Southwest Florida Regional Economic Indicators

November 2009

Regional Economic Research Institute

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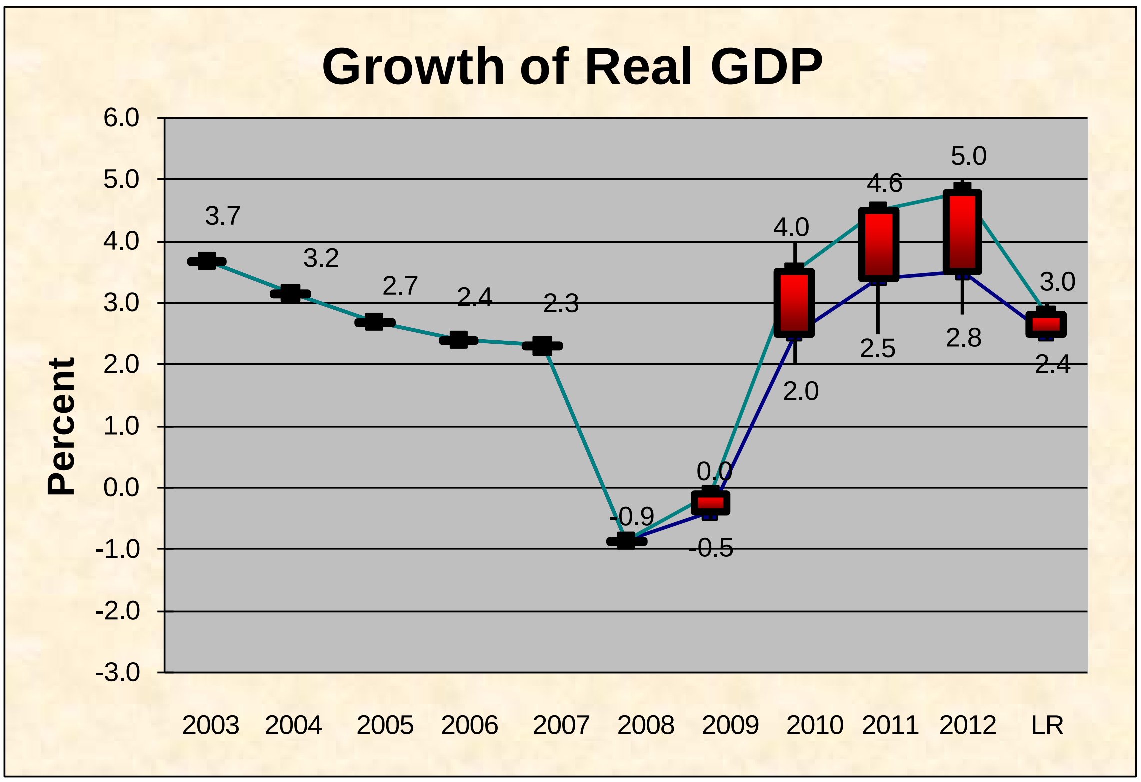
Introduction

The Federal Reserve's Open Market Committee (FOMC) issued a press release on November fourth indicating that:

- Conditions in the financial markets were roughly unchanged since the September meeting of the Federal Open Market Committee;
- Activity in the housing sector has increased over recent months;
- Household spending appears to be expanding, but remains constrained by ongoing job losses, sluggish income growth, lower housing wealth, and tight credit;
- Businesses are still cutting back on fixed investment and staffing, though at a slower pace; progress is being made in bringing inventory stocks into better alignment with sales;
- With substantial slack likely to continue to dampen cost pressures and with longer-term inflation expectations stable, the Committee expects that inflation will remain subdued for some time; and
- The Committee will maintain the target range for the federal funds rate at 0 to ¼ percent for an extended period; purchase a total of $1.25 trillion of agency mortgage-backed securities and about $175 billion of agency debt; and will gradually slow the pace of its purchases in order to promote a smooth transition in markets.

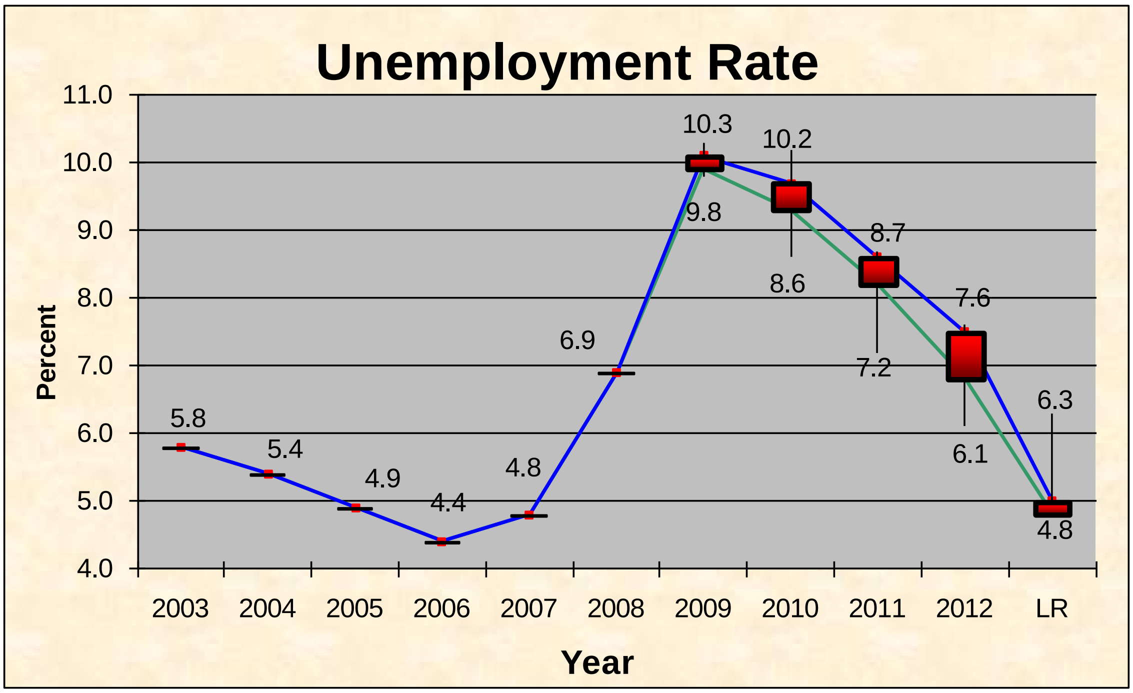
The next meeting of the Federal Reserve's Open Market Committee is planned for December 15th and 16th. The Federal Reserve Open Market Committee's newest economic forecasts were released yesterday, November 24th in their November 3-4 meeting minutes and are shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

Real GDP has declined in 2009 with a forecast range of -0.5 to 0.0 percent growth. The chart below shows a recovery in 2010, but it will be several years before the economy returns to a more normal long-run (LR) trend. Real GDP growth projections for 2010, 2011, and 2012 show a recovery but their remains considerable uncertainty as to how strong the recovery will be as shown by the wide range of forecasts. For 2010, the range is 2.0 to 4.0 percent growth in GDP with a central tendency range (red bar) of 2.5 to 3.5 percent. For 2011, the projected Real GDP growth range is 2.5 to 4.6 percent with a central tendency of 3.4 to 4.5 percent. For 2012, the overall projected range is 2.8 to 5.0 percent with a central tendency range of 3.5 to 4.8 percent growth. The long-run (LR) trend for Real GDP has a range of 2.4 to 3.0 percent growth with a central tendency of 2.5 to 2.8 percent.



Source: Minutes of the Federal Open Market Committee, November 3-4, 2009.

The national unemployment rate is forecast to range between 9.8 and 10.3 percent in 2009 with a central tendency (red bar) of 9.9 to 10.1 percent as shown in the chart below. The October 2009 national unemployment rate rose to 10.2 percent, its highest point since 1983, and may rise further. Unemployment in 2010 is expected to be slightly lower, but remain high in a range of 8.6 to 10.2 percent with a central tendency (red bar) of 9.3 to 9.7 percent. For 2011, the unemployment rate is expected to be lower and in a range of 7.2 to 8.7 percent with a central tendency of 8.2 to 8.6 percent. In 2012, the national unemployment range is forecast to be between 6.1 and 7.6 percent with a central tendency of 6.8 to 7.5 percent. The long-run unemployment is expected to be in a range of 4.8 to 6.3 percent with a central tendency of 5.0 to 5.2 percent. The projections for unemployment are for the fourth quarter of each year.



Source: Minutes of the Federal Open Market Committee, November 3-4, 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 declined to 13.2 percent in October, down from 13.6 percent in September. Passenger traffic at Regional Southwest Airport (RSW) in September 2009 saw a 10 percent increase over the prior September. September tourism revenues for the coastal counties of Charlotte, Collier and Lee were up 9.9 percent from a year earlier.

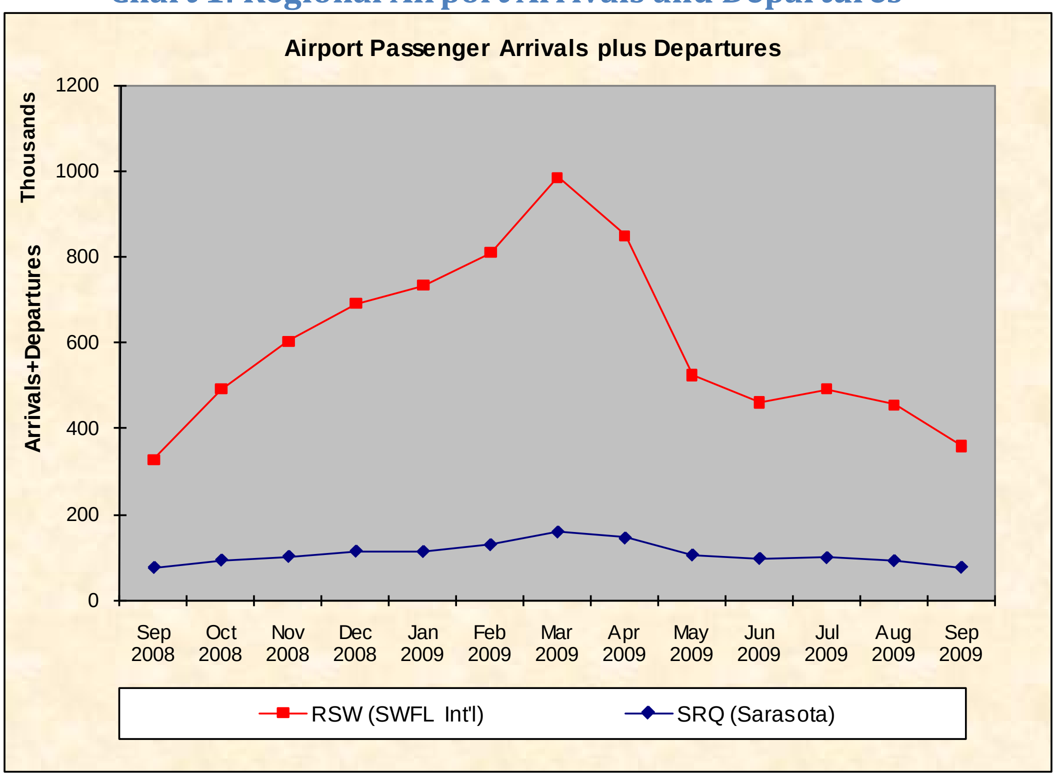
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report as a way to support its mission and assist the region. The Institute appreciates and thanks its many partners for assistance in obtaining the data, including the Southwest Florida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

