

Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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Introduction

The U.S. economy and the regional economy continue to grow but slower than the expected long-run growth rate of approximately three percent. Third quarter GDP was released today and showed the U.S. economy growing at 2.0 percent, somewhat faster than the second quarter GDP, which grew at only 1.7 percent. U.S. Disposable personal income and personal consumption expenditures grew at 0.2 percent from July to August. The Conference Board's U.S. Index of leading indicators showed an increase of 0.3 percent from August to September. U.S. retail and food services sales grew at 0.6 percent for August to September. The Florida consumer confidence index provided by the University of Florida increased from 66 in August to 68 in September. Taxable sales increased by 4.4 percent in Charlotte County, 4.2 Percent in Collier County, and 3.2 percent in Lee County in July 2010 compared to July 2009. As expected, Regional employment showed little change from August to September, with Lee County gaining 100 new employees, Collier losing 163 employees, and Charlotte County losing 380 employees. August and September are in the region's slow season and employment is expected to pick up slowly over the next several months due to seasonal winter employment and economic growth.

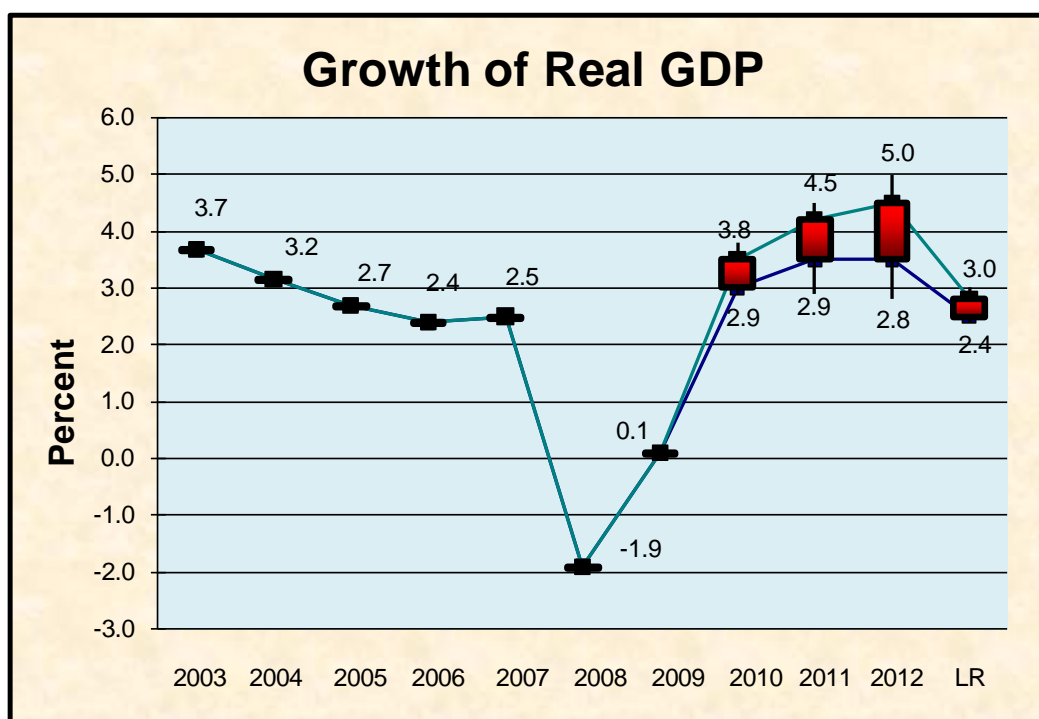
The last release of The Federal Reserve's Open Market Committee (FOMC) was issued on September 21st, and summarized in our September report as follows:

- The pace of recovery 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, though less rapidly than earlier in the year, while 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, but at a reduced rate in recent months;
- Nonetheless, the Committee continues to anticipate 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 modest in the near term;
- Measures of underlying inflation are at levels below those the Committee judges most consistent, over the longer run, with its mandate to promote maximum employment and price stability;
- With substantial resource slack restraining cost pressures, inflation is likely to remain subdued for some time before rising to levels the Committee considers consistent with its mandate;
- 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 November 2 - 3, 2010.

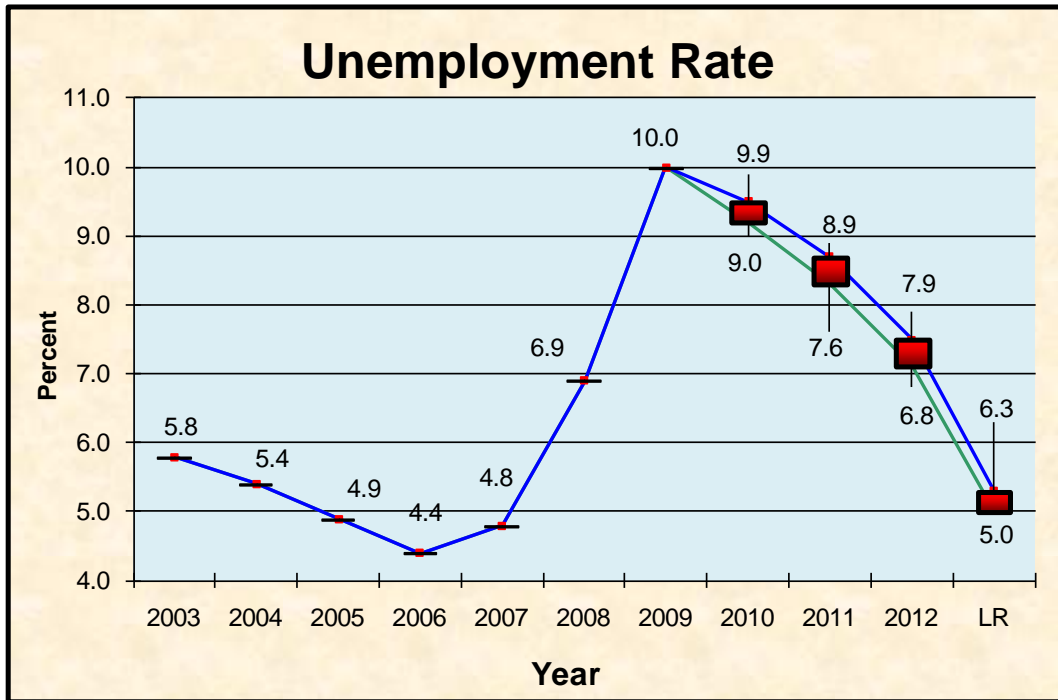
As previously reported, the latest FMOEC economic forecast was released on July 14th and is shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

The chart below shows 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.

The summer months are typically the slower season for Southwest Florida and have higher unemployment levels. While there were some modest declines from the prior month, all five counties in Southwest Florida reported September unemployment at or above 13 percent with Charlotte at 13.1 percent, Collier at 13.3 percent, Lee at 13.5 percent, Glades at 13.4 percent, and Hendry at 20.2 percent. The recovery has been very slow to add jobs but a recent Manpower survey indicates that Lee County firms are planning to add jobs this fall. The recovery from this deep and severe recession is expected to take several years.

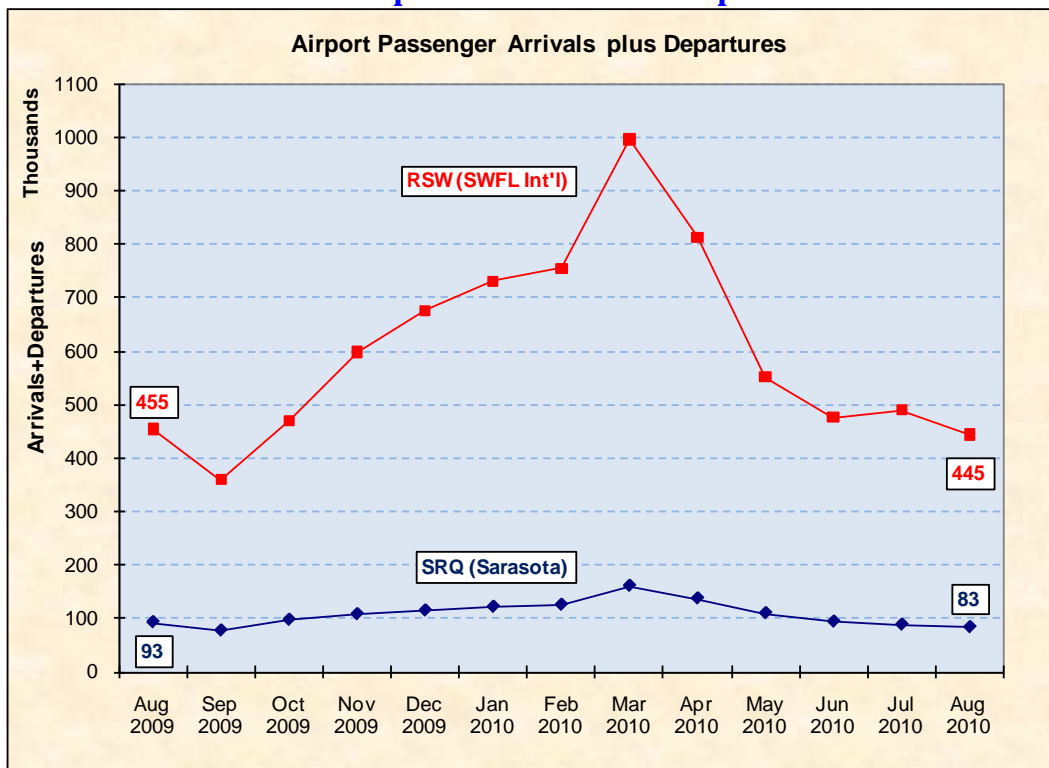
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report, as a way to support its mission and assist the region. We recently added a Florida Consumer Confidence Index chart based on information collected by the Bureau of Economic and Business Research (BEBR) at the University of Florida and we have added trend line data for the US Index of Consumer Sentiment, based on surveys conducted by the University of Michigan. 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 Southwest Florida International (RSW) and Sarasota airports and is shown in Chart 1. Southwest Florida International 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.

