Southwest Florida Regional Economic Indicators

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Introduction: Regional and National Background

Southwest Florida's regional economy provided mixed signals during December. Positive trends included an 9-percent annual increase in seasonally-adjusted regional **taxable sales** from the prior year, a 3-percent increase in **tourist tax revenue**, and a 5-percent increase in total airline **passenger activity.**

The seasonally-adjusted regional **unemployment rate** held steady at 5.0 percent in November 2016, comparing somewhat favorably with the 5.1 percent figure of November 2015. However, the number of unemployed workers in the region increased by 412 from the prior month, and by 559 from November 2015. Seasonally-adjusted employment for the region decreased by 1,508 from October 2016, but increased by 12,442 from November 2015. While all five counties showed increases in employment compared to November 2015, Charlotte, Collier, and Lee Counties also showed increases in the number of unemployed workers over the same time span.

Other highlights from this report include:

- A 13-percent increase in **single family home sales by Realtors®** in November 2016 compared to November 2015.

- A whopping month-to-month increase of almost 7 points in the **Florida Consumer Sentiment Index** for December 2016, to 97.2, while the national Index of Consumer Sentiment reached its highest level since January 2004.

- **Single-family building permits** were up 10 percent for the coastal counties from November 2015 to November 2016, notwithstanding a negative 13-month trend for Collier County.

The RERI staff extends its sincere thanks and appreciation to the dedicated individuals and organizations who contribute to this report, along with our best wishes for the holiday season and a fulfilling New Year. These include FGCU student workers affiliated with the RERI, the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee counties, the Convention and Visitors Bureaus of Charlotte, 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.

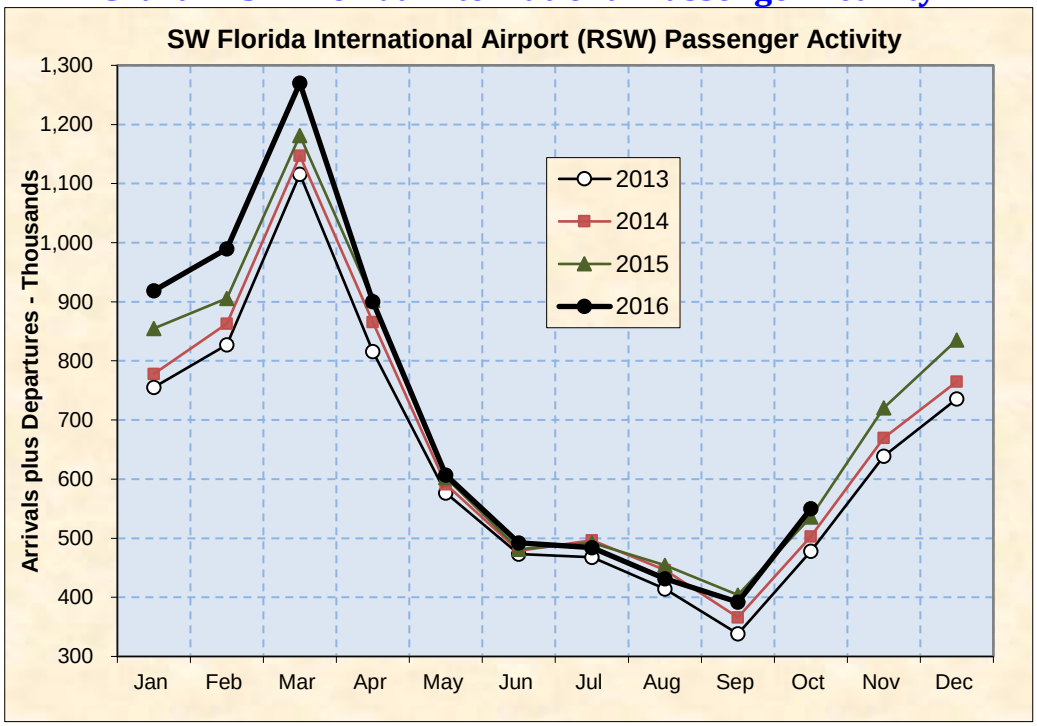
Airport Passenger Activity

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 this seasonality as well as the changes from year to year.

The three Southwest Florida airports recorded passenger activity of 727,822 in October 2016, a 5-percent increase from October 2015, and 39 percent above the September 2016 total. RSW reported 550,316 passengers in October 2016, an increase of 3 percent from October 2015 and 40 percent above September 2016 (see Chart 1). Passenger activity in Punta Gorda rose to 89,084, an increase of 43 percent from October 2015, and 39 percent above September 2016 (Chart 2). Sarasota Bradenton activity amounted to 88,422 in October 2016, down 8 percent from October 2015, albeit 28 percent above September 2016 (Chart 3).

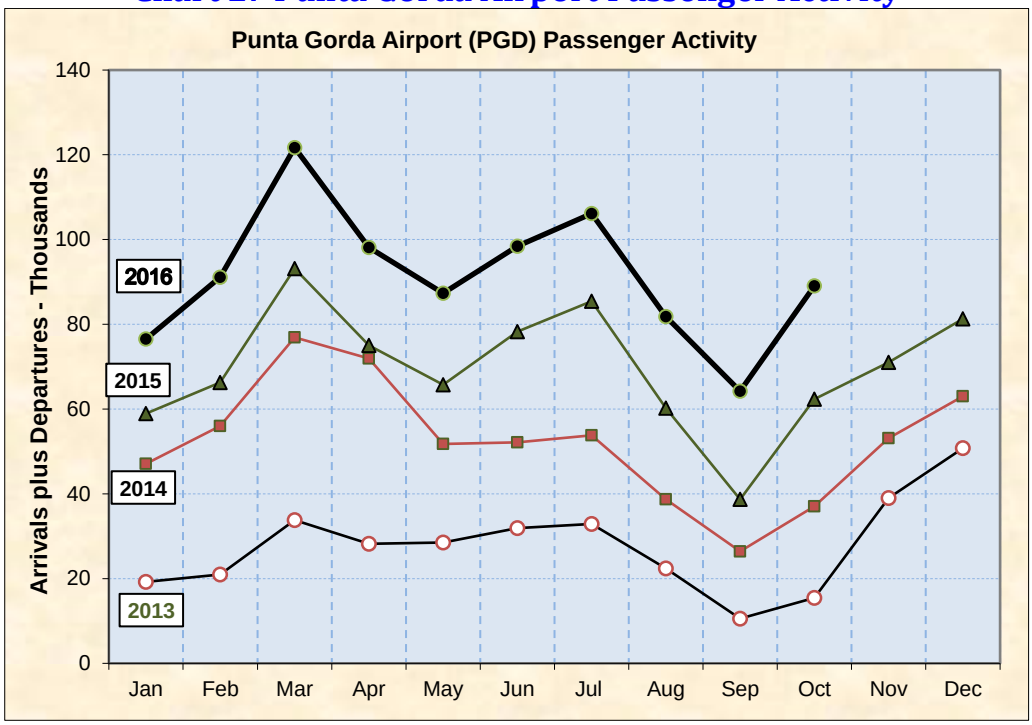
Commercial activity resumed at Naples Municipal Airport in February 2016. That airport has served 3,051 passengers through October 2016.

