Southwest Florida Regional Economic Indicators

February 2009

Regional Economic Research Institute

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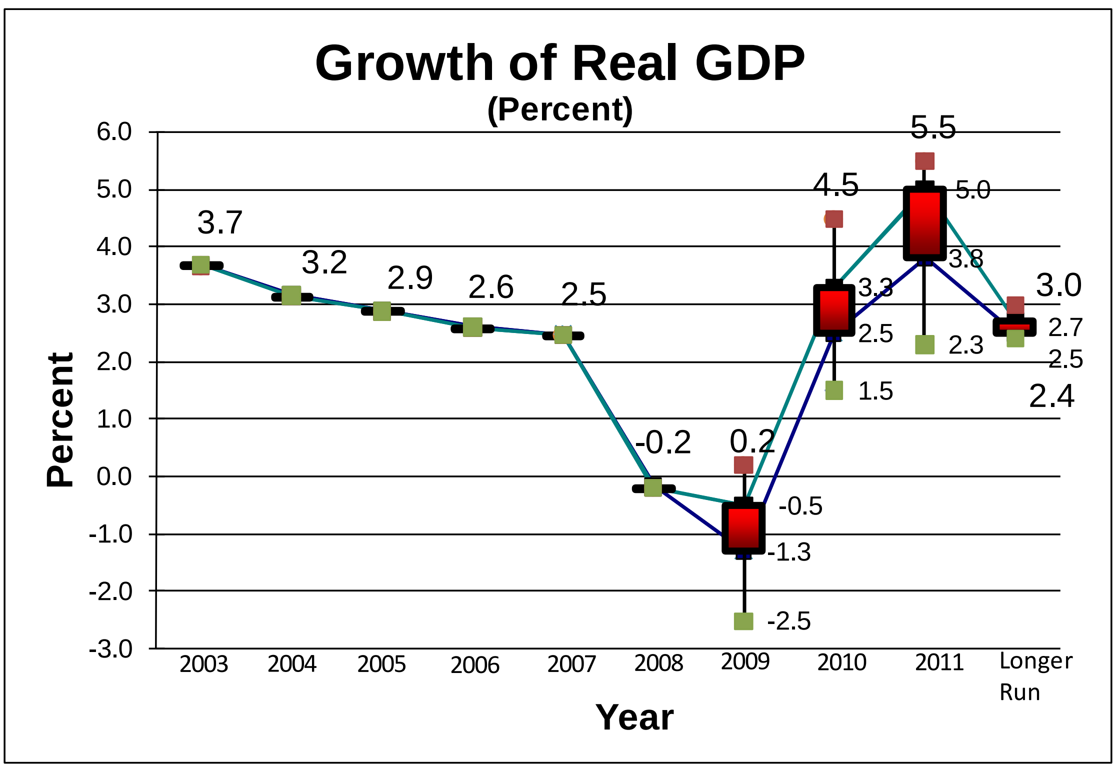
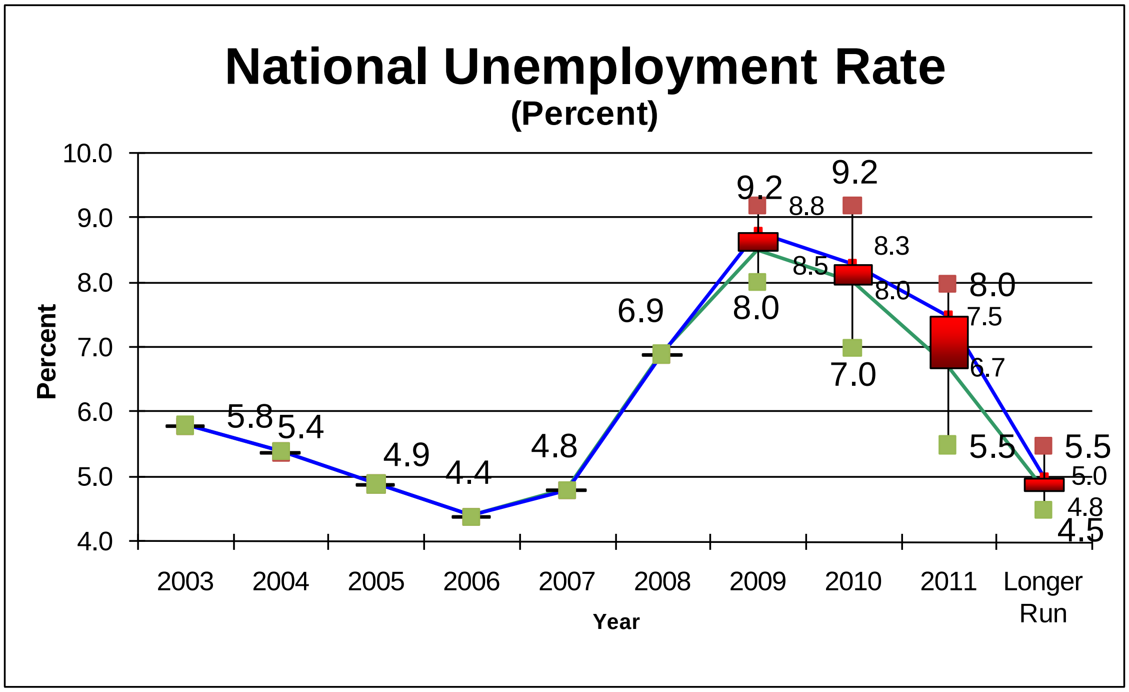
Introduction

The Federal Reserve released its latest outlook for the economy with the minutes of the Federal Open Market Committee meeting of January 27-28, 2009. The chart below shows their forecast for gross domestic product (GDP) which measures the output of the national economy. There is considerable forecast uncertainty but 2009 is expected to be low point for the recession.   More moderate growth is expected in 2010 then faster growth in 2011 followed by somewhat slower growth in the long run. The chart is known as a box (red boxes) and whiskers (vertical lines) chart that is designed to show the uncertainty in the forecast.   The red boxes represent the central tendency or most likely outcomes while the whiskers provide the wider range of potential outcomes.



Source: Minutes of the Federal Open Market Committee, January 27-28, 2009.

The forecast unemployment rates are provided in the next chart. Unemployment is expected to peak in 2009 rising to almost nine percent. Some improvement is expected in 2010 but the country will still face high unemployment levels of around eight percent. Unemployment tends to lag behind GDP, and so is not forecast to return to more normal levels until after 2011.



Source: Minutes of the Federal Open Market Committee, January 27-28, 2009.

The president and congress passed a very large stimulus package of $787 billion and the president announced a $275 billion housing plan to help homeowners refinance or renegotiate mortgages that meet certain criteria. The stimulus packages are expected to provide a boost to the economy in the short run but will add to the budget deficit and national debt. It will be difficult for the president and congress to raise taxes or reduce government spending to move the federal budget back into balance over the long run.

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, low permitting levels, and lower inflation rates. The influx of seasonal residents and visitors is giving a boost to the local economy, as indicated by higher regional airport passenger activity and higher tourism tax collections. Existing single-family home sales increased significantly in Lee County. 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.

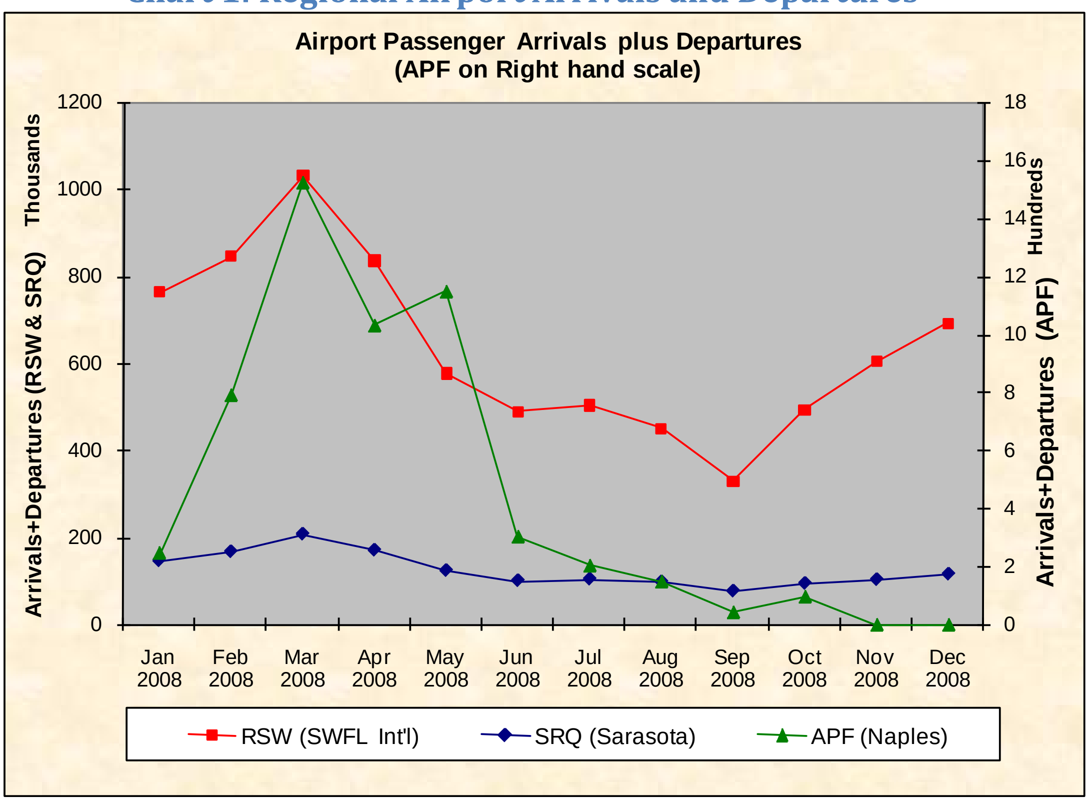
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report, as a way to support its mission and assist the region. This month we added the Tourism tax collection charts for Charlotte, Collier, and Lee Counties. The charts show that tourism activity levels have remained relatively strong during the current downturn. 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 for Regional Southwest Florida, Sarasota and Naples airports. In chart 1, passenger activity 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. 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.

