

Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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Introduction: National and Regional Background

We are excited to announce that The Horizon Council and the Center for Leadership and Innovation at Florida Gulf Coast University have formed a partnership to complete quarterly business climate surveys of executives in Lee County. The first survey was completed in late January and the complete report is available at www.fortmyersregionalpartnership.com or www.fgcu.edu/cob/reri. A new business climate index was created that will provide a summary measure of current and future expected economic growth for the county. The first quarter 2012 index value is 66. A value of 50 would indicate that overall economic activity is expected to remain the same. A value of 75 would indicate that moderate economic growth is expected. The current value of 66 represents an expectation of guarded positive growth for Lee County.

In addition, the survey reported that 44 percent of firms expect to hire during the next year and only five percent expect to decrease employment. The report provides a list of types of positions which firms expect to hire and some characteristics of employees that are considered important. Forty-nine percent of the firms expect to increase investment over the next year and only nine percent expect to reduce investment. The executives indicated that they were most dissatisfied with financing and healthcare costs.

The plan is to complete a new survey each quarter and to build the size of the sample to be able to stratify the results by industry type, as well as to grow the geographic scope of the survey to include all of the Southwest Florida region.

Nationally, the advance estimate for the U.S. Real GDP growth was released on January 27th and showed fourth quarter growth at 2.8 percent. This compares to 1.8 percent growth in the third quarter. Fourth quarter real personal consumption expenditures increased by 2.0 percent compared to 1.7 percent in the third quarter. Real disposable personal income increased by 0.8 percent in the fourth quarter.

The January Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by 243,000, which was larger than the December increase of 200,000. The U.S. labor force grows by approximately 130,000 per month, so overall job growth needs to be much larger in order to see significant reductions in the unemployment rate. The national January employment increases included 70,000 in professional and business services, 50,000 in manufacturing, 44,000 in leisure and hospitality, and 31,000 in health care.

The national unemployment rate has fallen to 8.3 percent. The number of long-term unemployed (those jobless for 27 weeks or longer) is 42.9 percent of all unemployed in January 2012.

The national consumer price index for January 2012 increased by 2.9 percent over January 2011, primarily driven by a 6.1-percent increase in energy prices and a 4.4-percent increase in food. All items, less food and energy, rose by only 2.3 percent. Core inflation remains subdued and has allowed the Federal Reserve to maintain low interest rates.

As reported last month, the latest statement of the Federal Reserve Open Market Committee (FOMC) was issued on January 25th; a summary is provided below:

- The economy has been expanding moderately, notwithstanding some slowing in global growth;
- The unemployment rate remains elevated;
- Household spending has continued to advance, but growth in business fixed investment has slowed, and the housing sector remains depressed;
- Inflation has been subdued in recent months, and longer-term inflation expectations have remained stable;
- Economic growth will be modest over the coming quarters and the 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;
- The Committee expects to maintain a highly accommodative stance for monetary policy, and to keep the target range for the federal funds rate at 0 to ¼ percent; and
- The Committee anticipates that economic conditions are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014. Previous statements anticipated low levels “at least through mid-2013”.

The next scheduled meeting of the FOMC is March 13th.

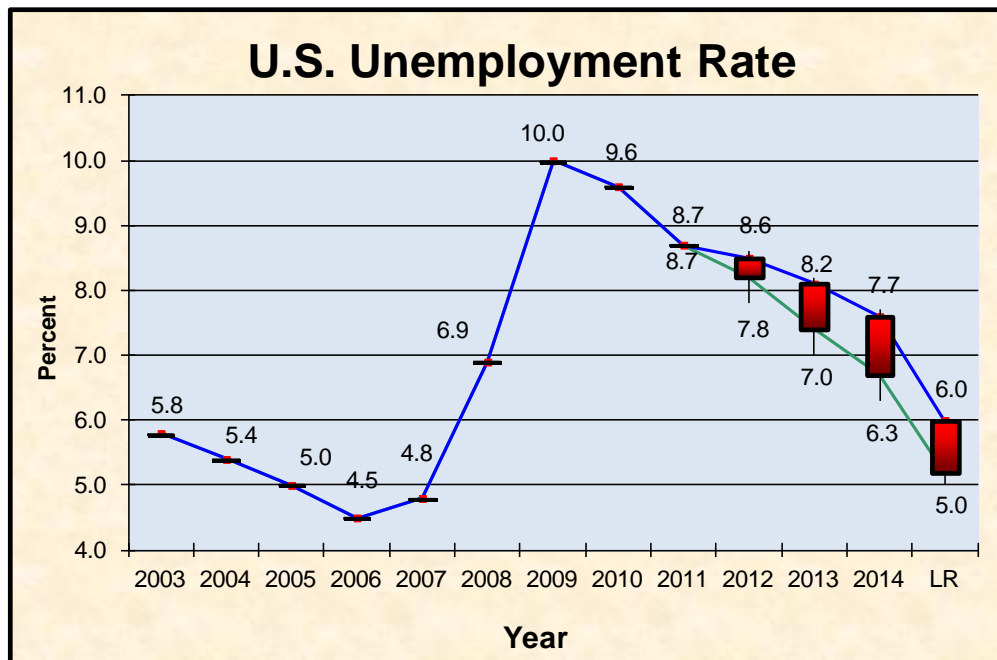
The FOMC released its latest forecast on January 25, 2012, shown below in the "box and whiskers" charts. This latest forecast shows slower overall GDP growth but the unemployment rates fall somewhat faster. The red boxes are the central tendency forecast and the full range of uncertainty is reflected 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 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 2012, the overall projected range is 2.1 to 3.0 percent with a central tendency range of 2.2 to 2.7 percent growth. For 2013, the overall projected range is 2.4 to 3.8 percent with a central tendency range of 2.8 to 3.2 percent growth. For 2014, the overall projected range is 2.8 to 4.3 percent with a central tendency range of 3.3 to 4.0 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 2.3 to 2.6 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: Federal Reserve Open Market Committee Meeting Statement, January 25, 2012.

As shown in the chart below, the 2012 national unemployment rate is expected to be lower than in 2011, but remain historically high, in a range of 7.8 to 8.6 percent, with a central tendency (red bar) of 8.2 to 8.5 percent. For 2013, the overall projected range for the national unemployment rate is 7.0 to 8.2 percent with a central tendency range of 7.4 to 8.1 percent. For 2014, the overall projected range for the national unemployment rate is 6.3 to 7.7 percent with a central tendency range of 6.7 to 7.6 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: Federal Reserve Open Market Committee Meeting Statement, January 25, 2012.

The Southwest Florida economy continues to show gains in tourism and consumer purchases which are positive signs. Regional taxable sales rose by six percent from November 2010 to November 2011. From December 2010 to December 2011, tourism taxes increased by 15 percent in Lee County, 20 percent in Collier County and by 26 percent in Charlotte County. December 2011 passenger traffic at Southwest Florida International Airport decreased by three percent from December 2010.

Economic growth is expected to be positive this year but below the long-term growth rate of three percent. Issues related to the Federal budget, state budgets, the European sovereign debt issues, and oil prices are likely to create some headwinds.

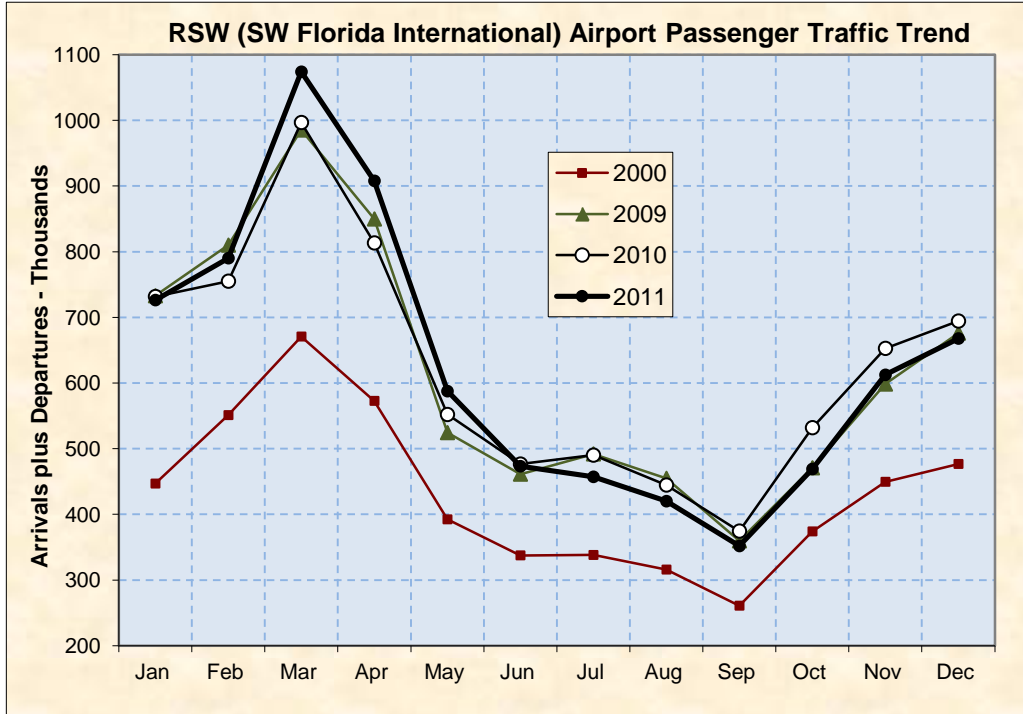
RERI thanks all of the individuals and organizations that have helped to bring together the regional information for this report. These include the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee Counties, the Convention and Visitors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

