

Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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

Table of Contents

Introduction	3
Airport Activity.....	6
Chart 1: Regional Airport Arrivals and Departures	6
Chart 2: RSW Traffic Trend.....	7
Chart 3: Sarasota Airport Traffic Trend.....	7
Chart 4: Charlotte County Airport Traffic Trend	8
Tourism Tax Revenues	8
Chart 5: Lee County Tourism Tax Revenues	9
Chart 6: Collier County Tourism Tax Revenues.....	9
Chart 7: Charlotte County Tourism Tax Revenues.....	10
Single-Family Building Permits.....	10
Chart 8: Lee County.....	11
Chart 9: Collier County.....	11
Chart 10: Charlotte County.....	12
Taxable Sales.....	12
Chart 12: Taxable Sales for Inland Counties	13
Chart 13: Lee County Taxable Sales - Change from a Year Earlier	14
Chart 14: Collier County Taxable Sales - Change from a Year Earlier	14
Chart 15: Charlotte County Taxable Sales - Change from a Year Earlier	15
Workforce – Unemployment.....	15
Chart 16: Coastal County Unemployment	16
Chart 17: Inland County Unemployment.....	16
Sales of Single–Family Existing Homes and Median Sales Prices	17
Chart 18: Lee County.....	17
Chart 19: Collier County.....	18
Chart 20: Charlotte County.....	18
Consumer Confidence Index.....	19
Consumer Price Index	19
Chart 22: CPI Annual Percentage Change	20
Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change	21
Population.....	21
Chart 24: Coastal Counties Growth 1990 to 2009	22
Chart 25: Inland County Growth 1990 to 2009.....	22
Chart 26: Projections by County	23

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

Federal Reserve Chairman Ben Bernanke gave an update on the economy at the Kansas City Federal Reserve Symposium in Jackson Hole, Wyoming on Friday, August 27th. He stated, "...the task of economic recovery and repair remains far from complete." He further stated that, "At best, though, fiscal impetus and the inventory cycle can drive recovery only temporarily. For a sustained expansion to take hold, growth in private final demand--notably, consumer spending and business fixed investment--must ultimately take the lead. On the whole, in the United States, that critical handoff appears to be under way." In conclusion, he stated, "... the pace of recovery in output and employment has slowed somewhat in recent months, in part because of slower-than-expected growth in consumer spending, as well as continued weakness in residential and nonresidential construction. Despite this recent slowing, however, it is reasonable to expect some pickup in growth in 2011 and in subsequent years."

The latest information from the Bureau of Economic Analysis showed the second quarter 2010 GDP growth at a slow 1.6 percent annual rate. The first quarter had grown at a 3.7 percent annual rate and the fourth quarter of 2009 had grown at a high rate of 5.0%. Real disposable income increased at 0.2 percent in June, compared to a 0.4 percent increase in May. The Reuters/University of Michigan consumer confidence index increased slightly to 68.9 in August from 67.8 in July.

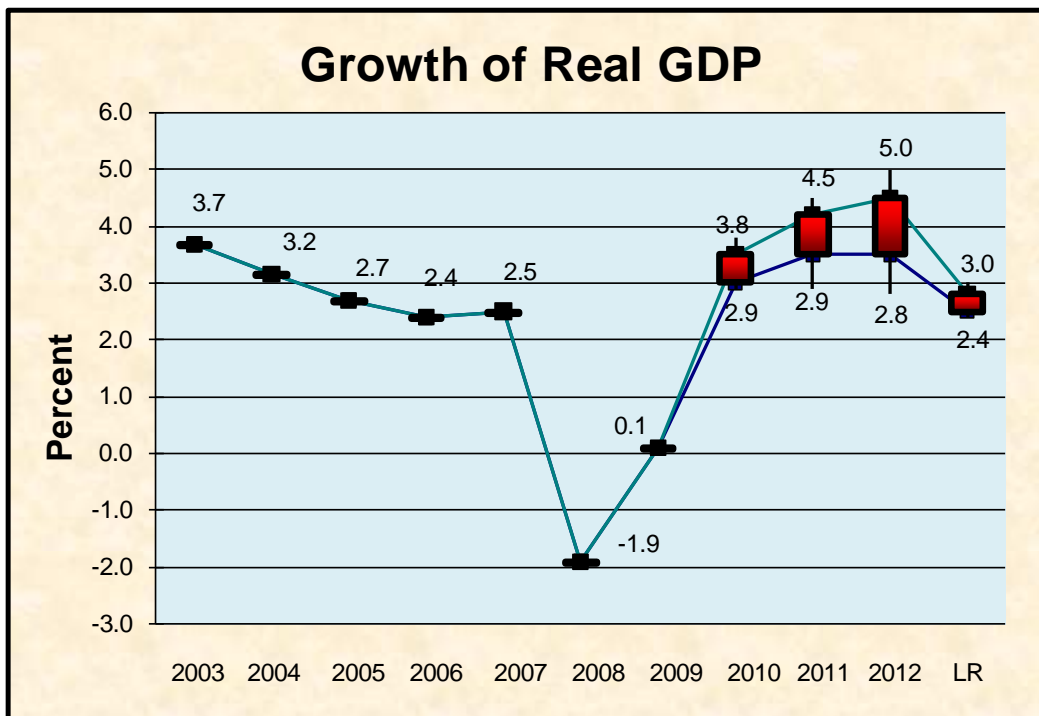
The Federal Reserve's Open Market Committee (FOMC) issued a press release on August 10th, noting that:

- The pace of in output and employment has slowed in recent months;
- Household spending is increasing gradually, but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit;
- Business spending on equipment and software is rising, 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;
- 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, although the pace of economic recovery is likely to be more modest in the near term than had been anticipated;
- Measures of underlying inflation have trended lower in recent quarters, and inflation is likely to be subdued for some time;
- The Committee will maintain the target range for the federal funds rate at 0 to ¼ percent and continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

The next meeting of the FMOC is planned for September 21, 2010.

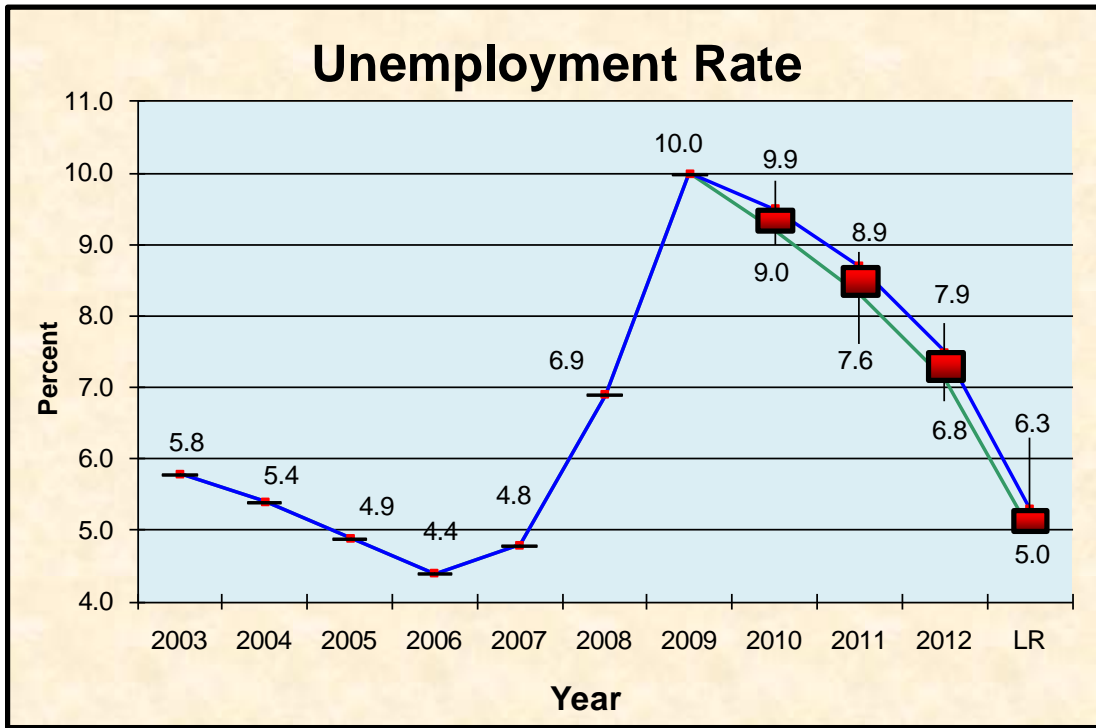
The latest FMOEC economic forecast was released on July 14th and is shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

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 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 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.

July unemployment in the Southwest Florida region continues to be historically high, rising to 13.2 percent in Lee County, 13.1 percent in Collier County, and 12.6 percent in Charlotte County as temporary census workers completed their assignments and the region moved 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 as households remain concerned about the high level of unemployment.

