

# Southwest Florida Regional Economic Indicators

## September 2012



Regional Economic Research Institute

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

Southwest Florida taxable sales increased by four percent from June 2011 to June 2012, slightly below the rate of growth observed between May 2011 and May 2012. Southwest Florida International Airport passenger traffic increased from July 2011 to July 2012 by two percent. Lee County and Collier Counties issued 220 single-family home permits in August, up from 156 last August. The median price of existing single-family homes increased in August 2012 from August 2011 by 28 percent in Lee, 10 percent in Collier, and 18 percent in Charlotte County. This reflects more traditional sales, compared to distress sales. Southwest Florida tourism tax revenues for July were mixed. Lee County tourism tax revenues were down two percent, compared to a year ago, but Collier County's tourism taxes increased up by seven percent.

August 2012 seasonally-adjusted unemployment rates have decreased from last month, as well as from the prior August. Lee County dropped from 9.4 percent in July 2012 to 9.0 percent in August 2012. Collier County's unemployment rate declined to 8.5 percent in August 2012 from 8.8 percent in July 2012. Charlotte County's August unemployment rate decreased to 8.9 percent from 9.2 percent in July 2012. Both Hendry and Glades County showed improvement as well.

The national economy's growth rate (real GDP) was revised downward to 1.3 percent for the second quarter. In the first quarter, economic growth was 2.0 percent. 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 down from 8.3 percent in July 2012 to 8.1 percent in August 2012. The number of long-term unemployed (those jobless for 27 weeks or longer) is 5.0 million or 40.0 percent of all unemployed.

The August Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by 96,000, a smaller increase than the July's 141,000. The August increases included 34,000 in leisure and hospitality, 28,000 in professional and business services, 21,700 in education and health services, 7,900 in wholesale trade, 6,100 in retail trade, 5,700 in transportation and warehousing, 3,000 in information (media) and 1,000 in construction. In contrast, employment fell by 15,000 in manufacturing, 7,000 in federal, state and local government, and 4,000 in other services.

The national consumer price index for August 2012 increased by only 1.7 percent over August 2011, primarily driven by increases of 4.2 percent in medical care service costs, 2.1 percent increase in shelter costs, and 2.0 percent increase in food costs. Core inflation (All items less food and energy) increased by 1.9 percent.

The Federal Reserve Open Market Committee agreed to increase policy accommodation, QE3, by purchasing additional agency mortgage-backed securities and put downward pressure on longer-term interest rates in support of mortgage markets. The latest statement of the Federal Reserve Open Market Committee (FOMC) was issued on September 13<sup>th</sup> and is summarized below:

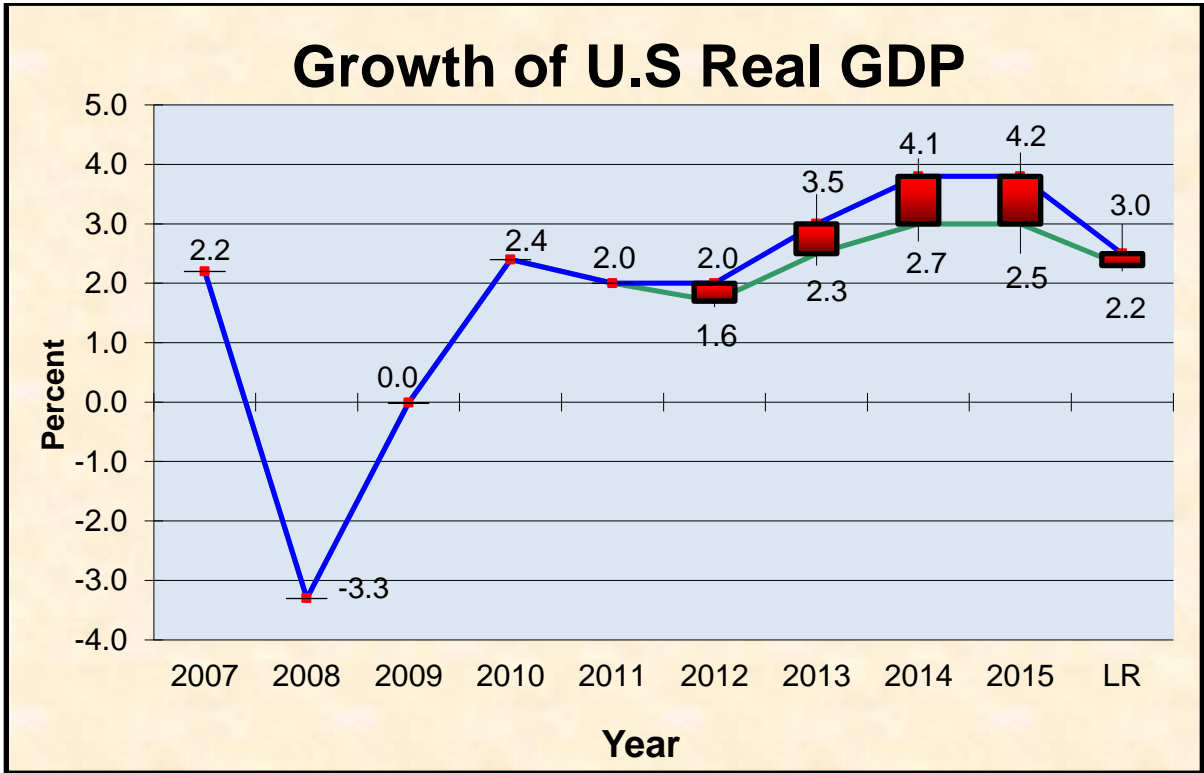
- Economic activity has continued to expand at a moderate pace in recent months;
- Growth in employment has been slow, and the unemployment rate remains elevated;
- Household spending has continued to advance, but growth in business fixed investment appears to have slowed;
- The housing sector has shown some further signs of improvement, albeit from a depressed level;
- Inflation has been subdued, although the prices of some key commodities have increased recently. Longer-term inflation expectations have remained stable;
- The Committee is concerned that, without further policy accommodation, economic growth might not be strong enough to generate sustained improvement in labor market conditions. Furthermore, strains in global financial markets continue to pose significant downside risks to the economic outlook;
- The Committee anticipates that inflation over the medium term likely would run at or below its 2 percent objective;
- To support a stronger economic recovery, the Committee agreed to increase policy accommodation by purchasing additional agency mortgage-backed securities at a pace of \$40 billion per month;
- The Committee will also 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;
- These actions, which together will increase the Committee's holdings of longer-term securities by about \$85 billion each month through the end of the year, are expected to put downward pressure on longer-term interest rates;
- If the outlook for the labor market does not improve substantially, the Committee will continue its purchases of mortgage-backed securities, undertake additional asset purchases, and employ its other policy tools as appropriate until such improvement is achieved in a context of price stability;
- The Committee expects to maintain a highly accommodative stance for monetary policy for a considerable time after the economic recovery strengthens. In particular, the Committee decided to keep the target range for the federal funds rate at 0 to ¼ percent, and currently anticipates that exceptionally low levels for the federal funds rate are likely to be warranted at least through mid-2015.

The next meeting of the FOMC is scheduled for October 23<sup>rd</sup> – 24<sup>th</sup>.

As reported last month, the FOMC released its latest forecast on September 13, 2012, which is shown on the following page 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.

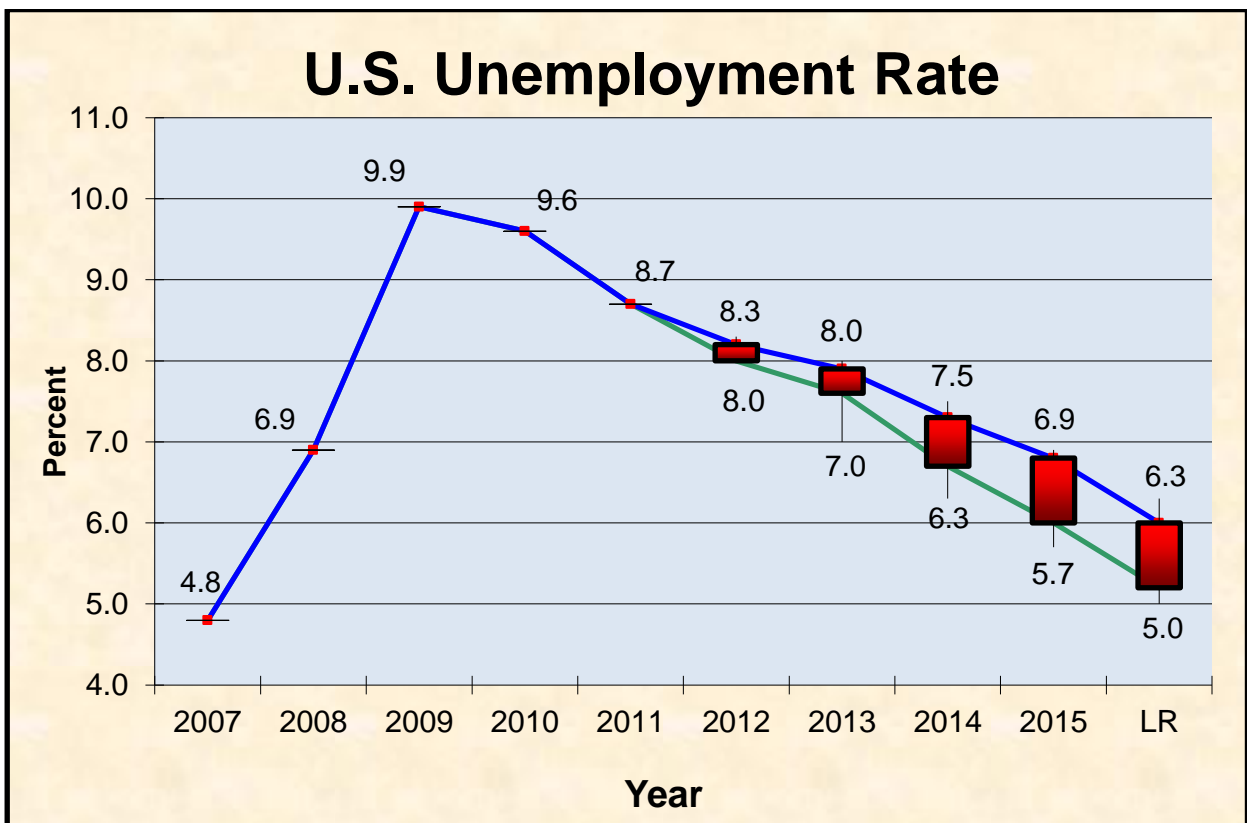
The chart shows that recovery started in 2009, but it is expected to be several years before the economy returns to a more normal long-run trend ("LR"). Real GDP growth projections for 2012, 2013, and 2014 show a recovery but there remains considerable uncertainty as to how strong the recovery will be, as shown by the wide range of forecasts. For 2012, the overall projected range is 1.6 to 2.0 percent with a central tendency (red bar) range of 1.7 to 2.0 percent growth. For 2013, the overall

projected range is 2.3 to 3.5 percent with a central tendency range of 2.5 to 3.0 percent growth. For 2014, the overall projected range is 2.7 to 4.1 percent with a central tendency range of 3.0 to 3.8 percent growth. For 2015, the overall projected range is 2.5 to 4.2 percent with a central tendency range of 3.0 to 3.8 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, September 13, 2012.

