Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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Introduction

Federal Reserve Chairman Ben Bernanke provided an analysis of monetary policy and the housing bubble at the annual meeting of the American Economic Association on January 3, 2010. He showed charts which indicated that the increasing use of exotic types of mortgages and the associated decline in mortgage underwriting standards were largely responsible for the housing bubble. He suggested that better, smarter, and stronger regulation and supervision aimed at problems with underwriting practices and lender's risk management would have been the best approach to constraining the housing bubble.

As noted in last month's report, the nation's advance (preliminary) real GDP growth estimate for the third quarter was revised downward from 3.5 percent to a third revised estimate of 2.2 percent on December 23, 2009. The fourth quarter GDP is expected is to show improvement over the third quarter GDP growth values and grow at a faster rate consistent with early stages of an economic expansion.

Personal savings rates were 1.7 percent in 2007 increasing to 2.7 percent in 2008. The personal saving rate for 2009 continued to increase: to 3.7 percent for the first quarter, 5.4 percent for the second quarter, and 4.5 percent for the third quarter. Consumers remain very concerned about the economy in the face of high unemployment rates and tight credit. The Conference Board released its January consumer confidence index on January 26, 2009, showing that the index increased to 55.9 from 53.6 in December, which is low but does show some improvement.

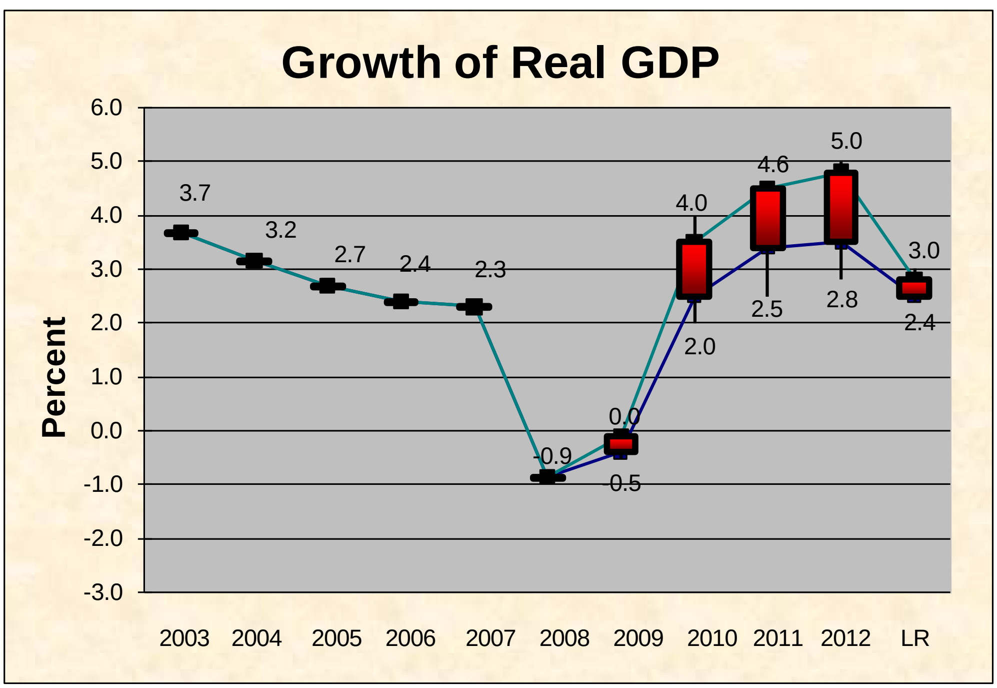
The Federal Reserve's Open Market Committee (FOMC) issued a press release on December 16th, indicating that:

- Economic activity has continued to pick up and the deterioration in the labor market is abating;
- The housing sector has shown some signs of improvement over recent months;
- Household spending appears to be expanding, but remains constrained by a weak labor market, modest income growth, lower housing wealth, and tight credit;
- Businesses are still cutting back on fixed investment, though at a slower pace, and remain reluctant to add to payrolls;

- Progress is being made in bringing inventory stocks into better alignment with sales;
- Financial market conditions have become more supportive of economic growth;
- With substantial resource 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; continue to 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.

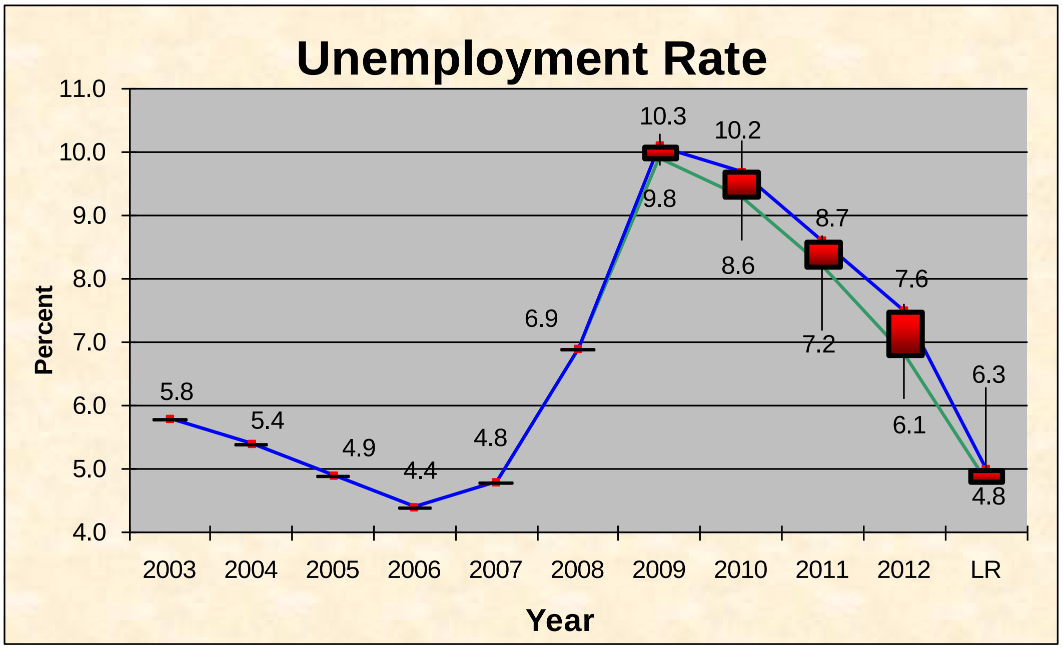
The next meeting of the Federal Reserve's Open Market Committee is planned for January 26 and 27, 2010. The Federal Reserve Open Market Committee's newest economic forecasts were released on November 24th in their November 3-4 meeting minutes and are shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

Real GDP declined in 2009 with a final estimate expected to show a range of -0.5 to 0.0 percent growth. The chart below shows a projected recovery in 2010, but it will be several years before the economy returns to a more normal long-run trend ("LR"). Real GDP growth projections for 2010, 2011, and 2012 show a recovery but there 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 was 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 December 2009 seasonally adjusted national unemployment rate held steady at 10.0 percent. Unemployment in 2010 is expected to be slightly lower, but will remain historically 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 (LR) 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.

Although there are some signs of improvement, 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 eased to 13.1 percent in December from 13.4 percent in November. Passenger traffic at Regional Southwest Airport (RSW) in November 2009 saw a significant increase over the prior month, and a small decline from November 2008. November Tourist Tax revenues for the coastal counties of Charlotte, Collier and Lee were down 14 percent from a year earlier.

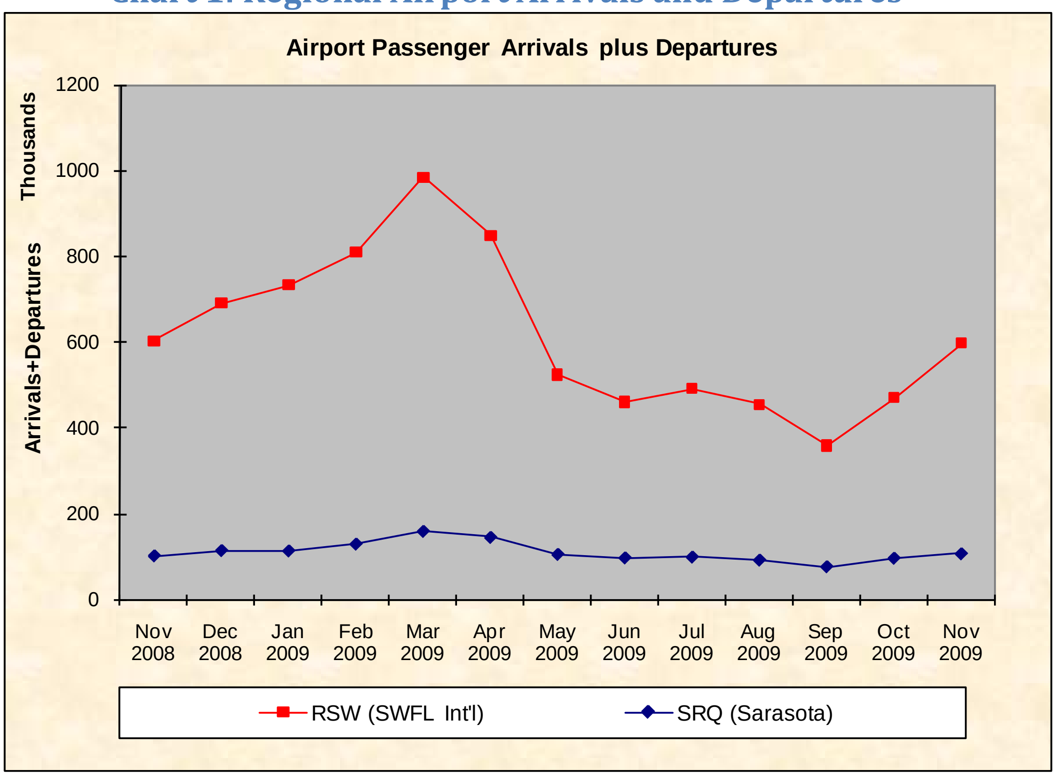
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report as a way to support its mission and assist the region. The Institute appreciates and thanks its many partners for assistance in obtaining the data, including the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee Counties, the regional airport authorities, 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. Charts 2 and 3 illustrate the monthly seasonality of airport passenger traffic and the changes from year to year.

