

Southwest Florida Regional Economic Indicators

January 2009



Regional Economic Research Institute

Lutgert College Of Business
Phone 239-590-7319
Florida Gulf Coast University
10501 FGCU Blvd. South
Fort Myers, FL 33965

Table of Contents

- Table of Contents..... 2
- Airport Activity..... 4
 - Chart 1: Regional Airport Arrivals and Departures 4
 - Chart 2: RSW Traffic Trend..... 5
 - Chart 3: Sarasota Airport Traffic Trend..... 5
- Single-Family Building Permits..... 6
 - Chart 4: Lee County..... 6
 - Chart 5: Collier County 7
 - Chart 6: Charlotte County 7
- Taxable Sales..... 8
 - Chart 7: Taxable Sales by County..... 8
 - Chart 8: Lee County Taxable Sales - Change from a Year Earlier 9
 - Chart 9: Collier County Taxable Sales - Change from a Year Earlier 9
 - Chart 10: Charlotte County Taxable Sales - Change from a Year Earlier 10
- Workforce – Unemployment 10
 - Chart 11: Regional Unemployment..... 11
 - Chart 12: Coastal County Unemployment 11
 - Chart 13: Inland County Unemployment..... 12
- Sales of Single–Family Existing Homes and Median Sales Price 12
 - Chart 14: Lee County..... 13
 - Chart 15: Collier County..... 13
 - Chart 16: Charlotte County 14
- Consumer Price Index 14
 - Chart 17: CPI Annual Percentage Change 15
- Population..... 15
 - Chart 18: Coastal Counties Growth 1990 to 2008 16
 - Chart 19: Inland County Growth 1990 to 2008..... 16
 - Table 1: Projections by County 17
 - Chart 20: Projections by County 17
 - Chart 21: Population Distribution 1990 18
 - Chart 22: Population Distribution 2008 18
 - Chart 23: Population Distribution 2030 19

Contact List:

Dr. Gary Jackson, Director, Regional Economic Research Institute
Phone: 239-590-7317 Email: gjackson@fgcu.edu

Ms. Carol Sweeney, Economist, Regional Economic Research Institute
Phone: 239-590-7327 Email: csweeney@fgcu.edu

Mr. Jim Breitbach, Technical Support

Introduction

Current economic conditions are expected to worsen before they improve. The Federal Reserve Open Market Committee met on January 27-28, 2008 and offered the following statement:

"Information received since the Committee met in December suggests that the economy has weakened further. Industrial production, housing starts, and employment have continued to decline steeply, as consumers and businesses have cut back spending. Furthermore, global demand appears to be slowing significantly. Conditions in some financial markets have improved, in part reflecting government efforts to provide liquidity and strengthen financial institutions; nevertheless, credit conditions for households and firms remain extremely tight. The Committee anticipates that a gradual recovery in economic activity will begin later this year, but the downside risks to that outlook are significant."

The Federal Reserve's December 15 -16, 2008 meeting minutes indicated that the staff sharply revised downward its outlook for economic activity in 2009 but continued to project a moderate recovery in 2010. The next meeting of the Federal Reserve Open Market Committee is scheduled for March 17, 2009.

Current debate in Congress concerns an \$825 billion stimulus bill with about \$500 billion in additional government spending and about \$300 billion in tax cuts. It will be months before any of these policy changes impact the overall economy. Tomorrow, January 30th, the Bureau of Economic Analysis (BEA) will be releasing the advance estimate of fourth quarter GDP, which is expected to be negative.

Our regional economic indicator charts are showing the impact of the slowdown in the local economy in the form of lower retail sales, high unemployment rates, lower levels of airport passenger traffic, low permitting levels, and lower inflation rates. The influx of seasonal residents and visitors is helping to give a boost to the local economy but the slowdown of the national economy is impacting our area as well. The slowdown in the global economy and lower oil prices reduced inflation to a more acceptable level allowing the Federal Reserve System to be proactive in stimulating the economy.

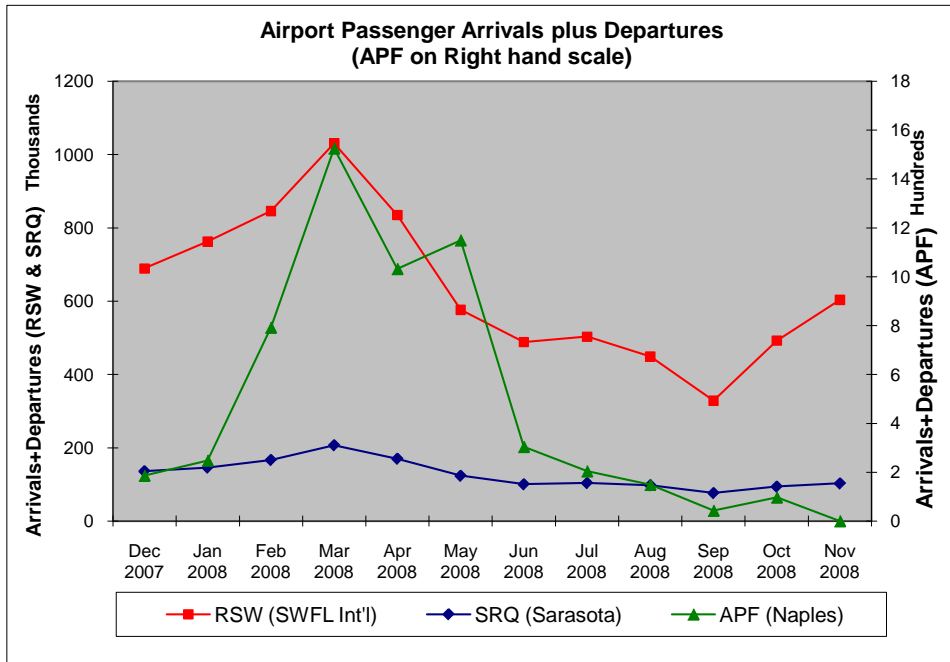
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report as a way to support its mission and assist the region. We revised our inflation chart and are currently reviewing data and charts on regional tourist and foreclosure activity. The Institute 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 and is shown for Regional Southwest Florida, Sarasota and Naples airports in chart 1. Passenger numbers for Regional Southwest Florida (RSW) and Sarasota (SRQ) are shown on the left vertical axis and the numbers for Naples airport (APF) 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 of June to September. Charts 2 and 3 illustrate the monthly seasonality of airport passenger traffic and the changes from year to year.

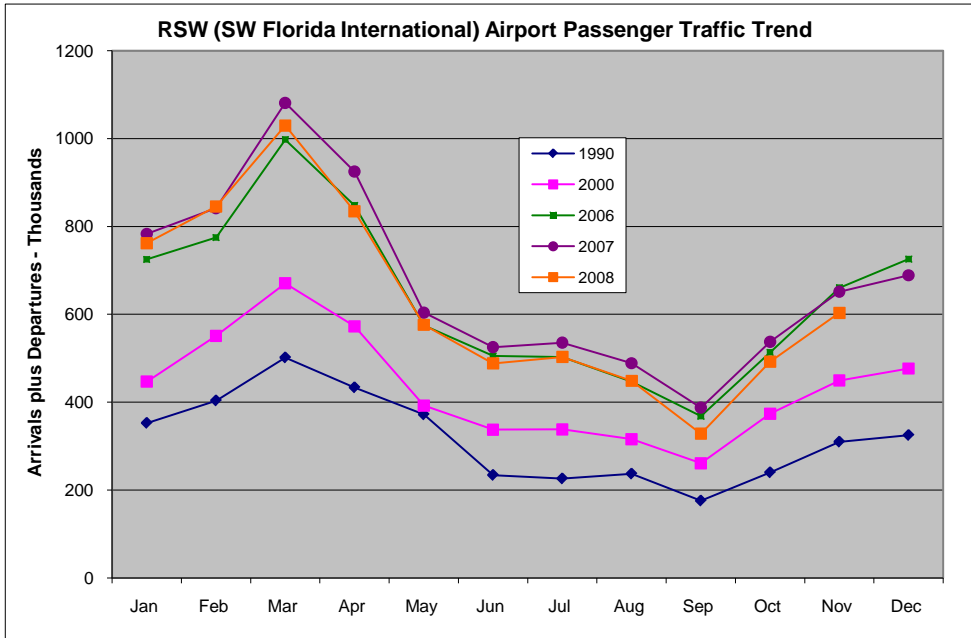
Regional Southwest Florida (RSW) airport located in Lee County is ranked as one of the fifty busiest airports in the nation. The 2008 passenger activity peaked in March at 1,030,151 as expected and the passenger activity levels fall over the slower summer months, as shown in Chart 1. The November 2008 passenger level was 603,366 which is approximately seven percent below the November 2007 level, reflecting the slowdown in the regional and national economy and the impact of reduced flights. Sarasota (SRQ) passenger activity was 102,669 in November 2008 or approximately 13 percent lower than November 2007, as shown in Chart 3. Charlotte County has added commercial passenger service and we plan to track the activity levels as they become available. Direct Air currently services Charlotte County and Allegiant Air will begin service to Charlotte County's airport on March 6, 2009.

