Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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Introduction

The Conference Board released its February consumer confidence index on February 23, 2010, showing that the index fell to 46.0 from 56.5 in January. The consumer confidence index is based on a survey of households and the decrease reflects concerns about current economic conditions and job market.

The Federal Reserve system has begun pulling back and ending some of various facilities that were set up to assist financial markets including those for commercial paper, primary dealer credit and term securities lending, and term auction in light of the improving functioning of financial markets. In addition, the Federal Reserve System increased the discount rate by 25 basis points to 0.75 percent.

The Federal Reserve's Open Market Committee (FOMC) issued a press release on January 27th, noting that:

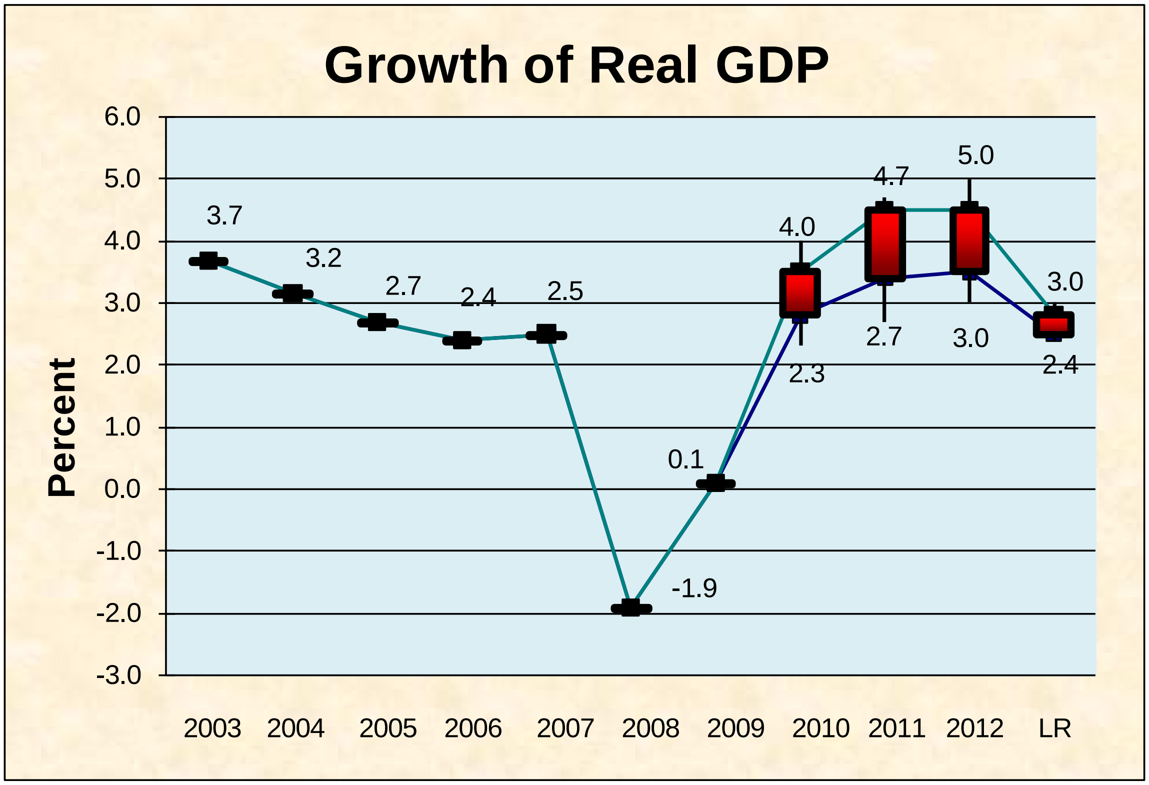
- Economic activity has continued to strengthen and the deterioration in the labor market is abating;
- Household spending is expanding at a moderate rate, but remains constrained by a weak labor market, modest income growth, lower housing wealth, and tight credit;
- Business spending on equipment and software appears to be picking up, but employers remain reluctant to add to payrolls;
- Progress is being made in bringing inventory stocks into better alignment with sales;
- While bank lending continues to contract, financial market conditions have become more supportive of economic growth;
- Although the pace of economic recovery is likely to be moderate for a time, the Committee anticipates a gradual return to higher levels of resource utilization in the context of price stability;
- 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 March 16, 2010.

The Federal Reserve Open Market Committee's latest economic forecasts were released on February 17th 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.

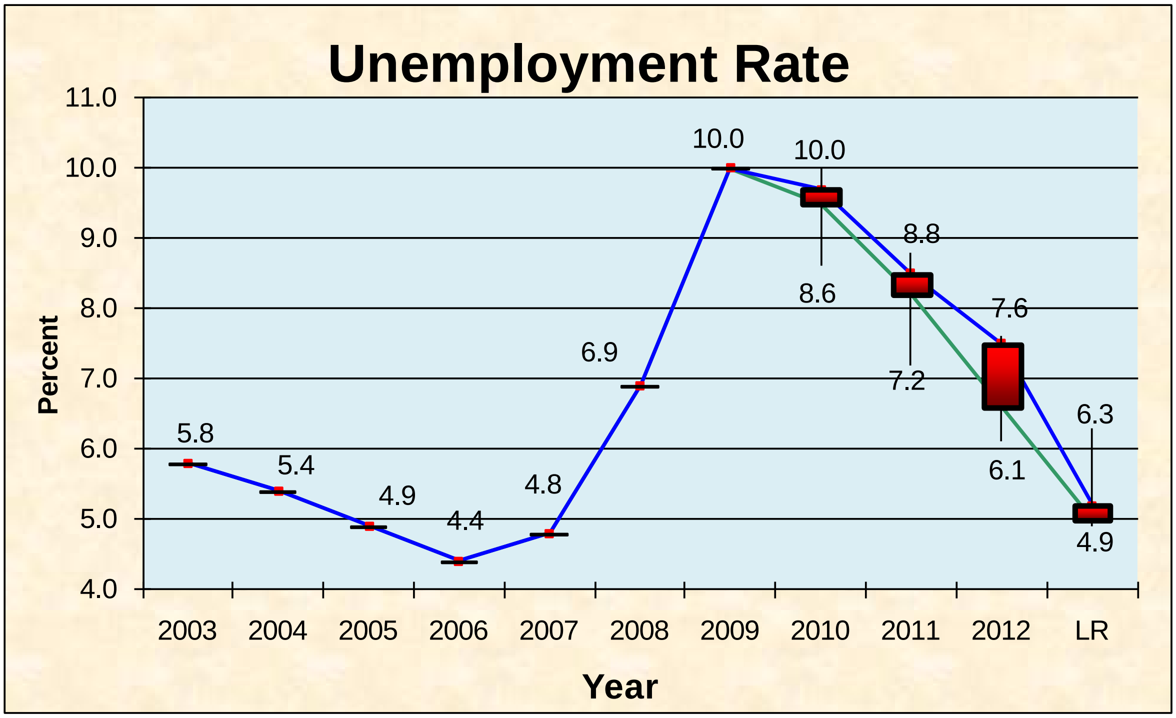
The chart below shows a projected recovery starting in 2010, but it will be several years before the economy returns to a more normal long-run trend (“LR”). Real GDP growth projections for 2010, 2011, and 2012 show a recovery but there remains considerable uncertainty as to how strong the recovery will be, as shown by the wide range of forecasts. For 2010, the range is 2.3 to 4.0 percent growth in GDP with a central tendency range (red bar) of 2.8 to 3.5 percent. For 2011, the projected Real GDP growth range is 2.7 to 4.7 percent with a central tendency of 3.4 to 4.5 percent. For 2012, the overall projected range is 3.0 to 5.0 percent with a central tendency range of 3.5 to 4.5 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. The real GDP growth rates are based on the change from the fourth quarter of one year to the fourth quarter of next year.



Source: Minutes of the Federal Open Market Committee, January 26-27,2010.

As shown in the chart below, unemployment in 2010 is expected to be slightly lower, but will remain historically high, in a range of 8.6 to 10.0 percent, with a central tendency (red bar) of 9.5 to 9.7 percent. For 2011, the unemployment rate is expected to be lower and in a range of 7.2 to 8.8 percent with a central tendency of 8.2 to 8.5 percent. In 2012, the national unemployment range is forecast to be between 6.1 and 7.6 percent with a central tendency of 6.6 to 7.5 percent. The long-run (LR) unemployment is expected to be in a range of 4.9 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. As in November, passenger traffic at Regional Southwest Airport (RSW) in December 2009 saw a significant increase over the prior month, albeit a small decline from the previous December. December Tourist Tax revenues for the coastal counties of Charlotte, Collier and Lee were down 1 percent from a year earlier.

