

# Southwest Florida Regional Economic Indicators

November 2007

Regional Economic  
Research Institute

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## Introduction

The Federal Reserve System (Fed) again lowered interest rates during its most recent meeting of October 30 and 31. In its accompanying statement, the Fed is concerned that the pace of expansion may continue to slow in the near term. As we noted last month the general concern economists have is that the economy's growth could slow due to the housing and construction slowdown, slower sales of durable goods, lower investment levels, tighter credit requirements, subprime loan issues, and higher oil prices. The recent increase in oil and energy costs will also translate into higher prices for goods and services making the Fed cautious regarding future interest rate reductions which could create higher demands and make inflation worse. The Fed's primary goal is to maintain price stability so it will continue to try and keep inflation in check while balancing the need for additional economic activity to keep the economy growing at a pace to maintain full employment.

Regionally we see continued decline in some indicators resulting from decreased building activity and the typical summer seasonal slowdown. There have been some slight improvements; however, the data for the coming months 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 June as the region entered the slower summer season.

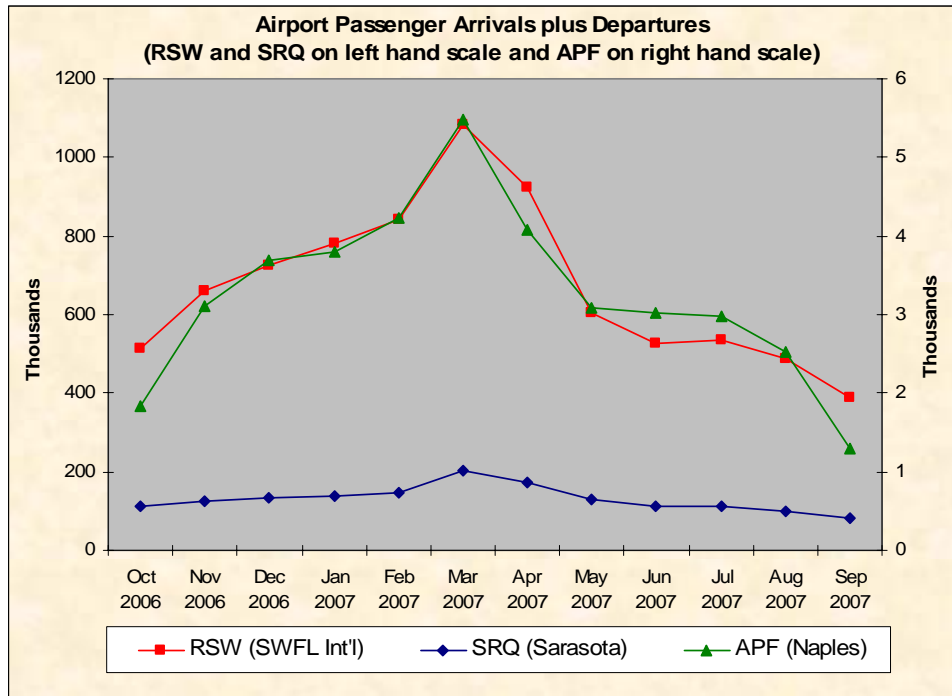
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report as a way to support its mission and assist the region. The Institute thanks its many partners for assistance in obtaining the data including the Southwest Florida Regional Planning 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.

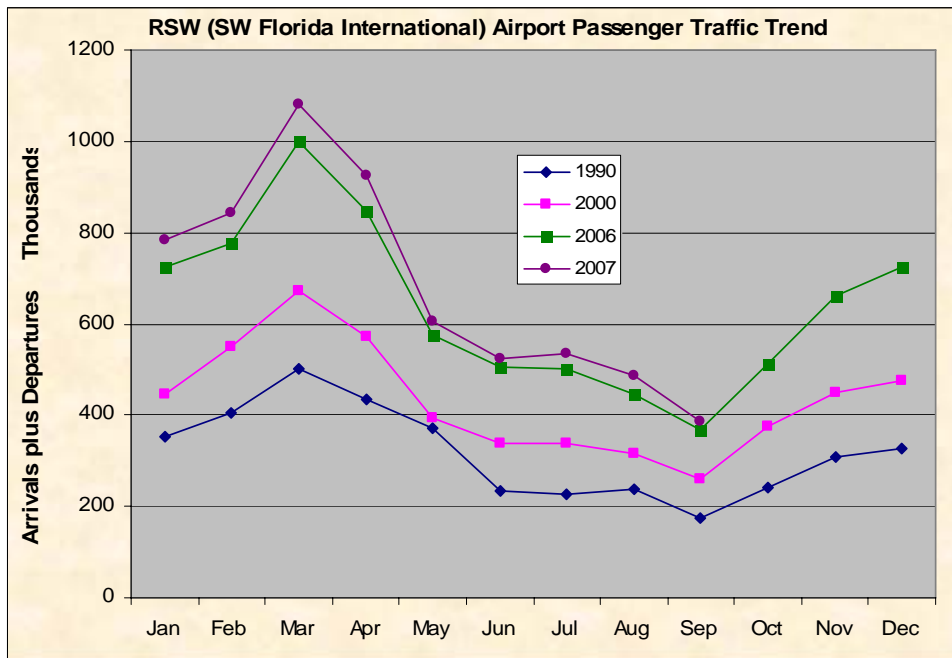
Regional Southwest Airport (RSW) located in Lee County has seen very fast passenger growth since 1990 as shown by Chart Two. A new terminal opened in September, 2005 at RSW to handle the increased traffic which is currently serviced by 22 airlines. The September 2007 traffic figure for RSW was 387,452 which exceeded the figure for September 2006 by five percent. Charts Three and Four illustrate the airport activity for Sarasota and Naples airports, respectively. Passenger activity in Sarasota for September 2007 showed an 11 percent increase over activity figures from September 2006. The August 2007 passenger traffic for Naples shows a decrease to 54 percent of the traffic from one year ago and a decline of 48 percent from August most likely due to the reduction of almost 1000 seats by the Atlantic Southeast Airlines (ASA - a Delta connector).

