

Southwest Florida Regional Economic Indicators

December 2010



Regional Economic Research Institute

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Introduction

The U.S. Bureau of Economic Analysis (BEA) provided some good news on December 22nd, revising upward again the third quarter GDP growth rate to 2.6 percent. The hope is that the economy will continue to strengthen at a faster pace over the next year. The Federal Reserve has decided to purchase \$600 billion of longer-term treasury securities to guard against deflation and to give the economy a further boost. Congress passed and the President signed into law an \$858 billion bipartisan tax cut package that will extend the Bush tax cuts for two years, cut social security taxes for one year, and extend the jobless benefits for long-term unemployed. Both measures are expected to provide an added boost to the economy with hopes of bringing down the high unemployment rates.

Real U.S. disposable personal income and consumption expenditures increased by 0.3 and 0.4 percent respectively in November. The Conference Board's U.S. index of leading indicators increased by 1.1 percent in November. The Florida Consumer Confidence index provided by the University of Florida decreased by one point from 73 to 72. This indicates that although confidence showed significant improvement in October (up from 68 in September), the high levels of unemployment, foreclosures, and tight financial markets remain an important concern. The U.S. economy and the Southwest Florida economy in particular continue to work through the systemic problems related to the housing bubble and banking crisis. The recovery to more normal employment levels is expected to take several more years but we are seeing gradual improvements in the overall economy.

The latest release of The Federal Reserve's Open Market Committee (FOMC) was issued on December 14th and is summarized as follows:

- The economic recovery is continuing, though at a rate that has been insufficient to bring down unemployment;
- Household spending is increasing at a moderate pace, but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit;
- Business spending on equipment and software is rising, though less rapidly than earlier in the year;
- Investment in non-residential structures continues to be weak and employers remain reluctant to add to payrolls;
- The housing sector continues to be depressed;
- Longer-term inflation expectations have remained stable, but measures of underlying inflation have continued to trend downward;
- To promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the Committee decided to continue expanding its holdings of securities. In addition to reinvesting principal payments from its securities holdings, the Federal Reserve System intends to purchase an additional \$600 billion of longer-term treasury securities by the end of the second quarter of 2011, a pace of about \$75 billion per month.

- The target range for the federal funds rate at 0 to ¼ percent will be maintained and it is anticipated that economic conditions are likely to warrant exceptionally low levels for the federal funds rate for an extended period.

The next meeting of the FOMC is planned for January 25-26, 2011.

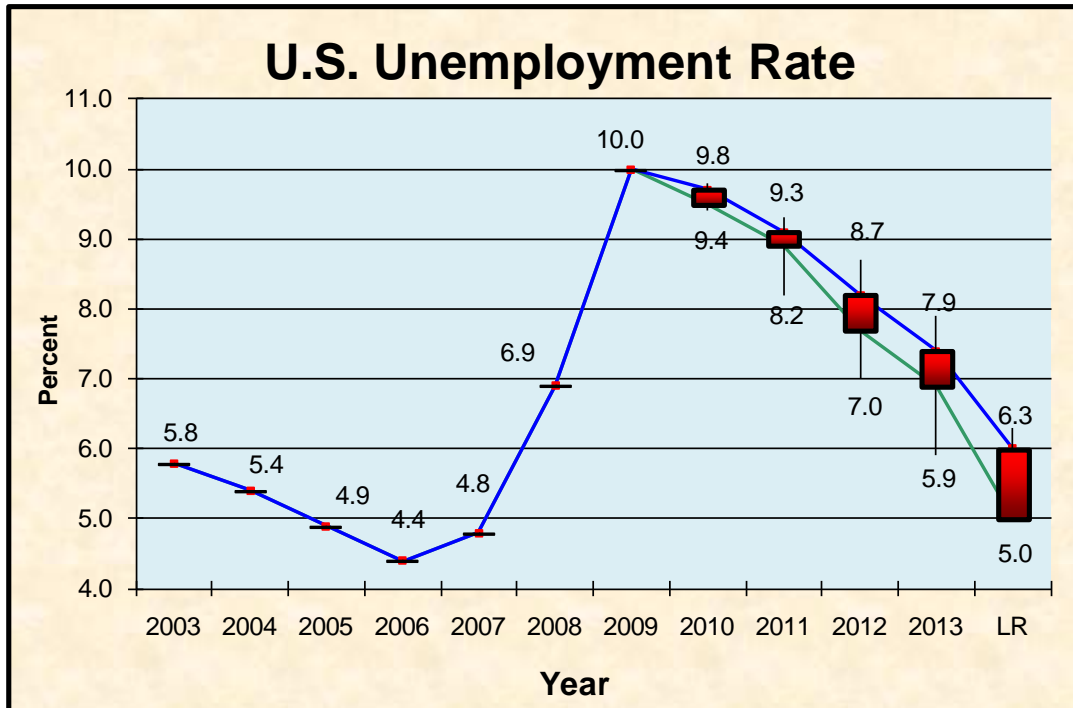
A new FOMC economic forecast was released with the November minutes and is shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines. The forecast was completed before the extension of the tax cuts and unemployment benefits.

The chart below shows recovery starting in 2009, but it will be several years before the economy returns to a more normal long-run trend ("LR"). Real GDP growth projections for 2010, 2011, 2012, and 2013 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 2010, the range is 2.3 to 2.5 percent growth in GDP with a central tendency range (red bar) of 2.4 to 2.5 percent. For 2011, the projected Real GDP growth range is 2.5 to 4.0 percent with a central tendency of 3.0 to 3.6 percent. For 2012, the overall projected range is 2.6 to 4.7 percent with a central tendency range of 3.6 to 4.5 percent growth. For 2013, the overall projected range is 3.0 to 5.0 percent with a central tendency range of 3.5 to 4.6 percent growth. The long-run trend for Real GDP has a range of 2.4 to 3.0 percent growth with a central tendency of 2.5 to 2.8 percent. The 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: Minutes of the Federal Open Market Committee, November 2-3, 2010

As shown in the chart below, national unemployment in 2010 is expected to be slightly lower than 2009, but will remain historically high, in a range of 9.4 to 9.8 percent, with a central tendency (red bar) of 9.5 to 9.7 percent. For 2011, the unemployment rate is expected to be lower, in a range of 8.2 to 9.3 percent with a central tendency of 8.9 to 9.1 percent. In 2012, the unemployment range is forecast to be between 7.0 and 8.7 percent with a central tendency of 7.7 to 8.2 percent. For 2013, the overall projected range for the national unemployment rate is 5.9 to 7.9 percent with a central tendency range of 6.9 to 7.4 percent. Long-run unemployment is expected to be in a range of 5.0 to 6.3 percent with a central tendency of 5.0 to 6.0 percent. The projections for unemployment are for the fourth quarter of each year.



Source: Minutes of the Federal Open Market Committee, November 2-3, 2010

Employment increased in each of the Southwest Florida counties in November but the labor force including those seeking employment increased even more. This increased the November unemployment rate for Charlotte, Collier, Glades, and Lee County (see charts 16 and 17). The November increase in employment in Hendry County was almost as high as the increase in the labor force, reducing Hendry County's unemployment rate slightly.

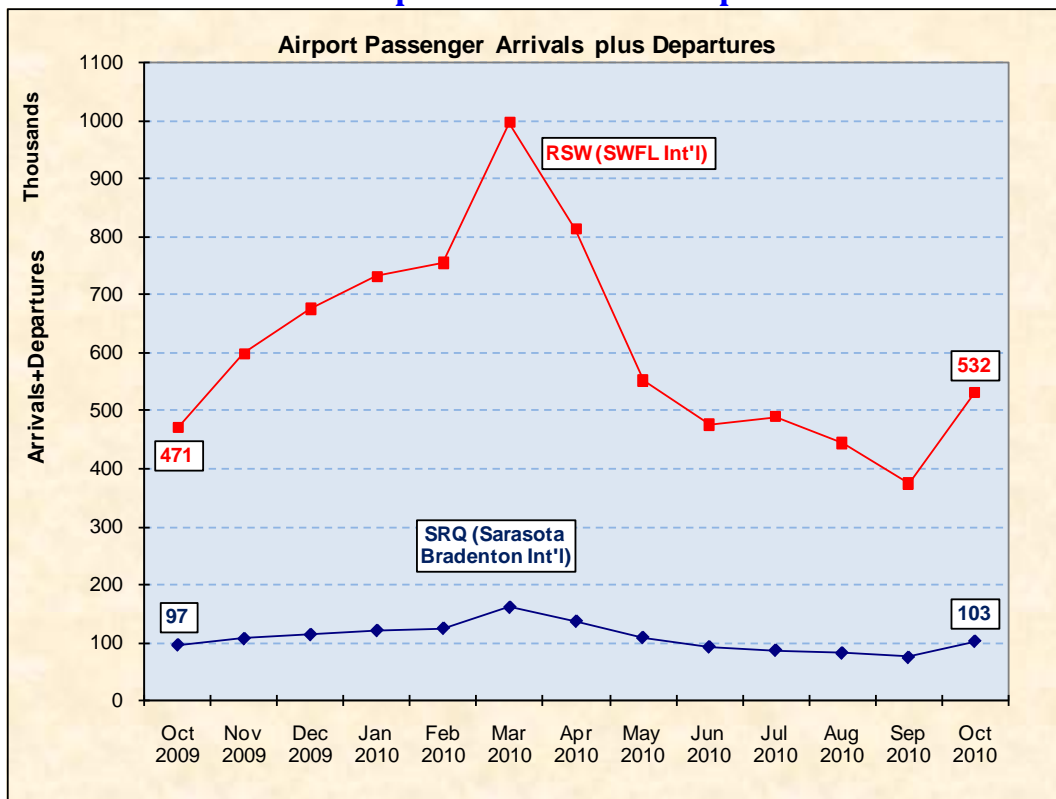
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report, as a way to support its mission and assist the region. We recently added a Florida Consumer Confidence Index chart based on information collected by the Bureau of Economic and Business Research (BEBR) at the University of Florida and we have included trend line data for the US Index of Consumer Sentiment, based on surveys conducted by the University of Michigan. The Institute continues to welcome suggestions from our readers, and would like to emphasize our appreciation of, and thanks to, our many partners for assistance in obtaining the data. We are grateful to all of you, including 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, 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) and Sarasota airports and is shown in Chart 1. Southwest Florida International airport is the largest airport in the region, serving national and international destinations. Peak seasonal activity occurs in February, March and April, with significantly lower activity in the summer months creating large seasonal swings. Charts 2, 3, and 4 illustrate the monthly seasonality of airport passenger traffic and the changes from year to year.

