

Southwest Florida Regional Economic Indicators

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Regional Economic
Research Institute

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Introduction

The Federal Reserve System Open Market Committee decided not to change interest rates at their meeting today. Inflation has become a much greater concern and the Fed Committee must weigh the need to keep inflation grounded against the desire to boost economic growth. The stimulus packages and the various interest rate cuts that have been taken since September of last year will continue to impact the economy over the next year and are cumulative. The next Fed Committee meeting is planned for August 5, 2008, and I do not expect any change in interest rates to be announced. It is likely that improvement in the overall economy and inflationary concerns will push the Fed Committee to begin raising interest rates late this year or early next year.

The Federal Reserve revised its economic projections in April reducing the expected level of GDP growth in 2008 and increasing the overall unemployment rate expected. The Fed Central Tendency forecast has 2008 real GDP growth between 0.3 and 1.2 percent and national unemployment between 5.5 and 5.7 percent.

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. Unemployment rates continue to increase in the region, reaching highs in Charlotte County of 7.4 percent and in Lee County to 7.1 percent, compared the national unemployment rate for March of 5.5

percent. Hendry County had the highest unemployment rate of 8.0 percent and Collier County had an unemployment rate of 5.7 percent. Glades County had the lowest unemployment rate of 5.3 percent. This slowdown in the regional economy reflects lower housing and construction, lower durable goods sales, reduced investment levels, tighter credit requirements, sub-prime loan issues, lower consumer confidence, and higher oil prices.

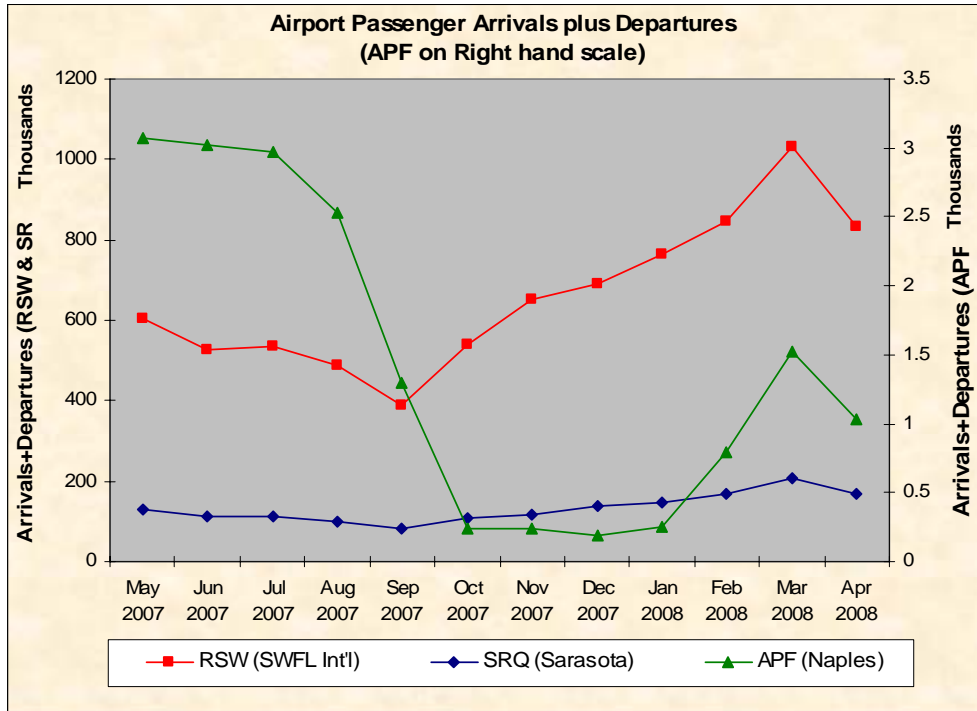
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report as a way to support its mission and assist the region. The Institute thanks its many partners for assistance in obtaining the data, including the Southwest Florida Regional Planning 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 1 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. Several airlines have announced plans to cut capacity and reduce scheduled flights due to higher fuel costs and the general slowdown in the economy. The reduction in flights and increases in overall costs are expected to impact our regional airports and their passenger activity.

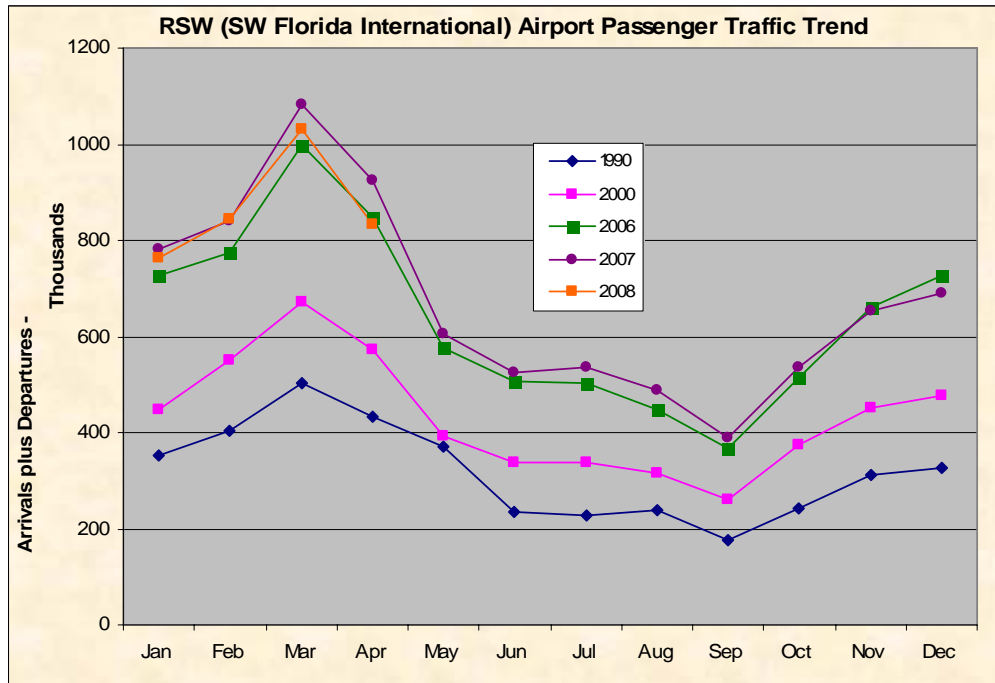
Regional Southwest Airport (RSW) located in Lee County is ranked as the 50th busiest airport in the nation. The 2008 passenger activity peaked in March at 1,030,151. This was expected as the economy enters the slower summer season. Passenger activity for Regional Southwest was 834,689 in April 2008, which was 9.8 percent lower than April 2007 and is a significant slowdown from the previous year, as shown in Chart 2. Sarasota (SRQ) passenger activity was 170,109 in April 2008 or approximately 1.5 percent lower than April 2007 as shown in Chart 3. Naples activity in April was 1,032, down from 1,525 in March of 2008.