Chart 1: Regional Airport Arrivals and Departures



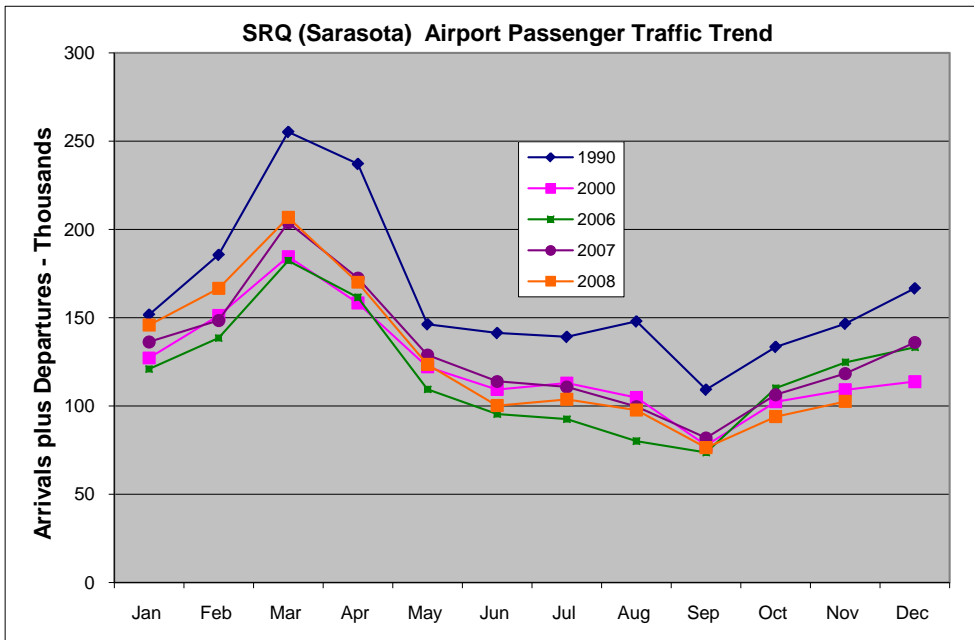
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend

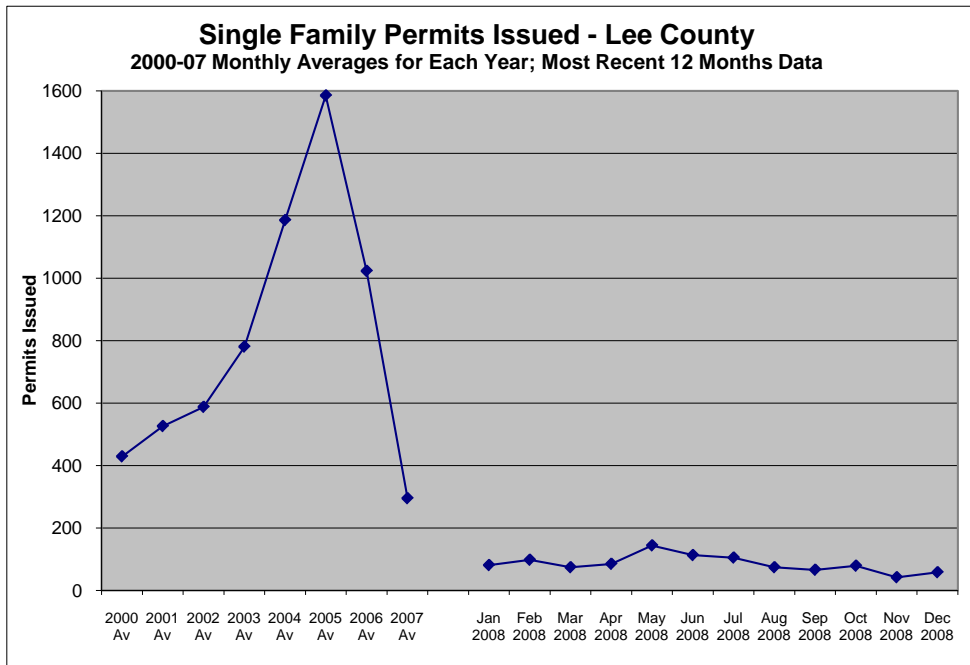


Source: Local Airport Authorities

Single-Family Building Permits

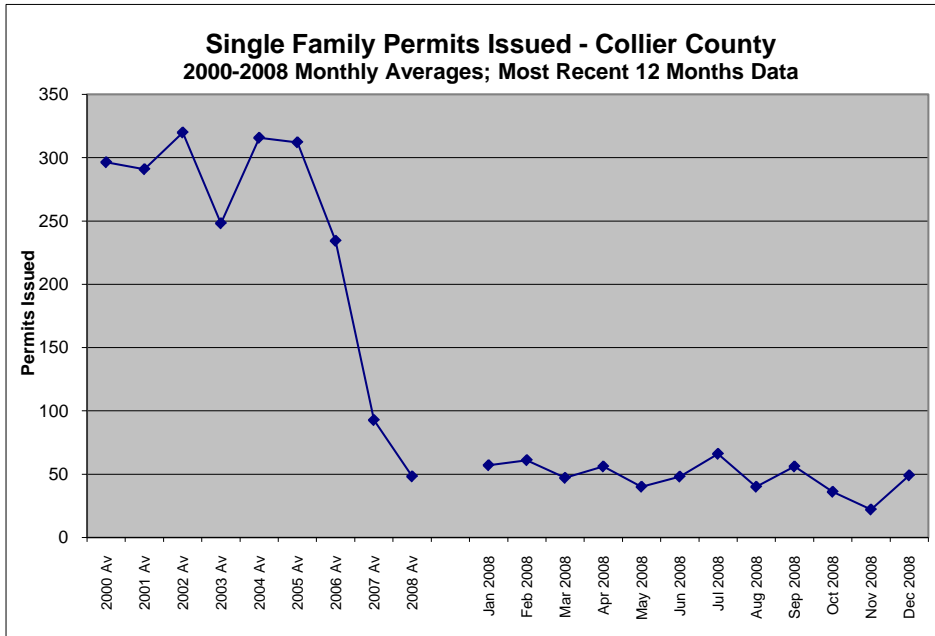
Single-family home permits issues remained low for the region as the economy's recession and large inventory of homes continued to put downward pressure on housing prices. The December single-family permitting in Lee County increased to 58 permits from 42 in November as shown in Chart 4. The Lee County December 2007 permitting number from one year ago was 56. Single-family permits for Collier County increased, from 22 in November to 49 permits in December, as shown in Chart 5. This compares to a Collier County single-family permit total of 57 in December 2007. In Charlotte County, 18 permits were issued in December 2008 compared to 19 in November 2008, as illustrated in Chart 6. In December 2007, Charlotte County issued 29 permits.

