Southwest Florida Regional Economic Indicators

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Lutgert College Of Business
10501 FGCU Blvd. South
Fort Myers, FL 33965
Phone 239-590-7090
www.fgcu.edu/cob/reri

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Regional Economic Indicators is published monthly by the staff and students of the Regional Economic Research Institute at Florida Gulf Coast University.

Dr. Chris Westley, Director, Regional Economic Research Institute
Phone: 239-590-7090 Email: cwestley@fgcu.edu
Mr. Steven Scheff, Business Analyst, Regional Economic Research Institute
Phone: 239-590-7315 Email: sscheff@fgcu.edu
Mr. Jim Breitbach, Technical Support, Regional Economic Research Institute
Email: jbreitba@fgcu.edu
Mr. John Shannon, Economic Analyst, Regional Economic Research Institute
Phone: 239-590-1430 Email: jmshannon@fgcu.edu

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Introduction: Regional and National Background

Southwest Florida's regional economy continues to display signs of robust growth. Positive signs include an 11-percent increase in **airport passenger activity** from March 2017 to March 2018, a 30-percent increase in **single-family building permits** from April 2017 to April 2018, and a 16-percent increase in **tourist tax revenues** for March 2018 over March 2017.

Southwest Florida's seasonally-adjusted **unemployment rate** declined to 3.7 percent in April 2018, an improvement of 0.7 percentage points from the April 2017 figure. The region's unemployment rate was again lower than the 3.9 percent figures published by both the state of Florida and the nation for April 2018.

Other highlights in the report include:

- April 2018 **single-family home sales** for the three coastal counties increased by 16 percent from the previous year, as well as 7 percent from March 2018. **Median home prices** in all three counties showed increases over April 2017.

- **Taxable sales** for the five-county region totaled $2.262 billion in February 2018, up 7 percent from the February 2017 figure.

- The **Florida Consumer Sentiment Index** increased in May 2018, improving 2.6 points to 100.6. This marks the second time since March 2002 that the index has been above 100 (with the last time being January 2018).

The RERI staff extends its sincere thanks and appreciation to the dedicated individuals and organizations who make this report possible. They 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 Collier, Lee, and Charlotte counties, the University of Florida Survey Research Center, and the county and city permit offices.

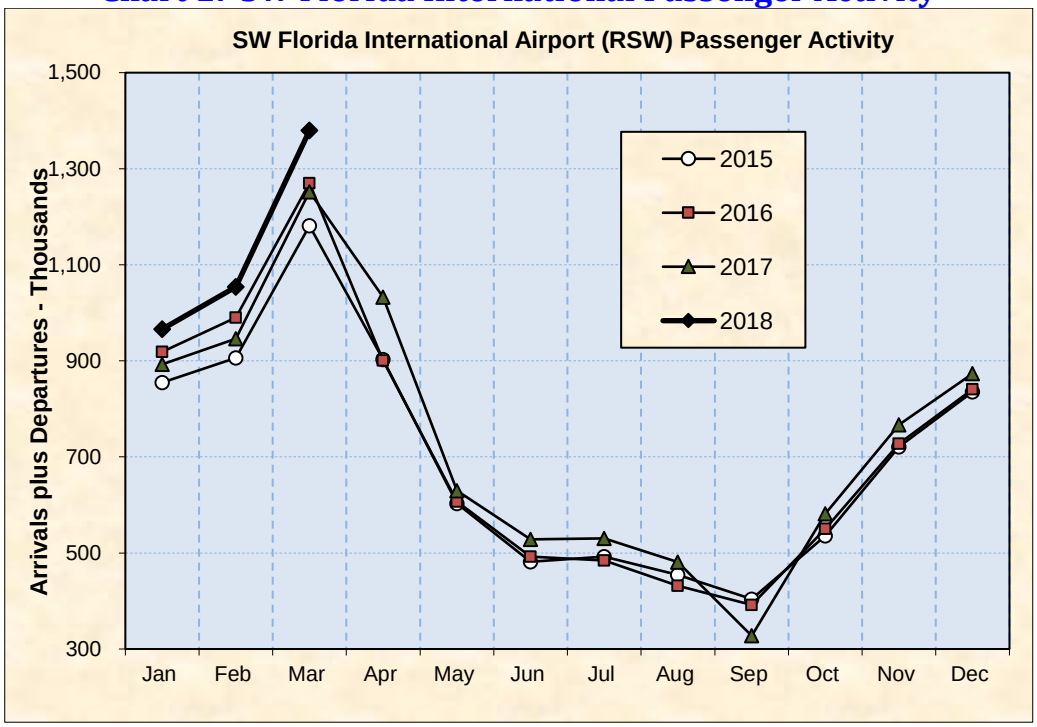
Airport Passenger Activity

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.

Total passenger activity for these three airports grew to 1,720,462 in March 2018, an increase of nearly 170,000 passengers (11 percent) over March 2017, and 32-percent more than February 2018.

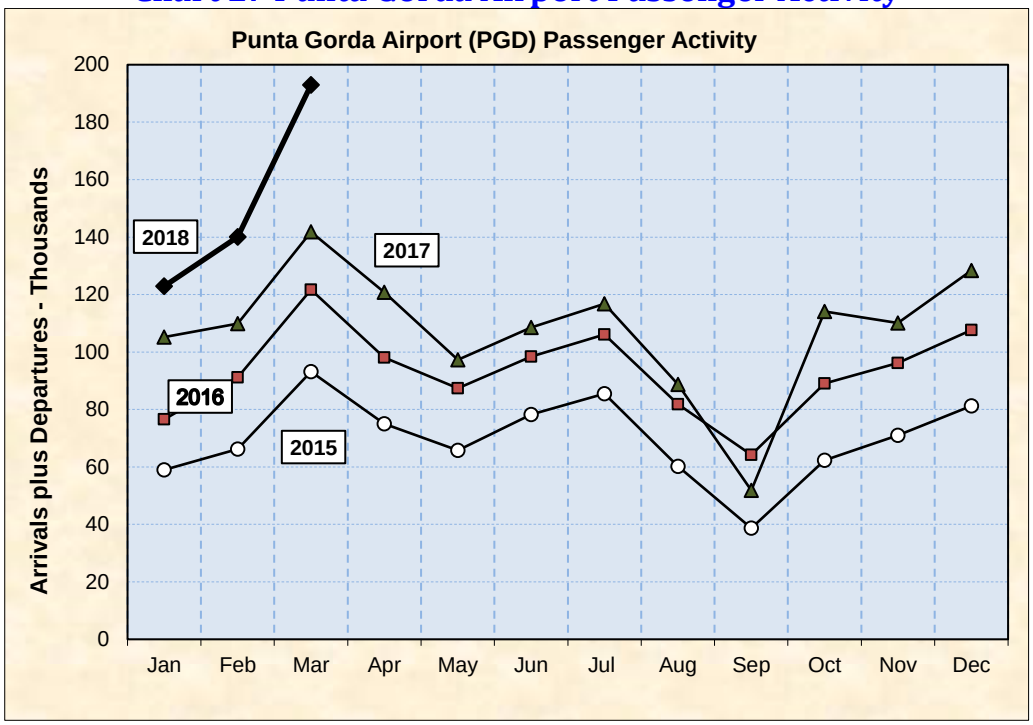
RSW passenger activity rose to 1,379,728 in March 2018, up more than 127,000 passengers (10 percent) from March 2017, and 31 percent over February 2018 (see Chart 1). Sarasota activity in March 2018 reeached 147,787 passengers, 6 percent below March 2017, but 33 percent higher than the February 2018 figure. Punta Gorda processed 192,947 passengers in March 2018, an increase of more than 51,000 passengers (36 percent) from March 2017, and 38 percent higher than February 2018 (Chart 2). It continues to appear that—based on year-to-year comparisons—many travelers are opting to utilize the PGD facility instead of SRQ, as the two airports are about 60 miles apart.