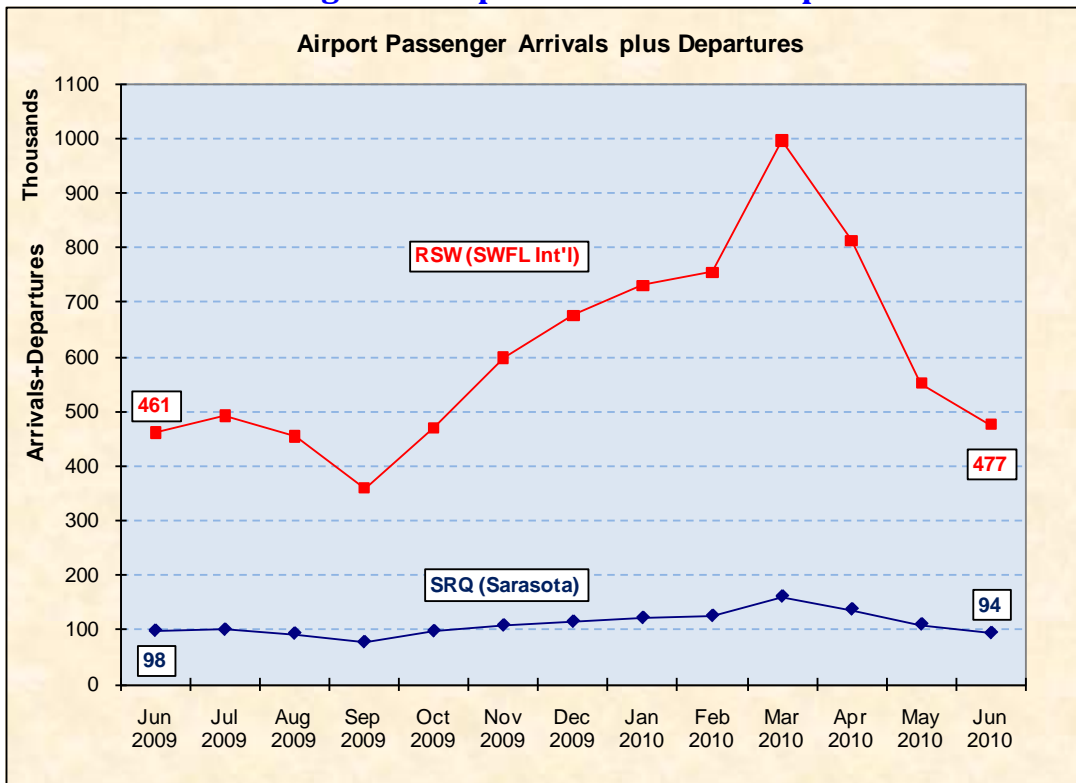
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report, as a way to support its mission and assist the region. We added a new Florida Consumer Confidence Index chart that is based on information collected by the Bureau of Economic and Business Research (BEBR) at the University of Florida. 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. Regional Southwest Florida (RSW) airport is the largest airport in the region, serving national and international destinations. 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.

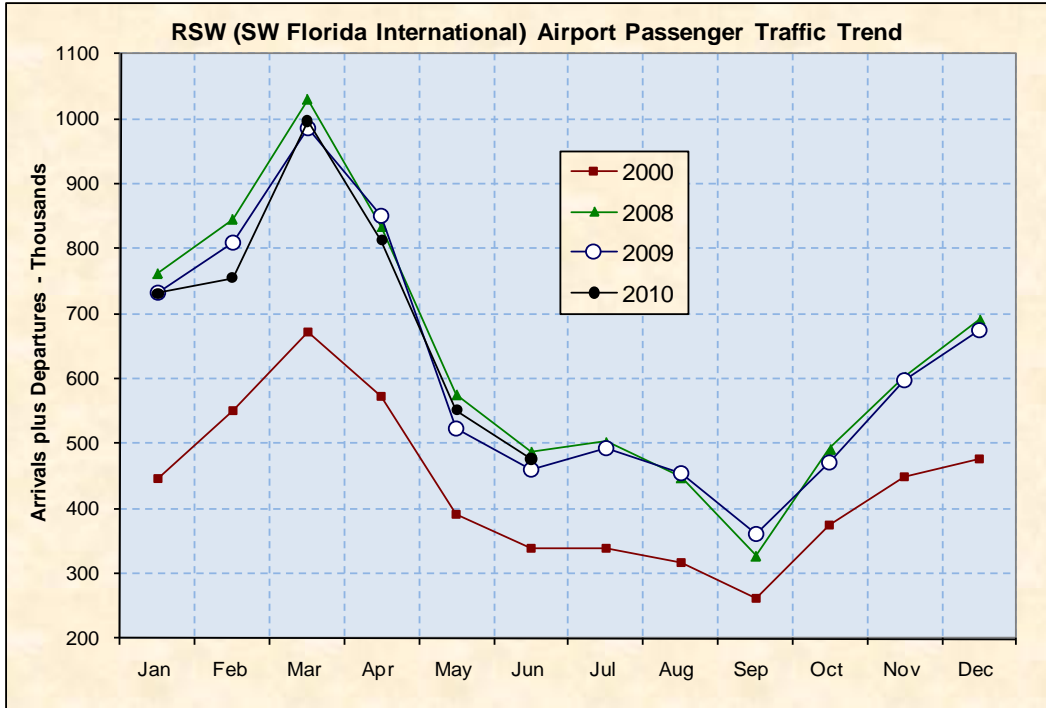
Charts 1 and 2 show RSW airport passenger activity of 476,625 in June 2010, a three-percent increase over June 2009. Sarasota (SRQ) passenger activity dipped to 93,541 in June 2010, of decline of four percent from June 2009, as shown in Chart 3. Charlotte County airport recorded passenger activity of 8,238 in June, a decline of 13 percent over June 2009, as shown in Chart 4. Total traffic for the three airports showed a seasonal decline of 13 percent from the prior month but a two-percent increase over June 2009.

Chart 1: Regional Airport Arrivals and Departures



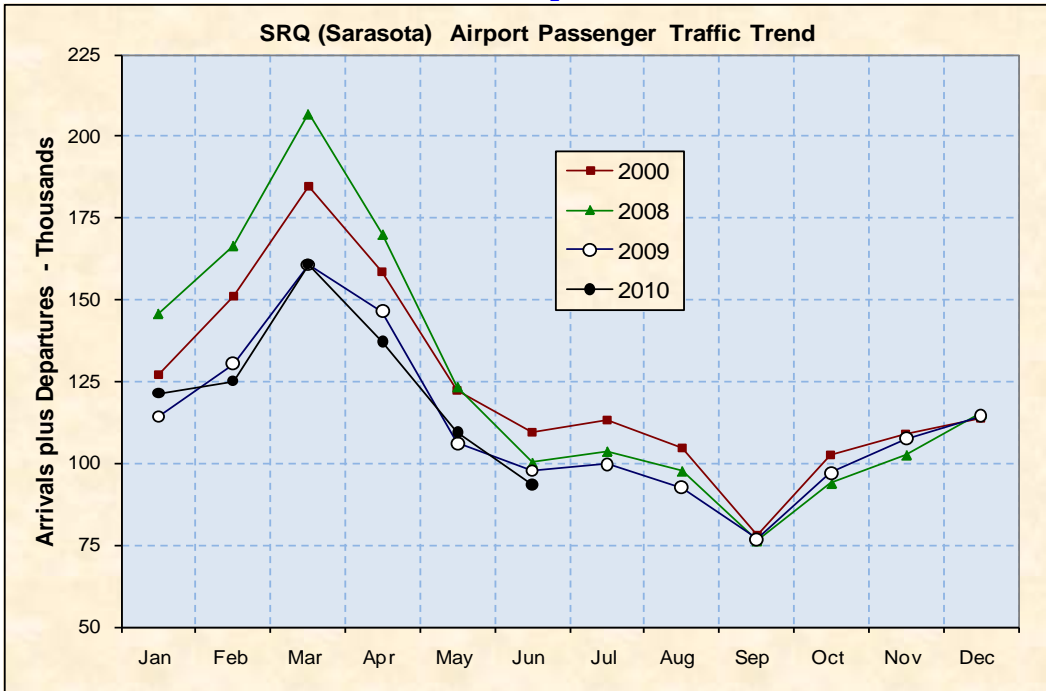
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



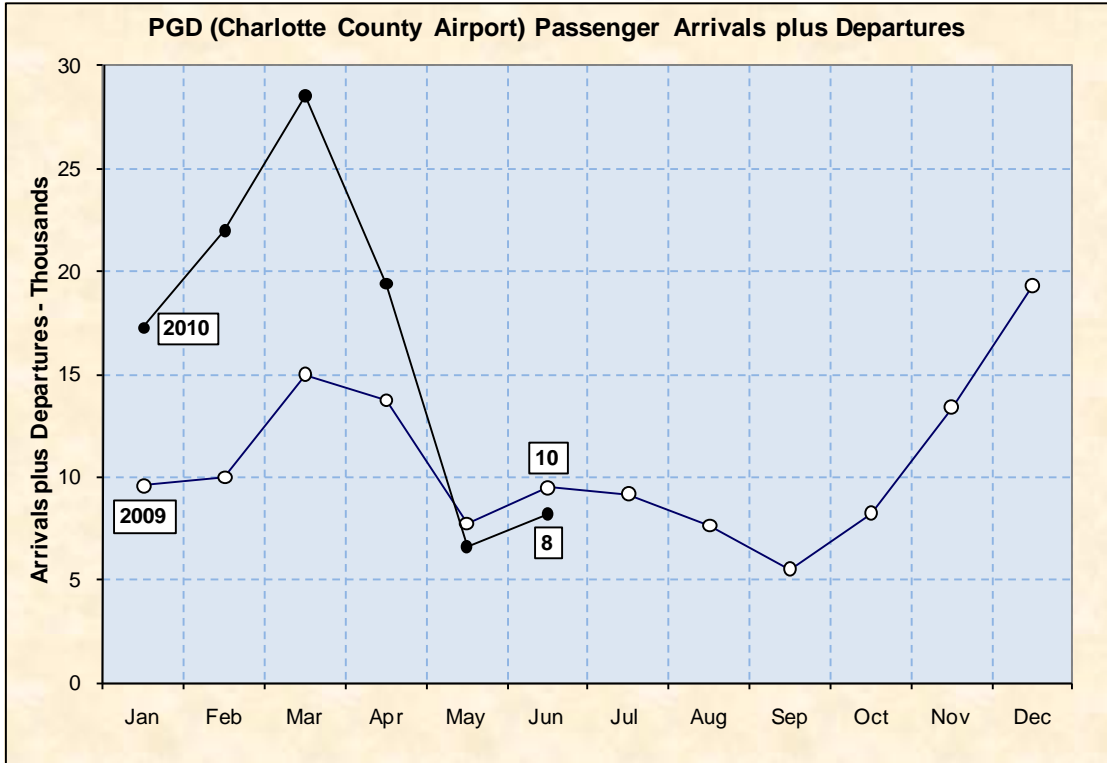
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend

