

# Southwest Florida Regional Economic Indicators

## August 2011



Regional Economic Research Institute

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## Introduction

The national and local economies continue to struggle with a slow, choppy recovery. The economy is expected to take longer to recover than previously forecast with the realization that the job creation is much slower than anticipated.

The "second" estimate for the nation's second quarter GDP was released on August 26th and had growth at only 1.0 percent down from the advance estimate of 1.3 percent. The first quarter real GDP was only 0.4 percent showing almost no growth. The July Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased only 117,000 with the private sector adding 154,000 additional jobs and the government reducing employment by 37,000. The jobs added by the national economy over the last year have averaged 105,000 per month. The U.S. labor force grows by approximately 130,000 per month so overall job growth will need to be approximately 270,000 per month to continue bringing down the unemployment rate. The July employment increases were 31,000 in health care, 26,000 in retail trade, 24,000 in manufacturing, and 18,000 in professional and technical services.

In July 2011, the number of long-term unemployed (those jobless for 27 weeks or longer) stayed approximately the same as June 2011 at 6.2 million, which represents 44.4 percent of the unemployed. The national unemployment rate is 9.1 percent.

The national consumer price index increased by 3.6 percent over the last year, primarily driven by a 19.0 percent increase in energy prices and a 4.2 percent increase in food. All items, less food and energy, rose by only 1.8 percent. Core inflation remains subdued and will allow the Federal Reserve to keep interest rates low.

Historically high levels of unemployment and foreclosures, tight financial markets, Middle-East unrest, and higher oil prices remain important concerns. Adding to this economic uncertainty, the President and Congressional leaders continue to discuss possible spending reductions and tax revenue increases in light of the agreements reached regarding the increase in the national debt ceiling. 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, and households remain cautious, reducing overall spending and lending considerable volatility to the stock market.

The latest release of the Federal Reserve's Open Market Committee (FOMC) was issued on August 9th, and is summarized as follows:

- Economic growth so far this year has been considerably slower than the Committee had expected;

- Indicators suggest a deterioration in overall labor market conditions, and the unemployment rate has moved up;
- Household spending has flattened out, investment in nonresidential structures is weak, and the housing sector remains depressed;
- However, business investment in equipment and software continues to expand;
- Inflation picked up earlier in the year, but has moderated more recently as prices of energy and some commodities have declined, and longer term inflation expectations remain stable;
- The Committee now expects a somewhat slower pace of recovery over coming quarters than it did at the time of the previous meeting, and anticipates that the unemployment rate will decline only gradually while downside risks to the economic outlook have increased;
- 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 at least through mid-2013; and
- The Committee will regularly review its securities holdings and is prepared to make adjustments as appropriate.

The next meeting of the FOMC is scheduled for September 20 and 21, 2011.

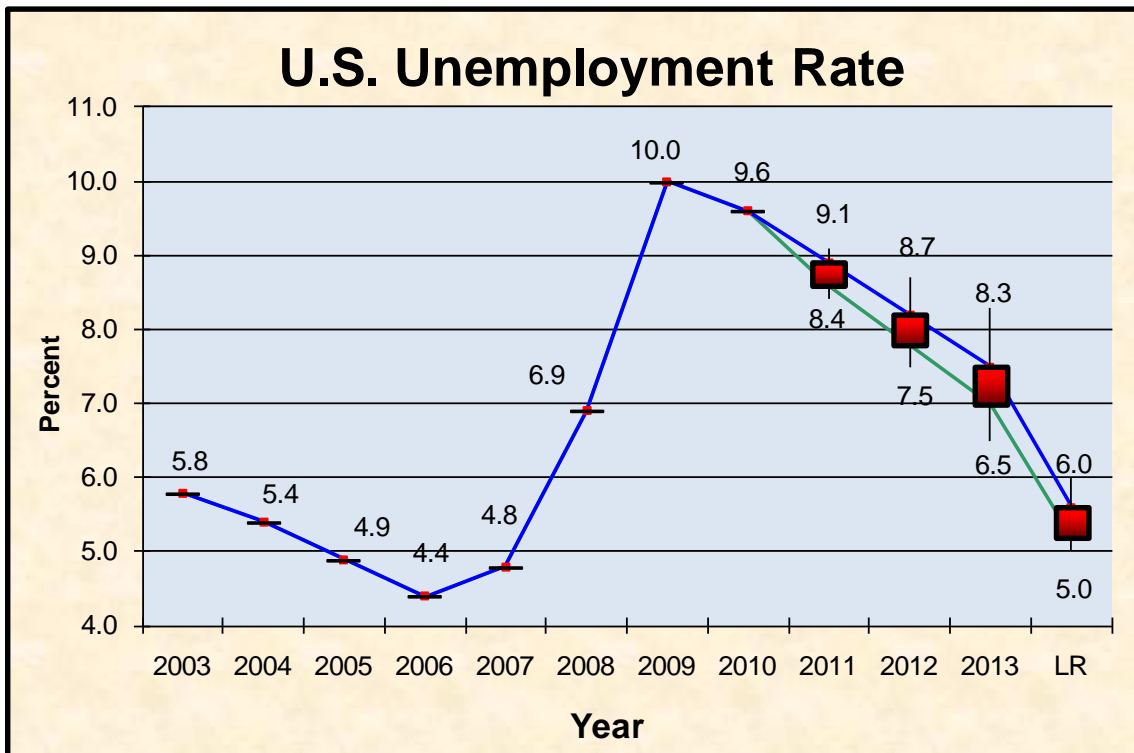
As reported previously, a somewhat slower growth forecast was released on June 22 by the FOMC and is shown in the following "box and whiskers" charts. The next forecast update is expected to reflect even slower growth. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

The chart below shows 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

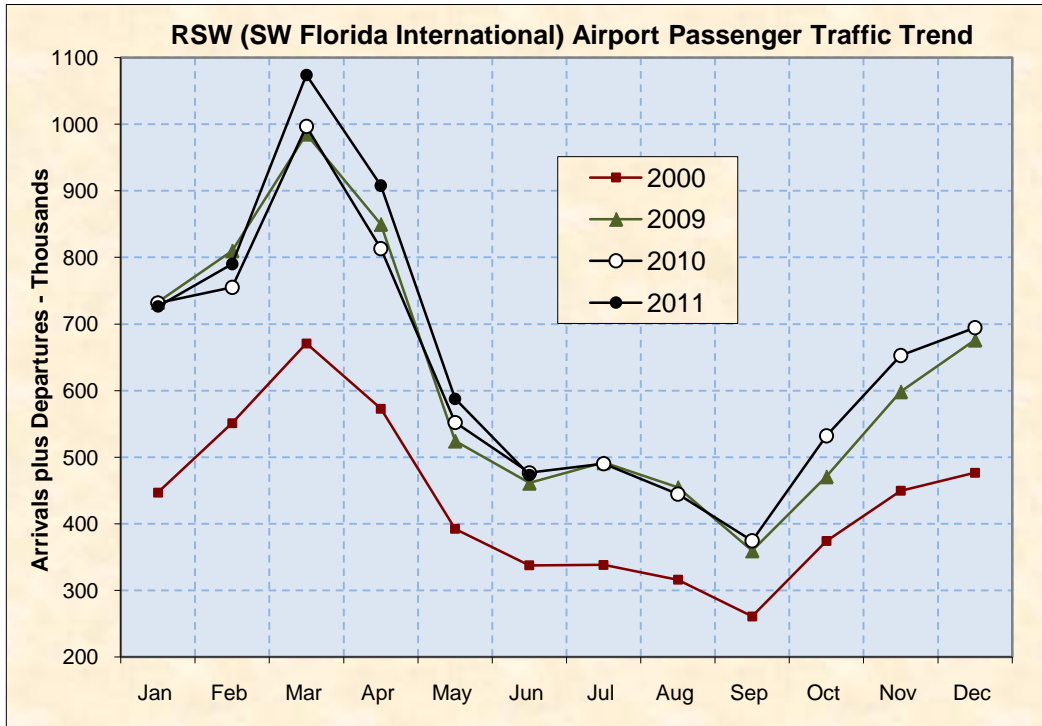
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report, as a way to support its mission and assist the region. The Institute continues to welcome suggestions from our readers, and would like to emphasize our appreciation of, and thanks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

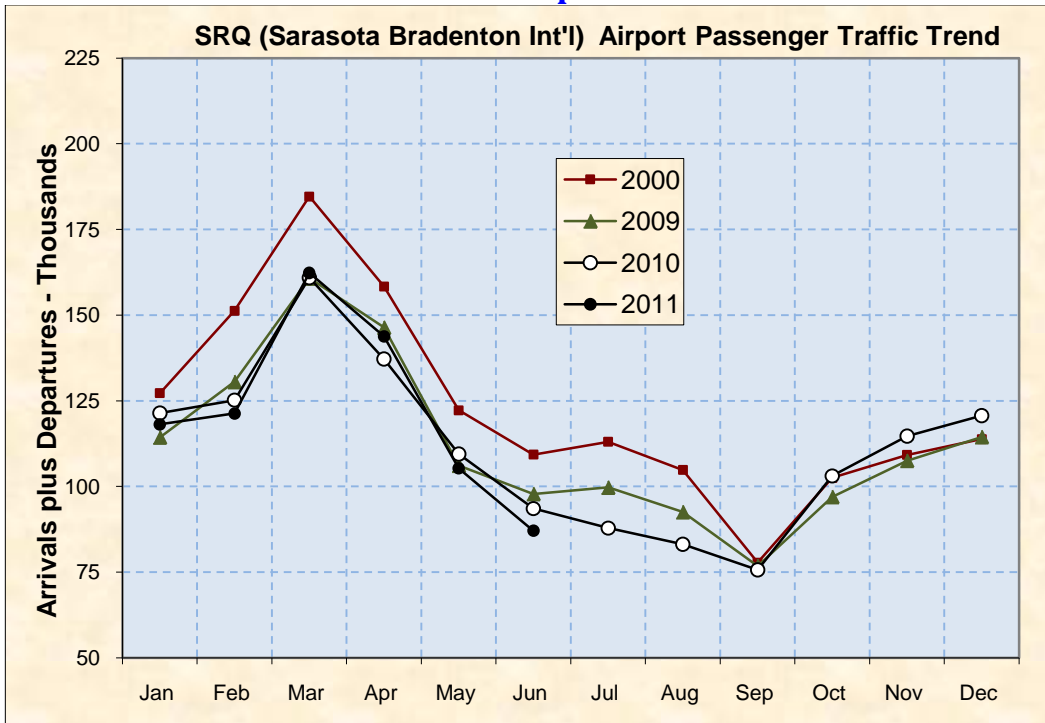
Total activity for the three regional airports totaled 574,547 in June 2011, a decrease of less than one percent from June 2010, and a seasonal decline of 19 percent from May. Chart 1 shows RSW passenger activity of 473,332 in June, a decrease of under one percent from June 2010. Sarasota (SRQ) passenger activity amounted to 87,085 in June 2011, down seven percent from June 2010, as shown in Chart 2. Charlotte County Airport reported passenger activity of 14,130 in June 2011, a 72-percent increase over June 2010, as shown in Chart 3.

