

Southwest Florida Regional Economic Indicators

September 2011



Regional Economic Research Institute

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Table of Contents

Introduction..... 3

Airport Activity 7

 Chart 1: RSW Traffic Trend 8

 Chart 2: Sarasota Airport Traffic Trend 8

 Chart 3: Charlotte County Airport Traffic Trend..... 9

Tourism Tax Revenues..... 9

 Chart 4: Lee County Tourism Tax Revenues 10

 Chart 5: Collier County Tourism Tax Revenues 10

 Chart 6: Charlotte County Tourism Tax Revenues..... 11

Single-Family Building Permits 11

 Chart 7: Lee County 12

 Chart 8: Collier County 12

 Chart 9: Charlotte County..... 13

Taxable Sales 13

 Chart 11: Taxable Sales for Inland Counties 14

 Chart 12: Lee County Taxable Sales Change from a Year Earlier 15

 Chart 13: Collier County Taxable Sales Change from a Year Earlier 15

 Chart 14: Charlotte County Taxable Sales Change from a Year Earlier 16

Workforce – Labor Force, Employment and Unemployment 16

 Chart 15: Lee County Labor Force and Unemployment 17

 Chart 16: Collier County Labor Force and Unemployment 17

 Chart 17: Charlotte County Labor Force and Unemployment..... 18

 Chart 18: Hendry County Labor Force and Unemployment 18

 Chart 19: Glades County Labor Force and Unemployment 19

Sales of Single–Family Existing Homes and Median Sales Prices..... 19

 Chart 20: Lee County 20

 Chart 21: Collier County 20

 Chart 22: Charlotte County..... 21

Consumer Confidence Index..... 21

 Chart 23: Consumer Confidence Index..... 22

Consumer Price Index..... 22

 Chart 24: CPI Annual Percentage Change..... 23

 Chart 25: Miami-Fort Lauderdale CPI Component Percentage Change 23

Population 24

 Chart 26: Coastal Counties Growth 1990 to 2009 24

 Chart 27: Inland County Growth 1990 to 2009 25

 Chart 28: Projections by County 25

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Introduction

President Obama proposed a \$447 billion American Jobs Act of 2011 on September 12, 2011. The proposal includes:

- Temporary payroll tax cut for employers and employees;
- Temporary tax credit for increased payroll;
- Extension of temporary 100 percent bonus depreciation for certain business assets;
- Veteran hiring preferences;
- Teacher and first responder stabilization;
- Elementary, secondary, and community college modernization;
- Immediate transportation infrastructure investments;
- American infrastructure financing authority;
- Extension of the exemption from AMT treatment of certain tax-exempt bonds;
- National wireless/broadband initiative;
- Extension of emergency unemployment compensation program;
- Establishment of self-employment assistance program;
- Reemployment NOW program;
- Long-term unemployed hiring preference;
- Prohibition of employment discrimination on the basis of an individual's status as unemployed;
- Tax law changes that would limit certain deductions and exclusions; and
- Repeal of oil subsidies

The proposed jobs act is very comprehensive, aimed at increasing spending in the short run, but increasing the challenge of balancing the long-term federal budget. The proposed jobs act faces an uphill battle in Congress and it will take time to implement many of the provisions.

The Federal Reserve Open Market Committee took action on September 21, 2011, to lower longer term interest rates by buying \$400 billion in long-term securities and selling \$400 billion in short-term securities. This action will be completed by June 2012 and is referred to as "Operation Twist". This policy is intended to keep long term rates, including those for mortgages, low over the next year.

The August Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment was essentially unchanged and the July increase was only 85,000. The U.S. labor force grows by approximately 130,000 per month so overall job growth will need to be approximately 270,000 per month to continue reducing the unemployment rate. The national August employment increases included 30,000 in health care and 8,000 in computer systems design and related services.

In August 2011, the number of long-term unemployed (those jobless for 27 weeks or longer) stayed approximately the same as July 2011 at 6.0 million, which represents 42.9 percent of the unemployed. The national unemployment rate is 9.1 percent.

The national consumer price index increased by 3.8 percent over the last year, primarily driven by a 18.4 percent increase in energy prices and a 4.6 percent increase in food. All items, less food and energy, rose by only 2.0 percent. Core inflation remains subdued and has allowed the Federal Reserve to keep interest rates low.

The President and Congressional leaders continue to discuss a short-term stimulus package as well as long-term spending reductions and tax revenue increases in light of the agreements reached regarding the increase in the national debt ceiling. The U.S. economy, and the Southwest Florida economy in particular, are still working through the systemic problems related to the housing bubble and banking crisis, and businesses and households remain cautious about costs and spending.

The latest release of the Federal Reserve's Open Market Committee (FOMC) was issued on September 21st, and is summarized as follows:

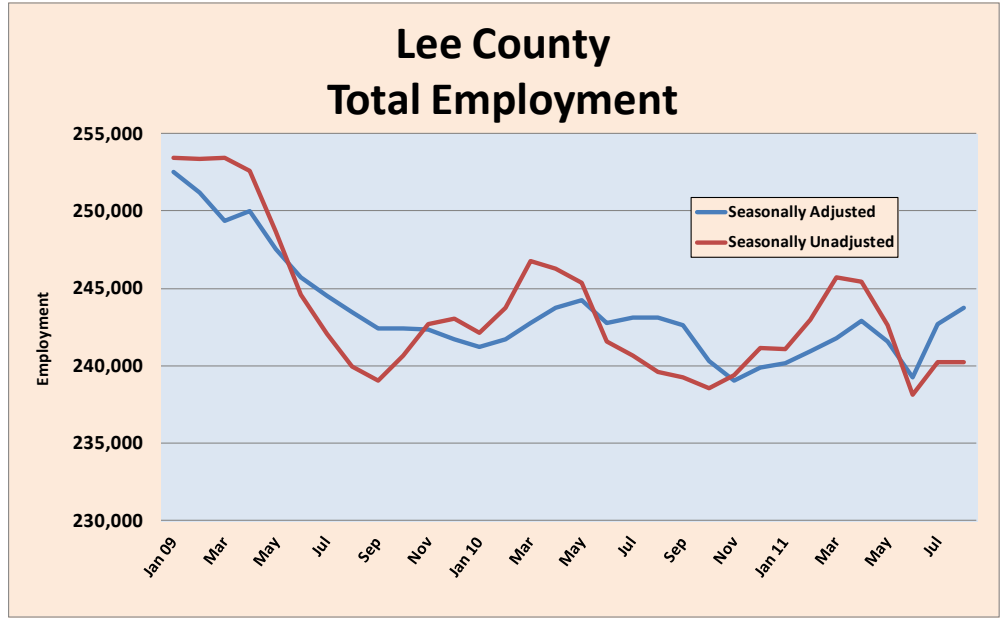
- Economic growth remains slow;
- Indicators point to a continuing weakness in overall labor market conditions, and the unemployment rate remains elevated;
- Household spending has increased at only a modest pace, investment in nonresidential structures is weak, and the housing sector remains depressed;
- However, business investment in equipment and software continues to expand;
- Inflation has moderated since earlier in the year as prices of energy and some commodities have declined, and longer term inflation expectations remain stable;
- The Committee continues to expect some pickup in the pace of recovery over coming quarters, and anticipates that the unemployment rate will decline only gradually while noting significant downside risks to the economic outlook;
- The Committee decided to extend the average maturity of its securities holdings, intending to purchase \$400 billion of Treasury securities with remaining maturities of 6 to 30 years, and to sell an equal amount of Treasury securities with remaining maturities of 3 years or less. Its intent is to put downward pressure on longer-term interest rates and help make broader financial conditions more accommodative; and
- FOMC will continue to maintain the target range for the federal funds rate at 0 to 1/4 percent and expects to continue this policy at least through mid-2013.

The next meeting of the FOMC is scheduled for November 1 – 2, 2011.

The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report, as a way to support its mission and assist the region. RERI has been working to seasonally adjust the region's economic data. We will be developing new charts over the next several months and gradually introducing them to our report. The slowness of the recovery has put a spotlight on the need to create additional jobs in our region. The changes in employment are due to seasonal and non-seasonal factors. Seasonally adjusting the economic data lets the reader see the overall trend removing recurring seasonal changes.

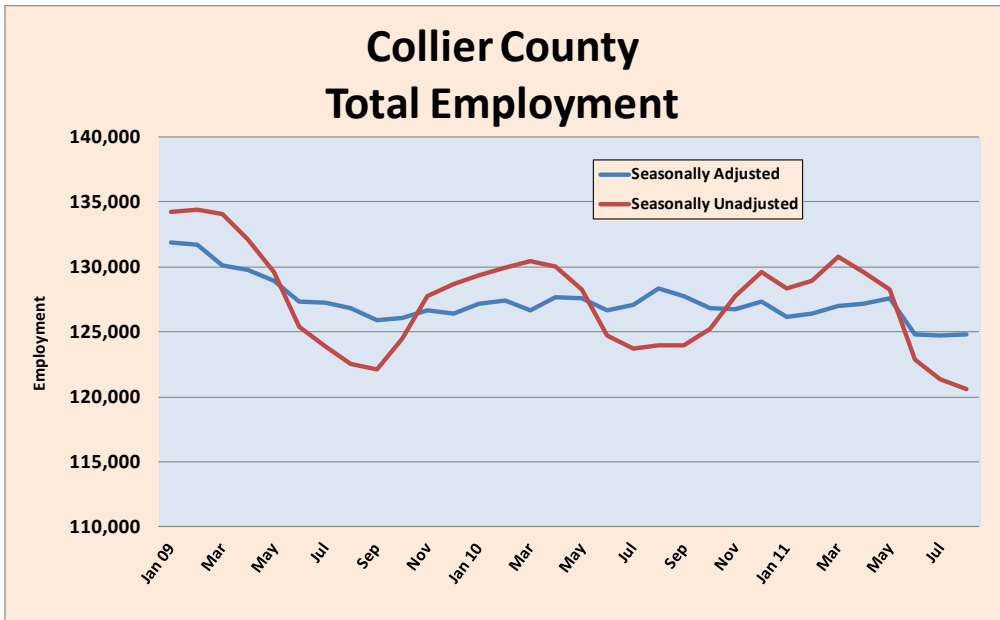
The following charts show the seasonally adjusted and seasonally unadjusted total employment for Lee, Collier, Charlotte, Hendry, and Glades counties. Lee County has seen total seasonally adjusted

employment (blue line) fall until January 2010. It increased the first half of 2010 before hitting its current low in January 2011. The good news is that Lee County's seasonally-adjusted employment has increased by 3,837 this year from a low of 239,902 in January 2011 to 243,739 in August 2011.



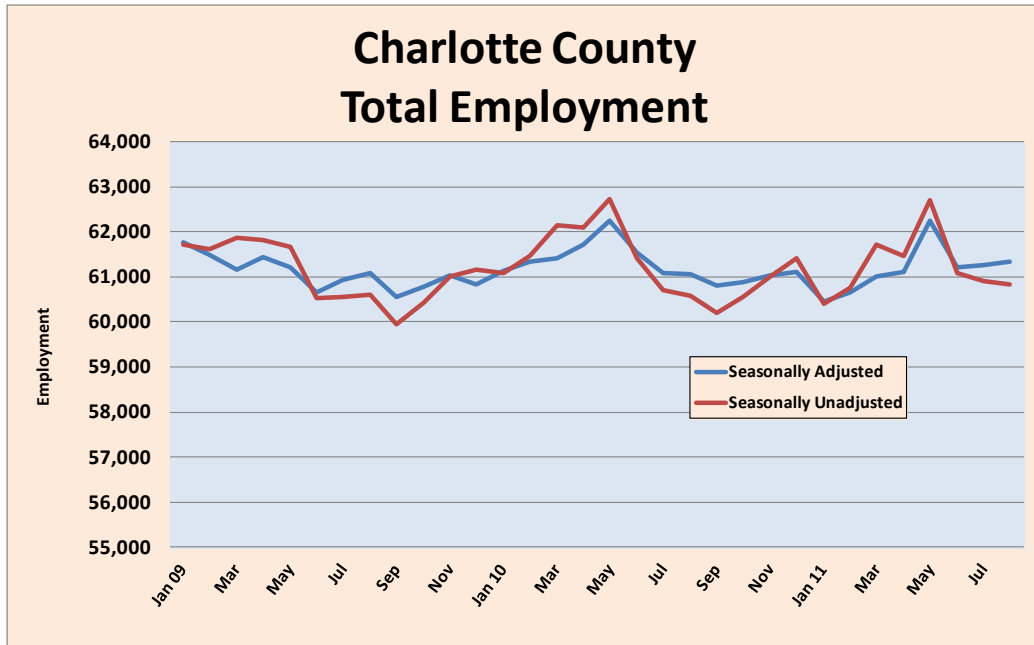
Source: Florida AWI

Collier County total employment has varied with employment gains during the first half of 2010 and declines in the second half of 2010. Collier County's seasonally-adjusted employment (blue line) has fallen by 1,356 employees from 126,168 in January 2011 to 124,812 in August 2011 as shown in the chart below. The seasonally- unadjusted employment (red line) shows that seasonal employment varies by approximately 7,500.



