

# Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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

The second estimate for the first quarter U.S. Real GDP growth was released on May 31st and is 1.9 percent. This is slightly lower than the previous advance estimate of 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 2.7 percent, compared to 2.1 percent in the fourth quarter of 2011.

The national unemployment rate dropped from 8.2 percent in March 2012 to 8.1 percent in April 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 41.3 percent of all unemployed in April 2012.

The April Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by only 115,000, which was smaller than the March increase of 154,000. The increases included 62,000 in professional and business services, 29,000 in retail trade, 18,000 in health care, 16,000 in manufacturing, and 12,000 in leisure and hospitality. Transportation and warehousing payroll employment declined by 16,600, government had a reduction of 15,000, and other services and information each declined 2,000.

The national consumer price index for April 2012 increased by 2.3 percent over April 2011, primarily driven by a 5.1 percent increase in apparel costs, 2.7 percent increase in medical expenses, and a 3.1 percent increase in food prices. 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.

As noted in last month's report, the latest statement of the Federal Reserve Open Market Committee (FOMC) was issued on April 25<sup>th</sup>, and 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 19<sup>th</sup> and 20<sup>th</sup>.

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 seven percent from February 2011 to February 2012. Tourism tax collections increased by six percent in Lee County, nine percent in Collier County, and by 13 percent in Charlotte County from March 2011 to March 2012. However, March 2012 passenger traffic at Southwest Florida International Airport decreased by five percent from March 2011.

Seasonally-adjusted unemployment rates have fallen but remain high. Lee County's unemployment rate declined from 11.3 percent in April 2011 to 9.2 percent in April 2012. Collier County's unemployment rate declined from 10.7 percent in April 2011 to 8.6 percent in April 2012. Charlotte County's unemployment rate has fallen from 11.1 percent in April 2011 to 9.1 percent in April 2012.

National 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.

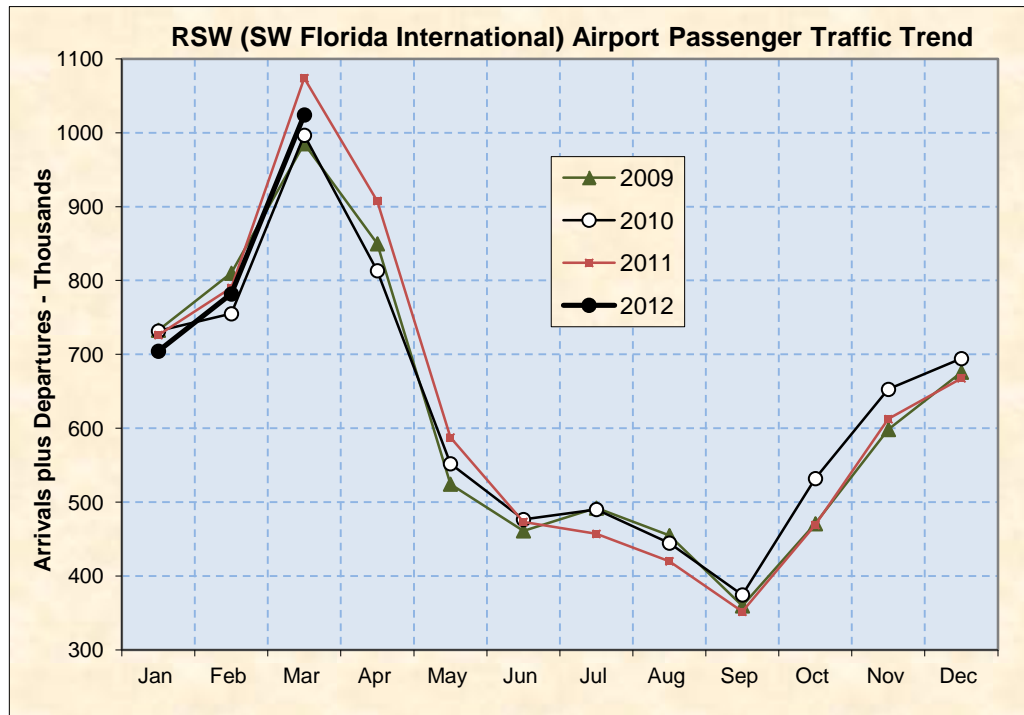
## Airport Activity

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 amounted to 1,221,237 in March 2012, up 29 percent over February 2012, but five percent below March 2011. Chart 1 shows RSW passenger activity of 1,024,221 in March 2012, a 31-percent increase over February 2012, and five percent lower than March 2011. Sarasota passenger activity amounted to 170,386 in March 2012, 35-percent higher than the prior month and five percent above March 2011, as shown in Chart 2.

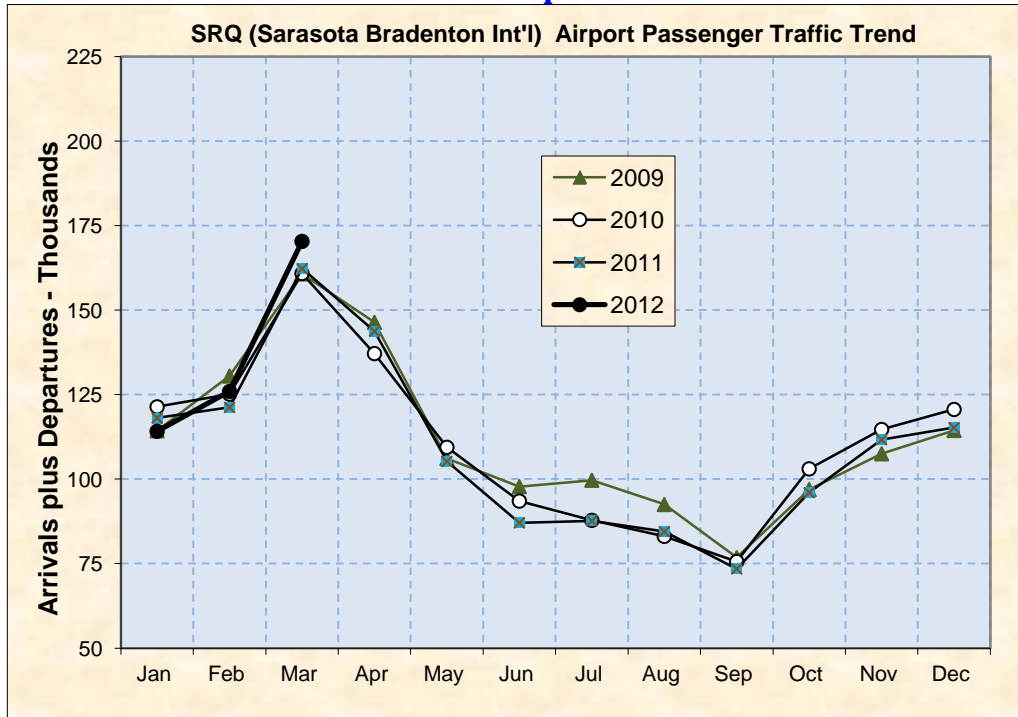
Punta Gorda Airport's March 2012 passenger activity of 26,630 represented a 31-percent decrease from February 2012, and a 40-percent decrease from March 2011 figure, as shown in Chart 3. These decreases are attributable to the discontinuation of service by Direct Air.

