

Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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Table of Contents

Introduction	3
Airport Activity.....	5
Chart 1: 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	20
Population.....	21
Chart 24: Coastal Counties Growth 1990 to 2009	21
Chart 25: Inland County Growth 1990 to 2009.....	22
Chart 26: Projections by County	22

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Introduction

The U.S. Bureau of Economic Analysis (BEA) released the advance estimate for fourth quarter real GDP on January 28th. The real GDP increase is 3.2 percent up from 2.6 percent in the third quarter. Personal consumption expenditures, exports, and nonresidential fixed investment contributed to the increase. Real personal consumption expenditures increased by 4.4 percent in the fourth quarter compared to an increase of only 2.4 percent in the third quarter. The hope is that the economy will continue to strengthen as this year progresses.

The Conference Board's U.S. index of leading indicators increased by 7.3 points in January to 60.6. The Florida Consumer Confidence index provided by the University of Florida increased seven points from 70 in December to 77 for January. This showed significant improvement in consumer confidence but the high levels of unemployment, foreclosures, and tight financial markets remain an important concern. The U.S. economy and the Southwest Florida economy in particular continue to work through the systemic problems related to the housing bubble and banking crisis. The recovery to more normal employment levels is expected to take several more years, but we are seeing improvement in the overall economy.

The latest release of The Federal Reserve's Open Market Committee (FOMC) was issued on January 26th and is summarized as follows:

- The economic recovery is continuing, though at a rate that has been insufficient to bring about a significant improvement in labor market conditions;
- Household spending picked up in late 2010, but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit;
- Business spending on equipment and software is rising, while investment in non-residential structures is still weak, and employers remain reluctant to add to payrolls;
- The housing sector continues to be depressed;
- Longer-term inflation expectations have remained stable, and measures of underlying inflation have been trending downward;
- To promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the Committee decided to continue expanding its holdings of securities. In addition to reinvesting principal payments from its securities holdings, the Federal Reserve System intends to purchase an additional \$600 billion of longer-term treasury securities by the end of the second quarter of 2011.
- The target range for the federal funds rate at 0 to ¼ percent will be maintained and it is anticipated that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period.

The next meeting of the FMOc is planned for March 15, 2011.

The latest FMOOC economic forecast was released with the November minutes 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 forecast was completed before the extension of the tax cuts and unemployment benefits.

The chart below shows recovery starting in 2009, 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, 2012, and 2013 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 2.5 percent growth in GDP with a central tendency range (red bar) of 2.4 to 2.5 percent. For 2011, the projected Real GDP growth range is 2.5 to 4.0 percent with a central tendency of 3.0 to 3.6 percent. For 2012, the overall projected range is 2.6 to 4.7 percent with a central tendency range of 3.6 to 4.5 percent growth. For 2013, the overall projected range is 3.0 to 5.0 percent with a central tendency range of 3.5 to 4.6 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, November 2-3, 2010

As shown in the chart below, national unemployment in 2010 was expected to be slightly lower than 2009, but remained historically high, in a range of 9.4 to 9.8 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 8.2 to 9.3 percent with a central tendency of 8.9 to 9.1 percent. In 2012, the unemployment range is forecast to be between 7.0 and 8.7 percent with a central tendency of 7.7 to 8.2 percent. For 2013, the overall projected range for the national unemployment rate is 5.9 to 7.9 percent with a central tendency range of 6.9 to 7.4 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 6.0 percent. The projections for unemployment are for the fourth quarter of each year.



Source: Minutes of the Federal Open Market Committee, November 2-3, 2010

Unemployment rates decreased from the month earlier in each of the Southwest Florida counties in December, although remaining at historically high levels. Solid increases were reported for taxable sales and airport activity.

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, the University of Florida Survey Research Center, and the county and city permit offices.

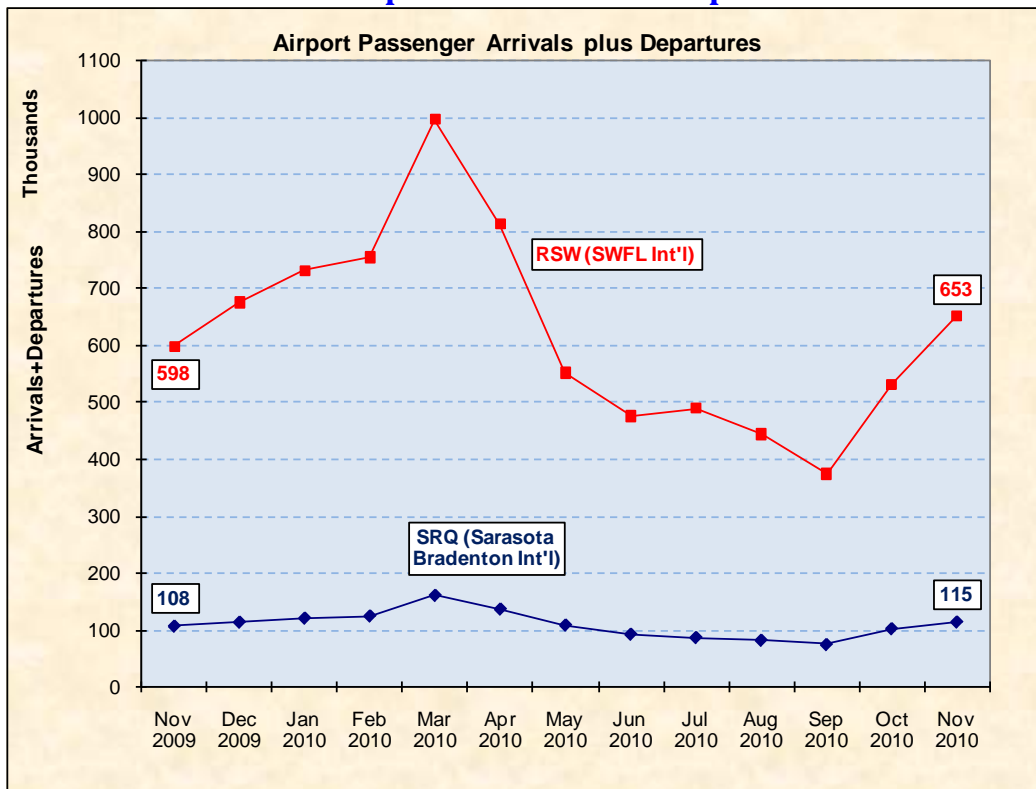
Airport Activity

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 creating large seasonal swings. Charts 2, 3, and 4 illustrate the monthly seasonality of airport passenger traffic and the changes from year to year.

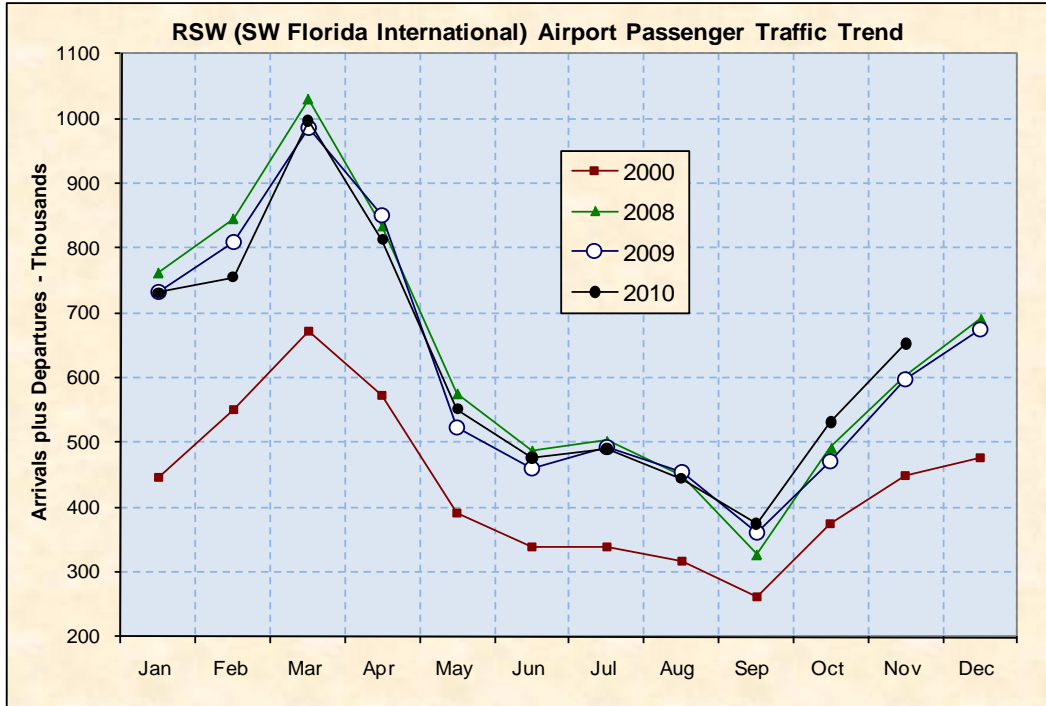
Charts 1 and 2 show RSW airport passenger activity rising to 652,783 in November 2010, an increase of 9 percent from November 2009 and 23 percent over October 2010. November passenger activity is expected to be higher than October as the region moves into the busier winter season. Sarasota (SRQ) passenger activity rose to 114,716 in November 2010, up 7 percent from November 2009 and 11 percent higher than October 2010, as shown in Chart 3. Charlotte County Airport recorded passenger activity of 17,571 in November, a 31 percent increase over November 2009, and a 131 percent increase over the prior month. Traffic for the three airports totaled 785,070, representing an increase of 9 percent from November 2009 and a 22 percent rise over October 2010.

