

Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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Introduction: National and Regional Background

The advance estimate for Real GDP growth was released on January 27th and showed fourth quarter growth at 2.8 percent. This compares to 1.8 percent growth in the third quarter. Fourth quarter real personal consumption expenditures increased by 2.0 percent compared to 1.7 percent in the third quarter. Real disposable personal income increased by 0.8 percent in the fourth quarter.

The December Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by 200,000, which was larger than the November increase of 100,000. The U.S. labor force grows by approximately 130,000 per month, so overall job growth will need to be much larger to see significant reductions in the unemployment rate. The national December employment increases included 50,000 in transportation and warehousing, 28,000 in retail, 24,000 in leisure and hospitality, 23,000 in health care, and 23,000 in manufacturing.

The national unemployment rate has fallen to 8.5 percent. The number of long-term unemployed (those jobless for 27 weeks or longer) is 42.5 percent of all unemployed in December 2011.

The national consumer price index for December 2011 has increased by 3.0 percent over December 2010, primarily driven by a 6.6-percent increase in energy prices and a 4.7-percent increase in food. All items, less food and energy, rose by only 2.2 percent. Core inflation remains subdued and has allowed the Federal Reserve to keep interest rates low.

The International Monetary Fund (IMF) released a new forecast for Europe predicting negative growth for some European countries in 2012. The markets have been volatile in reaction to frequent changes in the outlook for resolving Europe's sovereign debt crisis and the prospects for resolving the long-term Federal budget deficit. 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 Federal Reserve Open Market Committee (FOMC) issued its latest statement on January 25th; and a summary is provided below:

- The economy has been expanding moderately, notwithstanding some slowing in global growth;
- The unemployment rate remains elevated;
- Household spending has continued to advance, but growth in business fixed investment has slowed, and the housing sector remains depressed;
- Inflation has been subdued in recent months, and longer-term inflation expectations have remained stable;

- Economic growth will be modest over the coming quarters and the unemployment rate will decline only gradually;
- Strains in global financial markets continue to pose significant downside risks;
- The Committee decided to continue its program to extend the average maturity of its holdings of securities, as announced in September;
- The Committee expects to maintain a highly accommodative stance for monetary policy, and to keep the target range for the federal funds rate at 0 to ¼ percent; and
- The Committee anticipates that economic conditions are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014. Previous statements anticipated low levels “at least through mid-2013”.

The next scheduled meeting of the FOMC is March 13th.

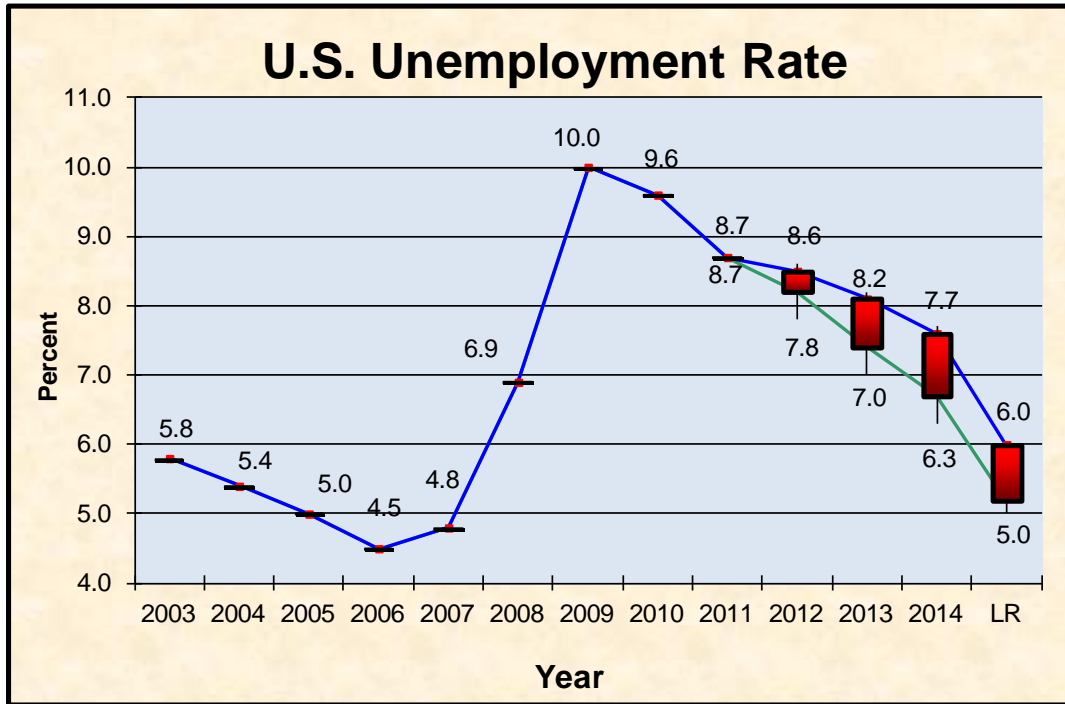
The FOMC released its latest forecast on January 25, 2012, shown below in the "box and whiskers" charts. This latest forecast shows slower overall GDP growth but the unemployment rates fall somewhat faster. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

The chart below shows that recovery started in 2009, but it is expected to be several years before the economy returns to a more normal long-run trend (“LR”). Real GDP growth projections for 2012, 2013, and 2014 show a recovery but there remains considerable uncertainty as to how strong the recovery will be, as shown by the wide range of forecasts. For 2012, the overall projected range is 2.1 to 3.0 percent with a central tendency range of 2.2 to 2.7 percent growth. For 2013, the overall projected range is 2.4 to 3.8 percent with a central tendency range of 2.8 to 3.2 percent growth. For 2014, the overall projected range is 2.8 to 4.3 percent with a central tendency range of 3.3 to 4.0 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 2.6 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, January 25, 2012.

As shown in the chart below, the 2012 national unemployment rate is expected to be lower than in 2011, but remain historically high, in a range of 7.8 to 8.6 percent, with a central tendency (red bar) of 8.2 to 8.5 percent. For 2013, the overall projected range for the national unemployment rate is 7.0 to 8.2 percent with a central tendency range of 7.4 to 8.1 percent. For 2014, the overall projected range for the national unemployment rate is 6.3 to 7.7 percent with a central tendency range of 6.7 to 7.6 percent. Long-run unemployment is expected to be in a range of 5.0 to 6.0 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, January 25, 2012.

The Southwest Florida economy continues to show gains in tourism and consumer purchases which are positive signs. Regional taxable sales were five percent higher from October 2010 to October 2011. Tourism taxes increased by 23.3 percent from November 2010 to November 2011 in Collier County and by 6.4 percent in Charlotte County. Airport passenger traffic at Southwest Florida International decreased by six percent from November 2010 to November 2011. Unemployment rates have fallen but remain high relative to historical long-run rates. Economic growth is expected to be positive this year but below the long-term growth rate of three percent. Issues related to the Federal budget, state budgets, the European sovereign debt issues, and oil prices are likely to create some headwinds.

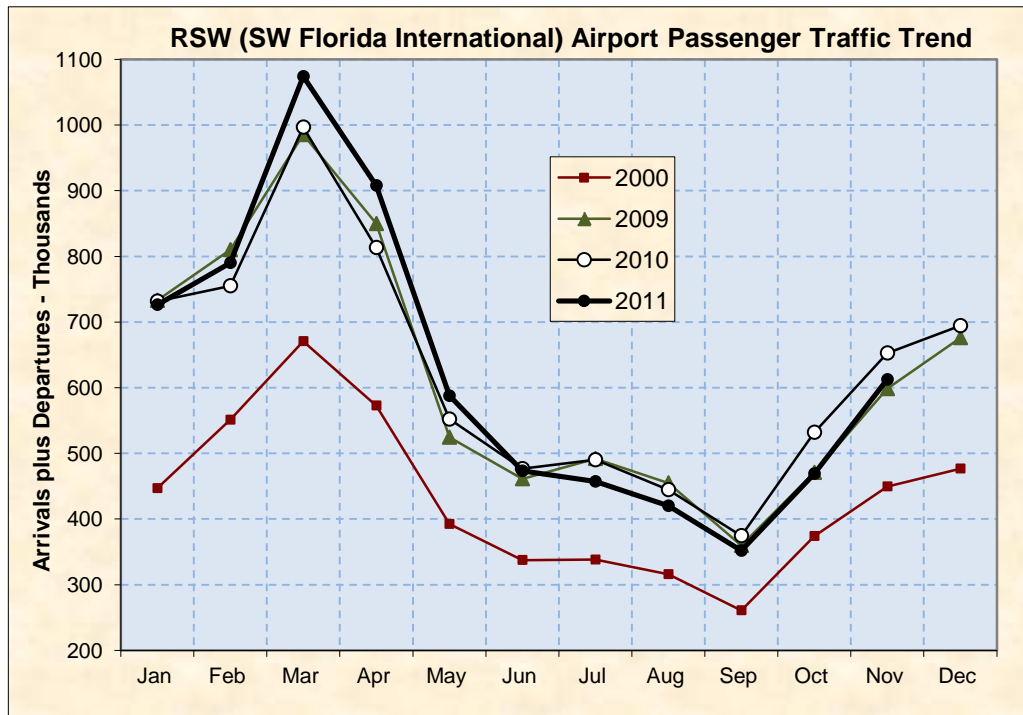
RERI thanks all of the individuals and organizations that have helped to bring together the regional information for this report. These include the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee Counties, the Convention and Visitors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