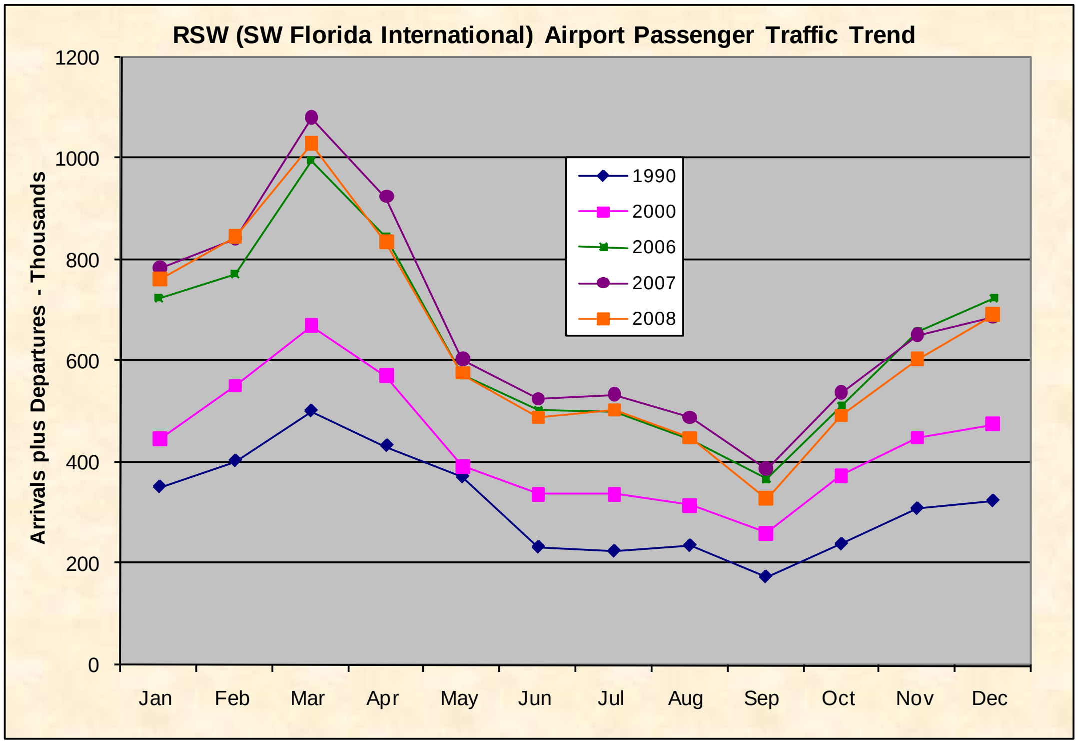
Regional Southwest Florida (RSW) airport located in Lee County is ranked as one of the fifty busiest airports in the nation. The 2008 passenger activity peaked in March at 1,030,151 and as expected, activity levels fell over the slower summer months, as shown in Chart 1. The December 2008 passenger level was 691,038 which is slightly higher than the December 2007 level of 688,914, an encouraging sign for the local economy, but lower than the all time December 2006 peak of 725,909. Sarasota (SRQ) passenger activity was 115,212 in December 2008 or approximately 15 percent lower than December 2007. Charlotte County has added commercial passenger service and we plan to track their 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



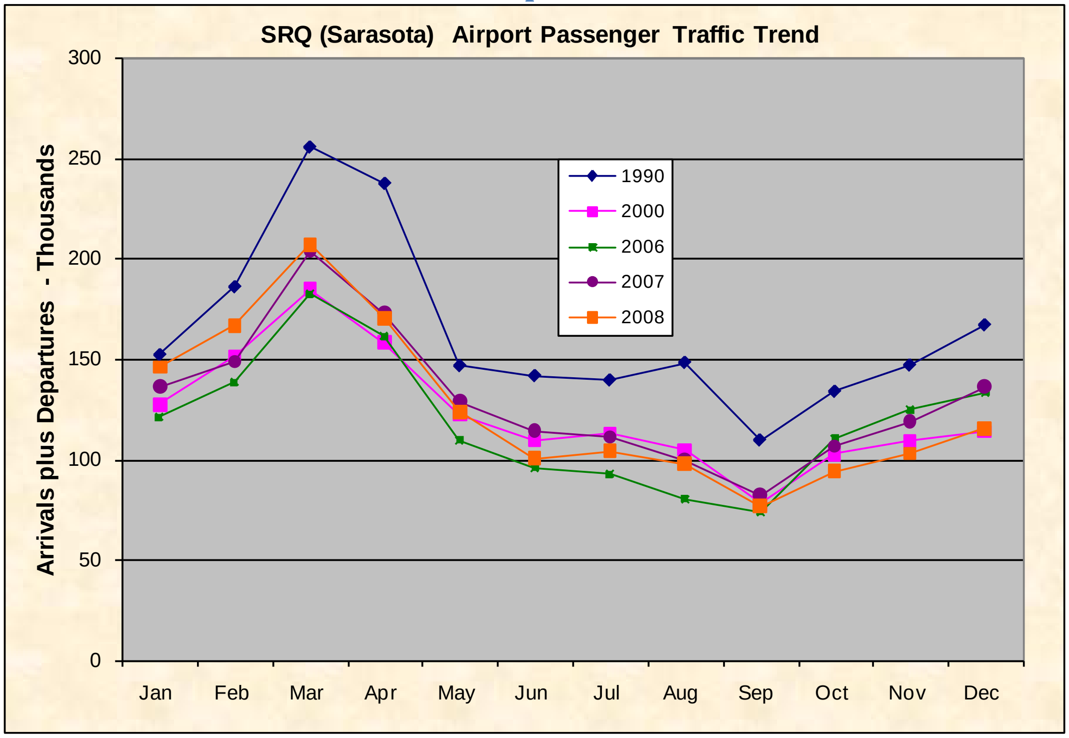
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend

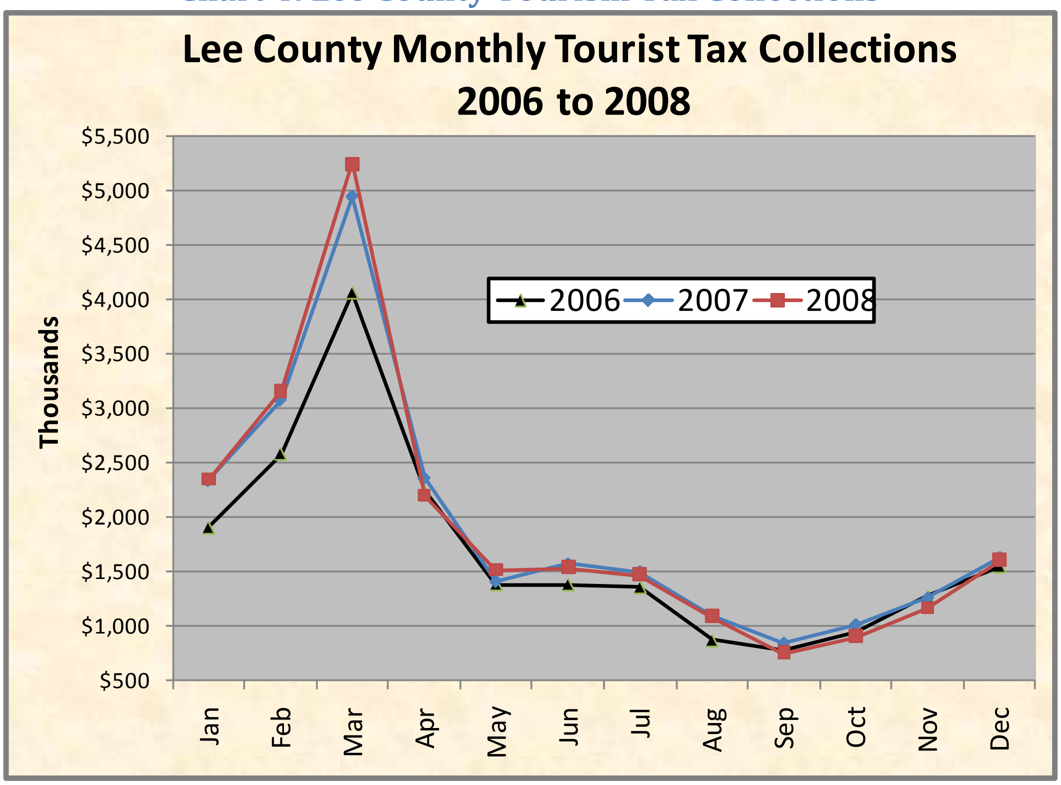


Source: Local Airport Authorities

Tourism Tax Collections

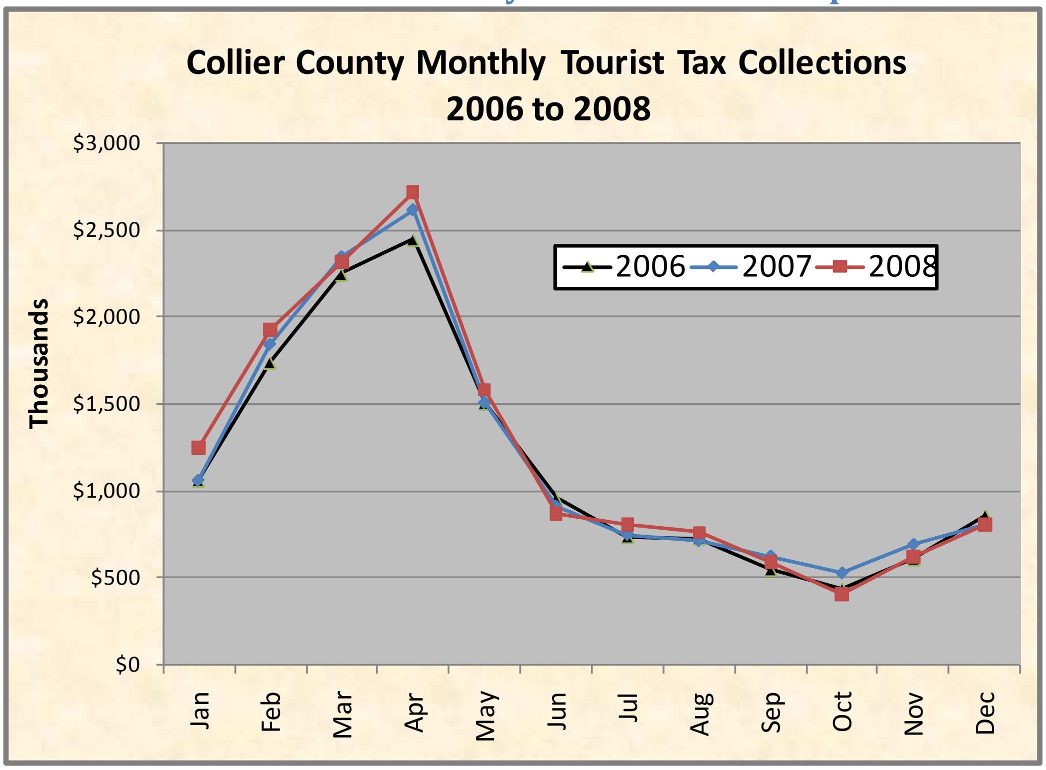
Tourism is a very important industry to our region so we are pleased to add the following tourism tracking charts to our monthly report. Tourism tax collections for the region have held up very well given the current recession, as shown in Charts 4, 5, and 6. There was considerable growth in tourism activity from 2006 to 2008 during the peak tourism months of February and March. The charts show that tourism expenditures were down during the months of September through November but have returned to more normal levels in December for Lee and Collier Counties, an encouraging sign for our local economy.

