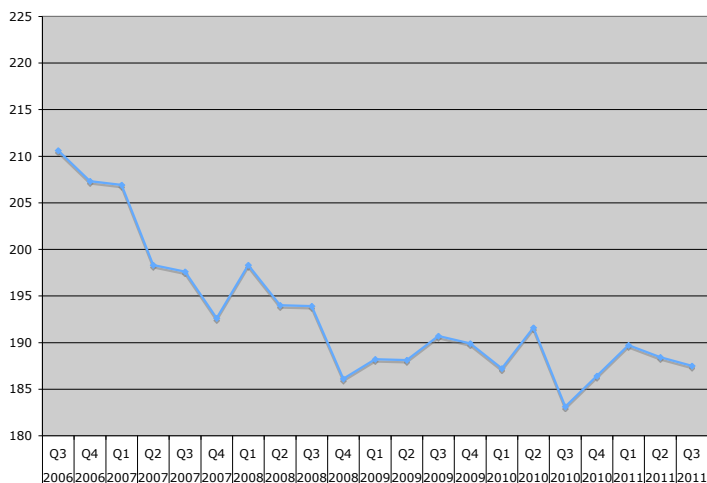
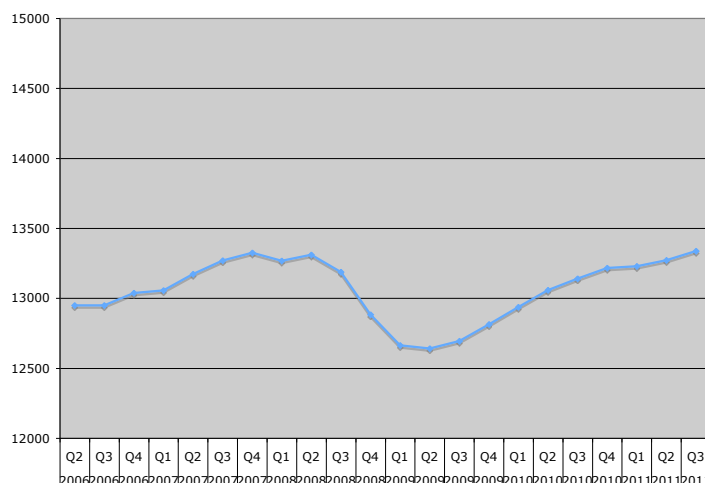


Polk Progress Index



US Gross Domestic Product (Price Adjusted)



POLK ECONOMY CONTINUES TO DRIFT

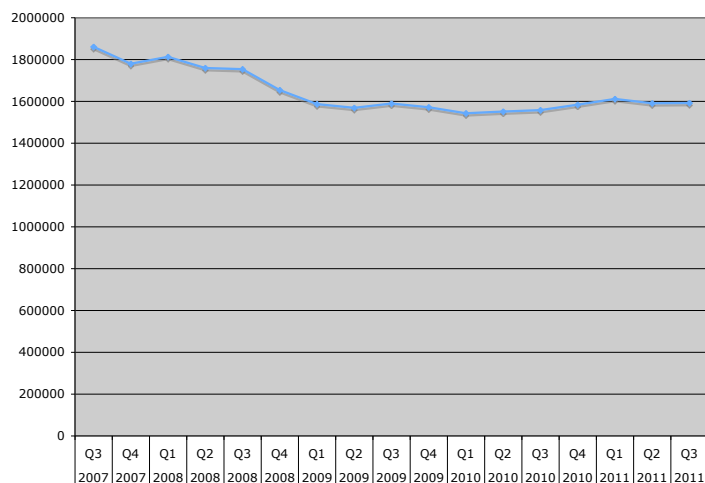
Local economic activity receded slightly in the third quarter as measured by the Polk Progress Index (PPI). The index declined 0.5% from the preceding quarter based upon preliminary data for retail sales and for sales at area hotels and motels. All other components of the overall index value (employment, industrial electricity consumption, population, and home sales) registered slight losses.

The PPI value for the second quarter is revised downward to show a decline of 0.7% from the preceding first quarter. The downward revision is because the realized numbers for retail sales and hotel/motel sales were lower than what we projected on the basis of incomplete data at the time of publication. The original estimate for the Quarter 2 PPI was a 0.4% decline. The average PPI value for the first three quarters of 2011 is up 0.6% from the average value over the same period a year ago.