Chart 1



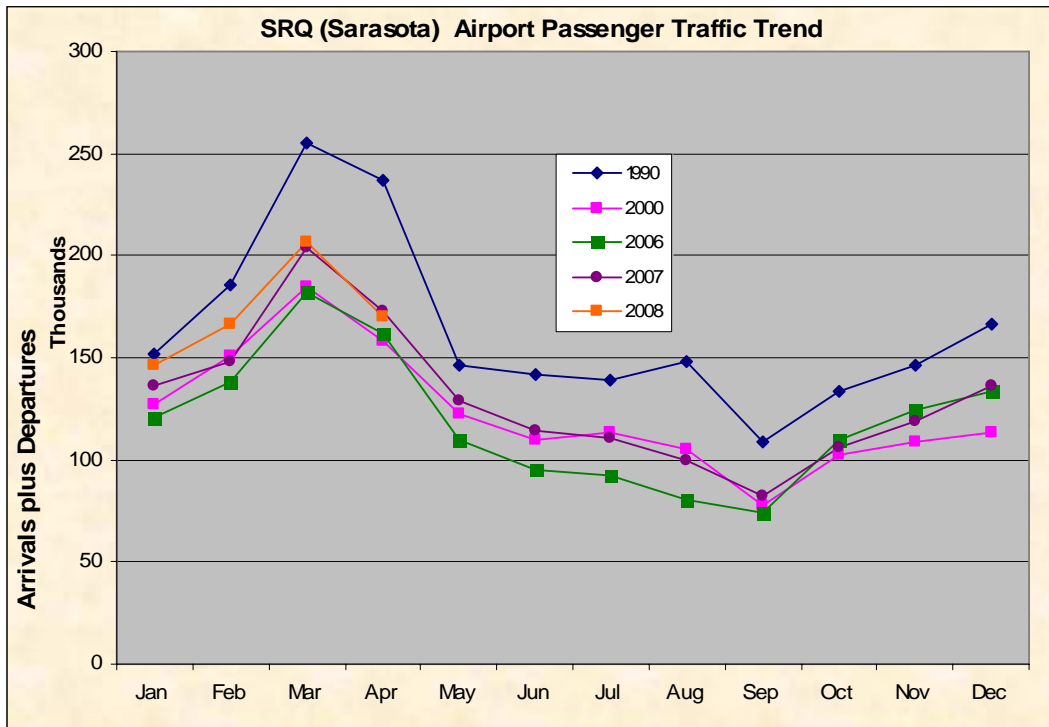
Source: Local Airport Authorities

Chart 2



Source: Local Airport Authorities

Chart 3

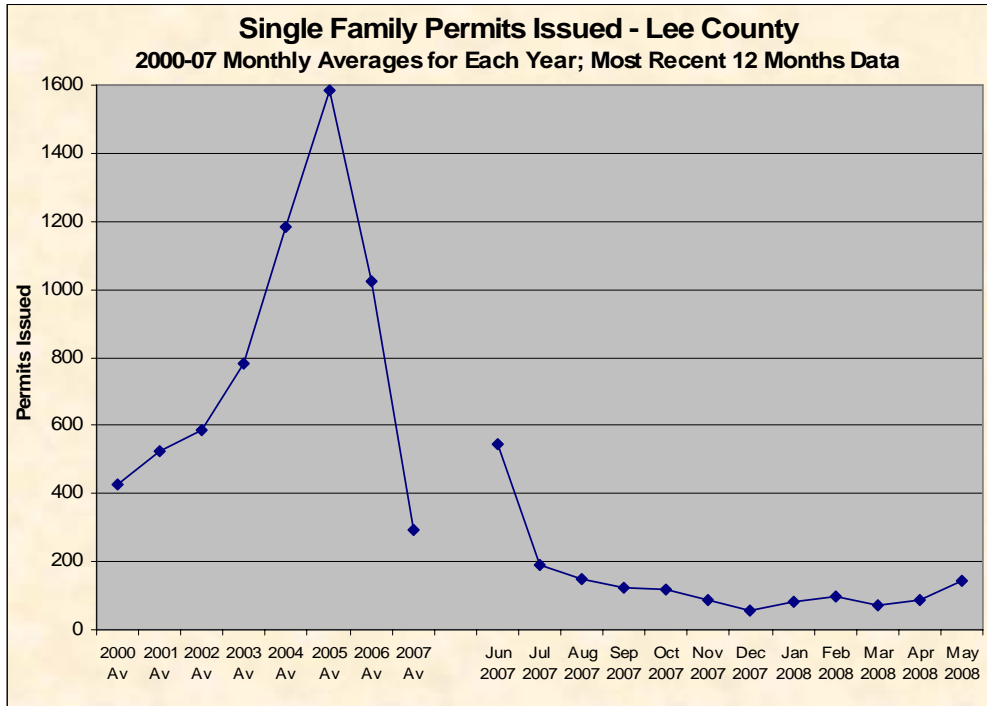


Source: Local Airport Authorities

Single-Family Building Permits

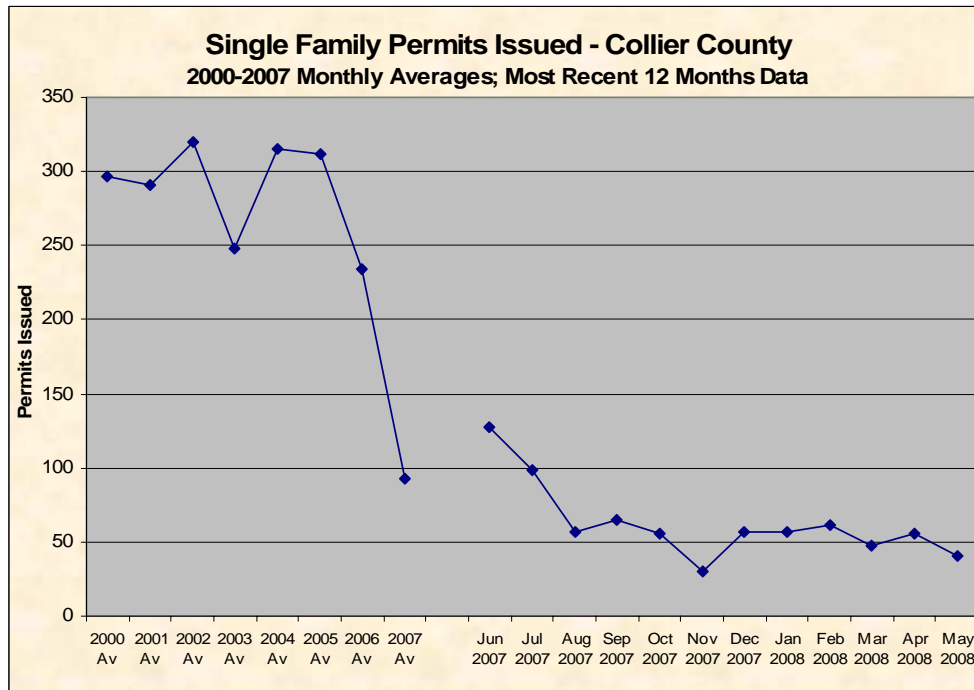
As expected, single-family building permits issued in April remained low. The number of single-family building permits in unincorporated Lee County rose, as illustrated in Chart 4, increasing to 144 for the month of May 2008 from 85 in the prior month. Single-family permits in Collier County fell from 56 in April to 40 in May 2008 as shown in Chart 5. Charlotte County single-family building permits continued to show low levels, dropping from 72 in April 2008 to 57 in May 2008, as shown in Chart 6.