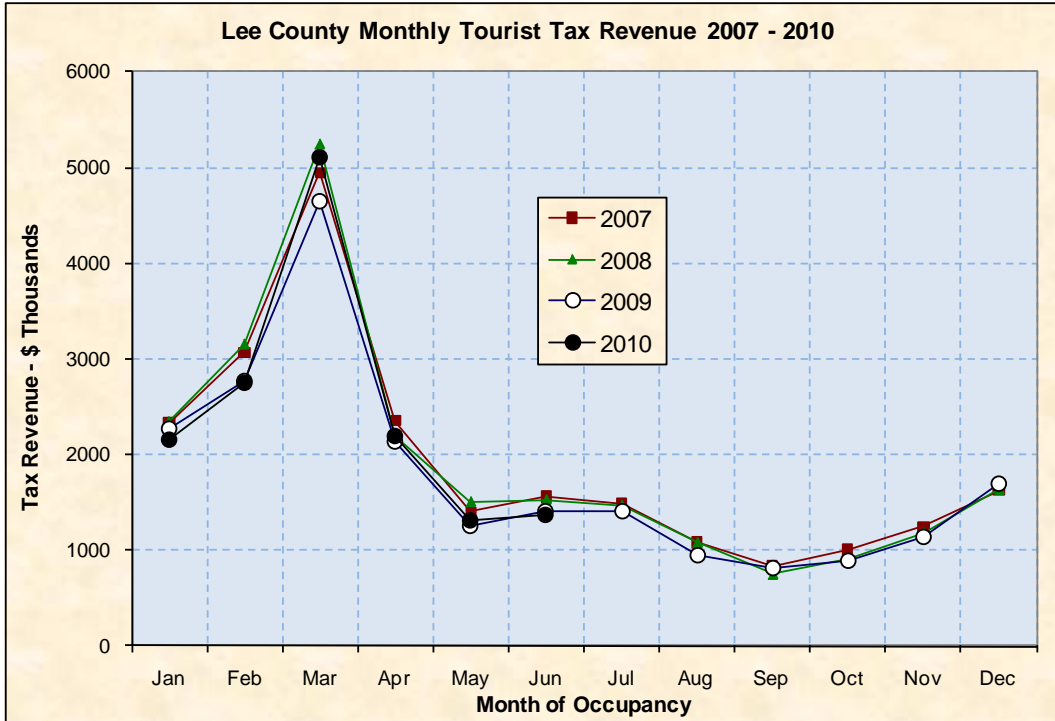


Source: Local Airport Authorities

Tourism Tax Revenues

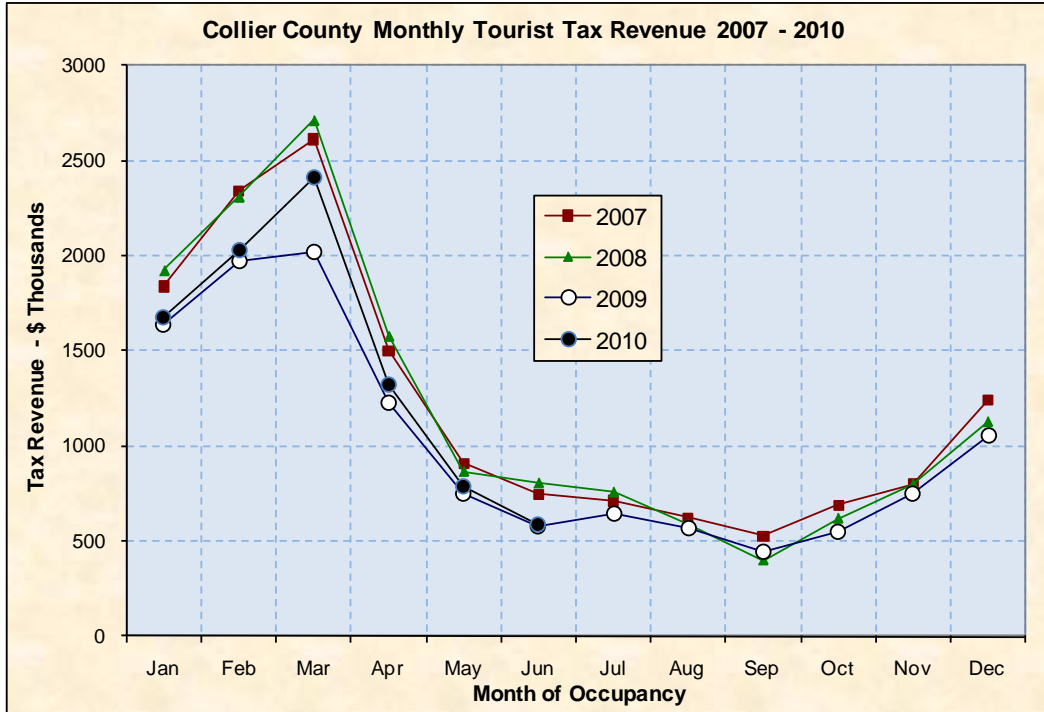
Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy. The June tourism tax revenues were \$1,369,522 for Lee County and \$584,332 for Collier County. June Tourism taxes collected in Charlotte County were \$71,176. Tourism tax revenues for the region showed a six-percent seasonal decline from May to June 2010, and a two-percent decline from June 2009. Charlotte and Lee County revenues increased by 13 percent and 5 percent, respectively, from the prior month, while Collier County revenues declined 26 percent in the same period.

Chart 5: Lee County Tourism Tax Revenues



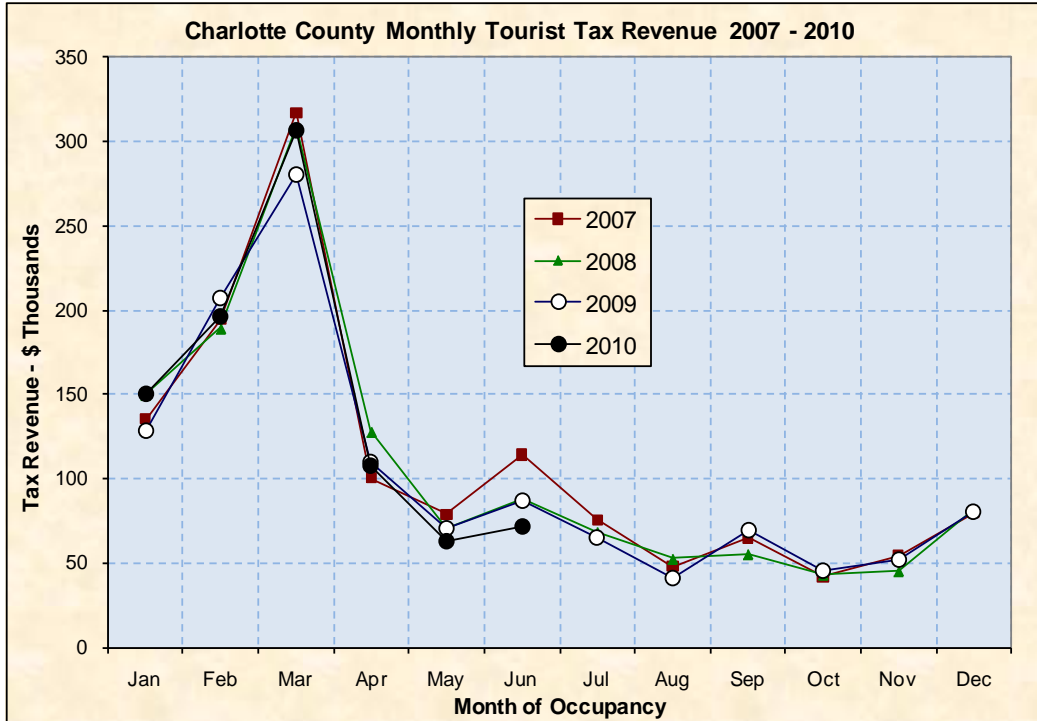
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