Chart 1: SW Florida International Passenger Activity



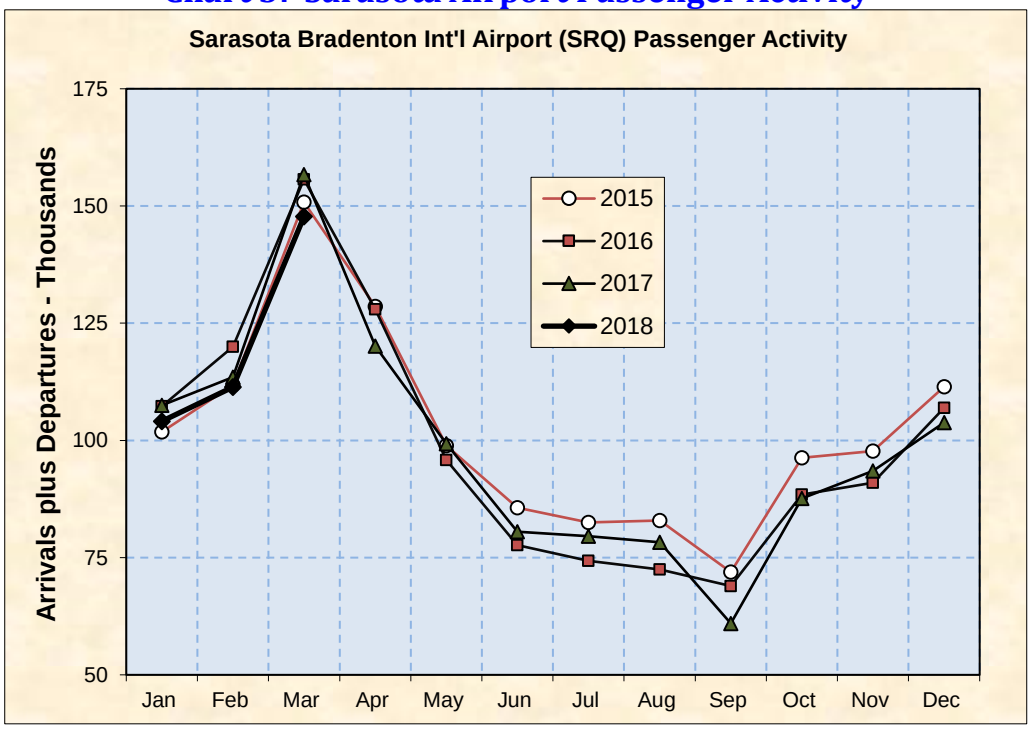
Source: Local Airport Authorities

Chart 2: Punta Gorda Airport Passenger Activity



Source: Local Airport Authorities

Chart 3: Sarasota Airport Passenger Activity



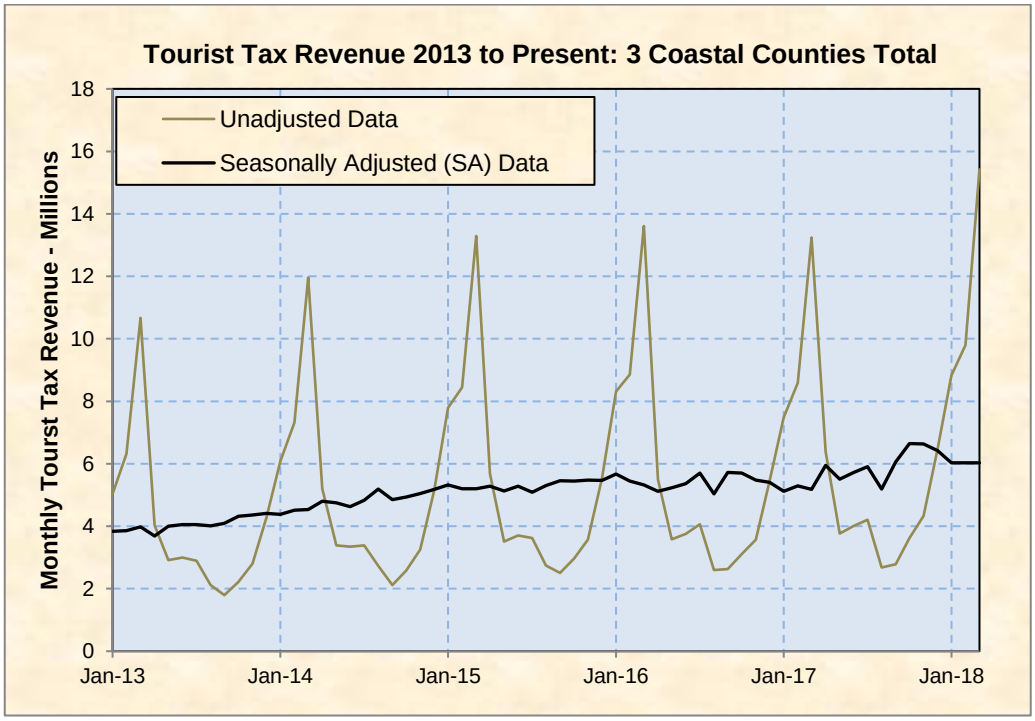
Source: Local Airport Authorities

Tourist Tax Revenues

Seasonally-adjusted tourist tax revenues, shown in Charts 4 and 5, are based on month of occupancy. Total revenues for the three coastal counties were $6,029,373 in March 2018, a 16-percent increase over March 2017, and a less than 1 percent decrease from the February 2018 figure.

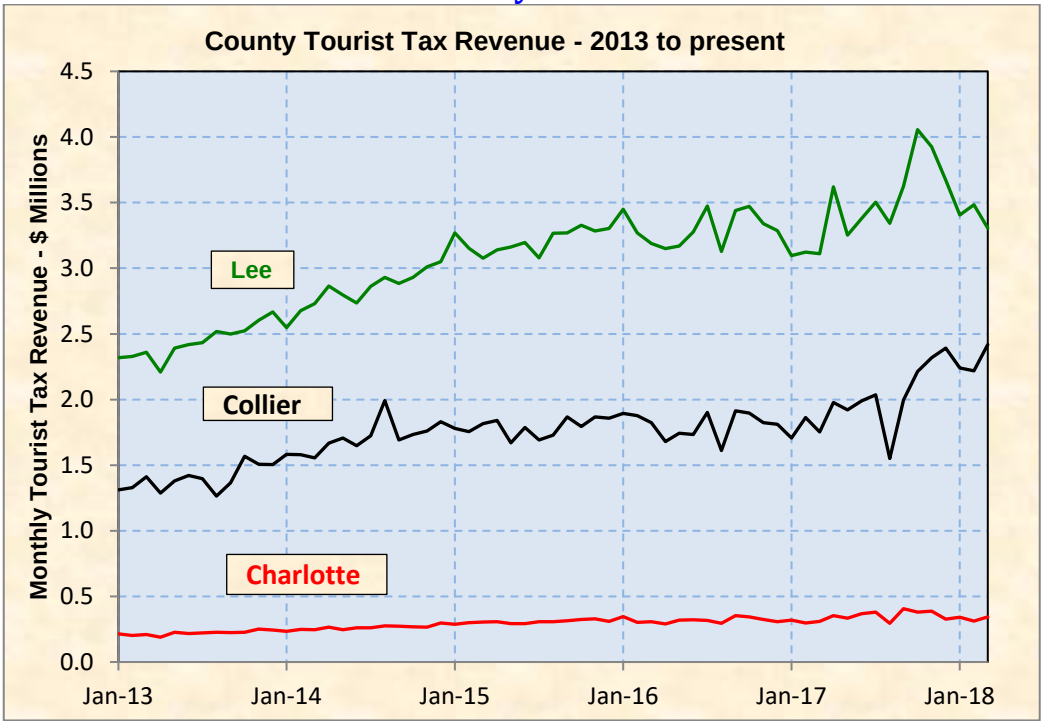
Lee County tourist tax revenues were $3,305,924 in March 2018, an increase of 6 percent over March 2017 and 5 percent below February 2018. Collier County's tourist tax revenues rose to $2,418,498 in March 2018, a 38-percent increase from March 2017. Some of the year-to-year growth of Collier County's tourist tax revenues can be attributed to an increase in the tourist development tax rate from 4 percent to 5 percent, effective September 1, 2017. Seasonally-adjusted tourist tax revenues in Charlotte County amounted to $342,451 in March 2018, an 11-percent increase over March 2017.

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

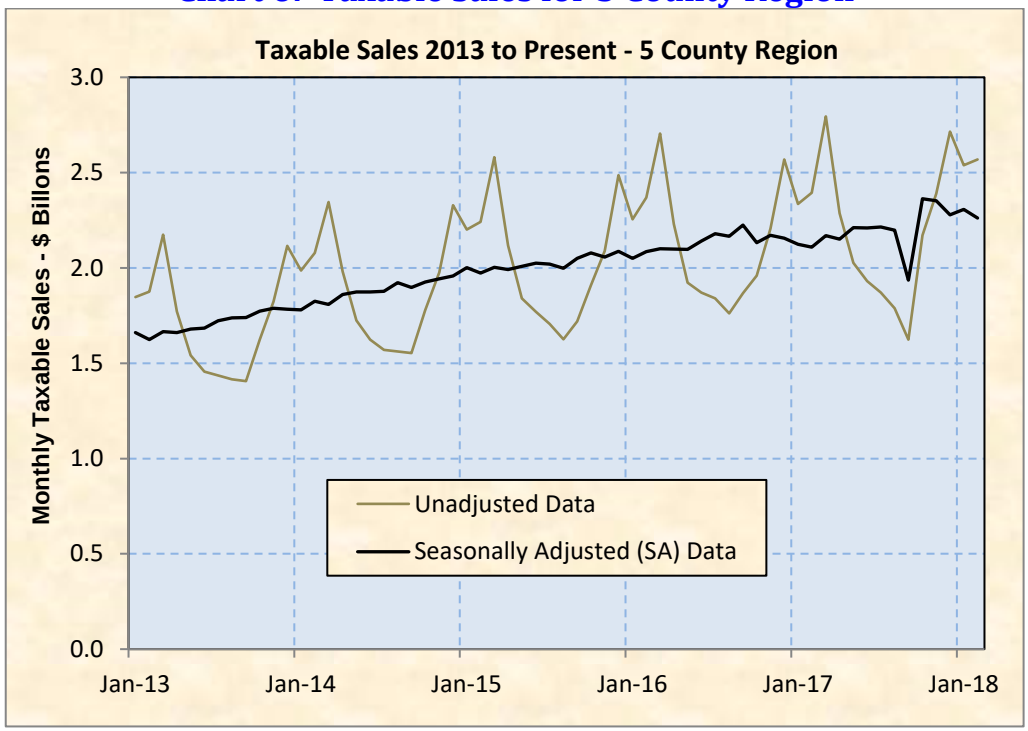
Taxable sales data track consumer spending based on the latest month of merchant collections. This data lags one month before the Florida Department of Revenue's reporting month. Data are now available through February 2018.

Chart 6 shows both seasonally-adjusted and unadjusted taxable sales for the region. Total seasonally-adjusted taxable sales in February 2018 for the five counties were $2.261 billion, up 7 percent from February 2017, albeit 2 percent below the prior month (January 2018).

Charts 7 and 8 show seasonally-adjusted taxable sales for the coastal and inland counties, respectively. Lee County's taxable sales were $1.228 billion in February 2018, up 9 percent from February 2017, but 2 percent lower than January 2018. Collier County had taxable sales of $747.6 million in February 2018, an increase of 6 percent over February 2017, and 2-percent below January 2018. Taxable sales in Charlotte County rose to $252.3 million in February 2018, up 6 percent from February 2017.

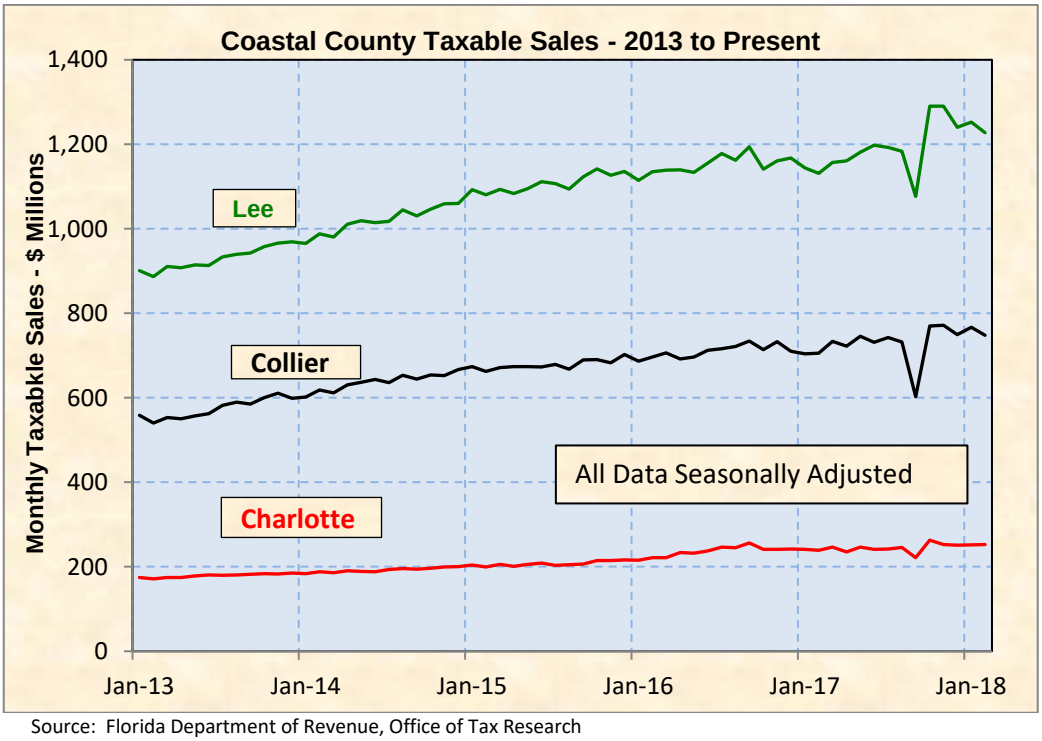
Taxable sales in Hendry County totaled $31.2 million in February 2018, compared to $29.8 million in February 2017, an increase of 5 percent. Glades County taxable sales were $4.3 million in February 2018, a 23-percent increase over February 2017. All cited data are seasonally-adjusted.