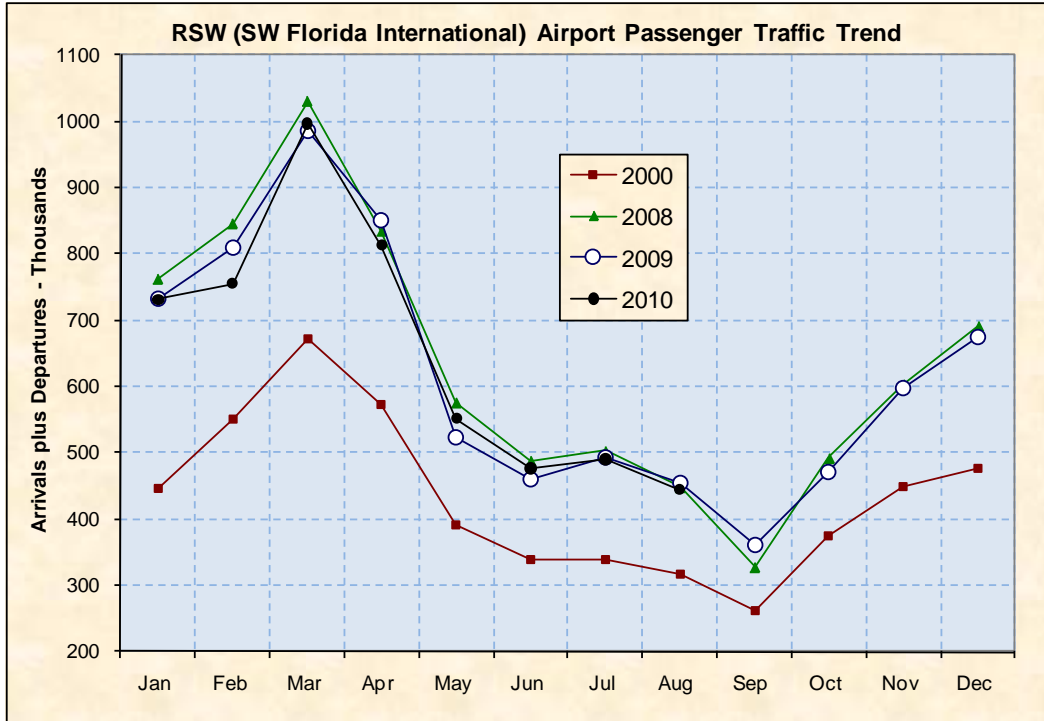
Charts 1 and 2 show RSW airport passenger activity of 444,714 in August 2010, a decline of 2 percent from August 2009 and a 9 percent decrease from the prior month. Sarasota (SRQ) passenger activity amounted to 83,103 in August 2010, down 10 percent from August 2009 and 5 percent below July 2010, as shown in Chart 3. Charlotte County Airport recorded passenger activity of 8,326 in August, an increase of 9 percent over August 2009, but 19 percent below the July 2010 level, as shown in Chart 4. Traffic for the three airports totaled 536,143, a decline of 3 percent from August 2009 and 9 percent off from July 2010.

Chart 1: Airport Arrivals and Departures



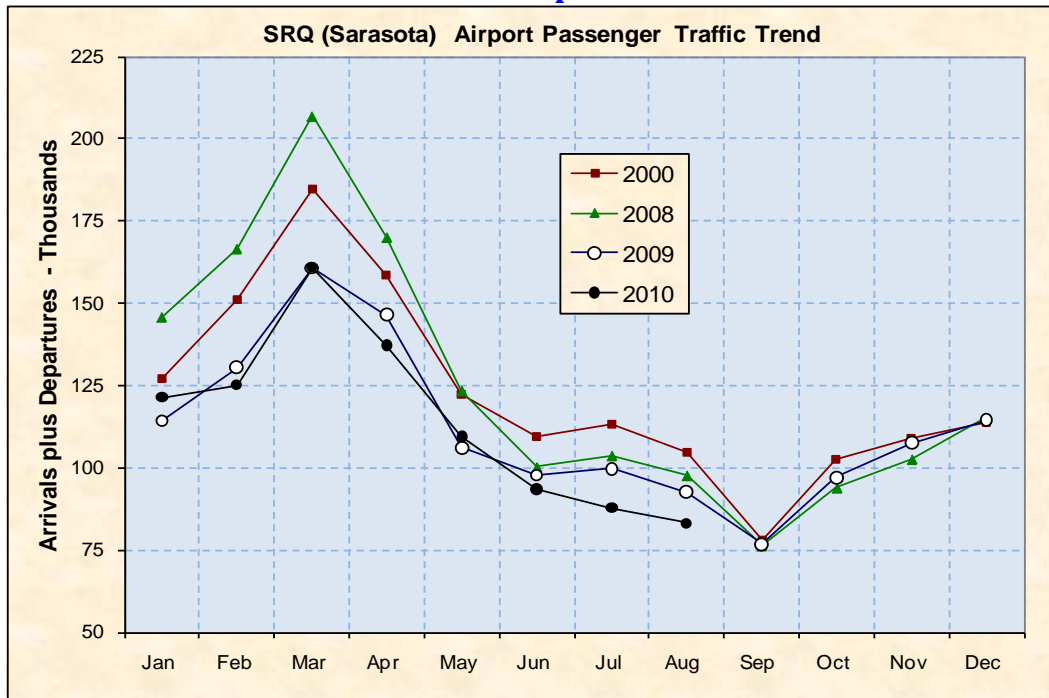
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



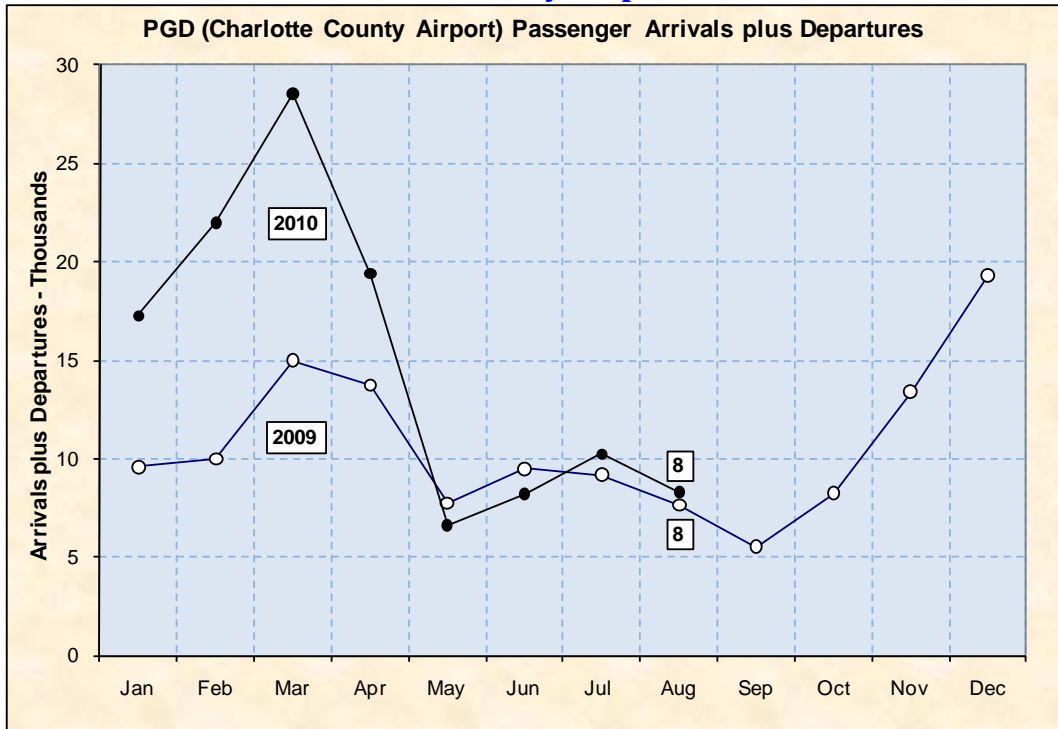
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend

