

Southwest Florida Regional Economic Indicators

November 2011



Regional Economic Research Institute

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Table of Contents

Introduction.....	3
Airport Activity	6
Chart 1: RSW Traffic Trend	6
Chart 2: Sarasota Airport Traffic Trend	7
Chart 3: Charlotte County Airport Traffic Trend.....	7
Tourism Tax Revenues.....	8
Chart 4: Lee County Tourism Tax Revenues	8
Chart 5: Collier County Tourism Tax Revenues	9
Chart 6: Charlotte County Tourism Tax Revenues.....	9
Single-Family Building Permits	10
Chart 7: Lee County	10
Chart 8: Collier County	11
Chart 9: Charlotte County.....	11
Taxable Sales	12
Chart 11: Taxable Sales for Inland Counties	13
Chart 12: Lee County Taxable Sales Change from a Year Earlier.....	13
Chart 13: Collier County Taxable Sales Change from a Year Earlier	14
Chart 14: Charlotte County Taxable Sales Change from a Year Earlier	14
Workforce – Labor Force, Employment and Unemployment	15
Chart 15: Lee County Labor Force and Unemployment	15
Chart 16: Collier County Labor Force and Unemployment	16
Chart 17: Charlotte County Labor Force and Unemployment.....	16
Chart 18: Hendry County Labor Force and Unemployment	17
Chart 19: Glades County Labor Force and Unemployment	17
Sales of Single–Family Existing Homes and Median Sales Prices.....	18
Chart 20: Lee County	18
Chart 21: Collier County	19
Chart 22: Charlotte County.....	19
Consumer Confidence Index.....	20
Chart 23: Consumer Confidence Index.....	20
Consumer Price Index.....	21
Chart 25: Miami-Fort Lauderdale CPI Component Percentage Change	22
Population	22
Chart 26: Coastal Counties Growth 1990 to 2010	23
Chart 27: Inland County Growth 1990 to 2009	23
Chart 28: Projections by County	24

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Introduction

The second estimate for third quarter real GDP growth was 2.0 percent, a decrease from the 2.5 percent advance estimate. This compares to 1.3 percent for the second quarter so that does show an increase in the growth rate. Real personal consumption expenditures increased by 2.3 percent in the third quarter as well, up from 0.7 percent in the second quarter.

The October Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by 80,000, which was smaller than the September increase of 158,000. The U.S. labor force grows by approximately 130,000 per month, so overall job growth will need to be much larger to see significant reductions in the unemployment rate. The national October employment increases included 33,000 in professional and business services, 22,000 in leisure and hospitality, and 12,000 in health care.

The number of long-term unemployed (those jobless for 27 weeks or longer) decreased from 44.6 percent of all unemployed in September to 42.4 percent in October. The national unemployment rate is 9.0 percent.

The national consumer price index has increased by 3.5 percent over the last year, primarily driven by a 14.2 percent increase in energy prices and a 4.7 percent increase in food. All items, less food and energy, rose by only 2.1 percent. Core inflation remains subdued and has allowed the Federal Reserve to keep interest rates low.

The Congressional committee established to define \$1.2 trillion of budget cuts has failed to agree on a solution, adding to the overall uncertainty in the markets. The markets have also been volatile in reaction to frequent changes in the outlook for resolving Europe's sovereign debt crisis. 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 latest release of the Federal Reserve's Open Market Committee (FOMC) was issued on November 2nd, and is summarized below:

- Economic growth strengthened somewhat in the third quarter;
- Nonetheless, recent indicators point to continuing weakness in overall labor market conditions, and the unemployment rate remains elevated;
- Household spending has increased at a somewhat faster pace in recent months;
- Business investment in equipment and software has continued to expand, but investment in nonresidential structures is still weak, and the housing sector remains depressed;

- Inflation appears to have moderated since earlier in the year as prices of energy and some commodities have declined from their peaks, and longer-term inflation expectations have remained stable;
- The Committee continues to expect a moderate pace of economic growth over the coming quarters, and anticipates that the unemployment rate will decline only gradually, while noting significant downside risks to the economic outlook;
- The Committee will continue to pay close attention to the evolution of inflation and inflation expectations;
- The Committee decided to continue its program to extend the average maturity of its holdings of securities, maintaining its existing policy of reinvesting principal payments from agency mortgage-backed securities in agency mortgage-backed securities; 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.

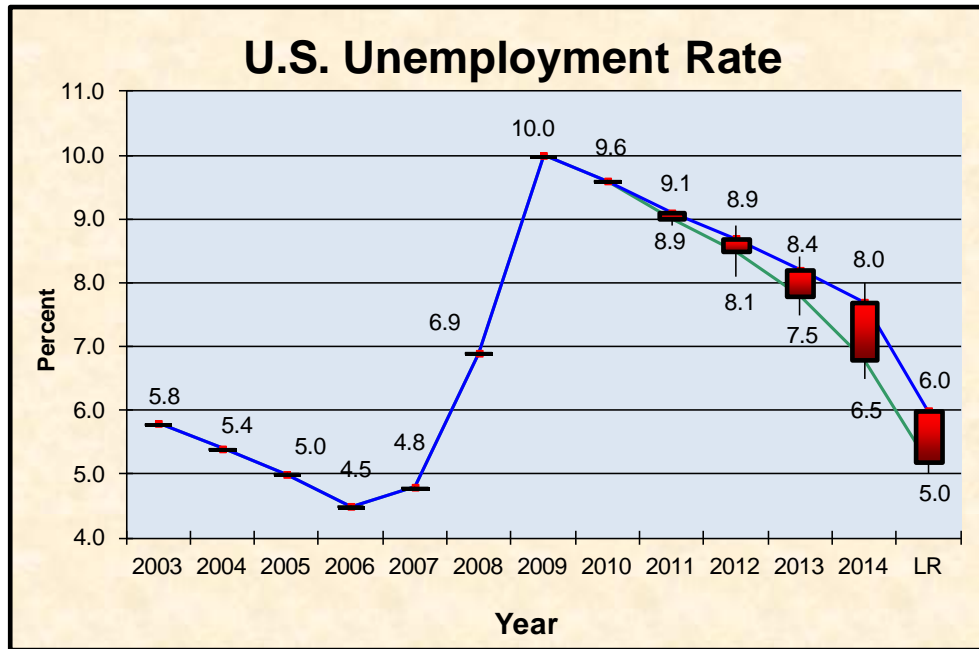
The FOMC released a new economic forecast on November 2, 2011, shown in the following "box and whiskers" charts. This latest forecast shows slower growth than previously forecast. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

The chart below shows that recovery started in 2009, but it is expected to be several years before the economy returns to a more normal long-run trend ("LR"). Real GDP growth projections for 2011, 2012, 2013, and 2014 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 1.6 to 1.8 percent growth in GDP with a central tendency range (red bar) of 1.6 to 1.7 percent. For 2012, the overall projected range is 2.3 to 3.5 percent with a central tendency range of 2.5 to 2.9 percent growth. For 2013, the overall projected range is 2.7 to 4.0 percent with a central tendency range of 3.0 to 3.5 percent growth. For 2014, the overall projected range is 2.7 to 4.5 percent with a central tendency range of 3.0 to 3.9 percent growth. The long-run trend for Real GDP has a range of 2.2 to 3.0 percent growth with a central tendency of 2.4 to 2.7 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; <http://www.federalreserve.gov/newsevents/default.htm>, November 2, 2011

As shown in the chart below, the 2011 national unemployment rate is expected to be lower than in 2010, but remain historically high, in a range of 8.9 to 9.1 percent, with a central tendency (red bar) of 9.0 to 9.1 percent. In 2012, the unemployment range is forecast to be between 8.1 and 8.9 percent with a central tendency of 8.5 to 8.7 percent. For 2013, the overall projected range for the national unemployment rate is 7.5 to 8.4 percent with a central tendency range of 7.8 to 8.2 percent. For 2014, the overall projected range for the national unemployment rate is 6.5 to 8.0 percent with a central tendency range of 6.8 to 7.7 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 6.0 percent. The projections for unemployment are for the fourth quarter of each year.



Source: FOMC; <http://www.federalreserve.gov/newsevents/default.htm>, November 2, 2011

Last month, we introduced new charts, 15 through 19, showing seasonally-adjusted 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 removes the normal seasonal pattern. The Southwest Florida economy continues to show gains in tourism and consumer purchases which are positive signs, along with reductions in the unemployment rates

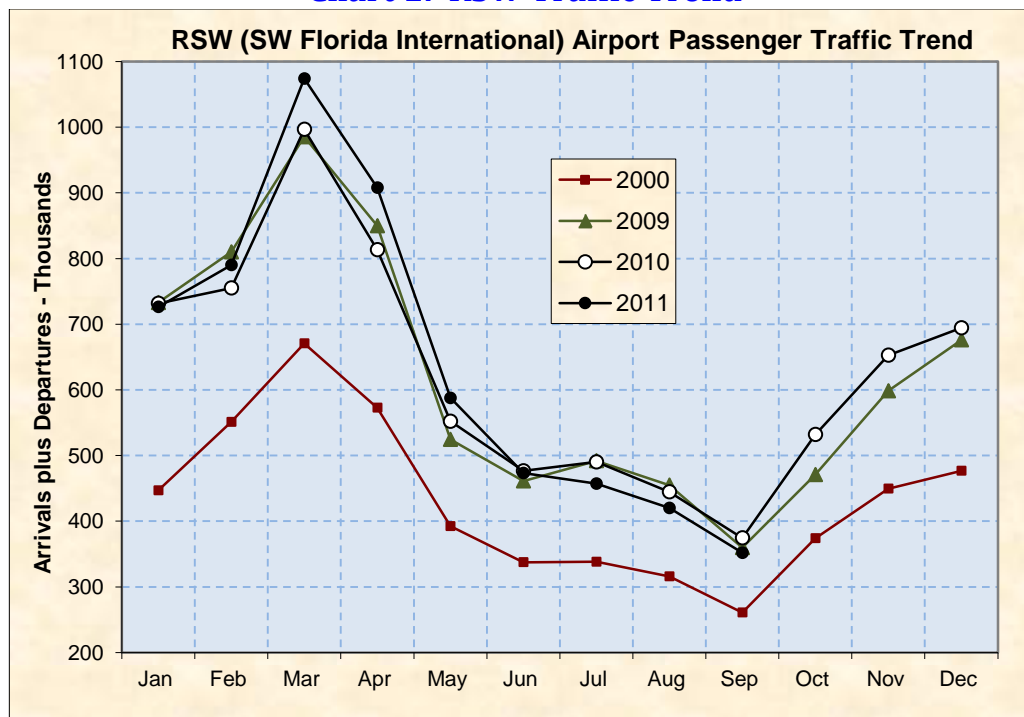
RERI thanks all of the individuals and organizations that have helped to bring together the regional information for this report. These include the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee Counties, the Convention and Visitors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

