

# Southwest Florida Regional Economic Indicators

## October 2011



Regional Economic Research Institute

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## Introduction

The economy picked up speed in the third quarter. The advance real GDP growth estimate for the third quarter was 2.5 percent, compared to 1.3 percent for the second quarter. Real personal consumption expenditures increased by 2.4 percent in the third quarter as well.

The September Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by 103,000 which was larger than the August increase of 57,000. The U.S. labor force grows by approximately 130,000 per month so overall job growth will need to be much larger to begin reducing the unemployment rate. The national September employment increases included 48,000 in professional and business services and 45,000 in educational and health services.

The number of long-term unemployed (those jobless for 27 weeks or longer) increased from 42.6 percent in August to 44.6 percent in September. The national unemployment rate is 9.1 percent.

The national consumer price index increased by 3.9 percent over the last year, primarily driven by a 19.3 percent increase in energy prices and a 4.7 percent increase in food. All items, less food and energy, rose by only 2.0 percent. Core inflation remains subdued and has allowed the Federal Reserve to keep interest rates low.

The President and Congressional leaders continue to discuss some parts of the proposed short-term stimulus package as well as long-term 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, are still working through the systemic problems related to the housing bubble and banking crisis, and businesses and households remain cautious about costs and spending. The markets have been optimistic that the rescue plan for Europe's sovereign debt crisis may be close.

The latest release of the Federal Reserve's Open Market Committee (FOMC) was issued on September 21<sup>st</sup>, with many of the points covered in the presentation of Chairman Ben S. Bernanke before the Joint Economic Committee of the U.S. Congress on October 4<sup>th</sup>; In summary:

- Economic growth remains slow;
- Indicators point to a continuing weakness in overall labor market conditions, and the unemployment rate remains elevated;
- Household spending has increased at only a modest pace, investment in nonresidential structures is weak, and the housing sector remains depressed;

- However, business investment in equipment and software continues to expand;
- Inflation has moderated since earlier in the year as prices of energy and some commodities have declined, and longer term inflation expectations remain stable;
- The Committee continues to expect some pickup in the pace of recovery over coming quarters, and anticipates that the unemployment rate will decline only gradually while noting significant downside risks to the economic outlook;
- The Committee took action to lower longer term interest rates on September 21, by announcing a purchase of \$400 billion of Treasury securities with remaining maturities of 6 to 30 years, and selling an equal amount of Treasury securities with remaining maturities of 3 years or less. Its intent is to put downward pressure on longer-term interest rates and help make broader financial conditions more accommodative; and
- 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.

The next meeting of the FOMC is scheduled for November 1 – 2, 2011.

We have introduced a new procedure to seasonally adjust the employment, unemployment, labor force, and unemployment rates for the five counties. The advantage of seasonally adjusting the data is that it allows one to see the underlying trends and takes out the normal seasonal pattern. Charts 15 through 19 now show the seasonally adjusted trends.

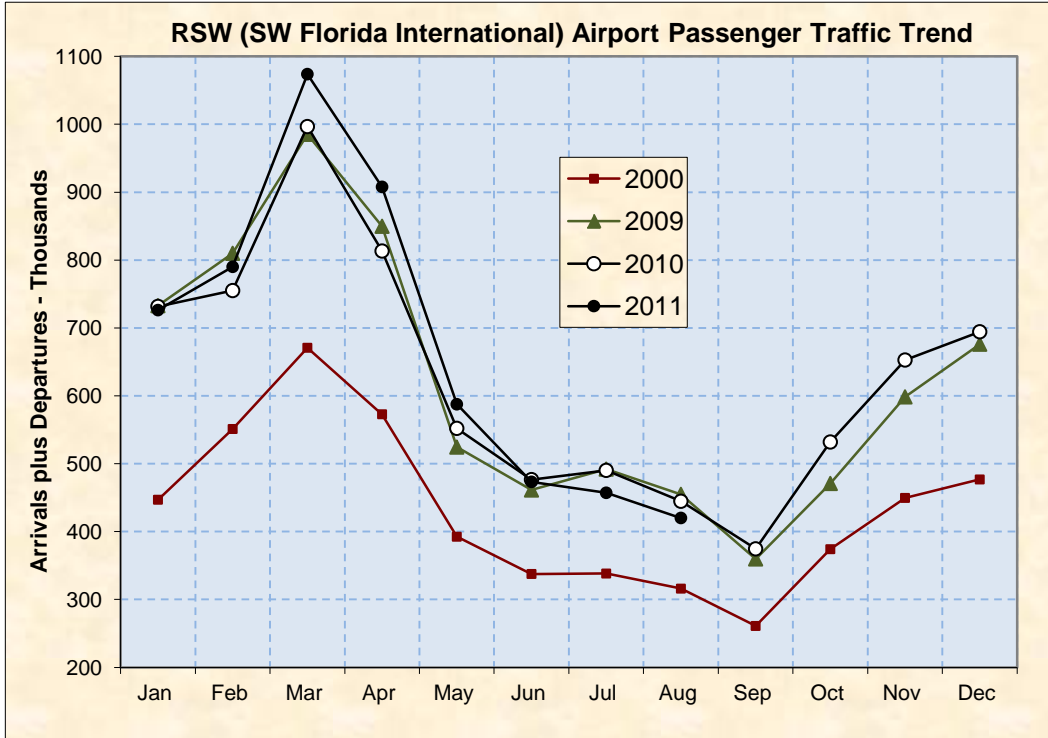
RERI thanks all of the individuals and organizations that have helped to bring together the regional information for this report. These include the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee Counties, the Convention and Visitors 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.

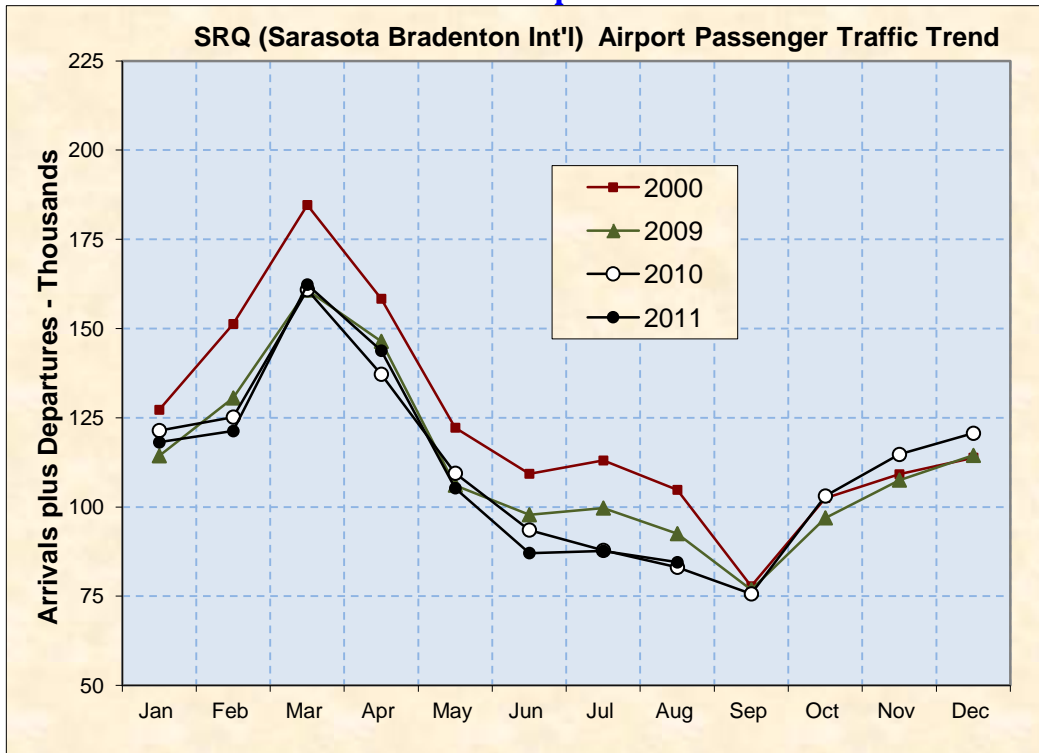
Total activity for the three regional airports totaled 517,545 in August 2011, a decrease of eight percent from July 2011, and a three-percent decrease from August 2010. Chart 1 shows RSW passenger activity of 420,105 in August 2011, a decrease of six percent from August 2010. Sarasota (SRQ) passenger activity amounted to 84,498 in August 2011, an increase of two percent over August 2010, as shown in Chart 2. Charlotte County Airport reported passenger activity of 12,942 in August 2011, a 55-percent increase over August 2010, as shown in Chart 3.

