

# Southwest Florida Regional Economic Indicators

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Research Institute**

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## Introduction: Regional and National Background

The Southwest Florida economy continues to display signs of robust growth as the first quarter of 2018 comes to a close. Positive signs include an 8-percent increase in **airport passenger activity** from January 2017 to January 2018, a 10-percent increase in **single-family building permits** from February 2017 to February 2018, and an 18-percent increase in **tourist tax revenues** for January 2018 compared to January 2017.

Southwest Florida's seasonally adjusted **unemployment rate** declined to 3.8 percent in February 2018, down 0.3 points from the January 2018 figure. The region's unemployment rate was lower than both the state of Florida (3.9 percent) and the nation (4.1 percent) during the same month.

Other highlights in the report include:

- **Single-family home sales** for the three coastal counties were up by 8 percent from February 2017 to February 2018, while **median home prices** showed increases compared to both January 2018 and to February 2017.
- **Taxable sales** for the five-county region totaled \$2.3 billion in December 2017, up 9 percent from the December 2016 figure. For the full-calendar year, Southwest Florida recorded a 3-percent improvement in taxable sales.

Finally, new **FOMC GDP growth and unemployment projections**, along with new **FGCU Industry Diversification Index** figures, are now available in the appendix of the current issue of *Regional Economic Indicators*. Southwest Florida ranked as the 9th most industrially diverse workforce region during the 3rd quarter of 2017 (out of 24 regions), while the state of Florida was ranked 21st out of all 50 states during the same quarter.

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.

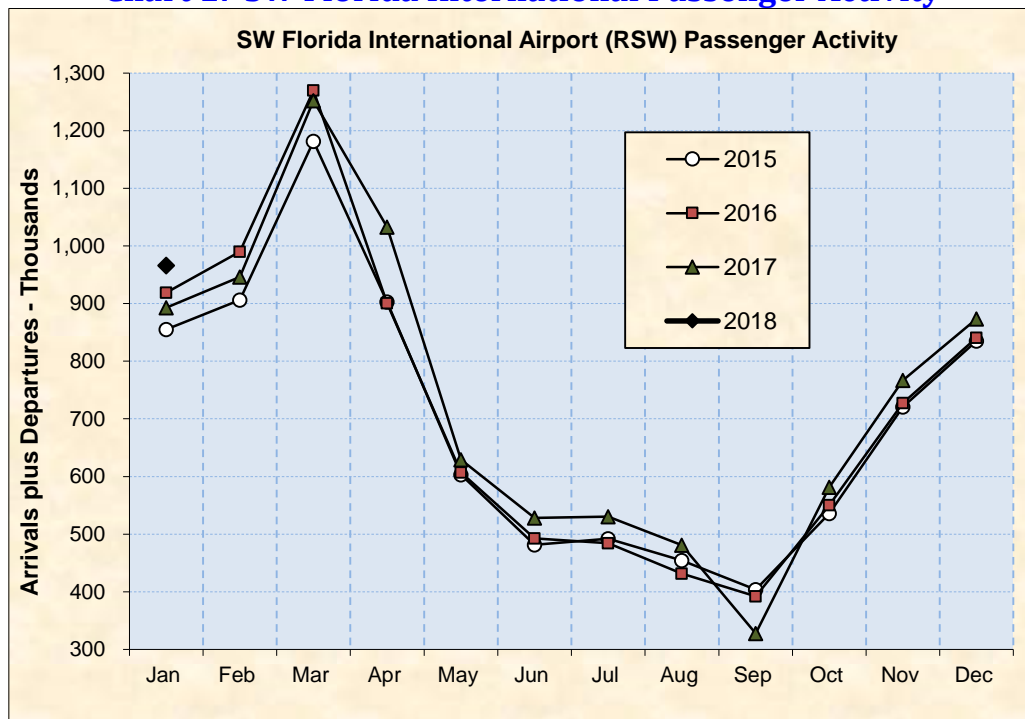
## Airport Passenger Activity

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 1,192,969 in January 2018, an increase of 8 percent over both January 2017 and the prior month of December 2017.

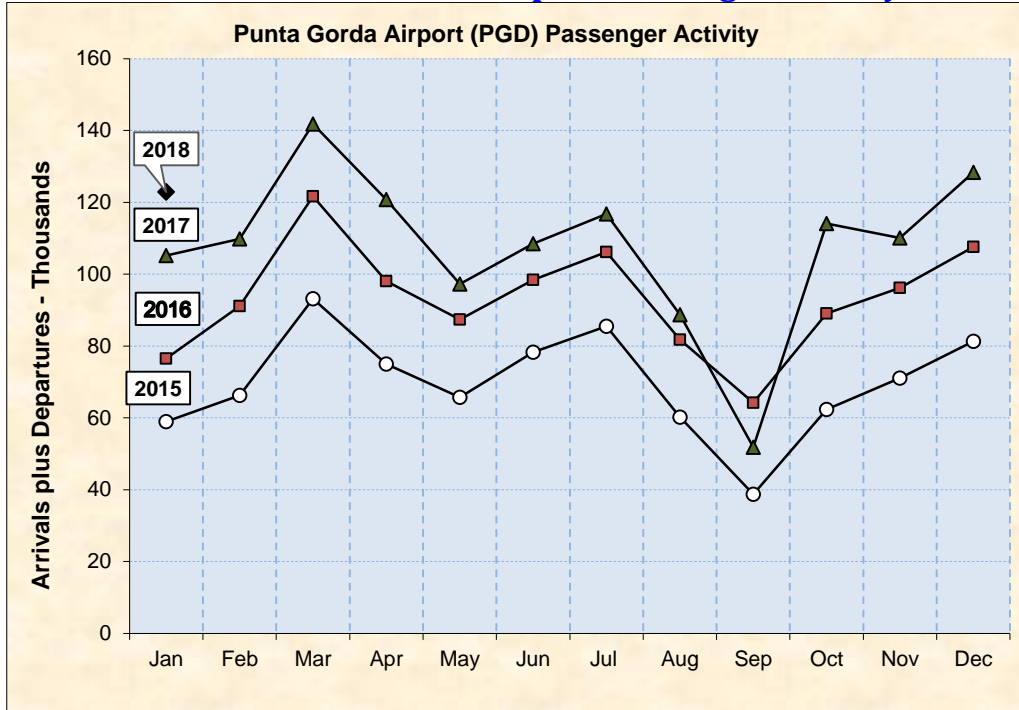
RSW passenger activity rose to 965,981 in January 2018, up 8 percent from January 2017 and 11 percent over December 2017 (see Chart 1). Punta Gorda reported 122,901 passengers in January 2018, a 17-percent increase over January 2017, albeit 4 percent below December 2017 (Chart 2). Sarasota Bradenton recorded 104,087 passengers in January 2018, a fractional increase over December 2017, but 3 percent below January 2017 (Chart 3).

