Southwest Florida Regional Economic Indicators

July 2012

Regional Economic Research Institute

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Introduction: National and Regional Background

The economy's growth rate (real GDP) slowed to 1.5 percent in the second quarter. Second quarter real personal consumption expenditures also increased by 1.5 percent, compared to 2.4 percent in the first quarter. Slow economic growth will make it difficult to bring down the unemployment rate.

The national unemployment rate increased from 8.1 percent in April 2012 to 8.2 percent in May 2012. The number of long-term unemployed (those jobless for 27 weeks or longer) is 5.4 million or 42.8 percent of all unemployed.

The June Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by only 80,000, which was similar to increase in May of 77,000. The increases included 47,000 in professional and business services, 13,000 in leisure and hospitality, 11,000 in manufacturing, 8,800 in wholesale trade, and 2,000 in construction. Employment fell by 8,000 in information (media), 5,400 in retail trade, and 2,200 in transportation and warehousing.

The national consumer price index for June 2012 increased by only 1.7 percent over June 2011, primarily driven by an increase of 3.9 percent in apparel costs, 2.9 percent in medical expenses, and a 2.7 percent in food prices. All items, less food and energy, rose by 2.2 percent.

The latest statement of the Federal Reserve Open Market Committee (FOMC) was issued on June 20th, as reported last month and is summarized below

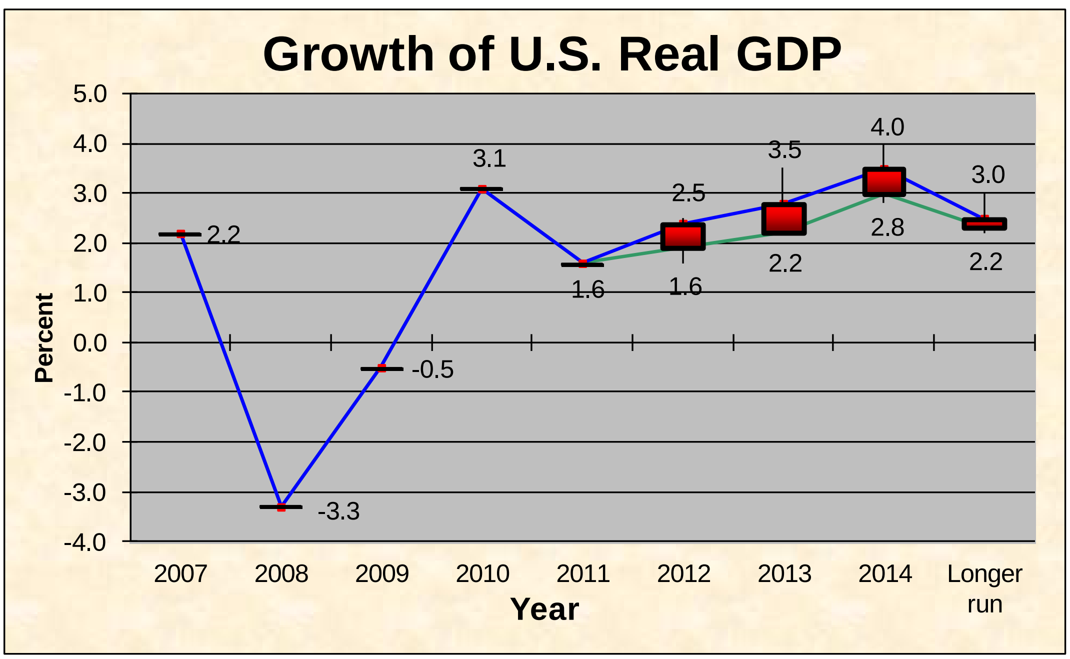
- While the economy has been expanding moderately this year, growth in employment has slowed in recent months;
- The unemployment rate remains elevated;
- Business fixed investment has continued to advance;
- Household spending appears to be rising at a somewhat slower pace than earlier in the year;
- Despite some signs of improvement, the housing sector remains depressed;
- Inflation has declined, mainly reflecting lower prices of crude oil and gasoline. Longer-term inflation expectations have remained stable and the Committee anticipates that inflation over the medium term will run at or below the rate that it judges most consistent with its dual mandate to foster maximum employment and price stability;
- Economic growth is expected to remain moderate over coming quarters and then pick up very gradually;
- The unemployment rate will decline only slowly toward levels that the Committee judges to be consistent with its dual mandate;
- 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 July 31st through August 1st.

The FOMC released its latest forecast on June 20, 2012 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.

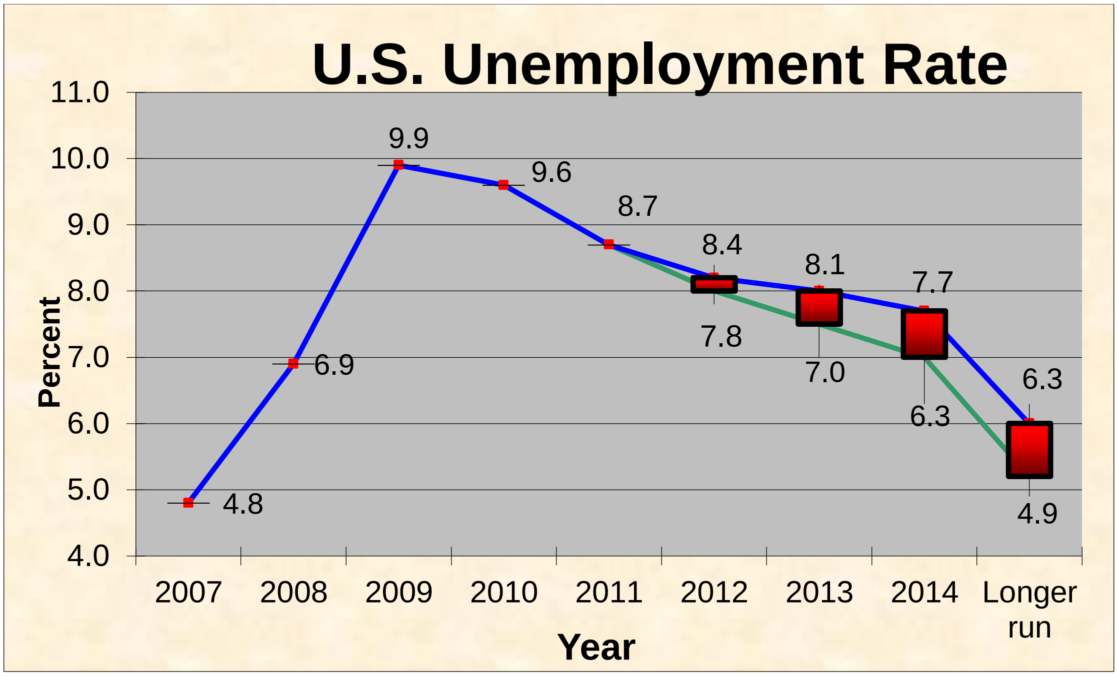
The chart below shows that recovery started in 2009, but it is expected to be several years before the economy returns to a more normal long-run trend (“LR”). Real GDP growth projections for 2012, 2013, and 2014 show a recovery but there remains considerable uncertainty as to how strong the recovery will be, as shown by the wide range of forecasts. For 2012, the overall projected range is 1.6 to 2.5 percent with a central tendency (red bar) range of 1.9 to 2.4 percent growth. For 2013, the overall projected range is 2.2 to 3.5 percent with a central tendency range of 2.2 to 2.8 percent growth. For 2014, the overall projected range is 2.8 to 4.0 percent with a central tendency range of 3.0 to 3.5 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 2.5 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, June 20, 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 8.4 percent, with a central tendency of 8.0 to 8.2 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 7.5 to 8.0 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 7.0 to 7.7 percent.

Long-run unemployment is expected to be in a range of 4.9 to 6.3 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, June 20, 2012.

Tourism tax revenues for May were encouraging, reflecting growth over the same month last year. Charlotte County tourism taxes were increased 12 percent and Collier County tourism taxes were up by 10 percent. Lee County tourism tax information for May was not available.

Regional taxable sales increased by one percent from April 2011 to April 2012 which is considerably weaker growth than the last several months. May 2012 passenger traffic at Southwest Florida International Airport decreased by nine percent from May 2011. This decrease reflects higher airline ticket prices and fewer flights.

Seasonally-adjusted unemployment rates have fallen from prior year levels, but remain high and show little change from the prior month of May 2012. Lee County's unemployment rate declined from 11.6 percent in June 2011 to 9.2 percent in June 2012. Collier County's unemployment rate declined from 10.6 percent in June 2011 to 8.5 percent in June 2012. Charlotte County's unemployment rate has fallen from 11.1 percent in June 2011 to 9.1 percent in June 2012.

Issues related to the Federal budget, state budgets, European sovereign debt issues, income and estate tax uncertainties, 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.

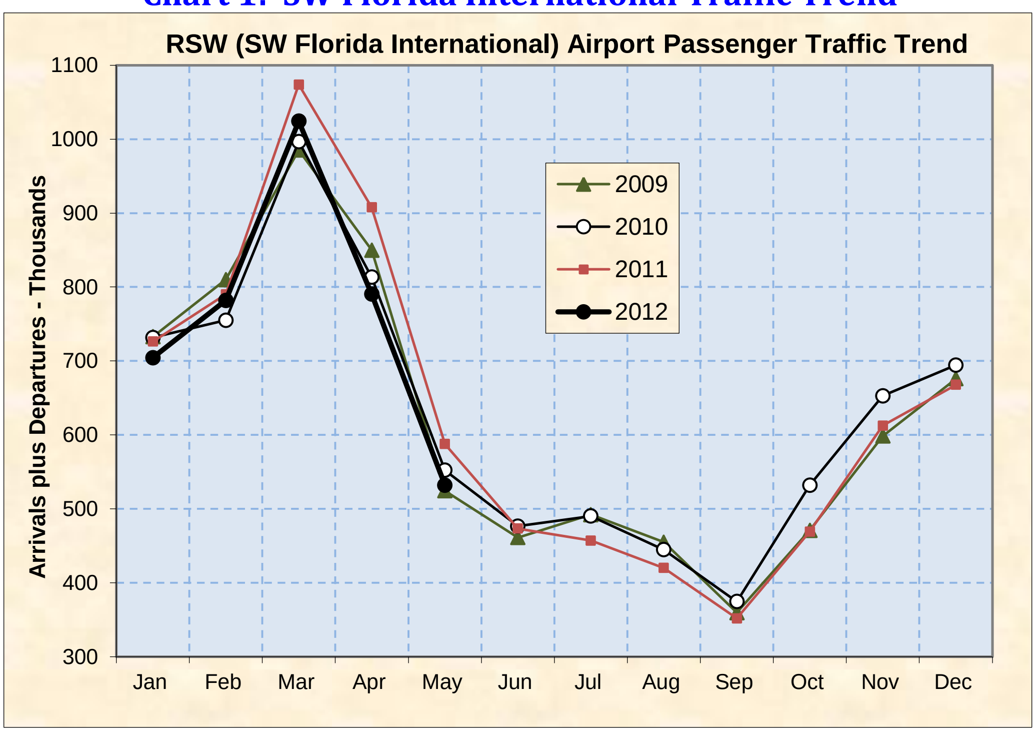
Airport Activity

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 fell to 650,287 in May 2012, down eight percent from May 2011. Chart 1 shows SW Florida International passenger activity of 531,946 in May 2012, nine percent lower than May 2011. SW Florida International saw the lowest May activity since 2009. Sarasota passenger activity was 110,855 in May 2012, five percent above May 2011, as shown in Chart 2.

