

Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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Introduction

Federal Reserve Chairman Bernanke testified before the Joint Economic Committee of the U.S. Congress on April 14, 2010, stating that, "On balance, the incoming data suggest that growth in private final demand will be sufficient to promote a moderate economic recovery in coming quarters." He stated that in March of this year, that 44 percent of the unemployed had been without a job for six months or longer, raising the concern that individual skills will erode making it harder to find future employment. He closed his presentation voicing a concern about long-term federal deficits stating that, "Although sizable deficits are unavoidable in the near term, maintaining the confidence of the public and financial markets requires that policymakers move decisively to set the federal budget on a trajectory toward sustainable fiscal balance."

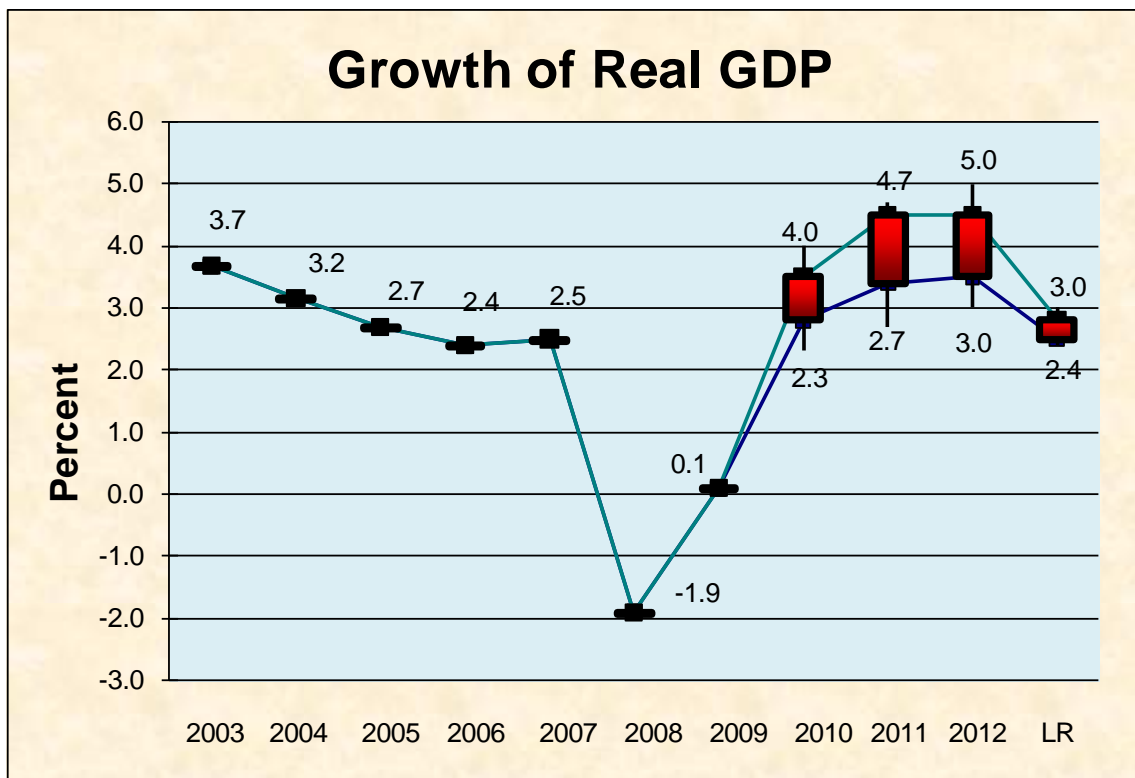
The Federal Reserve's Open Market Committee (FOMC) issued a press release on April 28th, noting that:

- Economic activity has continued to strengthen and the labor market is beginning to improve;
- Growth in household spending has picked up recently but remains constrained by high unemployment, modest income growth, lower housing wealth and tight credit;
- Business spending on equipment and software has risen significantly;
- Investment in nonresidential structures is declining and employers remain reluctant to add to payrolls;
- Housing starts have edged up but remain at depressed levels;
- While bank lending continues to contract, financial market conditions remain 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;
- The Committee will maintain the target range for the federal funds rate at 0 to ¼ percent for an extended period;
- Purchases of \$1.25 trillion of agency mortgage-backed securities and about \$175 billion of agency debt are nearing completion; and
- The Committee will continue to monitor the economic outlook and financial developments, employing its policy tools as necessary to promote economic recovery and price stability.

The next meeting of the FOMC is planned for June 22-23, 2010.

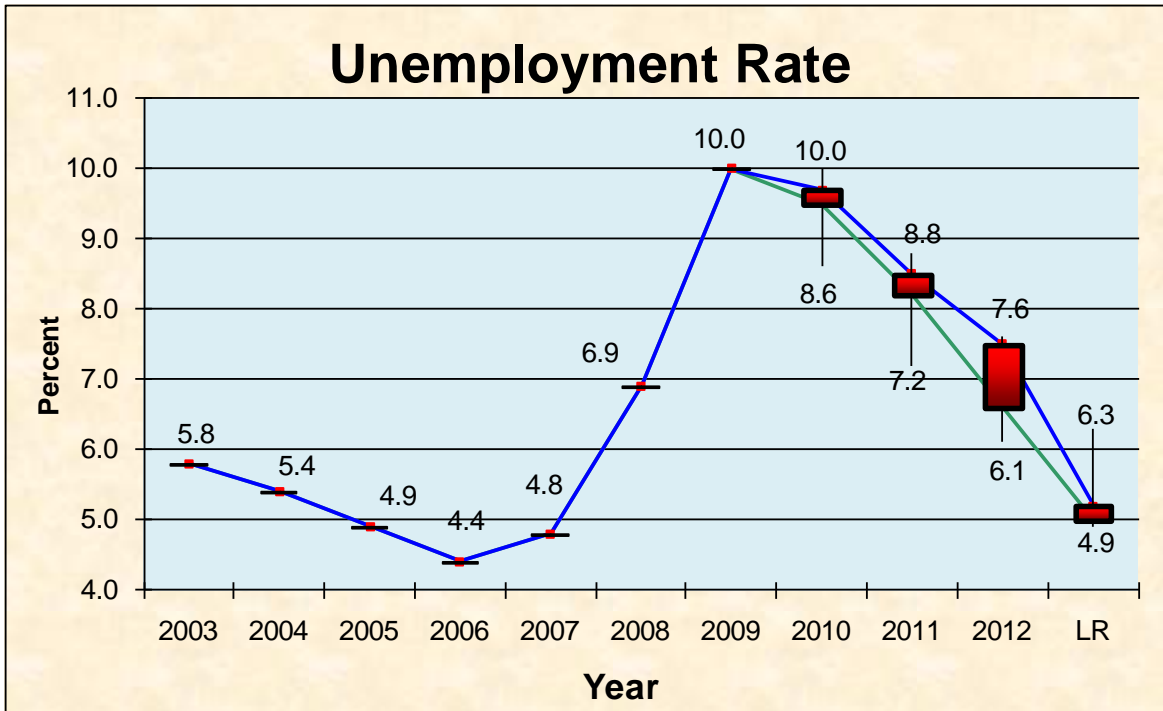
The FOMC's latest economic forecasts were released on February 17th and are shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

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 the next year.



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

As shown in the chart below, national 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 in a range of 7.2 to 8.8 percent with a central tendency of 8.2 to 8.5 percent. In 2012, the 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.

March unemployment in the Southwest Florida region continues to be high at 13.5 percent in Lee County, 12.3 percent in Collier County, and 13.3 percent in Charlotte County. The unemployment rate may vary some over the next several months but is expected to remain high and rise some during the slower summer months due to seasonal unemployment. Nonagricultural Employment in Lee County rose by 1,100 from February 2010 to March 2010. Lee County employment increased by 400 in retail trade, 200 in education and health care, 600 in leisure and hospitality and declined by 100 in financial activities. Collier County's nonagricultural employment rose by 300 with 200 in retail trade, 100 in education and health care, 100 in leisure and hospitality and a decline of 100 positions in financial activities.

Increased existing single-family home sales, improved consumer and business confidence, and continued adjustment in the housing and banking markets are expected to result in an improvement to our local economy later this year. There are mixed regional indicators generally showing that the economy is stabilizing and beginning a slow gradual path of recovery.

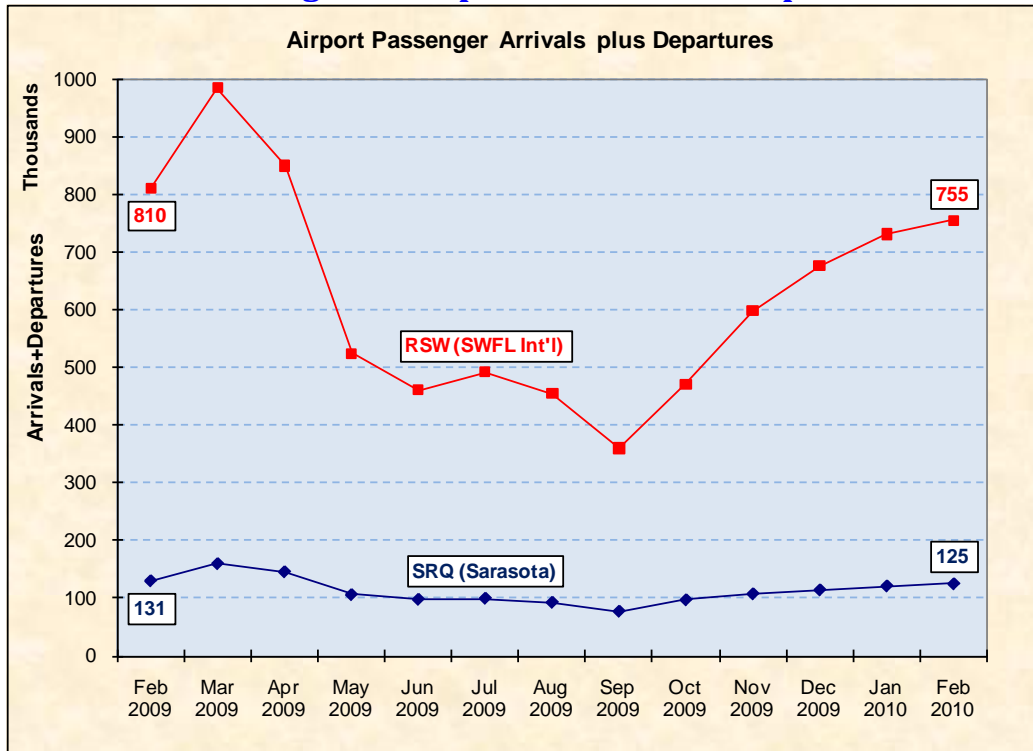
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report, as a way to support its mission and assist the region. The Institute continues to welcome suggestions from our readers, and would like to emphasize our appreciation of, and thanks 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, 3, and 4 illustrate the monthly seasonality of airport passenger traffic and the changes from year to year.