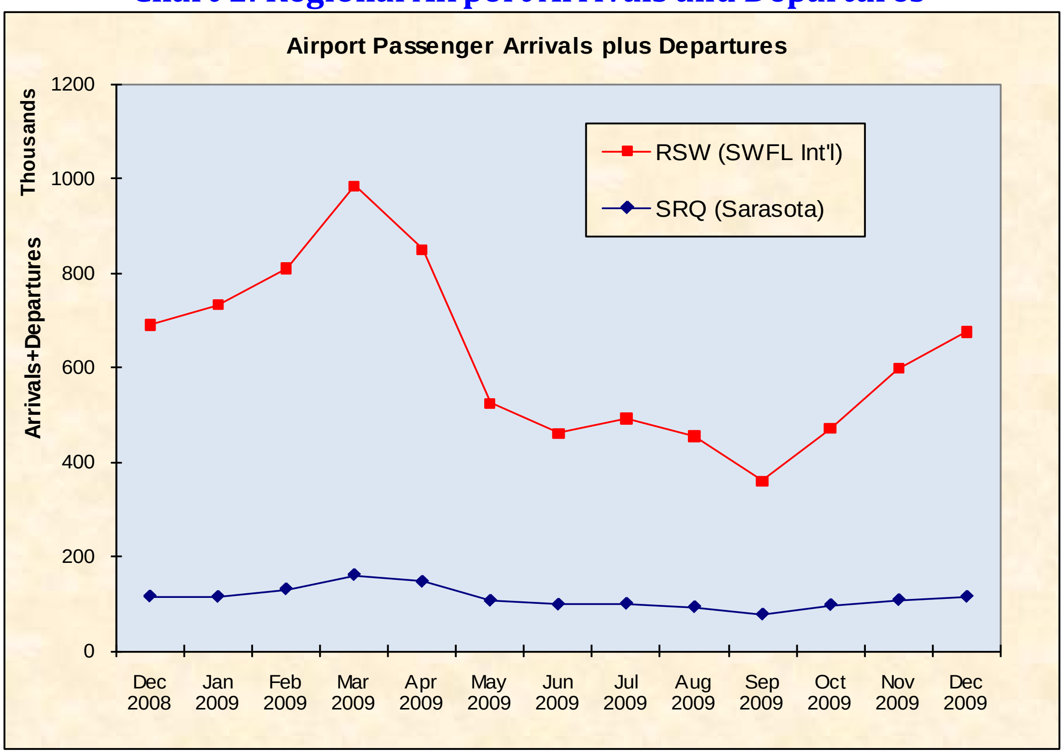
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report, as a way to support its mission and assist the region. Starting with this issue, most charts have been reformatted to enhance their clarity and readability. Some older data have been dropped, and some trend lines added. The Institute continues to welcome suggestions from our readers, and would like to emphasize our appreciation of, and thanks to, our many partners for assistance in obtaining the data. We are grateful to all of you, 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.

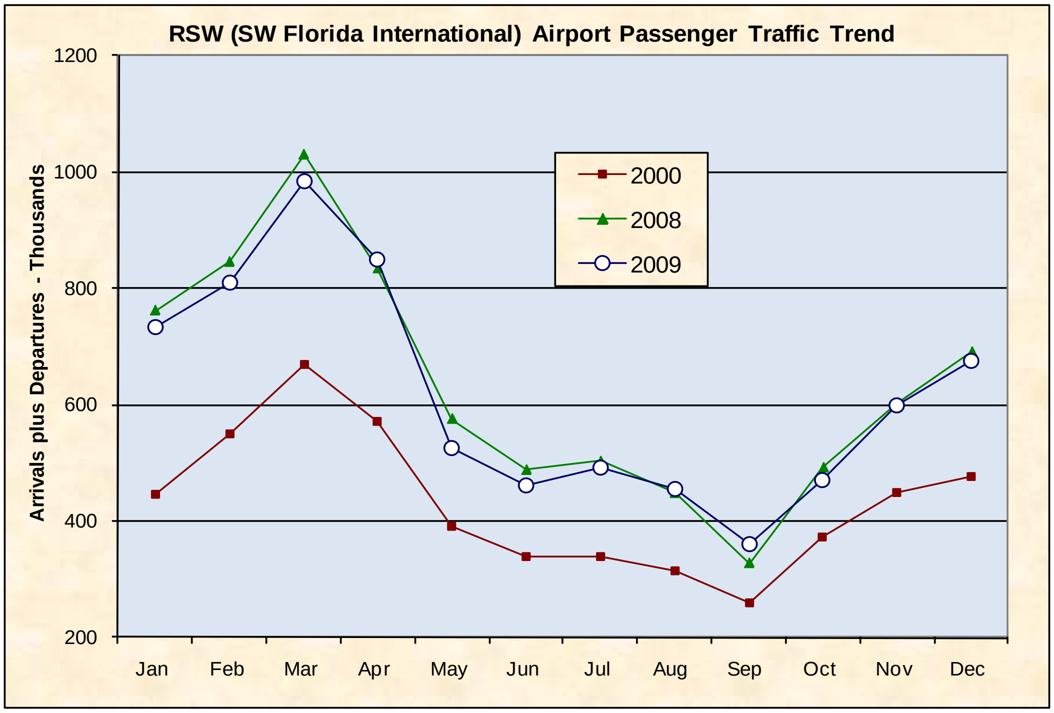
Regional Southwest Florida (RSW) airport is largest airport in the region, serving national and international destinations. Charts 1 and 2 show reported RSW airport passenger activity of 676,078 in December 2009, which is 13 percent higher than the November 2009 level and 2 percent below December 2008. Sarasota (SRQ) passenger activity rose to 114,451 in December 2009, an increase of 6 percent above the prior month figure and 1 percent lower than a year ago, as shown in Charts 1 and 3. Charlotte County resumed commercial passenger service in early 2009, and recorded passenger activity of 19,341 in December, a gain of 44 percent over November, as shown in Chart 4.

Chart 1: Regional Airport Arrivals and Departures



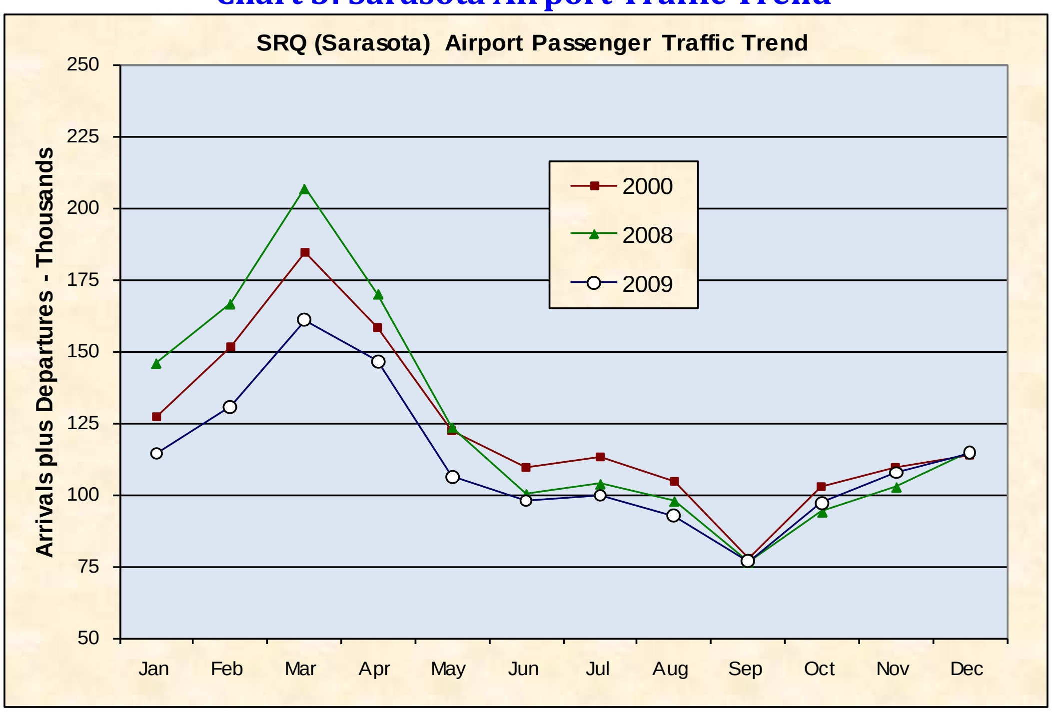
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



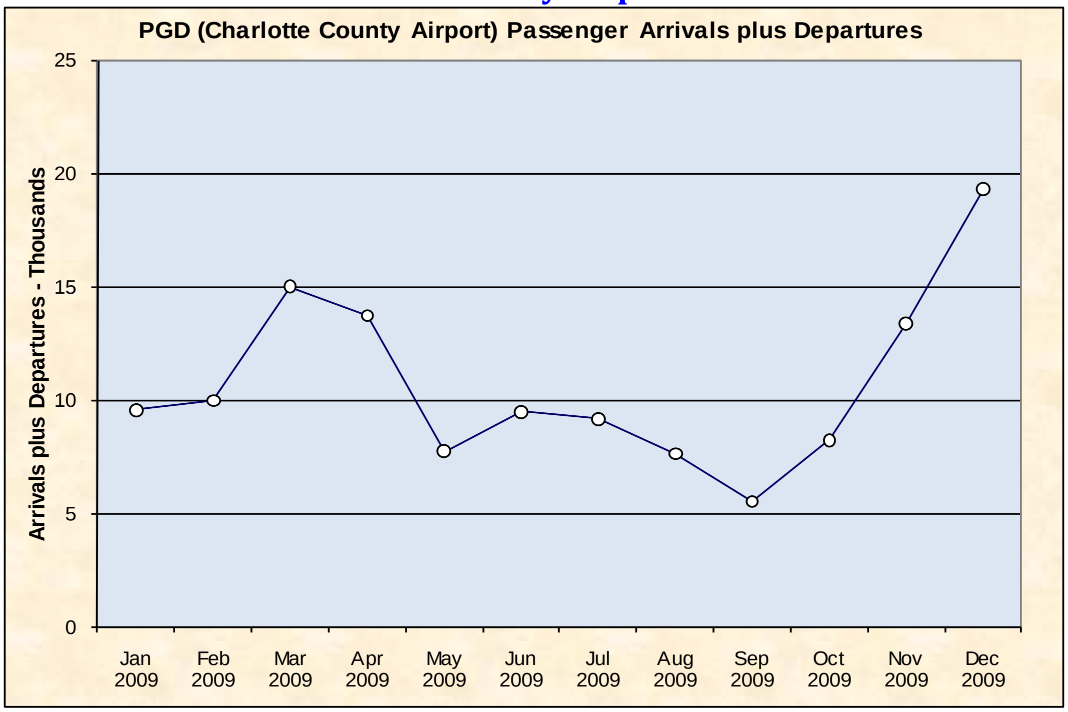
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend