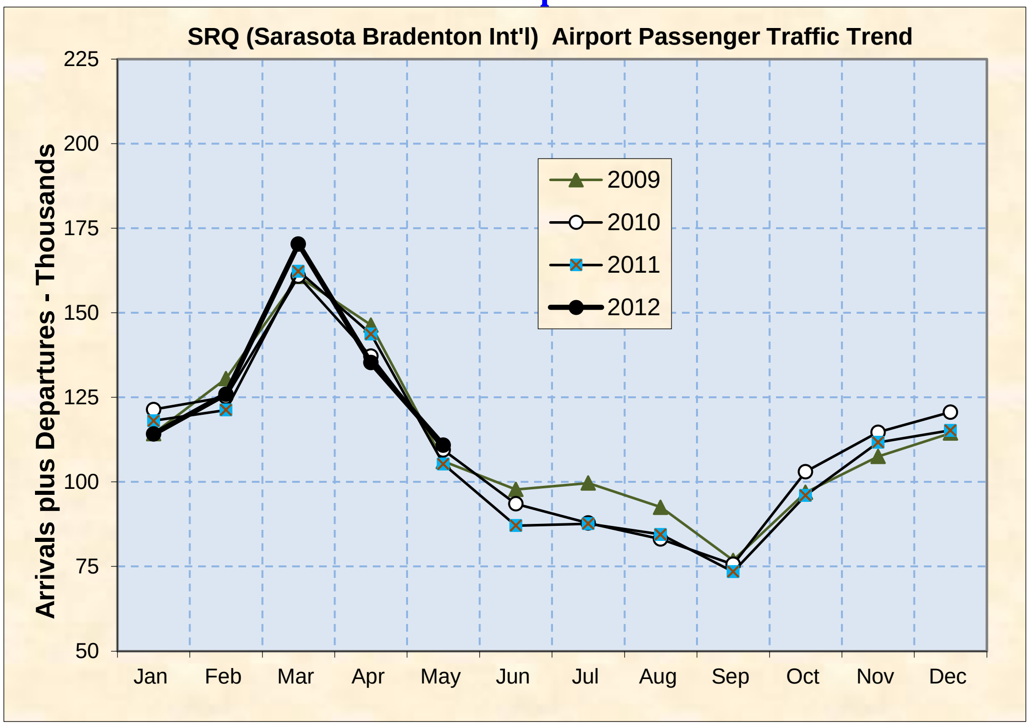
Punta Gorda Airport's May 2012 passenger activity of 7,486 represented a 45-percent decrease from the May 2011 figure, as shown in Chart 3. The decrease from the prior year is primarily attributable to the discontinuation of service by Direct Air.

Chart 1: SW Florida International Traffic Trend



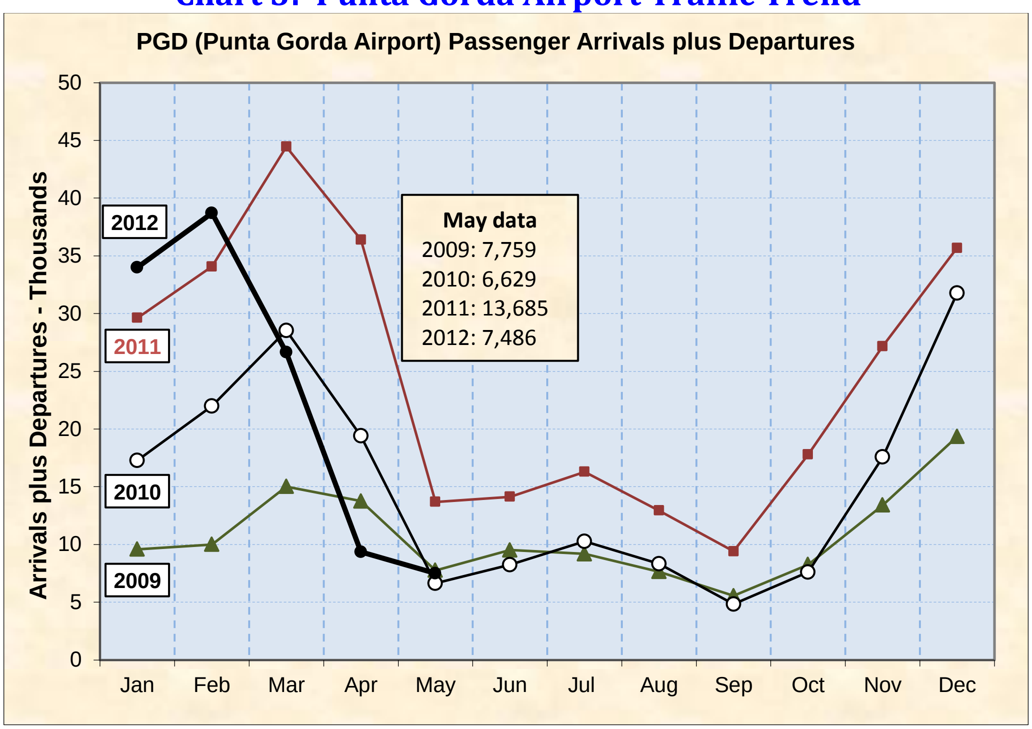
Source: Local Airport Authorities

Chart 2: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 3: Punta Gorda Airport Traffic Trend

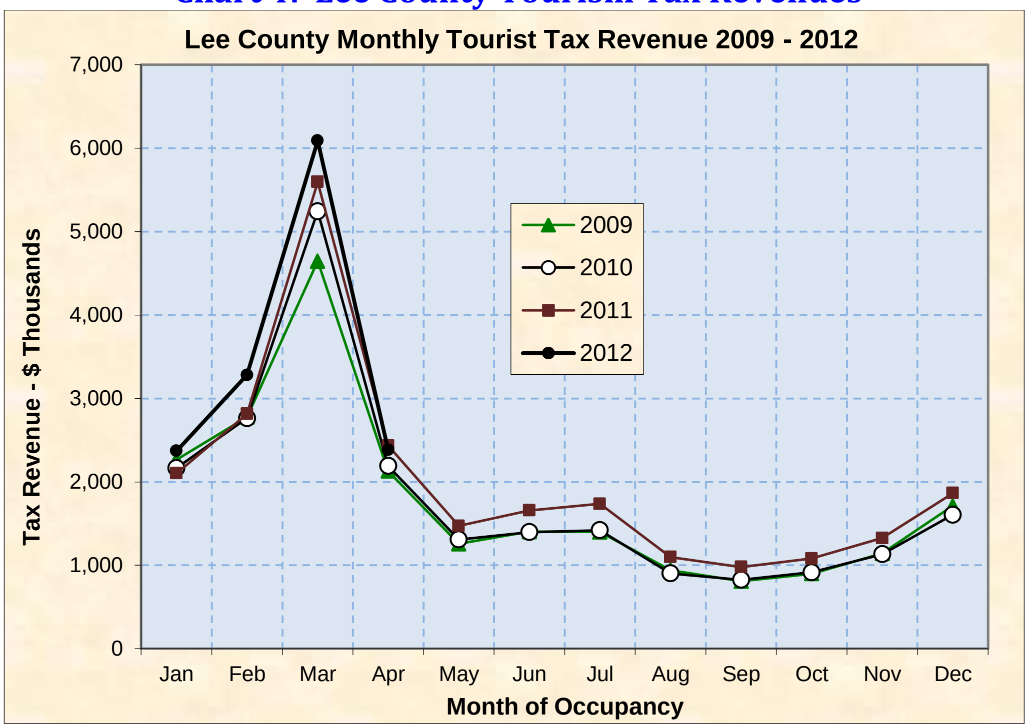


Source: Local Airport Authorities

Tourism Tax Revenues

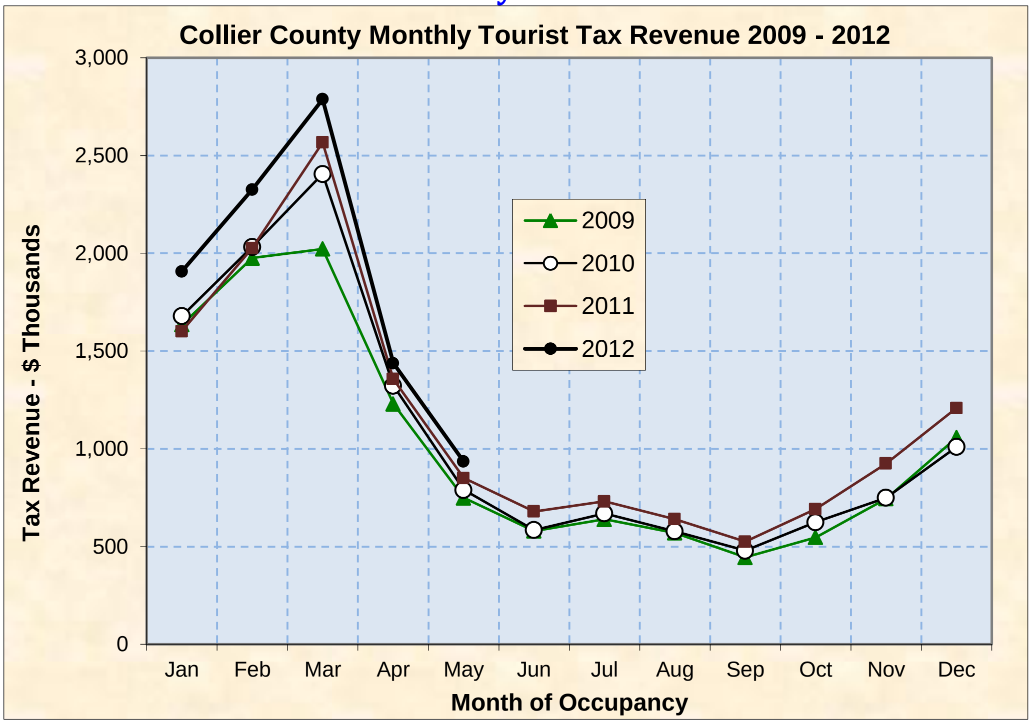
Tourism tax revenues for May were encouraging reflecting growth over the same month last year. Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. Lee County tourism tax revenues for May 2012 were not available. We continue to report April 2012 when the Lee County tourism tax revenues were $2,383,562, two-percent below April 2011. Collier County's May 2012 Tourism tax revenues were $935,544, a ten percent increase over May 2011. Charlotte County's tourism tax revenues were $79,489 in May 2012, a twelve-percent increase over May 2011.