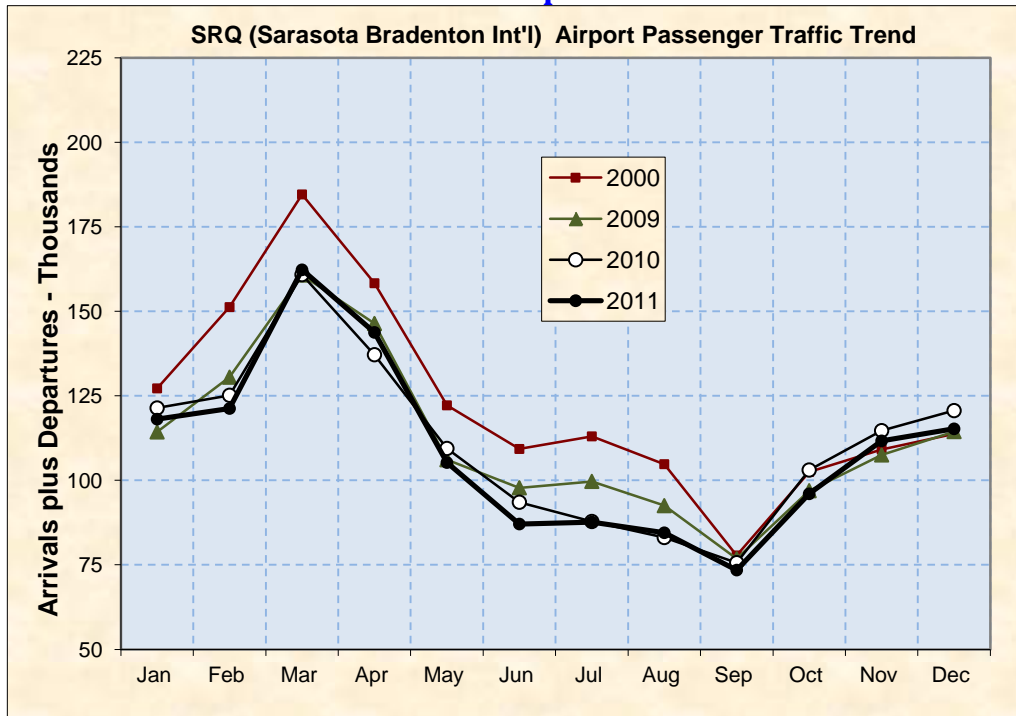
Passenger activity for the three Southwest Florida airports totaled 818,721 in December 2011, up nine percent over November 2011, but down by three percent from December 2010. Chart 1 shows RSW passenger activity of 667,789 in December 2011, an increase of nine percent over November 2011, but a decline of four percent from December 2010. Sarasota (SRQ) passenger activity was 115,254 in December 2011, three percent higher than the prior month but down by four percent from December 2010, as shown in Chart 2. Punta Gorda Airport continued to show year-to-year growth, reporting December 2011 passenger activity of 35,678, 31 percent higher than the November 2011 figure, and a 12 percent increase over December 2010, as shown in Chart 3.

Chart 1: RSW Traffic Trend



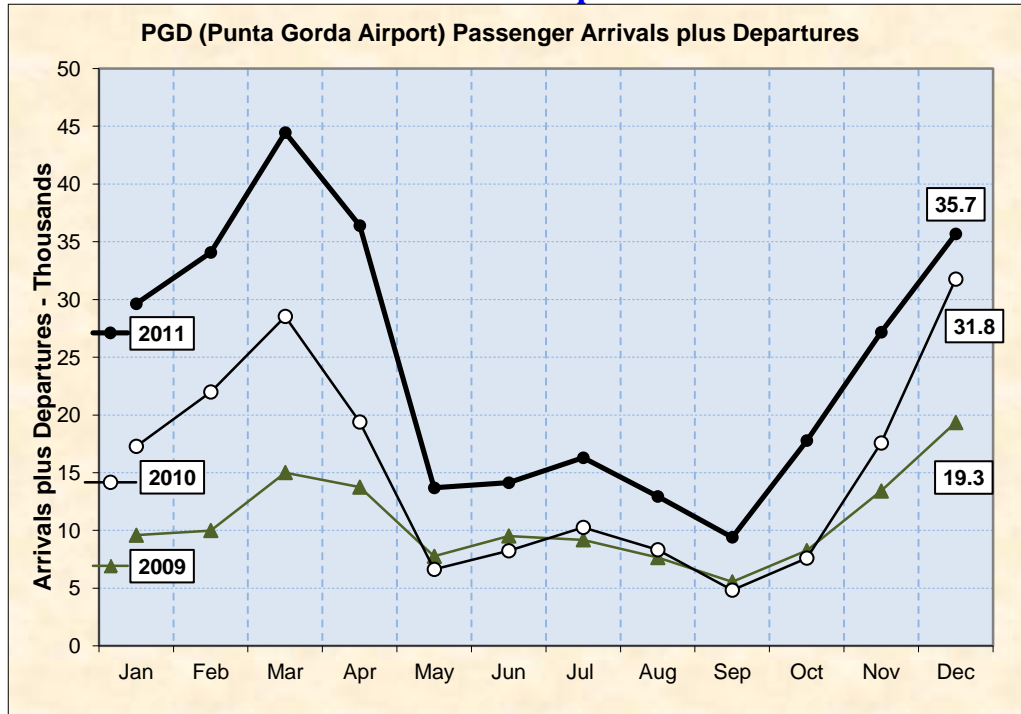
Source: Local Airport Authorities

Chart 2: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 3: Punta Gorda Airport Traffic Trend

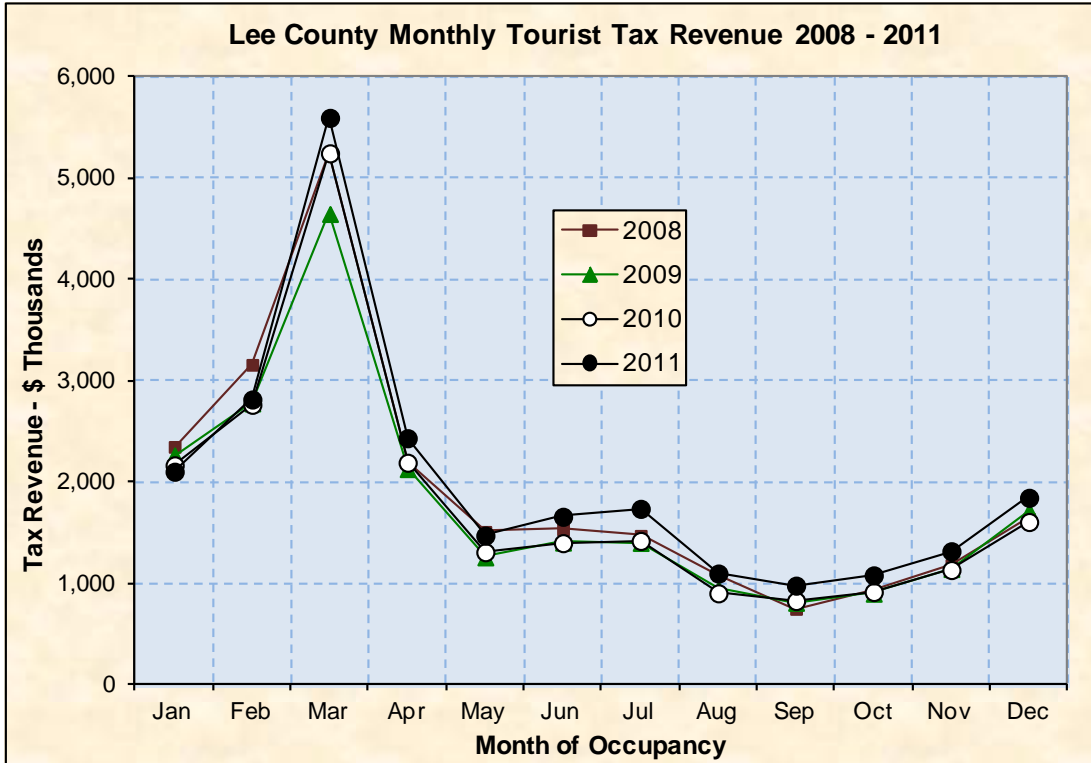


Source: Local Airport Authorities

Tourism Tax Revenues

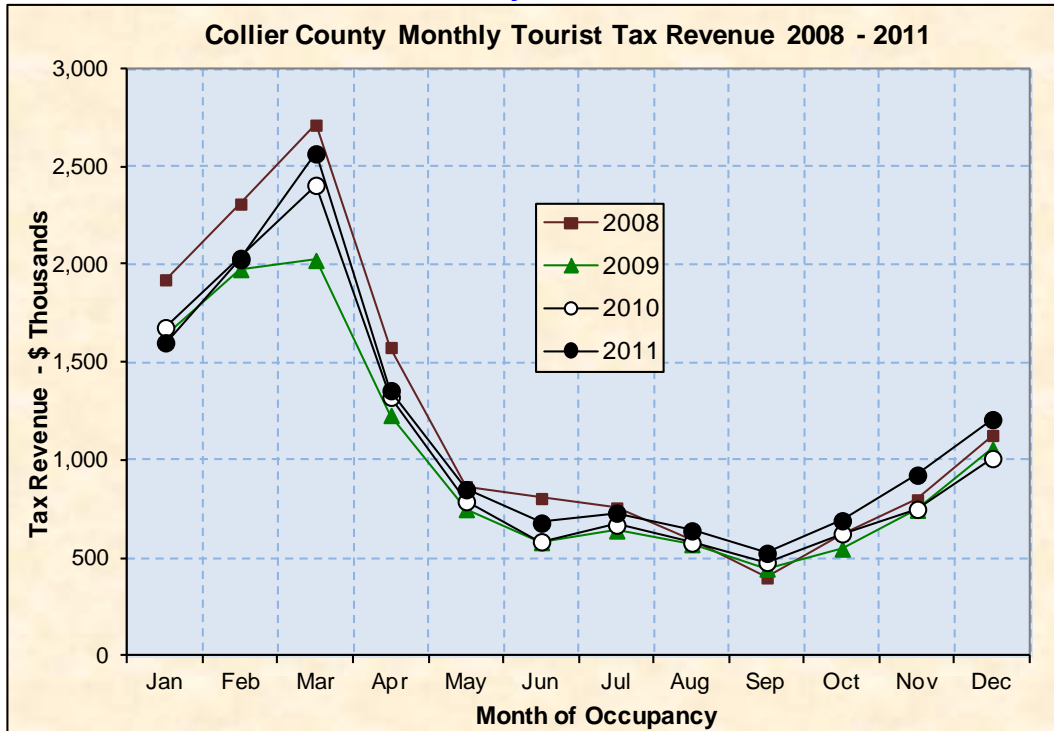
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. Lee and Charlotte County revenues for December 2011 were at the highest December level since we began recording monthly revenues in 2006 while Collier recorded its best December since 2007. Lee County tourism tax revenues rose to \$1,845,631, an increase of 40 percent over November 2011 and 15 percent higher than December 2010. Collier County revenues of \$1,208,561 in December 2011 were 31 percent higher than November 2011 and 20 percent higher than December 2010. Charlotte County’s tourism tax revenues of \$98,297 in December 2011 represented a 64 percent increase over November 2011, and a 26 percent increase over December 2010. These continue to be very positive signs for our local economy.

