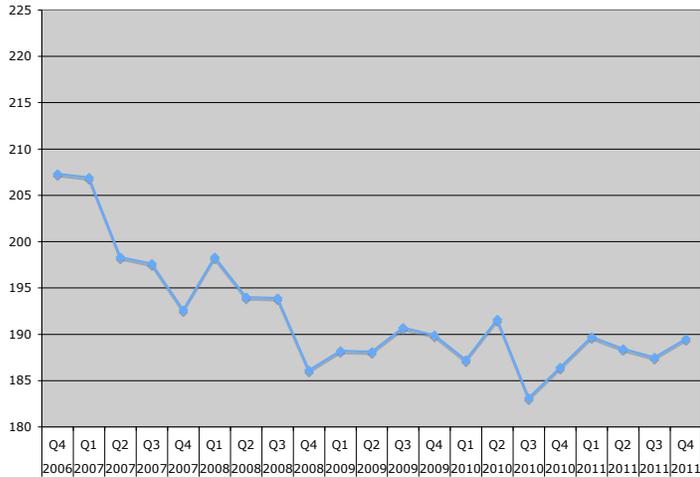


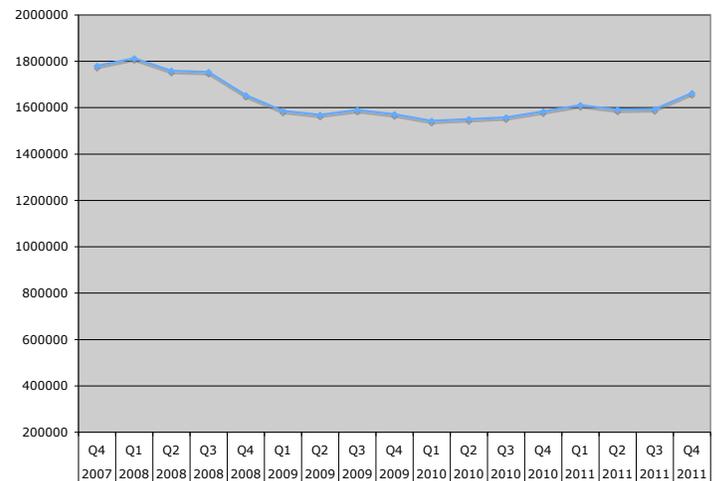
Polk Progress Index



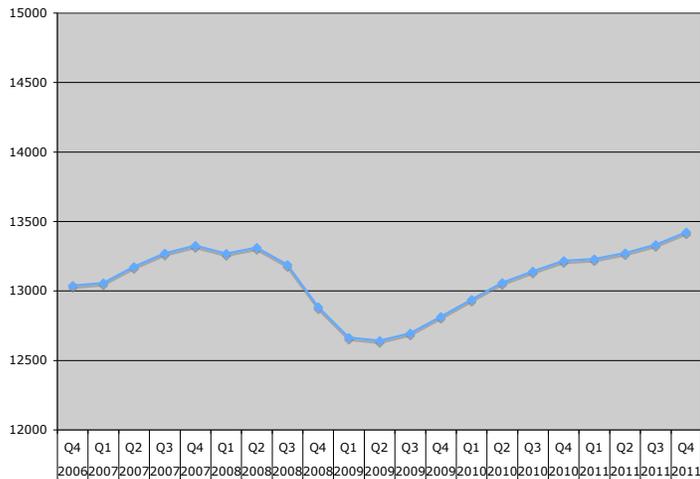
In the Quarter 4 issue of 2010 we projected PPI growth in 2011 would be in the range of 1.5% to 2%. The average value for the PPI during 2011 was 0.9% above the average value in 2010.

SALES - Taxable sales staged a welcome resurgence in the fourth quarter based on preliminary data, rising 4.4% from the preceding quarter after adjusting for recurring seasonal variations. Total actual (unadjusted) sales in 2011 are estimated to be \$6.36 billion, an increase of 5% (\$303 million) from 2010.

Taxable Sales (Dollars Seasonally Adjusted)

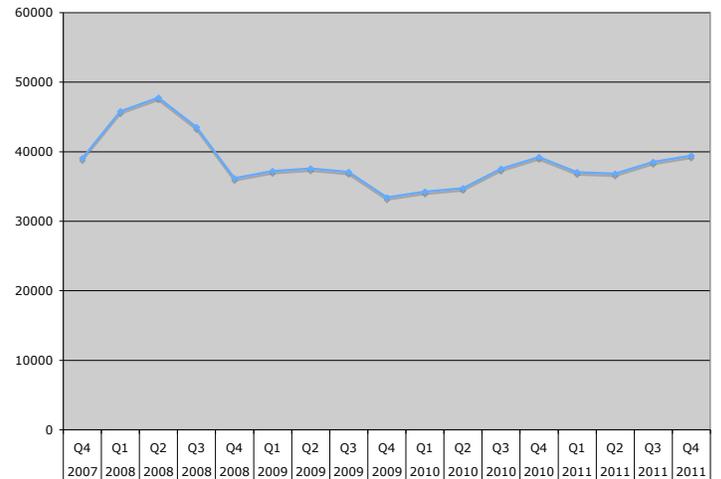


US Gross Domestic Product (Price Adjusted)



Hotel/motel sales in Polk County during 2011 were up 5.4% from the year before (again based on estimated sales for December 2011). Sales in the fourth quarter are 1.9% higher than the same quarter a year ago, and are up 2% from the immediately preceding Quarter 3 after seasonal adjustments.