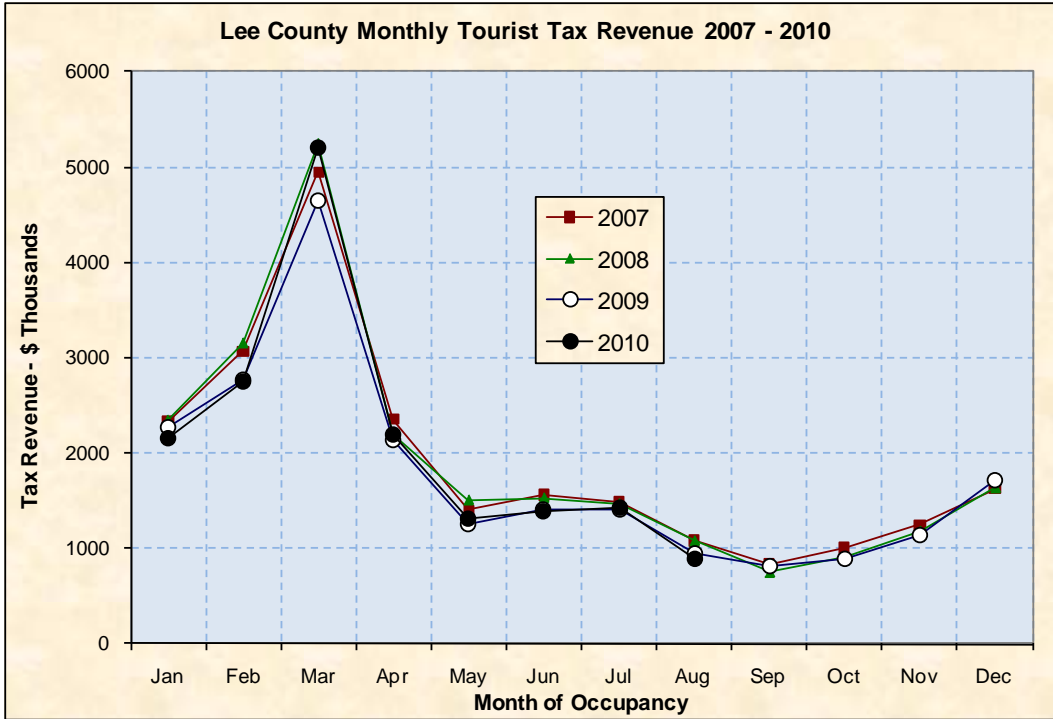


Source: Local Airport Authorities

Tourism Tax Revenues

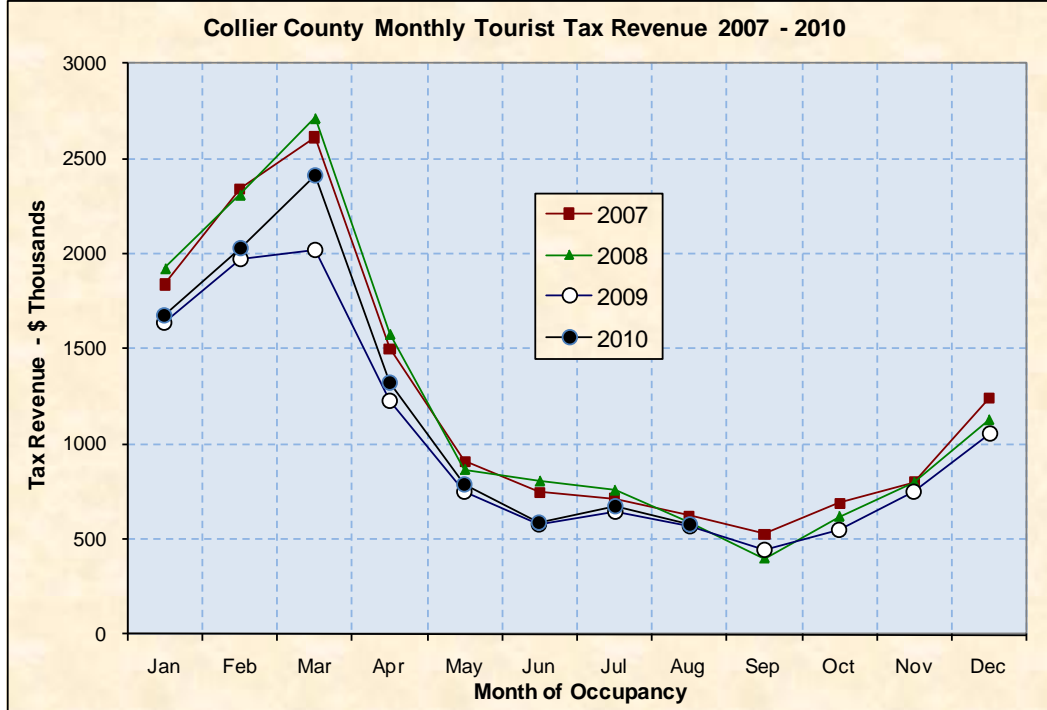
Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy. August tourism tax revenues were \$883,791 for Lee County, \$577,933 in Collier County, and \$44,008 in Charlotte County. Tourism tax revenues for the region showed a 3 percent decline (\$46,000) from August 2009, led by a decline of 6 percent in Lee County. Collier County revenues showed a 1 percent increase over August 2009, while Charlotte revenues were up by 7 percent. Total tourism tax revenues for the three counties experienced a 30 percent seasonal decline (\$653,433) from July 2010.

Chart 5: Lee County Tourism Tax Revenues



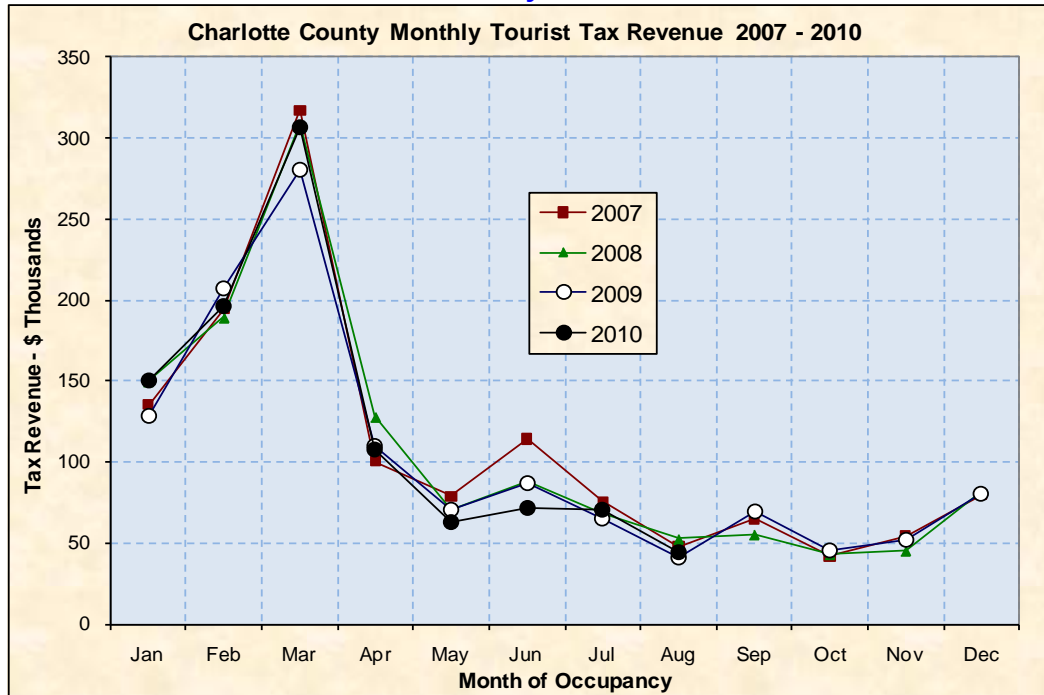
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

