

Southwest Florida Regional Economic Indicators

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Regional Economic
Research Institute

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Introduction

The Federal Reserve System (Fed) has lowered the Federal Funds Interest Rate Target three times over the last few months, with the latest decrease on December 11 to 4.25 percent. 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 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, lower consumer confidence, and higher oil prices. The recent increase in oil and energy costs has translated into significantly higher prices for goods and services, making the Fed cautious regarding future interest rate reductions which could create higher demands and worsen inflation. Seasonally adjusted prices rose at an annual rate of 3.2 percent at the wholesale level and a faster-than-expected 4.3 percent at the consumer level for the 12 months ending in November. The Fed's primary goal will continue to be keeping inflation in check while trying to balance the need for additional economic activity to keep the economy growing at a pace to maintain full employment.

Nationally, the economy is expected to grow at a more moderate rate next year with slightly higher levels of unemployment. Locally, the economy will continue to adjust to the slowdown in housing but the winter season should provide a boost to the local economy through April of next year.

Charlotte County Airport (Punta Gorda) has a new \$5.5 million 16,000 square foot terminal and a new ultra-low cost airline called Skybus. The airline is currently offering airline service to Columbus, Ohio and will initiate new flights to Greensboro, North Carolina, and Portsmouth, New Hampshire (Boston).

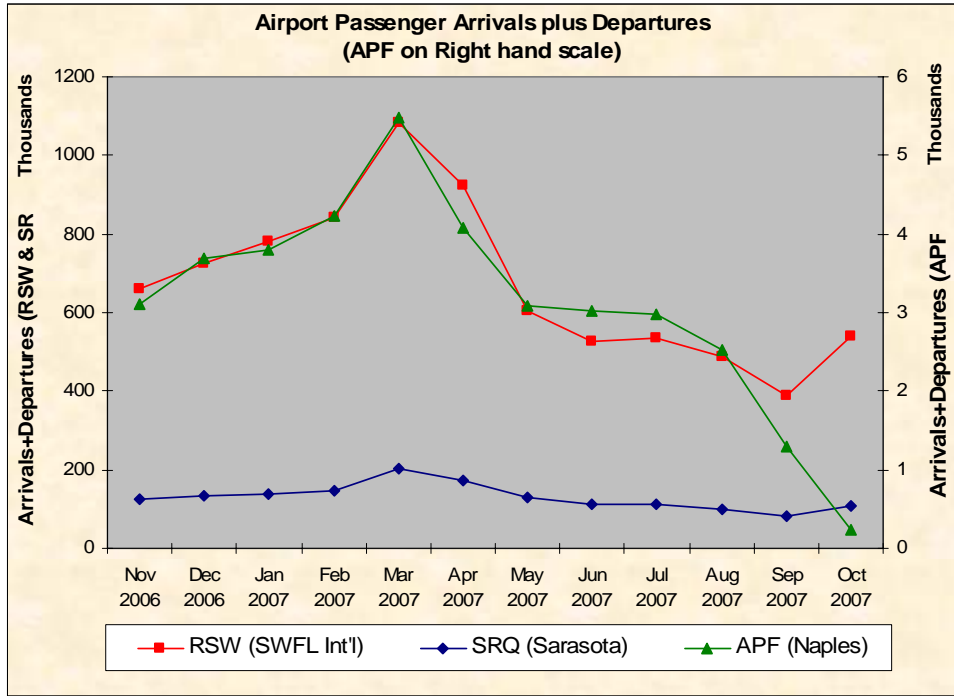
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report as a way to support its mission and assist the region. We are currently working on obtaining commercial permit activity and hope to add some tables to our report in our February release. 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.

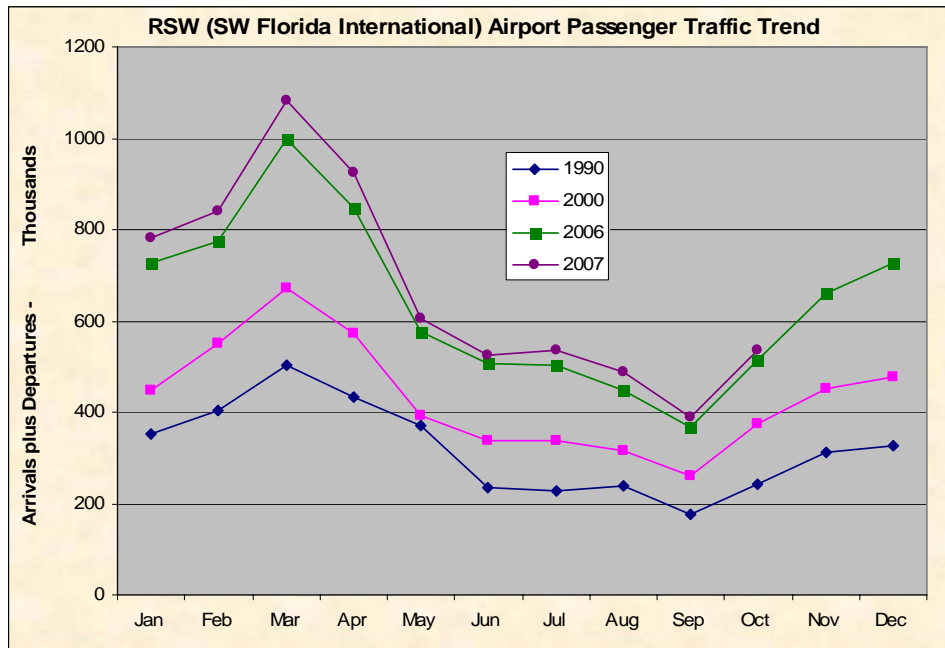
Regional Southwest Airport (RSW) located in Lee County has seen very fast passenger growth since 1990 as shown by Chart Two. A new terminal opened in September 2005 at RSW to handle the increased traffic which is currently serviced by 22 airlines. The October 2007 traffic figure for RSW was 537,606, which exceeded the figure for October 2006 by five percent. Charts Three and Four illustrate the airport activity for Sarasota and Naples airports, respectively. Passenger activity in Sarasota was 106,365 for October 2007, declining four percent from activity levels in October 2006. The October 2007 passenger traffic for Naples fell to 234 which were expected due to the reduction of almost 1,000 seats by the Atlantic Southeast Airlines (ASA - a Delta connector).

