

# Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

Lutgert College Of Business  
Phone 239-590-7319  
Florida Gulf Coast University  
10501 FGCU Blvd. South  
Fort Myers, FL 33965  
[www.fgcu.edu/cob/eri](http://www.fgcu.edu/cob/eri)

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### Contact Information:

Dr. Gary Jackson, Director, Regional Economic Research Institute

Phone: 239-590-7319 Email: [gjackson@fgcu.edu](mailto:gjackson@fgcu.edu)

Mr. Steven Scheff, Business Analyst, Regional Economic Research Institute

Phone: 239-590-7315 Email: [sscheff@fgcu.edu](mailto:sscheff@fgcu.edu)

Mr. Jim Breitbach, Technical Support

Phone: 239-590-7489 Email: [jbreitba@fgcu.edu](mailto:jbreitba@fgcu.edu)

## **Introduction: National and Regional Background**

The national unemployment rate has dropped from 9.1 percent in August of 2011 to 8.3 percent in February 2012. This was a larger drop than anticipated by the Federal Reserve Forecasts and welcome news. There is a concern that the drop in the national unemployment rate was a temporary adjustment to steep job cuts during the recession and without stronger economic growth, unemployment rates may not continue to improve.

Nationally, the third revision for the U.S. Real GDP growth was released on March 29th and showed fourth quarter growth at 3.0 percent. This compares to 1.8 percent growth in the third quarter. Fourth quarter real personal consumption expenditures increased by 2.1 percent, compared to 1.7 percent in the third quarter.

The February Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by 227,000, which was somewhat smaller than the January increase of 243,000 but above the December employment increase of 223,000. The national January employment increases included 82,000 in professional and business services, 31,000 in manufacturing, 44,000 in leisure and hospitality, and 61,000 in health care.

The national unemployment rate remains at 8.3 percent. The number of long-term unemployed (those jobless for 27 weeks or longer) is 42.6 percent of all unemployed in February 2012.

The national consumer price index for February 2012 increased by 2.9 percent over February 2011, primarily driven by a 7.0-percent increase in energy prices and a 3.9-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 maintain low interest rates.

The latest statement of the Federal Reserve Open Market Committee (FOMC), issued on March 13<sup>th</sup>, is summarized below:

- The economy has been expanding moderately;
- The unemployment rate has declined notably in recent months, but remains elevated;
- Household spending and business fixed investment have continued to advance, but the housing sector remains depressed;
- Inflation has been subdued in recent months, and though recent increases in oil and gasoline prices will push inflation up temporarily, the Committee anticipates that longer-term inflation will run at or below the rate that it judges consistent with its mandate to foster maximum employment and price stability;

- Economic growth is expected to be moderate over the coming quarters and the unemployment rate will decline 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 last 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.

The next meeting of the FOMC is scheduled for April 24<sup>th</sup> and 25<sup>th</sup>.

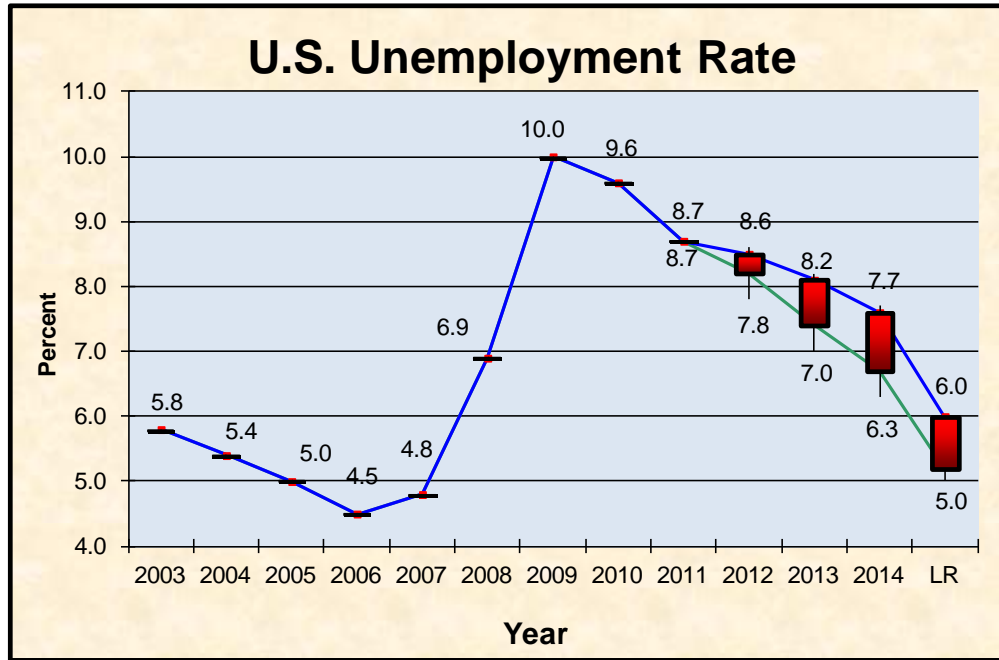
The FOMC released its latest forecast on January 25, 2012, shown below in the "box and whiskers" charts. This latest forecast shows slower overall GDP growth but the unemployment rates fall somewhat faster. The red boxes are the central tendency forecast and the full range of uncertainty is reflected 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 five percent from December 2010 to December 2011. From January 2011 to January 2012, tourism tax collections increased by 12 percent in Lee County, 19 percent in Collier County, and by 24 percent in Charlotte County. January 2012 passenger traffic at Southwest Florida International Airport decreased by three percent from January 2011. Aircraft takeoffs and landings were down as well but air freight was up by three percent.

The seasonally adjusted unemployment rates have fallen but remain high. Lee County's unemployment rate declined from 11.6 percent in January 2011 to 9.6 percent in January 2012. Collier County's unemployment rate declined from 11.0 percent in January 2011 to 9.0 percent in January 2012. Charlotte County's unemployment rate has fallen from 11.1 percent in January 2011 to 9.4 percent in January 2012. The region has seen employment gains. Lee County employment increased by 5,498 from January 2011 to January 2012. Collier County's employment gain was 7,001 for the same period, and Charlotte County's employment increase was 1,064.

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.

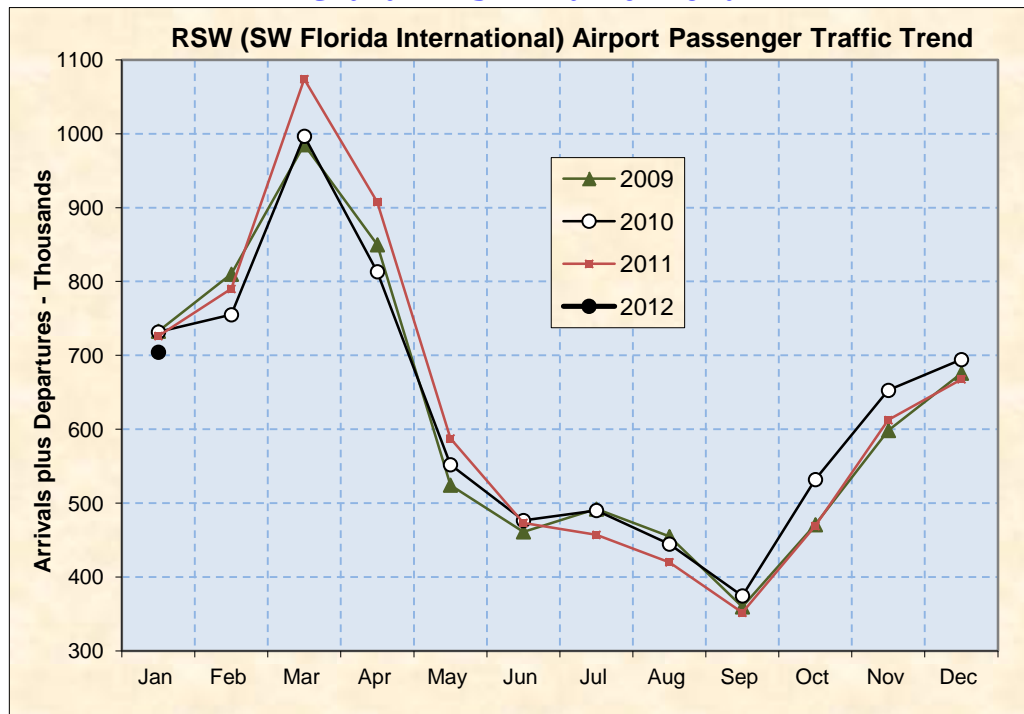
RERI thanks all of the individuals and organizations that have helped to bring together the regional information for this report. These include the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee Counties, the Convention and Visitors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

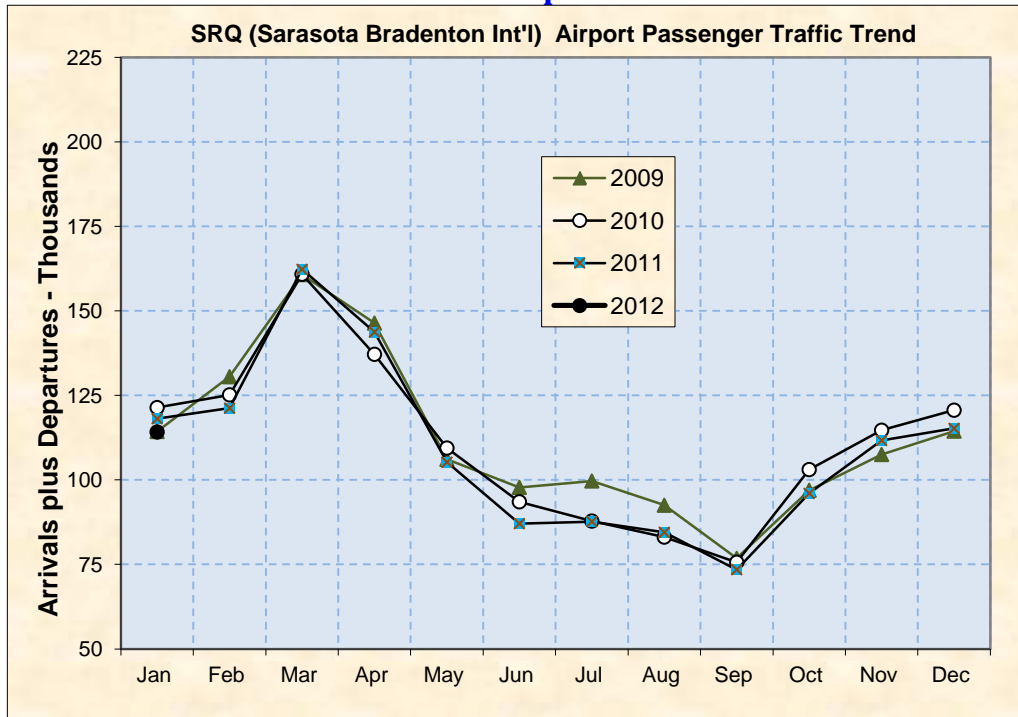
Total passenger activity for the three Southwest Florida airports increased to 852,606 in January 2012, up four percent over December 2011, but down by two percent from January 2011. Chart 1 shows RSW passenger activity of 704,427 in January 2012, a five-percent increase over December 2011, and three percent lower than January 2011. Sarasota passenger activity amounted to 114,191 in January 2012, one percent lower than the prior month and three percent below January 2011, as shown in Chart 2. Punta Gorda Airport reported January 2012 passenger activity of 33,988, a five-percent decline from December 2011, albeit a 15-percent increase over the January 2011 figure, as shown in Chart 3. Direct Air, which suspended operations recently, accounted for over 76 percent of PGD’s traffic in January.