Chart 4: Lee County Tourism Tax Collections



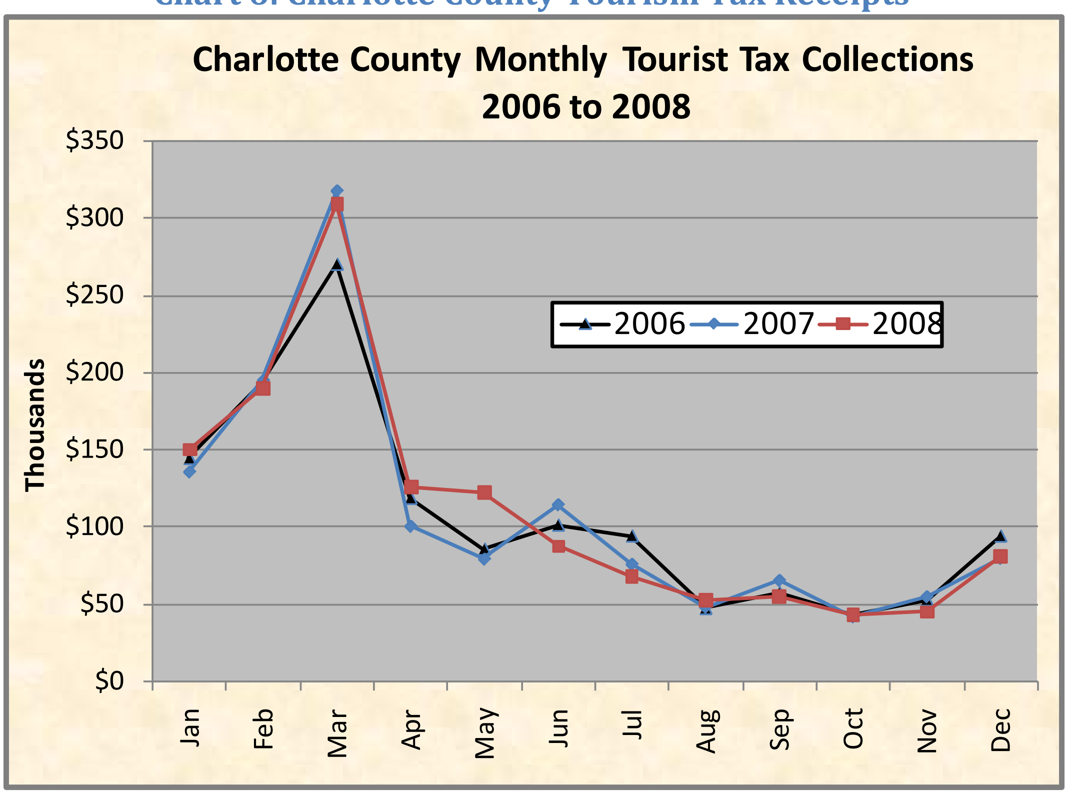
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Receipts



Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Charlotte County Tourism Tax Receipts

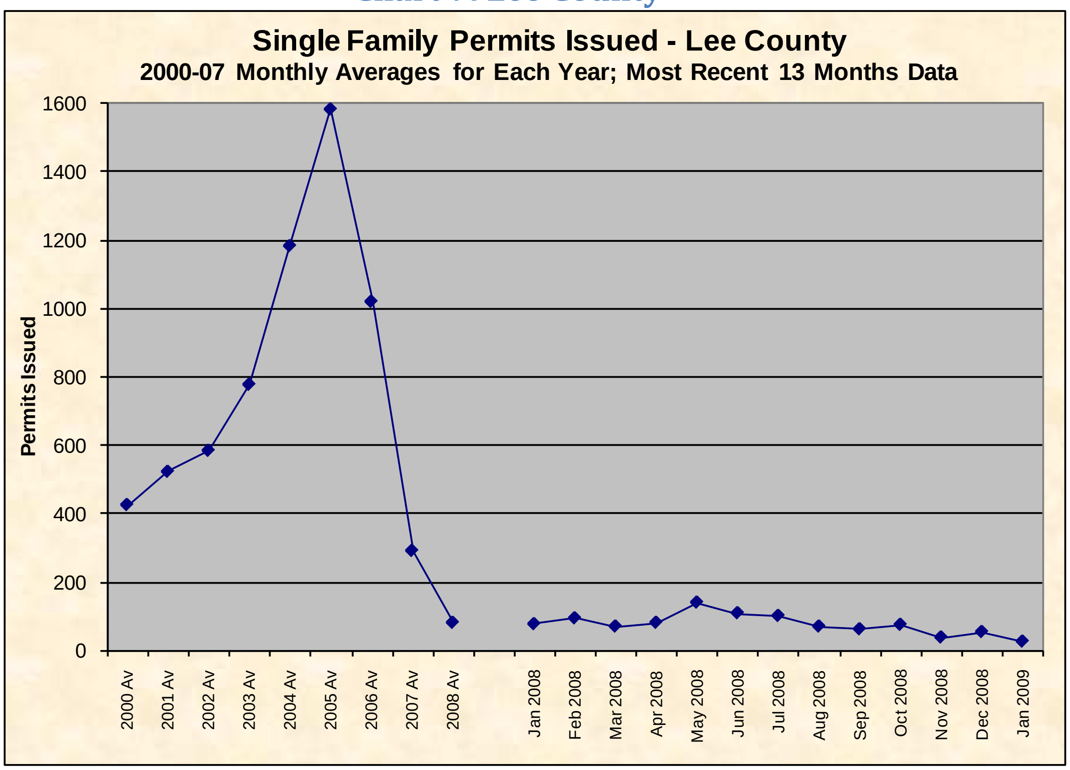


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

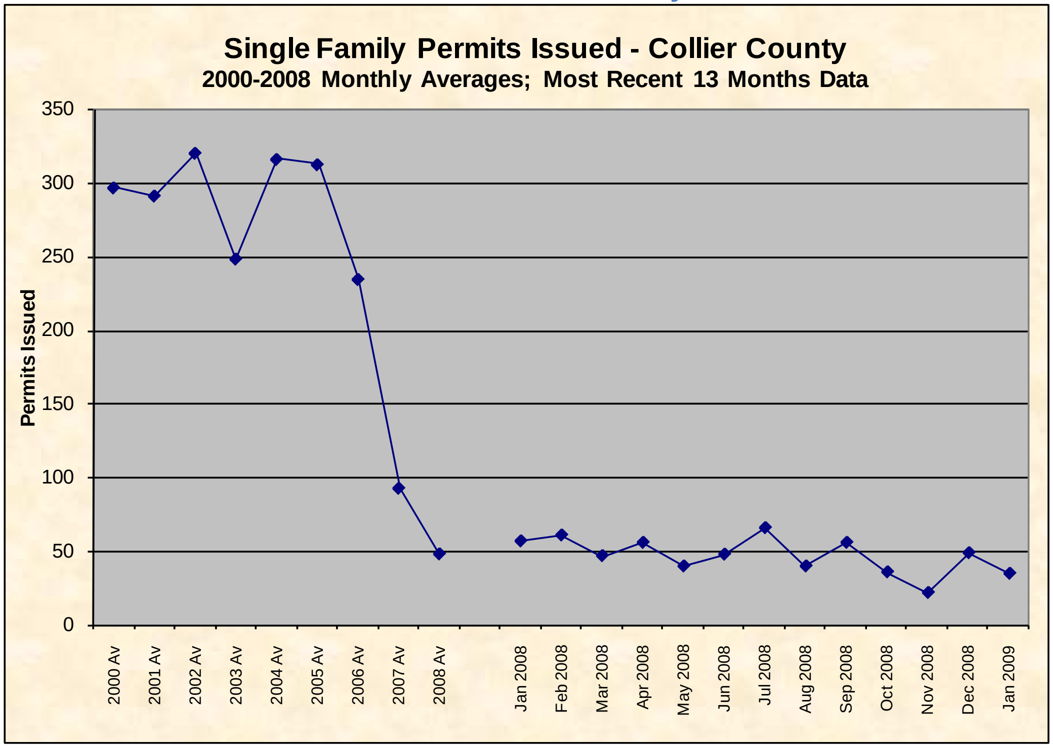
Single-family home permits issued remained low for the region as the economy's recession and a large inventory of homes continued to put downward pressure on housing prices. The January single-family permitting in Lee County fell to 30 from 58 in December as shown in Chart 7; one year ago, the figure was 81. Single-family permits for Collier County decreased from 49 in December to 35 in January 2009, as shown in Chart 8. This compares to a Collier County total of 57 in January 2008. In Charlotte County, 38 permits were issued in January 2009 compared to 18 in December 2008, as illustrated in Chart 9. In January 2008, Charlotte County issued 65 permits.

