

Southwest Florida Regional Economic Indicators

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Introduction: Regional and National Background

Southwest Florida's regional economy continues to display signs of robust growth. Improvements include an 11-percent increase in **airport passenger activity** between July 2017 and July 2018, a 10-percent increase in **taxable sales** for June 2018 versus June 2017, and a 3-percent increase in **single-family home sales** for the coastal counties from August 2017 to August 2018.

Southwest Florida's seasonally-adjusted **unemployment rate** declined to 3.6 percent in August 2018, an improvement from both the previous month (3.7 percent) and previous year (4.0 percent). The region's unemployment rate was below both the state of Florida (3.7 percent) and the nation (3.9 percent) in August 2018.

Other highlights in the report include:

- While **tourist tax revenues** in July 2018 for the coastal counties were up 1 percent annually, they declined 12 percent from the previous month;
- The region's coastal counties issued 916 **single-family building permits** in August 2018, a 1-percent improvement from August 2017;
- Charlotte and Lee County had year-to-year increases in **median home prices** (\$8,000 and \$11,100, respectively), while median prices for Collier County fell \$17,000 during the same time period.

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 individual economic development organizations in Charlotte, Collier, and Lee counties, the convention and visitors bureaus in 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.

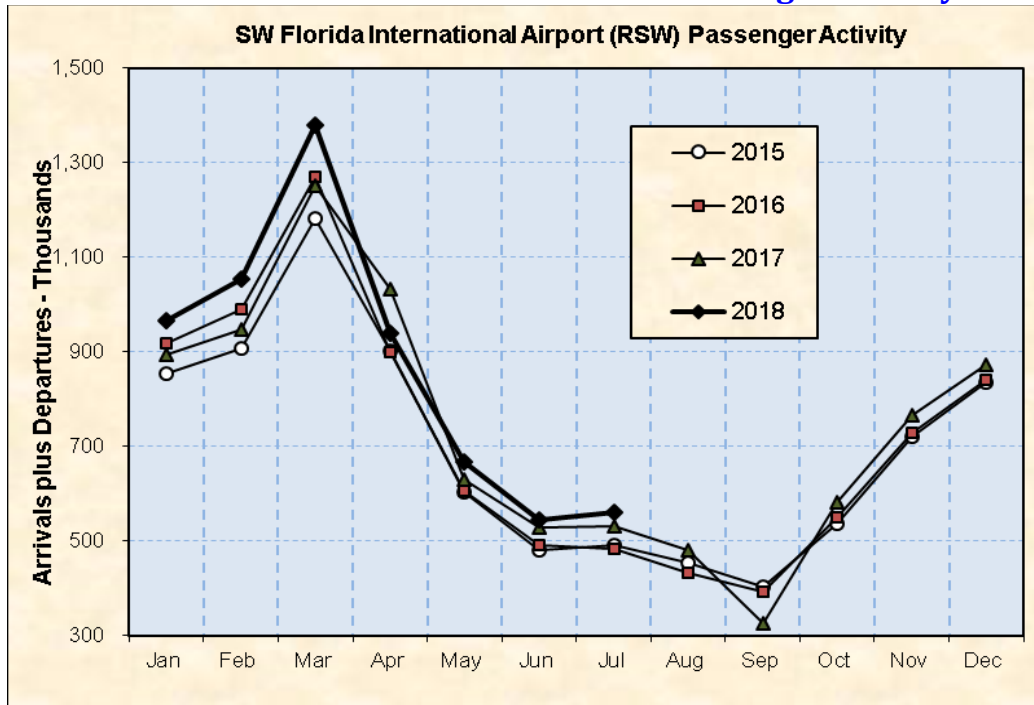
Airport Passenger Activity

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 the three airports improved by 4 percent from June 2018 to July 2018. With 810,040 passengers, the region’s three commercial airports saw an increase of 11 percent over July 2017.

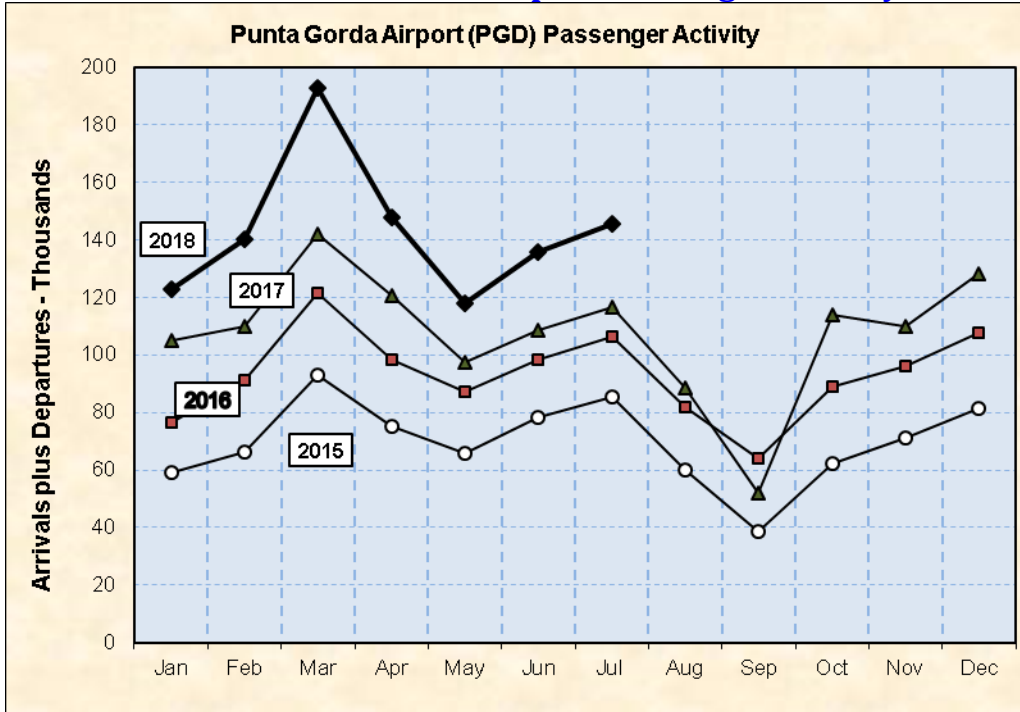
RSW passenger activity rose to 561,039 in July 2018, a 3 percent increase over June 2018, and 6 percent higher than July 2017 (see Chart 1). Punta Gorda reported 145,426 passengers in July 2018, an increase of 7 percent from June 2018, and a 25-percent increase over July 2017 (Chart 2). Sarasota counted 103,575 passengers in July 2018, which was 4-percent above June 2018, and 30-percent higher than its activity in July 2017 (see Chart 3).

