Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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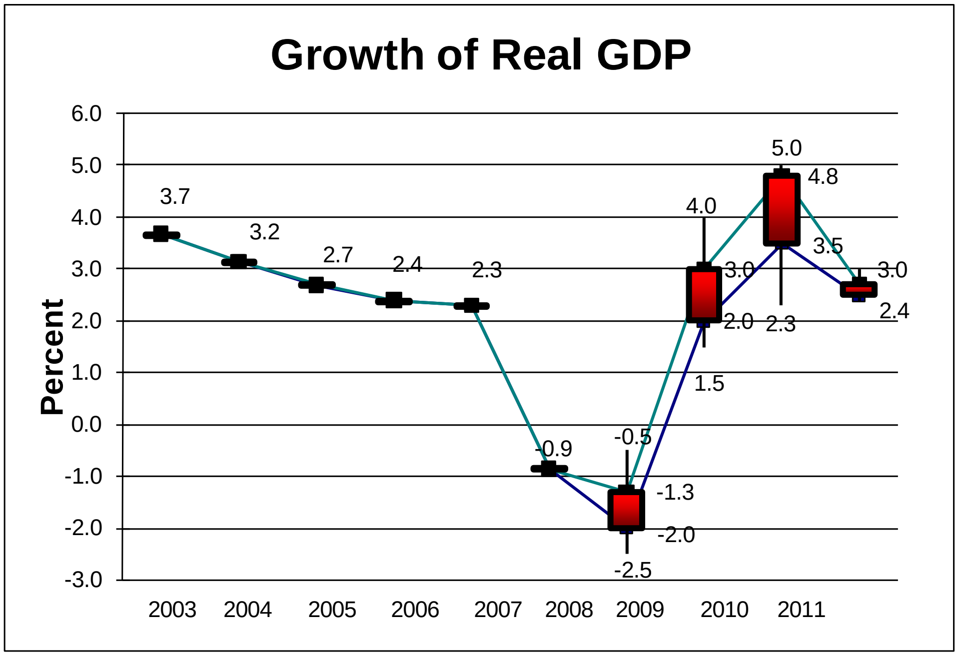
Introduction

The Federal Reserve Open Market Committee met on June 23-24, 2009, and provided an update on the national economy. The press release from the meeting stated that:

- The pace of economic contraction has slowed;
- Conditions in financial markets have improved;
- Household spending showed signs of stabilizing but was constrained by ongoing job losses, lower housing wealth, and tight credit; and
- Progress has been made in bringing inventory stocks into better alignment with sales.

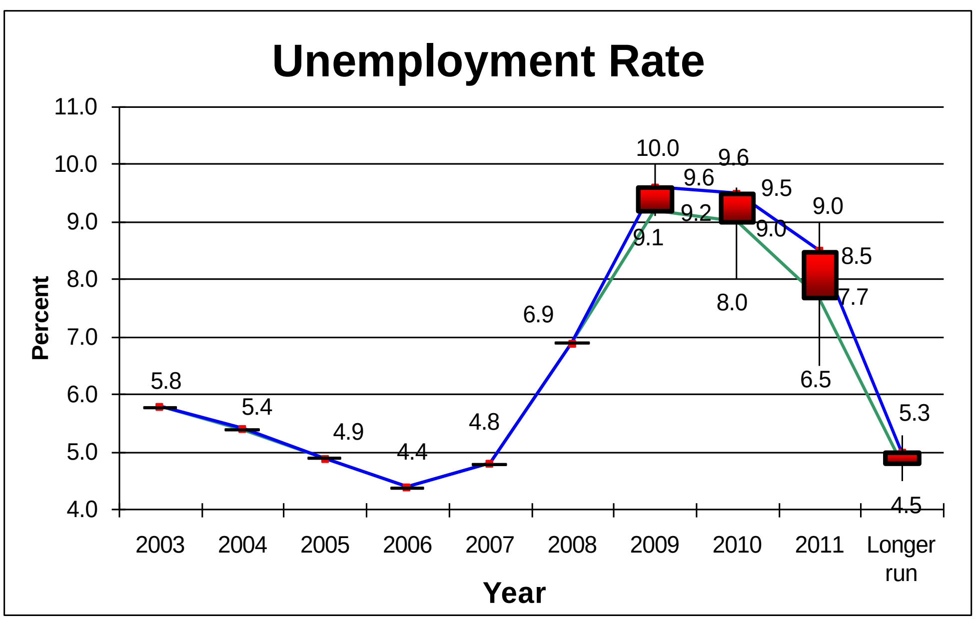
The Federal Reserve Open Market Committee previously met on April 28-29, 2009, and provided an updated national forecast of the economy. The committee forecast that a recovery in sales and production is expected to begin during the second half of 2009. The recovery is expected to be gradual and it is anticipated that unemployment will remain high through 2011. The forecasts are shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers or vertical lines. The next meeting of the Open Market Committee is planned for August 11 and 12, 2009 and given that inflation is expected to remain subdued, the federal funds interest rate is expected to remain in the range of 0 to 1/4 percent for an extended period of time.

Real GDP has declined in 2009 and the chart shows a recovery in 2010, but it will be several years before the economy returns to a more normal long-run trend. In 2010 and 2011, real GDP is forecast to have a fairly rapid recovery followed by more normal long-term economic growth of around two and one-half to three percent.



Source: Minutes of the Federal Open Market Committee, April 28-29, 2009.

The national unemployment rate is expected to rise in 2009 to between 9.1 and 10.0 percent and continue at a slightly lower but historically high rate in 2010. The May 2009 national unemployment rate was 9.4 percent. For 2011, the unemployment rate is expected to be approximately eight percent before finally declining to a long-run rate of around five percent. The projections for unemployment are for the fourth quarter of each year.



Source: Minutes of the Federal Open Market Committee, April 28-29, 2009.

Our regional economic indicator charts continue to show the impact of the slowdown in the local economy in the form of low retail sales, high unemployment rates, low permitting levels, and low inflation rates. Unemployment in Lee County reached 12.4 percent in May, up from 12.0 percent in April. Although airport passenger traffic at Regional Southwest(RSW) inched up by two percent from last April, tourism revenues were down for both Lee and Collier Counties.

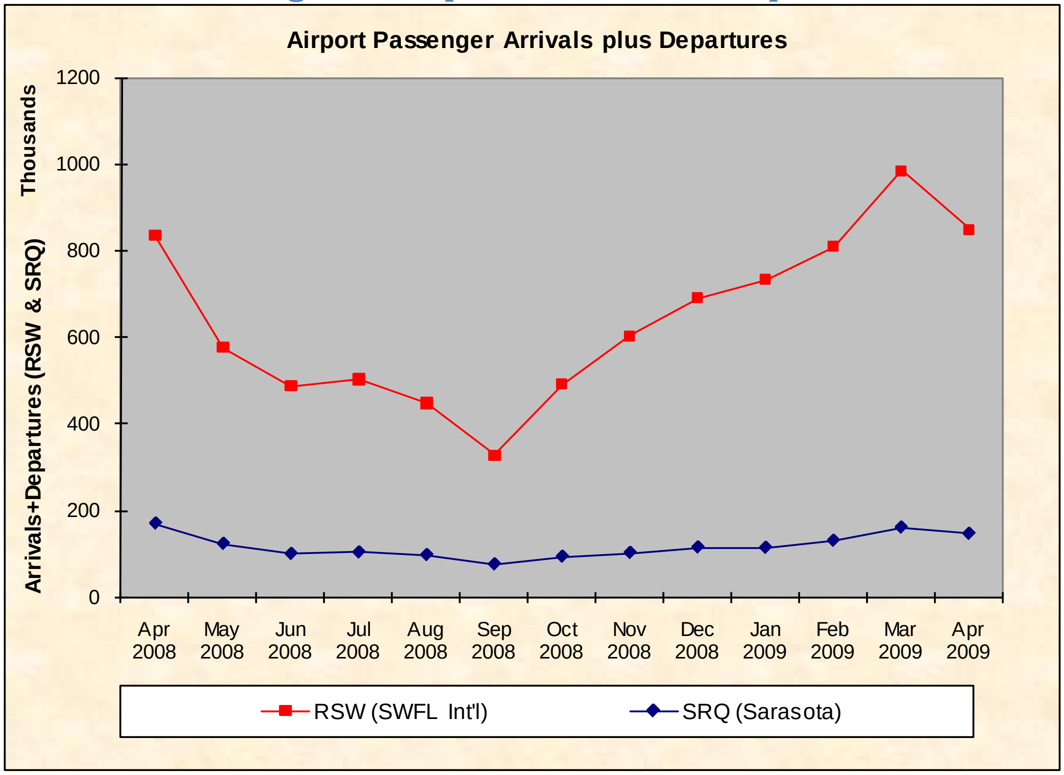
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report as a way to support its mission and assist the region. The Institute thanks its many partners for assistance in obtaining the data, including the Southwest Florida Regional Planning 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 sum of arrivals and departures for Regional Southwest Florida and Sarasota airports and is shown in Chart 1. Peak seasonal activity occurs in February, March and April, with significantly lower activity 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.