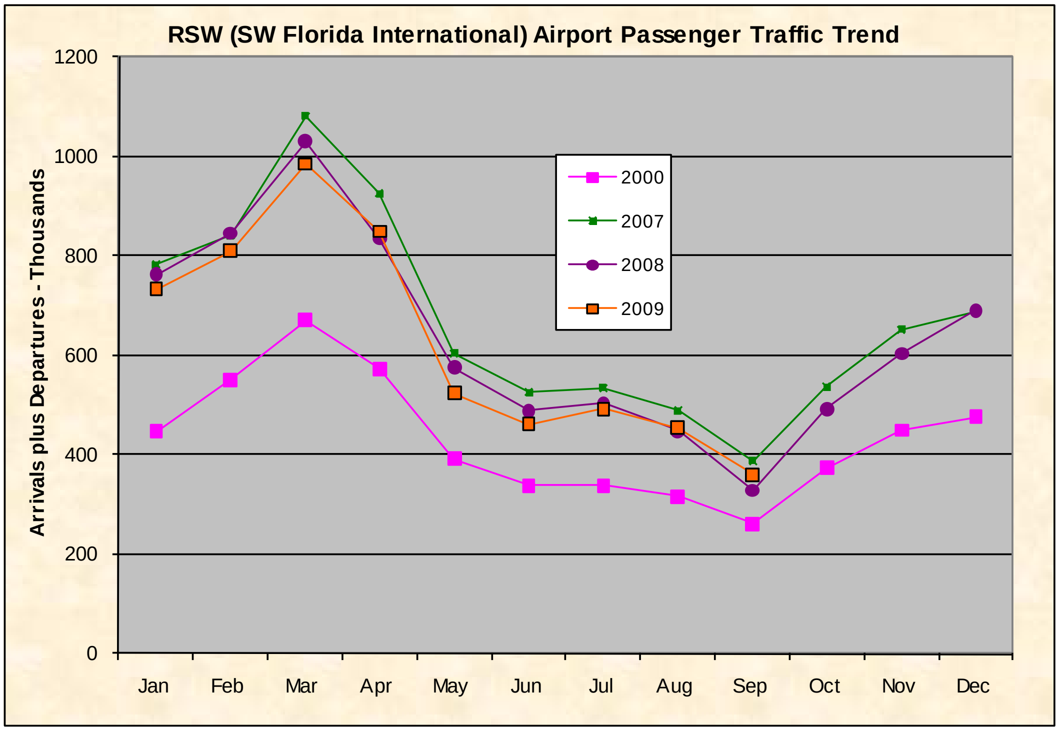
Regional Southwest Florida (RSW) airport located in Lee County is ranked as one of the fifty busiest airports in the nation. Chart 1 shows reported RSW airport passenger activity of 359,743 in September 2009, which is ten percent higher than the September 2008 level. Sarasota (SRQ) passenger activity was 76,809 in September 2009, and nearly even with the September 2008 figure, as shown in Chart 3. Charlotte County added commercial passenger service earlier this year, recording passenger activity of 5,547 in September. A chart for Charlotte airport activity is currently not shown, but will be included as the time series grows.

Chart 1: Regional Airport Arrivals and Departures



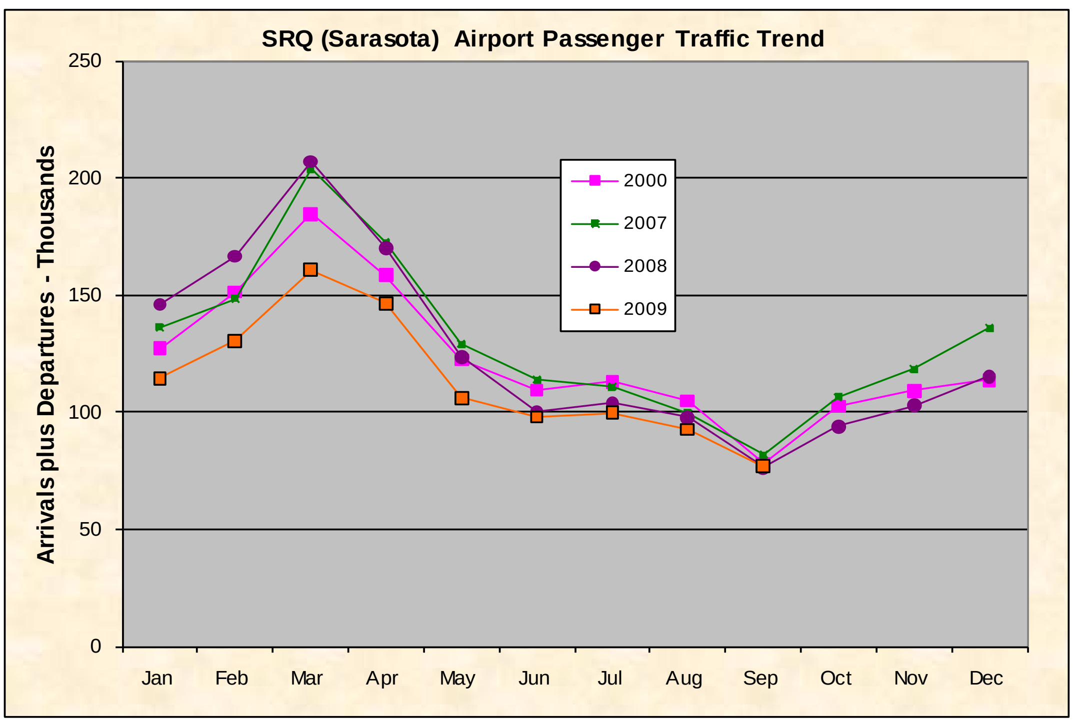
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend

