

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
www.fgcu.edu/cob/eri

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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

The recent events in the Middle East are pushing up oil prices and costs creating a potential "headwind" for the current recovery. If the oil price spike is short, the impact on the economy should be small. The U.S. Bureau of Economic Analysis (BEA) released the second estimate for fourth quarter 2010 real GDP on February 25th. The real GDP increase is 2.8 percent, up from 2.6 percent in the third quarter, but down from the 3.2 percent advance estimate reported last month. Personal consumption expenditures, exports, and nonresidential fixed investment contributed to the increase, while private inventory investment and state and local government spending were negative, reducing the growth rate. Real personal consumption expenditures increased by 4.1 percent in the fourth quarter compared to an increase of only 2.4 percent in the third quarter and is a good sign that consumers are spending more.

The Conference Board's Consumer Confidence Index increased by 5.6 points in February to 70.4. The Florida Consumer Confidence index provided by the University of Florida held steady at 77 in February, the same as the January figure. High levels of unemployment and foreclosures, tight financial markets, and middle-east unrest remain important concerns. 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.

As reported last month, 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 FMOCC is planned for March 15, 2011.

The latest FMOCC economic forecast was released with the January 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 chart below showed recovery started 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 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 2011, the range is 3.2 to 4.2 percent growth in GDP with a central tendency range (red bar) of 3.4 to 3.9 percent. For 2012, the overall projected range is 3.4 to 4.5 percent with a central tendency range of 3.5 to 4.4 percent growth. For 2013, the overall projected range is 3.0 to 5.0 percent with a central tendency range of 3.7 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, January 25-26, 2011

As shown in the chart below, national unemployment in 2011 is expected to be slightly lower than 2010, but remain historically high, in a range of 8.4 to 9.0 percent, with a central tendency (red bar) of 8.8 to 9.0 percent. In 2012, the unemployment range is forecast to be between 7.2 and 8.4 percent with a central tendency of 7.6 to 8.1 percent. For 2013, the overall projected range for the national unemployment rate is 6.0 to 7.9 percent with a central tendency range of 6.8 to 7.2 percent. Long-run unemployment is expected to be in a range of 5.0 to 6.2 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, January 25-26, 2011

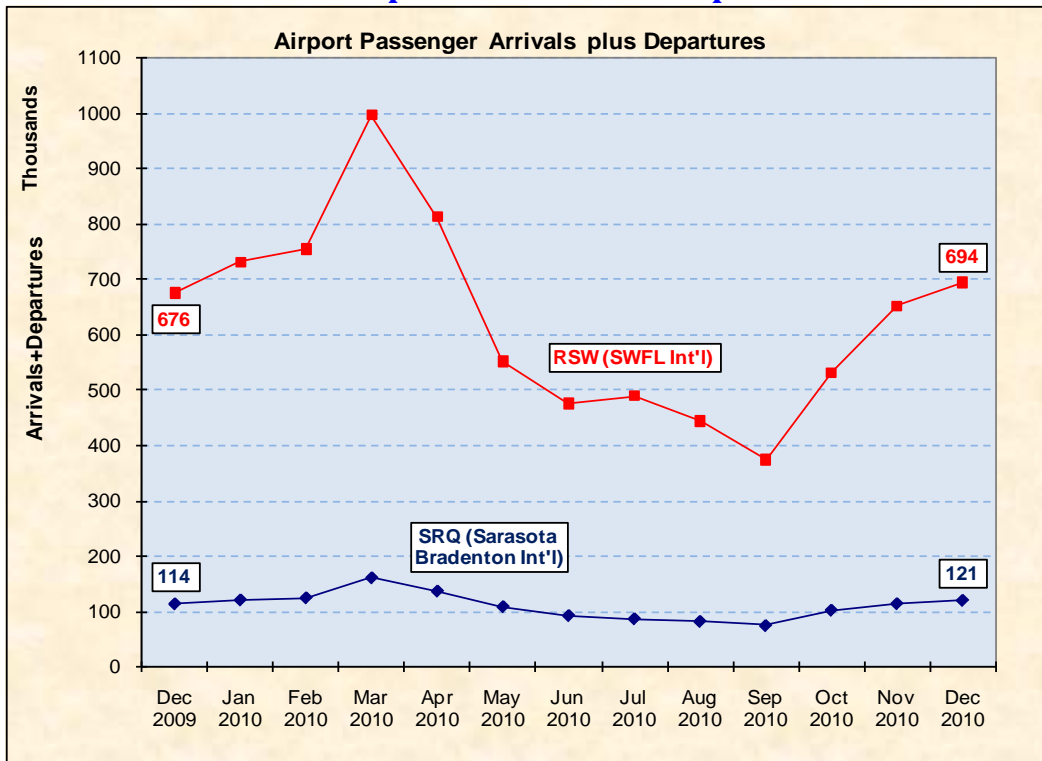
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report, as a way to support its mission and assist the region. The Institute continues to welcome suggestions from our readers, and would like to emphasize our appreciation of, and thanks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

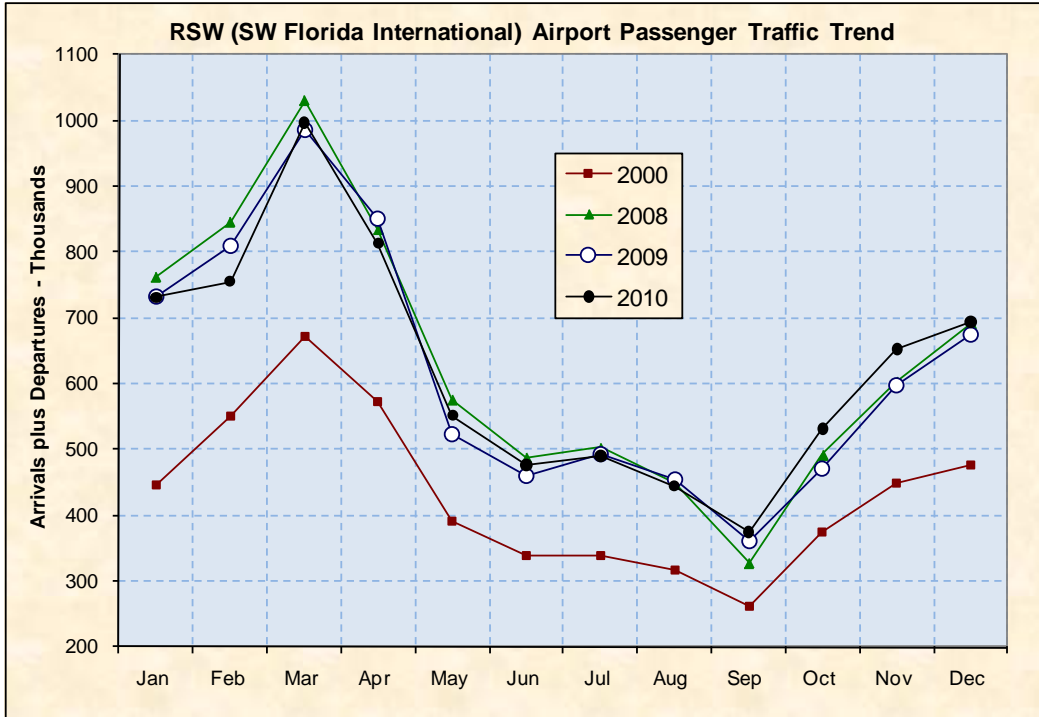
All three regional airports experienced increased activity in December 2010. Charts 1 and 2 show RSW airport passenger activity rising to 694,399 in December, an increase of 3 percent from December 2009, and 6 percent higher than November 2010. Sarasota (SRQ) passenger activity rose to 120,467 in December 2010, up 5 percent from both December 2009 and November 2010, as shown in Charts 1 and 3. Charlotte County Airport recorded passenger activity of 31,763 in December, a 64 percent increase over December 2009, and an 81 percent increase over the prior month as shown in Chart 4. Traffic for the three airports totaled 846,809, representing an increase of 5 percent from December 2009 and an 8 percent rise over November 2010.