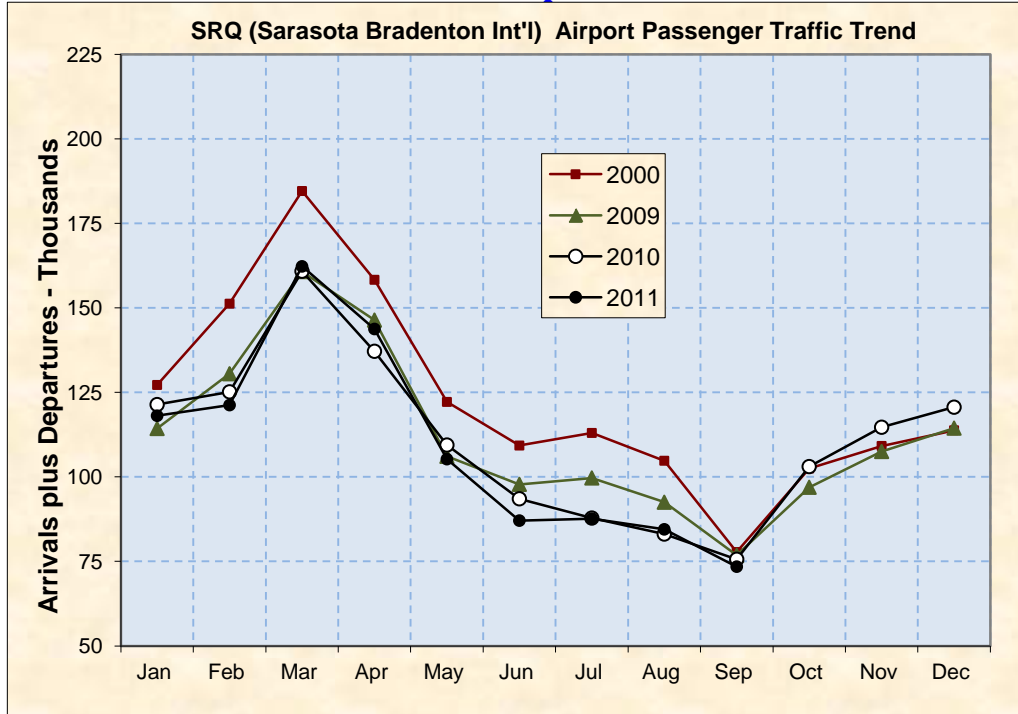
Activity for the three Southwest Florida airports totaled 434,750 in September 2011, down 16 percent from August 2011, and off by four percent from September 2010. Chart 1 shows RSW passenger activity of 351,881 in September 2011, a decrease of six percent from September 2010. Sarasota (SRQ) passenger activity amounted to 73,460 in September 2011, a decline of three percent from September 2010, as shown in Chart 2. Charlotte County Airport reported passenger activity of 9,409 in September 2011, a 95-percent increase over September 2010, as shown in Chart 3.

Chart 1: RSW Traffic Trend



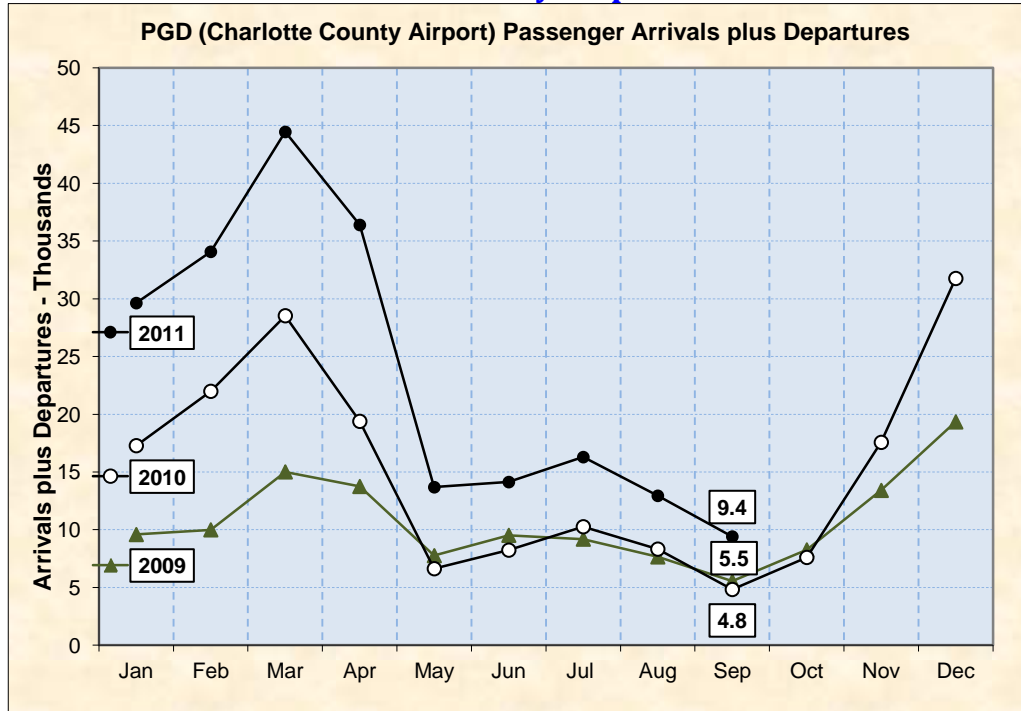
Source: Local Airport Authorities

Chart 2: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 3: Charlotte County Airport Traffic Trend

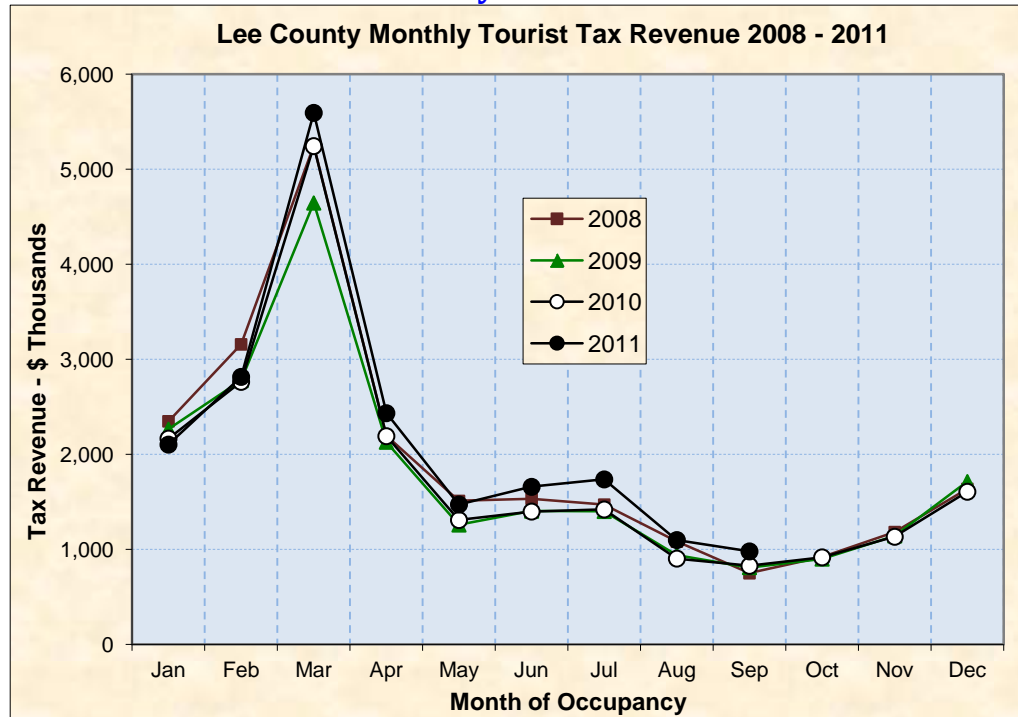


Source: Local Airport Authorities

Tourism Tax Revenues

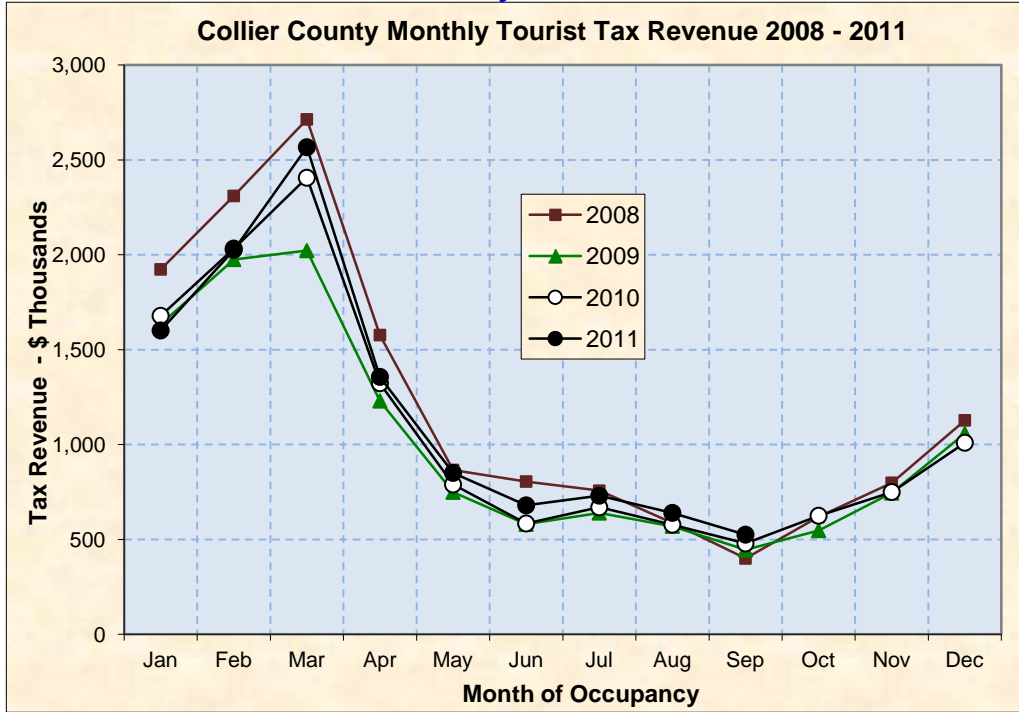
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. September 2011 tourism tax revenues again showed increases over September 2010 for Charlotte, Collier, and Lee Counties, for a total gain of 15 percent. Lee County tourism tax revenues amounted to \$978,972 in September 2011, an 18-percent increase from September 2010. Collier County revenues of \$525,334 in September 2011 were 10 percent higher than September 2010. Charlotte County's tourism tax revenues of \$69,681 in September 2011 represented a 20-percent increase over the September 2010 figure.

