

Southwest Florida Regional Economic Indicators

June 2011



Regional Economic Research Institute

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Introduction

The economy's recovery has slowed with just 54,000 new jobs created in May, compared to 232,000 in April. The first quarter GDP growth rate was revised up from 1.8 percent to 1.9 percent. It is hoped that May's low job creation is temporary, since higher job growth will be needed to bring down the unemployment rate which increased to 9.1 percent. In May, the number of long-term unemployed (those jobless for 27 weeks or longer) increased to 6.2 million which is 45.1 percent of the unemployed. The private sector created 83,000 new jobs in May with the largest employment growth in professional and business services and computer systems design and related services.

U.S. Department of Energy announced that it will release 30 million barrels of oil from the Strategic Petroleum Reserve over the next 30 days to increase the supply of oil and drive down the price. The Federal Reserve Open Market Committee met this last week and decided to continue to target a federal funds rate of 0 to 1/4 percent and to end their program of buying long-term securities by the end of June.

The national consumer price index increased by 3.6 percent over the last year, primarily driven by a 21.5 percent increase in energy prices and a 3.5 percent increase in food. All items, less food and energy, rose by only 1.5 percent. If core inflation (without energy or food) begins to increase, this will put pressure on the Federal Reserve to move to a tighter monetary policy and begin increasing interest rates.

Historically high levels of unemployment and foreclosures, tight financial markets, 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 June 22nd and is summarized as follows:

- The economic recovery is continuing at a moderate pace, though somewhat slower than the committee expected, and the recent labor market indicators have been weaker than anticipated;
- The slower pace of recovery reflects in part several factors that are expected to be temporary including higher food and energy prices and the supply chain disruptions associated with the tragic events in Japan;
- 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;

- Inflation has picked up in recent months, however, longer-term inflation expectations remain stable;
- The FOMC 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 scheduled for August 9, 2011.

A somewhat slower growth forecast was released on June 22 by the FOMC 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 2.5 to 3.0 percent growth in GDP with a central tendency range (red bar) of 2.7 to 2.9 percent. For 2012, the overall projected range is 2.2 to 4.0 percent with a central tendency range of 3.3 to 3.7 percent growth. For 2013, the overall projected range is 3.0 to 4.5 percent with a central tendency range of 3.5 to 4.2 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: FOMC Press Conference, June 22, 2011

As shown in the chart below, national unemployment in 2011 is expected to be lower than in 2010, but remain historically high, in a range of 8.4 to 9.1 percent, with a central tendency (red bar) of 8.6 to 8.9 percent. In 2012, the unemployment range is forecast to be between 7.5 and 8.7 percent with a central tendency of 7.8 to 8.2 percent. For 2013, the overall projected range for the national unemployment rate is 6.5 to 8.3 percent with a central tendency range of 7.0 to 7.5 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: FOMC Press Conference, June 22, 2011

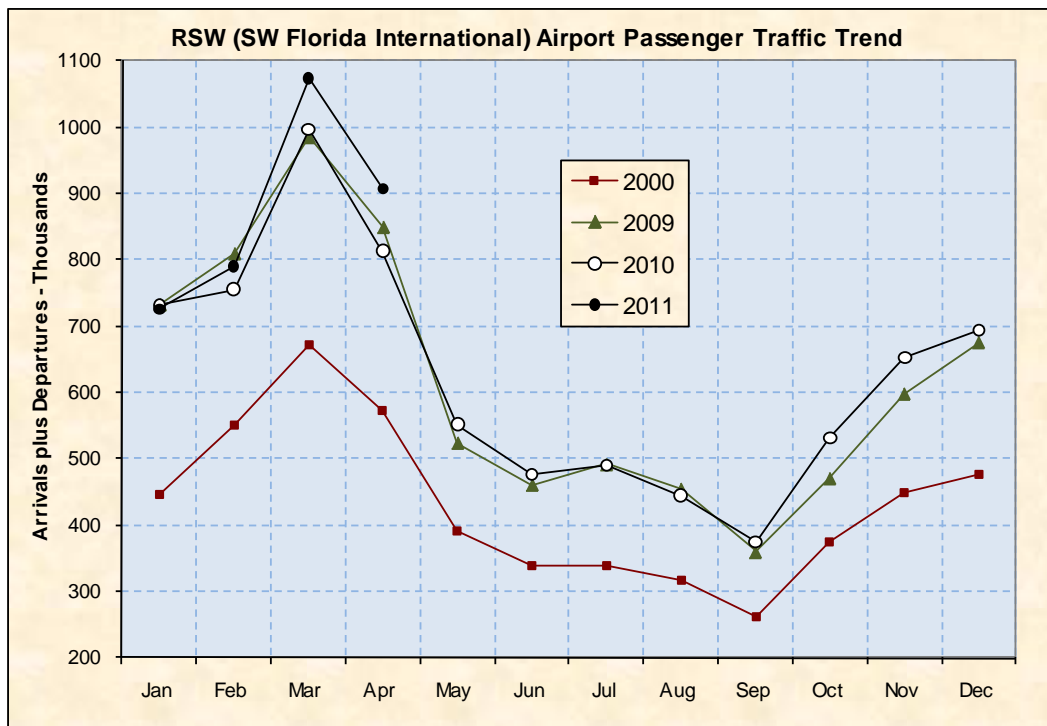
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report, as a way to support its mission and assist the region. The Institute continues to welcome suggestions from our readers, and would like to emphasize our appreciation of, and thanks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

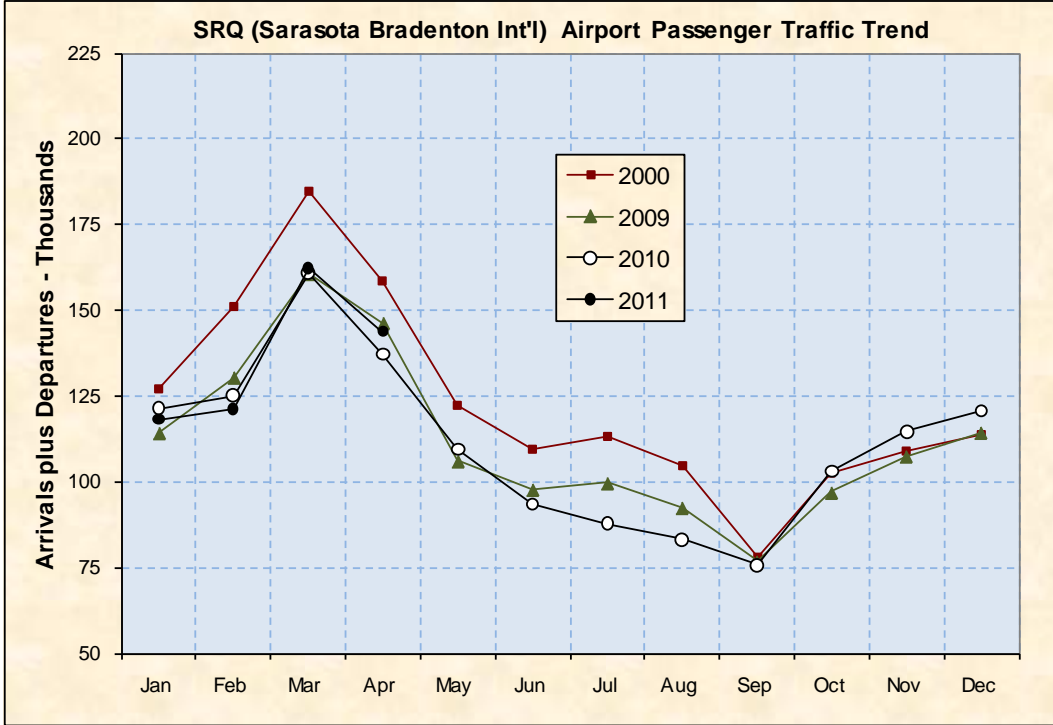
Total activity for the three regional airports totaled 1,087,497 in April 2011, an increase of 12 percent over April 2010, but a 15-percent seasonal decline from the prior month of March 2011. Chart 1 shows RSW passenger activity of 907,686 in April, an increase of 12 percent from April 2010, and a 15-percent decline from the March 2011 figure. This was the highest level of April activity at RSW since 2007. Sarasota (SRQ) passenger activity amounted to 143,784 in April 2011, up five percent from April 2010 but down 11 percent from March 2011, as shown in Chart 2. Charlotte County Airport reported passenger activity of 36,027 in April 2011, an 86-percent increase over April 2010, continuing the pattern of double-digit year-over-year growth, as shown in Chart 3.

Chart 1: RSW Traffic Trend



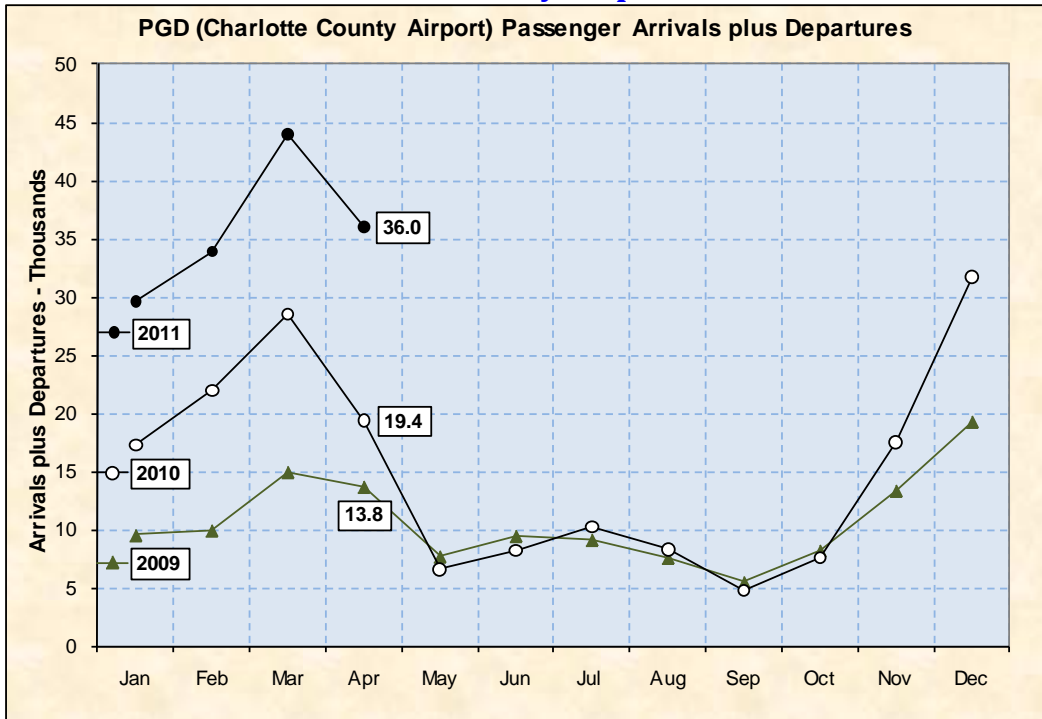
Source: Local Airport Authorities

Chart 2: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 3: Charlotte County Airport Traffic Trend