**Chart 1: RSW Traffic Trend**



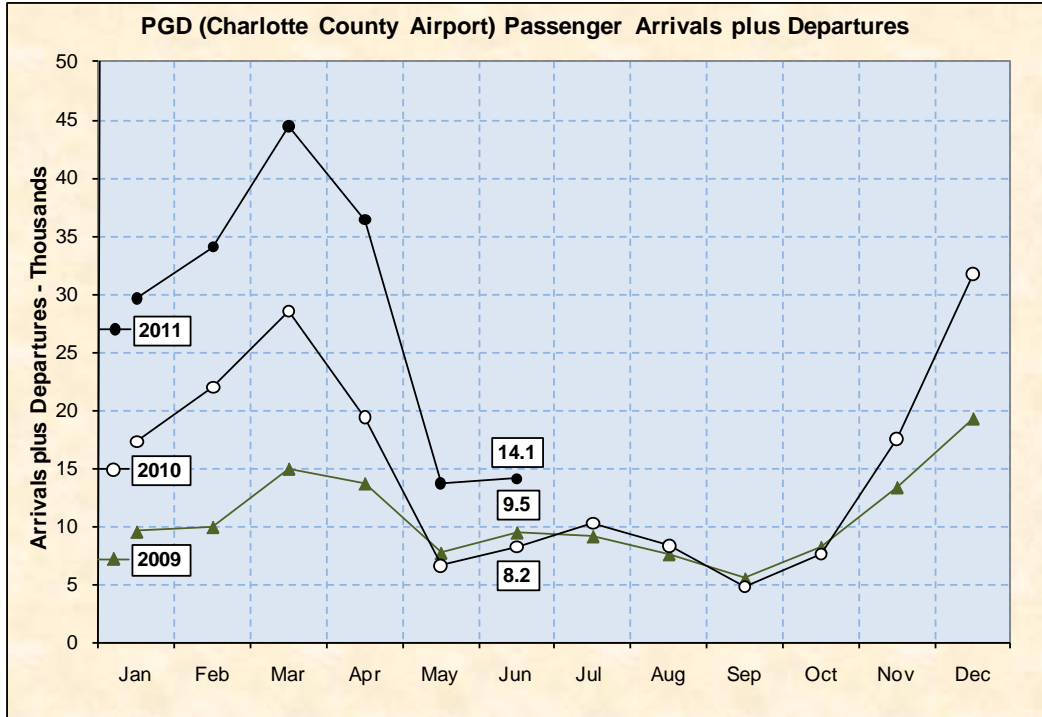
Source: Local Airport Authorities

**Chart 2: Sarasota Airport Traffic Trend**



Source: Local Airport Authorities

### Chart 3: Charlotte County Airport Traffic Trend



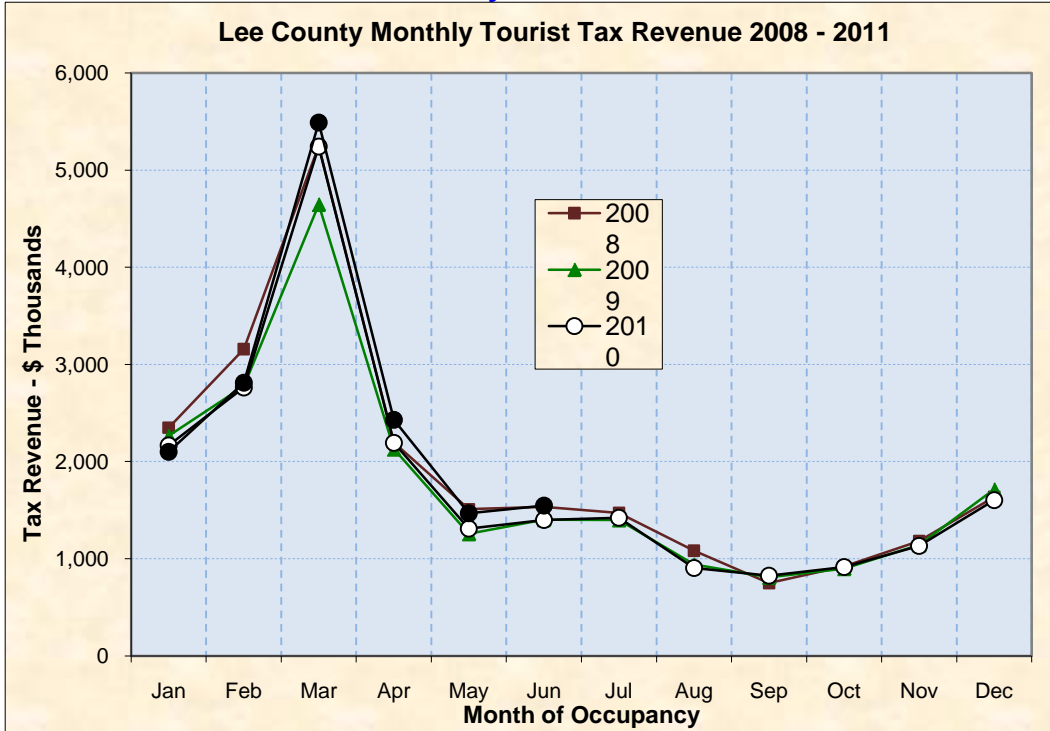
Source: Local Airport Authorities

### Tourism Tax Revenues

Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. June 2011 tourism tax revenues for the three coastal counties increased by 12 percent over June 2010. Lee County tourism tax revenues amounted to \$1,546,723 in June 2011, an 11-percent increase from June 2010. Collier County revenues of \$679,769 in June 2011 were 16 percent higher than June 2010. Charlotte County’s tourism tax revenues rose to \$80,787 in June 2011, a 14-percent increase from the June 2010 figure. Overall tourism tax revenues showed a seasonal decline of three percent from the prior month of May 2011.

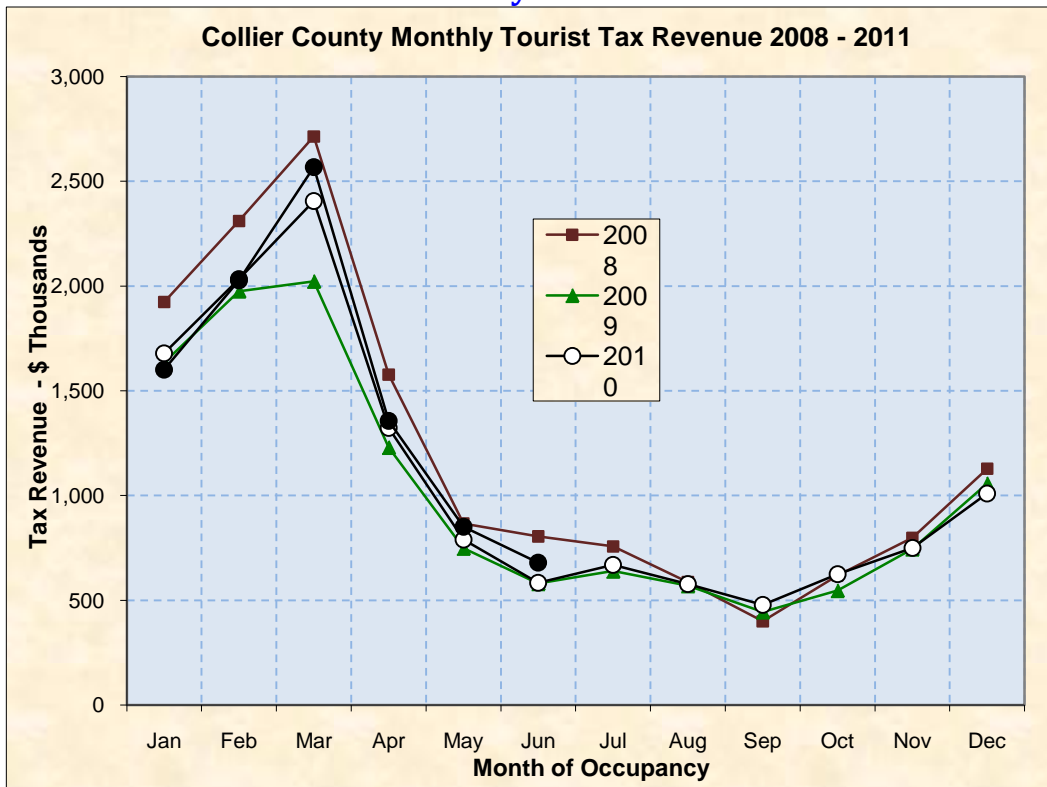


**Chart 4: Lee County Tourism Tax Revenues**



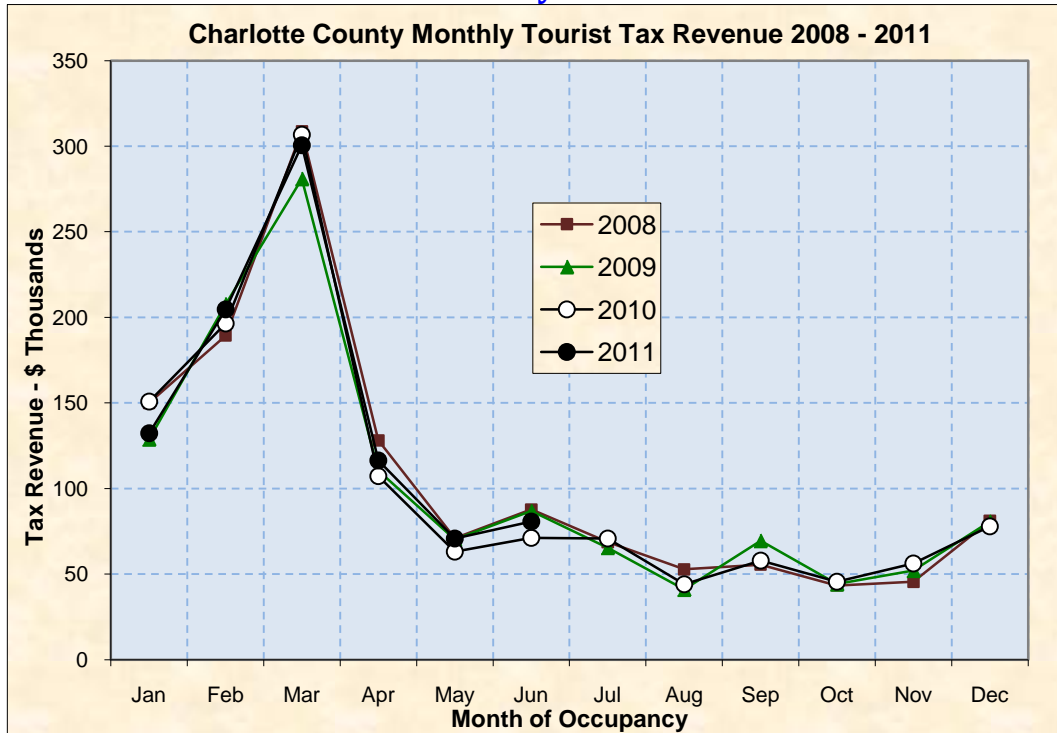
Source: Local County Tourism, Tax, and Economic Development Reports

