

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, and reduced the Federal Funds Rate target even further on January 30, 2008, to three percent. This is the fifth reduction in the interest rate target since September 18th of last year and additional interest rate cuts are expected. In addition, the President and Congress agreed on a tax rebate plan to “pump” \$150 billion into the economy. The rebates are \$600 to \$1,200 per family and should arrive this spring. The latest FED Central Tendency Forecasts show real GDP (output) growth of 1.3 to 2.0 percent for 2008. This rises slightly in 2009 to 2.1 to 2.7 percent real GDP growth. Unemployment is expected to increase to 5.2 to 5.3 percent for the nation in 2008. It will potentially fall slightly in 2009 to a range of 5.0 to 5.3 percent. Inflation (PCE) is expected to rise to a range of 2.1 to 2.4 percent in 2008 and moderate in 2009 to a range of 1.7 to 2.0 percent.

Our regional economic indicator charts are showing the impact of the slow-down 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, sub prime loan issues, lower consumer confidence, and higher oil prices.

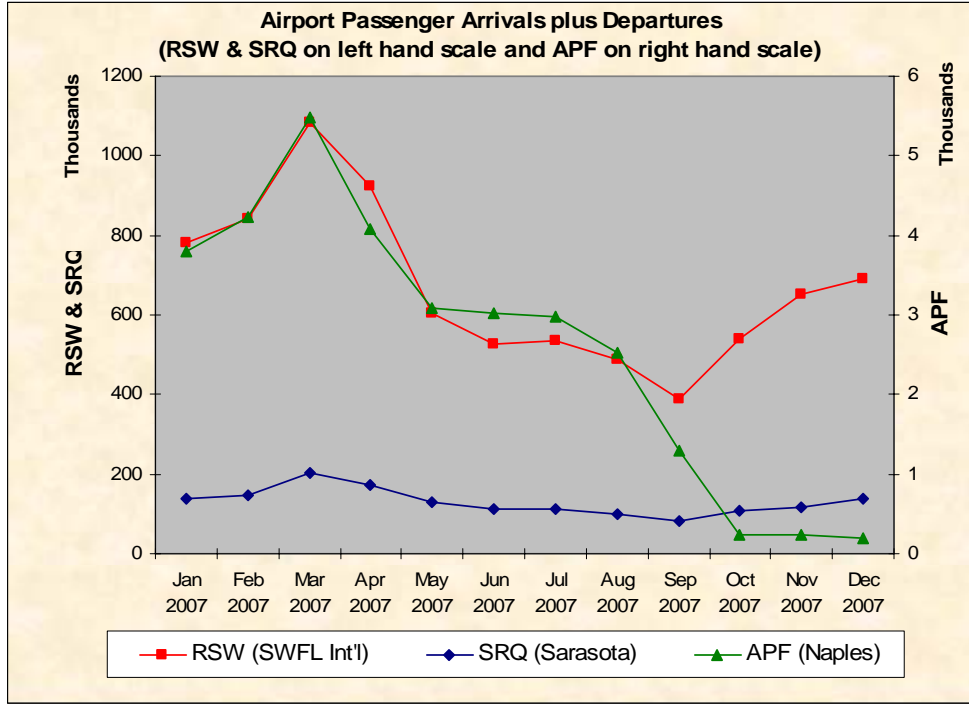
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report as a way to support its mission and assist the region. We are currently working on the charts for commercial permit activity and hope to add these to our report in March. The Institute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

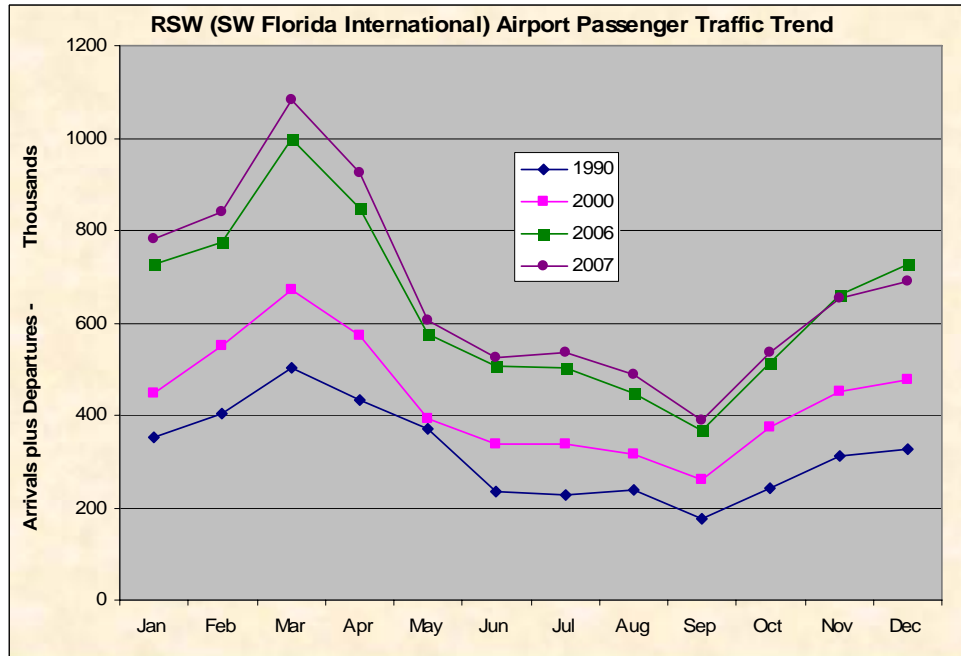
Regional Southwest Airport (RSW) located in Lee County is ranked as the 50th busiest airport in the nation. The December passenger activity rose relative to November levels due to the increase in our seasonal economic activity. Passenger activity for Regional Southwest was 688,914 in December 2007, which is five percent lower than the December 2006 activity level of 725,909, as shown in Chart Two. Both November and December airport passenger activity have fallen below the levels set a year earlier. Sarasota passenger activity was 136,026 in December 2007 or two percent higher than December 2006. Naples activity remains low falling to 186 in December 2007. Charlotte County's airport activity was 15,180 in November of 2007 and rose to 29,152 in December as their new airline (Skybus) added additional flights. The Charlotte County airport activity will be added to our charts in future releases.