**Chart 1: RSW Traffic Trend**



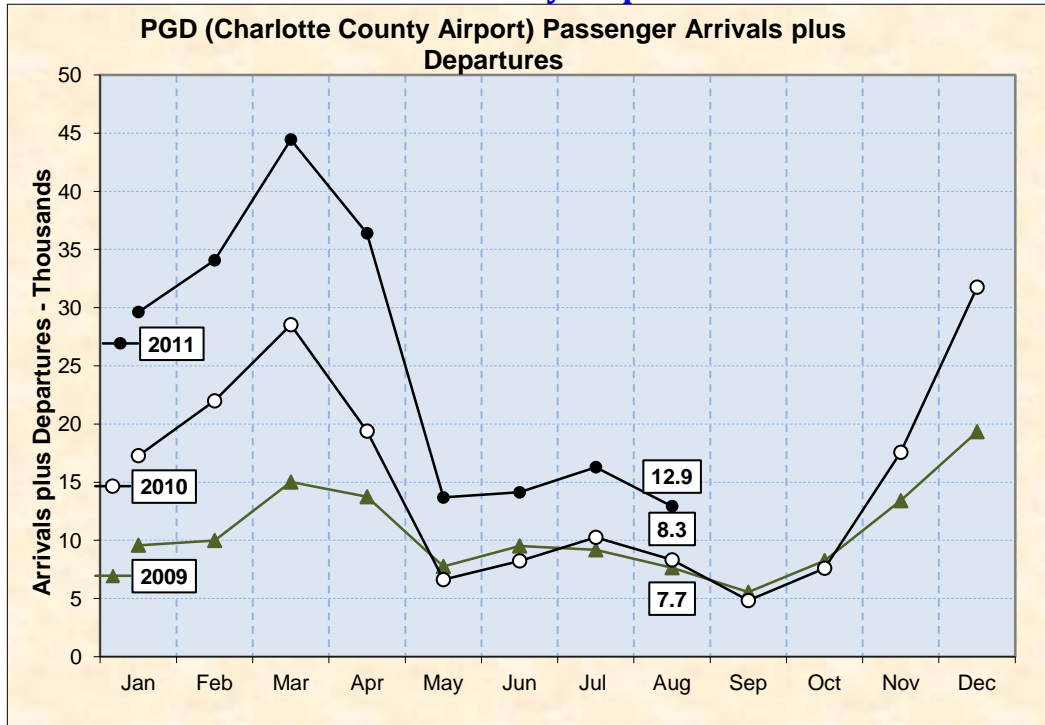
Source: Local Airport Authorities

**Chart 2: Sarasota Airport Traffic Trend**



Source: Local Airport Authorities

**Chart 3: Charlotte County Airport Traffic Trend**

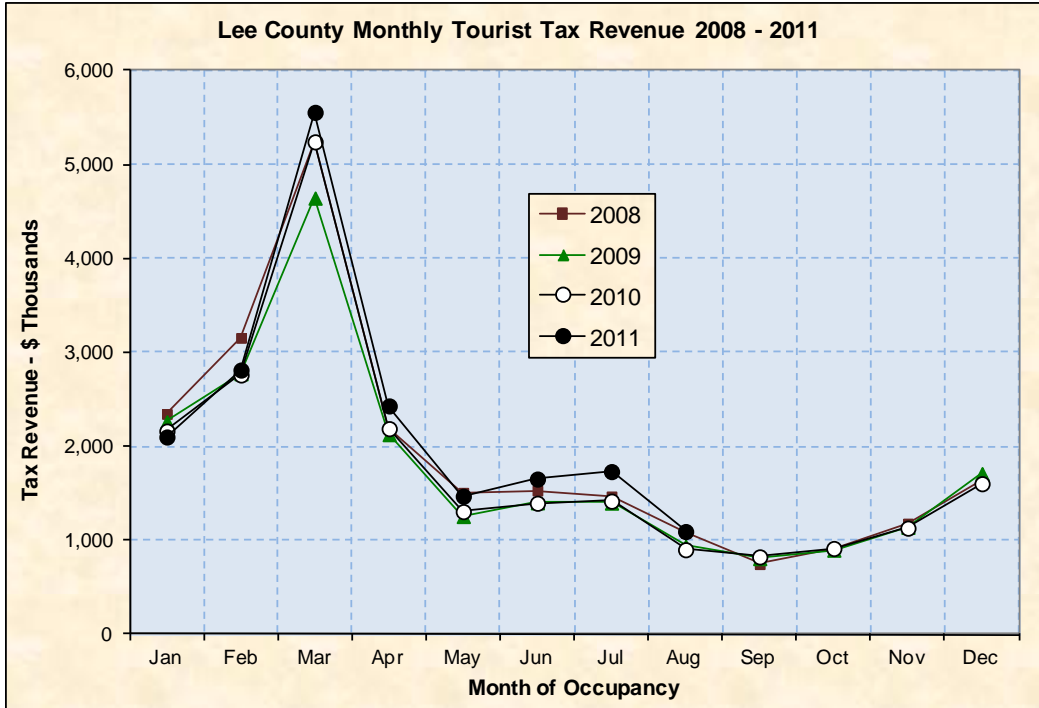


Source: Local Airport Authorities

## Tourism Tax Revenues

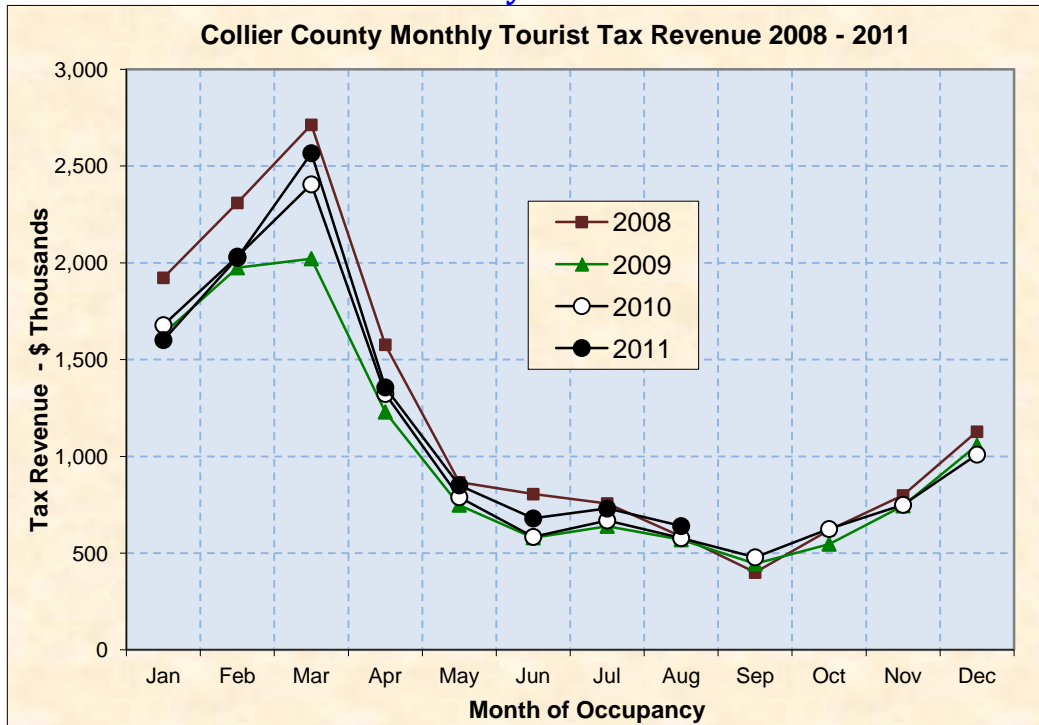
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. August 2011 tourism tax revenues showed increases over the prior year for Charlotte, Collier, and Lee Counties. Lee County tourism tax revenues amounted to \$1,096,632 in August 2011, a 21-percent increase from August 2010. Collier County revenues of \$640,129 in August 2011 were 11 percent higher than August 2010. Charlotte County's tourism tax revenues of \$50,492 in August 2011 represented a 15-percent increase from the August 2010 figure. Total tourism tax revenues for the three counties were up 17 percent over August 2010, and showed a seasonal decrease of 30 percent from July 2011.

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



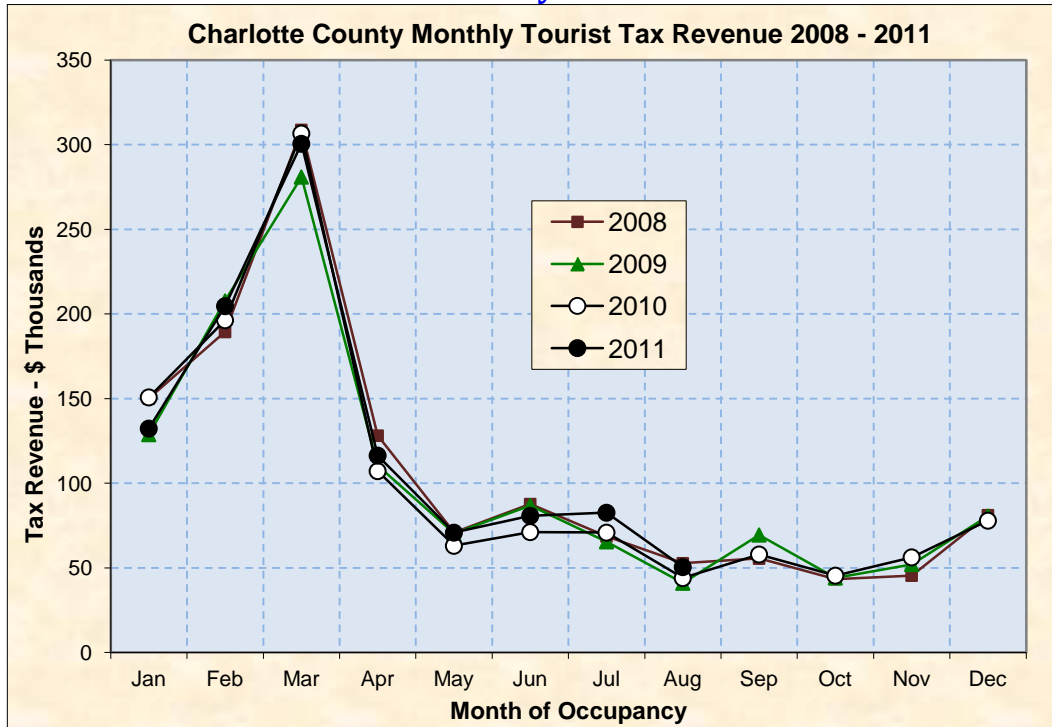
Source: Local County Tourism, Tax, and Economic Development Reports

