

Southwest Florida Regional Economic Indicators

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Regional Economic Research Institute

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Introduction

The Federal Reserve's Open Market Committee (FOMC) issued a press release on September 21st, noting that:

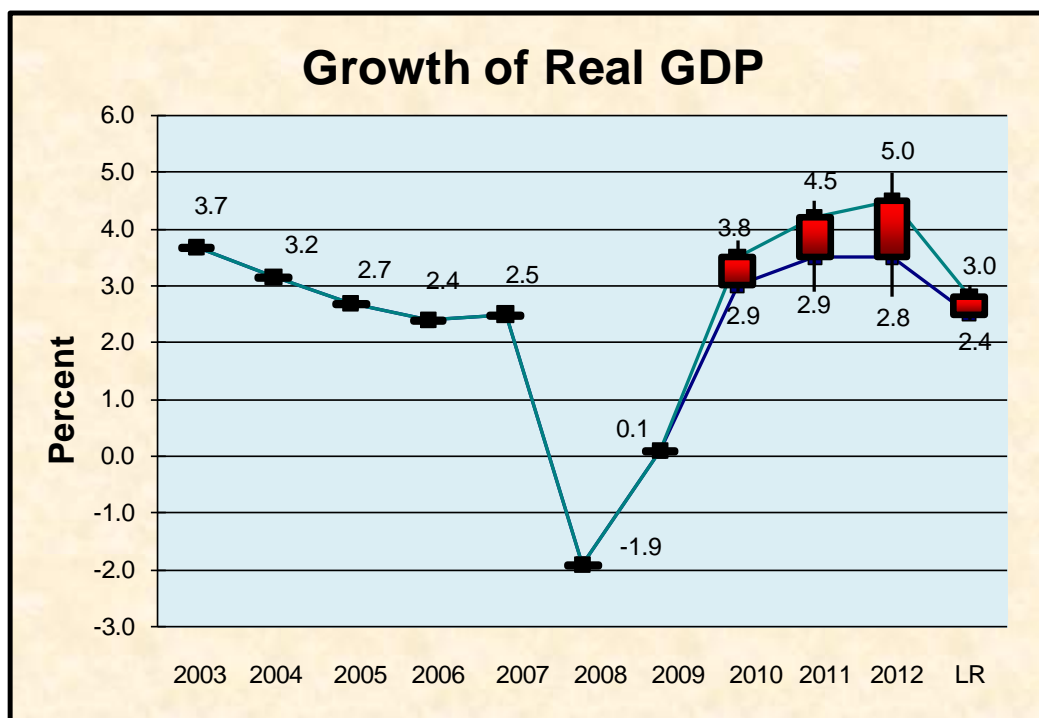
- The pace of recovery in output and employment has slowed in recent months;
- Household spending is increasing gradually, but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit;
- Business spending on equipment and software is rising, though less rapidly than earlier in the year, while investment in non-residential structures continues to be weak and employers remain reluctant to add to payrolls;
- Housing starts remain at a depressed level;
- Bank lending has continued to contract, but at a reduced rate in recent months;
- Nonetheless, the Committee continues to anticipate a gradual return to higher levels of resource utilization in a context of price stability, although the pace of economic recovery is likely to be modest in the near term;
- Measures of underlying inflation are at levels below those the Committee judges most consistent, over the longer run, with its mandate to promote maximum employment and price stability;
- With substantial resource slack restraining cost pressures, inflation is likely to remain subdued for some time before rising to levels the Committee considers consistent with its mandate;
- The Committee will maintain the target range for the federal funds rate at 0 to ¼ percent and continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

The next meeting of the FOMC is planned for November 2 - 3, 2010.

As previously reported, the latest FOMC economic forecast was released on July 14th 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.

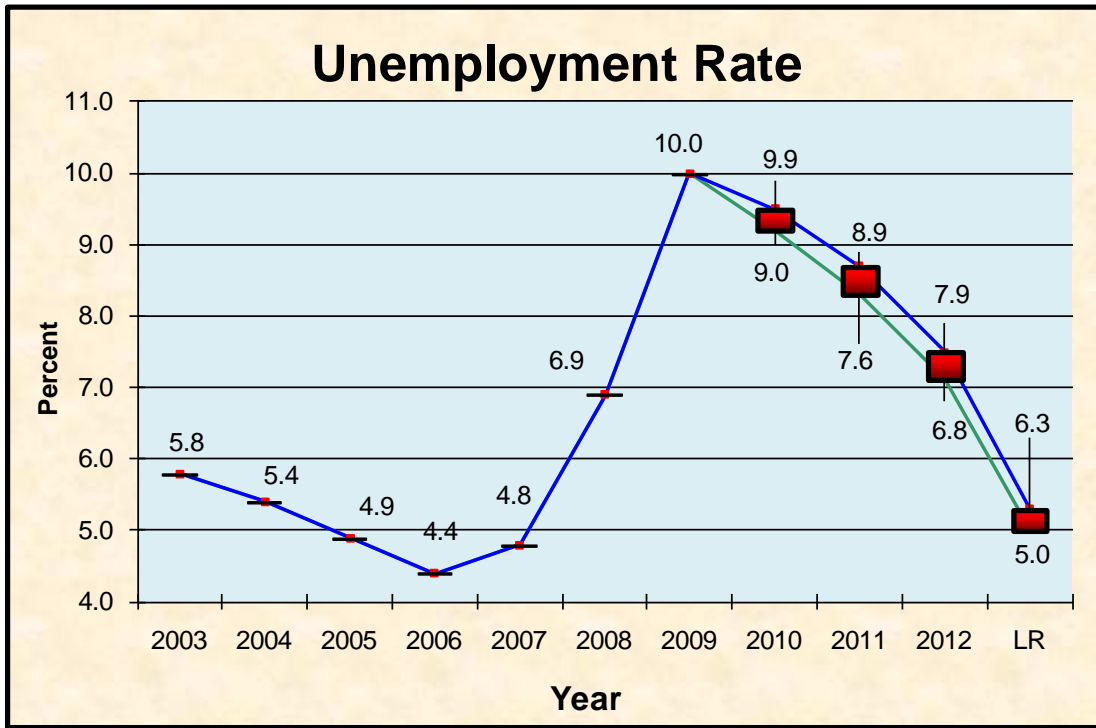
The chart below shows recovery starting in 2010, but it will be several years before the economy returns to a more normal long-run trend ("LR"). Real GDP growth projections for 2010, 2011, and 2012 show a recovery but there remains considerable uncertainty as to how strong the recovery will be, as shown by the wide range of forecasts. For 2010, the range is 2.9 to 3.8 percent growth in GDP with a central tendency range (red bar) of 3.0 to 3.5 percent. For 2011, the projected Real GDP growth range is 2.9 to 4.5 percent with a central tendency of 3.5 to 4.2 percent. For 2012, the overall projected range is 2.8 to 5.0 percent with a central tendency range of 3.5 to 4.5 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, June 22-23, 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 9.0 to 9.9 percent, with a central tendency (red bar) of 9.2 to 9.5 percent. For 2011, the unemployment rate is expected to be lower in a range of 7.6 to 8.9 percent with a central tendency of 8.3 to 8.7 percent. In 2012, the unemployment range is forecast to be between 6.8 and 7.9 percent with a central tendency of 7.1 to 7.5 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 5.3 percent. The projections for unemployment are for the fourth quarter of each year.



Source: Minutes of the Federal Open Market Committee, June 22-23, 2010.

The summer months are typically the slower season for Southwest Florida and typically have higher unemployment levels. All five counties in Southwest Florida had August unemployment at or above 13 percent with Charlotte at 13.0 percent, Collier at 13.6 percent, Lee at 13.7 percent, Glades at 13.9 percent, and Hendry at 20.6 percent. The recovery has been very slow to add jobs but a recent Manpower survey indicates that Lee County firms are planning to add jobs this fall. The recovery from this deep and severe recession is expected to take several years.

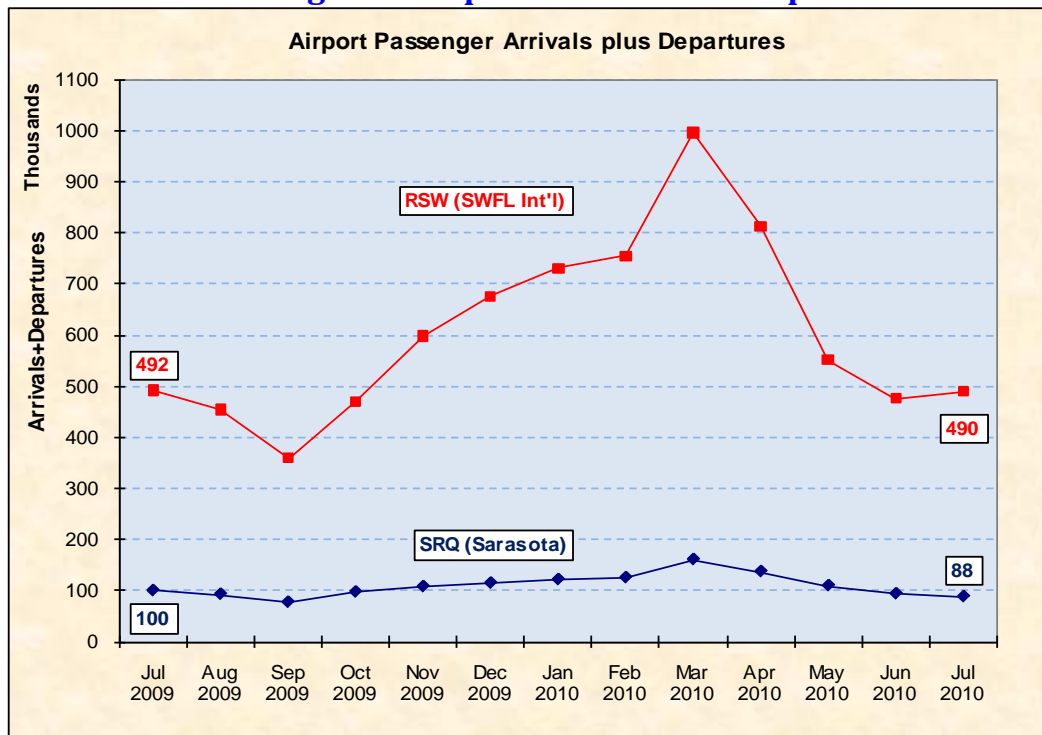
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database, and this report, as a way to support its mission and assist the region. New population forecasts for Charlotte, Collier, Glades, Hendry, and Lee Counties are shown in Charts 24-26. We added a new Florida Consumer Confidence Index chart last month that is based on information collected by the Bureau of Economic and Business Research (BEBR) at the University of Florida. 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 Regional Southwest and Sarasota airports and is shown in Chart 1. Regional Southwest Florida (RSW) 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. Charts 2, 3, and 4 illustrate the monthly seasonality of airport passenger traffic and the changes from year to year.

