

Southwest Florida Regional Economic Indicators

August 2012



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

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Contact Information:

Dr. Gary Jackson, Director, Regional Economic Research Institute

Phone: 239-590-7319 Email: gjackson@fgcu.edu

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

Phone: 239-590-7315 Email: sscheff@fgcu.edu

Mr. Jim Breitbach, Technical Support

Phone: 239-590-7489 Email: jbreitba@fgcu.edu

Introduction: Regional and National Background

The July 2012 Horizon Council-FGCU Executive Business Climate Survey results indicated that Lee County business executives continue to be optimistic about future growth but are less optimistic than the last survey that was completed in April. Sixty-one percent of executives expect the economy to improve over the next year. Thirty-nine percent expect to increase employment during the next year. The complete report is available at www.fortmyersregionalpartnership.com.

Southwest Florida tourism tax revenues for June were encouraging, reflecting growth over the same month last year. Charlotte County tourism taxes were increased 22 percent and Collier County tourism taxes were up by seven percent. Lee County tourism tax revenues were up by eight percent.

Regional taxable sales increased by six percent from May 2011 to May 2012, which is considerably stronger growth than observed last month, March 2011 to March 2012. Southwest Florida International Airport passenger traffic decreased by four percent from June 2011 to June 2012, reflecting higher airline ticket prices and fewer flights.

Lee and Collier County July 2012 seasonally-adjusted unemployment rates have increased over last month. Lee County's unemployment rate increased to 9.4 percent in July 2012 from 9.2 percent in June 2012 but decreased from 11.4 percent in July 2011. Collier County's unemployment rate increased to 8.7 percent in July 2012, up from 8.6 percent in June 2012 but down from 10.5 percent in July 2011. Charlotte County's July unemployment rate was unchanged from June 2012 at 9.1 percent but down from 11.0 percent in July 2011.

The national economy's growth rate (real GDP) was revised upward to 1.7 percent in the second quarter. Second quarter real personal consumption expenditures increased by 1.7 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 edged up from 8.2 percent in June 2012 to 8.3 percent in July 2012. The number of long-term unemployed (those jobless for 27 weeks or longer) is 5.2 million or 40.7 percent of all unemployed.

The July Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by only 163,000, an improvement over the June increase of 64,000. The increases included 49,000 in professional and business services, 27,000 in leisure and hospitality, 25,000 in manufacturing, 18,200 in education, 12,000 in health care, 11,000 in information (media), 9,200 in wholesale trade, 6,900 in transportation and warehousing, and 6,700 in retail trade. In

contrast, employment fell by 9,000 in utilities, 9,000 in federal, state and local government, and 1,000 in construction.

The national consumer price index for July 2012 increased by only 1.4 percent over July 2011, primarily driven by increases of 4.4 percent in medical care service costs, 3.0 percent in apparel costs, 2.3 percent in food costs, and 2.1 percent in shelter and a 5.0-percent drop in energy costs. Core inflation (All items less food and energy) increased by 2.1 percent.

The latest statement of the Federal Reserve Open Market Committee (FOMC) was issued on August 1st and is summarized below:

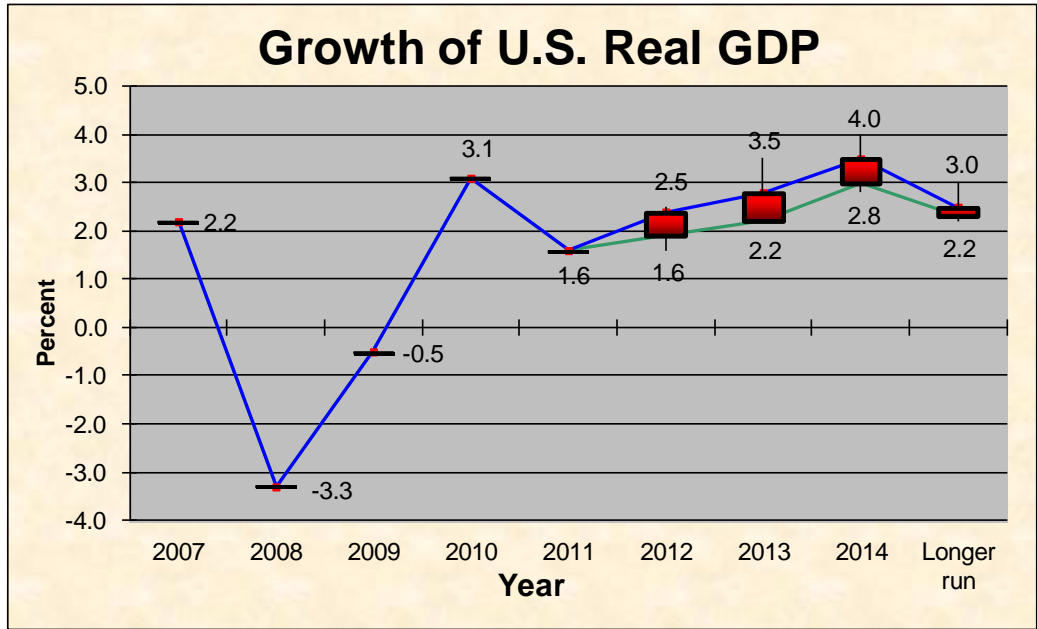
- Economic activity decelerated somewhat over the first half of this year;
- Growth in employment has been slow, and the unemployment rate remains elevated;
- Business fixed investment has continued to advance;
- Household spending has been rising at a somewhat slower pace than earlier in the year;
- Despite some signs of improvement, the housing sector remains depressed;
- Inflation has declined since earlier this year, 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 through the end of the year its program to extend the average maturity of its holdings of securities, and it is maintaining its existing policy of reinvesting principal payments in agency mortgage-backed securities;
- 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 September 12th – 13th, followed by a press conference and a new summary of economic projections.

As reported last month, the FOMC released its latest forecast on June 20, 2012, which 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.

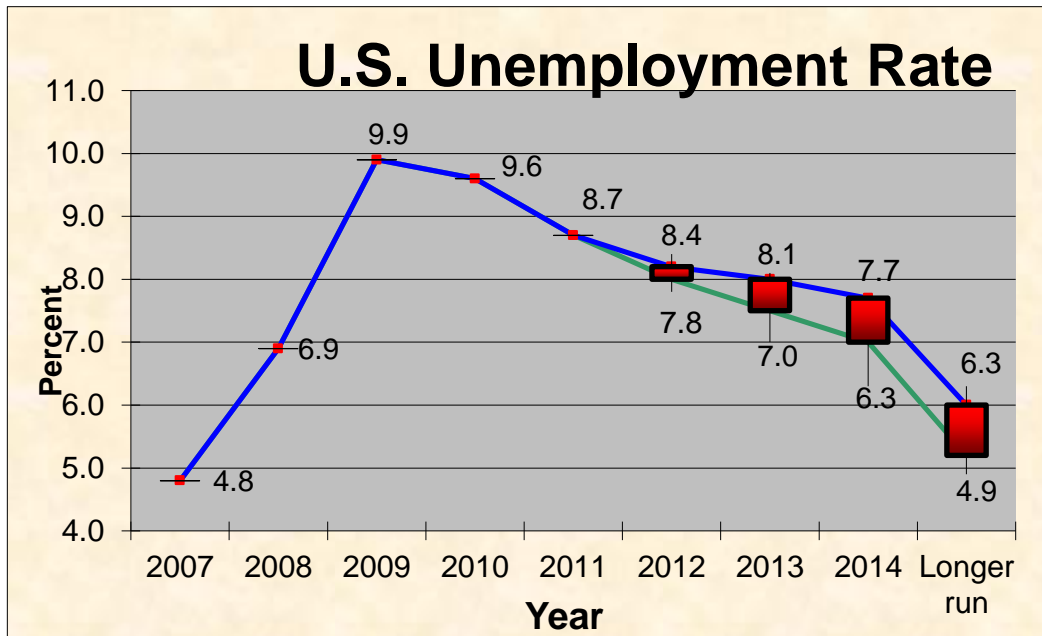
The chart below shows that recovery started in 2009, but it is expected to be several years before the economy returns to a more normal long-run trend ("LR"). Real GDP growth projections for 2012, 2013, and 2014 show a recovery but there remains considerable uncertainty as to how strong the recovery 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.

Issues related to the Federal budget, state budgets, European sovereign debt issues, health care costs, income and estate tax uncertainties, and oil prices continue to create some headwinds but the trend of slow but positive economic growth is expected.

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

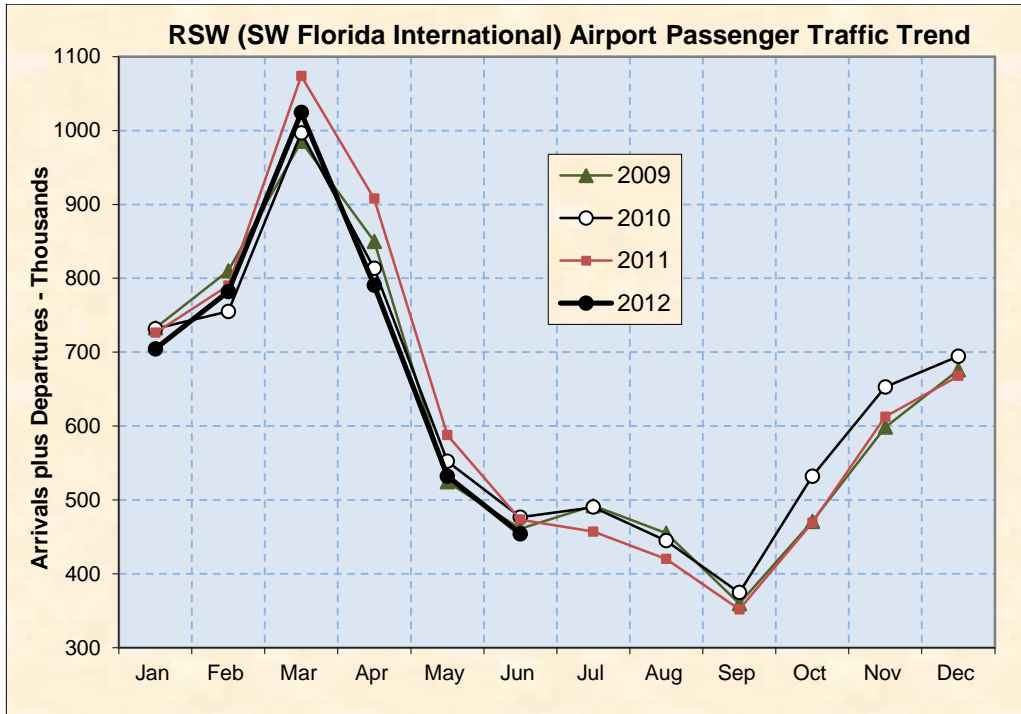
Airport passenger activity is defined as the sum of arrivals and departures for each of Southwest Florida International (RSW), Sarasota Bradenton International (SRQ), and Punta Gorda (PGD) airports. Peak seasonal activity occurs in February, March, and April, with significantly lower activity in the 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 559,865 in June 2012, down three percent from June 2011 and 14 percent below May 2012.