**Chart 1: RSW Traffic Trend**



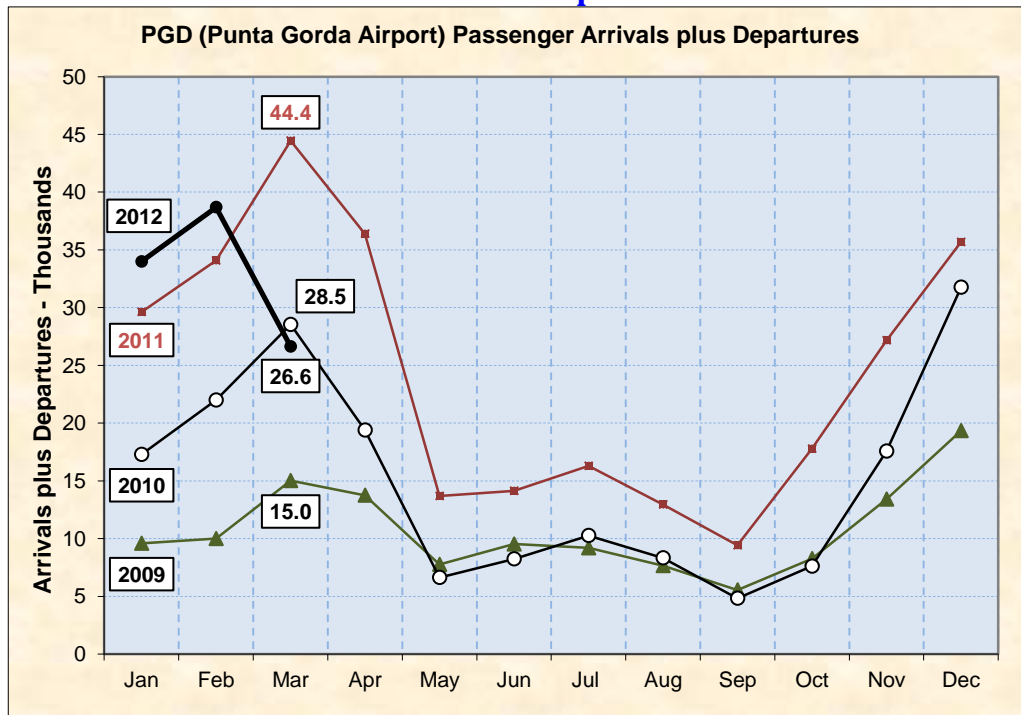
Source: Local Airport Authorities

**Chart 2: Sarasota Airport Traffic Trend**



Source: Local Airport Authorities

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

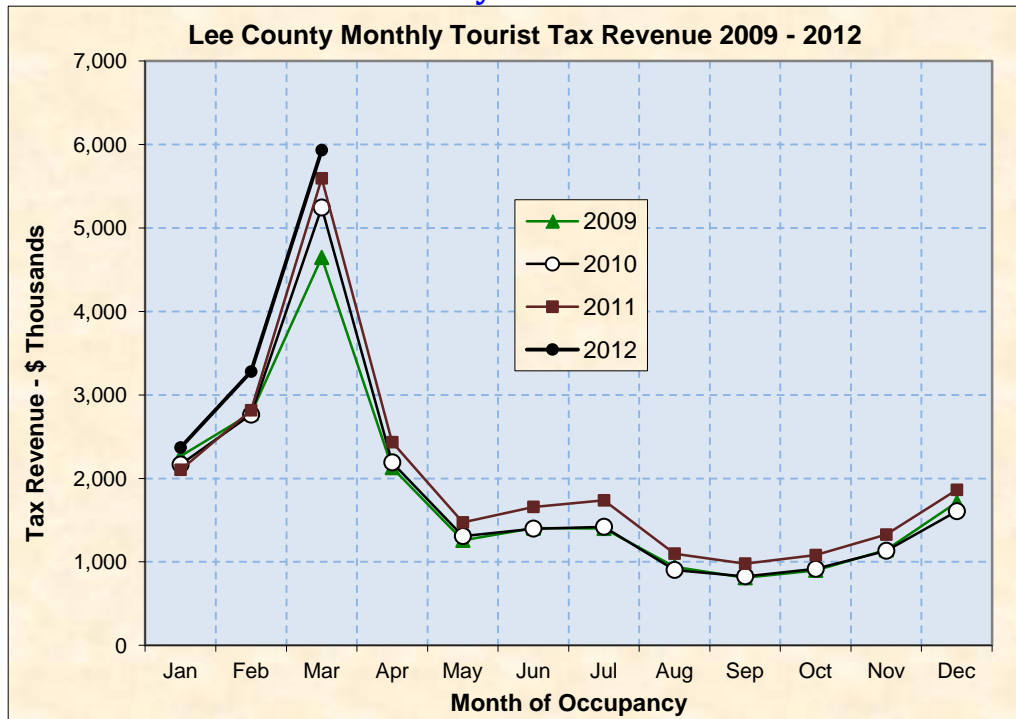


Source: Local Airport Authorities

## 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 March 2012 rose to \$5,932,467, an increase of 81 percent over February 2012 and a six-percent improvement over March 2011. Collier County Tourism tax revenues were \$2,787,652 in March 2012, a 20-percent increase over February 2012 and nine-percent higher than March 2011. Similarly, Charlotte County's tourism tax revenues of \$338,530 in March 2012 represented a 53-percent increase over February 2012, and a 13-percent increase over March 2011. Total tourist tax revenues for the three coastal counties in March 2012 increased by \$3,231,956, or 55 percent, over the prior month of February 2012 and by \$596,832 (plus seven percent) over March 2011.

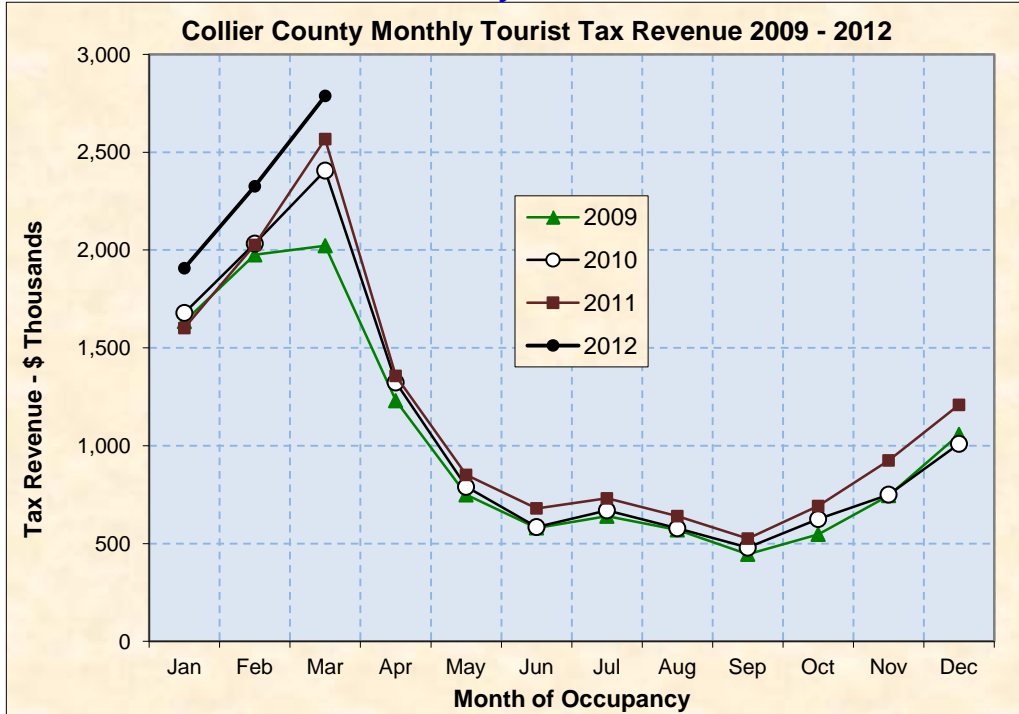
**Chart 4: Lee County Tourism Tax Revenues**