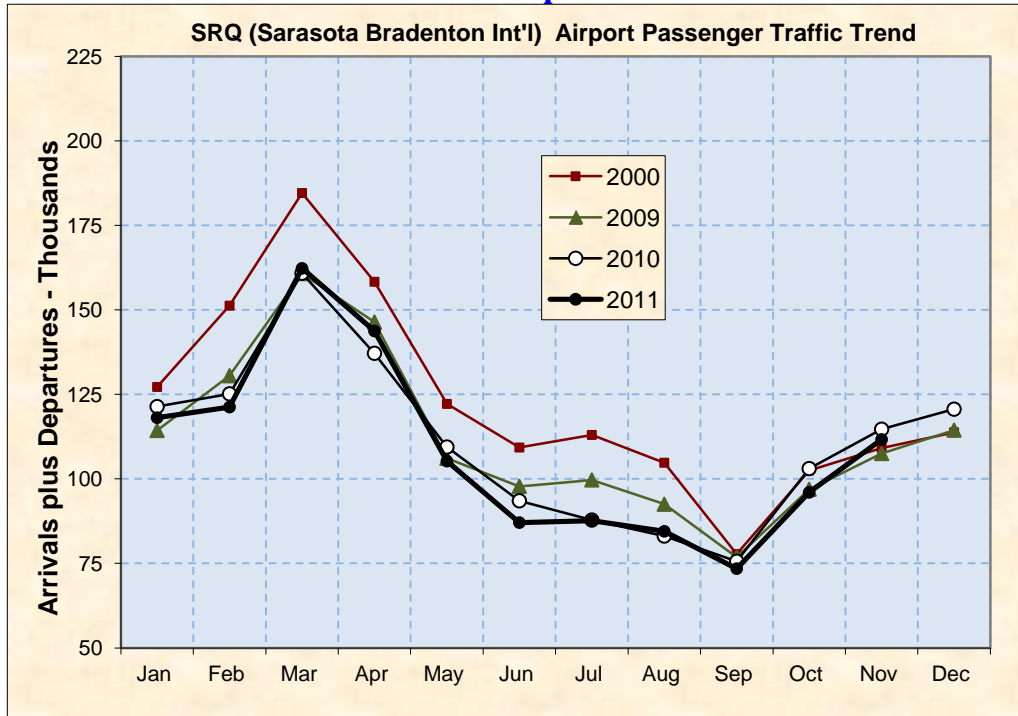
Total passenger activity for the three Southwest Florida airports was 751,332 in November 2011, up 29 percent over October 2011, but down by four percent from November 2010. Chart 1 shows RSW passenger activity of 612,470 in November 2011, a decrease of six percent from November 2010. Sarasota (SRQ) passenger activity was 111,698 in November 2011, a decline of three percent from November 2010, as shown in Chart 2. Punta Gorda Airport continued to show year-to-year growth, reporting November 2011 passenger activity of 27,164, a 55-percent increase over November 2010, as shown in Chart 3.

Chart 1: RSW Traffic Trend



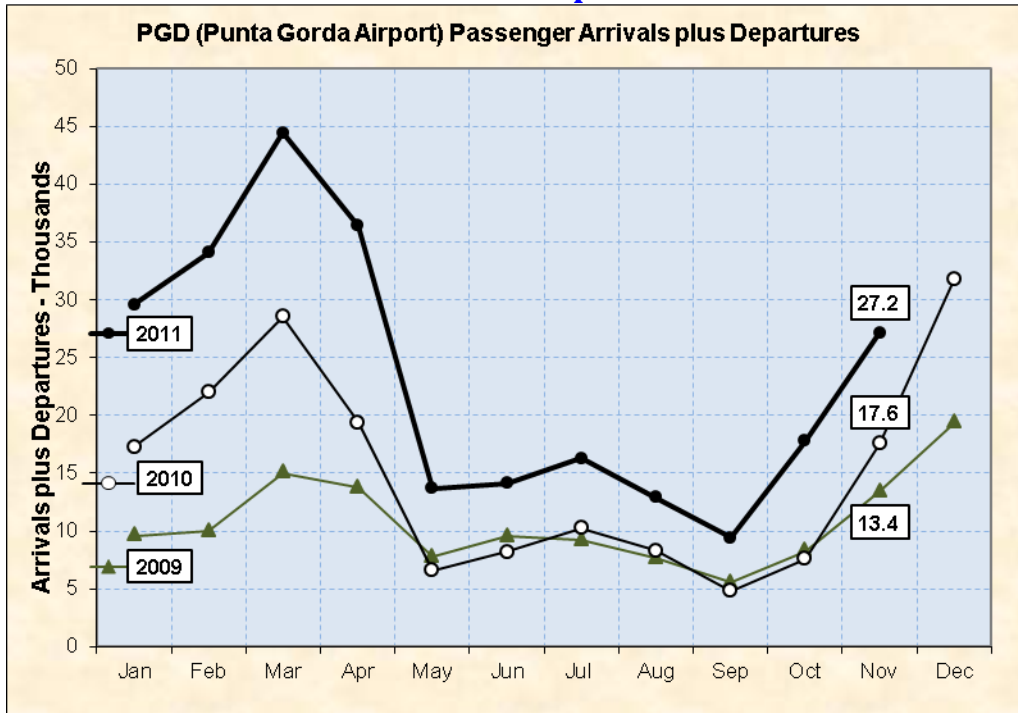
Source: Local Airport Authorities

Chart 2: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 3: Punta Gorda Airport Traffic Trend

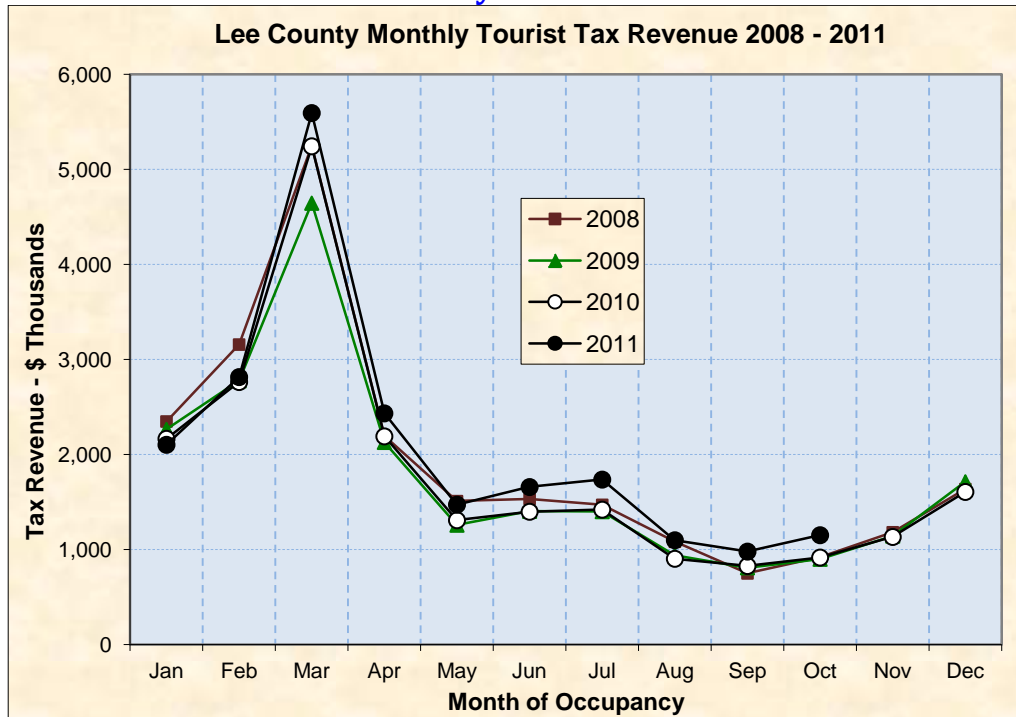


Source: Local Airport Authorities

Tourism Tax Revenues

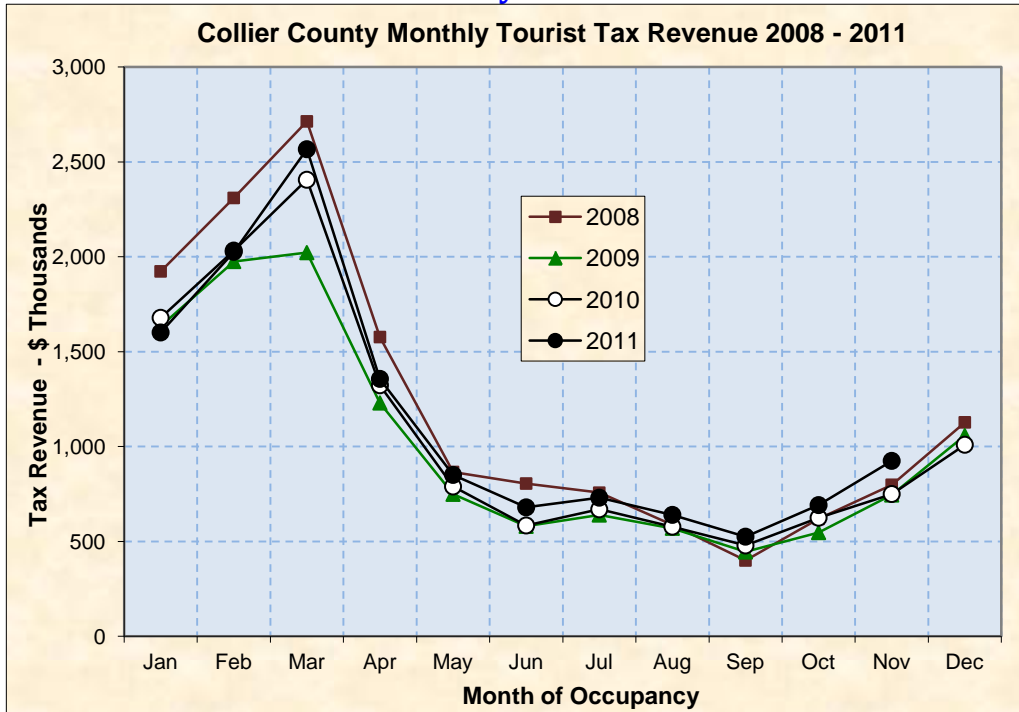
Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, and 6, based on month of occupancy. Lee County tourism tax November tourism tax revenues were not available so we continue to show the information through October 2011. Collier County revenues of \$924,729 in November 2011 were 23-percent higher than November 2010 and Charlotte County's tourism tax revenues of \$59,834 in November 2011 represented a six-percent increase over the November 2010 figure. These are very positive signs for our local economy.