**Chart 1: SW Florida International Passenger Activity**



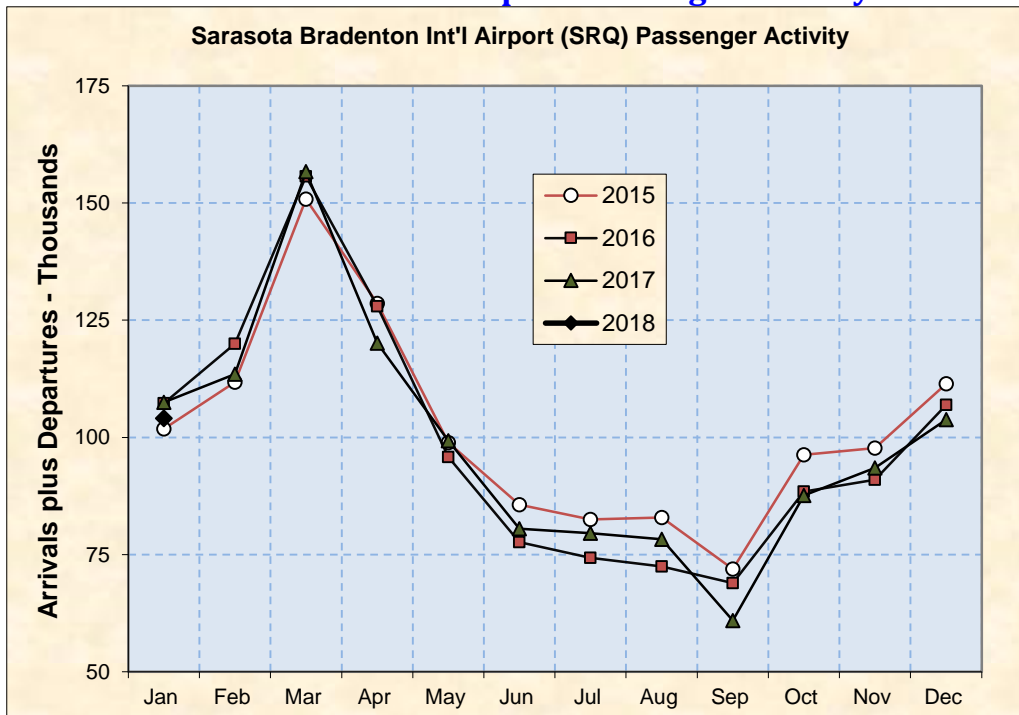
Source: Local Airport Authorities

**Chart 2: Punta Gorda Airport Passenger Activity**



Source: Local Airport Authorities

**Chart 3: Sarasota Airport Passenger Activity**



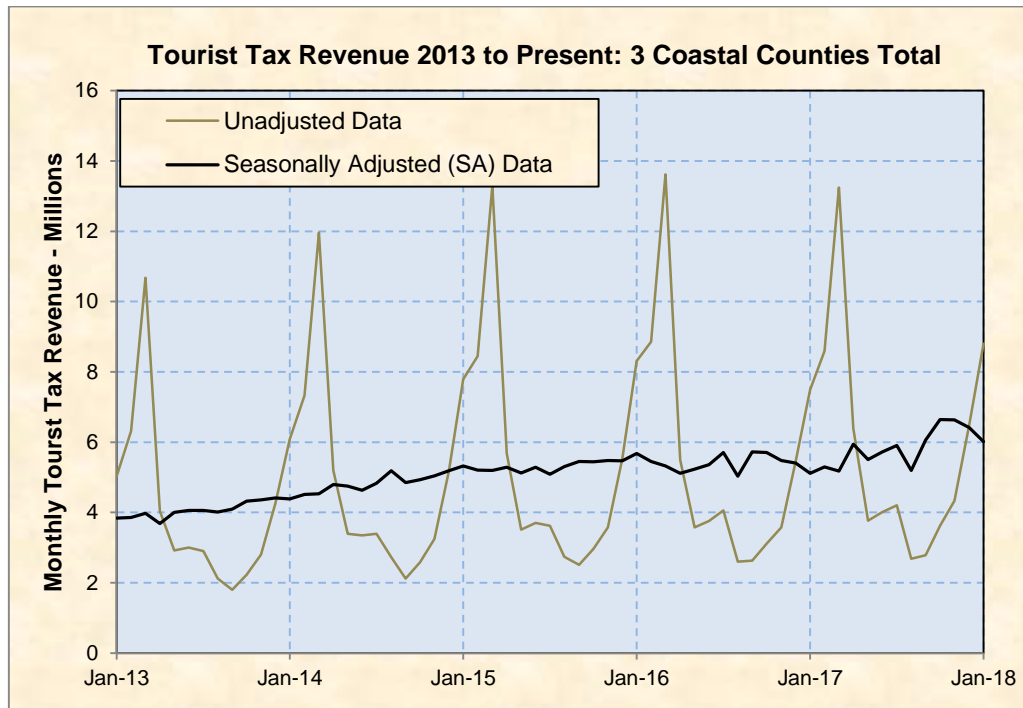
Source: Local Airport Authorities

## Tourist Tax Revenues

Seasonally-adjusted tourist tax revenues, shown in Charts 4 and 5, are based on month of occupancy. Data for the three coastal counties are now available through January 2018. Total revenues for the three coastal counties were \$6,010,706 in January 2018, up 18 percent over January 2017, albeit 6-percent lower than December 2017.

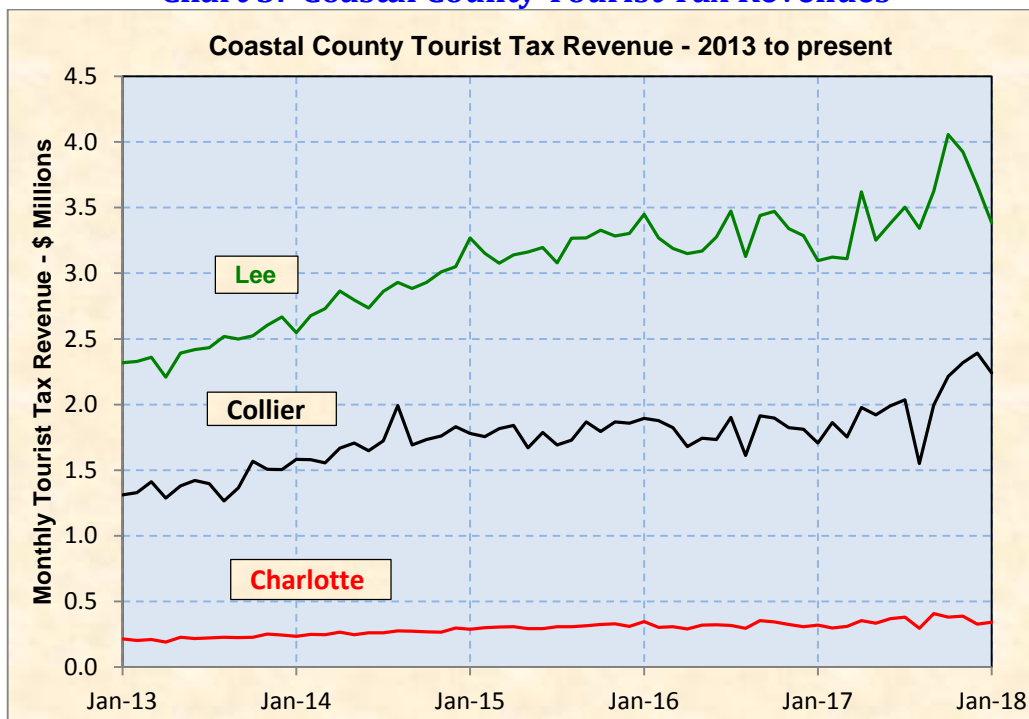
In Lee County, January 2018 seasonally-adjusted revenues were \$3,384,101, an increase of 9 percent over the January 2017 figure and 8 percent below December 2017. Collier County's seasonally-adjusted tourist tax revenues were \$2,240,267 in January 2018, a 31-percent increase from January 2017. Some of the year-to-year growth of Collier County's tourist tax revenues may be attributable to an increase in the tourist development tax rate from 4 percent to 5 percent, effective September 1, 2017. Tourist tax revenues in Charlotte County grew to \$342,169 in January 2018, a 7 percent increase over the January 2017 total.

**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 December 2017.

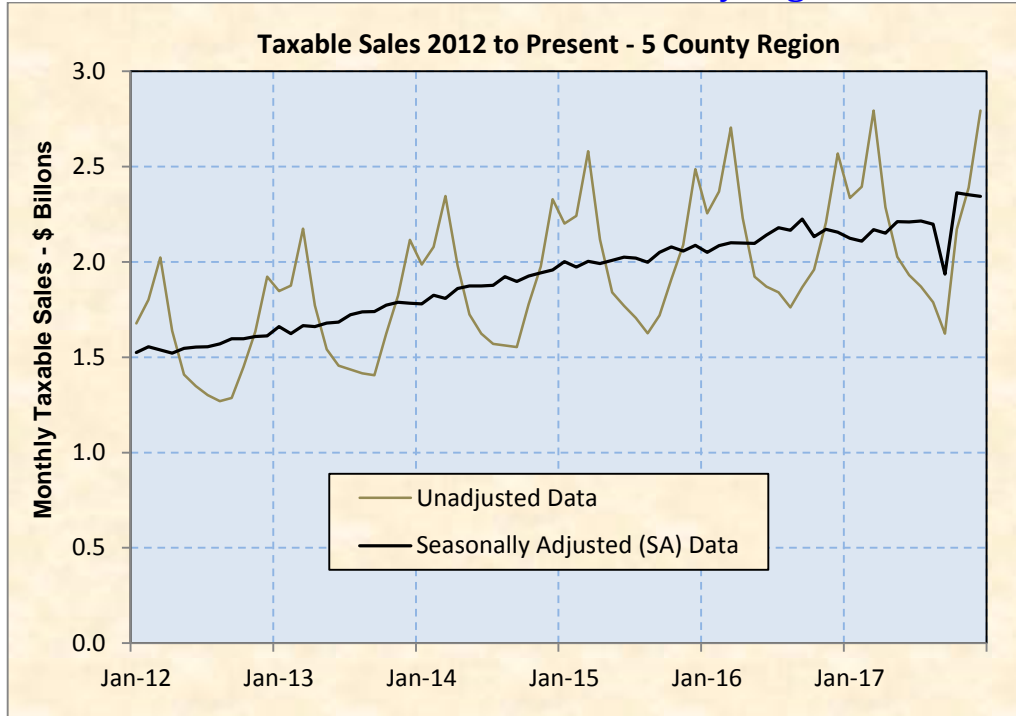
Both seasonally-adjusted and unadjusted taxable sales for the region are shown in Chart 6. For the five counties, total seasonally-adjusted taxable sales in December 2017 were \$2.344 billion, a 9-percent increase over December 2016, but \$8.1 million less than November 2017. For the full calendar year of 2017, taxable sales rose to \$26.381 billion, an increase of \$776.8 million (3 percent) over 2016.

Charts 7 and 8 show seasonally-adjusted taxable sales for the coastal and inland counties, respectively. Lee County's taxable sales were \$1.277 billion in December 2017, up 9 percent from December 2016. For the year, Lee's taxable sales reached \$14.283 billion, a 3-percent increase over the prior year. Collier County's taxable sales increased from \$710.3 million in December 2016 to \$771.8 million in December 2017, a 9-percent increase. Total taxable sales in Collier were \$8.733 billion in 2017, up 3 percent from 2016. Charlotte County taxable sales improved to \$257.0 million in December 2017, up 6 percent from December 2016.

Taxable sales in Hendry County totaled \$35.0 million in December 2017, compared to \$32.9 million in December 2016, an increase of 6 percent. Hendry's taxable sales were up \$5.6 million in 2017 to \$384.0 million. Glades County taxable sales were \$4.2 million in December 2017, a 4-percent improvement over December 2016; total year taxable sales were up \$2.7 million over 2016. All cited data are seasonally-adjusted.