Chart 6: Taxable Sales for 5 County Region



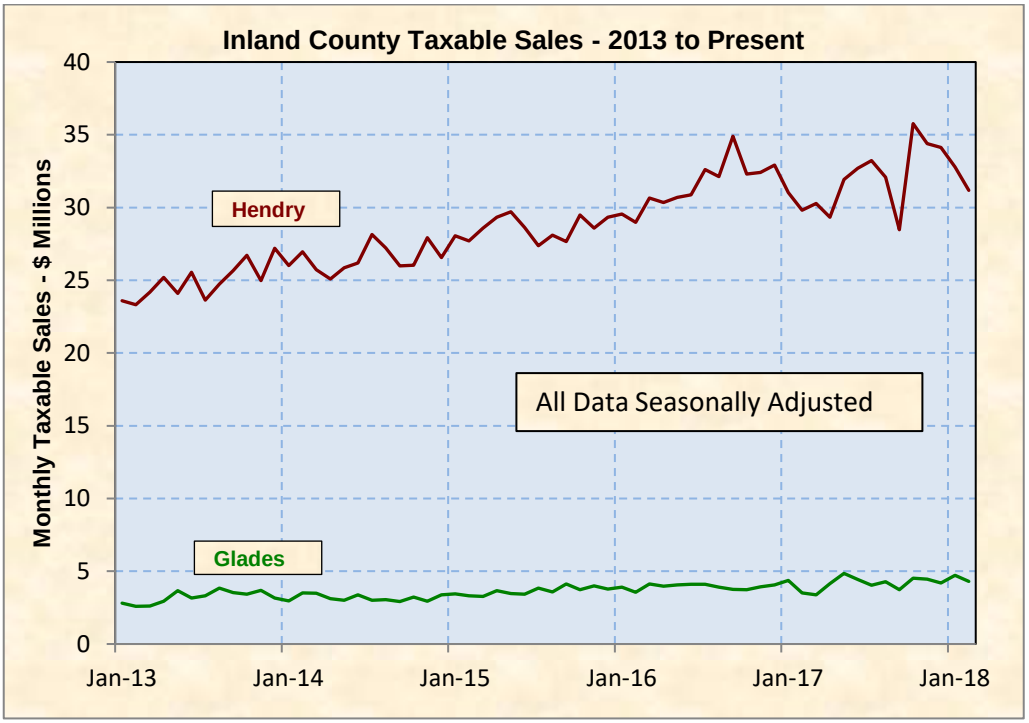
Source: Florida Department of Revenue, Office of Tax Research

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

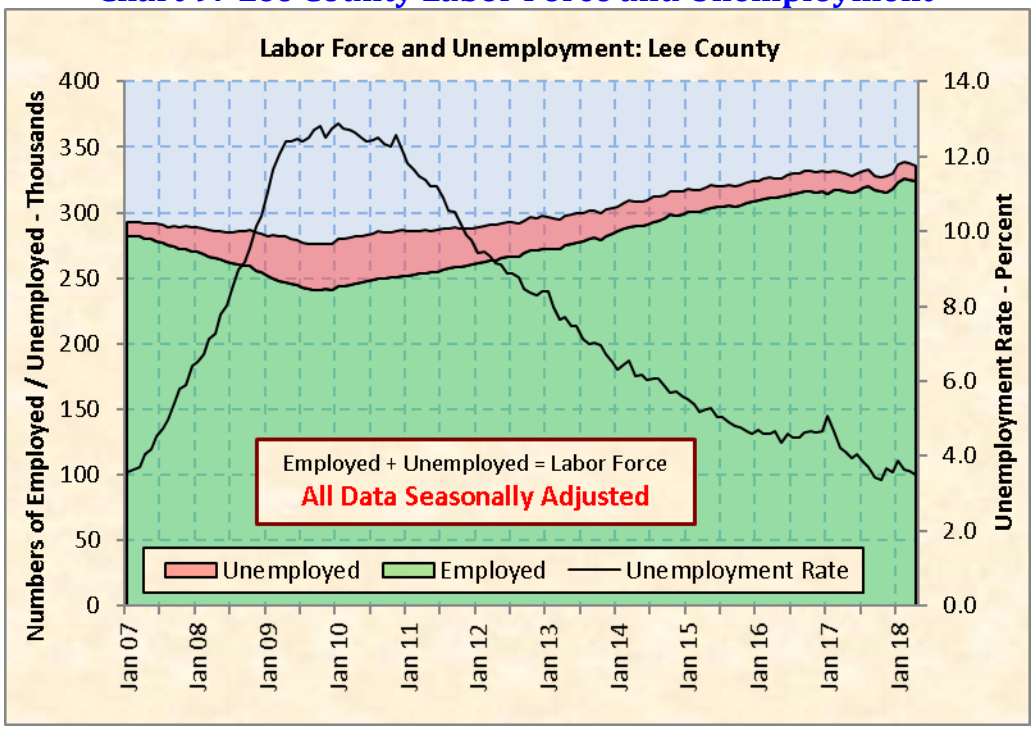
Charts 9-13 show total persons employed and unemployed, and the unemployment rate, all seasonally adjusted by the RERI, for each county from January 2007 through April 2018. The unemployment rate for the five-county region dipped to 3.7 percent in April 2018, compared to 3.8 percent in March 2018 and 4.4 percent in April 2017. The decrease from the prior April is attributable to an employment increase of 10,774 workers (up 2 percent) and an unemployment decrease of 3,855 (down 15 percent).

Lee County's seasonally-adjusted unemployment rate was 3.5 percent in April 2018, a decrease of 0.6 points from April 2017, as depicted in Chart 9. Collier County's unemployment rate dropped to 3.6 percent in April 2018, down from 4.3 percent in April 2017 (Chart 10). The unemployment rate in Charlotte County declined to 4.0 percent in April 2018 from 4.7 percent in April 2017 (Chart 11).

Hendry County's April 2018 unemployment rate decreased to 6.2 percent from 6.4 percent in March 2018 and from 7.9 percent in April 2017 (Chart 12). The April 2018 unemployment rate for Glades County declined to 4.4 percent from 4.5 percent in March 2018 and from 5.9 percent in April 2017 (Chart 13).

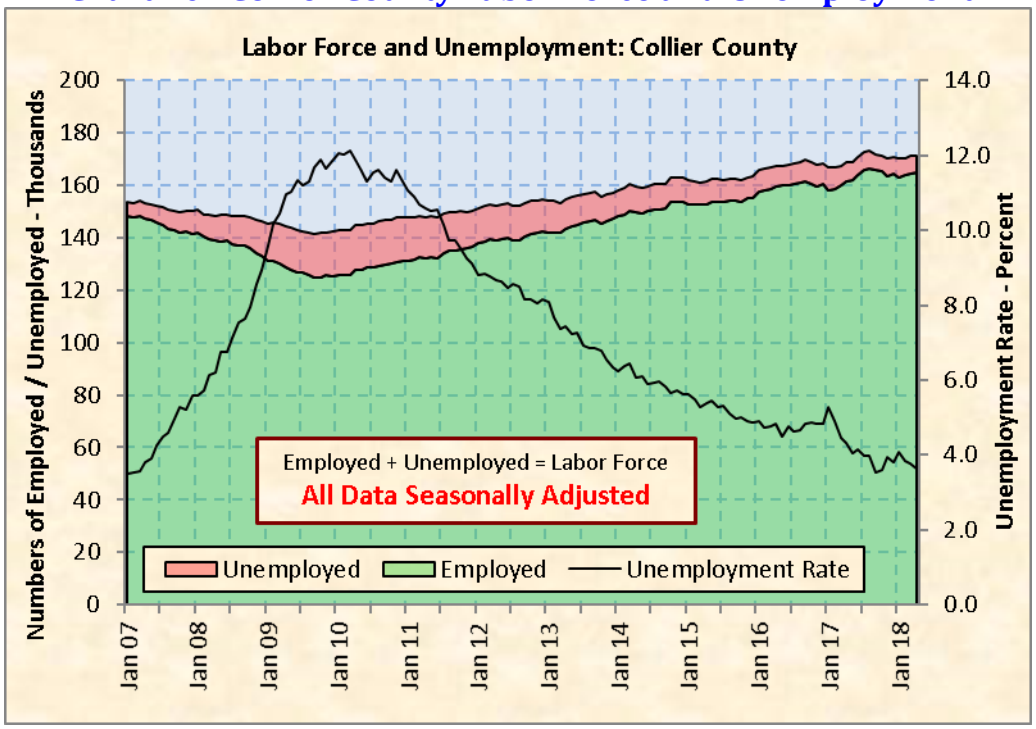
Florida had a seasonally-adjusted unemployment rate of 3.9 percent in April 2018, down 0.4 percentage points from April 2017, and unchanged from March 2018. Nationally, the seasonally adjusted unemployment rate for April 2018 was unchanged from the previous month at 3.9 percent, a reduction of 0.4 percentage points from April 2017.