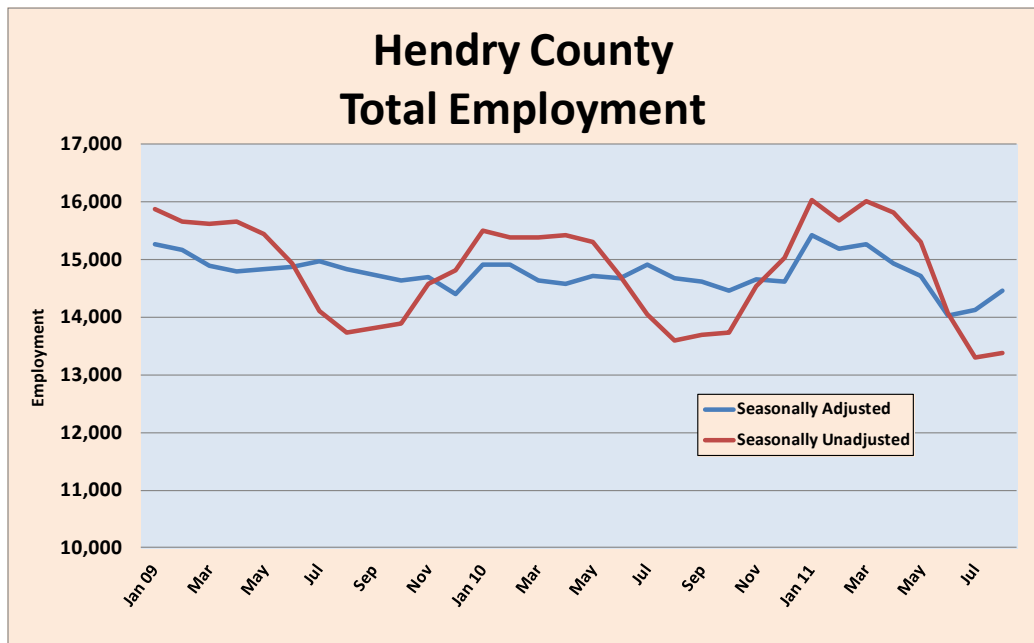
Source: Florida AWI

Charlotte County shows a employment pattern similar to Lee County with employment increasing in the first half of 2010 and decreasing the second half of 2010. The total seasonally-adjusted employment (blue line) declined to 60,455 in January 2011 and has increased by 926 to 61,381 in August 2011.



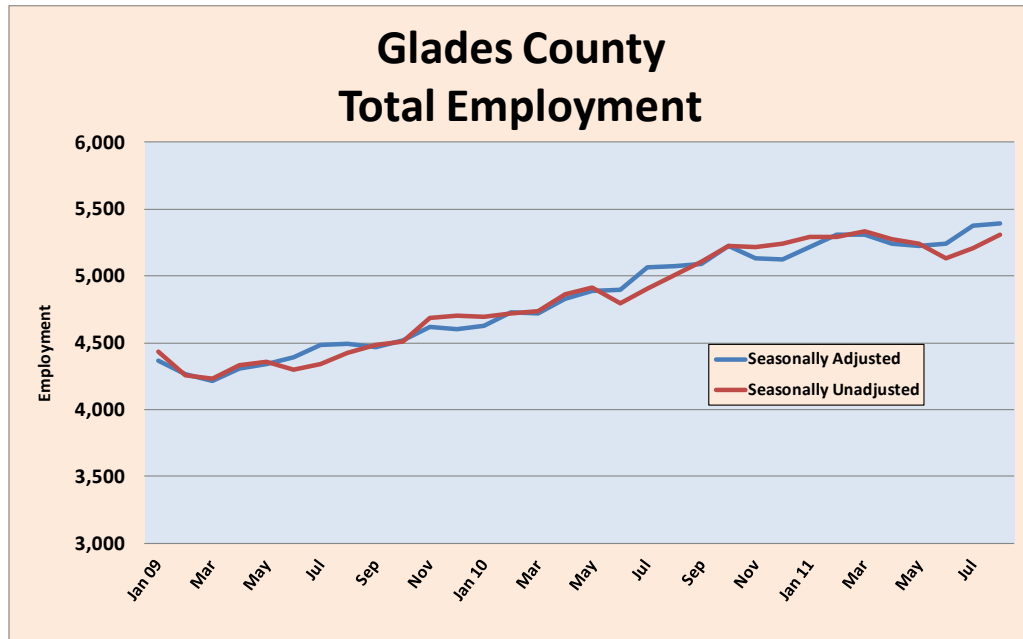
Source: Florida AWI

Hendry County's seasonally-adjusted employment(blue line) has varied with a low in June 2011 of 14,020 increasing to 14,449 by August 2011.



Source: Florida AWI

Glades County increased its seasonally adjusted employment (blue line) from 5,220 in January 2011 to 5,389 in August 2011 for a gain in employment of 264.



Source: Florida AWI

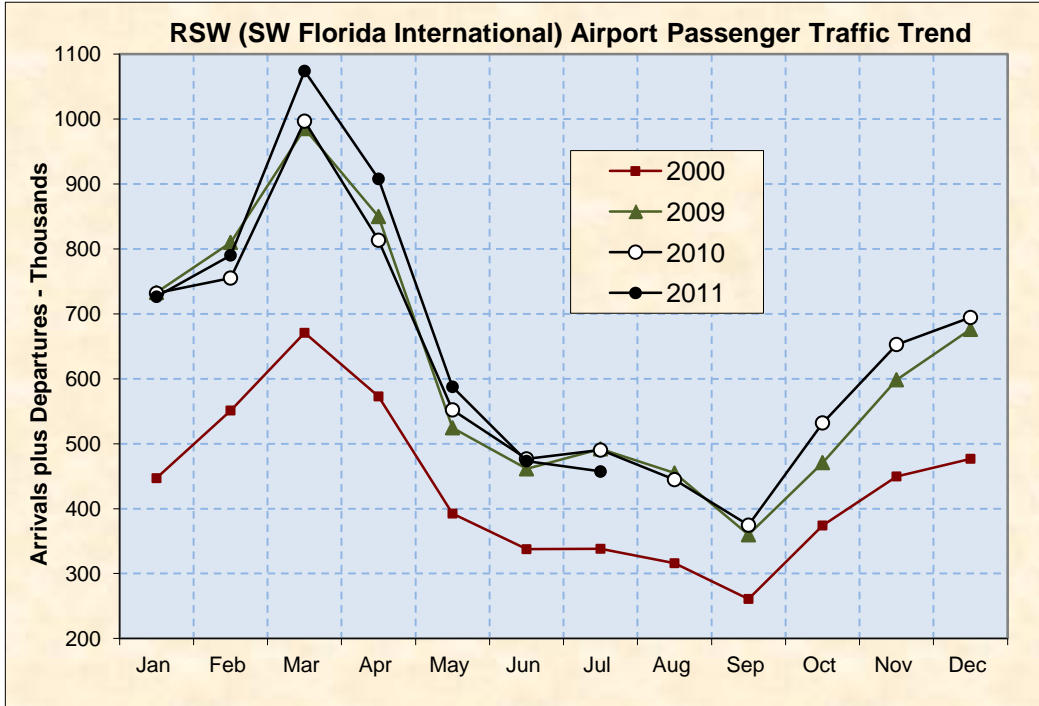
RERI thanks all of the individuals and organizations that have helped to bring together the regional information for this report. These include the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee Counties, the Convention and Visitors 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 (SRQ), and Charlotte County (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.

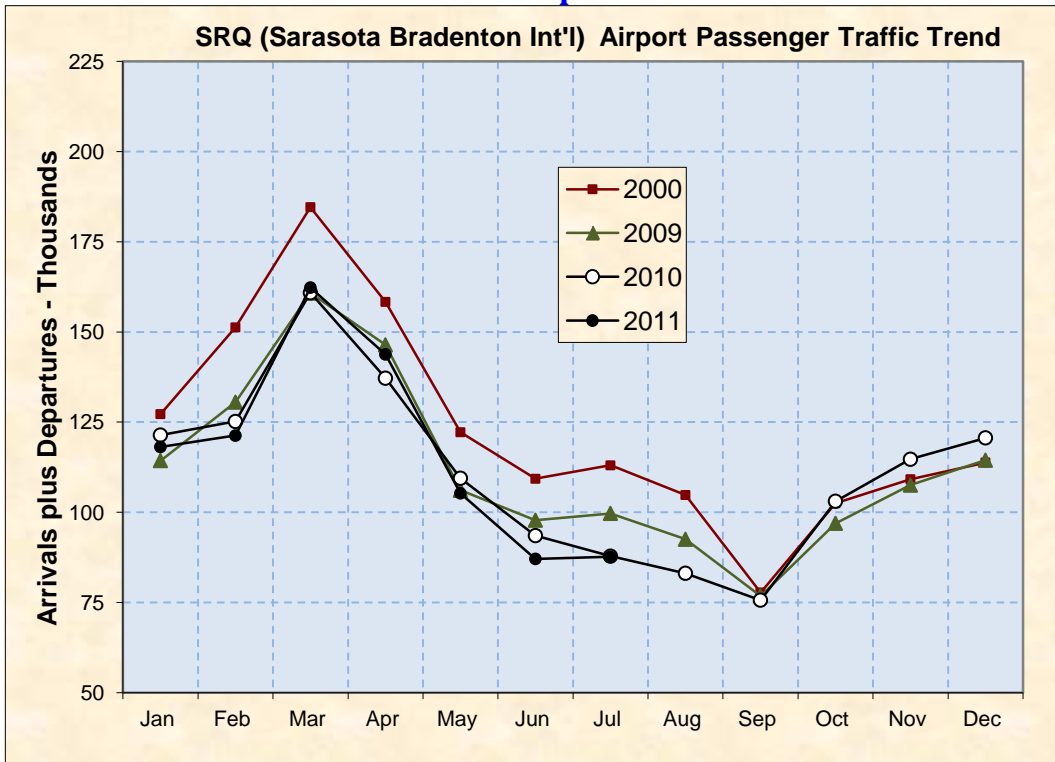
Total activity for the three regional airports totaled 561,171 in July 2011, a decrease of two percent from June 2011, and a five-percent decrease from July 2010. Chart 1 shows RSW passenger activity of 457,194 in July 2011, a decrease of seven percent from July 2010. Sarasota (SRQ) passenger activity amounted to 87,685 in July 2011, nearly equal to the activity in July 2010, as shown in Chart 2. Charlotte County Airport reported passenger activity of 16,292 in July 2011, a 59-percent increase over July 2010, as shown in Chart 3.