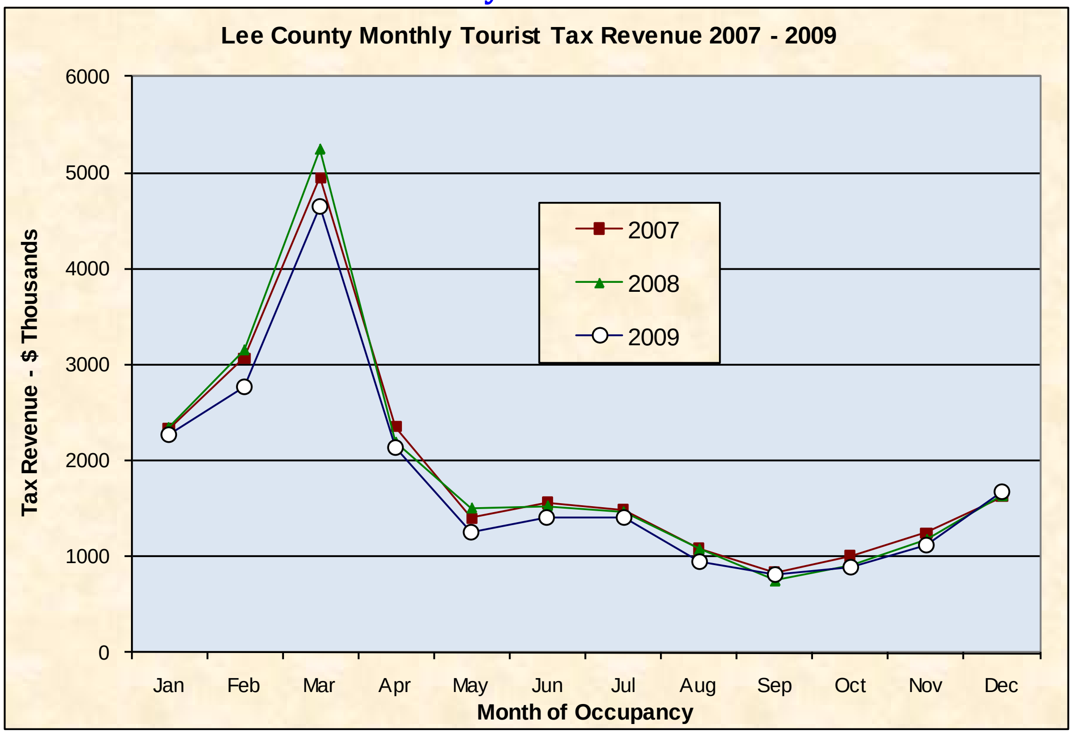
Source: Local Airport Authorities

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 total regional revenues showed a seasonal increase of 46 percent from November to December 2009, overall tourism tax revenues were down 1 percent from December 2008. The changes from the prior year included a decline of 1 percent for Charlotte County and 6 percent for Collier County. Lee County revenues were up 2 percent over December 2008.

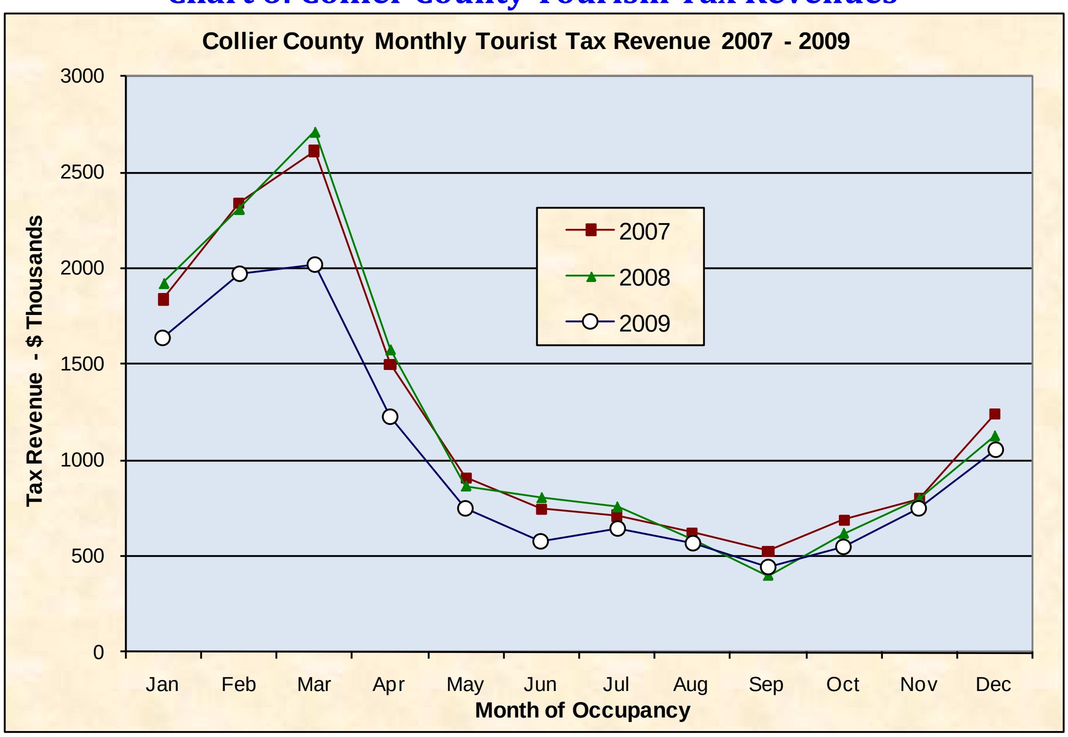
For calendar year 2009, Charlotte County revenues declined by a total of $43,000 or 3 percent from 2008; Collier County saw a decline of $2,290,000, a decrease of 16 percent; and Lee County revenues were down $1,720,000, or 7 percent, from 2008.

Chart 5: Lee County Tourism Tax Revenues



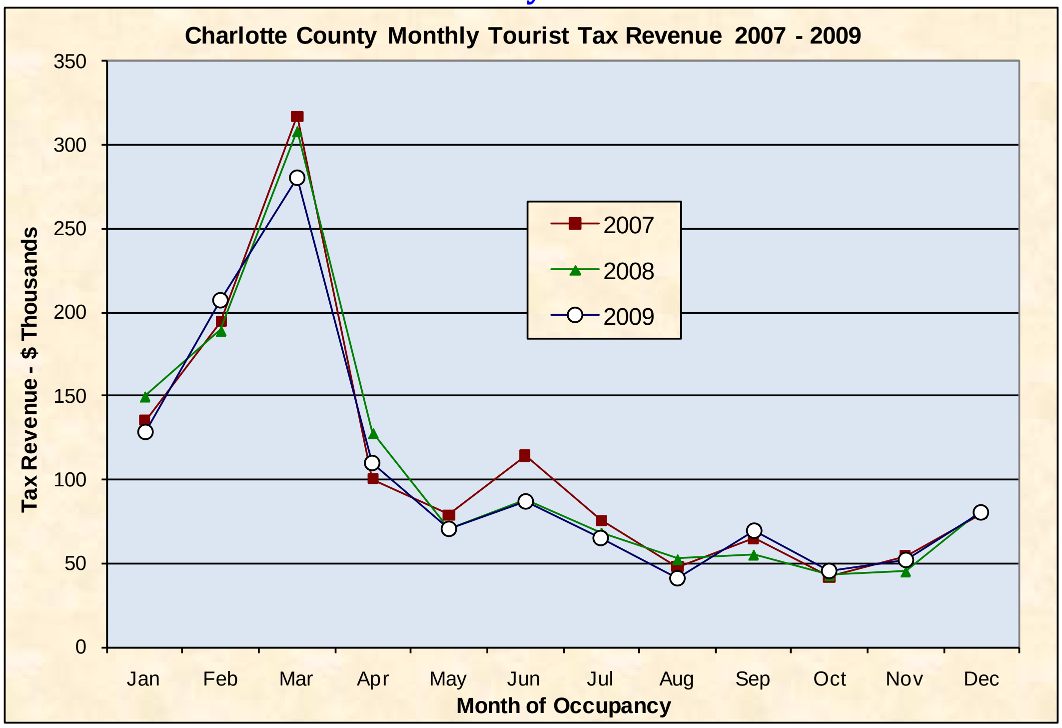
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