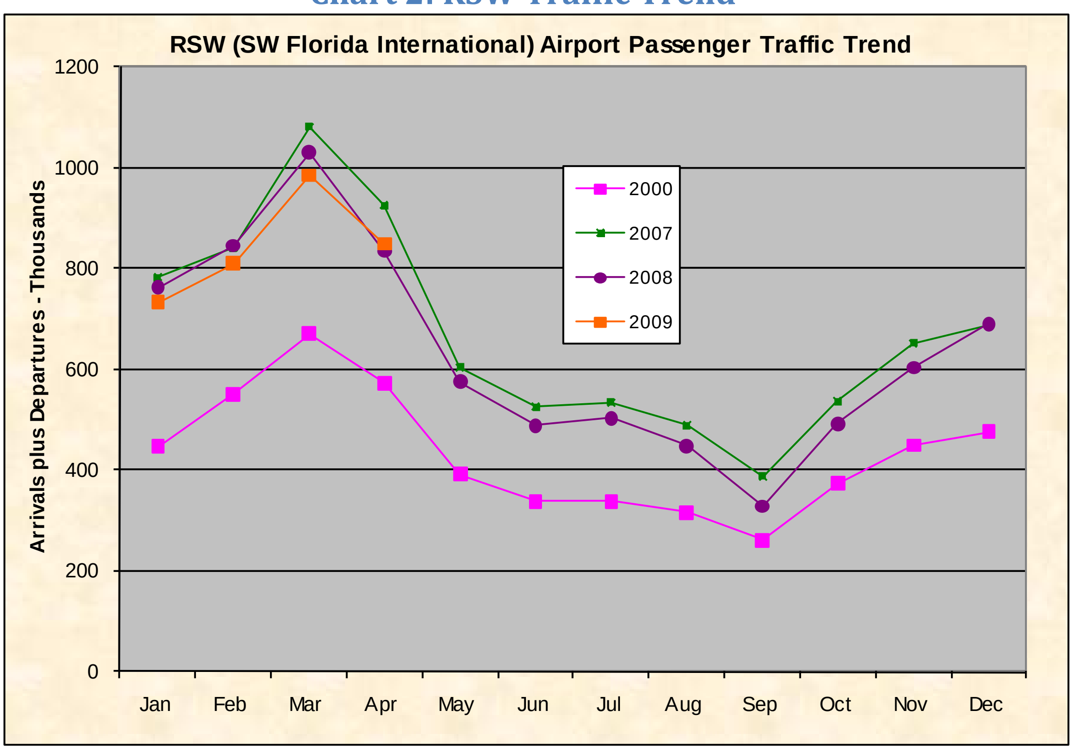
Regional Southwest Florida (RSW) airport located in Lee County is ranked as one of the fifty busiest airports in the nation. Passenger activity typically peaks in March, then falls off over the summer months, as shown in Chart 1. The April 2009 passenger level was 849,815 which is 2 percent higher than the April 2008 level, and is 14 percent lower than March 2009 following a typical seasonal pattern. Sarasota (SRQ) passenger activity was 146,420 in April 2009, which was 14 percent below the April 2008 prior year figure, and 9 percent lower than March 2009. Charlotte County has added commercial passenger service and recorded April passenger activity of 13,751, down 8 percent from March 2009.

Chart 1: Regional Airport Arrivals and Departures



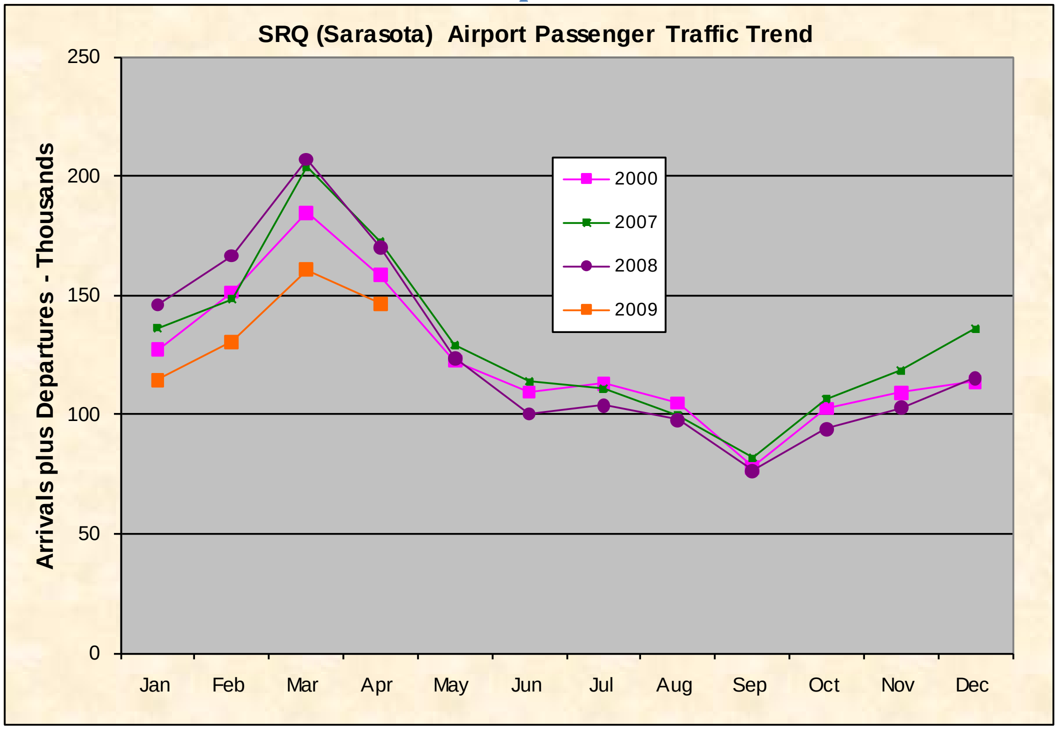
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend

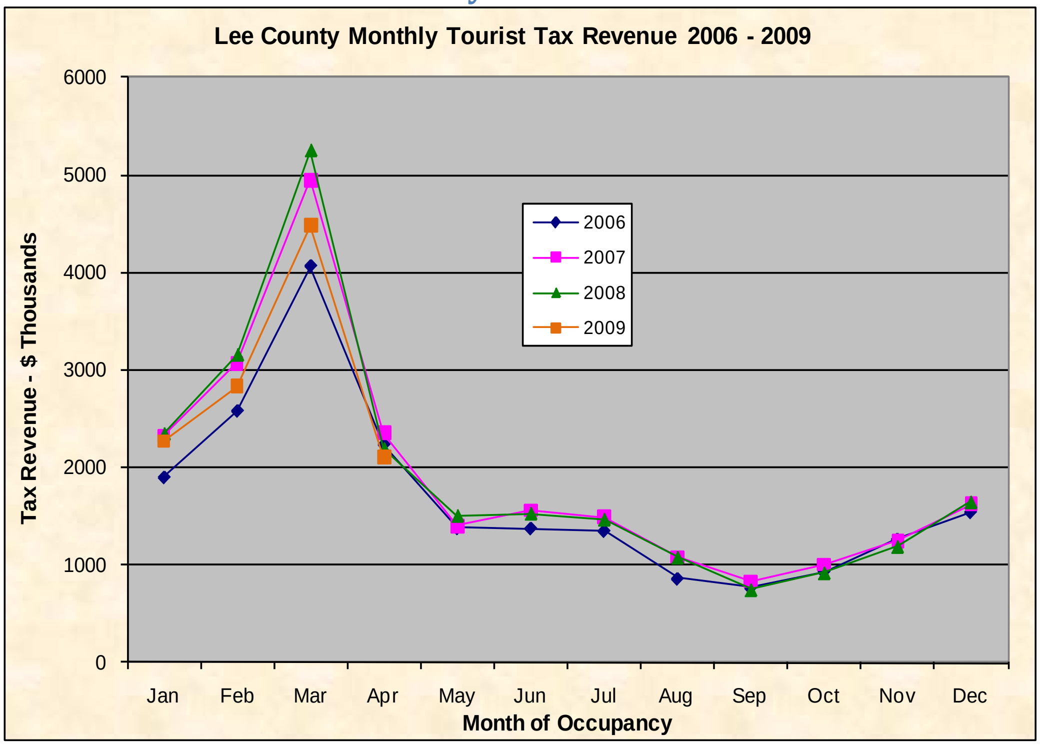


Source: Local Airport Authorities

Tourism Tax Revenues

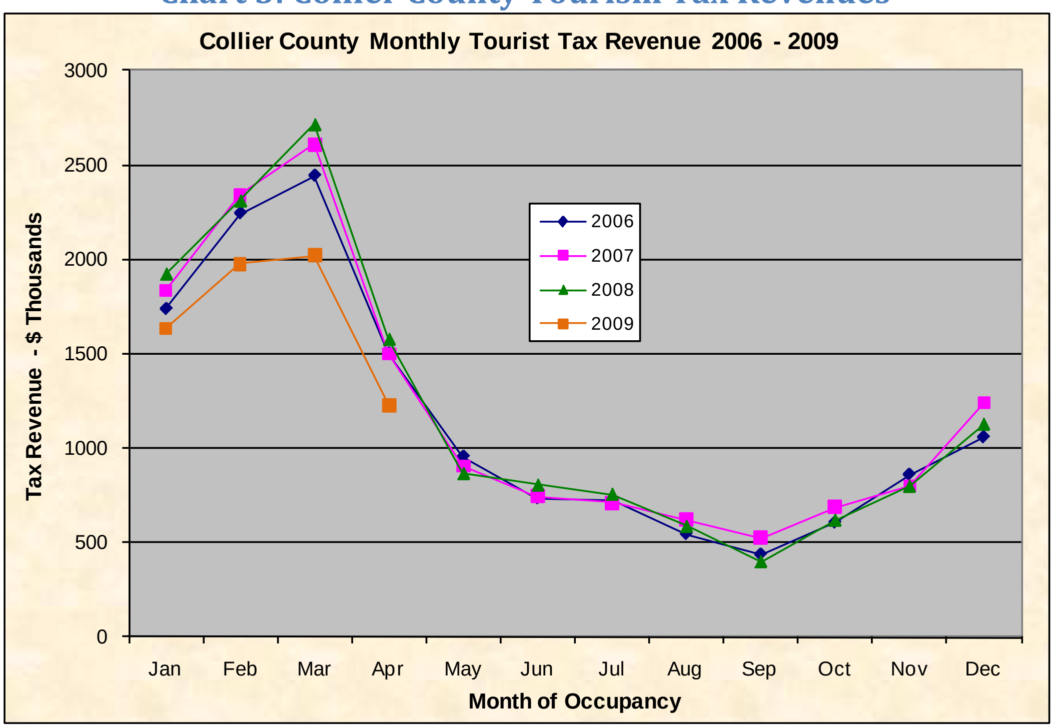
Tourism tax revenues for the region are shown in Charts 4, 5, and 6, and are based on month of occupancy. The charts show that April tourism tax revenues were down 4 percent for Lee and 22 percent for Collier compared to April 2008. Charlotte County had a 14 percent decrease from April 2008 to April 2009. Due to seasonal factors, all three counties experienced significant declines from March 2009.

