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Introduction: Regional and National Background

Southwest Florida’s regional economy exhibited healthy growth, as evidenced by a 16-percent increase in tourist tax revenues from April 2016 to April 2017, a 4-percent increase in taxable sales revenues from March 2016 to March 2017, and an 18-percent increase in single-family building permits from May 2016 to May 2017. Other year-to-year increases included a 13-percent increase in airport passenger activity and a 5-percent increase in single-family home sales accompanied by increases in median home prices.

Seasonally-adjusted regional unemployment declined again, from a 4.4 percent rate in April 2017 to 4.1 percent in May, as a result of a 9-percent decline in the number of persons unemployed. With total employment having increasing by 2 percent since May 2016, the unemployment rate has dropped by 0.4 points, comparing favorably to the 4.3 percent seasonally-adjusted rates reported for the state of Florida and the United States.

The latest Florida Consumer Sentiment Index was not available at deadline.

Other highlights from this report include:

- Following six months of negative trends in single-family building permits, Collier County observed a positive trend in May 2017.

- Traffic at Southwest Florida International Airport rose 15 percent in April 2017 compared to April 2016, marking its highest April on record.

- The FGCU Industry Diversification Index for Southwest Florida, released on June 16th, was 8.46, ranking the region 9th out of 24 workforce regions in the state.

The RERI staff extends its sincere thanks and appreciation to the dedicated individuals and organizations who contribute to this report. These include FGCU student workers affiliated with the RERI, the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee counties, the Convention and Visitors Bureaus of Charlotte, Collier and Lee counties, the regional airport authorities, the Realtors® of Lee and Collier County, the University of Florida Survey Research Center, and the county and city permit offices.
Airport Passenger Activity

Airport passenger activity is the sum of arrivals and departures for Southwest Florida International (RSW), Sarasota Bradenton International (SRQ), and Punta Gorda (PGD) airports. Peak seasonal activity occurs in February, March, and April, with significantly lower activity in the summer months. Charts 1, 2, and 3 illustrate this seasonality as well as the changes from year to year.

The three Southwest Florida airports served 1,273,647 passengers during April 2017, a 13-percent increase over April 2016, and seasonally 18-percent below the March 2017 total. RSW saw 1,032,783 passengers in April 2017, up 15 percent from April 2016 (see Chart 1). Passenger activity in Punta Gorda amounted to 120,764 in April 2017, an increase of 23 percent over April 2016 (Chart 2). Sarasota Bradenton saw activity decrease by 6 percent to 120,100 passengers in April 2017 (Chart 3).

Chart 1: SW Florida International Passenger Activity

Source: Local Airport Authorities
Chart 2: Punta Gorda Airport Passenger Activity

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 equaled $5,872,117 in April 2017, an increase of $797,237 (16 percent) over April 2016, and 19 percent higher than the prior month of March 2017.

Collier County’s seasonally-adjusted tourist tax revenues rose to $1,936,705 in April 2017, an 18-percent increase from April 2016. In Lee County, April 2017 revenues increased to $3,594,541, an increase of 14 percent from April 2016. Charlotte County’s seasonally-adjusted revenues were $351,159 in April 2017, up 22 percent from April 2016.

Chart 4: Tourist Tax Revenues for the Coastal Counties

Source: Local County Tourism, Tax, and Economic Development Reports
**Taxable Sales**

Taxable sales data track consumer spending based on the latest month of merchants’ collections. The Florida Department of Revenue reports this data one month later than its usual reporting month, and thus is current through March 2017.

Both seasonally-adjusted and unadjusted taxable sales for the region are shown in Chart 6. Total taxable sales in March 2017 reached $2.162 billion, up 4 percent over March 2016, 3-percent higher than February 2017.

Charts 7 and 8 show seasonally-adjusted taxable sales for the coastal and inland counties, respectively. Lee County’s taxable sales increased 2 percent from $1.129 billion in March 2016 to $1.151 billion in March 2017. Collier County’s taxable sales increased by 4 percent, from $705.0 million in March 2016 to $734.2 million in March 2017. Charlotte County taxable sales in March 2017 were $242.6 million, up 12 percent over March 2016.