As shown in the chart on the next page, the 2012 national unemployment rate is expected to be lower than in 2011, but remain historically high, in a range of 8.0 to 8.3 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 8.0 percent with a central tendency range of 7.6 to 7.9 percent. For 2014, the overall projected range for the national unemployment rate is 6.3 to 7.5 percent with a central tendency range of 6.7 to 7.3 percent. For 2015, the overall projected range for the national unemployment rate is 5.7 to 6.9 percent with a central tendency range of 6.0 to 6.8 percent. Long-run unemployment is expected to be in a range of 5.0 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, September 13, 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

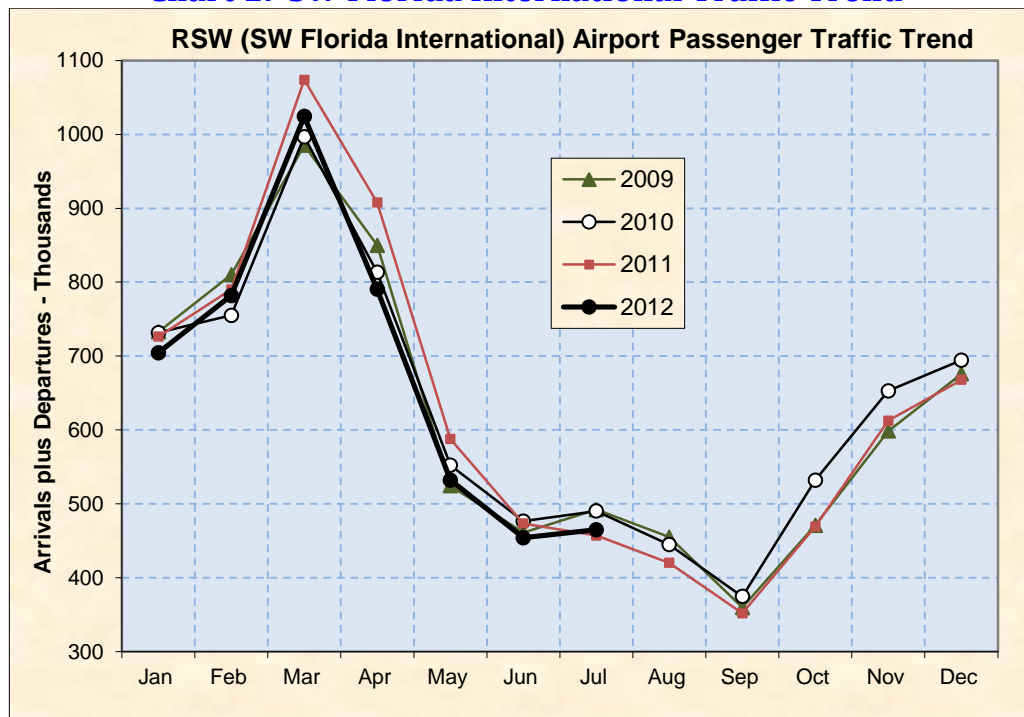
Airport passenger activity is defined as the sum of arrivals and departures for each of Southwest Florida International (RSW), Sarasota Bradenton International (SRQ), and Punta Gorda (PGD) airports. Peak seasonal activity occurs in February, March, and April, with significantly lower activity in the 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 rose to 579,735 in July 2012, up 3.3 percent from July 2011 and 3.5 percent from June 2012.

Chart 1 shows SW Florida International passenger activity of 464,896 in July 2012, two percent higher than July 2011. Sarasota Bradenton passenger activity was 96,187 in July 2012, a ten-percent increase over July 2011, as shown in Chart 2.

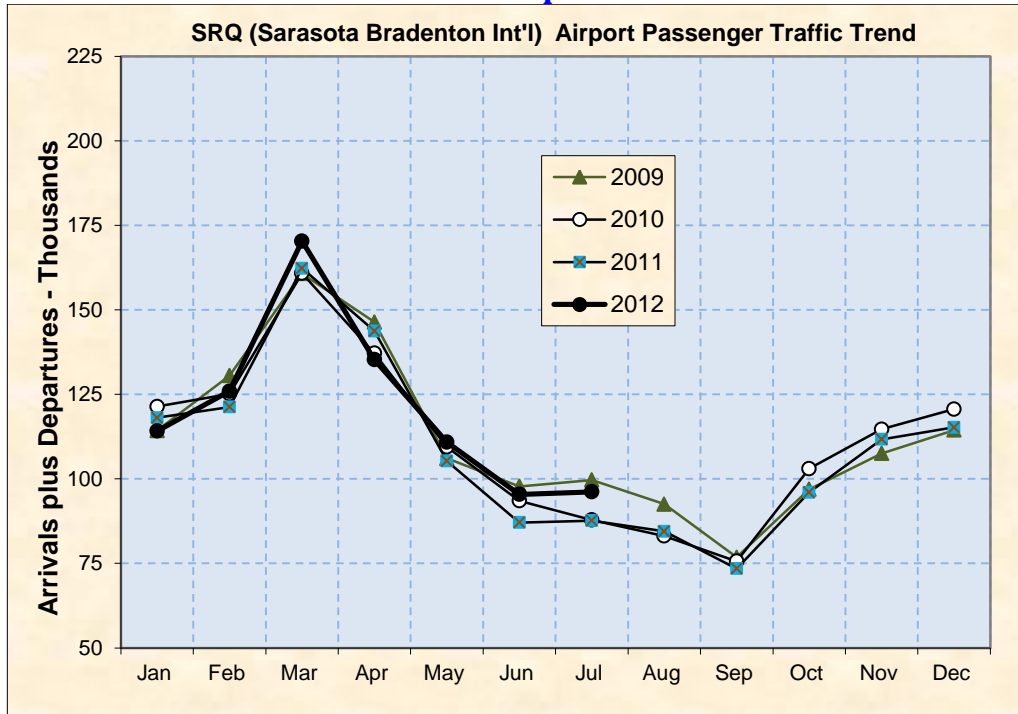
Punta Gorda's July 2012 passenger activity of 18,652 indicates a rebound of activity, in spite of the discontinuation of service by Direct Air in March 2012. Passenger traffic increased 14 percent over the July 2011 figure, and by 80 percent over June 2012, as shown in Chart 3.

