Southwest Florida Regional Economic Indicators

October 2009

FLORIDA GULF COAST UNIVERSITY

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

Contact List:

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

Mr. Steve Scheff, Business Analyst, Regional Economic Research Institute
Phone: 239-590-7315 Email: sscheff@fgcu.edu

Mr. Jim Breitbach, Technical Support

Introduction

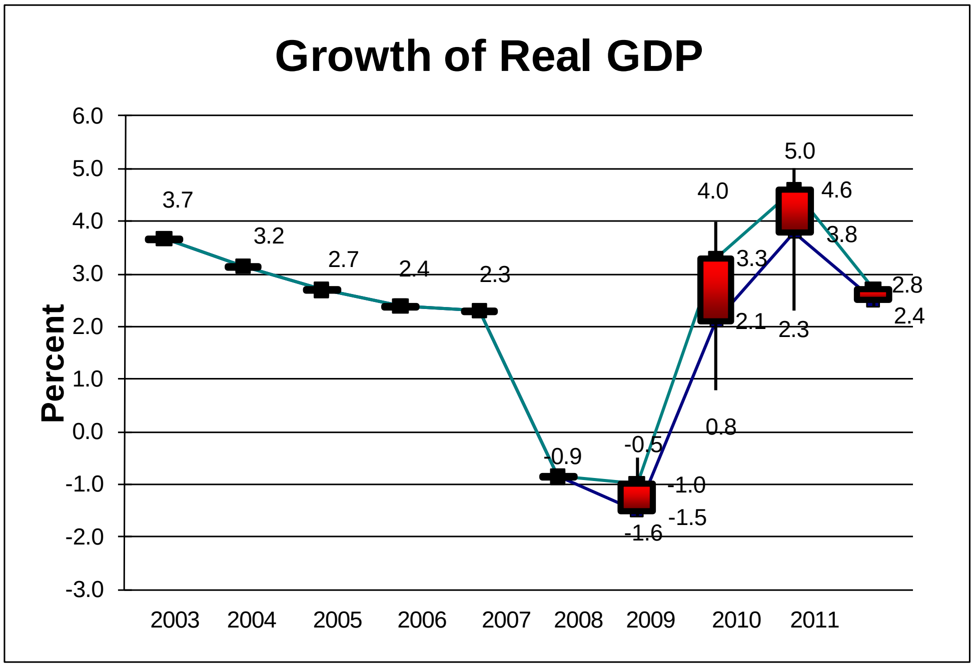
"The Great Recession is over," according to a recent survey of 44 business economists by the National Association for Business Economics (NABE) released to the news media on October 12th. The survey results indicated that the national unemployment rate is expected to rise to 10 percent in the first quarter of 2010 as unemployment lags behind GDP growth.

As noted in last month's report, the Federal Reserve Open Market Committee provided an update on the national economy on September 23. The press release from the meeting stated that:

- the latest information suggests that economic activity has picked up following its severe downturn;
- conditions in financial markets have improved further;
- activity in the housing sector has increased;
- household spending seems to be stabilizing but there are concerns due to ongoing job losses, sluggish income growth, lower housing wealth, and tight credit;
- businesses are still cutting back on fixed investment and staffing;
- expect weak economic activity for a time and a gradual return to higher levels of resource utilization and price stability; and
- the committee will maintain the existing federal funds rate between zero and one-quarter percent and expects that economic conditions will warrant low interest rate levels for an extended period of time.

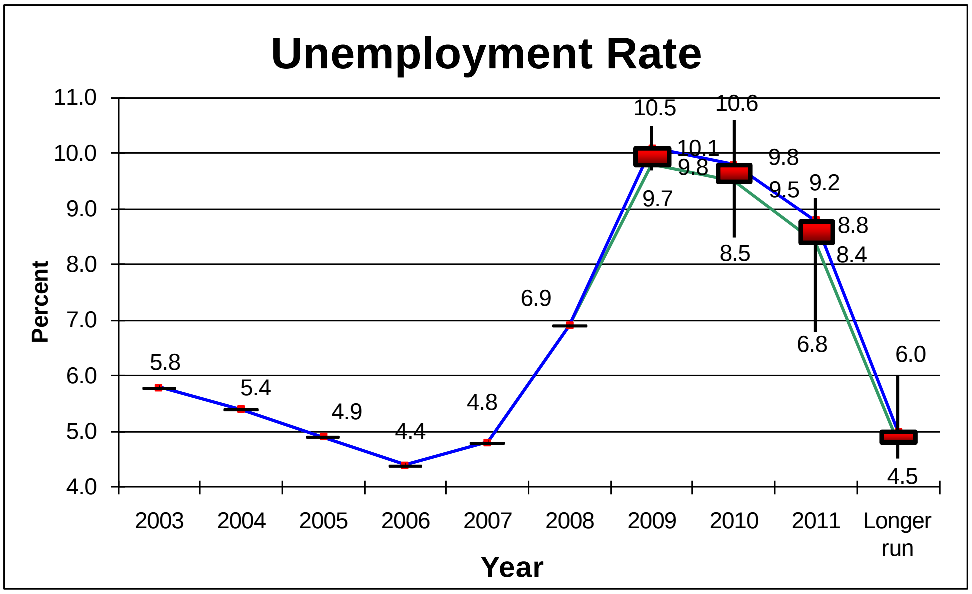
The next meeting of the Federal Reserve's Open Market Committee is planned for November 3rd and 4th. The Federal Reserve Open Market Committee's economic forecasts released in the June minutes are shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines. An updated forecast has not been released but the August minutes indicated that new information had not changed the June forecasts very much.

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, June 23-24, 2009.

The national unemployment rate is expected to rise in 2009 to between 9.7 and 10.5 percent. The September 2009 national unemployment rate rose to 9.5 percent and may rise further. Unemployment in 2010 is expected to be slightly lower, but at an historically high rate of more than 9.5 percent. For 2011, the unemployment rate is expected to be approximately 8.5 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, June 23-24, 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 the region climbed to 13.6 percent in September, up from 13.1 percent in August. Passenger traffic at Regional Southwest Airport (RSW) saw an 8 percent month-to-month decrease from July to August 2009, and a one-percent increase over August 2008. Monthly tourism revenues throughout the region were down 11 percent from the prior year.

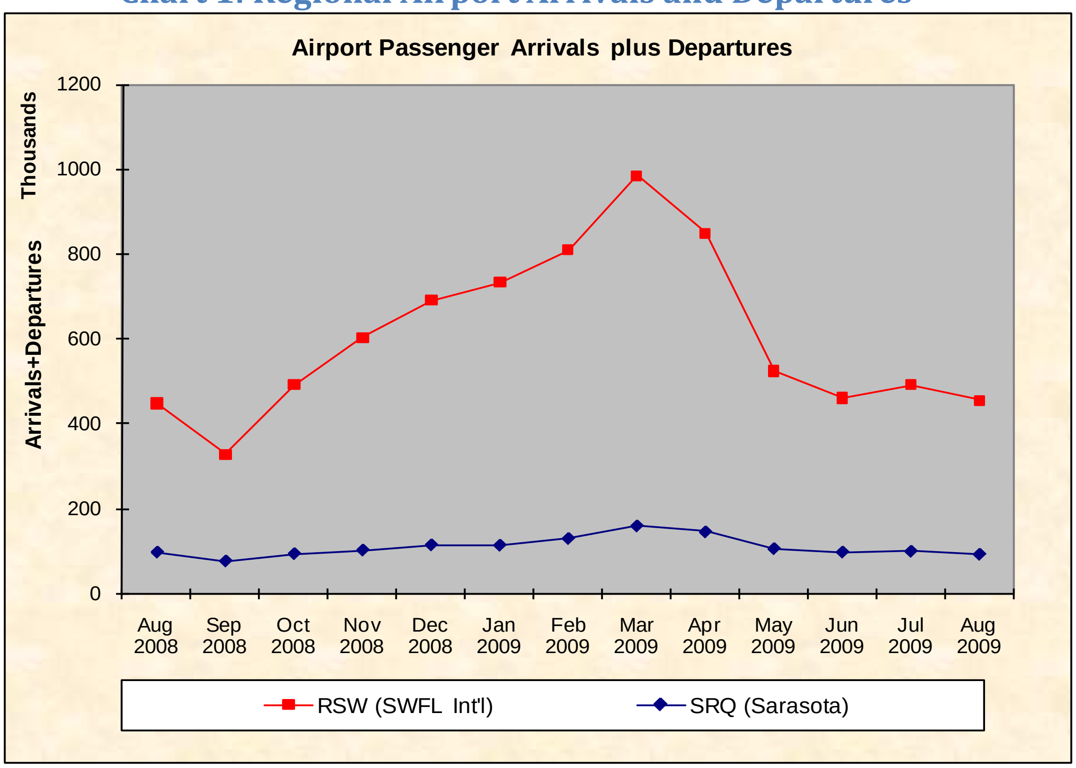
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report as a way to support its mission and assist the region. The Institute thanks its many partners for assistance in obtaining the data, including the Southwest Florida Regional Planning 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.

