Southwest Florida Regional Economic Indicators

April 2012

Regional Economic Research Institute

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Introduction: National and Regional Background

The advance estimate for the first quarter U.S. Real GDP growth was released on April 27th and is 2.2 percent. The fourth quarter growth was 3.0 percent while the third quarter grew slower at 1.8 percent. First quarter real personal consumption expenditures increased by 2.9 percent, compared to 2.1 percent in the fourth quarter of 2011. Real disposable personal income increased by only 0.4 Percent in the first quarter. The advance estimates are based on incomplete source data and we can expect revisions.

The national unemployment rate dropped from 8.3 percent in February 2012 to 8.2 percent in March 2012. There is a concern that the drop in the national unemployment rate is a temporary adjustment to steep job cuts during the recession and without stronger economic growth, unemployment rates may not continue to improve. The number of long-term unemployed (those jobless for 27 weeks or longer) is 42.5 percent of all unemployed in March 2012.

The March Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by 120,000, which was smaller than the February increase of 240,000. The national March employment increases included 31,000 in professional and business services, 37,000 in manufacturing, 37,000 in leisure and hospitality, 15,000 in financial activities, and 26,000 in health care. There was a reduction of 34,000 in retail trade.

The national consumer price index for March 2012 increased by 2.7 percent over March 2011, primarily driven by a 4.6-percent increase in energy prices and a 3.3-percent increase in food. All items, less food and energy, rose by 2.3 percent. Core inflation has increased but 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 April 25th, is summarized below:

- The economy has been expanding moderately;
- The unemployment rate has declined, but remains elevated;
- Household spending and business fixed investment have continued to advance, although the housing sector remains depressed;
- Inflation has picked up somewhat, mainly reflecting higher prices of crude oil and gasoline. Longer-term inflation expectations have remained stable;
- Economic growth is expected to remain moderate over coming quarters and then pick up gradually;
- 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 continues to anticipate 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 June 19th and 20th.

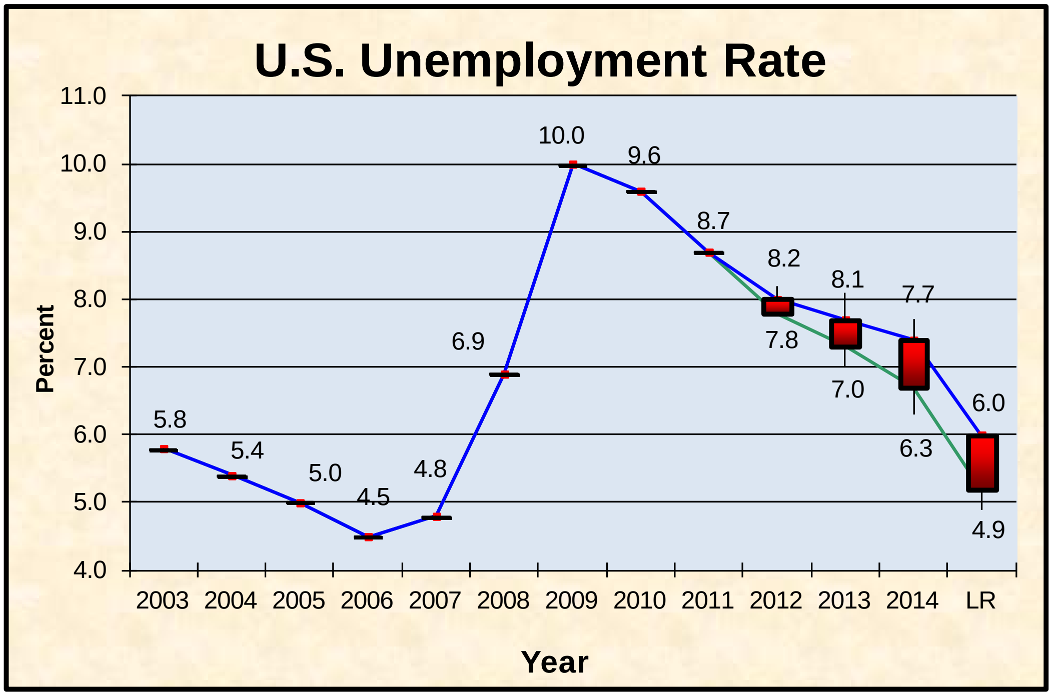
The FOMC released its latest forecast on April 25, 2012. The new central tendency forecast is higher in 2012 but lower for 2013 and 2014 and is shown below in the "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, 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 2.4 to 2.9 percent growth. For 2013, the overall projected range is 2.4 to 3.8 percent with a central tendency range of 2.7 to 3.1 percent growth. For 2014, the overall projected range is 2.9 to 4.3 percent with a central tendency range of 3.1 to 3.6 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, April 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 8.2 percent, with a central tendency (red bar) of 7.8 to 8.0 percent. For 2013, the overall projected range for the national unemployment rate is 7.0 to

8.1 percent with a central tendency range of 7.3 to 7.7 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 7.4 percent. Long-run unemployment is expected to be in a range of 4.9 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, April 25, 2012.

The Southwest Florida economy continues to show gains in tourism and consumer purchases which are positive signs. Regional taxable sales rose by eight percent from January 2011 to January 2012. From February 2011 to February 2012, tourism tax collections increased by 16 percent in Lee County, 15 percent in Collier County, and by 8 percent in Charlotte County. February 2012 passenger traffic at Southwest Florida International Airport decreased by one percent from February 2011.

The seasonally-adjusted unemployment rates have fallen but remain high. Lee County's unemployment rate declined from 11.3 percent in March 2011 to 9.2 percent in March 2012. Collier County's unemployment rate declined from 10.7 percent in March 2011 to 8.5 percent in March 2012. Charlotte County's unemployment rate has fallen from 10.8 percent in March 2011 to 9.1 percent in March 2012.

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, European sovereign debt issues, and oil prices are likely to create some headwinds.

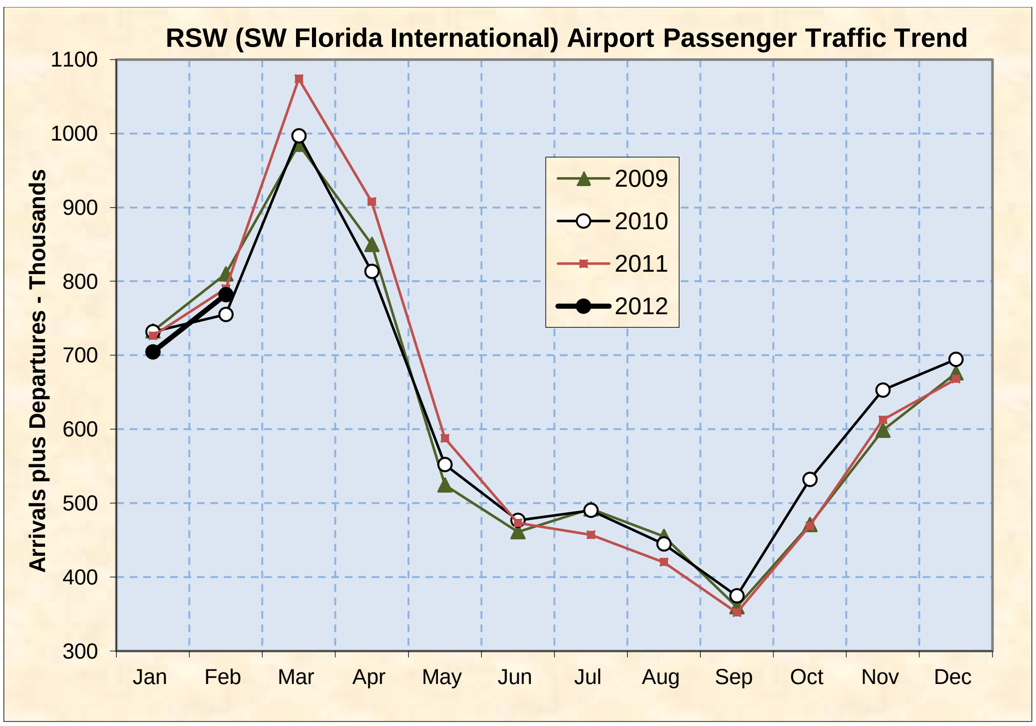
RERI thanks all of the individuals and organizations that have helped to bring together the regional information for this report. These include the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee Counties, the Convention and Visitors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

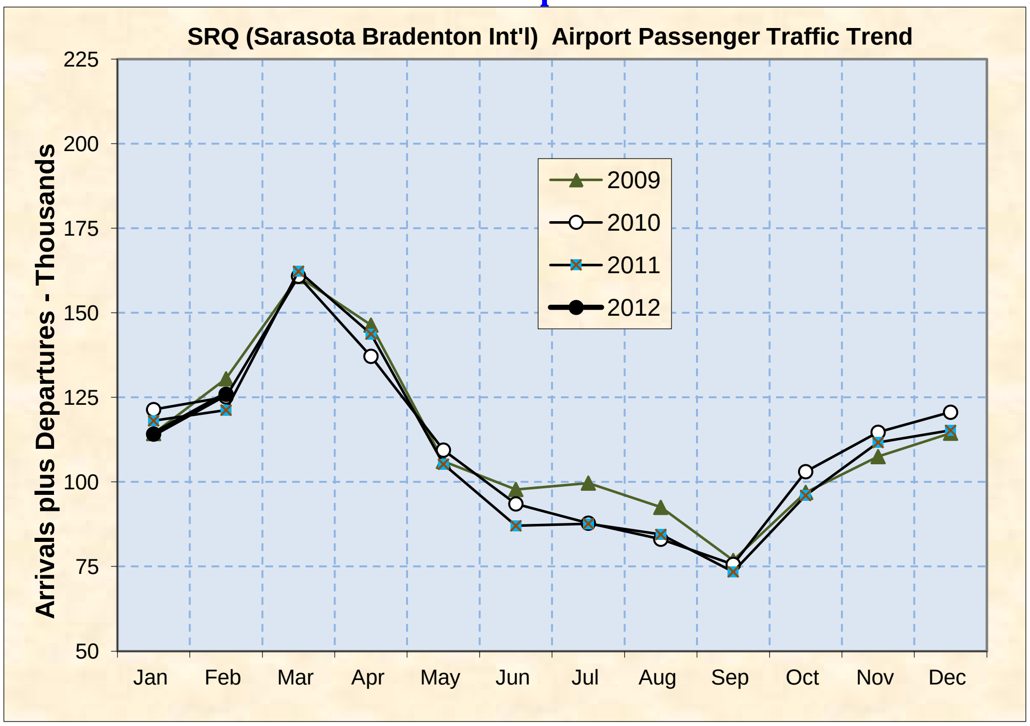
Total passenger activity for the three Southwest Florida airports increased to 946,509 in February 2012, up 11 percent over January 2012, and 0.1 percent over February 2011. Chart 1 shows RSW passenger activity of 781,849 in February 2012, an 11-percent increase over January 2012, but one percent lower than February 2011. Sarasota passenger activity amounted to 125,965 in February 2012, 10-percent higher than the prior month and four percent above February 2011, as shown in Chart 2. Punta Gorda Airport February 2012 passenger activity of 38,695 represented a 14-percent increase over January 2012, as well as a 14-percent increase over the February 2011 figure, as shown in Chart 3.