Chart One



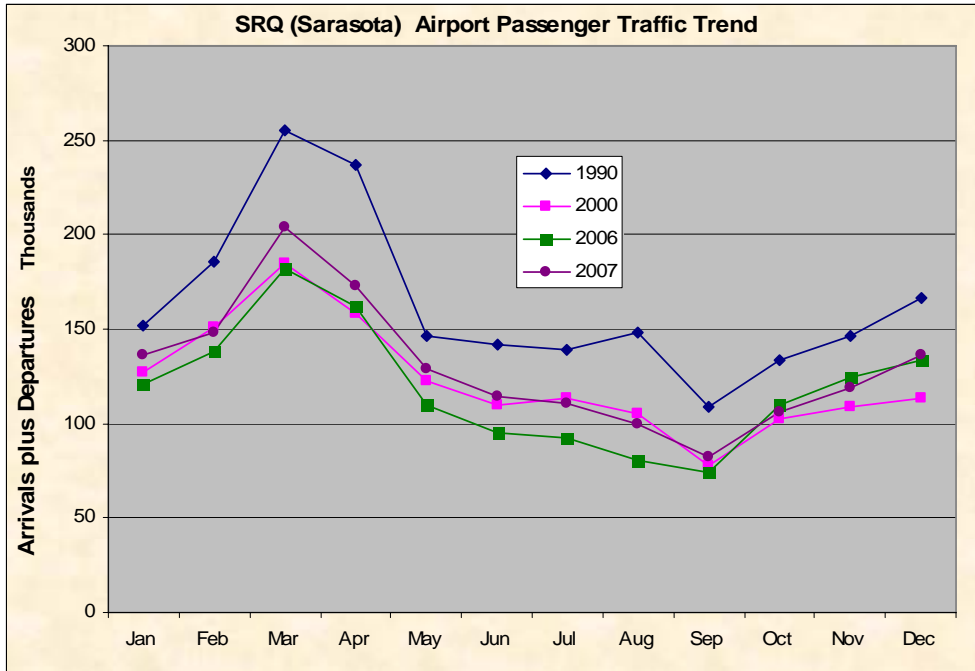
Source: Local Airport Authorities

Chart Two



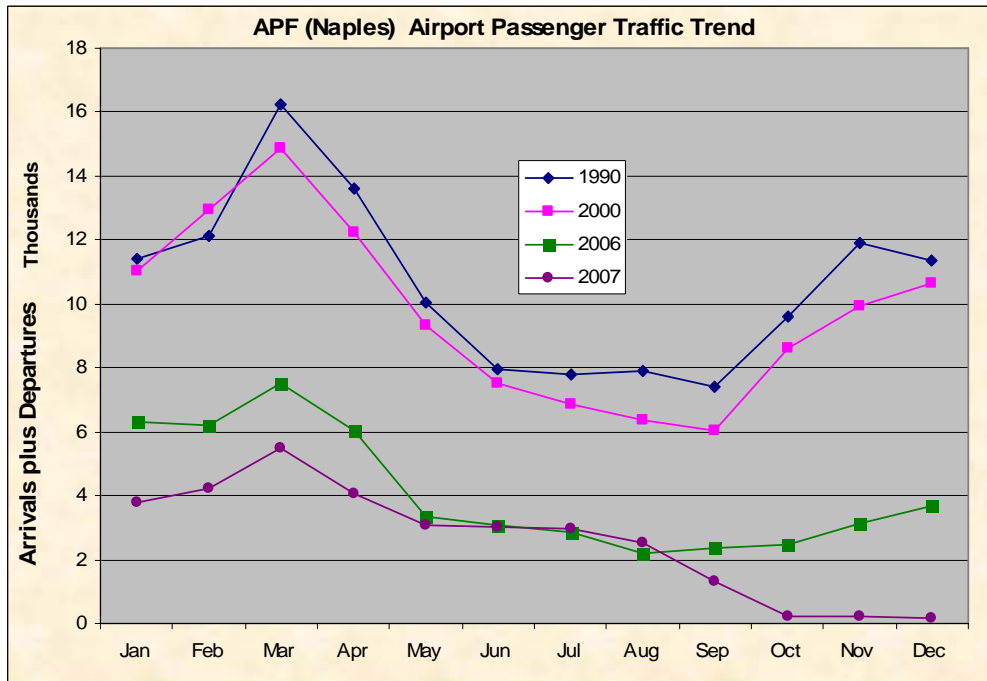
Source: Local Airport Authorities

Chart Three



Source: Local Airport Authorities

Chart Four

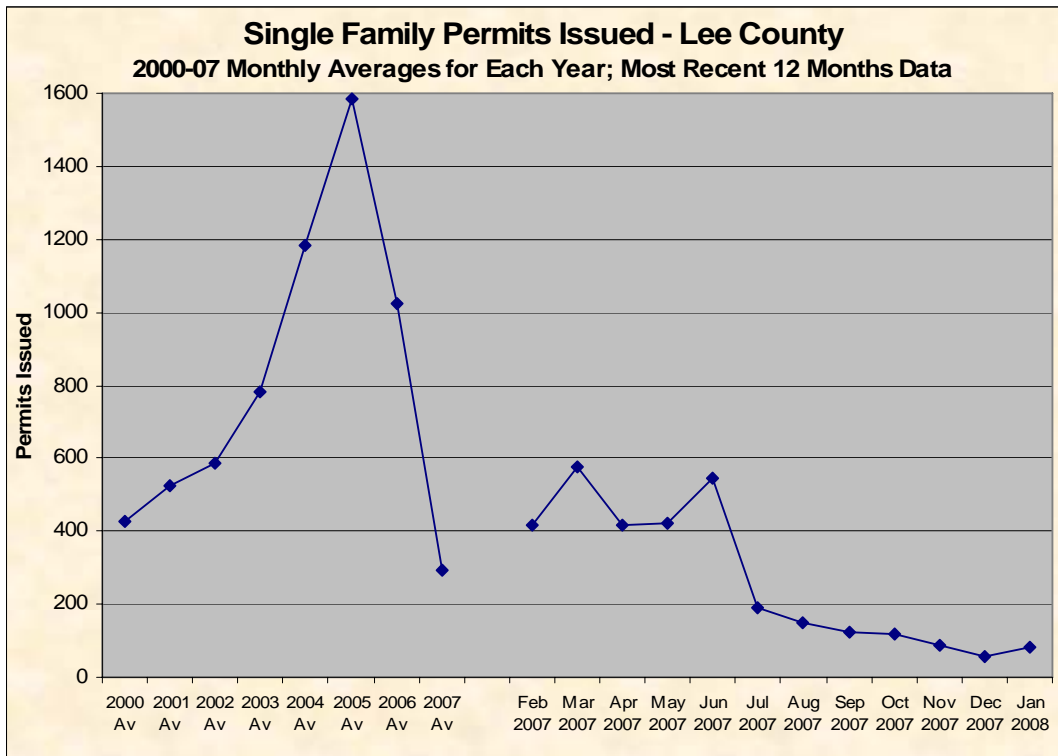


Source: Local Airport Authorities

Single-Family Building Permits

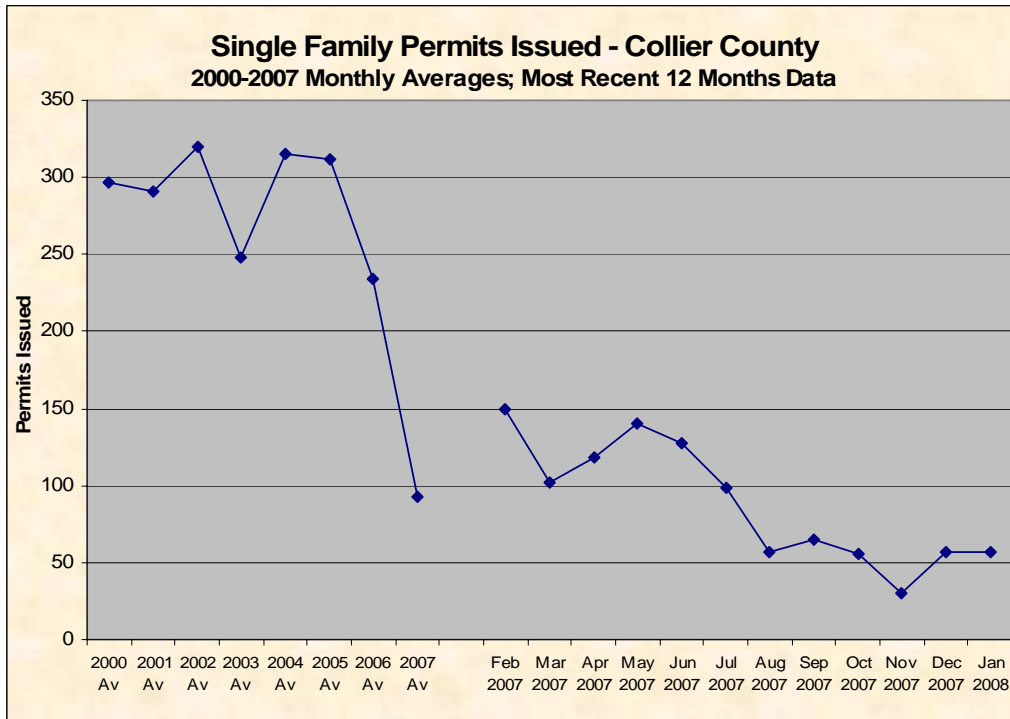
As expected, single-family building permits issued in January remained low. The number of single-family building permits in unincorporated Lee County, as illustrated in Chart Five, rose to 81 for the month of January 2008 from 56 a month earlier. Single-family