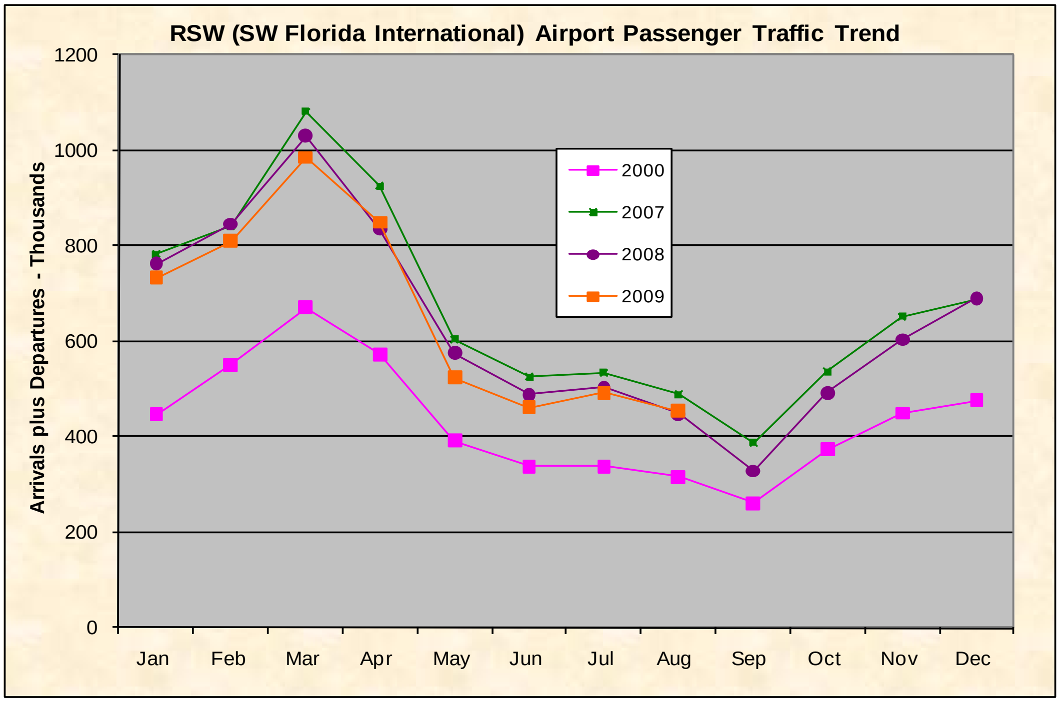
Regional Southwest Florida (RSW) airport located in Lee County is ranked as one of the fifty busiest airports in the nation. Chart 1 shows reported RSW airport passenger activity of 454,927 in August 2009, which is one percent higher than the August 2008 level, and eight percent below the July 2009 figure. Sarasota (SRQ) passenger activity was 92,525 in August 2009, a seven percent decrease from the prior month and five percent lower than the August 2008 figure, as shown in Chart 3. Charlotte County added commercial passenger service earlier this year, and recorded July and August passenger activity of 9,190 and 7,652, respectively. A chart for Charlotte airport activity is currently not shown, but will be added as the time series grows.

Chart 1: Regional Airport Arrivals and Departures



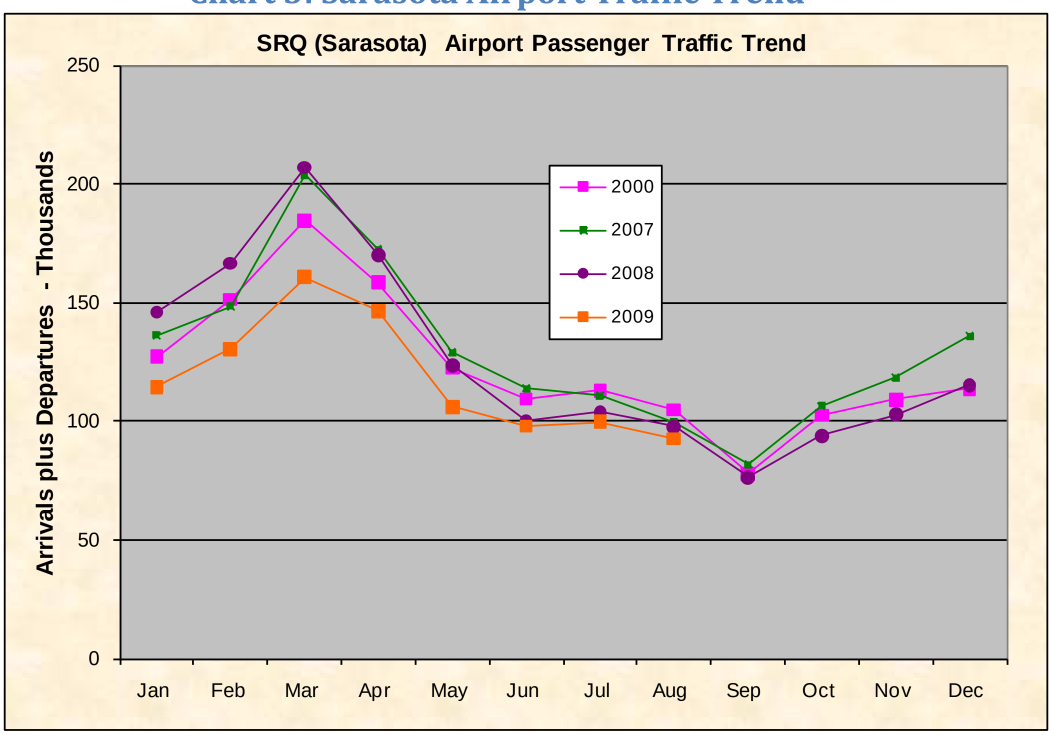
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend

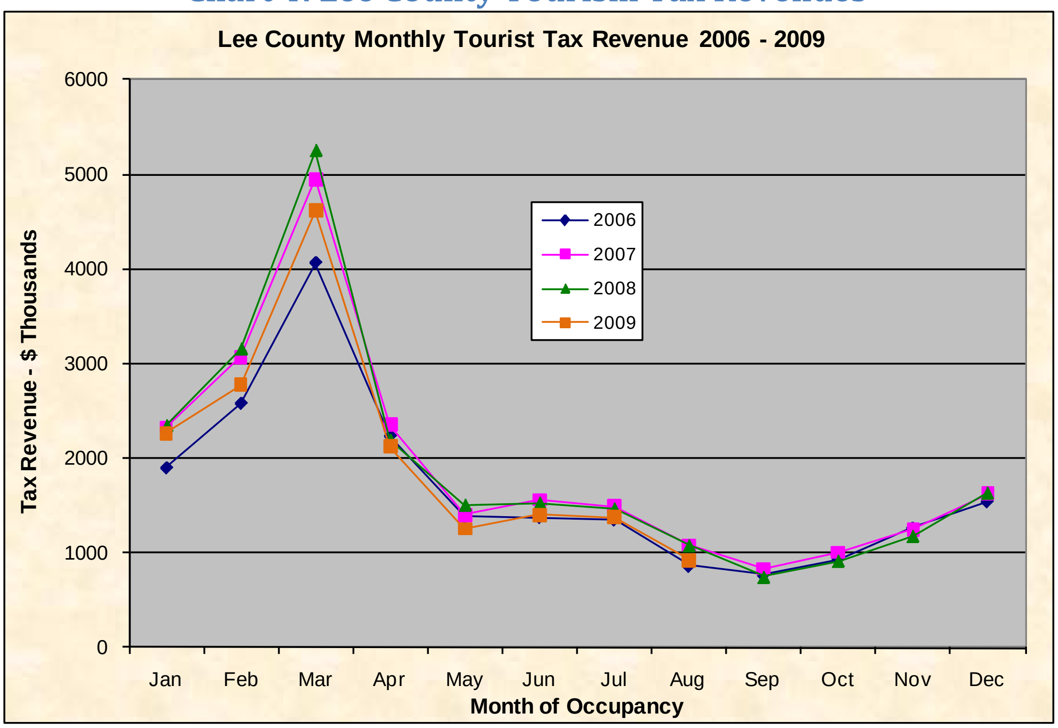


Source: Local Airport Authorities

Tourism Tax Revenues

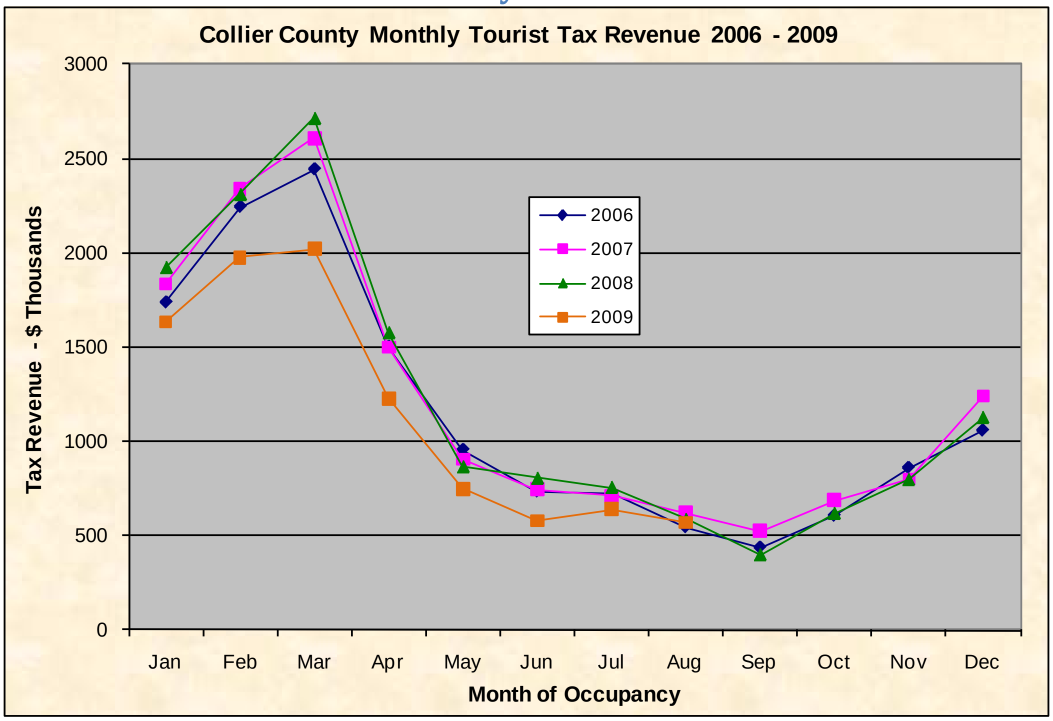
Tourism tax revenues for the region are shown in Charts 4, 5, and 6, and are based on month of occupancy. The charts show that August tourism tax revenues declined 15 percent for Lee County, three percent for Collier, and 22 percent for Charlotte County, compared to August 2008. Total August tax revenues for the three counties combined declined by 11 percent from August 2008, and reflected the seasonal pattern by decreasing 26 percent from the prior month of July 2009.