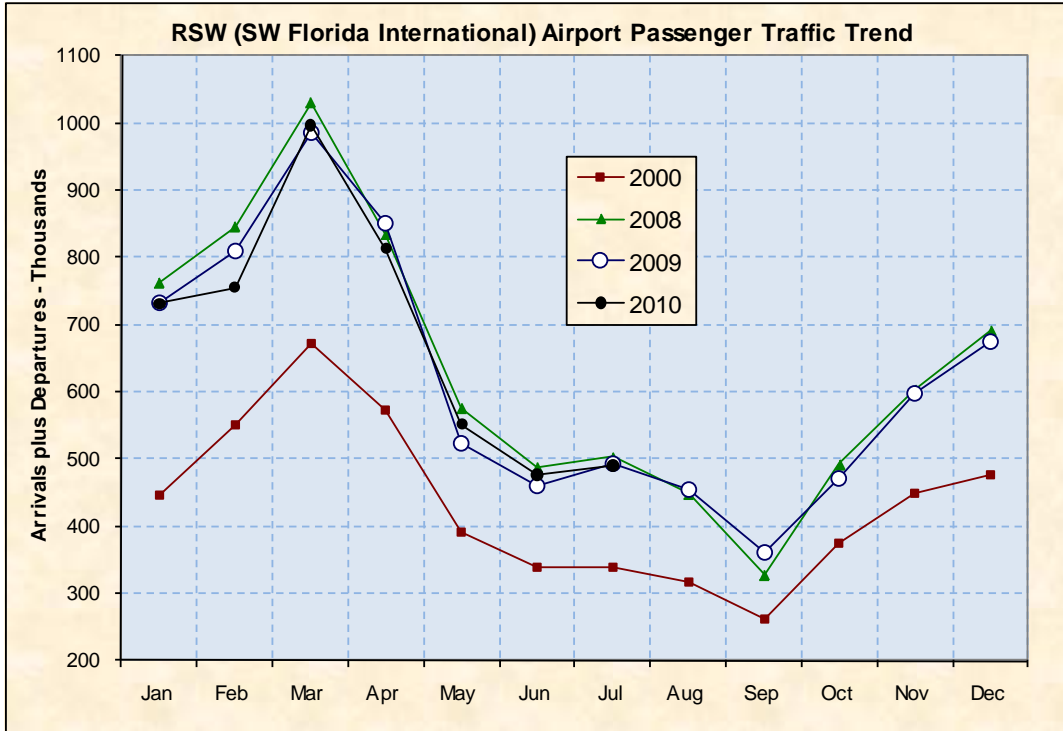
Charts 1 and 2 show RSW airport passenger activity of 490,227 in July 2010, less than 1 percent below July 2009 and a 3-percent increase over the prior month. Sarasota (SRQ) passenger activity amounted to 87,839 in July 2010, a decline of 12 percent from July 2009 and 6 percent below June 2010, as shown in Chart 3. Charlotte County Airport recorded passenger activity of 10,262 in July, an increase of 12 percent over July 2009 and 25 percent higher than June 2010, as shown in Chart 4. Traffic for the three airports totaled 588,328, a decline of 2 percent from July 2009, but a 2 percent increase over the prior month of June 2010.

Chart 1: Regional Airport Arrivals and Departures



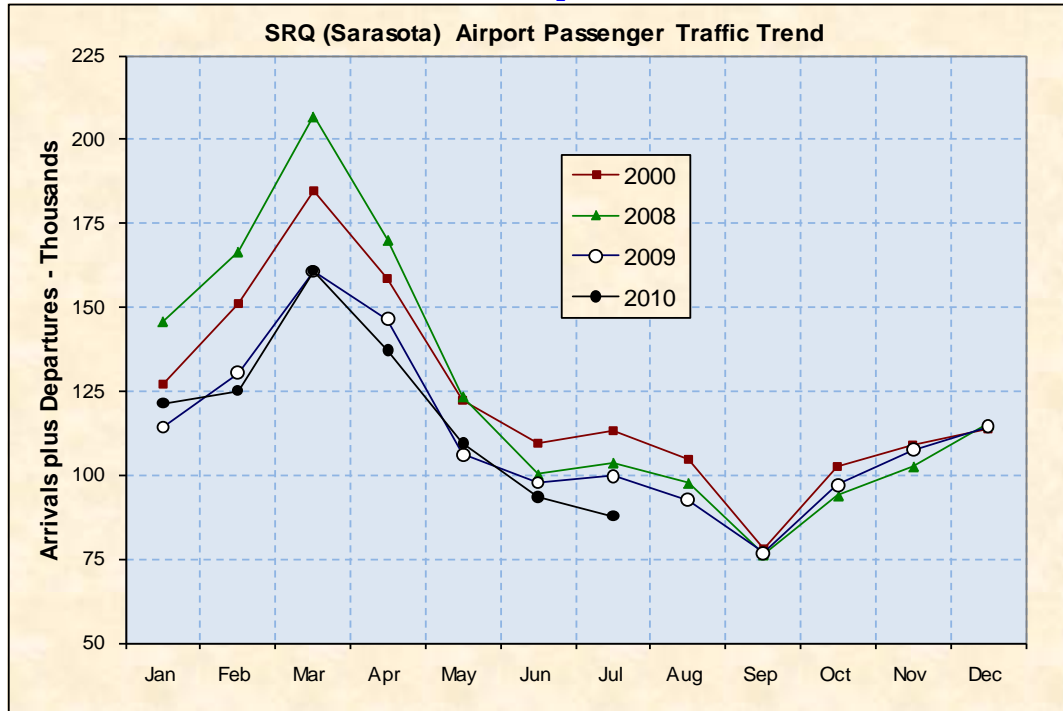
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



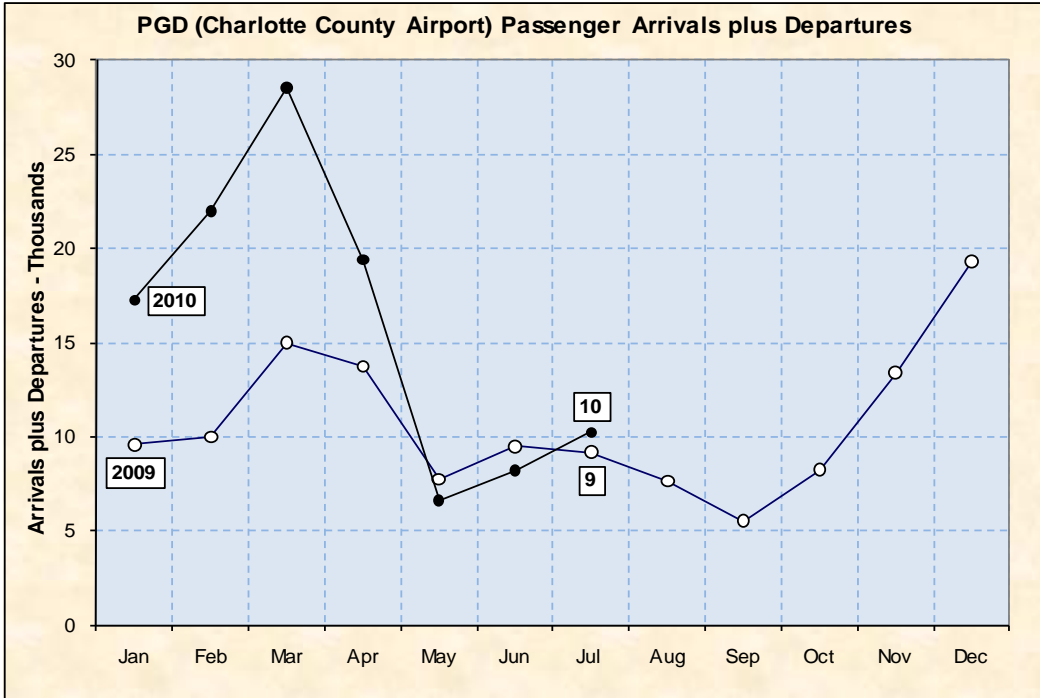
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend

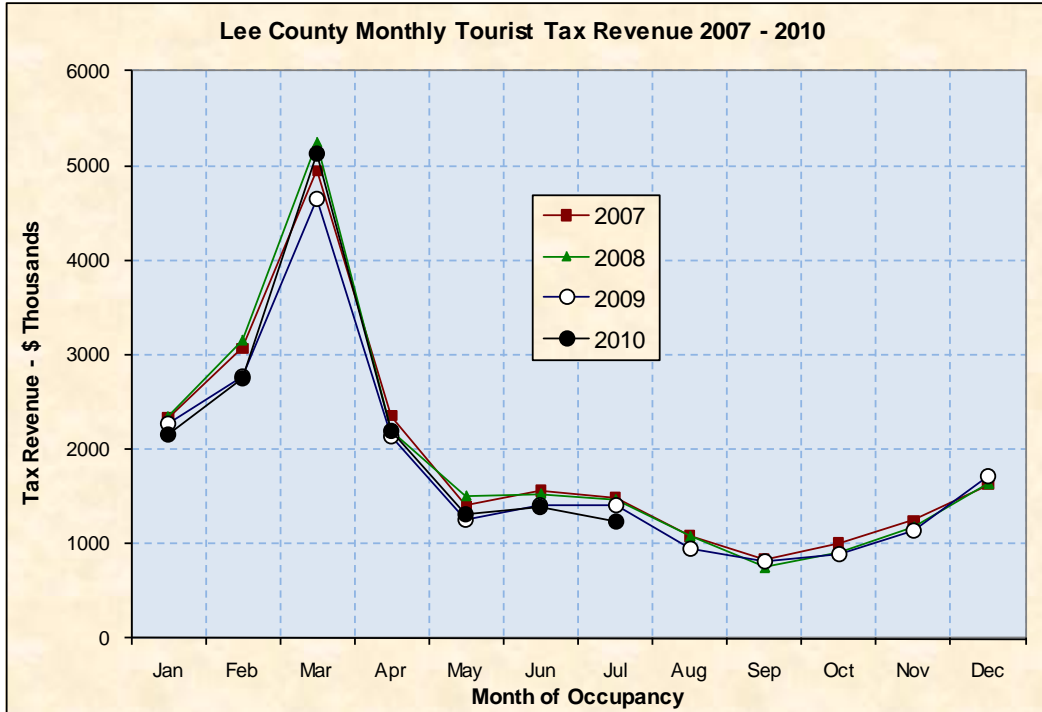


Source: Local Airport Authorities

Tourism Tax Revenues

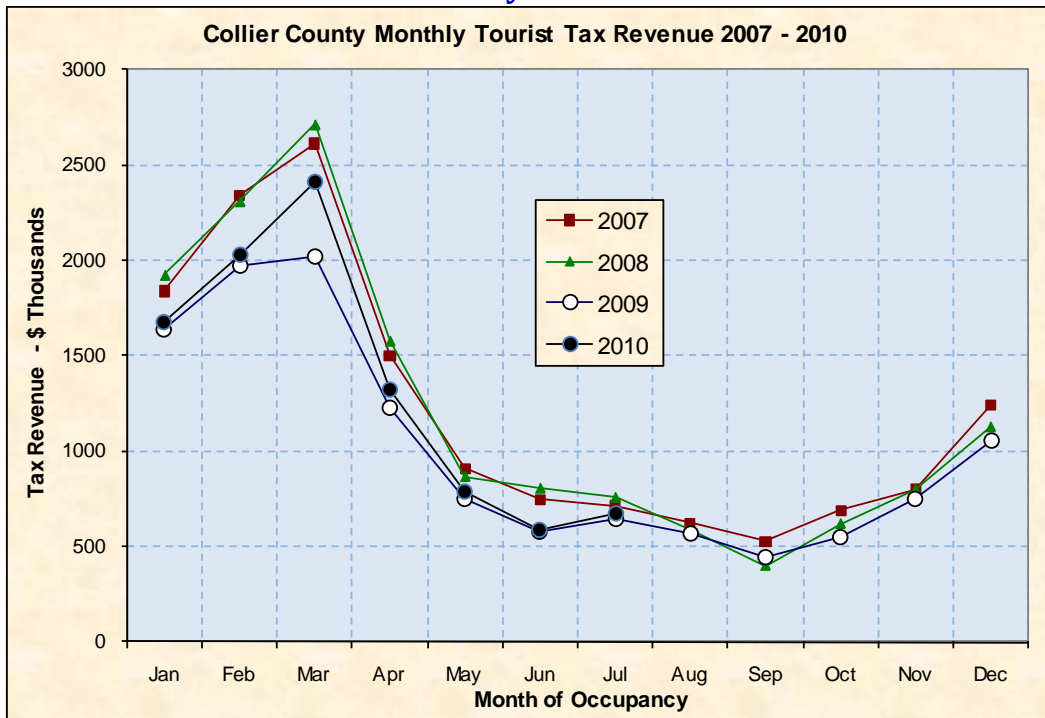
Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy. July tourism tax revenues were \$1,228,000 for Lee County and \$669,000 for Collier County. July tourism taxes collected in Charlotte County were \$71,000. Tourism tax revenues for the region showed a 4-percent decline (\$76,000) from June 2010, and a 6-percent decline (\$137,000) from July 2009. Collier County revenues increased by 15 percent over the prior month, while Charlotte revenues were nearly unchanged and Lee County revenues declined 12 percent from the prior month.

Chart 5: Lee County Tourism Tax Revenues



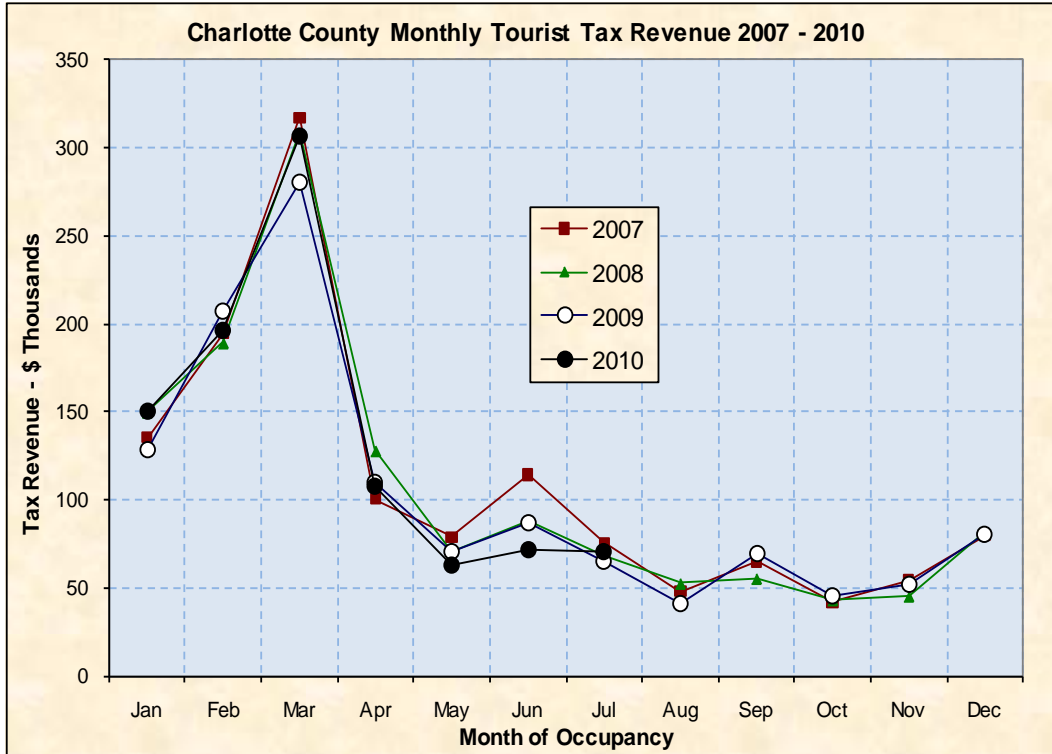
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