Chart 4: Lee County Tourism Tax Revenues



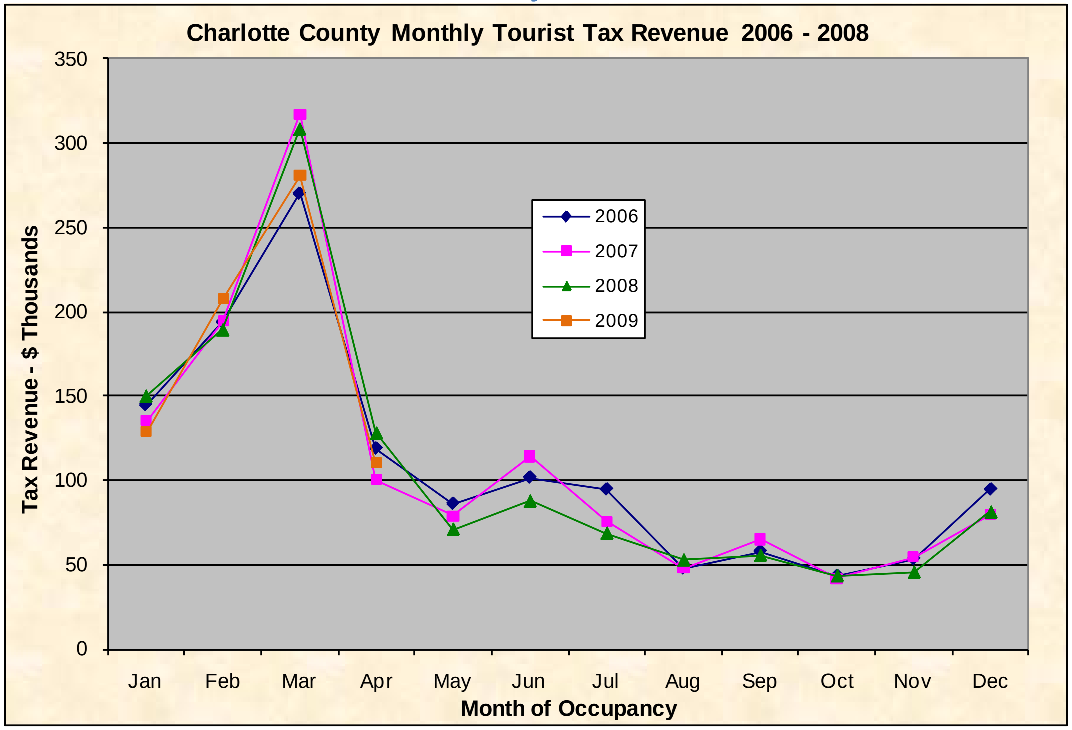
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

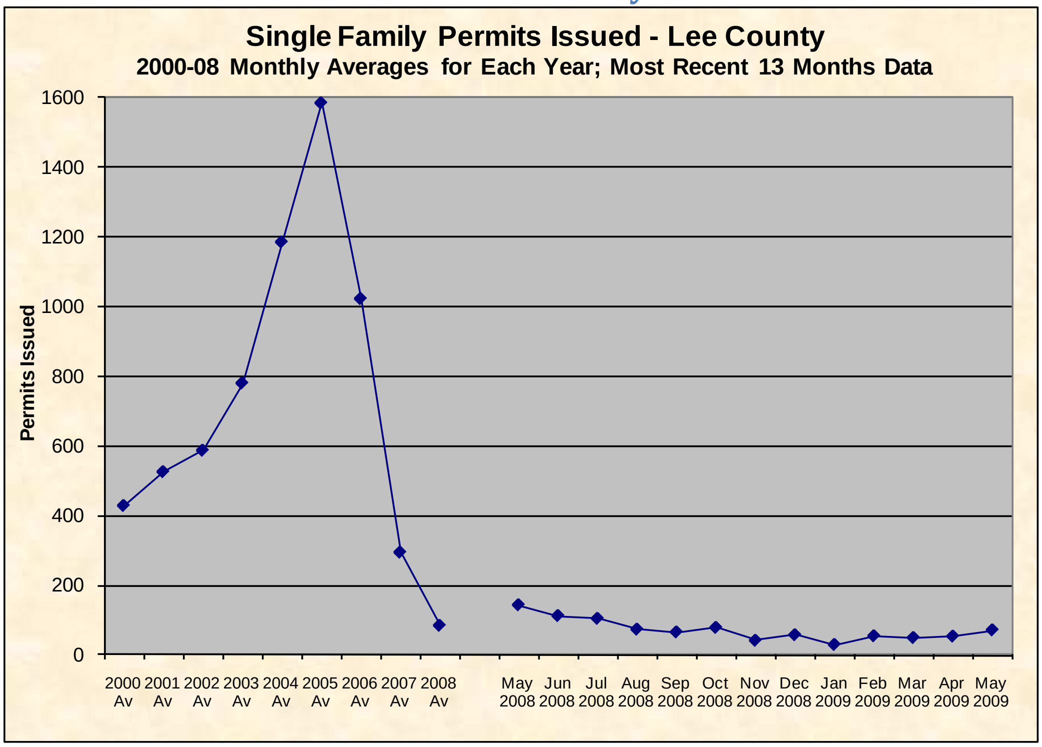


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

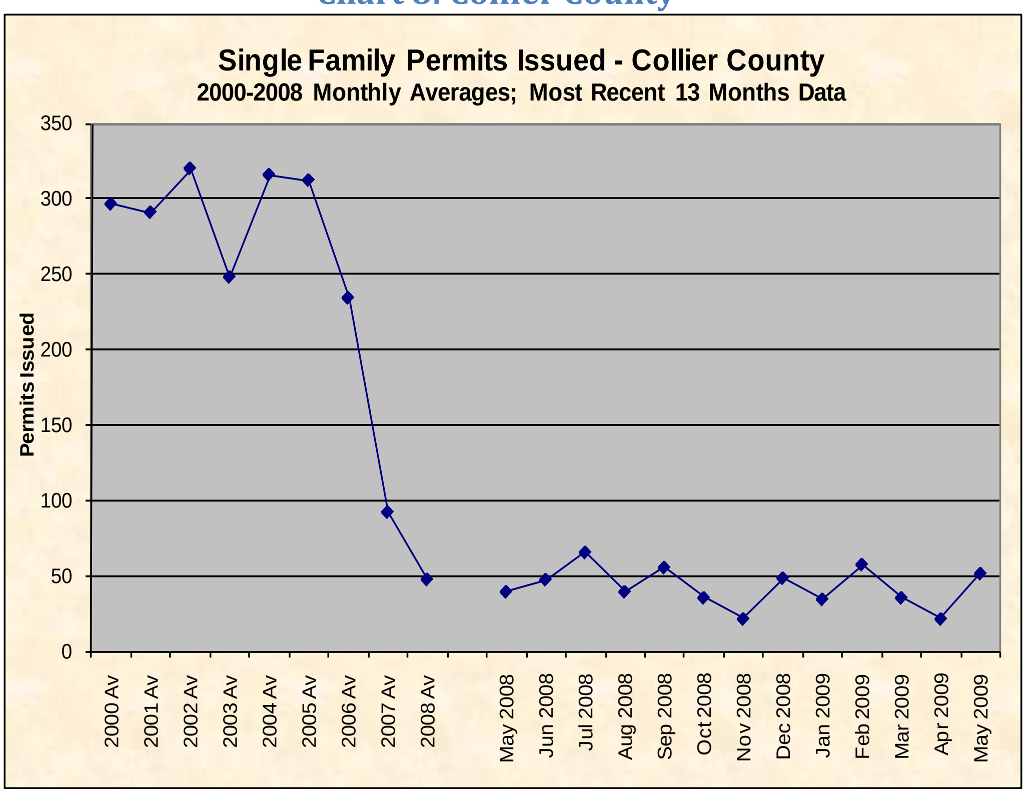
Single-family home permits issued increased in May, but remained historically low for the region as the economy's recession and a large inventory of homes continued to put downward pressure on housing prices. The May single-family permitting in Lee County increased to 72 from 54 in April, as shown in Chart 7; one year ago, the figure was 144. The Lee County monthly average is 52 through May 2009, compared to 85 for all of 2008. Single-family permits for Collier County also increased from 22 in April to 52 in May, as shown in Chart 8. This exceeded the May 2008 permits of 40, raising the year-to-date monthly permit average to 41, down from 48 in calendar 2008. Charlotte County data for May was not available at the time of publication and Chart 9 shows trends through April.