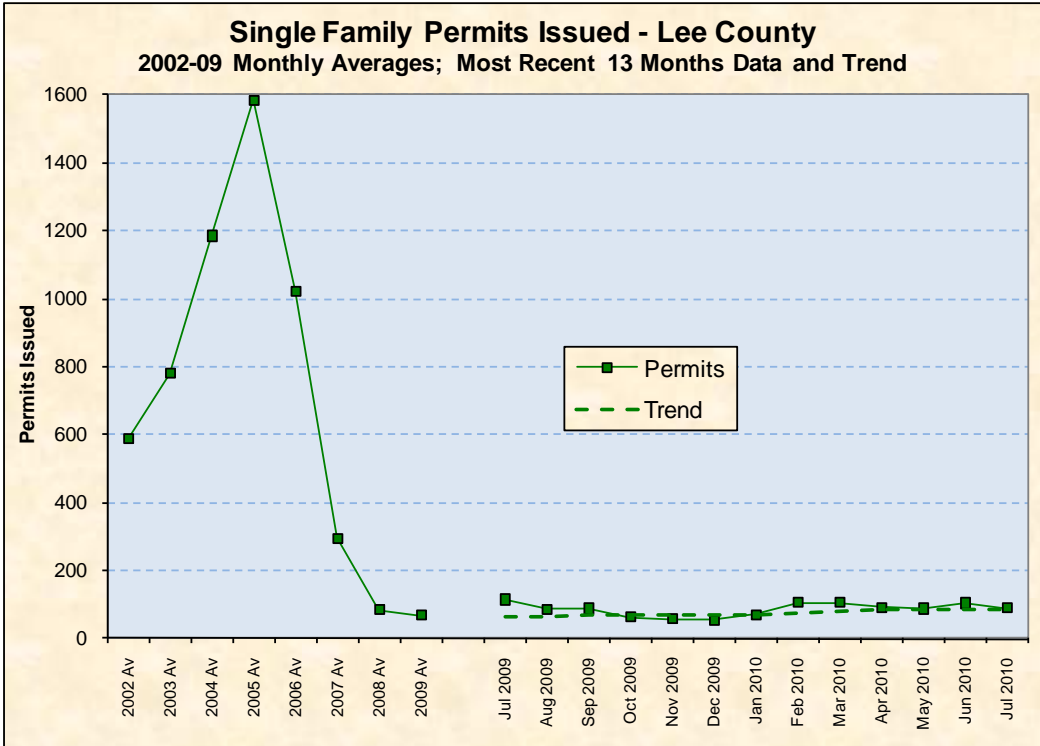


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

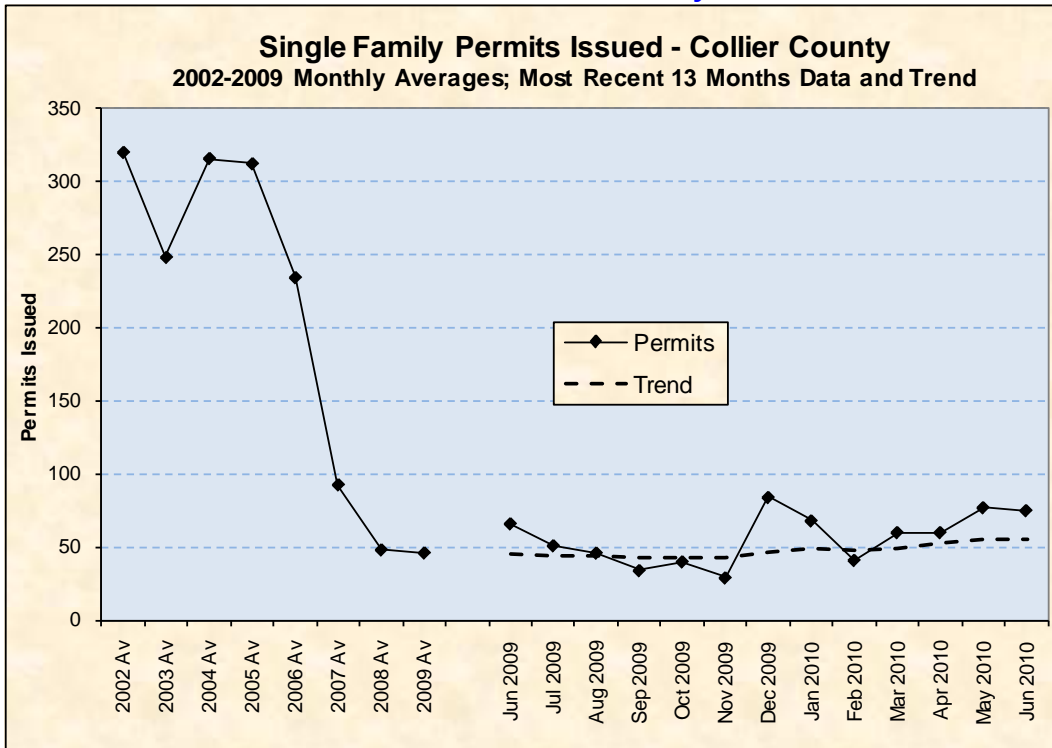
Single-family home permits for Lee and Charlotte Counties decreased from the same month a year ago. Lee County issued 90 single-family home permits in July 2010, down from 104 in the prior month and from 115 in June 2009, as shown in Chart 8. Charlotte County's single-family building permits were 17 in July 2010 compared to 16 in June 2010 and 31 in July 2009, as shown on Chart 10. The moving average shows a moderate downtrend. Single-family permit data for Collier County was not available as this report was published; Chart 9 shows the single-family building permit data through June 2010.

Chart 8: Lee County



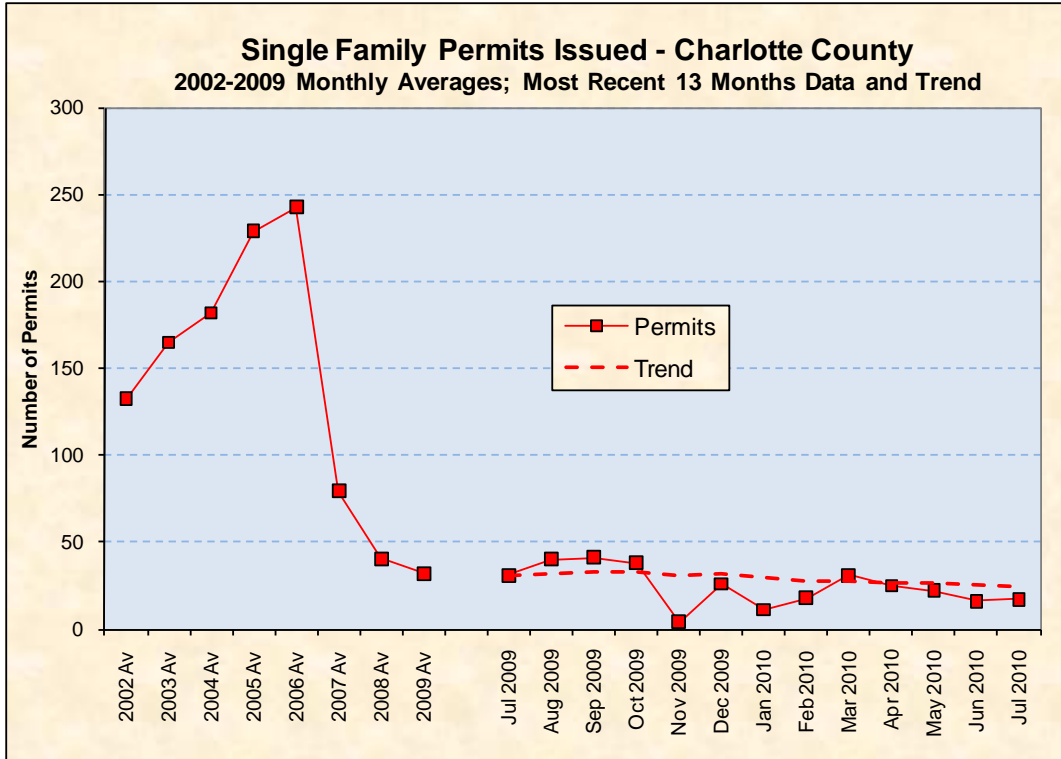
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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.

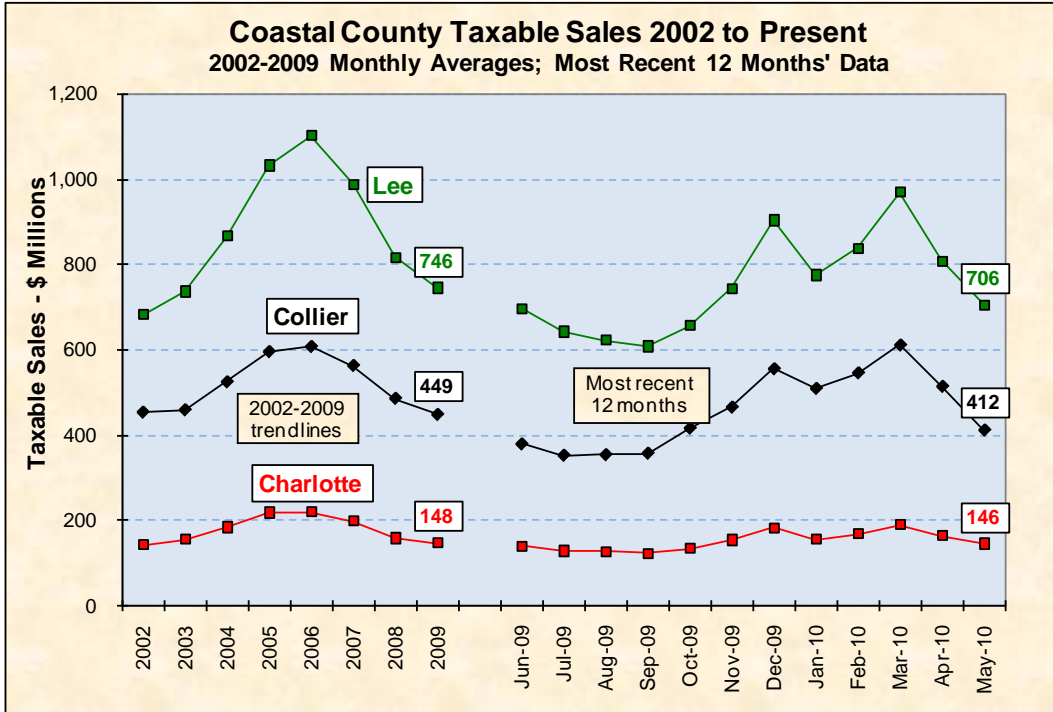
Taxable Sales

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

Total taxable sales for the 5-county region in April 2010 show a 15-percent seasonal decrease from the prior month of April, and a four-percent increase over May 2009. Taxable sales for the Coastal Counties are shown in Chart 11. Charlotte County saw taxable sales rise to \$146 million in May 2010, an increase of 5 percent from May 2009. Lee County taxable sales were \$706 million in May 2010, a four-percent increase over May 2009. Collier County's taxable sales were \$412 million in May 2010, a five-percent increase from May 2009. For each of the coastal counties, Charts 13, 14, and 15 show the trends in the percentage change in taxable sales from the same month a year earlier. The changes have been positive for at least three straight months.