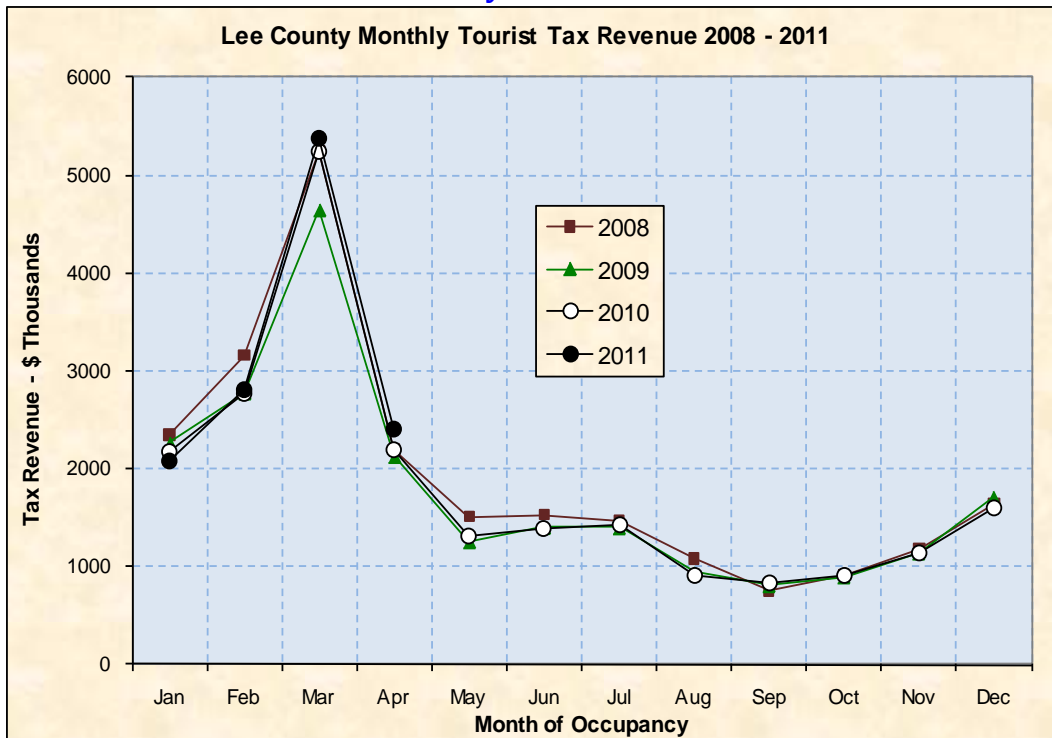


Source: Local Airport Authorities

Tourism Tax Revenues

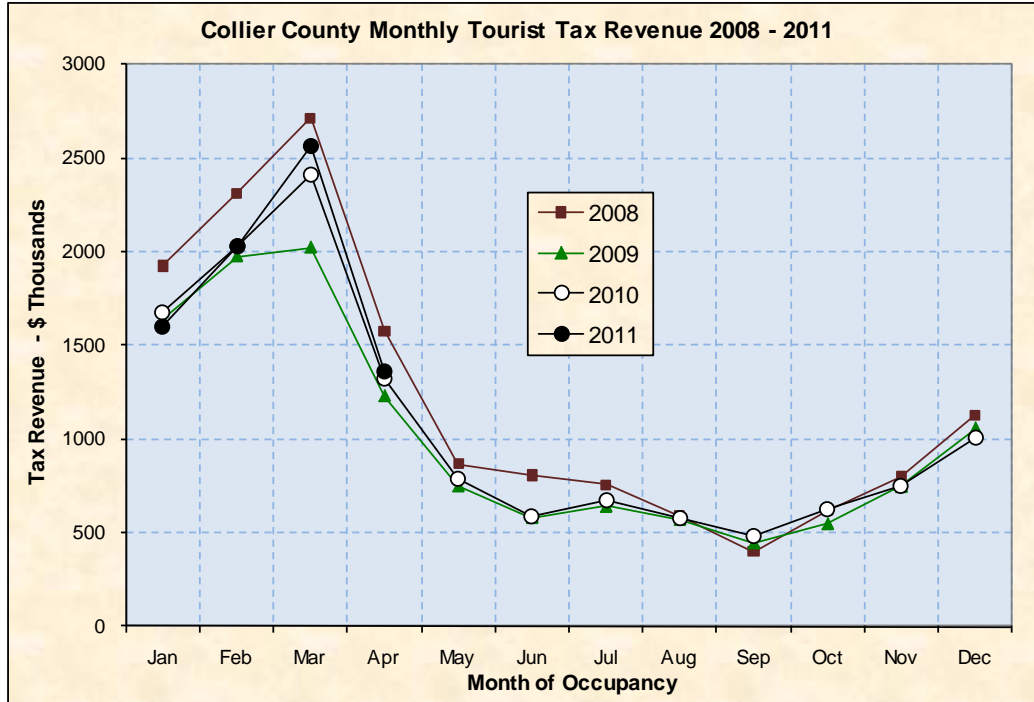
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, and are based on month of occupancy. April tourism tax revenues for the three coastal counties declined by 53 percent from the prior month, following the historical seasonal pattern but increased by seven percent over April 2010. Charlotte County reported a 61-percent decline from the prior month, Collier County was down 47 percent, and Lee County showed a 55-percent decrease. Collier County reported revenues of \$1,356,751 in April 2011, up three percent over April 2010. Lee County tourism tax revenues amounted to \$2,406,089 in April 2011, a 10-percent increase from April 2010. Charlotte County's tourism tax revenues amounted to \$116,377 in April 2011, a nine-percent increase from the April 2010 figure.

Chart 4: Lee County Tourism Tax Revenues



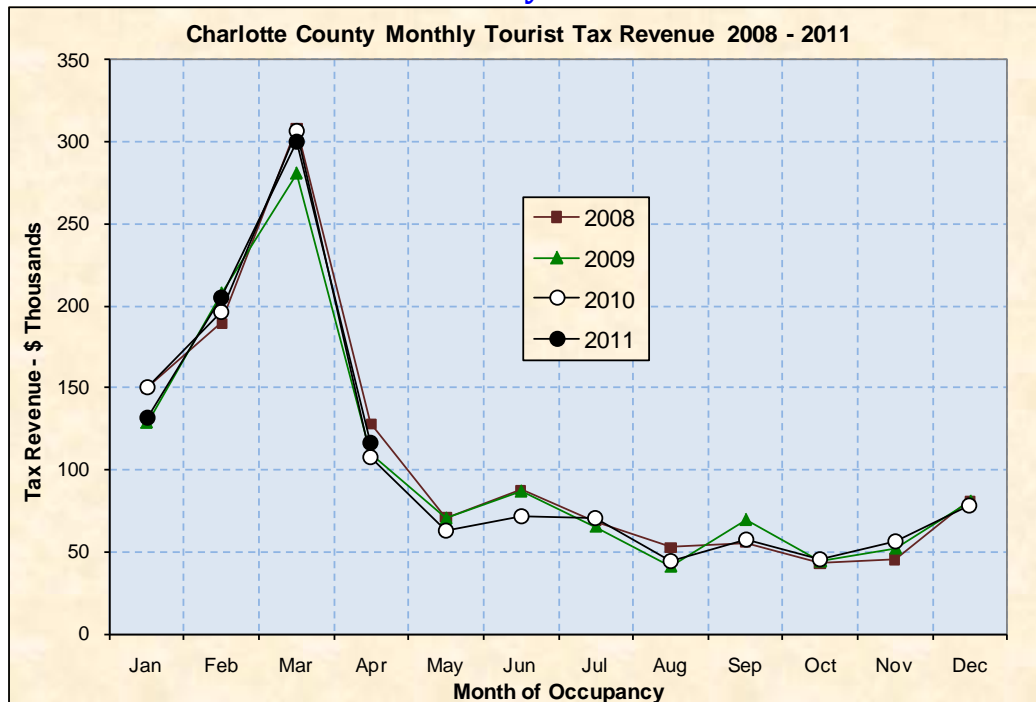
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