Chart 4: Lee County



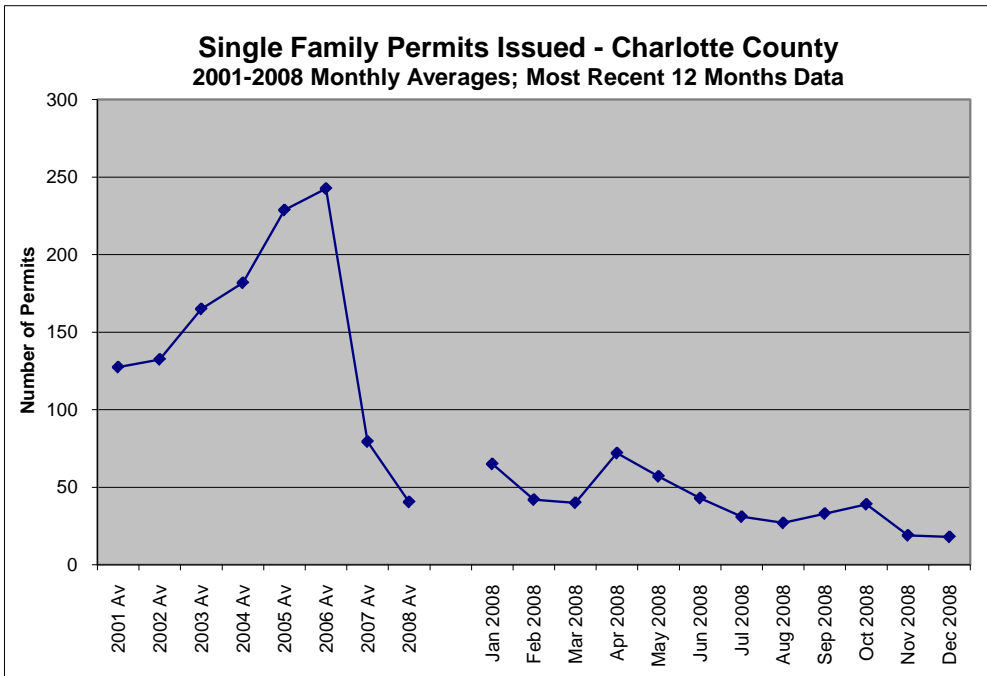
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 5: Collier County



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

Chart 6: Charlotte County



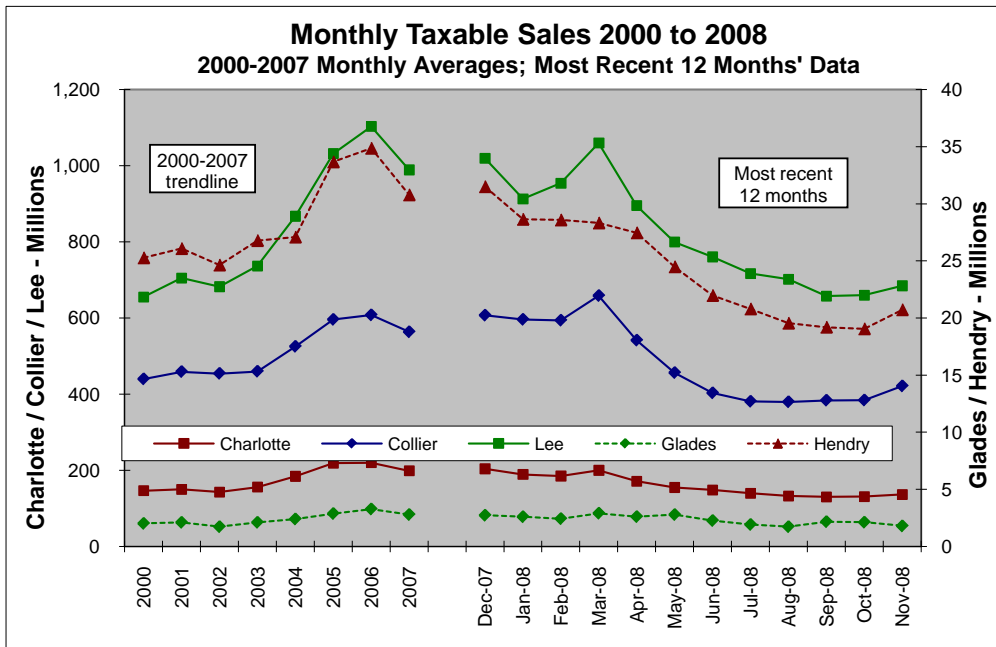
Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

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 November the latest collection month plotted on the following charts. The taxable sales figures are used to track consumer spending, an important component of the regional economy. Chart 7 provides a historical range of average monthly taxable sales for 2000 to 2007 plus the latest 12 months of taxable sales by county. Each of the counties except Glades saw increased taxable sales as expected during the busier winter season.

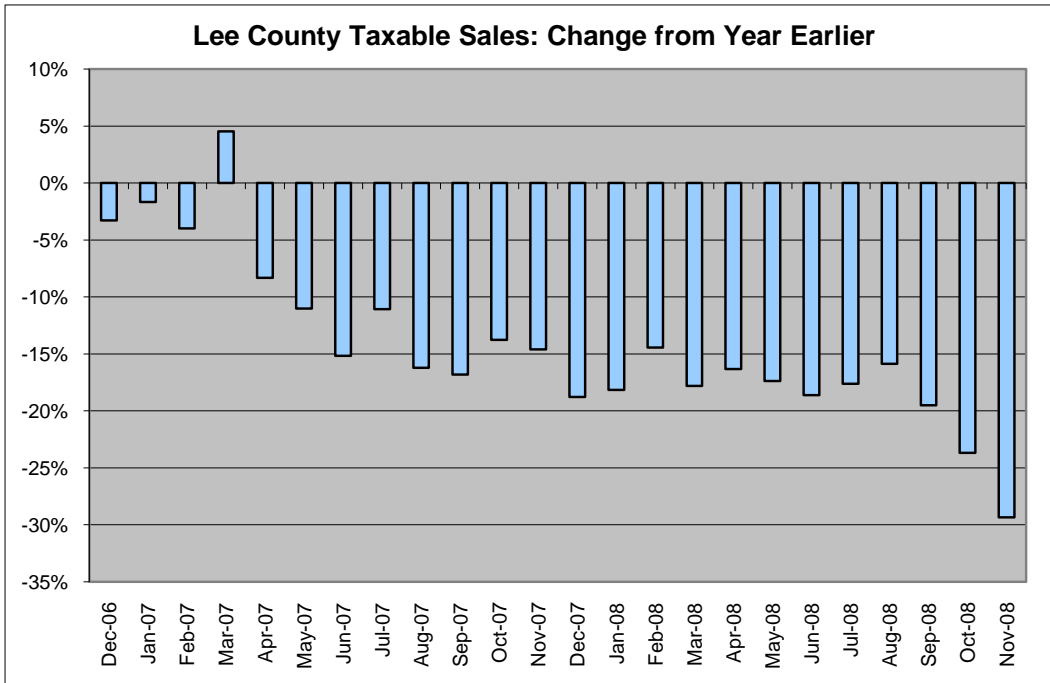
The local impact of the current recession is clearly visible in the year-to-year percentage drops in taxable sales. Lee County saw November 2008 taxable sales 29 percent below November 2007 levels as shown in Chart 8. Collier and Charlotte Counties had year-to-year reductions of 27 and 28 percent, respectively, as shown in Charts 9 and 10. Hendry County had taxable sales off by 25 percent from a year earlier and Glades was down by 36 percent and are not charted.

Chart 7: Taxable Sales by County



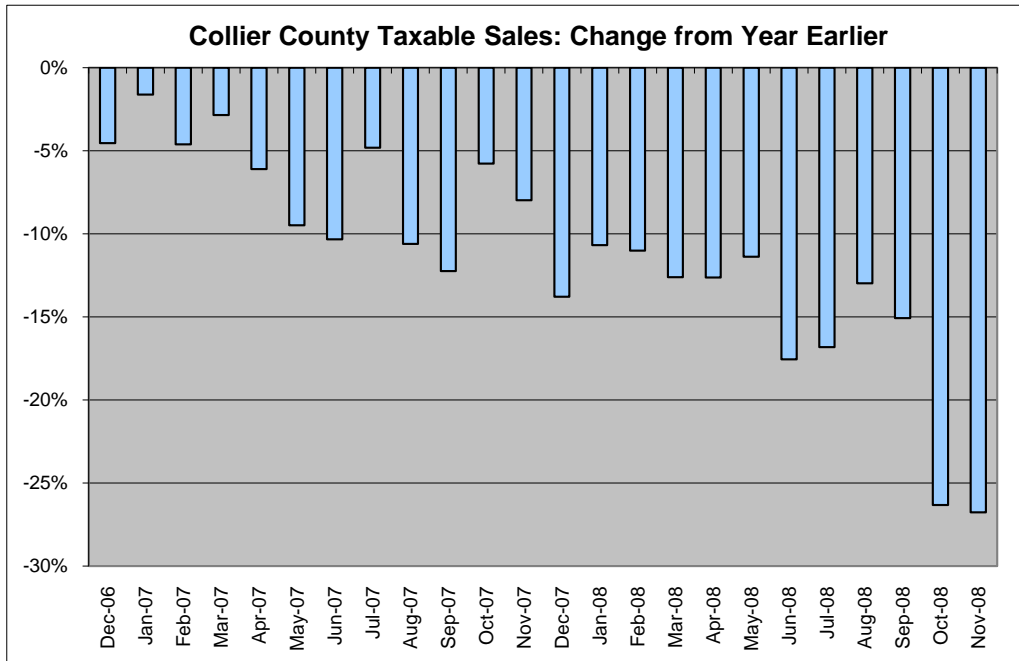
Source: Florida Department of Tax Research

