

Southwest Florida Regional Economic Indicators

April 2011



Regional Economic Research Institute

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Introduction

The U.S. Bureau of Economic Analysis (BEA) released an advanced estimate for the first quarter of 2011 real GDP growth on April 28th. The real GDP increase for the first quarter was only 1.8 percent, down from 3.1 percent in the fourth quarter of 2010. Personal consumption expenditures, private inventory investment, exports, and nonresidential fixed investment contributed to the increase, while federal, state, and local government spending were negative, reducing the growth rate. During an inaugural Federal Reserve news conference, Chairman Bernanke indicated that he expected the first quarter's lower GDP growth to be a temporary slowing of the economy due to lower defense spending, weaker exports, and weather effects.

Real personal consumption expenditures increased by 2.7 percent in the first quarter of 2011 compared to an increase of 4.0 percent in the fourth quarter of 2010 and indicated that consumer spending remains positive but the growth rate has slowed. The Conference Board's Index of Leading Economic Indicators was released on April 21st and was up 0.4 percent in March, pointing to further growth and continued recovery.

The national seasonally-adjusted unemployment rate fell slightly from 8.9 percent in February to 8.8 percent in March. Florida's seasonally adjusted unemployment decreased from 11.5 percent in February to 11.1 percent in February, showing some improvement. The county unemployment rates are not seasonally adjusted so they include seasonal employment trends. Lee County's unemployment rate dropped from 11.7 in February to 11.2 in March with the county adding 2,904 new net jobs. Collier County's unemployment rate dropped from 10.7 percent in February to 10.2 percent in March with the county adding 1,851 new net jobs. Charlotte County's unemployment rate dropped from 11.6 percent in February to 11.0 in March adding 1,000 net new jobs.

Historically high levels of unemployment and foreclosures, tight financial markets, and Middle-East unrest and higher oil prices 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 latest release of the Federal Reserve's Open Market Committee (FOMC) was issued on April 27th and is summarized as follows:

- The economic recovery is proceeding at a moderate pace and overall conditions in the labor market are improving gradually;
- Household spending and business investment in equipment and software continue to expand;
- Investment in nonresidential structures is still weak, and the housing sector continues to be depressed;

- Commodity prices have risen significantly since last summer, and concerns about global supplies of crude oil have contributed to a further increase in oil prices;
- Inflation has picked up in recent months, but longer-term inflation expectations have remained stable and measures of underlying inflation are still subdued;
- The FOMC committee will continue to maintain the target range for the federal funds rate at 0 to 1/4 percent and expects to continue this policy for an extended period of time; and
- The purchase of \$600 billion in long-term Treasury securities will be completed by the end of June.

The next meeting of the FOMC is planned for June 21-22, 2011.

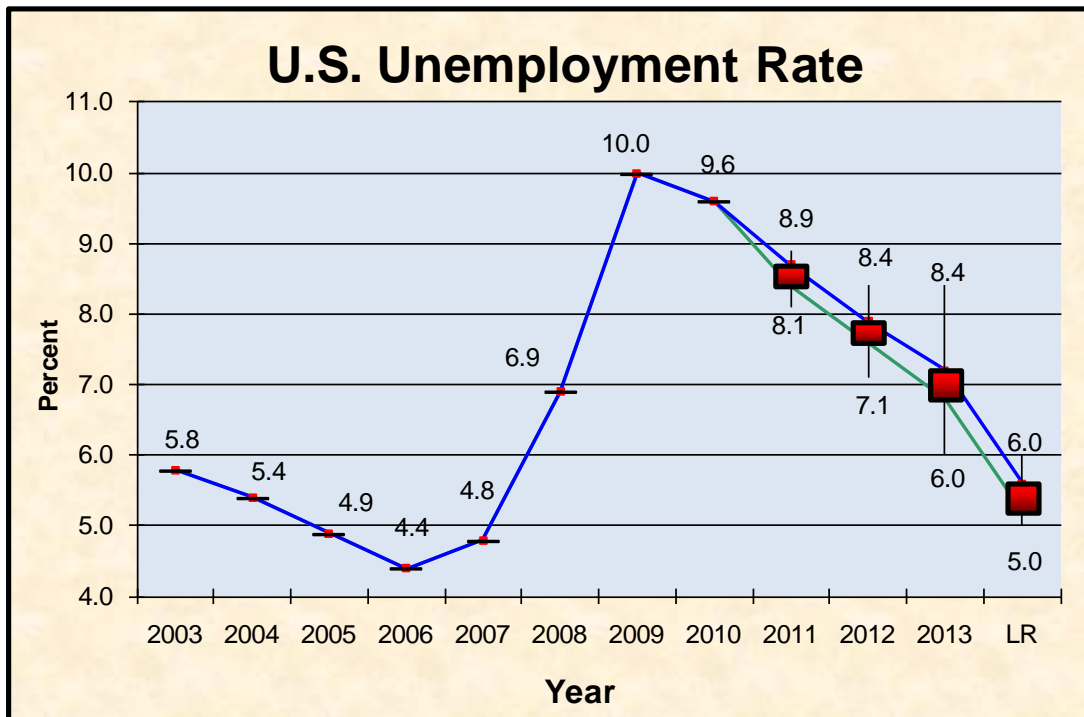
Ben Bernanke, Chairman of The Federal Reserve, held an inaugural news conference to discuss the economy and a new revised economic forecast. The new April Federal Reserve FOMC economic forecast was released on April 27th and is shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

The chart below showed that 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 2.9 to 3.7 percent growth in GDP with a central tendency range (red bar) of 3.1 to 3.3 percent. For 2012, the overall projected range is 2.9 to 4.4 percent with a central tendency range of 3.5 to 4.2 percent growth. For 2013, the overall projected range is 3.0 to 5.0 percent with a central tendency range of 3.5 to 4.3 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. 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, April, 2011

As shown in the chart below, national unemployment in 2011 is expected to be lower than 2010, but remain historically high, in a range of 8.1 to 8.9 percent, with a central tendency (red bar) of 8.4 to 8.7 percent. In 2012, the unemployment range is forecast to be between 7.1 and 8.4 percent with a central tendency of 7.6 to 7.9 percent. For 2013, the overall projected range for the national unemployment rate is 6.0 to 8.4 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 6.0 percent with a central tendency of 5.2 to 5.6 percent. The projections for unemployment are for the fourth quarter of each year.



Source: Minutes of the Federal Open Market Committee, April, 2011

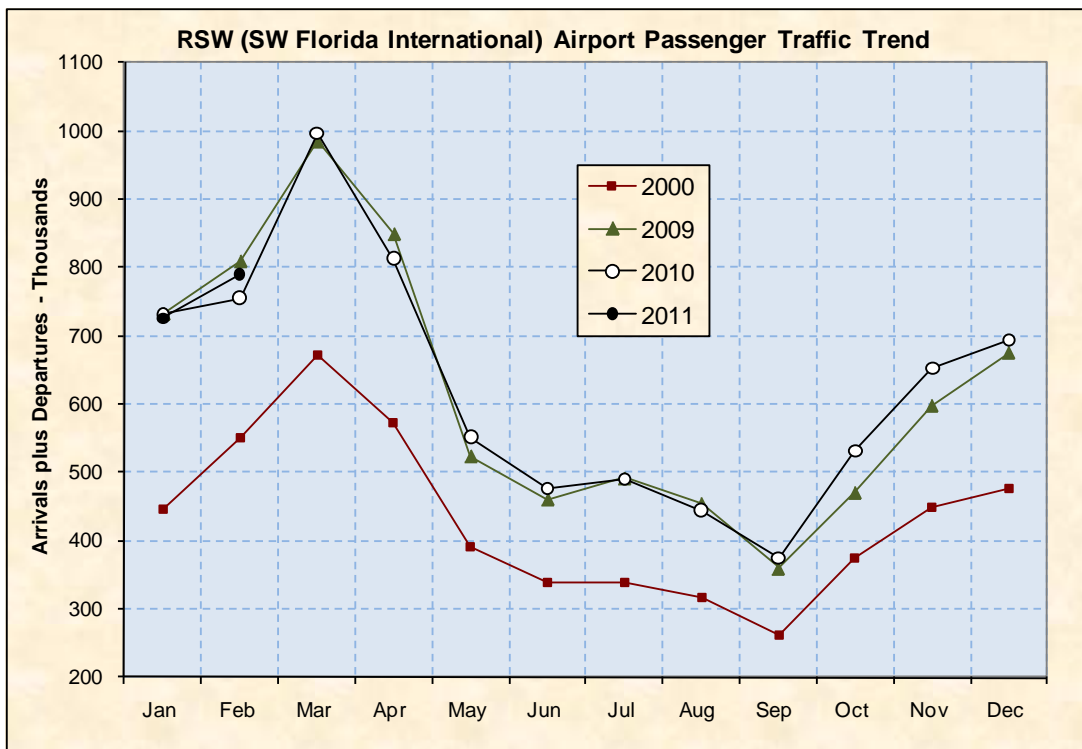
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report, as a way to support its mission and assist the region. Starting last month, we are including charts that show not only unemployment rates, but also total employment and unemployment by county. 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 each of Southwest Florida International (RSW), Sarasota (SRQ), and Charlotte County (PGD) airports. Peak seasonal activity occurs in February, March and April, with significantly lower activity in the summer months. Charts 1, 2, and 3 illustrate the monthly seasonality of airport passenger traffic and the changes from year to year.

