Lee survey: Economic activity increasing

The results from the Second Quarter 2013 Horizon Council FGCU Lee County Executive Business Climate Survey have been released.

The survey provides a key economic indicator for Lee County, the Executive Business Climate Index. The second quarter survey (April-May 2013) value for the Lee County Executive Business Climate Index is 71, which indicates continued improvement in the local economy.

The executives’ optimism has improved since the last survey in January 2013 that had an index value of 66. An index number of 50 values can range from 0 to 100 – would be neutral, or an expectation of no change in economic activity. Therefore, this quarter’s index says that economic activity in Lee County is expected to improve but slightly less than a moderate growth pace.

The index is computed using two questions concerning the current and future economic conditions and a third question about the expected industry economic conditions. The index is an average of the responses with substantially better equal to 100, moderately better equal to 75, same equal to 50, moderately worse equal to 25 and substantially worse equal to zero.

The key findings of the Executive Climate Survey for the second quarter of 2013 are:

• The Lee County Business Climate Index for second quarter 2013 is 71, higher than the index of 66 for the first quarter of 2013, indicating a slightly faster pace of improvement in the local economy is expected;
• 77 percent of executives stated that the current economic conditions have improved over last year;
• 82 percent of the executives expect the economy to improve over the next year;
• 63 percent of the executives stated that the current economic conditions for their industry have improved over last year, while 33 percent stated that economic conditions remained approximately the same;
• 74 percent of executives expect economic conditions for their industry to improve over the next year;
• 49 percent of executives had increased employment over the last year and 8 percent had reduced employment;
• 54 percent of executives expect to increase employment at their companies during the next year, while only 4 percent expect to reduce employment;
• 57 percent of companies expect to increase investment next year and only 4 percent expect to reduce their investment levels;
• 45 percent of the executives indicated that the cost of doing business has increased by 2 to 5 percent over the last year and 33 percent indicated that costs had risen by zero to 2 percent, 19 percent of executives indicated that costs had risen by 5 to 10 percent over the last year;
• 61 percent of executives indicated that their prices had increased by zero to 2 percent over the last year and 17 percent indicated that their prices had risen by 2 to 5 percent;
• 44 percent of executives expect costs to increase by zero to 2 percent next year and 40 percent of executives expect costs to increase faster at 2 to 5 percent, 11 percent of executives expect much higher cost increases next year between 5 and 10 percent;
• The primary challenges facing businesses are qualified workforce, health care costs, controlling costs, markets and growth, regulation, financing, poor economy and price competition;
• The geographic client market had 27 percent of firms serving international markets and 37 percent serving the U.S. market.

The online survey was sent to 604 business executives in Lee County and the results are based on responses from 101 executives resulting in a 17 percent response rate. This survey will be completed each quarter and provide insights into the Lee County economy and expected economic trends.