permits in Collier County, which are illustrated in Chart Six, remained unchanged at 57 for the month of January 2008. Charlotte County figures show an increase of permitting from 29 in December 2007 to 65 in January 2008, as shown in Chart Seven.

Chart Five



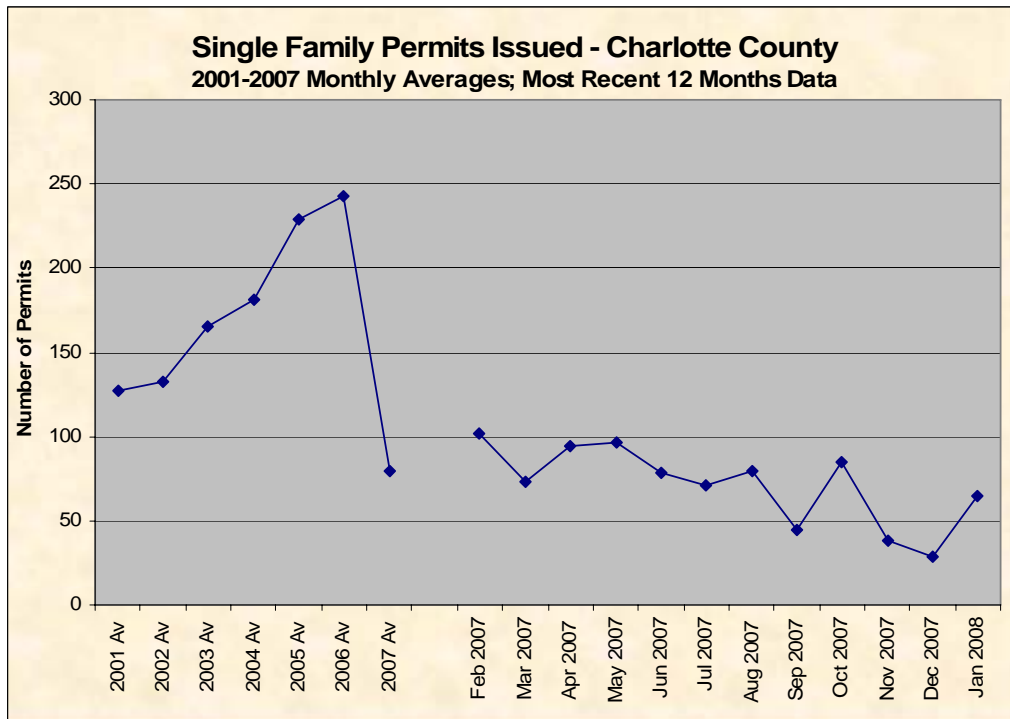
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and unincorporated Lee County Bonita Springs and Fort Myers Beach permits

Chart Six



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

Chart Seven

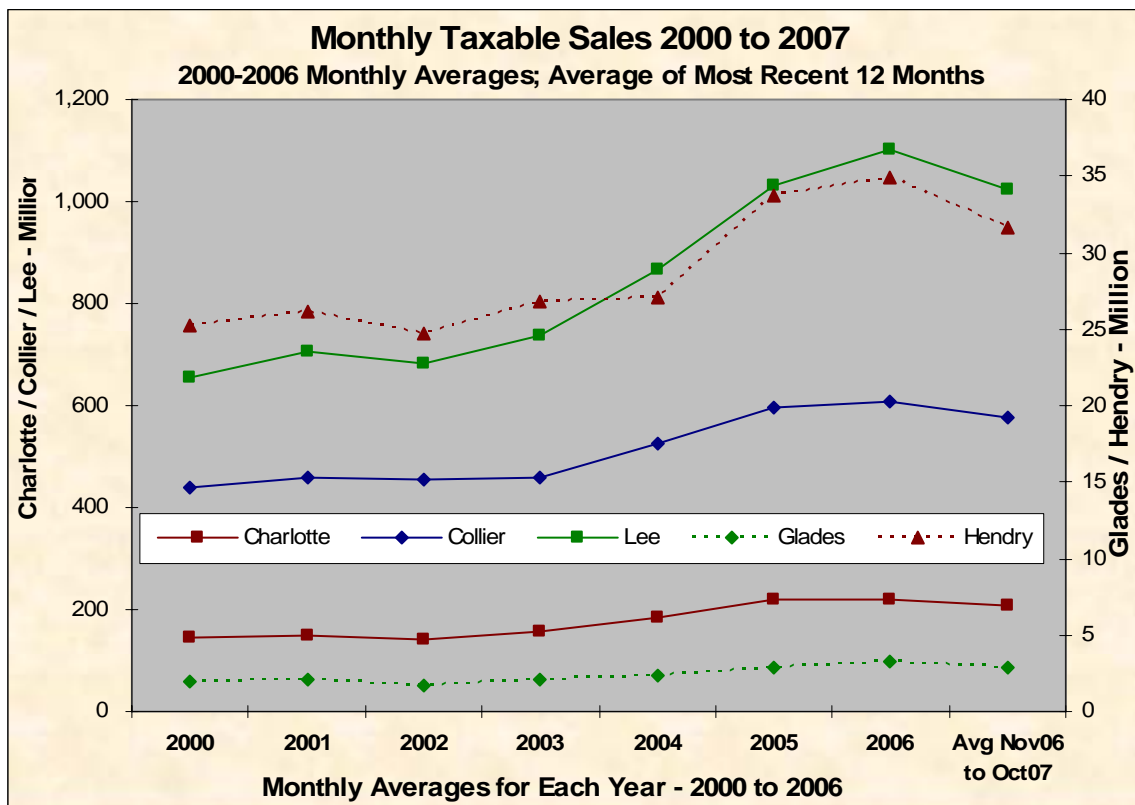


Source: Local Building and Zoning Departments; includes unincorporated Charlotte County permits only.