Chart 4: Lee County Tourism Tax Revenues



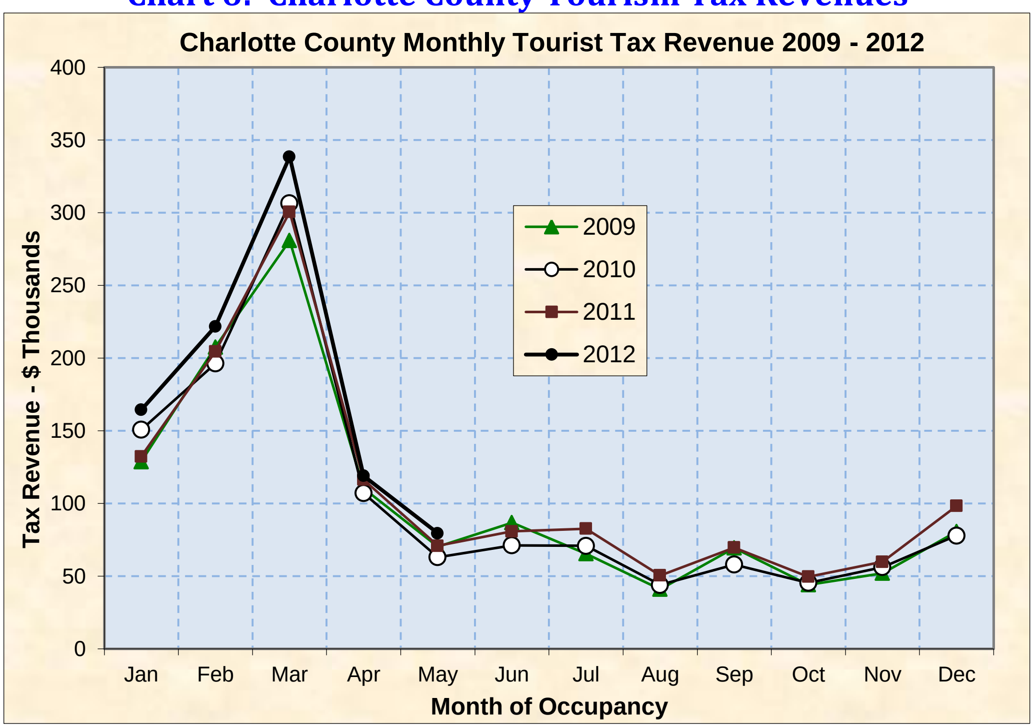
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

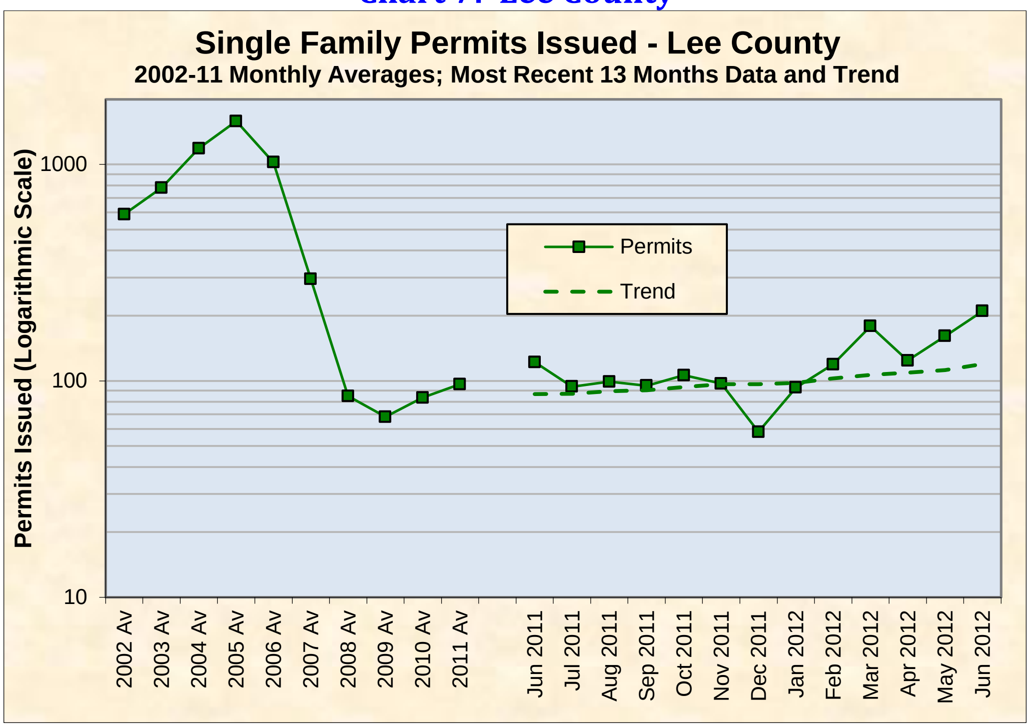


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

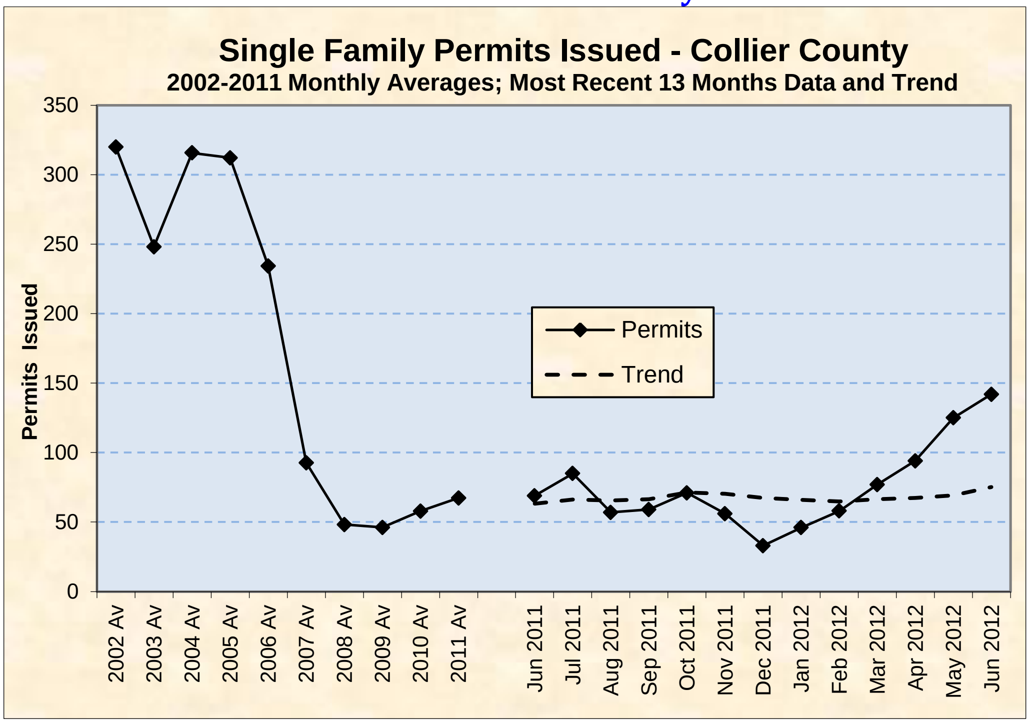
Single-family building permits showed strong increases in June. Lee County reported 210 single-family building permits issued in June 2012, an increase from 161 in May 2012, and from 122 in in June 2011, as shown in Chart 7 (which employs a logarithmic scale on its y-axis to more clearly portray long-term trends). Collier County issued 142 permits in June 2012, up from 125 in May 2012, and from 69 in June 2011, as shown in Chart 8. Charlotte County permits increased to 27 in June, up from 22 in May 2012, and 21 permits issued in June 2011, as shown in Chart 9. A total of 379 single-family permits were issued by the three coastal counties in June 2012, up 23 percent from the May 2012 figure of 308, and 79 percent higher than 212 in June 2011. Data from Hendry County indicate that 6 single-family building permits were issued between January–June 2012, compared with 13 permits in the first six months of 2011.

Chart 7: Lee County



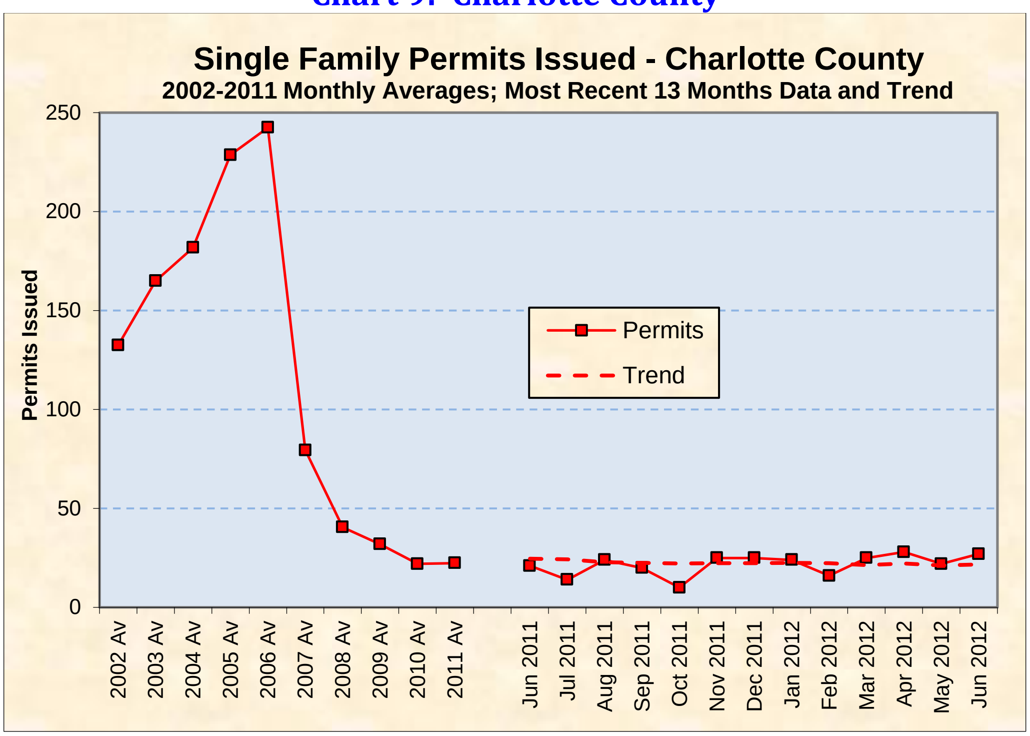
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