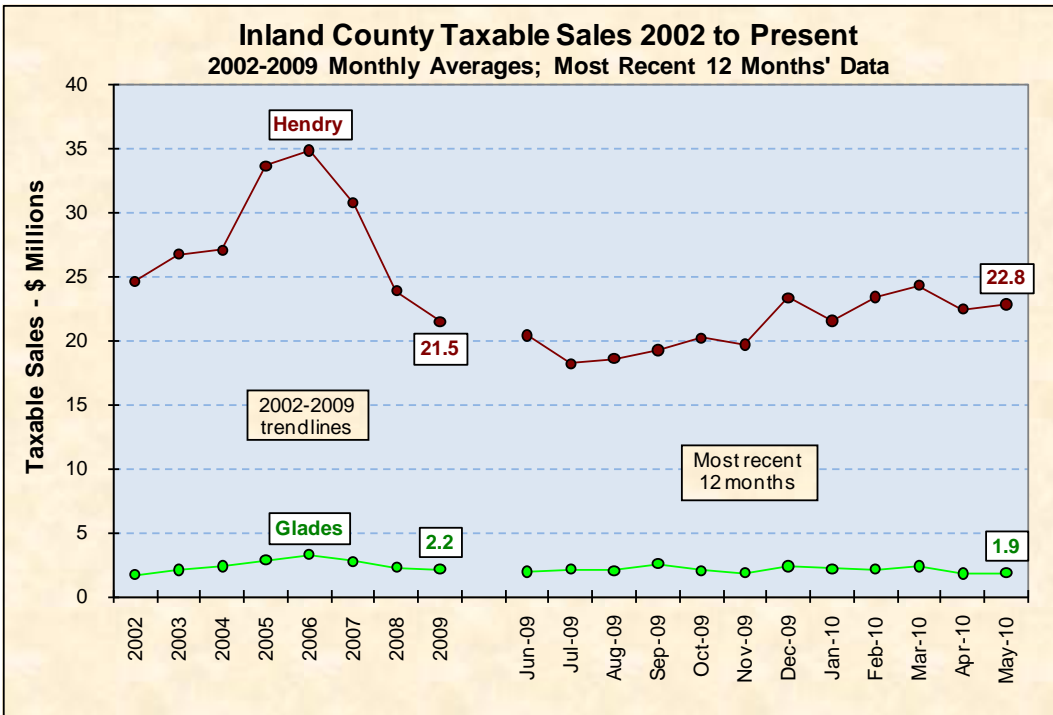
Chart 12 shows taxable sales for Glades and Hendry Counties; note that its scale is not the same as Chart 11. Glades County reported May 2010 taxable sales of \$1.9 million, a 19-percent decline from May 2009. Hendry County had taxable sales of \$22.8 million, a one-percent decrease from a year ago.

Chart 11: Taxable Sales for Coastal Counties



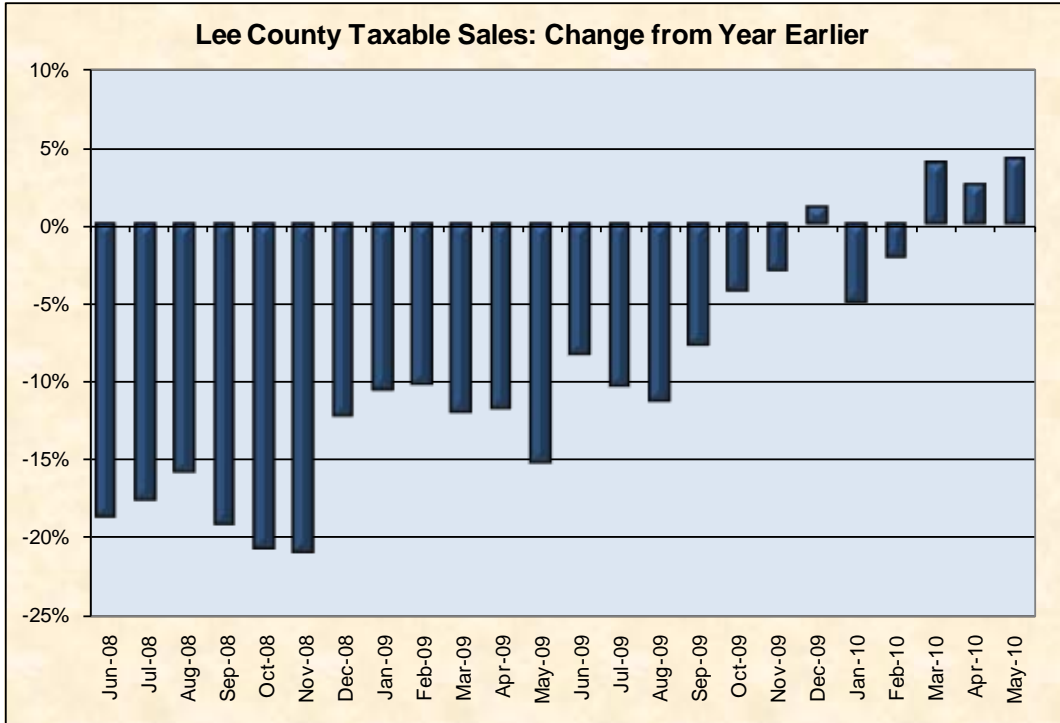
Source: Florida Department of Tax Research

Chart 12: Taxable Sales for Inland Counties



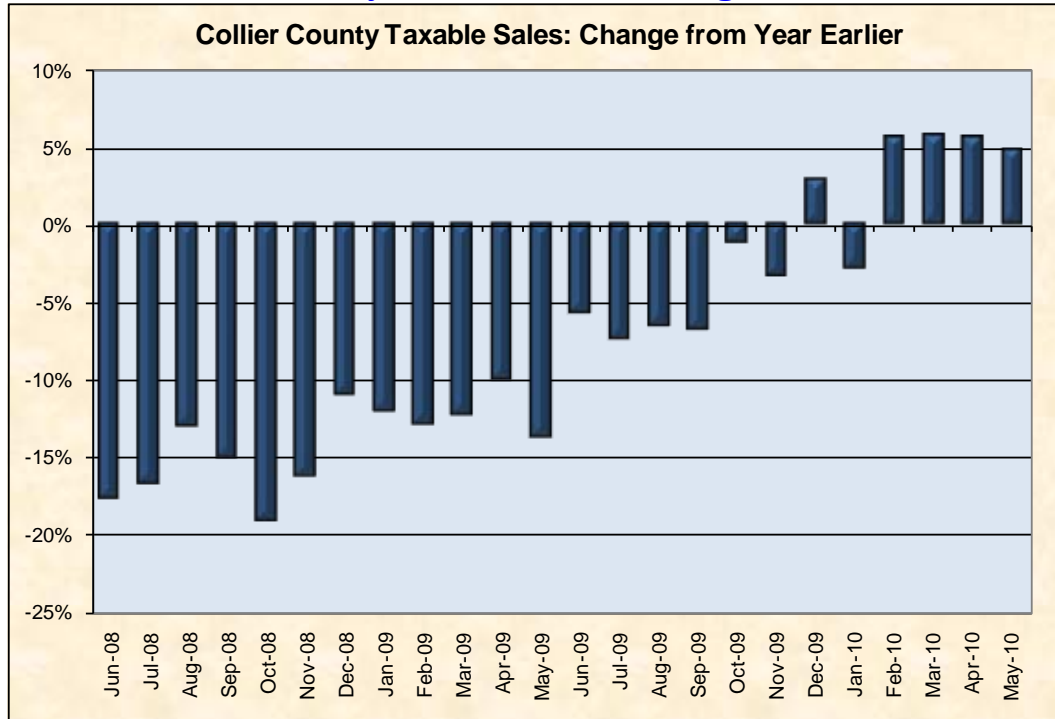
Source: Florida Department of Tax Research

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



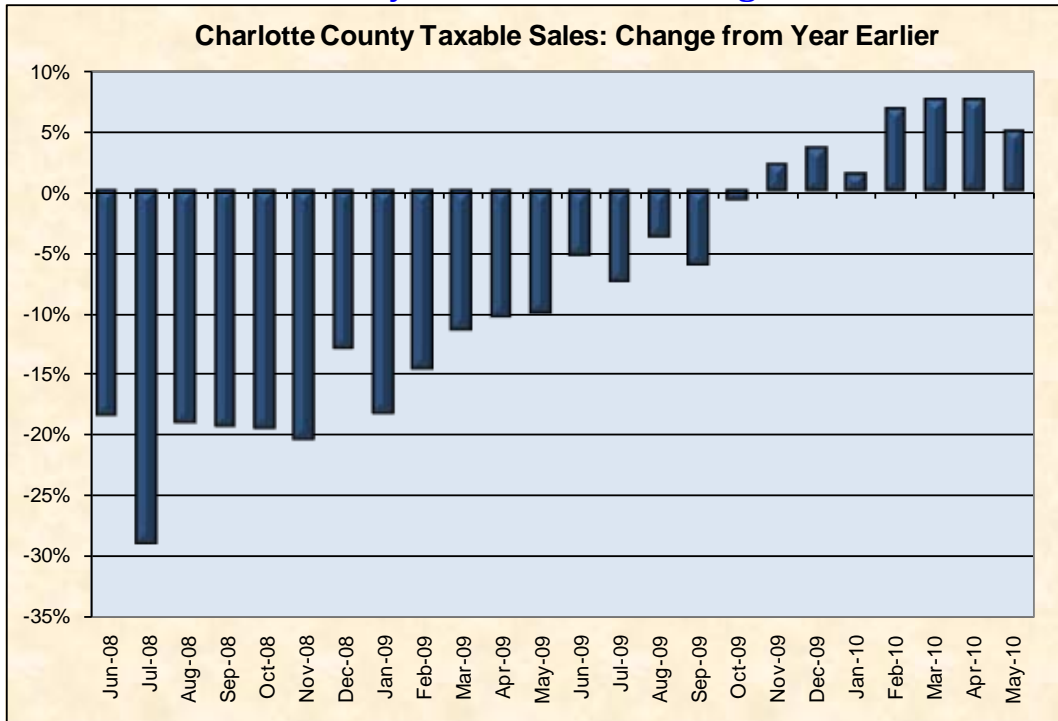
Source: Florida Department of Tax Research

