employment	8	3.2%	2	2.5%	2	2.8%
Substantially reduce employment	6	2.4%	0	0.0%	0	0.0%
Total Responses	250	100.0%	81	100.0%	71	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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 April 4th, 2022 and April 19th, 2022.

Prepared by the Regional Economic Research Institute

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

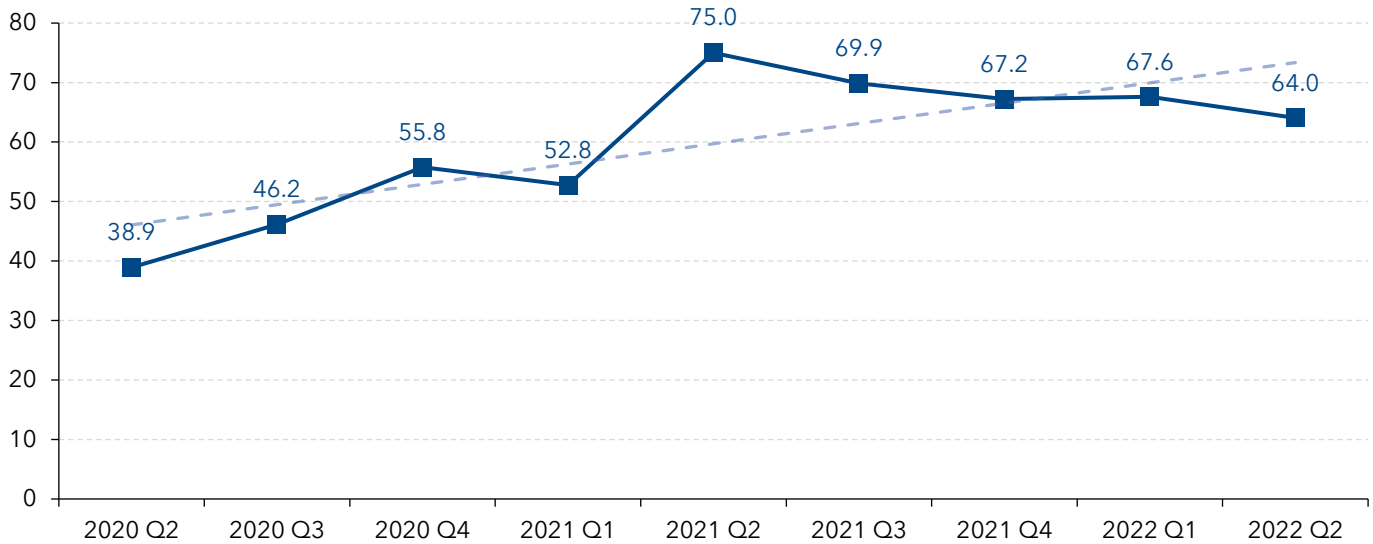
Figure 7 focuses on planned future investment by the surveyed respondents. Close to 60 percent of the surveyed executives expect to increase investment, moderately or substantially over the next year, similar to the previous quarter and greater than the 50 percent reported a year ago. Thirty-five percent of the executives planned to keep their investment levels flat or the same over the next year, lower than the 38 percent in the previous quarter and the 47 percent a year ago. Five percent of the respondents said they planned to reduce investment during the next 12 months compared to 4 percent in the previous quarter and 3 percent in the second 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 Q2		2022 Q1		2021 Q2	
	Count	Percentage	Count	Percentage	Count	Percentage
Substantially increase investment	37	14.8%	10	12.5%	8	11.1%
Moderately increase investment	113	45.2%	37	46.3%	28	38.9%
Keep investment the same or flat	88	35.2%	30	37.5%	34	47.2%
Moderately reduce investment	7	2.8%	2	2.5%	2	2.8%
Substantially Reduce investment	5	2.0%	1	1.3%	0	0.0%
Total Responses	250	100.0%	80	100.0%	72	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

Figure 8: Executive Business Climate Index

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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 64 in the second quarter of 2022, a decrease from the 67.6 recorded in the first quarter and the fourth consecutive decline since peaking at 75 in the second quarter of 2021. All three components of the index showed decreases in the second quarter of 2022. The index for Current Economic Conditions fell from 68.8 in the first quarter to 62.5 in the second quarter. The index for Future Economic Conditions fell from 67.6 to 63.5 in the second quarter. The index for Future Industry Conditions fell slightly from 66.4 to 66.2 in the second quarter. Complete results can be found in Table 8. A complete historical graphical representation of each of the components can be found in Appendix A.

Table 8: Executive Business Climate Index

Components	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Current Economic Conditions	18.0	25.6	34.9	41.4	74.6	72.2	69.9	68.8	62.5
Future Economic Conditions	48.3	55.4	66.4	58.9	77.1	68.4	65.4	67.6	63.5
Future Industry Conditions	50.5	57.5	66.1	58.1	73.3	69.1	66.4	66.4	66.2
Executive Business Climate Index	38.9	46.2	55.8	52.8	75.0	69.9	67.2	67.6	64.0

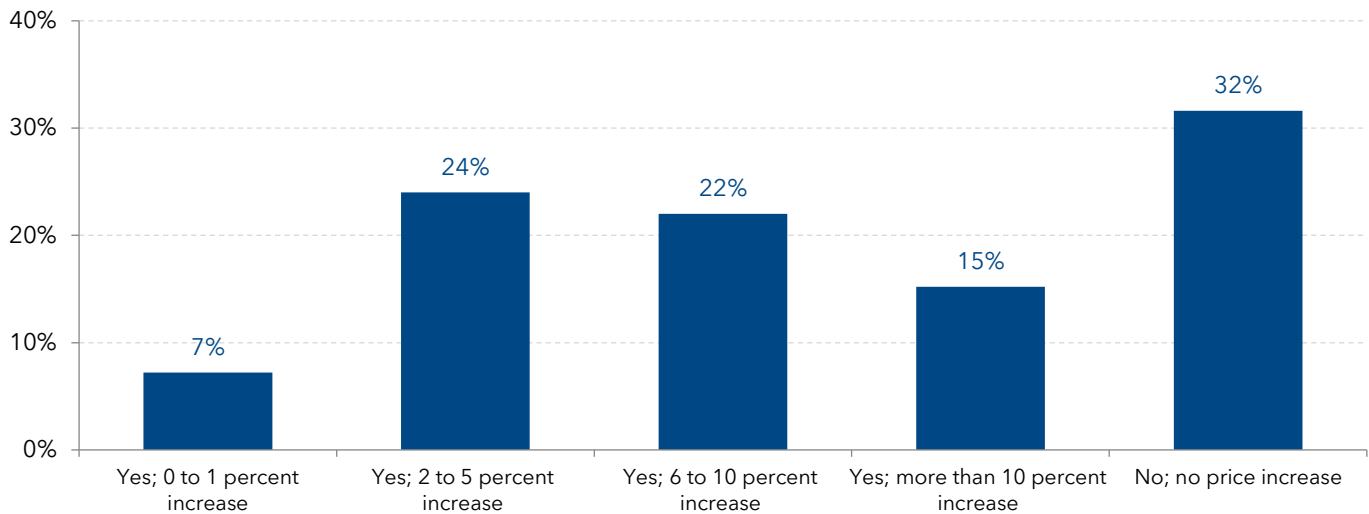
Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

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 the effects of rising prices on businesses.