Hotel/Motel Sales (Dollars Seasonally Adjusted)



POSITIVE SIGNS FOR LOCAL ECONOMY AT YEAREND

There are preliminary indications that the long-awaited economic recovery may finally be at hand for Polk County. The most encouraging news relates to an upturn in retail sales, and we are seeing early signs of employment and population growth in 2012. The overall economic expansion will remain modest in the coming year, but it appears that we are on the right track.

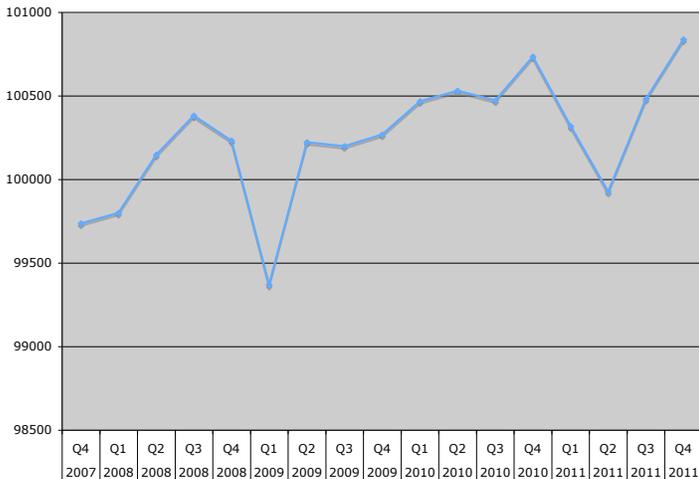
Housing remains the biggest drag on the local economy, but there are indications that foreclosures will soon slow and that the large inventory of unsold homes is ebbing as home sales begin to rise.

The Polk Progress Index (PPI) in Quarter 4 rose 1% from the preceding quarter, and stands 1.7% above the same quarter a year ago.

Visit Florida estimates that there was a record 85.9 million visitors to the state in 2011. Visit Florida is the state’s official tourism marketing organization. The Polk County Tax Collector’s Office reported that Polk hotel/motel and vacation rental properties generated \$141.2 million in revenue in 2011, an increase of 7.7% from the preceding year.

POPULATION – Population growth has yet to return to the local area in a meaningful way. Residential electricity connections reported by the City of Lakeland in the fourth quarter are up a slight 0.3% from the same quarter a year ago after dipping slightly below year earlier levels in the early part of 2011. A return to slow population growth is anticipated in 2012.

Residential Electric Accounts (Seasonally Adjusted)



EMPLOYMENT – Local employment rebounded modestly from dips in the two preceding quarters with a 0.6% gain in the fourth quarter on a seasonally adjusted basis. Actual (unadjusted) employment in Quarter 4 is up a slight 177 workers from the same quarter a year ago, while the average level of employment throughout 2011 is also virtually unchanged (up a bare 0.1%) from the average level in 2010.

Total Employment (Seasonally Adjusted)

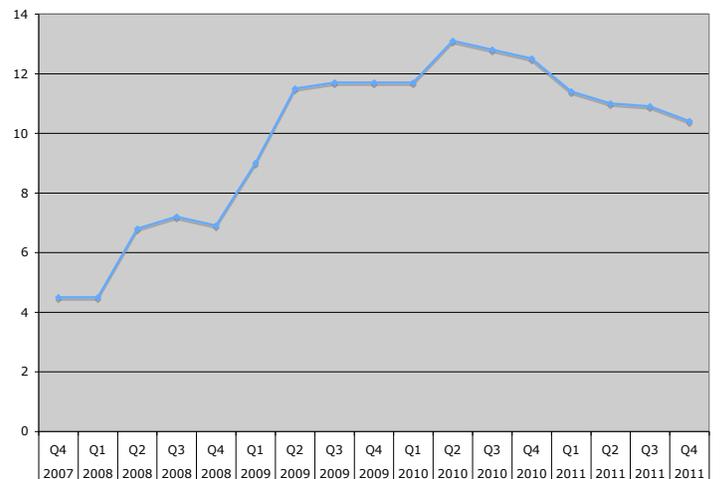


Job growth is expected to return to Polk County in 2012. A Manpower Employment Outlook Survey in December found that 20% of Lakeland and Winter Haven employers questioned planned to increase their staffs in the first three months of 2012, while only 3% planned staff reductions. The net differential of +17% placed the local area tied for number one in the nation in terms of the employment outlook.

The unemployment rate in Polk County fell to 11.3% in October, 11% in November, and 10.7% during December. Recent declines in the local unemployment rate are due to reductions in the size of the labor force. In 2011, the Polk unemployment rate averaged 11.6% versus a 12.5% average rate in 2010.