Chart 4



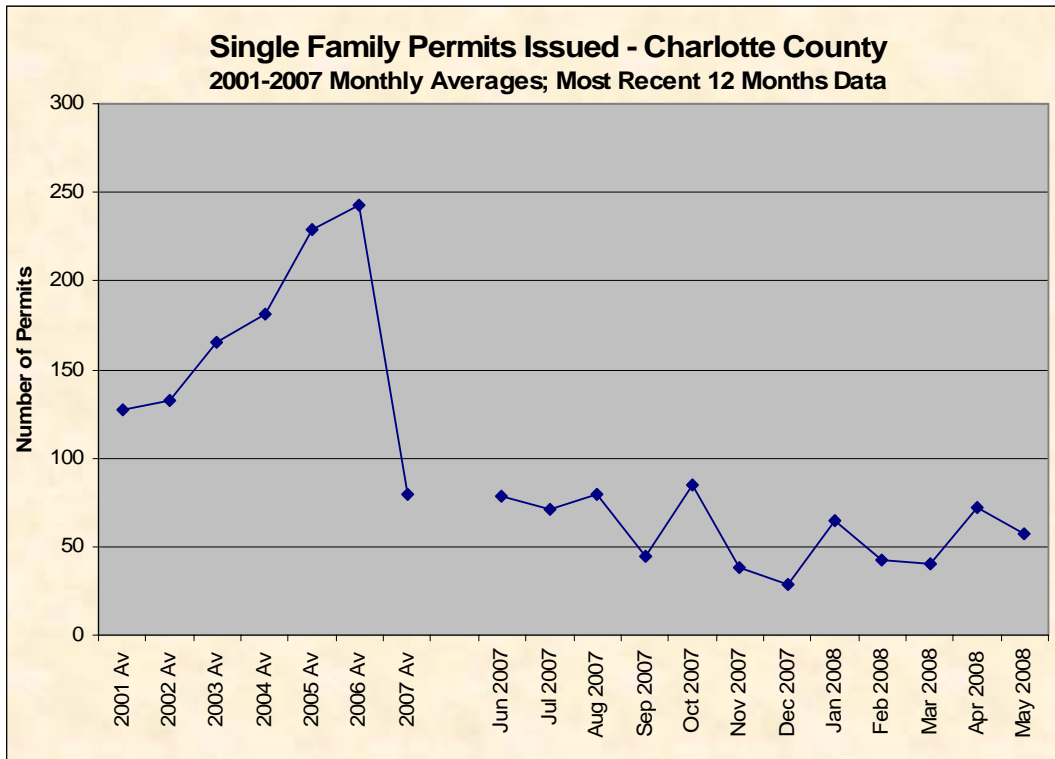
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and unincorporated Lee County Bonita Springs and Fort Myers Beach permits

Chart 5



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

Chart 6

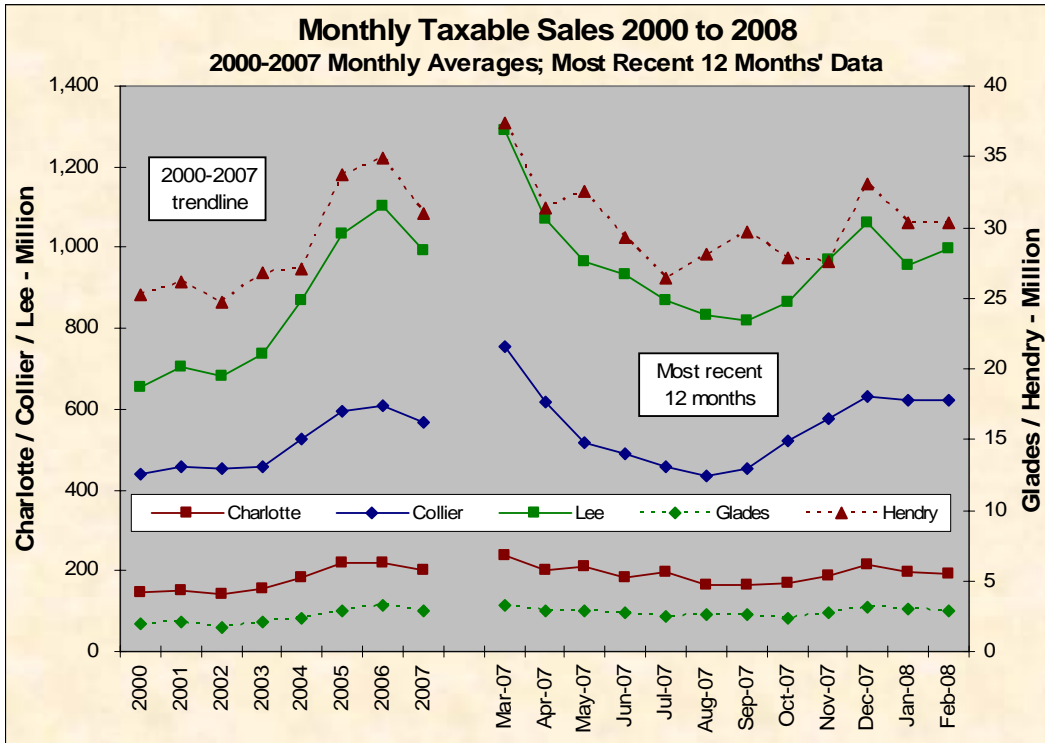


Source: Local Building and Zoning Departments; includes unincorporated Charlotte County permits only.

Taxable Sales

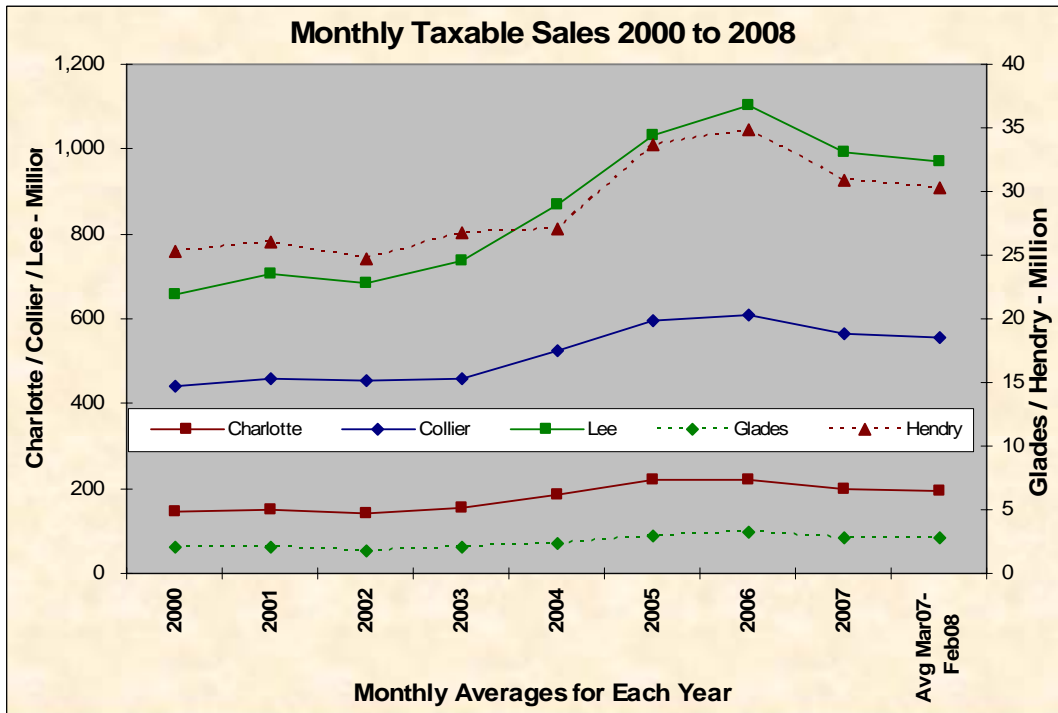
Taxable sales are reported by the Florida Department of Revenue. We have adjusted the taxable sales charts to show the month of collection instead of the reporting month that is issued by the Florida Department of Revenue. This makes February 2008 the latest collection month plotted on Charts 7 and 8. These figures are used to track consumer spending, and therefore are an important contributor to economic growth in the region. Taxable sales from February 2007 to February 2008 have declined 15.1 percent in Charlotte, 6.8 percent in Collier, 10.6 percent in Lee, 2.5 percent in Glades, and 5.7 percent in Hendry County. This indicates a significant reduction in consumption spending in our local economy. Chart 8 provides a comparison of taxable sales for the years 2000 to 2007, along with the average monthly taxable sales for the latest 12 months. Chart 9 shows the decline in taxable sales by month from the same month a year earlier for Lee County and shows that the reductions have grown larger starting in April of 2007.