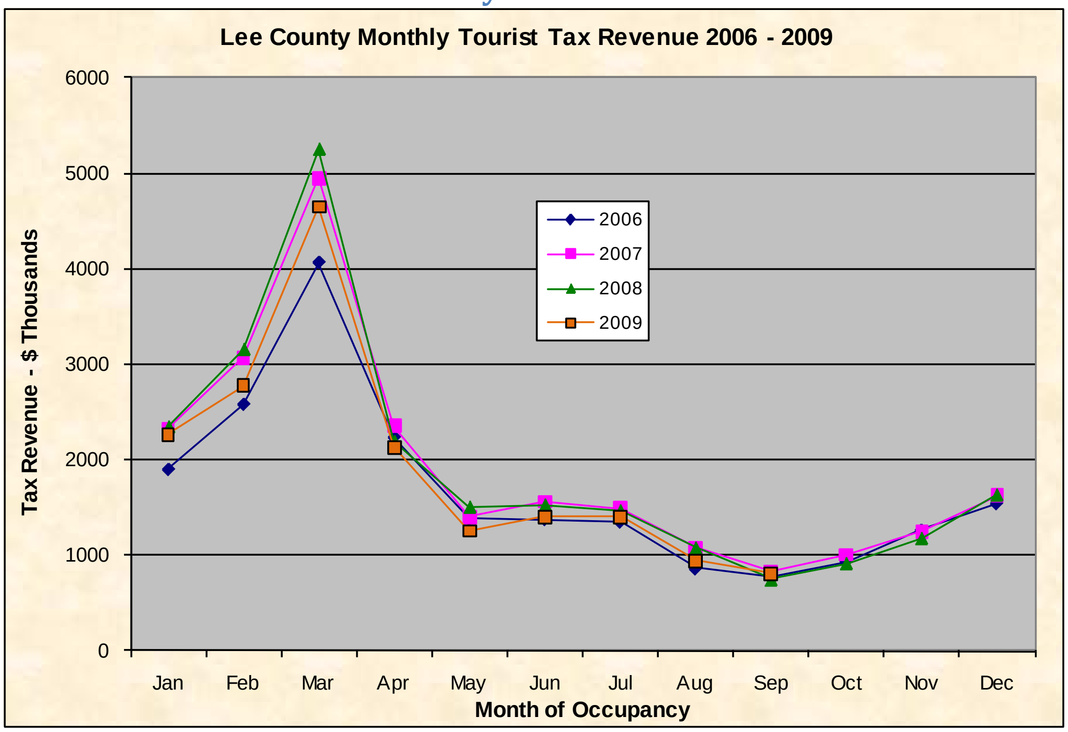


Source: Local Airport Authorities

Tourism Tax Revenues

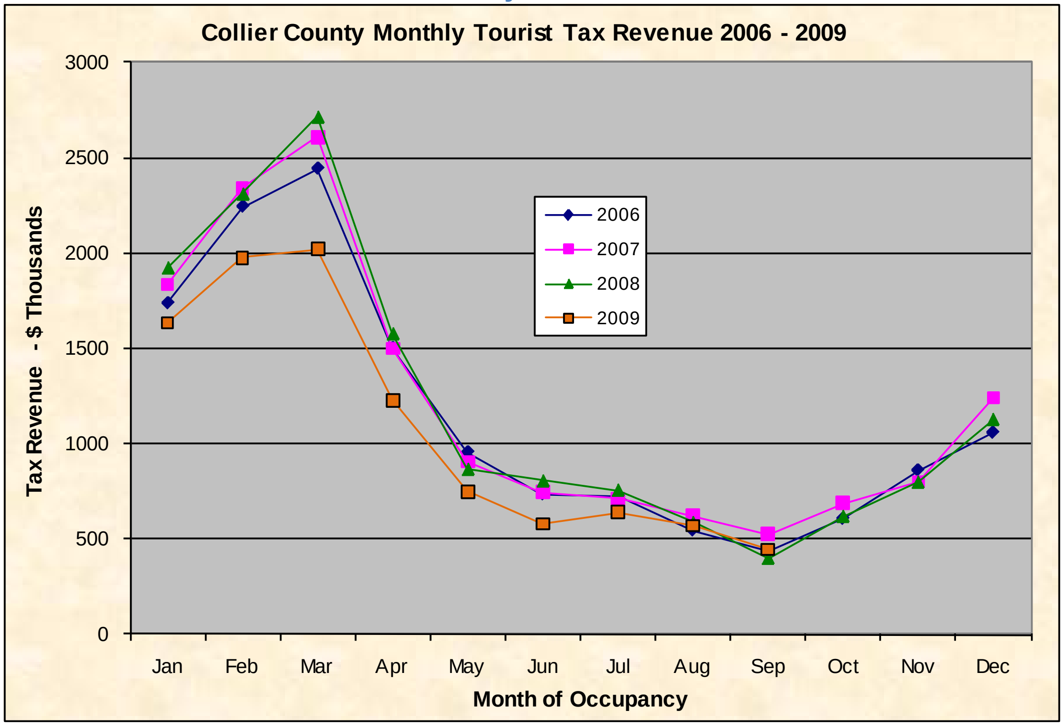
Tourism tax revenues for the region are shown in Charts 4, 5, and 6, and are based on month of occupancy. The charts show that September tourism tax revenues increased 8 percent for Lee County, 11 percent for Collier, and 25 percent for Charlotte County, compared to September 2008. Total September tax revenues for the three counties combined declined by 15 percent from August 2009, reflecting the historic seasonal pattern.

Chart 4: Lee County Tourism Tax Revenues



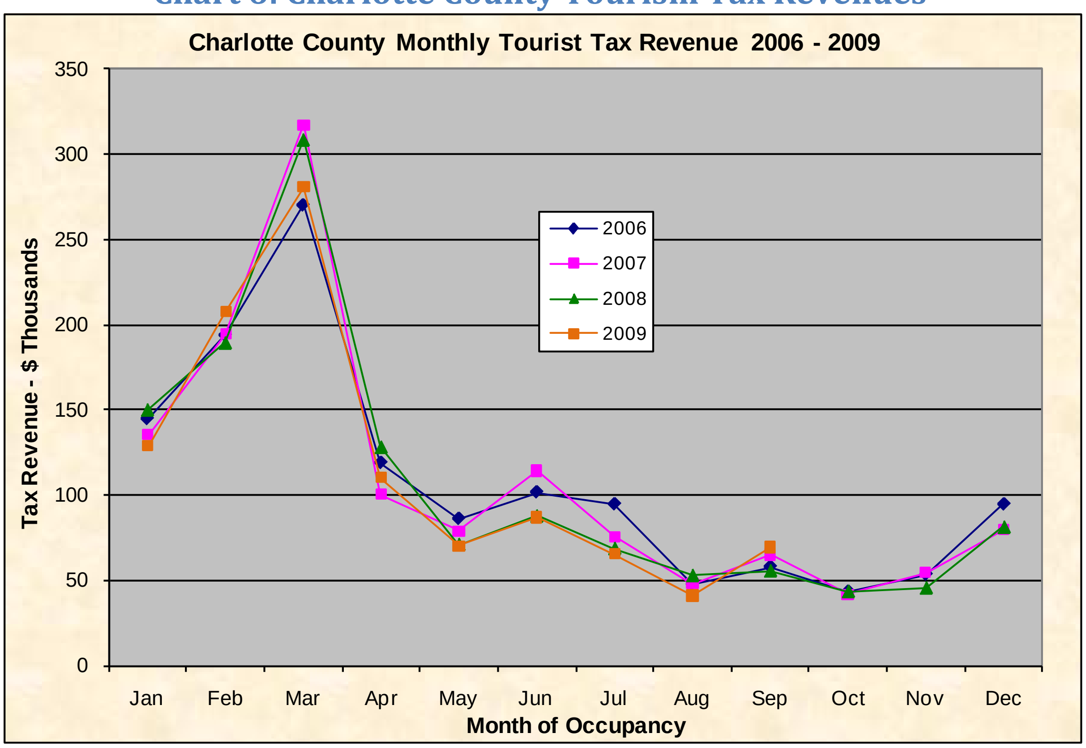
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

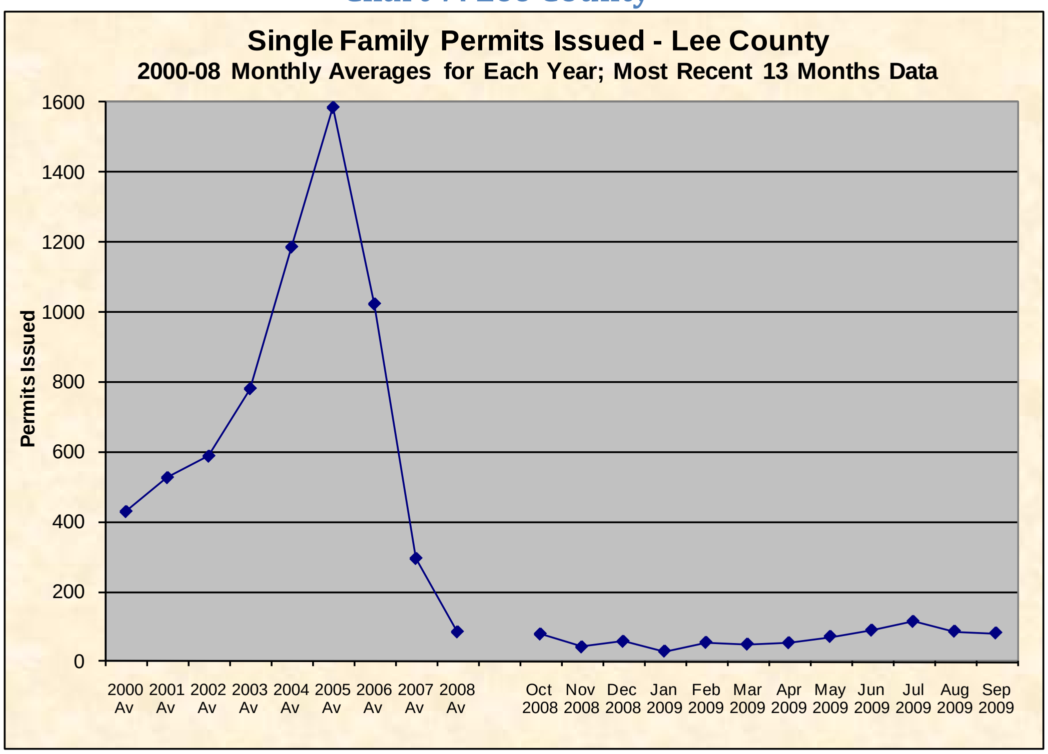


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

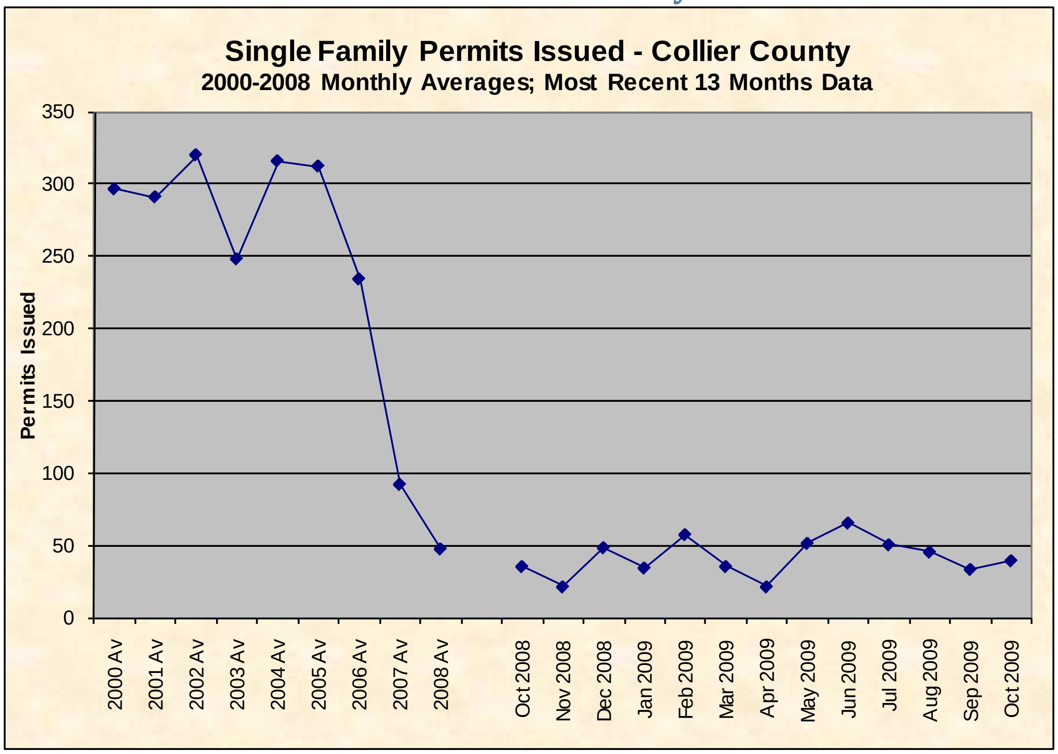
Total single-family home permits remained historically low for the region as a result of the economy's recession and the impact of many existing homes selling below replacement cost. The October 2009 Cape Coral permit data was not available in time for the report so we continue to show the Lee County data through September in Chart 7. Single-family permits for Collier County increased to 40 in October 2009 from 34 in September and from 36 in October 2008, as shown in Chart 8. Charlotte County reported 38 permits in October, a very slight decrease over the prior month figure of 41 and approximately the same number as the 39 permits from one year ago as shown in Chart 9.

