

Southwest Florida Regional Economic Indicators

March 2014



Regional Economic Research Institute

Lutgert College Of Business
Phone 239-590-7319
Florida Gulf Coast University
10501 FGCU Blvd. South
Fort Myers, FL 33965
www.fgcu.edu/cob/eri

Table of Contents

Introduction: Regional and National Background	3
Airport Passenger Activity	7
Chart 1: SW Florida International Passenger Activity.....	7
Chart 2: Sarasota Airport Passenger Activity.....	8
Chart 3: Punta Gorda Airport Passenger Activity	8
Tourism Tax Revenues	9
Chart 4: Tourism Tax Revenues for the Coastal Counties	9
Chart 5: Lee County Tourism Tax Revenues	10
Chart 6: Collier County Tourism Tax Revenues	10
Chart 7: Charlotte County Tourism Tax Revenues	11
Single-Family Building Permits.....	11
Chart 8: Single-Family Building Permits for Lee County	12
Chart 9: Single-Family Building Permits for Collier County	12
Chart 10: Single-Family Building Permits for Charlotte County	13
Taxable Sales.....	13
Chart 11: Taxable Sales for the Coastal Counties.....	14
Chart 12: Taxable Sales for the Inland Counties.....	14
Workforce – Labor Force, Employment and Unemployment	15
Chart 13: Lee County Labor Force and Unemployment	16
Chart 14: Collier County Labor Force and Unemployment	16
Chart 15: Charlotte County Labor Force and Unemployment.....	17
Chart 16: Hendry County Labor Force and Unemployment	17
Chart 17: Glades County Labor Force and Unemployment.....	18
Sales of Existing Single-family Homes and Median Sales Prices	18
Chart 18: Existing Single-Family Home Sales for Lee County	19
Chart 19: Existing Single-Family Home Sales for Collier County.....	19
Chart 20: Existing Single-Family Home Sales for Charlotte County.....	20
Consumer Confidence Index.....	20
Chart 21: Consumer Confidence Index.....	21
Consumer Price Index	21
Chart 22: CPI Annual Percentage Change.....	22
Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change	23
Population.....	23
Chart 24: Coastal Counties Population Growth 1990 to 2012	24
Chart 25: Inland Counties Population Growth 1990 to 2012	24
Chart 26: Population Projections by County	25

Contact Information:

Dr. Gary Jackson, Director, Regional Economic Research Institute

Phone: 239-590-7319 Email: gjackson@fgcu.edu

Dr. Ron Coccari, Staff Economist, Regional Economic Research Institute

Phone: 239-590-1885 Email: rcoccari@fgcu.edu

Mr. Steven Scheff, Business Analyst, Regional Economic Research Institute

Phone: 239-590-7315 Email: sscheff@fgcu.edu

Mr. Jim Breitbach, Technical Support

Phone: 239-590-7489 Email: jbreitba@fgcu.edu

Introduction: Regional and National Background

The nation is continuing its economic recovery and Southwest Florida has benefited from a strong winter season. The winter storms (Polar Vortex) have had a negative short-term impact on the national economy but highlighted the mild winters in Southwest Florida. Taxable sales in the region were up 10 percent (\$195.5 million) in December 2013 compared to December 2012. Tourism tax revenues for the three coastal counties are now shown on a seasonally-adjusted basis, and revenues increased by 20 percent from January 2013 to January 2014. Passenger activity for the three Southwest Florida airports was 924,210 passengers in January 2014, up six percent over January 2013.

Seasonally-adjusted unemployment rates in January 2014 showed noticeable improvement over the corresponding month of the prior year in all counties. Total employment in the five reporting counties increased by 18,326 persons over January 2013, while the number of unemployed dropped by 10,945. As a result, the region's seasonally-adjusted unemployment rate fell from 8.2 percent to 6.1 percent over the last year. County information is available beginning on page 15.

The national seasonally-adjusted unemployment rate decreased from 7.7 percent in February 2013 to 6.7 percent in February 2014. The number of long-term unemployed (those jobless for 27 weeks or longer) is 3.8 million or 37.0 percent of all unemployed.

Real GDP growth in the U.S. was 2.6 percent in the fourth quarter of 2013 according to the third revised estimate. The real GDP growth was 4.1 percent for the third quarter of 2013, compared to 2.5 percent in the second quarter of 2013. Real personal consumption expenditure growth for the fourth quarter was 3.3 percent, compared to 2.0 percent for the third quarter.

The February Bureau of Labor Statistics Establishment Survey showed that national nonfarm payroll employment increased by 175,000 for the month, higher than the revised increase of 129,000 in January. The February employment increases included 79,000 in professional and business services, 33,000 in education and health services, 25,000 in leisure and hospitality, 15,000 in construction, 14,800 in wholesale trade, 13,000 in government, 9,000 in financial activities, and 6,000 in manufacturing. In contrast, information was down by 16,000, retail trade was down by 4,100, and transportation and warehousing was down by 3,600.

The national consumer price index increased by 1.1 percent from February 2013 to February 2014. Medical care services increased 2.4 percent while energy prices decreased by 2.5 percent. Core inflation

(all items less food and energy) increased by 1.6 percent. National housing prices increased 13.2 percent for the 20-city composite S & P Case-Shiller Home price index in the 12 months ended January 2014.

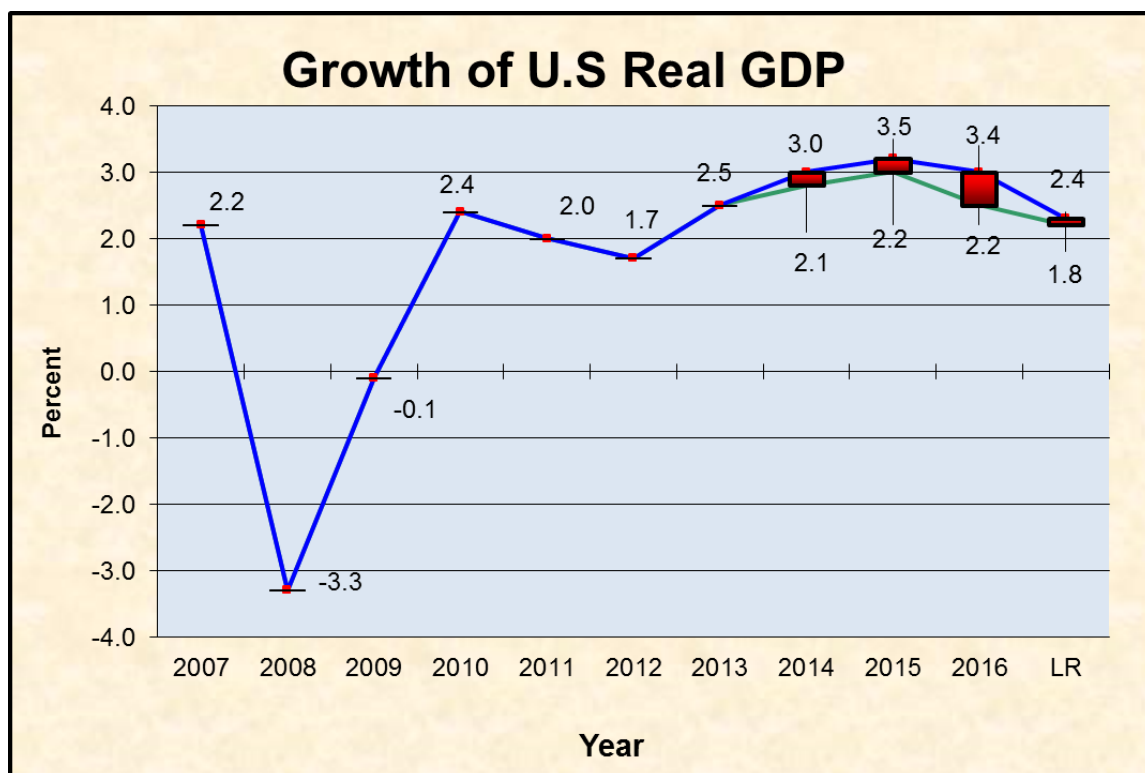
The latest statement of the Federal Reserve Open Market Committee (FOMC) was issued on March 19th. Its key points included the following:

- There is sufficient underlying strength in the economy to support ongoing improvement in labor market conditions;
- In light of the progress toward maximum employment, it was desired to make a further measured reduction in the pace of asset purchases;
- Accordingly, the Committee announced a further reduction in the pace of its asset purchases, Beginning in April, the Committee will add to its holdings of agency mortgage-backed securities at a pace of \$25 billion per month rather than \$30 billion per month, and will add to its holdings of longer-term treasury securities at a pace of \$30 billion per month rather than \$35 billion per month;
- Asset purchases are not on a preset course, and the Committee's decisions about their pace will remain contingent on the Committee's outlook for the labor market and inflation, as well as its assessment of the likely efficacy and costs of such purchases;
- To support continued progress toward maximum employment and price stability, the Committee reaffirmed its view that a highly accommodative stance of monetary policy remains appropriate.

The next FOMC meeting is scheduled for April 29-30, 2014.

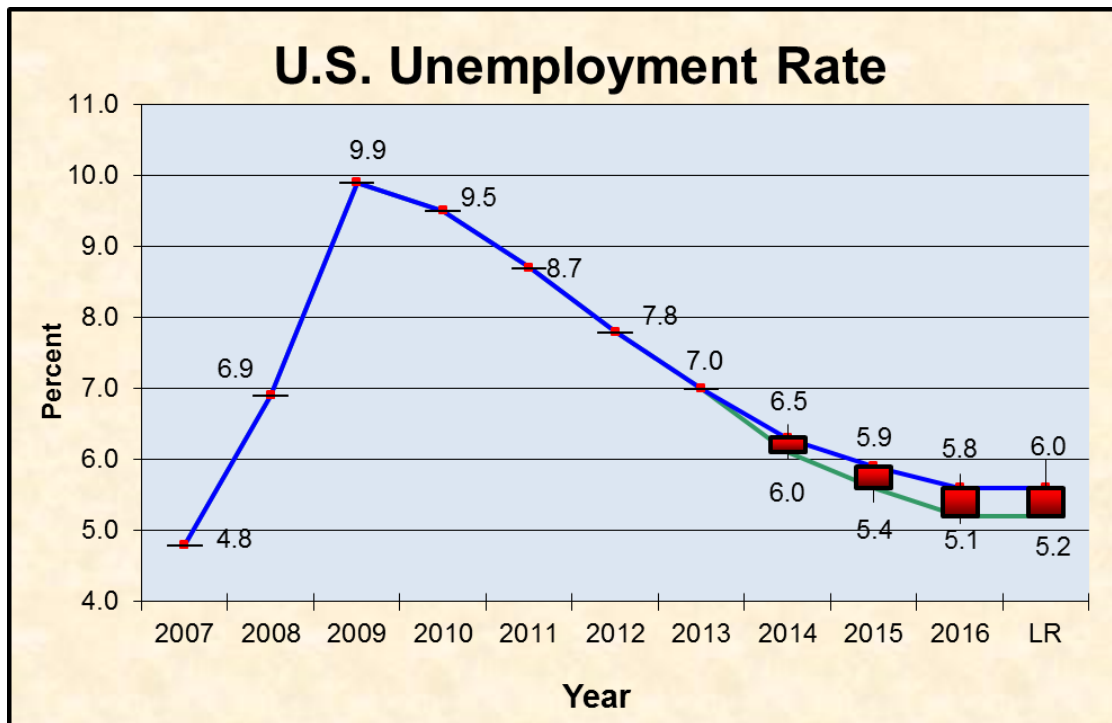
The FOMC released its latest forecast for real GDP and the unemployment rate on March 19, 2014, which is shown on the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines. The March forecast was similar to the December forecast with a slightly lower range of forecast GDP growth and a lower range of forecasts for unemployment rates.