Chart 4: Lee County Tourism Tax Revenues



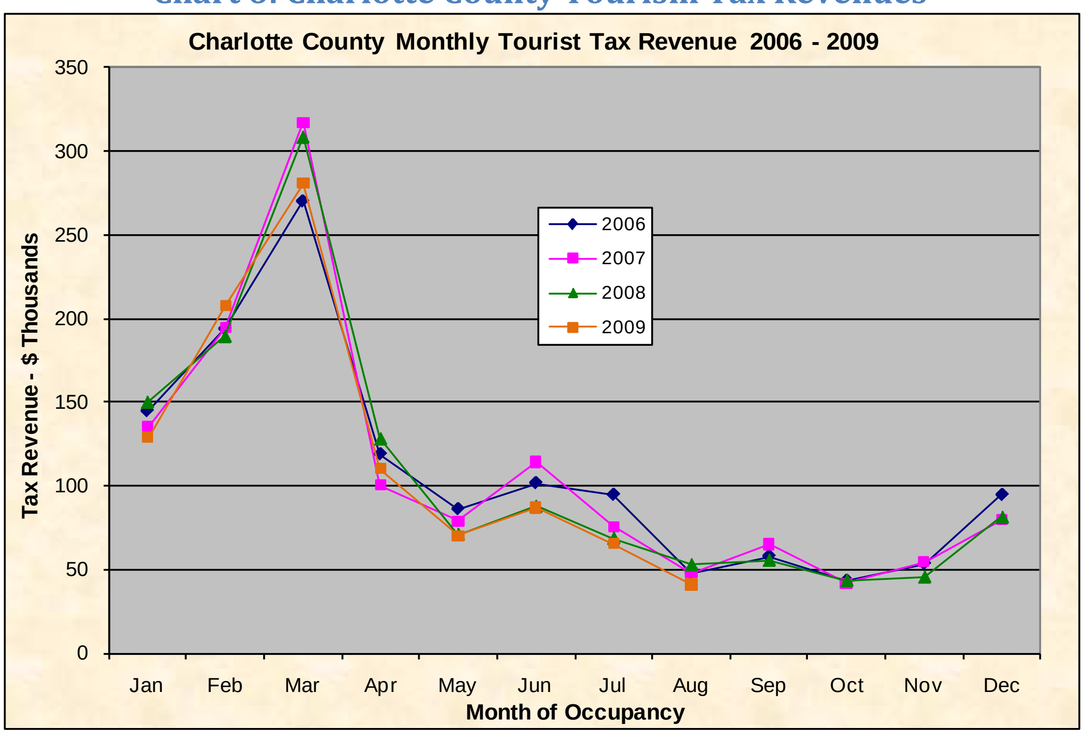
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

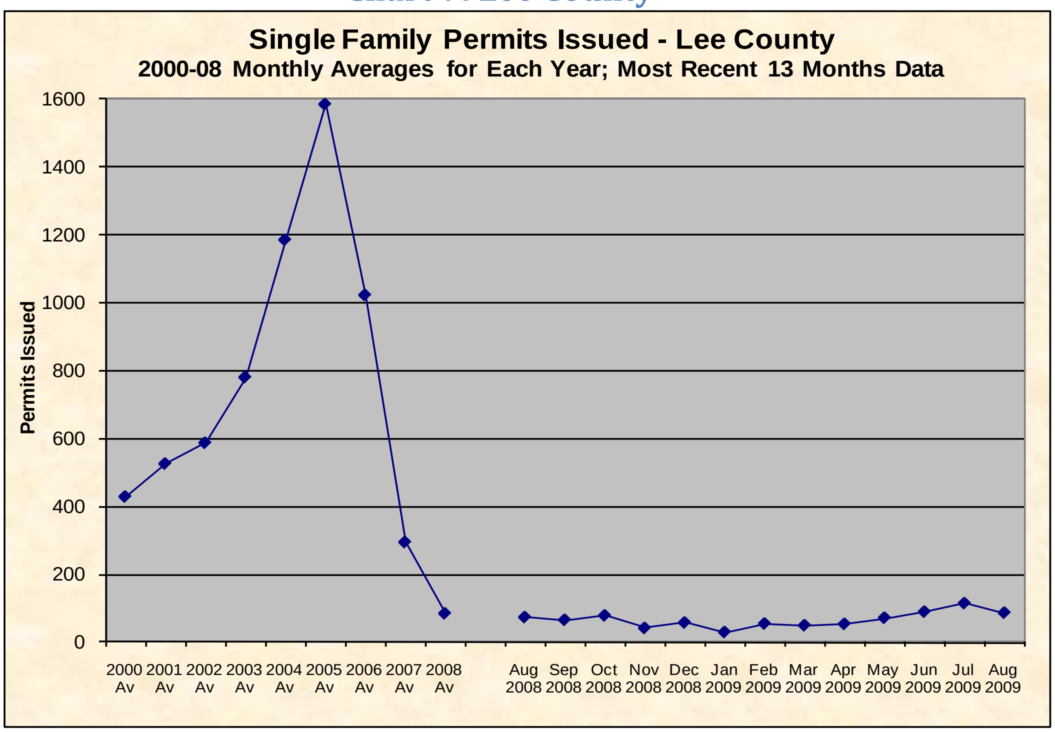


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

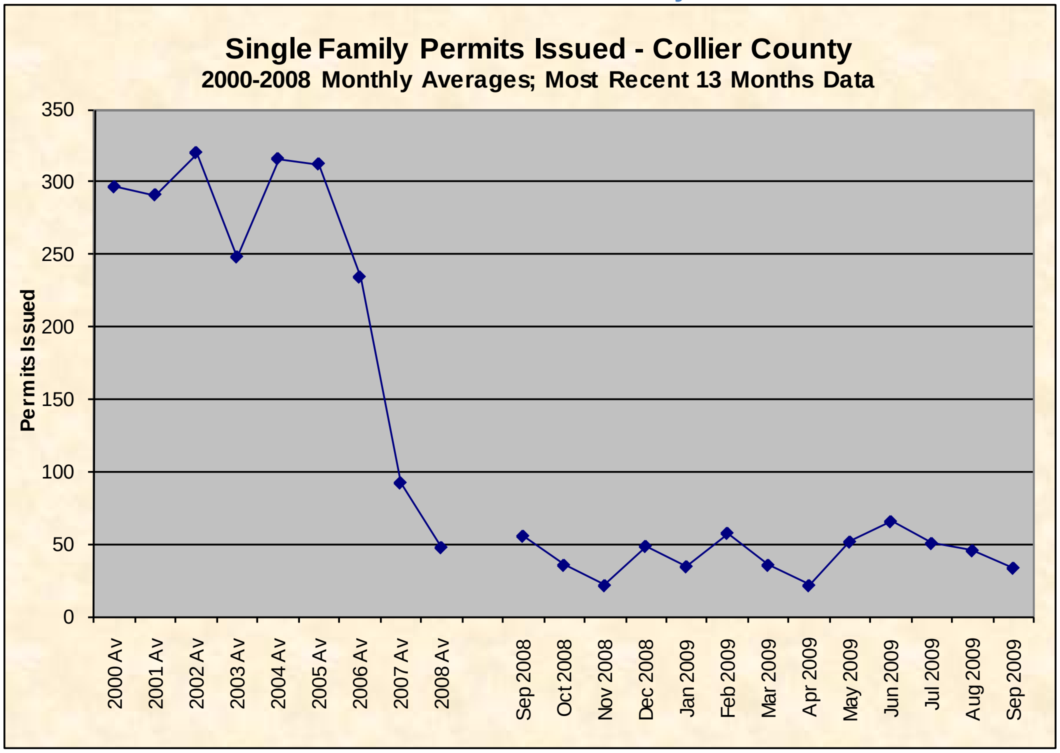
Total single-family home permits remained historically low for the region as a result of the economy's recession and the impact of many existing homes selling below replacement cost. The September 2009 Cape Coral permit data was not available in time for the report so we continue to show the Lee County data through August in Chart 7. Single-family permits for Collier County decreased to 34 from 46 in August 2009 and from 56 in September 2008, as shown in Chart 8. Charlotte County reported 41 permits in September, a very slight increase over the prior month figure of 40 and a higher number than the prior year figure of 33.

Chart 7: Lee County



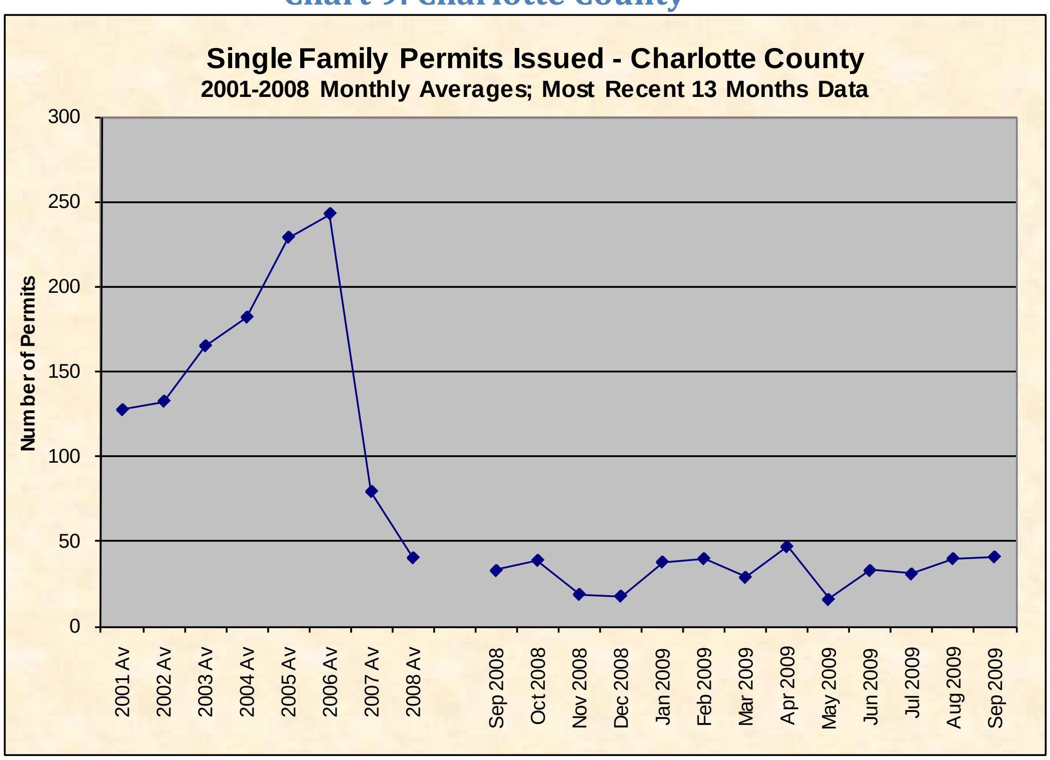
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 8: Collier County



