SWFL Regional Economic Indicators Affecting Growth and Development

Prepared for:
The Collier Building Industry Association

Chris Westley
Regional Economic Research Institute
Florida Gulf Coast University
www.fgcu.edu/cob/reri

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August 29, 2018...
Sex!
Sex!

Drugs!
Sex! Drugs! and the Regional Economy!
Sex! Drugs! and the Regional Economy!*

*Dr. Westley will be discussing the Regional Economy.
Sex! Drugs! and the Regional Economy!*

*Dr. Westley will be discussing the Regional Economy.
**Because he knows nothing about the other two topics.
• Regional Economic Research Institute

• *Regional Economic Indicators*
  • Monthly PDF covering Collier, Lee, Charlotte, Glades, and Hendry
  • Airport Activity, Tourist Tax Revenue, Building Permits, Taxable Sales, Labor Force, Home Sales and Prices, Consumer Sentiment, the CPI, Population …

• cwestley@fgcu.edu
Lee County Business Climate Survey Report
Third Quarter, 2017

Prepared in partnership with:

Horizon Council
Team Lee County

and

The Regional Economic Research Institute • Florida Gulf Coast University
Presentation Outline

• GDP

• Employment and Wages
  • Construction, Real Estate, and Finance
  • Economic Bads

• Consumption and Taxable Sales

• Housing and Real Estate

• Summary
Presentation Outline

• GDP
  • Employment and Wages
    • Construction, Real Estate, and Finance
    • Economic Bads
  • Consumption and Taxable Sales
  • Housing and Real Estate
• Summary
Annual Percentage Change in Real GDP, 2005

- U.S.: 3.3%
- Florida: 6.4%
- Lee: 7.2%
- Collier: 8.7%
- Charlotte: 7.7%

Source: BEA
Annual Percentage Change in Real GDP, 2009

- U.S.: -2.8%
- Lee: -3.8%
- Florida: -5.5%
- Collier: -9.8%
- Charlotte: -7.9%

Source: BEA
Annual Percentage Change in Real GDP, 2011

- U.S.: 1.6%
- Florida: -0.6%
- Lee: -5.3%
- Collier: -0.6%
- Charlotte: -0.6%

Source: BEA
Annual Percentage Change in Real GDP, 2012

- U.S.: 2.2%
- Florida: 0.8%
- Lee: 0.4%
- Collier: 1.8%
- Charlotte: 4.6%

Source: BEA
Annual Percent Change in Real GDP, 2014

- U.S.: 2.6%
- Florida: 2.6%
- Lee: 5.7%
- Collier: 7.1%
- Charlotte: 7.0%

Source: BEA
Annual Percent Change in Real GDP, 2015

- U.S.: 2.9%
- Florida: 3.6%
- Lee: 5.0%
- Collier: 6.7%
- Charlotte: 6.5%

Source: BEA
Annual Percent Change in Real GDP, 2016

<table>
<thead>
<tr>
<th>Region</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>1.5</td>
</tr>
<tr>
<td>Florida</td>
<td>2.7</td>
</tr>
<tr>
<td>Lee</td>
<td>5.2</td>
</tr>
<tr>
<td>Collier</td>
<td>1.1</td>
</tr>
<tr>
<td>Charlotte</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Source: BEA
Percent Change in Real GDP by Industry

Collier County

Real estate and rental and leasing
-9.0 12.9
Construction
10.2 17.4
Retail trade
2.2 1.5
Health care and social assistance
4.7 2.4
Professional, scientific, and technical services
0.8 9.0
All Other Industries*
-0.3 6.2

*Includes agriculture, forestry, fishing, and hunting, mining, utilities, manufacturing, wholesale trade, transportation and warehousing, information, finance and insurance, management of companies and enterprises, educational services, and government.
Florida and U.S. Real GDP

Source: Bureau of Economic Analysis
Southwest Florida Establishments, 2012 - 2016

- Retail Trade: 5,038 (2012), 5,038 (2016)
- Accommodation and Food Services: 2,021 (2012), 1,481 (2016)
- Finance and Insurance: 1,481 (2012), 1,481 (2016)
- Wholesale Trade: 1,022 (2012), 815 (2016)
- Transportation and Warehousing: 815 (2012), 815 (2016)

BLS; SWFL Economic Almanac
Southwest Florida Establishments, 2012 - 2016

- Construction: 2012: 5,997, 2016: 5,322
- Retail Trade: 2012: 5,038, 2016: 5,022
- Professional and Technical Services: 2012: 3,940, 2016: 3,360
- Other Services, Except Public Administration: 2012: 3,360, 2016: 3,322
- Health Care and Social Assistance: 2012: 2,888, 2016: 2,883
- Administrative and Waste Services: 2012: 2,021, 2016: 2,021
- Real Estate and Rental and Leasing: 2012: 1,111, 2016: 1,481
- Accommodation and Food Services: 2012: 1,022, 2016: 1,022
- Wholesale Trade: 2012: 815, 2016: 815
- Transportation and Warehousing: 2012: 815, 2016: 815