Chart 9: Lee County Labor Force and Unemployment



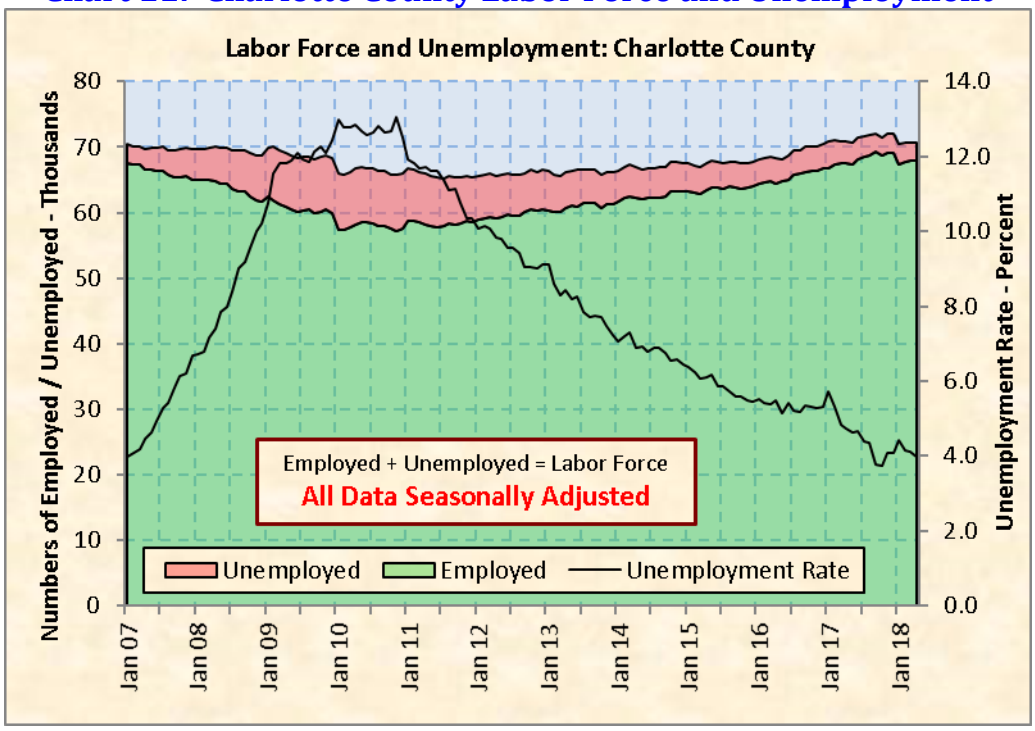
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 10: Collier County Labor Force and Unemployment



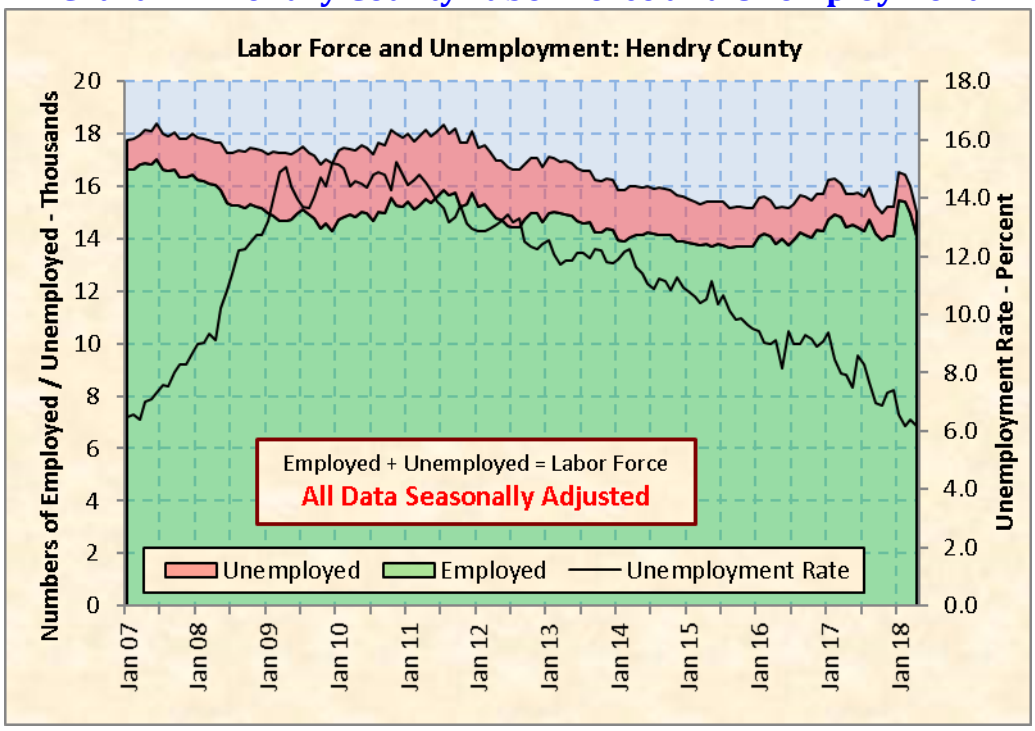
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 11: Charlotte County Labor Force and Unemployment



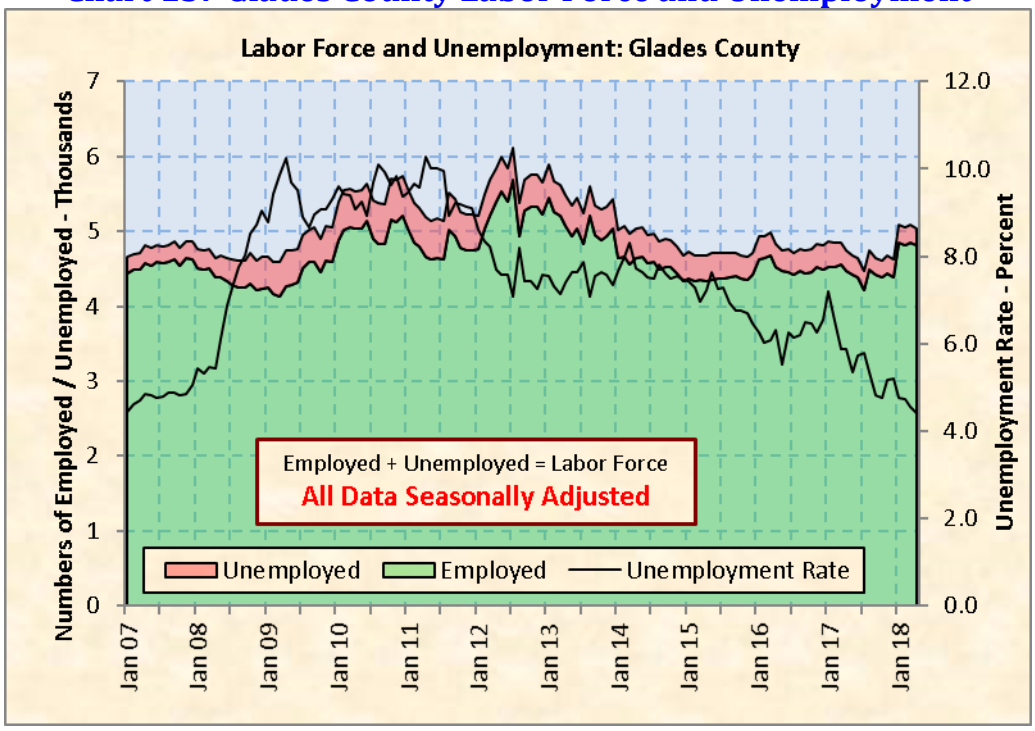
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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



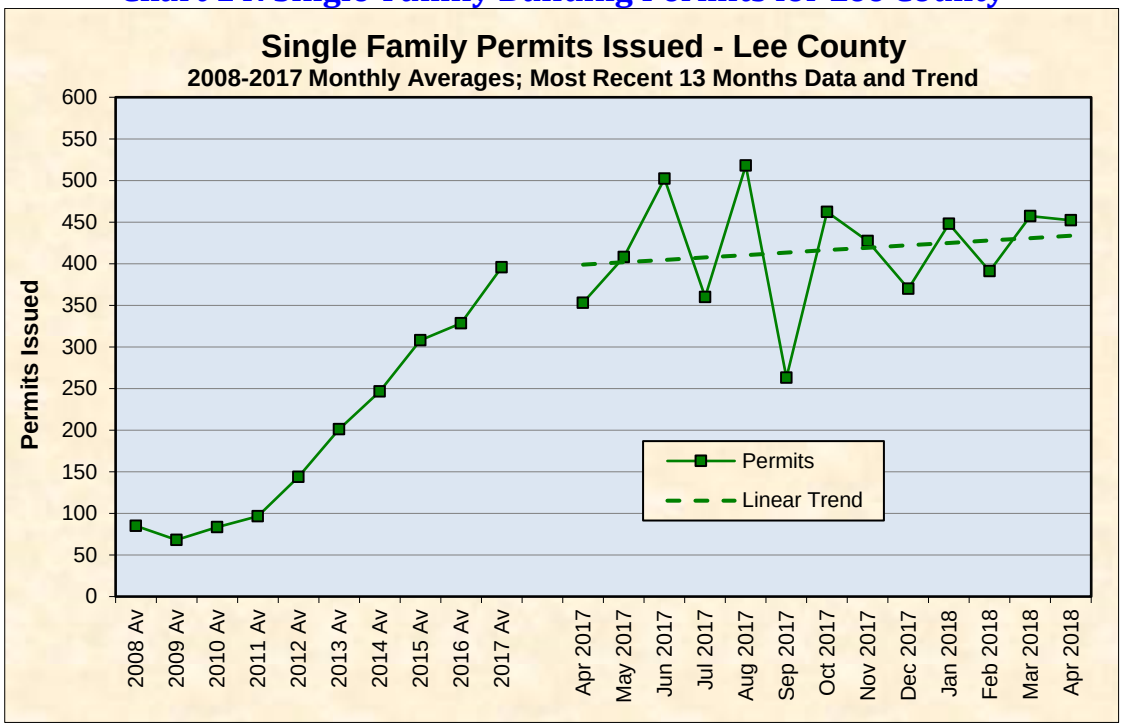
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Single-Family Building Permits

The three coastal counties again reported strong year-to-year increases in single-family building permits during April 2018. The three counties issued a total of 866 permits in April 2018, an increase of 30 percent over April 2017, though 1 percent below the March 2018 figure. Lee County issued 452 permits in April 2018, an increase of 99 (28 percent) over April 2017 (Chart 14). In Collier County, 292 permits were issued in April 2018, an increase of 50 (21 percent) from April 2017 (Chart 15). Charlotte County issued 122 permits in April 2018, up 52 units (74 percent) over April 2017, as depicted in Chart 16. Charlotte and Lee County 13-month trend lines continue to be positive, while Collier's remained negative.