Chart 1: SW Florida International Passenger Activity



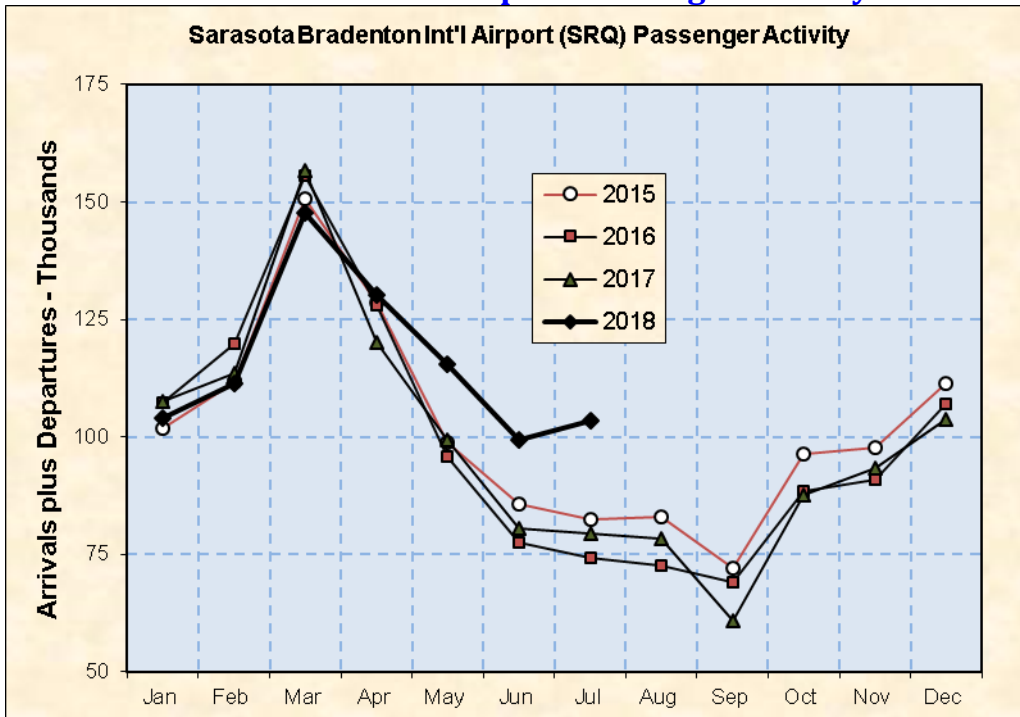
Source: Local Airport Authorities

Chart 2: Punta Gorda Airport Passenger Activity



Source: Local Airport Authorities

Chart 3: Sarasota Airport Passenger Activity



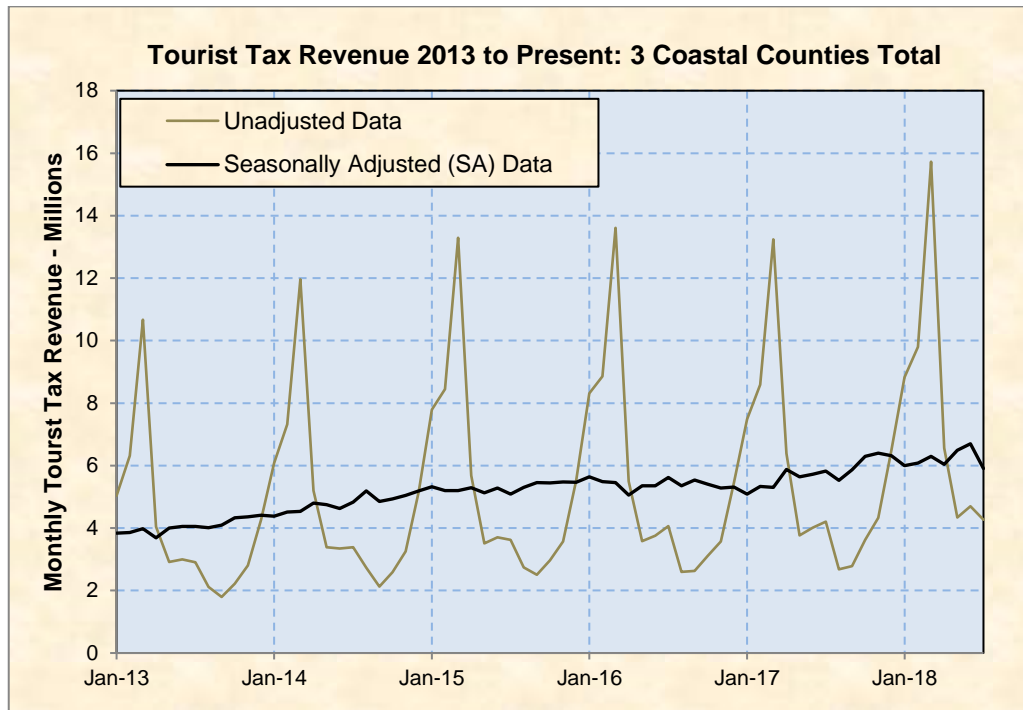
Source: Local Airport Authorities

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 reached \$5,906,930 in July 2018, a 12-percent decline from June 2018, albeit a 1-percent improvement over July 2017.

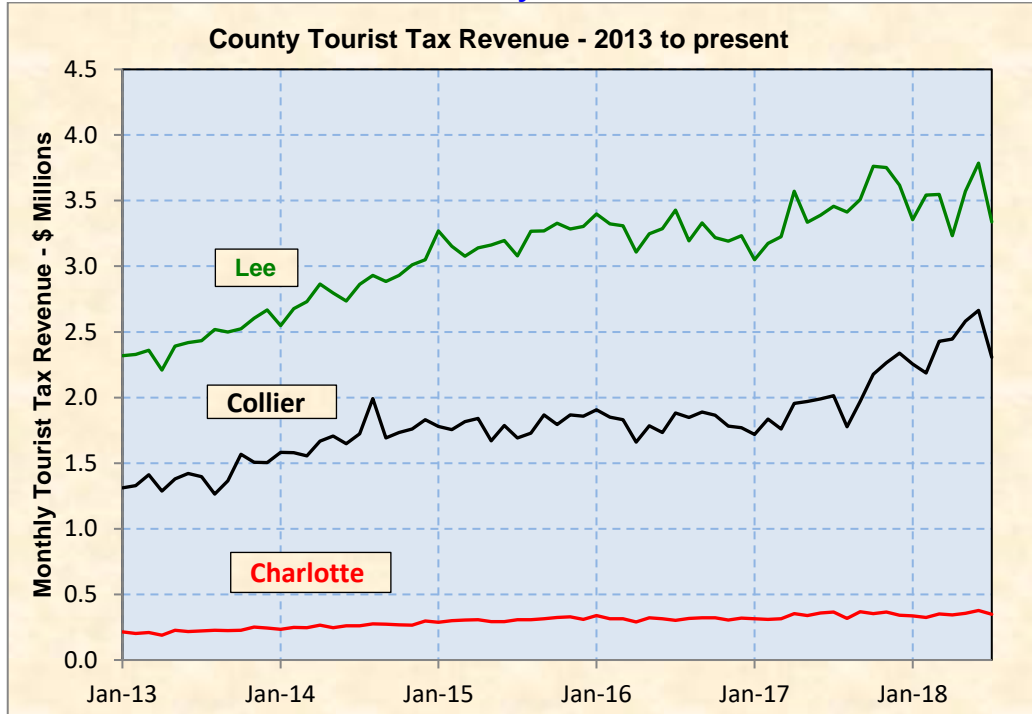
Lee County tourist tax revenues dropped to \$3,336,944 in July 2018, a 12-percent decrease from June 2018 and 3 percent below July 2017. Collier County's tourist tax revenues were \$2,305,754 in July 2018, a decrease of 13 percent from June 2018, yet 14 percent higher than July 2017. As noted in earlier reports, much 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 dipped to \$348,575 in July 2018, down 8 percent from June 2018 and 5 percent below the July 2017 figure.

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

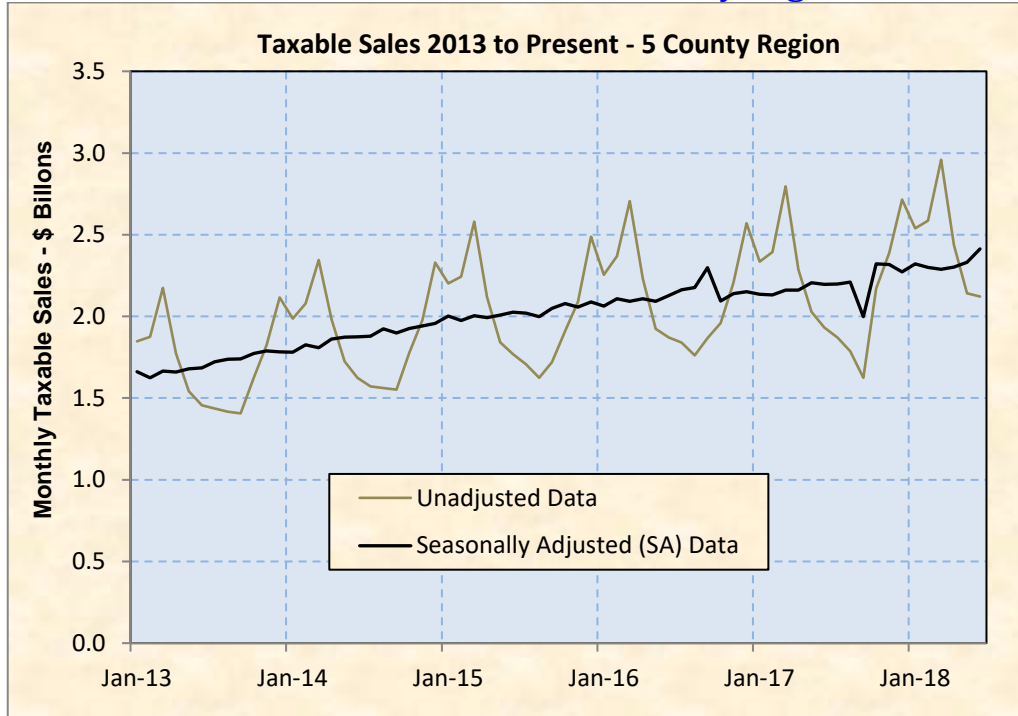
Taxable sales data track consumer spending based on the latest month of merchant collections. This data lags one month before the Florida Department of Revenue’s reporting month and are now available through June 2018.

Chart 6 shows both seasonally-adjusted and unadjusted taxable sales for the region. Seasonally-adjusted taxable sales in June 2018 totaled \$2.413 billion, an increase of \$217 million (10 percent) from June 2017, and nearly \$82 million (4 percent) above the May 2018 figure.

Charts 7 and 8 show seasonally-adjusted taxable sales for the coastal and inland counties, respectively. Lee County’s taxable sales rose to \$1.305 billion in June 2018, up 10 percent from June 2017, and 3 percent higher than May 2018. Collier County had taxable sales of \$804.2 million in June 2018, an increase of 10 percent over June 2017, and 4 percent higher than May 2018. Taxable sales in Charlotte County also showed a year-to-year gain, rising to \$264.0 million in June 2018, up 10 percent from June 2017, and 1 percent more than May 2018.

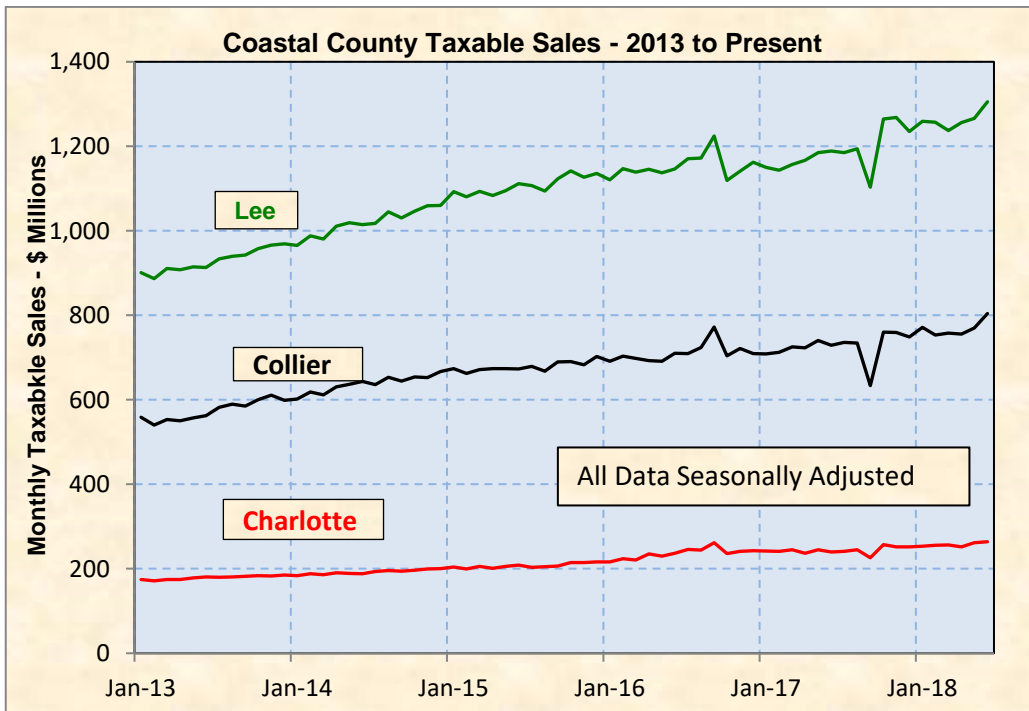
Taxable sales in Hendry County increased to \$34.7 million in June 2018, compared to \$32.6 million in June 2017, an increase of 6 percent. Glades County taxable sales grew slightly, increasing to \$4.4 million in June 2018, up 2 percent from June 2017. All cited data are seasonally-adjusted.