Chart 1: SW Florida International Passenger Activity



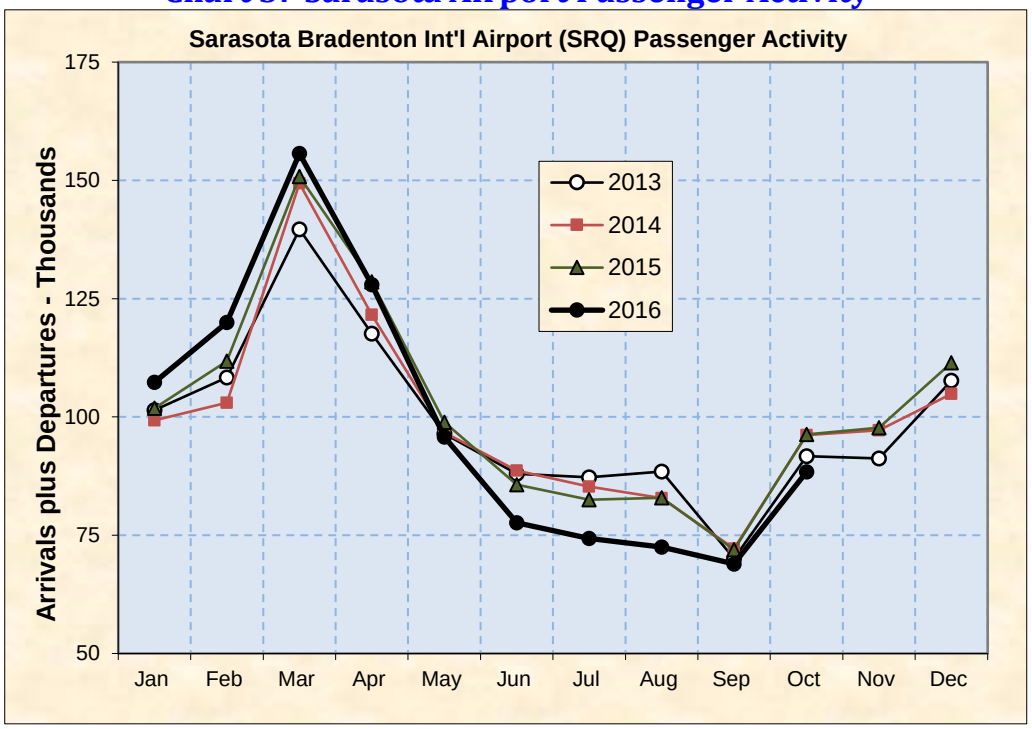
Source: Local Airport Authorities

Chart 2: Punta Gorda Airport Passenger Activity



Source: Local Airport Authorities

Chart 3: Sarasota Airport Passenger Activity



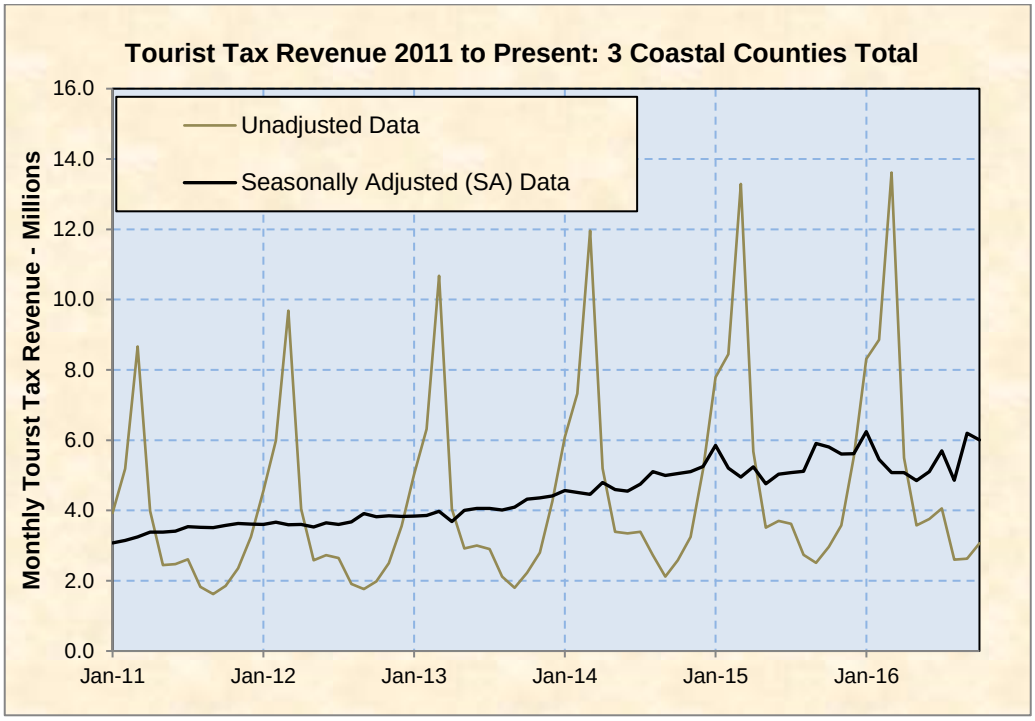
Source: Local Airport Authorities

Tourist Tax Revenues

Seasonally-adjusted tourist tax revenues for the three coastal counties, shown in Charts 4 and 5, are based on month of occupancy. Total seasonally-adjusted tourist tax revenues for Collier, Lee, and Charlotte counties came to $6,002,811 in October 2016, an improvement of 3 percent over October 2015 but 3-percent below September 2016.

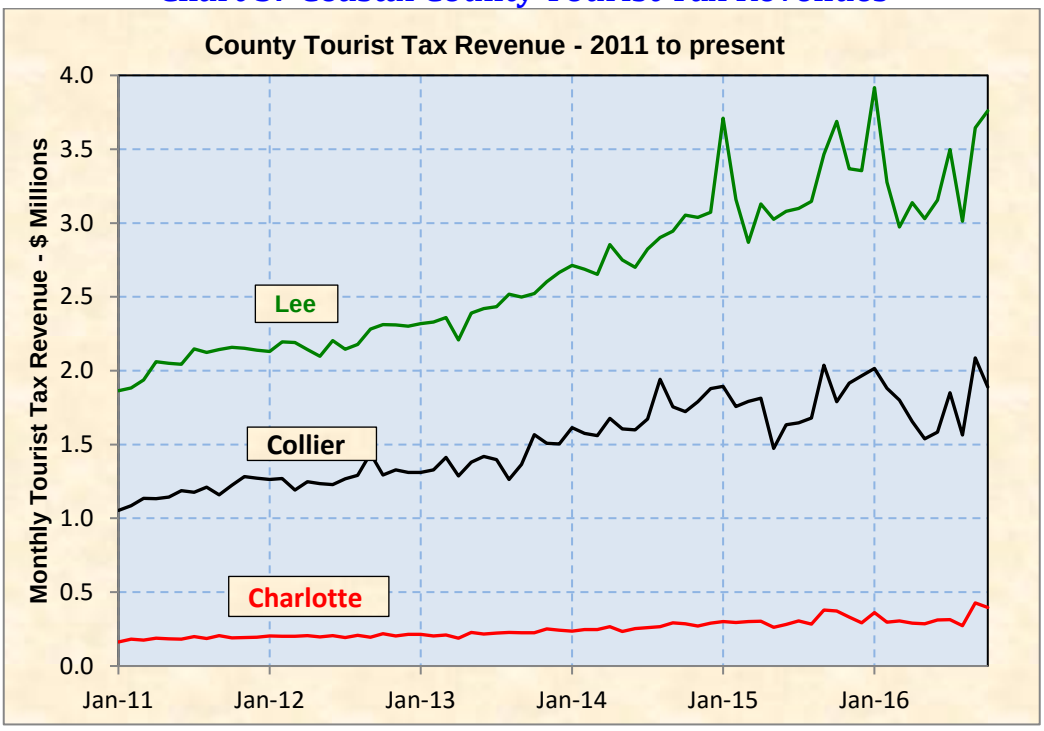
Collier County's seasonally-adjusted tourist tax revenues amounted to $1,890,356 in October 2016, an increase of 6 percent over October 2015. In Lee County, October 2016 revenues rose to $3,759,438, a 2-percent increase over October 2015. Charlotte County's seasonally-adjusted revenues were $395,674 in October 2016, up 6 percent from October 2015.

Chart 4: Tourist Tax Revenues for the Coastal Counties



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

Chart 5: Coastal County Tourist Tax Revenues



Source: Local County Tourism, Tax, and Economic Development Reports and seasonal adjustment by RERI

Taxable Sales

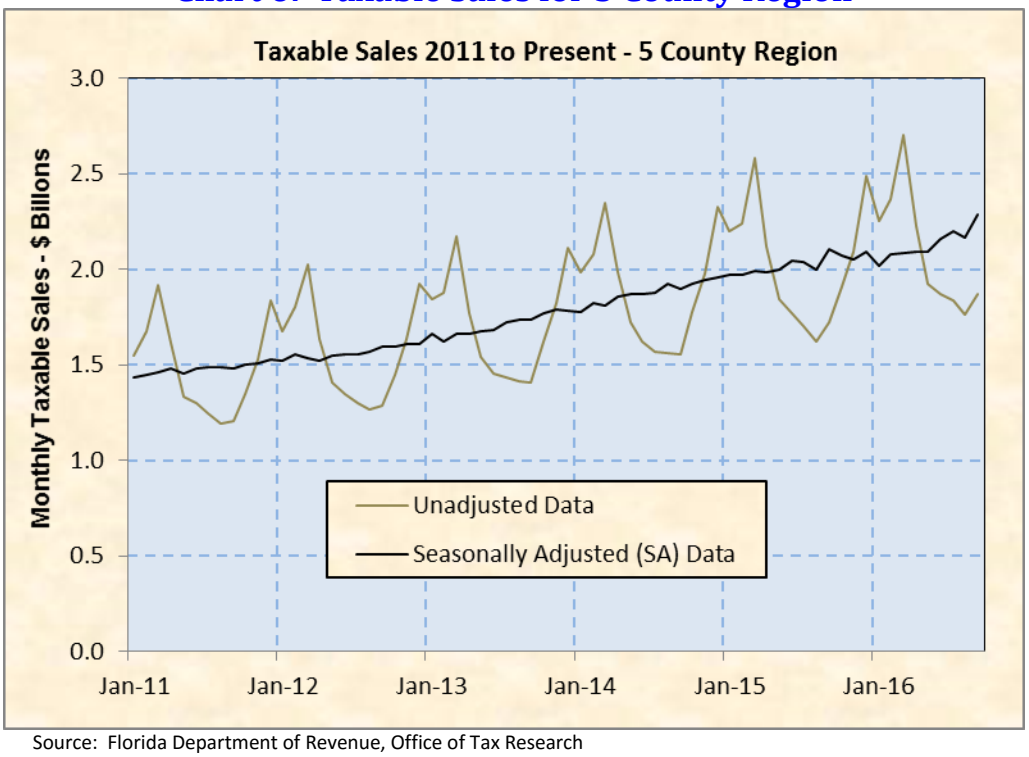
Taxable sales data track consumer spending based on the latest month of merchants' collections. This data is reported one month before the Florida Department of Revenue's usual reporting month. As result, this data is current through September 2016.

Chart 6 shows both seasonally-adjusted and unadjusted taxable sales for the region. Four of our five counties showed increases over September 2015. Total seasonally-adjusted taxable sales for the five Southwest Florida counties were $2.284 billion in September 2016, an 9-percent increase (or $181.4 million) over September 2015, and 5 percent higher than August 2016.

Charts 7 and 8 show seasonally-adjusted taxable sales for the coastal and inland counties, respectively. Lee County's taxable sales rose by 6 percent, from $1.151 billion in September 2015 to $1.223 billion in September 2016. Collier County's taxable sales increased from $706.4 million in September 2015 to $753.9 million in September 2016, up 7 percent. Taxable sales in Charlotte County grew by nearly $53 million (25 percent) to $266.6 million in September 2016.