**Chart One**



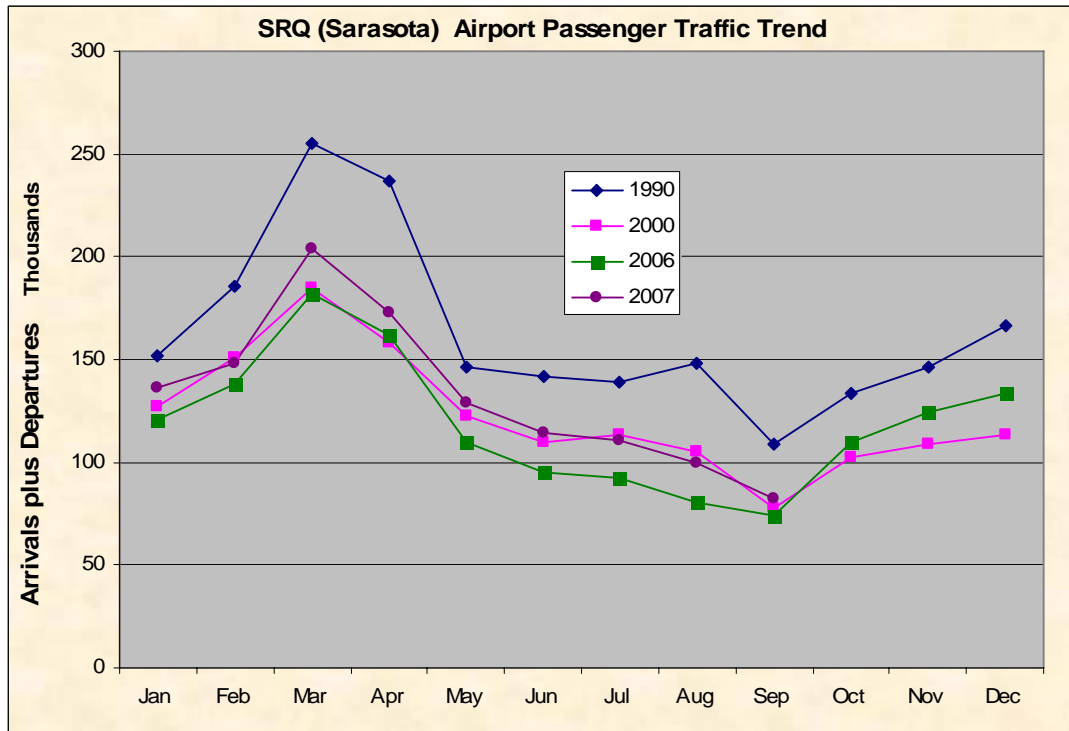
Source: Local Airport Authorities

**Chart Two**



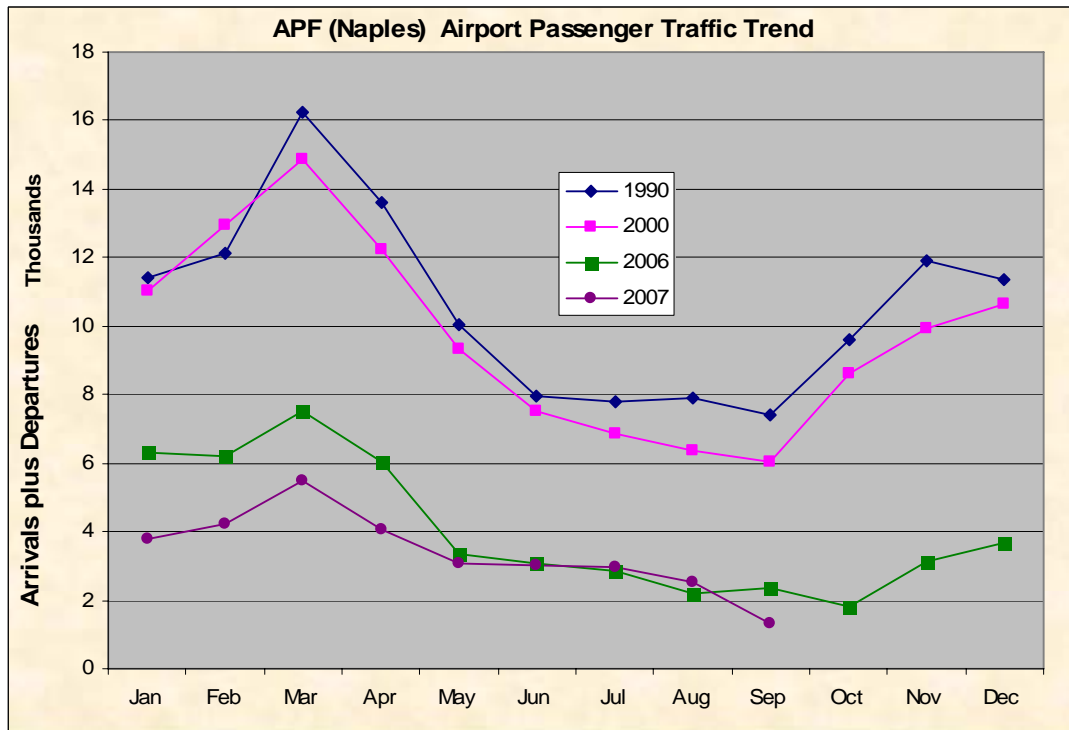
Source: Local Airport Authorities

**Chart Three**



Source: Local Airport Authorities

**Chart Four**

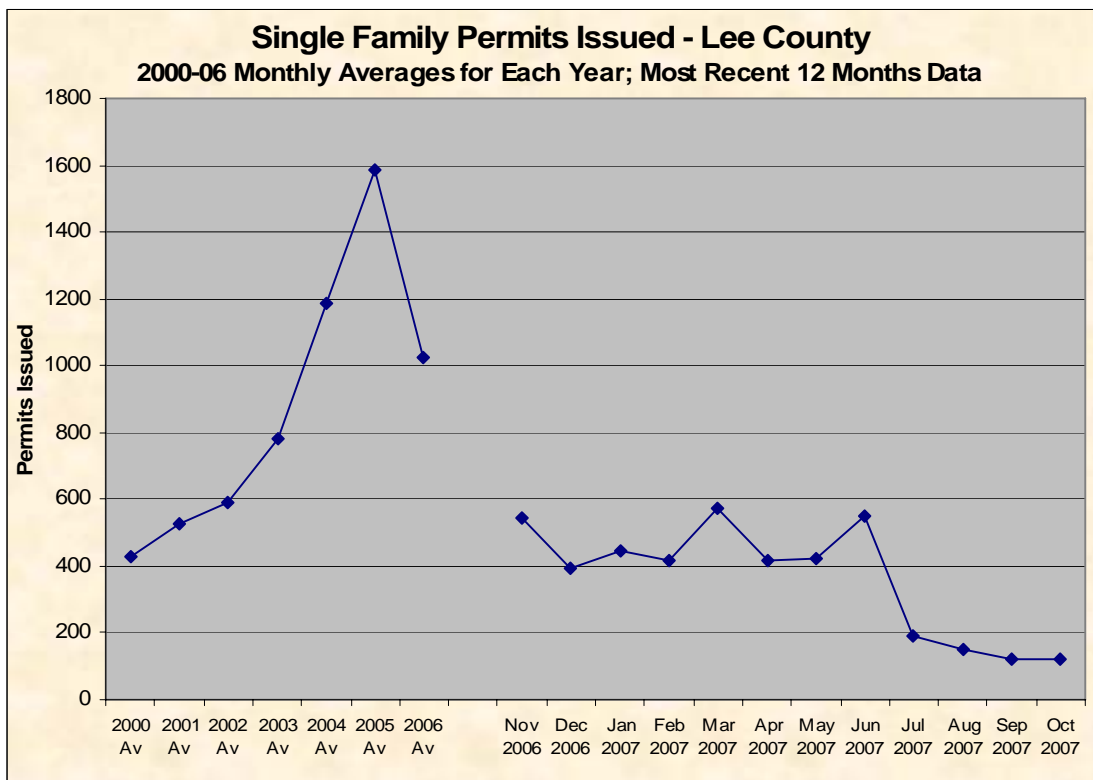


Source: Local Airport Authorities

## Single-Family Building Permits

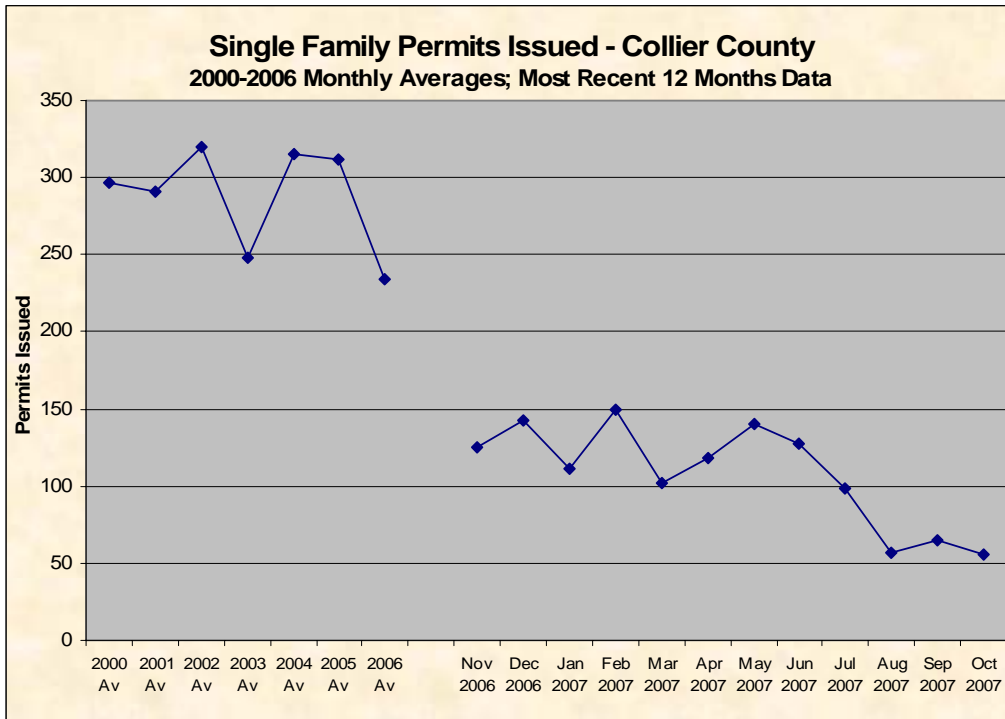
Single-family building permits issued fell to new lows in September for Both Lee and Collier Counties but Charlotte County showed its first increase in single-family permitting since the spring of this year. The number of single-family building permits in unincorporated Lee County, as illustrated in Chart Five, fell to 119 for the month of October 