Taxable Sales

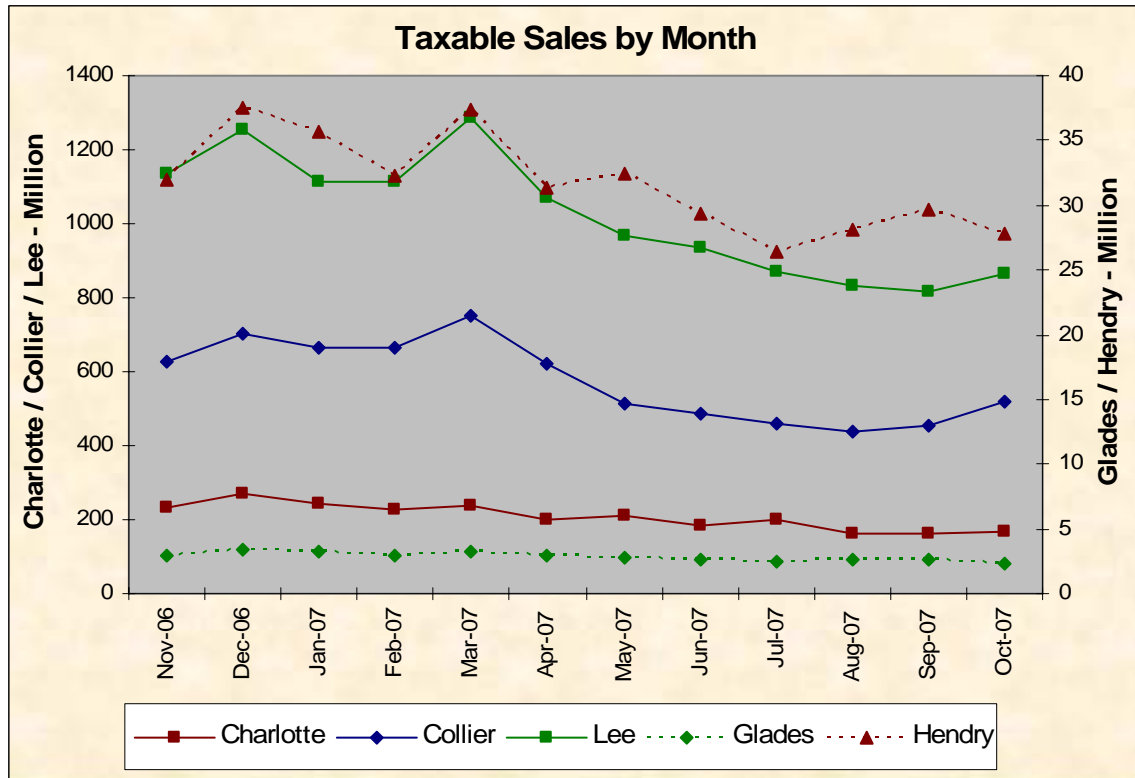
Taxable sales are reported by the Florida Department of Revenue. We have adjusted the taxable sales charts to show the month of collection instead of the reporting month that is issued by the Florida Department of Revenue. This makes October 2007 the latest collection month plotted on Charts Eight and Nine. These figures are used to track consumer spending, and therefore are an important contributor to economic growth in the region. Taxable sales from October 2006 to October 2007 have declined 12.0 percent in Charlotte, 5.8 percent in Collier, 13.8 percent in Lee, 20.5 percent in Glades, and 19.4 percent in Hendry County. This indicates a significant reduction in consumption spending in our local economy. October 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