Figure 9: Price Increases

Has your business increased the price of goods and services provided over the past quarter? If so, by how much?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

Prepared by the Regional Economic Research Institute

Has your business increased the price of goods and services provided over the past quarter? If so, by how much?

Figure 9 reflects the responses of our surveyed business executives when asked if they increased their prices in the second quarter of this year. Almost 70 percent of the executives stated their business raised prices over the past quarter, while 32 said they did not raise prices. Of those that did increase prices, about a quarter of the respondents raised prices between 2 and 5 percent. About 22 percent indicated raising prices between 6 and 10 percent and close to 15 percent indicated raising prices by more than 10 percent. Complete results can be found in Table 9.

Table 9: Price Increases

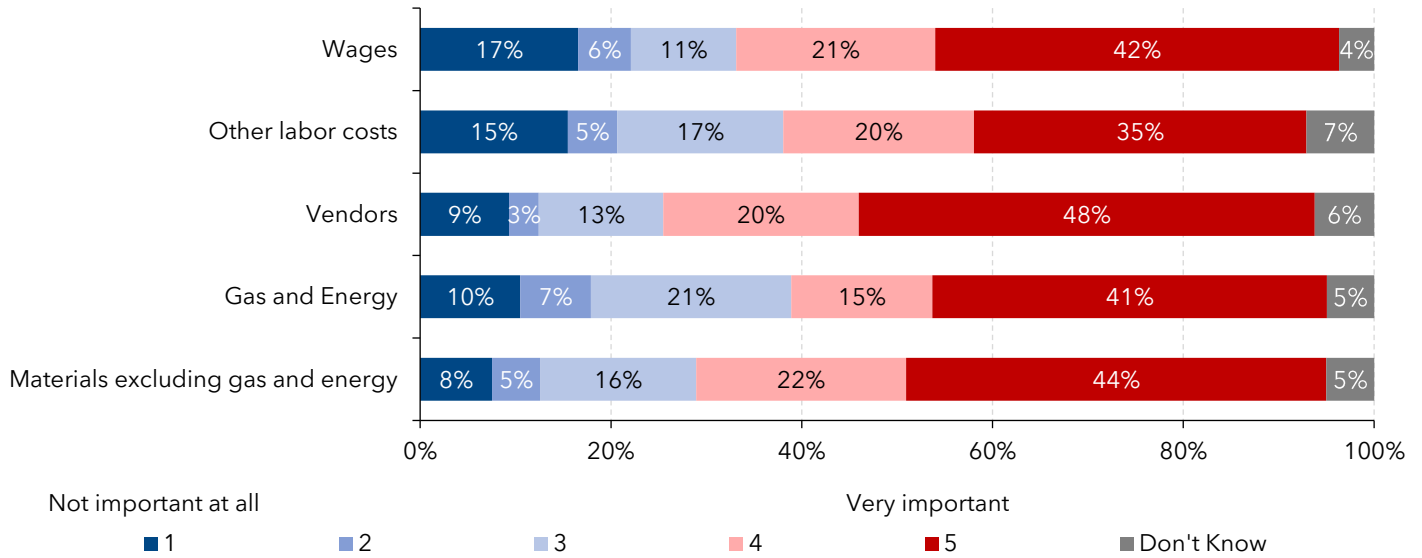
Has your business increased the price of goods and services provided over the past quarter? If so, by how much?

Response	Count	Percentage
Yes; 0 to 1 percent increase	18	7.2%
Yes; 2 to 5 percent increase	60	24.0%
Yes; 6 to 10 percent increase	55	22.0%
Yes; more than 10 percent increase	38	15.2%
No; no price increase	79	31.6%
Total Responses	250	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

Figure 10: Reasons for Price Increase

How important were the following in your decision to increase the prices of goods and services over the past quarter?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

Prepared by the Regional Economic Research Institute

How important were the following in your decision to increase the prices of goods and services over the past quarter?

Business executives that indicated their business increased the price of goods and services over the past quarter were asked which factors were important in the decision to raise prices. Business executives that indicated their business increased the price of goods and services over the past quarter were asked which factors were important in their decision to raise prices. Figure 10 lists the many factors, by degree of importance on a scale of 1 to 5, as to why businesses raised their prices. Sixty-three percent of the respondents indicated that wages were an important factor for raising prices. Just 17 percent indicated that wages were not at all important in their pricing decisions. Fifty-five percent indicated that other labor costs were important factors. Sixty-eight percent of the respondents said vendor costs were an important factor, and over half of the respondents found gas, energy and other materials costs to be important in their pricing decisions. For 17 percent of the respondents, higher gas prices were indicated as not important and 13 percent held the same view on material prices excluding gas and energy. Complete results can be found in Table 10.

Table 10: Reasons for Price Increase

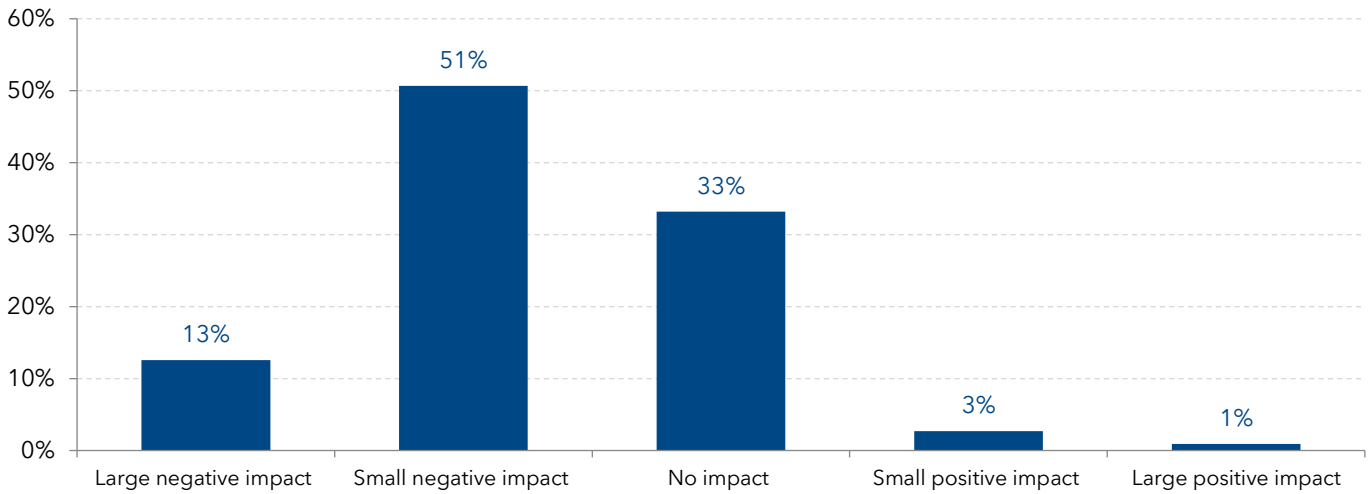
How important were the following in your decision to increase the prices of goods and services over the past quarter?