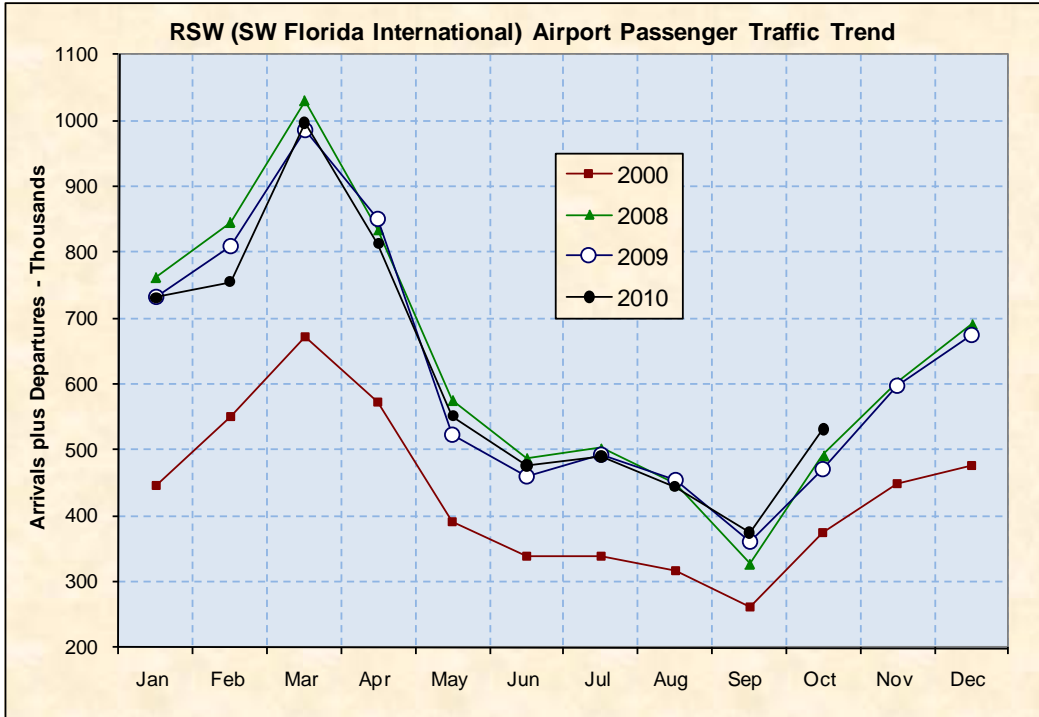
Charts 1 and 2 show RSW airport passenger activity of 532,025 in October 2010, an increase of 13 percent from October 2009 and 42 percent over September 2010. Sarasota (SRQ) passenger activity rose to 103,071 in October 2010, up 6 percent from October 2009 and 36 percent higher than September 2010, as shown in Chart 3. Charlotte County Airport recorded passenger activity of 7,606 in October, a decrease of 8 percent from October 2009, but a 57-percent increase over the prior month. Traffic for the three airports totaled 642,702, representing an increase of 12 percent from October 2009 and a 41 percent rise over September 2010.

Chart 1: Airport Arrivals and Departures



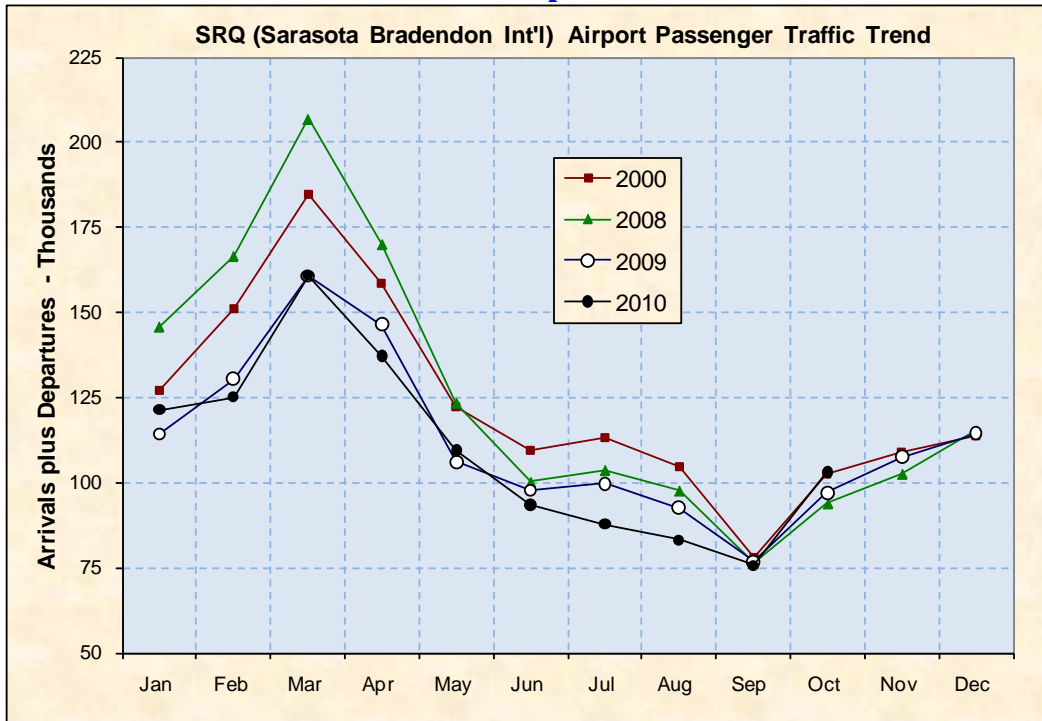
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



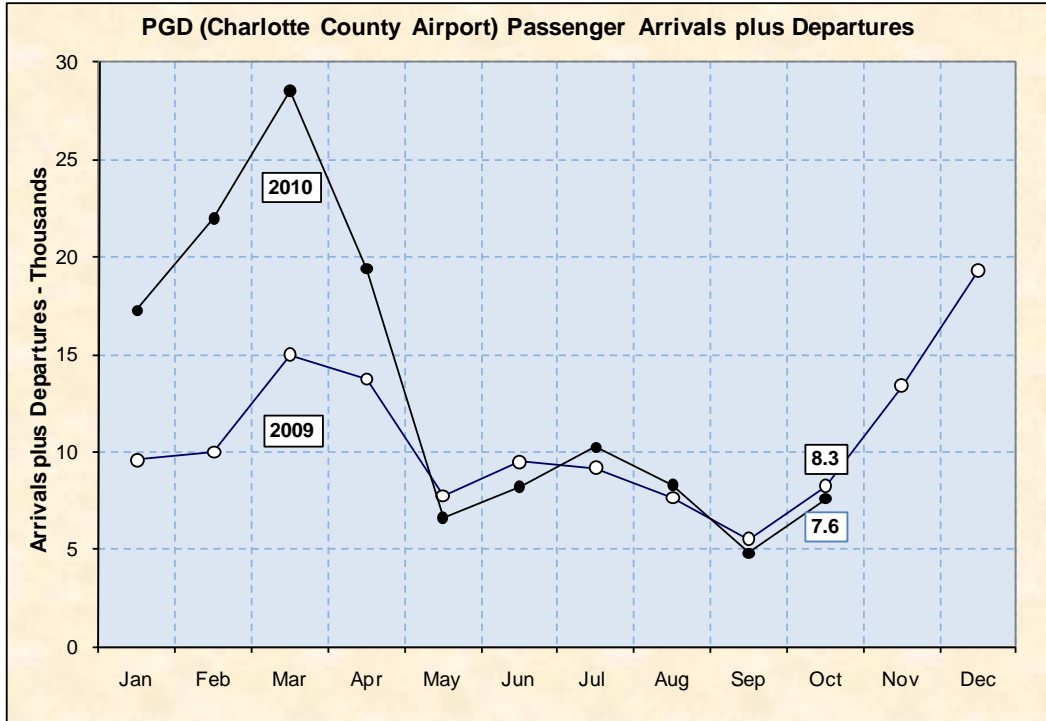
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend

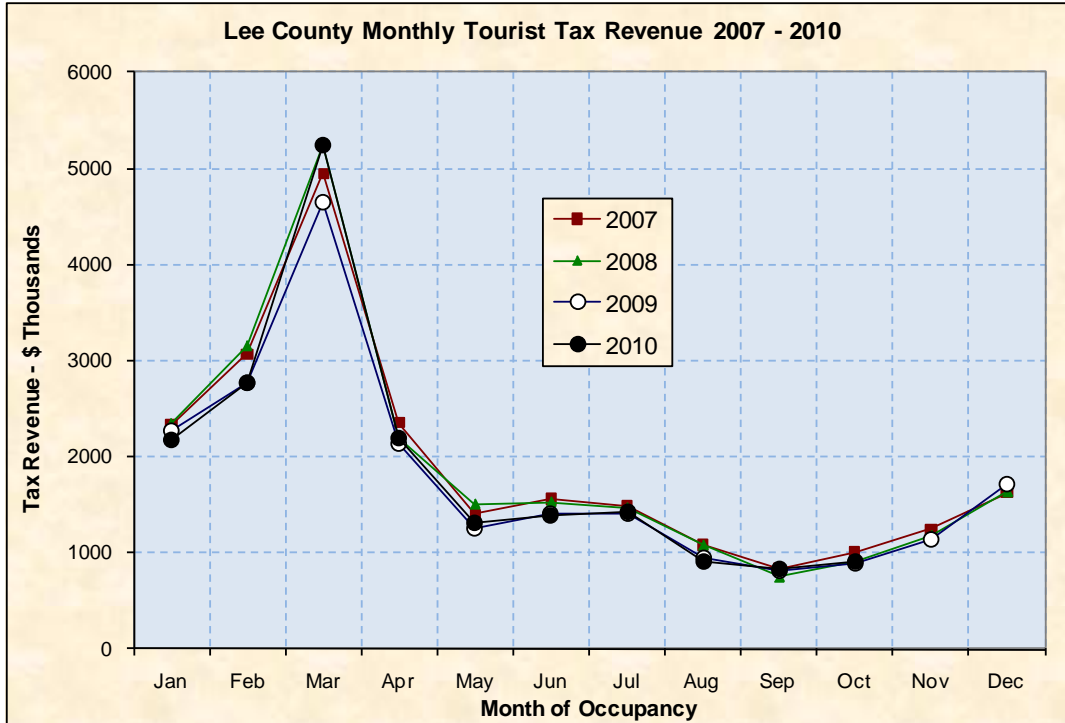


Source: Local Airport Authorities

Tourism Tax Revenues

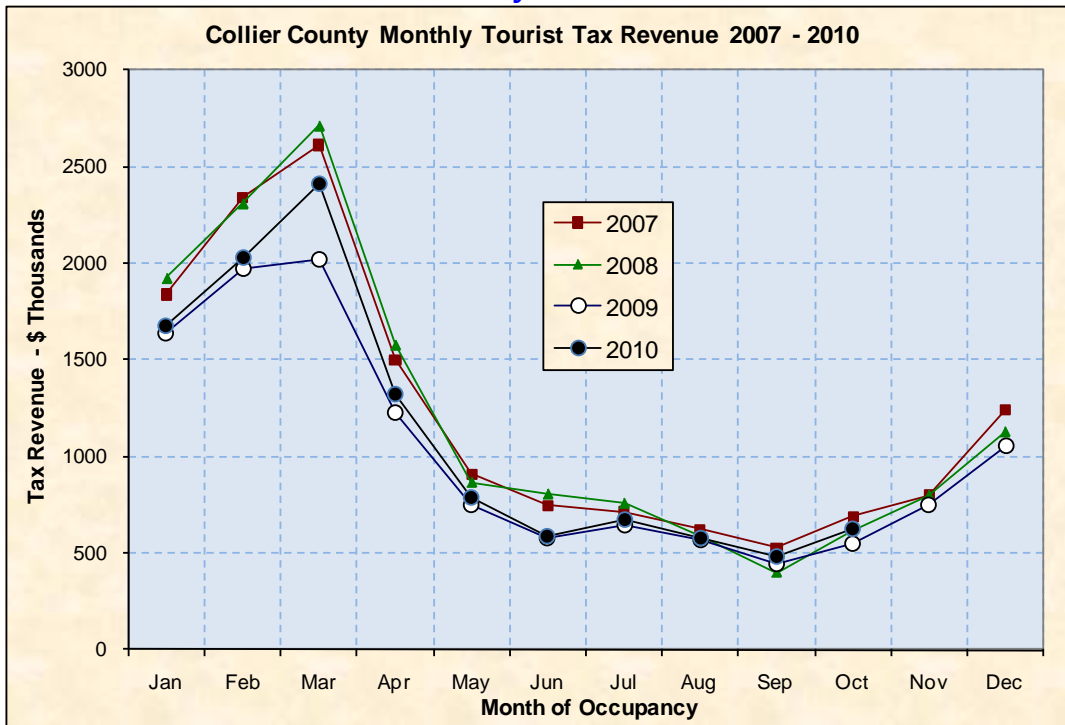
Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy. October tourism tax revenues were \$904,470 for Lee County and \$625,120 for Collier County. October tourist tax revenues were not available for Charlotte County so we continue to show September's revenues of \$57,961. Lee County's tourist tax revenues showed a one-percent increase from October 2009 and Collier County's revenues increased by 14.3 percent.

Chart 5: Lee County Tourism Tax Revenues



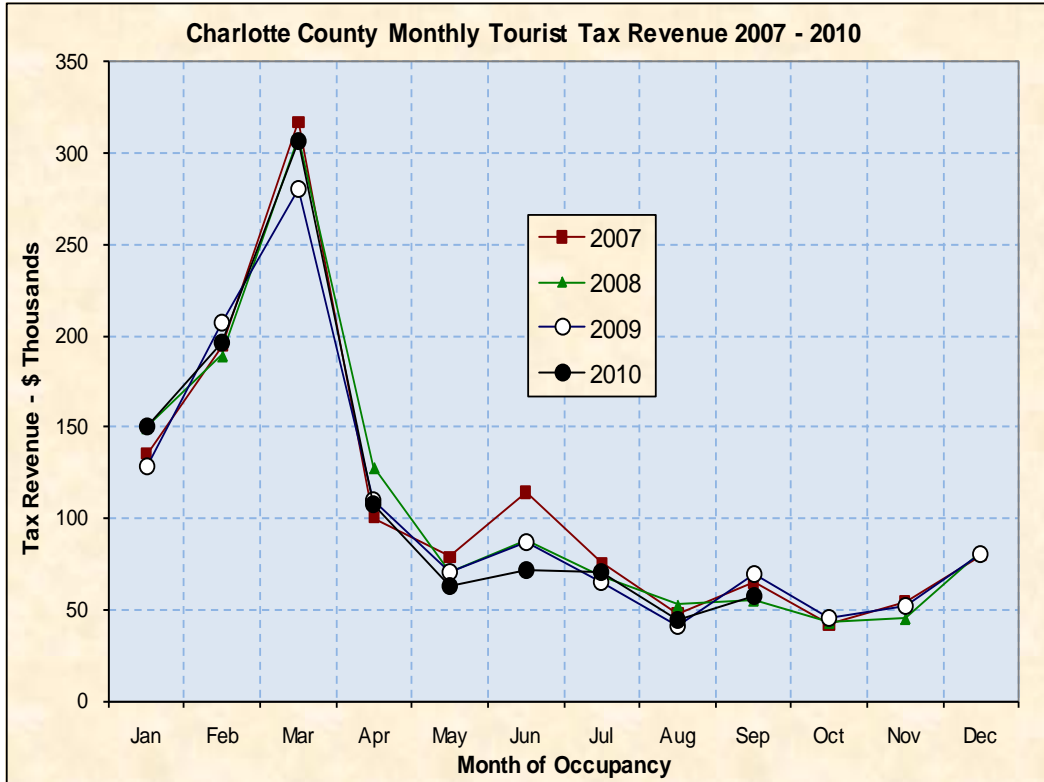
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