A new report by the Brookings Institution ranks Polk County as one of the 20 weakest economic recoveries among the nation's largest 100 metropolitan areas. Tampa and Orlando are also among the low-performing group of 20. The challenge for all three, according to a Brookings spokesman, will be to add jobs that are not centered on housing.

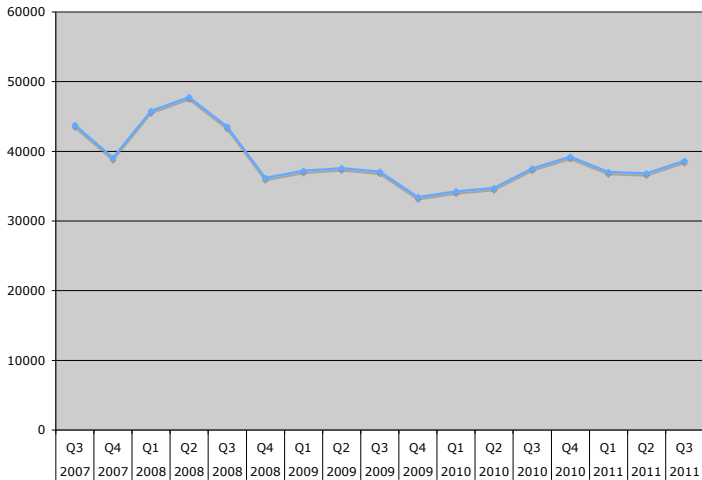
SALES - Estimated taxable sales in Polk County for the third quarter are virtually unchanged, rising 0.1% from the preceding quarter after adjusting the data for recurring seasonal variations. The good news is that actual (unadjusted) sales through the first three quarters of this year are up 4.3% from the same period in 2010 (an increase of \$195 million).

Taxable Sales (Dollars Seasonally Adjusted)



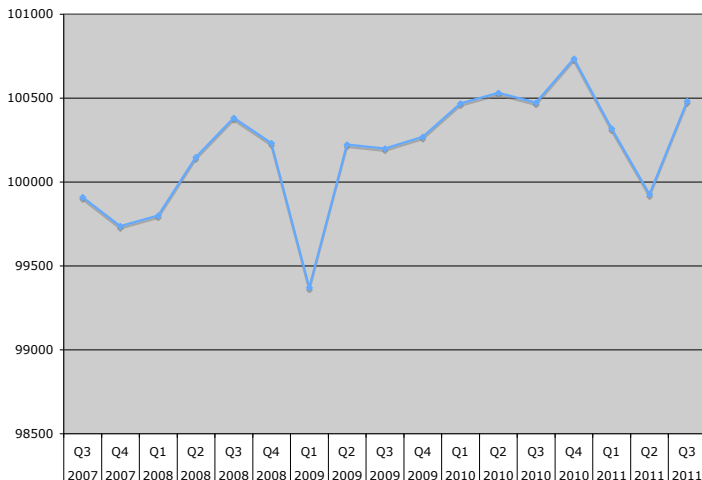
Local tourism is holding its own with sales at area hotels and motels up an estimated \$7.25 million (6.6%) thus far in 2011 from the first nine months of 2010. Sales in the third quarter rose 4.9% from the immediately preceding quarter on a seasonally adjusted basis.

Hotel/Motel Sales (Dollars Seasonally Adjusted)



POPULATION – The drop in residential electricity connections reported by the City of Lakeland in the first half of 2011 appears to have been a reporting glitch as anticipated in the last issue of the Polk Progress Report. The number of reported connections rebounded in the third quarter to a level that has pretty well been sustained over the last year and a half. The bottom line is that local population growth remains stalled.