Aspect	Not important at all			4	Very important	Don't Know
	1	2	3		5	
Wages						
Count	27	9	18	34	69	6
Percentage	16.6%	5.5%	11.0%	20.9%	42.3%	3.7%
Other labor costs						
Count	24	8	27	31	54	11
Percentage	15.5%	5.2%	17.4%	20.0%	34.8%	7.1%
Vendors						
Count	15	5	21	33	77	10
Percentage	9.3%	3.1%	13.0%	20.5%	47.8%	6.2%
Gas and Energy						
Count	17	12	34	24	67	8
Percentage	10.5%	7.4%	21.0%	14.8%	41.4%	4.9%
Materials excluding gas and energy						
Count	12	8	26	35	70	8
Percentage	7.5%	5.0%	16.4%	22.0%	44.0%	5.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

Figure 11: Interest Rates on Costs

What impact do you anticipate the increase in the interest rate to have on your business costs?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

Prepared by the Regional Economic Research Institute

What impact do you anticipate the increase in the interest rate to have on your business costs?

Monetary policy makers have been warning the markets that they stand ready to raise interest rates to combat inflation. With such warnings on the horizon, business respondents were asked to gauge the impact of higher interest rates on their costs. Only 13 percent indicated that higher interest rates would have a large negative impact on their costs. About half of the respondents (51 percent) indicated an expectation of a small negative impact. About one-third expected no impact on their costs while just 3 percent expected a small positive impact and 1 percent expected a large positive impact. Complete results can be found in Table 11.

Table 11: Interest Rates on Costs

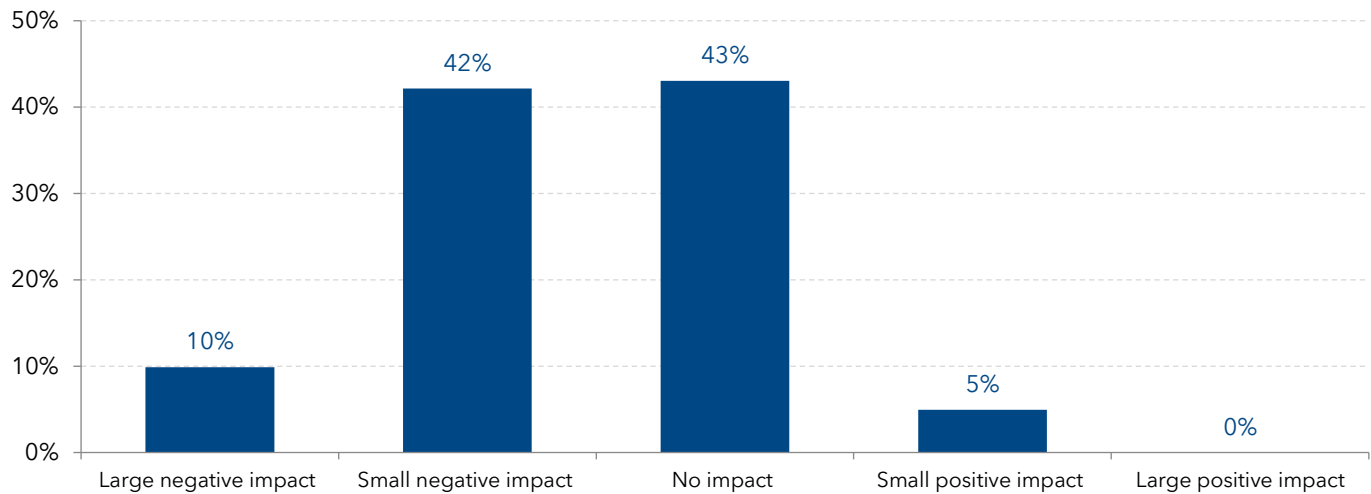
What impact do you anticipate the increase in the interest rate to have on your business costs?

Response	Count	Percentage
Large negative impact	28	12.6%
Small negative impact	113	50.7%
No impact	74	33.2%
Small positive impact	6	2.7%
Large positive impact	2	0.9%
Don't know	0	0.0%
Total Responses	223	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

Figure 12: Interest Rates on Prices

What impact do you anticipate the increase in the interest rate to have on your business prices?



Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

Prepared by the Regional Economic Research Institute

What impact do you anticipate the increase in the interest rate to have on your business prices?

Less than half of the business respondents (43 percent) indicated that higher interest rates would have no impact on their prices. Ten percent expect higher interest rates to have a large negative impact on their prices and 42 percent expect a small negative impact. Just 5 percent expected a small positive impact. Complete results can be found in Table 12.

Table 12: Interest Rates on Prices

What impact do you anticipate the increase in the interest rate to have on your business prices?

Response	Count	Percentage
Large negative impact	22	9.9%
Small negative impact	94	42.2%
No impact	96	43.0%
Small positive impact	11	4.9%
Large positive impact	0	0.0%
Don't know	0	0.0%
Total Responses	223	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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.

- Inflation
- Government
- Labor Market
- Economic Conditions
- Other

Executive responses to this question are found in Appendix B.

Company Characteristics

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

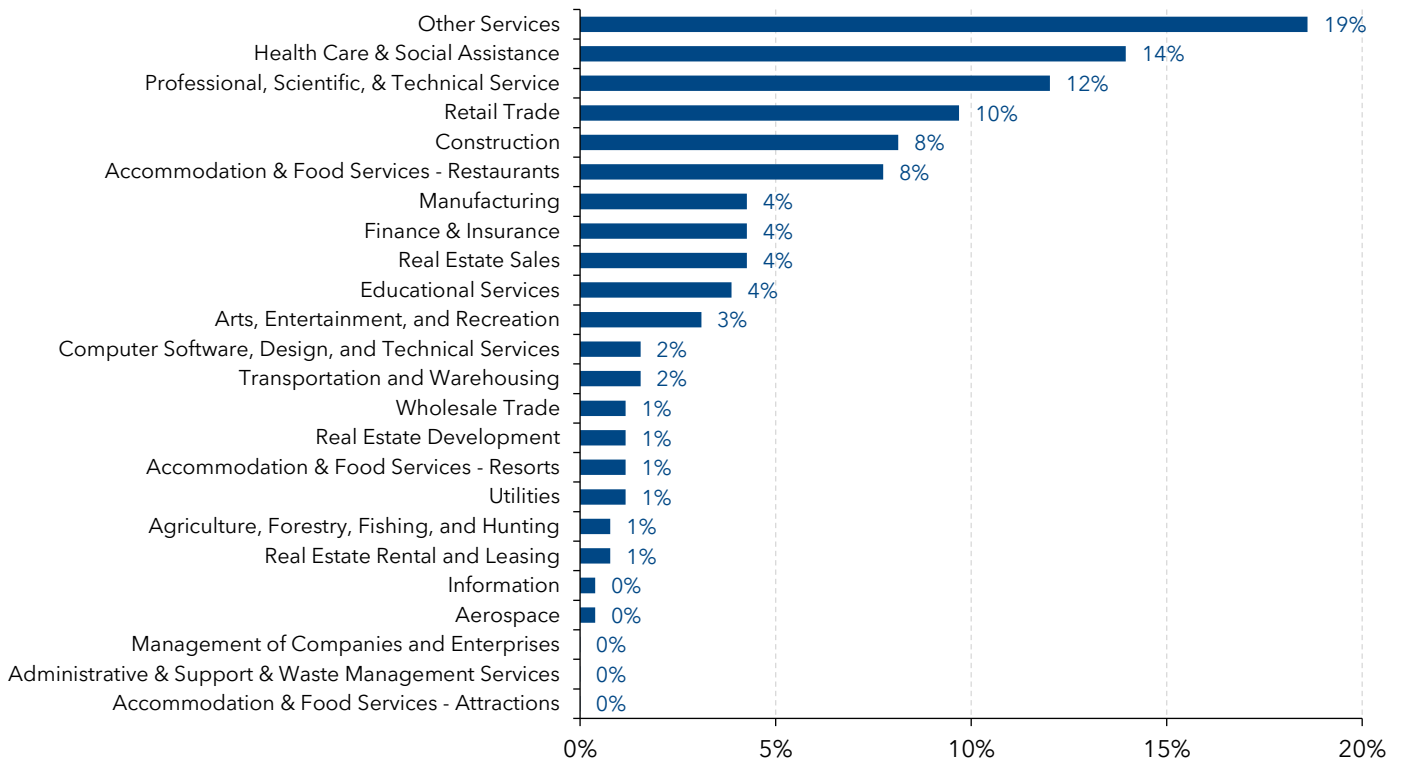
- Business Type;
- Number of Employees;
- Company Location; and
- Geographic Client Base.