The GDP chart shows that recovery started in 2009, but it is expected to be couple more years before the economy returns to a more normal long-run trend ("LR"). For 2014, the overall projected range is 2.1 to 3.0 percent with a central tendency range of 2.8 to 3.0 percent. For 2015, the overall projected range is 2.2 to 3.5 percent with a central tendency range of 3.0 to 3.2 percent. For 2016, the overall projected range is 2.2 to 3.4 percent with a central tendency range of 2.5 to 3.0 percent. The long-run trend for Real GDP has a range of 1.8 to 2.4 percent growth with a central tendency range of 2.2 to 2.3 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, March 19, 2014.

As shown in the chart below, the 2013 national unemployment rate was high at 7.0 percent but an improvement over the 2012 rate of 7.8 percent. For 2014, the projected range for the unemployment rate is 6.0 to 6.5 percent with a central tendency range of 6.1 to 6.3 percent. For 2015, the projected range for the unemployment rate is 5.4 to 5.9 percent with a central tendency range of 5.6 to 5.9 percent. For 2016, the projected range for the unemployment rate is 5.1 to 5.8 percent with a central tendency range of 5.2 to 5.6 percent. Long-run unemployment is expected to be in a range of 5.2 to 6.0 percent with a central tendency of 5.2 to 5.6 percent. The projections for unemployment are for the fourth quarter of each year.



Source: Federal Reserve Open Market Committee Meeting Statement, March 19, 2014.

Congress passed a two-year budget agreement but issues surrounding the need to balance the long-run Federal budget remain and state budgets are improving with the economy. There remains uncertainty over the costs and implementation of the new health care law. In addition, Congress agreed to suspend the limit on federal borrowing (debt ceiling) for another year.

RERI extends its sincere thanks to all 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.

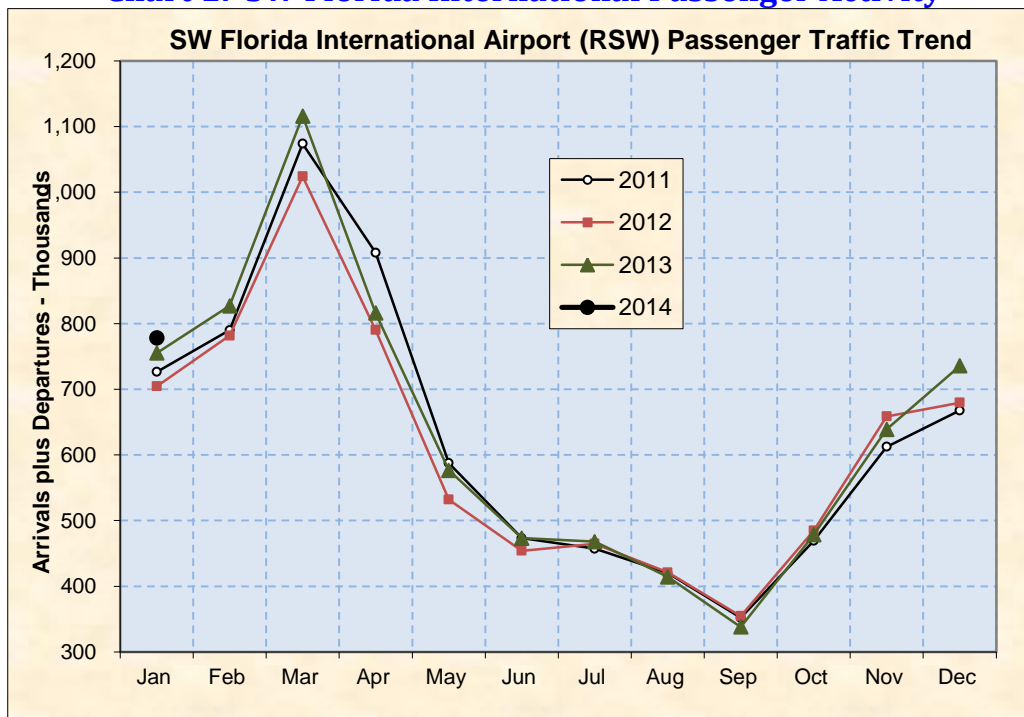
Airport Passenger Activity

Airport passenger activity is the sum of arrivals and departures for Southwest Florida International (RSW), Sarasota Bradenton International (SRQ), and Punta Gorda (PGD) airports. Peak seasonal activity occurs in February, March, and April, with significantly lower activity in the summer months. Charts 1, 2, and 3 illustrate the seasonality of airport passenger traffic and the changes from year to year.

Activity for the three Southwest Florida airports rose to 924,510 passengers in January 2014, an increase of six percent over January 2013. This compares with the increase of four percent for the full year ended December 31, 2013 compared to 2012.

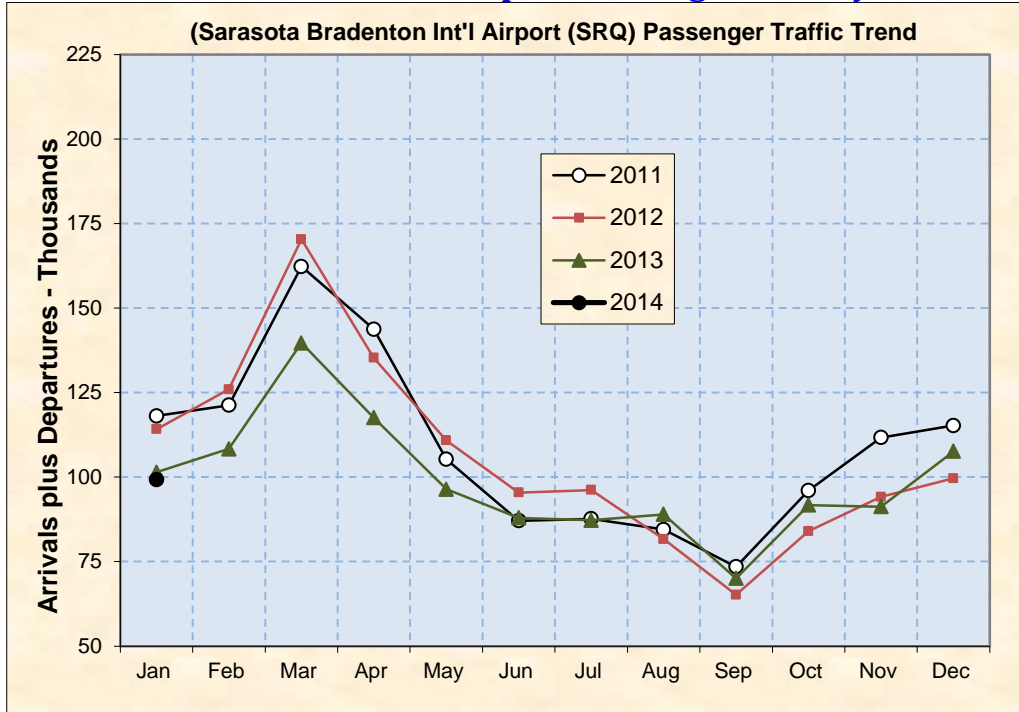
Chart 1 shows SW Florida International Airport passenger activity of 778,163 in January 2014, three percent over the January 2013 figure. Sarasota Bradenton passenger activity decreased to 99,256 in January 2014, eight percent below December 2013 and two percent below January 2013, as shown in Chart 2. Punta Gorda reported passenger activity of 47,091 in January 2014, up 145 percent over January 2013, as shown in Chart 3.

Chart 1: SW Florida International Passenger Activity



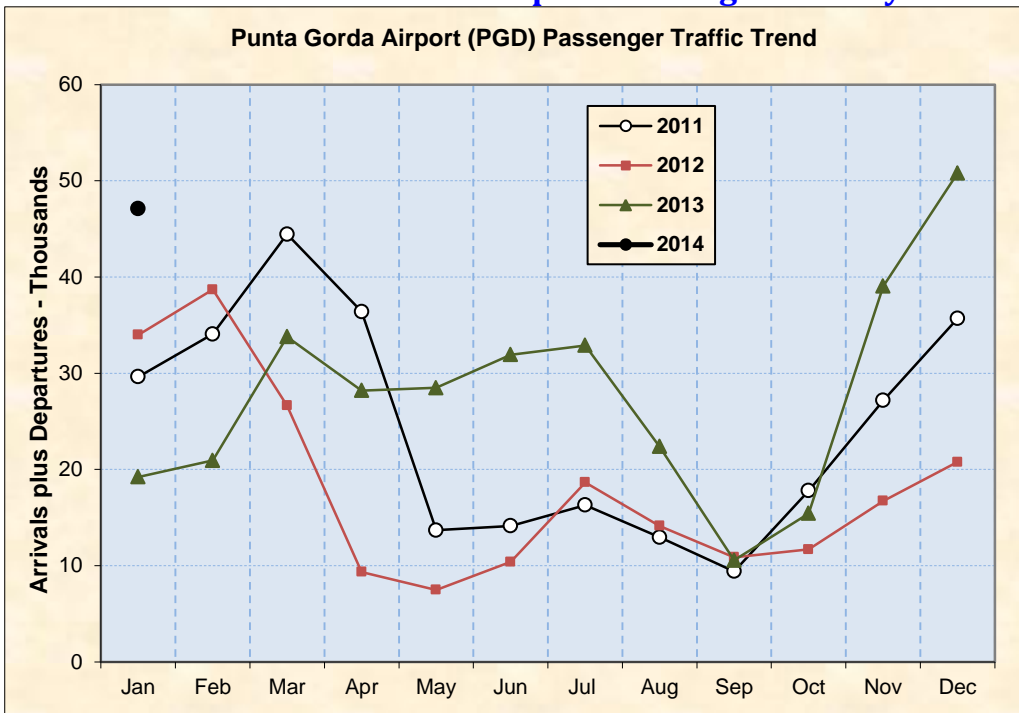
Source: Local Airport Authorities

Chart 2: Sarasota Airport Passenger Activity



Source: Local Airport Authorities

Chart 3: Punta Gorda Airport Passenger Activity



Source: Local Airport Authorities

Tourism Tax Revenues

Tourism tax revenues for the three coastal counties are shown in Charts 4, 5, 6, and 7, based on month of occupancy. Beginning this month, tourism taxes are being shown on a seasonally-adjusted basis, in order to better focus on underlying trends. Total tourism tax revenues for the three coastal counties of Lee, Collier, and Charlotte are shown in Chart 4 for 5 years plus the current year; while the individual county charts home in on the most recent 13 months. For January 2014, total seasonally-adjusted tourism tax revenues showed a 20-percent increase over January 2013, continuing the strong trend seen throughout 2013.