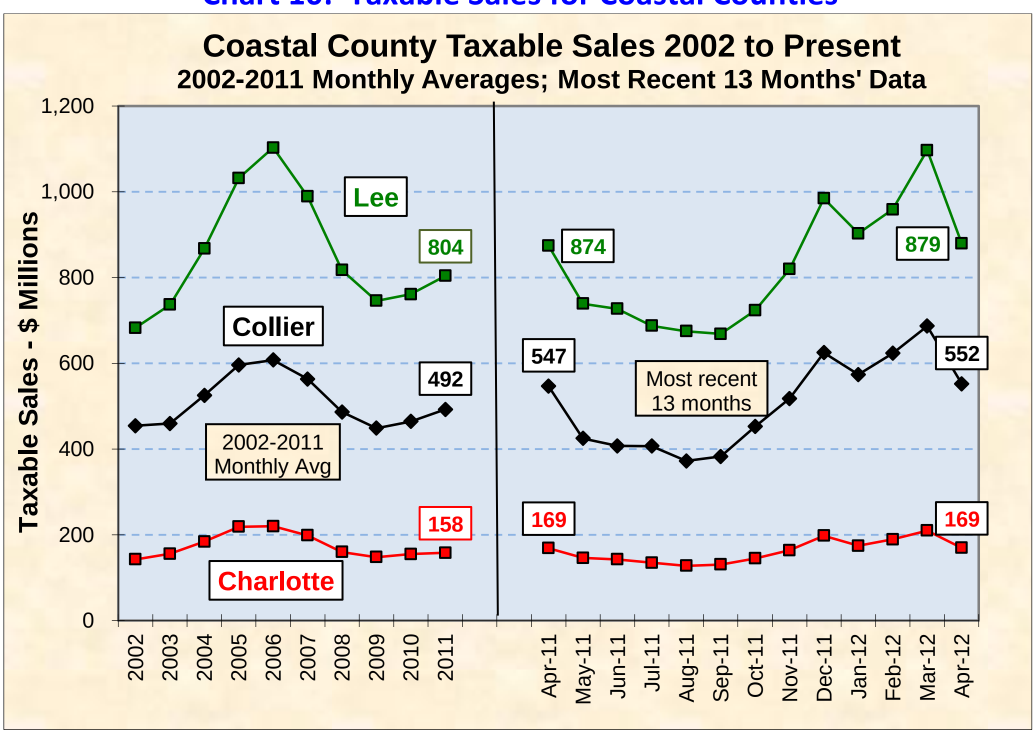
Taxable sales figures track consumer spending, an important component of the regional economy. The following charts show the latest month of merchants' collections (April 2012), rather than the reporting month issued by the Florida Department of Revenue.

All three coastal counties reported higher taxable sales in April 2012 compared to April 2011, a total gain of $11.5 million, or one percent. Coastal County taxable sales trends are shown in Chart 10. Charlotte County's taxable sales of $169.4 million in April 2012 showed a small increase (less than one percent) over April 2011. Lee County taxable sales were $879.3 million in April 2012, a one-percent increase over April 2011, while Collier County's taxable sales were $552.0 million in April 2012, a one percent increase over April 2011.

Hendry County's taxable sales of $25.2 million in April were up 16 percent over April 2011. Glades County reported April 2012 taxable sales of $1.9 million, a three percent decrease from April 2011. Taxable sales trends for Hendry and Glades Counties are shown in Chart 11.

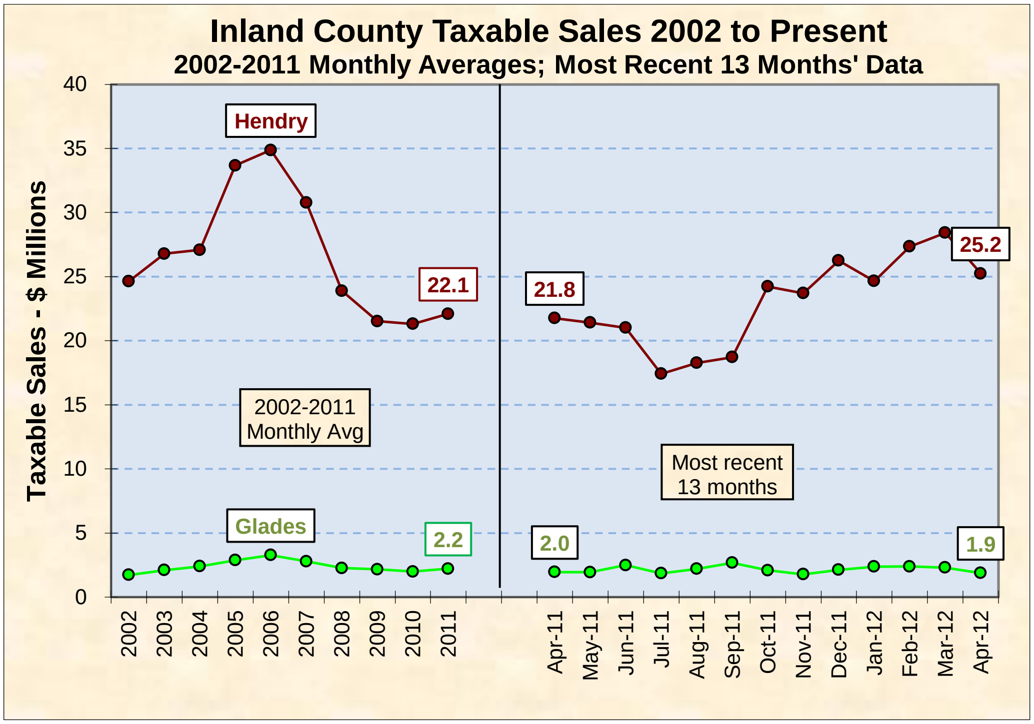
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. Although the percentage change in taxable sales was positive in the three coastal counties, the percentage increase over the same month last year was much smaller than previous months. Lee County has shown positive year-over-year comparisons for twenty-two consecutive months; Collier County, for the last twenty months. Charlotte County's taxable sales growth has been positive since October 2011.

Chart 10: Taxable Sales for Coastal Counties



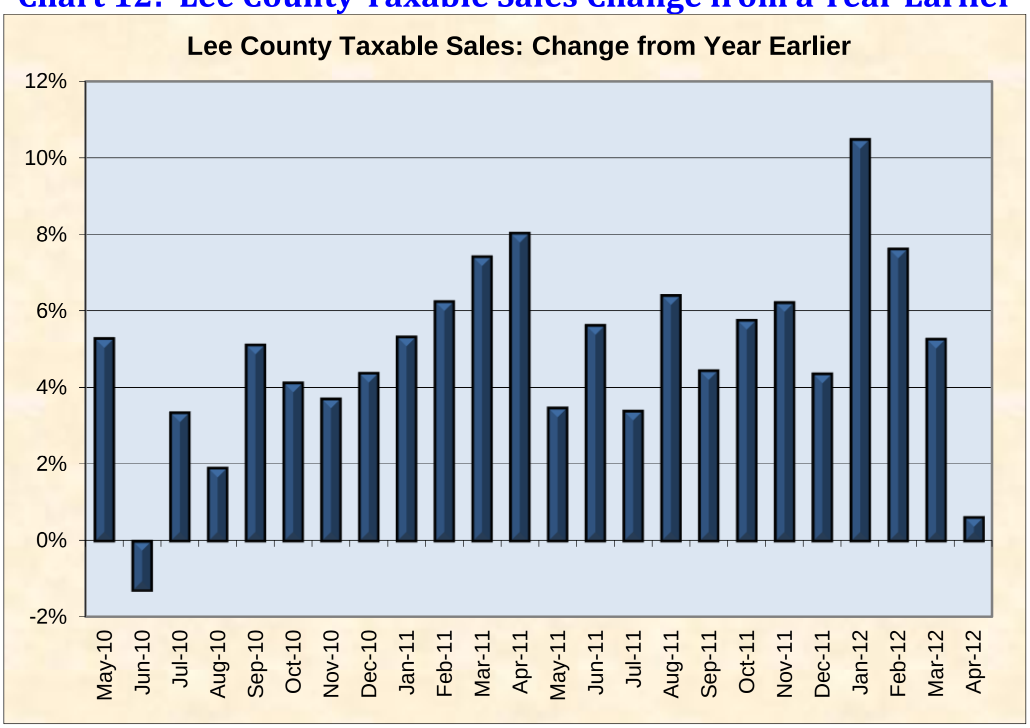
Source: Florida Department of Revenue, Office of Tax Research

Chart 11: Taxable Sales for Inland Counties



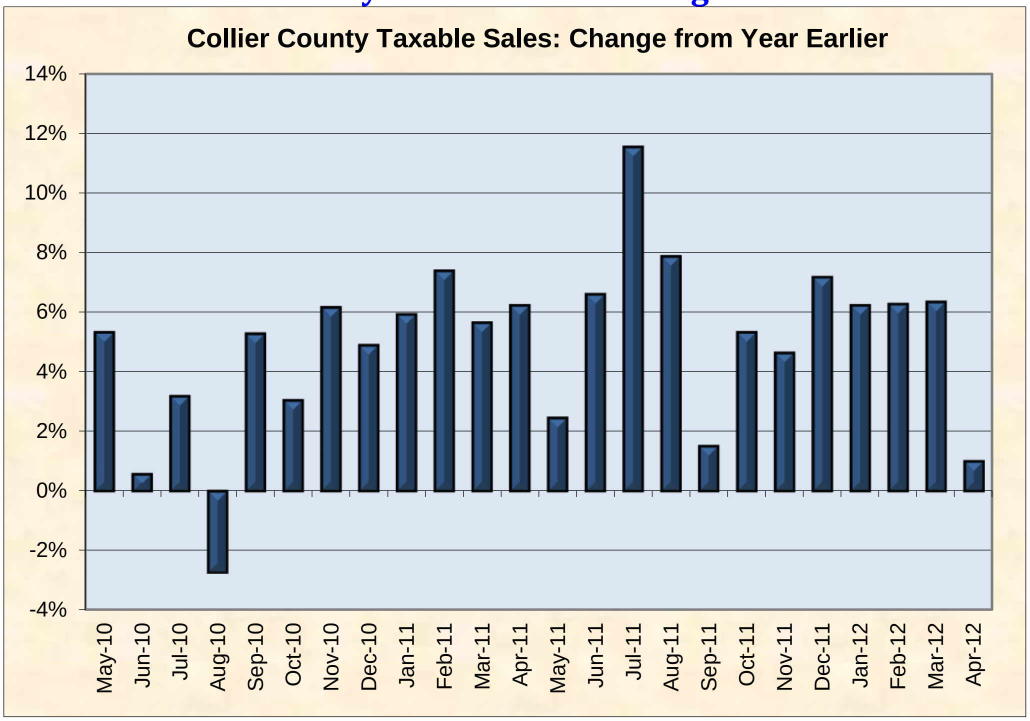
Source: Florida Department of Revenue, Office of Tax Research