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



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

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



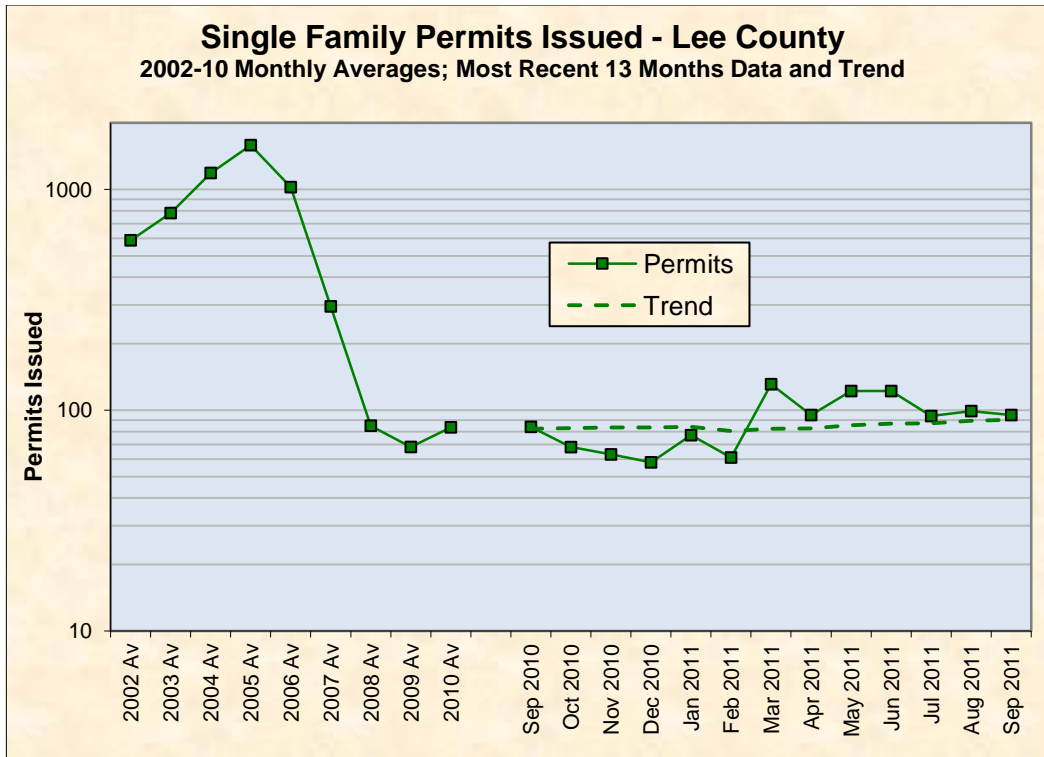
Source: Local County Tourism, Tax, and Economic Development Reports

## Single-Family Building Permits

September 2011 single-family building permits edged three percent lower from August 2011 for the three coastal counties combined. Lee County issued 95 single-family home permits in September 2011, down from the August 2011 figure of 99, and up from the 84 permits reported in September 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 boom and recent years on a scale that more clearly portrays the trends). Collier County issued 59 single-family permits in September 2011, compared to 57 in August 2011 and 46 in September 2010, as shown in Chart 8. Charlotte County permits declined to 20 in September 2011 from 24 in both August 2011 and September 2010, as shown in Chart 9. The three counties issued a total of 174 single-family permits in September 2011, representing a 13-percent increase from September 2010.

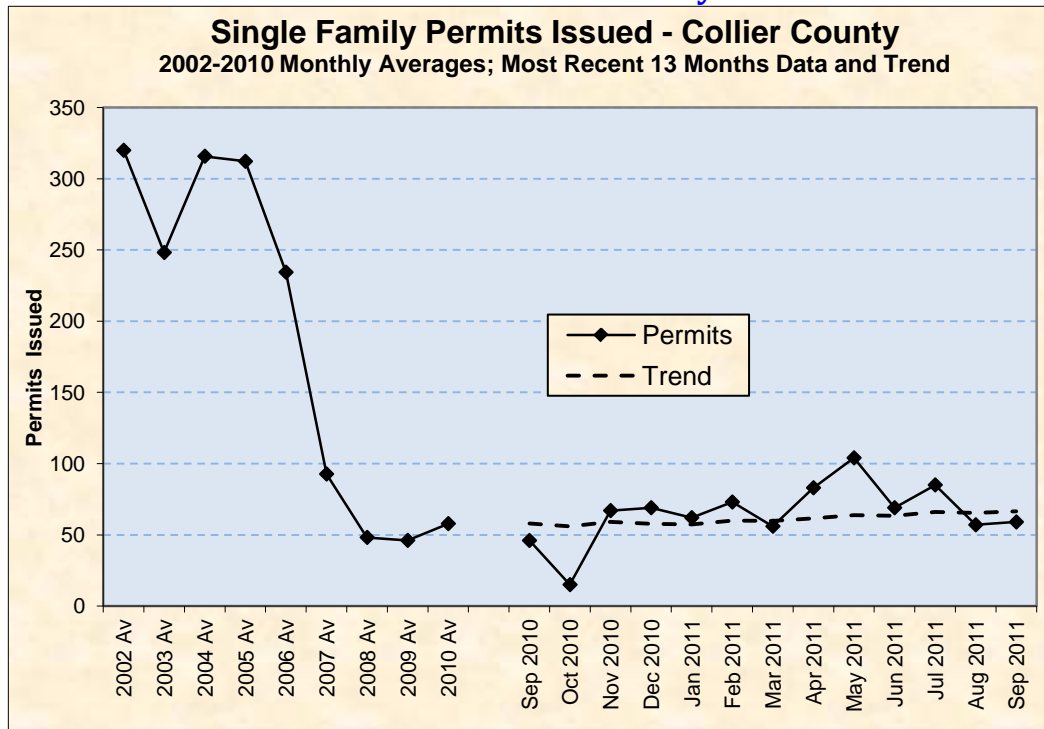


**Chart 7: Lee County**



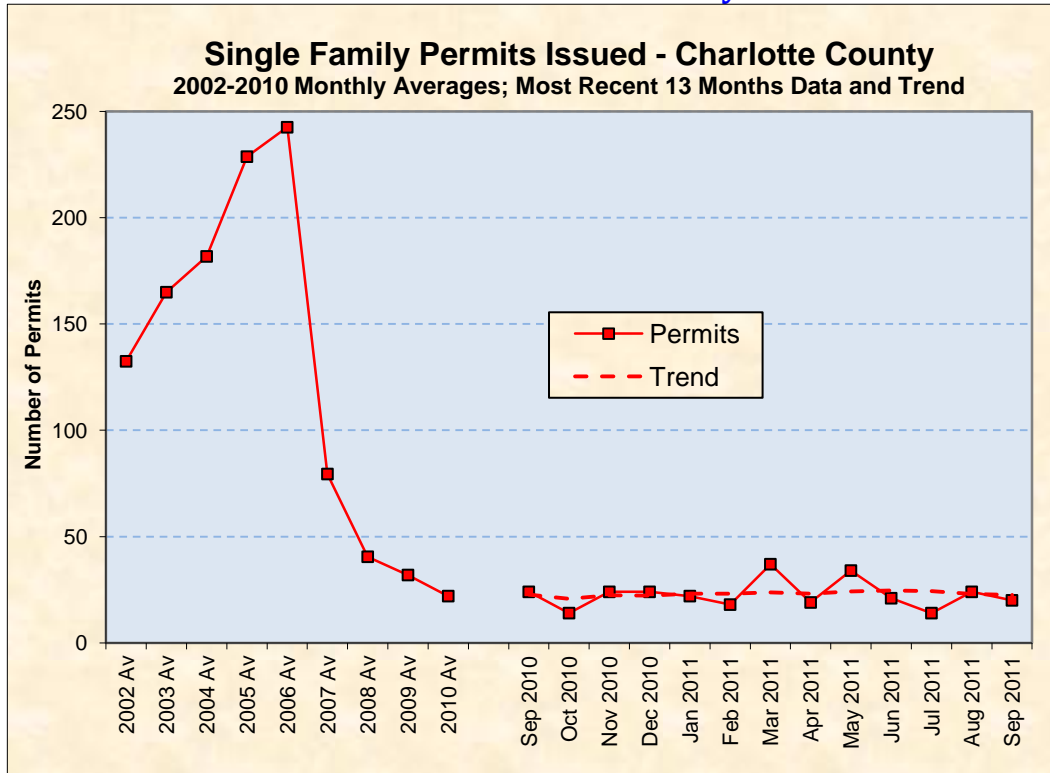
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

**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

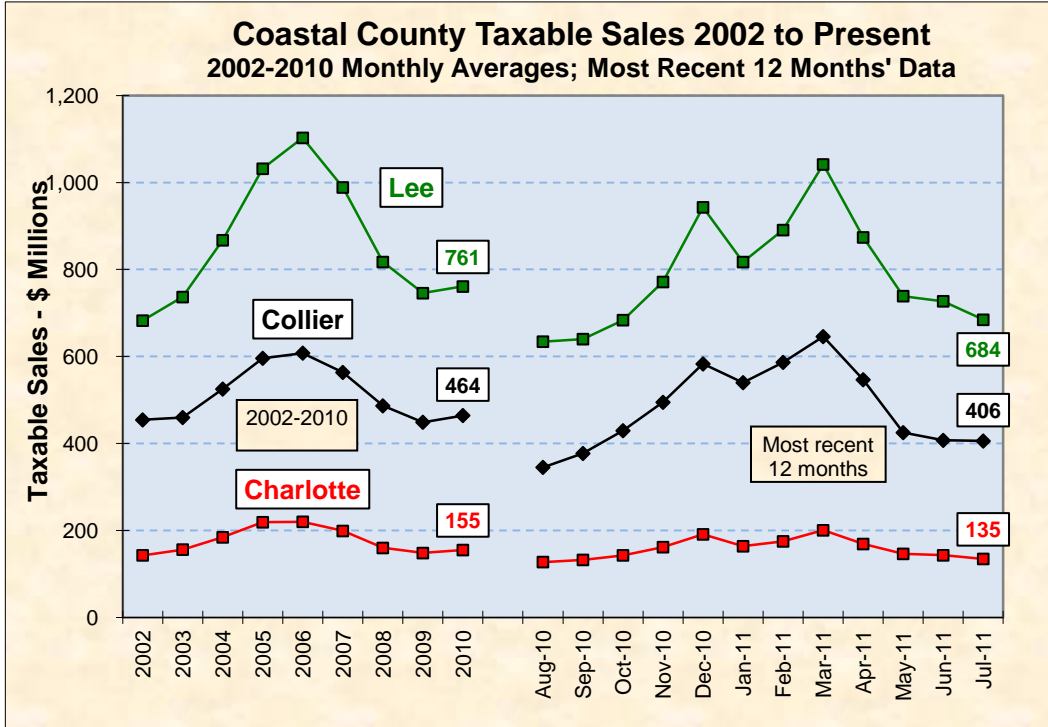
Taxable sales figures are used to track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, July is the latest collection month plotted on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

Total taxable sales for the five-county region in July 2011 were five percent higher (\$58.8 million) than July 2010 but four percent lower (\$56.8 million) than the prior month of June, as shown in Chart 10. Charlotte County's taxable sales of \$134.5 million in July 2011 represented a one-percent decrease from the July 2010 figure. Lee County taxable sales amounted to \$684.4 million in July 2011, a three-percent increase from July 2010; and Collier County's taxable sales were \$405.6 million in July 2011, an 11-percent increase over July 2010. Seasonal decreases from the prior month of June 2011 amounted to six-percent in Charlotte and Lee, and less than one-percent in Collier County.