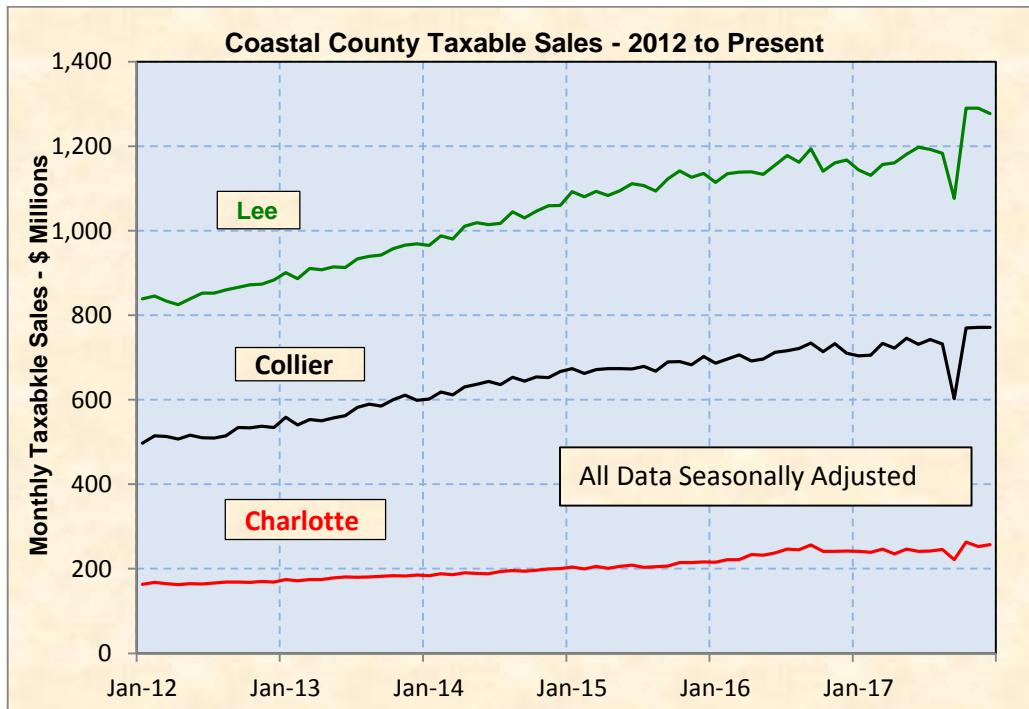


**Chart 6: Taxable Sales for 5 County Region**



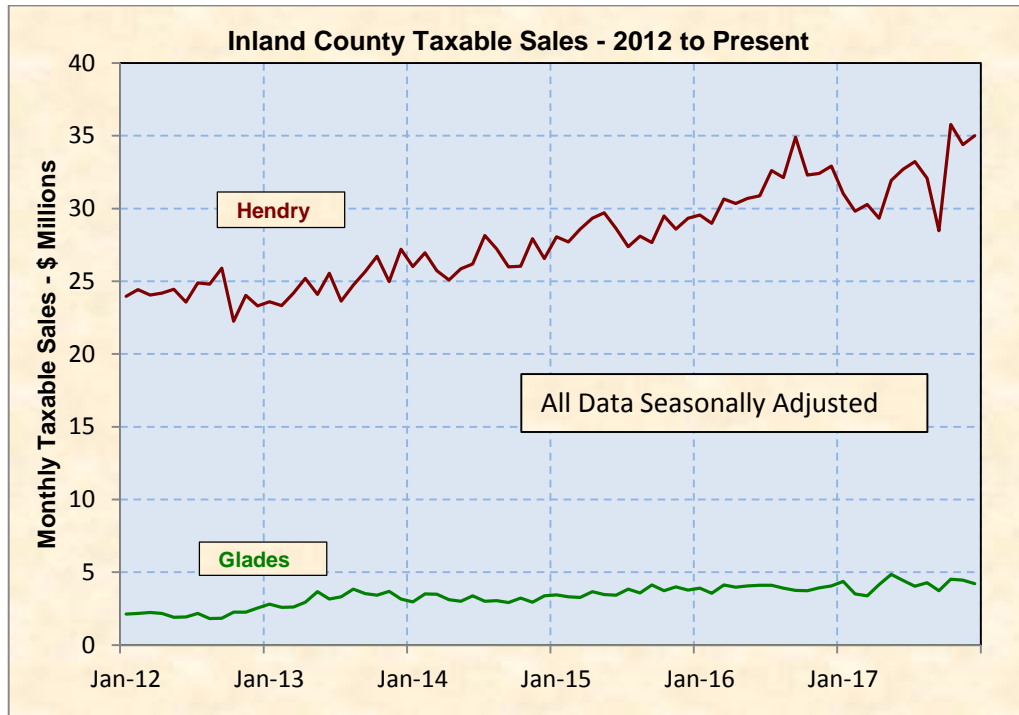
Source: Florida Department of Revenue, Office of Tax Research

**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

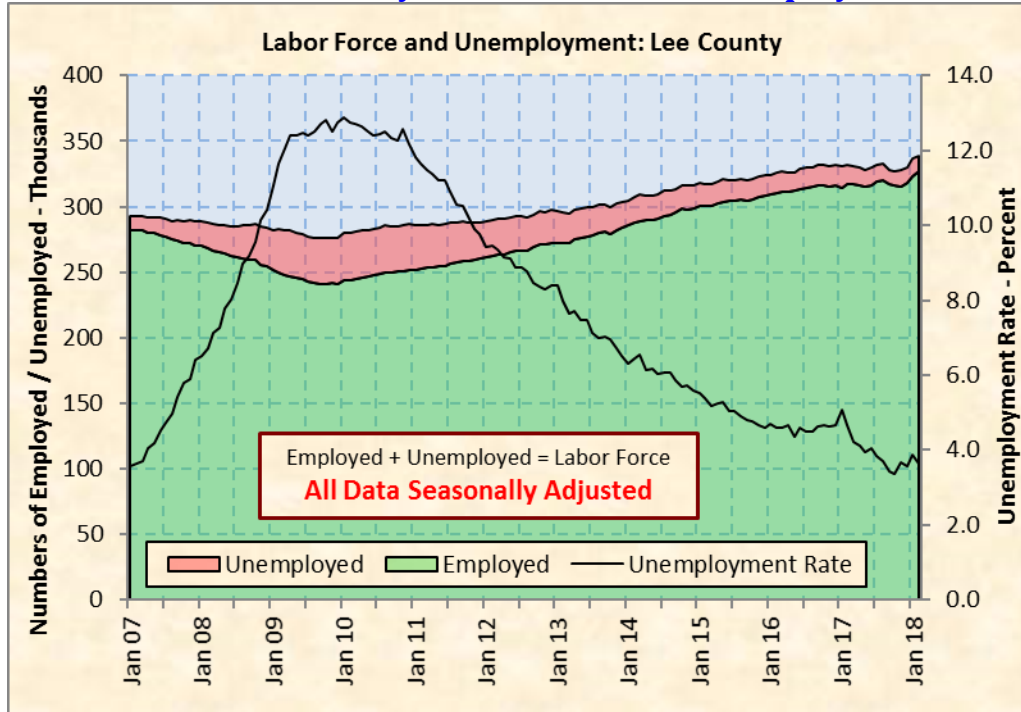
Charts 9-13 show total persons employed and unemployed, and the unemployment rate, all seasonally adjusted by the RERI, for each county from January 2007 through February 2018. The unemployment rate for the five-county region dipped to 3.8 percent in February 2018 from 4.1 percent in the prior month, and from 4.9 percent in February 2017. This decrease from the prior February was driven by an employment increase of 16,615 workers (3 percent) and an unemployment decrease of 6,039 (21 percent).

Lee County's seasonally-adjusted unemployment rate dropped to 3.6 percent in February 2018, a decrease of 0.3 points from January 2018, as depicted in Chart 9. Collier County's unemployment rate declined to 3.8 percent in February 2018, down from 4.1 percent in January 2018 (Chart 10). The unemployment rate in Charlotte County dipped to 4.2 percent in February 2018, down from January's 4.4 percent (Chart 11).

Hendry County's February 2018 unemployment rate improved to 6.2 percent, down from 6.6 percent in January 2018 (Chart 12). The February 2018 unemployment rate for Glades County remained unchanged from the previous month at 4.8 percent (Chart 13).

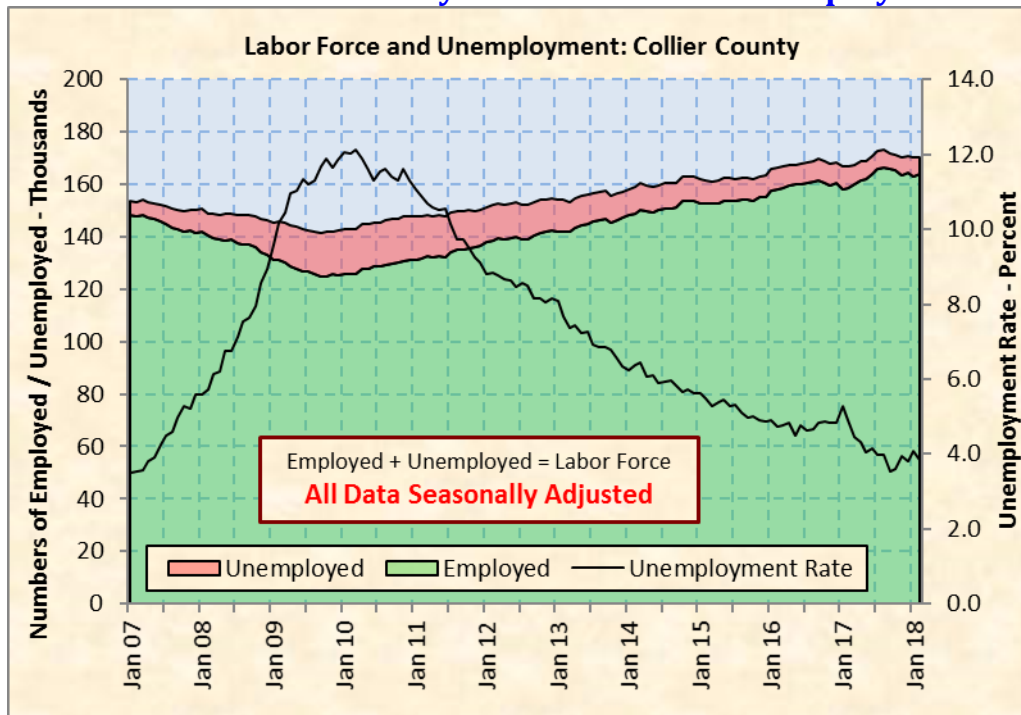
Florida's seasonally-adjusted unemployment rate was 3.9 percent in February 2018, unchanged from January, and down 0.6 percentage points from February 2017. The seasonally adjusted national unemployment rate for February 2018 was unchanged from the previous month at 4.1 percent, a decline from the 4.7 percent rate recorded in February 2017.