Chart 4: Lee County Tourism Tax Revenues



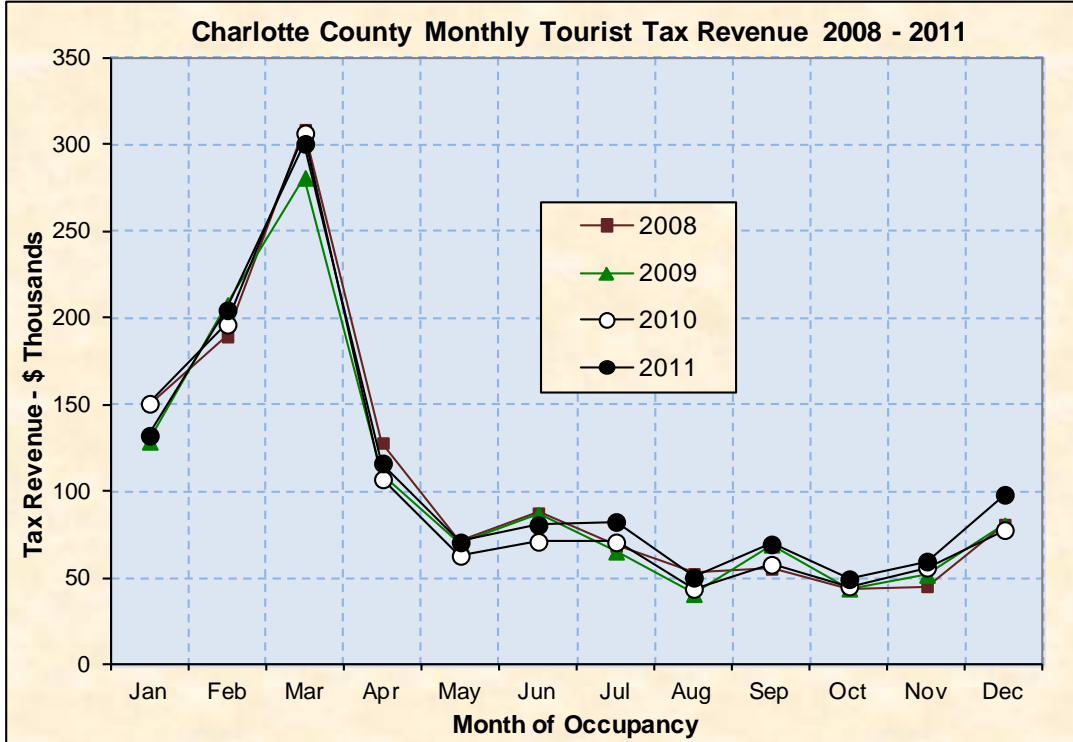
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

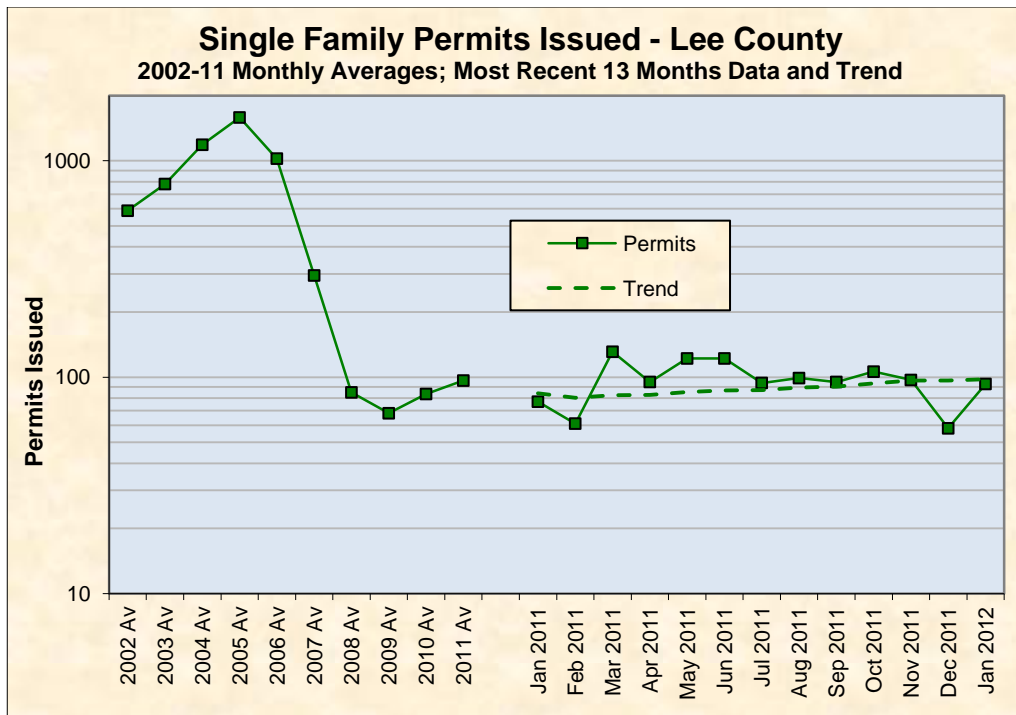


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

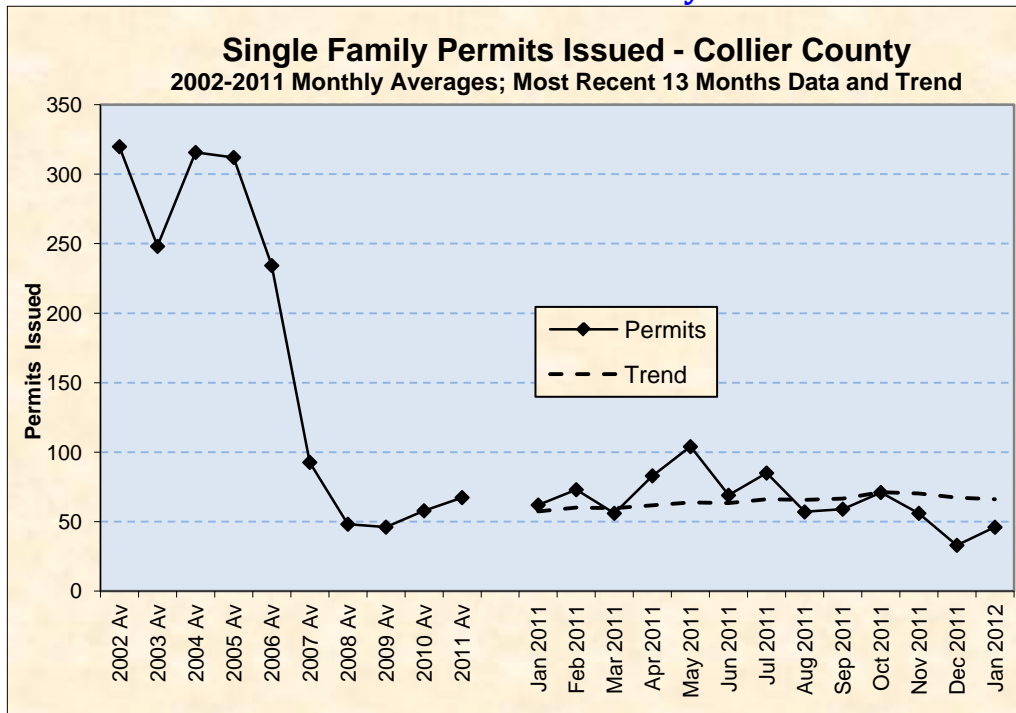
Lee County jurisdictions issued 93 single-family home permits in January 2012, rebounding from the December 2011 figure of 58, and 16 permits higher than in January 2011, as shown in Chart 7 (which employs a logarithmic scale on its y-axis to more clearly portray long-term trends). Collier County reported 46 permits issued in January 2012, up from 33 in December, but below the 62 permits reported for January 2011, as shown in Chart 8. Charlotte County permits were fairly steady at 24 in January 2012, one less than December 2011 and two more than were issued in January, 2011, as shown in Chart 9.

Chart 7: Lee County



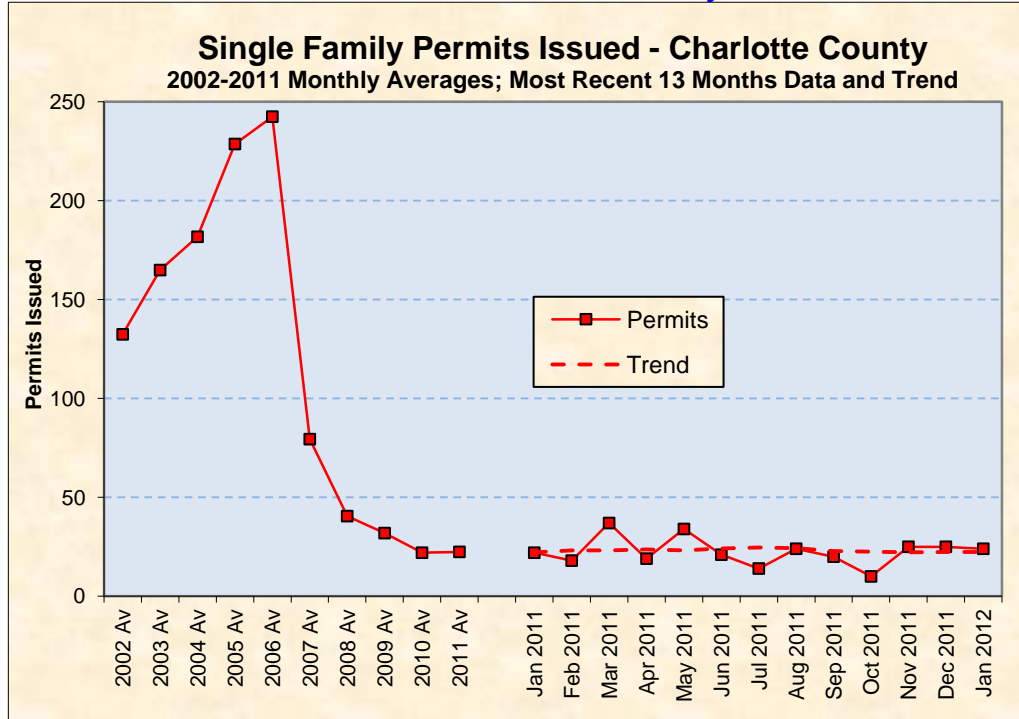
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