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

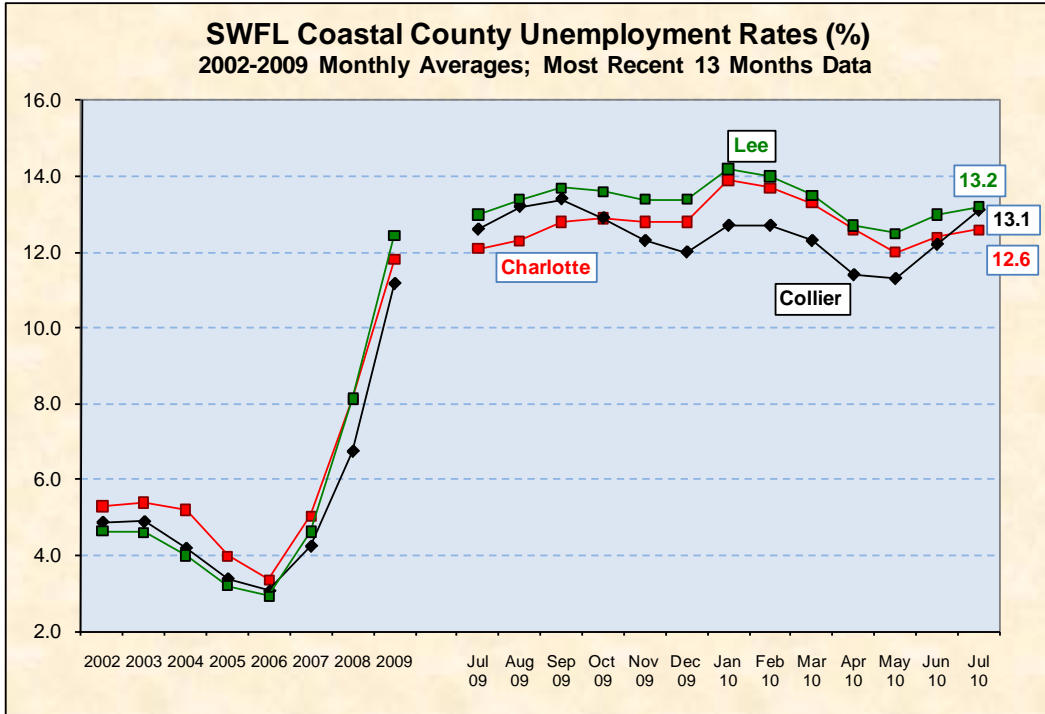
Unemployment rates continued to rise across the region in July, remaining historically high and reflecting the slower summer season. Chart 16 shows the coastal county unemployment rates by year from 2002 to 2009, as well as monthly unemployment rates over the last 13 months. Charlotte County's unemployment rate increased from 12.4 percent in June to 12.6 percent in July. Lee County's unemployment rate increased from 13.0 percent in June to 13.2 percent in July and Collier County's unemployment rate increased from 12.2 percent in June to 13.1 percent in July.

Glades and Hendry County unemployment trends are shown in Chart 17. Hendry County's unemployment rate increased from 16.1 percent in June 2010 to 19.7 percent in July, while Glades County's unemployment increased from 12.2 percent in June 2010 to 13.6 percent in July.

Florida's unemployment rate rose to 12.0 percent in July 2010 from 11.6 in June. The national unemployment rate rose as well, to 9.7 percent in July from 9.6 in June 2010. Unemployment rates reported in this report are not seasonally adjusted unless otherwise noted.

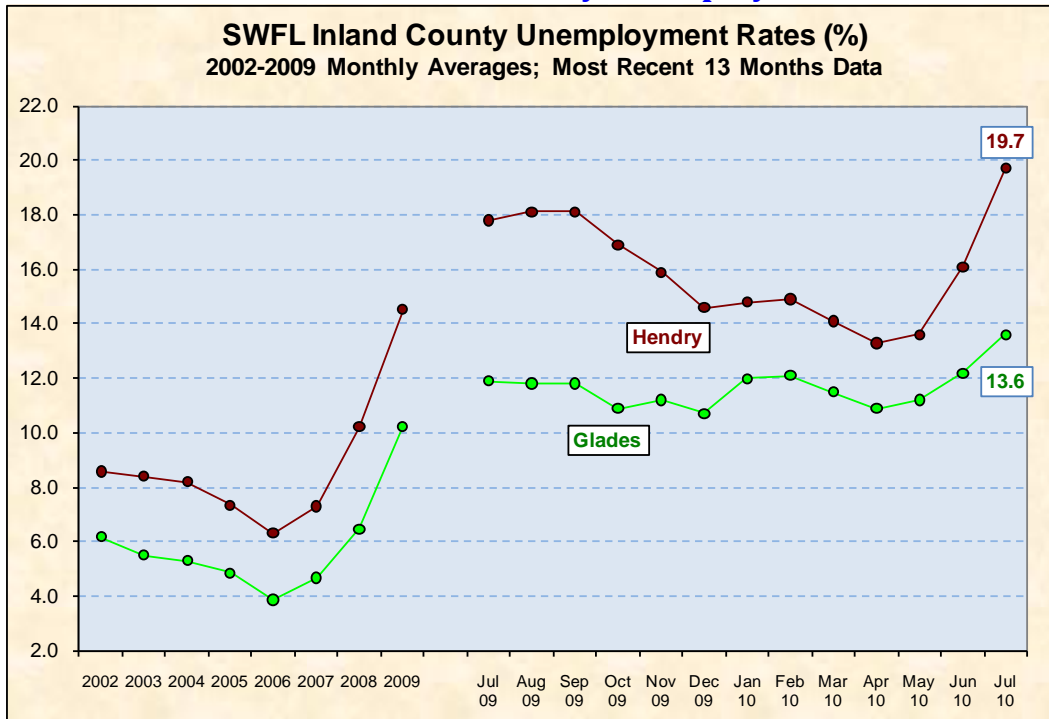
Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends. The forecast for unemployment levels is a very slow and gradual decline through 2013.

Chart 16: Coastal County Unemployment



Source AWI

Chart 17: Inland County Unemployment

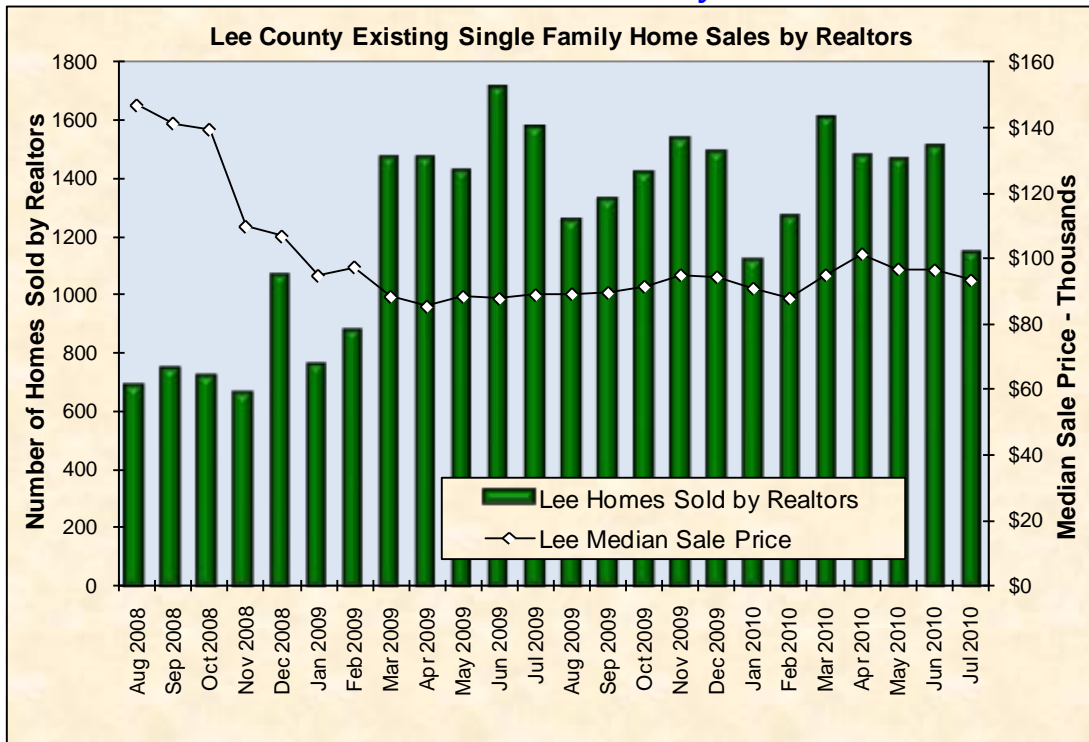


Source AWI

Sales of Single-Family Existing Homes and Median Sales Prices

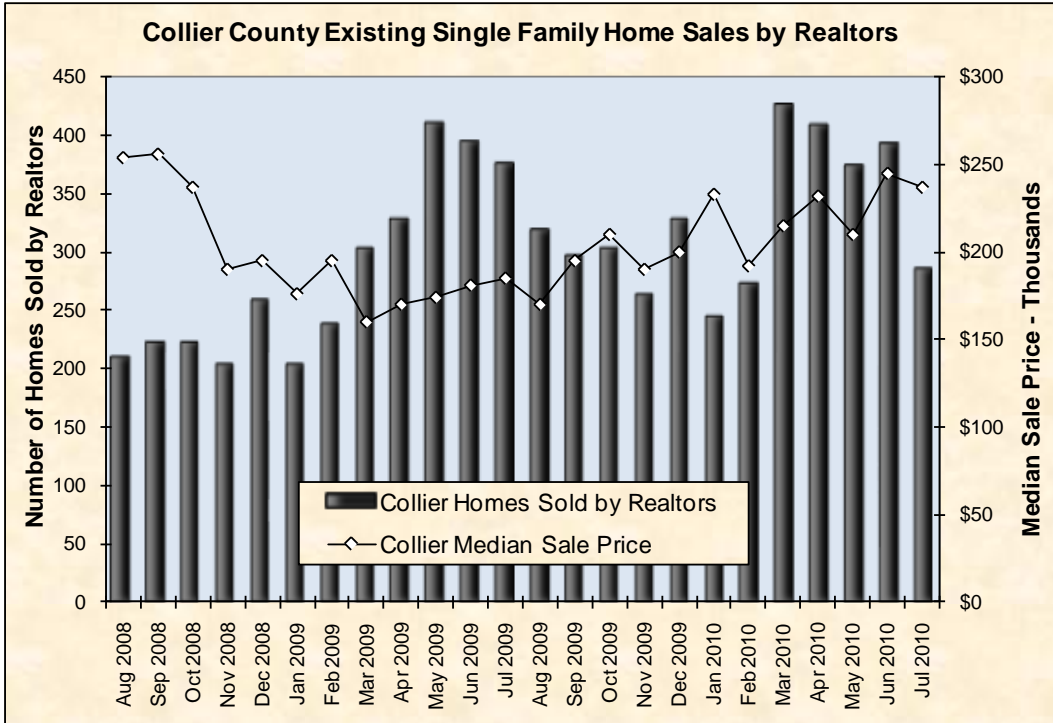
REALTOR sales of existing single-family homes declined in July 2010, along with median housing prices. Lee County had sales of 1,139 single-family homes at a median price of \$93,500 in July 2010, compared to sales of 1,501 and a median price of \$96,600 in the previous month, as shown in Chart 18. Collier County's existing single-family REALTOR sales were 284 in July 2010, down from 391 in June, accompanied by a decrease in the median price from \$245,000 to \$237,000, as shown in Chart 19. Charlotte County's existing single-family home sales declined from 311 in June 2010 to 247 in July, with a median price decrease from \$106,600 to \$95,700, as shown in Chart 20. Compared to July 2009, sales for Lee County were down 27 percent, Collier sales declined by 24 percent, and Charlotte sales were essentially unchanged.