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

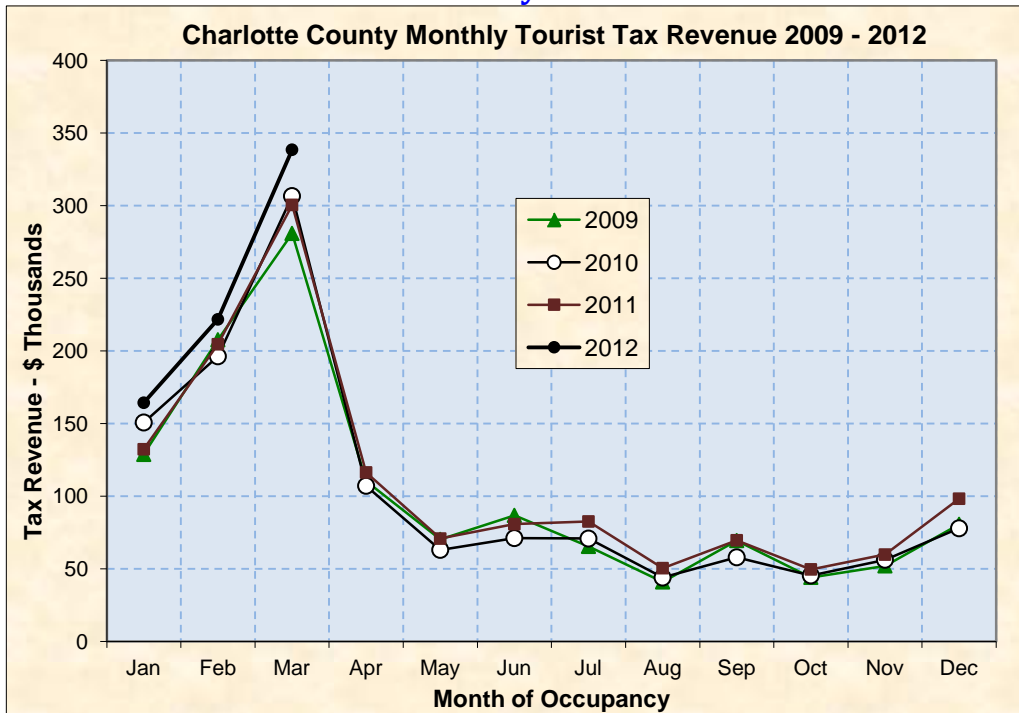


**Chart 5: Collier County Tourism Tax Revenues**



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

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

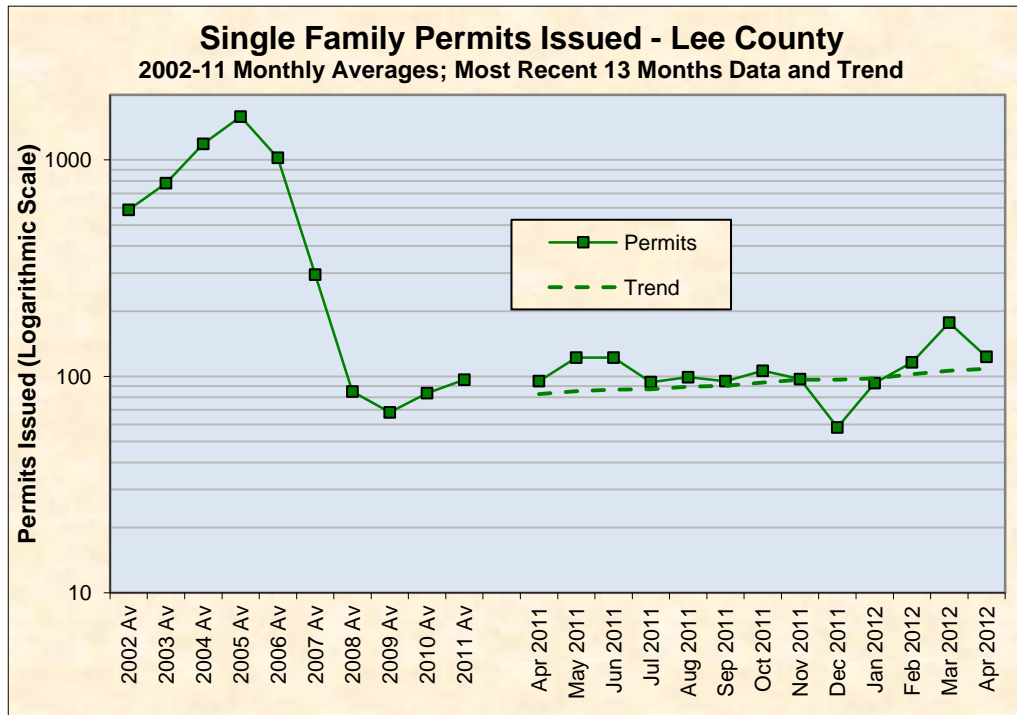


Source: Local County Tourism, Tax, and Economic Development Reports

## Single-Family Building Permits

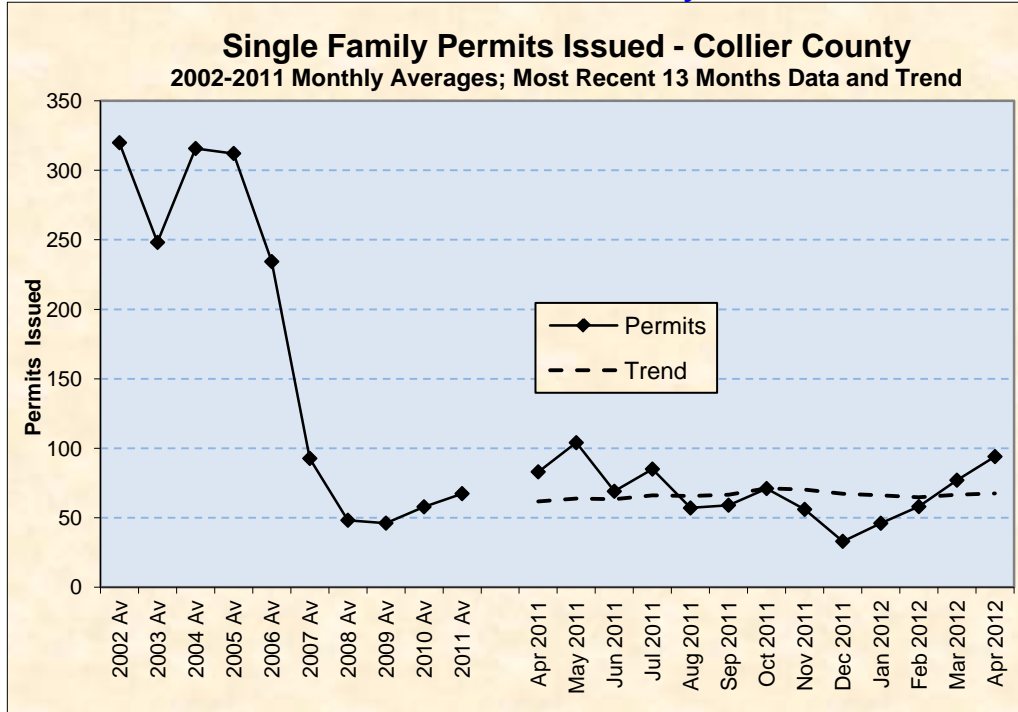
Lee County had 123 single-family building permits issued during April 2012, a decline of 54 permits from March 2012, but 28 more than in April 2011, as shown in Chart 7 (which employs a logarithmic scale on its y-axis to more clearly portray long-term trends). Collier County issued 94 permits in April 2012, up from 77 in March 2012, and from 83 in April 2011, as shown in Chart 8. Charlotte County permits increased to 28 in April, three more than March 2012, and nine more than were issued in April 2011, as shown in Chart 9. For the three coastal counties combined, 245 single-family permits were issued in April 2012, down 12 percent from the March 2012 figure of 279, and 24 percent higher than the 197 total of April 2011. Data from Hendry County indicate that 6 single-family building permits were issued between January–April 2012, compared with 9 permits in the first four months of 2011.

**Chart 7: Lee County**



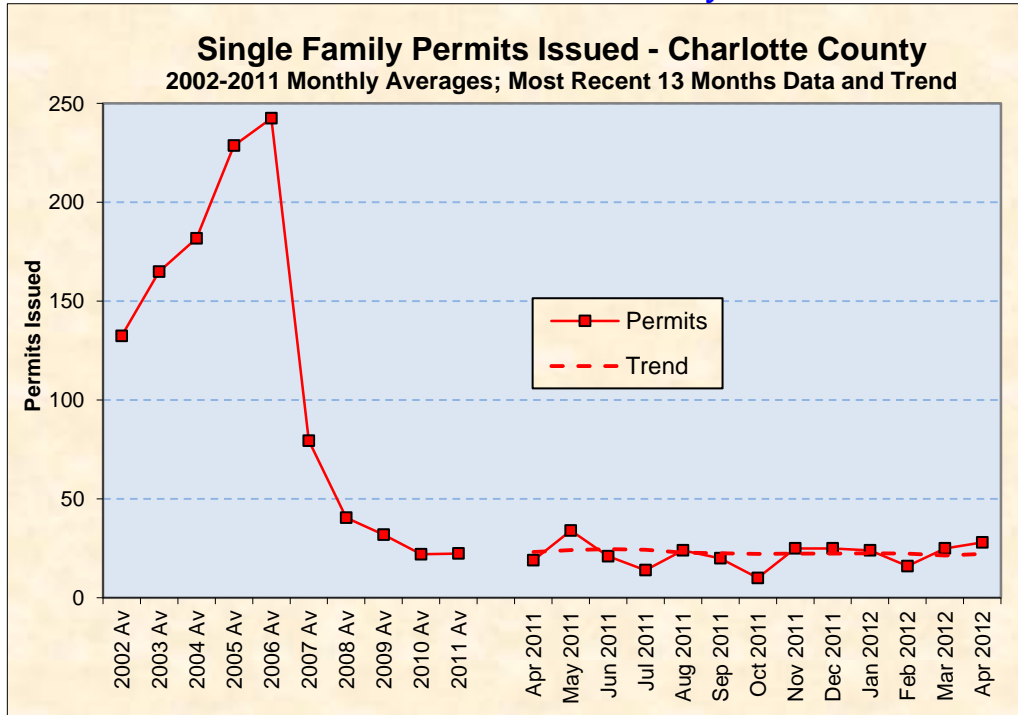
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

**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

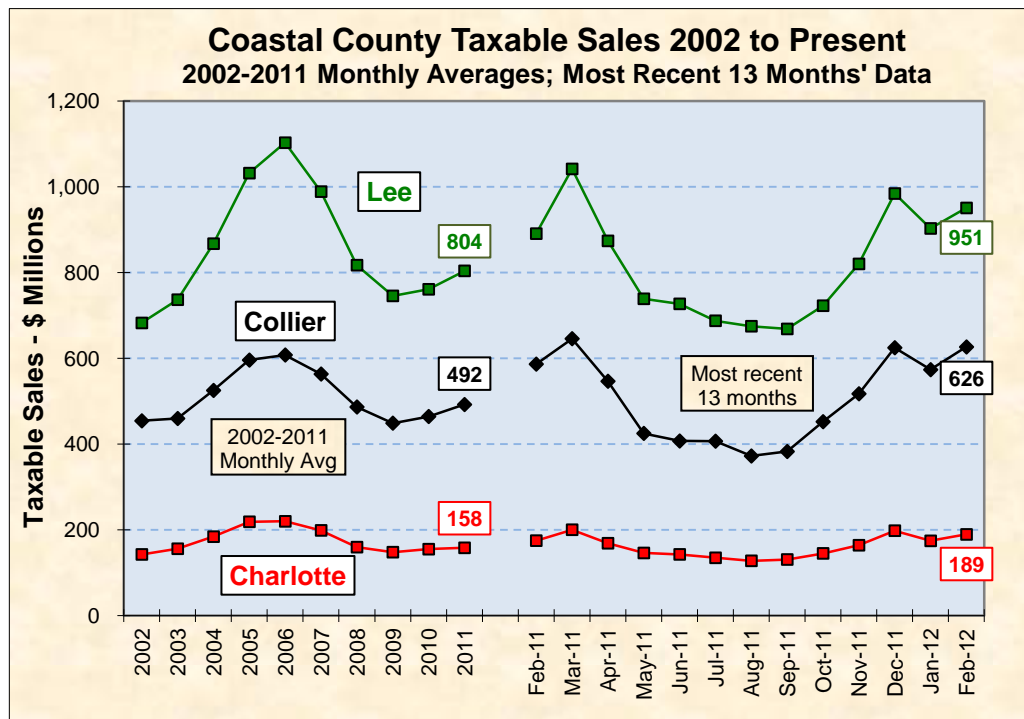
Taxable sales figures track consumer spending, an important component of the regional economy. The following charts show the latest month of merchants' collections (February 2012), rather than the reporting month issued by the Florida Department of Revenue.

All three coastal counties reported higher taxable sales in February 2012 compared to February 2011, a total gain of \$114.4 million, or seven percent. Coastal County taxable sales trends are shown in Chart 10. Charlotte County's taxable sales of \$189.4 million in February 2012 represented an eight-percent increase from the February 2011 figure. Lee County taxable sales amounted to \$950.6 million in February 2012, a seven-percent increase over February 2011; while Collier County's taxable sales rose to \$626.5 million in February 2012, a seven-percent increase over February 2011.

Hendry County's taxable sales of \$27.0 million in February were up 11 percent over February 2011. Glades County reported February 2012 taxable sales of \$2.4 million, an eight-percent decrease from February 2011. Taxable sales trends for Hendry and Glades Counties are shown in Chart 11.