Chart 1 shows SW Florida International passenger activity of 454,044 in June 2012, four percent lower than June 2011. Sarasota passenger activity was 95,439 in June 2012, 10 percent above June 2011, as shown in Chart 2.

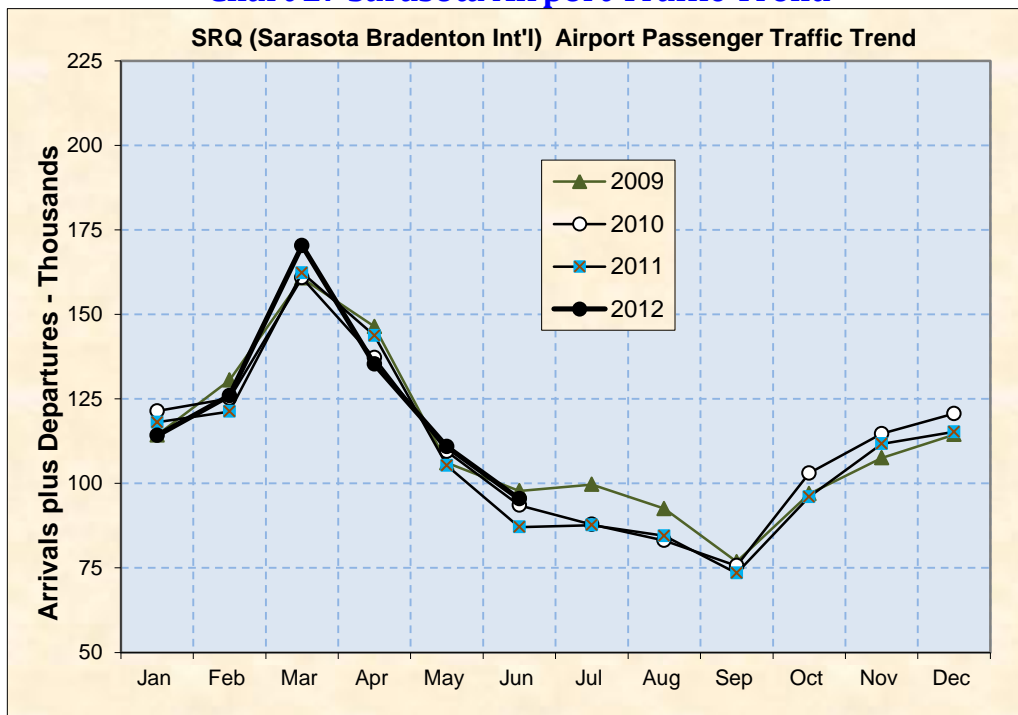
Punta Gorda Airport's June 2012 passenger activity of 10,382 represented a 27-percent decrease from the June 2011 figure, as shown in Chart 3. The decrease from the prior year is primarily attributable to the discontinuation of service by Direct Air.

Chart 1: SW Florida International Traffic Trend



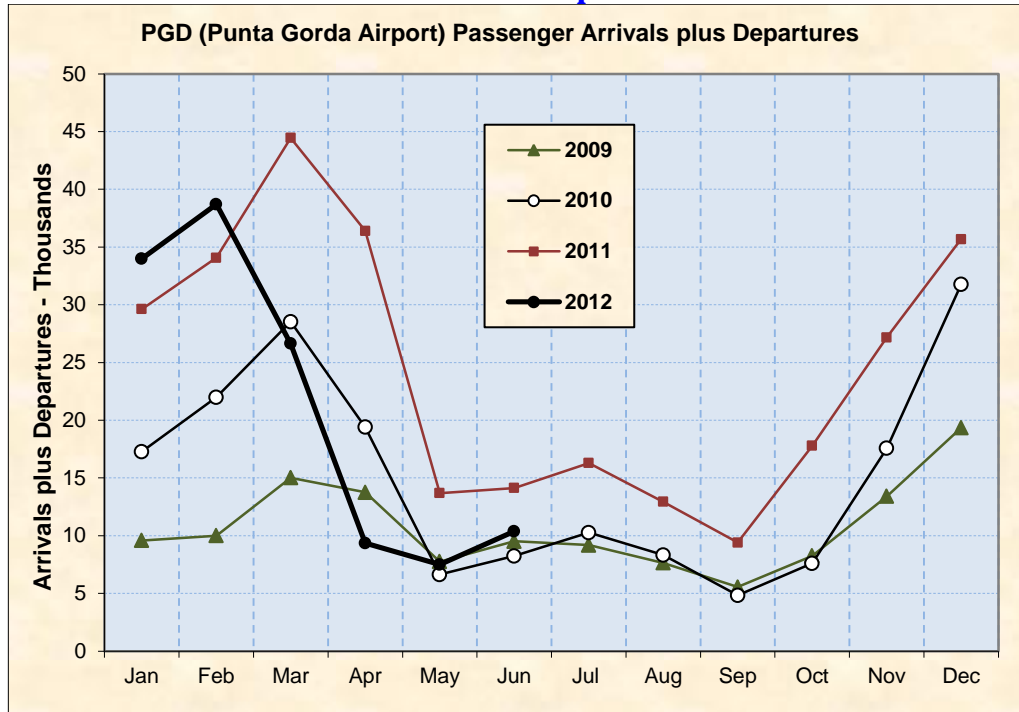
Source: Local Airport Authorities

Chart 2: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 3: Punta Gorda Airport Traffic Trend

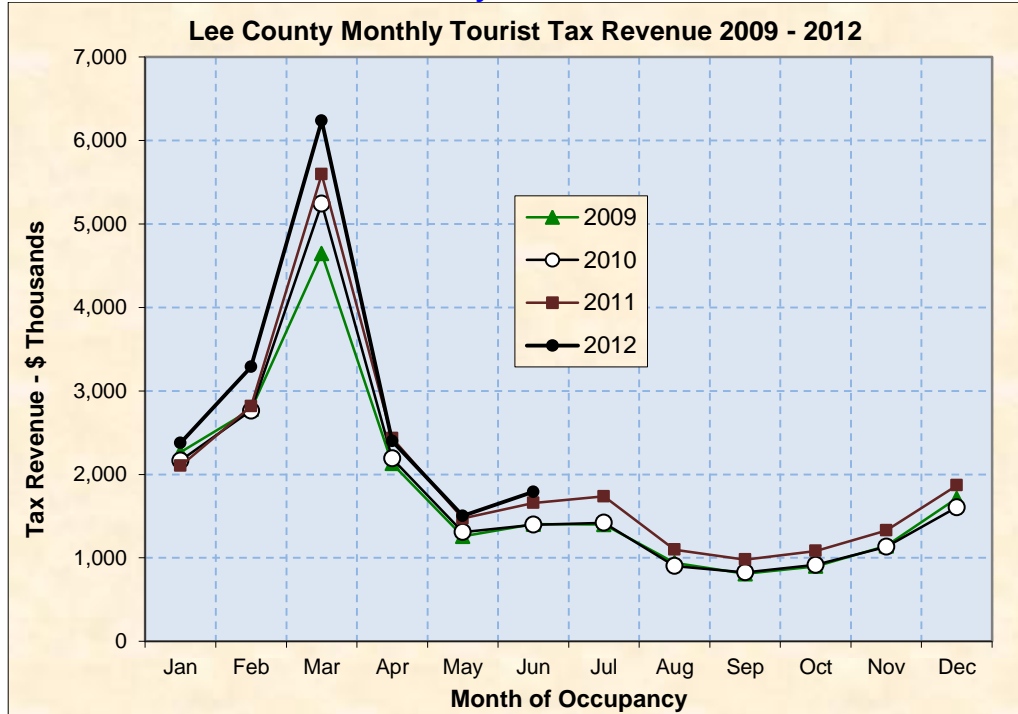


Source: Local Airport Authorities

Tourism Tax Revenues

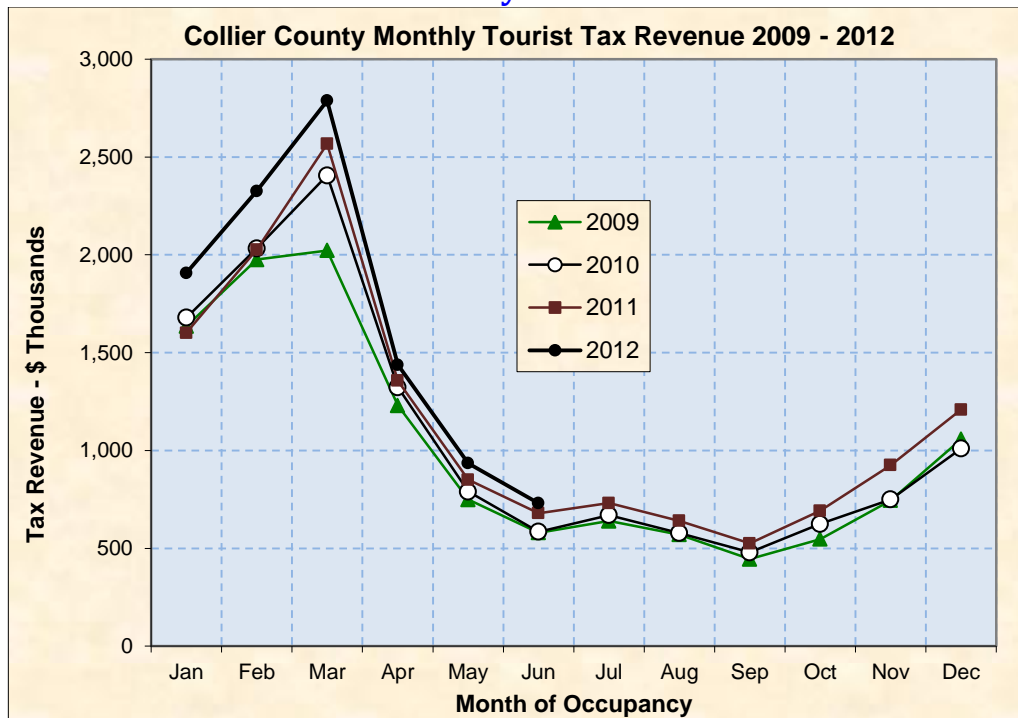
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. Tourism tax revenues for June continued to show growth over the same month last year. Lee County tourism tax revenues for June 2012 amounted to \$1,790,434, an increase of eight-percent from June 2011 and 19 percent above the May 2012 results. Collier County's June 2012 tourism tax revenues were \$730,332, a seven-percent increase over June 2011, albeit 22-percent below May 2012. Charlotte County's tourism tax revenues rose to \$98,321 in June 2012, a 22 percent increase over June 2011, and 24 percent higher than May 2012.