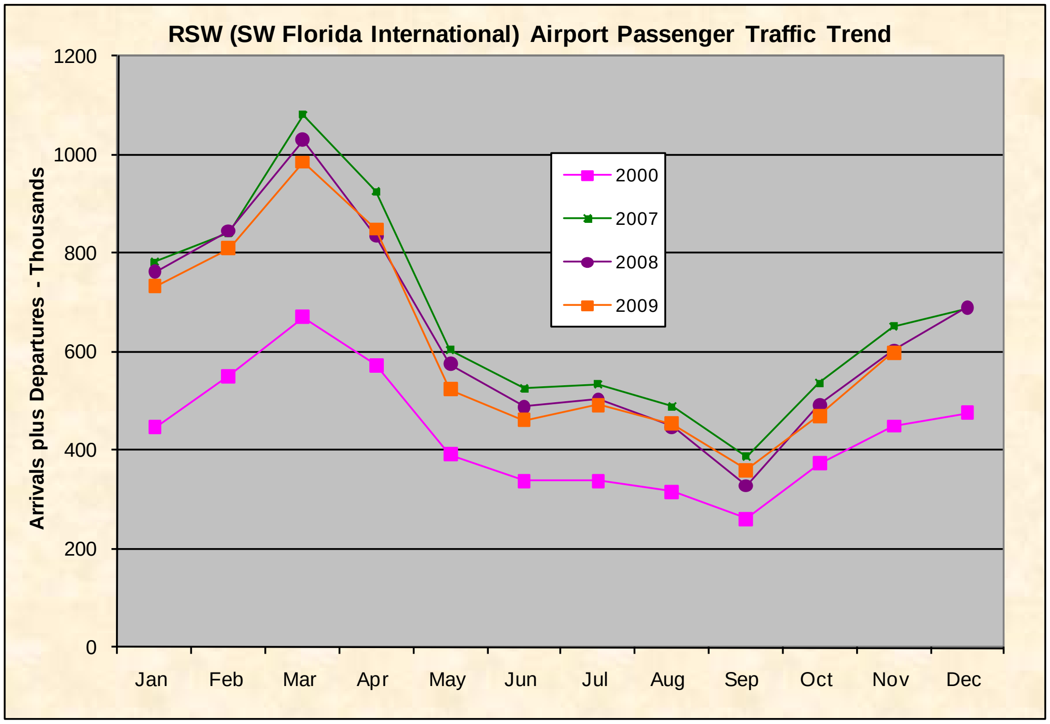
Regional Southwest Florida (RSW) airport is largest airport in the region serving national and international destinations. Charts 1 and 2 show reported RSW airport passenger activity of 598,478 in November 2009, which is 27 percent higher than the October 2009 level and 1 percent below November 2008. Sarasota (SRQ) passenger activity rose to 107,534 in November 2009, an increase of 11 percent above the prior month figure and 5 percent higher than a year ago, as shown in Charts 1 and 3. Charlotte County added commercial passenger service earlier this year, recording passenger activity of 13,411 in November, as shown in Chart 4.

Chart 1: Regional Airport Arrivals and Departures



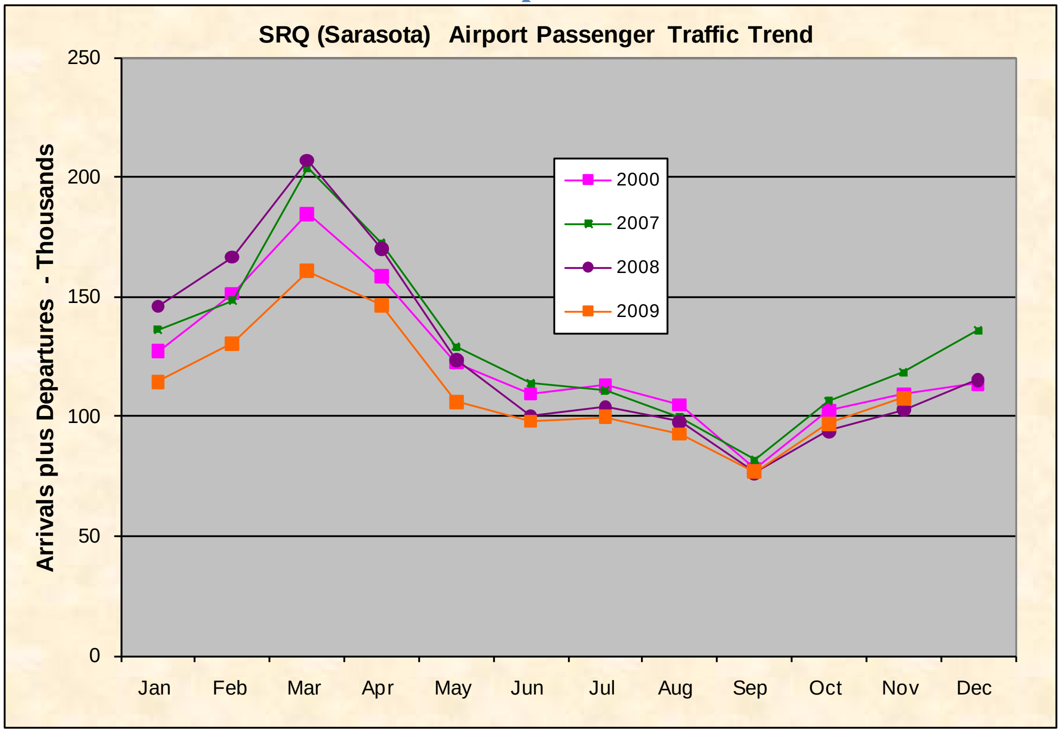
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



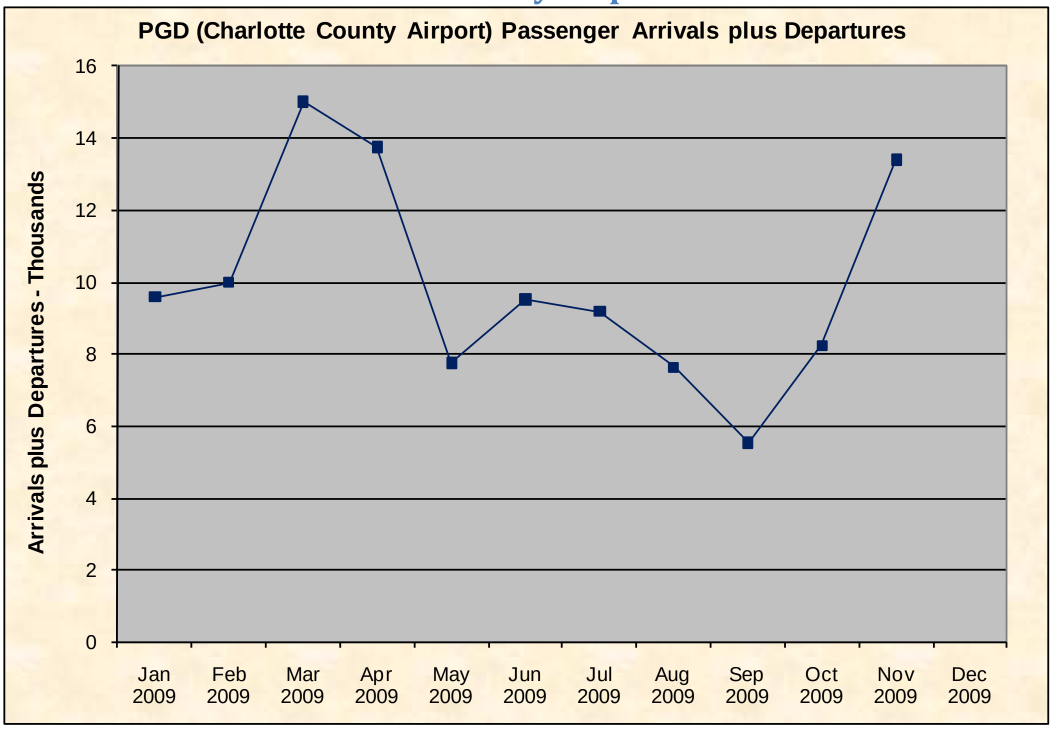
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend

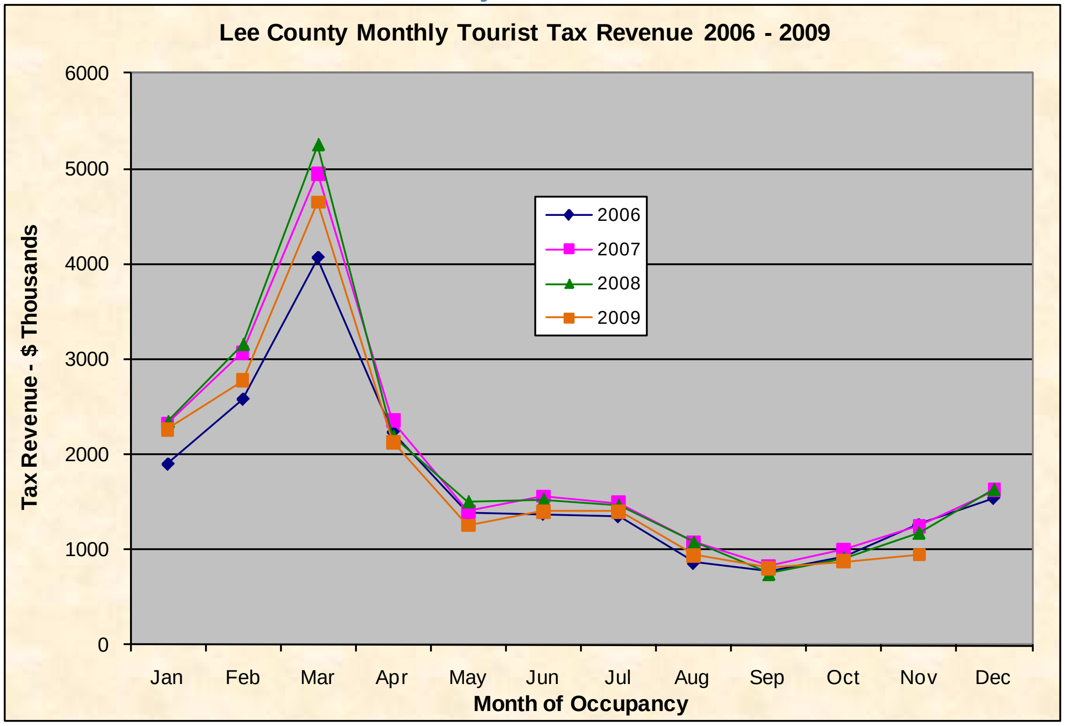


Source: Local Airport Authorities

Tourism Tax Revenues

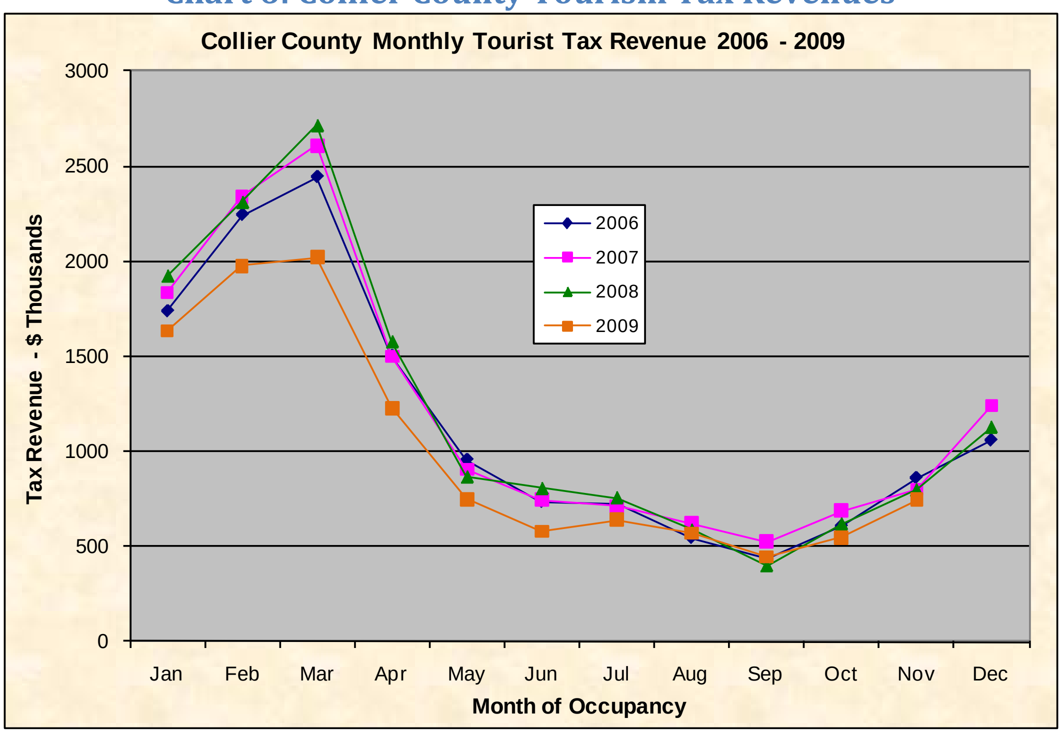
Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy. While Charlotte County revenues increased by 15 percent over November 2008, Lee County tourism tax revenues were down by 20 percent and Collier County tourism tax revenues were down by seven percent, compared to the prior November; a total regional decrease of 14 percent from the prior November.

Chart 5: Lee County Tourism Tax Revenues



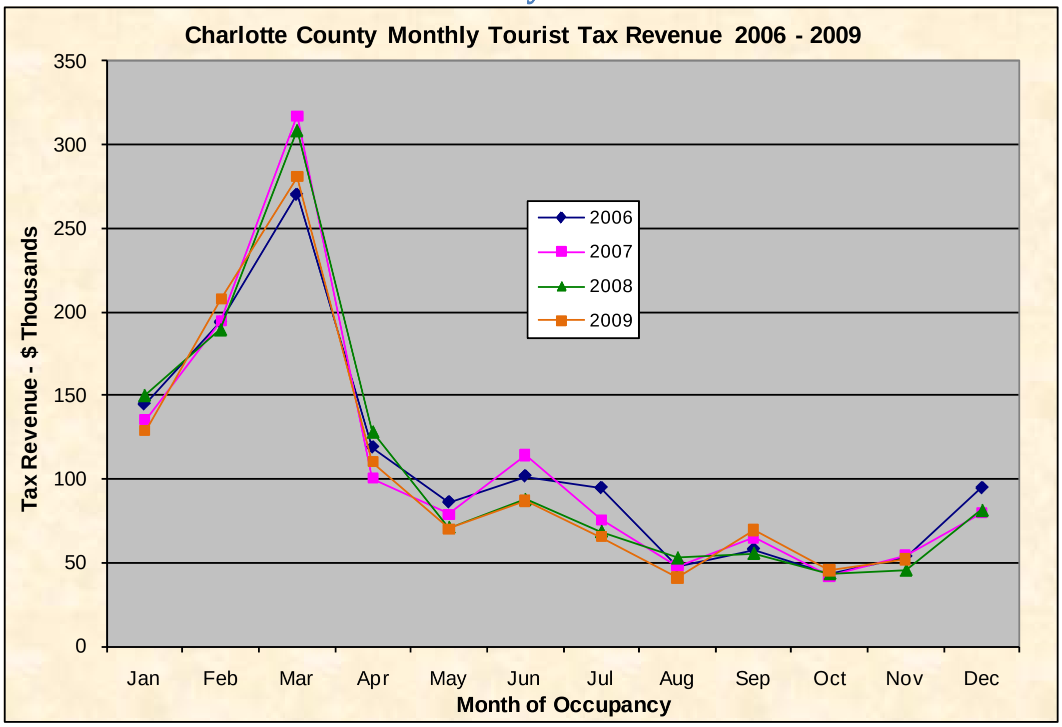
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

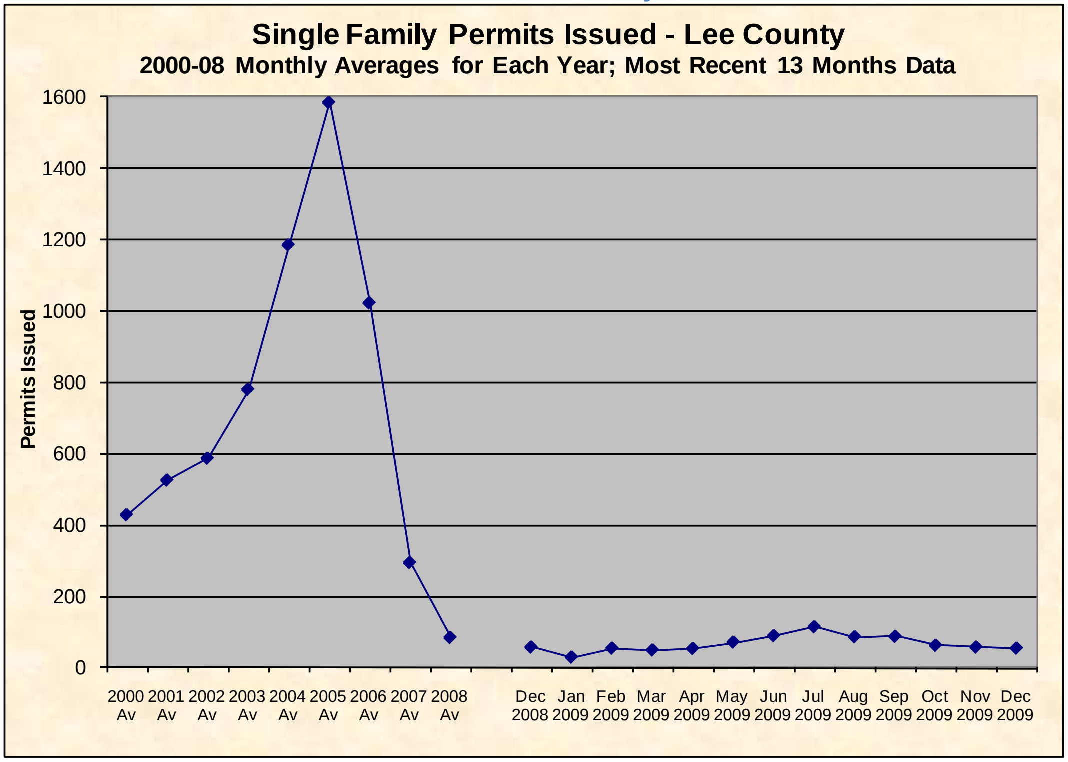


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

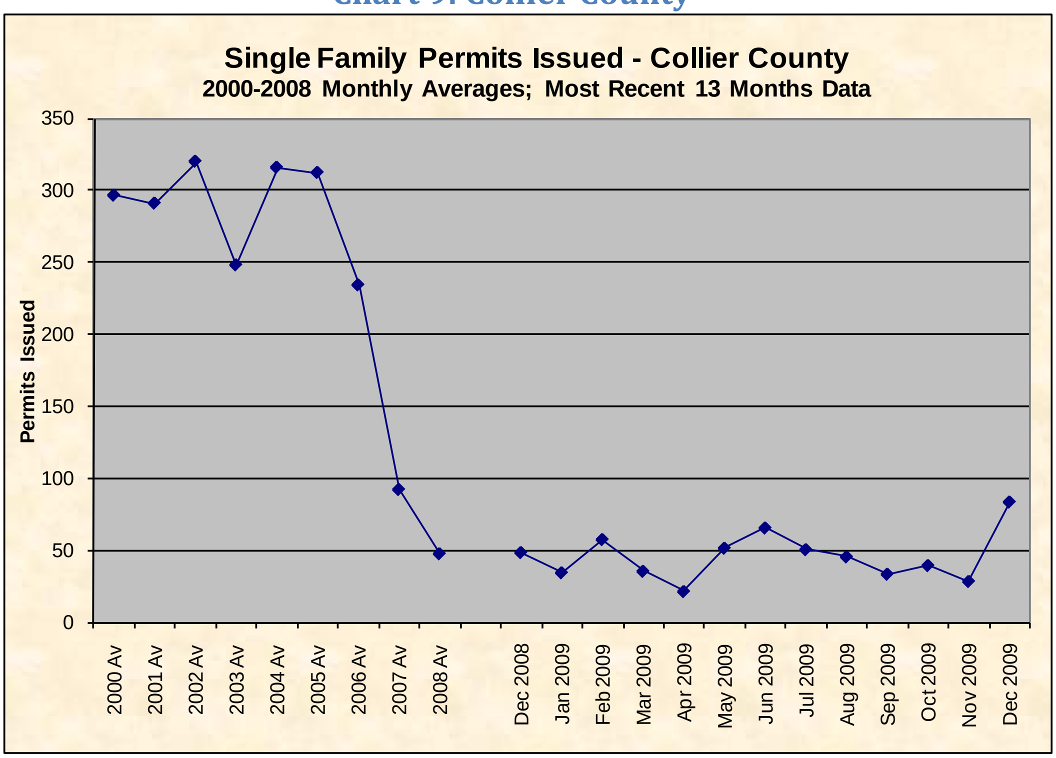
Total single-family home permits continued at historically low levels for the region as a result of the economy's recession and the impact of many existing homes selling below replacement cost. Lee County issued 55 single-family home permits in December 2009 as shown in Chart 8. This is a decrease from 58 in November. The average number of single-family permits in Lee County dropped from 85 per month in 2008 to 68 per month in 2009, a decrease of 20 percent. Single-family permits for Collier County rose from 29 in November to 84 in December 2009, led by 24 permits issued to Habitat for Humanity as shown in Chart 9. For the full year, the monthly average number of permits in Collier declined only slightly from 48 in 2008 to 46 in 2009. Charlotte County single-family permit data for December was not available in time to include in this report. Chart 10 shows the monthly single-family permit information through November.