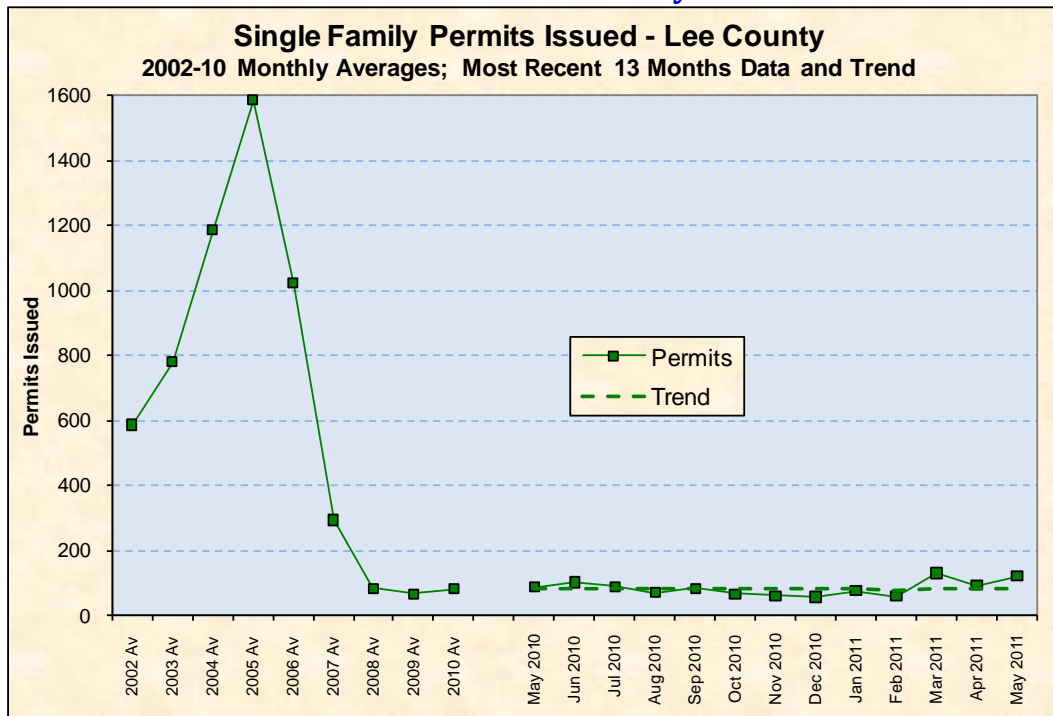


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

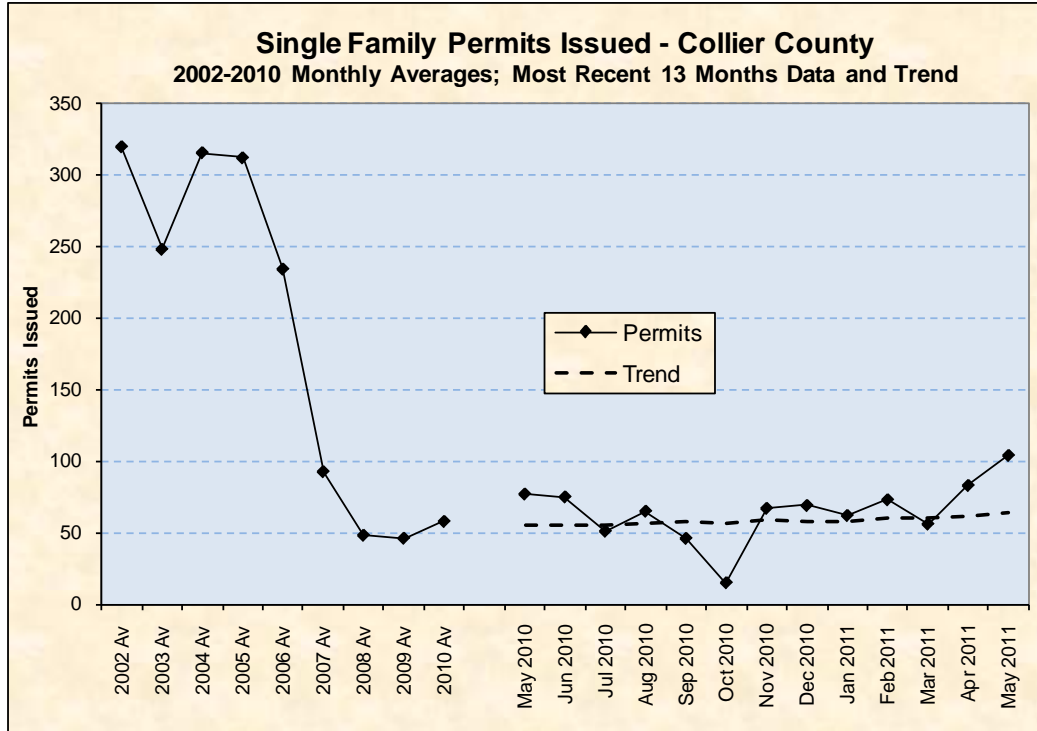
May 2011 Single-family building permits increased in all three coastal counties. Lee County issued 122 single-family home permits in May 2011, up from 95 in April, as shown in Chart 7. The Lee County May 2011 increase of 122 was also higher than the 89 permits issued in May 2010. Collier County issued 104 single-family permits in May 2011, compared to 83 in April 2011 and 77 in May 2010, as shown in Chart 8. Charlotte County permits increased to 34 in May 2011 from 19 in April 2011 and 22 in May 2010, as shown in Chart 9. The three counties issued 260 single-family permits in May 2011. This is a 32 percent from the prior month and an increase over May 2010 of 38 percent.

Chart 7: Lee County



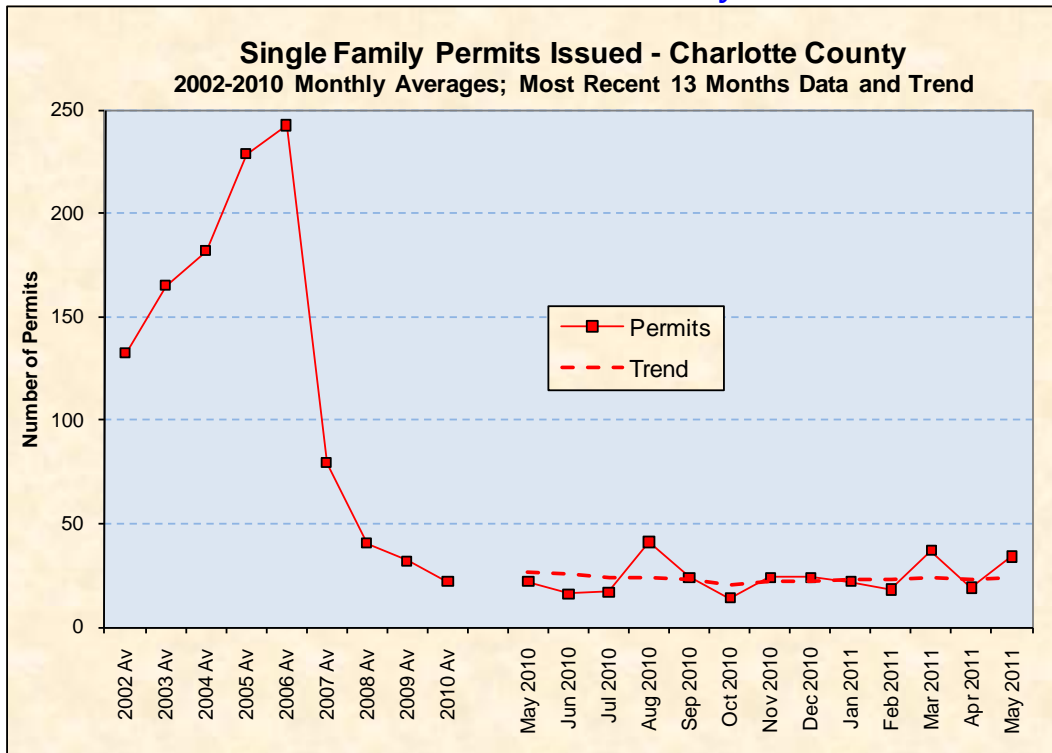
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

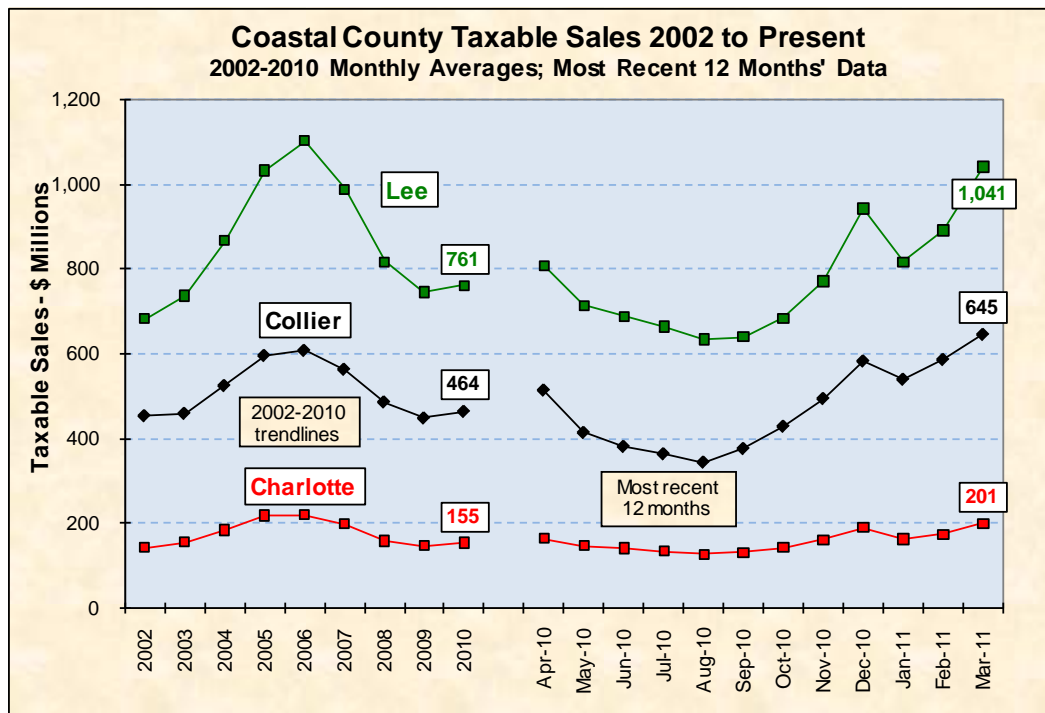
Taxable sales figures are used to track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, March is the latest collection month plotted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

Total taxable sales for the five-county region in March 2011 showed a seven-percent increase (\$117.9 million) over March 2010; and a 14-percent increase (\$236.5 million) from the prior month of February. Taxable sales for the Coastal Counties are shown in Chart 10. Charlotte County reported taxable sales of \$200.5 million in March 2011, a six-percent increase from the March 2010 figure. Lee County taxable sales amounted to \$1,041.4 million in March 2011, a seven-percent increase from March 2010; and Collier County's taxable sales rose to \$645.4 million in March 2011, a six-percent increase from March 2010. From February to March 2011, increases in taxable sales amounted to 15 percent in Charlotte, 10 percent in Collier, and 17 percent in Lee County.