Chart 4: Lee County Tourism Tax Revenues



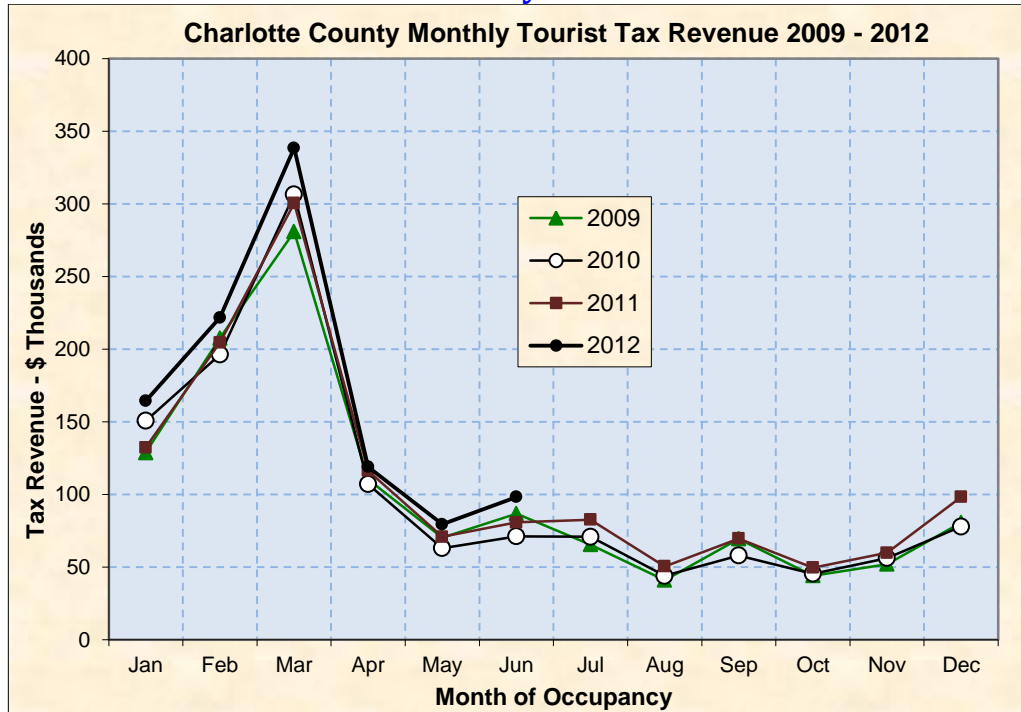
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

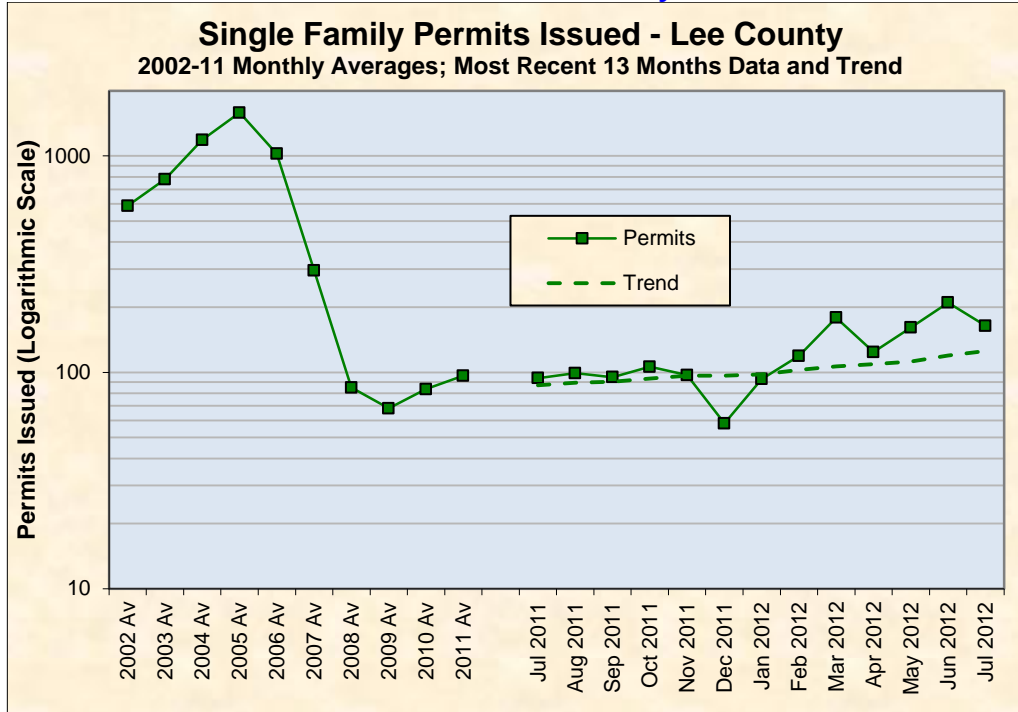


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

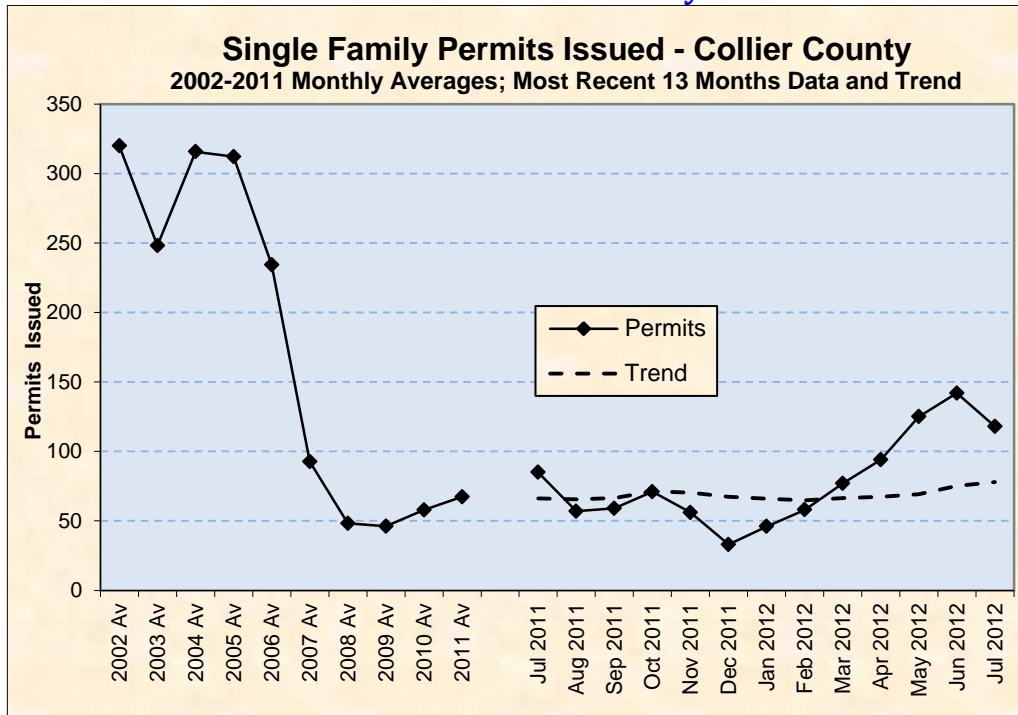
Single-family building permits for the three coastal county region in July 2012 increased by 56 percent from July 2011, although declining by 20 percent from the prior month of June 2012. A total of 302 single-family permits were issued by the region in July 2012, compared to the July 2011 figure of 193 and to 379 permits issued in June 2012. Lee County reported 164 single-family building permits issued in July 2012, an increase of 70 from July 2011, and a decrease from the June 2012 figure of 210, as shown in Chart 7 (which employs a logarithmic scale on its y-axis to more clearly portray long-term trends). Collier County issued 118 permits in July 2012, up from 85 in July 2011, but down from 142 in June 2012, as shown in Chart 8. Charlotte County permits increased to 20 in July 2012, up from 14 in July 2011, but below the 27 permits issued in June 2012, as shown in Chart 9. Data from Hendry County indicate that six single-family building permits have been issued between January–July 2012, compared with 16 permits in the first seven months of 2011.

