

Southwest Florida Regional Economic Indicators

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Regional Economic
Research Institute

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Introduction

The Federal Reserve System (FED) caught most observers by surprise by announcing a large cut in interest rates on Tuesday, January 22, 2008. This was a larger reduction than had been anticipated and was announced between scheduled meetings of the Open Market Committee. In addition, the president and congress are working on stimulus tax cutting plan for the economy as well. The Fed action was a 75-basis-point reduction in the targeted Federal Funds Rate, lowering it to 3.5 percent. This is the fourth rate cut since September 18, 2007 and the FED's press release stated that there was concern about a deepening housing contraction and softening labor markets.

Our regional economic indicator charts are showing the impact of the slowdown in the local economy in the form of lower retail sales, higher unemployment, lower levels of airport passenger traffic, and low permitting levels. The slow-down in the economy reflects lower housing and construction, lower durable goods sales, lower investment levels, tighter credit requirements, subprime loan issues, lower consumer confidence, and higher oil prices. The Fed expects inflation, which has been running about 4.1 percent, to moderate over the next several quarters but has indicated that it will be monitoring inflation closely. Higher levels of inflation would limit the FED's ability to lower interest rates, increasing the overall demand for goods and services.

We reported last month that 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). We are working with Charlotte County to obtain and track the latest passenger activity numbers.

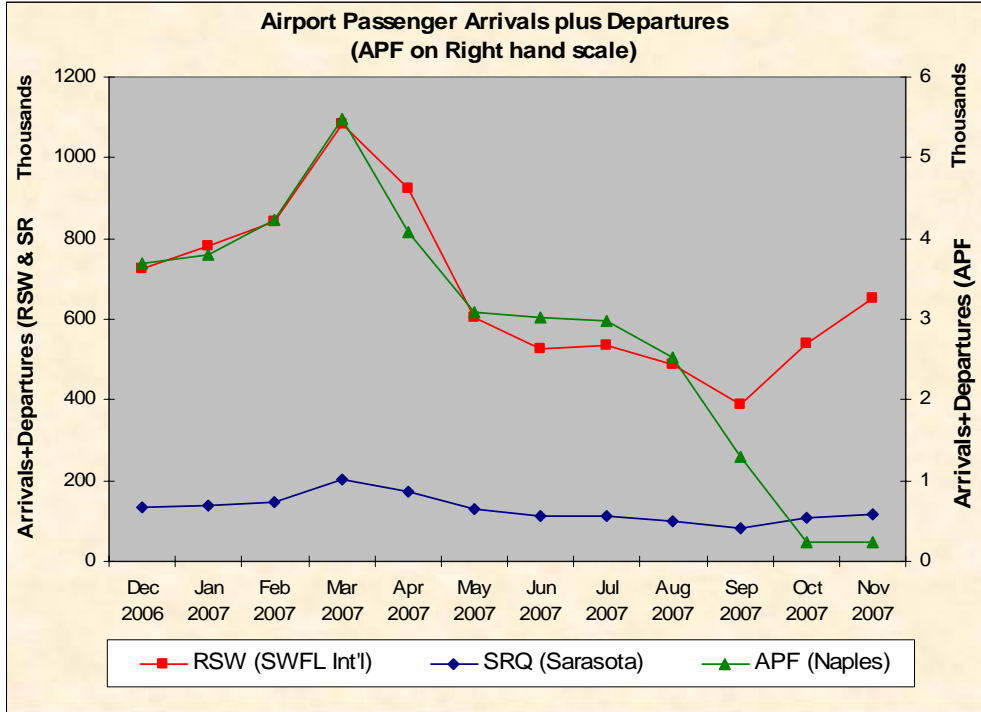
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report as a way to support its mission and assist the region. We are currently working on obtaining commercial permit activity and hope to add some tables to our report in our February release.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

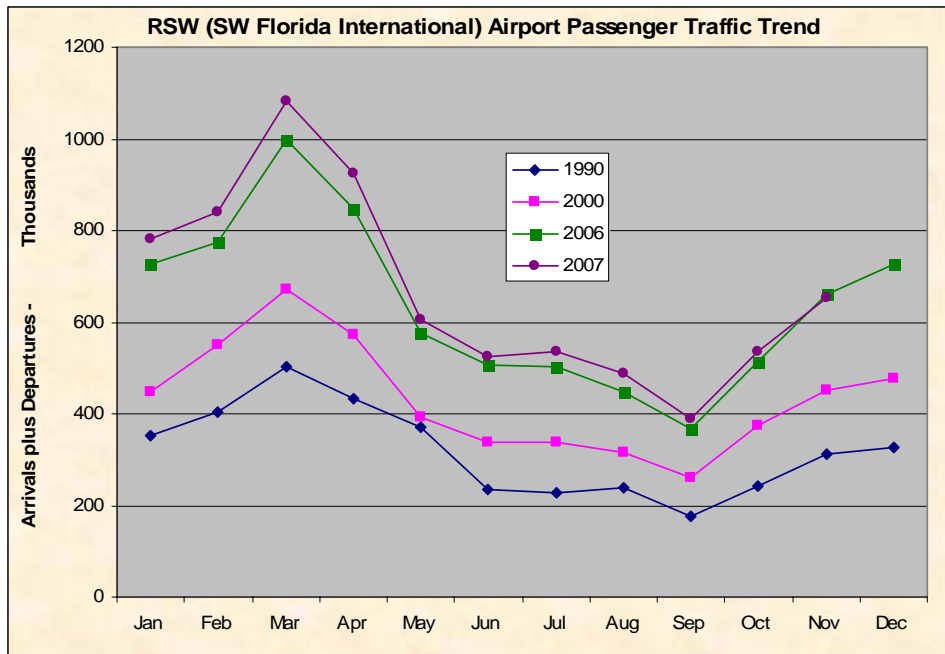
Regional Southwest Airport (RSW) located in Lee County has seen very fast passenger growth since 1990 as shown by Chart Two. That growth has slowed and for the first time this year, we have seen the November 2007 activity fall below the November 2006 passenger activity. The November passenger activity increased relative to October levels due to the increase in our seasonal economic activity. Passenger activity for Regional Southwest was 651,495 in November 2007 which is slightly lower than the November 2006 activity level of 660,658 as shown in chart Two. A similar pattern exists for Sarasota with a November 2007 passenger activity level of 118,451 compared to the November 2006 activity of 124,790. Naples activity remains low and we are working to obtain the passenger activity numbers for Charlotte County's airport.