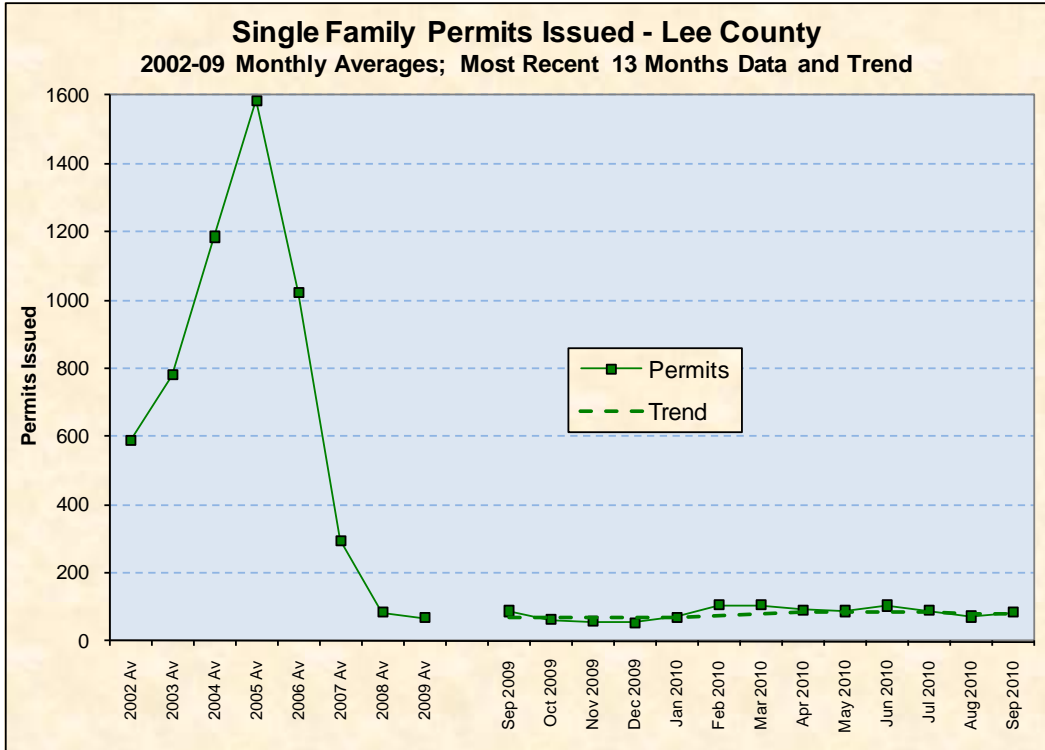


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

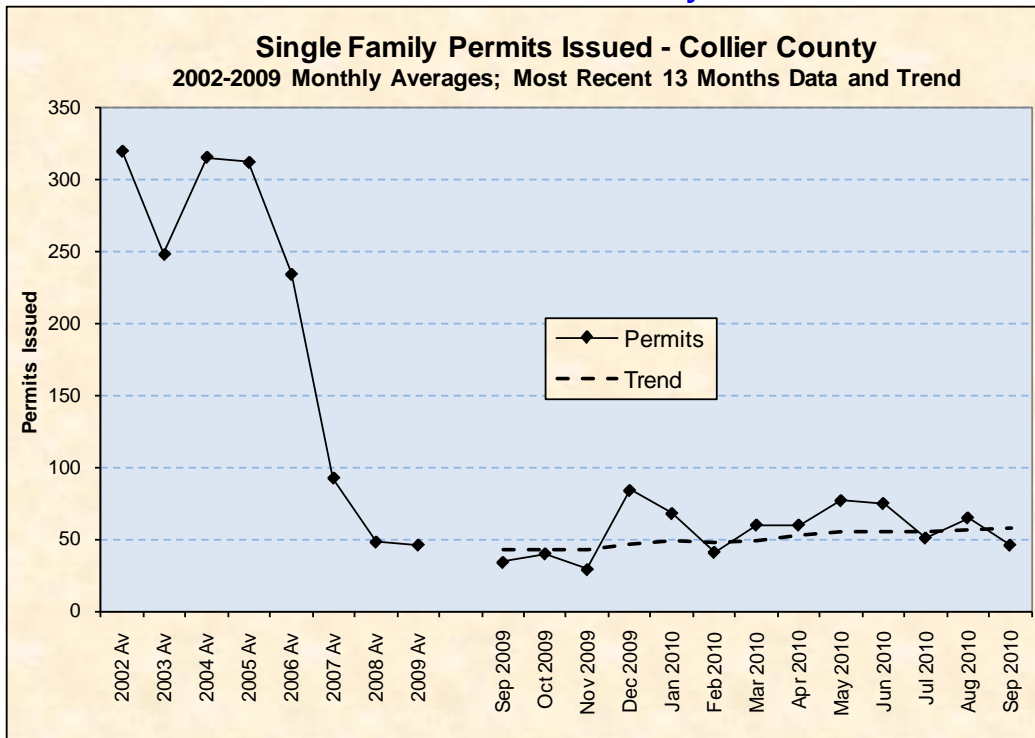
Lee County issued 84 single-family home permits in September 2010, down from 88 in September 2009, as shown in Chart 8; the corresponding figure for the prior month was 72. Single-family home permits for Collier County increased to 46 in September 2010 from 34 in September 2009, as shown in Chart 9; this represented a decrease from 65 permits issued in August 2010. Charlotte County permits declined to 24 from 41 in both September 2009 and August 2010, as shown in Chart 10.

Chart 8: Lee County



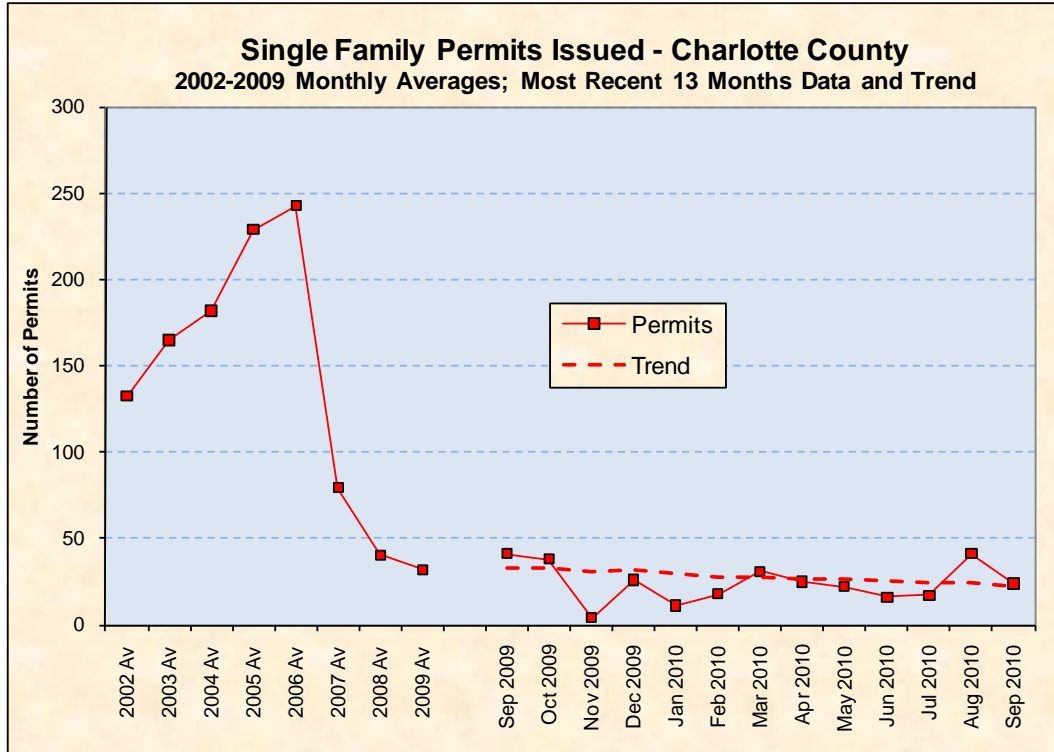
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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.

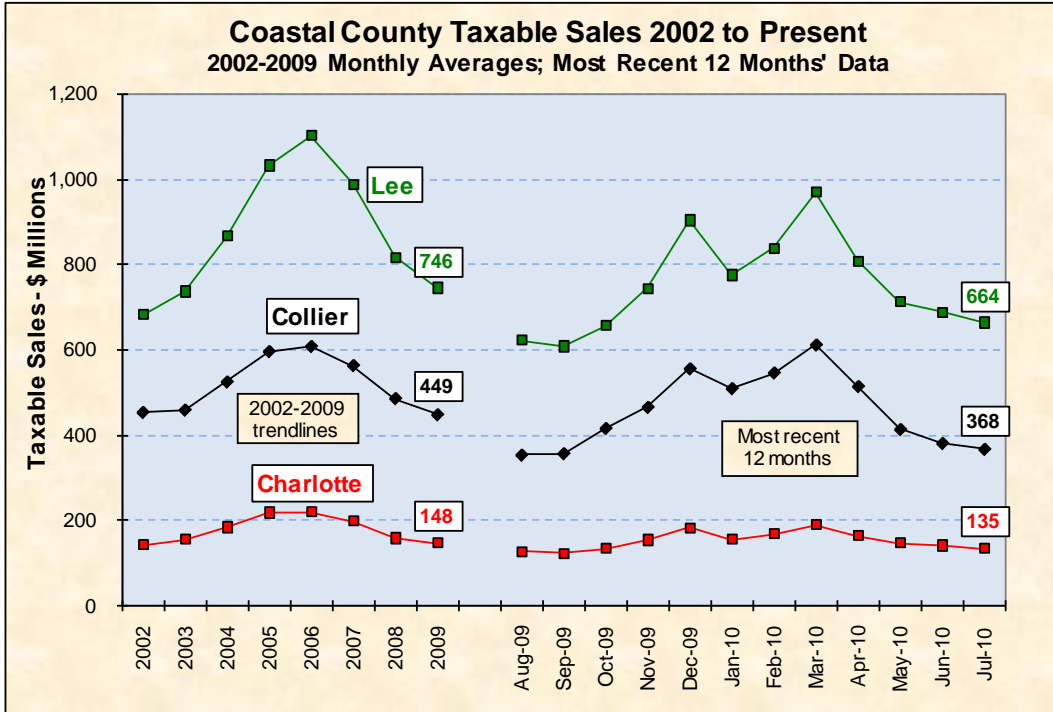
Taxable Sales

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. July is the latest collection month and is plotted on the following charts.

Total taxable sales for the 5-county region in July 2010 showed a seasonal 4 percent decrease from the prior month of June, and an increase of 4 percent from July 2009. Taxable sales for the Coastal Counties are shown in Chart 11. Charlotte County reported taxable sales of \$135.4 million in July 2010, a 4 percent increase from July 2009. Lee County taxable sales amounted to \$663.6 million in July 2010, a 3 percent increase from July 2009. Collier County's taxable sales were \$368.2 million in July 2010, a 4 percent increase from July 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.

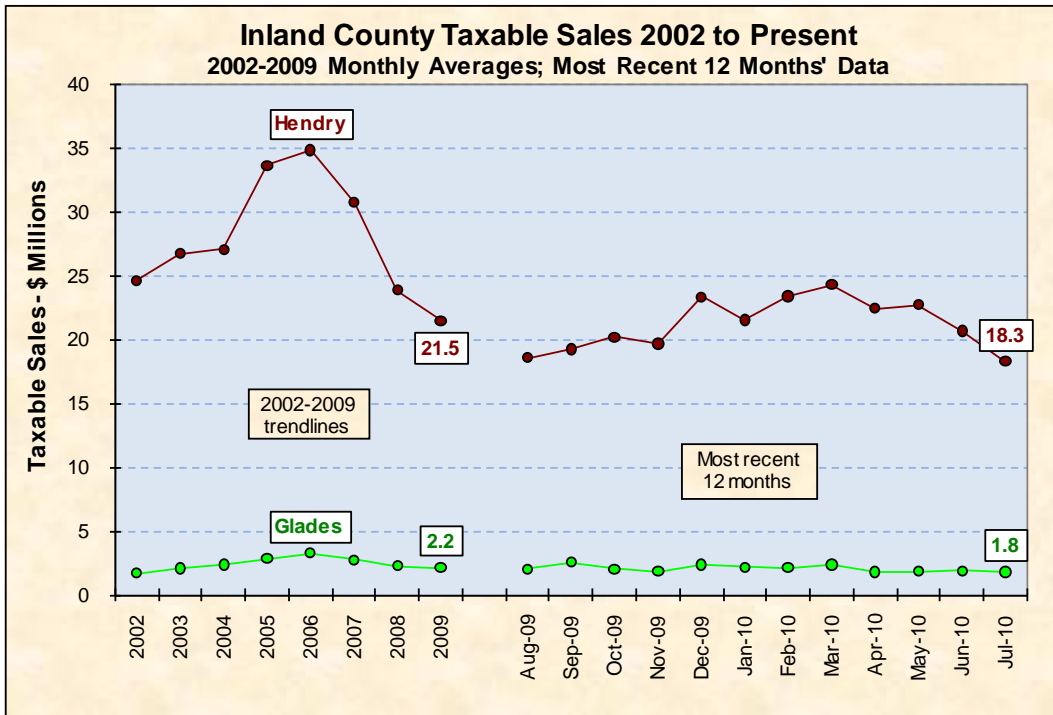
Chart 12 shows taxable sales for Glades and Hendry Counties on a scale that differs from that of Chart 11. Glades County reported July 2010 taxable sales of \$1.8 million, a 14 percent decline from the same month one year ago. Hendry County's taxable sales were \$18.3 million, a 1 percent increase from a year ago.

