
Southwest Florida Regional Economic Indicators

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Regional Economic Research
Institute

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Table of Contents

Introduction	2
Airport Activity	3
Building Permits	6
Taxable Sales	8
Workforce – Unemployment.....	9
Sales of Single-Family Existing Homes and Median Sales Price.....	11
Consumer Price Index	12
Population	13

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Introduction

The Federal Reserve System (Fed) surprised stock market investors and many economists by cutting the federal funds interest rate target by one-half percent instead of the one-quarter percent cut expected. This indicates a general concern that the economy's growth could fall below the full employment level due to concerns related to the housing and construction slowdown, slower sales of durable goods, lower investment levels, tighter credit requirements, and subprime loan issues.

August unemployment rates for the coastal counties continued to climb as the overall regional economy slowed due to decreased building activity and the typical summer seasonal slowdown. Hendry County's unemployment remained high at 9.8 percent. The winter season unemployment trends will provide a better reading of the overall impact of the slowdown on the regional economy. Building permits and sales of existing single-family homes remain at very low levels and Lee and Collier Counties' taxable sales are down for May as the region entered the slower summer season.

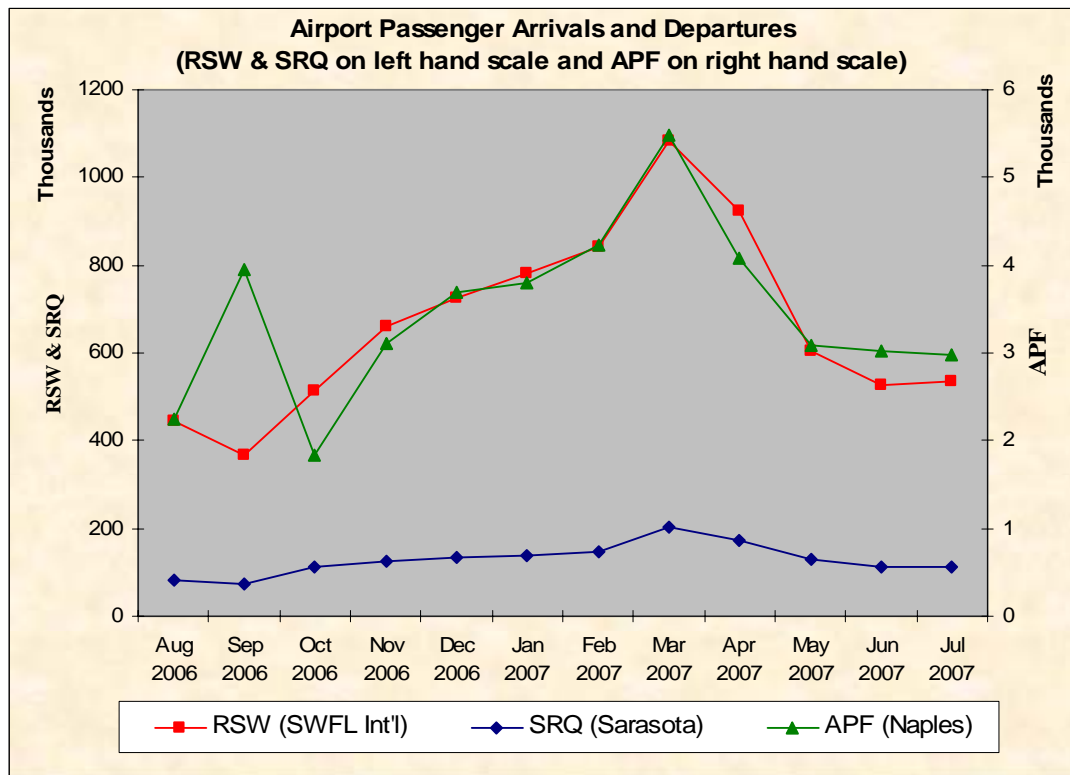
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report as a way to support its mission and assist the region. The Institute thanks its many partners for assistance in obtaining the data including the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee counties, and the county and city permit offices.

Airport Activity

Airport passenger activity is defined as the number of arrivals and departures. Chart One illustrates the monthly seasonality of airport passenger traffic. Passenger numbers for Regional Southwest and Sarasota are shown on the left vertical axis and the numbers for Naples Airport are shown on the right vertical axis. Peak activity months are February, March and April during the winter season. Significantly lower activity takes place in the summer season, especially the period of June through September.

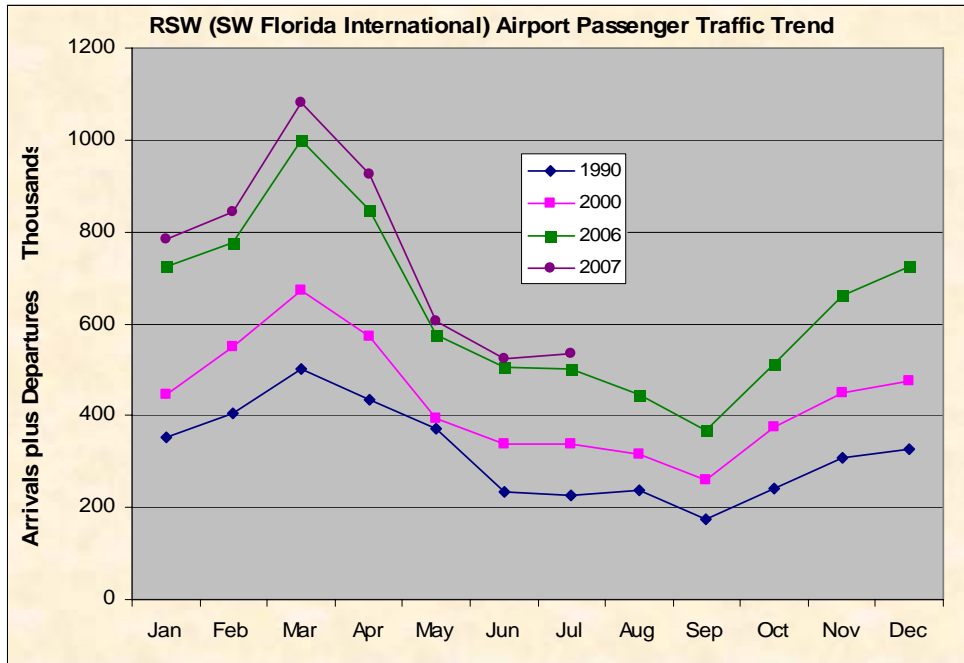
Regional Southwest Airport (RSW) located in Lee County has seen very fast passenger growth since 1990 as shown by Chart Two. A new terminal has been constructed at RSW to handle in the increased traffic which is currently serviced by 22 airlines. The July 2007 traffic figure for RSW was 535,264 which exceeded the figure for July 2006 by 6 percent. Charts Three and Four illustrate the airport activity for Sarasota and Naples airports, respectively. Passenger activity in Sarasota for July 2007 was 110,832, which is an increase of 20 percent over July 2006. The July 2007 passenger traffic for Naples was 2,969 and continues to track the regional seasonal fluctuations. The July 2007 figure for Naples traffic is 3 percent higher than the airport activity reported in July of 2006.

