

Southwest Florida Regional Economic Indicators

July 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

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

Phone: 239-590-7315 Email: sscheff@fgcu.edu

Mr. Jim Breitbach, Technical Support

Phone: 239-590-7489 Email: jbreitba@fgcu.edu

Introduction

Congress passed and President Obama signed into law on July 21st the new Dodd-Frank Wall Street Reform and Consumer Protection financial reform bill. In remarks to Congress on July 21 and 22, Chairman Ben Bernanke stated, " That legislation represents significant progress toward reducing the likelihood of future financial crises and strengthening the capacity of financial regulators to respond to risks that may emerge." The bill lays out a new framework for regulation, but as the Chairman stated, "Much work remains to be done, both to implement through regulation the extensive provisions of the new legislation and to develop the macroprudential approach called for by the Congress. "

As reported last month, the Federal Reserve's Open Market Committee (FOMC) issued a press release on June 23rd, noting that:

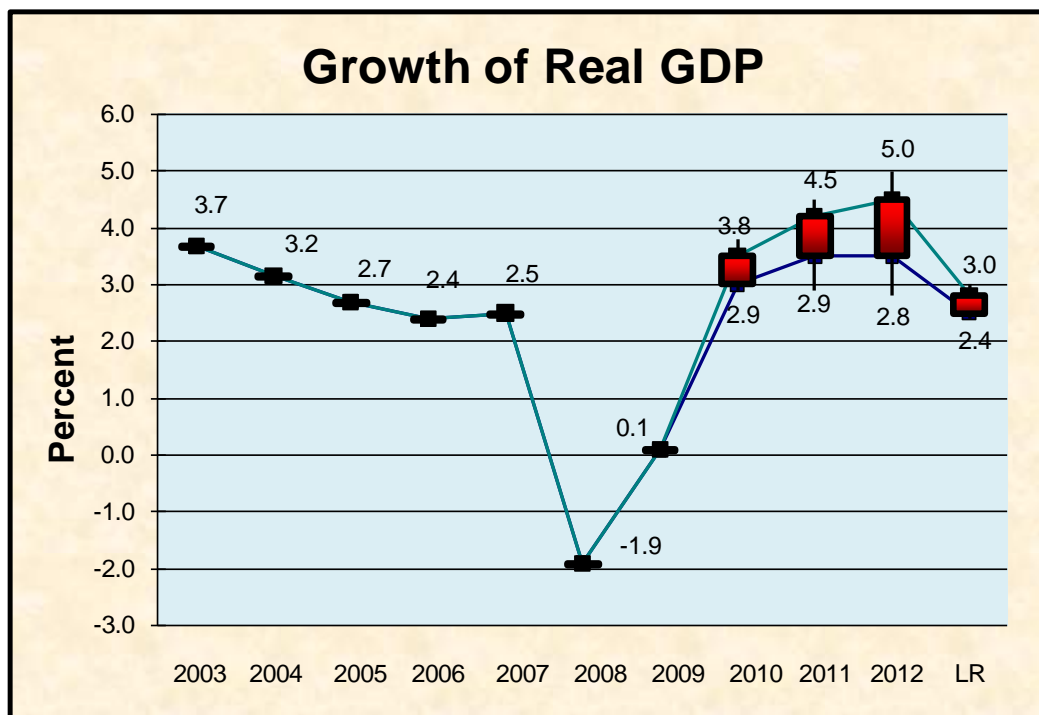
- The economic recovery is proceeding and the labor market is improving gradually;
- Household spending is increasing but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit;
- Business spending on equipment and software has risen significantly, but 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 July 14th 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.

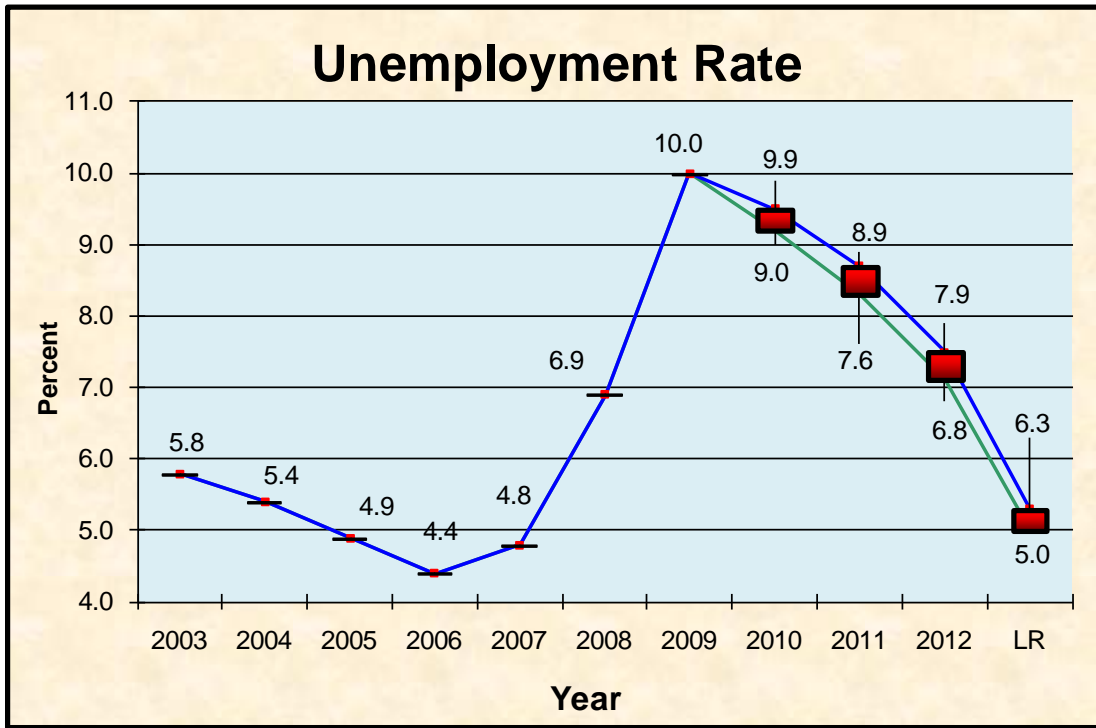
The chart below shows the recovery starting in 2010, but it will be several years before the economy returns to a more normal long-run trend ("LR"). Real GDP growth projections for 2010, 2011, and 2012

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 2.9 to 3.8 percent growth in GDP with a central tendency range (red bar) of 3.0 to 3.5 percent. For 2011, the projected Real GDP growth range is 2.9 to 4.5 percent with a central tendency of 3.5 to 4.2 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, June 22-23, 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 9.0 to 9.9 percent, with a central tendency (red bar) of 9.2 to 9.5 percent. For 2011, the unemployment rate is expected to be lower in a range of 7.6 to 8.9 percent with a central tendency of 8.3 to 8.7 percent. In 2012, the unemployment range is forecast to be between 6.8 and 7.9 percent with a central tendency of 7.1 to 7.5 percent. 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, June 22-23, 2010.

June unemployment in the Southwest Florida region continues to be historically high, rising to 13.0 percent in Lee County, 12.3 percent in Collier County, and 12.4 percent in Charlotte County as temporary census workers completed their assignments and the region moves into the slower summer season. Regional indicators are somewhat mixed. The national economy is slowly recovering and we can expect slow improvement in our local economy. Households remain concerned about the high level of unemployment, as indicated by the Conference Board's Consumer Confidence Index which declined to 52.9 in June from 62.7 in the prior month, only slightly above the 49.3 figure of June 2009.

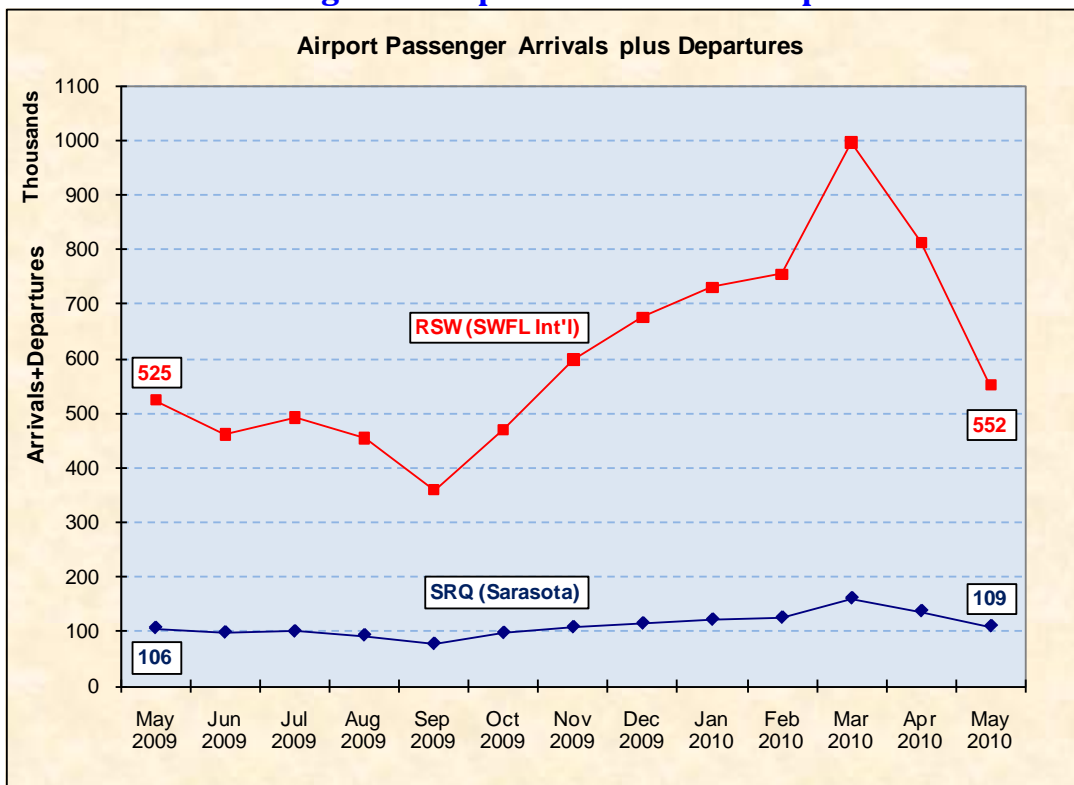
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report, as a way to support its mission and assist the region. The Institute continues to welcome suggestions from our readers, and would like to emphasize our appreciation of, and thanks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