Chart 1: Airport Arrivals and Departures



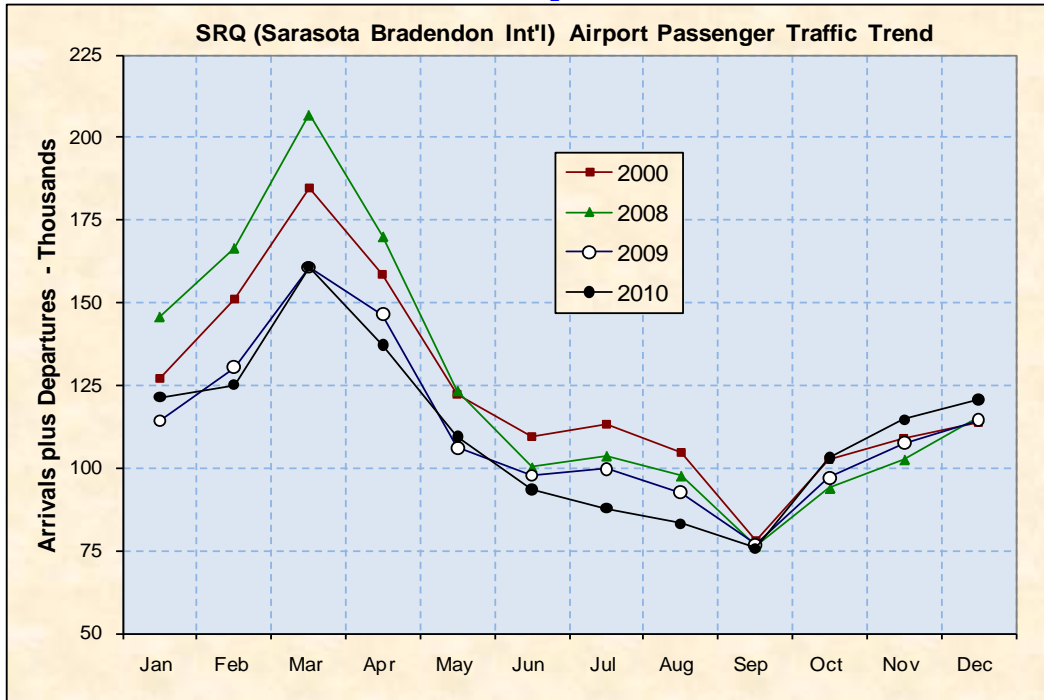
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



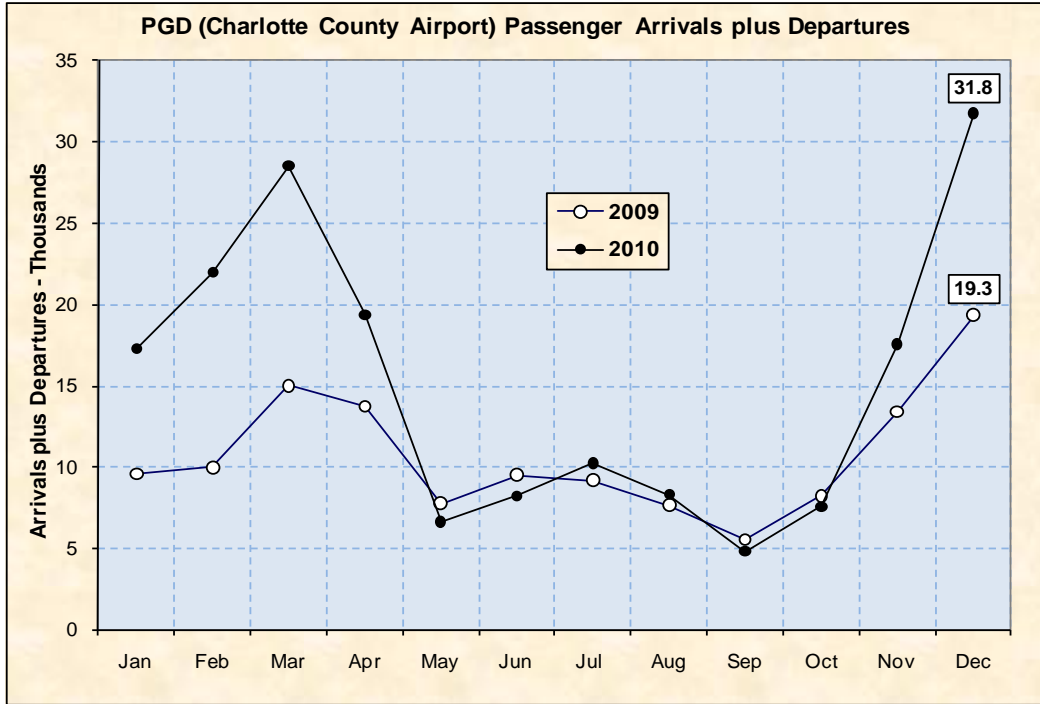
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend

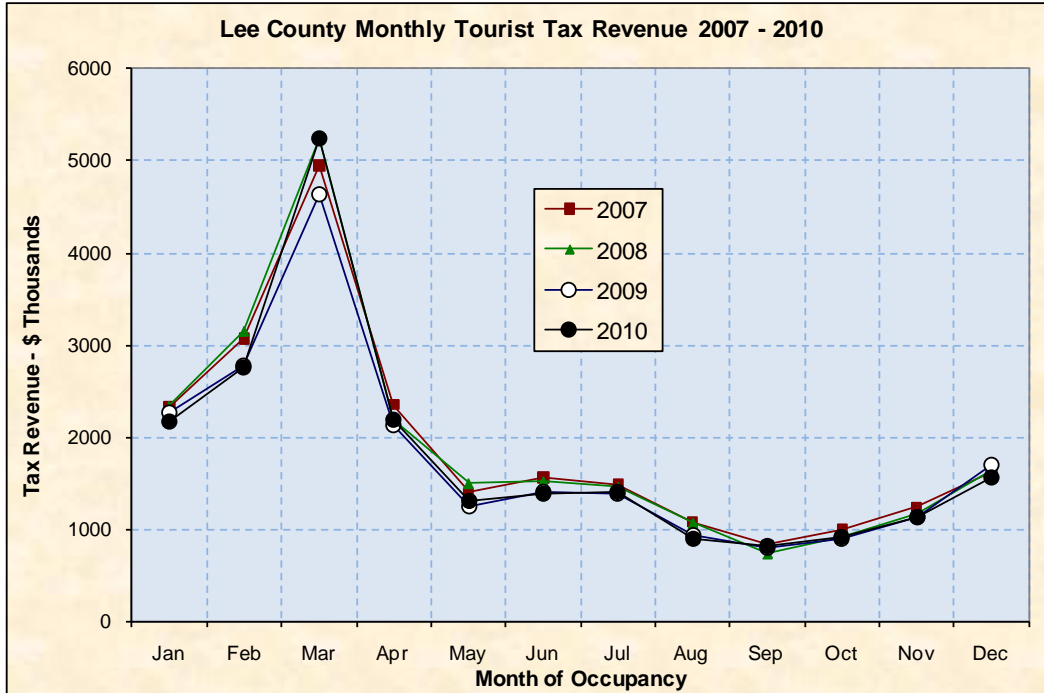


Source: Local Airport Authorities

Tourism Tax Revenues

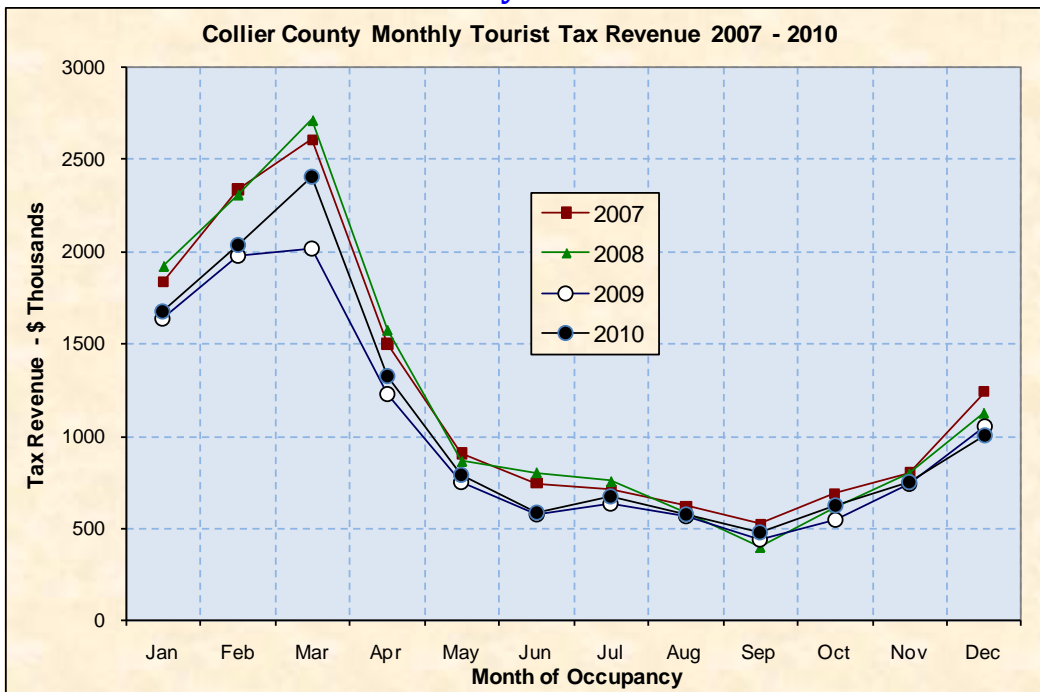
Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy. Total December tourism tax revenues for the three coastal counties followed the historic seasonal pattern and rose by 37 percent over November, but were 7 percent below December 2009. Lee County tourism tax revenues were \$1,563,176 in December 2010, a decrease of 9 percent from December 2009. Collier County reported revenues of \$1,009,718, a 5 percent decrease from December 2009. Charlotte County's tourism tax revenues amounted to \$77,930 in December 2010, a 3 percent decrease from the December 2009 figure.