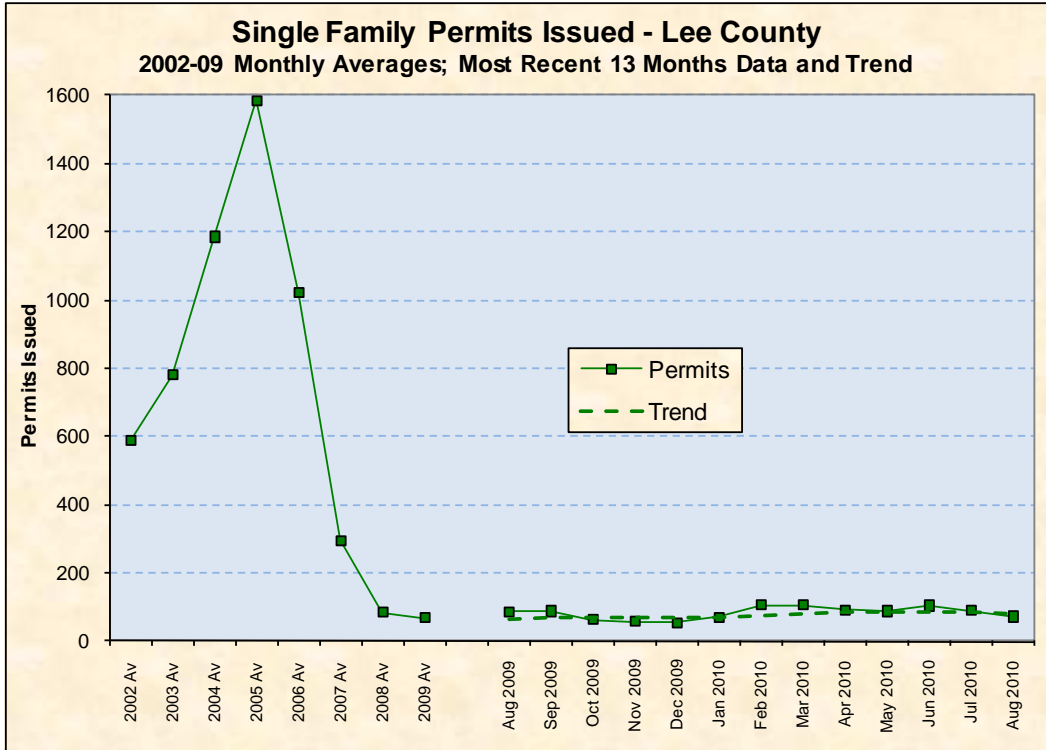


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

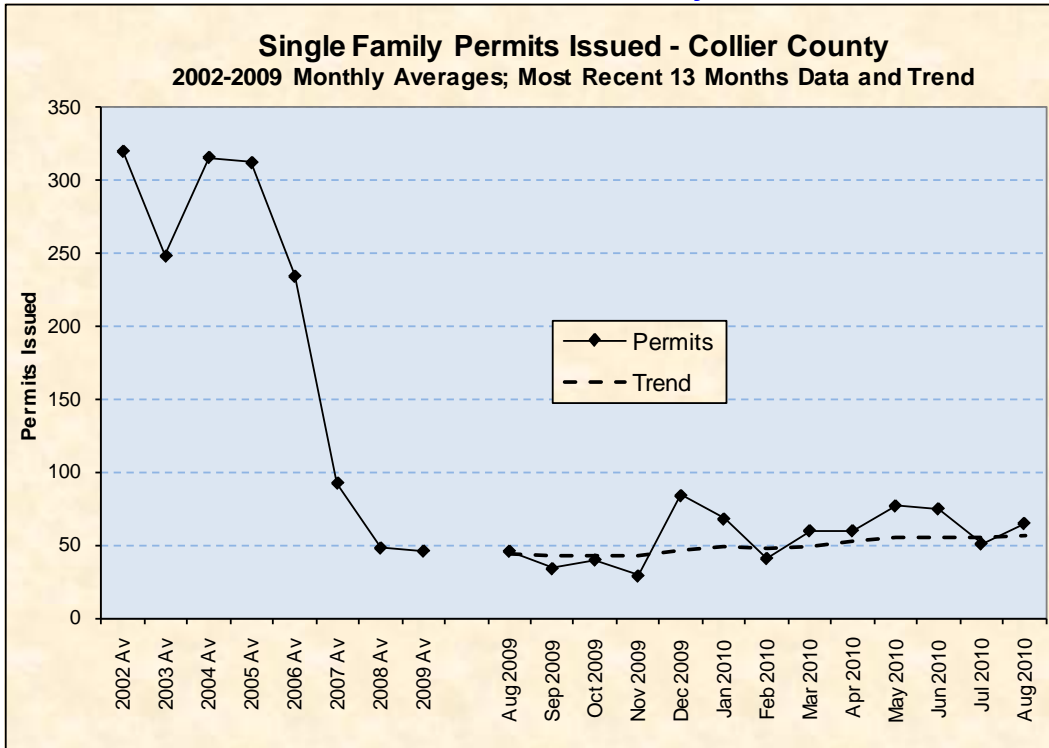
Single-family home permits for Collier and Charlotte Counties increased from the same month a year ago. Lee County issued 72 single-family home permits in August 2010, down from 90 in the prior month and from 87 in August 2009, as shown in Chart 8. Single-family permits for Collier County increased to 65 in August 2010, compared to 51 in July 2010 and 46 in August 2009. As shown in Chart 9, the Collier County moving average continues to show a moderate upward trend. Charlotte County's single-family building permits rose to 41 in August 2010 compared to 17 in July 2010 and 40 in August 2009, as shown on Chart 10.

Chart 8: Lee County



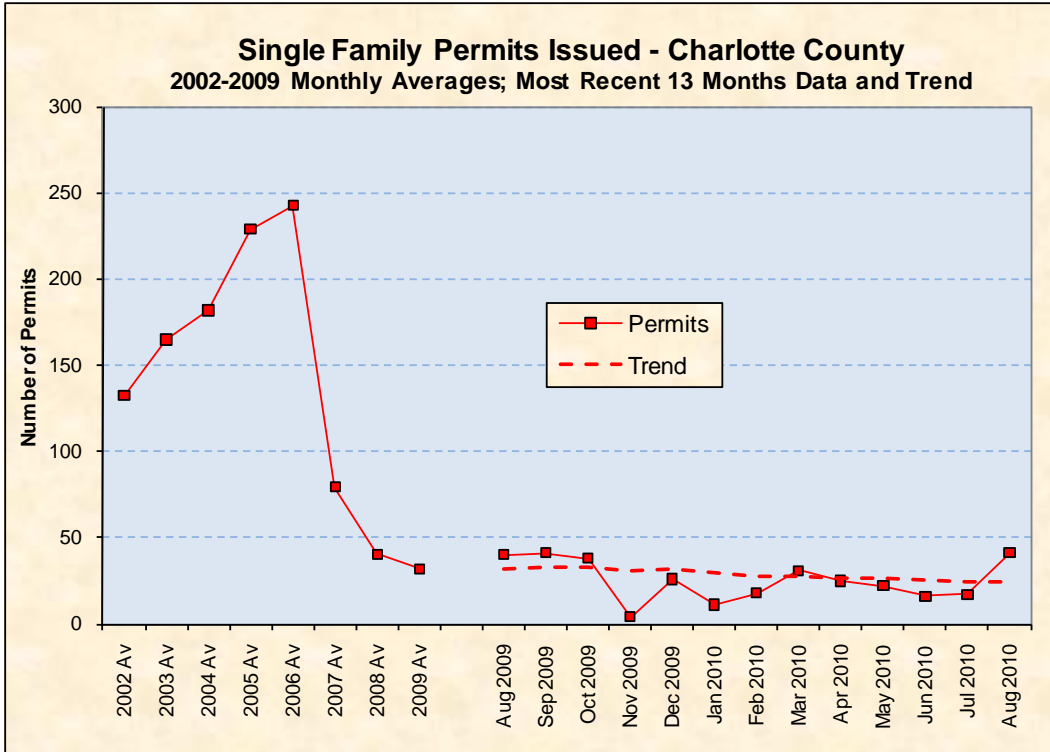
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

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.

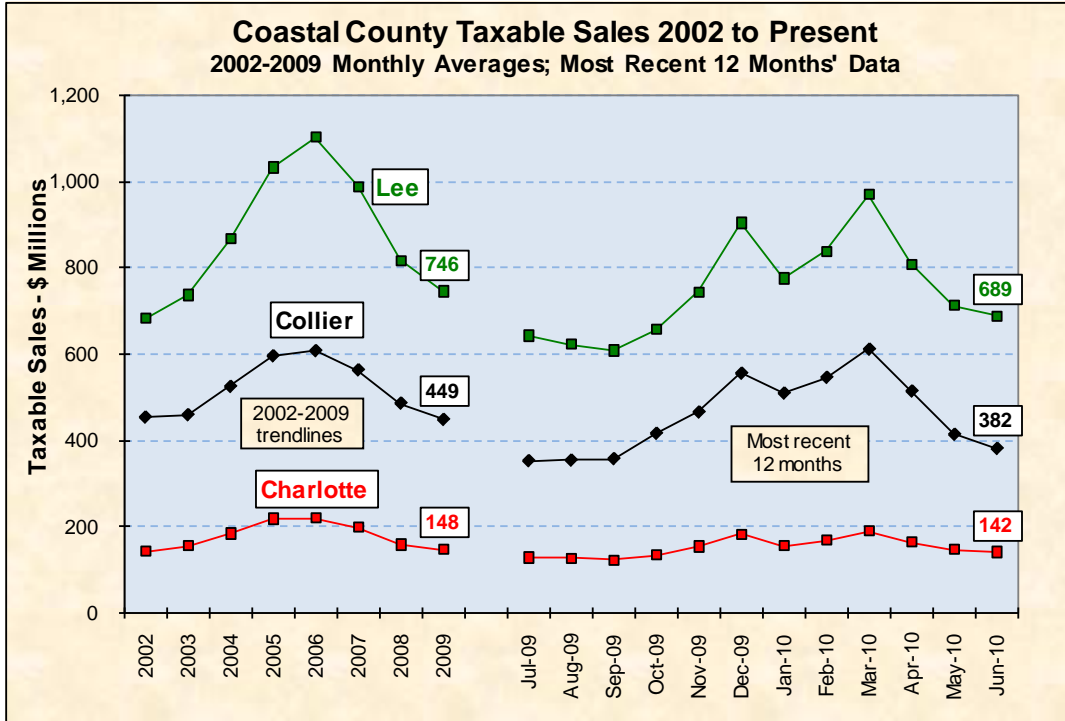
Taxable Sales

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

Total taxable sales for the 5-county region in June 2010 show a five-percent decrease from the prior month of May as we move into the slower summer season, and a slight decrease (0.4 percent) from June 2009. Taxable sales for the Coastal Counties are shown in Chart 11. Charlotte County reported taxable sales of \$142 million in June 2010, a one-percent increase from June 2009. Lee County taxable sales were \$689 million in June 2010, a one-percent decline from June 2009. Collier County's taxable sales were \$382 million in June 2010, a one percent increase from June 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. After three straight months of positive changes for the region, June showed a small decrease.