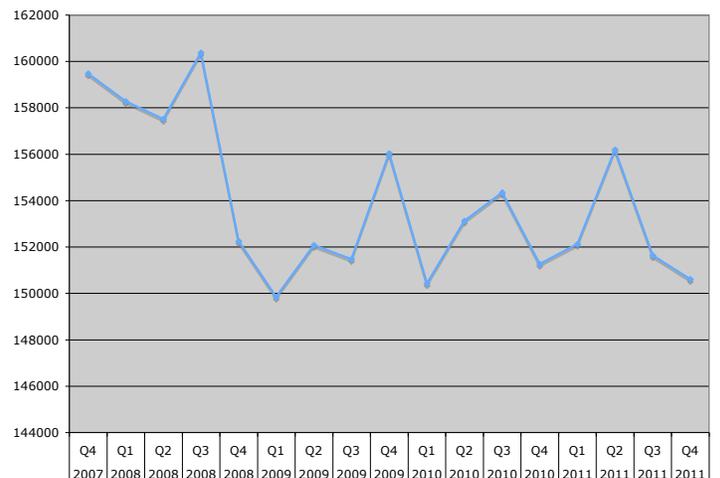
The local unemployment rate has been steadily declining throughout 2011 after adjusting the data each quarter for recurring seasonal variations. The unemployment rate will likely continue to fall, dropping below 10% in 2012.

Unemployment Rate (Seasonally Adjusted)



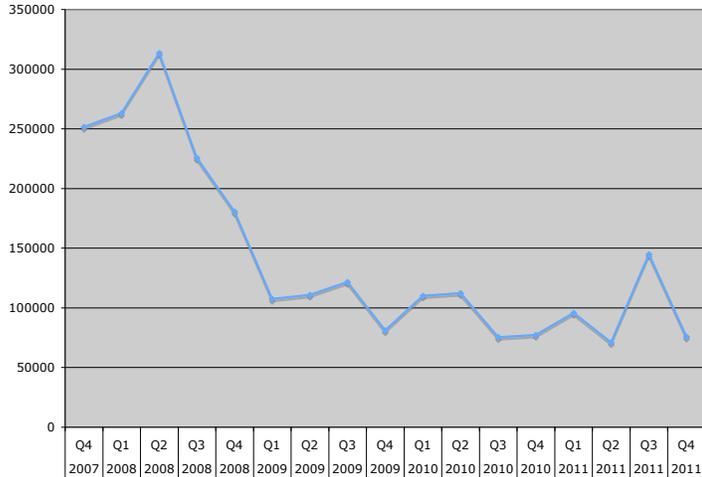
MANUFACTURING - Industrial electricity consumption reported by the City of Lakeland has varied up and down within a 4% range since a low point two years ago. Total consumption in 2011 was 608 million kilowatt hours, essentially unchanged from the preceding year (up less than 0.01%).

Industrial Kilowatt Hours (Seasonally Adjusted)



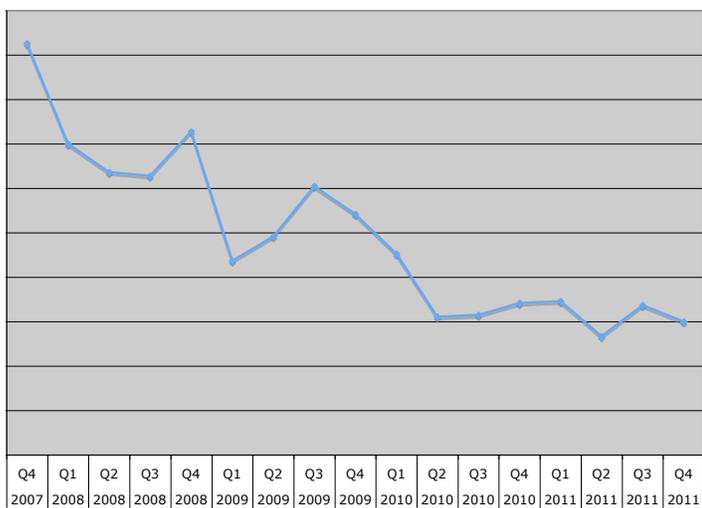
CONSTRUCTION - The value of building permits issued county-wide fell back from a third quarter spike to a level that has been pretty consistent since permit valuations bottomed out in the fourth quarter of 2009. The value of permits issued throughout 2011 was \$387.3 million, an increase of 3.3% from the preceding year.

Dollar Value of Building Permits



There were 63 permits issued for the construction of new single-family homes in October, 68 in November, and 79 in December. Local building departments issued 1,041 permits throughout the 2011-year, a decline of 4.3% from 2010. Polk housing starts are expected to accelerate 41% in 2012 to 1,744 units according to University of Central Florida economist Sean Snaith. If realized, they would still remain far below the 12,784 housing starts recorded in 2005.