**Chart 5: Collier County Tourism Tax Revenues**



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

**Chart 6: Charlotte County Tourism Tax Revenues**

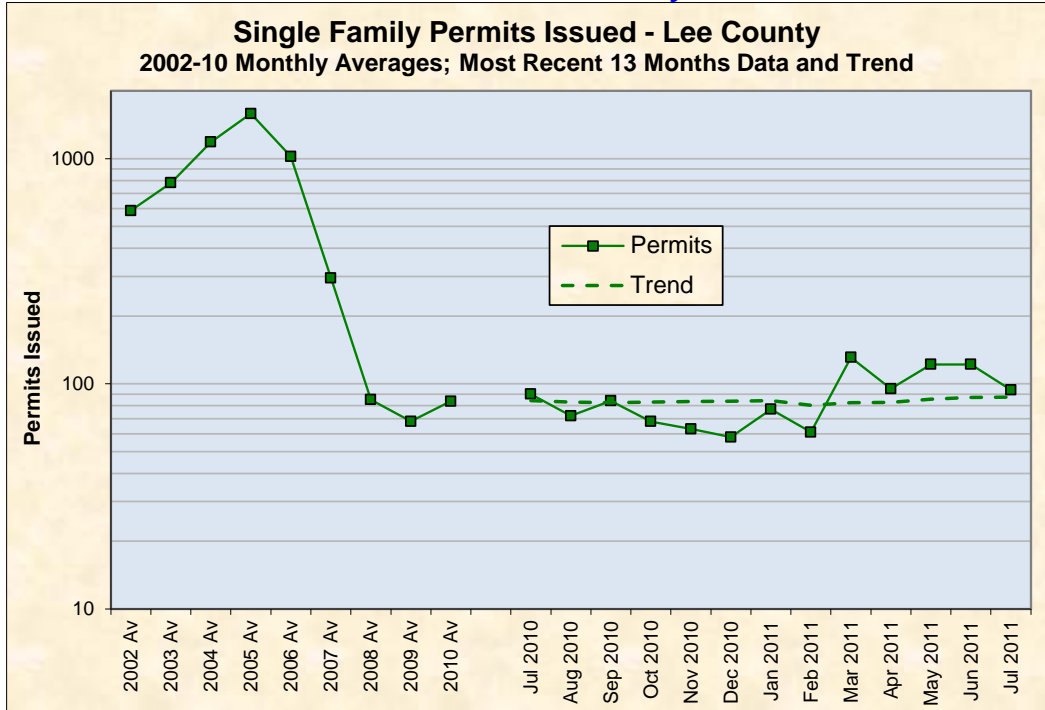


Source: Local County Tourism, Tax, and Economic Development Reports

## Single-Family Building Permits

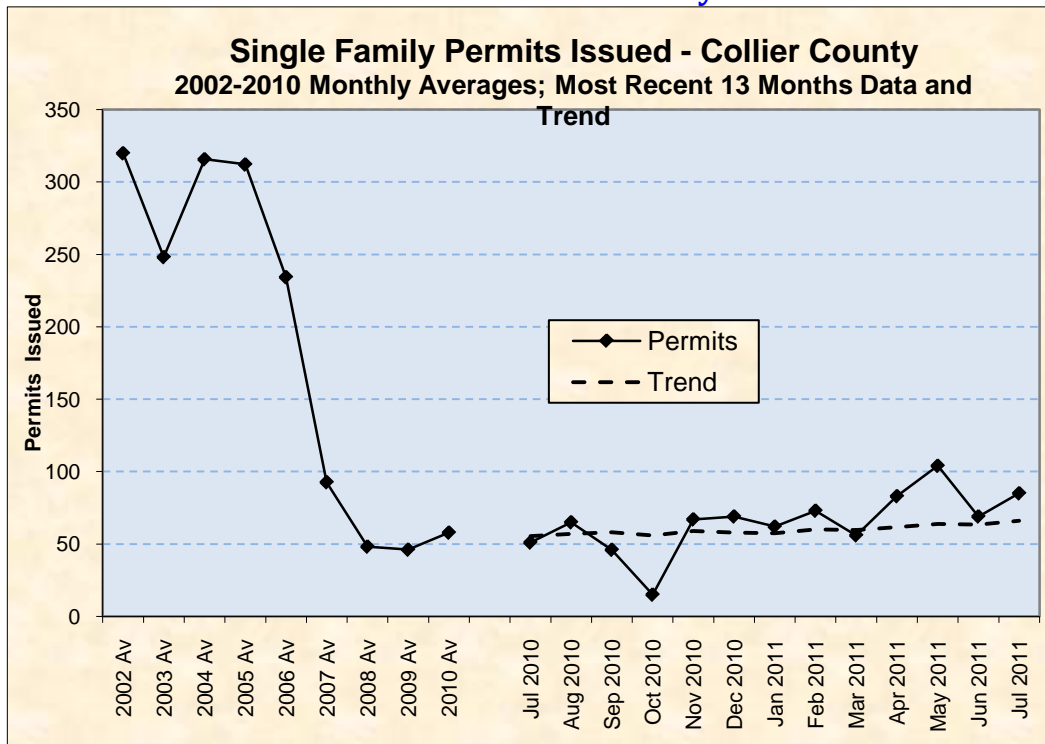
Total July 2011 single-family building permits showed a 22 percent increase over July 2010 for the three coastal counties. Lee County issued 94 single-family home permits in July 2011, down from the June figure of 122, and slightly up from 90 in July 2010, as shown in Chart 7. Please note that Chart 7 employs a logarithmic numerical scale on its y-axis to allow the chart to show both the boom and recent years on a scale that more clearly portrays the trends. Collier County issued 85 single-family permits in July 2011, compared to 69 in June 2011 and 51 in July 2010, as shown in Chart 8. Charlotte County permits decreased to 14 in July 2011 from 21 in June 2011, as shown in Chart 9. The three counties issued 193 single-family permits in July 2011. This represents a nine-percent decrease from June 2011.

**Chart 7: Lee County**



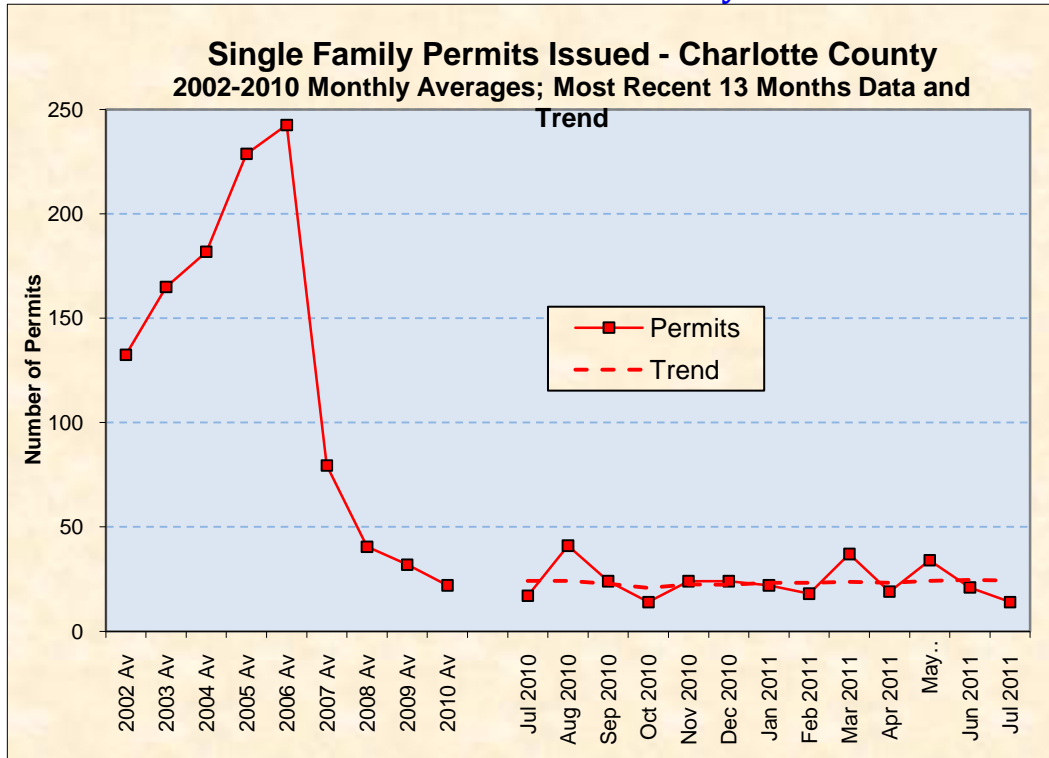
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