Chart 1: RSW Traffic Trend



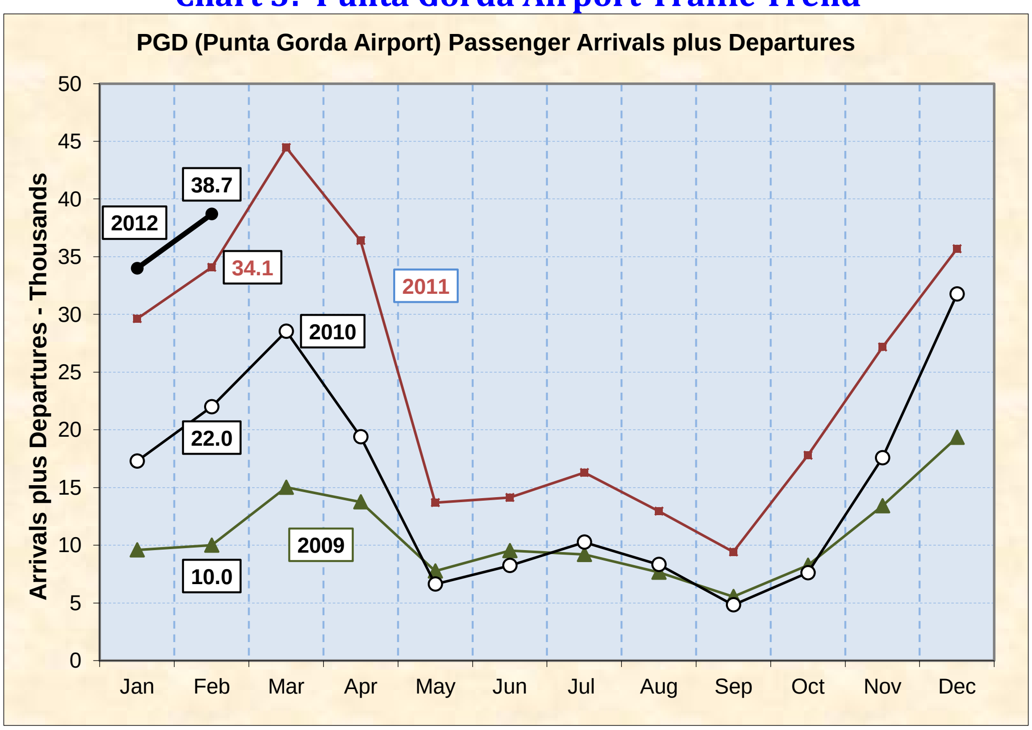
Source: Local Airport Authorities

Chart 2: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 3: Punta Gorda Airport Traffic Trend

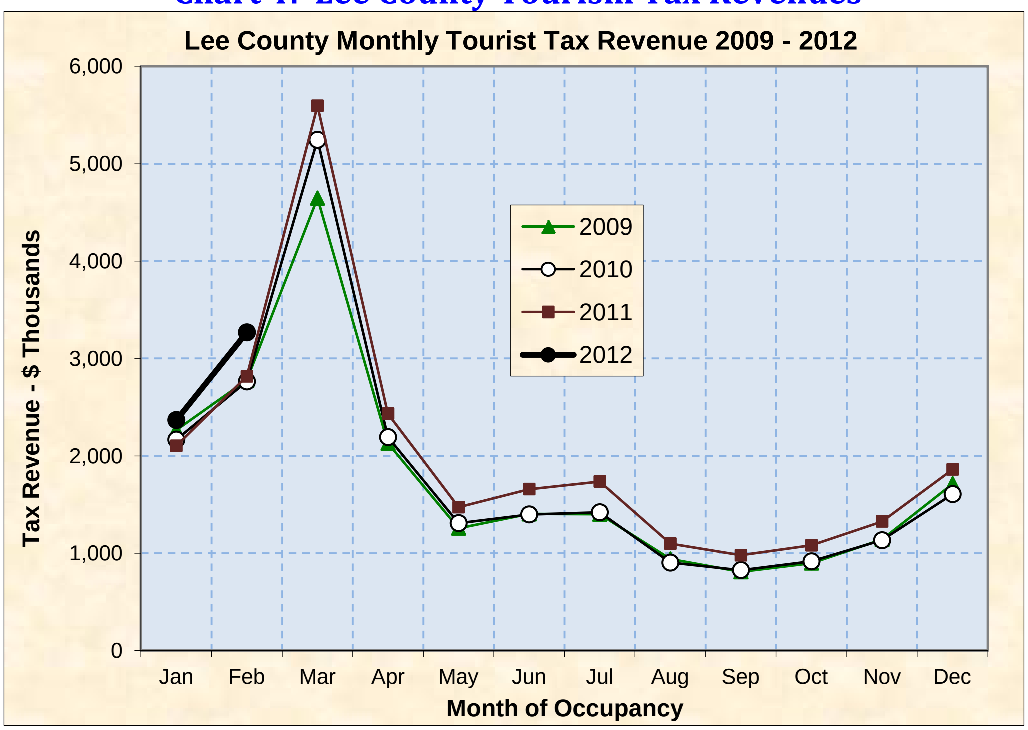


Source: Local Airport Authorities

Tourism Tax Revenues

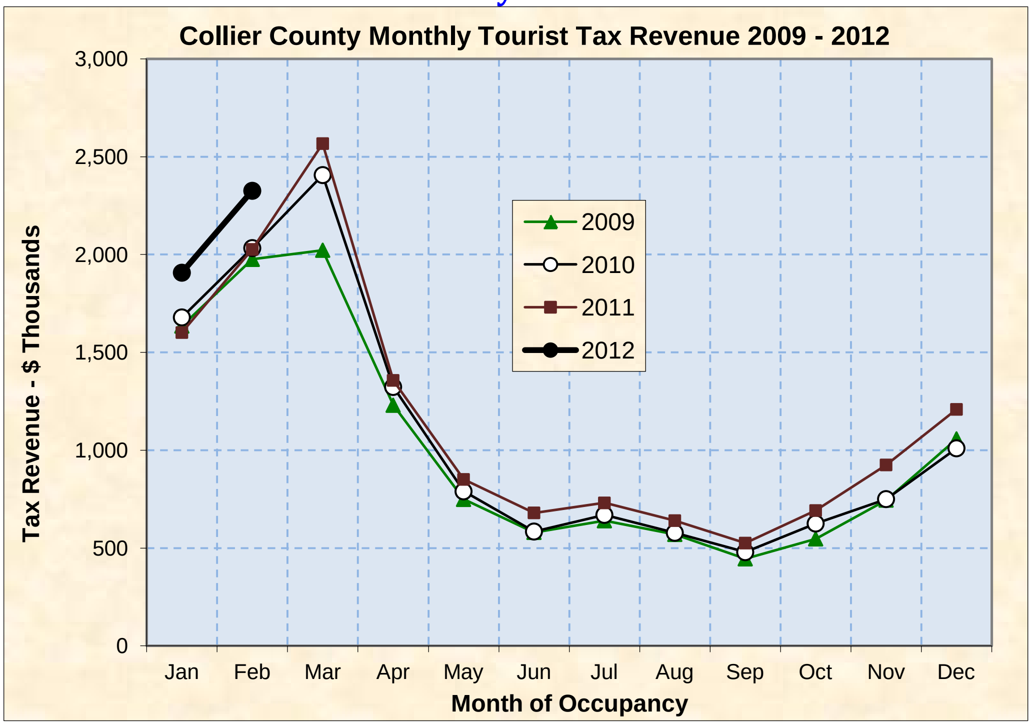
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. They continue to show strong positive signs for our local economy. Lee County revenues for February 2012 rose to $3,267,513, an increase of 38 percent over January 2012 and 16-percent higher than February 2011. Collier County Tourism tax revenues were $2,325,647 in February 2012, a 22-percent increase over January 2012 and 15-percent higher than February 2011. Similarly, Charlotte County's tourism tax revenues of $221,751 in February 2012 represented a 35-percent increase over January 2012, and an eight-percent increase over February 2011. Total tourist tax revenues for the three coastal counties in February 2012 increased by $1,376,000 (31 percent) over the prior month of January 2012 and by $769,000 (15 percent) over February 2011.