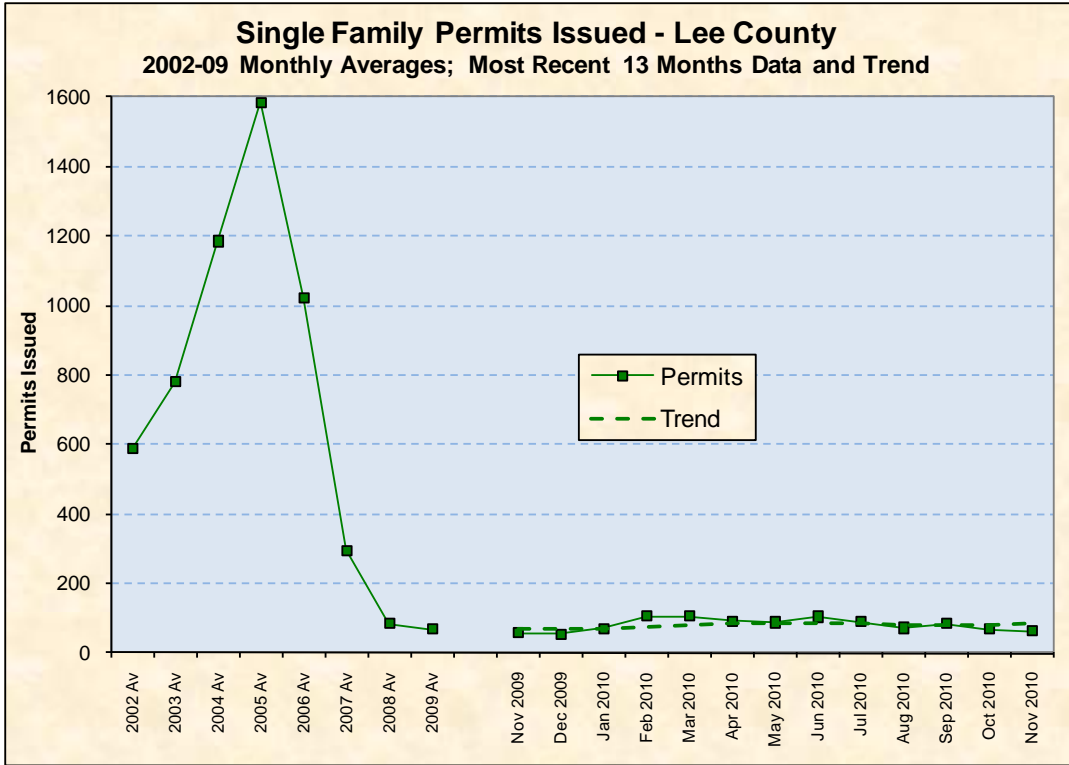


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

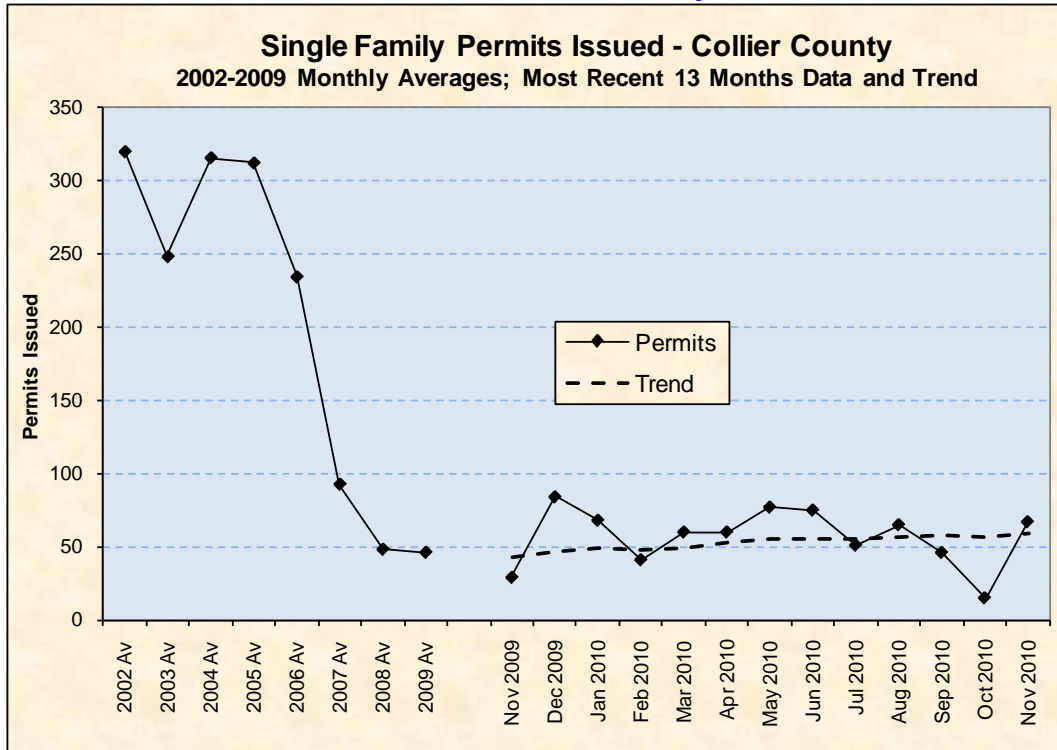
Lee County issued 63 single-family home permits in November 2010, up slightly from 58 in November 2009, as shown in Chart 8; the corresponding figure for the prior month was 68. Single-family home permits for Collier County increased to 67 in November 2010 from 29 in November 2009, as shown in Chart 9; this represented a marked increase from 15 permits issued in October 2010. Charlotte County permits rose to 24 from 4 in November 2009 and from 14 in October 2010, as shown in Chart 10.

Chart 8: Lee County



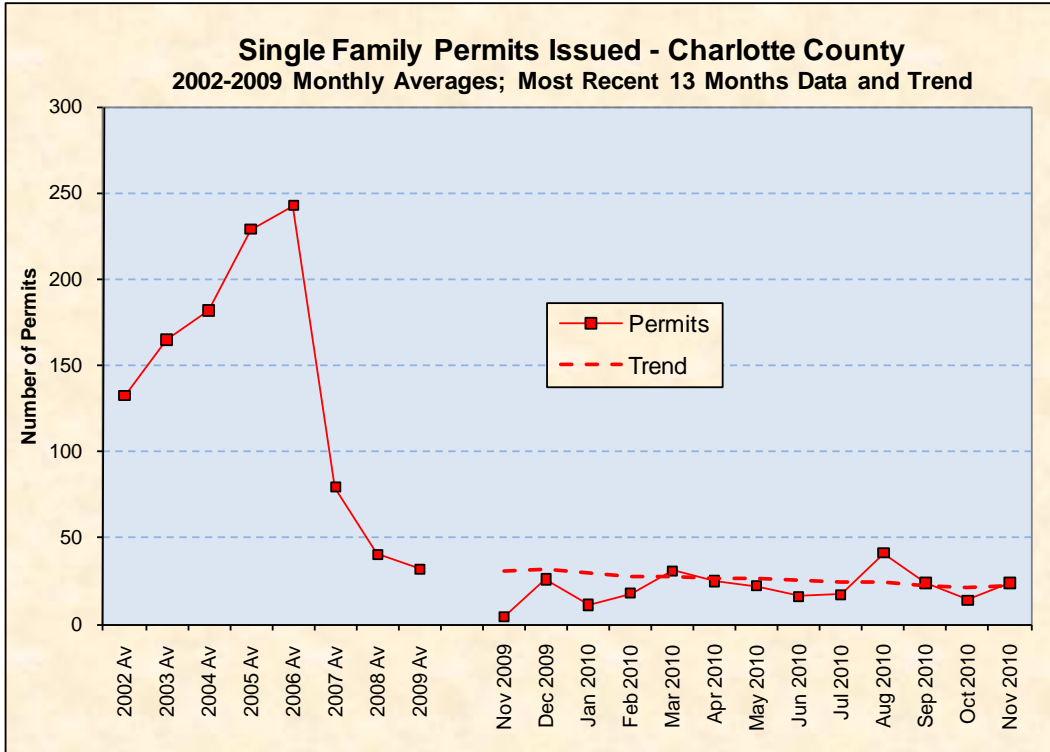
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 9: Collier County



Source: Local Building and Zoning Departments, includes unincorporated Collier County permits only.

Chart 10: Charlotte County



Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

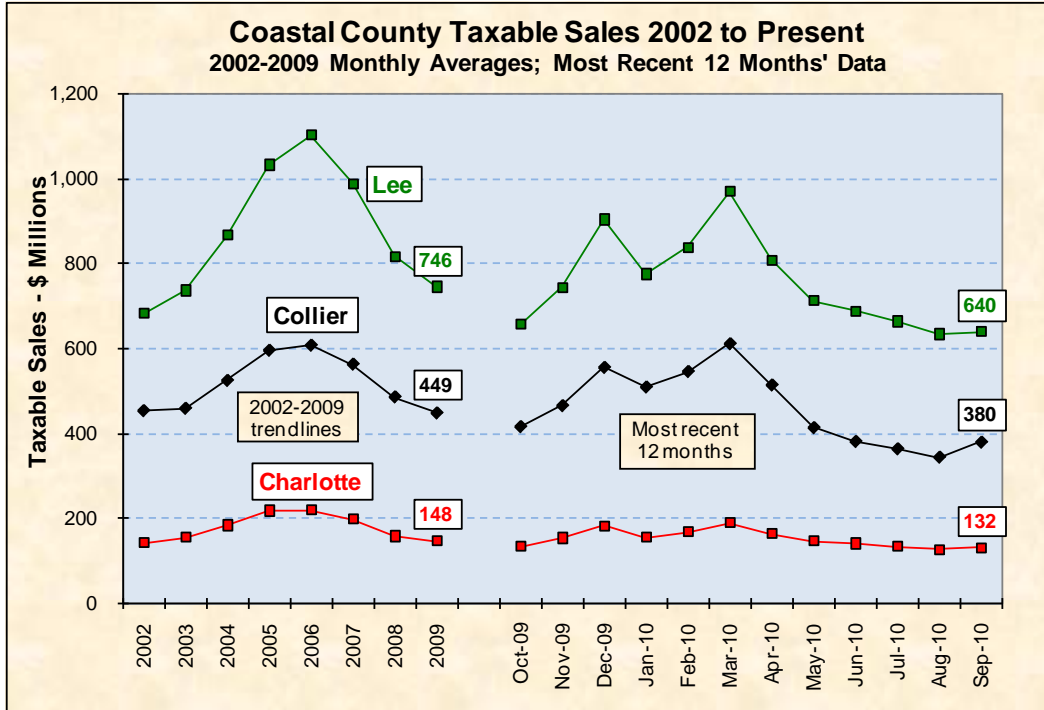
Taxable Sales

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, September is the latest collection month plotted on the following charts.

Total taxable sales for the 5-county region in September 2010 showed a 5-percent increase from September 2009 and a 4-percent increase from the prior month of August. Taxable sales for the Coastal Counties are shown in Chart 11. Charlotte County reported taxable sales of \$131.9 million in September 2010, a 7-percent increase over the September 2009 figure. Lee County taxable sales amounted to \$639.6 million in September 2010, a 5-percent increase from September 2009, and a 1-percent increase over August 2010. Collier County's taxable sales were \$380.2 million in September 2010, a 6-percent increase from September 2009. For each of the coastal counties, Charts 13, 14, and 15 show the trends in the percentage change in taxable sales from the same month a year earlier.

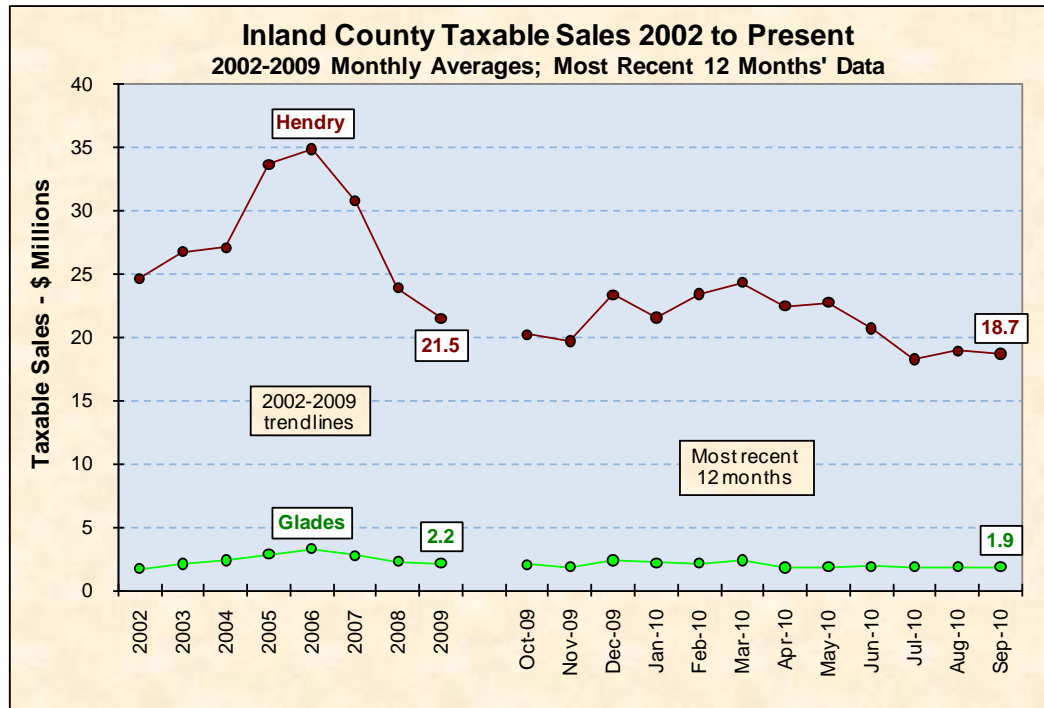
Chart 12 shows taxable sales for Glades and Hendry Counties on a scale that differs from that of Chart 11. Glades County reported September 2010 taxable sales of \$1.9 million, a 28-percent decline from the same month one year ago. Hendry County's taxable sales of \$18.7 million were 3-percent lower than a year ago.