Chart 8: Lee County



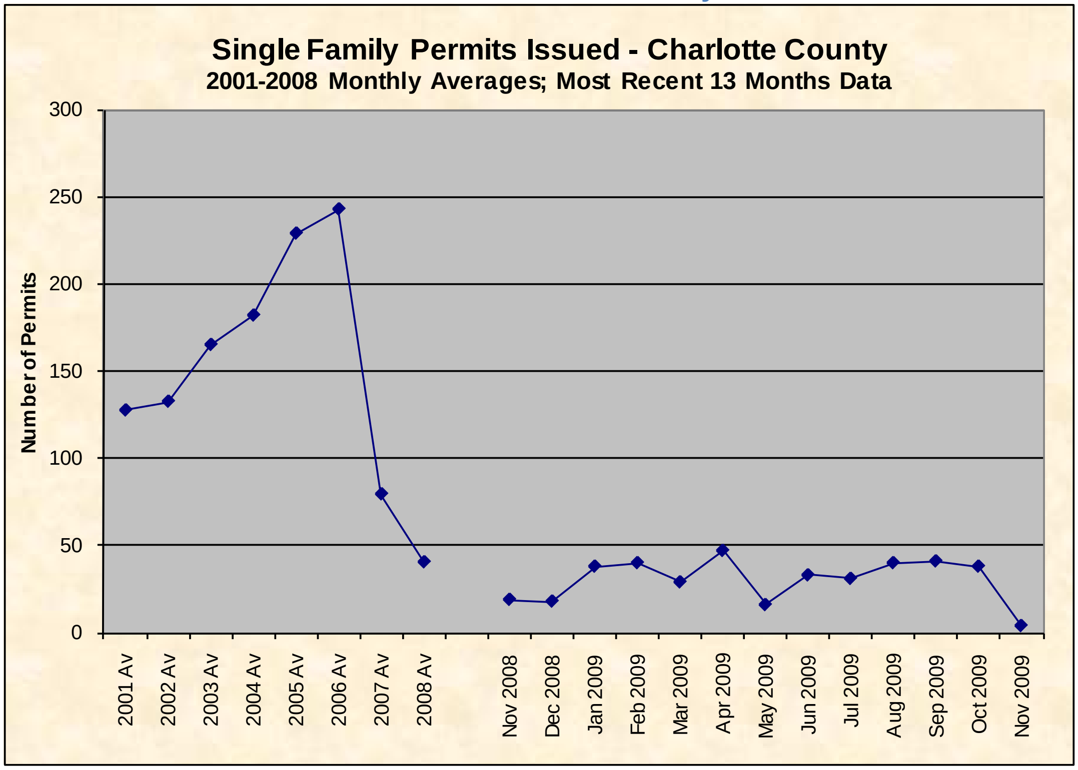
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 9: Collier County



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

Chart 10: Charlotte County



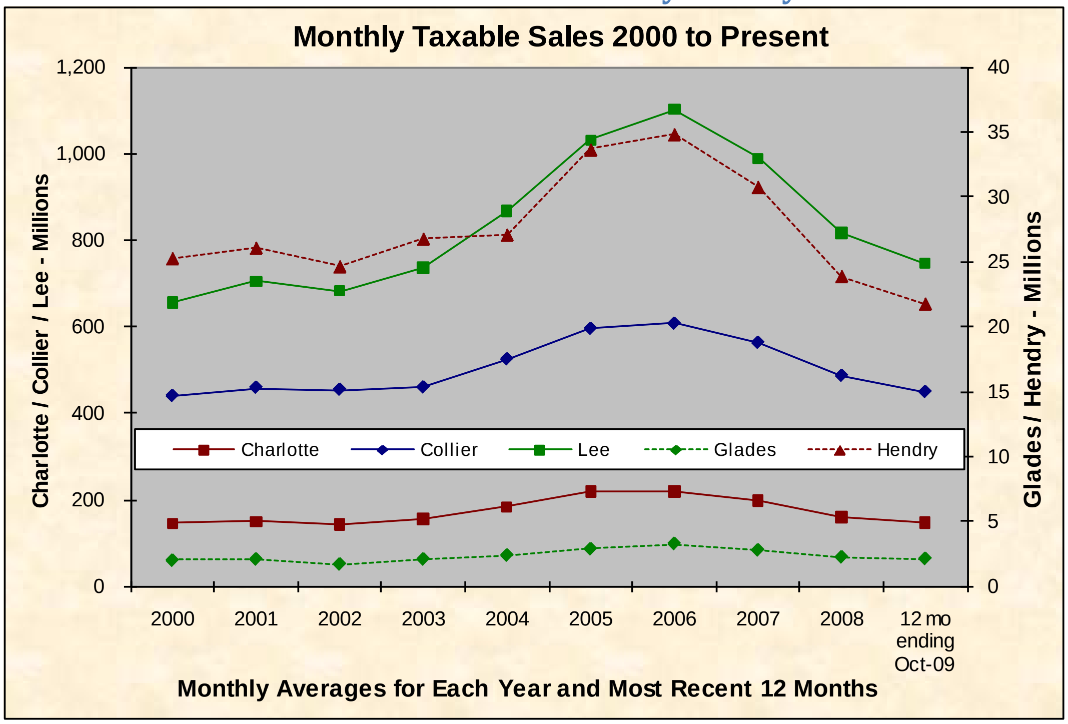
Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

Taxable Sales

The taxable sales information was not available for November 2009 in time for this release so the charts show the taxable sales information through October 2009. Taxable sales figures are used to track consumer spending, an important component of the regional economy. Chart 11 provides a historical range of average monthly taxable sales from 2000 to 2008 and the latest 12-month average through October 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, October is the latest collection month plotted on the following charts. Note that Chart 11 uses different scales for the Coastal counties (Charlotte, Collier, and Lee) and the Inland counties (Glades and Hendry).

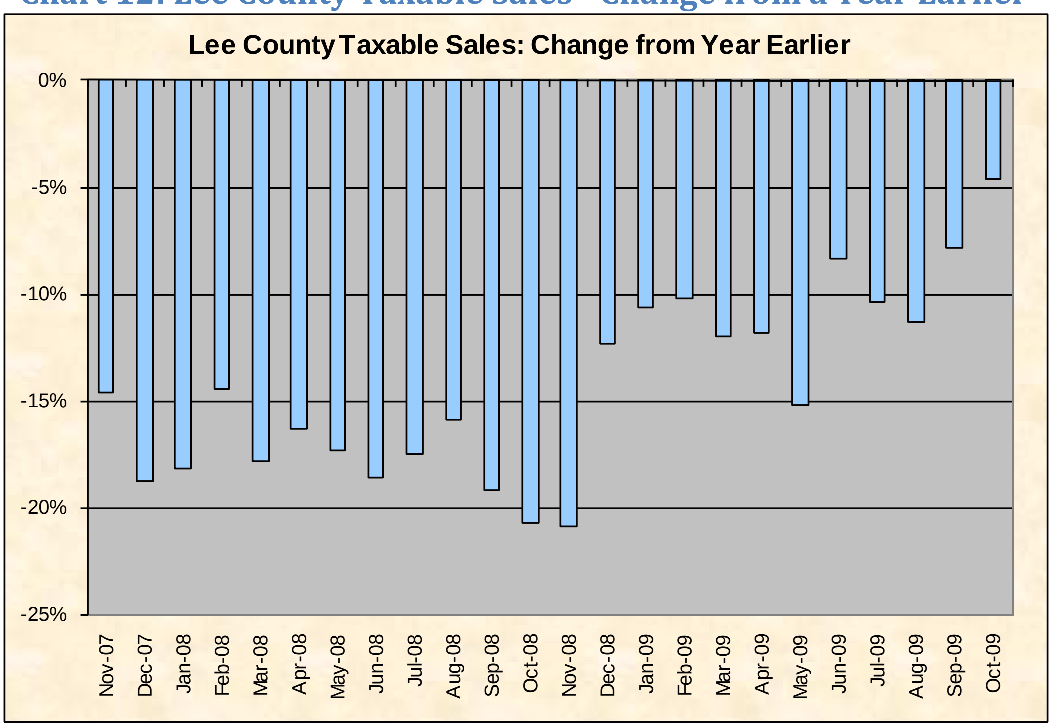
The local impact of the current recession continues to be visible in the decreases in taxable sales from the levels achieved several years ago, as shown in Chart 11. The year-to-year decreases have become smaller. Lee County taxable sales decreased from year-earlier levels by 5 percent in October 2009, as shown in Chart 12. Collier County and Charlotte County each experienced a year-to-year reduction of 1 percent, as shown in Charts 13 and 14. Taxable sales for the five-county region declined by $38 million, or 3 percent, from October 2008 to October 2009. The seasonal increase for the region from the prior month of September 2009 was $118 million or 11 percent.

Chart 11: Taxable Sales by County



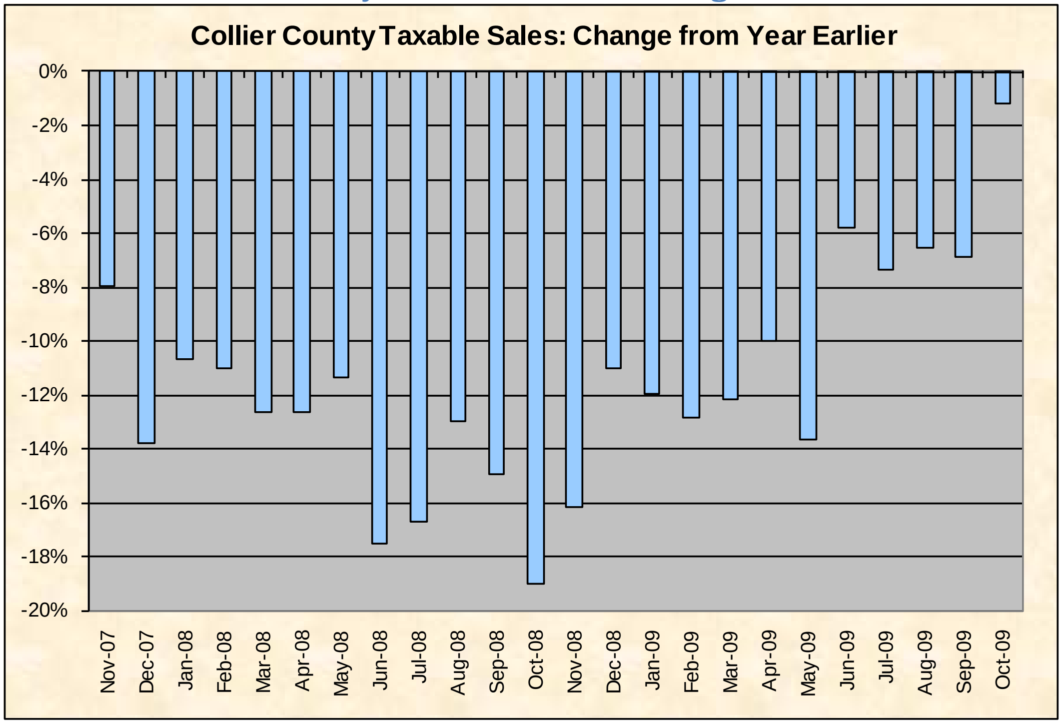
Source: Florida Department of Tax Research