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

Chart 9: Charlotte County



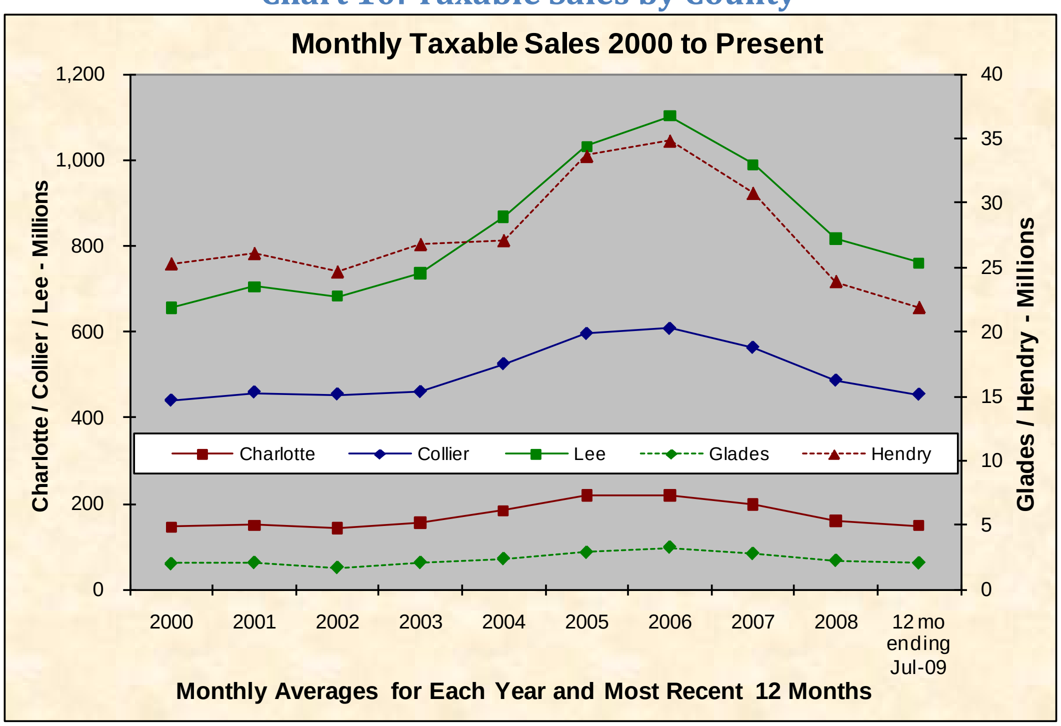
Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

Taxable Sales

Taxable sales 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 July 2009. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, July is the latest collection month plotted on the following charts.

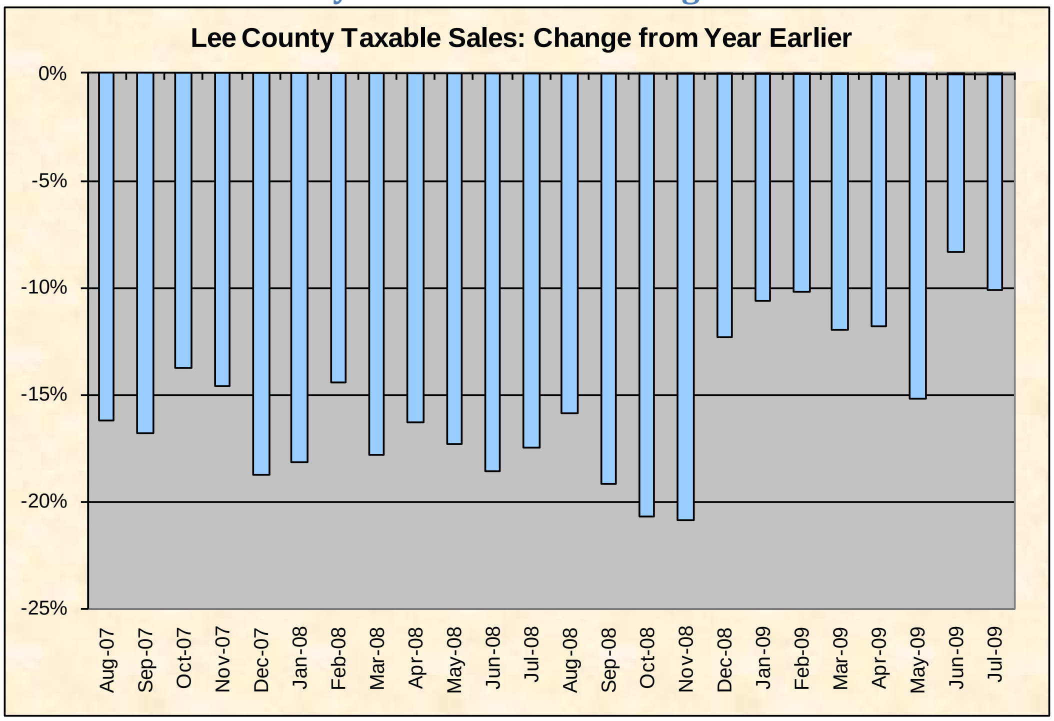
The local impact of the current recession continues to be visible in the decreases in taxable sales, as shown in Chart 10. Lee County taxable sales in July 2009 decreased by ten percent versus year-earlier levels, as shown in Chart 11. Collier and Charlotte Counties experienced year-to-year reductions of seven percent, as shown in Charts 12 and 13. Charts 11, 12, and 13 show some increase from the prior month in the rate of year-to-year declines. Hendry County's July taxable sales (not charted) were off by seventeen percent from a year earlier, while Glades (not charted) were up by 18 percent. Taxable sales for the five-county region declined by $114 million, or nine percent, from July 2008 to July 2009; the regional decrease from the prior month of June 2009 amounted to $91 million or 7 percent.

Chart 10: Taxable Sales by County



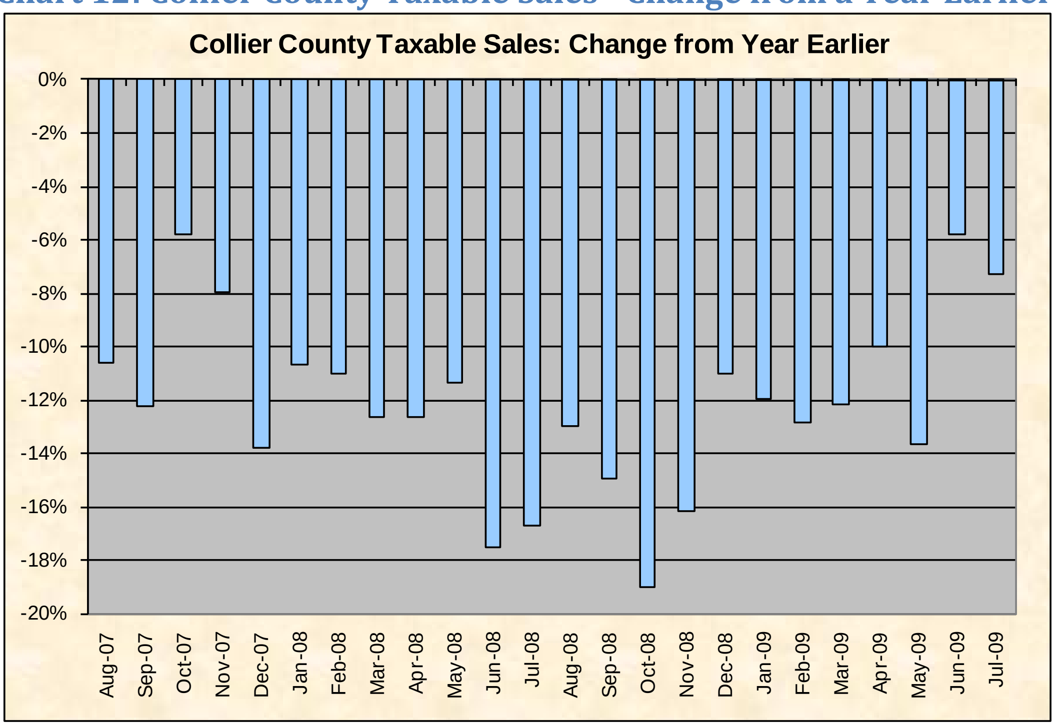
Source: Florida Department of Tax Research

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



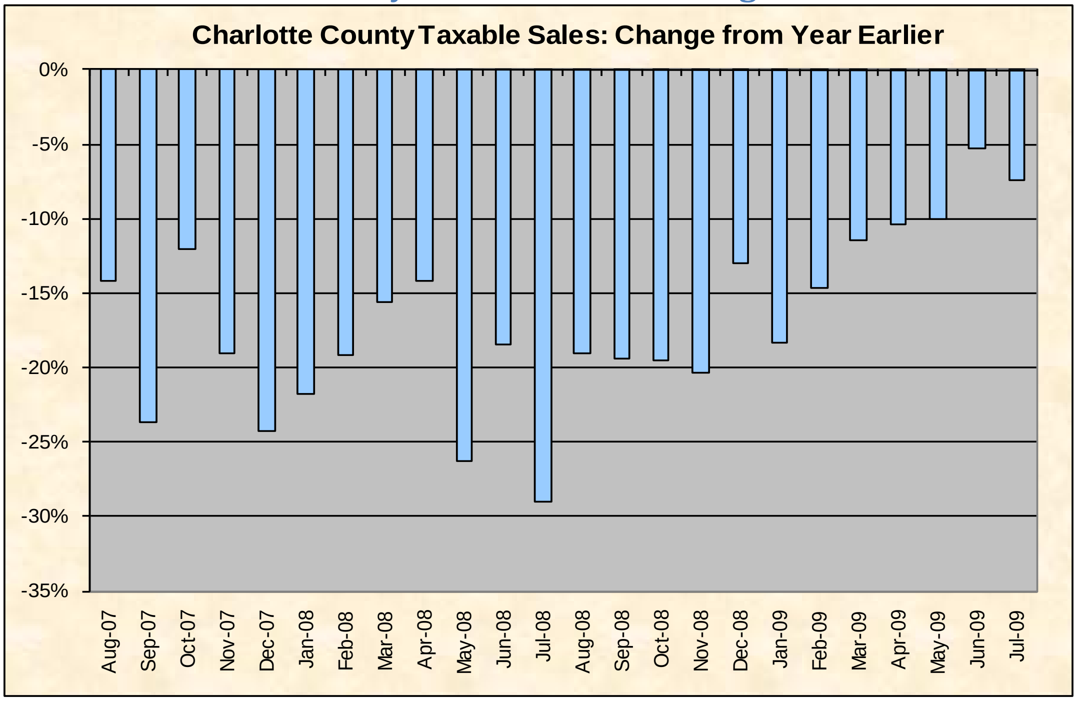
Source: Florida Department of Tax Research