Chart 4: Lee County Tourism Tax Revenues



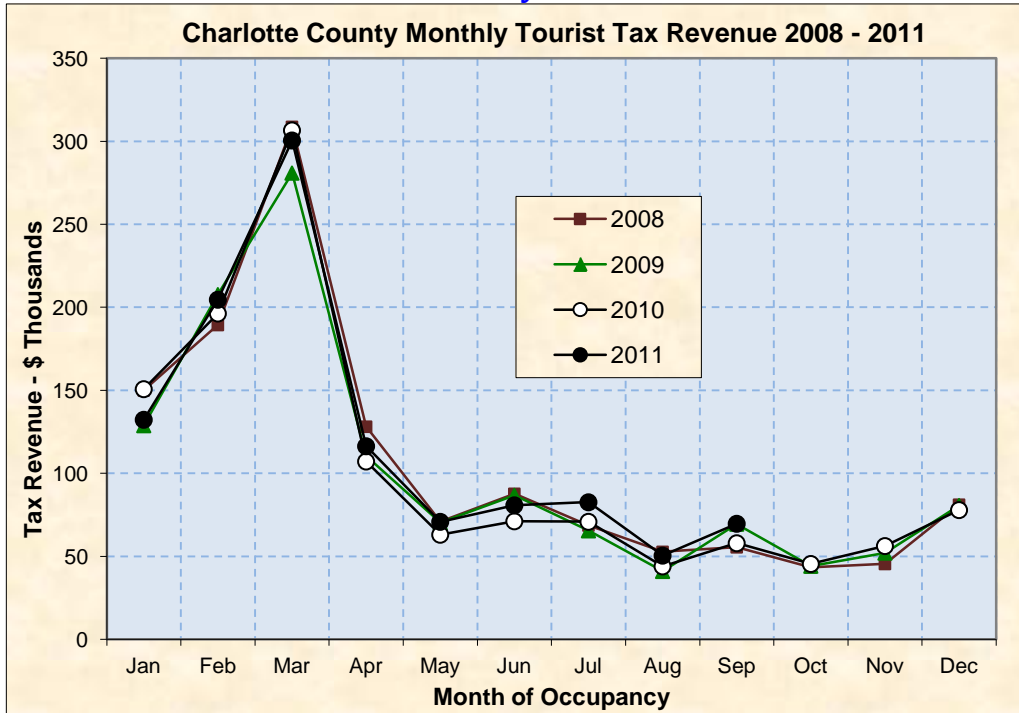
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

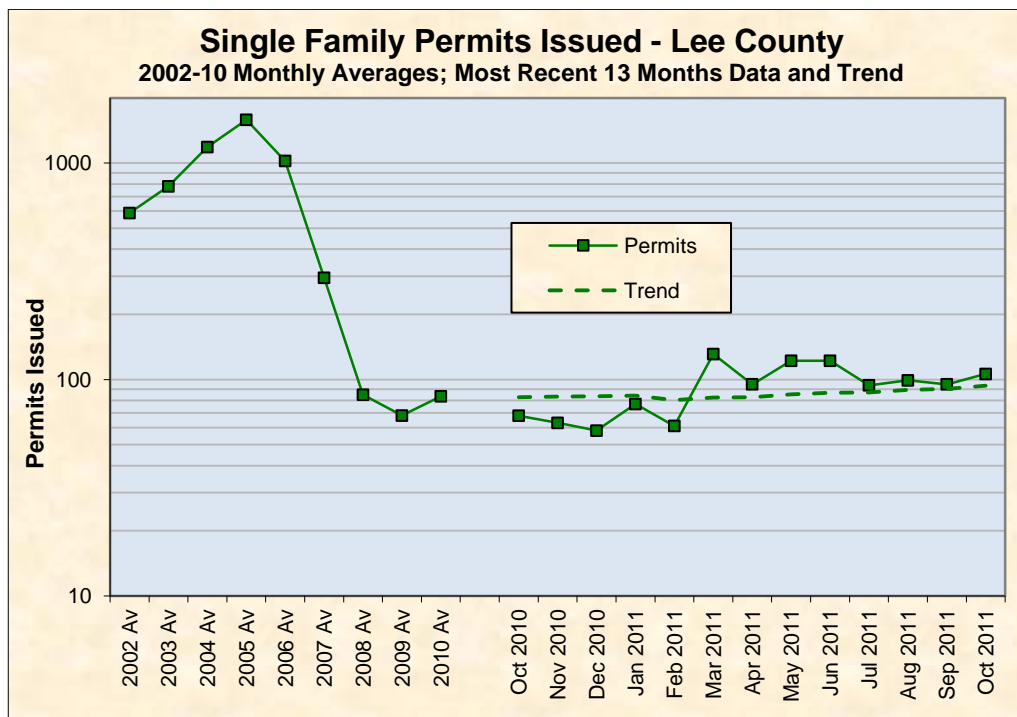


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

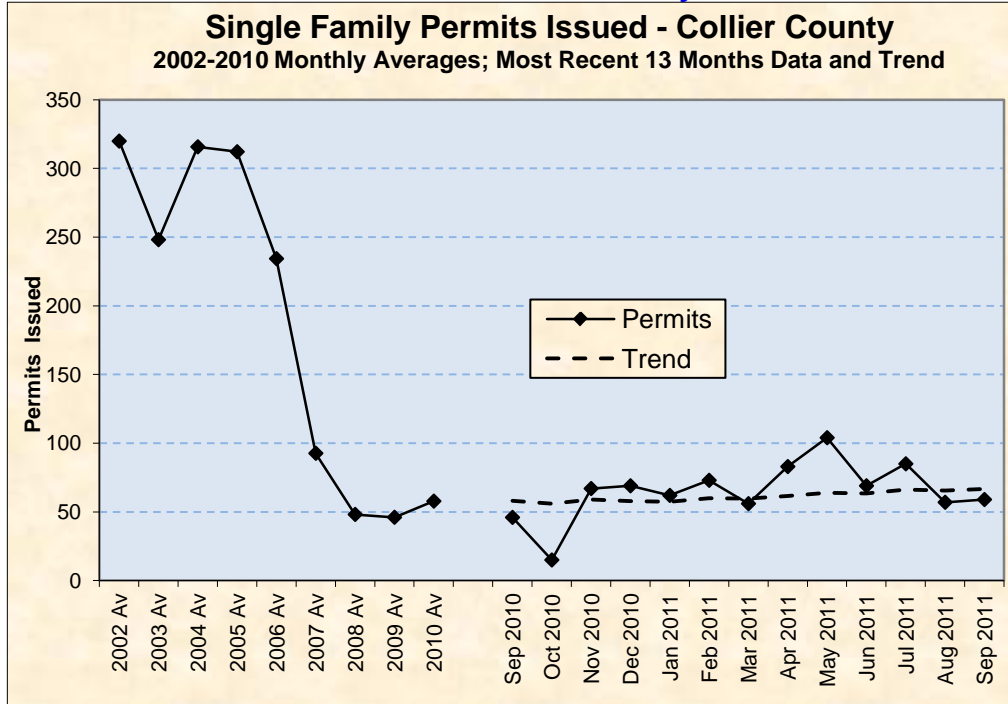
Lee County issued 106 single-family home permits in October 2011, up from both the September 2011 figure of 95, and from the 68 permits reported in October 2010, as shown in Chart 7. (Please note that Chart 7 employs a logarithmic numerical scale on its y-axis to allow the chart to show both boom and recent years on a scale that more clearly portrays the trends). Collier County data for October were not available as this report went to press; results through September are shown in Chart 8. Charlotte County permits declined to 10 in October 2011 from 20 in September 2011 and from 14 in October 2010, as shown in Chart 9.

Chart 7: Lee County



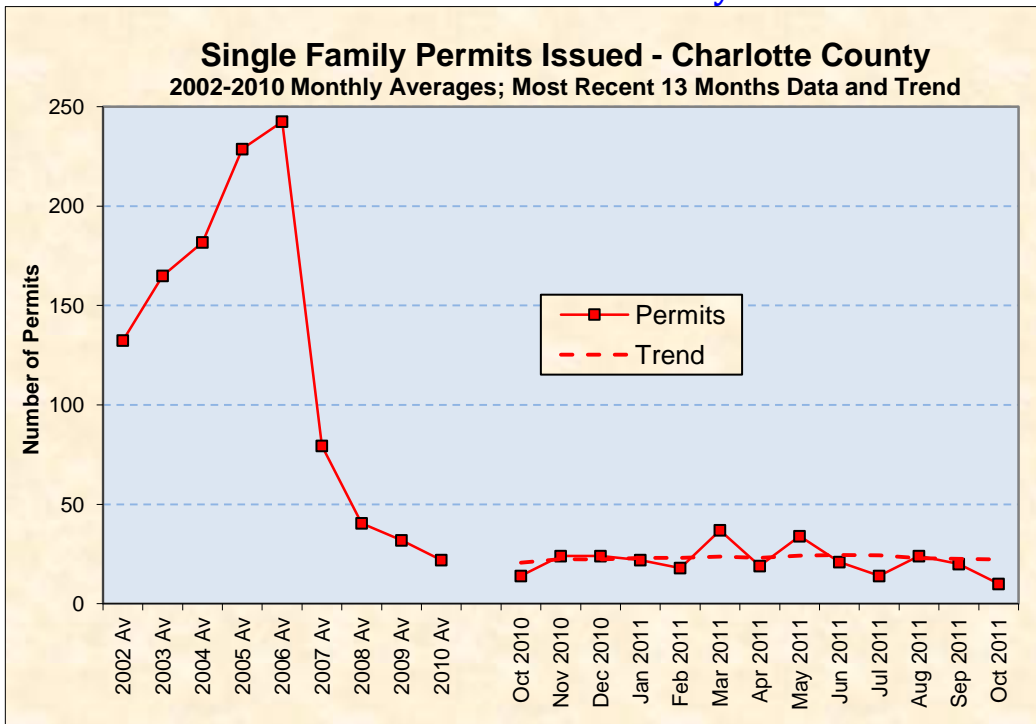
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