Chart 7: Lee County



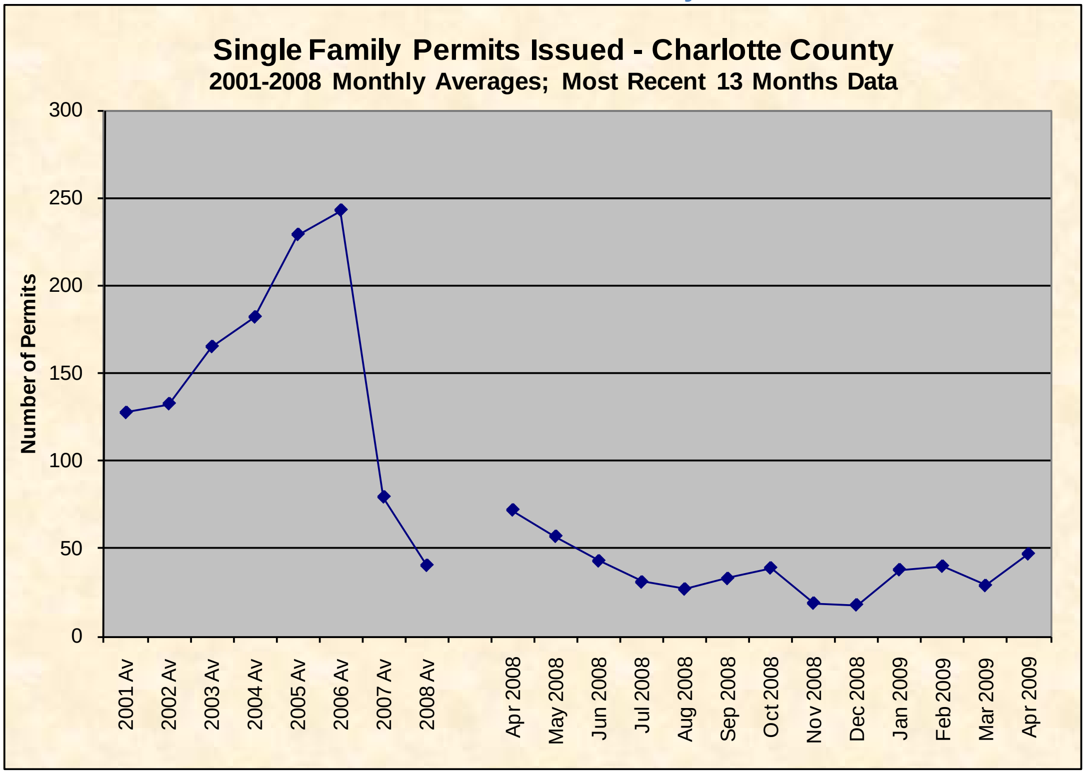
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 8: Collier County



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

Chart 9: Charlotte County



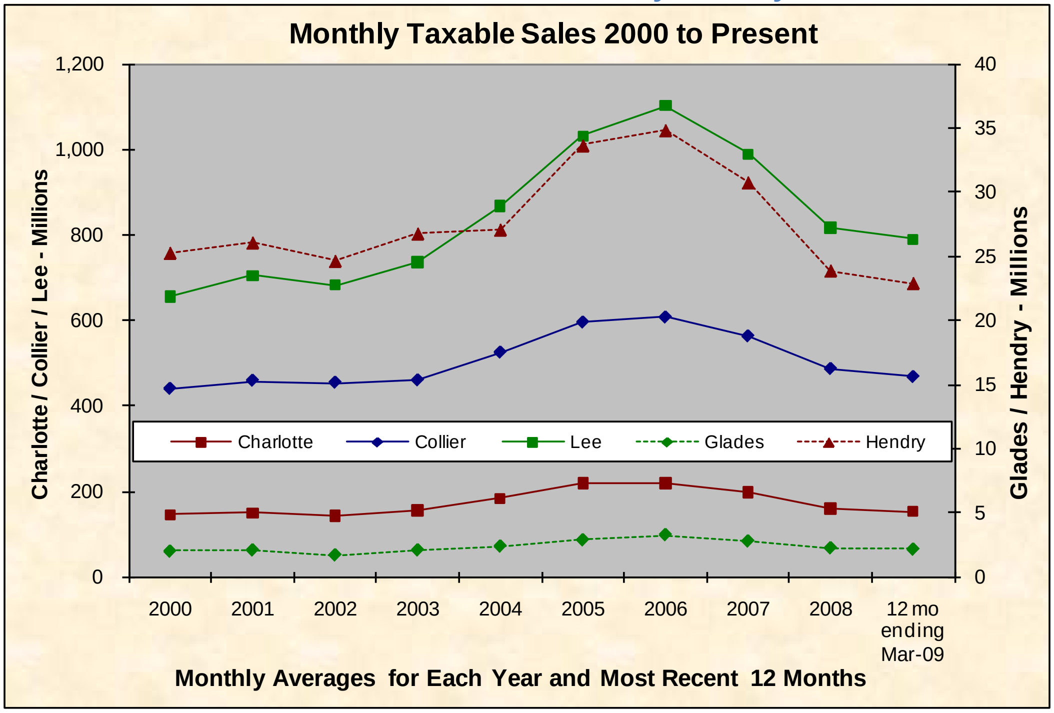
Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

Taxable Sales

The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. This makes March 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 2008 and the latest 12-month average through March 2009.

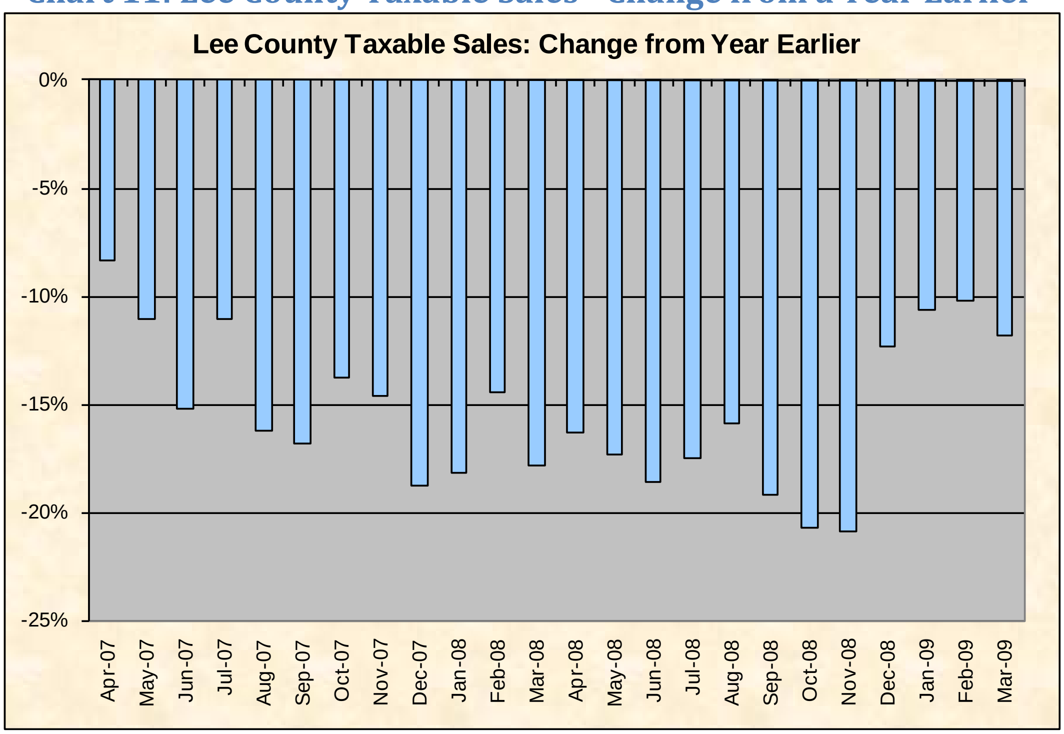
The local impact of the current recession continues to be visible in the year-to-year percentage decreases in taxable sales, albeit at lower rates. Lee County saw March 2009 taxable sales collections 12 percent below year earlier levels, as shown in Chart 11. Collier and Charlotte Counties experienced year-to-year reductions of 12 as well, as shown in Charts 12 and 13. Hendry County's taxable sales (not charted) were off by 9 percent from a year earlier, while Glades (not charted) were down by 17 percent. Taxable sales for the five-county region declined by $232 million, or 12 percent between March 2008 and March 2009.

Chart 10: Taxable Sales by County



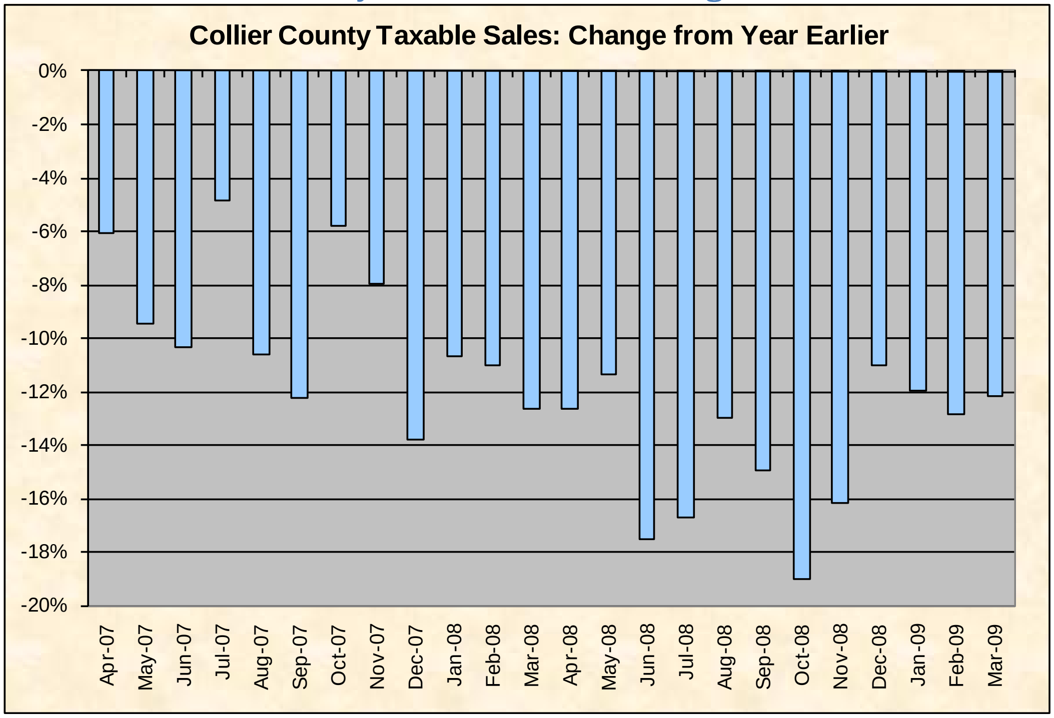
Source: Florida Department of Tax Research