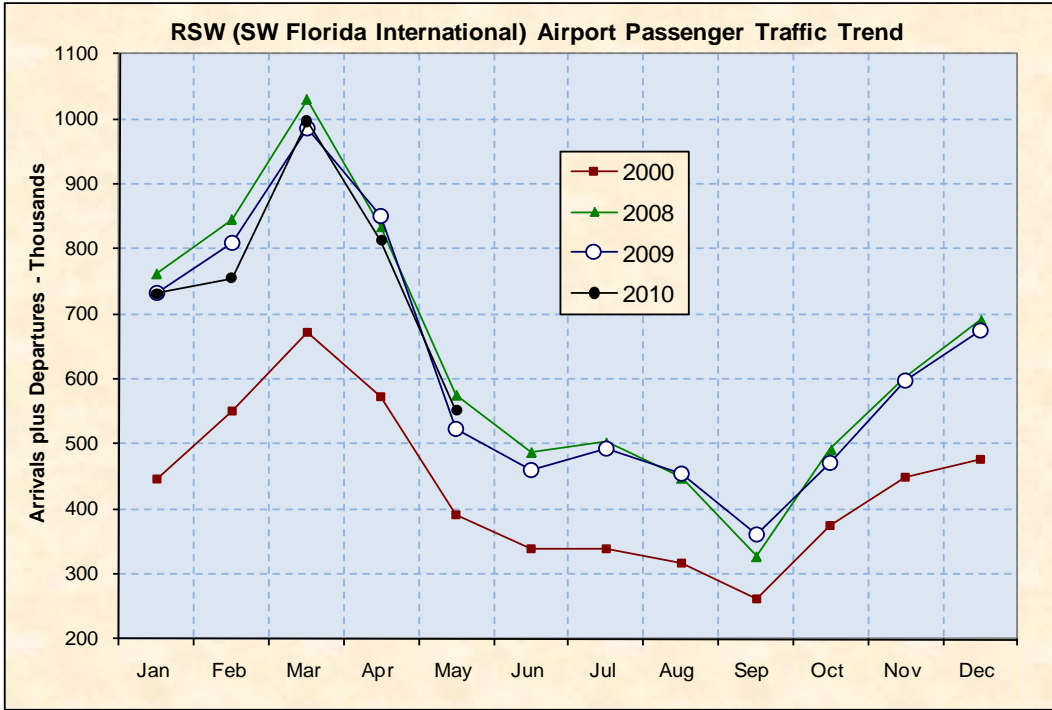
Regional Southwest Florida (RSW) airport is the largest airport in the region, serving national and international destinations. Charts 1 and 2 show RSW airport passenger activity of 552,105 in May 2010, a 5-percent increase over May 2009. Sarasota (SRQ) passenger activity rose to 109,447 in May 2010, an increase of 3 percent from May 2009, as shown in Chart 3. Charlotte County airport recorded passenger activity of 6,629 in May, a decline of 15 percent over May 2009, as shown in Chart 4. Total traffic for the three airports showed a seasonal decline of 31 percent from the prior month but a 5-percent increase over the May 2009.

Chart 1: Regional Airport Arrivals and Departures



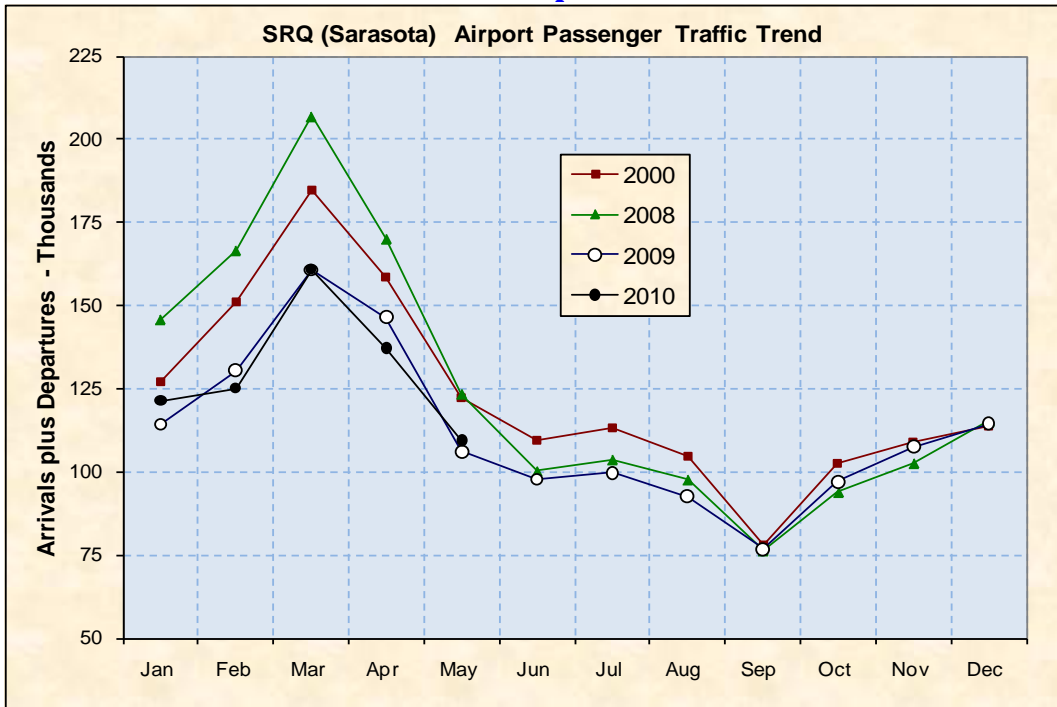
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



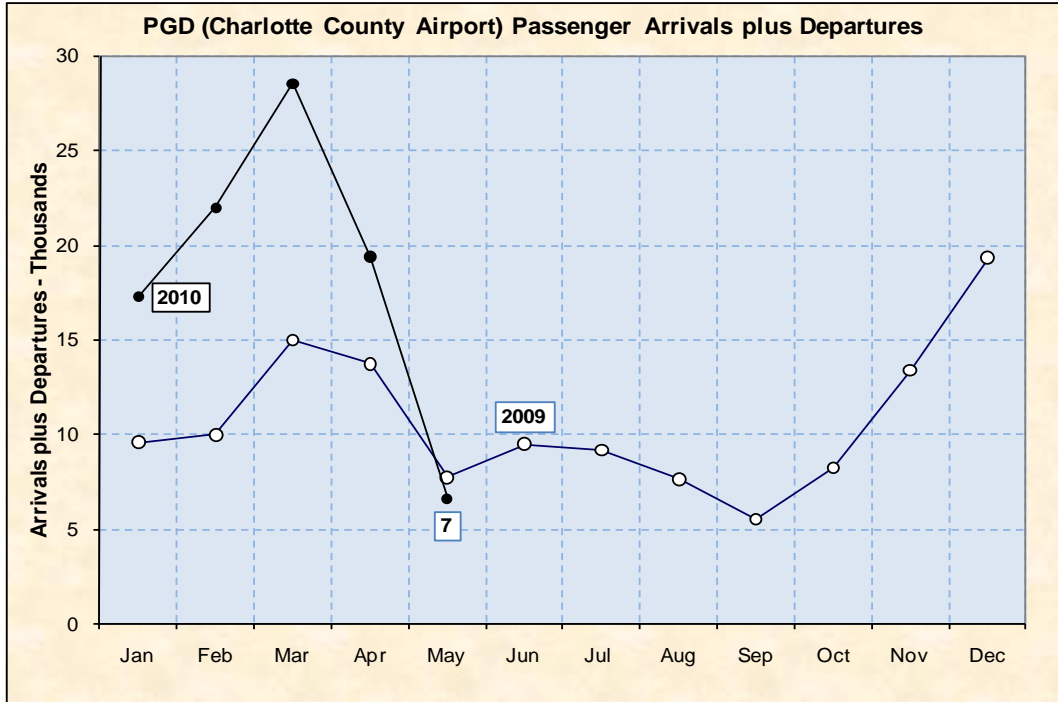
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend

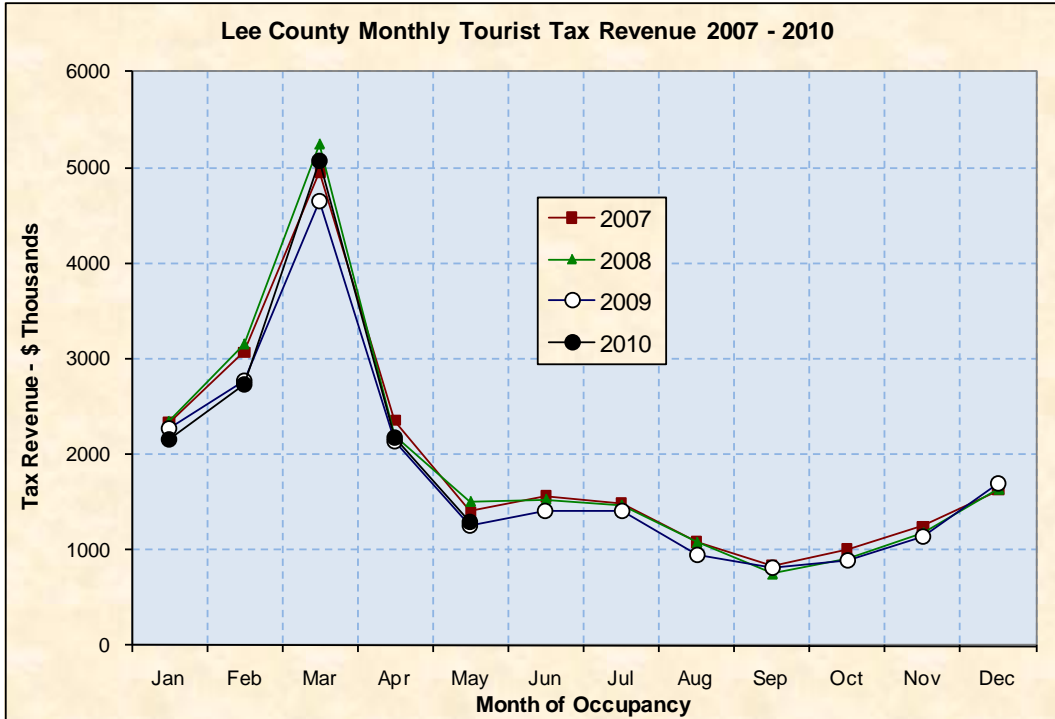


Source: Local Airport Authorities

Tourism Tax Revenues

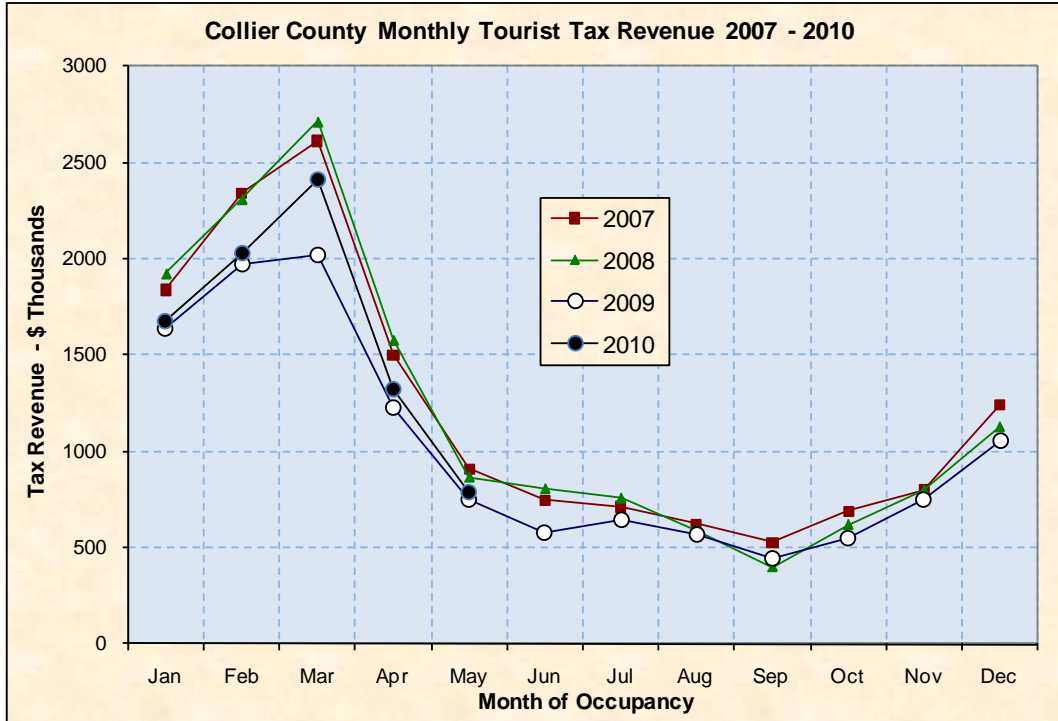
Tourism tax revenues for the region showed a typical seasonal decline from April to May 2010. Compared to May 2009, Lee County revenues increased by 2 percent, Collier County was up by 5 percent, and Charlotte County revenues declined by 10 percent. Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy.

Chart 5: Lee County Tourism Tax Revenues



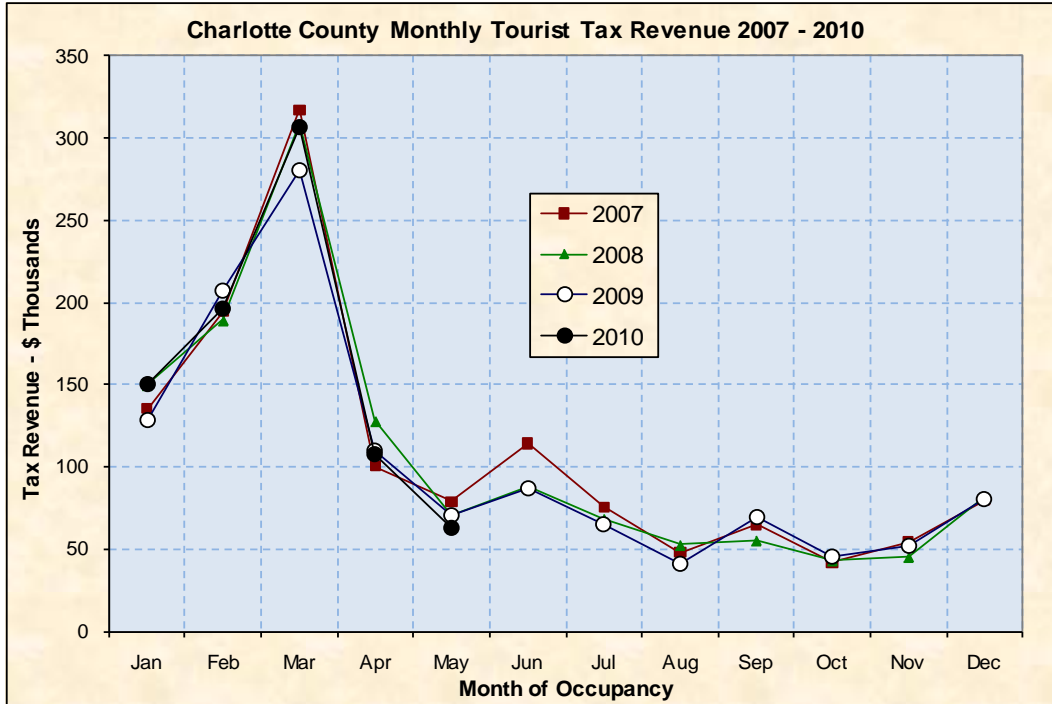
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