BLS; SWFL Economic Almanac
Federal Debt Held by Federal Reserve Banks as Percent of GDP, Seasonaly Adjusted

Source: OMB, Federal Reserve Bank of St. Louis
Excess Reserves of Depository Institutions

- October 1, 1986: $717 million
- September 1, 2015: $2.33 trillion
- July 1, 2018: $1.82 trillion (-18.8%)

Source: Federal Reserve Bank of St. Louis
Excess Reserves of Depository Institutions

- October 1, 1986: $717 million
- September 1, 2015: $2.33 trillion
- July 1, 2018: $1.82 trillion (-18.8%)

Source: Federal Reserve Bank of St. Louis
U.S. Real GDP

2nd Quarter 2018: 4.1%

Source: BEA
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• GDP

• Employment and Wages
  • Construction, Real Estate, and Finance
  • Economic Bads

• Taxable Sales

• Housing and Real Estate

• Summary
Florida Total Nonfarm Employment
(Thousands, SA)

- March 2007: 8.05 million
- Jan 2000: 6.94 million
- March 2010: 7.14 million
- July 2018: 8.80 million
Collier Employment (Establishment Survey)

Source: BLS
Collier Employment (Household Survey)

Source: BLS
Average County Employment for 12-Month Period
Ending July 2018

Person

Collier: 165,014
Charlotte
Hendry
Glades
Lee

LAUS

FGCU RERI
Average County Employment for 12-Month Period Ending July 2018

<table>
<thead>
<tr>
<th>County</th>
<th>Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collier</td>
<td>165,014</td>
</tr>
<tr>
<td>Charlotte</td>
<td>68,415</td>
</tr>
<tr>
<td>Hendry</td>
<td>14,525</td>
</tr>
<tr>
<td>Glades</td>
<td>4,628</td>
</tr>
<tr>
<td>Lee</td>
<td></td>
</tr>
</tbody>
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Average County Employment for 12-Month Period
Ending July 2018

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<td>4,628</td>
</tr>
<tr>
<td>Lee</td>
<td>322,437</td>
</tr>
</tbody>
</table>

LAUS
Average County Employment for 12-Month Period Ending July 2018

- Collier: 165,014, 4.1%
- Charlotte: 68,415, 4.4%
- Hendry: 14,525, 8.7%
- Glades: 4,628, 5.2%
- Lee: 322,437, 3.8%
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Construction Wages in Charlotte, Collier, and Lee Counties

<table>
<thead>
<tr>
<th>County</th>
<th>2005</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlotte</td>
<td>$34,272</td>
<td></td>
</tr>
<tr>
<td>Collier</td>
<td></td>
<td>$40,283</td>
</tr>
<tr>
<td>Lee</td>
<td></td>
<td>$37,744</td>
</tr>
<tr>
<td>Florida</td>
<td></td>
<td>$38,272</td>
</tr>
</tbody>
</table>

QCEW
Construction Wages in Charlotte, Collier, and Lee Counties

- Charlotte: $34,272 in 2005, $39,598 in 2017
- Collier: $40,283 in 2017
- Lee: $45,437 in 2017
- Florida: $38,272 in 2017

QCEW

FGCU Q RERI
Real Estate and Rental Employment in Charlotte County

December 2005: 1,173

September 2011: 591

March 2018: 1,107
Real Estate and Rental Employment in Charlotte, Collier, and Lee Counties

December 2005: 7,014
September 2011: 4,647
March 2018: 7,174

QCEW

Collier
Lee
Charlotte
Real Estate and Rental Wages in Charlotte, Collier, and Lee Counties

- Collier: $38,613 (2005), $50,007 (2017)

QCEW
Real Estate and Rental Wages in Charlotte, Collier, and Lee Counties

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlotte</td>
<td>$31,854</td>
<td>$34,320</td>
</tr>
<tr>
<td>Collier</td>
<td>$42,804</td>
<td>$50,191</td>
</tr>
<tr>
<td>Lee</td>
<td>$38,613</td>
<td>$56,160</td>
</tr>
<tr>
<td>Florida</td>
<td>$50,007</td>
<td>$66,394</td>
</tr>
</tbody>
</table>