Chart 4: Lee County Tourism Tax Revenues



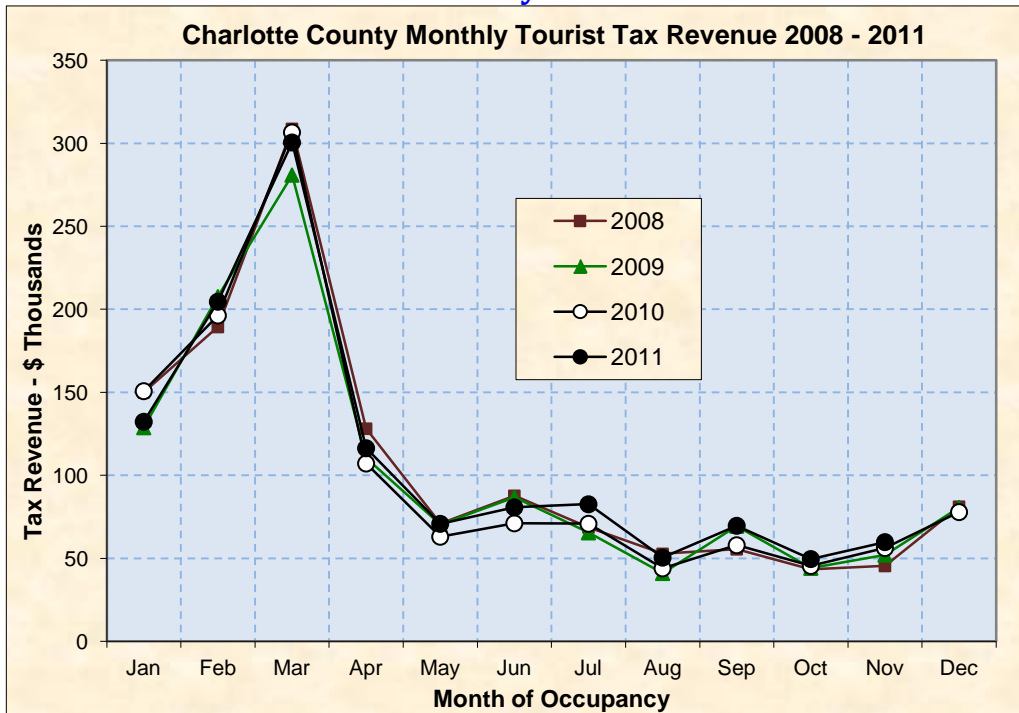
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 5: Collier County Tourism Tax Revenues



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

Chart 6: Charlotte County Tourism Tax Revenues

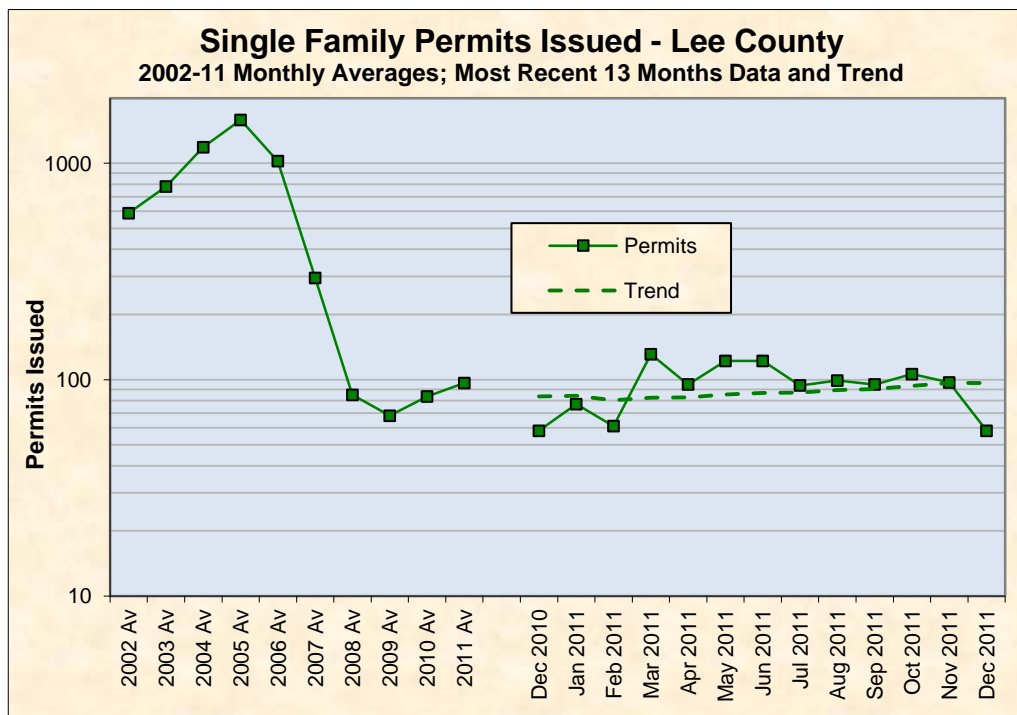


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

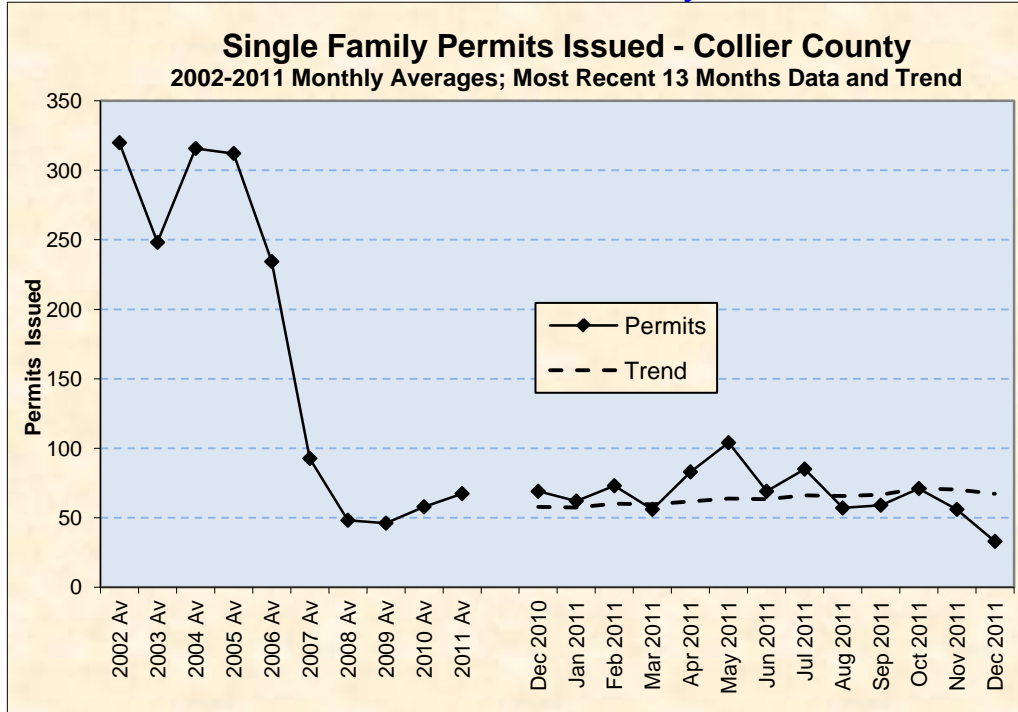
The Jurisdictions within Lee County issued 58 single-family home permits in December 2011, a decline of 39 from the November 2011 figure, and equal to the number reported in December 2010, as shown in Chart 7 (which employs a logarithmic scale on its y-axis to more clearly portray long-term trends). Collier County reported 33 permits issued in December 2011, down from 56 in November and from 69 in December 2010, as shown in Chart 8. Charlotte County permits were steady at 25 in December 2011, the same figure as November, and 1 more than was issued in December 2010, as shown in Chart 9.

Chart 7: Lee County



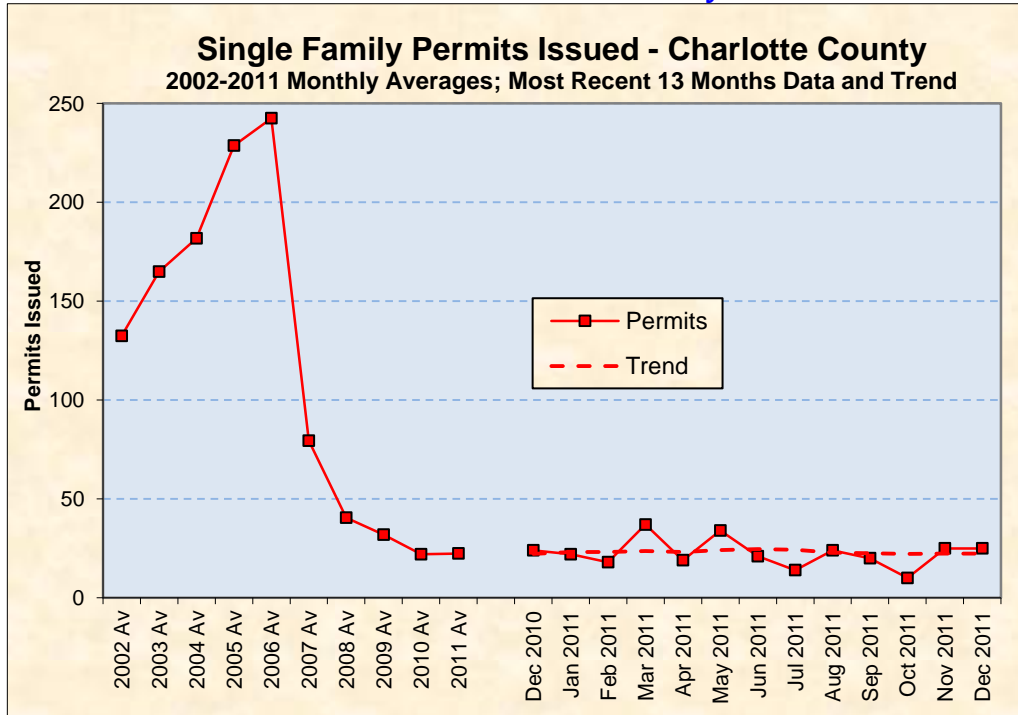
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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