Chart 7



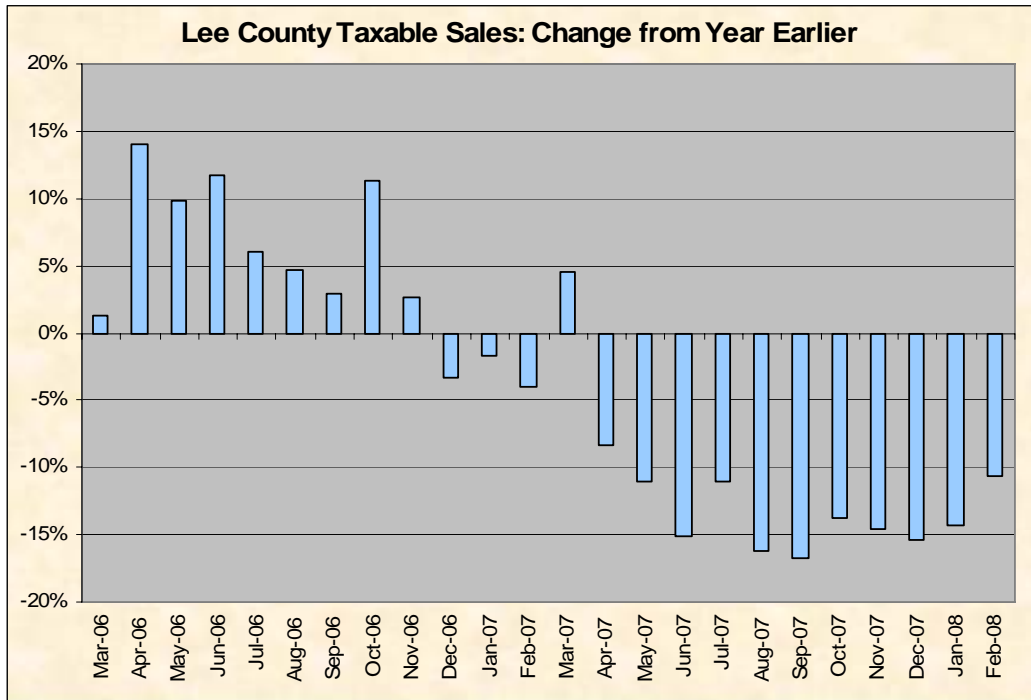
Source: Florida Department of Tax Research

Chart 8



Source: Florida Department of Tax Research

Chart 9

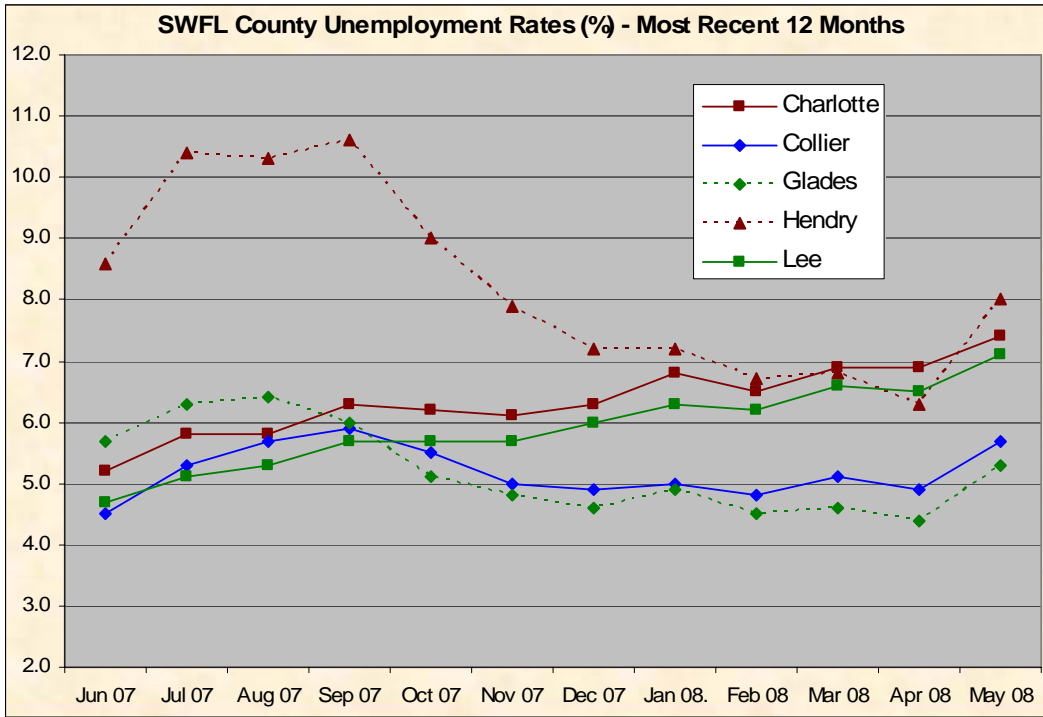


Source: Florida Department of Tax Research

Workforce – Unemployment

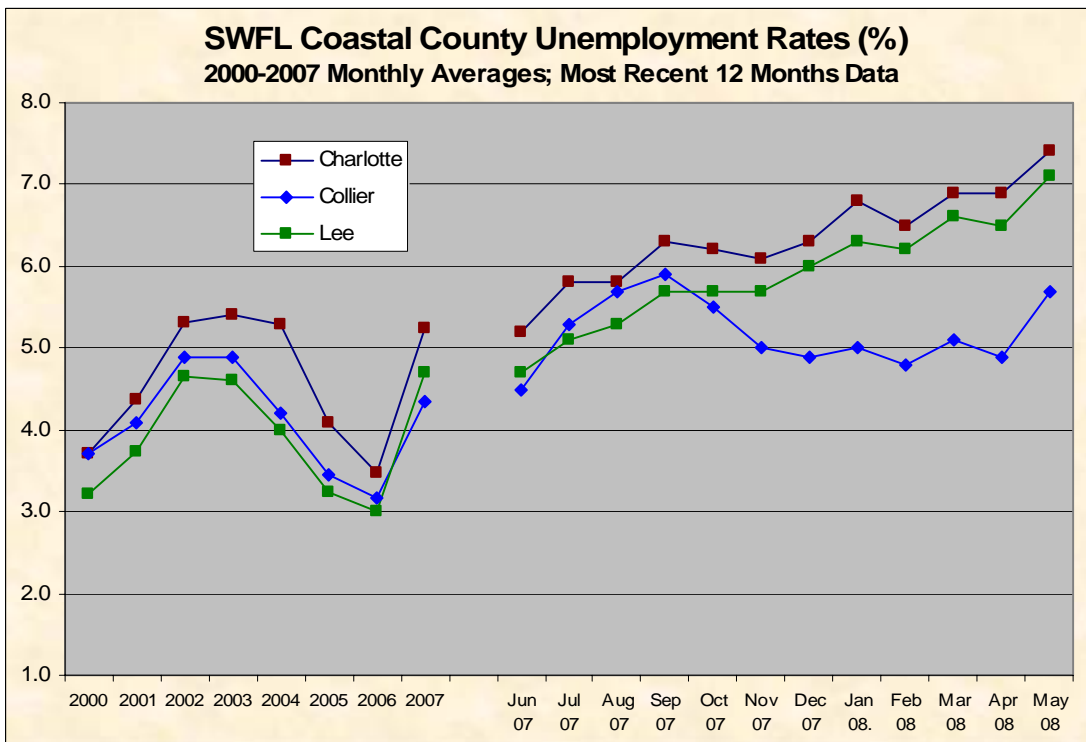
Unemployment rose significantly across the region in May of 2008 as shown in Chart 10. This was expected as the local economy enters the slower summer season at a time of slower national growth. The national unemployment rate rose to 5.5 percent in May from 5.0 percent in April. Charlotte County unemployment rose to 7.4 percent in May 2008 from 6.9 percent in April 2008. Collier County unemployment rose to 5.7 percent from 4.9 percent in April 2008. Lee County saw the unemployment rate increase from 6.5 percent in April to 7.1 percent in May 2008. Hendry County unemployment rose to 8.0 percent in May 2008 compared to 6.3 percent in April 2008. Glades County unemployment remained the lowest in the region with 5.3 percent in May 2008, up from 4.4 percent in April 2008. Charts 11 and 12 show the unemployment rates for the coastal and inland counties for our region and provide an historical perspective of unemployment rates from 2000 to 2007. Unemployment rates above 5.0 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends. Our region has been hit particularly hard due to the dependence on housing and construction in general.