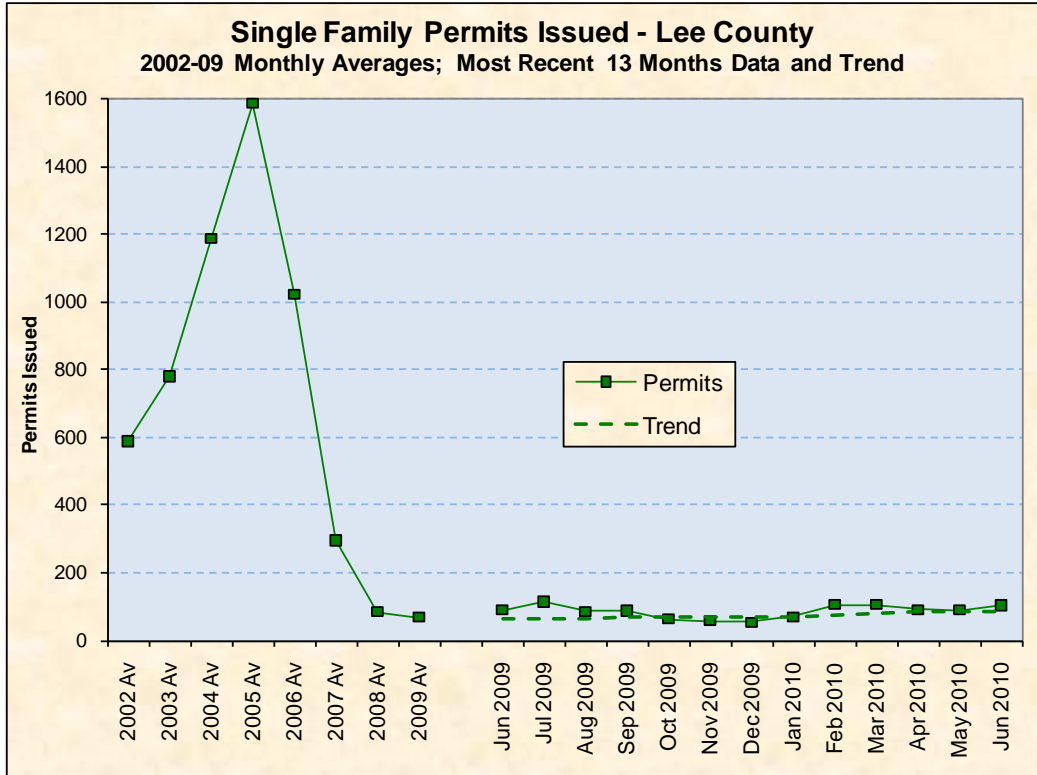


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

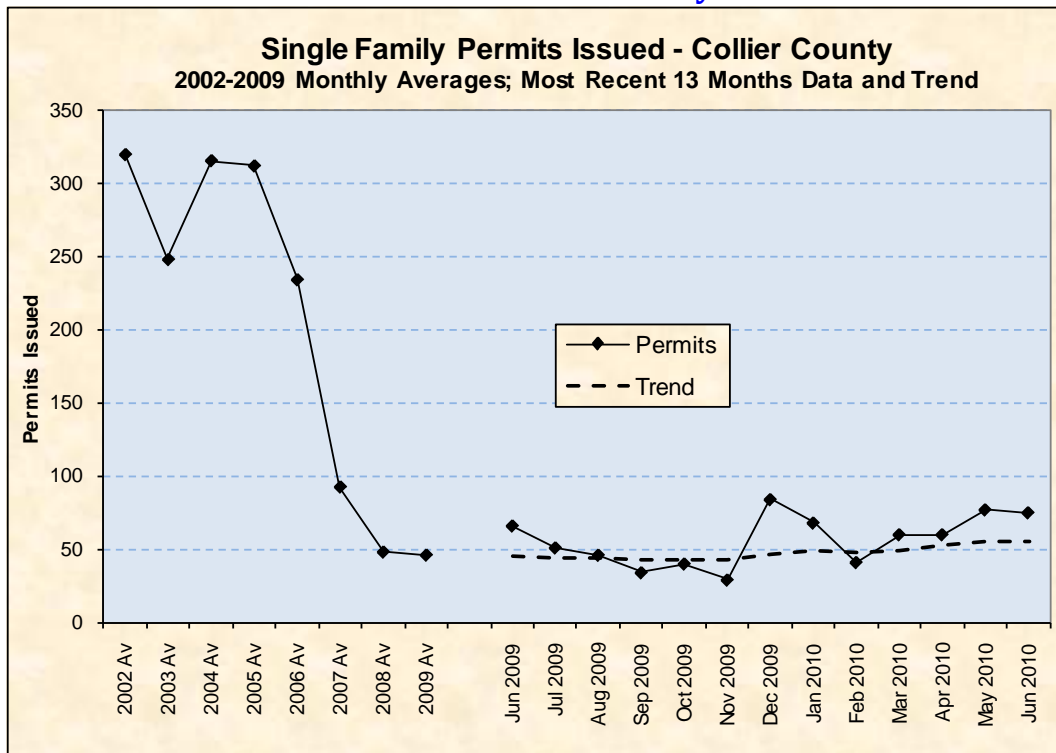
Total single-family home permits for the region show an increase from the same month a year ago. Lee County issued 104 single-family home permits in June 2010, up from 89 in the prior month and up from 90 in May 2009, as shown in Chart 8. Single-family permits for Collier County totaled 75 in June 2010, compared to 77 in the prior month and 66 one year ago, as shown in Chart 9. Charlotte County's single-family building permits amounted to 16 in June 2010, declining from 22 in May 2010 and from 33 in June 2009, as shown on Chart 10. A moving average trend line for the latest 12 months is shown on each chart. The Lee and Collier County trend lines show moderate upward movement, while Charlotte County trends downward at this time.

Chart 8: Lee County



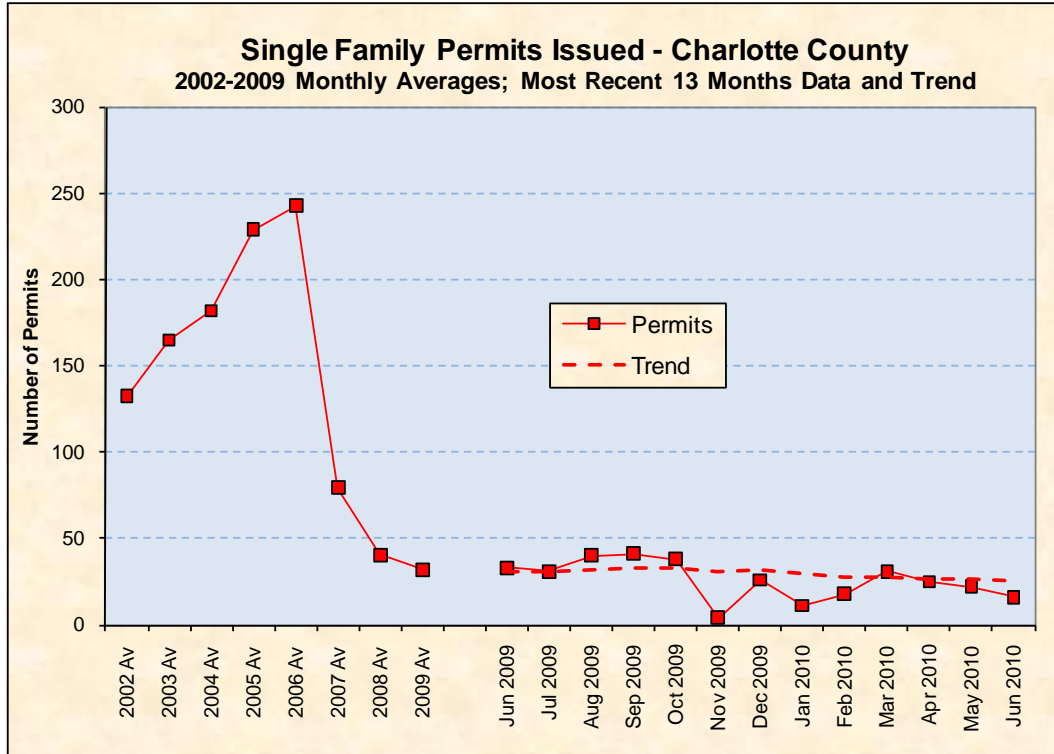
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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.

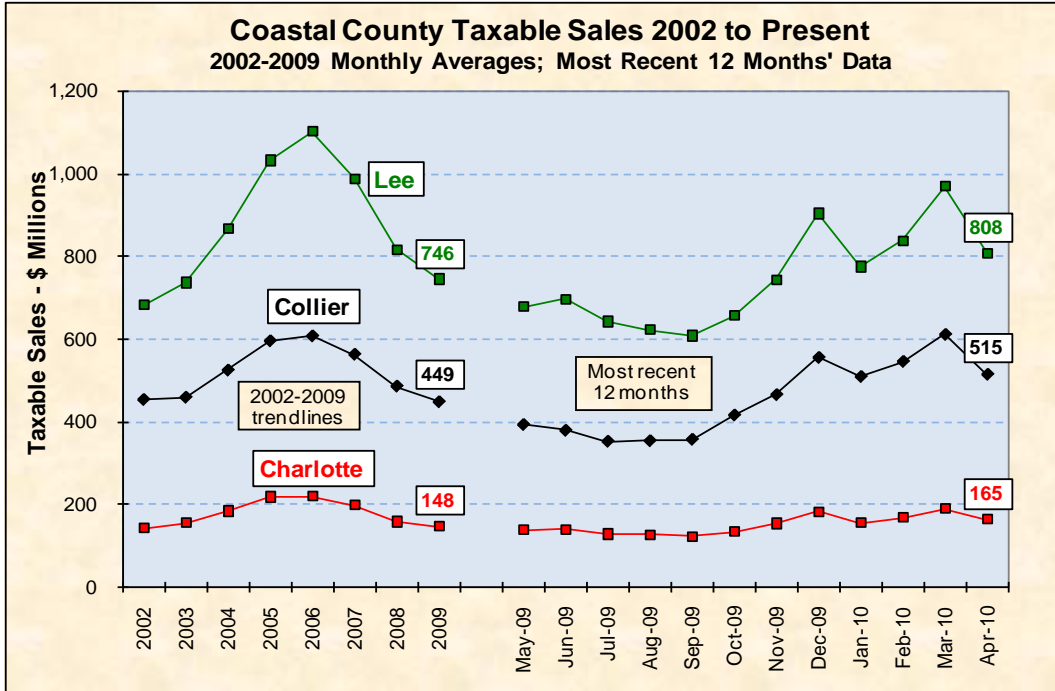
Taxable Sales

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

Total taxable sales for the 5-county region in April 2010 show a 16-percent seasonal decrease from the prior month of March, and a 4-percent increase over April 2009. Taxable sales for the Coastal Counties are shown in Chart 11. Charlotte County saw taxable sales rise to \$165 million in April 2010, an increase of 7 percent from April 2009. Lee County taxable sales were \$808 million in April 2010, a 2-percent increase over April 2009. Collier County's taxable sales were \$515 million in April 2010, a 6-percent increase from April 2009.