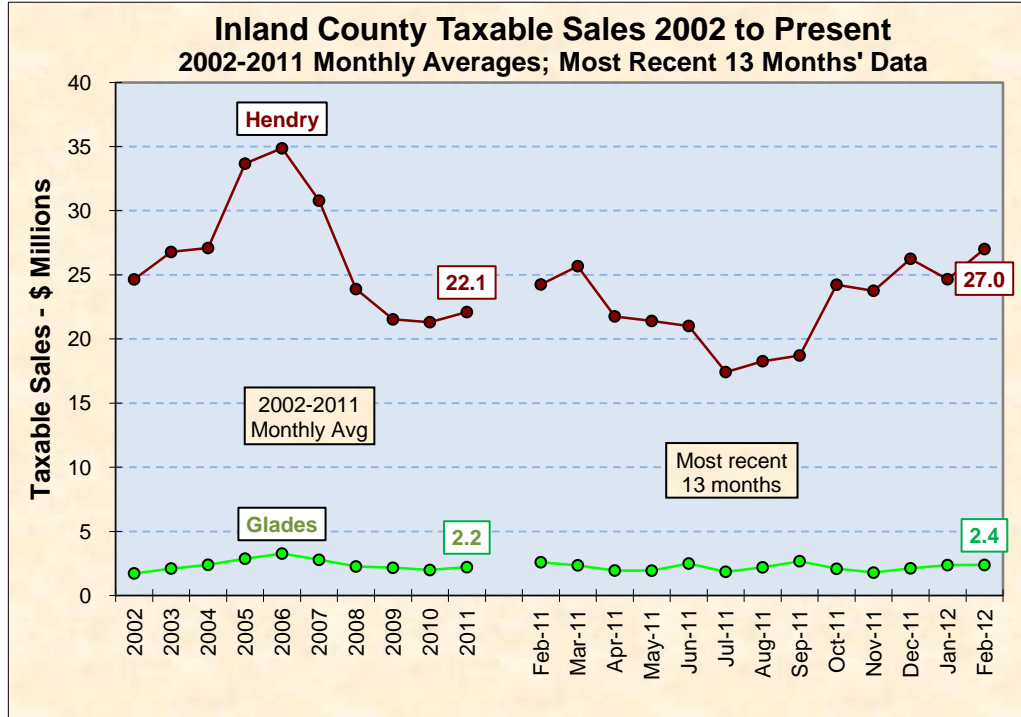
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. Lee County has shown positive year-over-year comparisons for twenty consecutive months; Collier County, for the last eighteen months. Charlotte County's taxable sales growth has been positive and accelerating since October 2011.

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



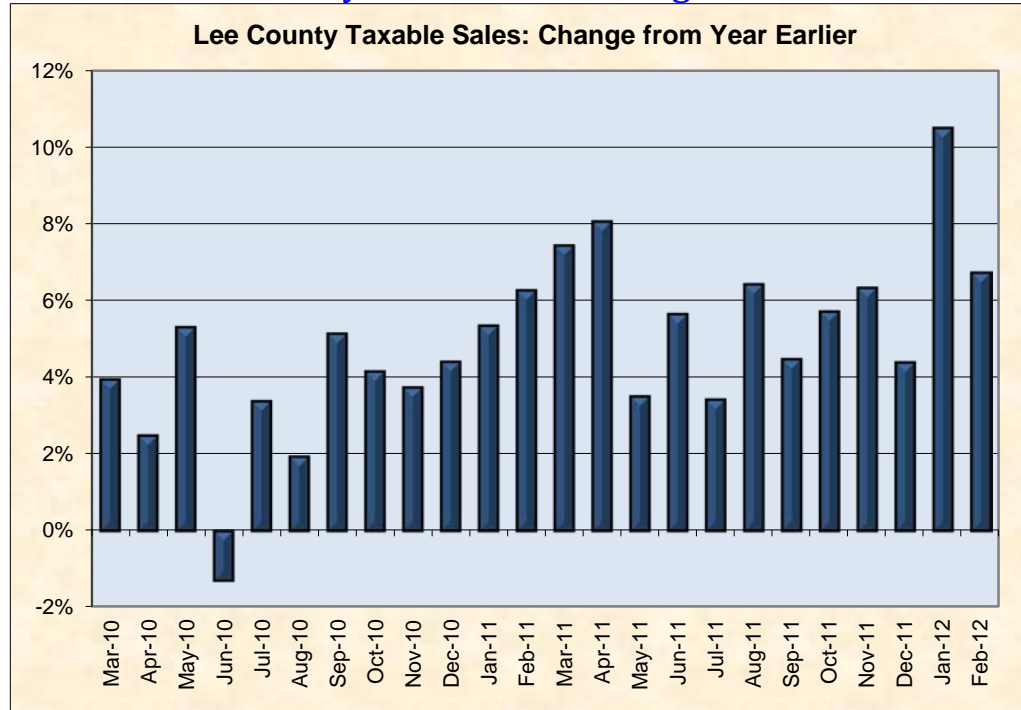
Source: Florida Department of Revenue, Office of Tax Research

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



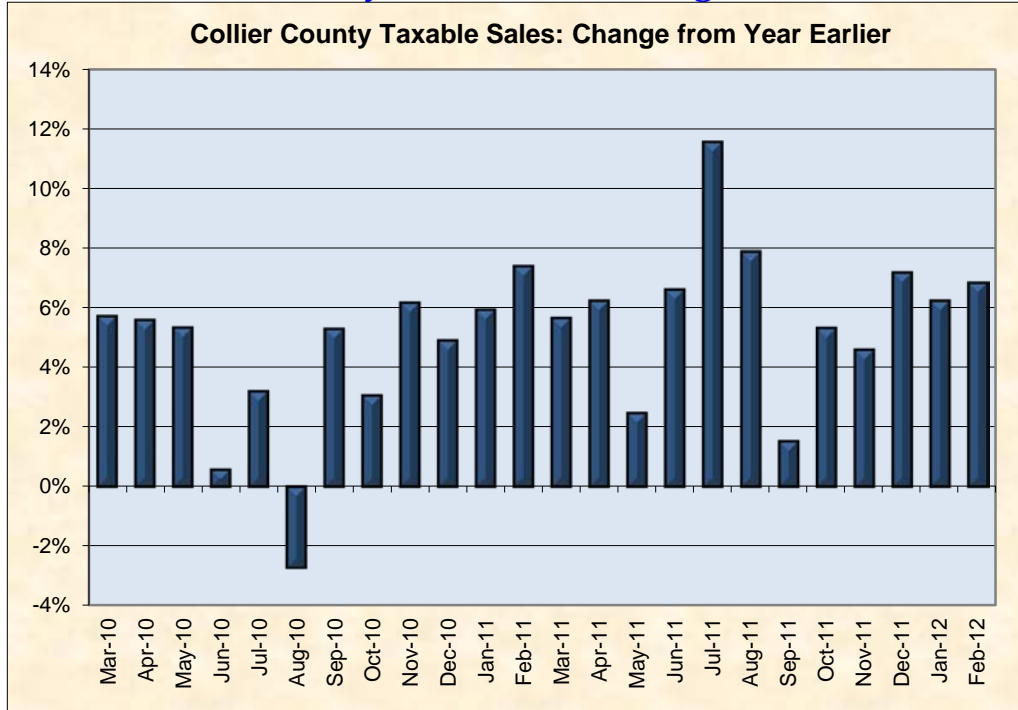
Source: Florida Department of Revenue, Office of Tax Research

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



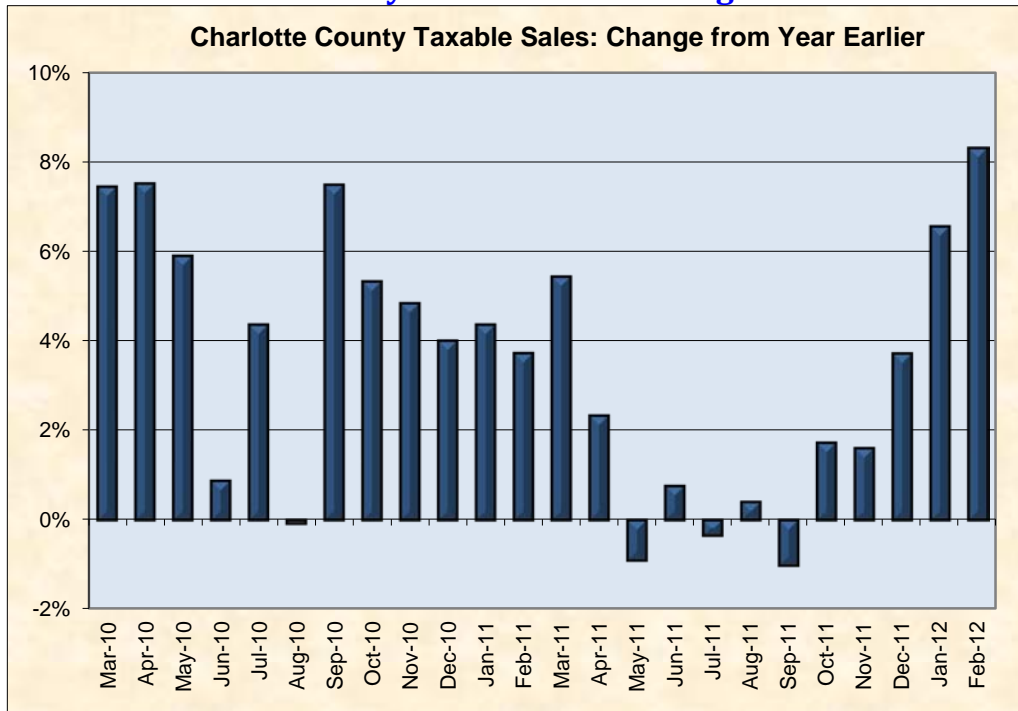
Source: Florida Department of Revenue, Office of Tax Research