Chart 10



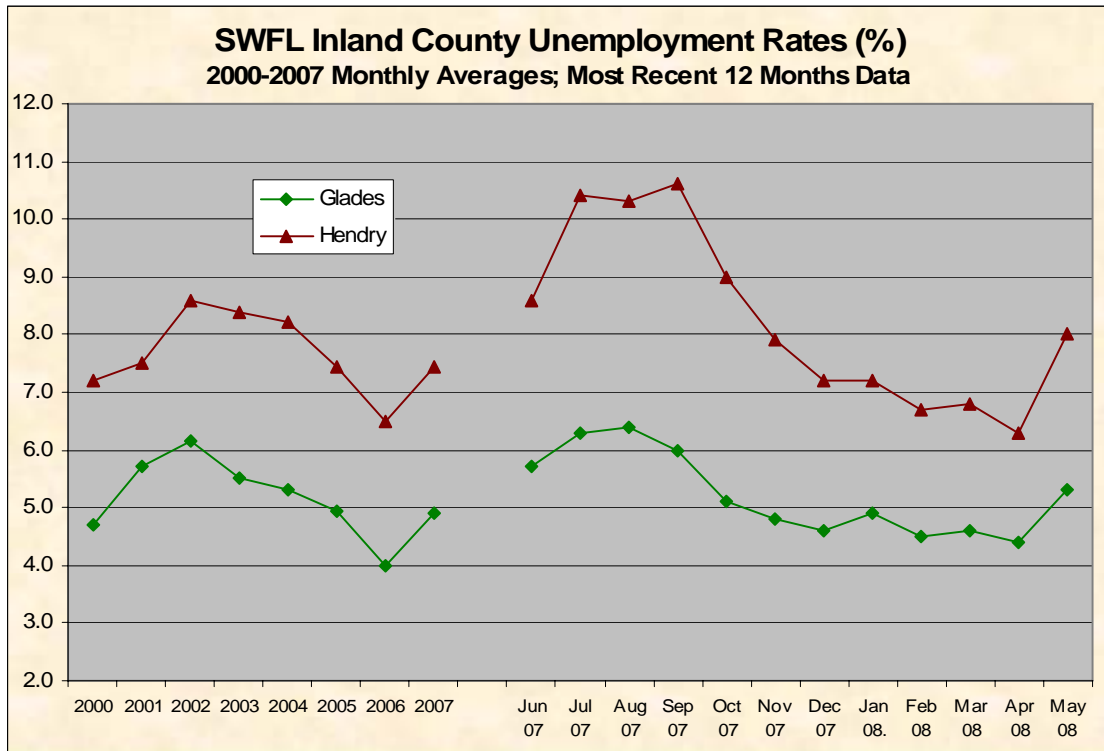
Source: AWI

Chart 11



Source: AWI

Chart 12

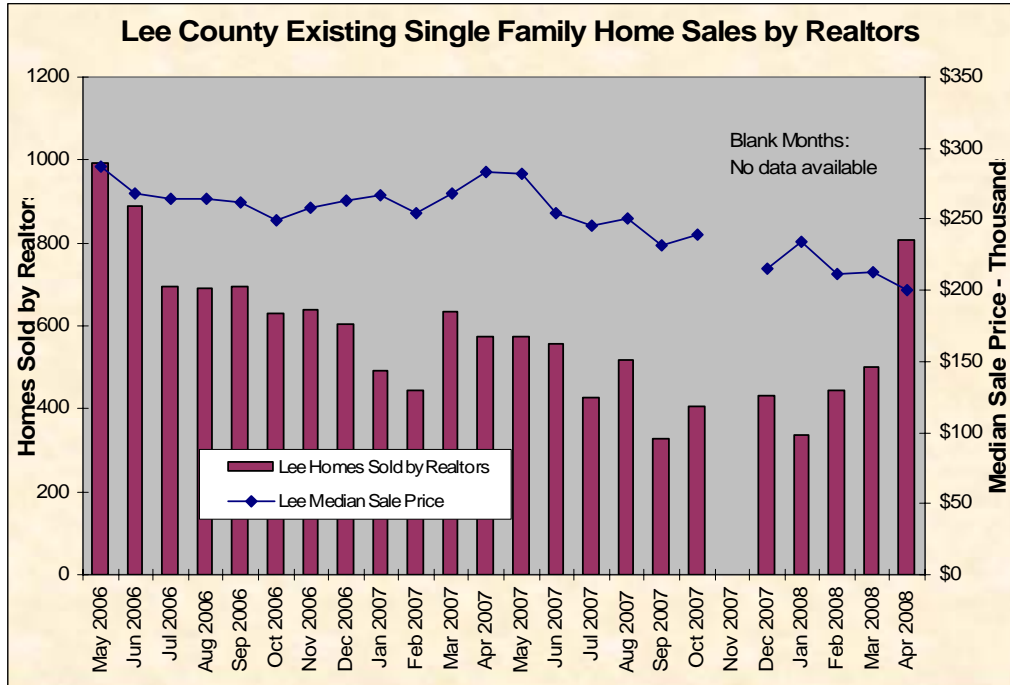


Source: AWI

Sales of Single-Family Existing Homes and Median Sales Price

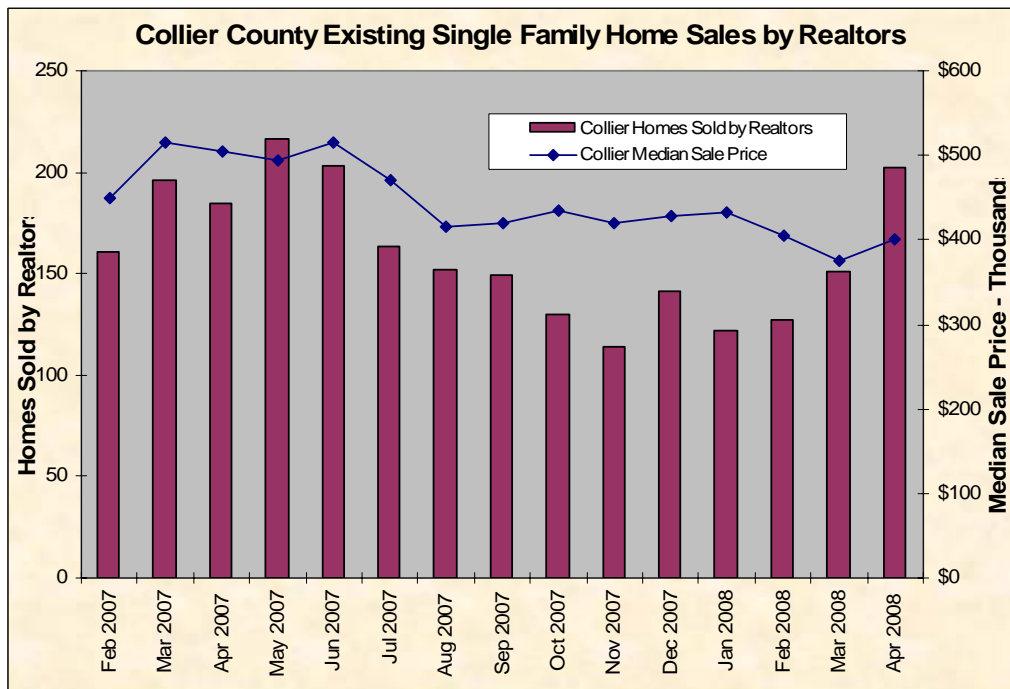
The number of existing single-family homes sold increased in Lee and Collier Counties. Lee County saw the number of existing home sales increase from 501 in March to 809 in April and the median sales price decline to \$200,300 as shown in Chart 13. Collier County saw an increase of existing home sales from 151 in March to 202 in April 2008. The Collier median price rose slightly from \$375,000 to \$400,000 as shown in Chart 14. Charlotte County reported the same number of existing home sales for March and April of 268 as shown in Chart 15. The median existing home price fell from \$152,200 to \$143,400 in April of 2008.