Chart 5: Lee County Tourism Tax Revenues



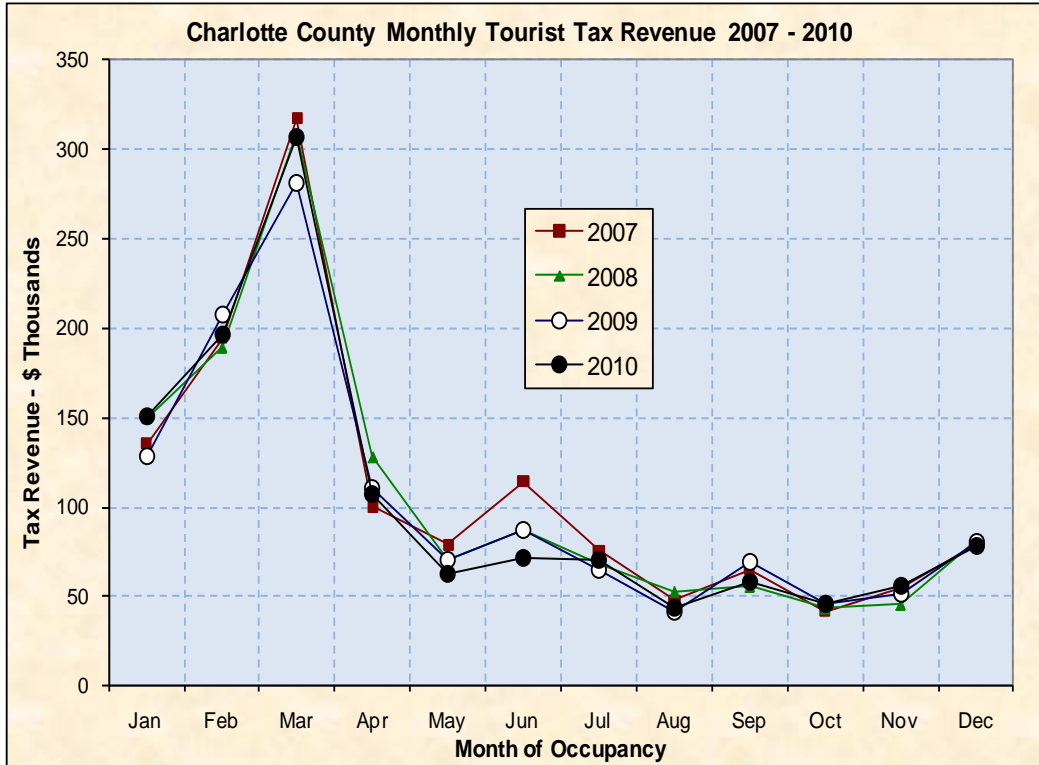
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

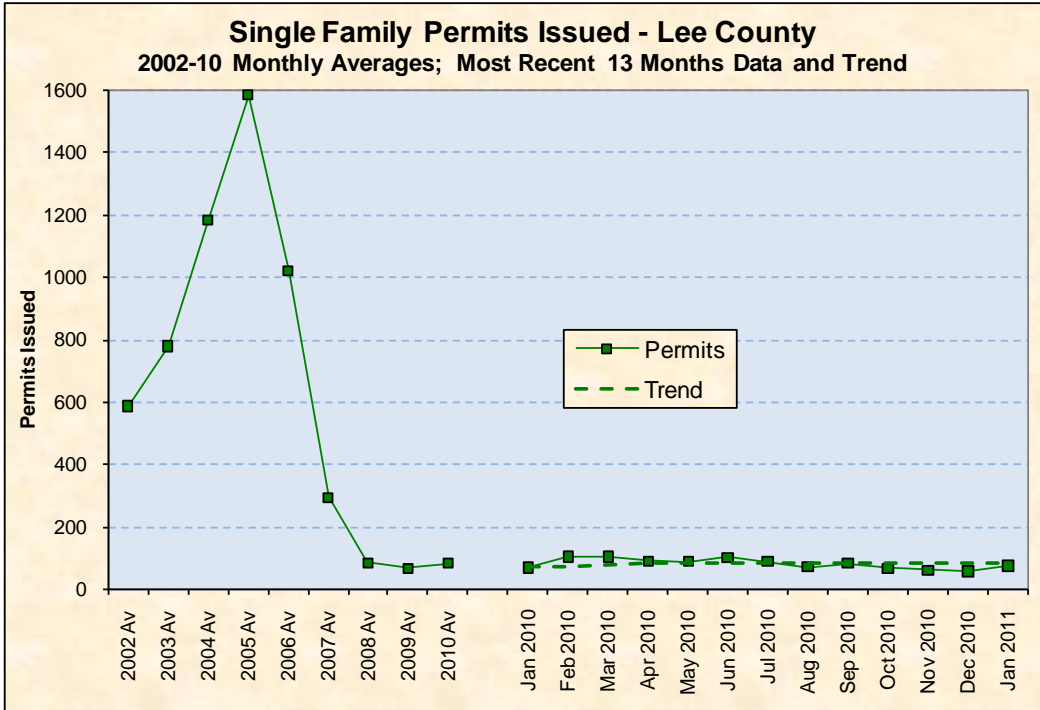


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

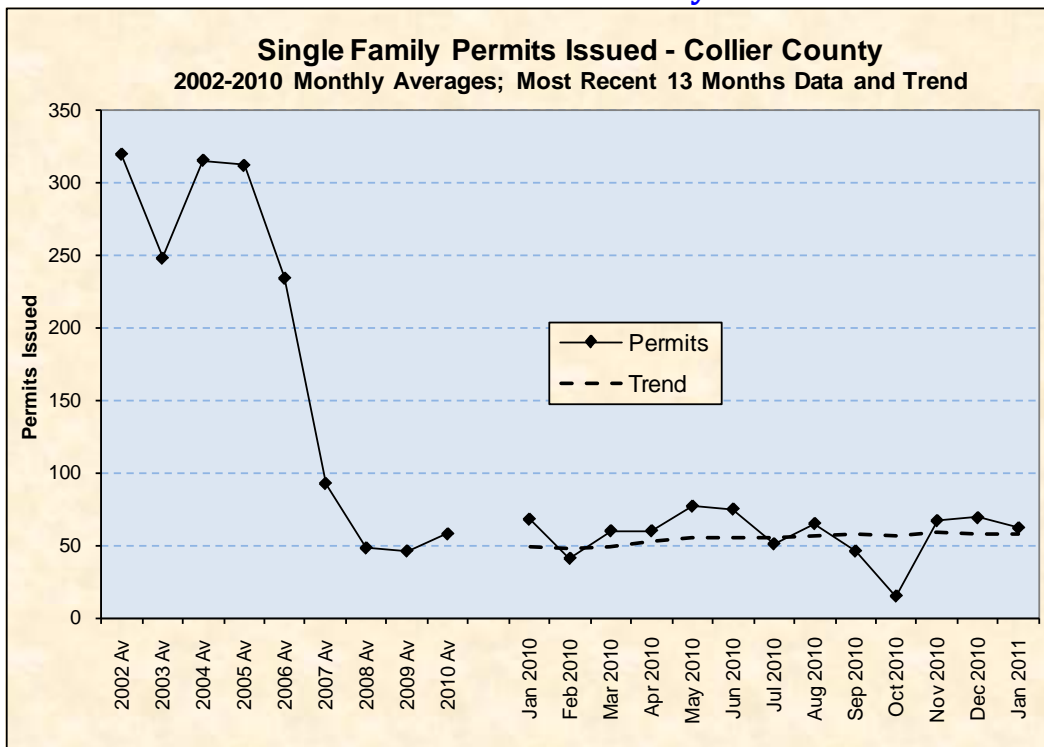
Lee County issued 77 single-family home permits in January 2011, up from 71 in January 2010, as shown in Chart 8; the corresponding figure for the prior month was 58. Collier County reported 62 permits issued in January, compared to 69 in December 2010 and 68 in January 2010, as shown in Chart 9. Charlotte County permits rose to 22 in January 2011, doubling the figure of January 2010, albeit a slight dip from the prior month figure of 24, as shown in Chart 10. The 3-county total of 161 in January 2011 represented a modest increase over the prior month and prior year, although still well below the levels of 2002-2006.