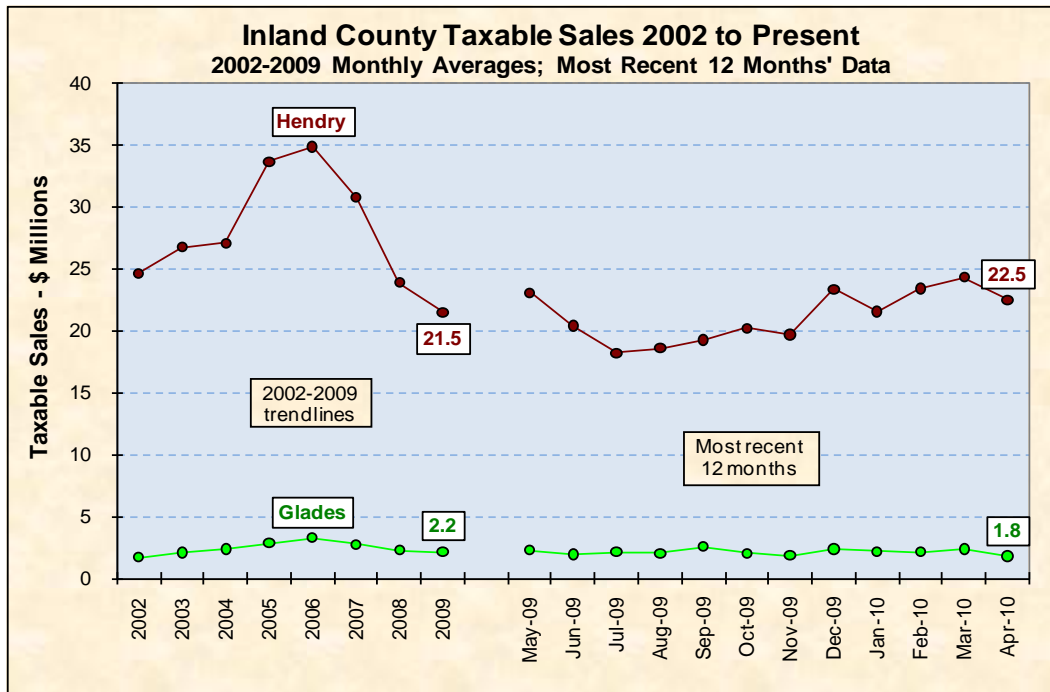
Chart 12 shows taxable sales for Glades and Hendry Counties. Its scale is not the same as Chart 11. Glades County reported April 2010 taxable sales of \$1.8 million, an 8-percent decline from April 2009. Hendry County had taxable sales of \$22.5 million, a 4-percent increase from a year ago. Charts 13, 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



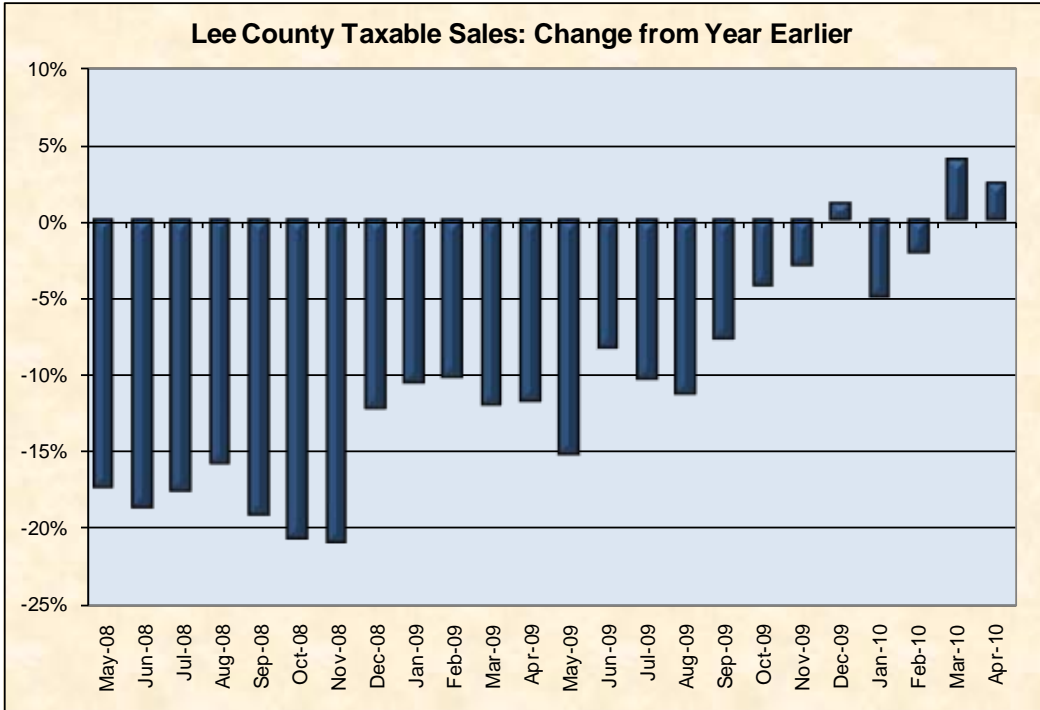
Source: Florida Department of Tax Research

Chart 12: Taxable Sales for Inland Counties



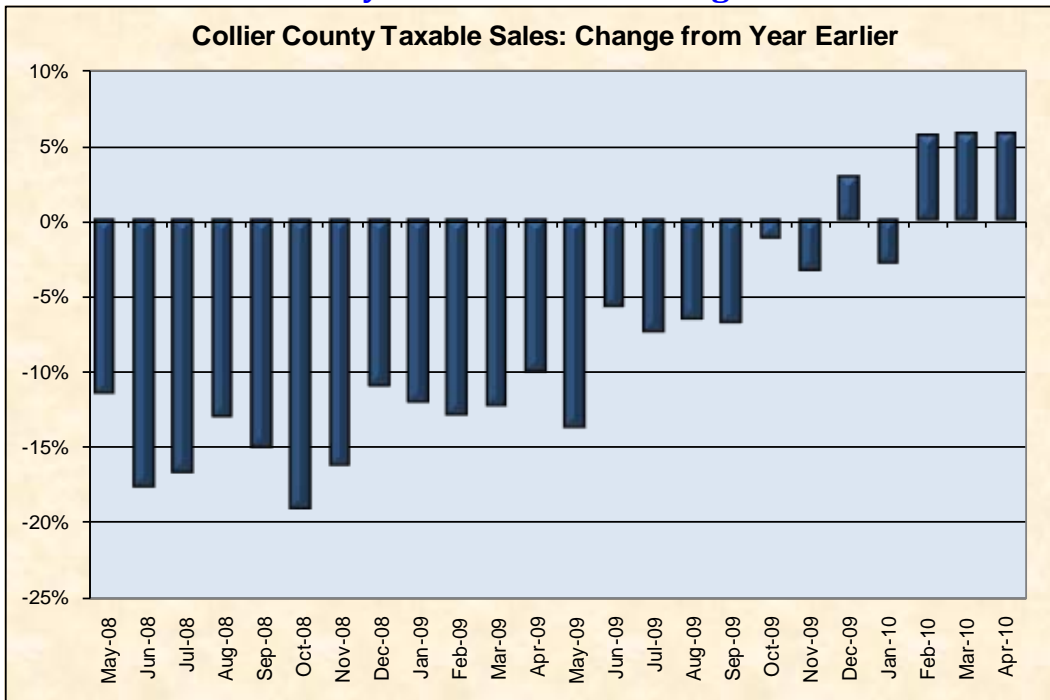
Source: Florida Department of Tax Research

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



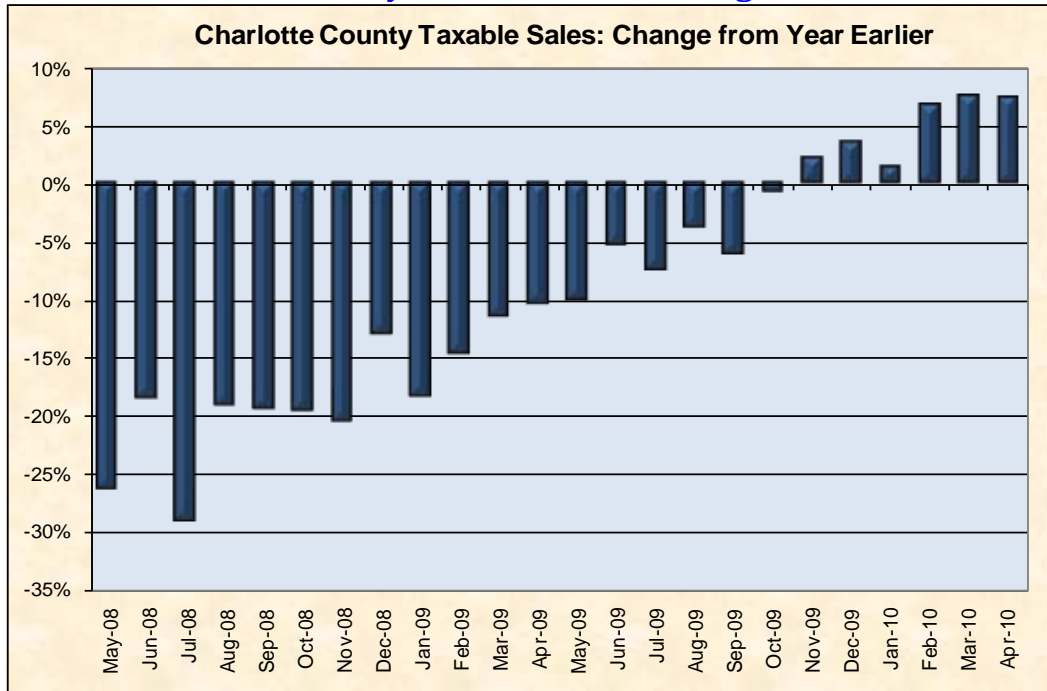
Source: Florida Department of Tax Research