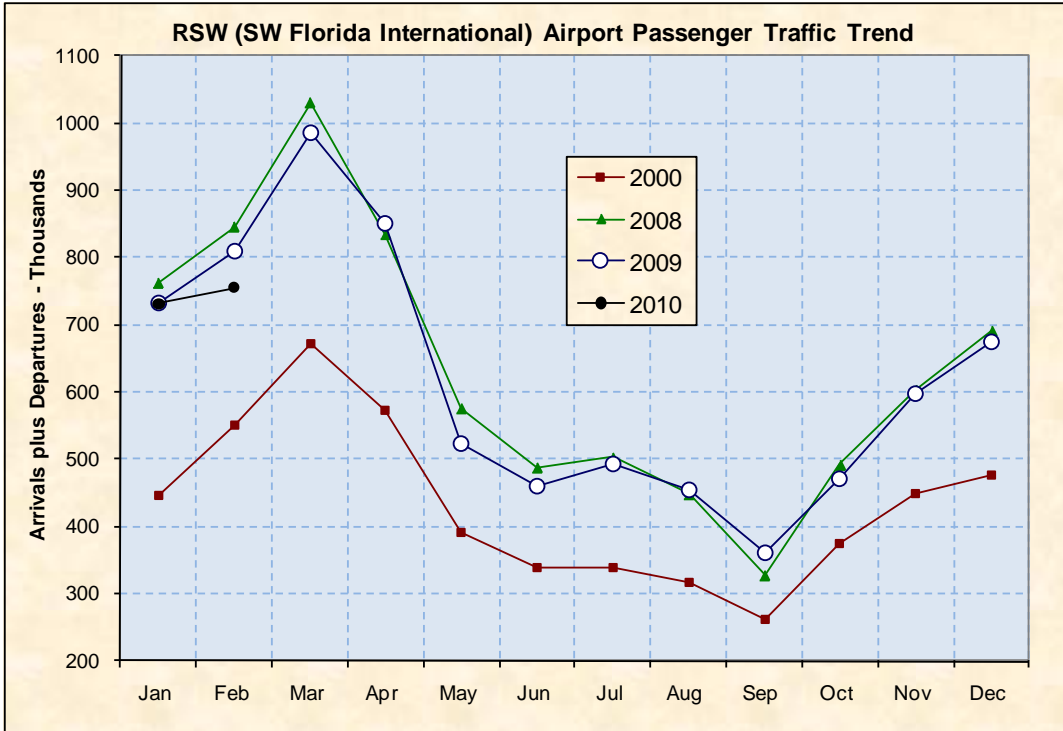
Regional Southwest Florida (RSW) airport is largest airport in the region, serving national and international destinations. Charts 1 and 2 show reported RSW airport passenger activity of 755,095 in February 2010, which is three percent higher than the January 2010 level but seven percent lower than February 2009. Sarasota (SRQ) passenger activity rose to 125,184 in February 2010, an increase of three percent from the prior month and a reduction of four percent from February 2009, as shown in Charts 1 and 3. Charlotte County airport recorded passenger activity of 21,991 in February, an increase of 27 percent from January 2010 and an increase of 120 percent from the prior February, as shown in Chart 4.

Chart 1: Regional Airport Arrivals and Departures



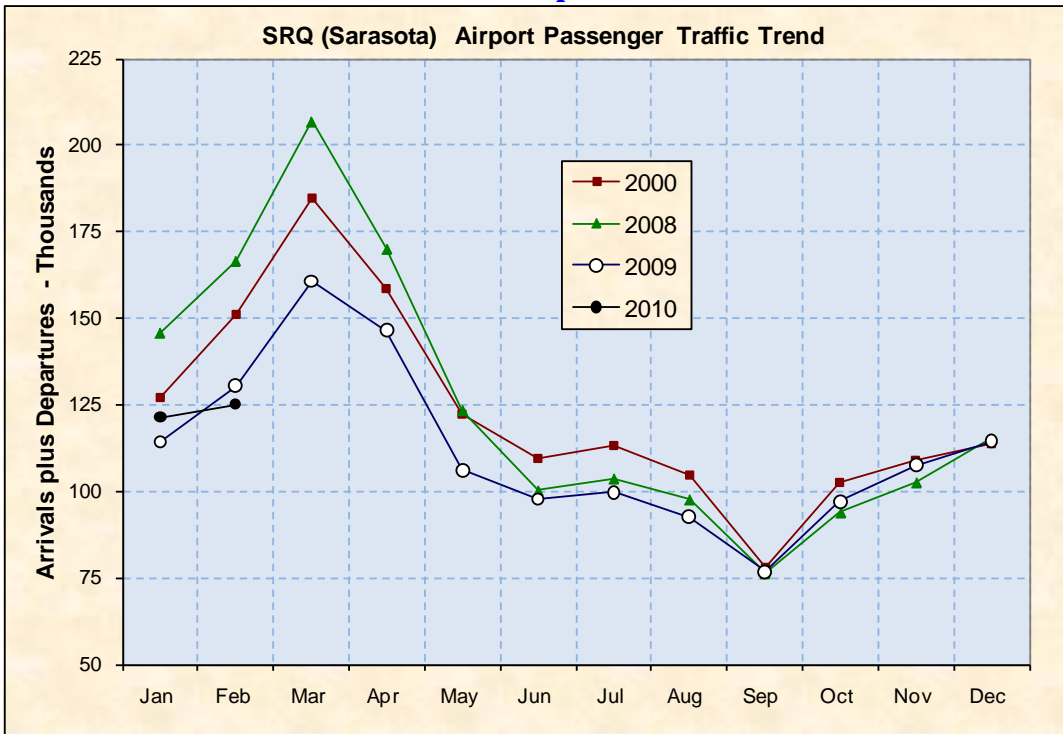
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



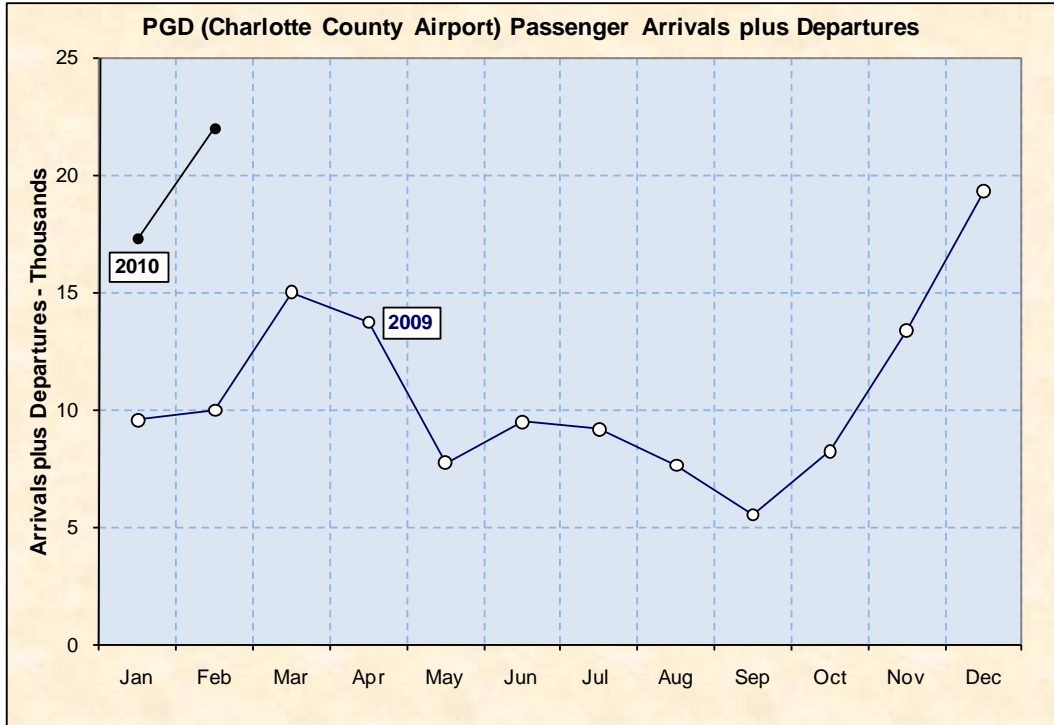
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend

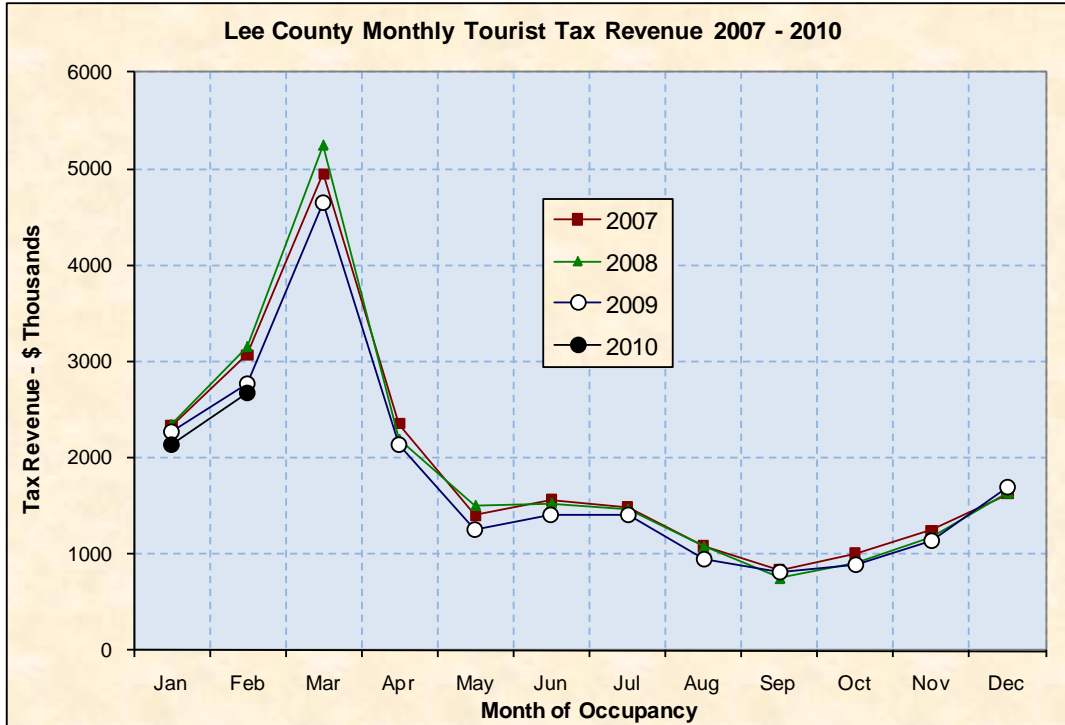


Source: Local Airport Authorities

Tourism Tax Revenues

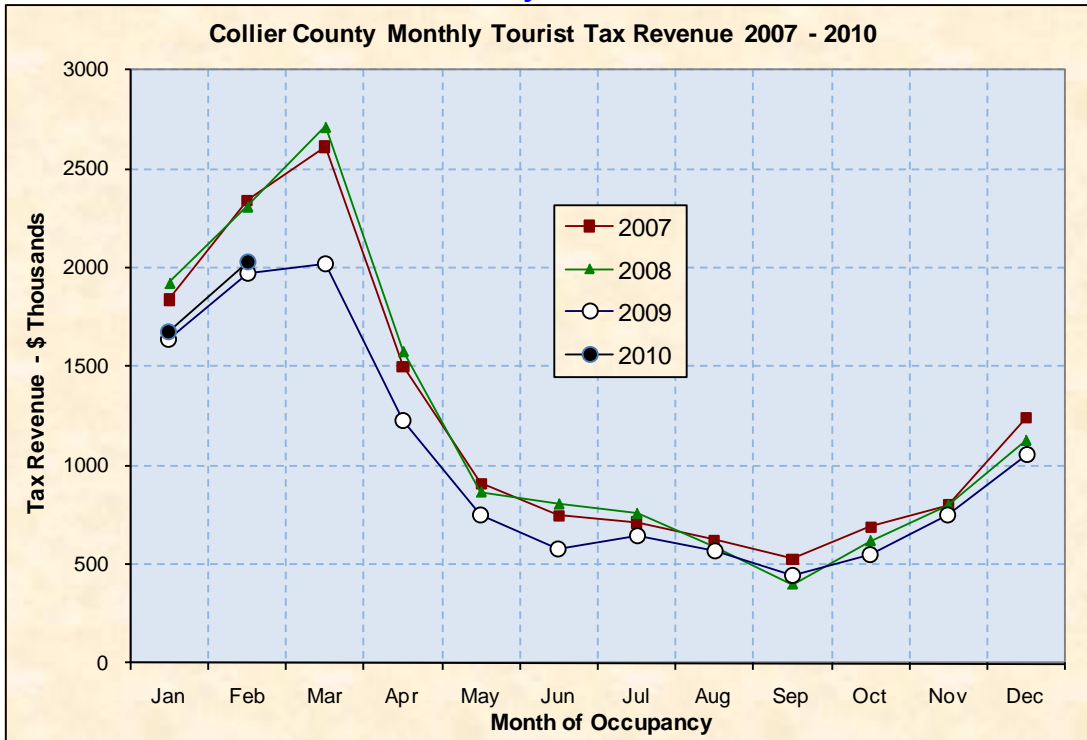
Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy. Lee County showed a seasonal increase of 25 percent from January 2010 to February 2010, while Collier County recorded a 21 percent increase for the same period. The corresponding gain for Charlotte County was 30 percent. Compared to February 2009, Lee County revenues declined by three percent, while Collier County was up 3 percent and Charlotte County decreased five percent. Total revenues for the 3 counties decreased by \$48,275, or one percent, from February 2009.

Chart 5: Lee County Tourism Tax Revenues



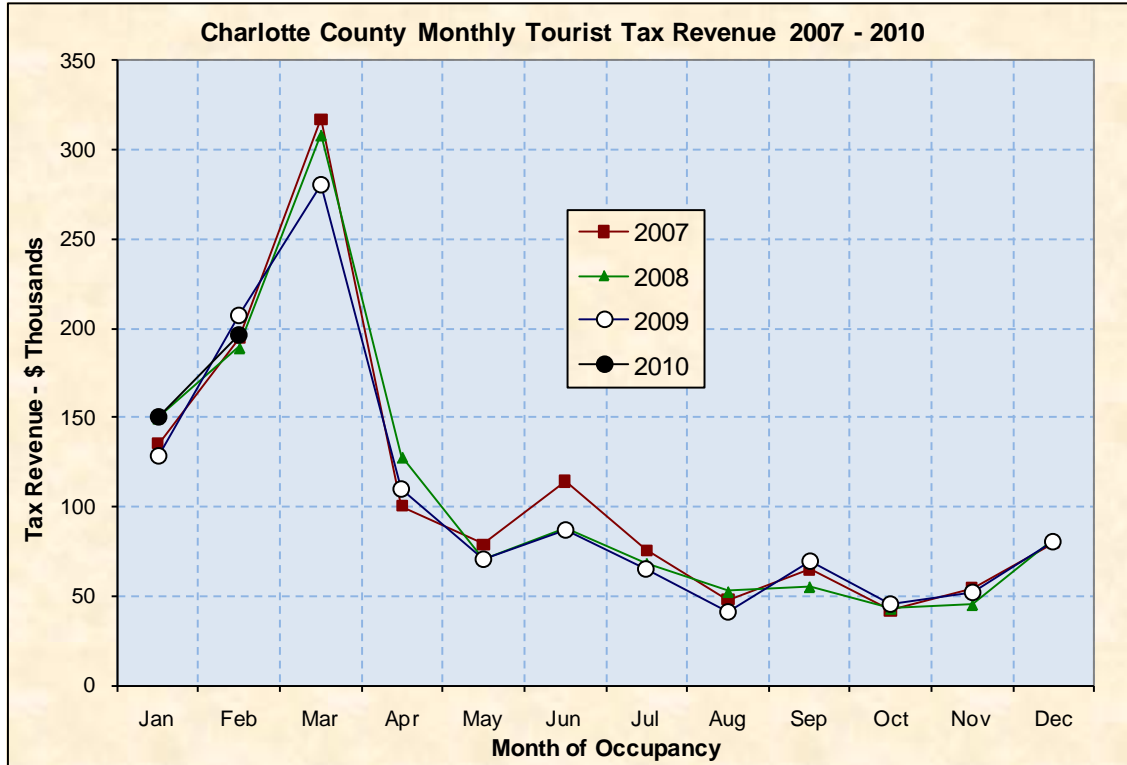
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