Lee County seasonally-adjusted tourism tax revenues rose to \$2,803,905 in January 2014, an increase of 18 percent over January 2013, as shown in Chart 5. Collier County's January 2014 tourism tax revenues grew to \$1,678,641, a 24-percent improvement over January 2013, as shown in Chart 6. Charlotte County recorded tourism tax revenues for January 2014 of \$243,139, up 11 percent over January 2013, as shown in Chart 7.

Chart 4: Tourism Tax Revenues for the Coastal Counties

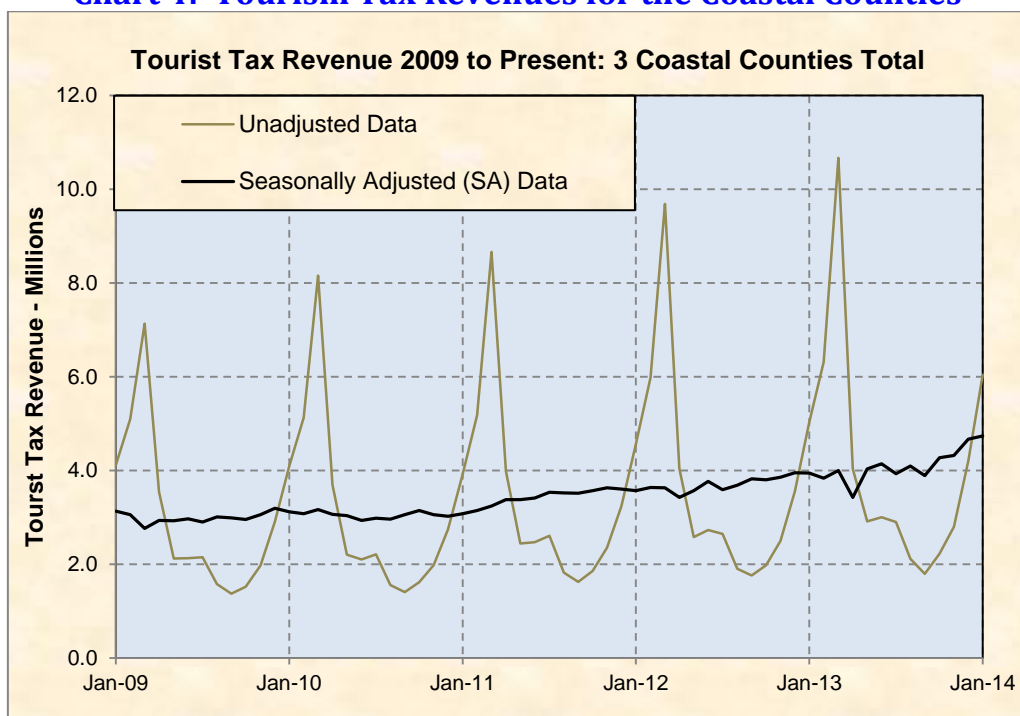
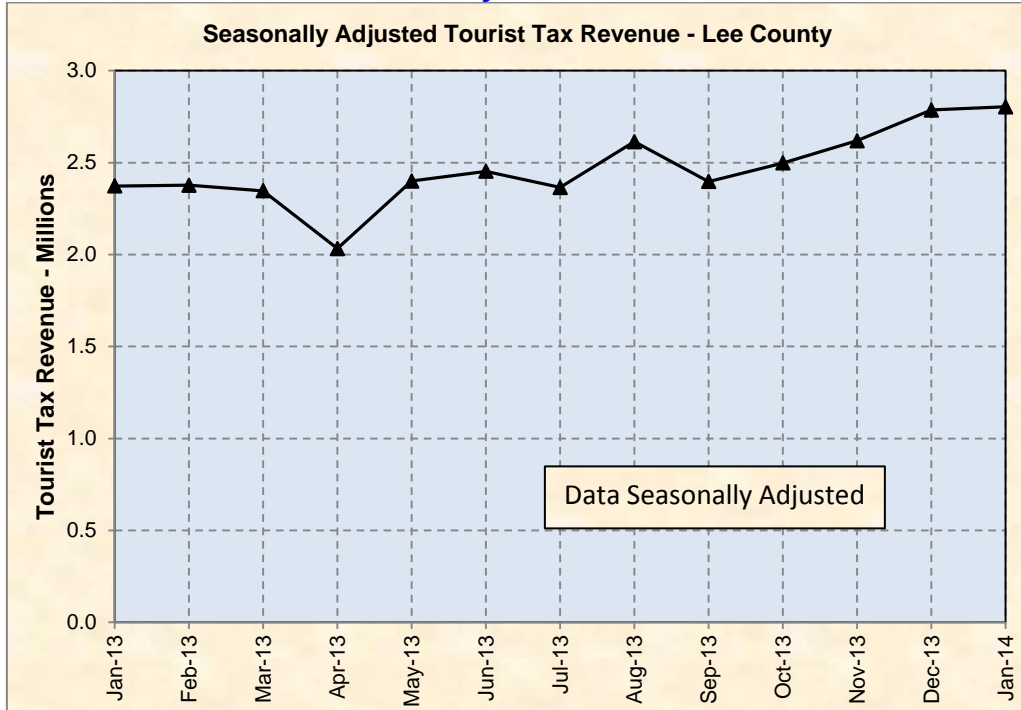
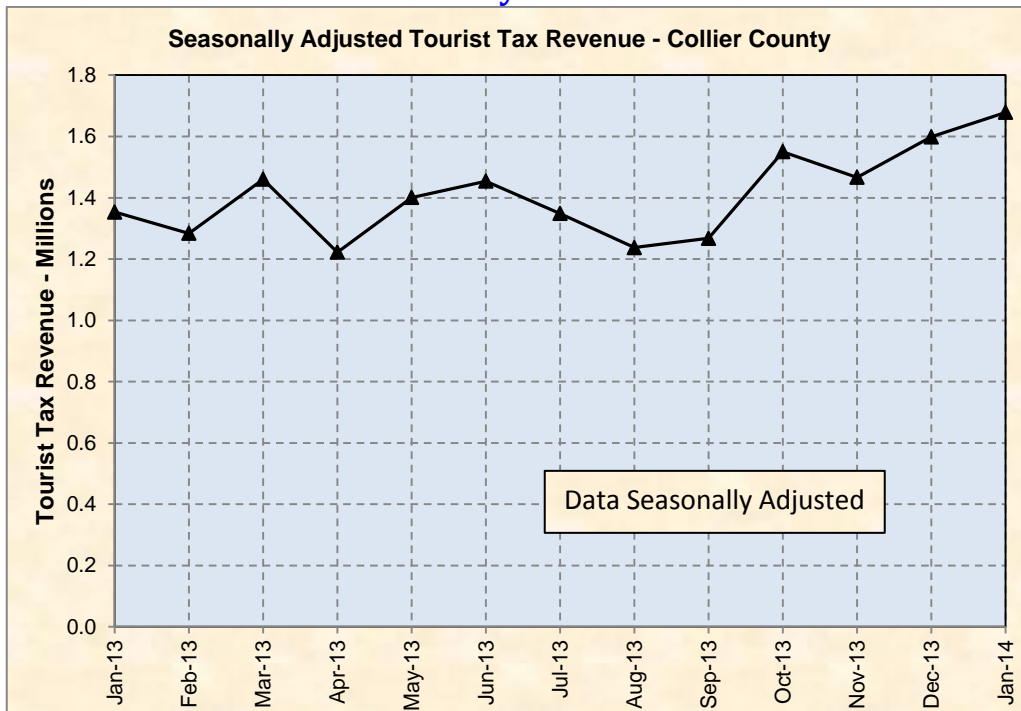


Chart 5: Lee County Tourism Tax Revenues



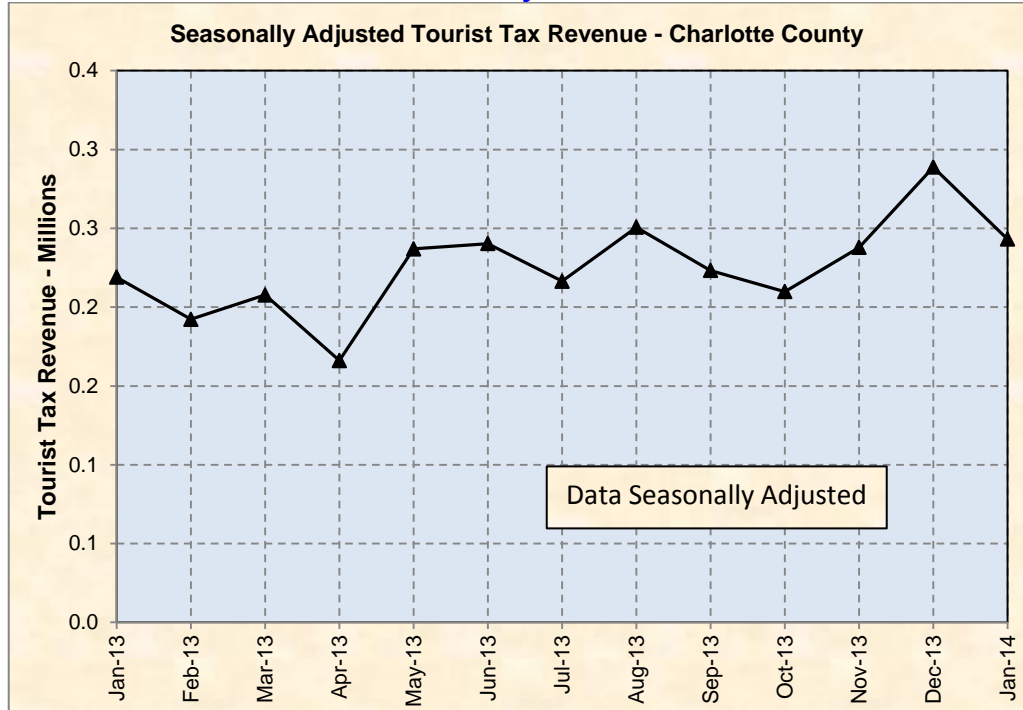
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



