

# Southwest Florida Regional Economic Indicators

## October 2012



Regional Economic Research Institute

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

Southwest Florida taxable sales increased by four percent from July 2011 to July 2012, the same rate of growth observed between June 2011 and June 2012. Southwest Florida International Airport passenger traffic increased by 0.3 percent from August 2011 to August 2012. Lee, Collier, and Charlotte Counties issued 226 single-family home permits in September, up from 174 last September. Median prices of existing single-family homes increased in September 2012 from September 2011 by over 20 percent in Lee, Collier, and Charlotte Counties, reflecting more traditional sales compared to distress sales. Southwest Florida tourism tax revenues for August 2012 were higher than August 2011.

September 2012 seasonally-adjusted unemployment rates have decreased from the previous month, as well as from the prior September. Lee County dropped from a 9.1 percent unemployment rate in August 2012 to 8.7 percent in September 2012. Collier County's unemployment rate declined to 8.3 percent in September 2012 from 8.5 percent in August 2012. Charlotte County's September unemployment rate decreased to 8.6 percent from 9.0 percent in August 2012. Both Hendry and Glades Counties showed improvement as well.

The national economy's growth rate (real GDP) for the third quarter increased at a 2.0 percent annual rate, compared to 1.3 percent for the second quarter. In the first quarter, economic growth was 2.0 percent. Third quarter real personal consumption expenditures increased by 2.0 percent, compared to 1.5 percent in the second quarter. Slow economic growth will make it difficult to bring down the unemployment rate.

The national unemployment rate edged down from 8.1 percent in August 2012 to 7.8 percent in September 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 September Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by 114,000, a smaller increase than August's 142,000. The September employment increases included 44,000 in health care, transportation and warehousing increased by 17,000, and there was a 13,000 increase in financial activities. In contrast, employment fell by 16,000 in manufacturing.

The national consumer price index for September 2012 increased by 2.0 percent over September 2011, primarily driven by increases of 2.3 percent for energy and 1.6 percent for food. Medical care services increased by 4.4 percent and medical care commodities increased by 3.3 percent. Core inflation (all items less food and energy) increased by 2.0 percent.

The latest statement of the Federal Reserve Open Market Committee (FOMC) was issued on October 24<sup>th</sup> and is summarized below:

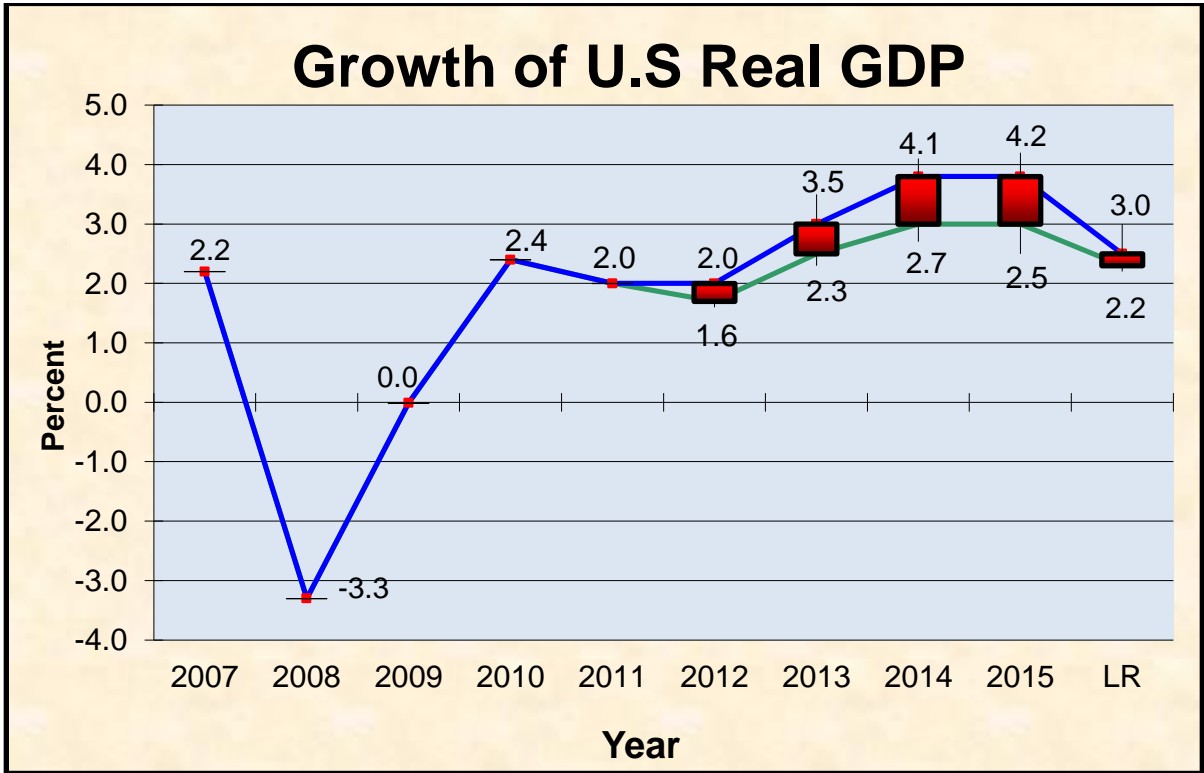
- Economic activity has continued to expand at a moderate pace in recent months;
- Growth in employment has been slow, and the unemployment rate remains elevated;
- Household spending has advanced a bit more quickly, but growth in business fixed investment has slowed;
- The housing sector has shown some further signs of improvement, albeit from a depressed level;
- Inflation recently picked up somewhat, reflecting higher energy prices. Longer-term inflation expectations have remained stable;
- The Committee remains concerned that, without sufficient 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 will continue 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, support mortgage markets, and help to make broader financial conditions more accommodative;
- 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;
- To support continued progress toward maximum employment and price stability, the Committee expects that a highly accommodative stance of monetary policy will remain appropriate 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 December 11<sup>th</sup> – 12<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.

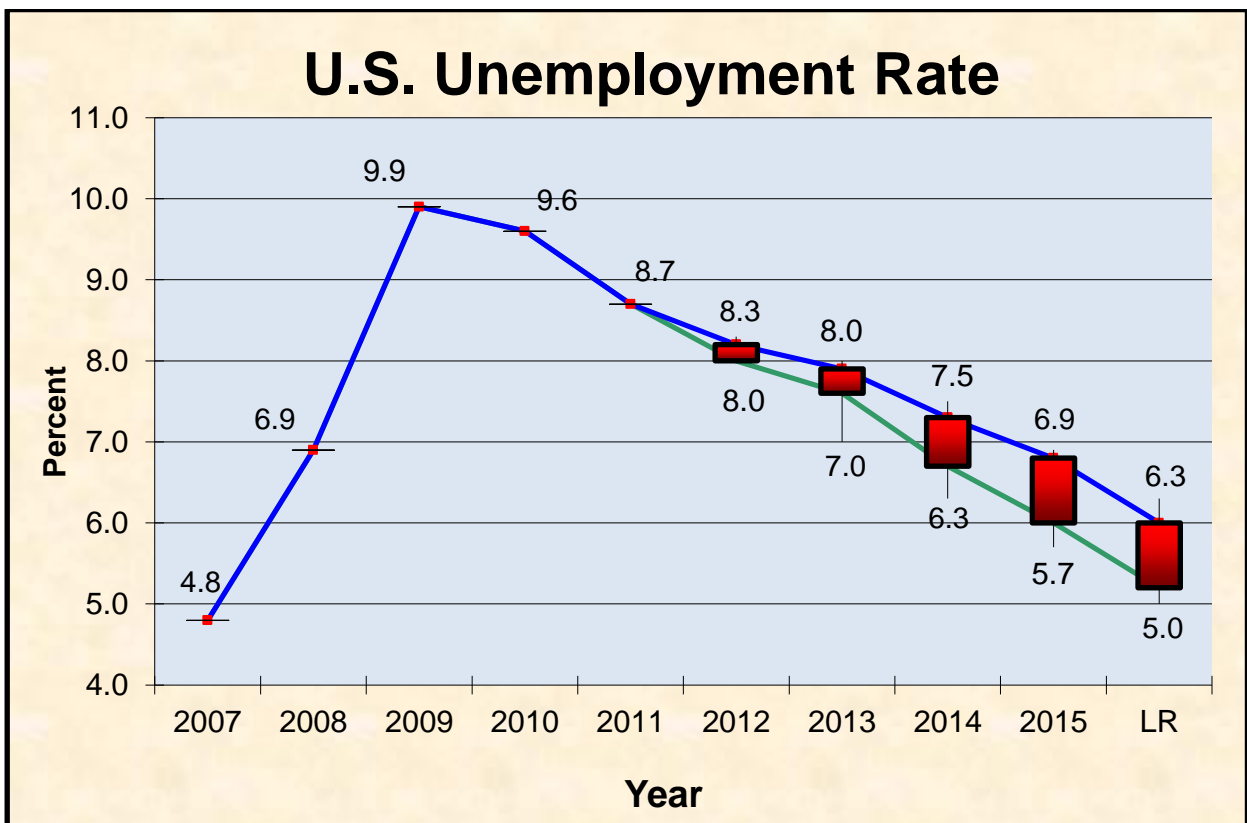
The chart shows that recovery started in 2009, but it is expected to be several years before the economy returns to a more normal long-run trend ("LR"). Real GDP growth projections for 2012, 2013, and 2014 show a recovery but there remains considerable uncertainty as to how strong the recovery will be,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