2007. Single-family permits in Collier County, which are illustrated in Chart Six, remained low, declining to 56 permits for October 2007. Please note this chart reflects a correction of September figures which were previously mis-reported. Charlotte County saw an increase in permitting to 85 permits for the month of October 2007 – see Chart Seven.

**Chart Five**



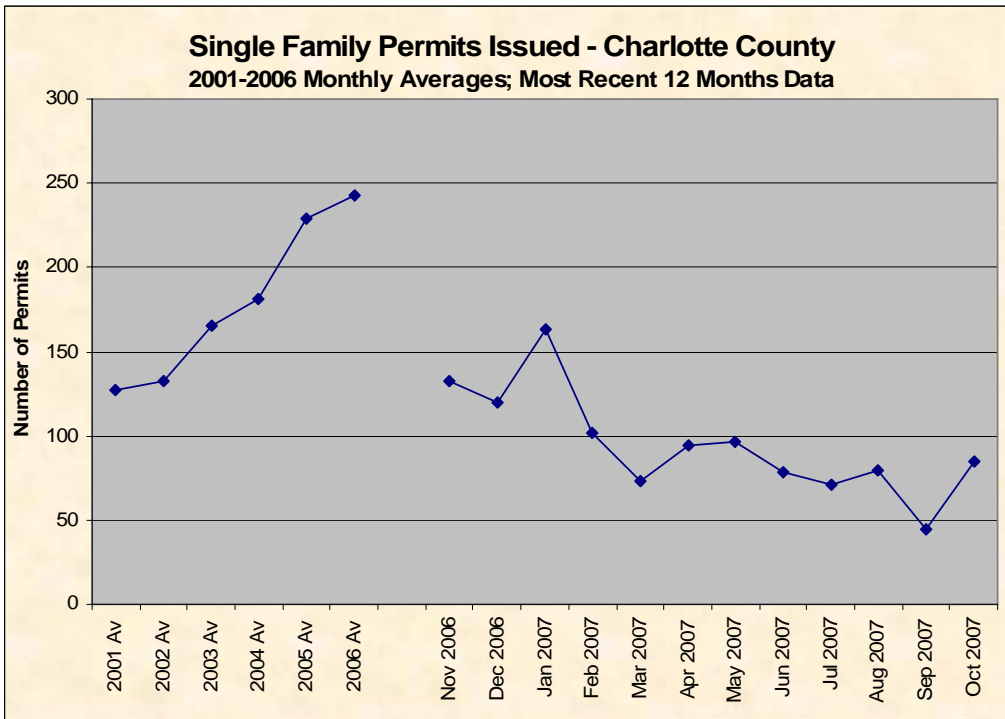
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and unincorporated Lee County Bonita Springs and Fort Myers Beach permits

**Chart Six**



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

**Chart Seven**

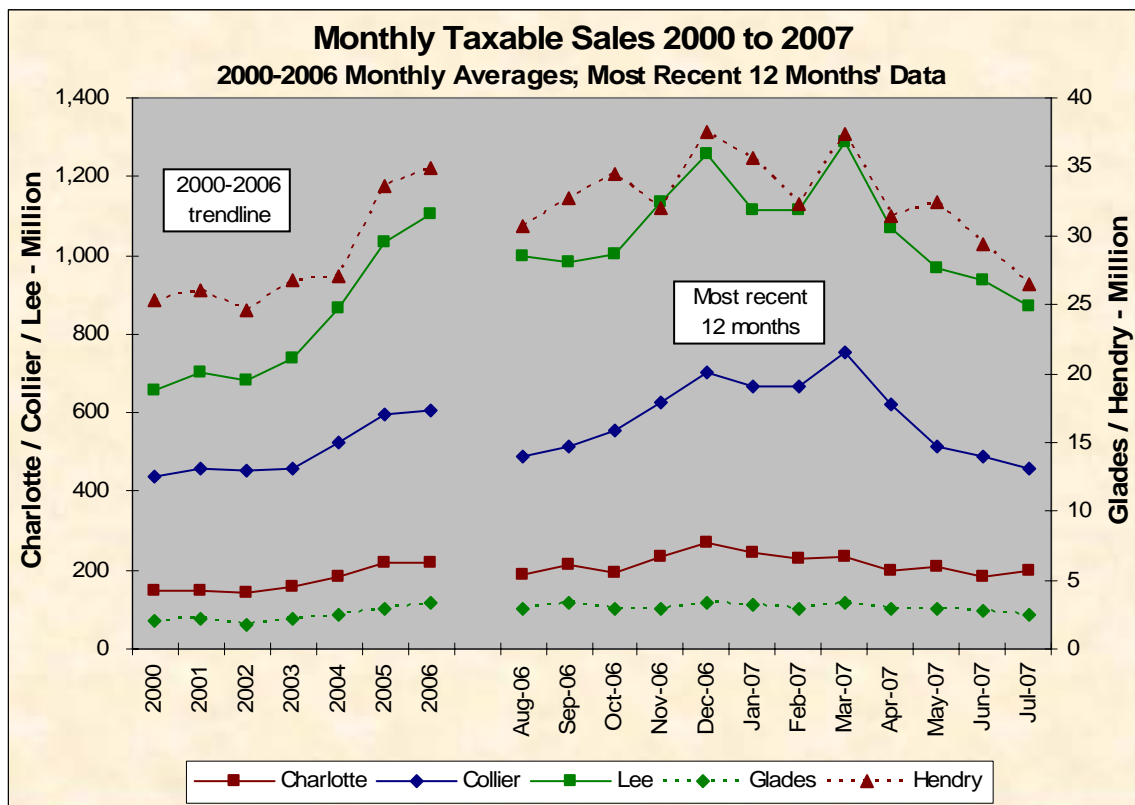


Source: Local Building and Zoning Departments; includes unincorporated Charlotte County permits only.