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



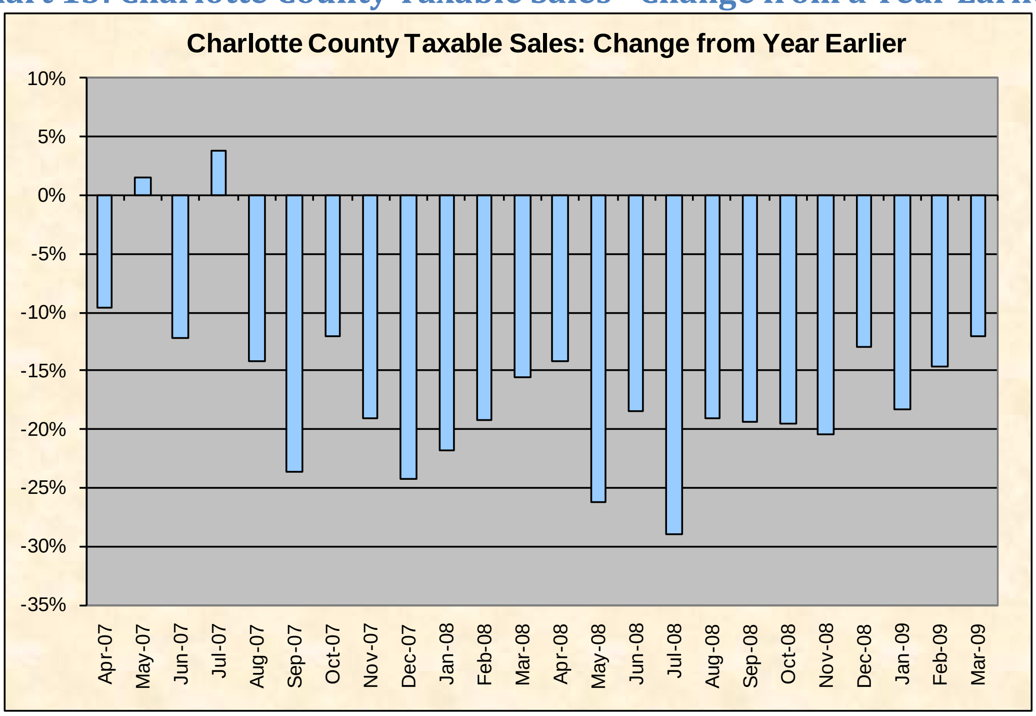
Source: Florida Department of Tax Research

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



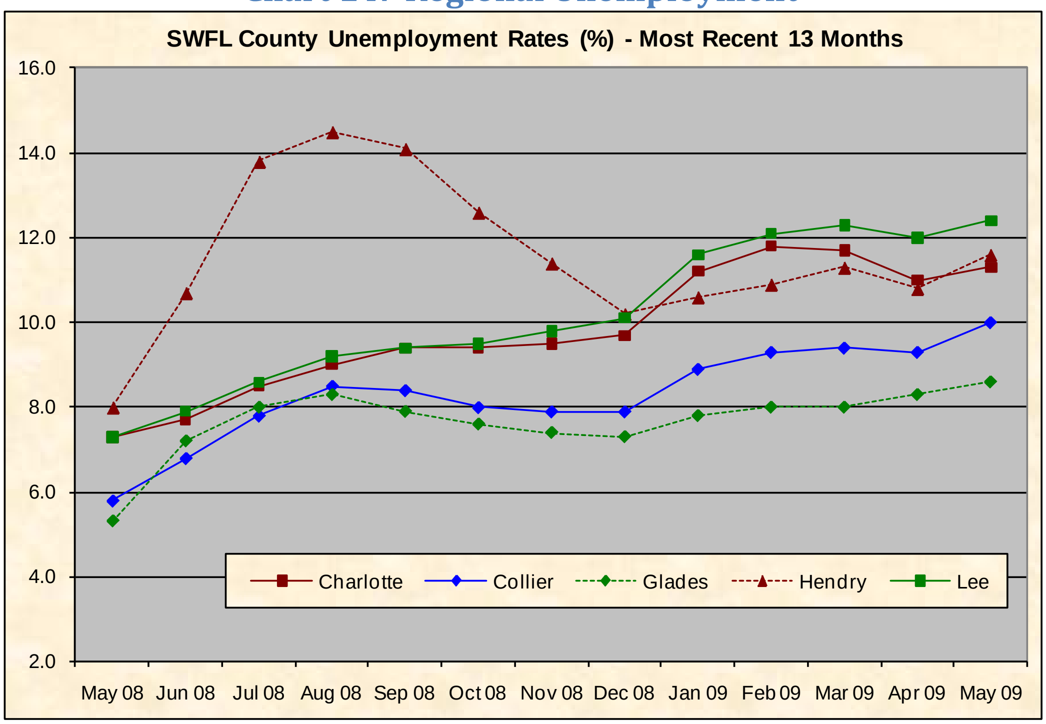
Source: Florida Department of Tax Research

Workforce – Unemployment

All Southwest Florida counties reported increased unemployment in May (Chart 14). The unemployment rates tracked in this report are not seasonally adjusted. Lee County's unemployment rate increased from 12.0 percent in April to 12.4 percent in May 2009. Collier County's unemployment rate increased from 9.3 percent to 10 percent, and Charlotte County's figures increased from 11.0 percent to 11.3 percent. Hendry County unemployment increased from 10.8 percent in April to 11.6 percent in May 2009, while Glades County's unemployment increased from 8.3 percent in April 2009 to 8.6 percent in May. The Florida unemployment rate rose to 10.0 percent in May 2009, and the national unemployment rate was 9.1 percent for May 2009 (not seasonally adjusted).

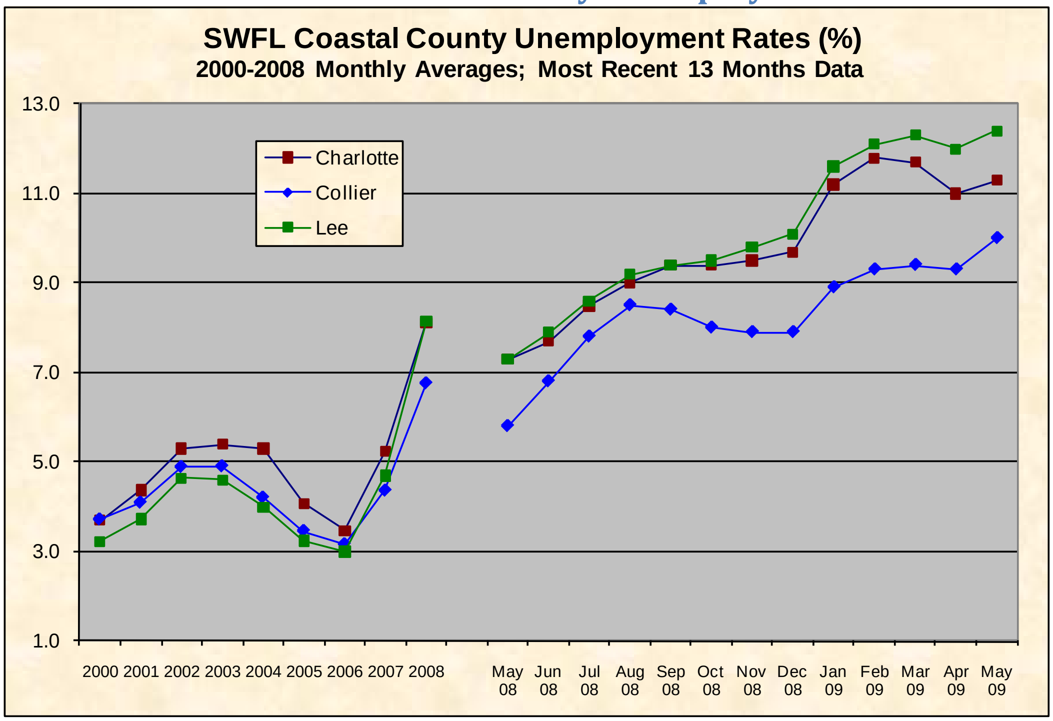
Charts 15 and 16 show the unemployment rates for our region and provide a longer term historical perspective from 2000 to 2008 and the latest 13 months. Unemployment rates above 5.0 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends. Our region has been hit particularly hard due to its dependence on housing and construction in general.