**Chart 9: Lee County Labor Force and Unemployment**



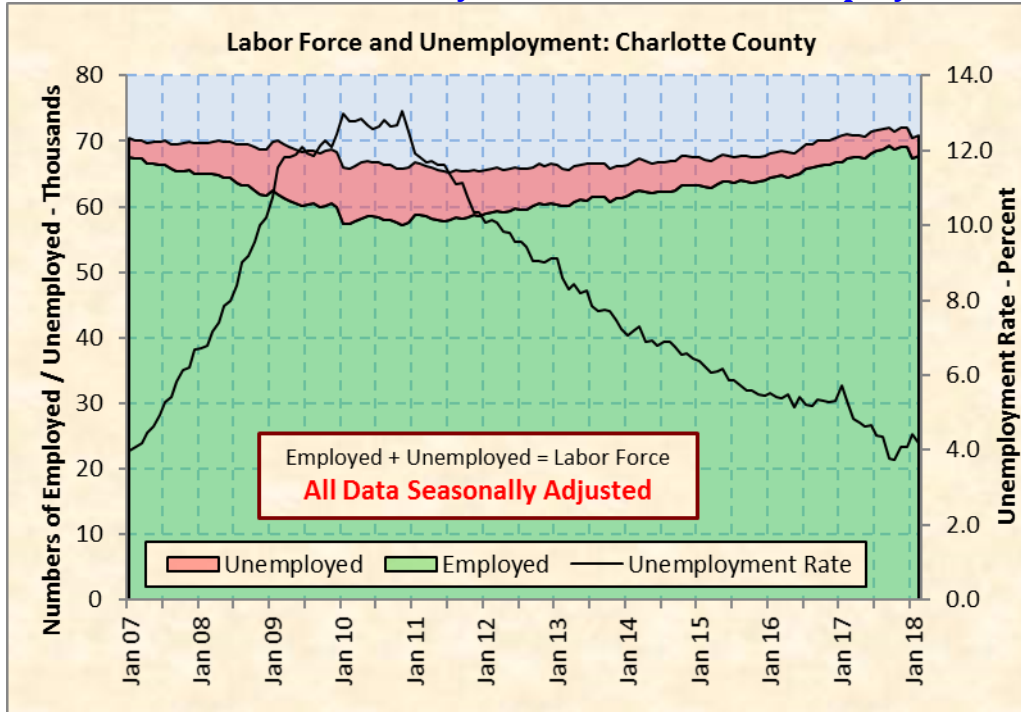
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

**Chart 10: Collier County Labor Force and Unemployment**



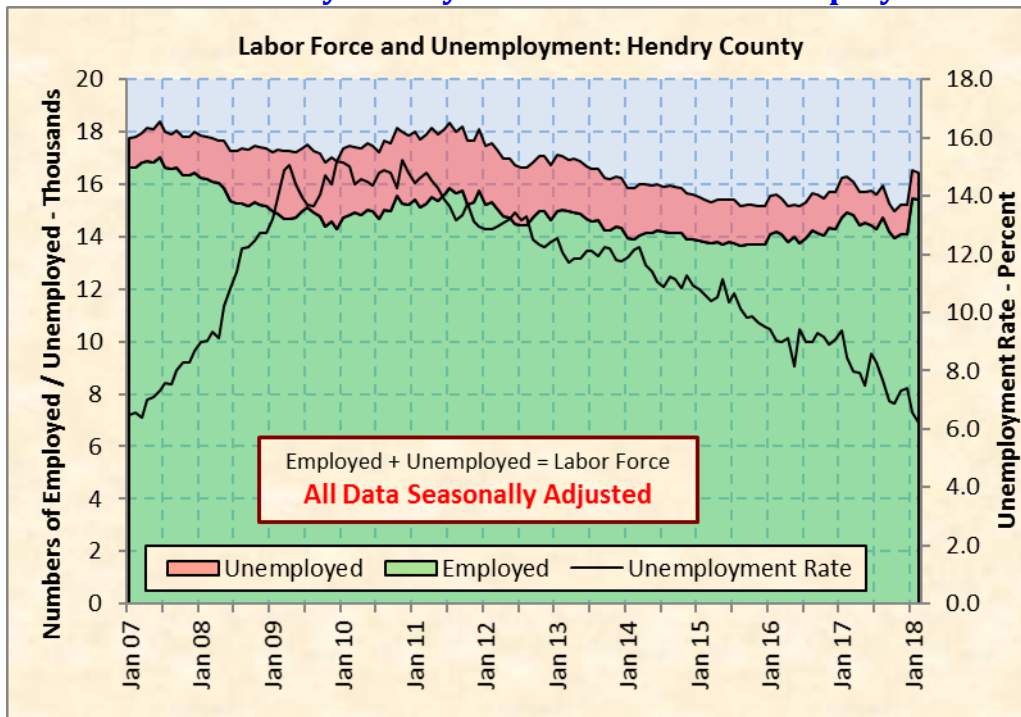
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

**Chart 11: Charlotte County Labor Force and Unemployment**



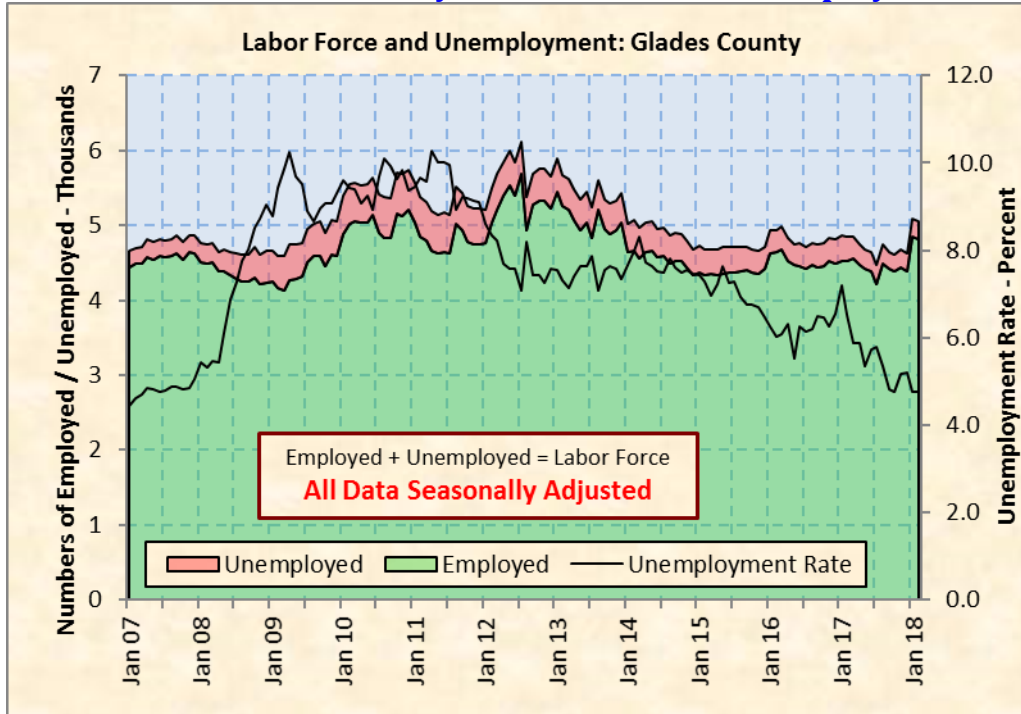
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

**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**



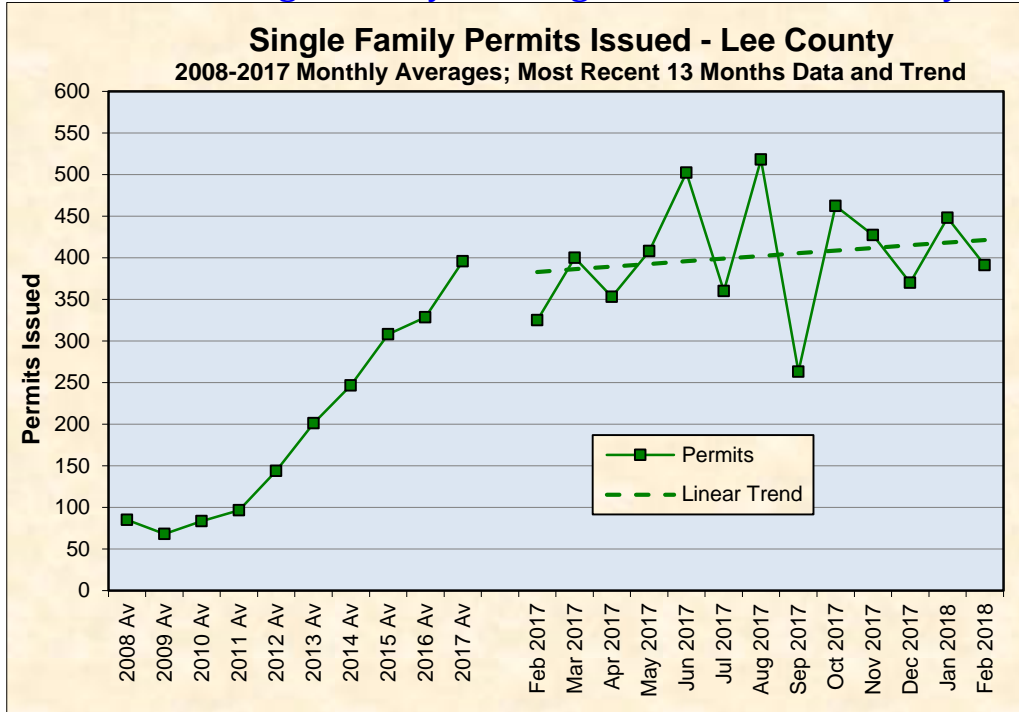
Source: Florida Department of Economic Opportunity and seasonal adjustment by RERI

## Single-Family Building Permits

The three coastal counties reported 663 single-family building permits issued in February 2018, an increase of 10 percent over February 2017. Lee County issued 391 permits in February 2018, an increase of 66 (20 percent) over February 2017 (Chart 14). In Collier County, 169 permits were issued in February 2018, a decrease of 33 (16 percent) from February 2017 (Chart 15). Charlotte County issued 103 permits in February 2018, an increase of 27 (36 percent) over February 2017, as depicted in Chart 16. Charlotte and Lee County 13-month trend lines continue to be positive, while Collier's remained negative.