Chart 8: Lee County Taxable Sales - Change from a Year Earlier



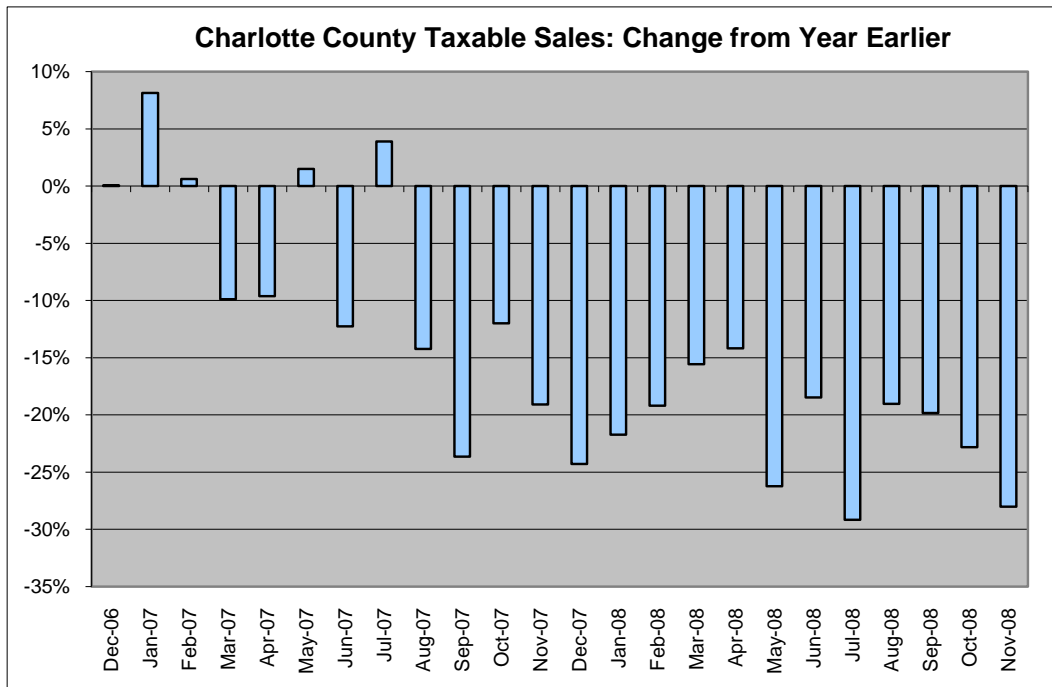
Source: Florida Department of Tax Research

Chart 9: Collier County Taxable Sales - Change from a Year Earlier



Source: Florida Department of Tax Research

Chart 10: Charlotte County Taxable Sales - Change from a Year Earlier



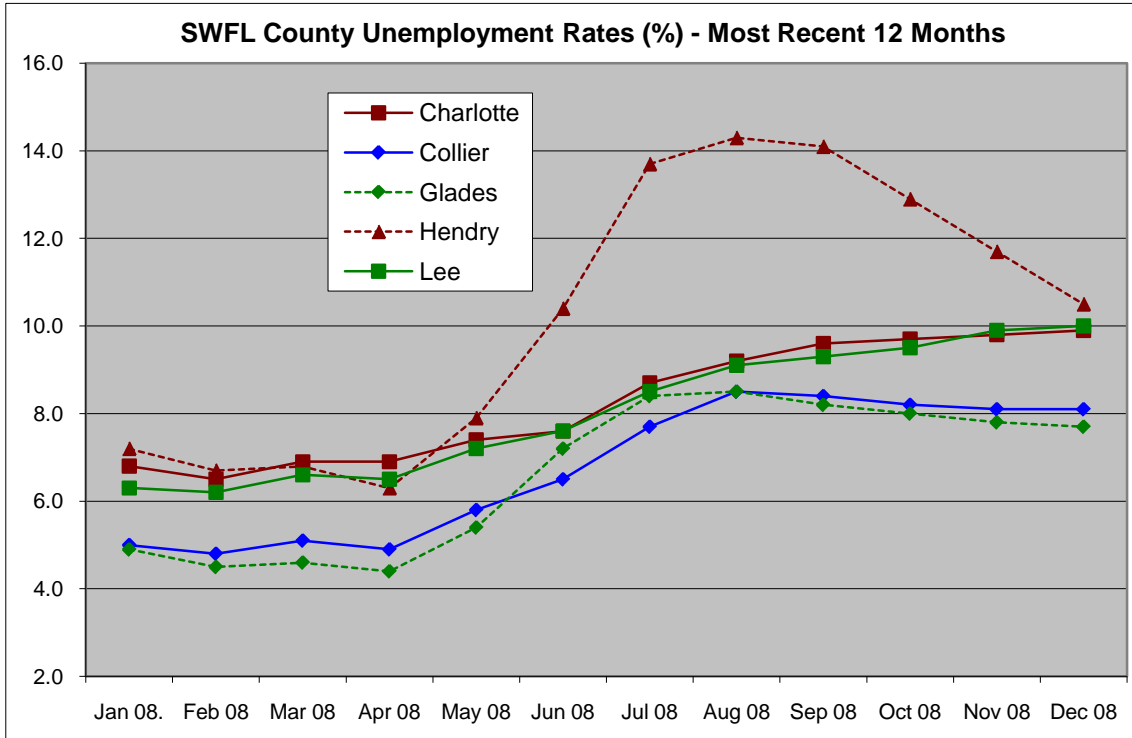
Source: Florida Department of Tax Research

Workforce – Unemployment

Unemployment levels in Southwest Florida remain high, as shown in Chart 11. Lee County's unemployment rose slightly from a revised 9.9 percent unemployment rate in November to 10 percent in December 2008. Collier County's unemployment rate remained at a high but somewhat lower level of 8.1 percent in November and December 2008. Charlotte County's unemployment rate rose to 9.9 percent in December 2008 from 9.8 percent in November. Hendry County unemployment decreased from 11.7 percent in November to 10.5 percent in December 2008. Glades County's unemployment decreased slightly from 7.8 percent in November 2008 to 7.7 percent in December 2008. The Florida unemployment rate rose to 8.1 percent in December 2008 and the national unemployment rate rose to 7.2 percent.