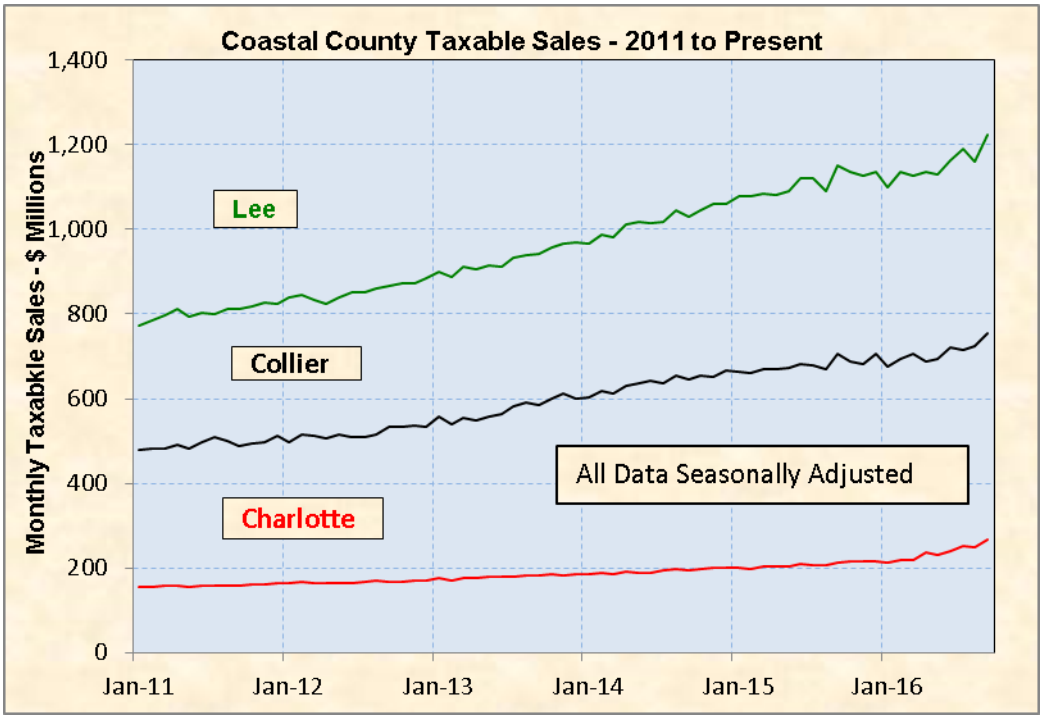
Hendry County's taxable sales rose by 26 percent from $28.2 million in September 2015 to $35.6 million in September 2016. Taxable sales in Glades County declined by 9 percent, from $4.1 million in September 2015 to $3.7 million in September 2016. All cited data are seasonally-adjusted.

Chart 6: Taxable Sales for 5 County Region



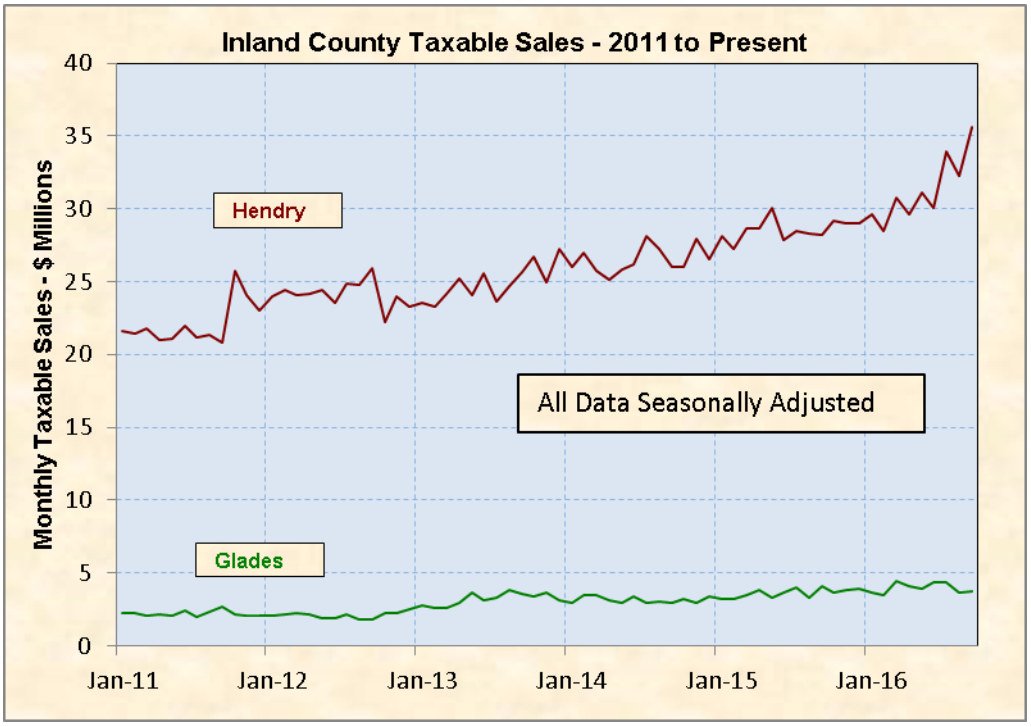
Source: Florida Department of Revenue, Office of Tax Research

Chart 7: Taxable Sales for Coastal Counties



Source: Florida Department of Revenue, Office of Tax Research

Chart 8: Taxable Sales for Inland Counties



Source: Florida Department of Revenue, Office of Tax Research

Workforce – Labor Force, Employment and Unemployment

Charts 9-13 show total persons employed and unemployed, and the unemployment rate, for each county from January 2005 through November 2016. These numbers are seasonally adjusted by the RERI.

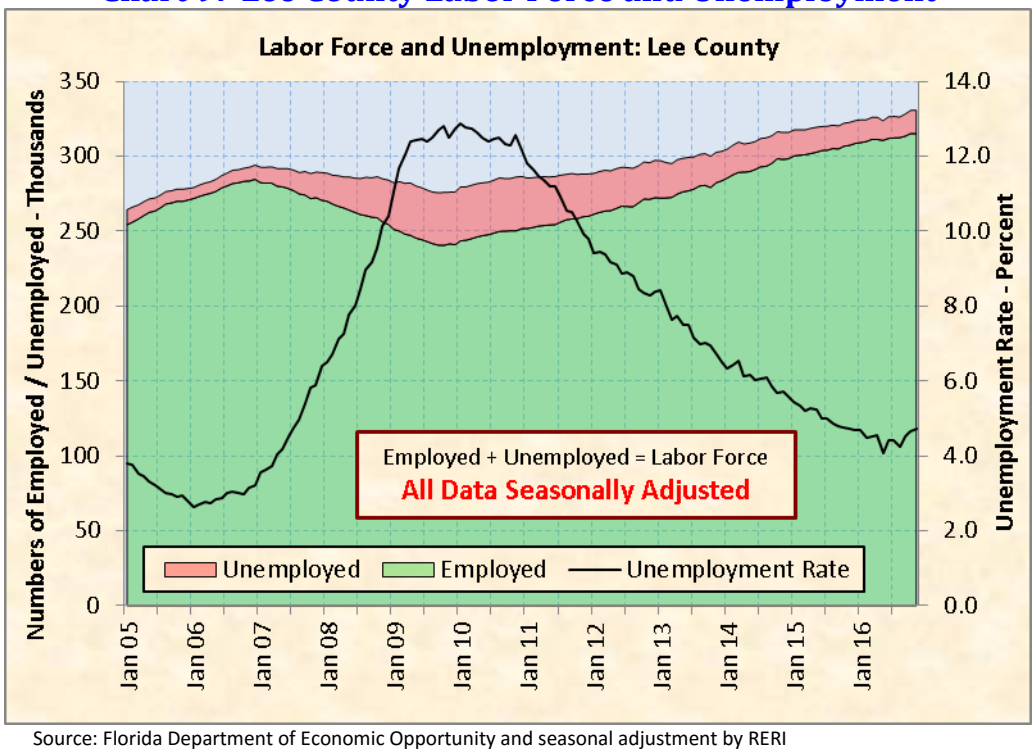
The unemployment rate for the five-county region held at 5.0 percent in November, with the number of employed decreasing slightly (0.3 percent) and the number of unemployed increasing slightly (1.4 percent), compared to the previous month. Employment and unemployment numbers have increased since November 2015, but the unemployment rate is down 0.1 points from November 2015.

Lee County's unemployment rate remained at 4.7 percent in November 2016, as depicted in Chart 9. Collier County's unemployment rate rose to 5.1 percent in November 2016, up from 4.9 percent in October 2016 (Chart 10). The unemployment rate in Charlotte County also increased to 5.5 percent in November 2016, compared to 5.4 percent in October 2016 (Chart 11).

Hendry County's November 2016 unemployment rate was 9.4 percent, 0.2 points higher than October 2016 (Chart 12). The unemployment rate in Glades County held at 6.6 percent in November 2016 (Chart 13).

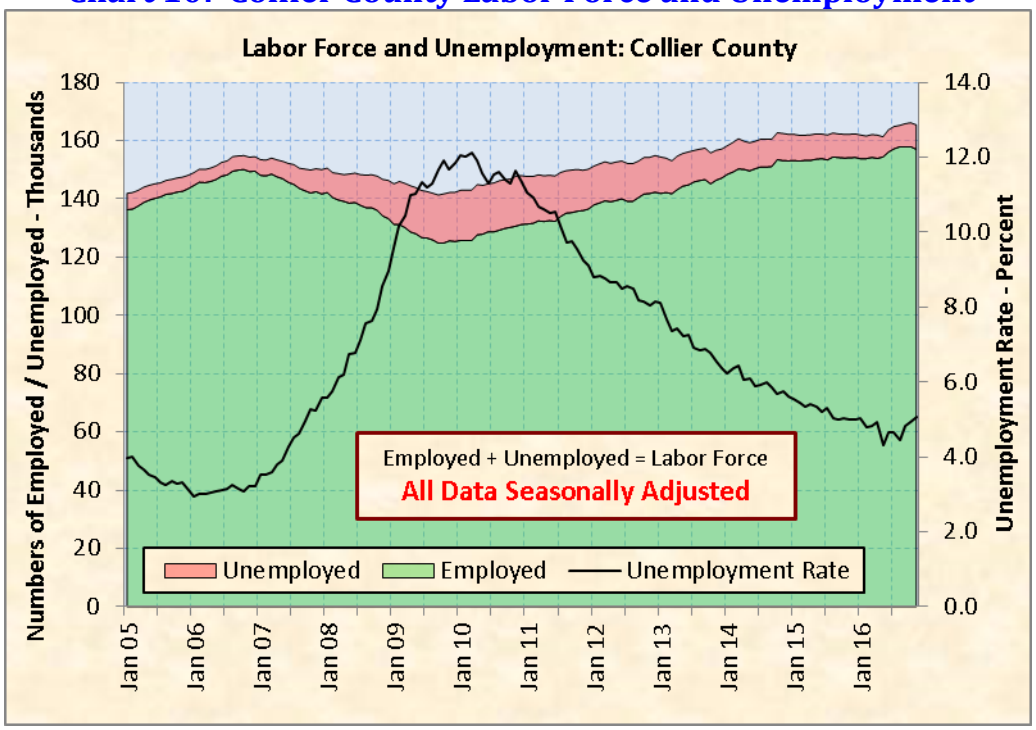
The seasonally-adjusted unemployment rate for the state of Florida edged up to 4.9 percent in November 2016, up from 4.8 percent in October 2016, but down from 5.1 percent in November 2015. The national unemployment rate (seasonally adjusted) dropped to 4.6 percent in November, down from 4.9 percent in October and from 5.0 percent in November 2015.