Chart One



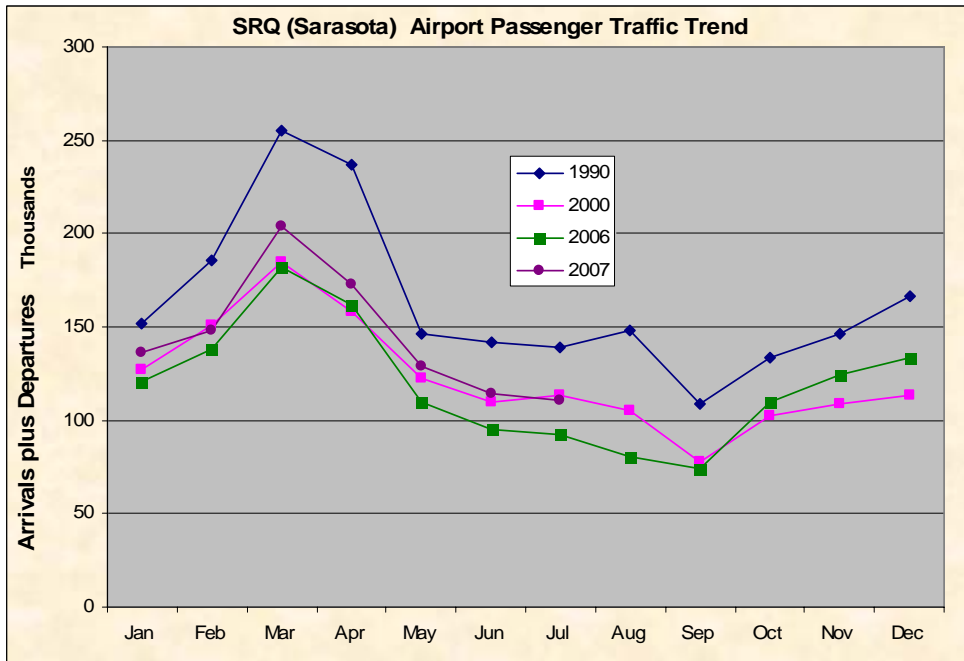
Source: Local Airport Authorities

Chart Two



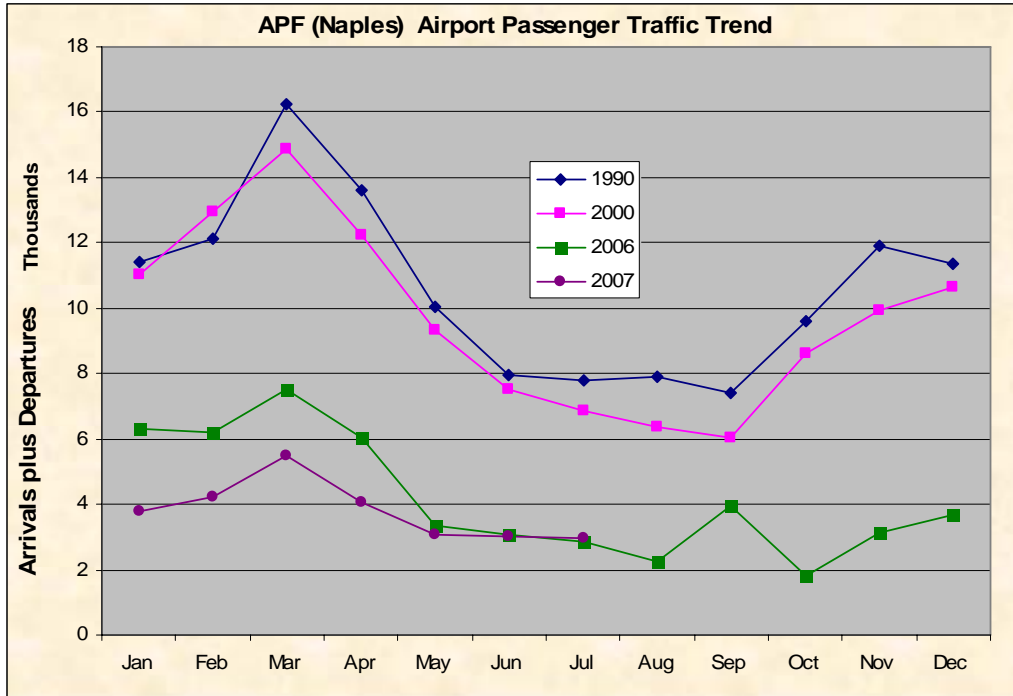
Source: Local Airport Authorities

Chart Three



Source: Local Airport Authorities

Chart Four

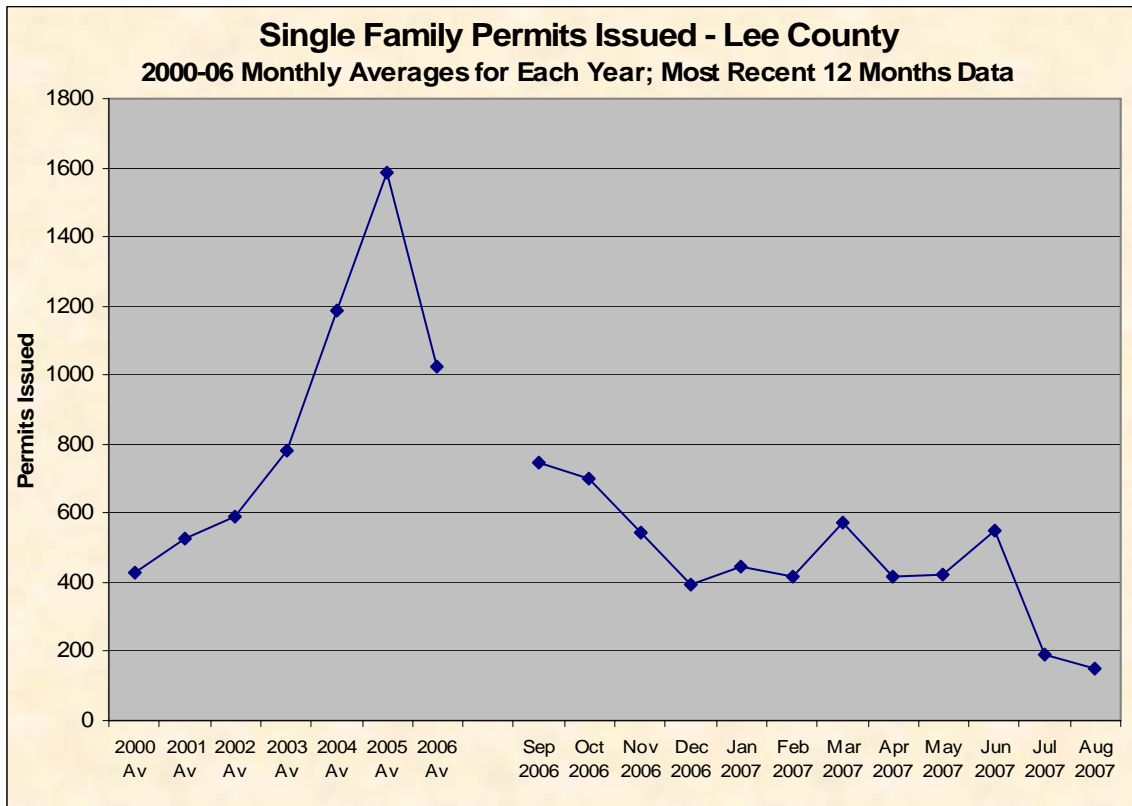


Source: Local Airport Authorities

Building Permits

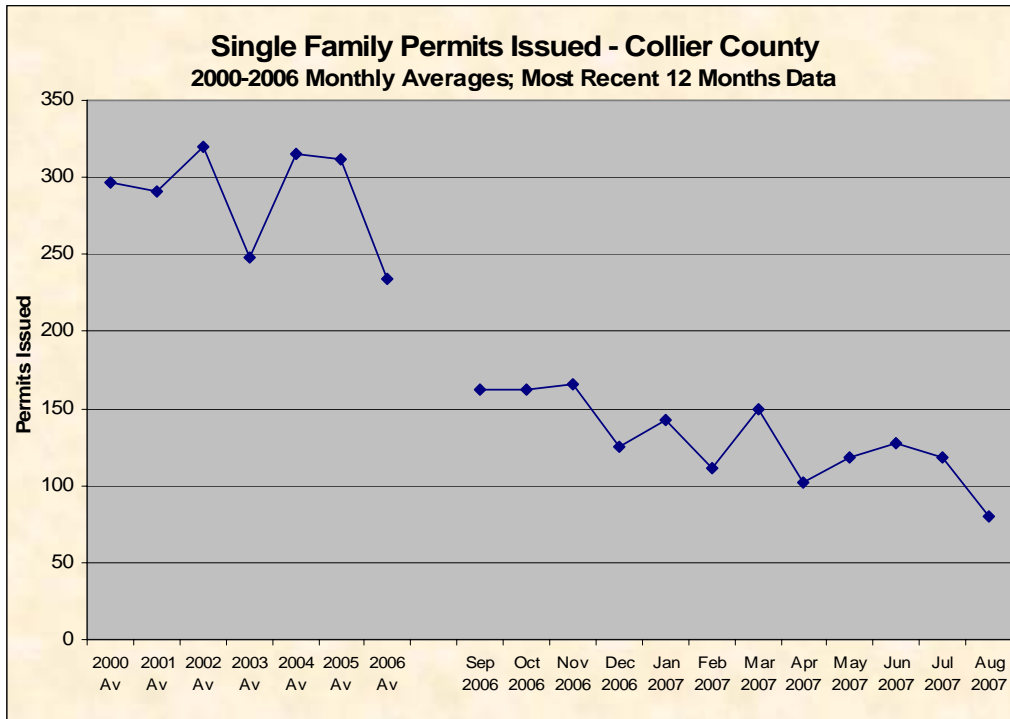
Building permits issued fell to new lows in August for Lee and Collier Counties while Charlotte County showed a slight increase. The number of single family building permits in Unincorporated Lee County, as illustrated in Chart Five, fell to 148 for the month of August 2007. Single-family permits in Collier County, which