Chart 1: Airport Arrivals and Departures



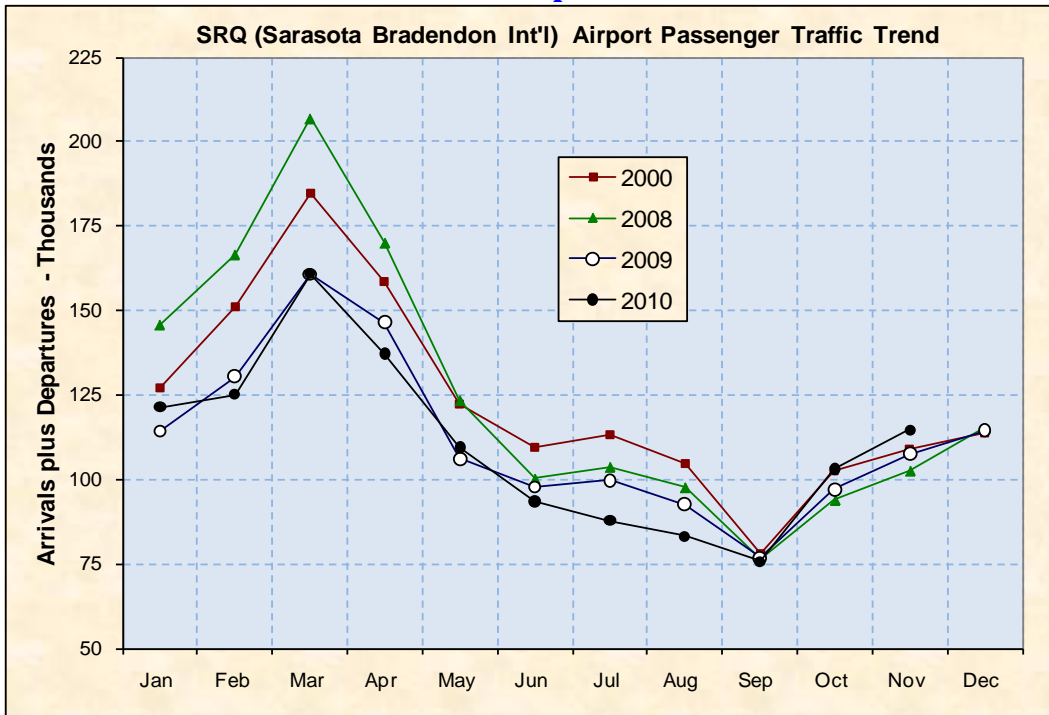
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



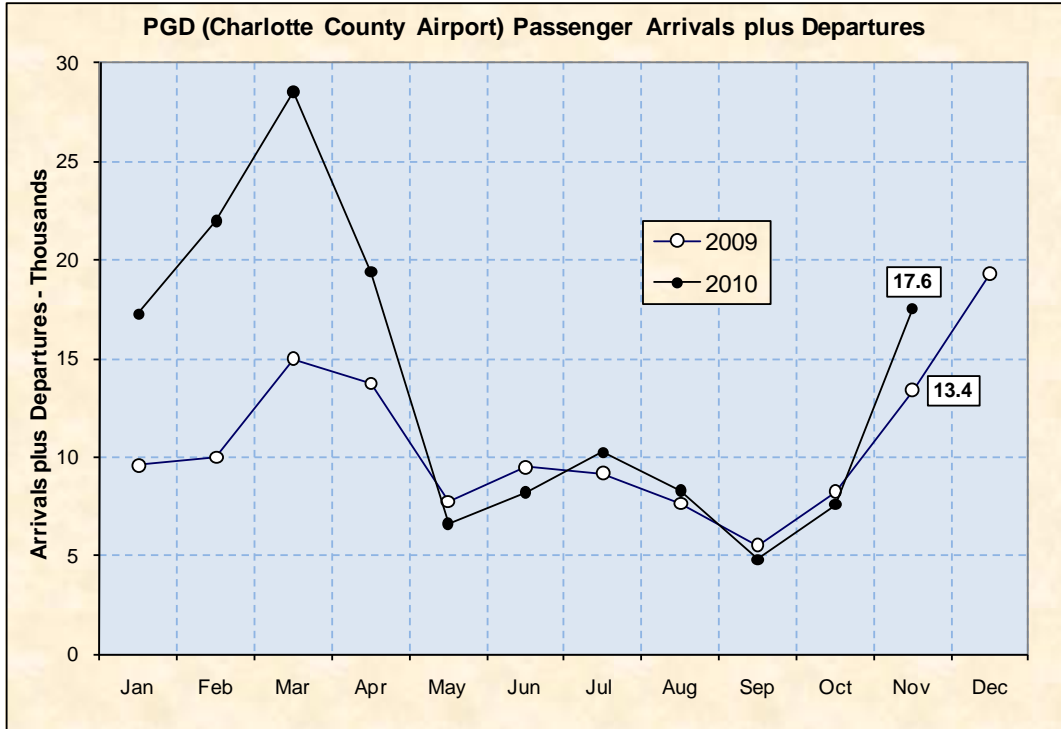
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend

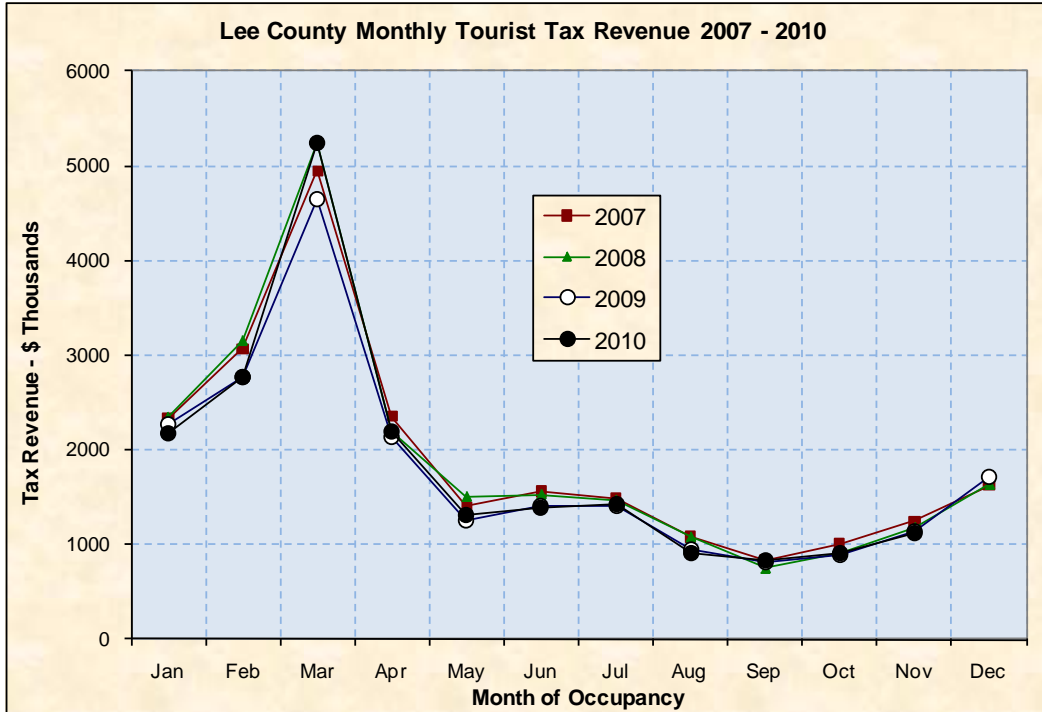


Source: Local Airport Authorities

Tourism Tax Revenues

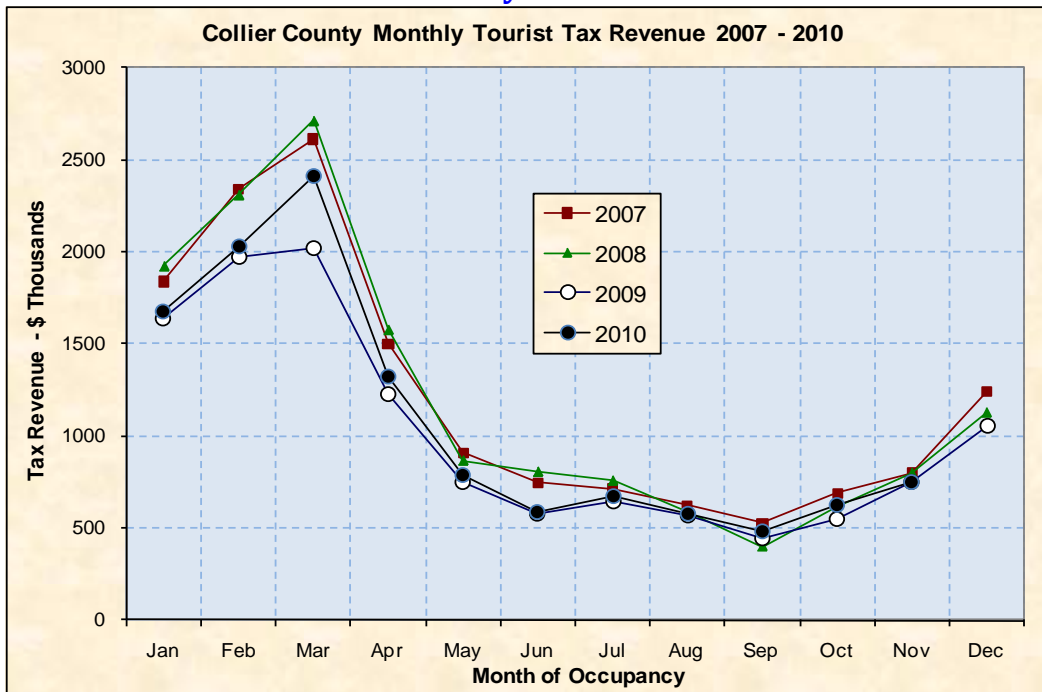
Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy. Total November tourism tax revenues for the three coastal counties rose by 21 percent over October, but were down one percent from the prior November. Lee County tourism tax revenues were \$1,114,751 in November 2010, a decrease of 2 percent from November 2009. Collier County reported \$750,069, a one percent increase from November 2009. Charlotte County's tourism tax revenues amounted to \$56,259 in November 2010, an 8 percent increase over the November 2009 figure.