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



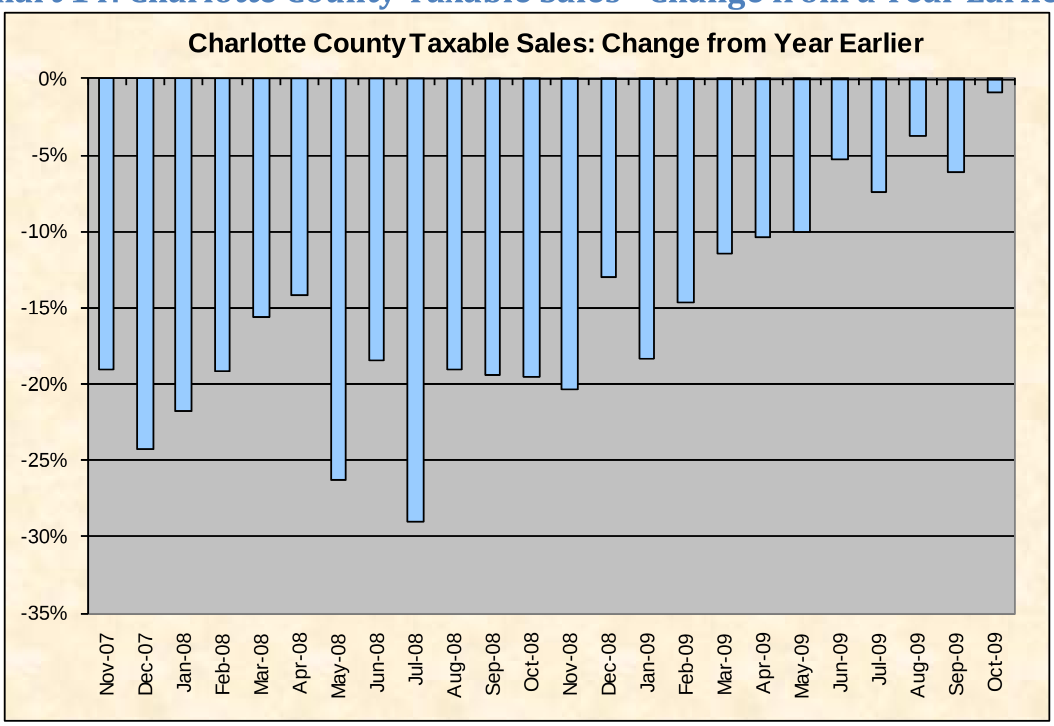
Source: Florida Department of Tax Research

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



Source: Florida Department of Tax Research

Chart 14: Charlotte County Taxable Sales - Change from a Year Earlier



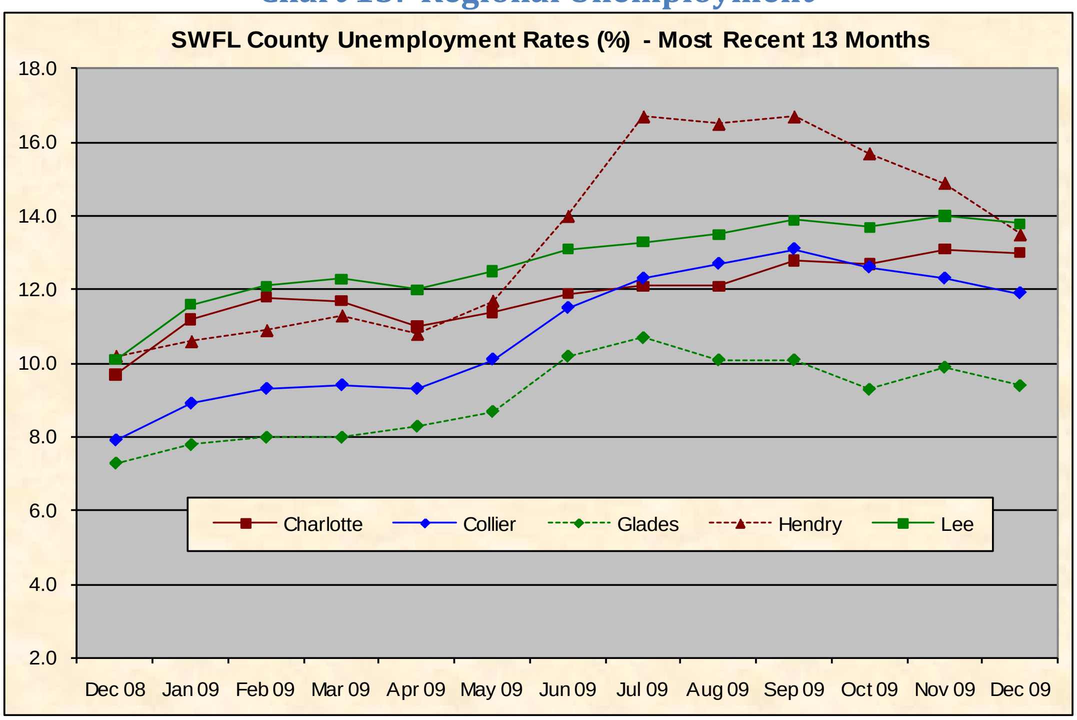
Source: Florida Department of Tax Research

Workforce – Unemployment

Charlotte, Collier, Glades, Hendry and Lee Counties all reported decreased unemployment in December 2009 compared to November, as shown in Chart 15. Charlotte County's unemployment rate eased to 13.0 percent from 13.1. Collier County declined from 12.3 to 11.9 percent, and Glades County reported a decrease from 9.9 to 9.4 percent. Hendry's rate went from 14.9 to 13.5 percent, while Lee County experienced a decrease from 14.0 to 13.8 percent. Florida's unemployment rate inched up from 11.5 percent in November 2009 to 11.6 percent in December, while the national unemployment rate increased to 9.7 percent. The unemployment rates tracked in this report are not seasonally adjusted.

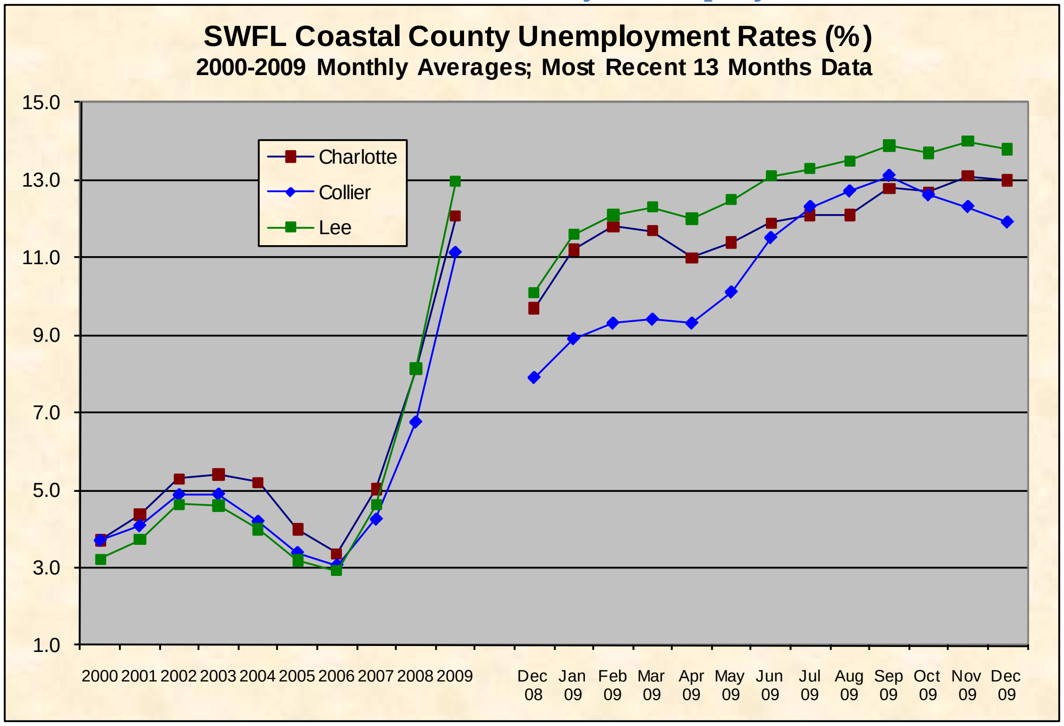
Unemployment rates for all five counties continue to run two to four percentage points higher than the corresponding period a year earlier as shown in Charts 16 and 17. Unemployment rates above 5 or 6 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends.