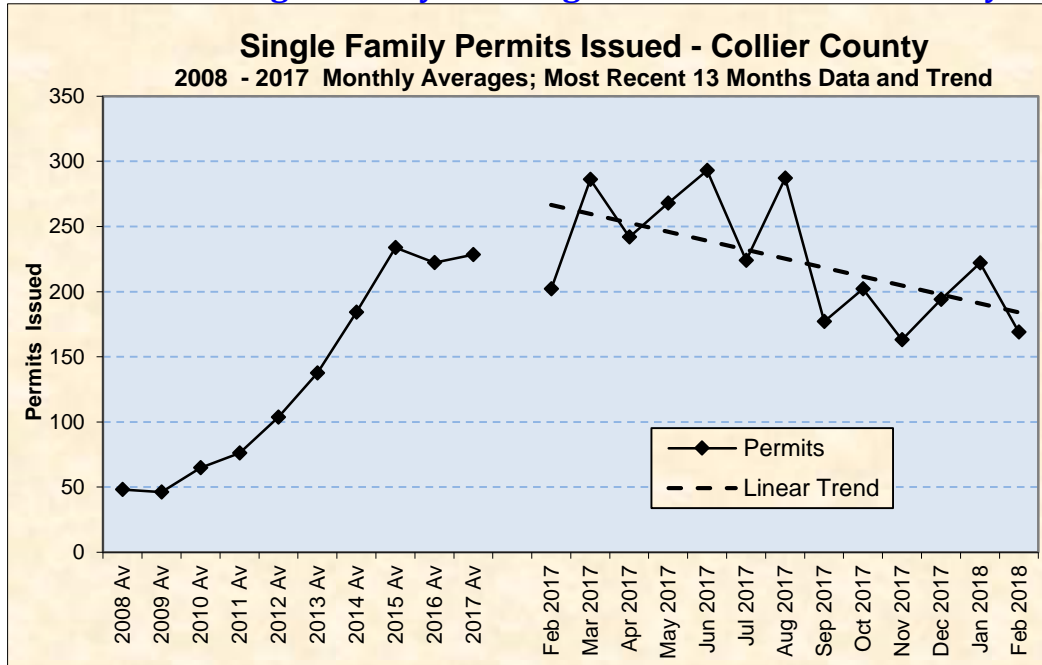
Hendry County year-to-date total increased to 28 permits, up significantly from the four permits issued through February 2017.

**Chart 14: Single-Family Building Permits for Lee County**



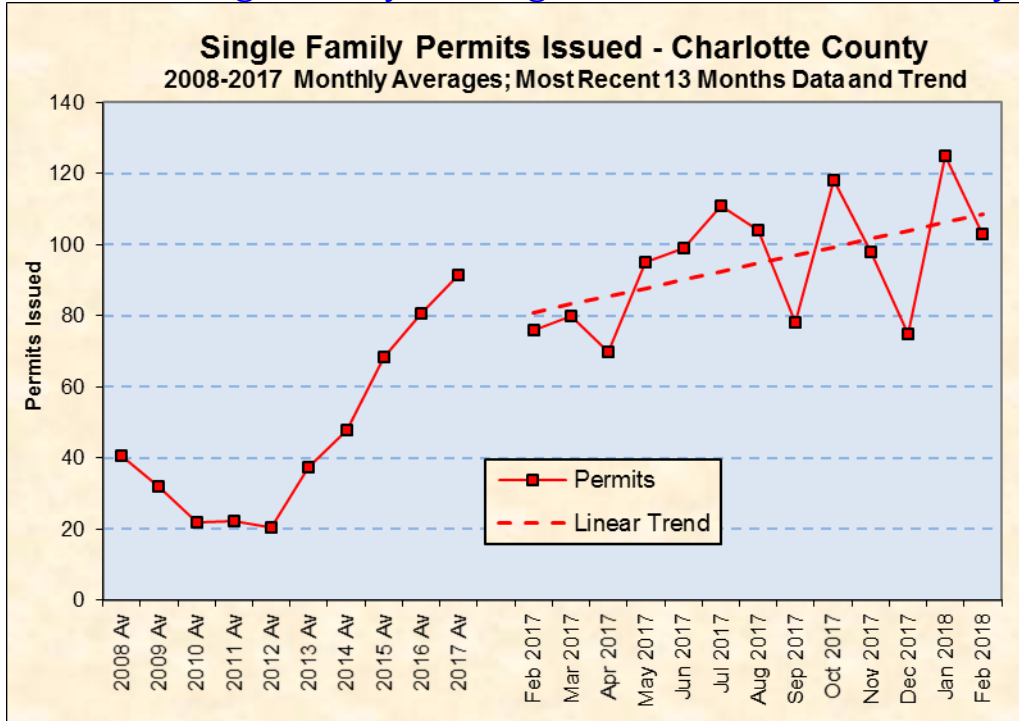
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs, Estero, and Fort Myers Beach permits

**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

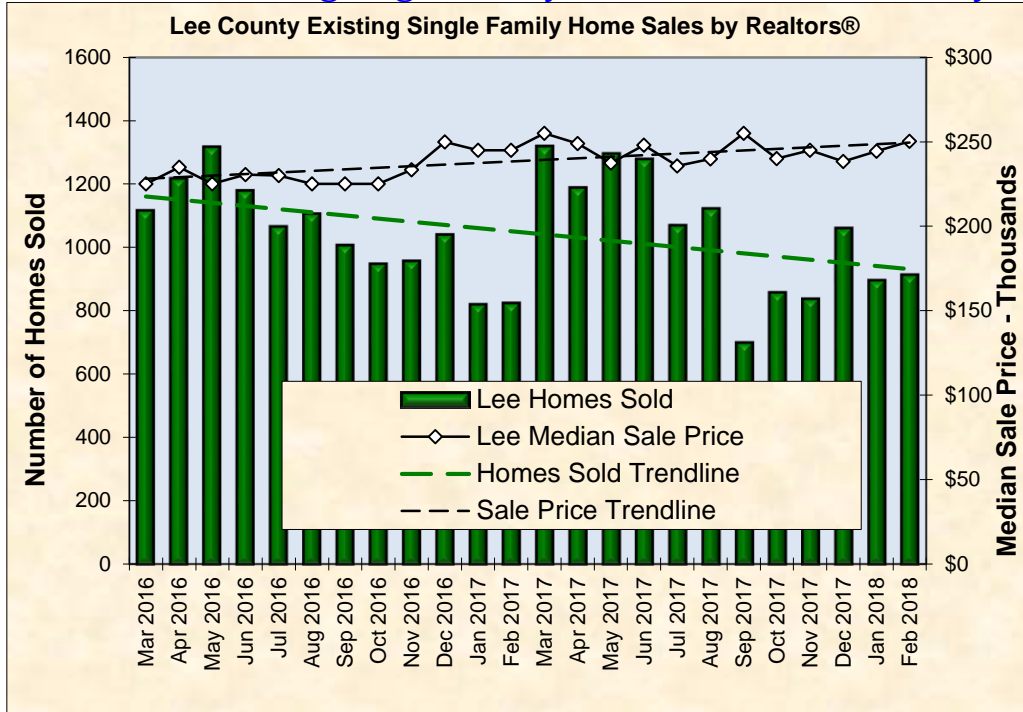
Charts 17-19 summarize existing single-family home sales by a Realtor® for Lee, Collier, and Charlotte Counties. The solid lines represent median prices plotted against the scale on the right side, and the bars represent the number of homes sold with the scale on the left side. The broken lines show the trends in numbers of homes sold and median prices; the homes sold trends remain positive.

Total Realtor® sales of single-family homes in the three counties rose to 1,565 in February 2018, an increase of 8 percent over both February 2017 and January 2018. Lee County single-family home sales increased to 912 units in February 2018, up 11 percent from February 2017 and 2 percent above the January 2018 figure. The February 2018 median home price in Lee County was \$250,223, up \$5,223 over the same month in 2017.

Charlotte County recorded 355 single-family homes sold in February 2018, an increase of 26 units over February 2017 and 77 units more than January 2018. Charlotte's median price reached \$215,000 in February 2018, an increase of \$30,000 over the year before. Collier County single-family home sales totaled 298 units in February 2018, favorably comparing to 294 in February 2017 and to 280 units in January 2018. Collier's median price increased to \$472,000 in February 2018, an increase of \$42,000 over January 2018 and \$70,000 above the February 2017 figure.