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



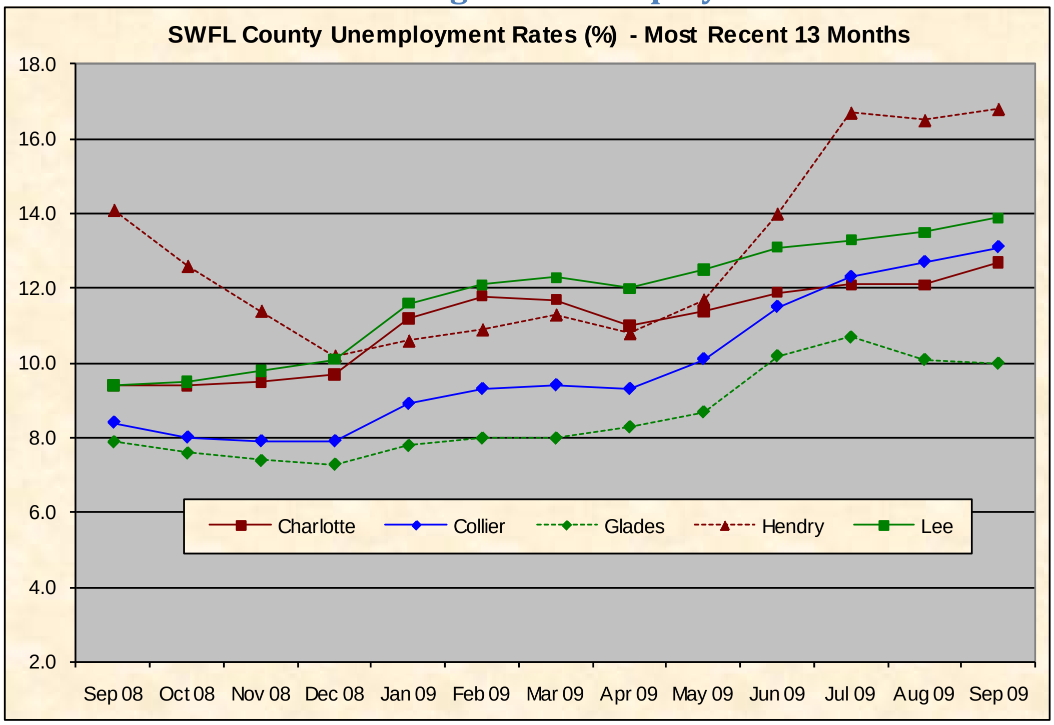
Source: Florida Department of Tax Research

Workforce – Unemployment

Charlotte, Collier, Hendry, and Lee Counties reported increased unemployment in September 2009 (Chart 14), compared to August. The unemployment rates tracked in this report are not seasonally adjusted. Lee County's unemployment rate rose from 13.5 percent in August to 13.9 percent in September 2009. Collier County's unemployment rate increased from 12.7 percent to 13.1 percent, and Charlotte County's figure grew from 12.1 percent to 12.7 percent. Hendry County unemployment increased from 16.5 percent in August to 16.8 percent in September 2009, while Glades County's unemployment rate dipped to 10.0 percent. Florida's unemployment rate rose from 11.0 percent in August 2009 to 11.2 percent in September, and the national unemployment rate was 9.5 percent (not seasonally adjusted).

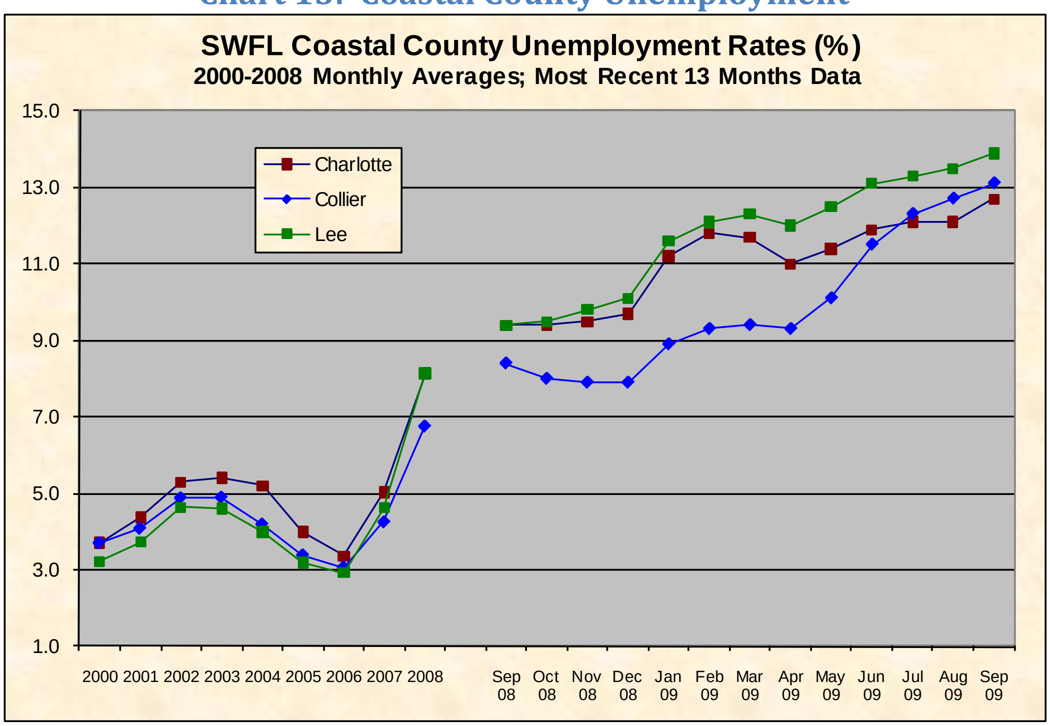
Charts 15 (coastal counties) and 16 (inland counties) provide a longer term historical perspective of unemployment rates for our region from 2000 to 2008 and the latest 13 months. Unemployment rates above 5.0 or 6.0 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends.