Chart 11: Taxable Sales for Coastal Counties



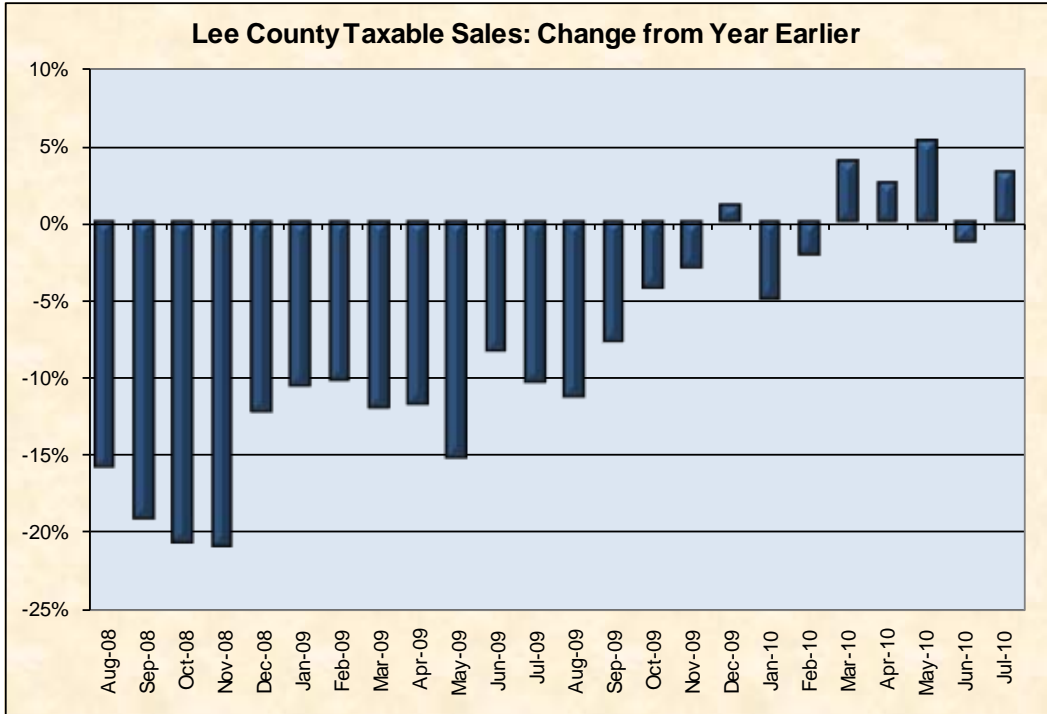
Source: Florida Department of Tax Research

Chart 12: Taxable Sales for Inland Counties



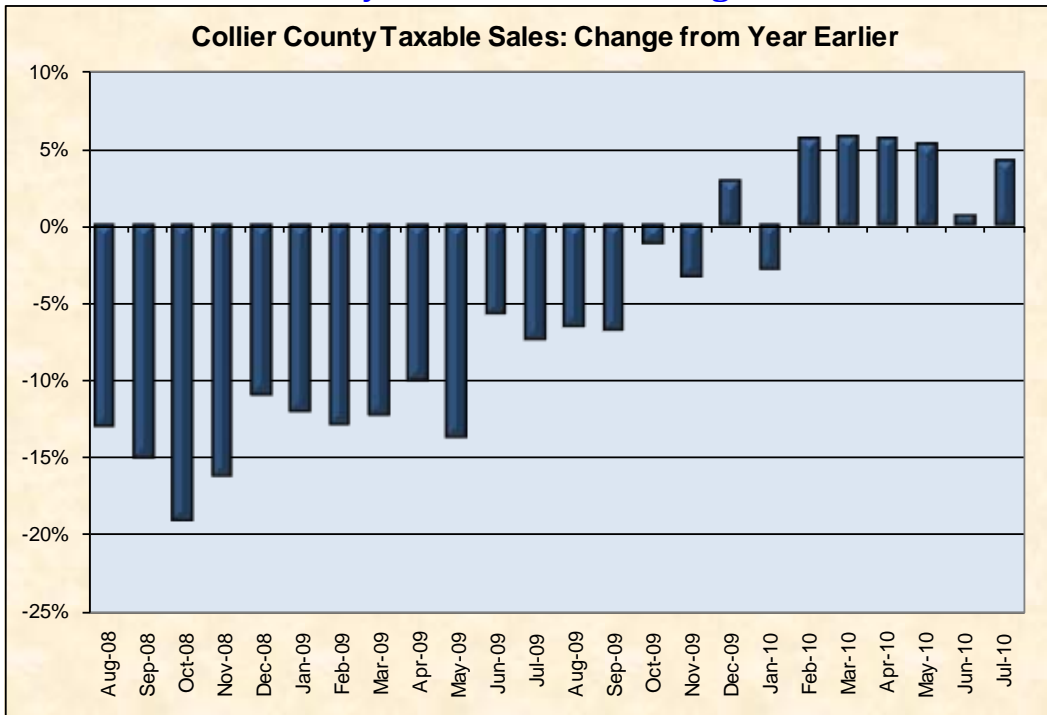
Source: Florida Department of Tax Research

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



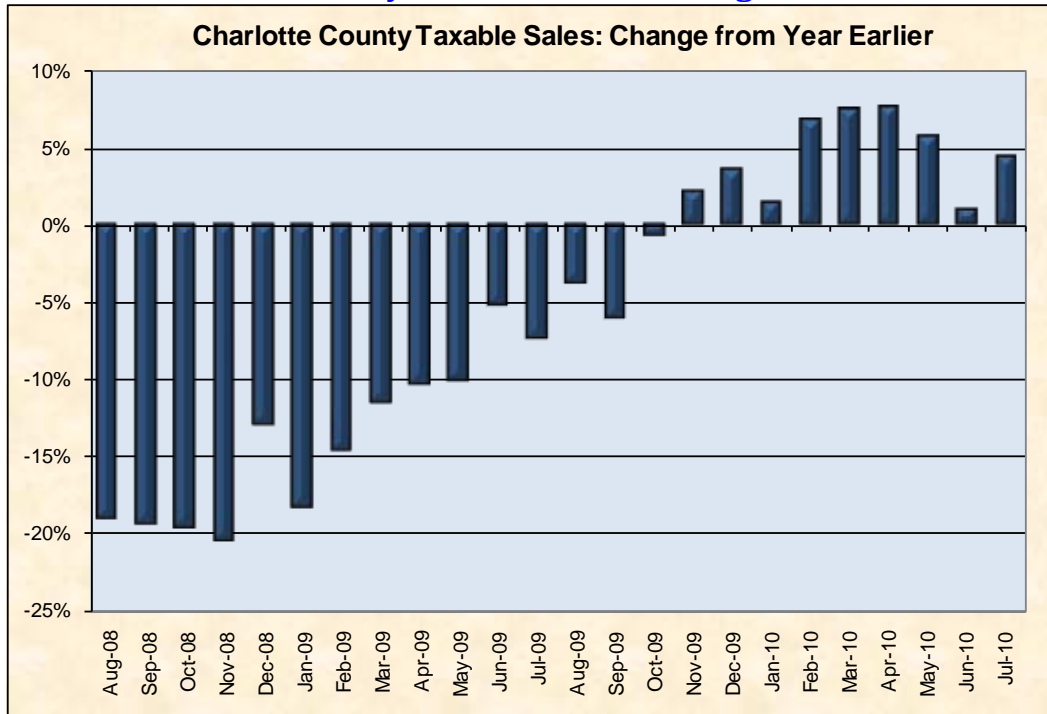
Source: Florida Department of Tax Research

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

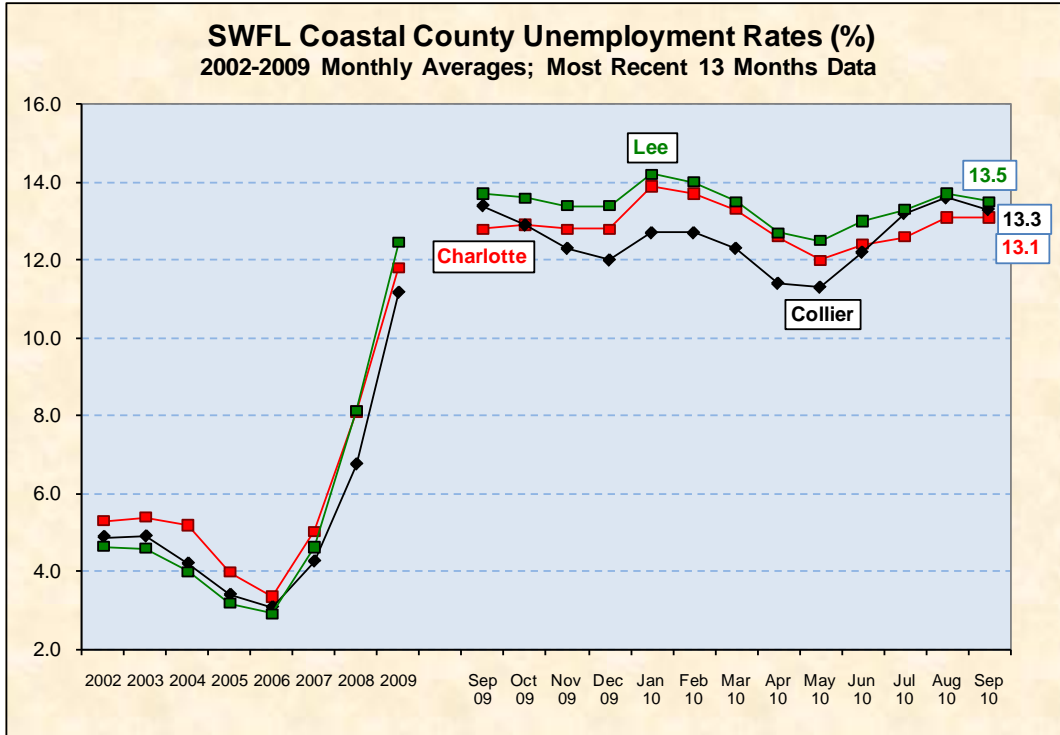
Unemployment rates across the region dipped slightly in September, remaining historically high and continuing to reflect the slower summer season. Chart 16 shows coastal county unemployment rates by year from 2002 to 2009, as well as monthly unemployment rates over the last 13 months. Charlotte County's unemployment rate was unchanged at 13.1 percent in September 2010, albeit an increase from 12.8 percent in September 2009. Lee County's unemployment rate decreased from 13.7 percent in both September 2009 and August 2010 to 13.5 percent in September 2010. Collier County's unemployment rate decreased from 13.4 percent in September 2009 and 13.6 percent in August 2010 to 13.3 percent in September 2010.