Chart 14: Regional Unemployment



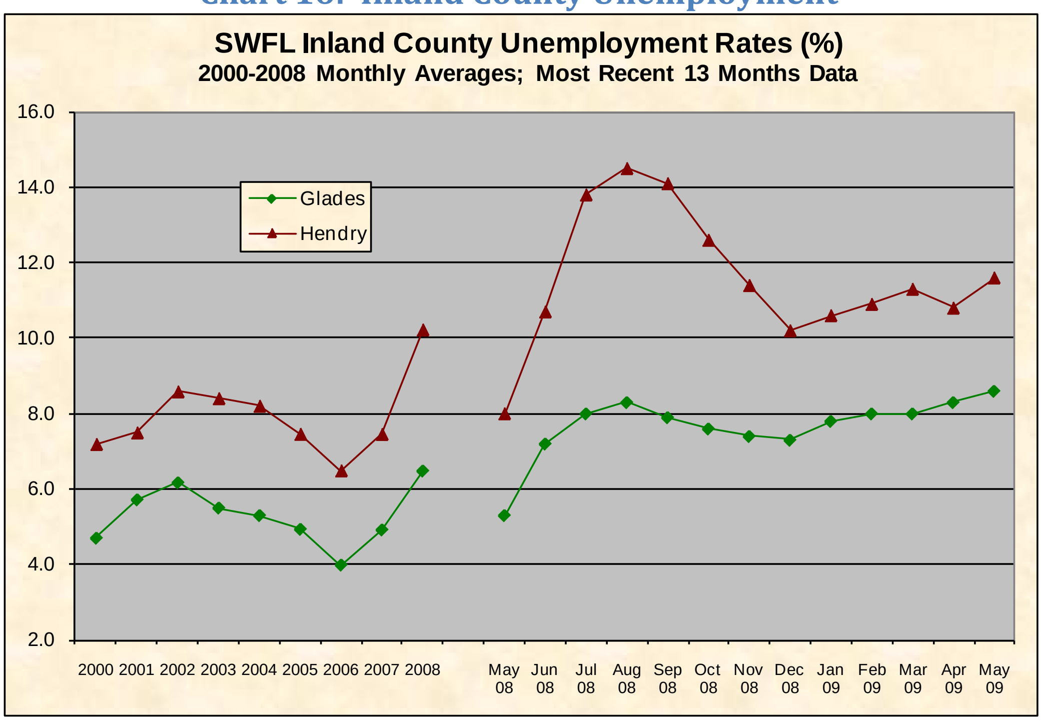
Source; AWI

Chart 15: Coastal County Unemployment



Source AWI

Chart 16: Inland County Unemployment

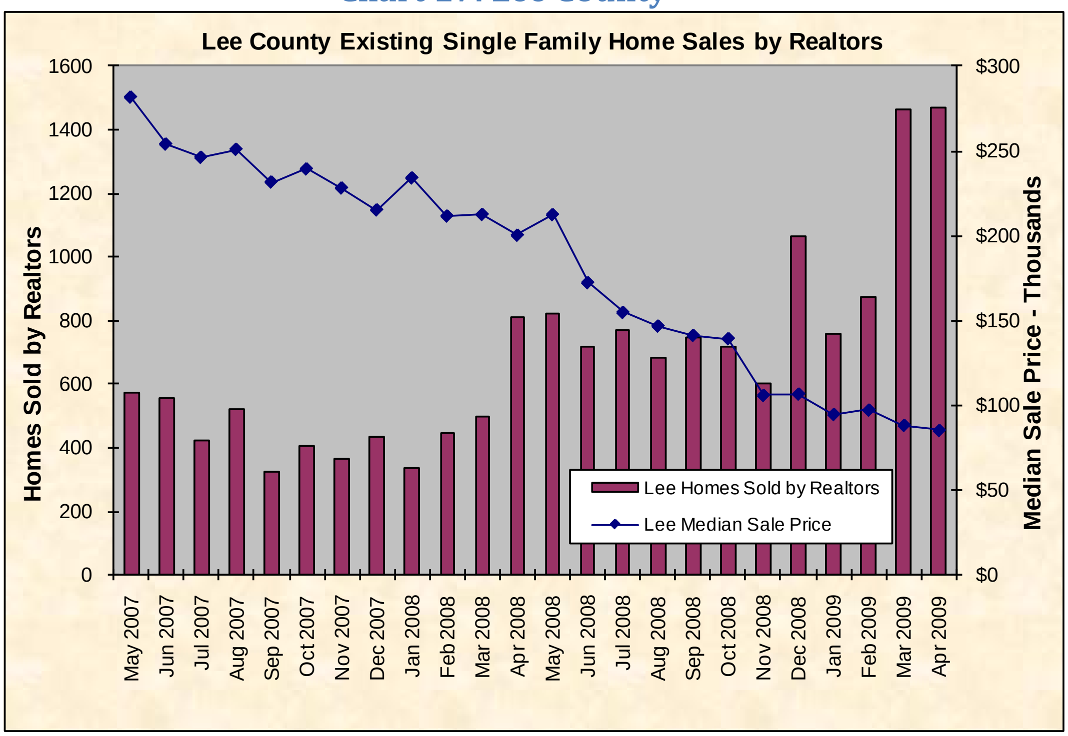


Source AWI

Sales of Single–Family Existing Homes and Median Sales Price

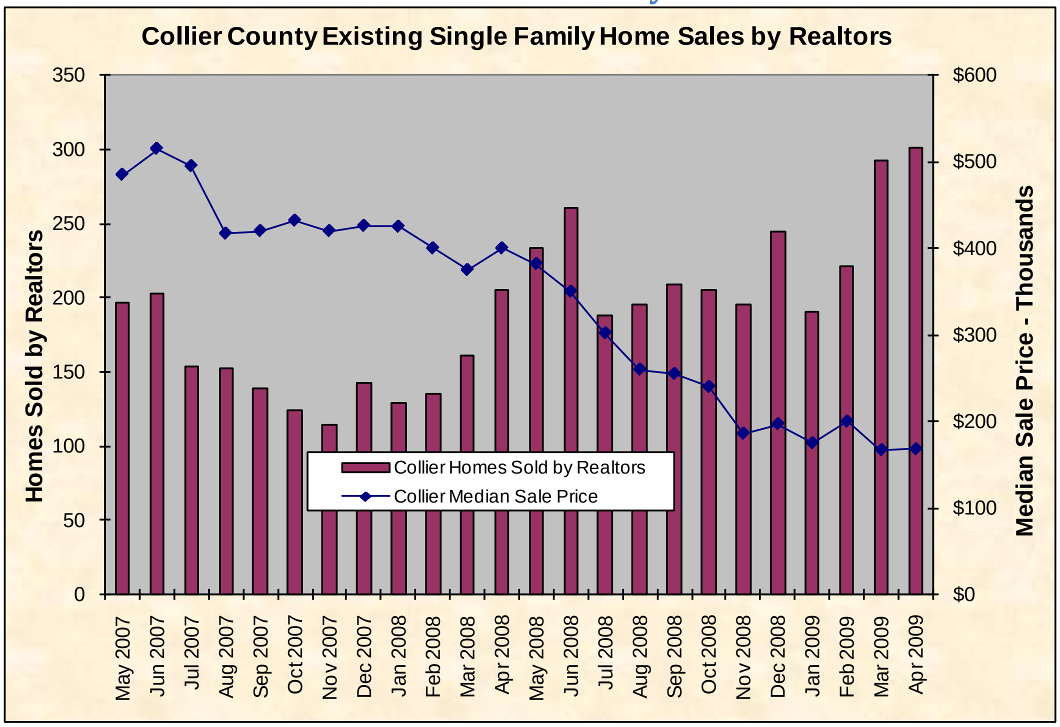
The number of existing single-family homes sold by Realtors in April 2009 showed slight increases from the prior month in Lee and Collier Counties, while Charlotte County sales decreased from 295 to 274 homes. Lee County sales increased from 1,464 in March 2009 to 1,468 in April, as shown in Chart 17. The median sales price for Lee County decreased from $88,500 to $85,500. Collier County sales increased from 292 to 301 with the median price increasing to $168,000 from the prior month figure of $167,000, as shown in Chart 18. The Charlotte County sales decrease was accompanied by an increase in the median sales price from $92,200 in March to $95,500 in April,, as shown in Chart 19. Median sale prices have decreased significantly from April 2008, in large measure due to foreclosure sales activity.

Chart 17: Lee County



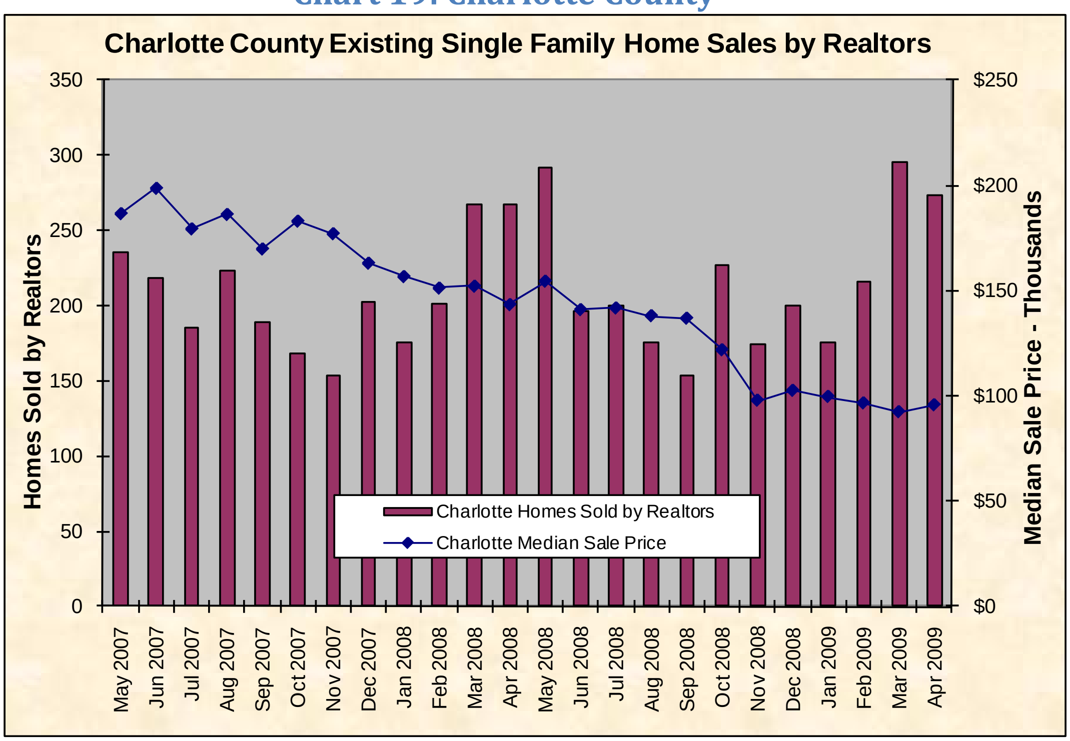
Source: Florida Association of Realtors ® Fort Myers – Cape Coral MSA http://media.living.net/statistics/statisticsfull.html

