# Southwest Florida Regional Economic Indicators

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## Table of Contents


Introduction .................... 3
Airport Activity .................... 3
Chart 1: Regional Airport Arrivals and Departures .................... 4
Chart 2: RSW Traffic Trend .................... 5
Chart 3: Sarasota Airport Traffic Trend .................... 6
Single Family Building Permits .................... 6
Chart 4: Lee County .................... 7
Chart 5: Collier County .................... 8
Chart 6: Charlotte County .................... 9
Taxable Sales: .................... 9
Chart 7: Regional Taxable Sales .................... 10
Chart 8: Regional Monthly Taxable Sales .................... 11
Chart 9: Lee County Taxable Sales .................... 11
Workforce ςUnemployment .................... 12
Chart 10: Regional Unemployment .................... 12
Chart 11: Coastal County Unemployment .................... 13
Chart 12: Inland County Unemployment .................... 14
Sales of Single ςFamily Existing Homes and Median Sales Price .................... 14
Chart 13: Lee County .................... 15
Chart 14: Collier County .................... 16
Chart 15: Charlotte County .................... 17
Consumer Price Index .................... 17
Chart 16: CPI .................... 18
Population .................... 18
Chart 17: Coastal Counties .................... 19
Chart 18: Inland Counties .................... 20
Table 1 .................... 20
Chart 19: Population Projections .................... 21
Chart 20: Population Distribution 1990 .................... 21
Chart 21: Population Distribution 2006 .................... 22
Chart 22: Population Distribution 2030 .................... 22

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## Introduction

At its most recent meeting held April 29th and 30th, The Federal Reserve Open Market Committee, as expected, cut interest rates by 25 basis points or one-quarter percent. The accompanying press release after this meeting pointed to a continued weakening in the economy. We continue to see constraints in the financial markets and have in recent weeks seen significant increases in energy and commodity costs. While excluded from core inflation, these increases are impacting the macro economy. The committee remains vigilant for signs of inflationary pressure within the economy; at this point we expect rates to remain steady in the near term. The next committee meeting is planned for June 24th and 25th.

On a national level we continue to see signs of slowdown across economic indicators. Most recently declines in housing and construction, lower durable goods sales, reduced investment levels, tighter credit requirements, sub prime loan issues, lower consumer confidence, and higher oil prices have had the impact of reducing consumer confidence to significantly lower levels. The recent distribution of Economic Stimulus Checks from the Government may lead to some adjustments in the coming months. Our regional economic indicators continue to showing the impact of the slowdown in the local economy, specifically in retail sales and airport passenger traffic. We do see some slight increases in single family home permitting and unemployment this month however, it is too early to determine if indeed this is a single monthly change or the beginning of a trend. Considerable debate remains about the length and depth of the "potential" recession since the economic data lags several months.

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

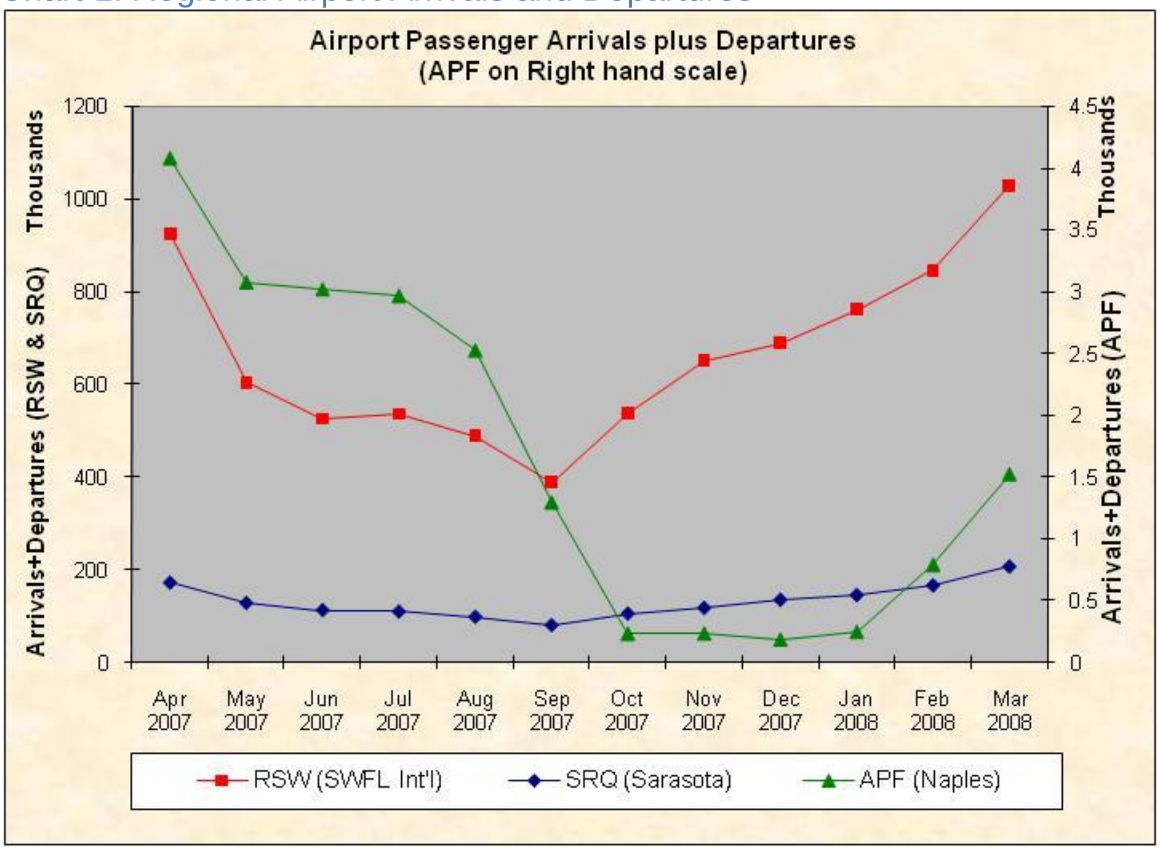
## Airport Activity

Airport passenger activity is defined as the sum of arrivals and departures. Chart 1 illustrates the monthly seasonality of airport passenger traffic. Passenger numbers for Regional Southwest Florida

(RSW) and Sarasota (SRQ) are shown on the left vertical axis and the numbers for Naples airport (AFP) 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 months, especially the period June to September.

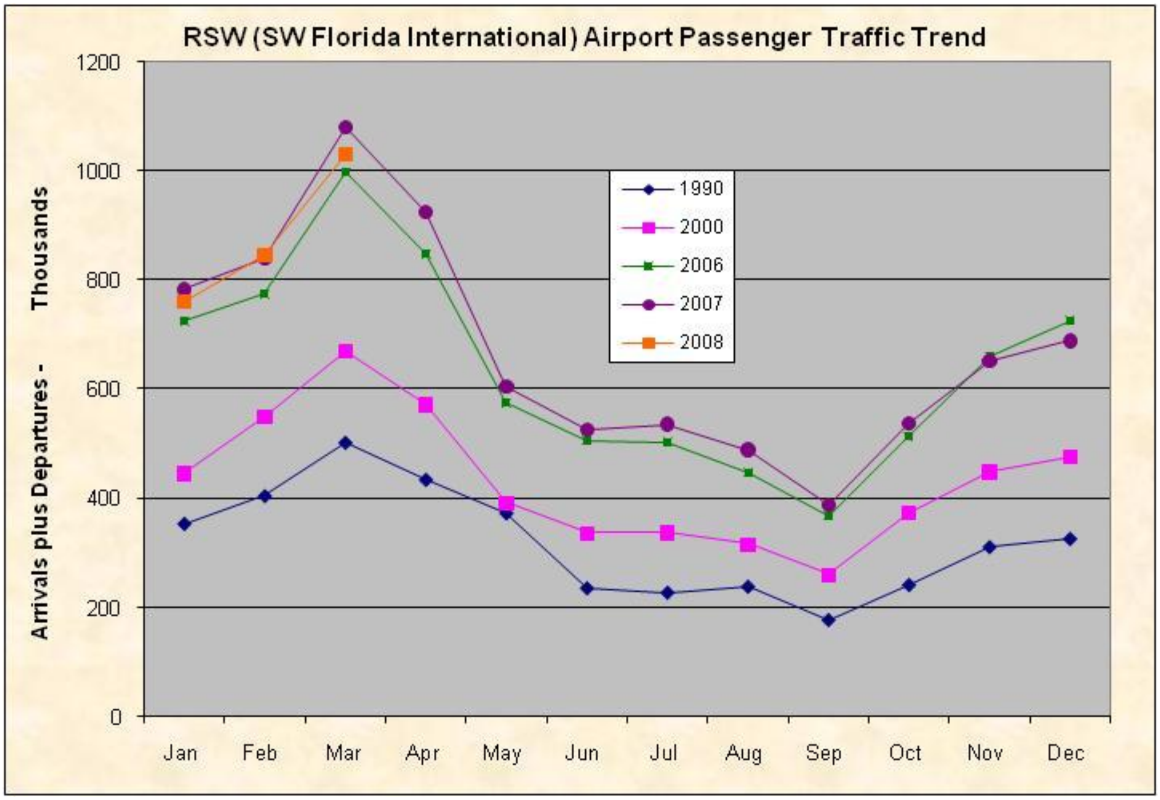
Regional Southwest Florida (RSW) airport is ranked as one of the fifty busiest airports in the nation. In March of 2008, traffic at RSW continued to mirror the seasonal pattern by increasing approximately 20% over the February 2008; traffic figures (see Chart 1). However, we see from Chart 2 that this increase lies below the figure from one year ago. In Sarasota, passenger activity increased in March 2008 by over 20% from the previous month (see Chart 3) and was slightly higher than the levels observed in March of 2007. The increase in March passenger activity reflects the expected seasonal pattern.