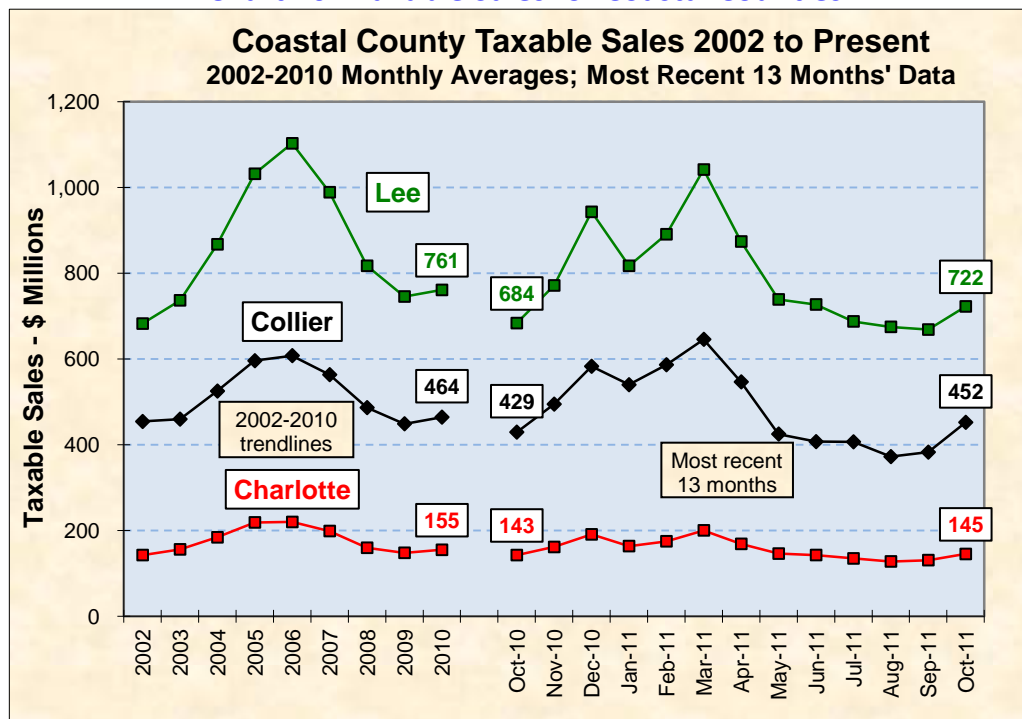
Taxable sales figures track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, October is the latest collection month plotted on the following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

All five counties reported higher taxable sales in October 2011 versus October 2010, a total gain of \$70.1 million (5 percent). This also represented an increase of \$142.7 million over the prior month of September 2011. Charlotte County's taxable sales of \$145.3 million in October 2011 represented a 2-percent increase from the October 2010 figure. Lee County taxable sales amounted to \$722.5 million in October 2011, a six-percent increase over October 2010; while Collier County's taxable sales were \$452.2 million in October 2011, a five-percent increase over October 2010. Changes from the prior month of September 2011 showed increases of 18-percent in Collier, 11-percent in Charlotte, and 8-percent in Lee County as shown in Chart 10.

Chart 11 shows taxable sales for Glades and Hendry Counties. Hendry County's taxable sales of \$24.3 million in October were 31-percent higher than a year ago. Glades County reported October 2011 taxable sales of \$2.1 million, a nine-percent increase over October 2010, but 22-percent below the September 2011 figure.

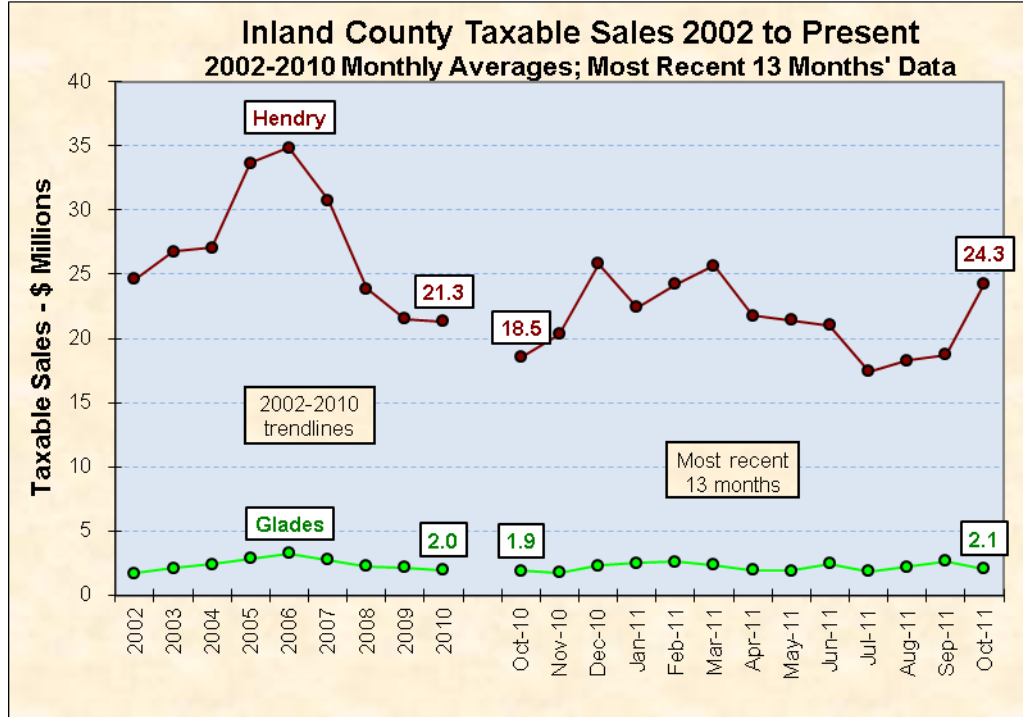
Charts 12, 13, and 14 depict changes in taxable sales from the same month a year earlier. Lee and Collier Counties have shown positive year-over-year comparisons for over twelve months, with the October results for Charlotte County positive as well.

Chart 10: Taxable Sales for Coastal Counties



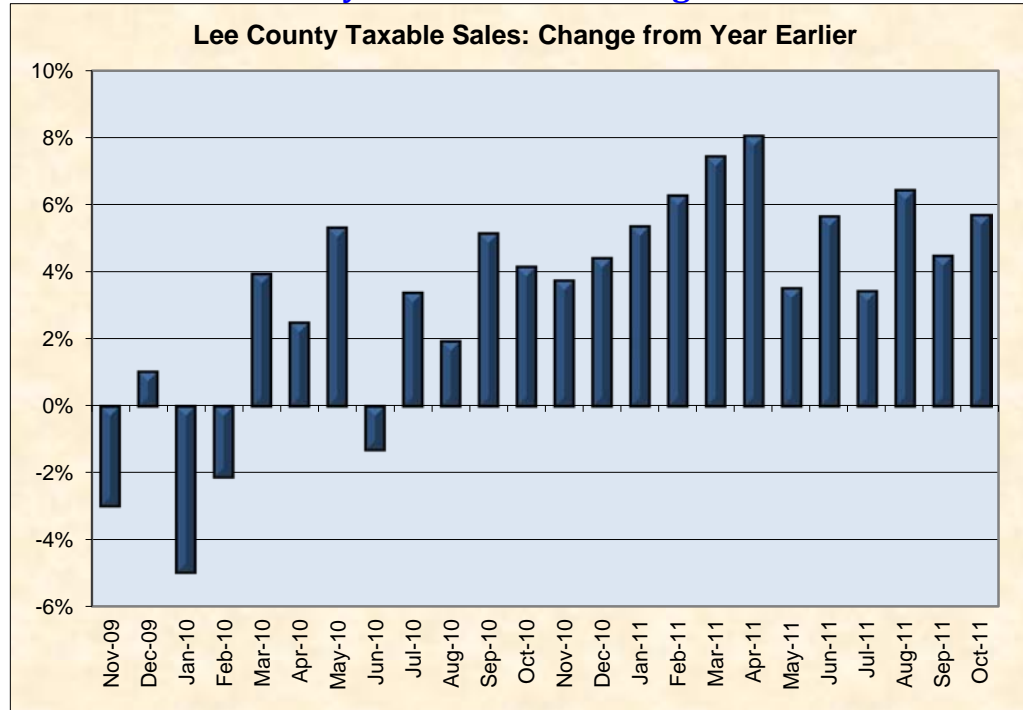
Source: Florida Department of Revenue, Office of Tax Research

Chart 11: Taxable Sales for Inland Counties



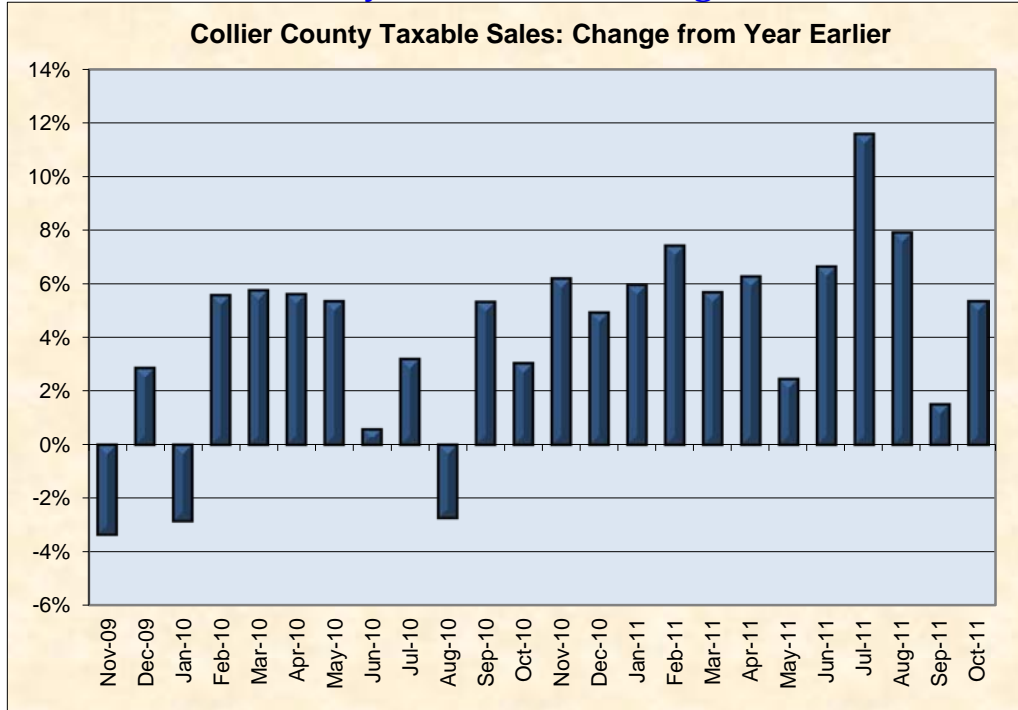
Source: Florida Department of Revenue, Office of Tax Research