Chart 11: Taxable Sales for Coastal Counties



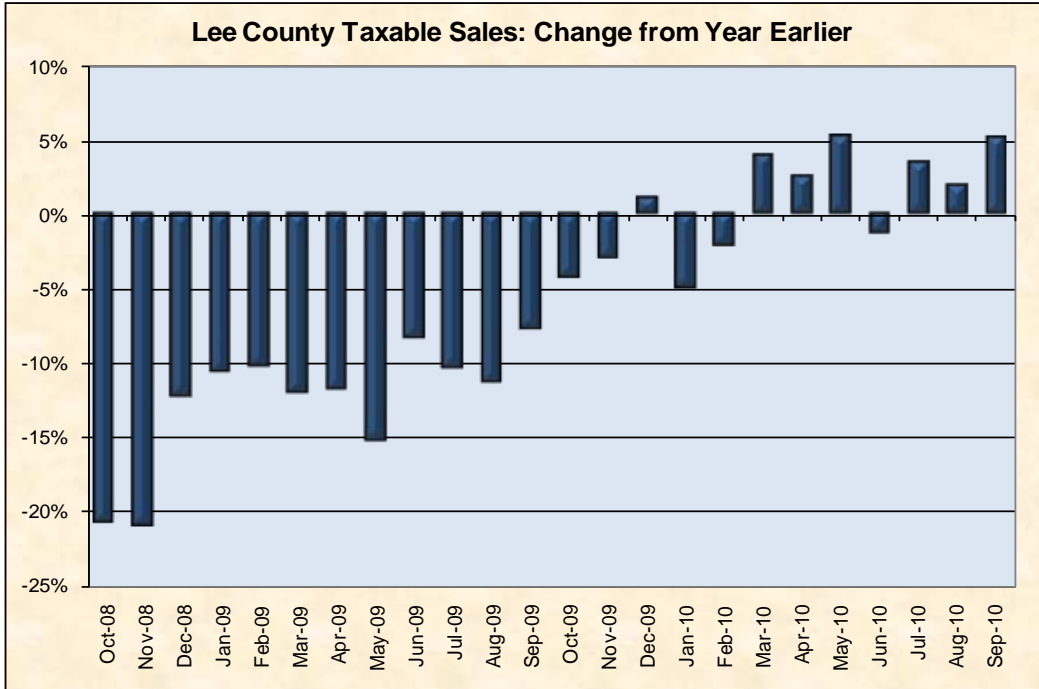
Source: Florida Department of Tax Research

Chart 12: Taxable Sales for Inland Counties



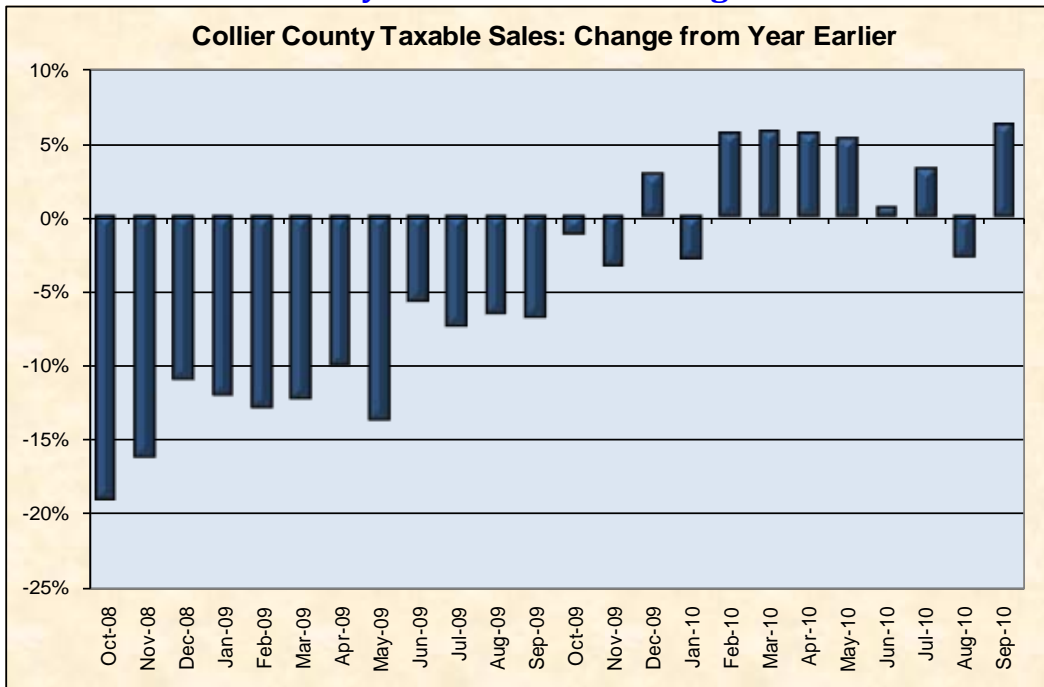
Source: Florida Department of Tax Research

Chart 13: Lee County Taxable Sales - Change from a Year Earlier



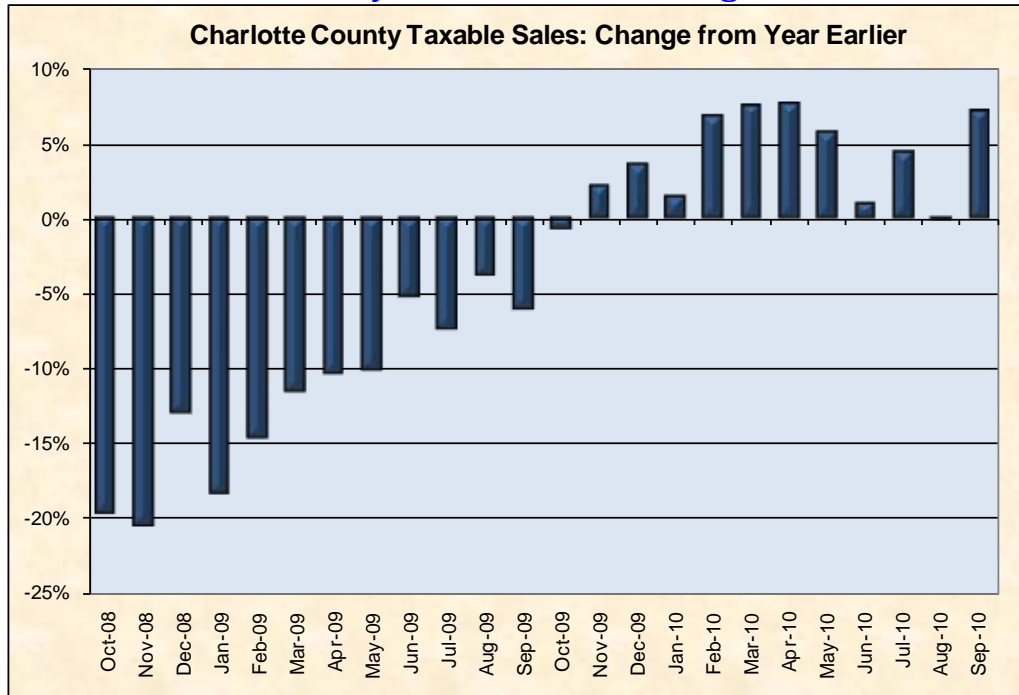
Source: Florida Department of Tax Research

Chart 14: Collier County Taxable Sales - Change from a Year Earlier



Source: Florida Department of Tax Research

Chart 15: Charlotte County Taxable Sales - Change from a Year Earlier



Source: Florida Department of Tax Research

Workforce – Unemployment

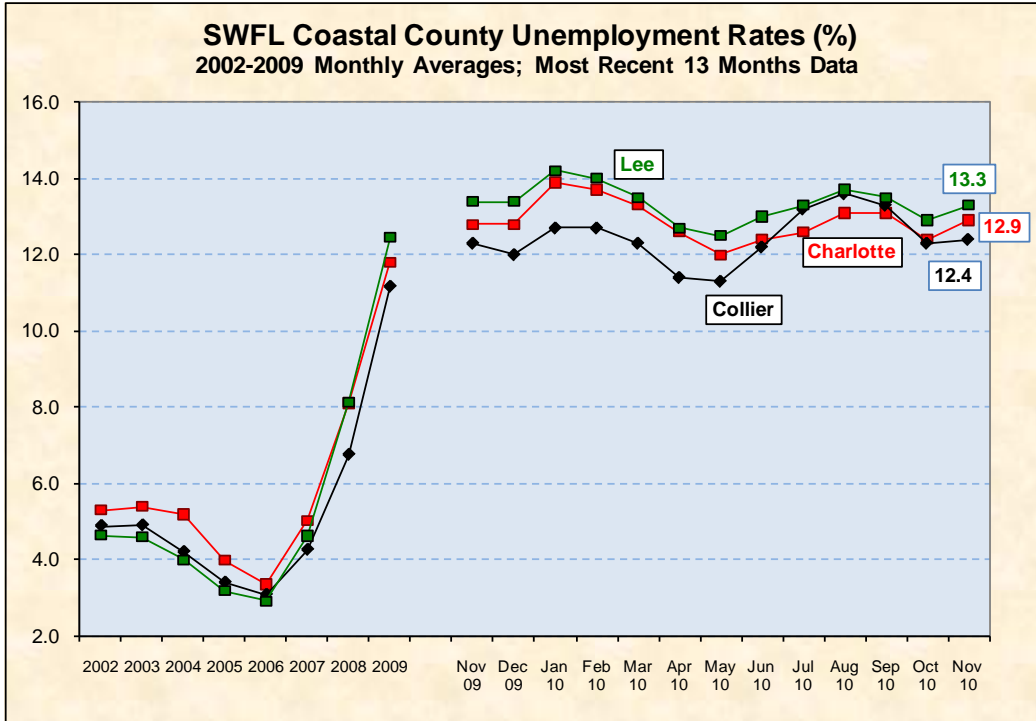
Unemployment remained historically high, with most November unemployment rates showing increases from the prior month and from November 2009. Chart 16 shows coastal county average unemployment rates by year from 2002 to 2009, as well as monthly unemployment rates over the last 13 months. Charlotte County's unemployment rate edged up from 12.4 percent in October 2010 to 12.9 percent in November 2010. The unemployment rate for Charlotte County in November 2009 was 12.8 percent. Lee County's unemployment rate increased from 12.9 percent in October 2010 to 13.3 percent, almost the same as November 2009. Collier County's unemployment rate rose to 12.4 percent, a slight increase over the 12.3 percent figures of November 2009 and October 2010.