are illustrated in Chart Six declined to 80 permits for August 2007. This monthly figure is about one-third of the permits that were issued on a monthly basis between 2000 and 2006. Charlotte County also saw a slight increase in the number of permits to 79 for the month of August 2007 – see Chart Seven. This figure is approximately one-third of the monthly average between 2005 and 2006.

Chart Five



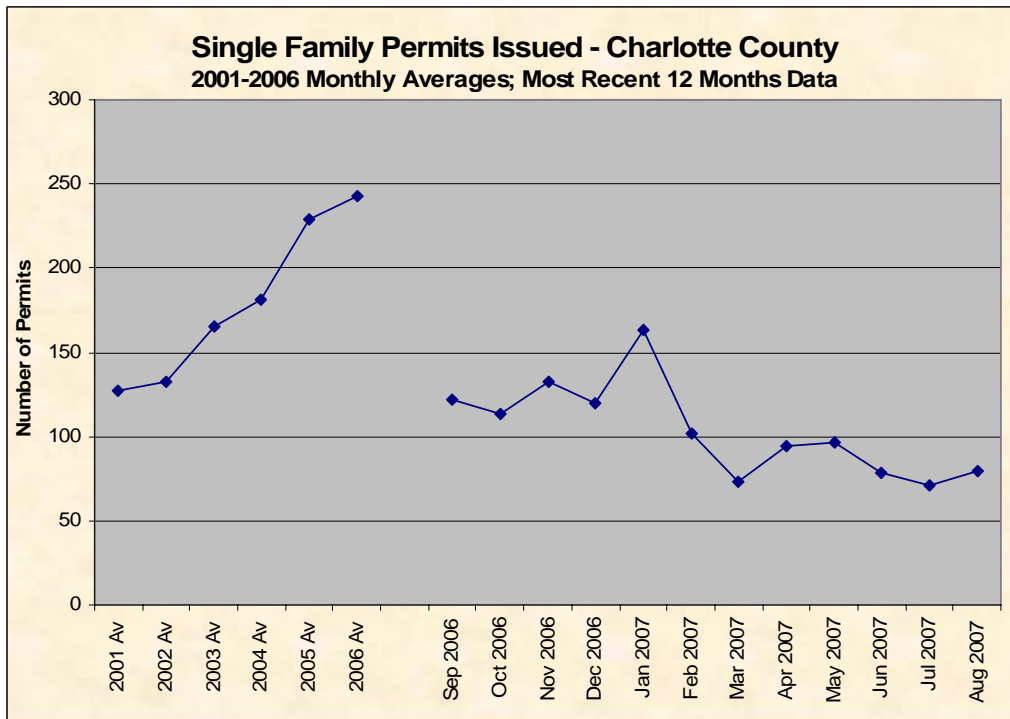
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and unincorporated Lee County Bonita Springs and Fort Myers Beach permits

Chart Six



Source: Local Building and Zoning Departments; includes unincorporated Collier County permits only.