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



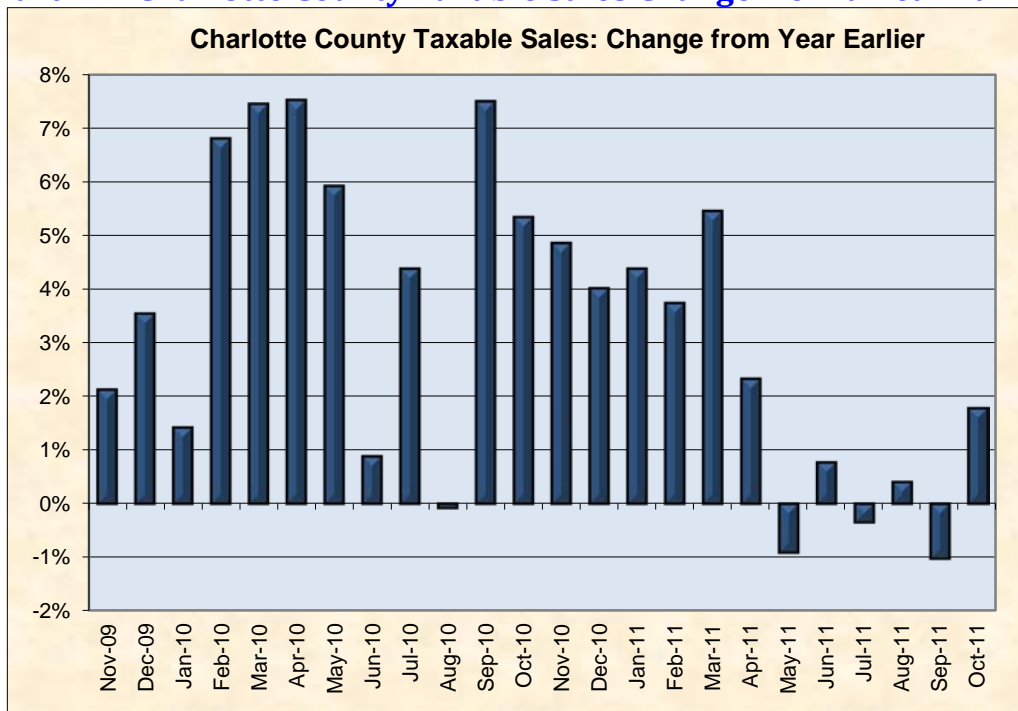
Source: Florida Department of Revenue, Office of Tax Research

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

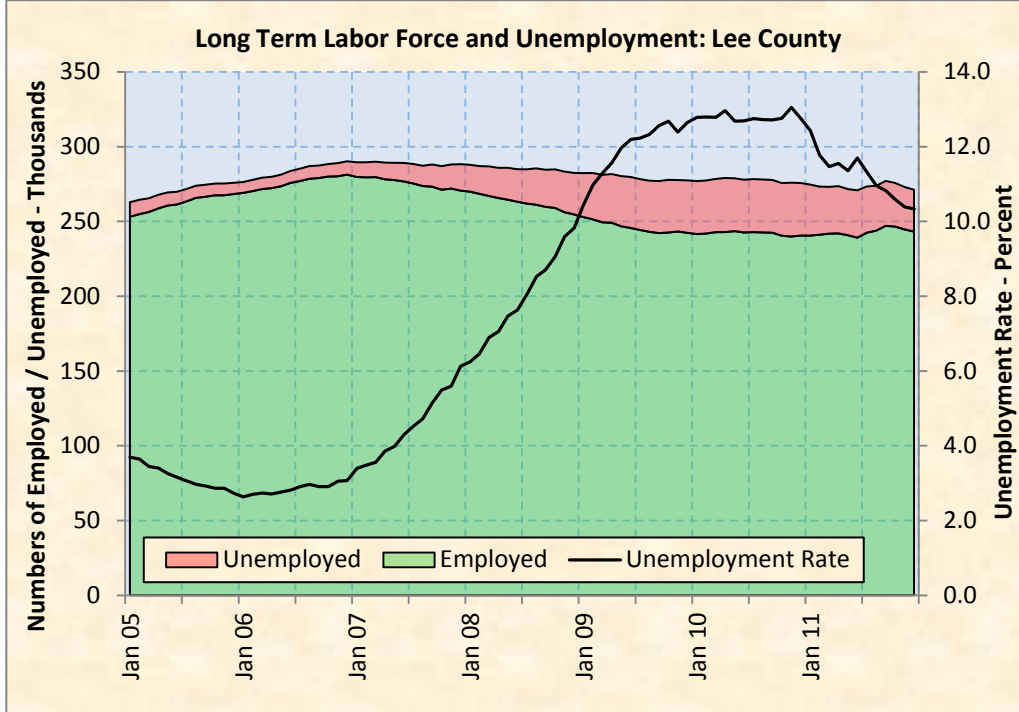
Charts 15, 16, 17, 18, and 19 show total persons employed, unemployed, and the unemployment rate for each county in the region from January 2005 to December 2011.

The charts show seasonally-adjusted levels of employment, unemployment, and unemployment rates. Seasonal adjustments show long-term trends more clearly. Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends.

Unemployment levels were fairly stable in December 2011 compared to November. Charlotte, Collier and Glades Counties reported 10.2 percent, 10.0 percent, and 8.0 percent, respectively, showing no change from the prior month. Hendry's unemployment rate increased to 14.7 percent from 14.5 in November, while Lee County's rate edged down from 10.4 to 10.3 percent. All five reporting counties reported lower unemployment rates for December 2011 compared to December 2010. Overall employment in the reporting counties increased by 4,008 persons over December 2010.

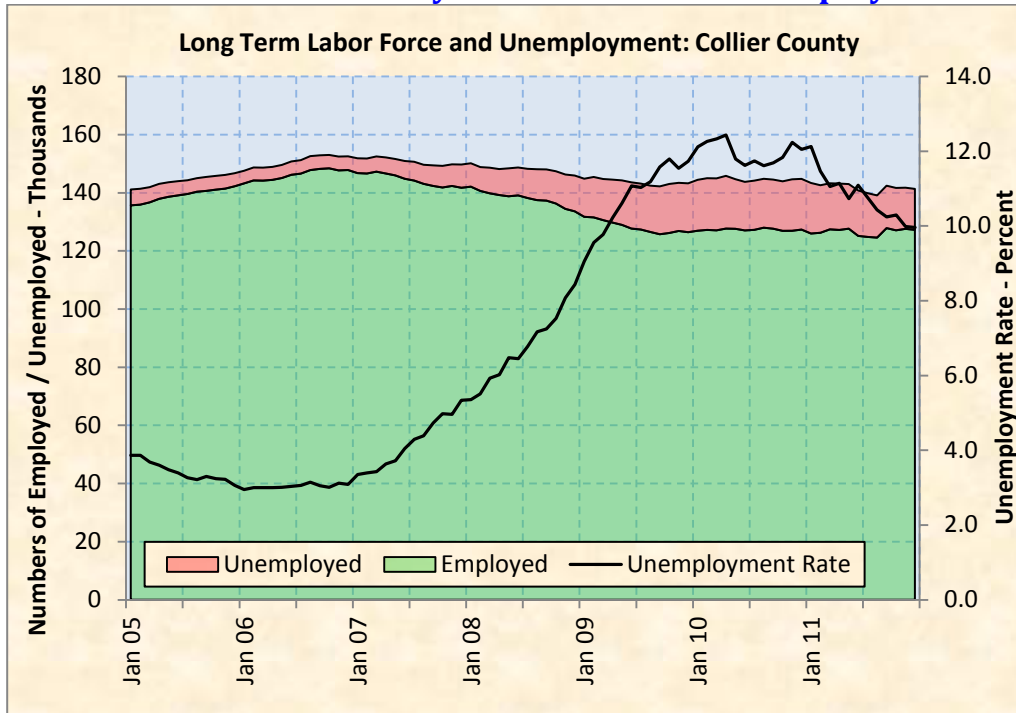
Lee County's seasonally-adjusted unemployment rate decreased to 10.3 percent from 12.8 percent in December 2010, as shown in Chart 15. Collier County's unemployment rate of 10.0 percent represented a decline from 12.0 percent in December 2010, as shown in Chart 16. Charlotte County's unemployment rate dropped to 10.2 percent from 12.4 percent in December 2010, as shown in Chart 17. Hendry County's unemployment rate was 14.7 percent in December, declining from 16.3 percent in December 2010, as shown in Chart 18. Glades County's unemployment rate declined from 9.6 percent in December 2010 to 8.0 percent in December 2011, as shown in Chart 19. The seasonally-adjusted unemployment rate for the state of Florida declined from 10.0 percent in November to 9.9 percent in December 2011, the lowest figure since April 2009. The comparable rate for Florida in December 2010 was 12.0 percent. The national unemployment rate also shows a pattern of decline from 9.4 percent in December 2010 to 8.5 percent in December 2011.