**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

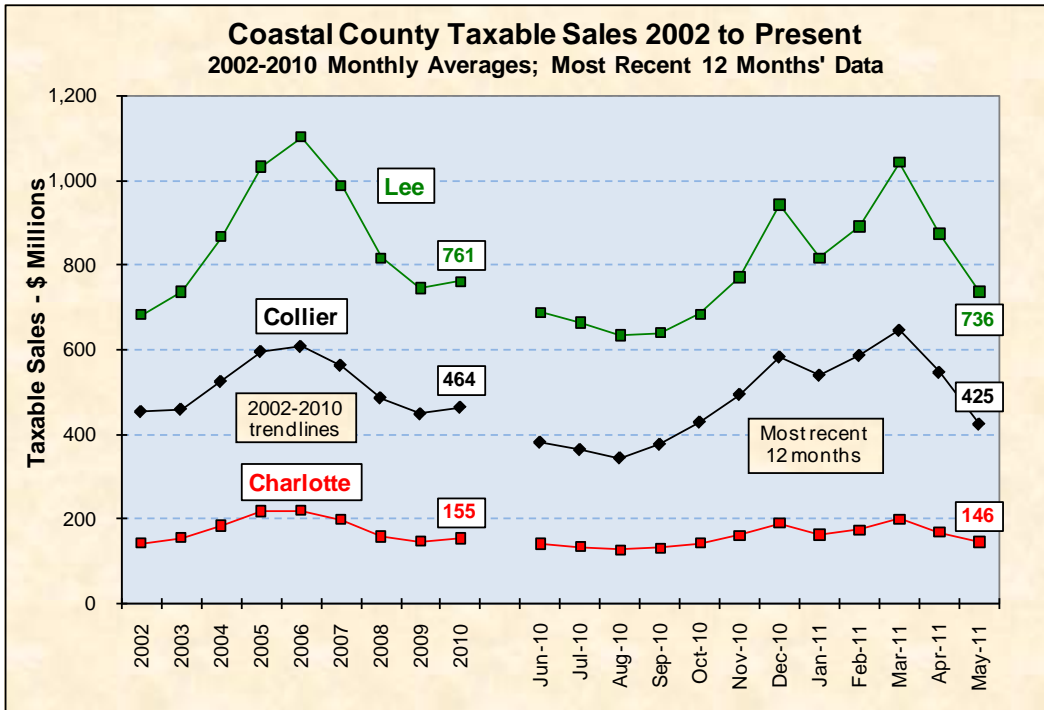
Taxable sales figures are used to track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, May is the latest collection month plotted on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

Total taxable sales for the five-county region in May 2011 showed a two-percent increase (\$29.6 million) over May 2010; and an 18-percent seasonal decrease (\$282.5 million) from the prior month of April. Taxable sales for the Coastal Counties are shown in Chart 10. Charlotte County reported taxable sales of \$146.1 million in May 2011, a one-percent decline from the May 2010 figure. Lee County taxable sales amounted to \$736.3 million in May 2011, a three-percent increase from May 2010; and Collier County's taxable sales were \$424.6 million in May 2011, a two-percent increase from May 2010. Seasonal decreases from the prior month of April 2011 amounted to 13 percent in Charlotte, 16 percent in Lee, and 22 percent in Collier County.

Chart 11 shows taxable sales for Glades and Hendry Counties. Hendry County's taxable sales of \$21.4 million in May were six percent lower than a year ago, and one percent below the prior month. Glades County reported May 2011 taxable sales of \$1.9 million, a three-percent increase over the same month one year ago, and less than one percent below April 2011.

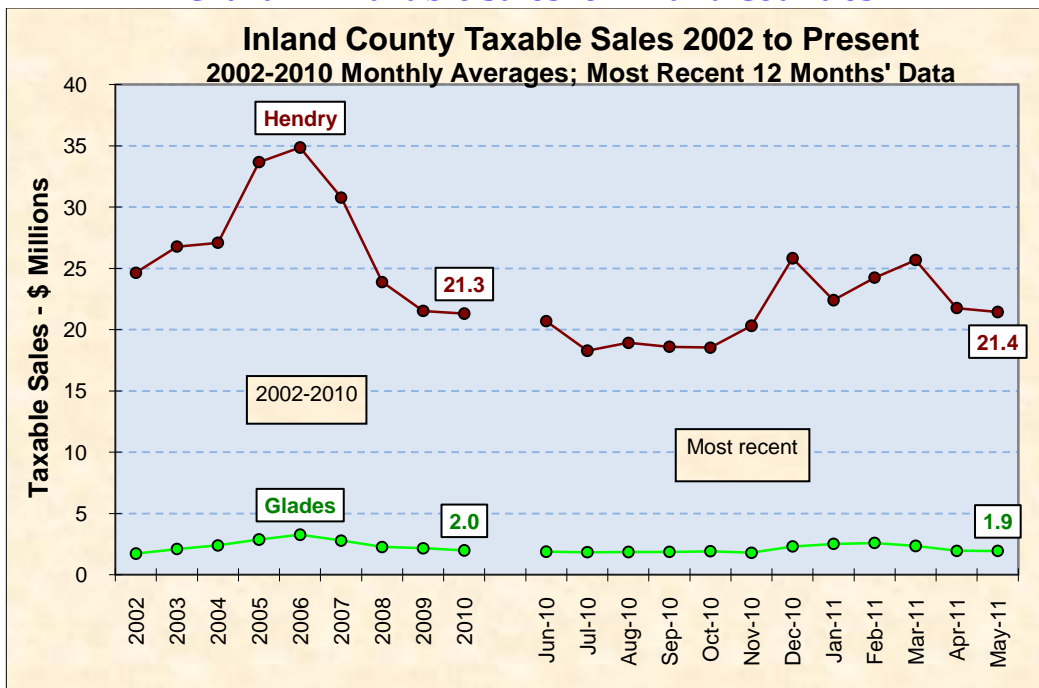
Charts 12, 13, and 14 depict the change in taxable sales from the same month a year earlier. Collier and Lee Counties continued their pattern of year-over-year increases, while Charlotte County observed a small decrease in May.

**Chart 10: Taxable Sales for Coastal Counties**



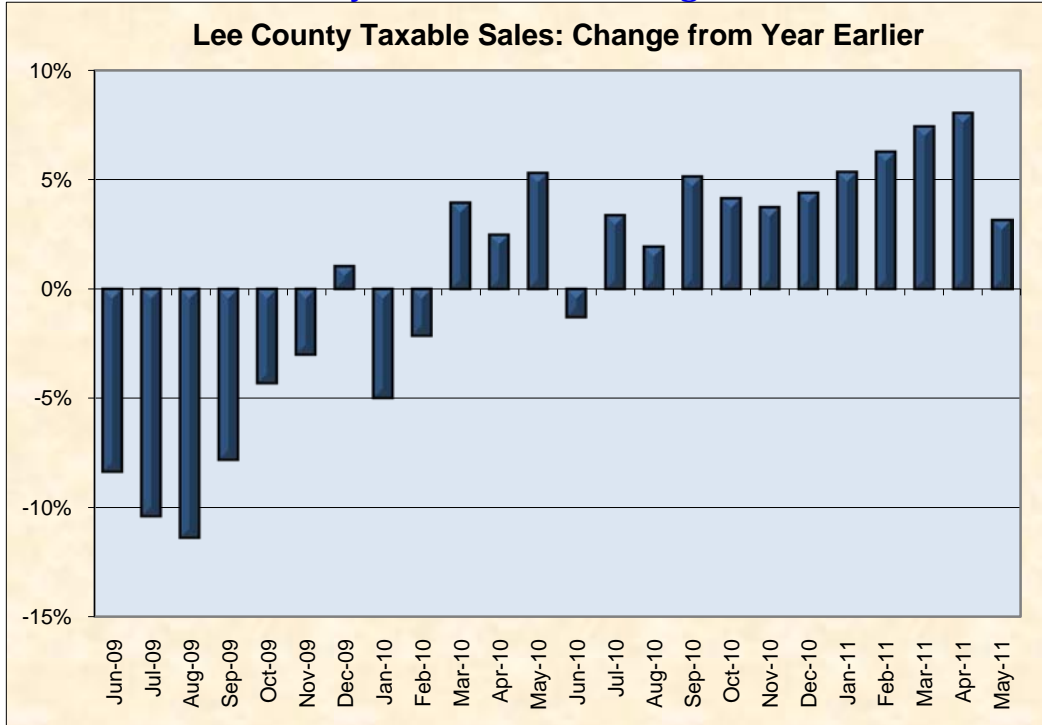
Source: Florida Department of Revenue, Office of Tax Research

**Chart 11: Taxable Sales for Inland Counties**



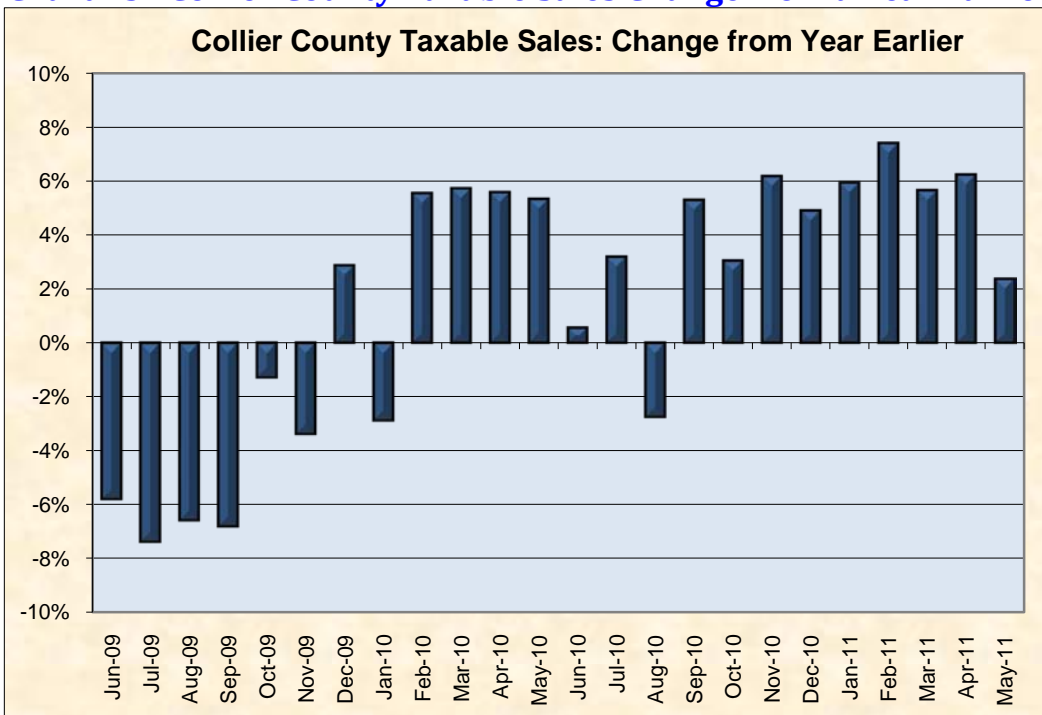
Source: Florida Department of Revenue, Office of Tax Research