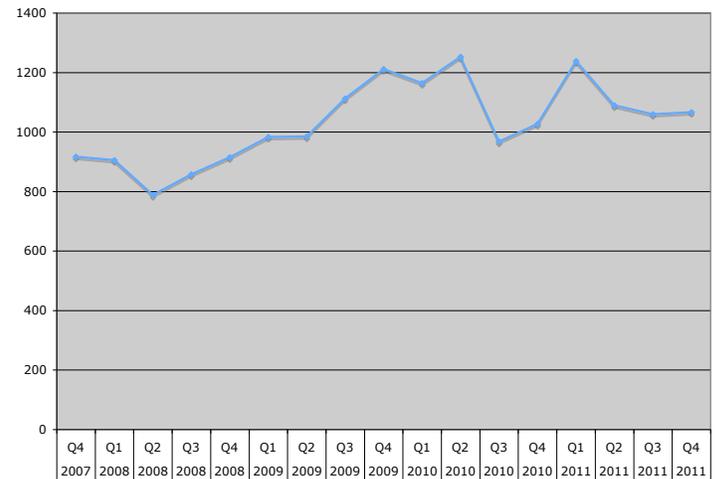
Number of Single Family Building Permits (Seasonally Adjusted)



There were 345 homes sold in Polk County during the month of October, 320 in November, and 358 in December. The median sale price for homes sold in December was \$91,400, a decline of 11% from a year ago. Statewide, the median price dropped 3% in 2011 to \$131,700.

There were 4,578 homes sold locally in 2011, an increase of 3% from 2010 and the highest total since 2006. Throughout Florida, home sales were up 8% in 2011 from the preceding year.

Number of Homes Sold (Seasonally Adjusted)

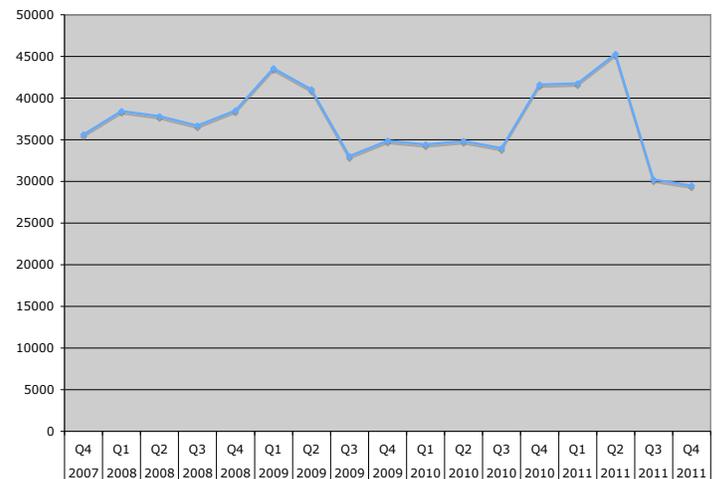


Foreclosure filings in Polk County dropped 66% in 2011 from the preceding year, mainly due to procedural delays. Local foreclosures are expected to accelerate in early 2012 as issues surrounding the nationwide robo-signing controversy are resolved, then fall off later in the year.

CITRUS - The US Department of Agriculture lowered its estimate for the current Florida orange crop to 146 million boxes in February. The 1-million-box reduction was due to smaller fruit size, but would still place the 2011-12 crop 4% above last years if realized.

The statewide volume of citrus concentrate movement reported by Florida Citrus Mutual dropped off sharply in the second half of 2011. The agency's Florida Processor Report Summary shows that orange concentrate movement throughout 2011 was down 31% from 2010.

Citrus Concentrate Movement (Thousands of Gallons)



DEVELOPMENT - Direct Air is adding three new destinations for flights originating at the Lakeland Linder Regional Airport. Flights will be added to Pittsburgh in May. Flights to Columbus, Ohio, and Gulfport-Biloxi, Mississippi, will begin in June.

A new shopping center in North Lakeland will be located along US 98 North near the intersection of Interstate 4. Lakeland Park Center will be anchored by a Kohl's department store. Plans call for 14 other stores to be built, including a PetSmart and a Dick's Sporting Goods.

Publix is constructing a new store on US 98 North in Lakeland to replace the old Lake Gibson Publix. The new Publix will be 7,000 square feet larger than the old store, and is scheduled to reopen in September.

There will soon be a new Chick-fil-A eatery in North Lakeland. The fast food chain is building adjacent to US 98 North near the Lakeland Square Mall, and is expected to open in early June. A new Chase Bank branch is also under construction at the same location.

The Maid-Rite chain plans to establish a new diner in the Northside Village in Lakeland. The eatery is the first in the area for the Des Moines, Iowa, based company and is scheduled to open in September. Maid-Rite restaurants are best known for their loose meat sandwiches.

The You Say When Yogurt Shoppe Company intends to open locations in both North and South Lakeland. The South Lakeland shop will be along South Florida Avenue, while the North Lakeland location has yet to be determined.

Two new 7-Eleven convenience stores are in the works for Lakeland. The first 7-Eleven will be located in the Dixieland area at the intersection of South Florida Avenue and Cresap Street. The second is to be built near the intersection of US 98 and Edgewood Drive.

Ground was broken in January for construction of a 26-suite community catering to senior citizens in South Lakeland. Clare Bridge Cottage will be located along Lakeland Highlands Road next to the senior assisted living community of Southland Suites. Another 14 one-bedroom suites will also be added to Southland Suites as part of the overall plan.

Darden Restaurants has announced that it will replace the current Romano's Macaroni Grill in the Lakeside Village shopping center in South Lakeland with an Olive Garden restaurant. Plans call for destruction of the current building and constructing a new 7,600 square-foot structure.

The J. Burn's Pizza Shop on Cleveland Heights Boulevard in South Lakeland will open an additional location several miles to the north in July. The new shop will be located on Edgewood Drive at the former location the Shogun Japanese Steakhouse.