**Chart 1: SW Florida International Traffic Trend**



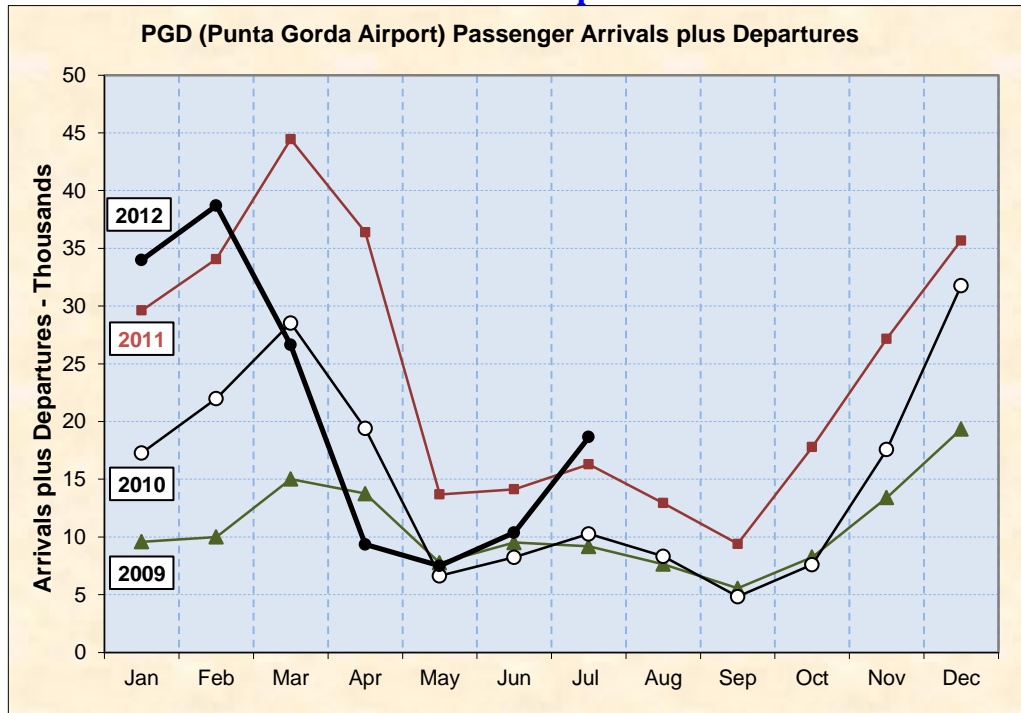
Source: Local Airport Authorities

**Chart 2: Sarasota Airport Traffic Trend**



Source: Local Airport Authorities

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



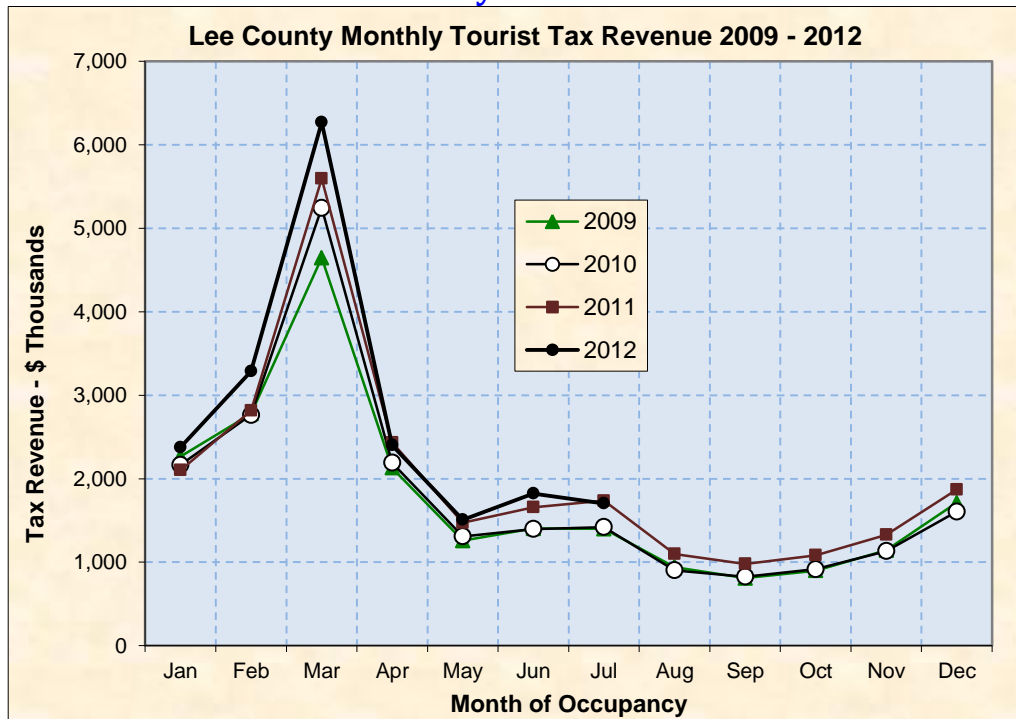
Source: Local Airport Authorities



## Tourism Tax Revenues

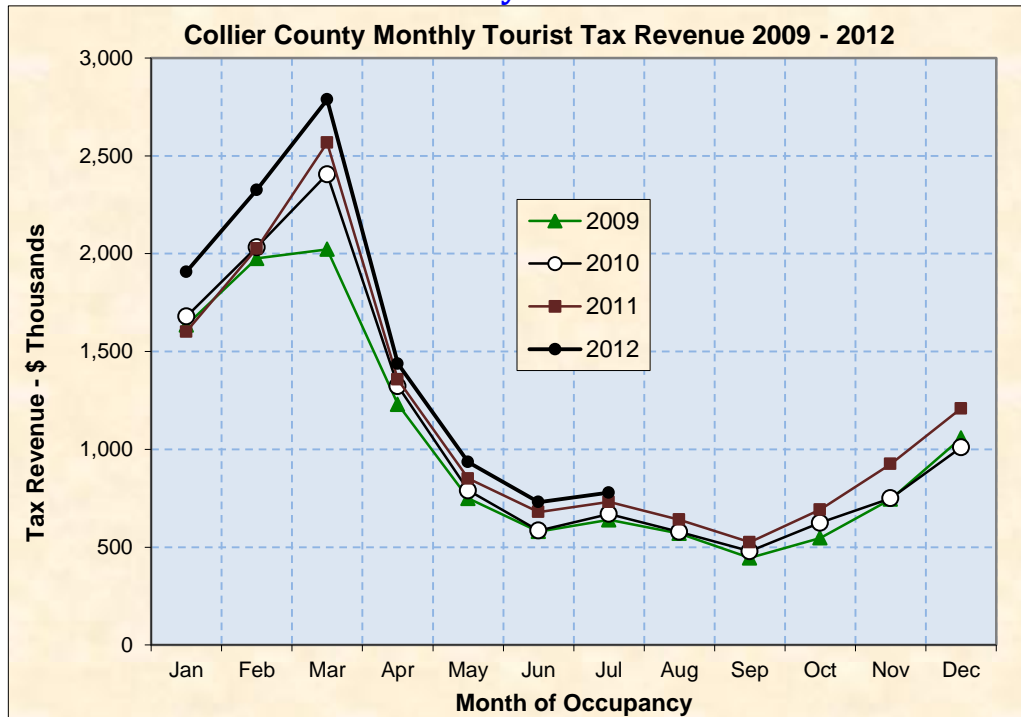
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. Lee County tourism tax revenues for July 2012 amounted to \$1,704,398, a decrease of two percent from July 2011 and six percent below the restated June 2012 results. Collier County's July 2012 tourism tax revenues were \$778,252, a seven-percent increase over both July 2011 and June 2012. Charlotte County's tourism tax revenues for July 2012 were not available at the time of publication; Chart 6 shows Charlotte County results through June 2012.

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



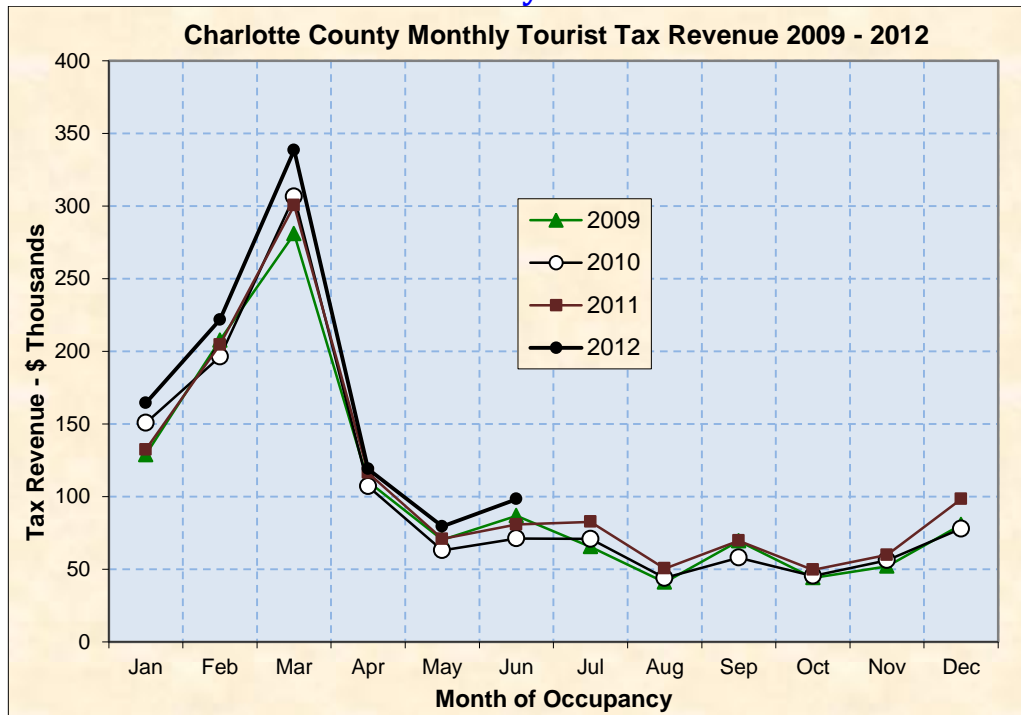
Source: Local County Tourism, Tax, and Economic Development Reports

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



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

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

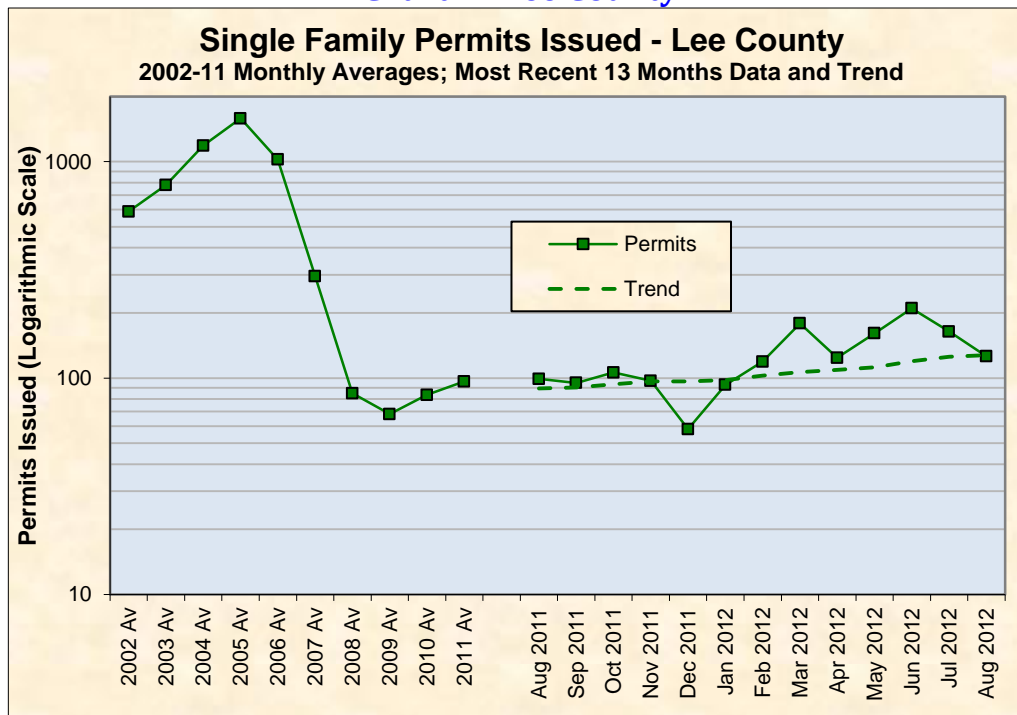


Source: Local County Tourism, Tax, and Economic Development Reports

## Single-Family Building Permits

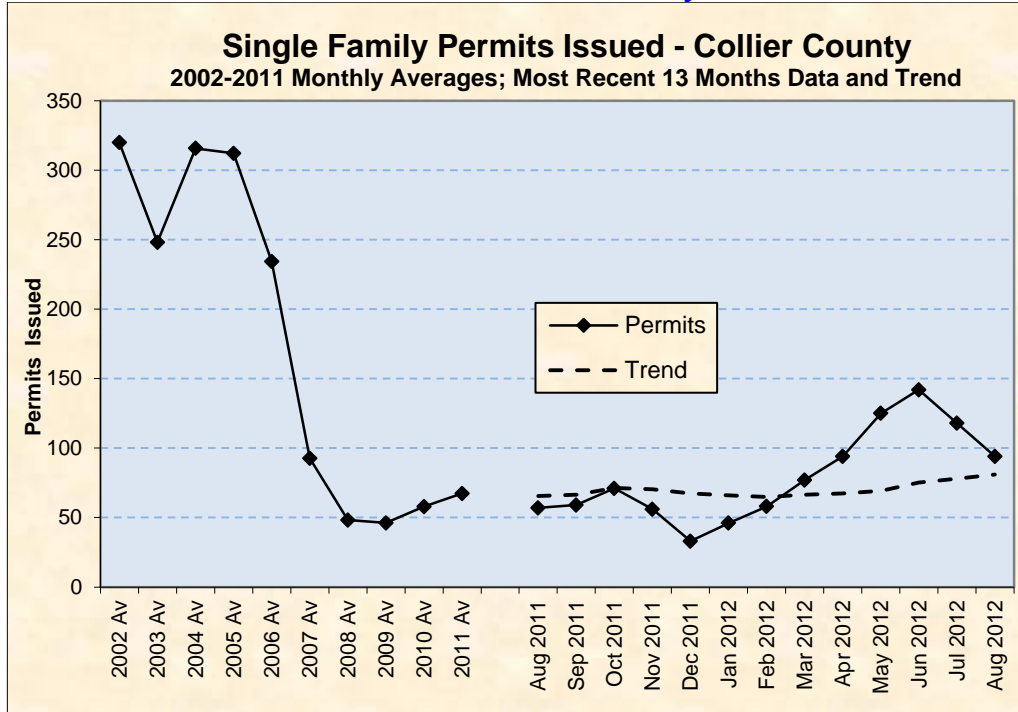
Total single-family building permits for the three coastal county region increased by 36 percent in August 2012 from August 2011, although declining by 19 percent from the prior month of July 2012. A total of 244 single-family permits were issued in the region in August 2012, compared to the August 2011 figure of 180 and to 302 permits issued in July 2012. Lee County reported 126 single-family building permits issued in August 2012, an increase of 27 from August 2011, and a decrease of 38 from the July 2012 figure of 164, 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 August 2012, up from 57 in August 2011, but down from 118 in July 2012, as shown in Chart 8. Collier’s 12-month trend continues to show moderate improvement. Charlotte County permits amounted to 24 in August 2012, equal to the number in August 2011, and up slightly from the 20 reported in July 2012, as shown in Chart 9. Data from Hendry County indicate that seven single-family building permits have been issued between January–August 2012, compared with 18 permits in the first eight months of 2011.