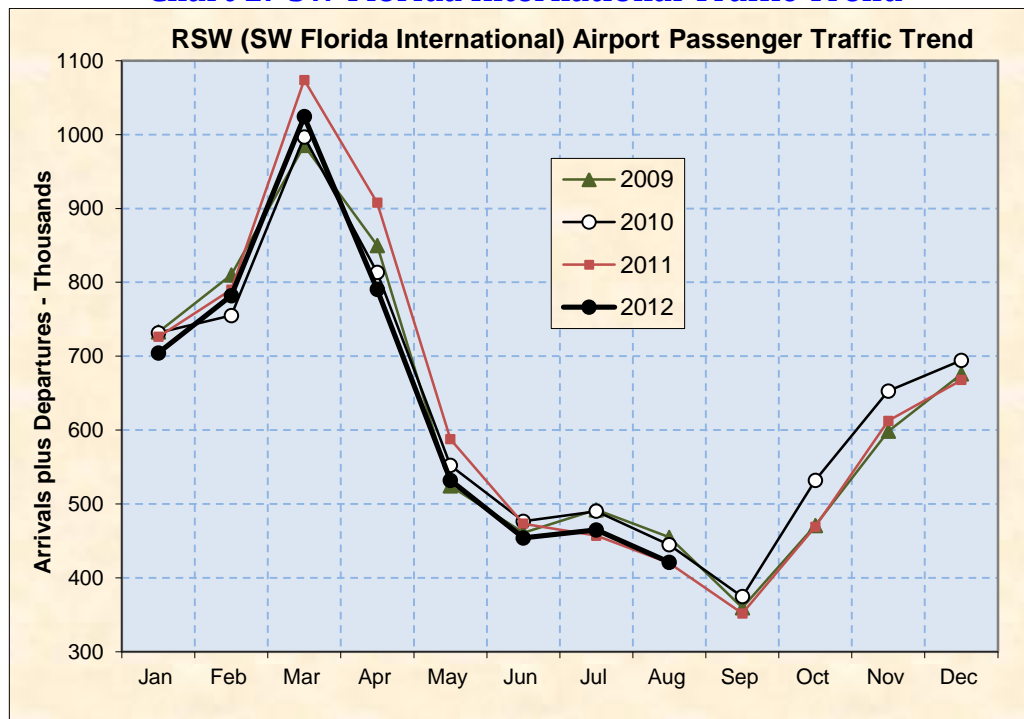
Airport passenger activity is defined as the sum of arrivals and departures for Southwest Florida International (RSW), Sarasota Bradenton International (SRQ), and Punta Gorda (PGD) airports. Peak seasonal activity occurs in February, March, and April, with significantly lower activity in the summer months. 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 dipped to 517,012 in August 2012, down 11 percent from July 2012, and slightly (0.1 percent) below the August 2011 figure.

Chart 1 shows SW Florida International passenger activity of 421,211 in August 2012, nine percent lower than July 2012, and 0.3 percent above August 2011. Sarasota Bradenton passenger activity amounted to 81,670 passengers in August 2012, 15-percent lower than July 2012, and three percent below August 2011, as shown in Chart 2.

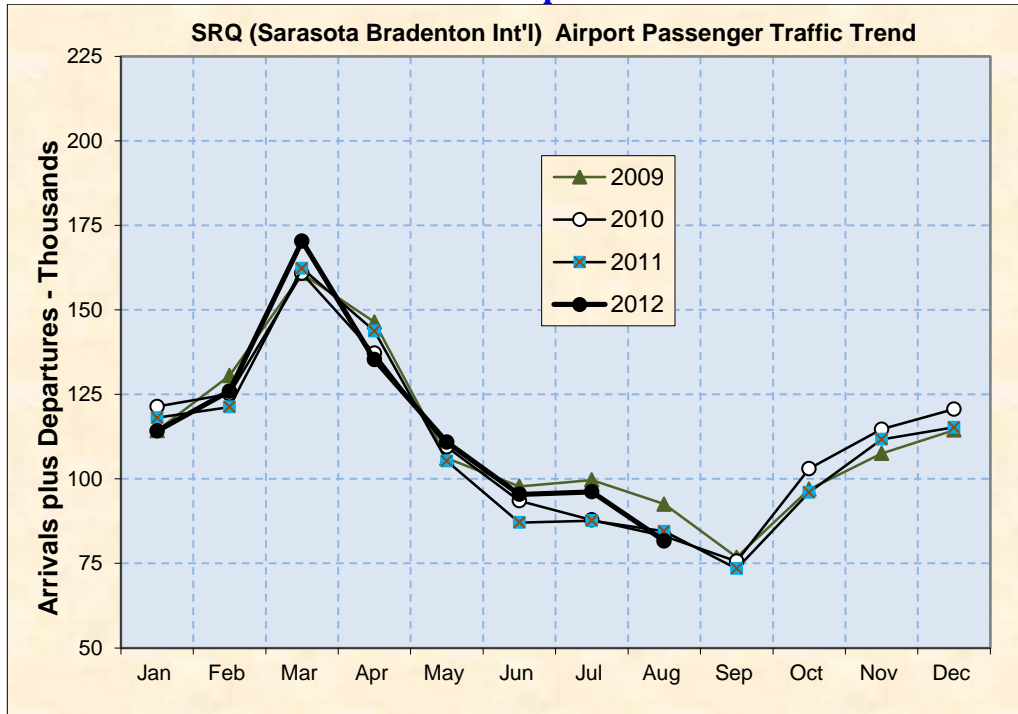
Punta Gorda's August 2012 passenger activity of 14,131 was 24 percent below that of July 2012, as shown in Chart 3. This represented a nine-percent increase over August 2011.