The Pep Boys chain of auto maintenance shops is building another new store north of Mulberry. The latest Pep Boys will be situated at the intersection of State Road 37 and Shepherd Road.

The Lakeland law firm of Clark Campbell & Lancaster has entered into an "of counsel" partnership with the Saunders law group of Bartow. The agreement calls for each firm to maintain a physical presence in the other's office, with Clark Campbell & Lancaster focusing on business, real estate, and tax issues, while Saunders focuses on litigation services.

Three new stores will soon be under construction at the intersection of US 17 and Avenue K Southwest in Winter Haven. The first will be an Aldi's discount grocery store featuring private label canned goods and produce. A Murphy Oil gas station will be built between the Aldi's store and a new Zaxby's restaurant. Completion dates have not been set.

McDonalds has plans for a new restaurant near Legoland in Winter Haven. Construction of a 4,089 square-foot restaurant will soon be underway at the intersection of Cypress Gardens Boulevard and West Lake Ruby Drive.

Remodeling has begun on a new location for the Rainbow Wicker and Silks store in Winter Haven. The store is relocating to the Winter Haven Corners Shopping Center on Third Street S.W. The shop specializes in home décor and custom floral arrangements.

Another convenience store will soon be built in Winter Haven. The Pennsylvania-based Wawa Incorporated chain will open a 5,500 square-foot store on Third Street SW at the former site of the Cypress Lincoln Mercury dealership. Wawa also intends to build another store in North Lakeland along US 98 North in 2012. The WaWa chain operates more than 590 stores, located mostly in the mid-Atlantic states.

RaceTrac has plans to open new convenience stores in Winter Haven and Auburndale. The 5,928 square-foot Winter Haven store will be positioned at the intersection of Havendale Boulevard and US 17. The station in Auburndale will be built at the intersection of US 92 and Neptune Road.

Coca Cola Refreshments has revealed plans for a major expansion of its production plant in Auburndale. The 20% increase in space will bring the facility up to 720,000 square feet and house an additional juice production line. The \$99 million project will also add 60 new jobs to the current workforce of 360. The latest expansion follows a \$53 million project earlier in 2011 that included a chilled 92,000 square-foot warehouse.

A Venezuelan company has proposed building a \$20 million recreational facility in Auburndale. The 5J International Company wants to build a complex at the intersection of Old Dixie Highway and the Polk Parkway that would include five dormitory clusters, each containing its own cafeteria, swimming pool, and multipurpose facility. The complex would also encompass multipurpose fields for soccer and baseball, horseback riding, and tennis courts. Plans are based on a similar facility in Venezuela that has been in operation for 14 years.

Ground was broken for construction of a new hospital in Poinciana in February. The Poinciana Medical Center will serve the community located on both sides of the county line separating Polk and Osceola counties, and is expected to open in 18 months. The \$65 million center will employ 200 full-time workers upon completion, and will be built on the Polk side of the county line.

A ten-acre site near Haines City has been designated as a national wildlife refuge. Plans are afoot to eventually expand the new Everglades Headwaters National Wildlife Refuge in eastern Polk County to 150,000 acres.

NEW OPENINGS AND CLOSINGS - The US Postal Service has announced that it will close its Lakeland mail processing center. The center is located along Lakeland Hills Boulevard in North Lakeland and has 153 employees. No date for the closing has been set.

Dillard's department stores will soon abandon one of its two locations in the Lakeland Square Mall. Dillard's is closing the 80,000 square-foot store in the south end of the mall that carries housewares and men's and children's clothing. The remaining location in the mall will add men's and children's clothing to its current offerings. The conversion is scheduled for completion in March.

The Red Burger 'N Shakes restaurant opened in the food court of the Lakeland Square Mall in December. The eatery features customized hamburgers based on a color.

PacSun is closing its stores in the Lakeland Square Mall and in the Eagle Ridge Mall in Lake Wales. The chain is shutting 200 stores nationwide as part of a corporate downsizing effort.

A new Longhorn Steak House opened along US 98 North in Lakeland in December. The 6,200 square-foot restaurant seats 240, and employs 85 workers. The Longhorn chain has 358 locations nationwide.

The Lifestyle Family Fitness center adjacent to US 98 North in Lakeland closed in December. The St. Petersburg-based firm began in a location near downtown Lakeland in 1982 and still operates more than 30 fitness centers across Florida, including South Lakeland and Winter Haven.

The Canadian Drugstore has opened a new shop on Lakeland Hills Boulevard across from Watson Clinic in North Lakeland. The store sells prescription drugs from foreign-based vendors, which are then mailed directly to customer's homes.

A new Soup'r Cubans sandwich shop is scheduled to open along Main Street in downtown Lakeland on February 1st. The new restaurant is under the same ownership as the Soup'r Cuban shop in Auburndale.

Nolan's Aquarium Super Store in Lakeland closed in December. The store had been in business for twenty years, and moved to its site on US 92 twelve years ago.

Top Notch Consignment has moved to a new location on McDonald Street in the Dixieland section of Lakeland. Top Notch sells women's clothes and accessories, and was previously located in the Shops of Christina.

Frankie's Card Cottage in South Lakeland closed in January. The Cleveland Heights Boulevard store featured greeting cards and Vera Bradley merchandise, and had been in business for 27 years.