## Chart 1: Regional Airport Arrivals and Departures



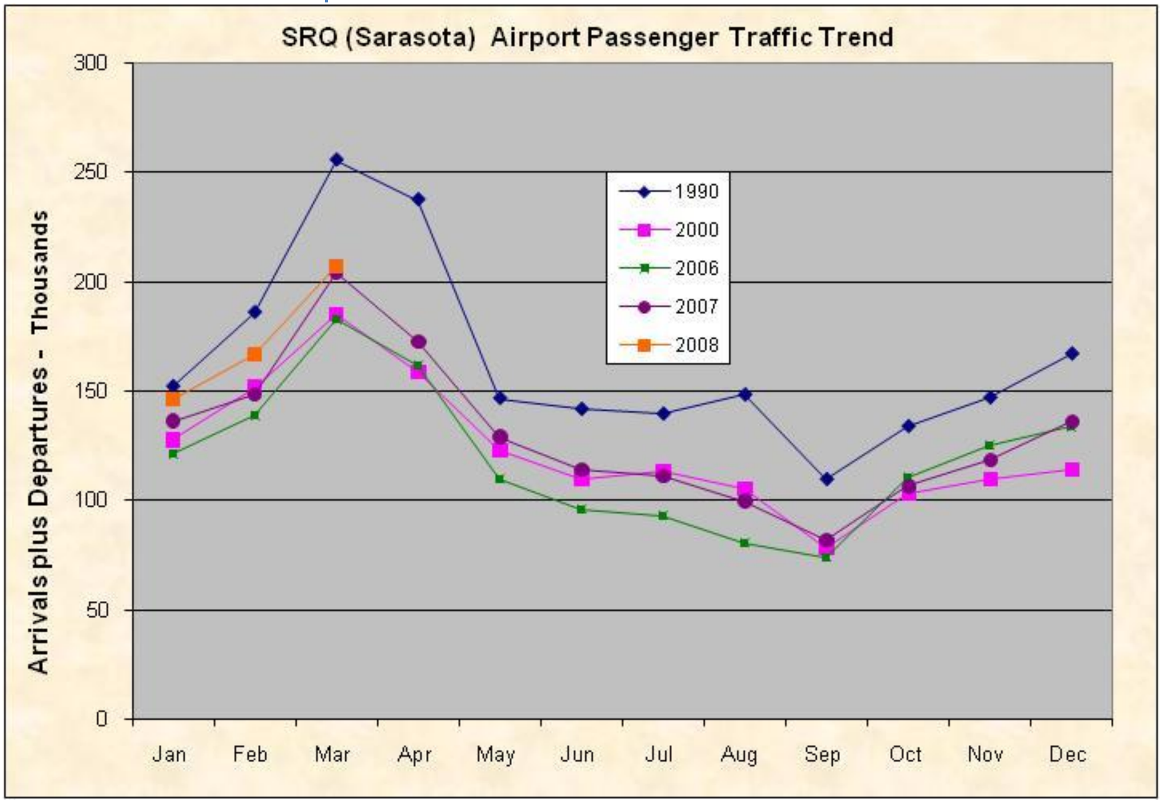

Source: Local Airport Authorities

## Chart 2: RSW Traffic Trend




Source: Local Airport Authorities

## Chart 3: Sarasota Airport Traffic Trend

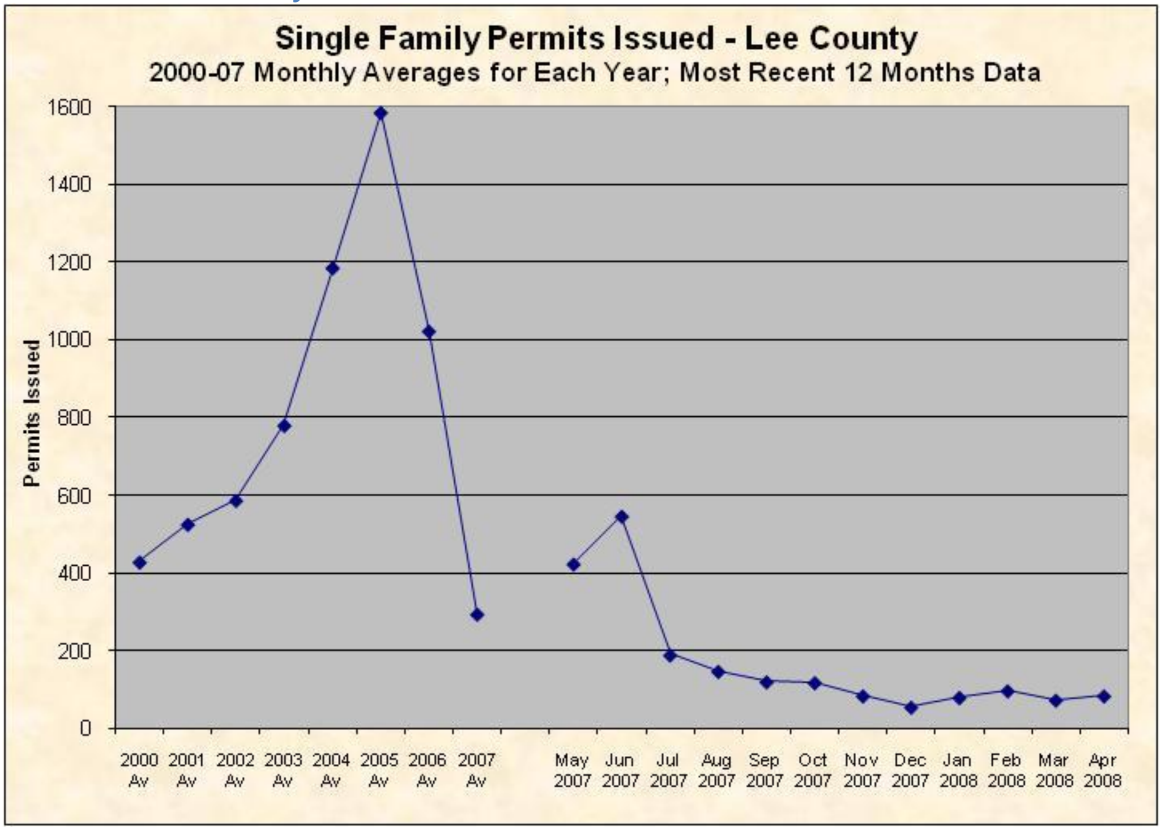



Source: Local Airport Authorities

## Single Family Building Permits

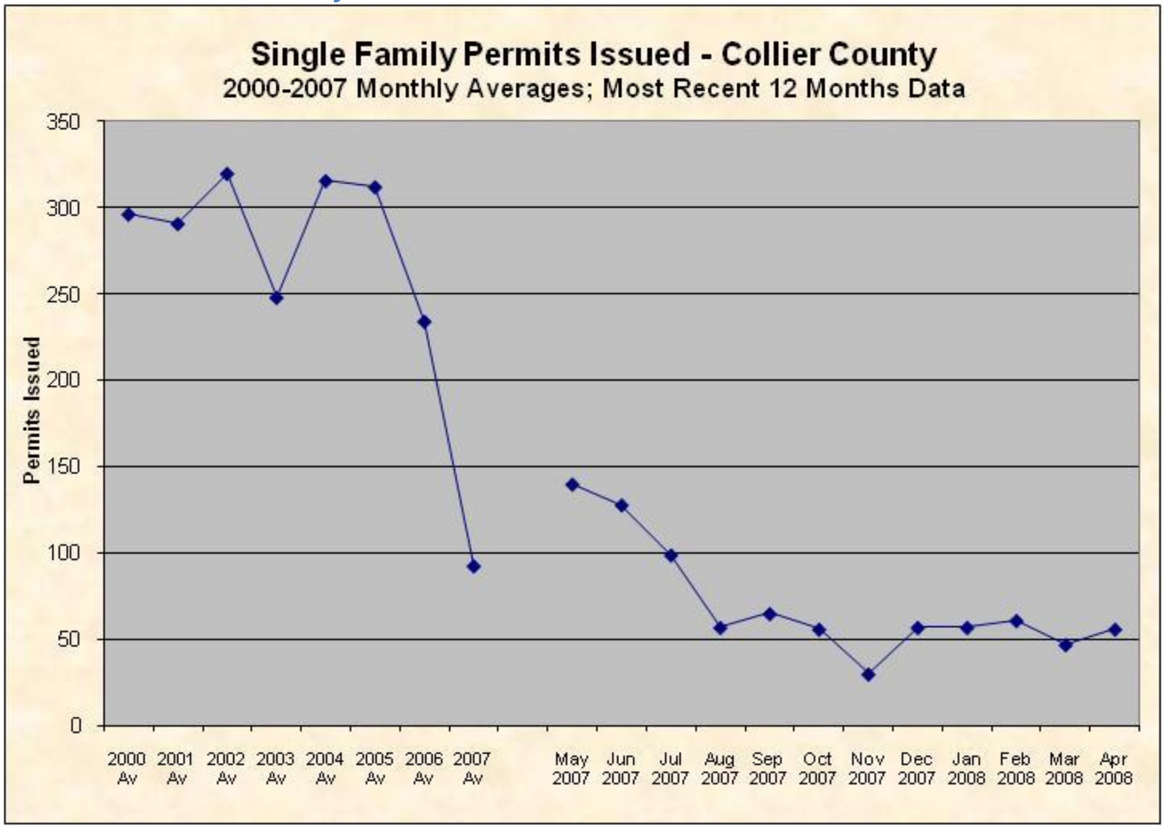
In April of 2008, permitting in Lee County (see Chart 4) remains low but increased slightly to 85 permits from 74 in March. This slight increase lies well below the April figure from one year ago of 419. Single family permits for Collier County increased slightly in April. The increase from 47 to 56 permits (see Chart 5). This increase, like the one in Lee County is well below the figure from one year ago of 118 permits for Collier County. In Charlotte County, permitting increased from 40 in March to 72 for the month of April as illustrated in Chart 6. Overall, while we have seen a slight increase in permitting across the three coastal counties; we need to continue to evaluate data over the next few months in order to determine if this is indeed a rebound in the regional economy.