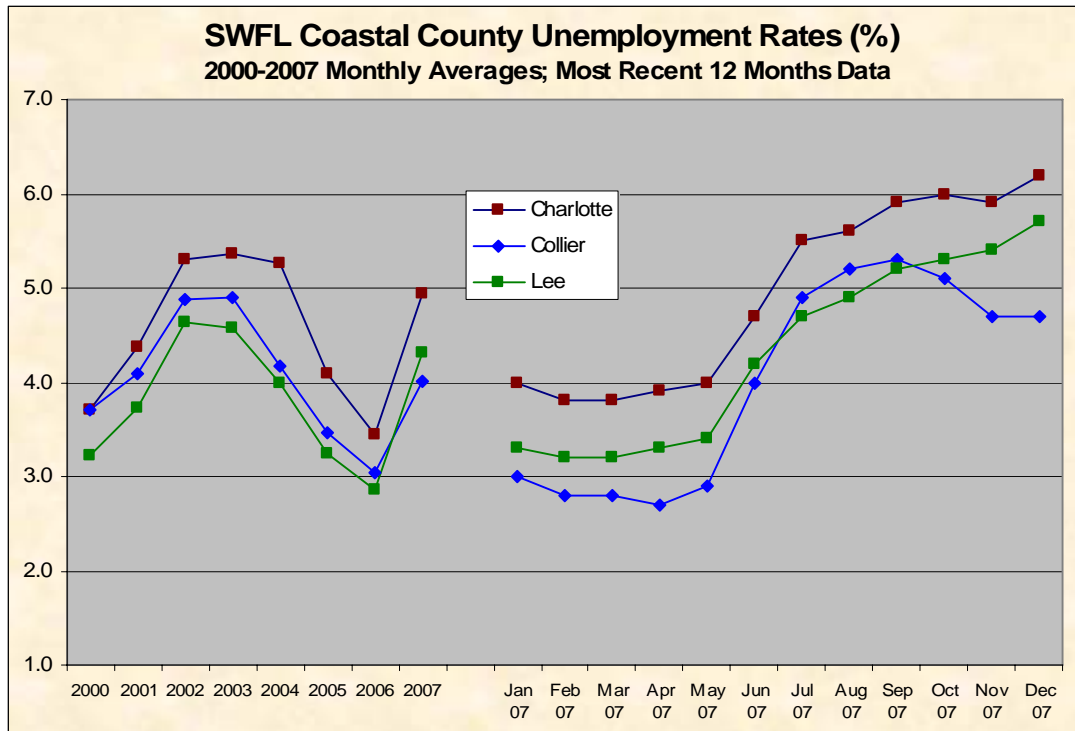


Source: Florida Department of Tax Research

Workforce - Unemployment

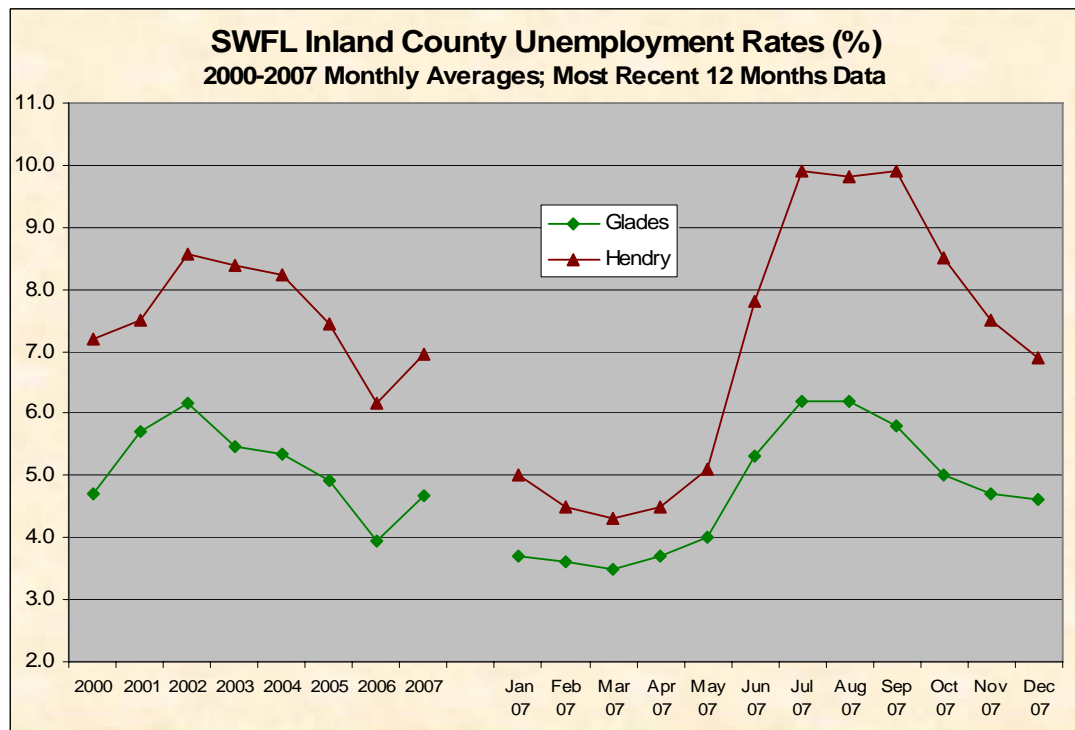
The January unemployment rate release date is in early March so the January unemployment rates were not available in time for this report. Unemployment rose in December for Charlotte and Lee Counties. Collier County unemployment remained stable while the unemployment rate in Glades and Hendry fell relative 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 4.7 percent in both November and December 2007. 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 January unemployment rate of 4.9 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

