

Southwest Florida Regional Economic Indicators

December 2011



Regional Economic Research Institute

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Introduction: National and Regional Background

The most recent estimate for third quarter real GDP growth is 1.8 percent, a decrease from the earlier estimate of 2.0 percent. 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 1.7 percent in the third quarter as well, up from 0.7 percent in the second quarter.

The November Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by 120,000, which was larger than the October increase of 100,000. 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 November employment increases included 50,000 in retail, 33,000 in professional and business services, 22,000 in leisure and hospitality, and 17,000 in health care.

The number of long-term unemployed (those jobless for 27 weeks or longer) increased from 42.4 percent of all unemployed in October to 43.0 percent in November. The national unemployment rate has fallen to 8.6 percent.

The national consumer price index has increased by 3.4 percent over the last year, primarily driven by a 12.4 percent increase in energy prices and a 4.6 percent increase in food. All items, less food and energy, rose by only 2.2 percent. Core inflation remains subdued and has allowed the Federal Reserve to keep interest rates low.

Congress and the President passed a two-month extension of the payroll tax holiday and unemployment benefits after considerable debate and lack of agreement for a longer-term spending and tax plan. The markets have been volatile in reaction to frequent changes in the outlook for resolving Europe's sovereign debt crisis and the prospects for resolving the long-term Federal budget deficit. 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 December 13th, and is summarized below:

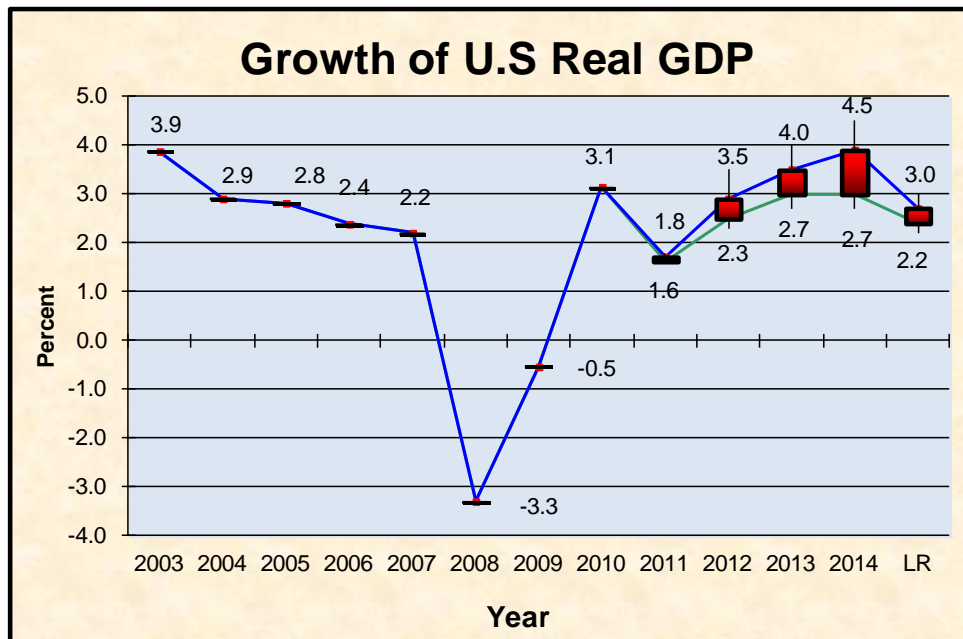
- The economy has been expanding moderately, notwithstanding some apparent slowing in global growth;
- The unemployment rate remains elevated;
- Household spending has continued to advance, while business fixed investment appears to be increasing less rapidly, and the housing sector remains depressed;

- Inflation has moderated since earlier in the year, and longer-term inflation expectations have remained stable;
- Economic growth will expand at a moderate pace over the coming quarters and unemployment rate will decline only gradually;
- Strains in global financial markets continue to pose significant downside risks;
- The Committee decided to continue its program to extend the average maturity of its holdings of securities, as announced in September; 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 Federal Open Market Committee (FOMC) is January 24th and 25th.

The FOMC released its newest forecast on November 2, 2011, shown below in the "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.

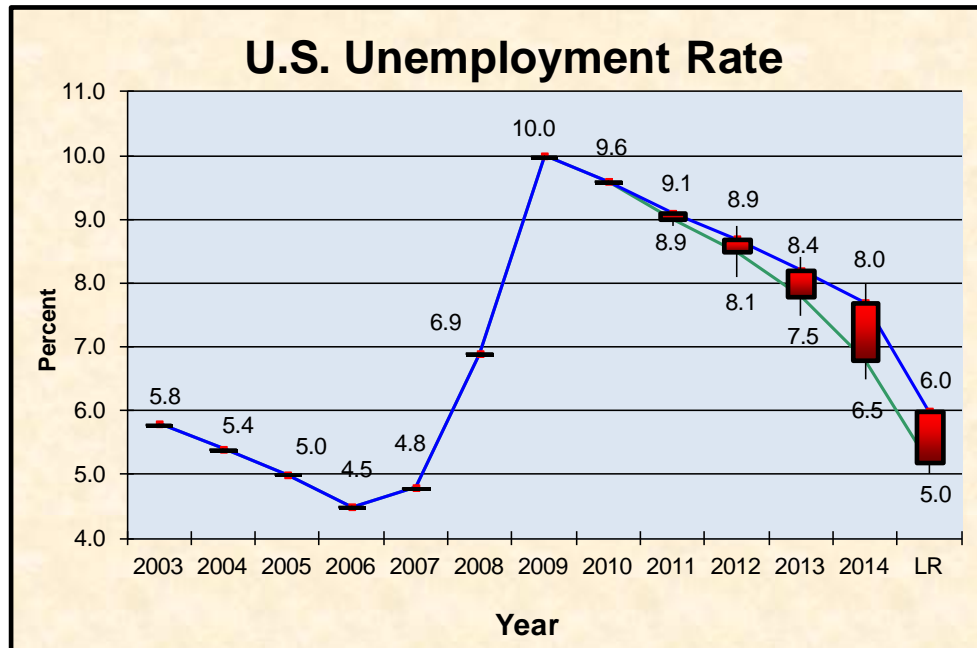
The chart below shows that recovery started in 2009, but it is expected to be several years before the economy returns to a more normal long-run trend ("LR"). Real GDP growth projections for 2011, 2012, 2013, and 2014 show a recovery but there remains considerable uncertainty as to how strong the recovery 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

The Southwest Florida economy continues to show gains in tourism and consumer purchases which are positive signs. Regional taxable sales were three percent higher from September 2010 to September 2011. Tourism taxes increased by 19 percent from October 2010 to October 2011. Airport passenger traffic decreased by nine percent from October 2010 to October 2011 but this may be an outlier and overall passenger traffic should increase as the economy recovers. Unemployment rates have fallen but remain high relative to historical long-run rates. If the economic forecast was a weather forecast, one might expect partly sunny skies with scattered rain showers. Economic growth is expected to be positive but below the long-term growth rate of three percent next year. Issues related to the Federal budget, state budgets, the European sovereign debt issues, and oil prices are likely to create some headwinds.

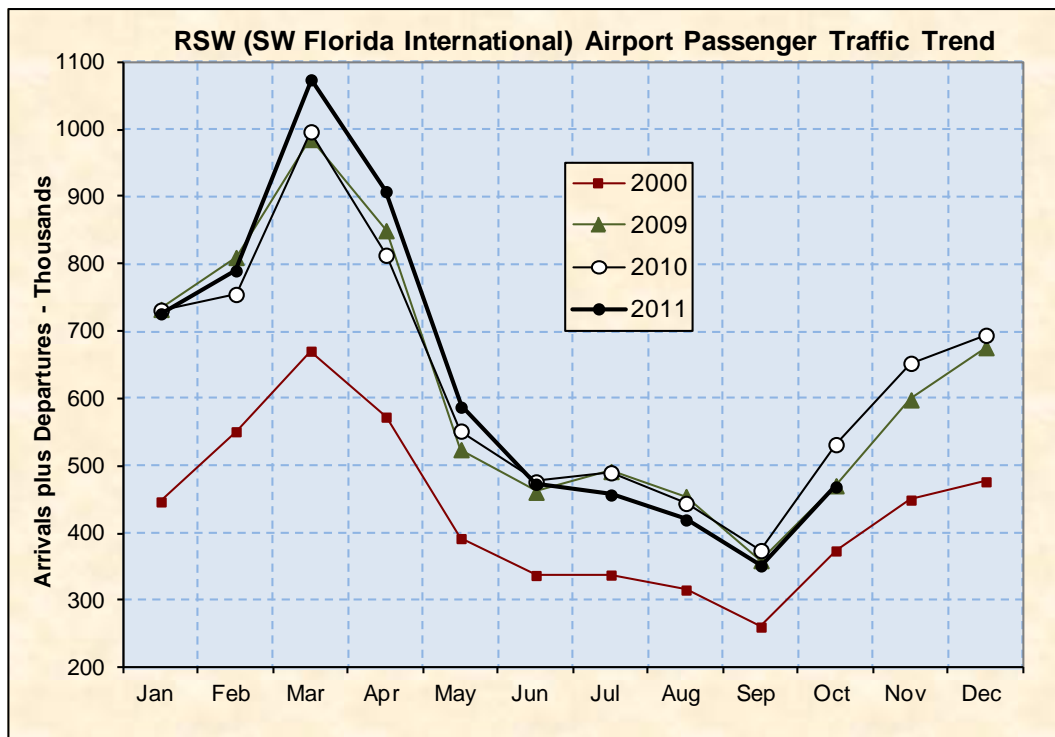
RERI thanks all of the individuals and organizations that have helped to bring together the regional information for this report. These include the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee Counties, the Convention and Visitors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