Chart 11 shows taxable sales for Glades and Hendry Counties. Hendry County's taxable sales of \$17.5 million in July were five percent lower than a year ago, and 17 percent below the prior month. Glades County reported July 2011 taxable sales of \$1.7 million, a six-percent decrease from the same month one year ago, and 30 percent lower than the June 2011 figure.

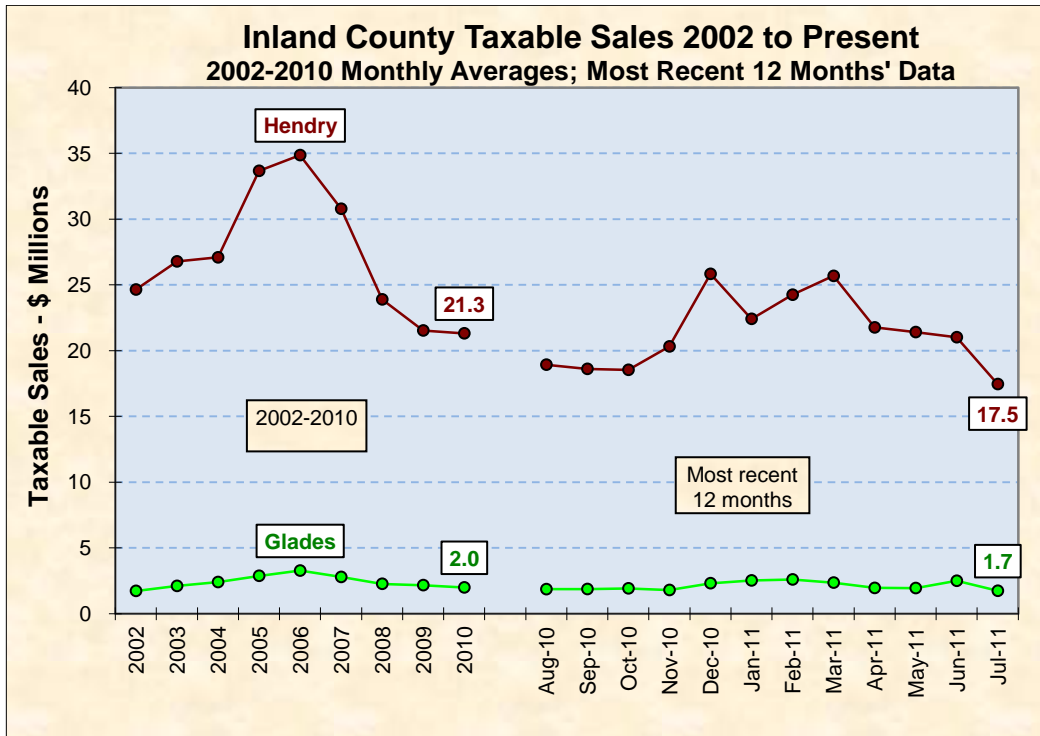
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. Only Collier and Lee Counties showed year-over-year increases in July.

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



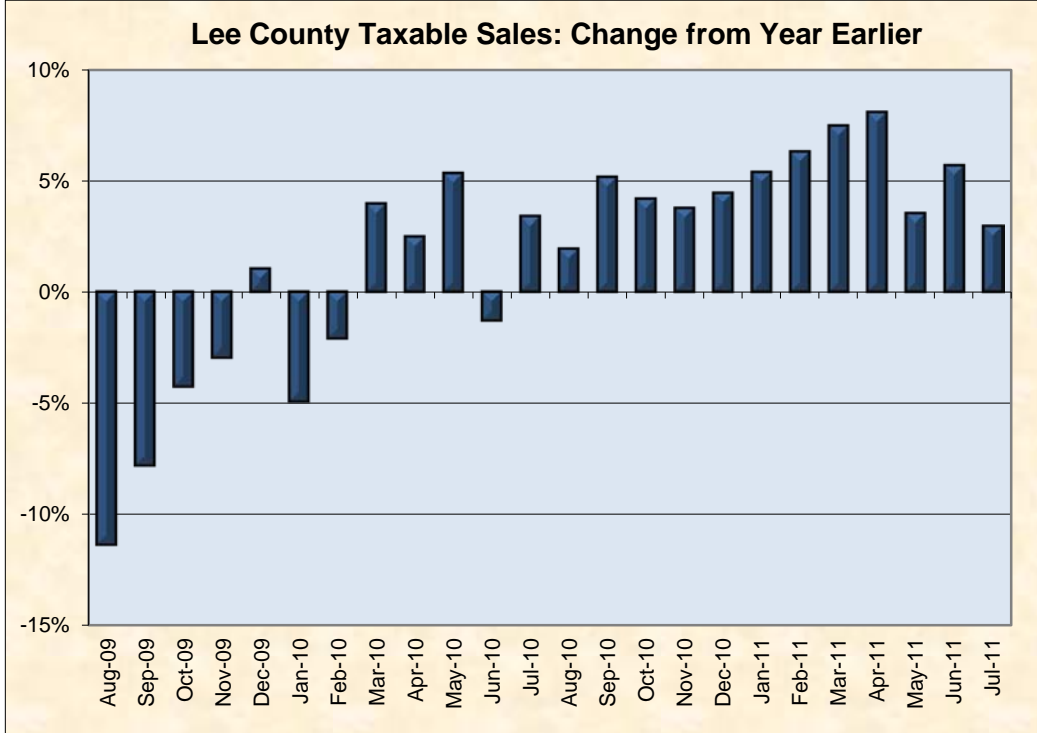
Source: Florida Department of Revenue, Office of Tax Research

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



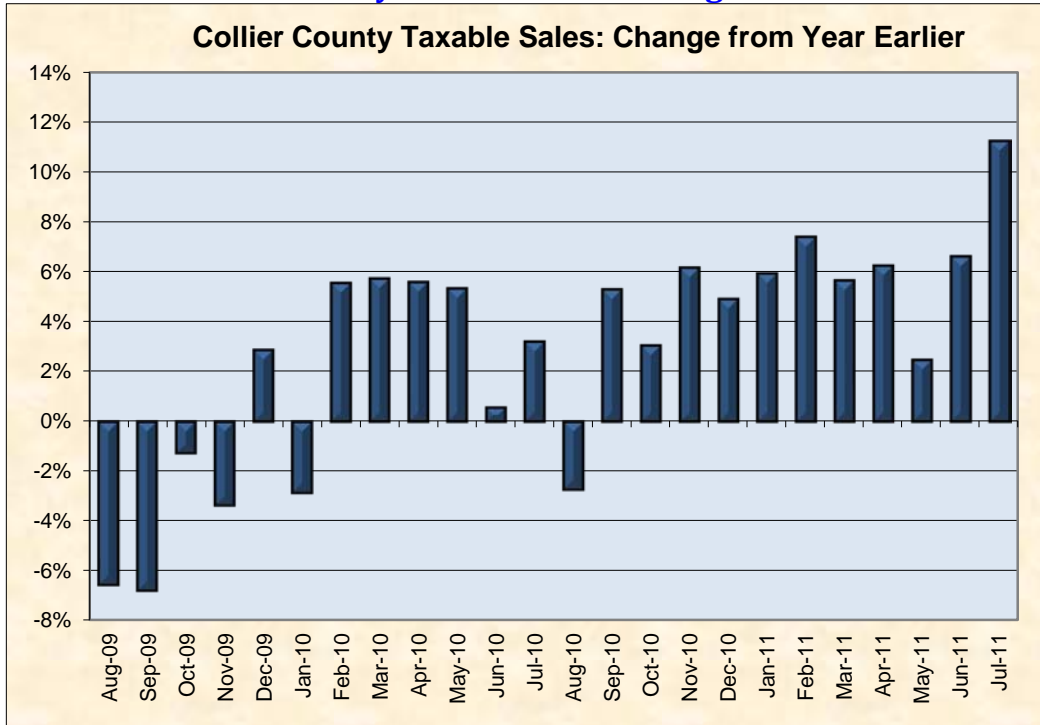
Source: Florida Department of Revenue, Office of Tax Research

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



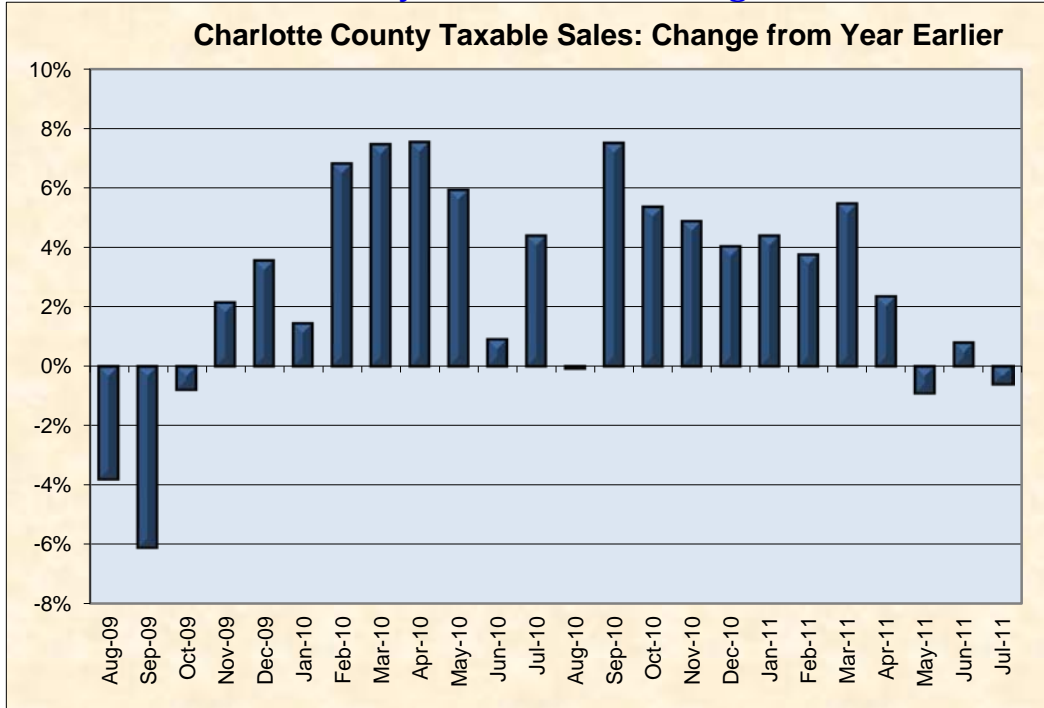
Source: Florida Department of Revenue, Office of Tax Research