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 April 4th, 2022 and April 19th, 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. Nineteen percent of the respondents represented Other Services industries, 14 percent represented the Health Care & Social Assistance industry, and 12 percent represented the Professional, Scientific, and Technical Service industry. Ten percent represented the Retail Trade industry and 8 percent represented the Construction industry as well as the Accommodation & Food services - Restaurants. The other categories were each represented by less than 5 percent of total responses. Complete breakdown by type of industry can be found in Table 13.

Table 13: Business Type

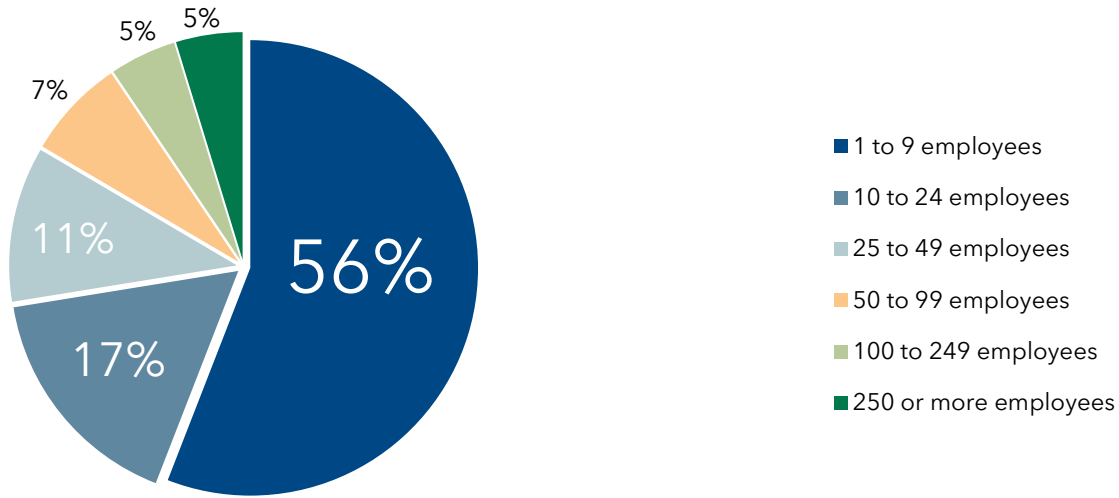
What type of business or industry best describes your company?

Response	Count	Percentage
Other Services	48	18.6%
Health Care & Social Assistance	36	14.0%
Professional, Scientific, & Technical Service	31	12.0%
Retail Trade	25	9.7%
Construction	21	8.1%
Accommodation & Food Services - Restaurants	20	7.8%
Manufacturing	11	4.3%
Finance & Insurance	11	4.3%
Real Estate Sales	11	4.3%
Educational Services	10	3.9%
Arts, Entertainment, and Recreation	8	3.1%
Computer Software, Design, and Technical Services	4	1.6%
Transportation and Warehousing	4	1.6%
Wholesale Trade	3	1.2%
Real Estate Development	3	1.2%
Accommodation & Food Services - Resorts	3	1.2%
Utilities	3	1.2%
Agriculture, Forestry, Fishing, and Hunting	2	0.8%
Real Estate Rental and Leasing	2	0.8%
Information	1	0.4%
Aerospace	1	0.4%
Management of Companies and Enterprises	0	0.0%
Administrative & Support & Waste Management Services	0	0.0%
Accommodation & Food Services - Attractions	0	0.0%
Total Responses	258	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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 April 4th, 2022 and April 19th, 2022.

Prepared by the Regional Economic Research Institute

What is the size of your firm?

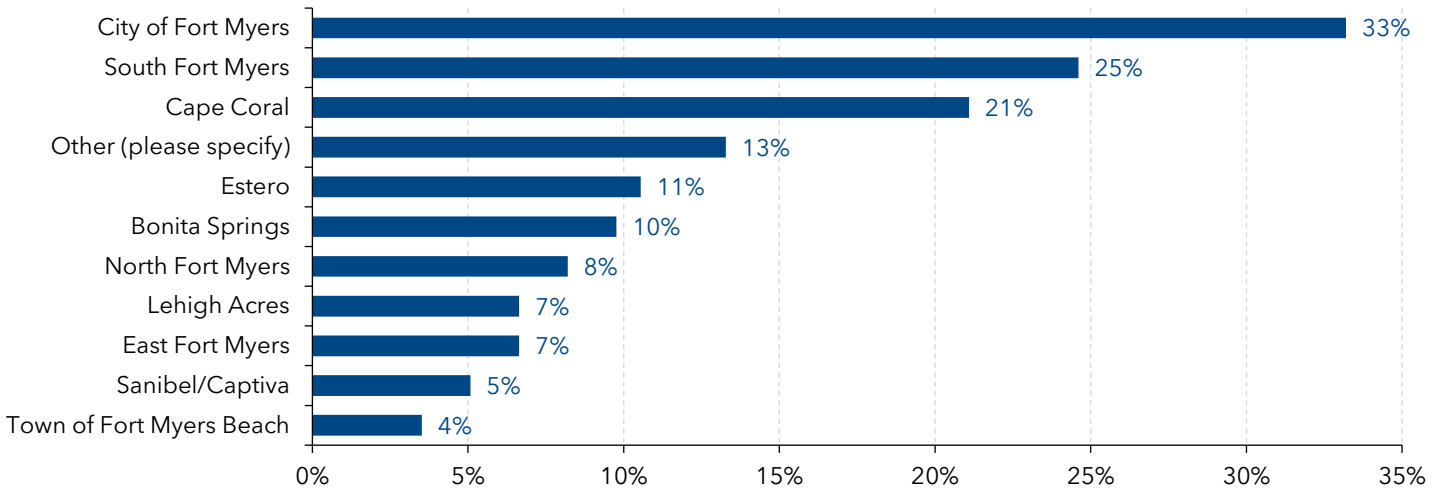
Figure 14 shows the business executives categorized by the number of employees in their firms. About 56 percent of surveyed executives were of firms that employed less than ten employees, 17 percent of the firms employed between 10 to 24 employees and 11 percent employed between 25 to 49 employees. Seven percent were firms that employed between 50 and 99 employees, 5 percent of firms employed between 100 to 249 employees and 5 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	142	55.9%
10 to 24 employees	42	16.5%
25 to 49 employees	28	11.0%
50 to 99 employees	18	7.1%
100 to 249 employees	12	4.7%
250 or more employees	12	4.7%
Total Responses	254	100.0%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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 April 4th, 2022 and April 19th, 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 (33 percent) of surveyed executives said their firm was located in the City of Fort Myers while 25 percent were in South Fort Myers. The next largest location (21 percent) was in Cape Coral followed by 11 percent in Estero and 10 percent in Bonita Springs. Eight percent of the executives indicated their firms were located in North Fort Myers 7 percent in Lehigh Acres and East Fort Myers. Five percent were in Sanibel/Captiva and 4 percent were in the town of Fort Myers Beach. Thirteen percent were in locations not provided in the survey. Complete response counts can be found in Table 15.