Chart 4: Lee County Tourism Tax Revenues



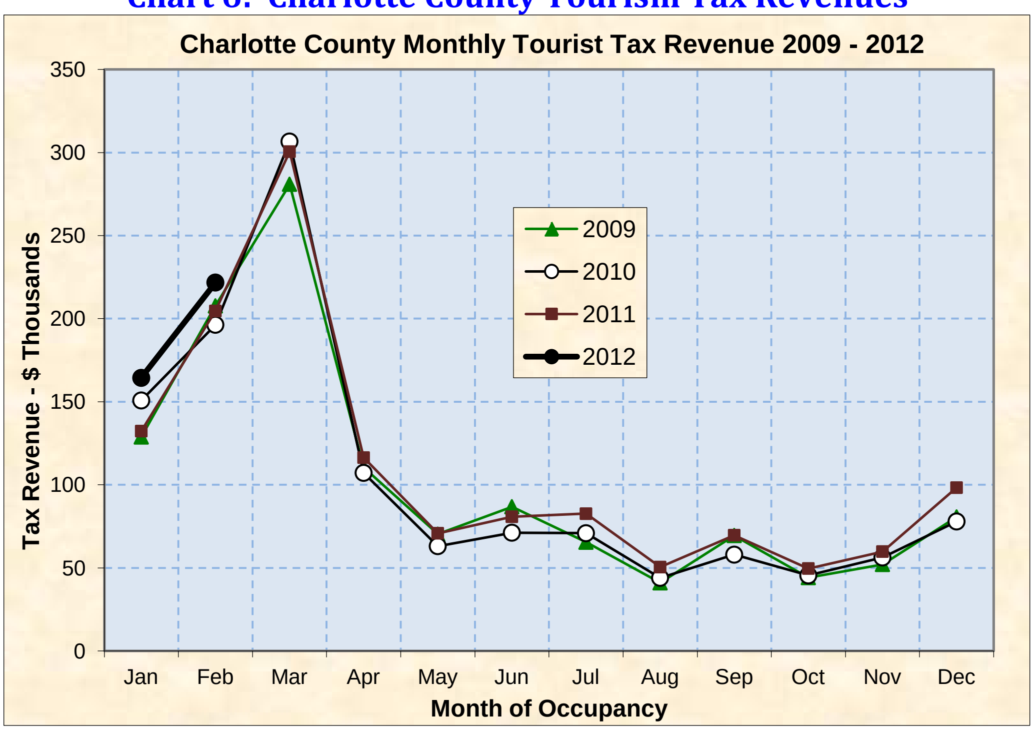
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

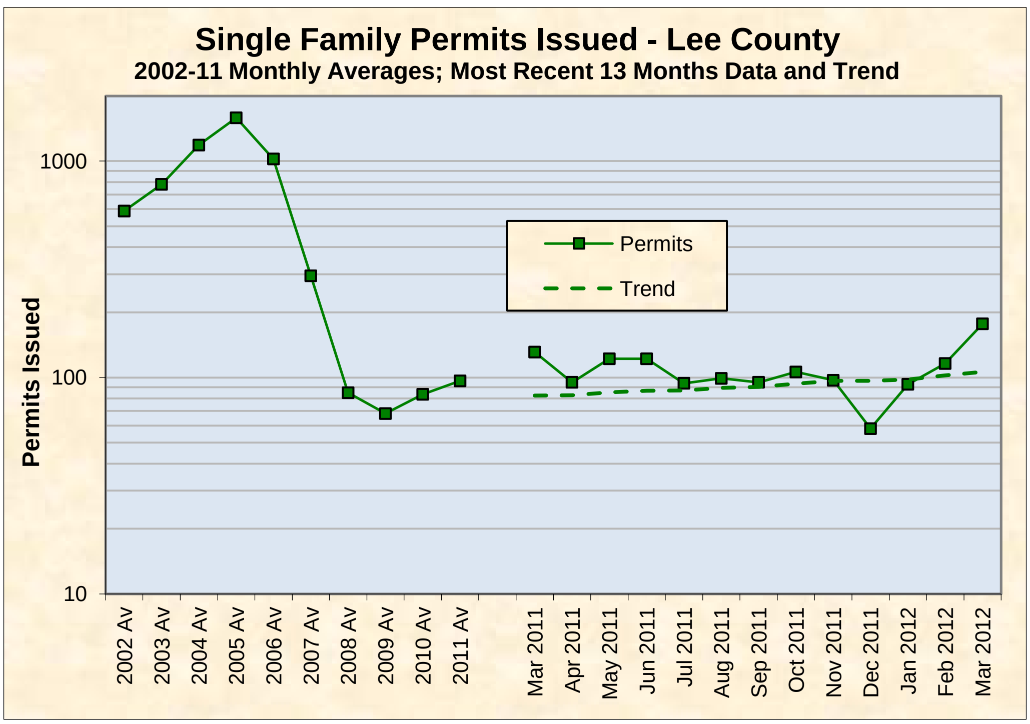


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

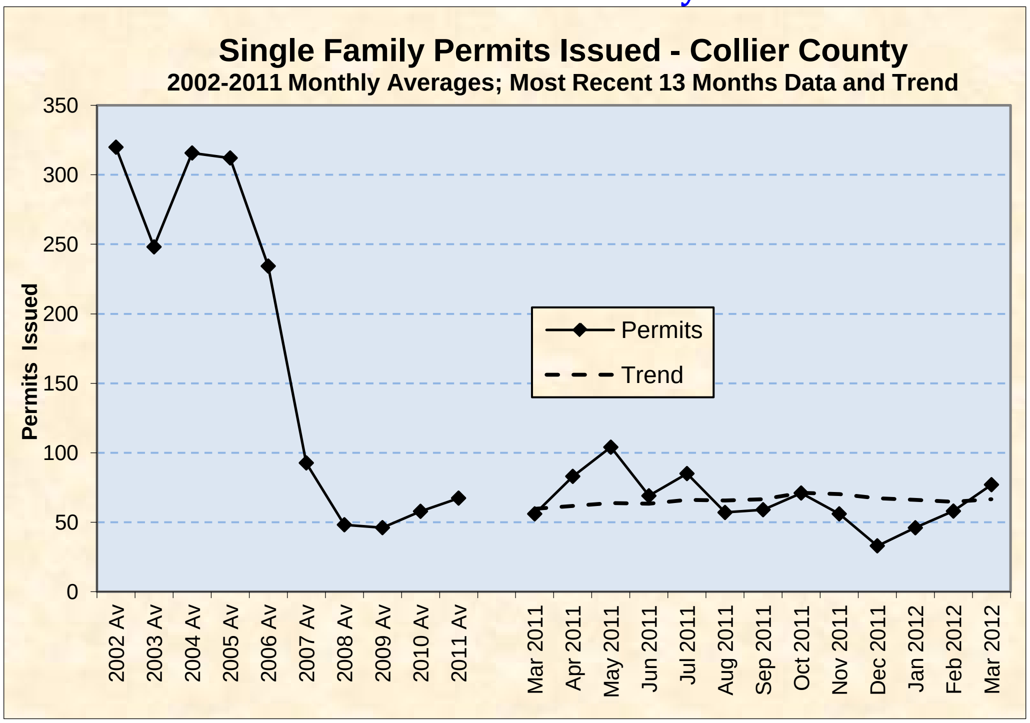
A total of 177 single-family building permits were issued in Lee County during March 2012, an increase of 61 permits over February 2012 and 46 more than in March 2011, as shown in Chart 7 (which employs a logarithmic scale on its y-axis to more clearly portray long-term trends). Collier County issued 77 permits in March 2012, up from 58 in February 2012, and from 56 in March 2011, as shown in Chart 8. Charlotte County permits rebounded to 25 in March, nine more than February 2012, but 12 fewer than were issued in March 2011, as shown in Chart 9. For the three coastal counties combined, 279 single-family permits were issued in March 2012, an increase of 47 percent over the February 2012 figure of 190, and 25-percent higher than the 224 issued in March 2011.

Chart 7: Lee County



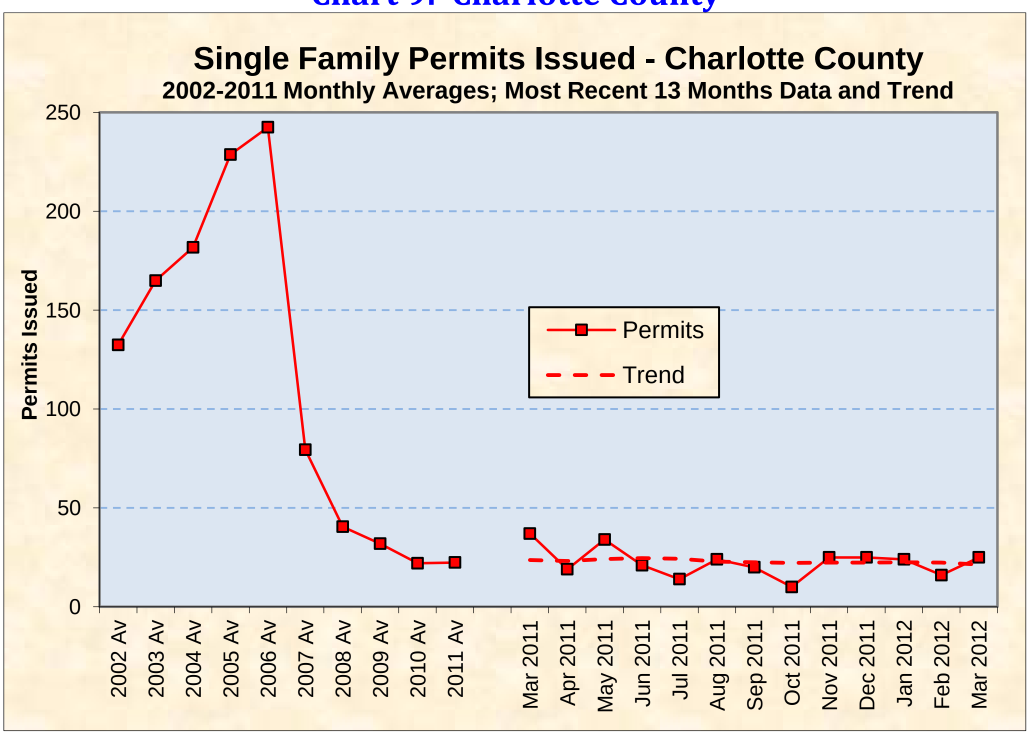
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