Chart 11 shows taxable sales for Glades and Hendry Counties. Hendry County's taxable sales of \$25.7 million in March were six percent higher than a year ago, as well as six-percent above the prior month. Glades County reported March 2011 taxable sales of \$2.4 million, a one-percent decrease over the same month one year ago, and a nine-percent decline from February 2011.

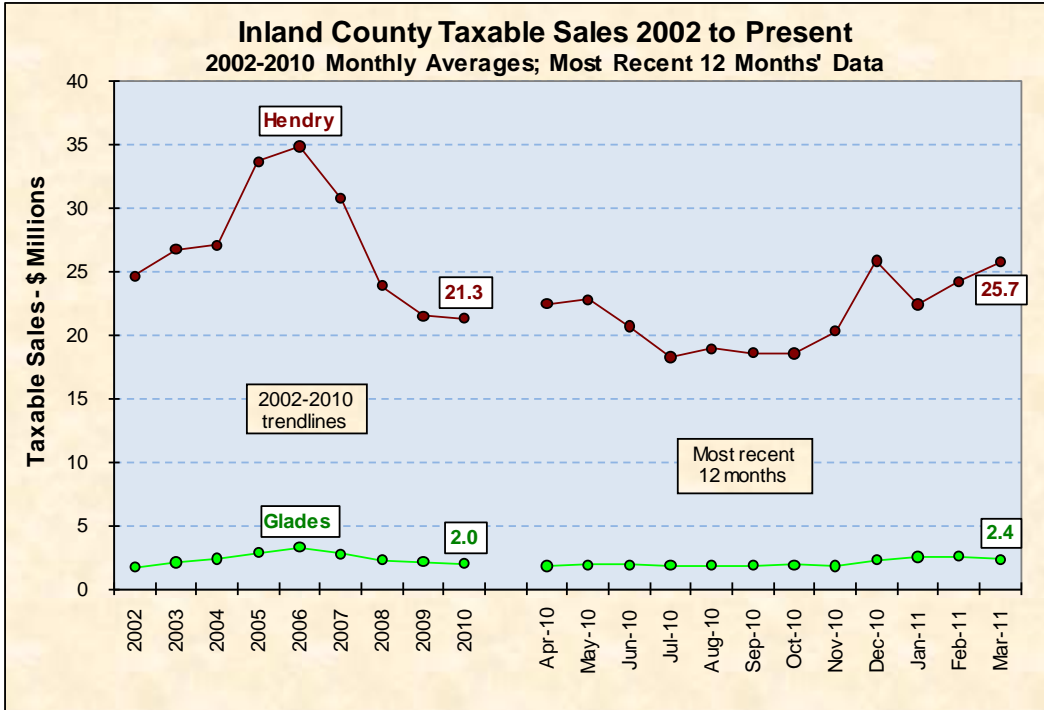
Charts 12, 13, and 14 depict the change in taxable sales from the same month a year earlier. Each of the Counties have shown increases in 11 of the last 12 months, a very positive sign.

Chart 10: Taxable Sales for Coastal Counties



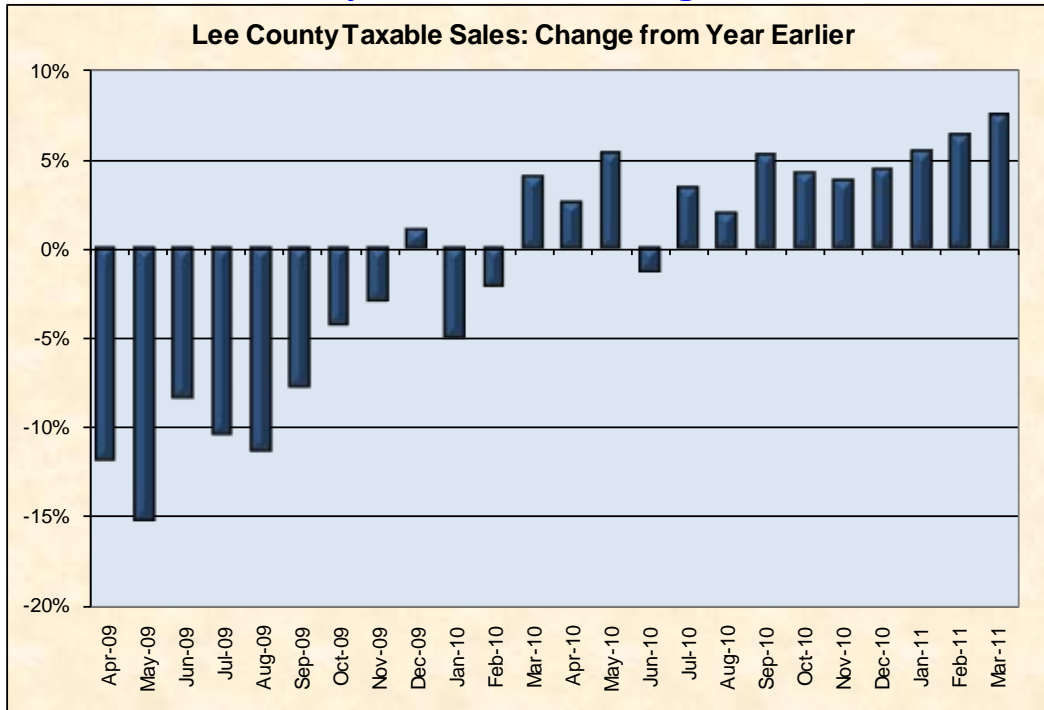
Source: Florida Department of Revenue, Office of Tax Research

Chart 11: Taxable Sales for Inland Counties



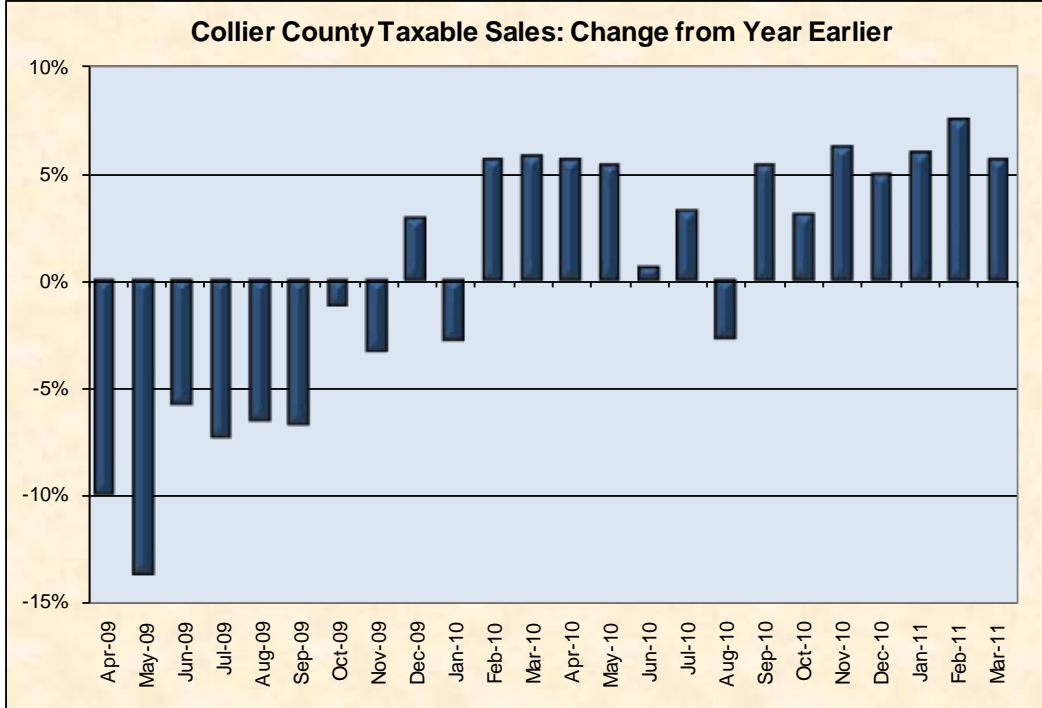
Source: Florida Department of Revenue, Office of Tax Research

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



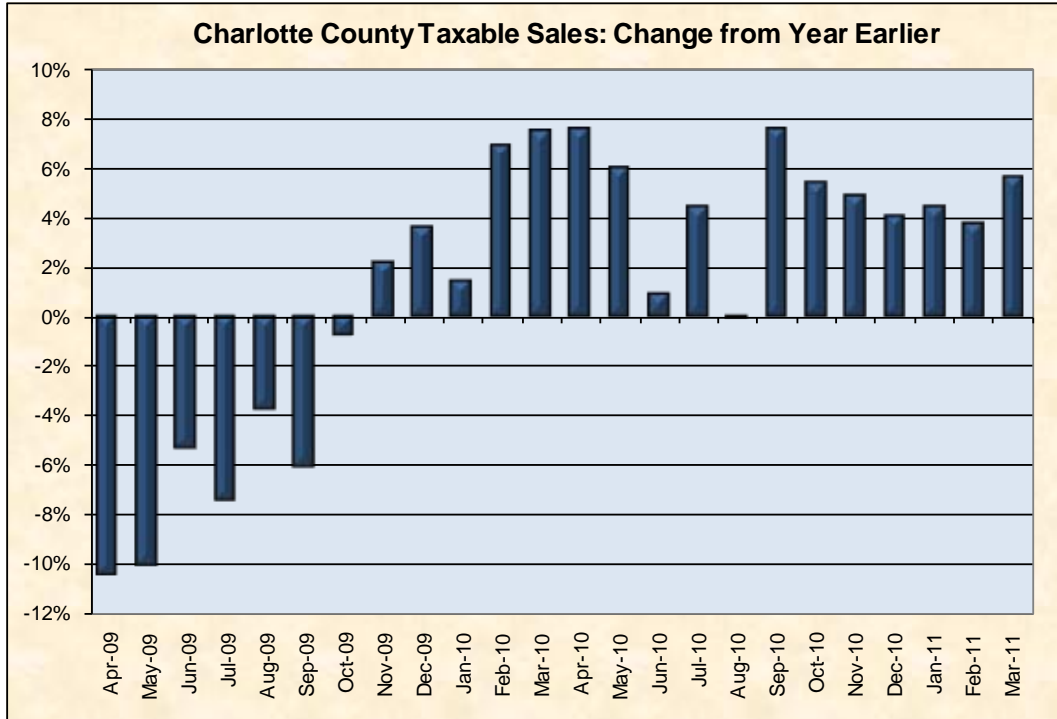
Source: Florida Department of Revenue, Office of Tax Research