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



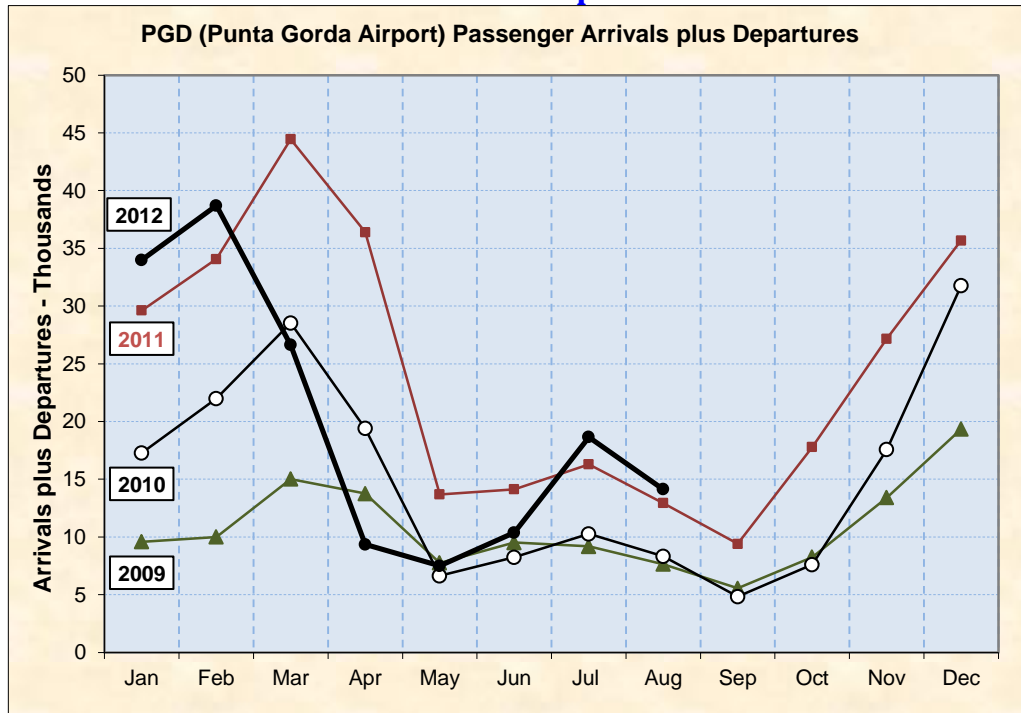
Source: Local Airport Authorities

**Chart 2: Sarasota Airport Traffic Trend**



Source: Local Airport Authorities

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



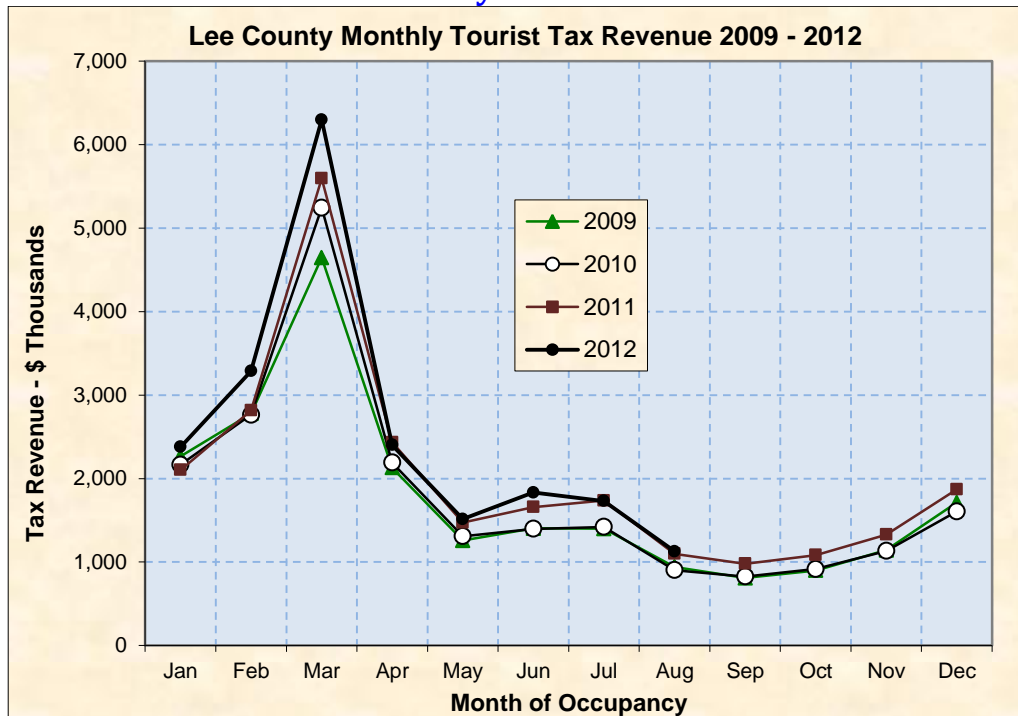
Source: Local Airport Authorities



## Tourism Tax Revenues

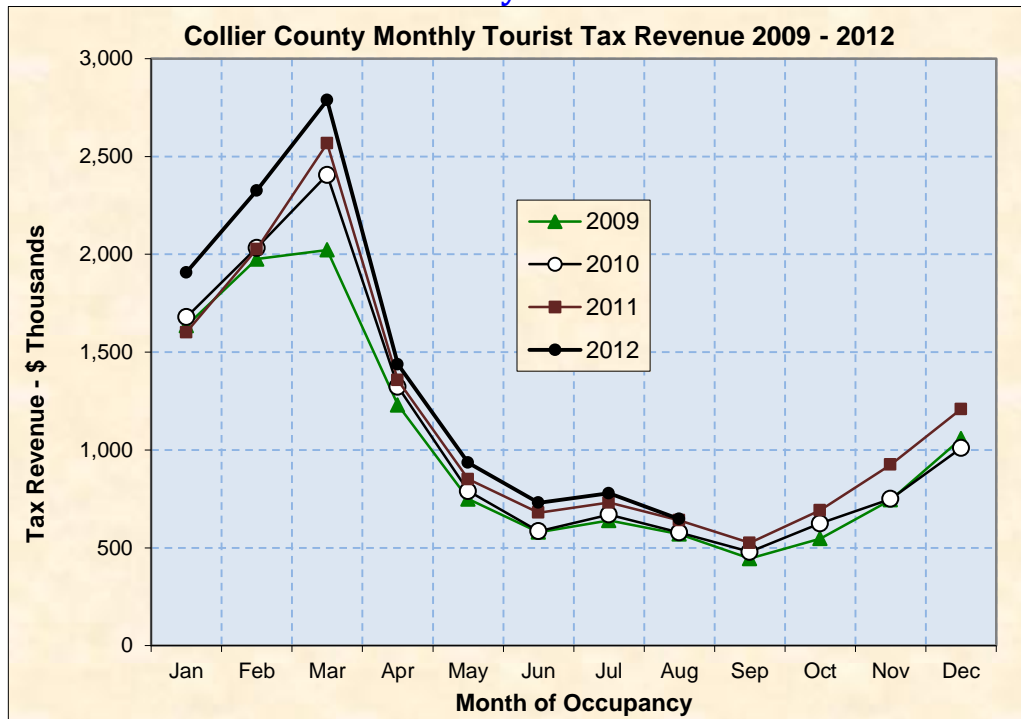
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. Each coastal county had their highest August revenues in eight years or more. Lee County tourism tax revenues for August 2012 amounted to \$1,126,842, an increase of three percent from August 2011. Collier County's August 2012 tourism tax revenues were \$646,793, a one-percent increase over August 2011. Charlotte County reported tourism tax revenues of \$59,474 for August 2012, an 18-percent increase from August 2011.

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



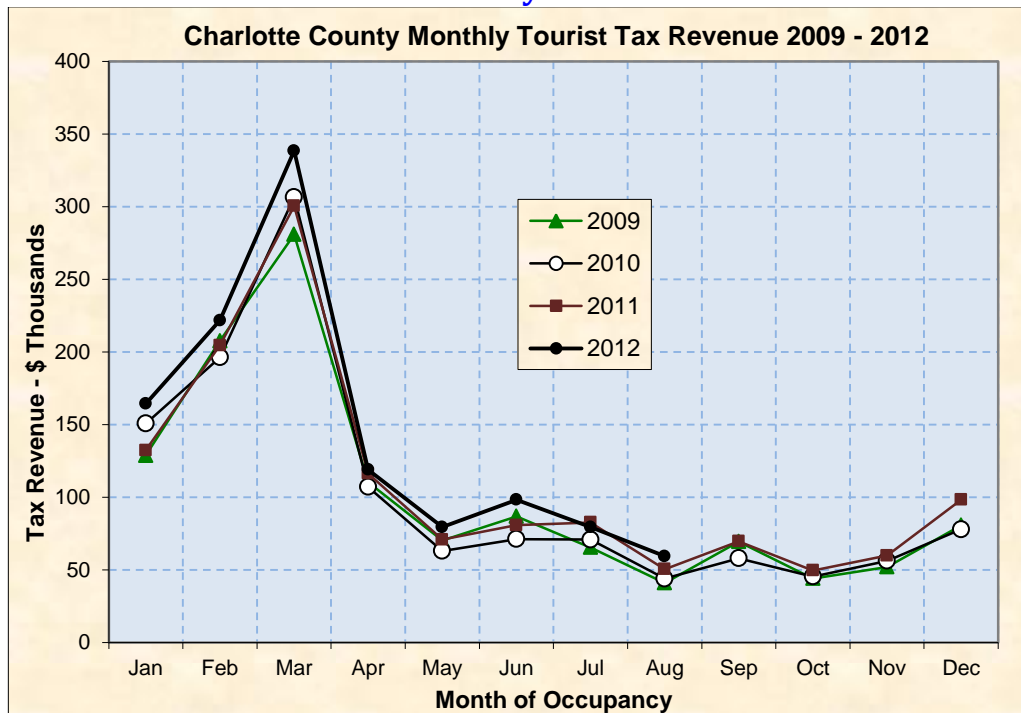
Source: Local County Tourism, Tax, and Economic Development Reports

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



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

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



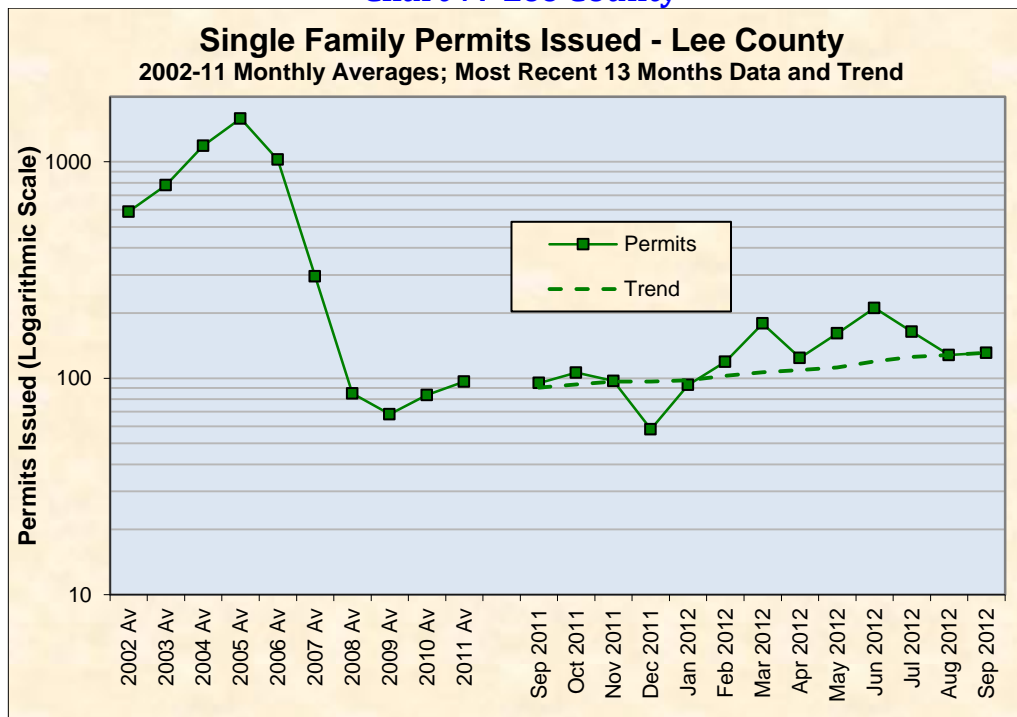
Source: Local County Tourism, Tax, and Economic Development Reports

## Single-Family Building Permits

Total single-family building permits for the three coastal county region increased by 30 percent in September 2012 over September 2011, although declining by eight percent from the prior month of August 2012. A total of 226 single-family permits were issued in the region in September 2012, compared to 174 permits in September 2011 and 246 permits issued in July 2012.

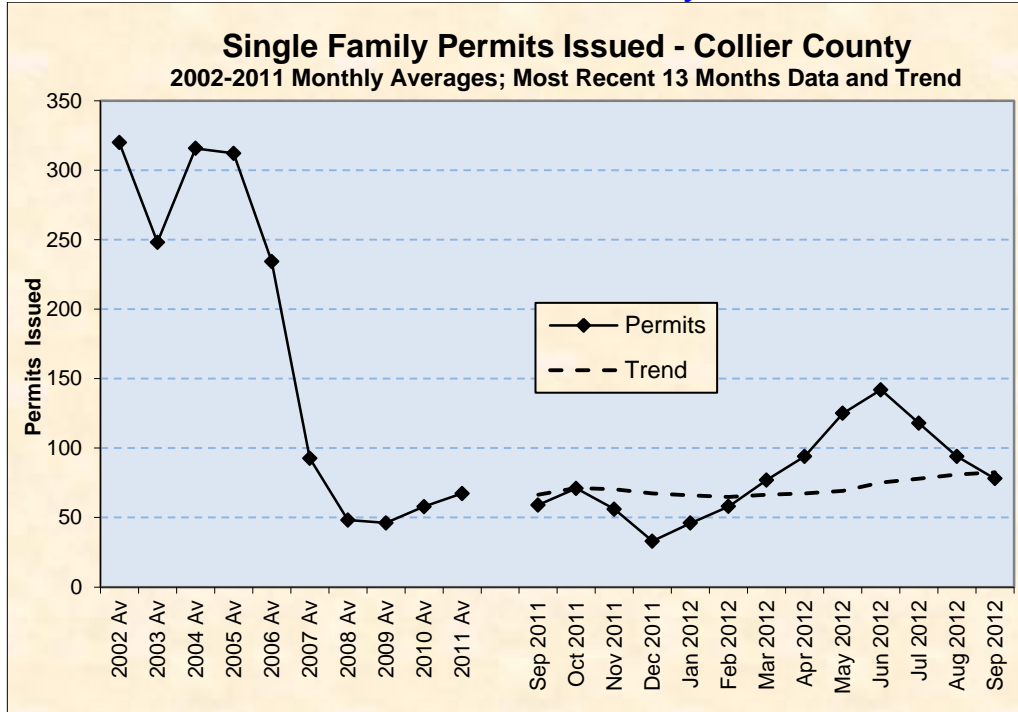
Lee County reported 131 single-family building permits issued in September 2012, an increase of 36 from September 2011, and an increase of three from the August 2012 figure of 128, as shown in Chart 7 (which employs a logarithmic scale on its y-axis to more clearly portray long-term trends). Collier County issued 78 permits in September 2012, up from 59 in September 2011, but down from 94 in August 2012, as shown in Chart 8. Collier's 12-month trend continues to show moderate improvement. Charlotte County permits declined to 17 in September 2012, down from 20 in September 2011, and from 24 in August 2012, as shown in Chart 9. Data from Hendry County indicate that eight single-family building permits have been issued between January–September 2012, compared with 20 permits in the first nine months of 2011.