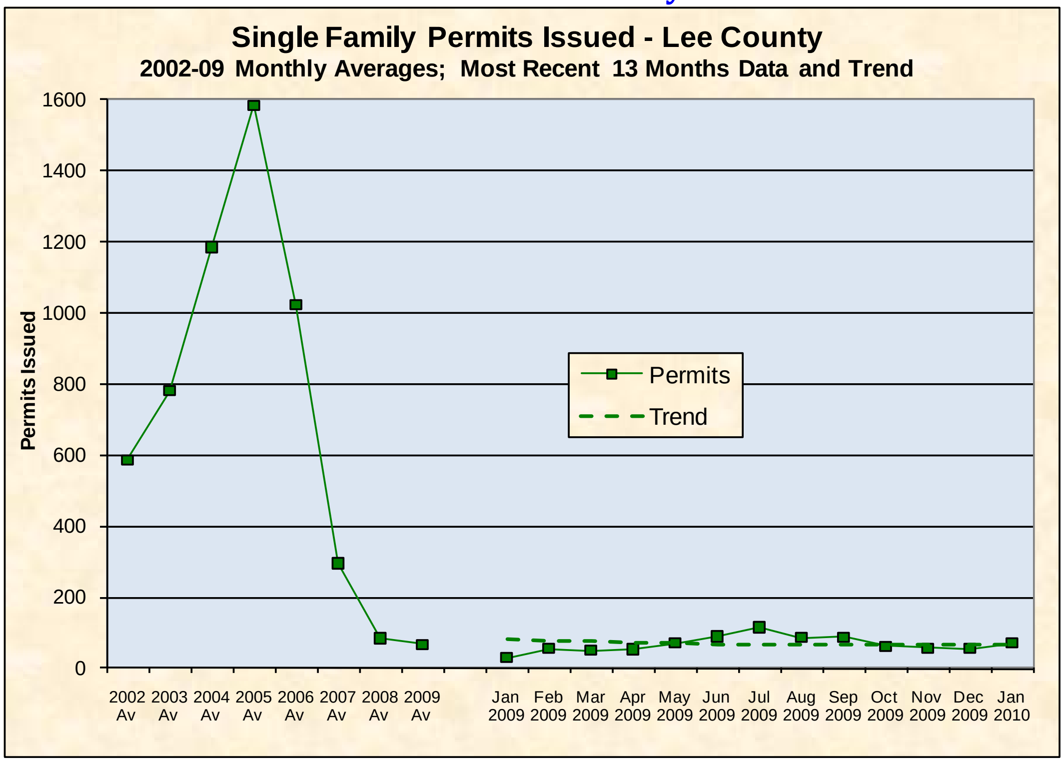


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

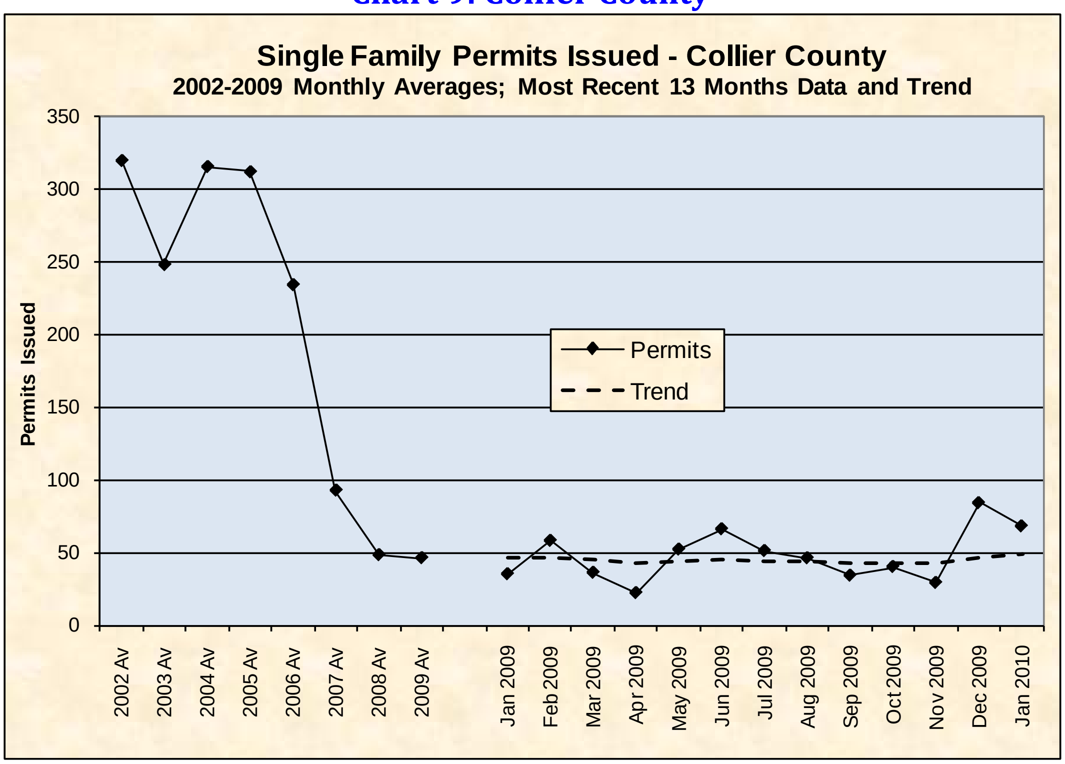
Total single-family home permits continued at historically low levels for the region as a result of the economy's recession and the impact of many existing homes selling below replacement cost. Lee County issued 71 single-family home permits in January 2010, up from 55 in December 2009 and from 30 in January 2009, as shown in Chart 8. Single-family permits for Collier County decreased from 84 in December 2009 to 68 in January 2010, as shown in Chart 9; the corresponding figure for January 2009 was 35. Charlotte County issued 36 permits in January 2010, down from 71 in December and from 38 in the prior January (see Chart 10). A 12-month moving average trend line for the current year has been added to each chart.

Chart 8: Lee County



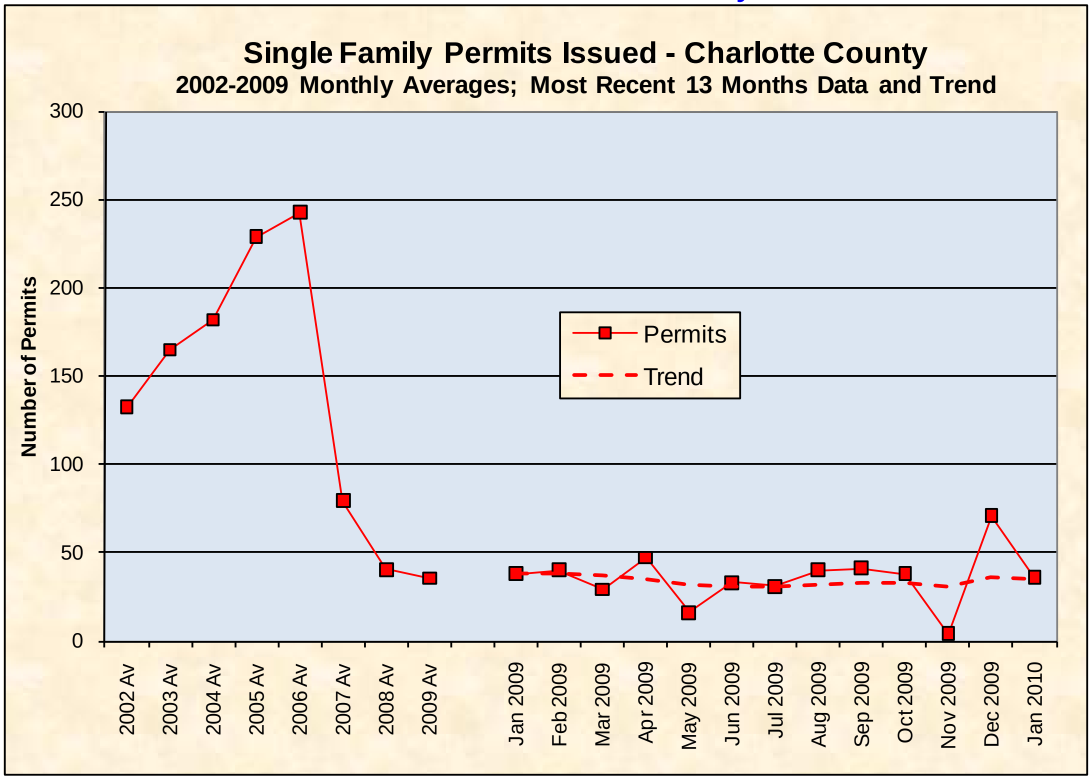
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 9: Collier County



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

Chart 10: Charlotte County



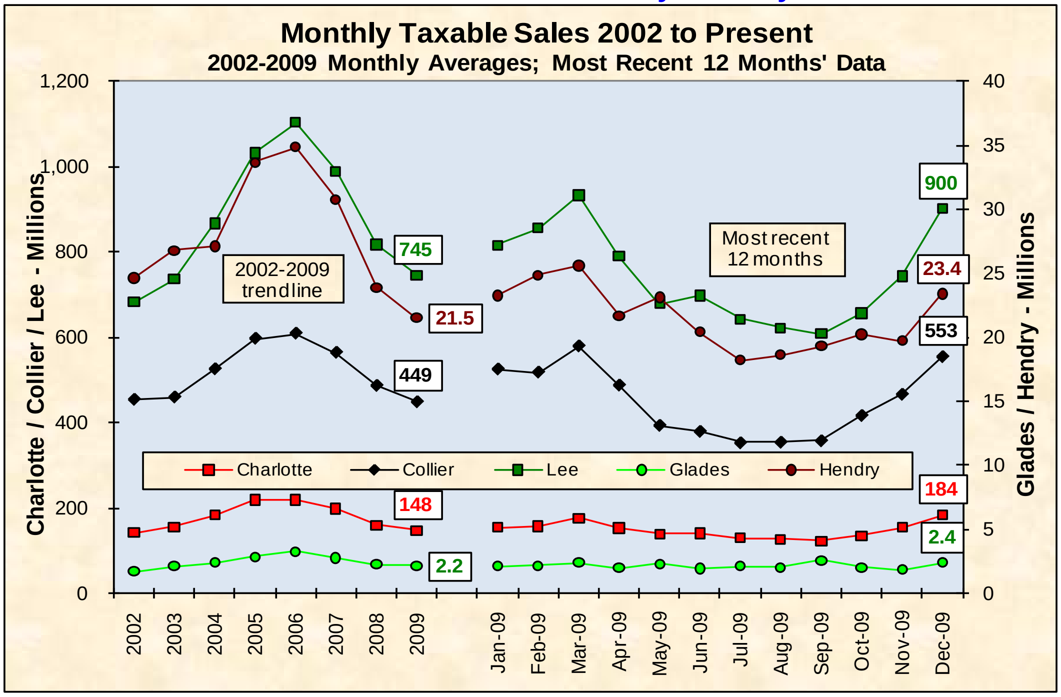
Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

Taxable Sales

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 2002 through December 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, December 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) for ease of visibility.