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

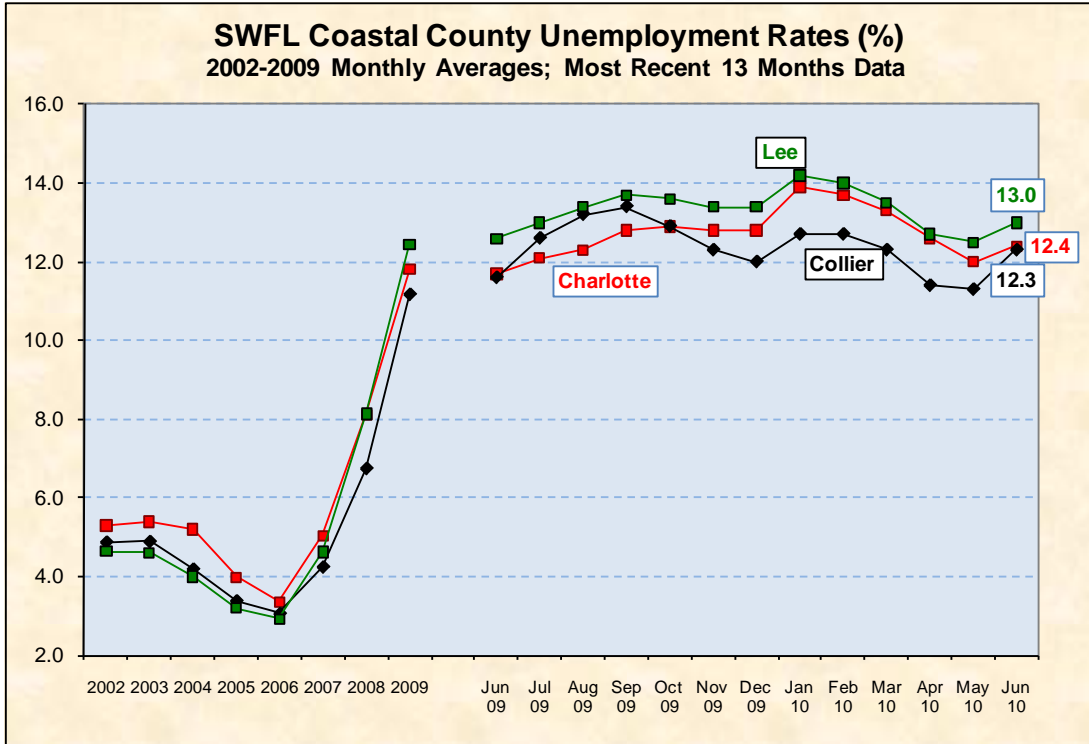
Unemployment rates rose across the region in June. This was expected as we enter the slower summer season. Unemployment rates remain historically high and generally lag behind the economic recovery. Chart 16 shows the coastal county unemployment rates by year from 2002 to 2009 and the most current monthly unemployment rates over the last 13 months. Charlotte County's unemployment rate rose from 12.0 percent in May to 12.4 percent in June. Lee County's unemployment rate rose to 13.0 percent in June from 12.5 percent in May and Collier County's unemployment rate to 12.3 percent in June from 11.3 percent in May.

Glades and Hendry County unemployment trends are shown in Chart 17. Hendry County's unemployment rate increased from 13.6 percent in May 2010 to 16.1 percent in June, while Glades County's unemployment increased from 11.2 percent in May 2010 to 12.2 percent in June.

Florida's June unemployment rate rose to 11.6 percent in June 2010 from 11.1 in May 2010. The national unemployment rate rose as well, to 9.6 percent in June from 9.3 in May 2010. Unemployment rates reported in this report are not seasonally adjusted unless otherwise noted.

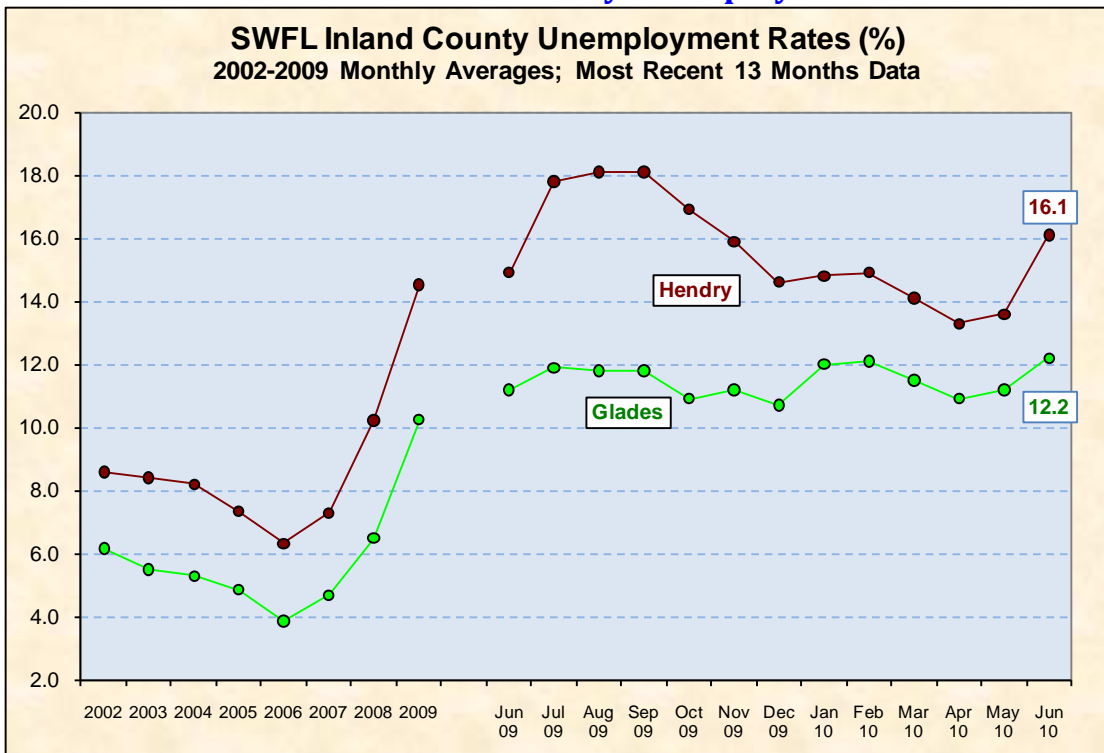
Unemployment rates above 5 or 6 percent reflect cyclical unemployment and a slowdown of the economy from long-run trends. The forecast for unemployment levels is a very slow and gradual decline through 2013.