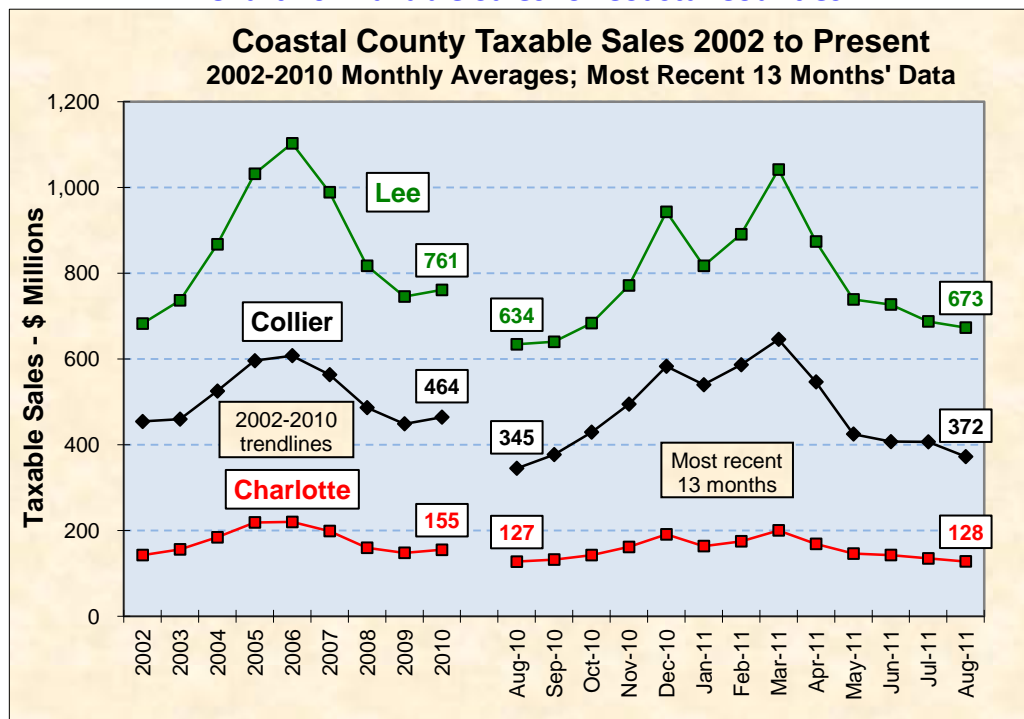
Taxable sales figures are used to track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, August is the latest collection month plotted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

August 2011 total taxable sales for the five-county region were six percent higher (\$66.5 million) than August 2010, albeit four percent lower (\$54.6 million) than the prior month of July, as shown in Chart 10. Charlotte County's taxable sales of \$128.0 million in August 2011 represented an increase of less than one percent from the August 2010 figure. Lee County taxable sales amounted to \$673.1 million in August 2011, a six-percent increase from August 2010; and Collier County's taxable sales were \$372.3 million in August 2011, an eight-percent increase over August 2010. Seasonal decreases from the prior month of July 2011 amounted to eight percent in Collier, five percent in Charlotte, and two percent in Lee County.

Chart 11 shows taxable sales for Glades and Hendry Counties. Hendry County's taxable sales of \$18.3 million in August were three-percent lower than a year ago, but five percent above the prior month. Glades County reported August 2011 taxable sales of \$2.2 million, an 18-percent increase from both August 2010 and from July 2011.

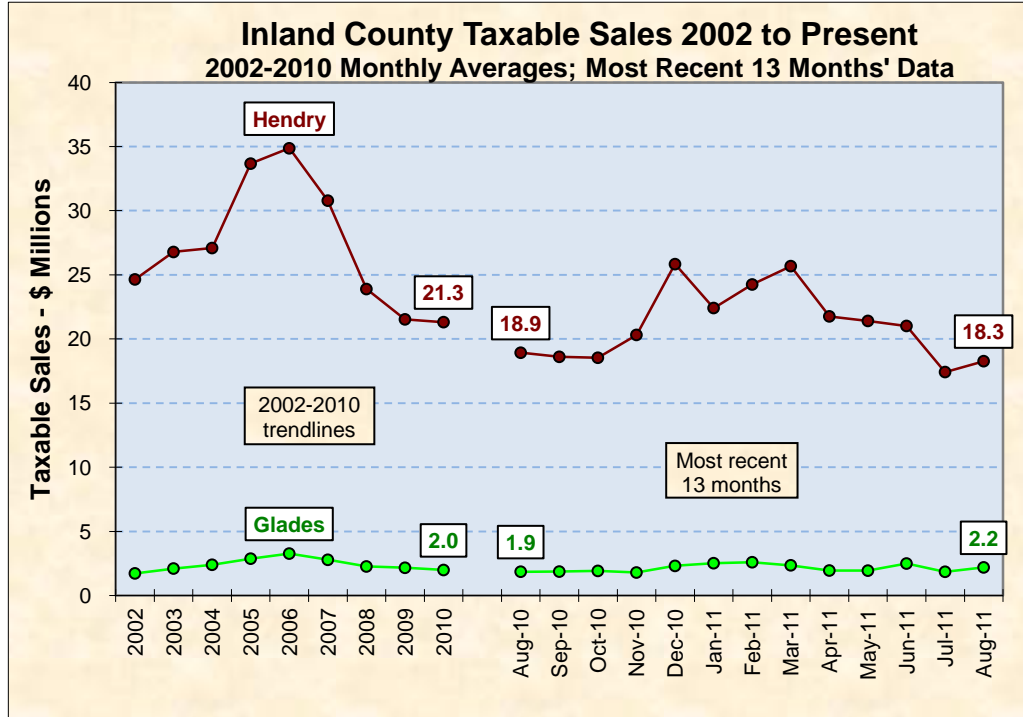
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. Lee County has shown year-over-year increases for each of the past 14 months, Collier for the last 12 months, and Charlotte County for 10 of the past 12 months.

Chart 10: Taxable Sales for Coastal Counties



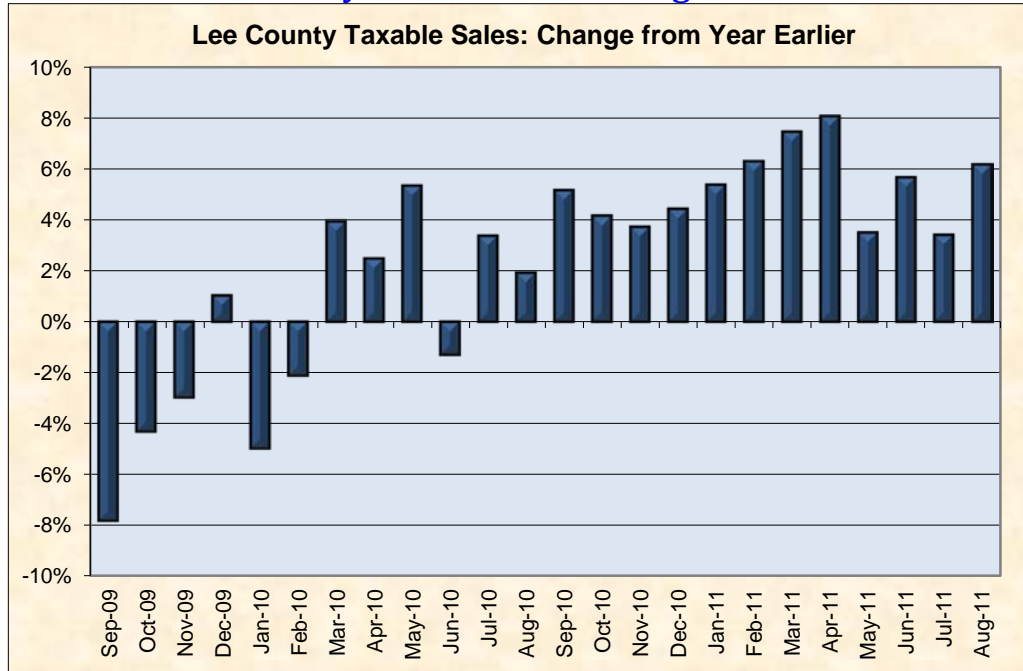
Source: Florida Department of Revenue, Office of Tax Research

Chart 11: Taxable Sales for Inland Counties



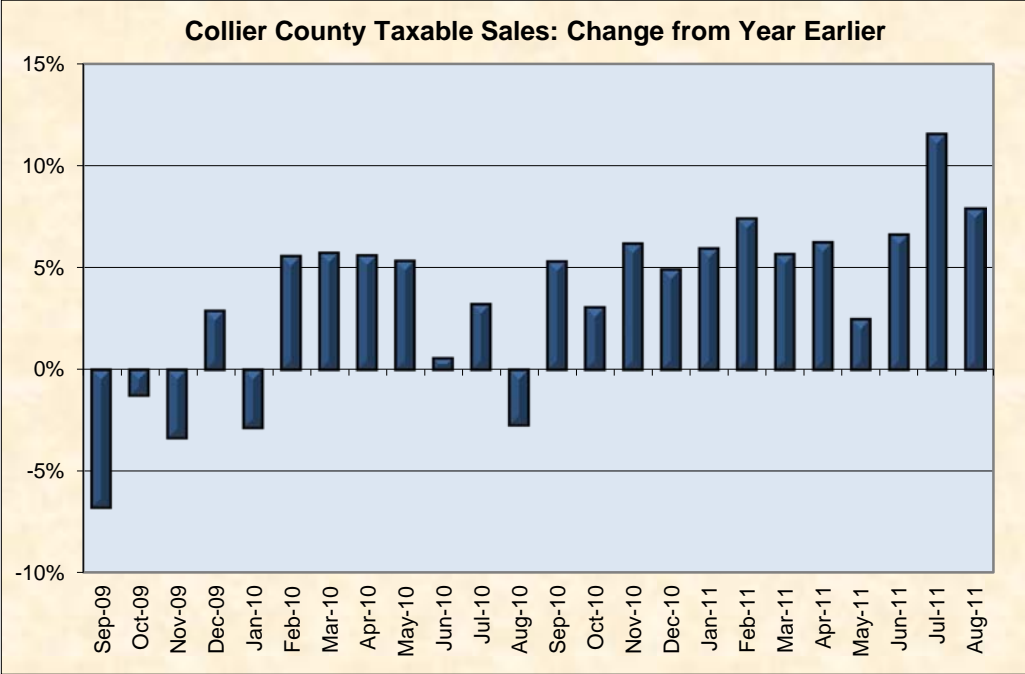
Source: Florida Department of Revenue, Office of Tax Research