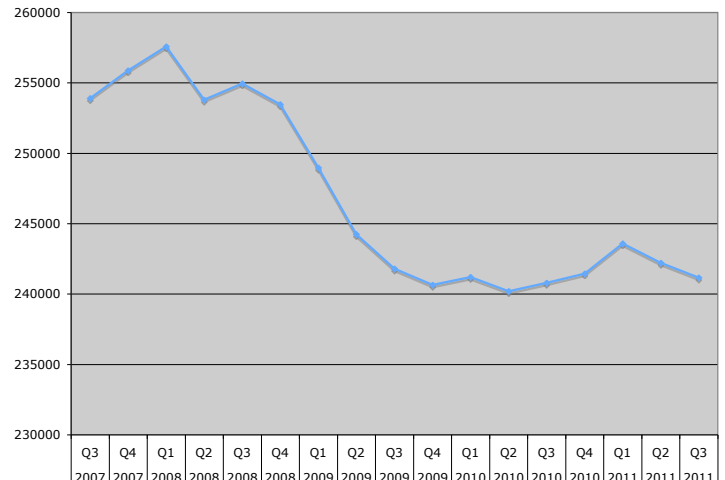
Residential Electric Accounts (Seasonally Adjusted)



The Lakeland-Winter Haven metropolitan area has the dubious distinction of being ranked among the top three metropolitan areas in the country for food hardship among households with children. The finding was based on a 2010 survey commissioned by the Food Research and Action Center. The survey found that of the 73,000 households in Polk County with children under the age of eighteen, 24,090 (33%) did not have sufficient funds to insure an adequate supply of food.

EMPLOYMENT – Total employment in Polk County has remained mired at the same level for the past two years. The average (unadjusted) level of employment through the first nine months of 2011 (241,185) is virtually unchanged from the average level over the same period in 2010 (241,070). Local firms are not going to step up their hiring until an increase in spending warrants their doing so.

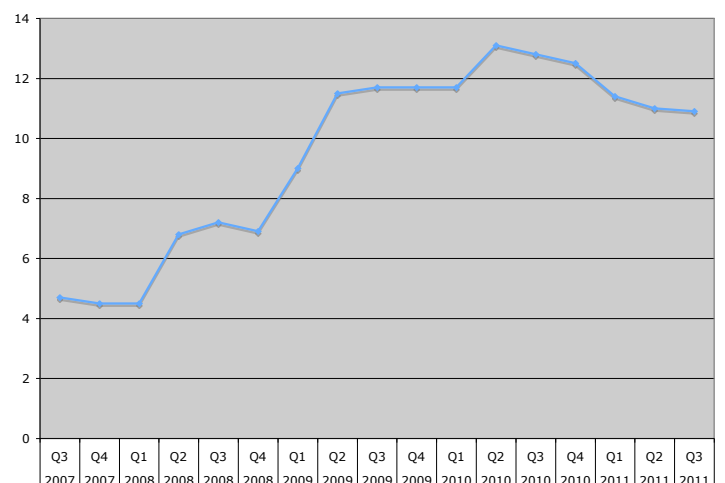
Total Employment (Seasonally Adjusted)



The unemployment rate in Polk County was 12.2% of the workforce in July and August, and 12% during September. Those figures are unadjusted for seasonal factors, which normally cause the unemployment rates to be higher in the summer months than during the rest of the year.

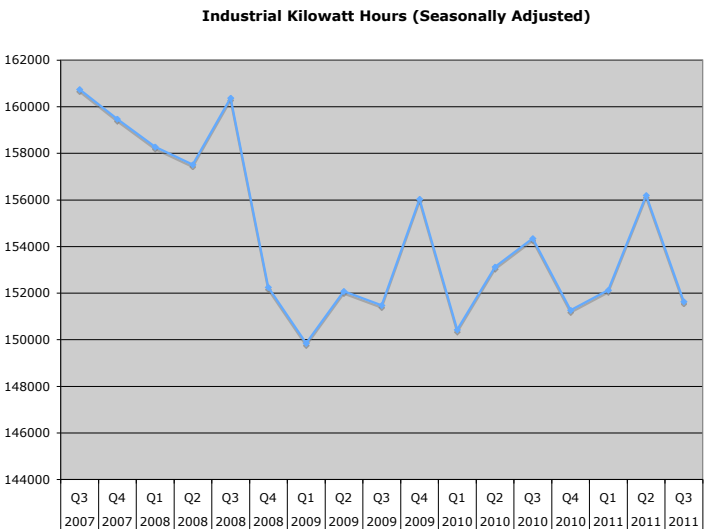
The local unemployment rate has drifted downward into the 11% range during 2011 after adjusting the quarterly data for recurring seasonal variations. However the decline in the unemployment rate largely reflects a drop in the size of the labor force as discouraged job seekers give up their active search for employment and are no longer counted as part of the official workforce. The size of the Polk workforce in October 2011 is down 1.5% (4,199) from October of 2010, while the level of employment is virtually unchanged (up by 188 workers or less than 0.1%) over the same period.