Chart One



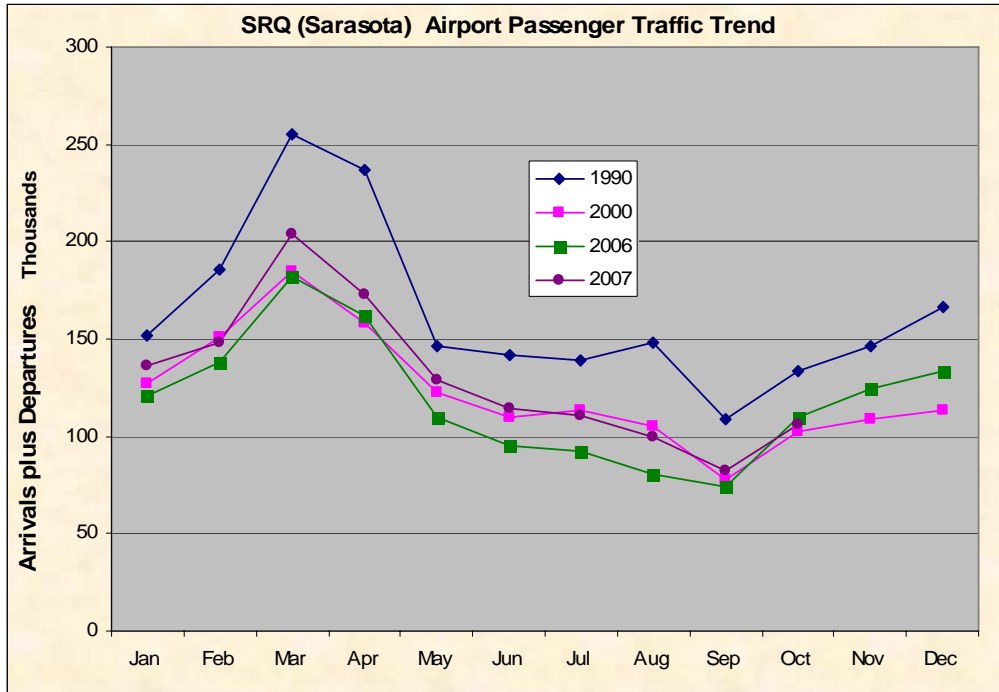
Source: Local Airport Authorities

Chart Two



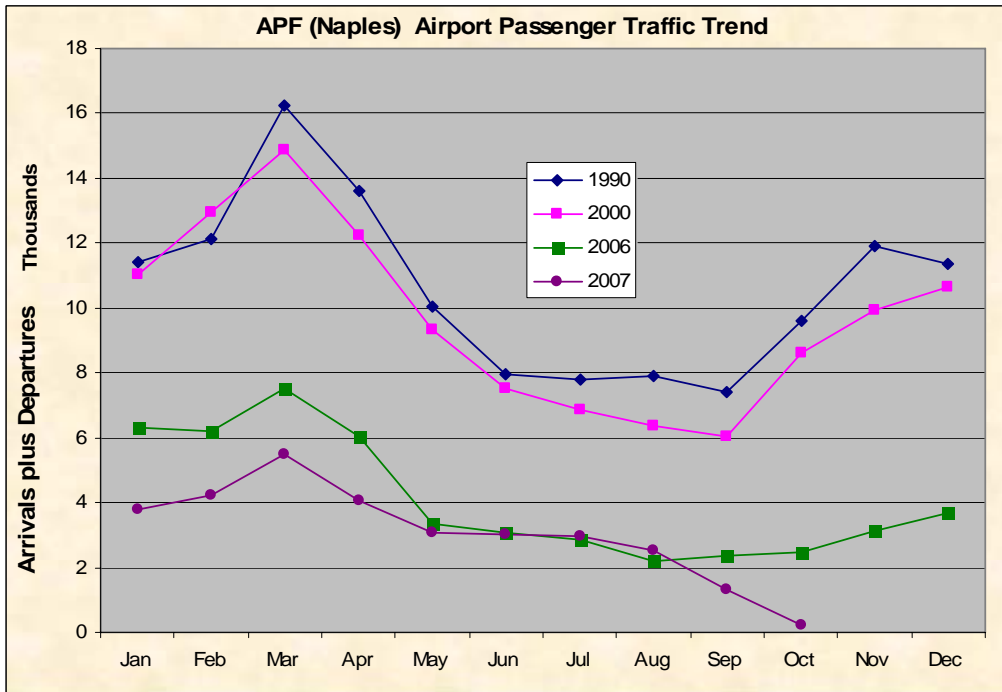
Source: Local Airport Authorities

Chart Three



Source: Local Airport Authorities

Chart Four

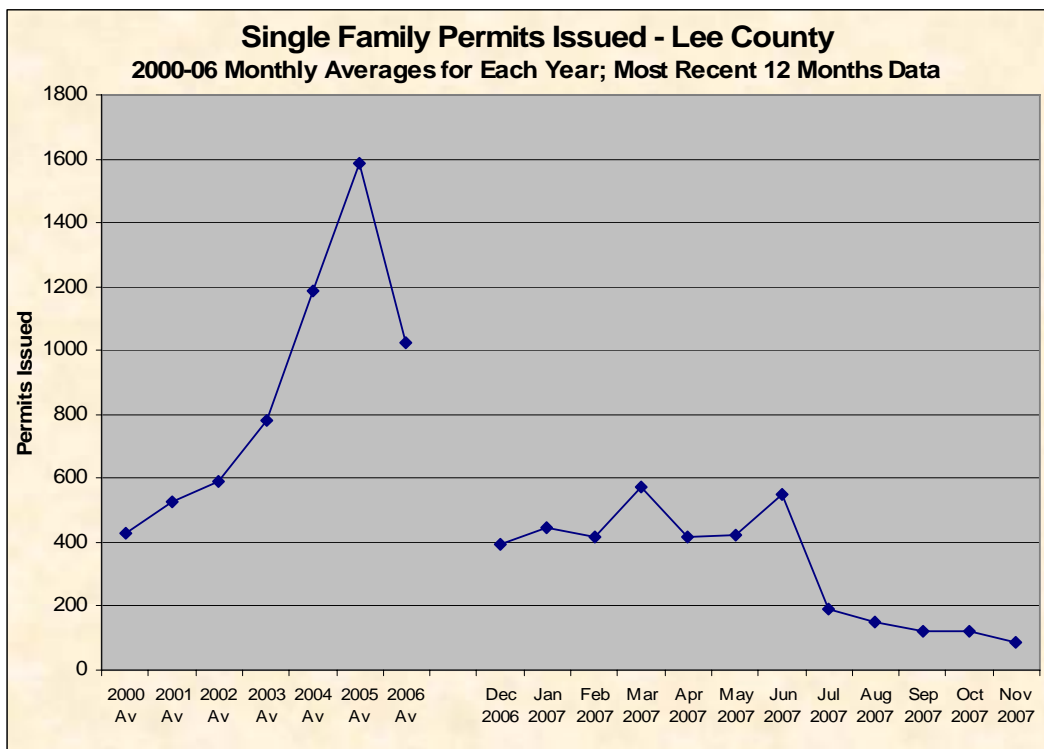


Source: Local Airport Authorities

Single-Family Building Permits

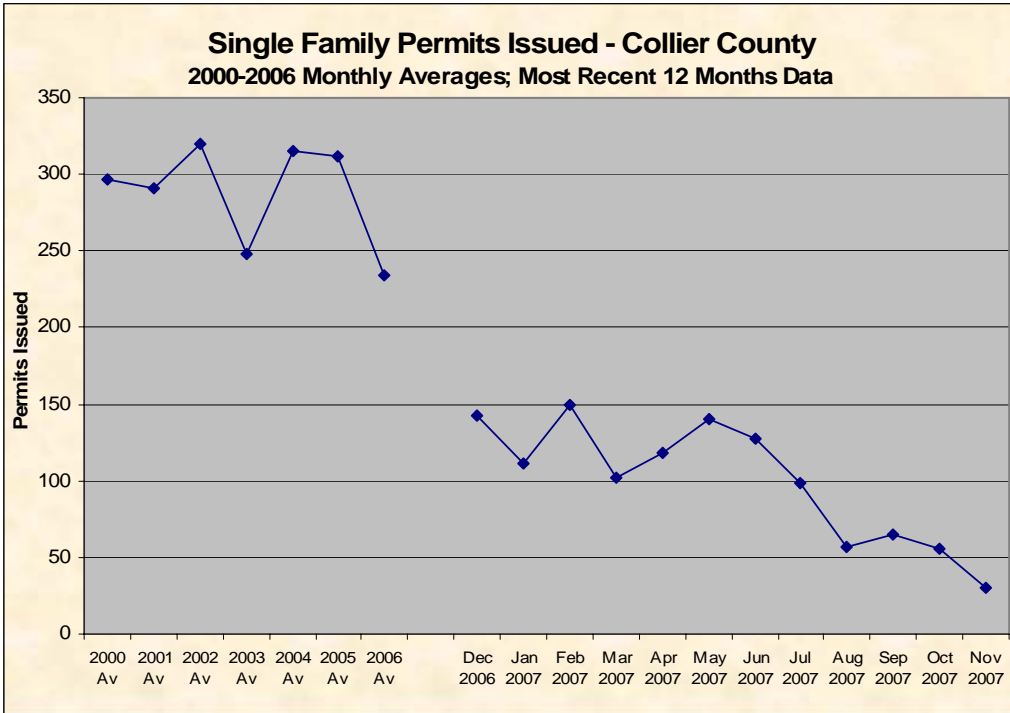
Single-family building permits issued fell to new lows in November. The number of single-family building permits in unincorporated Lee County, as illustrated in Chart Five, fell to 85 for the month of November 2007. Single-family permits in Collier