The Lopez and Humphries law firm is opening a new office on South Florida Avenue in South Lakeland. The law firm also has offices in Bartow and Sebring.

Jimmy John's restaurant in downtown Lakeland is opening a second location in South Lakeland. The new Jimmy John's will be situated on South Florida Avenue next to Deli Delicacies.

Two new restaurants will open soon in the Lakeside Village shopping center in Southwest Lakeland. Saigon Bistro will feature Vietnamese cuisine and open in April. Burger 21 will serve gourmet burgers, salads, and shakes, and is slated to open this spring at the former home of the Press 101 restaurant.

Soma Intimates will debut a new store in the Lakeside Village in February. The lingerie and clothing chain operates 150 boutiques throughout the country. The Village Wine shop in Lakeside Village closed in January.

The Blockbuster Video chain announced that it is closing two of its remaining three stores in Polk County. The outlet located in the Lake Miriam Square shopping center in South Lakeland closes in March, and the location on US 17 in Haines City closes in February.

Legoland Florida in Winter Haven has announced a new Legoland Water Park that will open early this summer. The additional facility will include seven new rides and employ 250 people. The park is designed to serve children between the ages of two and twelve.

A new city-owned parking garage in downtown Winter Haven is expected to be ready for use in late March. The new \$3.1 million parking facility is under construction on Avenue A.

Sixth Street Deli and Subs opened in Winter Haven in February. The new eatery serves breakfast and lunch, featuring German fare. It is housed at the former site of the Ray & Frans restaurant.

Big Daddy's Barbecue opened in Winter Haven in late January. The restaurant is on First Street North, featuring barbecue dinners, chicken wings, and snow and blue crabs.

Salem's Gyros & Subs will open two new shops in Polk County this year. The first will be adjacent to Havendale Boulevard in Auburndale, and is scheduled to open in April. The second will be on Third Street S.W. in Winter Haven, with an opening sometime next fall.

The new \$3 million Auburndale Community Center will open on February 17th. The center is located north of the city cemetery, and includes two full-sized basketball courts and four rooms for exercise classes.

There is a new Osaka Japanese Steak House in Auburndale. The restaurant is on West US 92, and has the same ownership as the Osaka Japanese Steakhouse in Winter Haven.

The Eagle Ridge Mall in Lake Wales will soon lose two tenants. Garfield's restaurant, and the Toys R Us outlet will both close in February. The Toys R Us employs 20 people and first opened in 1996.

A new car dealership opened in Davenport in December. The Posner Park Chrysler is located along highway US 27.

TAKEOVERS - The Lakeland Ledger has been sold by the New York Times Company to Halifax Media Holdings for \$143 million. The Ledger was sold as a part of the Times Media Holdings Group, a group that also includes the News Chief in Winter Haven, and 14 other newspapers.

MidFlorida Federal Credit Union is acquiring the Tampa operations of Space Coast Credit Union. The takeover will add 16,000 members and six branch offices to MidFlorida. Lakeland-based MidFlorida currently has 150,000 members and 32 branch offices.

Winter Haven-based Centerstate Bank has entered into an agreement to acquire First Guaranty Bank and Trust Company of Jacksonville. First Guaranty has eight branch offices in the Jacksonville area, and would be Centerstate's eighth acquisition since 2009.

The Holiday Inn chain has taken over the former Country Inn & Suites on Lakeland Park Drive adjacent to Interstate 4 in North Lakeland. The 87-room hotel subsequently underwent a \$2 million upgrade.

Petersen Industries Inc. has been purchased by a partnership including Sam Petersen, son of founder John Petersen, for an undisclosed sum. The Lake Wales-based truck manufacturer began 57 years ago producing vehicles specialized for use in the citrus industry.

THE NATIONAL ECONOMY

Economic growth accelerated a bit in the fourth quarter with price adjusted Gross Domestic Product (real GDP) growing at a 2.8% annual rate. That is up from a 1.8% growth rate in the preceding Quarter 3. The acceleration in real GDP during the fourth quarter primarily reflected an upturn in private inventory investment and accelerations in consumer spending, exports, and residential fixed investment. These positives were partially offset by cutbacks in government spending at all levels, rising imports, and a deceleration in nonresidential fixed investment.

The average level for GDP in 2011 was up 1.7% from the average level in 2010. Growth was stronger in the second half of 2011.

CONSUMER SPENDING - Consumer spending rose in the fourth quarter as Personal Consumption Expenditures (PCE's include spending for goods and services) increased 0.1% in both October and November, and were down 0.1% in December. PCE's for the 2011-year were up 4.7% from 2010 in nominal terms and 2.2% in price adjusted terms. Retail and food services sales climbed 0.6% in October, 0.4% in November, and 0.1% during December.

Disposable personal income climbed 0.2% in October, and was unchanged in November before increasing again in December by 0.4%. Disposable personal income was up 3.4% in 2011 from 2010 in nominal terms, and up 0.9% after inflation.

US consumers continue to exhibit caution, with the personal savings rate rising back to 4% of disposable income in December. Household savings averaged 4.35% of disposable income in 2011.

Consumer sentiment has risen over the past five months due to im-

proving conditions on the employment front and the stock market. The consumer confidence index maintained by Reuters and the University of Michigan rose to 75 in January. That represents an increase of 35% from a low point of 55.8 reached last August. The consumer confidence survey compiled by the Conference Board similarly reached a post-recession high in December, though confidence remains below what is typically seen in a healthy economy.