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



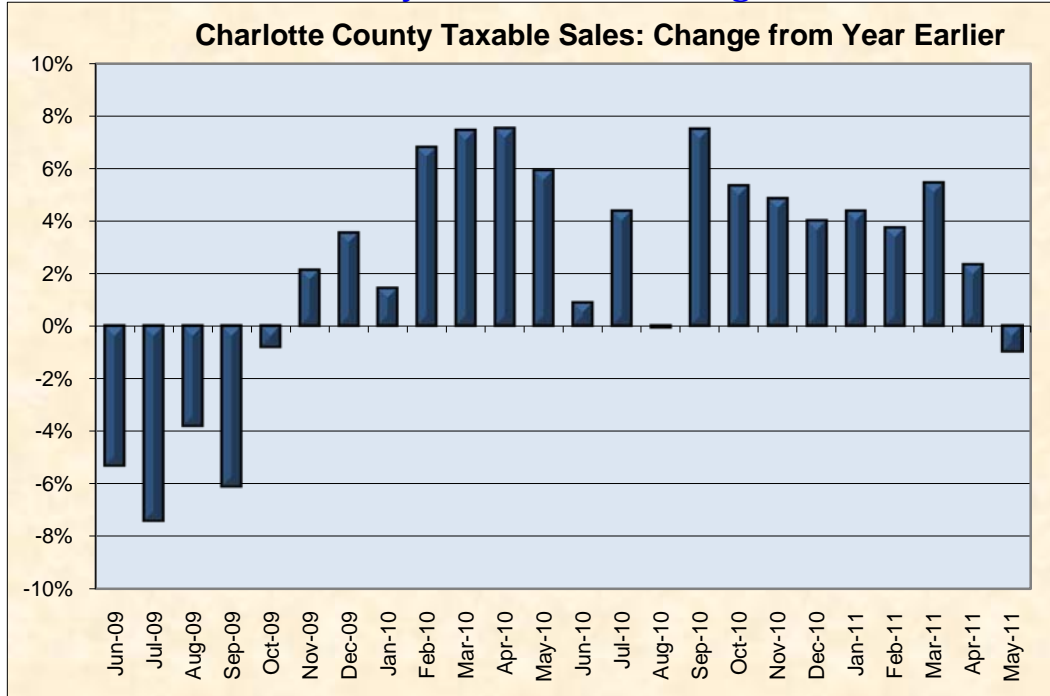
Source: Florida Department of Revenue, Office of Tax Research

**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

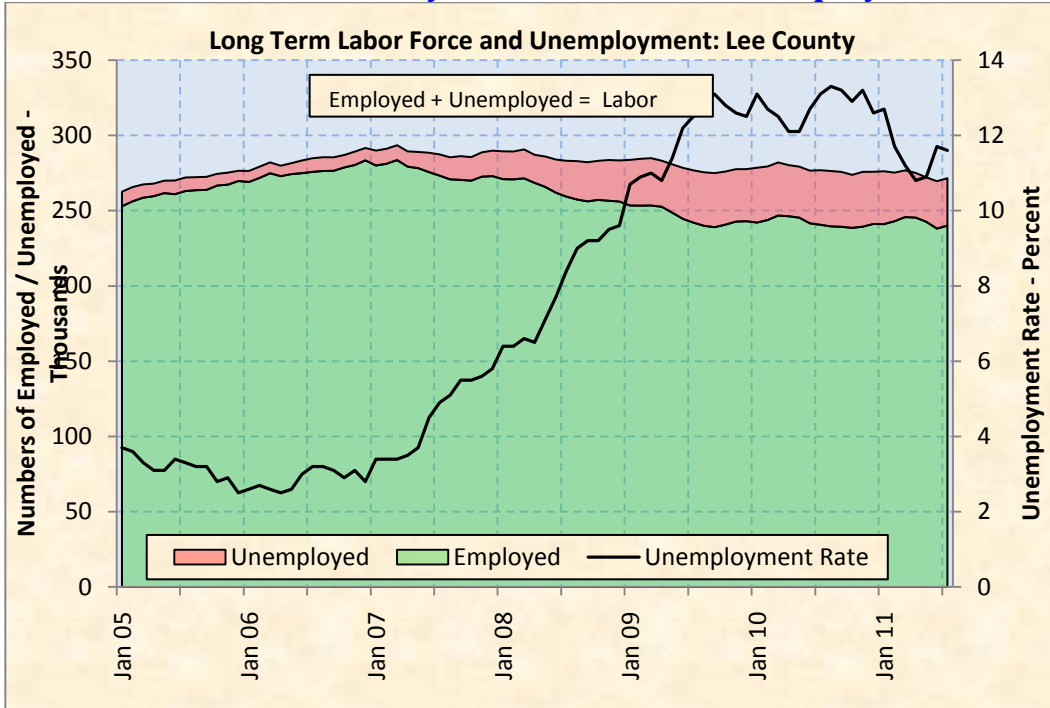
## Workforce – Labor Force, Employment and Unemployment

Charts 15, 16, 17, 18, and 19 show total employment, unemployment, and the unemployment rate for each county from the beginning of 2005 to July 2011. This information is provided since unemployment rates can decline due to improvements in employment, or as a result of people 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. Unemployment rates reported in this report are not seasonally adjusted, except as noted.

Four of the five counties showed lower July 2011 unemployment rates compared to July 2010. The Southwest Florida five-county region has experienced a loss of 3,337 jobs from July 2010 to July 2011. This job loss, along with a decrease of 8,132 unemployed, brought the region’s unemployment rate to 11.8 percent from 13.1 percent a year ago.

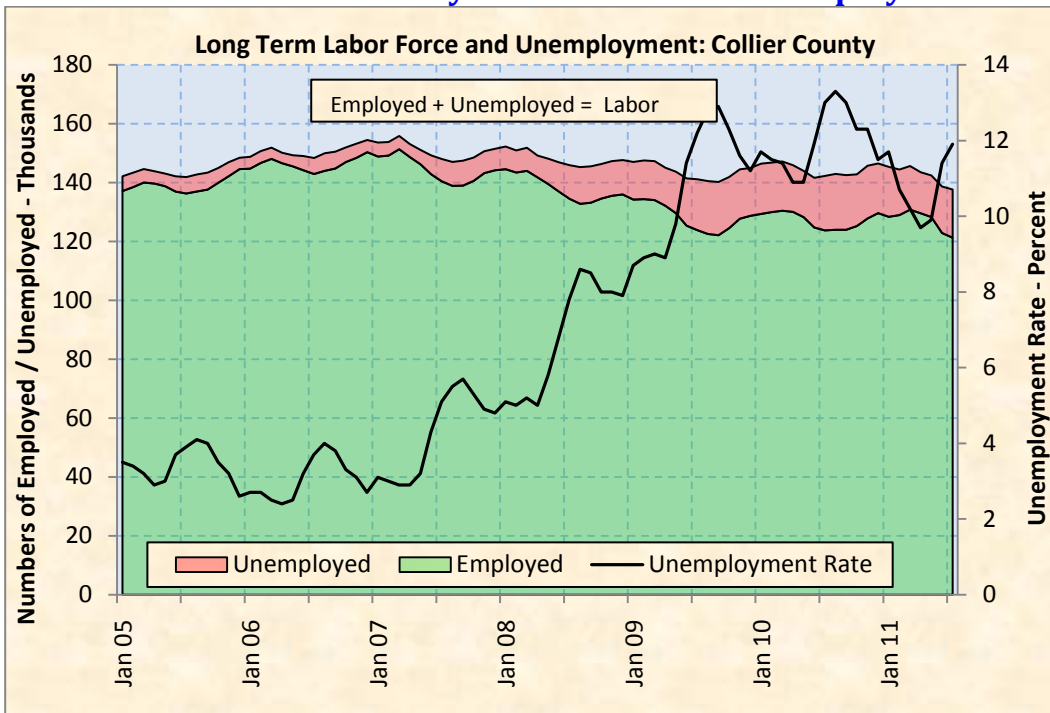
Lee County's unemployment rate decreased to 11.6 percent from 11.7 percent in June 2011 and from 13.1 percent in July 2010, as shown in Chart 15. Collier County's unemployment rate rose from 11.4 percent in June to 11.9 percent in July, as shown in Chart 16. Collier’s employment dropped by 1,608 jobs as the county enters the slower business season. Charlotte County's unemployment rate dipped from 11.1 percent in June to 11.0 percent in July 2011, as shown in Chart 17. Hendry County saw its unemployment rate increase from 16.3 percent in June to 18.8 percent in July, as shown in Chart 18. Glades County’s unemployment rate showed an increase from 9.3 percent in June to 9.7 percent in July, as shown in Chart 19. The state of Florida’s non-seasonally adjusted unemployment rate edged lower from 11.1 percent in June to 11.0 percent in July. This below the state's July 2010 figure of 11.9 percent. The unadjusted national unemployment rate held steady at 9.3 percent in July 2011, while declining from 9.7 percent in July 2010.