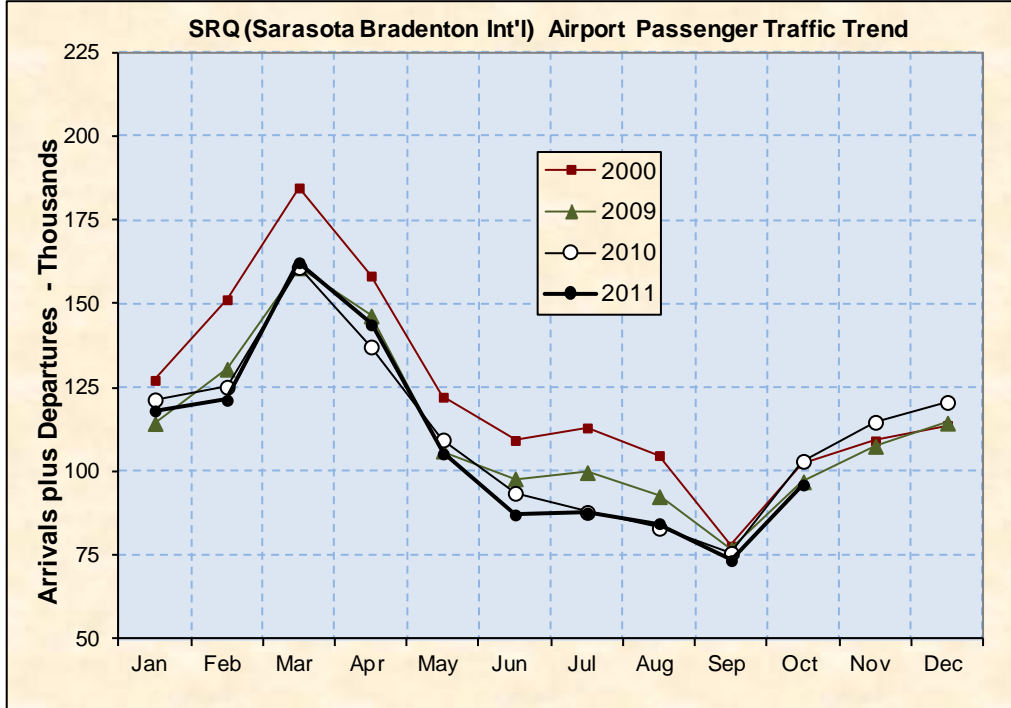
Activity for the three Southwest Florida airports totaled 582,954 in October 2011, up 34 percent over September 2011, but down by nine percent from October 2010. Chart 1 shows RSW passenger activity of 469,145 in October 2011, a decrease of 12 percent from October 2010. Sarasota (SRQ) passenger activity amounted to 96,026 in October 2011, a decline of seven percent from October 2010, as shown in Chart 2. Punta Gorda Airport (Charlotte County) reported passenger activity of 17,783 in October 2011, a 134-percent increase over October 2010, as shown in Chart 3.

Chart 1: RSW Traffic Trend



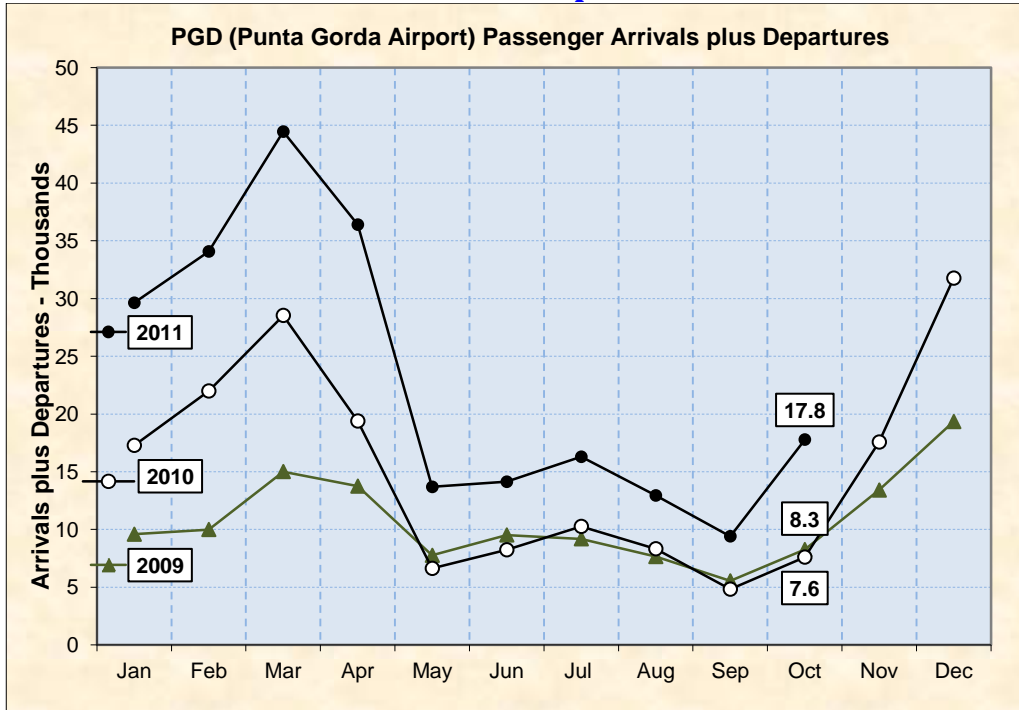
Source: Local Airport Authorities

Chart 2: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 3: Punta Gorda Airport Traffic Trend

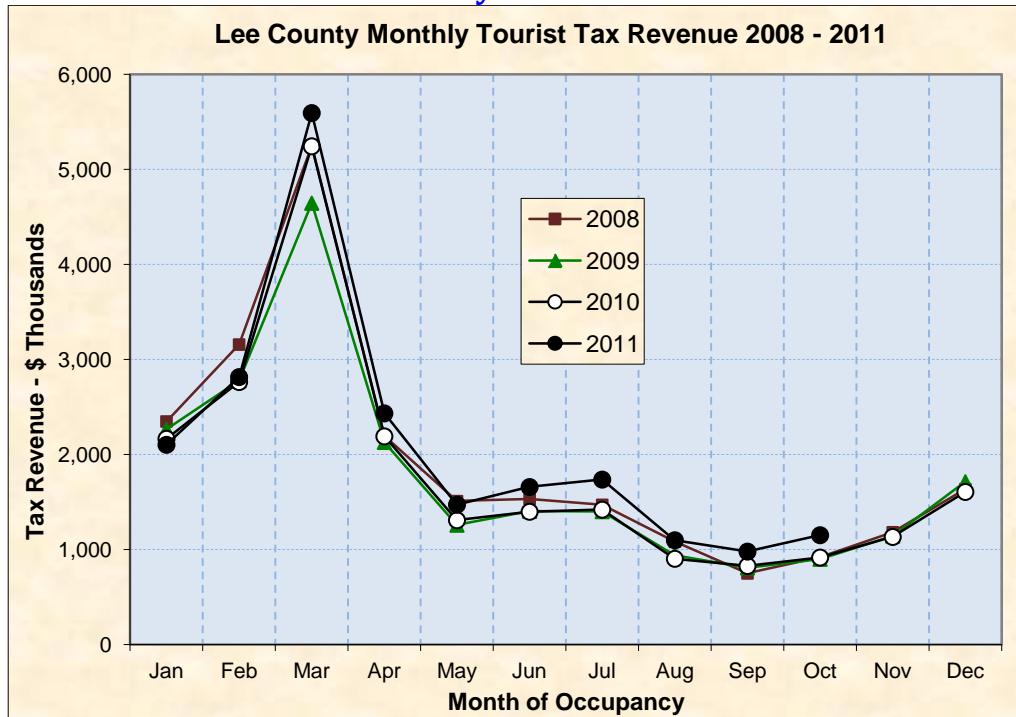


Source: Local Airport Authorities

Tourism Tax Revenues

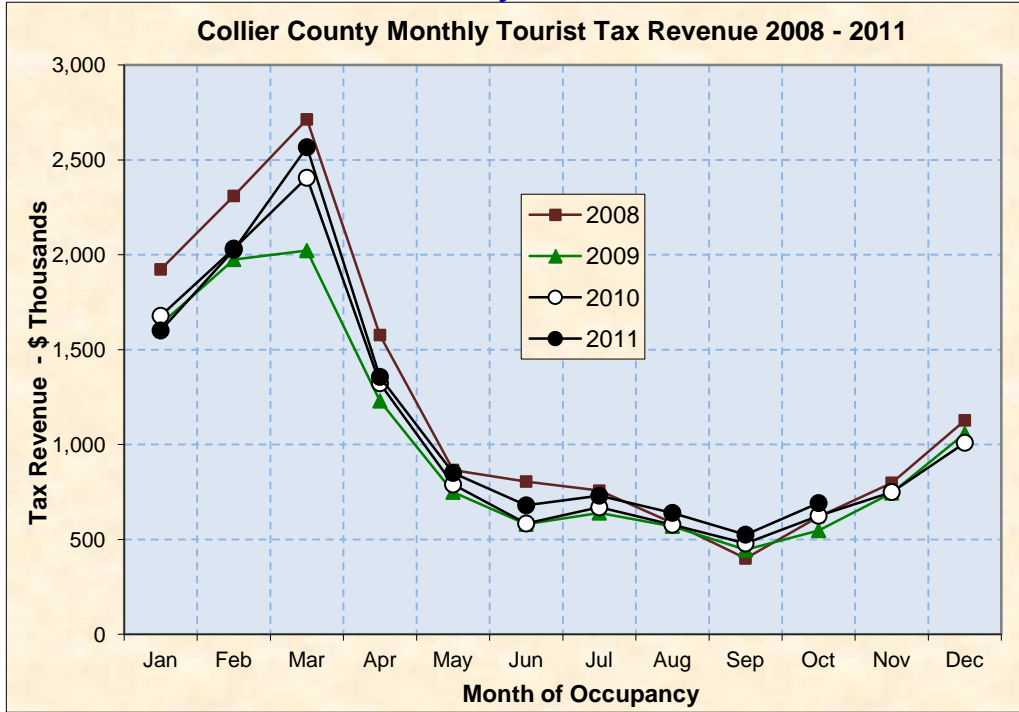
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. October 2011 tourism tax revenues again showed increases over October 2010 for Charlotte, Collier, and Lee Counties, for a total gain of 19 percent. Lee County tourism tax revenues amounted to \$1,151,483 in October 2011, a 26-percent increase from October 2010. Collier County revenues of \$691,705 in October 2011 were 11 percent higher than October 2010. Charlotte County's tourism tax revenues of \$49,640 in October 2011 represented a nine-percent increase over the October 2010 figure.