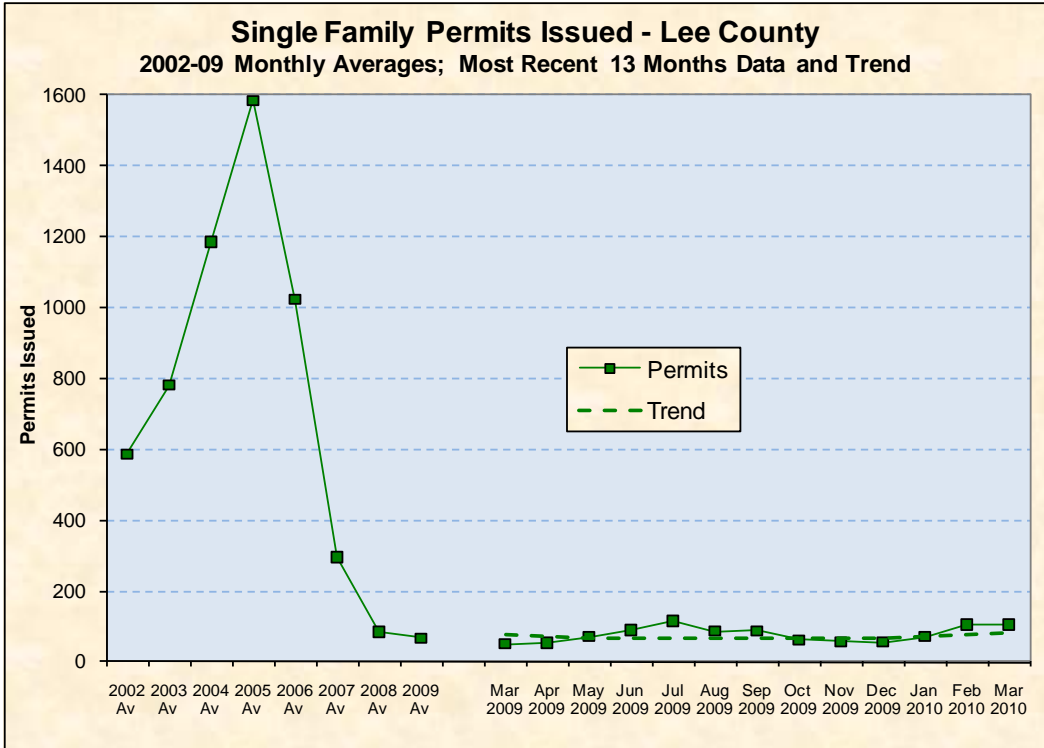


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

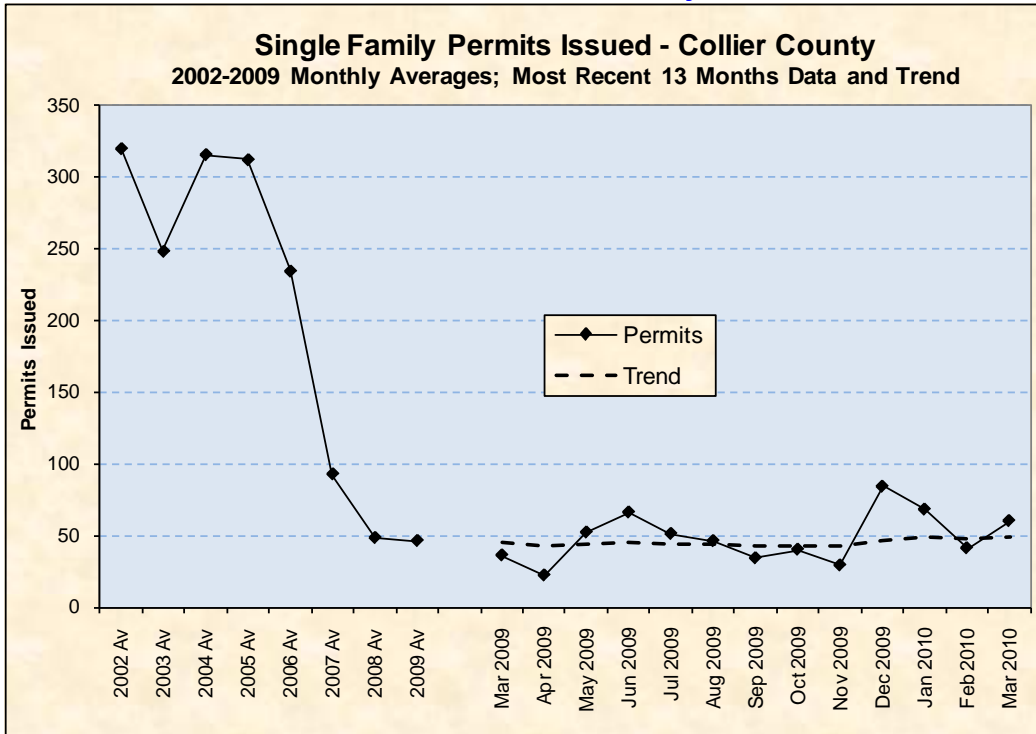
Total single-family home permits continued at low levels but increased from the same month a year ago. Lee County issued 106 single-family home permits in March 2010, the same as February 2010, but up from 50 in March 2009, as shown in Chart 8. Single-family permits for Collier County increased from 41 in February 2010 to 60 in March 2010, as shown in Chart 9; the corresponding figure for March 2009 was 36. Charlotte County permits increased to 70 in March 2010, up from 48 in February 2010 and an increase from 29 permits issued in March 2009, as shown in Chart 10. A moving average trend line for the latest 12 months is shown on each chart.

Chart 8: Lee County



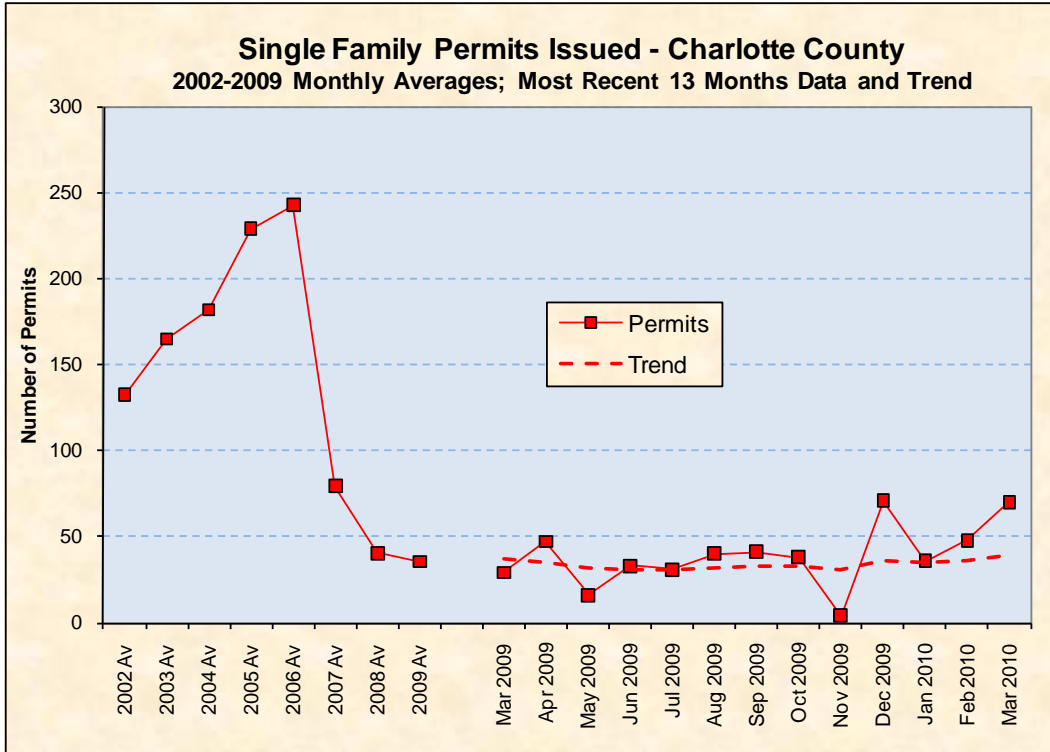
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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.

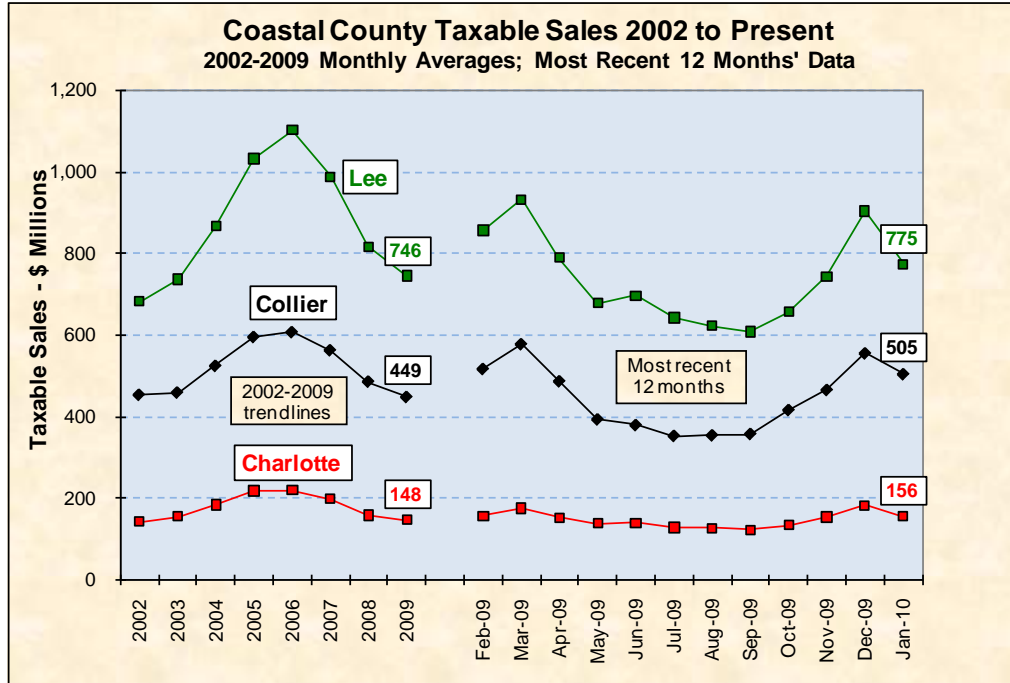
Taxable Sales

Taxable sales figures are used to track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, January is the latest collection month plotted on the following charts.

The January 2010 taxable sales generally fall below December and rise in February and this year's taxable sales is following the same trend. Taxable sales for the Coastal Counties are shown in Chart 11. Charlotte County saw taxable sales rise to \$156.4 million in January 2010, an increase of approximately one percent from January 2009. Lee County taxable sales were \$774.6 million in January 2010, a five-percent reduction from January 2009. Collier County's taxable sales were \$504.6 million in January 2010, a four-percent decrease from January 2009.

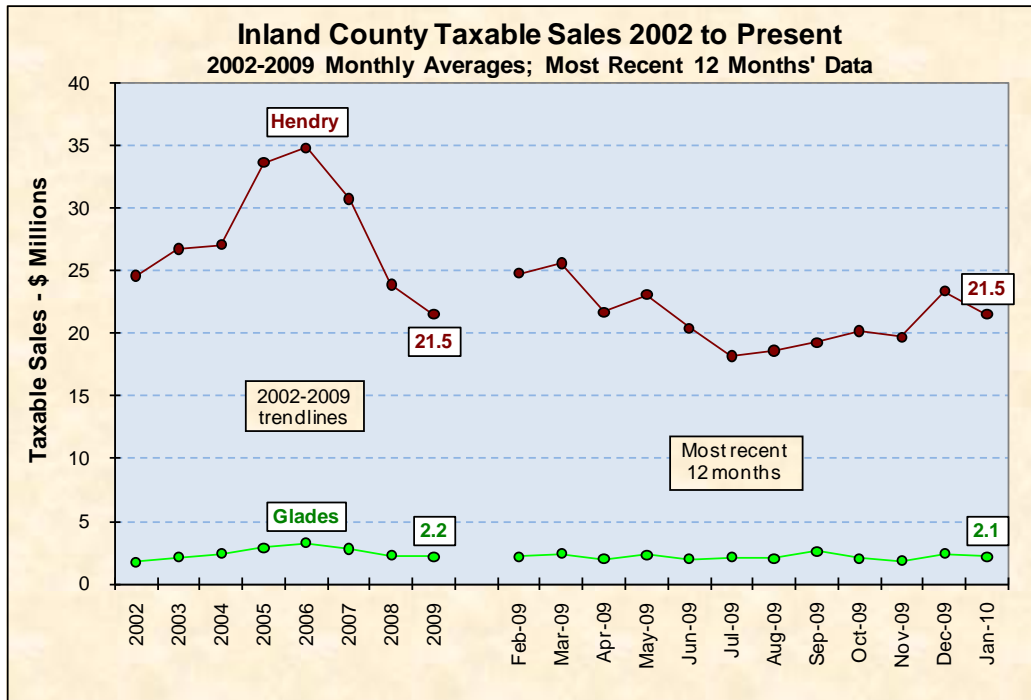
Chart 12 is a new chart that shows taxable sales for Glades and Hendry Counties. Glades County had January 2010 taxable sales of \$2.2 million, approximately the same as January 2009. Hendry County had taxable sales of \$21.5 million, a seven-percent decline from January 2009. Charts 13, 14, and 15 show the trends in the percentage change in taxable sales from the same month a year earlier. Of the coastal counties, only Charlotte County was able to show positive percentage increases in taxable sales three months in a row but it is expected that the other counties will turn positive over the next few months as well.