## Chart 4: Lee County



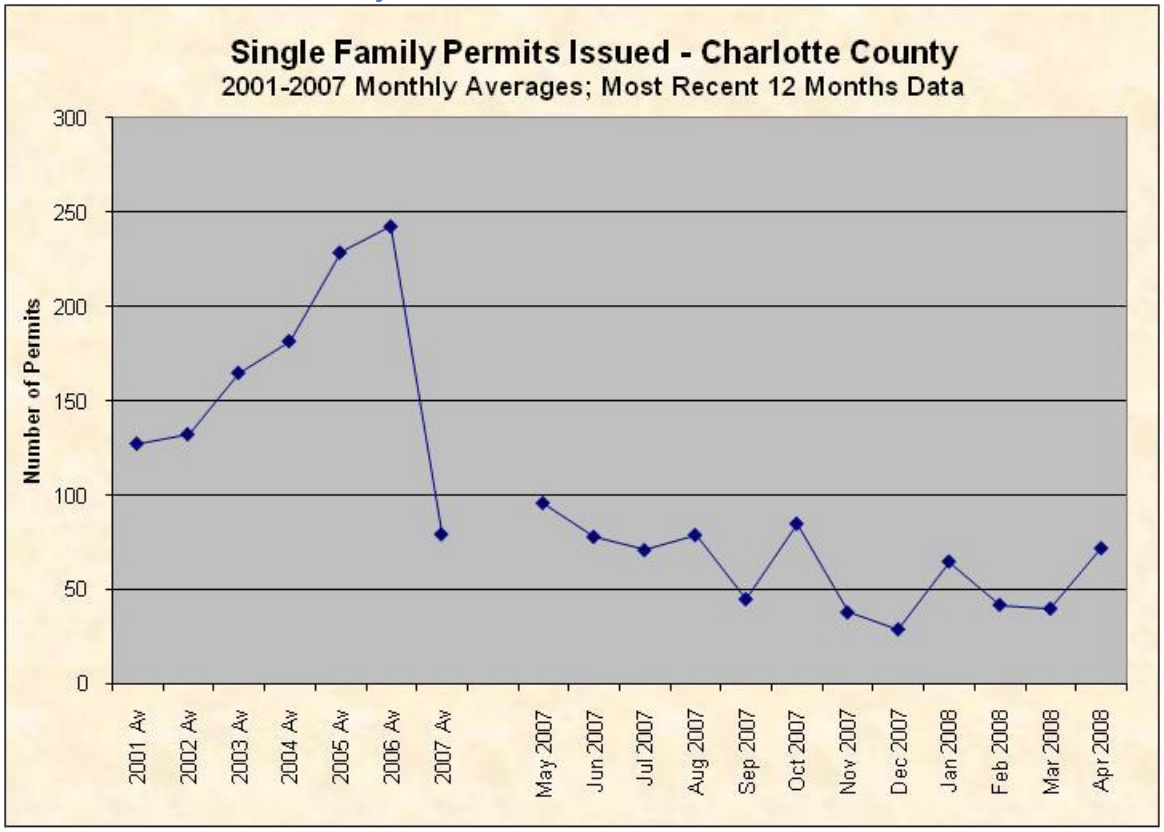

Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

## Chart 5: Collier County




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

## Chart 6: Charlotte County

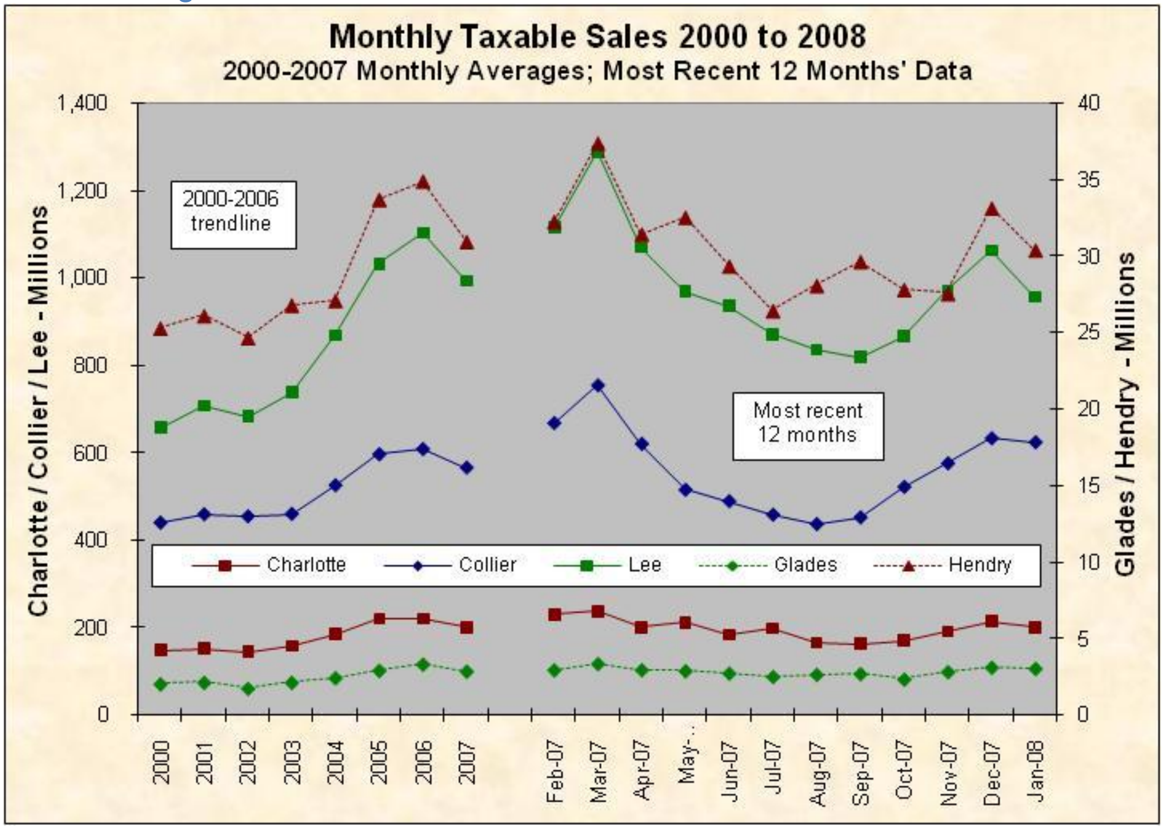



Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

## Taxable Sales:

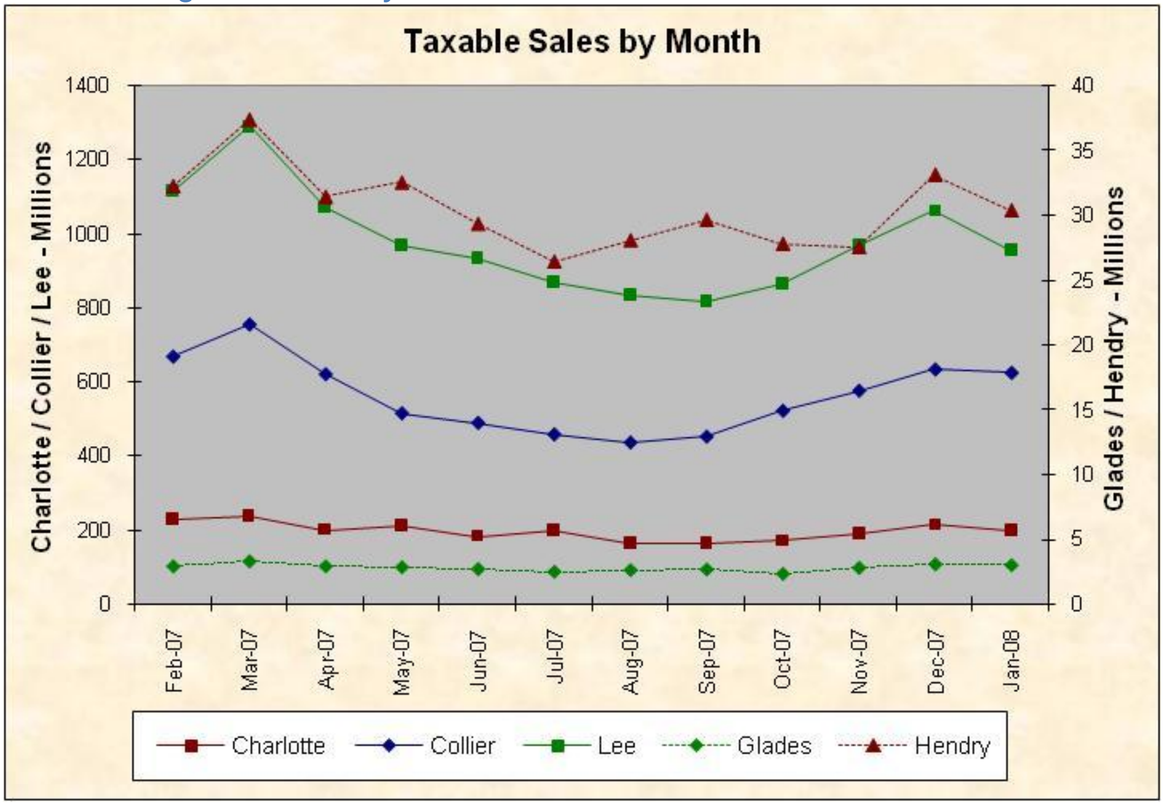
Taxable sales are reported by the Florida Department of Revenue. We have adjusted the taxable sales charts to show month of collection rather than the reporting month that is issued by the Florida Department of Revenue. This makes January the latest collection month plotted on the following charts. The taxable sales figures are used to track consumer spending, an important indicator of economic well - being in our region. Chart 7 provides a historical range view of the taxable sales for the region as well as a more recent view. Each county within the region experienced declines in taxable sales from December 2007 to January 2008. The largest decline was seen in Lee County at 10%, followed by Hendry County at 8%, Charlotte County at 7%, Glades County at 2%, and Collier County at 1%. These declines are most clearly seen in Chart 8. We have inserted a new chart this month, Chart 9, which provides an illustration of the annual change by month of taxable sales for Lee County for the past 24 months. There is a clear shift during this period where monthly sales have declined over the same month in the previous year.