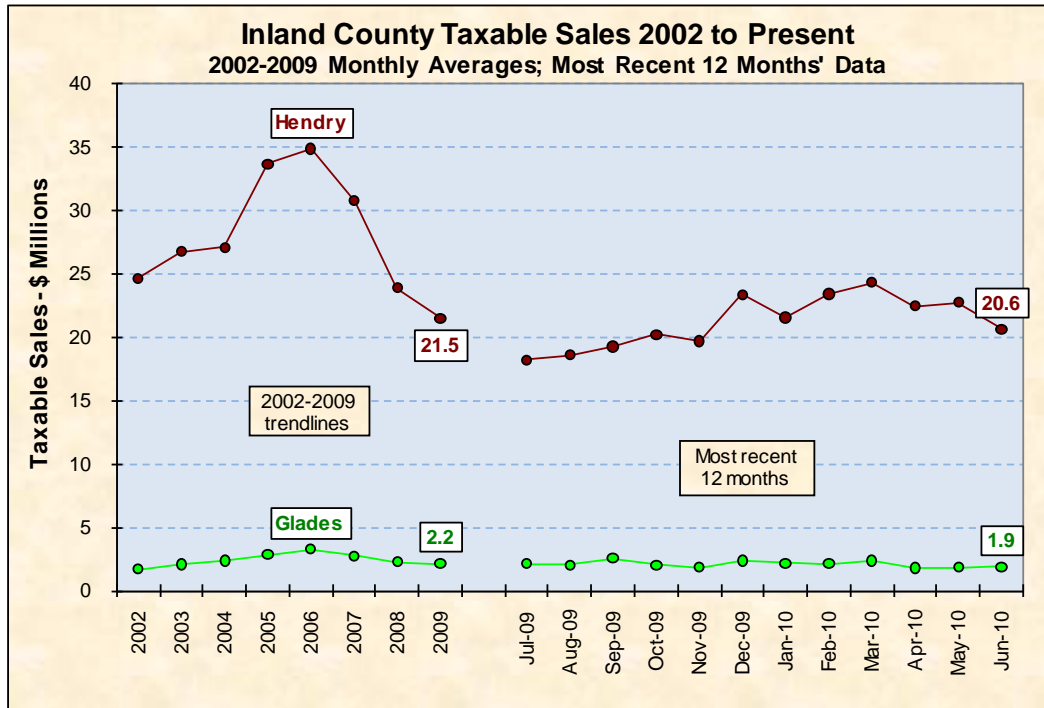
Chart 12 shows taxable sales for Glades and Hendry Counties; note that its scale is not the same as Chart 11. Glades County reported June 2010 taxable sales of \$1.9 million, a three-percent decline from June 2009. Hendry County had taxable sales of \$20.6 million, a one-percent increase from a year ago.

Chart 11: Taxable Sales for Coastal Counties



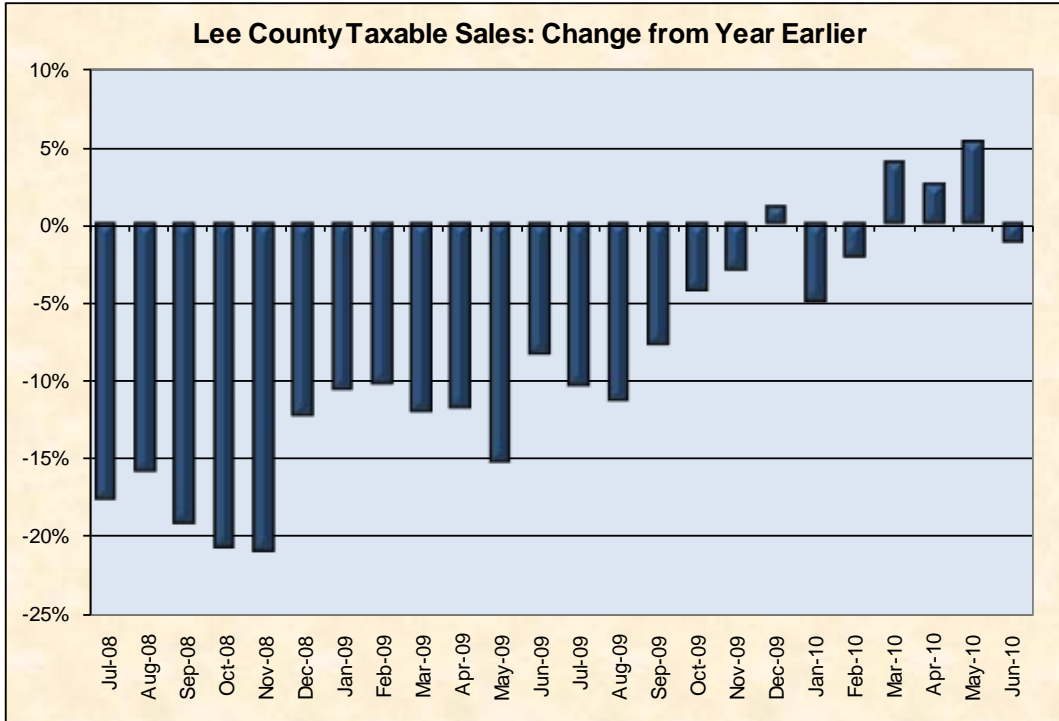
Source: Florida Department of Tax Research

Chart 12: Taxable Sales for Inland Counties



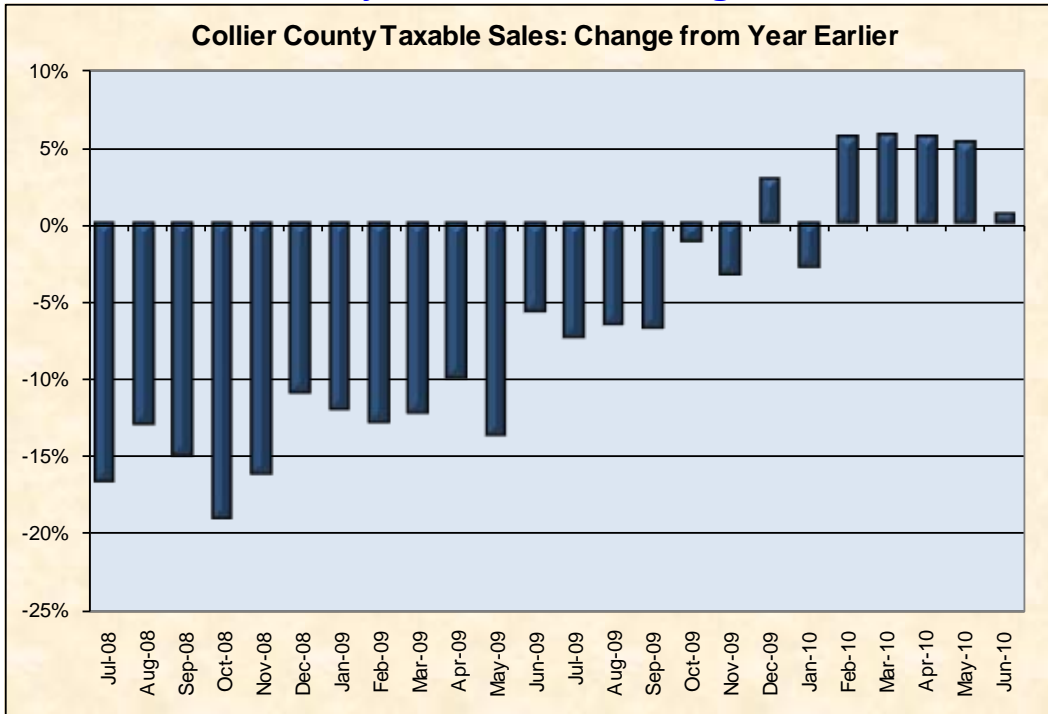
Source: Florida Department of Tax Research

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



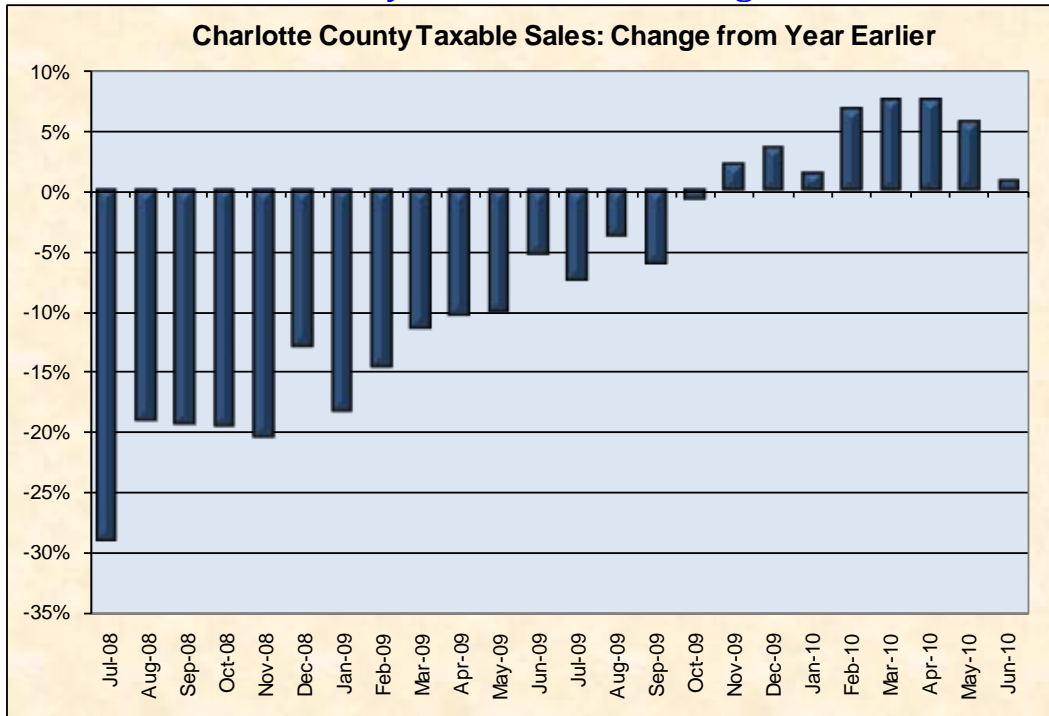
Source: Florida Department of Tax Research