Chart 8: Lee County



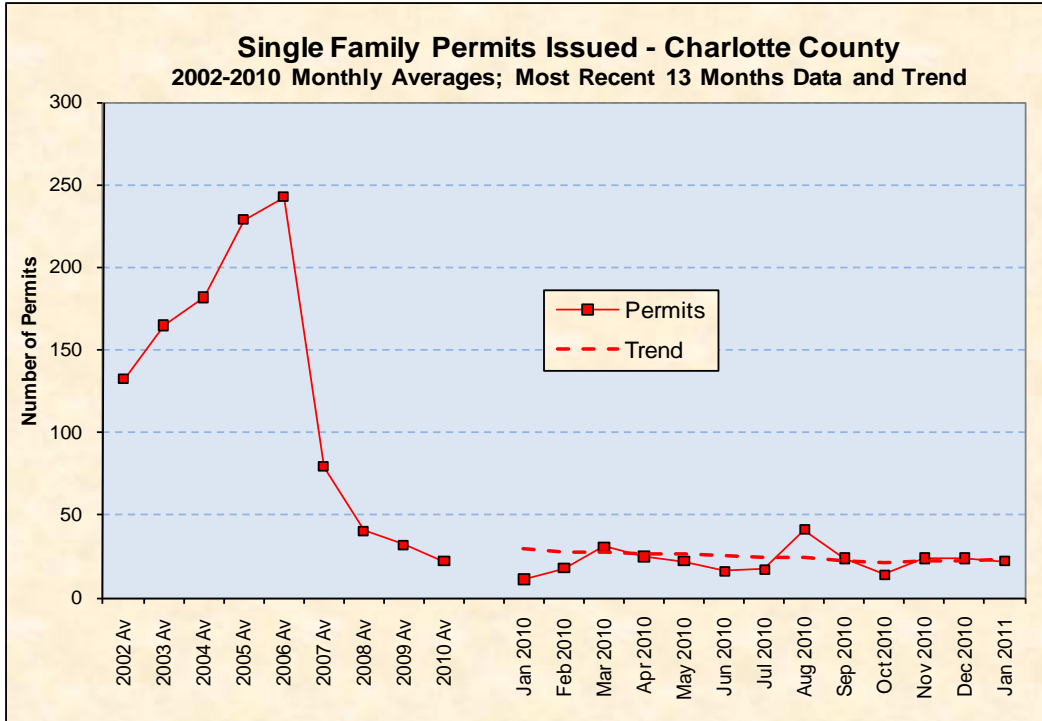
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

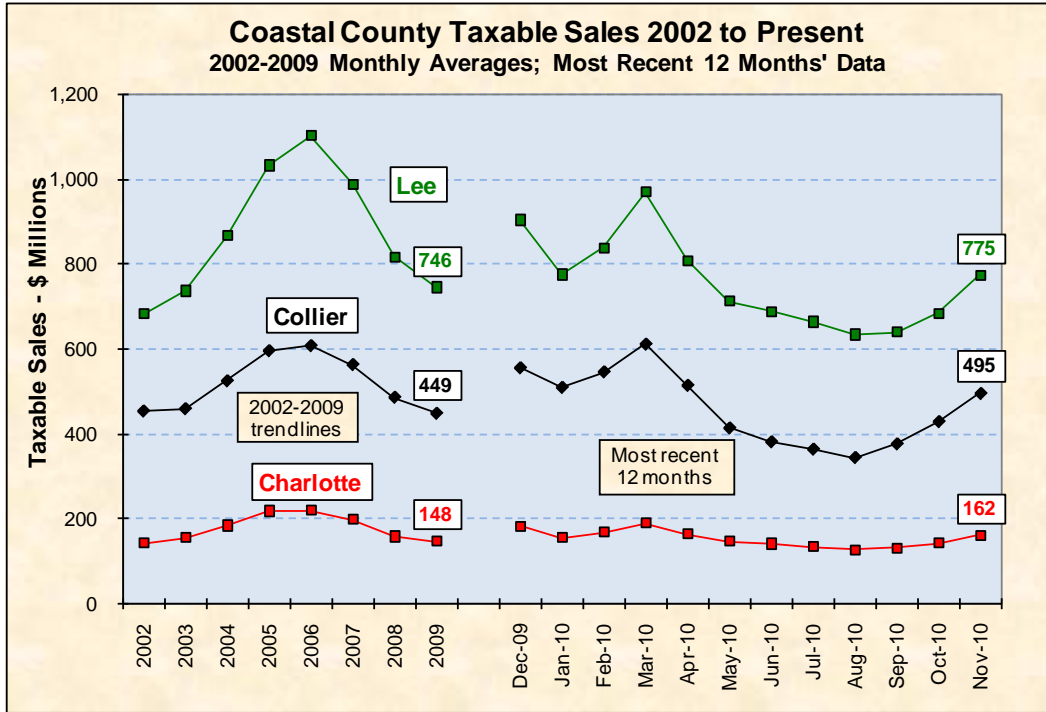
Taxable sales figures are used to track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, November is the latest collection month plotted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

Total taxable sales for the 5-county region in November 2010 showed a 5-percent increase (\$68.3 million) from November 2009 and a 14-percent increase (\$177.3 million) from the prior month of October. Taxable sales for the Coastal Counties are shown in Chart 11. Charlotte County reported taxable sales of \$161.6 million in November 2010, a 5-percent increase over the November 2009 figure. Lee County taxable sales amounted to \$774.5 million in November 2010, a 4-percent increase from November 2009, and Collier County's taxable sales rose to \$495.4 million in November 2010, a 6-percent increase from November 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 County has shown increases in 9 of the past 12 months, including the most recent 5 months. Collier County has shown increases in 10 of the last 12 months. Charlotte County's year-over-year taxable sales changes have been positive in eleven of the last 12 months.

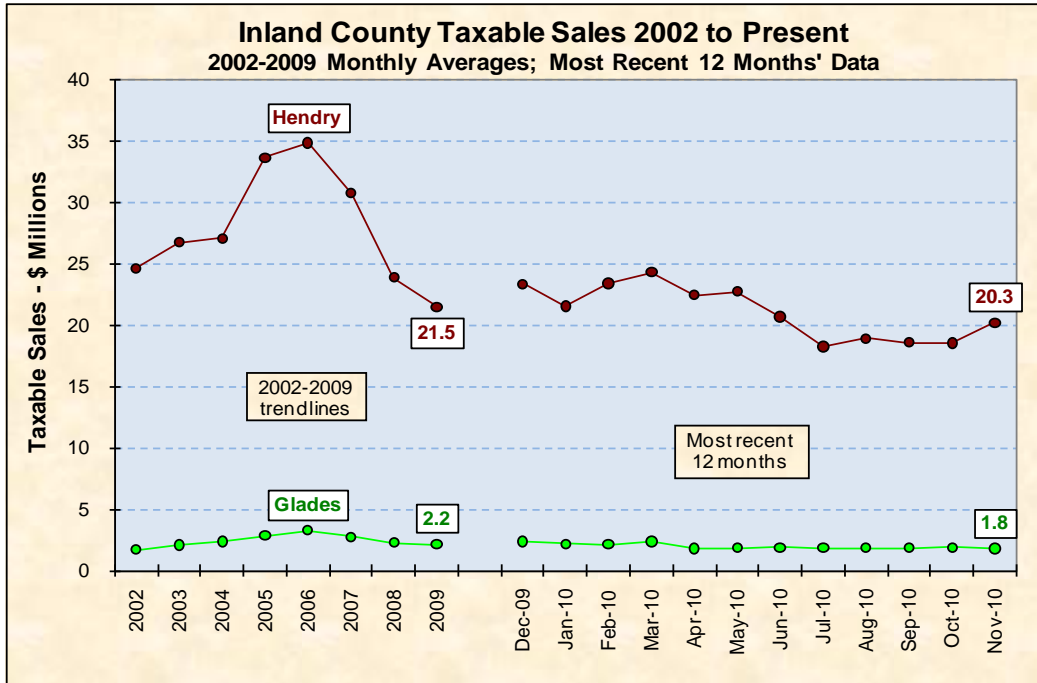
Chart 12 shows taxable sales for Glades and Hendry Counties on a scale that differs from that of Chart 11. Glades County reported November 2010 taxable sales of \$1.8 million, a 2-percent decline from the same month one year ago. Hendry County's taxable sales of \$20.3 million were 3 percent higher than a year ago.