Chart 7: Lee County



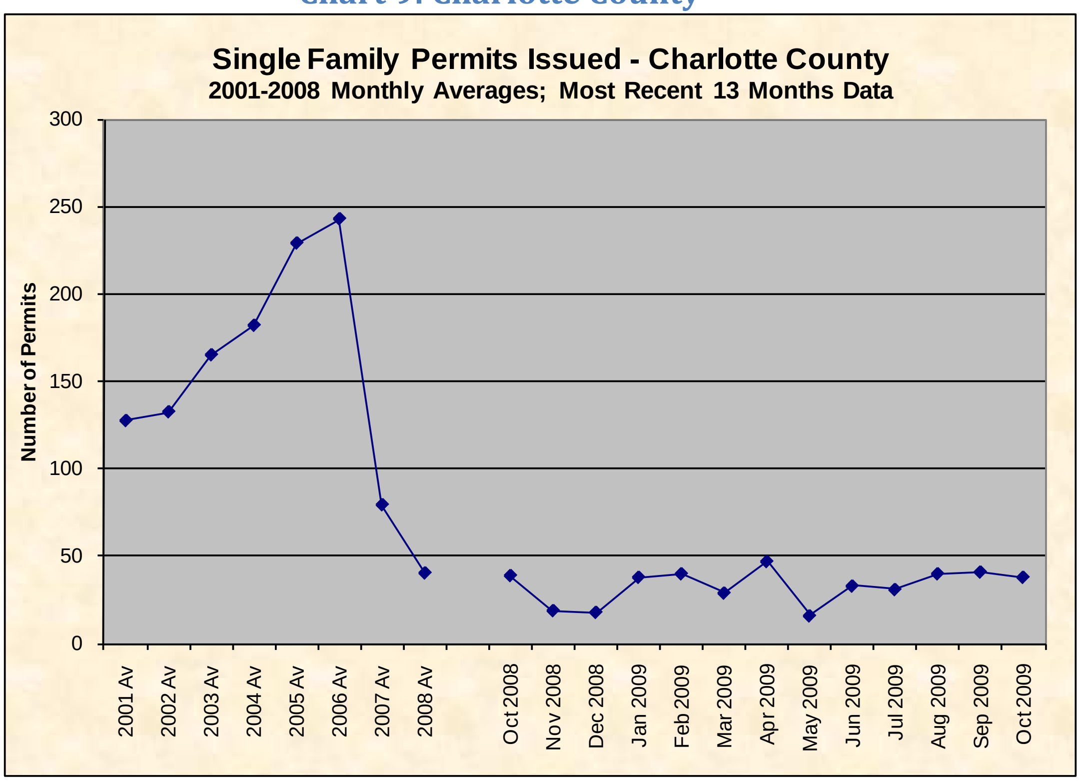
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 8: Collier County



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

Chart 9: Charlotte County



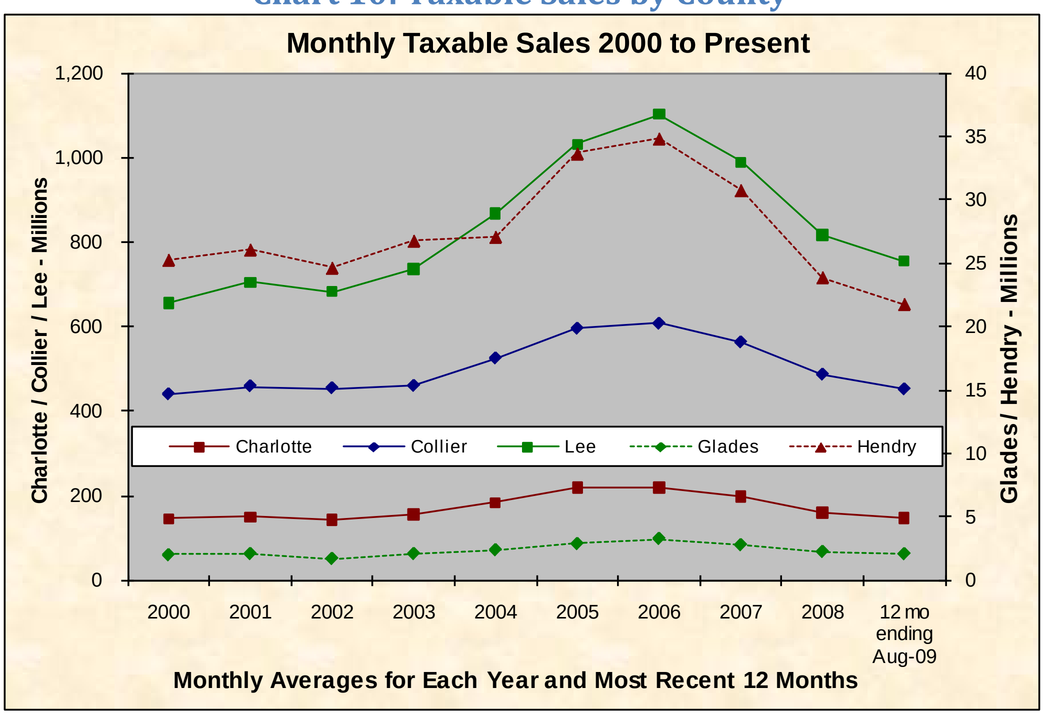
Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

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 August 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, August is the latest collection month plotted on the following charts. Note that Chart 10 uses different scales for the Coastal counties (Charlotte, Collier, and Lee) and the Inland counties (Glades and Hendry).

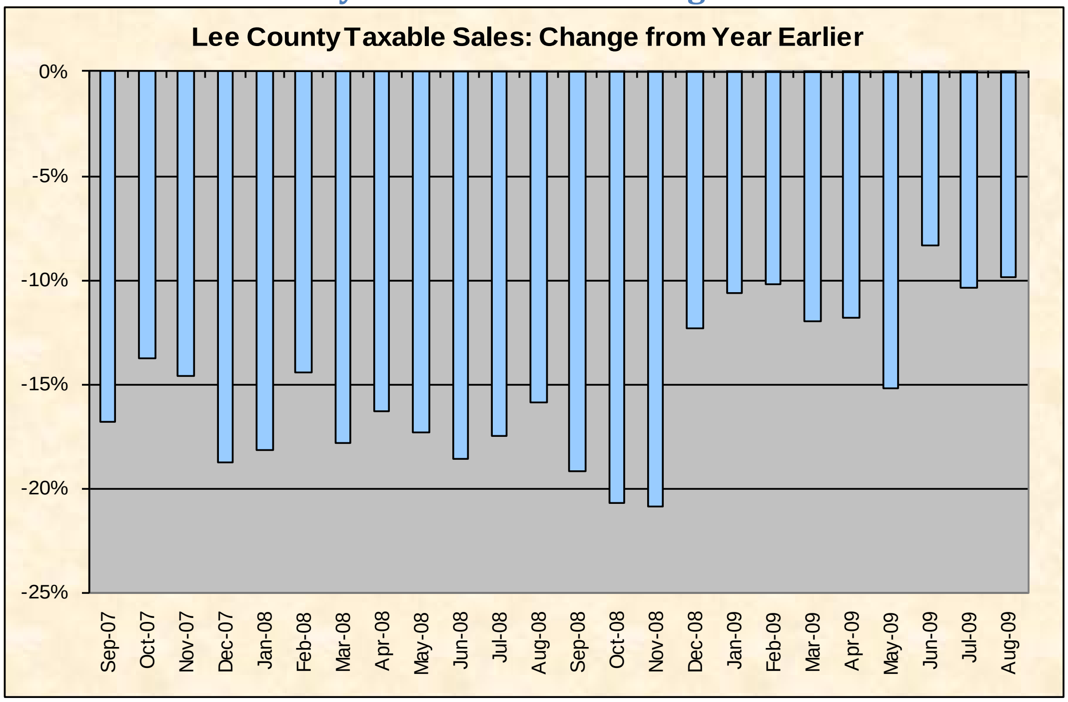
The local impact of the current recession continues to be visible in the decreases in taxable sales, as shown in Chart 10. Lee County taxable sales decreased by 10 percent in August 2009 versus year-earlier levels, as shown in Chart 11. Collier County experienced a year-to-year reduction of 7 percent, as shown in Chart 12, while Charlotte County showed a 4 percent decline from August 2008. Charts 11, 12, and 13 show some decrease from the prior month in the rate of year-to-year declines. Taxable sales for the five-county region declined by $100 million, or 8 percent, from August 2008 to August 2009; the regional decrease from the prior month of July 2009 amounted to $11 million or 1 percent.

Chart 10: Taxable Sales by County



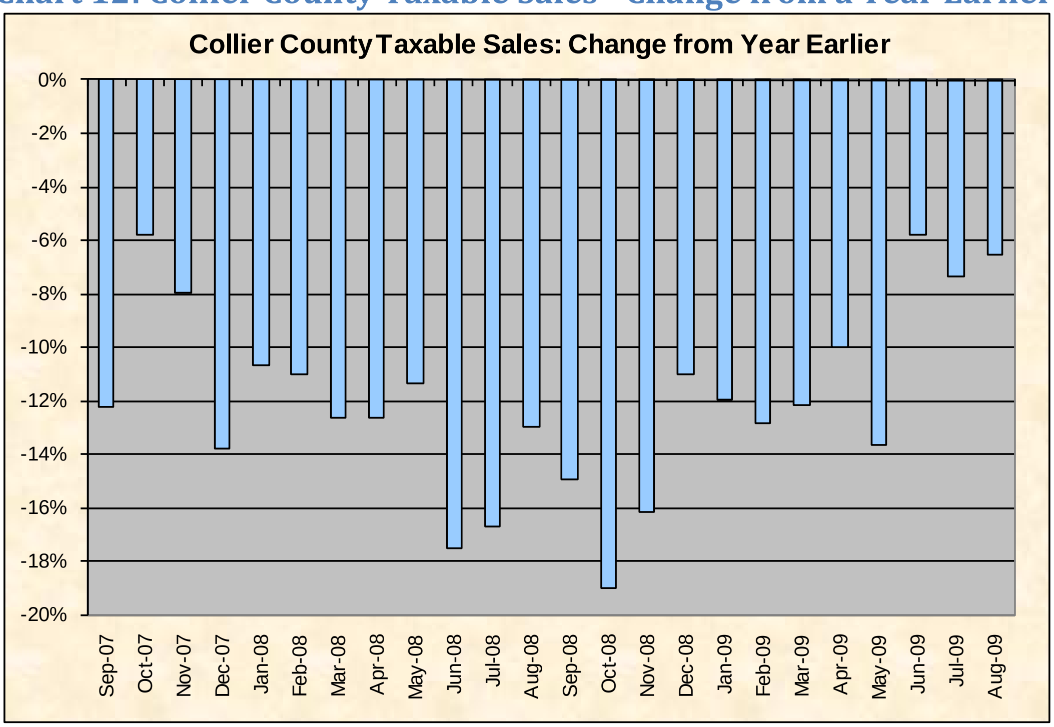
Source: Florida Department of Tax Research