As shown in Chart 17, Hendry County's unemployment rate decreased slightly from 20.6 percent in August 2010 to 20.2 percent in September, while Glades County's unemployment also decreased from 14.1 percent in August 2010 to 13.4 percent in September. Each of the counties in Southwest Florida continued to report unemployment rates above 13.0 percent but declined from August to September 2010.

Florida's unemployment rate declined to 12.0 percent in September 2010 from 12.4 in August 2010, albeit an increase over the 11.4 percent figure reported for August 2009. The national unemployment rate dropped to 9.2 percent in September from 9.5 in both August 2010 and August 2009. Unemployment rates reported in this report are not seasonally adjusted unless otherwise noted.

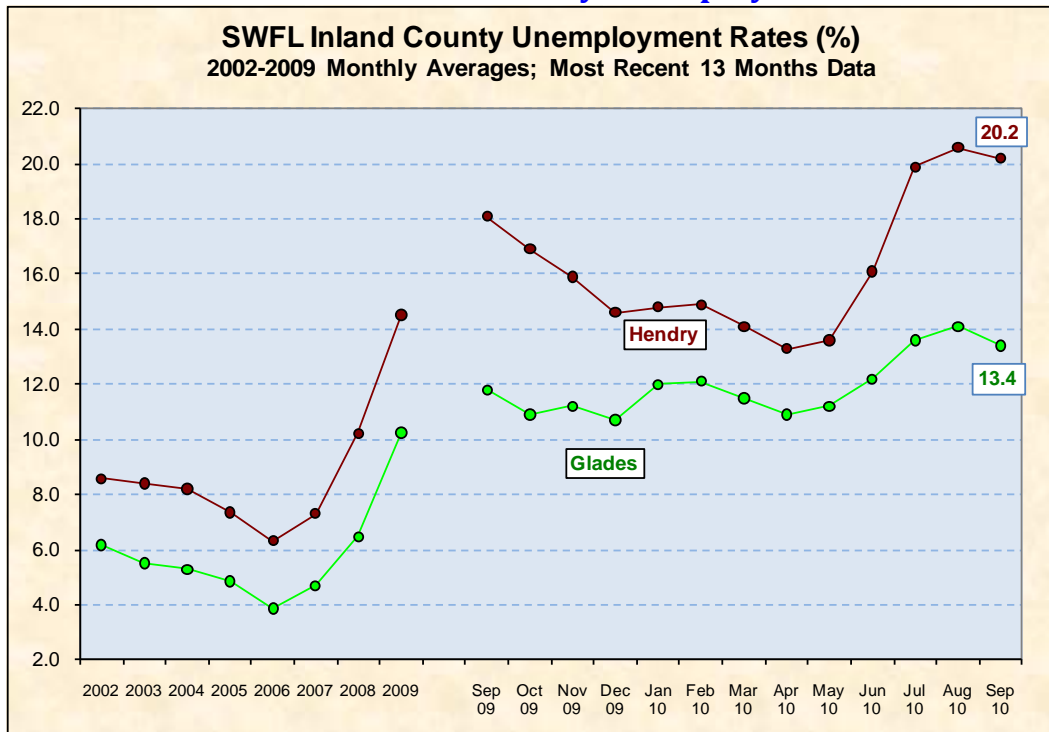
Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends. The forecast for unemployment levels continues to be based on a very slow and gradual decline through 2013.

Chart 16: Coastal County Unemployment



Source AWI

Chart 17: Inland County Unemployment



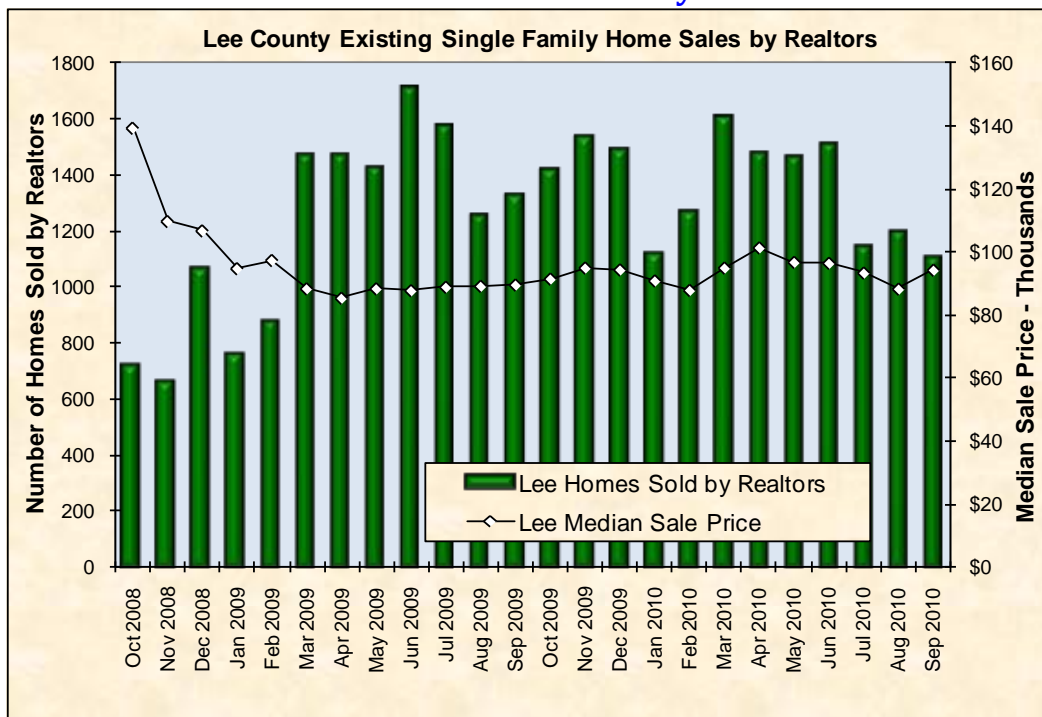
Source AWI

Sales of Single-Family Existing Homes and Median Sales Prices

REALTOR sales of existing single-family homes in Lee and Collier Counties decreased in September 2010 from the previous month, while sales in Charlotte County edged up. Lee County had sales of 1,102 single-family homes at a median price of \$94,400 in September, compared to sales of 1,193 and a median price of \$88,400 in the previous month, as shown in Chart 18. Collier County's existing single-family REALTOR sales were 265 in September 2010, down from 304 in August, accompanied by a slight decrease in the median price from \$175,000 to \$173,000, as shown in Chart 19. Charlotte County's existing single-family home sales increased from 236 in August 2010 to 241 in September, with a median price decrease from \$101,800 to \$90,900, as shown in Chart 20. Compared to September 2009, sales for Lee County were down 17 percent and Collier sales declined by 17 percent while Charlotte sales rose by 1 percent.

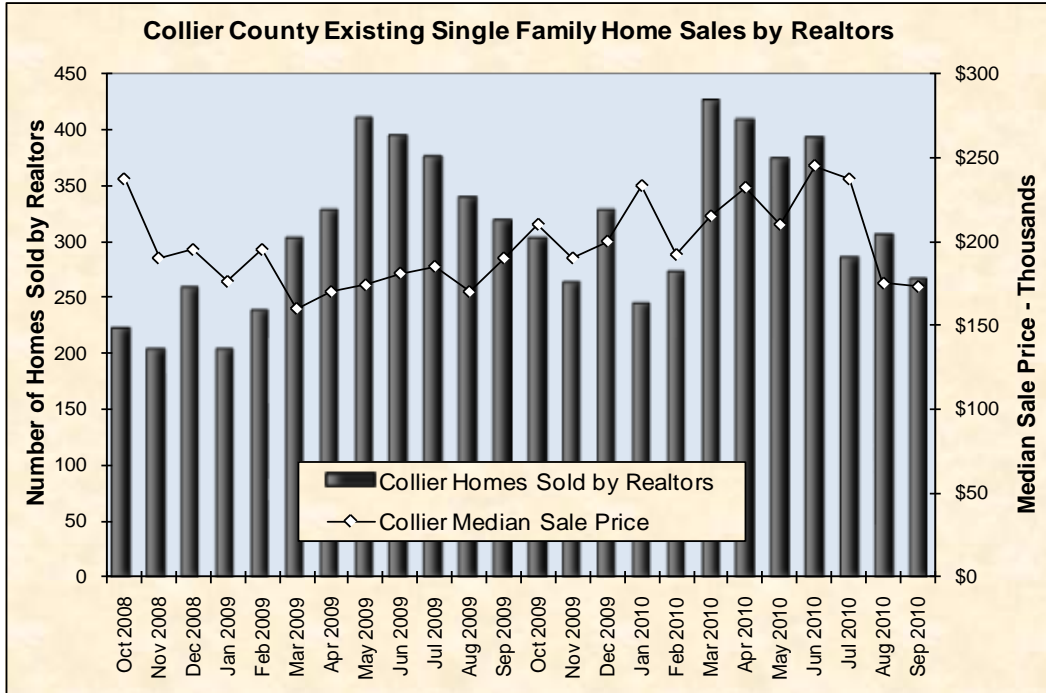
Total sales for the three counties showed a decrease of 7 percent from the prior month and a 14 percent decline from September 2009.