Chart 5: Lee County Tourism Tax Revenues



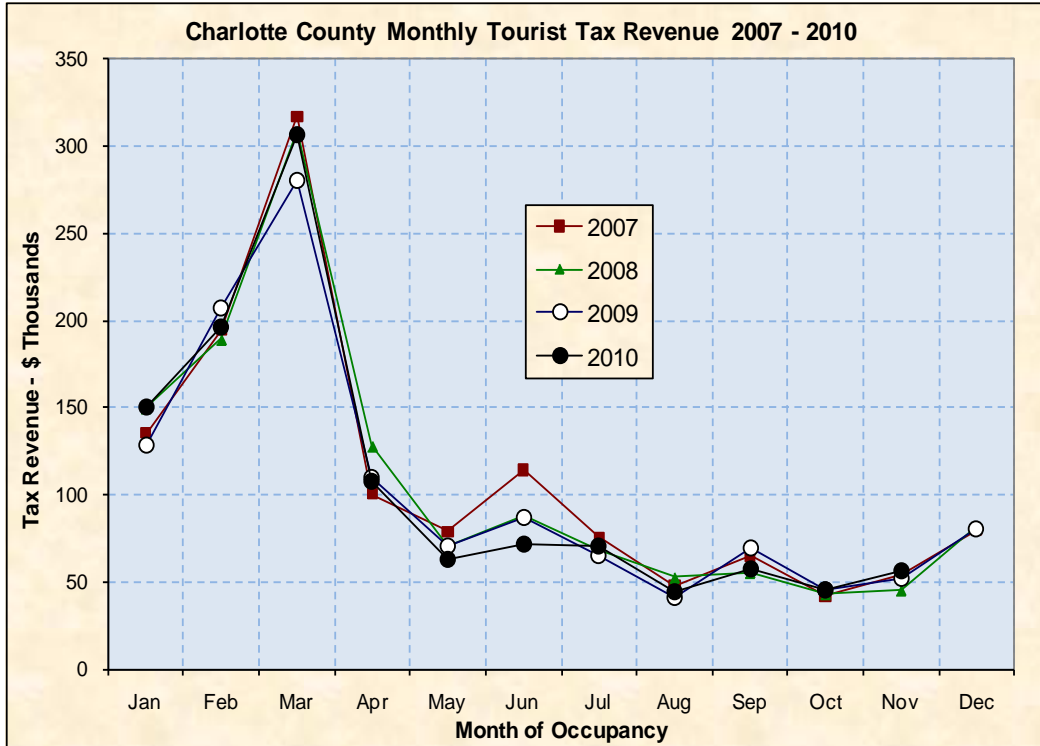
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

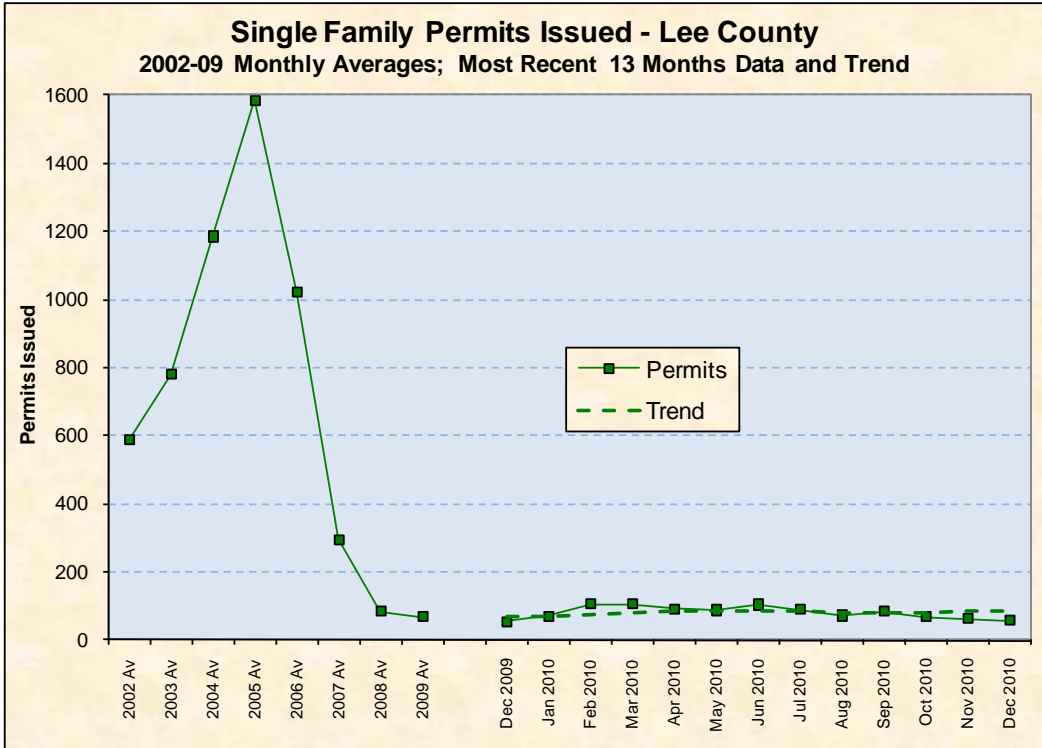


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

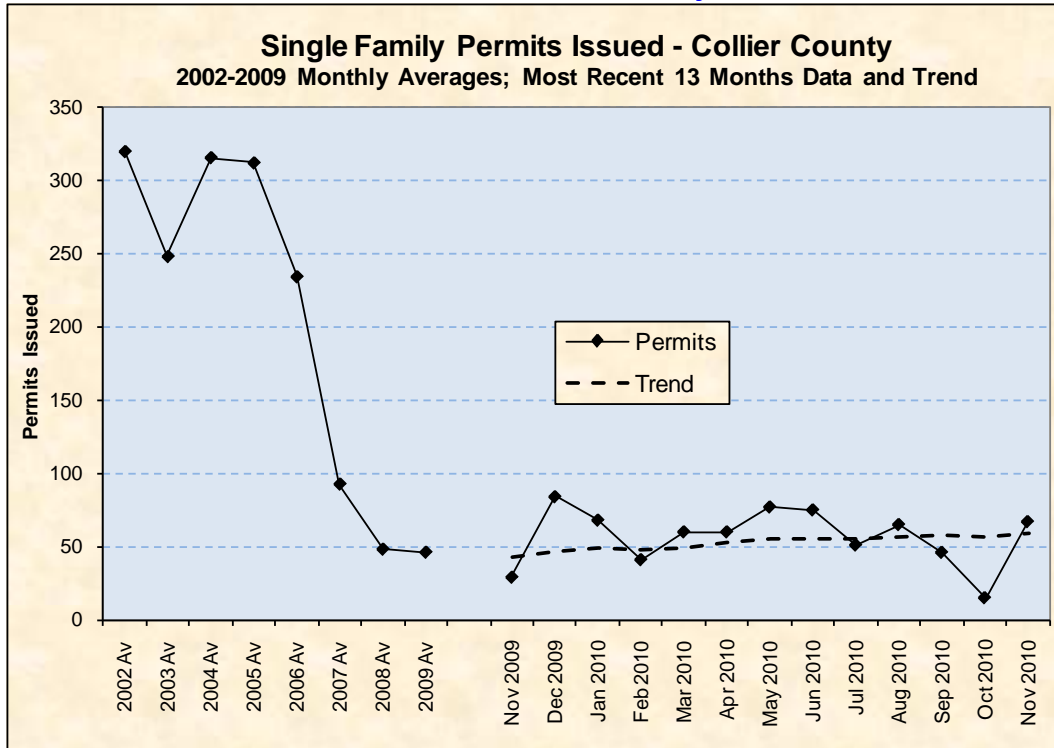
Lee County issued 58 single-family home permits in December 2010, up from 55 in December 2009, as shown in Chart 8; the corresponding figure for the prior month was 63. Collier County data for December was not available at press time; Chart 9 shows data through November. Charlotte County permits declined to 24 in December 2010 from 26 in December 2009 and there was no change from the prior month figure, as shown in Chart 10.