Chart 7: Lee County



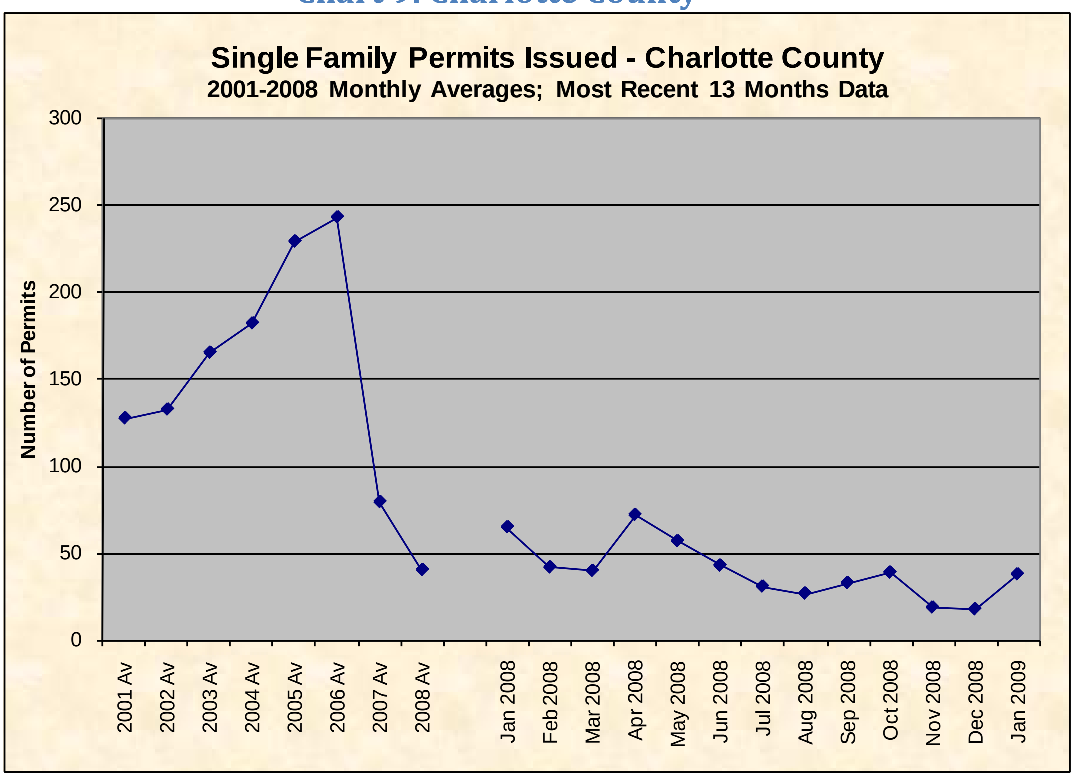
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 8: Collier County



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

Chart 9: Charlotte County



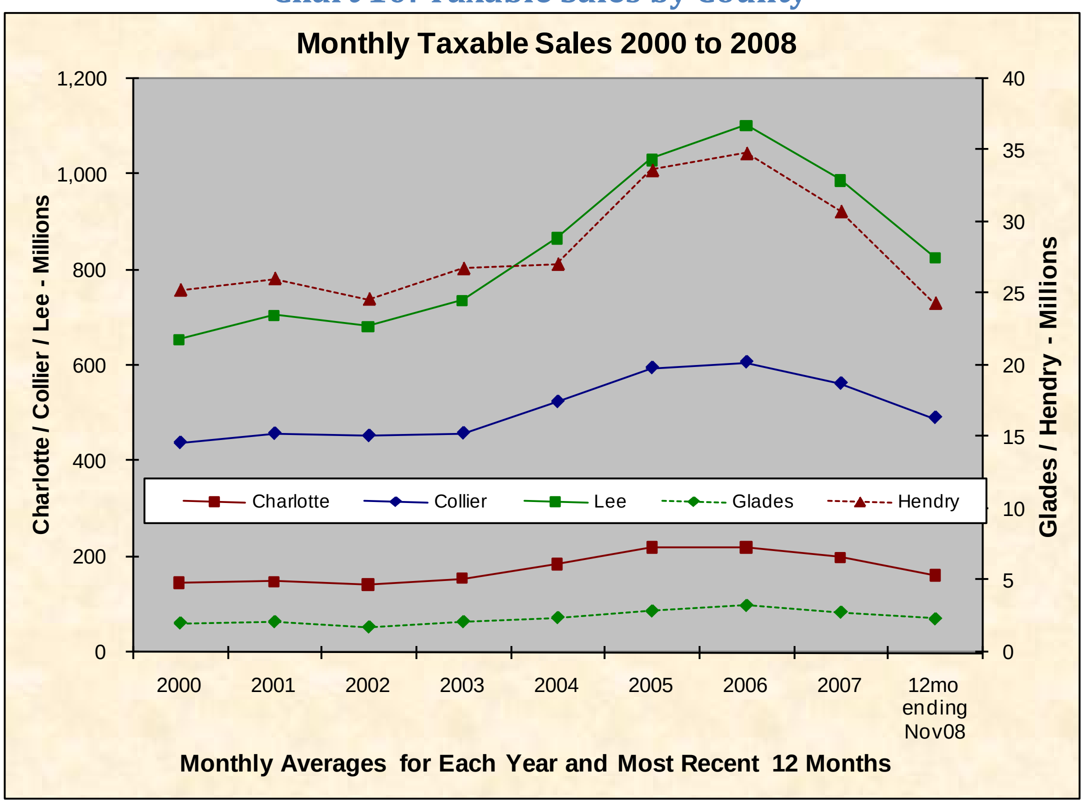
Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

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 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 10 provides a historical range of average monthly taxable sales from 2000 to 2007 plus the latest 12 months of taxable sales by county.

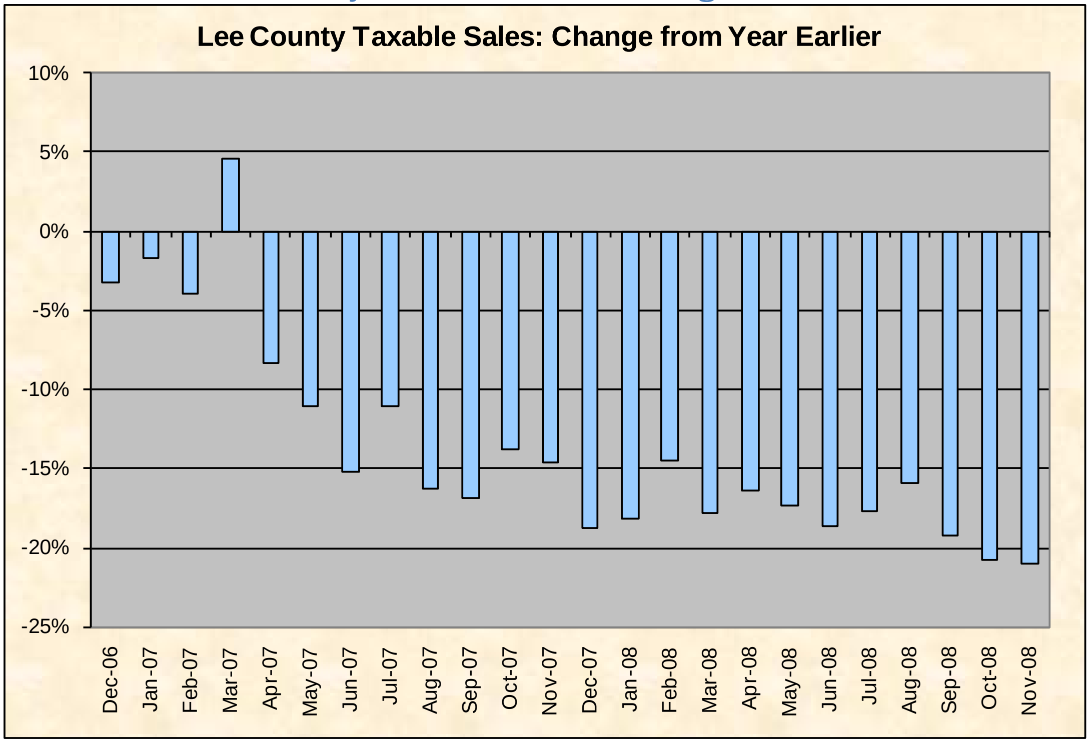
Each of the counties had a month-to-month increase in taxable sales in November 2008, as expected during the busier winter season. The local impact of the current recession is clearly visible in the year-to-year percentage drops in taxable sales. Lee County saw November 2008 taxable sales 21 percent below November 2007 levels as shown in Chart 11. Collier and Charlotte Counties experienced year-to-year reductions of 16 and 20 percent, respectively, as shown in Charts 12 and 13. Hendry County's taxable sales were off by 24 percent from a year earlier, while Glades (not charted) was down by 34 percent

Chart 10: Taxable Sales by County



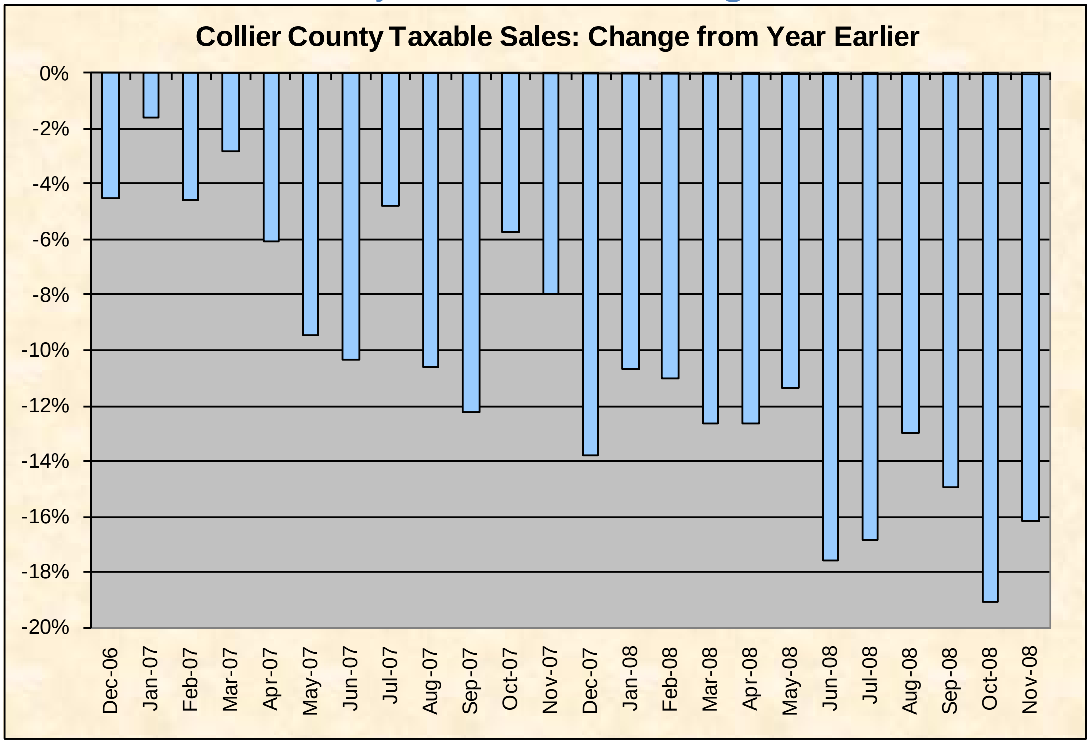
Source: Florida Department of Tax Research