**Chart 1: RSW Traffic Trend**



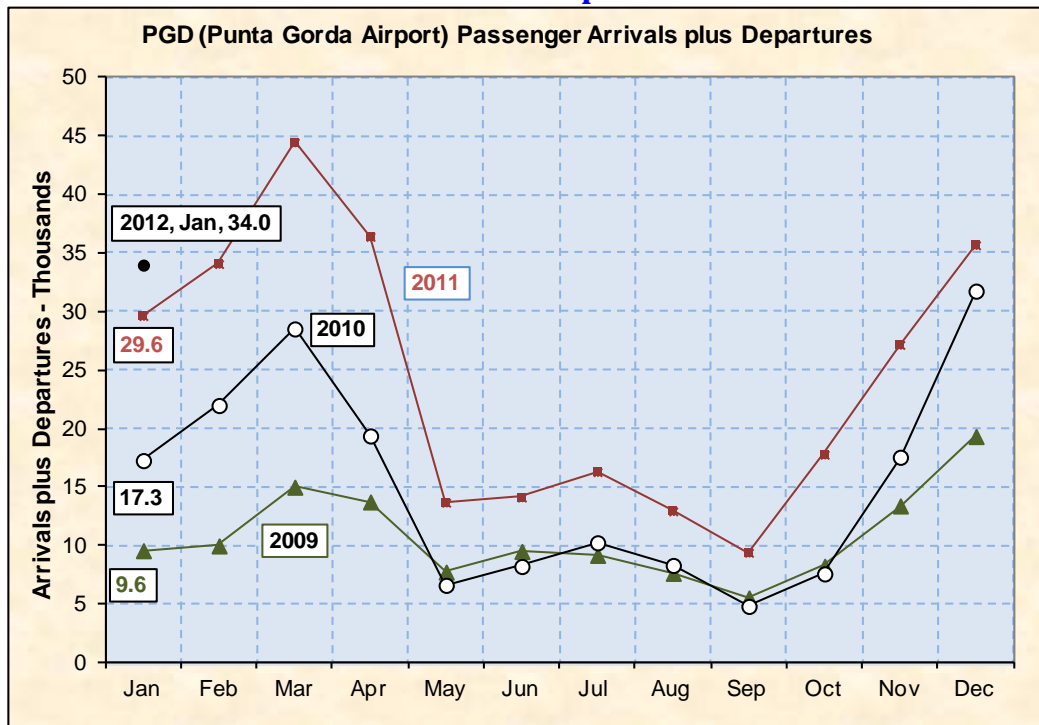
Source: Local Airport Authorities

**Chart 2: Sarasota Airport Traffic Trend**



Source: Local Airport Authorities

**Chart 3: Punta Gorda Airport Traffic Trend**

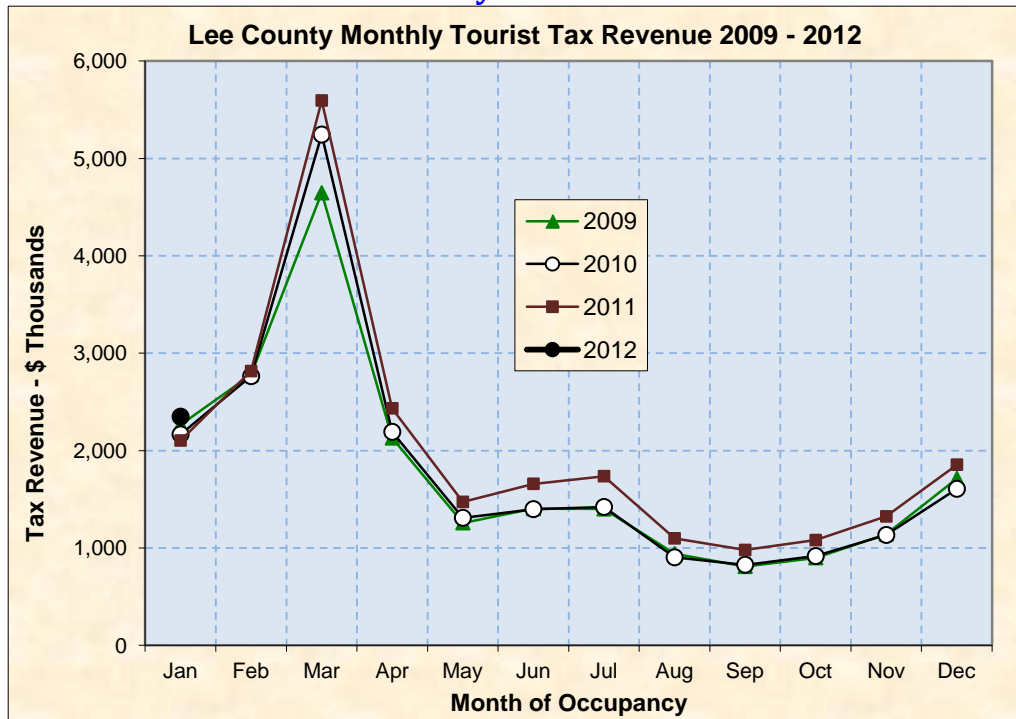


Source: Local Airport Authorities

## Tourism Tax Revenues

Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. They continue to show very positive signs for our local economy. Lee County revenues for January 2012 were \$2,347,692, an increase of 27 percent over December 2011 and 12-percent higher than January 2011. Collier County Tourism tax revenues rose to \$1,907,069 in January 2012, a 58-percent increase over December 2011 and 19-percent higher than January 2011. Charlotte County's tourism tax revenues of \$164,369 in January 2012 represented a 67-percent increase over December 2011, and a 24-percent increase over January 2011. For the three coastal counties in total, January 2012 Tourist tax revenues rose by 1,257,554 (40 percent) over the prior month of December 2011 and by \$582,433 (15 percent) over January 2011.

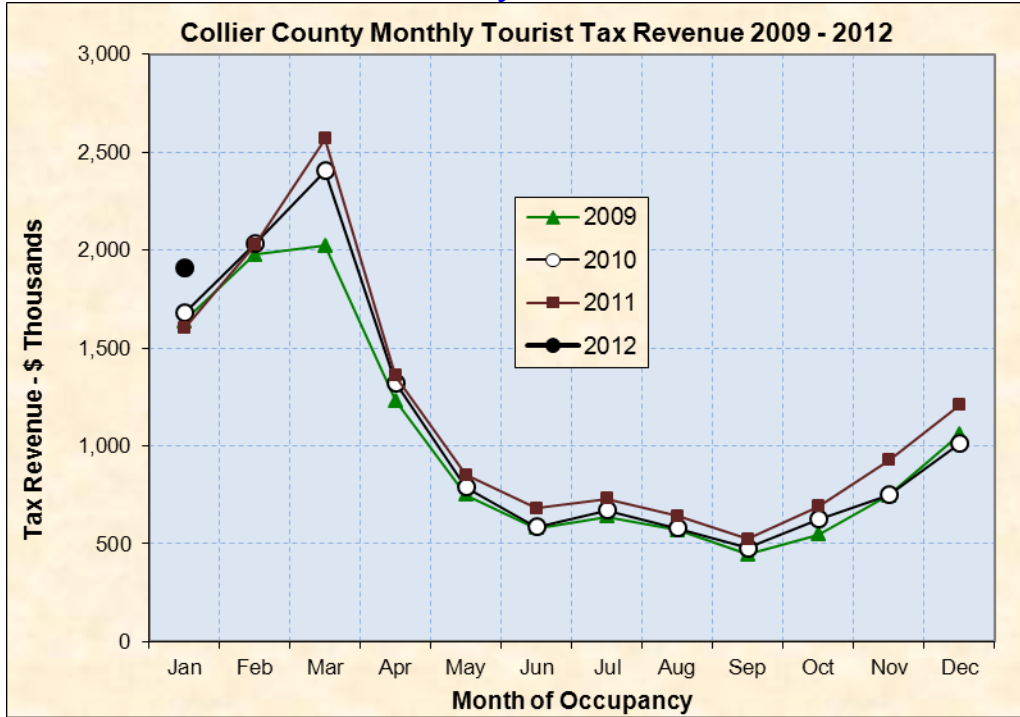
**Chart 4: Lee County Tourism Tax Revenues**