Chart 15: Lee County Labor Force and Unemployment



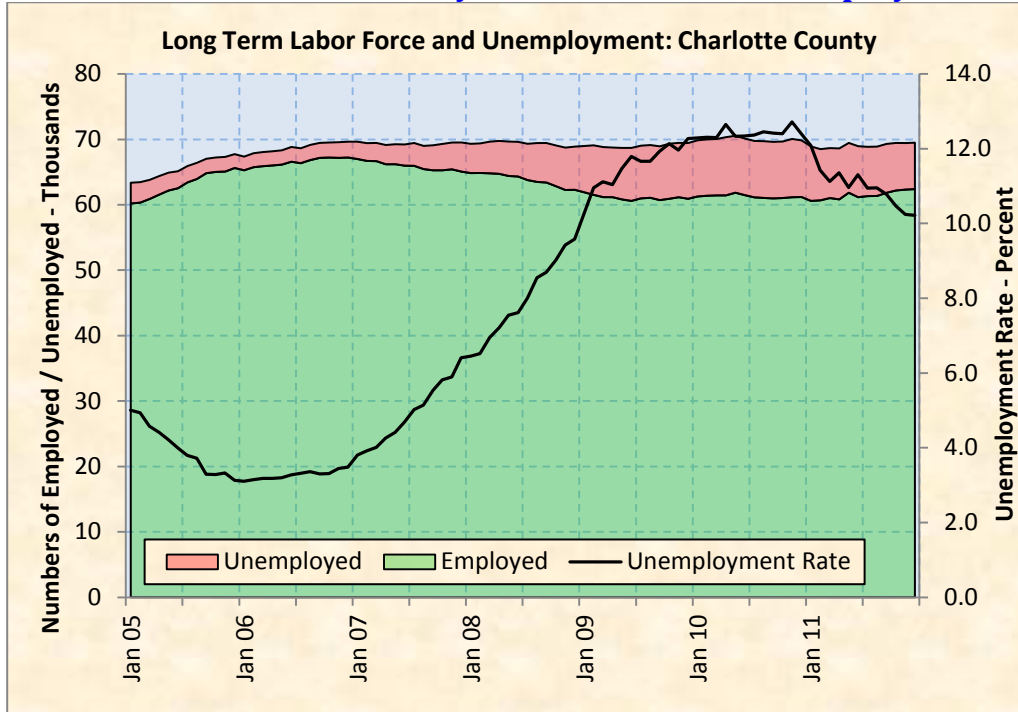
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 16: Collier County Labor Force and Unemployment



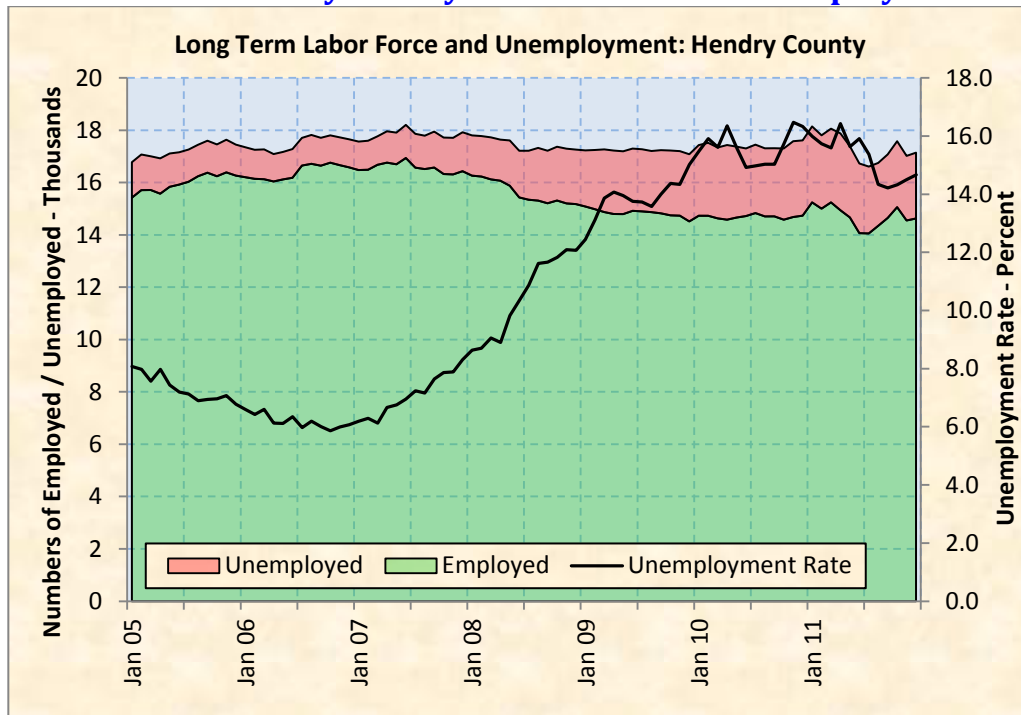
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 17: Charlotte County Labor Force and Unemployment



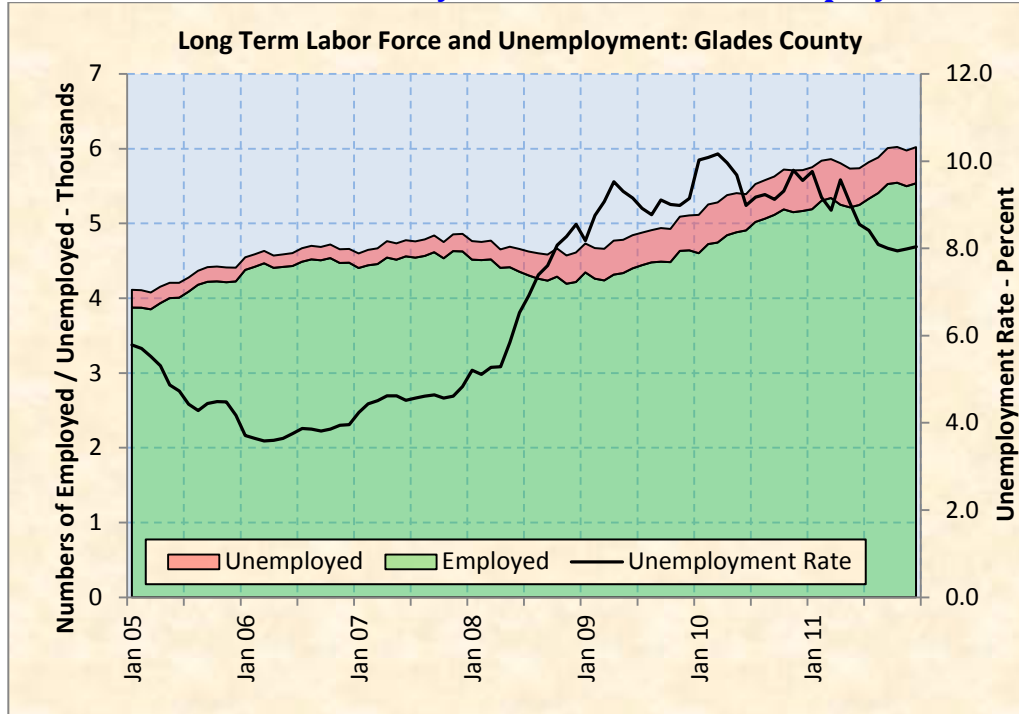
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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

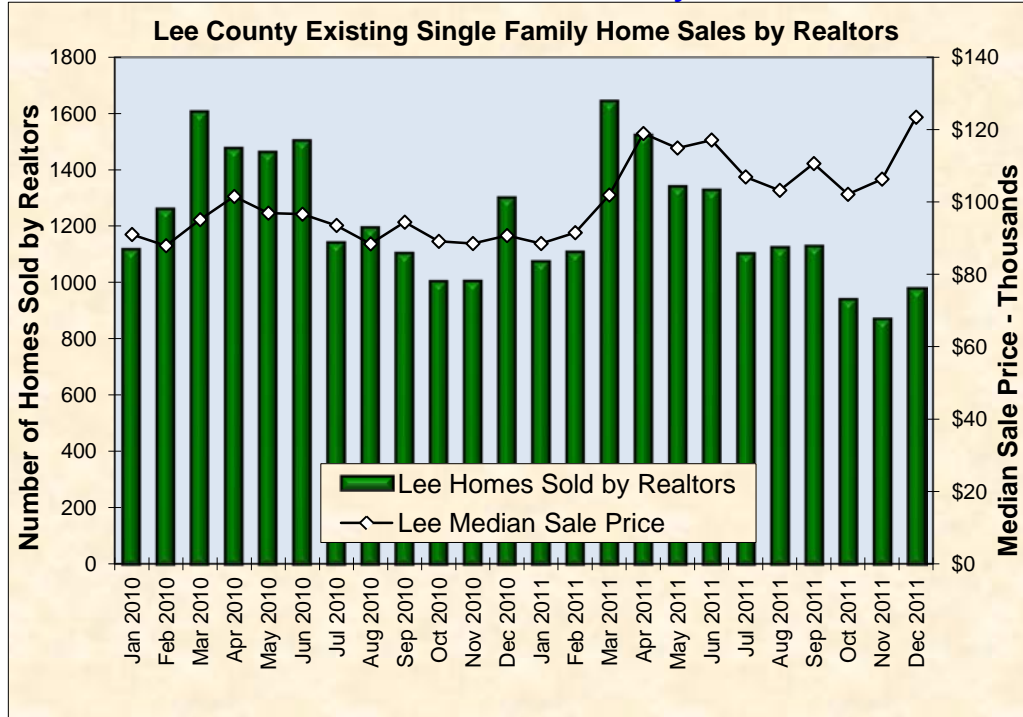


Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Sales of Single-family Existing Homes and Median Sales Prices