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

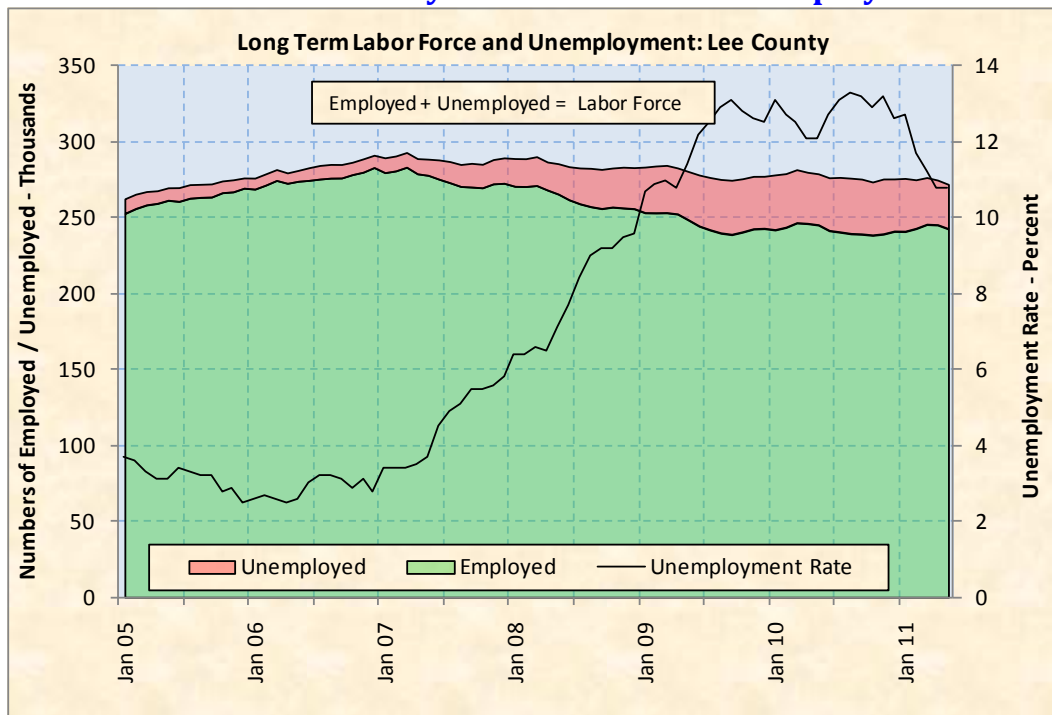
Workforce – Labor Force, Employment and Unemployment

Charts 15, 16, 17, 18, and 19 show total employment, unemployment, and the unemployment rate for each county from the beginning of 2005 to May 2011. This provides more information about each of the counties, since unemployment rates 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.

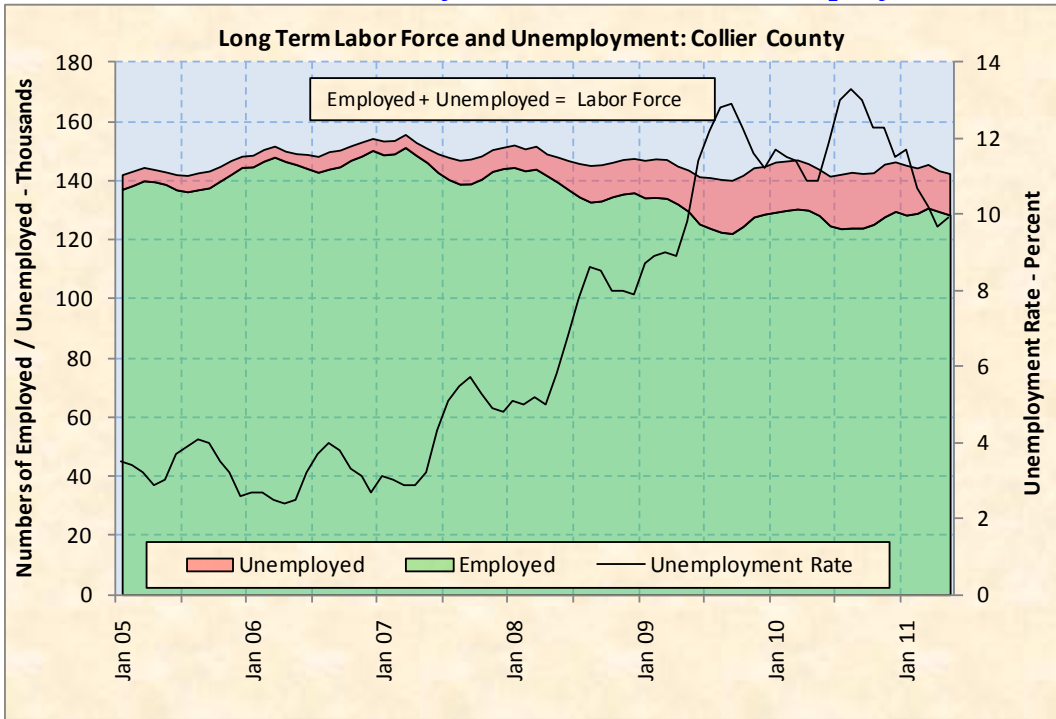
Four of the five counties reported lower unemployment rates in May 2011 compared to May 2010 and to the prior month of April 2011. However, in three of the five counties, unemployment rates edged up from the previous month, as total employment declined by 3,323 to 454,215. Lee County's unemployment rate held steady at 10.8 percent, an improvement over the 12.1 percent figure of a year earlier, as shown in Chart 15. Collier County's unemployment rate rose from 9.7 percent in April to 9.9 percent in May, a full percentage point below May 2010, as shown in Chart 16. Charlotte County's unemployment rate declined from 10.7 percent in April to 10.4 percent in May with a gain in employment of 966, as shown in Chart 17. Hendry County saw its unemployment rate increase from 12.8 percent in April to 13.3 percent in May, the same as May 2010; employment declined by 470, as shown in Chart 18. Glades County's unemployment rate showed a month-to-month increase from 8.3 percent in April to 8.4 percent in May, as shown in Chart 19. The state of Florida's non-seasonally adjusted unemployment rate rose slightly from 10.4 percent in April to 10.5 percent in May 2011, still below the May 2010 figure of 10.9. The national unemployment rate held at 8.7 percent in May 2011, down from 9.3 percent in May 2010. Unemployment rates reported in this report are not seasonally adjusted, except as noted.