Unemployment Rate (Seasonally Adjusted)

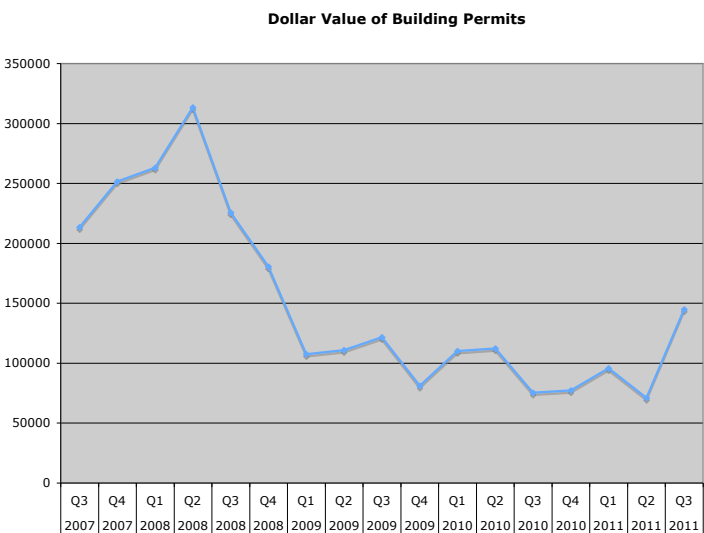


The Avenue Hotel on South Florida Avenue in Lakeland announced in late October that it was laying-off 20 workers. The 171-room hotel, a former Holiday Inn, became an independent entity at the end of 2010. The hotel will maintain limited operations as it currently undergoes another ownership change.

MANUFACTURING - Manufacturing activity in the county is running at about the same level as last year through the first nine months of 2011. Industrial electricity consumption reported by the City of Lakeland through the first 3 quarters of 2011 is 455.03 million kilowatt hours, representing an increase of just 0.1% from the year before.

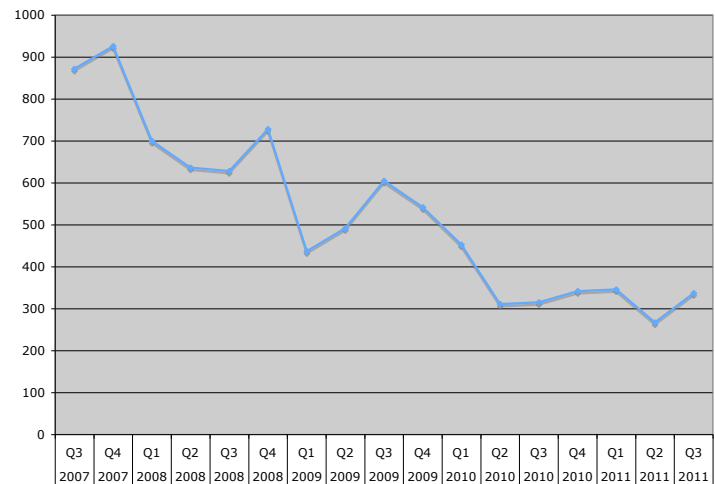


CONSTRUCTION - The value of building permits issued county-wide climbed to \$144.9 million in the third quarter. That largely reflected a \$30.9 million increase from the preceding quarter in permits issued by the City of Lakeland, and a \$13.4 million increase in permits authorized for unincorporated areas of the county.



