

# Southwest Florida Regional Economic Indicators

June 2010



**Regional Economic Research Institute**

Lutgert College Of Business  
Phone 239-590-7319  
Florida Gulf Coast University  
10501 FGCU Blvd. South  
Fort Myers, FL 33965

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Contact Information:

Dr. Gary Jackson, Director, Regional Economic Research Institute

Phone: 239-590-7319 Email: [gjackson@fgcu.edu](mailto:gjackson@fgcu.edu)

Mr. Steven Scheff, Business Analyst, Regional Economic Research Institute

Phone: 239-590-7315 Email: [sscheff@fgcu.edu](mailto:sscheff@fgcu.edu)

Mr. Jim Breitbach, Technical Support

Phone: 239-590-7489 Email: [jbreitba@fgcu.edu](mailto:jbreitba@fgcu.edu)

## Introduction

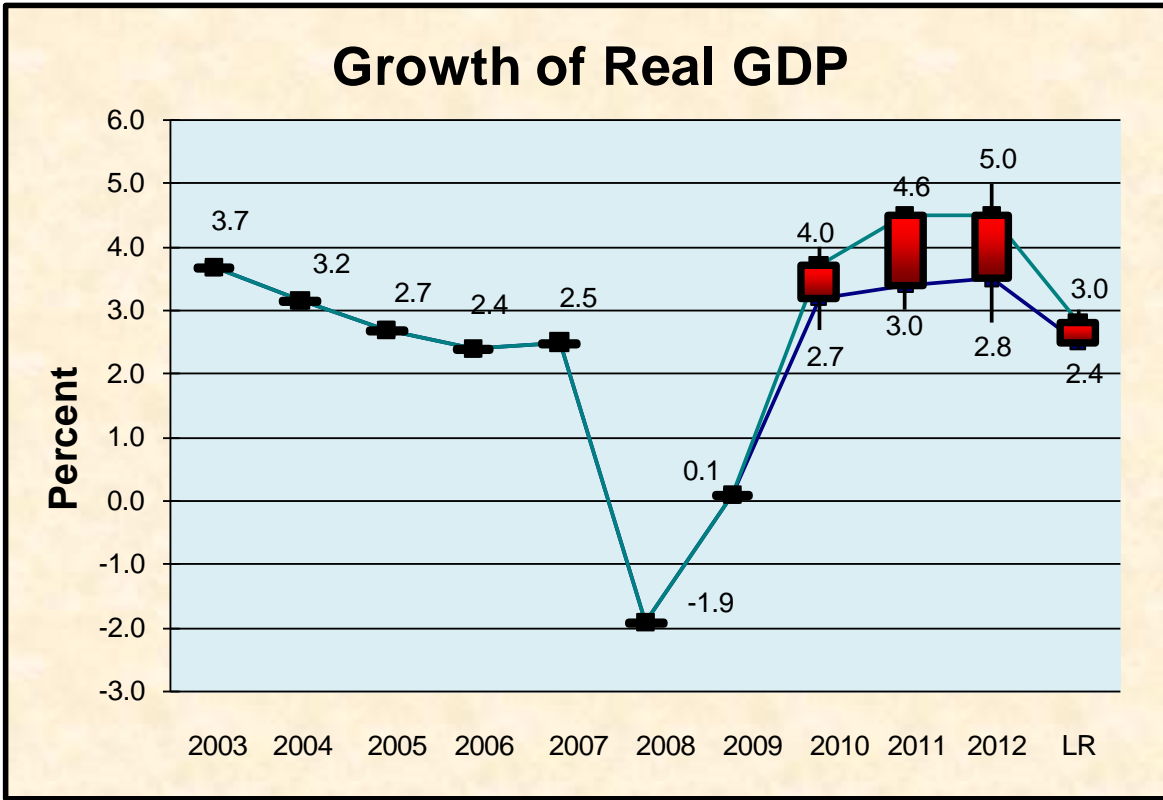
The Federal Reserve's Open Market Committee (FOMC) issued a press release on June 23rd, noting that:

- The economic recovery is proceeding and the labor market is improving gradually;
- Household spending is increasing but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit;
- Business spending on equipment and software has risen significantly, but investment in non-residential structures continues to be weak and employers remain reluctant to add to payrolls;
- Housing starts remain at a depressed level;
- Financial conditions have become less supportive of economic growth, largely reflecting developments abroad;
- Bank lending has continued to contract;
- Nonetheless, the Committee anticipates a gradual return to higher levels of resource utilization in a 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; 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 August 10, 2010.

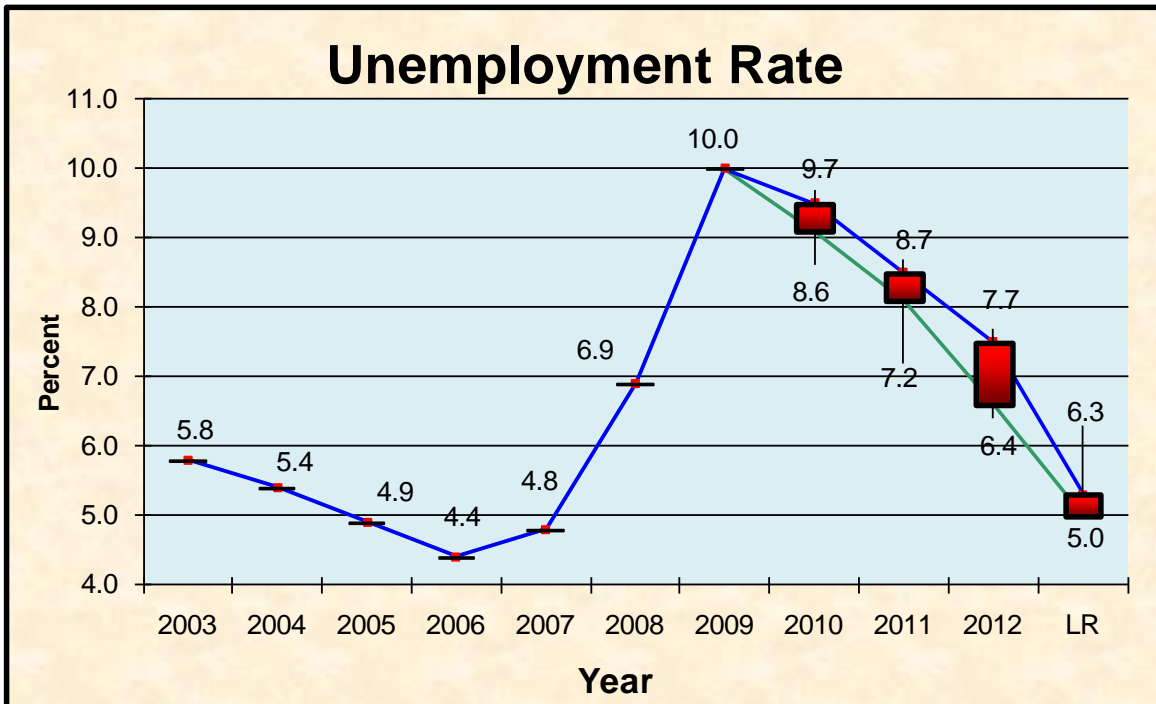
The FOMC's latest economic forecasts were released on May 19th and are shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

The chart below shows the 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 2.7 to 4.0 percent growth in GDP with a central tendency range (red bar) of 3.2 to 3.7 percent. For 2011, the projected Real GDP growth range is 3.0 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 4.5 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, April 27-28, 2010.

As shown in the chart below, national unemployment in 2010 is expected to be slightly lower than 2009, but will remain historically high, in a range of 8.6 to 9.7 percent, with a central tendency (red bar) of 9.1 to 9.5 percent. For 2011, the unemployment rate is expected to be lower in a range of 7.2 to 8.7 percent with a central tendency of 8.1 to 8.5 percent. In 2012, the unemployment range is forecast to be between 6.4 and 7.7 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 5.0 to 6.3 percent with a central tendency of 5.0 to 5.3 percent. The projections for unemployment are for the fourth quarter of each year.



Source: Minutes of the Federal Open Market Committee, April 27-28, 2010.

May unemployment in the Southwest Florida region continues to be high but declined to 12.5 percent in Lee County, 11.2 percent in Collier County, and 12.0 percent in Charlotte County. The unemployment rate may vary some over the next several months but is expected to remain high and to rise some during the slower summer months due to seasonal unemployment.

Continued high levels of 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.