**Chart 7: Lee County**



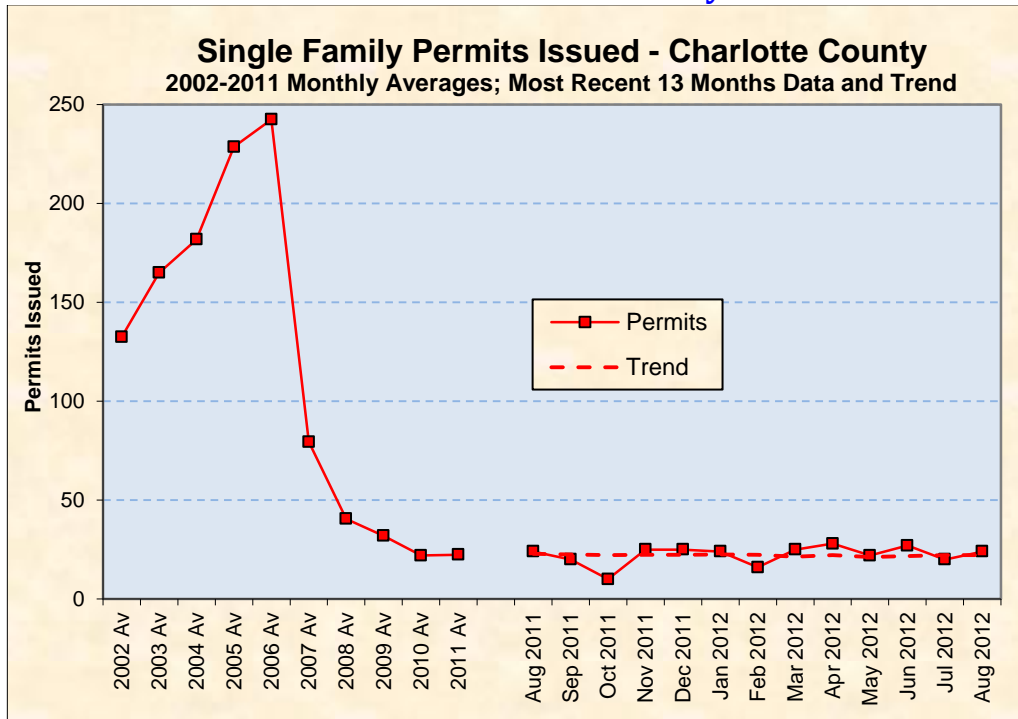
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

**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

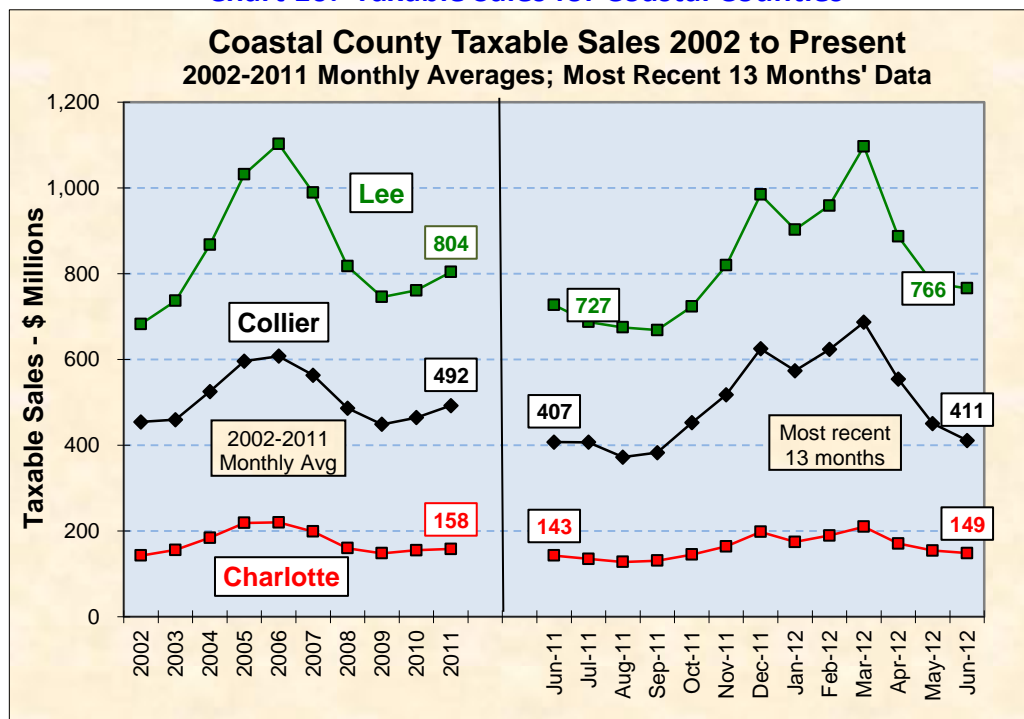
Taxable sales figures track consumer spending, an important component of the regional economy. The following charts show the latest month of merchants' collections (June 2012), rather than the reporting month issued by the Florida Department of Revenue.

All three coastal counties reported higher taxable sales again in June 2012 compared to June 2011, a total gain of \$49.6 million, or 3.8 percent. Coastal County taxable sales data are shown in Chart 10. Charlotte County's taxable sales of \$148.5 million in June 2012 showed a four-percent increase over June 2011. Lee County taxable sales were \$765.7 million in June 2012, a five-percent increase over June 2011, while Collier County's taxable sales of \$411.1 million in June 2012 represented a one-percent increase over June 2011.

Hendry County's taxable sales of \$22.8 million in June were up nine percent over June 2011. Glades County reported June 2012 taxable sales of \$2.1 million, an 18-percent decrease from June 2011. Taxable sales for Hendry and Glades Counties are shown in Chart 11.

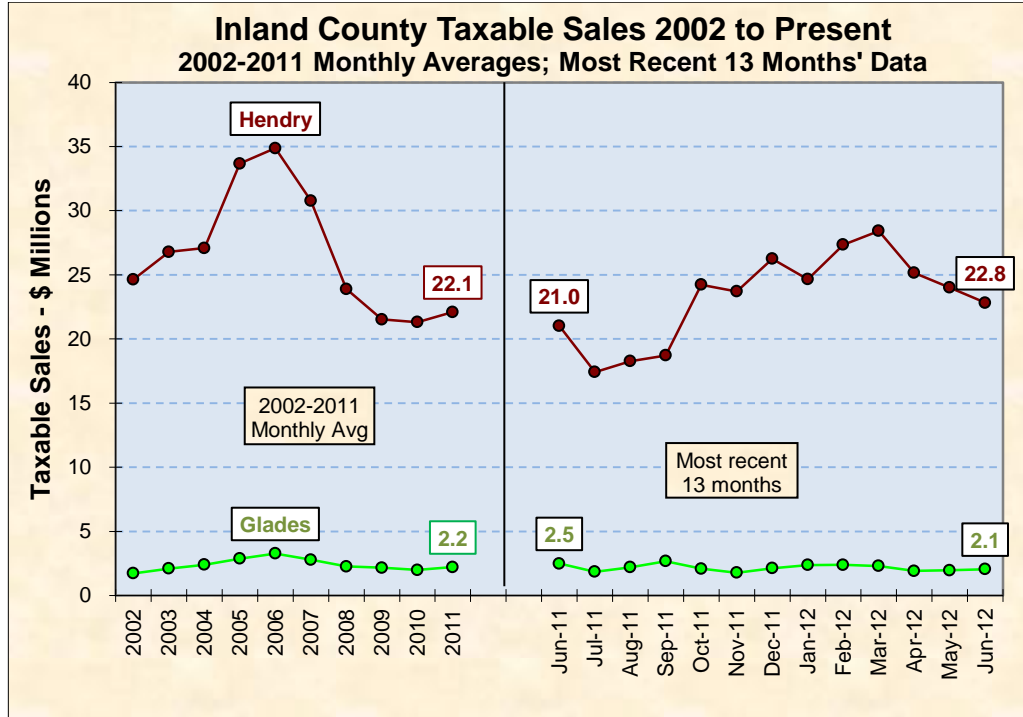
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. The percentage change in taxable sales continued to be positive for each of the coastal counties, as well as Hendry. Lee County has now shown positive year-over-year comparisons for twenty-four consecutive months; Collier County, for the last twenty-two months; and Charlotte County, for the last nine months.

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



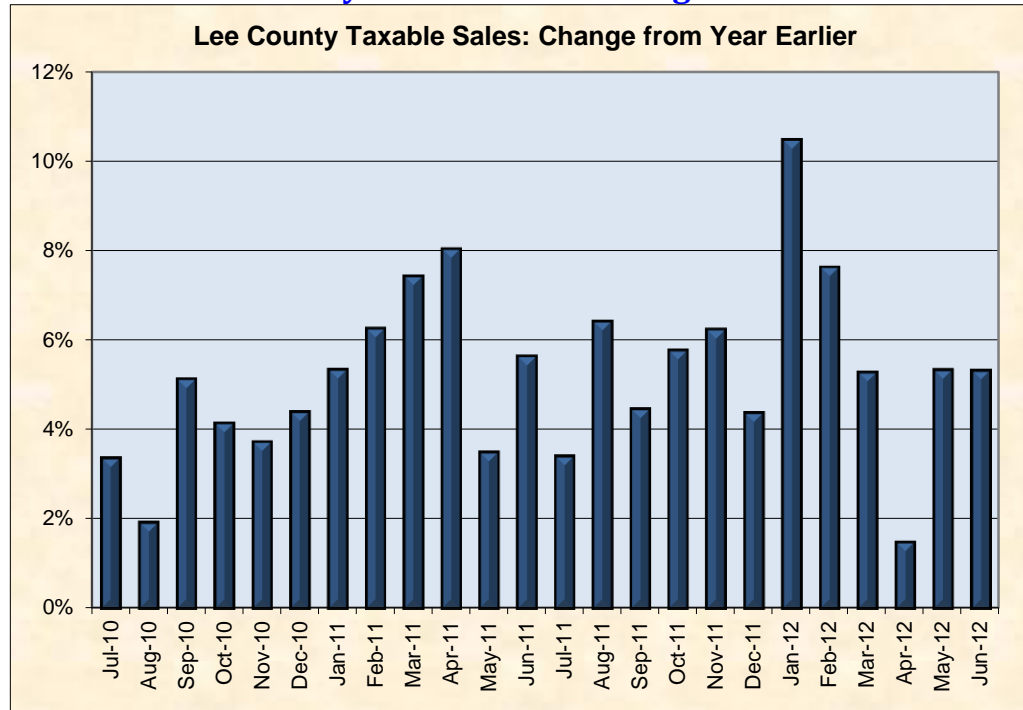
Source: Florida Department of Revenue, Office of Tax Research