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

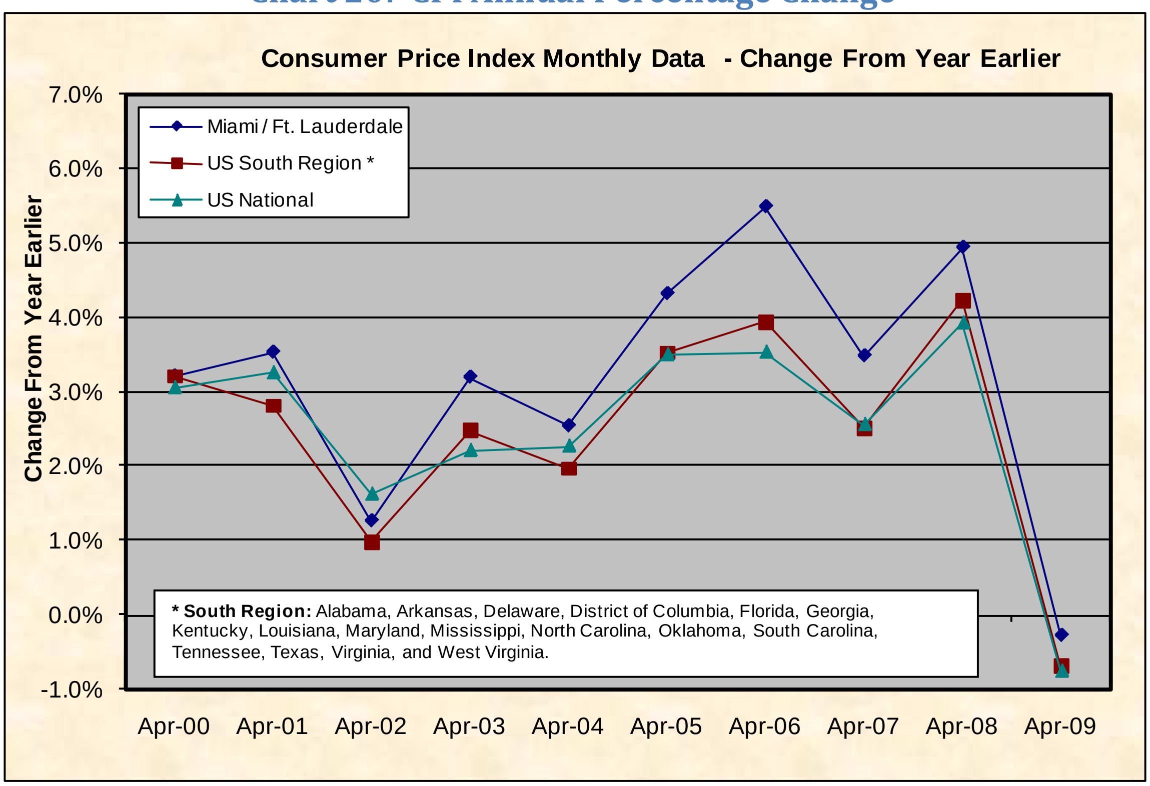
Consumer Price Index

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. For the last 12 months ending in April 2009, it has decreased by 0.3 percent, as shown in Chart 20. The overall Miami-Fort Lauderdale CPI index for the last 12 months ending April 2009 can be broken down into the following component parts:

- Food and beverages rose 3.7 percent; ⬆
- Housing rose 2.4 percent; ⬆
- Apparel fell 11.3 percent; ⬇
- Transportation fell 12.2 percent; ⬇
- Medical care rose 5.5 percent; ⬆
- Recreation rose 4.3 percent; ⬆
- Education and communication fell 0.8 percent; and ⬇
- Other goods and services rose 6.4 percent. ⬆

Medical care, recreation, and other goods and services costs have risen substantially over the last year.

Chart 20: CPI Annual Percentage Change

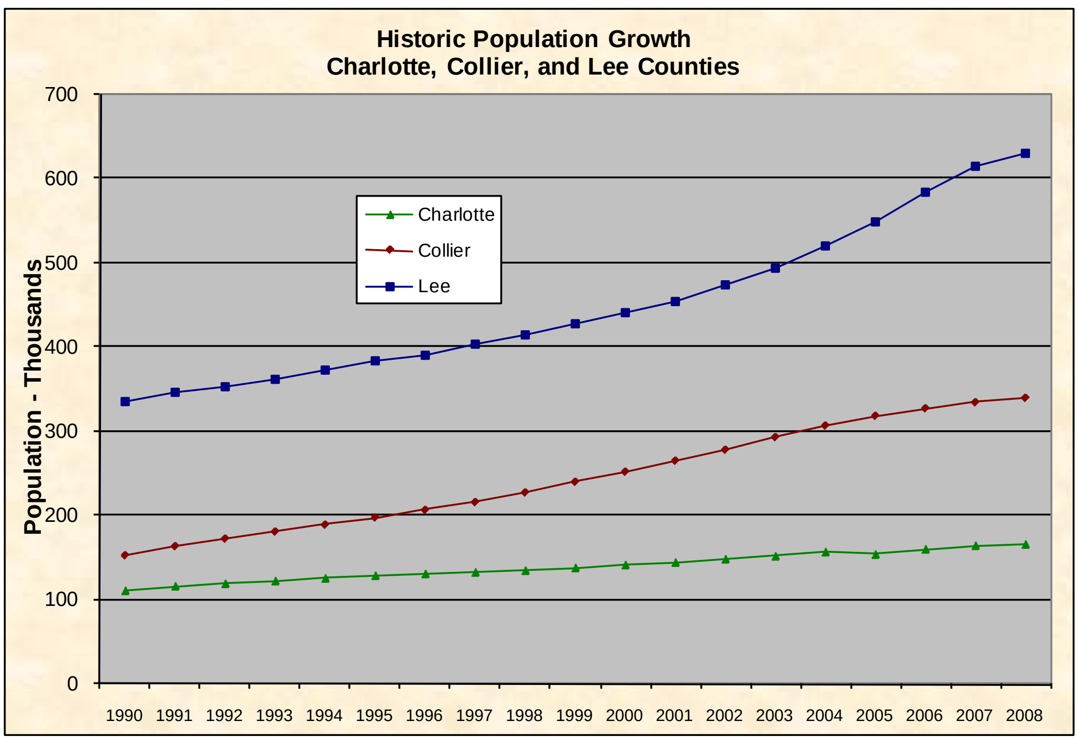


Source: BLS

Population

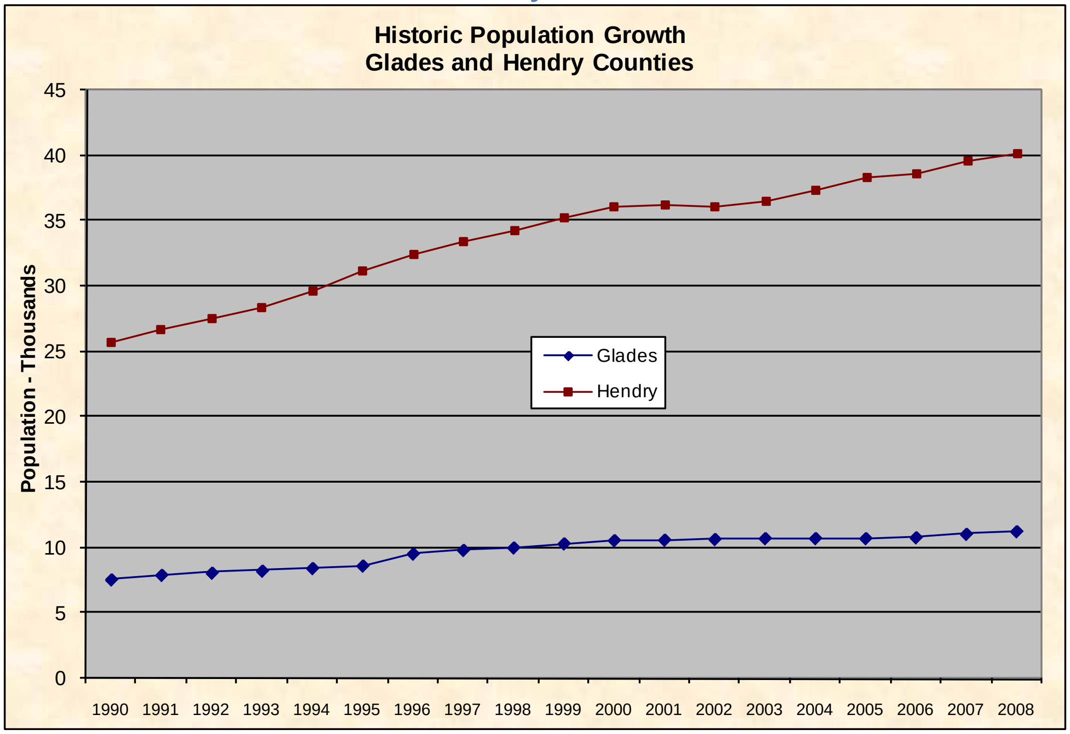
The length and severity of the current global recession is expected to slow regional and state population growth for the next few years. A Florida Demographic Estimating Conference was held in July 2008 and their forecasts are included in this report. Charts 21 and 22 show the historic population growth from 1990 to 2008. Collier County grew at an average annual growth rate of 4.6 percent from 1990 to 2008. 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 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.