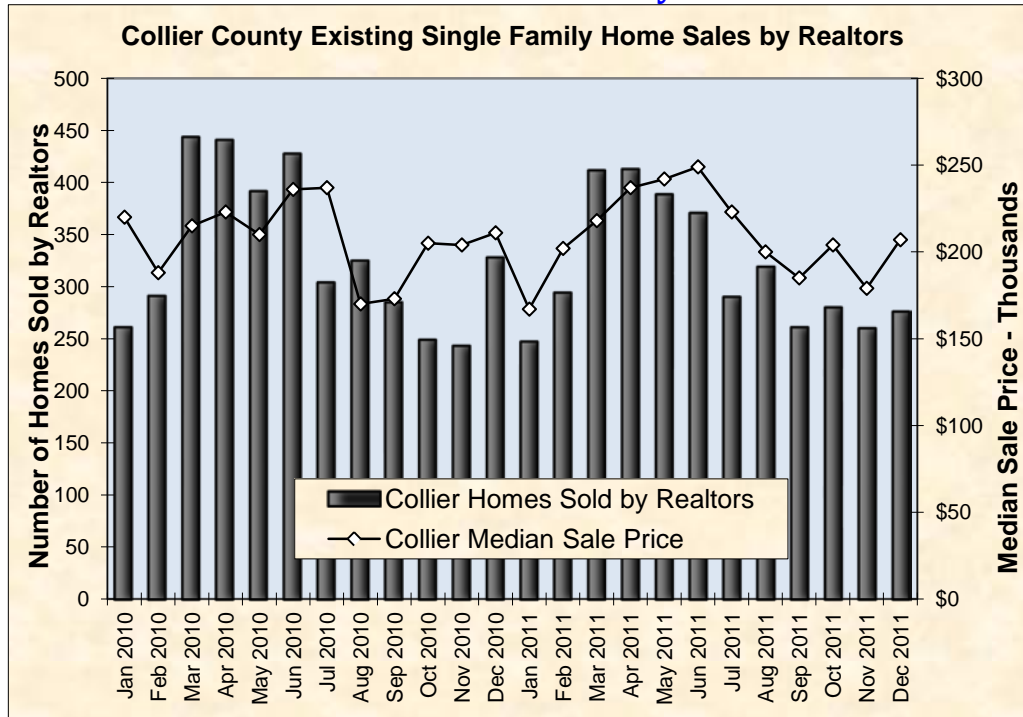
Realtor® sales of single-family homes in Lee, Collier, and Charlotte Counties totaled 1,511 in December 2011, an increase of 144 over the prior month, but 379 fewer homes than were sold in December 2010. Lee County single-family home sales were 977 in December 2011, up from 868 in the previous month. The Lee County single-family median home price for December 2011 rose to \$123,400 from \$106,300 in November, as shown in Chart 20. Collier County's existing single-family Realtor sales increased from 260 in November 2011 to 276 in December 2011; the median price rose from \$179,000 to \$207,000, as shown in Chart 21. Charlotte County's existing single-family home sales increased from 239 in November to 258 in December 2011, although the median price decreased from \$102,600 to \$97,500, as shown in Chart 22. Compared to December 2010, Realtor sales decreased by 25 percent in Lee, 16 percent in Collier, and by two percent in Charlotte County. Compared to December 2010, median single-family home prices increased by 36 percent in Lee and by 10 percent in Charlotte, while declining by two percent in Collier County.

Chart 20: Lee County



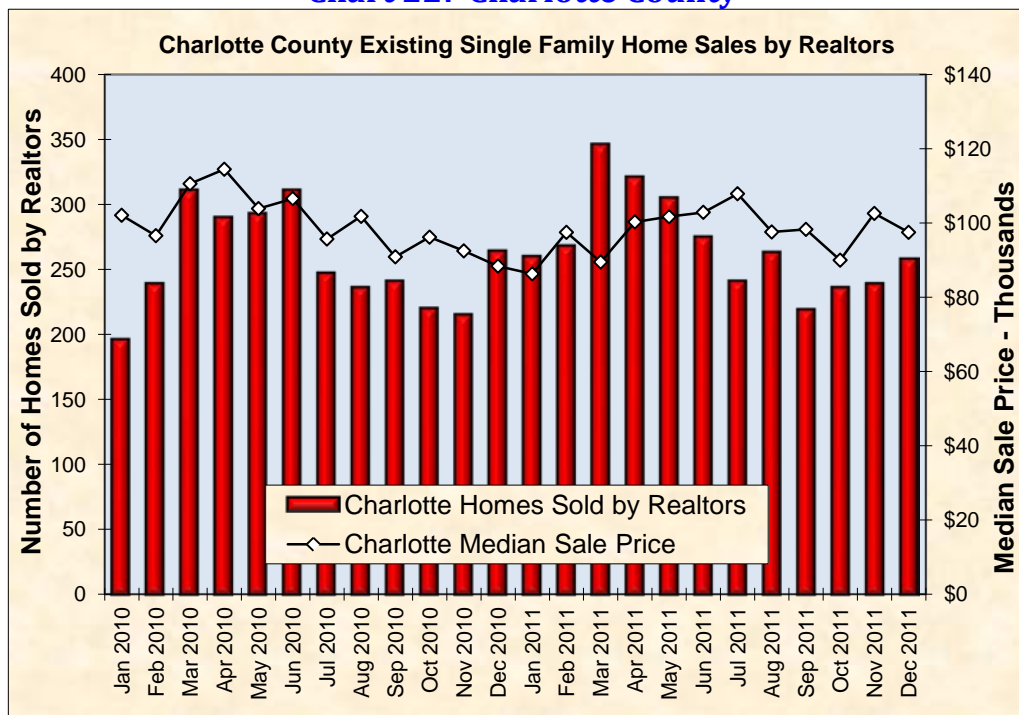
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 21: Collier County



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

Chart 22: Charlotte County



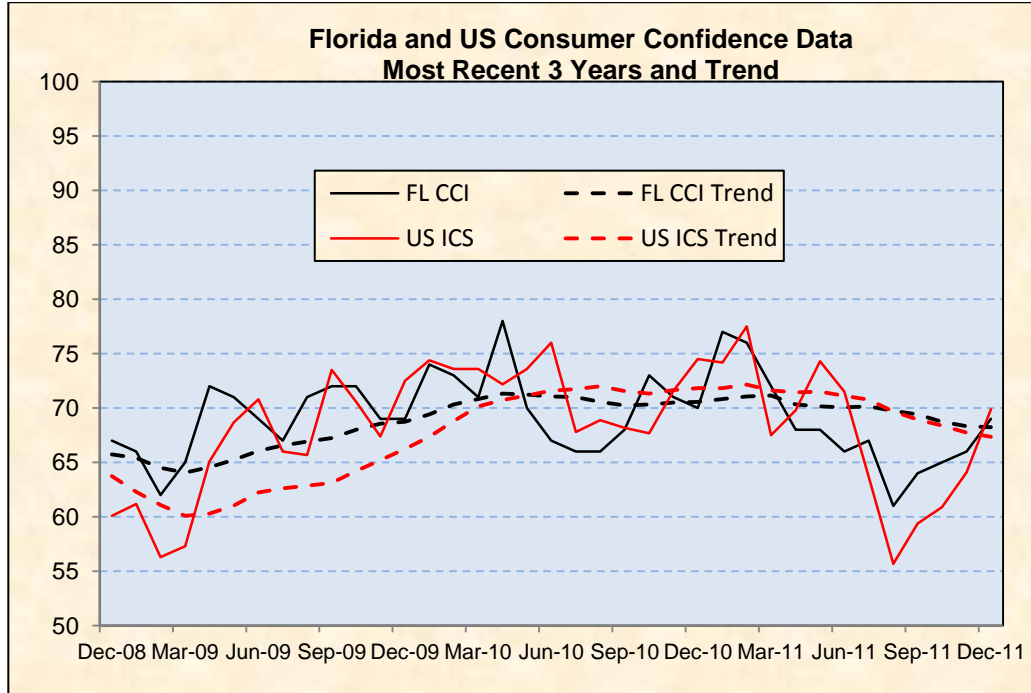
Source: Florida Realtors ® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

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”) 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. Consumer confidence increased nationally in December for the fourth consecutive month, but remains below the level of a year ago. The national ICS for December was 69.9, a 5.8-point increase from the November figure of 64.1, but a 4.6-point decline from December 2010. The Survey Report noted “The December gain primarily reflected more positive expectation for the economy in 2012. Importantly, consumers more frequently reported hearing news about employment gains in the December survey”.

The Florida Consumer Confidence Index also increased over the prior month, from 66 in November to 69 in December 2011, just one point below the December 2010 figure. “The increase in consumer confidence among Floridians is in line with an increase in the national index which came in at 69.9 in December,” said Chris McCarty, the BEBR Survey Director. “The Florida Index rose among both younger and older respondents. Floridians are most likely optimistic about continued improvement in the employment situation”.

Chart 23: Consumer Confidence Index

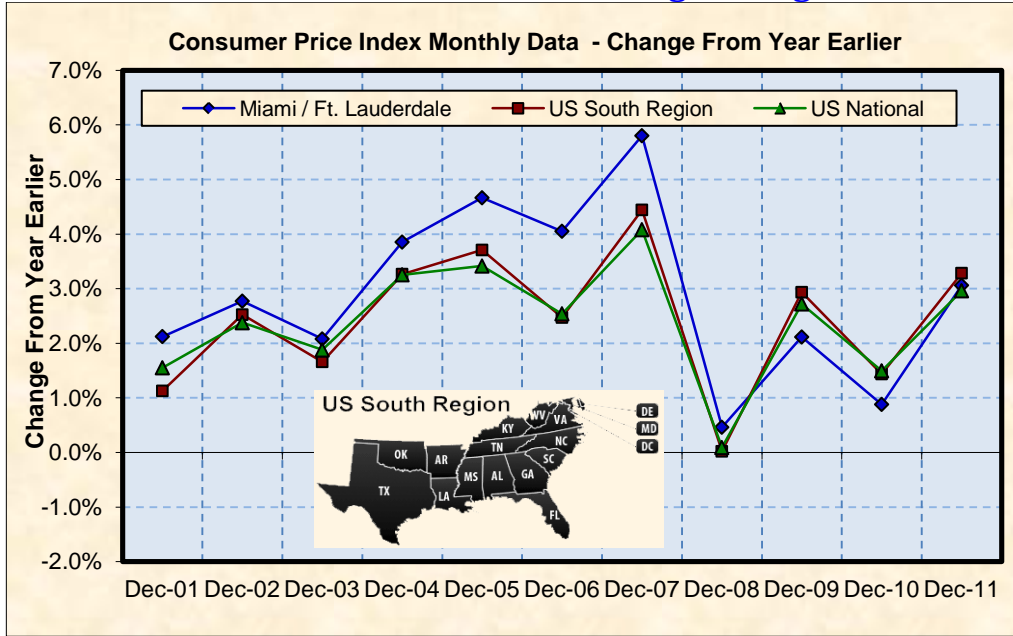


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

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 December 2011, and shows the impact of higher prices in all measured segments. From December 2010 to December 2011, the National CPI increased by 3.0 percent, the Southern Region CPI increased by 3.3 percent, and the Miami-Fort Lauderdale area CPI rose by 3.1 percent. Chart 24 shows the largest increases in the December CPI since 2007. The Federal Reserve Open Market Committee continues to pay close attention to the inflation rate and inflationary expectations.