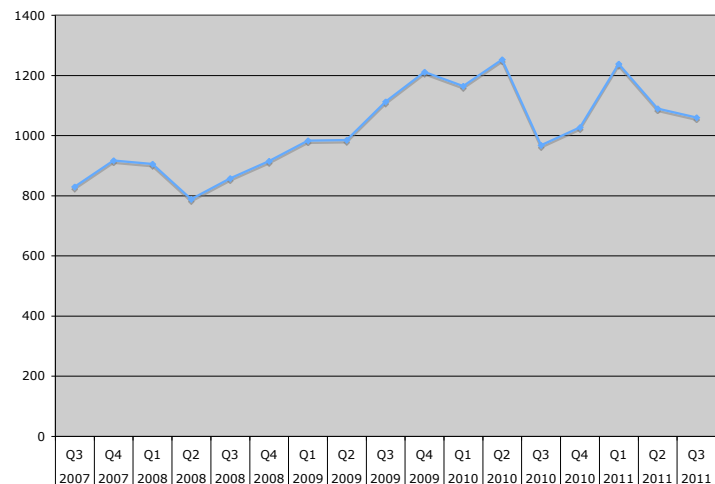
There were 104 permits issued for the construction of new single-family homes in Polk County during July, 134 in August, and just 89 in September. There have been 831 permits issued through the first nine months of 2011, down from 883 permits during the same period in 2010.

Number of Single Family Building Permits (Seasonally Adjusted)



Polk had sales of 335 existing homes in July, 403 in August, and 336 in September. That is an increase of 44 homes sold (4.3%) from the same quarter last year. Home sales through the first three quarters of 2011 are up 3% (103 homes) from the same period in 2010.

Number of Homes Sold (Seasonally Adjusted)



The number of foreclosures in Polk County fell 64% in the third quarter from the preceding year, echoing the nationwide trend resulting from processing delays. The slowdown in foreclosure sales caused the median home sale price in Polk County to rise to \$103,500 in September, the first gain in four years. However, the September price gain will almost certainly prove to be a temporary blip as Polk foreclosures more than doubled in October from the preceding month. The September median price is still down 40% from the median price in early 2007.

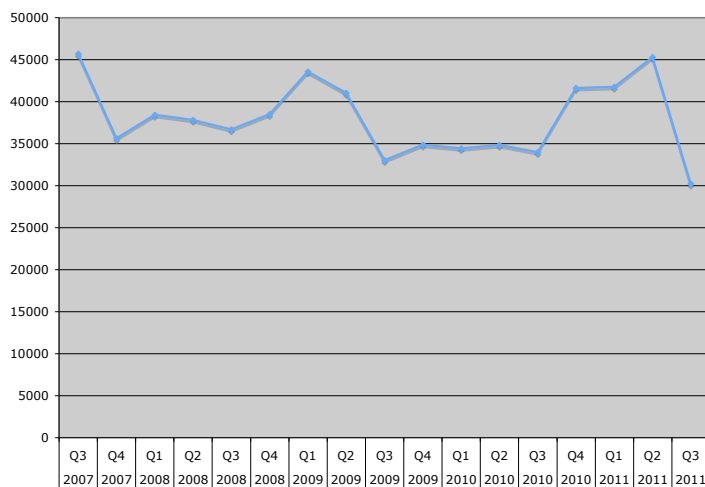
A report by CoreLogic estimates that 50% of the residential properties with mortgages in Polk County were underwater during the second quarter, meaning that the owners owed more on their mortgage than the market value of the property. The county's negative equity rate of 50% is double the national average of 22.5%, and higher than the Florida statewide average of 45%.

CITRUS - The initial citrus forecast by the US Department of Agriculture (USDA) projects a Florida crop of 147 million boxes of oranges for the 2011-12 season. That would represent an increase of 5% from last season's crop of 140.3 million boxes, which had an estimated commercial value of \$1.145 billion. The USDA also forecasts a 2% increase in this year's grapefruit crop to a total of 20.1 million boxes.

Polk County remains the state's largest citrus producing county in 2011 according to the USDA with 82,577 acres of groves and 9.9 million trees. Statewide, commercial citrus acreage declined 2.3% in 2011 to 541,328 acres. Polk led the state in citrus production in 2011, producing 29.8 million boxes.

A drop in citrus concentrate movement reported in the third quarter by Florida citrus processors is likely a reflection of unusually high totals reported for the preceding quarters, and does not indicate any kind of trend.

Citrus Concentrate Movement (Thousands of Gallons)



DEVELOPMENT * - Mission Foods, a producer of tortilla products, has announced plans to open a manufacturing facility in Lakeland that will bring 130 new jobs to the local community. The firm intends to invest \$23 million in a 168,000 square-foot warehouse facility to be built near the Pepperidge Farm plant in the Interstate Business Park in North Lakeland. Plans are for the plant to open in the summer of 2012. Mission Foods is based in Irving, Texas, and currently operates 15 plants in the US.