Chart 16: Coastal County Unemployment



Source AWI

Chart 17: Inland County Unemployment

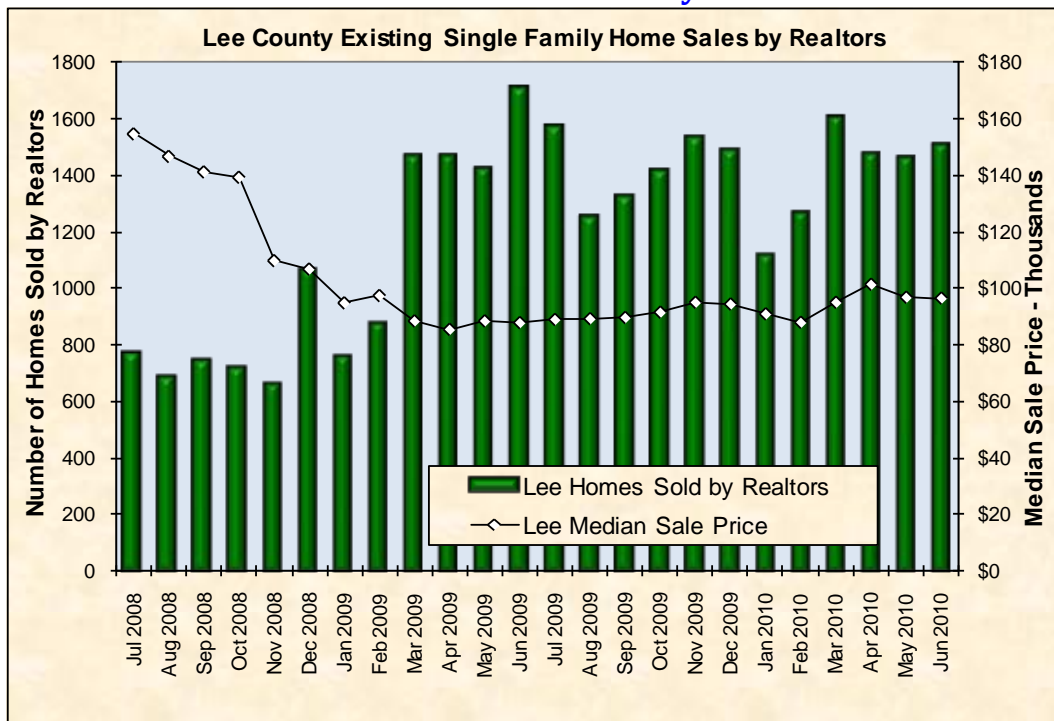


Source AWI

Sales of Single-Family Existing Homes and Median Sales Price

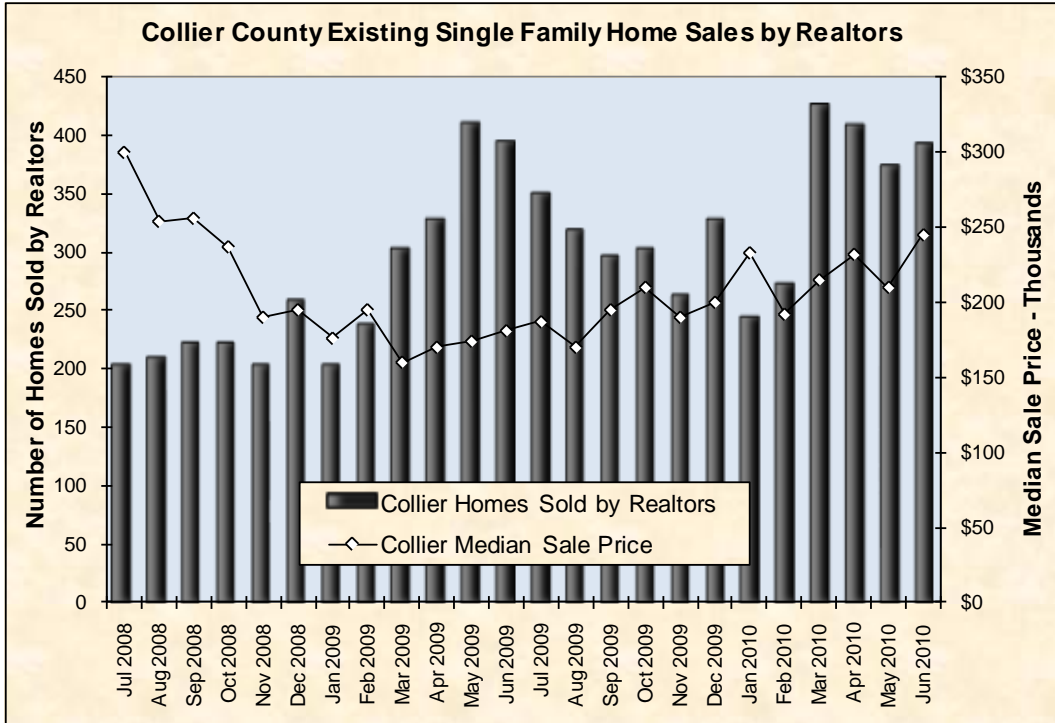
REALTOR sales of existing single-family homes edged up in June 2010, along with some increases in median housing prices. Lee County had sales of 1,501 single-family homes at a median price of \$96,600 in June 2010, compared to sales of 1,460 and a median price of \$96,900 in the previous month, as shown in Chart 18. Collier County's existing single-family REALTOR sales were 391 in June 2010, up from 373 in May, along with an increase in the median price from \$210,000 to \$245,000, as shown in Chart 19. Charlotte County's existing single-family home sales rose from 293 in May 2010 to 311 in June, with a median price increase from \$103,900 to \$106,600, as shown in Chart 20. Total June sales for Lee County were down 12 percent from June 2009, Collier sales were nearly unchanged, and Charlotte sales increased by 44 percent.

Chart 18: Lee County



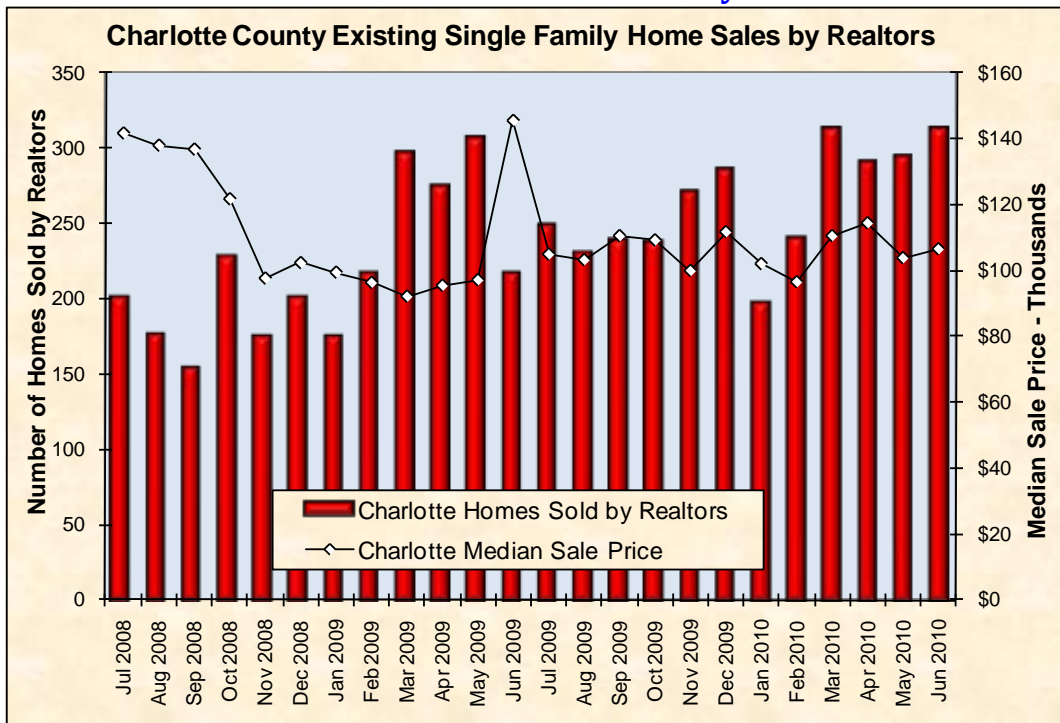
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 19: Collier County



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

Chart 20: Charlotte County

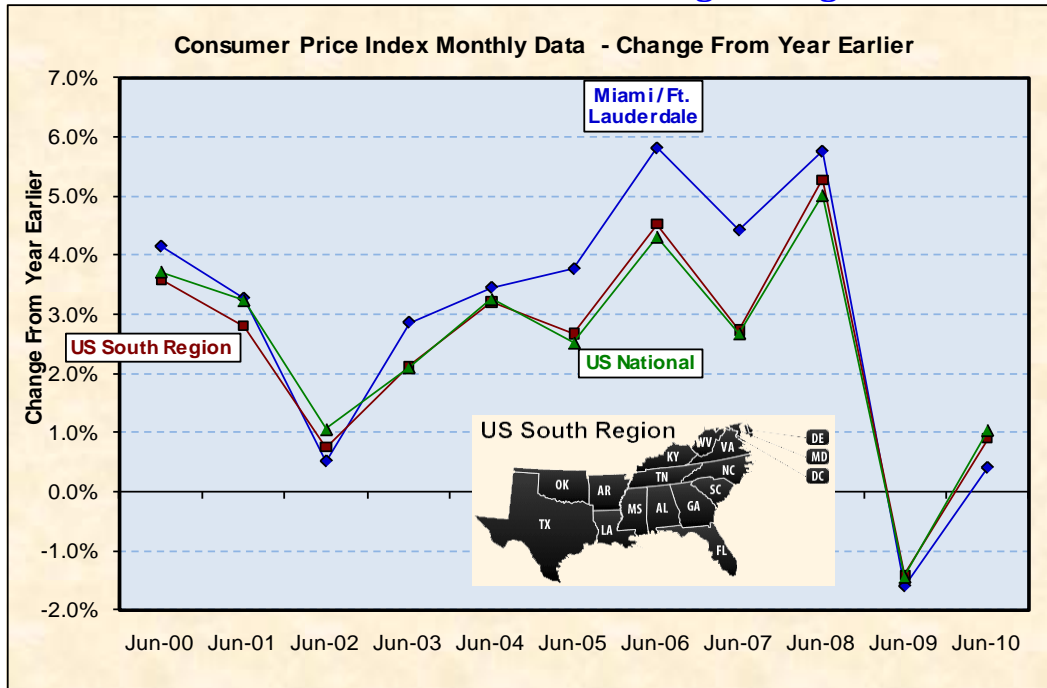


Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

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. The national CPI increased 1.1 percent from June 2009 to June 2010. The South region increased at a 0.9 percent rate, while the Miami/Fort Lauderdale index rose only 0.4 percent. The impact of the recession can be seen in the chart by the decline in the CPI from June 2008 to June 2009.

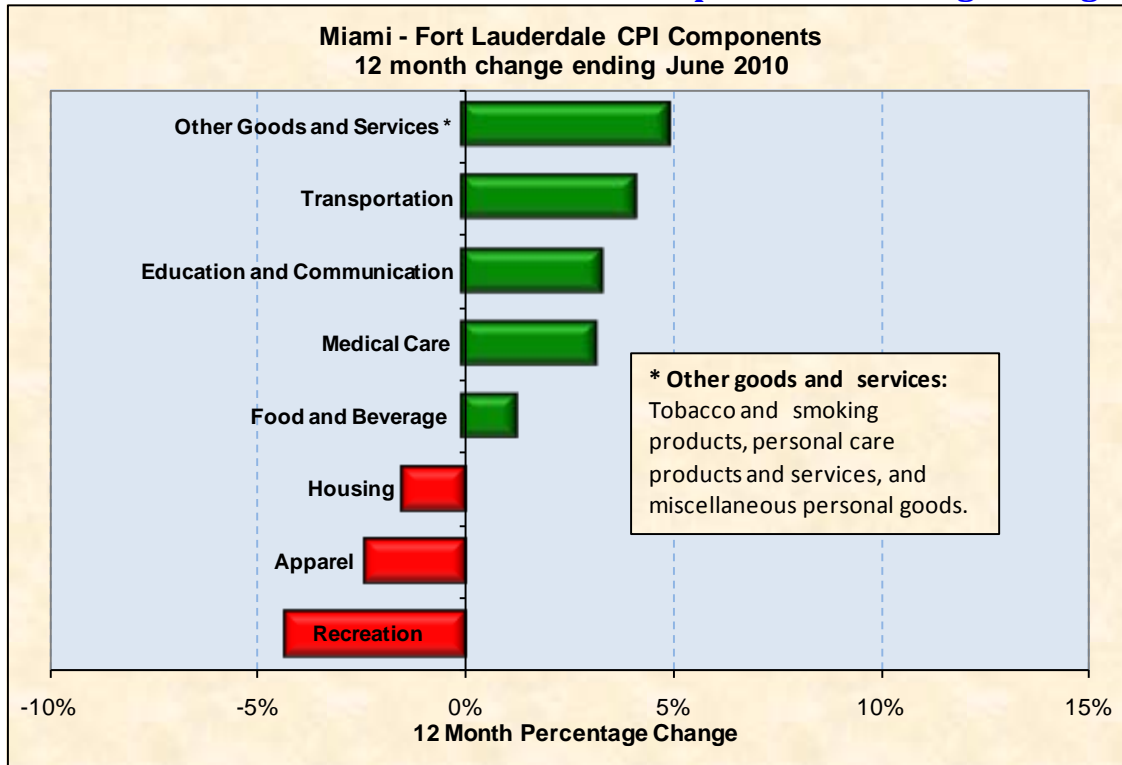
Chart 21: CPI Annual Percentage Change



Source: BLS

The overall Miami-Fort Lauderdale Consumer Price Index for the 12 months ending June 2010 is broken down into the components contributing to the price changes, shown in Chart 22. Recreation, apparel, and housing declined by 4.3%, 2.4%, and 1.5% over the last 12 months respectively. Other goods and services, transportation, education and communications, medical care, and food and beverage rose by 4.9%, 4.1%, 3.3%, and 1.3% respectively.