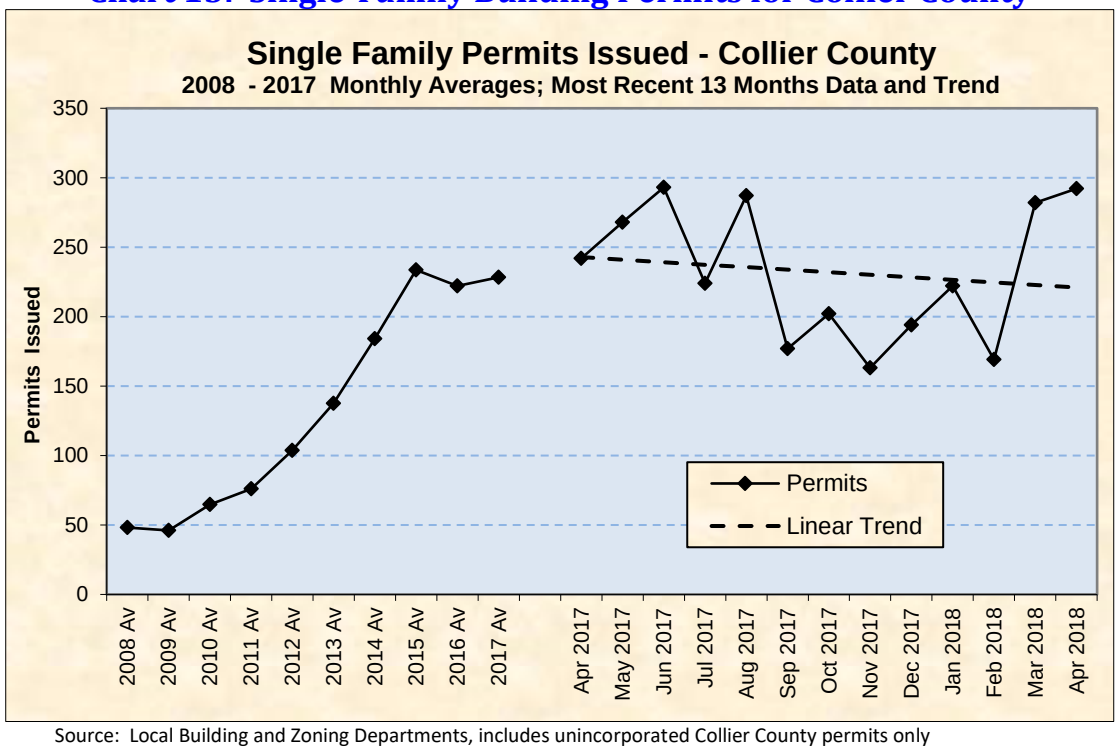
Hendry County has issued 47 single-family building permits through April 2018, more than doubling the corresponding figure of 19 through April 2017. As one of our contacts has noted, "Hendry has been discovered."

Chart 14: Single-Family Building Permits for Lee County



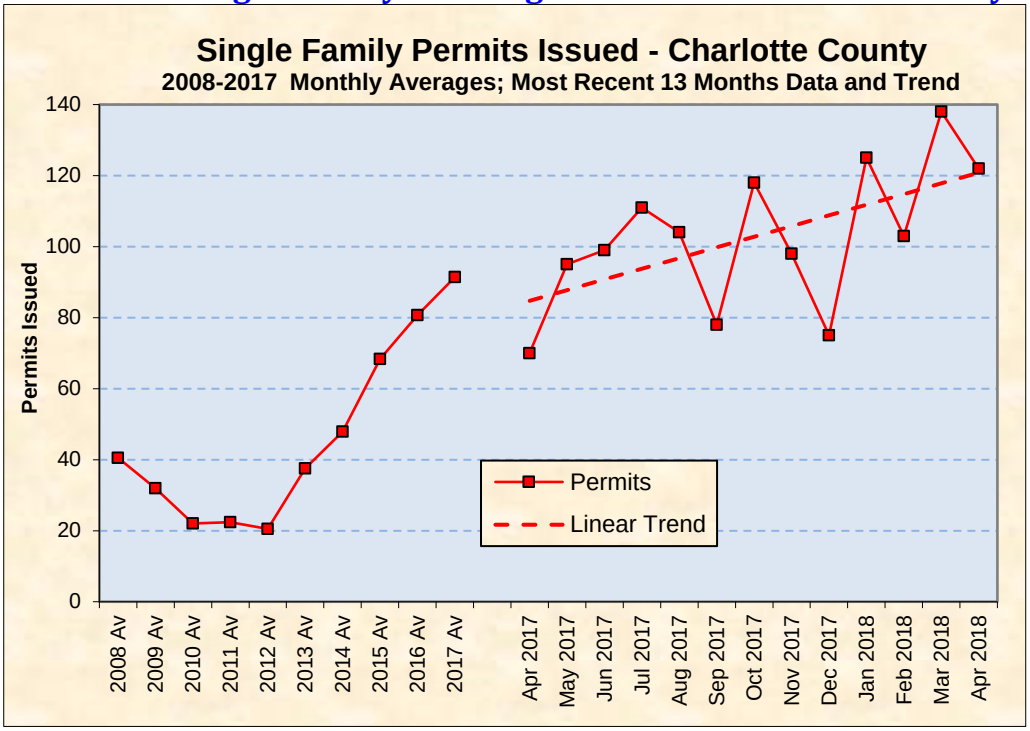
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs, Estero, and Fort Myers Beach permits

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

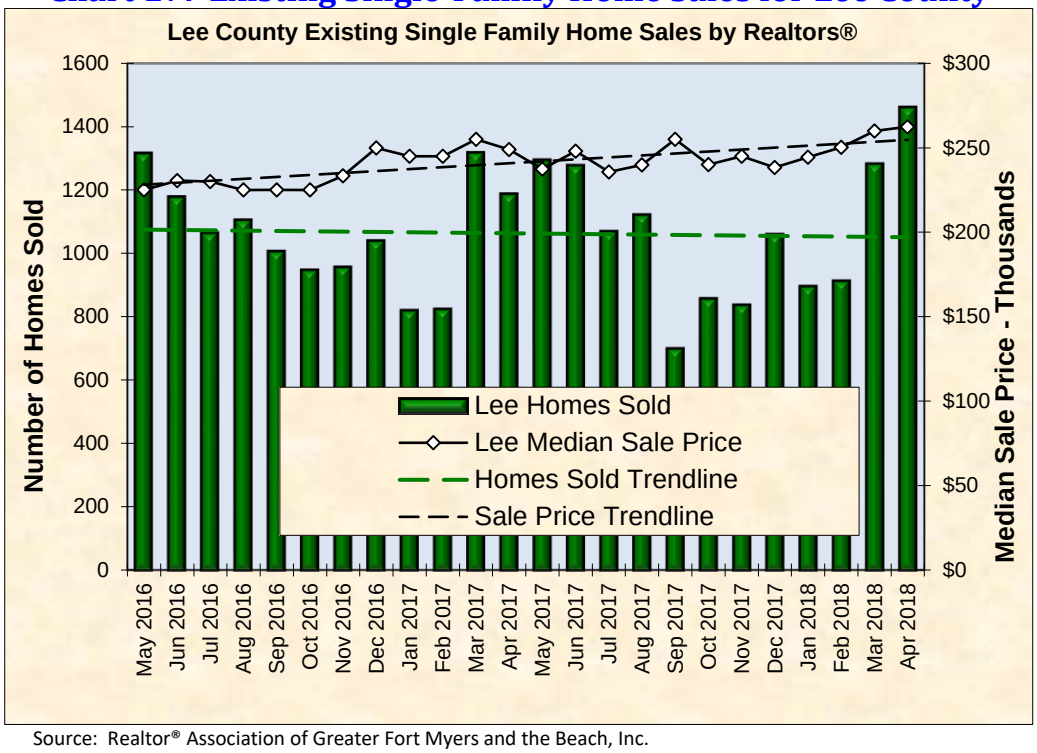
Existing Single–Family Home Sales and Median Prices

Charts 17-19 summarize existing single-family home sales by a Realtor® for Lee, Collier, and Charlotte Counties. The solid 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. The broken lines show the trends in numbers of homes sold and median prices.

Total Realtor® sales of single-family homes in the three counties rose to 2,327 in April 2018, a 7-percent increase from the March 2018 figure, as well as a 16-percent increase from April 2017. Lee County single-family home sales amounted to 1,459 units in April 2018, up from both the previous month (14 percent) and the previous year (23 percent). The April 2018 median home price in Lee County was $262,500, up from both March 2018 and April 2017 (Chart 17).

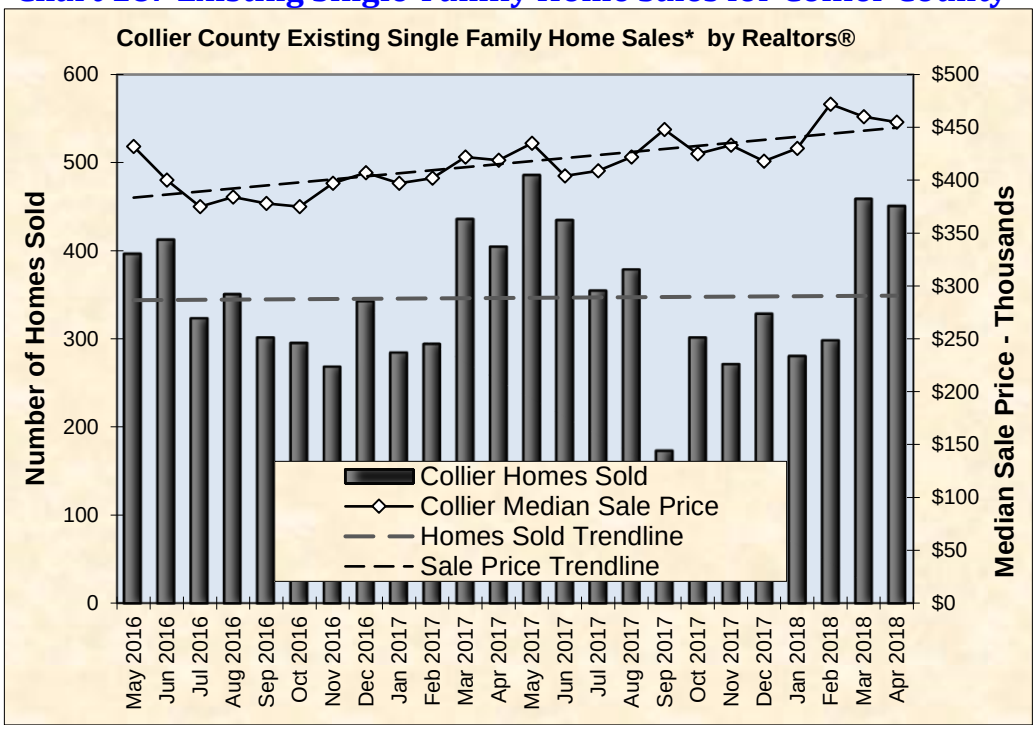
Charlotte County recorded 418 single-family homes sold in April 2018, an increase of 10 units over April 2017, but 22 fewer than March 2018. Charlotte's median price reached $227,500 in April 2018, an increase of $33,050 over the year before (Chart 18). Collier County single-family home sales fell to 450 units in April 2018, down eight units from March 2018, but up 46 units from the same month last year. Collier's median price was reported as $455,000 in April 2018, an increase of $36,000 over April 2017, but $5,000 below March 2018.