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

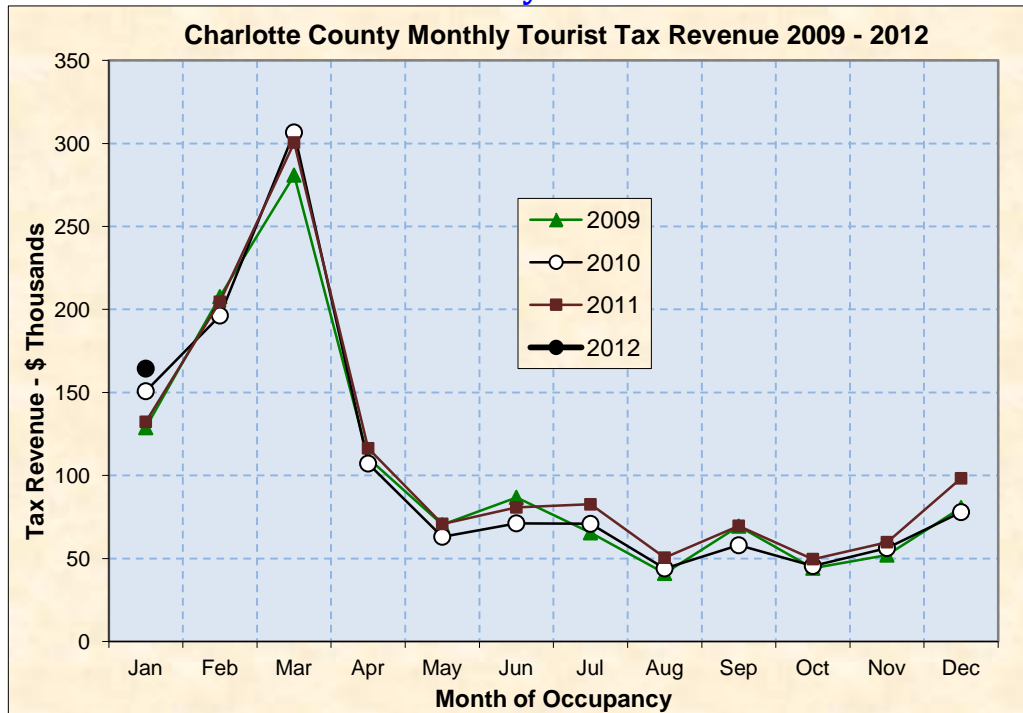


**Chart 5: Collier County Tourism Tax Revenues**



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

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

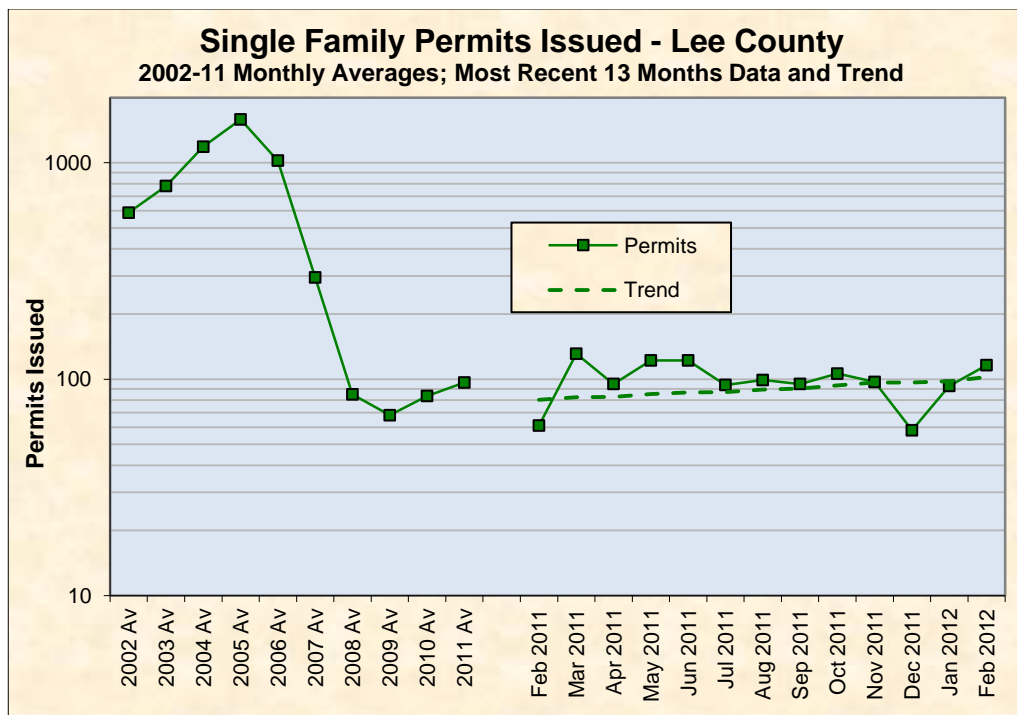


Source: Local County Tourism, Tax, and Economic Development Reports

## Single-Family Building Permits

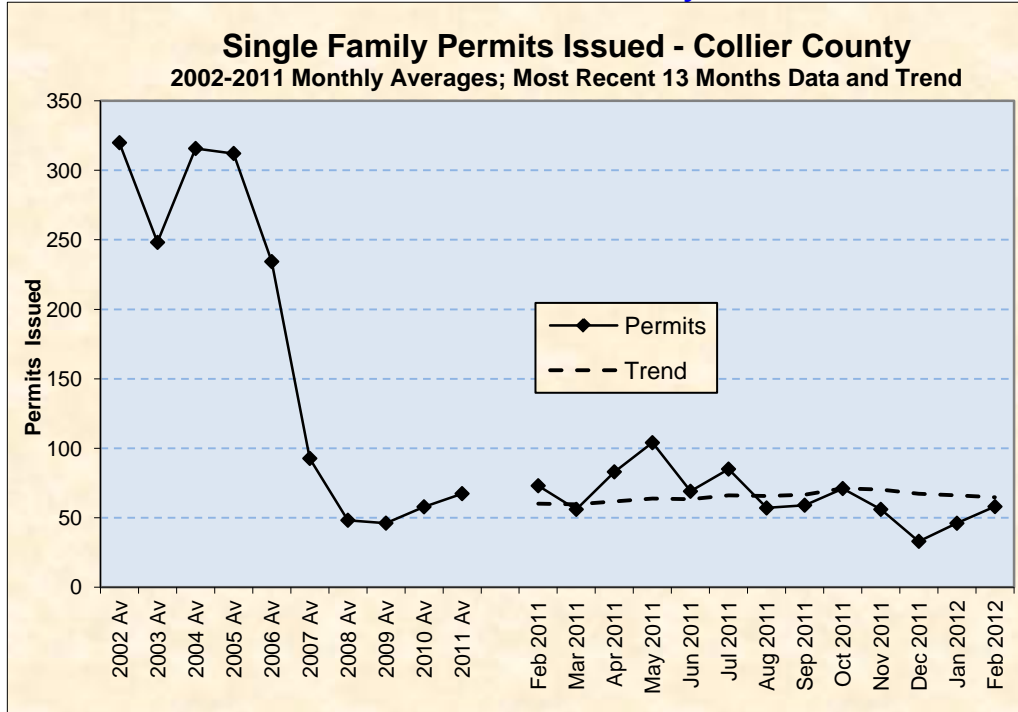
A total of 116 single-family building permits were issued in Lee County during February 2012, an increase of 23 permits over January 2012 and 55 more than in February 2011, as shown in Chart 7 (which employs a logarithmic scale on its y-axis to more clearly portray long-term trends). Collier County reported 58 permits issued in February 2012, up from 46 in January 2012, but below the 73 permits reported for February 2011, as shown in Chart 8. Charlotte County permits dipped to 16 in February 2012, eight fewer than January 2012 and two less than were issued in February, 2011, as shown in Chart 9. For the three coastal counties combined, 190 single-family permits were issued in February 2012, an increase of 17 percent over the January 2012 figure of 163, and 25-percent higher than February 2011.

**Chart 7: Lee County**



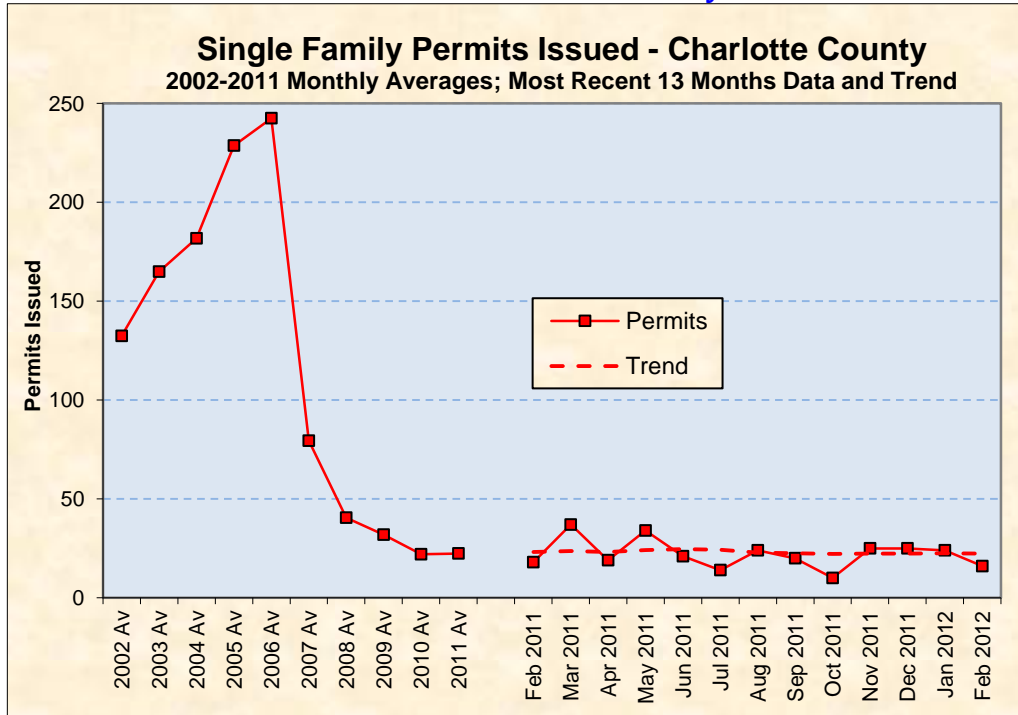
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

**Chart 8: Collier County**



Source: Local Building and Zoning Departments, includes unincorporated Collier County permits only.