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

Chart 7: Charlotte County Tourism Tax Revenues

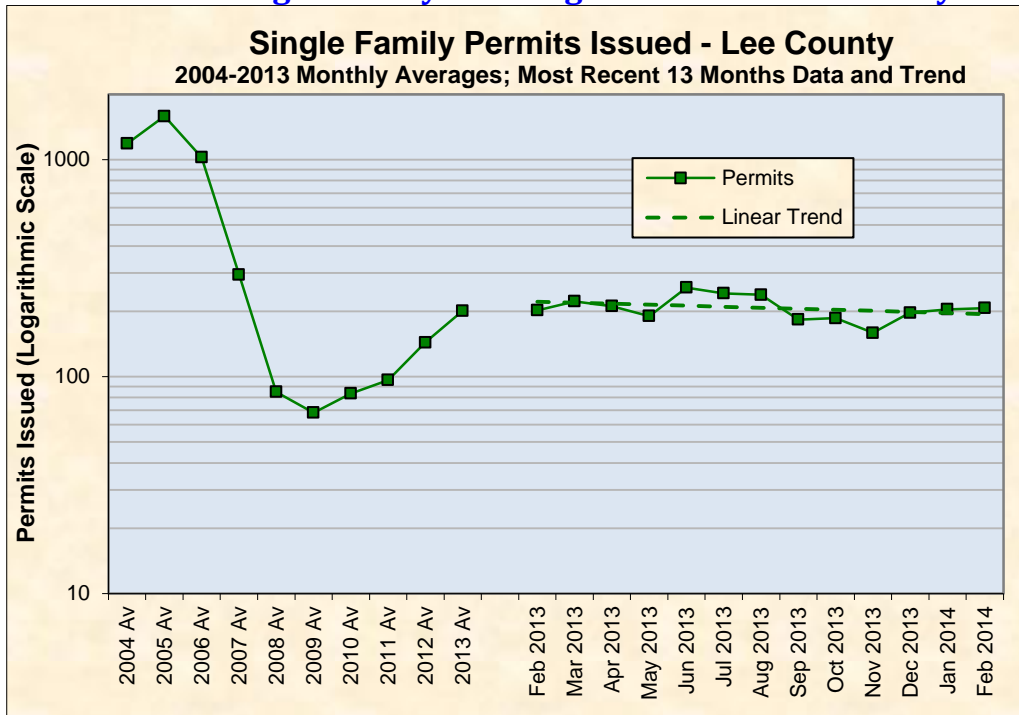


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

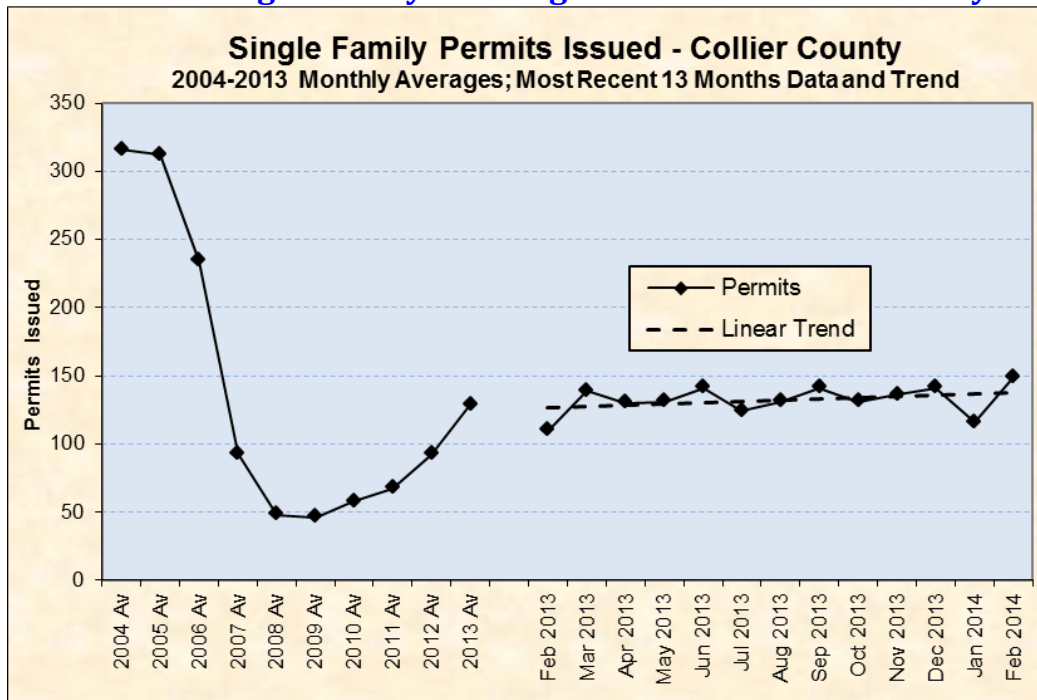
The three coastal counties of Charlotte, Collier and Lee issued 385 single-family permits in February 2014 up from 349 in February 2013. Lee County issued 207 permits in February 2014, up slightly from 202 in February 2013, as shown in Chart 8. Collier County issued 149 in February 2014, an increase from 110 permits issued in February 2013 as shown in Chart 9. Charlotte County issued 29 permits in February 2014, down from 37 issued in February 2013, as shown in Chart 10. Hendry County issued one permit for 2014 through February 2014, as was the case through February 2013.

Chart 8: Single-Family Building Permits for Lee County



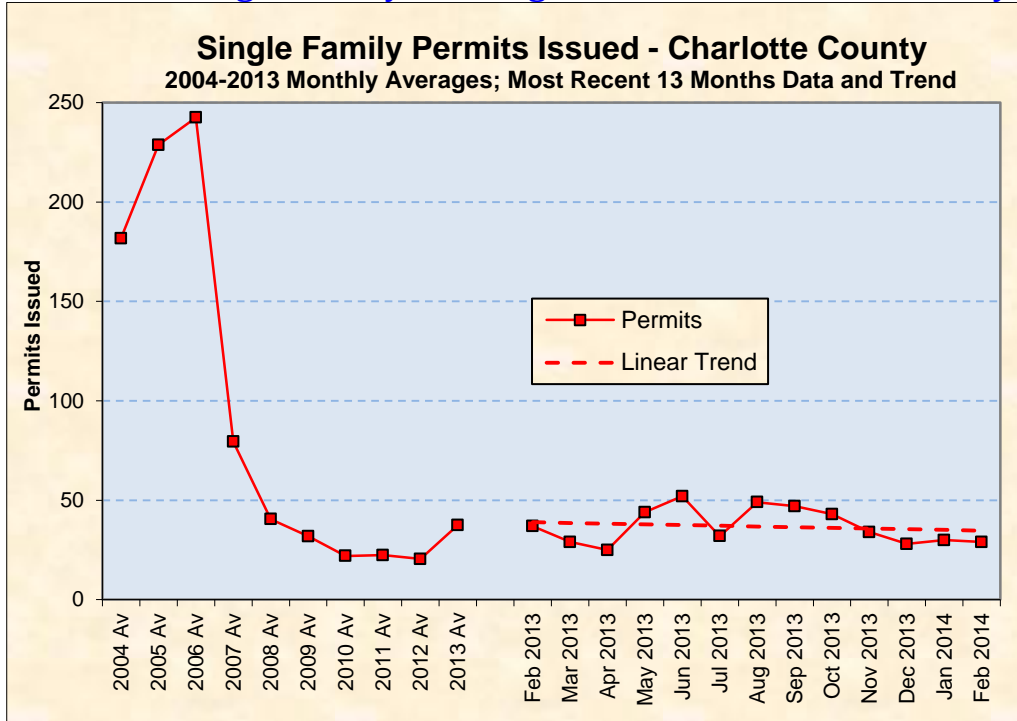
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 9: Single-Family Building Permits for Collier County



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

Chart 10: Single-Family Building Permits for Charlotte County



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

Taxable Sales

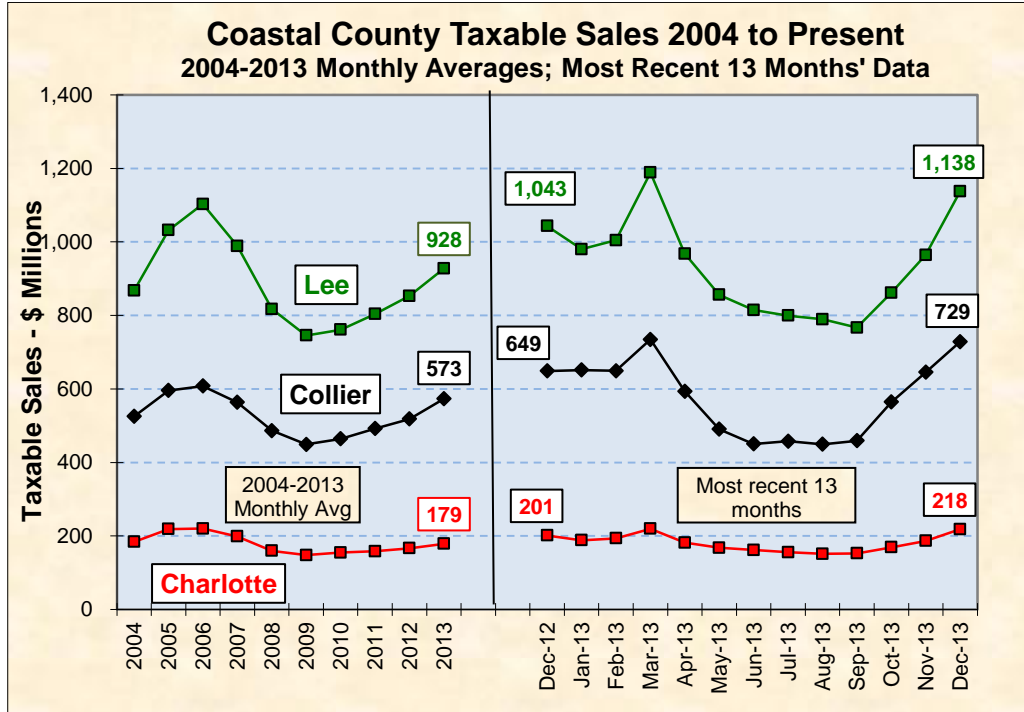
Taxable sales data track consumer spending, an important component of the regional economy. The following charts show the latest month of merchants' collections, not the reporting month issued by the Florida Department of Revenue.

The five reporting counties reported a 10-percent gain in total taxable sales in December 2013 compared to December 2012, an increase of \$195.5 million. Taxable sales for the region were 16-percent higher than in the prior month of November 2013.

Taxable sales for the coastal counties are shown in Chart 11. Lee County taxable sales rose to \$1,137.6 million for December 2013, a nine-percent increase over December 2012. Collier County reported taxable sales of \$728.5 million in December 2013, up 12 percent over December 2012. Charlotte County's taxable sales of \$218.3 million in December 2013 were eight-percent higher than December 2012. Lee, Collier, and Charlotte Counties continue to show strongly positive year-over-year comparisons for every month over the past two years.