## Chart 7: Regional Taxable Sales



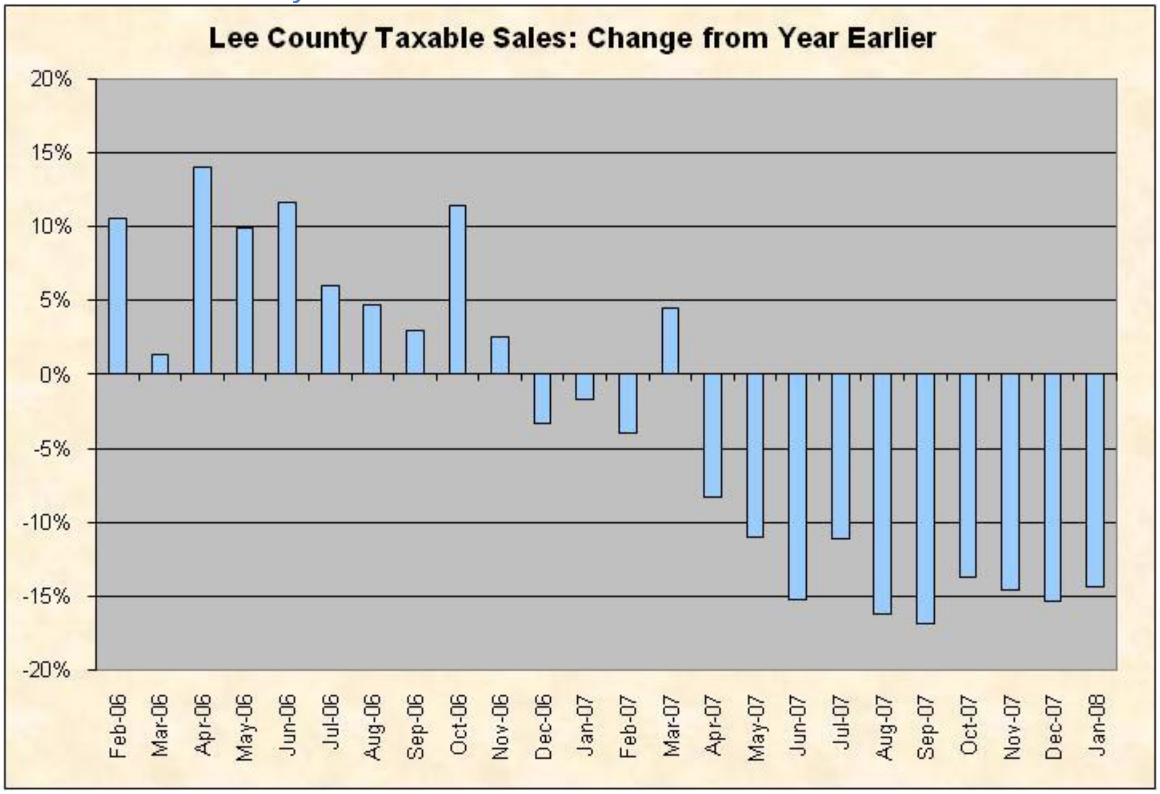

Source: Florida Department of Tax Research

## Chart 8: Regional Monthly Taxable Sales




Source: Florida Department of Tax Research

## Chart 9: Lee County Taxable Sales

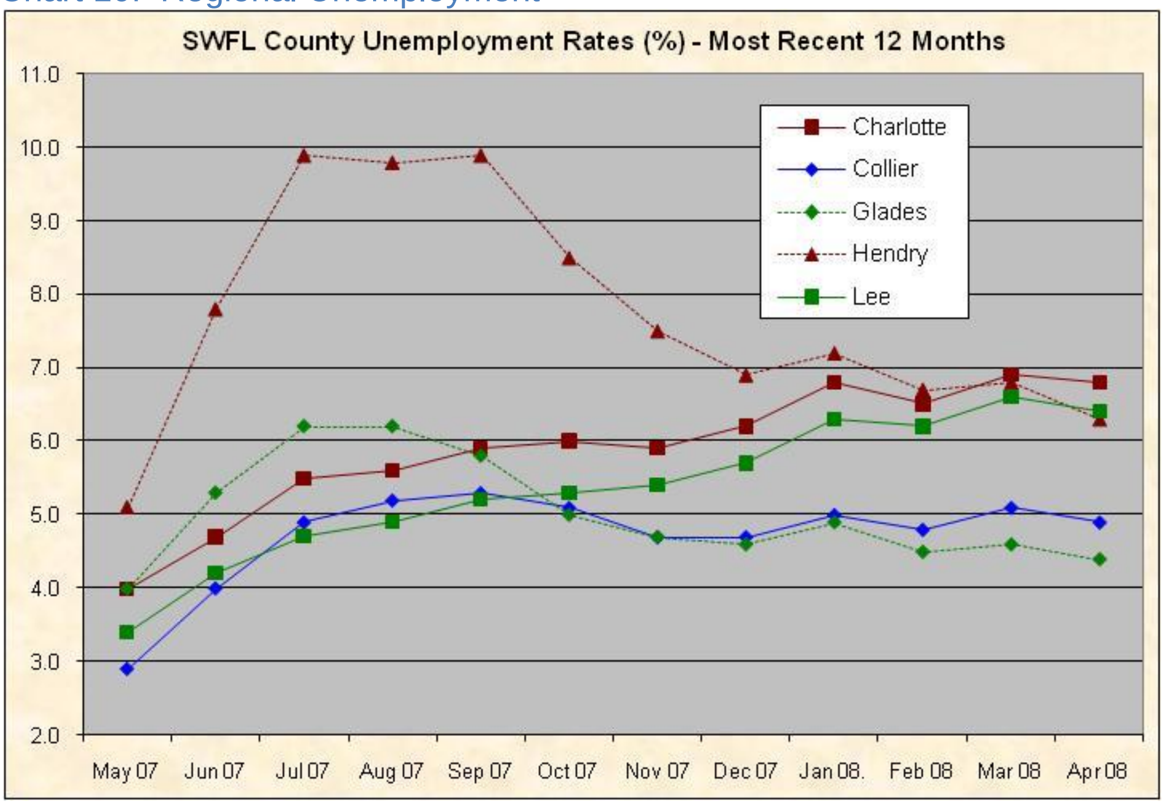


Source: Florida Department of Tax Research

## Workforce ¿Unemployment

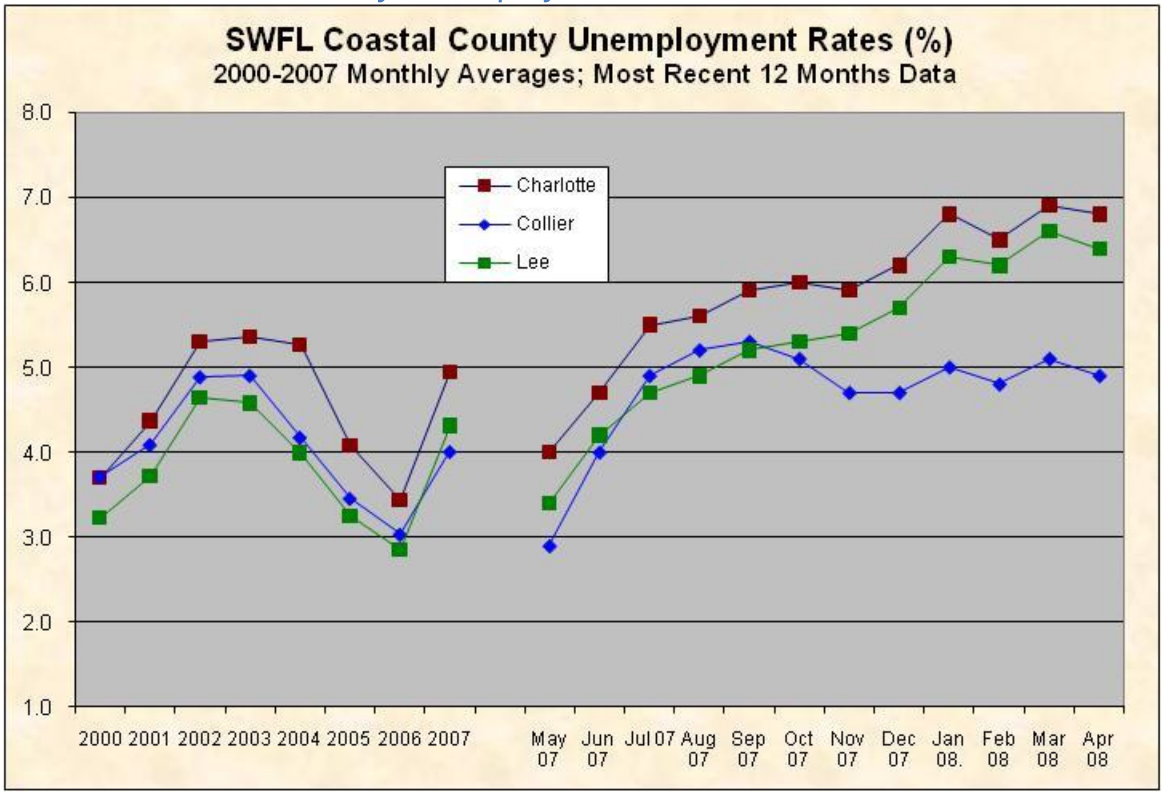
Slight reductions in unemployment were experienced in all regional counties during the month of April 2008 (see Chart 10). Charlotte County unemployment declined to 6.8 percent in April from 6.9 percent in March of 2008. Collier County unemployment declined to 4.9 percent in April from 5.1 percent in March 2008. Lee County unemployment declined to 6.4 percent in April 2008 from 6.6 percent in March 2008. Hendry County unemployment declined to 6.3 percent in April 2008 from 6.8 percent in March 2008. Glades County unemployment remained the lowest in the region with 4.4 percent in April 2008, down from 4.6 percent in March 2008. Charts 11 and 12 show unemployment rates for coastal and inland counties of our region and provide a historical perspective of unemployment rates from 2000 to 2007. The current unemployment rates across the region exceed the rates from this time last year and remain, with the exception of Glades and Collier Counties, above the national average which also declined from March (5.1 percent) to 5 percent in April. Economists consider rates in excess of 4.5 to 5 percent indicative of cyclical unemployment, or the unemployment associated with contraction within the economy. We need to see more data in the coming months before indicating if this is a trend in the regional economy.