Chart One



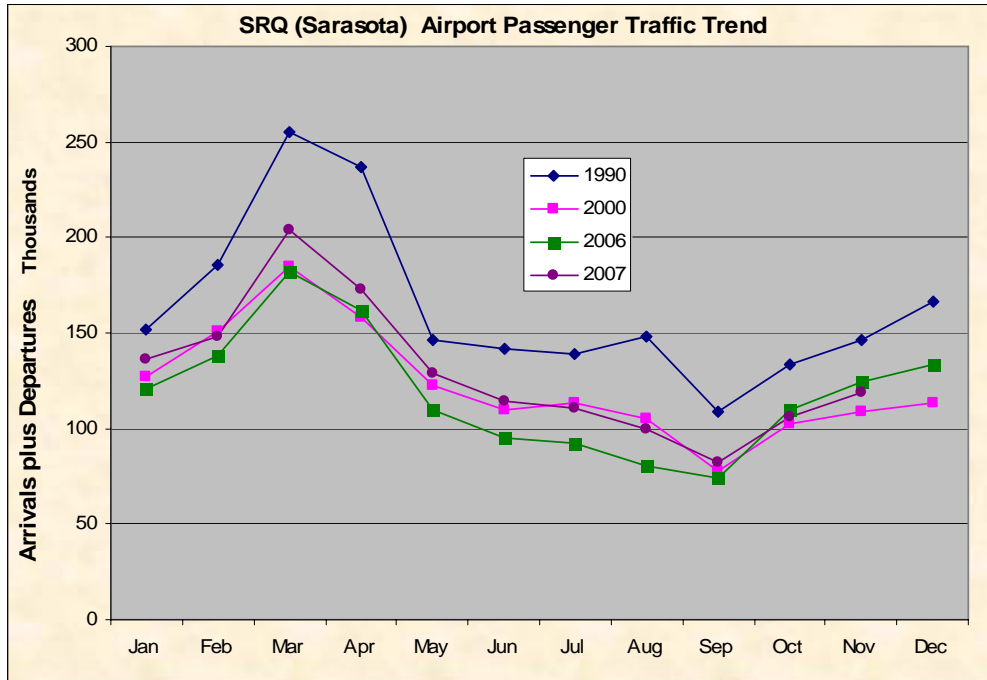
Source: Local Airport Authorities

Chart Two



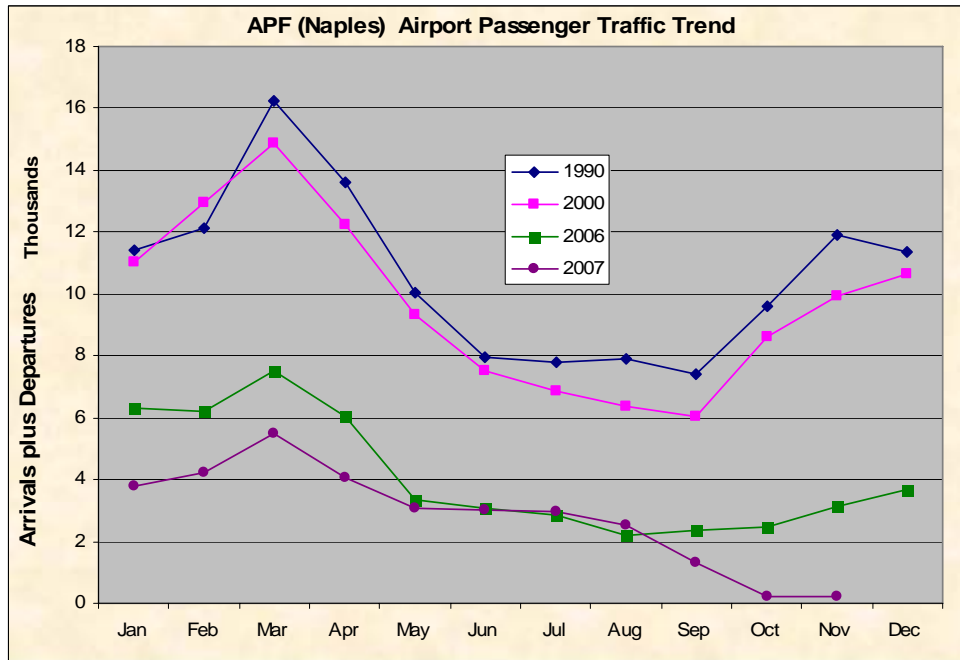
Source: Local Airport Authorities

Chart Three



Source: Local Airport Authorities

Chart Four

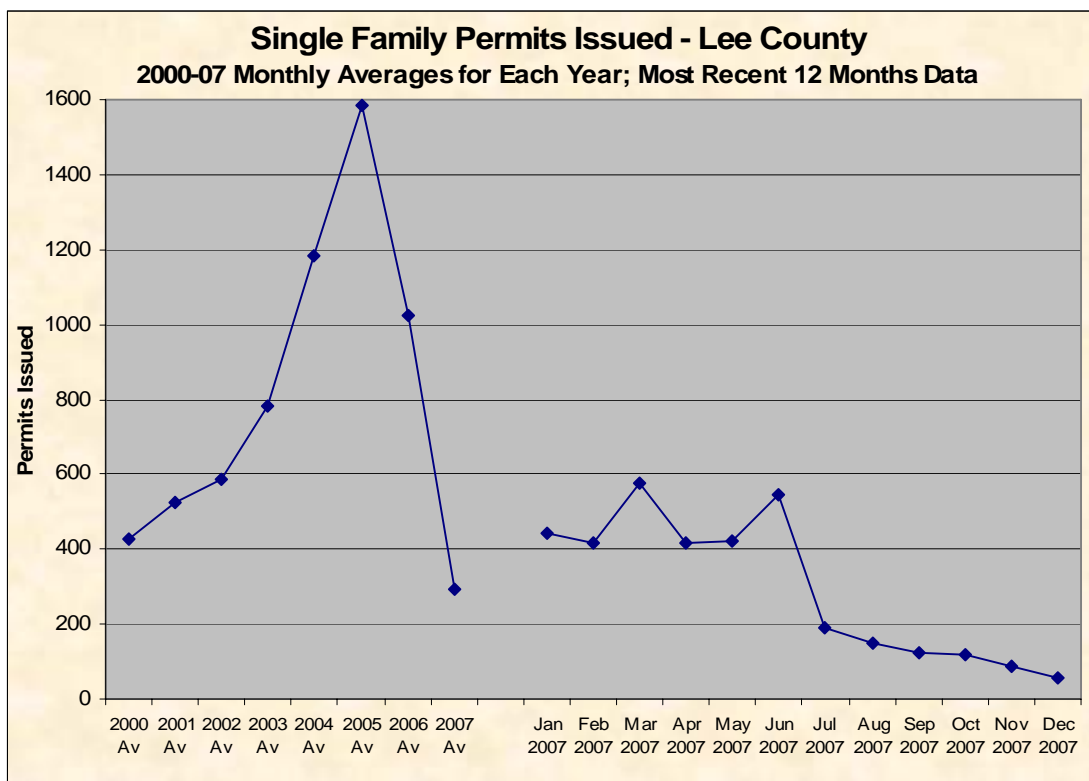


Source: Local Airport Authorities

Single-Family Building Permits

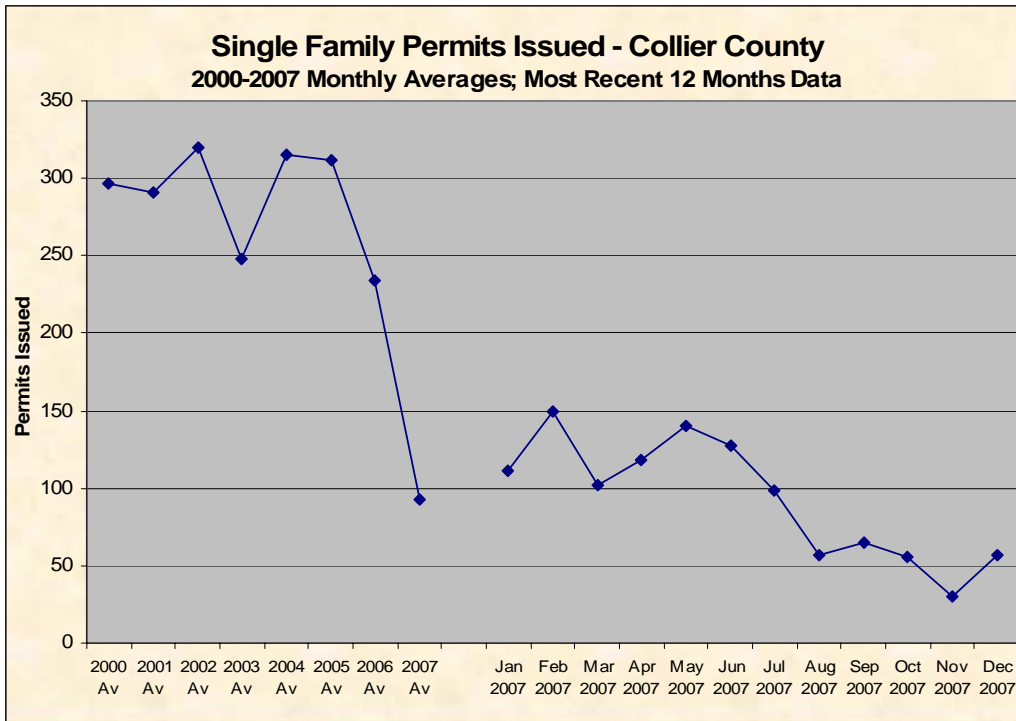
Single-family building permits issued fell to new lows in December for both Lee and Charlotte Counties. Collier County figures show an increase of permitting. The number of single-family building permits in unincorporated Lee County, as illustrated in Chart Five, fell to 56 