Chart 15: Lee County Labor Force and Unemployment



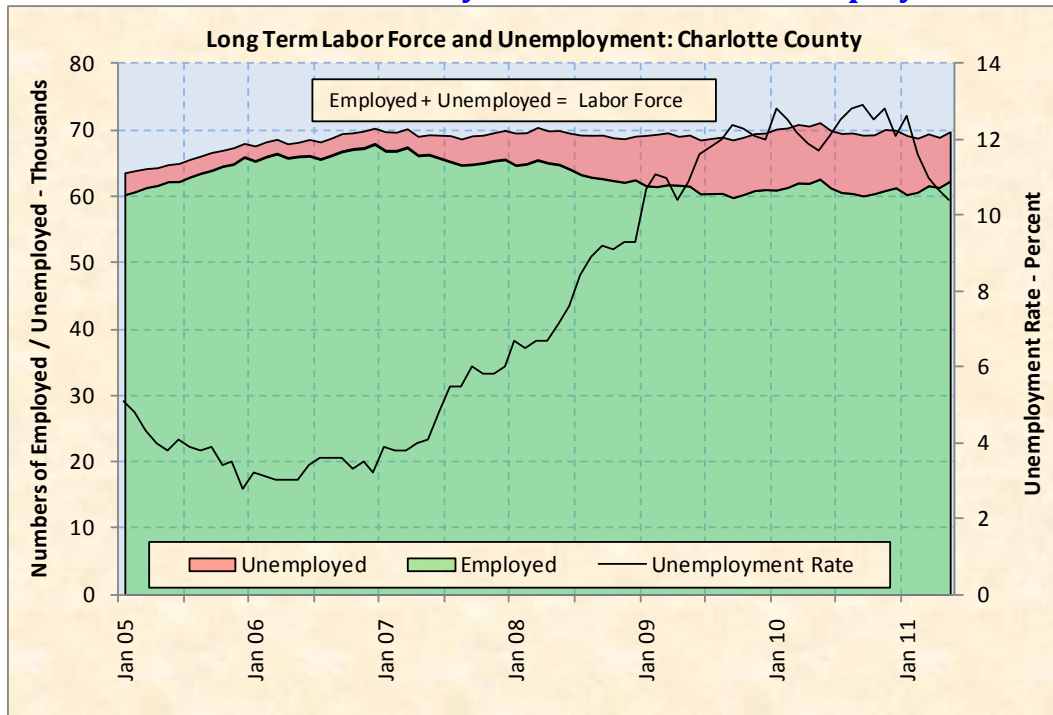
Source AWI

Chart 16: Collier county Labor Force and Unemployment



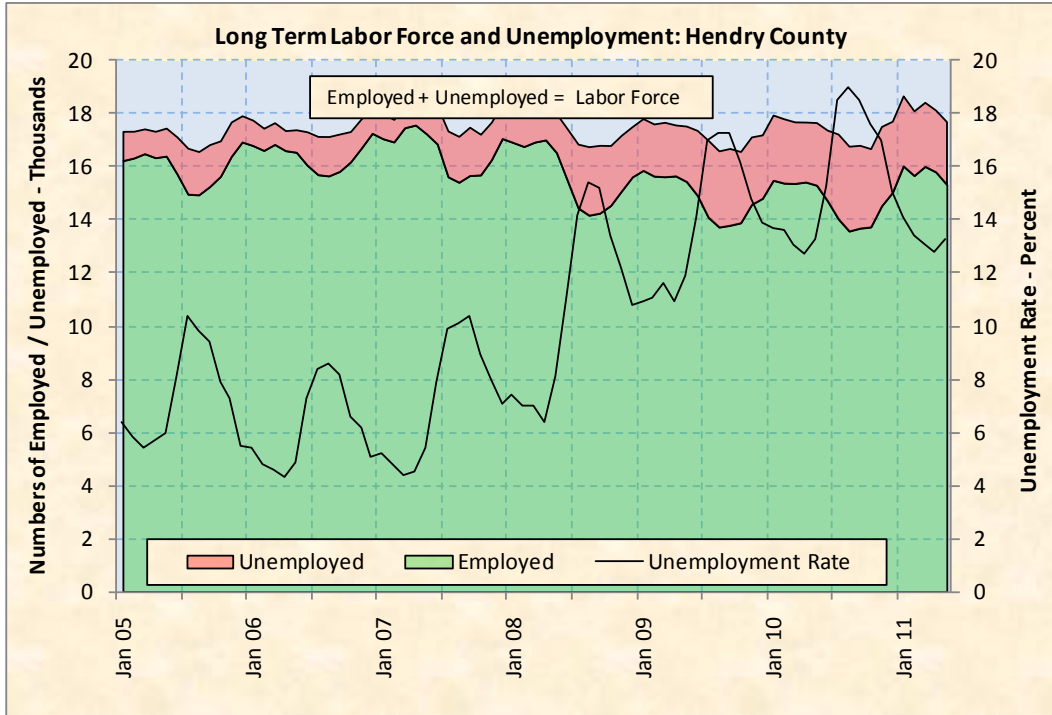
Source AWI

Chart 17: Charlotte County Labor Force and Unemployment



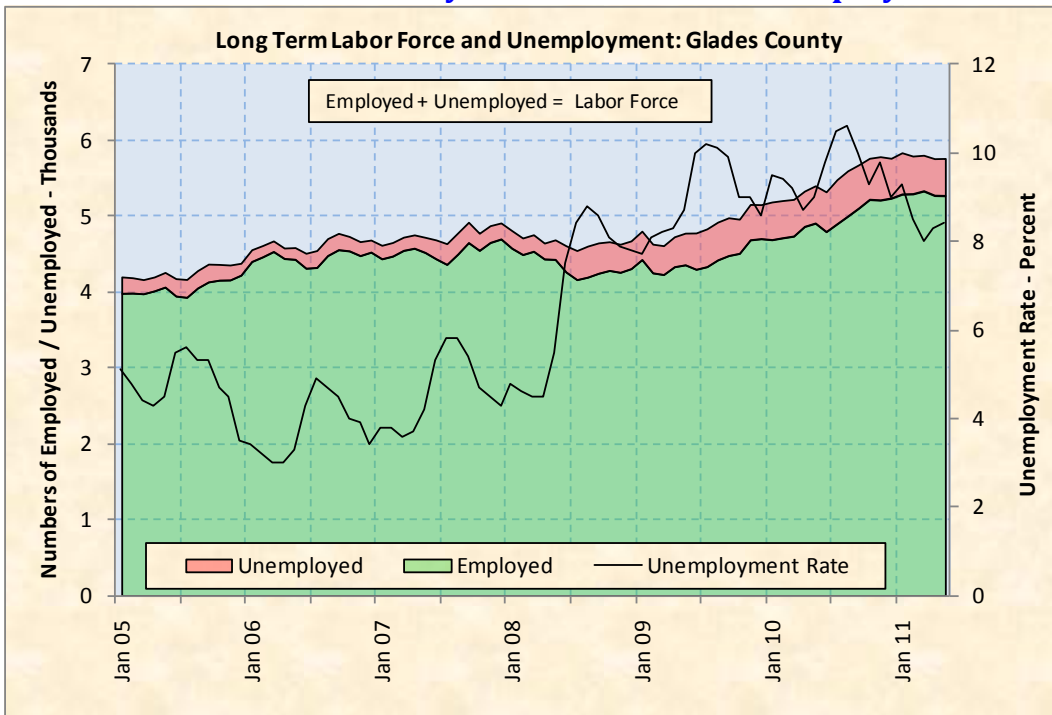
Source AWI

Chart 18: Hendry County Labor Force and Unemployment



Source AWI

Chart 19: Glades County Labor Force and Unemployment

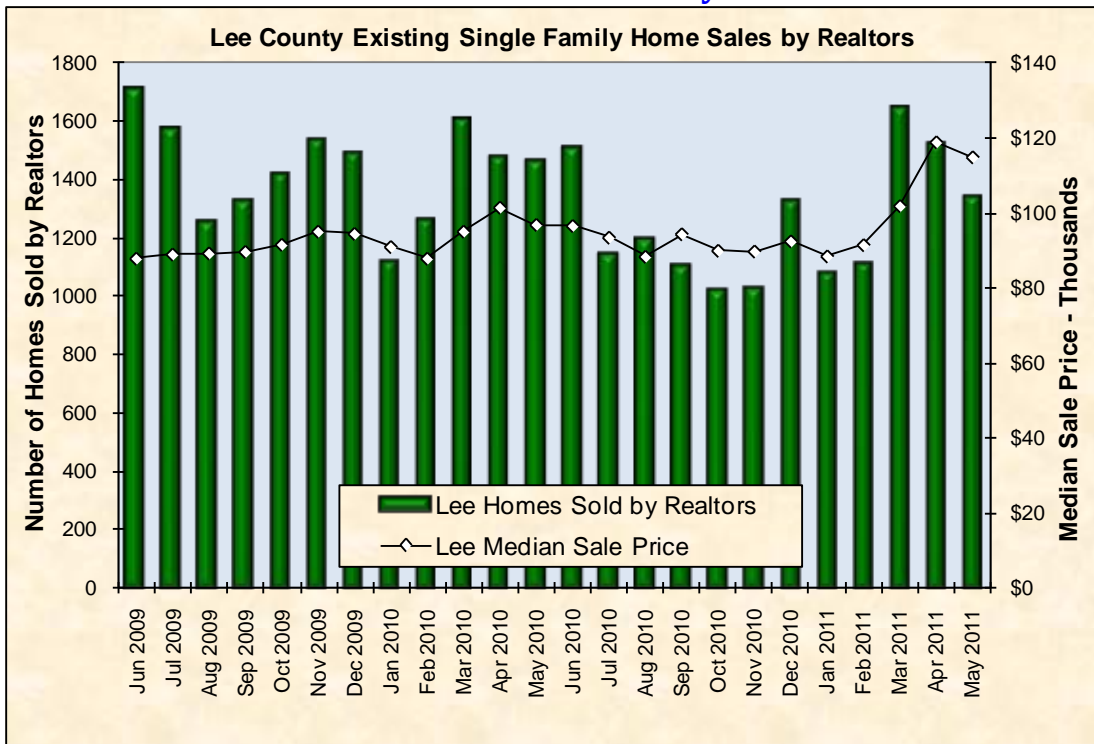


Source AWI

Sales of Single-Family Existing Homes and Median Sales Prices

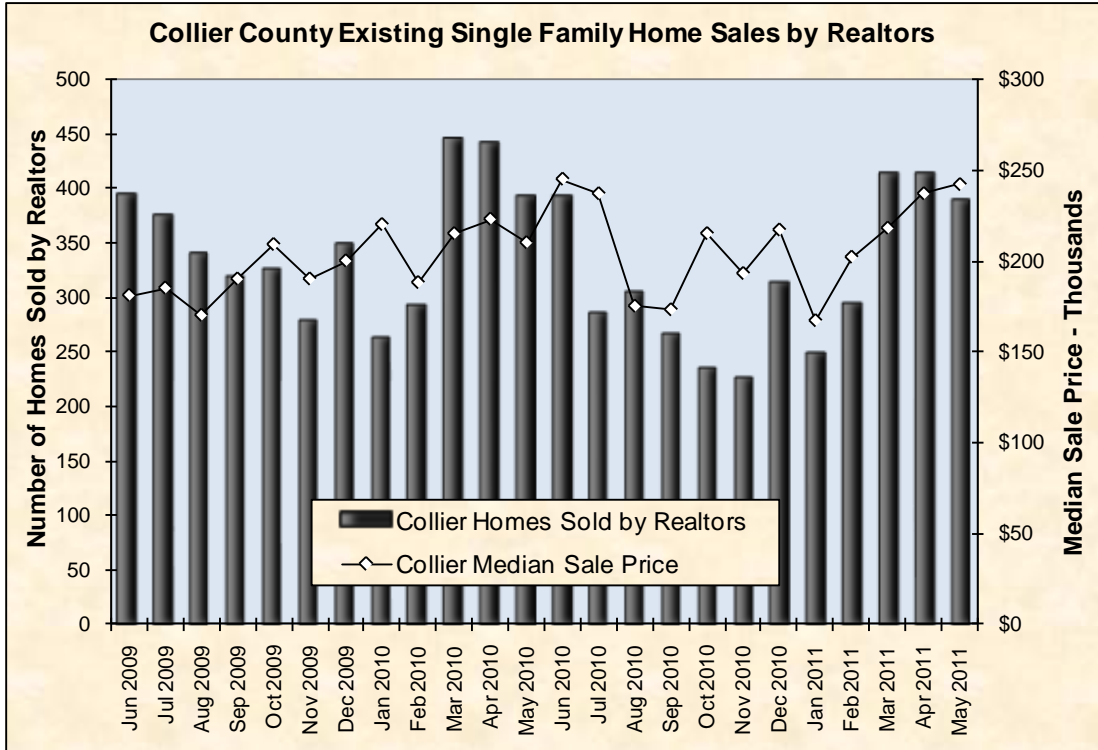
Total Realtor® sales of existing single-family homes in Lee, Collier, and Charlotte Counties declined in May 2011, compared to the previous month. However, May 2011 median prices were higher in Collier and Charlotte counties. Lee County had sales of 1,338 single-family homes at a median price of \$114,900 in May 2011, compared to sales of 1,520 and a median price of \$118,900 in the previous month, as shown in Chart 20. Collier County's existing single-family Realtor sales were 388 in May 2011, down from the 412 in April 2011. Collier County had an increase in the median price from \$237,000 in April 2011 to \$242,000 in May 2011, as shown in Chart 21. Charlotte County's existing single-family home sales declined from 321 in April 2011 to 305 in May 2011, albeit with a median price increase from \$100,300 to \$101,700, as shown in Chart 22. Compared to May 2010, Realtor sales declined by eight percent in Lee County and one percent in Collier County, while increasing by four percent in Charlotte County. Compared to May 2010, median prices rose by 19 percent in Lee County, 15 percent in Collier County and dropped by two percent in Charlotte County.