**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

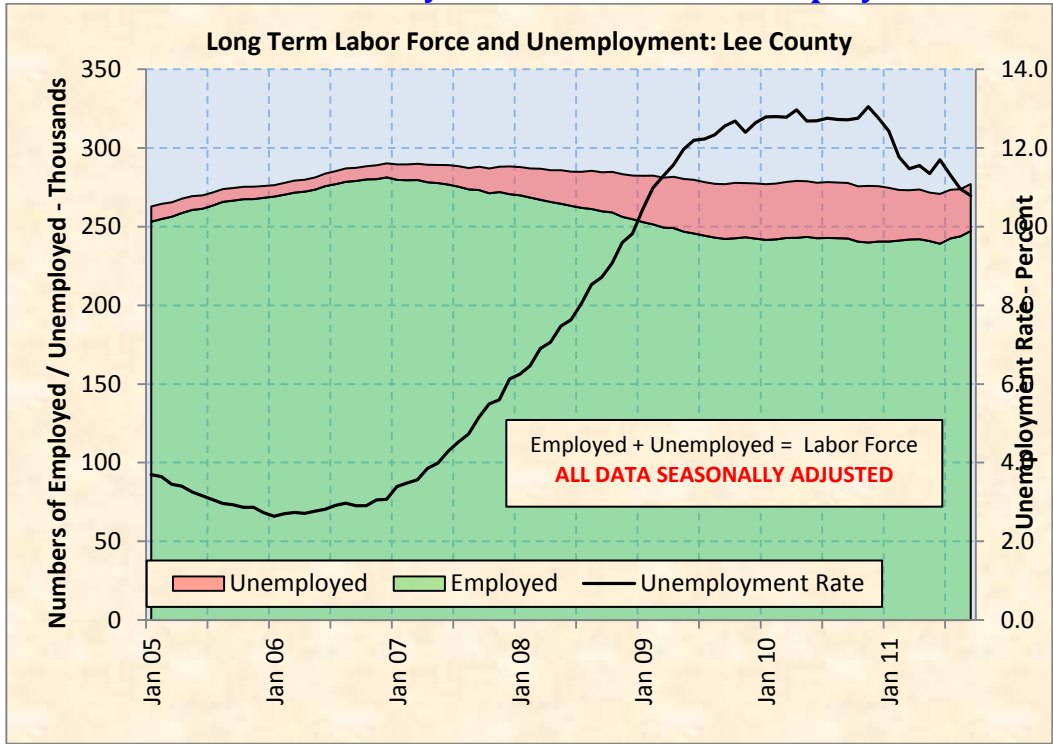
Charts 15, 16, 17, 18, and 19 show total employment, unemployment, and the unemployment rate for each county from the beginning of 2005 to **September 2011**. Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends.

The charts now show seasonally-adjusted employment, unemployment, labor force, and unemployment rate. This shows the long-term trends more clearly, by adjusting for the region’s seasonal cycles.

All five counties had lower seasonally-adjusted unemployment rates in September 2011 compared to both the prior month and the prior year. September 2011 saw little change in the number of unemployed compared to August. Rather, improvements in the unemployment rate arose from a growth in employment of 7,490 since August 2011, and 6,141 since September 2010.

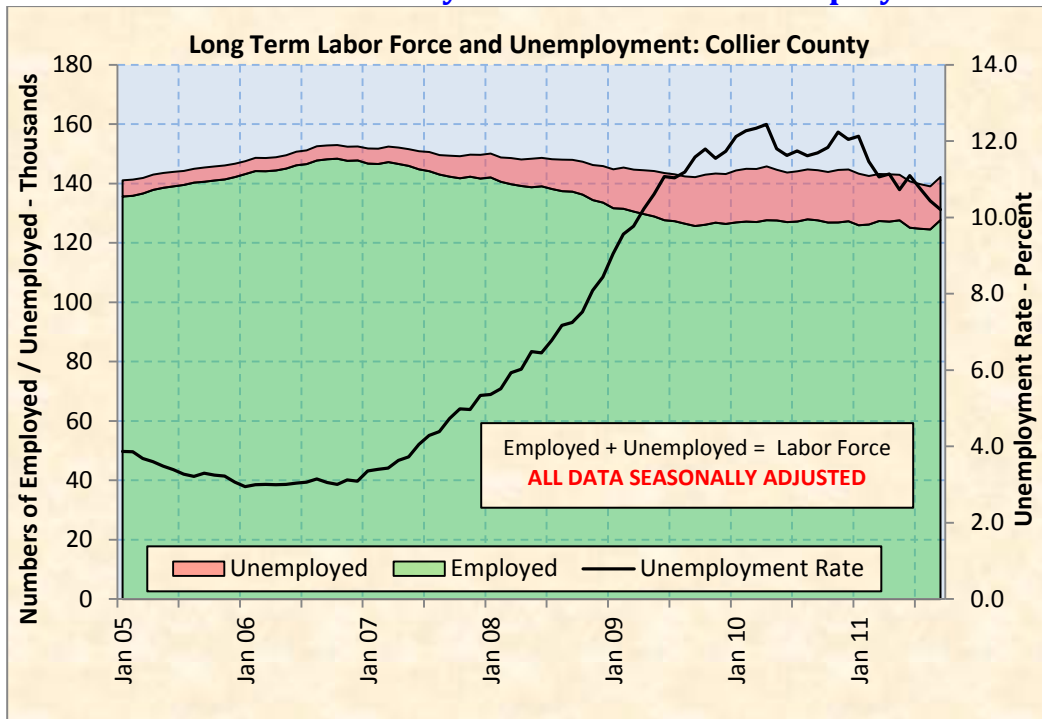
Lee County's seasonally-adjusted unemployment rate decreased to 10.8 percent from 11.0 percent in August 2011 and from 12.7 percent in September 2010, as shown in Chart 15. Collier County's unemployment rate was 10.2 percent, a decline from 11.7 percent in September 2010, as shown in Chart 16. Charlotte County's unemployment rate was reduced to 10.7 percent from 10.9 percent in August, and from 12.4 percent in September 2010, as shown in Chart 17. Hendry County's unemployment rate decreased from 14.3 percent in August to 14.2 percent in September, as shown in Chart 18. Glades County's unemployment rate also showed a decline from 8.1 percent in August to 8.0 percent in September, as shown in Chart 19. The State of Florida's seasonally-adjusted unemployment rate again edged down from 10.7 percent in August to 10.6 percent in September 2011. The comparable figure for September 2010 was 11.7 percent. The national unemployment rate shows a pattern of decline from 9.6 percent in September 2010 to 9.1 percent in September 2011.

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



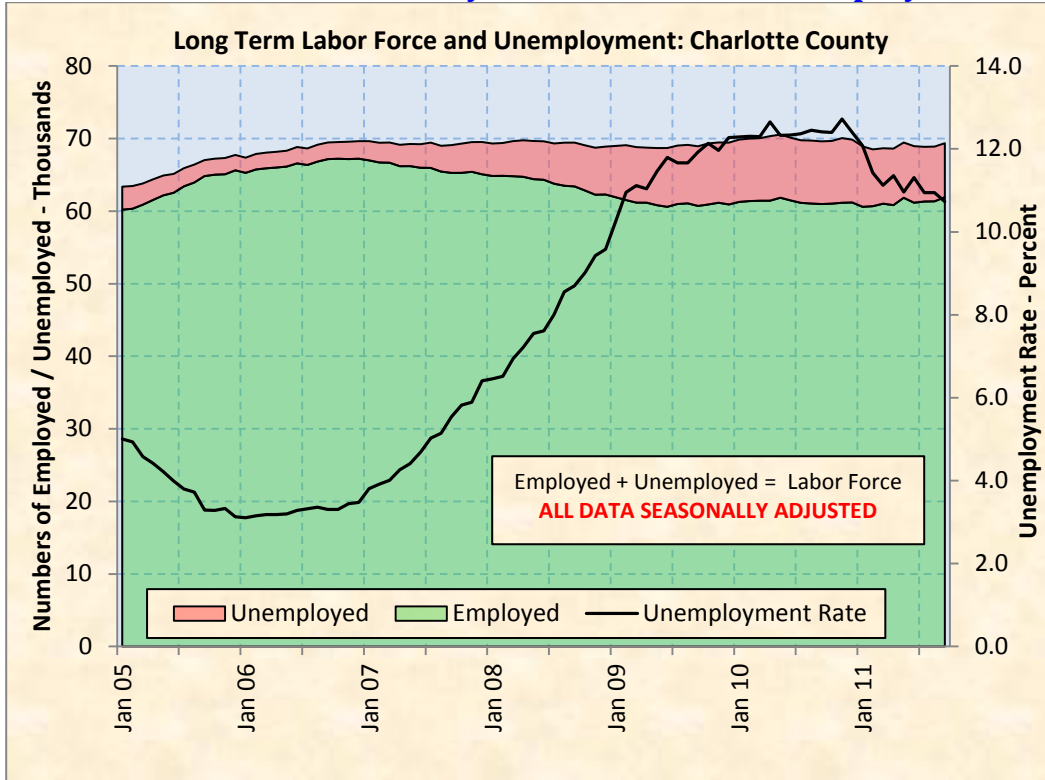
Source AWI and seasonal adjustment by RERI