The Lakeland Economic Development Council announced in September that an international manufacturer of medical equipment plans to open a local facility that will create 65 new jobs. The yet-unnamed manufacturer will invest \$7 million to upgrade an existing 40,000 square-foot building in Southwest Lakeland.

The Tampa City Council has approved a resolution to apply for the inclusion of Polk County in the Tampa Foreign Trade Zone. Approval by the Federal Foreign Trade Zones Board would give special benefits to local manufacturers and suppliers who import and/or export.

The State University Board of Governors voted in November to approve the concept of the present University of South Florida Polytechnic campus in Lakeland eventually becoming an independent state university. Eventual approval of independence would be contingent upon meeting several key preconditions, including separate academic accreditation by the Southern Association of Colleges and Schools. The pros and cons of independence for the Lakeland campus have been robustly debated by many in the local community.

Direct Air is expanding its passenger service from the Lakeland Linder Regional Airport. Direct Air inaugurated flights between Lakeland and Plattsburgh New York in November. The airline also offers service from Lakeland to Niagara Falls New York and Springfield Illinois, while it is temporarily suspending flights between Lakeland and Hagerstown Maryland and Myrtle Beach South Carolina until spring.

U.S. EcoGen Polk has announced plans to begin construction of a \$240 million biomass power plant in Fort Meade this spring. The plant will be located on a 1,148-acre tract along US 17, and produce 60 megawatts of electric power by burning fast-growing eucalyptus trees. The entire operation will provide up to 100 permanent jobs.

The Regency Center for Women and Infants will undertake a \$500,000 renovation of its facility located on Avenue O SE in Winter Haven. The center provides prenatal care for women who might otherwise lack access to a physician.

A new Krystal restaurant is under construction adjacent to Cypress Gardens Boulevard in Winter Haven. An opening is scheduled for mid-December. Krystal operates more than 380 restaurants in the southern United States.

NEW OPENINGS AND CLOSINGS * - The Legoland theme park opened in Winter Haven on October 15th, hosting an estimated 4,000 visitors. Florida's newest theme park is located along Cypress Gardens Boulevard, encompassing the site of the former Cypress Gardens. The park includes more than 50 rides and thousands of Lego models. It joins four other Legoland parks, three of which are located in Europe, and the other in California. Legoland Florida announced at the grand opening that it also plans to open an adjacent water park next summer, and a themed resort hotel sometime thereafter.

Big Lots has two new stores in Lakeland. The first is located in the Palm Center Plaza along South Florida Avenue, and opened on October 3rd. The second is along US 98 North in the Village Plaza, and replaces a current outlet on Memorial Boulevard. The northern site opened on November 3rd. Both stores offer the company's full line of furniture.

Manheim Imperial is closing one of its two auto auction locations in Lakeland. The firm announced in October that it will close its facility located along County Line Road northwest of the city, impacting 16 full-time and about 100 part-time employees. Manheim conducts wholesale auctions for car dealers at more than 120 locations throughout the world.

GFS Marketplace opened its first Polk County store in Lakeland on September 26th. The 13,000 square-foot store on US 98 North joins 140 other locations nationwide operated by the Michigan-based firm. Marketplace stores feature bulk foods and dinner supplies, and the Lakeland facility employs 35 workers.

Longhorn Steakhouse will open a second Lakeland location by the end of the year. The new eatery is under construction at 3392 US 98 North. Longhorn also operates outlets in South Lakeland and Winter Haven, and has 358 locations nationwide.

North Lakeland has a new Chinese restaurant. N. Mei Wei China Buffet is located along US 98 North.

The Golf Club at Bridgewater in North Lakeland closed on September 18th. The club is under Chapter 11 bankruptcy restructuring. The 18-hole course adjacent to SR 33 first opened in 2007, and similarly underwent Chapter 11 proceedings in 2009.

The Lunar Gold miniature golf course at the Lakeland Square Mall closed in September. The glow-in-the-dark miniature course operation is headquartered in Kansas City, and has remaining locations in Jacksonville and Sarasota.

A new Dollar General Store opened in Lakeland on October 25 at the intersection of Memorial Boulevard and Massachusetts Avenue in Lakeland. The new store replaces the former Dollar General store located at 935 East Memorial Boulevard.