Chart 11: Taxable Sales for Coastal Counties



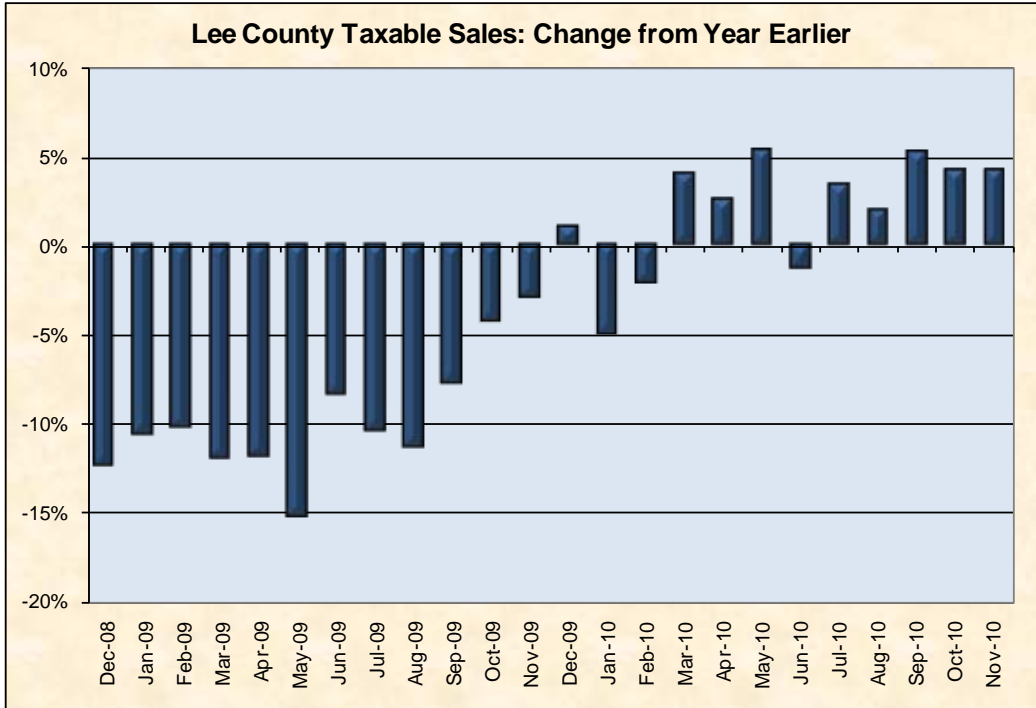
Source: Florida Department of Revenue, Office of Tax Research

Chart 12: Taxable Sales for Inland Counties



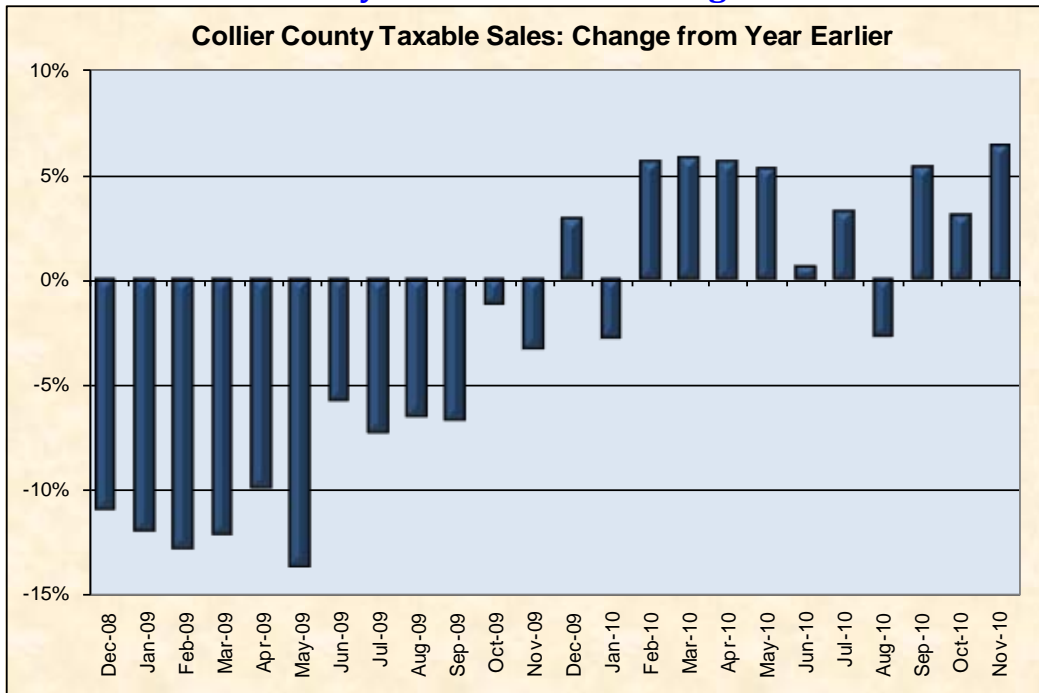
Source: Florida Department of Revenue, Office of Tax Research

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



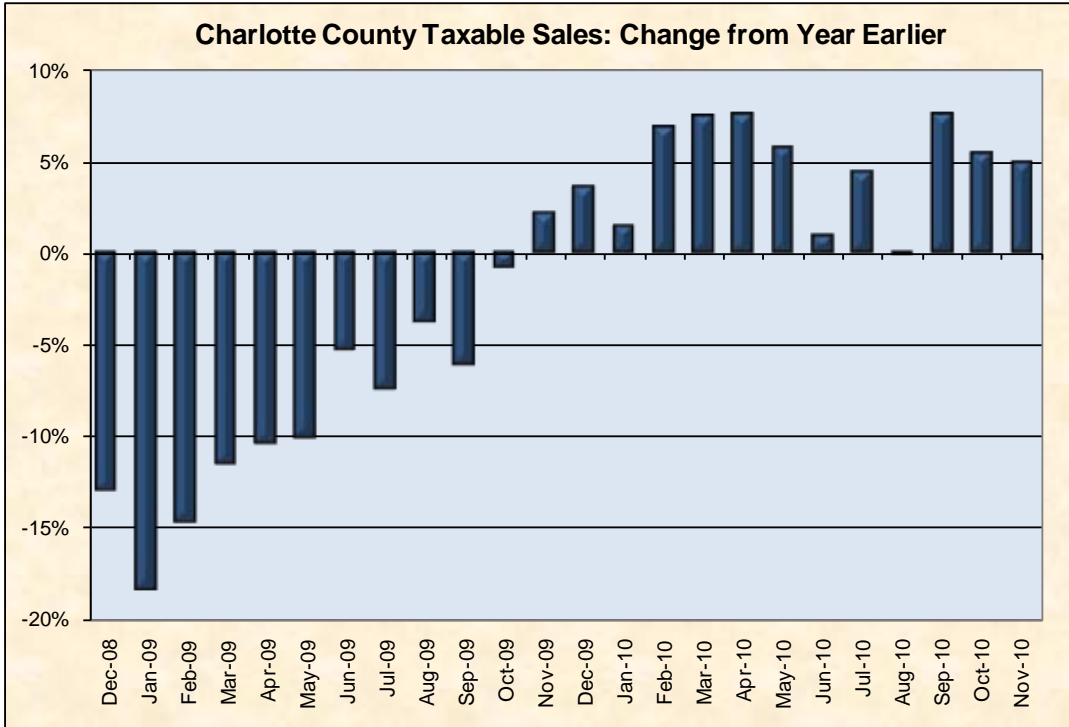
Source: Florida Department of Revenue, Office of Tax Research

Chart 14: Collier County Taxable Sales - Change from a Year Earlier



Source: Florida Department of Revenue, Office of Tax Research

Chart 15: Charlotte County Taxable Sales - Change from a Year Earlier



Source: Florida Department of Revenue, Office of Tax Research

Workforce – Unemployment

January unemployment rates will not be released until March 10, 2011. Material from last month’s report is repeated here for ease of reference.

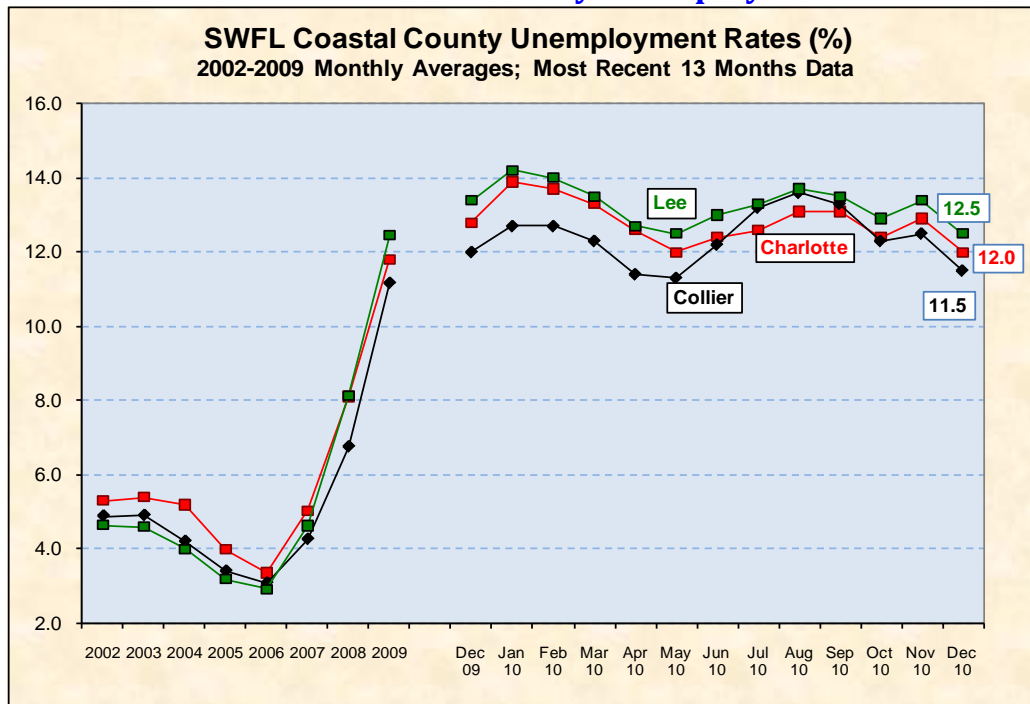
Although unemployment remains historically high, December unemployment rates for the area declined by at least 0.9 percent from the previous month. Chart 16 shows coastal county average unemployment rates by year from 2002 to 2009, as well as monthly unemployment rates over the last 13 months. Charlotte 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. However, 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