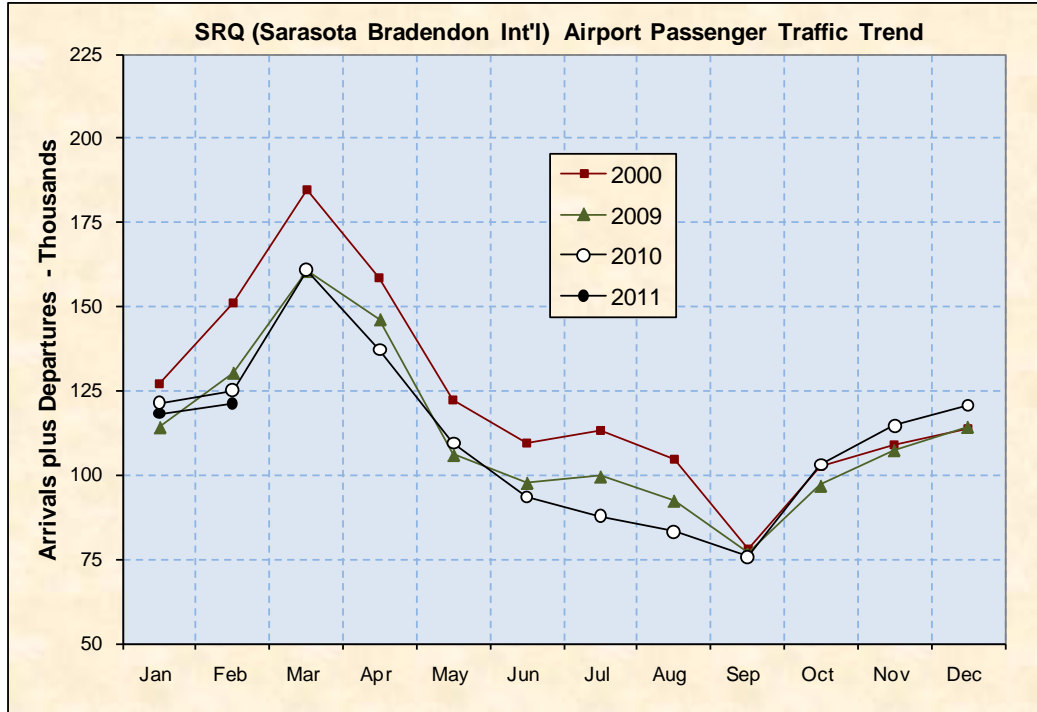
Total activity for the three regional airports totaled 945,466 in February 2011, an increase of five percent over February 2010, and eight percent above January 2011. Chart 1 shows RSW passenger activity rising to 790,124 in February, an increase of five percent from February 2010, and nine percent above the January 2011 figure. Sarasota (SRQ) passenger activity declined to 121,270 in February 2011, down three percent from February 2010 but up three percent from January 2011, as shown in Chart 2. Charlotte County Airport recorded passenger activity of 34,072 in February, a 55-percent increase over February 2010, and a 15-percent increase from the prior month, as shown in Chart 3.

Chart 1: RSW Traffic Trend



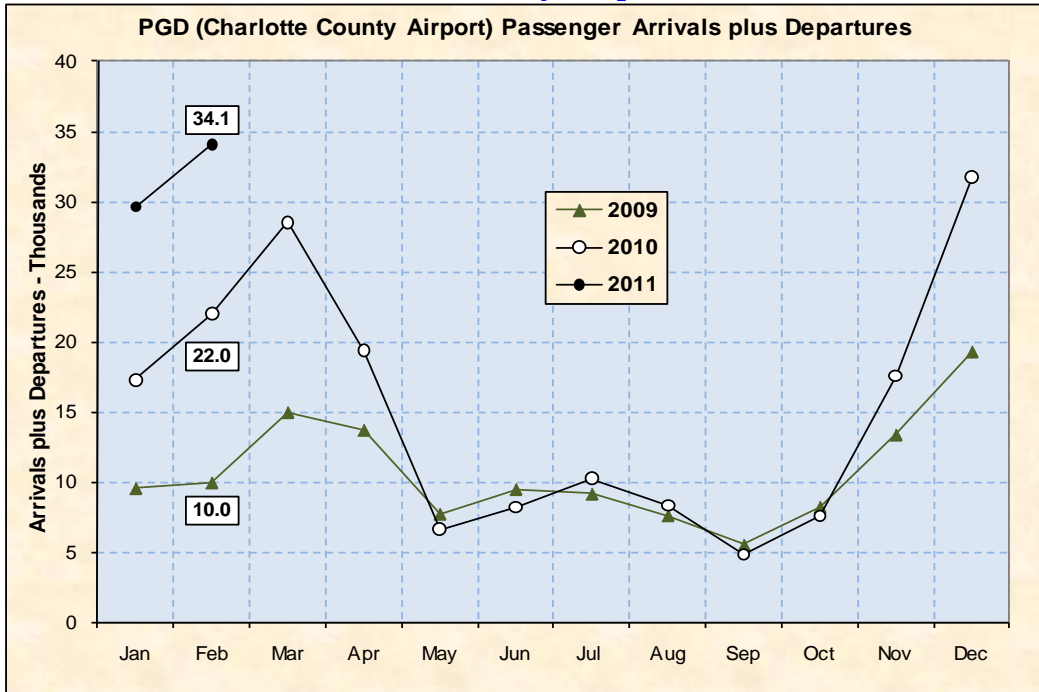
Source: Local Airport Authorities

Chart 2: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 3: Charlotte County Airport Traffic Trend

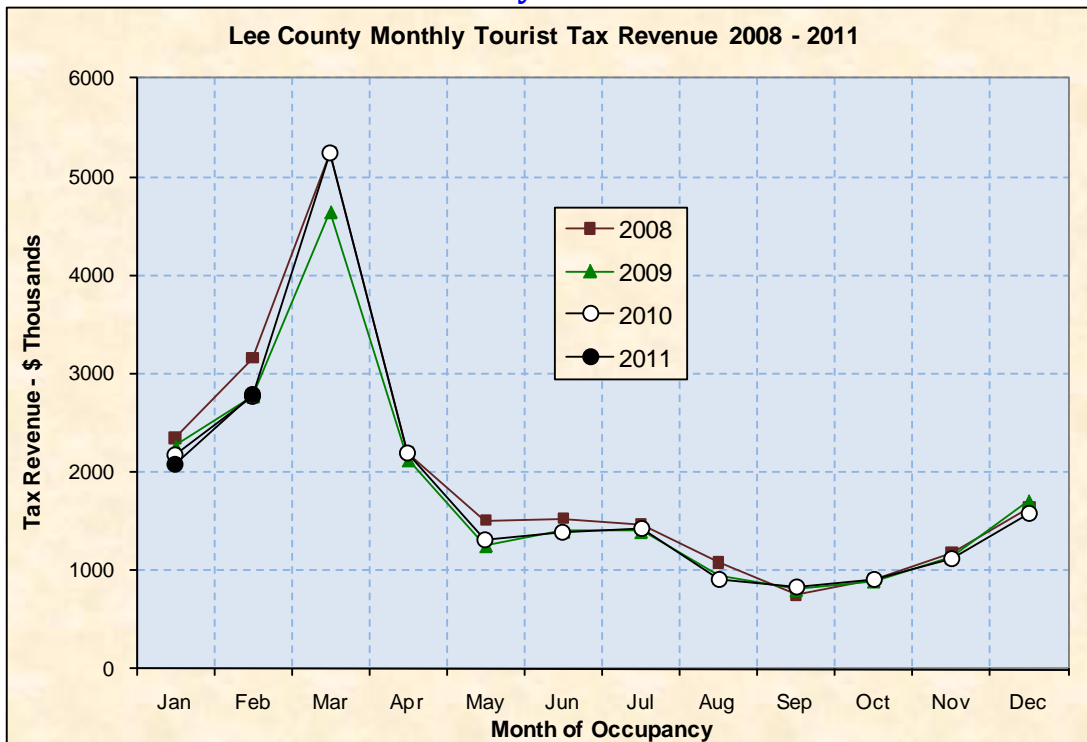


Source: Local Airport Authorities

Tourism Tax Revenues

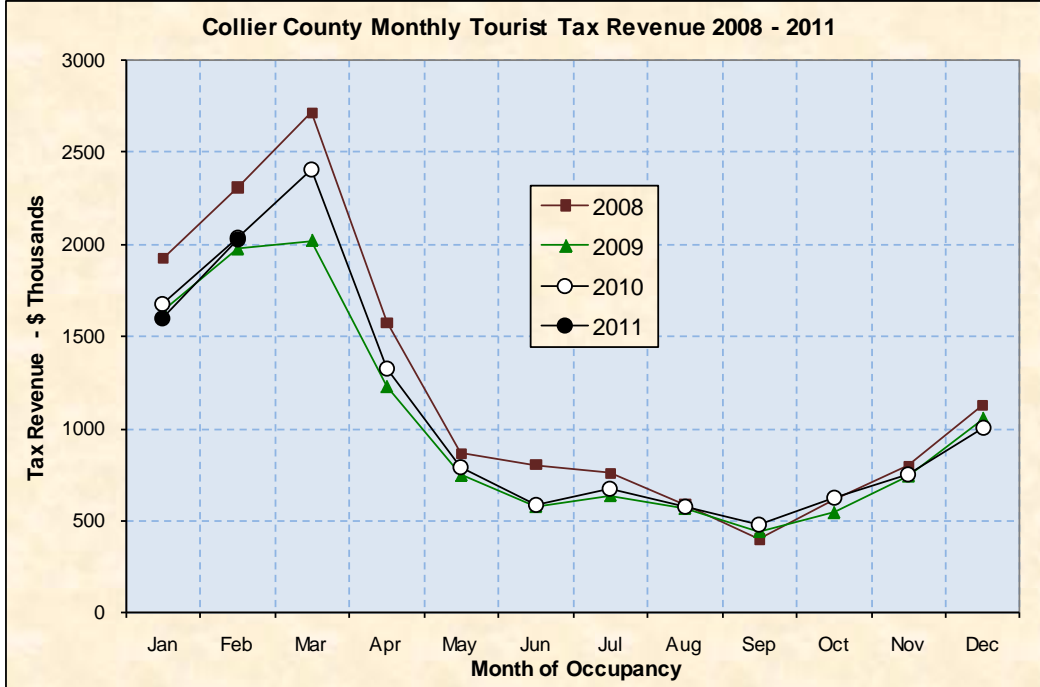
Tourism tax revenues for the region are shown in Charts 4, 5, and 6, and are based on month of occupancy. Total February tourism tax revenues for the three coastal counties continued to follow the historic seasonal pattern, increasing by 32 percent over January. Charlotte County reported a 55-percent increase over the prior month, Collier County was up 27 percent, and Lee County showed a 34-percent increase. Total tourism tax revenues were a fraction of a percent higher than those of February 2010. Lee County tourism tax revenues rose to \$2,780,924 in February 2011, a one-percent increase from February 2010. Collier County reported revenues of \$2,026,114, substantially the same as February 2010. Charlotte County's tourism tax revenues amounted to \$204,625 in January 2011, a four-percent increase over the February 2010 figure.