Chart 7: Lee County



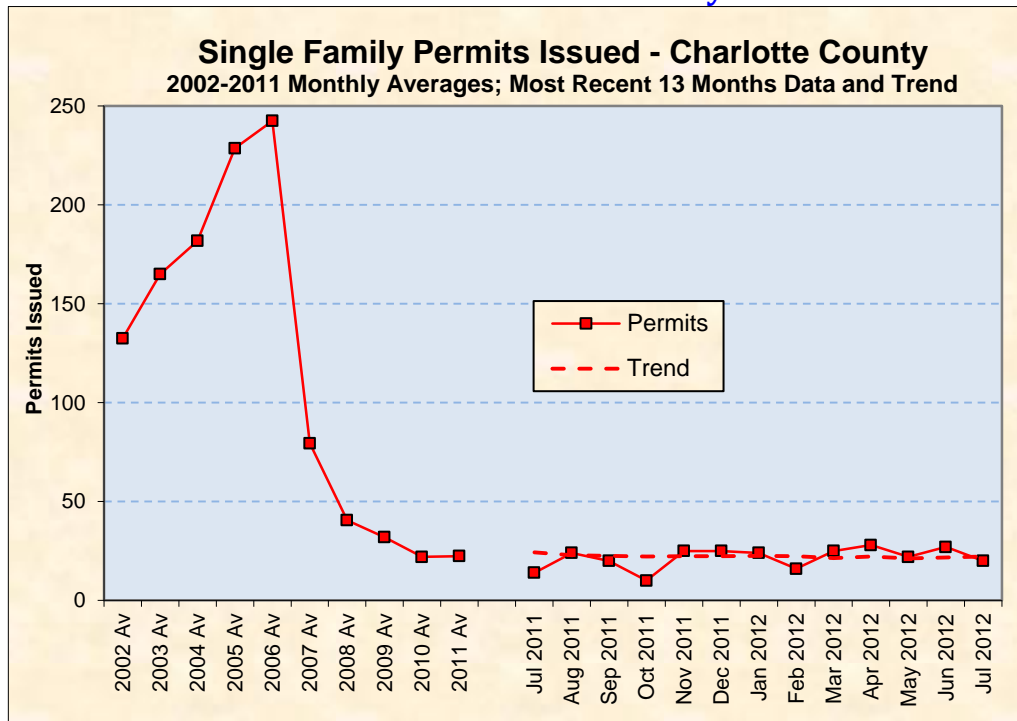
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

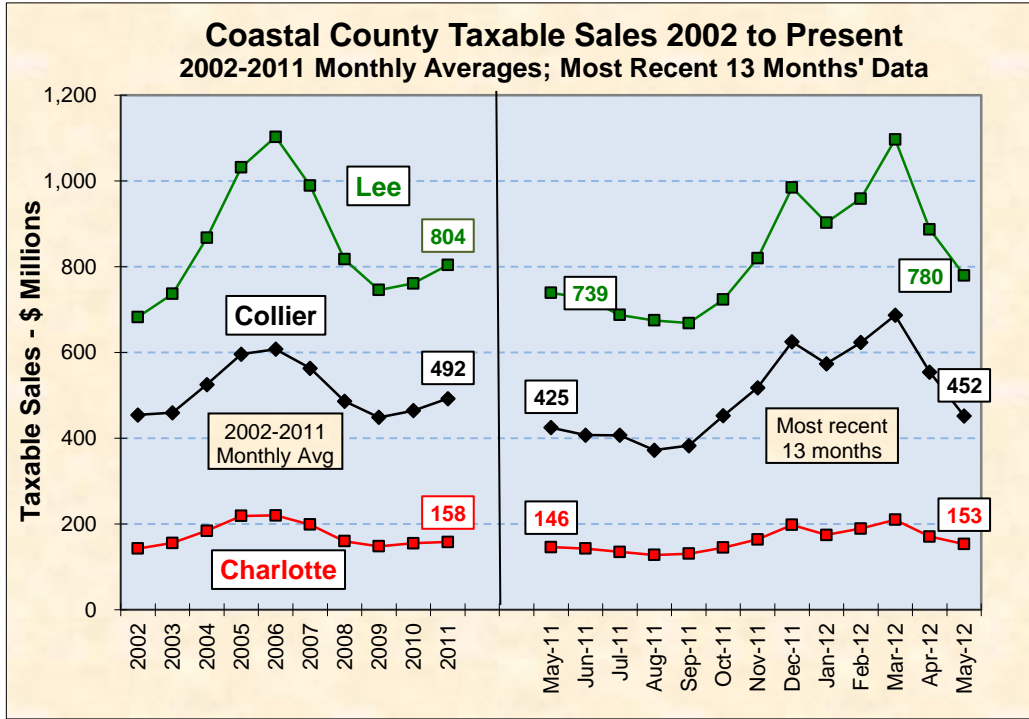
Taxable sales figures track consumer spending, an important component of the regional economy. The following charts show the latest month of merchants' collections (**May 2012**), rather than the reporting month issued by the Florida Department of Revenue.

All three coastal counties reported higher taxable sales again in May 2012 compared to May 2011, a total gain of \$74.3 million, or six percent. Coastal County taxable sales data are shown in Chart 10. Charlotte County's taxable sales of \$153.1 million in May 2012 showed a five-percent increase over May 2011. Lee County taxable sales were \$779.6 million in May 2012, a six-percent increase over May 2011, while Collier County's taxable sales of \$451.5 million in May 2012 represented a six-percent increase over May 2011.

Hendry County's taxable sales of \$24.3 million in May were up 13 percent over May 2011. Glades County reported May 2012 taxable sales of \$2.0 million, a one-percent increase from May 2011. Taxable sales for Hendry and Glades Counties are shown in Chart 11.

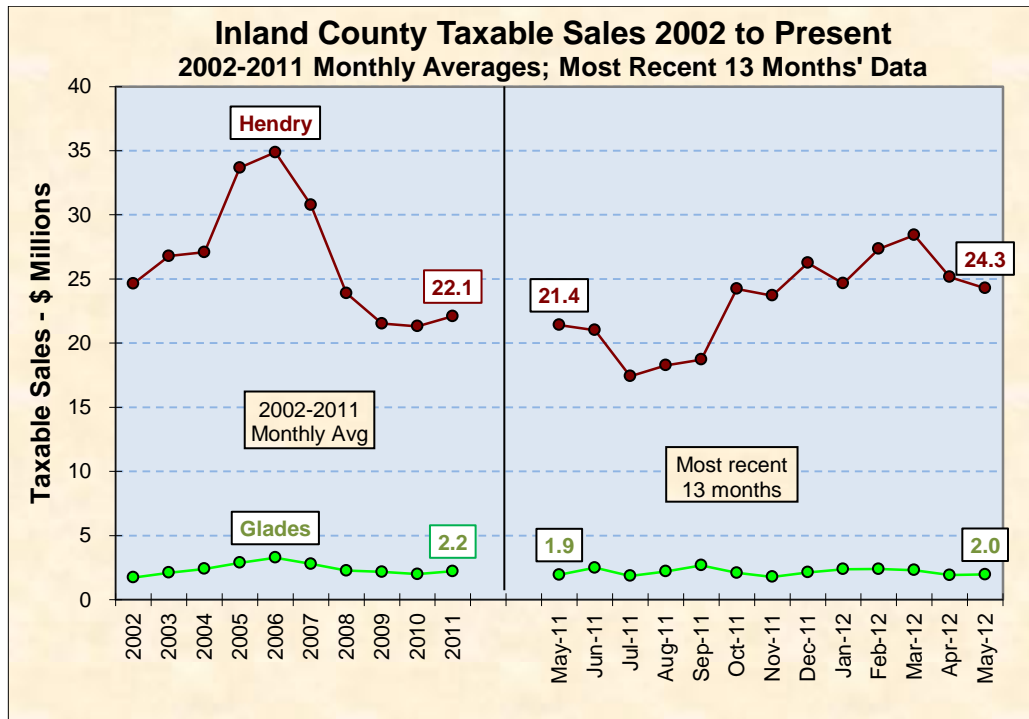
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. The percentage change in taxable sales was more positive in the three coastal counties, rebounding from the lower percentages recorded in the April comparisons. Lee County has shown positive year-over-year comparisons for twenty-three consecutive months; Collier County, for the last twenty-one months; and Charlotte County for the last eight months.

Chart 10: Taxable Sales for Coastal Counties



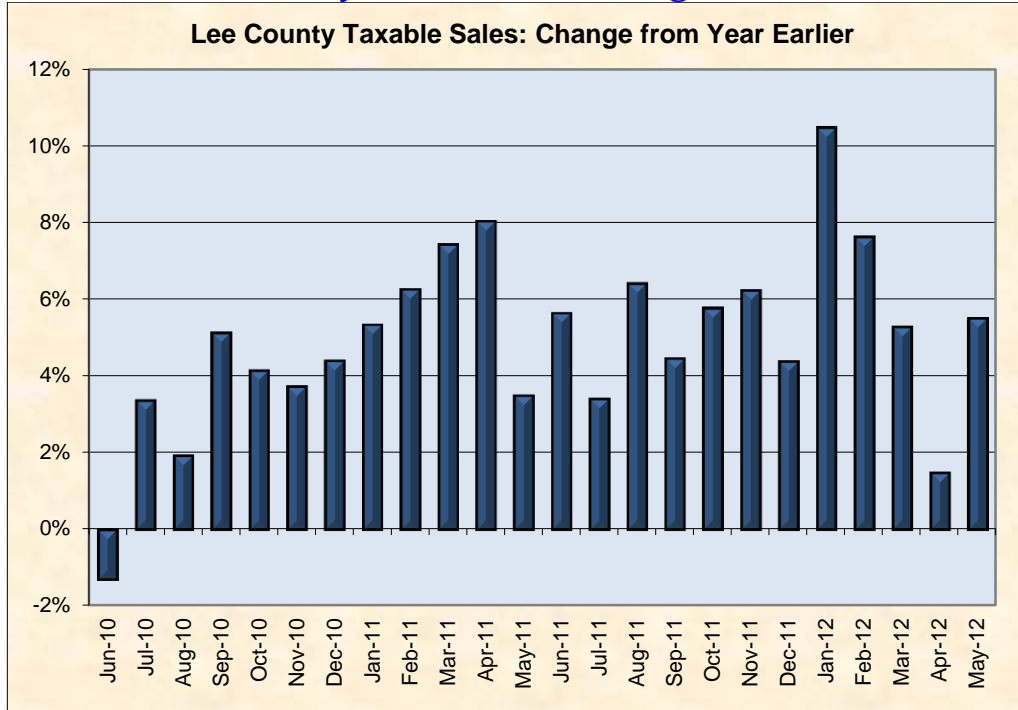
Source: Florida Department of Revenue, Office of Tax Research