Chart 9: Lee County Labor Force and Unemployment



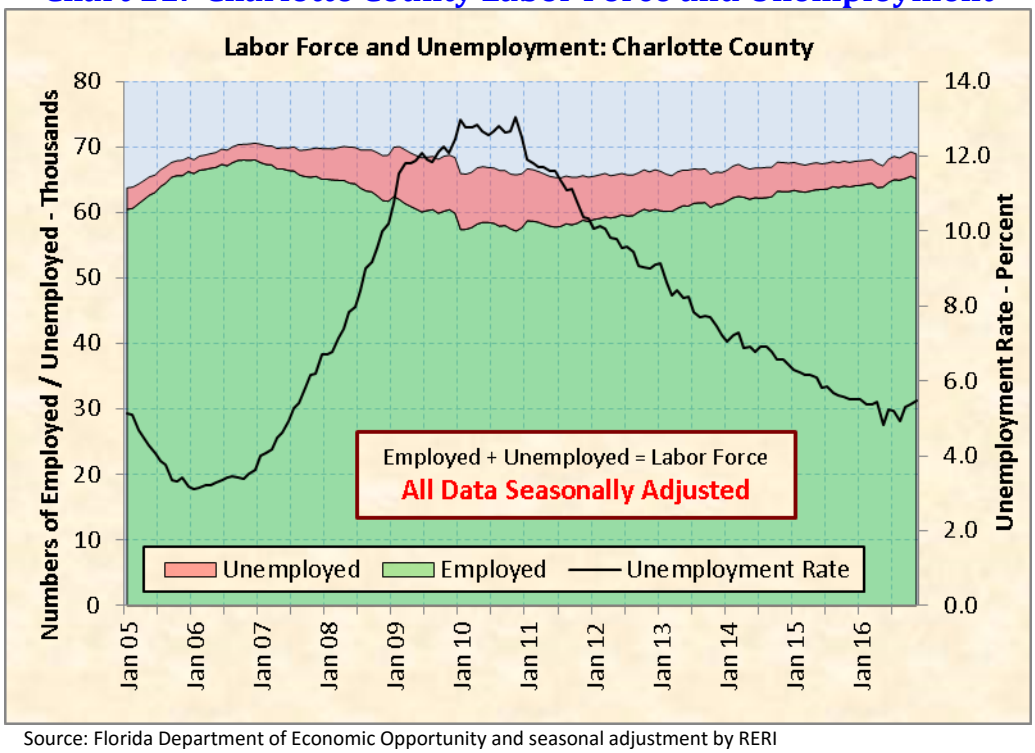
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 10: Collier County Labor Force and Unemployment



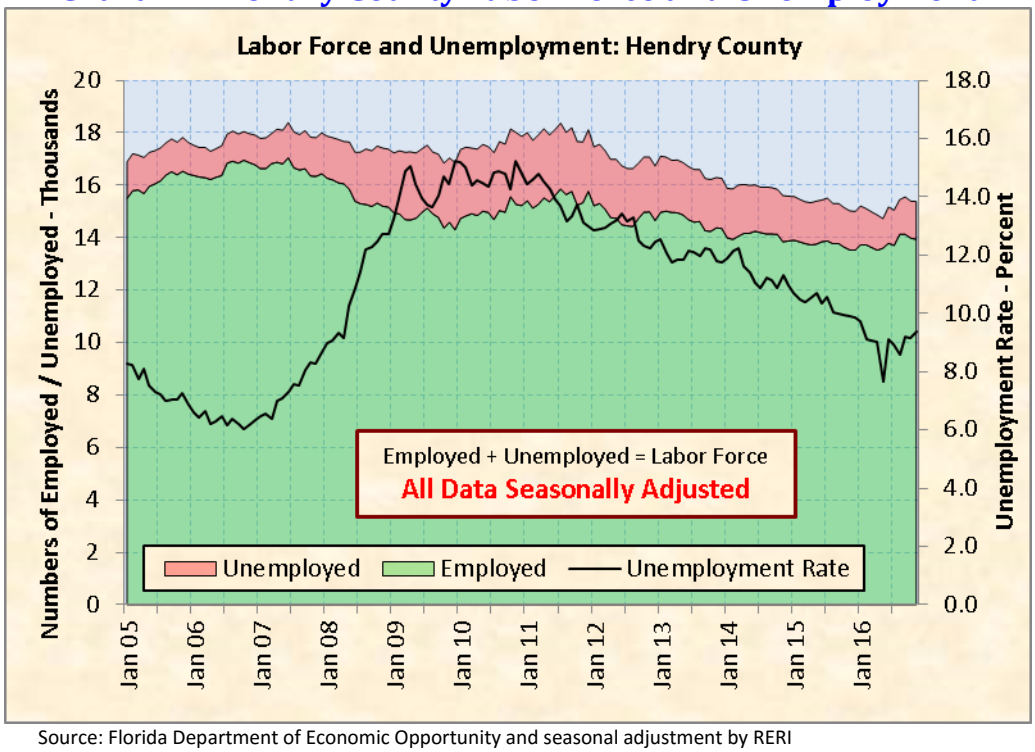
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 11: Charlotte County Labor Force and Unemployment



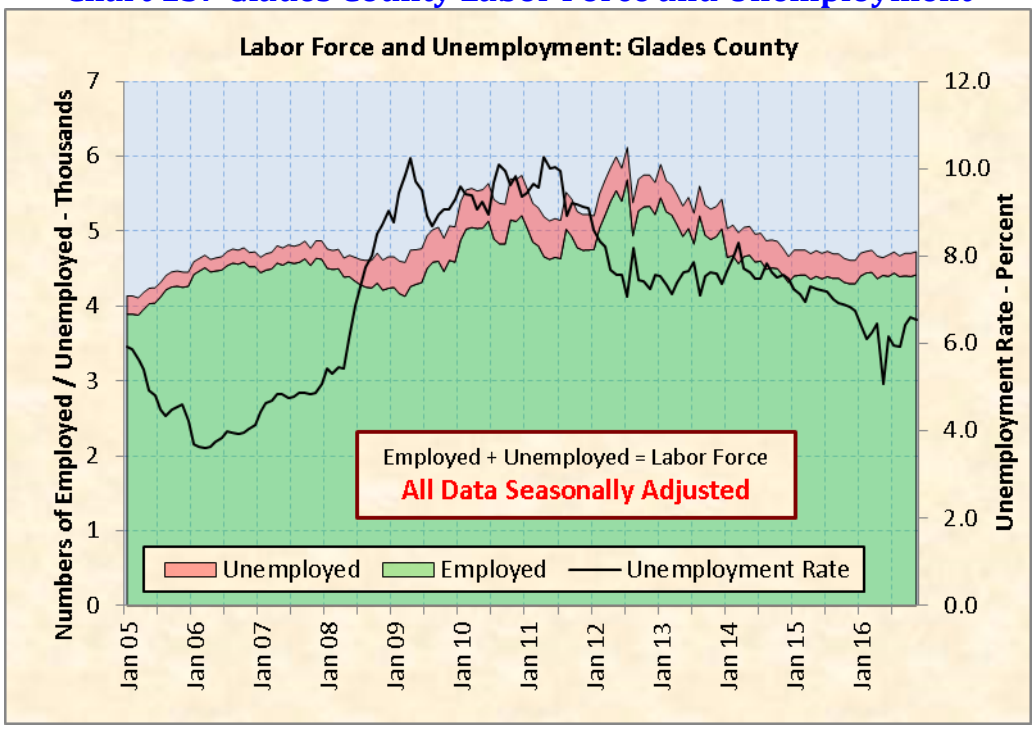
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 12: Hendry County Labor Force and Unemployment



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

Chart 13: Glades County Labor Force and Unemployment



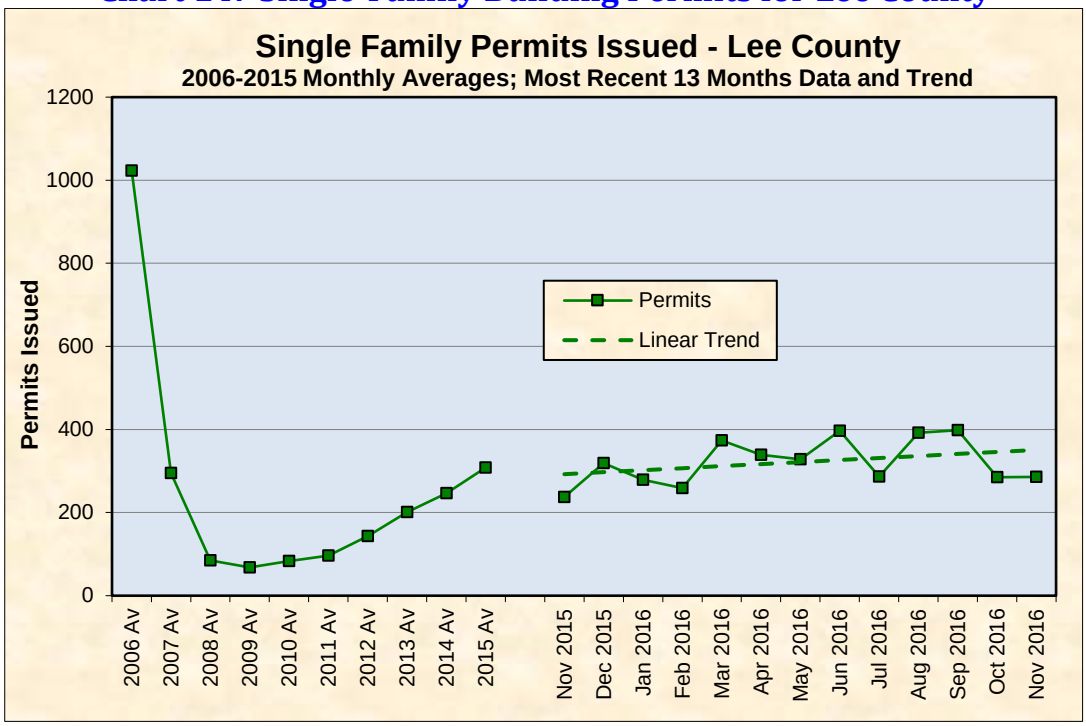
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Single-Family Building Permits

Single-family permit activity in the three coastal counties rose to 539 units in November 2016, up from 491 in November 2015 but down from 583 units recorded in October 2016. Lee County issued 286 permits in November 2016, an increase of 49 units from November 2015 and of 1 unit from October 2016 (Chart 14). Collier County's total for November 2016 was 163, down from 202 in November 2015 and from 216 in October 2016 (Chart 15). Collier's month-to-month permits issued amounted to 24.5 percent decline; its 13-month trend line now shows a moderate downward slope. Charlotte County issued 90 building permits in November 2016, an increase of 38 over November 2015, and 8 more than October 2016, as depicted in Chart 16.