Chart 11: Taxable Sales for Coastal Counties



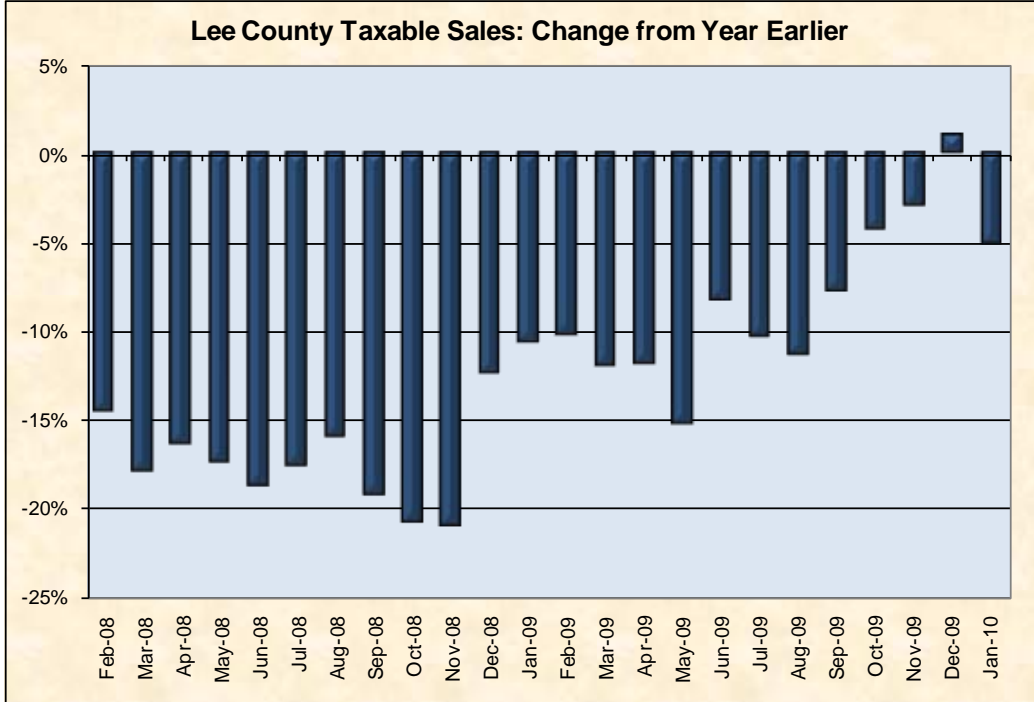
Source: Florida Department of Tax Research

Chart 12: Taxable Sales for Inland Counties



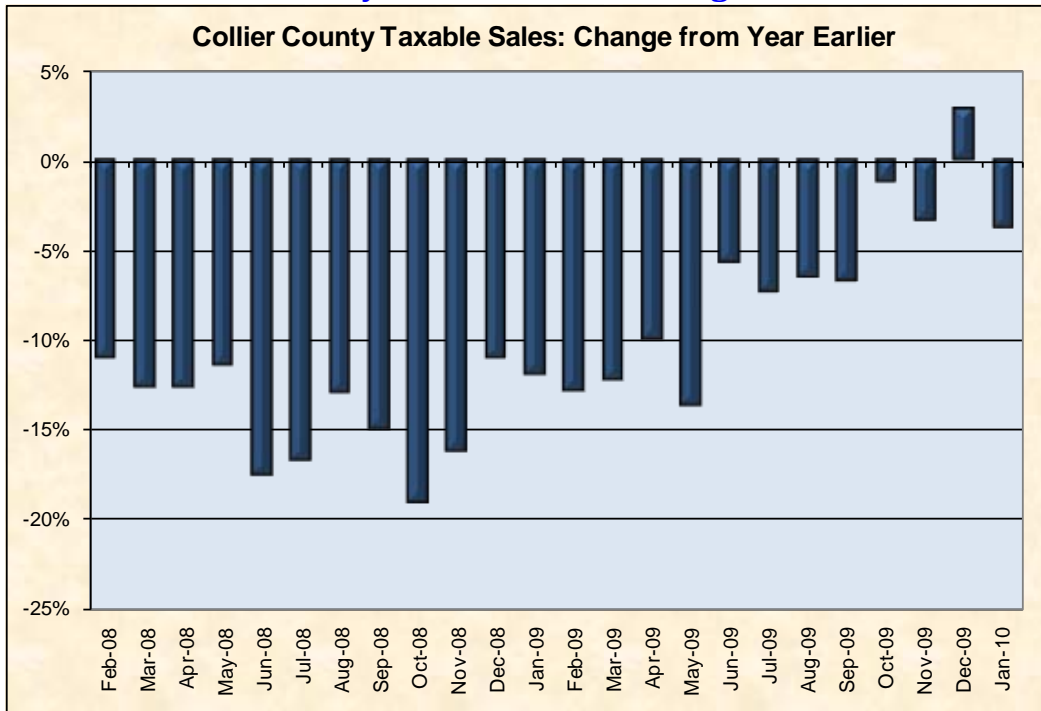
Source: Florida Department of Tax Research

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



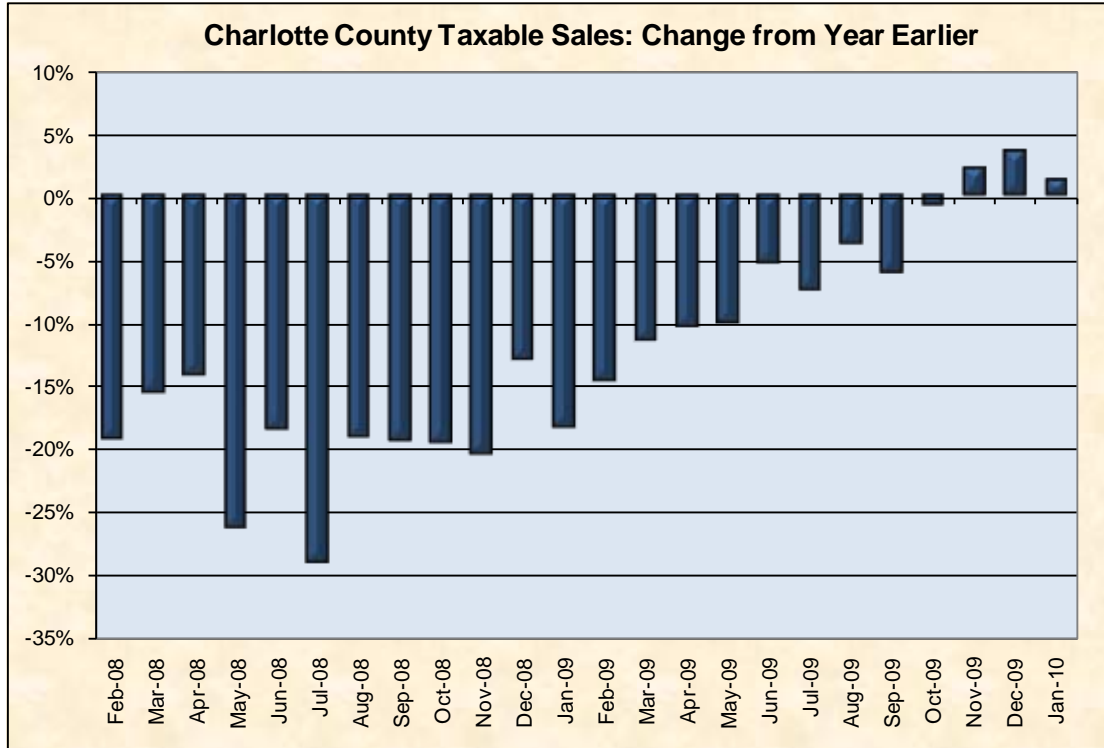
Source: Florida Department of Tax Research