Chart 1: RSW Traffic Trend



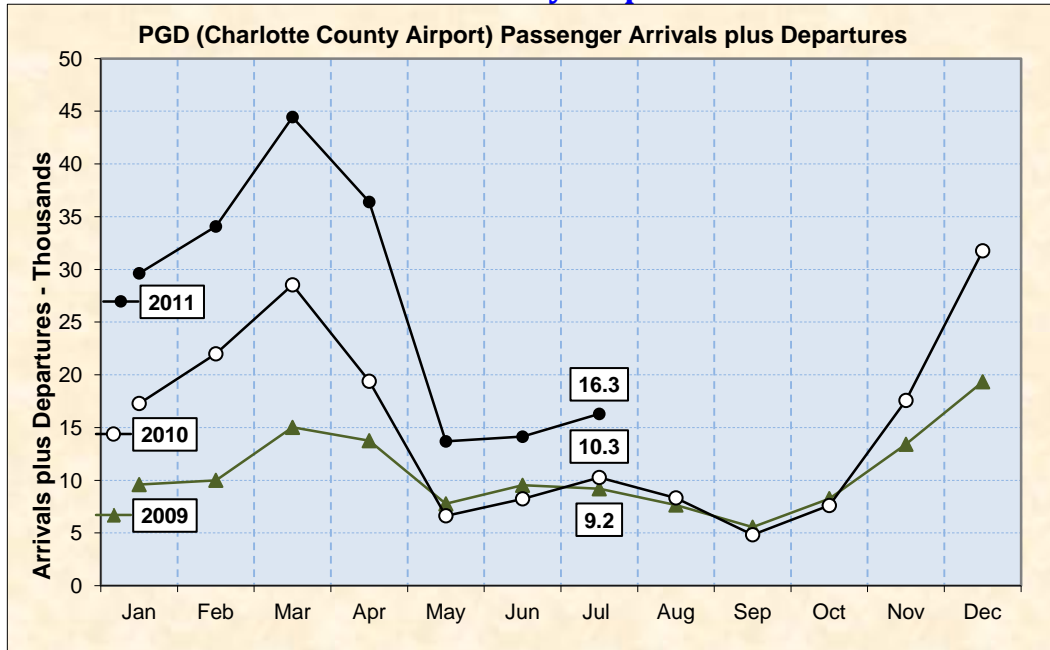
Source: Local Airport Authorities

Chart 2: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 3: Charlotte County Airport Traffic Trend

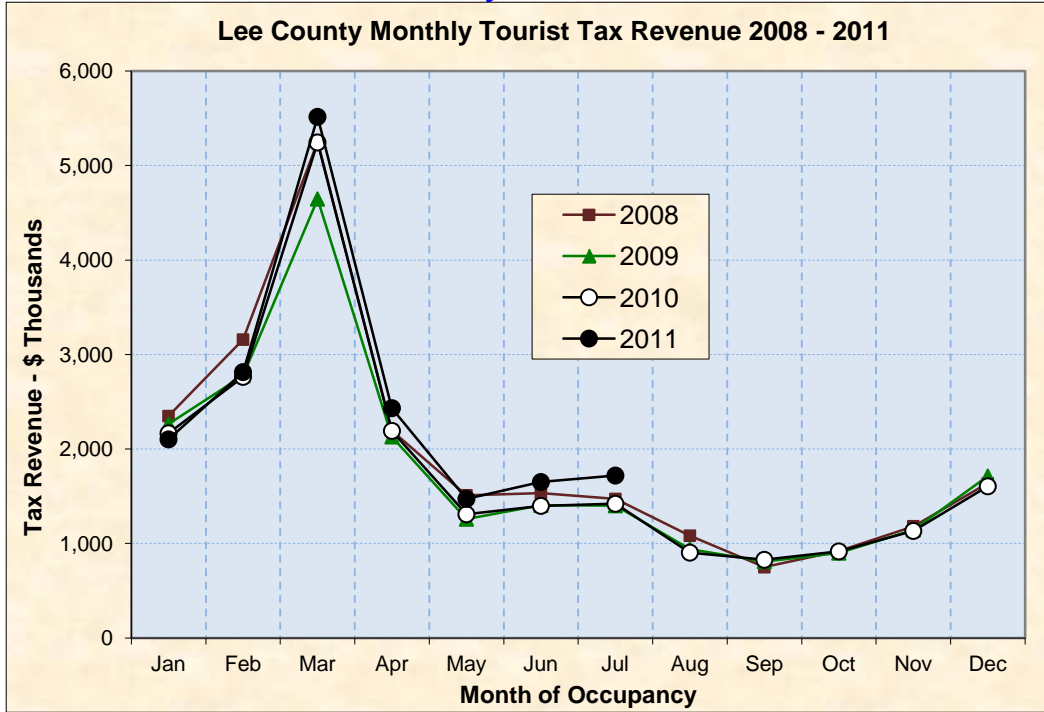


Source: Local Airport Authorities

Tourism Tax Revenues

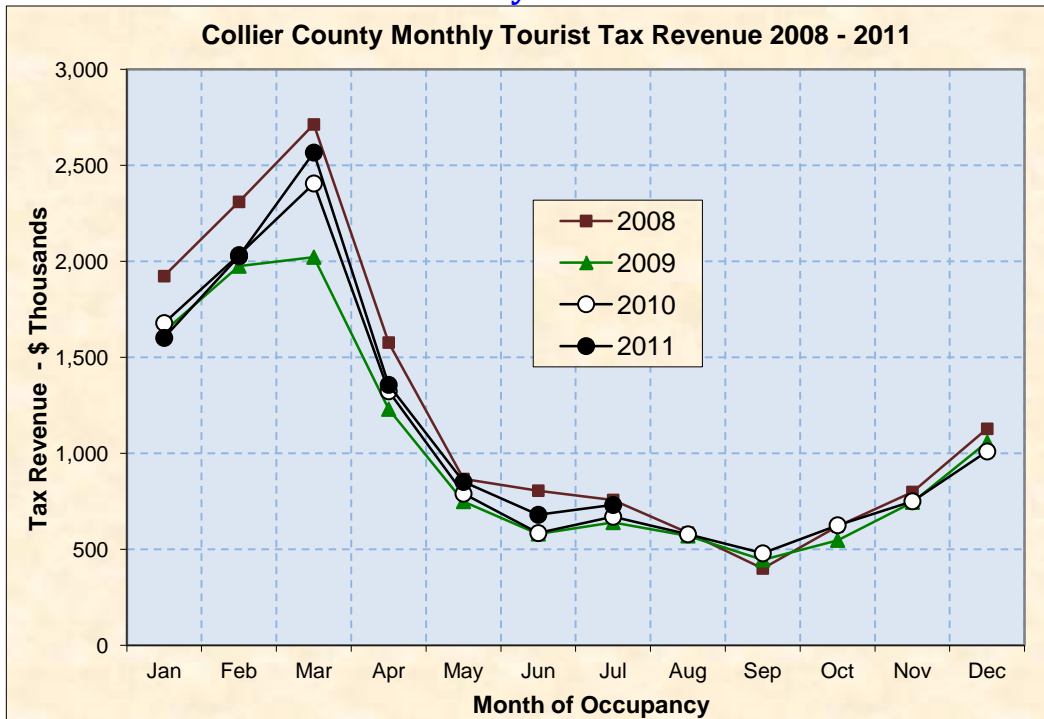
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. July 2011 tourism tax revenues showed increases for each of the three coastal counties. Lee County tourism tax revenues amounted to \$1,718,978 in July 2011, a 21-percent increase from July 2010. Collier County revenues of \$730,744 in July 2011 were nine percent higher than July 2010. Charlotte County’s tourism tax revenues of \$82,627 in July 2011 represented a 17-percent increase from the July 2010 figure. Total tourism tax revenues for the three coastal counties increased by five percent over June 2011, and were up 17 percent over July 2010.

Chart 4: Lee County Tourism Tax Revenues



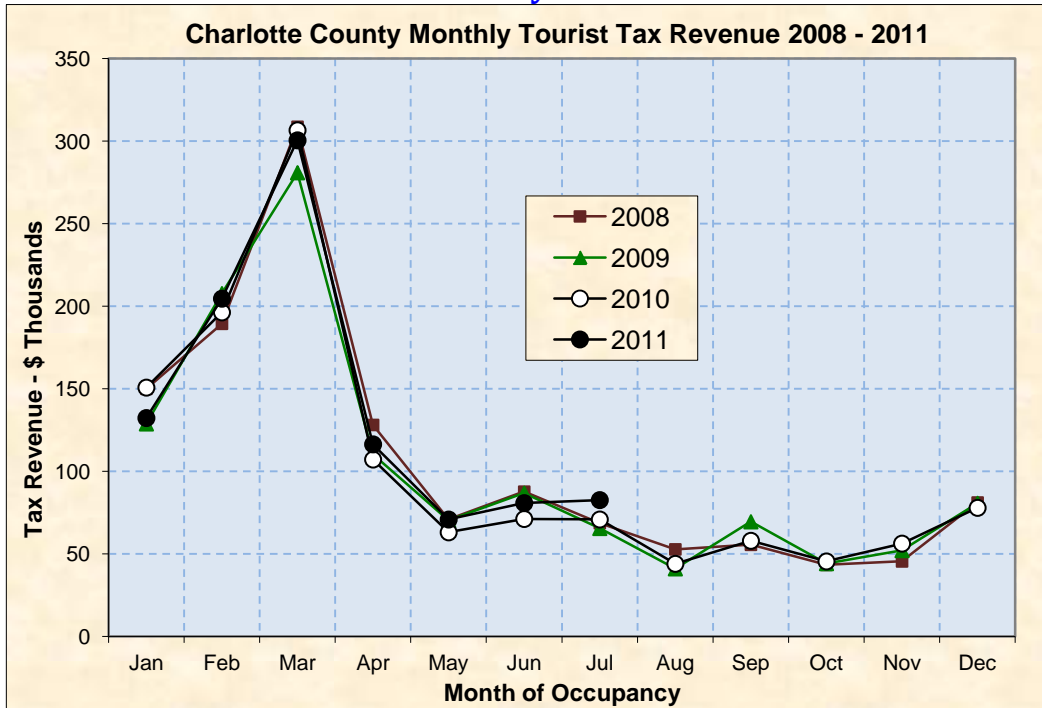
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