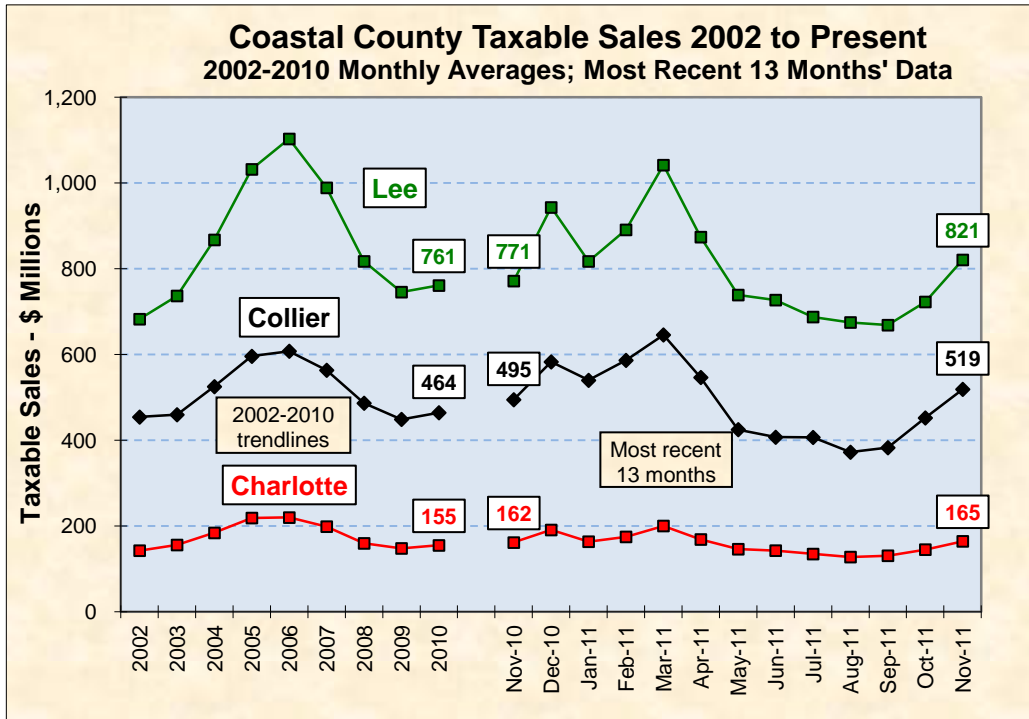
Taxable sales figures track consumer spending, an important component of the regional economy. The following charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue; November is the latest collection month plotted on the following charts.

All five counties again reported higher taxable sales in November 2011 versus November 2010, a total gain of \$79.9 million, or 6 percent. This represented an increase of \$183.2 million over the prior month of October 2011. Charlotte County's taxable sales of \$164.5 million in November 2011 represented a two-percent increase from the November 2010 figure. Lee County taxable sales amounted to \$820.6 million in November 2011, a six-percent increase over November 2010; while Collier County's taxable sales were \$518.9 million in November 2011, a five-percent increase over November 2010. Changes from the prior month of October 2011 showed increases of 15 percent in Collier, 13 percent in Charlotte, and 14 percent in Lee County as shown in Chart 10.

Hendry County's taxable sales of \$23.7 million in November were 17-percent higher than a year ago, as shown in Chart 11. Glades County reported November 2011 taxable sales of \$1.8 million, a one-percent increase over November 2010, but 13-percent below October's taxable sales.

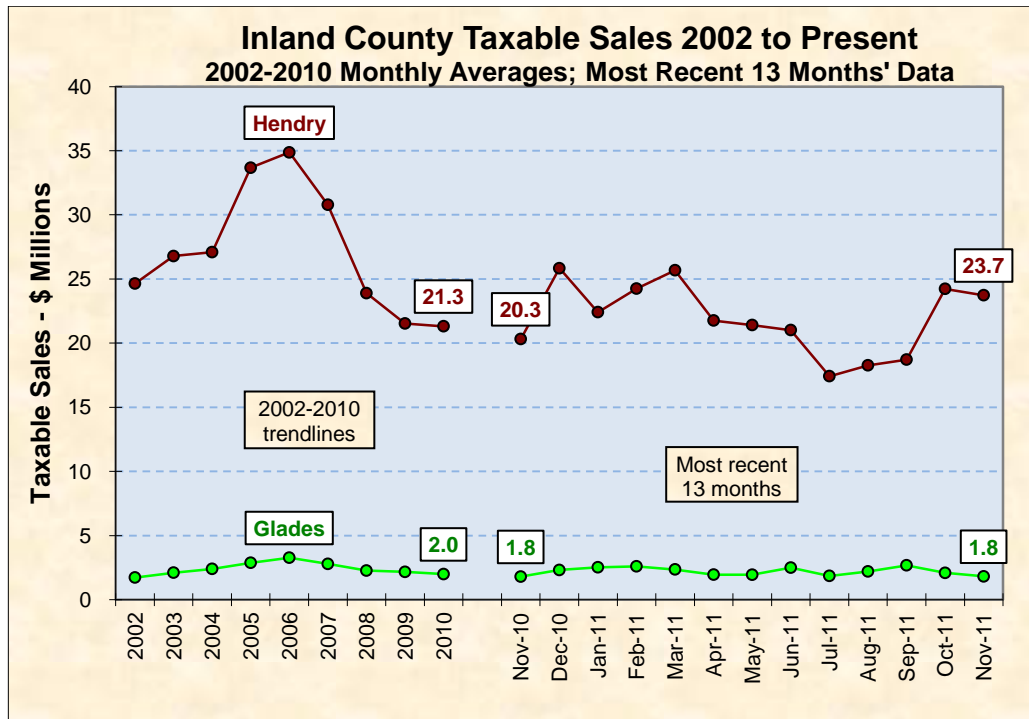
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. Lee and Collier Counties have shown positive year-over-year comparisons for over fifteen or more consecutive months, with the November comparison for Charlotte County is positive as well.

Chart 10: Taxable Sales for Coastal Counties



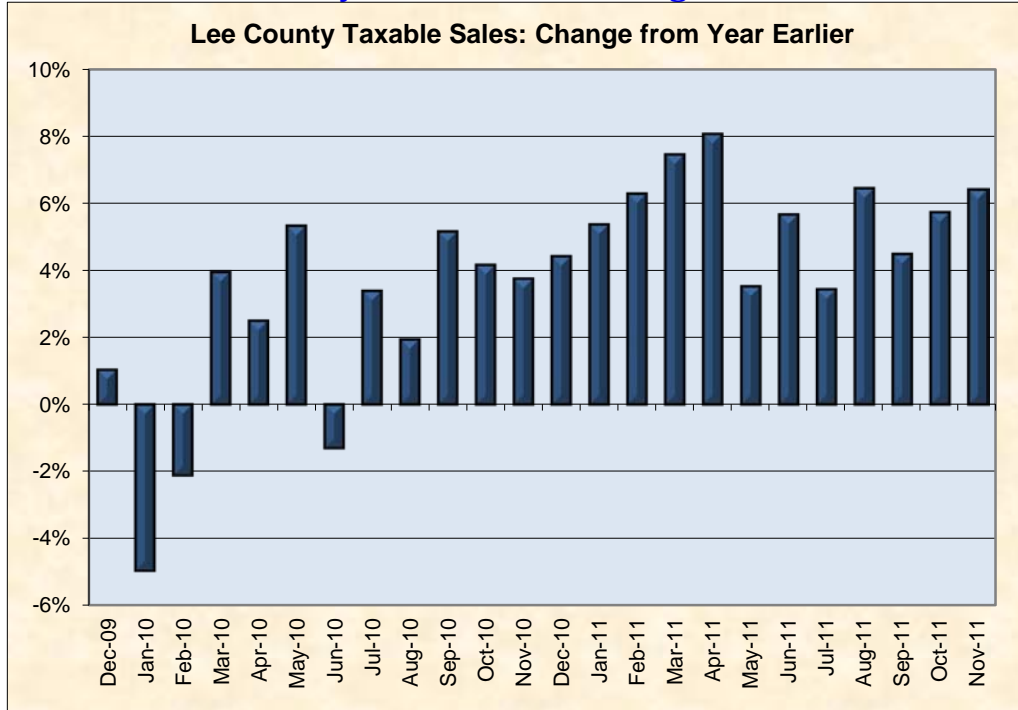
Source: Florida Department of Revenue, Office of Tax Research

Chart 11: Taxable Sales for Inland Counties



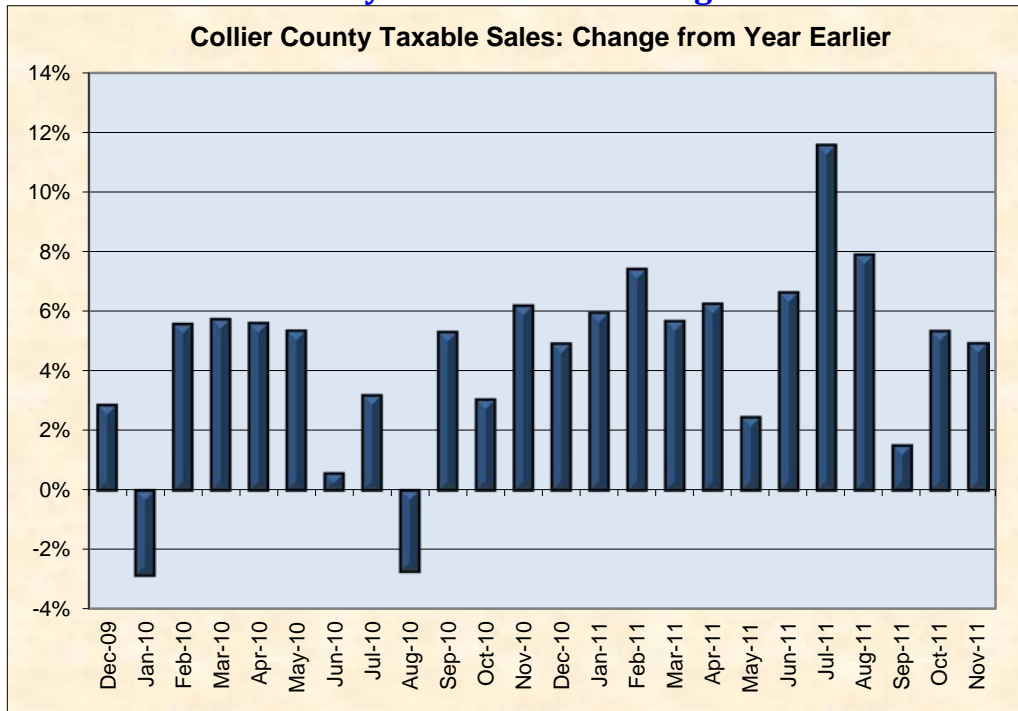
Source: Florida Department of Revenue, Office of Tax Research