## 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 July 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. Four of the five counties in Southwest Florida saw declines from June figures. The only county with increased taxable sales was Charlotte County, which showed growth of 8 percent in July. For the remaining counties taxable sales declined 6 percent in Collier, 8 percent in Glades, 10 percent in Hendry and 7 percent in Lee between June and July reaching the lowest level for these counties for the past 12 month period. Charlotte county taxable sales were up four percent from July of 2006. Collier, Glades, Hendry, and Lee County were down 5 percent, 8 percent, 20 percent, and 11 percent from July of 2006. This indicates a general slowing of the economy. We have inserted a new chart this month to more clearly show the monthly taxable sales levels over the last twelve months. See chart nine.

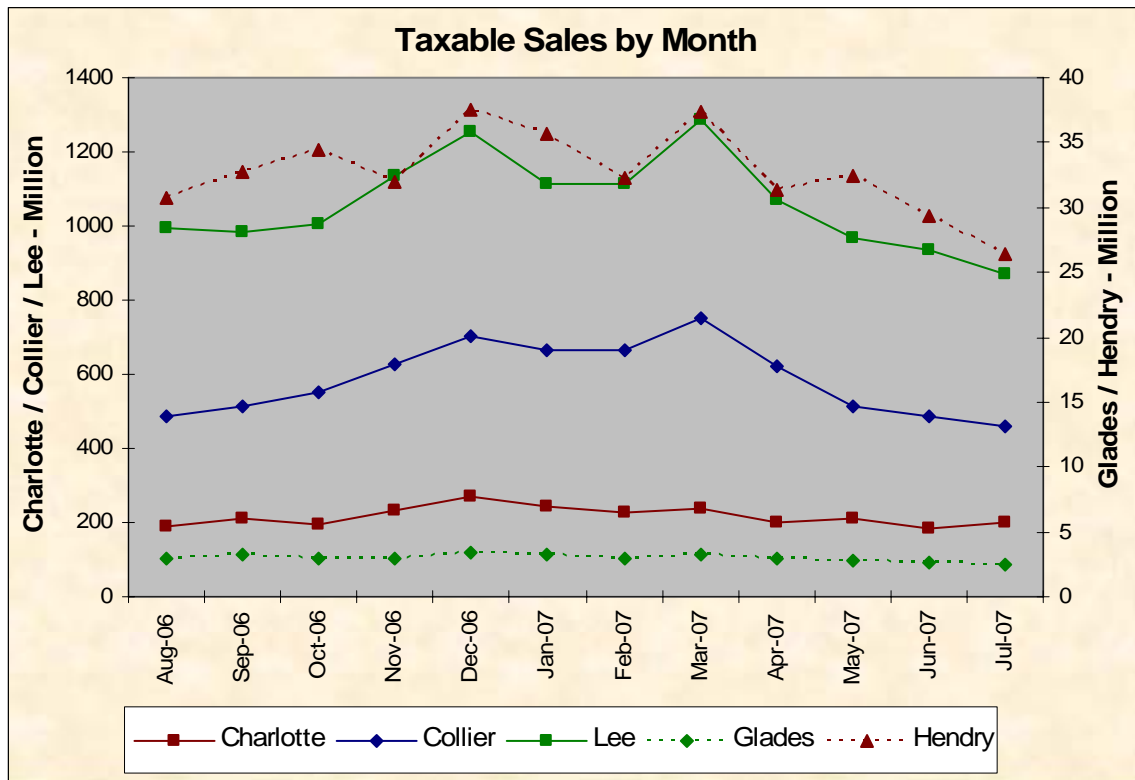
**Chart Eight**



Source: Florida Department of Tax Research



## Chart Nine



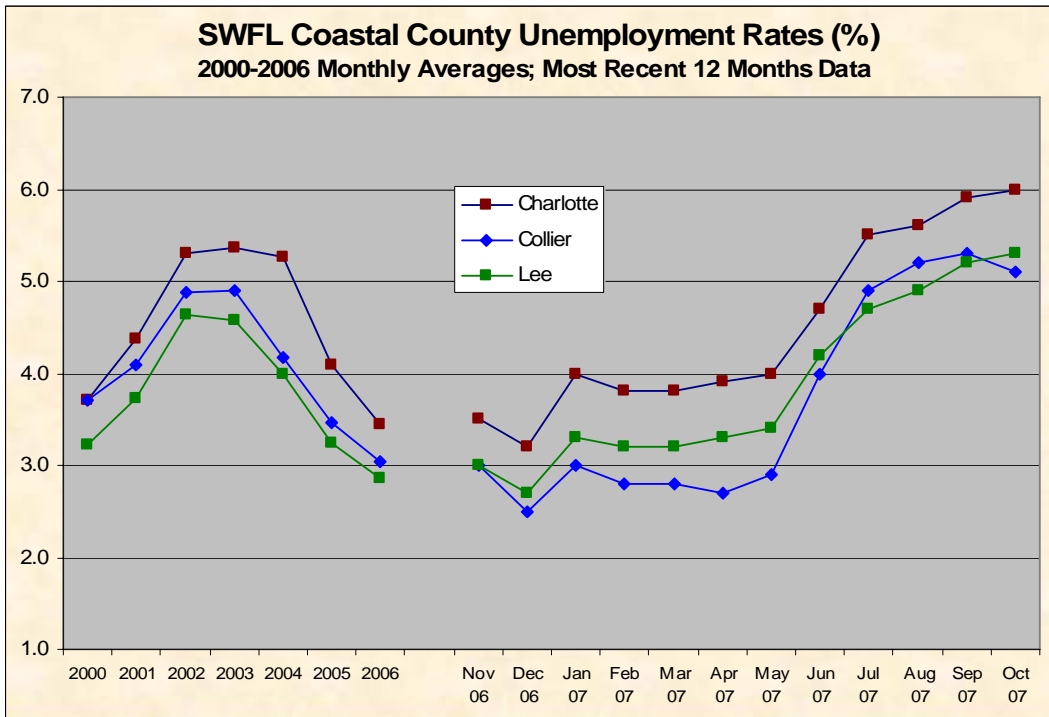
Source: Florida Department of Tax Research

## Workforce - Unemployment

The unemployment rates for the region are again substantially higher this October compared to October of 2006. In addition, the unemployment rates are slightly higher in October for Lee and Charlotte Counties rising to 5.3 and 6.0 percent respectively. Collier County saw a slight reduction in Unemployment for October dropping 5.3 to 5.1 percent in October. Both Glades and Hendry Counties reported reductions in October unemployment rates as well with October unemployment rates of 5.0 and 8.5 percent respectively. The unemployment level in all five Southwest Florida regional counties is above the October national rate of 4.7 percent. Average annual unemployment and monthly average unemployment for the region over the latest year are shown in Chart Ten for the three coastal counties and in Chart Eleven for the two inland counties.