**Chart 9: Charlotte County**



Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

## Taxable Sales

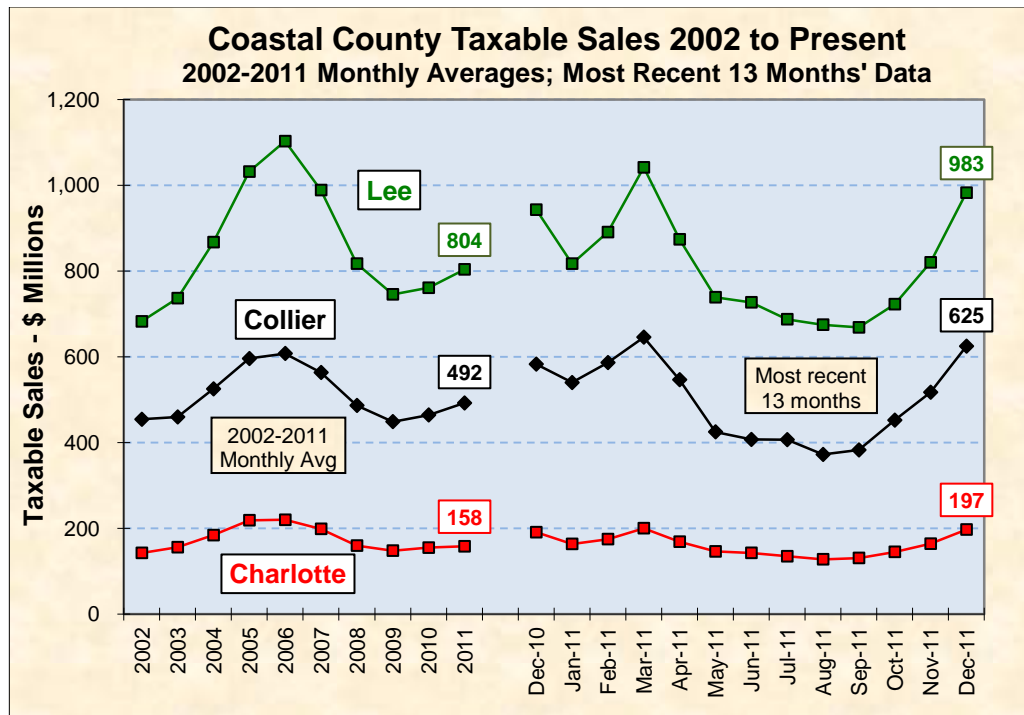
Taxable sales figures track consumer spending, an important component of the regional economy. The following charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. December is the latest collection month plotted on the following charts.

All three coastal counties reported higher taxable sales in December 2011 versus December 2010, a total gain of \$87.7 million, or five percent. This represented an increase of \$302.9 million over the prior month of November 2011, as shown in Chart 10. Charlotte County's taxable sales of \$197.2 million in December 2011 represented a three-percent increase from the December 2010 figure. Lee County taxable sales amounted to \$982.6 million in December 2011, a four-percent increase over December 2010; while Collier County's taxable sales were \$624.7 million in December 2011, a seven-percent increase over December 2010. Changes from the prior month of November 2011 showed seasonal increases of 21 percent in Collier, 20 percent in Charlotte, and 20 percent in Lee County.

Hendry County's taxable sales of \$25.8 million in December were essentially the same as a year ago, as shown in Chart 11. Glades County reported December 2011 taxable sales of \$2.1 million, a 10-percent decline from December 2010. All reporting counties showed increases over the prior month.

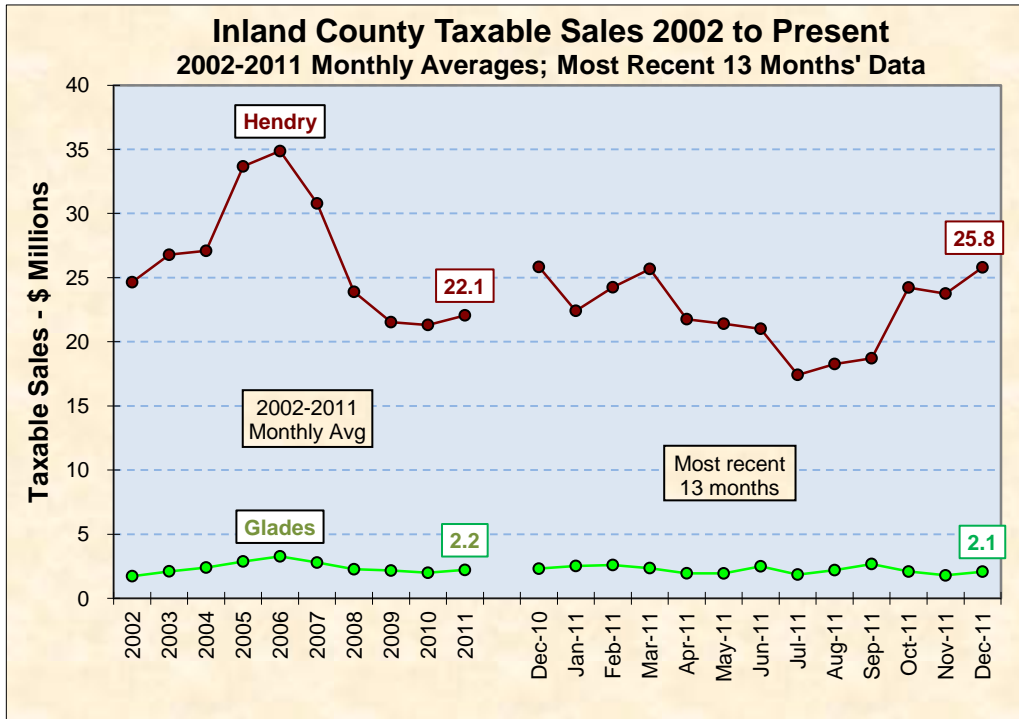
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. Lee County has shown positive year-over-year comparisons for the last eighteen months; Collier County, for the last sixteen months. Charlotte County taxable sales growth slowed or declined slightly during the summer months but growth has been positive during the last three reporting months of October, November, and December.

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



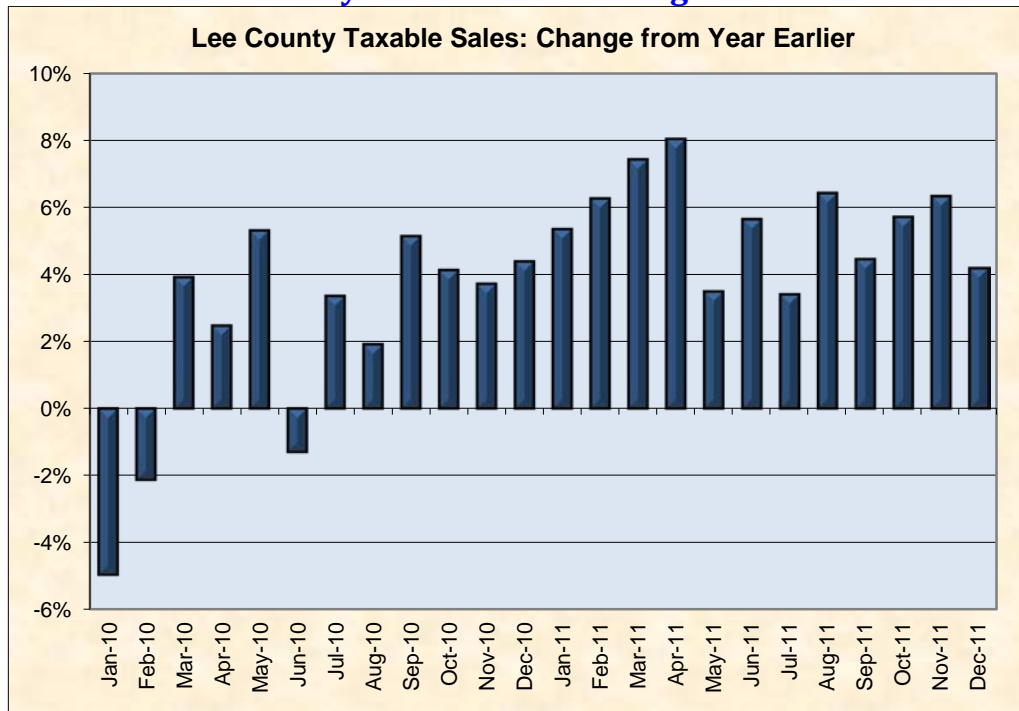
Source: Florida Department of Revenue, Office of Tax Research

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



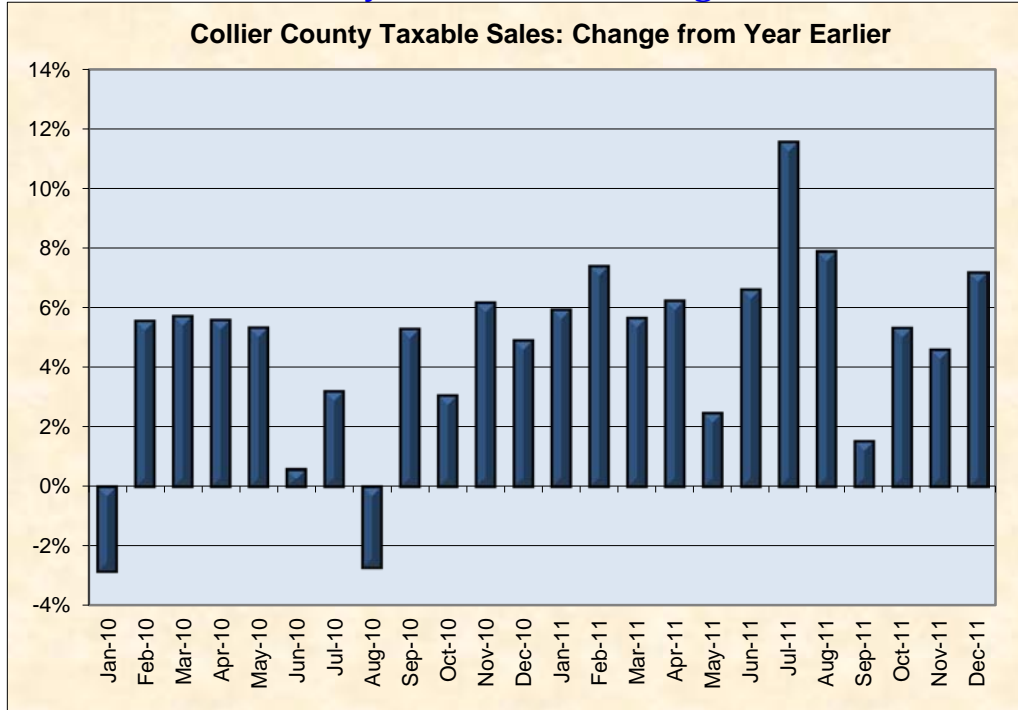
Source: Florida Department of Revenue, Office of Tax Research