Chart 4: Lee County Tourism Tax Revenues



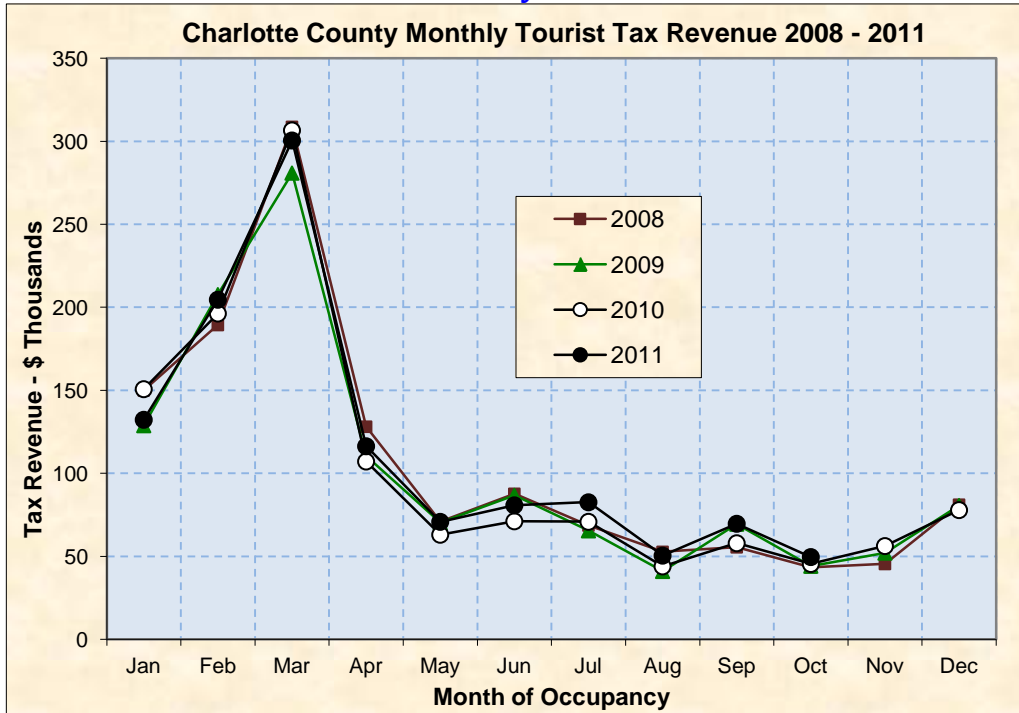
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

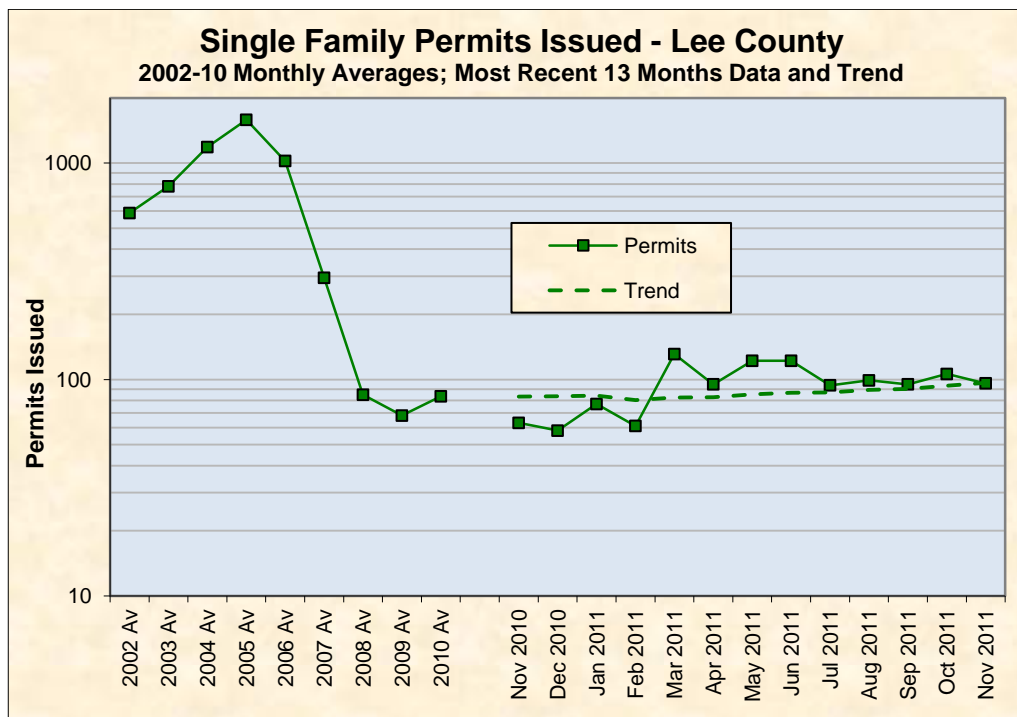


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

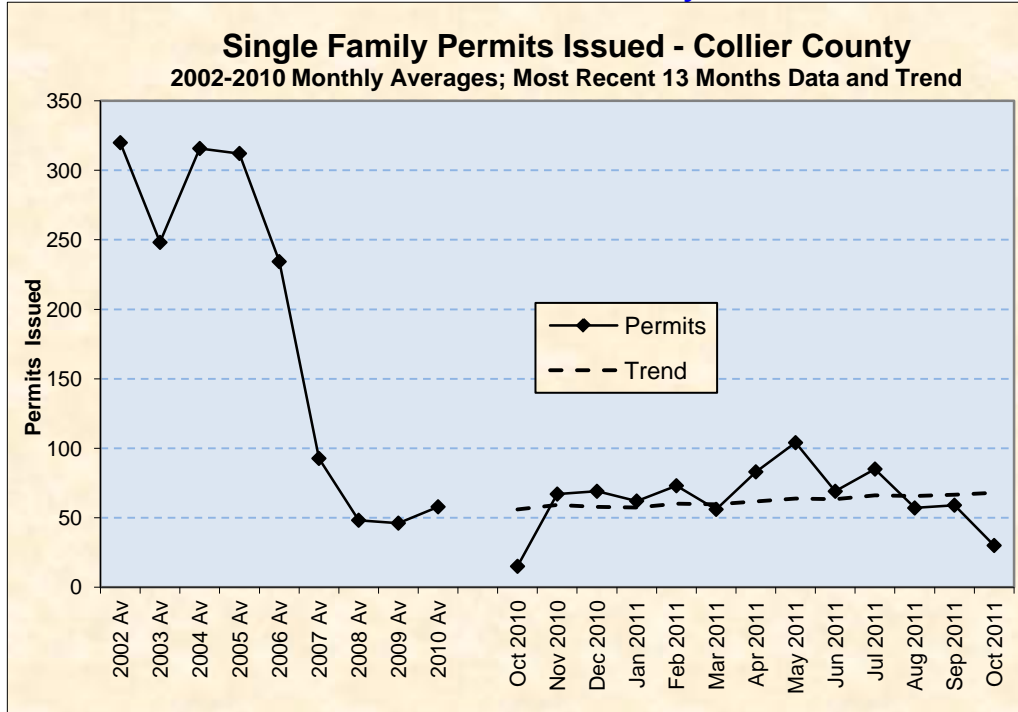
Lee County issued 97 single-family home permits in November 2011, a decline of 9 from the October 2011 figure, and an increase of 34 from the number reported in November 2010, as shown in Chart 7 (which employs a logarithmic scale on its y-axis to more clearly portray long-term trends). Collier County data for November were not available as this report went to press; results through October are shown in Chart 8. For October 2011, Collier issued 30 single-family permits, compared to 15 in October 2010, and 59 in September 2011. Charlotte County permits increased to 25 in November 2011 from 10 in October 2011 and from 24 in November 2010, as shown in Chart 9.

Chart 7: Lee County



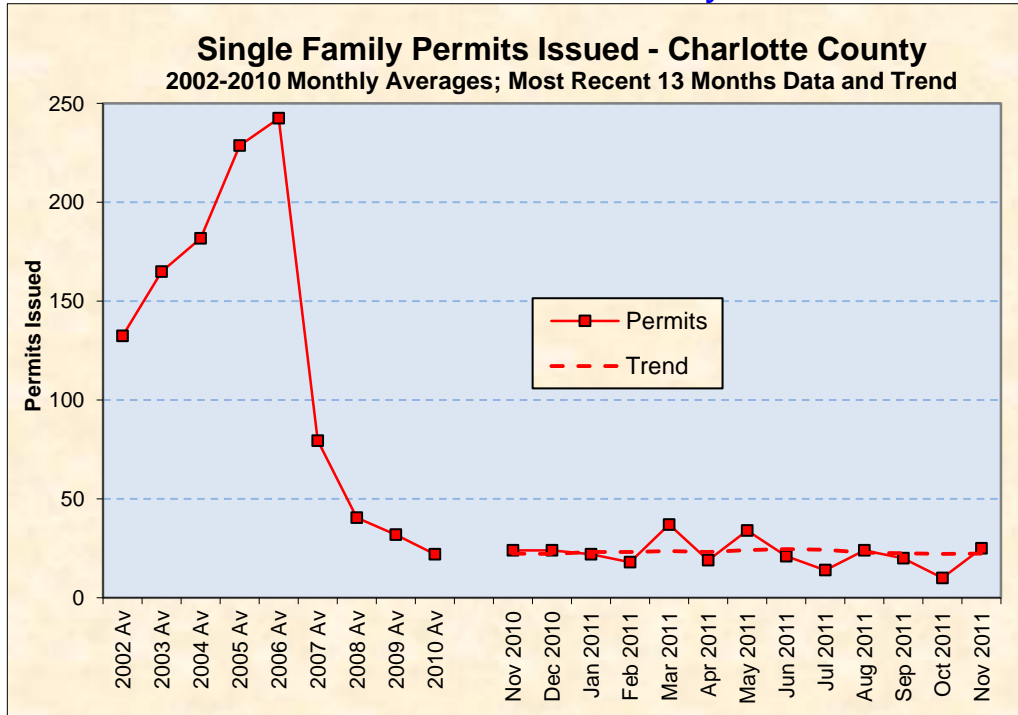
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