As shown in Chart 17, Hendry County's unemployment rate declined from 18.2 percent in October 2010 to 17.9 percent in November, while Glades County's unemployment increased from 11.9 percent in October 2010 to 12.6 percent in November. All five counties in Southwest Florida report unemployment rates above 12 percent.

Florida's unemployment rate was reported at 12.2 percent in November 2010, up from 11.6 percent in the previous month and from 11.4 percent a year earlier. The national unemployment rate increased as well, to 9.3 percent in November 2010 from 9.0 percent in October 2010 and down from 9.4 percent in November 2009. Unemployment rates reported in this report are not seasonally adjusted unless otherwise noted.

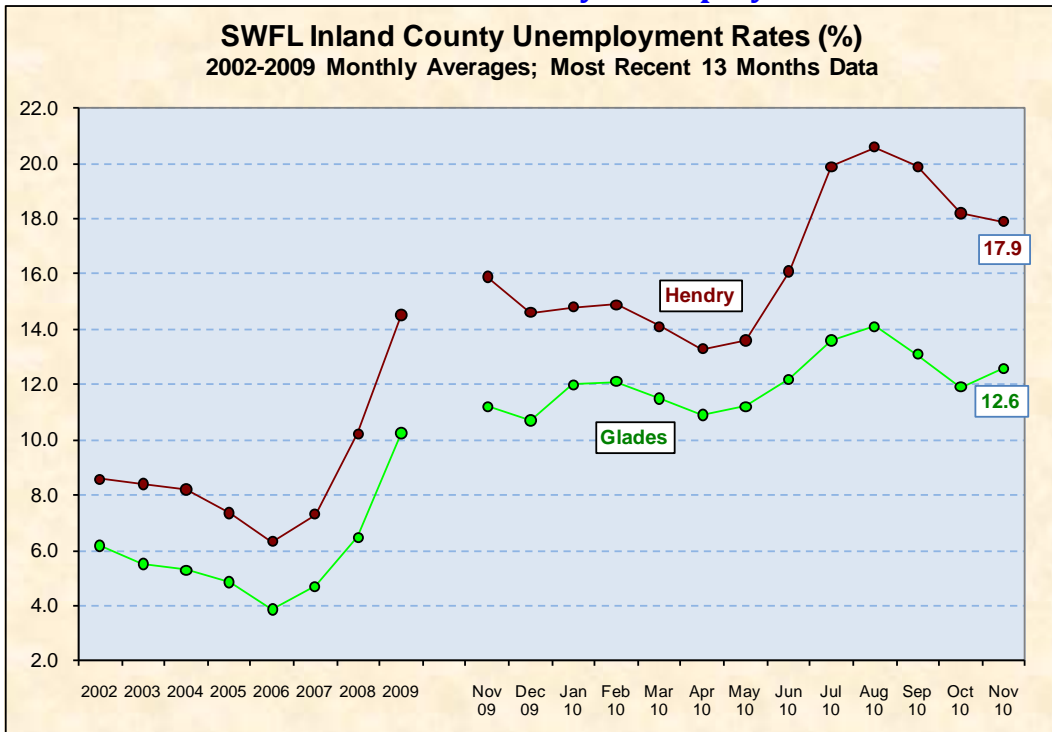
Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends. The forecast for unemployment levels continues to be based on a very slow and gradual decline through 2014.

Chart 16: Coastal County Unemployment



Source AWI

Chart 17: Inland County Unemployment

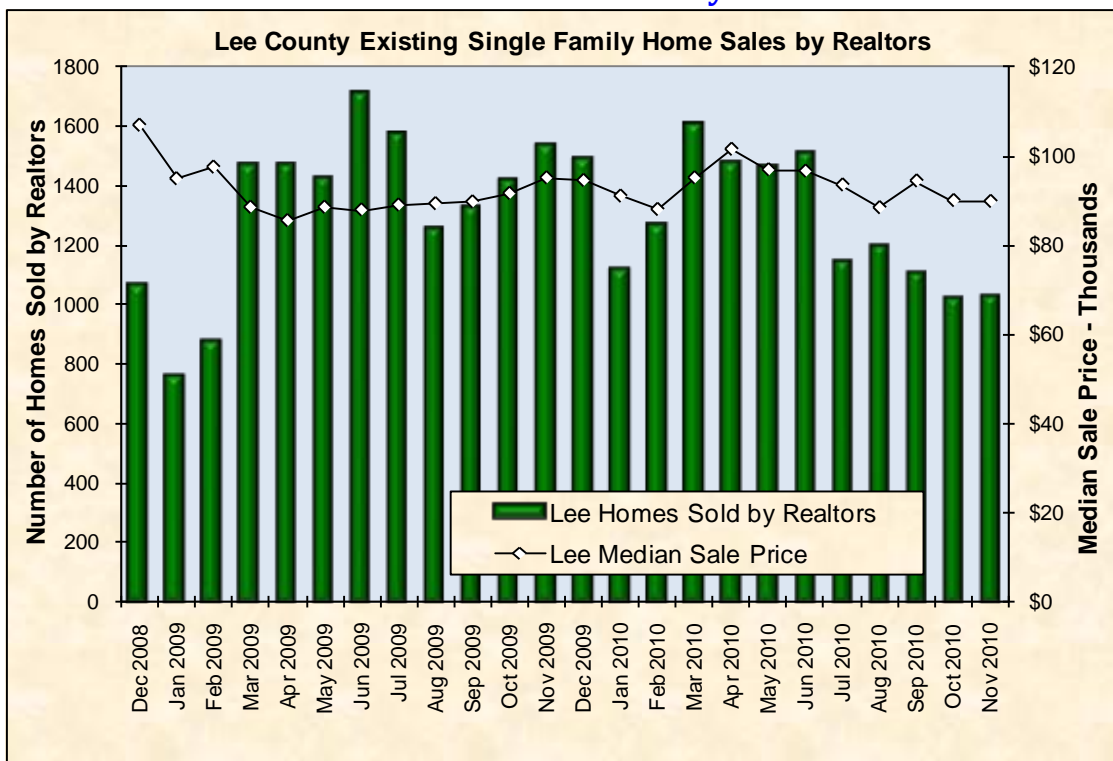


Source AWI

Sales of Single-Family Existing Homes and Median Sales Prices

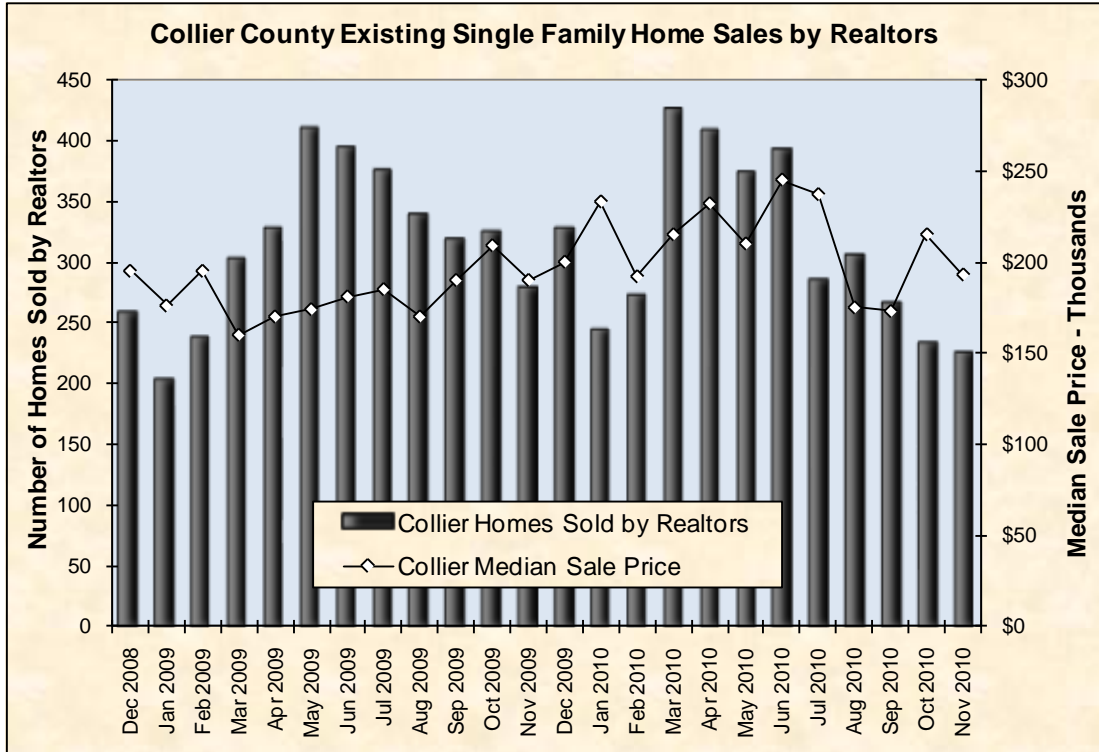
November 2010 REALTOR sales of existing single-family homes in Lee, Collier, and Charlotte Counties continued at levels near those observed the previous month. Lee County had sales of 1,022 single-family homes at a median price of \$89,800 in November, compared to sales of 1,016 and a median price of \$90,000 in the previous month, as shown in Chart 18. Collier County's existing single-family REALTOR sales were 225 in November 2010, down from 233 in October, and accompanied by an decrease in the median price from \$215,000 to \$193,000, as shown in Chart 19. Charlotte County's existing single-family home sales declined from 220 in October 2010 to 215 in November, with a median price decrease from \$96,200 to \$92,500, as shown in Chart 20.