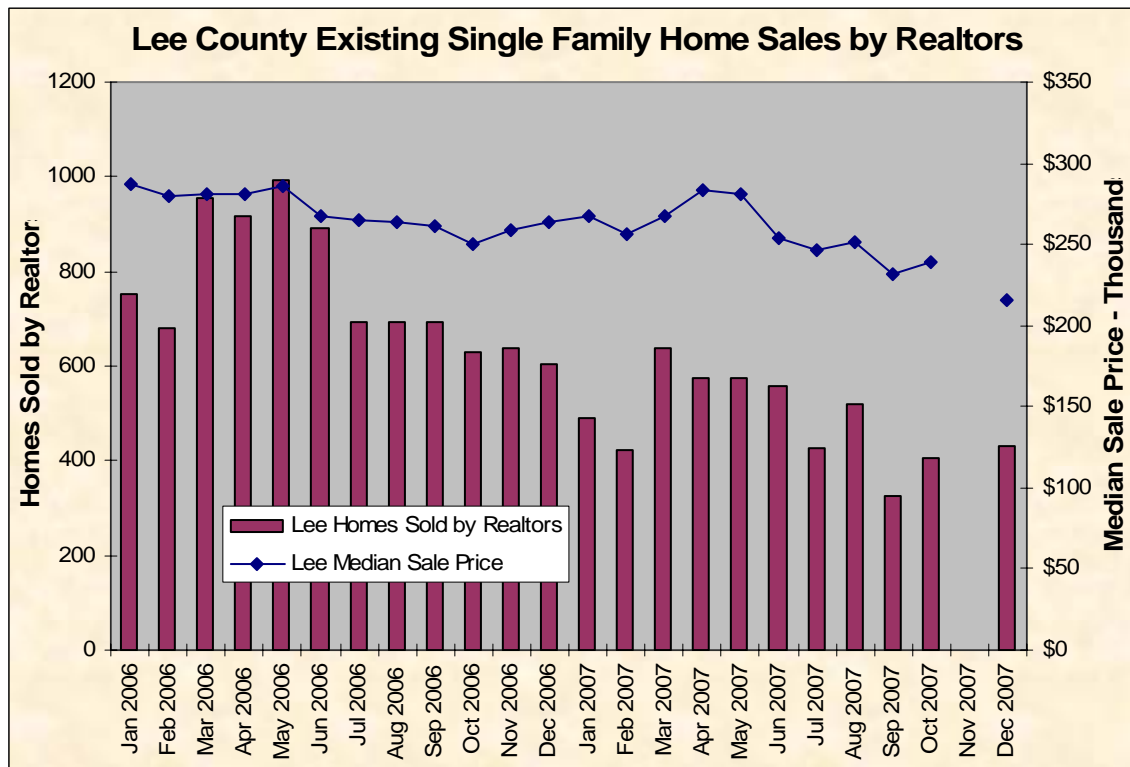


Source: AWI

Sales of Single-Family Existing Homes and Median Sales Price

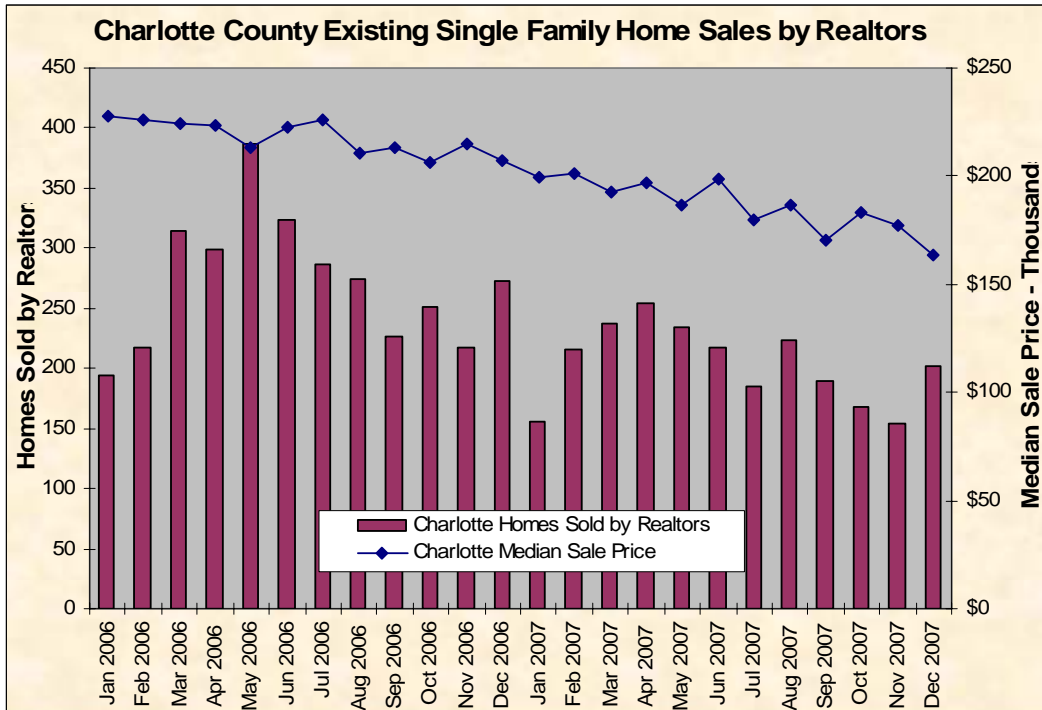
The Florida Association of REALTORS® provides a summary of the number of existing home sales and the median price per month. Charts Twelve and Thirteen provide the latest trends for Lee and Charlotte Counties. In December, Lee County (Chart Twelve) saw a slight increase in existing home sales, up to 432 units, while the median sales price fell to \$215,200 compared to October 2007. The November data for Lee County was not available. The new November data for Charlotte County (Chart Thirteen) showed an increase in existing sales to 202 and a decrease in the median sale price to \$163,200. The Naples Board of REALTORS has been very helpful and has agreed to provide data on existing home sales, median price, and pending sales for Collier County. The Collier data for December 2007 showed that 157 existing homes sold with a median sale price of \$439,463. The January 2008 data showed 122 single-family homes sold at a slightly lower median price of \$432,000. As more data becomes available, we will provide a trend chart for Collier County.

Chart Twelve



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

Chart Thirteen

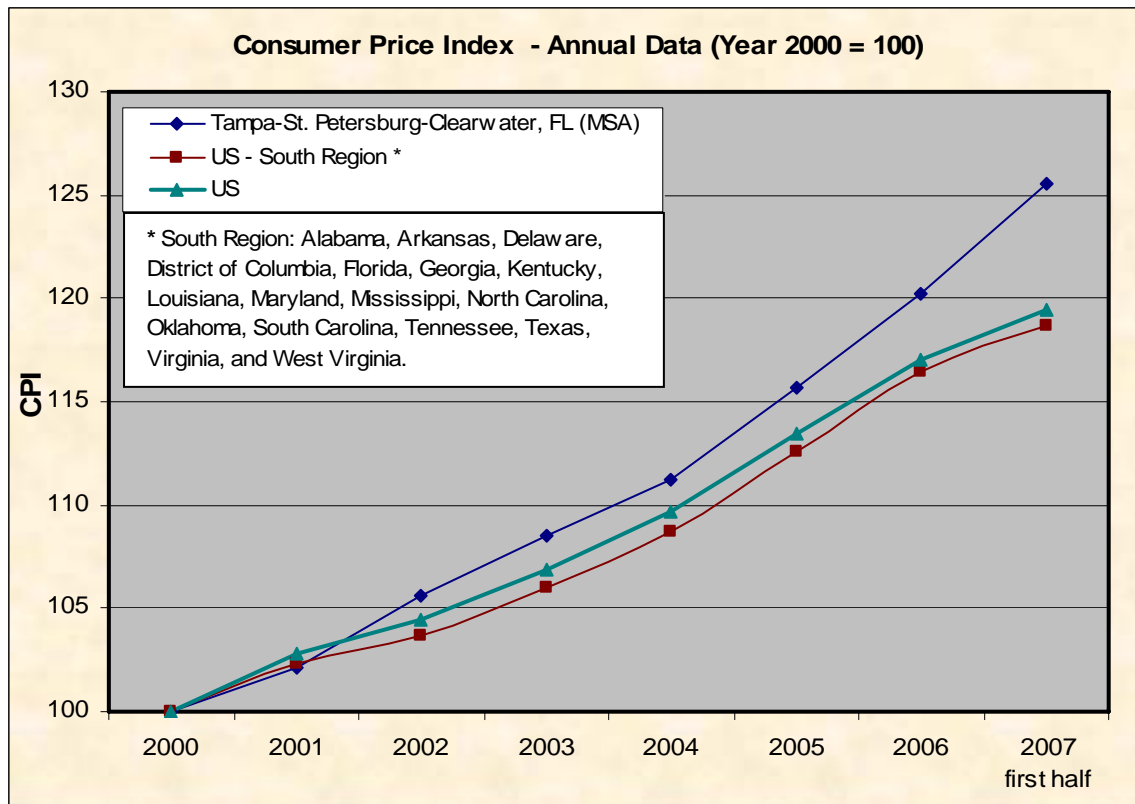


Source: Florida Association of REALTORS, Punta Gorda, Florida MSA,

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

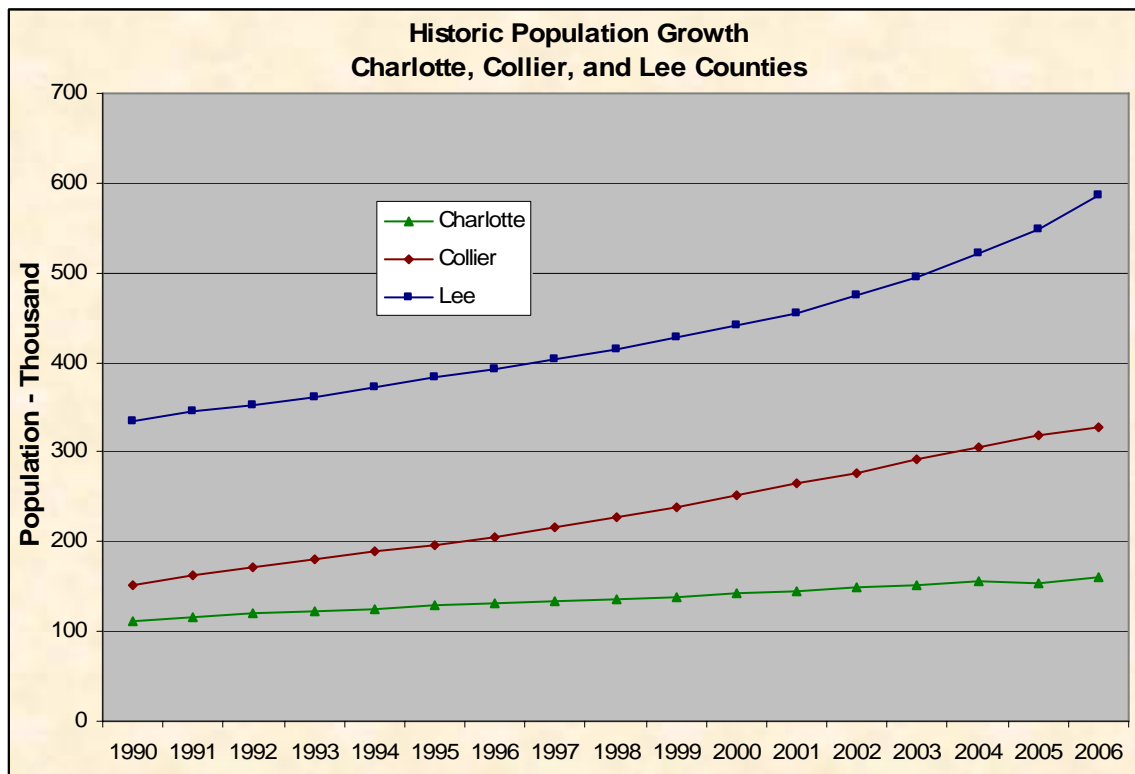
Population

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:

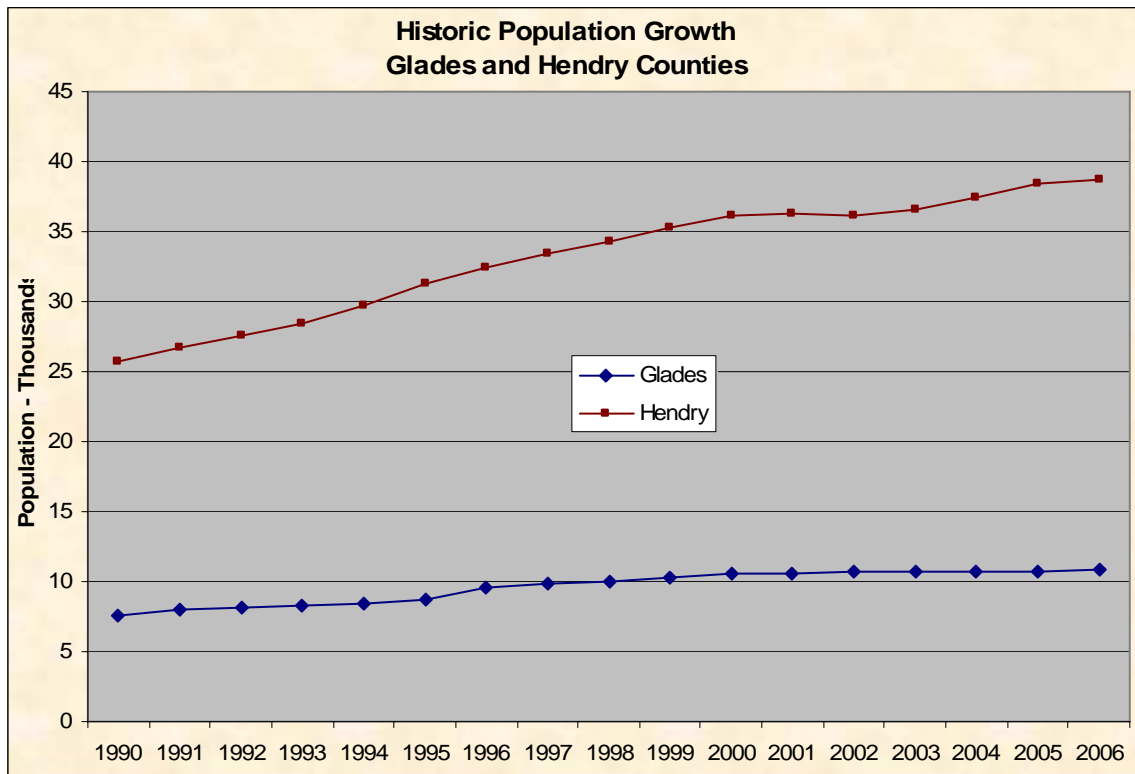
- **Build-out** – suitable land for construction has become scarce
- **Restrictions** – building codes and hurricane restrictions may limit the expansion of some areas
- **Costs** – both the conversion of land and construction costs continue to escalate as well as insurance costs upon completion
- **Climate**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



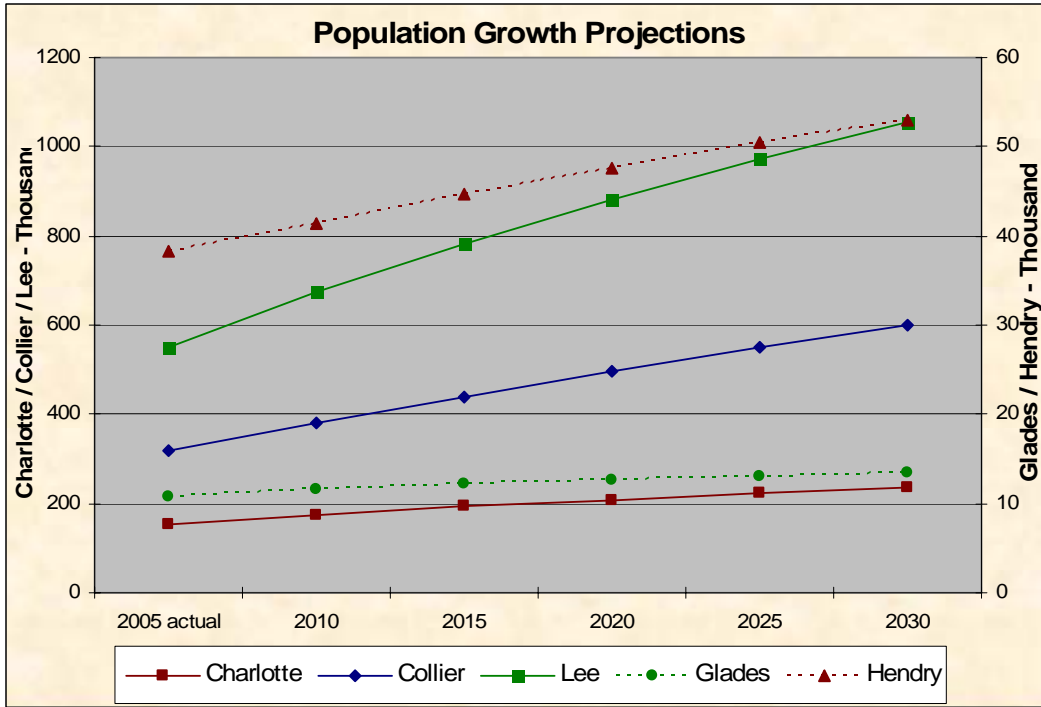
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