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



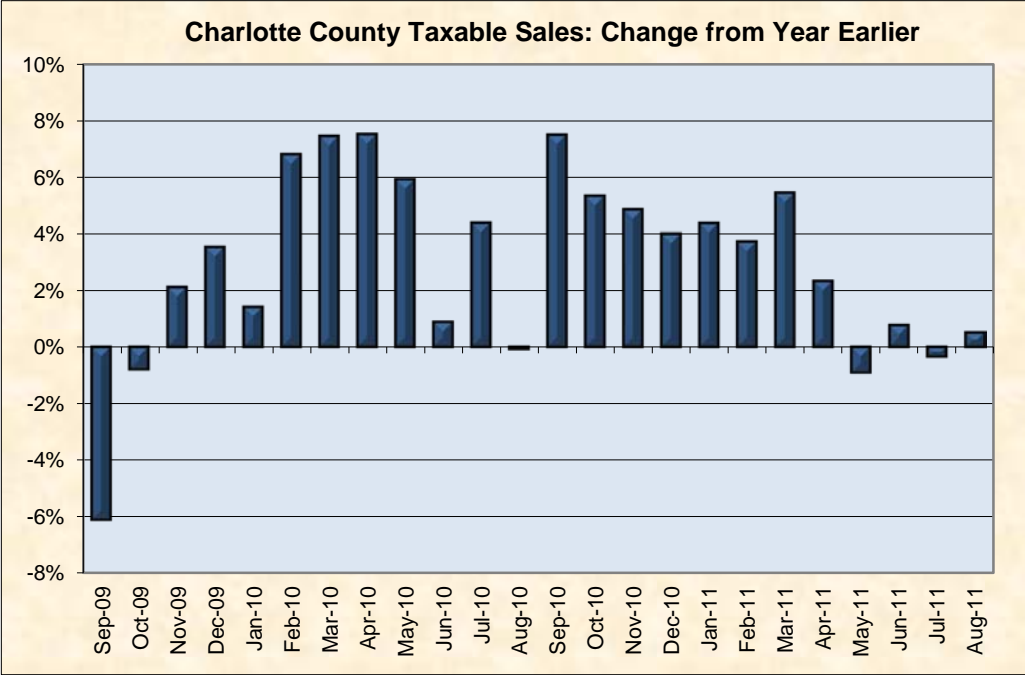
Source: Florida Department of Revenue, Office of Tax Research

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

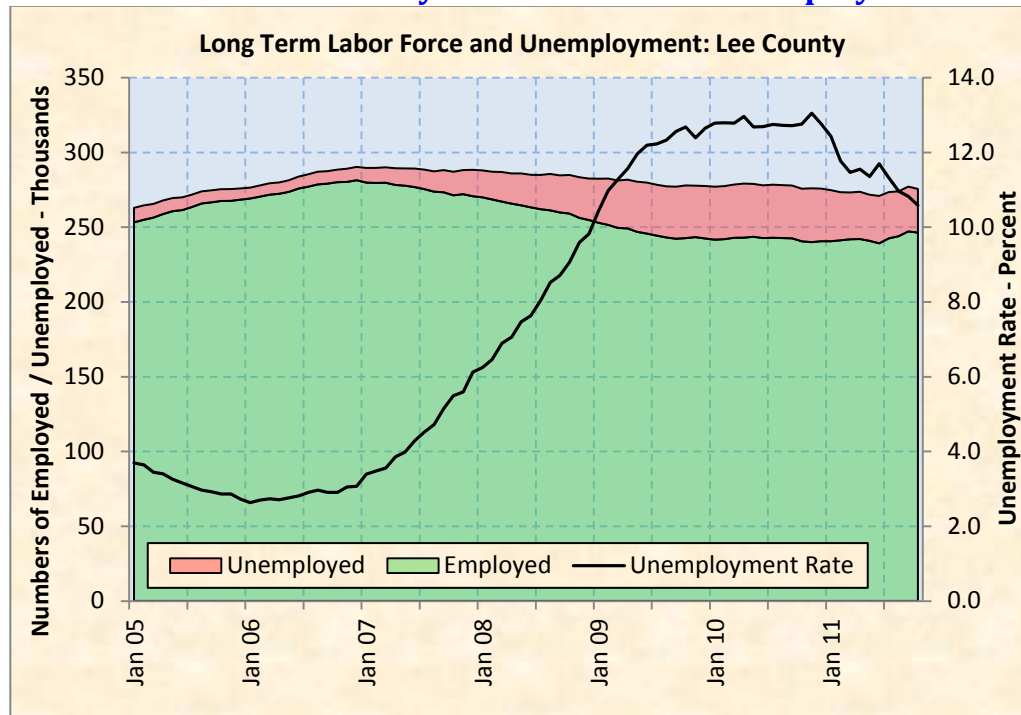
Charts 15, 16, 17, 18, and 19 show total employment, unemployment, and the unemployment rate for each county from the beginning of 2005 to October 2011. Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends.

The charts show seasonally-adjusted levels of employment, unemployment, and unemployment rates. Seasonal adjustments show long-term trends more clearly.

Four of the five reporting counties had lower numbers of unemployed, but the Lee and Collier counties also had lower employment compared to the prior month of September. Overall employment increased by 8,080 jobs over October 2010, but decreased by 655 jobs from September 2011.

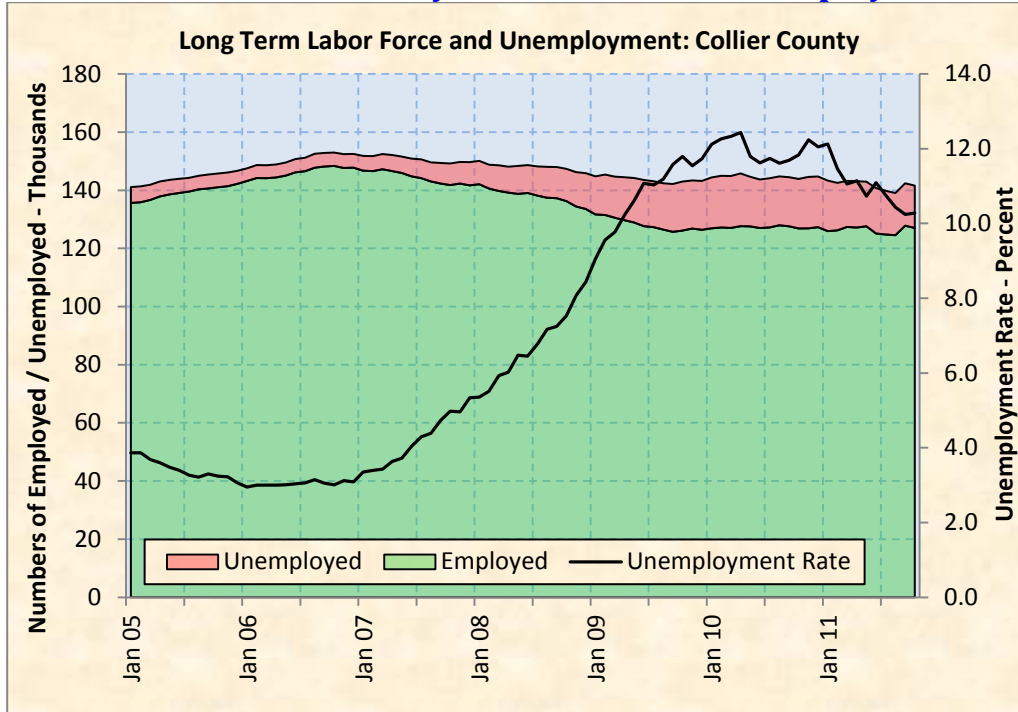
Lee County's seasonally-adjusted unemployment rate decreased to 10.6 percent from 10.8 percent in September 2011 and from 12.8 percent in October 2010, as shown in Chart 15. Collier County's unemployment rate was 10.3 percent, a decline from 11.8 percent in October 2010, as shown in Chart 16. Charlotte County's unemployment rate dropped to 10.5 percent from 10.8 percent in September, and from 12.4 percent in October 2010, as shown in Chart 17. Hendry County's unemployment rate edged up from 14.2 percent in September to 14.3 percent in October, as shown in Chart 18. Glades County's unemployment rate showed a decline from 8.0 percent in September to 7.9 percent in October and from 9.3 percent in October 2010, as shown in Chart 19. The State of Florida's seasonally-adjusted unemployment rate declined from 10.6 percent in September to 10.3 percent in October 2011, the lowest figure in 28 months. The comparable rate for September 2010 was 11.8 percent. The national unemployment rate also shows a pattern of decline from 9.7 percent in October 2010 to 9.0 percent in October 2011.