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



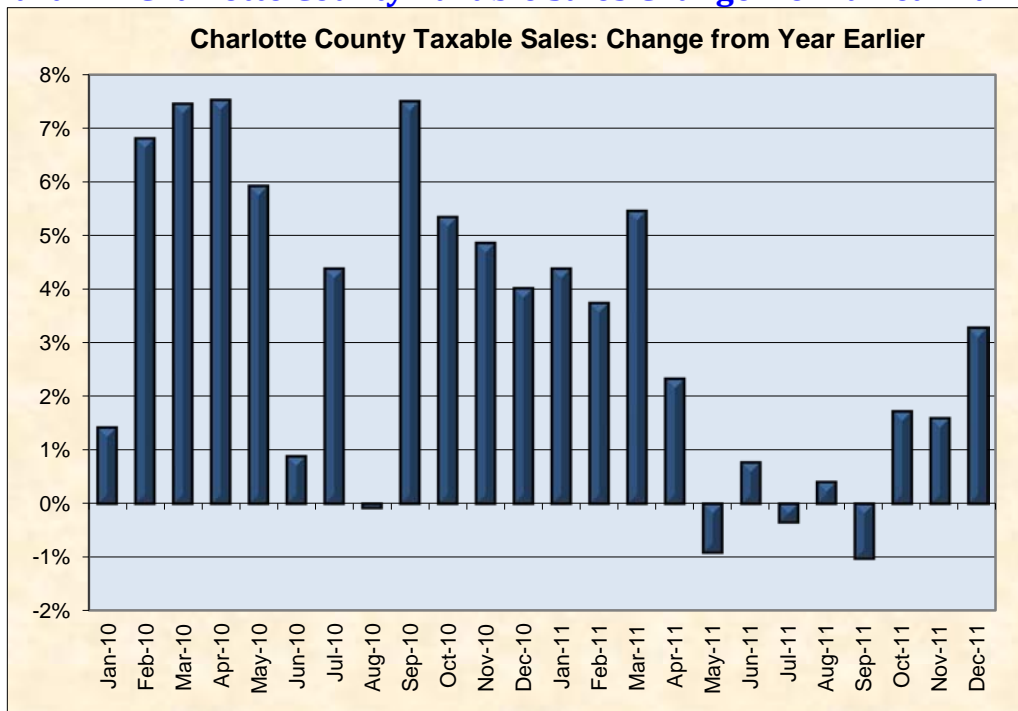
Source: Florida Department of Revenue, Office of Tax Research

**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

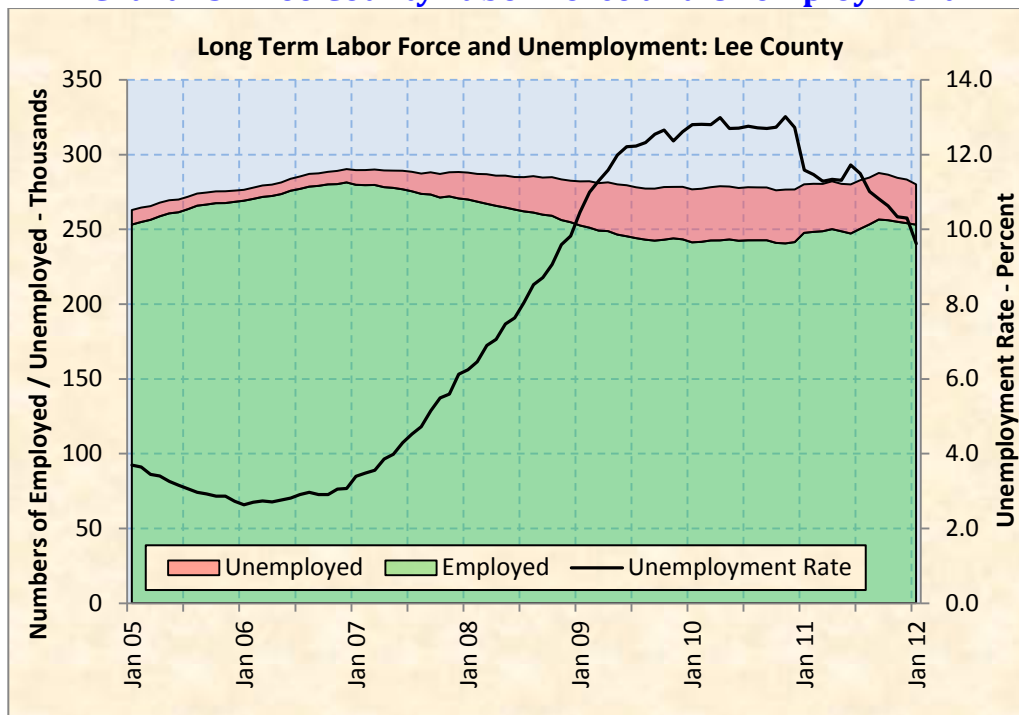
## Workforce – Labor Force, Employment and Unemployment

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 January 2012. 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 in the five reporting counties showed improvement in January 2012 compared to both December 2011 and January 2011. Lee County's seasonally adjusted unemployment rate is 9.6 percent, down from 10.3 percent in December 2011 and from 11.6 percent in January 2011. Collier County's unemployment rate was 9.0 percent in January 2012, a decrease from 9.4 percent in December 2011, and from 11.0 percent in January 2011. Charlotte County reported a January 2012 unemployment rate of 9.4 percent, down from 10.1 percent in December 2011, and from 11.1 percent in January 2011. Hendry's unemployment rate was 13.4 percent in January 2012, a slight decline from 13.6 in December 2011, and a one-percentage point drop from January 2011. The unemployment rate in Glades County improved to 9.6 percent in January 2012, compared to 10.4 percent in December 2011 and 10.3 percent in January 2011. Total employment in the five reporting counties increased by 13,288 persons (3 percent) over January 2011.

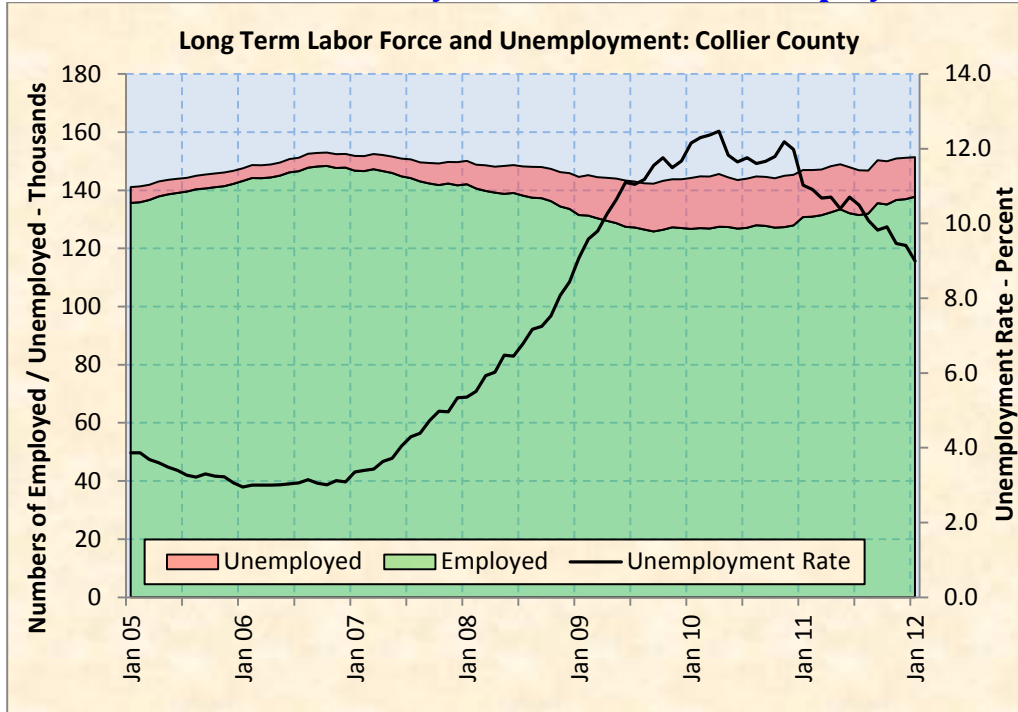
The seasonally-adjusted unemployment rate for the state of Florida declined from 9.9 percent in December 2011 to 9.6 percent in January 2012, the lowest figure since March 2009. The comparable rate for Florida in January 2011 was 10.9 percent. The national unemployment rate also shows a pattern of decline from 9.0 percent in February 2011 to 8.3 percent in both January and February 2012.