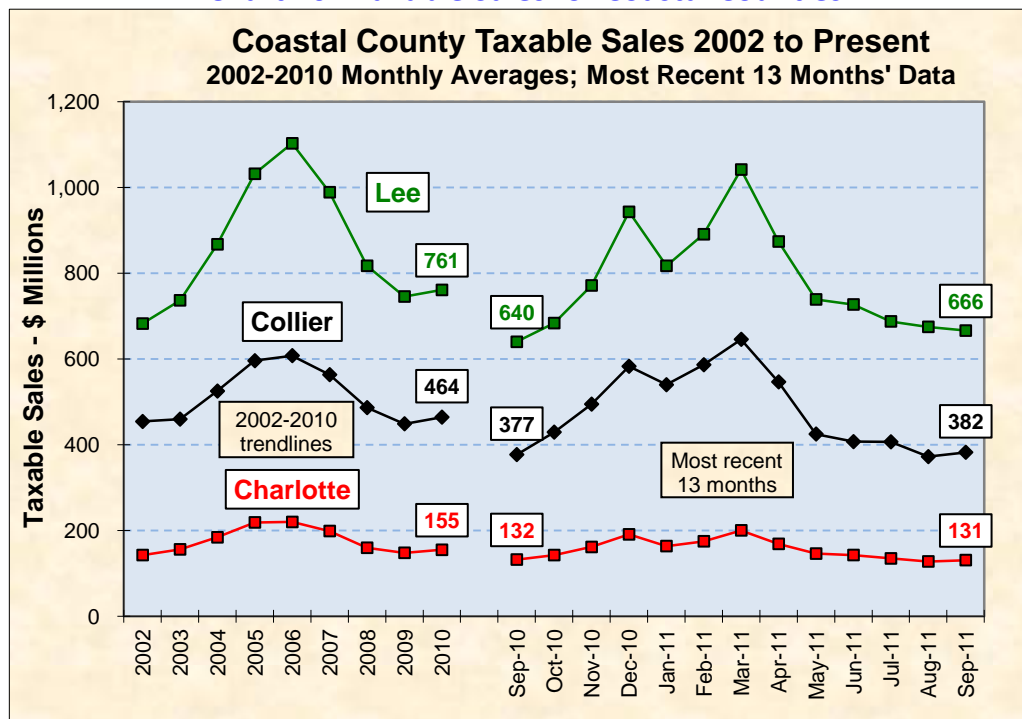
Taxable sales figures track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, September is the latest collection month plotted on the following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

September 2011 total taxable sales for the five-county region were three percent higher (\$30.8 million) than September 2010, and \$5.2 million higher than the prior month of August, as shown in Chart 10. Charlotte County's taxable sales of \$131.0 million in September 2011 represented a decrease of one percent from the September 2010 figure. Lee County taxable sales amounted to \$666.1 million in September 2011, a four-percent increase over September 2010; while Collier County's taxable sales were \$382.4 million in September 2011, an one-percent increase over September 2010. Changes from the prior month of August 2011 amounted to a three-percent increase in Collier, a two-percent increase in Charlotte, and a one-percent decline in Lee County.

Chart 11 shows taxable sales for Glades and Hendry Counties. Hendry County's taxable sales of \$18.8 million in September were one-percent higher than a year ago, and three percent above the prior month. Glades County reported September 2011 taxable sales of \$2.3 million, a 23-percent increase over September 2010 and five percent above the August 2011 figure.

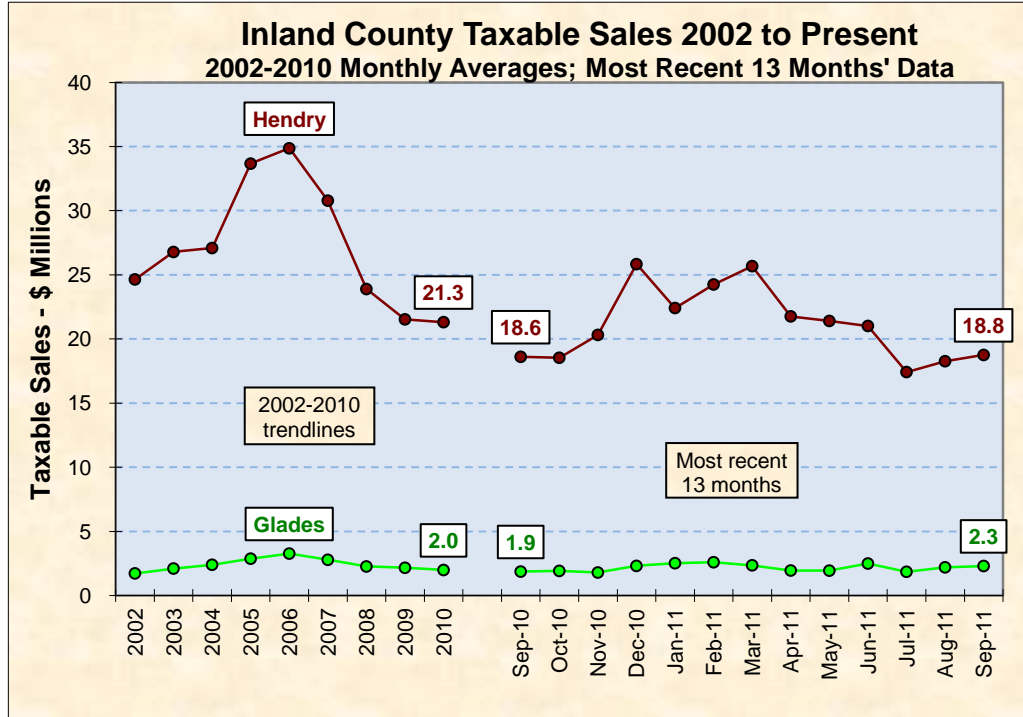
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. Lee and Collier Counties continue to show positive year-over-year comparisons, while the results for Charlotte County are more mixed.

Chart 10: Taxable Sales for Coastal Counties



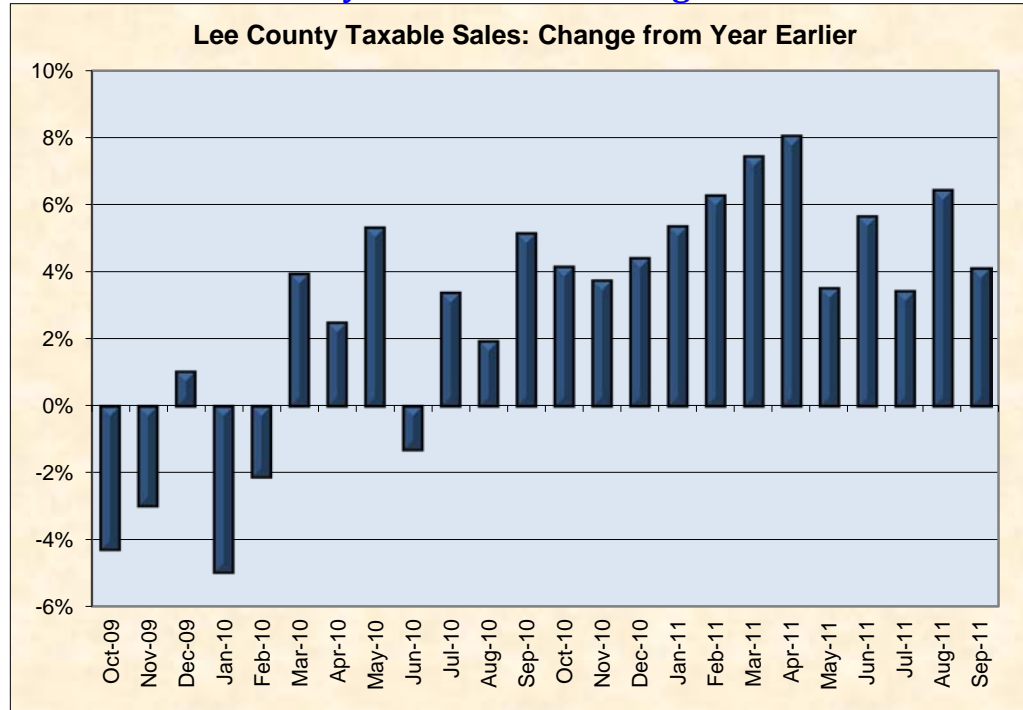
Source: Florida Department of Revenue, Office of Tax Research

Chart 11: Taxable Sales for Inland Counties



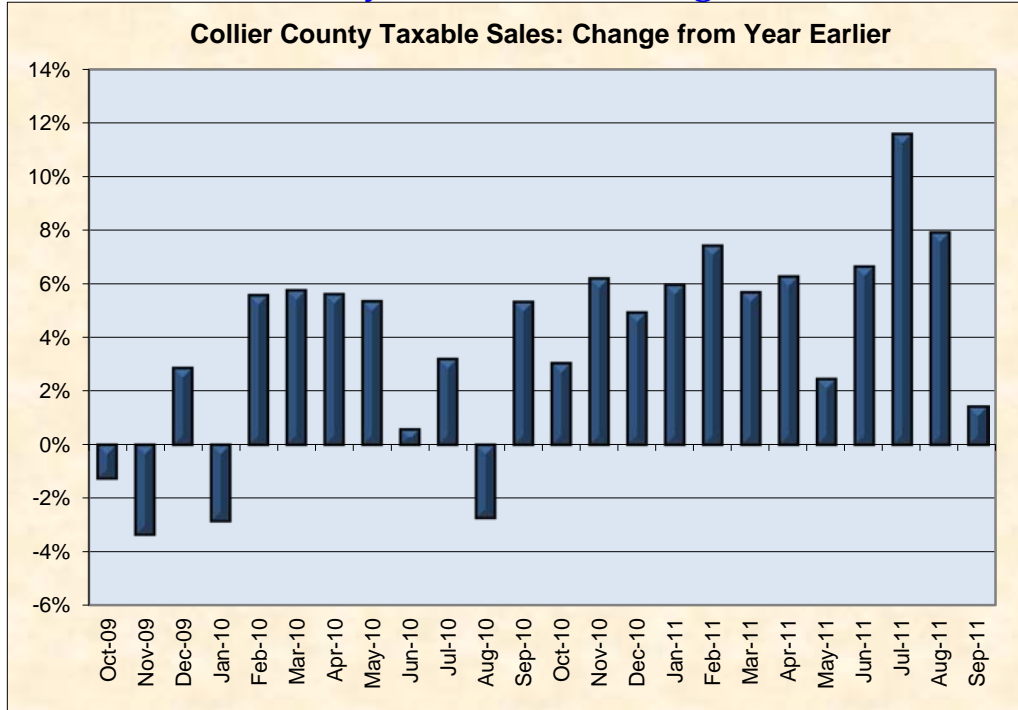
Source: Florida Department of Revenue, Office of Tax Research