Chart 11: Lee County Taxable Sales - Change from a Year Earlier



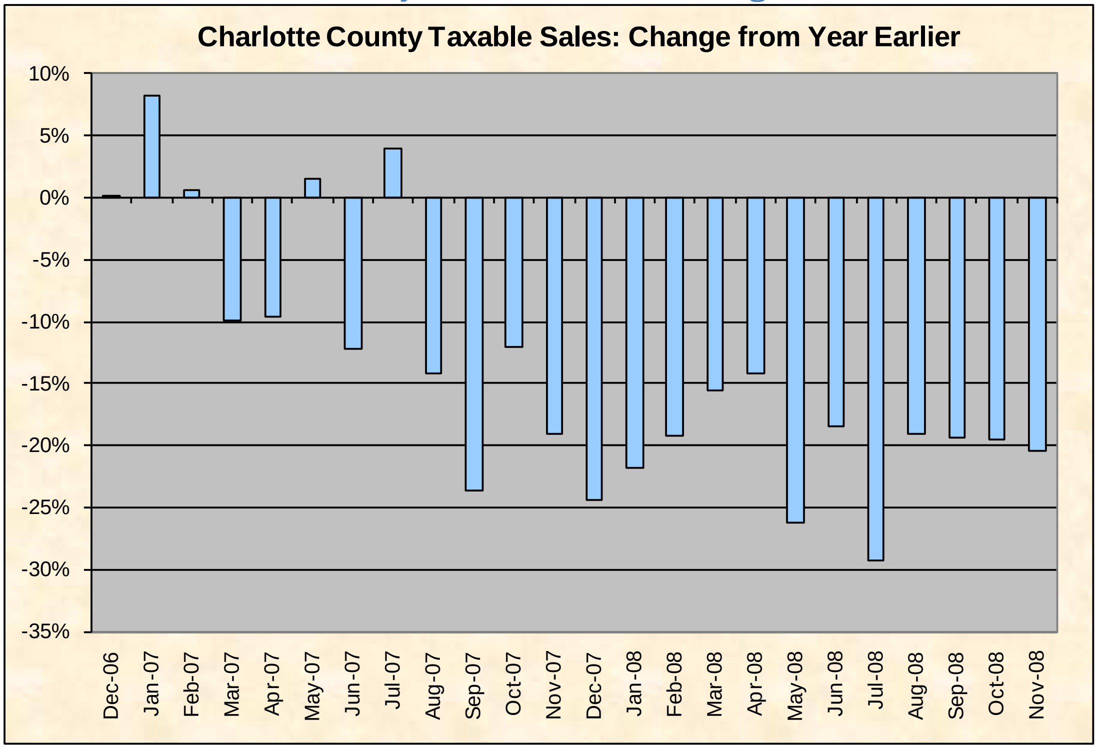
Source: Florida Department of Tax Research

Chart 12: Collier County Taxable Sales - Change from a Year Earlier



Source: Florida Department of Tax Research

Chart 13: Charlotte County Taxable Sales - Change from a Year Earlier



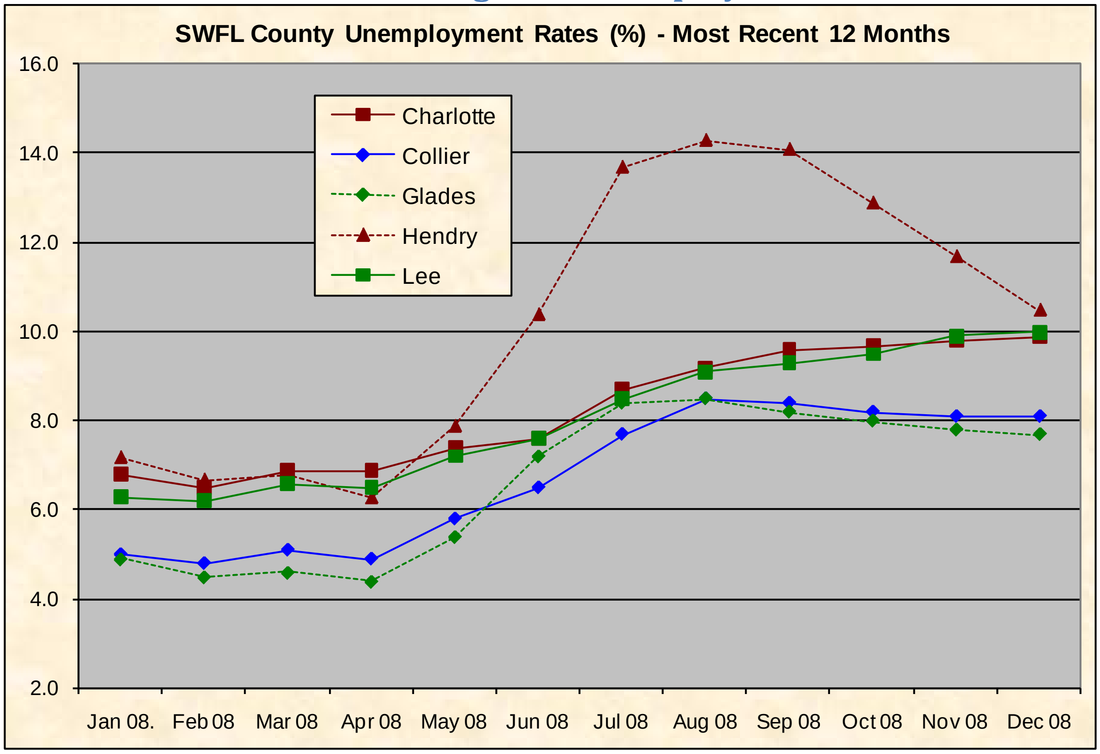
Source: Florida Department of Tax Research

Workforce – Unemployment

Unemployment levels in Southwest Florida remain high, as shown in Chart 14. Lee County's unemployment rate rose slightly from a revised 9.9 percent in November to 10 percent in December 2008. Collier County's unemployment rate remained at a relatively high 8.1 percent in November and December 2008. Charlotte County's unemployment rate edged up 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 7.6 percent in January 2009.

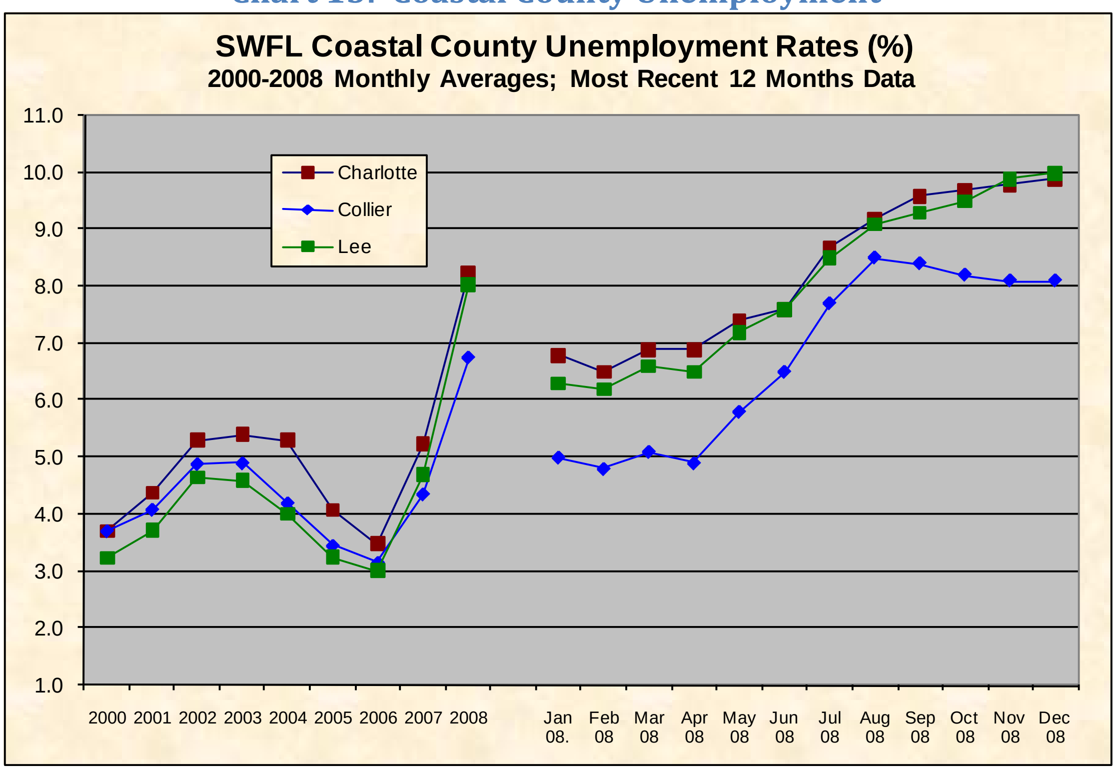
Charts 15 and 16 show the unemployment rates for our region and provide a longer term historical perspective from 2000 to 2007 and the latest 12 months. Unemployment rates above 5.0 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends. Our region has been hit particularly hard due to its dependence on housing and construction in general.