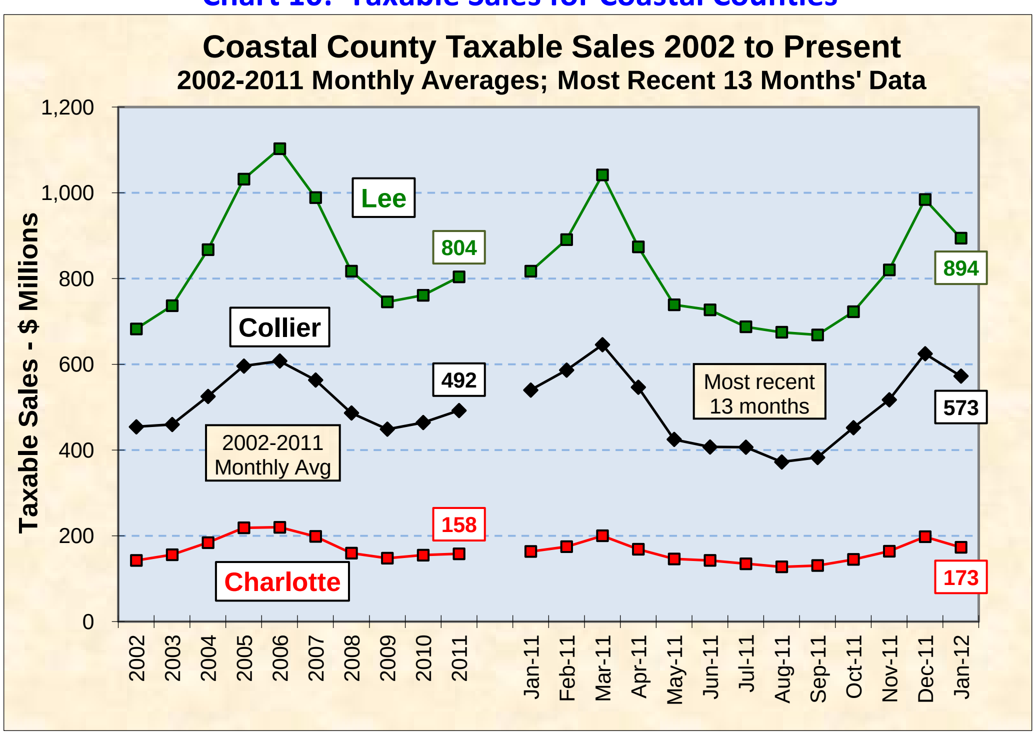
Taxable sales figures track consumer spending, an important component of the regional economy. The following charts show the latest month of merchants' collections (January 2012), rather than the reporting month issued by the Florida Department of Revenue.

All three coastal counties reported higher taxable sales in January 2012 compared to January 2011, a total gain of $119.3 million, or eight percent. Coastal County taxable sales trends are shown in Chart 10. Charlotte County's taxable sales of $173.4 million in January 2012 represented a six-percent increase from the January 2011 figure. Lee County taxable sales amounted to $894.1 million in January 2012, a nine-percent increase over January 2011; while Collier County's taxable sales were $572.5 million in January 2012, a six-percent increase over January 2011.

Hendry County's taxable sales of $24.6 million in January were up 10 percent over January 2011. Glades County reported January 2012 taxable sales of $2.4 million, a six-percent decrease from January 2011. Taxable sales trends for Hendry and Glades Counties are shown in Table 11.

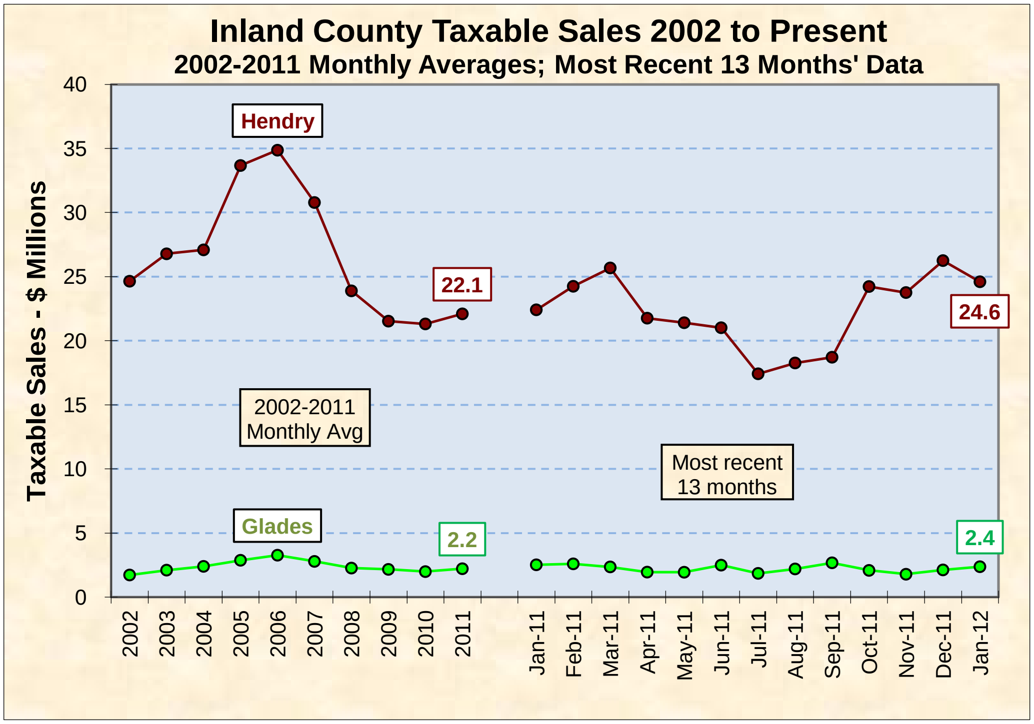
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. Lee County has shown positive year-over-year comparisons for nineteen consecutive months; Collier County, for the last seventeen months. While Charlotte County's taxable sales growth slowed or declined slightly during the summer months, growth has been positive during the last four reporting months of October 2011 through January 2012.

Chart 10: Taxable Sales for Coastal Counties



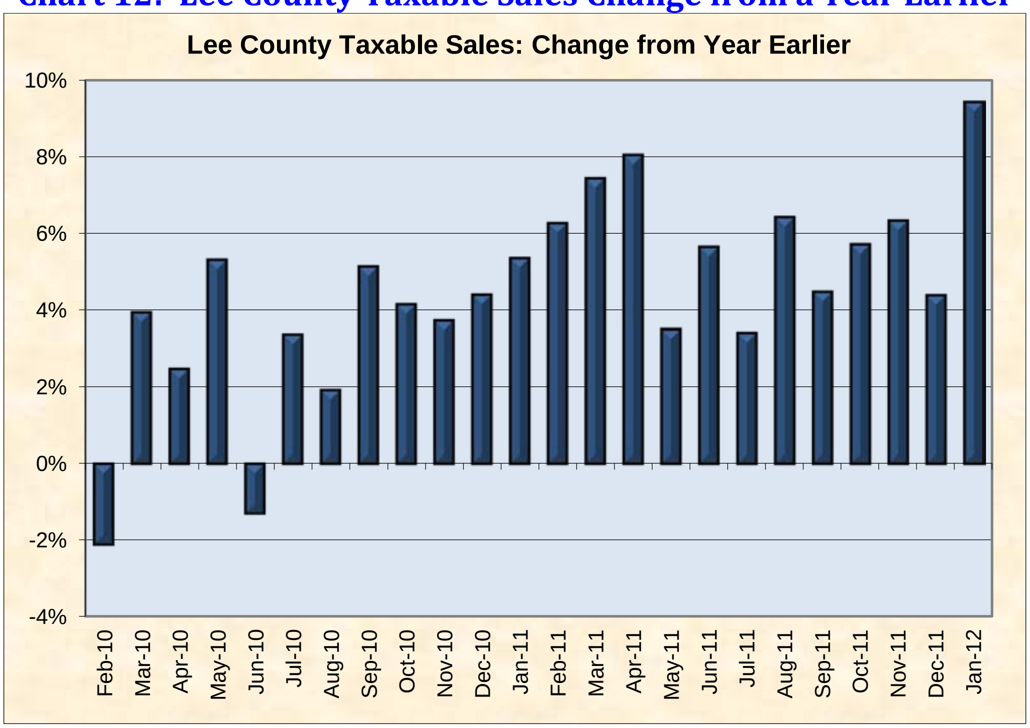
Source: Florida Department of Revenue, Office of Tax Research

Chart 11: Taxable Sales for Inland Counties



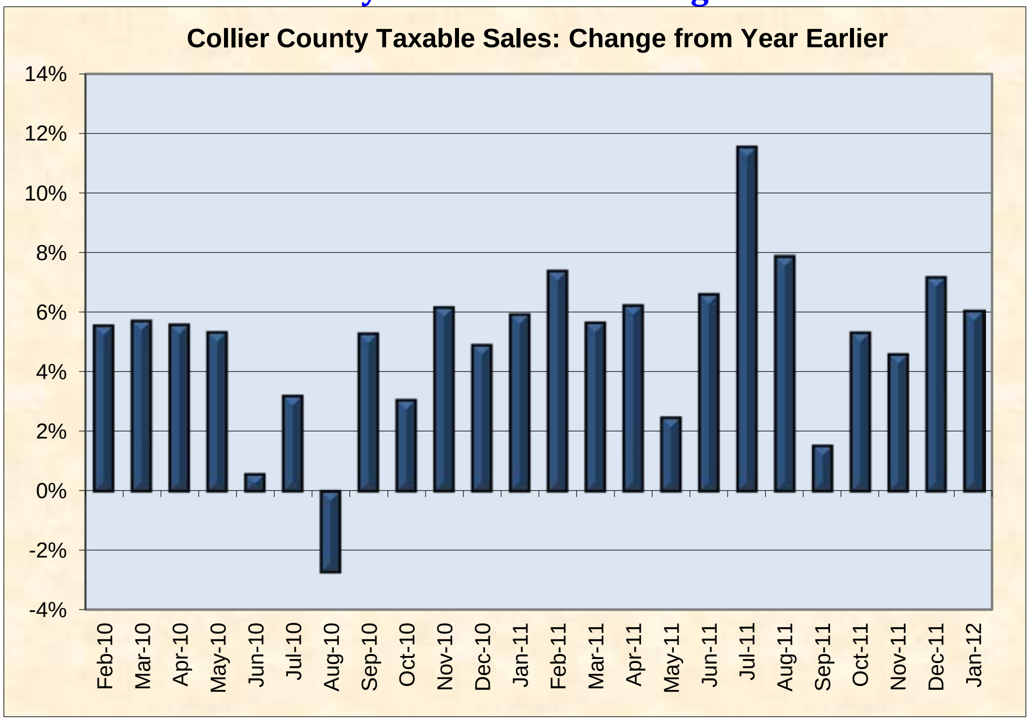
Source: Florida Department of Revenue, Office of Tax Research