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



Source: Florida Department of Tax Research

Chart 15: Charlotte County Taxable Sales - Change from a Year Earlier



Source: Florida Department of Tax Research

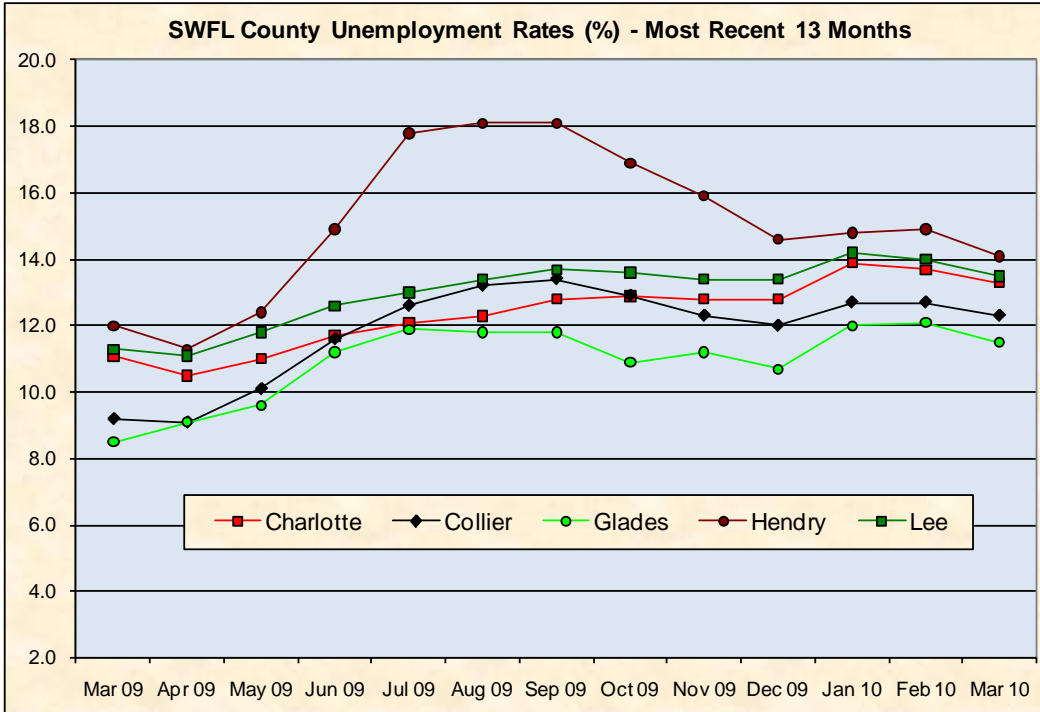
Workforce - Unemployment

The March 2010 unemployment rates remain high but decreased from February in each of the Southwest Florida counties, as shown in Chart 16. Chart 17 shows the coastal county unemployment levels by year from 2002 to 2009 and the most current monthly unemployment levels. Lee County's unemployment level fell from 14.0 percent in February 2010 to 13.5 percent in March 2010. Charlotte County's unemployment fell from 13.7 percent in February 2010 to 13.3 percent in March 2010. Collier County's unemployment rate fell to 12.3 percent in March 2010 from 12.7 percent in February 2010.

Glades and Hendry County unemployment trends are shown in Chart 18. Hendry County's unemployment declined from 14.9 percent in February to 14.1 percent in March 2010. Glades County's unemployment declined from 12.1 percent in February 2010 to 11.5 percent in March 2010. Florida's March unemployment rate was 12.0 percent, down from 12.3 percent in the previous month. The national unemployment rate fell from 10.4 percent in February to 10.2 percent in March. The seasonally-adjusted unemployment rate for the nation was 9.7 percent in March. The unemployment rates reported in this report are not seasonally adjusted unless otherwise noted.

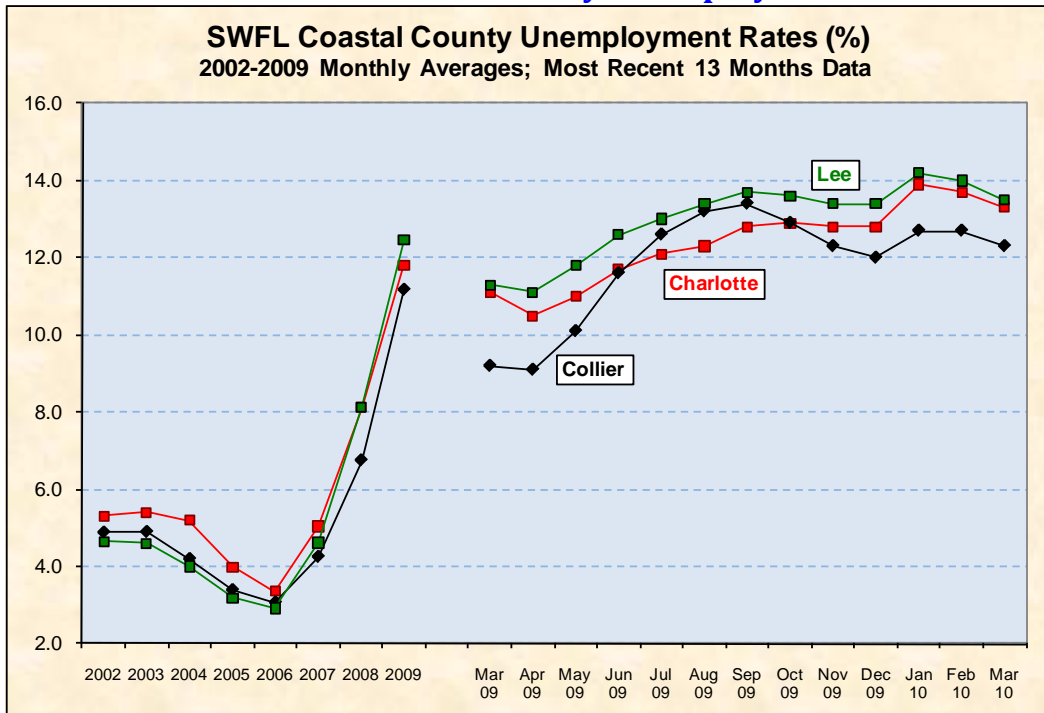
Unemployment rates for all five counties have been running between two to three percentage points higher than the corresponding period a year earlier, as shown in Charts 16, 17, and 18. Unemployment rates above 5 or 6 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends. The forecast for unemployment levels is a very slow and gradual decline through 2013.