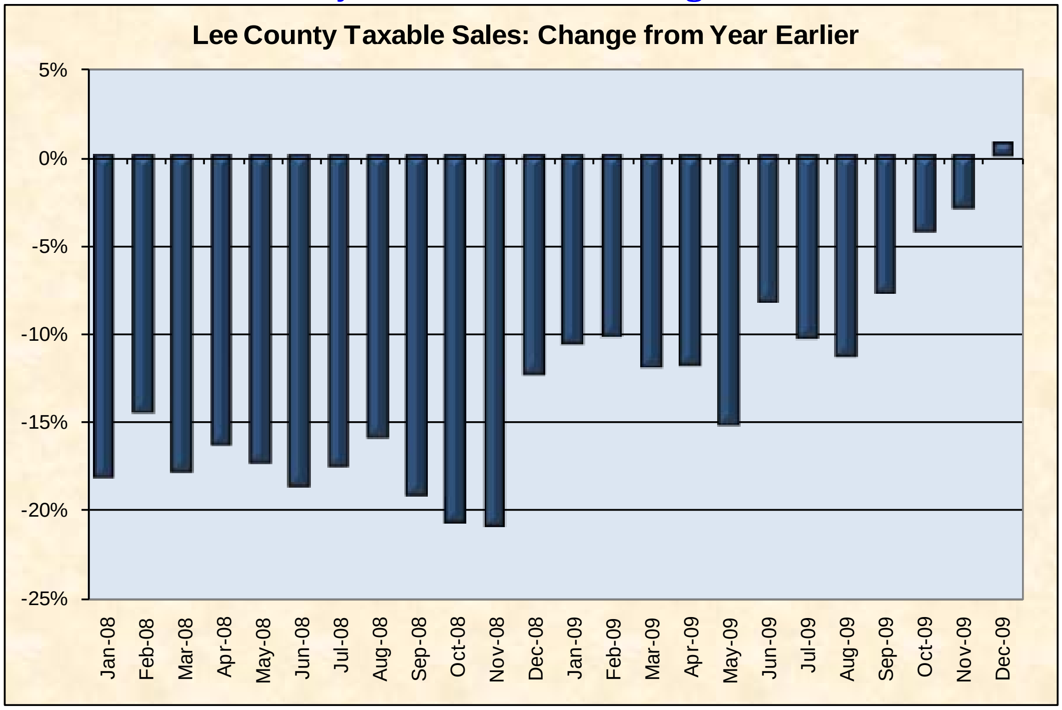
December data generally showed the first year-to-year comparative increases in several years. Taxable sales for the five-county region increased by $25 million, or 2 percent, from December 2008 to December 2009. The seasonal increase for the region from the prior month of November 2009 was $279 million or 20 percent.

Chart 11: Taxable Sales by County



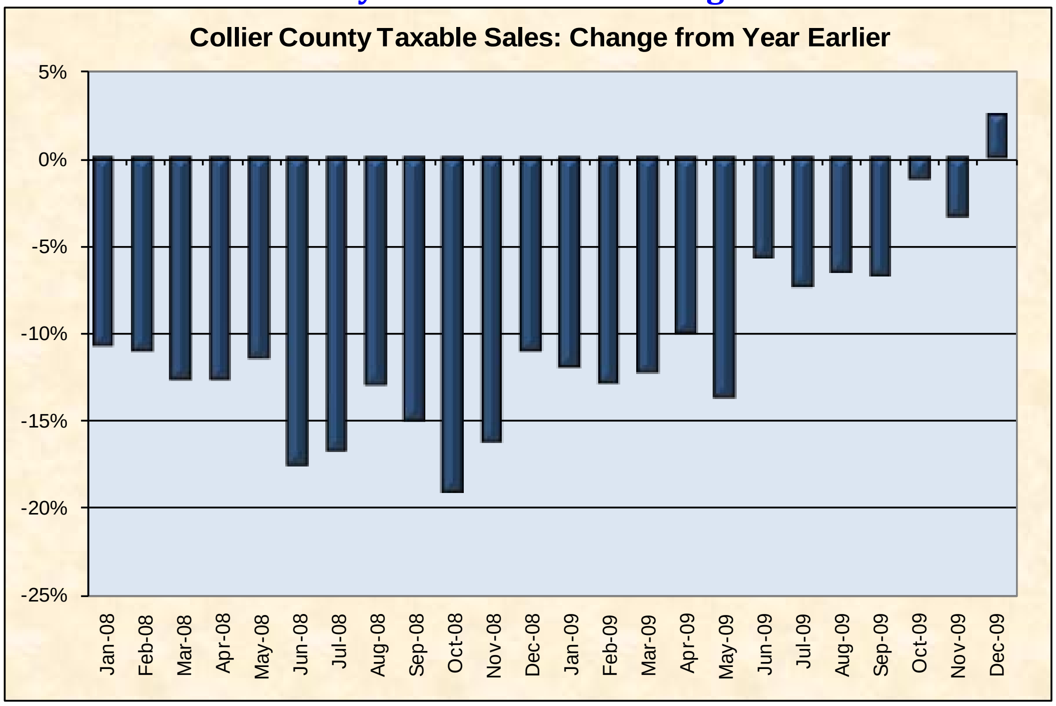
Source: Florida Department of Tax Research

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



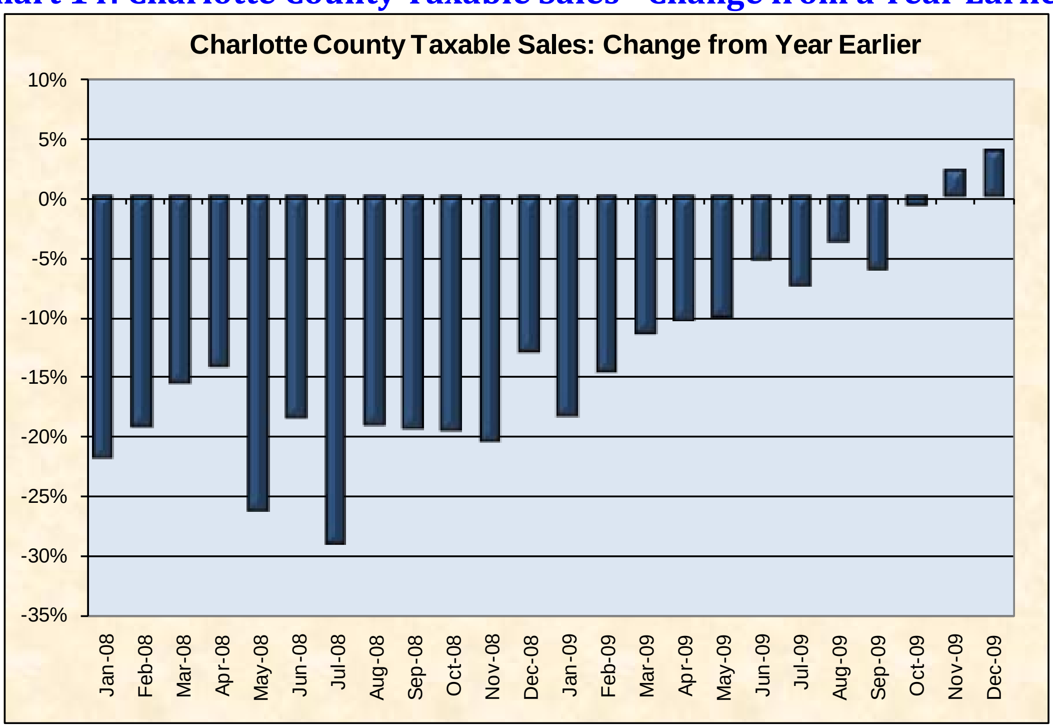
Source: Florida Department of Tax Research