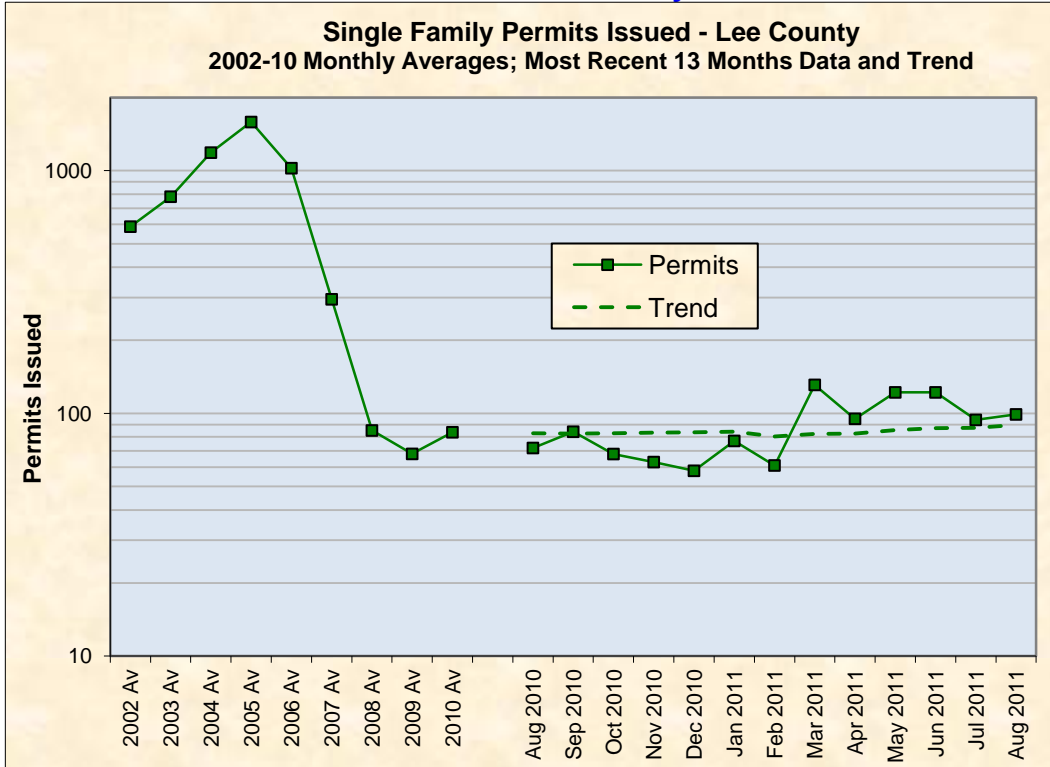


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

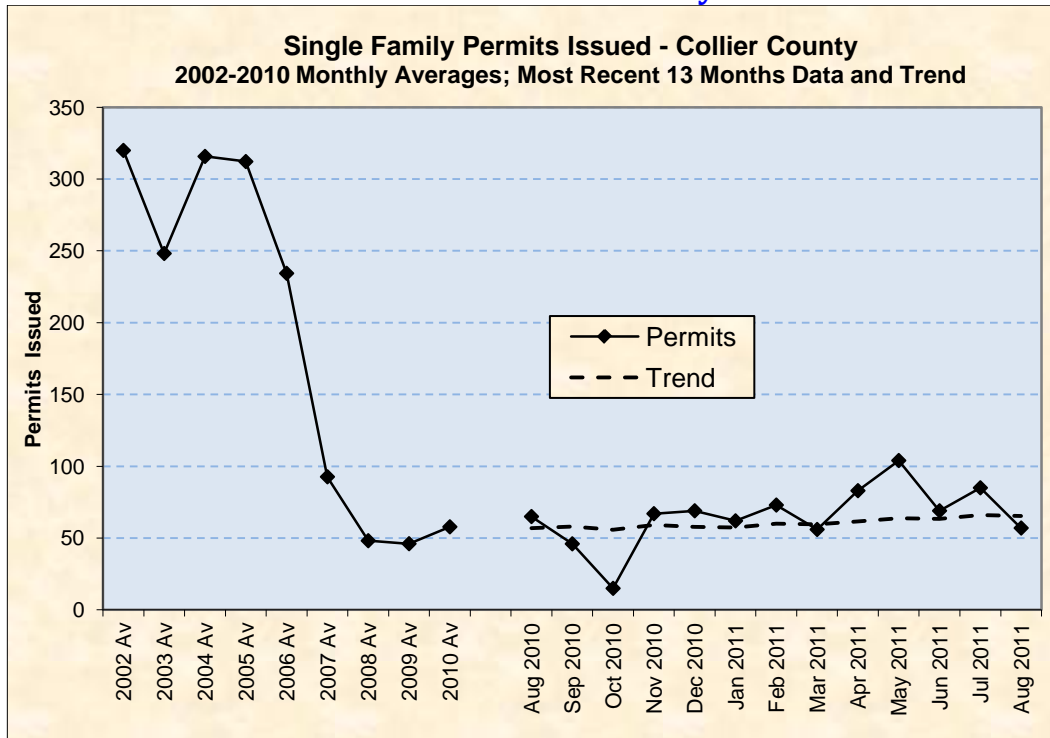
August 2011 single-family building permits showed a one-percent increase over August 2010 for the three coastal counties combined. Lee County issued 99 single-family home permits in August 2011, an increase over the July 2011 figure of 94, and up from the 72 permits reported in August 2010, as shown in Chart 7. (Please note that Chart 7 employs a logarithmic numerical scale on its y-axis to allow the chart to show both boom and recent years on a scale that more clearly portrays the trends). Collier County issued 57 single-family permits in August 2011, compared to 85 in July 2011 and 65 in August 2010, as shown in Chart 8. Charlotte County permits increased to 24 in August 2011 from 14 in July 2011, albeit down from 41 in August 2010, as shown in Chart 9. The three counties issued a total of 180 single-family permits in August 2011. This represents a seven-percent decrease from July 2011.

Chart 7: Lee County



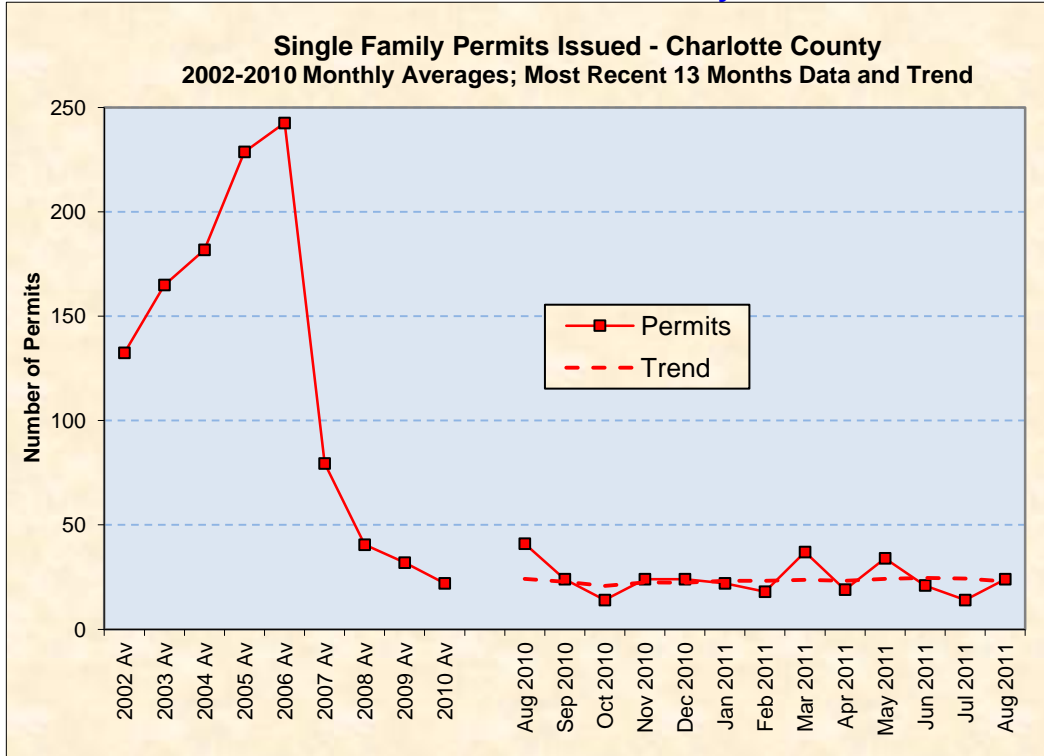
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

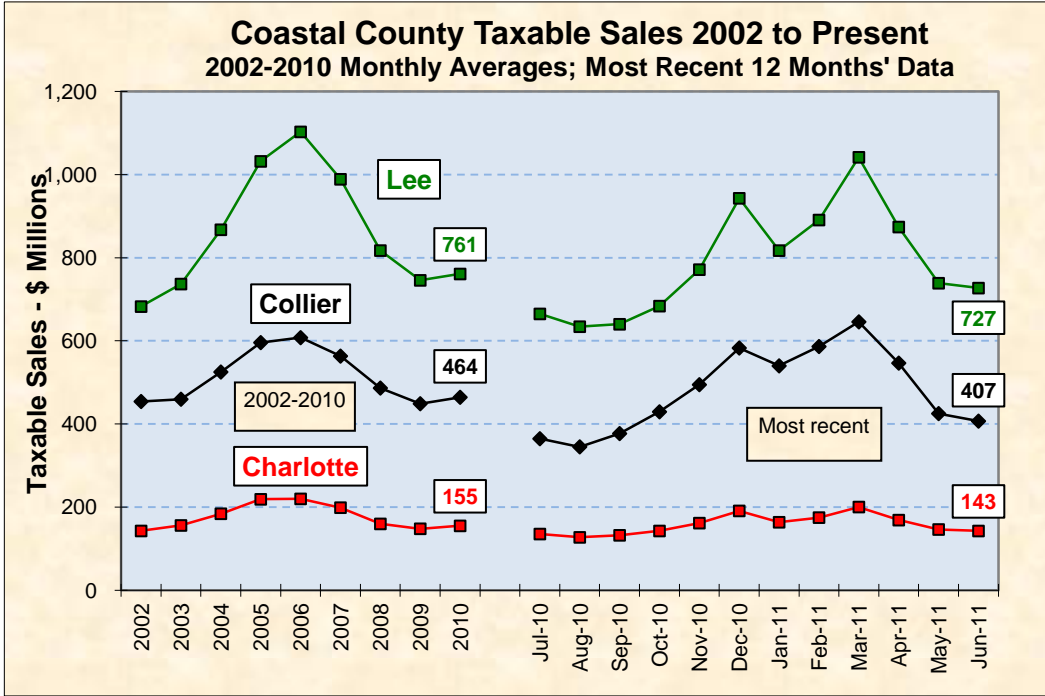
Taxable sales figures are used to track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, June is the latest collection month plotted on the following charts.

Total taxable sales for the five-county region in June 2011 showed a five-percent increase (\$65.5 million) over June 2010; but a three-percent decrease (\$33.3 million) from the prior month of May, as shown in Chart 10. Charlotte County’s taxable sales of \$142.7 million in June 2011 represented a one-percent increase over the June 2010 figure. Lee County taxable sales amounted to \$727.0 million in June 2011, a six-percent increase from June 2010; and Collier County's taxable sales were \$407.0 million in June 2011, a seven-percent increase from June 2010. Seasonal decreases from the prior month of May 2011 amounted to two percent in Charlotte and Lee, and four percent in Collier County.

Chart 11 shows taxable sales for Glades and Hendry Counties. Hendry County’s taxable sales of \$21.0 million in June were one percent higher than a year ago, and two percent below the prior month. Glades County reported June 2011 taxable sales of \$2.5 million, a 30-percent increase over the same month one year ago, and 26 percent higher than May 2011.

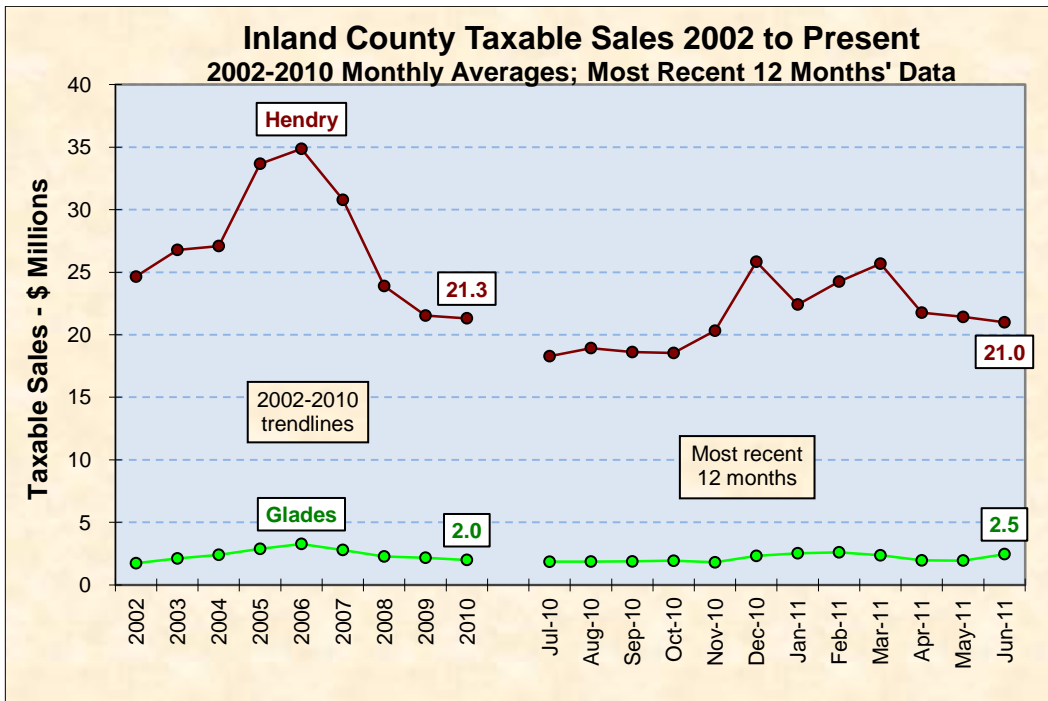
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. All three coastal counties showed year-over-year increases, and have done so for at least 11 of the past 12 months.