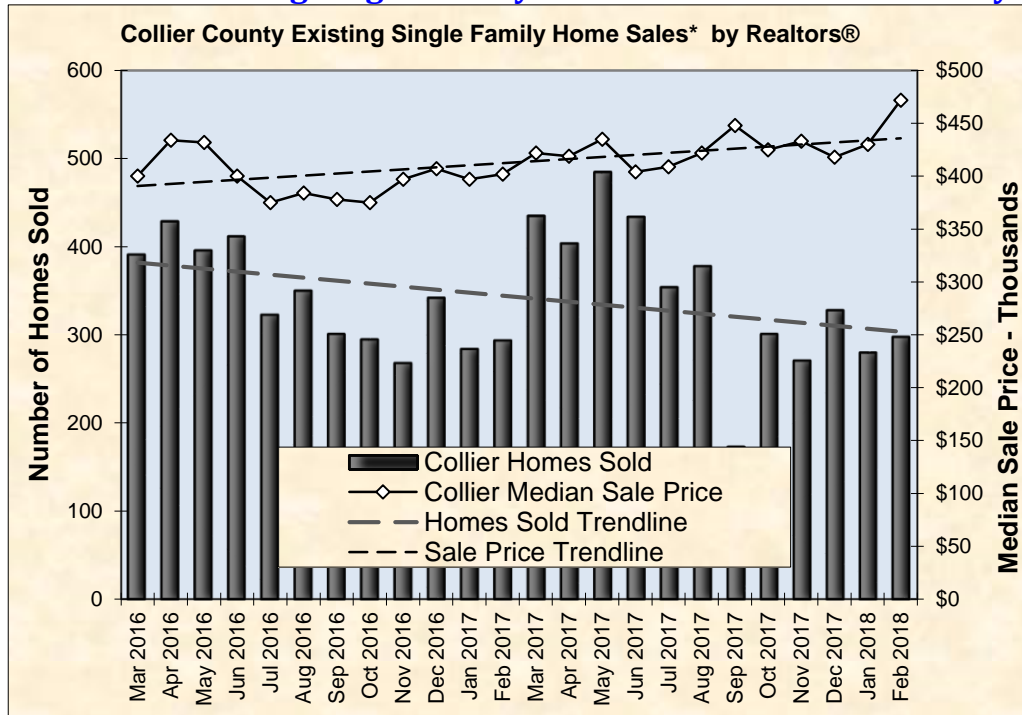


**Chart 17: Existing Single-Family Home Sales for Lee County**



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

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

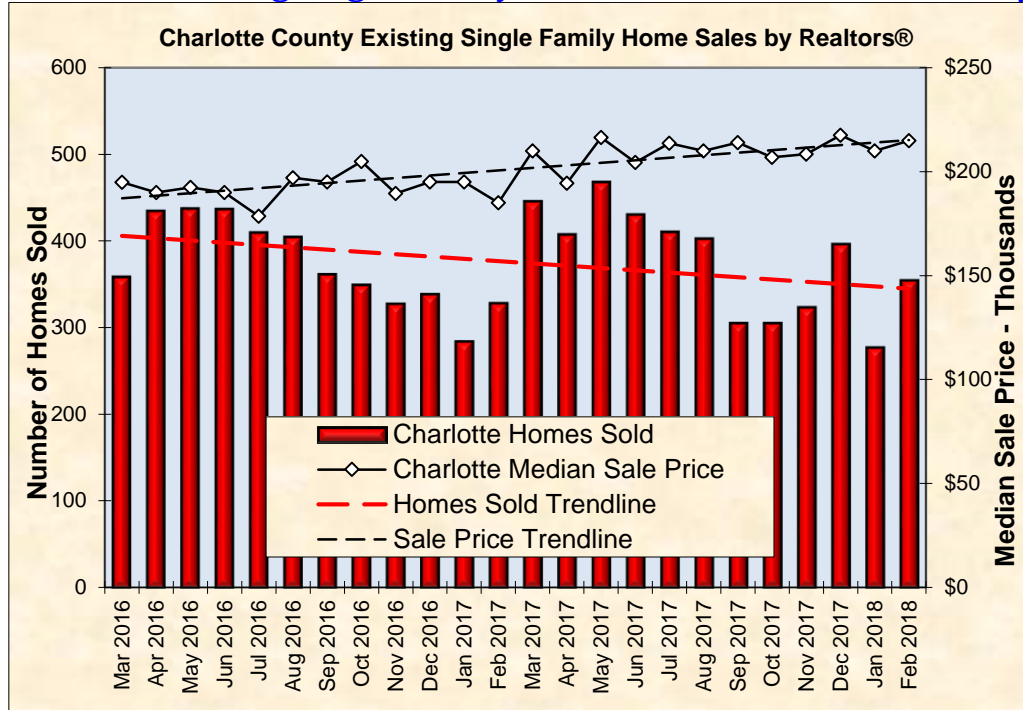


\* Does not include Marco Island

Source: Naples Area Board of Realtors® (NABOR) [www.naplesarea.com](http://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>

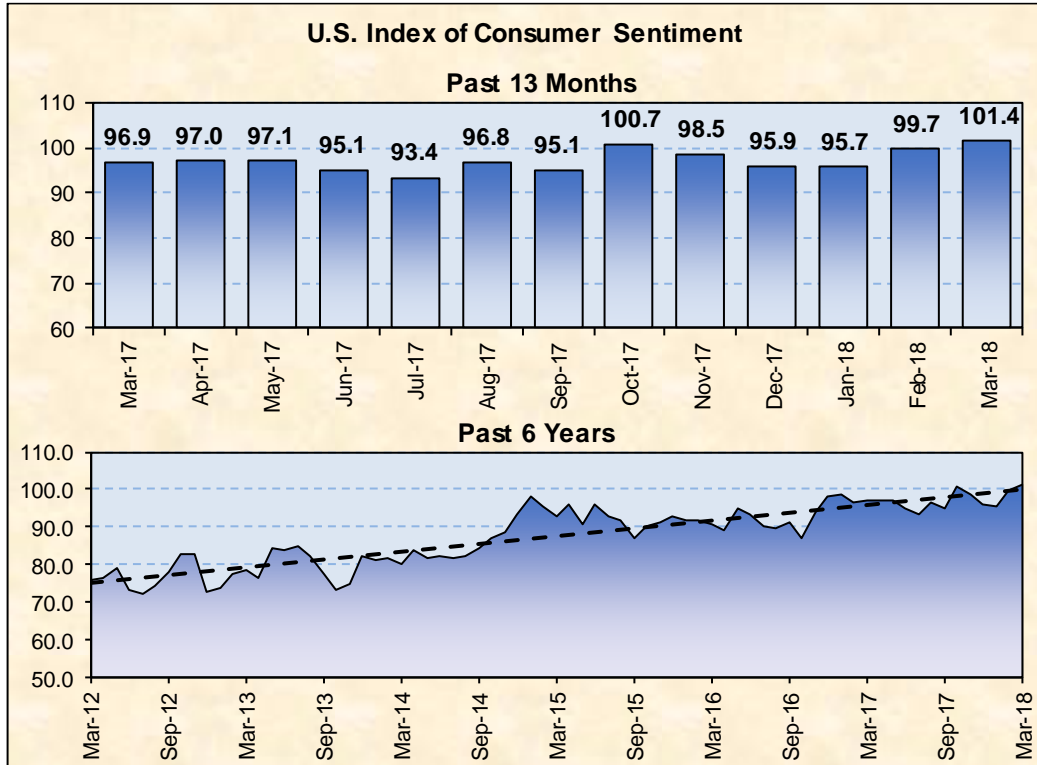
## Consumer Sentiment Index

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.

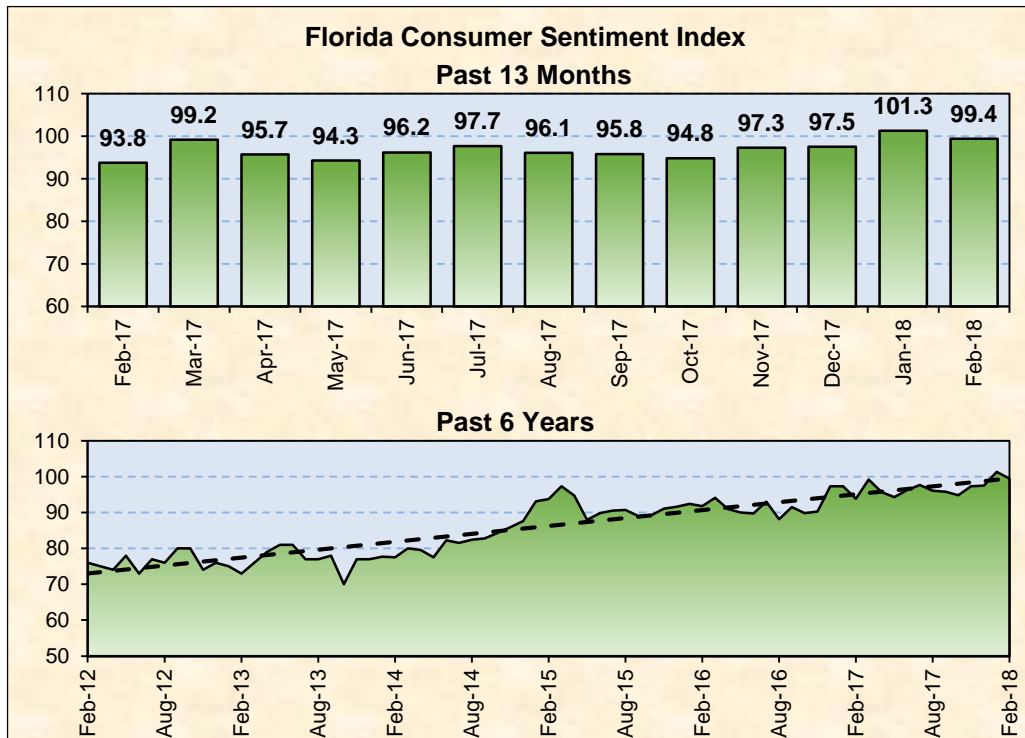
The Index of Consumer Sentiment rose to 101.4 in March 2018, up 1.7 percentage points from the prior month and 4.5 percentage points above the March 2017 figure. "The Sentiment Index ... reached the highest level since 2004..." noted Richard Curtin, Survey of Consumers chief economist. "Importantly, all of the March gain in the Sentiment Index was among households with incomes in the bottom third (+14.1); those in the middle third were unchanged, while the Index fell among households in the top third (-5.6)".