Chart 15: Regional Unemployment



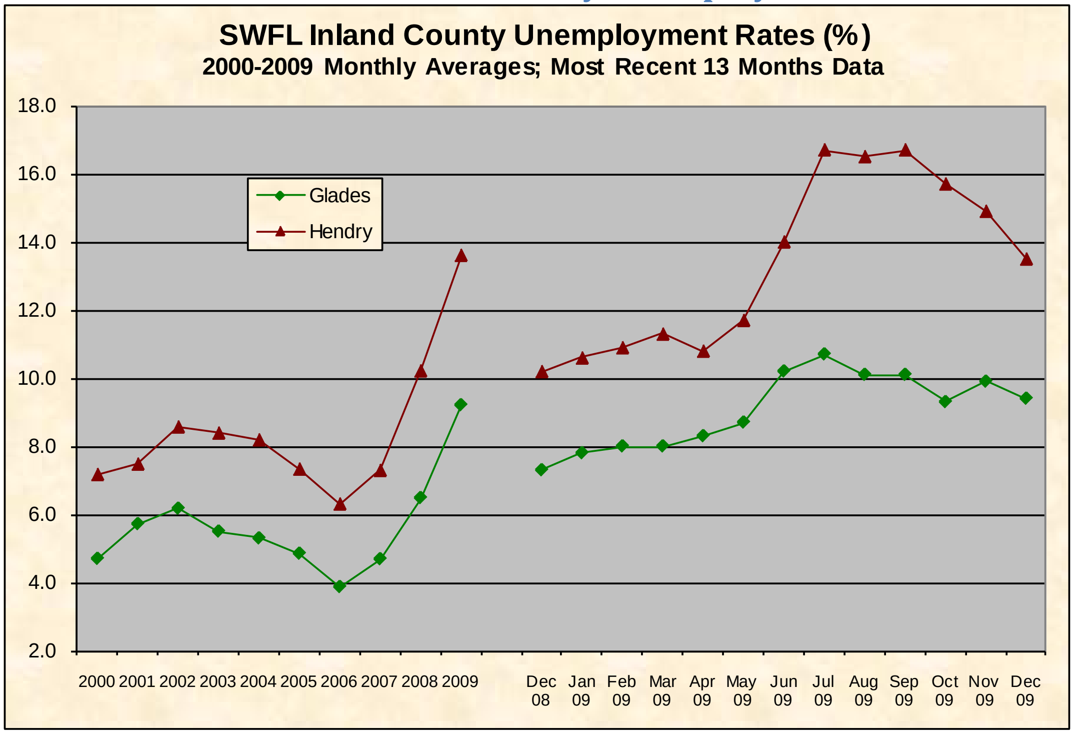
Source; AWI

Chart 16: Coastal County Unemployment



Source AWI

Chart 17: Inland County Unemployment



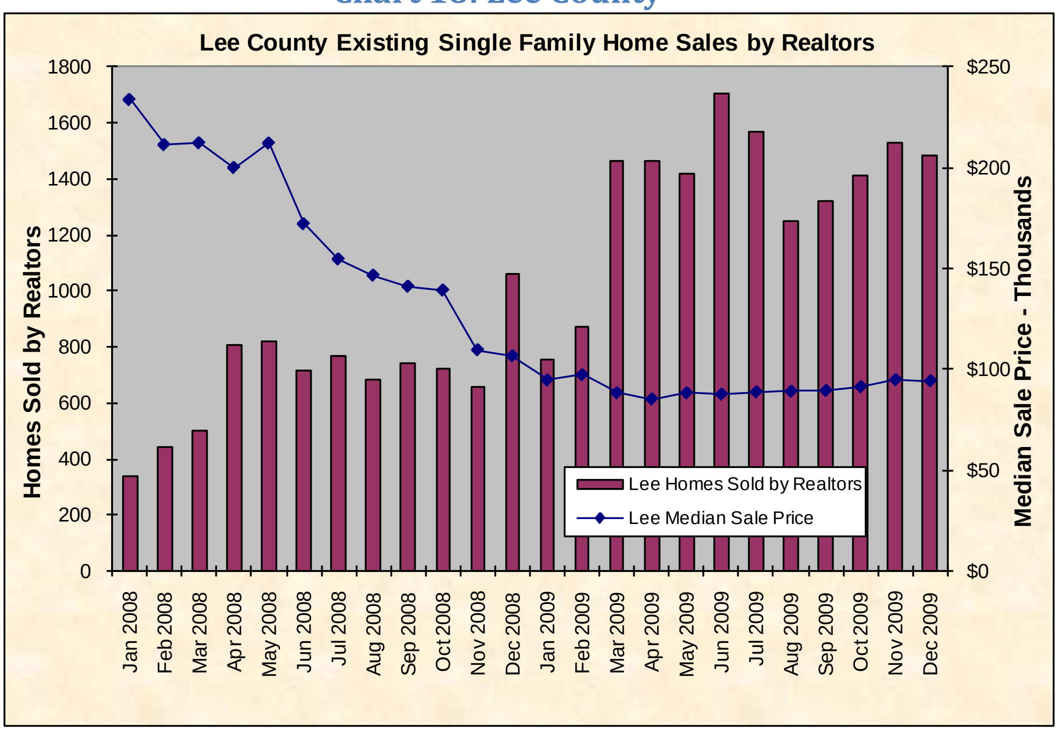
Source AWI

Sales of Single–Family Existing Homes and Median Sales Price

The number of existing single-family homes sold by REALTORS in December 2009 showed increases from the prior month in Collier and Charlotte Counties, while Lee County sales were down slightly (See Charts 18, 19, and 20). Total sales for the three counties combined increased by two percent over the prior month, and were up 38 percent from December 2008. Lee County had December sales of 1,487 homes, a 40-percent increase over December 2008. The median sales price for Lee County decreased slightly from November's median price of $95,100 to $94,500 (Chart 18). Collier County sales increased from 257 in December 2008 to 327 in December 2009, a 27 percent increase. Collier's median price increased from $190,000 in November 2009 to $200,000 in December 2009, as shown in Chart 19. Charlotte County sales rose 42 percent from 200 in December 2008 to 284 in December 2009. This was accompanied by an increase in the median price in Charlotte County to $111,800 from $100,000 in November, as shown in Chart 20.

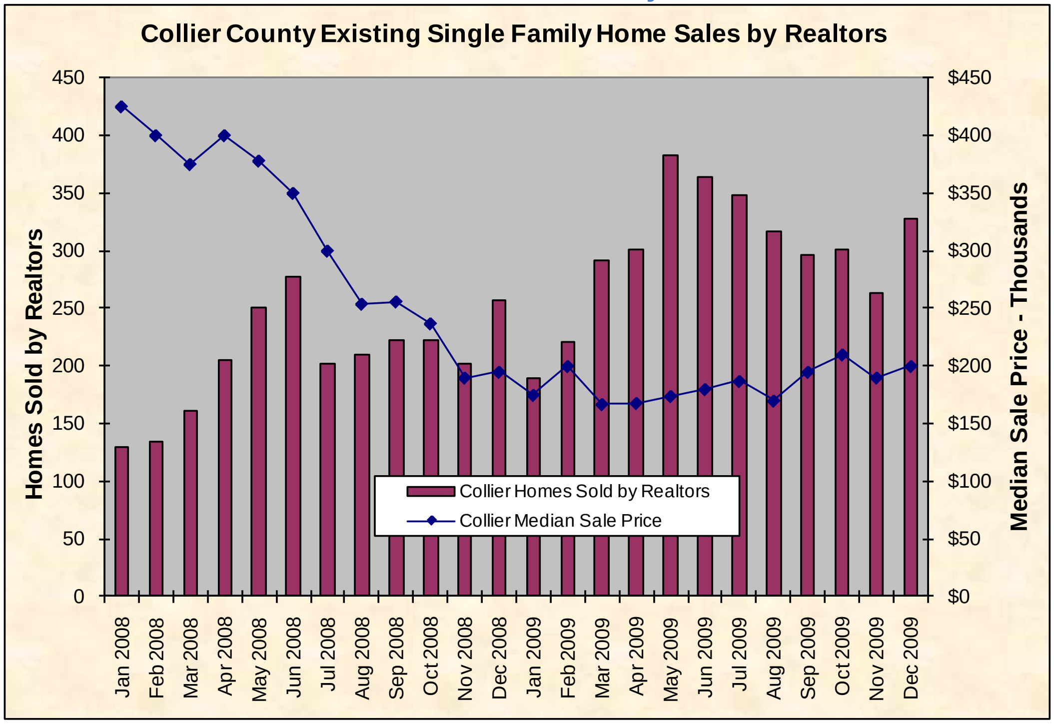
All three counties showed increases for the full year. Lee County sales nearly doubled, increasing from 8,272 in 2008 to 16,260 in 2009. Collier County sales rose to 3,603 from 2,472, a 46 percent increase over 2008. Charlotte County reported an 18 percent increase in existing single-family home sales from 2,530 to 2,988.

Chart 18: Lee County



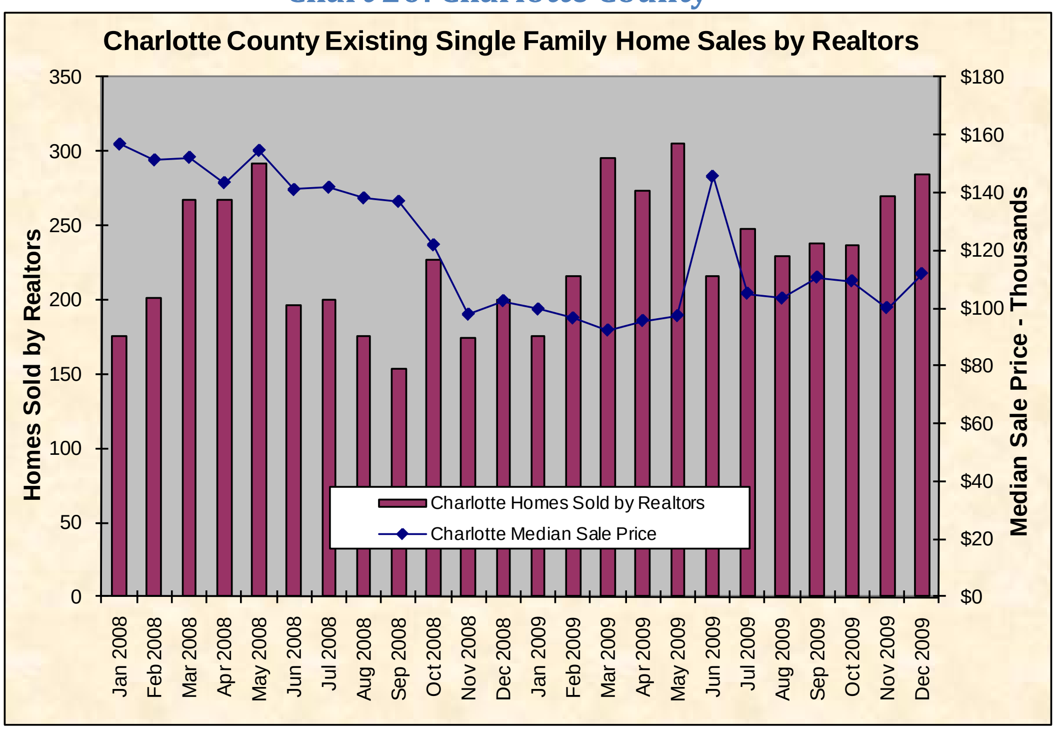
Source: Florida Association of Realtors ® Fort Myers – Cape Coral MSA http://media.living.net/statistics/statisticsfull.html