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



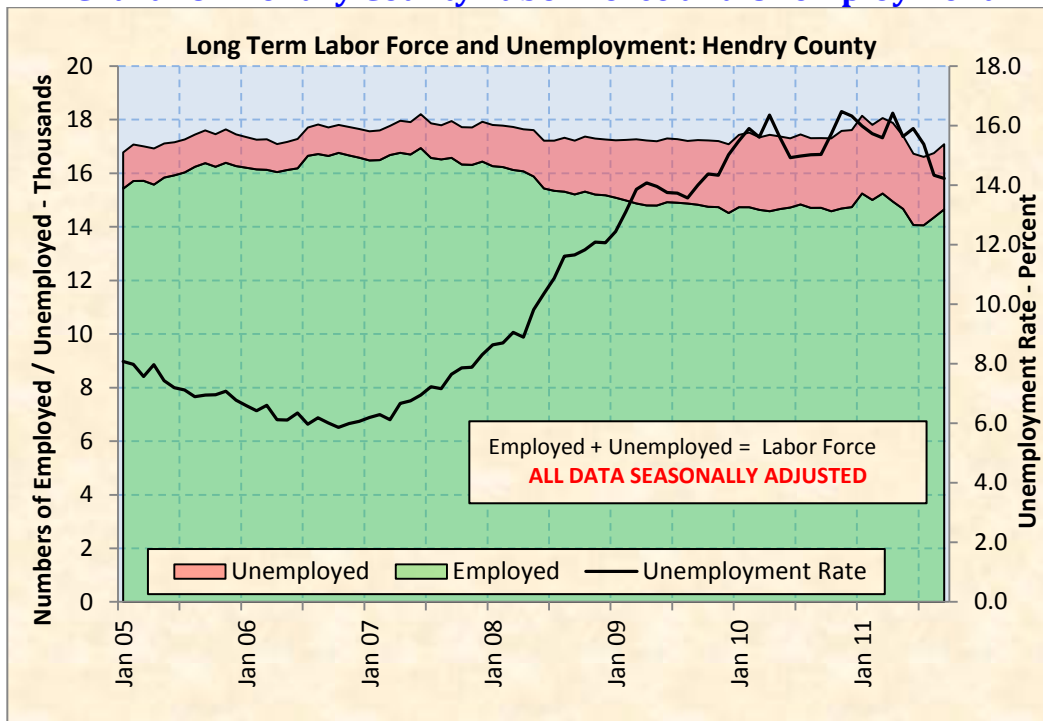
Source AWI and seasonal adjustment by RERI

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



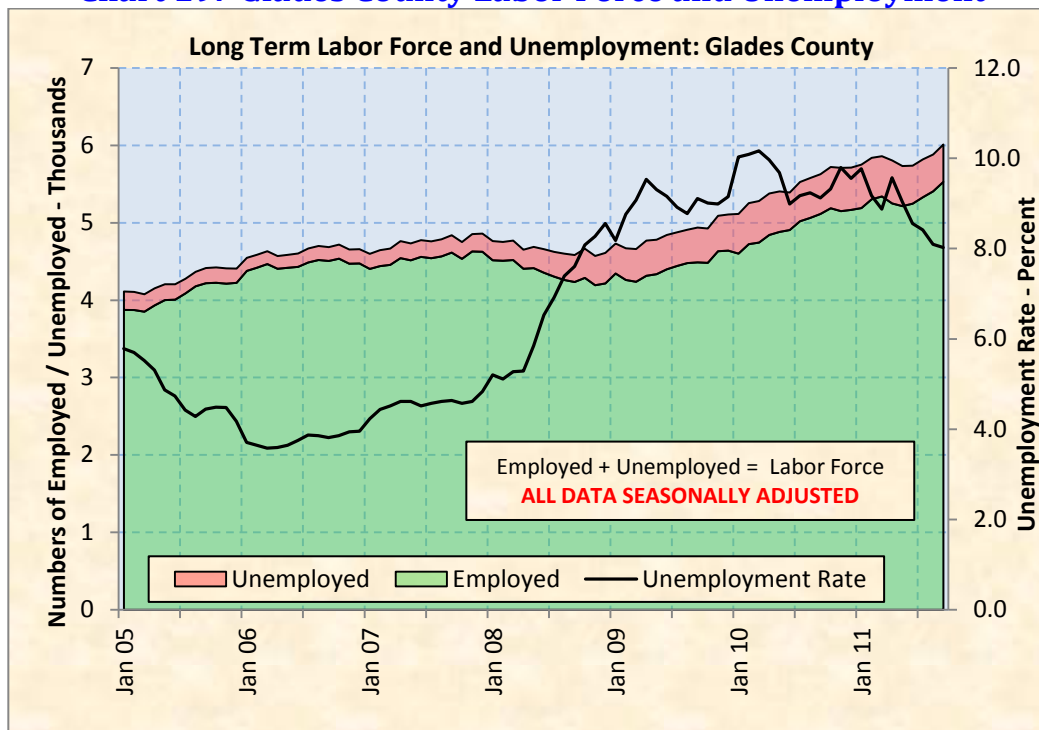
Source AWI and seasonal adjustment by RERI

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



Source AWI and seasonal adjustment by RERI

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



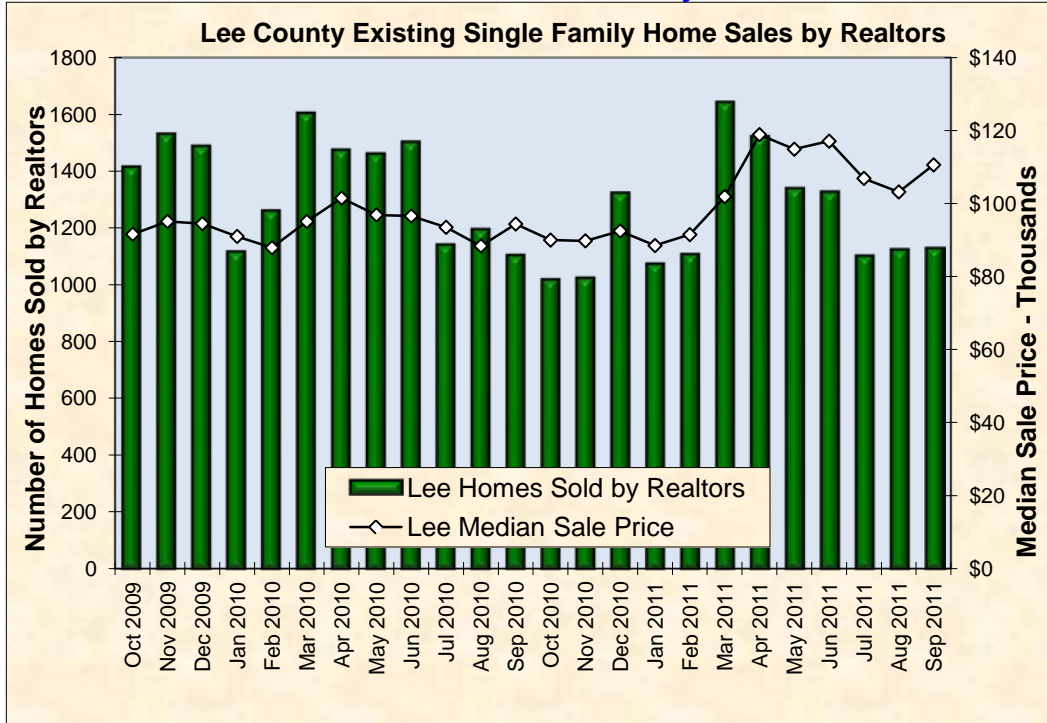
Source AWI and seasonal adjustment by RERI

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

Total Realtor® sales in Lee, Collier, and Charlotte Counties amounted to 1,607 existing single-family homes in September 2011, a decline of 97 from the prior month and 21 fewer homes than were sold in September 2010. Lee County recorded sales of 1,127 single-family homes at a median price of \$110,600 in September 2011, increasing from sales of 1,122 and a median price of \$103,200 in the previous month, as shown in Chart 20. Collier County's existing single-family Realtor sales were 261 in September 2011, down from 319 in August 2011; the median price decreased from \$200,000 to \$185,000, as shown in Chart 21. Charlotte County's existing single-family home sales declined from 263 in August 2011 to 219 in September 2011, with a median price increase from \$97,600 to \$98,300, as shown in Chart 22. Compared to September 2010, Realtor sales increased by two percent in Lee, while dropping by eight percent in Collier and nine percent in Charlotte County. Compared to September 2010, median prices rose by 17 percent in Lee County, seven percent in Collier County, and eight percent in Charlotte County.