Chart 15: Lee County Labor Force and Unemployment



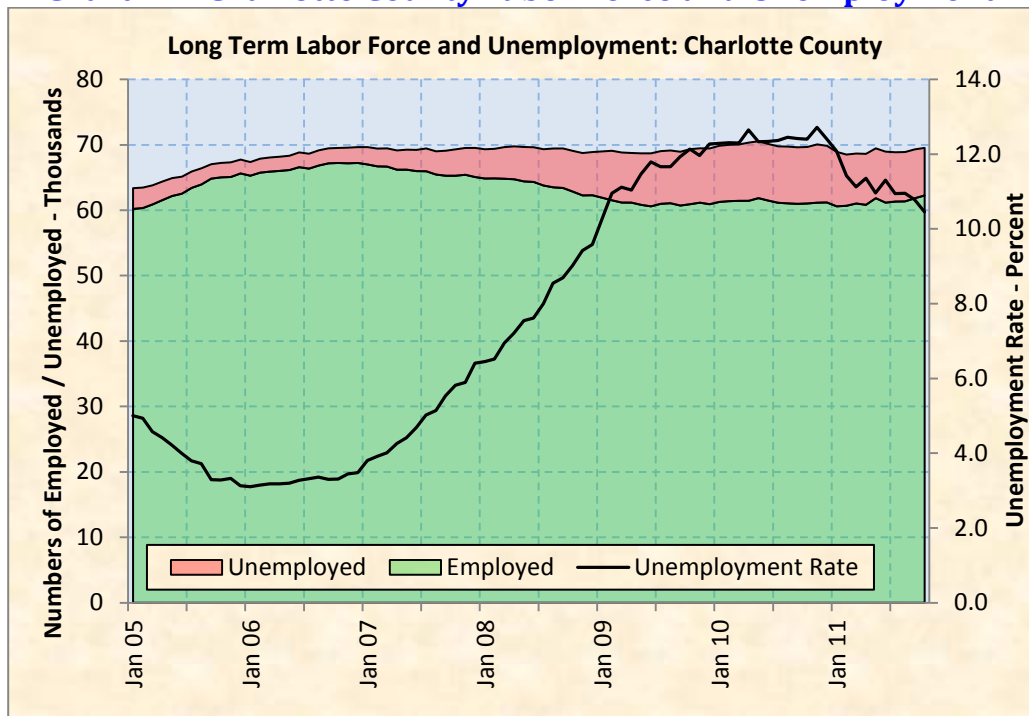
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 16: Collier County Labor Force and Unemployment



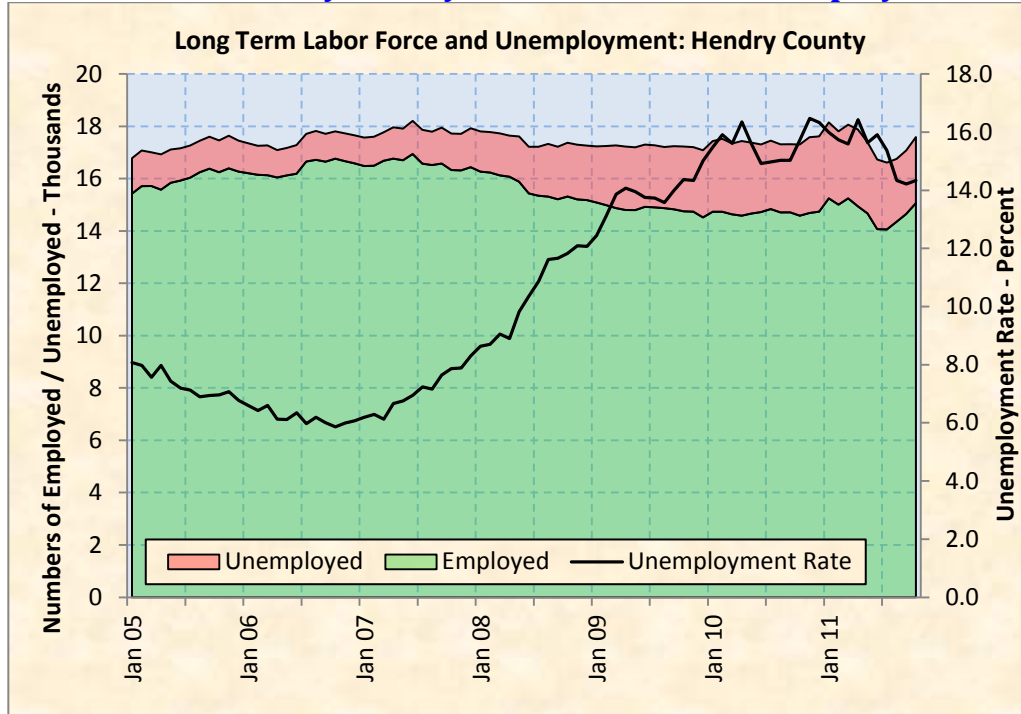
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 17: Charlotte County Labor Force and Unemployment



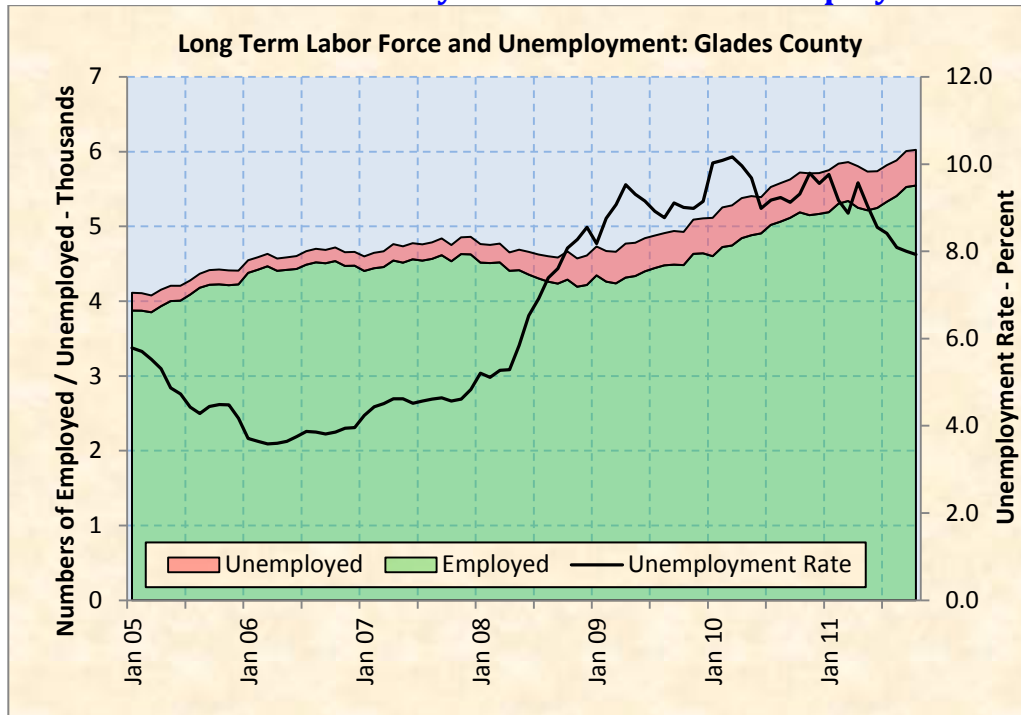
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 18: Hendry County Labor Force and Unemployment



Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 19: Glades County Labor Force and Unemployment

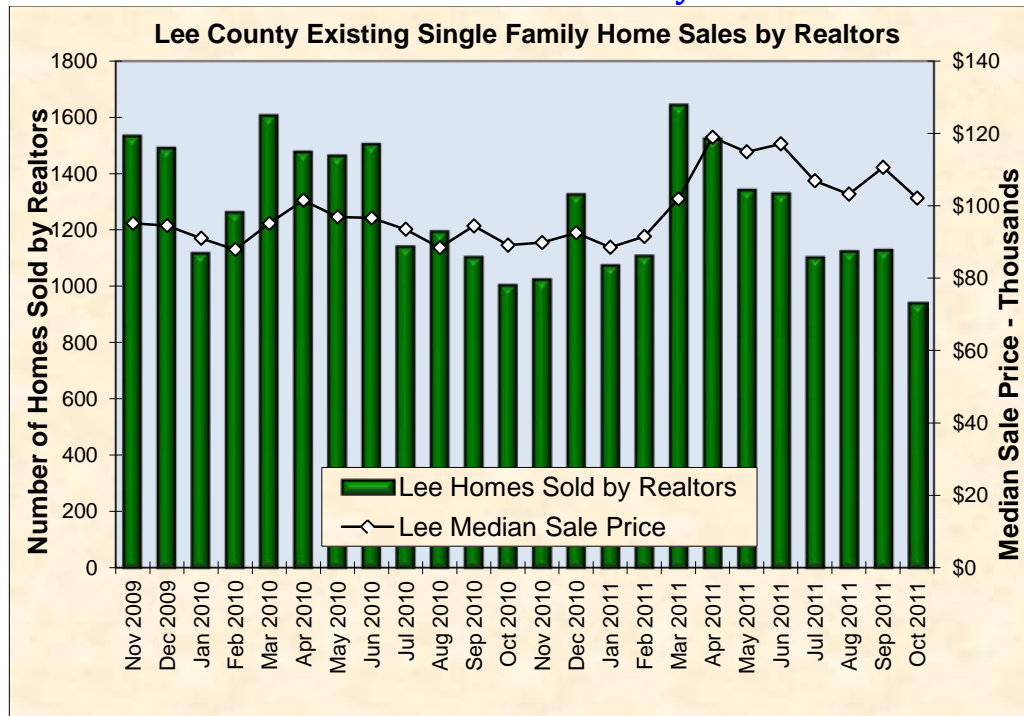


Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Sales of Single-Family Existing Homes and Median Sales Prices