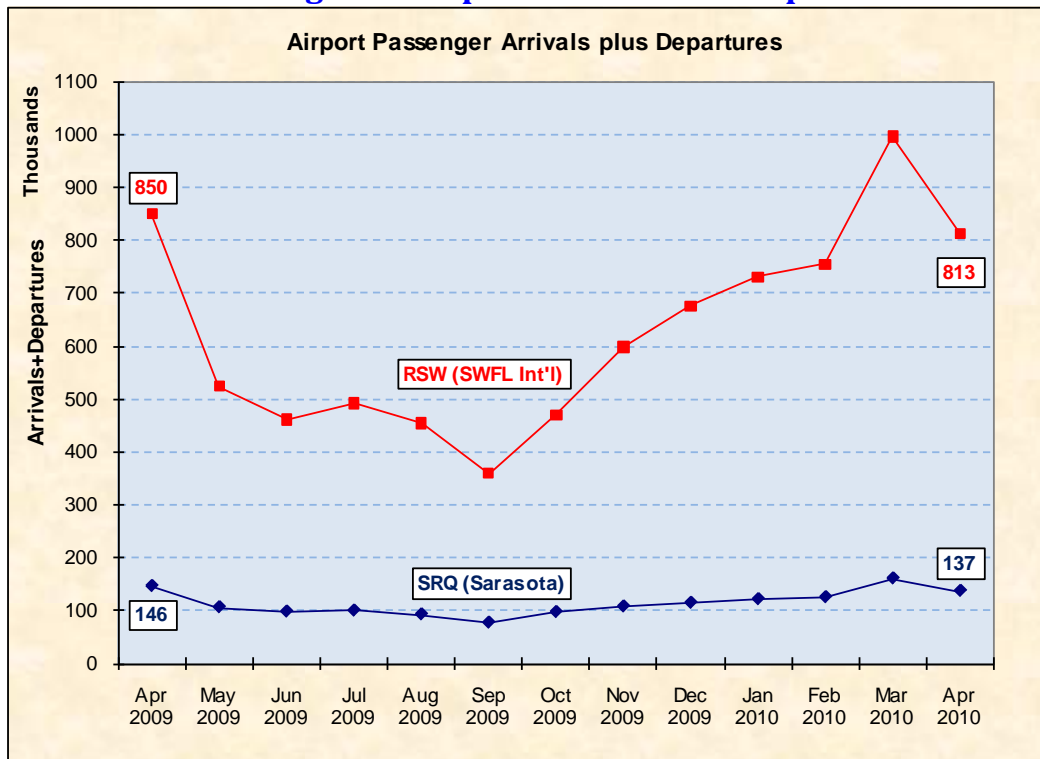
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report, as a way to support its mission and assist the region. The Institute continues to welcome suggestions from our readers, and would like to emphasize our appreciation of, and thanks 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 Convention and Visitors Bureaus of 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.

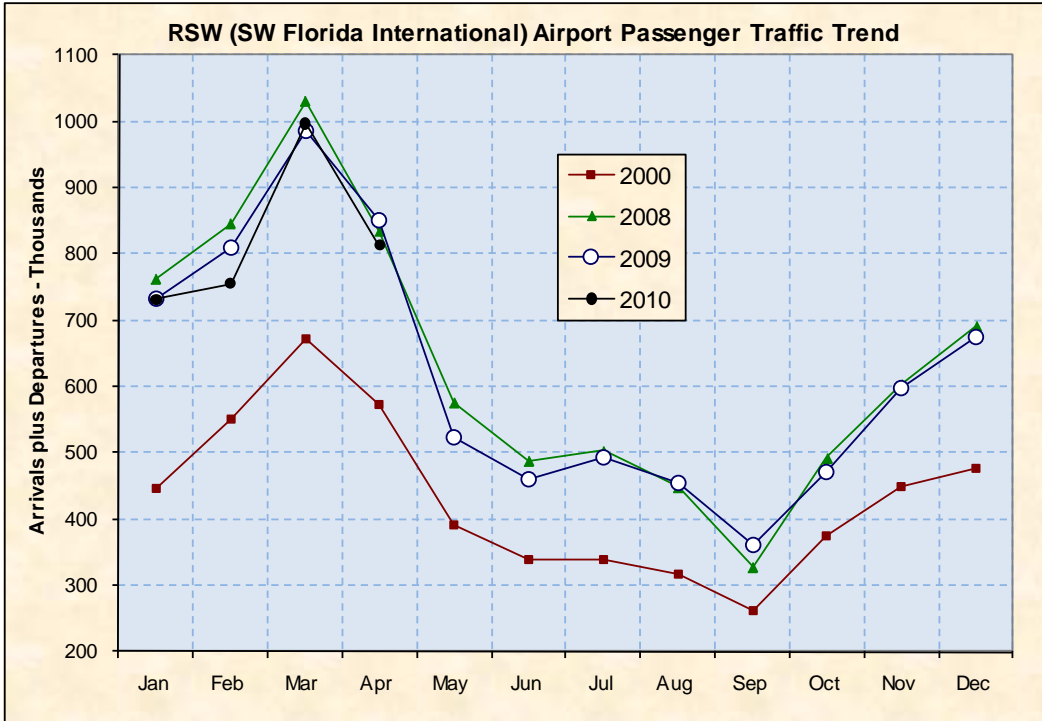
Regional Southwest Florida (RSW) airport is the largest airport in the region, serving national and international destinations. Charts 1 and 2 show RSW airport passenger activity of 813,329 in April 2010, a decrease of 4 percent from April 2009. Sarasota (SRQ) passenger activity declined to 137,186 in April 2010, a decrease of 6 percent from April 2009, as shown in Chart 3. Charlotte County airport recorded passenger activity of 19,390 in April, an increase of 41 percent over April 2009, as shown in Chart 4. Total regional traffic for the three airports showed a seasonal decline of 18 percent from the prior month and a 4 percent decline from April 2009.