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



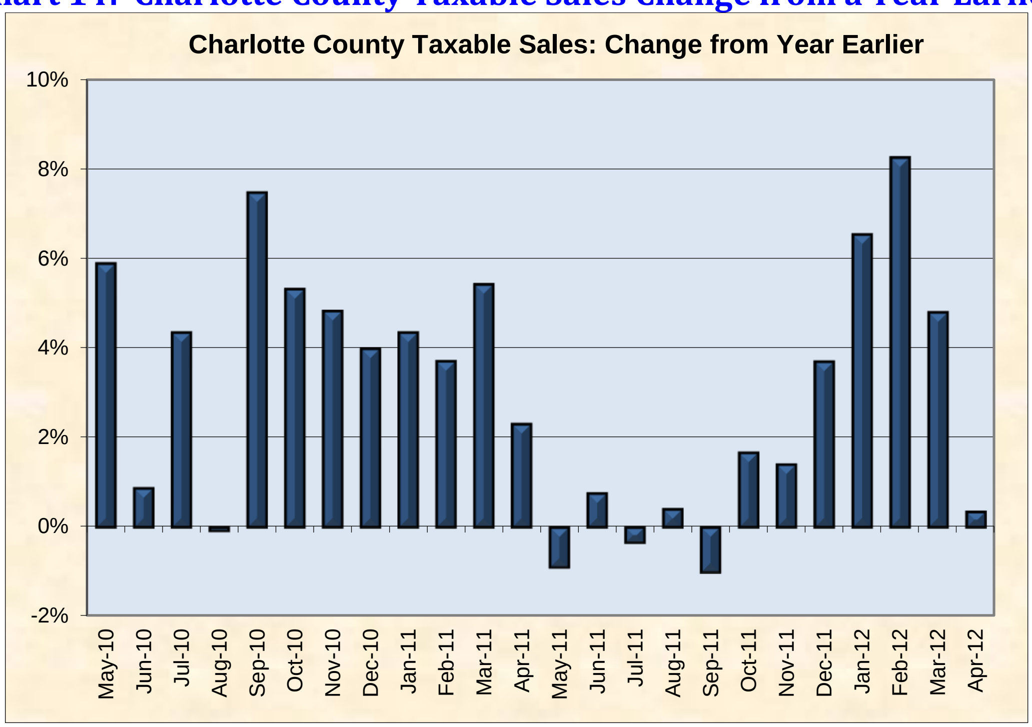
Source: Florida Department of Revenue, Office of Tax Research

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

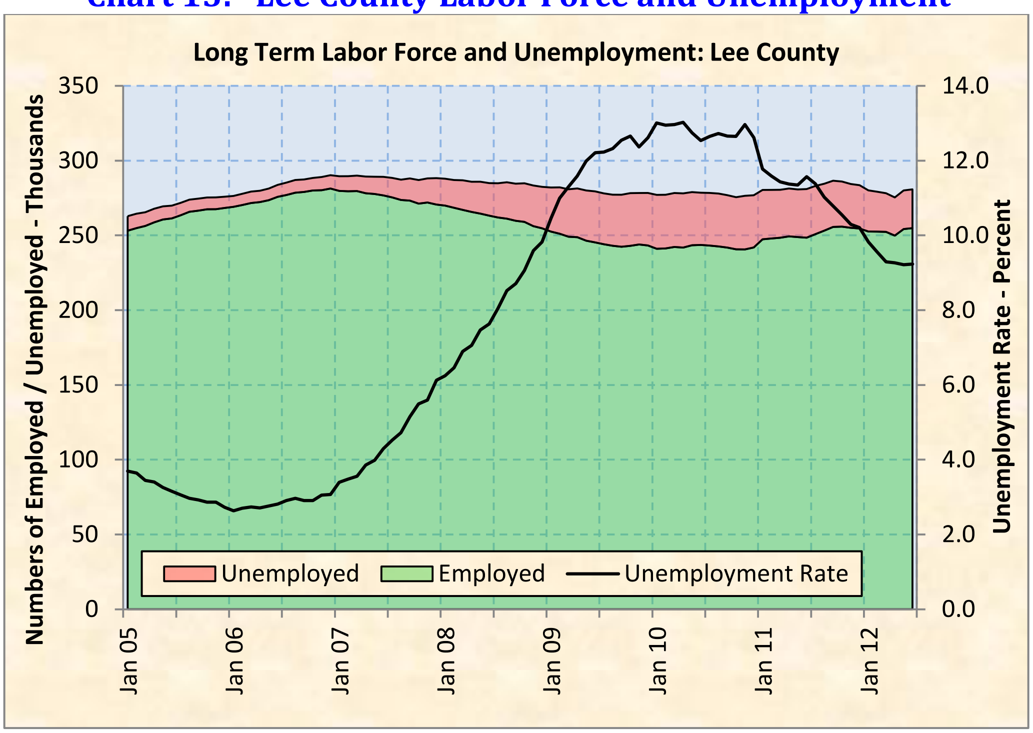
Workforce – Labor Force, Employment and Unemployment

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 June 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.

The June 2012 seasonally-adjusted unemployment rates in the five reporting counties changed little from May 2012, with only Charlotte and Collier Counties showing some improvement. Lee County's seasonally-adjusted unemployment rate was 9.2 percent in June 2012, unchanged from May 2012, and down from 11.6 percent in June 2011. Collier County's unemployment rate declined to 8.5 percent in June 2012, down from May's 8.6 percent, and 2.1 percentage points lower than June 2011. Charlotte County had a June 2012 unemployment rate of 9.1 percent, down from 9.2 in May 2012, and two percentage points below the June 2011 figure. Hendry's unemployment rate increased to 13.9 percent in June, up from 13.6 percent in May 2012, and 1.3 percentage points lower than June 2011. The unemployment rate in Glades County was 9.5 percent in June 2012, showing no change from May 2012, but down from 10.1 percent in June 2011. Total employment in the five reporting counties increased by 12,867 persons over June 2011, while the number of unemployed dropped by 11,256, indicating that the workforce rose by 1,611.

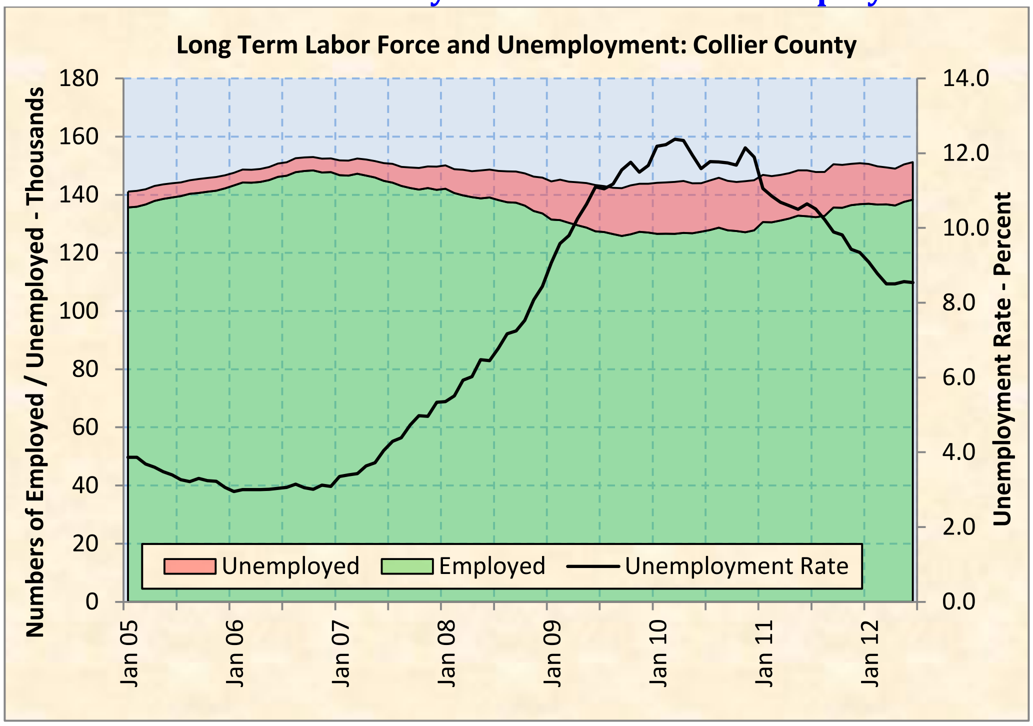
The seasonally-adjusted unemployment rate for the state of Florida has decreased from 10.7 percent in June 2011 to 8.6 percent in June 2012, its lowest level since December 2008. The national unemployment rate has declined from 9.1 percent in June 2011 to 8.2 percent in June 2012, which represents a slight increase from the May 2012 figure of 8.1 percent.