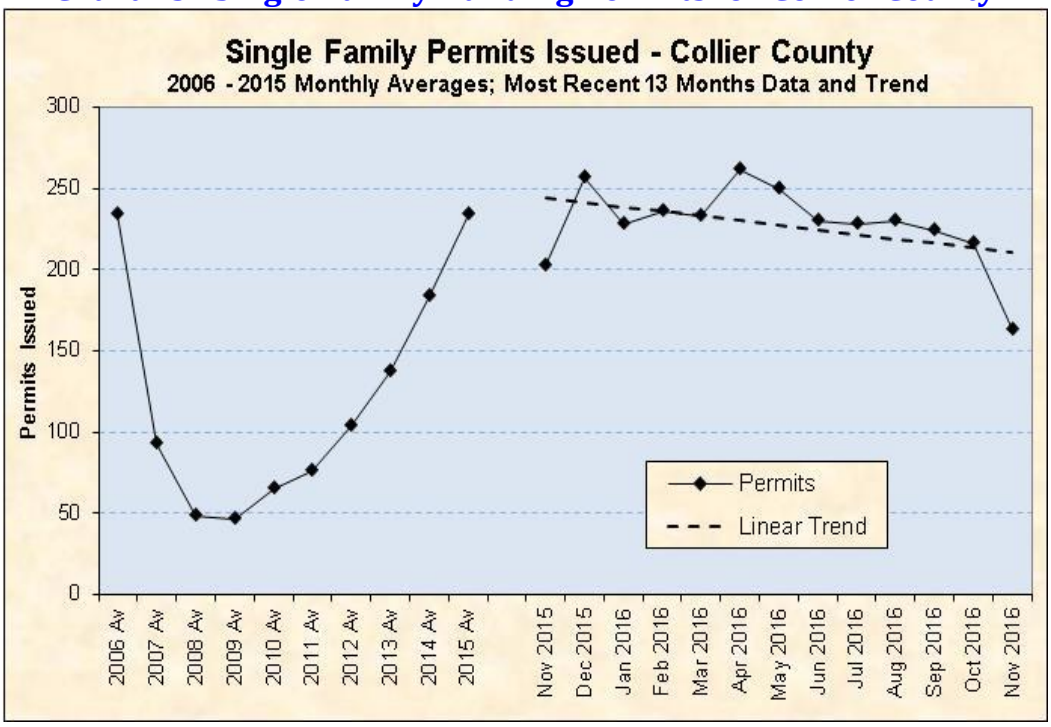
Hendry County has issued 51 permits through November 2016, about 2.8 times the total recorded for all of 2015. So far in 2016, Hendry has averaged 4.6 permits per month, compared to an average of 1.5 in 2015.

Chart 14: Single-Family Building Permits for Lee County



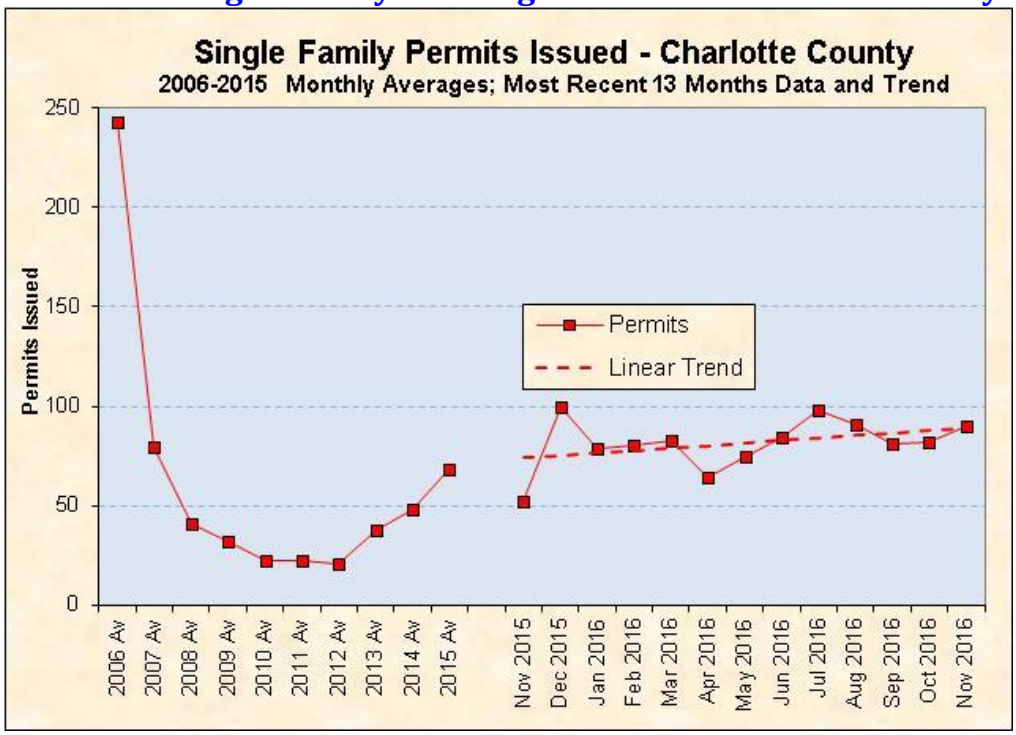
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs, and Fort Myers Beach permits. Data excludes Estero.

Chart 15: Single-Family Building Permits for Collier County



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

Chart 16: Single-Family Building Permits for Charlotte County



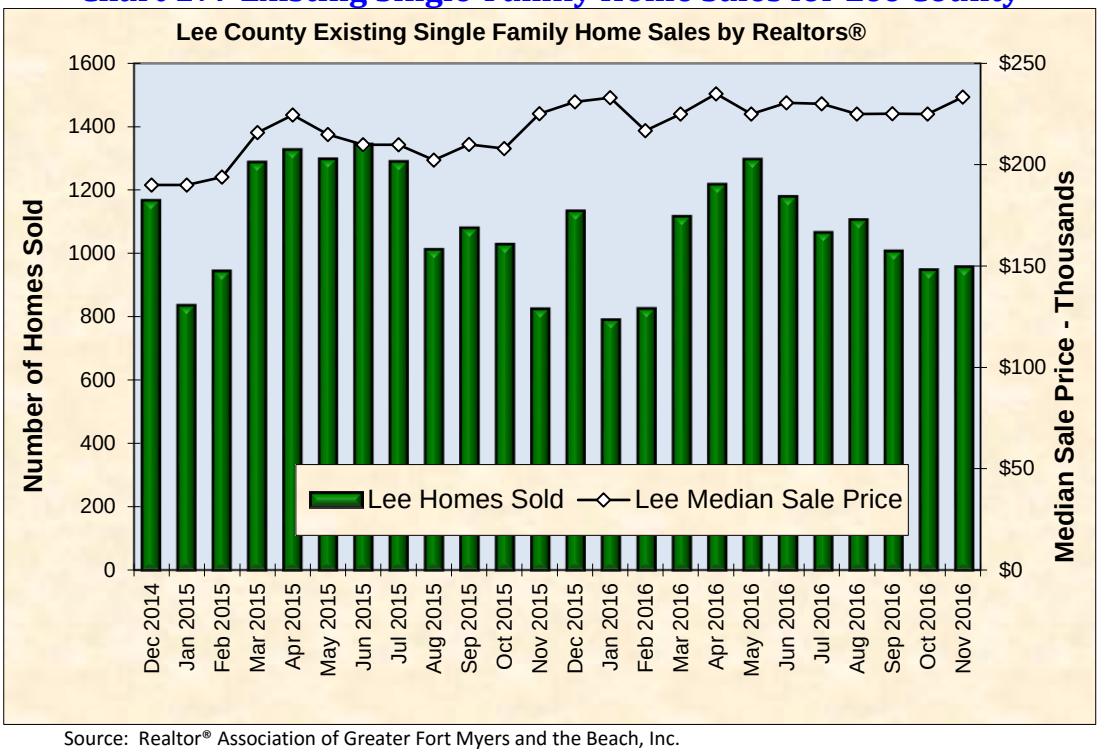
Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

Sales of Existing Single–Family Homes and Median Sales Prices

Existing single-family home sales by a Realtor® for Lee, Collier, and Charlotte Counties are summarized in Charts 17-19. The lines represent median prices plotted against the scale on the right side, and the bars represent the number of homes sold with the scale on the left side. Realtor® sales of single family homes increased by 183 homes from November 2015 to November 2016 in all three counties, or 13.4 percent.