Chart Seven

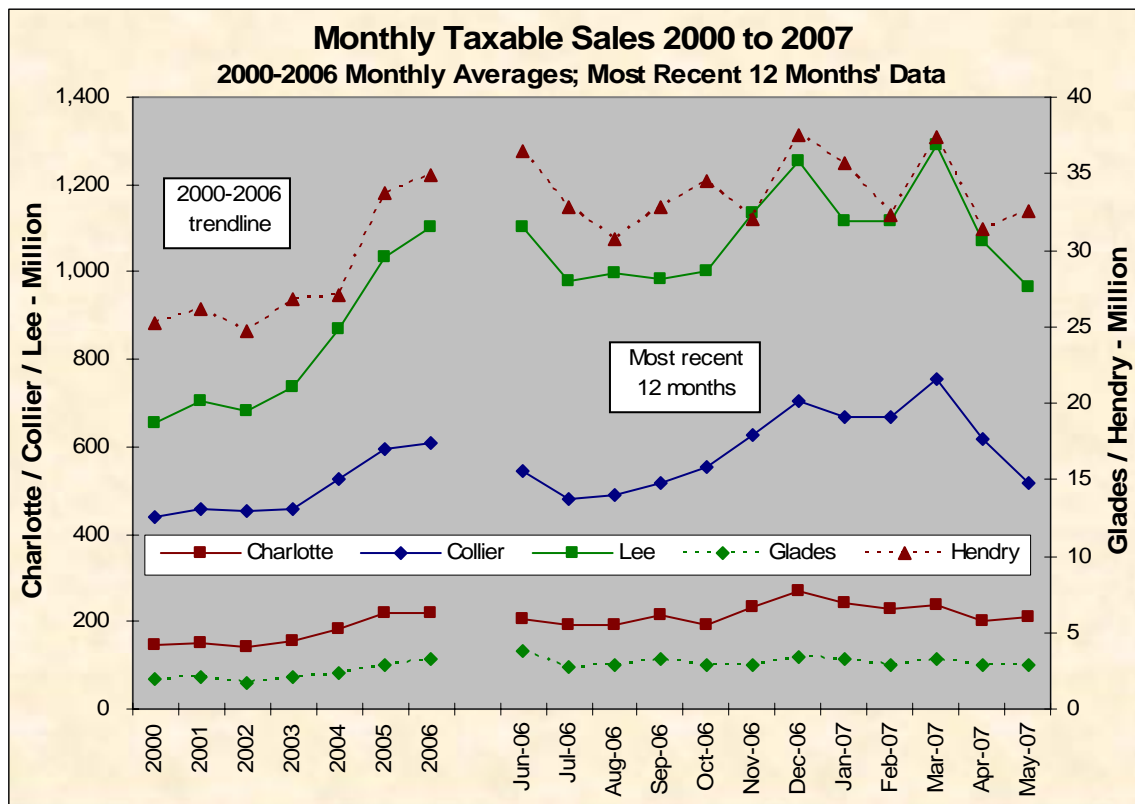


Source: Local Building and Zoning Departments; includes unincorporated Charlotte County permits only.

Taxable Sales

Taxable sales are reported by the Florida Department of Revenue. We have adjusted the taxable sales charts to show the month of collection instead of the reporting month that is issued by the Florida Department of Revenue. This makes May 2007 the latest collection month plotted on Chart Eight. These figures are used to track consumer spending, and therefore are an important contributor to economic growth in the region. Charlotte County showed a 1.5 percent increase in taxable sales for May of 2007 compared to May of 2006. Taxable sales in May of 2007 were down by 9.5 percent and 9.1 percent compared to May of 2006 for Collier and Lee Counties. Hendry and Glades Counties were down by 4.6 and 6.0 percent for May of 2007 compared to May of 2006. This would seem to indicate a slower economy. Several months of data will help to identify any potential trend in the level of taxable sales.

Chart Eight



Source: Florida Department of Tax Research

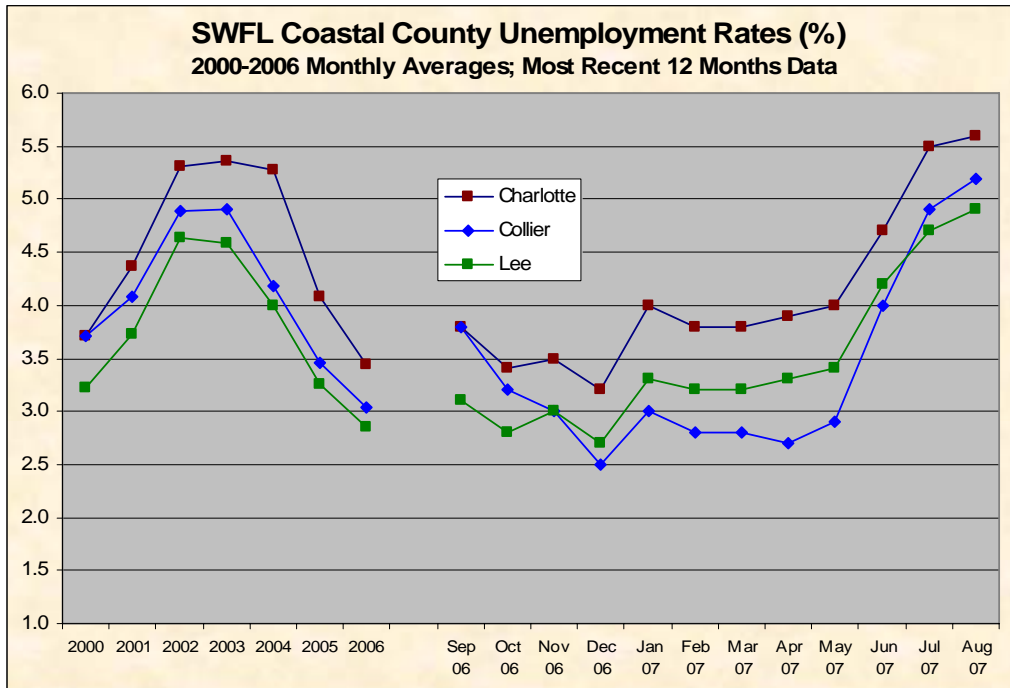
Workforce – Unemployment

The unemployment rates for the region are substantially higher this August compared to August of 2006. In addition, the unemployment rates are higher in August for the coastal counties compared to last month. Glades and Hendry Counties had unemployment rates that remained about the same in August as they were in July. Unemployment is increasing as expected, due to seasonal unemployment and the impact of the housing slowdown. The unemployment level in all five counties is above the August national rate of 4.6 percent. Average annual unemployment and monthly average unemployment for the region over the latest year are shown in Chart Nine for the coastal counties and in Chart Ten for the inland counties. The August 2006, July 2007, and August 2007 unemployment levels are:

	<u>August 2006</u>	<u>July 2007</u>	<u>August 2007</u>
Charlotte County	3.7 percent	5.5 percent	5.6 percent
Collier County	3.9 percent	4.9 percent	5.2 percent
Glades County	5.2 percent	6.2 percent	6.2 percent
Hendry County	8.4 percent	9.9 percent	9.8 percent
Lee County	3.2 percent	4.7 percent	4.9 percent