Taxable sales in Hendry County rose to $31.0 million in March 2017, an increase of 1 percent over March 2016. Glades County taxable sales declined by 19 percent to $3.6 million in March 2017 compared to $4.5 million in March 2016. All cited data are seasonally-adjusted.
**Chart 6: Taxable Sales for 5 County Region**

Taxable Sales 2012 to Present - 5 County Region

- Unadjusted Data
- Seasonally Adjusted (SA) Data

Source: Florida Department of Revenue, Office of Tax Research

**Chart 7: Taxable Sales for Coastal Counties**

Coastal County Taxable Sales - 2012 to Present

- Lee
- Collier
- Charlotte

All Data Seasonally Adjusted

Source: Florida Department of Revenue, Office of Tax Research
Charts 9-13 show total persons employed and unemployed, and the unemployment rate, all seasonally adjusted by the RERI, for each county from January 2005 through May 2017. The unemployment rate for the five-county region dropped to 4.1 percent in May 2017, down from 4.4 percent in April 2017 and from 4.5 percent in May 2016. While the number of employed decreased by 1,625 from the prior month, the number of unemployed also decreased by 1,996. Since May 2016, the number of employed workers has increased by 8,459 (2 percent), while the number of unemployed workers has declined by 2,319 (9 percent), thus decreasing the region’s seasonally-adjusted unemployment rate over that period.

Lee County’s unemployment rate dropped to 3.9 percent in May 2017, a reduction of 0.4 points since May 2016, as depicted in Chart 9. Collier County’s unemployment rate declined to 4.0 percent in May 2017 from 4.4 percent in May 2016 (Chart 10). The unemployment rate in Charlotte County also moved down, to 4.5 percent in May 2017, compared to 5.1 percent in May 2016 (Chart 11).

Hendry County’s May 2017 unemployment rate declined to 7.2 percent from 7.8 percent in May 2016 (Chart 12). The unemployment rate for Glades County also improved, declining from 5.2 percent in May 2016 to 5.1 percent in May 2017 (Chart 13).

The seasonally-adjusted unemployment rate in the state of Florida dropped to 4.3 percent in May 2017, 0.2 points below the prior month of April 2017, and 0.6 points less than the May 2016 figure. Nationally, the seasonally adjusted national unemployment rate fell to 4.3 percent in May 2017 from 4.4 percent in April 2017 and from 4.7 percent in May 2016.
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
Single-Family Building Permits

Seven hundred seventy-one single-family permits were issued by the three coastal counties May 2017, an increase of 106 from April 2017, and 118 more than May 2016. Lee County issued 408 permits in May 2017, an increase of 80 from May 2016, and 55 more than April 2017 (Chart 14). Collier County reported 268 permits issued in May 2017 compared to 250 in May 2016 and 242 in April 2017 (Chart 15). In Charlotte County, 95 building permits were issued in May 2017, an increase of 20 over May 2016, and 25 more than April 2017, as depicted in Chart 16.

Hendry County has issued 23 single-family permits from January through May 2017, compared to 21 through May 2016.
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.
Sales of Existing Single-Family Homes and Median Sales 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 2,246 in May 2017, a 5-percent increase over May 2016 and 12-percent higher than April 2017. Median prices rose in all three coastal counties compared to May 2016.

Lee County’s May 2017 sales of 1,293 units were 2 percent lower than May 2016, but with a median price increase of $12,500 to $237,500. Collier County single-family home sales reached 485 units in May 2017, a 22-percent increase from May 2016. Over this same period, Collier’s median price rose $3,000 to $435,000. Charlotte County recorded 468 single-family homes sold in May 2017, an increase of 7 percent over May 2016. Charlotte’s median price increased by $24,013 to $216,513 over the same time span.
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
**Consumer Sentiment Index**

Charts 20 and 21 show 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 national ICS fell 2.6 points to 95.1 in June 2017, which is 2.0 points lower than one recorded in May 2017 but 1.5 points higher than the June 2016 figure. The June 30, 2017 issue of Survey of Consumers noted that “increasing uncertainty about future prospects for the economy has thus far been offset by the resurgent strength in the personal financial situation of consumers. The combination of continuing improvements in personal finances and increasing concerns about the economic outlook is typical around cyclical peaks. Nonetheless, the data provide no indication of an imminent downturn nor do the data provide any indication of a resurgent boom in spending.”

The Florida Consumer Sentiment Index was not available at the deadline for this month. However, the May 30, 2017, release recorded an index of 93.3, 2.4 points lower than April 2017 but 3.3 points higher than May 2016. This data is provided in Chart 21 below. Next month’s *Regional Economic Indicators* will provide the latest index numbers available at that time.
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

As reported last month, Chart 22 shows year-to-year changes in consumer price indices (CPI) through April 2017. The rate of consumer price inflation is increasing, with all three depicted areas up by 2 percent or more over the prior April. The national index was up 2.2 percent, the U.S. Southern Region CPI increased by 2.0 percent, and the index for the Miami-Ft. Lauderdale area was 2.8 percent higher than April 2016.