Chart 18: Lee County



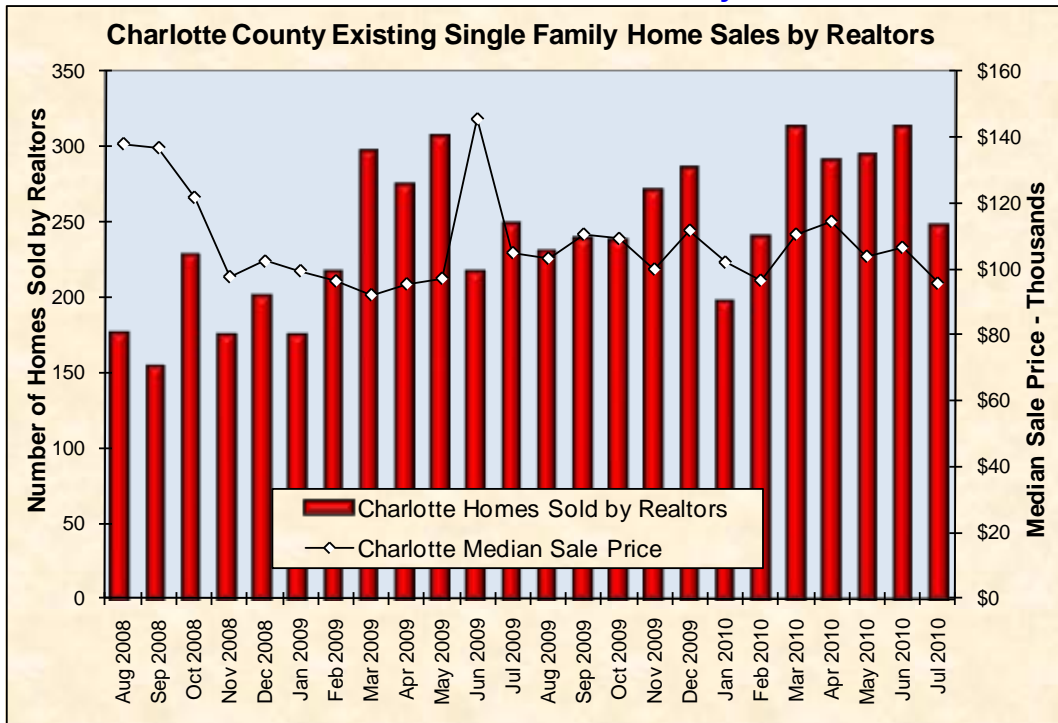
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 19: Collier County



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

Chart 20: Charlotte County

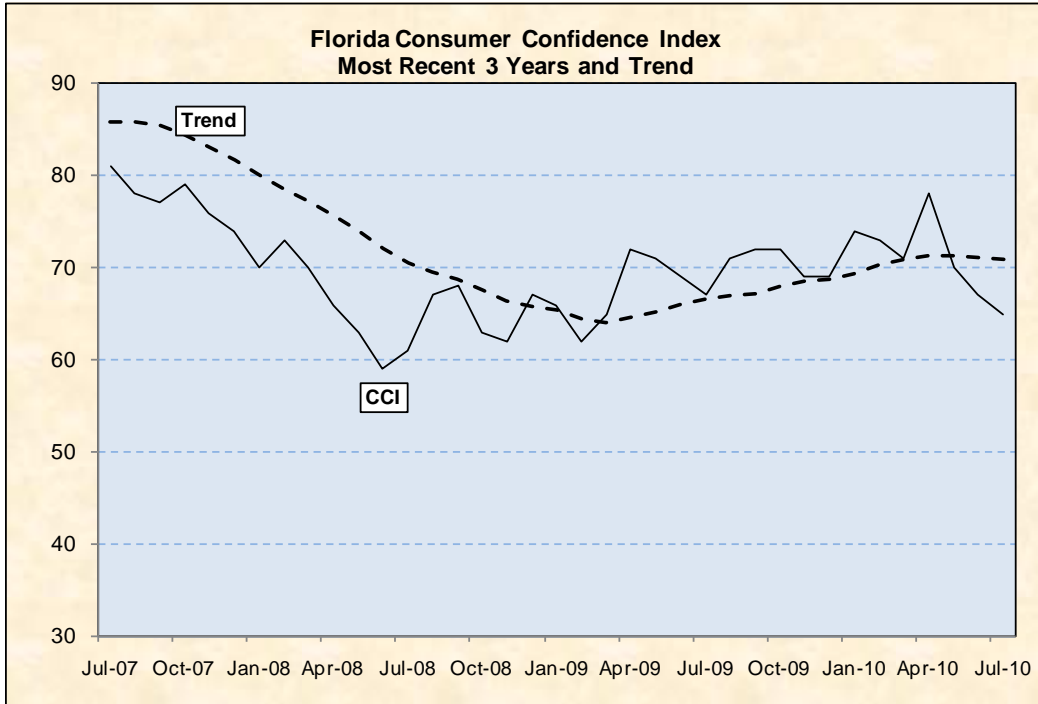


Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

Consumer Confidence Index

The Florida Consumer Confidence Index measures the attitudes of Florida residents regarding their personal finances and the outlook for the future. The index declined to 65 in July 2010 from 67 in both the prior month and July 2009. As noted by the Survey Director, the leaking oil from the Deepwater Horizon well in the Gulf of Mexico continued to depress Floridians' confidence.

Chart 21: Florida:Consumer Confidence Index

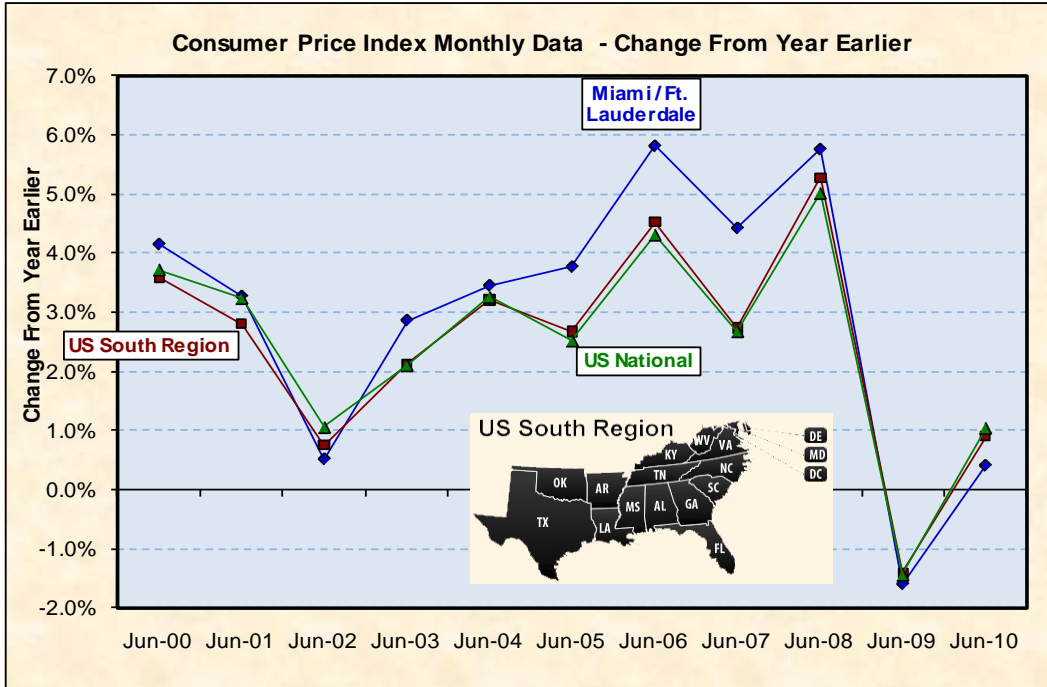


Source: Bureau of Economic and Business Research, University of Florida

Consumer Price Index

As noted in last month's report, 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.