Chart 11: Taxable Sales for Inland Counties



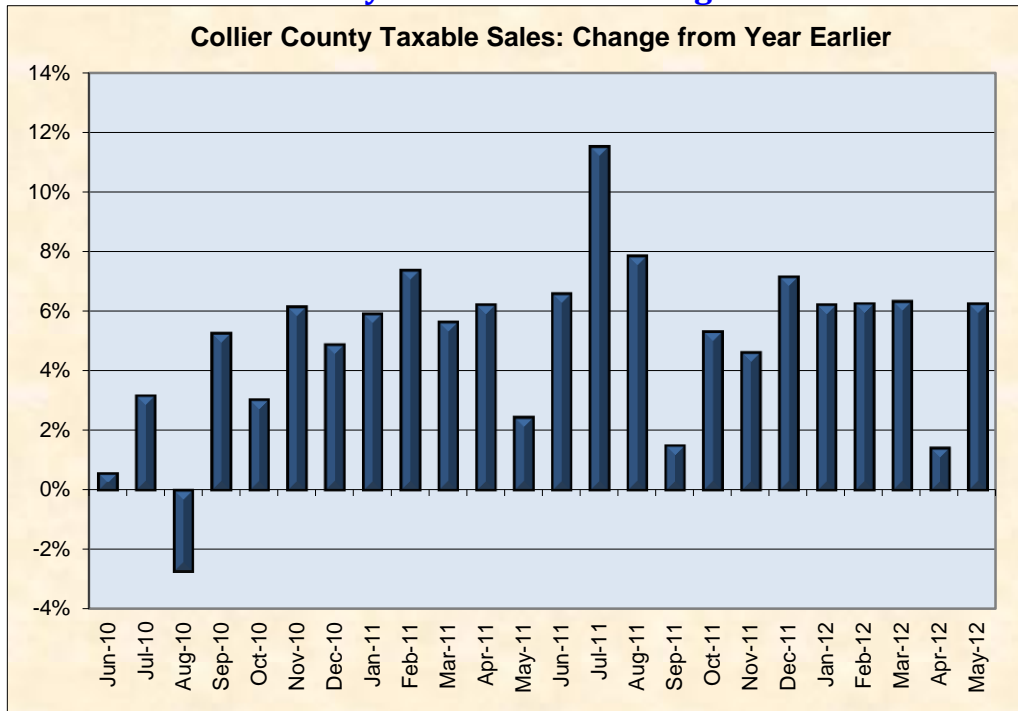
Source: Florida Department of Revenue, Office of Tax Research

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



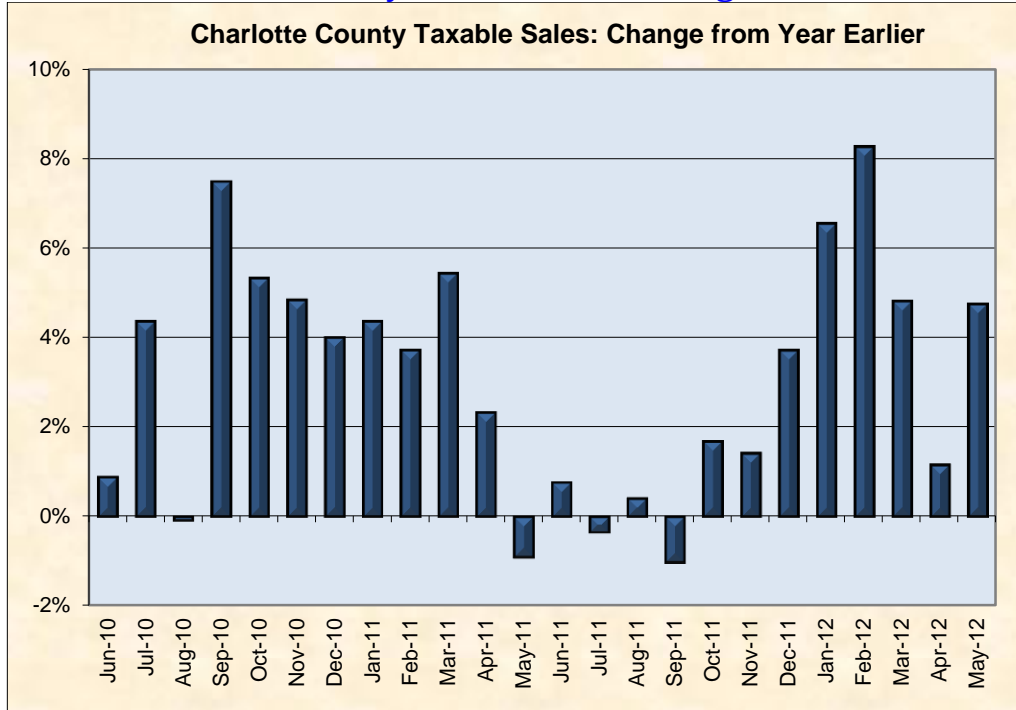
Source: Florida Department of Revenue, Office of Tax Research

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

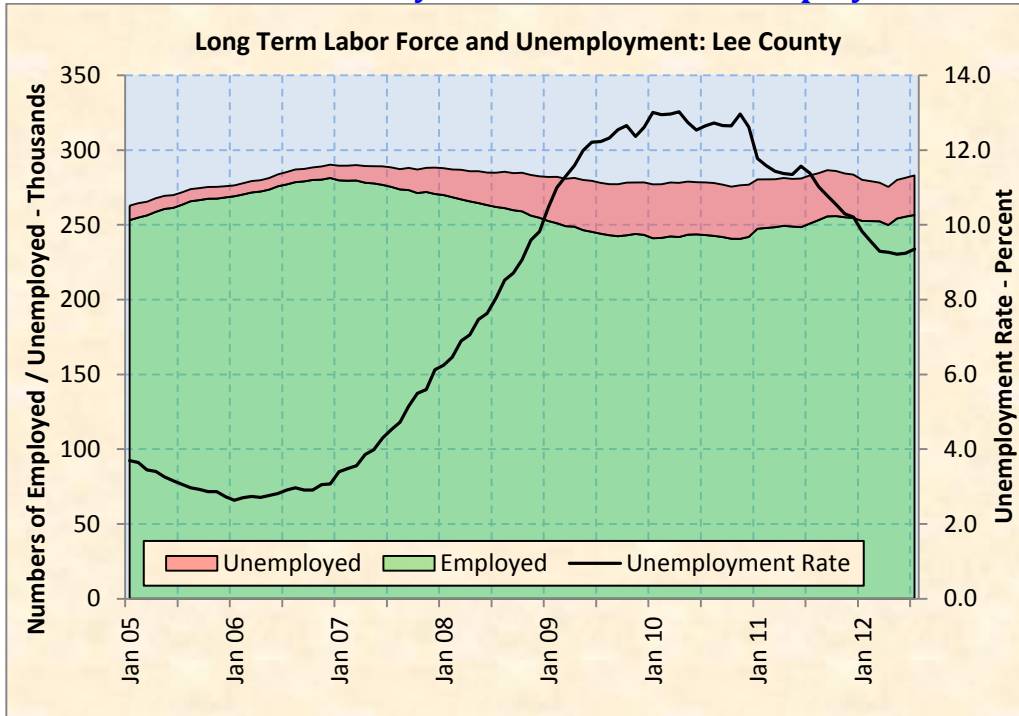
Workforce – Labor Force, Employment and Unemployment

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 July 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 July 2012 seasonally-adjusted unemployment rates in four out of five reporting counties were the same or higher than June 2012, with only Hendry County showing improvement. Lee County's seasonally-adjusted unemployment rate was 9.4 percent in July 2012, up from 9.2 percent in June 2012, but substantially below the 11.4 percent recorded in July 2011. Collier County's unemployment rate inched up to 8.7 percent from 8.6 percent in June 2012 but was 1.8 percentage points lower than July 2011. Charlotte County had a July 2012 unemployment rate of 9.1 percent, unchanged from June 2012, and 1.9 percentage points lower than the July 2011 figure. Hendry's unemployment rate declined to 13.0 percent in July, 0.9 percentage points below the June 2012 rate, and 2.5 percentage points lower than July 2011. The unemployment rate in Glades County was 9.8 percent in July 2012, an increase over the 9.6 percent rate recorded in June 2012, but down from 10.8 percent in July 2011. Total employment in the five reporting counties increased by 14,927 persons over July 2011, while the number of unemployed dropped by 9,677.

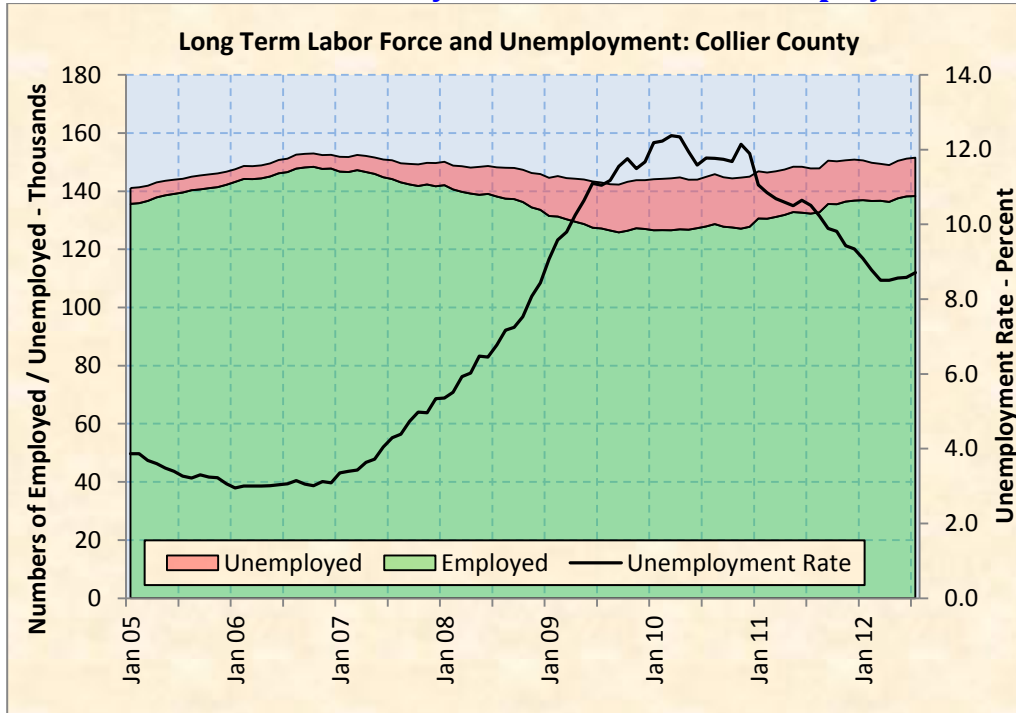
The pattern was similar for the State of Florida and for the United States. The seasonally-adjusted unemployment rate for the state of Florida increased from 8.6 percent in June to 8.8 percent in July, 2012, which was still a decrease from 10.6 percent in July 2011. The national unemployment rate was 8.3 percent in July 2012, up from 8.2 percent in June 2012 but down from the 9.1 percent figure of July 2011.