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



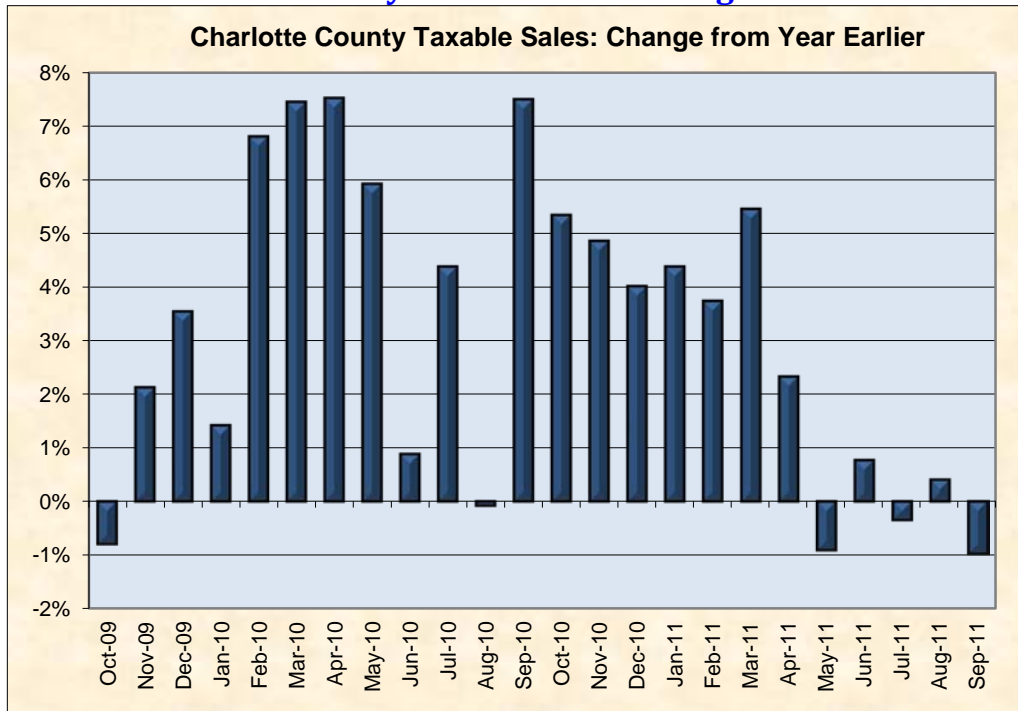
Source: Florida Department of Revenue, Office of Tax Research

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

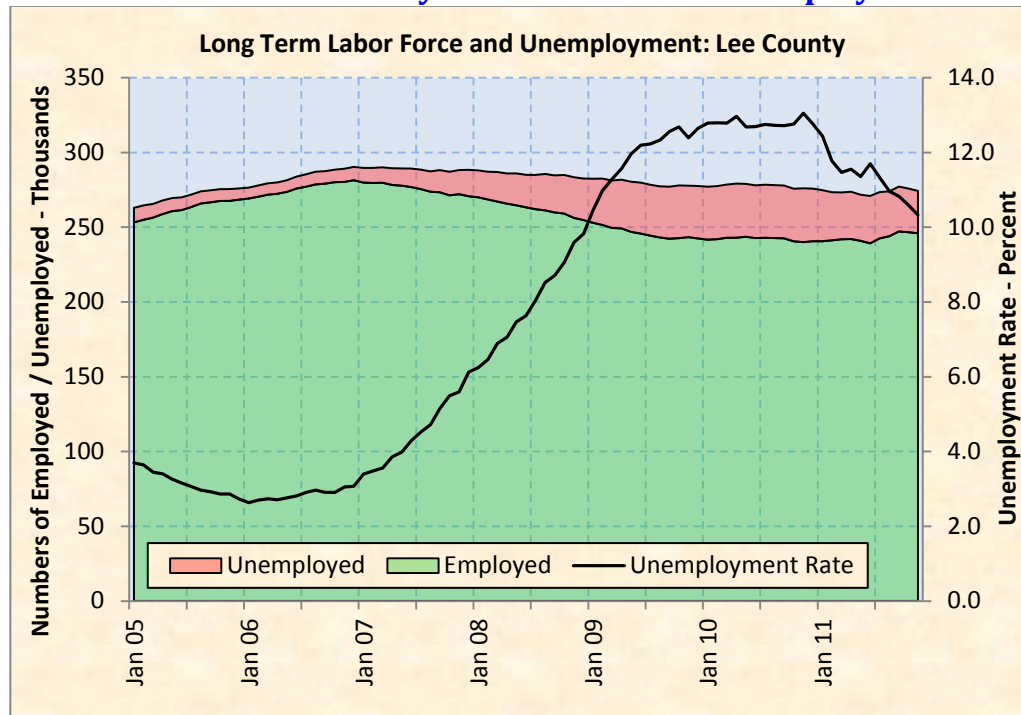
Charts 15, 16, 17, 18, and 19 show total persons employed, unemployed, and the unemployment rate for each county from the beginning of 2005 to November 2011.

The charts show seasonally-adjusted levels of employment, unemployment, and unemployment rates. Seasonal adjustments show long-term trends more clearly. Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends.

Four of the five reporting counties had lower numbers of unemployed, but Lee, Glades, and Hendry counties also had lower employment compared to the prior month of October. Overall employment increased by 8,395 persons over November 2010.

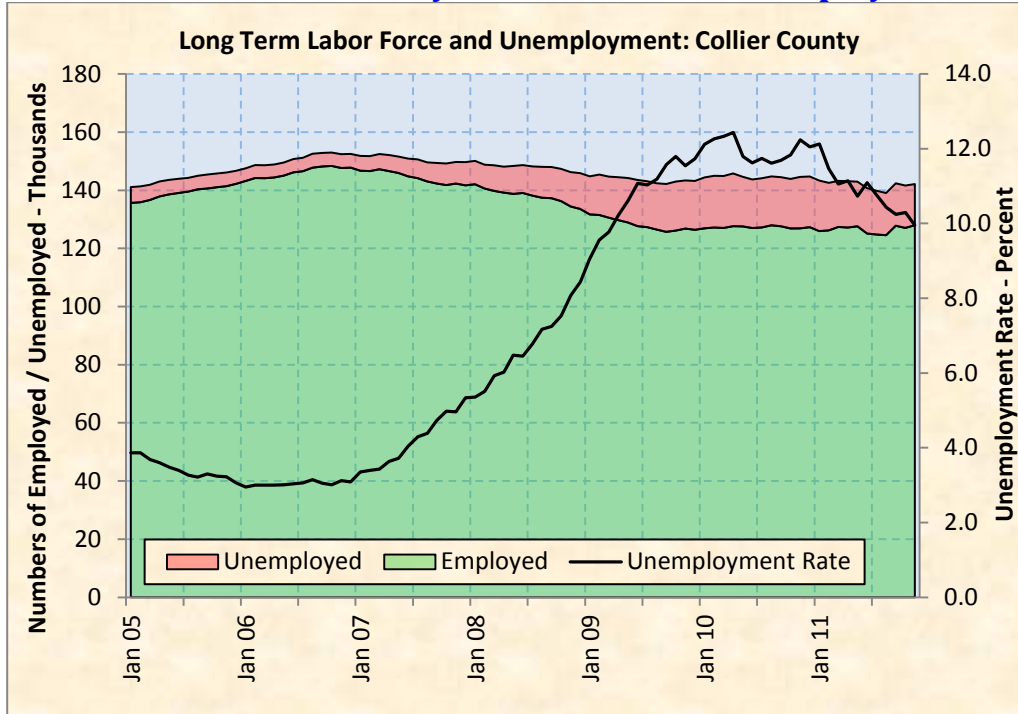
Lee County's seasonally-adjusted unemployment rate decreased to 10.3 percent from 10.6 percent in October 2011 and from 13.0 percent in November 2010, as shown in Chart 15. Collier County's unemployment rate was 10.0 percent, a decline from 12.2 percent in November 2010, as shown in Chart 16. Charlotte County's unemployment rate dropped to 10.2 percent from 10.5 percent in October, and from 12.7 percent in November 2010, as shown in Chart 17. Hendry County's unemployment rate edged up from 14.3 percent in October to 14.6 percent in November, as shown in Chart 18. Glades County's unemployment rate showed an increase from 7.9 percent in October to 8.1 percent in November, but declined from 9.8 percent in November 2010, as shown in Chart 19. The State of Florida's seasonally-adjusted unemployment rate declined from 10.4 percent in October to 10.0 percent in November 2011, the lowest figure since May 2009. The comparable rate for November 2010 was 11.9 percent. The national unemployment rate also shows a pattern of decline from 9.8 percent in November 2010 to 8.6 percent in November 2011.