Chart 16: Regional Unemployment



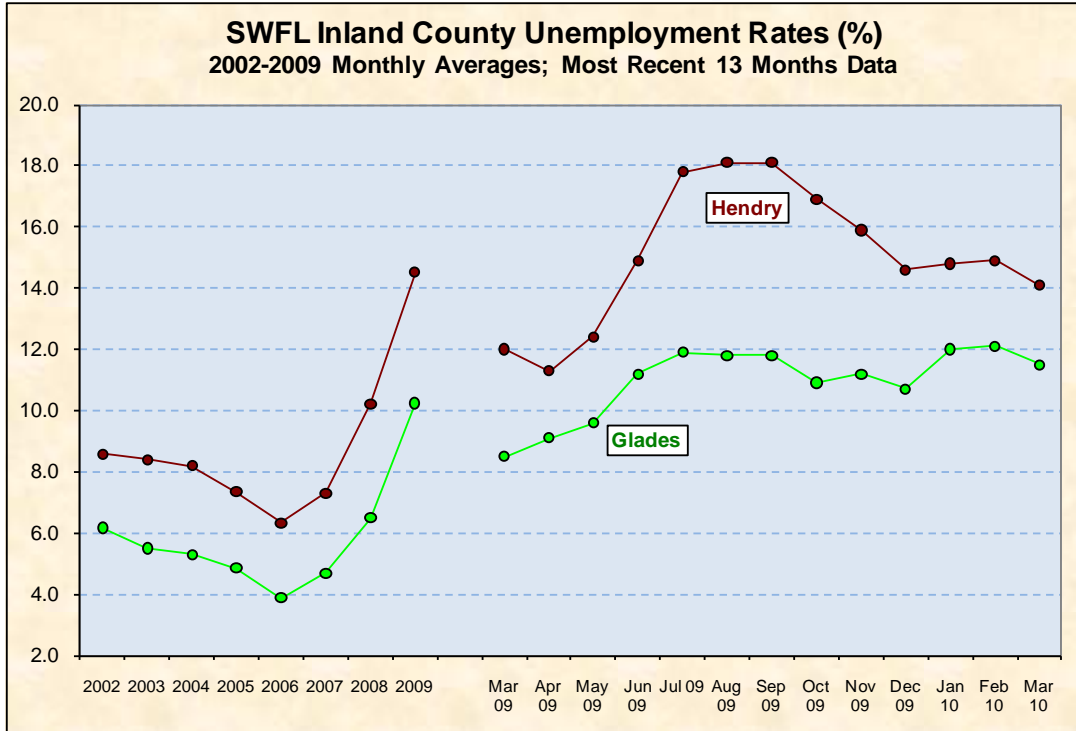
Source; AWI

Chart 17: Coastal County Unemployment



Source AWI

Chart 18: Inland County Unemployment

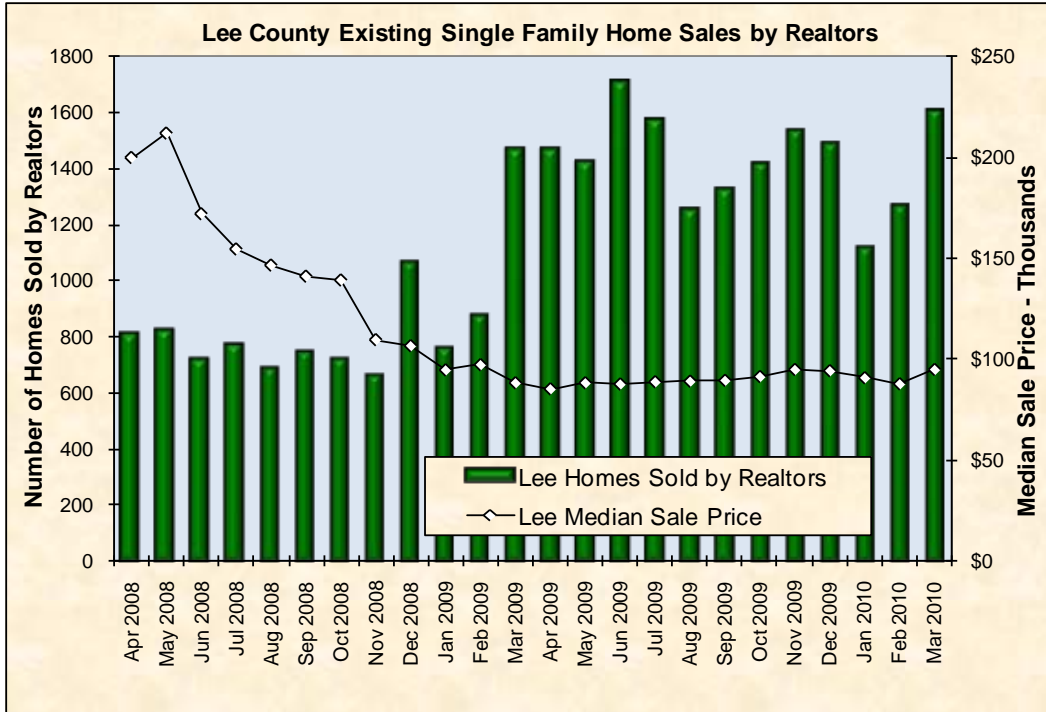


Source AWI

Sales of Single-Family Existing Homes and Median Sales Price

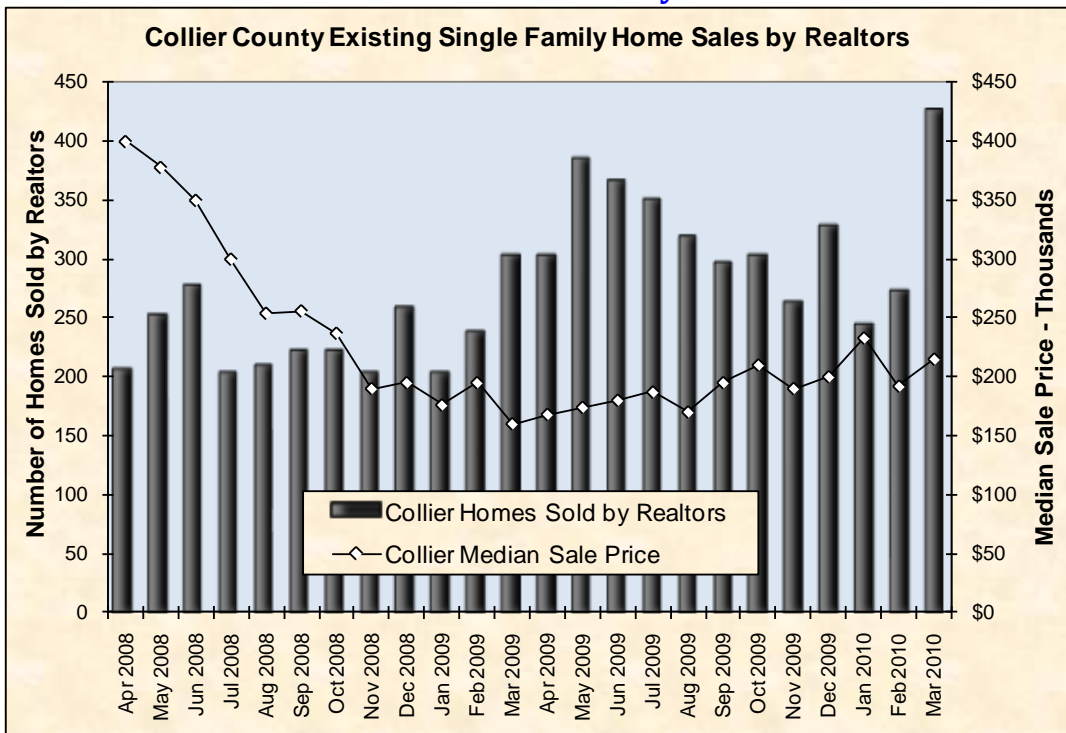
REALTOR sales of existing single-family homes remain strong in March 2010. Lee County had sales of 1,603 single-family homes at a median price of \$95,100 in March 2010, compared to sales of 1,261 and a median price of \$88,000 the previous month, as shown in Chart 19. Collier County's existing single-family REALTOR sales were 424 in March 2010, up from 272 in February 2010, with the median price rising from \$192,000 to \$215,000, as shown in Chart 20. Charlotte County's existing single-family home sales increased as well from 239 in February 2010 to 311 in March 2010. The Charlotte County median price increased from \$96,600 in February 2010 to \$110,600 in March 2010, as shown in Chart 21. Overall activity in existing single-family homes continues to increase across the Southwest Florida region.

Chart 19: Lee County



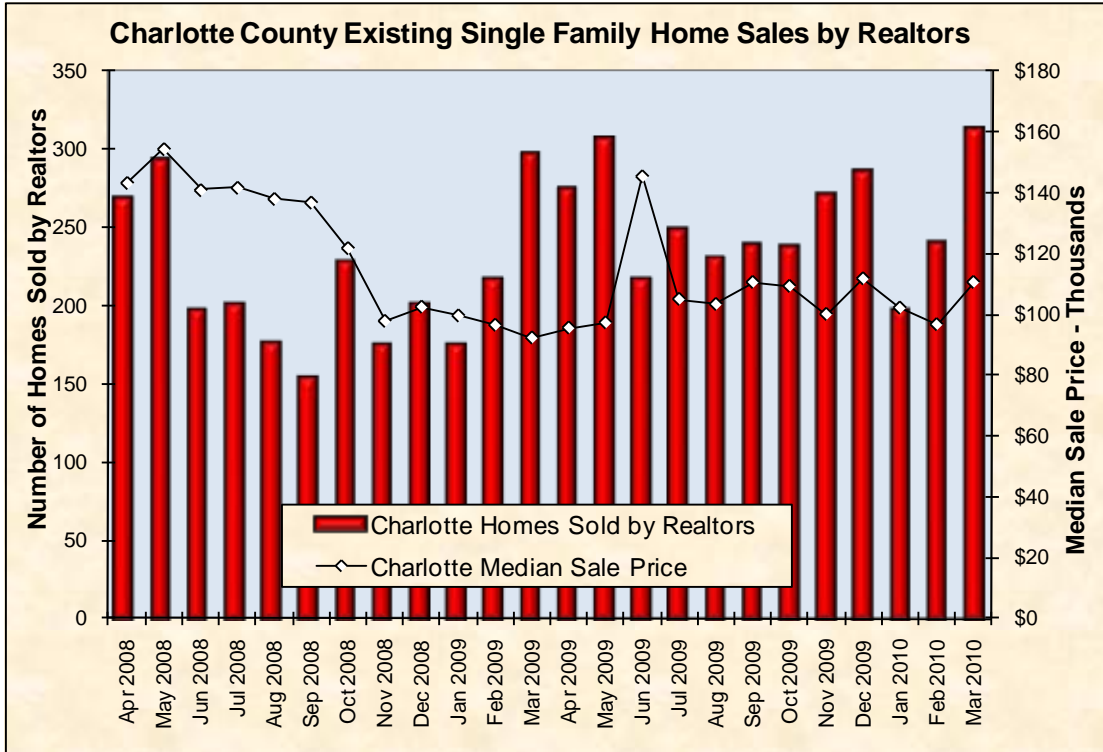
Source: Florida Association of Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 20: Collier County



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

Chart 21: Charlotte County

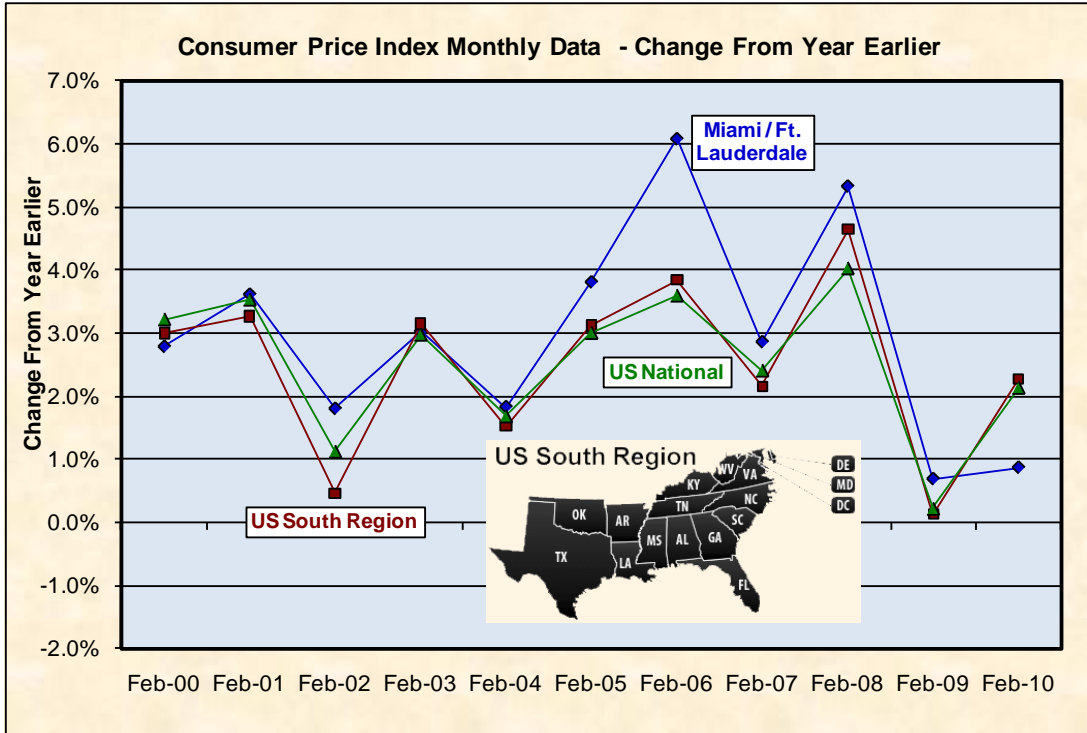


Source: Florida Association of Realtors © Punta Gorda, Florida MSA
<http://media.living.net/statistics/statisticsfull.html>