Chart 18: Lee County



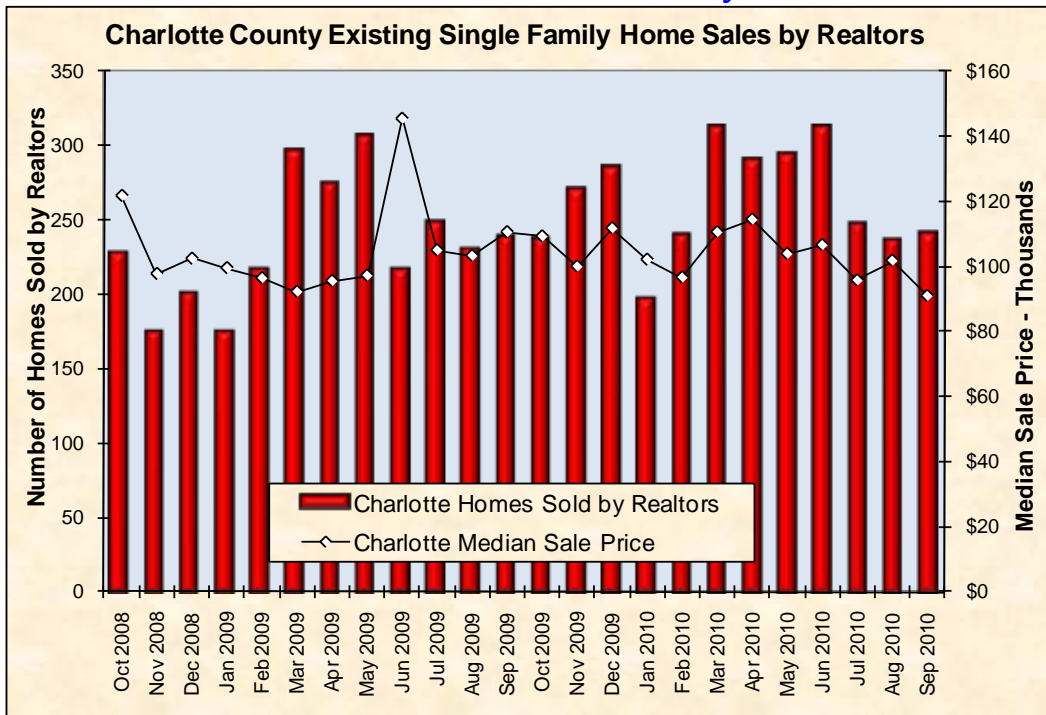
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 19: Collier County



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

Chart 20: Charlotte County

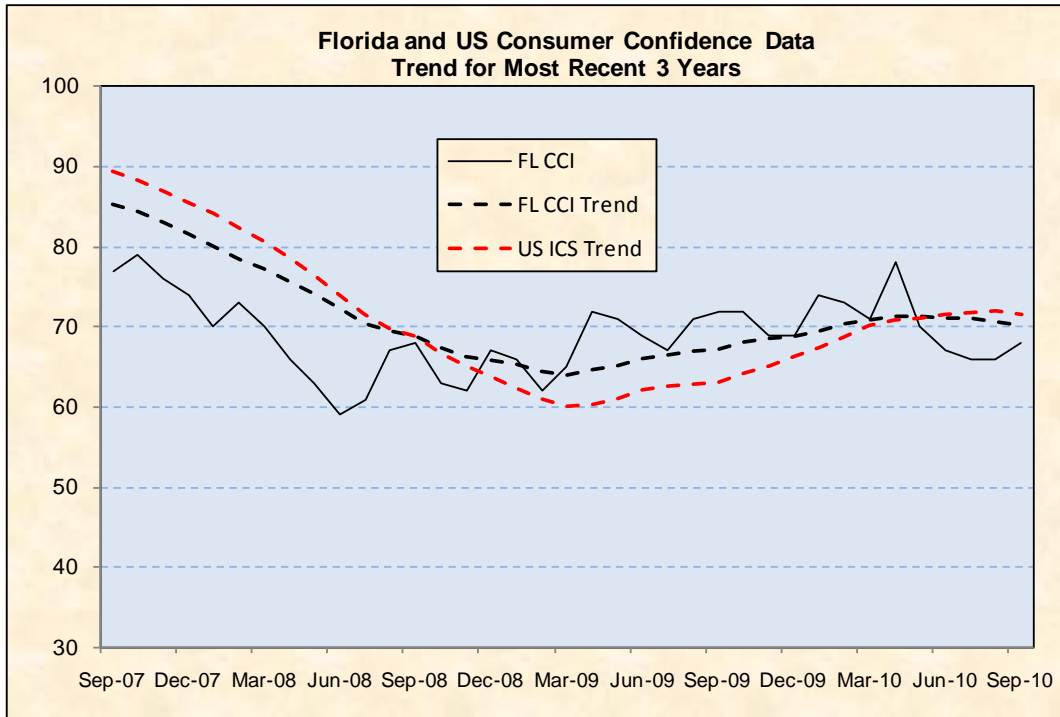


Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

Consumer Confidence Index

The Florida Consumer Confidence Index measures the attitudes of Florida residents regarding their personal finances and the outlook for the future. Chart 21 shows this monthly data for the last three years, as well as two 12-month moving average trend lines for the Florida Consumer Index and for the United States Consumer Sentiment Index reported by Thomson Reuters/University of Michigan. While the indices tend to correlate fairly well, the impact of the Gulf Oil spill is clearly seen in the Florida CCI since this spring. The Florida index inched up to 68 in September from 66 in August.

Chart 21: Florida:Consumer Confidence Index

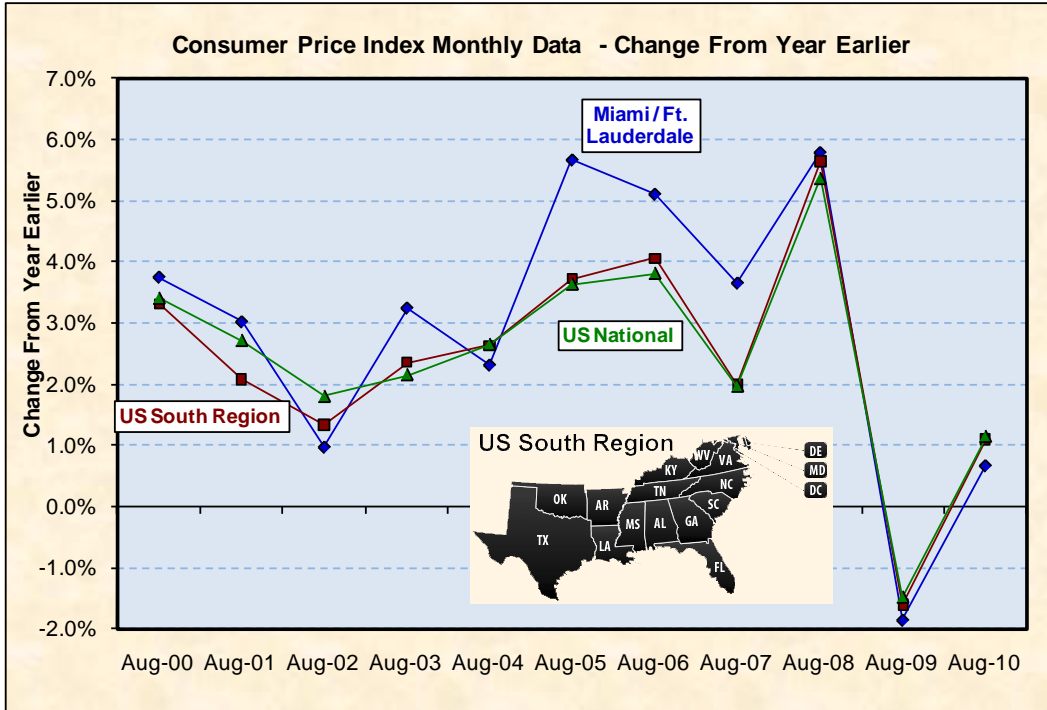


Source: Bureau of Economic and Business Research, University of Florida

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. As noted in last month's report, the national CPI and the South Region CPI both increased 1.1 percent from August 2009 to August 2010. The Miami/Fort Lauderdale index rose by only 0.7 percent. The impact of the recession can be seen in the chart by the decline in the CPI from August 2008 to August 2010.