Chart 8: Lee County



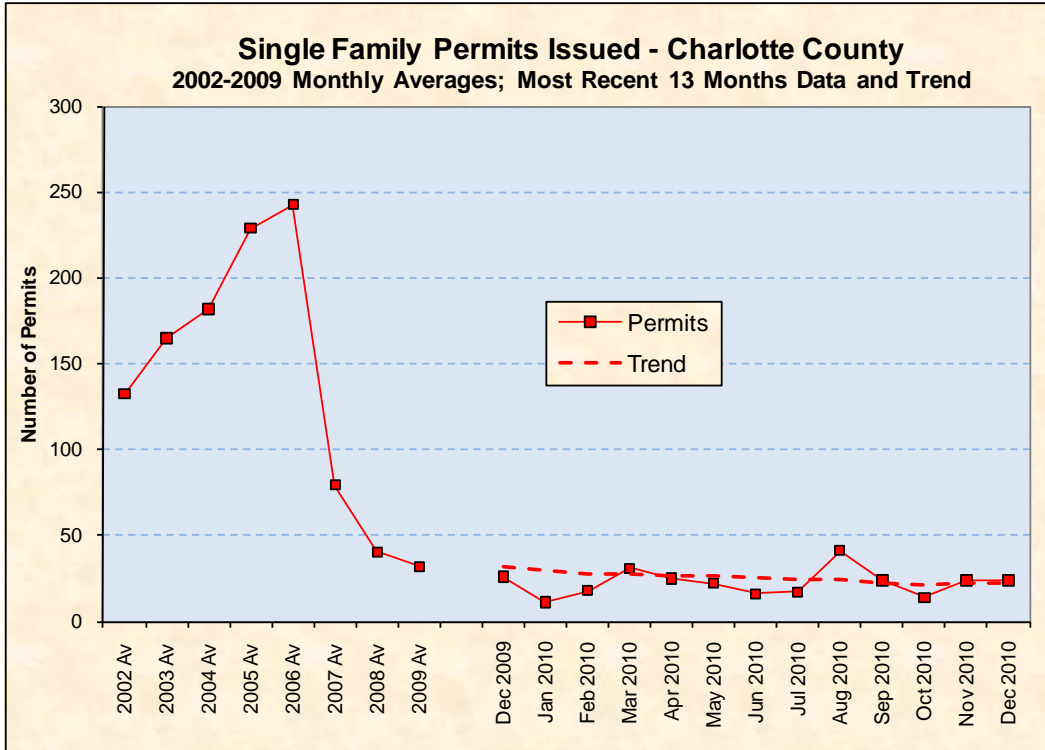
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

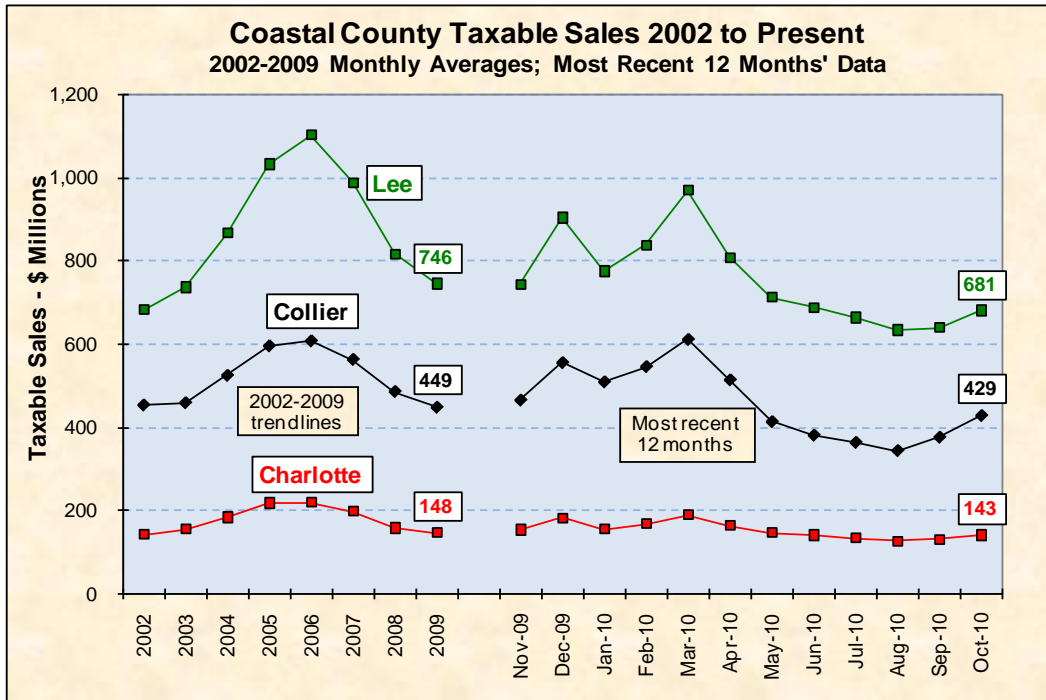
Taxable sales figures are used to track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, October is the latest collection month plotted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

Total taxable sales for the 5-county region in October 2010 showed a 3-percent increase from October 2009 and a 9-percent increase from the prior month of September. Taxable sales for the Coastal Counties are shown in Chart 11. Charlotte County reported taxable sales of \$142.7 million in October 2010, a 5-percent increase over the October 2009 figure. Lee County taxable sales amounted to \$680.7 million in October 2010, a 4-percent increase from October 2009, and a 6-percent increase over the prior month of September 2010. Collier County's taxable sales were \$429.0 million in October 2010, a 3-percent increase from October 2009.

Charts 13, 14, and 15 show the trends in the percentage change in taxable sales from the same month a year earlier for each of the coastal counties. Lee and Collier Counties have shown increases in 8 and 9 of the last 12 months respectively. Charlotte County's year-over-year taxable sales changes have been positive in eleven of the last 12 months.

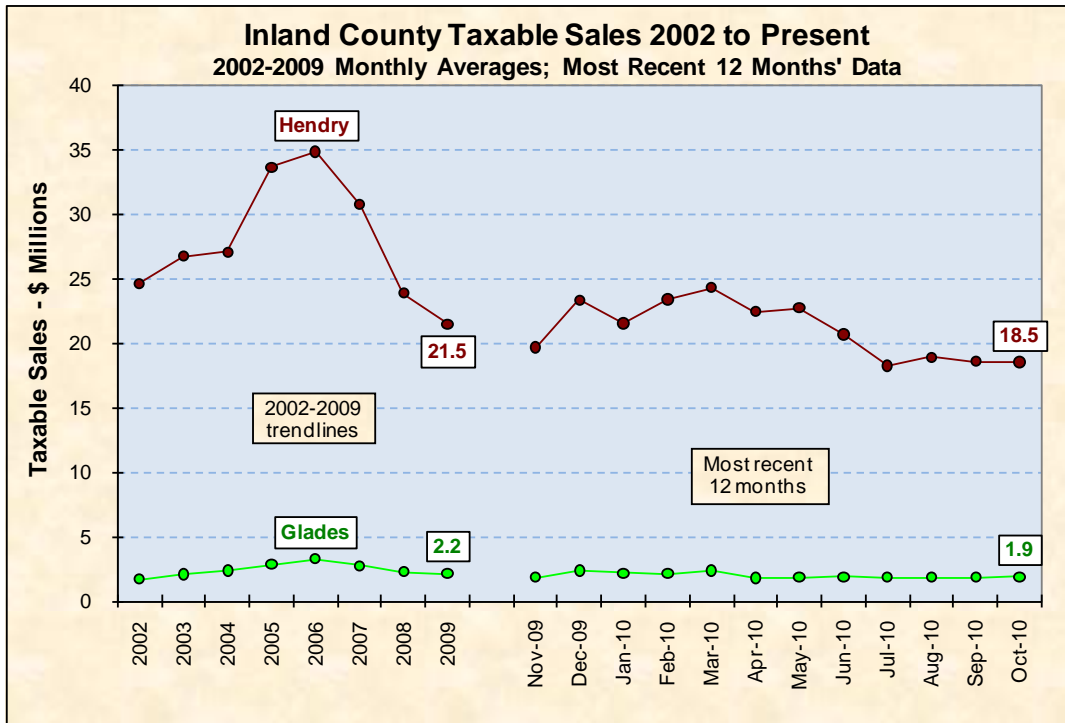
Chart 12 shows taxable sales for Glades and Hendry Counties on a scale that differs from that of Chart 11. Glades County reported October 2010 taxable sales of \$1.9 million, a 5-percent decline from the same month one year ago. Hendry County's taxable sales of \$18.5 million were 8-percent lower than a year ago.