County, which are illustrated in Chart Six, remained low, declining to 30 permits for November 2007. Charlotte County saw a decrease in single-family permitting to 38 permits for the month of November 2007 – see Chart Seven.

Chart Five



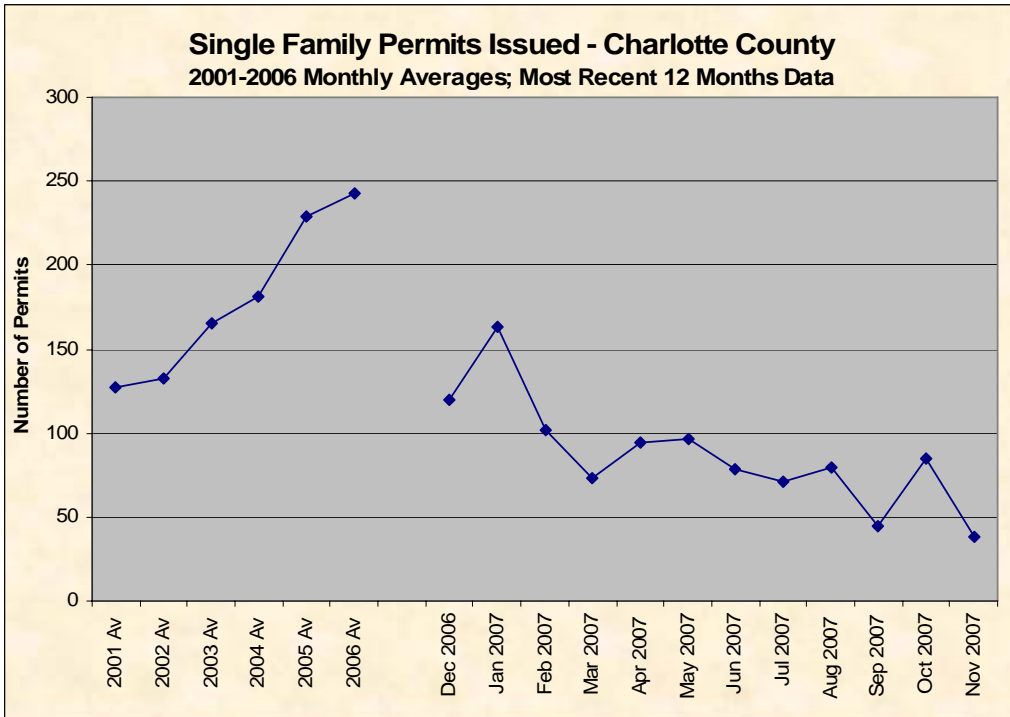
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and unincorporated Lee County Bonita Springs and Fort Myers Beach permits

Chart Six



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

Chart Seven

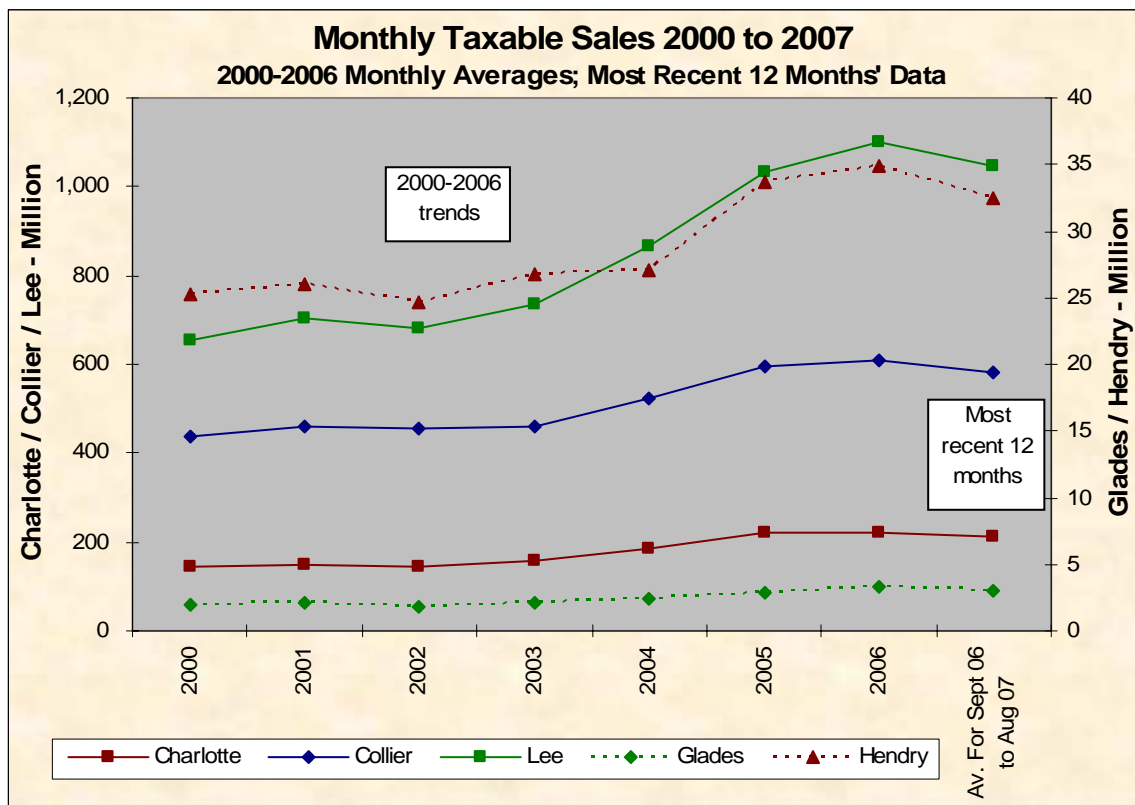


Source: Local Building and Zoning Departments; includes unincorporated Charlotte County permits only.