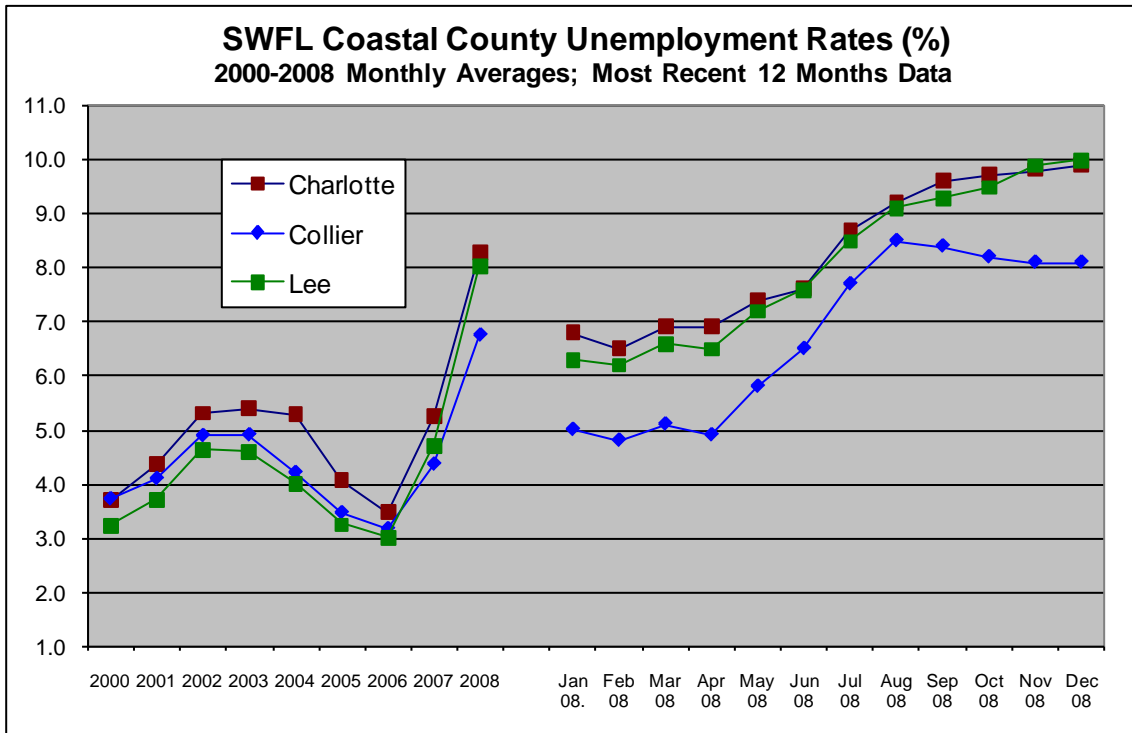
Charts 12 and 13 show the unemployment rates for the coastal and inland counties for our region and provide a longer term historical perspective of unemployment rates from 2000 to 2007 and the latest 12 months. Unemployment rates above 5.0 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends. Our region has been hit particularly hard due to its dependence on housing and construction in general.