**Chart 1: Regional Airport Arrivals and Departures**



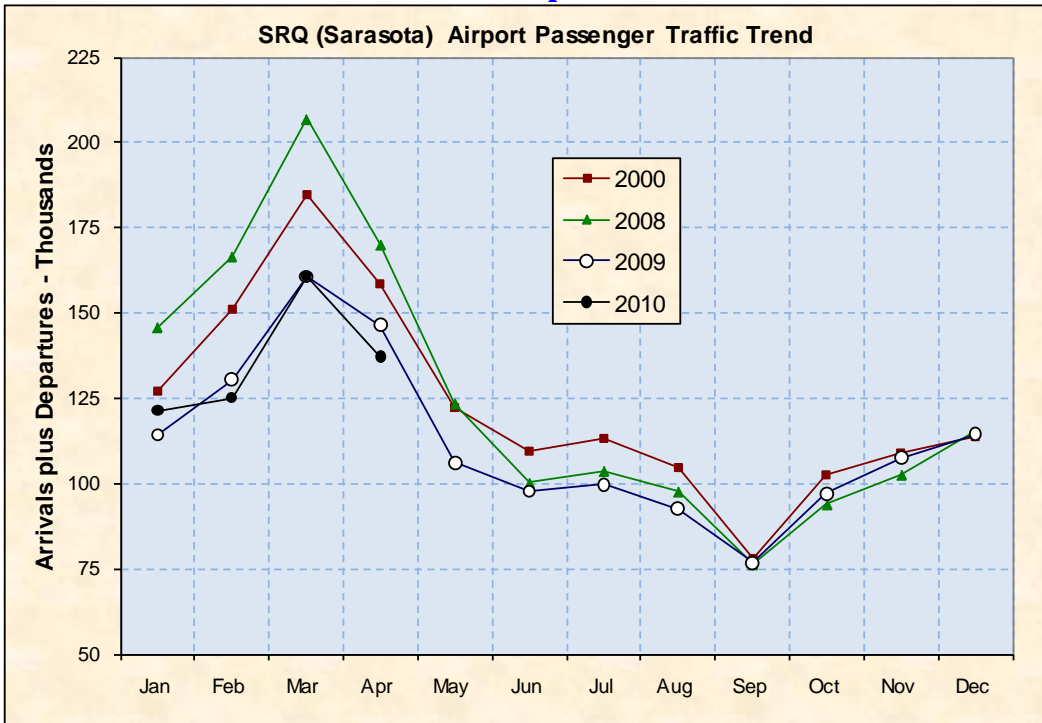
Source: Local Airport Authorities

**Chart 2: RSW Traffic Trend**



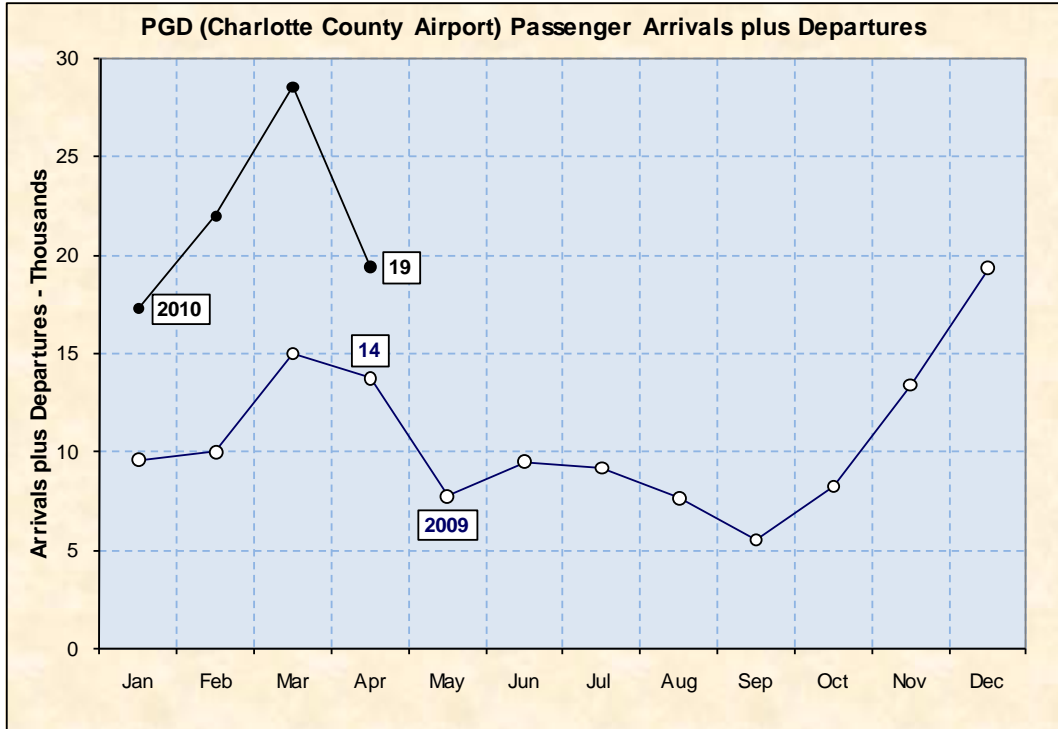
Source: Local Airport Authorities

**Chart 3: Sarasota Airport Traffic Trend**



Source: Local Airport Authorities

**Chart 4: Charlotte County Airport Traffic Trend**



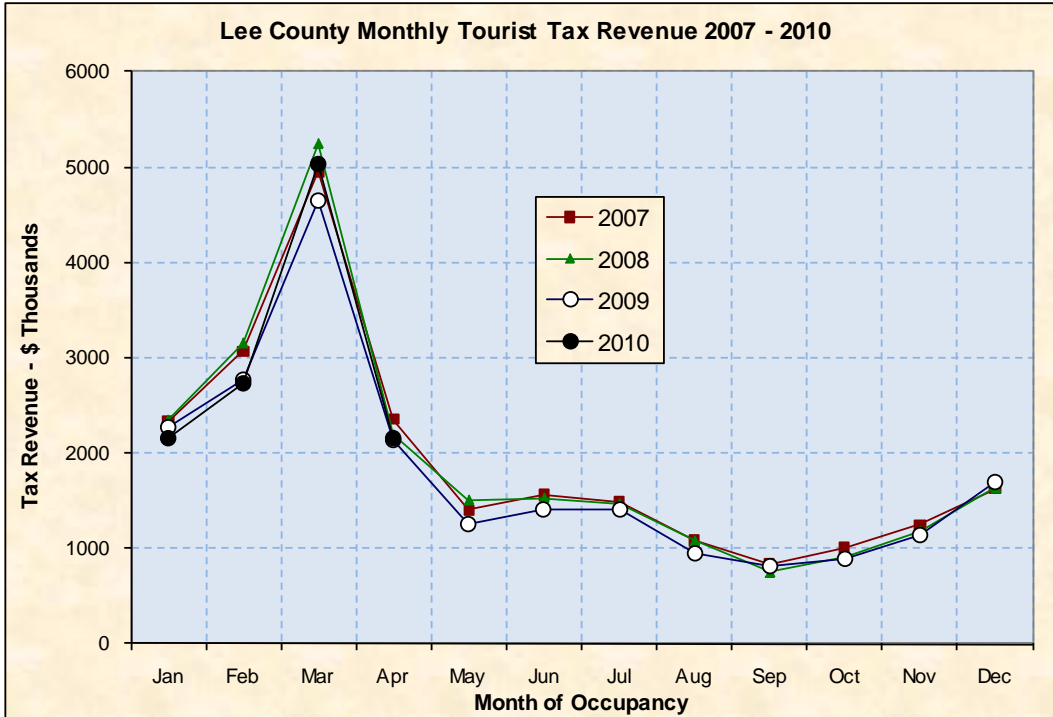
Source: Local Airport Authorities

## Tourism Tax Revenues

Tourism tax revenues for the region showed a typical seasonal decline from March to April 2010, but a 3 percent increase from April 2009. Compared to April 2009, Lee County revenues increased by 1 percent, Collier County was up by nearly 8 percent, and Charlotte County revenues declined by 3 percent. Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy.

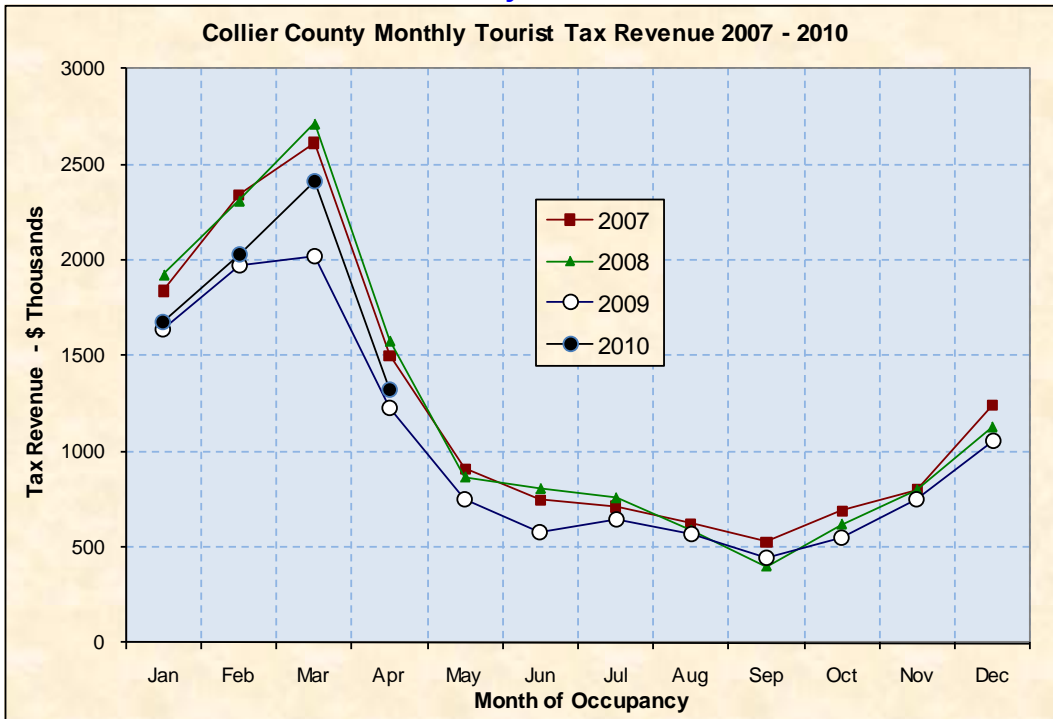


**Chart 5: Lee County Tourism Tax Revenues**



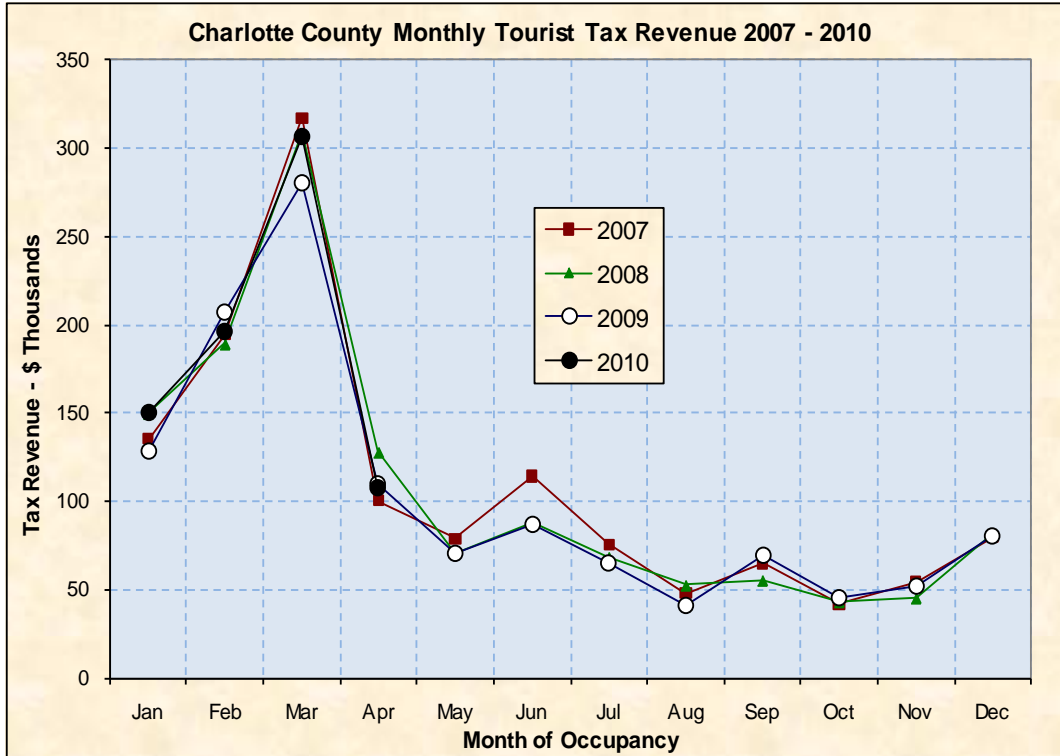
Source: Local County Tourism, Tax, and Economic Development Reports