Chart 10: Taxable Sales for Coastal Counties



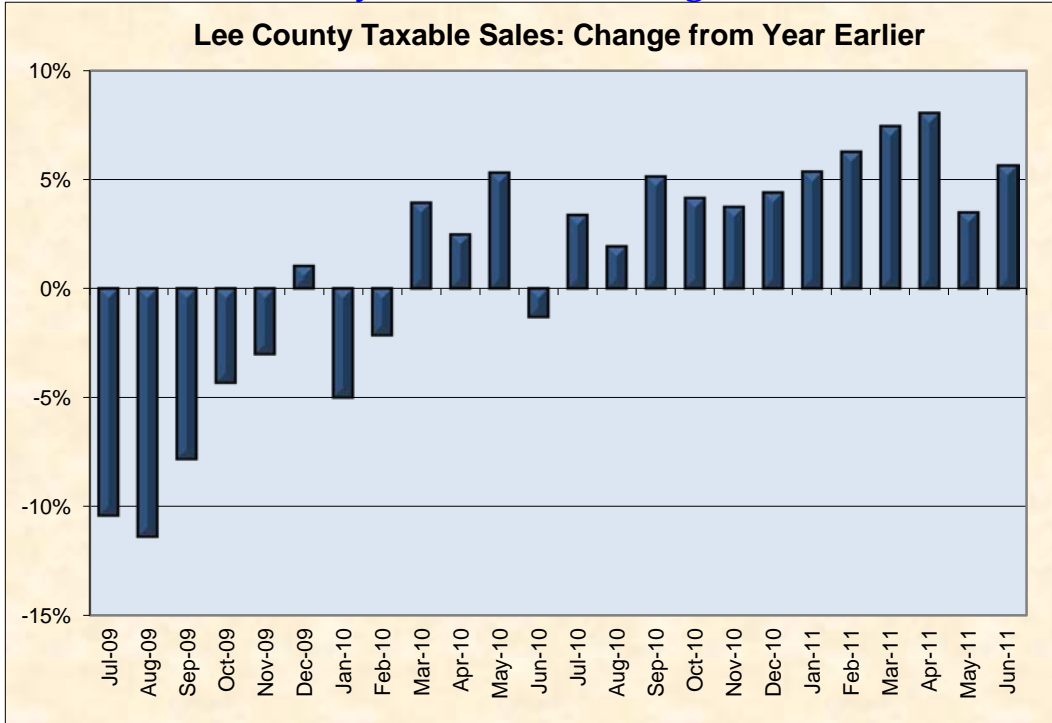
Source: Florida Department of Revenue, Office of Tax Research

Chart 11: Taxable Sales for Inland Counties



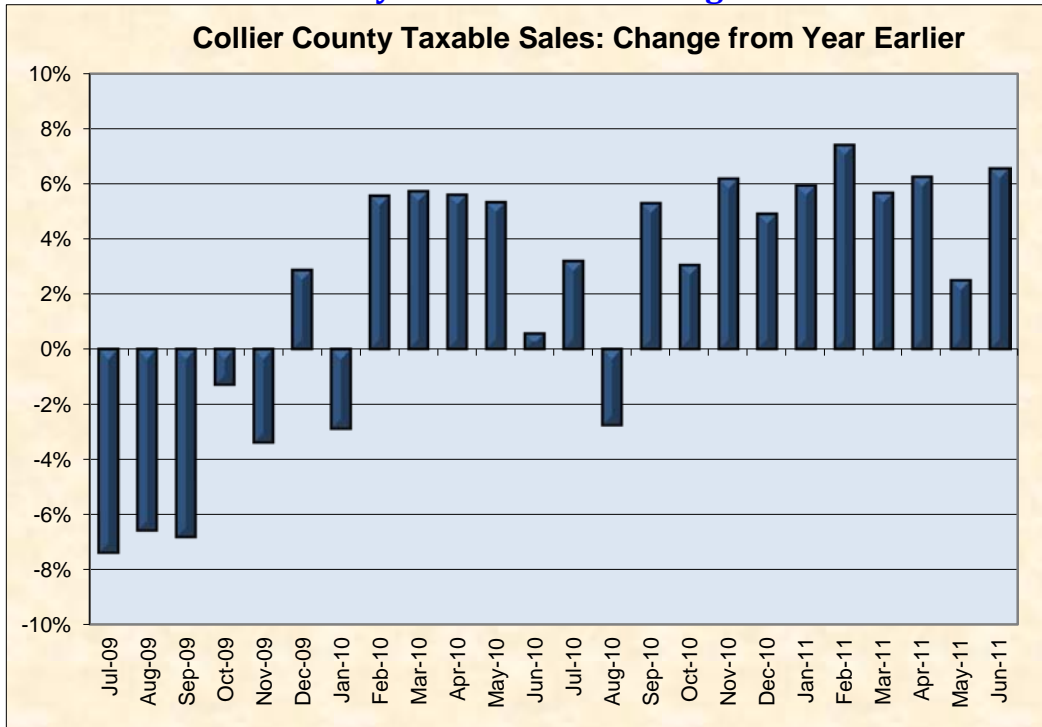
Source: Florida Department of Revenue, Office of Tax Research

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



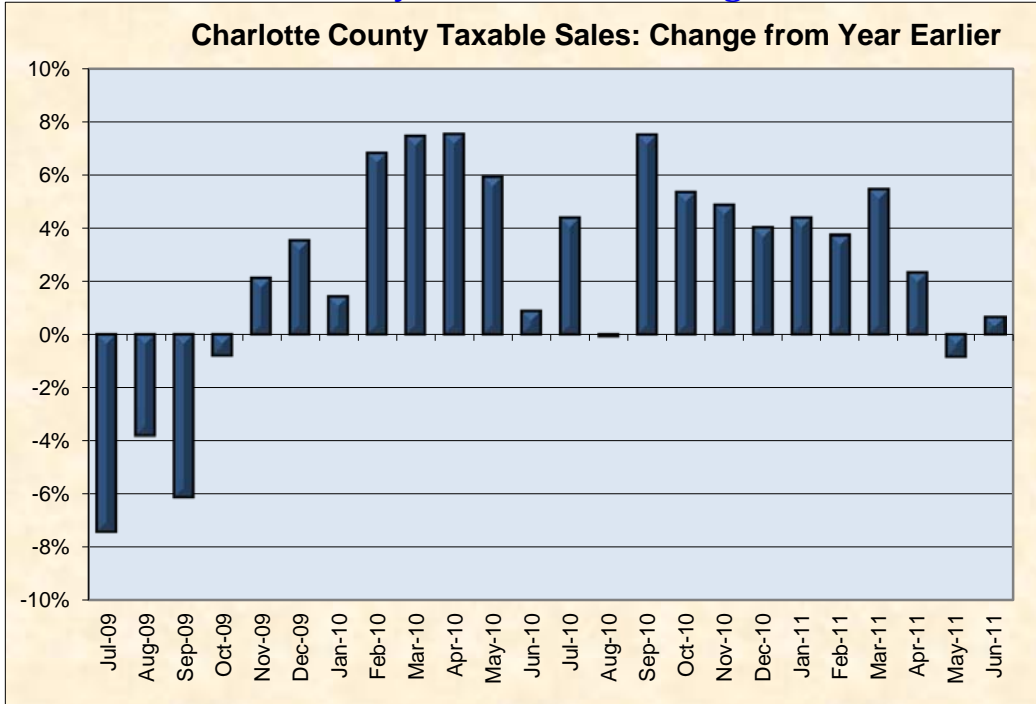
Source: Florida Department of Revenue, Office of Tax Research

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

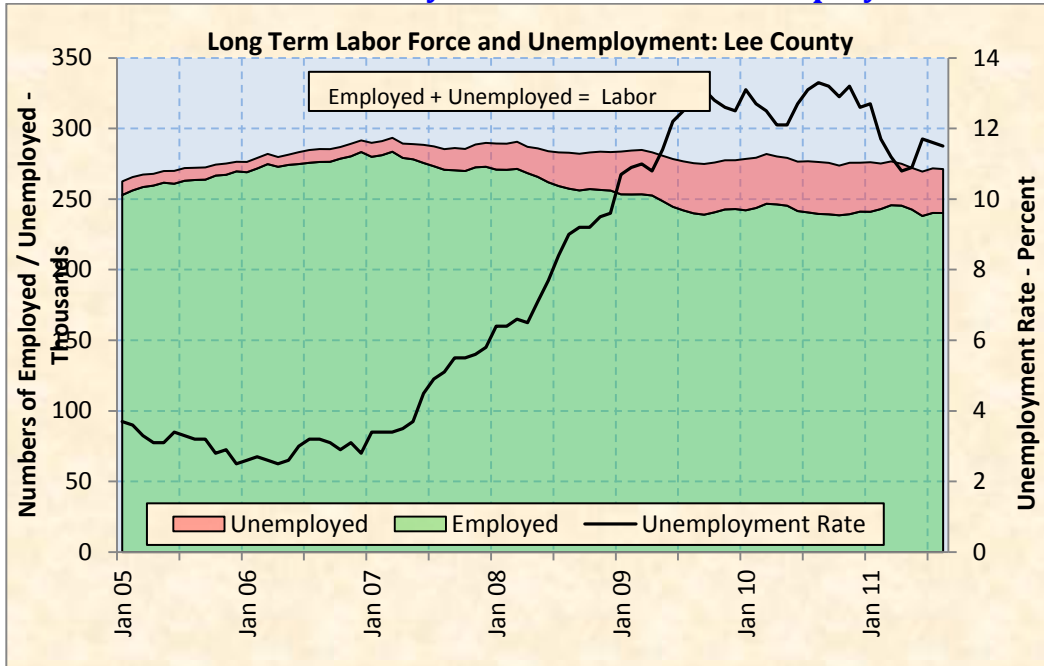
Charts 15, 16, 17, 18, and 19 show total employment, unemployment, and the unemployment rate for each county from the beginning of 2005 to August 2011. Unemployment rates can decline due to improvements in employment, or as a result of labor force dropouts (discouraged workers), or people leaving our labor market to seek employment elsewhere. Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends. Unemployment rates reported in this report are not seasonally adjusted, except as noted. We will be moving to seasonally adjusted rates and charts in the future, as discussed in the introduction.

Four of the five counties showed lower unemployment rates in August 2011 compared to August 2010. The Southwest Florida five-county region has experienced a loss of 2,379 employees from August 2010 to August 2011. For the same period, the number of unemployed decreased by 9,949, lowering the region’s unemployment rate to 11.7 percent from 13.4 percent a year ago.