**Chart 15: Lee County Labor Force and Unemployment**



Source AWI

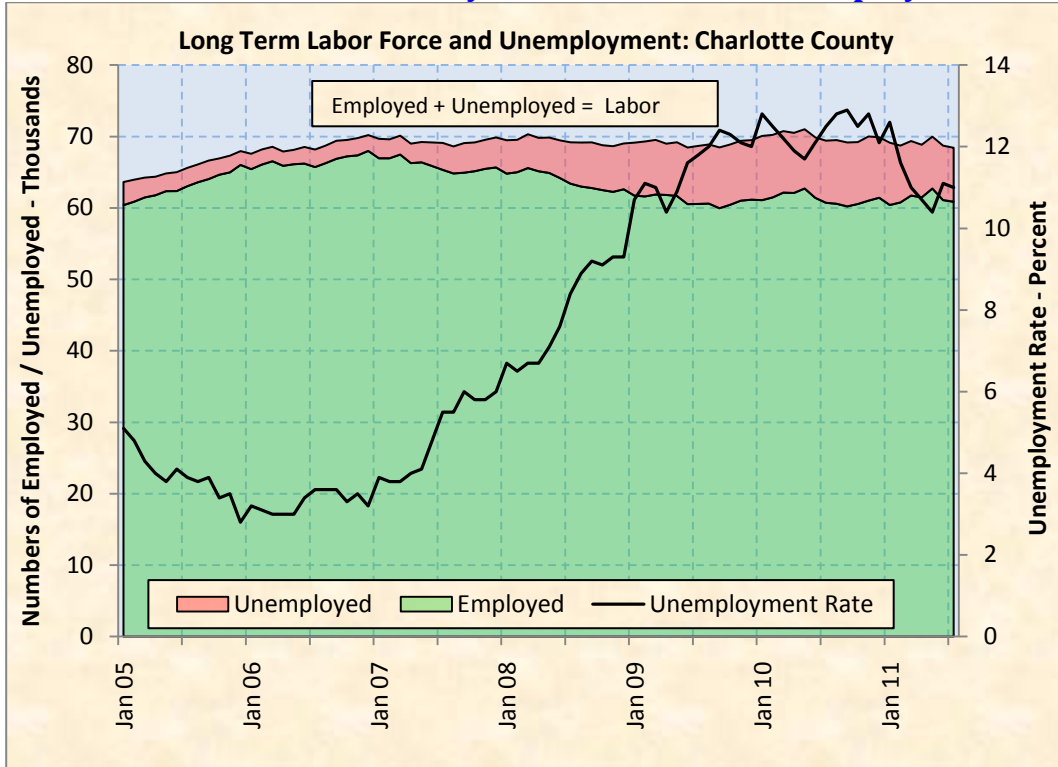
**Chart 16: Collier County Labor Force and Unemployment**