**Chart 7: Lee County**



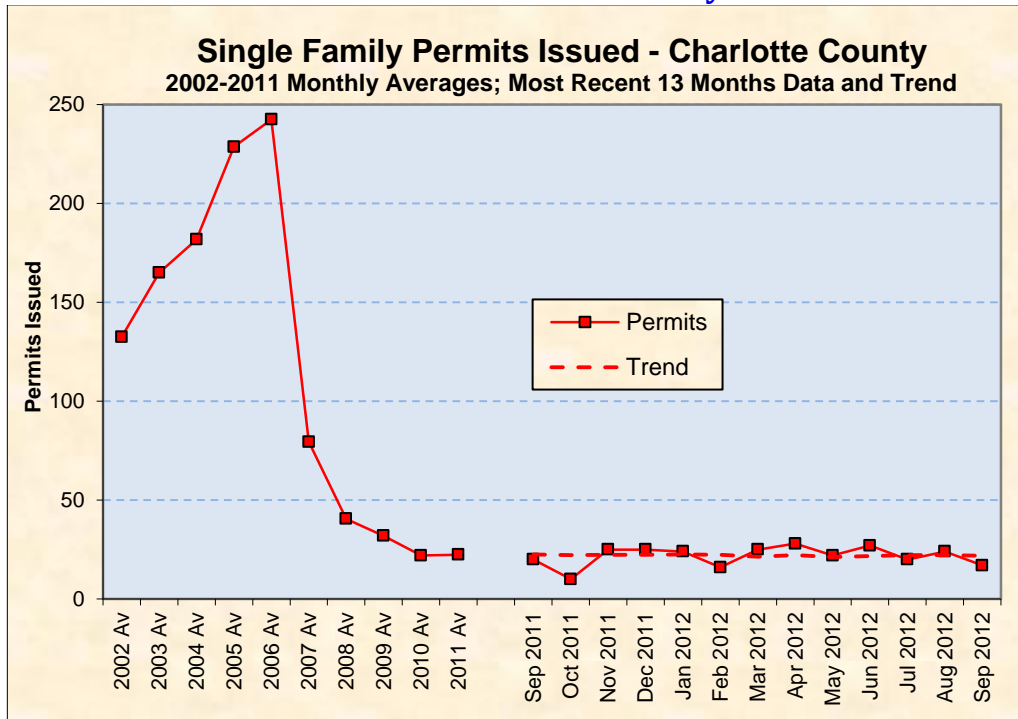
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

**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

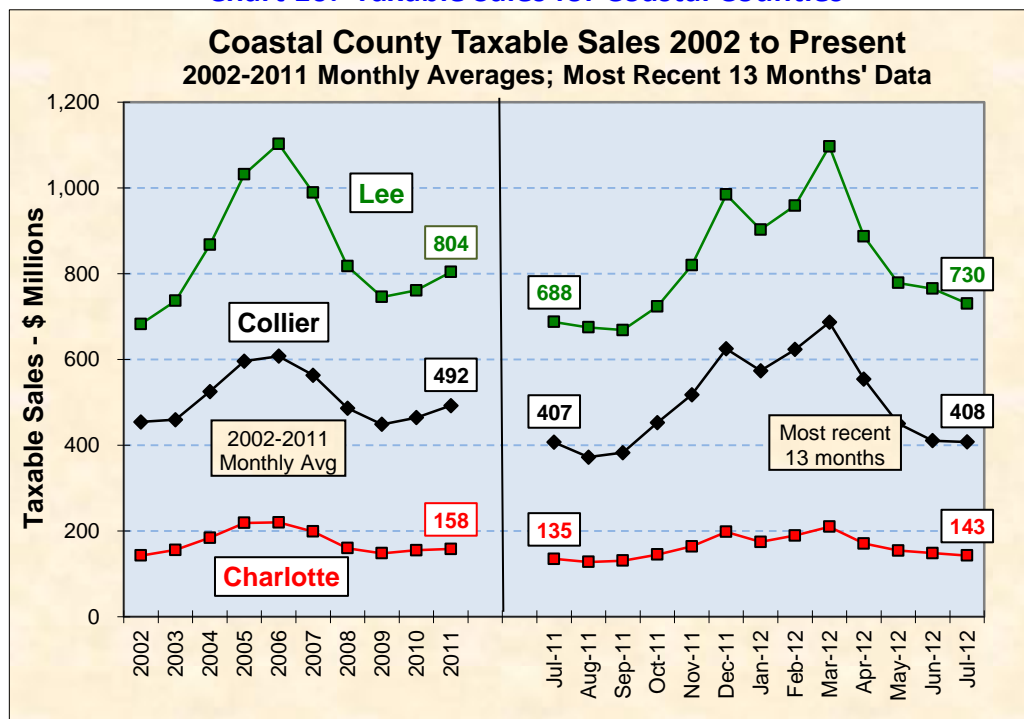
Taxable sales figures track consumer spending, an important component of the regional economy. The following charts show the latest month of merchants' collections (July 2012), rather than the reporting month issued by the Florida Department of Revenue.

All five reporting counties reported higher taxable sales in July 2012 compared to July 2011, a total gain of \$54.2 million, or four percent. Coastal County taxable sales data are shown in Chart 10. Charlotte County's taxable sales of \$142.8 million in July 2012 were six percent higher than July 2011. Lee County taxable sales were \$730.3 million in July 2012, a six-percent increase over July 2011, while Collier County's taxable sales of \$407.6 million in July 2012 represented a fractional percentage increase over July 2011.

Hendry County's taxable sales of \$20.1 million in July were up 15 percent over July 2011. Glades County reported July 2012 taxable sales of \$2.0 million, an eight-percent increase over July 2011. Taxable sales for Hendry and Glades Counties are shown in Chart 11.

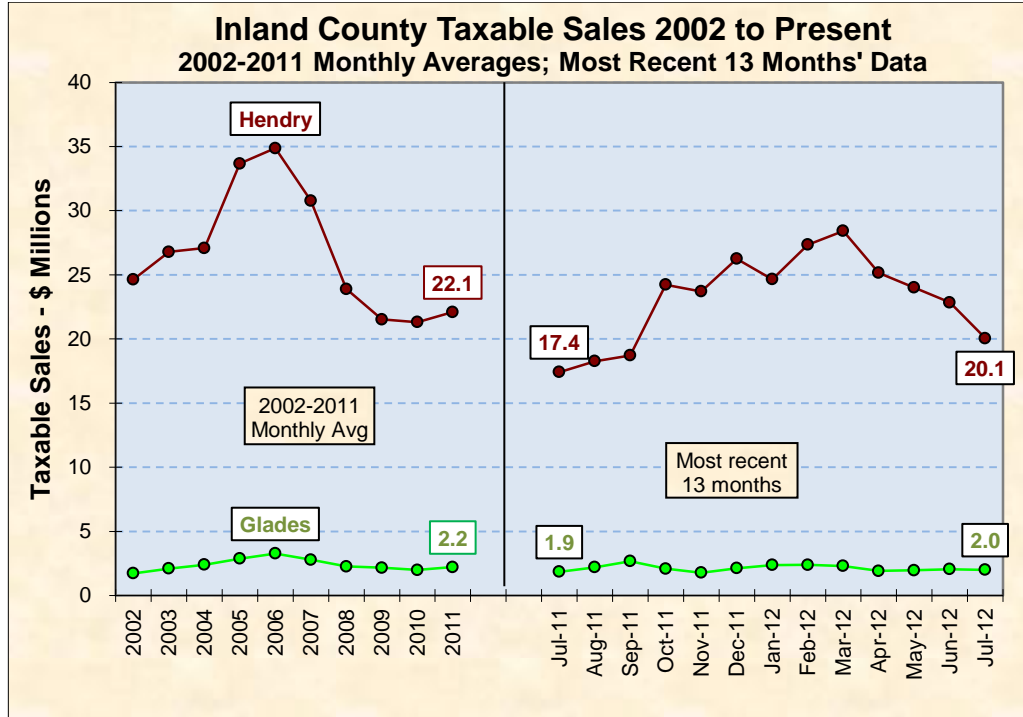
Charts 12, 13, and 14 depict percentage changes in taxable sales from the same month a year earlier. The changes continued to be positive. Lee County has now shown positive year-over-year comparisons for every month in the two-year measurement period. Collier County has recorded positive changes for the last 23 consecutive months; and Charlotte County, for the last ten months.

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



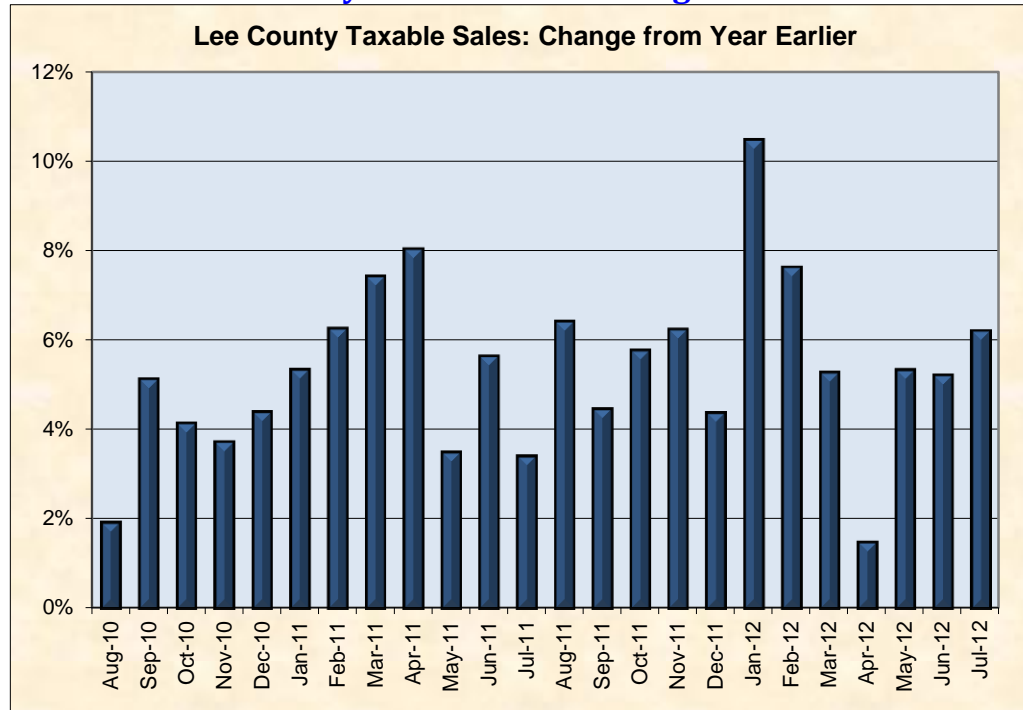
Source: Florida Department of Revenue, Office of Tax Research