Chart 13



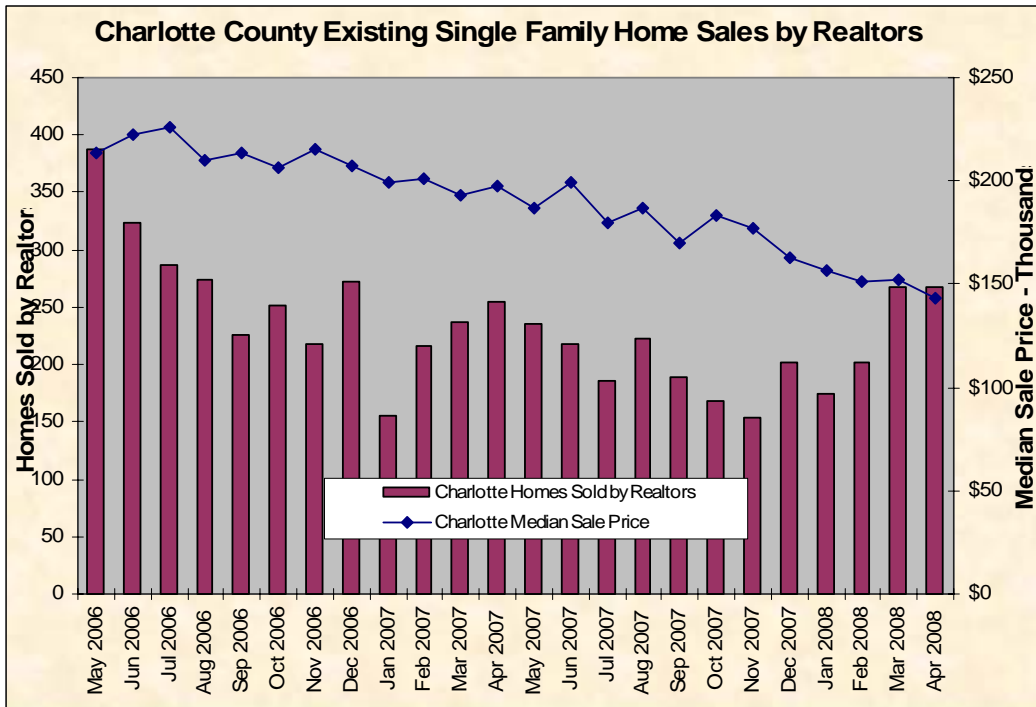
Source: Florida Association of Realtors®, Fort Myers-Cape Coral MSA, <http://media.living.net/statistics/statisticsfull.htm>

Chart 14



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

Chart 15

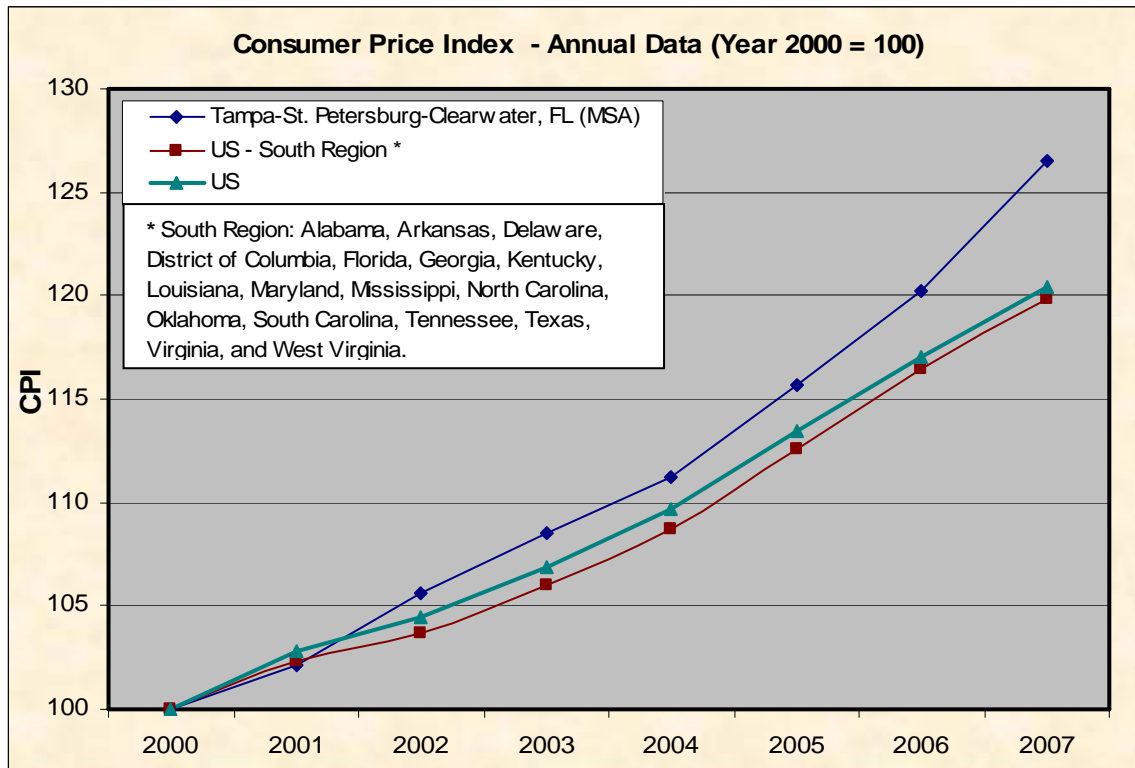


Source: Florida Association of Realtors®, Punta Gorda, Florida MSA, <http://media.living.net/statistics/statisticsfull.htm>

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 2007. Secondly, the Tampa/St. Petersburg consumer prices have increased at a faster rate than the nation.

Chart 16



Source: BLS

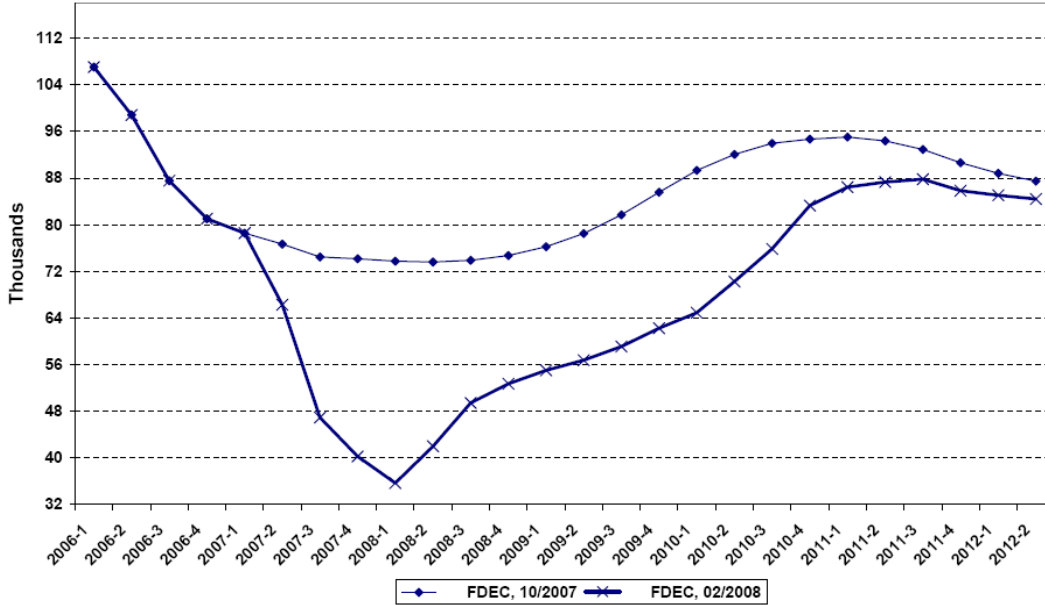
Population

A Florida Demographic Estimating Conference was held on February 18, 2008, by Florida's Office of Economic & Demographic Research to revise the Florida Population Forecast in light of the current economic slowdown. Lower county level population forecasts are expected to be available in July 2008. Chart 17 shows the revised net change in residential population for Florida.