Lee County's unemployment rate decreased to 11.5 percent from 11.6 percent in July 2011 and from 13.3 percent in August 2010, as shown in Chart 15. Collier County's unemployment rate was 11.9 percent, unchanged from July, and down from 13.3 percent in August 2010, as shown in Chart 16. Collier’s employment dropped by 795 jobs from July 2011. Charlotte County's unemployment rate increased to 11.3 percent from 11.1 percent in July, as shown in Chart 17; this is still below the 12.8 percent figure of August 2010. Hendry County saw its unemployment rate decrease from 19.0 percent in July to 17.9 percent in August, as shown in Chart 18. Glades County’s unemployment rate showed a decline from 9.7 percent in July to 9.2 percent in August, as shown in Chart 19. The state of Florida’s non-seasonally adjusted unemployment rate again edged lower from 11.0 percent in July to 10.9 percent in August. The comparable figure for August 2010 was 12.1 percent. The unadjusted national unemployment rate declined from 9.5 percent in August 2010 and from 9.3 percent in July 2011 to 9.1

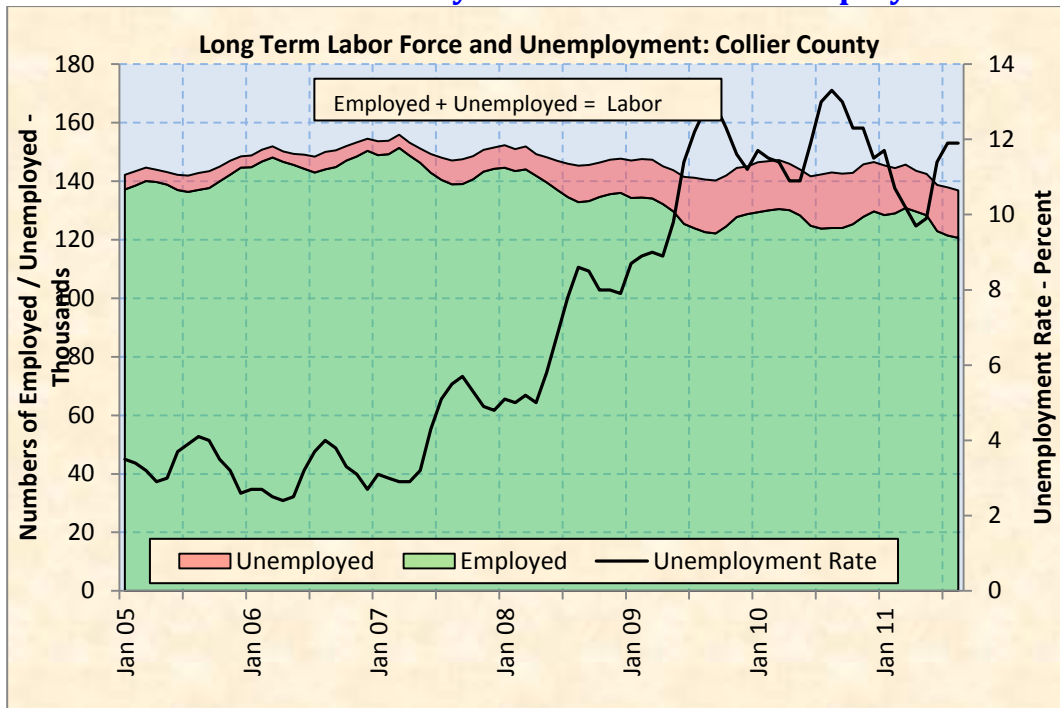
percent in August 2011.