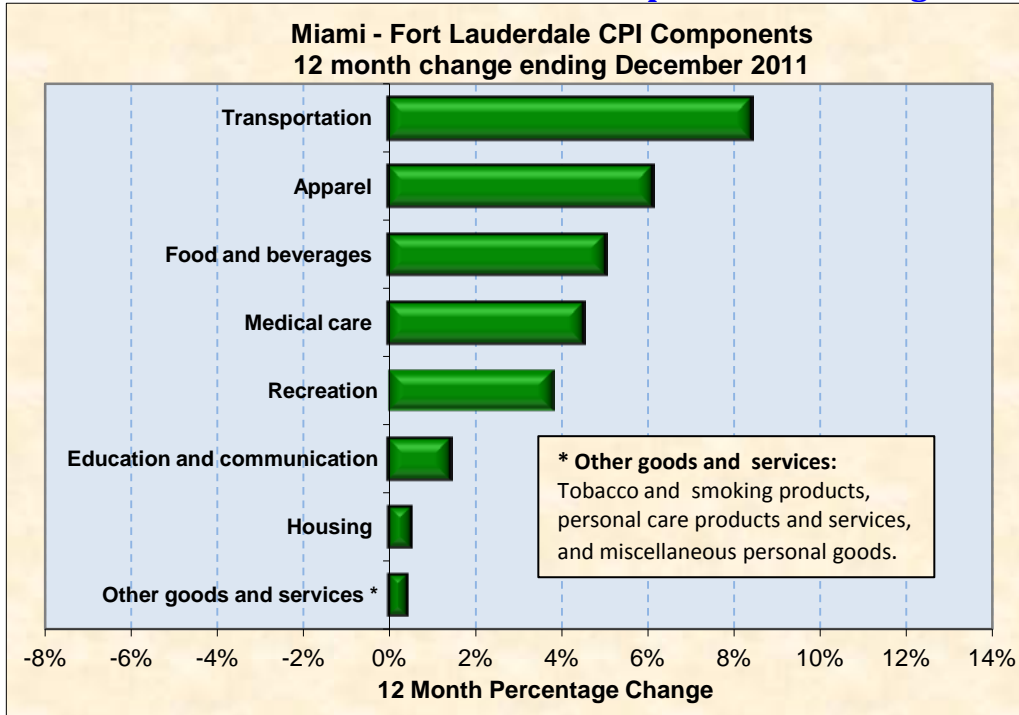
Chart 24: CPI Annual Percentage Change



Source: BLS

The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending December 2011 are shown in Chart 25. All categories showed some price increase from December 2010 to December 2011. Costs of transportation showed the largest such increase of 8.4 percent, reflecting the sizeable rise in gasoline costs. Other significant increases were seen in apparel costs (up 6.1 percent), food and beverage costs (up 5.0 percent), and medical care (up 4.5 percent).

Chart 25: Miami-Fort Lauderdale CPI Component Percentage Change



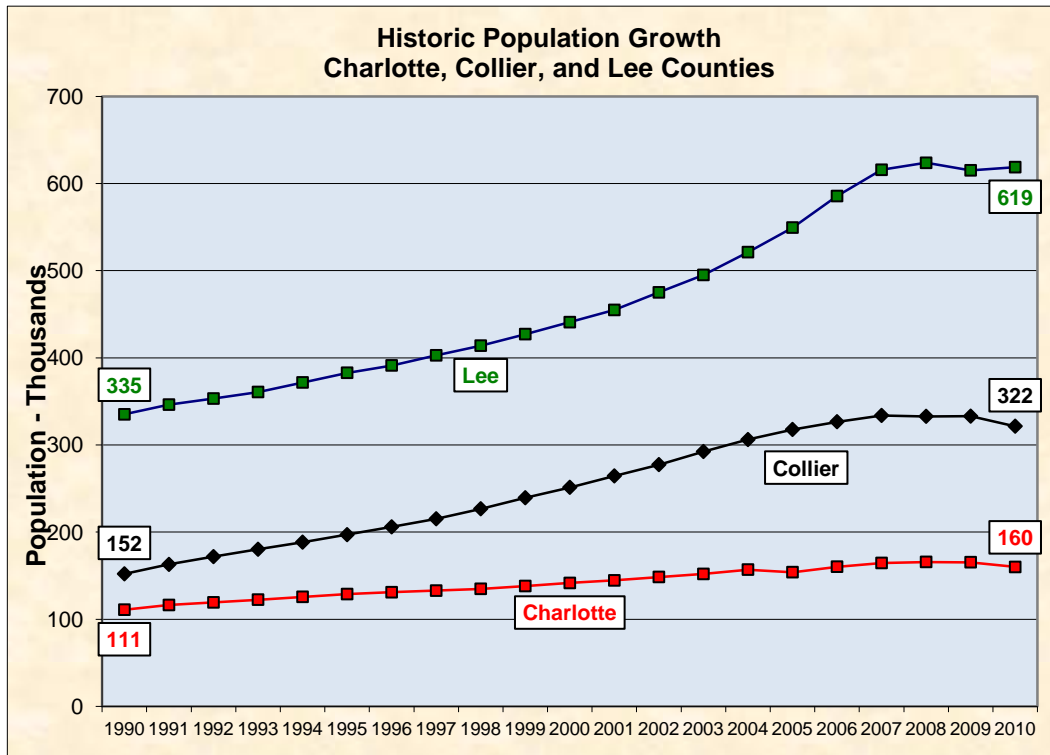
Source: BLS

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.

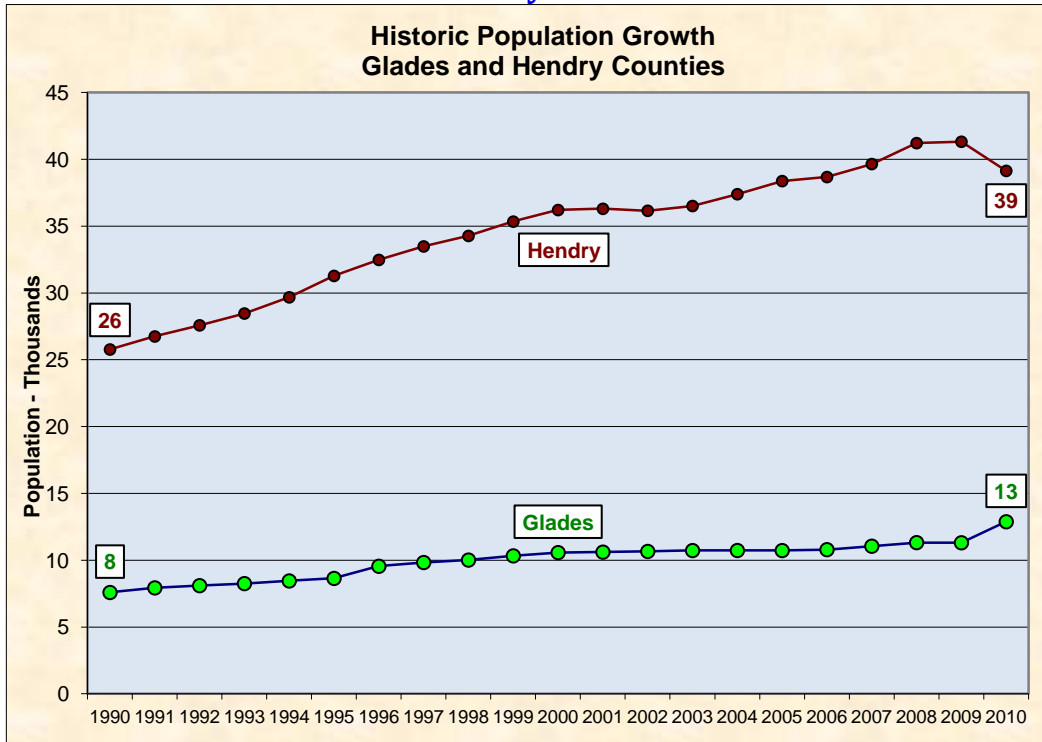
Chart 28 and its accompanying table show projected population increases from 2015 to 2040. The overall rate of regional growth averages 1.6 percent per year for this period, resulting in a 25-year increase of 47 percent.

Chart 26: Coastal Counties Growth 1990 to 2010



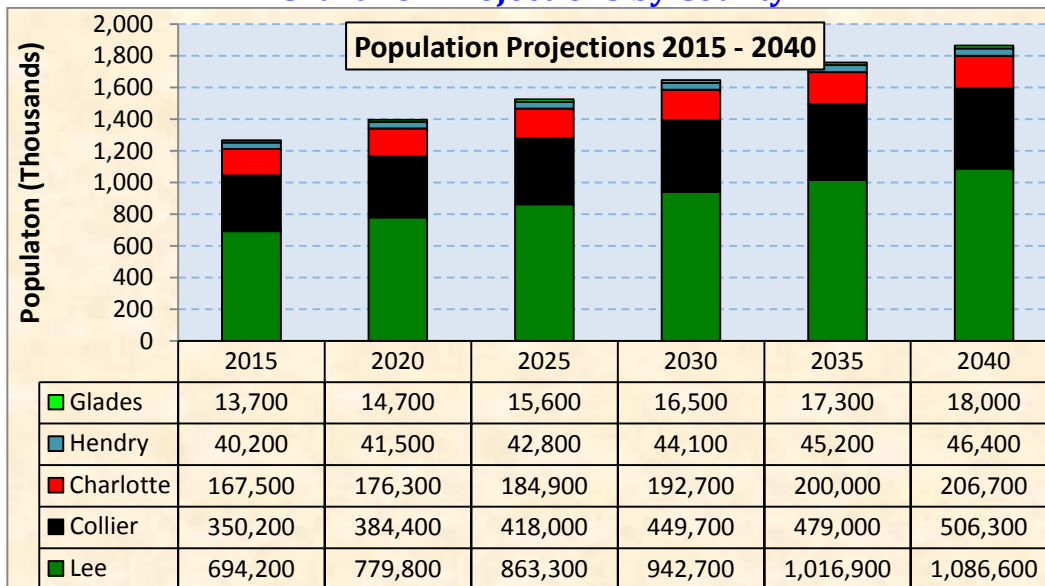
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

Chart 27: Inland 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. Updated October 2011.