Chart 4: Lee County Tourism Tax Revenues



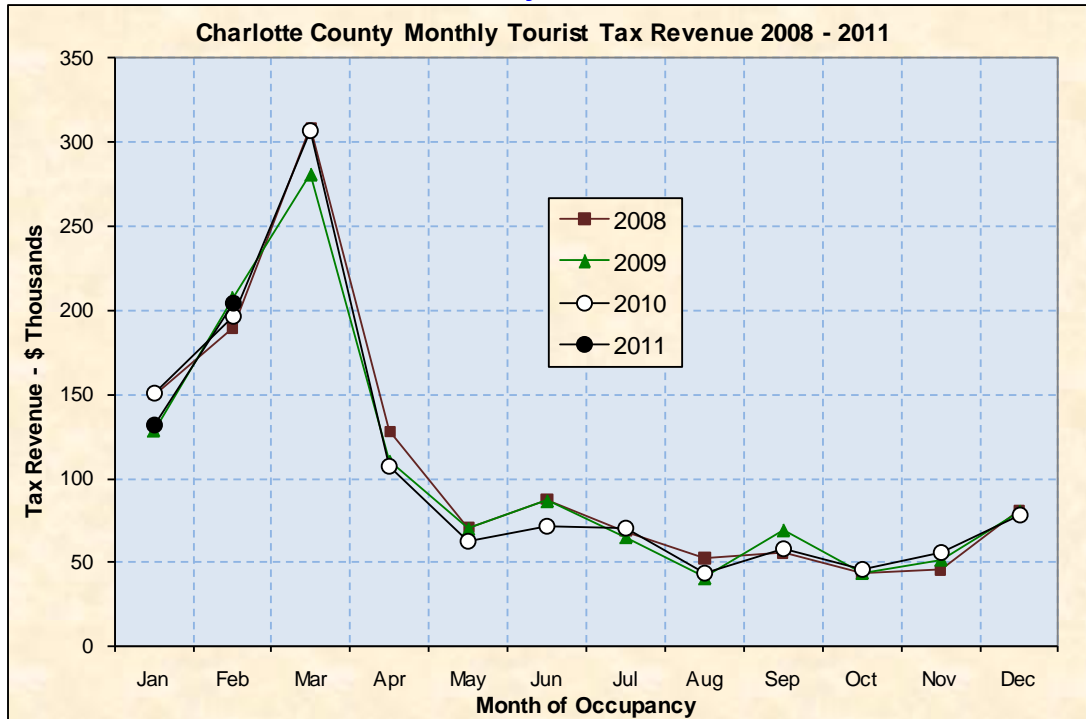
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

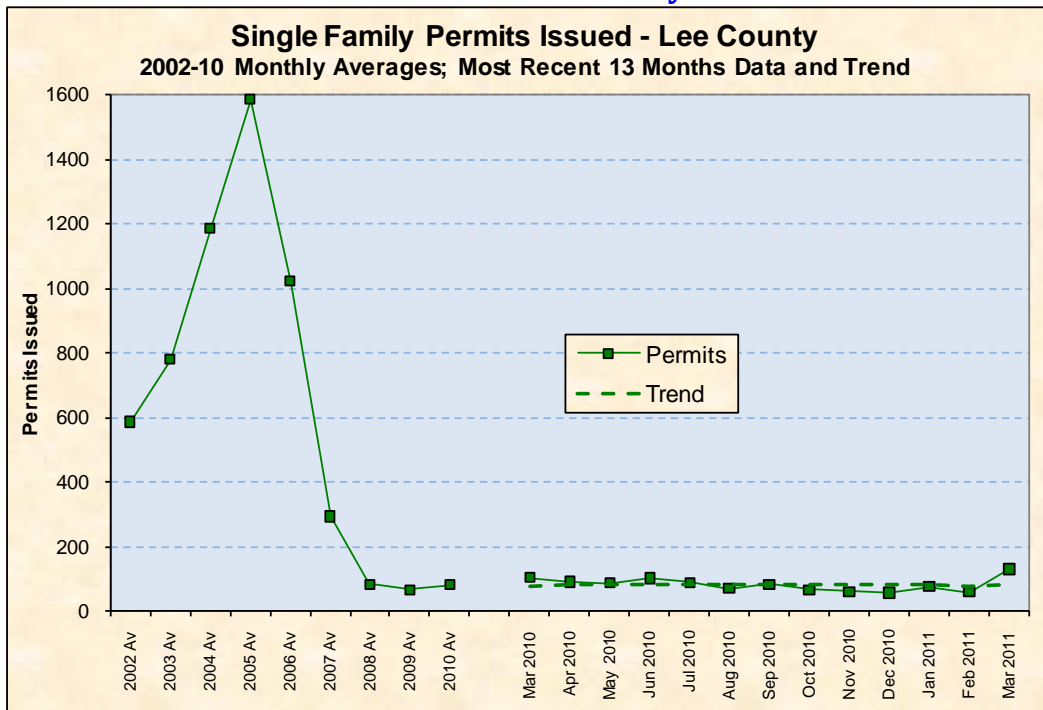


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

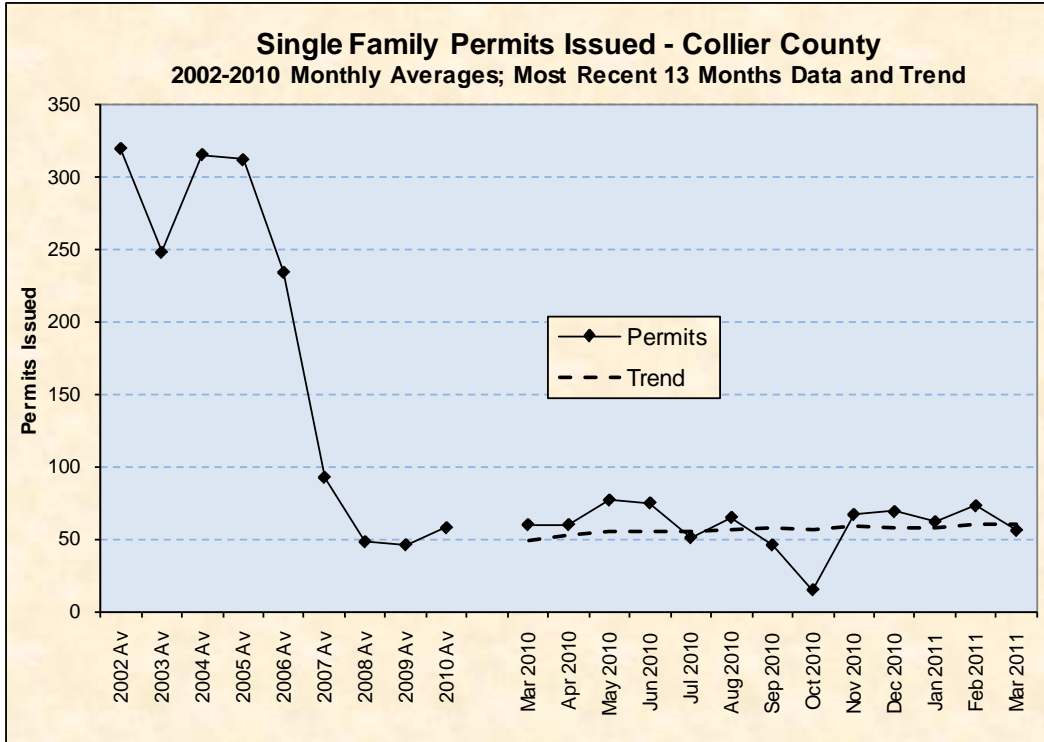
Lee County issued 131 single-family home permits in March 2011, an increase from 61 in February 2011, as shown in Chart 7; the corresponding figure for March 2010 was 106. Collier County showed a decline to 56 permits issued in March, compared to 73 in February and 60 in March 2010, as shown in Chart 8. Charlotte County permits rose to 37 in March 2011 from 18 in February and 31 in March 2010, as shown in Chart 9. The three-county total of 224 in March 2011 showed an increase over both the prior month total of 152 and the March 2010 figure of 197.

Chart 7: Lee County



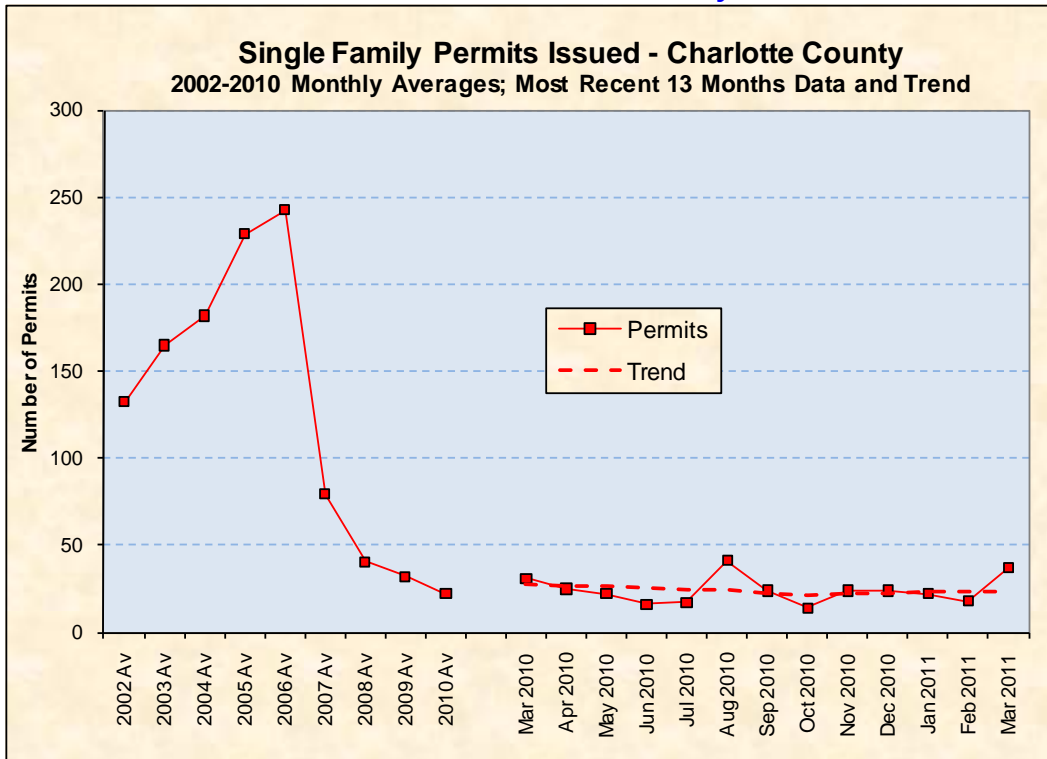
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 8: Collier County



Source: Local Building and Zoning Departments, includes unincorporated Collier County permits only.