for the month of December 2007. Single-family permits in Collier County, which are illustrated in Chart Six, increased to 57 for the month of December 2007. Charlotte County saw a decrease to 29 permits for the month of December 2007 – see Chart Seven.

Chart Five



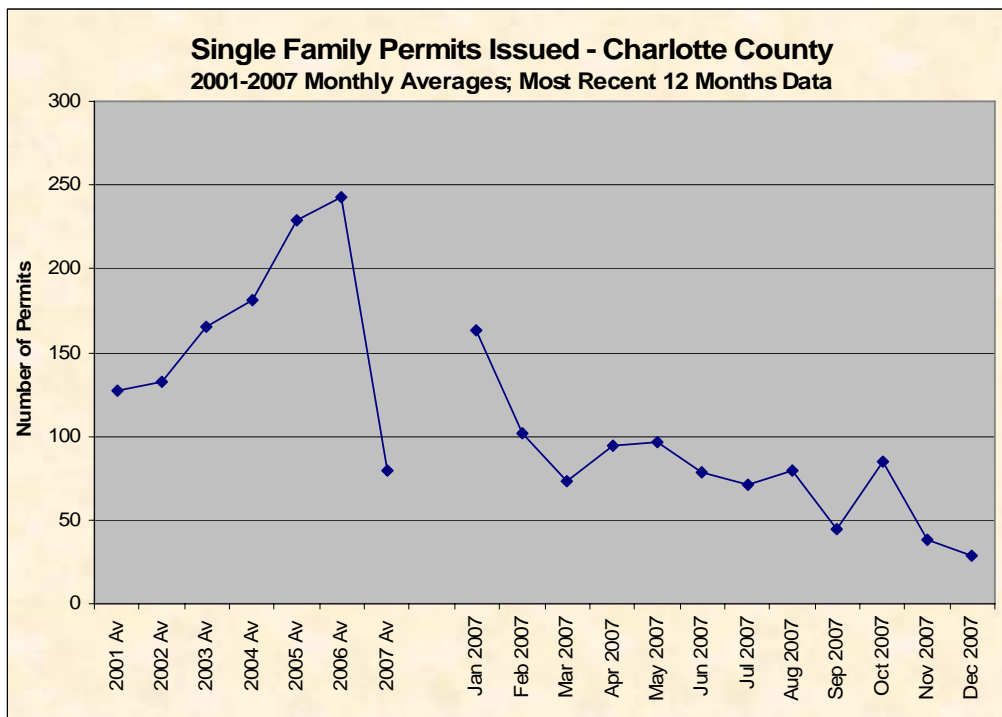
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and unincorporated Lee County Bonita Springs and Fort Myers Beach permits

Chart Six



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

Chart Seven

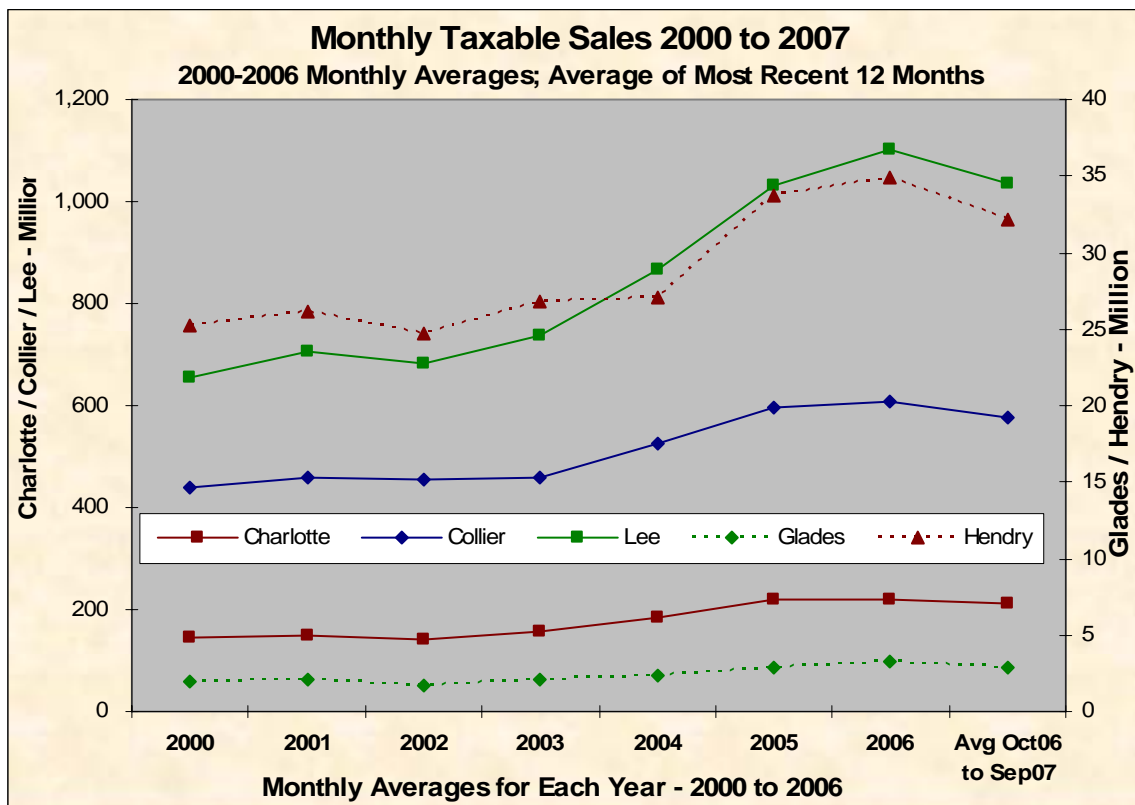


Source: Local Building and Zoning Departments; includes unincorporated Charlotte County permits only.