Chart 11: Regional Unemployment



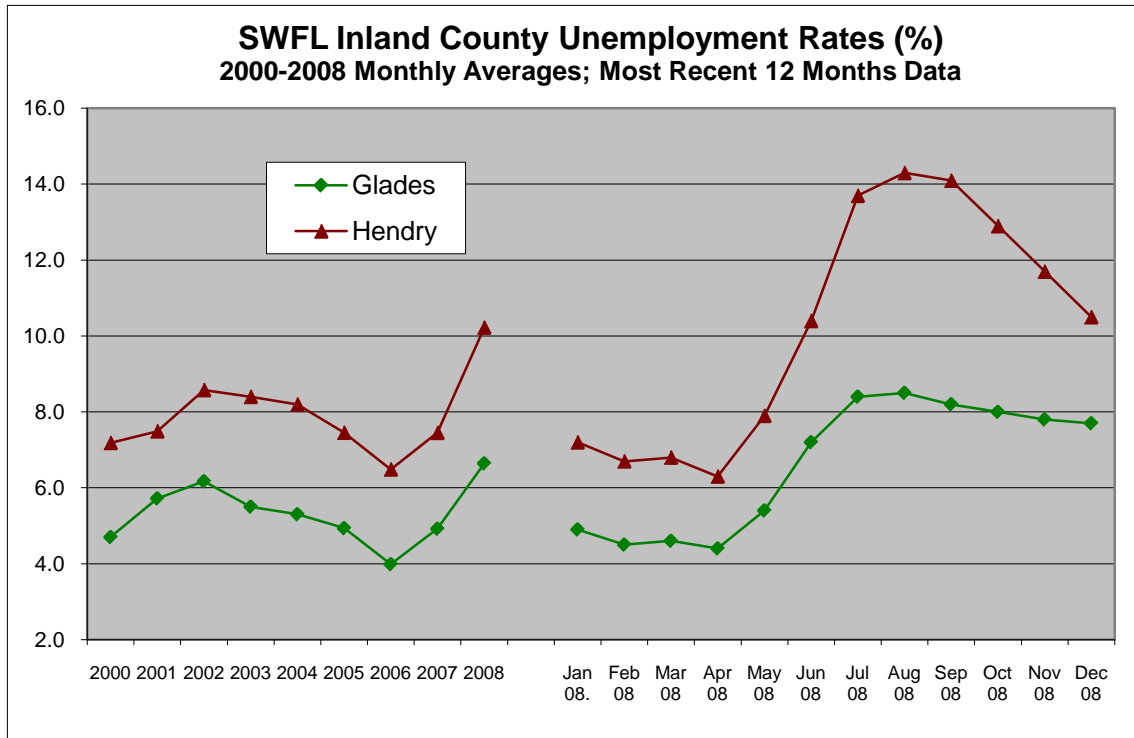
Source; AWI

Chart 12: Coastal County Unemployment



Source AWI

Chart 13: Inland County Unemployment

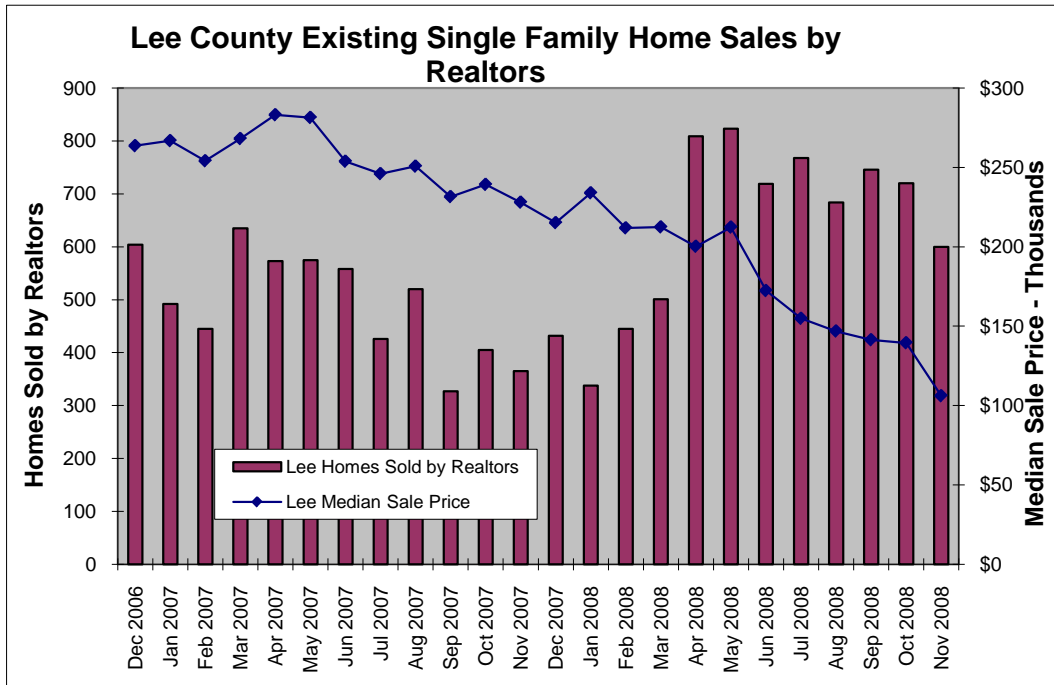


Source AWI

Sales of Single-Family Existing Homes and Median Sales Price

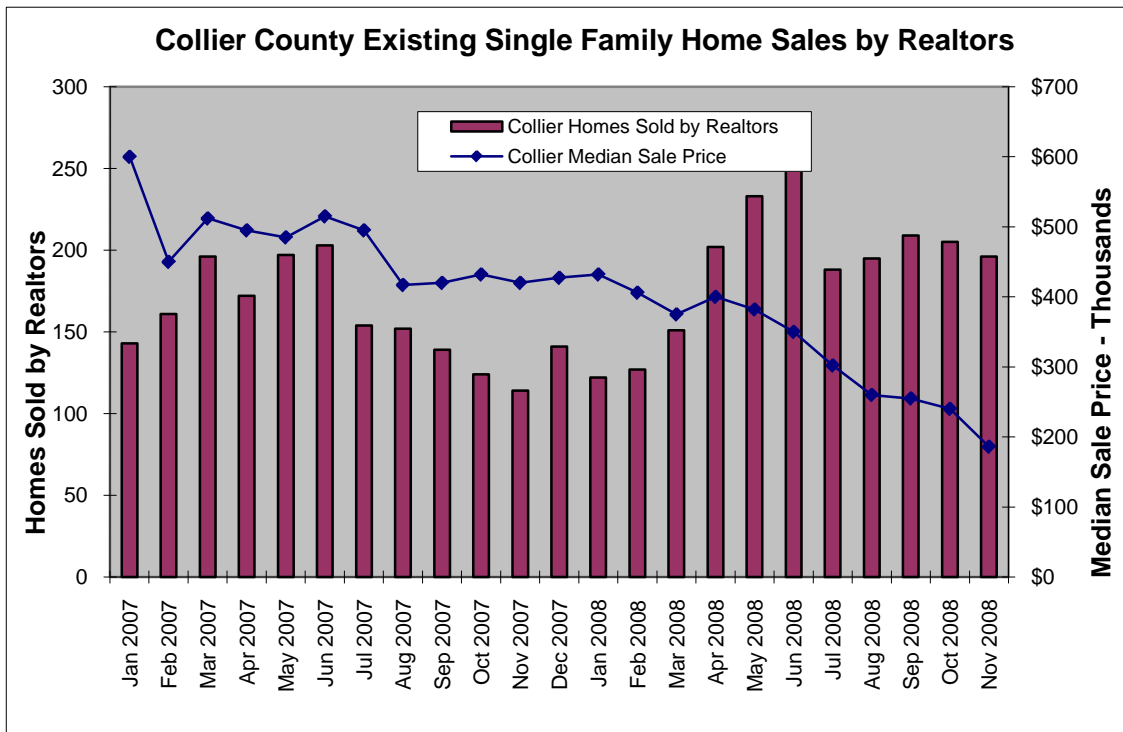
The number of existing single-family homes sold in November 2008 by Realtors decreased slightly in Lee Collier, and Charlotte Counties compared to October 2008. Lee County sales decreased from 720 in October to 600 in November, as shown in Chart 14. The median sales price for Lee County decreased from \$139,500 to \$106,100. Collier County sales declined slightly from 205 in October to 196 in November with the median price falling from \$240,000 to \$186,000, as shown in Chart 15. Charlotte County sales decreased from 227 in October to 174 in November, with the median sales price decreasing from \$121,800 to \$97,700, as shown in Chart 16.

Chart 14: Lee County



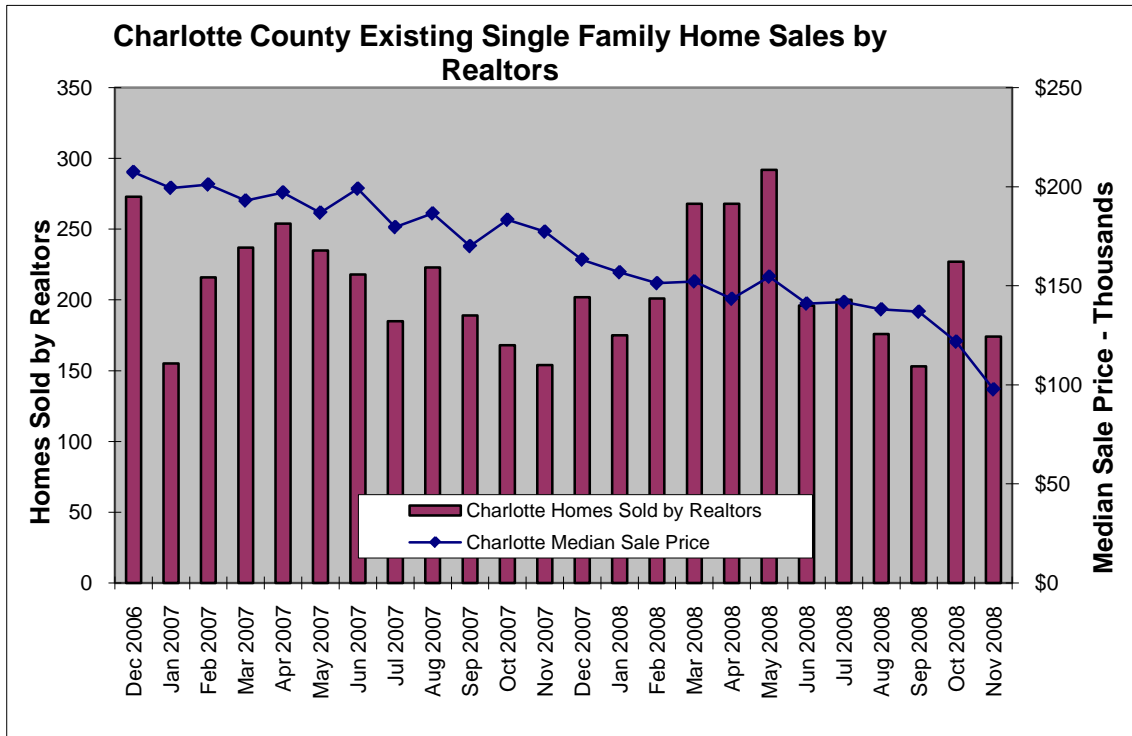
Source: Florida Association of Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 15: Collier County



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

Chart 16: Charlotte County



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

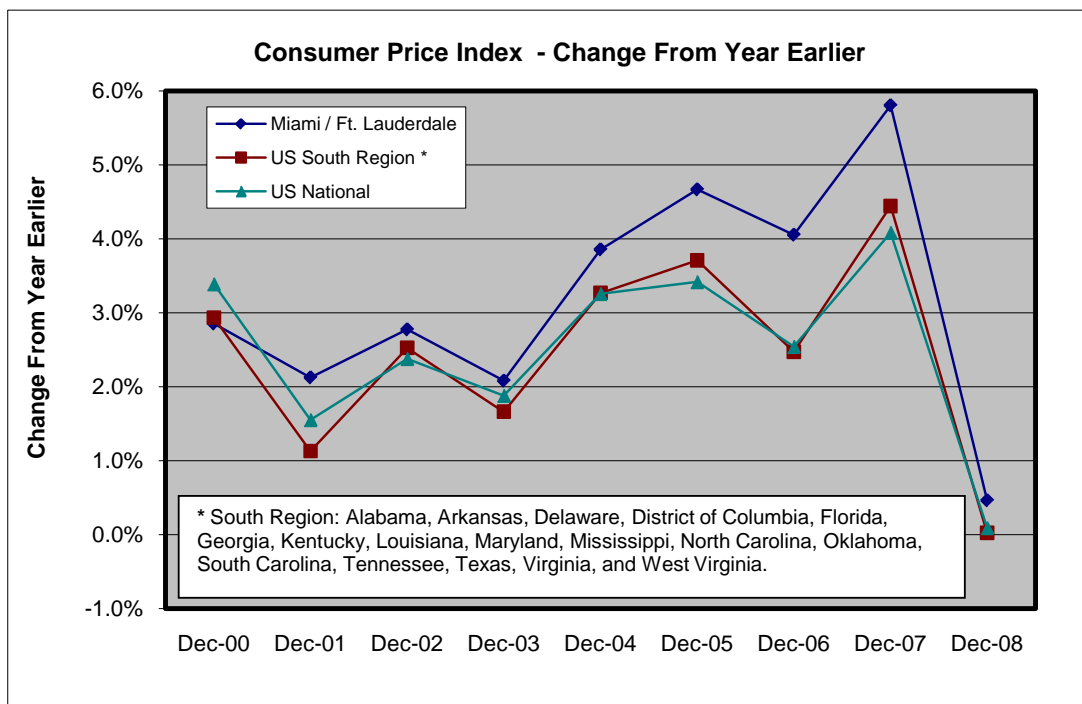
Consumer Price Index

The consumer price index (CPI) is reported for the nation, region, and the Miami-Fort Lauderdale area. The Miami-Fort Lauderdale area CPI is collected every two months and will be more timely than the Tampa area statistics that we have included in earlier reports. For the last 12 months ending in December 2008, the CPI for Miami-Fort Lauderdale has increased by 0.5 percent as shown in Chart 17. The overall Miami-Fort Lauderdale CPI index for the last 12 months ending December 2008 can be broken down into the following component parts:

- Food and beverages rose 4.3 percent; ↑
- Housing rose 3.1 percent; ↑
- Apparel fell 5.1 percent; ↓
- Transportation fell 11.7 percent; ↓
- Medical care rose 5.6 percent; ↑
- Recreation rose 1.7 percent; ↑
- Education and communication rose 0.9 percent; and ↑
- Other goods and services rose 5.6 percent. ↑

Food, medical care, and other goods and services costs have risen substantially over the last year.