Chart 9: Charlotte County



Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

Taxable Sales

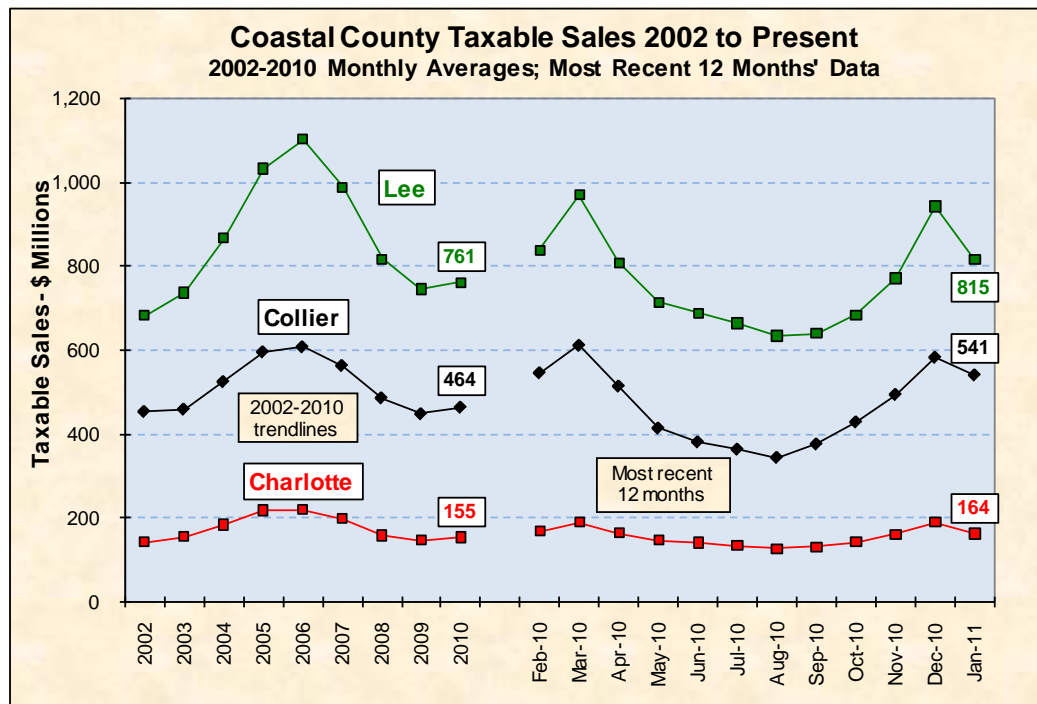
Taxable sales figures are used to track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, January is the latest collection month plotted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

Total taxable sales for the five-county region in January 2011 showed a five-percent increase (\$78.5 million) over January 2010; and a 12-percent decrease (\$200.5 million) from the prior month of December. Taxable sales for the Coastal Counties are shown in Chart 10. Charlotte County reported taxable sales of \$163.6 million in January 2011, a four-percent increase from the January 2010 figure. Lee County taxable sales amounted to \$814.9 million in January 2011, a five-percent increase from January 2010, and Collier County's taxable sales rose to \$541.1 million in January 2011, a six-percent increase from January 2010. Decreases from the prior month of December 2010 amounted to 14 percent in both Charlotte and Lee County, and seven percent in Collier County.

Chart 11 shows taxable sales for Glades and Hendry Counties on a scale that differs from that of Chart 10. Glades County reported January 2011 taxable sales of \$2.5 million, a 16-percent increase over the same month one year ago. Hendry County's taxable sales of \$22.4 million were four percent higher than a year ago.

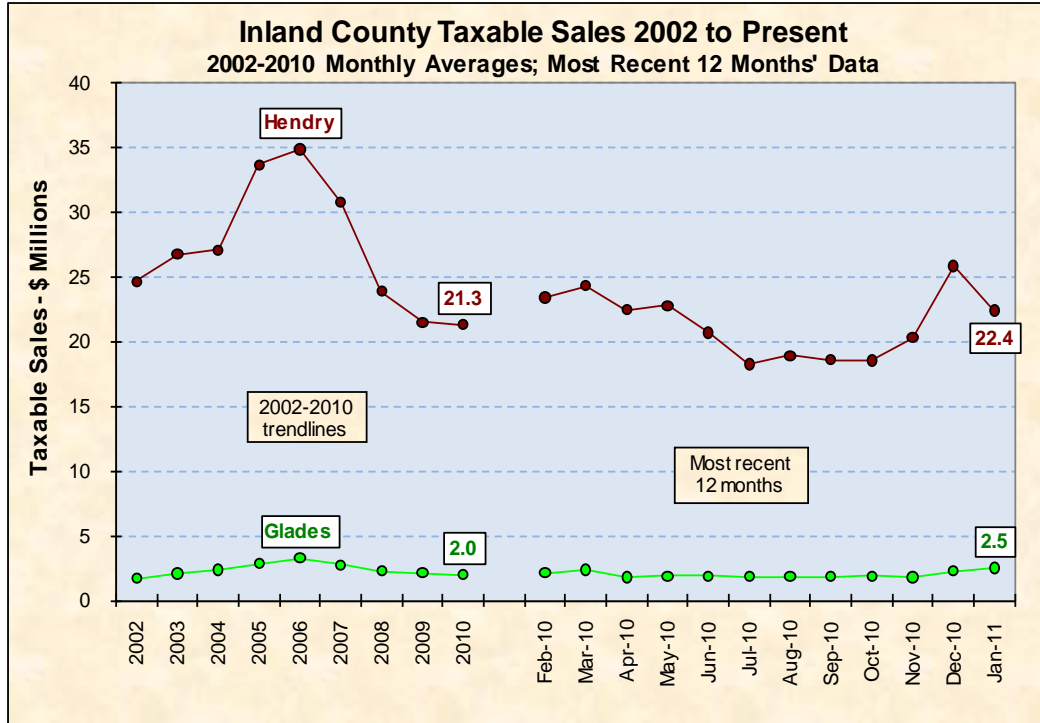
Charts 12, 13, and 14 show the change in taxable sales from the same month a year earlier. Lee County has shown increases in 10 of the past 12 months; Collier County, in 11 of the last 12 months; and Charlotte, in 11 of the last 12 months.

Chart 10: Taxable Sales for Coastal Counties



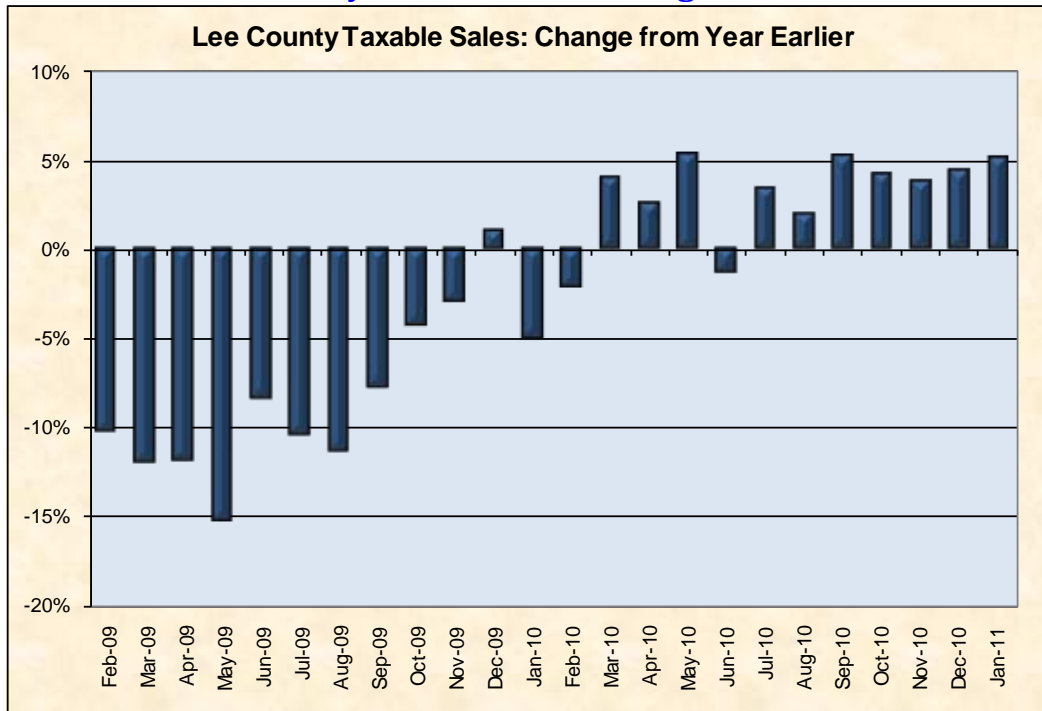
Source: Florida Department of Revenue, Office of Tax Research

Chart 11: Taxable Sales for Inland Counties



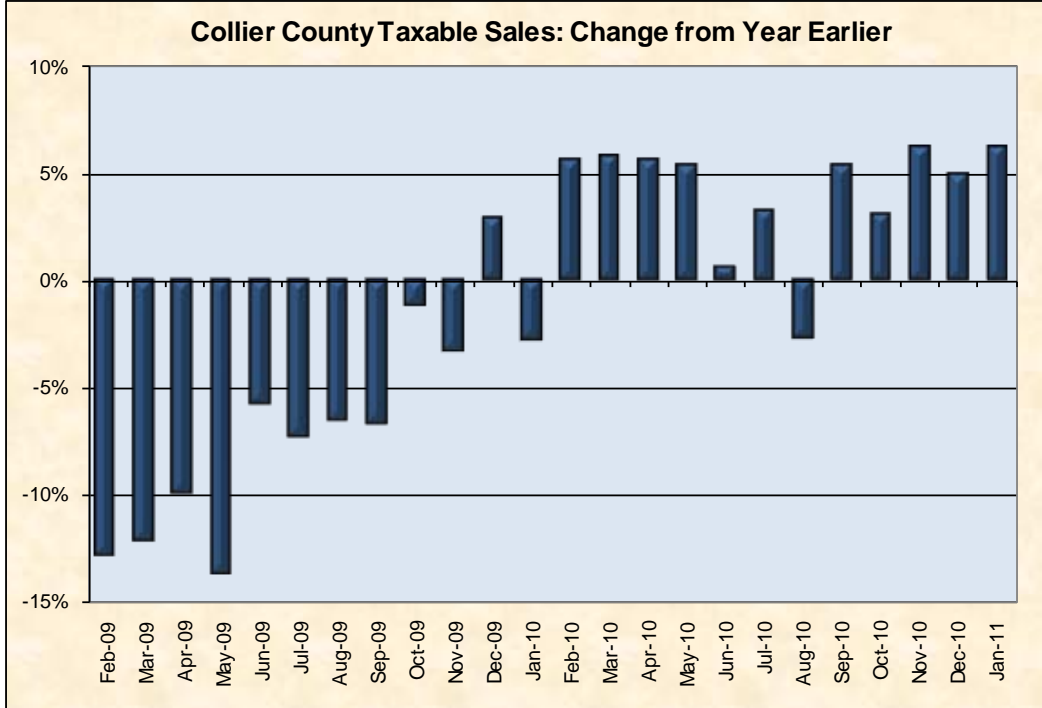
Source: Florida Department of Revenue, Office of Tax Research