**Chart 6: Collier County Tourism Tax Revenues**



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

**Chart 7: Charlotte County Tourism Tax Revenues**

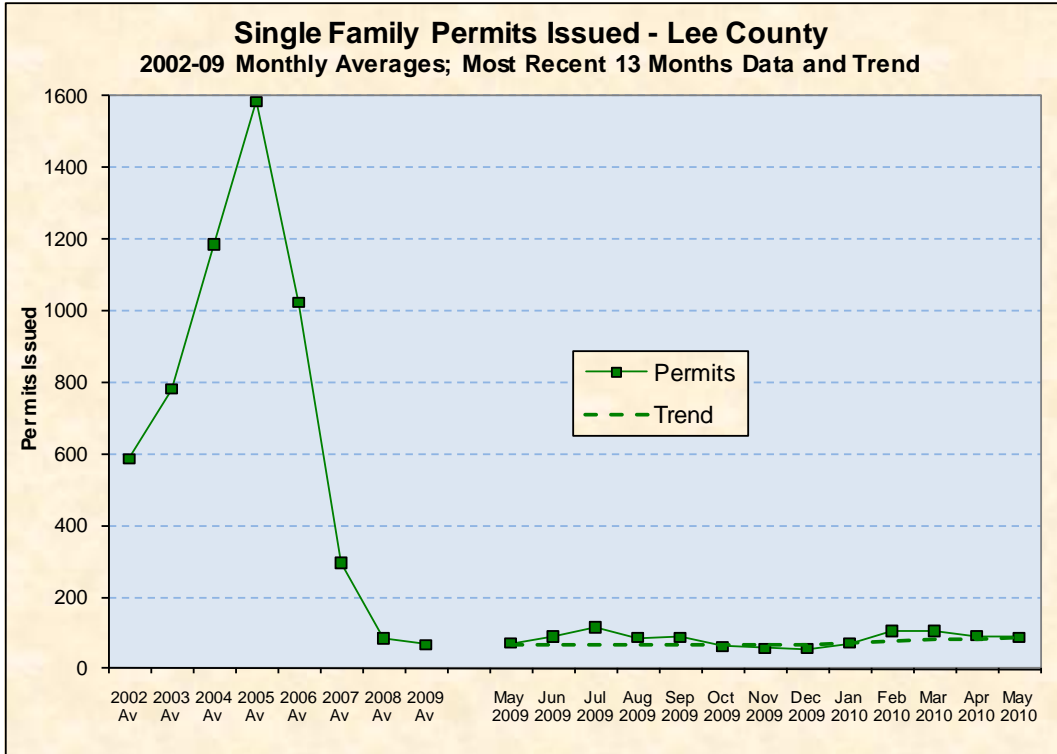


Source: Local County Tourism, Tax, and Economic Development Reports

## Single-Family Building Permits

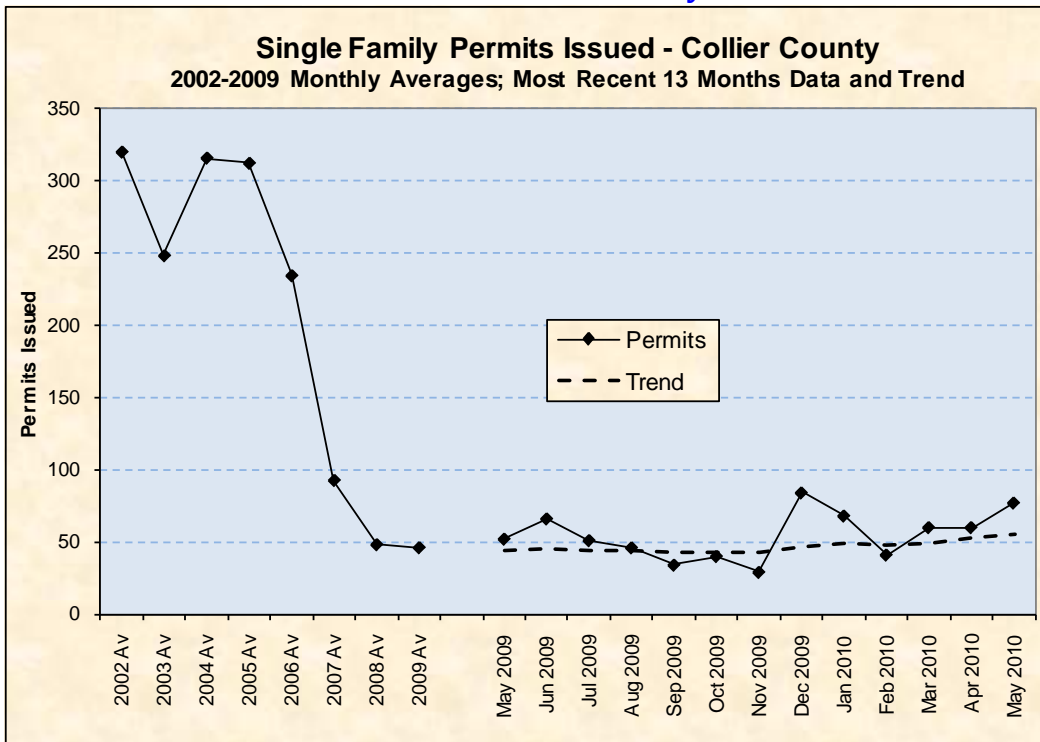
Total single-family home permits for the region show an increase from the same month a year ago. Lee County issued 89 single-family home permits in May 2010, down slightly from 92 in the prior month, but up from 72 in May 2009, as shown in Chart 8. Single-family permits for Collier County totaled 77 in May 2010, compared to 60 in the prior month and 52 one year ago, as shown in Chart 9. Collier County is showing a slight positive trend. Charlotte County data has been updated with revised permit numbers and is shown on Chart 10; the County's single family building permits increased from 16 in May 2009 to 22 in May 2010. A moving average trend line for the latest 12 months is shown on each chart.

**Chart 8: Lee County**



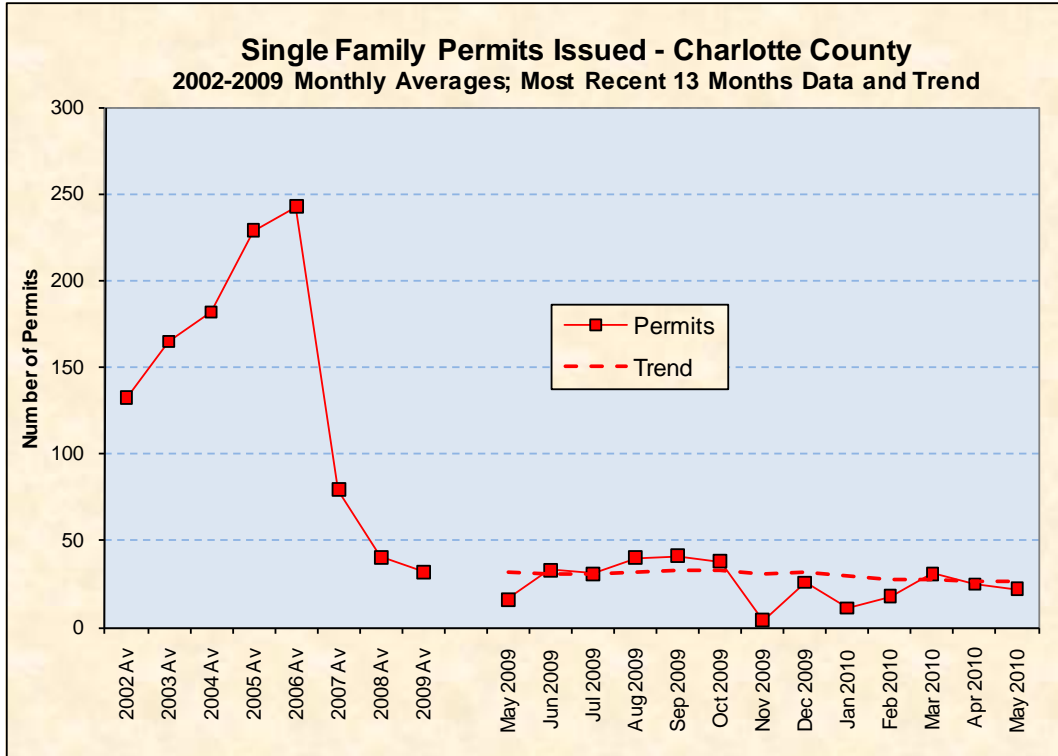
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

**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.

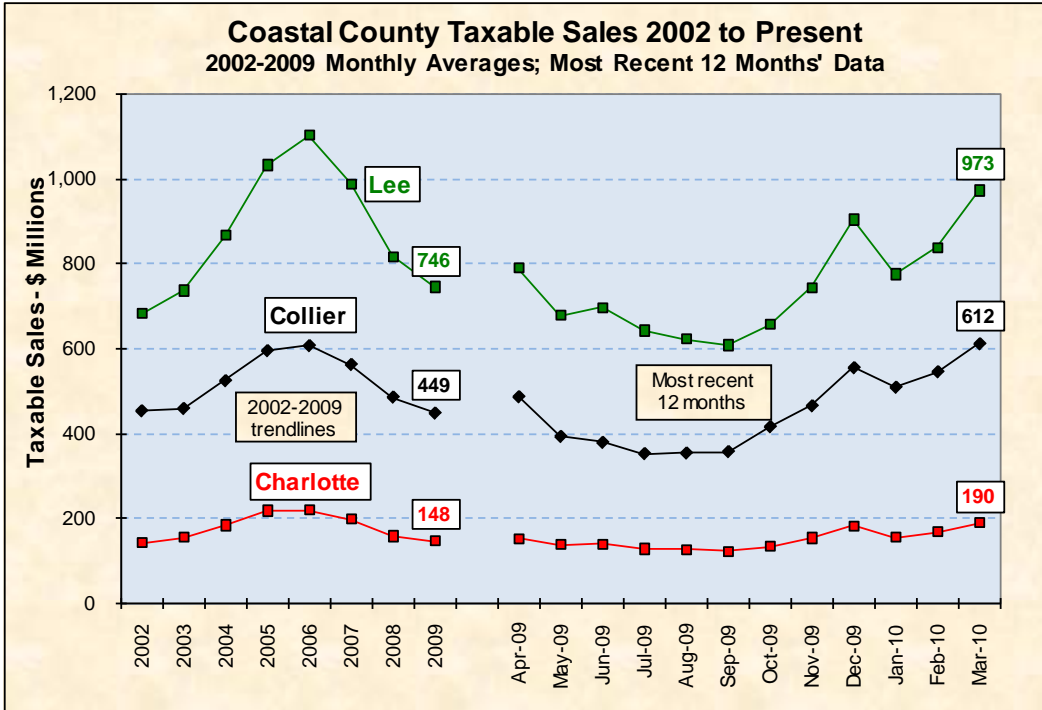
## Taxable Sales

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, March is the latest collection month plotted on the following charts.

March taxable sales generally show an increase over the prior month of February, and this year's taxable sales followed the same trend; i.e., up 14 percent for the five counties. Taxable sales for the Coastal Counties are shown in Chart 11. Charlotte County saw taxable sales rise to \$190 million in March 2010, an increase of 7 percent from March 2009. Lee County taxable sales were \$973 million in March 2010, a 4-percent increase over March 2009. Collier County's taxable sales were \$612 million in March 2010, a 6-percent increase from March 2009.