Taxable Sales

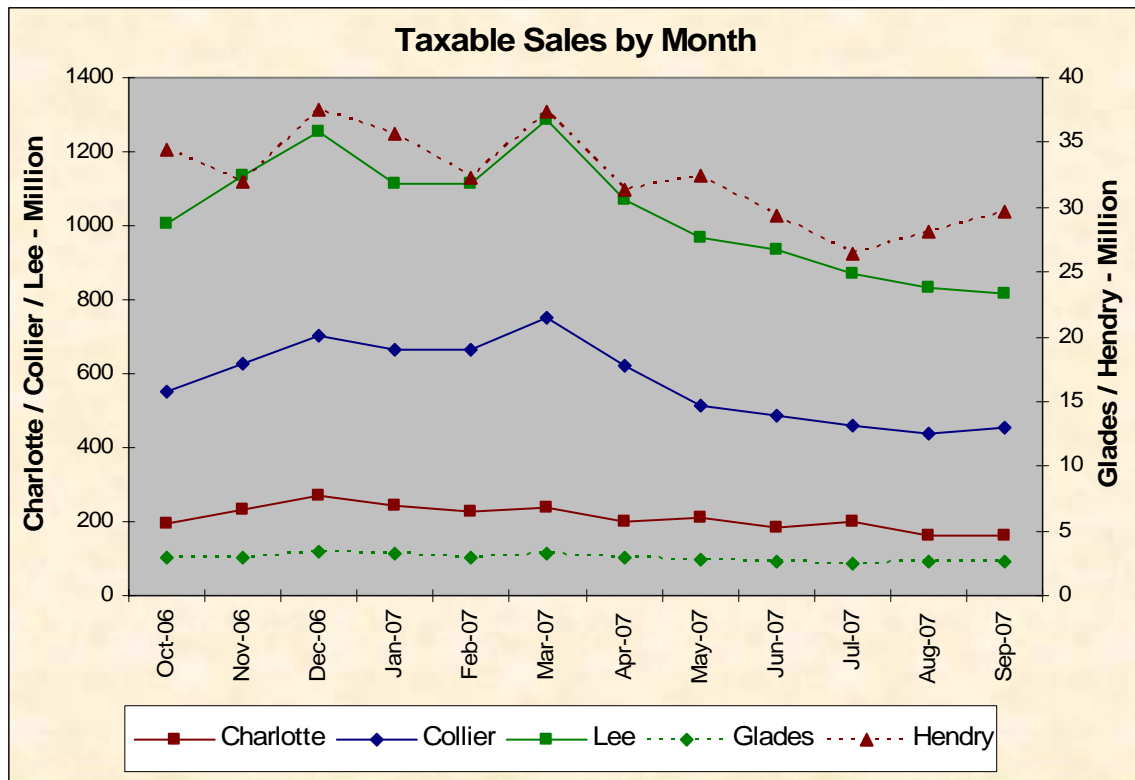
Taxable sales are reported by the Florida Department of Revenue. We have adjusted the taxable sales charts to show the month of collection instead of the reporting month that is issued by the Florida Department of Revenue. This makes September 2007 the latest collection month plotted on Charts Eight and Nine. These figures are used to track consumer spending, and therefore are an important contributor to economic growth in the region. Taxable sales from September 2006 to September 2007 have declined 23.7 percent in Charlotte, 12.2 percent in Collier, 16.8 percent in Lee, 19.4 percent in Glades, and 9.6 percent in Hendry County. This indicates a general slowing of consumption spending in our local economy. September is a transition month so it will be interesting to see how much consumer spending is down for the winter season. 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