Chart 22: CPI Annual Percentage Change

Components of the Miami-Fort Lauderdale Consumer Price Index for the 12 months ending April 2017 are shown in Chart 23. The largest increase was again in the costs of Medical Care (up 10.5 percent), while the increase in costs of Recreation, Housing, and Apparel were above average for the area during this time period.

The data presented in this appendix are not released on a monthly basis. The first two charts, Charts A1 and A2, show historic population growth through 2015, as well as projections updated annually by the state of Florida’s Office of Economic and Demographic Research, working in conjunction with the University of Florida’s Bureau of Economic and Business Research. The second two charts, Charts A3 and A4, depict historic measures of U.S. GDP growth rates and unemployment as well as projections by the Federal Reserve’s Federal Open Market Committee, 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 2015, regional population growth averaged 2.7 percent per year. The compound average annual rate of growth for 1990 to 2015 was 2.8 percent in Lee County, 3.3 percent in Collier County, 1.7 percent in Charlotte County, 2.1 percent in Glades County, and 1.6 percent in Hendry County. The right-hand sections of Charts A1 and A2 show projected population increases from 2016 to 2040. All projected rates of increase are lower than the historic growth rates of 1990 to 2015. Growth for the five-county region averages 1.6 percent per year, resulting in a population increase of 47 percent for the five-county region from 2015 to 2040. This would bring the total to 1,803,526, amounting to nearly 576,000 additional residents. Lee County’s population is projected to grow an average of 1.9 percent per year, Collier County at 1.4 percent, and Charlotte County at 0.9 percent per year. Hendry County’s population is projected to grow at an average of 0.3 percent per year and Glades County at 0.5 percent per year.
Chart A1: Coastal Counties Population, 1990 to 2040

Historic and Projected Population
Charlotte, Collier, and Lee Counties

Charlotte: 1990 111, 2015 167
Collier: 1990 335, 2015 666, 2040 1,055
Lee: 1990 335, 2015 666, 2040 483

Source: Office of Economic and Demographic Research

Chart A2: Inland Counties Population, 1990 to 2040

Historic and Projected Population
Glades and Hendry Counties

Glades: 1990 7.6, 2015 12.9
Hendry: 1990 25.8, 2015 38.1, 2040 41.6

Source: Office of Economic and Demographic Research
National GDP and Unemployment

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

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

The June 2017 forecast projects a slight increase in GDP growth for the remainder of 2017 compared to the 1.6 percent recorded for 2016. The overall high and low projections (shown as ranges below) for the rest of 2017, 2018, 2019, and the long run were virtually unchanged from the projections made in the March 2017 forecast, with the central tendency forecast hovering around the 2 percent mark through 2018 and then falling slightly thereafter. None of the projections achieves the 3 percent GDP measure that economists generally associate with an economy operating with a full employment of resources.

![Chart A3: Historic and Projected GDP Growth, 2007 to Long Run](image)

Source: Historical data obtained from Bureau of Economic Analysis. Projected data obtained from Federal Reserve Open Market Committee Meeting Statement, June 14, 2017

Chart A4 depicts the recovery in unemployment following the 2008 recession to levels more closely associated with natural rates of unemployment. Compared to these national numbers, unemployment
rates in Florida and Southwest Florida tend to be more volatile, falling lower when national unemployment is falling and rising higher when national unemployment is rising.

The June forecast projects continued declines in unemployment through 2019, with an average central tendency forecast close to 4.0 percent for the rest of 2017, 2018, and 2019, and then rising in the long run. The lower range forecast fell below 4 percent through 2019. 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, 2007 to Long Run

The next quarterly release of projections for GDP and Unemployment will be released following the FOMC meeting scheduled in September 2017. These projections will be updated in the October 2017 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 fourth quarter of 2016, the IDI for Southwest Florida was measured at 8.46, and ranked as the 9th most industrially diverse workforce region in the state of Florida. Meanwhile, the state of Florida had an IDI measured at 8.53, ranking as the 24th highest state in the nation in industry diversification.

![Chart A5: Industry Diversification Index, 2005 to 2016](source: lutgert.fgcu.edu/IDP)