Chart 19: Collier County



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

Chart 20: Charlotte County

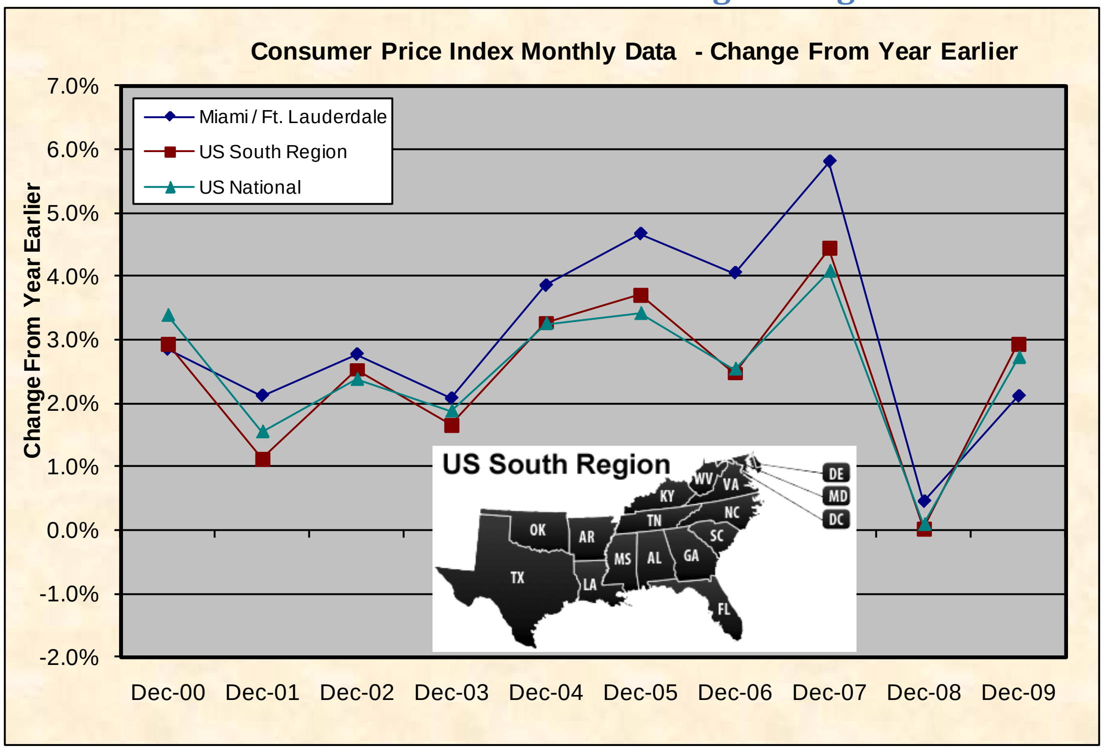


Source: Florida Association of Realtors ® Punta Gorda, Florida MSA
http://media.living.net/statistics/statisticsfull.html

Consumer Price Index

The consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 21. The Miami-Fort Lauderdale area CPI is collected every two months and is the closest reporting location to Southwest Florida. Compared to December 2008, the national and South regional CPI values increased 2.7 and 2.9 percent respectively, while the increase for the Miami-Ft. Lauderdale area was 2.1 percent.

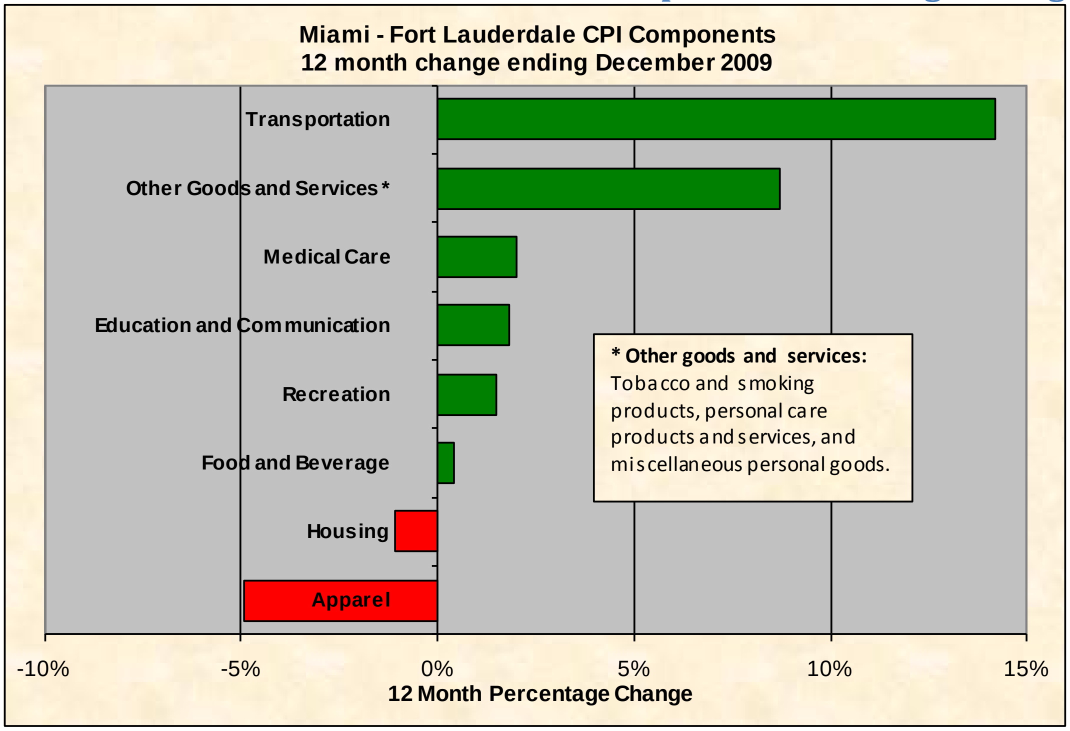
Chart 21: CPI Annual Percentage Change



Source: BLS

The overall Miami-Fort Lauderdale Consumer Price Index for the 12 months ending December 2009 can be broken down into the components contributing to the price changes, as shown in Chart 22.

Chart 22: Miami-Fort Lauderdale CPI Component Percentage Change



Source: BLS

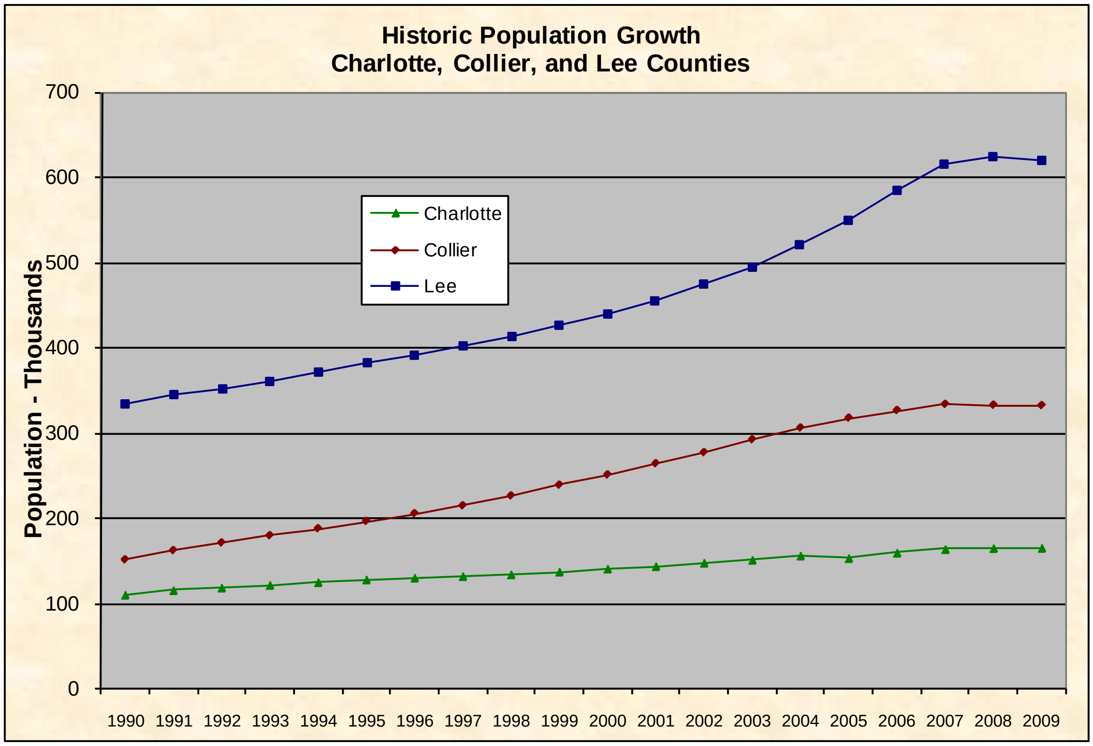
The costs of transportation, other goods and services, medical care, and education/communication have shown the largest increases from the prior year. The year-to-year increase in transportation costs was driven by a 52 percent increase in motor fuel costs.

Population

As previously reported, the length and severity of the current global recession is slowing 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 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 23: Coastal Counties Growth 1990 to 2009



Source: Florida EDR: August 2009

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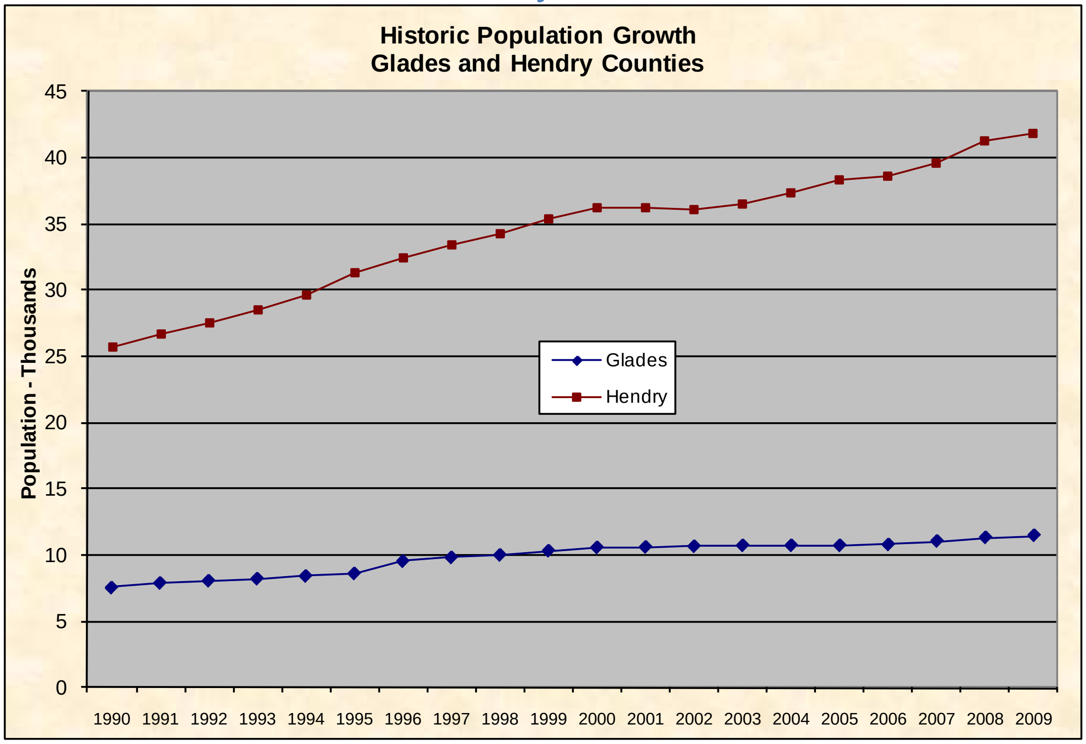
Chart 24: Inland County Growth 1990 to 2009