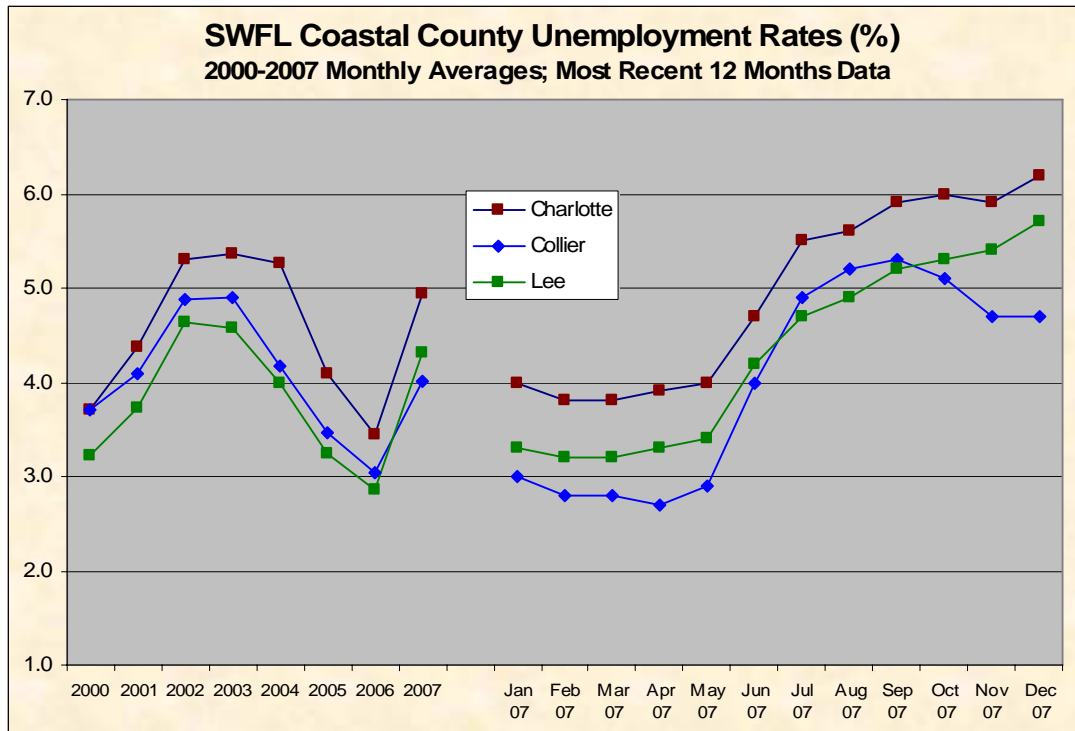


Source: Florida Department of Tax Research

Workforce - Unemployment

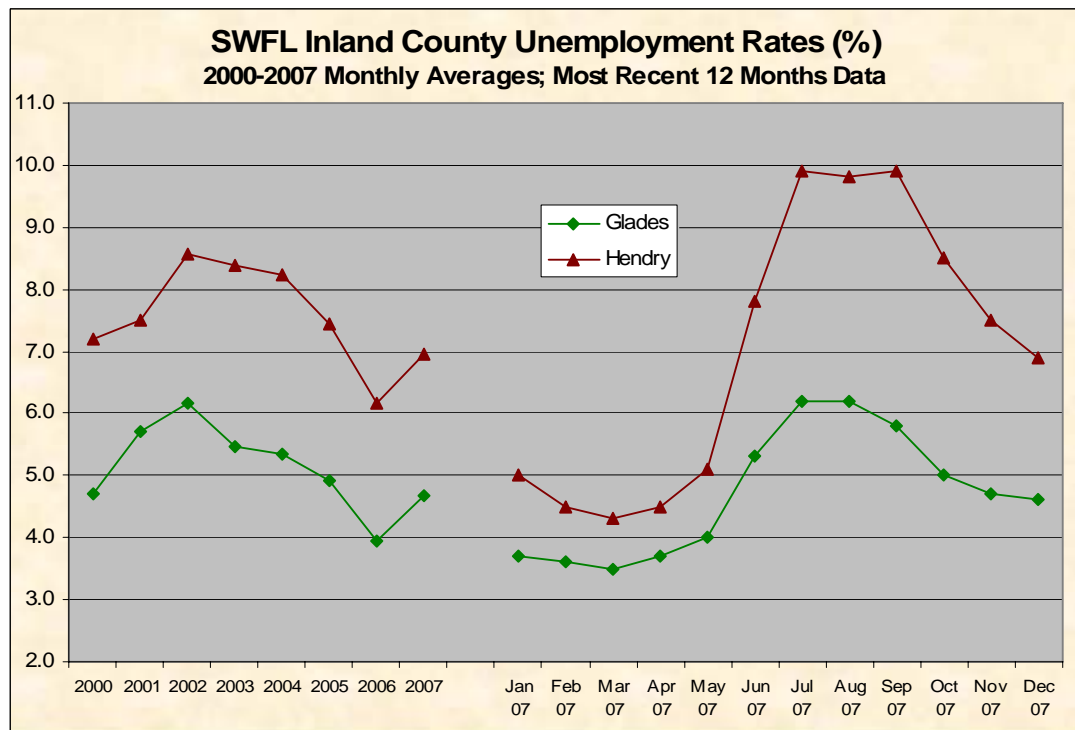
Unemployment rose in December for Charlotte and Lee Counties. Collier County unemployment remained stable while the unemployment rate in Glades and Hendry fell relative to last month. The seasonal demand for goods and services would generally be expected to lower unemployment in December relative to November. However, Lee County saw the unemployment rate increase from 5.4 percent in November to 5.7 percent in December. Charlotte County's unemployment rate rose from 5.9 percent in November to 6.2 percent in December. Collier County's unemployment rate was unchanged at 4.7 percent in both November and December. Glades and Hendry Counties have seen their unemployment rates drop slightly to 4.6 percent and 6.9 percent, respectively, in December 2007. This compares to a national unemployment rate for December of 5.0 percent. Charts Ten and Eleven chart the unemployment rates for the coastal and inland counties for our region. Generally, unemployment rates above 4.5 to 5.0 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends.