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



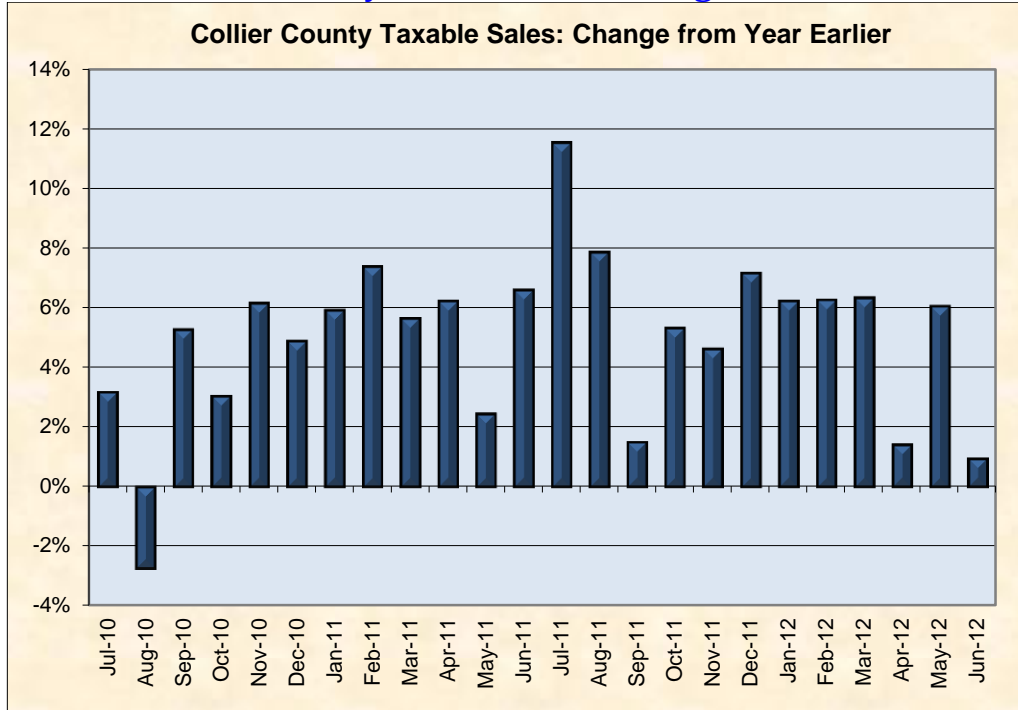
Source: Florida Department of Revenue, Office of Tax Research

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



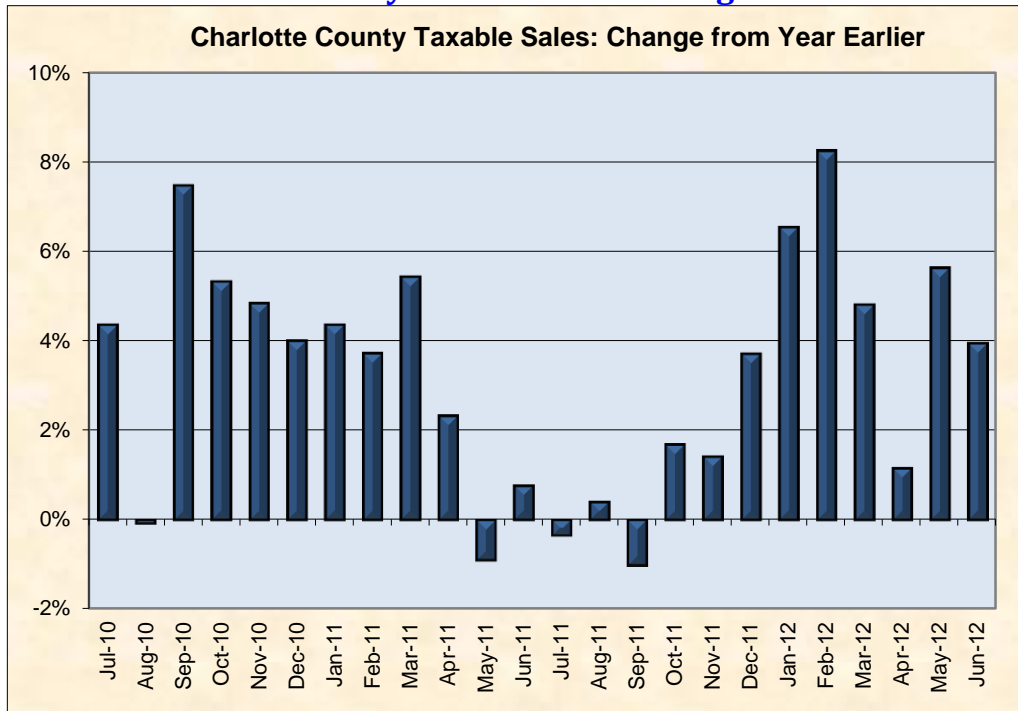
Source: Florida Department of Revenue, Office of Tax Research

**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 August 2012, on a seasonally-adjusted basis. Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends.

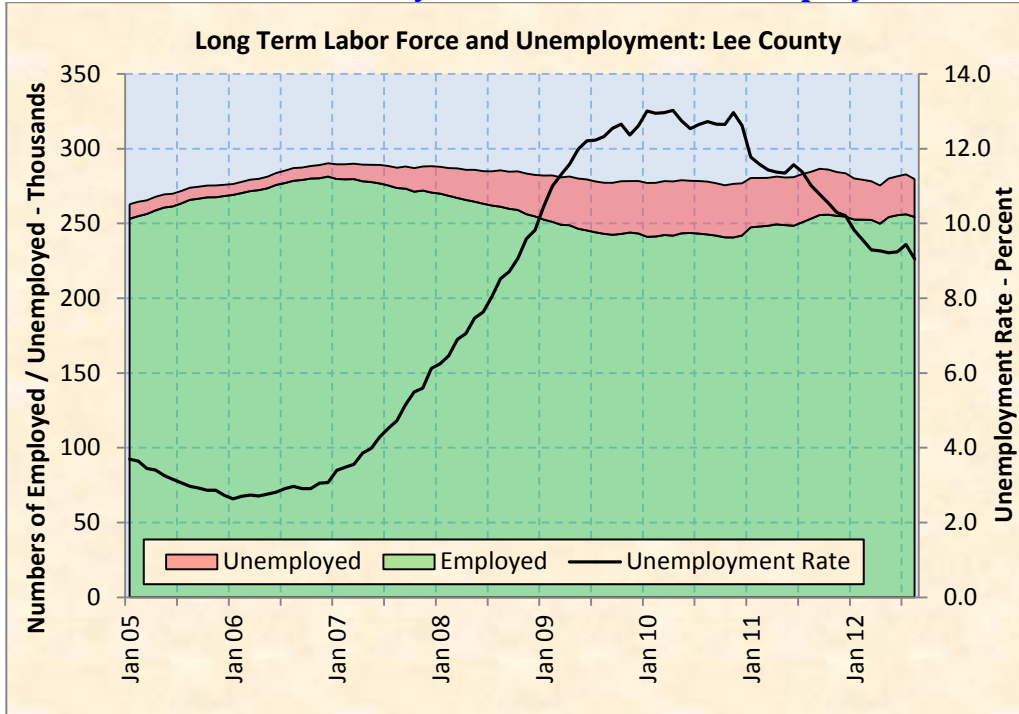
The August 2012 seasonally-adjusted unemployment rates showed decreases from the prior month of July 2012 in all five reporting counties. Lee County's seasonally-adjusted unemployment rate was 9.0 percent in August 2012, down from 9.4 percent in July 2012, and substantially below the 11.0 percent recorded in August 2011. Collier County's unemployment rate declined to 8.5 percent in August 2012 from 8.8 percent in July 2012, and from 10.2 percent in August 2011. Charlotte County had an unemployment rate of 8.9 percent in August 2012, down from 9.2 percent in July 2012 and from 10.9 percent in August 2011.

Hendry's unemployment rate improved to 12.3 percent in August, 0.7 percentage points below the July 2012 rate, and 2.4 percentage points lower than August 2011. The unemployment rate in Glades County decreased to 9.0 percent in August 2012, from the 9.7 percent rate recorded in July 2012, and from the 10.9 percent figure recorded in August 2011. Total employment in the five reporting counties increased by 9,302 persons over August 2011, while the number of unemployed dropped by 10,151.

The August 2012 seasonally-adjusted unemployment rate for the state of Florida held steady from July 2012 at 8.8 percent, a 1.7 percentage point decrease from 10.5 percent in August 2011. The national unemployment rate declined to 8.1 percent in August 2012, down from 8.3 percent in July 2012 and from 9.1 percent in August 2011.