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



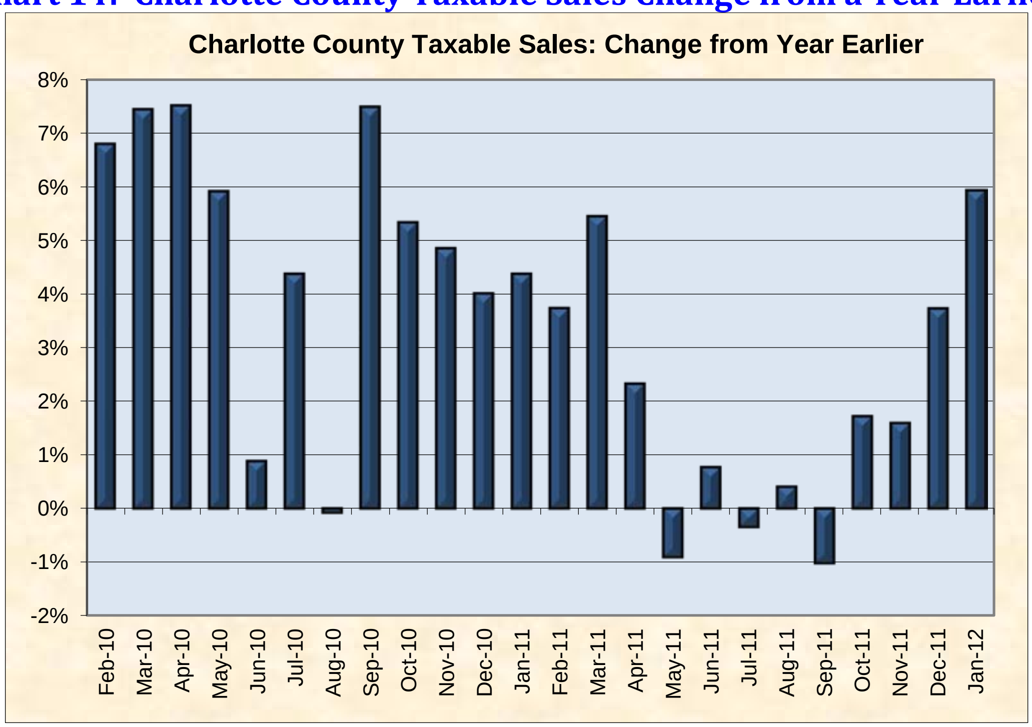
Source: Florida Department of Revenue, Office of Tax Research

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

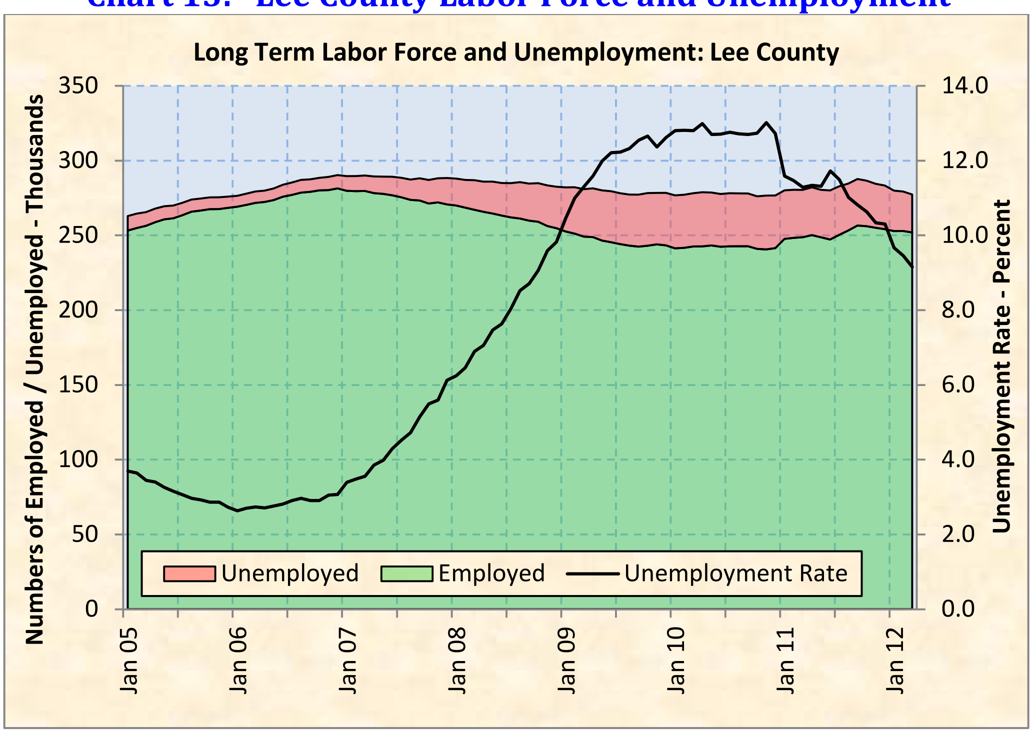
Workforce – Labor Force, Employment and Unemployment

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 March 2012, on a seasonally-adjusted basis. 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.

March 2012 seasonally-adjusted unemployment rates in the five reporting counties showed continued improvement compared to March 2011. For the five counties in total, the unemployment rate has declined from 11.2 percent in March 2011 to 9.4 percent in February 2012 to 9.1 percent in March 2012. Lee County's seasonally-adjusted unemployment rate in March 2012 is 9.2 percent, down from 9.5 percent in February 2012 and from 11.3 percent in March 2011. Collier County's unemployment rate was 8.5 percent in March 2012, a decrease from 8.8 percent in February 2012, and from 10.7 percent in March 2011. Charlotte County had a March 2012 unemployment rate of 9.1 percent, down from 9.3 percent in February 2012, and from 10.8 percent in March 2011. Hendry's unemployment rate was 13.0 percent in March 2012, a decline from 13.6 in February 2012, and from 14.9 percent in March 2011. The unemployment rate in Glades County was 9.5 percent in both February and March 2012, down from 9.9 percent in March 2011. Total employment in the five reporting counties increased by 7,777 persons (2 percent) over March 2011, while the number of unemployed dropped by 11,038.

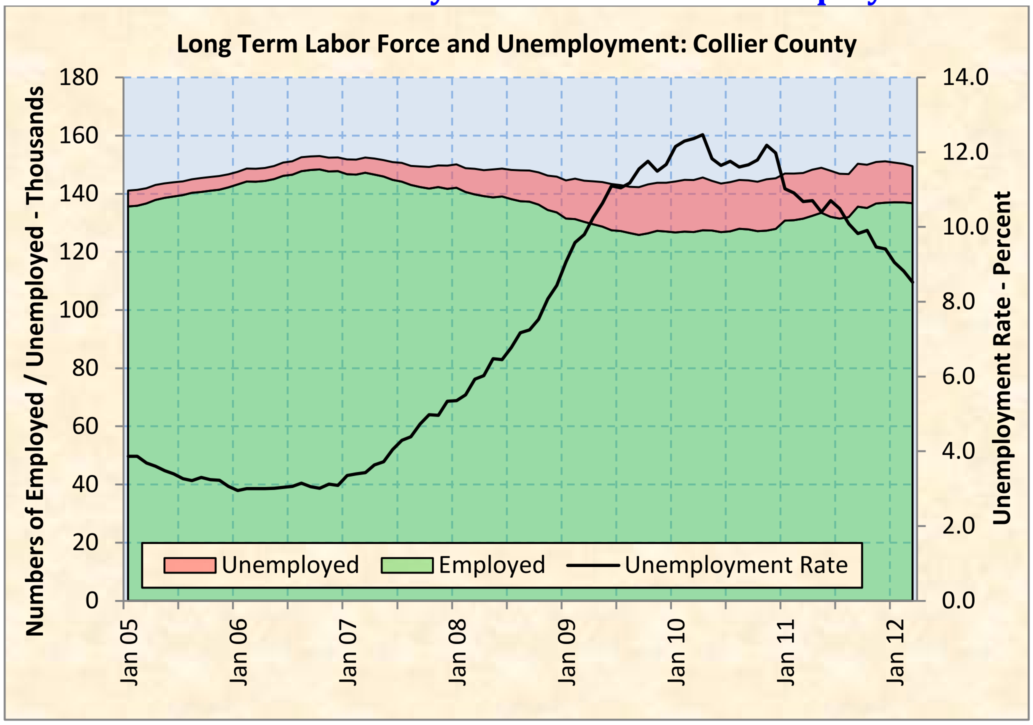
The seasonally-adjusted unemployment rate for the state of Florida decreased from 9.4 percent in February 2012 to 9.0 percent in March 2012, the largest month-over-month decline since October 1992. The comparable rate for Florida in March 2011 was 10.7 percent. The national unemployment rate also shows a pattern of decline from 8.9 percent in March 2011 to 8.2 percent in March 2012.