Chart 14: Regional Unemployment



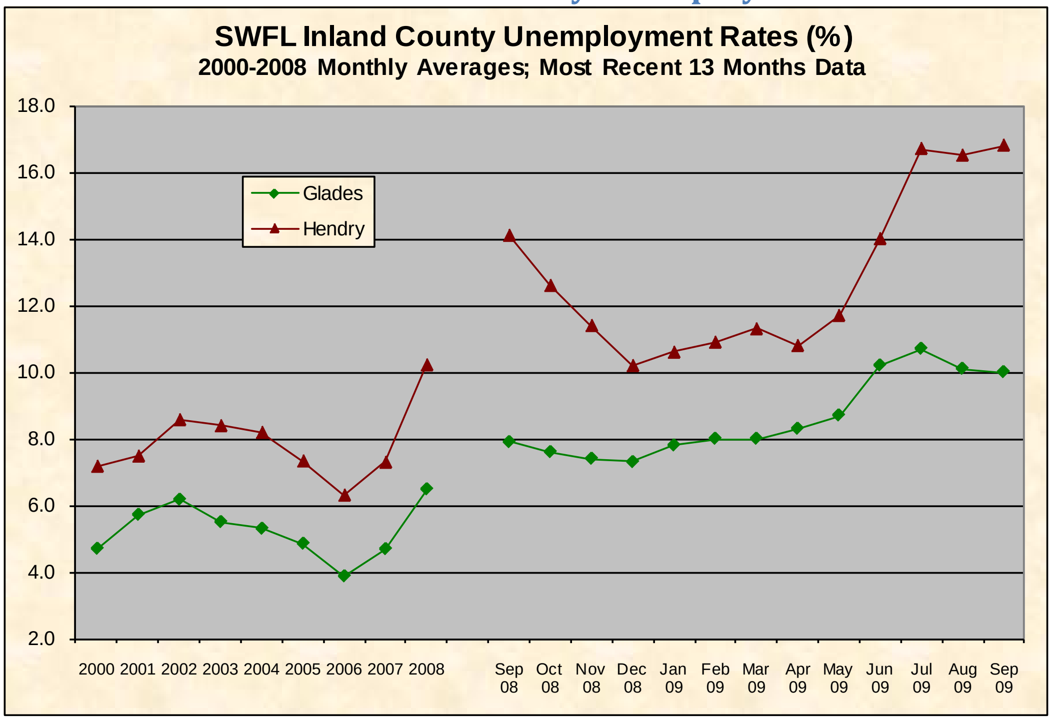
Source; AWI

Chart 15: Coastal County Unemployment



Source AWI

Chart 16: Inland County Unemployment

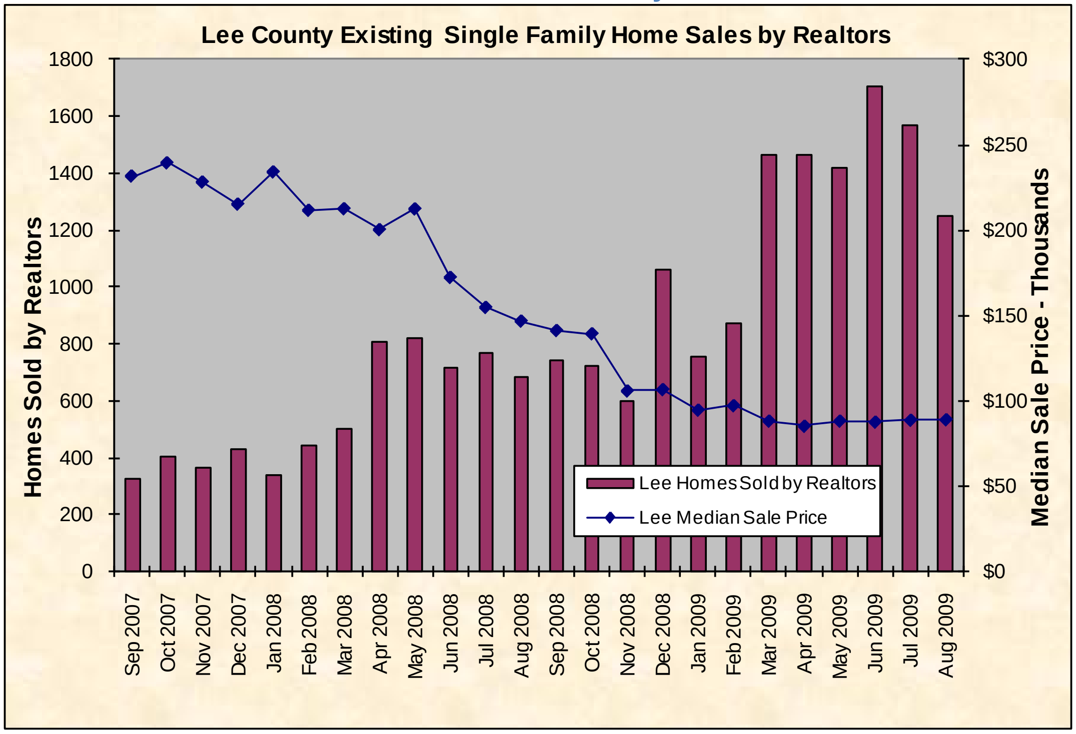


Source AWI

Sales of Single–Family Existing Homes and Median Sales Price

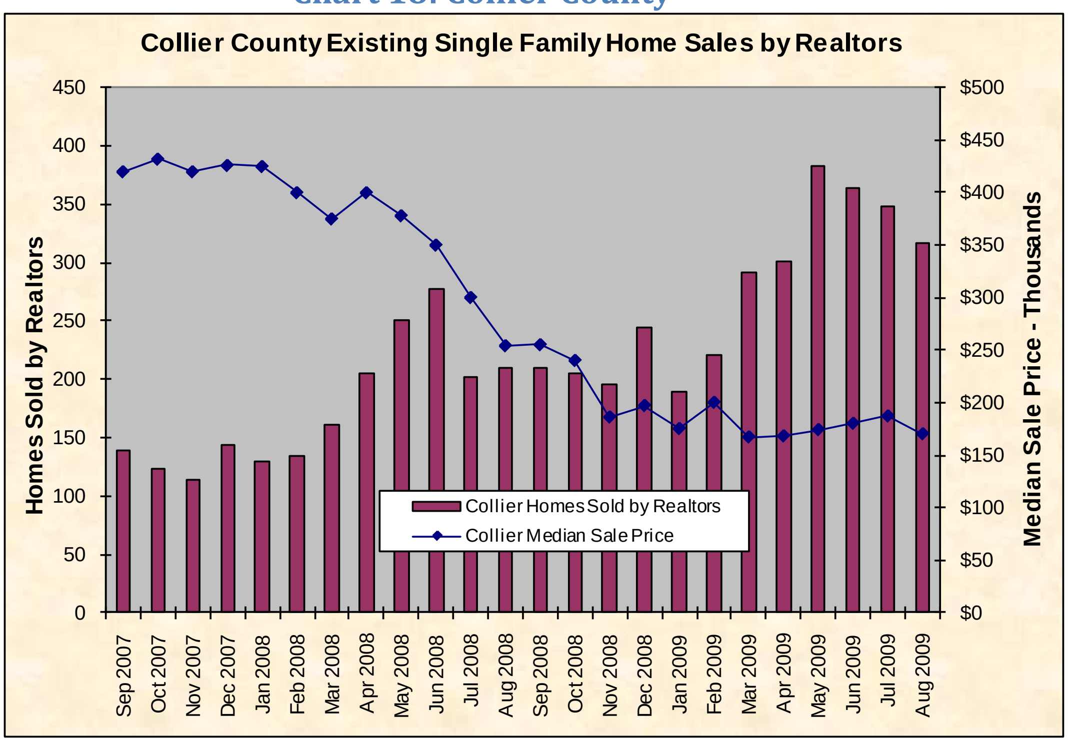
The number of existing single-family homes sold by REALTORS in August 2009 showed decreases from the prior month in Lee, Collier, and Charlotte Counties (Charts 17, 18, and 19). For all three counties, total sales declined to 1,799 homes, a 17-percent decrease from July 2009, but a 68-percent increase over August 2008. Lee County sales declined from 1,570 in July to 1,252 in August 2009. The median sales price for Lee County increased slightly from $89,000 in July to $89,300 (Chart 17). Collier County sales decreased from 348 to 317 with the median price decreasing to $170,000 from the prior month figure of $187,000, as shown in Chart 18. Charlotte County sales declined from 248 to 230, along with a decrease in the median price from $105,000 to $103,300, as shown in Chart 19.

Chart 17: Lee County



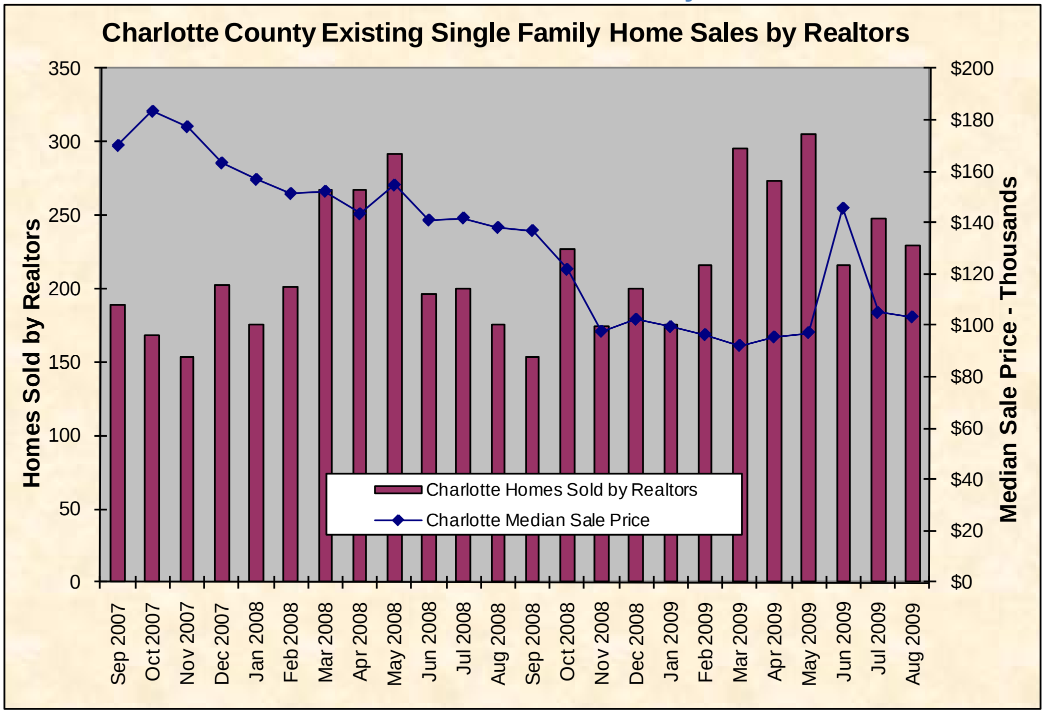
Source: Florida Association of Realtors ® Fort Myers – Cape Coral MSA http://media.living.net/statistics/statisticsfull.html

Chart 18: Collier County



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

Chart 19: Charlotte County

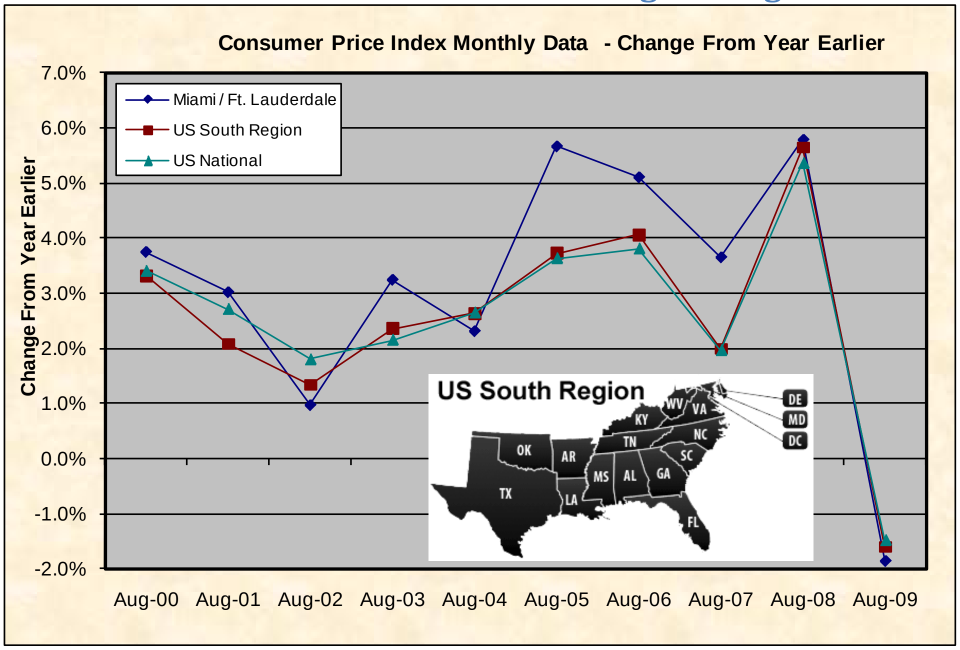


Source: Florida Association of Realtors ® Punta Gorda, Florida MSA http://media.living.net/statistics/statisticsfull.html

Consumer Price Index

The consumer price index (CPI) is reported for the nation, region, and the Miami-Fort Lauderdale area and is shown in chart 20. The Miami-Fort Lauderdale area CPI is collected every two months and is the closest reporting location to Southwest Florida. The August 2009 CPI for that area had declined by two percent from August 2008.