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



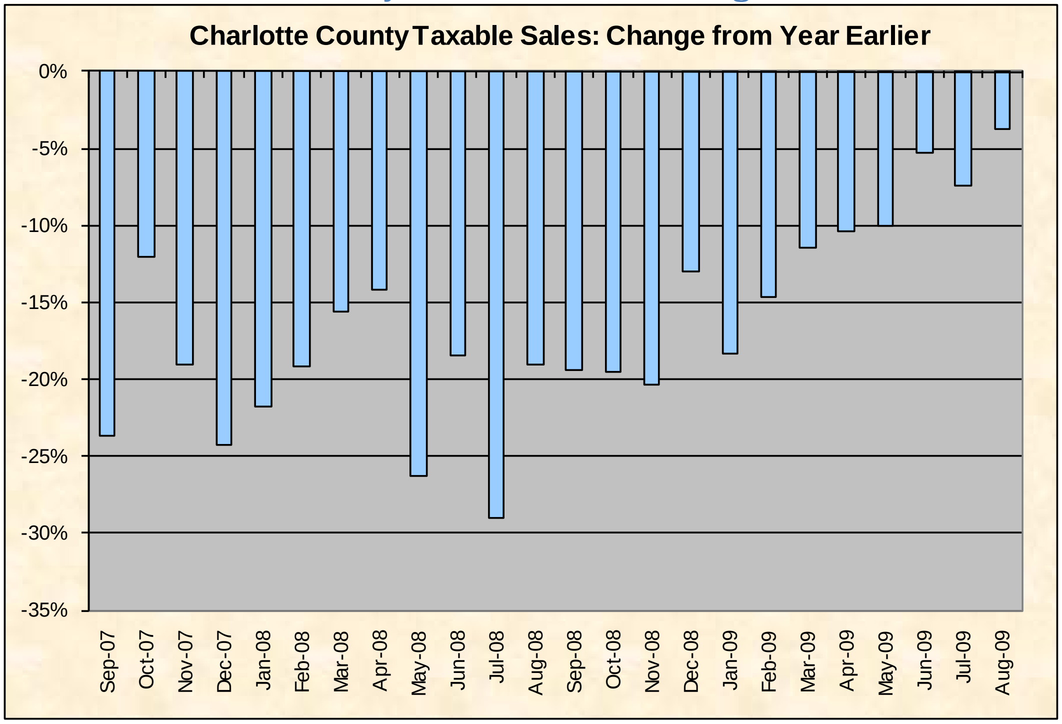
Source: Florida Department of Tax Research

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



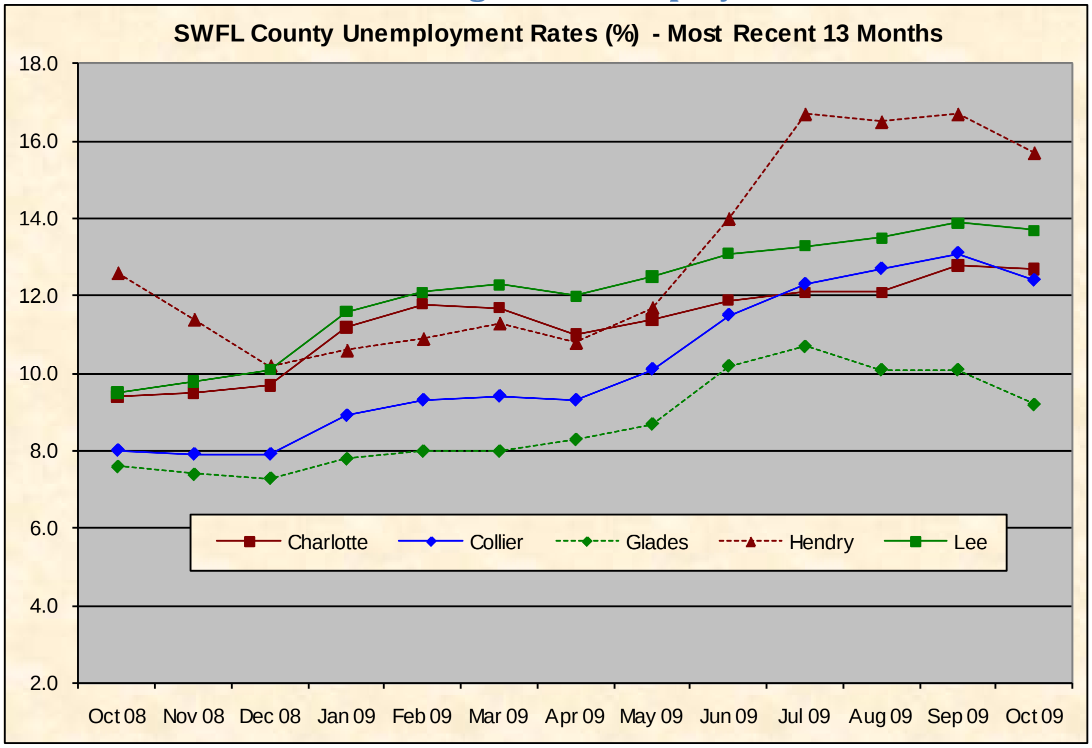
Source: Florida Department of Tax Research

Workforce – Unemployment

Charlotte, Collier, Glades, Hendry, and Lee Counties all reported decreased unemployment in October 2009 compared to September, as shown in Chart 14. The unemployment rates tracked in this report are not seasonally adjusted. Lee County's unemployment rate declined from 13.9 percent in September to 13.7 percent in October 2009. Collier County's unemployment rate decreased from 13.1 percent to 12.4 percent, and Charlotte County's figure edged down from 12.8 percent to 12.7 percent. Hendry County unemployment decreased from 16.7 percent in September to 15.7 percent in October 2009, while Glades County's unemployment rate dropped from 10.1 to 9.2 percent. Florida's unemployment rate dipped from 11.3 percent in September 2009 to 11.2 percent in October, and the national unemployment rate was 9.5 not seasonally adjusted and 10.2 percent seasonally adjusted.

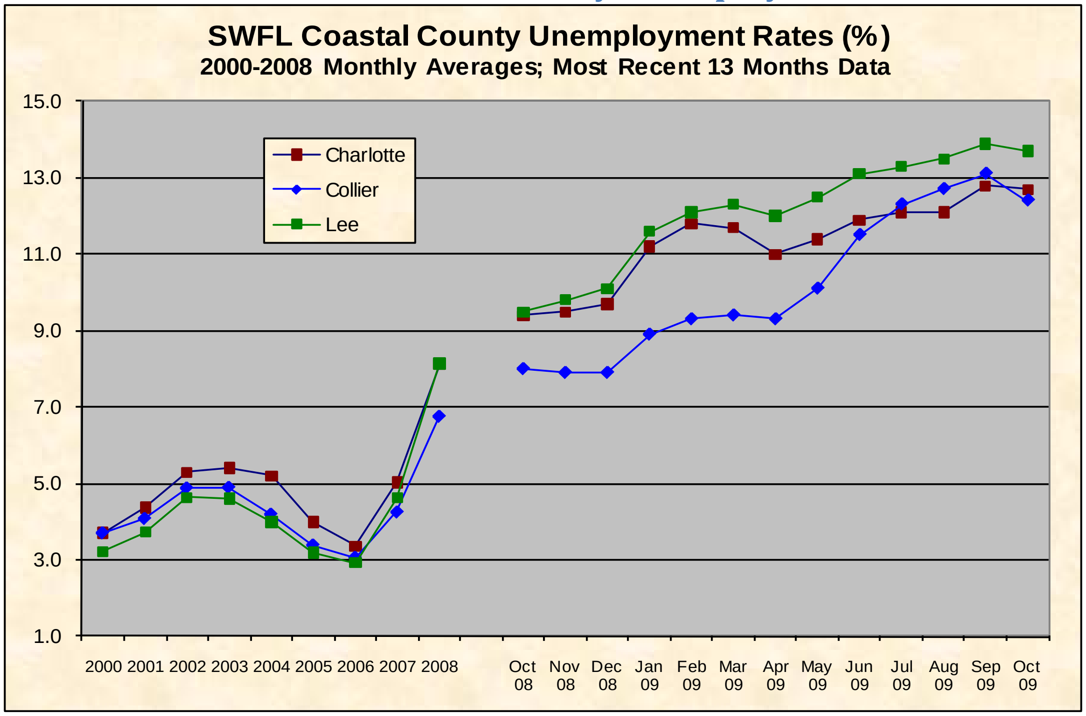
Charts 15 (coastal counties) and 16 (inland counties) provide a longer term historical perspective of unemployment rates for our region from 2000 to 2008 and the latest 13 months. Unemployment rates above 5 or 6 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends.