March data for the Florida CSI were not available at the time of publication. As noted last month, the Florida CSI fell in February 2018, declining to 99.4. While the Index was 1.9 points lower than the January 2018 figure, it remained 5.6 points higher than the February 2017 Index. "Despite the volatility in the stock market, general economic conditions in the U.S. and Florida remained favorable. Economic activity expanded and unemployment was remarkably low as the labor market continued to strengthen," Hector H. Sandoval, director of the Economic Analysis Program at UF's Bureau of Economic and Business Research, said in the February 27, 2018 edition of Florida Consumer Sentiment Index. "The economy seems to be near or at full employment. It is expected that the labor market will tighten even more in the following months which will push wages up."

**Chart 20: U.S. Index of Consumer Sentiment**



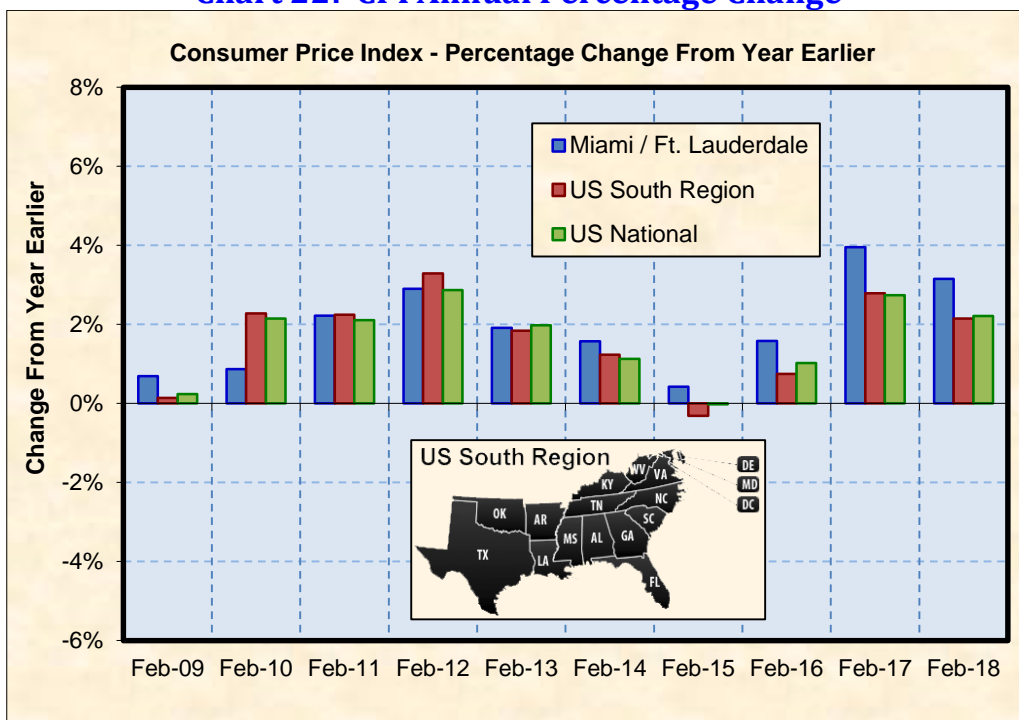
**Chart 21: Florida Consumer Sentiment Index**



## Consumer Price Index

Chart 22 shows year-to-year changes in consumer price indices (CPI) through February 2018. Rates of consumer price inflation are moderate, albeit slightly higher than the changes between December 2016 and December 2017. Nationally, the CPI was up 2.2 percent from February 2017 to February 2018. The U.S. Southern Region CPI had a year-to-year increase of 2.1 percent in February 2018, while the Miami-Ft. Lauderdale CPI had a yearly increase of 3.2 percent.

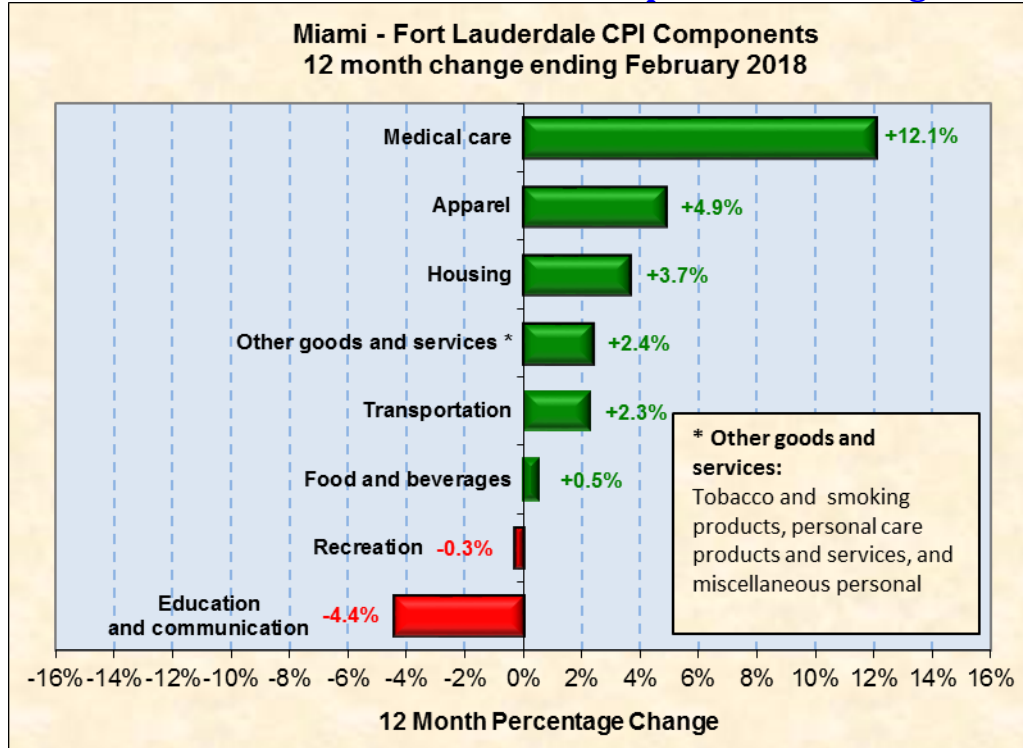
**Chart 22: CPI Annual Percentage Change**



Source: U.S. Bureau of Labor Statistics

Components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending February 2018 are shown in Chart 23. Medical costs jumped 12.1 percent over February 2017, while housing and apparel costs continued to be significant contributor to the rise in the CPI. Education costs showed a noticeable decline, consistent with previous trends.

**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**

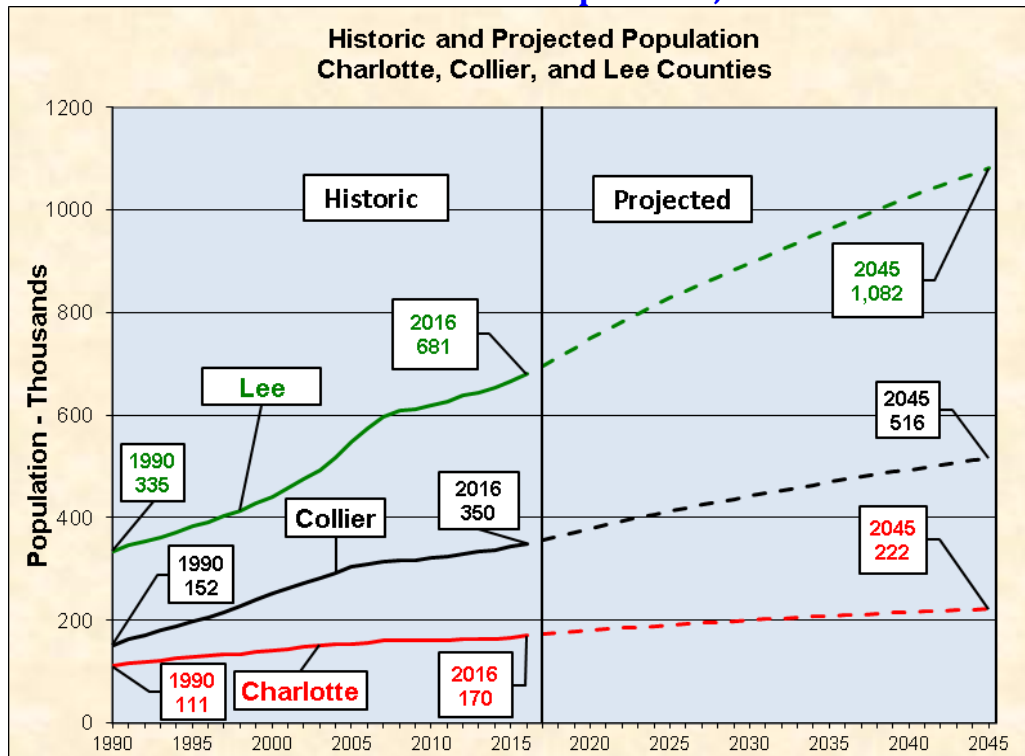
The data presented in this appendix are not released on a monthly basis. The first two charts, Charts A1 and A2, show historic population growth through 2016, as well as projections updated annually by the state of Florida's Office of Economic and Demographic Research, working in conjunction with the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