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

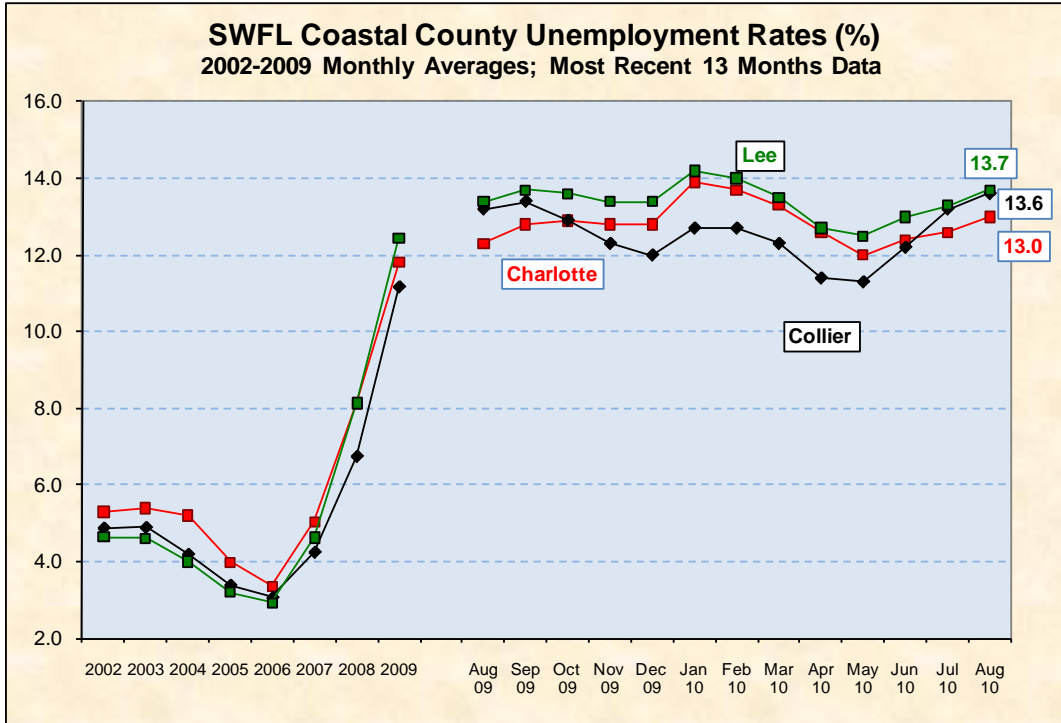
Unemployment rates across the region continued to rise in August, remaining historically high and reflecting the slower summer season. Chart 16 shows the coastal county unemployment rates by year from 2002 to 2009, as well as monthly unemployment rates over the last 13 months. Charlotte County's unemployment rate increased from 12.6 percent in July to 13.0 percent in August. Lee County's unemployment rate increased from 13.3 percent in July to 13.7 percent in August and Collier County's unemployment rate increased from 13.2 percent in July to 13.6 percent in August.

As shown in Chart 17, Hendry County's unemployment rate increased from 19.9 percent in July 2010 to 20.6 percent in August, while Glades County's unemployment increased from 13.6 percent in July 2010 to 13.9 percent in August. Each of the counties in Southwest Florida had August unemployment at or above 13.0 percent.

Florida's unemployment rate rose to 12.4 percent in August 2010 from 12.0 in July 2010 and 11.2 in August 2009. The national unemployment rate dipped to 9.5 percent in August from 9.7 in July 2010 and 9.6 in August 2009. Unemployment rates reported in this report are not seasonally adjusted unless otherwise noted.

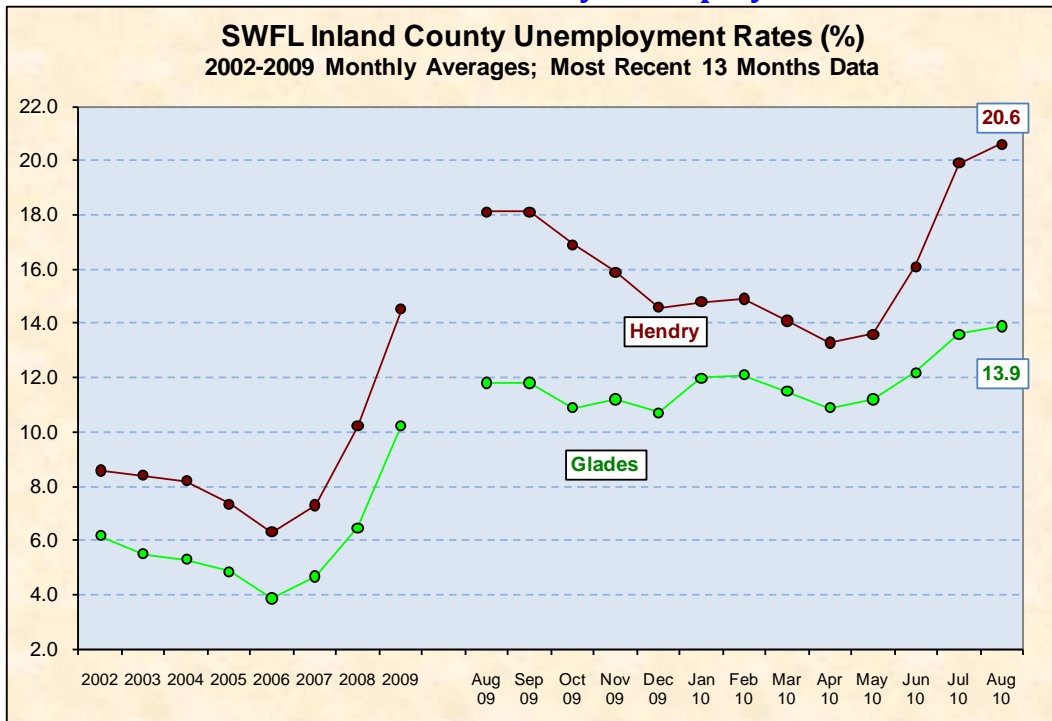
Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends. The forecast for unemployment levels is a very slow and gradual decline through 2013.

Chart 16: Coastal County Unemployment



Source AWI

Chart 17: Inland County Unemployment



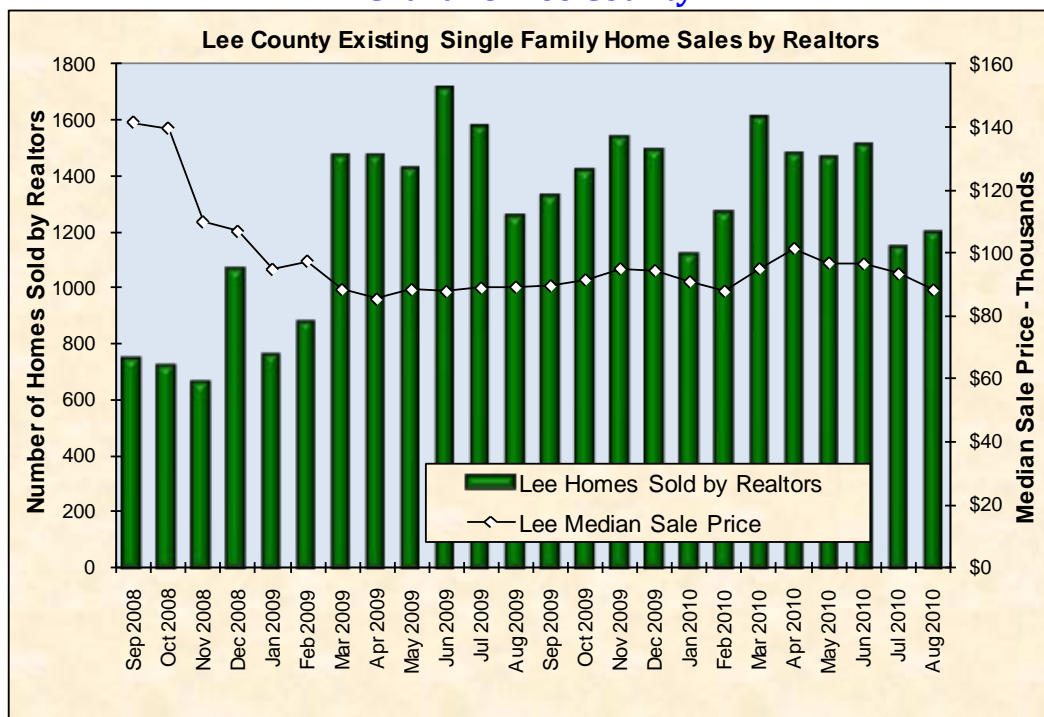
Source AWI

Sales of Single-Family Existing Homes and Median Sales Prices

REALTOR sales of existing single-family homes in Lee and Collier Counties increased in August 2010 from the previous month, albeit with a decline in median prices. Lee County had sales of 1,193 single-family homes at a median price of \$88,400 in August 2010, compared to sales of 1,139 and a median price of \$93,500 in the previous month, as shown in Chart 18. Collier County's existing single-family REALTOR sales were 304 in August 2010, up from 284 in July, accompanied by a sizeable decrease in the median price from \$237,000 to \$175,000, as shown in Chart 19. Charlotte County's existing single-family home sales declined from 247 in July 2010 to 236 in August, with a median price increase from \$95,700 to \$101,800, as shown in Chart 20. Compared to August 2009, sales for Lee County were down 5 percent, Collier sales declined by 10 percent, and Charlotte sales rose by 3 percent.

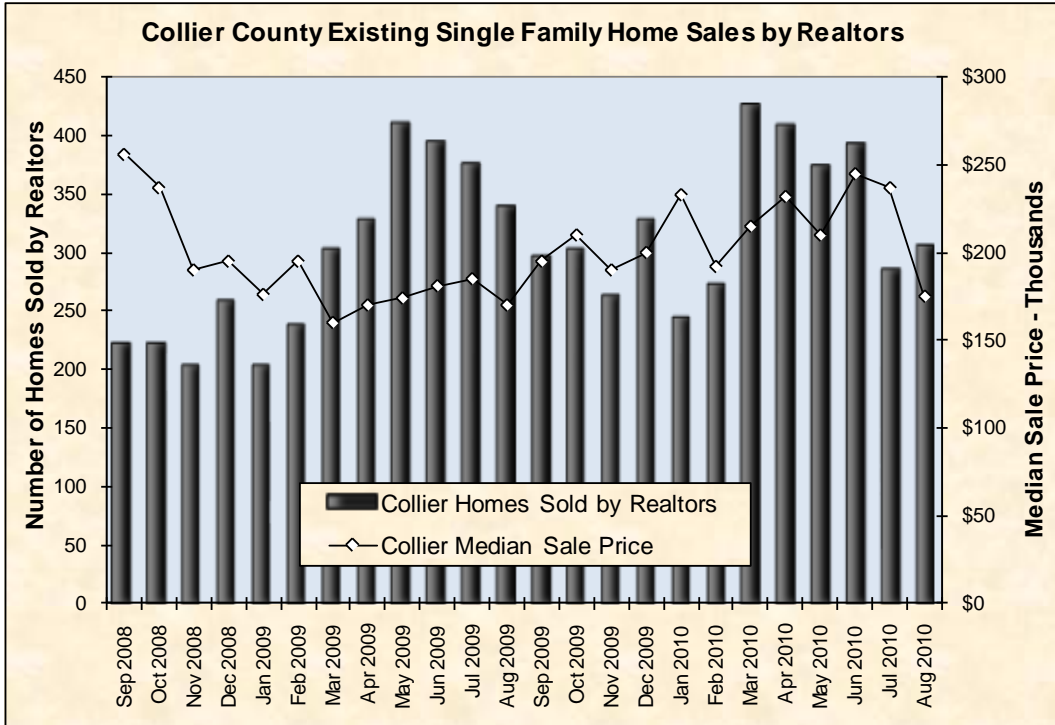
Total sales for the three counties showed an increase of 4 percent from the prior month and a 5-percent decline from August 2009.