Chart 11: Taxable Sales for Coastal Counties



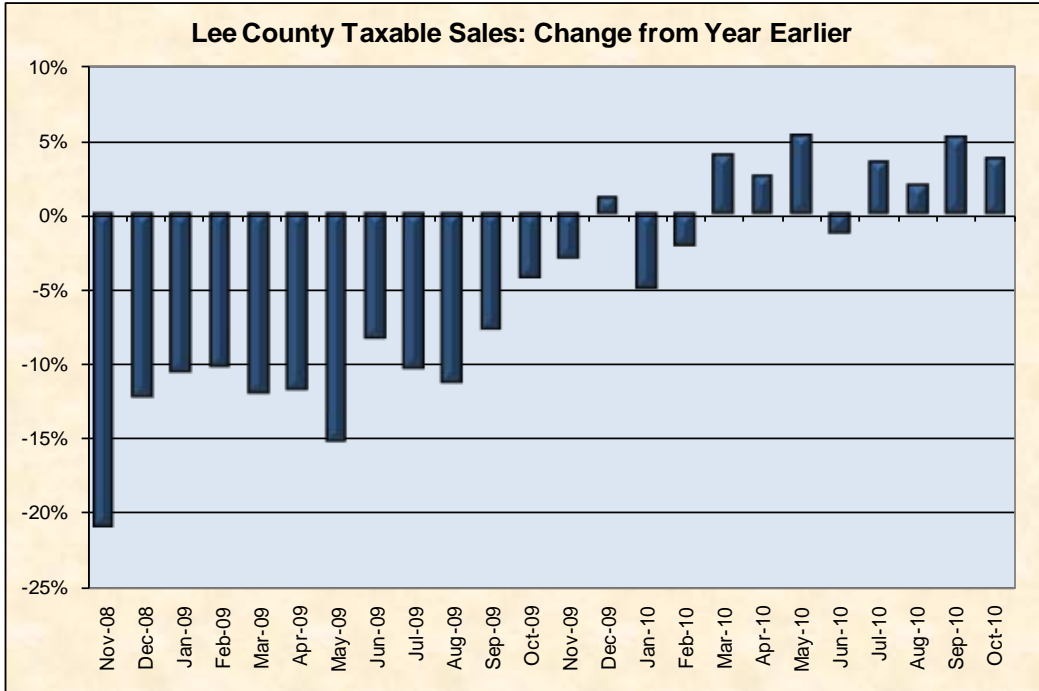
Source: Florida Department of Tax Research

Chart 12: Taxable Sales for Inland Counties



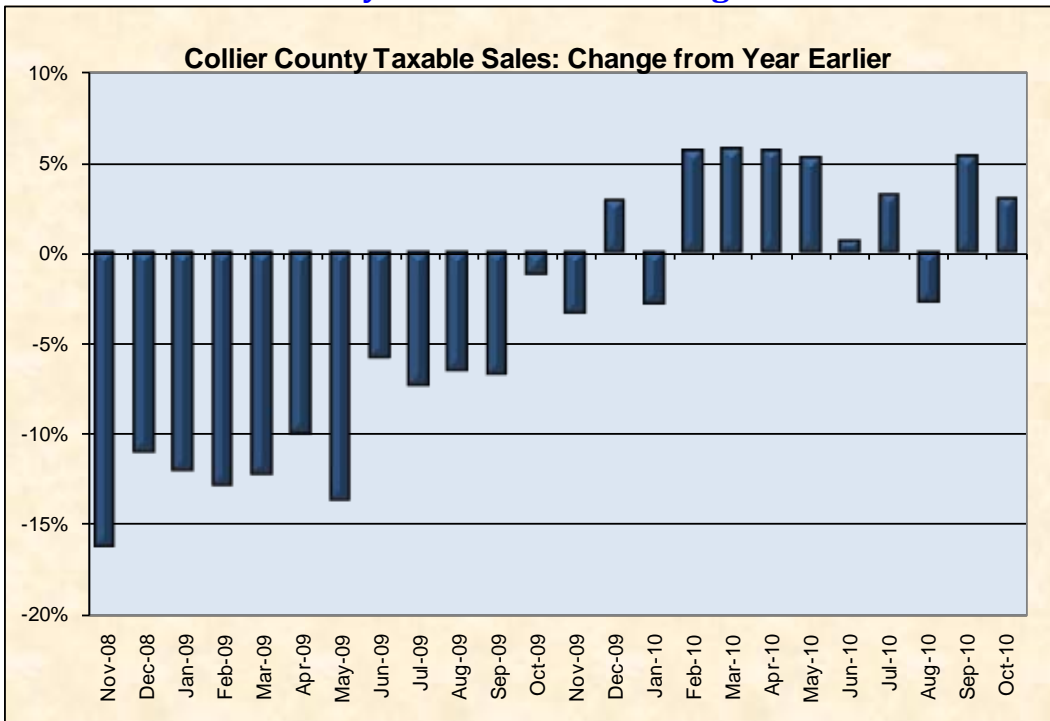
Source: Florida Department of Tax Research

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



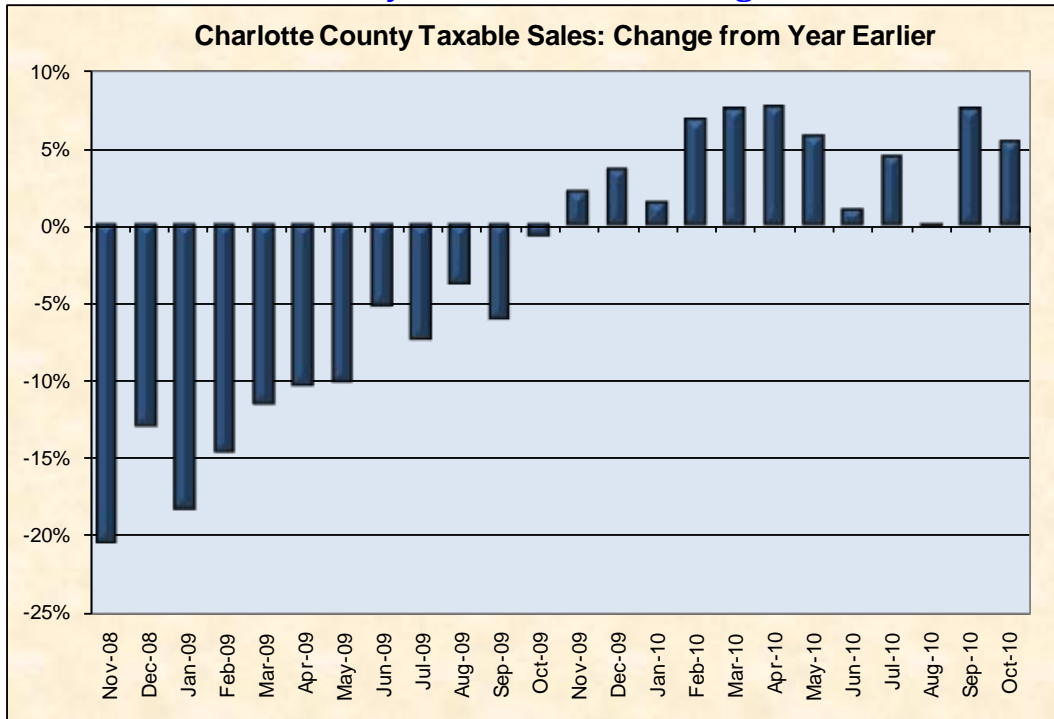
Source: Florida Department of Tax Research

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

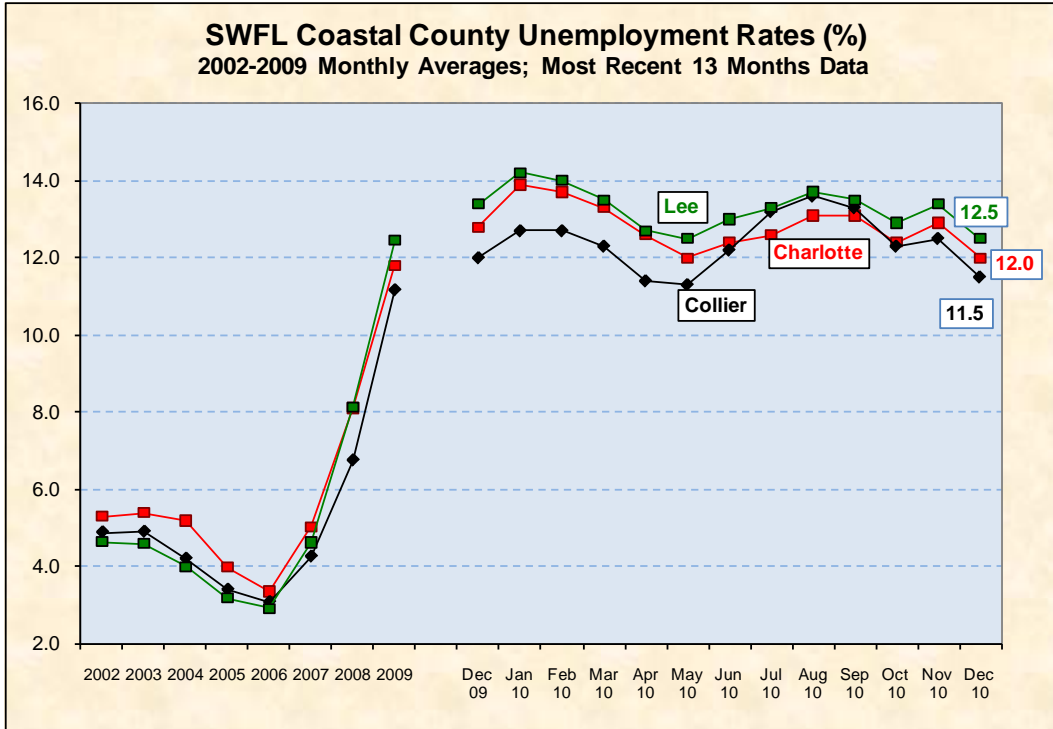
Although unemployment remains historically high, December unemployment rates for the area declined by at least 0.9 percent from the previous month. Chart 16 shows coastal county average unemployment rates by year from 2002 to 2009, as well as monthly unemployment rates over the last 13 months. Charlotte County's unemployment rate dropped from 12.8 percent in December 2009 and 12.9 percent in November 2010 to 12.0 percent in December 2010. Lee County's unemployment rate declined from 13.4 percent in both December 2009 and November 2010 to 12.5 percent in December 2010. Collier County's unemployment rate dropped from 12.0 percent in December 2009 and 12.5 percent in November 2010 to 11.5 percent in December 2010.