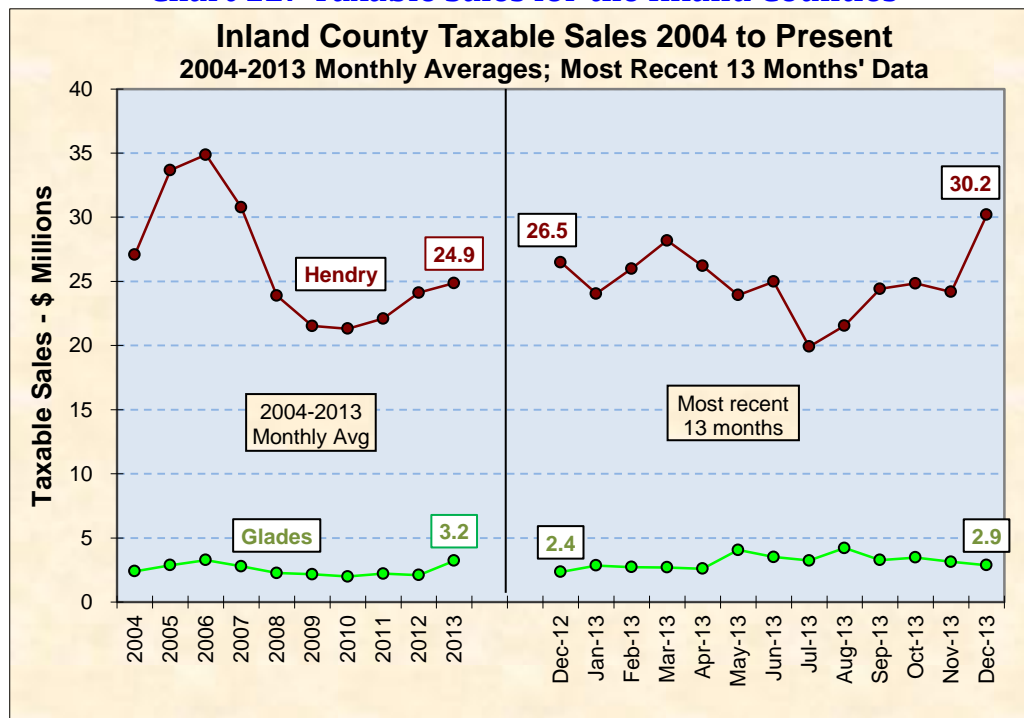
Taxable sales for Hendry and Glades Counties are shown in Chart 12. Hendry's taxable sales of \$30.2 million in December 2013 were 14 percent above the December 2012 figure. Glades County reported December 2013 taxable sales of \$2.9 million, an increase of 23 percent over December 2012.

Chart 11: Taxable Sales for the Coastal Counties



Source: Florida Department of Revenue, Office of Tax Research

Chart 12: Taxable Sales for the Inland Counties



Source: Florida Department of Revenue, Office of Tax Research

Workforce – Labor Force, Employment and Unemployment

Charts 13, 14, 15, 16, and 17 show total persons employed unemployed, and the unemployment rate for each county in the region from January 2005 to January 2014, on a seasonally-adjusted basis. Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends.

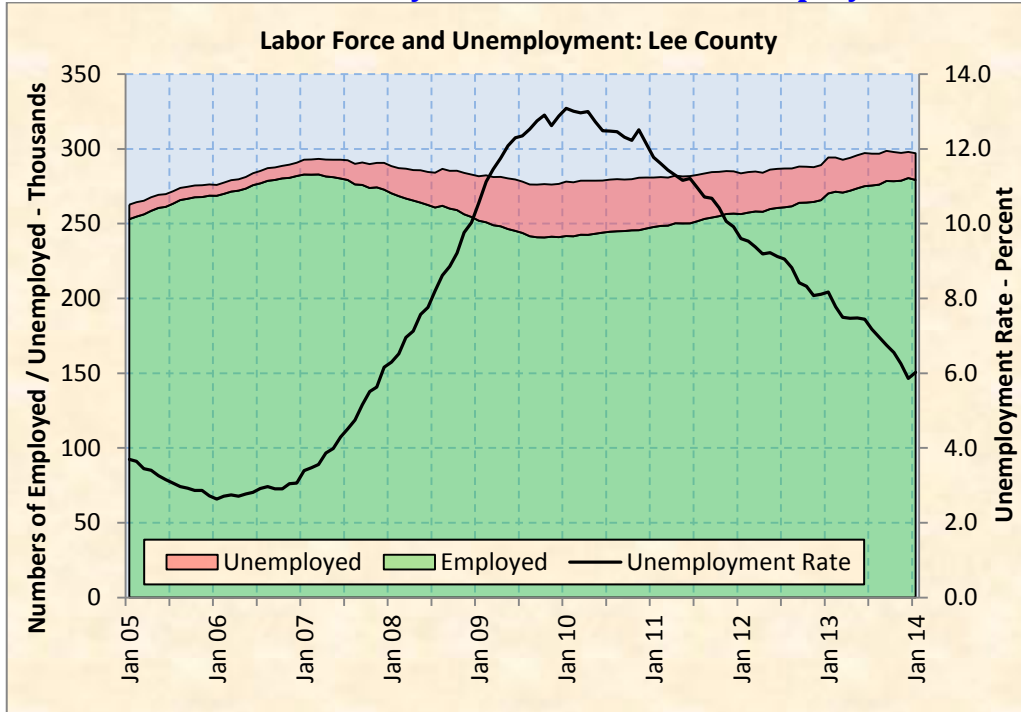
Seasonally-adjusted unemployment rates in January 2014 showed noticeable improvement over January 2013 in all five reporting counties. Total employment in those five counties increased by 18,326 persons over January 2013, while the number of unemployed dropped by 10,945. As a result, the region's seasonally-adjusted unemployment rate fell from 8.2 percent to 6.1 percent over the last 12 months. However, compared to the prior month of December 2013, unemployment rose by 841 persons, seasonally-adjusted employment fell by 312, and the unemployment rate edged up to 6.1 percent.

Lee County's seasonally-adjusted unemployment rate was 6.0 percent in January 2014, up from the December 2013 figure of 5.9 percent, but below the 8.2 percent figure of January 2013. Collier County's unemployment rate was 5.8 percent in January 2014, the same as December 2013, and 2.1 percentage points below January 2013. Charlotte County had an unemployment rate of 6.1 percent in January 2014, up from 5.9 percent in December 2013, but below the 8.2 percent of January 2013.

Hendry's January 2014 seasonally-adjusted unemployment rate increased to 11.1 percent from 10.3 percent in December 2013, but was 1.3 percentage points below the January 2013 figure. The unemployment rate in Glades County was 8.3 percent in January 2014, a 1.2 percentage point increase over December 2013, but 0.4 percentage points below the January 2013 figure.

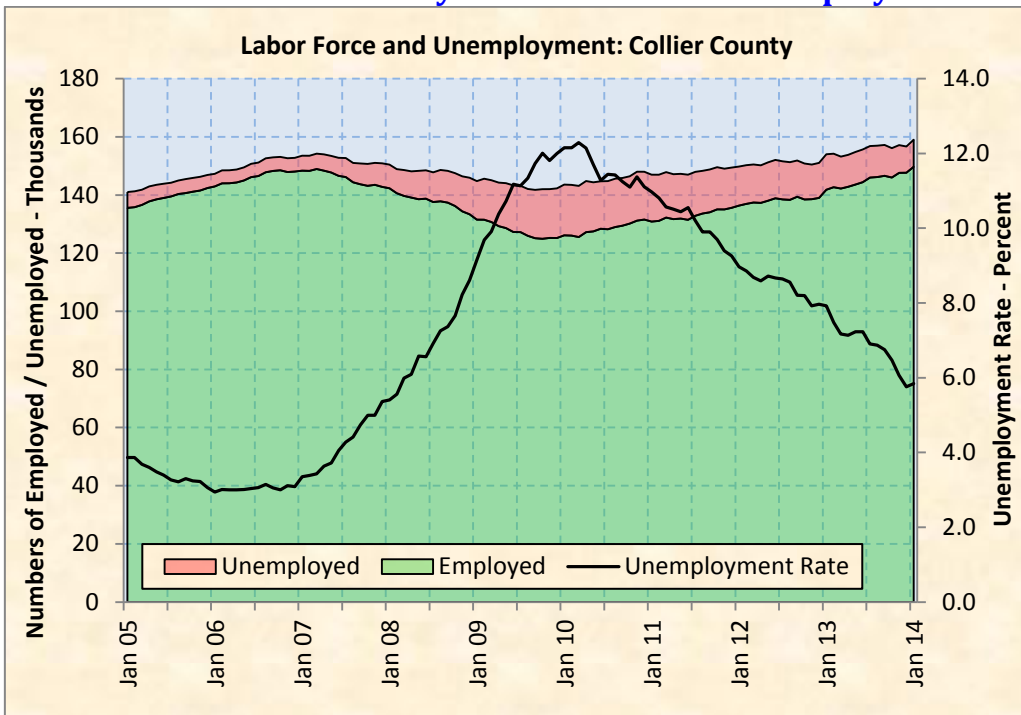
Florida's seasonally-adjusted unemployment rate dropped to 6.1 percent in January 2014 from 6.3 percent in December 2013, and from 8.0 percent in January 2013. This is its lowest level since June 2008. Nationally, the seasonally-adjusted unemployment rate edged up to 6.7 percent in February from 6.6 percent in January 2014; this was a drop of one percentage point from the January 2013 figure.