**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

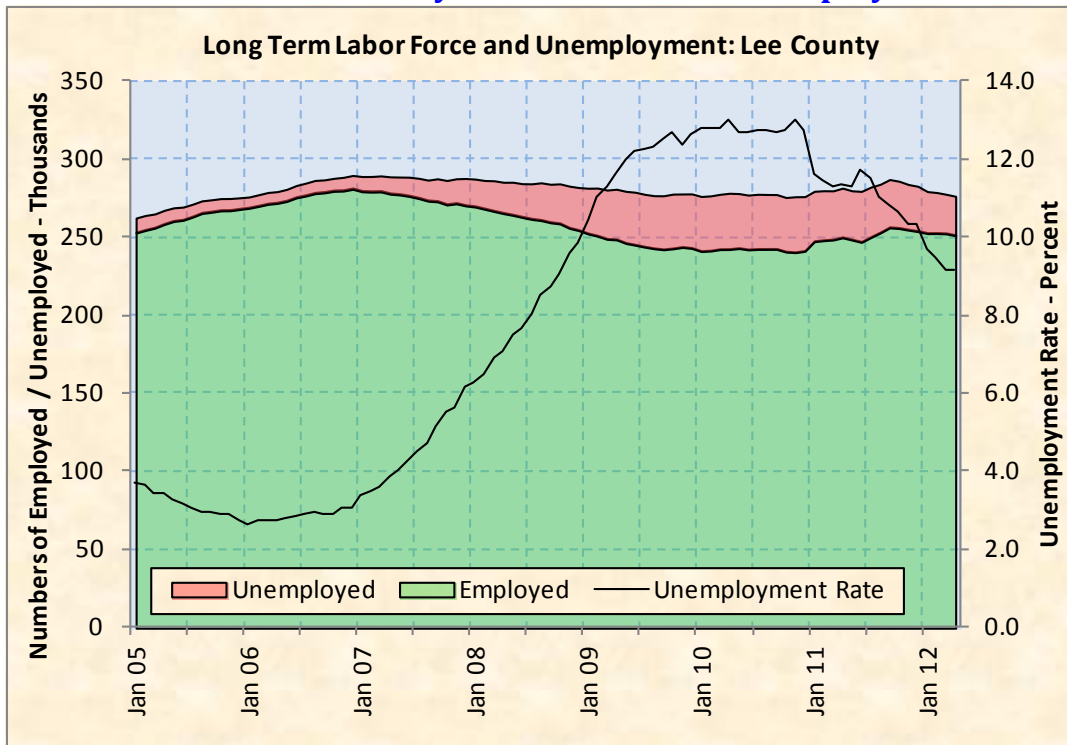
## Workforce – Labor Force, Employment and Unemployment

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 April 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.

April 2012 seasonally-adjusted unemployment rates in the five reporting counties showed further improvement compared to April 2011. For the five counties in total, the unemployment rate has declined from 11.3 percent in April 2011 to 9.2 percent in April 2012. Lee County's seasonally-adjusted unemployment rate was 9.2 percent in April 2012, unchanged from March 2012, and down from 11.3 percent in April 2011. Collier County's unemployment rate was 8.6 percent in April 2012, slightly higher than March's 8.5 percent, but down by over two percentage points from April 2011. Charlotte County had an April 2012 unemployment rate of 9.1 percent, the same figure as March 2012, and two percentage points lower than the April 2011 figure. Hendry's unemployment rate edged up to 13.8 percent in April 2012, up from 13.1 percent in March 2012, but lower than the 15.5 percent rate for April 2011. The unemployment rate in Glades County was 9.6 percent in April 2012, up slightly from March's figure of 9.5 percent, but down from 10.7 percent in April 2011. Total employment in the five reporting counties increased by 5,528 persons (one percent) over April 2011, while the number of unemployed dropped by 11,633, for a net reduction in the workforce of 6,105.

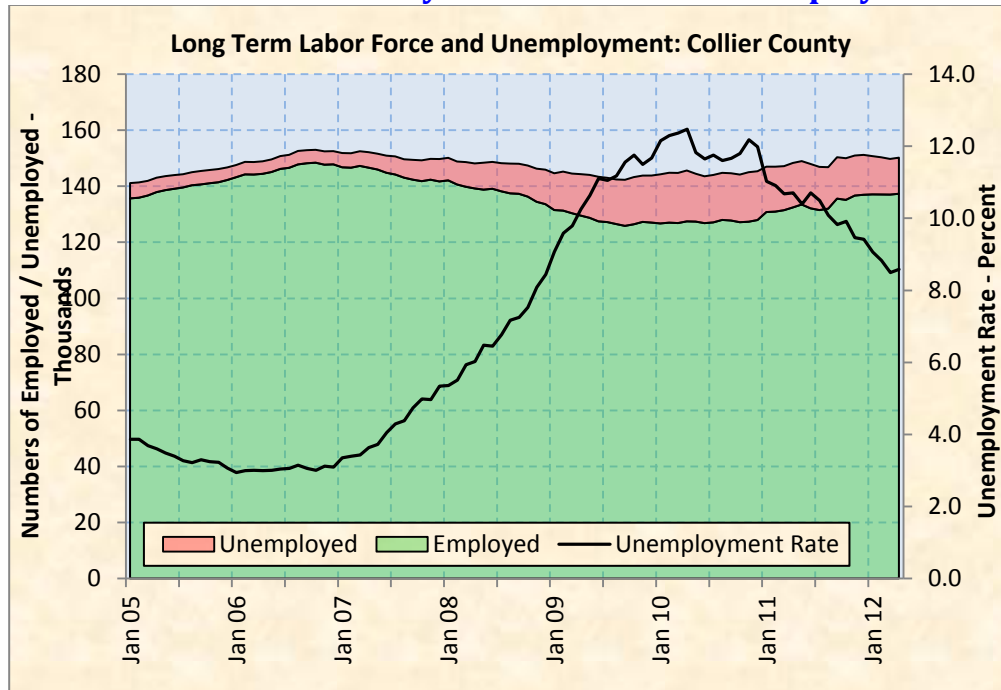
The seasonally-adjusted unemployment rate for the state of Florida decreased from 10.6 percent in April 2011 to 9.0 percent in March 2012 to 8.7 percent in April 2012, its lowest level since January 2009. The national unemployment rate also shows a pattern of decline from 9.0 percent in April 2011 to 8.2 percent in March 2012 to 8.1 percent in April 2012.

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



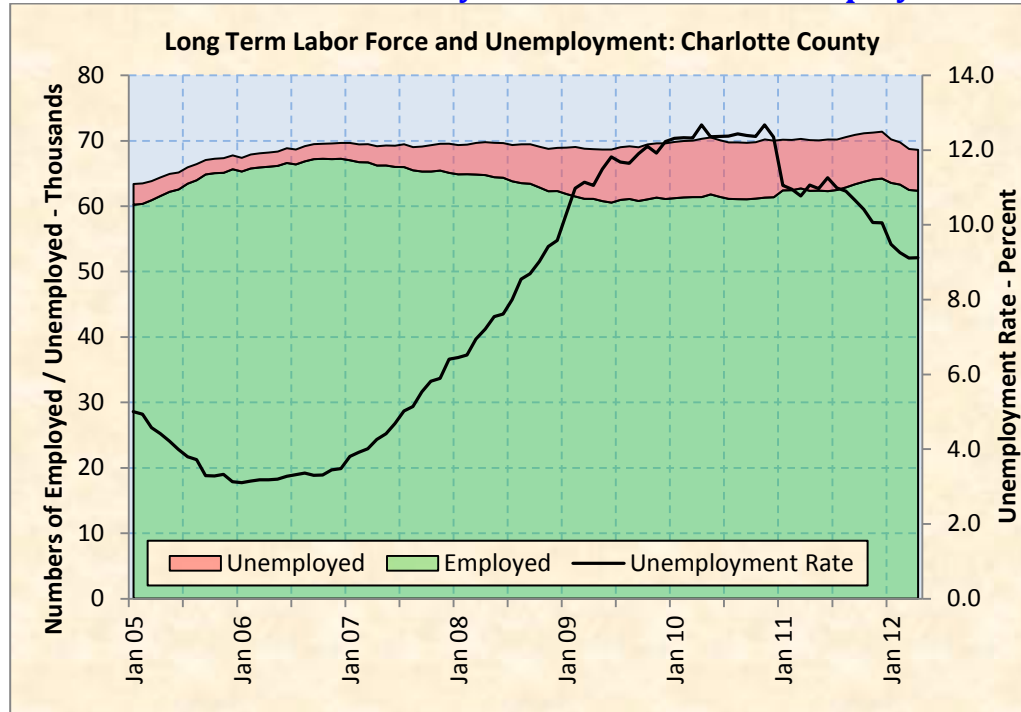
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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