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



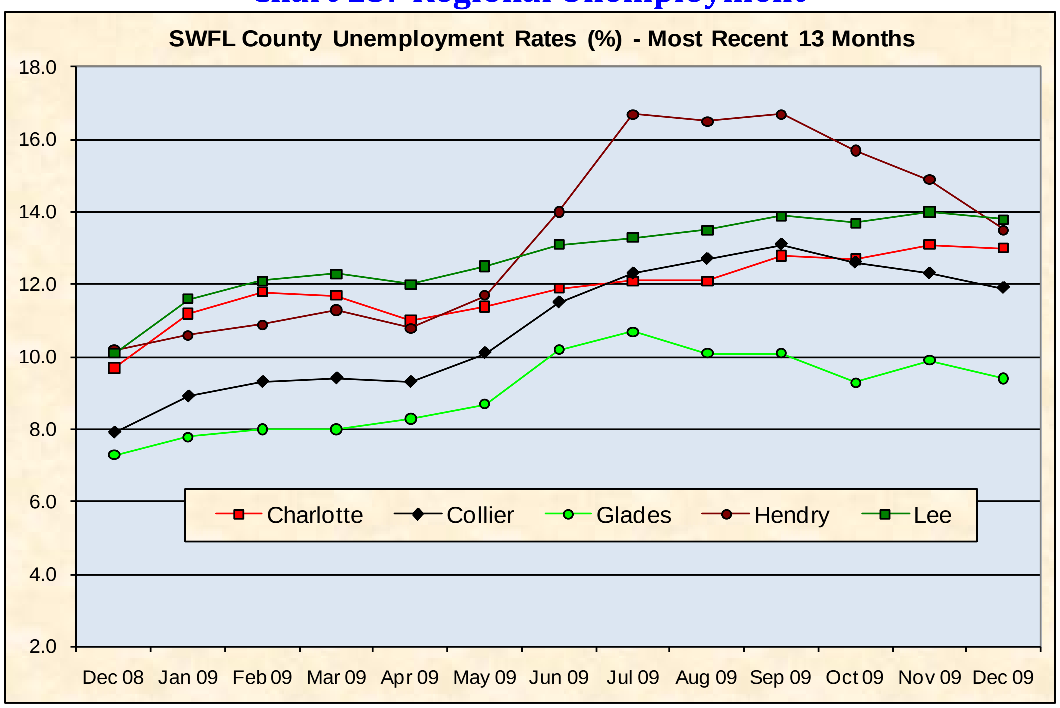
Source: Florida Department of Tax Research

Workforce – Unemployment

January unemployment data for the five counties will not be available before this report is published. The most current rates for the region are shown below in Chart 15. Longer term results are shown in Charts 16 and 17. Florida's unemployment rate was previously reported as 11.6 percent in December 2009, while the national unemployment rate was 9.7 percent. The unemployment rates tracked in this report are not seasonally adjusted.

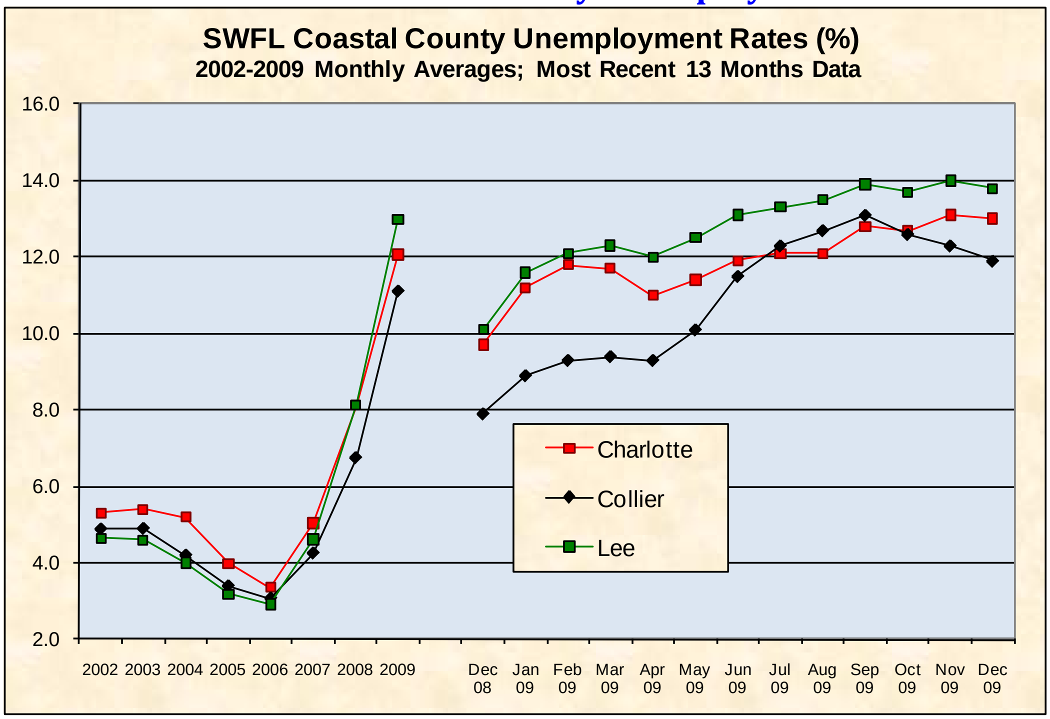
Unemployment rates for all five counties have been running two to four percentage points higher than the corresponding period a year earlier as shown in Charts 16 and 17. Unemployment rates above 5 or 6 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends.