EMPLOYMENT - Employment growth accelerated in the fourth quarter, with the US economy adding 112,000 jobs in October; 157,000 in November; 203,000 in December; and another 243,000 during January. The nation's unemployment fell steadily, dropping from 9% in September to 8.3% in January. Initial unemployment claims in mid-February fell to their lowest level since March 2008.

INDUSTRIAL PRODUCTION - Output at US mines, factories, and utilities rose 0.6% in October, and receded 0.3% in November before rebounding upward 0.4% in December. Industry operated at 78.1% of designed capacity in October, 77.8% in November, and 78.1% of capacity in December.

Factory orders dipped 0.2% during October before registering advances of 2.2% in November and 1.1% in December. Factory orders for all of 2011 were up 12.1% from 2010. New orders for durable goods rose 0.1% in October, 4.3% in November, and 3% in December. Yearlong orders for durable goods in 2011 rose 10% from the preceding year.

CONSTRUCTION - Expenditures for new construction climbed 0.3% in October, 0.4% in November, and by 1.5% in December. Total spending for new construction in 2011 (\$787 billion) was down 2% from spending in 2010. Construction spending is still only about half the level economists associate with a healthy economy.

Housing starts in 2011 were up 3.4% from the depressed levels of 2010. Housing starts fell 2.8% in October then moved upward 9.1% in November before giving half that gain back with a drop of 4.1% in December. Building permits issued for new housing units were up 9.3% in October and 5.6% during November. Permits dipped a slight 0.1% in December, but were up 1.2% for the entire 2011 year. Increases in rental rates are beginning to fuel increases in home construction.

Sales of new single-family homes rose 3% in October, 2.3% in November, and 1.9% during December. Sales for the year were down 6.5% from 2010. Sales of existing homes were up 1.4% in October, 3.3% in November, and 5.1% in December; and up 1.7% for the 2011 year. The recent increases in home sales reflect rising employment, greater availability of credit, and low home prices. New home sales generally lead existing home sales by a month or two because of differences in the ways the data are recorded.

FOREIGN TRADE - The US international trade deficit rose throughout the fourth quarter as increased spending by Americans forced imports to rise faster than exports. The trade deficit in goods and services climbed to \$43 billion in October, \$47.1 billion in November, and \$48 billion in December. The December deficit was the highest monthly deficit since before the recession began in December 2007. The deficit for all of 2011 was \$558 billion, an increase of 11.6% from the preceding year.

More than half of the US trade deficit was related to trade with China. The US still considers the Chinese currency (yuan) to be undervalued, hurting US exports and spurring imports from China. The yuan has risen in value relative to the dollar by about 30% since 2005. However, the Chinese are likely to resist further appreciation of the yuan which would threaten Chinese exports and lead to higher unemployment in China.

Congress has approved trade pacts with South Korea, Columbia, and Panama. The pacts are expected to eventually raise US exports by \$13 billion annually.

COST OF LIVING - Consumer prices leveled off in the fourth quarter as the Consumer Price Index (CPI) dipped 0.1% in October, and was unchanged in both November and December. The CPI increased 3% in 2011 according to data compiled by the Department of Commerce. Inflation is expected to fall below that pace in 2012.

Year	Consumer Price Index (A)			
	Q1	Q2	Q3	Q4
2007	203.8	207.7	208.2	209.7
2008	212.1	216.8	219.3	213.1
2009	212.0	214.3	215.7	216.2
2010	217.0	217.2	218.0	219.5
2011	222.3	224.5	226.2	226.7

(A) Figures are revised by the Department of Commerce as of January, 2012. The data reflect the average CPI reading during each quarter. The base period of the CPI is 1982.

MONETARY POLICY - Federal Reserve officials indicated after a policy meeting in January that they intend to keep short-term interest rates near zero for the next three years. The Fed hopes that the announcement of its intentions will spur investment spending and economic growth.

Fed chairman Ben Bernanke has renewed calls for additional policies to bolster the nation's housing market, noting that the weak market currently serves as a major impediment to faster economic growth. A new round of quantitative easing, whereby the Fed purchases bonds in the financial markets in an effort to drive down long-term interest rates, is currently under consideration.

FISCAL POLICY - The Congressional Budget office most recently projected a deficit of \$1.1 trillion in the current federal budget for the fiscal year ending September 30, 2012. The CBO estimate preceded an extension of the payroll tax cut through the 2012 calendar year that was signed into law by President Obama in February.

In his January state of the union message, President Obama called for reductions totaling \$3 trillion in projected federal budget deficits over the next ten years through a combination of tax increases and spending cuts. Higher income Americans would pay an additional \$1.5 trillion in individual income taxes over the next ten years under the Obama plan.

The president has also proposed lowering the top corporate tax rate from 35% to 28%, while at the same time eliminating dozens of popular deductions. The changes would lower the effective tax rate on corporations to no more than 25% from a current average of 32%.

In February, Federal Reserve Chairman Bernanke warned lawmakers during Congressional testimony of the danger to the economic recovery of tax increases and spending cuts that are currently mandated to begin in 2013.