Chart 12: Lee County Taxable Sales Change from a Year Earlier



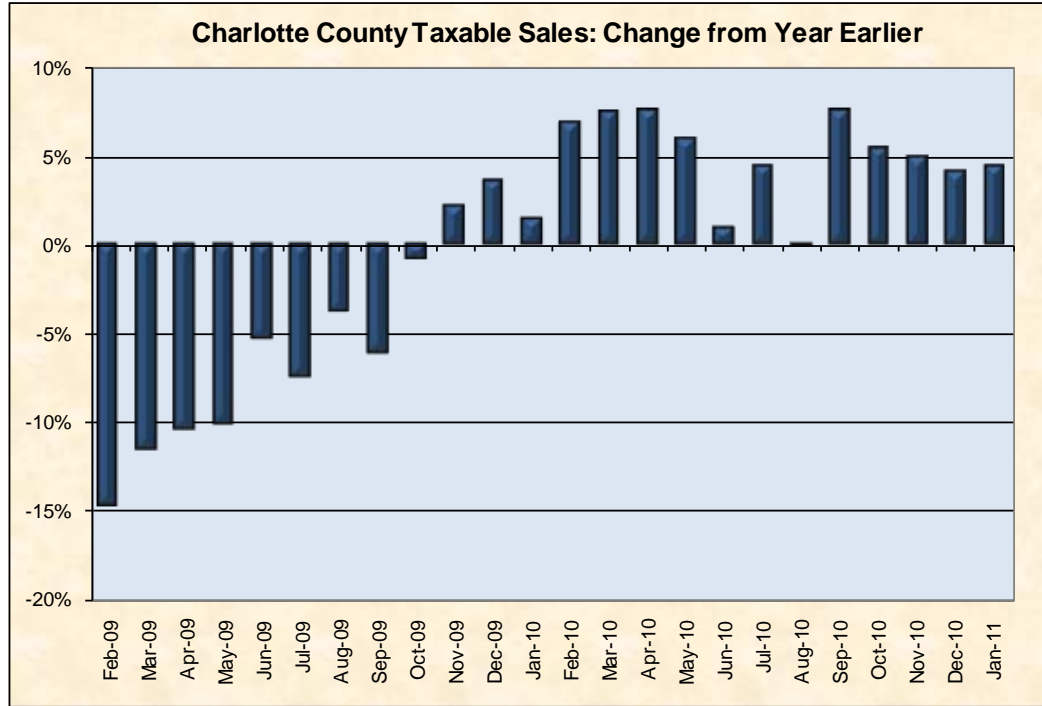
Source: Florida Department of Revenue, Office of Tax Research

Chart 13: Collier County Taxable Sales Change from a Year Earlier



Source: Florida Department of Revenue, Office of Tax Research

Chart 14: Charlotte County Taxable Sales Change from a Year Earlier



Source: Florida Department of Revenue, Office of Tax Research

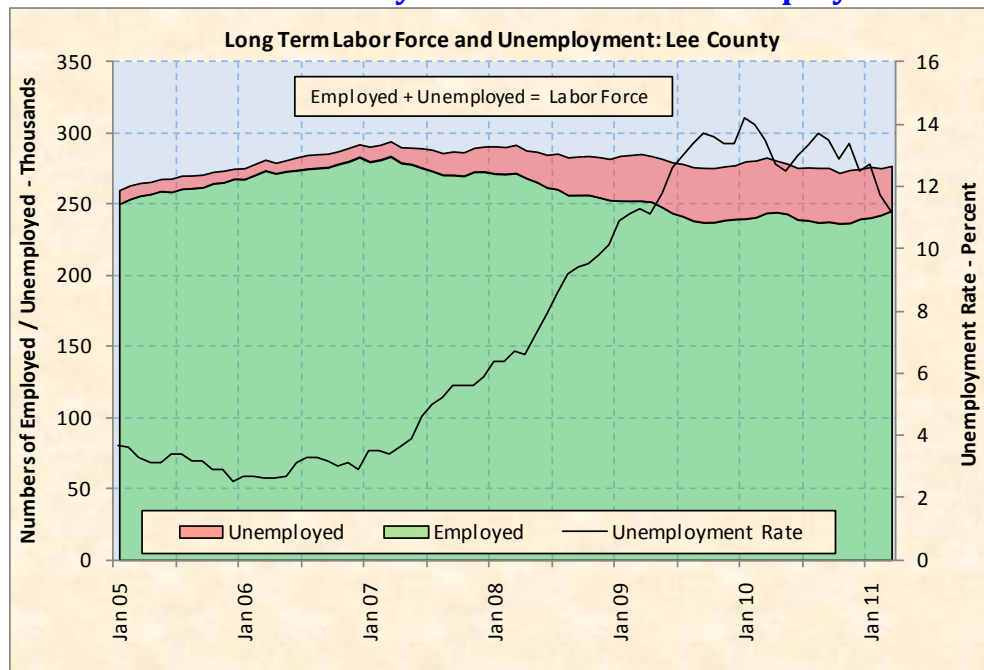
Workforce – Labor Force, Employment and Unemployment

Charts 15, 16, 17, 18, and 19 show total employment, total unemployment, and the unemployment rate for each county from the beginning of 2005 to March 2011. This provides more information about each of the counties, since the unemployment rate can decline due to improvements in employment, or as a result of people not actively seeking employment and dropping out of the labor force (discouraged workers) or moving away from our labor market to seek employment elsewhere.

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, as noted in the introduction.

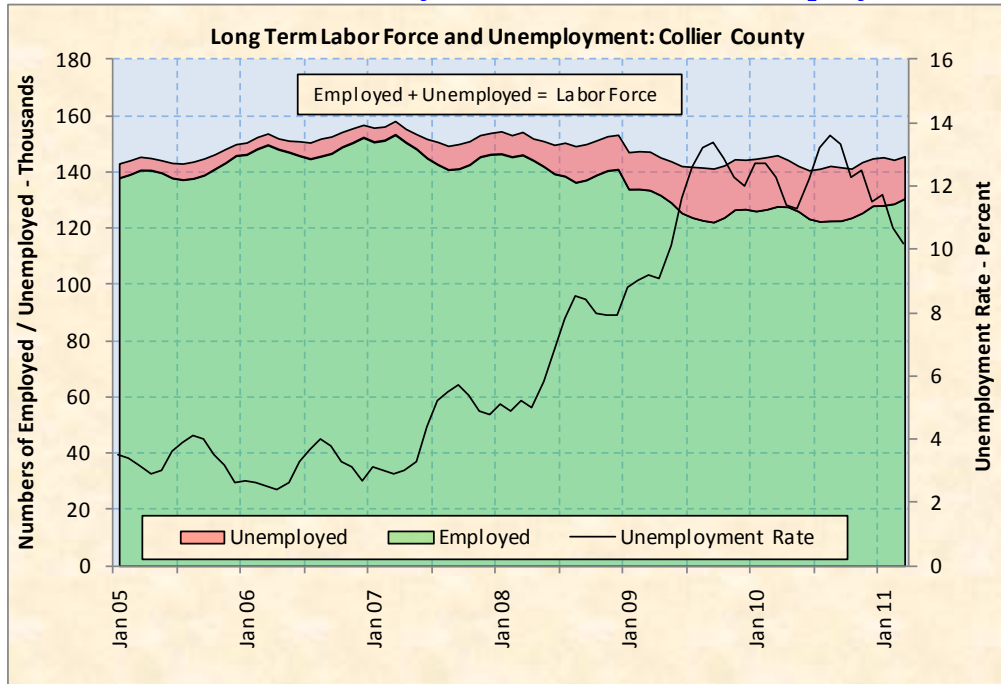
All five counties reported lower unemployment rates in March compared to both March 2010 and to the prior month of February 2011. Total employment in the five counties amounted to 459,836 in March 2011, an increase of 6,147 from the prior month and 8,486 from March 2010. Lee County's unemployment rate went from 11.7 percent in February to 11.2 in March with an employment gain of 2,904, as illustrated in Chart 15. Collier County's unemployment rate dropped from 10.7 percent in February to 10.2 percent in March with a net employment gain of 1,851, as shown in Chart 16. Charlotte County's unemployment rate declined from 11.6 percent in February to 11.0 percent in March with a net employment gain of 1,000, as shown in Chart 17. Hendry County saw its unemployment rate decline from 13.4 percent in February to 13.1 percent in March; net employment rose by 352, as shown in Chart 18. Glades County's unemployment rate declined from 8.5 percent in February to 8.0 percent in March with a net employment gain of 40 workers, as shown in Chart 19. The state of Florida's non-seasonally adjusted unemployment rate dropped to 10.6 percent in March 2011, down from 11.0 percent in the previous month and from 11.3 percent a year earlier. The national unemployment rate decreased as well, to 9.2 percent in March 2011 from 9.5 percent in February 2011 and from 10.2 percent in March 2010. Unemployment rates reported in this report are not seasonally adjusted except as noted.