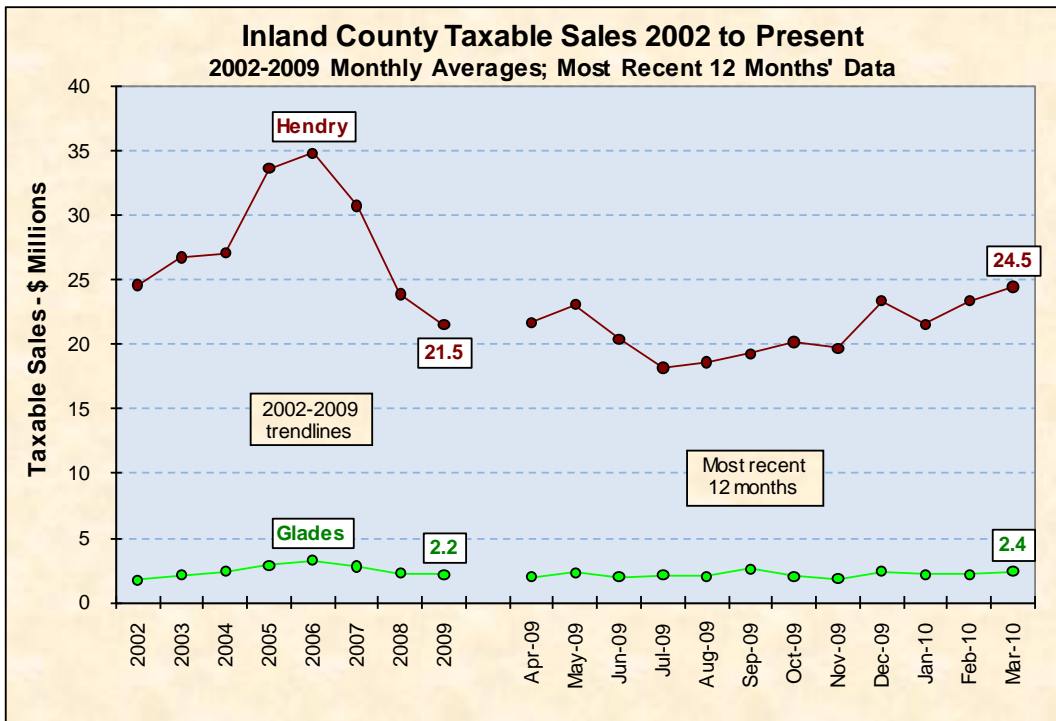
Chart 12 shows taxable sales for Glades and Hendry Counties. Its scale is not the same as Chart 11. Glades County reported March 2010 taxable sales of \$2.4 million, approximately the same as March 2009. Hendry County had taxable sales of \$24.5 million, a 4-percent decline from a year ago. Charts 13, 14, and 15 show the trends in the percentage change in taxable sales from the same month a year earlier.

**Chart 11: Taxable Sales for Coastal Counties**



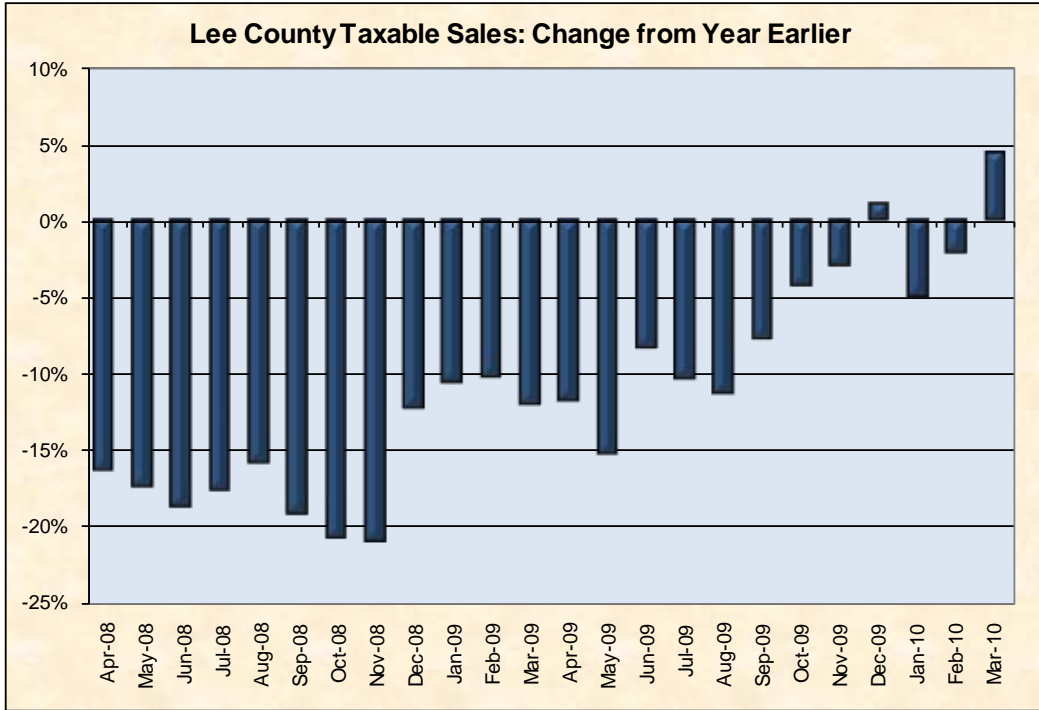
Source: Florida Department of Tax Research

**Chart 12: Taxable Sales for Inland Counties**



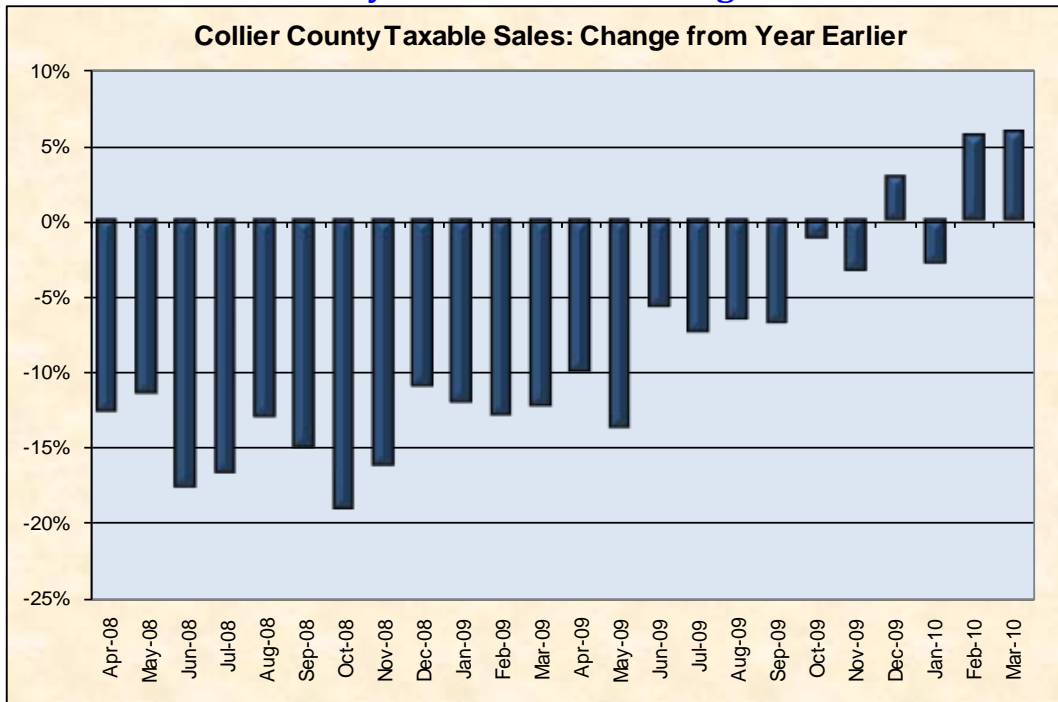
Source: Florida Department of Tax Research

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



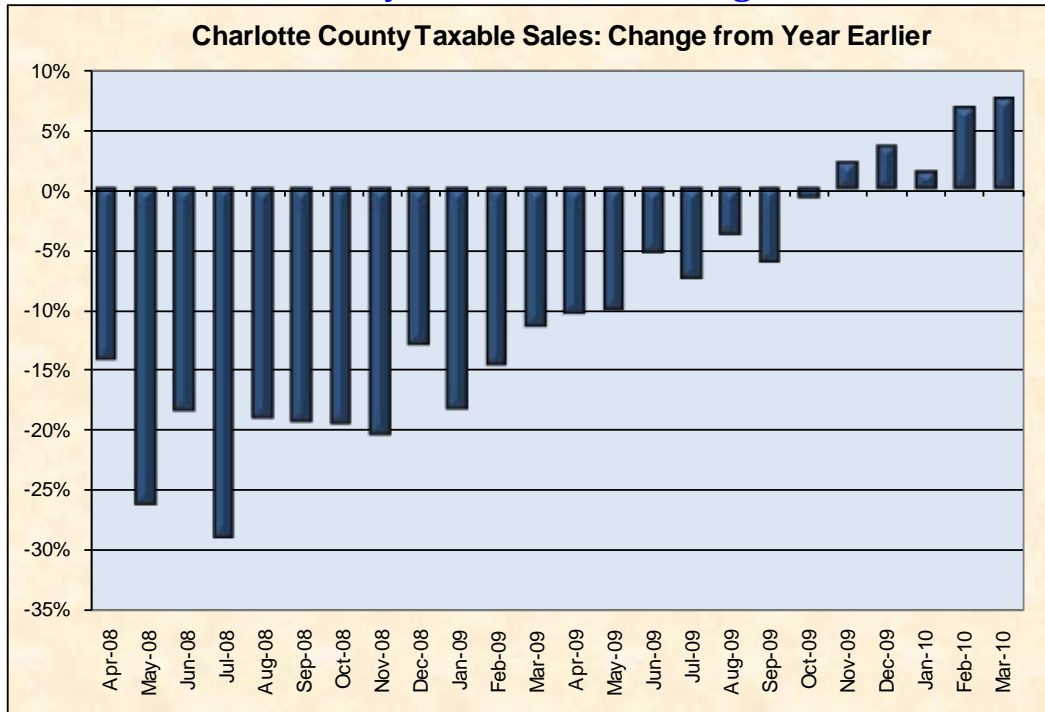
Source: Florida Department of Tax Research