Chart 18: Lee County



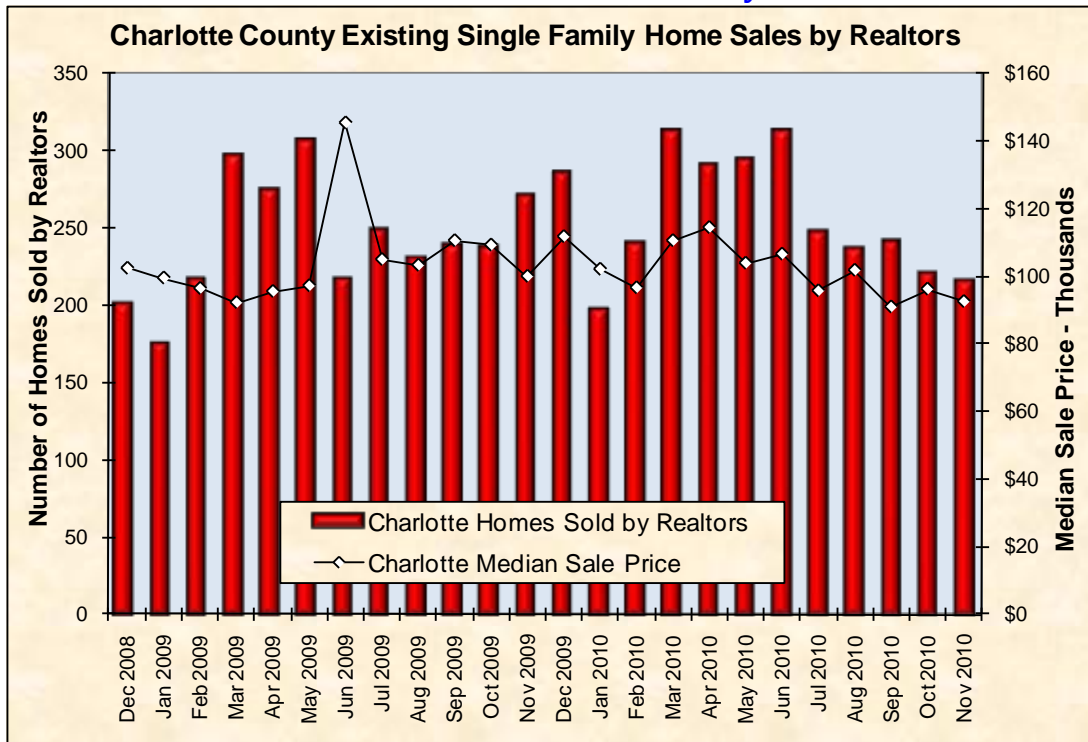
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 19: Collier County



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

Chart 20: Charlotte County

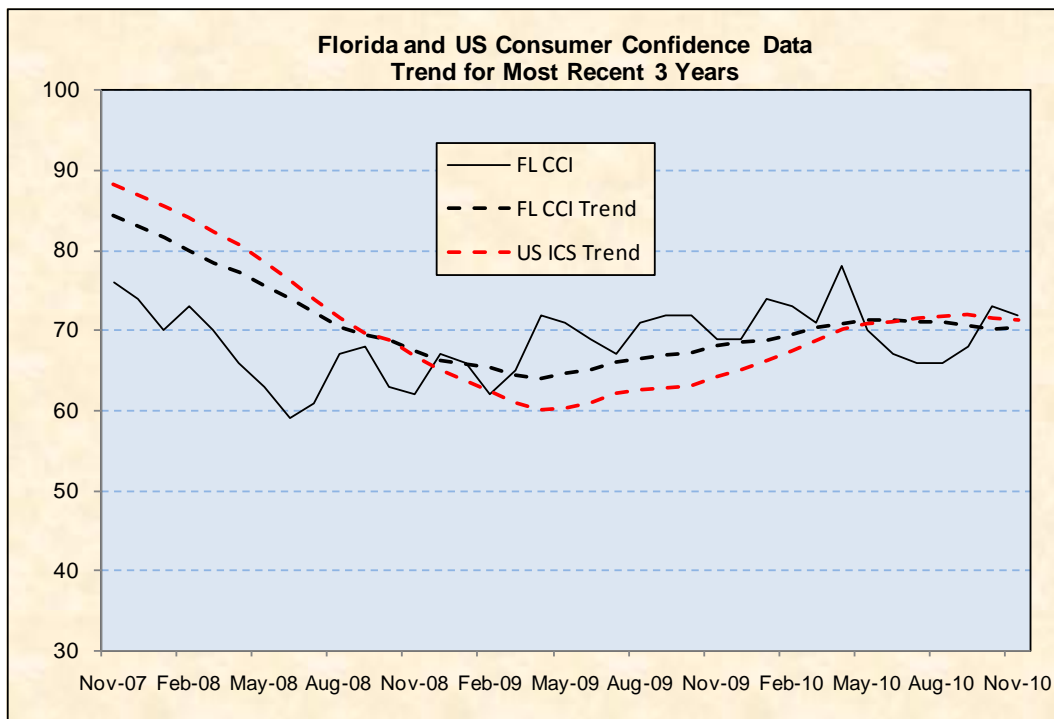


Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

Consumer Confidence Index

The Florida Consumer Confidence Index measures the attitudes of Florida residents regarding their personal finances and the outlook for the future. Chart 21 shows this monthly data for the last three years, as well as 12-month moving average trend lines for the Florida Consumer Confidence Index “CCI”) and for the United States Index of Consumer Sentiment (“ICS”) reported by Thomson Reuters/University of Michigan. While the indices tend to correlate fairly well, the impact of the Gulf Oil Spill has been clearly seen in the Florida CCI since this spring. In November, the national index moved up to 71.6 from 67.7 in the prior month, while the Florida Consumer index dropped one point to 72. Some favorable job news had only a small impact on how consumers expected the overall unemployment rate to change in the year ahead.

Chart 21: Florida:Consumer Confidence Index

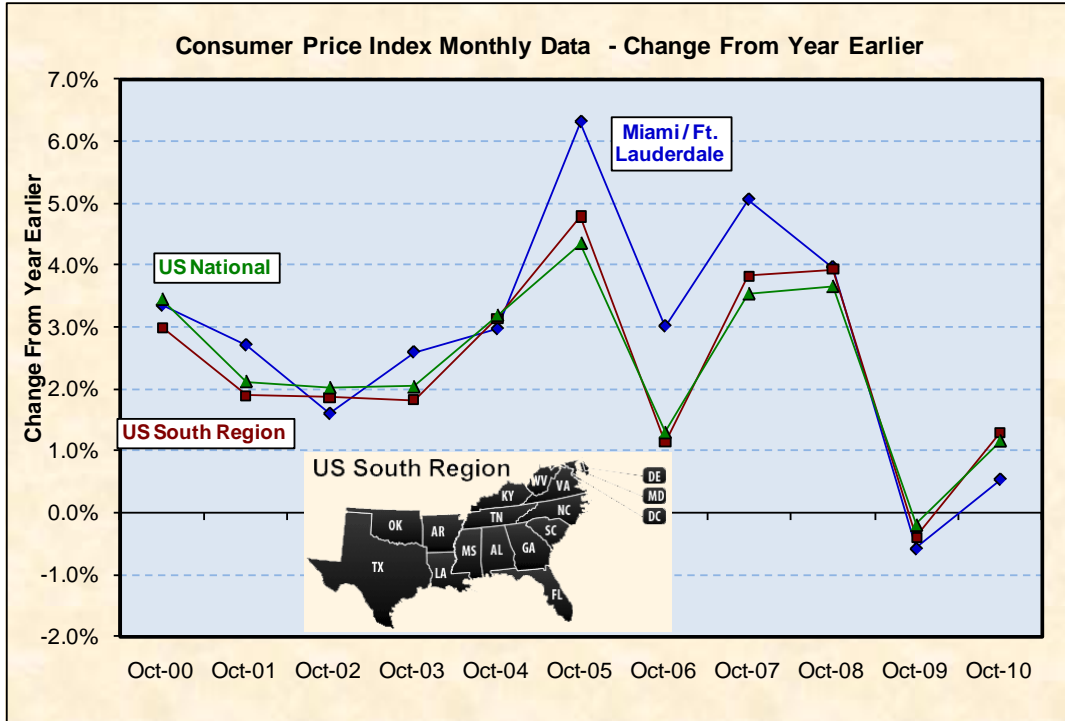


Source: Bureau of Economic and Business Research, University of Florida

Consumer Price Index

Consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 22. The Miami-Fort Lauderdale area CPI is collected every two months and is the closest reporting location to Southwest Florida. From October 2009 to October 2010, the National CPI rose 1.2 percent, the South Region CPI increased 1.3 percent, and the Miami-Fort Lauderdale area CPI rose 0.5 percent. These data reflect a continuation of relatively low inflation.