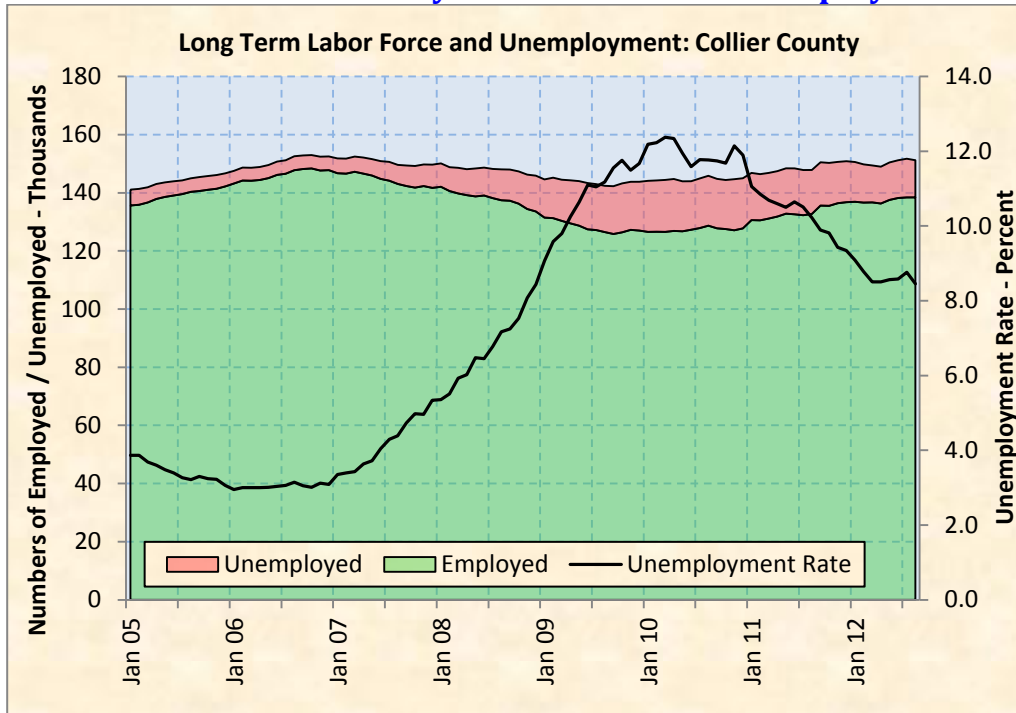


**Chart 15: Lee County Labor Force and Unemployment**



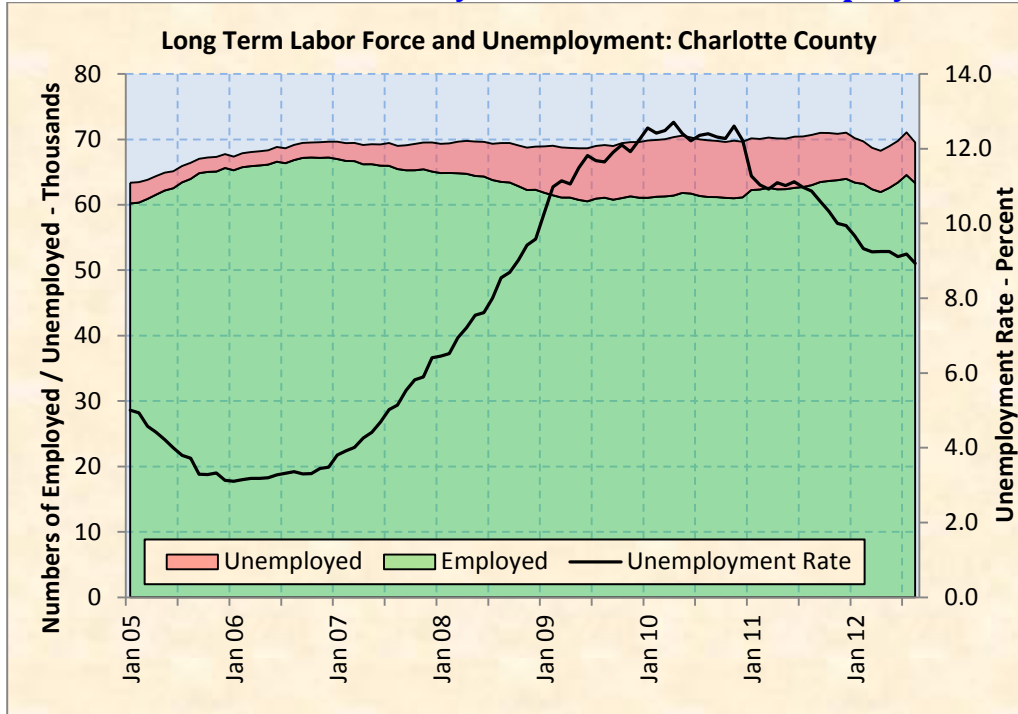
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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



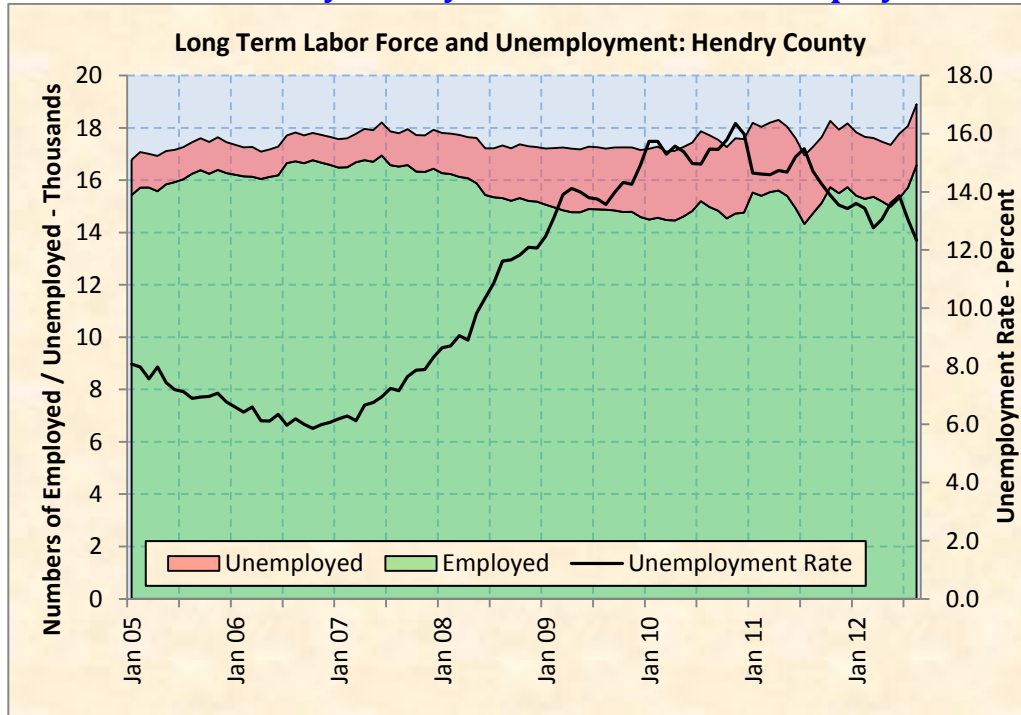
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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



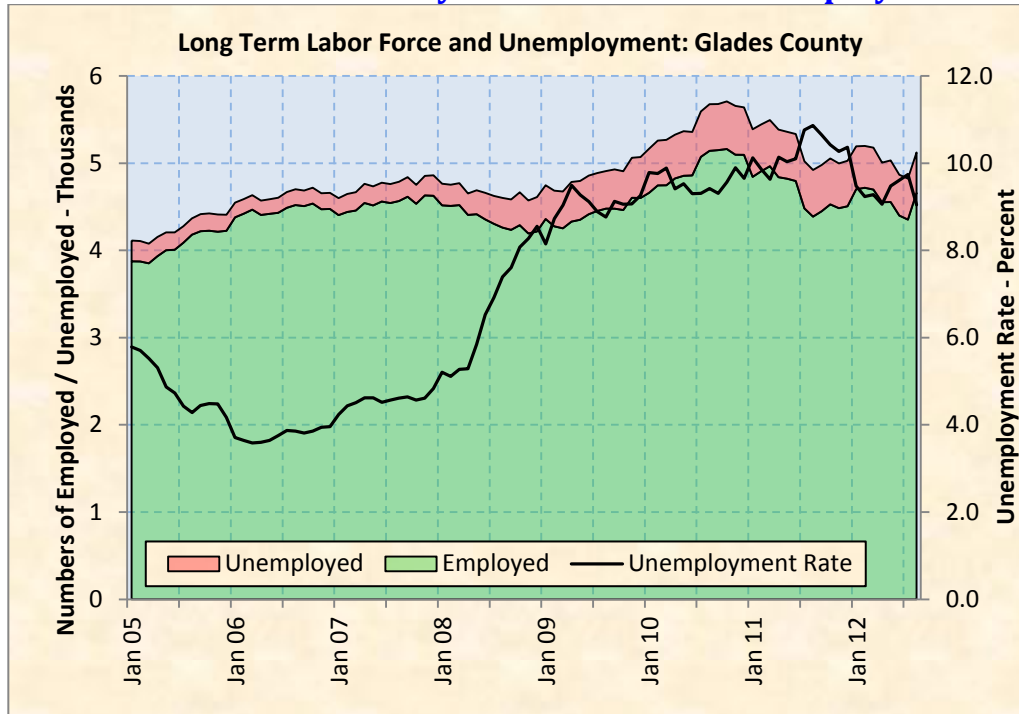
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

**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.

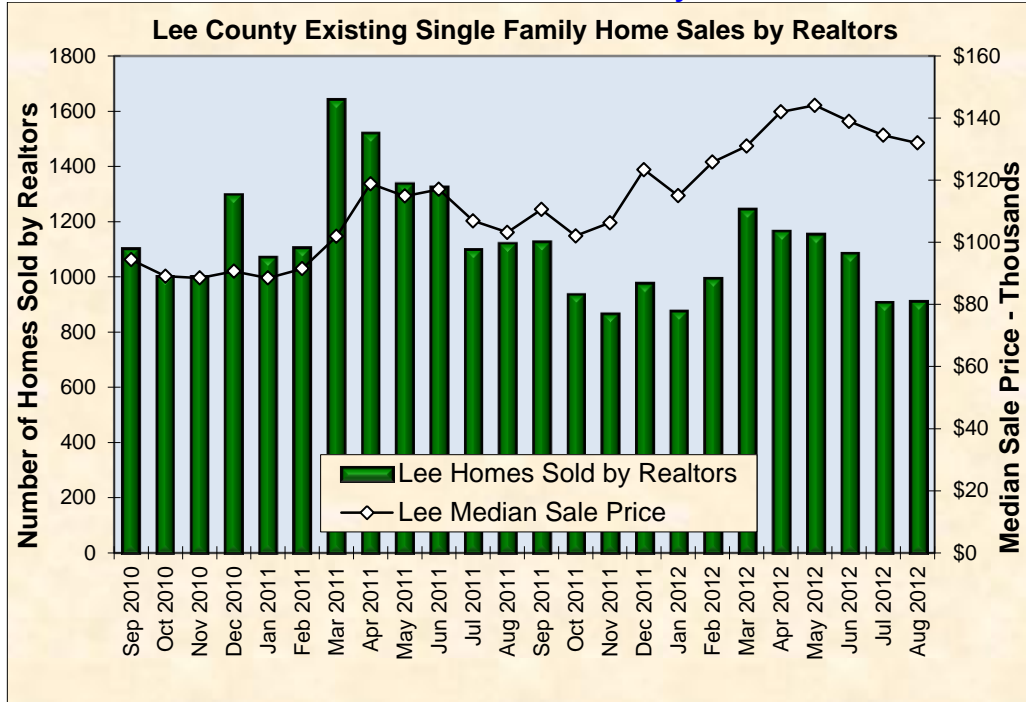
Combined sales of single-family homes in the coastal counties amounted to 1,565 units in August 2012, an increase of one percent over the prior month, but nine percent below the August 2011 figure of 1,728.

There were 913 Realtor® sales in Lee County in August 2012 at a median price of \$132,000. Sales were down 19 percent from 1,122 in August 2011, but the median price in August 2012 was substantially higher than the median price of \$103,200 in the same month last year. In July 2012, 909 homes were sold with a median price of \$134,500.