### Chart 10: Regional Unemployment



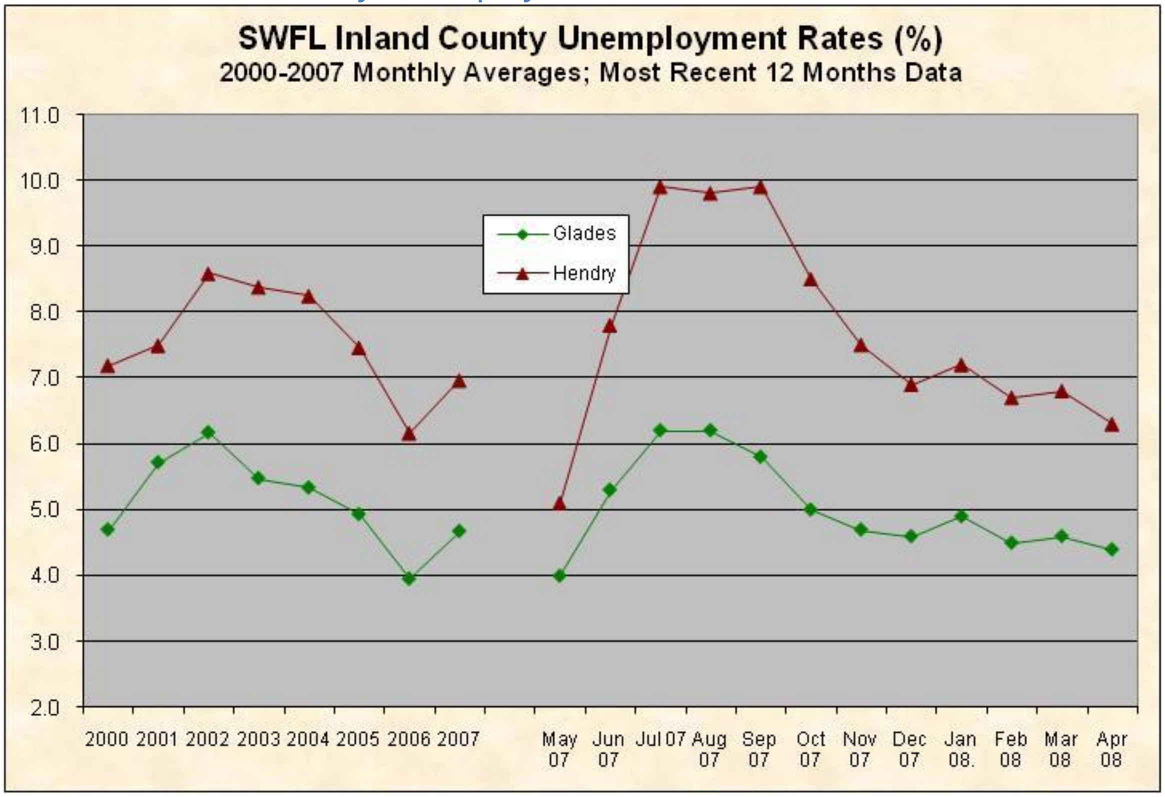

Source; AWI

## Chart 11: Coastal County Unemployment




Source AWI

### Chart 12: Inland County Unemployment

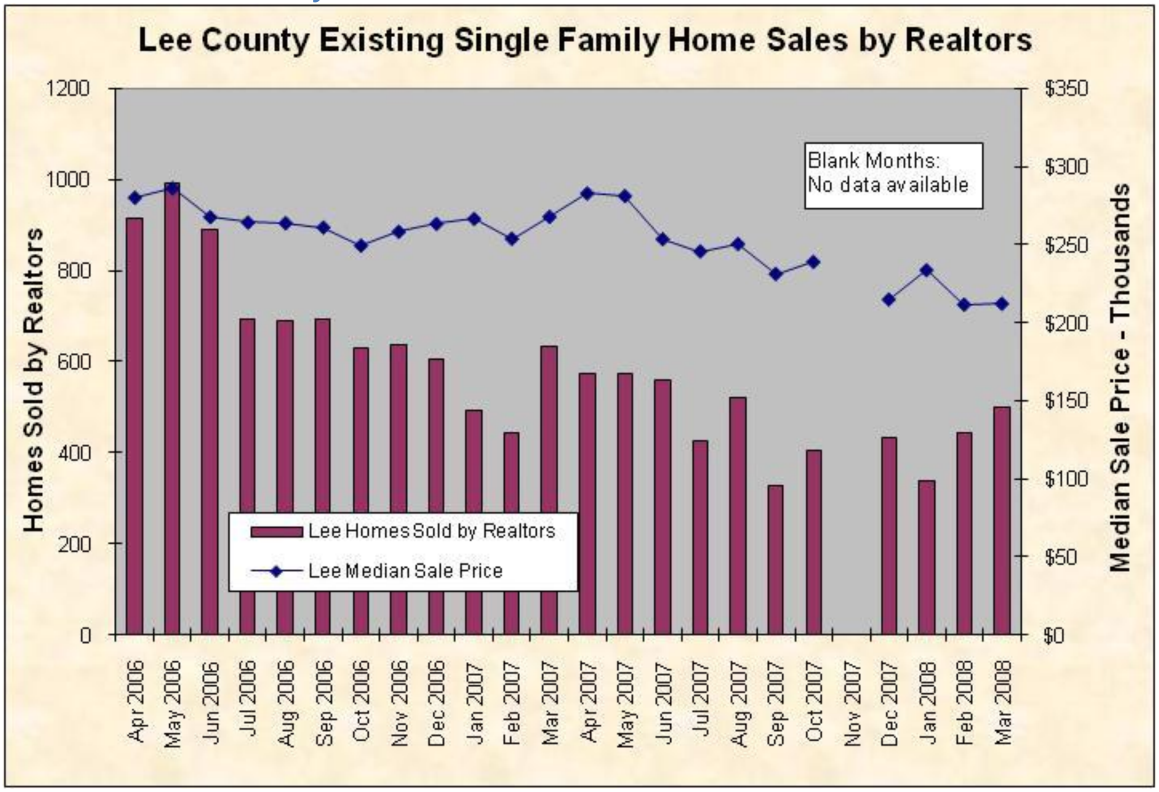



Source AWI

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

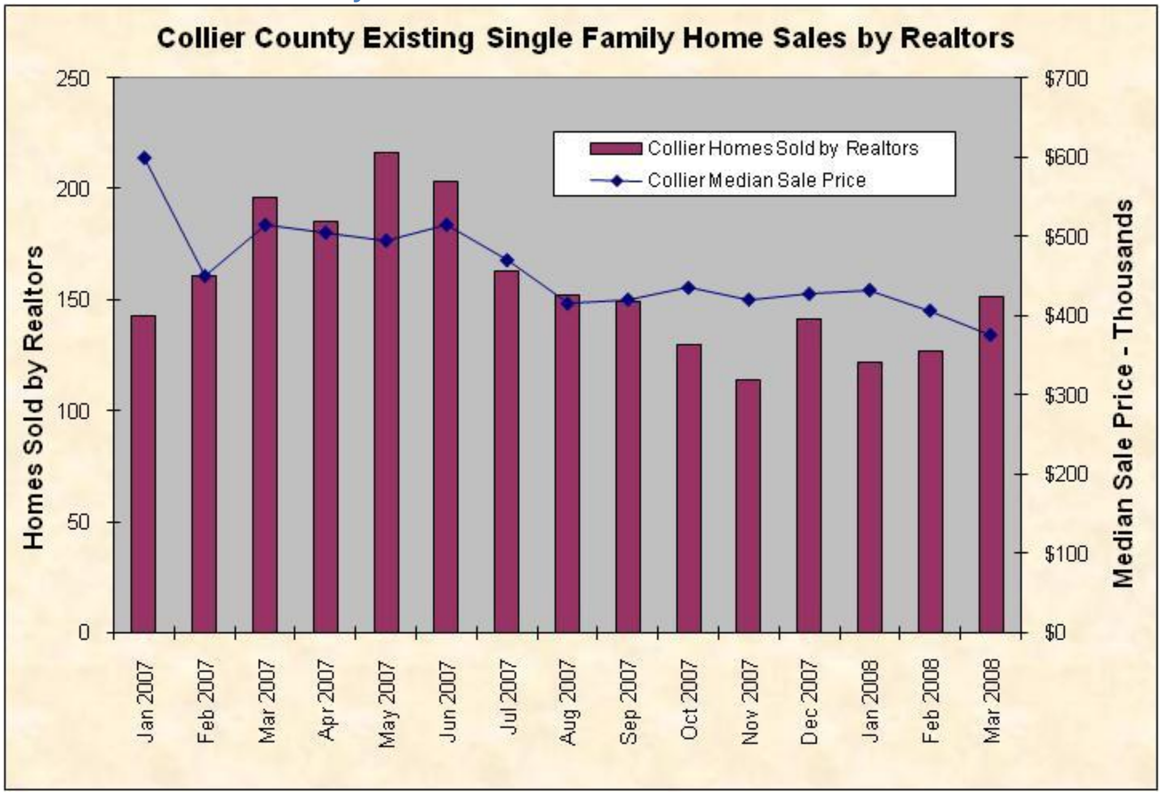
Charts 13 through 15 provide the latest data for Lee, Collier, and Charlotte counties. In March 2008 all counties saw an increase in the number of transactions. Lee County increased by 12% over the February figures to 501 sales with a median sale price of $212,500, largely unchanged from the median of February 2008. In Collier County, the