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



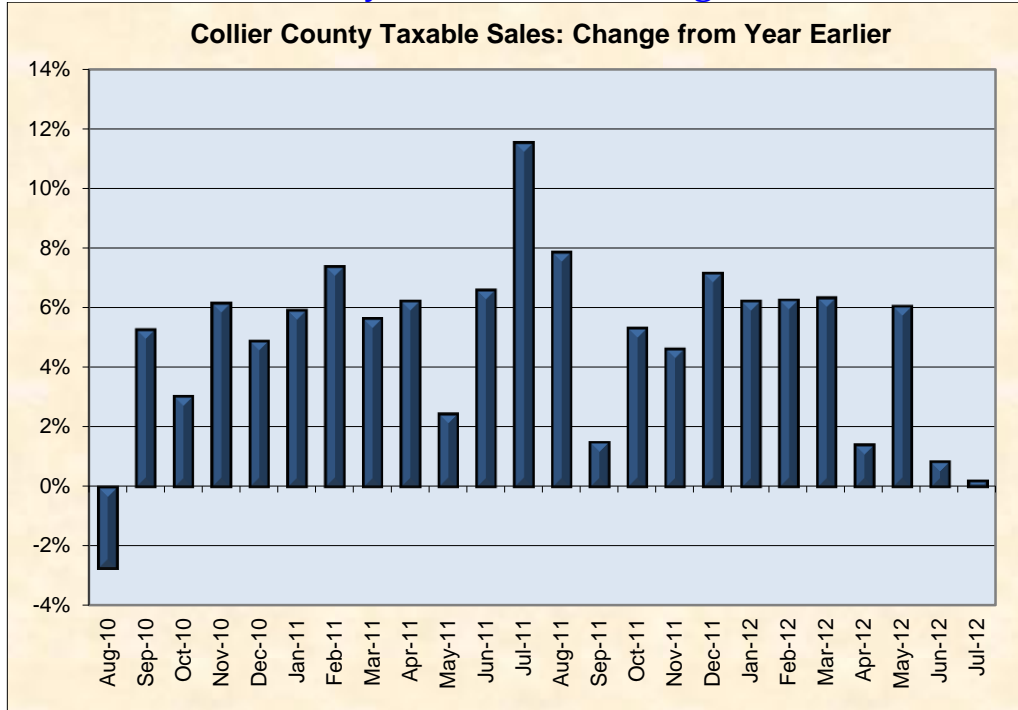
Source: Florida Department of Revenue, Office of Tax Research

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



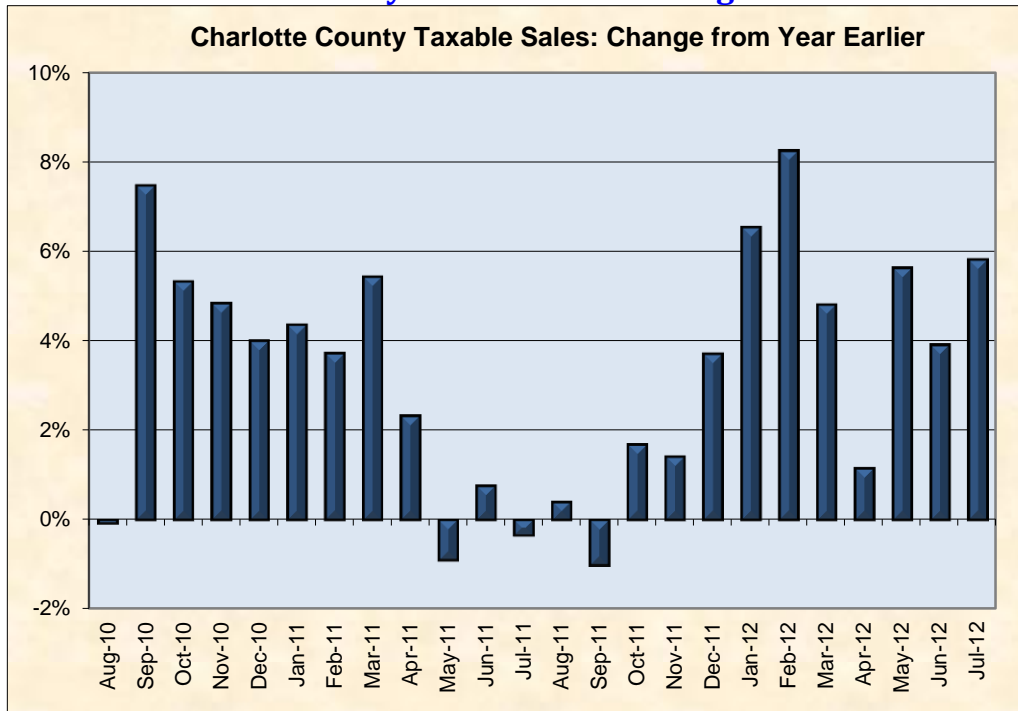
Source: Florida Department of Revenue, Office of Tax Research

**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 September 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.

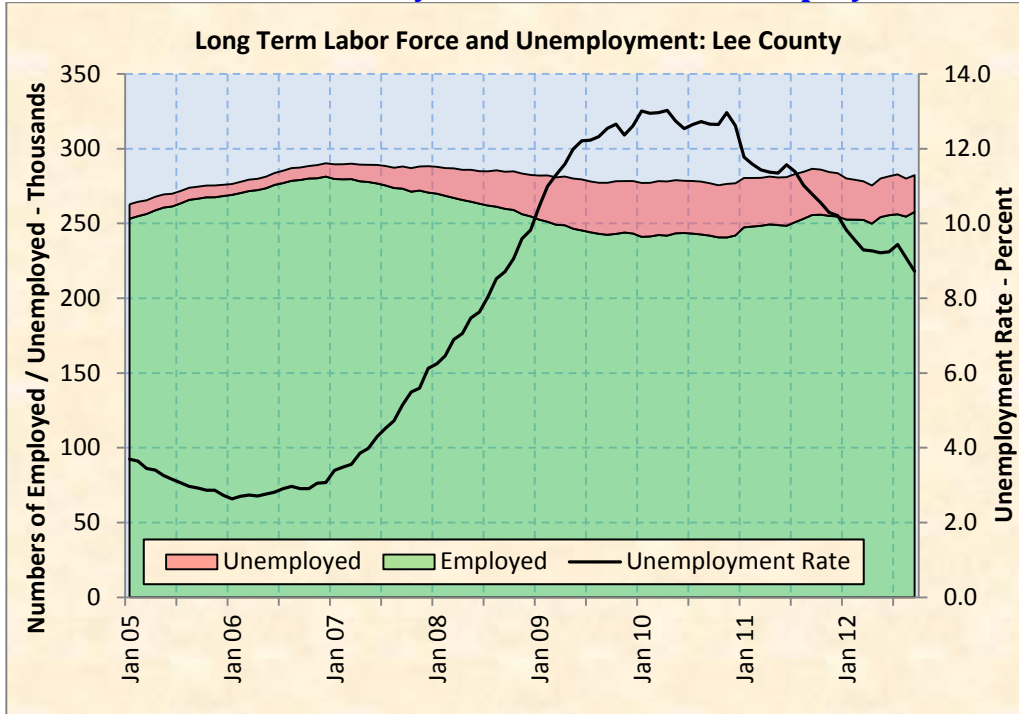
Seasonally-adjusted unemployment rates decreased in September 2012 from the prior month of August 2012, as well as from September 2011, in all five reporting counties. Lee County's seasonally-adjusted unemployment rate was 8.7 percent in September 2012, down from 9.1 percent in August 2012, and substantially below the 10.8 percent recorded in September 2011. Lee's employment grew by 2,021 persons from September 2011 to September 2012. Collier County's unemployment rate declined to 8.3 percent in September 2012 from 8.5 percent in August 2012 and from 9.9 percent in September 2011, with an increase of 3,618 persons employed. Charlotte County had an unemployment rate of 8.6 percent in September 2012, down from 9.0 percent in August 2012 and from 10.6 percent in September 2011.

Hendry's unemployment rate dropped to 11.8 percent in September, the first month below 12 percent since October 2008. This was 0.8 percentage points below the August 2012 rate, and 2.5 percentage points lower than September 2011. The unemployment rate in Glades County decreased to 9.5 percent in September 2012 from 9.7 percent in August 2012, and from 10.6 percent in September 2011. Total employment in the five reporting counties increased by 7,948 persons over September 2011, while the number of reported unemployed dropped by 10,406.

The September 2012 seasonally-adjusted unemployment rate for the State of Florida dipped to 8.7 percent from the August 2012 figure of 8.8 percent; this amounted to a 1.7 percentage point decrease from 10.4 percent in September 2011. The seasonally-adjusted national unemployment rate declined to 7.8 percent in September 2012, down from 8.1 percent in August 2012 and from 9.0 percent in September 2011.