Chart 15: Lee County Labor Force and Unemployment



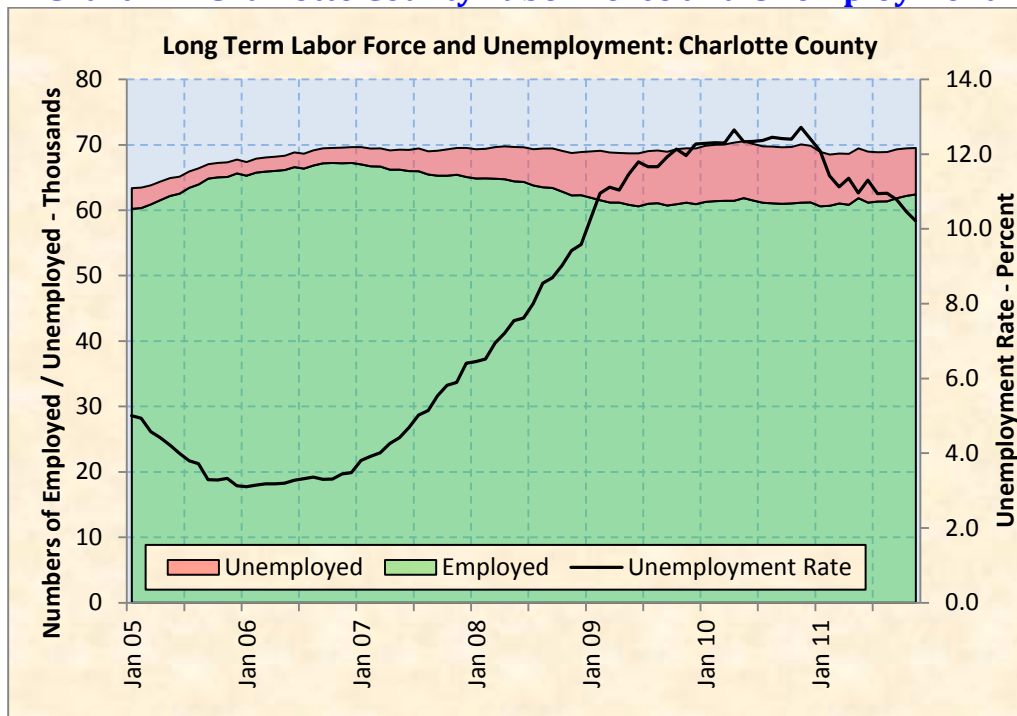
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 16: Collier County Labor Force and Unemployment



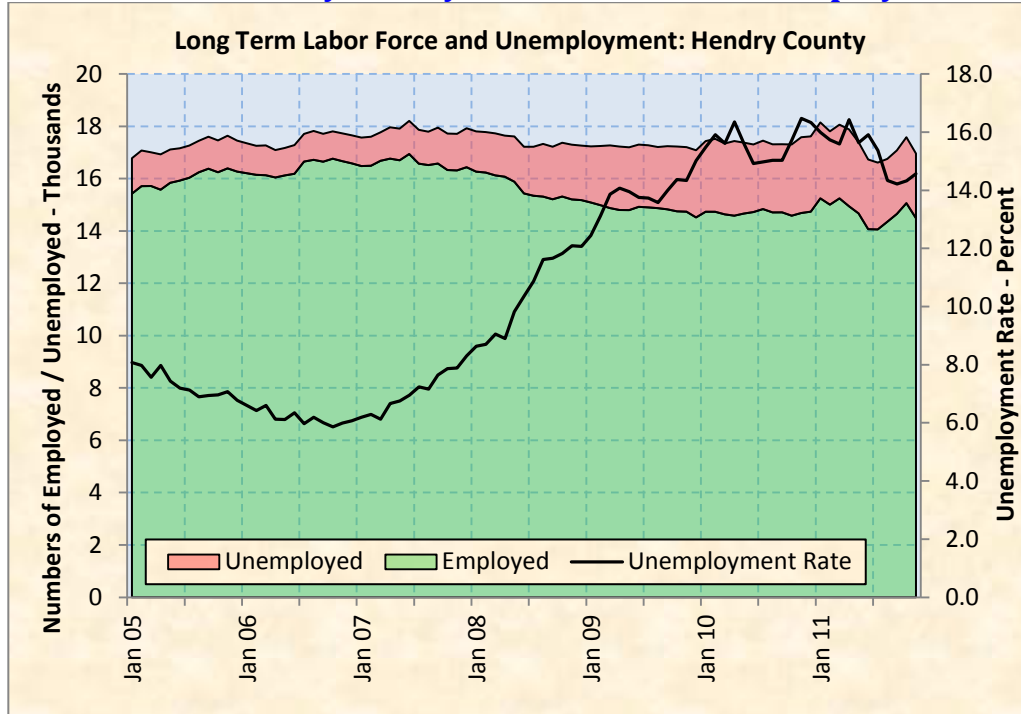
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 17: Charlotte County Labor Force and Unemployment



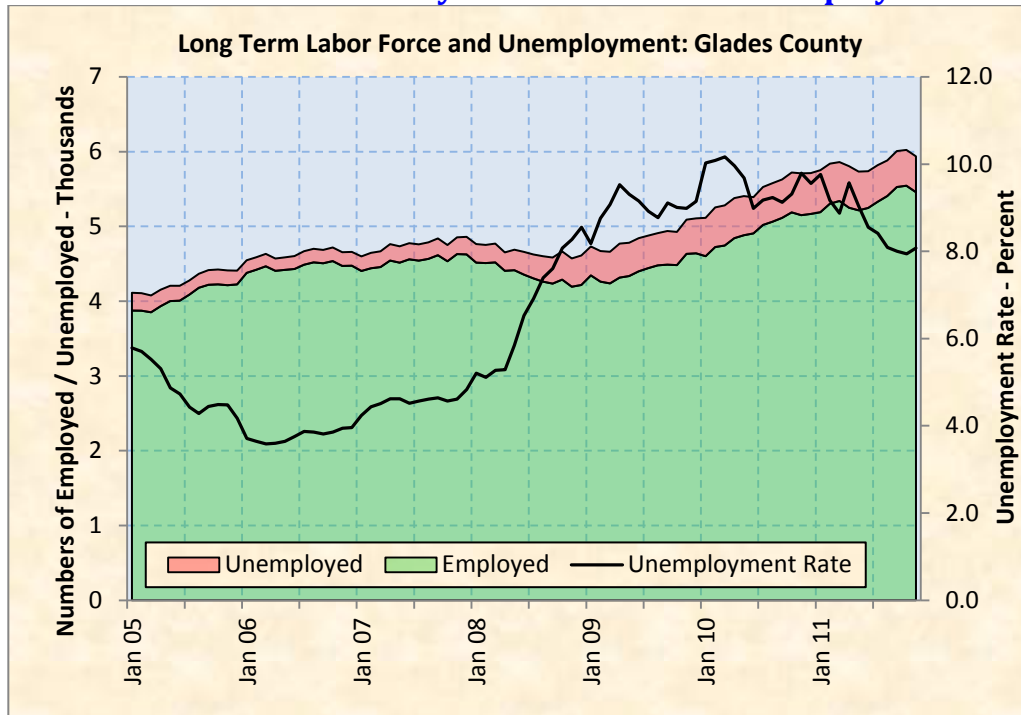
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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

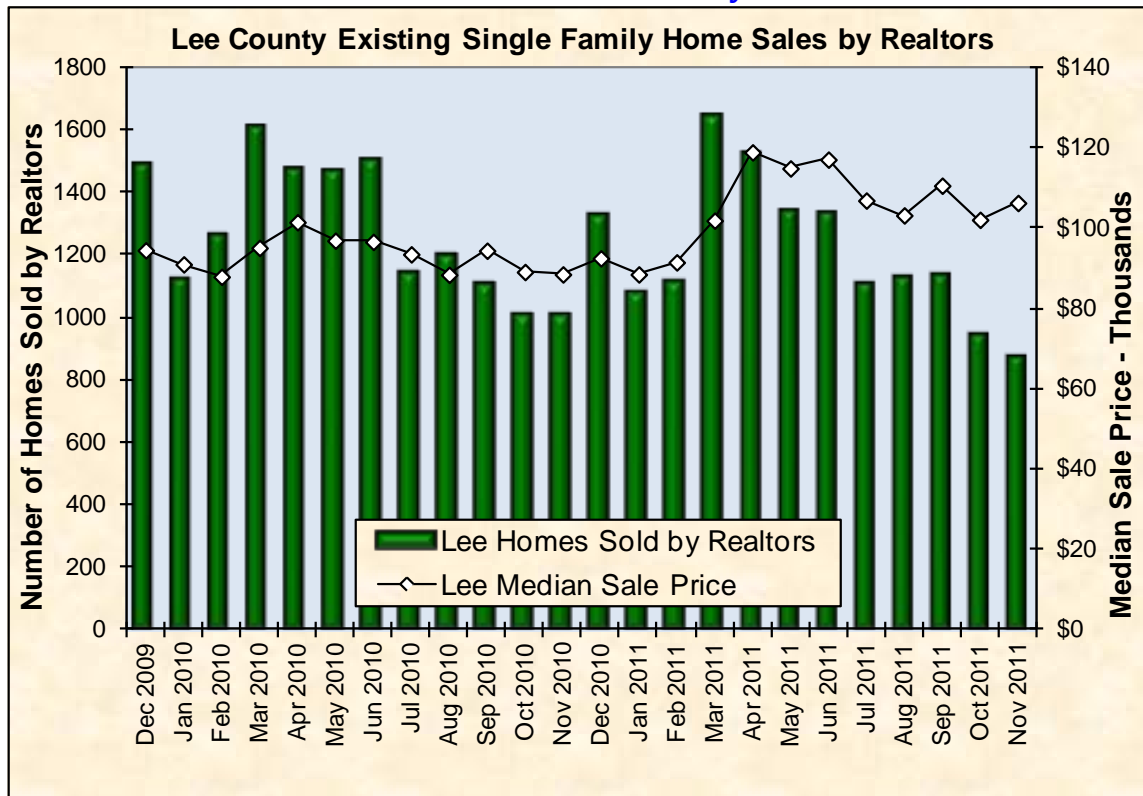


Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Sales of Single-family Existing Homes and Median Sales Prices