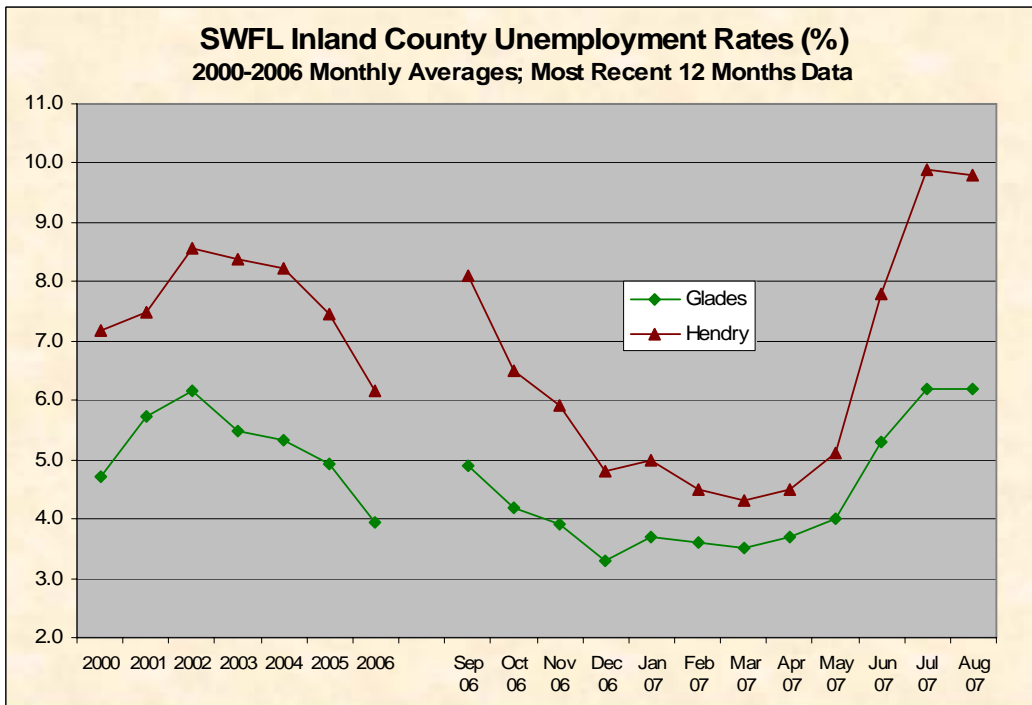
The slowdown in housing and construction is resulting in increased levels of unemployment. Within the region, there is also a strong element of seasonal unemployment. However, we are also seeing the realignment of resources within our economy as its growth slows to more normal levels. The winter season unemployment trends will give us a better read on how much the overall economy has slowed compared to last year.

Chart Nine



Source: AWI

Chart Ten

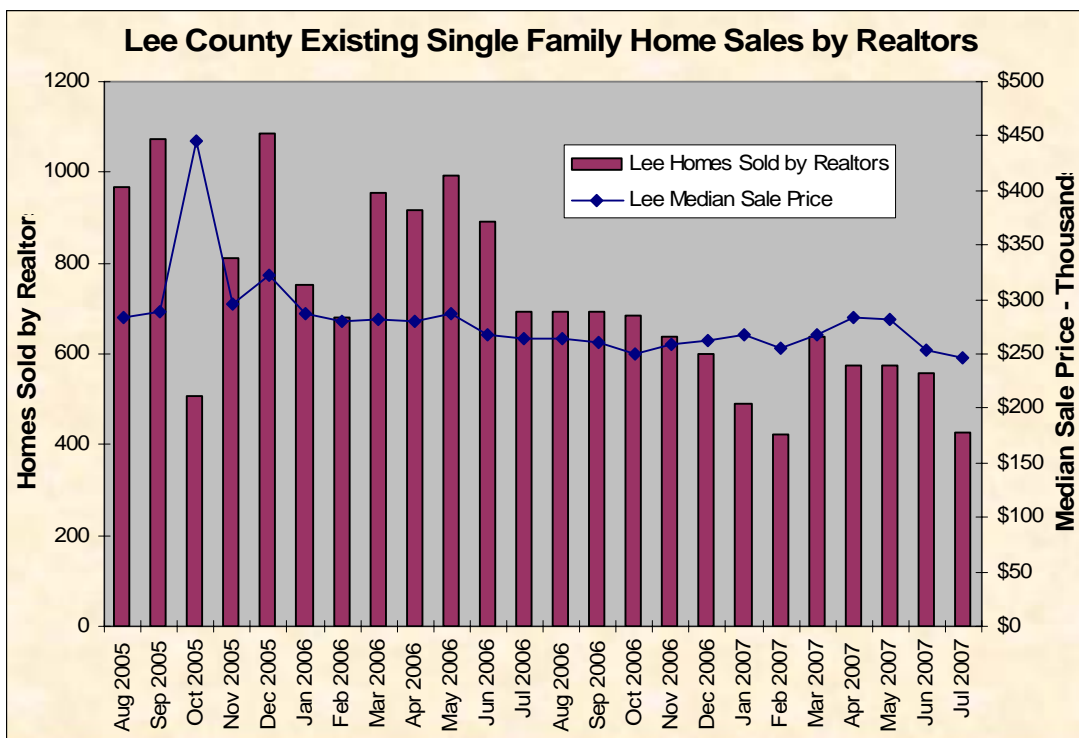


Source: AWI

Sales of Single-Family Existing Homes and Median Sales Price

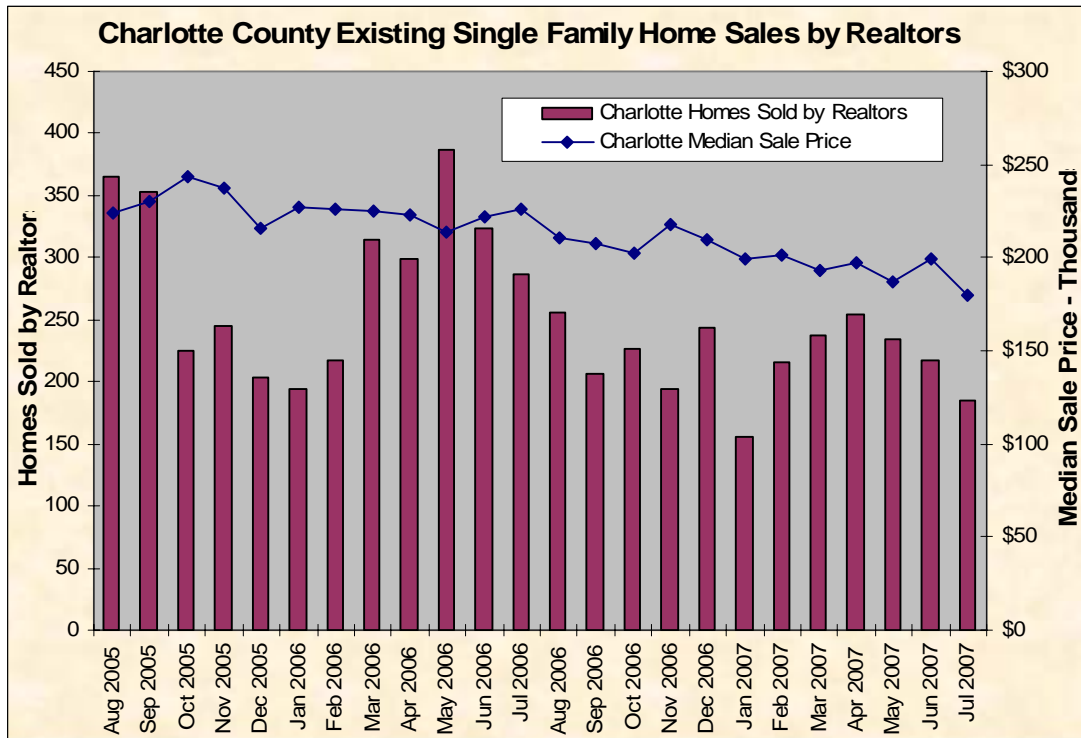
The Florida Association of REALTORS® provides a summary of the number of existing home sales and the median price per month. Charts Eleven and Twelve provide the latest trends for Lee and Charlotte Counties. Lee County (Chart Eleven) saw a decrease in existing home sales in July of 2007 to 426 units while the median sales price fell to \$246,100. Charlotte County (Chart Twelve) has seen home sales fall in July 2007 to 185 with median sale price rising to \$179,600. Current information for Collier County is not available, although the institute is working to see if similar information can be obtained for this report.