Table 15: Company Locations

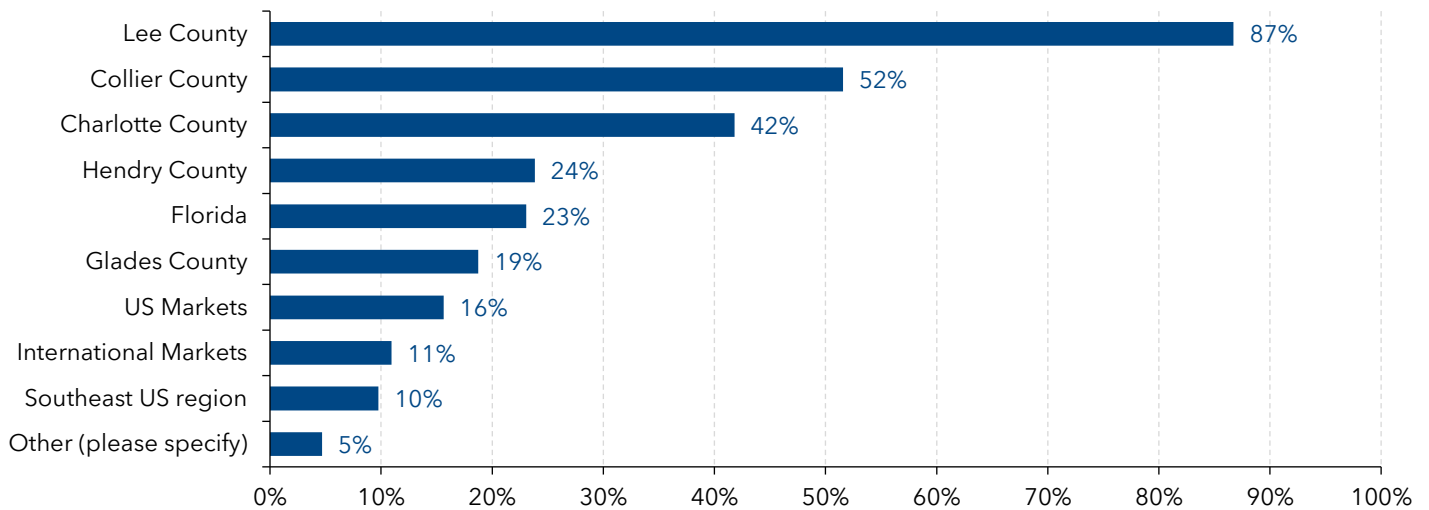
Where is your firm located?

Response	Count	Percentage
City of Fort Myers	85	33.2%
South Fort Myers	63	24.6%
Cape Coral	54	21.1%
Other (please specify)	34	13.3%
Estero	27	10.5%
Bonita Springs	25	9.8%
North Fort Myers	21	8.2%
Lehigh Acres	17	6.6%
East Fort Myers	17	6.6%
Sanibel/Captiva	13	5.1%
Town of Fort Myers Beach	9	3.5%

Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 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 April 4th, 2022 and April 19th, 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 87 percent of the surveyed executives' client base. Collier County accounted for 52 percent of their client base and Charlotte had 42 percent. Hendry County had 24 percent and Glades County accounted for 19 percent of their client base. The Southeast U.S. region had a client base of 10 percent and the state of Florida was the geographical client base for 23 percent of the firms. Sixteen percent of the client base for these firms was in all U.S. markets and 11 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	222	86.7%
Collier County	132	51.6%
Charlotte County	107	41.8%
Hendry County	61	23.8%
Florida	59	23.0%
Glades County	48	18.8%
US Markets	40	15.6%
International Markets	28	10.9%
Southeast US region	25	9.8%
Other (please specify)	12	4.7%

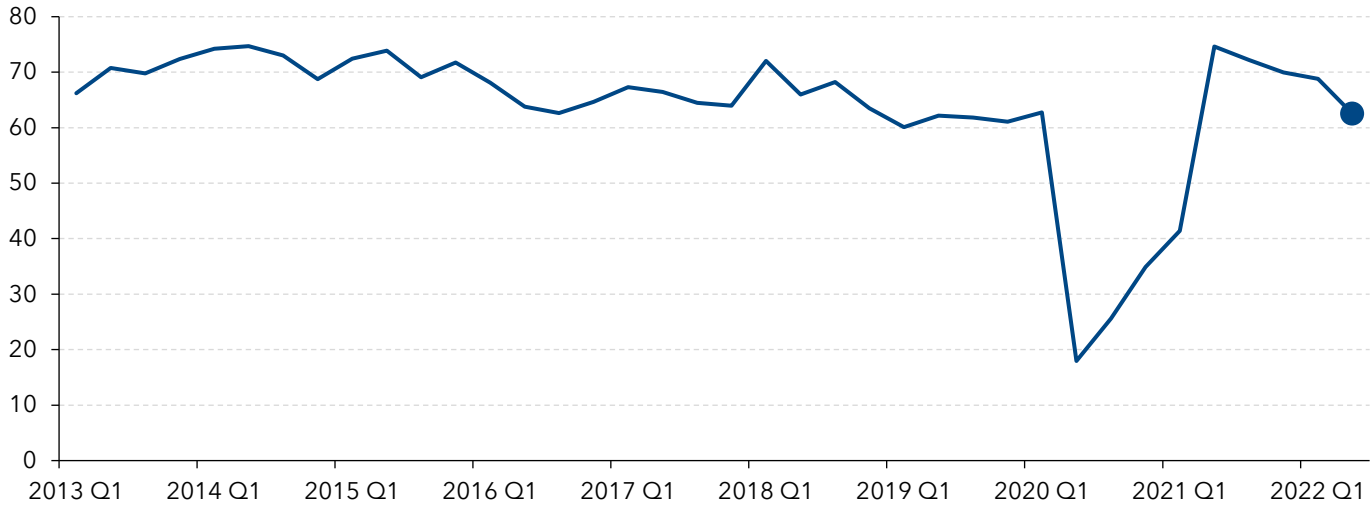
Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

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?