Chart 6: Taxable Sales for 5 County Region



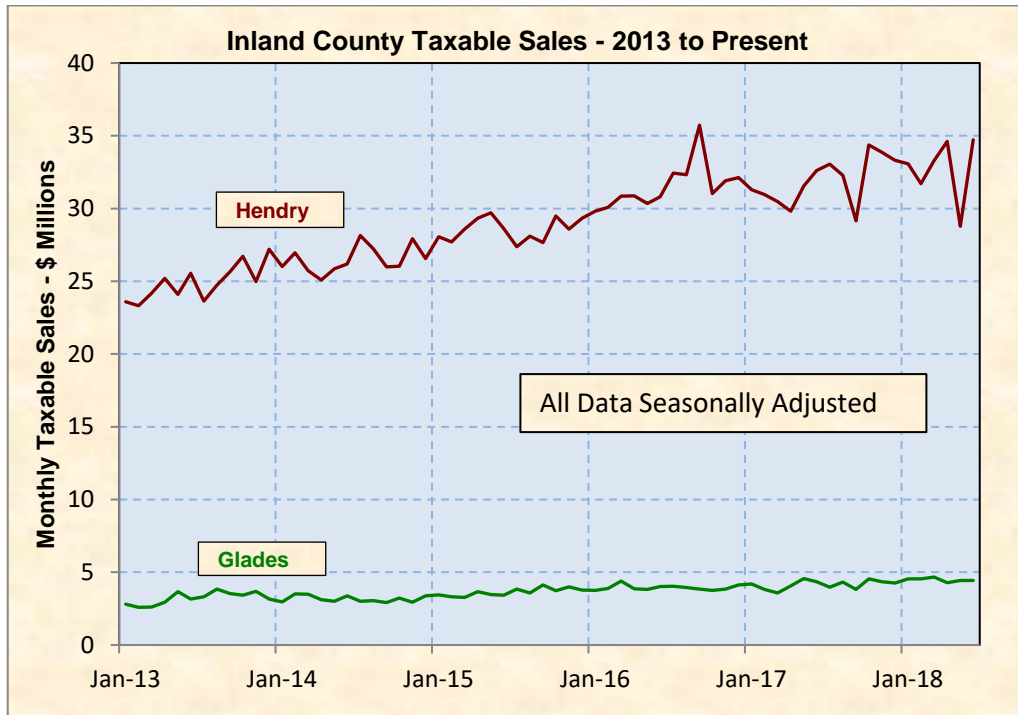
Source: Florida Department of Revenue, Office of Tax Research

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

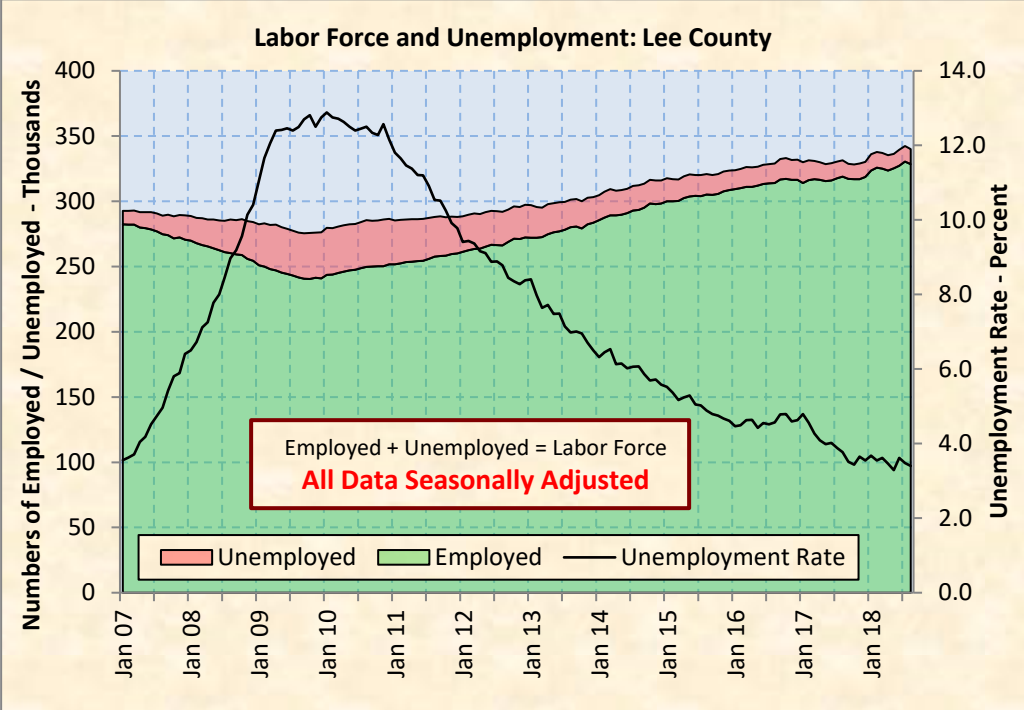
Charts 9-13 show total persons employed and unemployed, and the unemployment rate, all seasonally adjusted by the RERI, for each county from January 2007 through August 2018. Although the number of employed persons decreased by 3,600 from July to August 2018, the region’s unemployment rate dipped to 3.6 percent in August 2018, down from 3.7 percent in July 2018, and from 4.0 percent in August 2017. The decrease in the seasonally-adjusted unemployment rate since August 2017 is attributable to an employment increase of 9,480 workers (up 2 percent) and an unemployment decrease of 2,267 (down 9 percent) over that period.

Lee County’s seasonally-adjusted unemployment rate dipped to 3.4 percent in August 2018, a decrease of 0.4 points from August 2017 and down 0.1 point from July 2018, as depicted in Chart 9. The Collier County unemployment rate remained at 3.6 percent in August 2018, down 0.4 points from August 2017 (Chart 10). The unemployment rate in Charlotte County was 4.1 percent in August 2018, the same as the July 2018 figure and down from 4.4 percent in August 2017 (Chart 11). Lee’s unemployment rate of 3.4 marks the 14th month in a row that its unemployment fell below 4 percent (for seasonally adjusted data). This is the longest string of measures below 4 percent since the 31-month period dating from November 2004 to May 2007.

The inland counties also experienced decreases in unemployment. Hendry County’s August 2018 unemployment rate dropped to 6.2 percent from 6.4 percent in July 2018, and from 7.7 percent in August 2017 (Chart 12). The August 2018 unemployment rate for Glades County fell to 4.0 percent from 4.5 percent in July 2018, and from 5.4 percent in August 2017 (Chart 13).

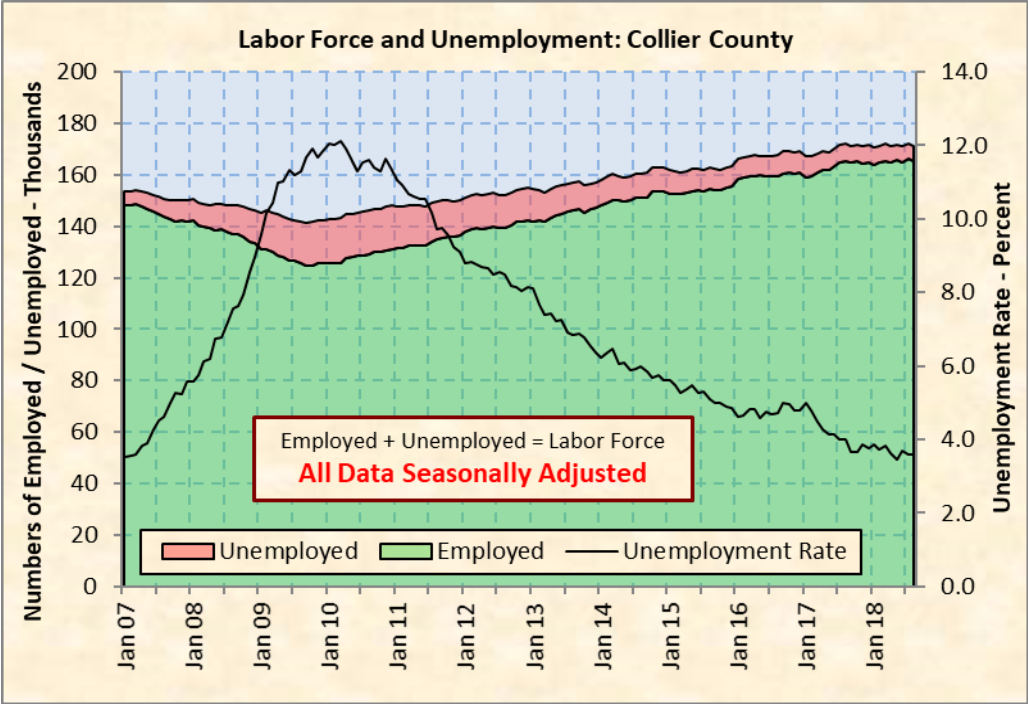
Unemployment rates for the state of Florida were closely aligned with those of the Southwest Florida region: 4.0 percent in August 2017, 3.7 percent in July 2018, and 3.6 regionally versus 3.5 for the state in August 2018. These figures compare favorably with national unemployment rates of 4.4 percent in August 2017, 3.9 percent in July 2018, and 3.9 percent in August 2018.