Chart 14: Regional Unemployment



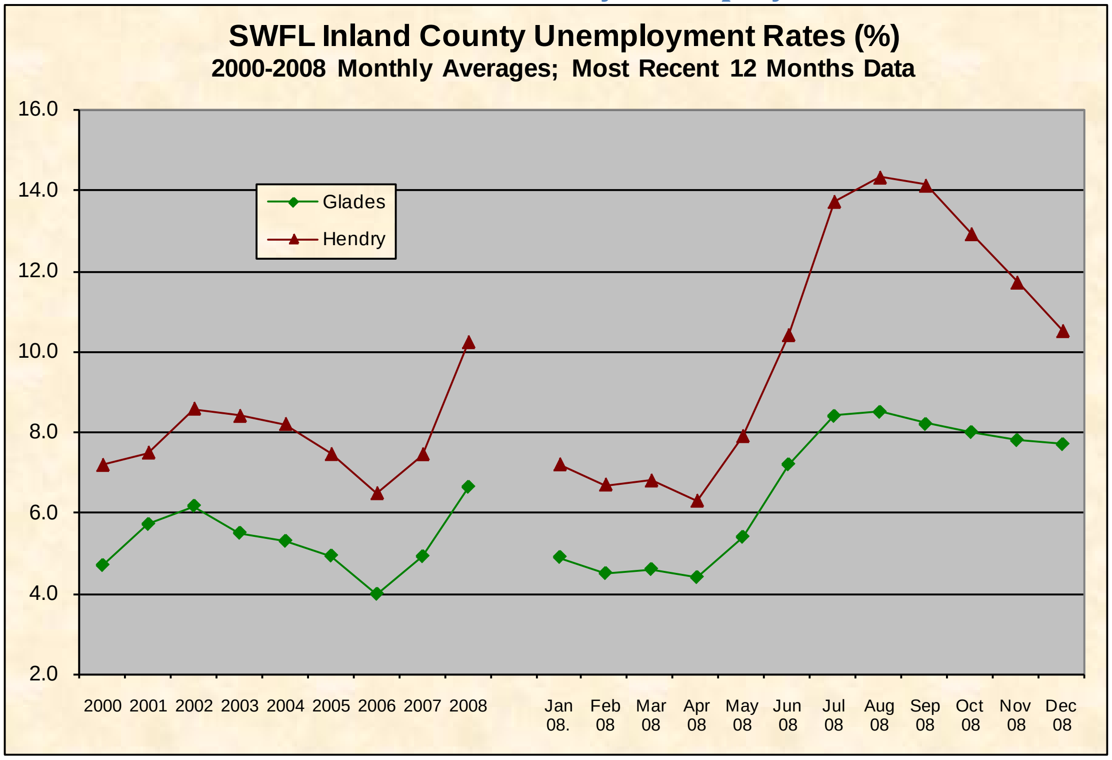
Source; AWI

Chart 15: Coastal County Unemployment



Source AWI

Chart 16: Inland County Unemployment

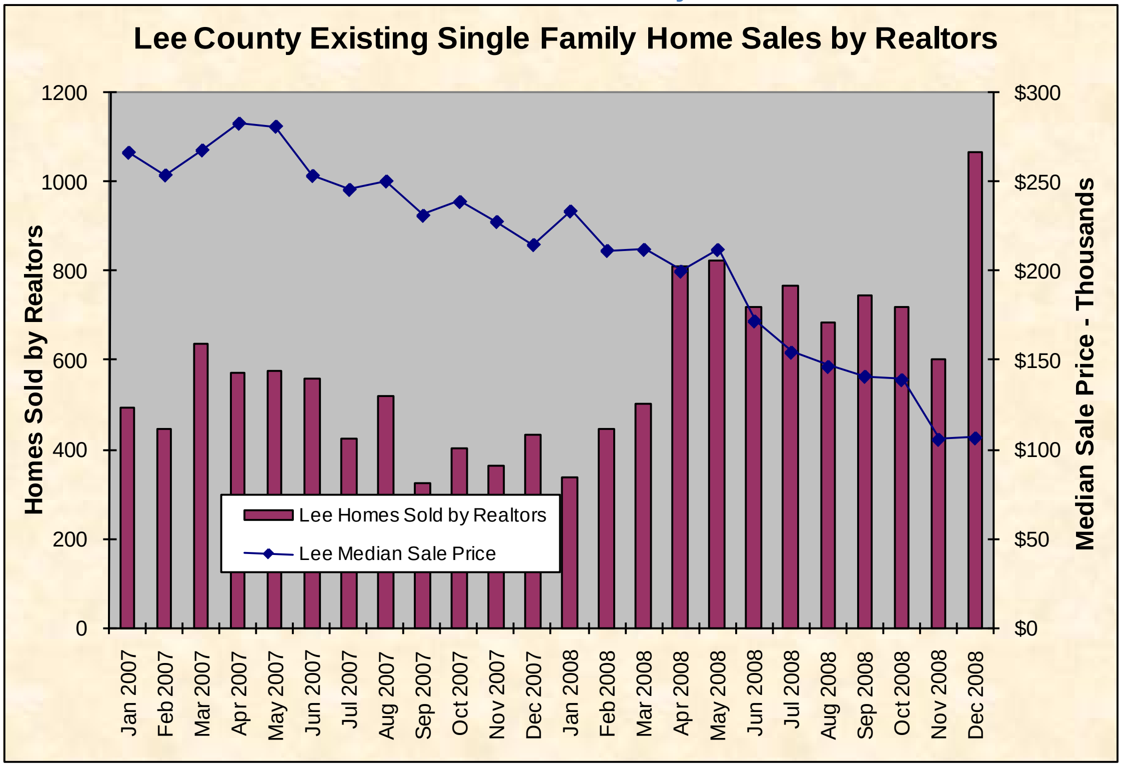


Source AWI

Sales of Single–Family Existing Homes and Median Sales Price

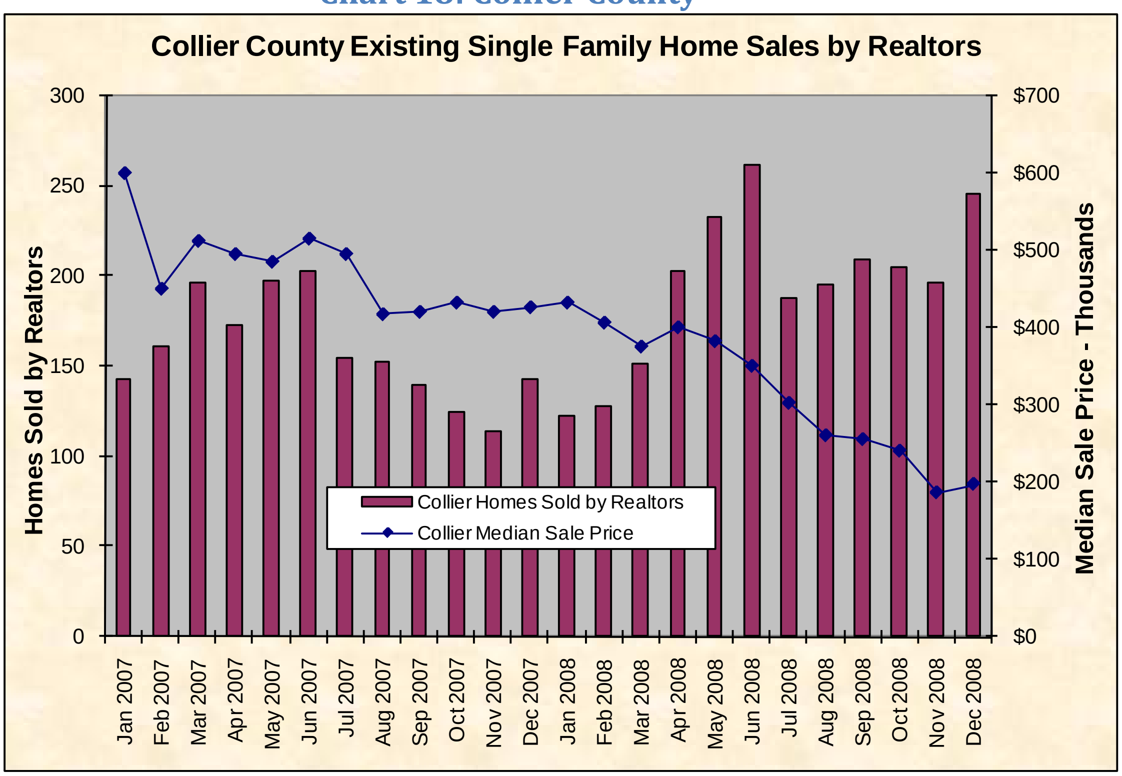
The number of existing single-family homes sold by realtors in December 2008 increased in Lee, Collier, and Charlotte Counties. For the first time since last May, all three counties saw an increase in the median sales price as well. Lee County sales increased significantly from 600 in November to 1,064 in December, as shown in Chart 17. The median sales price for Lee County increased slightly from $106,100 to $106,900. Collier County sales increased from 196 in November to 245 in December with the median price increasing from $186,000 to $197,000, as shown in Chart 18. Charlotte County sales increased from 174 in November to 200 in December, with the median sales price increasing from $97,700 to $102,400, as shown in Chart 19.