Collier County had 349 single-family home sales in August 2012, a 13-percent increase from July 2012 and two percent higher than the August 2011 figure of 343. The median price was \$220,000 in August 2012, compared to \$200,000 in August 2011 and \$243,000 in July 2012.

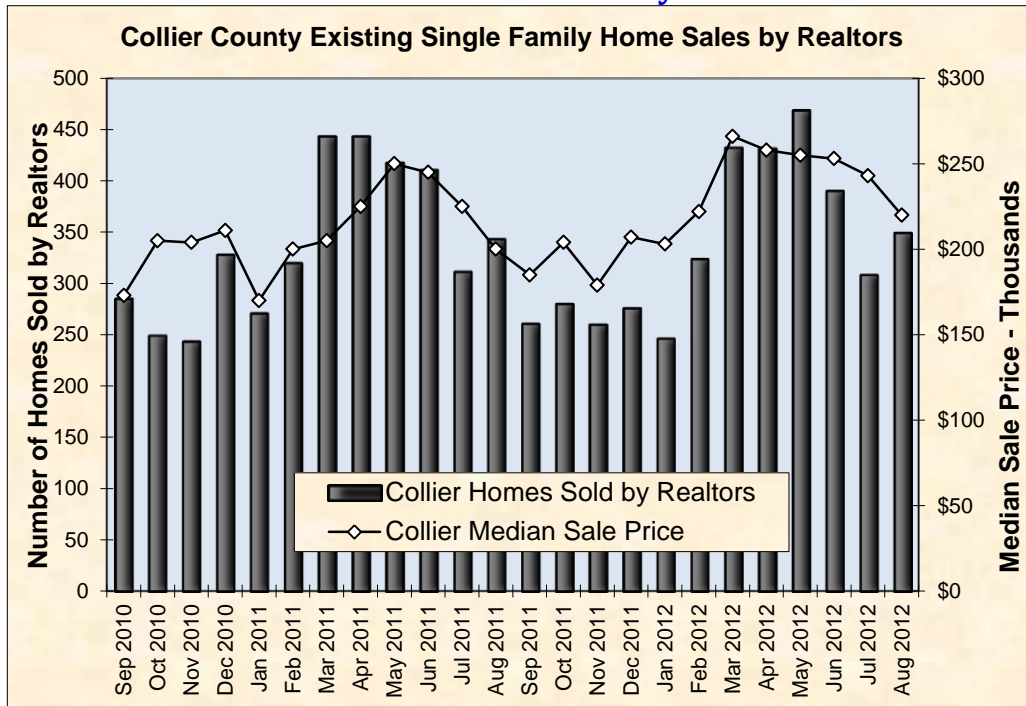
Charlotte County reported 303 single-family home sales in August 2012 at a median price of \$115,000. Sales were up 15 percent from 263 in August 2011 at a median price of \$97,600, but down seven percent from 325 sales in July 2012 at a median price of \$107,500.

**Chart 20: Lee County**



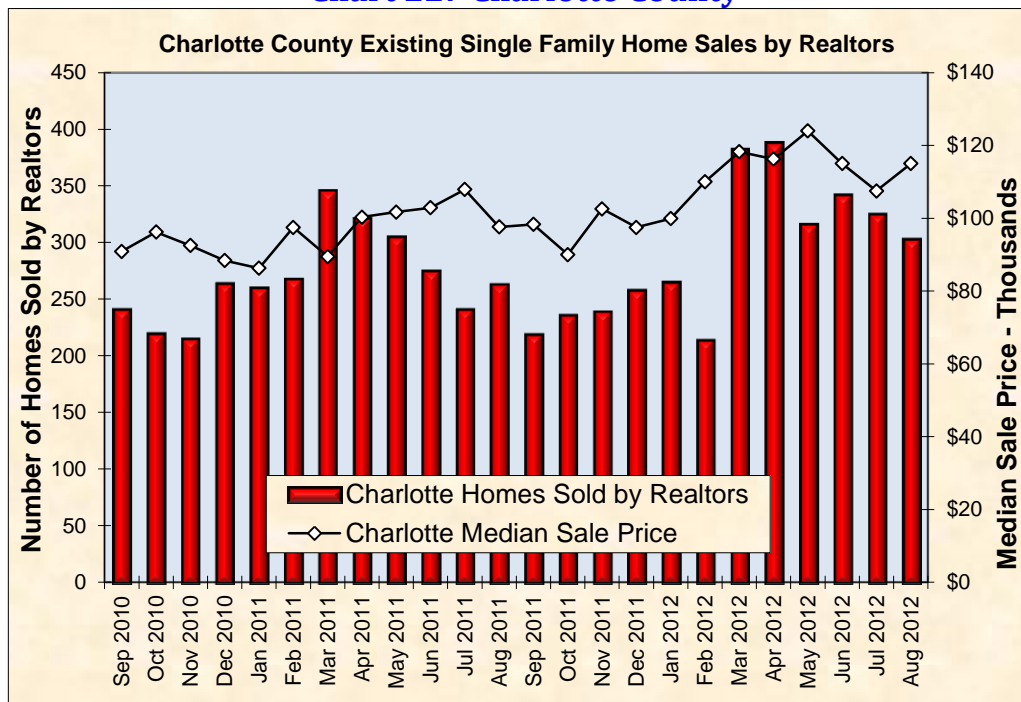
Source: Realtor Association of Greater Fort Myers and the Beach, Inc.

**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>

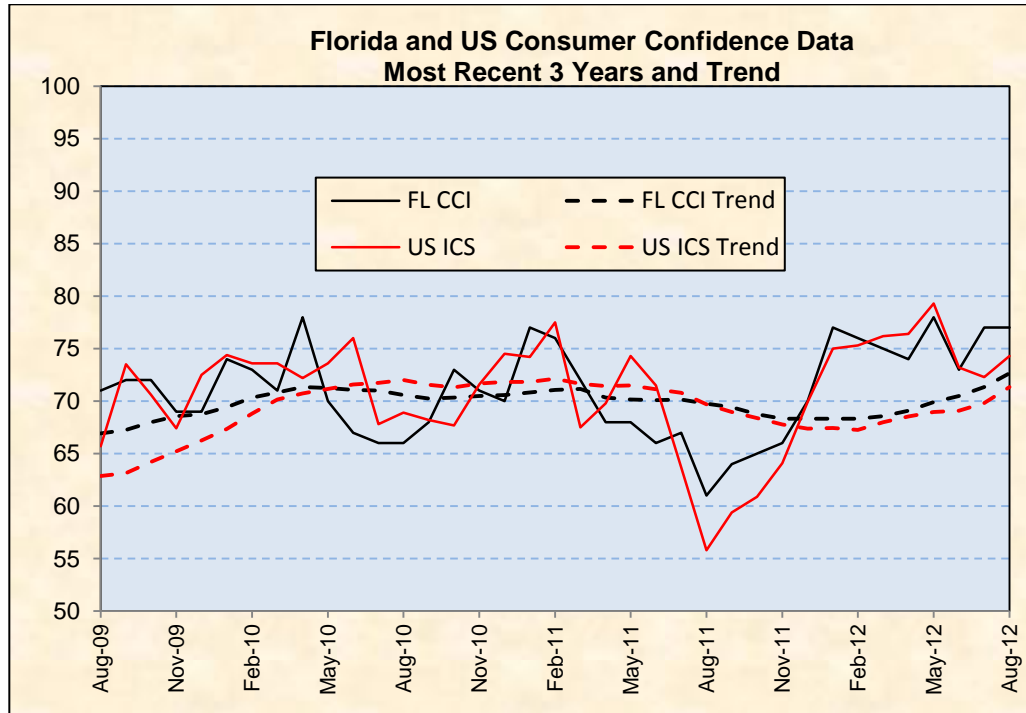
## Consumer Confidence Index

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 rose to 74.3 in August 2012, a 2.0 point increase from July 2012, and 18.5 points higher than the August 2011 figure of 55.8. The Surveys of Consumers chief economist, Richard Curtin notes in their August report: “Despite the August gain, confidence has been in a holding pattern during the past few months. Aside from the past few years, the average level of consumer confidence in 2012 was lower than in any other year since 1982. Currently, a major source of uncertainty is about when the fiscal cliff will be bridged, and who will bear the burden of the tax increases and the spending cutbacks. This uncertainty will increasingly cause consumers to become more cautious spenders. While some worry about the negative impact on spending from upper-income consumers, the spending of every worker is threatened by the end of the payroll tax cuts in January.”

The Florida Consumer Confidence Index for August 2012 was unchanged from the revised July figure of 77, and rose 16 points over August 2011. “Floridians seem somewhat resilient in the face of the economic challenges facing the U.S. and Florida this coming January,” said Chris McCarty, the Survey Director. “Despite the looming financial woes surrounding the ‘fiscal cliff’, Floridians are reasonably optimistic. Both the overall index and several of the components are near post-recession highs. It

appears that, at least for the month of August, Floridians are either not aware of the broad set of tax increases and budget cuts set for January, or they are assuming Congress will somehow fix it. This is true for both young and old, and lower [and] higher income households.”

**Chart 23: Consumer Confidence Index**

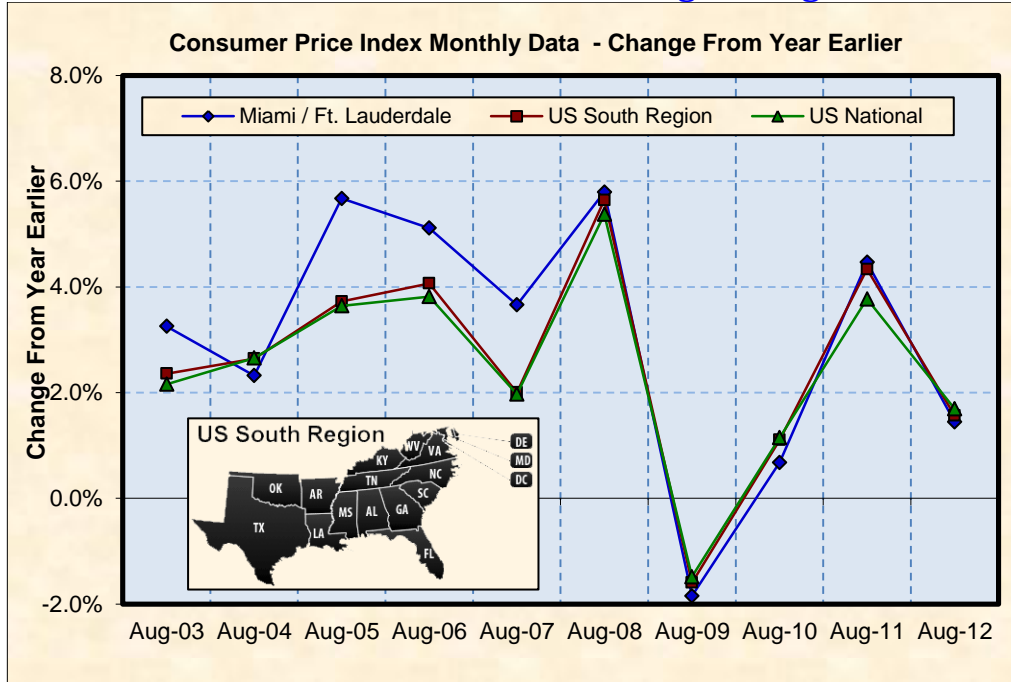


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

## 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 August 2012, and shows continued moderation of consumer price growth. From August 2011 to August 2012, the National CPI increased by 1.7 percent, the Southern Region CPI increased by 1.6 percent, and the Miami-Fort Lauderdale area CPI rose by 1.4 percent. The August to August growth rates are nearly the same as the June to June figures.