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



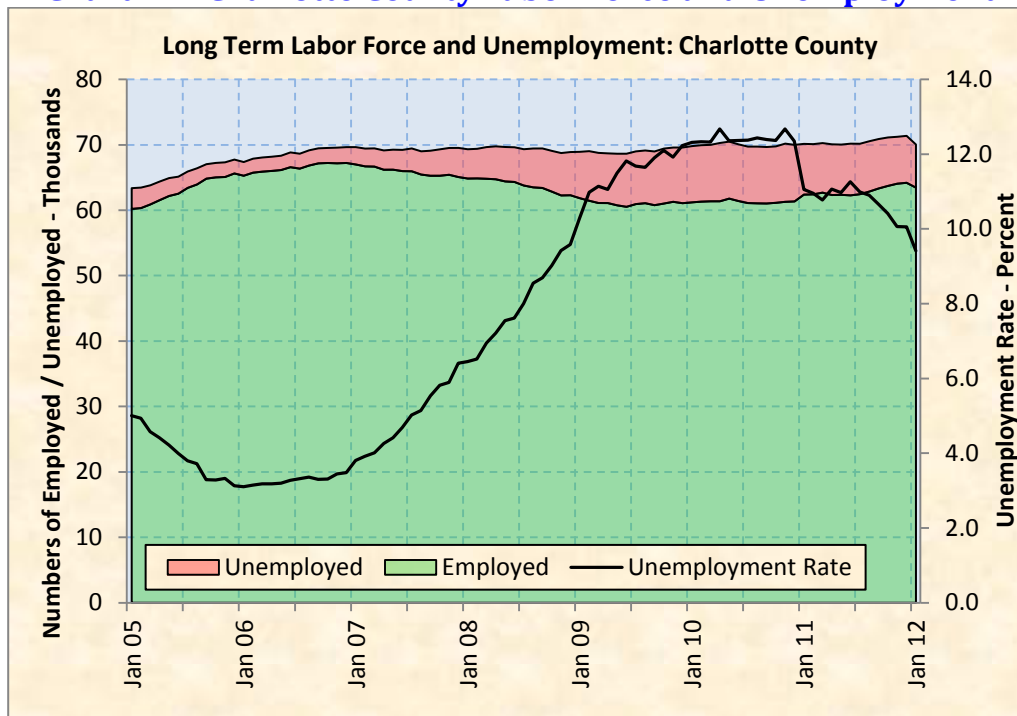
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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



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

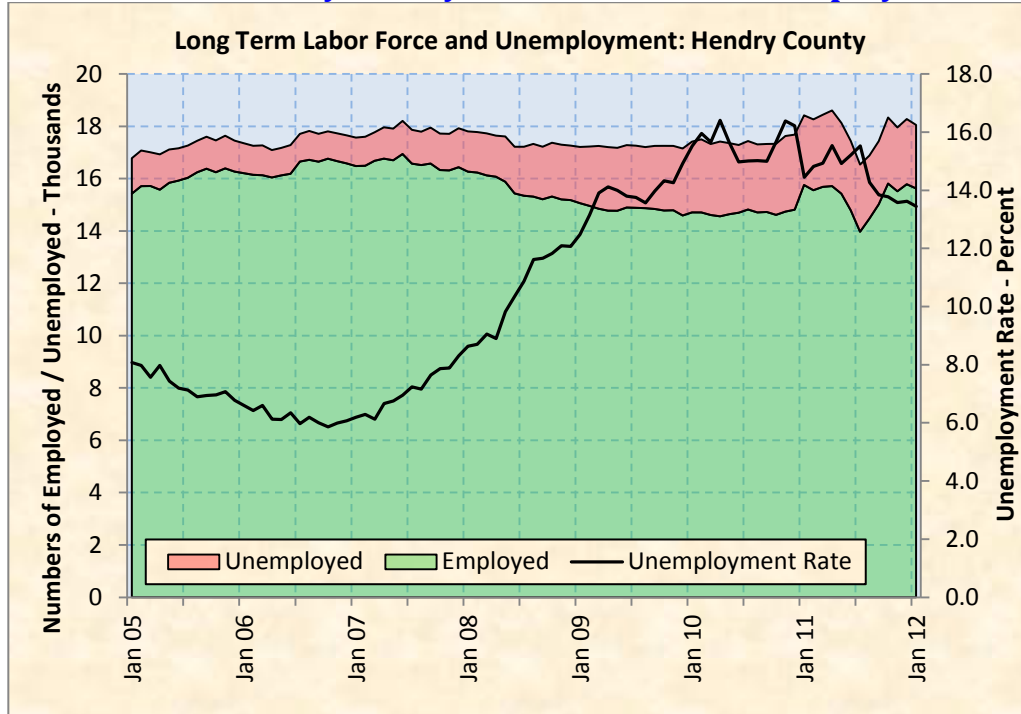
**Chart 17: Charlotte County Labor Force and Unemployment**



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

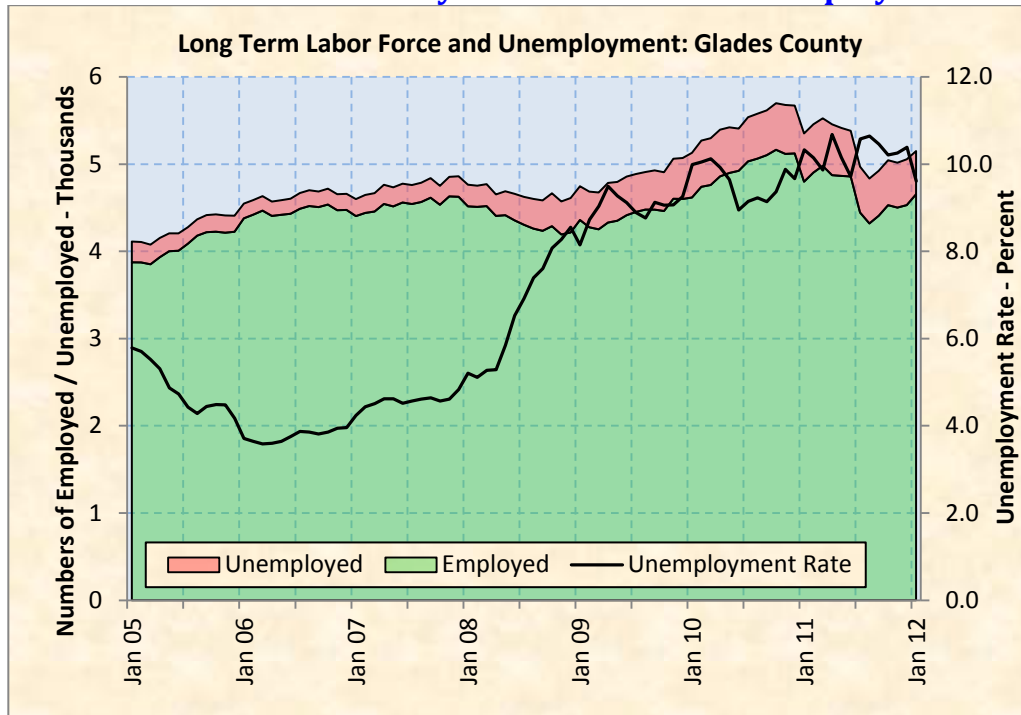


**Chart 18: Hendry County Labor Force and Unemployment**



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

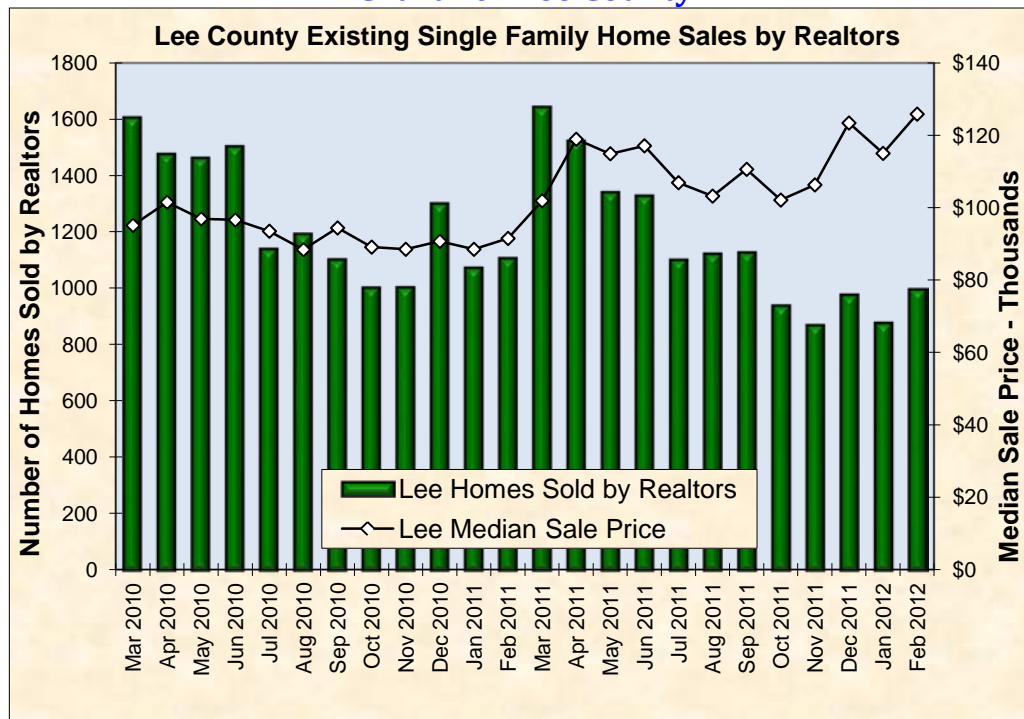
Sales and median prices of single-family homes in the coastal counties provided positive news for the economy in February. Combined sales amounted to 1,534 units in February 2012, an increase of 11 percent over the prior month, albeit 9-percent below the February 2011 figure. Median single-family home prices have increased compared to both a month ago and a year ago.

Lee County reported 996 realtor sales in February 2012 at a median price of \$125,850, up from 877 sales in January 2012 with a median price of \$115,000. Sales were down by 10 percent from the 1,106 reported in February 2011, although the median price increased substantially from \$91,500.

Collier County had 324 single-family home sales in February 2012, up from 246 in January 2012 and from 320 in February 2011. Median prices also increased from \$200,000 in February 2011 to \$203,000 in January 2012 to \$222,000 in February 2012

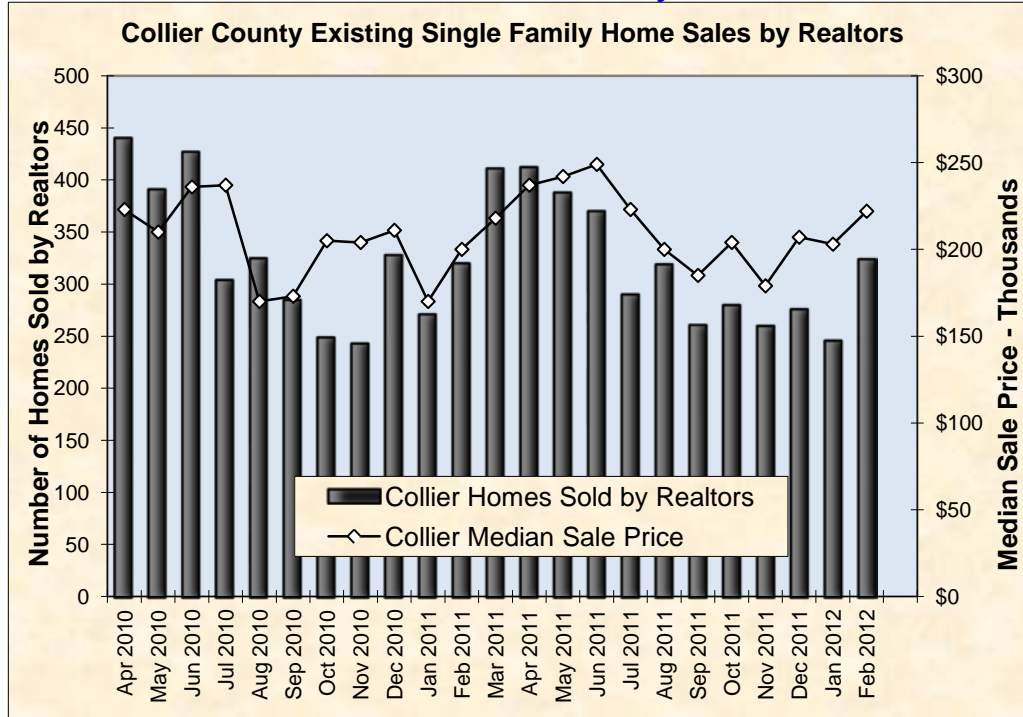
Charlotte County reported 214 single-family home sales in February 2012 with a median price of \$110,000, compared to 268 sales in February 2011 at a median price of \$97,500 and 265 home sales in January 2012 at a median price of \$99,900.