number of sales increased 18% over February with the sale price declining to $375,000. Charlotte County saw an increase in number of sales by 33% and sale price inched higher to $152,200.

## Chart 13: Lee County



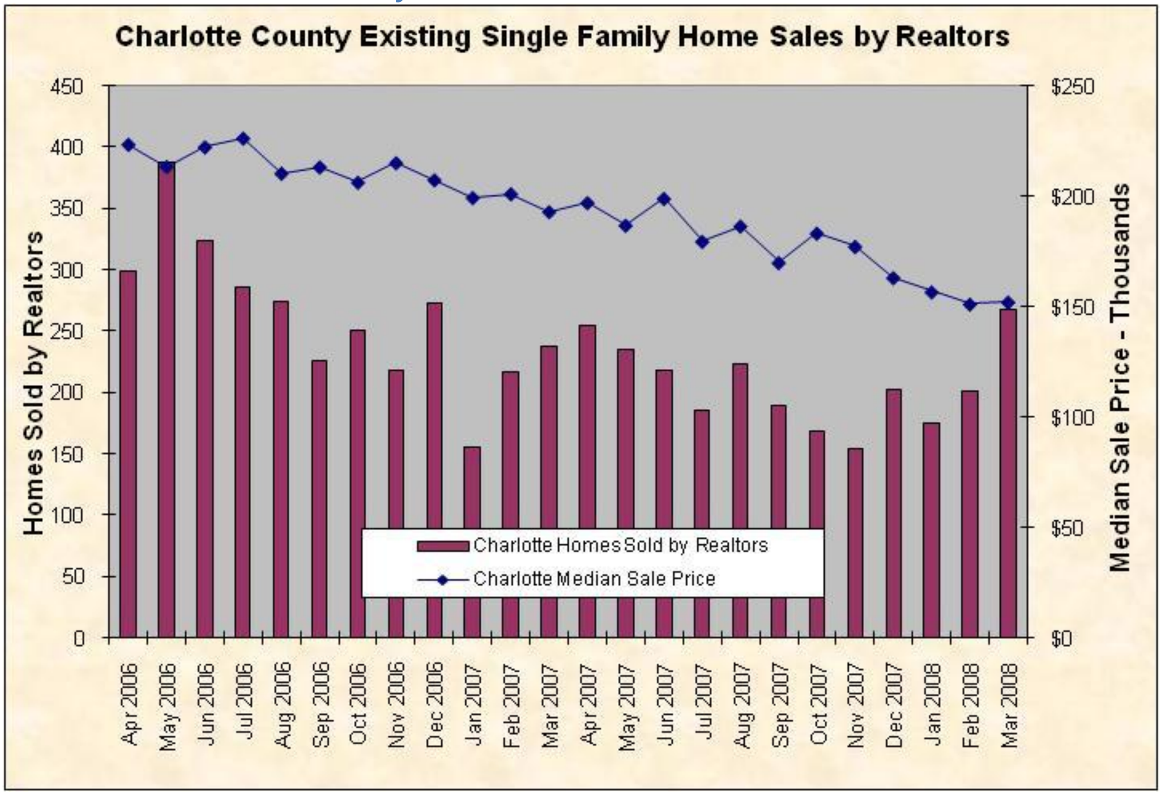

Source: Florida Association of Realtors ® Fort Myers ςCape Coral MSA http://media.living.net/statistics/statisticsfull.html

## Chart 14: Collier County




Source: Naples Area Board of Realtors ® (NABOR) www.naplesarea.com

## Chart 15: Charlotte County

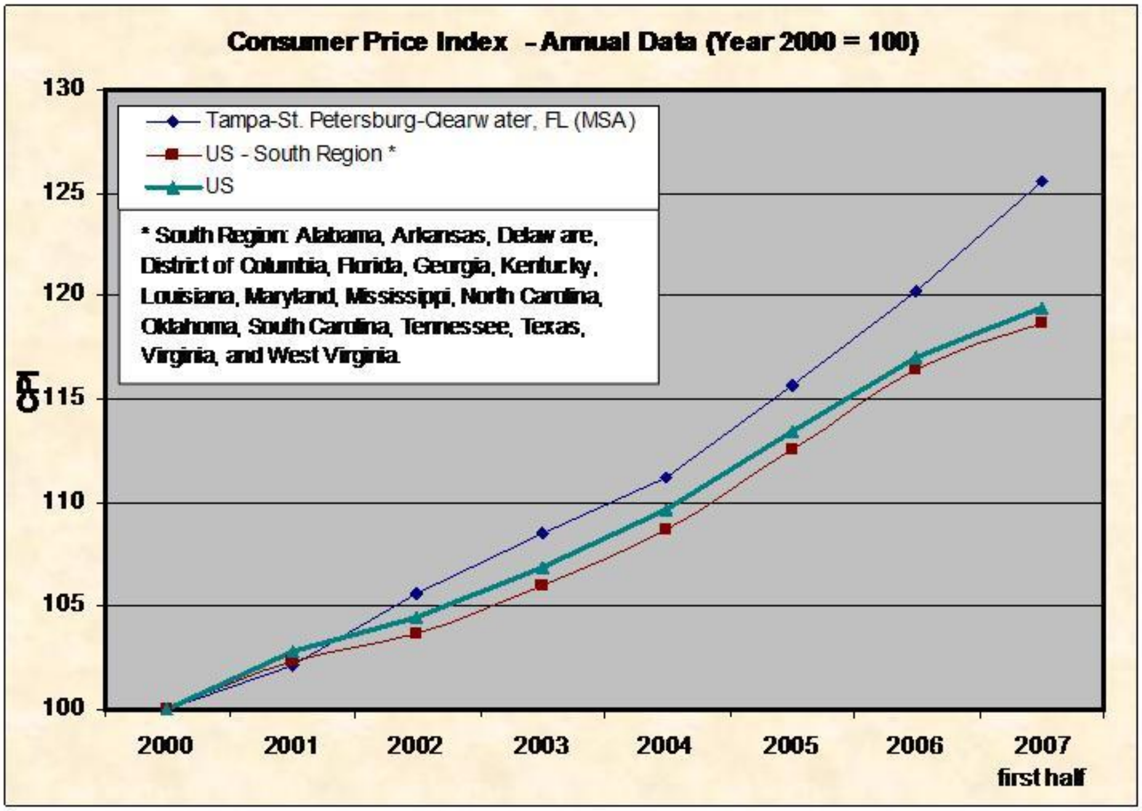



Source: Florida Association of Realtors ® Punta Gorda, Florida MSA http://media.living.net/statistics/statisticsfull.html