Chart 15: Lee County Labor Force and Unemployment



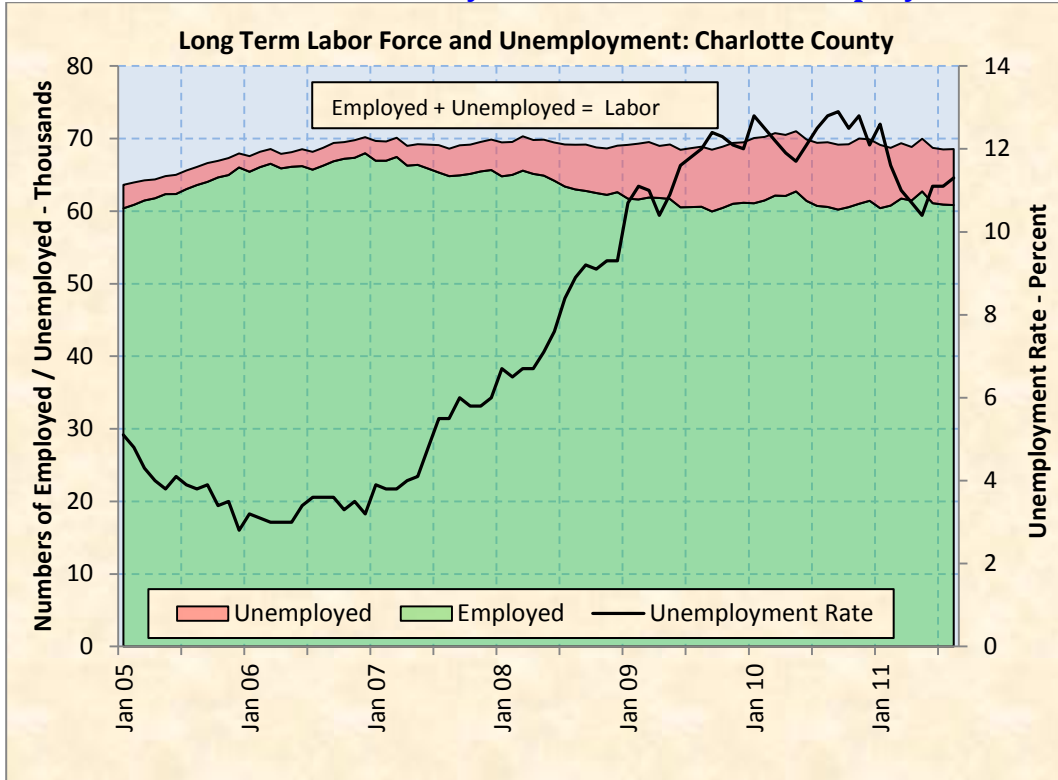
Source AWI

Chart 16: Collier County Labor Force and Unemployment



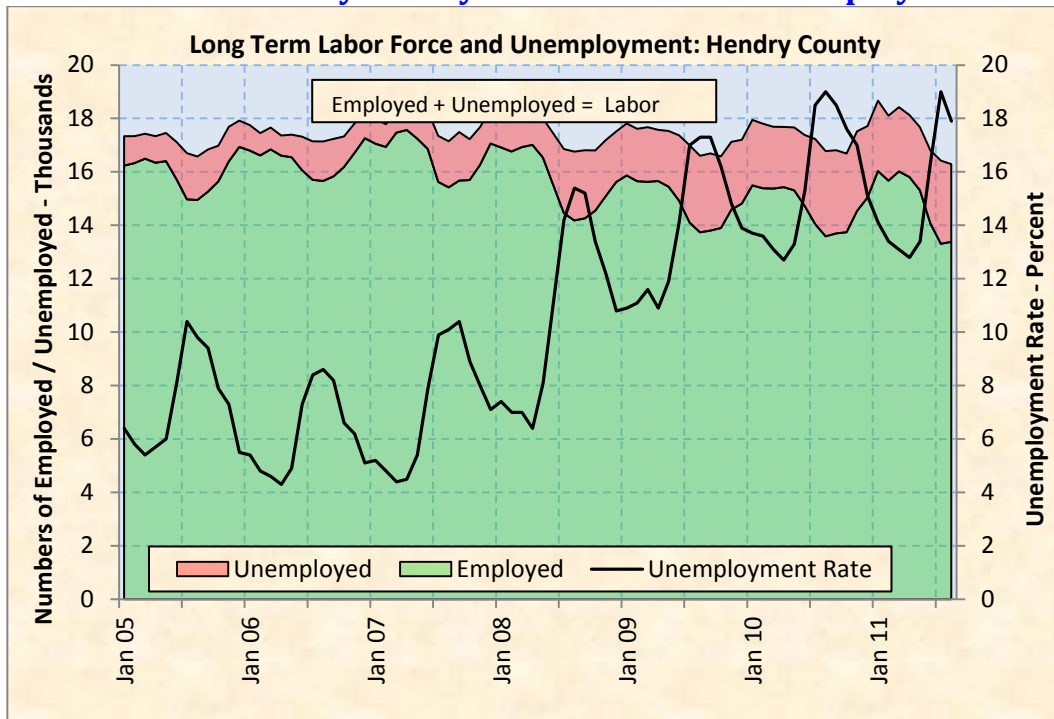
Source AWI

Chart 17: Charlotte County Labor Force and Unemployment



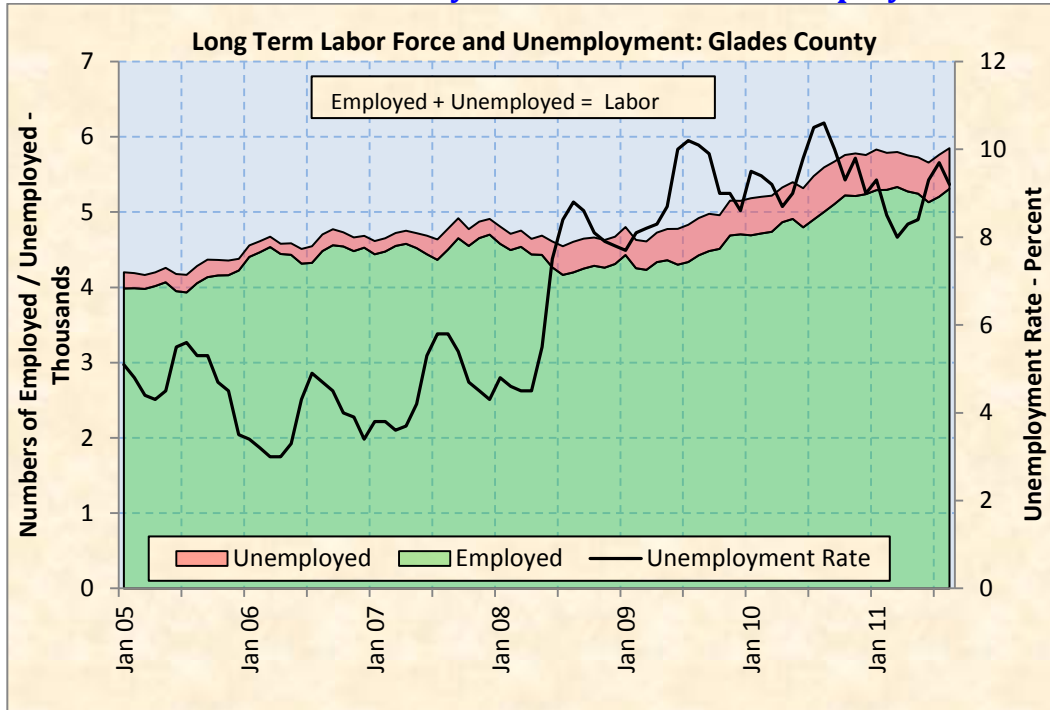
Source AWI

Chart 18: Hendry County Labor Force and Unemployment



Source AWI

Chart 19: Glades County Labor Force and Unemployment

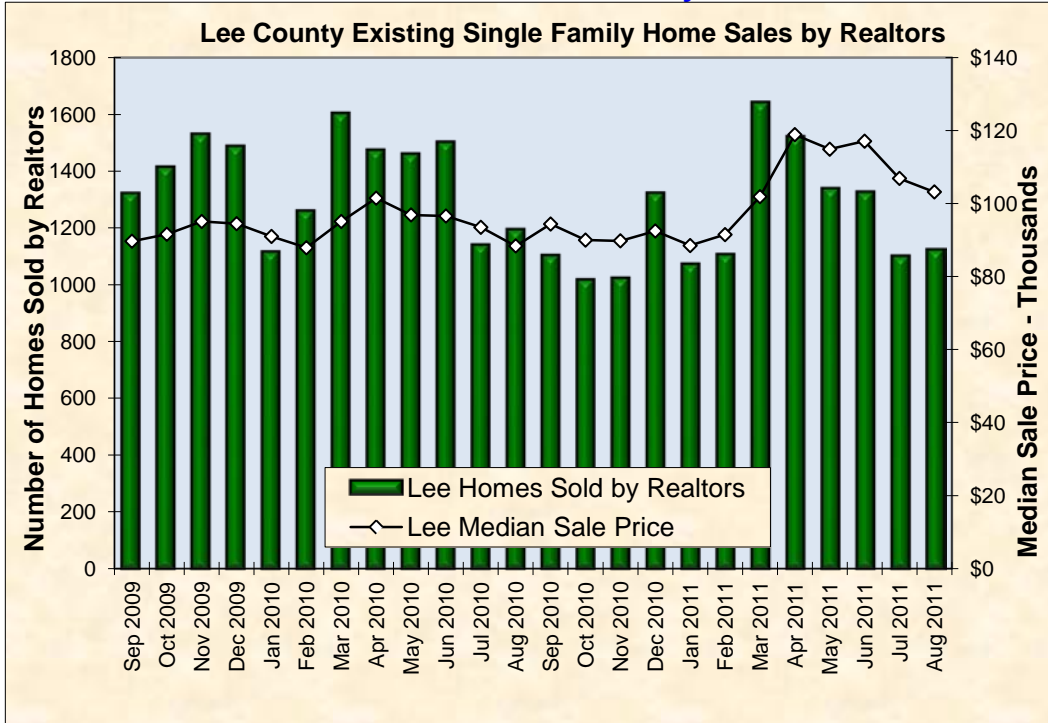


Source AWI

Sales of Single-Family Existing Homes and Median Sales Prices

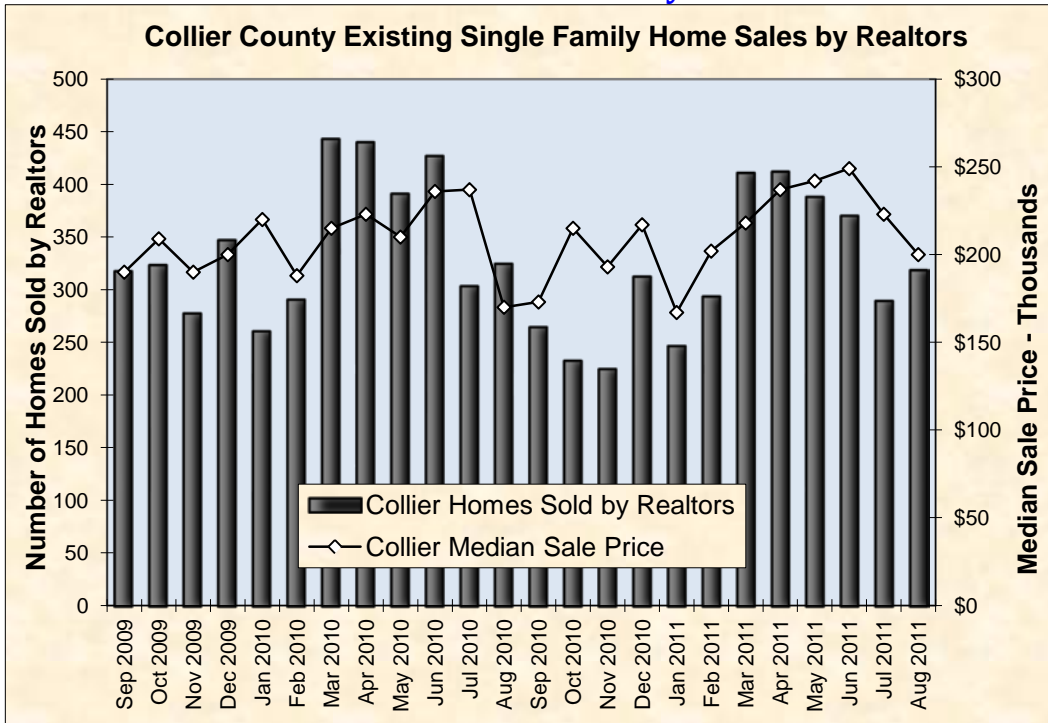
Total Realtor® sales in Lee, Collier, and Charlotte Counties amounted to 1,704 existing single-family homes in August 2011, compared to 1,631 in the prior month and to 1,754 in August 2010. Lee County recorded sales of 1,122 single-family homes at a median price of \$103,200 in August 2011, compared to sales of 1,100 and a median price of \$106,900 in the previous month, as shown in Chart 20. Collier County's existing single-family Realtor sales were 319 in August 2011, up from 290 in July 2011; the median price decreased from \$223,000 to \$200,000, as shown in Chart 21. Charlotte County's existing single-family home sales rose from 241 in July 2011 to 263 in August 2011, along with a median price decrease from \$107,900 to \$97,600, as shown in Chart 22. Compared to August 2010, Realtor sales declined by six percent in Lee and by two percent in Collier, while rising 11 percent in Charlotte County. Compared to August 2010, median prices rose by 17 percent in Lee County and 18 percent in Collier County, but declined by four percent in Charlotte County.

Chart 20: Lee County



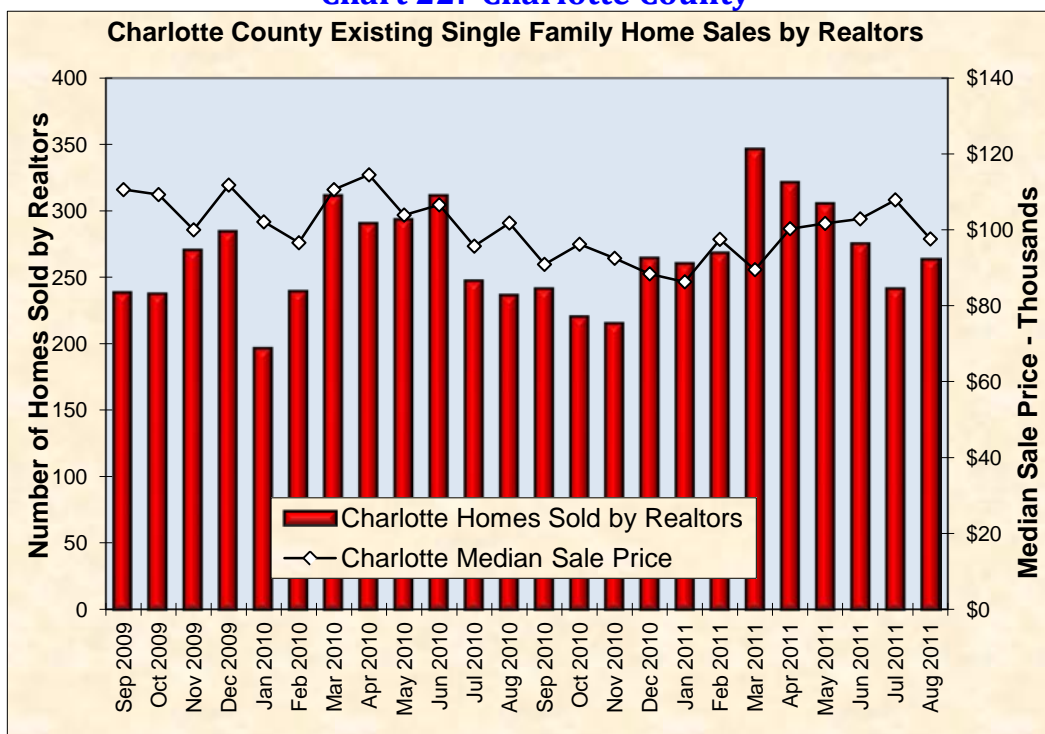
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

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

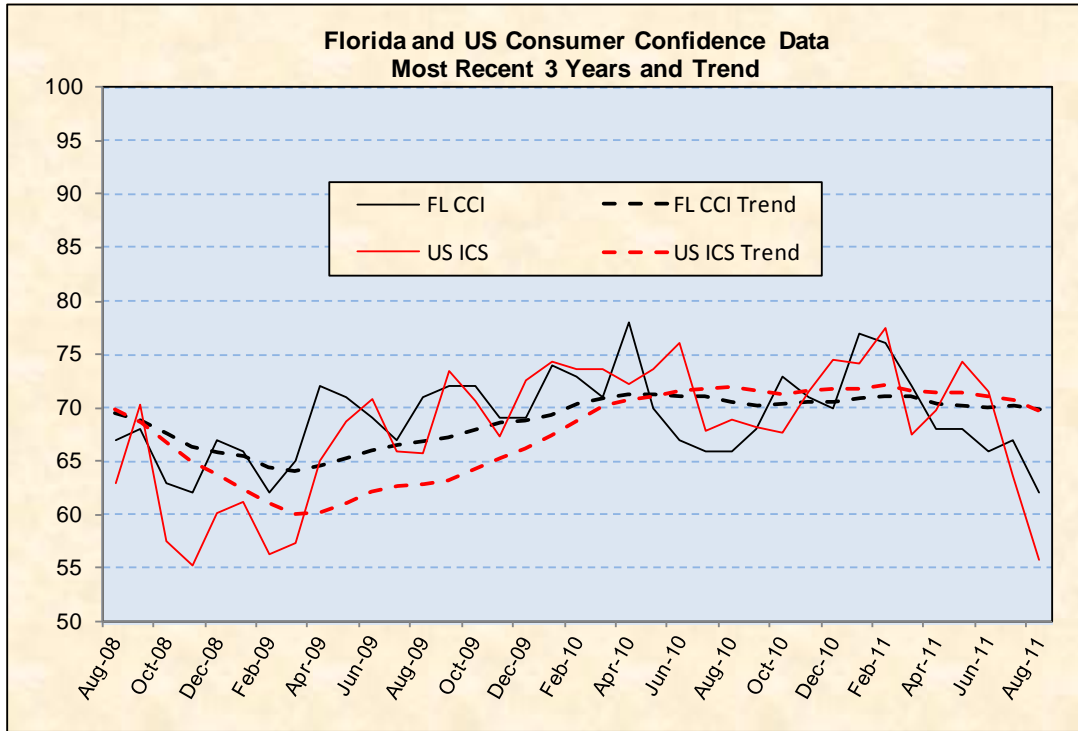
Consumer confidence is an important indicator of uncertainty about the economy. Chart 23 shows monthly data for the last three years, as well as 12-month moving average trend lines for both the Florida Consumer Confidence Index (“CCI”) and for the United States Index of Consumer Sentiment (“ICS”) reported by Thomson Reuters/University of Michigan. Consumer confidence has generally fallen over the last couple of months as news about the nation’s very slow economic growth and low job creation have been confirmed. In addition, there are concerns about foreign debt and uncertainty created by a volatile stock market

The national ICS for August was 55.7, an eight point drop from the July figure of 63.7, and a 13.2 point decline from August 2010. Thomson Reuters noted that, “Consumer confidence plunged in August as consumers became increasingly convinced that a renewed recession was likely to occur. The majority of households reported worsened finances, expected no income gains, and...anticipate a rising unemployment rate during the year ahead. Consumers have shifted from being optimistic about the potential impact of monetary and fiscal policies to a sense of despair and pessimism about the role of the government. Never before in the history of the surveys have so many consumers spontaneously mentioned negative aspects of the government’s role in the economy, and never before have consumers rated economic policies so unfavorably.”

Similarly, the Florida Consumer Confidence declined to 61 in August 2011, a drop from both July 2011 and August 2010 figures. “The confidence index for August is now only two points above its record low of 59 from June of 2008,” said Chris McCarty, the Survey Director. “Although none of the index components were at record lows, the combined decrease in confidence across all five components is

remarkable.”