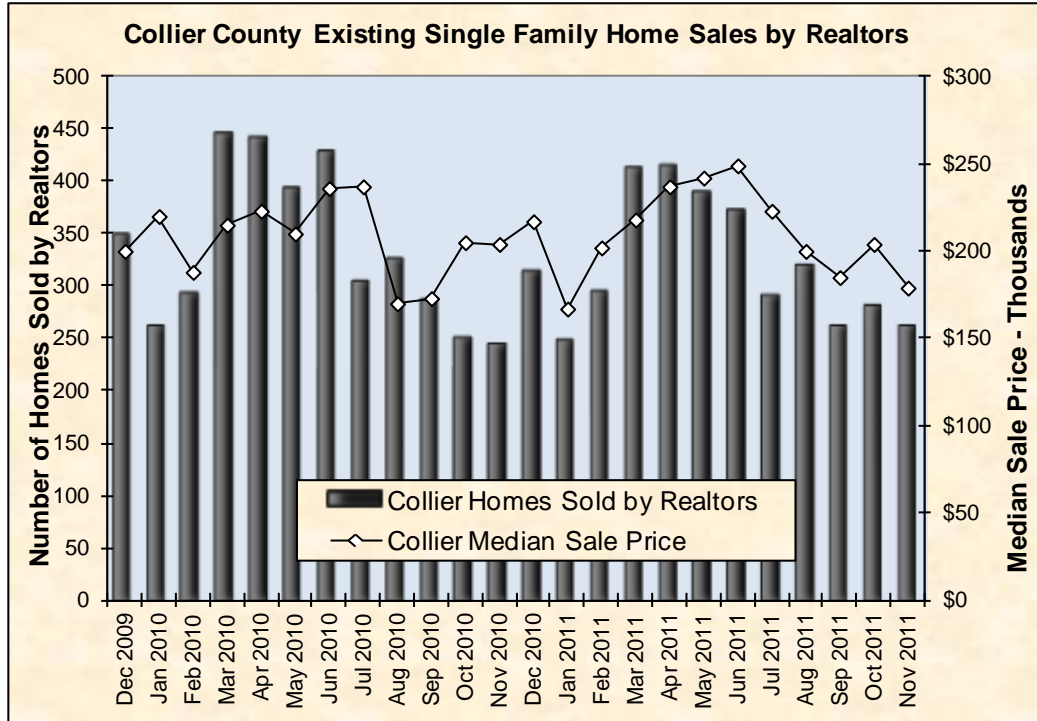
Total Realtor® sales of single-family homes in Lee, Collier, and Charlotte Counties were 1,367 in November 2011, a decline of 87 from the prior month and 94 fewer homes than were sold in November 2010. Lee County single-family home sales were 868 in November 2011 down from sales of 938 in the previous month. The Lee County single-family median home price for October was \$102,100 increasing to \$106,300 in November, as shown in Chart 20. Collier County's existing single-family Realtor sales decreased from 280 in October 2011 to 260 in November 2011; the median price declined from \$204,000 to \$179,000, as shown in Chart 21. Charlotte County's existing single-family home sales increased from 236 in October 2011 to 239 in November 2011 and the median price increased from \$90,000 to \$102,600, as shown in Chart 22. Compared to November 2010, Realtor sales decreased by 13 percent in Lee, while increasing by seven percent in Collier and eleven percent in Charlotte County. Compared to November 2010, median single-family home prices increased by 20 percent in Lee County, declined by 12 percent in Collier County, and increased by 11 percent in Charlotte County.

Chart 20: Lee County



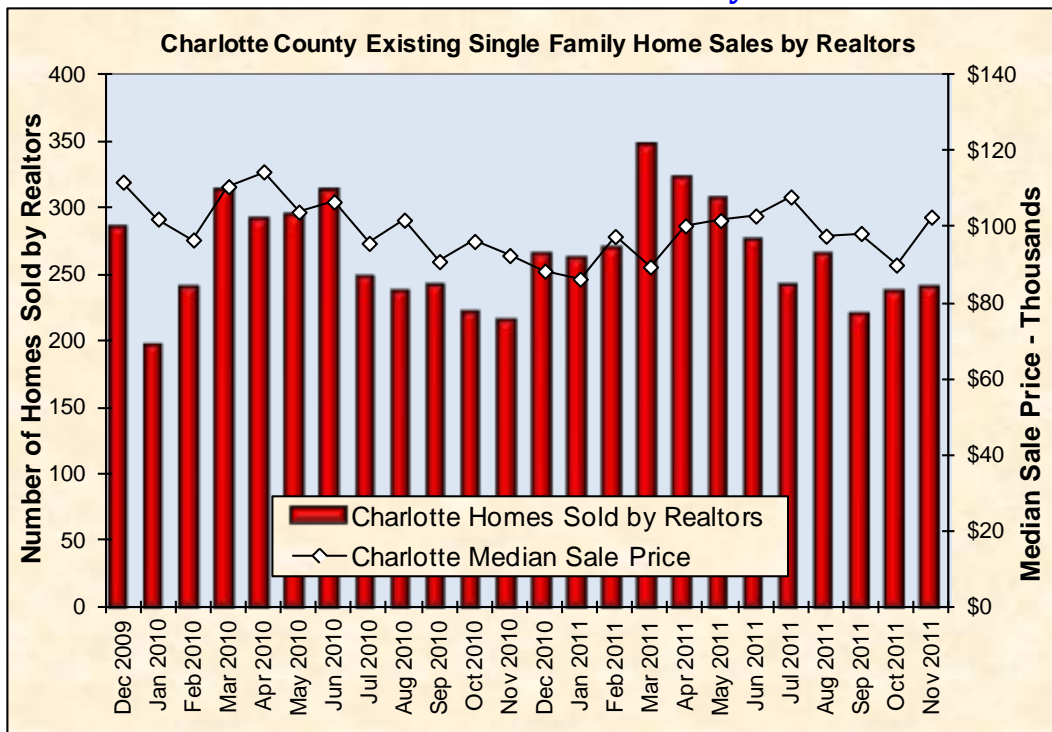
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 21: Collier County



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

Chart 22: Charlotte County



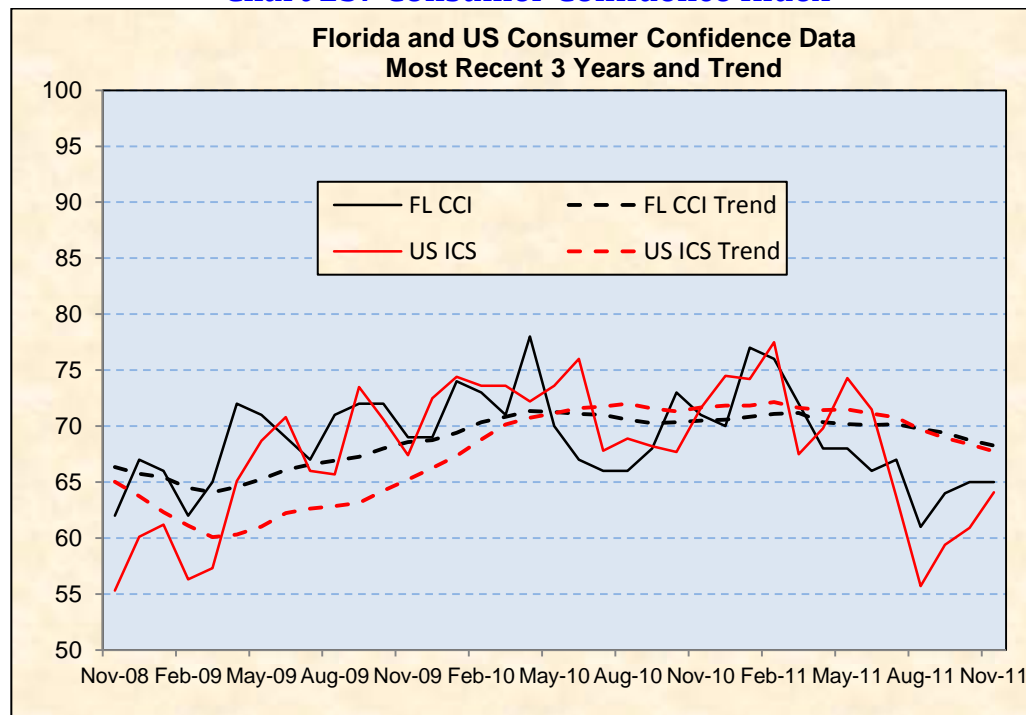
Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

Consumer Confidence Index

Consumer confidence is an important indicator 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 November, but remains below the level of a year ago as unemployment remains historically high, economic growth has been slow, uncertainties abound regarding foreign debt and its impact on the U.S., and stock markets have been volatile. The national ICS for October was 64.1, a 3.2-point increase from the October figure of 60.9, but a 7.5-point decline from November 2010.

The Florida Consumer Confidence Index for November was unchanged from the revised figure of 65 in October; this was 6 points below the November 2010 figure. “Consumer confidence continues to remain at historically low levels,” said Chris McCarty, the Survey Director.