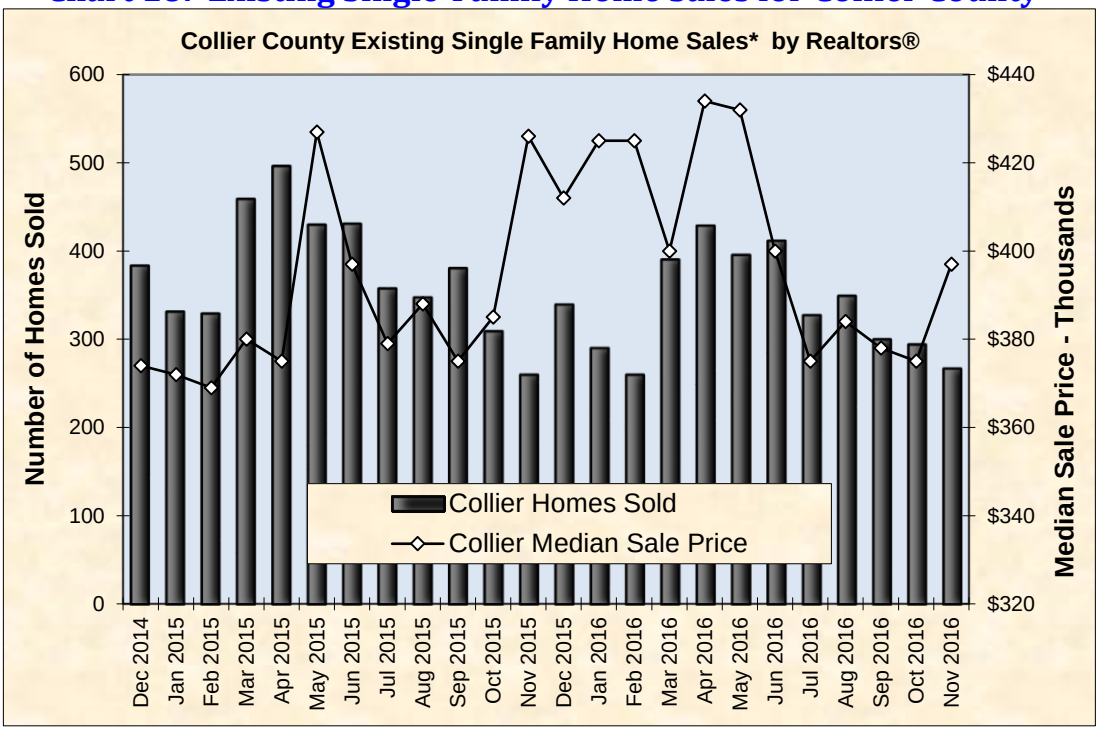
Lee County's November 2016 sales of 956 units were up 132 units (16 percent) from November 2015, while the median price increased by $8,150 to $233,350 over the same period. Collier County single-family home sales dipped to 268 units in November 2016, compared to 261 in November 2015; the median price declined as well, from $426,000 to $397,000 over the same period. Charlotte County recorded 328 single-family homes sold in November 2016, an increase of 44 units (15 percent) from November 2015. Charlotte's median price increased by $16,763 to $189,463 over the same period.

Chart 17: Existing Single-Family Home Sales for Lee County



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

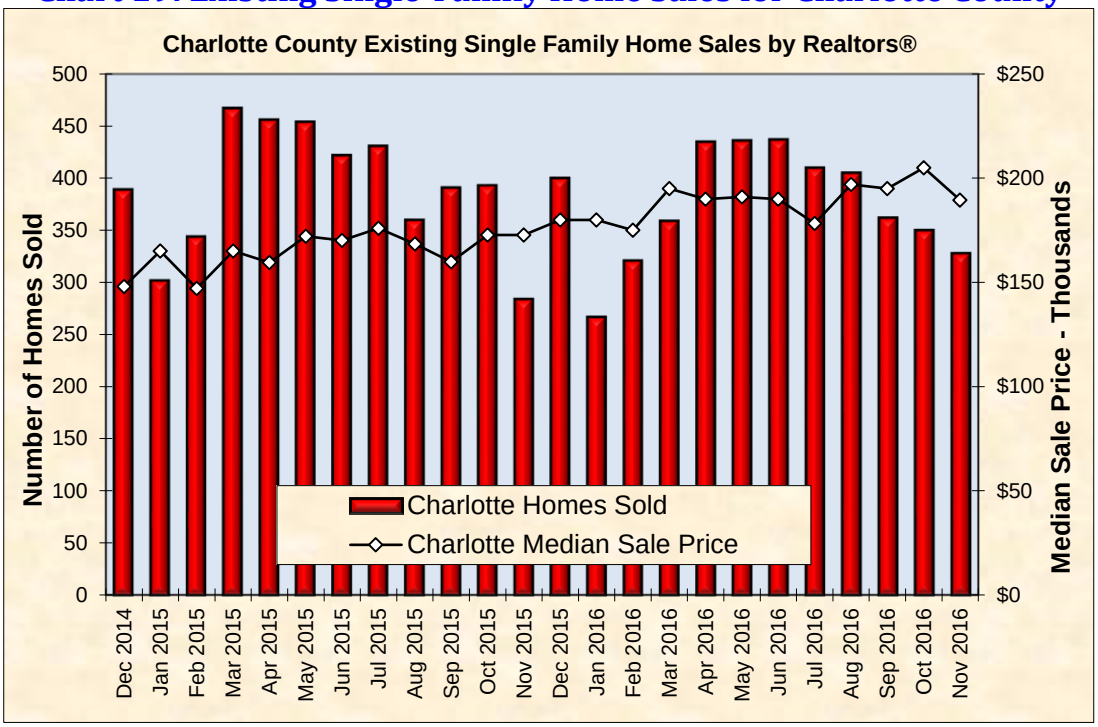
Chart 18: Existing Single-Family Home Sales for Collier County



* Does not include Marco Island.

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

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



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

Consumer Sentiment Index

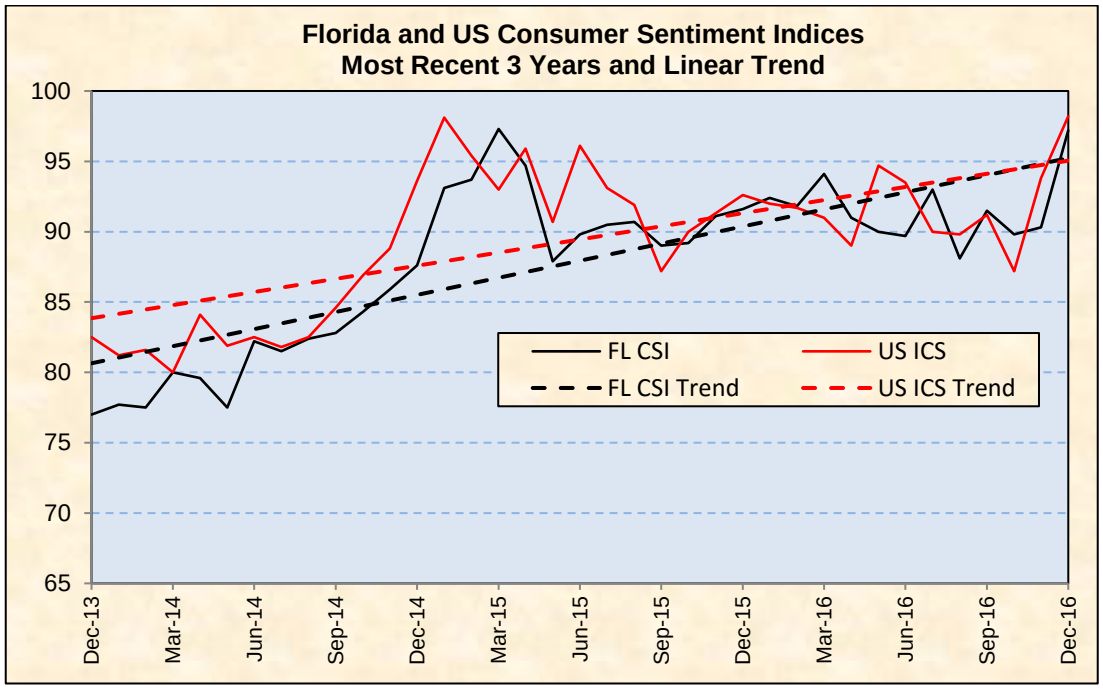
Chart 20 shows monthly data and linear trend lines over the last three years for both the Florida Consumer Sentiment Index ("CSI") reported by the University of Florida Bureau of Economic and Business Research (BEBR) and for the United States Index of Consumer Sentiment ("ICS") reported by Thomson Reuters/University of Michigan.

The national ICS rose 4.4 points to 98.2 from November 2016 to December 2016, continuing a significant upward movement starting in October. The December number was also 5.6 points higher than the number recorded in December 2015 and was the highest recording of national sentiment since January 2004. The December 23, 2016 issue of Survey of Consumers noted that while consumers are anticipating a stronger economy and more jobs, their expectations regarding wage gains were weak. "Smaller income gains were offset by record low inflation expectations. Needless to say, the overall gain in confidence was based on anticipated policy changes, with specific details as yet unknown."

The Florida Consumer Sentiment Index mirrored the nation's, increasing 6.9 points to 97.2 in December 2016 compared to the previous month. December 2016's number was also 5.6 points higher than the 91.6 recorded in December 2015 and was the highest index for the state since March 2015. "Perceptions of present conditions have largely improved as a result of the buying conditions in the holiday shopping season in conjunction with the strength of the state's economy," said Hector H. Sandoval, director of the Economic Analysis Program at UF's BEBR in the December 23, 2016 issue of Florida Consumer Sentiment Index. "Overall, Floridians are far more optimistic this month. "The gain in December's sentiment reading comes mainly from consumers' future expectations about the economy, independent of their demographic

characteristics and socioeconomic status. These are very positive signs, which provide great conditions for the upcoming change in federal government."