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



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

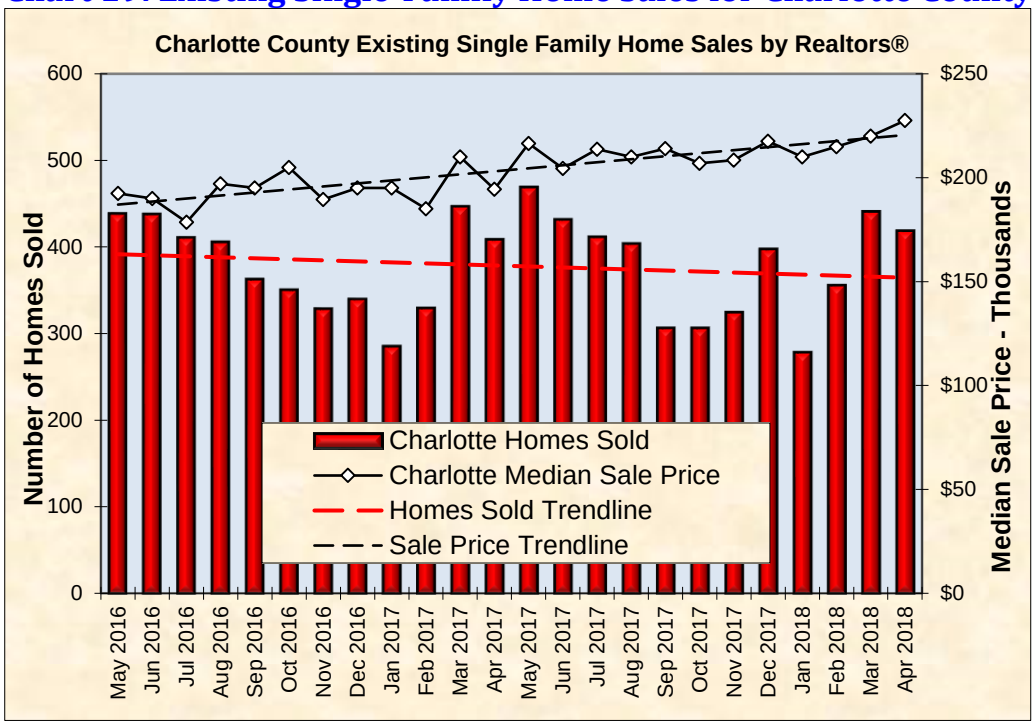
Chart 18: Existing Single-Family Home Sales for Collier County



* 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

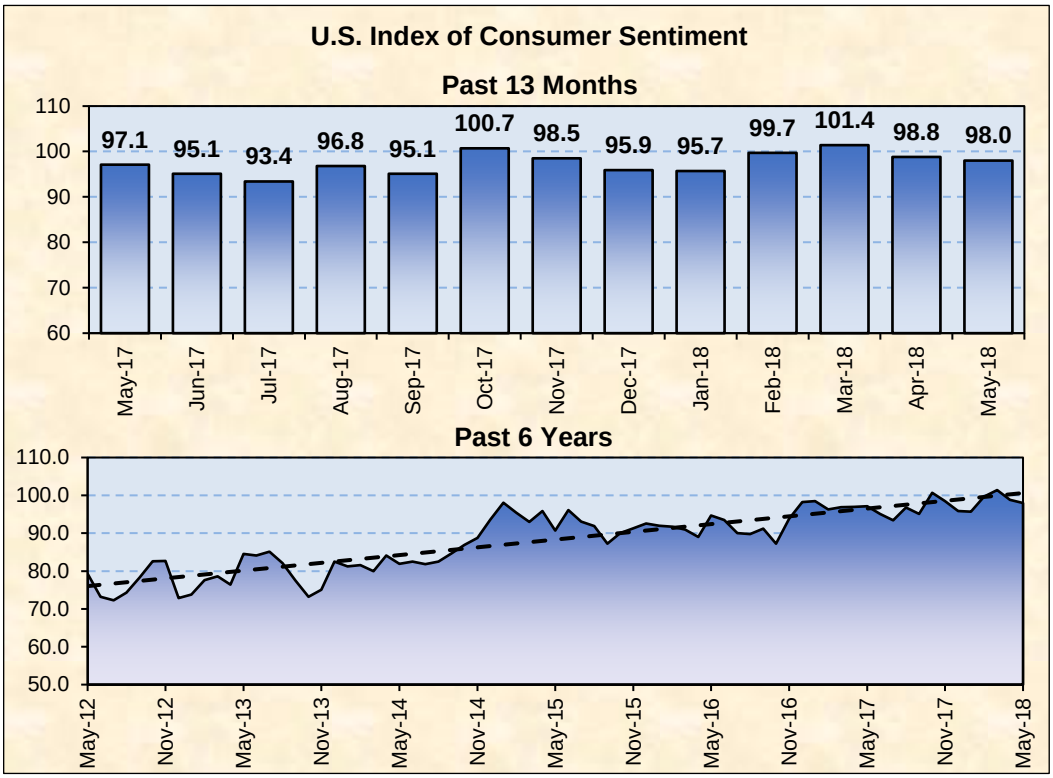
Consumer Sentiment Index

Charts 20 and 21 shows monthly data and linear trend lines over the last six 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 Index of Consumer Sentiment declined to 98.0 in May 2018, down 0.8 points from the prior month. Despite the drop, the index remained 0.9 points above May 2017. "Consumers have remained focused on expected gains in jobs and incomes as well as anticipated increases in interest rates and inflation during the year ahead." noted Richard Curtin, Survey of Consumers chief economist. "The May survey, however, found that consumers anticipated smaller income gains than a month or year ago, even though they anticipate the unemployment rate to stabilize at its current eighteen year low."

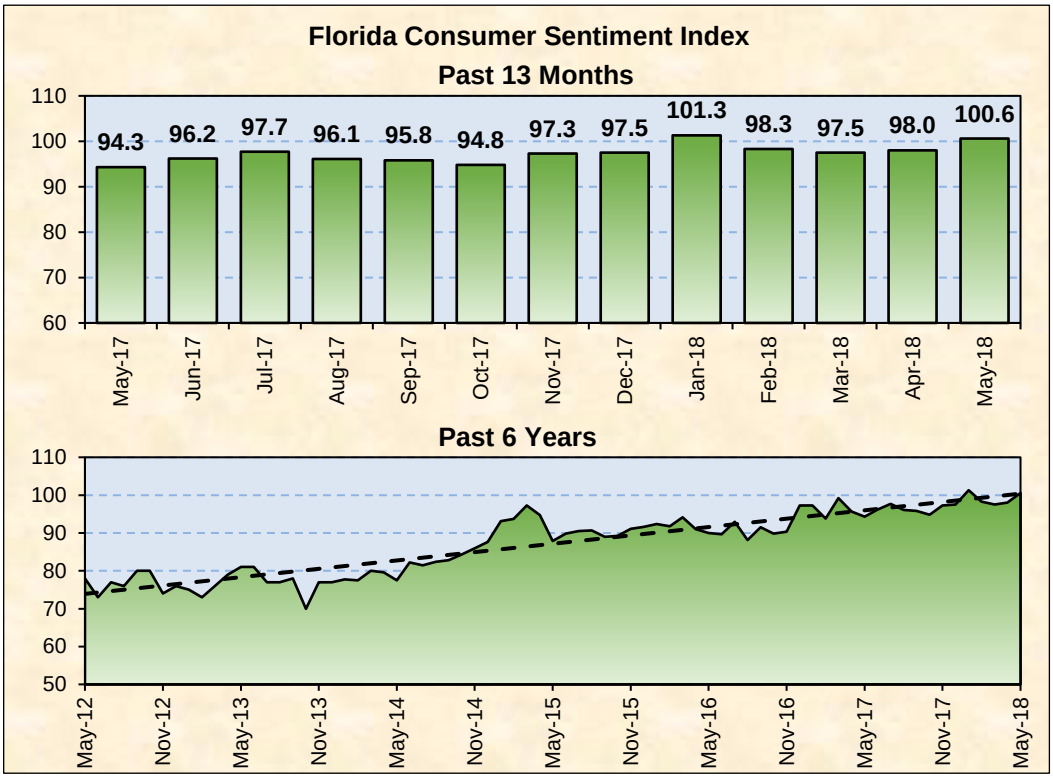
The Consumer Sentiment Index for Florida continued to rise in May 2018, increasing to 100.6. This figure represents an improvement from both April 2018 (98.0) and May 2017 (94.3). The average CSI for the state for the first five months is 99.1, compared to 96.3 for the last five months of 2017. "Overall, Floridians are more optimistic, and the gain in May's confidence came mainly from consumers' future expectations about the national economy in the medium and long-run," Hector H. Sandoval, director of the Economic Analysis Program at UF's Bureau of Economic and Business Research, said in the May 29, 2018 edition of Florida Consumer Sentiment Index. "Notably, these expectations are shared by all Floridians regardless of their age or socioeconomic status."

Chart 20: U.S. Index of Consumer Sentiment



Source: Thomson Reuters/University of Michigan

Chart 21: Florida Consumer Sentiment Index

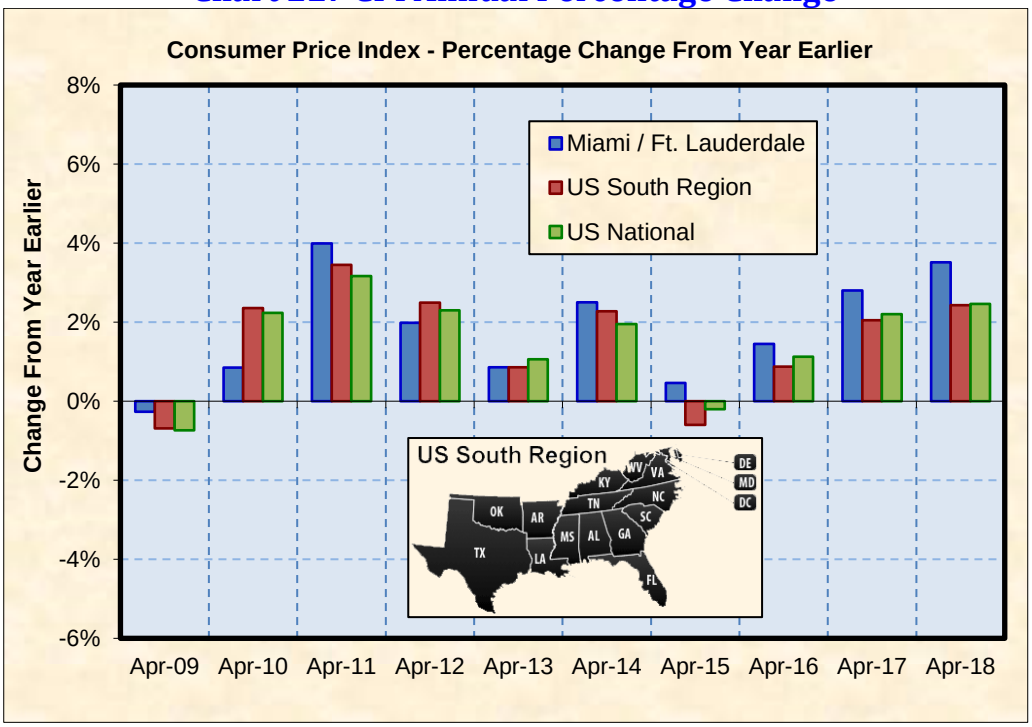


Source: Bureau of Economic and Business Research, University of Florida

Consumer Price Index

Chart 22 shows year-to-year changes in consumer price indices (CPI) through April 2018. Rates of consumer price inflation appear moderate, albeit somewhat higher than a year ago. For the Miami/Ft. Lauderdale area, the April 2018 CPI showed an increase of 3.5 percent from April 2017; for the previous 12-month period, the CPI grew by 2.8 percent. CPI growth in the US South Region was 2.4 percent in April 2018, up from 2.0 percent between April 2016 and April 2017. Nationally, the CPI was up 2.5 percent from April 2017 to April 2018, compared to 2.2 percent in the year ended April 2017.