Chart 9: Lee County Labor Force and Unemployment



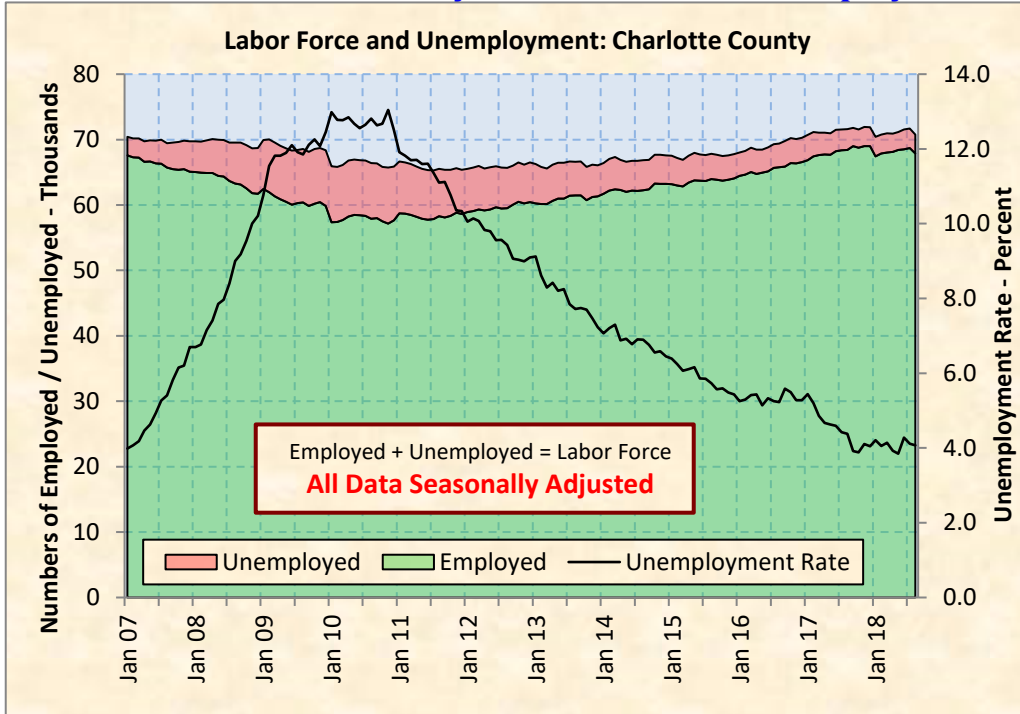
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 10: Collier County Labor Force and Unemployment



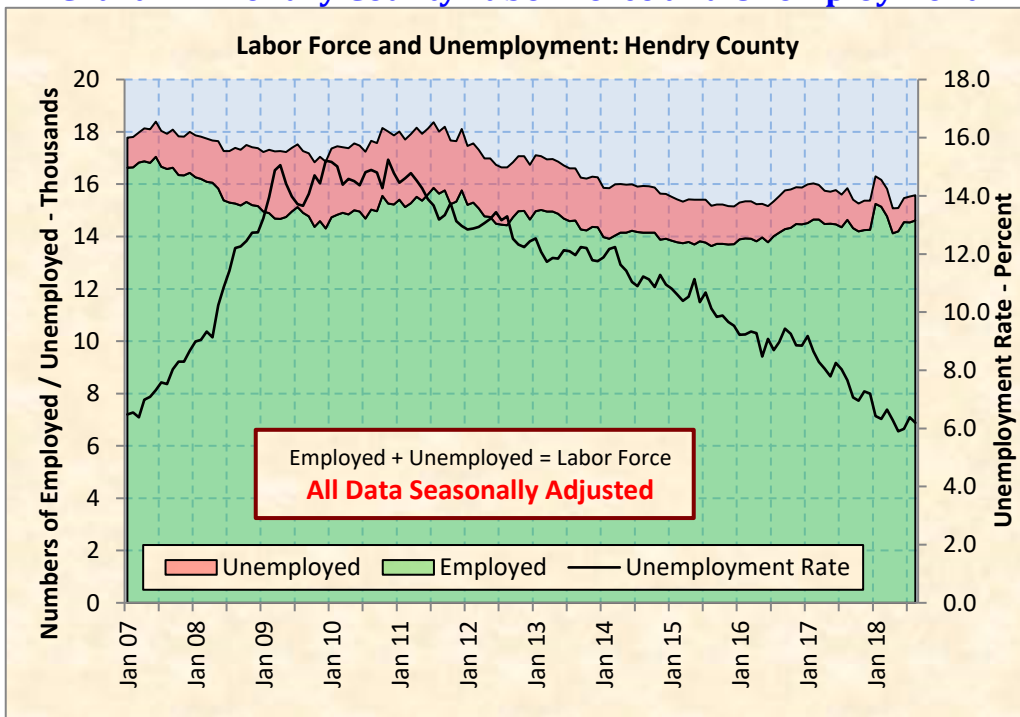
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Chart 11: Charlotte County Labor Force and Unemployment



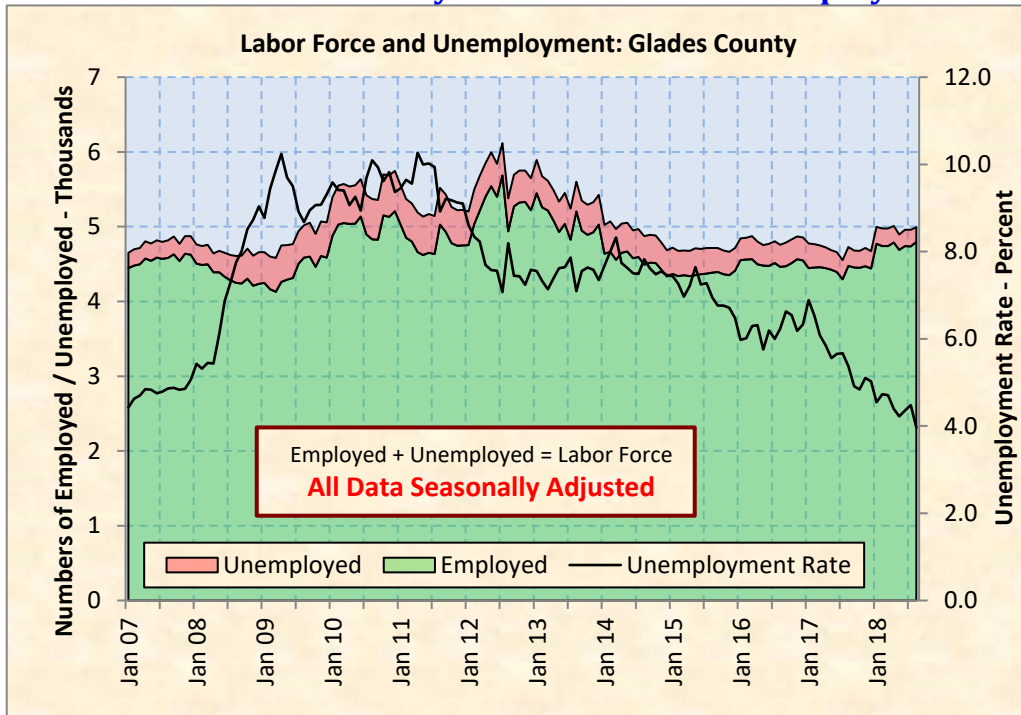
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

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



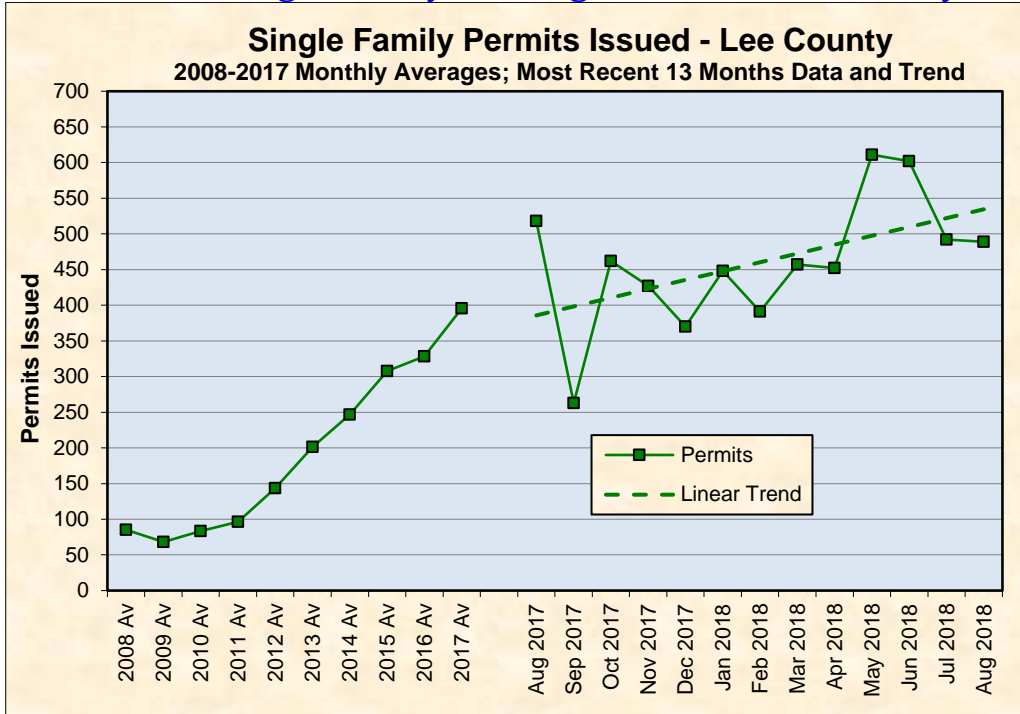
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

Single-Family Building Permits

The three coastal counties reported slower year-to-year growth in single-family building permits for August 2018. A total of 916 permits were issued by the three counties in August 2018, an increase of 7 permits over August 2017, but 132 fewer than July 2018. Lee County issued 489 permits in August 2018, a decrease of 29 from August 2017 (Chart 14). In Collier County, 251 permits were issued in August 2018, a decline of 36 from August 2017 and 104 fewer than July 2018 (Chart 15). Charlotte County issued 176 permits in August 2018, up 72 over August 2017, as depicted in Chart 16.