Source AWI

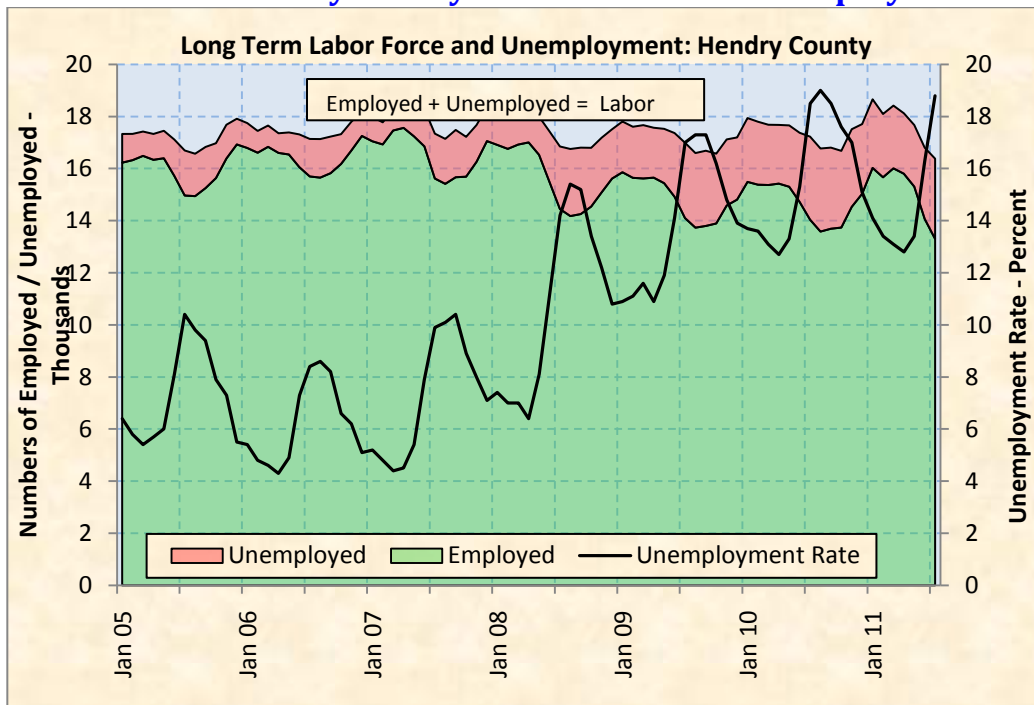


**Chart 17: Charlotte County Labor Force and Unemployment**



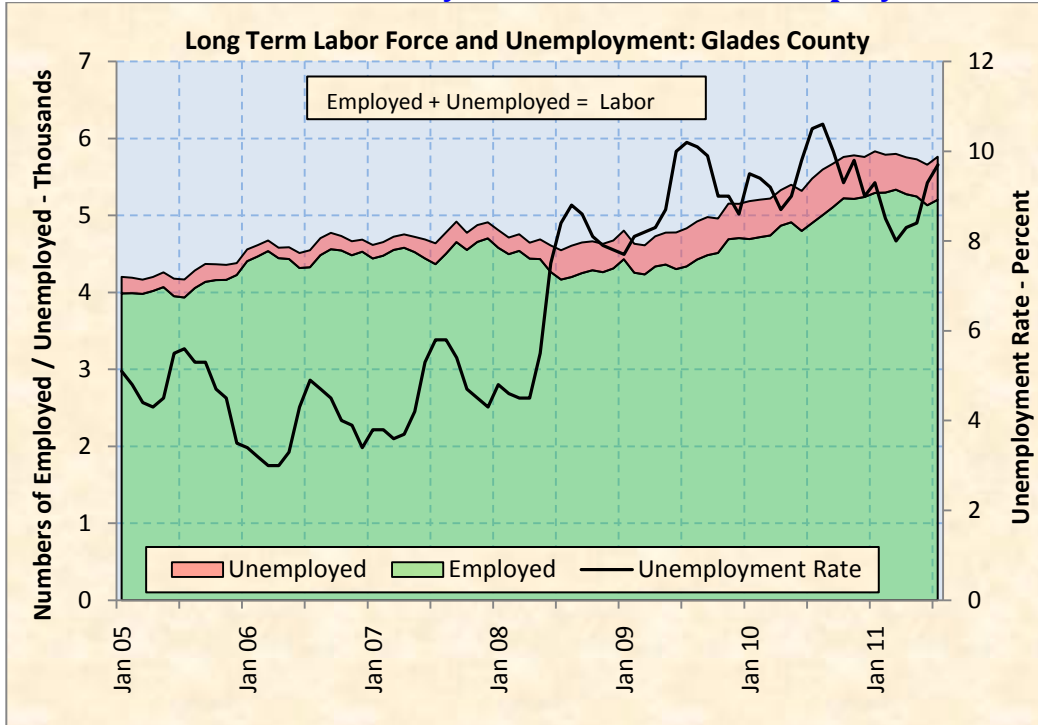
Source AWI

**Chart 18: Hendry County Labor Force and Unemployment**



Source AWI

**Chart 19: Glades County Labor Force and Unemployment**

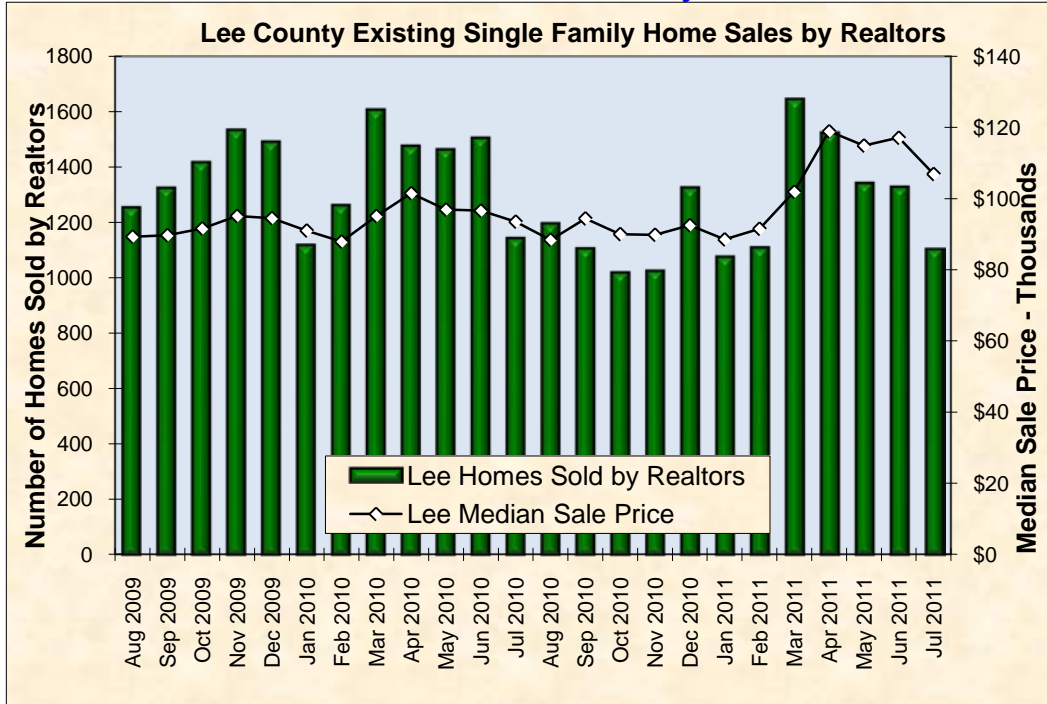


Source AWI

## Sales of Single-Family Existing Homes and Median Sales Prices

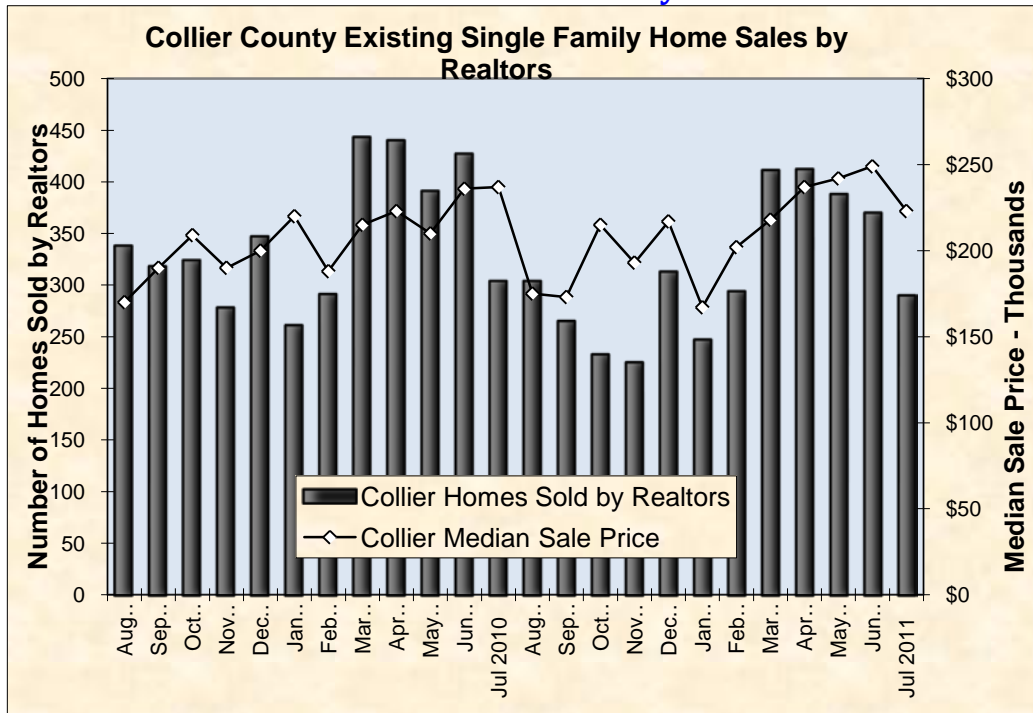
Total Realtor® sales of existing single-family homes in Lee, Collier, and Charlotte Counties declined in July 2011, compared to both the previous month and July 2010. Lee County recorded sales of 1,100 single-family homes at a median price of \$106,900 in July 2011, compared to sales of 1,325 and a median price of \$117,100 in the previous month, as shown in Chart 20. Collier County's existing single-family Realtor sales were 290 in July 2011, down from 370 in June 2011; the median price decreased from \$249,000 to \$223,000 as shown in Chart 21. Charlotte County's existing single-family home sales declined from 275 in June 2011 to 241 in July 2011, albeit with a median price increase from \$102,900 to \$107,900, as shown in Chart 22. Compared to July 2010, Realtor sales declined by three percent in Lee, five percent in Collier, and two percent in Charlotte County. Compared to July 2010, median prices rose by 14 percent in Lee County and 13 percent in Charlotte County, but dropped by six percent in Collier County.

**Chart 20: Lee County**



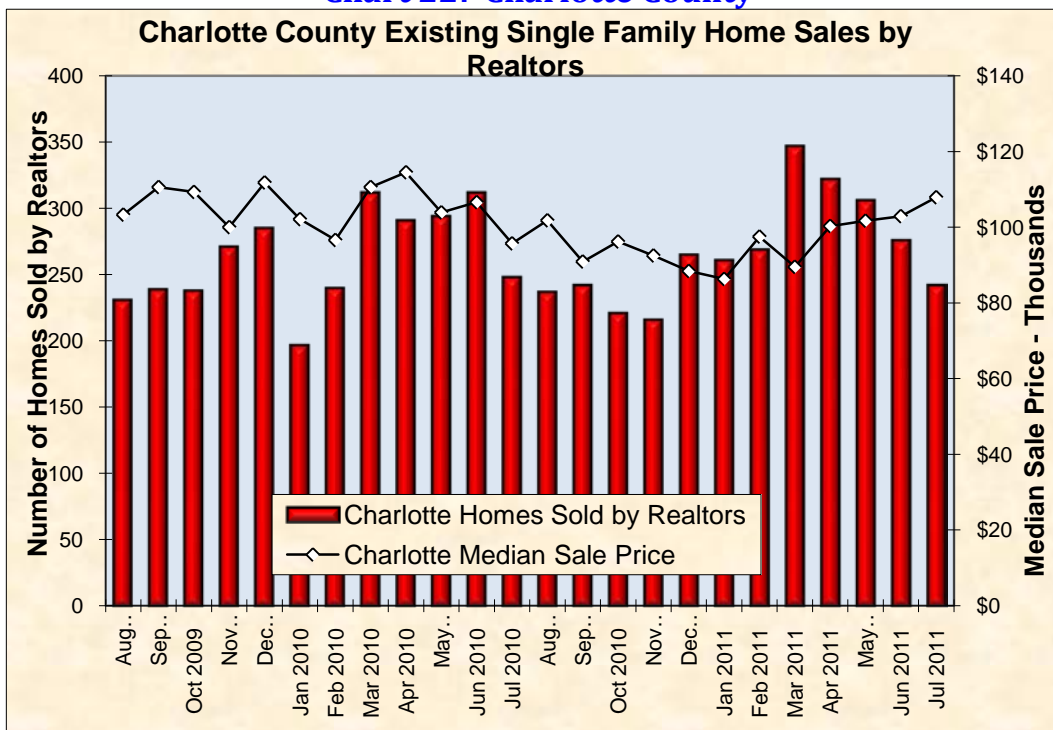
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

**Chart 21: Collier County**



Source: Naples Area Board of Realtors® (NABOR) [www.naplesarea.com](http://www.naplesarea.com)

**Chart 22: Charlotte County**



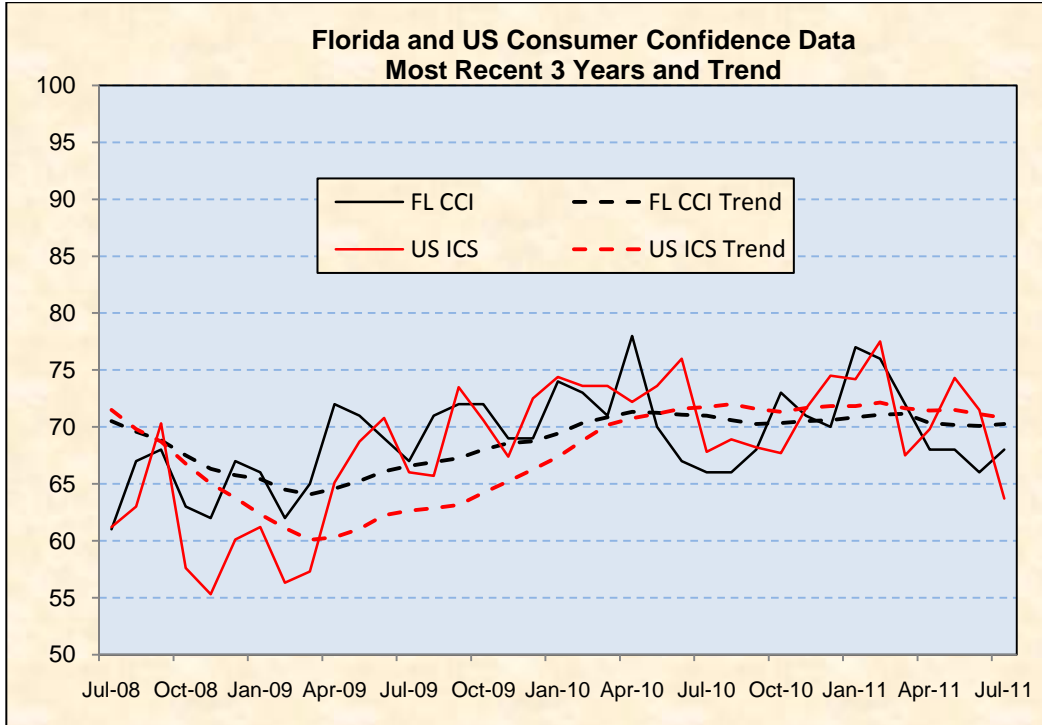
Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

## 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 July was 63.7, a decrease from the June figure of 71.5, as well as from 67.8 in July 2010. Thomson Reuters noted that “Consumer confidence tumbled in July to its lowest level since early 2009 when the economy was still in recession. Prospects for economic growth were much more negative, and the unemployment rate was expected to rise twice as frequently as decline. Personal financial expectations slipped as the majority of consumers anticipated no income increases. Although inflation expectations fell in July, just one-in-ten consumers anticipated inflation-adjusted income gains during the year ahead. As a result, consumers have been forced to reduce planned discretionary spending.”

The Florida Consumer Confidence Index inched up to 68 in July 2011, a modest increase over 66 in both June 2011 and July 2010. Chris McCarty, the Survey Director, noted that “The increase in the index for July was 1.6 points which was rounded to two. This does not represent a big change. Most of the increase can be attributed to an increase in optimism about whether it is a good time to buy. This component is now back to the level it was last fall.”

### Chart 23: Consumer Confidence Index

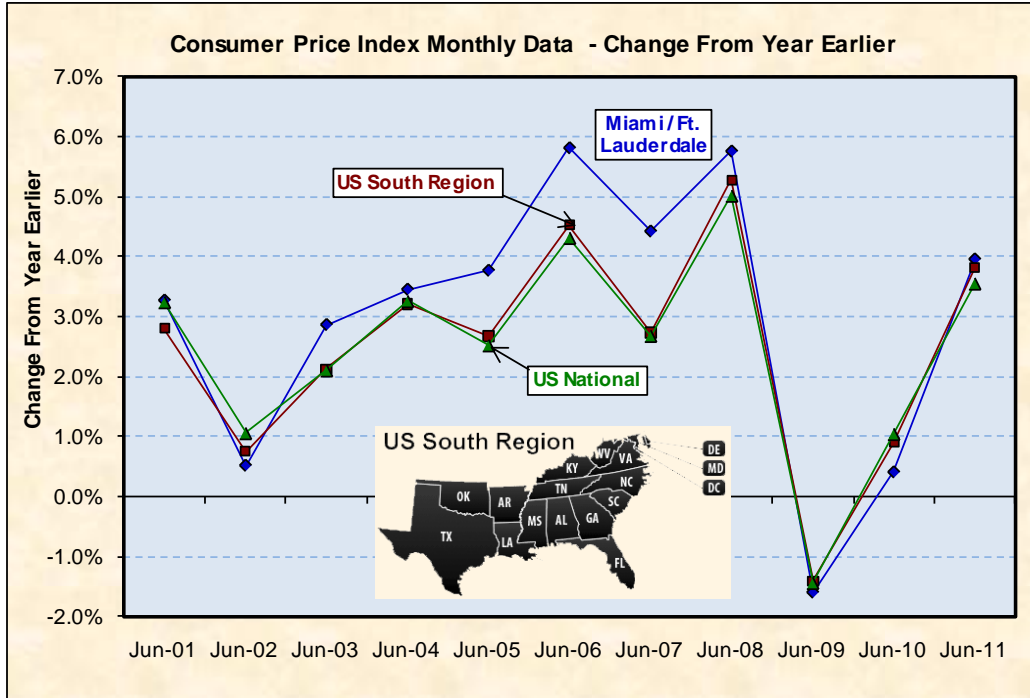


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

### 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. The most recent release covers data through June 2011, and shows the impact of higher energy and food prices. As noted in last month’s report, the National CPI increased by 3.6 percent, the Southern Region CPI increased by 3.8 percent, and the Miami-Fort Lauderdale area CPI rose by 4.0 percent from June 2010 to June 2011. Corresponding year-over-year increases in April were 3.2 percent, 3.4 percent, and 4 percent, respectively. The Federal Reserve Open Market Committee is closely monitoring the core inflation rate and inflationary expectations.