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

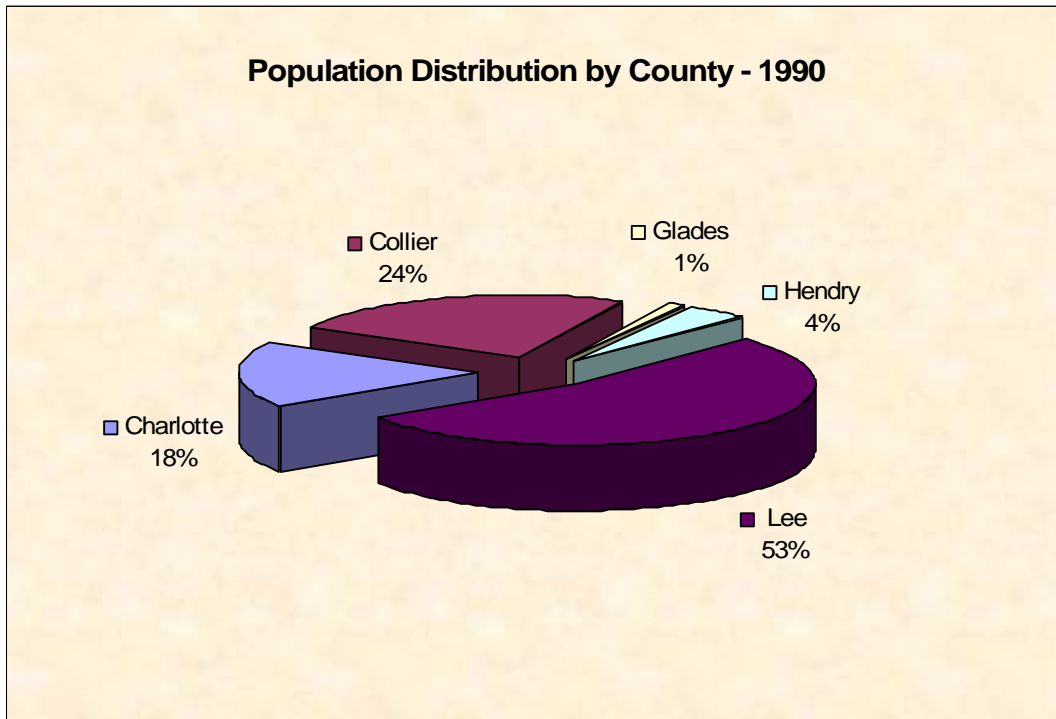
Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

Chart Seventeen



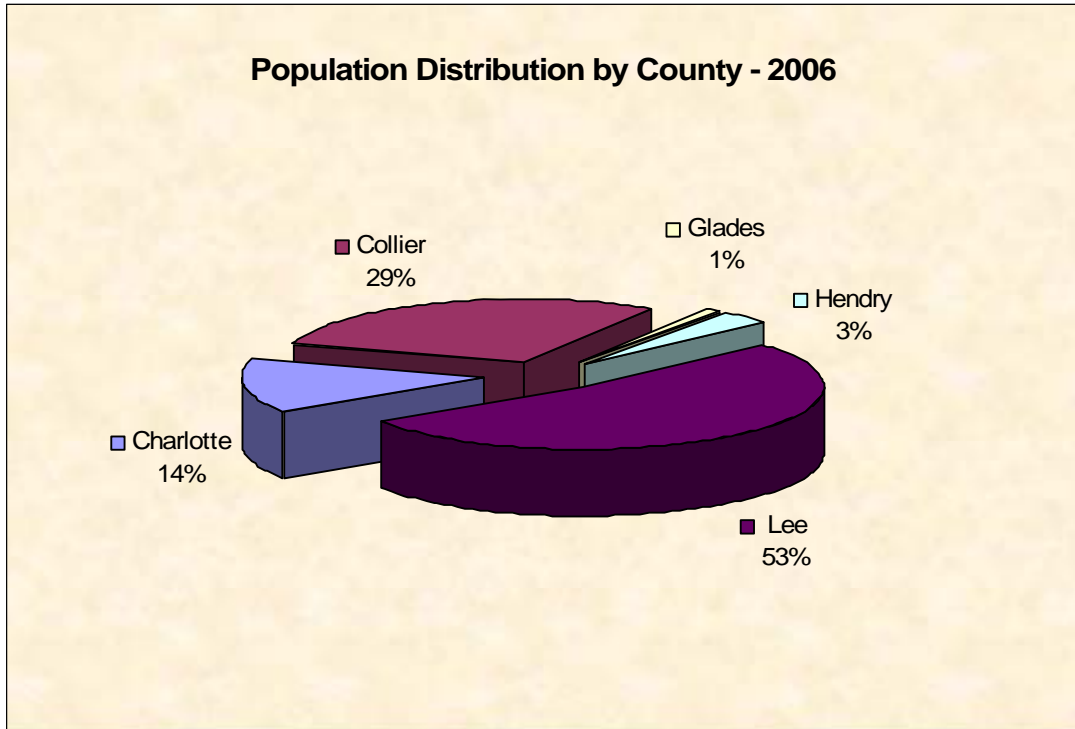
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

Chart Eighteen



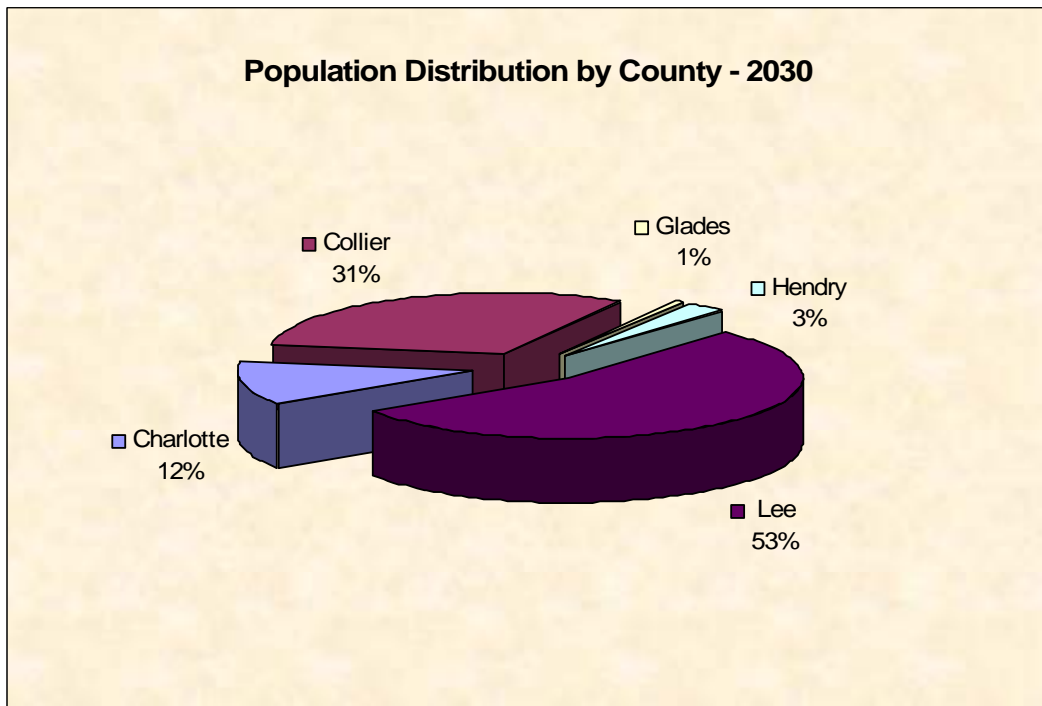
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

Chart Nineteen



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

Chart Twenty



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