A new restaurant is slated to open in downtown Lakeland in November. The as-yet-unnamed eatery will be located on Kentucky Avenue and feature Asian cuisine.

Two other restaurants are scheduled to open soon in the Dixieland area along South Florida Avenue in Lakeland. Butterfly Bistro plans to open at 1212 South Florida Avenue in December, and Fat Maggie's has a scheduled opening in January at 1037 Dixieland Mall Lane.

Jim's Floor Depot Design Center opened October 1st on South Florida Avenue in Lakeland. The store sells, designs, and installs flooring, blinds, and cabinets for residential and commercial buildings.

Another bicycle shop is scheduled to open in Lakeland on November 1st. David's World Cycle will be housed along South Florida Avenue in the former location of Cleghorn's men's clothing store. The bicycle shop chain currently has six locations in the Orlando and Tampa areas.

Meg's Hair Studio began serving Lakeland customers in October. The hair salon is located in the Oak Plaza along South Florida Avenue just north of the Southgate Shopping Center. Meg's also provides nail treatments and waxing.

Marco's Pizza opened in the Lake Miriam Square center in South Lakeland in October. The chain restaurant offers wings, subs, and salads as well as pizza. There are 27 Marco's restaurants throughout Florida.

Silver Leaf Kitchen and Bath plans to open in November in Southwest Lakeland. The cabinet business will be located in a strip center at 1818 Harden Boulevard.

Farris & Foster's Fine Chocolates has closed its location in the Lakeside Village in late October. Farris & Foster will retain its two other locations, both in Orlando.

The Press 101 Sandwich and Wine Bar in West Lakeland closed in early November. The restaurant was also located in the Lakeside Village adjacent to Harden Boulevard.

The Publix supermarket located in the Golden Gate Shopping Center in Bartow reopened in late October after a total rebuild that lasted nine months. The new Publix has 45,600 square feet of space and will employ 140 workers. There are 22 Publix grocery stores in Polk County, and 1,041 located throughout the southeastern United States.

Raider Environmental Services has a new office in Bartow. The Bartow office is adjacent to Route 60, and employs 10 people. Raider collects used oil from auto dealerships and other businesses for reuse, and offers spill cleanup and wastewater treatment services.

Community Southern Bank will open a branch office in Winter Haven in January. The new location is along Cypress Gardens Boulevard, four blocks from the Legoland theme park. Community Southern currently has offices in Lakeland and Bartow.

Honey Baked Ham has opened a new store in Winter Haven. The new store is in the Wal-Mart shopping center along Cypress Gardens Boulevard, and is under the same ownership as the Honey Baked Ham store in South Lakeland.

A new restaurant with an adult setting is on tap for Winter Haven. The Blue Sapphire on Cypress Gardens Boulevard will feature small plate-style fare, cocktails, and wine with occasional live blues and jazz music.

Yogurt Grove, a frozen yogurt shop, opened in Winter Haven in August. The new shop is located on Central Avenue, and has six employees offering a wide variety of flavors.

Ridgewood Lakes Golf Club in Davenport announced that it was closing on September 30th. A last minute compromise between ownership and club members subsequently resulted in a decision to keep the course open. Ridgewood Lakes is located along US 27, 2.5 miles south of Interstate 4.

A new Family Dollar Store opened in Davenport on October 8th. The 8,000 square-foot store along Broadway Boulevard is adjacent to the Food Town Stores supermarket.

Polk County opened a new park along the shores of Lake Kissimmee in early November. Coleman Landing at Shady Oaks is a 135-acre park east of Lake Wales designed to improve public access to the southern end of Lake Kissimmee.

TAKEOVERS * - The Lakeland City Commission has approved the purchase of the 120-unit Lincoln Square Apartments in North-west Lakeland for \$1.3 million. The city plans to demolish the current units that were built in the 1920's, and replace them with new housing.

Herndon and Associates Insurance in Lakeland has been sold to Stahl and Associates Insurance of St. Petersburg. Stahl and Associates has 100 employees with offices in St. Petersburg, Oldsmar, and Lake Mary. Herndon and Associates has 25 employees, offering a full line of insurance coverage.