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

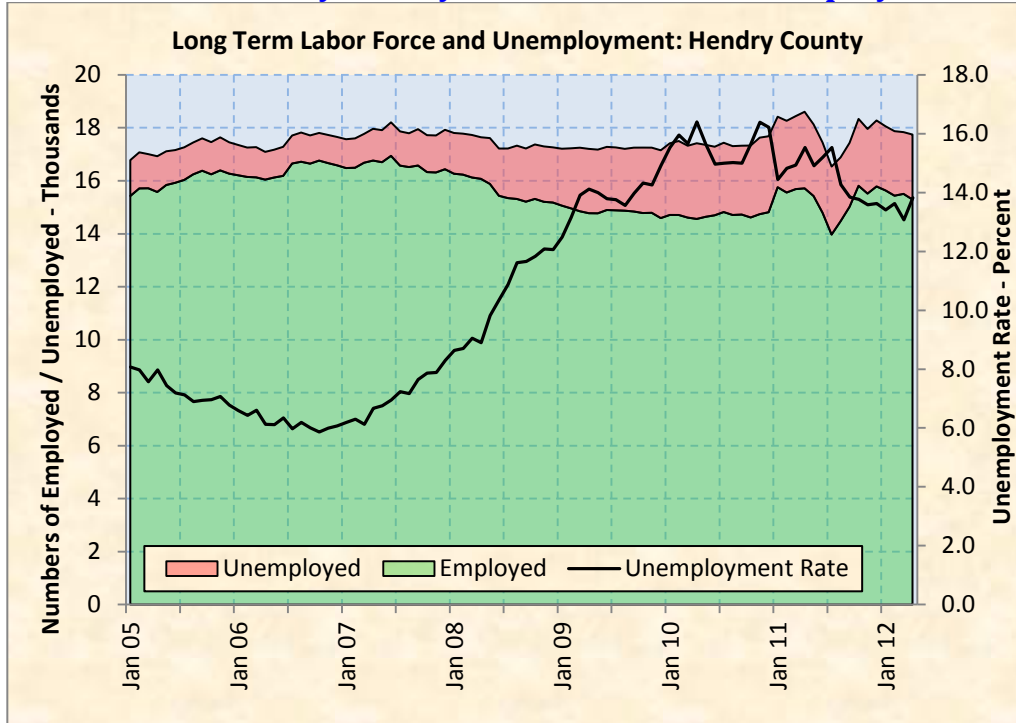
**Chart 17: Charlotte County Labor Force and Unemployment**



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

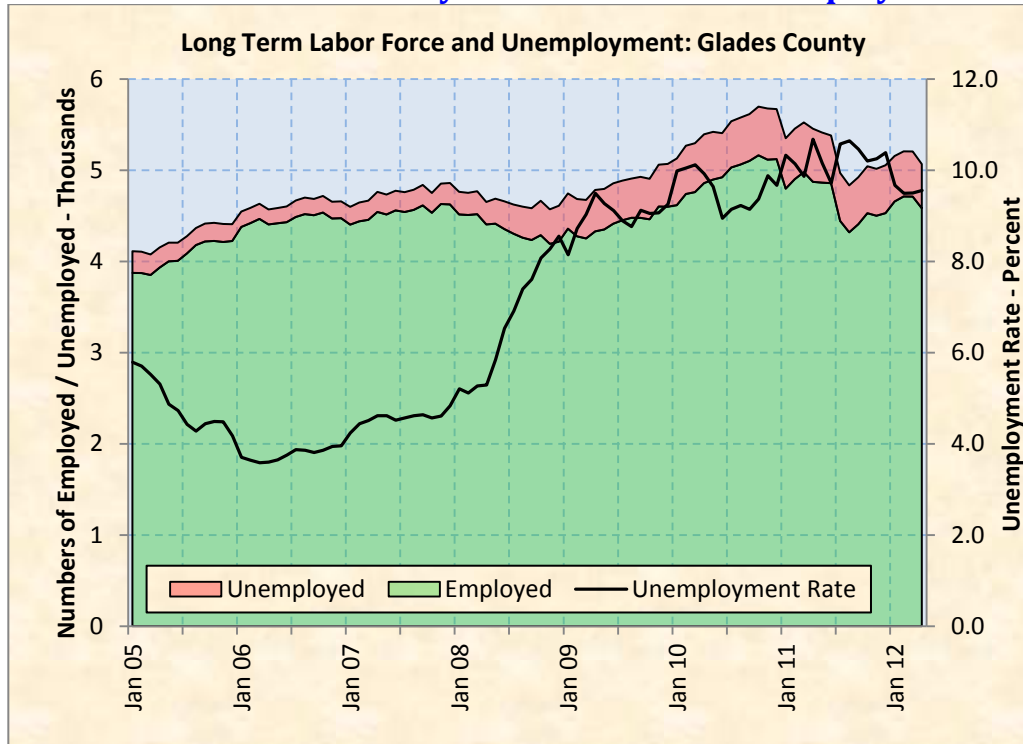


**Chart 18: Hendry County Labor Force and Unemployment**



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

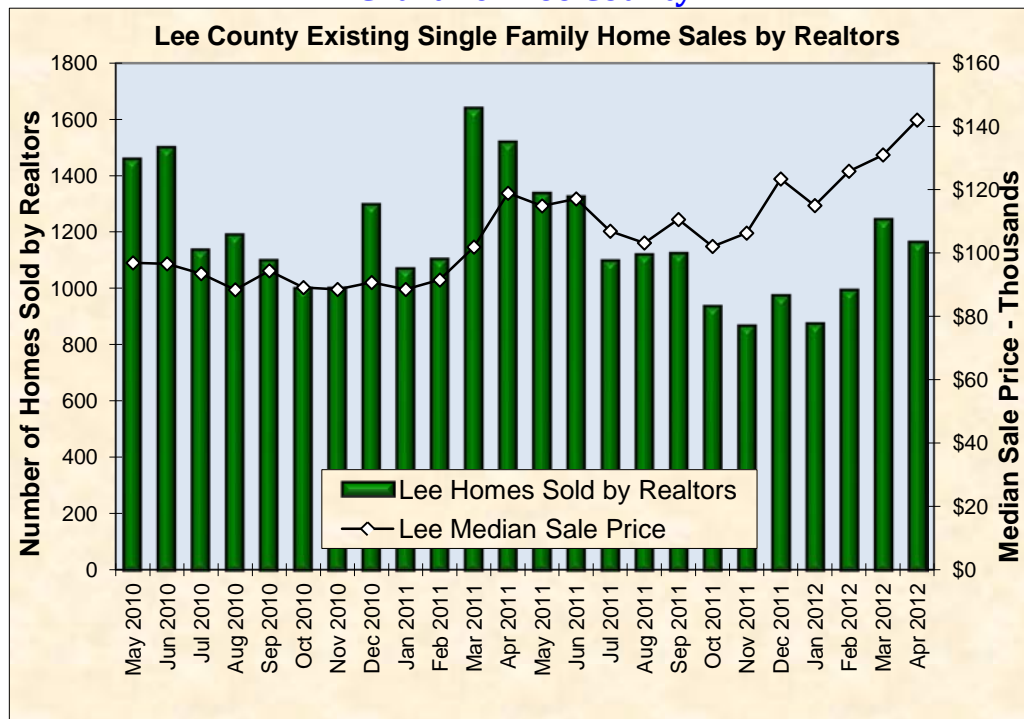
Combined sales of single-family homes in the coastal counties amounted to 1,985 units in April 2012, a decrease of four percent from the prior month, and 12 percent below the April 2011 figure. Median single-family home prices in the three counties continue to show increases compared to a year ago.

There were 1,166 realtor sales in Lee County in April 2012 at a median price of \$142,000, down from 1,245 sales in March 2012 at a median price of \$131,000. Sales declined by 23-percent from the 1,520 reported in April 2011, although the median price showed a substantial increase from \$118,900.

Collier County had 431 single-family home sales in April 2012, nearly unchanged from 432 in March 2012 and up five percent from 412 in April 2011. The median price increased to \$258,000 in April 2012 from \$237,000 in April 2011, but showed a decline from \$266,000 in March 2012.

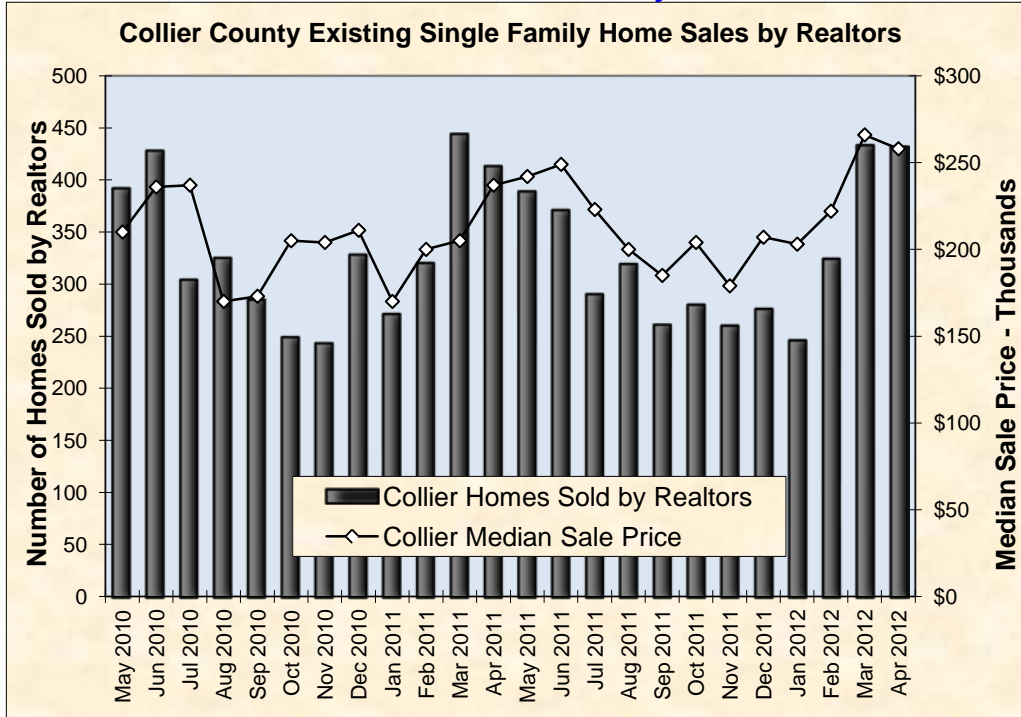
Charlotte County reported 388 single-family home sales in April 2012 at a median price of \$116,250, up from 321 sales in April 2011 at a median price of \$100,300 and 382 home sales in March 2012 at a median price of \$118,250.