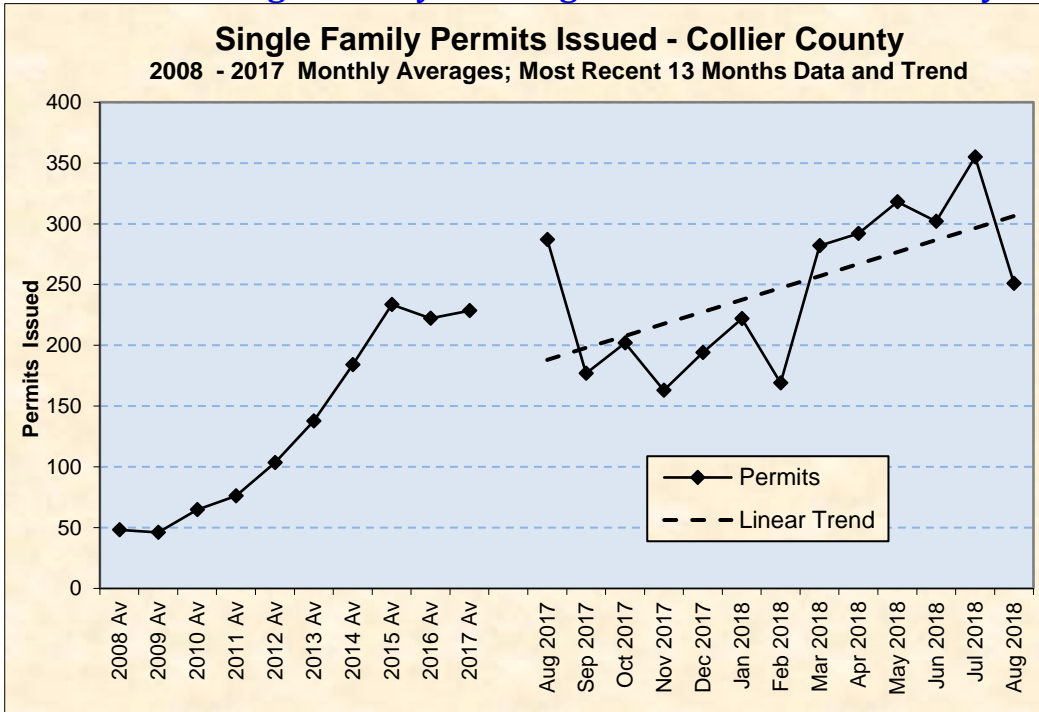
Hendry County has issued 118 single-family building permits through August 2018, more than double the 57 issued through August 2017.

Chart 14: Single-Family Building Permits for Lee County



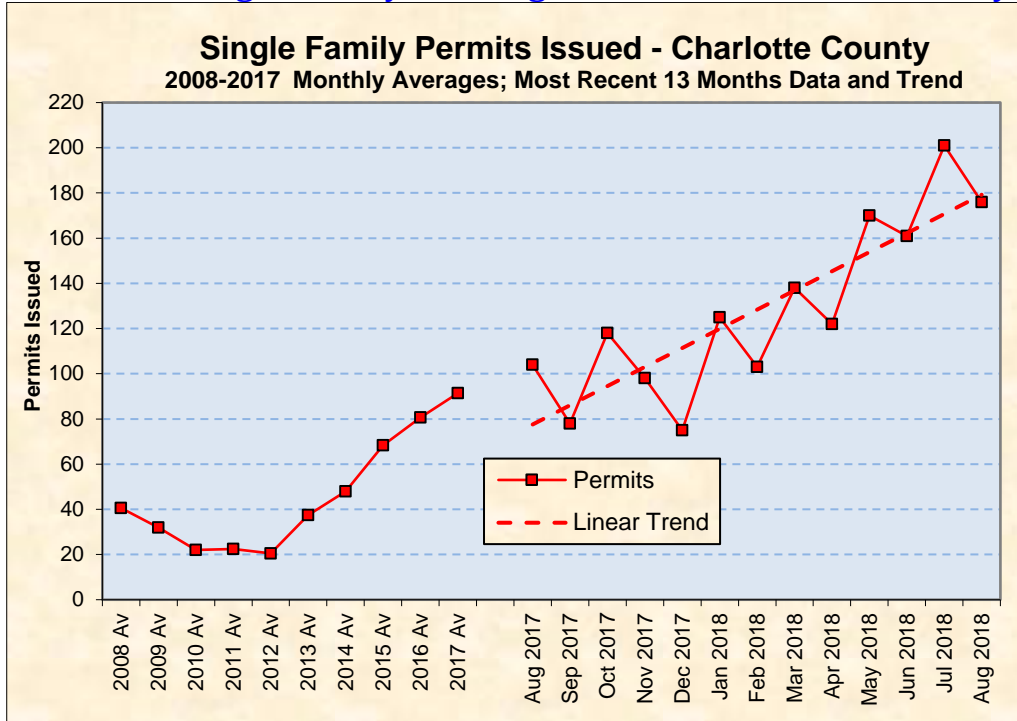
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs, Estero, and Fort Myers Beach permits

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

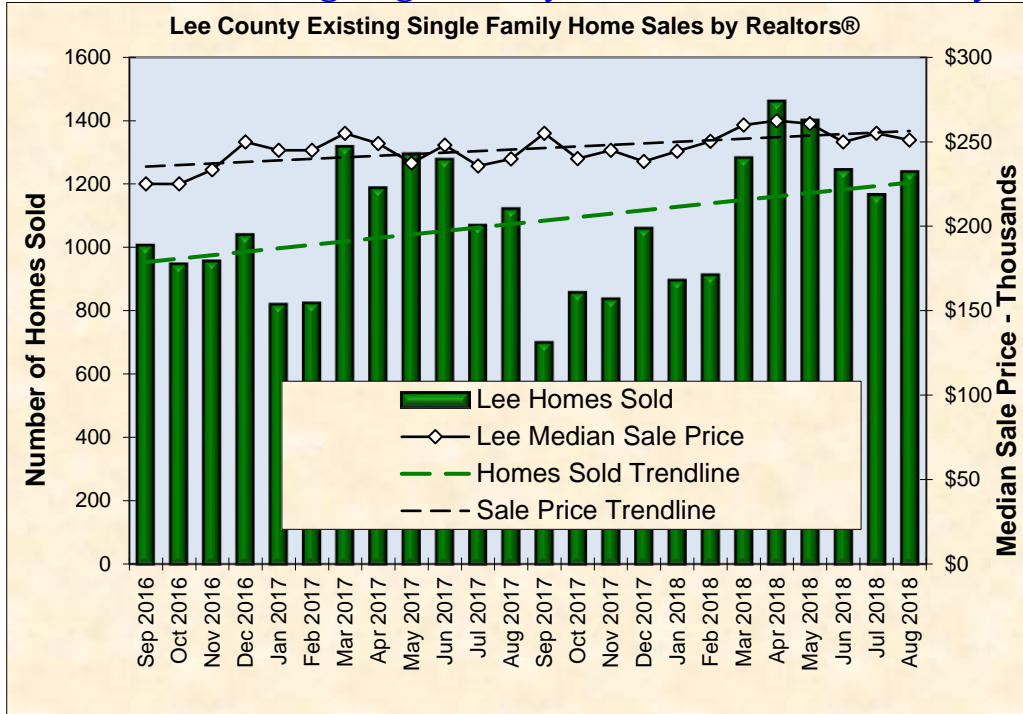
Existing Single-Family Home Sales and Median Prices

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 amounted to 1,956 units in August 2018, an increase of 3 percent over both August 2017 and July 2018.

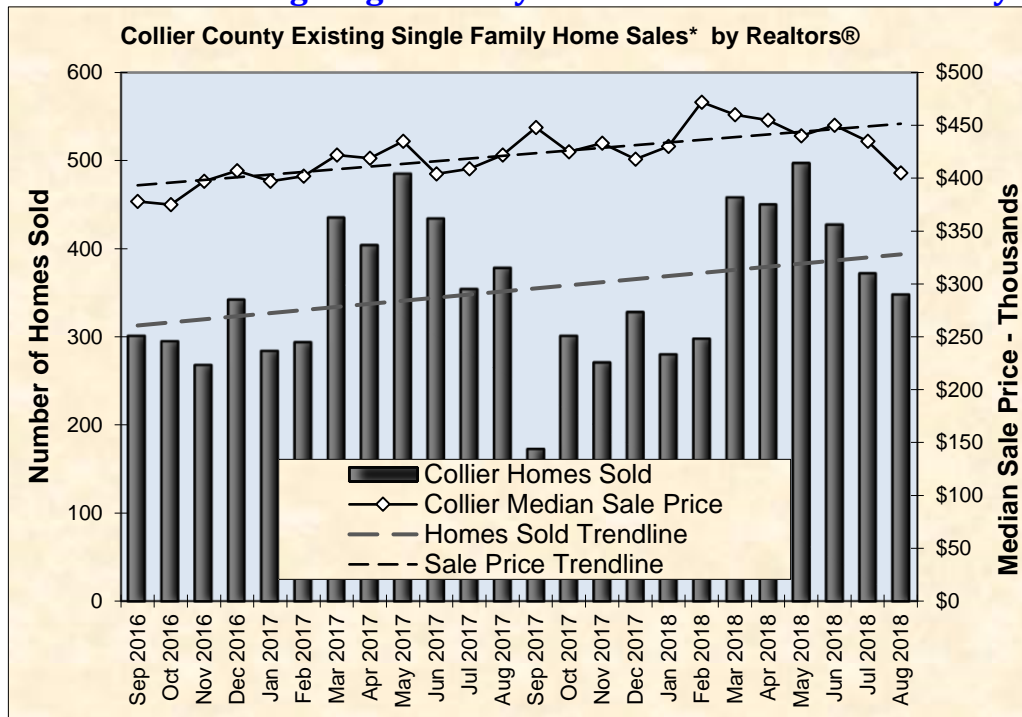
Lee County recorded single-family home sales of 1,237 units in August 2018, up 10 percent from August 2017, while the median price rose from \$239,900 to \$251,000 (Chart 17). Collier County single-family home sales were 348 units in August 2018, a decrease of 8 percent from August 2017. The median price in Collier County declined to \$405,000 from \$422,000 in August 2017 and from \$435,000 in July 2018 (Chart 18). For August 2018, Charlotte County had 371 single-family home sales, a decrease of 8 percent from August 2017. Charlotte’s median price was \$218,000 in August 2018, an increase of \$8,000 over the prior August (Chart 19).