Chart 20: Consumer Sentiment Index

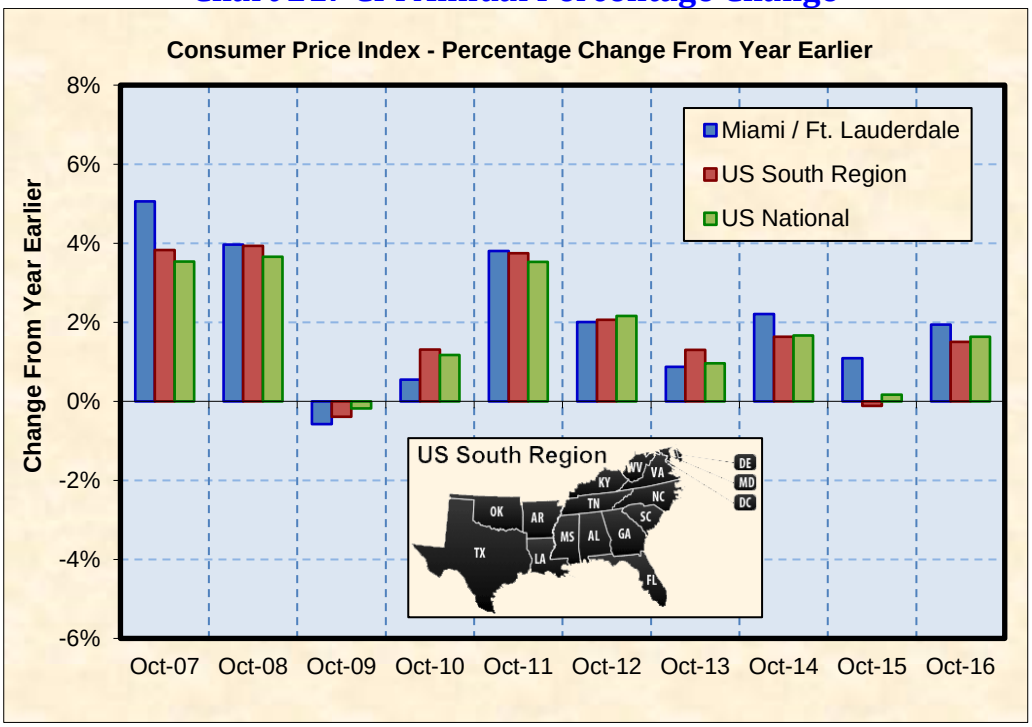


Source: Bureau of Economic and Business Research, University of Florida and Thompson Reuters/University of Michigan

Consumer Price Index

As noted last month, Chart 21 shows year-to-year changes in consumer price indices (CPI) through October 2016. Consumer price inflation continues at a moderate level, albeit somewhat higher than one year ago. The October 2016 national CPI rose 1.6 percent over the October 2015 figure, while the U.S. Southern Region CPI increased 1.5 percent over the same period. Consumer price inflation continues to be somewhat higher in the Miami-Ft. Lauderdale area, with that index increasing 1.9 percent between October 2015 and October 2016.

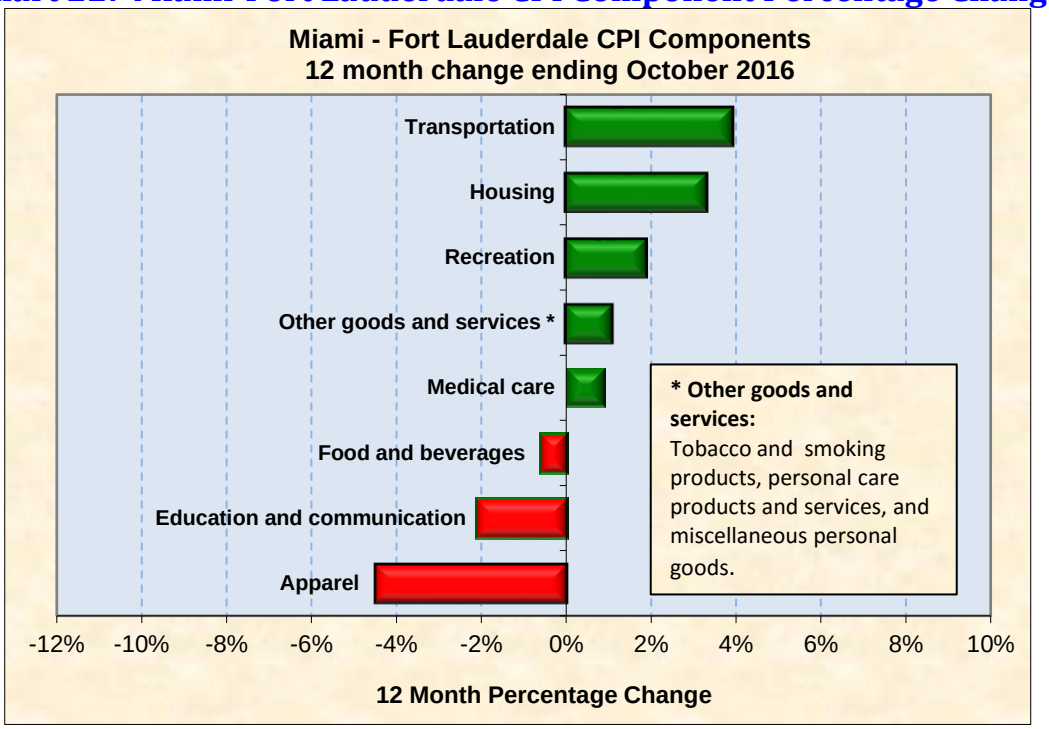
Chart 21: CPI Annual Percentage Change



Source: U.S. Bureau of Labor Statisics

Last month's report noted that components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending October 2016 were shown in Chart 22. The largest increases since October 2015 were in transportation (3.9 percent) and housing (3.3 percent). The largest decreases for this period were in the apparel segment (down 4.5 percent) and Education & Communication (down 2.1 percent).

Chart 22: Miami-Fort Lauderdale CPI Component Percentage Change



Source: U.S. Bureau of Labor Statistics

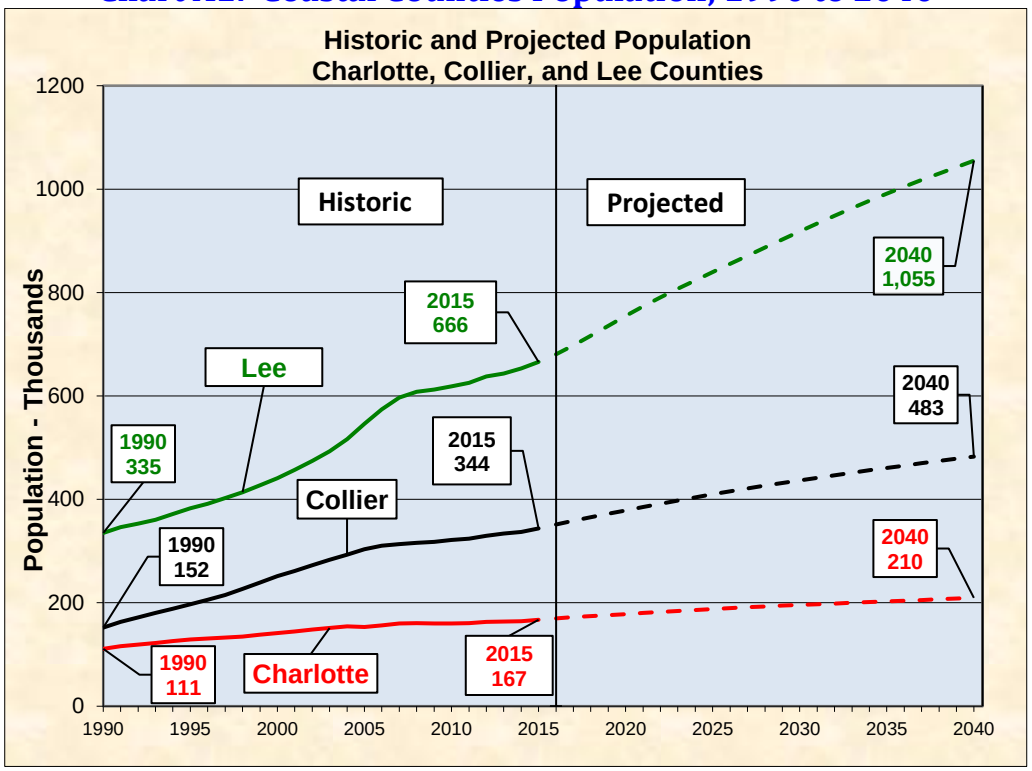
Appendix: Trends in Regional Population, U.S. GDP, and U.S. Unemployment

The data presented in this appendix are not released on a monthly basis. The first two charts, Charts A1 and A2, show historic population growth through 2015, as well as projections updated annually by the state of Florida's Office of Economic and Demographic Research, working in conjunction with the University of Florida's Bureau of Economic and Business Research. The second two charts, Charts A3 and A4, depict historic measures of U.S. GDP growth rates and unemployment as well as projections by the Federal Reserve's Federal Open Market Committee. These charts are updated quarterly.

Regional Population

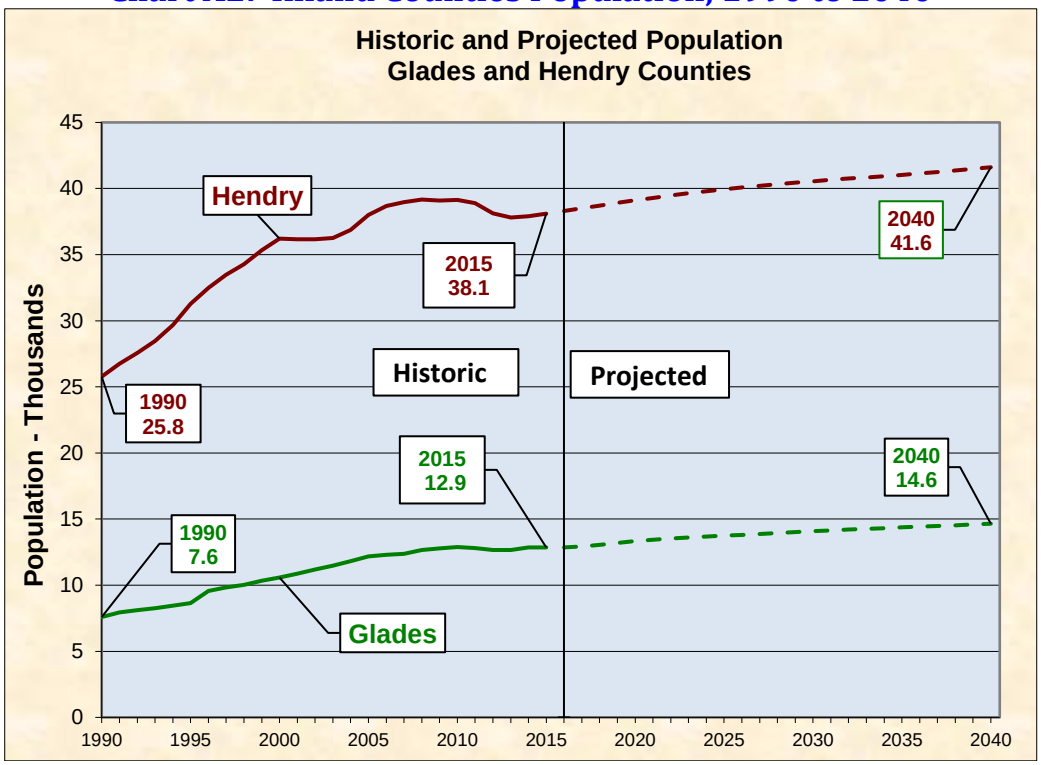
From 1990 to 2015, regional population growth averaged 2.7 percent per year. The compound average annual rate of growth for 1990 to 2015 was 2.8 percent in Lee County, 3.3 percent in Collier County, 1.7 percent in Charlotte County, 2.1 percent in Glades County, and 1.6 percent in Hendry County. The right-hand sections of Charts A1 and A2 show projected population increases from 2016 to 2040. All projected rates of increase are lower than the historic growth rates of 1990 to 2015. Growth for the five-county region averages 1.6 percent per year, resulting in a population increase of 47 percent for the five-county region from 2015 to 2040. This would bring the total to 1,803,526, amounting to nearly 576,000 additional residents. Lee County's population is projected to grow an average of 1.9 percent per year, Collier County at 1.4 percent, and Charlotte County at 0.9 percent per year. Hendry County's population is projected to grow at an average of 0.3 percent per year and Glades County at 0.5 percent per year.