QCEW
Financial Activities Employment in Charlotte County

- May 2006: 2,648
- August 2011: 1,621
- March 2018: 2,141

QCEW
Financial Activities Employment in Charlotte and Collier Counties

- February 2007: 8,130
- February 2011: 6,302
- March 2018: 7,919

QCEW
Finance Wages in Charlotte, Collier, and Lee Counties

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlotte</td>
<td>$41,063</td>
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</tr>
<tr>
<td>Collier</td>
<td></td>
<td>$69,667</td>
</tr>
<tr>
<td>Lee</td>
<td>$46,267</td>
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<tr>
<td>Florida</td>
<td></td>
<td>$52,659</td>
</tr>
</tbody>
</table>

QCEW
WHAT
Can I Buy?
Wages and Housing Prices (Percents by Year), Collier County

QCEW, Area Realtors

- Wages
- Home Prices
Wages and Housing Prices (Percents by Year), Lee County

QCEW, Area Realtors

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages</th>
<th>Home Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1.37%</td>
<td>15.42%</td>
</tr>
<tr>
<td>2012</td>
<td>1.71%</td>
<td>25.59%</td>
</tr>
<tr>
<td>2013</td>
<td>0.84%</td>
<td>24.72%</td>
</tr>
<tr>
<td>2014</td>
<td>2.04%</td>
<td>11.87%</td>
</tr>
<tr>
<td>2015</td>
<td>3.89%</td>
<td>13.20%</td>
</tr>
<tr>
<td>2016</td>
<td>2.35%</td>
<td>7.79%</td>
</tr>
<tr>
<td>2017</td>
<td>3.69%</td>
<td>6.75%</td>
</tr>
</tbody>
</table>
Wages and Housing Prices (Percents by Year), Charlotte County

- **2011**: 1.13% (Wages), 2.31% (Home Prices)
- **2012**: 19.39% (Home Prices), 1.72% (Wages)
- **2013**: 19.16% (Home Prices), 2.88% (Wages)
- **2014**: 2.38% (Wages), 5.53% (Home Prices)
- **2015**: 14.43% (Home Prices), 3.43% (Wages)
- **2016**: 13.25% (Home Prices), 2.17% (Wages)
- **2017**: 3.91% (Wages), 8.59% (Home Prices)

QCEW, Area Realtors
A chef’s farewell
After two decades as a critically acclaimed chef, Rouben Silva bids farewell to the kitchen for a more traditional life. Taste

LEE COUNTY SCHOOLS
District explores teacher housing
Proposal would offer homes, apartments on district land
PATRICIA BORNs
PBORN@NEWS-PRESS.COM

The consensus of Lee County School District leaders was “let’s move forward” with a housing proposal unveiled Tuesday to create budget-friendly apartments and homes for teachers on district-owned land.

A workforce housing conference of local employers was the impetus for the idea, Chief Human Resources Officer Angela Pruitt said. “This isn’t instead of increasing teacher wages, it is something we are looking at doing in addition, to help keep teachers here,” Pruitt explained.

In partnership with local developers...
Some Regional Economic Bads

• Much of the population does not work
  – Little more than a third of Lee and Collier residents hold positions of employment. (Nearly two-thirds are over 65 or under 18.)

Source: Maxwell, Hendry, & Simmons; Patricia Borns, Fort Myers News-Press, “Out of reach: Many workers can’t afford a home in Southwest Florida as area booms” Dec. 9, 2016
Some Regional Economic Bads

• Many jobs don’t pay much
  – Eight of 10 top job categories in Lee (by numbers of people employed) pay salaries below the median income ($47,908 a year).
  – Nine of 10 top job categories in Collier (by numbers of people employed) pay salaries less than the median income ($56,250 a year).

Source: Maxwell, Hendry, & Simmons; Patricia Borns, Fort Myers News-Press, “Out of reach: Many workers can’t afford a home in Southwest Florida as area booms” Dec. 9, 2016
Some Regional Economic Bads

- What can the median income buy?
  - Lee County’s median income earners can afford a $1,197-a-month rent or a $171,225 house.
  - Collier’s median income earners can afford a $1,406-a-month rent or a $203,350 house.

Source: Maxwell, Hendry, & Simmons; Patricia Borns, Fort Myers News-Press, “Out of reach: Many workers can’t afford a home in Southwest Florida as area booms” Dec. 9, 2016
Some Regional Economic Bads

- What can the median income buy (part 2)?
  - On a random September day in 2016, 7,030 homes were advertised on Lee’s multiple listing service and only 17 percent were affordable to someone earning the median household income.
  - On the same day in Collier, only 9 percent of all MLS listings were affordable for median income earners.