Chart 15: Lee County Labor Force and Unemployment



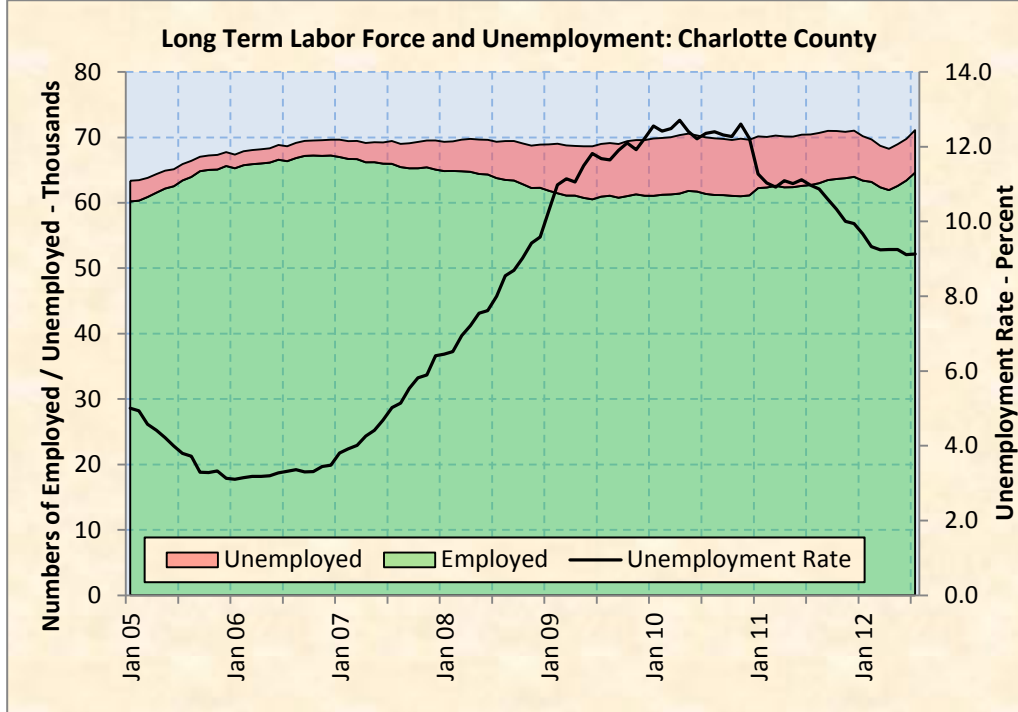
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 16: Collier County Labor Force and Unemployment



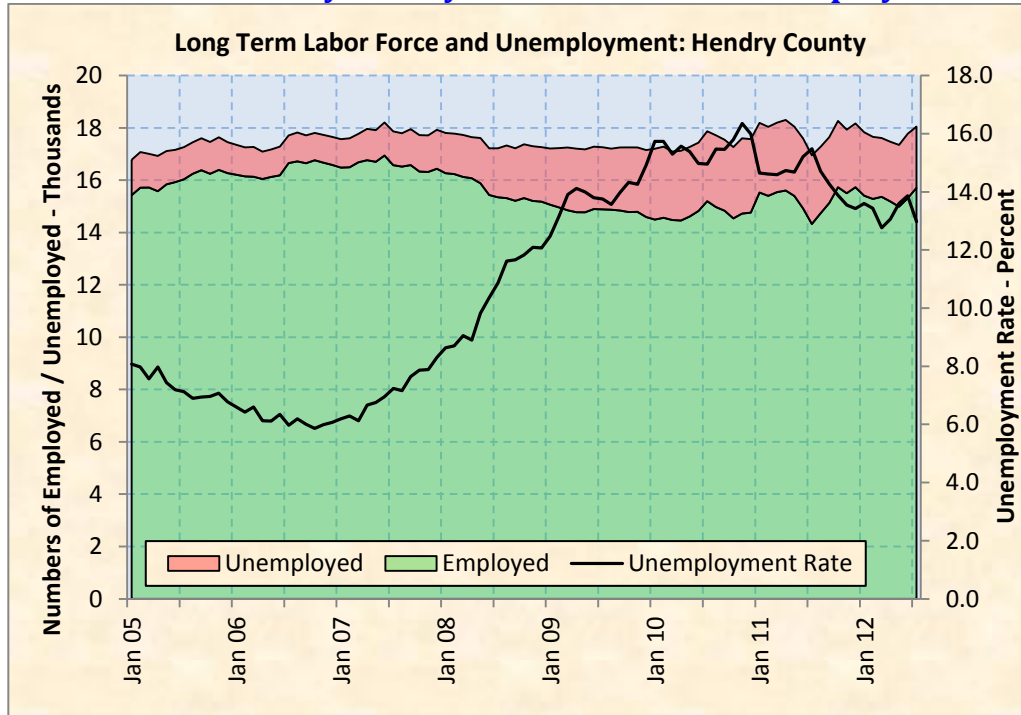
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 17: Charlotte County Labor Force and Unemployment



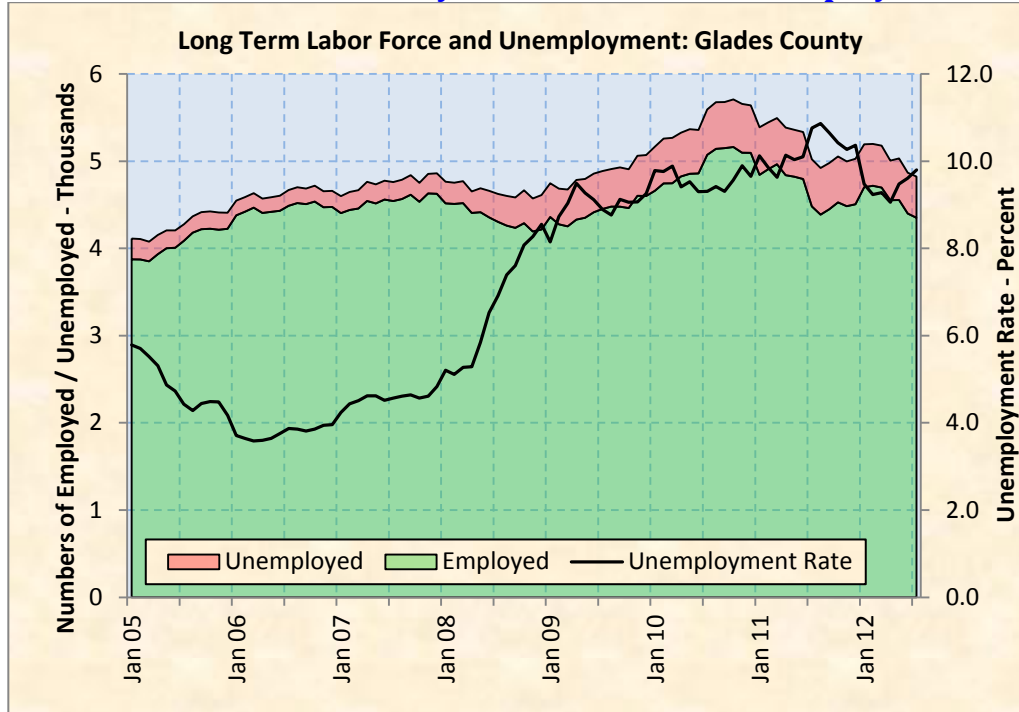
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 18: Hendry County Labor Force and Unemployment



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

Chart 19: Glades County Labor Force and Unemployment



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

Sales of Single-family Homes and Median Sales Prices

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.

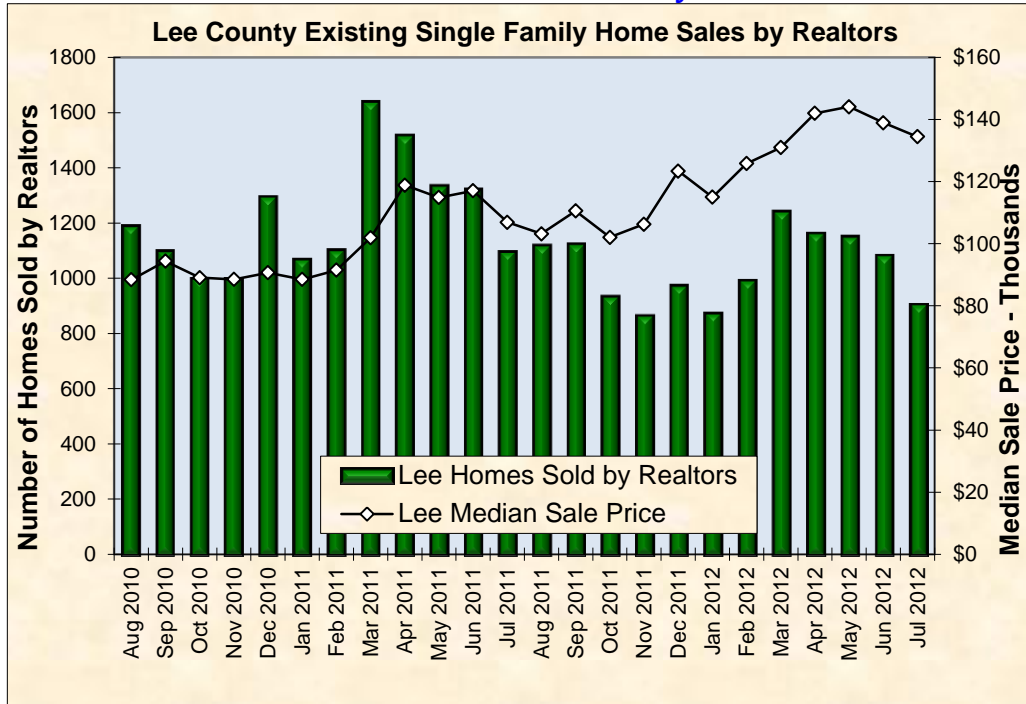
Combined sales of single-family homes in the coastal counties amounted to 1,542 units in July 2012, a decrease of 15 percent from the prior month, and seven percent below the July 2011 figure. Median single-family home prices in each of the three counties was down in July 2012, compared to the prior month of June.

There were 909 Realtor® sales in Lee County in July 2012 at a median price of \$134,500. Sales are down from 1,100 in July 2011, but the median price in July 2012 is substantially higher than the median price of \$106,900 in the same month last year. The June 2012 sales were 1,086 at a median price of \$139,000.

Collier County had 308 single-family home sales in July 2012, a decrease of 21 percent from June 2012 and down one percent from 311 in July 2011. The median price was \$243,000 in July 2012, compared to \$225,000 in July 2011 and \$253,000 in June 2012.