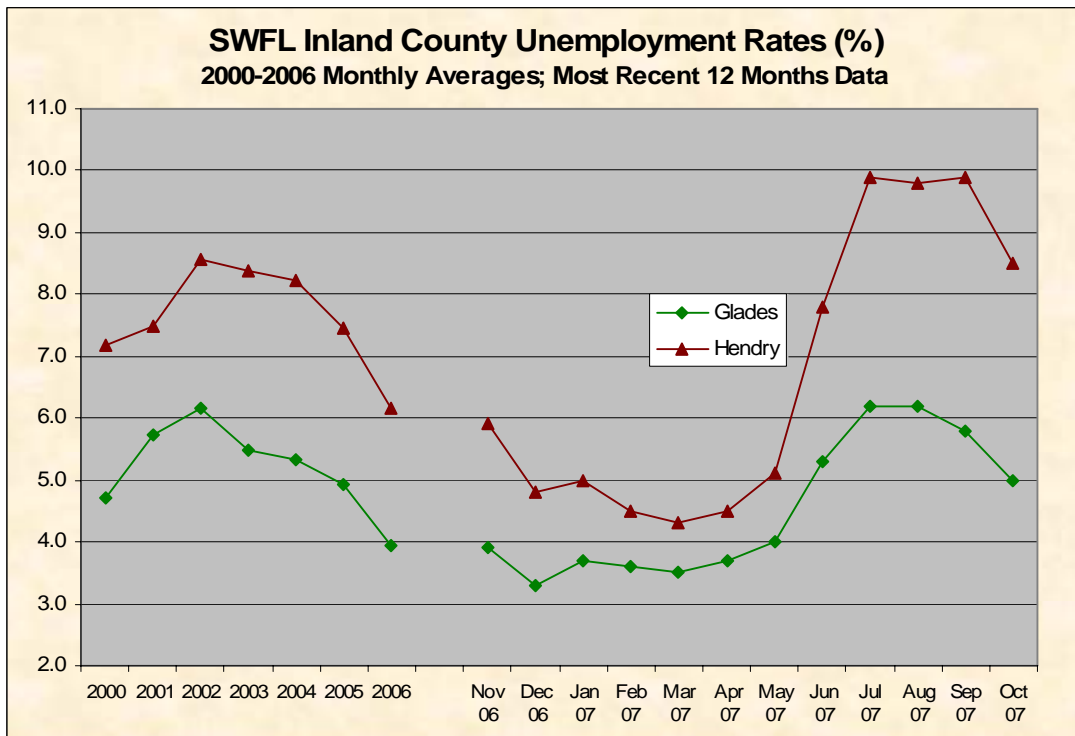
The slowdown in housing and construction is resulting in increased levels of unemployment. Within the region, there is also a strong element of seasonal unemployment. However, we are also seeing the realignment of resources within our economy as its growth slows to more normal levels. The winter season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