**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

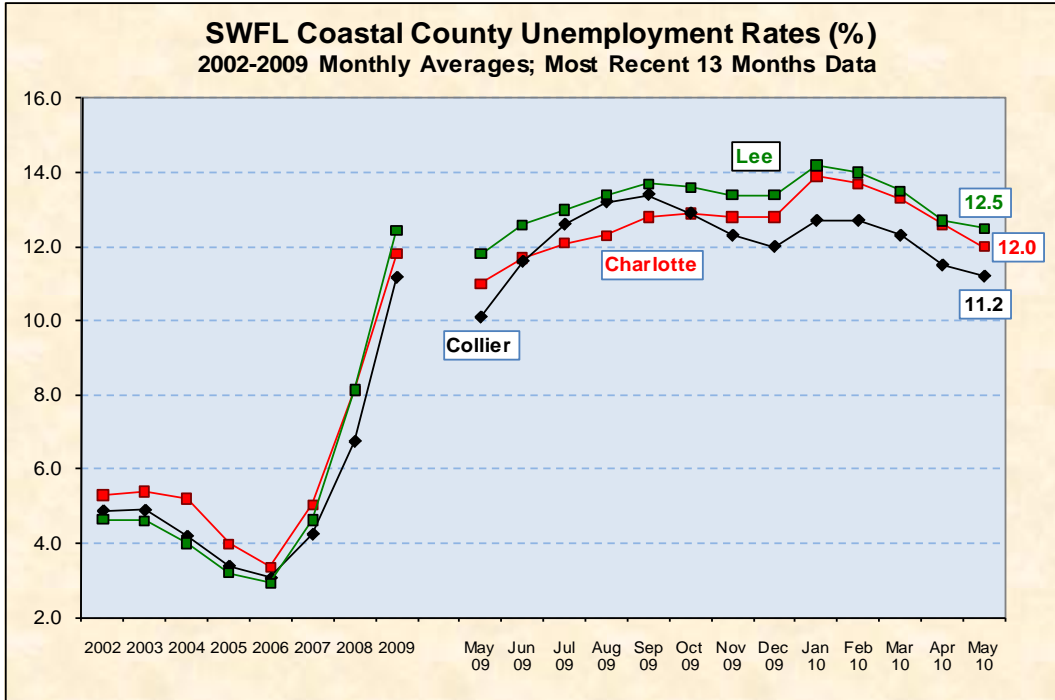
May 2010 unemployment rates remain historically high but decreased from April in the more populous coastal counties. Chart 17 shows the coastal county unemployment rates by year from 2002 to 2009 and the most current monthly unemployment rates over the last 13 months. Lee County's unemployment level fell from 12.7 percent in April 2010 to 12.5 percent in May. Charlotte County's unemployment fell from 12.6 percent in April 2010 to 12.0 percent in May. Collier County's unemployment rate edged down from 11.5 percent in April 2010 to 11.2 percent in May.

Glades and Hendry County unemployment trends are shown in Chart 18. Hendry County's unemployment rate increased from 13.3 percent in April 2010 to 13.7 percent in May, while Glades County's unemployment increased from 10.9 percent in April 2010 to 11.2 percent in May.

Florida's May unemployment rate was 11.2 percent, the same figure as reported for the previous month. The national unemployment rate fell from 9.5 percent in April to 9.3 percent in May. The seasonally-adjusted unemployment rate for the nation held constant at 9.7 percent. The unemployment rates reported in this report are not seasonally adjusted unless otherwise noted.

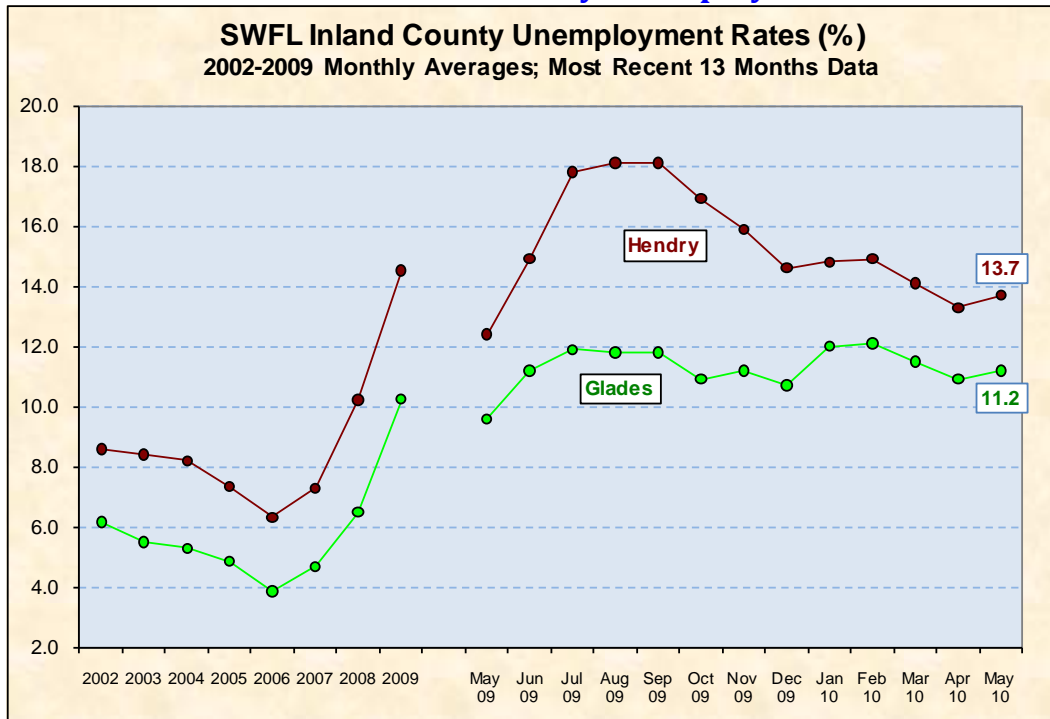
Unemployment rates for all five counties are averaging one to two percentage points higher than the corresponding period a year earlier, as shown in Charts 16, 17, and 18. Unemployment rates above 5 or 6 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends. The forecast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