Chart 20: Lee County



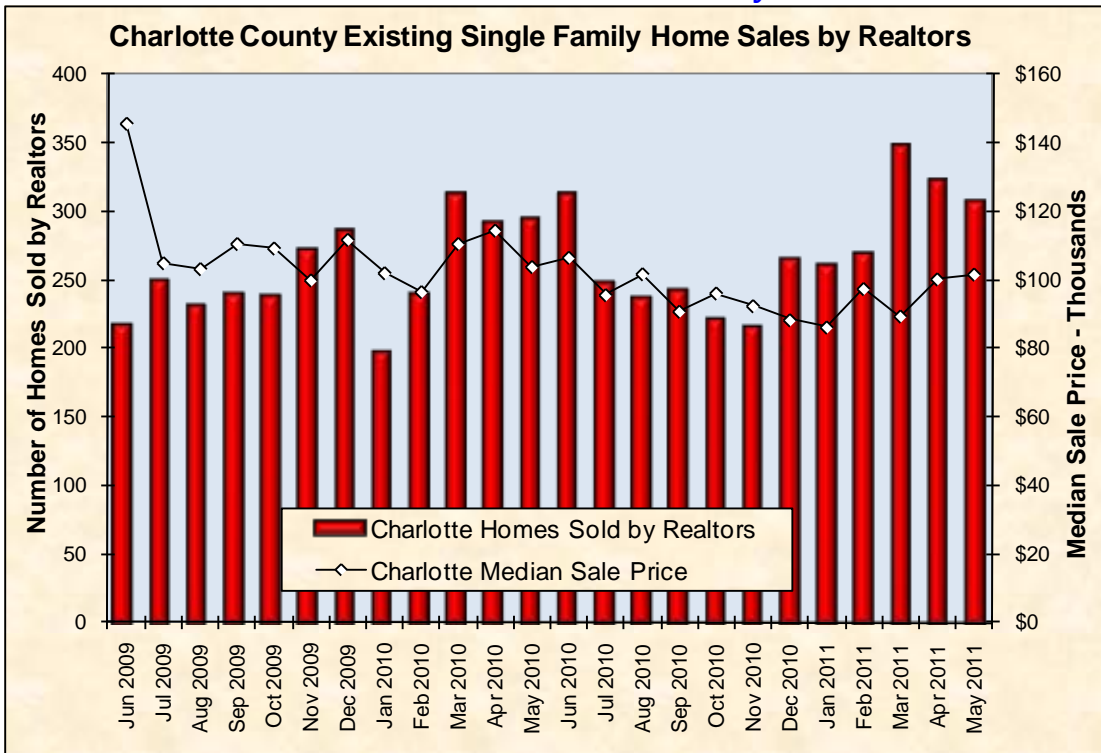
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

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>

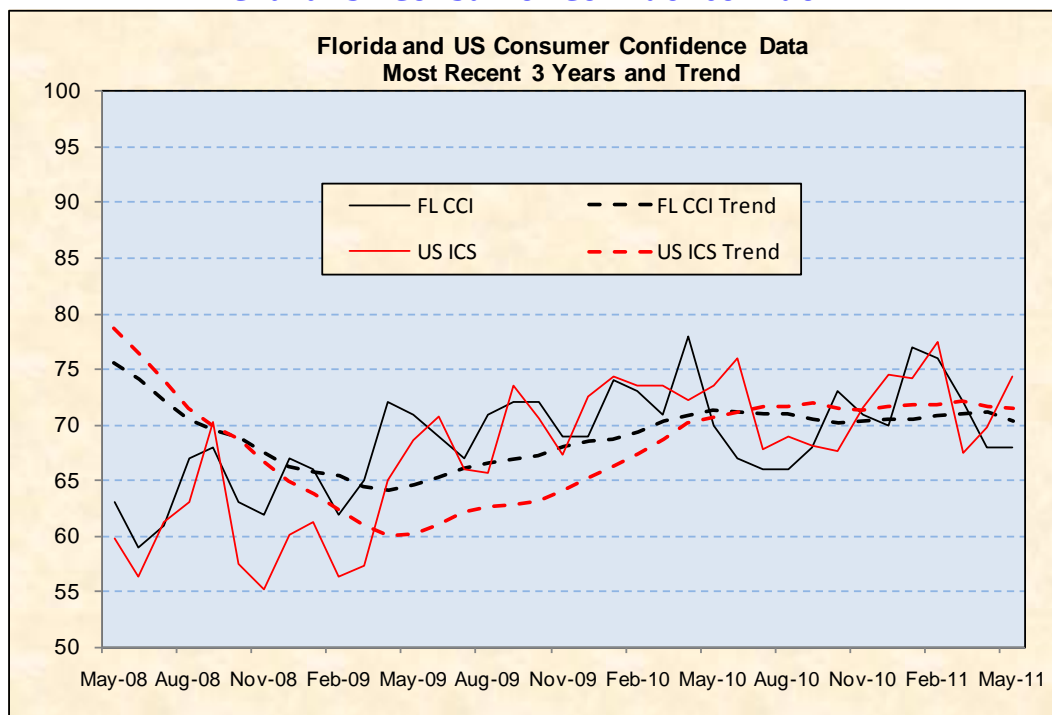
Consumer Confidence Index

Consumer confidence is an important indicator and reflects uncertainty about the economy. Chart 23 shows monthly data for the last three years, as well as 12-month moving average trend lines for both the Florida Consumer Confidence Index (“CCI”) and for the United States Index of Consumer Sentiment (“ICS”) reported by Thomson Reuters/University of Michigan. The national ICS for May was 74.3, an increase from the April figure of 69.8, and comparable to the 73.6 figure of May 2010. Thomson Reuters noted that “Confidence improved in May as news about job gains more than offset concerns about higher prices. While more optimistic about future changes in employment, the current finances of consumers remain quite bleak”.

The Florida Consumer Confidence Index remained at 68, unchanged from April and slightly below the 70 measure of a year earlier. Chris McCarty, the Survey Director, noted in May that there was a “demographic bias” in the data “as a consequence of cell phone only households not represented in [the] sample.” He added that an adjusted data series would be released in the coming months, “...going back to the year 2000 before the transition of households from landlines to cell phones was so common”.

There was no significant change in the 12-month trends of either data series.

Chart 23: Consumer Confidence Index

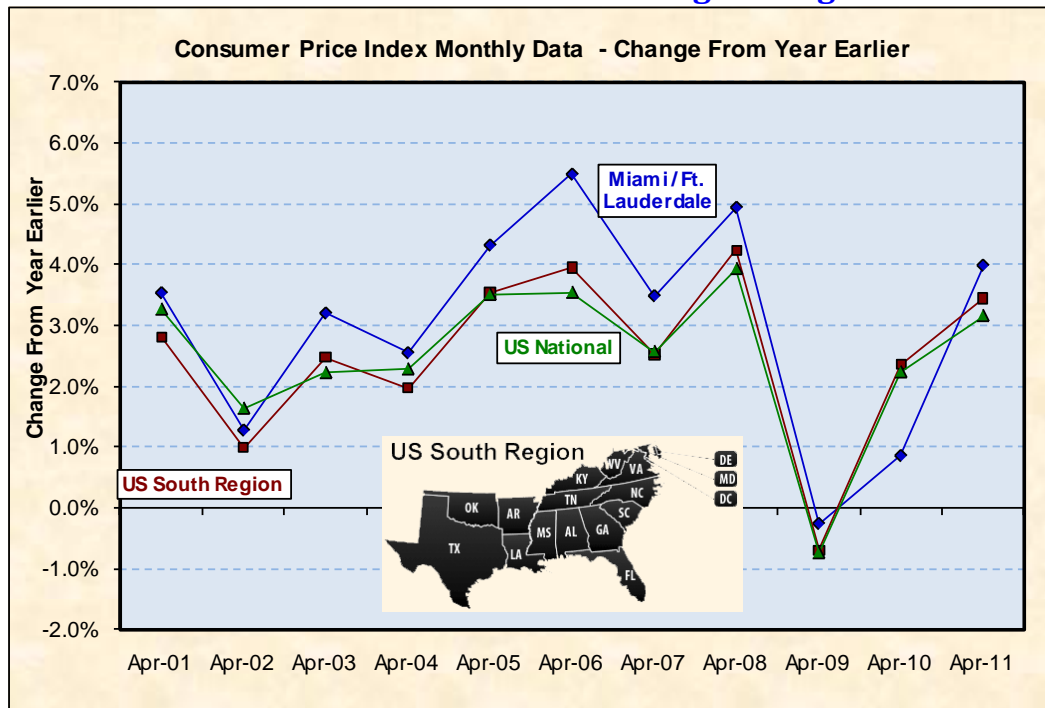


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

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. As reported last month, the most recent release covers data through April 2011, and shows the impact of higher energy and food prices. From April 2010 to April 2011, the National CPI increased by 3.2 percent, the Southern Region CPI increased by 3.4 percent, and the Miami-Fort Lauderdale area CPI rose by 4.0 percent. The overall inflation rate is noticeably higher but the focus has been on the core inflation rate and whether the increases in energy and food prices are temporary. As noted in the Introduction, the Federal Reserve Open Market Committee is closely monitoring the core inflation rate and inflationary expectations.