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



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

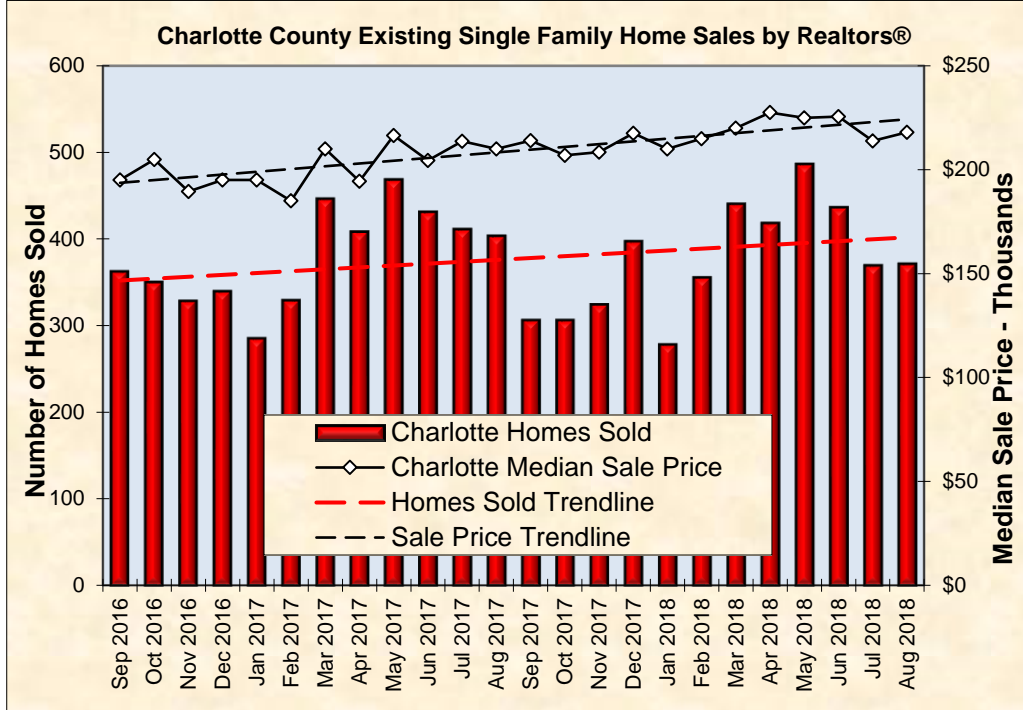
Chart 18: Existing Single-Family Home Sales for Collier County



* 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>

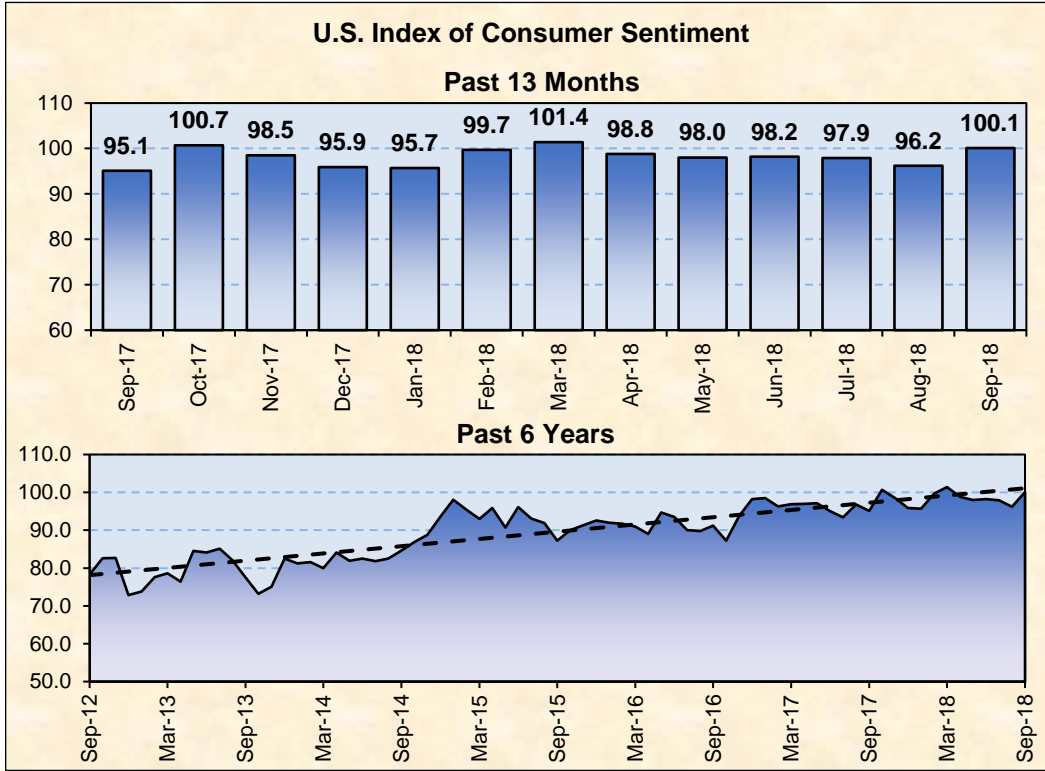
Consumer Sentiment Index

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 U.S. Index of Consumer Sentiment improved to 100.1 in September 2018, up 3.9 points from August 2018, and 5 points above the September 2017 figure. The Index topped 100 for only the third time since January 2004. The September 2018 issue of Survey of Consumers noted, “[a]ll households held very optimistic expectations for improved personal finances in the year ahead, the most favorable financial prospects since 2004. Despite a lessening in September of the expected size of gains in nominal incomes, inflation expectations also declined.... Consumers anticipated continued growth in the economy and expected the unemployment rate to continue to slowly decline during the year ahead.”

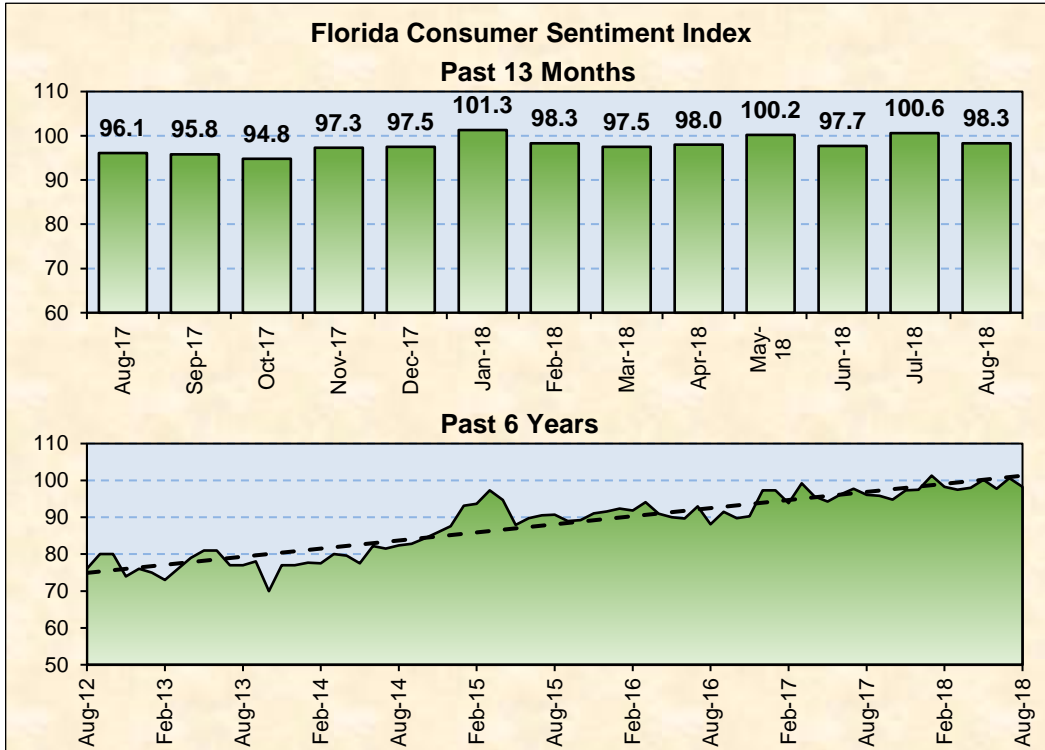
The Consumer Sentiment Index for Florida in September 2018 was not available at deadline. However, in August 2018, this figure fell to 98.3, down 2.3 points from the July 2018 measure, but up 2.2 points from August 2017. Hector H. Sandoval, director of the Economic Analysis Program at the University of Florida’s Bureau of Economic and Business Research, said in the September 4, 2018 edition of Florida Consumer Sentiment Index, “Despite the decline in consumer confidence experienced in August, overall confidence has remained high among Floridians in the last months. Given the positive economic outlook, an increase in wages is typically expected to follow after the tightening of the labor market, resulting in greater consumption and economic activity.”