## 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 16 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 16: CPI




Source: BLS

## Population

A Florida Demographic Estimating Conference was held and the new official population forecasts were released in late August. Charts 17 and 18 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 17, Glades and Hendry Counties have had lower rates of population growth. Table 1 and Chart 19 show the new projected population increases for 2007 to 2030. Charts 20 through 22 provide the regional percentages of population by County for the years 1990, 2006, and 2030.

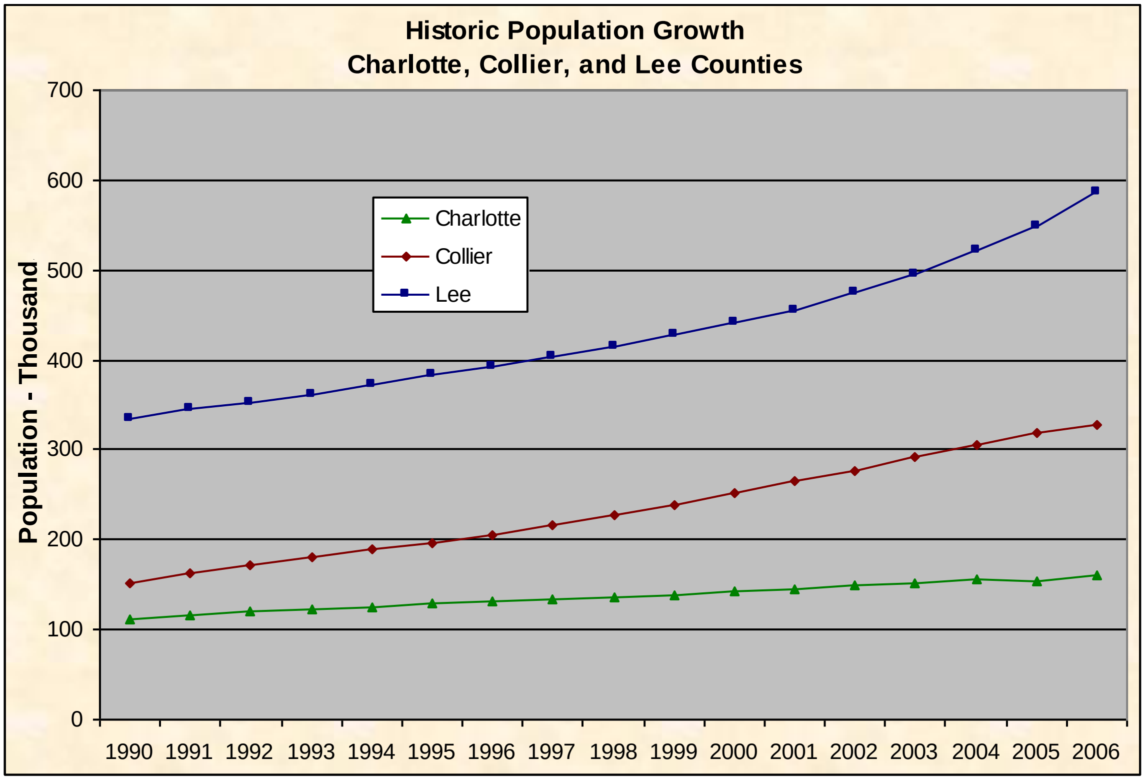
After evaluating the demographic data above, it is clear that we have experienced tremendous growth over the past 30 years and all signs point to the continued long-term growth of the area. Having said that, the growth will not be as large due to a number of factors such as:

ωBuild-out ςsuitable land for construction has become scarce
ωRestrictions ςbuilding codes and hurricane restrictions may limit the expansion of some areas
ωCosts ςboth the conversion of land and construction costs continue to escalate as well as insurance costs upon completion
ωClimate ςhurricane fears may limit demand to the area particularly in the period of increased

activity we appear to be in.

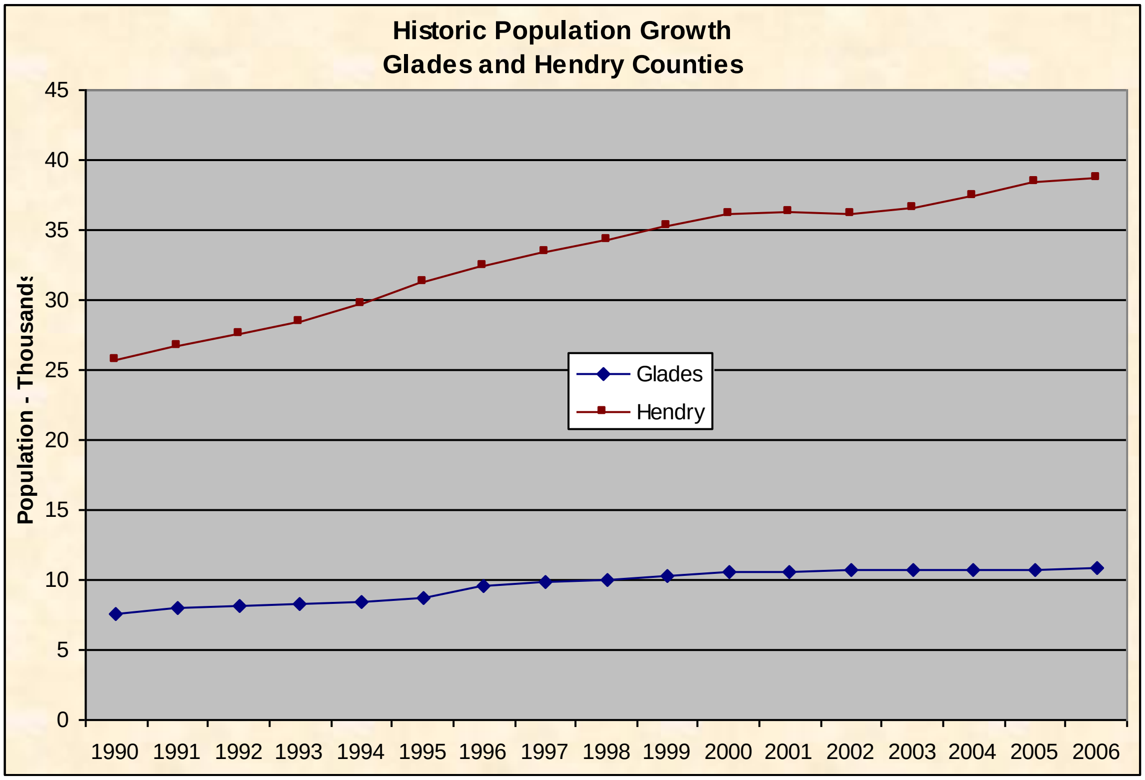
ωPopulation Treeças the population ages and the baby boomer population passes through the age of retirement there is a smaller cohort to follow.