Chart 17: Lee County



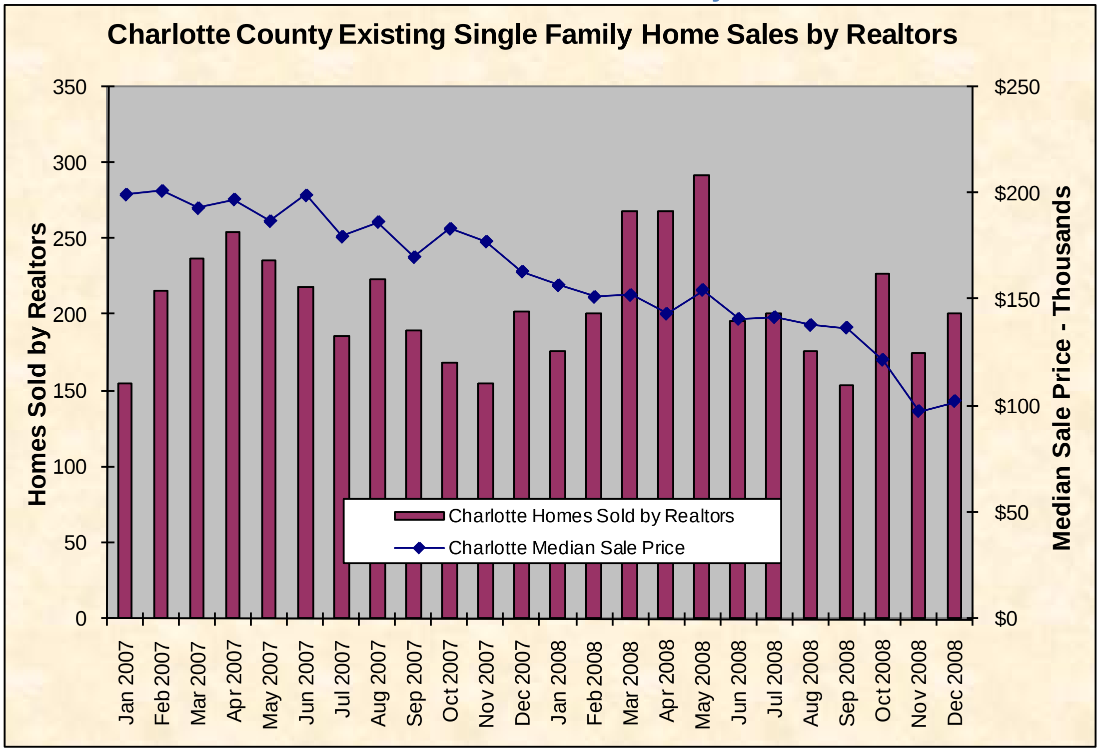
Source: Florida Association of Realtors ® Fort Myers – Cape Coral MSA http://media.living.net/statistics/statisticsfull.html

Chart 18: Collier County



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

Chart 19: Charlotte County



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

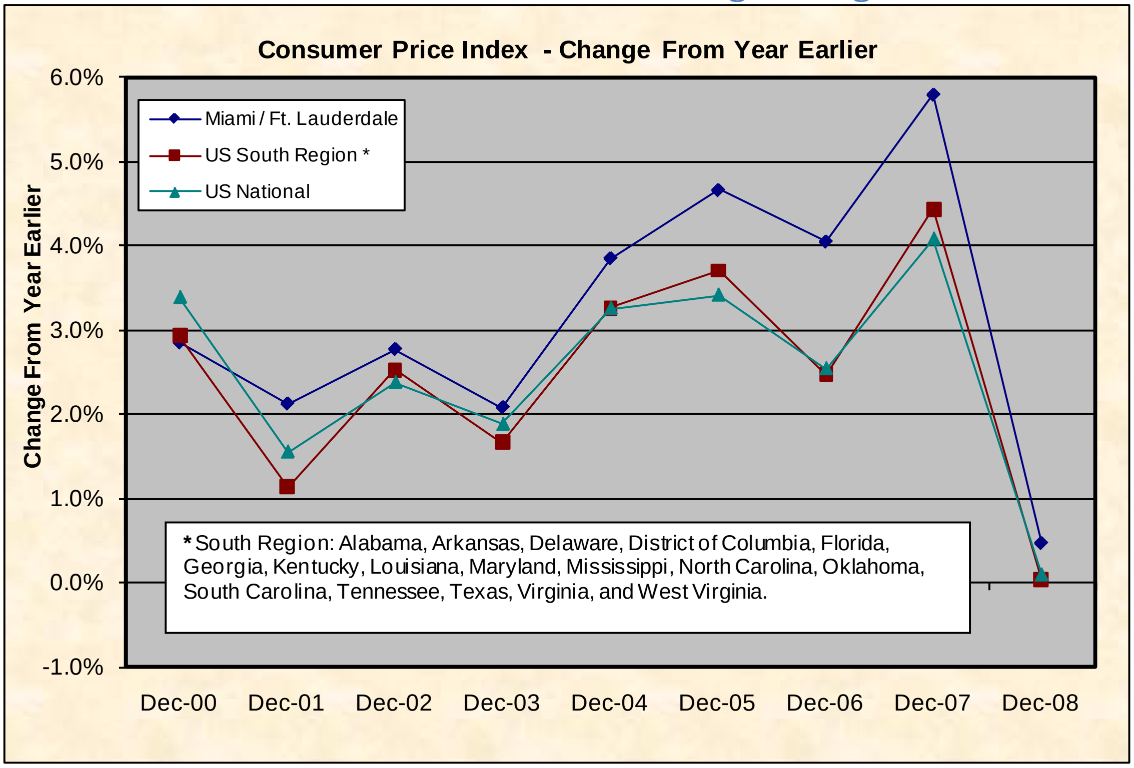
Consumer Price Index

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 20. 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 20: CPI Annual Percentage Change

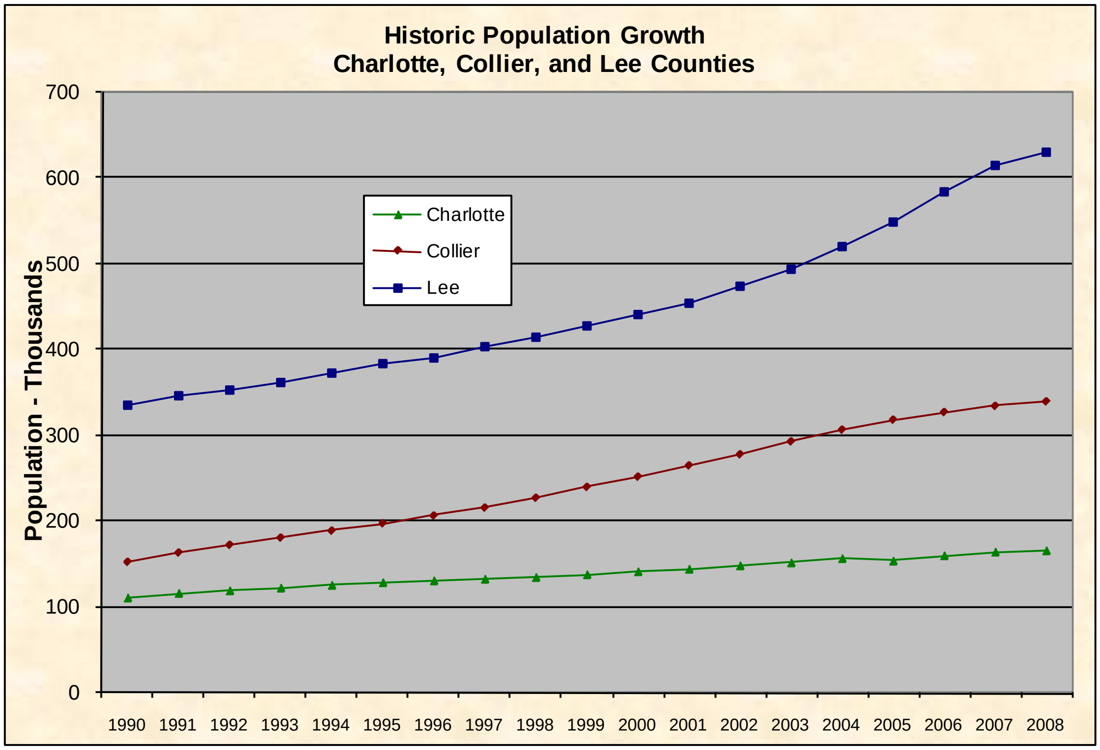


Source: BLS

Population

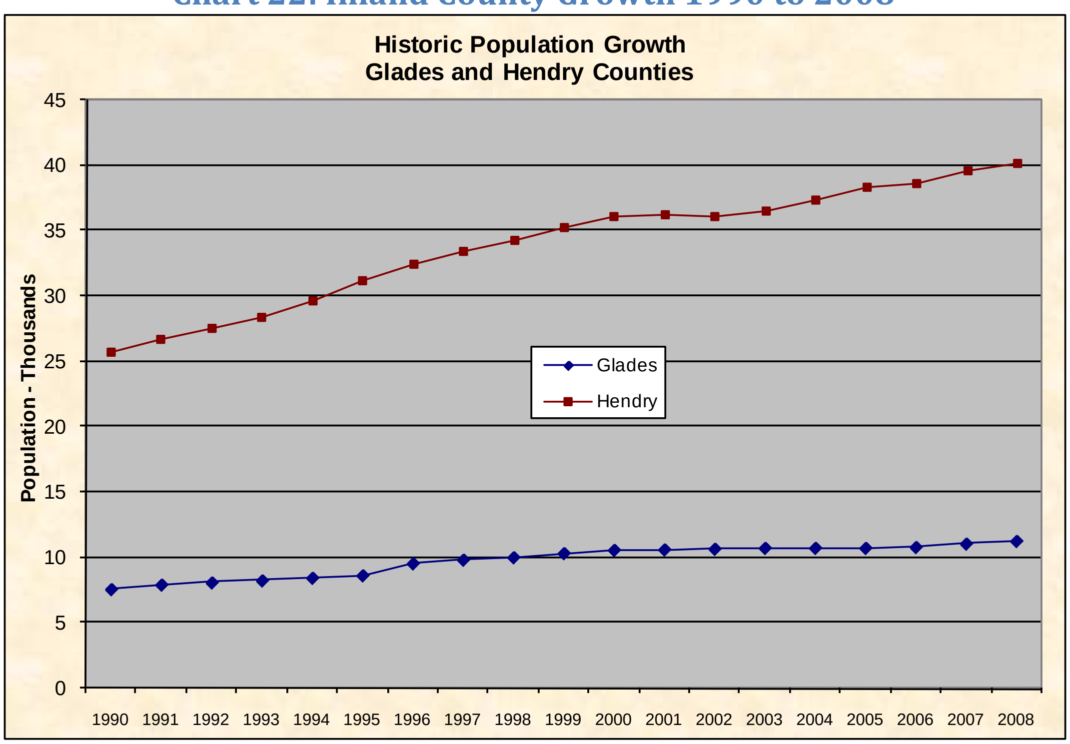
A Florida Demographic Estimating Conference was held in July 2008 and the new forecasts are included in this report. Charts 21and 22 show the historic population growth from 1990 to 2008. Collier County grew at an average annual growth rate from 1990 to 2008 of 4.6 percent. Lee County almost doubled its population from 1990 to 2008 growing at an annual rate of 3.6 percent. As indicated in Chart 22, Charlotte, Glades, and Hendry Counties had 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 24 through 26 provide the percentages of regional population by County for the years 1990, 2008, and 2030.

Chart 21: Coastal Counties Growth 1990 to 2008



Source: Florida EDR: July 2008.