Chart 13: Lee County Labor Force and Unemployment



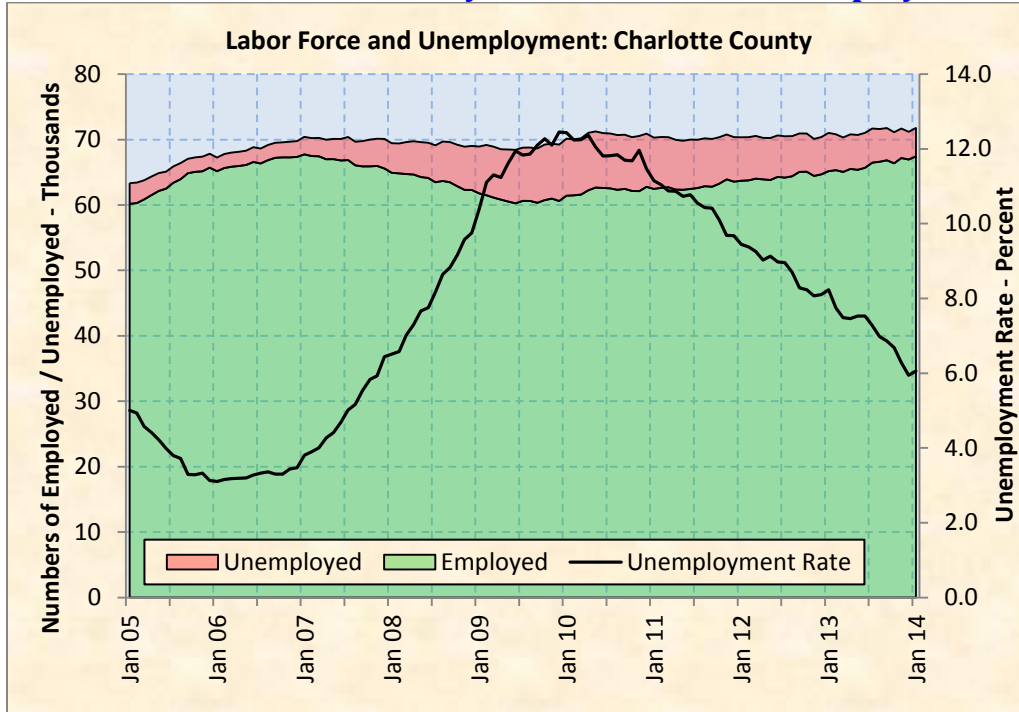
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 14: Collier County Labor Force and Unemployment



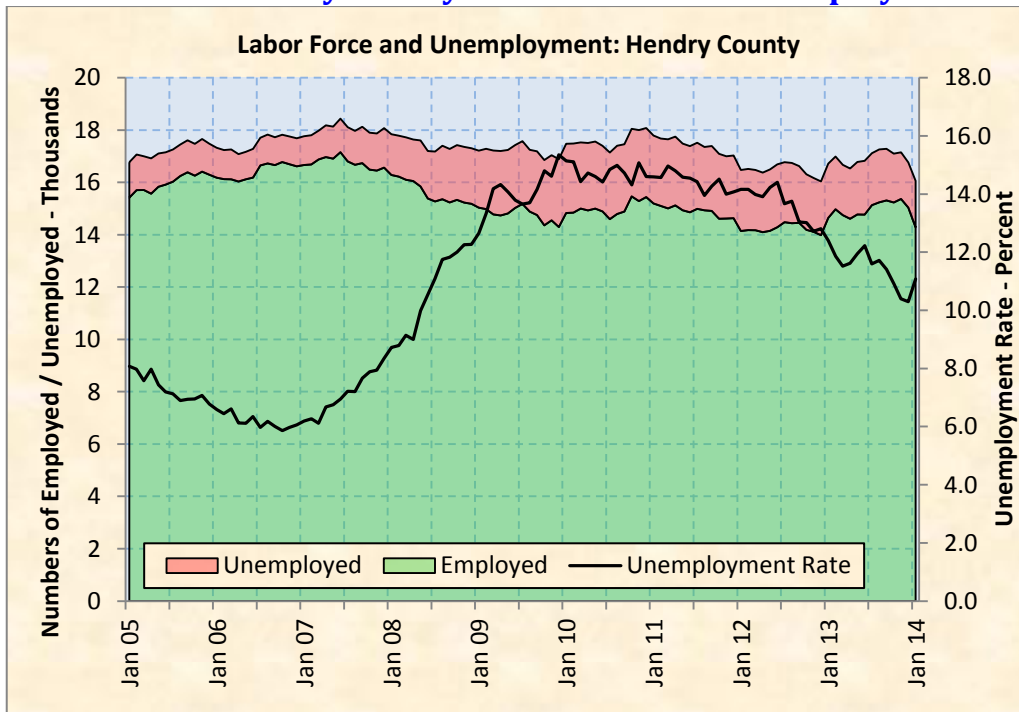
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 15: Charlotte County Labor Force and Unemployment



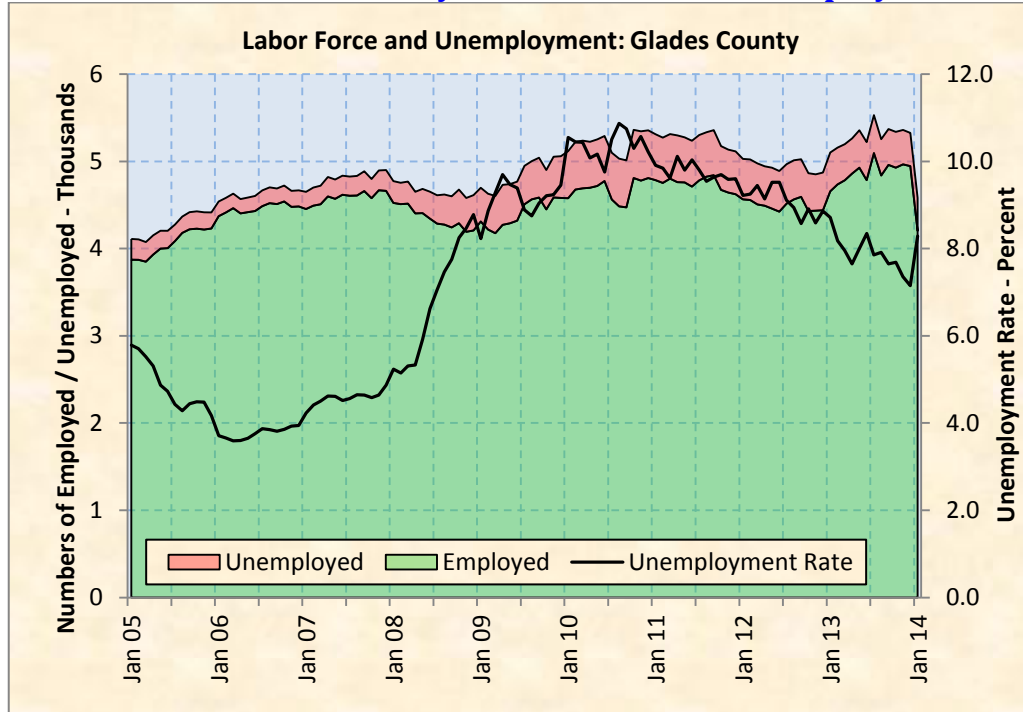
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 16: Hendry County Labor Force and Unemployment



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

Chart 17: Glades County Labor Force and Unemployment



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

Sales of Existing Single-family Homes and Median Sales Prices

Charts 18 through 20 show the existing single-family home sales by a Realtor® for Lee, Collier, and Charlotte Counties. The line represents median price with the scale on the right side and the bars represent the number of homes sold with the scale on the left side.

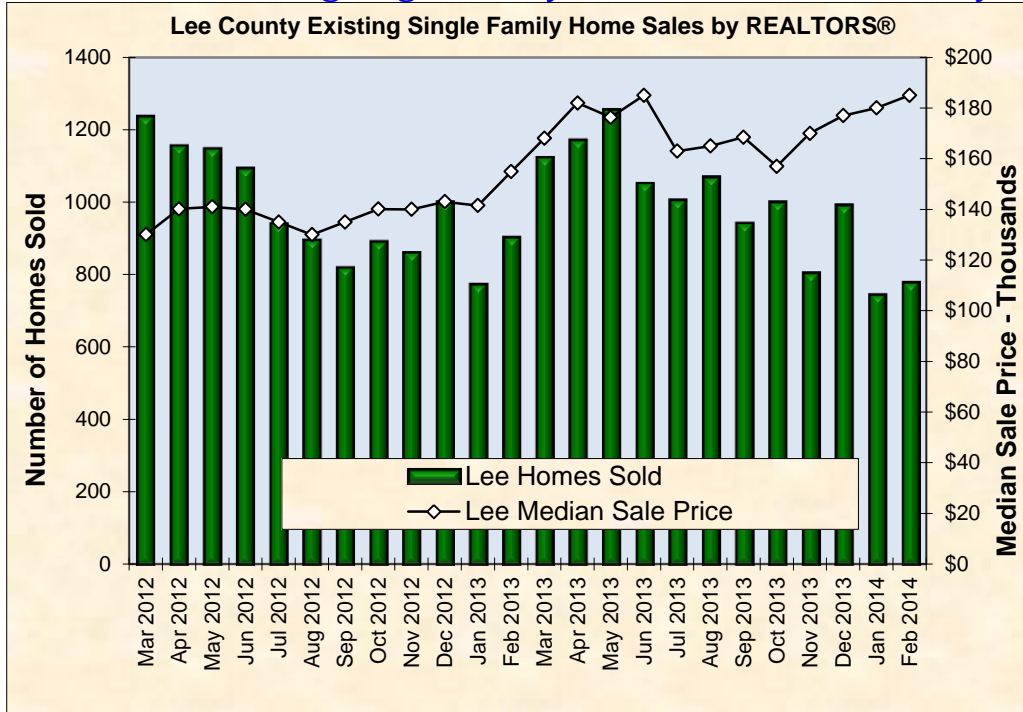
Sales of single-family homes in the three coastal counties totaled 1,378 units in February 2014, up 37 units from January 2014, but 142 units fewer than February 2013. Lee, Charlotte, and Collier Counties each saw higher median prices in February 2014, compared to both the prior year and the prior month.

Lee County noted sales of 779 units at a median price of \$185,000 in February 2014. Although unit sales were down 14-percent from February 2013, the median price rose 19 percent over the same period. Sales were five-percent higher than the previous month's figure of 745.

Collier County had 298 single-family home sales in February 2014, an 11-percent decrease from February 2013, accompanied by a 48-percent increase in median price to \$385,000.

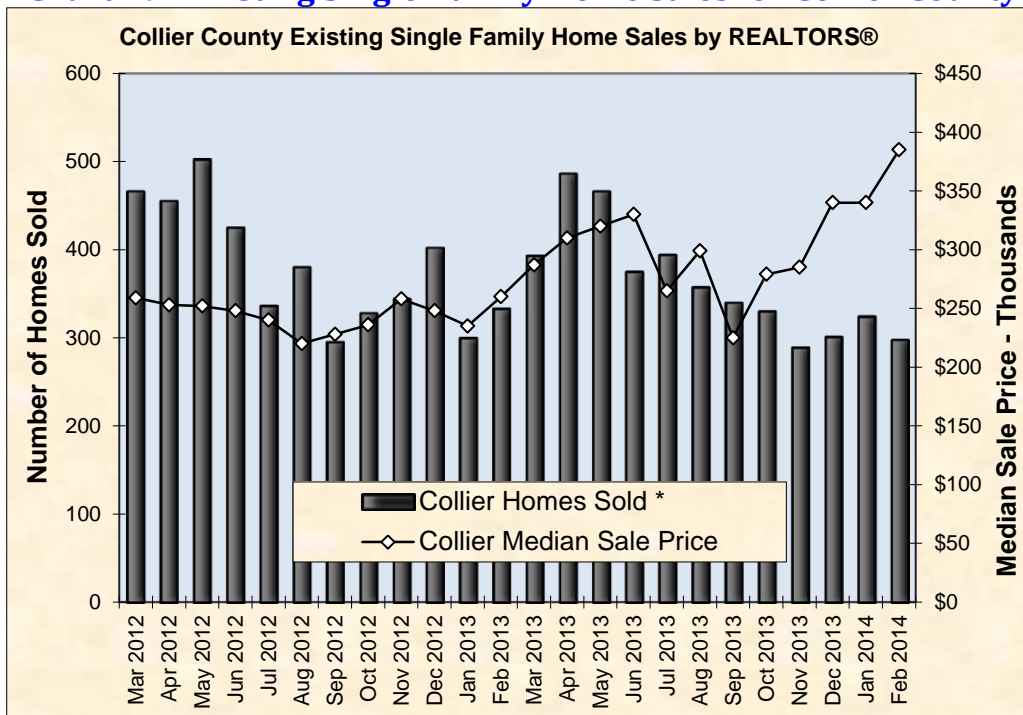
Charlotte County recorded 301 single-family home sales in February 2014, up six percent from February 2013. The median price of \$139,000 in February 2014 was 11-percent higher than that of February 2013.