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



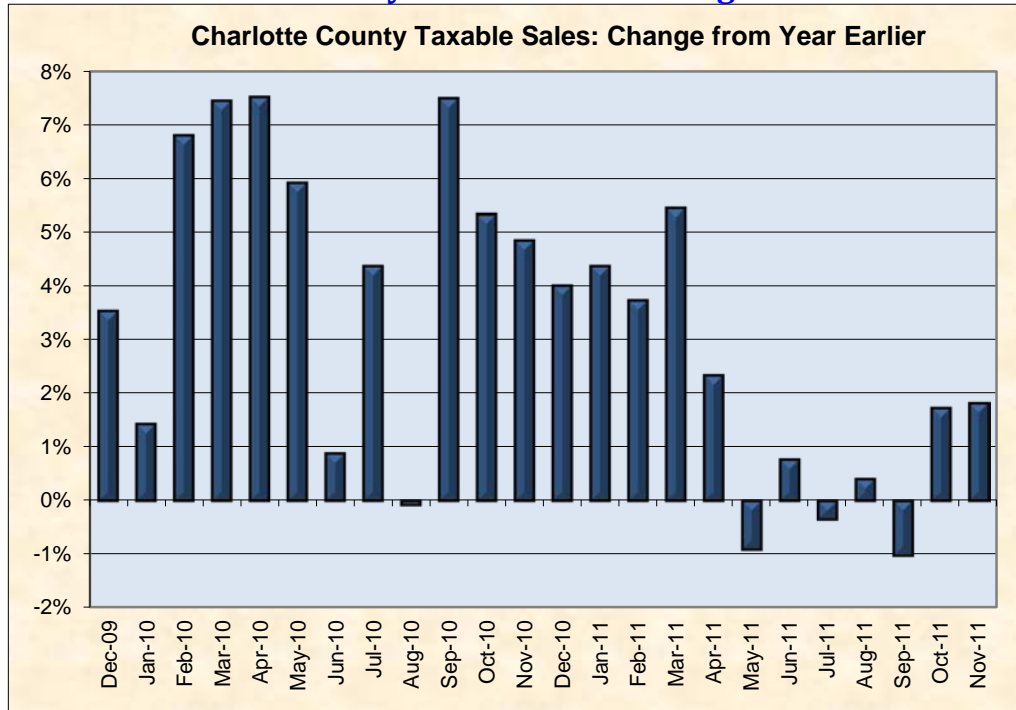
Source: Florida Department of Revenue, Office of Tax Research

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 in the region from January 2005 to December 2011. January 2012 data will not be available until March. The following comments are taken from last month’s report.

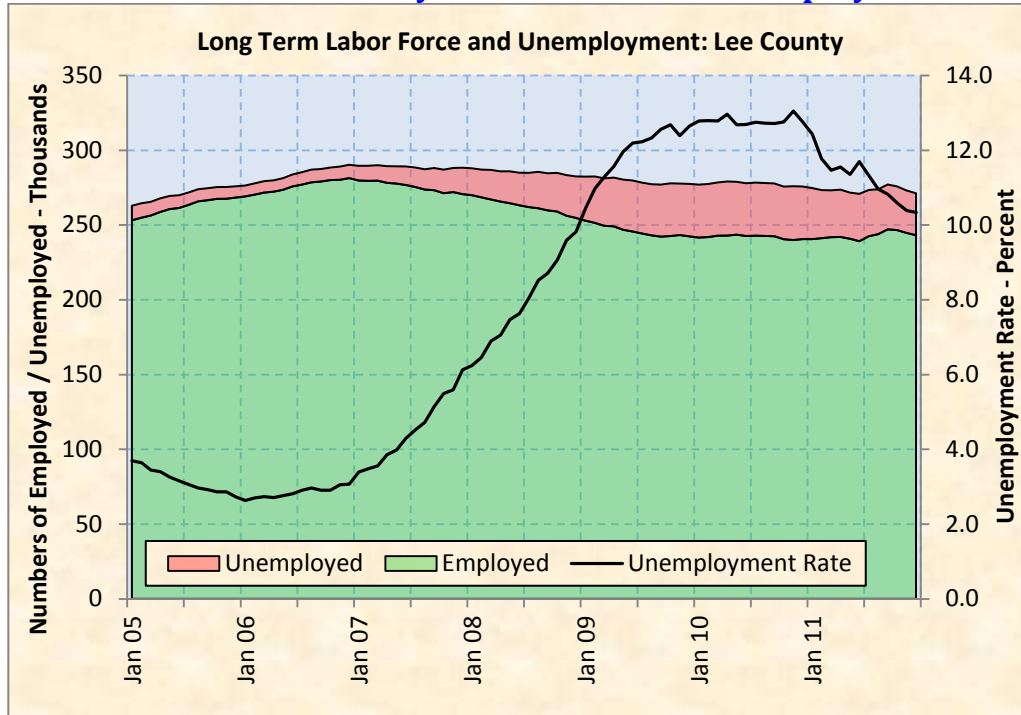
The charts show seasonally-adjusted levels of employment, unemployment, and unemployment rates. Seasonal adjustments show long-term trends more clearly. Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends.

Unemployment levels were fairly stable in December 2011 compared to November. Charlotte, Collier and Glades Counties reported 10.2 percent, 10.0 percent, and 8.0 percent, respectively, showing no change from the prior month. Hendry’s unemployment rate increased to 14.7 percent from 14.5 percent in November, while Lee County’s rate edged down from 10.4 to 10.3 percent. All five reporting counties reported lower unemployment rates for December 2011 compared to December 2010. Overall employment in the reporting counties increased by 4,008 persons over December 2010.

Lee County’s seasonally-adjusted unemployment rate decreased to 10.3 percent from 12.8 percent in December 2010, as shown in Chart 15. Collier County’s unemployment rate of 10.0 percent represented a decline from 12.0 percent in December 2010, as shown in Chart 16. Charlotte County’s unemployment rate dropped to 10.2 percent from 12.4 percent in December 2010, as shown in Chart 17. Hendry County’s unemployment rate was 14.7 percent in December, declining from 16.3 percent in December 2010, as shown in Chart 18. Glades County’s unemployment rate declined from 9.6 percent

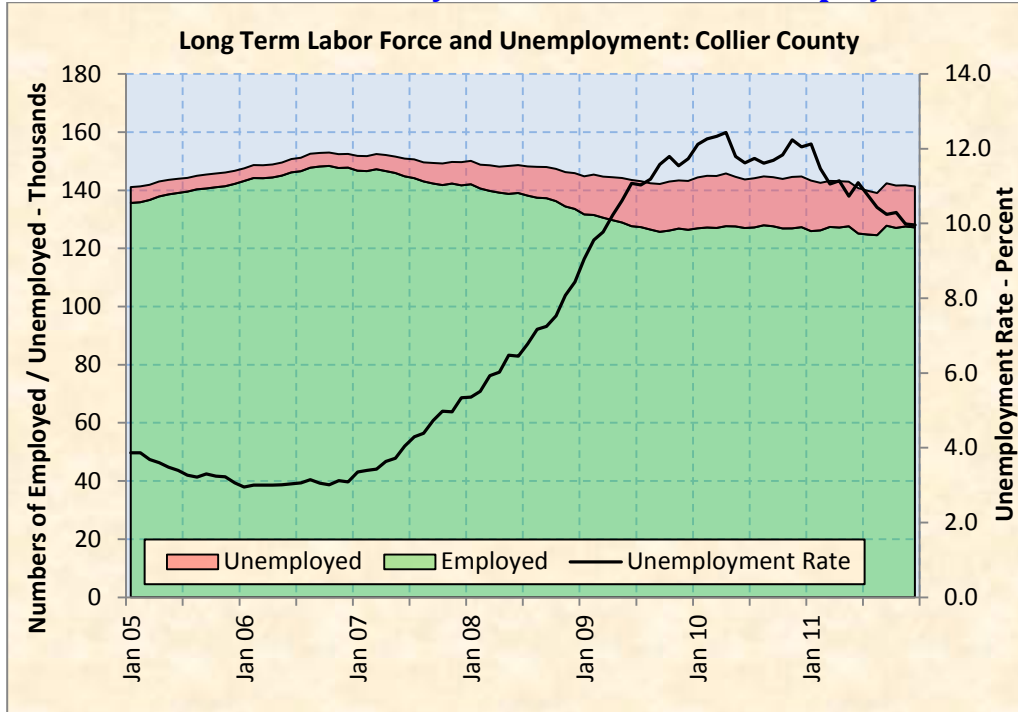
in December 2010 to 8.0 percent in December 2011, as shown in Chart 19. The seasonally-adjusted unemployment rate for the state of Florida declined from 10.0 percent in November to 9.9 percent in December 2011, the lowest figure since April 2009. The comparable rate for Florida in December 2010 was 12.0 percent. The national unemployment rate also shows a pattern of decline from 9.4 percent in December 2010 to 8.5 percent in December 2011.