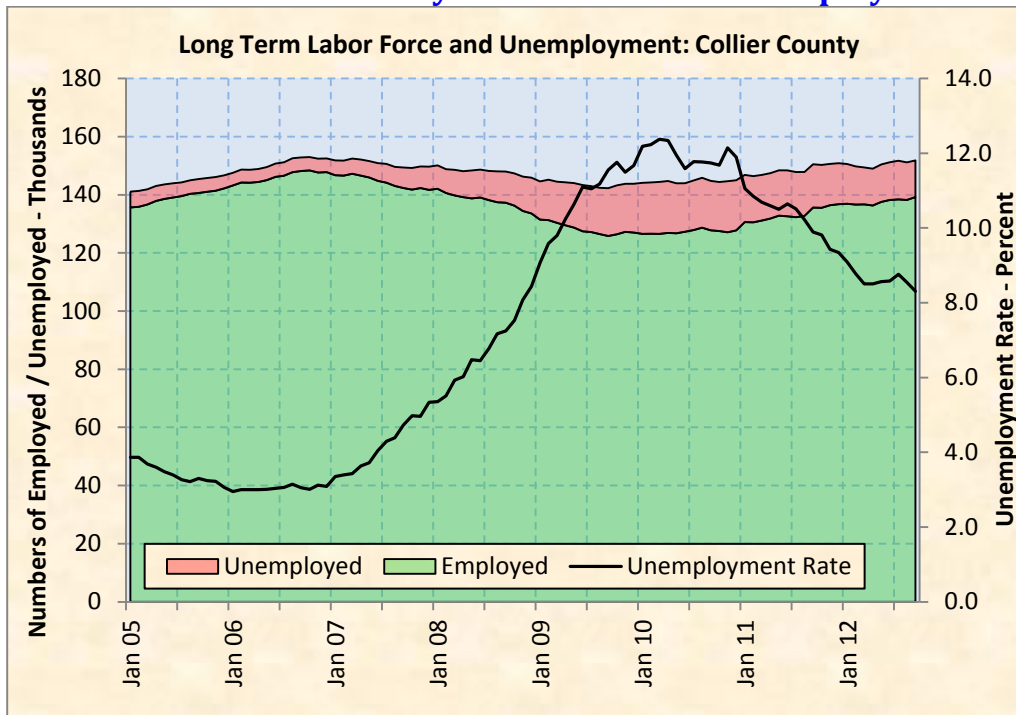


**Chart 15: Lee County Labor Force and Unemployment**



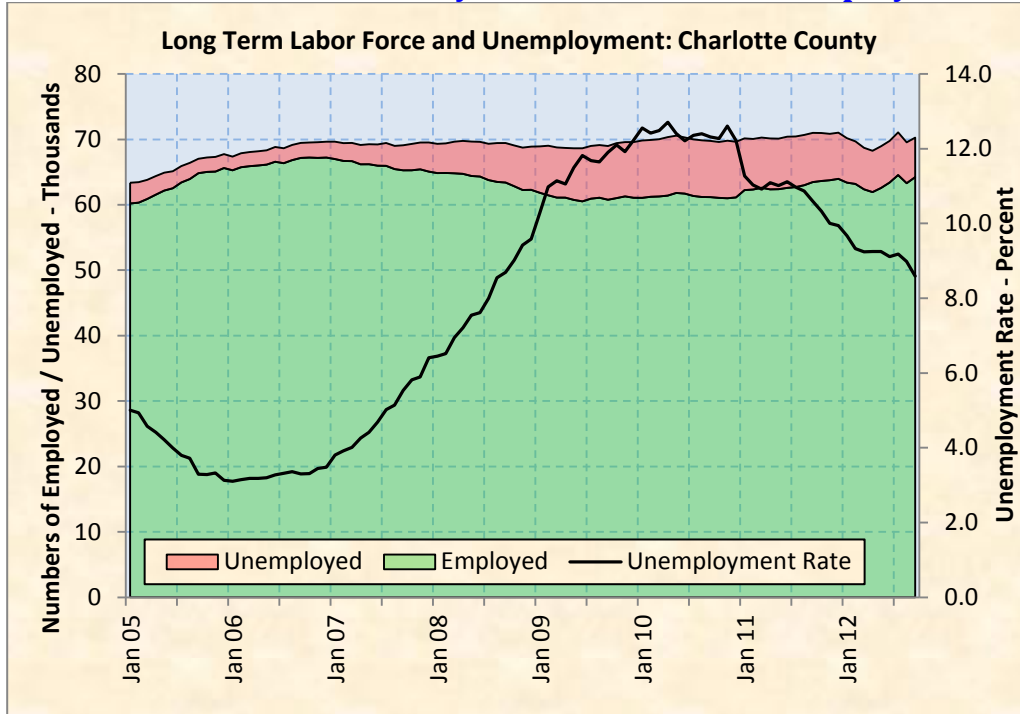
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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



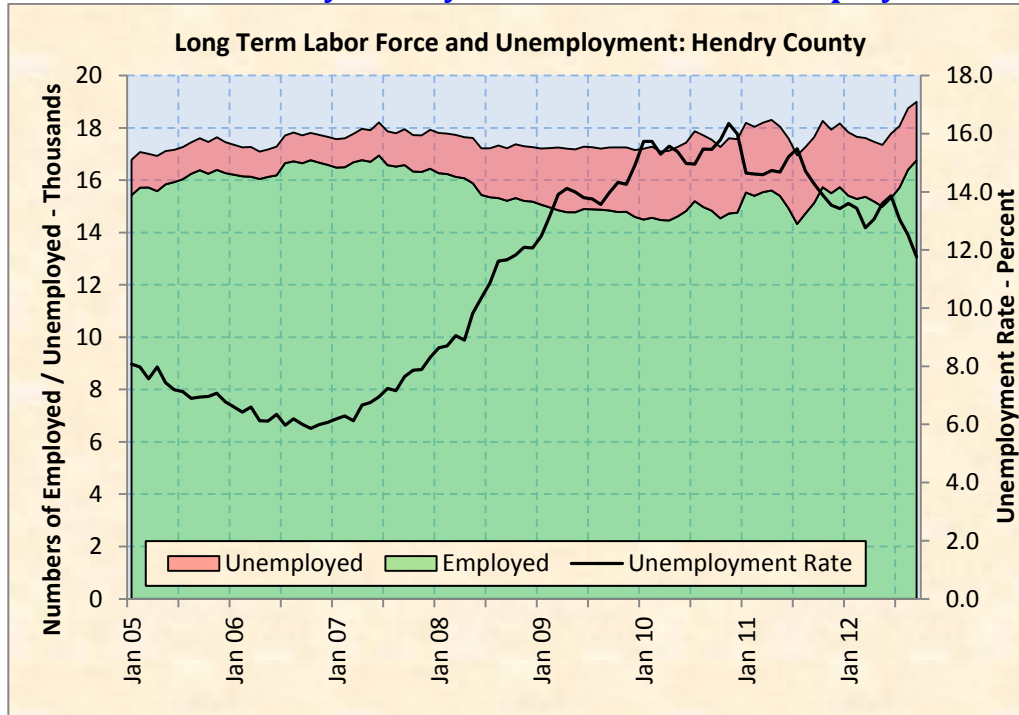
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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



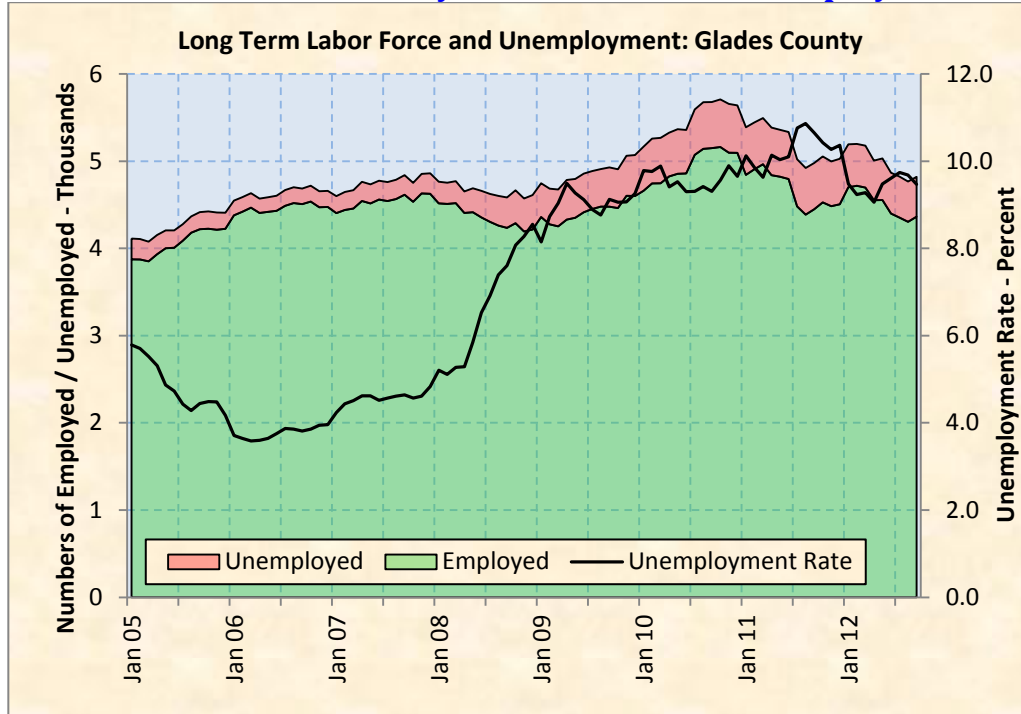
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

**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 by a Realtor® for Lee, Collier, and Charlotte Counties. The line represents median price with the scale on the right side and the bars represent the number of homes sold with the scale on the left side.

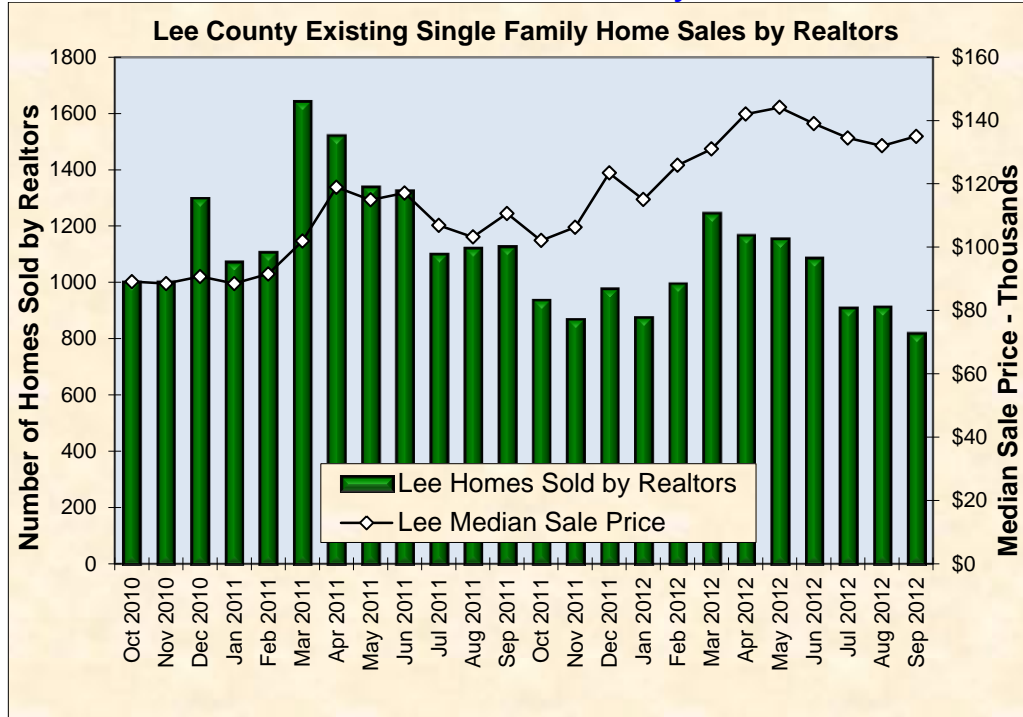
Combined sales of single-family homes in the coastal counties amounted to 1,337 units in September 2012, down 15 percent from the prior month of August 2012, and 18 percent below the September 2011 figure of 1,630. On the other hand, median prices in all three counties were more than 20 percent higher than in September 2011, as well as exceeding the August 2012 medians.