LEADING INDICATORS - Forecast indicators point toward sustained economic growth in 2012. The Index of Leading Economic Indicators compiled by the Conference Board rose 0.6% in October, 0.2% in November, and 0.4% during December.

Orders for nondefense capital goods excluding aircraft, a key indicator of business investment plans, were down 0.9% in October and 1.2% in November. Those declines were offset by a 2.9% increase in orders during December.

A December survey of 36 economists by the associated press yielded a consensus forecast of 2.4% growth of real GDP in 2012, with an average monthly increase in employment of 177,000 jobs.

An early February forecast by 49 economists surveyed by the Wall Street Journal produced a similar forecast for 2012 GDP growth of 2.5%. The same group expects US employers to add 2 million new jobs over the course of the 2012 calendar year.

SUMMARY - Real GDP climbed at a 2.8% annual rate in the fourth quarter and the nation's unemployment rate fell to 8.3%. Much of the rise in GDP during the fourth quarter reflected a buildup of inventories that is unlikely to continue. Lower government spending at the state and local level continues to weigh on the economy.

The big risks to the economy are further increases in oil prices, a possible collapse of the Euro, and the potential for military conflict with Iran. Despite these risks, recent increases in consumer spending and confidence with rising employment have led forecasters to increase their estimates for economic growth in 2012. Real GDP is now expected to rise by 2.5% during 2012, while inflation remains in check at about 2%.

POLK OUTLOOK

Economist Tony Villamil has forecast that the Florida economy will grow by 3.7% in 2012. Speaking at the annual Economic Forecast Breakfast sponsored by Allen & Company and the Lakeland Chamber of Commerce, Villamil also predicted that the population of Polk County will rise by 1.2% and taxable sales by 7% in 2012.

Home prices are expected to firm and housing starts will begin a slow recovery in 2012 as buyers move to take advantage of historically low mortgage rates and employment starts to grow. We are looking for overall economic growth in the 2% to 3% range for Polk County in 2012, and an unemployment rate in the 9% range by yearend.

METHODOLOGY

The Polk Progress Index is developed on the basis of quarterly observations of six variables. The base period for the index is the first quarter of 1992. Data are adjusted for seasonal fluctuations where appropriate. The statistical technique of factor analysis was employed to assign weights to the observed variables and derive estimates of the underlying factor. The weights used are Taxable Sales (.18); Total Employment (.19); Home Sales (.15); Residential Electric Accounts (.17); Industrial Kilowatt Hours (.17); and Hotel/Motel Sales (.14). The index explains 89% of the variation in the combined variables. The weights and variables are subject to future verification and modification in light of changing relationships.

* Items appearing in the local development section are primarily based on articles appearing in the Lakeland Ledger and other local news reporting agencies

POLK PROGRESS INDEX													
	2009				2010				2011				2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1*
Taxable Sales (1,000 of \$)	1,603,497	1,546,925	1,474,307	1,541,420	1,545,277	1,506,401	1,438,311	1,569,664	1,630,745	1,562,423	1,492,858	1,677,098*	1,714,000*
Total Employment	247,481	246,977	241,582	239,611	239,713	242,926	240,572	240,401	242,073	242,417	239,065	240,578	241,070*
Residential													
Telephone Access	121,523	114,945	108,959	103,027	98,897	94,101	89,062	84,166	80,414	76,390	72,010	67,607	66,207*
Business													
Telephone Access	63,071	61,376	60,075	58,623	57,364	56,383	54,806	53,135	52,178	50,914	50,089	49,070	48,010*
Industrial Electric													
KWH (1,000's)	139,193	151,828	164,912	159,477	137,023	150,327	167,135	153,419	137,088	153,904	164,038	151,928	139,017*
Number of Single													
Family Building Permits	271	260	308	233	304	319	264	205	246	258	327	210	250*
Hotel/Motel Sales													
(1,000's of \$)	43,075	38,286	32,434	28,076	40,509	35,551	33,931	31,912	42,885	38,513	35,668	32,515*	42,817*
Number of Homes Sold	832	1,031	1,101	1,121	1,054	1,329	1,030	975	1,230	1,212	1,074	1,023	1,240*
Citrus Concentrate													
Movement (1,000's of gallons)	43,576	41,017	33,013	34,846	35,551	34,831	33,964	41,620	41,730	45,265	30,205	29,501	35,600*
Building Permits													
(1,000's of \$)	107,385	110,634	121,500	81,028	110,024	112,237	75,350	77,177	95,755	71,018	144,852	75,655	
Number of Residential													
Electric Accounts	101,128	100,618	99,470	100,384	101,933	100,725	99,509	100,586	101,375	99,855	99,547	100,872	101,874*
POLK PROGRESS	188.2	188.1	190.7	189.9	187.2	191.6	183.1	186.4	189.7	188.4	187.5	189.5	191.0

*Estimated values for taxable sales and motel/hotel sales in Q4 2011, and forecast values for Q1 2012

Individual variables in the table represent raw data, unadjusted for seasonal factors. Industrial electric consumption reflects sales by the City of Lakeland.

Citrus concentrate movement is for the state of Florida. All other data are county specific.

The composition of the Polk Progress is explained in the methodology section at the end of this report. Data are seasonally adjusted when appropriate to the computation of the overall index.

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