**Chart Ten**



Source: AWI

**Chart Eleven**

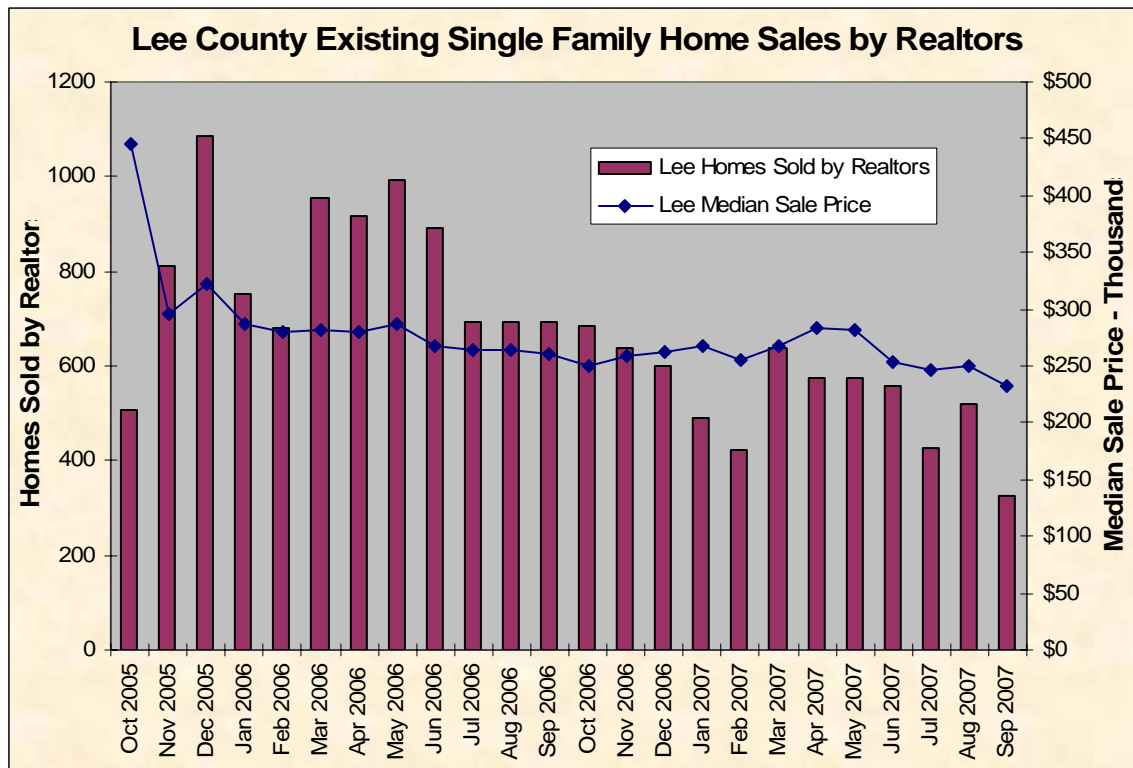


Source: AWI

## Sales of Single-Family Existing Homes and Median Sales Price

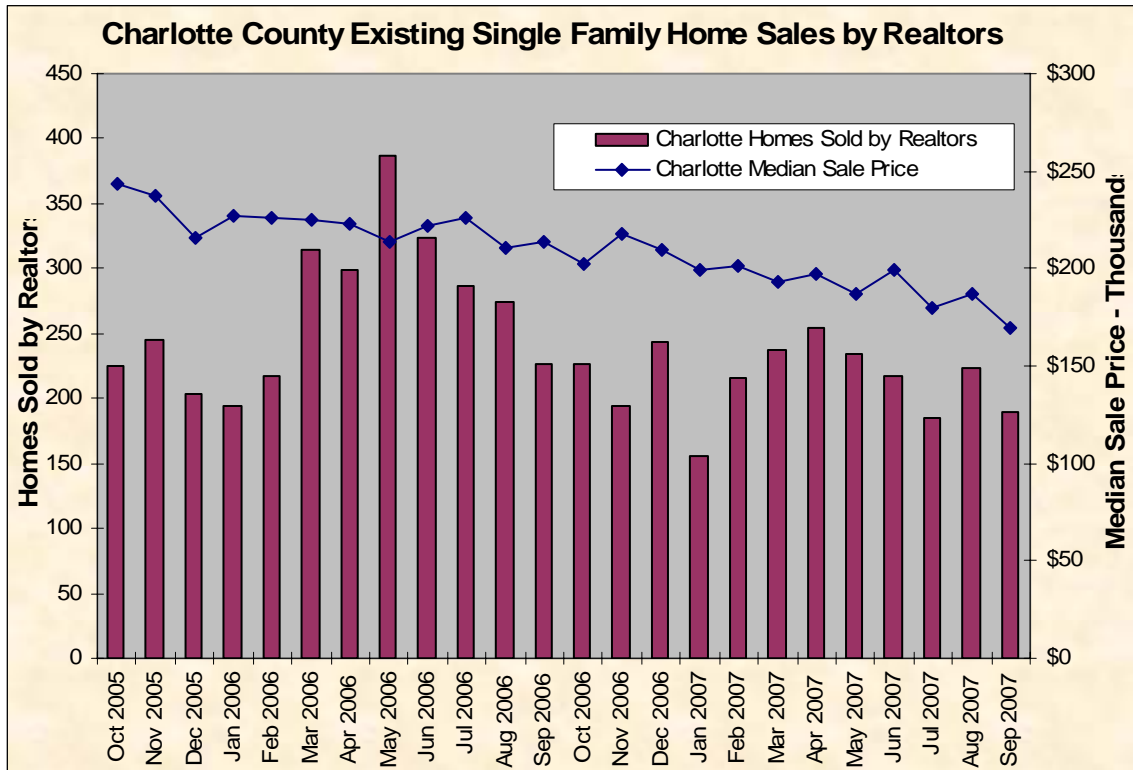
The Florida Association of REALTORS® provides a summary of the number of existing home sales and the median price per month. Charts Twelve and Thirteen provide the latest trends for Lee and Charlotte Counties. In September Lee County (Chart Twelve) saw a decrease in both existing home sales, down to 327 units, and the median sales price, which dropped to \$231,600. Over the same period Charlotte County (Chart Thirteen) also experienced declines with sales declining to 189, and the median sale price rising dropping to \$170,000. 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 Twelve**



Source: Florida Association of REALTORS, Fort Myers – Cape Coral MSA,

**Chart Thirteen**

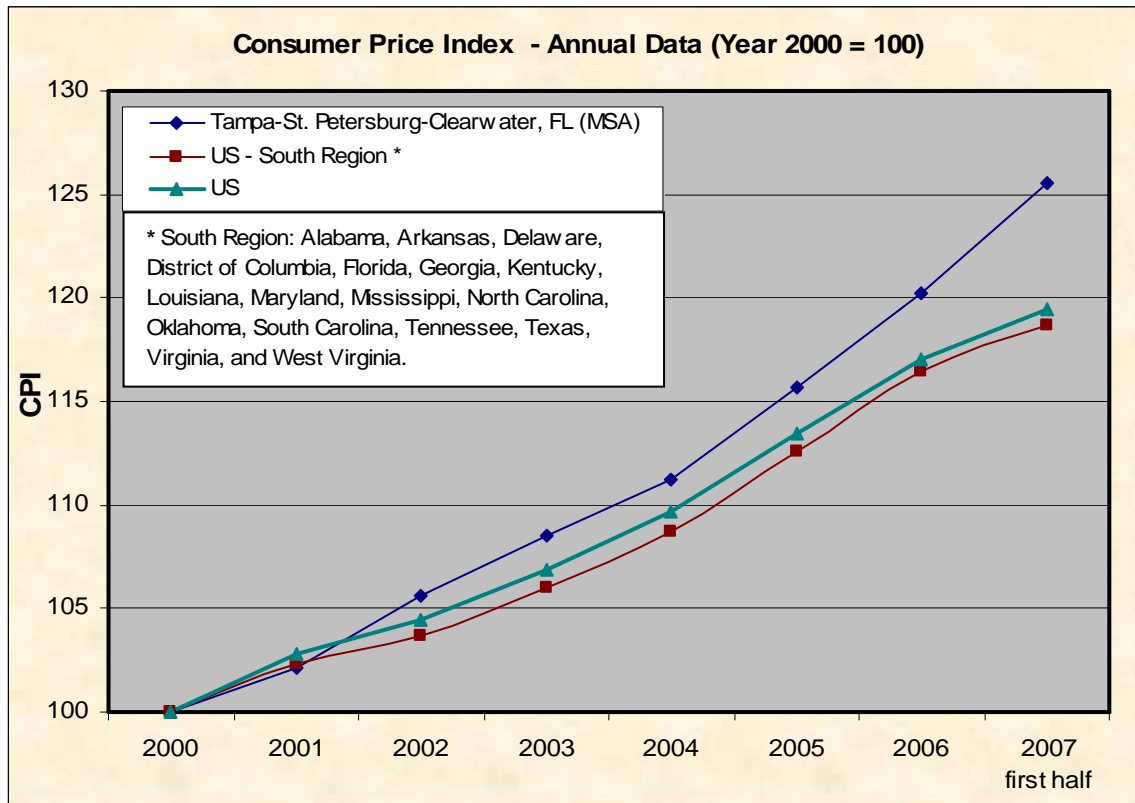


Source: Florida Association of REALTORS, Punta Gorda, Florida MSA,

### 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 Fourteen 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 Fourteen