Chart 18: Lee County



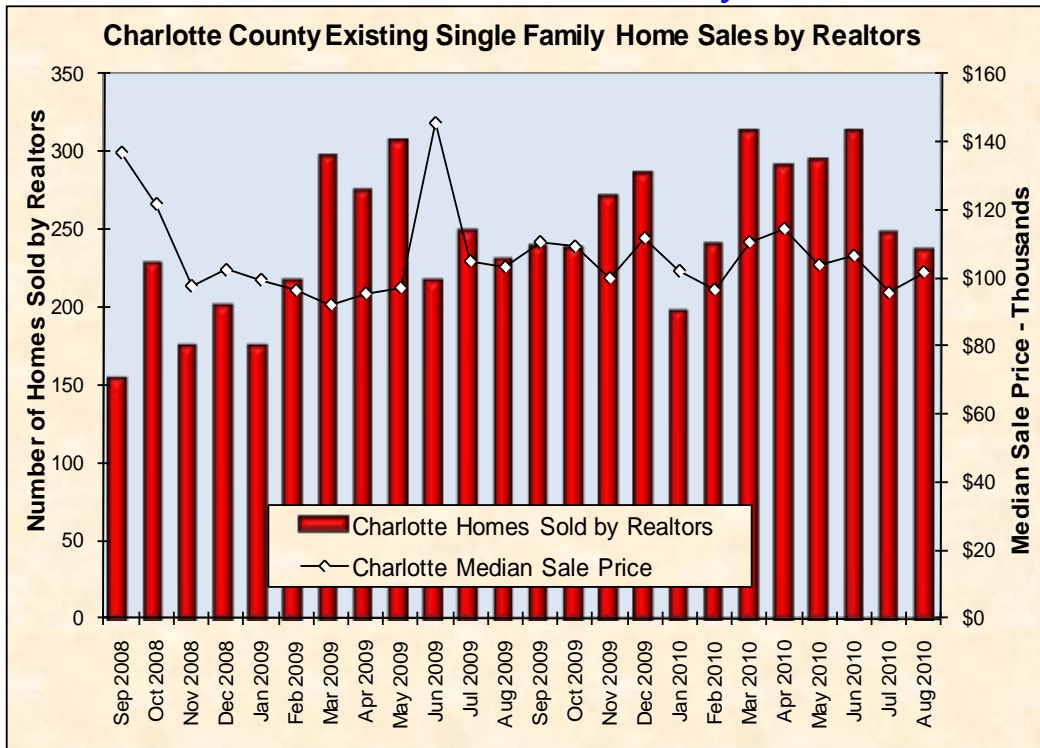
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 19: Collier County



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

Chart 20: Charlotte County

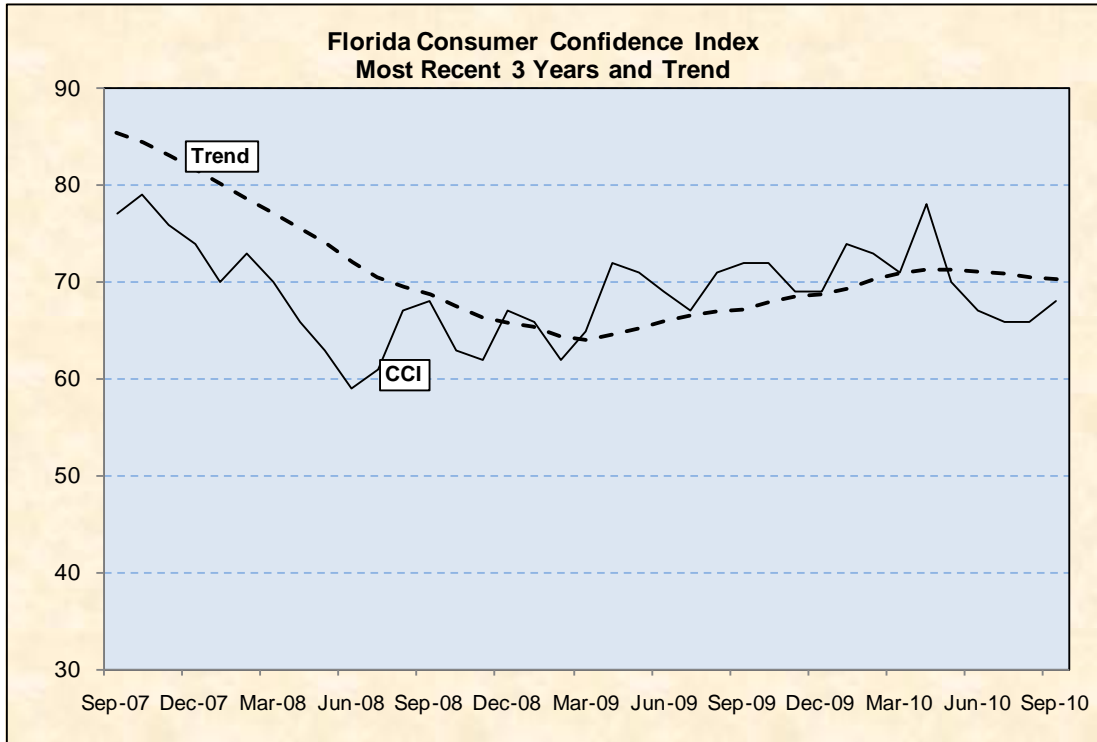


Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

Consumer Confidence Index

The Florida Consumer Confidence Index measures the attitudes of Florida residents regarding their personal finances and the outlook for the future. The index inched up to 68 in September from 66 in August but still, a decline from 72 in September 2009.

Chart 21: Florida:Consumer Confidence Index

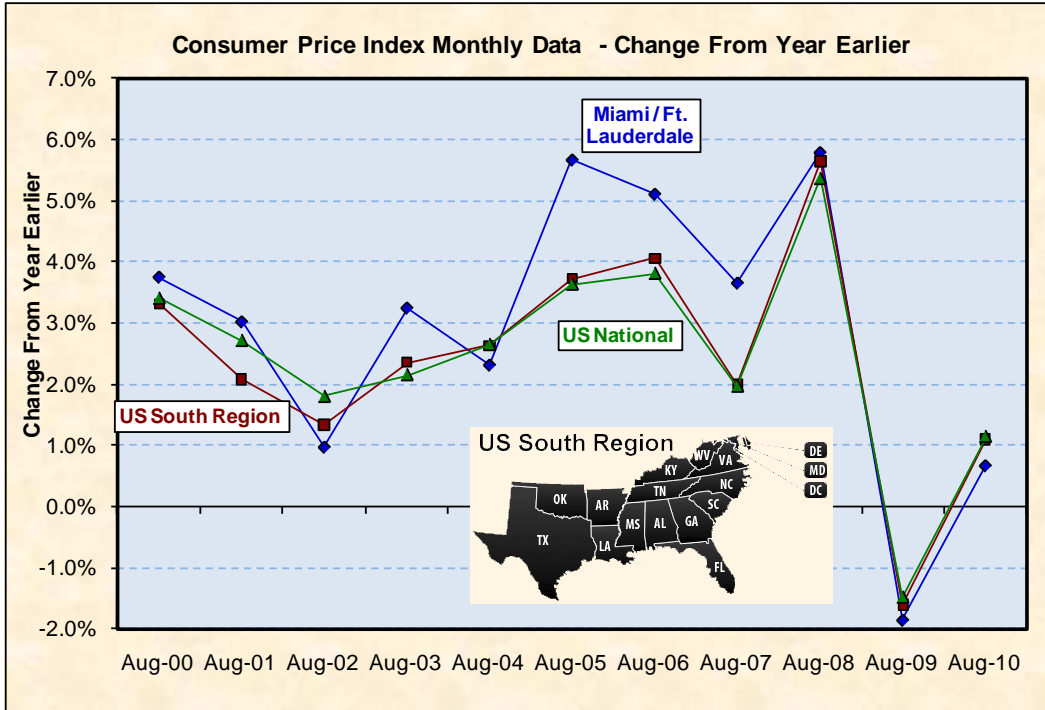


Source: Bureau of Economic and Business Research, University of Florida

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. The national CPI and the South Region CPI both increased 1.1 percent from August 2009 to August 2010. The Miami/Fort Lauderdale index rose by only 0.7 percent. The impact of the recession can be seen in the chart by the decline in the CPI from August 2008 to August 2010.