Chart 23: Consumer Confidence Index

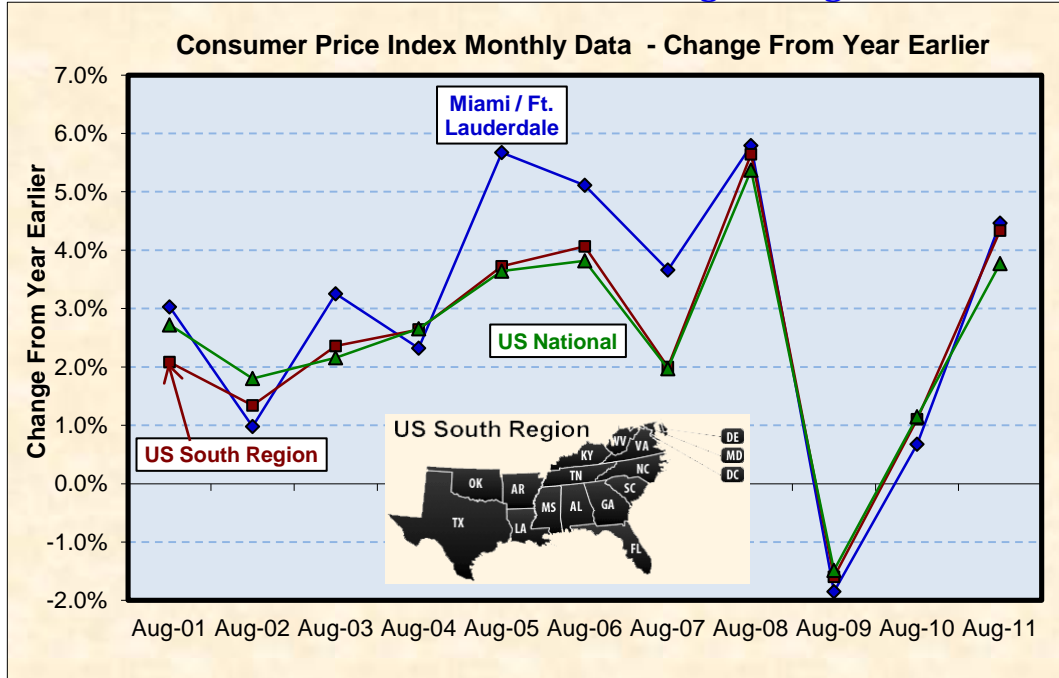


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

Consumer Price Index

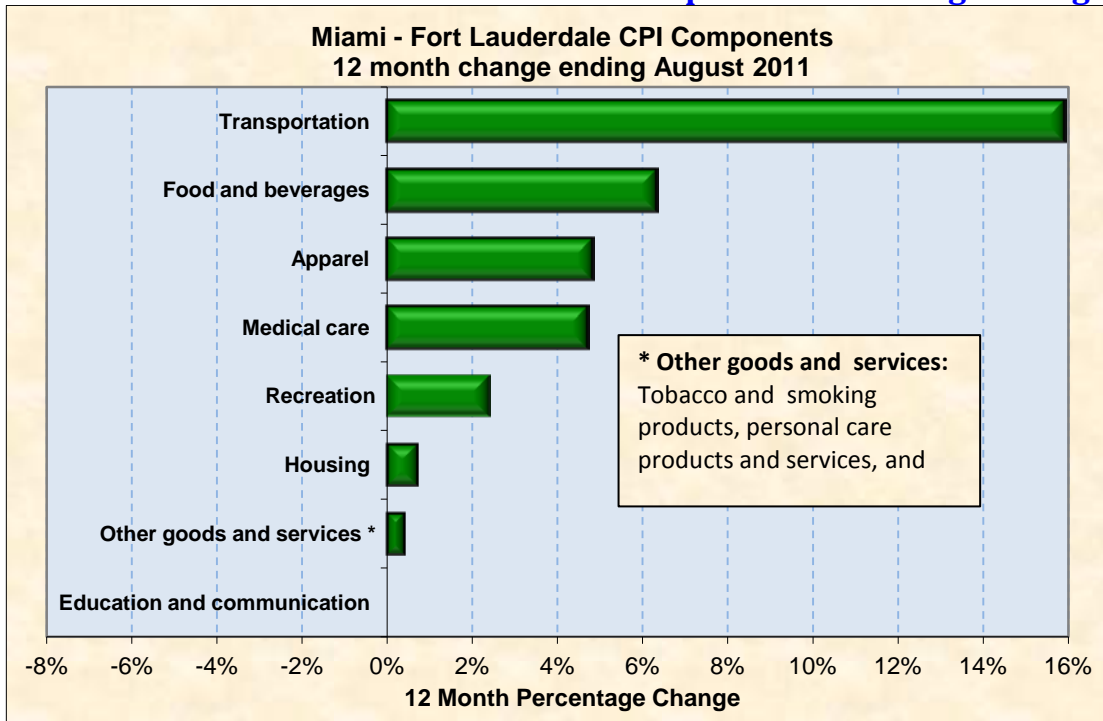
Consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 24. The Miami-Fort Lauderdale area CPI is collected every two months and is the closest reporting location to Southwest Florida. The most recent release covers data through August 2011, and shows the impact of higher energy and food prices. From August 2010 to August 2011, the National CPI increased by 3.8 percent, and the Southern Region CPI increased by 4.3 percent. The Miami-Fort Lauderdale area CPI rose by 4.5 percent from June 2010 to June 2011. Chart 24 shows increases in the CPI approaching levels last seen in 2008. The Federal Reserve Open Market Committee continues to monitor the core inflation rate and inflationary expectations.

Chart 24: CPI Annual Percentage Change



The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending August 2011 are shown in Chart 25. Costs of transportation showed the largest year-to-year increase of 15.9 percent, reflecting the sizeable rise in gasoline costs since last year. Other significant increases were seen in food & beverage costs (up 6.3 percent), apparel (up 4.8 percent), and medical care (up 4.7 percent). All categories showed some price increase except education and communication.

Chart 25: Miami-Fort Lauderdale CPI Component Percentage Change

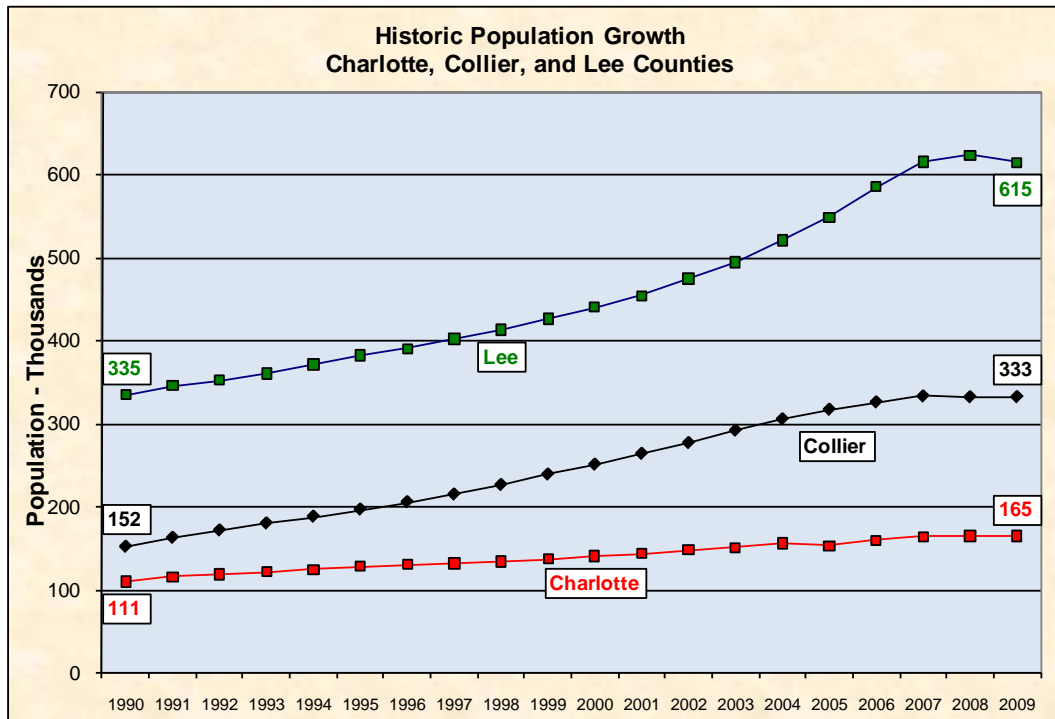


Population

As reported previously, the following charts reflect the most recent county population forecasts released by the Florida Office of Economic and Demographic Research (EDR). Some updated information may be available next month. Population growth from 1990 to 2009 is shown in Charts 26 and 27. Collier County grew at an average annual compound growth rate of 4.2 percent from 1990 to 2009. Lee County's population grew at an annual rate of 3.3 percent. Charlotte, Glades, and Hendry Counties had average annual rates of population growth between 2.1 and 2.5 percent per year.

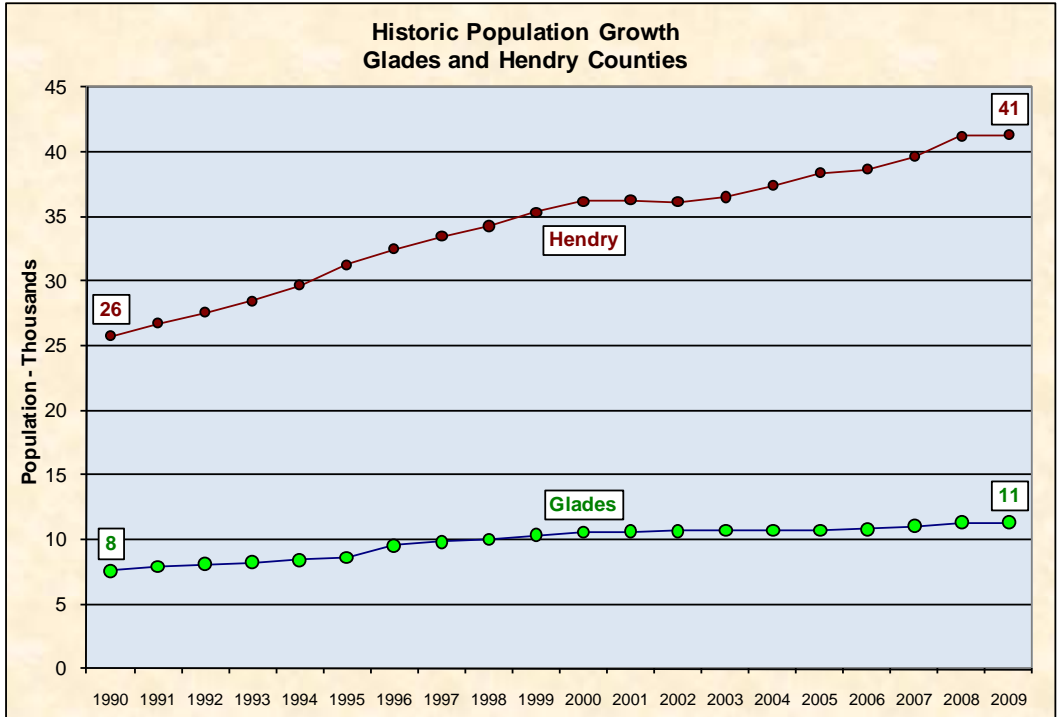
Chart 28 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 1.9 percent per year for this period, resulting in a 20-year increase of 46 percent.

Chart 26: Coastal Counties Growth 1990 to 2009



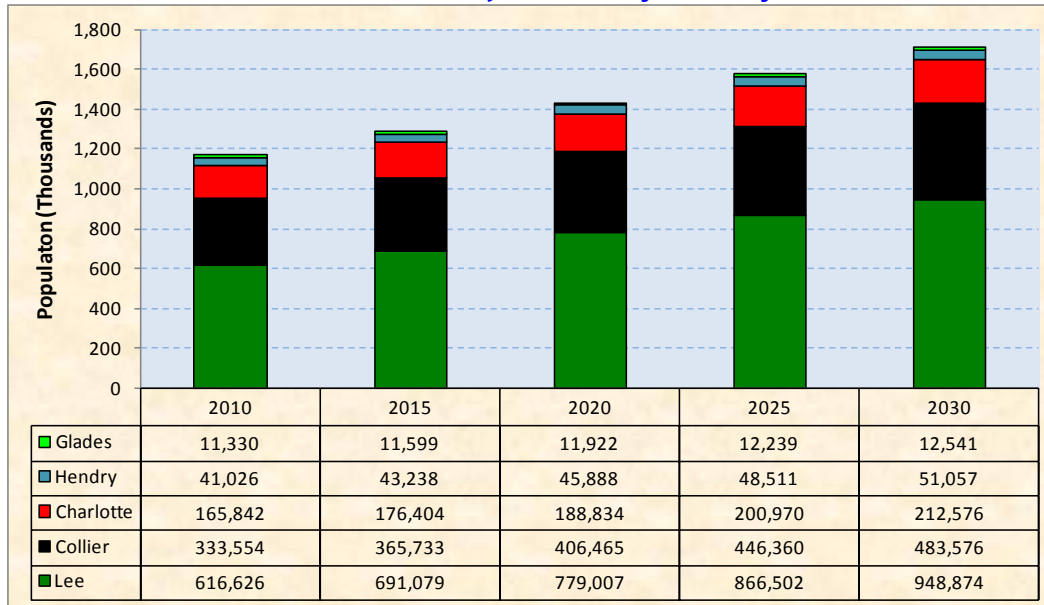
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

Chart 27: Inland County Growth 1990 to 2009



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