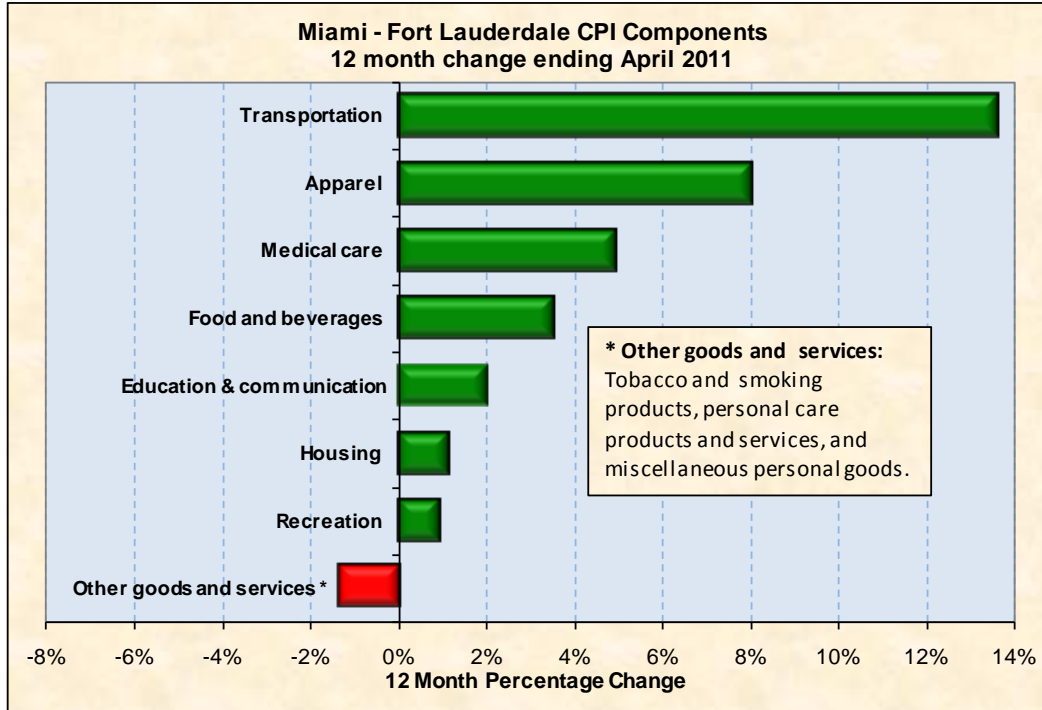
Chart 24: CPI Annual Percentage Change



Source: BLS

The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending April 2011 are shown in Chart 25. Costs of transportation showed the largest year-to-year increase of 13.6 percent, reflecting the large rise in gasoline costs. Other significant increases were seen in apparel, increasing 8.0 percent, medical care increasing 4.9 percent, and food and beverages increasing 3.5 percent.

Chart 25: Miami-Fort Lauderdale CPI Component Percentage Change



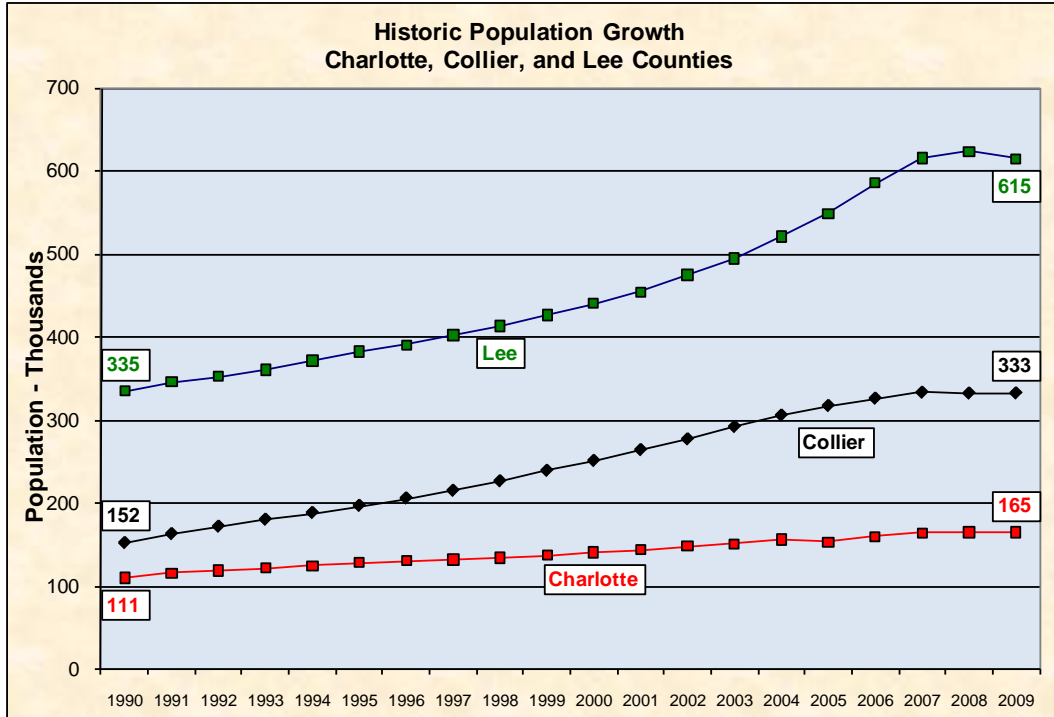
Source: BLS

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.

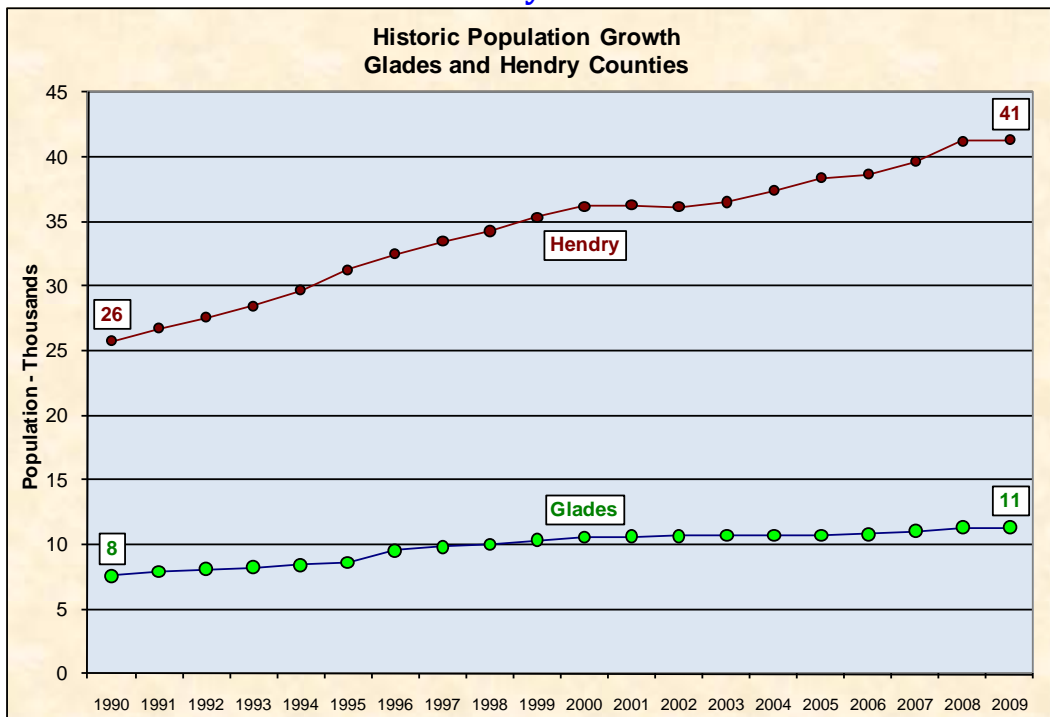
Chart 28 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 1.9 percent per year for this period, resulting in a 20-year increase of 46 percent.

Chart 26: Coastal Counties Growth 1990 to 2009



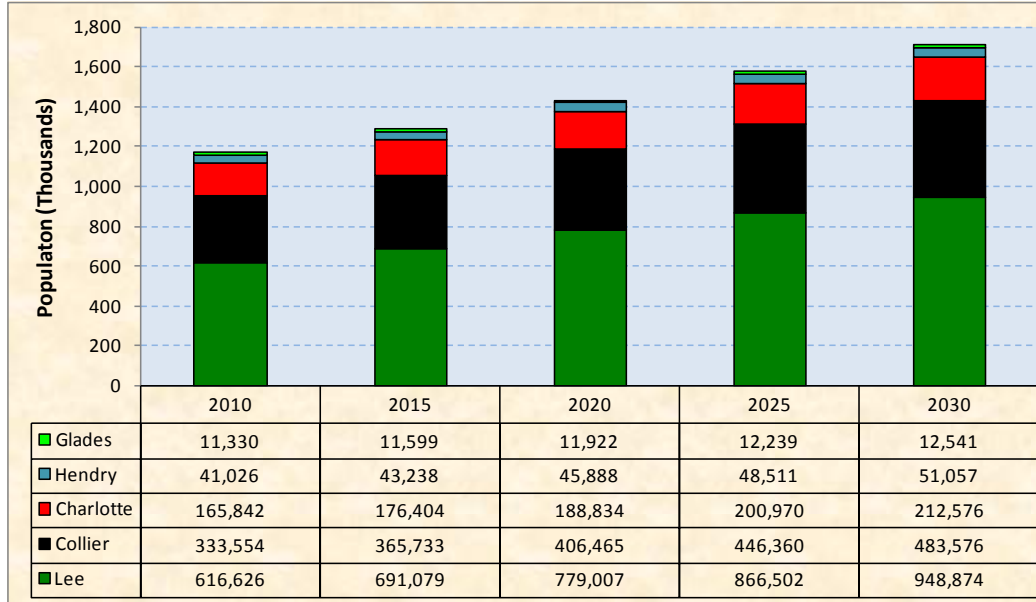
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

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