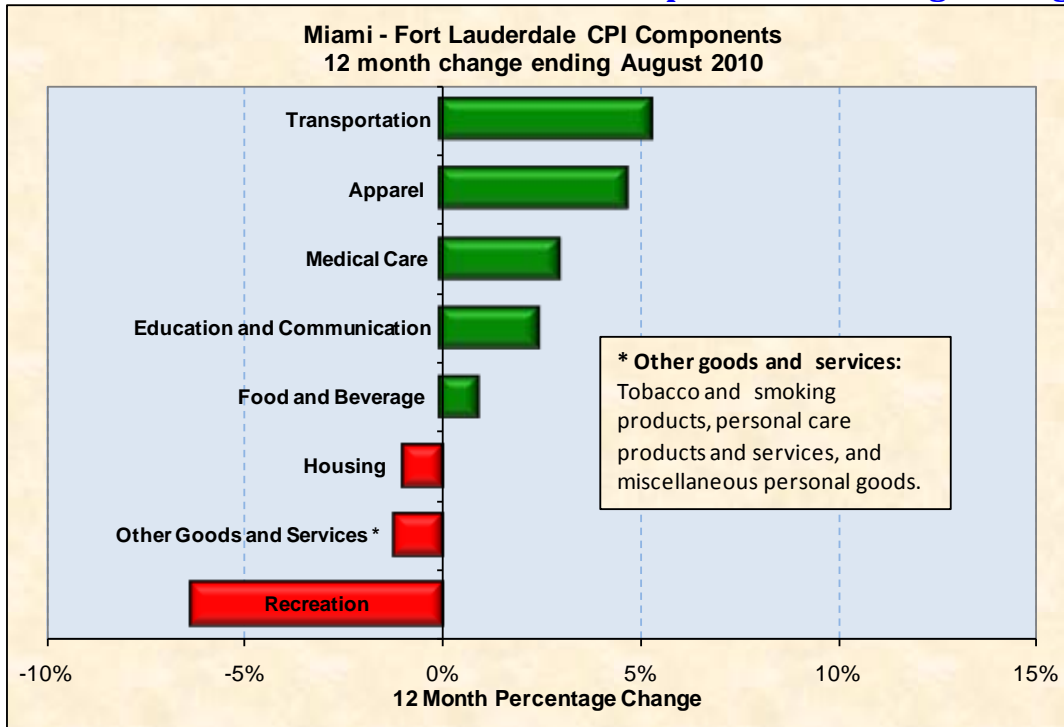
Chart 22: CPI Annual Percentage Change



Source: BLS

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

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change



Source: BLS

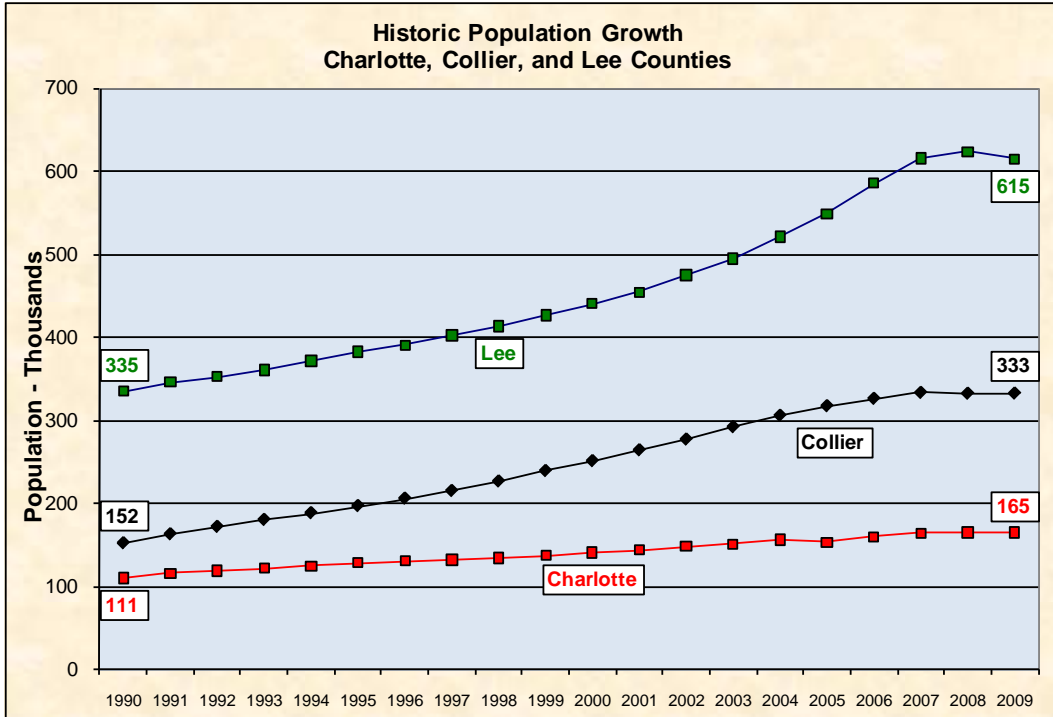
The costs of other goods and services, transportation, education and communication, and medical care continue to show the largest increases from the prior year.

Population

The following charts are for the updated county population forecasts recently released by the Florida Office of Economic & 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.

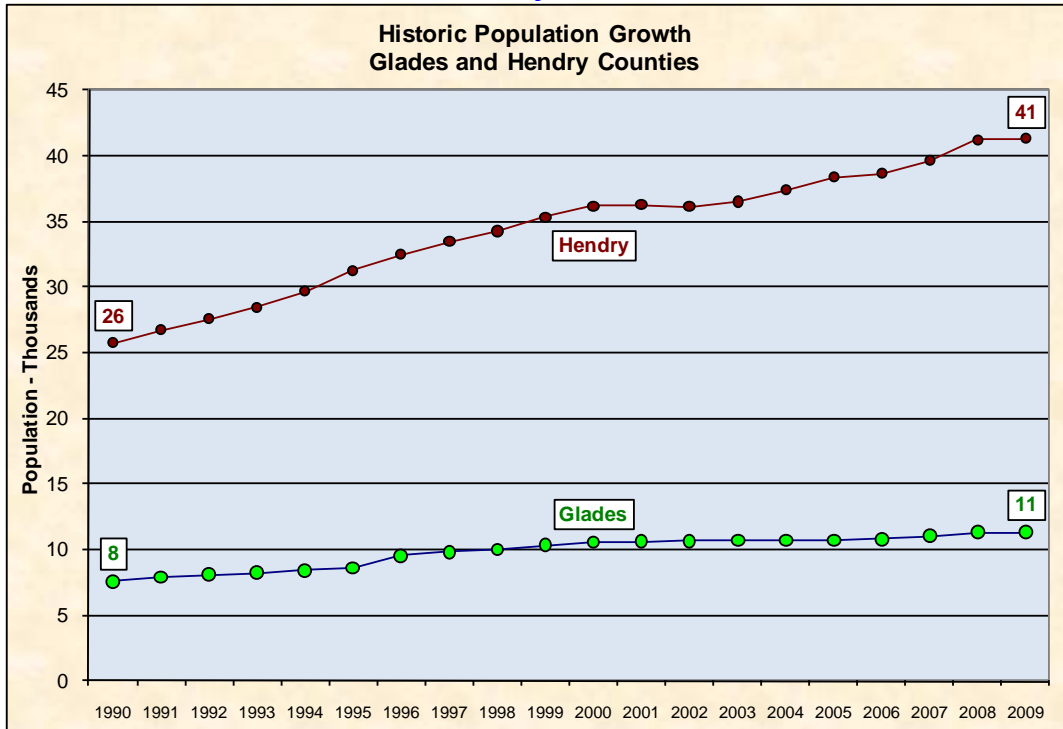
Chart 26 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 1.9 percent per year for this period, resulting in a 20-year increase of 46 percent.

Chart 24: Coastal Counties Growth 1990 to 2009



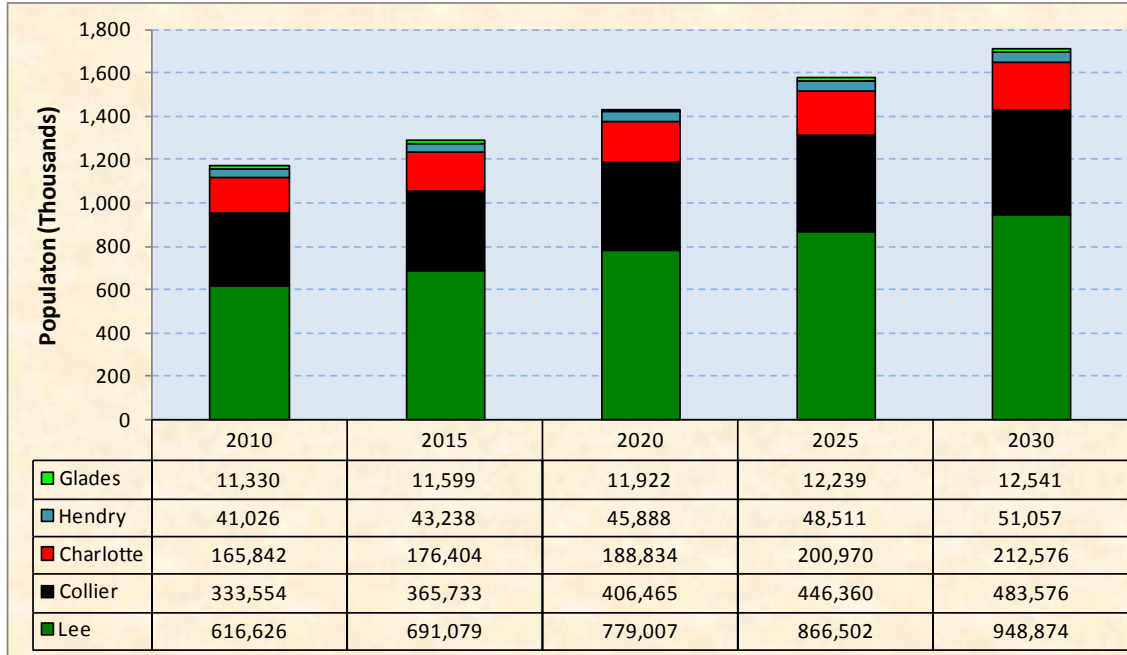
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

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