Chart 15: Lee County Labor Force and Unemployment



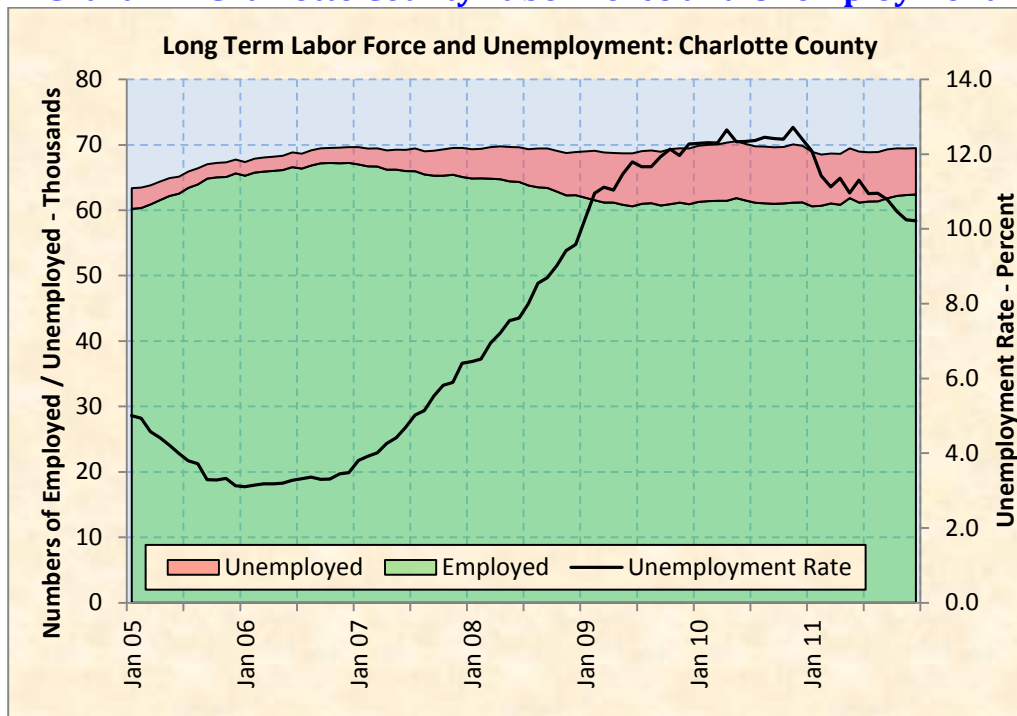
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 16: Collier County Labor Force and Unemployment



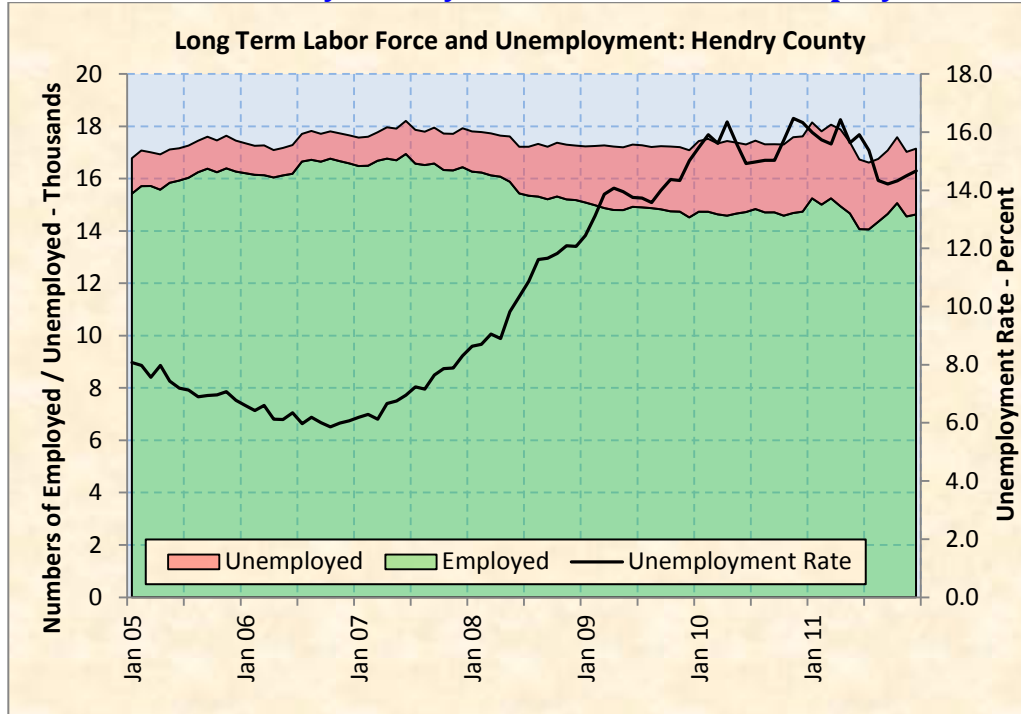
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 17: Charlotte County Labor Force and Unemployment



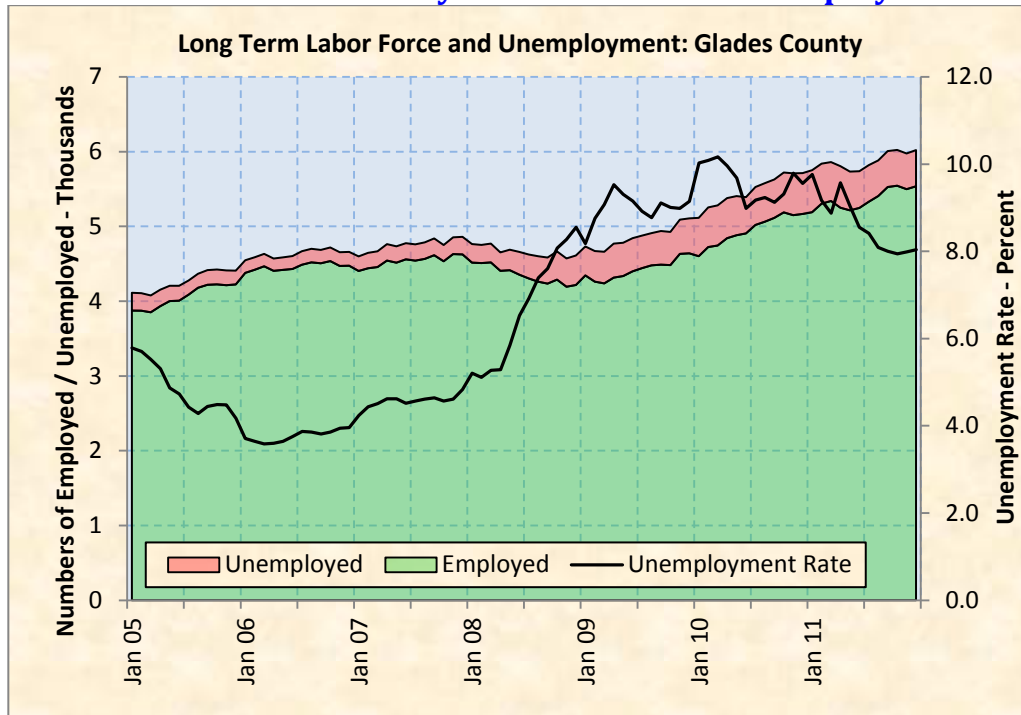
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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

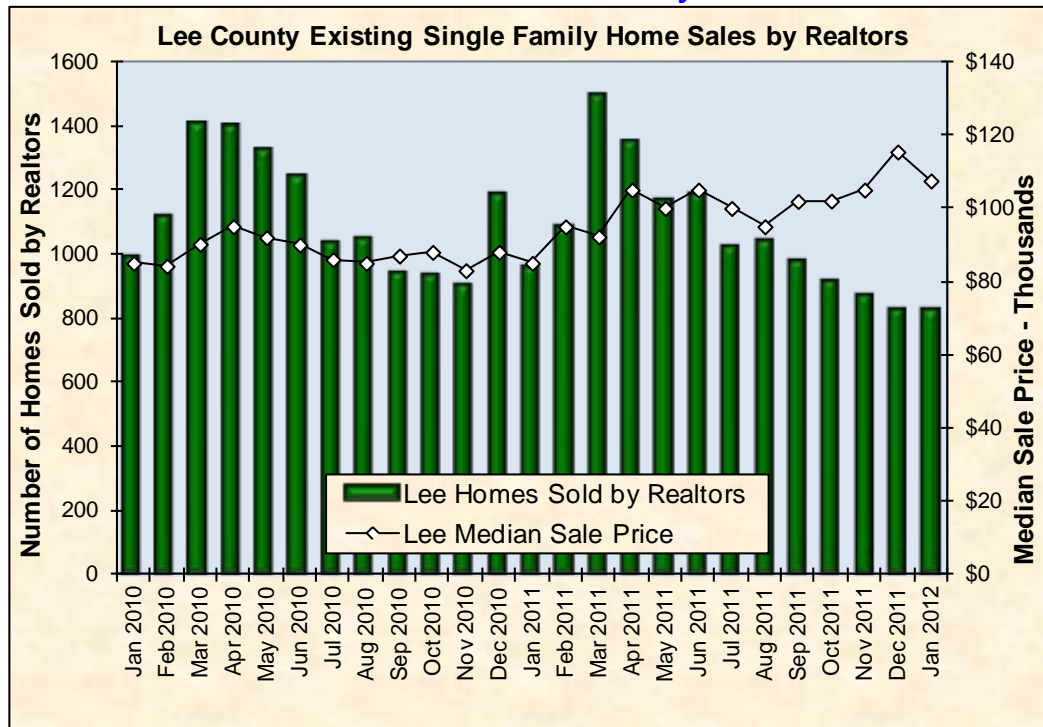
Sales of Single-family Homes and Median Sales Prices

The Florida Realtors is no longer providing county level data for Lee and Charlotte Counties. We are working with the local realtors associations in Lee and Charlotte Counties to provide the latest information. Lee County single-family home sales by the Realtor Association of Greater Forty Myers and the Beach were 820 in January 2012, approximately the same as the previous month. The Lee County single-family median home price for January 2012 declined to \$107,500 from \$115,450 in December 2011, as shown in Chart 20. Collier County's existing single-family Realtor sales declined from 276 in December 2011 to 246 in January 2012; the median price declined from \$207,000 to \$203,000, as shown in Chart 21.

Our plan is to establish a relationship with the Charlotte County Realtor Association and report the new single-family data for Charlotte County next month. The Charlotte County home sales information through December is reported below. Charlotte County's existing single-family home sales increased from 239 in November to 258 in December 2011, although the median price decreased from \$102,600 to \$97,500, as shown in Chart 22.