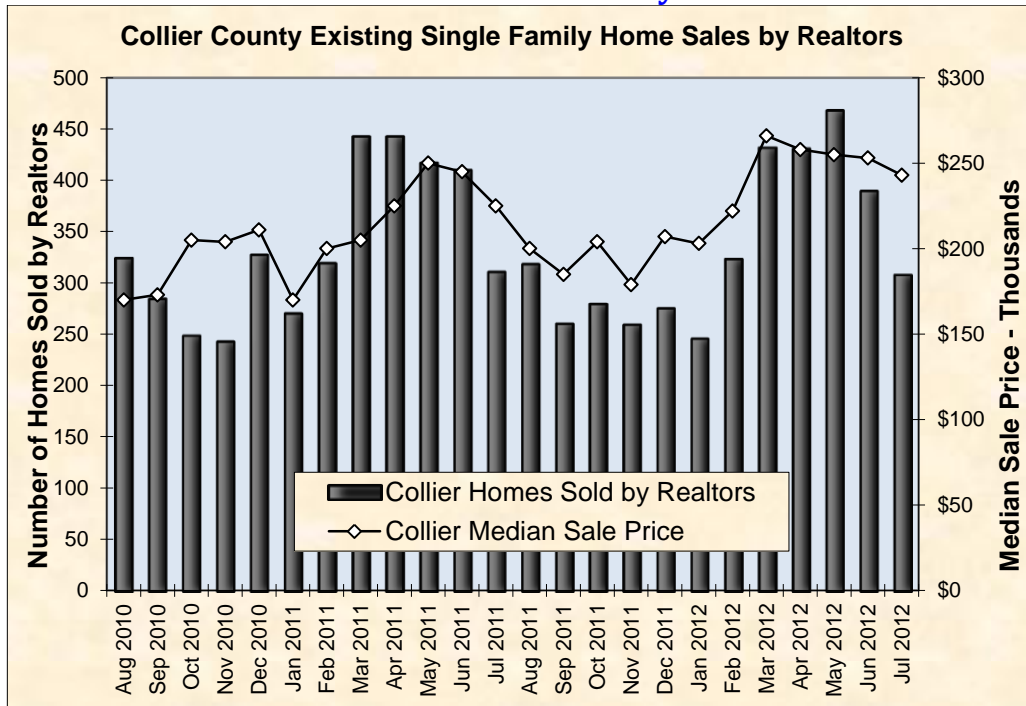
Charlotte County reported 325 single-family home sales in July 2012 at a median price of \$107,500. Sales are up 35 percent from 241 in July 2011 at a median price of \$107,900, but down five percent from 342 sales in June 2012 at a median price of \$115,000.

Chart 20: Lee County



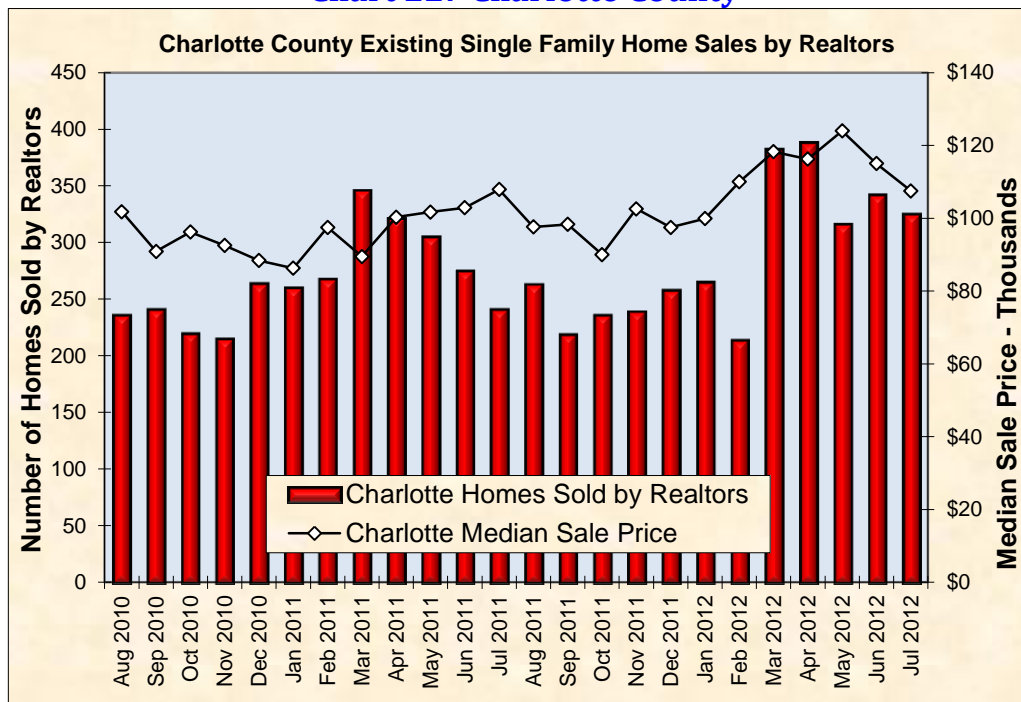
Source: Realtor Association of Greater Fort Myers and the Beach, Inc.

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>

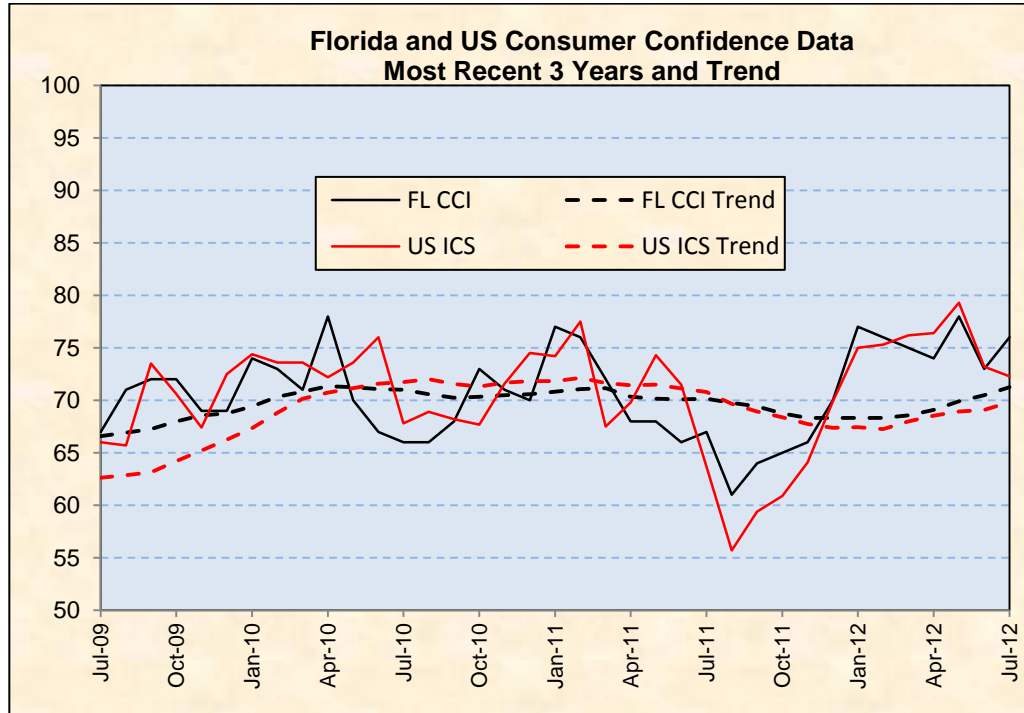
Consumer Confidence Index

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 (BEER) and for the United States Index of Consumer Sentiment (“ICS”) reported by Thomson Reuters/University of Michigan. The national ICS dipped to 72.3 in July, a 0.9 point decrease from June 2012, but 8.6 points above the index figure of 63.7 for July 2011. Their July 27 Surveys of Consumers report notes in part: “Consumer confidence slipped in July, with all of the... decline [attributable to] how consumers viewed future prospects for the national economy. The good news is that consumers do not expect the economic slowdown to prompt an economy-wide recession; the bad news is that consumers do not expect the pace of economic growth to revive job and income prospects. The greatest concern to consumers is that wage and job growth will remain depressed in the foreseeable future, and that these meager gains are likely to be diminished in the years ahead by rising taxes and benefit cutbacks.”

The Florida Consumer Confidence Index for July rose to 76, up three points from June, and nine points higher than July 2011. “In July consumers are feeling much better about their personal finances compared to June and really to their circumstances since the recession ended two and a half years ago,” said Chris McCarty, the Survey Director. “Some of this can be attributed to a more positive housing picture in some areas of the state where prices are actually rising rather than falling. While gas price declines have been a significant help for consumers over the past few months, they actually

increased in July. If gas prices continue to increase, consumers will adjust their views on their personal finances in next month's report. The stock market, though volatile, is up close to four percent over the previous month. These factors combined have led to a more positive perception of personal finances."

Chart 23: Consumer Confidence Index

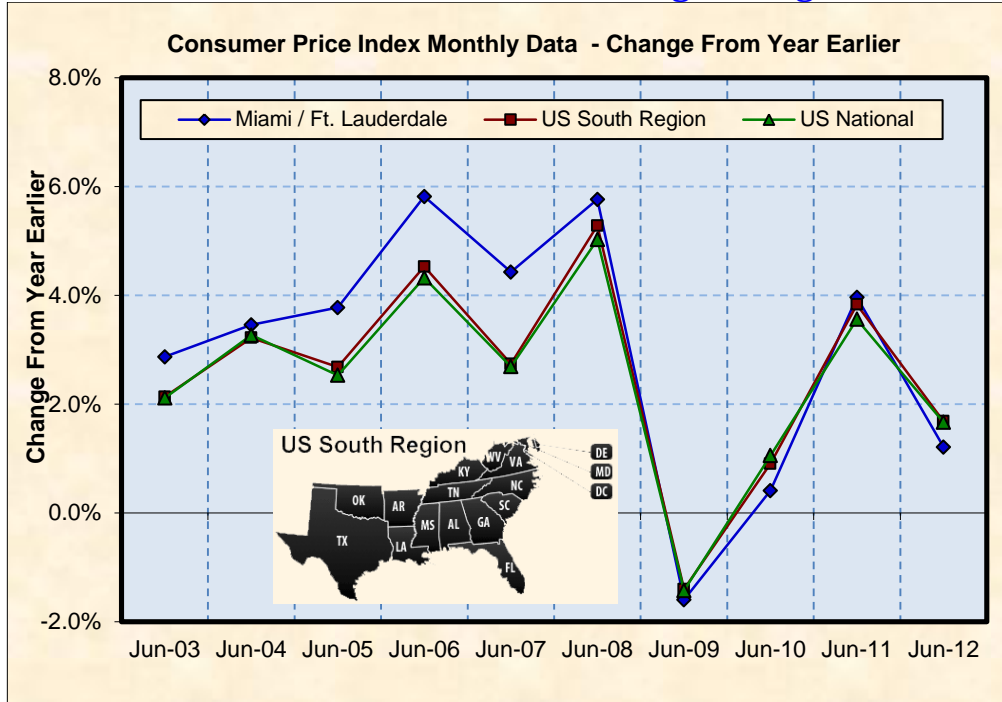


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

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 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.