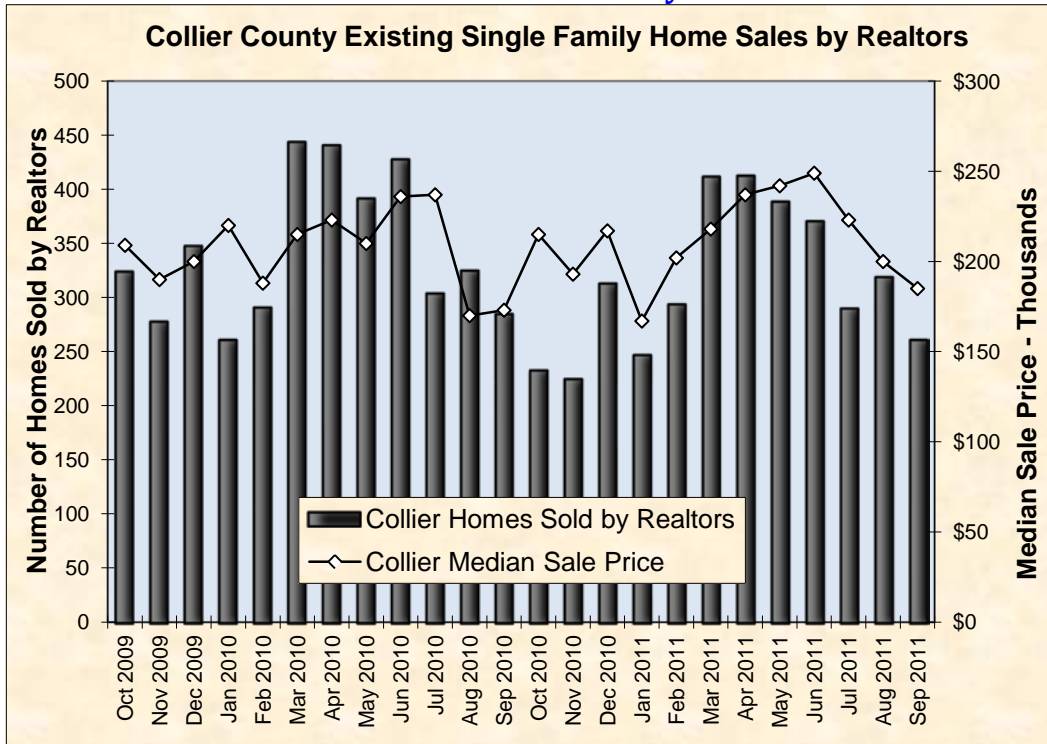


**Chart 20: Lee County**



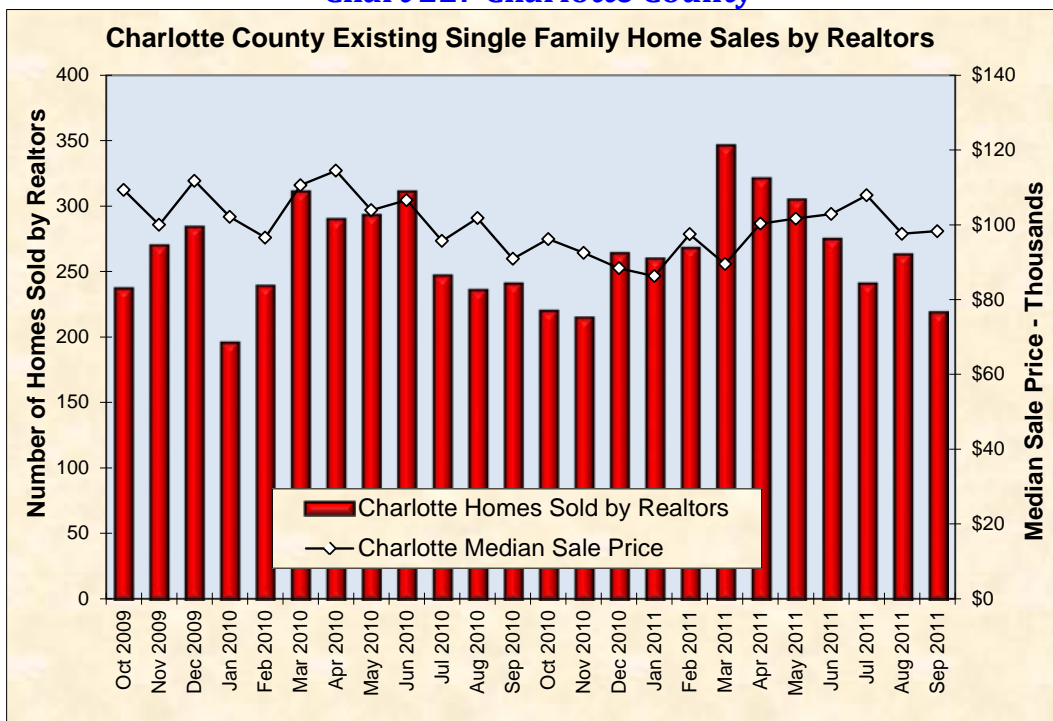
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

**Chart 21: Collier County**



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

**Chart 22: Charlotte County**



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

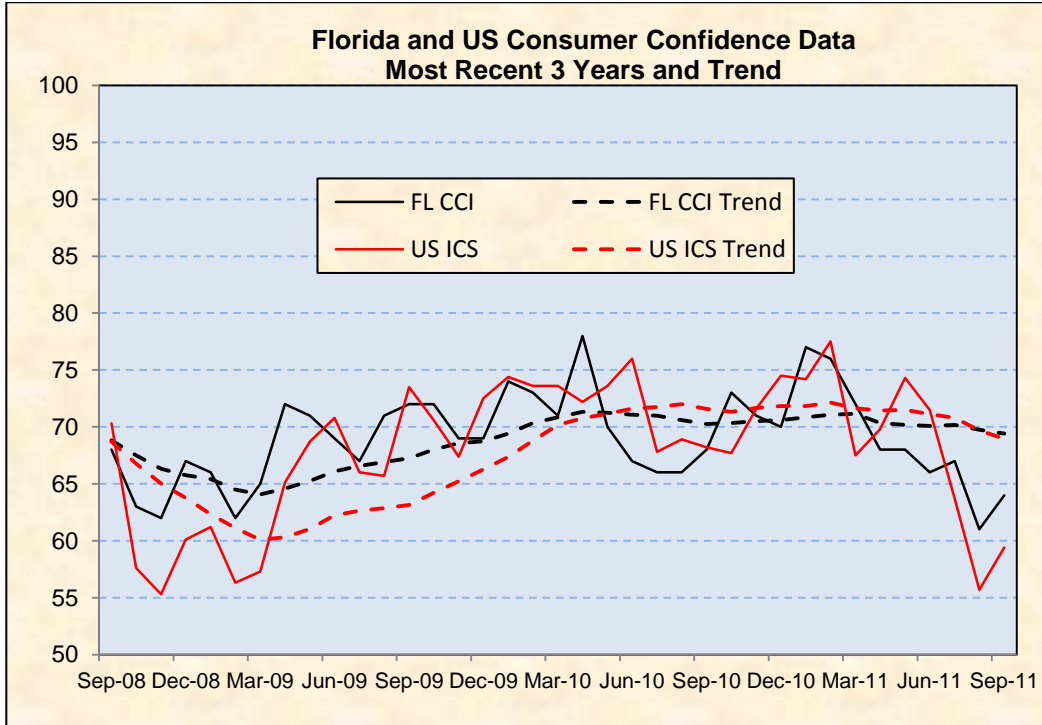
## Consumer Confidence Index

Consumer confidence is an important indicator of 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. Consumer confidence rebounded slightly in September, but remains below the level of a year ago as news about the nation's very slow economic growth and low job creation have been confirmed. In addition, there are concerns about foreign debt and uncertainty created by a volatile stock market

The national ICS for September was 59.4, a 3.7-point increase from the August figure of 55.7, but an 8.8-point decline from September 2010. Reuters/University of Michigan commentary noted that “Most of the gain was due to consumers shifting from anticipating an even worse economy to expecting the economy to stagnate at its current depressed level.”

Similarly, the Florida Consumer Confidence Index rose to 64 in September, up from a revised 61 in August 2011; this was 4 points below the September 2010 figure. “It is not surprising that confidence rose this month as we get further from the debt-ceiling debate,” said Chris McCarty, the survey director. “Confidence actually rose this month among both younger and older respondents, although it is still at historically low levels.” As we go to press, it is being reported that the Florida CCI slipped one point to 63 in October.