As shown in Chart 17, Hendry County's unemployment rate declined from 17.9 percent in November 2010 to 15.7 percent in December. Glades County's unemployment dropped from 12.6 percent in November 2010 to 11.5 percent in December. Both inland counties reported higher unemployment rates than a year ago. All five counties in Southwest Florida report unemployment rates above 11 percent.

Florida's unemployment rate dropped to 11.6 percent in December 2010, down from 12.2 percent in the previous month and the same figure as a year earlier. The national unemployment rate decreased as well, to 9.1 percent in December 2010 from 9.3 percent in November 2010 and from 9.7 percent in December 2009. Unemployment rates reported in this report are not seasonally adjusted.

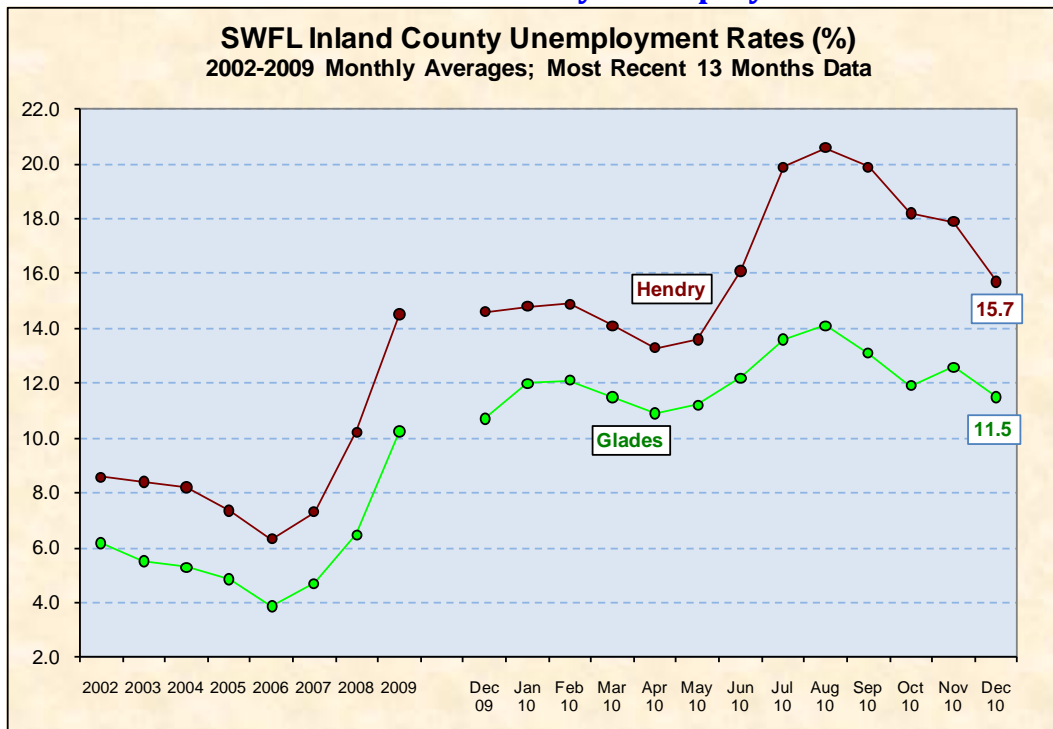
Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends. The forecast for unemployment rates continues to be a very slow and gradual improvement through 2014.

Chart 16: Coastal County Unemployment



Source AWI

Chart 17: Inland County Unemployment

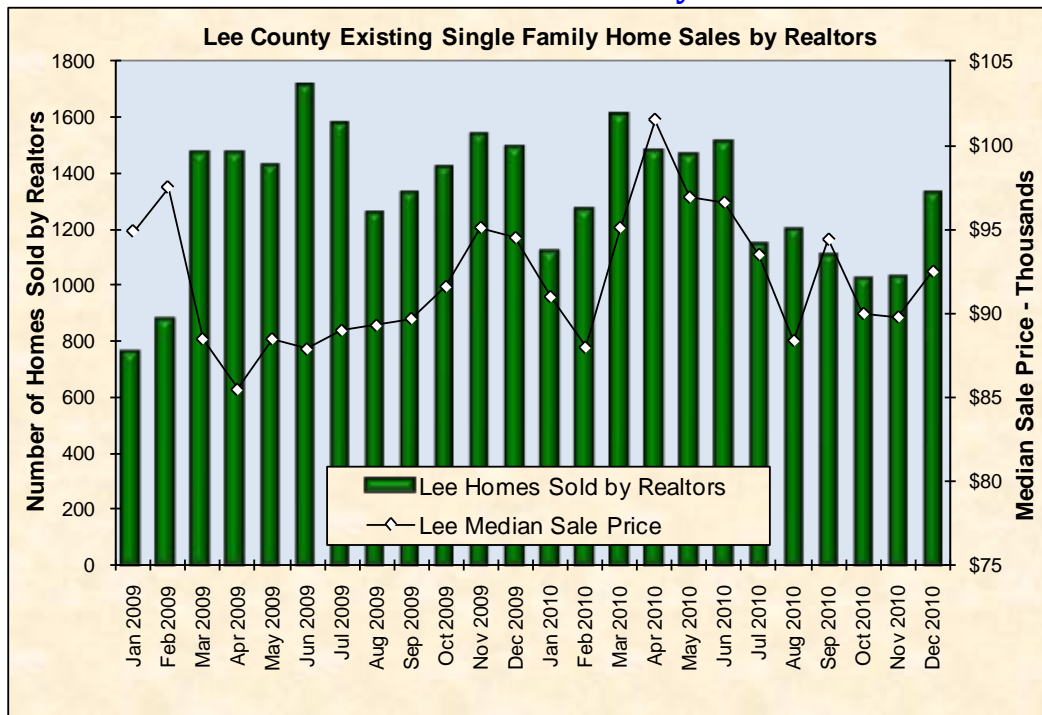


Source AWI

Sales of Single-Family Existing Homes and Median Sales Prices

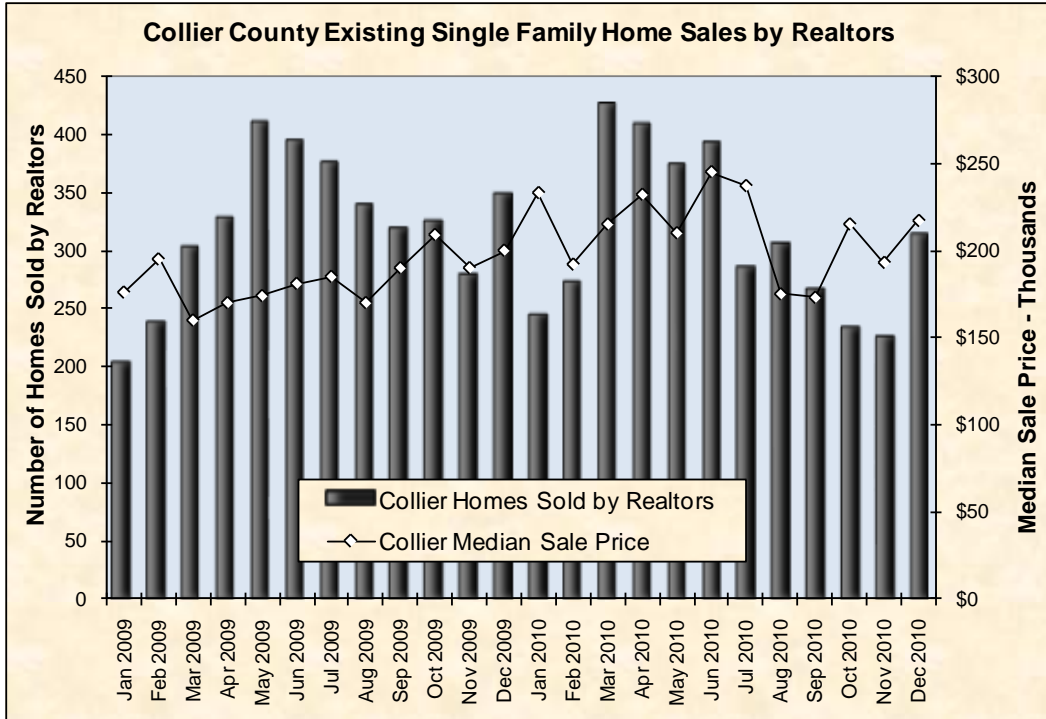
December 2010 Realtor sales of existing single-family homes in Lee, Collier, and Charlotte Counties all rose substantially from the previous month. Lee County had sales of 1,322 single-family homes at a median price of \$92,500 in December, compared to sales of 1,022 and a median price of \$89,800 in the previous month, as shown in Chart 18. Collier County's existing single-family Realtor sales were 313 in December 2010, up from 225 in November, accompanied by an increase in the median price from \$193,000 to \$217,000, as shown in Chart 19. Charlotte County's existing single-family home sales rose from 215 in November 2010 to 264 in December, with a median price decrease from \$92,500 to \$88,400, as shown in Chart 20. Compared to December 2009, Realtor sales declined by 11 percent in Lee County, 10 percent in Collier, and 7 percent in Charlotte County.