## Chart 17: Coastal Counties




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

## Chart 18: Inland Count ies




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

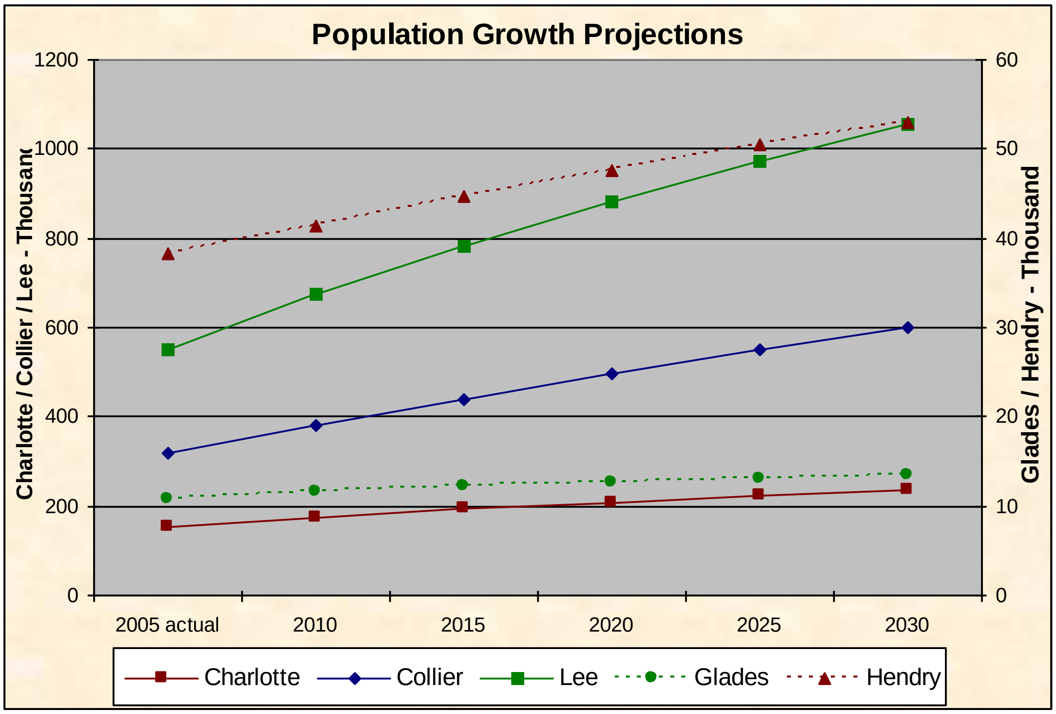
## Table 1

**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 |

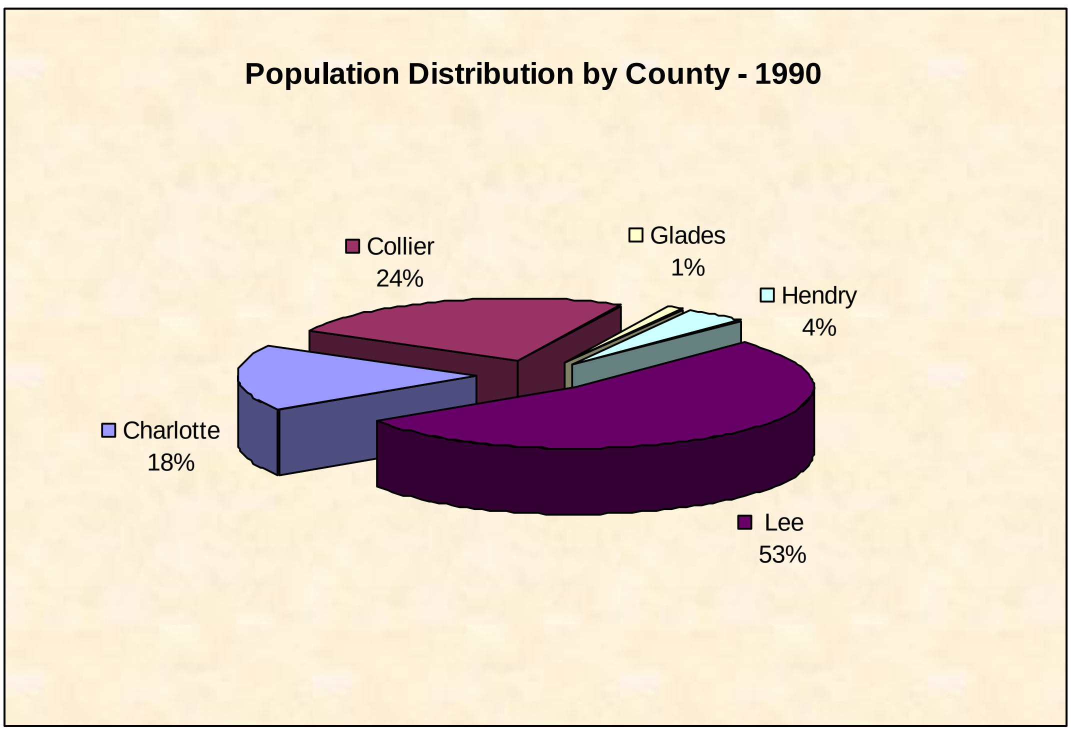
Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

## Chart 19: Population Projections



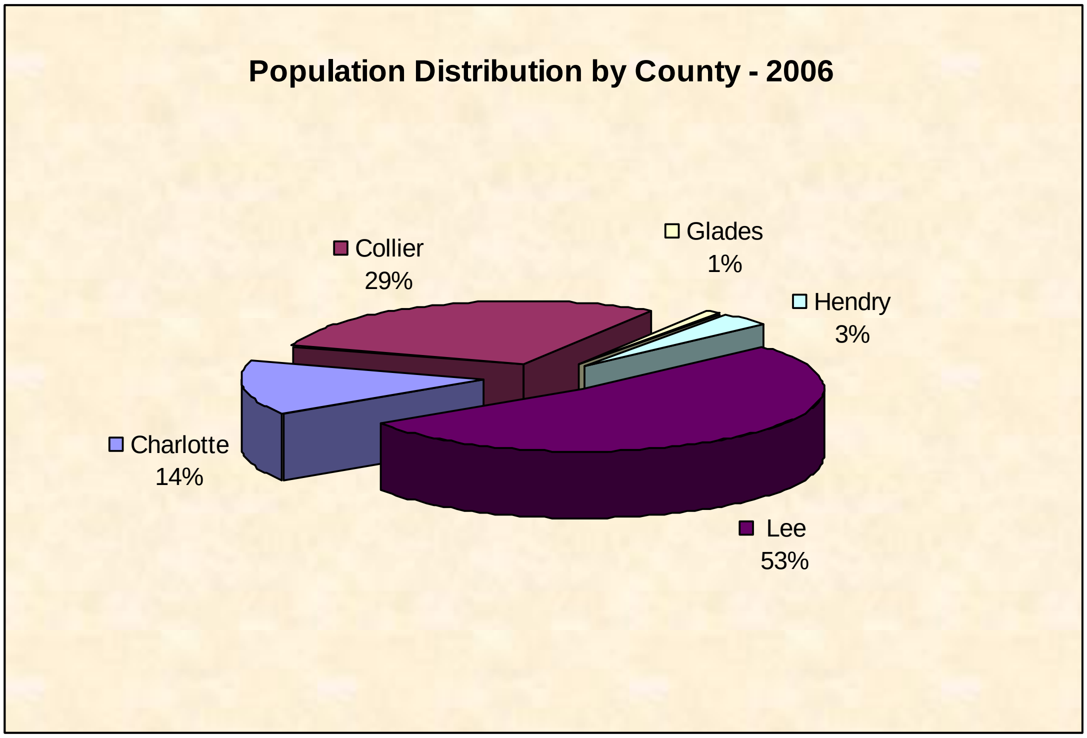

Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

## Chart 20: Population Distribution 1990



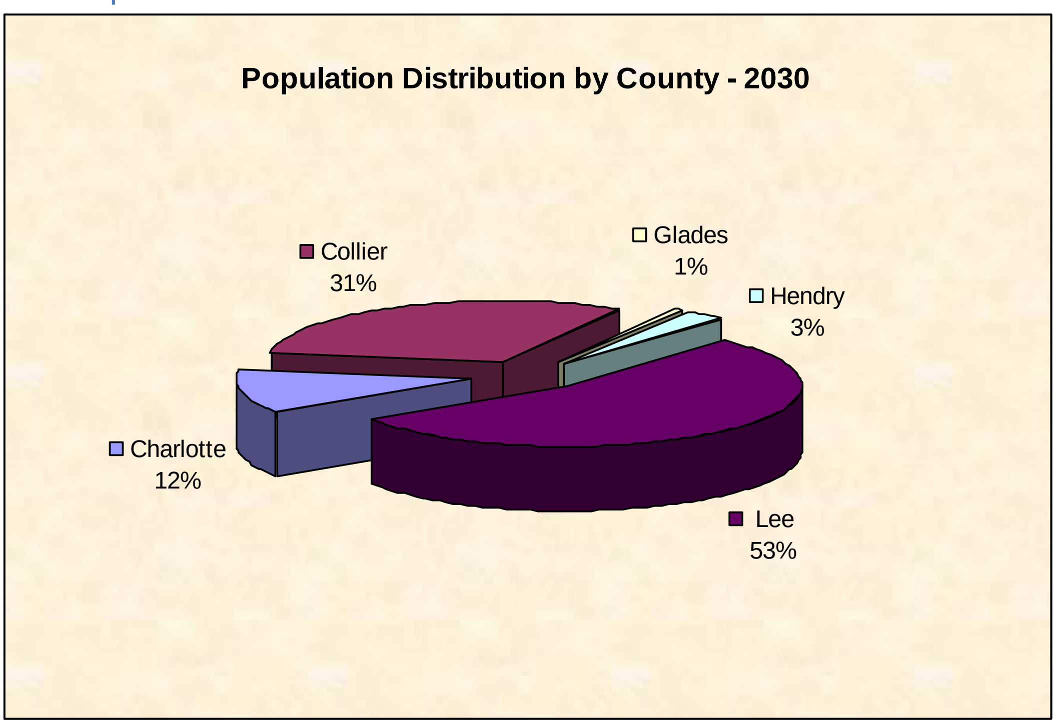

Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

## Chart 21: Population Distribution 2006




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

## Chart 22: Population Distribution 2030




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