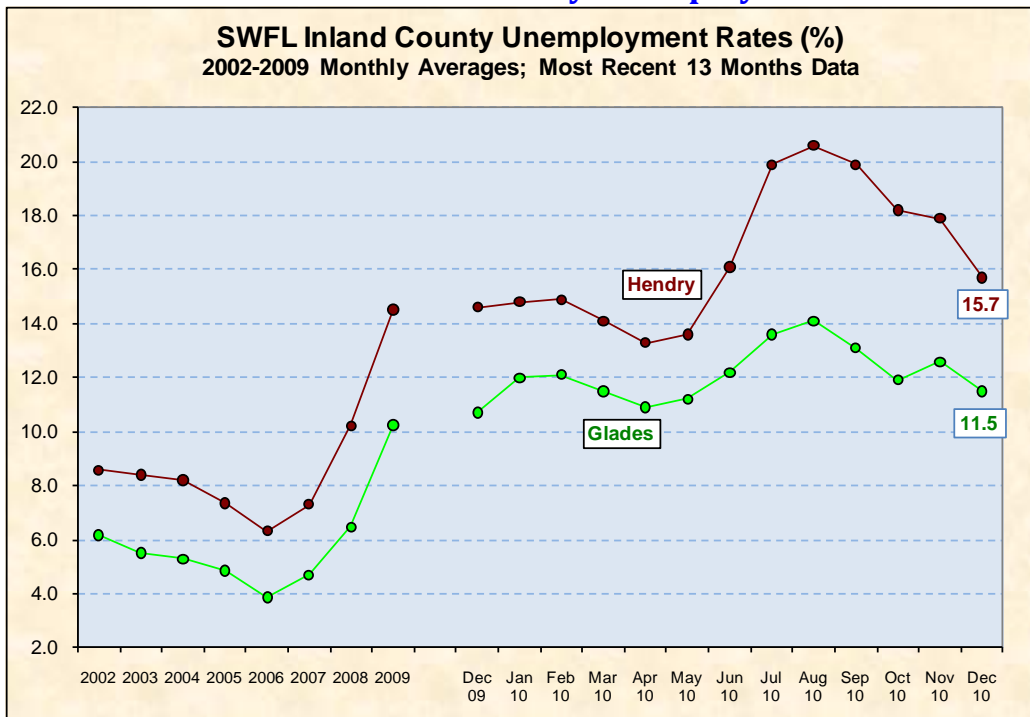
of the economy from long-run trends. The forecast for unemployment rates continues to be a very slow and gradual improvement through 2014.

Chart 16: Coastal County Unemployment



Source AWI

Chart 17: Inland County Unemployment

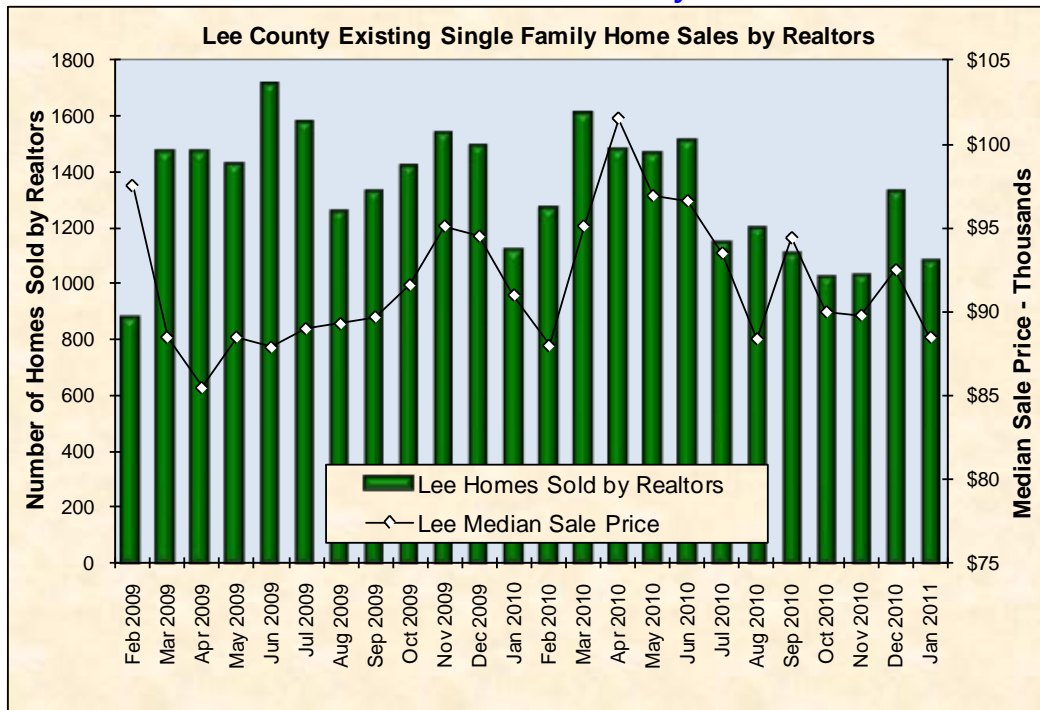


Source AWI

Sales of Single-Family Existing Homes and Median Sales Prices

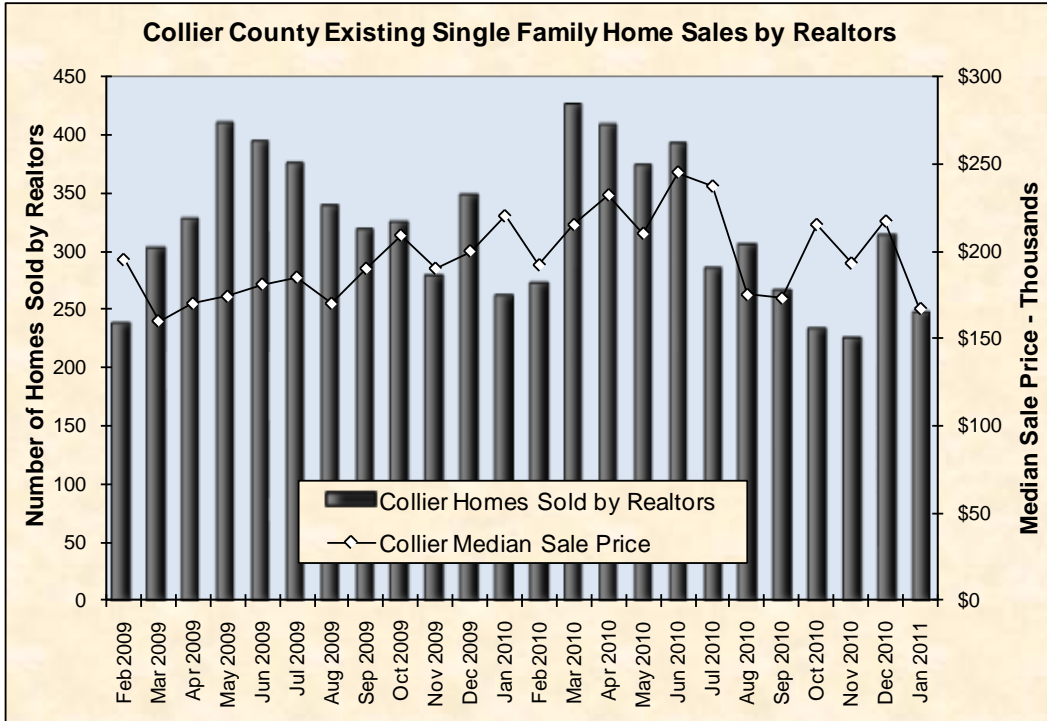
January 2011 Realtor® sales and median prices of existing single-family homes in Lee, Collier, and Charlotte Counties all declined from the previous month. Lee County had sales of 1,072 single-family homes at a median price of \$88,500 in January, compared to sales of 1,322 and a median price of \$92,500 in the previous month, as shown in Chart 18. Collier County's existing single-family Realtor sales were 247 in January 2011, down from 313 in December, accompanied by a decrease in the median price from \$217,000 to \$167,000, as shown in Chart 19. Charlotte County's existing single-family home sales dipped from 264 in December 2010 to 260 in January, with a median price decrease from \$88,400 to \$86,300, as shown in Chart 20. Compared to January 2010, Realtor® sales declined by 4 percent in Lee County and by 5 percent in Collier, while Charlotte County reported a 33 percent increase. Charlotte County January 2010 sales number was the lowest of 2010 at 196.