Chart 18: Lee County



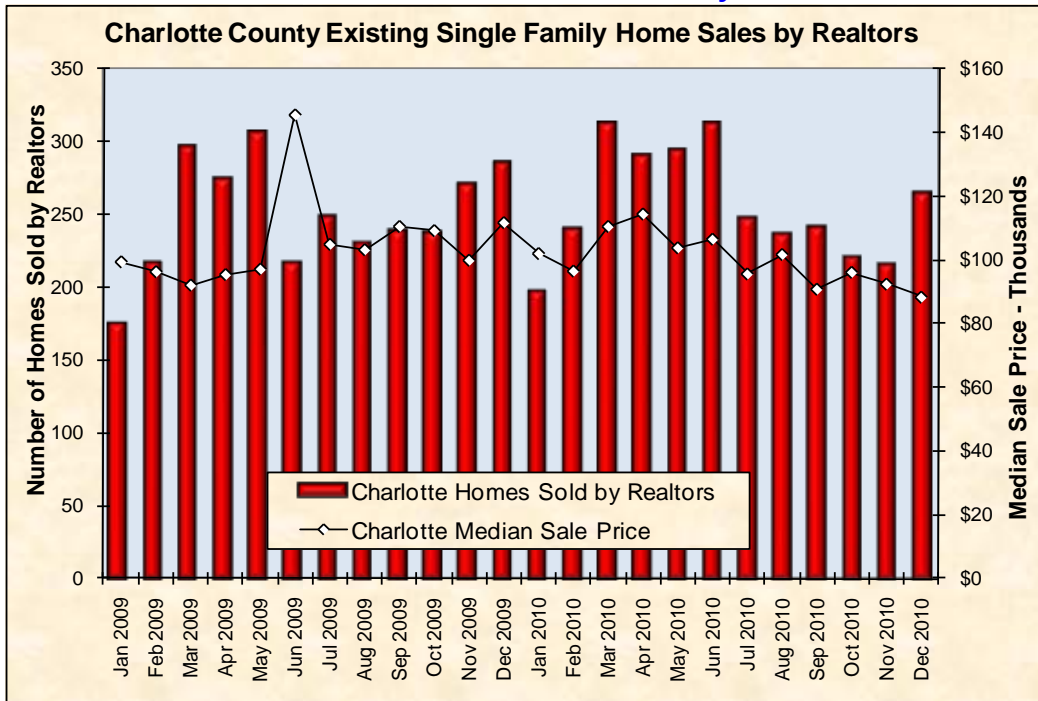
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 19: Collier County



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

Chart 20: Charlotte County

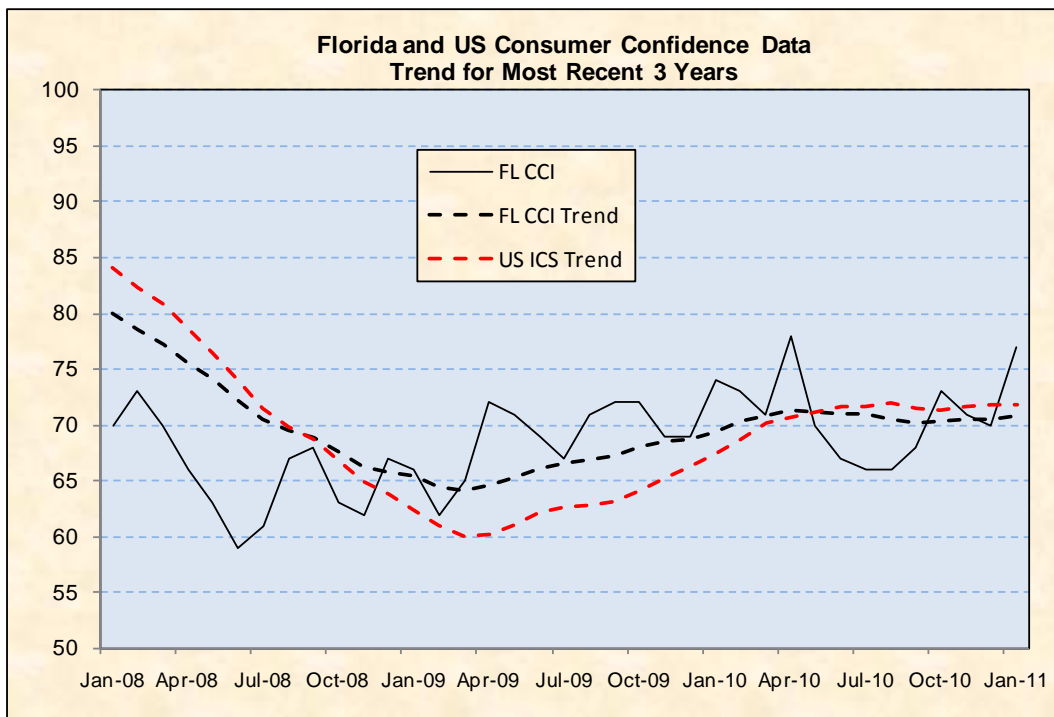


Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

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 12-month moving average trend lines for the Florida Consumer Confidence Index “CCI” and for the United States Index of Consumer Sentiment (“ICS”) reported by Thomson Reuters/University of Michigan. While the indices tend to correlate fairly well, the impact of the Gulf Oil Spill can be clearly seen in the Florida CCI spring and summer numbers. In January, the national index moved down slightly to 74.2 from 74.5 in the prior month, while the Florida Consumer increased to 77 in January from 70 in December, with all of its components registering gains. As noted by the Florida CCI Survey Director, Chris McCarty, “the biggest increases were in perceptions of economic conditions in the short and long term. Much of this likely has to do with sustained gains in the stock market over the past two months.”

Chart 21: Florida:Consumer Confidence Index

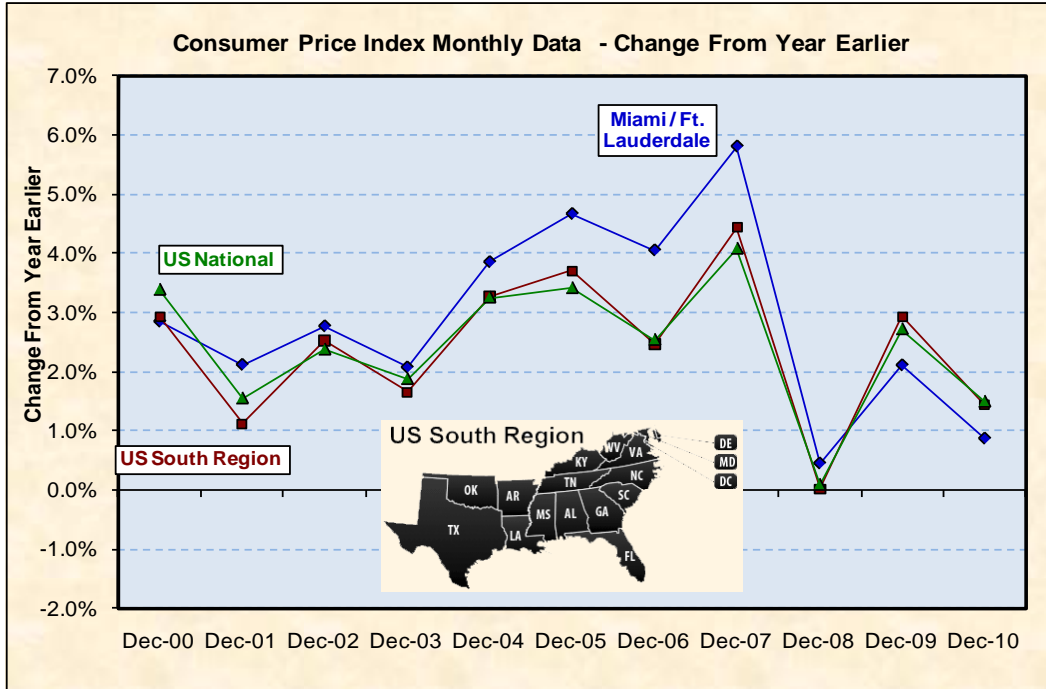


Source: Bureau of Economic and Business Research, University of Florida

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. From December 2009 to December 2010, the National CPI rose 1.5 percent, the South Region CPI increased 1.4 percent, and the Miami-Fort Lauderdale area CPI rose 0.9 percent. These data reflect a continued slowdown in the rate of inflation.