Chart 17: CPI Annual Percentage Change



Source: BLS

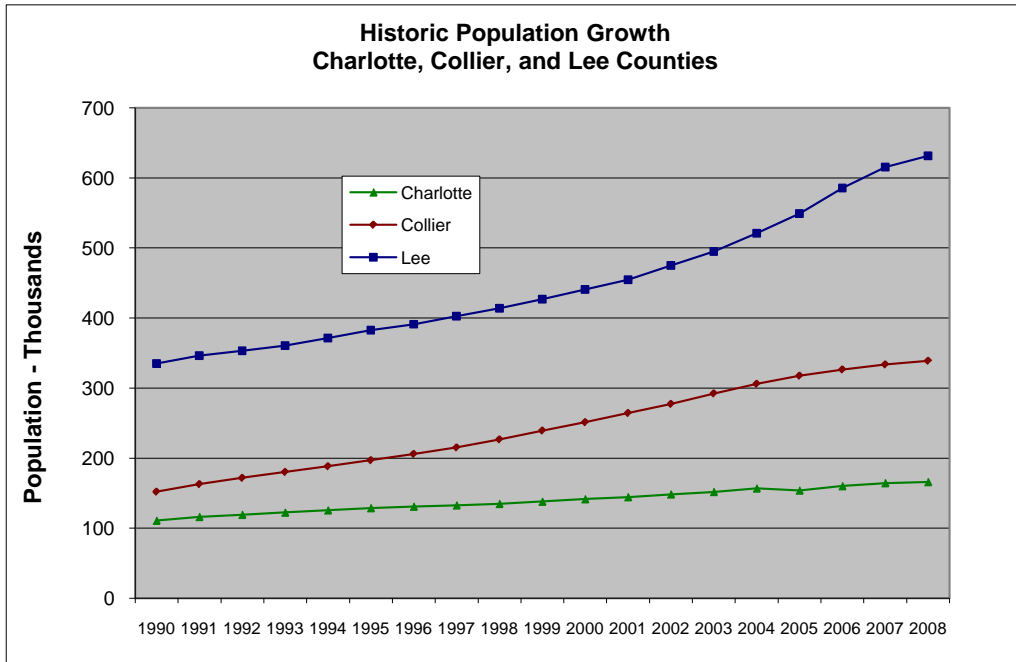
Population

A Florida Demographic Estimating Conference was held in July 2008 and the new forecasts are included in this report. Charts 18 and 19 show the historic population growth from 1990 to 2008. Collier County grew at an average annual growth rate from 1990 to 2008 of 4.6 percent. Lee County almost doubled its population from 1990 to 2008 growing at an annual rate of 3.6 percent. As indicated in Chart 19, Charlotte, Glades, and Hendry Counties had lower average annual rates of population growth between 2.2 and 2.5 percent per year. Table 1 shows the projected population increases for 2008 to 2030 and Chart 21 provides a chart of the population projections for 2008 through 2030. Charts 21 through 23 provide the percentages of regional population by County for the years 1990, 2008, 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:

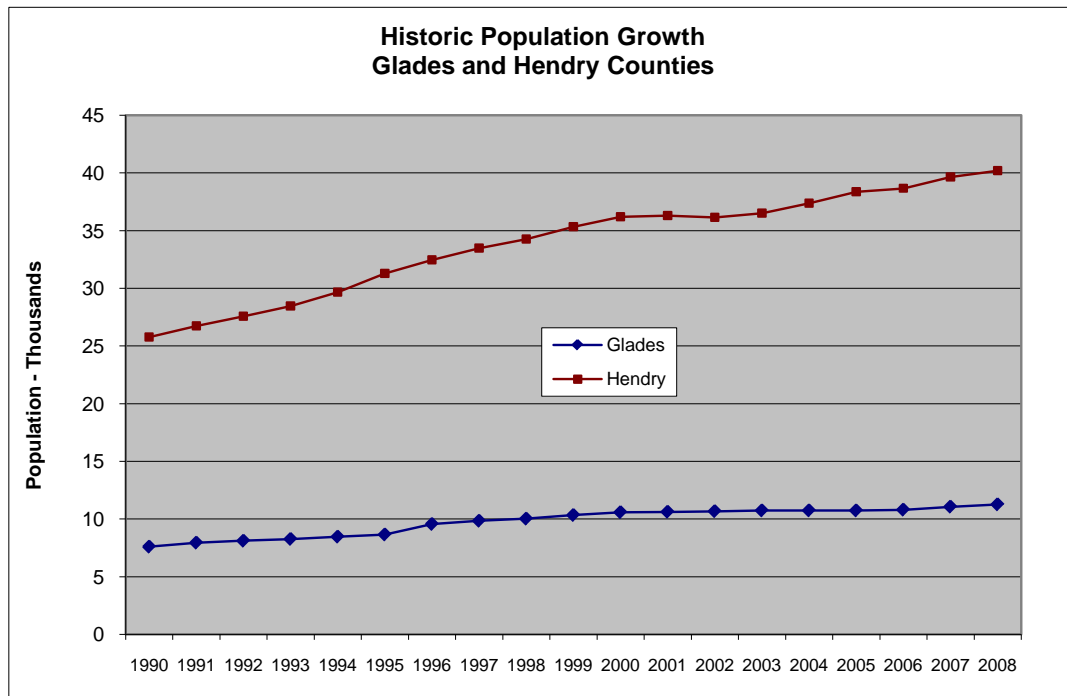
- **Build-out** – suitable land for construction has become scarce
- **Restrictions** – building codes and hurricane restrictions may limit the expansion of some areas
- **Costs** – both the conversion of land and construction costs continue to escalate as well as insurance costs upon completion
- **Climate** – 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 18: Coastal Counties Growth 1990 to 2008



Source: Florida EDR: July 2008.

Chart 19: Inland County Growth 1990 to 2008



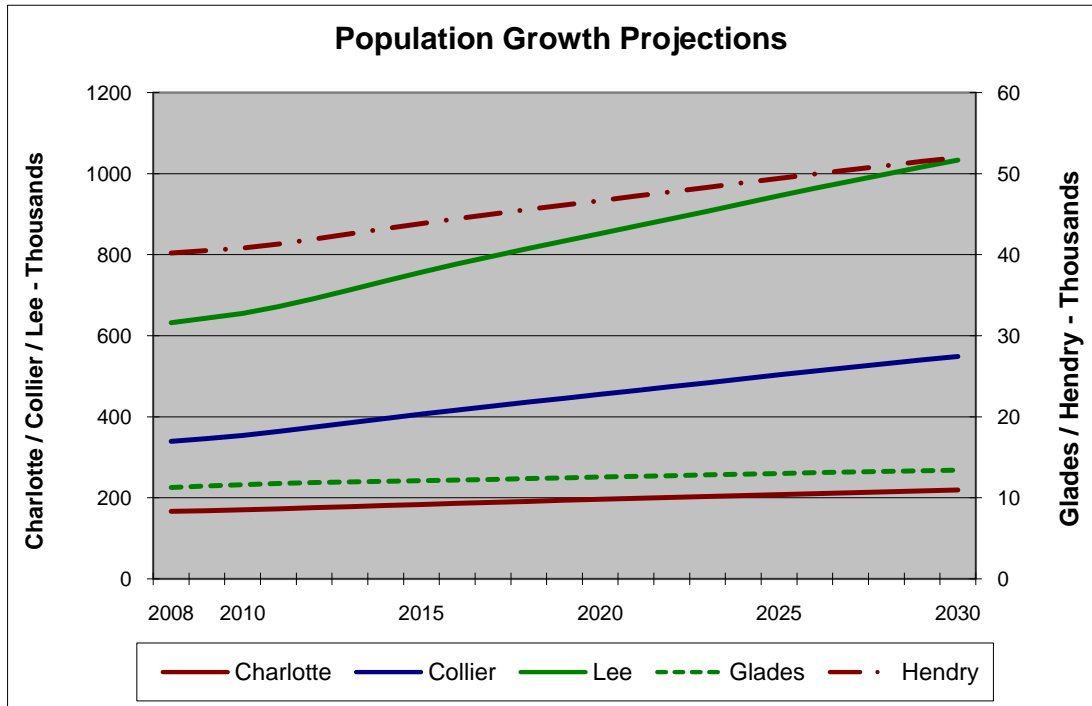
Source: Florida EDR: July 2008.