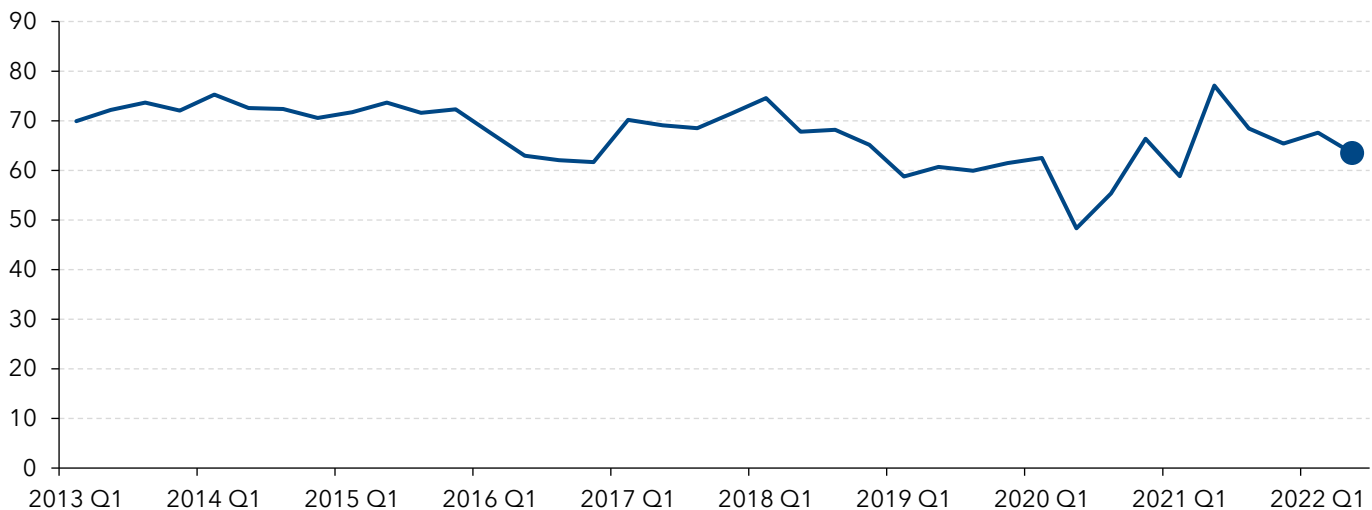


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

Prepared by the Regional Economic Research Institute

Figure 18: Future Economic Conditions

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

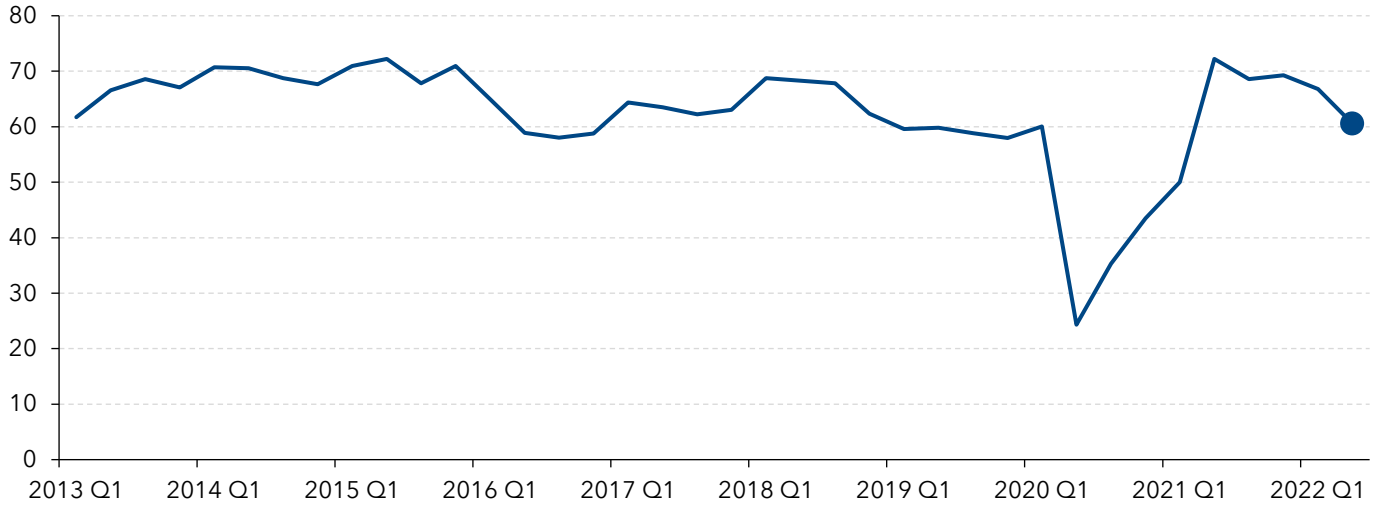


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

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?

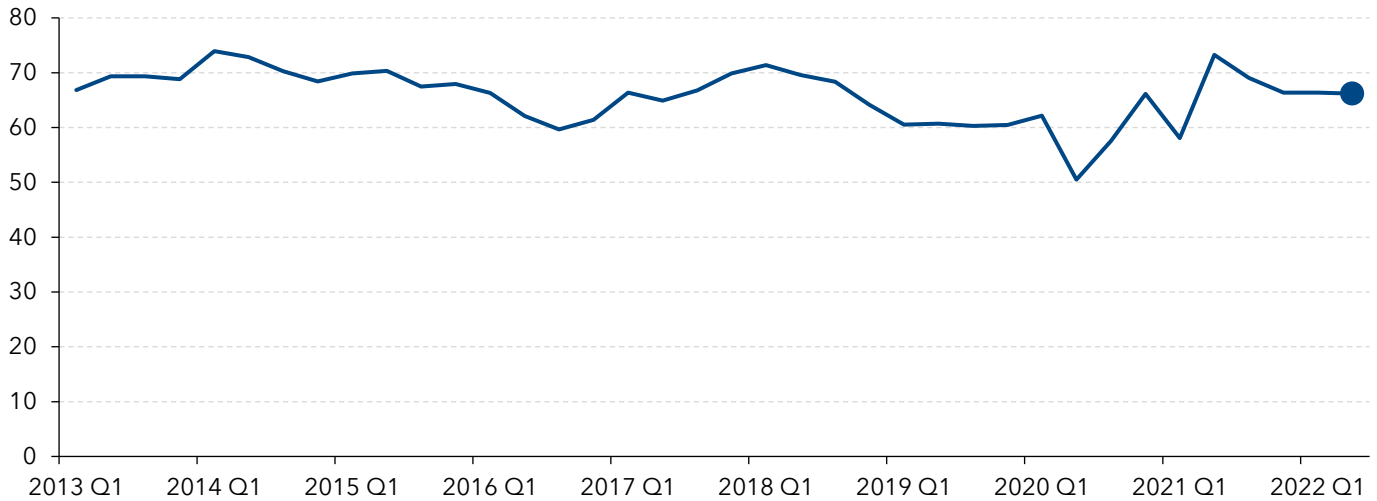


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

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?