Source: Florida EDR: August 2009

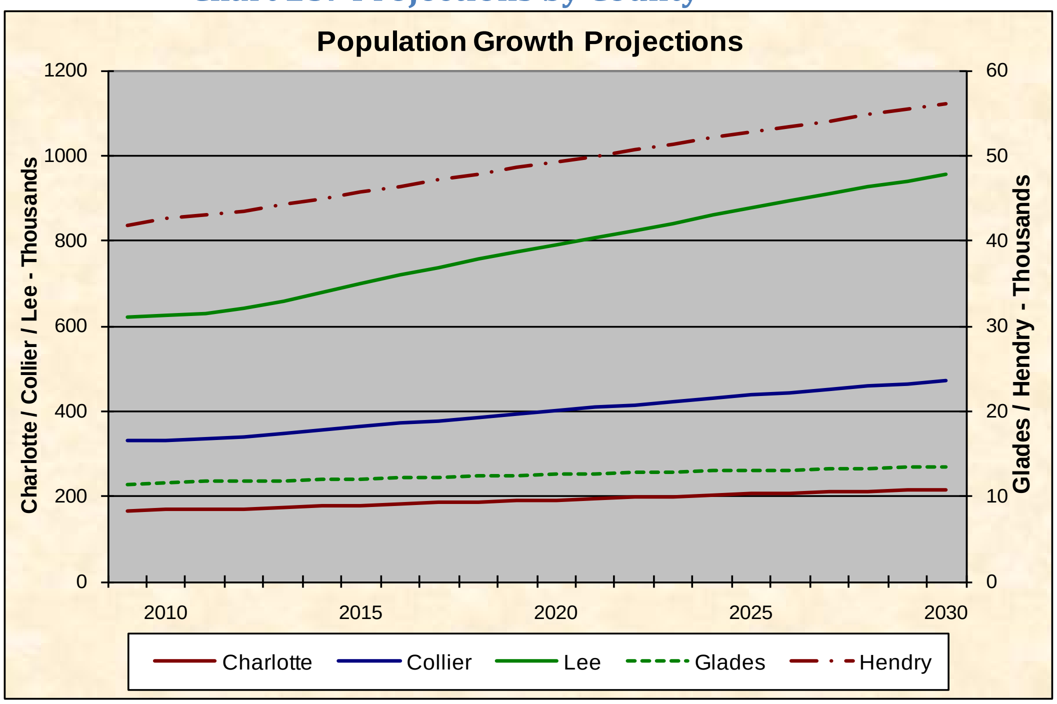
Table 1: Projections by County

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

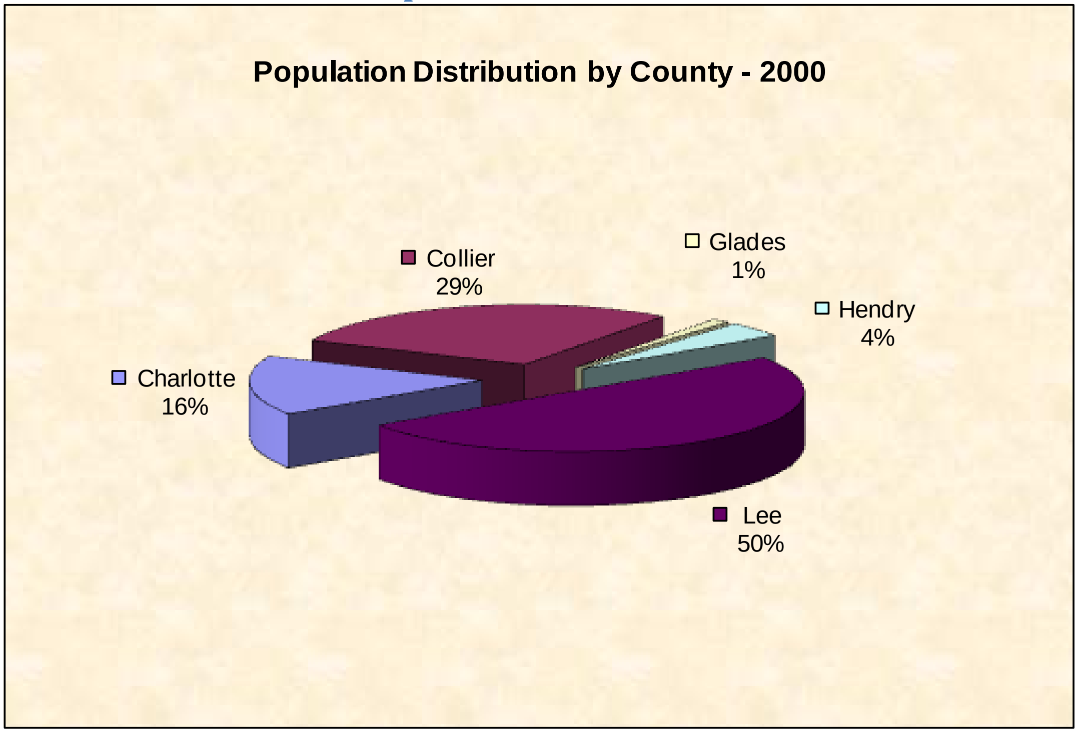
Source: Florida EDR: August 2009.

Chart 25: Projections by County



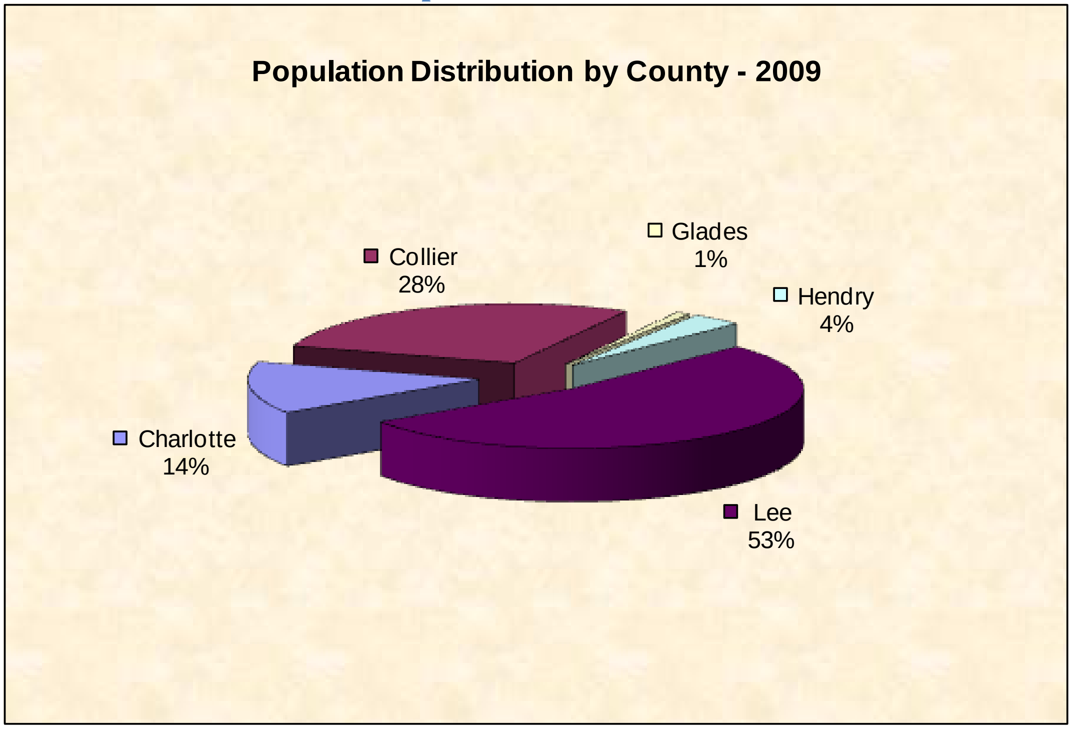
Source: Florida EDR: August 2009.

Chart 26: Population Distribution 2000



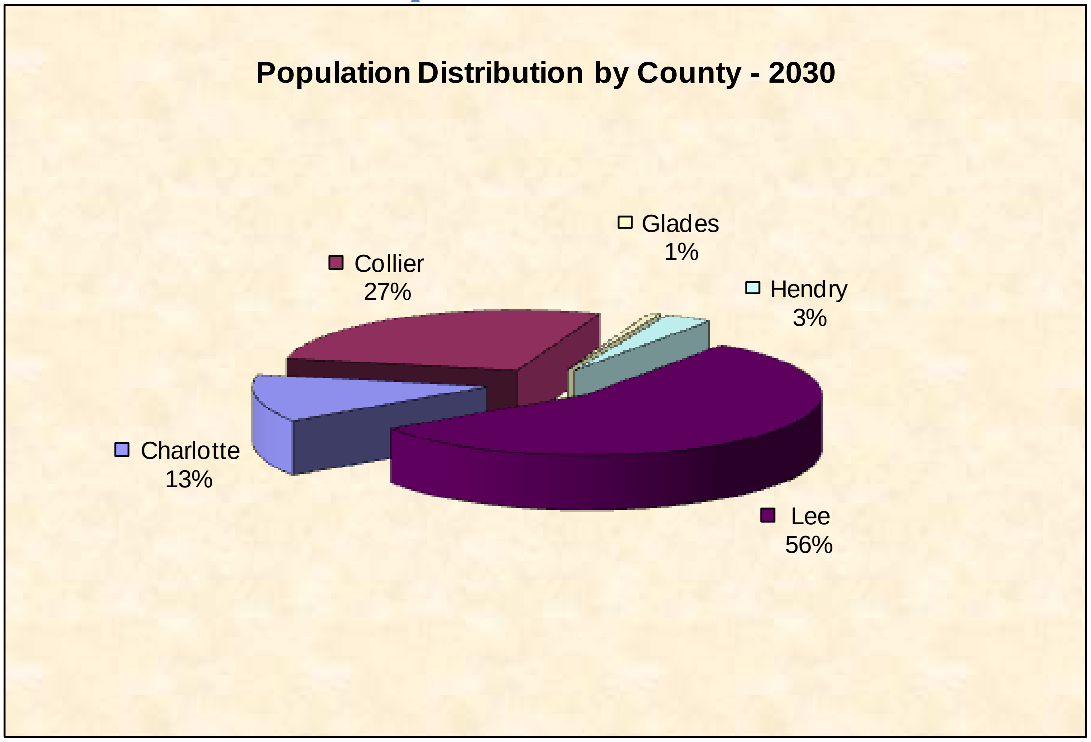
Source: Florida EDR: August 2009.

Chart 27: Population Distribution 2009



Source: Florida EDR: August 2009.

Chart 28: Population Distribution 2030



Source: Florida EDR: August 2009.