Table 1: Projections by County
EDR Demographic Estimating Conference
Population Estimates and Projections by County

| Year | Charlotte | Collier | Lee | Hendry | Glades |
|------|-----------|---------|-----------|--------|--------|
| 2008 | 166,112 | 339,128 | 631,733 | 40,208 | 11,256 |
| 2010 | 169,694 | 353,878 | 654,599 | 40,828 | 11,597 |
| 2020 | 195,899 | 455,288 | 852,005 | 46,678 | 12,556 |
| 2030 | 219,266 | 548,872 | 1,033,510 | 51,969 | 13,422 |

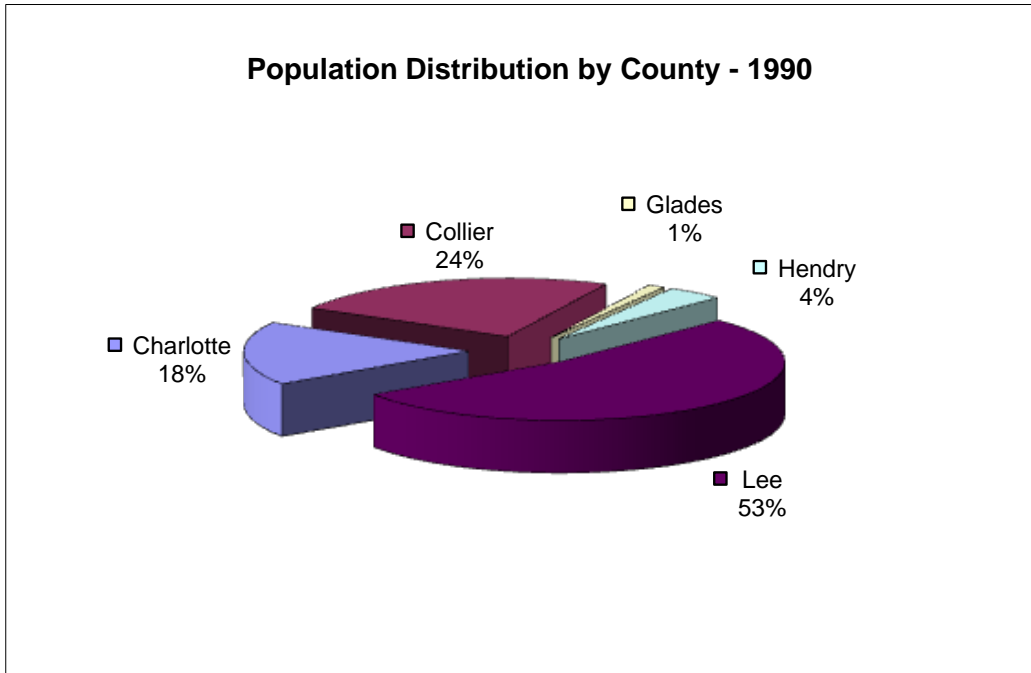
Source: Florida EDR: July 2008.

Chart 20: Projections by County



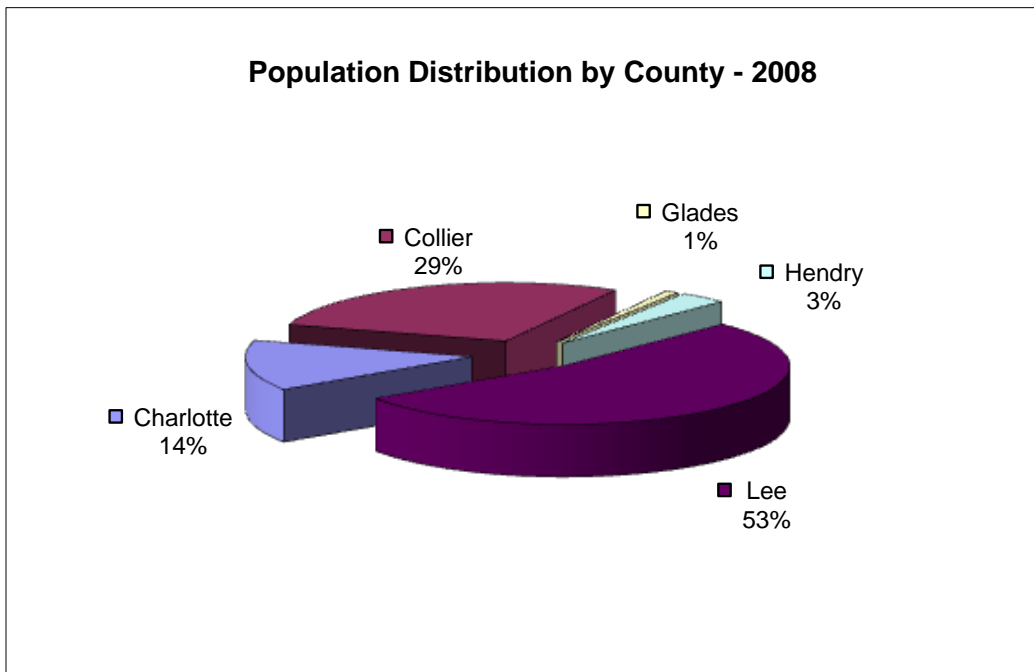
Source: Florida EDR: July 2008.

Chart 21: Population Distribution 1990



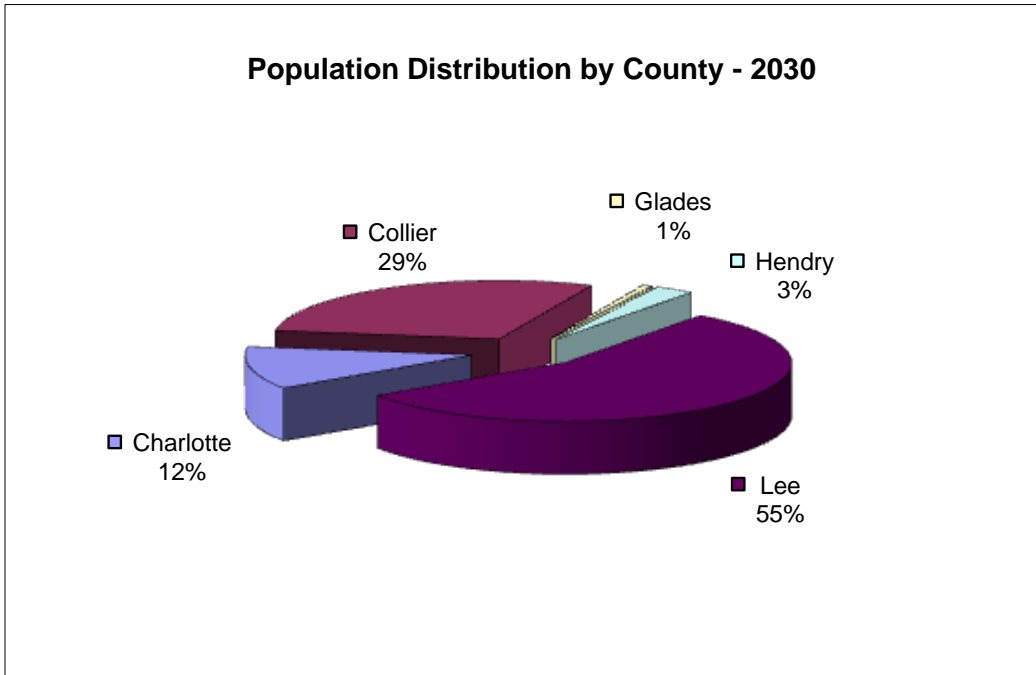
Source: Florida EDR: July 2008.

Chart 22: Population Distribution 2008



Source: Florida EDR: July 2008.

Chart 23: Population Distribution 2030



Source: Florida EDR: July 2008.