Chart 15: Lee County Labor Force and Unemployment



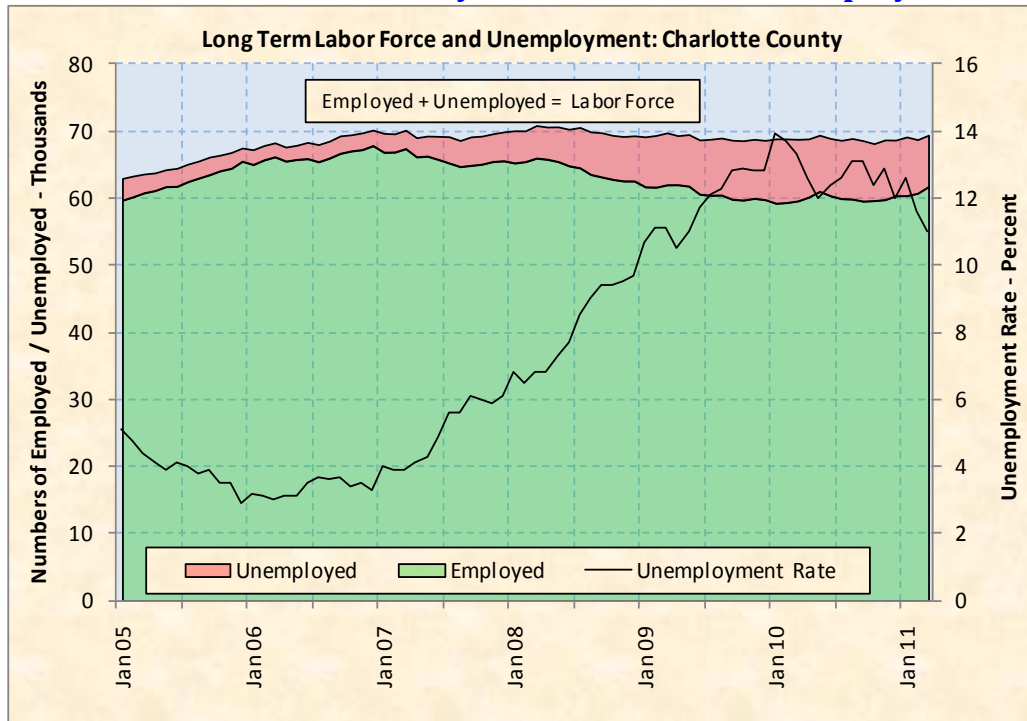
Source AWI

Chart 16: Collier county Labor Force and Unemployment



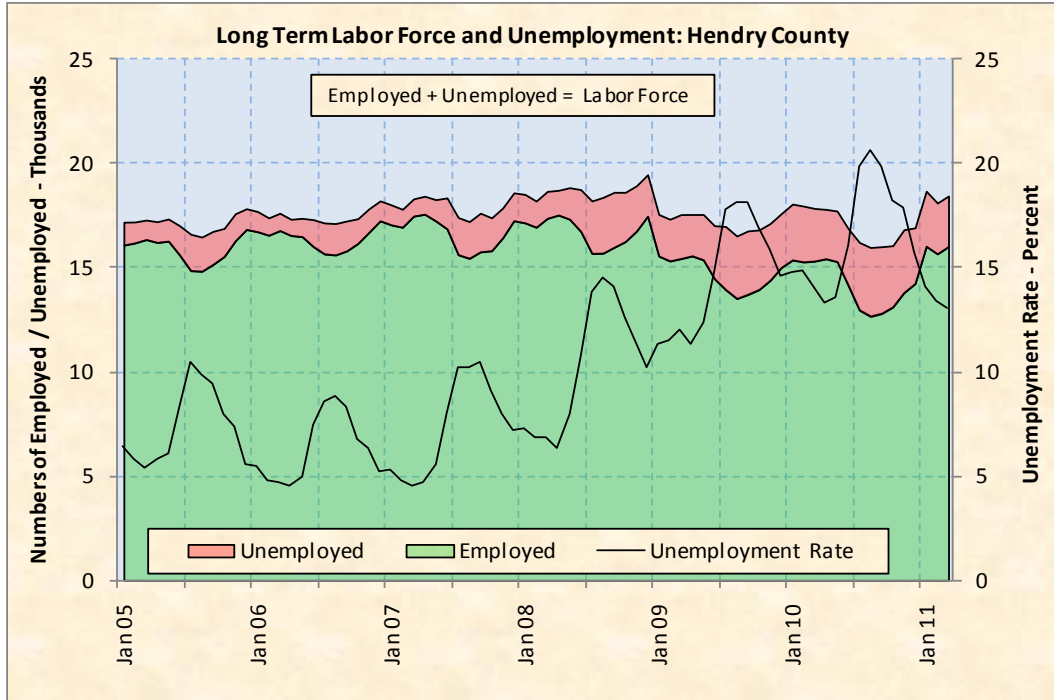
Source AWI

Chart 17: Charlotte County Labor Force and Unemployment



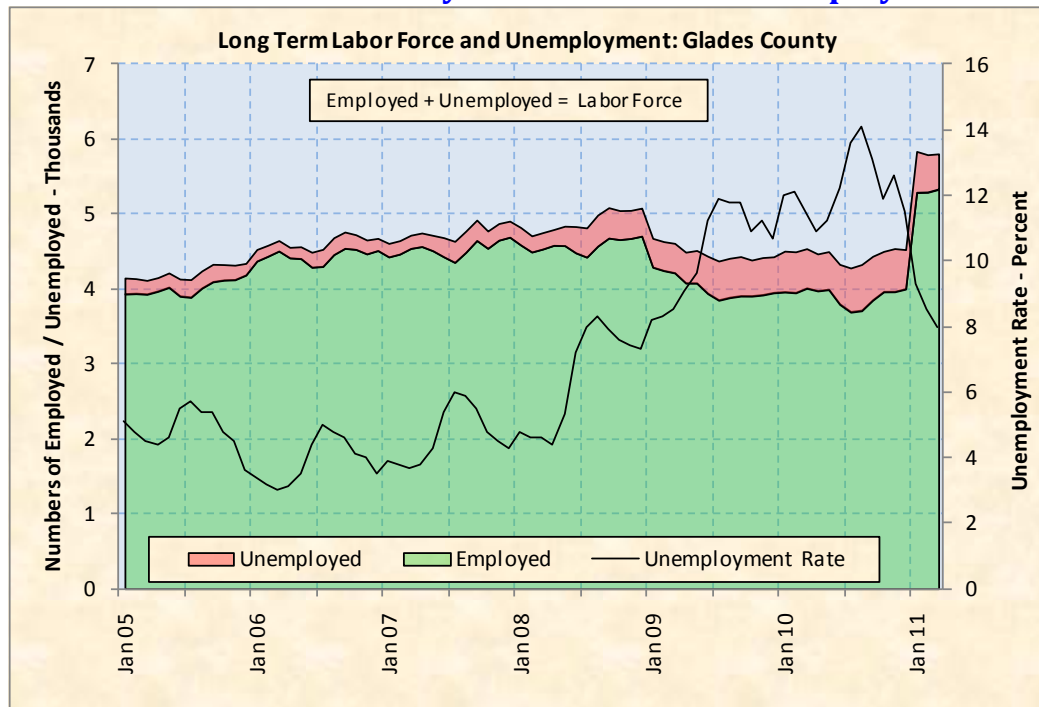
Source AWI

Chart 18: Hendry County Labor Force and Unemployment



Source AWI

Chart 19: Glades County Labor Force and Unemployment

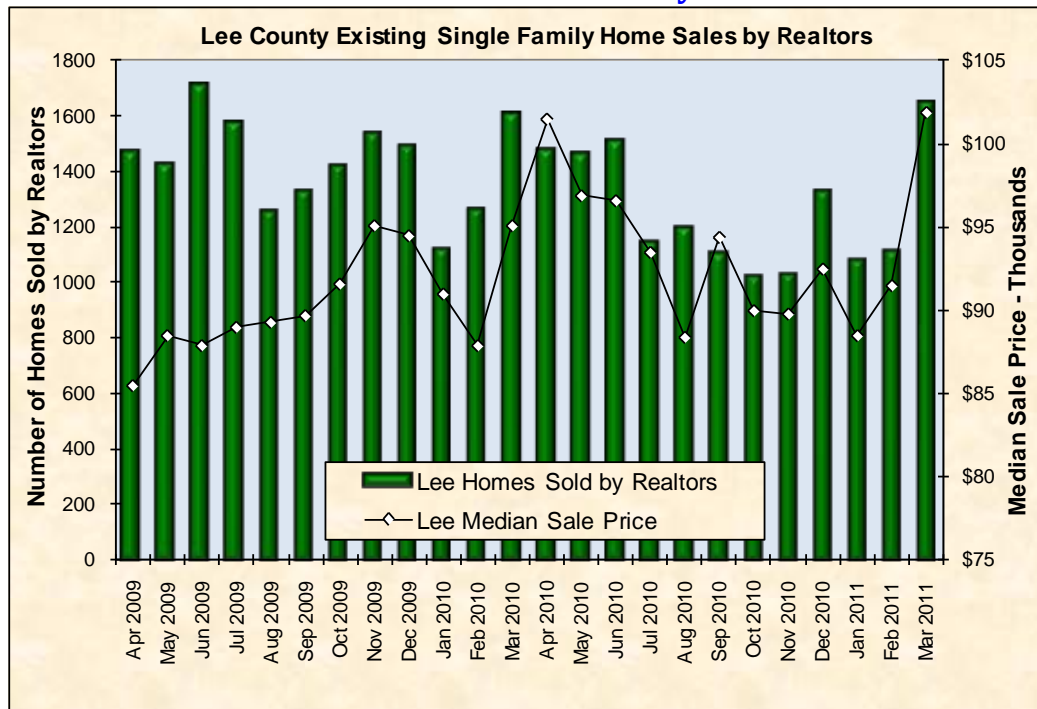


Source AWI

Sales of Single-Family Existing Homes and Median Sales Prices

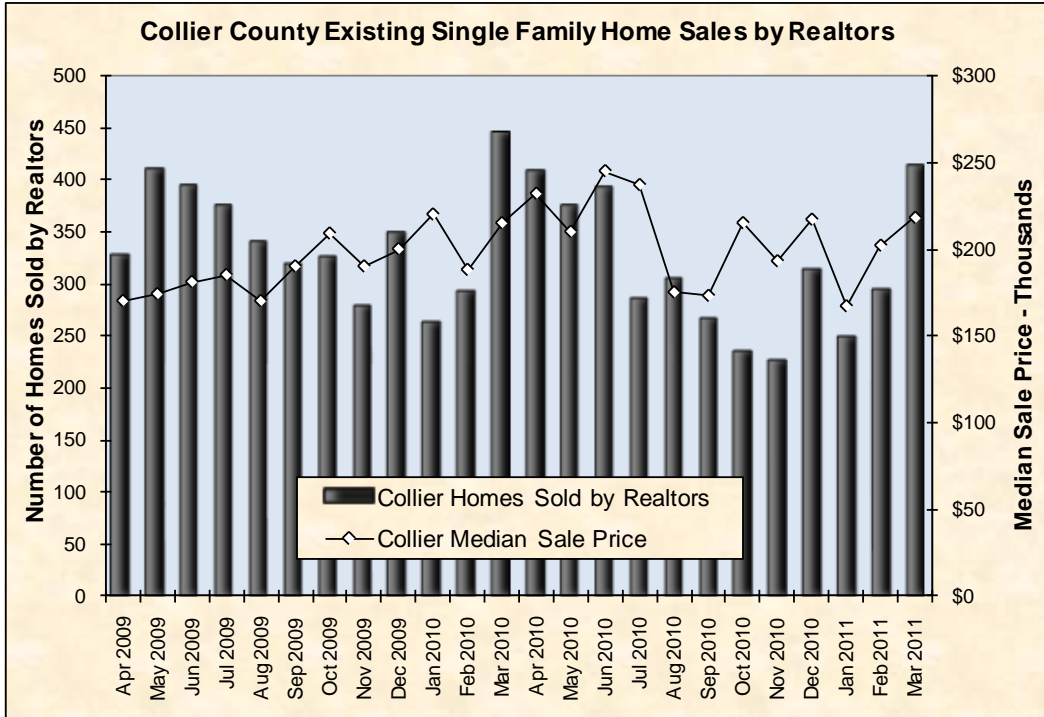
Realtor® sales and median prices of existing single-family homes in Lee, Collier, and Charlotte Counties showed continued improvement in March 2011 from the previous month. Lee County had sales of 1,641 single-family homes at a median price of \$101,900 in March, compared to sales of 1,106 and a median price of \$91,500 in the previous month, as shown in Chart 20. Collier County's existing single-family Realtor sales were 411 in March 2011, up from 294 in February, accompanied by an increase in the median price from \$202,000 to \$218,000, as shown in Chart 21. Charlotte County's existing single-family home sales rose from 268 in February 2011 to 346 in March, albeit with a median price decrease from \$97,500 to \$89,500, as shown in Chart 22. Compared to March 2010, Realtor® sales declined by seven percent in Collier County, while increasing by two percent in Lee and by 11 percent in Charlotte County.

Chart 20: Lee County



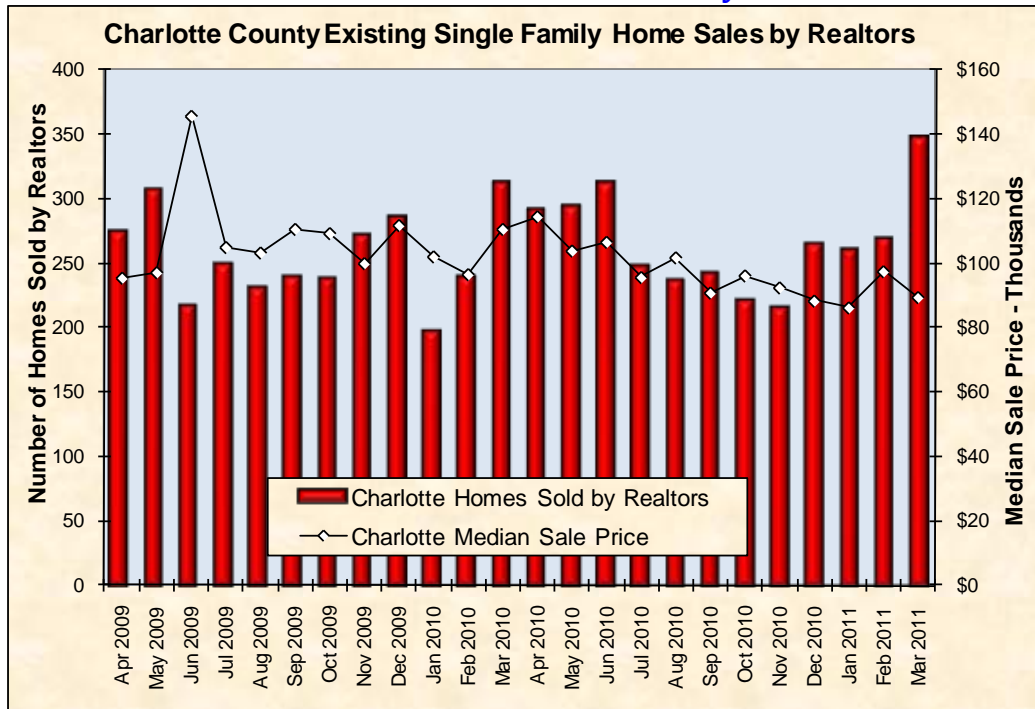
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 21: Collier County



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

Chart 22: Charlotte County