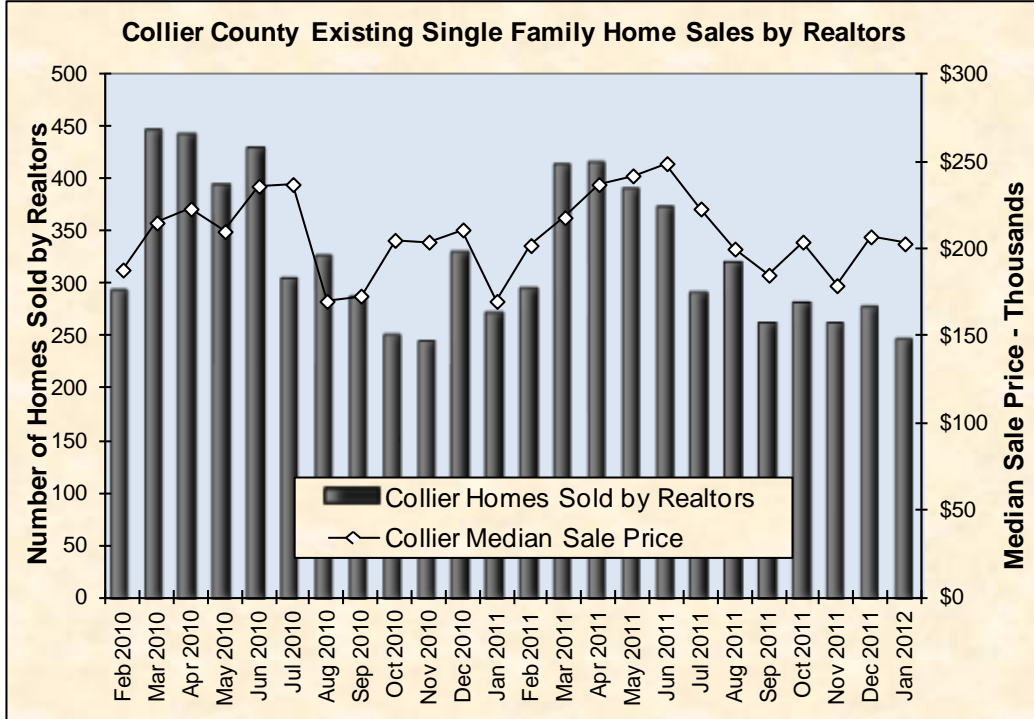
Compared to January 2011, Realtor sales decreased by 17 percent in Lee and nine percent in Collier. Compared to January 2011, median single-family home prices increased by 31 percent in Lee and by 19 percent in Collier County.

Chart 20: Lee County



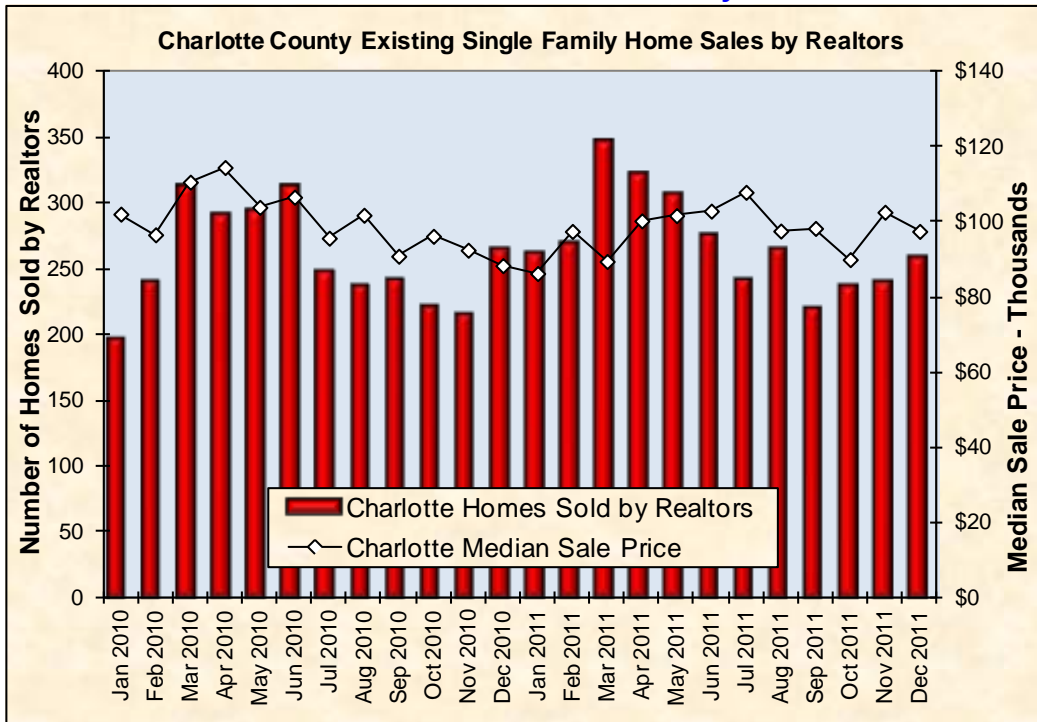
Source: Realtor Association of Greater Fort Myers and the Beach, Inc.

Chart 21: Collier County



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

Chart 22: Charlotte County



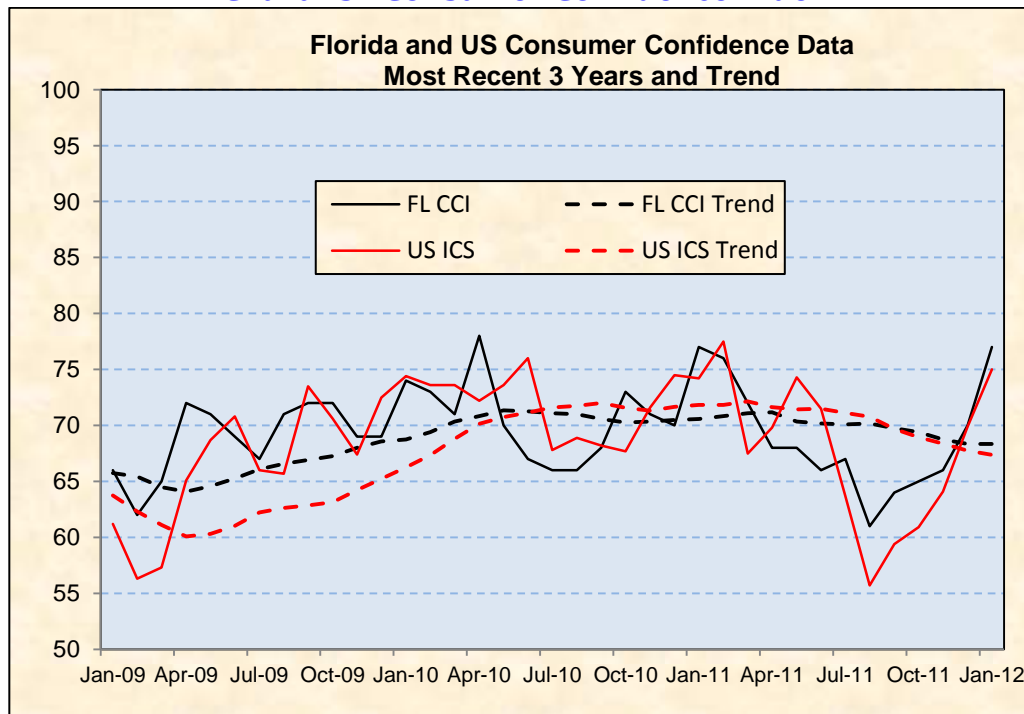
Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

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”) reported by the University of Florida Bureau of Economic and Business Research (BEBR) and for the United States Index of Consumer Sentiment (“ICS”) reported by Thomson Reuters/University of Michigan. Consumer confidence rose substantially in January for the fifth consecutive month, slightly surpassing the level of a year ago. The national ICS for January rose to 75, a 5.1-point increase from December 2011, and a 0.8-point increase from January 2011. The Survey Report noted “The increase in confidence over the past five months has been substantial, with the Sentiment Index rising by one-third over the depressed August low caused by the Congressional debt debate debacle. Despite this nascent trend toward optimism, the majority of consumers remain deeply skeptical about the prospective strength of the economy.”

The Florida Consumer Confidence Index also increased over the prior month, from 70 (revised) in December to 77 in January 2012, the same as the January 2011 survey. “Consumer confidence is now back to the level it was in January 2011,” said Chris McCarty, the Survey Director. “We are beginning the year with the same pattern as last year where there were relatively steady increases in confidence from the end of the summer with a surge to 77 in January 2011. This was followed by seven months of declines with the low of 61 in August 2011 when Congress debated the debt ceiling.”

Chart 23: Consumer Confidence Index

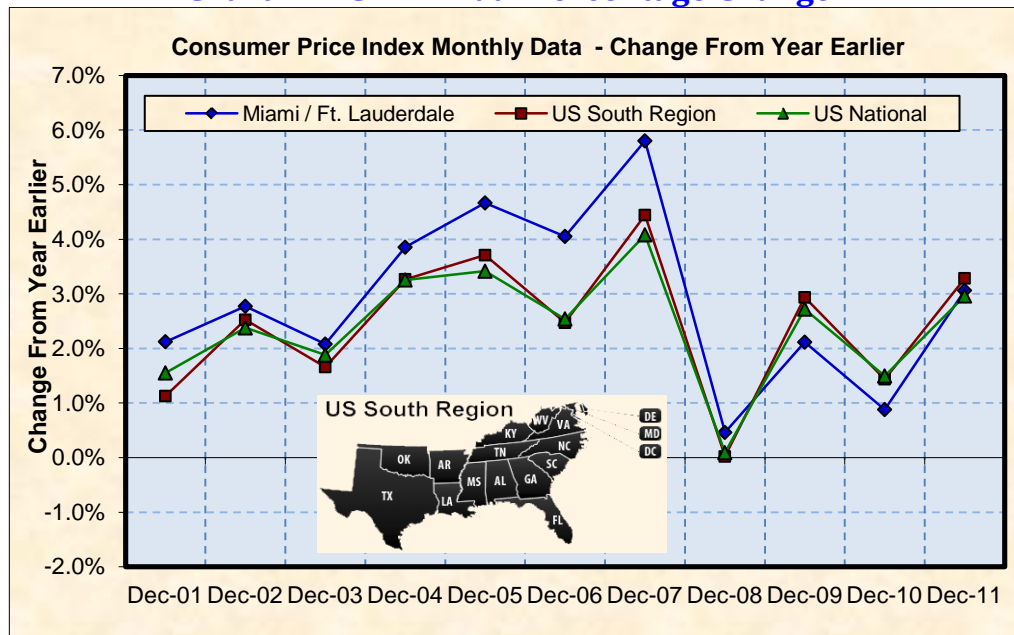


Source: Bureau of Economic and Business Research, University of Florida and Thomson Reuters/University of Michigan

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 December 2011, and shows the impact of higher prices in all measured segments. From December 2010 to December 2011, the National CPI increased by 3.0 percent, the Southern Region CPI increased by 3.3 percent, and the Miami-Fort Lauderdale area CPI rose by 3.1 percent. Chart 24 shows the largest increases in the December CPI since 2007. The Federal Reserve Open Market Committee continues to pay close attention to the inflation rate and inflationary expectations.