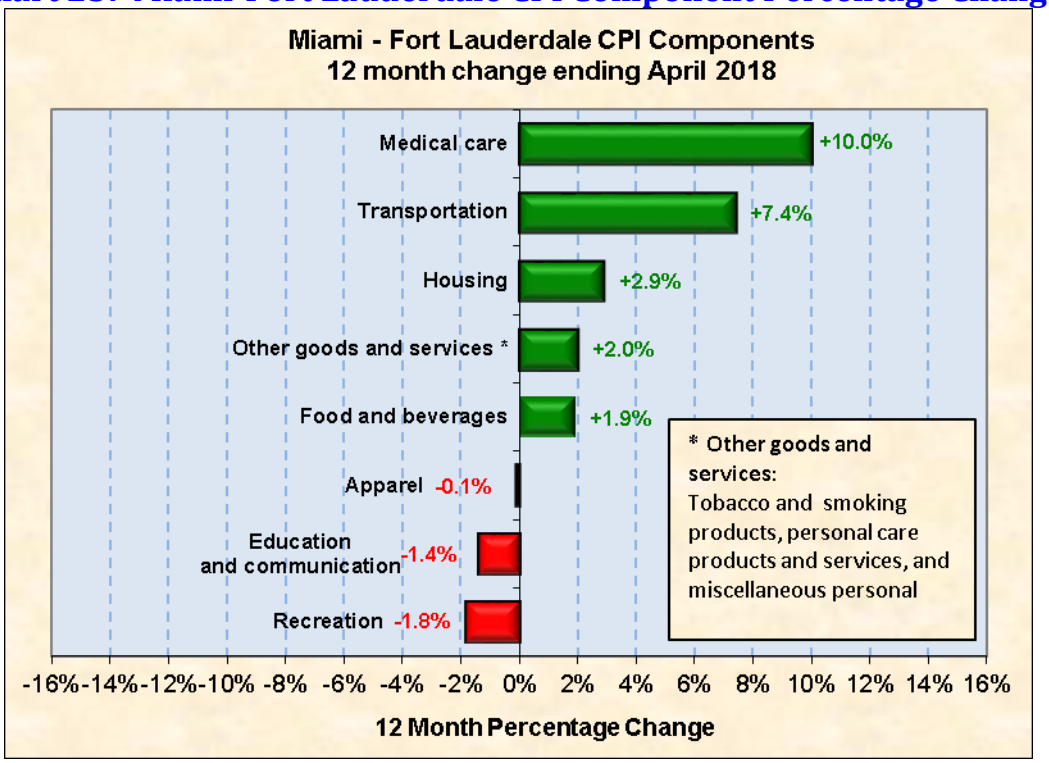
Chart 22: CPI Annual Percentage Change



Source: U.S. Bureau of Labor Statistics

Components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending April 2018 are shown in Chart 23. Medical costs continued to outpace year earlier figures, while transportation costs were also a significant contributor to the rise in the CPI.

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change



Source: U.S. Bureau of Labor Statistics

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

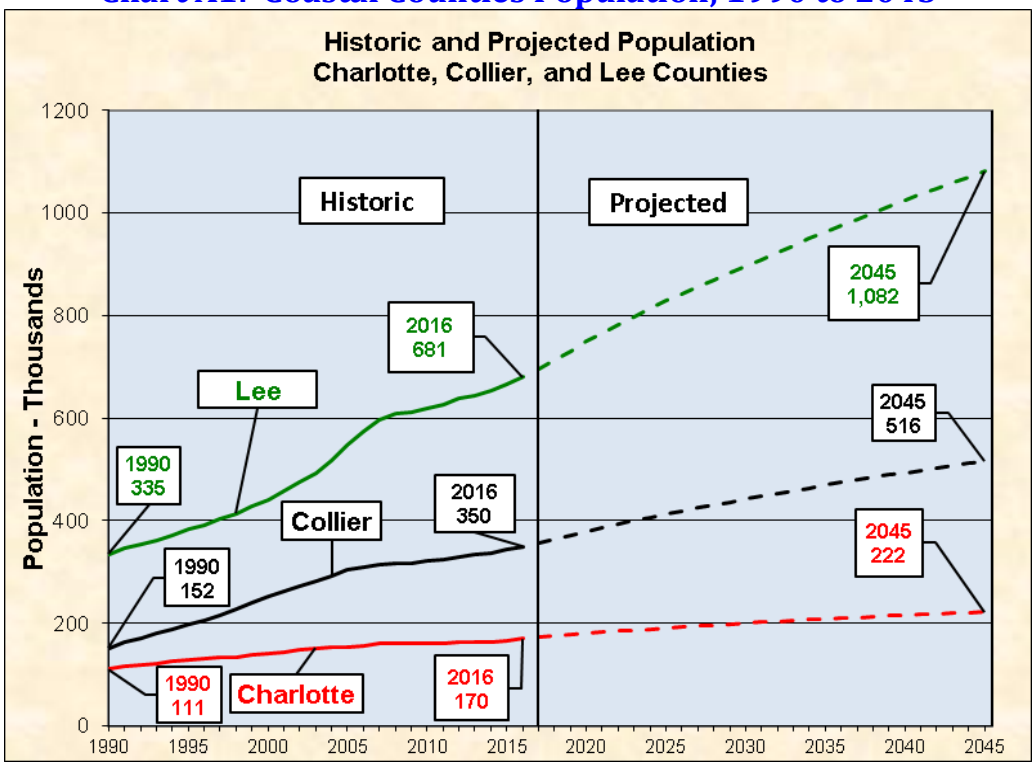
The data presented in this appendix are not released on a monthly basis. The first two charts, Charts A1 and A2, show historic population growth through 2016, as well as projections updated annually by the state of Florida's Office of Economic and Demographic Research, working in conjunction with the 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, while Chart A5 depicts the FGCU Industry Diversification Index for Southwest Florida and the state. Charts A3, A4, and A5 are updated quarterly.

Regional Population

From 1990 to 2016, regional population growth compounded average was 2.7 percent per year. The compound average annual rate of growth for 1990 to 2016 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 1.5 percent in Hendry County. The right-hand sections of Charts A1 and A2 show projected population increases from 2017 to 2045. All projected rates of increase are substantially lower than the aforementioned historic growth rates of 1990 to 2016. Projected growth for the five-county region averages 1.4 percent per year, resulting in a population increase of 47 percent from 2017 to 2045, adding over 598,000 residents and bringing the total to 1,877,250. Lee County's population is projected to grow an average of 1.6 percent per year, Collier

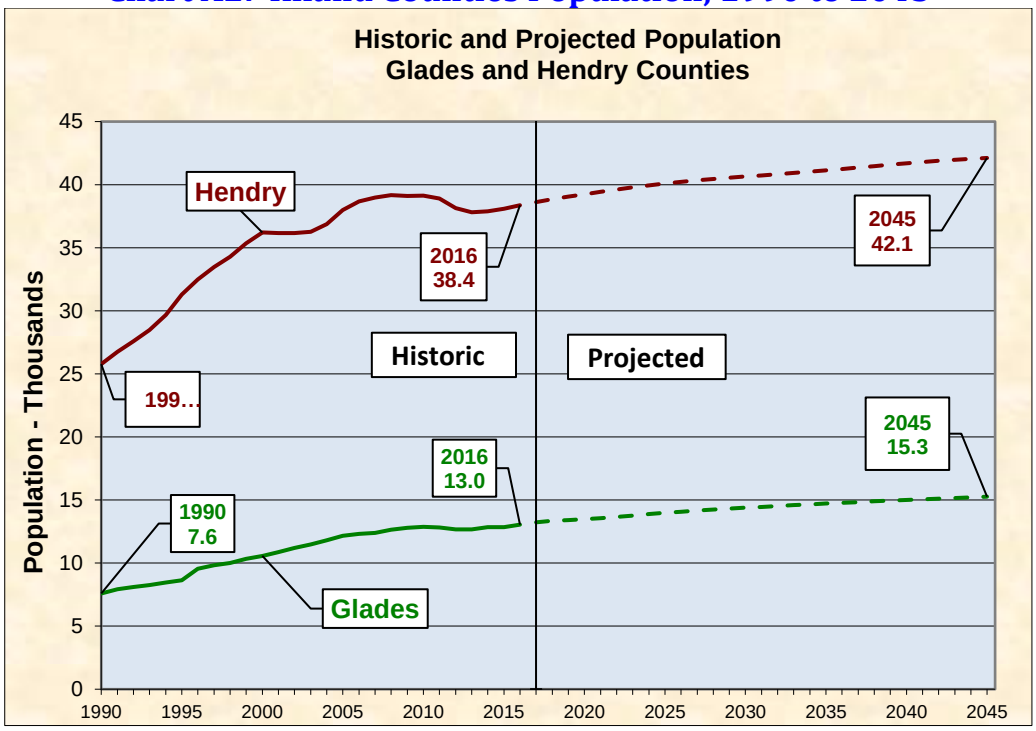
County at 1.3 percent, and Charlotte County at 0.9 percent per year. Hendry County's population is projected to grow at an average of 0.3 percent per year and Glades County at 0.5 percent per year.