**Chart 20: Lee County**



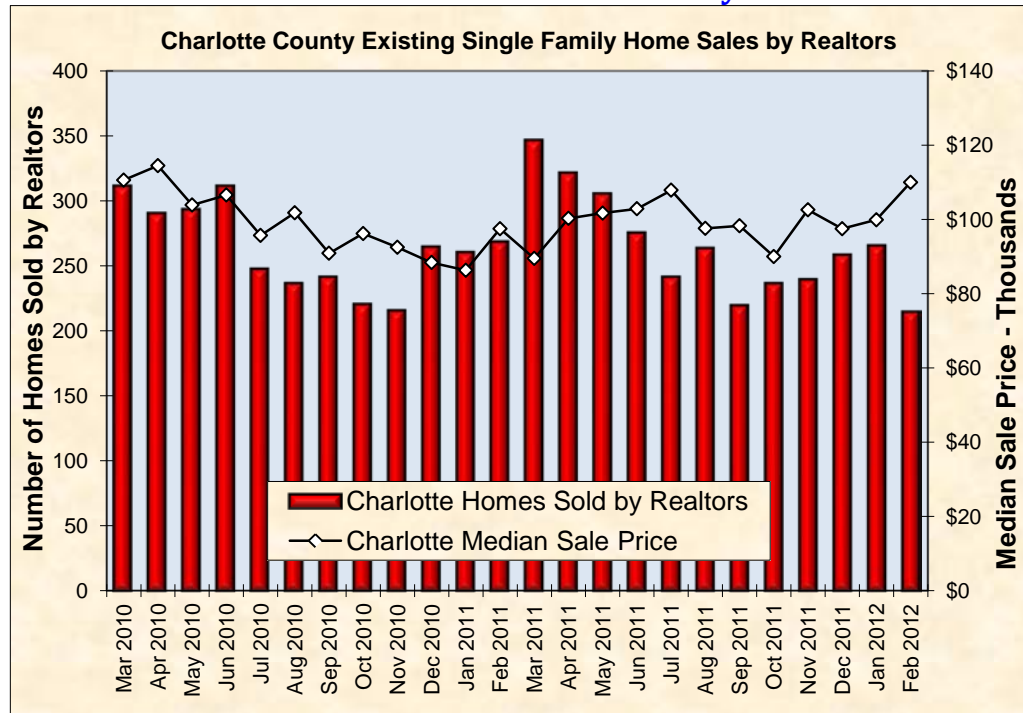
Source: Realtor Association of Greater Fort Myers and the Beach, Inc.

**Chart 21: Collier County**



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

**Chart 22: Charlotte County**



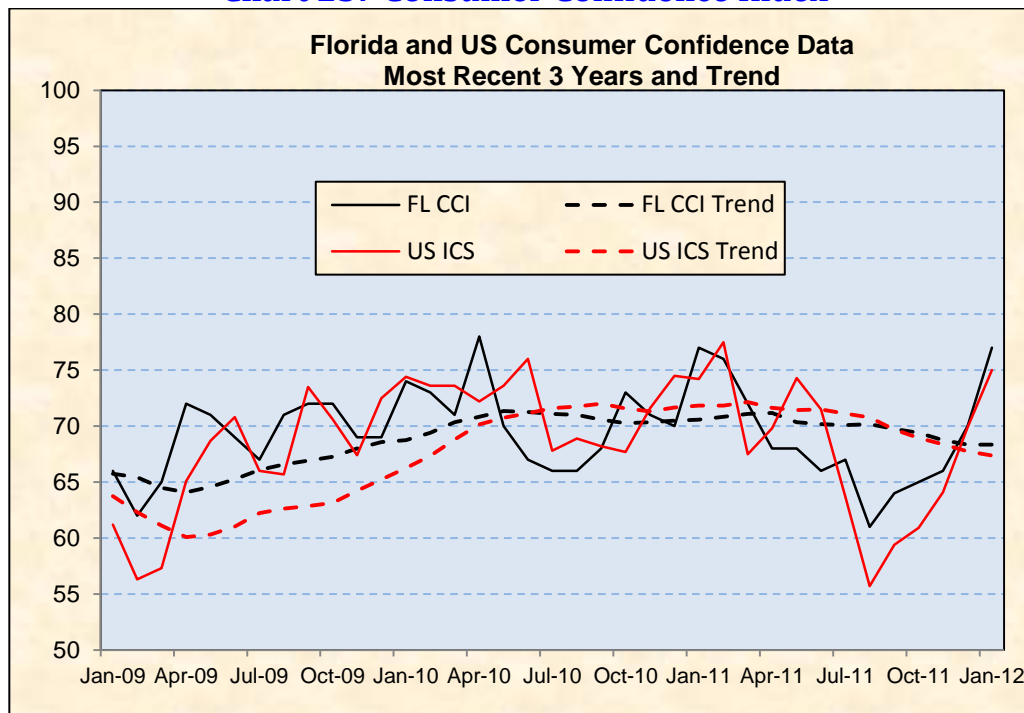
Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

## Consumer Confidence Index

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. The national ICS for February 2012 rose to 75.3, a 0.3-point increase from January 2012, and a 2.2-point decrease from February 2011. Richard Curtin, Surveys of Consumers Chief Economist, noted “Consumers have shrugged off concerns about rising gas prices, the European crisis, and election year politics, preferring to focus on the favorable impact of job growth. A potential threat is that consumers expect too much too soon. Improved job prospects may entice many more people to seek work, easily outstripping the number of new jobs created. While election year politics typically raise economic prospects, it may also increase the negative consequences if the promised gains fail to materialize. While growth prospects for consumer spending have improved, the new pace of gains may only edge up to a brisk walk, at best.”

The Florida Consumer Confidence Index declined one point in February 2011 to 76 from January’s figure of 77. “The pattern of consumer confidence over the last three months is exactly the same as it was a year ago,” said Chris McCarty, the Survey Director. “From December 2010 to February 2011 the overall level of confidence went from 70, to 77 then 76, the same as this year. In March 2011 confidence fell four points to 72 and declined steadily until August. Those declines were fueled early on by concern over the earthquake in Japan and the Arab Spring uprisings and ultimately by the debate in Congress over the debt ceiling. This year we have concerns over Syria and Iran, rising gas prices and the overhang of the European debt crisis.”

**Chart 23: Consumer Confidence Index**

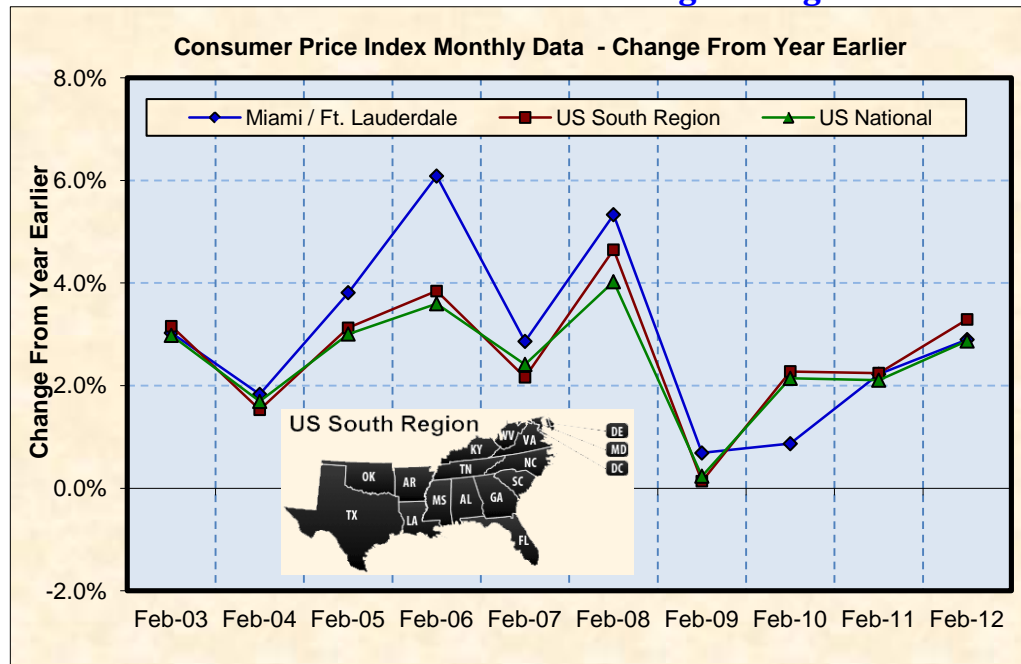


Source: Bureau of Economic and Business Research, University of Florida and Thomson Reuters/University of Michigan

## 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 February 2012, and shows the impact of higher prices in all measured segments. From February 2011 to February 2012, the National CPI increased by 2.9 percent, the Southern Region CPI increased by 3.3 percent, and the Miami-Fort Lauderdale area CPI rose by 2.9 percent. Chart 24 shows the largest year over year increases in the February CPI since 2008. The Federal Reserve Open Market Committee reports that it continues to pay close attention to the inflation rate and inflationary expectations.