Charts 18 and 19 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 19, Glades and Hendry Counties have had lower rates of population growth. Table 1 and Chart 20 show the projected population increases for 2007 to 2030. Charts 21 through 23 provide the regional percentages of population by County for the years 1990, 2006, and 2030.

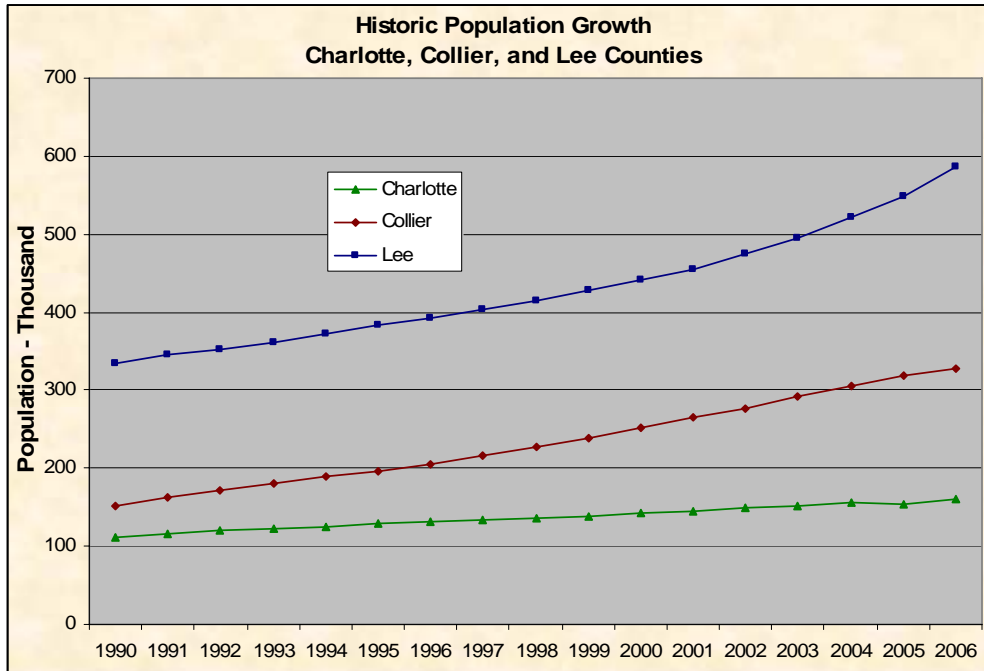
Chart 17

Net Change In Florida Resident Population



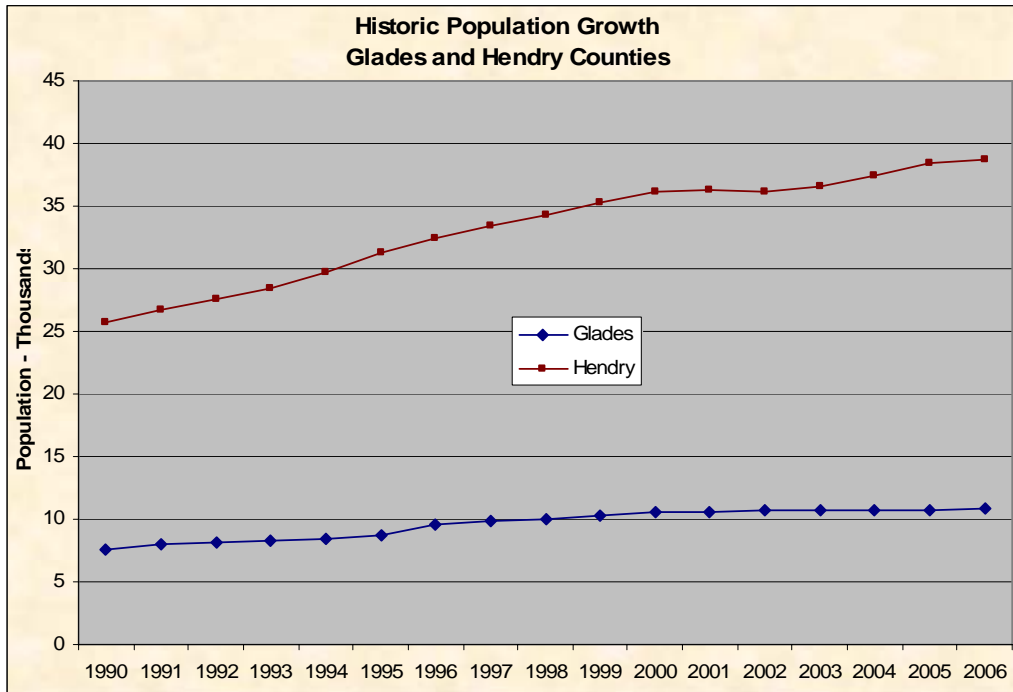
Source: Office of Economic & Demographic Research, Florida Demographics Estimating Conference, February 18, 2008, http://edr.state.fl.us/conferences/population/FDEC0802_Charts.pdf

Chart 18



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

Chart 19



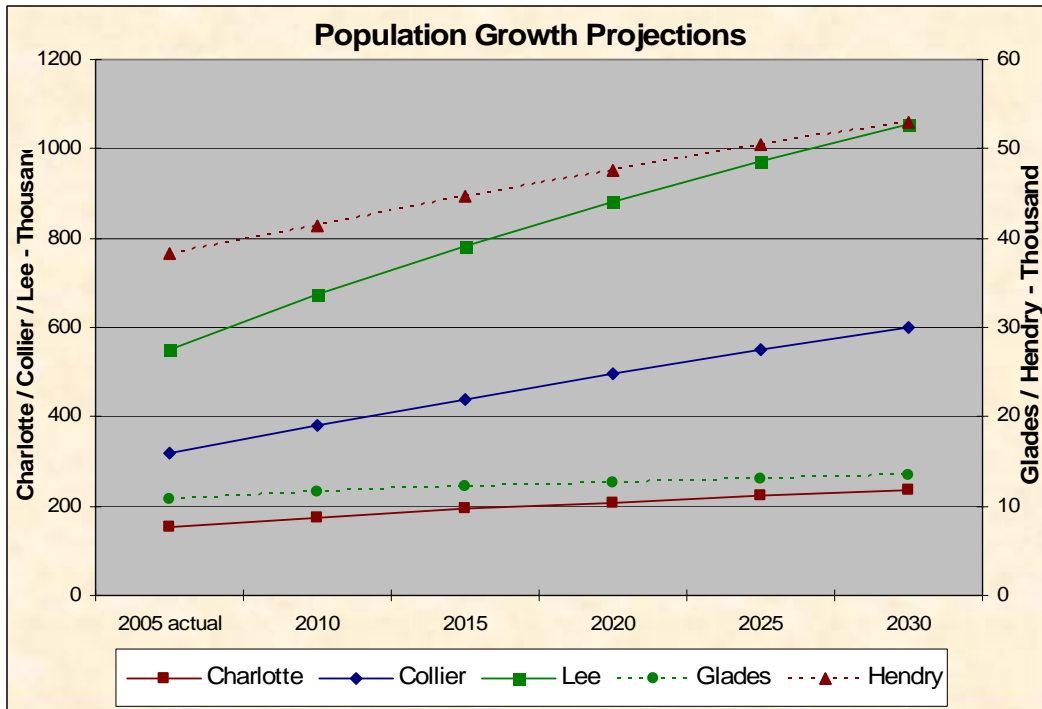
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