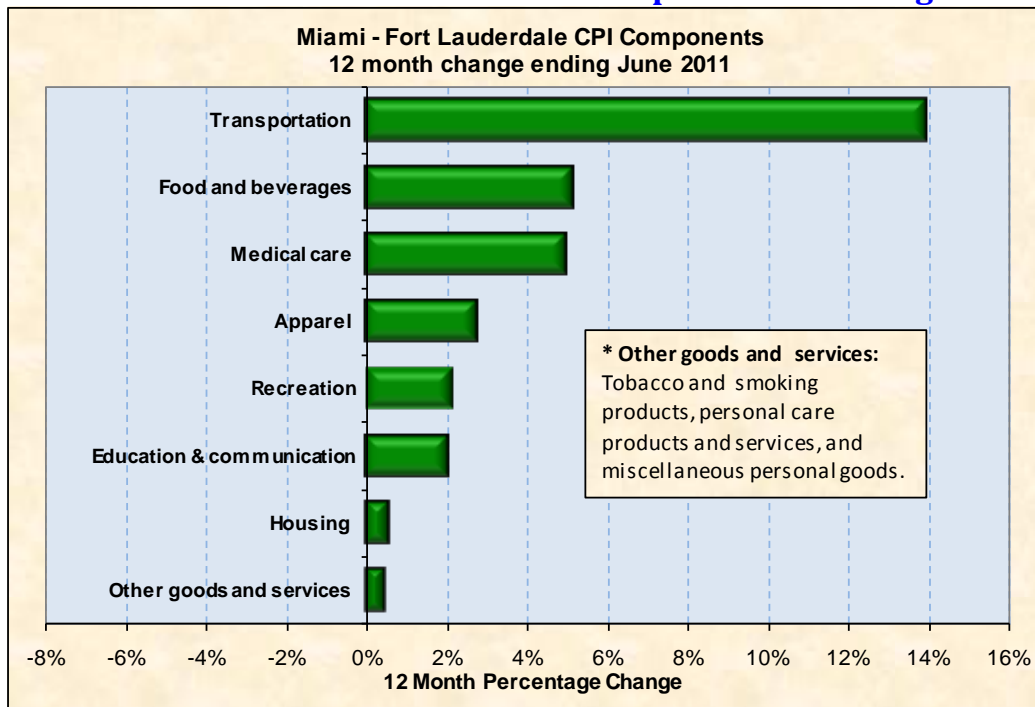
**Chart 24: CPI Annual Percentage Change**



Source: BLS

The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending June 2011 are shown in Chart 25. Costs of transportation showed the largest year-to-year increase of 13.9 percent, reflecting the large rise in gasoline costs since last year. Other significant increases were seen in food & beverage costs (up 5.1 percent) and medical care (up 4.9 percent). It should be noted that all categories showed positive price increases including housing.

**Chart 25: Miami-Fort Lauderdale CPI Component Percentage Change**



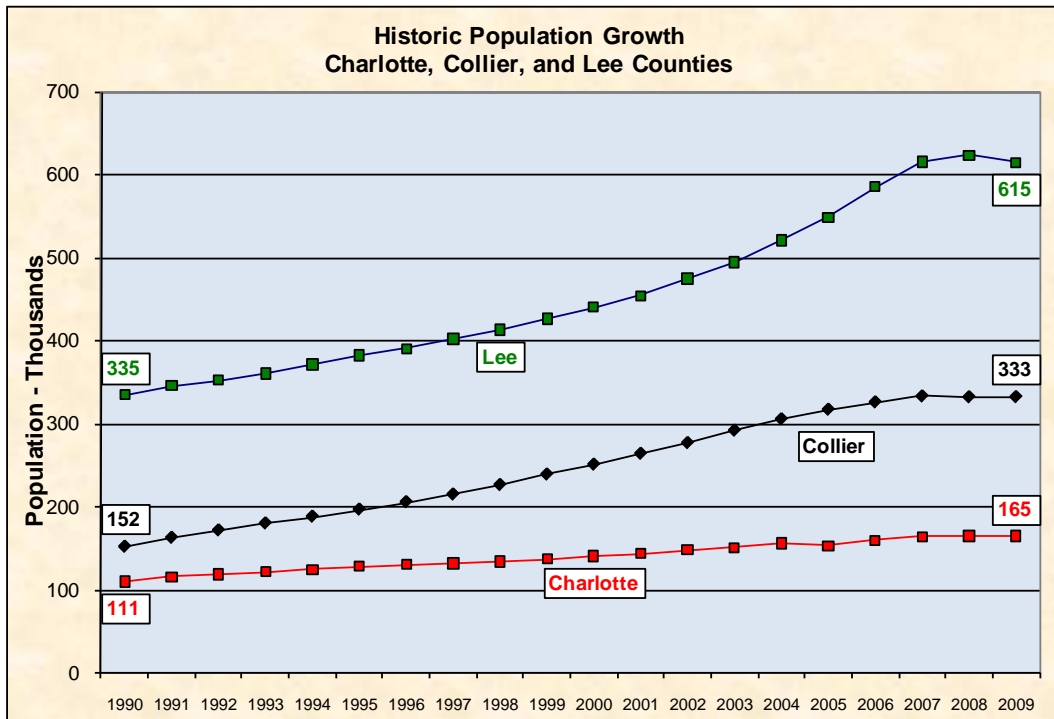
Source: BLS

## 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.

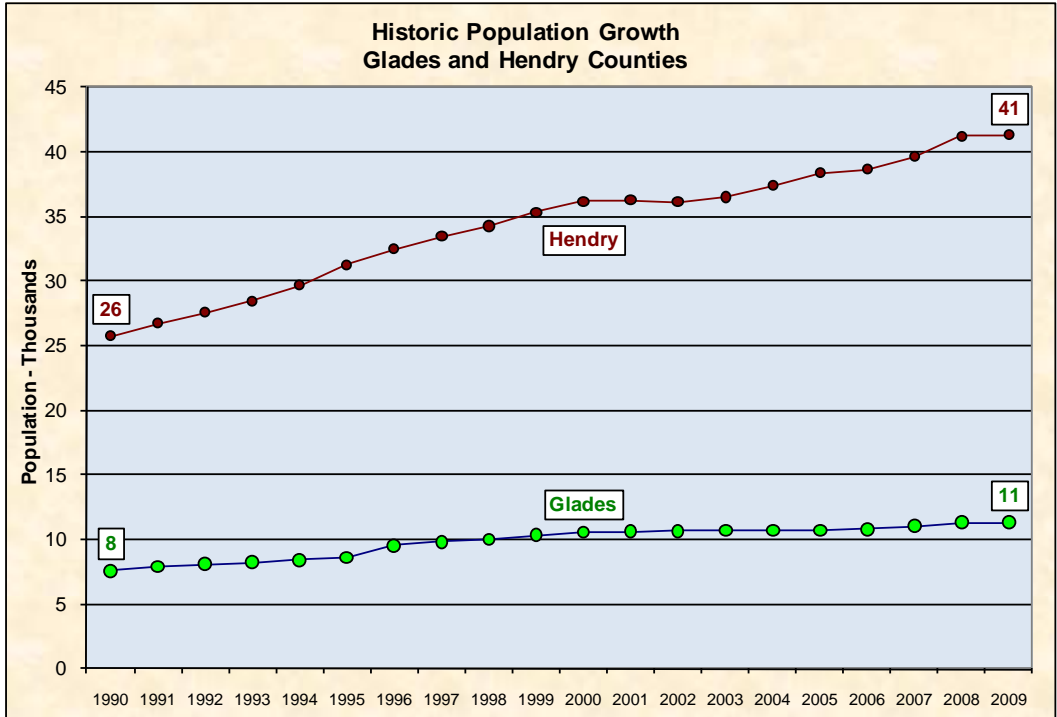
Chart 28 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 1.9 percent per year for this period, resulting in a 20-year increase of 46 percent.

**Chart 26: Coastal Counties Growth 1990 to 2009**



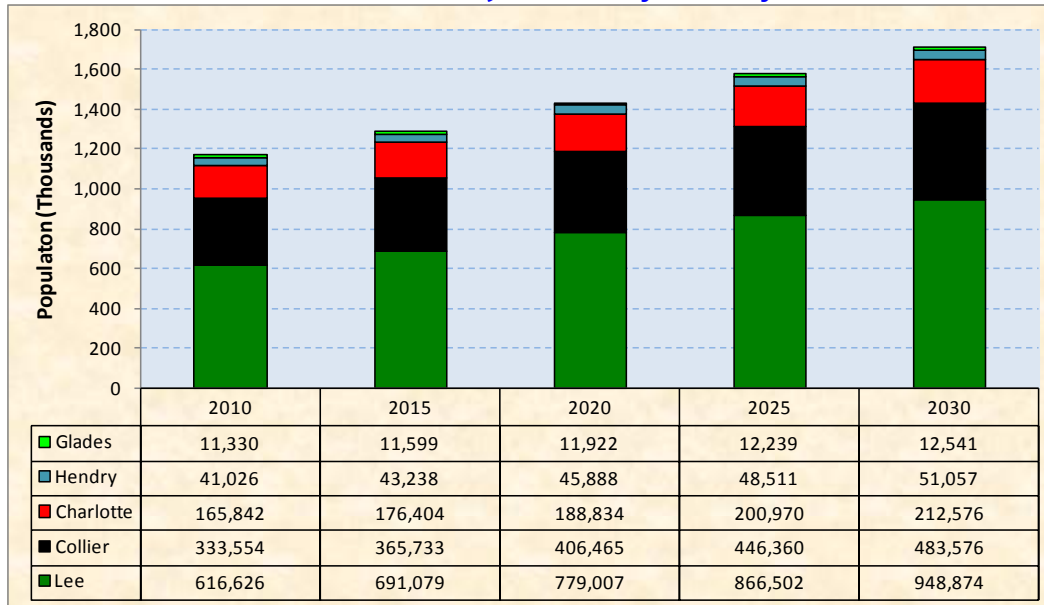
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

**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