Chart Eleven



Source: Florida Association of REALTORS, August 2005 price estimated, Fort Myers – Cape Coral MSA,

Chart Twelve

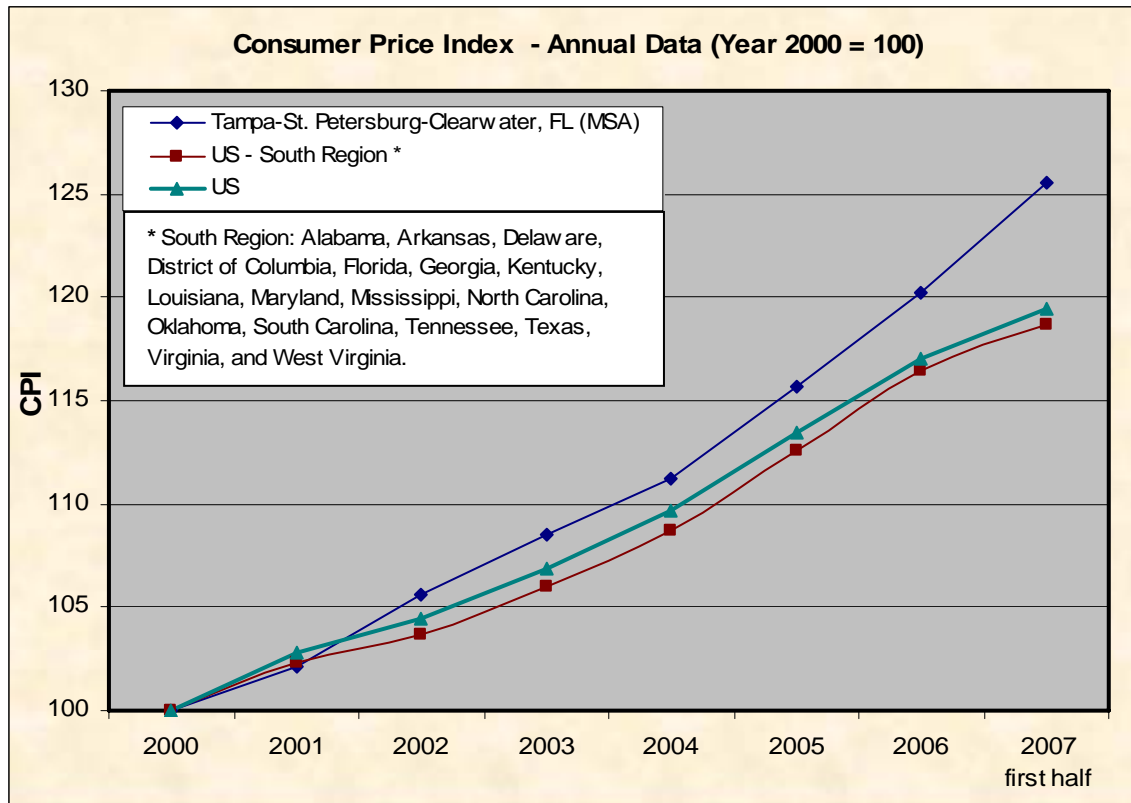


Source: Florida Association of REALTORS, August 2005 price estimated, Punta Gorda, Florida MSA,

Consumer Price Index

The Bureau of Labor Statistics (BLS) collects data monthly on the cost of a fixed basket of consumer goods at the national and regional levels, but only every six months at many local locations. The closest local location for the CPI data is for the Tampa/St. Petersburg area. Chart Thirteen provides a summary of the changes observed since 2000. Several trends are of interest. First, consumer prices in the Southern region of the United States are less than the national price level for the period from 2000 to 2006. Secondly, the Tampa/St. Petersburg consumer prices have increased at a faster rate than the nation.