There were 820 sales in Lee County in September 2012 at a median price of \$135,000. Sales were down 27 percent from 1,127 in September 2011, but the median price rose from \$110,600 to \$135,000 over the same time period. In August 2012, 913 homes were sold with a median price of \$132,000.

Collier County had 268 single-family home sales in September 2012, a six-percent decrease from September 2011 and 23 percent below the August 2012 figure of 349. The median price was \$232,000 in September 2012, compared to \$185,000 in September 2011 and \$220,000 in August 2012.

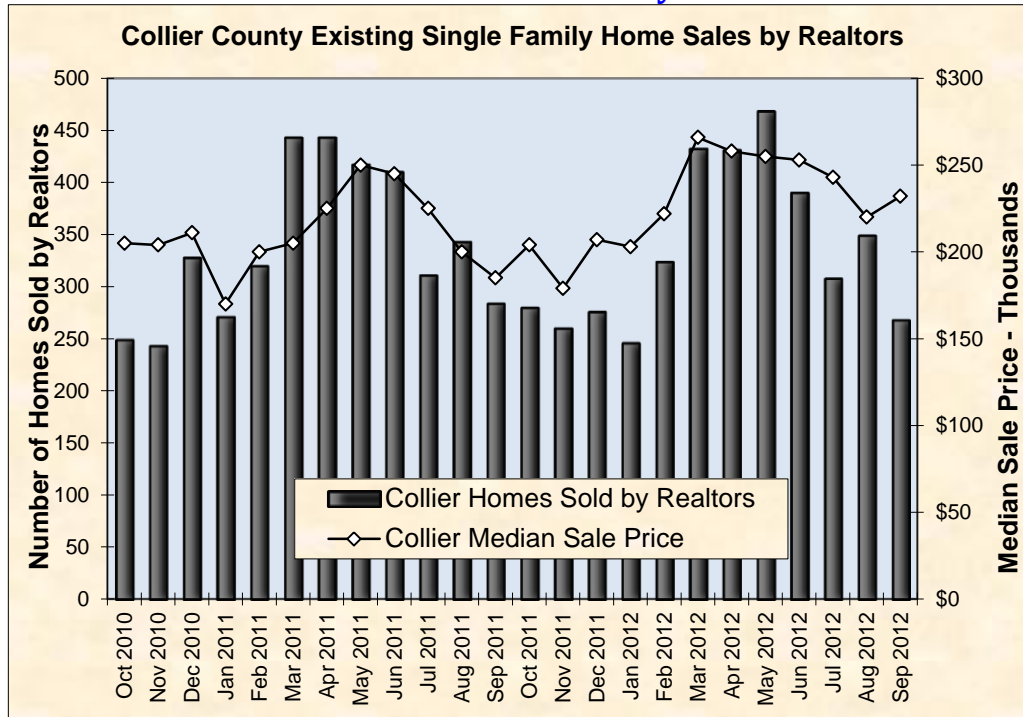
Charlotte County reported 249 single-family home sales in September 2012 at a median price of \$120,000. Property sales were up 14 percent from 219 in September 2011 at a median price of \$98,300, but down 18 percent from 303 sales in August 2012 at a median price of \$115,000.

**Chart 20: Lee County**



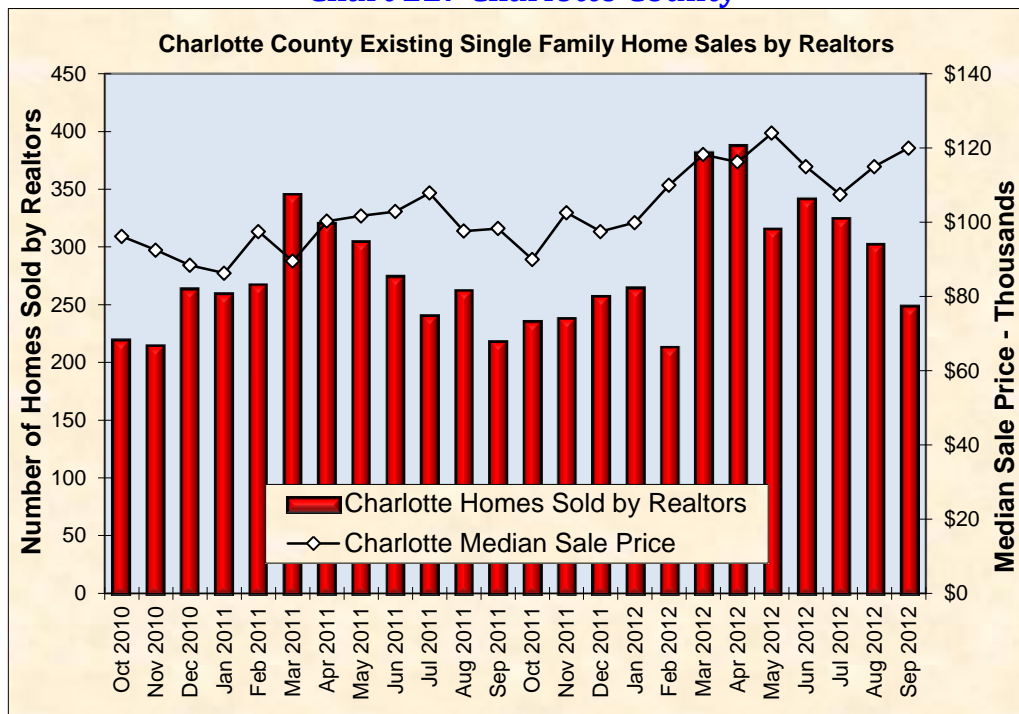
Source: Realtor Association of Greater Fort Myers and the Beach, Inc.

**Chart 21: Collier County**



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

**Chart 22: Charlotte County**



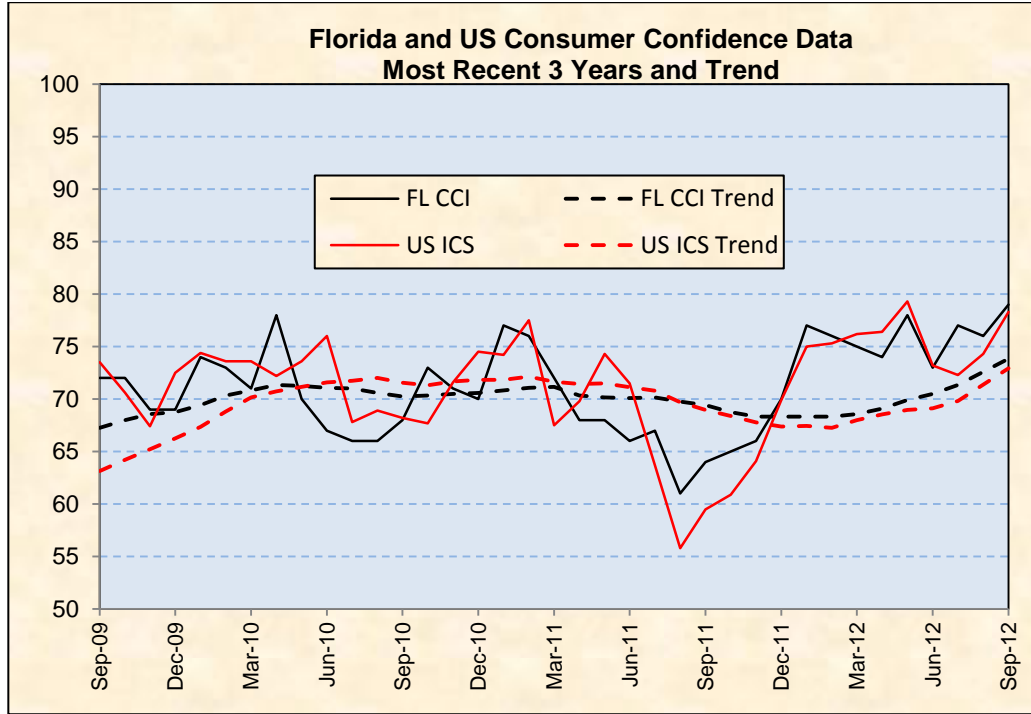
Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

## 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 78.3 in September 2012, a 4.0-point increase from August 2012, and 18.8 points higher than the September 2011 figure of 59.5. The chief economist for the national survey, Richard Curtin, notes in their September report: “The September improvement in confidence was due to more favorable prospects for the economy and for jobs during the year ahead. In addition, consumers reported some small gains in their financial situation. The improvement was due to a reduction in their debt levels and an increase in the value of their assets, primarily because of rising stock prices and home values.”

The Florida Consumer Confidence Index for September 2012 showed similar movement. The CCI increased to 79, up from the August 2012 figure of 76, and was 15 points higher than the September 2011 figure. “The last time Florida consumer confidence hit 79 was in October 2007,” said Chris McCarty, the Survey Director. “At that time confidence was on its way down as the housing crisis was getting underway. This month’s index comes at a time when the economy is still in recovery. Much of the increase in confidence in September was from lower-income households and from seniors. Some of this may have to do with the elections around the corner and anticipation of what it will mean for the future of entitlement programs. So far news about the potential consequences of the fiscal cliff has not unnerved Floridians.”

### Chart 23: Consumer Confidence Index

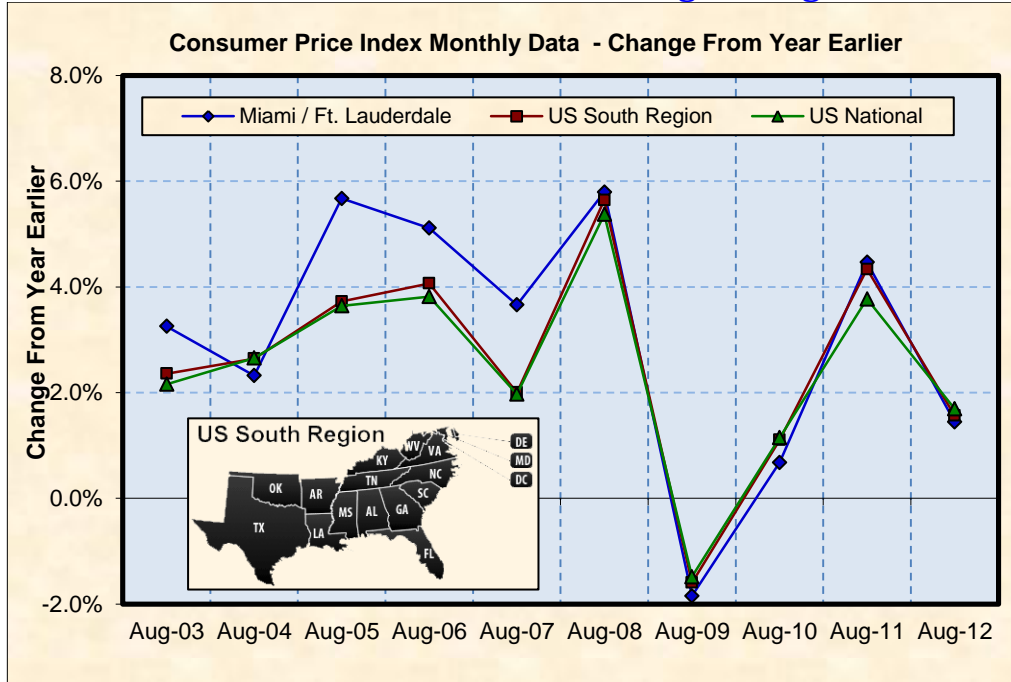


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

### Consumer Price Index

As reported last month, 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.