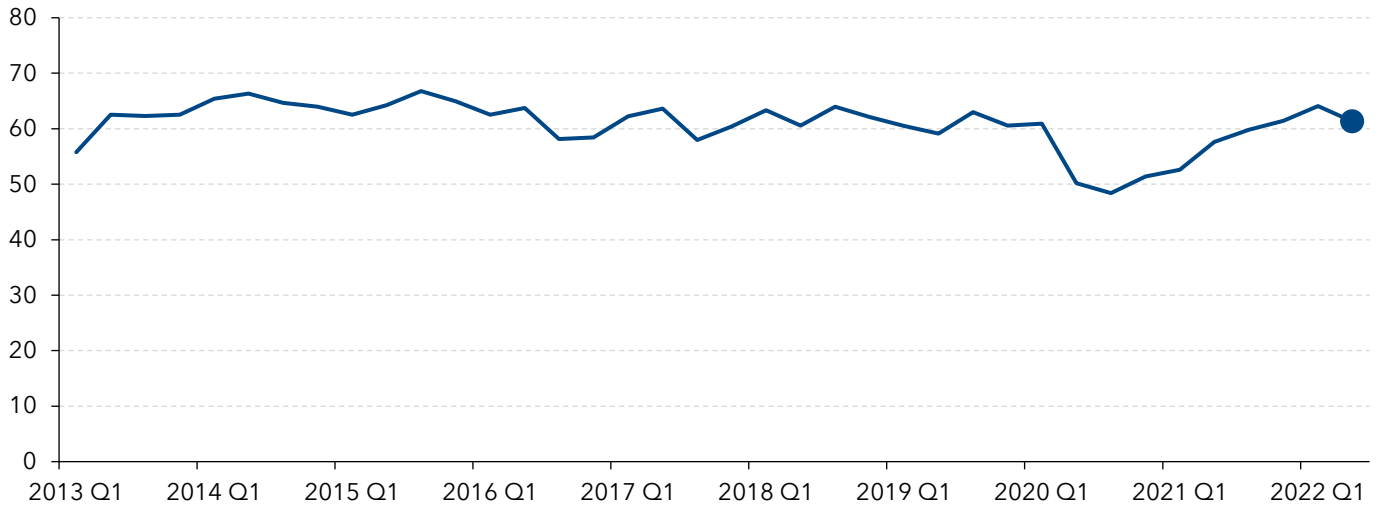


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

Prepared by the Regional Economic Research Institute

Figure 21: Current Hiring Trends

What has been your hiring trend over the last year?

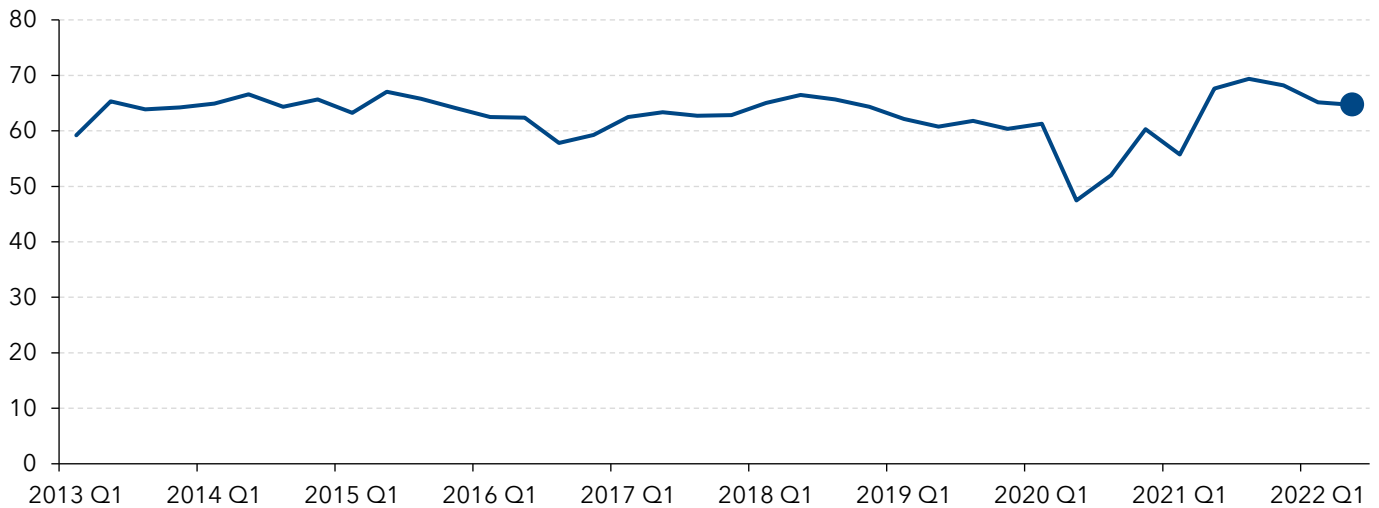


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

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?

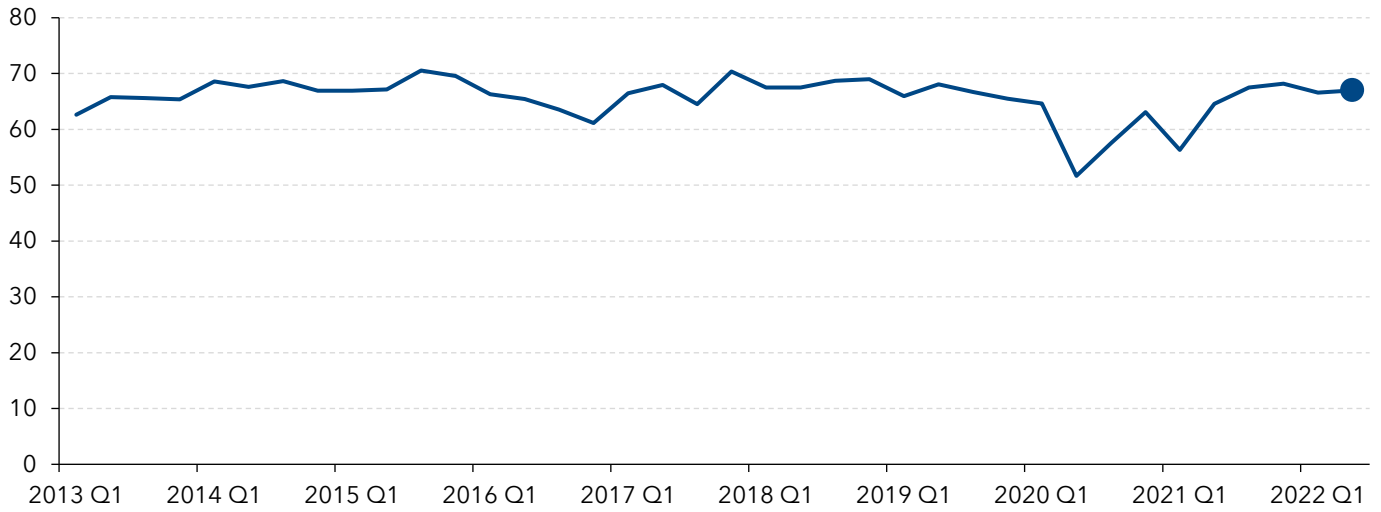


Source: Lee County Executive Business Climate Survey, conducted by the Regional Economic Research Institute between April 4th, 2022 and April 19th, 2022.