Chart 15: Regional Unemployment



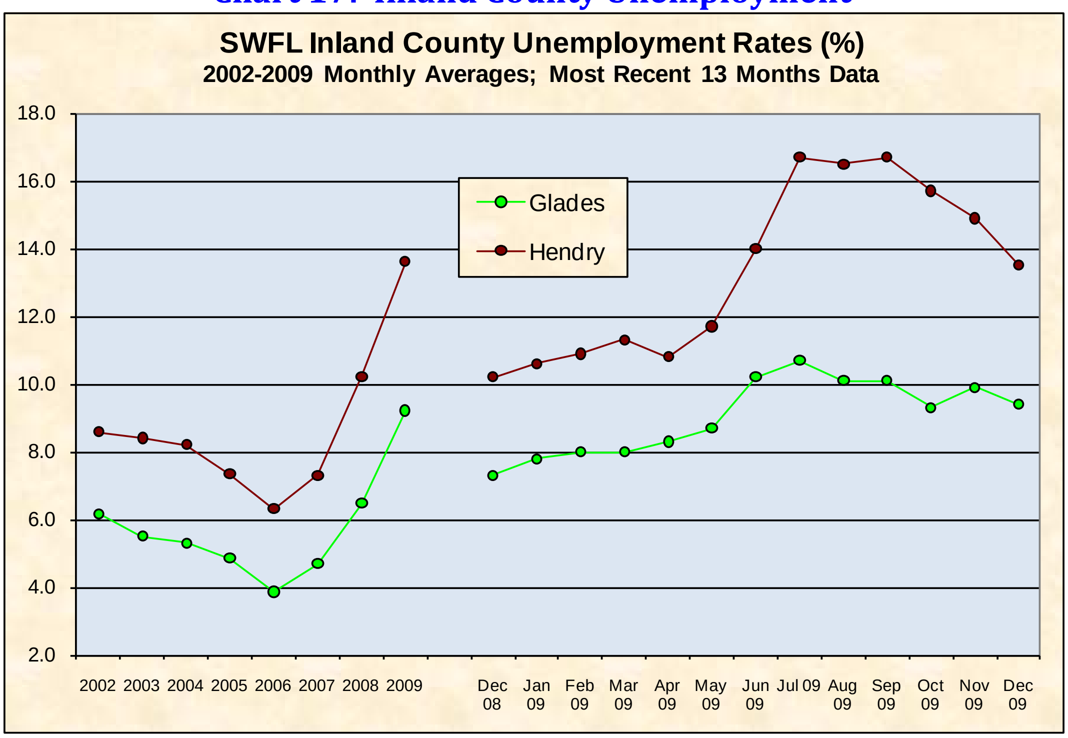
Source; AWI

Chart 16: Coastal County Unemployment



Source AWI

Chart 17: Inland County Unemployment

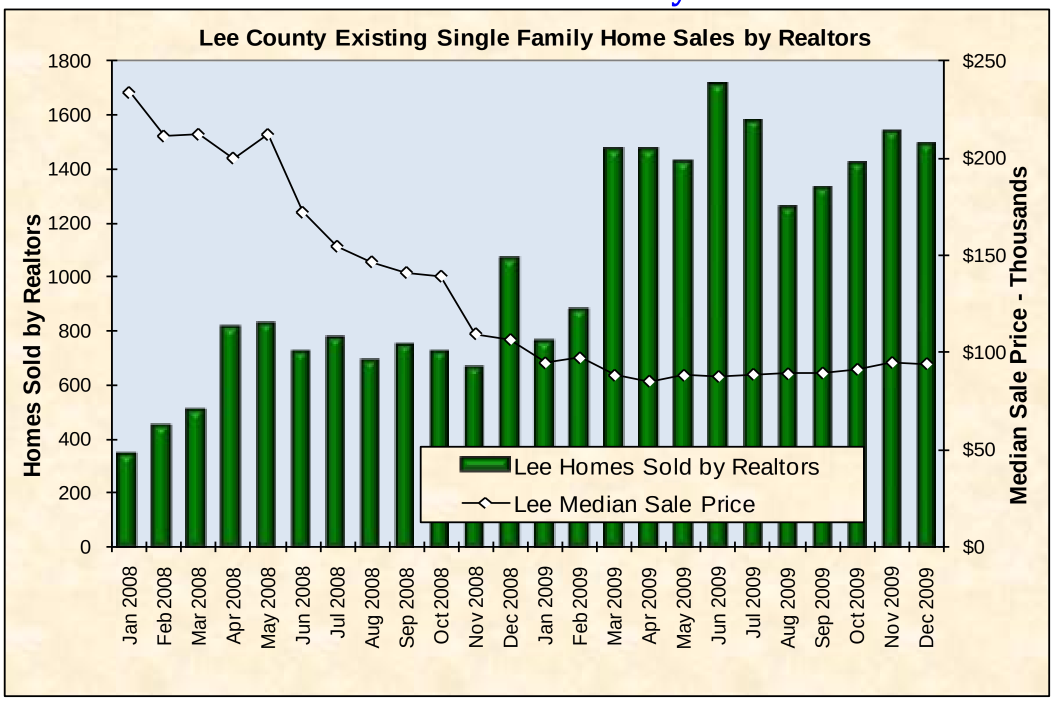


Source AWI

Sales of Single–Family Existing Homes and Median Sales Price

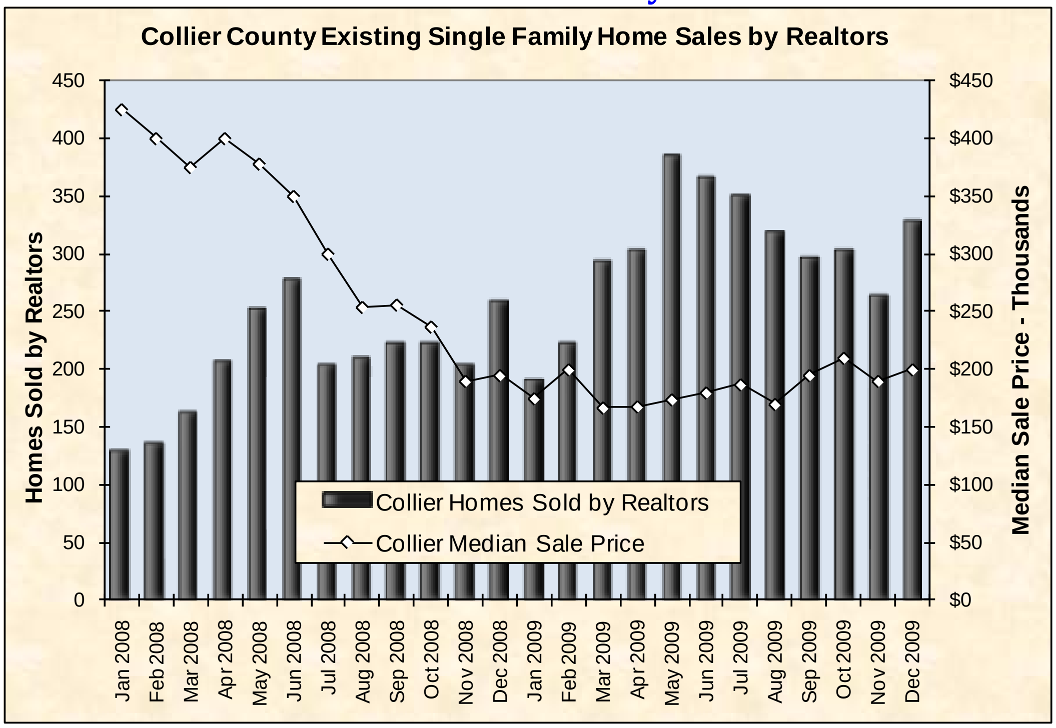
Data on January sales of existing single-family homes sold by REALTORS were not available as we went to publication. Information through December 2009 is shown in Charts 18, 19, and 20. As we reported last month, Charlotte, Collier, and Lee Counties showed full-year increases from 2008 to 2009. Lee County 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



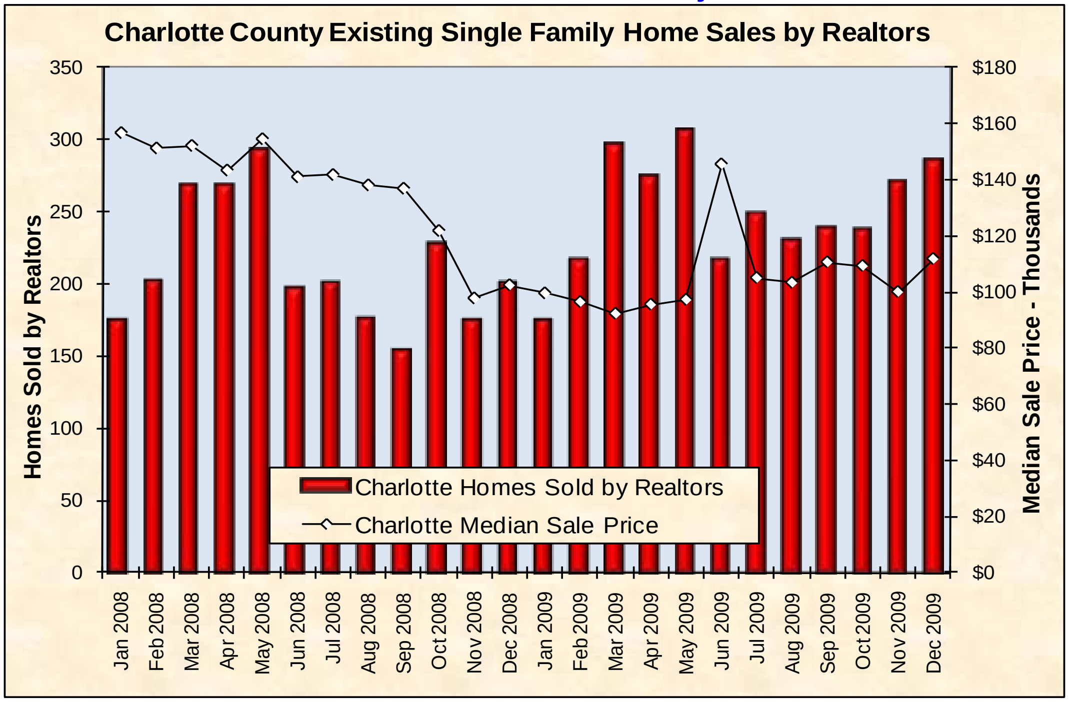
Source: Florida Association of Realtors ® Fort Myers – Cape Coral MSA http://media.living.net/statistics/statisticsfull.html

Chart 19: Collier County



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

Chart 20: Charlotte County

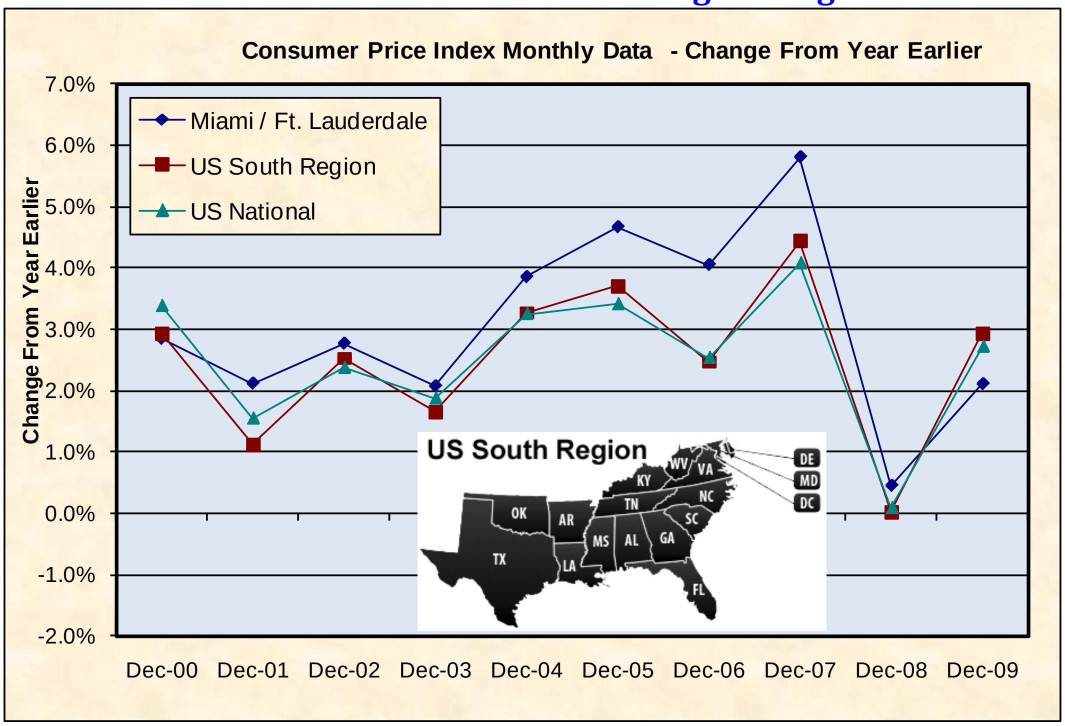


Source: Florida Association of Realtors ® Punta Gorda, Florida MSA
http://media.living.net/statistics/statisticsfull.html

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.