**Chart 23: Consumer Confidence Index**

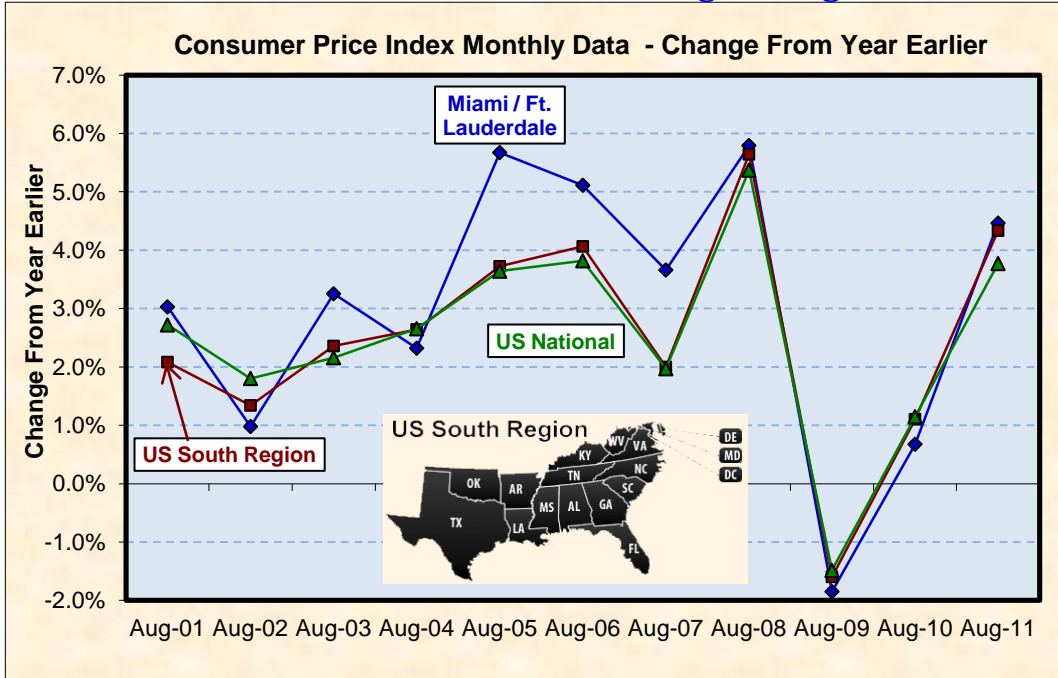


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

## Consumer Price Index

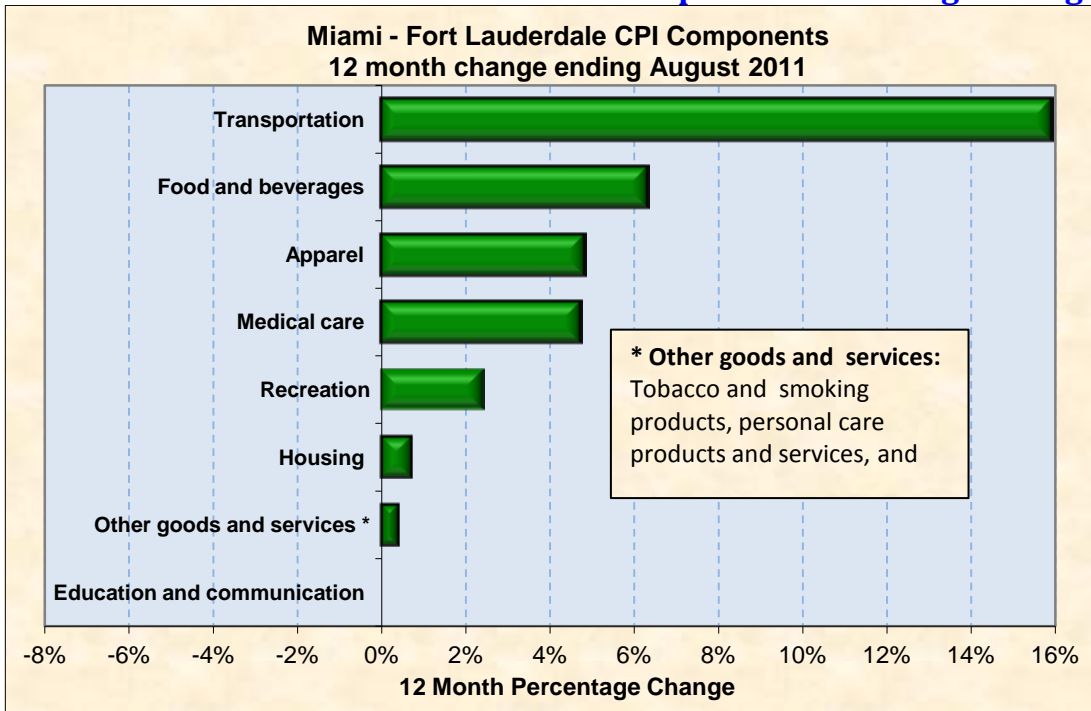
Consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 24. The Miami-Fort Lauderdale area CPI is collected every two months and is the closest reporting location to Southwest Florida. As reported previously, the most recent release covers data through August 2011, and shows the impact of higher energy and food prices. From August 2010 to August 2011, the National CPI increased by 3.8 percent, the Southern Region CPI increased by 4.3 percent, and the Miami-Fort Lauderdale area CPI rose by 4.5 percent from June 2010 to June 2011. Chart 24 shows increases in the CPI approaching levels last seen in 2008. The Federal Reserve Open Market Committee continues to monitor the core inflation rate and inflationary expectations.

**Chart 24: CPI Annual Percentage Change**



The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending August 2011 are shown in Chart 25. Costs of transportation showed the largest year-to-year increase of 15.9 percent, reflecting the sizeable rise in gasoline costs since last year. Other significant increases were seen in food & beverage costs (up 6.3 percent), apparel (up 4.8 percent), and medical care (up 4.7 percent). All categories showed some price increase except education & communication.

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

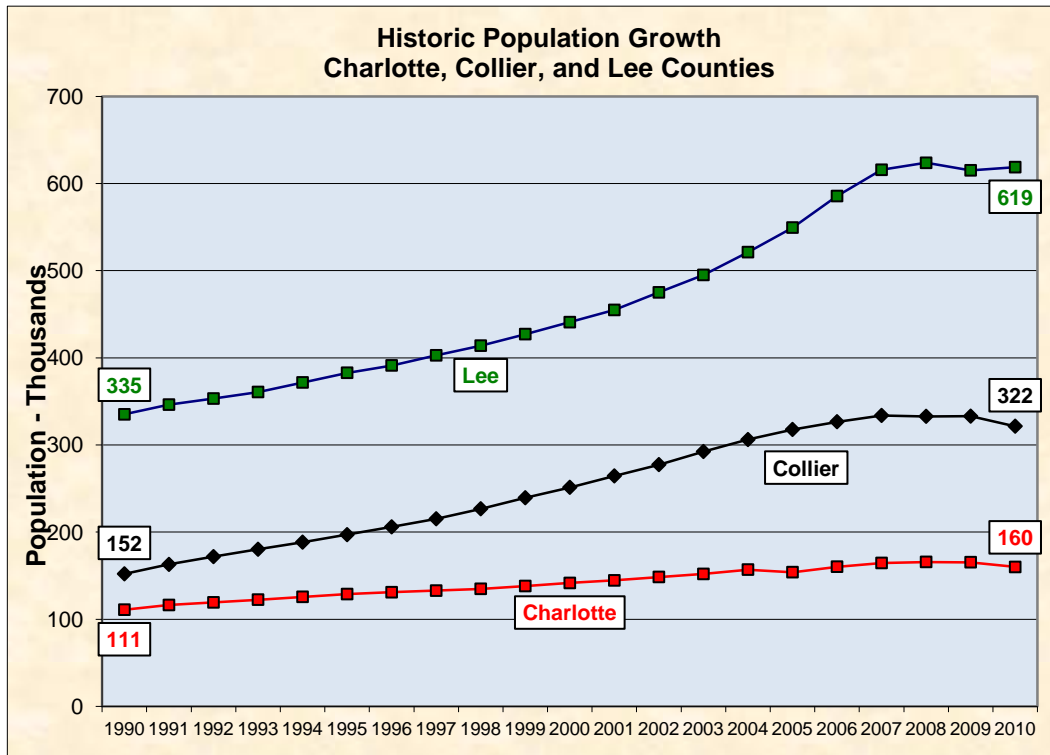


## Population

The following charts reflect recently updated county population forecasts released by the University of Florida's Bureau of Economic and Business Research (BEBR). Business Population growth from 1990 to 2010 is shown in Charts 26 and 27. Collier County grew at an average annual compound growth rate of 3.8 percent from 1990 to 2010. Lee County's population grew at an annual rate of 3.1 percent. Charlotte, Glades, and Hendry Counties had average annual rates of population growth between 1.8 and 2.7 percent per year.

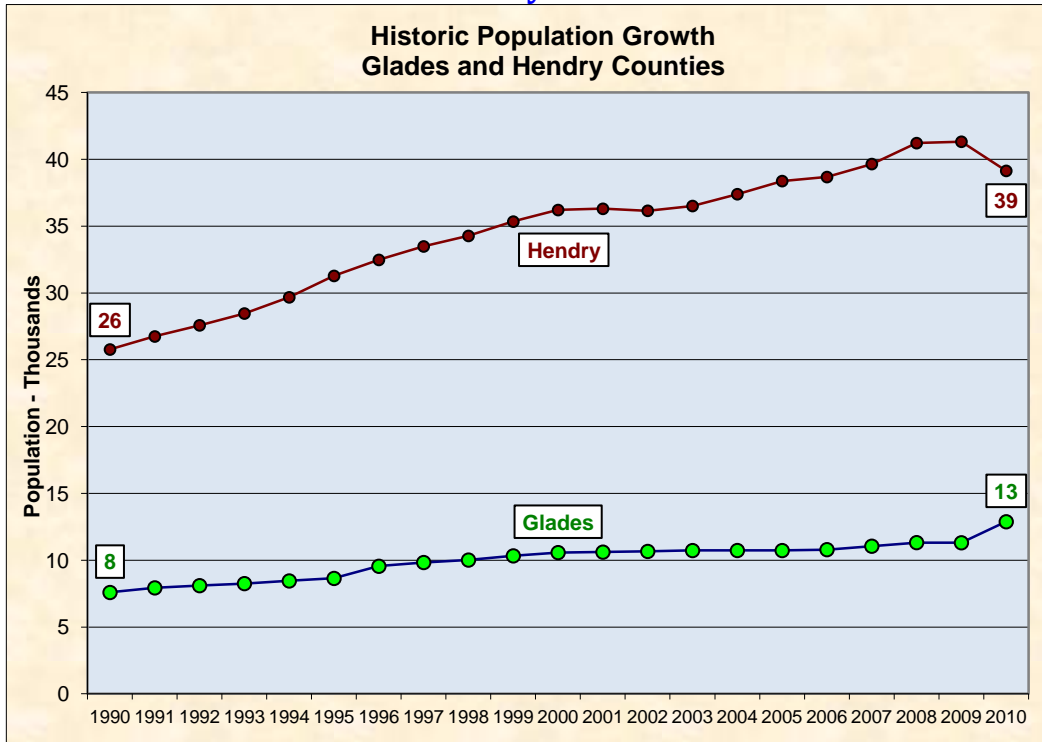
Chart 28 and its accompanying table show projected population increases from 2015 to 2040. The overall rate of regional growth averages 1.6 percent per year for this period, resulting in a 25-year increase of 47 percent.

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



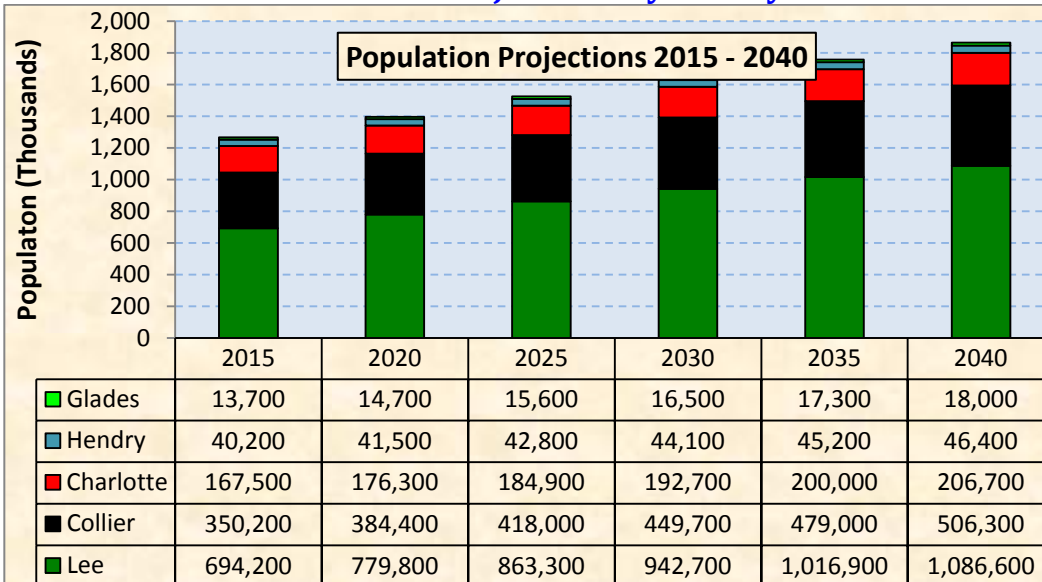
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

**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. Updated October 2011.