Chart 14: Regional Unemployment



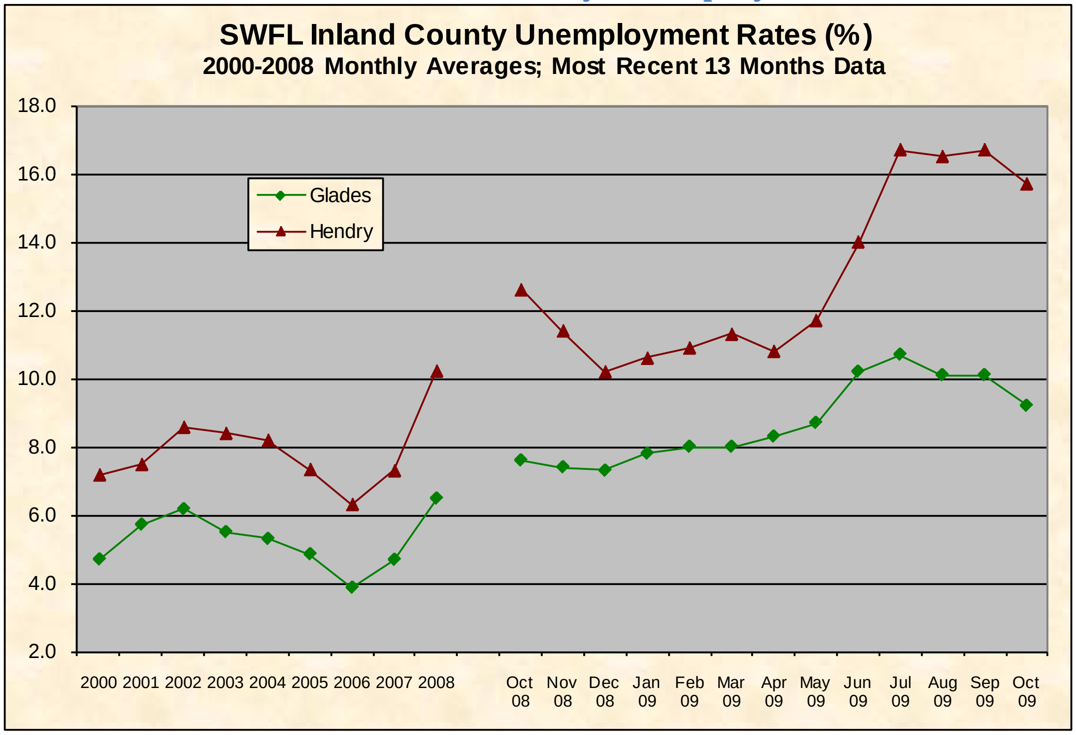
Source; AWI

Chart 15: Coastal County Unemployment



Source AWI

Chart 16: Inland County Unemployment

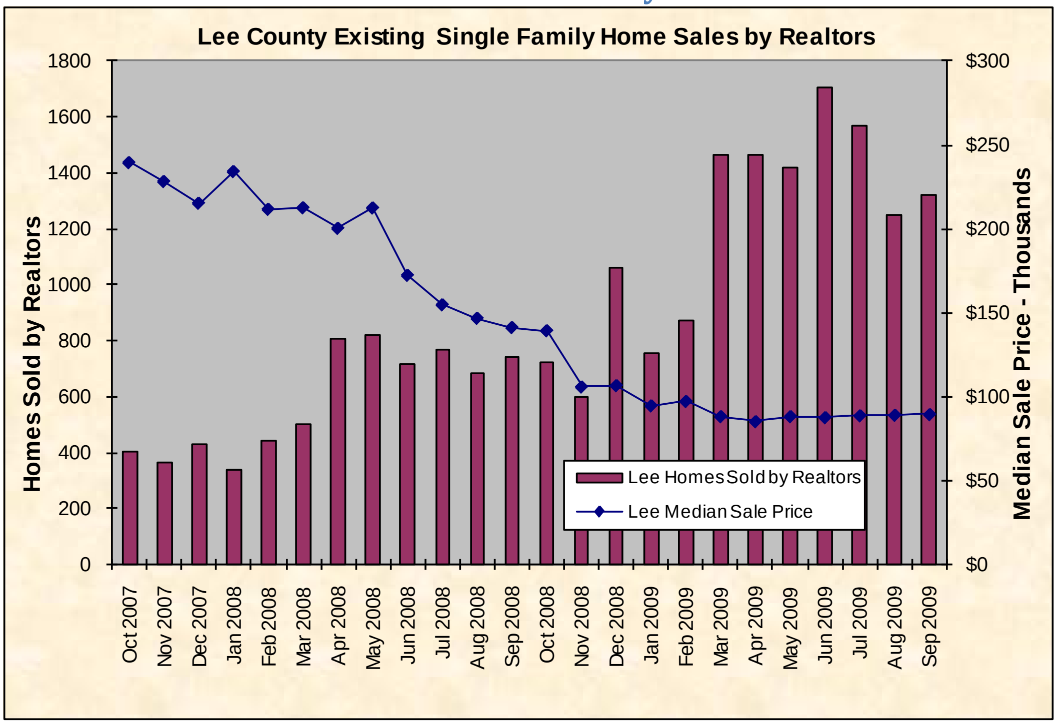


Source AWI

Sales of Single–Family Existing Homes and Median Sales Price

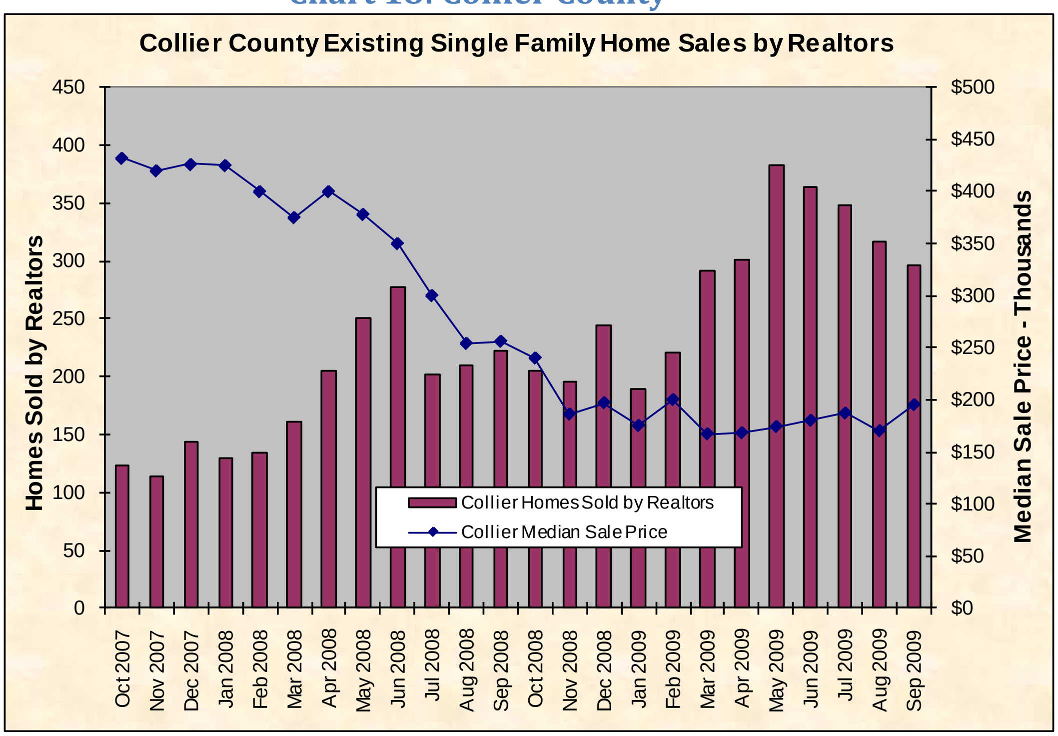
The number of existing single-family homes sold by REALTORS in September 2009 showed increases from the prior month in Lee and Charlotte Counties, while Collier County sales were down 7 percent (Charts 17, 18, and 19). For all three counties, median sales prices increased from the prior month and total sales improved to 1,855 homes, a 3 percent increase from August 2009, and a 65 percent increase over September 2008. Lee County sales increased from 1,252 in August to 1,321 in September 2009. The median sales price for Lee County increased slightly from $89,300 in July to $89,700 (Chart 17). Collier County sales decreased from 317 to 296 with the median price increasing from $170,000 to $195,000, as shown in Chart 18. Charlotte County sales increased from 230 to 238, along with an increase in the median price from $103,300 to $110,600, as shown in Chart 19.

Chart 17: Lee County



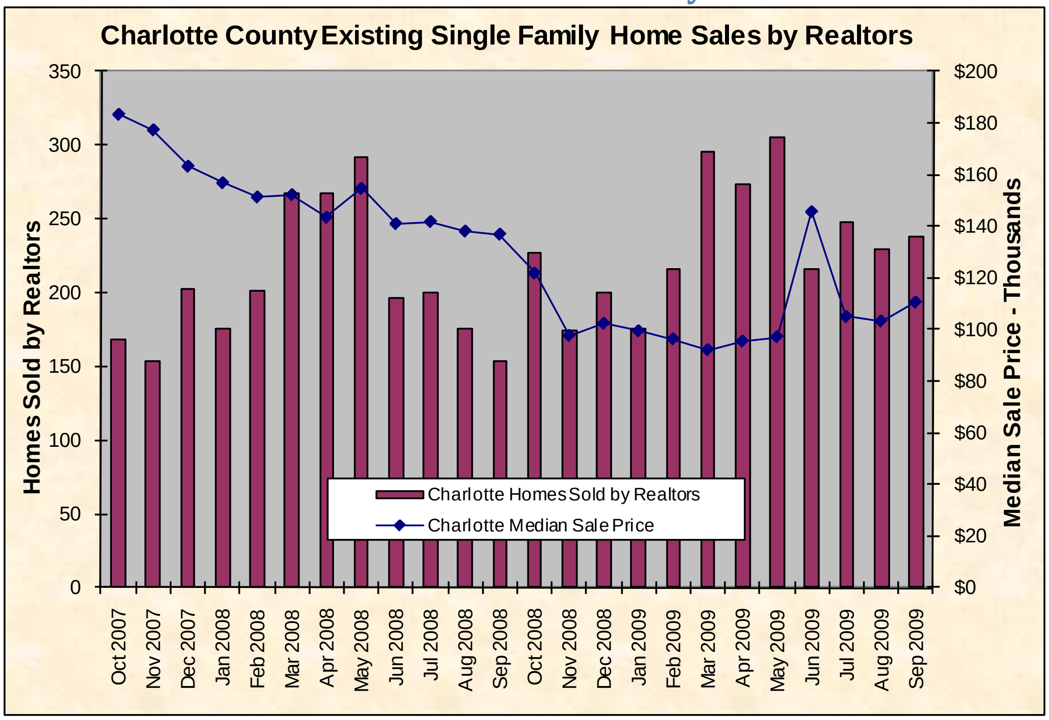
Source: Florida Association of Realtors ® Fort Myers – Cape Coral MSA http://media.living.net/statistics/statisticsfull.html