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 April 4th, 2022 and April 19th, 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.

Inflation

- Procurement (materials) is a real problem.
- Escalating housing pricing and affordability for workers.
- We need to focus on affordable housing solutions. At some point growth will be limited by workers not being able to find an affordable living arrangement. They can only travel so far, especially when the cost of gas is an issue.
- Although we held off increasing prices while our wholesale and shipping costs increased, we cannot hold off any longer and will be increasing our prices to customers 5-10%. This will definitely slow sales, but with the labor shortage we are also experiencing, we have to curb the amount of business we are doing. Which seems counter-intuitive to running a successful business!
- Inflationary trends will affect many small businesses and restaurants. I happen to be in an industry which is somewhat immune to inflation and recession.
- Inflation is here.
- Many of our suppliers have increased their costs of goods and services because of the price of gas. While we have remained relatively steady on our pricing we anticipate raising our prices within the next 6 months.
- Inflation has me terribly concerned. I'm bracing for a recession.
- The high cost of living and astronomical rent prices have made it difficult for our business to survive as we depend on tuition from families that can no longer afford it due to rising rental rates.
- Due to rising minimum wage, tight labor market, our wages are up double digits. Good and services used in the business are up anywhere from 10% to 100% and our next price rise in August will be in the double digits.
- Inflation is our enemy and at some point consumers will not be able to afford to buy our products

Government

- State Bill 735 will affect local contracting. This bill was passed in the State House and Senate without discussion with the DBPR or the LBIA. Very sad seeing that this has a huge impact.
- Although committing to improve roadways and infrastructure, Lee County continues to lag in its efforts to actually complete projects and get new projects on the books and under way. More needs to be done and done more quickly.
As an example, additional north/south corridor(s) east of I-75 should already be in the works and being designed/built. To continue to wait until the need is overwhelming for such corridors, is a poor strategy.
- The real estate market - and specifically the high cost of annual rentals is hurting the disposable income of my customer base. It would be nice if the Governor and state legislature would stop raiding the fund for affordable housing and deal with real issues instead of the issues they made up this past session.

Labor Market

- We are a local community-based non-profit. We rely on state, county, and philanthropic support. The cost of everything has gone up. While we already pay our staff \$15.00 or more per hour, the cost of employment has

increased in the way of benefits contributions. Our revenue has not rebounded to 2019 (pre-pandemic) levels. This is despite increased and improved engagement efforts.

- Labor!
- Staffing issues remains the most difficult problem I have seen with regards to owning a business. People apply and accept jobs but then don't show up or work a week and quit.
- Lack of qualified labor in local market causing wage inflation in our industry.
- As a medical practice, our revenue is based on Medicare fee schedule which is in constant reduction mode. As medical staff demands increase in pay and with no way to raise prices or without government raising reimbursement to fee schedule, we are in a dire situation going forward.
- Does FGCU have a Job Opportunity board? We are looking to employ interns and graduates.
- We are in Hospitality business and finding right help has been very hard. Nobody wants to work, we keep increasing our prices just to offset the extra cost of hiring new employee. Government needs to do something about this or at least find some help from other country where people are willing to work.
- We will not be able to grow unless we can find more instructors to teach our many courses. This is what is holding us back.
- Extremely difficult to hire staff. Very little professional staff available in the area.
- Skilled workforce in the professional and scientific (healthcare) services remains a big issue. Keeping and retaining talent within SWFL will continue to be a challenge, and a solution set that needs continual monitoring.

In our specific industry, I do not feel FGCU has adequately assisted in this effort and may be to the contrary. I am happy to have further conversation and brainstorming solutions around this topic with anyone in the Business School there, as I believe good things are happening within Lutgert, just may not be within this program.

- 1. There is not enough labor to keep the doors of our stores open.
- 2. Wages have increased too fast, and we cannot keep up.
- 3. More labor is needed; we have no opportunity to hire employees that are non-us citizens - an important component of the labor force in SWFL.
- 4. Employees can't live here, no affordable options for housing.
- 5. There is not enough labor!
- 6. Wages are killing the business!
- Very hard to find qualified employees.
- Housing crisis; employee shortage; salary rising.
- Hard to find workers, I called Cape Coral tech school two times and emailed, no response. With all the people moving here you'd think there would be some workers.
- We have been unable to find enough help to meet the demand for our services. People schedule interviews and don't show up.
- Truly professional massage therapists are not found to work, the people do not want to work. My business pays massage therapists well and they still don't show up, I need two immediately.
- Hard to find employees for food industry.
- We cannot hire enough people because they are not available.
- Our two biggest obstacles are finding and maintaining qualified employees, and the inability to purchase products locally.

Economic Conditions

- Business has been very good for our many clients. This has had a dramatic effect on our business, however, in that with business so good at their locations they haven't had the need to market themselves aggressively. This has resulted in our marketing services not being in as great demand as previously occurred.
- While overall the business outlook in SWFL has been positive the restaurant industry is still having a hard time.
- Healthcare is primarily impacted by volume changes which is impacted by populations growth or decline. For the most part, we cannot change our prices, therefore interest rates will have limited impact on our business unless we use debt to purchase equipment or company growth.
- Business has been much easier to conduct here in SW Fort Myers compared to the rest of the country.
- We are a Waste to Energy facility that process all of Lee and Hendry County trash, so we are maxed out on capacity and the county is looking for how to increase with the large growth that is happening.
- We do hope that there is an expansion of residential housing and businesses within this area as both are our clients.
- The majority of our buyers are cash buyers. Due to competition and the seller's market, our commissions have gone down over the past 18 months. I believe we will continue as is over the next 12 months.
- Let's remember to also take into consideration the debt we (the businesses that stayed open during COVID because we had no choice) are trying to dig ourselves out of from the past two years (COVID). It will take another 2 "good" industry years to make up for the loss. Regardless of "PPP" we still had to pay rent, CAM, utilities etc. even though we weren't making any money.
- In personal services we are also seeing an increase in competition as well as a decrease in social media effectiveness without paid advertising making it harder and more costly to attract new clients.
- We have not seen the recovery we were expecting post pandemic. Too many people have gone to Amazon in the past couple years, and they are not coming back to small shops.
- Cape Coral store has doubled sales. Fort Myers Beach store has stayed the same. Same periods of last year.
- The cost of fuel and wages is disrupting our industry in Aerospace. The woke environment has caused many professionals to leave the Airline Industry. In the coming years we will see less people flying which will be a big factor in our economic down spiral.

Other

- New leaders needed who work in the business community.
- Better follow up system regarding fraud in unemployment and tax evasion.
- Keep health freedom
- Support local businesses, make our region stronger. I am interesting to understand how we can work together with the University.
- Very glad our region remains open for business and growing.



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