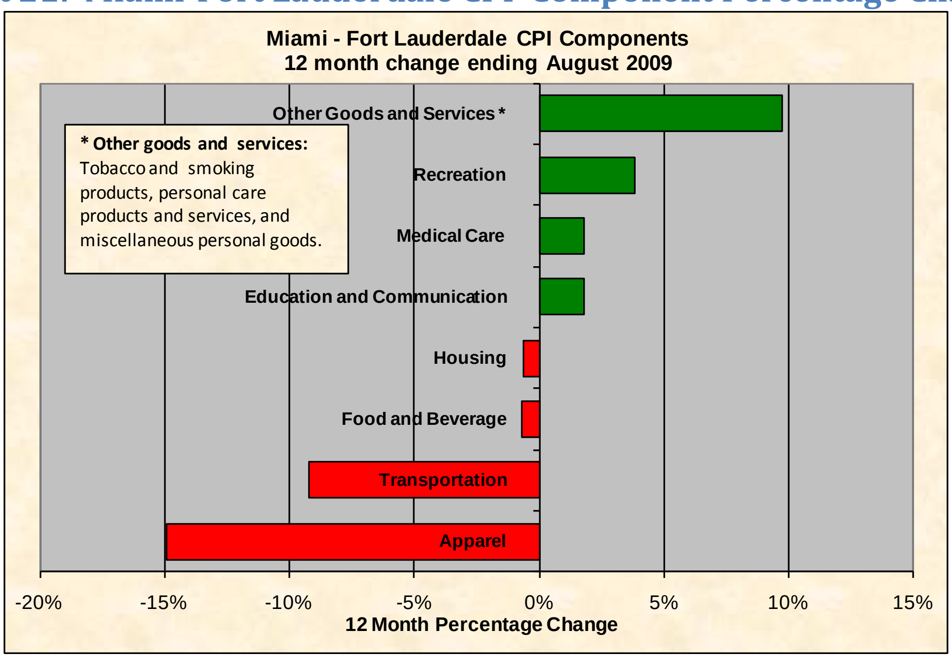
Chart 20: CPI Annual Percentage Change



Source: BLS

The overall Miami-Fort Lauderdale CPI index for the 12 months ending August 2009 can be broken down into the components contributing to the price changes, as shown in Chart 21.

Chart 21: Miami-Fort Lauderdale CPI Component Percentage Change



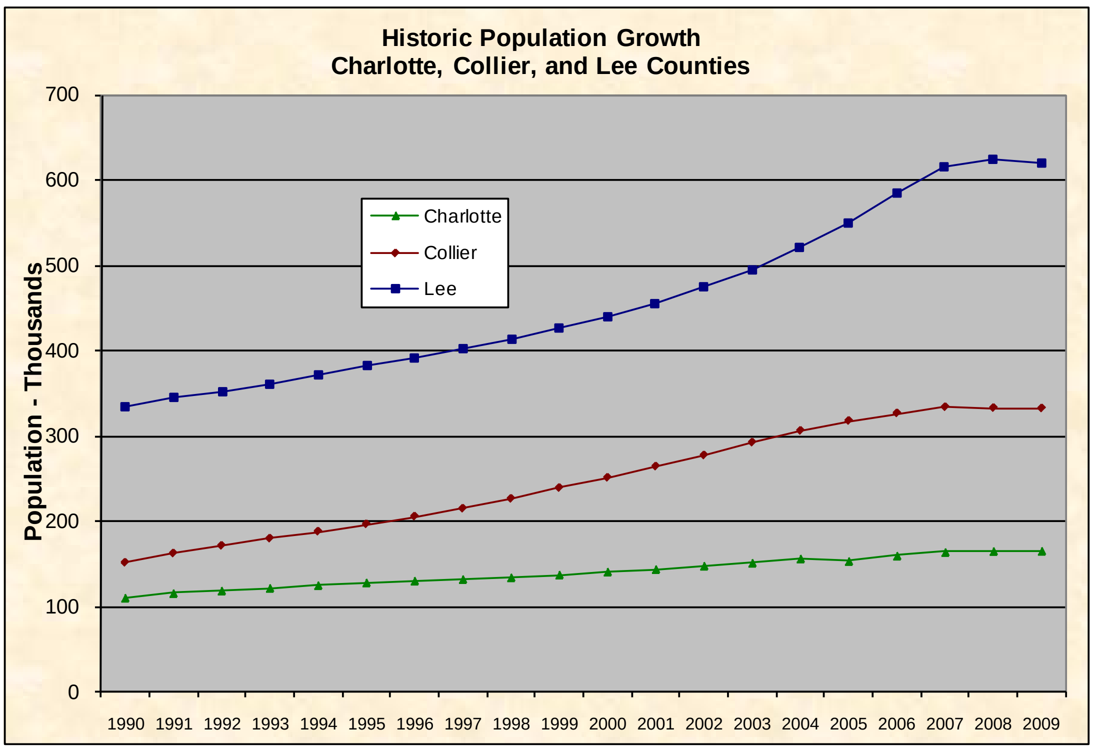
Source: BLS

The costs of other goods and services, recreation, medical care, and education/communication have shown the largest increases over the last year.

Population

The length and severity of the current global recession is expected to slow regional and state population growth. A Florida Demographic Estimating Conference ("FDEC") was held in February 2009 and their forecasts are included in this report. Charts 22 and 23 show historic population growth from 1990 to 2009. Collier County grew at an average annual growth rate of 4.2 percent from 1990 to 2009. Lee County's population grew at an annual rate of 3.3 percent. Charlotte, Glades, and Hendry Counties had average annual rates of population growth between 2.1 and 2.6 percent per year. Table 1 shows projected population increases for 2009 to 2030 and Chart 24 provides a chart of those population projections through 2030. The overall rate of regional growth is less than projected by the FDEC last year. Charts 25 through 27 illustrate the percentages of regional population by county for the years 2000, 2009, and 2030.

Chart 22: Coastal Counties Growth 1990 to 2009



Source: Florida EDR: August 2009

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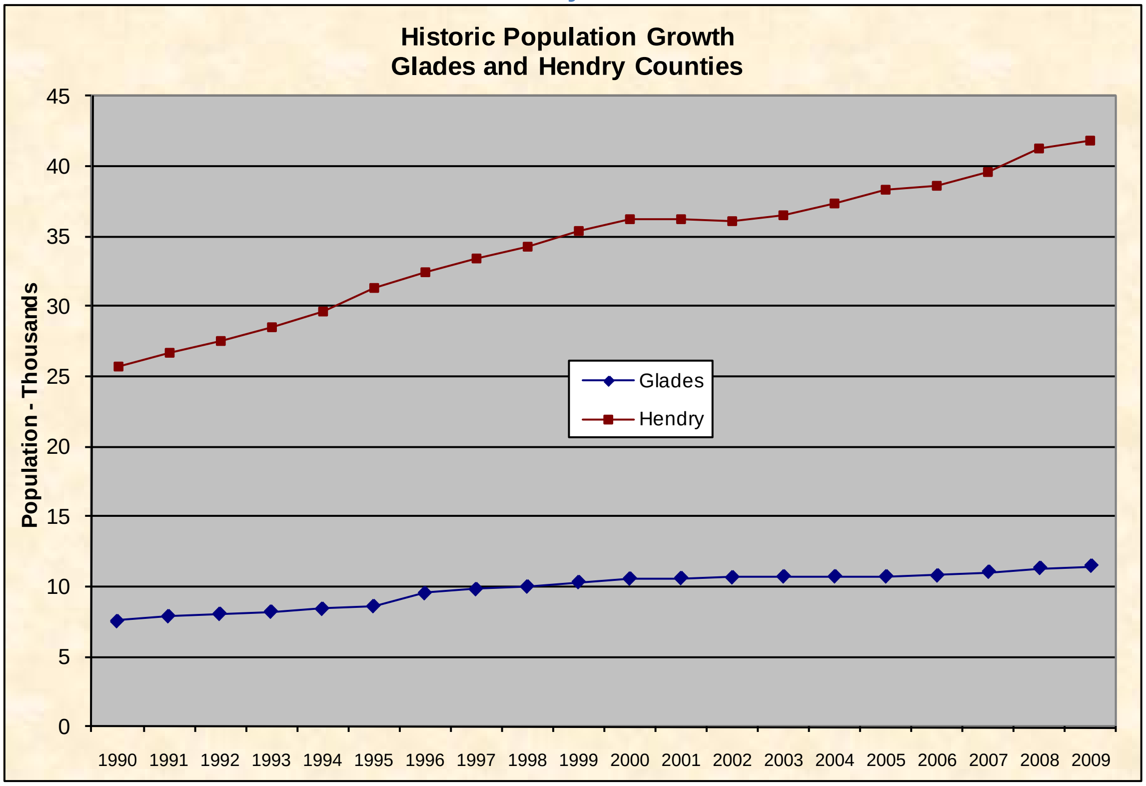
Chart 23: Inland County Growth 1990 to 2009