Source: Maxwell, Hendry, & Simmons; Patricia Borns, Fort Myers News-Press, “Out of reach: Many workers can't afford a home in Southwest Florida as area booms” Dec. 9, 2016
Percent of Avg Wages Needed to Make Monthly Payment on Median-Priced Home, 2Q 2018

Collier: 55.80%
Lee: 44.90%
Charlotte: 37.90%
Sarasota: 43.40%
Hillsborough: 31.30%
Monroe:

Source: ATTOM Data Solutions
Percent of Avg Wages Needed to Make Monthly Payment on Median-Priced Home, 2Q 2018

<table>
<thead>
<tr>
<th>County</th>
<th>Percentage</th>
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<tbody>
<tr>
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<td>55.80%</td>
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<tr>
<td>Lee</td>
<td>44.90%</td>
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<td>Charlotte</td>
<td>37.90%</td>
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<tr>
<td>Sarasota</td>
<td>43.40%</td>
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<td>Monroe</td>
<td>88.80%</td>
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Source: ATTOM Data Solutions
Presentation Outline

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• Taxable Sales and Consumption

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• Summary
Taxable Sales for Charlotte County

December 2005: $261.4M
December 2008: $177.4M

March 2018: $316.4M

Florida Dept. of Economic and Demographic Research
Taxable Sales for Charlotte and Collier Counties

March 2005: $755.5M  
March 2009: $578.2M  
March 2018: $1,013.0M

Florida Dept. of Economic and Demographic Research
Taxable Sales for Charlotte, Collier, and Lee Counties

- **March 2006:**
  - Lee: $1,312.7M
  - Collier: $932.8M
  - Charlotte: $0

**March 2018:**
- Lee: $1,610.8M

Florida Dept. of Economic and Demographic Research
**Taxable Sales (12-Month Average, Ending March 2018)**

- **Lee**: $1,224M, 5.8%
- **Collier**: 744.2M, 3.8%
- **Charlotte**: $248M, 2.8%
- **Florida**: $36,328M, 5.0%

Source: FDED
Restaurant Sales in Lee, Collier

Craig Timmons in Gulfshore Business
RSW Passenger Air Traffic

<table>
<thead>
<tr>
<th>Year</th>
<th>Traffic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>7,415,958</td>
</tr>
<tr>
<td>'10</td>
<td></td>
</tr>
<tr>
<td>'11</td>
<td></td>
</tr>
<tr>
<td>'12</td>
<td></td>
</tr>
<tr>
<td>'13</td>
<td></td>
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<tr>
<td>'14</td>
<td></td>
</tr>
<tr>
<td>'15</td>
<td></td>
</tr>
<tr>
<td>'16</td>
<td>8,842,549</td>
</tr>
<tr>
<td>'17</td>
<td>5,554,307</td>
</tr>
<tr>
<td>'18 YTD</td>
<td></td>
</tr>
</tbody>
</table>

RSW Airport Authority
Passenger Air Traffic

- Charlotte County Airport (PGD)
- Sarasota/Bradenton Airport (SRQ)

SRQ and PGD Authorities; Business Observer
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Case Shiller U.S. Home Price Index

Housing Bubble

-27%
Top Ten Residential Communities in Lee, Collier (1st Quarter 2018)

- Ave Maria: 297 Starts, 194 Move-ins
- Naples Reserve: 194
- Plantation: 167
- River Hall: 163
- Marina Bay: 156
- StoneCreek: 155
- Bonita Bay: 148
- Valencia Bonita: 140
- Entrada: 137
- Esplanade: 135

Source: MetroStudy
Top Ten Residential Communities in Lee, Collier (1st Quarter 2018)

Source: MetroStudy
Median House Price and Houses Sold, through July 2018

<table>
<thead>
<tr>
<th>Region</th>
<th>Median Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lee</td>
<td>$250,098</td>
</tr>
<tr>
<td>Collier</td>
<td>$440,667</td>
</tr>
<tr>
<td>Charlotte</td>
<td>$216,154</td>
</tr>
</tbody>
</table>

Source: Area Realtors
Median House Price and Houses Sold, through July 2018

- Lee: $250,098, 1077
- Collier: $440,667, 353
- Charlotte: $216,154, 377

Source: Area Realtors
Single Family Permits Issued - Charlotte County
2008-2017 Monthly Averages; Most Recent 13 Months Data and Trend

Permits Issued

Permits
Linear Trend
Single Family Permits Issued - Collier County
2008 - 2017 Monthly Averages; Most Recent 13 Months Data and Trend

Permits Issued

Permits
Linear Trend
Single Family Permits Issued - Lee County
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Conclusions

• Strong regional economy
  • Growth ➔ Job Opportunities

• Not very well diversified
  • Fueled by retirement and tourism

• Lee and Collier and Charlotte

• Bubble ... of happiness
Conclusions

- Strong regional economy
  - Growth ➔ Job Opportunities
  - Boom and Bust

- Not very well diversified
  - Fueled by retirement and tourism

- Lee and Collier and Charlotte

- Bubble ... of happiness
Thank You