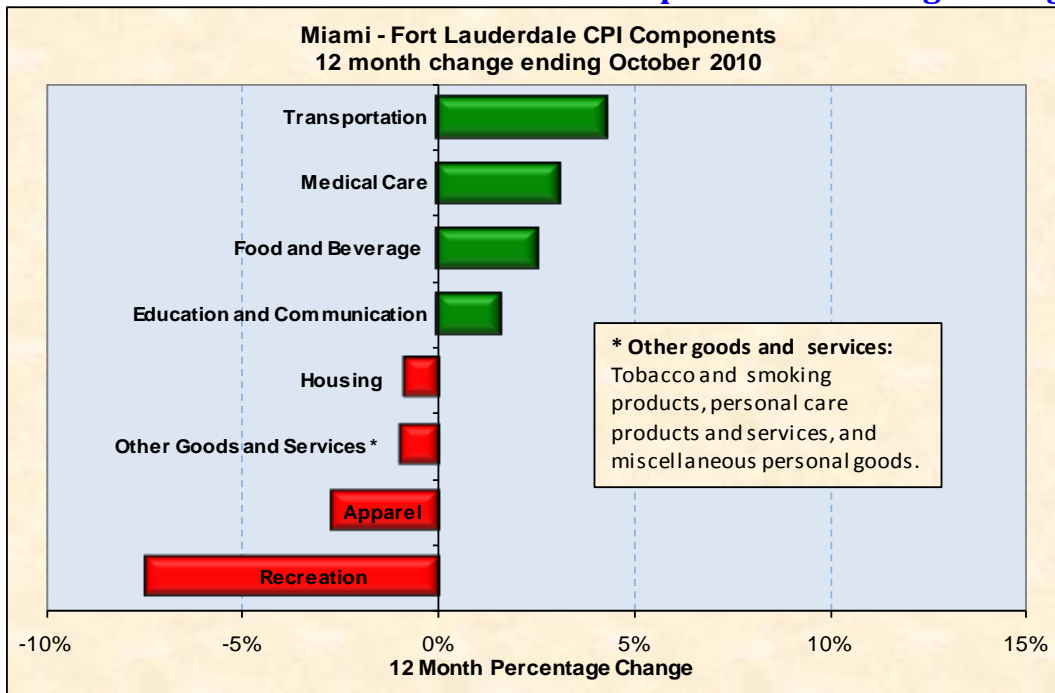
Chart 22: CPI Annual Percentage Change



Source: BLS

The Miami-Fort Lauderdale Consumer Price Index for the 12 months ending October 2010 is broken down into its components, as shown in Chart 23. Recreation, apparel, other goods and services, and housing costs showed declines over the past 12 months. The transportation, medical, food and beverage, and education and communication components increased over October 2009.

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change



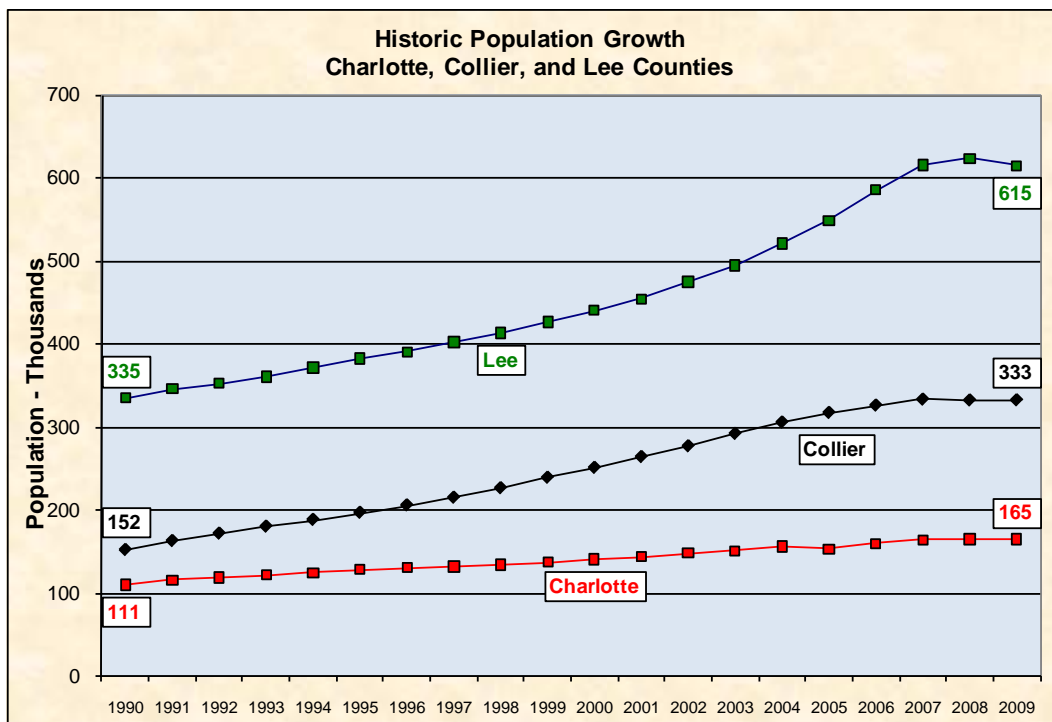
Source: BLS

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). Population growth from 1990 to 2009 is shown in Charts 24 and 25. 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.

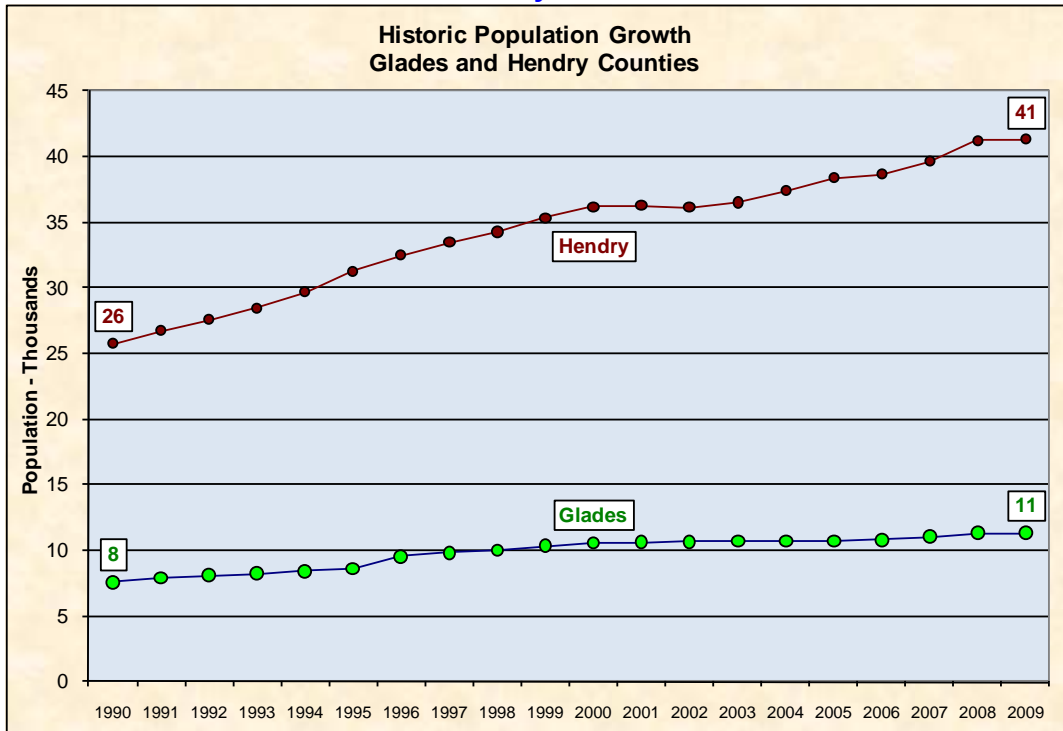
Chart 26 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 1.9 percent per year for this period, resulting in a 20-year increase of 46 percent.

Chart 24: Coastal Counties Growth 1990 to 2009



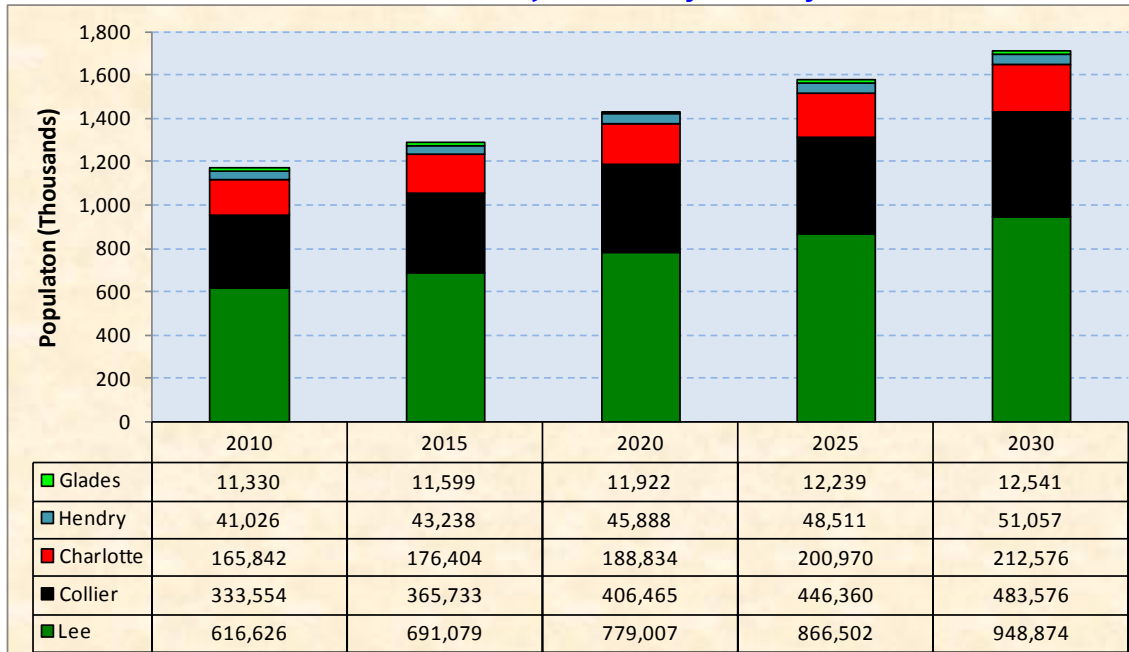
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

Chart 25: Inland County Growth 1990 to 2009



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

Chart 26: Projections by County



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