Taxable Sales

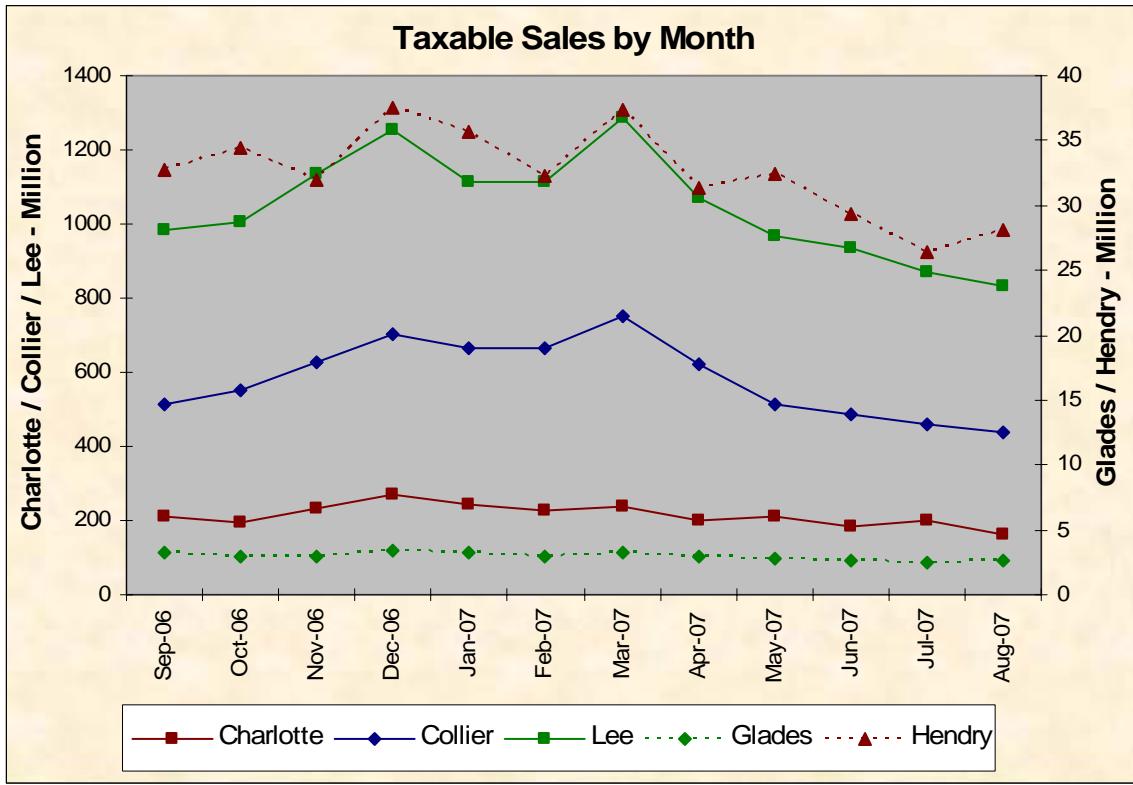
Taxable sales are reported by the Florida Department of Revenue. We have adjusted the taxable sales charts to show the month of collection instead of the reporting month that is issued by the Florida Department of Revenue. This makes August 2007 the latest collection month plotted on Charts Eight and Nine. These figures are used to track consumer spending, and therefore are an important contributor to economic growth in the region. Three of the five counties in Southwest Florida saw declines from July to the August figures. Charlotte, Collier, and Lee Counties had declines of taxable sales from July to August of 17, 5, and 4 percent, respectively. Hendry and Glades Counties had a monthly increase in taxable sales of about five percent. Monthly changes must be used with caution, so we also are providing the annual changes from a year earlier. Taxable sales declined 14 percent in Charlotte, 11 percent in Collier, 16 percent in Lee, 9 percent in Glades, and 9 percent in Hendry County from August 2006 to August 2007. This indicates a general slowing of the economy. We have modified Chart Eight this month to provide a comparison of average annual historical years to the average monthly sales for the most recent 12 months.