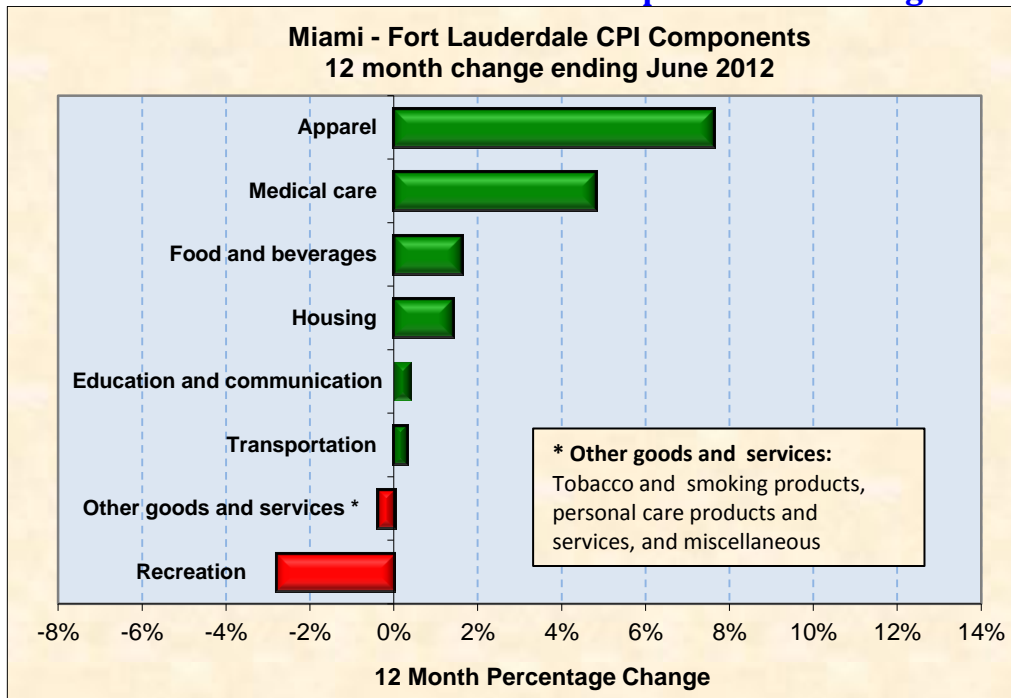
Chart 24: CPI Annual Percentage Change



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



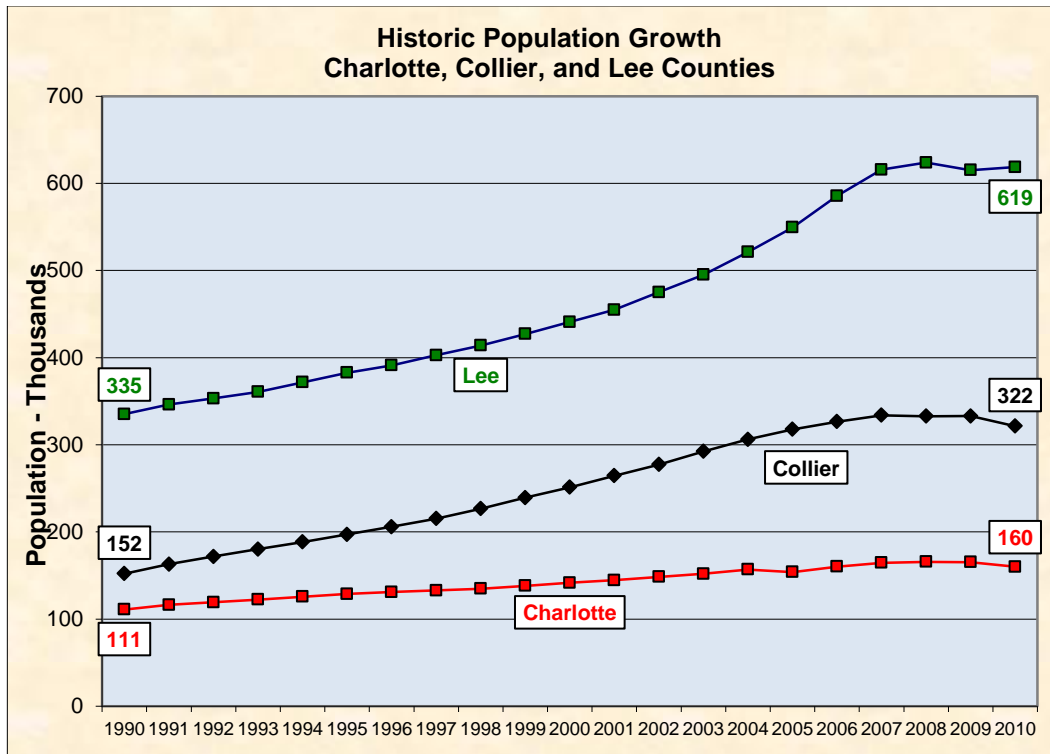
Source: BLS

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.

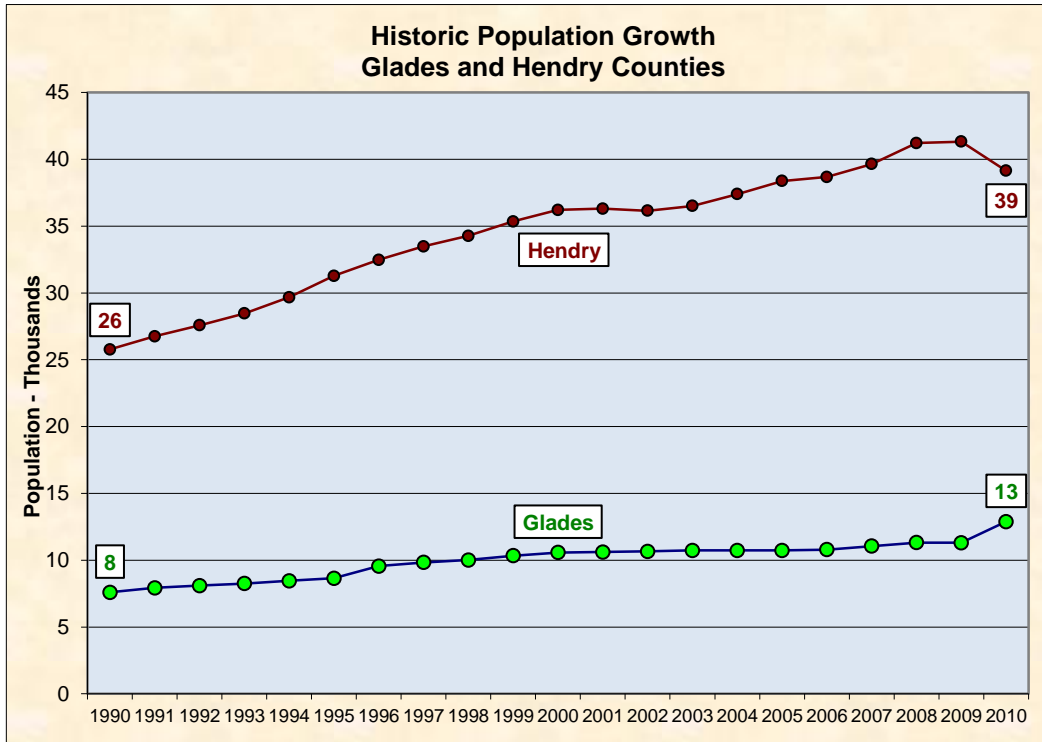
Chart 28 and its accompanying table show projected population increases from 2015 to 2040. These projections have been lowered slightly from those previously reported. However, the overall rate of regional growth still averages 1.6 percent per year for this period, resulting in a 30-year increase of 59 percent for the five-county region from 2010 to 20140.

Chart 26: Coastal Counties Growth 1990 to 2010



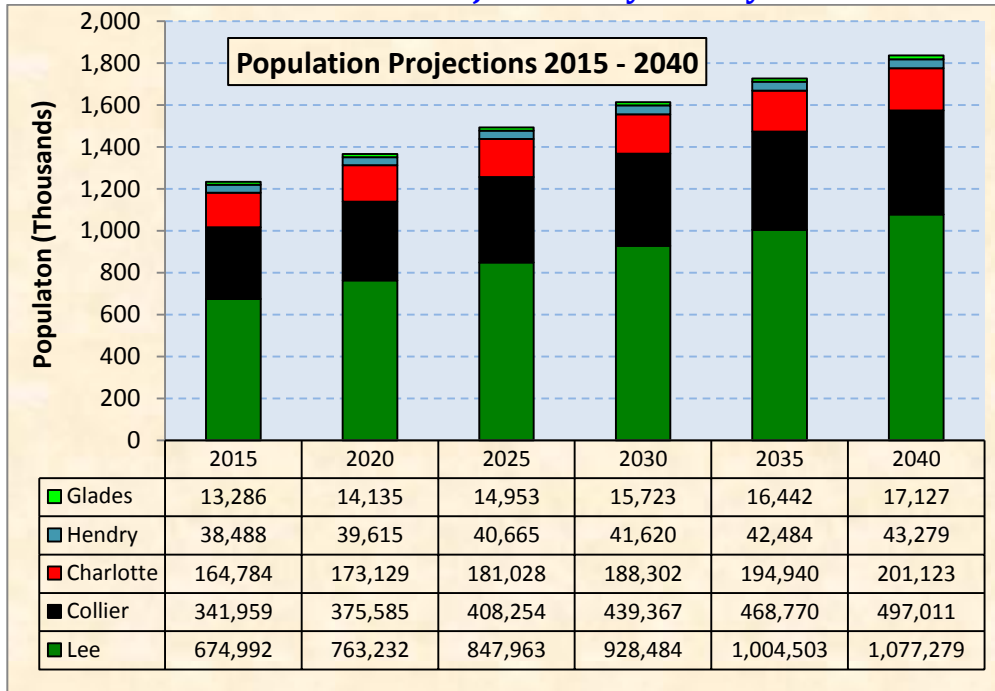
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

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 March 2012.