Chart Ten



Source: AWI

Chart Eleven

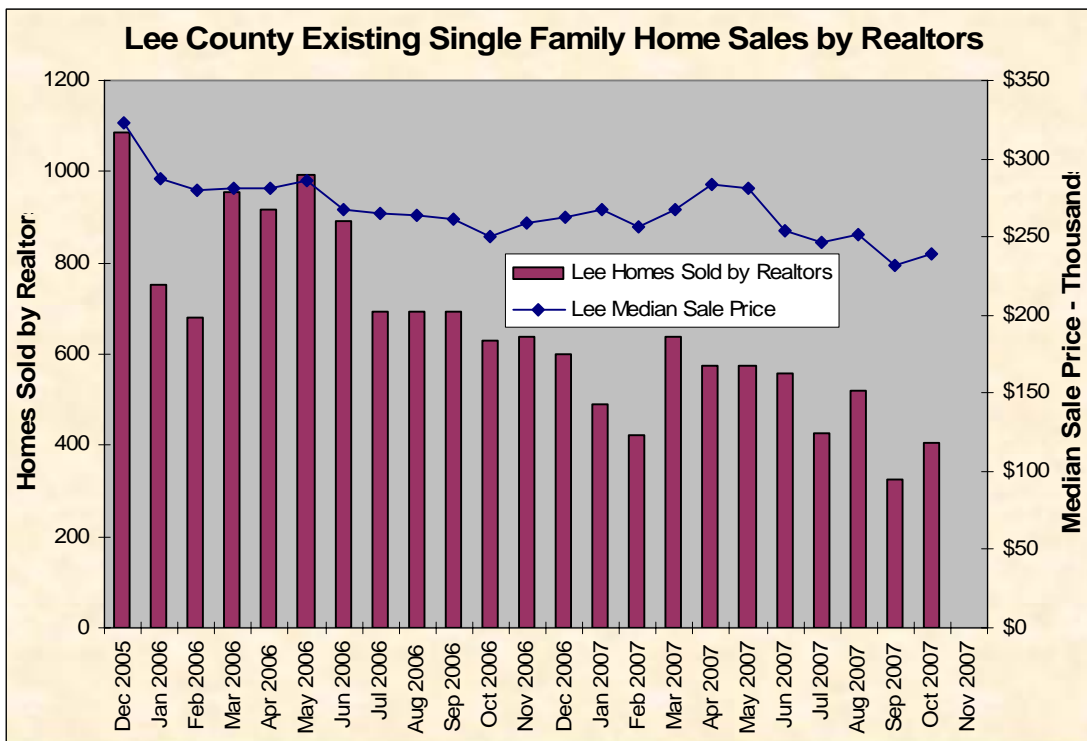


Source: AWI

Sales of Single-Family Existing Homes and Median Sales Price

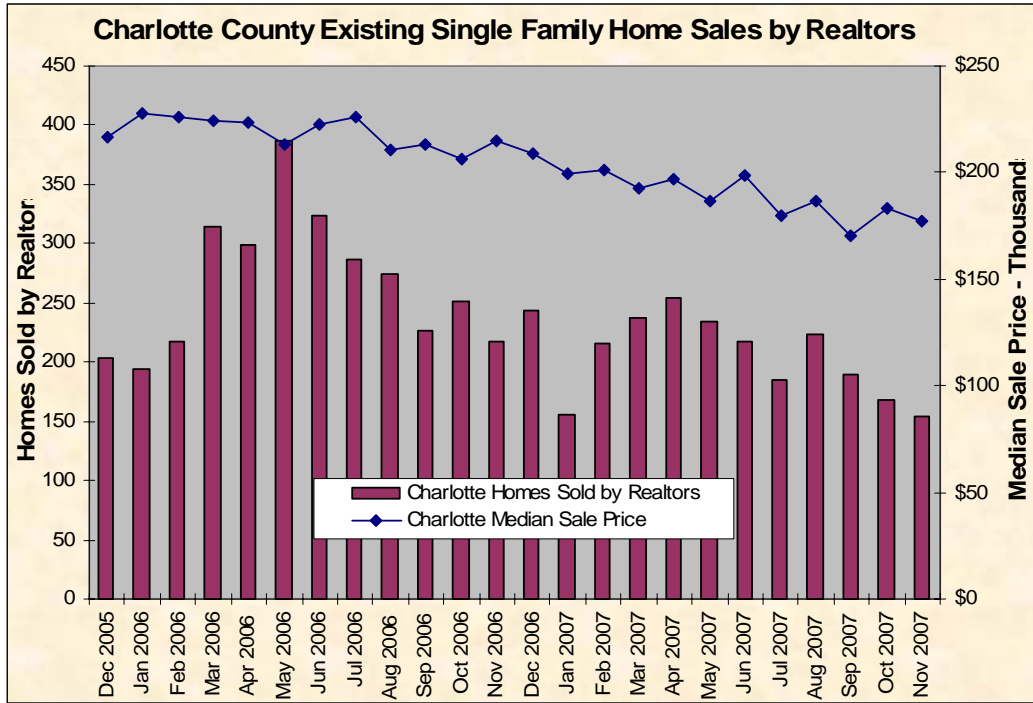
The Florida Association of REALTORS® provides a summary of the number of existing home sales and the median price per month. Charts Twelve and Thirteen provide the latest trends for Lee and Charlotte Counties. In October, Lee County (Chart Twelve) saw a slight increase in both existing home sales, up to 405 units, and the median sales price, which increased to \$239,300. We did not receive updated November data for Lee County by our deadline for issuing this report. The new November data for Charlotte County Thirteen) showed a slight decline in existing sales to 154 and the median sale price to \$177,300. Current information for Collier County is not available, although the institute is working to see if similar information can be obtained for this report. We have been working with the Naples Board of REALTORS and hope to have new Collier County statistics and charts available for our next report.

Chart Twelve



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

Chart Thirteen

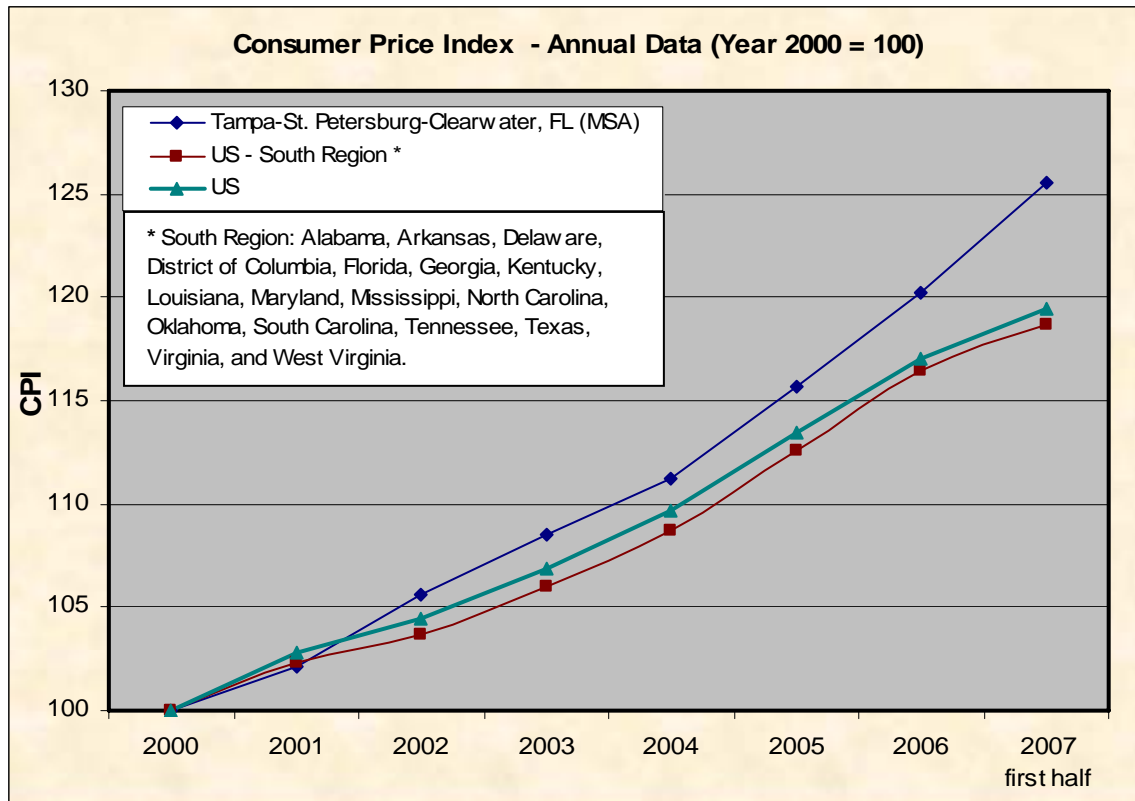


Source: Florida Association of REALTORS, Punta Gorda, Florida MSA,

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

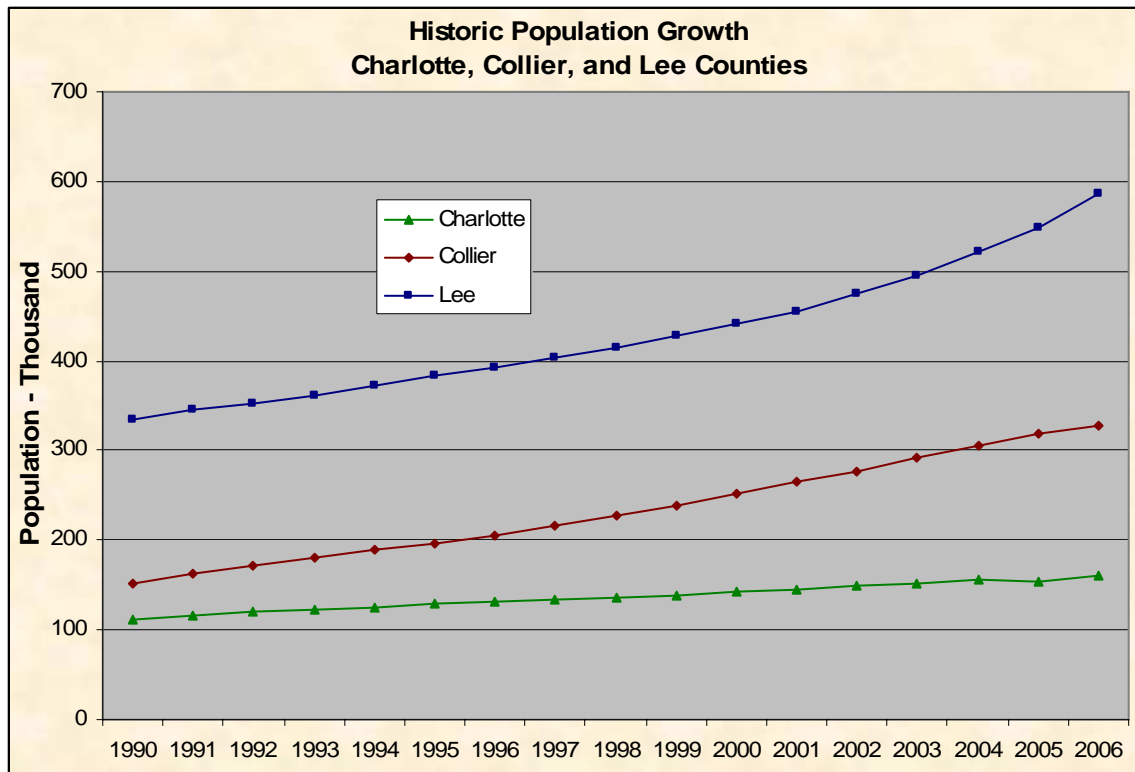
Population

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:

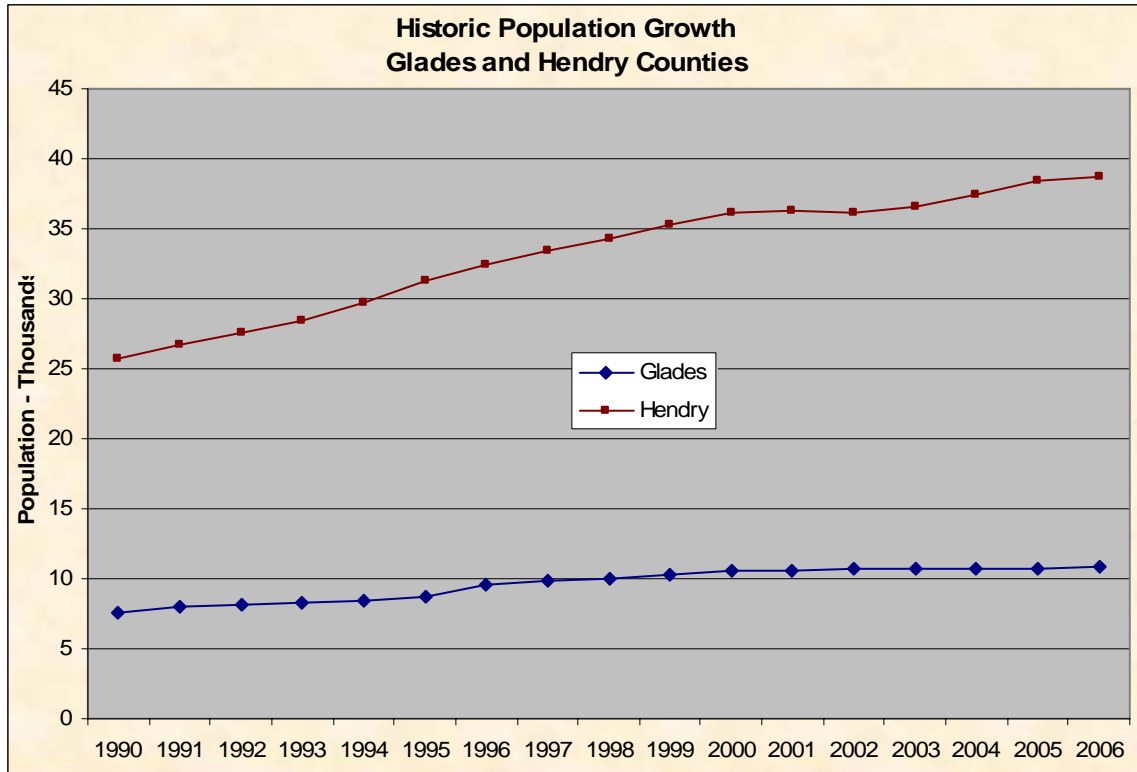
- **Build-out** – suitable land for construction has become scarce
- **Restrictions** – building codes and hurricane restrictions may limit the expansion of some areas
- **Costs** – both the conversion of land and construction costs continue to escalate as well as insurance costs upon completion
- **Climate**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



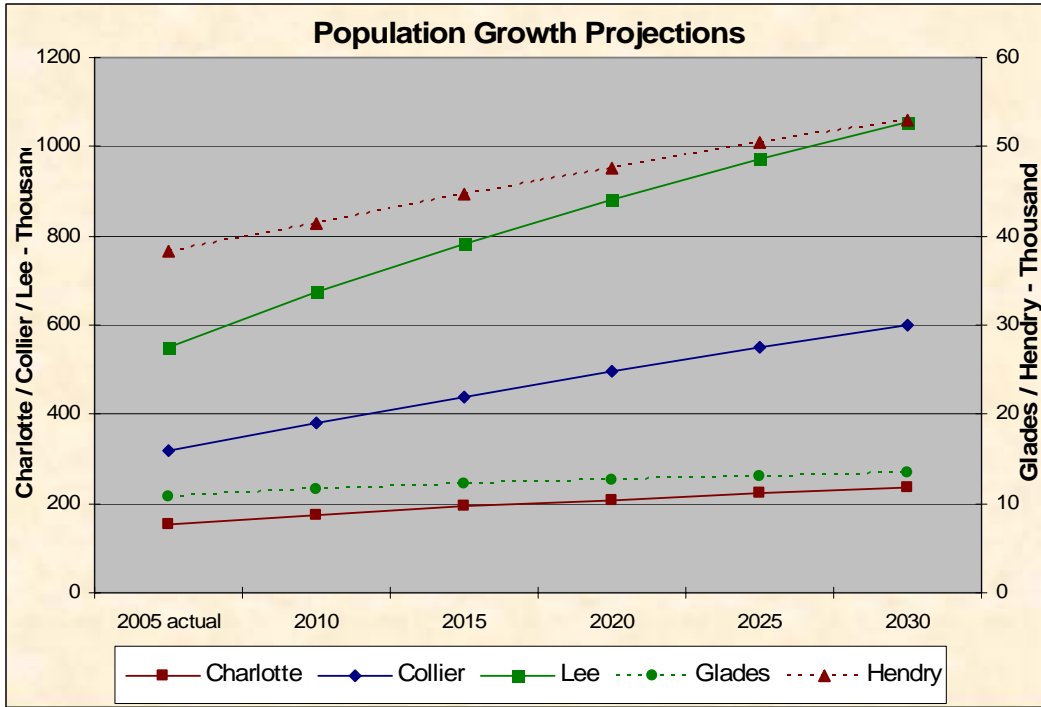
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