Chart 15: Lee County Labor Force and Unemployment



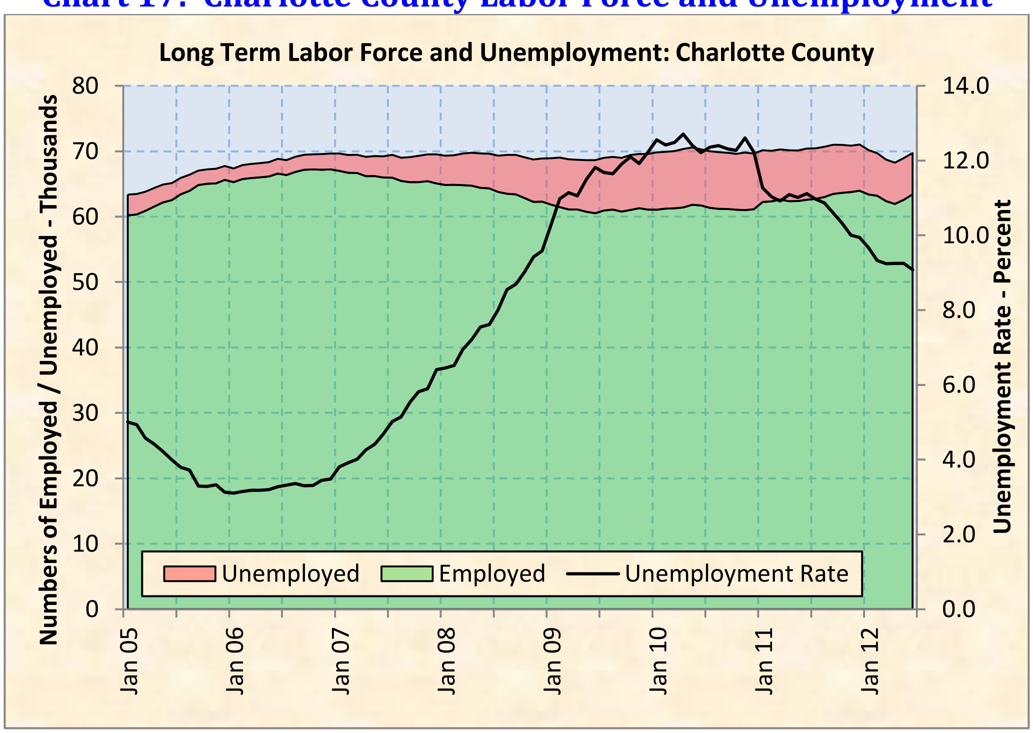
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 16: Collier County Labor Force and Unemployment



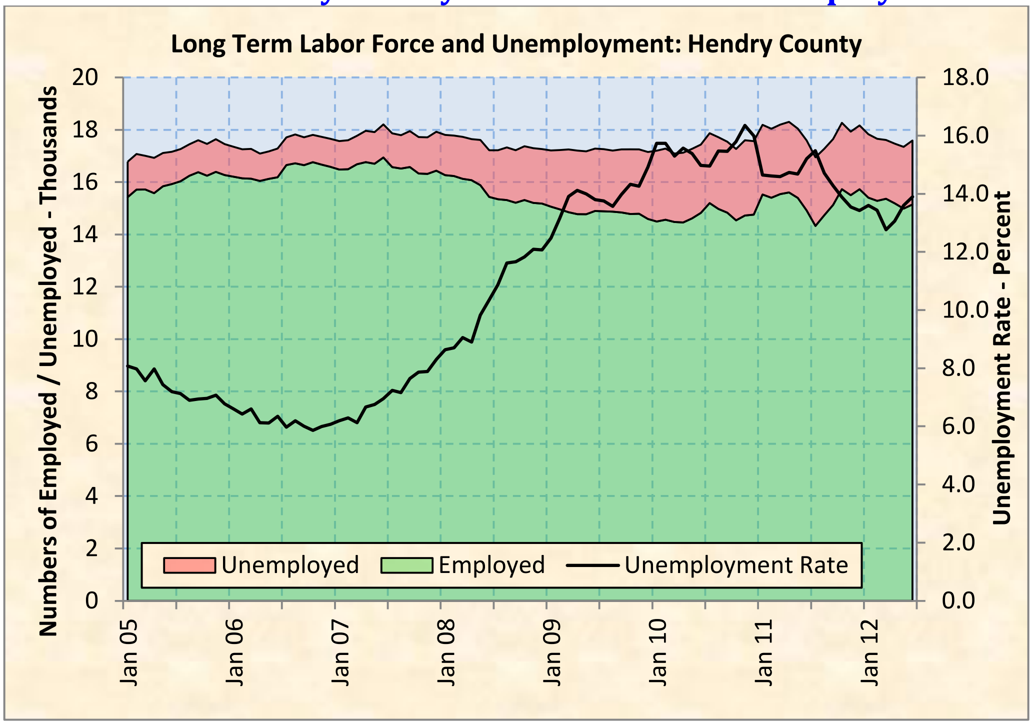
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 17: Charlotte County Labor Force and Unemployment



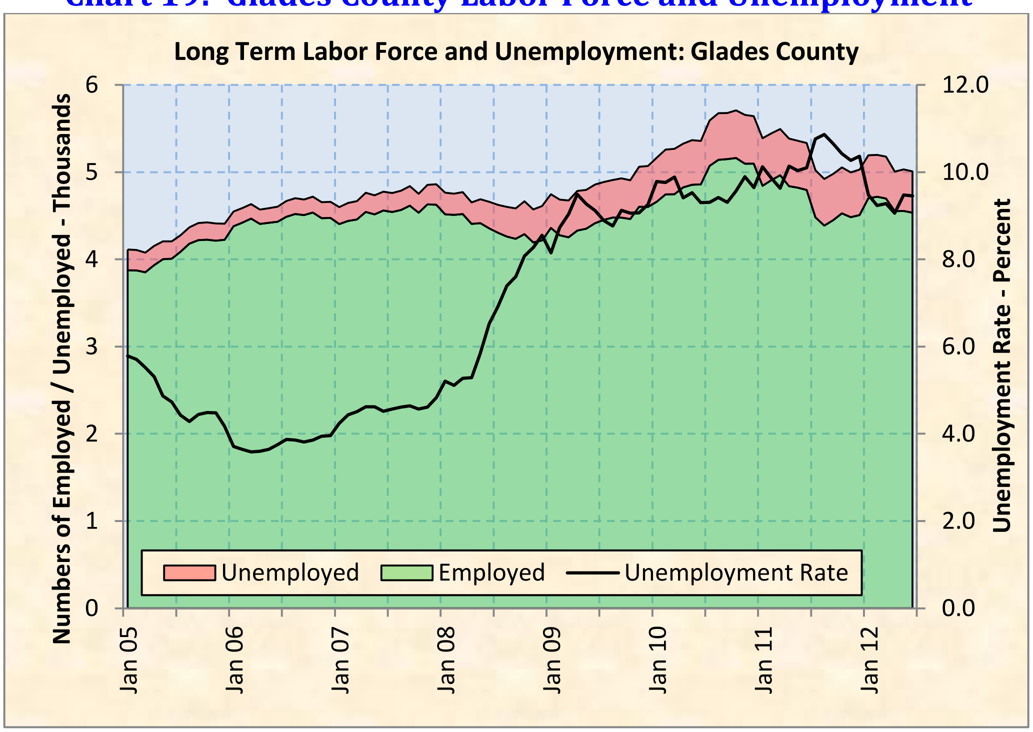
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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

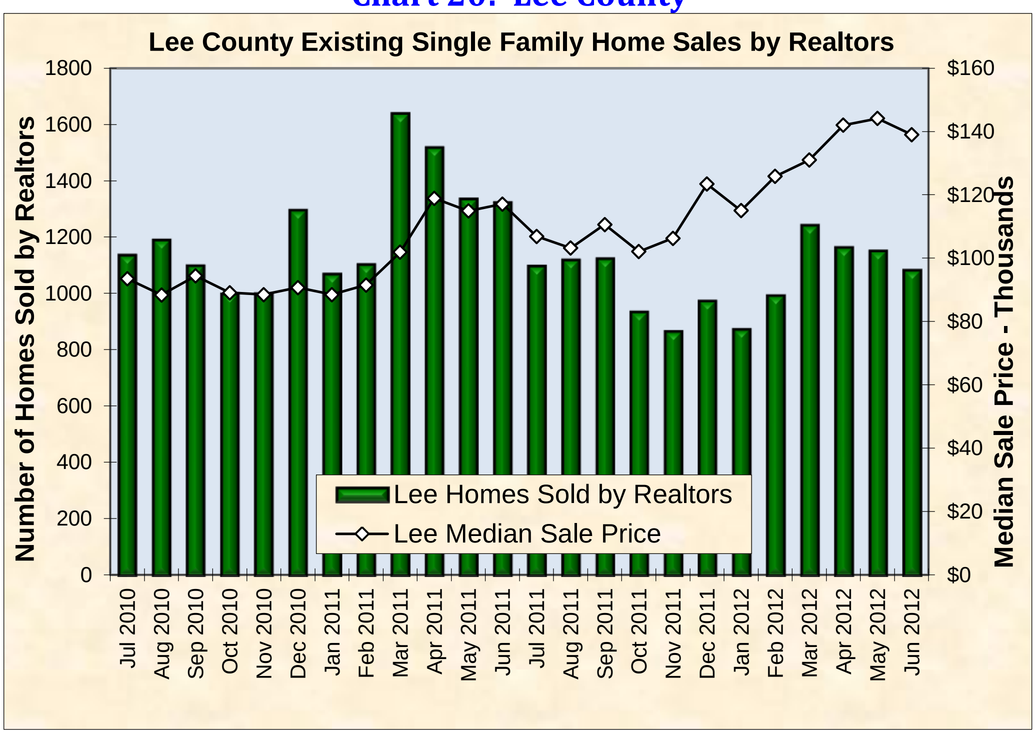
Combined sales of single-family homes in the coastal counties amounted to 1,818 units in June 2012, a decrease of six percent from the prior month, and ten percent below the June 2011 figure. Median single-family home prices in the three counties continue to show increases, compared to a year ago. Charts 20 through 22 show the existing single-family home sales for Lee, Collier, and Charlotte Counties. The line represents price with the scale on the right side and the bars represent the number of homes sold with the scale on the left side.

There were 1,086 Realtor® sales in Lee County in June 2012 at a median price of $139,000, down from 1,154 sales in May 2012 at a median price of $144,111. Sales declined by 18 percent from the 1,325 reported in June 2011, although the median price showed a substantial increase from $117,000.

Collier County had 390 single-family home sales in June 2012, a decrease of 17 percent from May 2012 and down five percent from 410 in June 2011. The median price increased to $253,000 in June 2012 from $245,000 in June 2011, but showed a modest decline from $255,000 in May 2012.