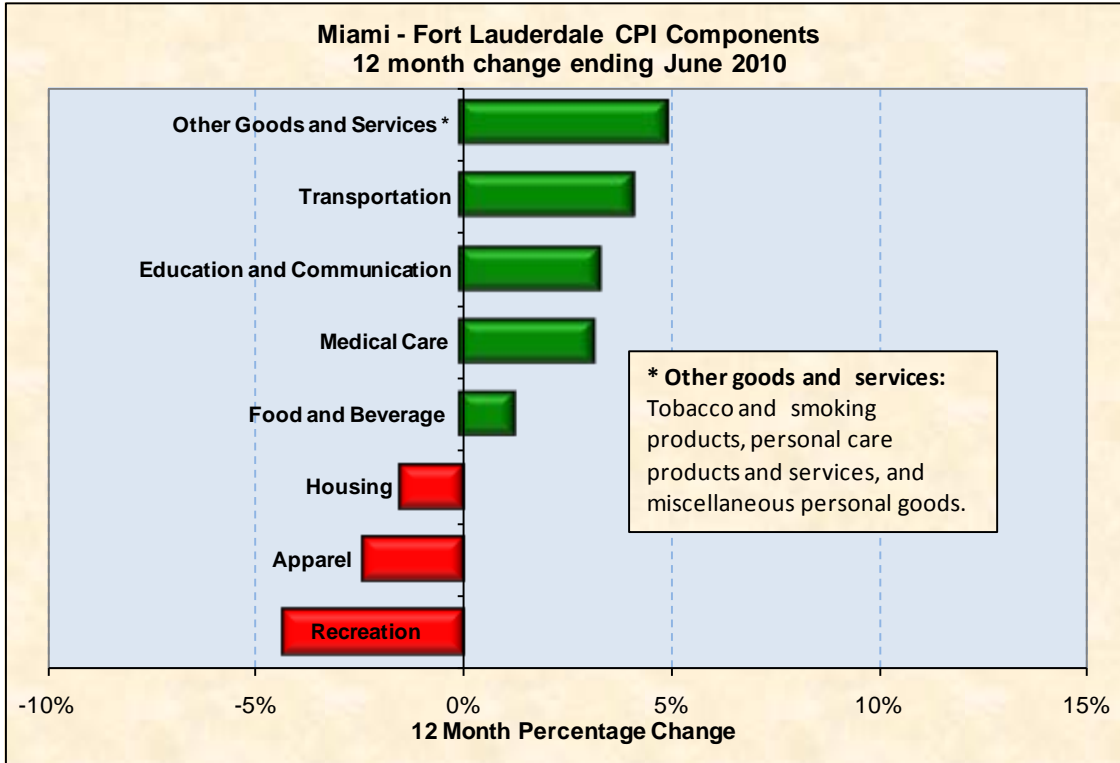
Chart 22: CPI Annual Percentage Change



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 23: Miami-Fort Lauderdale CPI Component Percentage Change



Source: BLS

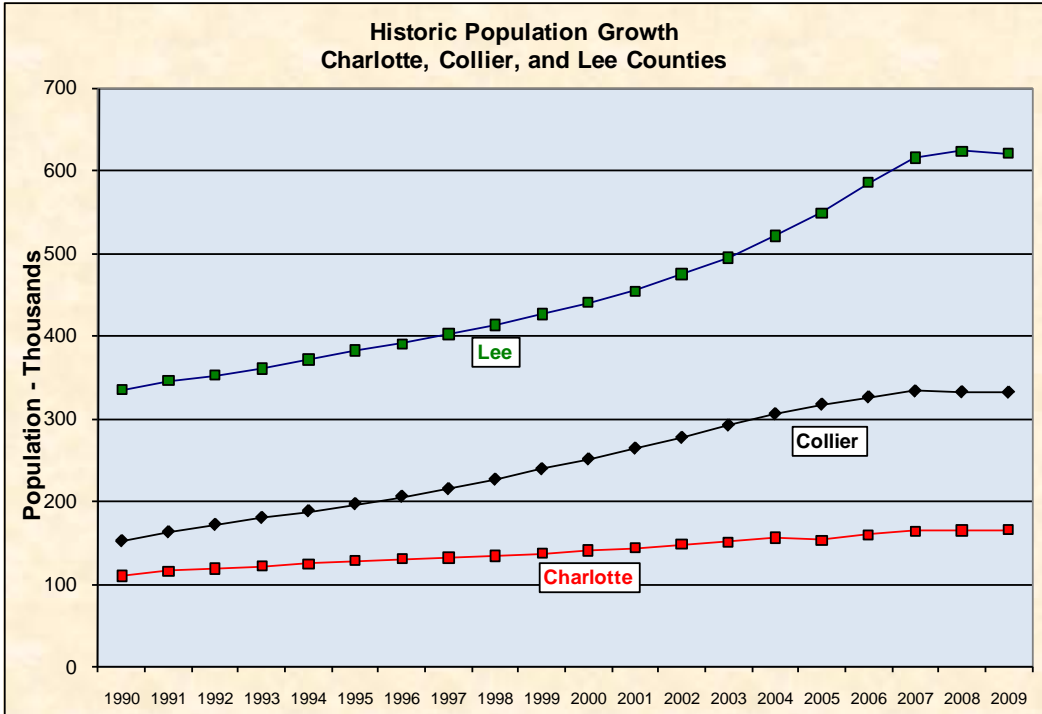
The costs of other goods and services, transportation, education and communication, and medical care continue to show the largest increases from the prior year.

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.

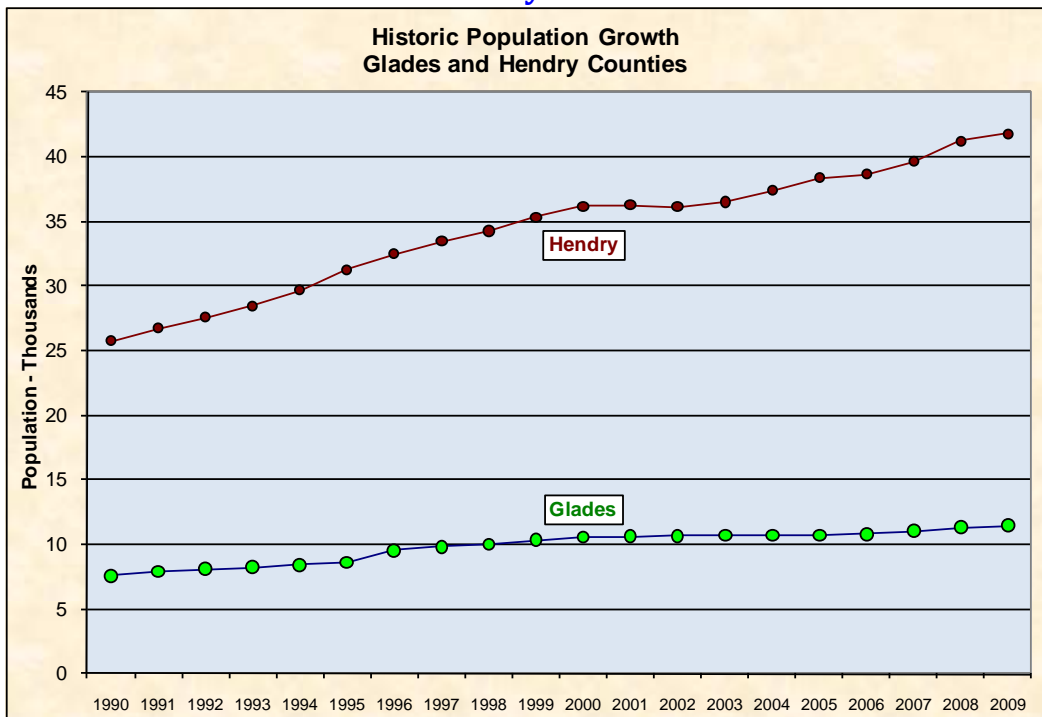
Chart 25 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 2 percent per year for this period, resulting in a 20-year increase of 46 percent. Given the projected slow recovery through 2012, I would not be surprised to see the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

Chart 24: Coastal Counties Growth 1990 to 2009



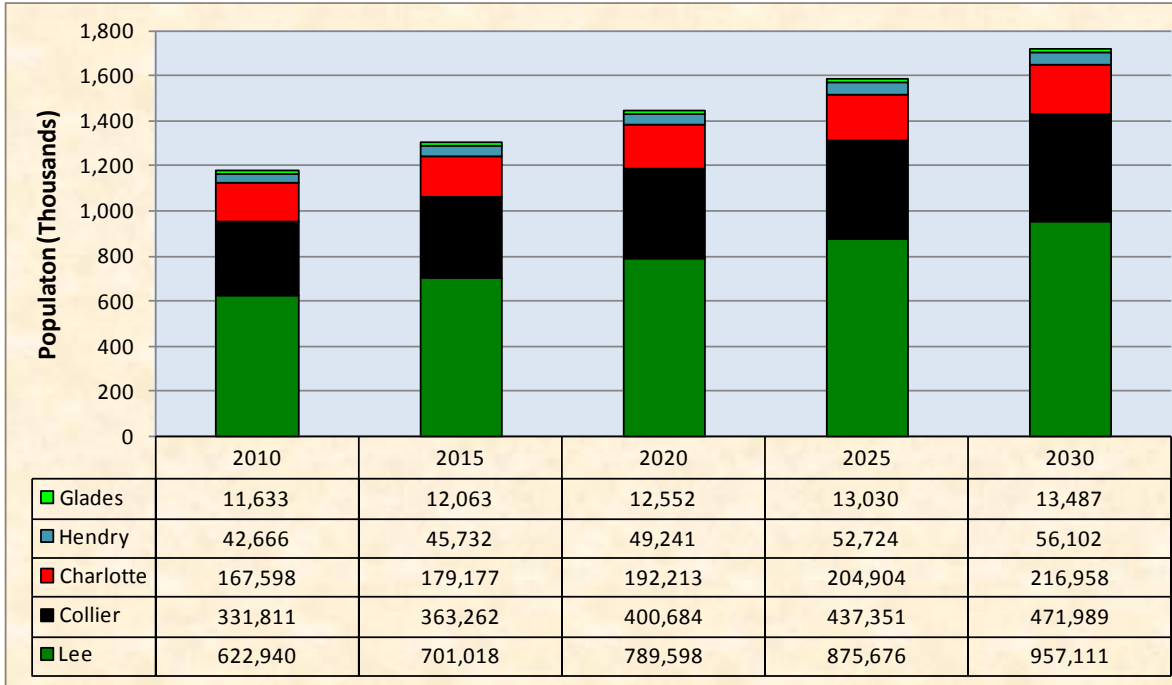
Source: Florida EDR: August 2009

Chart 25: Inland County Growth 1990 to 2009



Source: Florida EDR: August 2009

Chart 26: Projections by County



Source: Florida EDR: August 2009.