**Chart 16: Coastal County Unemployment**



Source AWI

**Chart 17: Inland County Unemployment**



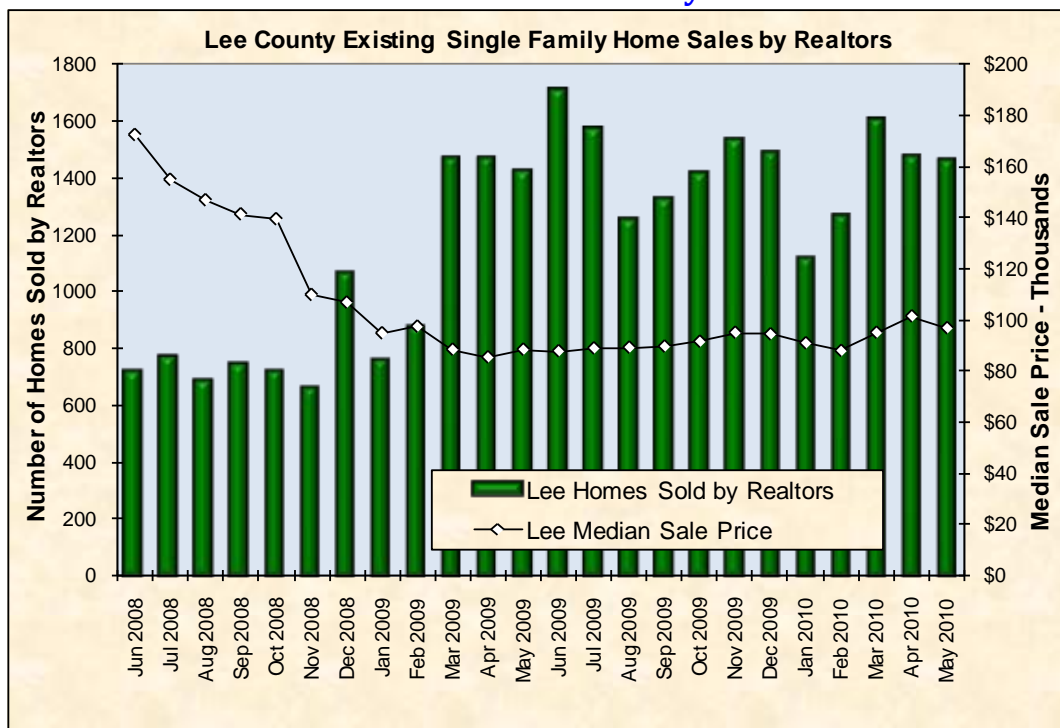
Source AWI



## Sales of Single-Family Existing Homes and Median Sales Price

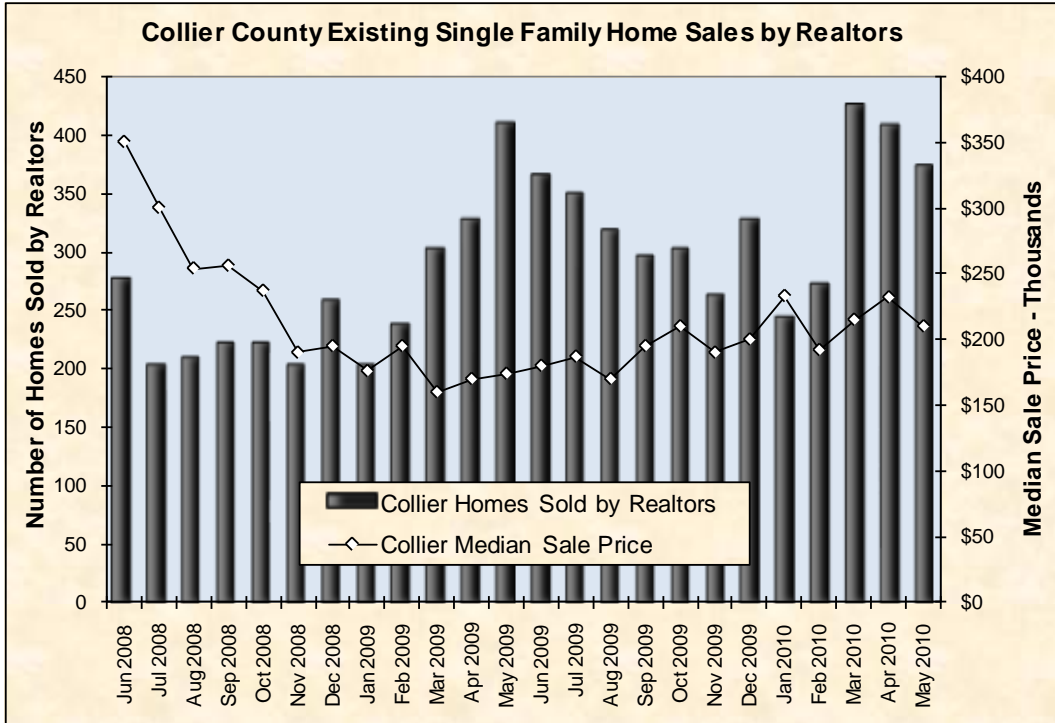
REALTOR sales of existing single-family homes slowed slightly in May 2010 with median housing prices declining in each of the coastal counties. Lee County had sales of 1,460 single-family homes at a median price of \$96,900 in May 2010, compared to sales of 1,473 and a median price of \$101,500 in the previous month, as shown in Chart 18. Collier County's existing single-family REALTOR sales were 373 in May 2010, down from 407 in April, with the median price declining from \$232,000 to \$210,000, as shown in Chart 19. Charlotte County's existing single-family home sales edged up from 290 in April 2010 to 293 in May, albeit with a median price decrease from \$114,500 to \$103,900, as shown in Chart 20. Total May sales for the three counties were nearly the same as the year ago figure (2,126 versus 2,131), while median prices showed year-over-year increases from May 2009 between 7 and 21 percent.

**Chart 18: Lee County**



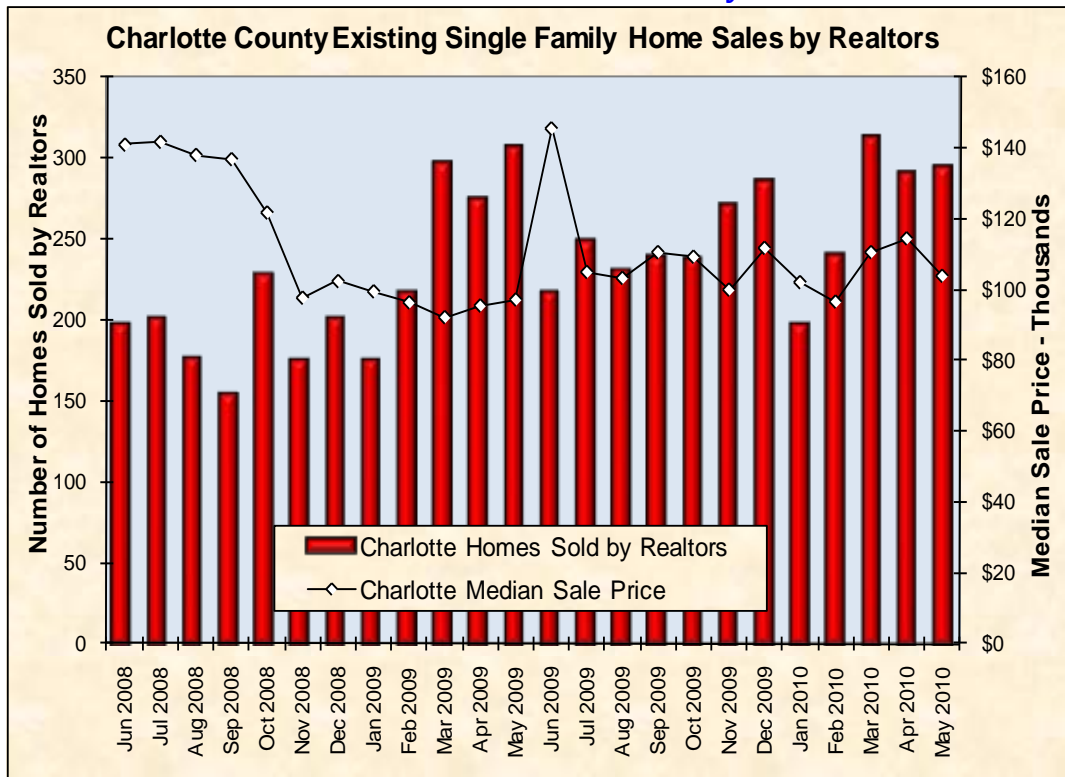
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

**Chart 19: Collier County**



Source: Naples Area Board of Realtors® (NABOR) [www.naplesarea.com](http://www.naplesarea.com)

**Chart 20: Charlotte County**

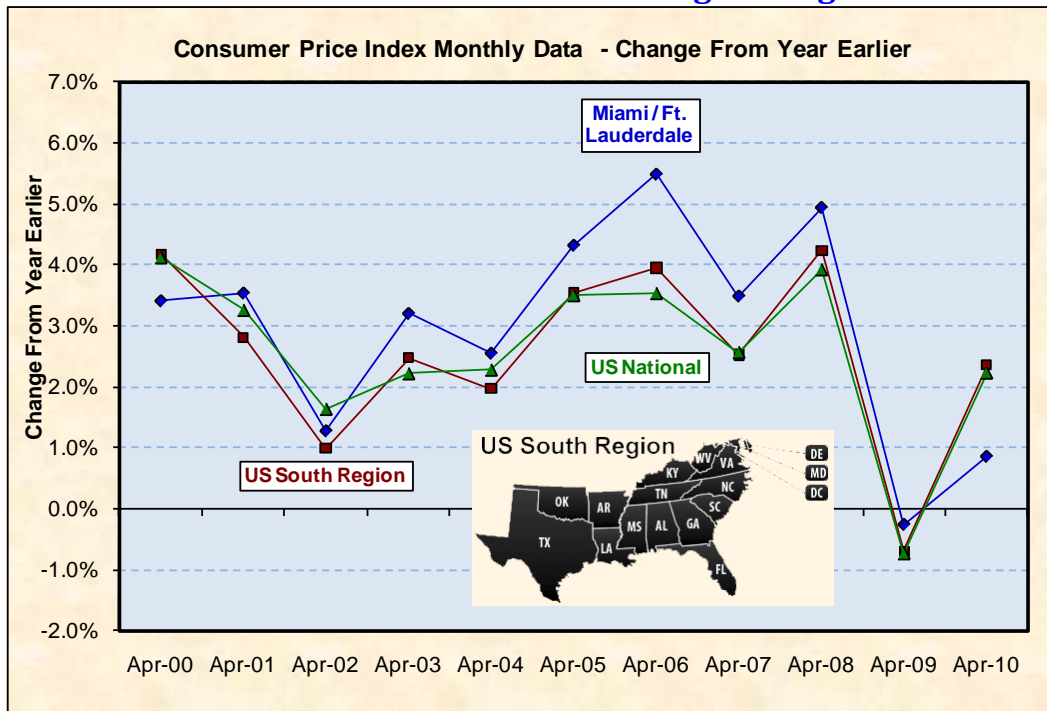


Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

## Consumer Price Index

Consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 21. The Miami-Fort Lauderdale area CPI is collected every two months and is the closest reporting location to Southwest Florida. Data should be updated in time for next month's issue. As previously reported, the national CPI increased 2.2 percent from April 2009 to April 2010. The South region increased at a 2.4 percent rate and the Miami/Fort Lauderdale index rose only 0.9 percent.