**Chart 20: Lee County**



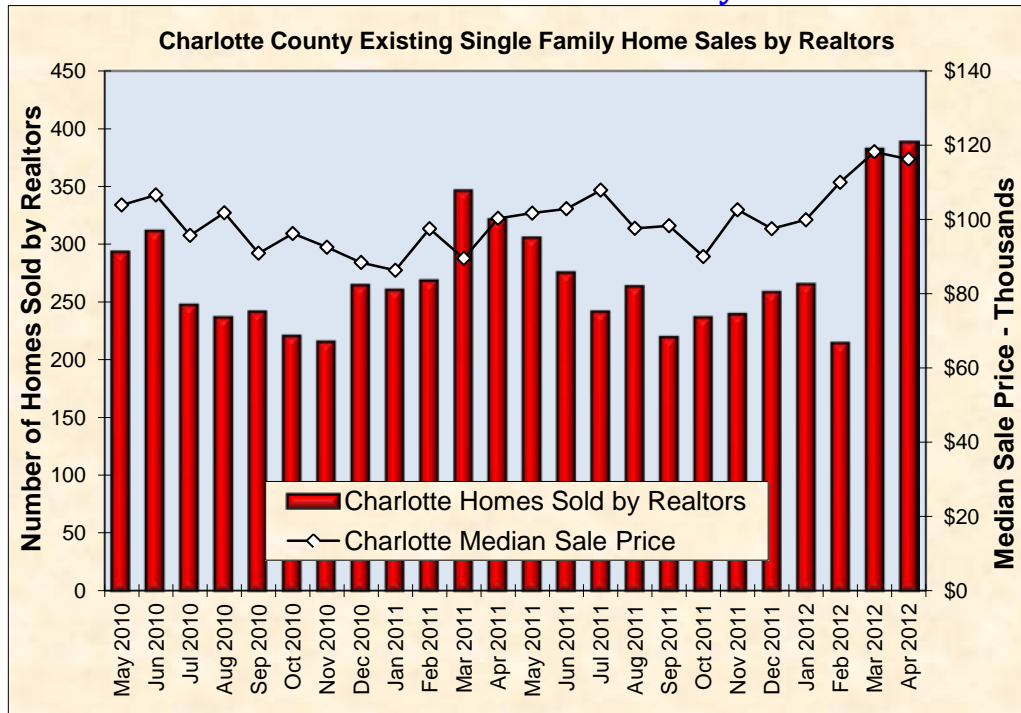
Source: Realtor Association of Greater Fort Myers and the Beach, Inc.

**Chart 21: Collier County**



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

**Chart 22: Charlotte County**



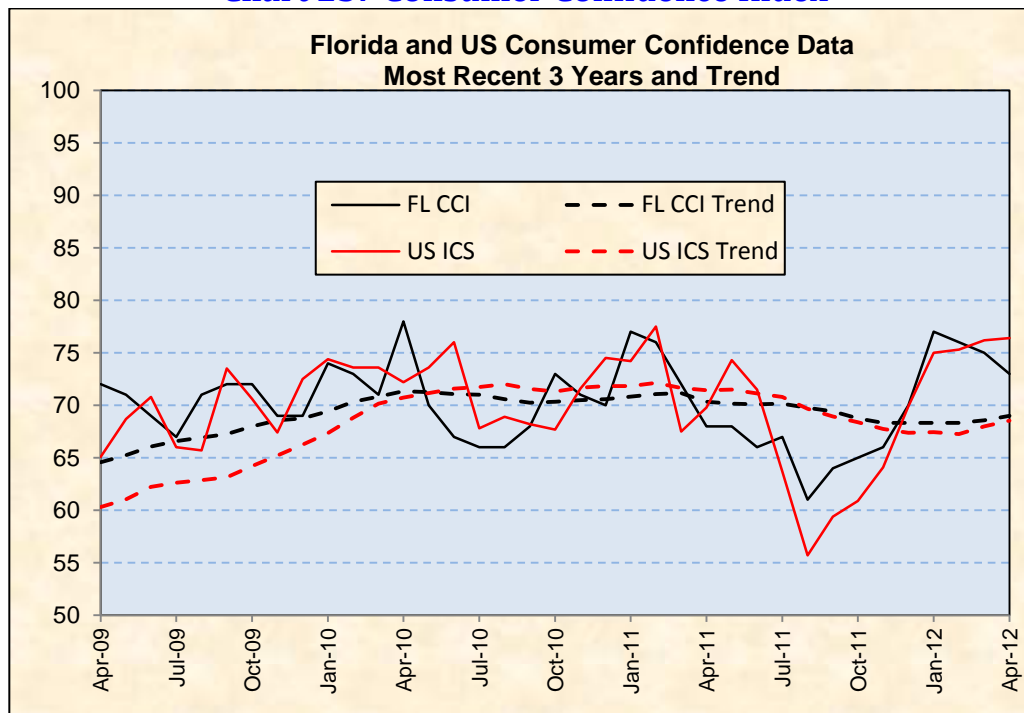
Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

## 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 April 2012 inched up to 76.4, a 0.2-point increase from March 2012, and a 6.6-point increase from April 2011. Their April 27 Surveys of Consumers report notes in part: “Confidence remained largely unchanged at improved levels in April as consumers were still hopeful about future job gains despite disappointing recent developments. The revival of confidence critically depends on the two economic events that consumers still expect to happen: that jobs will become more plentiful and that gasoline prices will continue to edge downward. Without renewed gains in jobs and incomes, economic optimism will remain at lackluster levels.”

The Florida Consumer Confidence Index for April declined to 73, down two points from the March figure of 75, but five points higher than April 2011. “As we expected, consumer confidence declined again in April, the third month of declines,” noted Chris McCarty, the Survey Director. “While we are in many ways repeating the pattern from last year, the levels of consumer confidence among Floridians are higher overall. This time last year, the index was at 68 compared to 73 this month. All five of the index components are higher than they were last year, although lower than last month. Last year the decline in confidence which reached its lowest point in August coincided with a decline in state revenue, leading to the budget deficit the Legislature had to make up in the session. It is notable that the declines were mostly among seniors who as a group tend to be on a fixed budget.”

**Chart 23: Consumer Confidence Index**

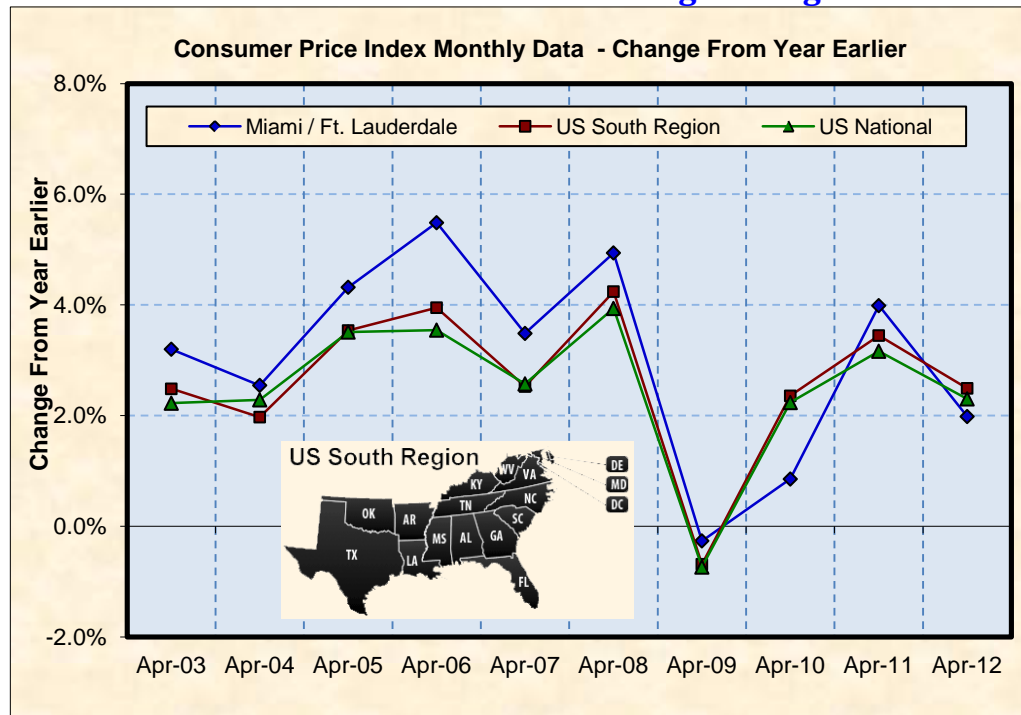


Source: Bureau of Economic and Business Research, University of Florida and Thomson Reuters/University of Michigan

## 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 April 2012, and shows some moderation of consumer price growth. From April 2011 to April 2012, the National CPI increased by 2.3 percent, the Southern Region CPI increased by 2.5 percent, and the Miami-Fort Lauderdale area CPI rose by 2.0 percent. The Federal Reserve Open Market Committee reports that it continues to pay close attention to the inflation rate and inflationary expectations.