Chart Thirteen



Source: BLS

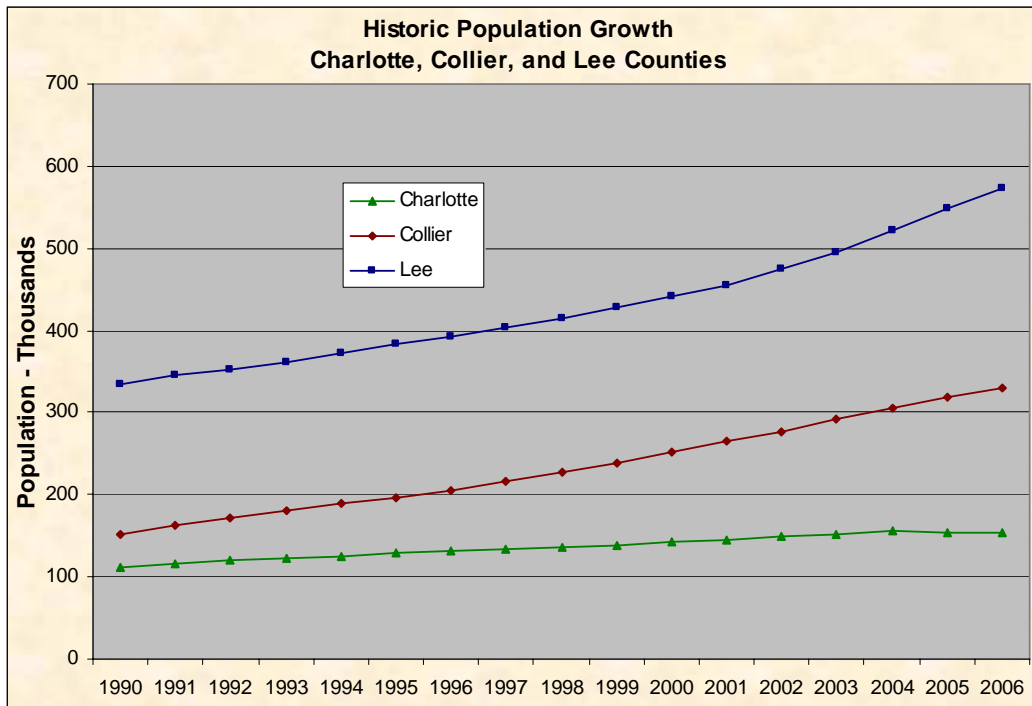
Population

A Florida Demographic Estimating Conference was held and the new official population forecasts were released in late August. Charts Fourteen and Fifteen show the historic population growth from 1990 to 2006. Charlotte County has seen significant population growth between 1990 and 2006. Collier County has grown at an even faster rate from 1990 to 2006 and Lee County has doubled its population from 1990 to 2006. As indicated in Chart Fifteen Glades and Hendry Counties have had lower rates of population growth. Table One and Chart Sixteen show the new projected population increases for 2007 to 2030. Charts Seventeen through Nineteen provide the regional percentages of population by County for the years 1990, 2006, and 2030.

After evaluating the demographic data above, it is clear that we have experienced tremendous growth over the past 30 years and all signs point to the continued long-term growth of the area. Having said that, the growth will not be as large due to a number of factors such as:

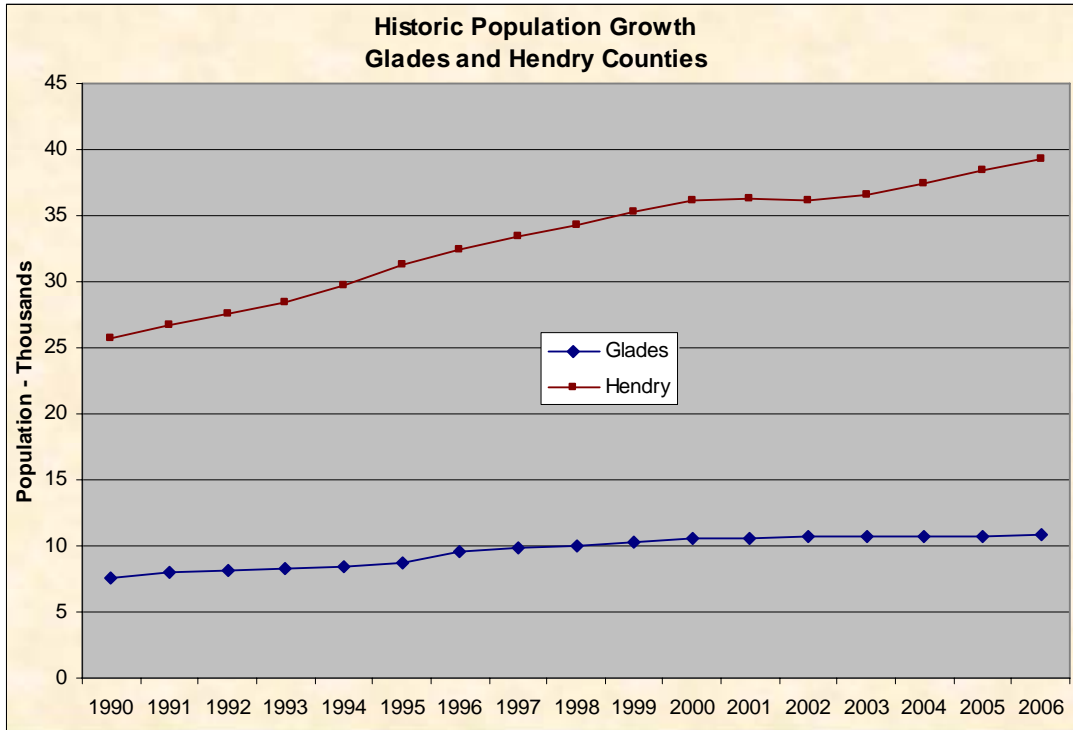
- **Build out** – suitable land for construction has become scarce
- **Restrictions** – building codes and hurricane restrictions may limit the expansion of some areas
- **Costs** – both the conversion of land and construction costs continue to escalate as well as insurance costs upon completion
- **Climate** – hurricane fears may limit demand to the area particularly in the period of increased activity we appear to be in.
- **Population Tree** – as the population ages and the baby boomer population passes thru the age of retirement there is a smaller cohort to follow.

Chart Fourteen



Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

Chart Fifteen



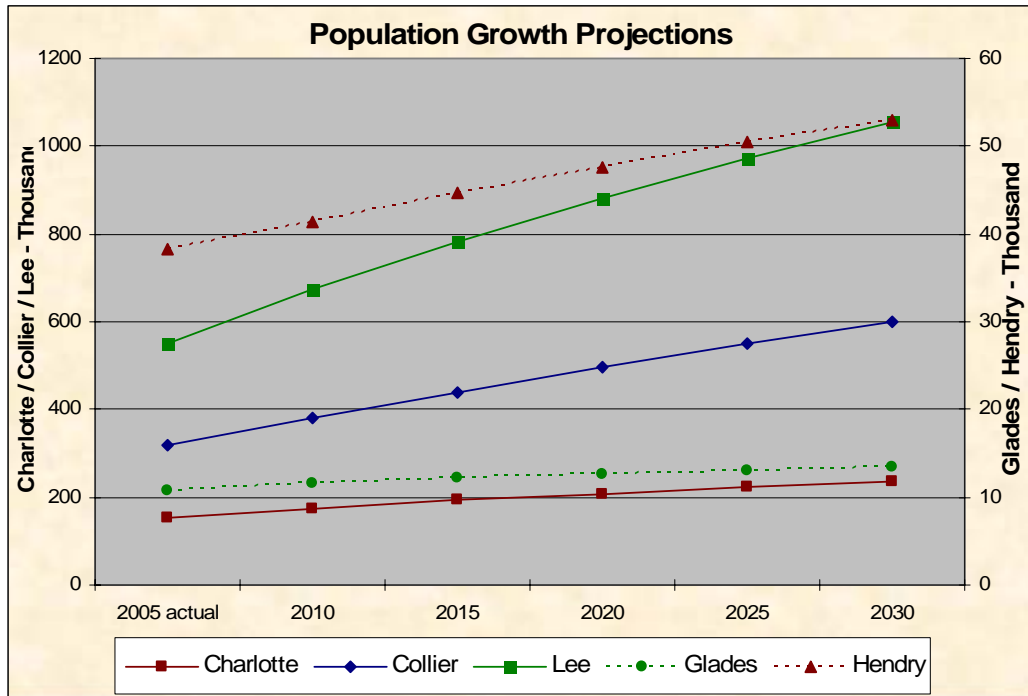
Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

Table One
New EDR Demographic Estimating Conference
Population Estimates and Projections by County