Chart Eight



Source: Florida Department of Tax Research

Chart Nine

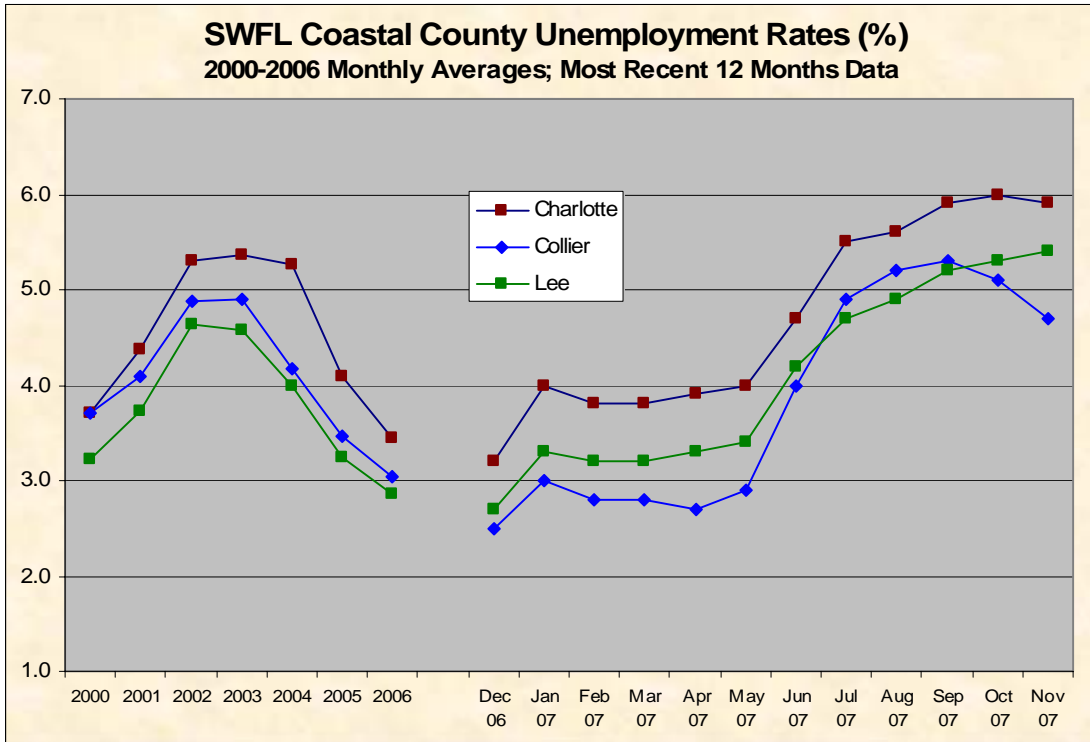


Source: Florida Department of Tax Research

Workforce - Unemployment

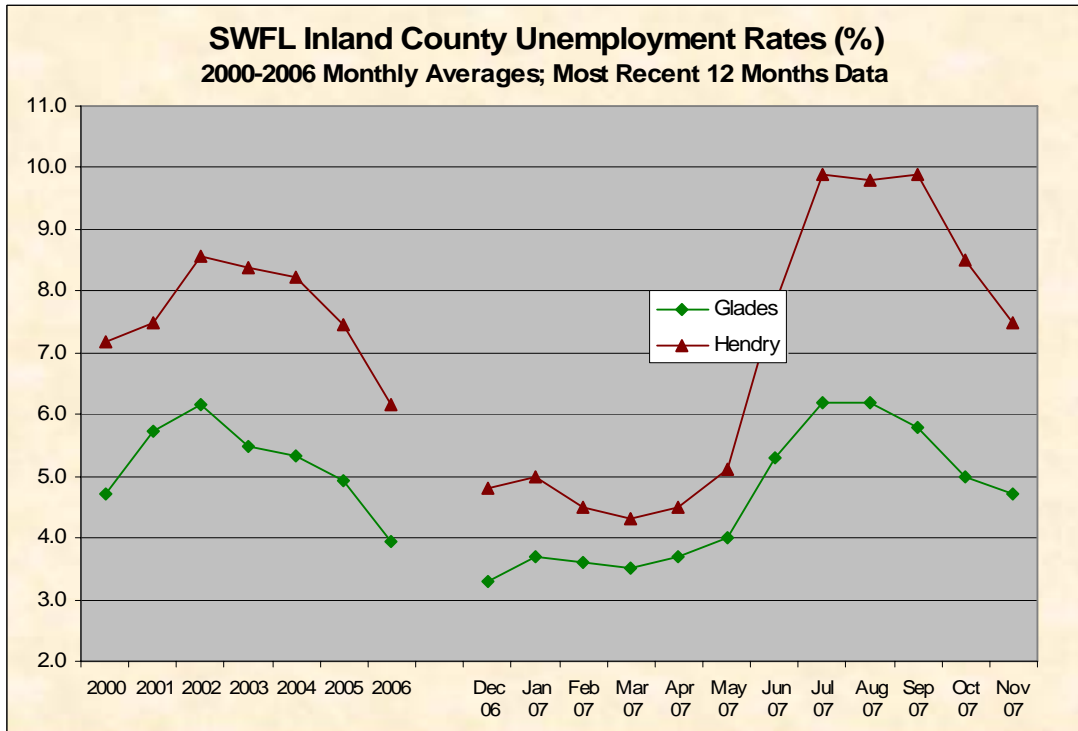
The unemployment rates for four of the five counties declined slightly in November as expected with the higher winter seasonal activity. Collier’s unemployment rate fell from 5.1 percent in October to 4.7 percent in November. Charlotte County saw its unemployment rate fall slightly from 6.0 percent to 5.9 percent. However, Lee County’s unemployment rate rose slightly from 5.3 percent in October to 5.4 percent in November. Glades and Hendry Counties saw declines in the unemployment rate to 4.7 and 7.5 percent in November, respectively. The national unemployment rate remained at 4.7 percent. Annual unemployment and monthly 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. These unemployment rates are substantially higher than the unemployment rates that were observed last year in November and reflect an economy that continues to grow but at a reduced rate.