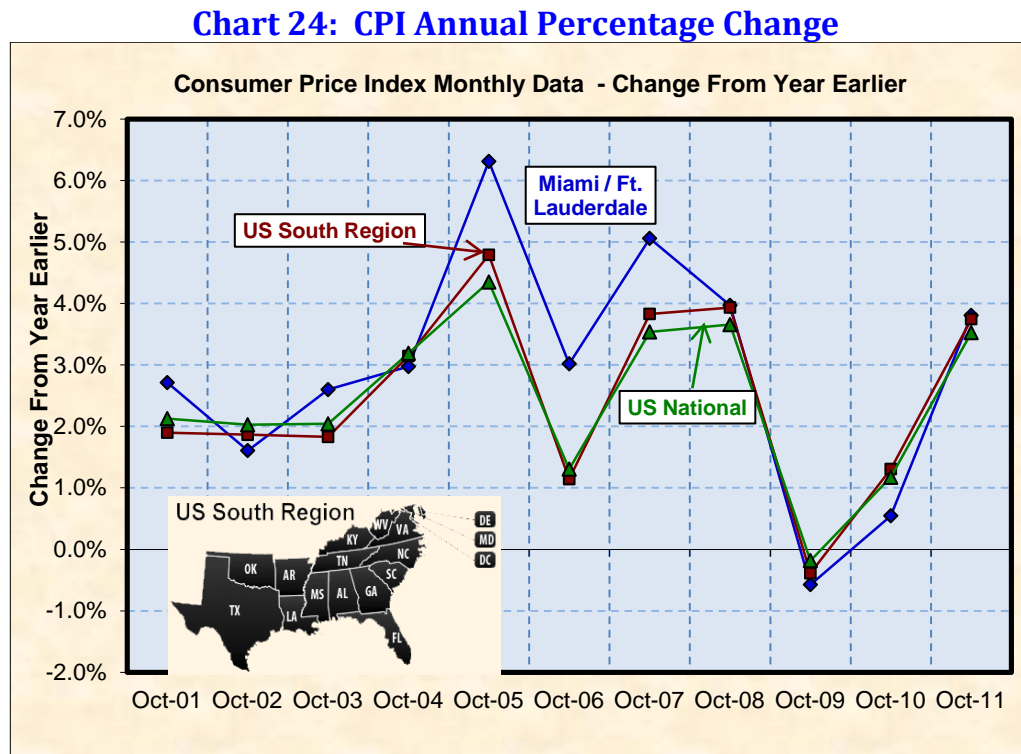
Chart 23: Consumer Confidence Index



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

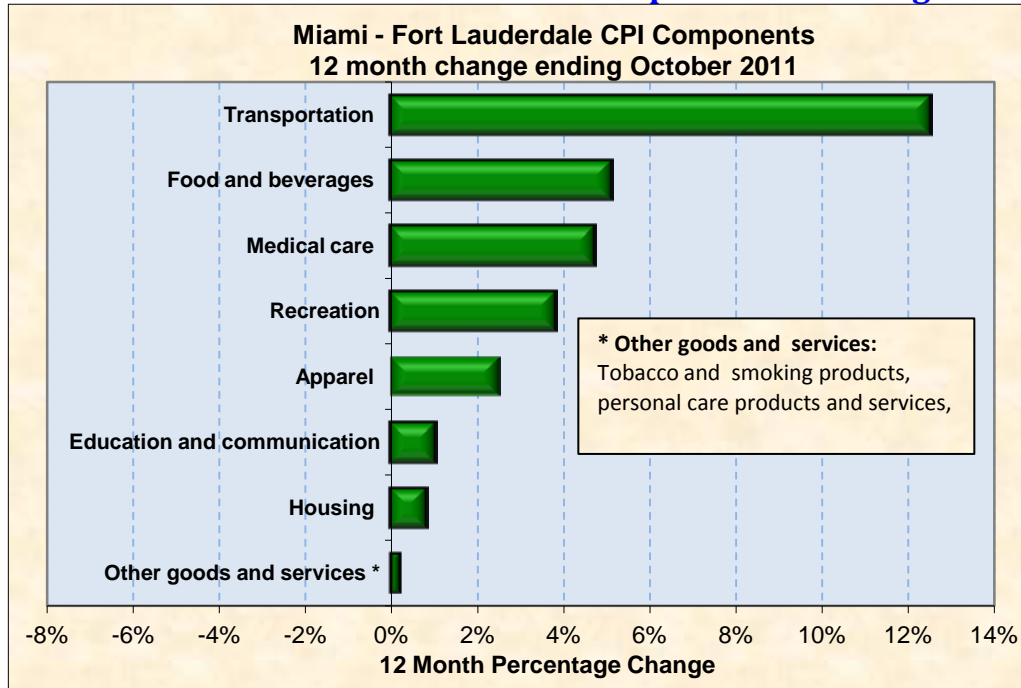
Consumer Price Index

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



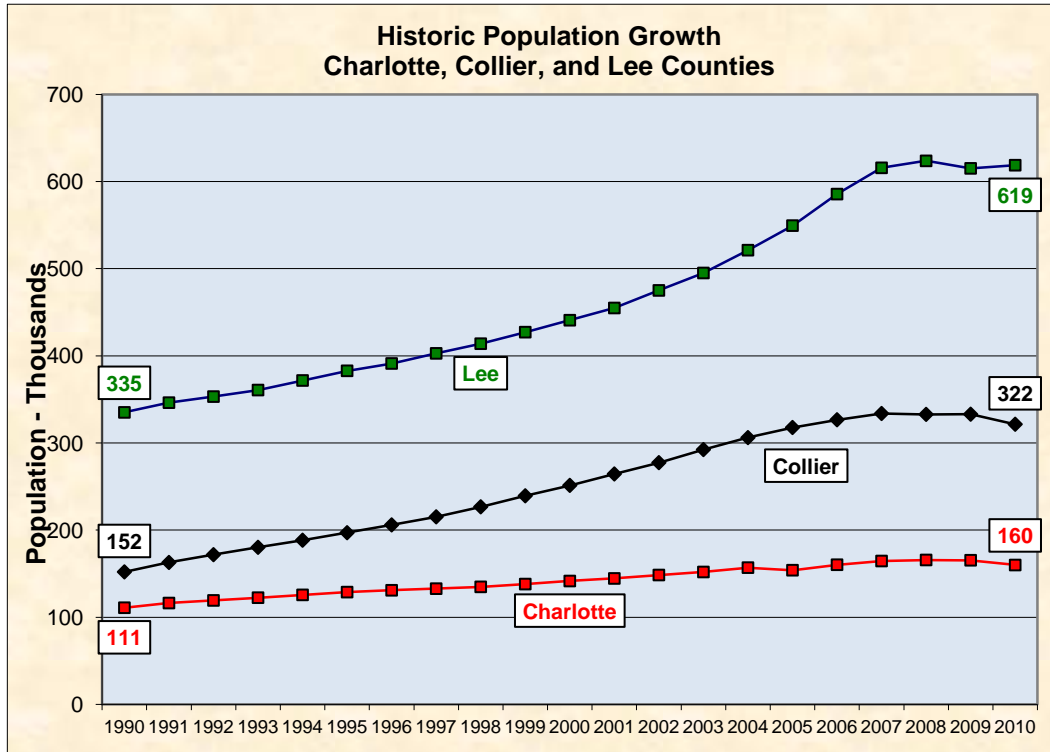
Source: BLS

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.

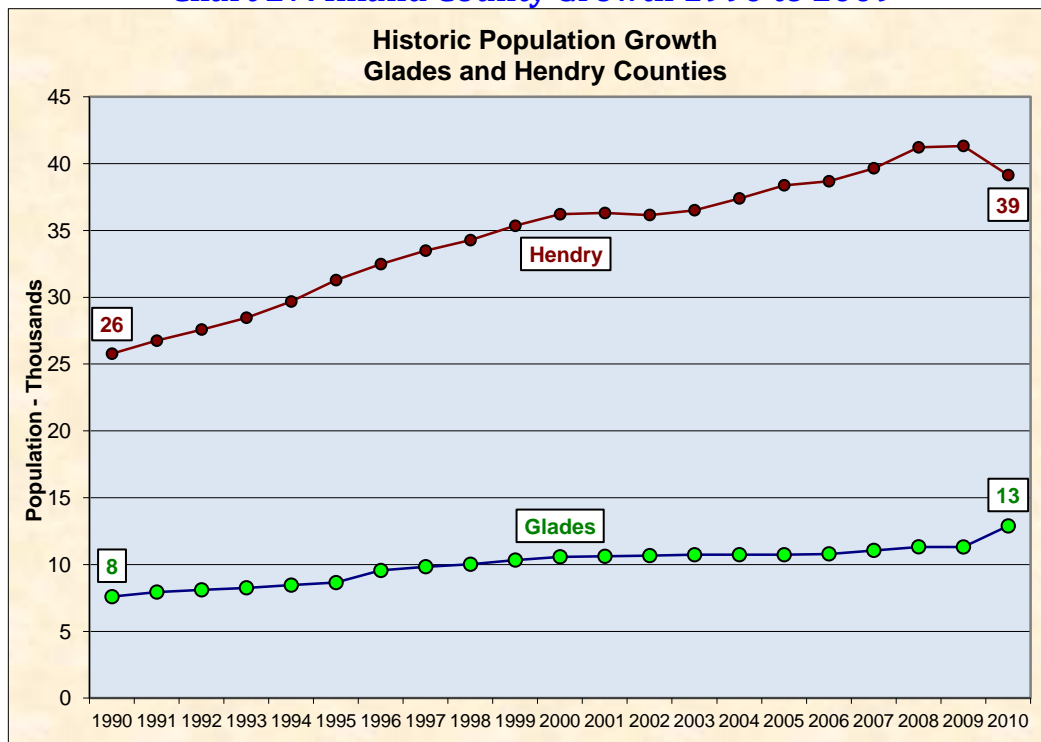
Chart 28 and its accompanying table show projected population increases from 2015 to 2040. The overall rate of regional growth averages 1.6 percent per year for this period, resulting in a 25-year increase of 47 percent.

Chart 26: Coastal Counties Growth 1990 to 2010



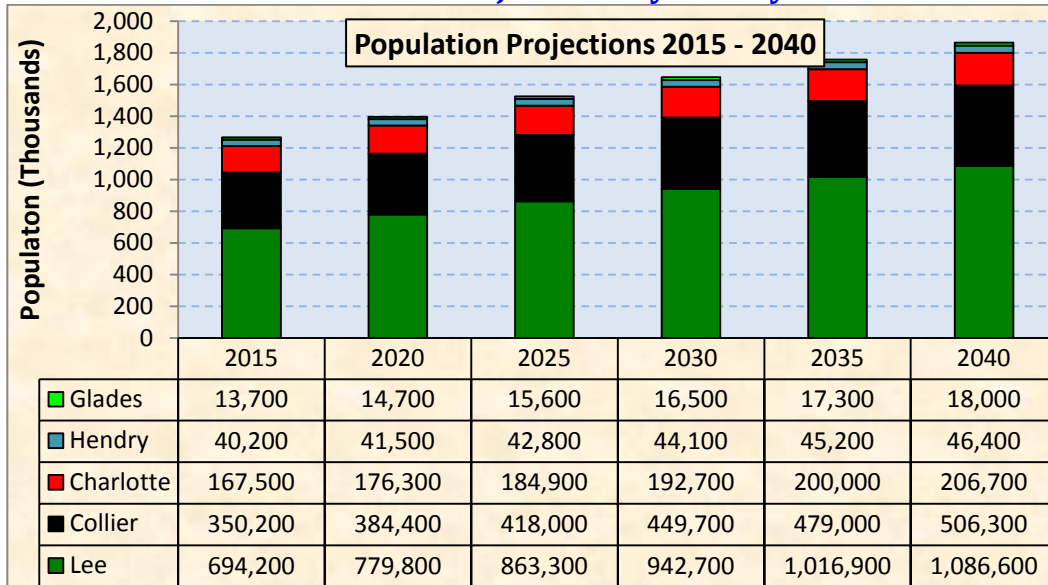
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

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.