Chart 22: Miami-Fort Lauderdale CPI Component Percentage Change



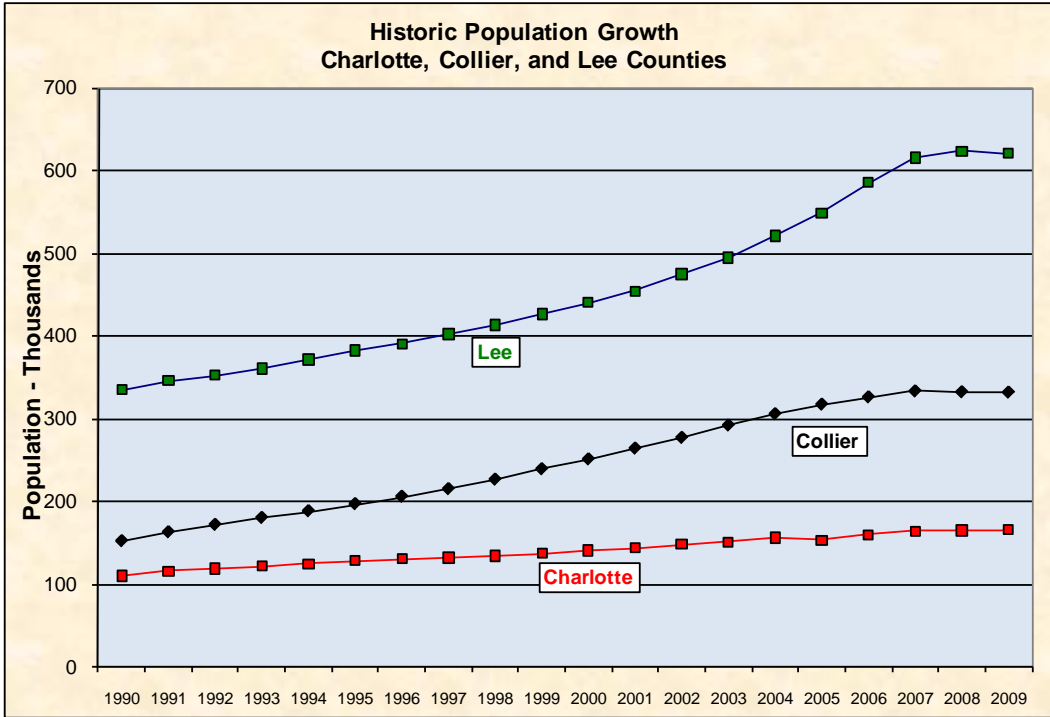
The costs of other goods and services, transportation, education and communication, and medical care continue to show the largest increases from the prior year.

Population

There is no change from last month's report. 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.

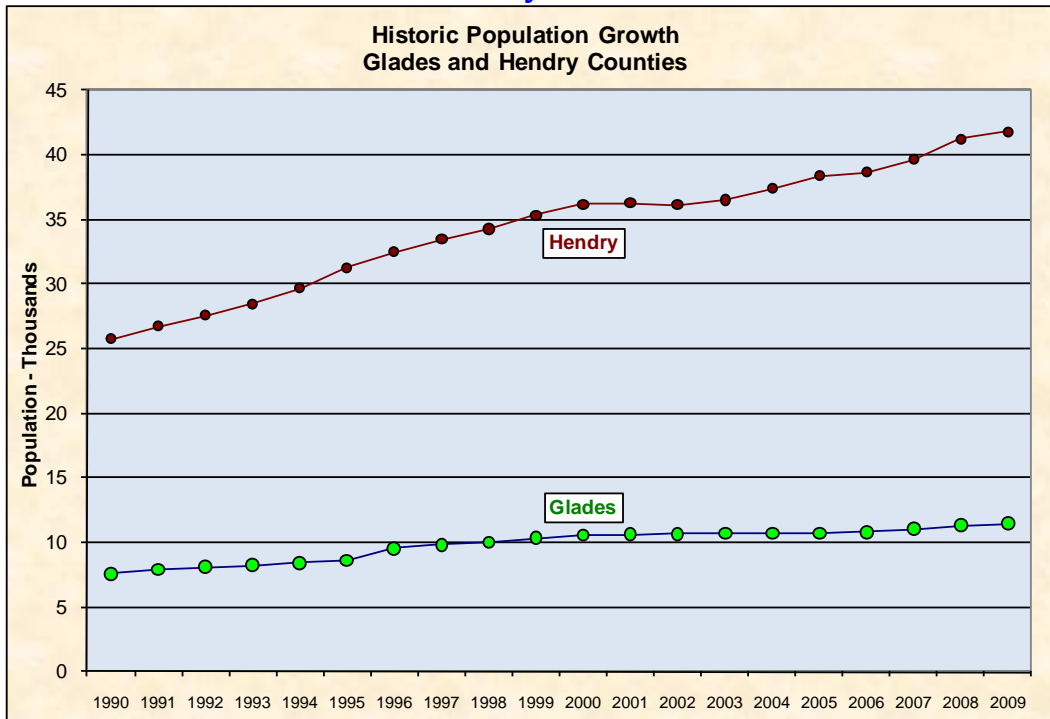
Chart 25 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 2 percent per year for this period, resulting in a 20-year increase of 46 percent. Given the projected slow recovery through 2012, I would not be surprised to see the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

Chart 23: Coastal Counties Growth 1990 to 2009



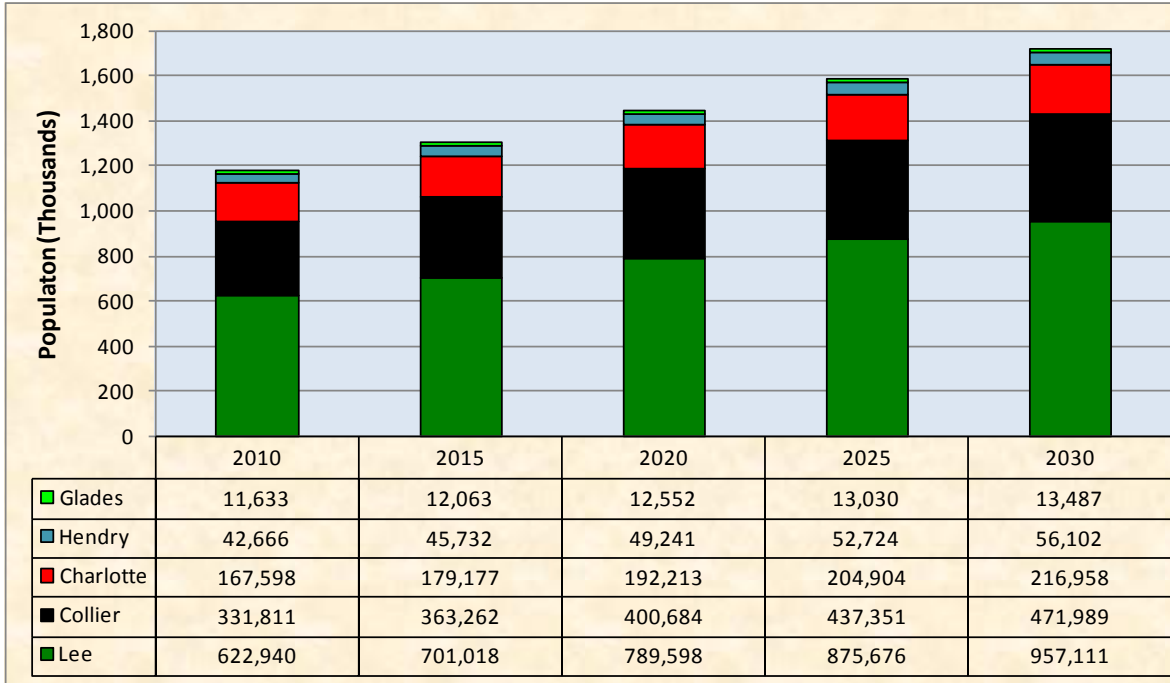
Source: Florida EDR: August 2009

Chart 24: Inland County Growth 1990 to 2009



Source: Florida EDR: August 2009

Chart 25: Projections by County



Source: Florida EDR: August 2009.