Chart Ten



Source: AWI

Chart Eleven

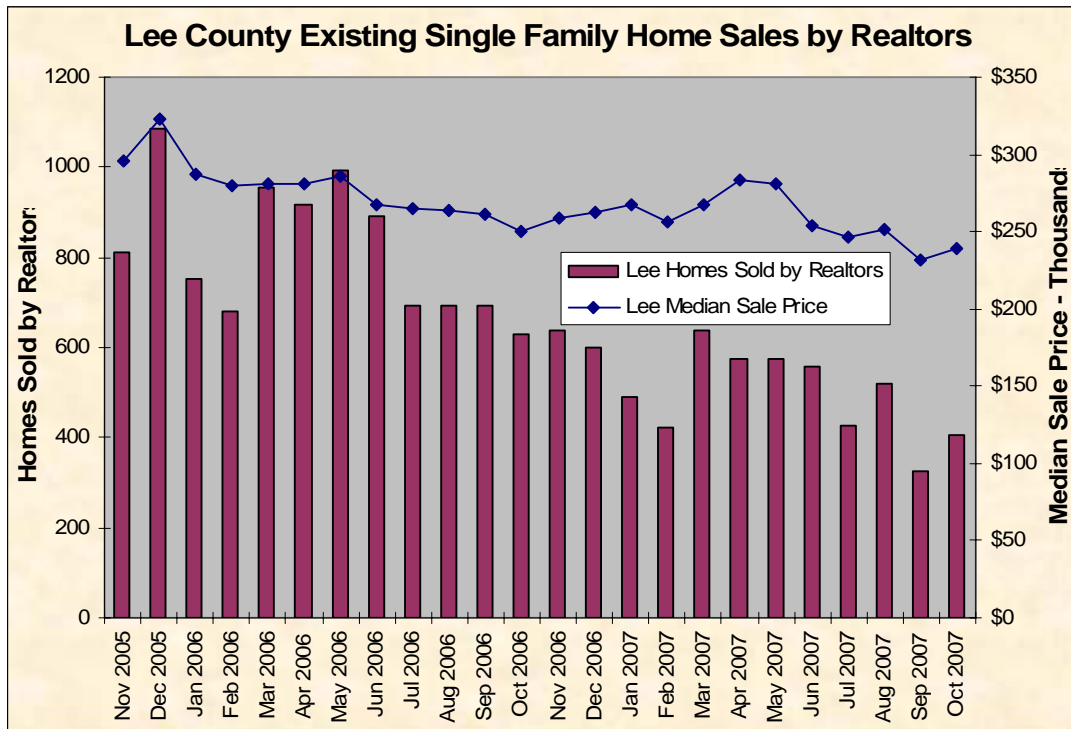


Source: AWI

Sales of Single-Family Existing Homes and Median Sales Price

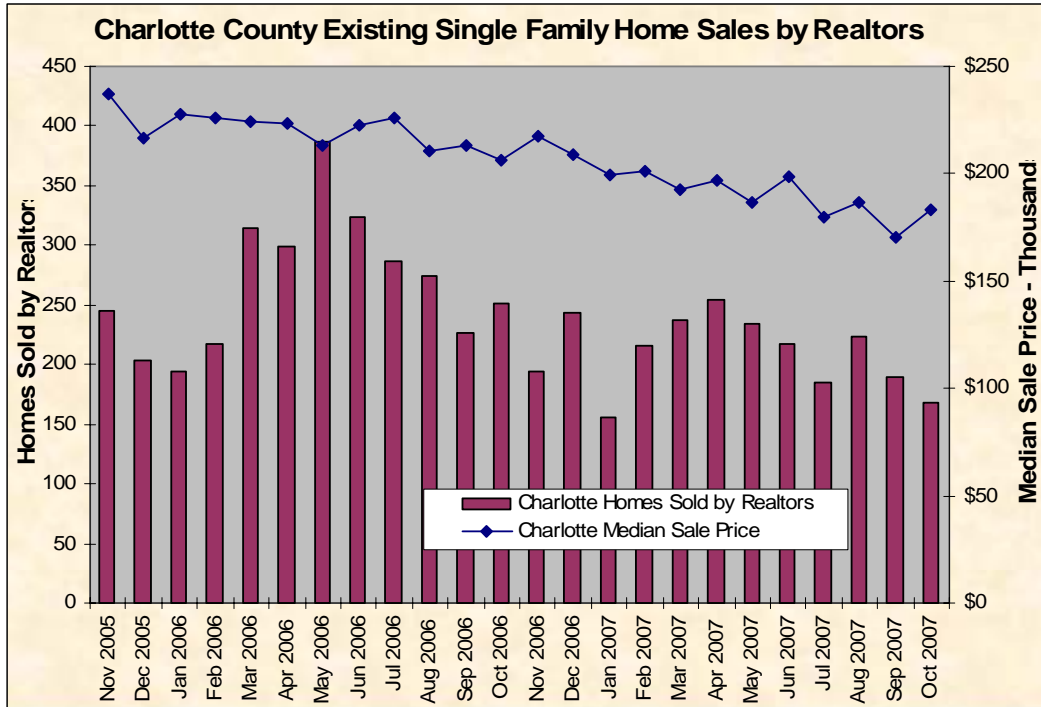
The Florida Association of REALTORS® provides a summary of the number of existing home sales and the median price per month. Charts Twelve and Thirteen provide the latest trends for Lee and Charlotte Counties. In October Lee County (Chart Twelve) saw a slight increase in both existing home sales, up to 405 units, and the median sales price, which increased to \$239,300. Over the same period Charlotte County (Chart Thirteen) experienced a decline in sales declining to 168, and the median sale price rose to \$183,300. 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

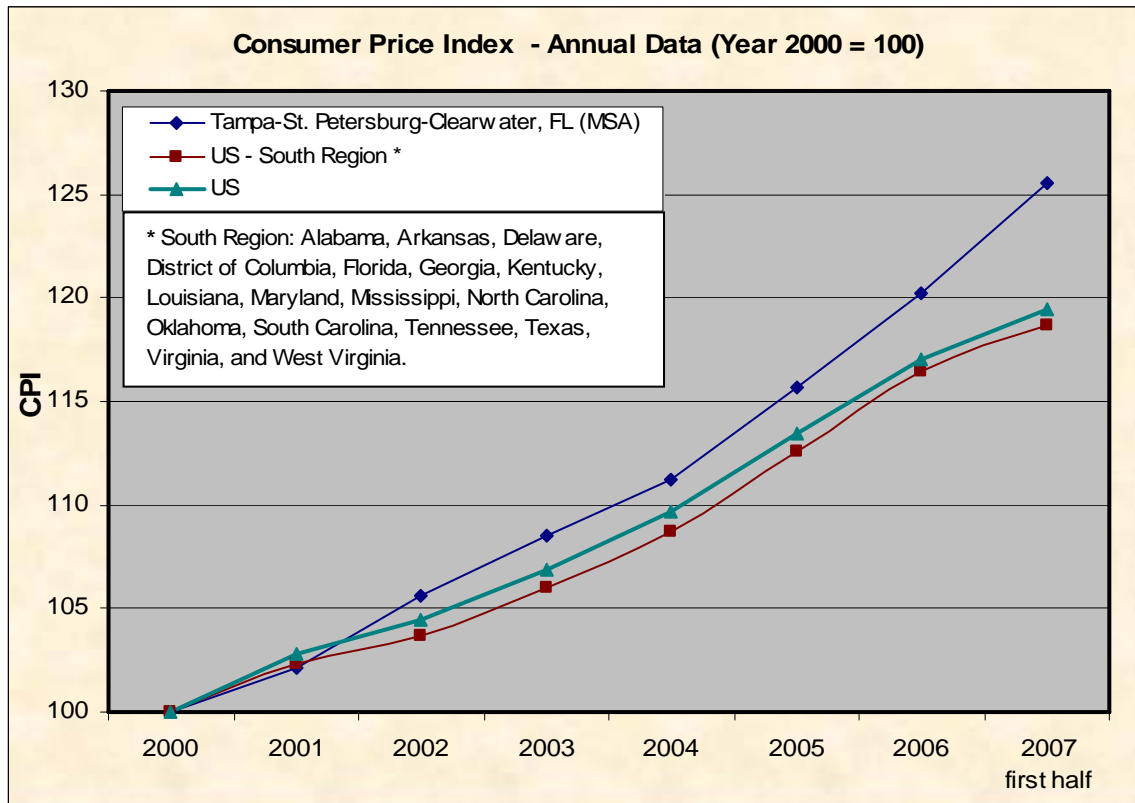


Source: Florida Association of REALTORS, Punta Gorda, Florida MSA,

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

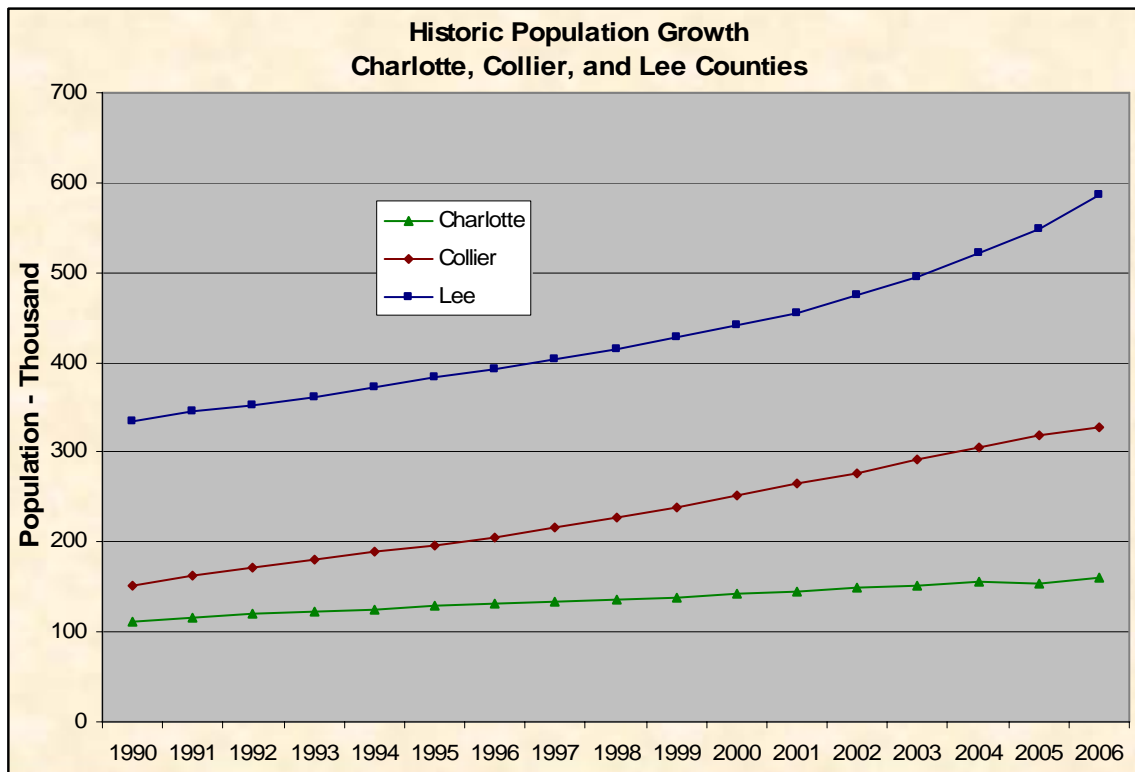
Population

A Florida Demographic Estimating Conference was held and the new official population forecasts were released in late August 2007. 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 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:

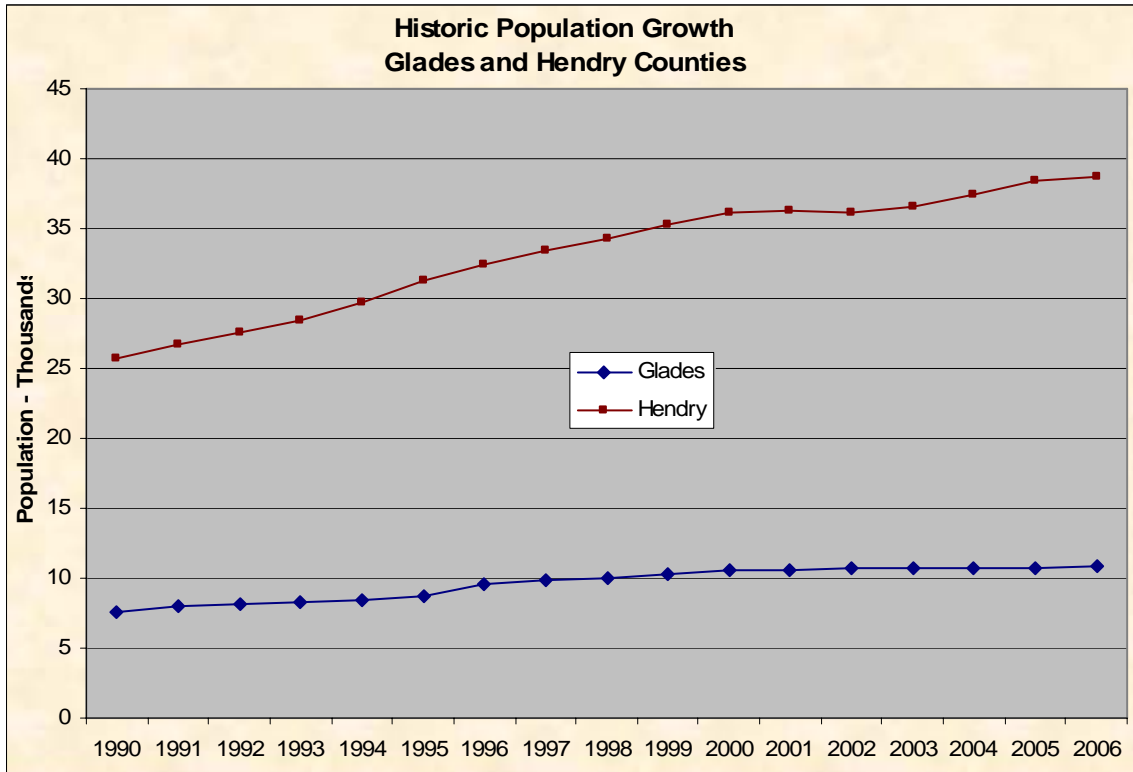
- **Build-out** – suitable land for construction has become scarce
- **Restrictions** – building codes and hurricane restrictions may limit the expansion of some areas
- **Costs** – both the conversion of land and construction costs continue to escalate as well as insurance costs upon completion
- **Climate** – 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



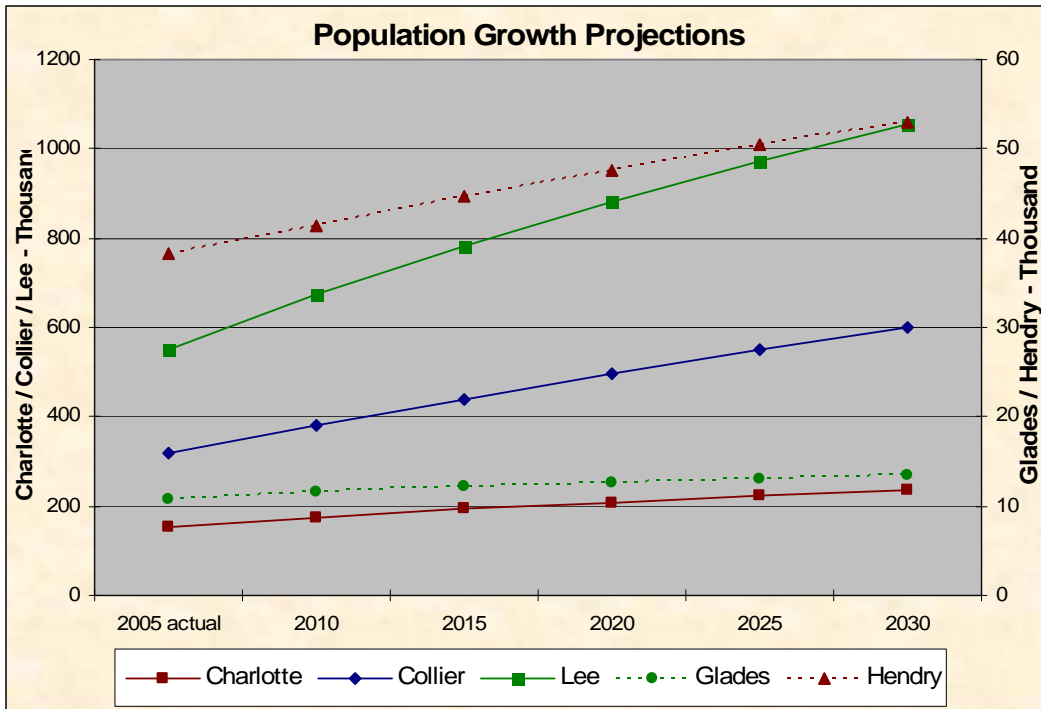
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

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

Year	Charlotte	Collier	Lee	Hendry	Glades
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