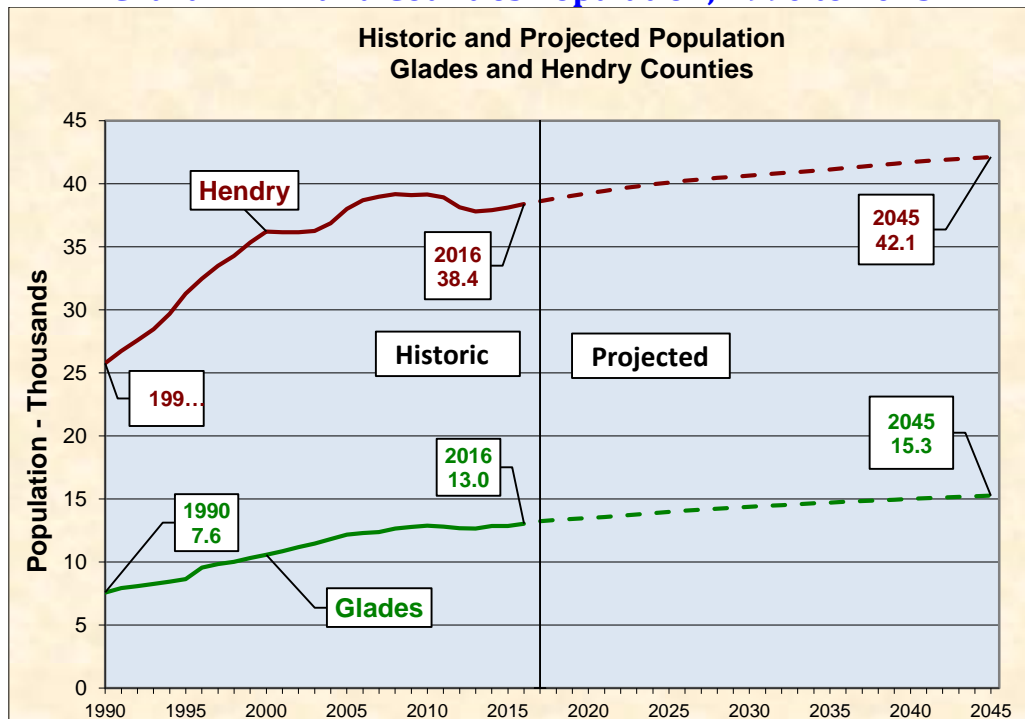
County at 1.3 percent, and Charlotte County at 0.9 percent per year. Hendry County's population is projected to grow at an average of 0.3 percent per year and Glades County at 0.5 percent per year.

**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

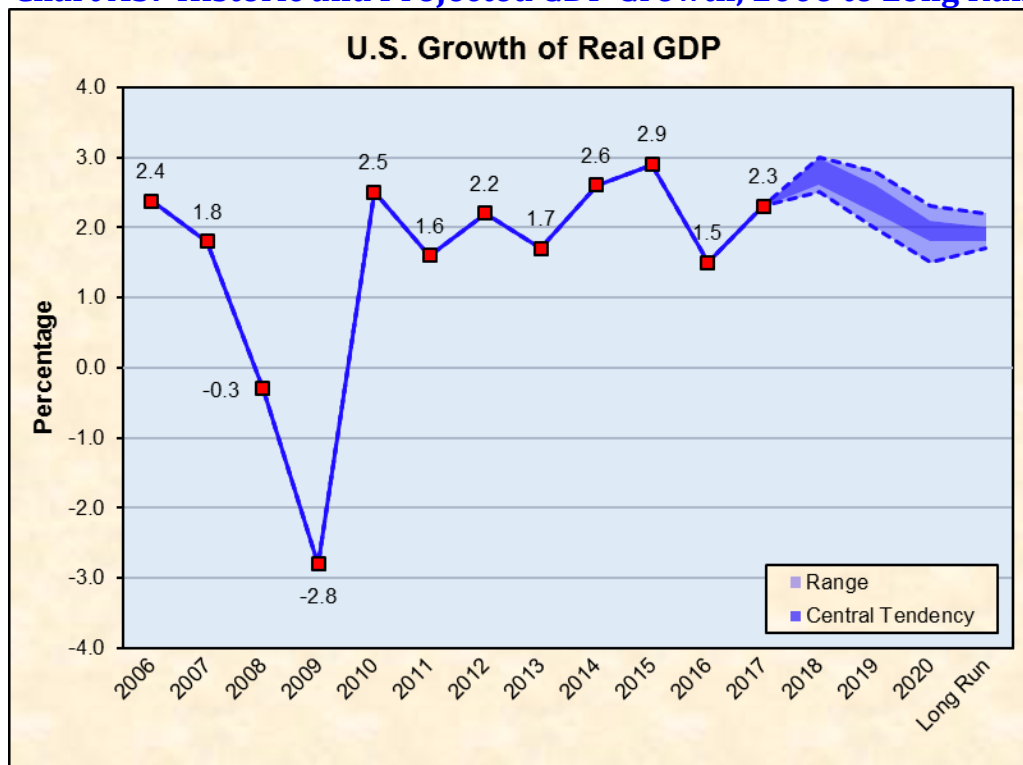
## National GDP and Unemployment

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 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**

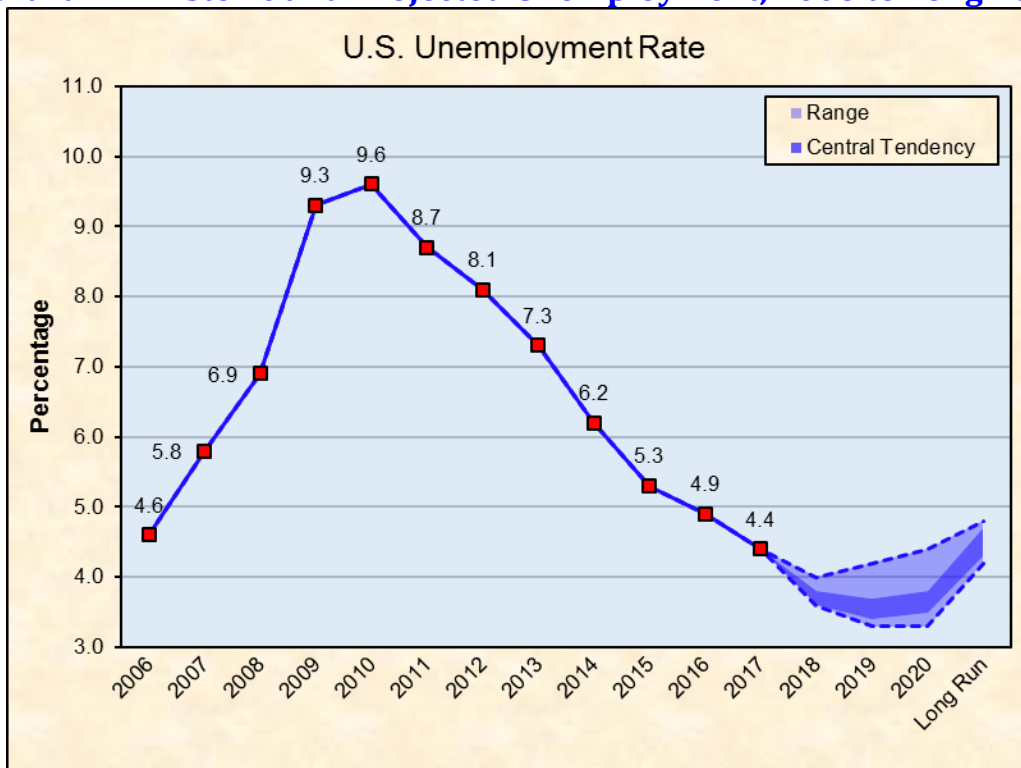


Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, March 21, 2018.

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

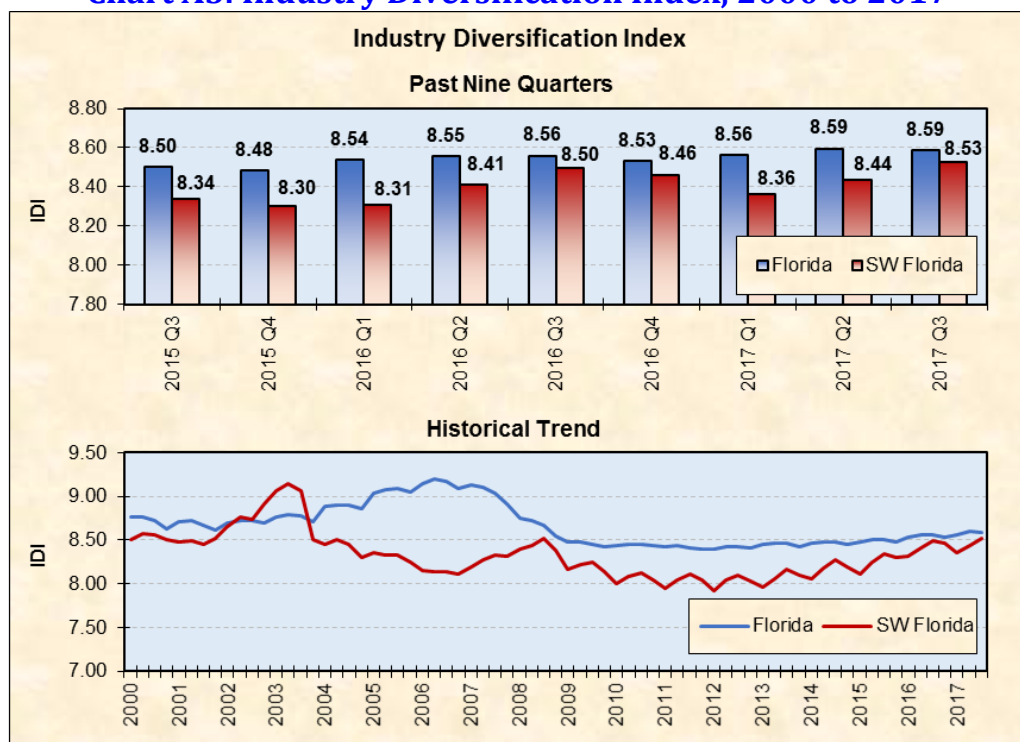
The FGCU Industry Diversification Index (IDI) measures the degree to which a region’s workforce is concentrated in few industries or dispersed into many. The IDI is computed quarterly by the Regional Economic Research Institute’s Industry Diversification Project, which tracks industry diversification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