Chart 18: Lee County



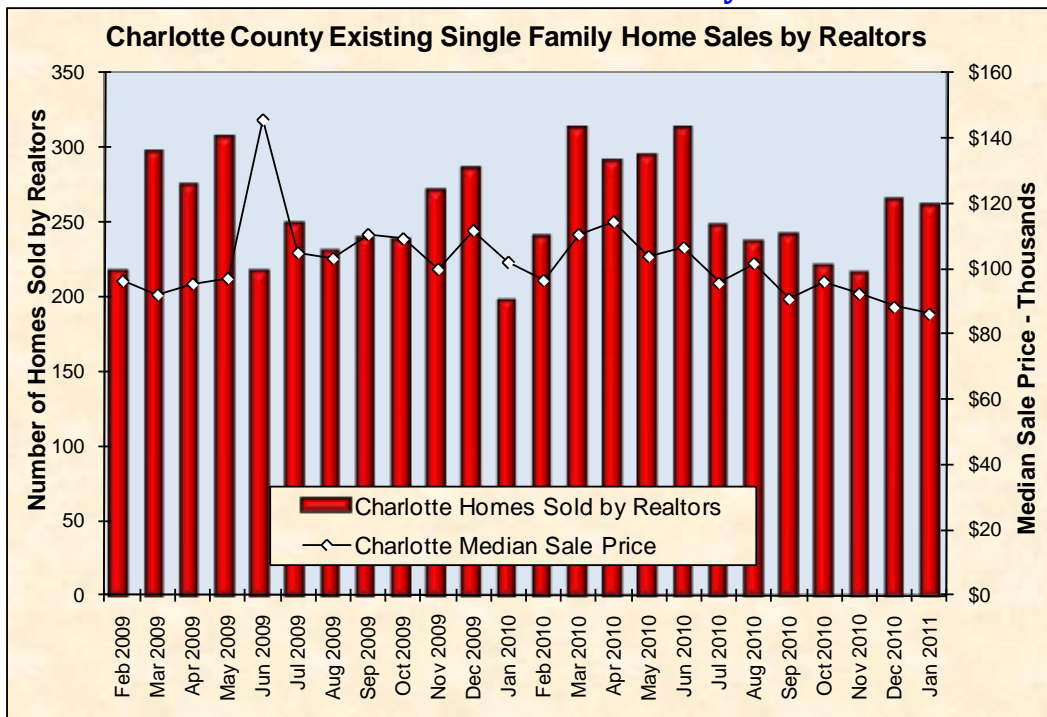
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 19: Collier County



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

Chart 20: Charlotte County

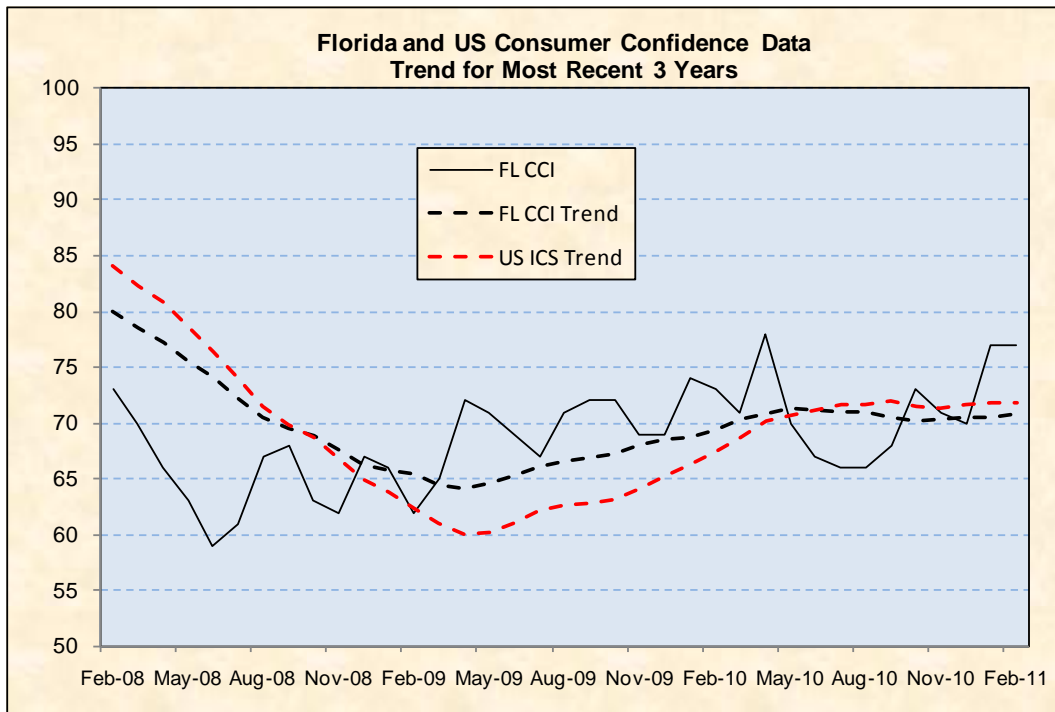


Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

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 2010 numbers. In February 2011, the national index increased to 77.5 from 74.2 in the prior month, while the Florida Consumer remained unchanged at 77. As noted by the Florida CCI Survey Director, Chris McCarty, “A second month at this high level makes it much less likely that the increase for January was an aberration and more likely that consumers view the economy and their personal economic situation as having improved.”

Chart 21: Florida:Consumer Confidence Index

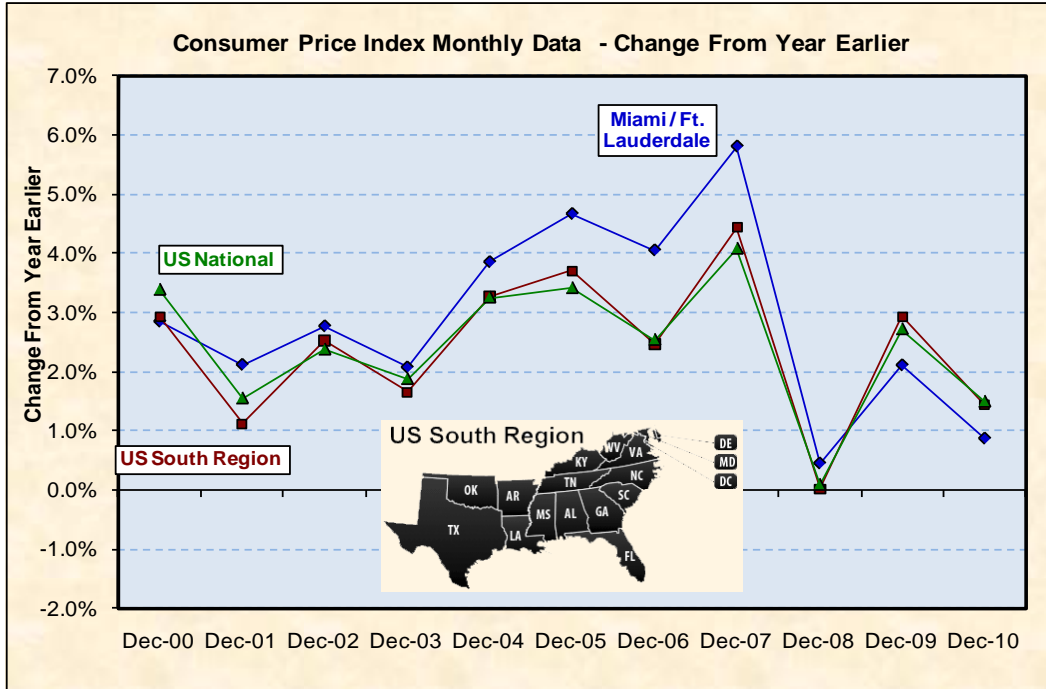


Source: Bureau of Economic and Business Research, University of Florida and Thomson Reuters/University of Michigan

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. The most recent release was for December 2010 and the February 2011 release will be in March. 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.