Chart 15: Lee County Labor Force and Unemployment



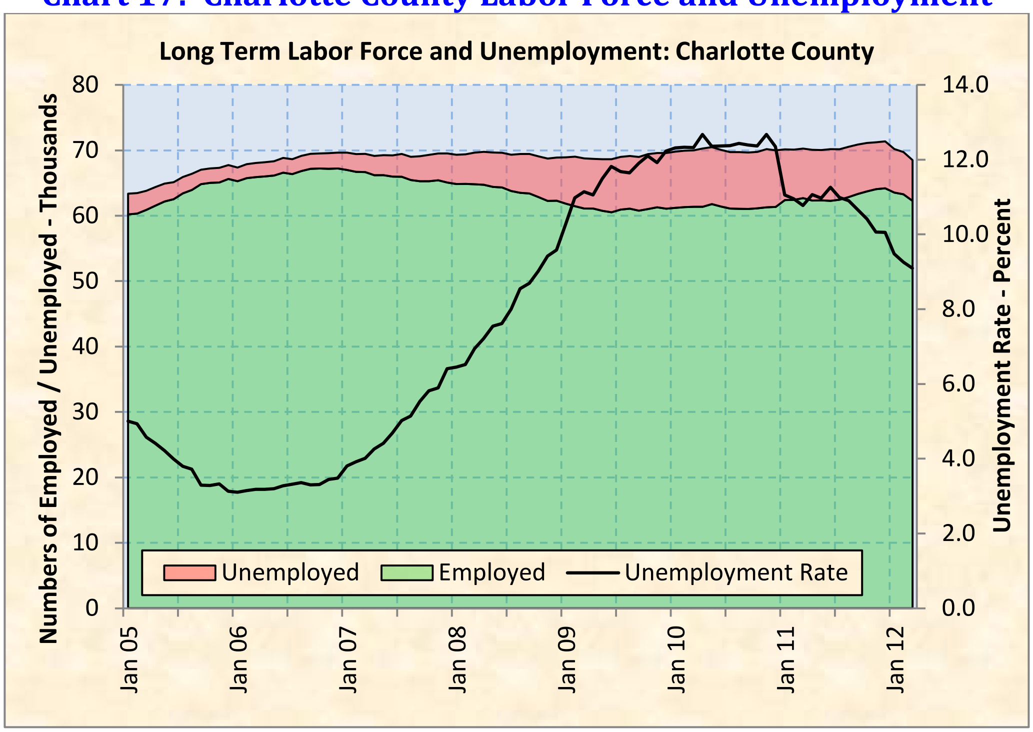
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 16: Collier County Labor Force and Unemployment



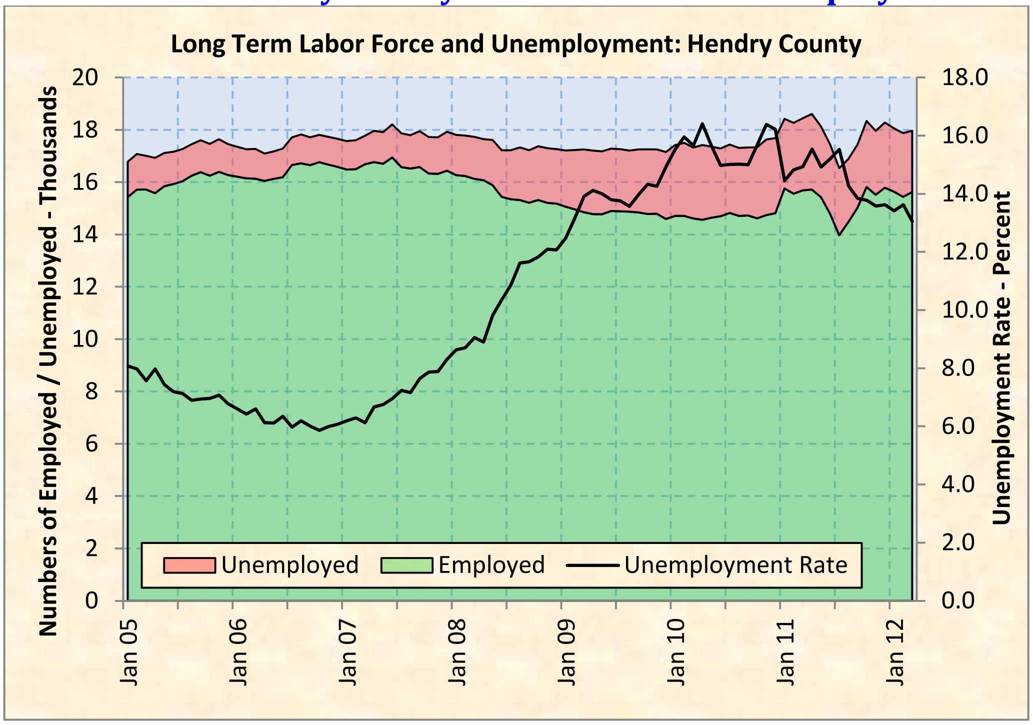
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 17: Charlotte County Labor Force and Unemployment



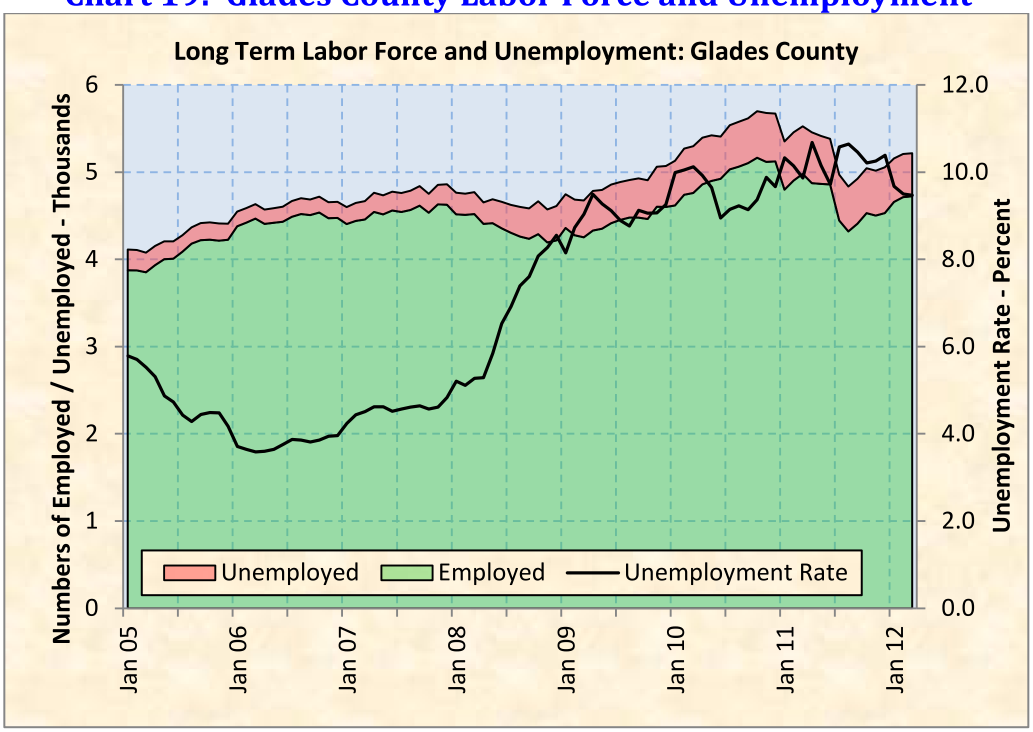
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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

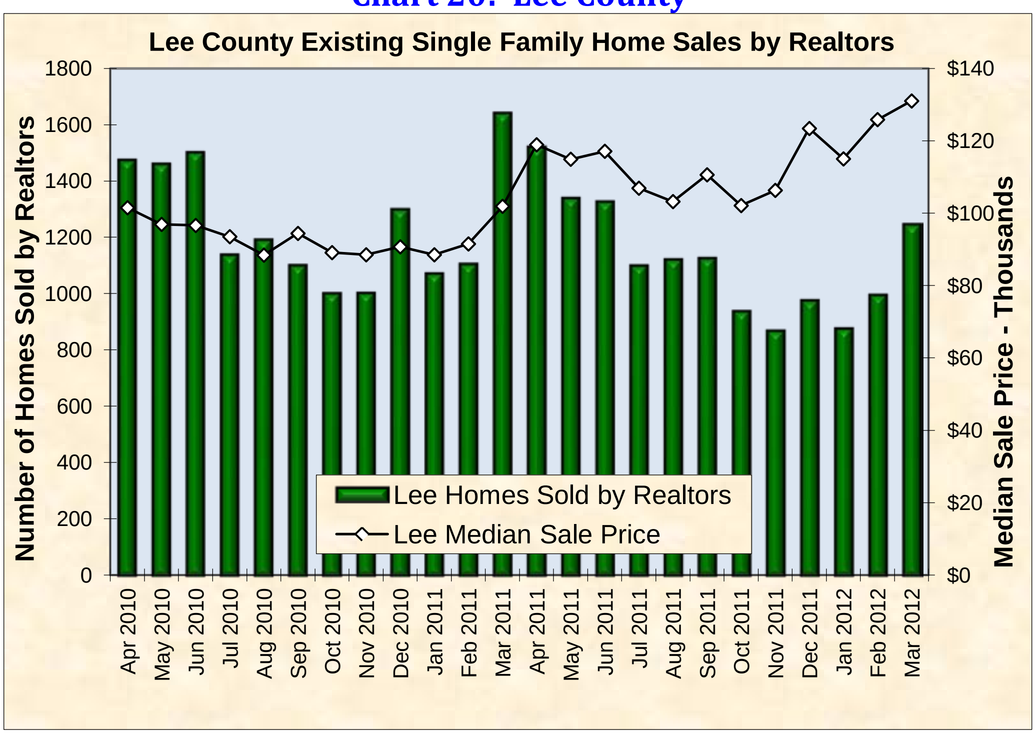
Sales and median prices of single-family homes in the coastal counties provided positive news for our regional economy again in March. Combined sales amounted to 2,059 units in March 2012, an increase of 34 percent over the prior month, albeit 15-percent below the March 2011 figure. Median single-family home prices have increased in the three counties compared to both a month ago and a year ago.

There were 1,245 realtor sales in Lee County in March 2012 at a median price of $131,000, up from 996 sales in February 2012 at a median price of $125,850. Sales did decline by 24-percent from the 1,641 reported in March 2011, although the median price increased substantially from $101,900.

Collier County had 432 single-family home sales in March 2012, up from 324 in February 2012 and slightly down from 443 in March 2011. Median prices increased from $205,000 in March 2011 to $266,000 in March 2012.