Chart 18: Existing Single-Family Home Sales for Lee County



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

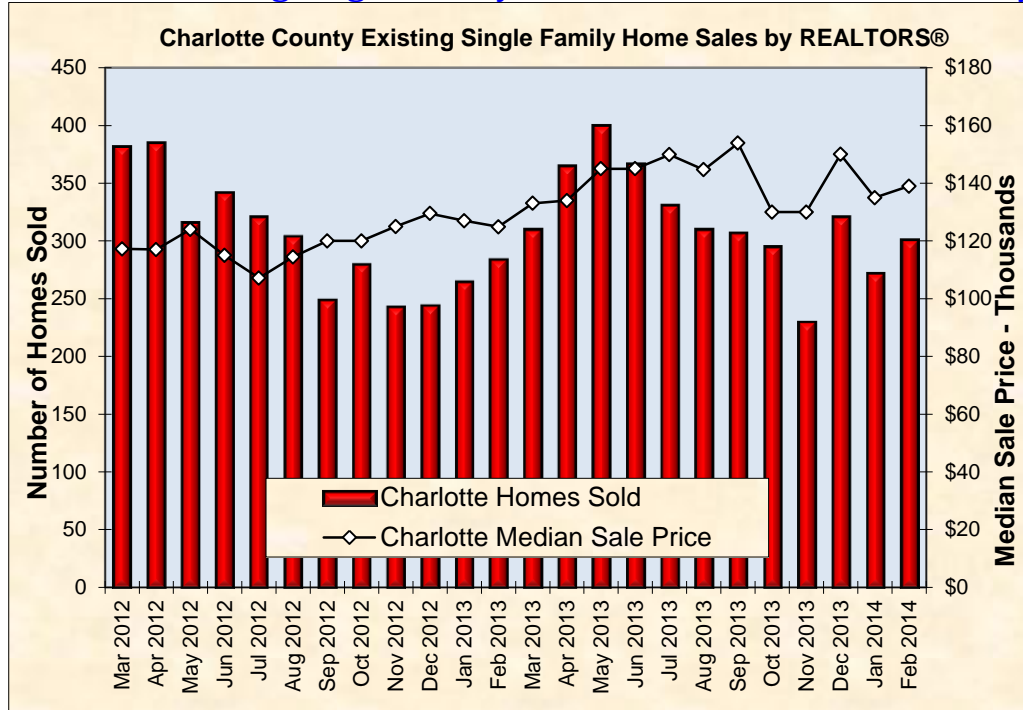
Chart 19: Existing Single-Family Home Sales for Collier County



* Does not include Marco Island.

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

Chart 20: Existing Single-Family Home Sales for Charlotte County



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

Consumer Confidence Index

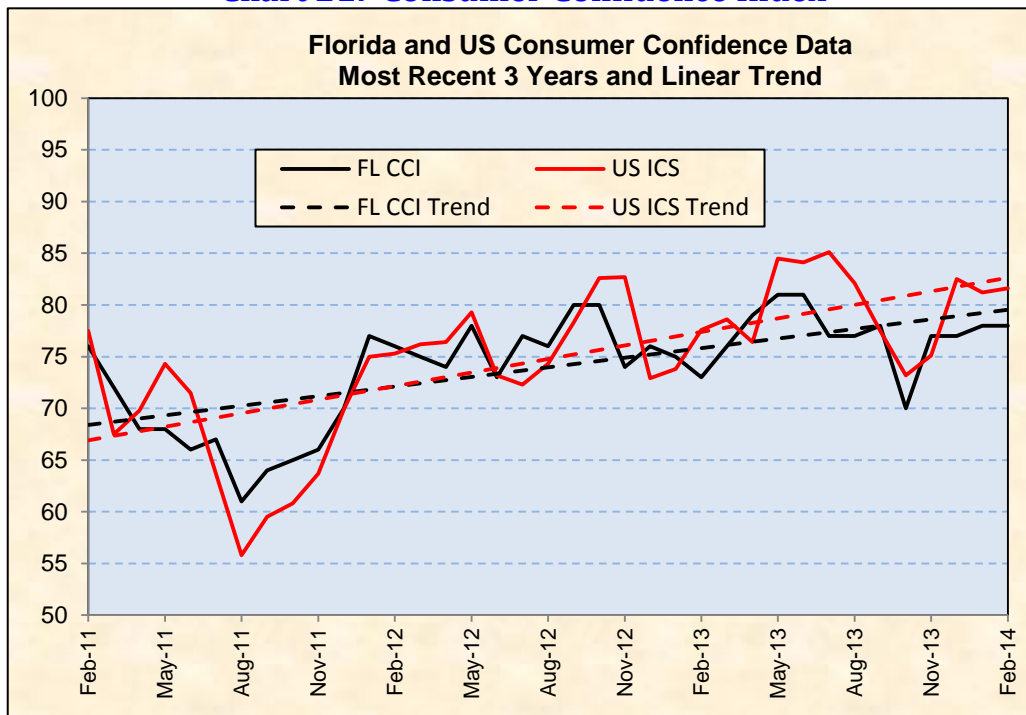
Chart 21 shows monthly data for the last three years and a linear trend line based on that data for both the Florida Consumer Confidence Index (“CCI”) reported by the University of Florida Bureau of Economic and Business Research (BEBR) and for the United States Index of Consumer Sentiment (“ICS”) reported by Thomson Reuters/University of Michigan. Both series show rising trends.

The national ICS rose to 81.6 in February 2014 from 81.2 in January 2014, and from 77.6 in February 2013. As noted by Chief Economist Richard Curtin in the February 28th Survey of Consumers: “While the harsh winter weather has kept consumers away from retail outlets, it has not had a detrimental impact on their outlook for future economic conditions. Consumers have displayed remarkable resilience in the face of the polar vortex as well as higher utility bills and minimal employment gains. This reaction stands in sharp contrast to the instability in confidence associated with the government shutdown and policy stalemates in the past few years. Without another self-inflicted DC shock in the off-year election, consumers are prepared to renew the pace of spending in the months ahead, with an overall gain of 2.6% in 2014.”

The Florida Consumer Confidence Index remained at 78 in February 2014, the same level as January 2014, and five points above the February 2013 figure. “We expected little change to the index in February given the agreement in Congress that averted another shutdown and debate over the debt ceiling,” said Survey Director, Chris McCarty. “Over the next year the index will be most affected by economic factors, such as the Federal Reserve tapering its purchase of Treasuries and mortgage-back securities, and the effects of a cooling housing market. We did not expect such a steep decline in perceptions of personal finances both now and in the future. That decline was particularly sharp among

seniors, although both young and old respondents were pessimistic about their future finances.”

Chart 21: Consumer Confidence Index

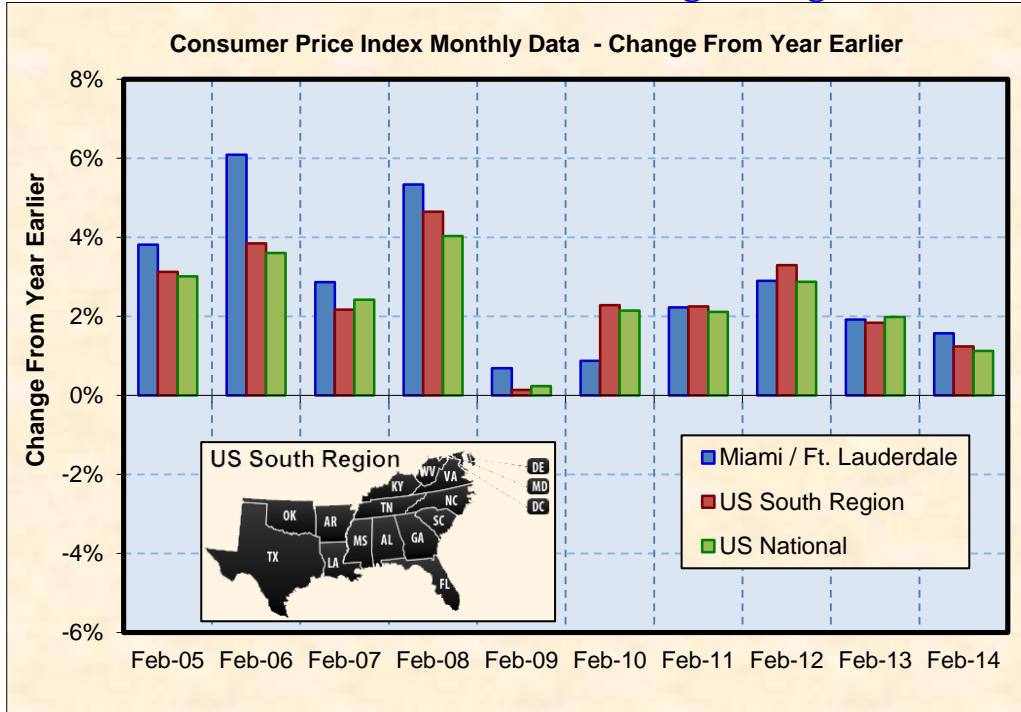


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

Consumer Price Index

Year-to-year changes in consumer price indices (CPI) through February 2014 are shown in Chart 22. These changes reflect reductions in the rate of growth of CPI's. The National CPI grew by 1.1 percent from February 2013 to February 2014, compared to 2.0 percent from February 2012 to February 2012. The Southern Region CPI growth rate dipped to 1.2 percent for the 12 months ending February 2014, compared to 1.8 percent in the period ending February 2013. The Miami-Ft. Lauderdale CPI increase was 1.6 percent from February 2013 to February 2014 compared to an increase of 1.9 percent from February 2012 to February 2013.