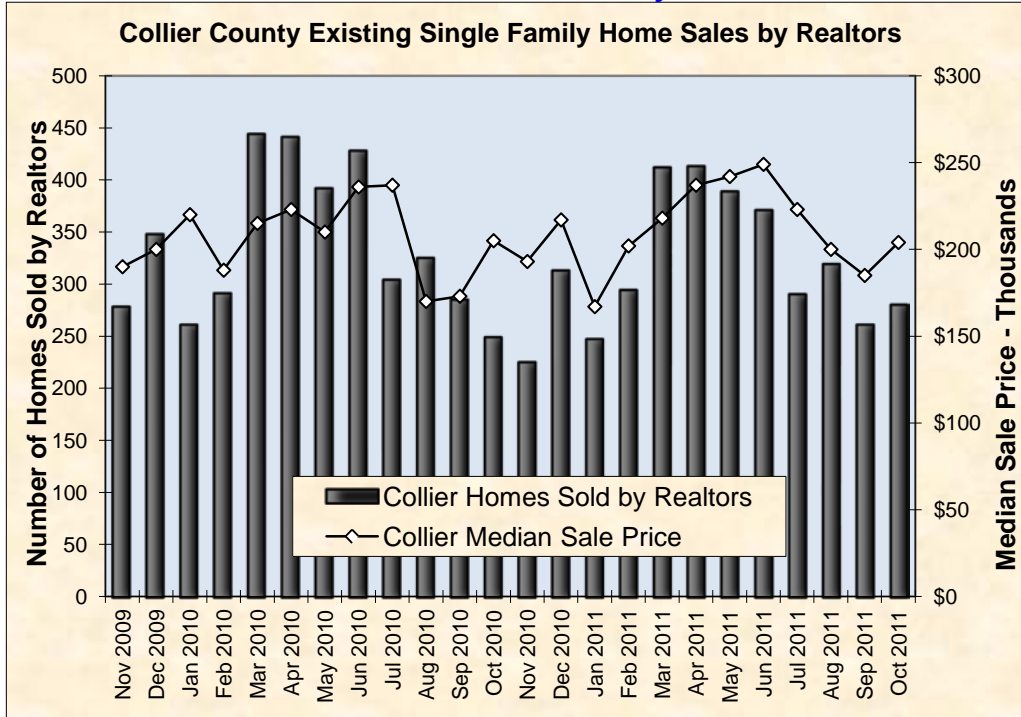
Total Realtor® sales of single-family homes in Lee, Collier, and Charlotte Counties were 1,454 in October 2011, a decline of 153 from the prior month and 17 fewer homes than were sold in October 2010. Lee County recorded sales of 938 single-family homes at a median price of \$102,100 in October 2011, down from sales of 1,127 and a median price of \$110,600 in the previous month, as shown in Chart 20. Collier County's existing single-family Realtor sales rose to 280 in October 2011, up from 261 in September 2011; the median price also increased from \$185,000 to \$204,000, as shown in Chart 21. Charlotte County's existing single-family home sales increased from 219 in September 2011 to 236 in October 2011, although the median price declined from \$98,300 to \$90,000, as shown in Chart 22. Compared to October 2010, Realtor sales decreased by six percent in Lee, while rising by 12 percent in Collier and seven percent in Charlotte County. Compared to October 2010, median prices rose by 15 percent in Lee County, were essentially unchanged in Collier County, and declined by six percent in Charlotte County.

Chart 20: Lee County



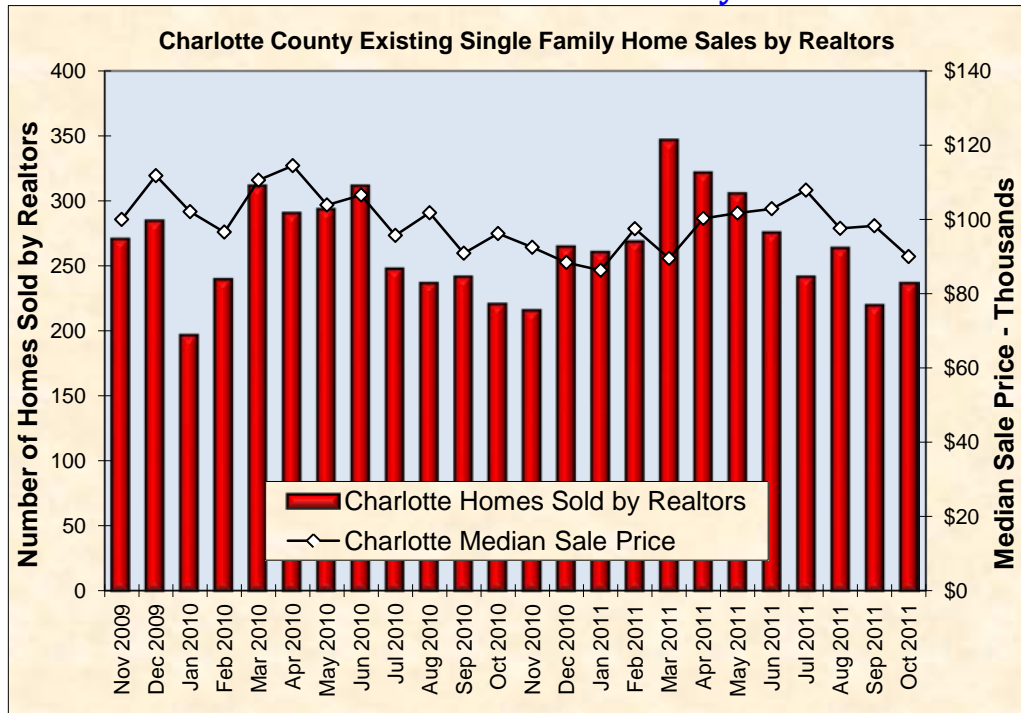
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 21: Collier County



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

Chart 22: Charlotte County



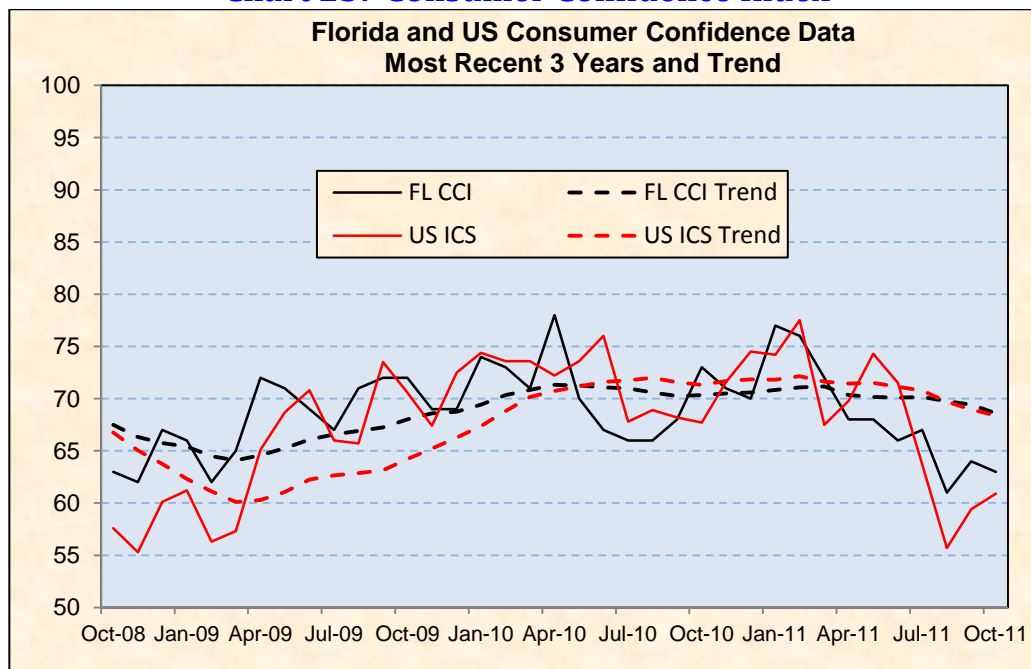
Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

Consumer Confidence Index

Consumer confidence is an important indicator 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 increased nationally in October, but remains below the level of a year ago as news about the nation’s very slow economic growth and lower than expected job creation has been confirmed. In addition, there are concerns about foreign debt and uncertainty created by a volatile stock market. The national ICS for October was 60.9, a 1.5-point increase from the September figure of 59.4, but a 6.8-point decline from October 2010.

The Florida Consumer Confidence Index dropped to 63 in October, down from 64 in September, and ten points below the October 2010 figure. “Consumer confidence continues to be in the doldrums uncomfortably near record low levels here in Florida,” said Chris McCarty the Survey Director. “There have been no consistent economic developments over the past couple of months to push confidence lower or raise it from its historically low levels. With confidence low, consumer spending in Florida had been down for the past couple of months, although a recent increase in retail sales at the national level may bode well for Florida, at least temporarily.”