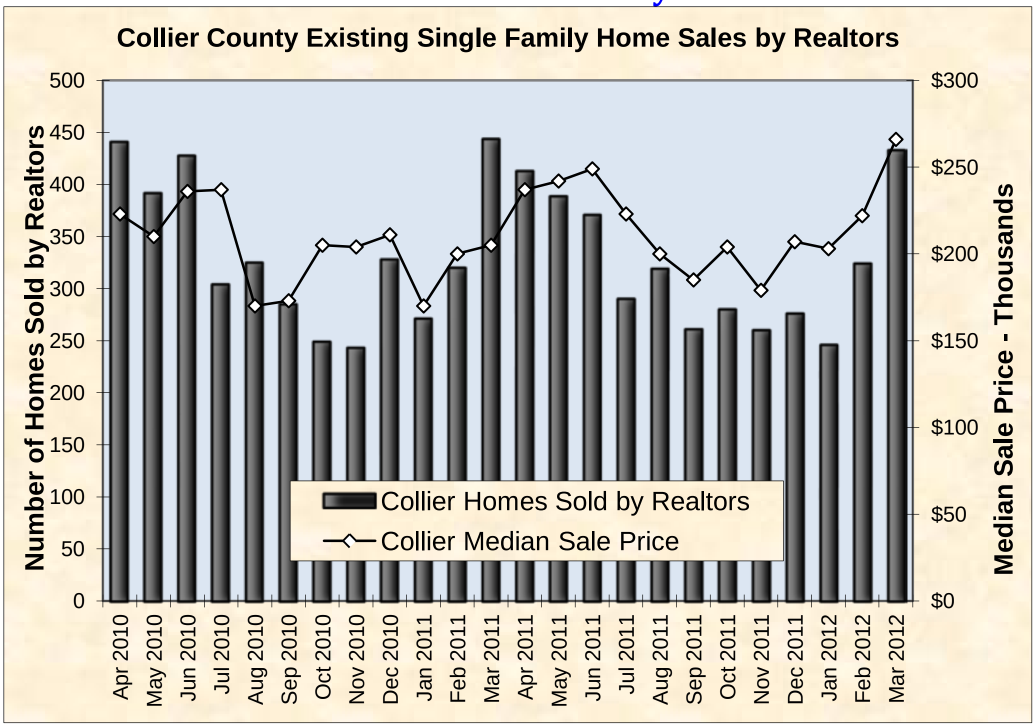
Charlotte County reported 382 single-family home sales in March 2012 at a median price of $118,250, compared to 346 sales in March 2011 at a median price of $89,500 and 214 home sales in February 2012 at a median price of $110,000.

Chart 20: Lee County



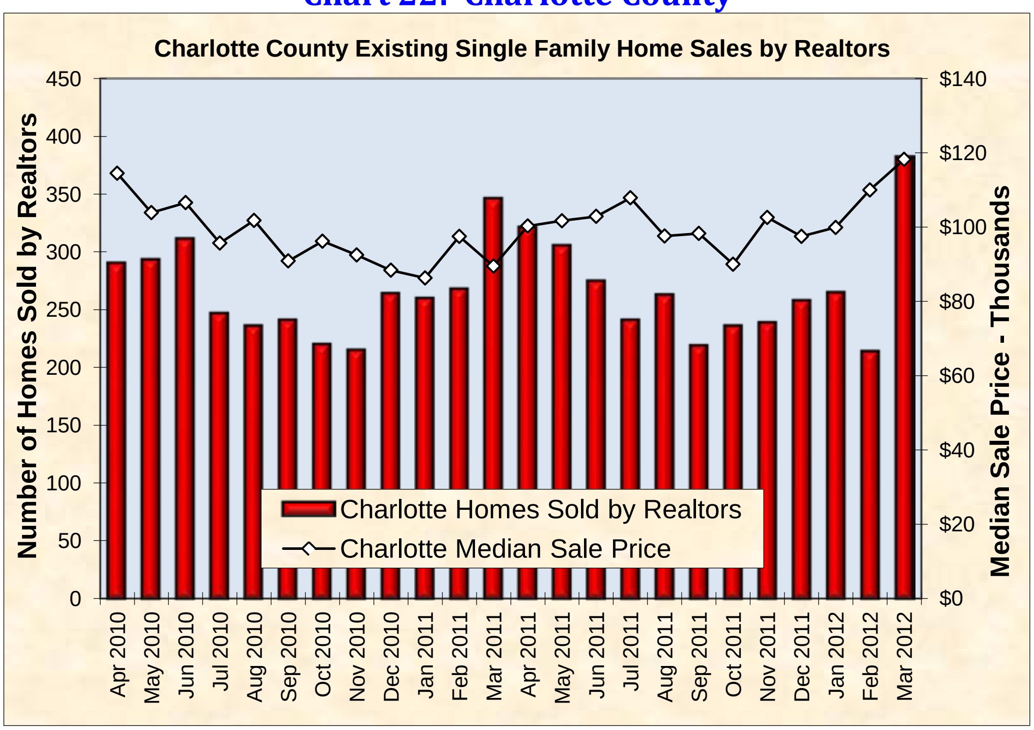
Source: Realtor Association of Greater Fort Myers and the Beach, Inc.

Chart 21: Collier County



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

Chart 22: Charlotte County



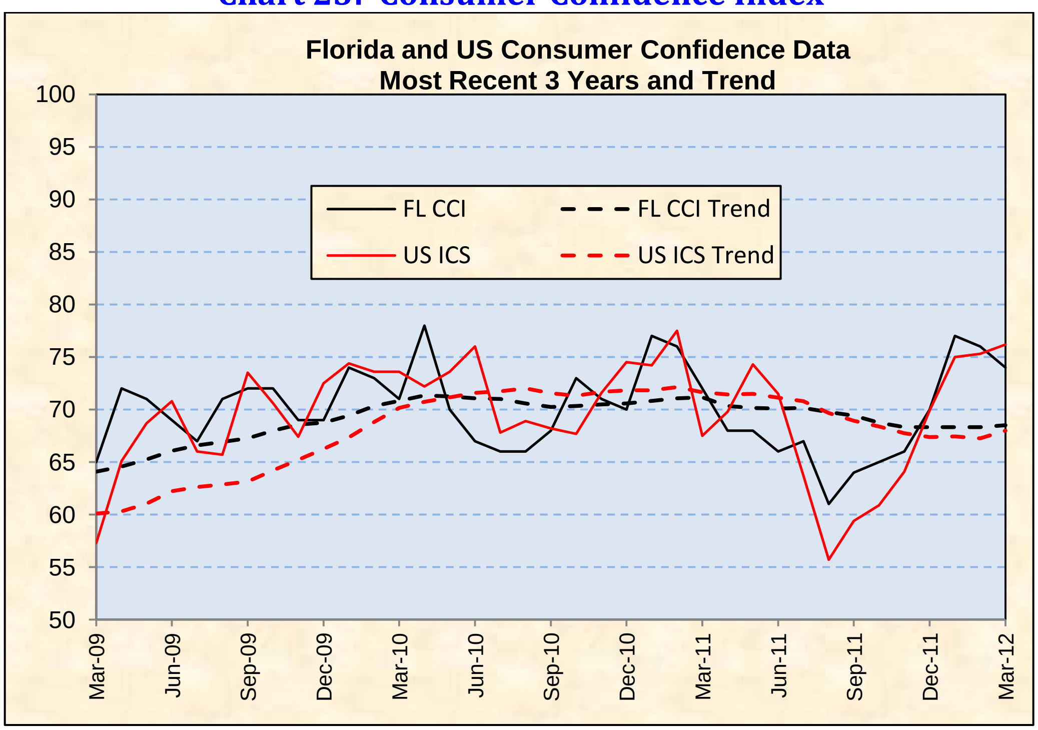
Source: Florida Realtors ® Punta Gorda, Florida MSA ; http://media.living.net/statistics/statisticsfull.html

Consumer Confidence Index

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 March 2012 rose to 76.2, a 0.9-point increase from February 2012, and an 8.7-point increase from March 2011. Their report notes: "Consumer confidence edged upward as more favorable income and job trends offset rising gas prices. Only among lower-income households did higher gas prices marginally overwhelm increases in incomes and jobs. More households reported an improved financial situation than any time in the past four years and more consumers than ever before in the long history of the surveys reported hearing of improved employment conditions."

Conversely, the Florida Consumer Confidence Index declined to 74 in March 2012, down two points from February's figure of 76. "The pattern of consumer confidence…was exactly the same as last year," said Chris McCarty, the Survey Director. "In March 2011 confidence among Floridians fell four points to 72, then kept falling through August coinciding with a pullback in spending among Floridians. This month the decline was only two points, but still down. While the context this month is different than last year with the absence of the Japanese earthquake and Arab Spring, other factors are increasingly likely to lead to a similar result." A decline in the index to 73 has just recently been reported for April.

Chart 23: Consumer Confidence Index

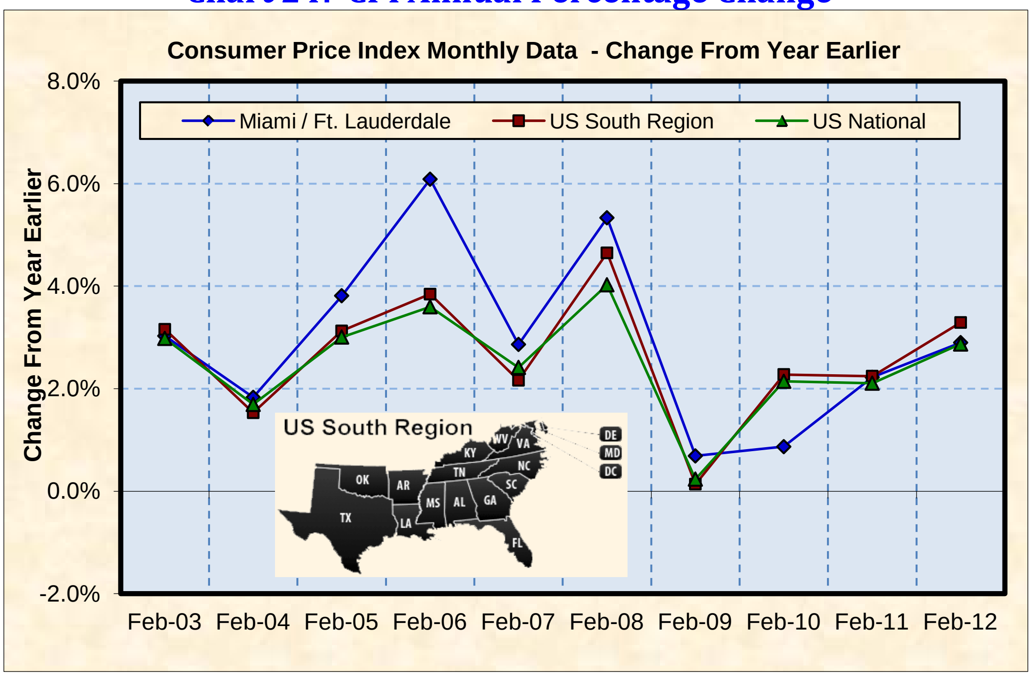


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

Consumer Price Index

Consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 24. As reported last month, 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.