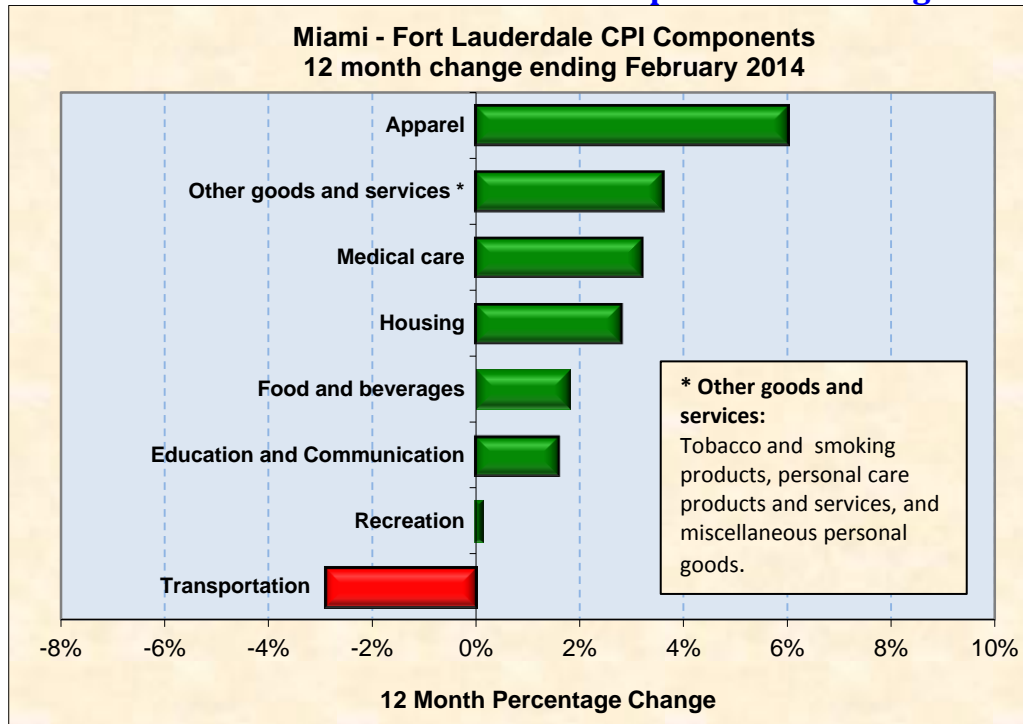
Chart 22: CPI Annual Percentage Change



Source: BLS

The components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending February 2014 are shown in Chart 23. The largest increases from February 2013 were seen in apparel costs (6.0 percent), other goods and services (3.6 percent), medical care (3.2 percent), and housing (2.8 percent). The transportation cost segment declined, by 2.9 percent.

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change



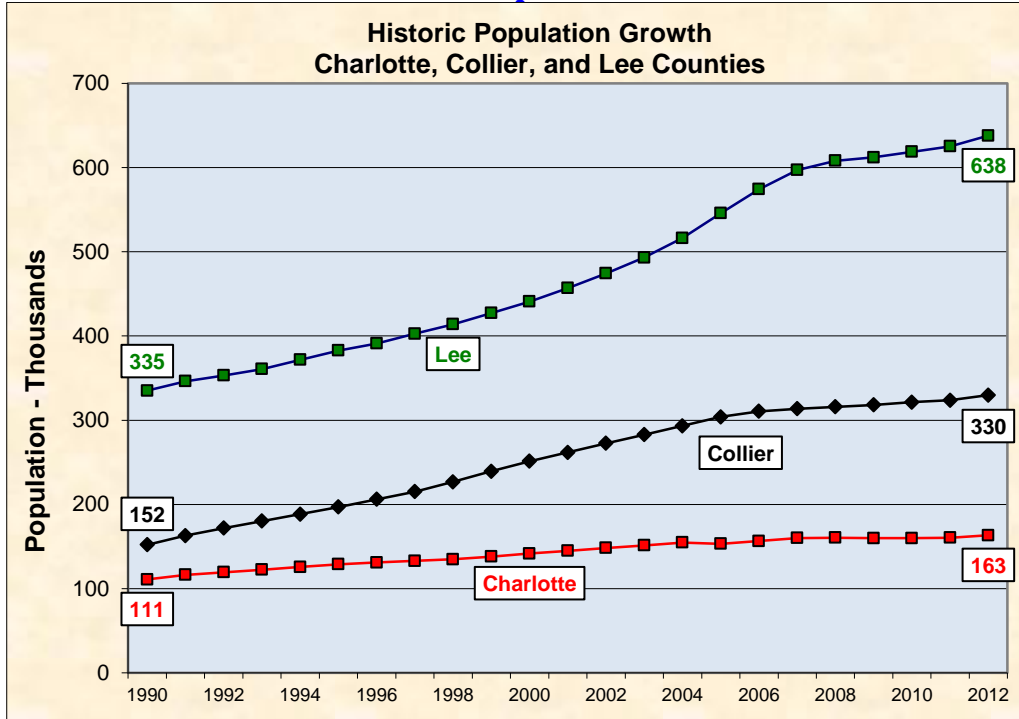
Source: BLS

Population

As we have previously reported, the following charts reflect updated county population forecasts released by Office of Economic and Demographic Research (EDR) working with the University of Florida's Bureau of Economic and Business Research (BEBR). Population growth from 1990 to 2012 is shown in Charts 24 and 25. Collier County grew at a compound average annual growth rate of 3.6 percent from 1990 to 2012. Lee County's population grew at an annual rate of 3.0 percent. Charlotte, Glades, and Hendry Counties had average annual rates of population growth between 1.8 and 2.4 percent per year.

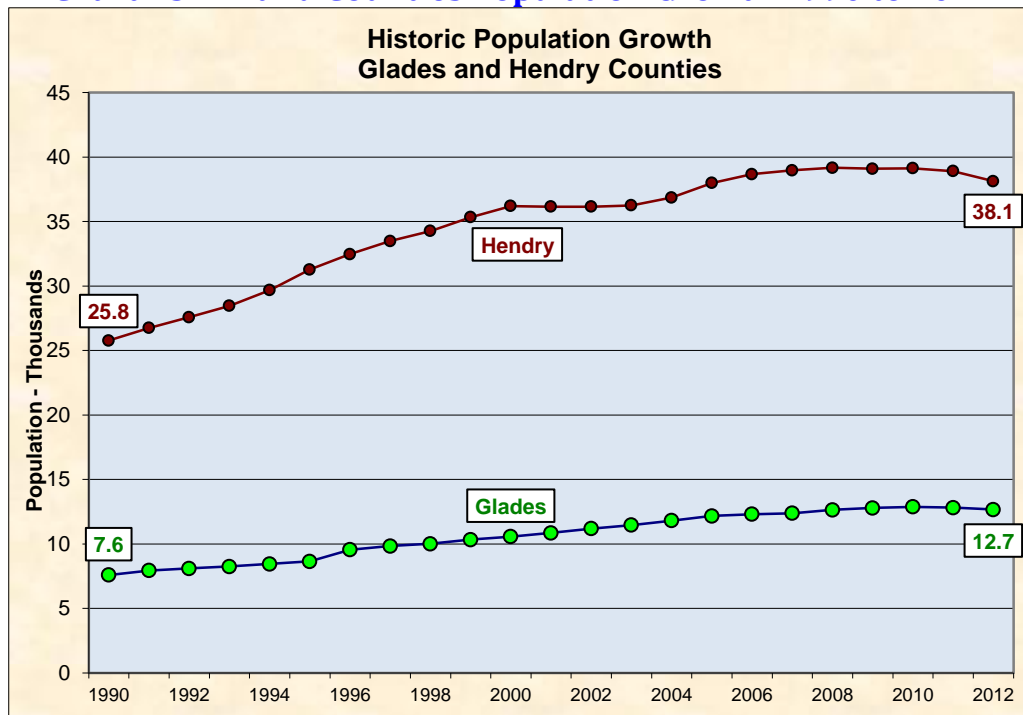
Chart 26 and its accompanying table show projected population increases from 2015 to 2040. These projections are consistent with those previously reported. The overall rate of regional growth still averages 1.6 percent compounded per year for this period, resulting in a 28-year increase of 55 percent for the five-county region from 2012 to 2040. Projected growth rates in all five counties are substantially below their actual growth rates for the period 1990 – 2012

Chart 24: Coastal Counties Population Growth 1990 to 2012



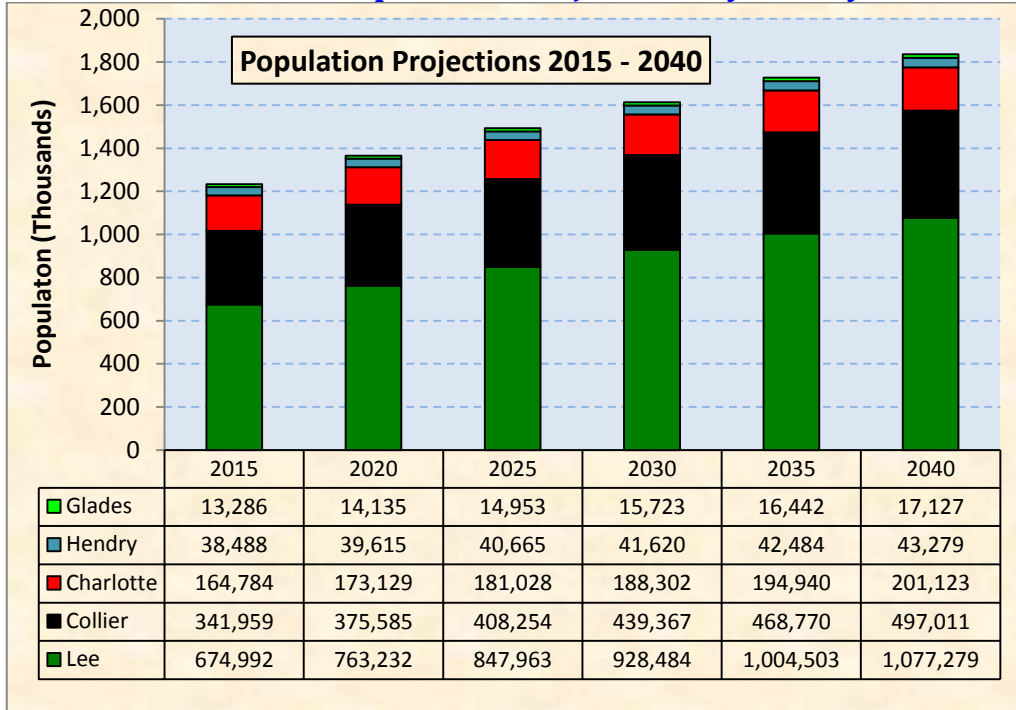
Source: Florida EDR: Florida Demographic Estimating Conference, February 2013 and BEBR Florida Population Studies, March 2013.

Chart 25: Inland Counties Population Growth 1990 to 2012



Source: Florida EDR: Florida Demographic Estimating Conference, February 2013 and BEBR Florida Population Studies, March 2013.

Chart 26: Population Projections by County



Source: Florida EDR: Florida Demographic Estimating Conference, February 2013 and BEBR Florida Population Studies, March 2013.