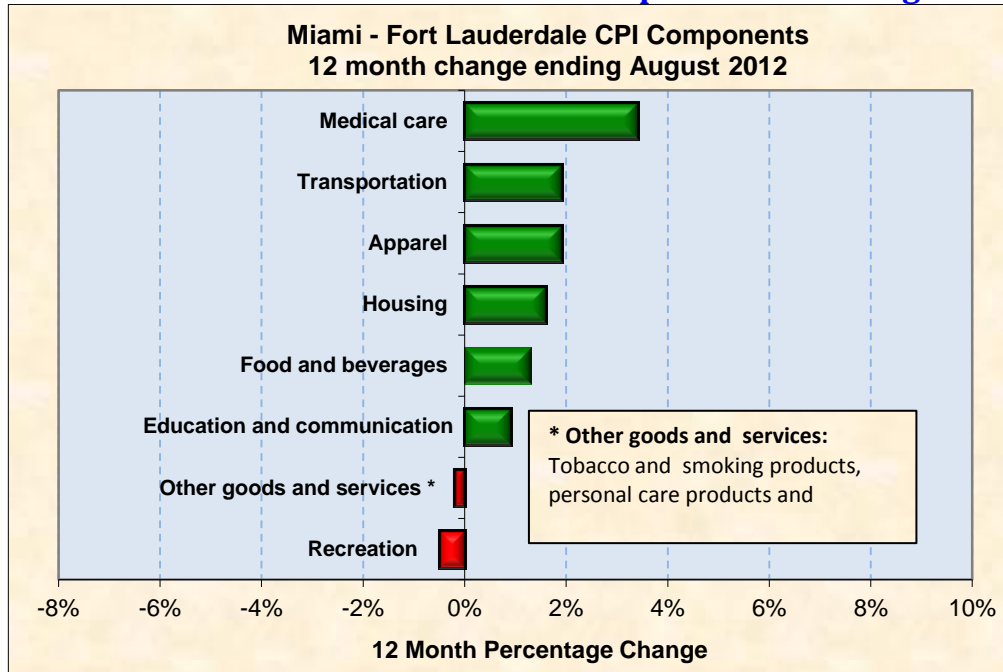
**Chart 24: CPI Annual Percentage Change**



Source: BLS

The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending August 2012 are shown in Chart 25. Increases were seen in medical care costs (3.4 percent), transportation (1.9 percent), apparel (1.9 percent), and housing (1.6 percent), food and beverages (1.3 percent), and education and communication (0.9 percent). There were decreases in recreation costs of 0.5 percent and other goods and services of 0.2 percent.

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



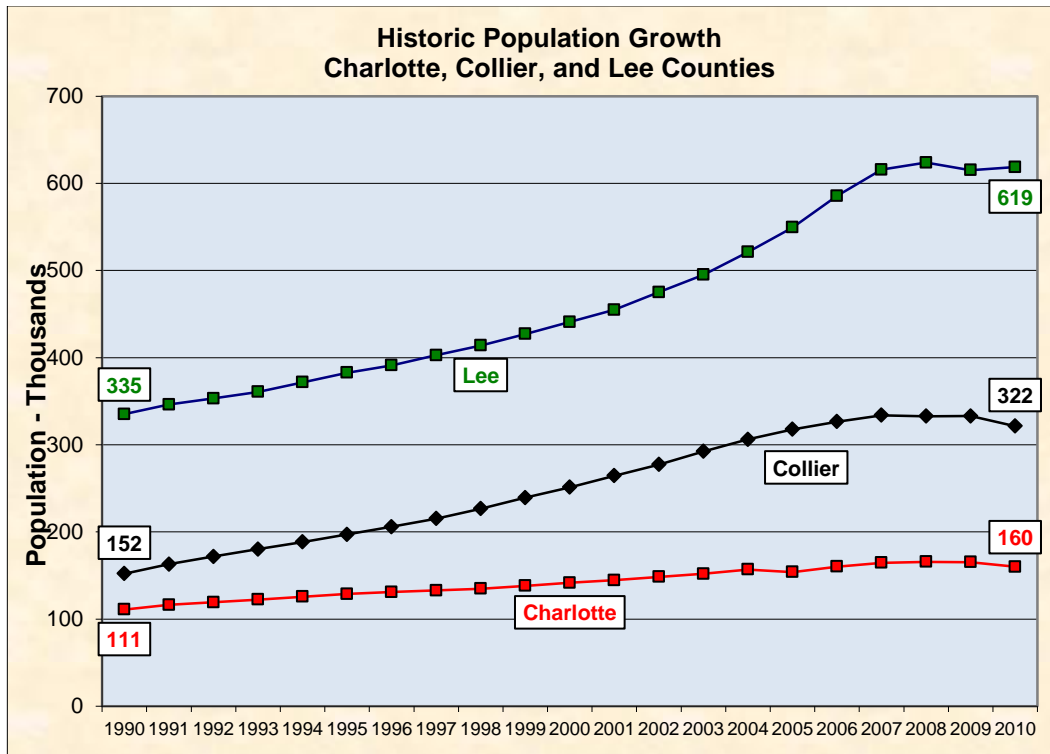
Source: BLS

## 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 2040.

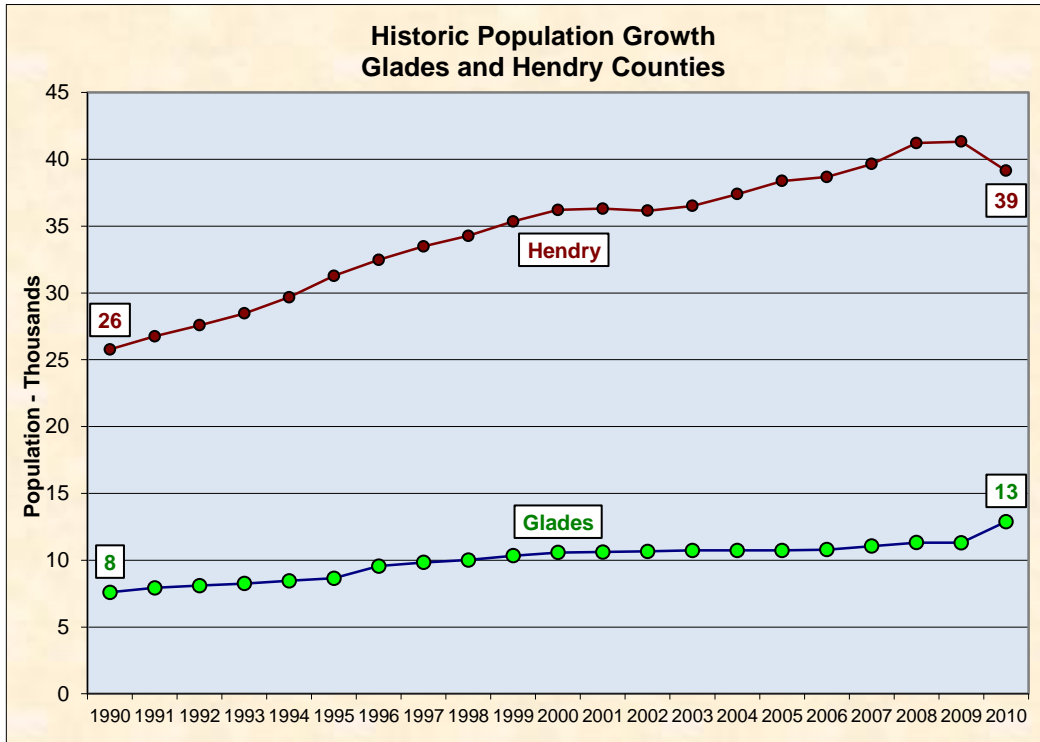
**Chart 26: Coastal Counties Growth 1990 to 2010**



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

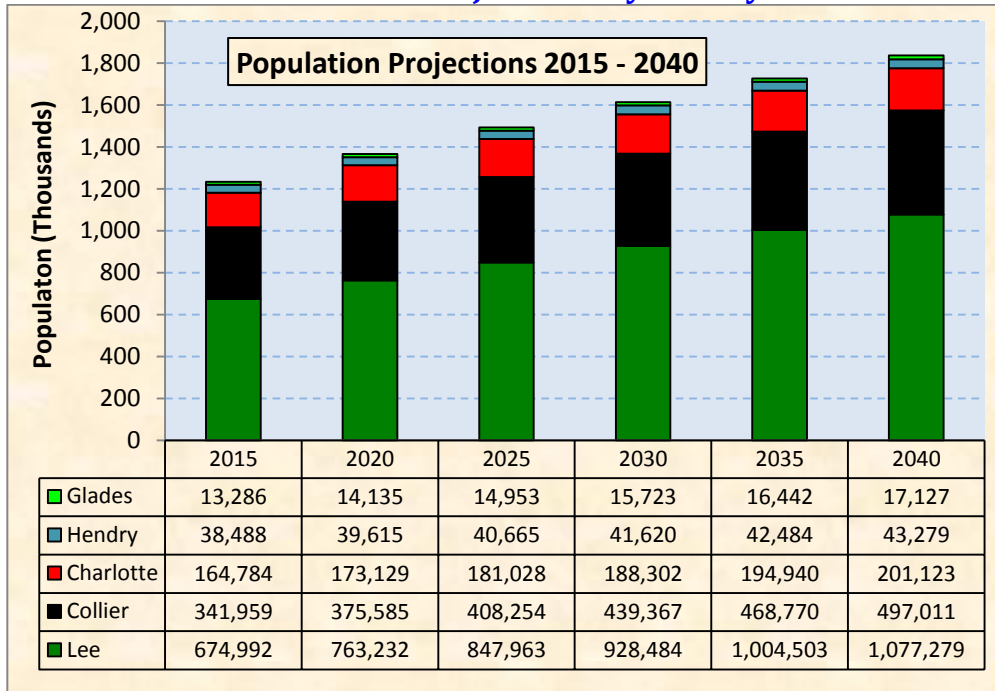


**Chart 27: Inland Counties Growth 1990 to 2010**



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, updated March 2012.