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 |

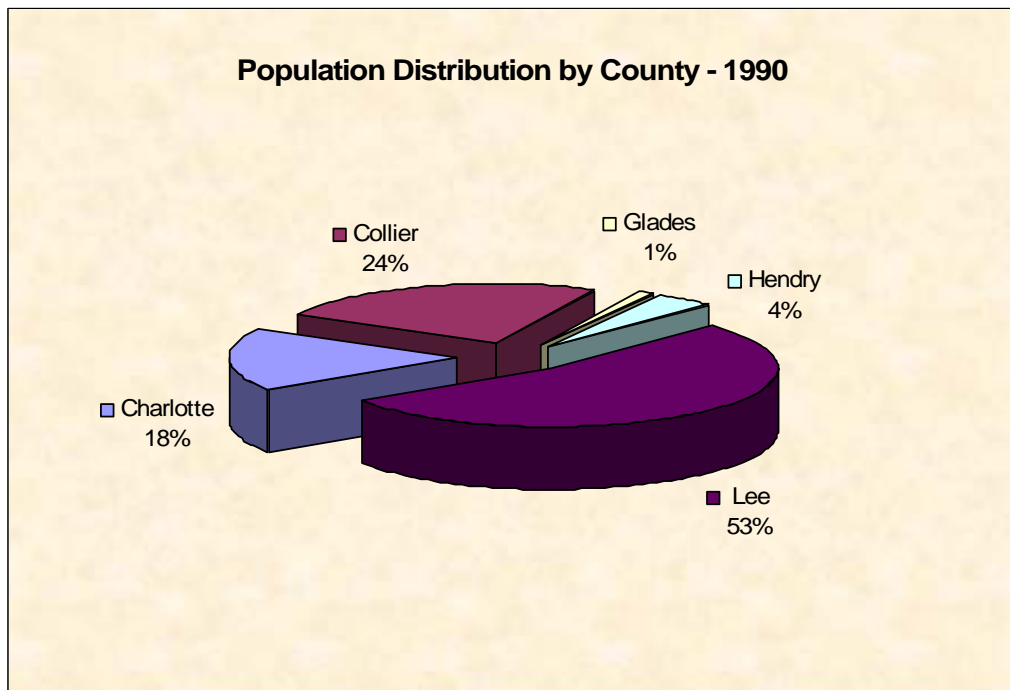
Source: Florida EDR: Demographic Estimating conference Database, Updated August 2007.

Chart 20



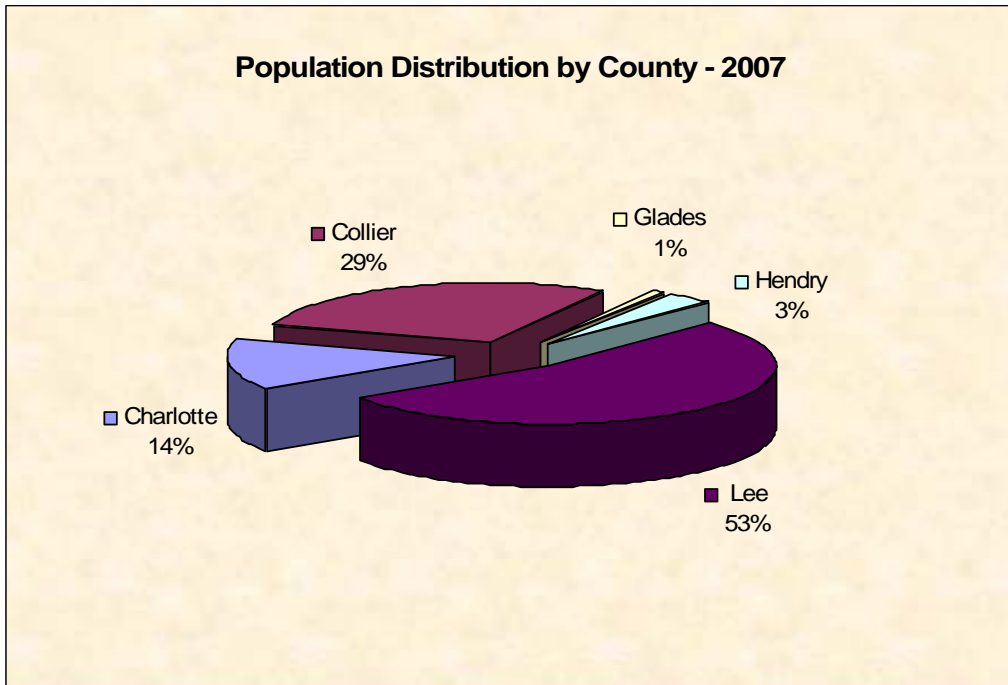
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

Chart 21



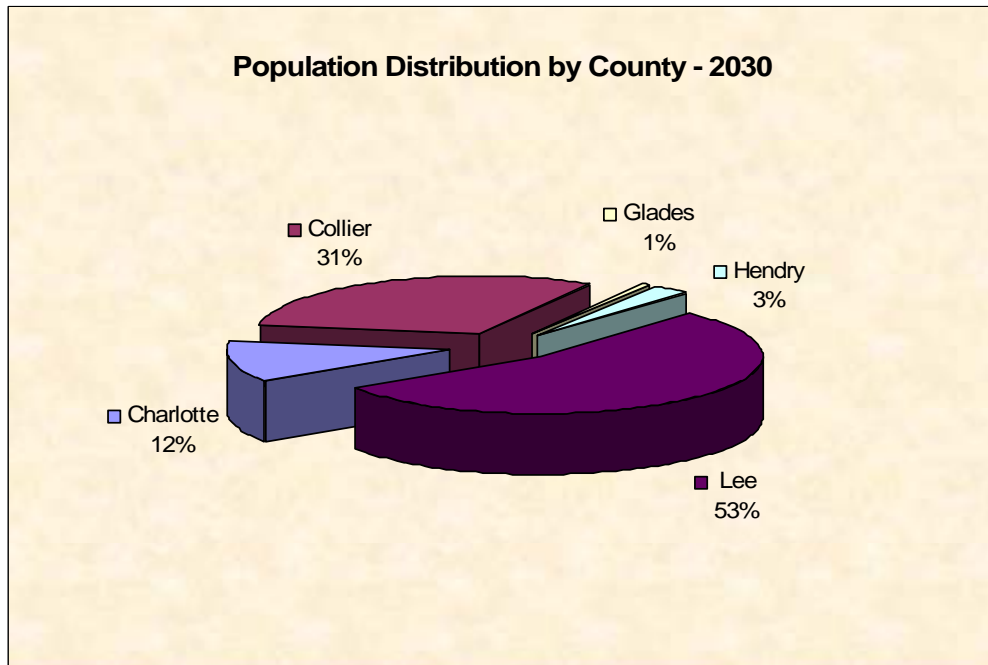
Source: Florida EDR: Demographic Estimating Conference Database, Updated August 2007.

Chart 22



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

Chart 23



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