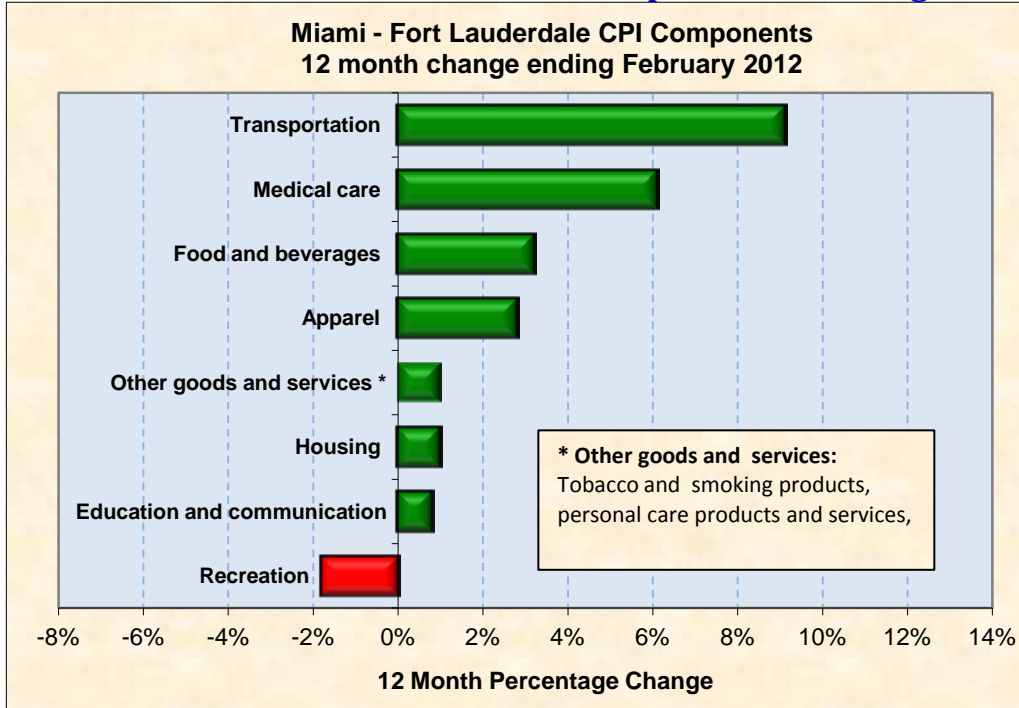
**Chart 24: CPI Annual Percentage Change**



Source: BLS

The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending February 2012 are shown in Chart 25. All categories except recreation showed price increases from February 2011 to February 12. Costs of transportation showed the largest increase of 9.1 percent, reflecting the sizeable rise in gasoline costs. Other significant cost increases were seen in medical care (up 6.1 percent), food and beverage (up 3.2 percent), and apparel (up 6.1 percent).

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



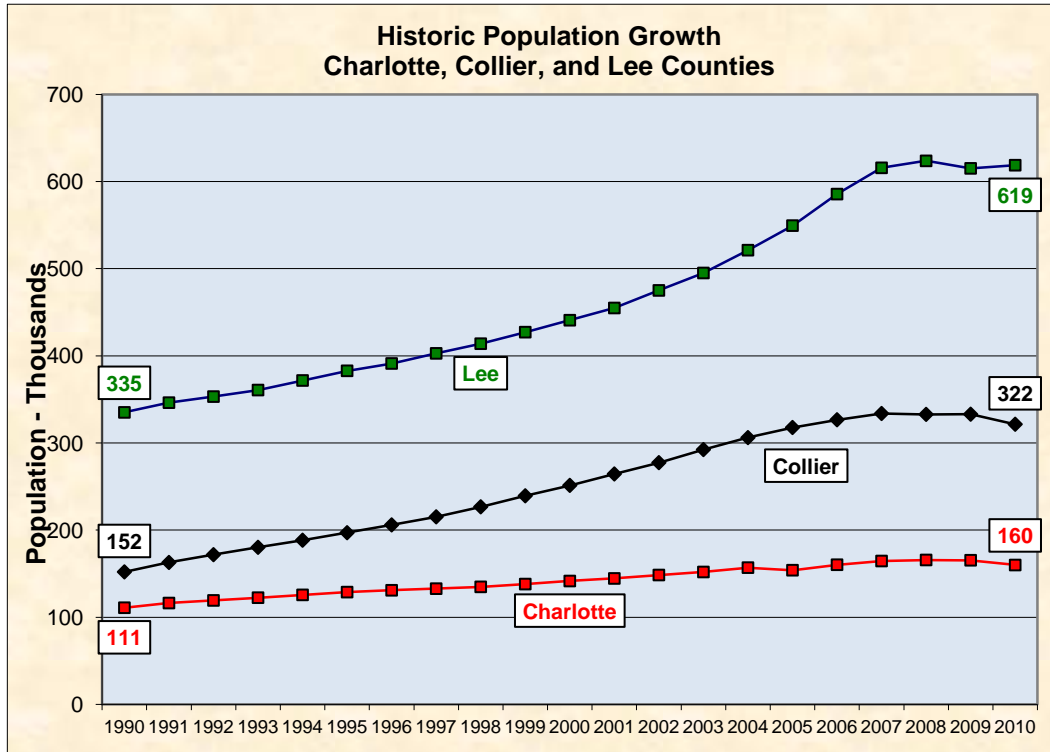
Source: BLS

## 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.

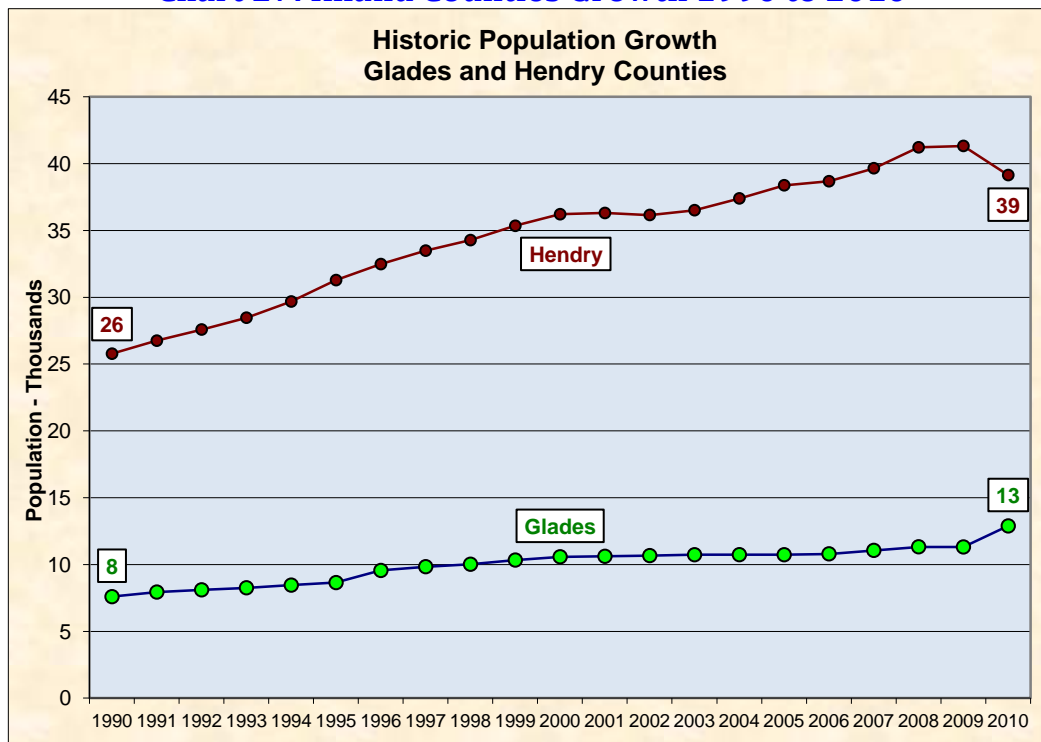
Chart 28 and its accompanying table show projected population increases from 2015 to 2040. The overall rate of regional growth averages 1.6 percent per year for this period, resulting in a 25-year increase of 47 percent.

**Chart 26: Coastal Counties Growth 1990 to 2010**



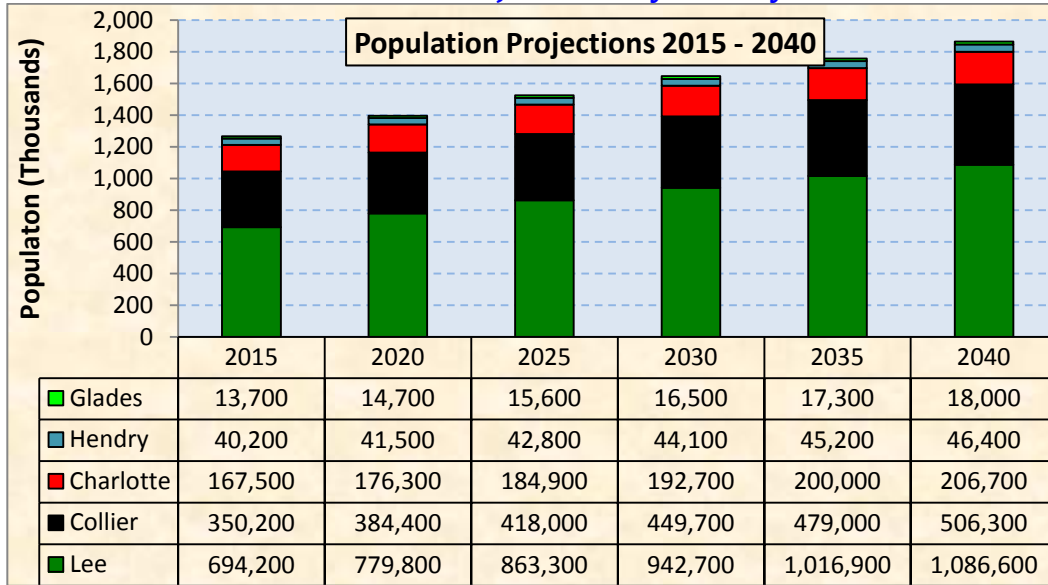
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

**Chart 27: Inland Counties Growth 1990 to 2010**



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.