Year	Charlotte	Collier	Lee	Hendry	Glades
2007	164,653	331,948	615,999	39,668	11,060
2010	175,389	379,226	676,531	41,410	11,613
2020	208,615	497,512	881,734	47,635	12,598
2030	235,855	598,519	1,053,932	52,885	13,368

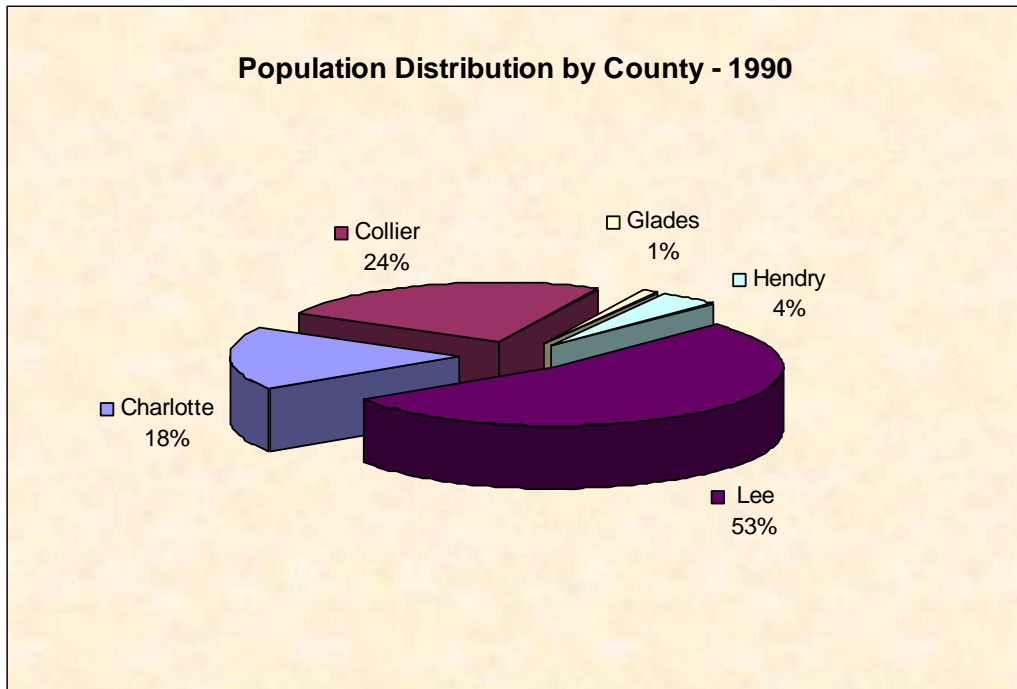
Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

Chart Sixteen



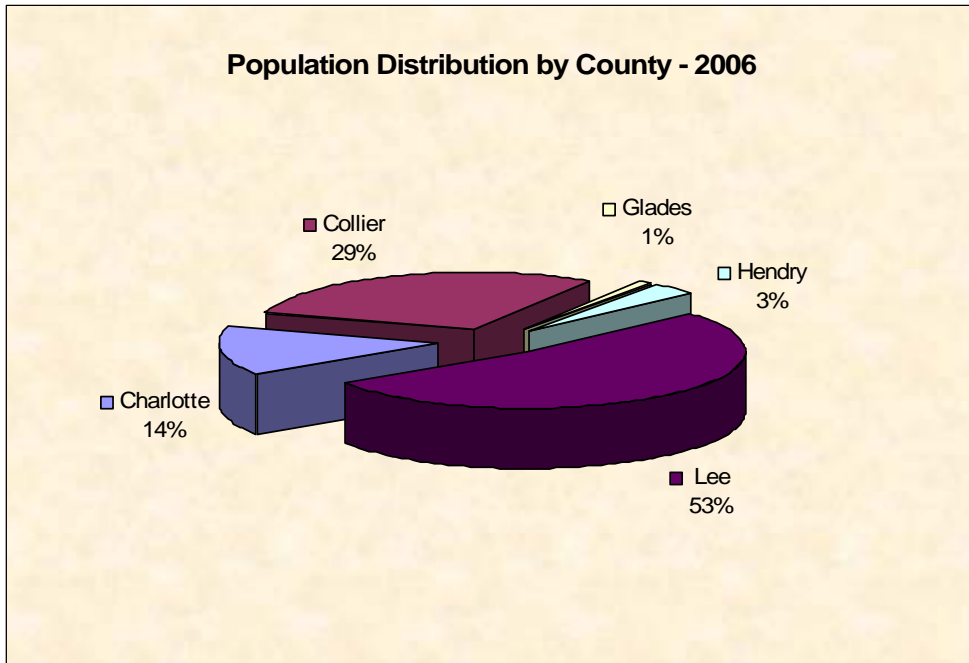
Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

Chart Seventeen



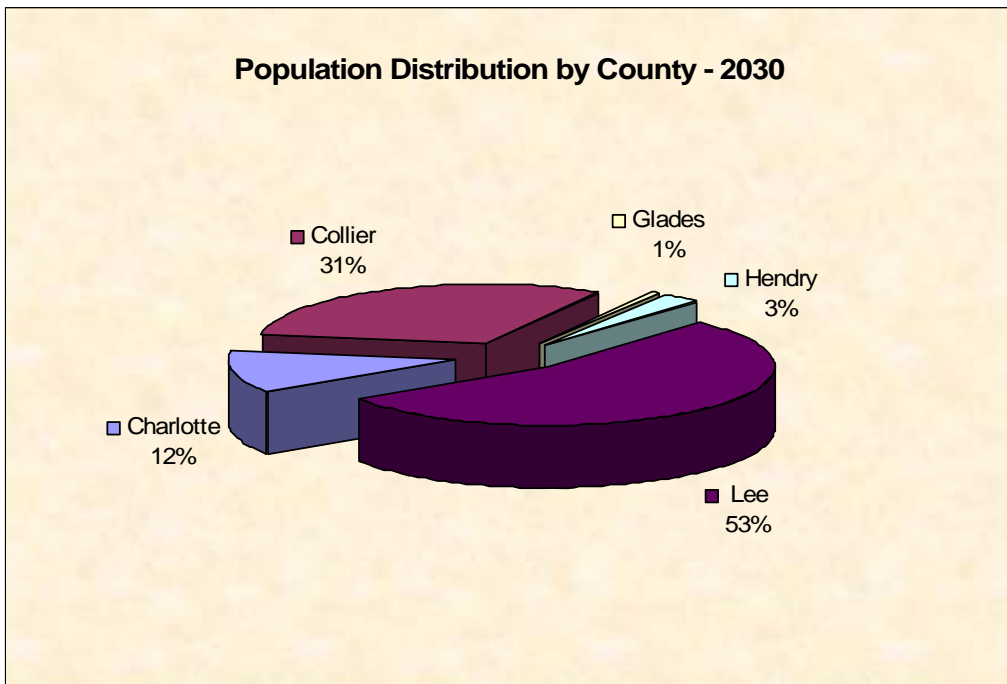
Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

Chart Eighteen



Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

Chart Nineteen



Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.