Source: BLS

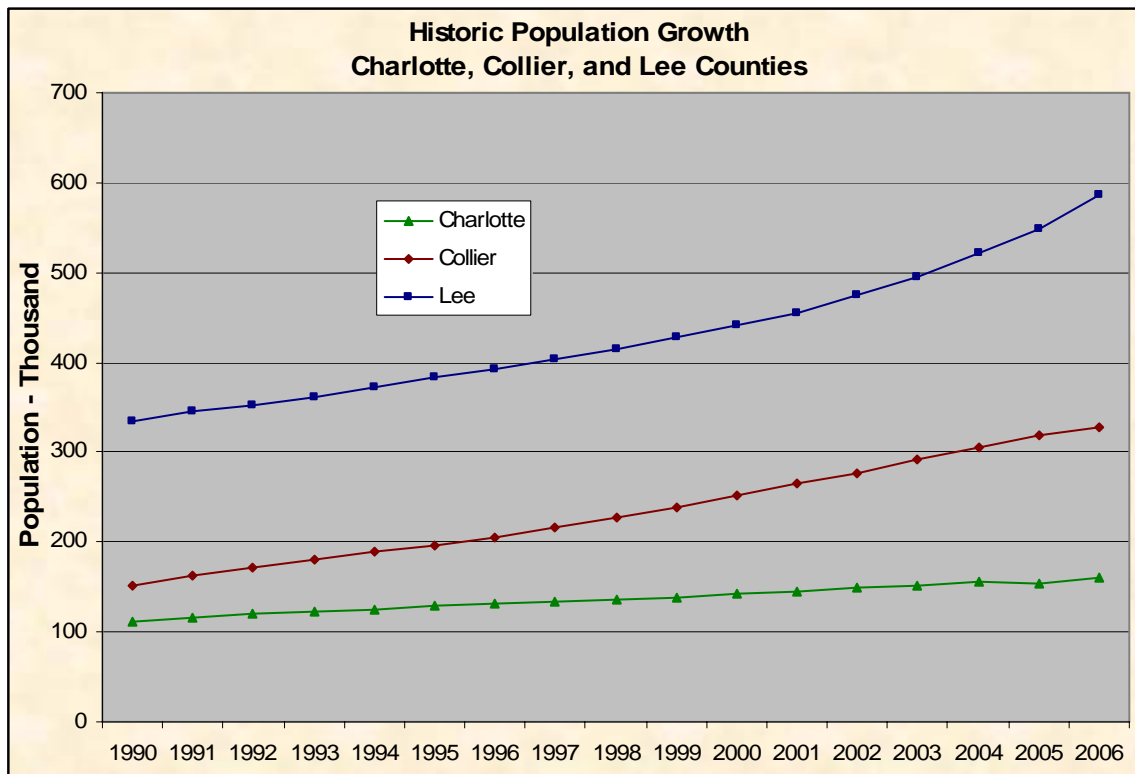
## Population

A Florida Demographic Estimating Conference was held and the new official population forecasts were released in late August. Charts Fifteen and Sixteen 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 Sixteen, Glades and Hendry Counties have had lower rates of population growth. Table One and Chart Seventeen show the new projected population increases for 2007 to 2030. Charts Eighteen through Twenty 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:

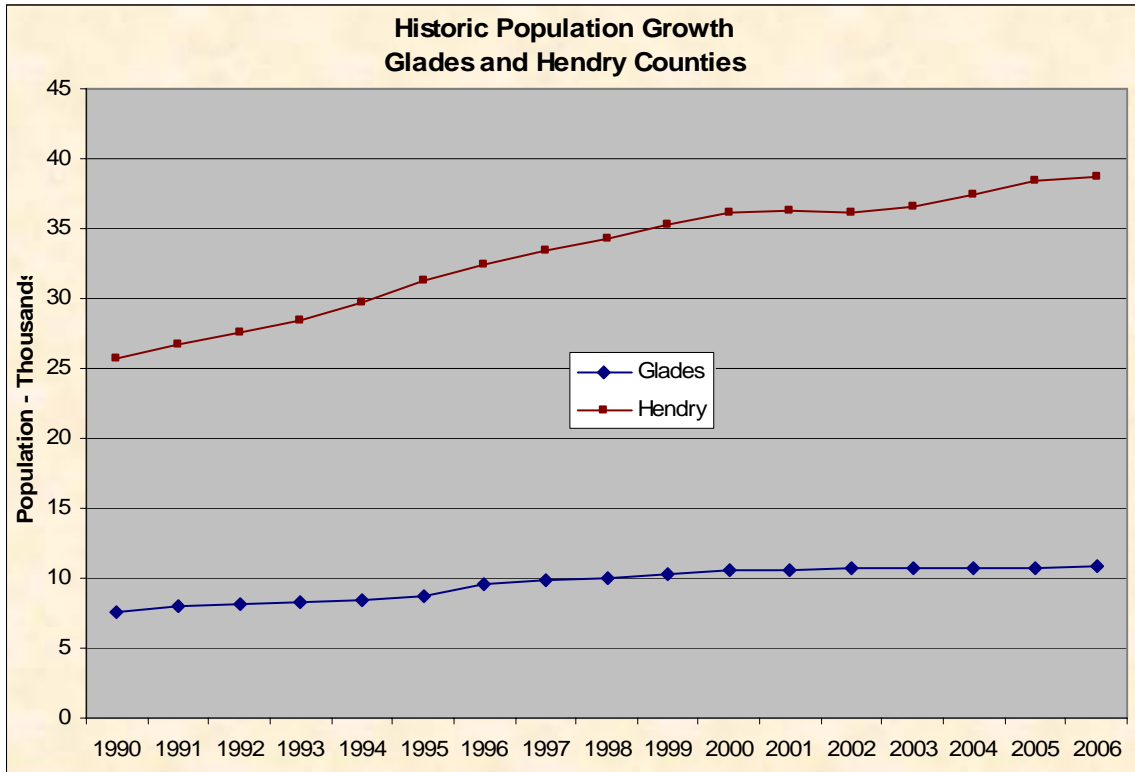
- **Build-out** – suitable land for construction has become scarce
- **Restrictions** – building codes and hurricane restrictions may limit the expansion of some areas
- **Costs** – both the conversion of land and construction costs continue to escalate as well as insurance costs upon completion
- **Climate** – 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 through the age of retirement there is a smaller cohort to follow.

**Chart Fifteen**



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

**Chart Sixteen**



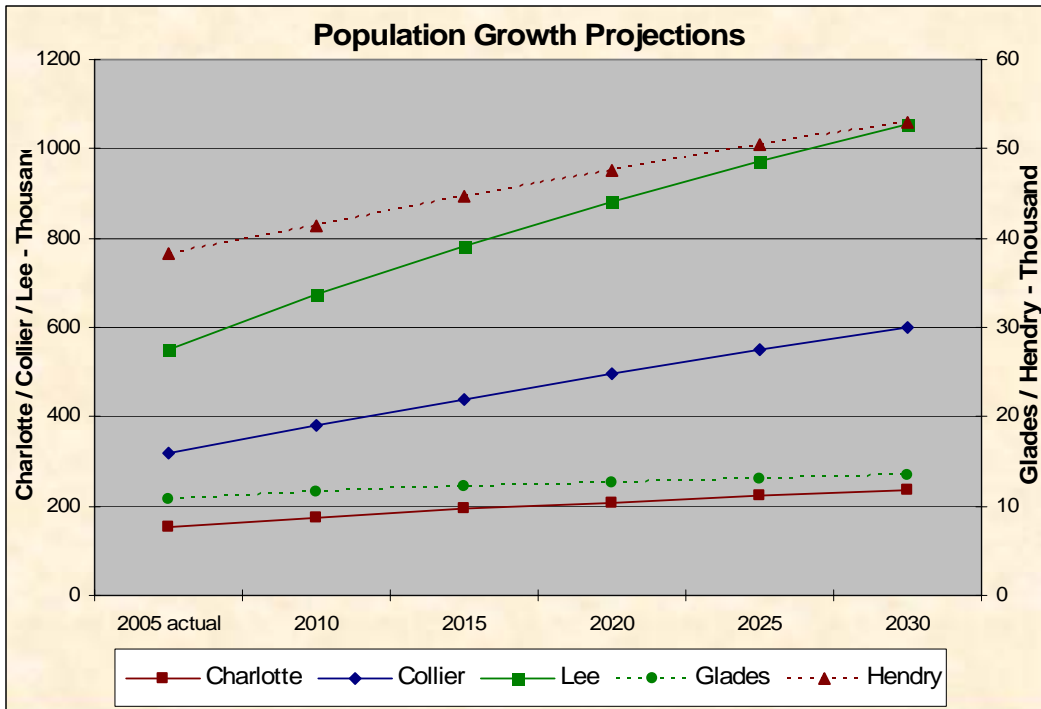
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