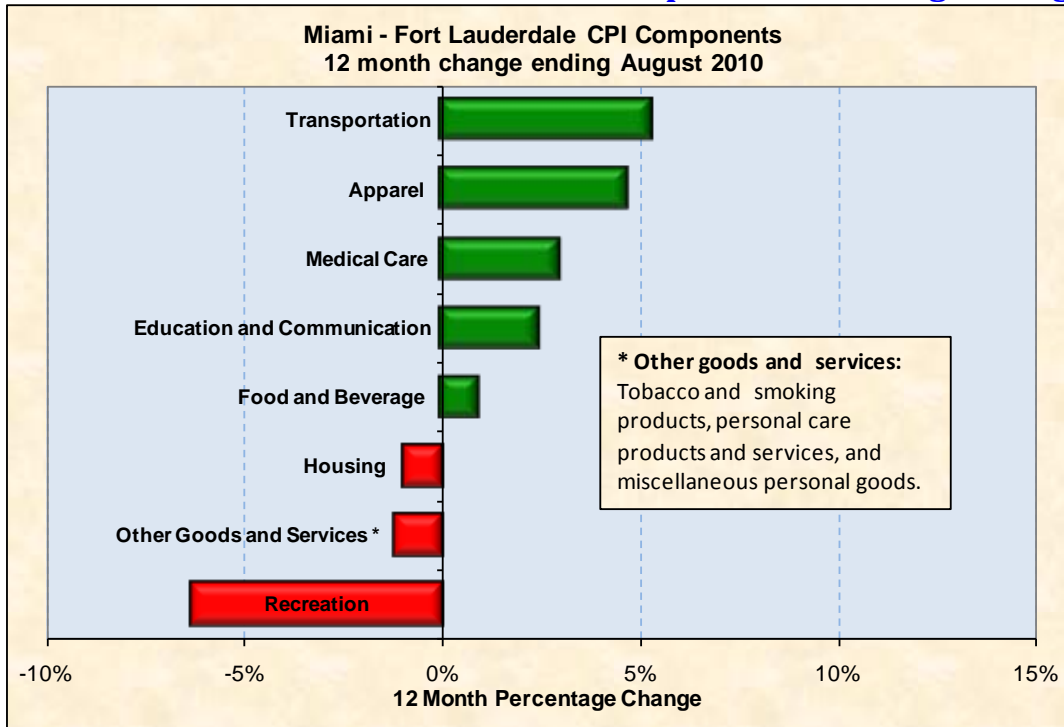
Chart 22: CPI Annual Percentage Change



Source: BLS

The overall Miami-Fort Lauderdale Consumer Price Index for the 12 months ending August 2010 is broken down into the components contributing to the price changes, shown in Chart 23. Recreation, other goods and services, and housing costs showed declines over the past 12 months. The transportation, apparel, medical care, education and communication, and food and beverage components increased over August 2009.

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change



Source: BLS

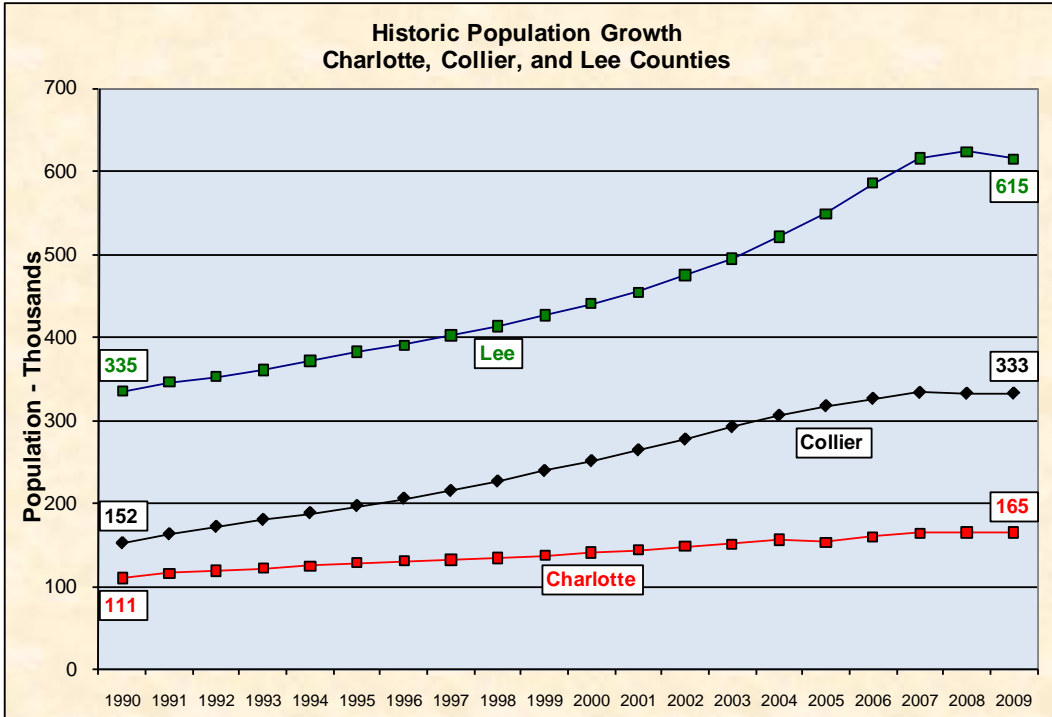
The costs of other goods and services, transportation, education and communication, and medical care continue to show the largest increases from the prior year.

Population

As reported last month, the following charts reflect the updated county population forecasts recently released by the Florida Office of Economic & Demographic Research (EDR). 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 2.5 percent per year.

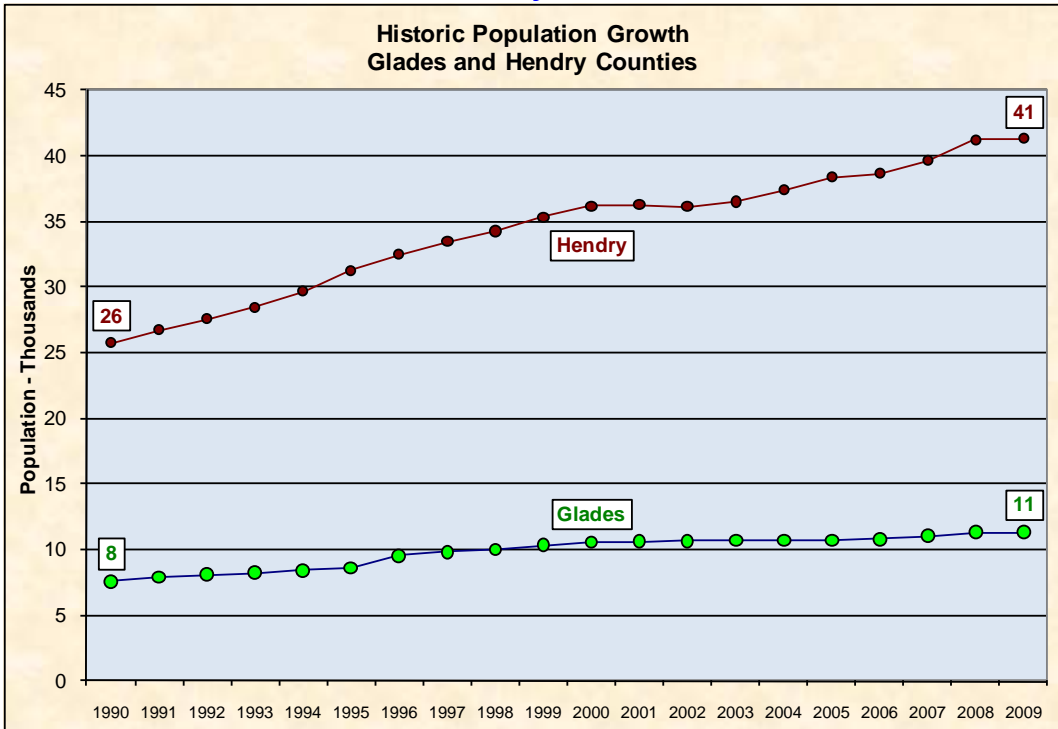
Chart 26 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 1.9 percent per year for this period, resulting in a 20-year increase of 46 percent.

Chart 24: Coastal Counties Growth 1990 to 2009



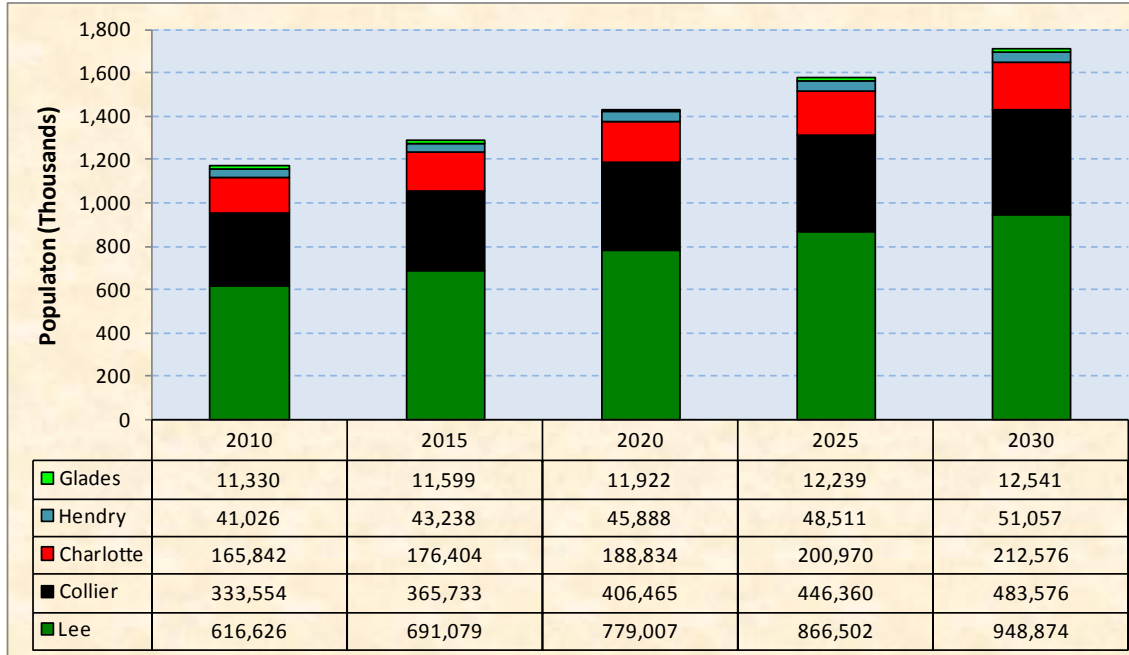
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

Chart 25: Inland County Growth 1990 to 2009



Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

Chart 26: Projections by County



Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010