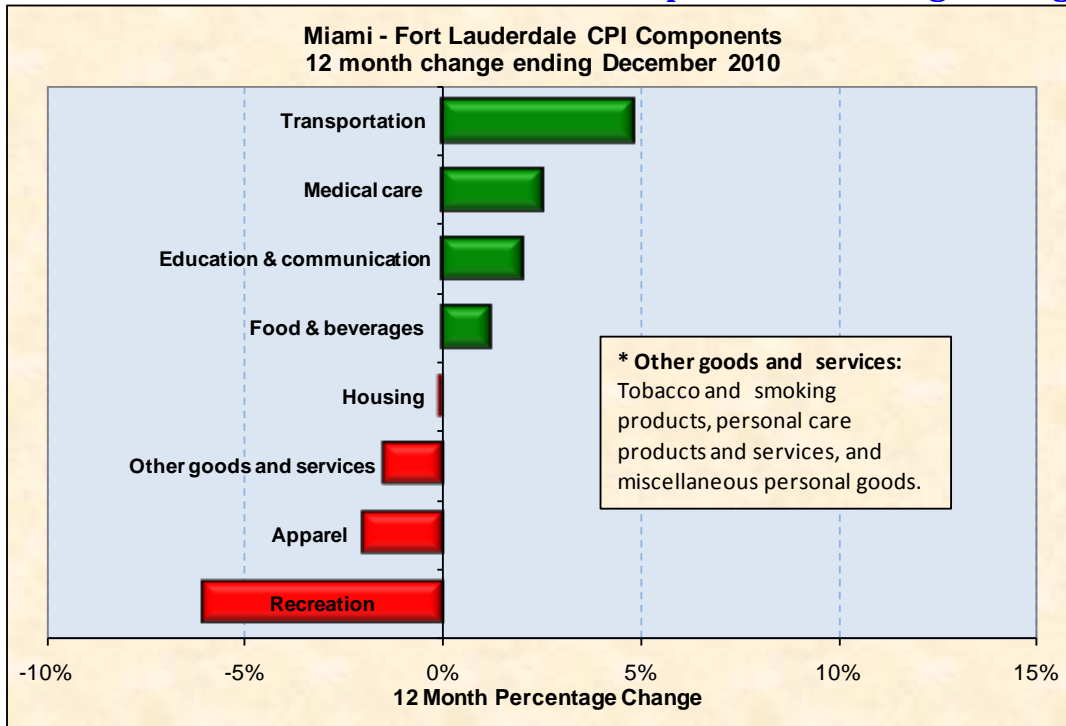
Chart 22: CPI Annual Percentage Change



Source: BLS

The various components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ended December 2010 are shown in Chart 23. Costs of recreation, apparel, other goods and services, and housing costs continued to show declines over the past 12 months. Prices of transportation, medical, education & communication, and food & beverages increased over December 2009.

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change



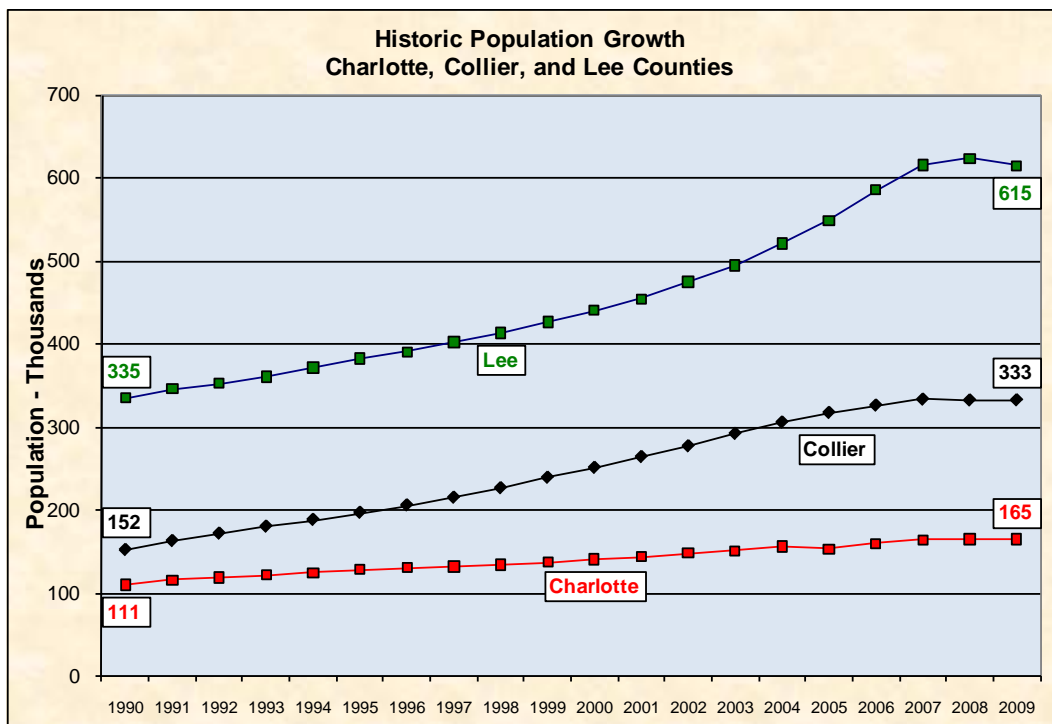
Source: BLS

Population

As reported previously, the following charts reflect the most recent county population forecasts released by the Florida Office of Economic and 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.

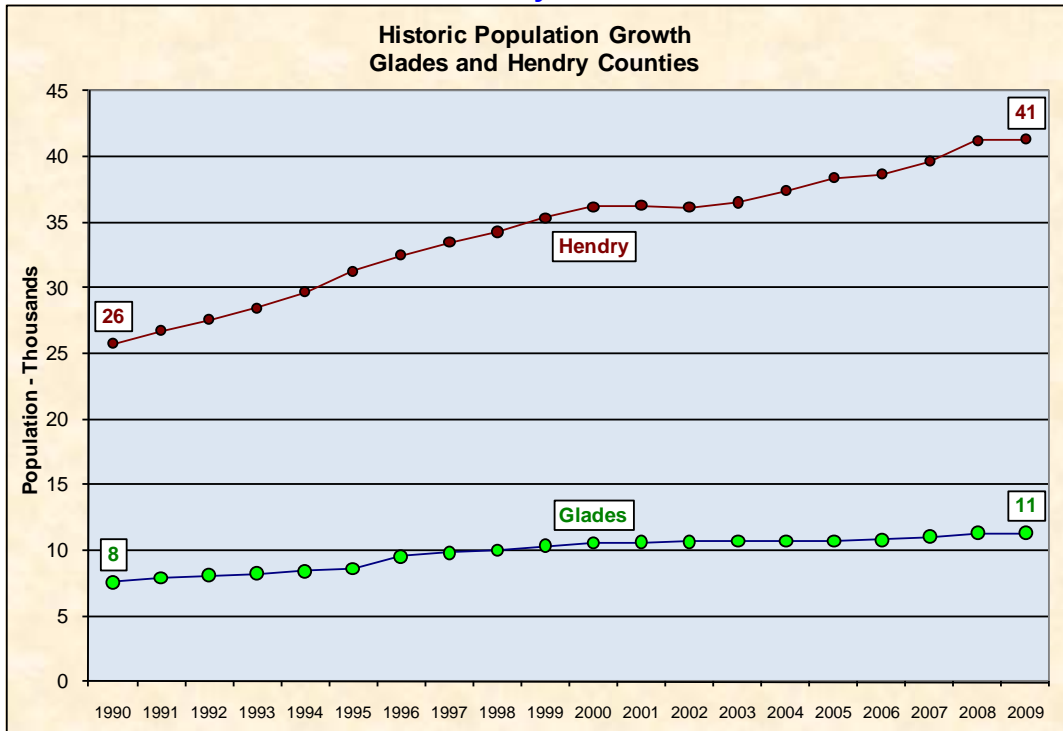
Chart 26 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 1.9 percent per year for this period, resulting in a 20-year increase of 46 percent.

Chart 24: Coastal Counties Growth 1990 to 2009



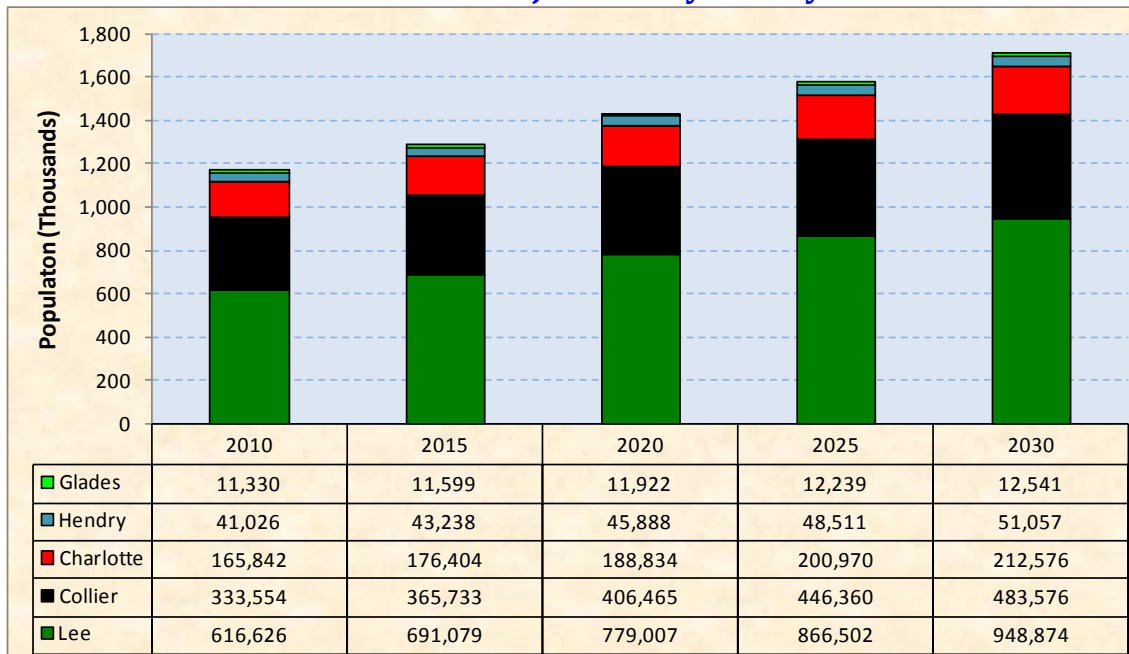
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

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