Chart 22: Inland County Growth 1990 to 2008



Source: Florida EDR: July 2008.

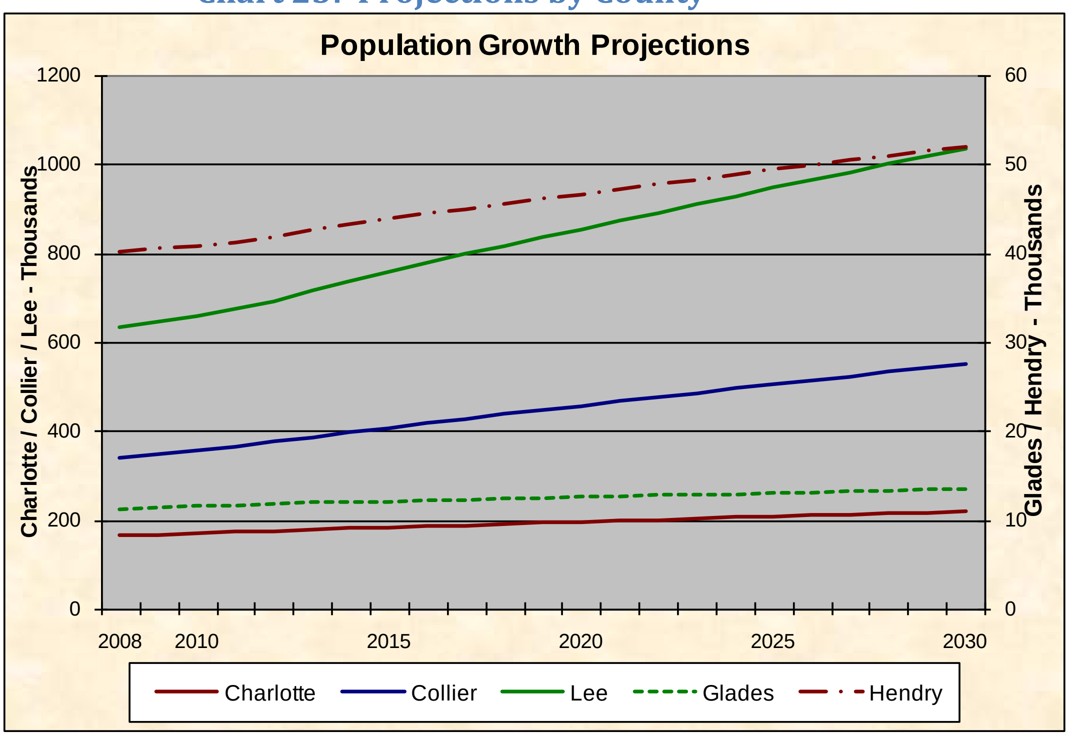
Table 1: Projections by County

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

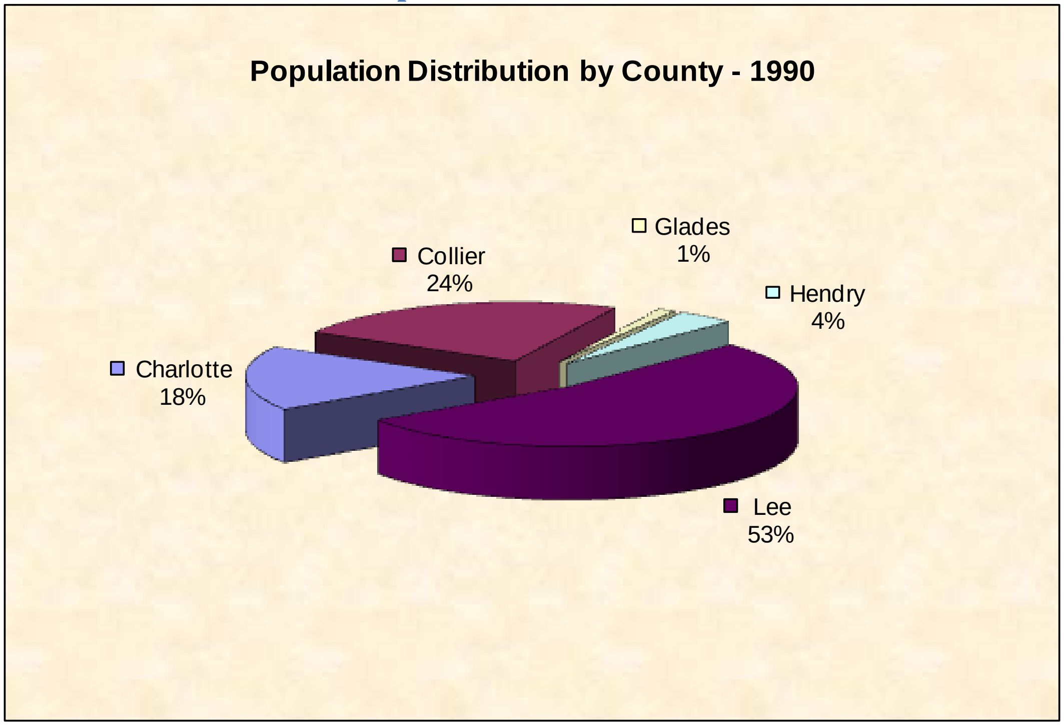
Source: Florida EDR: July 2008.

Chart 23: Projections by County



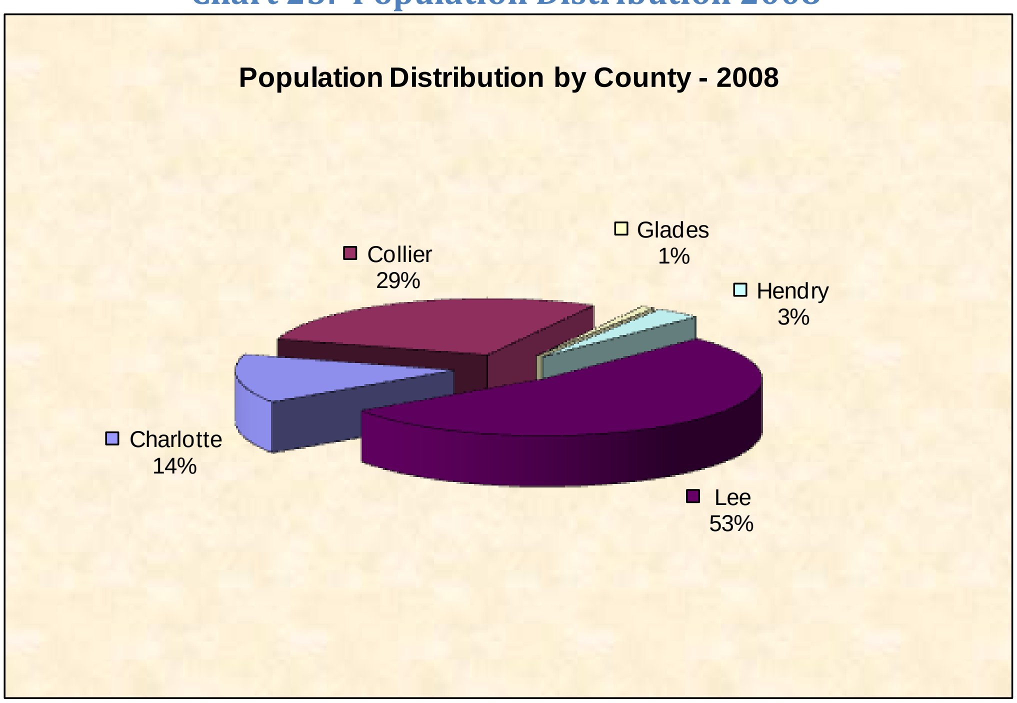
Source: Florida EDR: July 2008.

Chart 24: Population Distribution 1990



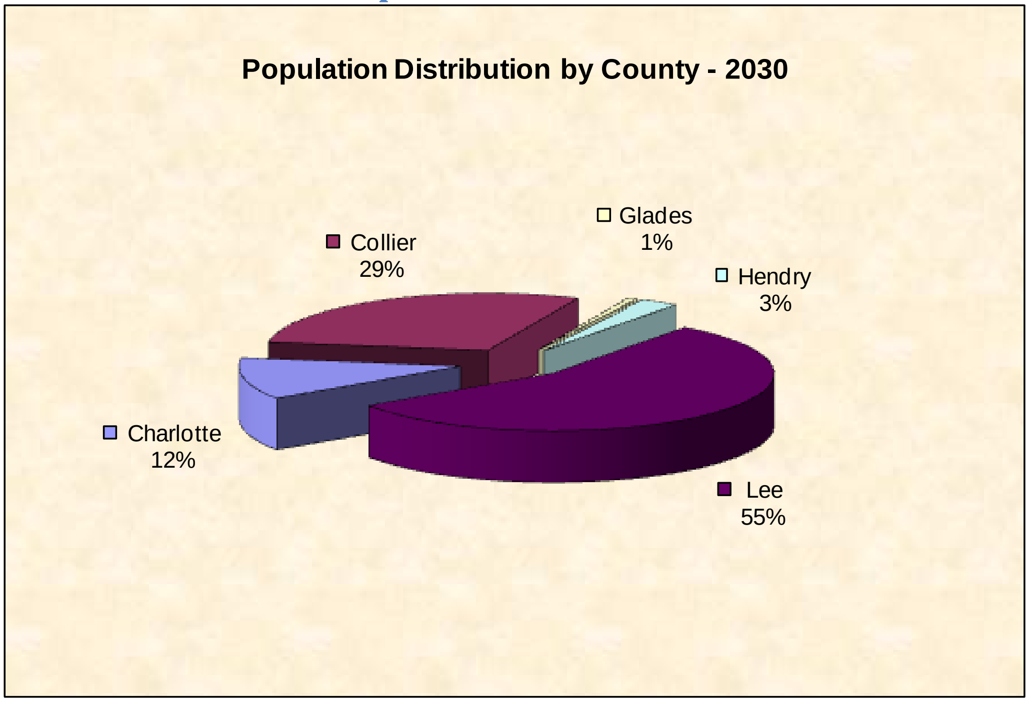
Source: Florida EDR: July 2008.

Chart 25: Population Distribution 2008



Source: Florida EDR: July 2008.

Chart 26: Population Distribution 2030



Source: Florida EDR: July 2008.