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

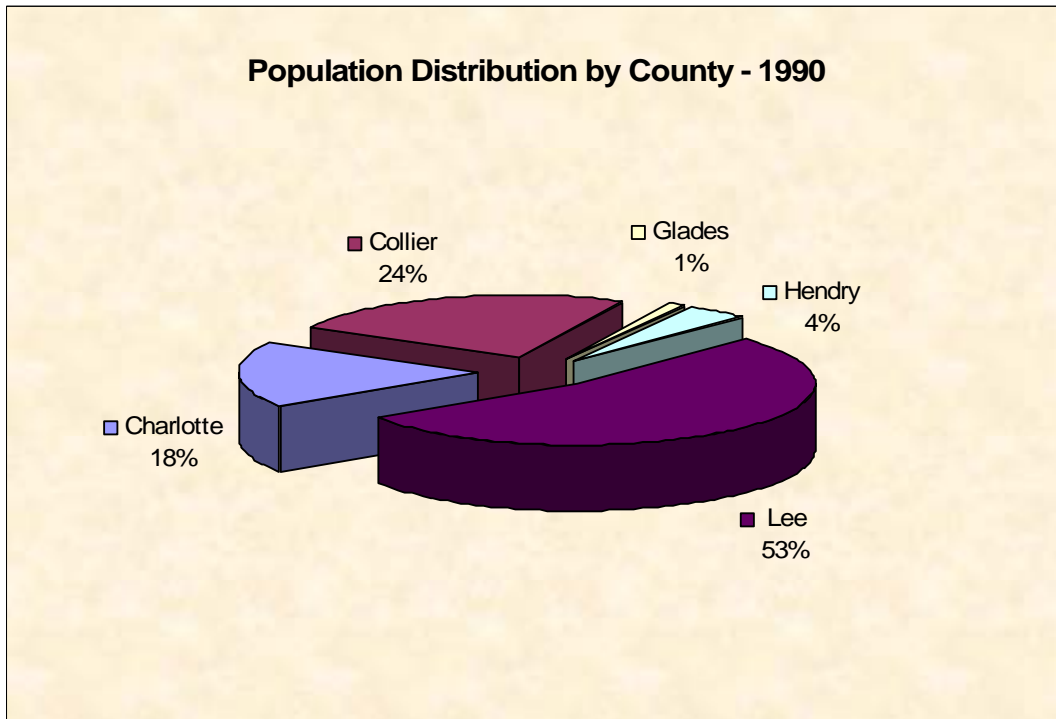
Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

Chart Seventeen



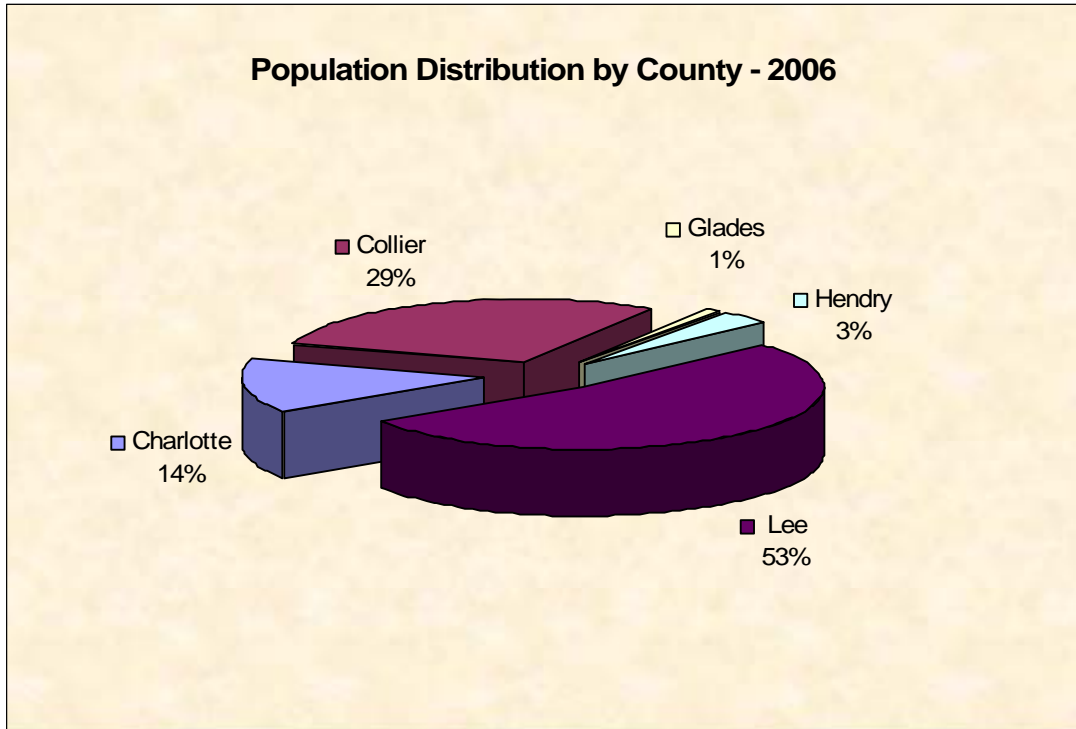
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

Chart Eighteen



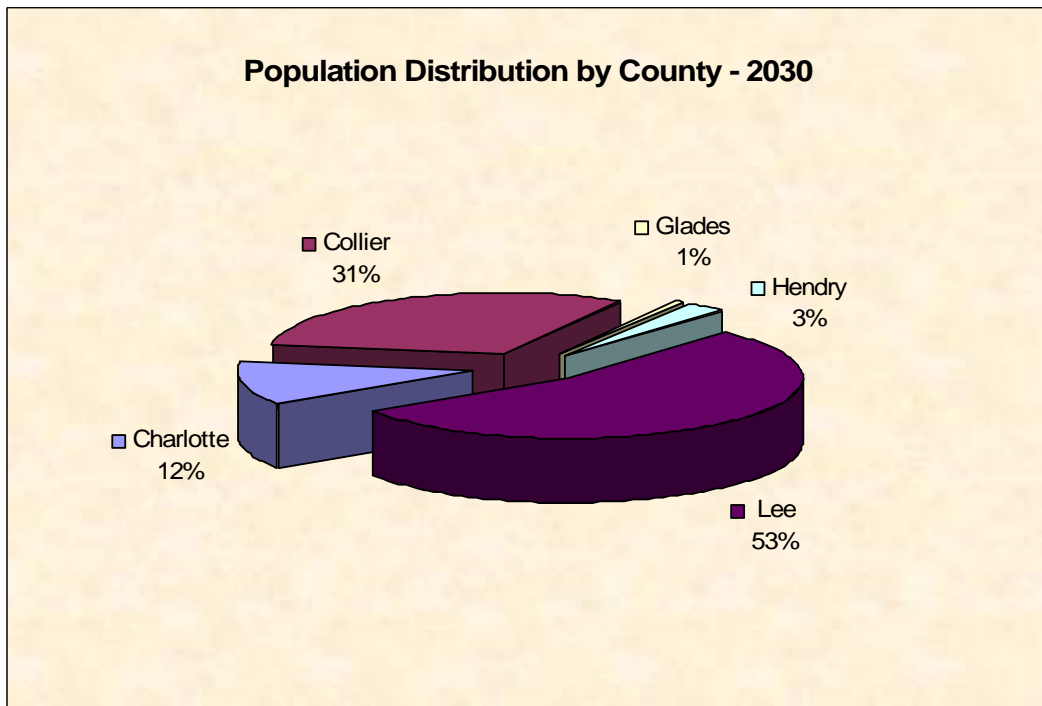
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

Chart Nineteen



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

Chart Twenty



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