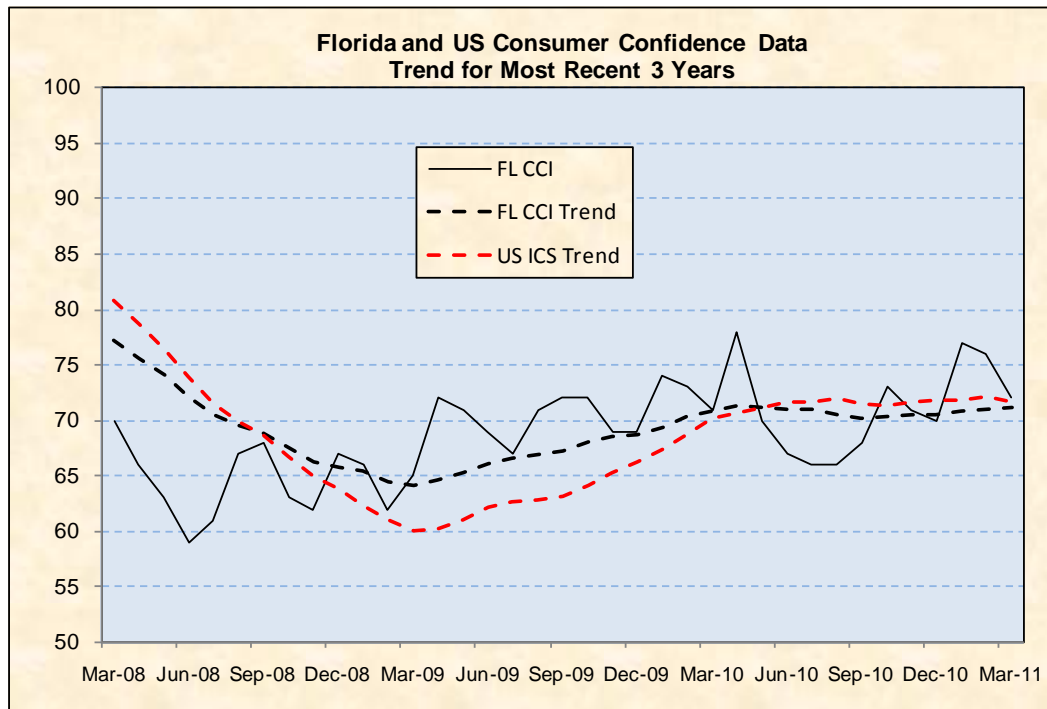


Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

Consumer Confidence Index

Consumer confidence is an important indicator and reflects uncertainty about the economy. The Middle East and North Africa unrest and accompanying higher oil and gas prices, along with budget uncertainties at the federal and state level are most likely increasing consumer concerns about their financial outlook. The national Thomson Reuters/University of Michigan Consumer Sentiment Index for March was reported at 67.5, a large drop from 77.5 in February. The Florida Consumer Confidence Index was 72, a large decline from 76 in February. The Florida Consumer Confidence Index measures the attitudes of Florida residents regarding their personal finances and the outlook for the future. Chart 23 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.

Chart 23: Consumer Confidence Index

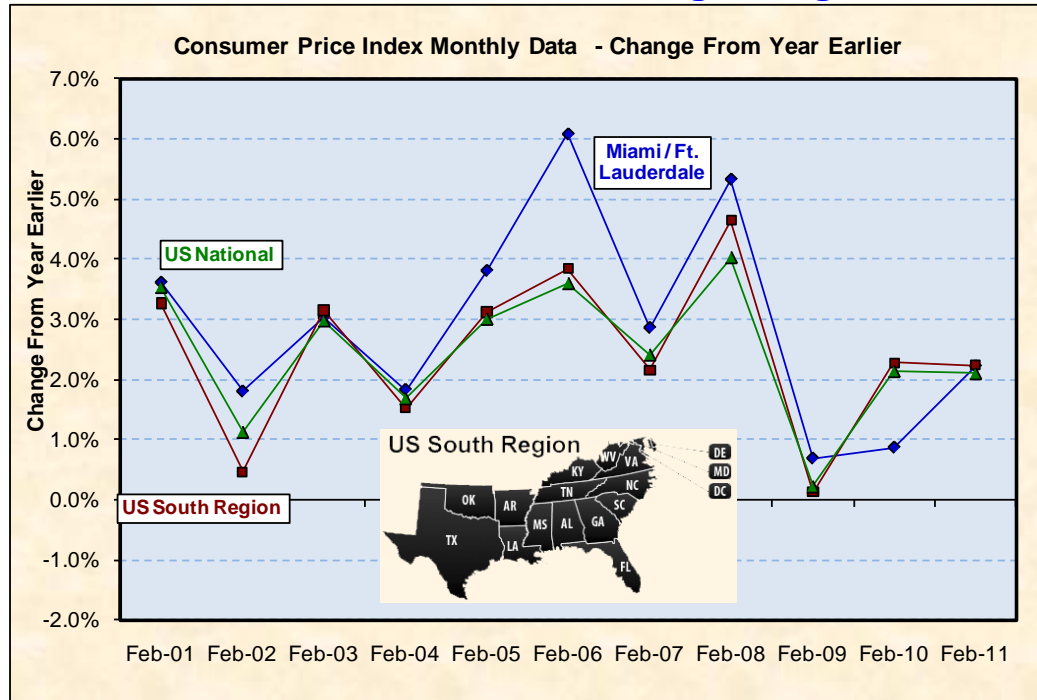


Source: Bureau of Economic and Business Research, University of Florida and Thomson Reuters/University of Michigan

Consumer Price Index

Consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 24. The Miami-Fort Lauderdale area CPI is collected every two months and is the closest reporting location to Southwest Florida. The most recent release covers data through February 2011. From February 2010 to February 2011, the National CPI increased by 2.1 percent, the Southern Region CPI, and the Miami-Fort Lauderdale area CPI each increased by 2.2 percent, as reported here last month. These data reflect a slightly higher rate of inflation than those of two months ago. As noted in the Introduction, the Federal Reserve Open Market Committee is closely monitoring this activity.