Consumer Price Index

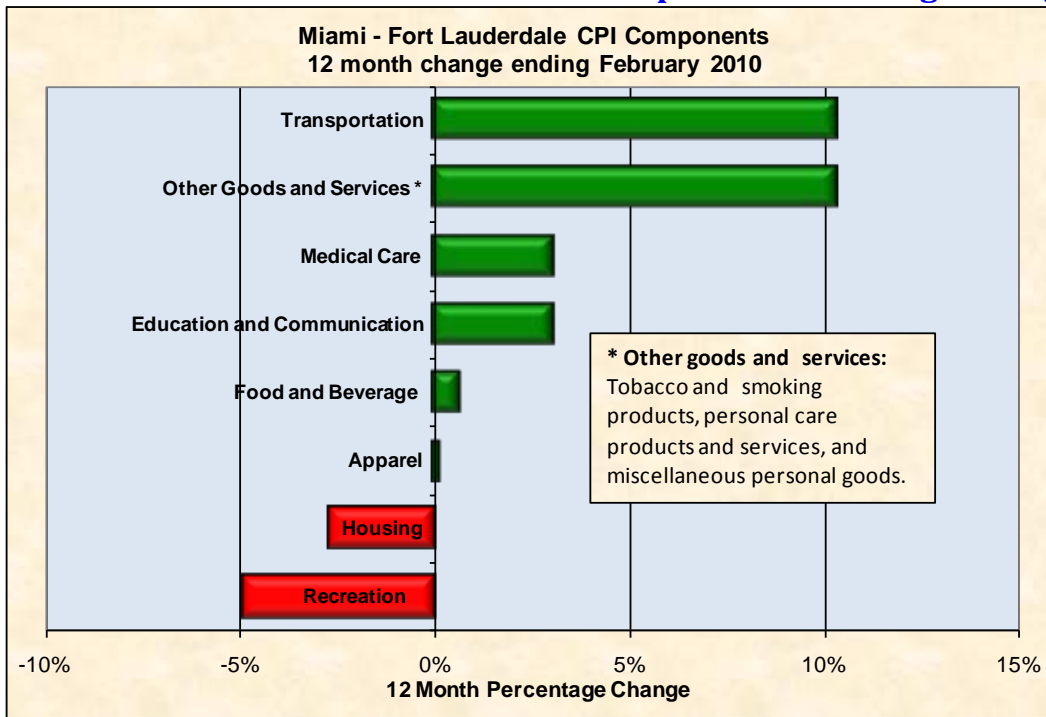
Consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 22. The Miami-Fort Lauderdale area CPI is collected every two months and is the closest reporting location to Southwest Florida. The national CPI increased 2.1 percent from February 2009 to February 2010. The South region increased at a 2.3 percent rate and the Miami/Fort Lauderdale index rose at only 0.9 percent.

Chart 22: CPI Annual Percentage Change



The overall Miami-Fort Lauderdale Consumer Price Index for the 12 months ending February 2010 is broken down into the components contributing to the price changes, shown in Chart 23.

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change



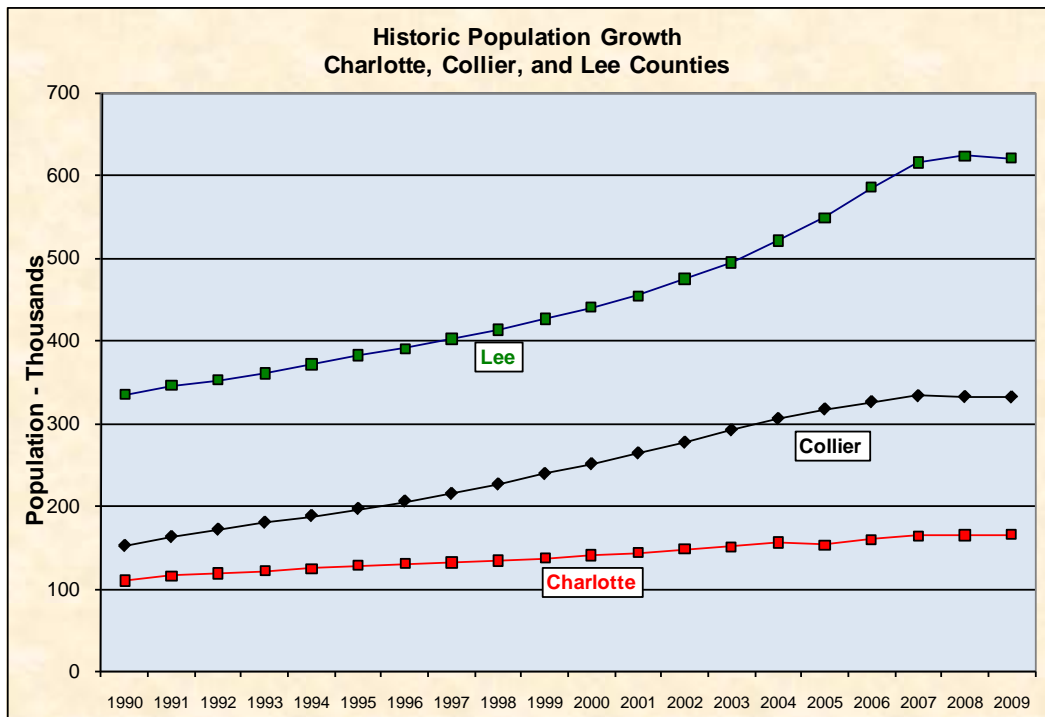
The costs of transportation, other goods and services, medical care, and education/communication continue to show the largest increases from the prior year. The year-to-year increase in transportation costs was driven by a 35-percent increase in motor fuel costs.

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 24 and 25. 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.

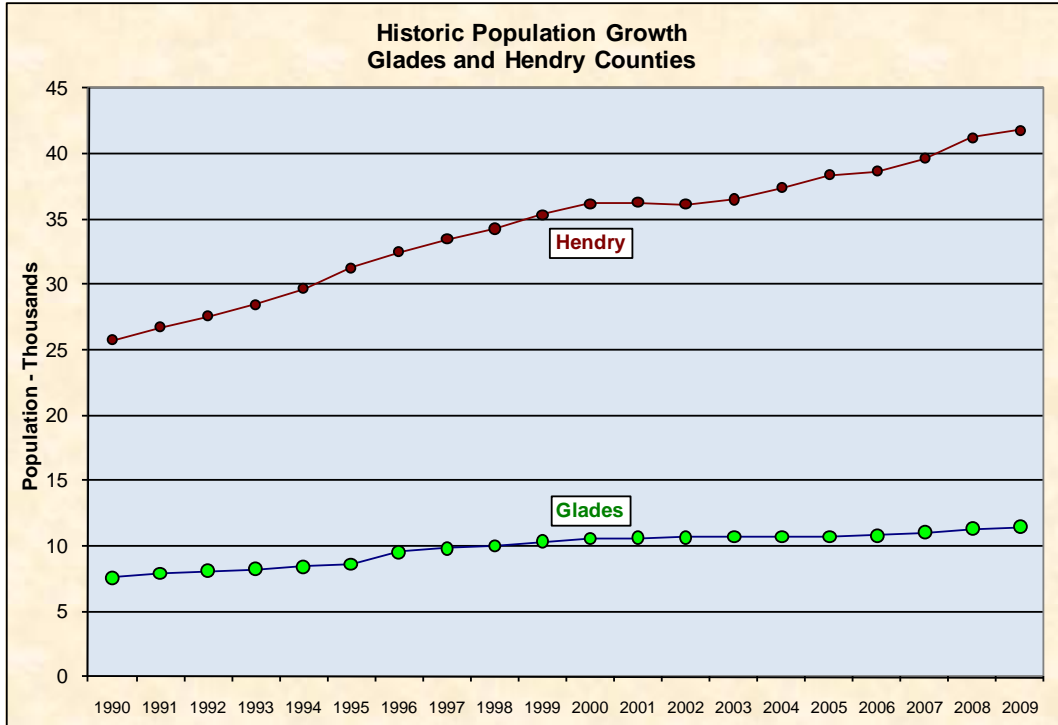
Chart 26 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 2 percent per year for this period, resulting in a 20-year increase of 46 percent. Given the projected slow recovery through 2012, I would not be surprised to see the population growth projections lowered again at the next estimating conference.

Chart 24: Coastal Counties Growth 1990 to 2009



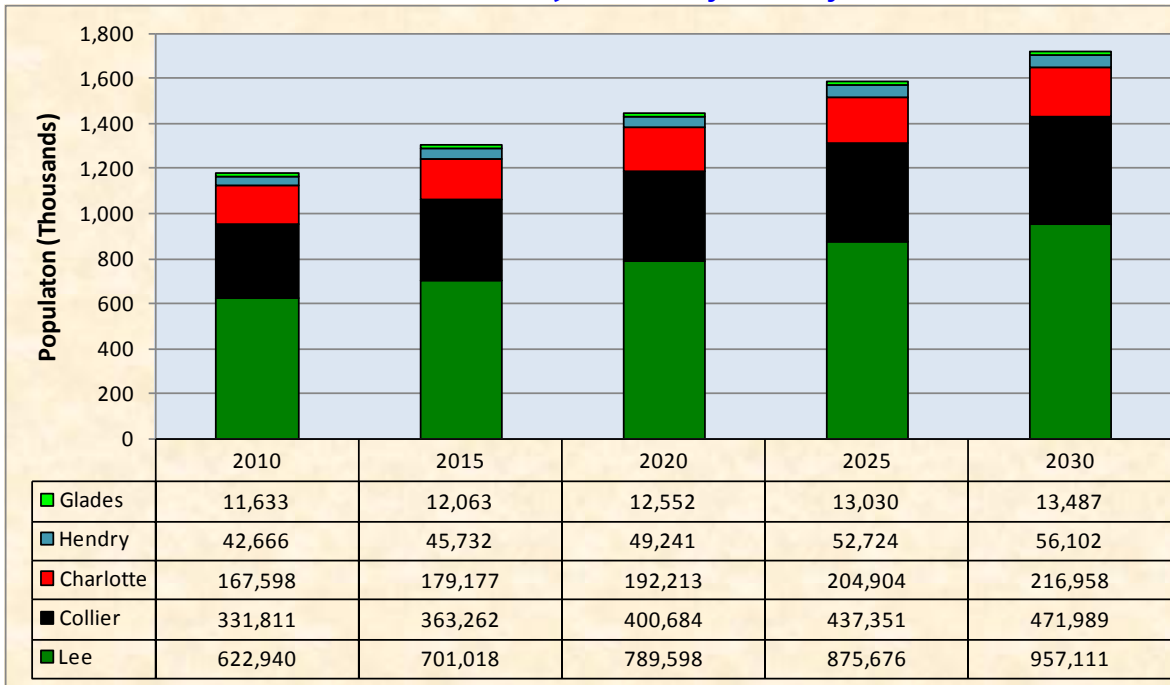
Source: Florida EDR: August 2009

Chart 25: Inland County Growth 1990 to 2009



Source: Florida EDR: August 2009

Chart 26: Projections by County



Source: Florida EDR: August 2009.