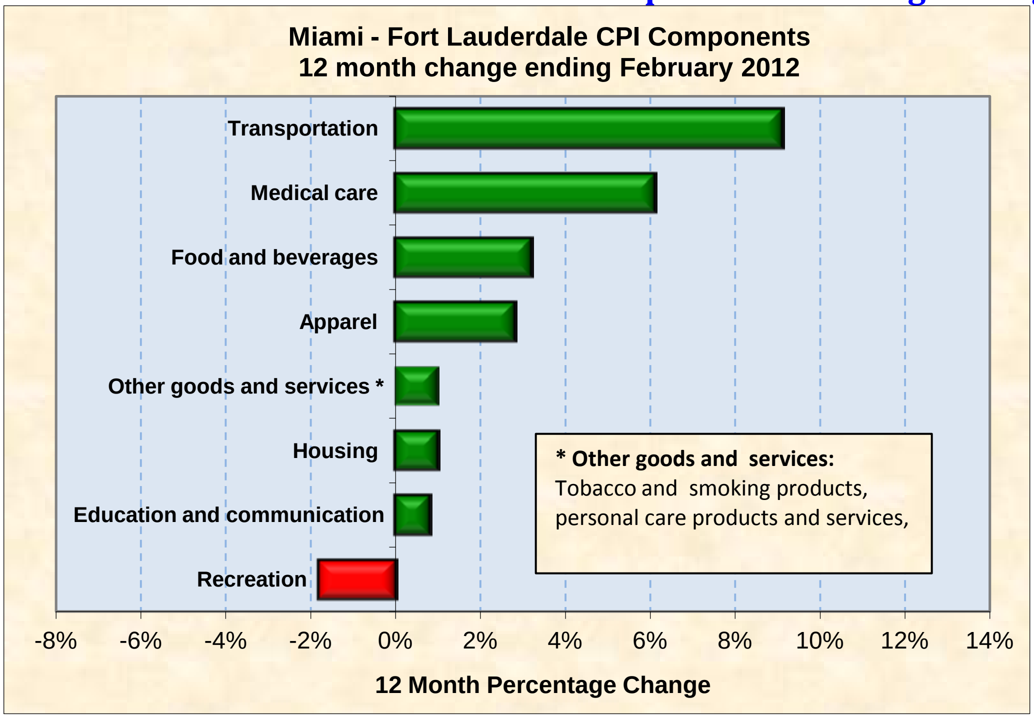
Chart 24: CPI Annual Percentage Change



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



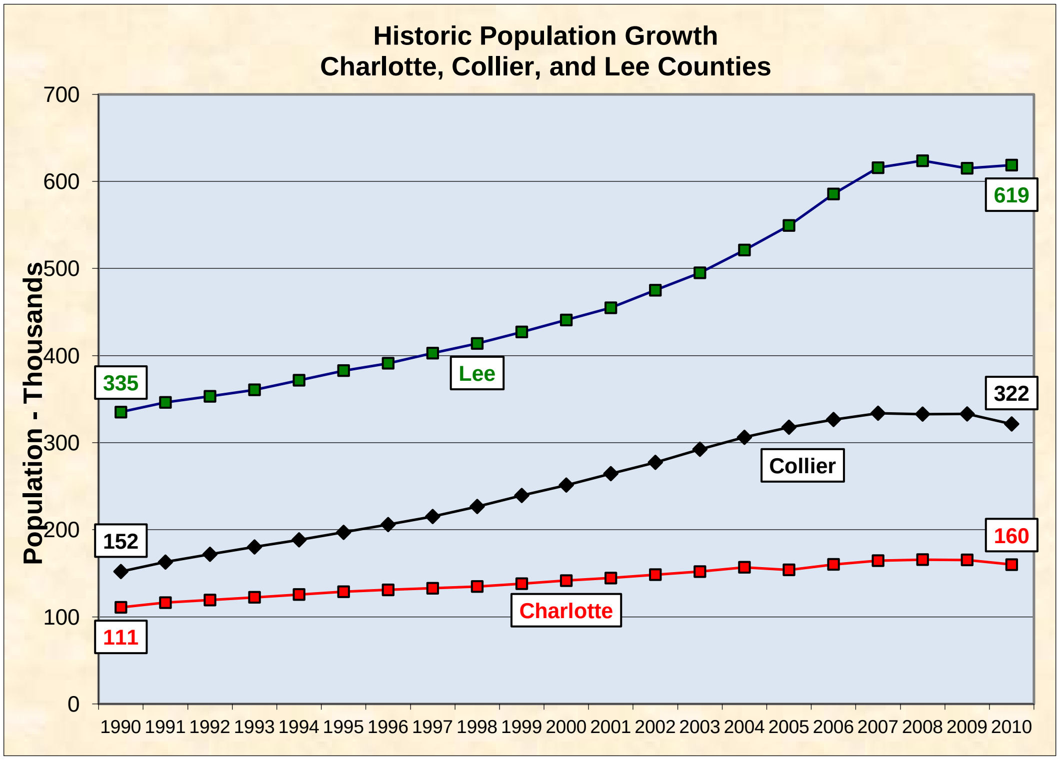
Source: BLS

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.

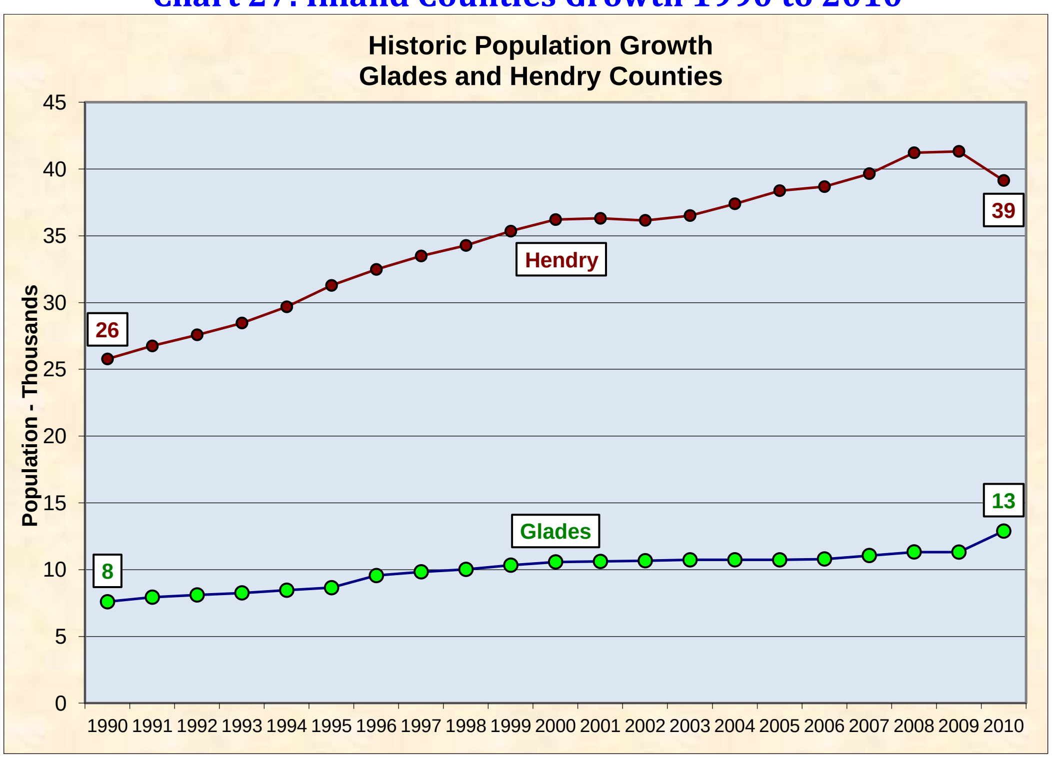
Chart 28 and its accompanying table show projected population increases from 2015 to 2040. The overall rate of regional growth averages 1.6 percent per year for this period, resulting in a 25-year increase of 47 percent.

Chart 26: Coastal Counties Growth 1990 to 2010



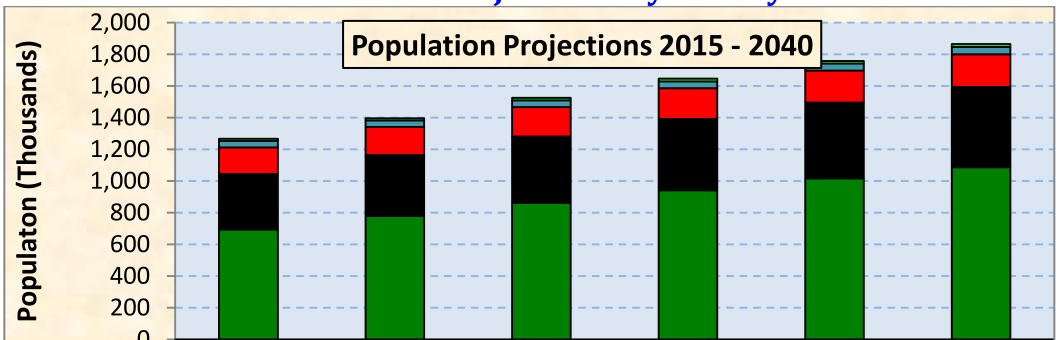
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

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



	2015	2020	2025	2030	2035	2040
Glades	13,700	14,700	15,600	16,500	17,300	18,000
Hendry	40,200	41,500	42,800	44,100	45,200	46,400
Charlotte	167,500	176,300	184,900	192,700	200,000	206,700
Collier	350,200	384,400	418,000	449,700	479,000	506,300
Lee	694,200	779,800	863,300	942,700	1,016,900	1,086,600

Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010. Updated October 2011.