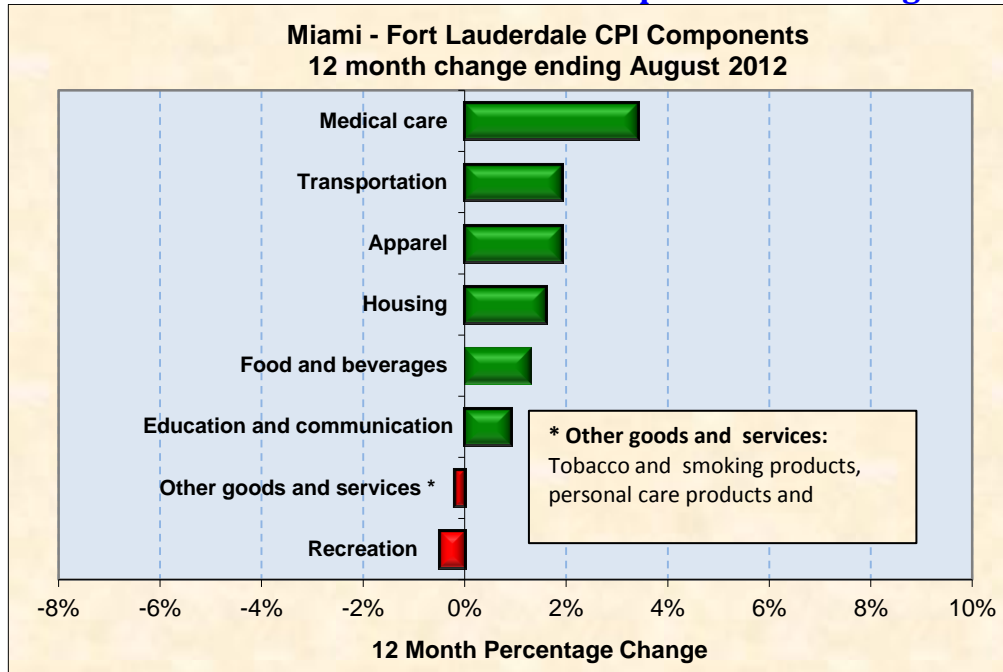
**Chart 24: CPI Annual Percentage Change**



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**



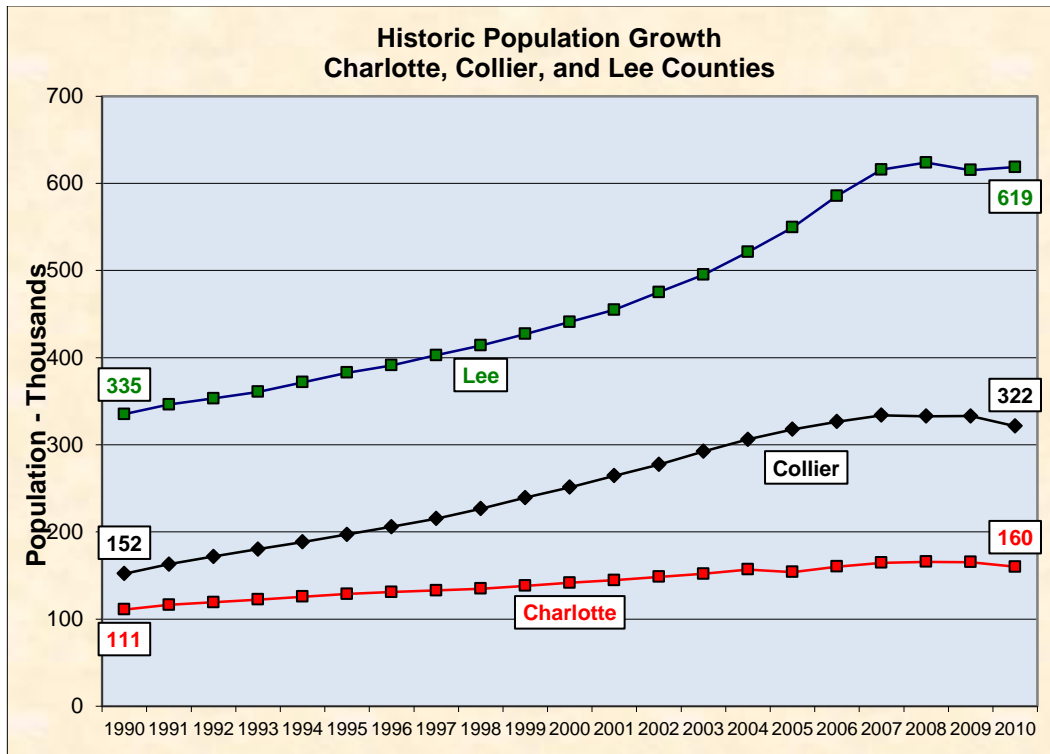
Source: BLS

## 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.

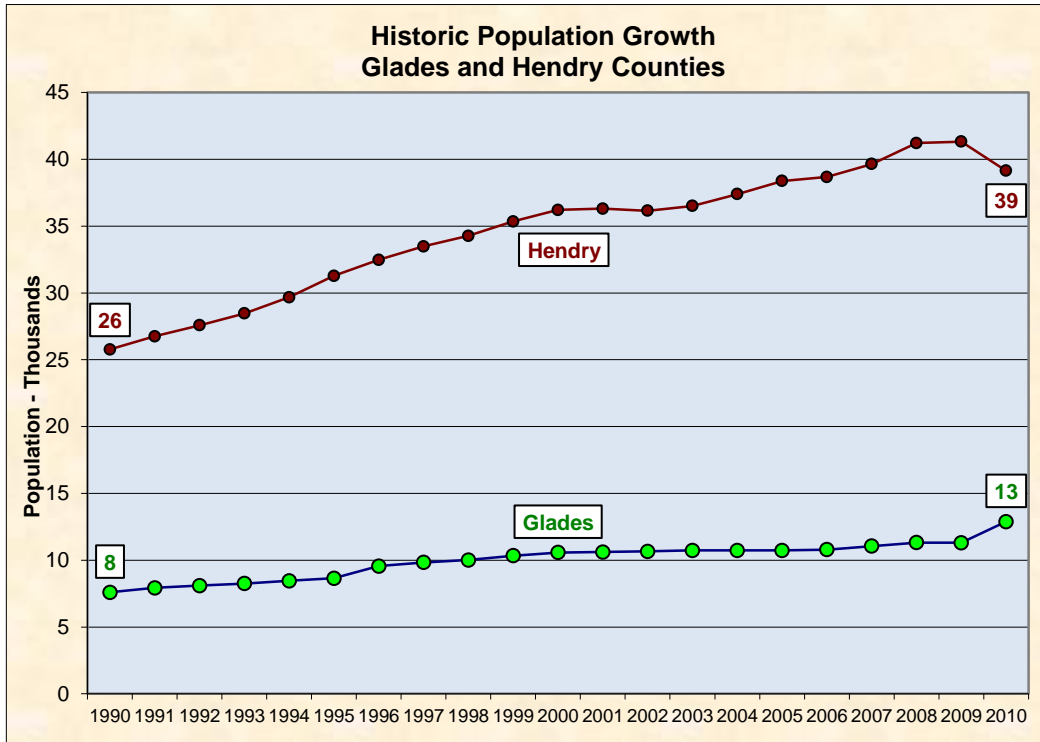
**Chart 26: Coastal Counties Growth 1990 to 2010**



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

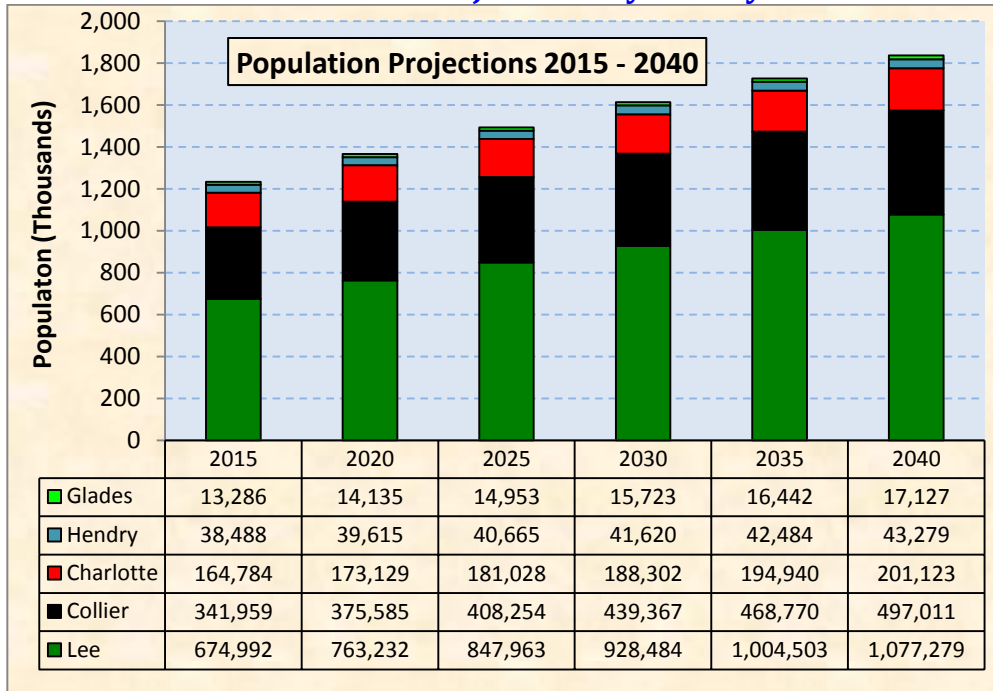


**Chart 27: Inland Counties Growth 1990 to 2010**



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.