Chart 20: U.S. Index of Consumer Sentiment



Source: Thomson Reuters/University of Michigan

Chart 21: Florida Consumer Sentiment Index

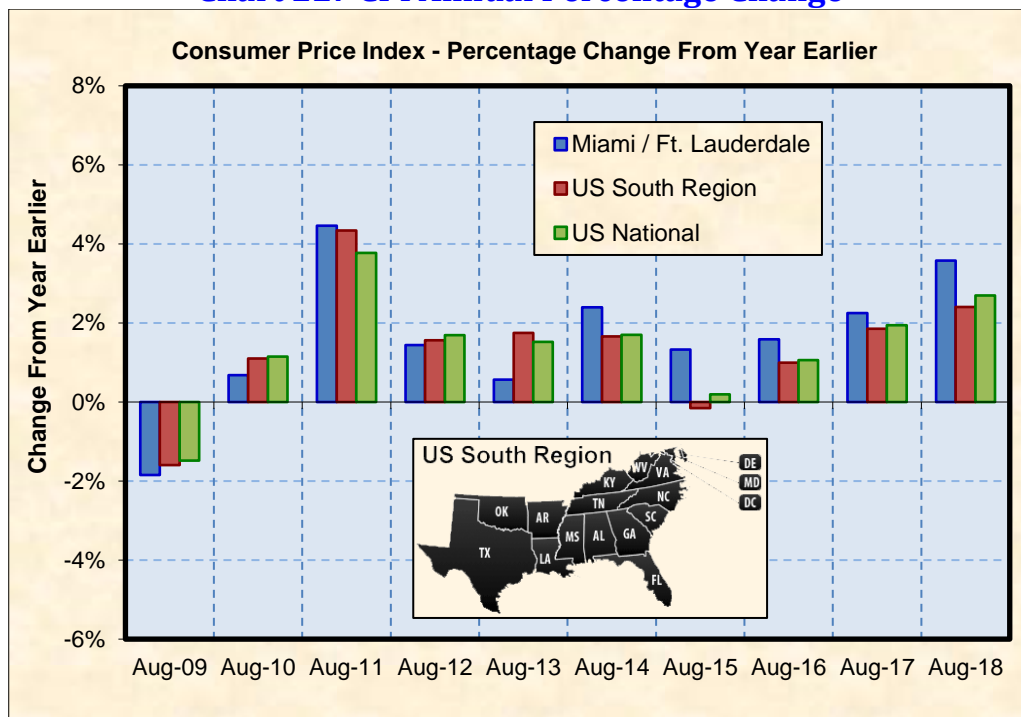


Source: Bureau of Economic and Business Research, University of Florida

Consumer Price Index

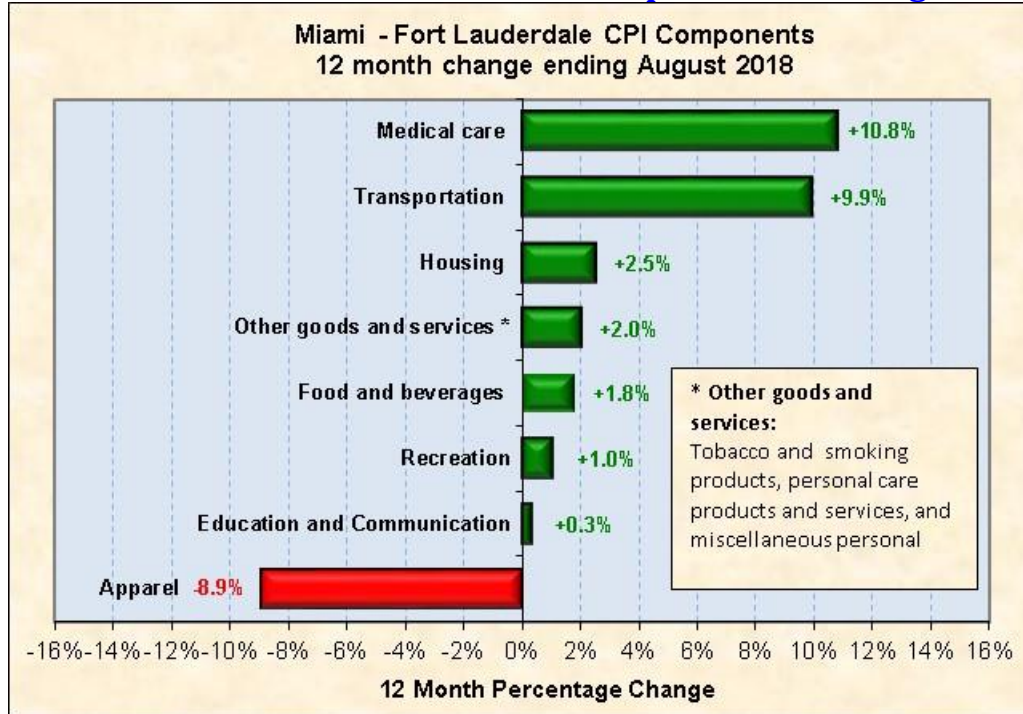
Chart 22 shows year-to-year changes in consumer price indices (CPI) through August 2018. The Chart depicts noticeable increases in consumer price inflation compared to the previous three years. For the Miami/Ft. Lauderdale area, the August 2018 CPI showed an increase of 3.6 percent from August 2017, compared to 2.3 percent from August 2016 to August 2017. Similarly, CPI growth in the US South Region was 2.4 percent from August 2017 to August 2018, up from 1.9 percent between August 2016 and August 2017. Nationally, the CPI was up 2.7 percent from August 2017 to August 2018, compared to 1.9 percent from August 2016 to August 2017.

Chart 22: CPI Annual Percentage Change



Components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending August 2018 are shown in Chart 23. Increases in medical care and transportation costs continued to be the principal drivers behind the rise in CPI inflation.

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

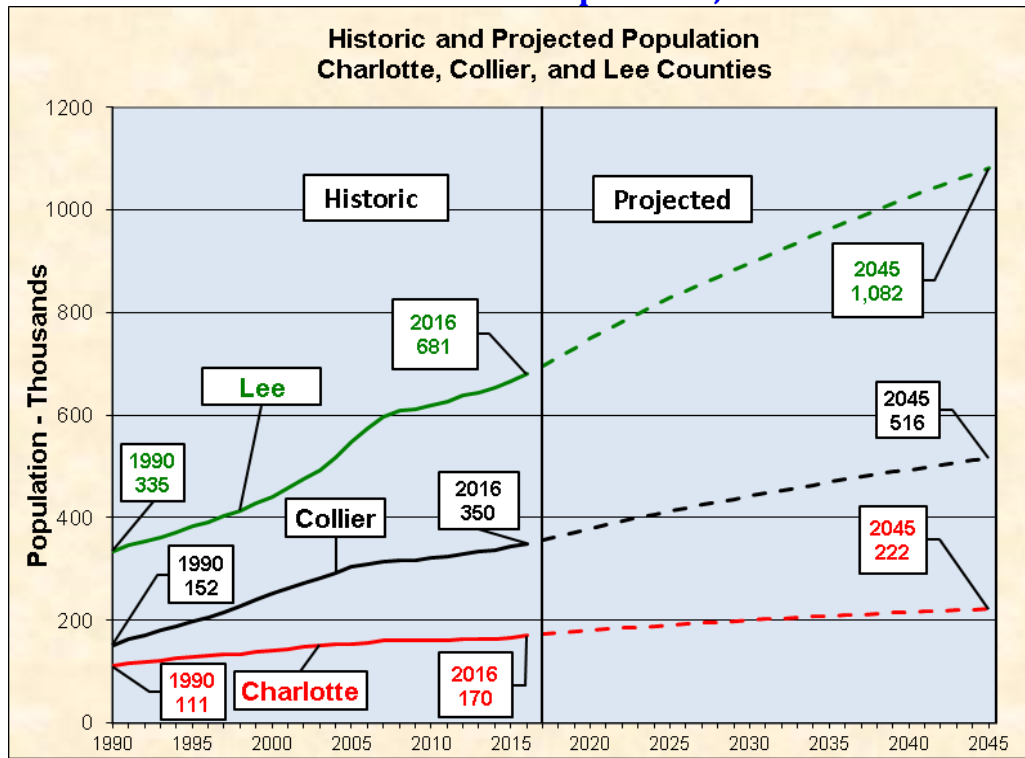
The data presented in this appendix are not released on a monthly basis. The first two charts, Charts A1 and A2, show historic population growth through 2016, as well as projections updated annually by the state of Florida’s Office of Economic and Demographic Research, working in conjunction with the 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

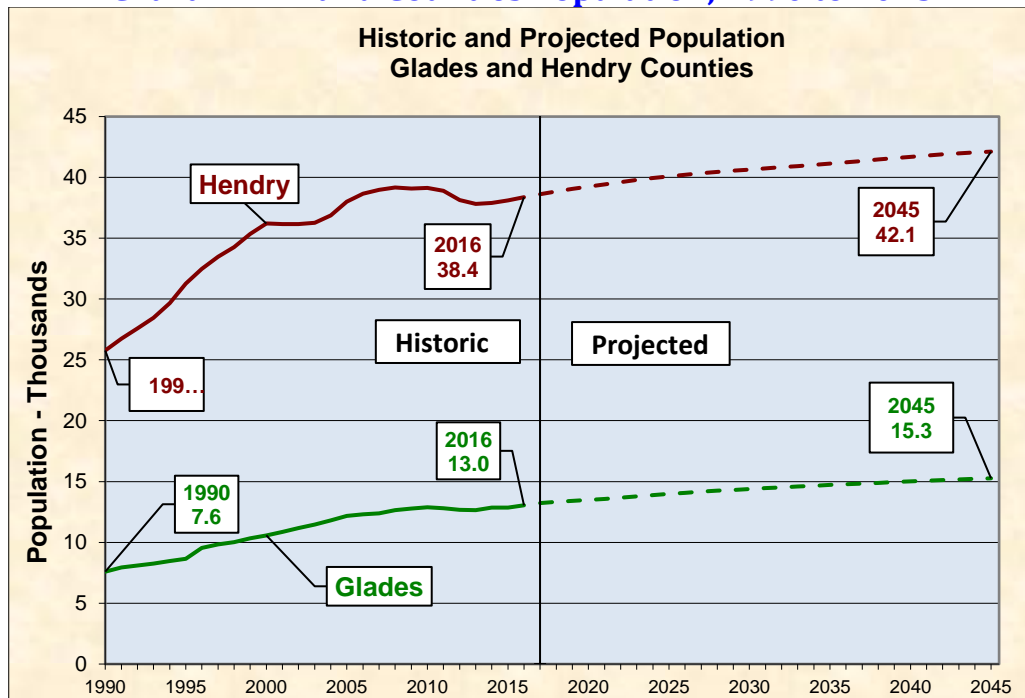
County at 1.3 percent, and Charlotte County at 0.9 percent per year. Hendry County's population is projected to grow at an average of 0.3 percent per year and Glades County at 0.5 percent per year.