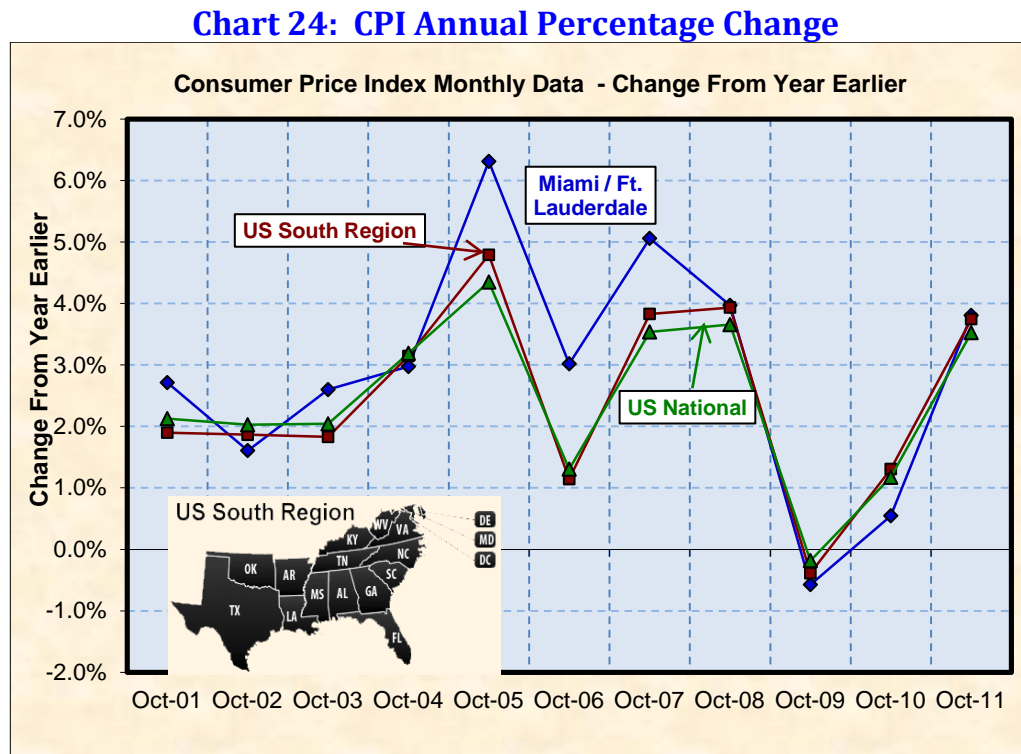
Chart 23: Consumer Confidence Index



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

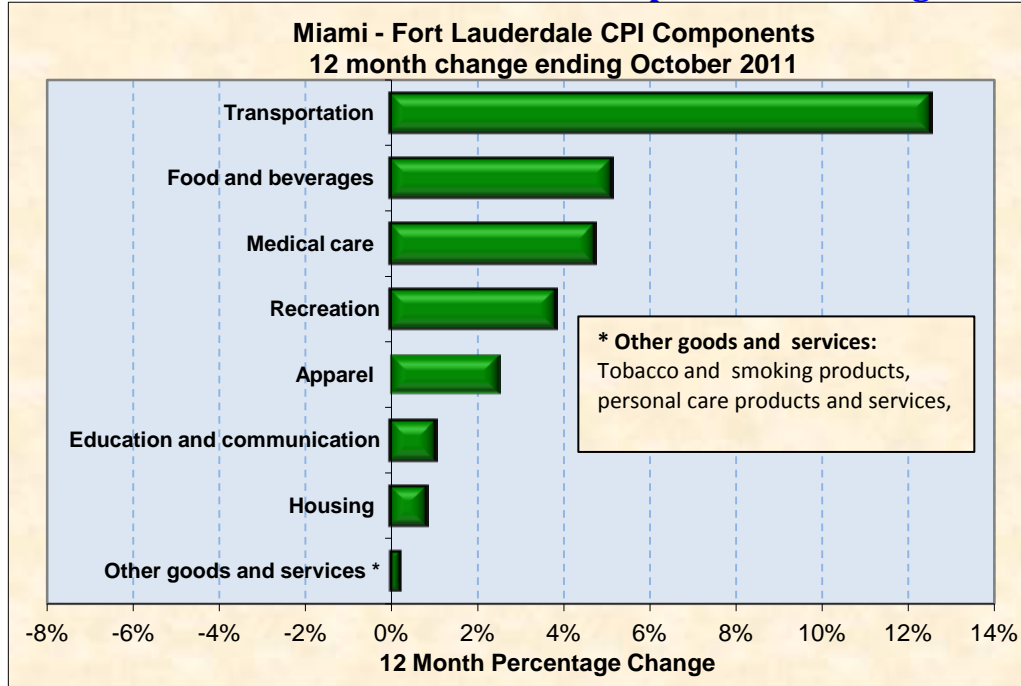
Consumer Price Index

Consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 24. The most recent release covers data through October 2011, and shows the impact of higher energy and food prices. From October 2010 to October 2011, the National CPI increased by 3.5 percent, the Southern Region CPI increased by 3.7 percent, and the Miami-Fort Lauderdale area CPI rose by 3.8 percent. Chart 24 shows increases in the CPI approximating the levels last seen in 2008. The Federal Reserve Open Market Committee continues to pay close attention to the inflation rate and inflationary expectations.



The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending October 2011 are shown in Chart 25. Costs of transportation showed the largest year-to-year increase of 12.5 percent, reflecting the sizeable rise in gasoline costs since last year. Other significant increases were seen in food and beverage costs (up 5.1 percent), medical care (up 4.7 percent), and recreation (up 3.8 percent). All categories showed some price increase from October 2010 to October 2011.

Chart 25: Miami-Fort Lauderdale CPI Component Percentage Change



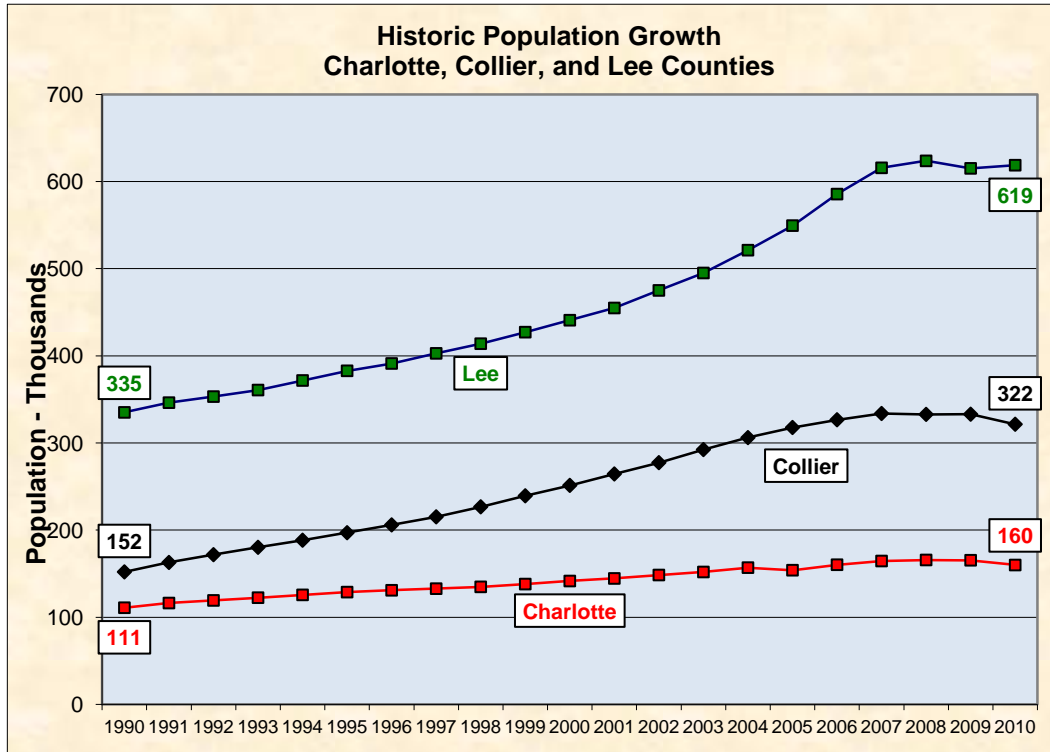
Source: BLS

Population

The following charts reflect recently updated county population forecasts released by the University of Florida's Bureau of Economic and Business Research (BEBR). 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.

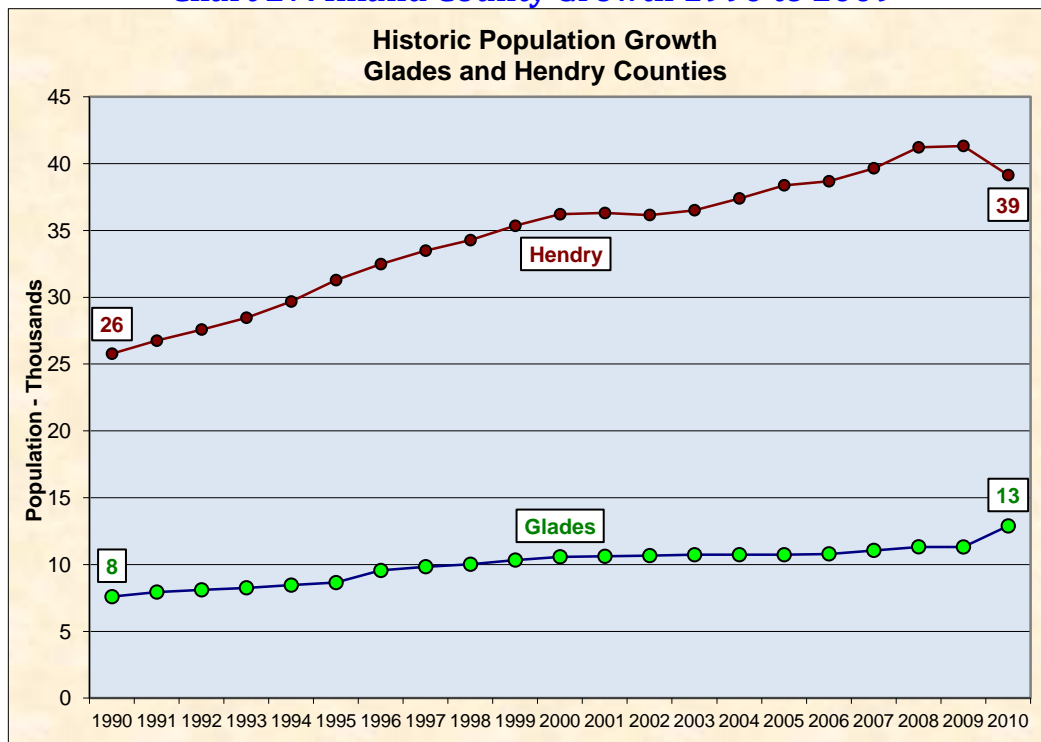
Chart 28 and its accompanying table show projected population increases from 2015 to 2040. The overall rate of regional growth averages 1.6 percent per year for this period, resulting in a 25-year increase of 47 percent.

Chart 26: Coastal Counties Growth 1990 to 2010



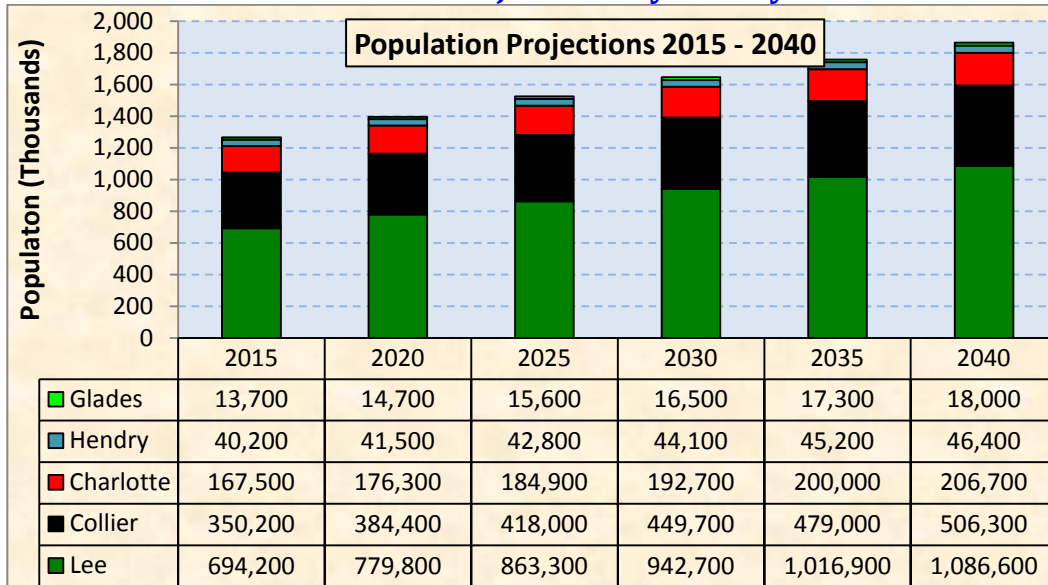
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

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.