Chart A1: Coastal Counties Population, 1990 to 2040



Source: Office of Economic and Demographic Research.

Chart A2: Inland Counties Population, 1990 to 2040



Source: Office of Economic and Demographic Research.

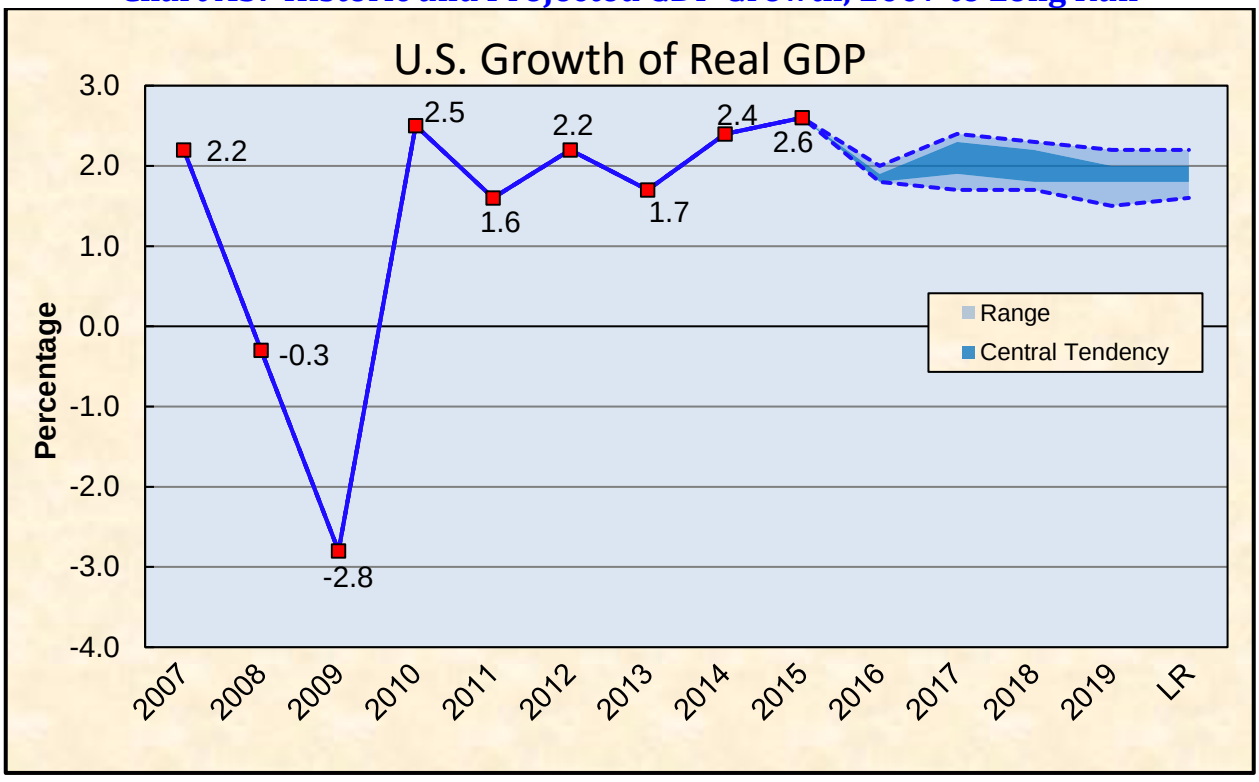
National GDP and Unemployment

Charts A3 and A4 depict both historical trends and the Federal Open Market Committee's projections for national Gross Domestic Product ("GDP") and Unemployment. The FOMC's projections are released quarterly and reflect the assessments of the Federal Reserve Board of Governors and of Federal Reserve District Bank presidents, with the most recent figures shown in the following charts. The dotted lines depict the highest and lowest projections—or the range of all projections—while the darker blue area within the dotted lines depict the central tendency forecast within those projections.

Chart A3 shows the recovery in GDP growth following the most recent recession, and current projections close to the normal long-run trend ("LR"). Real GDP growth rates are based on the change from the fourth quarter of one year to the fourth quarter of the next year.

The December forecast continues to project a slight decline in projected GDP growth for the remainder of 2016 compared to the 2.6 percent recorded for 2015. While the overall high and low projections (shown as ranges below) for 2017, 2018, 2019, and the long run narrowed somewhat compared to projections reported in September, the central tendency forecast still hovers around the 2 percent mark through 2018, and then falls slightly thereafter. None of the projections achieve the 3 percent GDP measure that economists generally associate with an economy operating with a full employment of resources.

Chart A3: Historic and Projected GDP Growth, 2007 to Long Run



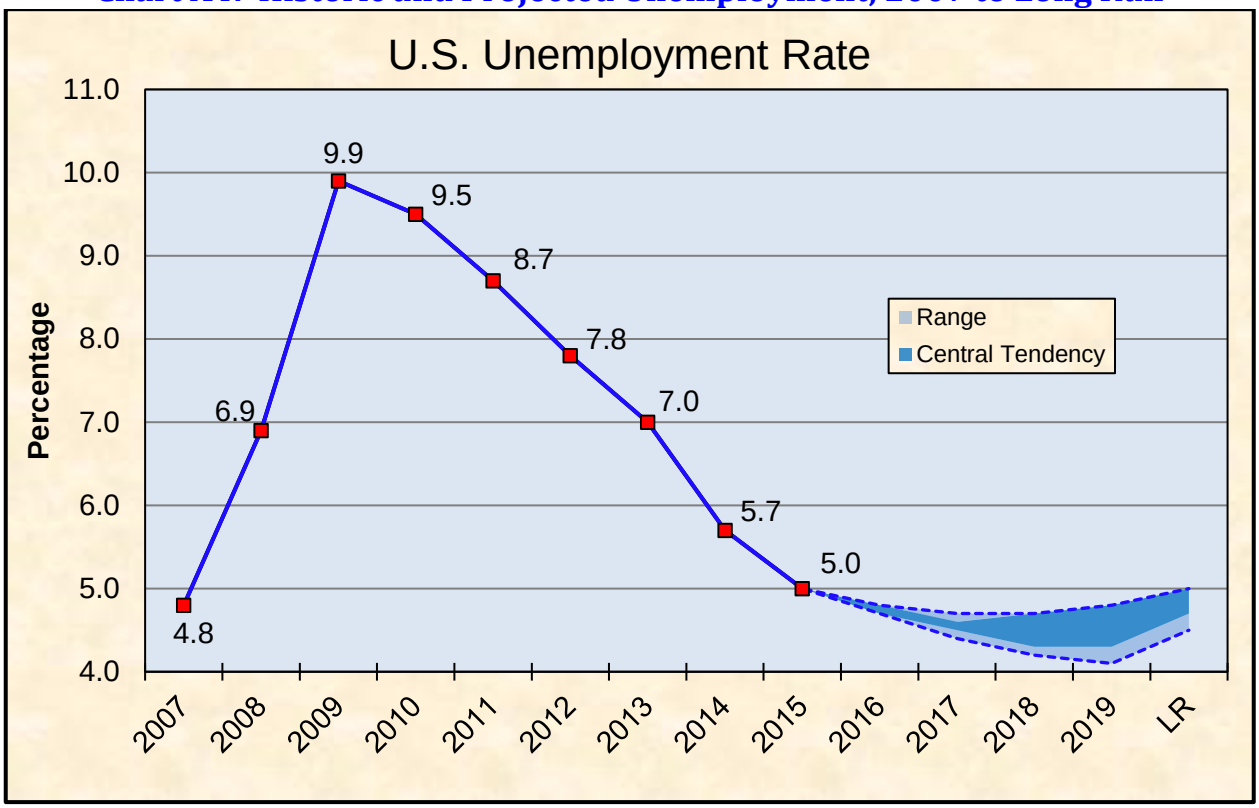
Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, December 14, 2016.

Chart A4 depicts the recovery in unemployment following the 2008 recession to levels more closely associated with natural rates of unemployment. Compared to these national numbers, unemployment

rates in Florida and Southwest Florida tend to be more volatile, falling lower when national unemployment is falling and rising higher when national unemployment is rising.

Consistent with the September forecast, the December forecast projects continued declines in unemployment through 2018, with an average central tendency forecast of 4.7 percent for 2017 and 2018. One difference between the September and December projects is an upward shift in the central tendency in the December projections, with the central tendency touching the upper range. The Fed's forecast projects rising unemployment in the long run, most likely due to recessionary concerns among some Fed officials.

Chart A4: Historic and Projected Unemployment, 2007 to Long Run



Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, December 14, 2016.

The next quarterly release of projections for GDP and Unemployment will be released following the FOMC meeting scheduled in March 2017. These projections will be updated in the April 2017 edition of *Regional Economic Indicators*.