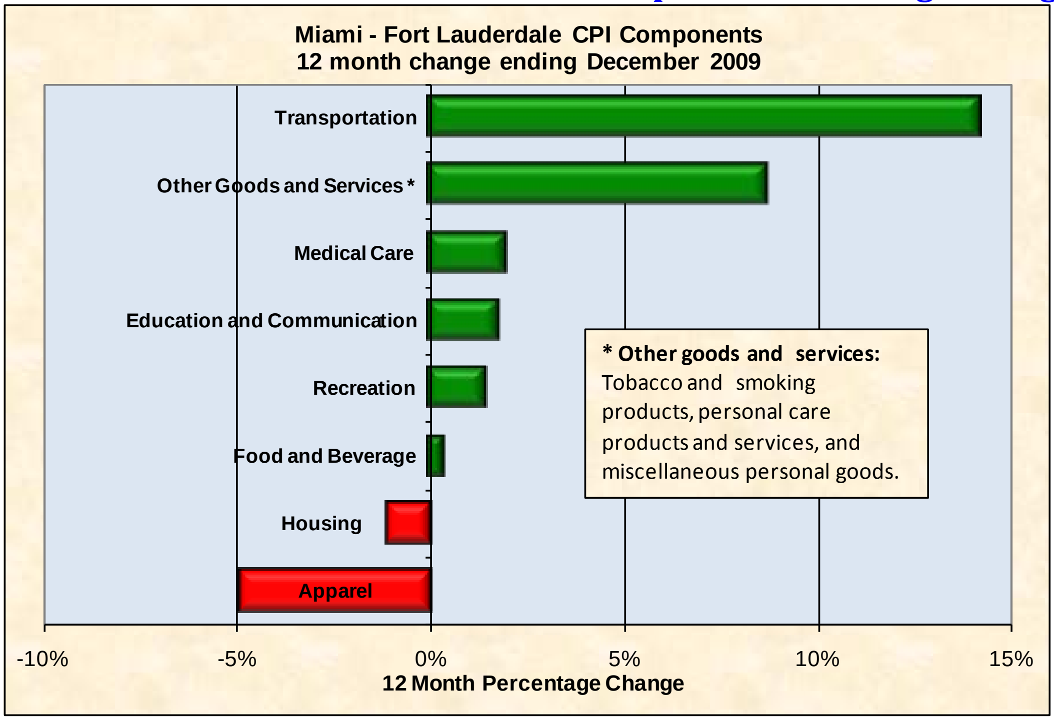
Chart 21: CPI Annual Percentage Change



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

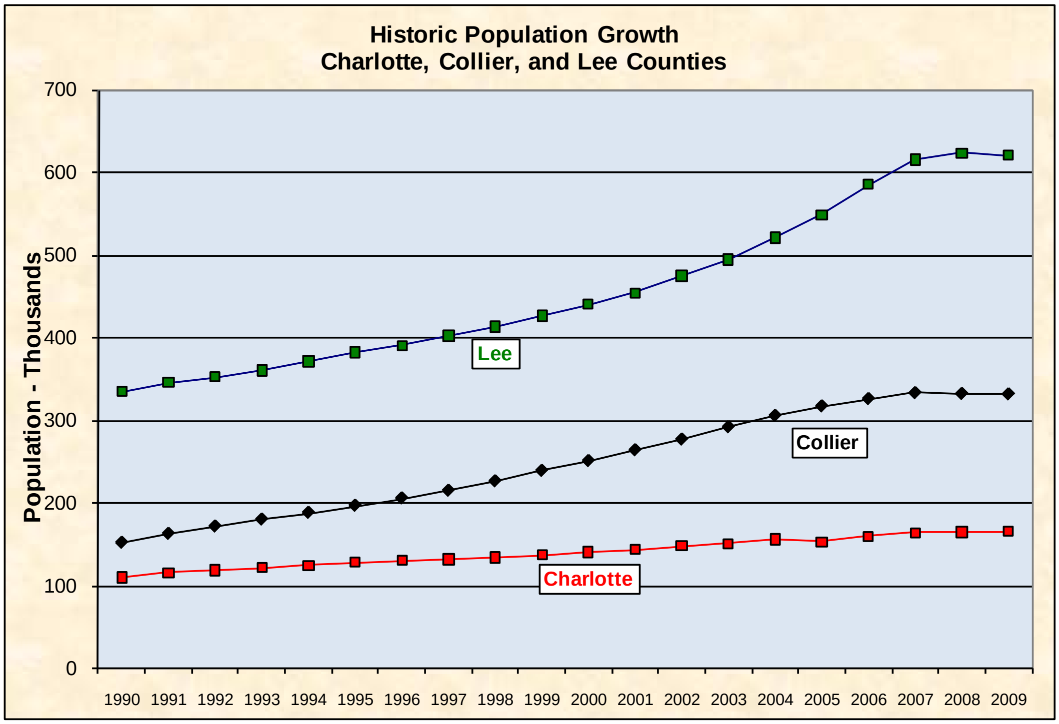
The costs of transportation, other goods and services, medical care, and education/communication have shown the largest increases from the prior year. The year-to-year increase in transportation costs was driven by a 52 percent increase in motor fuel costs.

Population

The length and severity of the current global recession has slowed regional and state population growth. The February 2009 forecasts of the Florida Demographic Estimating Conference ("FDEC") are included in this report. Population growth from 1990 to 2009 is shown in Charts 23 and 24. Collier County grew at an average annual compound 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.

Chart 25 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 2 percent per year for this period, resulting in a 20-year increase of 46 percent.

Chart 23: Coastal Counties Growth 1990 to 2009



Source: Florida EDR: August 2009

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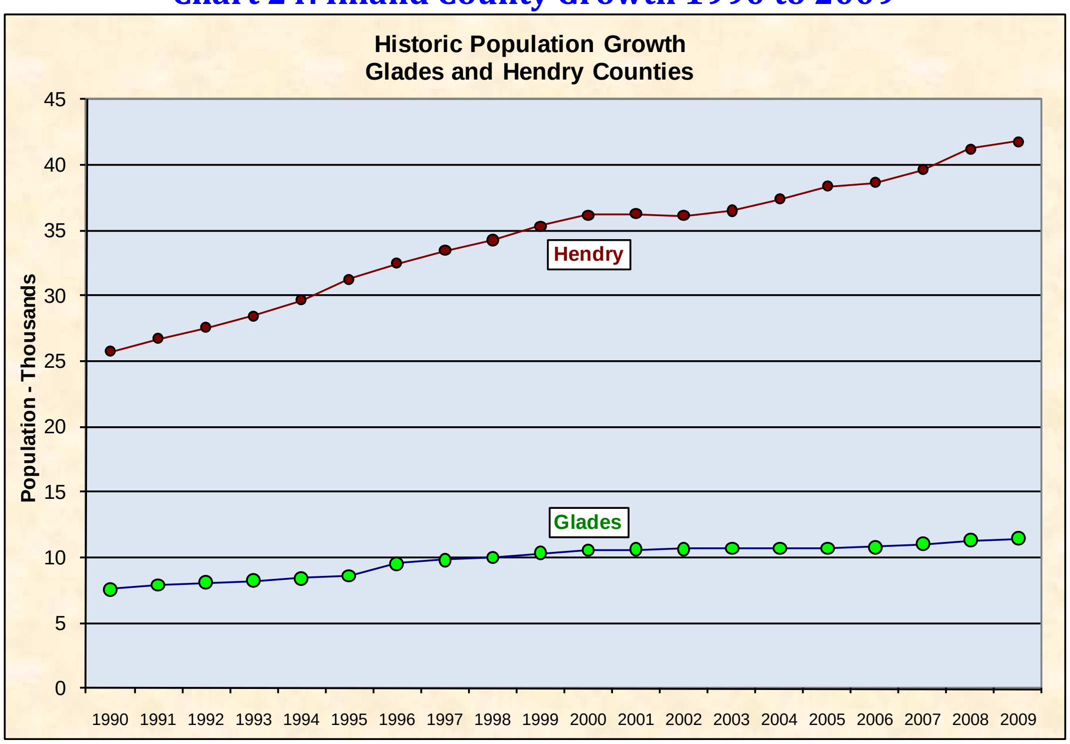
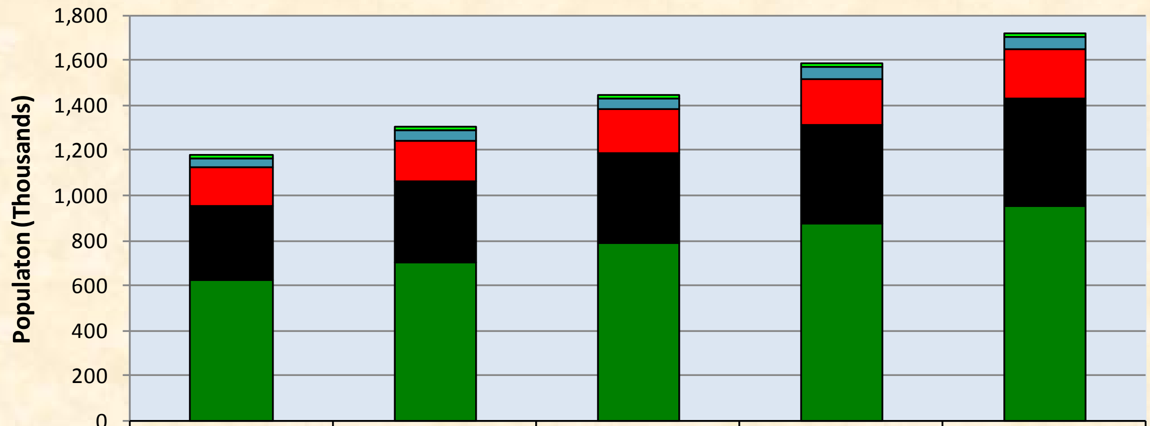
Chart 24: Inland County Growth 1990 to 2009



Source: Florida EDR: August 2009

Chart 25: Projections by County



	2010	2015	2020	2025	2030
Glades	11,633	12,063	12,552	13,030	13,487
Hendry	42,666	45,732	49,241	52,724	56,102
Charlotte	167,598	179,177	192,213	204,904	216,958
Collier	331,811	363,262	400,684	437,351	471,989
Lee	622,940	701,018	789,598	875,676	957,111

Source: Florida EDR: August 2009.