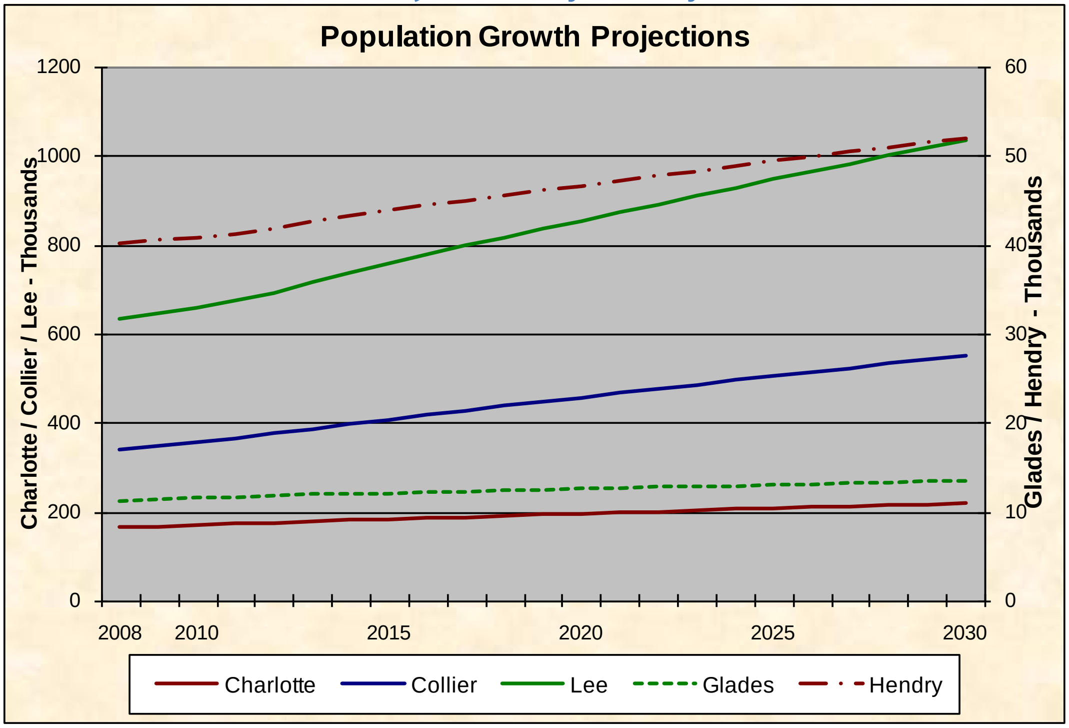
Table 1: Projections by County

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

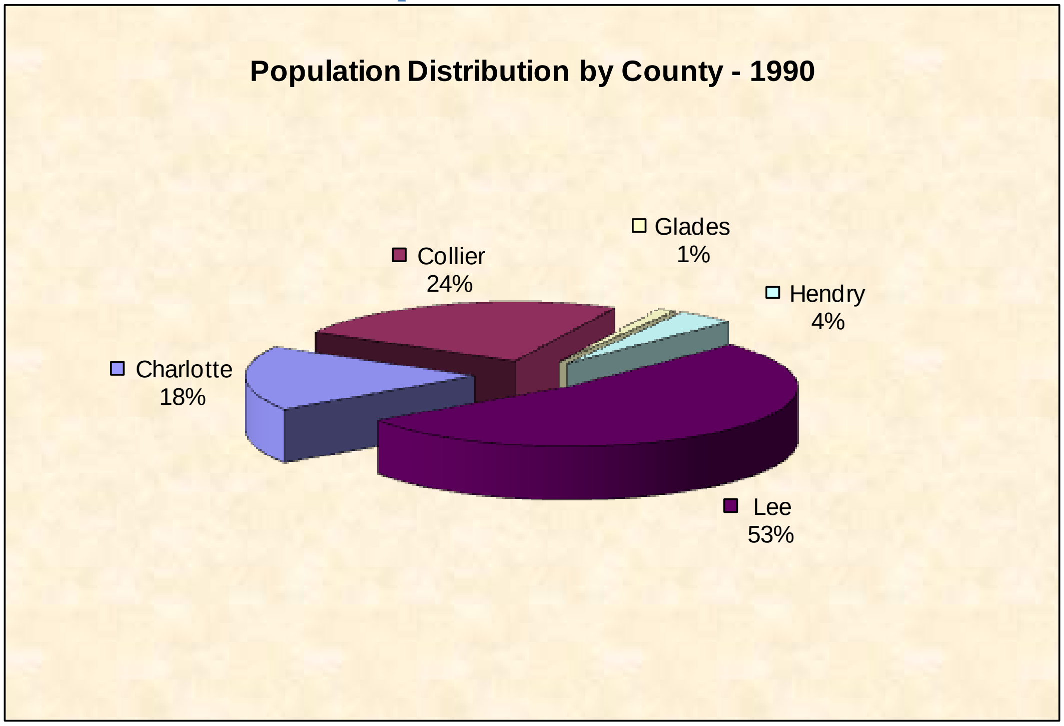
Source: Florida EDR: July 2008.

Chart 23: Projections by County



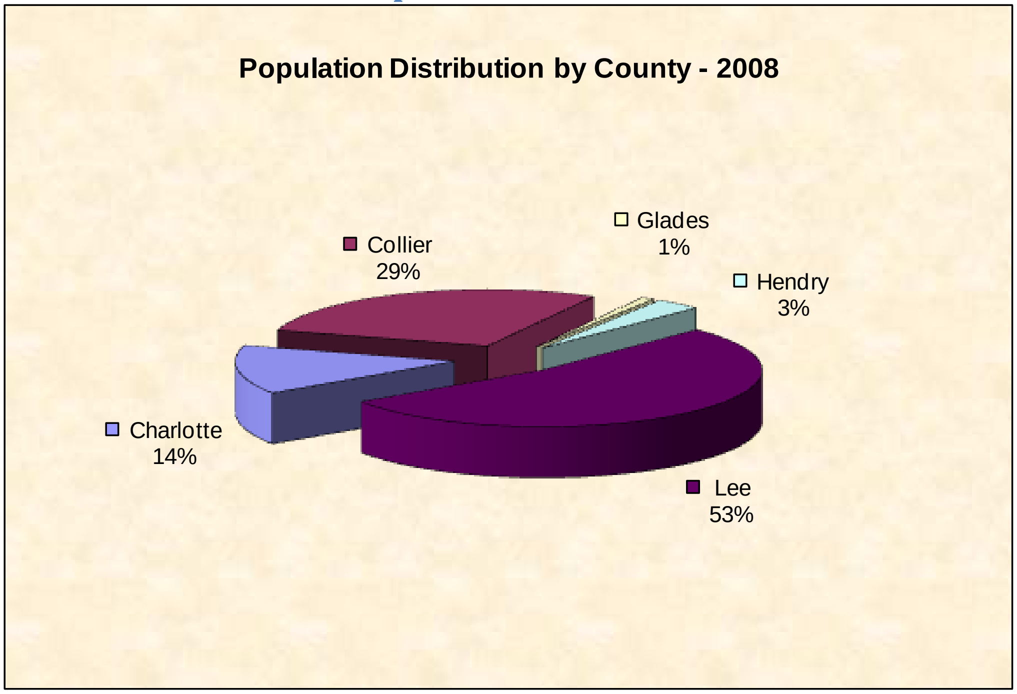
Source: Florida EDR: July 2008.

Chart 24: Population Distribution 1990



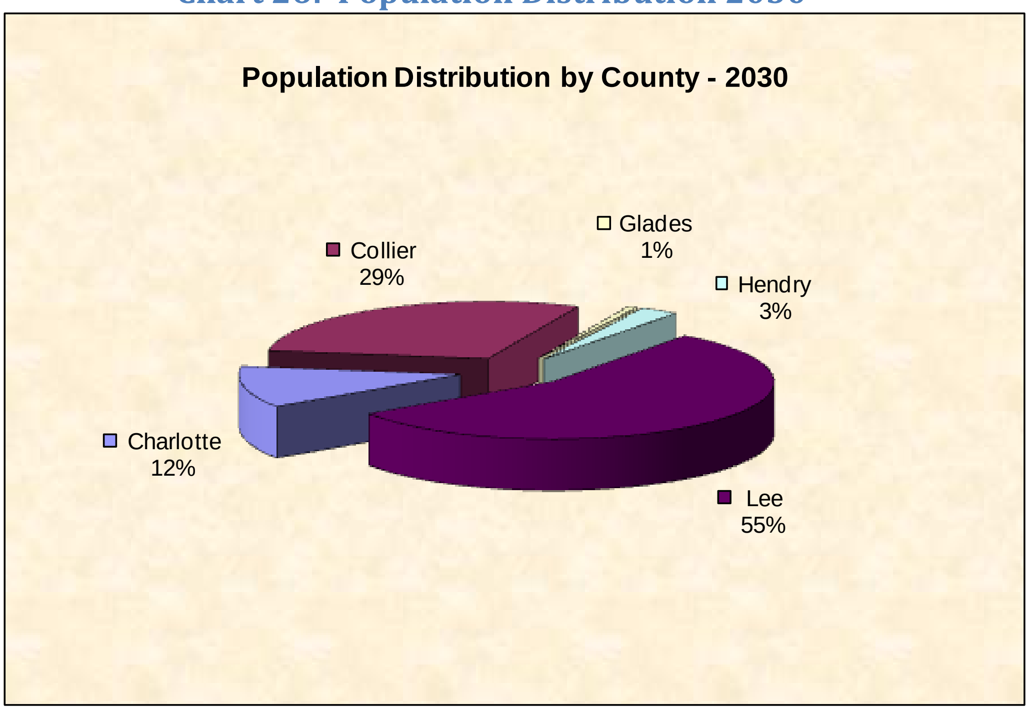
Source: Florida EDR: July 2008.

Chart 25: Population Distribution 2008



Source: Florida EDR: July 2008.

Chart 26: Population Distribution 2030



Source: Florida EDR: July 2008.