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

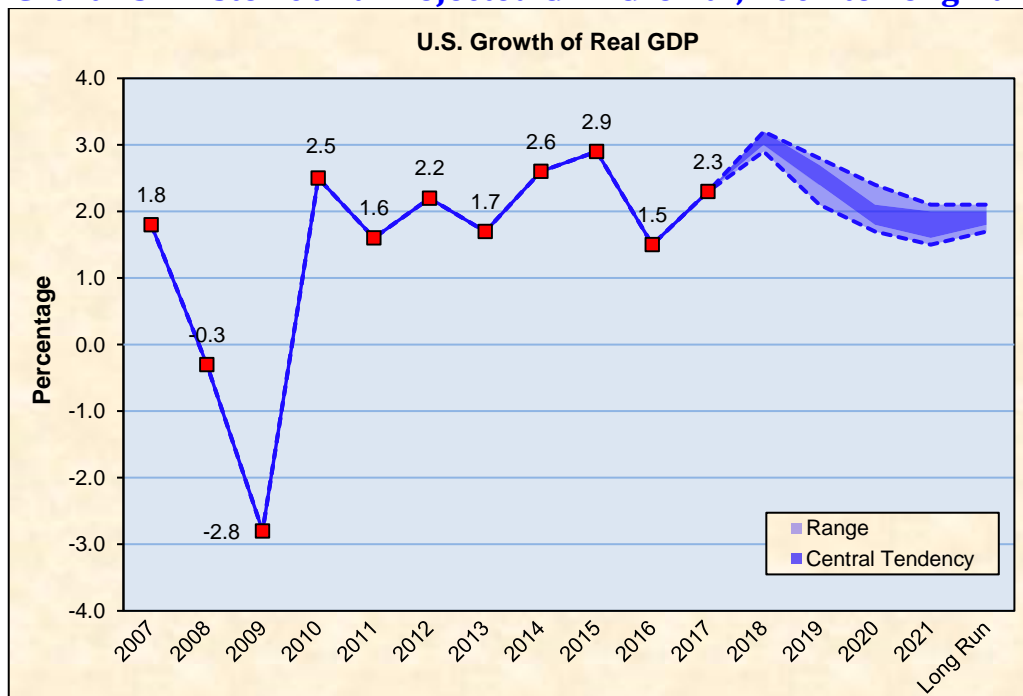
Charts A3 and A4 depict both historical trends and the Federal Open Market Committee’s projections for national Gross Domestic Product (“GDP”) and Unemployment. The FOMC’s projections are released quarterly and reflect the assessments of the Federal Reserve Board of Governors and of Federal Reserve District 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 depicts 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 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 and denoted by the dotted lines) for 2018, 2019, 2020, 2021 and the long run, were almost unchanged when compared to the projections made in June 2018, including sentiment that the economy will slow in 2020. If the central tendency projection of economic growth at 3.2 percent for 2018 proves correct, it will mark the first annual reading of U.S. GDP above 3 percent since 2005. Although growth projections fall thereafter, they show slightly more optimism for 2019 in the current report than it did in the June report. Long-run growth rates of 3 percent GDP are generally associated with an economy operating with a full employment of resources.

The current economic expansion recently became the second-longest recorded in the last 150 years. If it continues past the summer of 2019, then the current expansion will be the longest one observed over that time period.

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

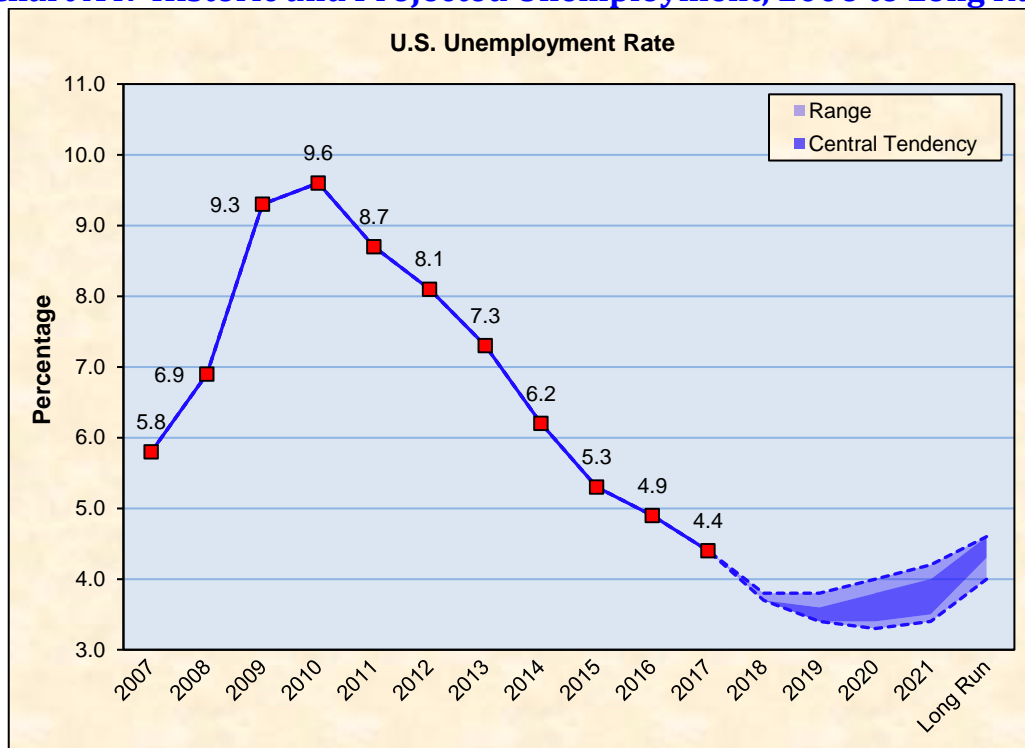


Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, September 26, 2018.

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.

As projected in previous quarters, the September 2018 forecast suggests a range that falls slightly through 2019 and then starts to rise, although below the 4 percent unemployment level through 2020. The average central tendency forecasts through 2021 equal 3.6 percent, signifying no change from the previous quarter's average. The projected increases in unemployment after 2021 may reflect the mainstream consensus that the economy will be slowing or otherwise in the midst of a market correction around that time.

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, September 26, 2018.

The next quarterly release of projections for GDP and Unemployment will be released following the FOMC meeting scheduled in December 2018. These projections will be updated in the January 2019 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

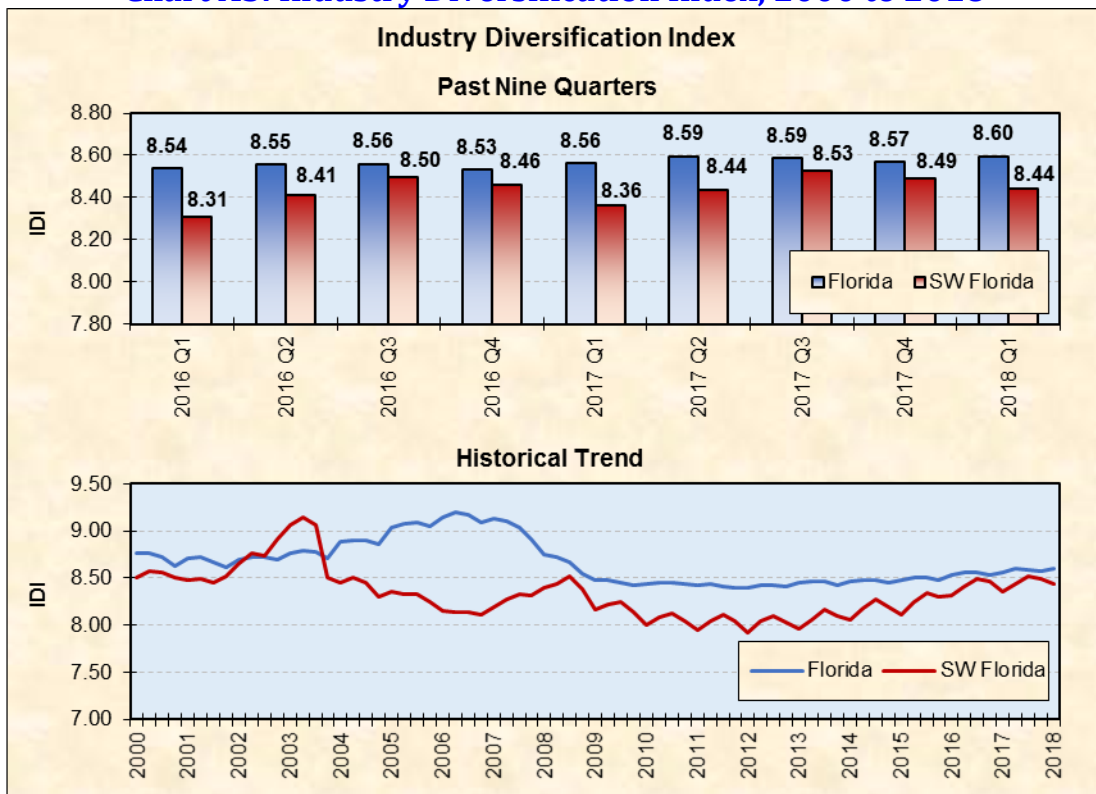
Metropolitan Statistical Area, workforce region, and state. (For more details, please go to lutgert.fgcu.edu/IDI).

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 first quarter of 2018, the IDI for Southwest Florida measured at 8.44, 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 8.60, ranking Florida as the 20th highest state in the nation in industry diversification, although below the national average of 8.64.

Chart A5: Industry Diversification Index, 2000 to 2018



Source: lutgert.fgcu.edu/IDP