Source: Florida EDR: August 2009

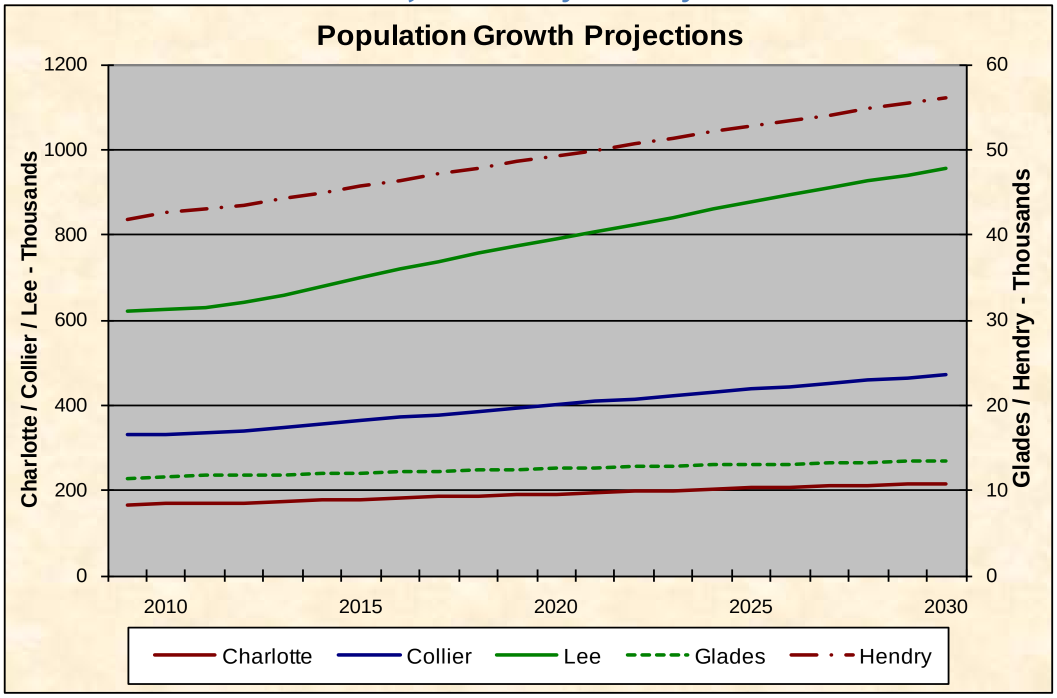
Table 1: Projections by County

EDR Demographic Estimating Conference
Population Estimates and Projections by County

Year	Charlotte	Collier	Lee	Hendry	Glades
2009	165,990	332,386	621,029	41,803	11,480
2010	167,598	331,811	622,940	42,666	11,633
2020	192,213	400,684	789,598	49,241	12,552
2030	216,958	471,989	957,111	56,102	13,487

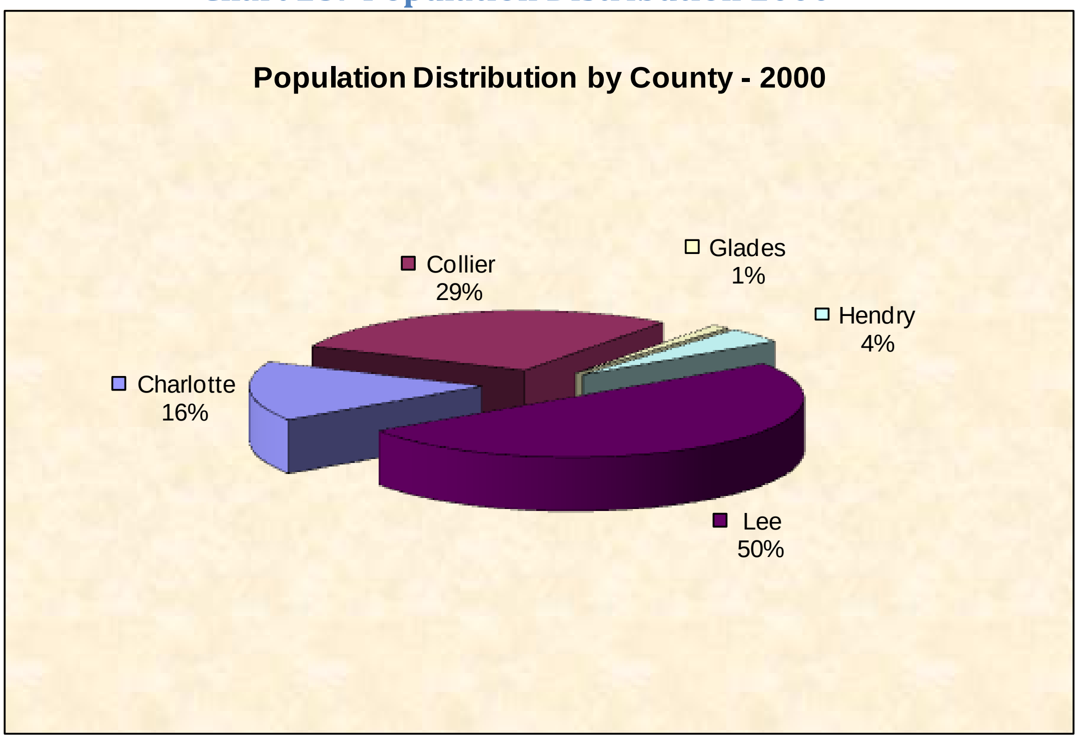
Source: Florida EDR: August 2009.

Chart 24: Projections by County



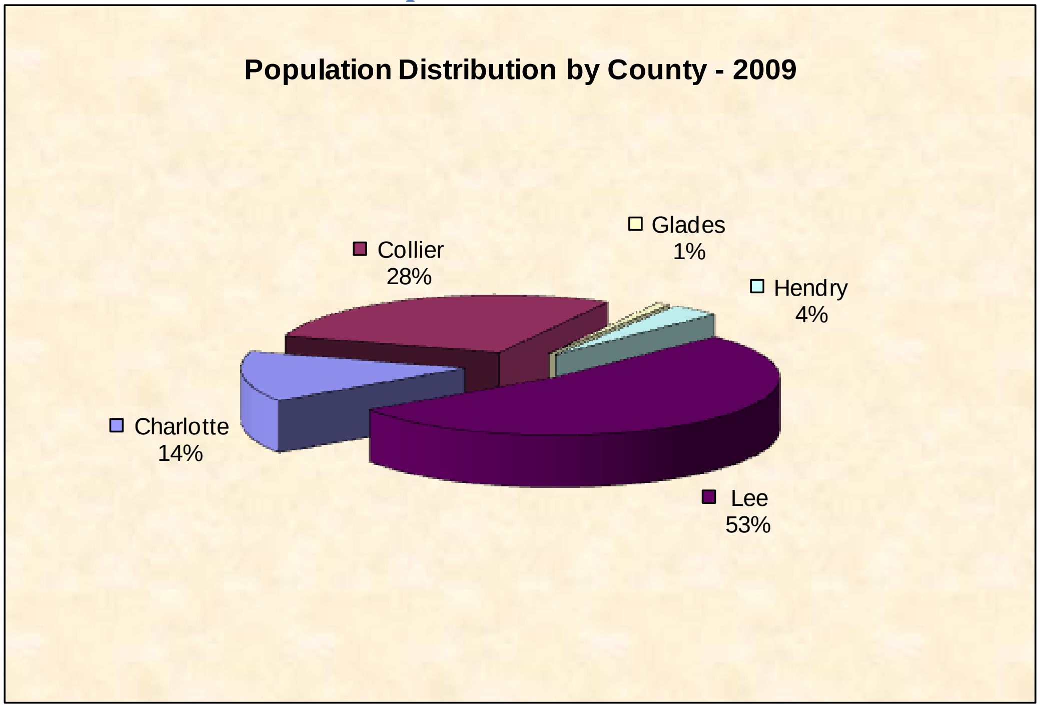
Source: Florida EDR: August 2009.

Chart 25: Population Distribution 2000



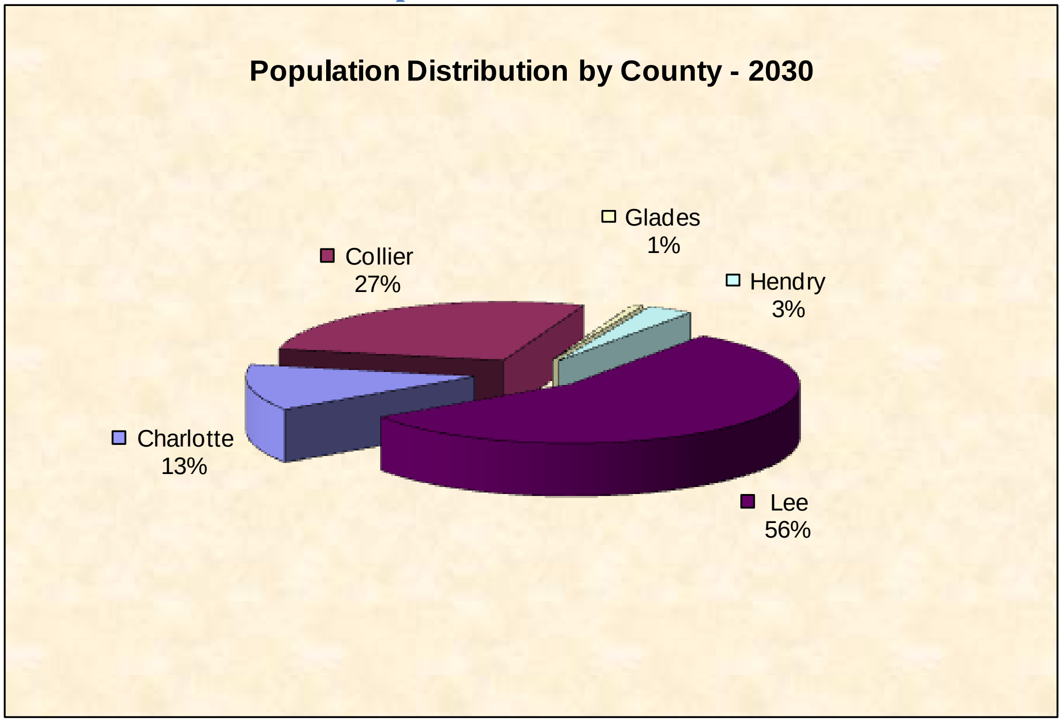
Source: Florida EDR: August 2009.

Chart 26: Population Distribution 2009



Source: Florida EDR: August 2009.

Chart 27: Population Distribution 2030



Source: Florida EDR: August 2009.