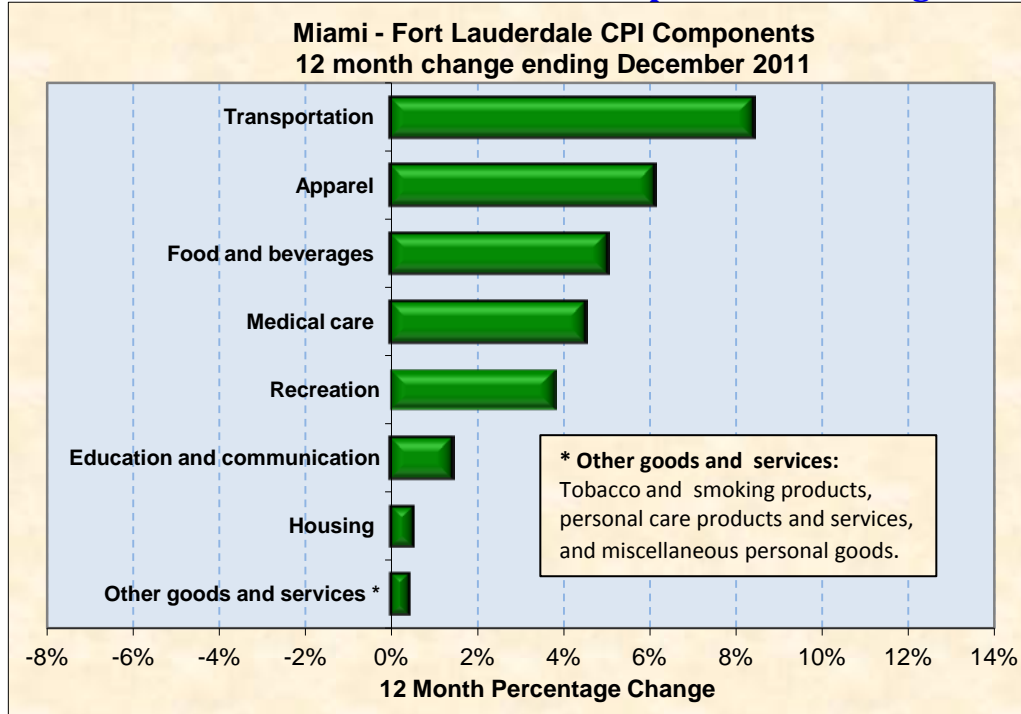
Chart 24: CPI Annual Percentage Change



Source: BLS

The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending December 2011 are shown in Chart 25. All categories showed some price increase from December 2010 to December 2011. Costs of transportation showed the largest such increase of 8.4 percent, reflecting the sizeable rise in gasoline costs. Other significant increases were seen in apparel costs (up 6.1 percent), food and beverage costs (up 5.0 percent), and medical care (up 4.5 percent).

Chart 25: Miami-Fort Lauderdale CPI Component Percentage Change



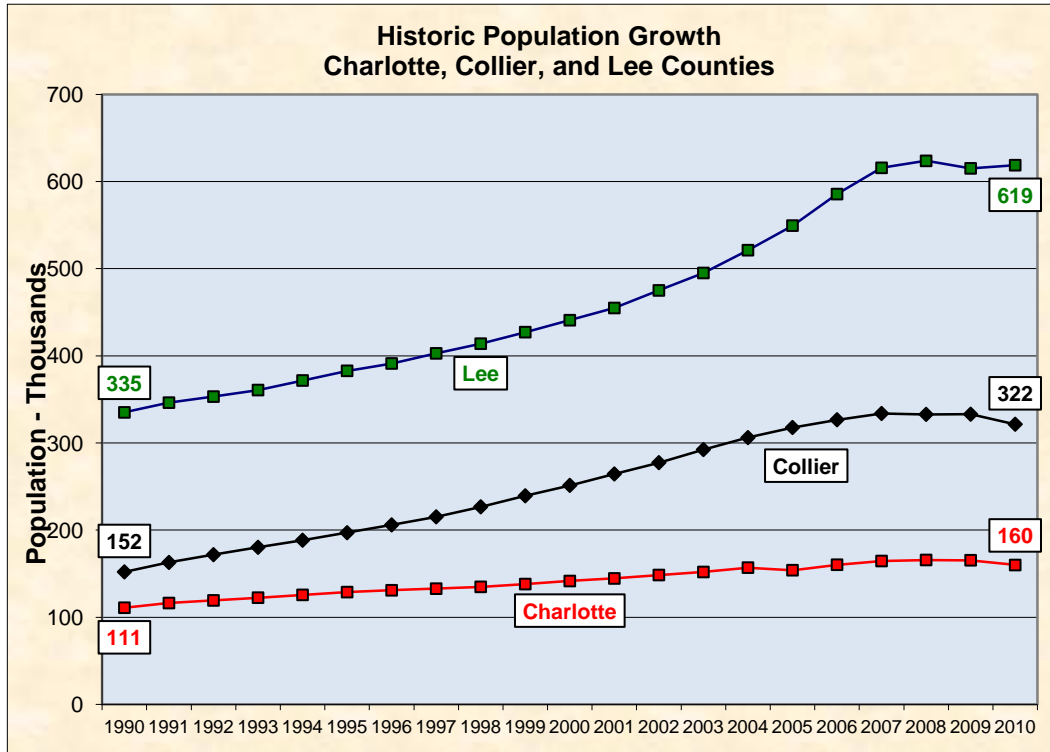
Source: BLS

Population

The following charts reflect the most recent 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.

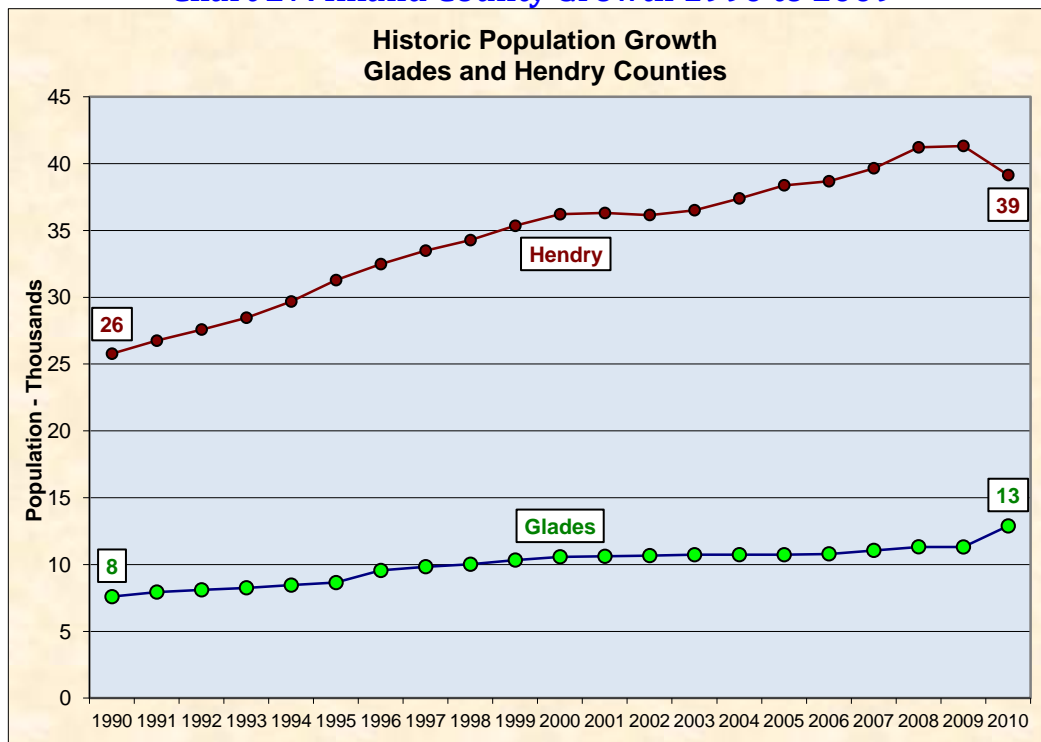
Chart 28 and its accompanying table show projected population increases from 2015 to 2040. The overall rate of regional growth averages 1.6 percent per year for this period, resulting in a 25-year increase of 47 percent.

Chart 26: Coastal Counties Growth 1990 to 2010



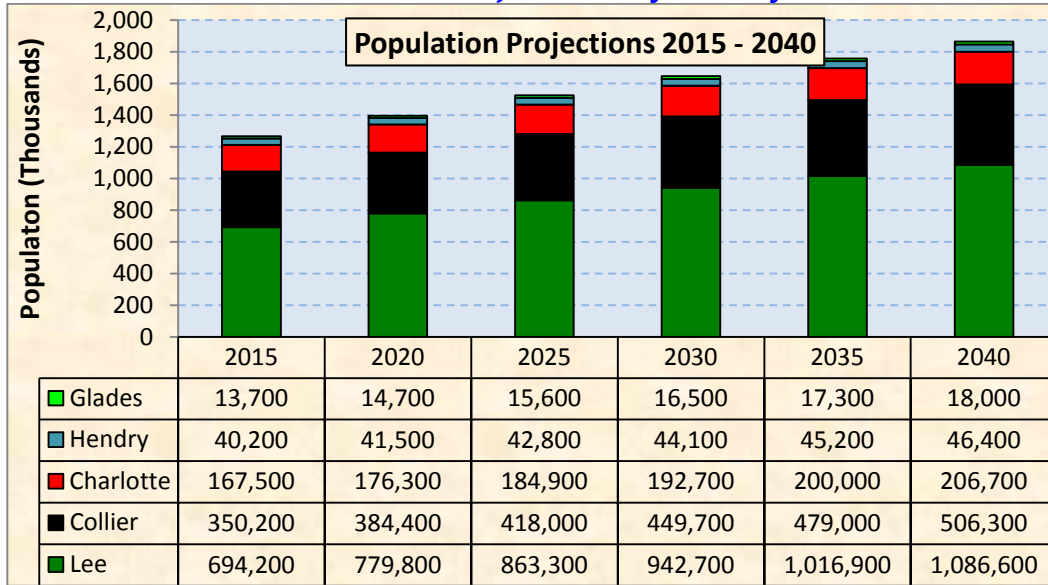
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

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.