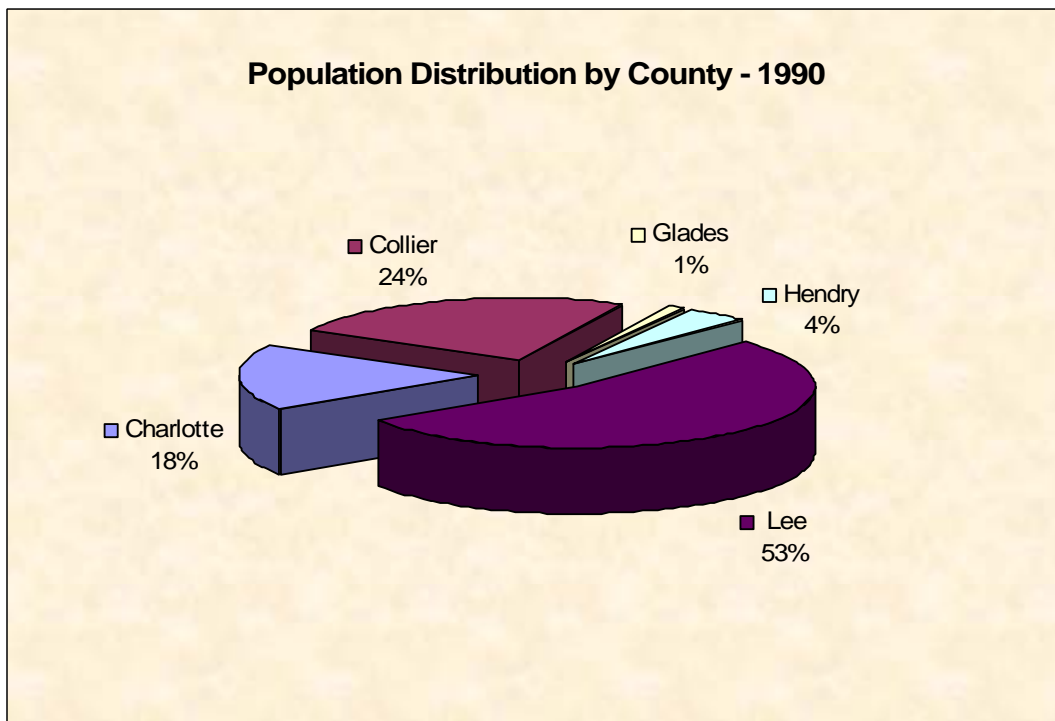
Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

Chart Seventeen



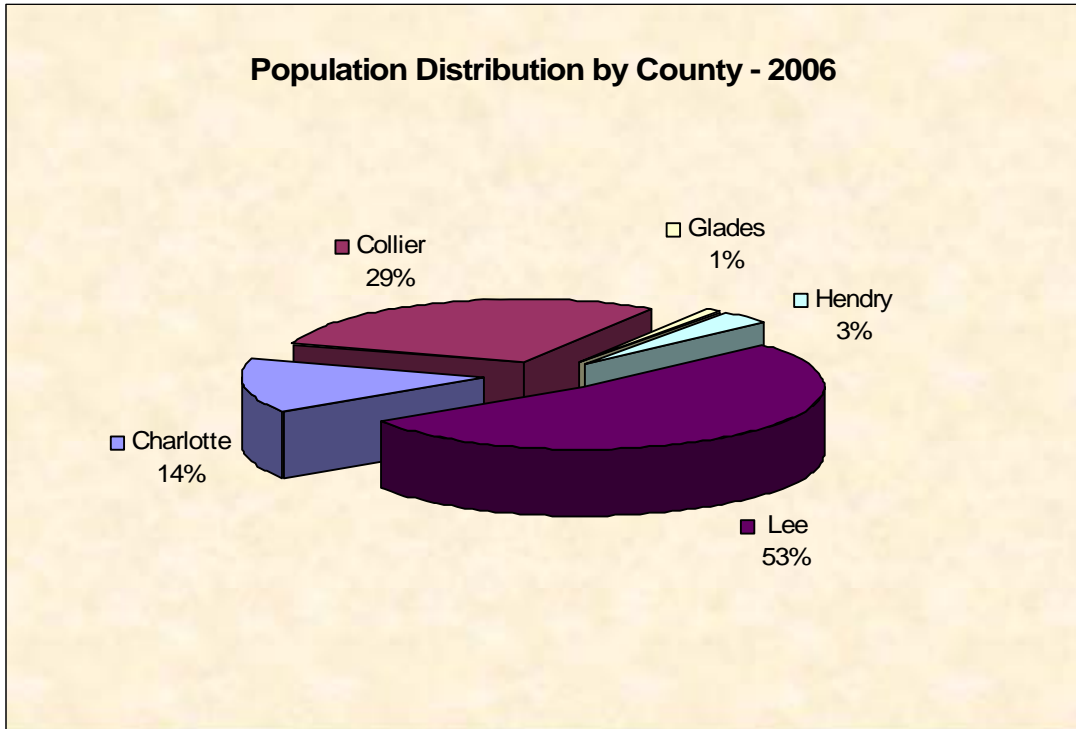
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

Chart Eighteen



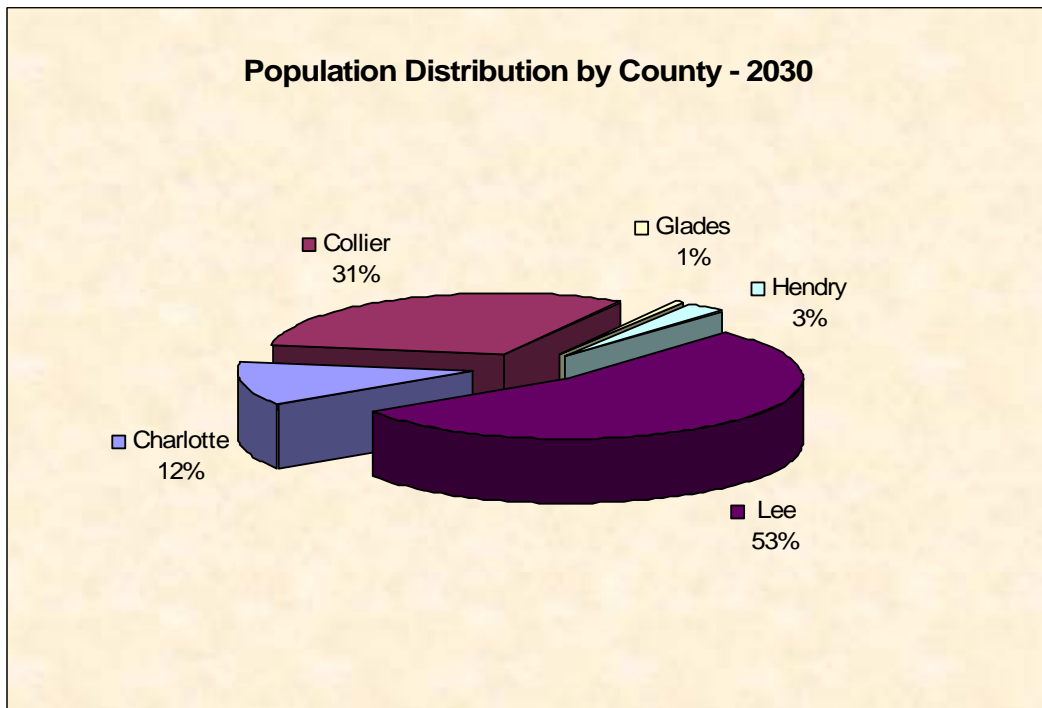
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

Chart Nineteen



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

Chart Twenty



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