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

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

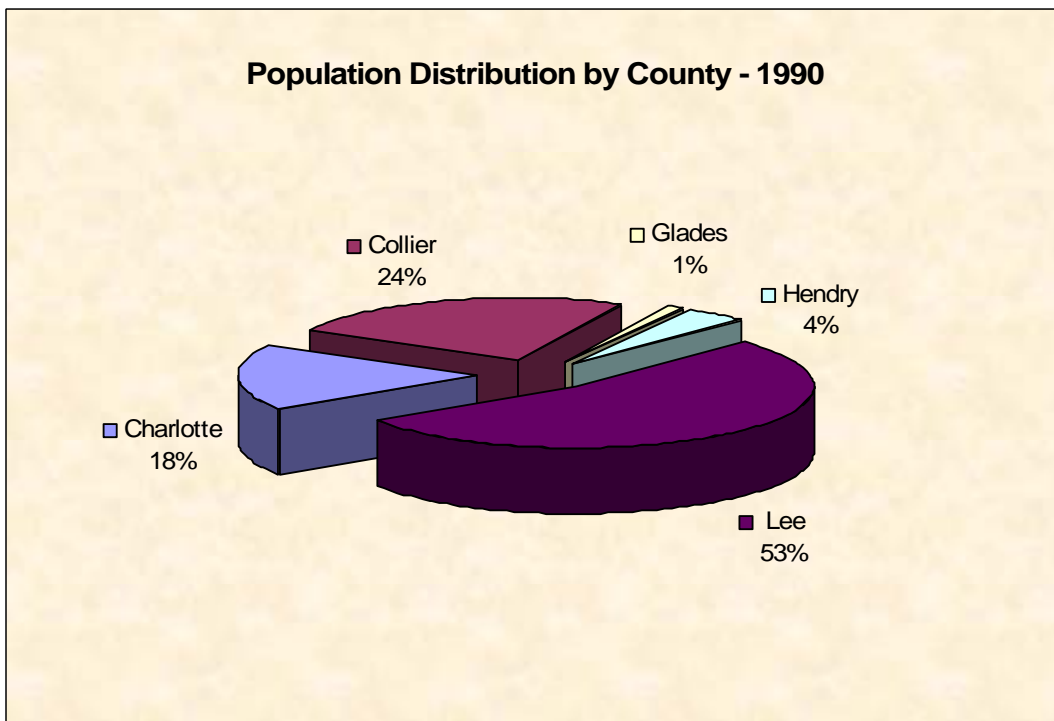
Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

**Chart Seventeen**



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

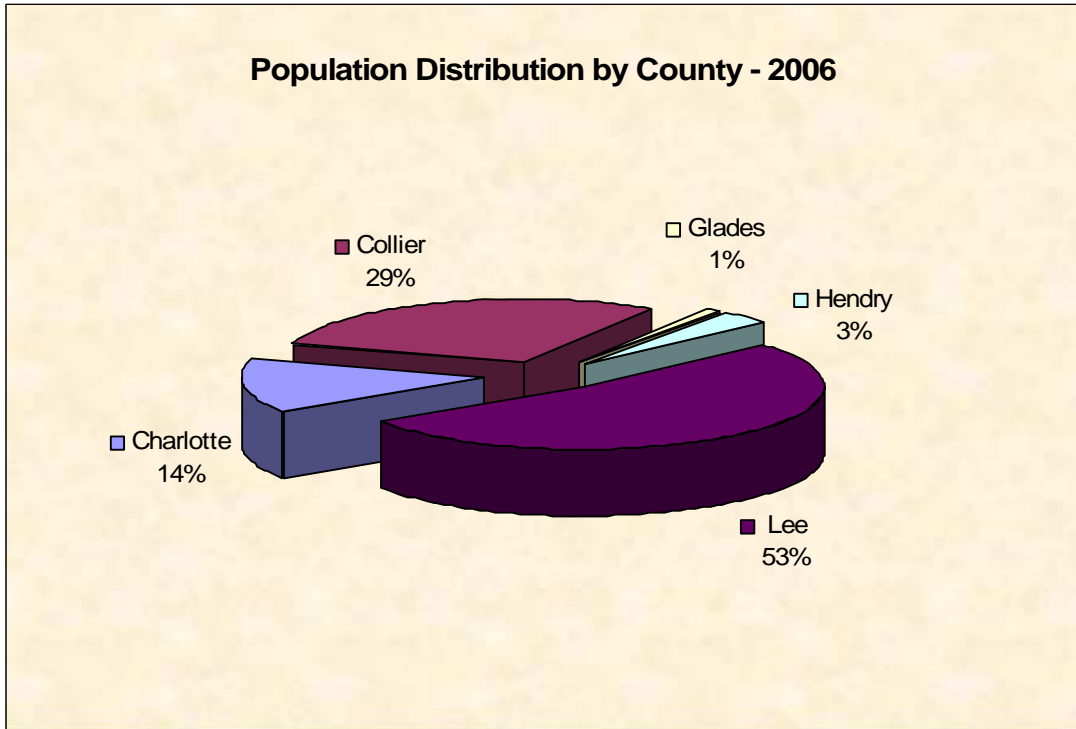
**Chart Eighteen**



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

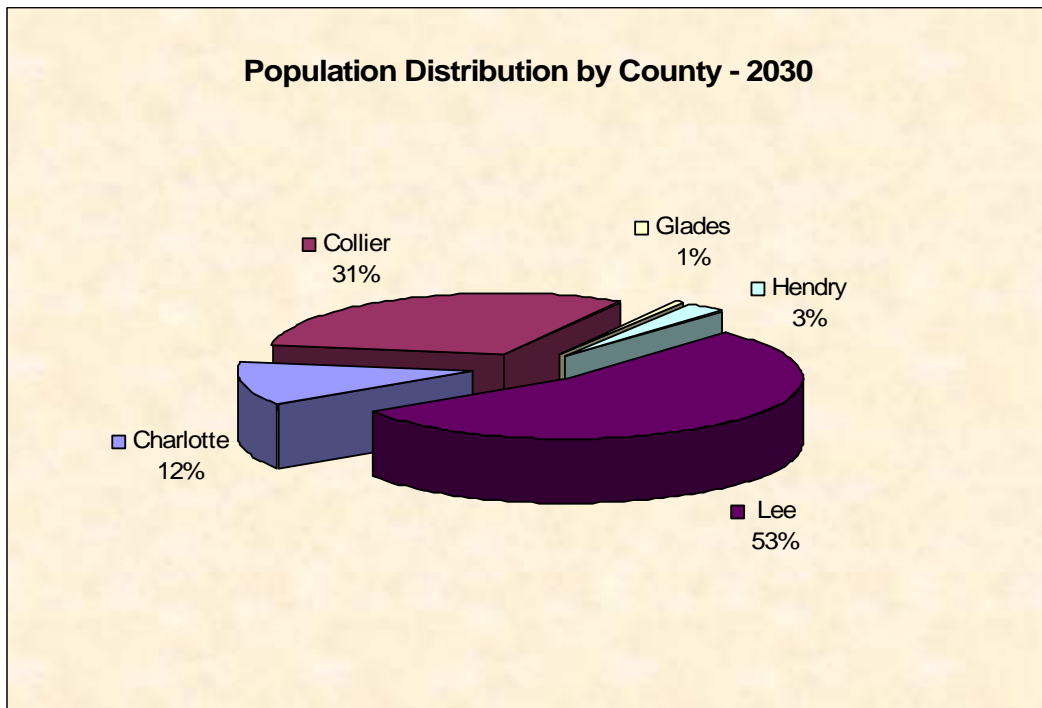


**Chart Nineteen**



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

**Chart Twenty**



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