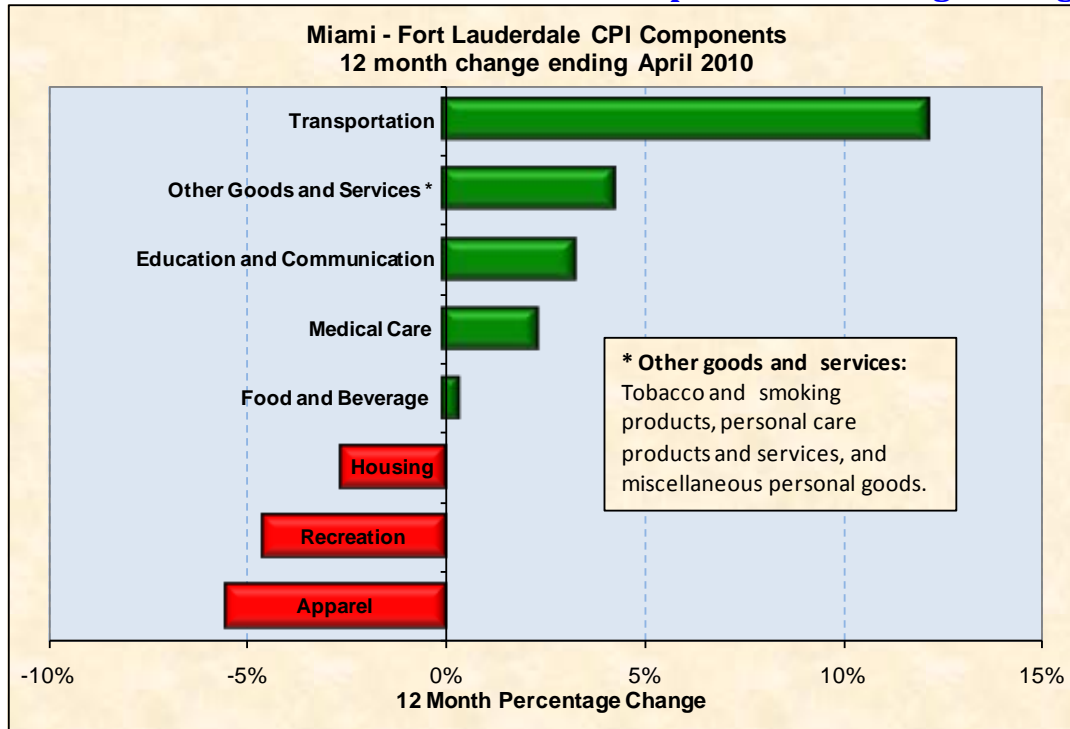
**Chart 21: CPI Annual Percentage Change**



Source: BLS

The overall Miami-Fort Lauderdale Consumer Price Index for the 12 months ending April 2010 is broken down into the components contributing to the price changes, shown in Chart 22.

## Chart 22: Miami-Fort Lauderdale CPI Component Percentage Change



Source: BLS

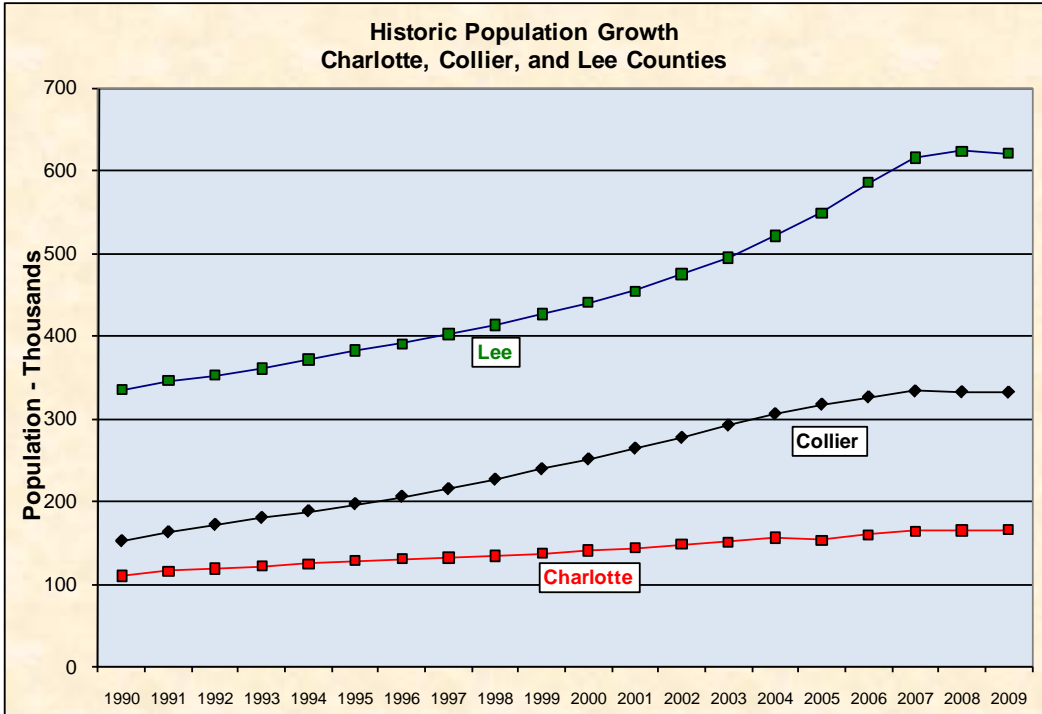
The costs of transportation, other goods and services, education and communication, and medical care continue to show the largest increases from the prior year. The year-to-year increase in transportation costs was driven by a 35-percent increase in motor fuel costs.

## 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 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.

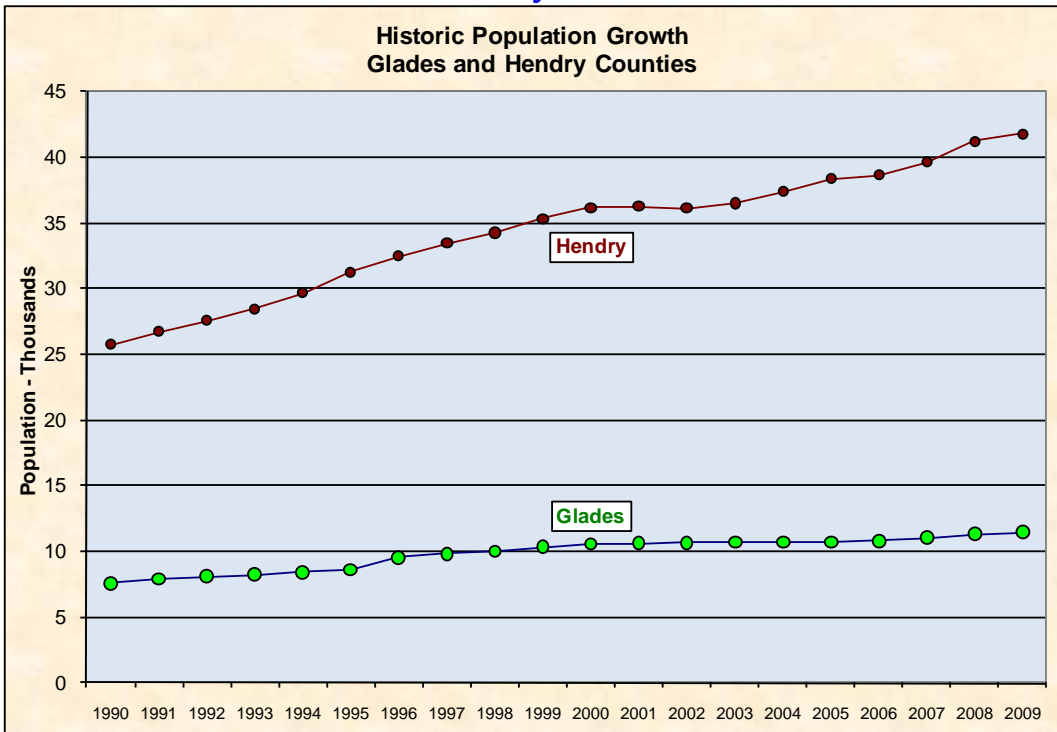
Chart 25 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 2 percent per year for this period, resulting in a 20-year increase of 46 percent. Given the projected slow recovery through 2012, I would not be surprised to see the population growth projections lowered again at the next estimating conference.

**Chart 23: Coastal Counties Growth 1990 to 2009**



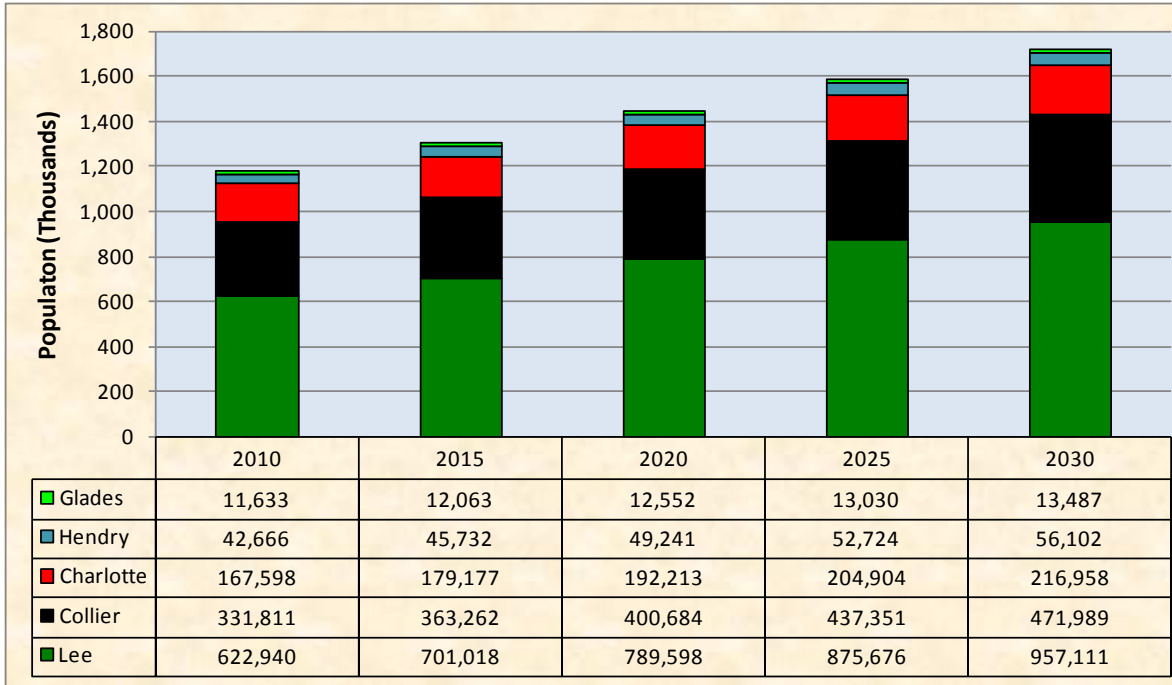
Source: Florida EDR: August 2009

**Chart 24: Inland County Growth 1990 to 2009**



Source: Florida EDR: August 2009

Chart 25: Projections by County



Source: Florida EDR: August 2009.