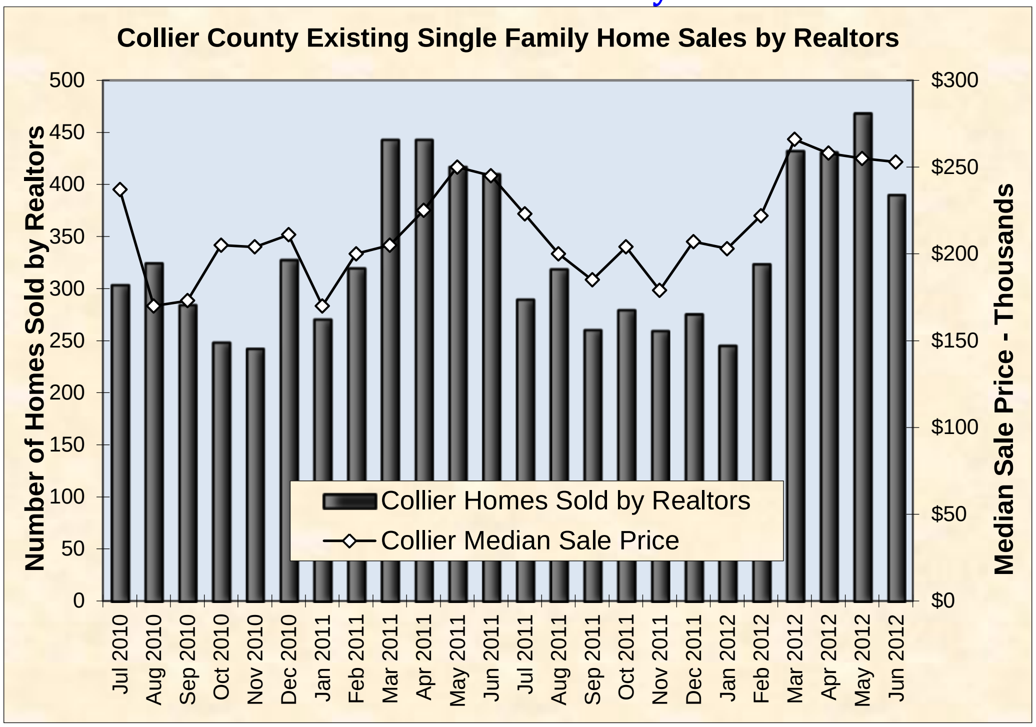
Charlotte County reported 342 single-family home sales in June 2012 at a median price of $115,000, up 24 percent from 275 sales in June 2011 at a median price of $102,900, and up eight percent from 316 sales in May 2012 at a median price of $124,000.

Chart 20: Lee County



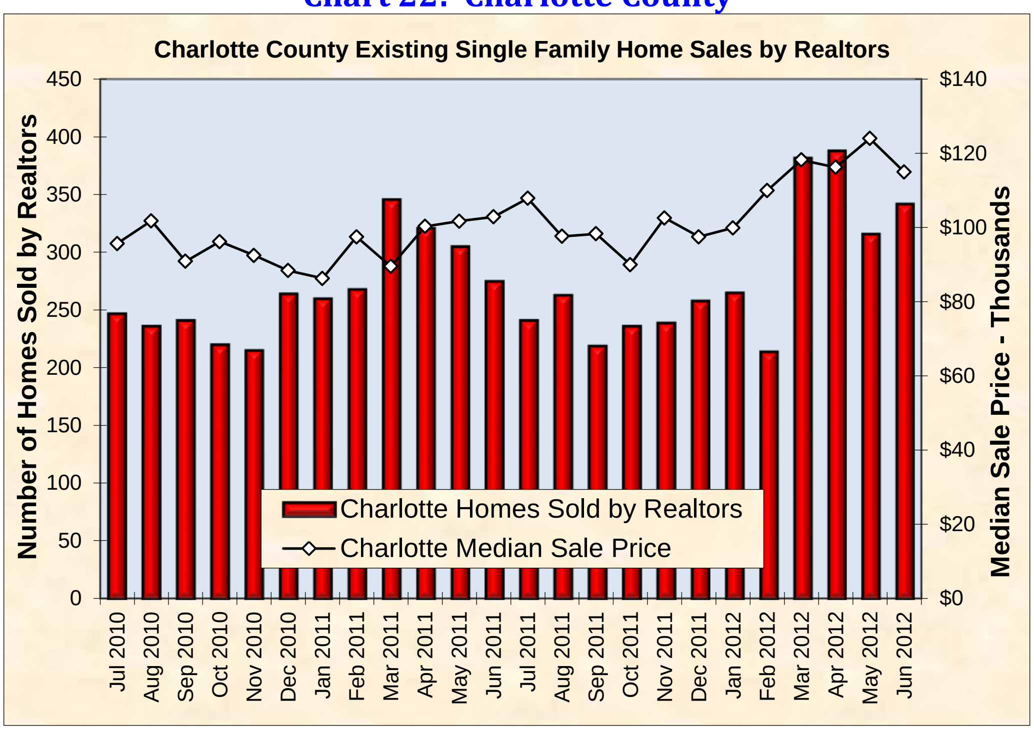
Source: Realtor Association of Greater Fort Myers and the Beach, Inc.

Chart 21: Collier County



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

Chart 22: Charlotte County



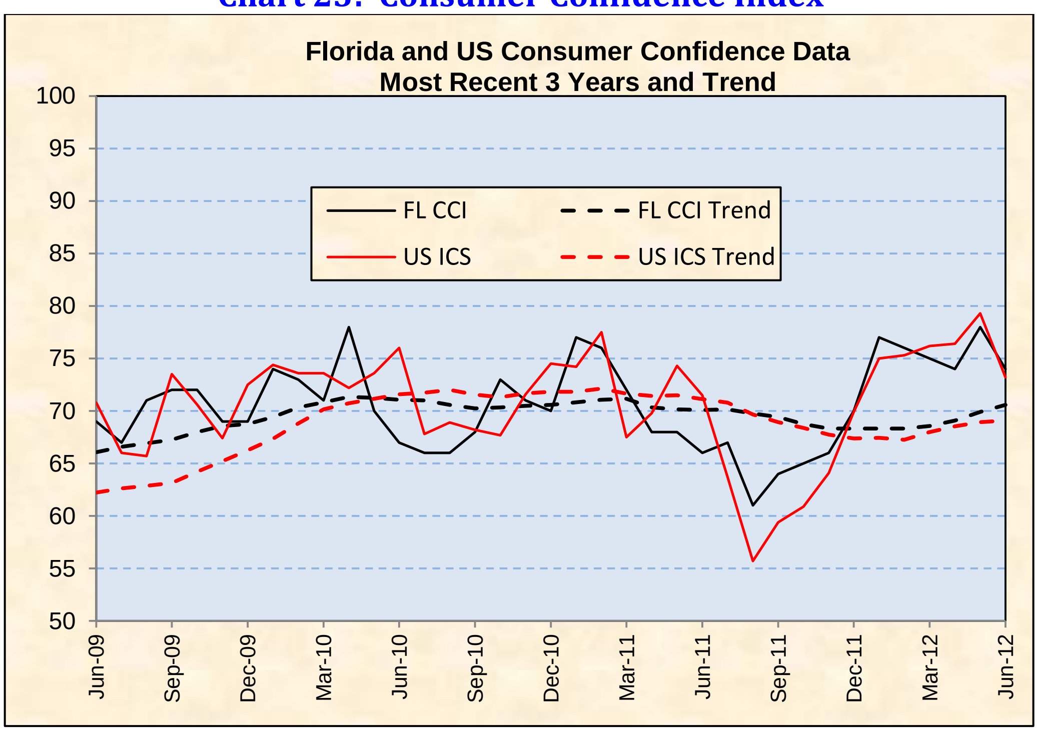
Source: Florida Realtors ® Punta Gorda, Florida MSA ; http://media.living.net/statistics/statisticsfull.html

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. Both indices turned down in June. The national ICS declined to 73.2, a 6.1 point decrease from May 2012, albeit 1.7 points above the figure for June 2011. Their June 29 Surveys of Consumers report notes in part: "Consumer confidence posted a sizable loss in June, with most of the overall decline in how consumers viewed future prospects for the national economy. News reports about recent economic developments reaching consumers have become increasingly negative. Reports of job losses for the first time in six months have outnumbered job gains. For the first time this year, consumers were more likely to expect increases in the unemployment rate than additional declines. Confidence in economic policies remained near record lows, as just 10% of all consumers judged current policies favorable. "

The Florida Consumer Confidence Index for June dipped to 74, down four points from the May figure, but still eight points higher than June 2011. "In June Floridians reversed their optimism about their future finances," said Chris McCarty, the Survey Director. "In May a big part of the increase in confidence came from consumers who were very optimistic that their personal finances would improve over the year. [While] gas prices have continued to fall through June, the optimism associated with that fall may have slowed. There is also far more news coverage of the fiscal cliff, a set of expiring tax cuts and automatic budget cuts due in January. Consumers may be considering the potential impact of those cuts if they go through. Europe and the problems facing the euro are once again making headlines and some consumers are likely considering the effects of that as well."

Chart 23: Consumer Confidence Index

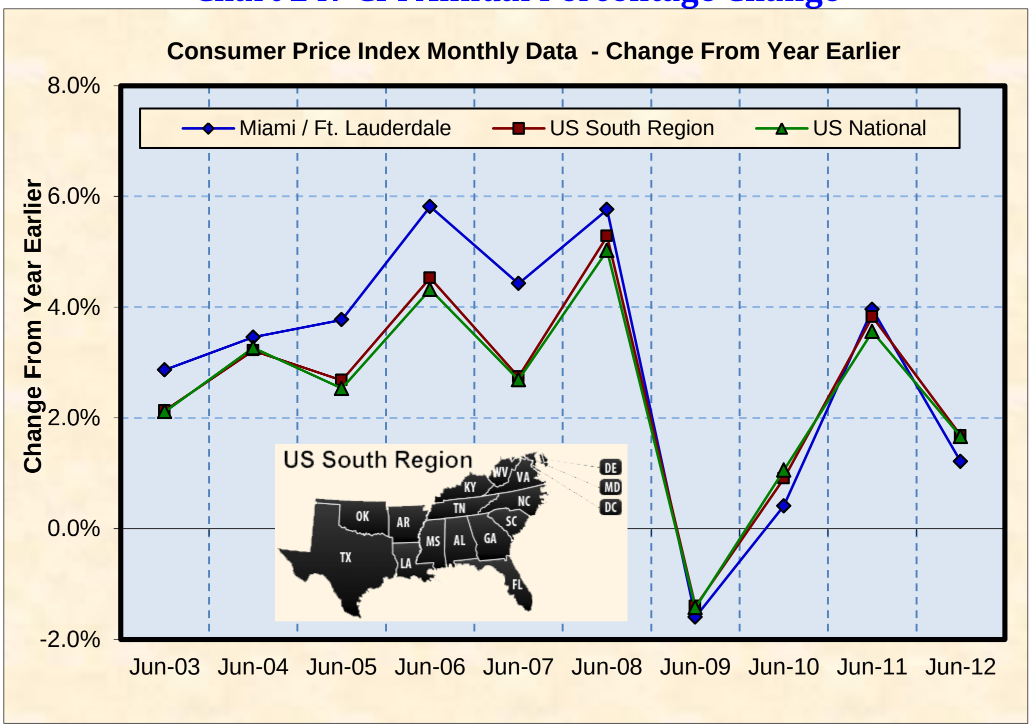


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

Consumer Price Index

Consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 24. The most recent release covers data through June 2012, and shows some moderation of consumer price growth. From June 2011 to June 2012, the National CPI increased by 1.7 percent, the Southern Region CPI increased by 1.7 percent, and the Miami-Fort Lauderdale area CPI rose by 1.2 percent.