Chart 18: Collier County



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

Chart 19: Charlotte County

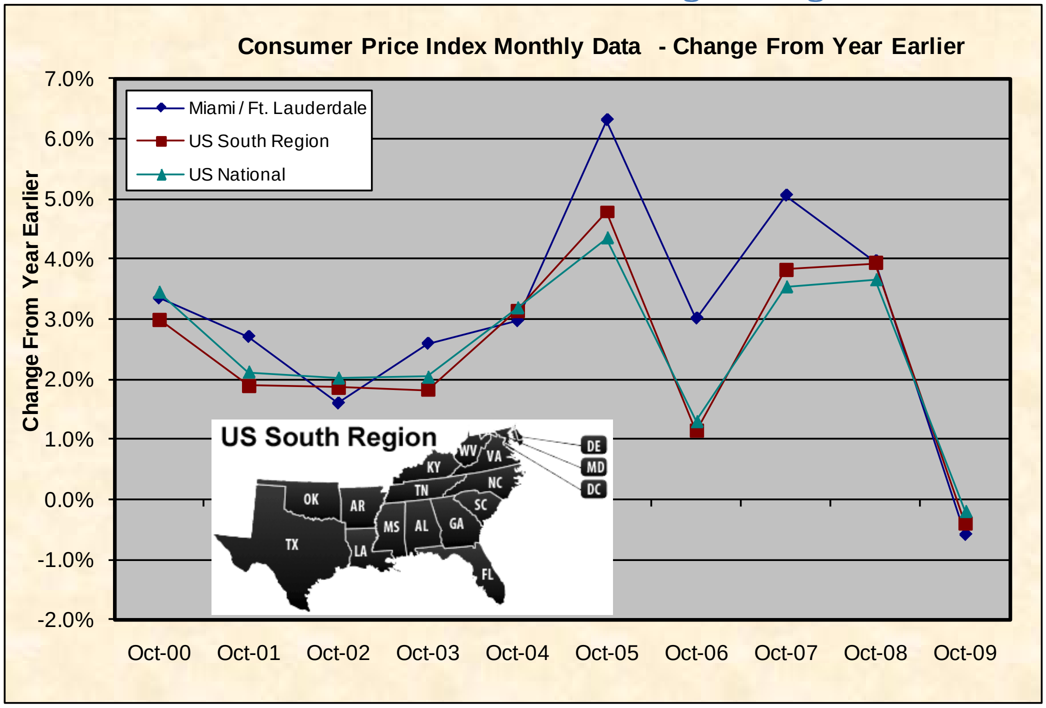


Source: Florida Association of Realtors ® Punta Gorda, Florida MSA http://media.living.net/statistics/statisticsfull.html

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 October 2009 CPI for that area had declined by 0.6 percent from October 2008.

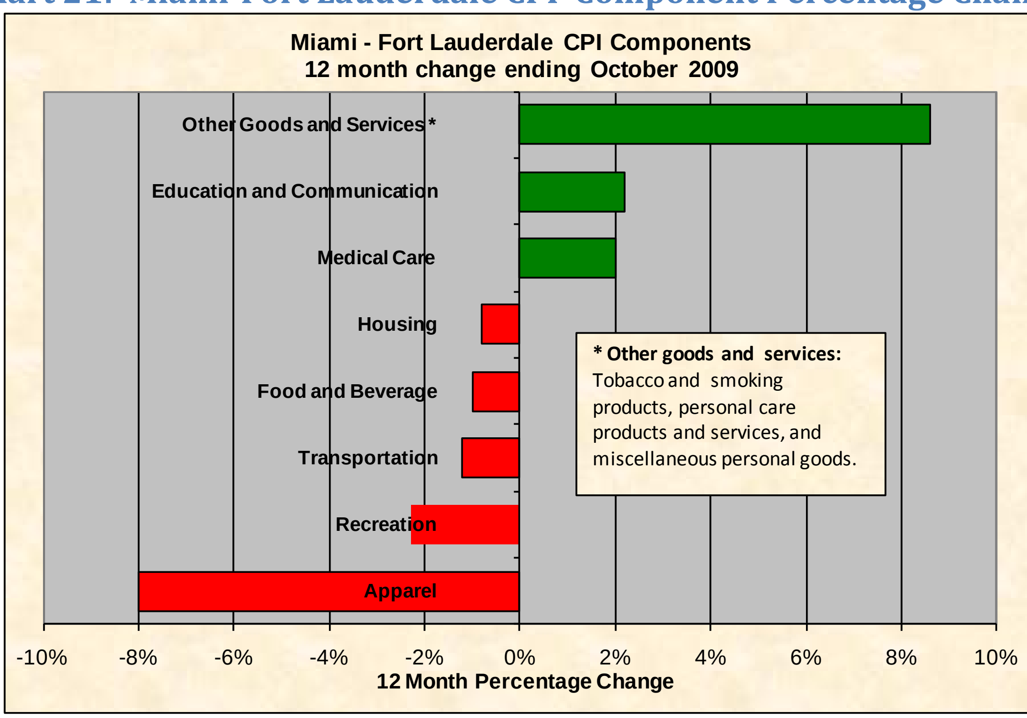
Chart 20: CPI Annual Percentage Change



Source: BLS

The overall Miami-Fort Lauderdale Consumer Price Index for the 12 months ending October 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



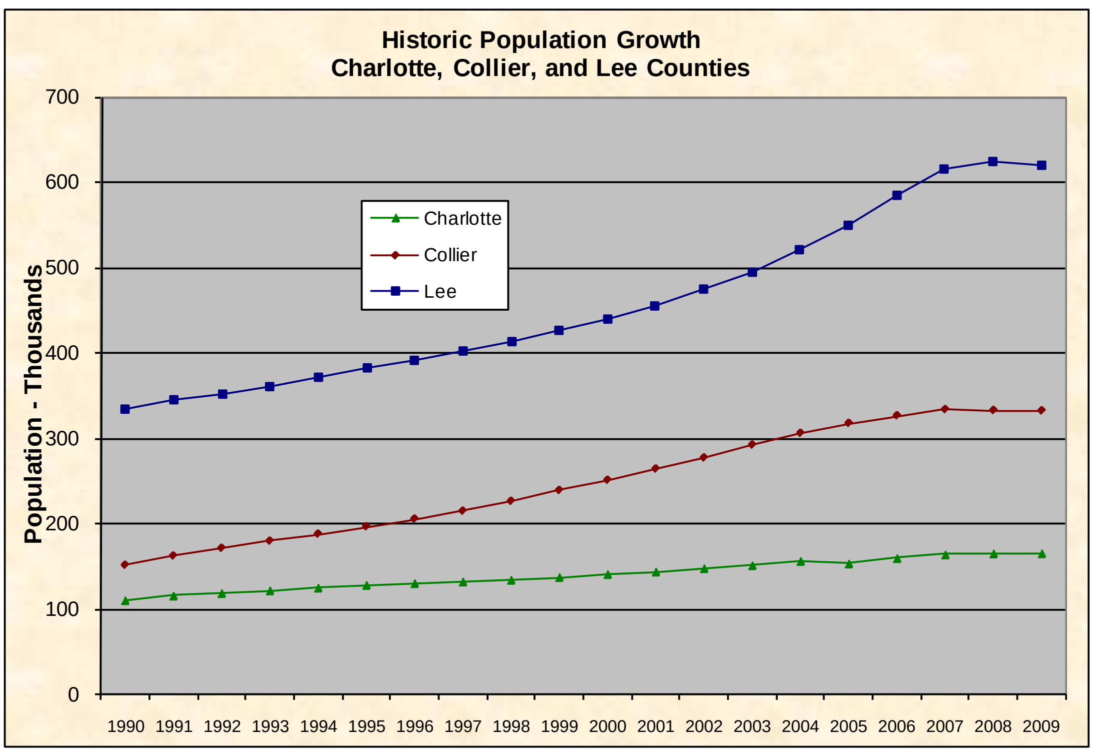
Source: BLS

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

Population

As previously reported, 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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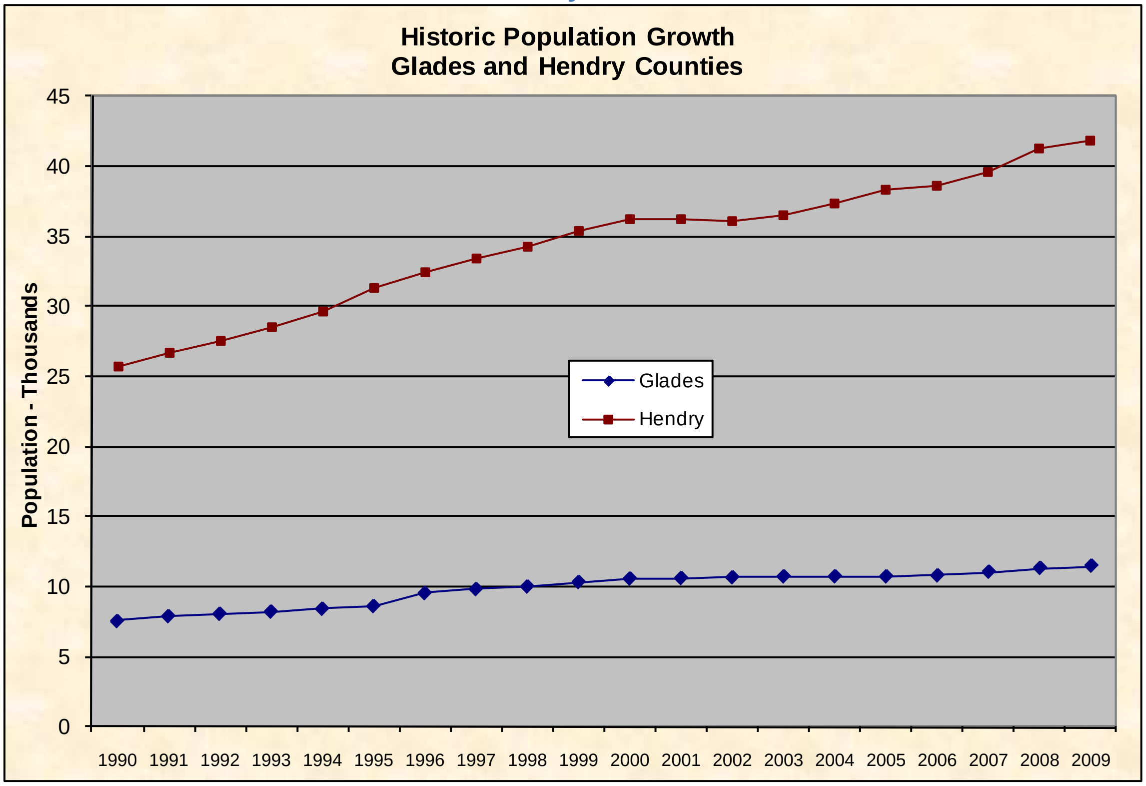
Chart 23: Inland County Growth 1990 to 2009