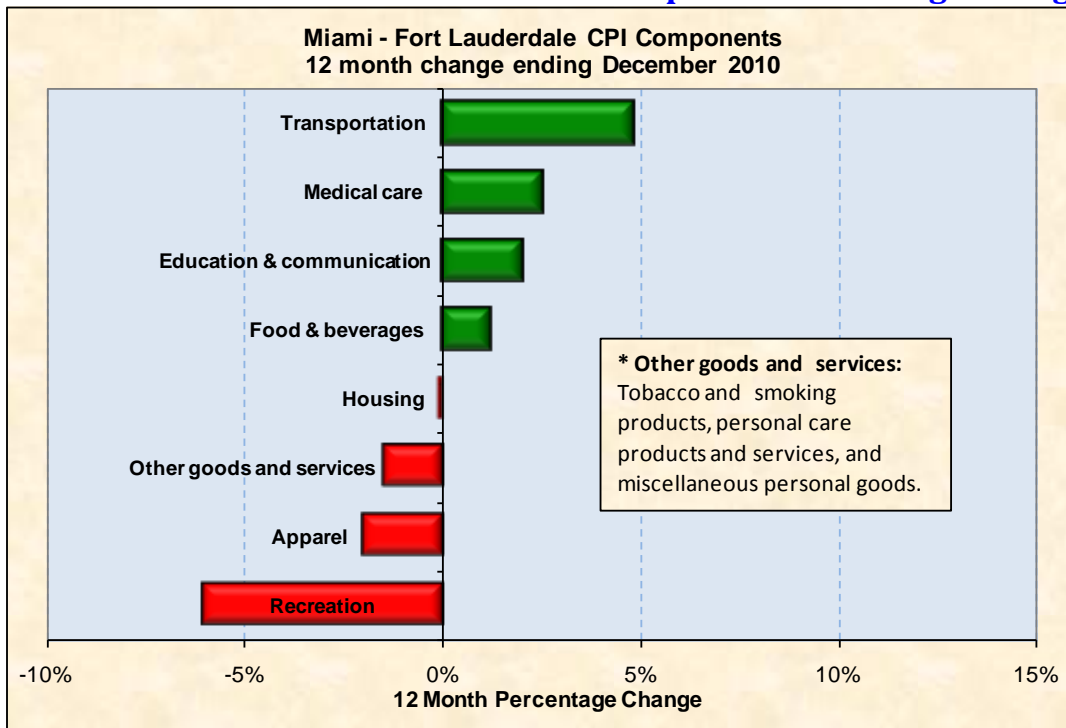
Chart 22: CPI Annual Percentage Change



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



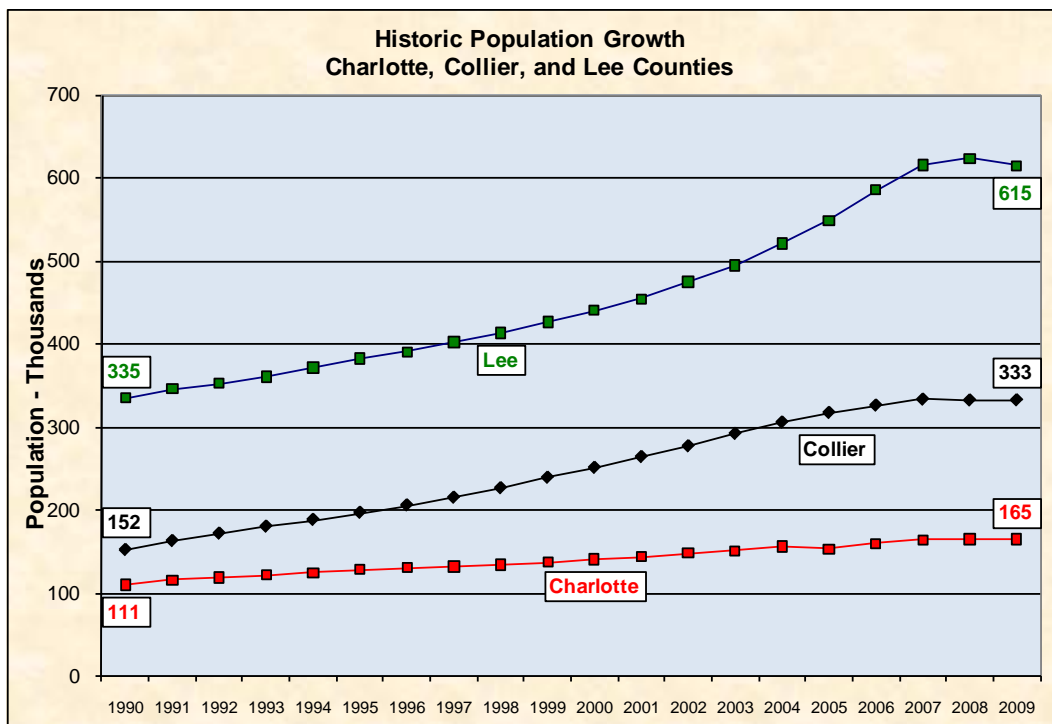
Source: BLS

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.

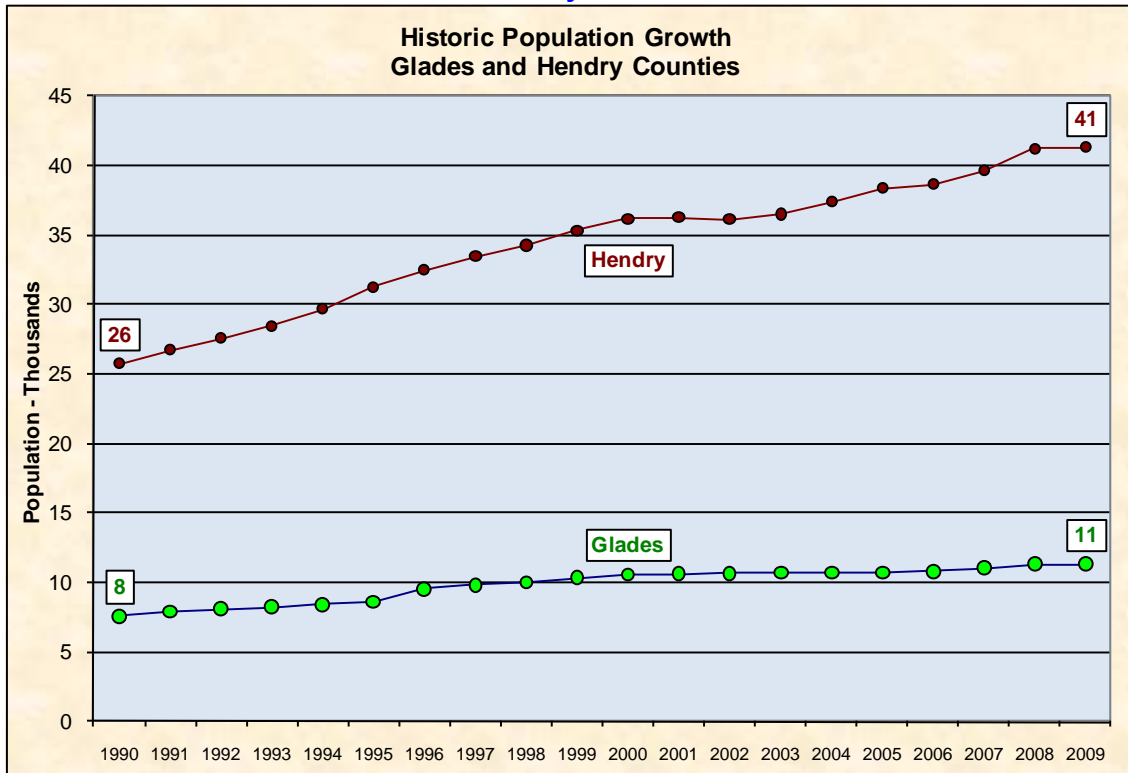
Chart 26 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 1.9 percent per year for this period, resulting in a 20-year increase of 46 percent.

Chart 24: Coastal Counties Growth 1990 to 2009



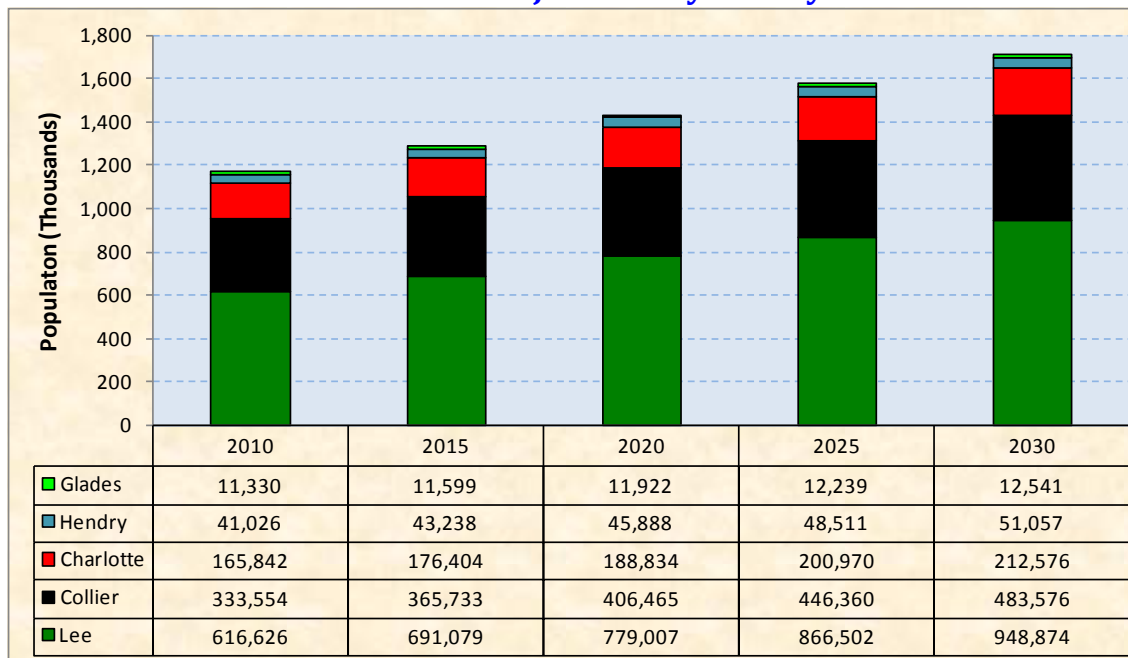
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

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