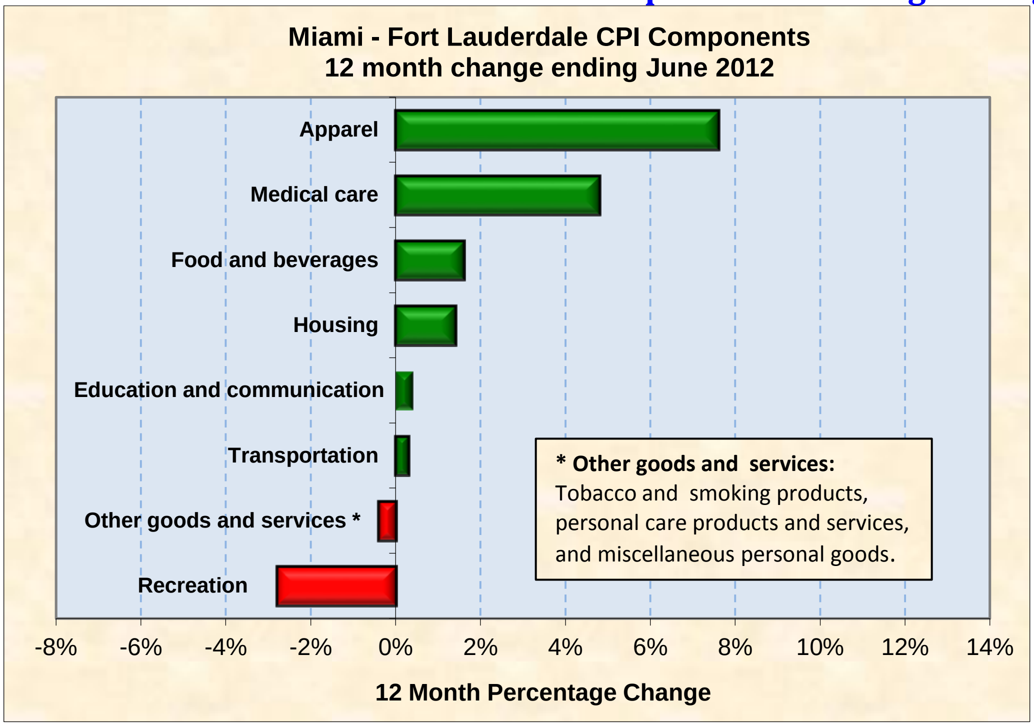
Chart 24: CPI Annual Percentage Change



Source: BLS

The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending June 2012 are shown in Chart 25. Apparel costs increased by 7.6 percent, medical care costs increased by 4.8 percent, food & beverage by 1.6 percent, and housing by 1.4 percent, education and communication by 0.4 percent, and transportation by 0.3 percent. There were decreases in recreation of 2.8 percent and other goods and services of 0.4 percent.

Chart 25: Miami-Fort Lauderdale CPI Component Percentage Change



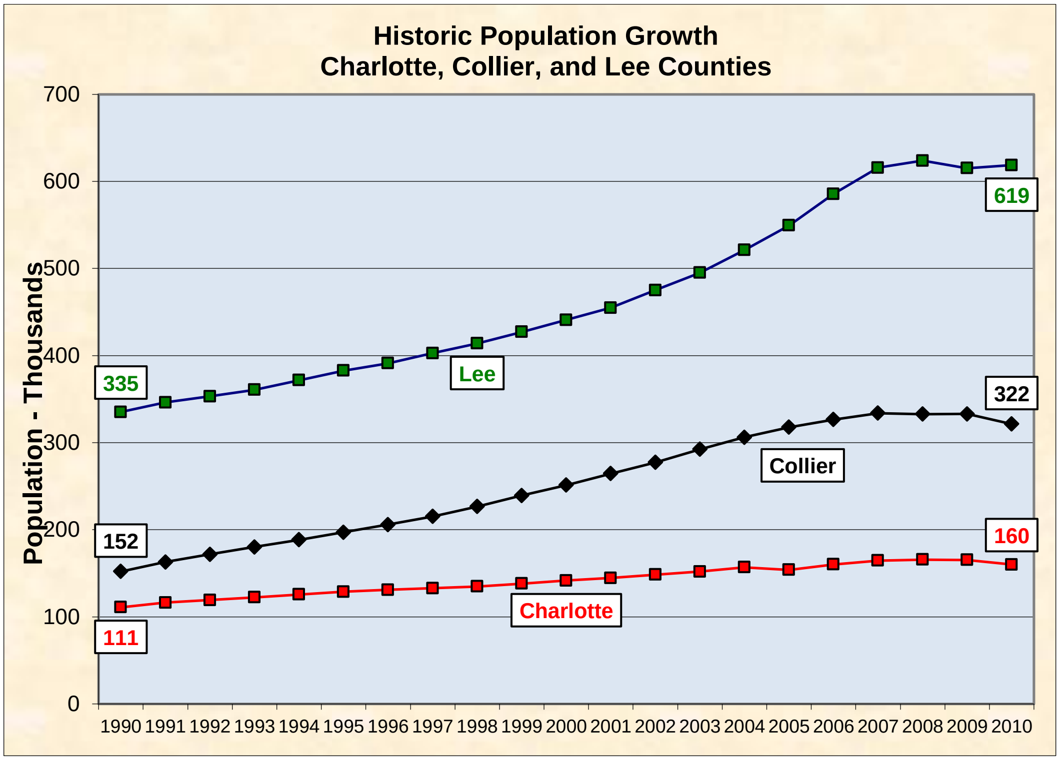
Source: BLS

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.

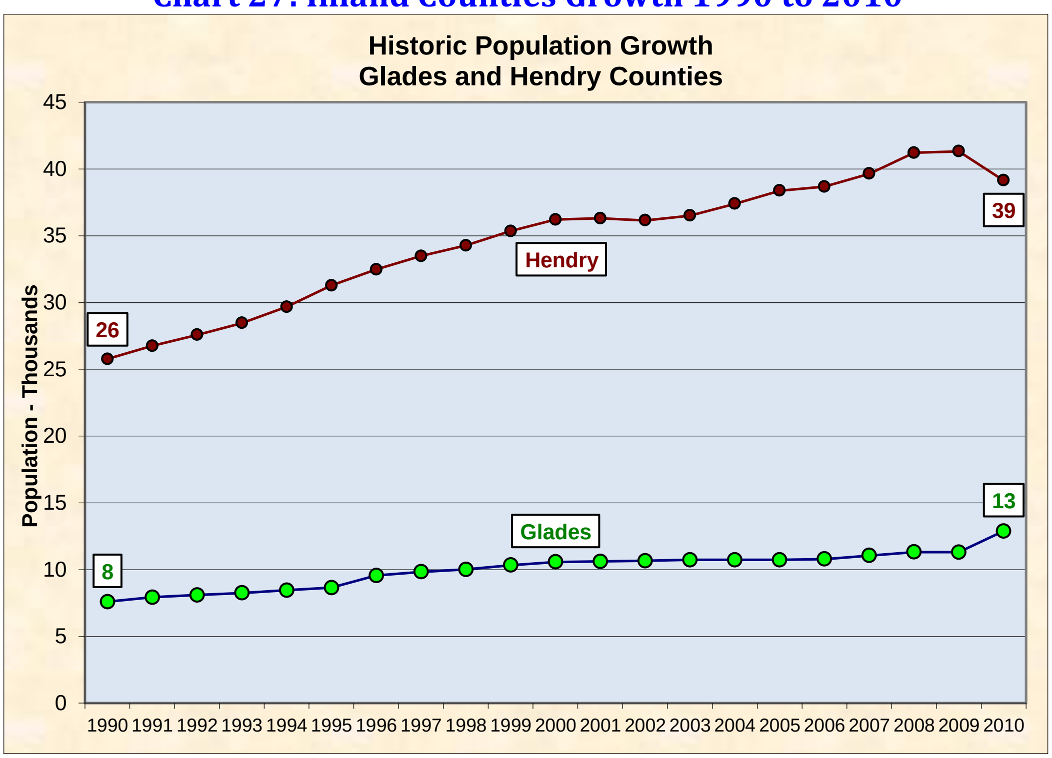
Chart 28 and its accompanying table show projected population increases from 2015 to 2040. The overall rate of regional growth averages 1.6 percent per year for this period, resulting in a 25-year increase of 47 percent.

Chart 26: Coastal Counties Growth 1990 to 2010



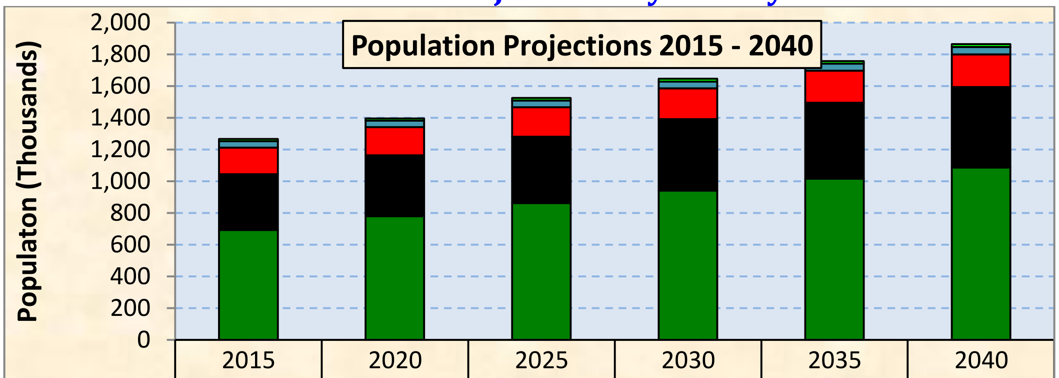
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

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.