Source: Florida EDR: August 2009

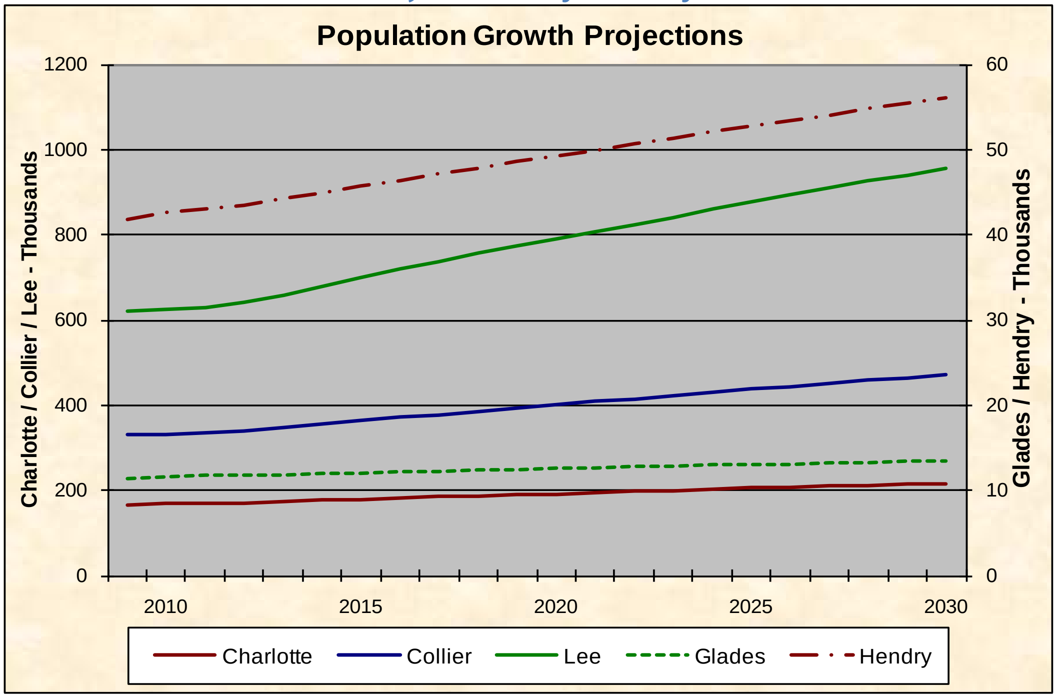
Table 1: Projections by County

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

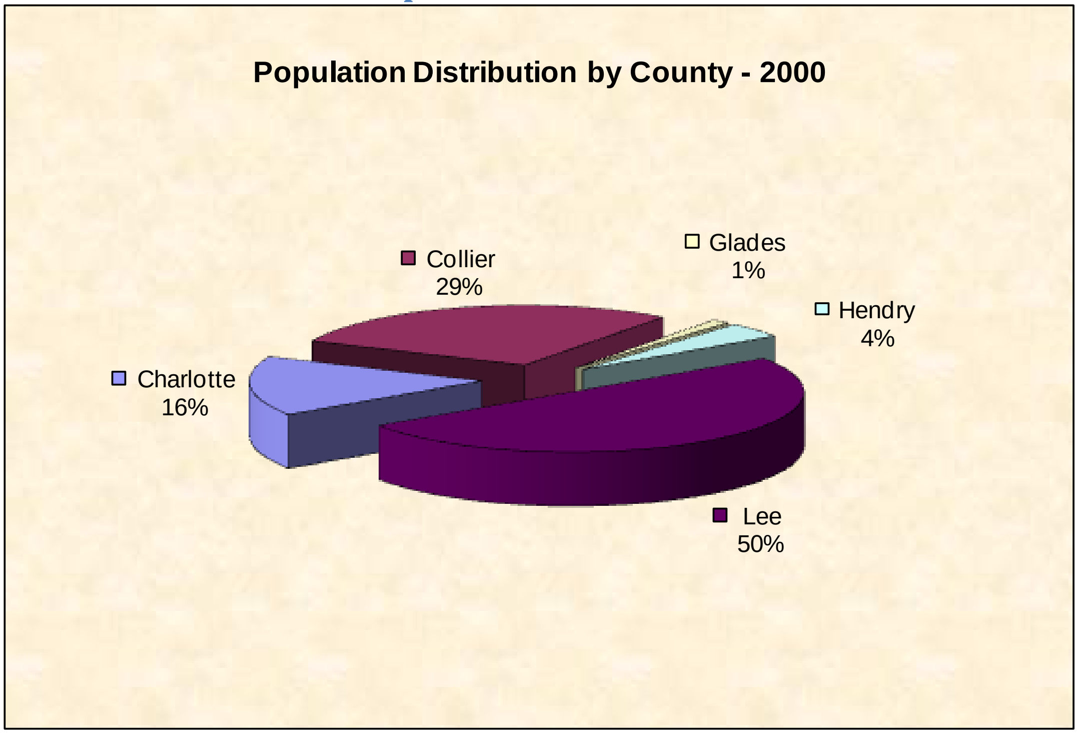
Source: Florida EDR: August 2009.

Chart 24: Projections by County



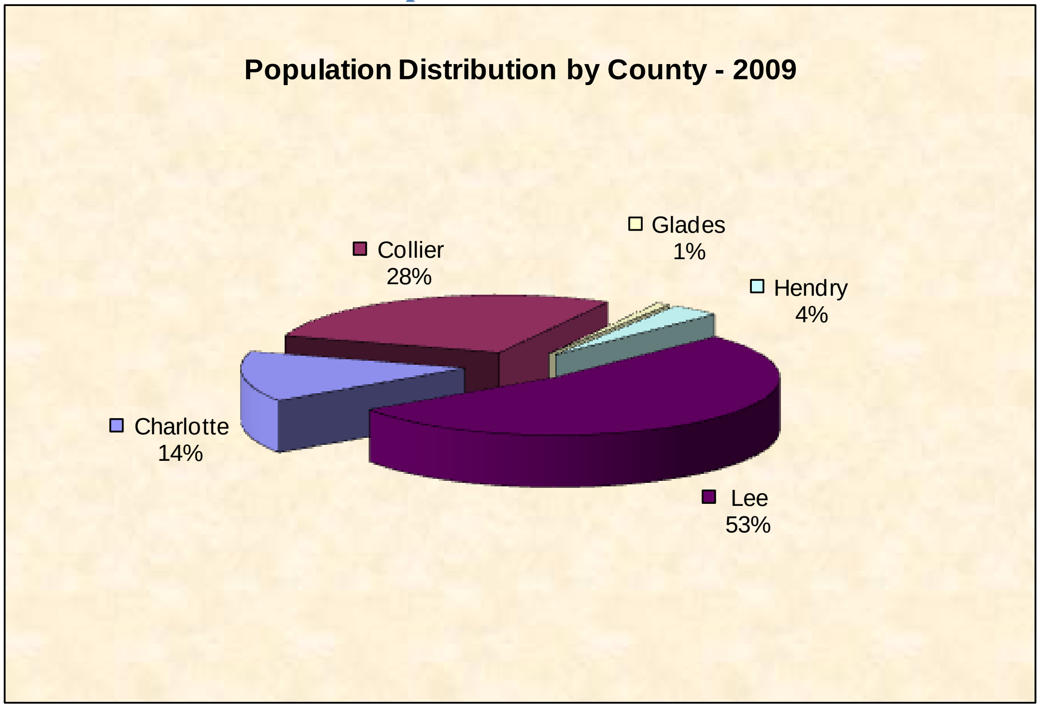
Source: Florida EDR: August 2009.

Chart 25: Population Distribution 2000



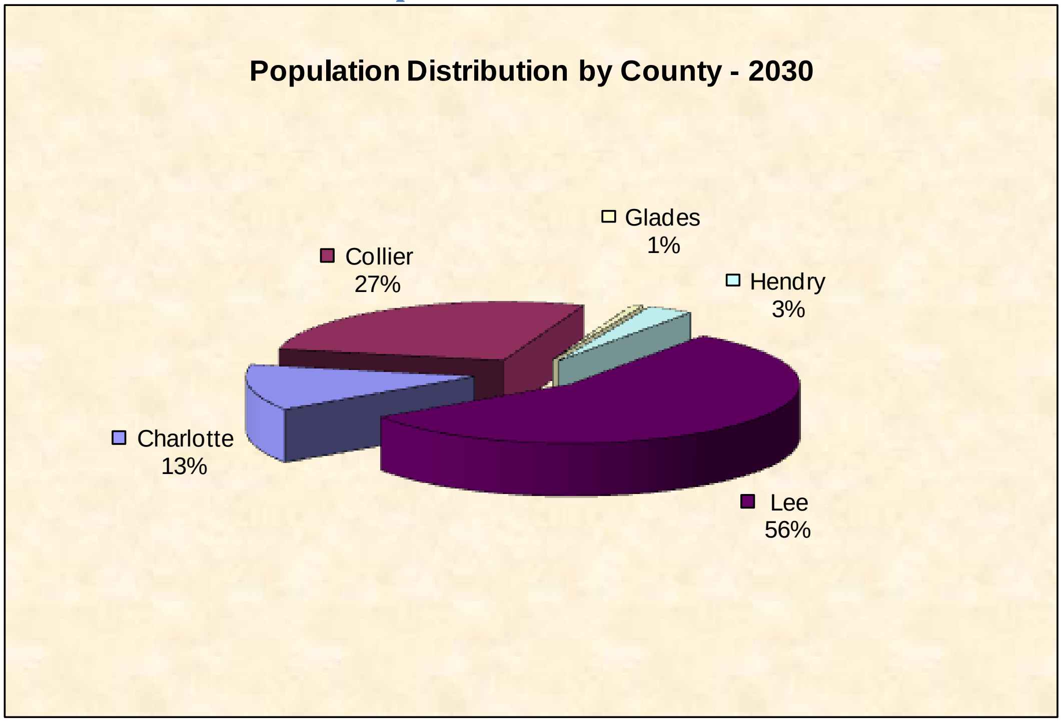
Source: Florida EDR: August 2009.

Chart 26: Population Distribution 2009



Source: Florida EDR: August 2009.

Chart 27: Population Distribution 2030



Source: Florida EDR: August 2009.