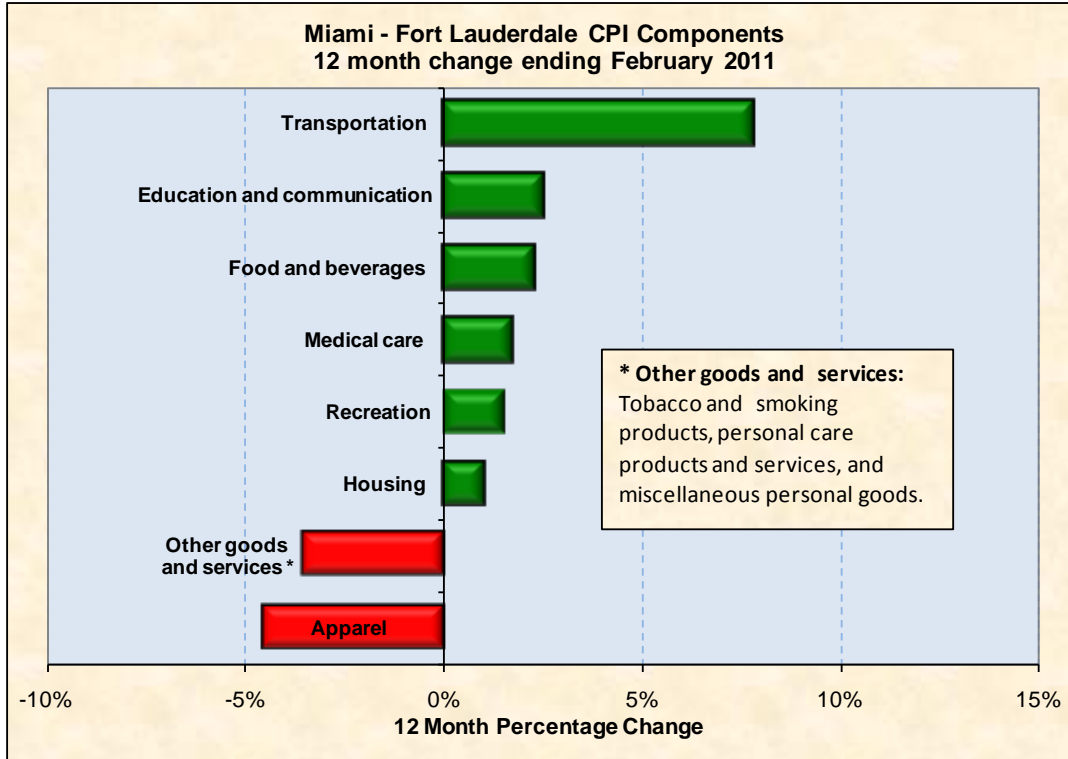
Chart 24: CPI Annual Percentage Change



Source: BLS

The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ended February 2011 are shown in Chart 25. Costs of apparel and other goods and services continued to show declines over the past 12 months. Prices of transportation, education & communication, food & beverages, medical care, recreation, and housing increased over February 2010. Although the change is small, housing costs are showing an increase over the last year.

Chart 25: Miami-Fort Lauderdale CPI Component Percentage Change



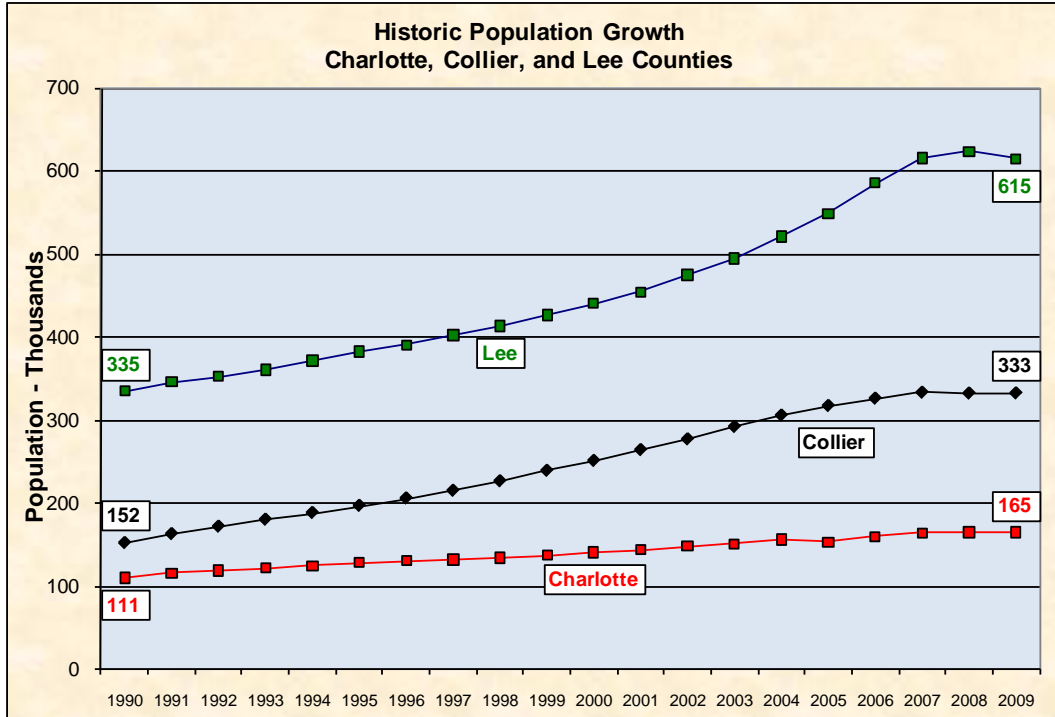
Source: BLS

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 26 and 27. 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.

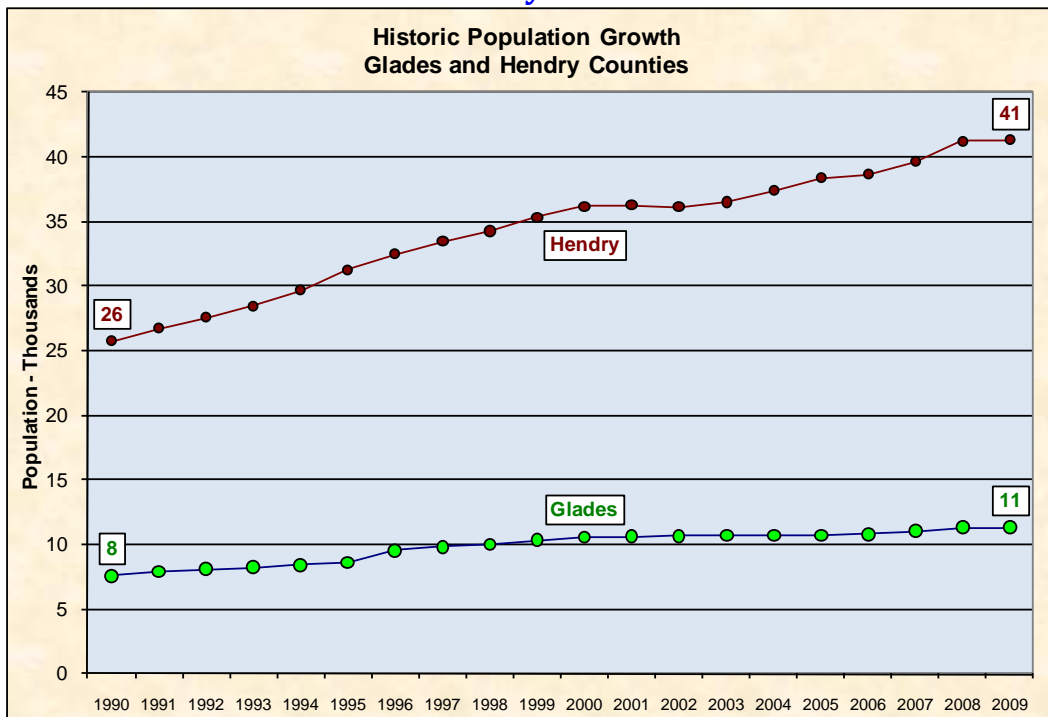
Chart 28 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 1.9 percent per year for this period, resulting in a 20-year increase of 46 percent.

Chart 26: Coastal Counties Growth 1990 to 2009



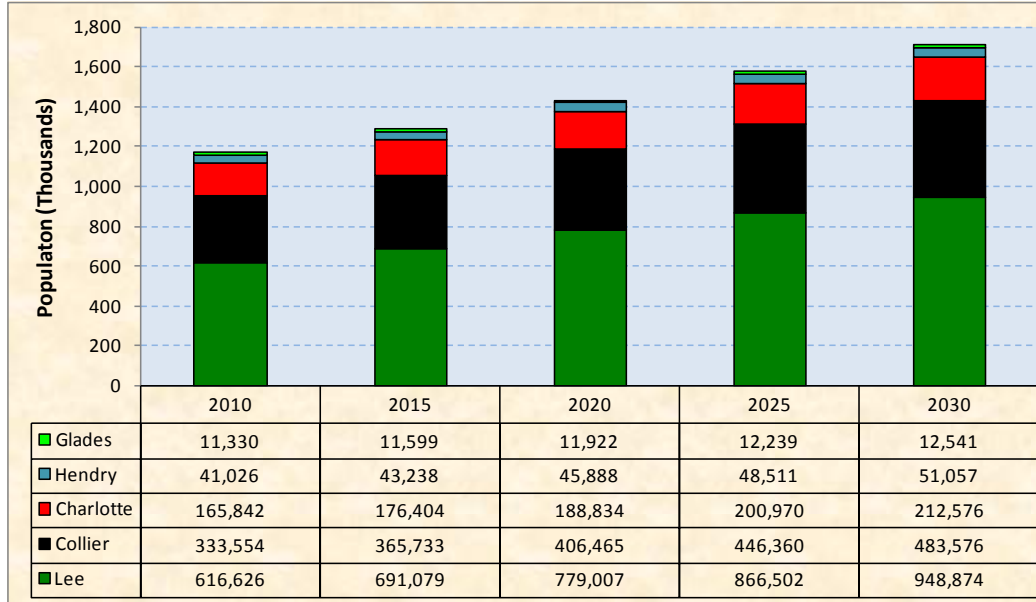
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

Chart 27: Inland County Growth 1990 to 2009



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

Chart 28: Projections by County



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