Chart A1: Coastal Counties Population, 1990 to 2045



Source: Office of Economic and Demographic Research

Chart A2: Inland Counties Population, 1990 to 2045



Source: Office of Economic and Demographic Research

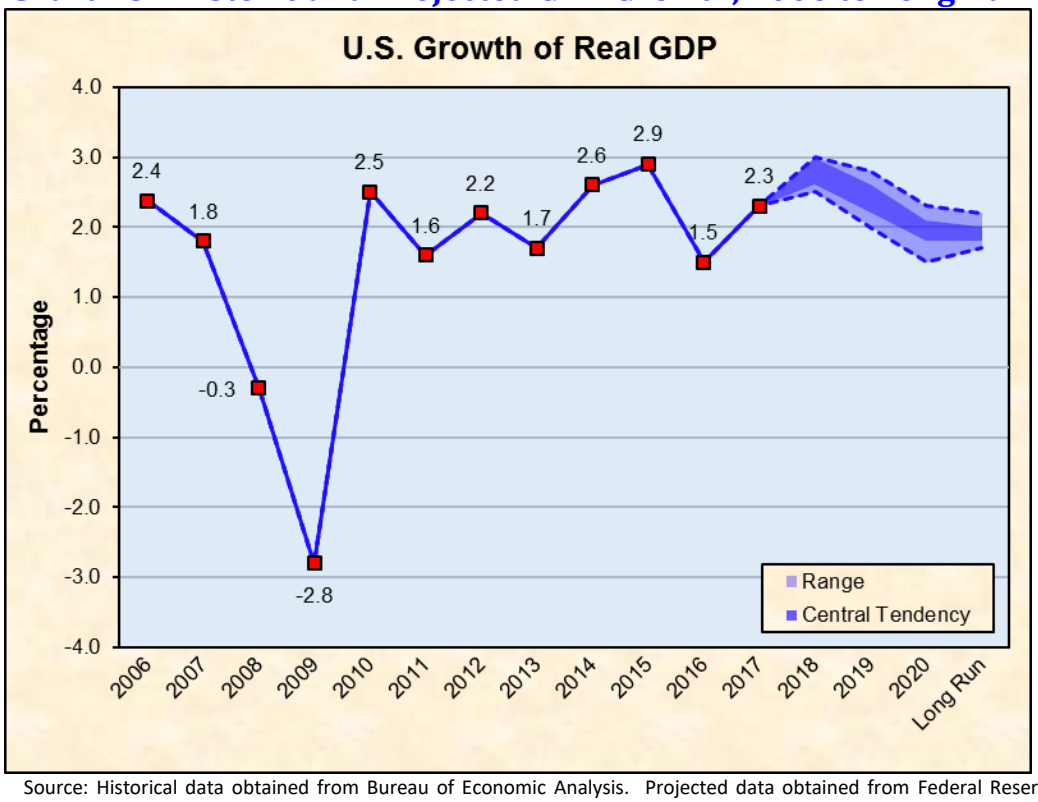
National GDP and Unemployment

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.

GDP growth for 2017 measured 2.25 percent (rounded up to 2.3 percent below), which is an increase from the 1.5 measured in 2016, but a decline from 2.9 measured in 2015. The overall high and low projections (shown as ranges below) for the 2018, 2019, 2020, and the long run showed slightly increased economic activity compared to the projections made in December 2017, although there are indications that the economy will slow in 2020. None of the projections achieves the 3 percent GDP measure that economists generally associate with an economy operating with a full employment of resources. Although GDP figures for the second and third quarters of 2017 came in at 3.1 and 3.3 percent, respectively, the Fed consensus is that these growth levels are unlikely to persist in 2018.

Chart A3: Historic and Projected GDP Growth, 2006 to Long Run

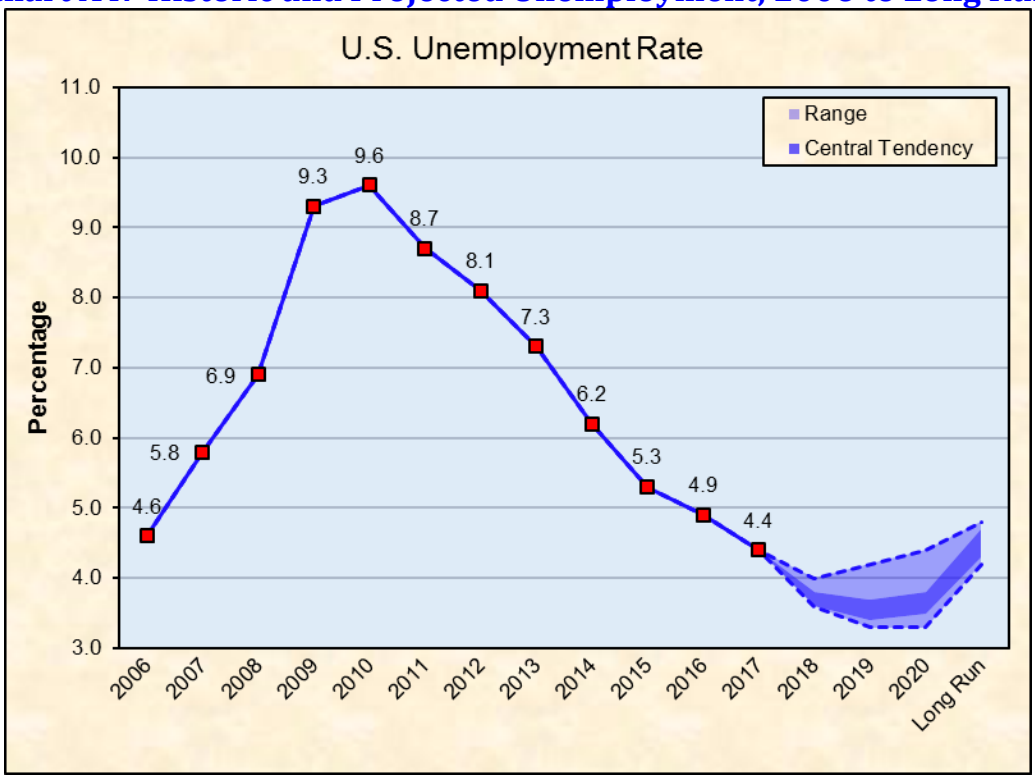


Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, March 21, 2018.

Chart A4 depicts the decline in unemployment following the 2008 recession to levels, beginning in 2016, 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.

The March 2018 forecast suggests continued declines in unemployment through 2018, a leveling off in 2019, and an increase commencing in 2020. The average central tendency forecasts through 2020 come to 3.6 percent; these rise sharply in the long run, with an average central tendency forecast close to 3.9 percent for 2018, 2019, and 2020, and then rising in the long run. If the U.S. economy avoids falling into a recession past the summer of 2019—an outcome consistent with the Fed's projections—then the current expansion will be the longest one observed in 150 years.

Chart A4: Historic and Projected Unemployment, 2006 to Long Run



Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, March 21, 2018.

The next quarterly release of projections for GDP and Unemployment will be released following the FOMC meeting scheduled in June 2018. These projections will be updated in the July 2018 edition of *Regional Economic Indicators*.

Industry Diversification Index

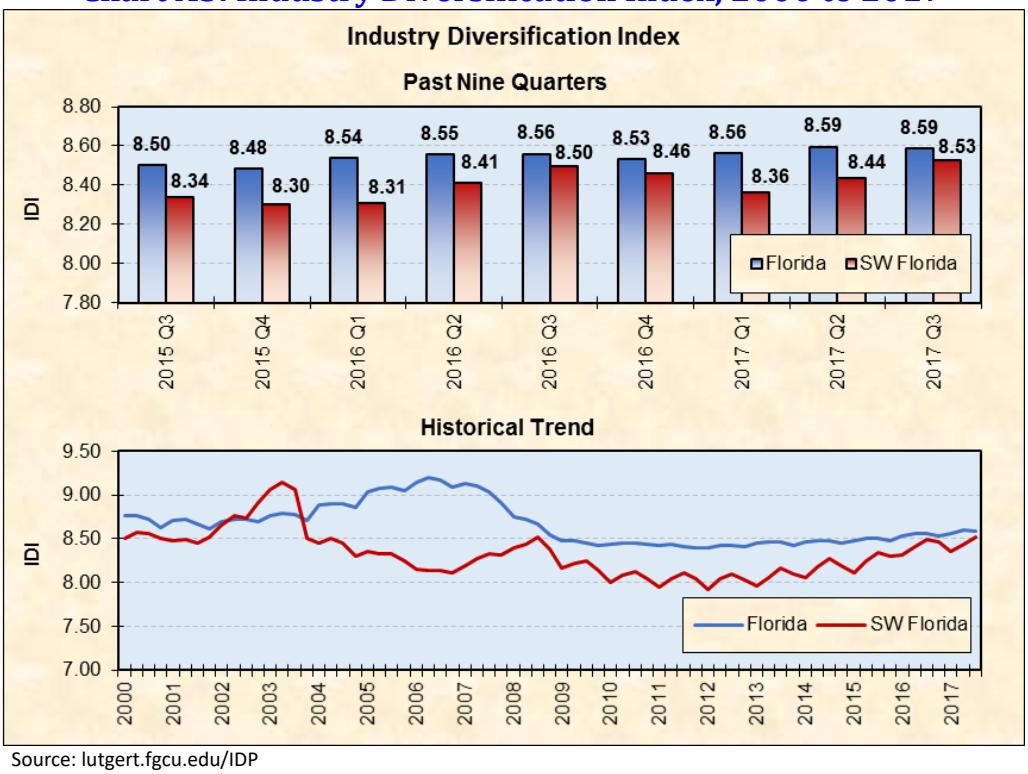
The FGCU Industry Diversification Index (IDI) measures the degree to which a region's workforce is concentrated in few industries or dispersed into many. The IDI is computed quarterly by the Regional Economic Research Institute's Industry Diversification Project, which tracks industry diversification by Metropolitan Statistical Area, workforce region, and state. (For more details, please go to lutgert.fgcu.edu/IDI).

The IDI can be between 0 and 10, with a higher index denoting a more diverse workforce and a lower one denoting a less diverse workforce. Industry diversification is an important factor explaining our state and region's tendency to overheat during expansions in the business cycle and overcorrect during contractions in the business cycle.

Chart A5 shows the industry diversification index for the Southwest Florida workforce region and the state of Florida. Southwest Florida shows an increase in industry diversification from the fourth quarter of 2006 to the 3rd quarter of 2008. After 2008, the Southwest Florida workforce region exhibits a seasonal trend, mainly due to the stronger influence of tourism and seasonal residents that visit Southwest Florida during the winter season, increasing the demand for retail trade and accommodation and food service jobs.

During the second quarter of 2017, the IDI for Southwest Florida measured at 8.53, ranking it as the 9th most industrially diverse workforce region in the state of Florida (out of 24). Meanwhile, the state of Florida had an IDI of 8.59, ranking Florida as the 21st highest state in the nation in industry diversification.

Chart A5: Industry Diversification Index, 2000 to 2017



Source: lutgert.fgcu.edu/IDP