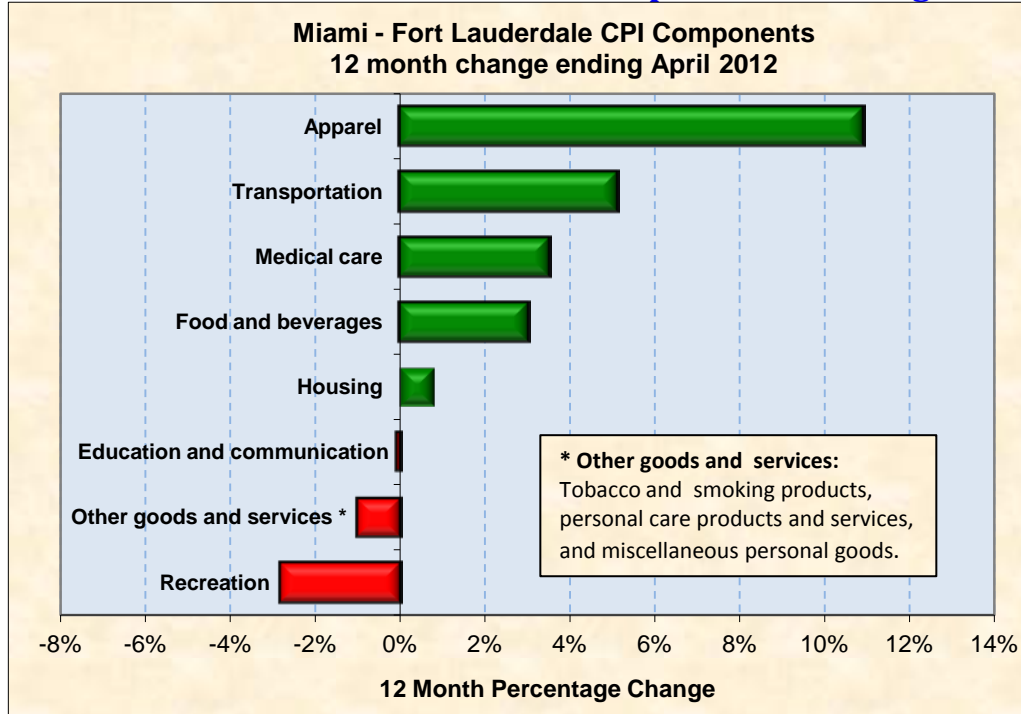
**Chart 24: CPI Annual Percentage Change**



Source: BLS

The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending April 2012 are shown in Chart 25. The largest increases were shown in the categories of apparel (10.9 percent), transportation (5.1 percent), medical care (3.5 percent), and food & beverage (up 3.0 percent).

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



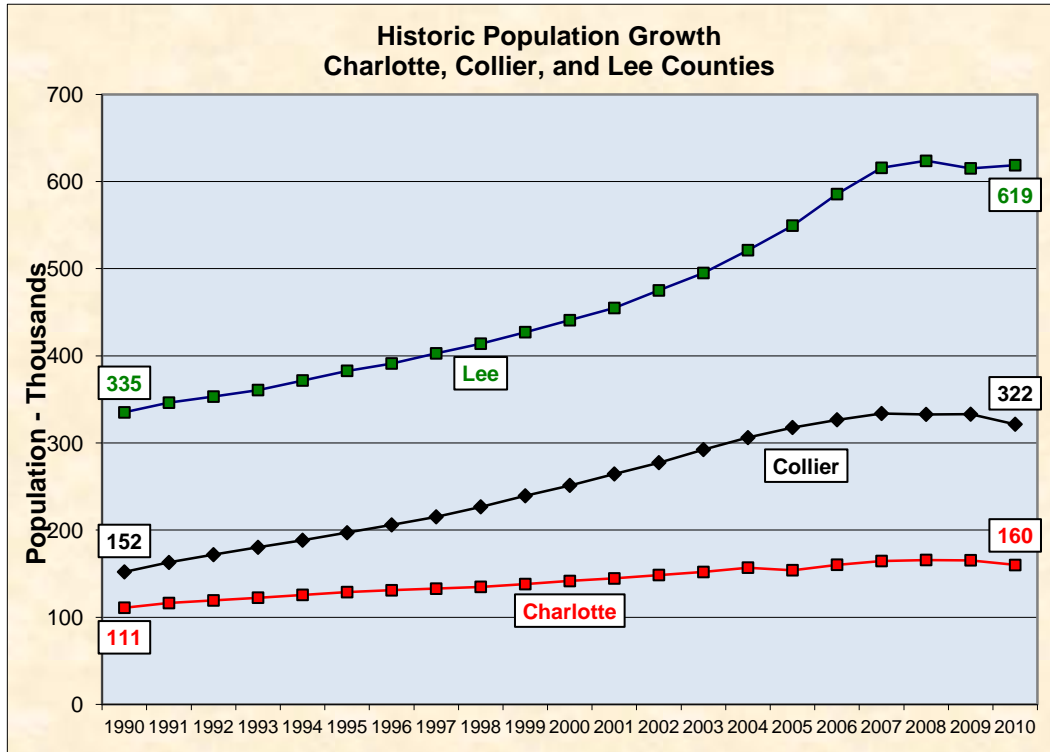
Source: BLS

## 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.

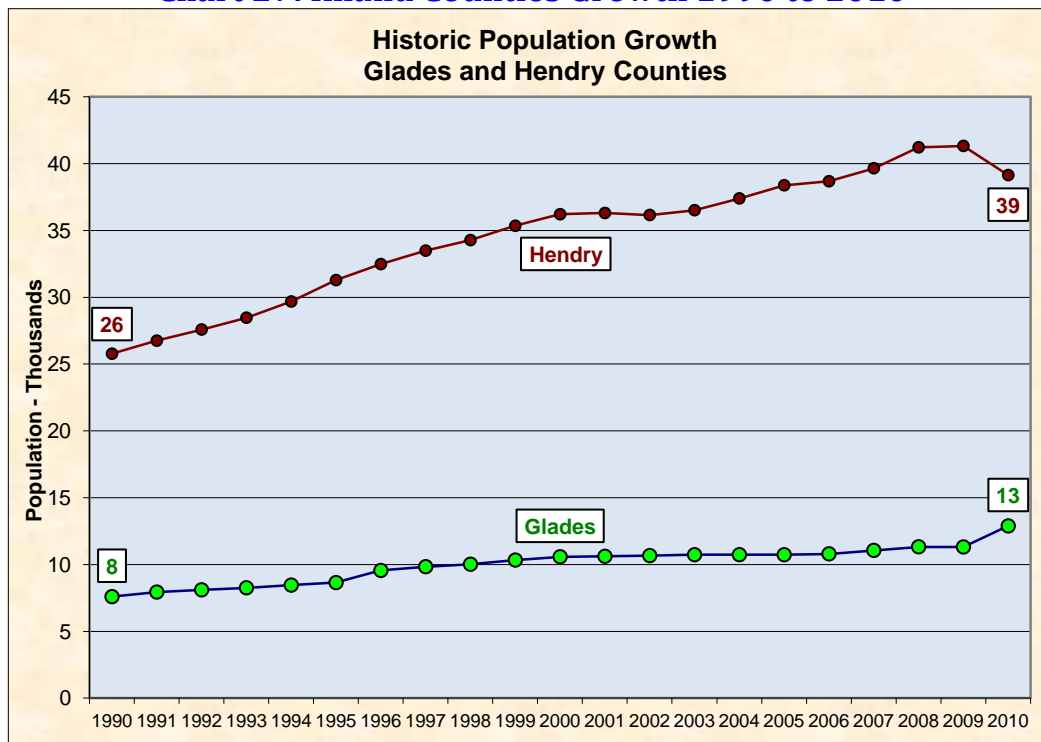
Chart 28 and its accompanying table show projected population increases from 2015 to 2040. The overall rate of regional growth averages 1.6 percent per year for this period, resulting in a 25-year increase of 47 percent.

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



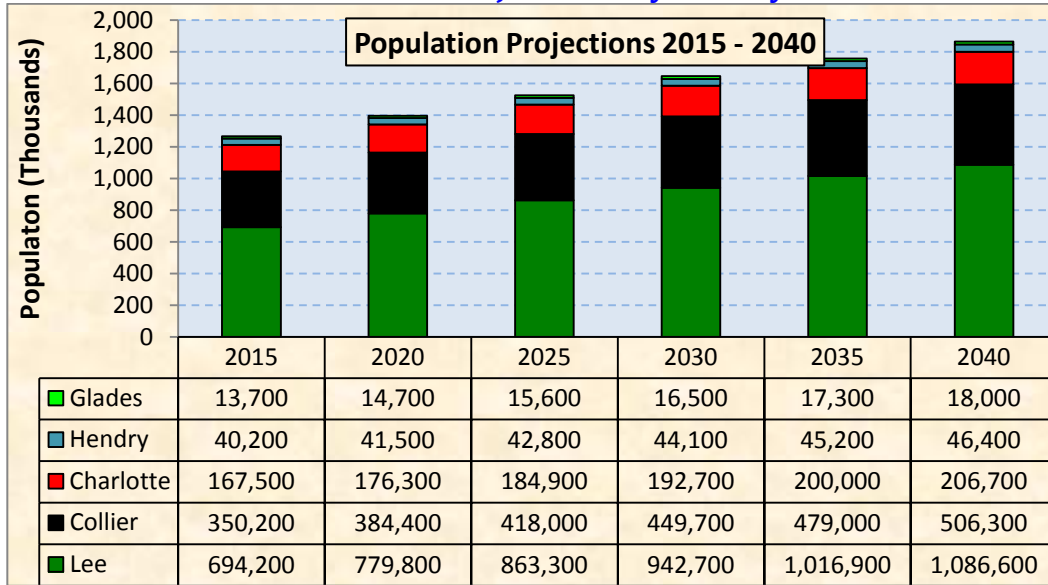
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

**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.