Traders Alley @ 210 in downtown Lakeland has changed hands. The local nightclub reopened in late October as The Socialite. It is under the management of The Socialite Lakeland INC., and features an increased emphasis on live music.

The Winter Haven City Commission gave final approval to an agreement to sell the city-owned Chain of Lakes Complex for \$11.3 million. The deal paves the way for a development to be known as The Landings, which will include two hotels, restaurants, retail operations, and a movie theater.

SunnyRidge Farms of Winter Haven has been sold to the Dole Food Company for an undisclosed sum. SunnyRidge employs approximately 100 people in Florida, and is one of the nation's top producers of blueberries. Dole Food Company is based in California, and is the world's largest producer and marketer of fresh fruit and vegetables.

THE NATIONAL ECONOMY

US economic growth accelerated in the third quarter, quelling fears that the economy was headed for a double-dip slide back into recession. The price adjusted Gross Domestic Product (real GDP) rose at a 2% annual rate, up from the revised 1.3% annual rate recorded in the preceding second quarter. Third quarter real GDP is up 1.5% from a year ago.

The third quarter advance in GDP was led by growth in personal consumption expenditures, nonresidential fixed investment, federal government spending, and a 4% rise in US exports. Negative factors were declines in state and local government spending, a drop in private inventory investment, and an increase in imports.

CONSUMER SPENDING - Personal consumption expenditures (goods + services) rose throughout the third quarter, climbing 0.9% in July, 0.2% in August, and 0.6% during September. Retail Sales (goods including food services) were up 0.4% in July, 0.3% in August, and 1.1% in September. Retail sales in the third quarter are up 8% from the third quarter of 2010.

Income of the median US household fell 3.2% during the 2007-2009 recession according to the US Census Bureau, and dropped another 6.7 % by June 2011. The median household income adjusted for inflation is now 10.6% below what it was in January 2000, and the official poverty rate (\$22,314 for a family of four in 2010) has risen to 15.1% of the population. The percentage of the US population in poverty today is the highest since 1993.

Disposable personal incomes were flat in the third quarter; unchanged in July, down 0.1% in August, and up 0.1% in September. The frugality that has characterized the American consumer since the last recession subsided a bit during the quarter. Personal savings as a percentage of disposable incomes fell from 5.3% in June to 4.5% in July, 4.1% in August, and 3.6% in September.

An October survey by the Conference Board finds that consumer confidence is now back down to levels last seen during the 2008-2009 recession. Consumer expectations, which had improved in September, gave back all of the gains in October as concerns about the labor market and economic environment increased.

EMPLOYMENT - Total employment continued to rise at a modest pace through the third quarter. Nonfarm employment increased by 117,000 workers in July; 104,000 in August; 158,000 in September; and by 80,000 workers in October. Employment growth over the past year has averaged 125,000 workers per month. The more substantial increases in hiring by the private sector have been offset by continuing declines in public sector employment.

Productivity growth accelerated in the third quarter. Nonfarm labor productivity rose at a 3.1% annual rate in Quarter 3. The percentage of adults who are working fell to 58.2% in August, down from 64.7% in 2000.

The nation's unemployment remains stuck around 9%. The US unemployment rate was 9.1% in July, August, and September; and 9% during October. Long-term unemployment (those out of work for 27 weeks or more) is now 42.4% of total unemployment. Job growth is barely strong enough to absorb the new people moving into the labor force through population growth, much less bring the overall unemployment rate down.

INDUSTRIAL PRODUCTION - Output at US mines, factories and utilities rose weakly in the third quarter. Industrial production expanded 1.1% in July, was unchanged in August, and rose a scant 0.2% in September. Industry operated at 77.4% of designed capacity in July, 77.3% in August, and 77.4% during September. The September utilization rate is up 1% from a year ago.

Factory orders climbed 1.2% during July, 0.1% in August, and 0.3% in September. Orders for durable goods were up a more robust 4.2% in July and 0.1% in August, before falling 0.6% during September.

Manufacturers and trade inventories climbed by 0.5% in both July and August, and were unchanged in September.

CONSTRUCTION - Spending for new construction dipped 2.5% in July, then advanced 6.7% in August and another 0.3% in September. Construction expenditures through the first nine months of 2011 remain down 3.5% from the same period in 2010.

Privately owned housing starts were flat in July, fell 7% in August, and were up a sharp 15% in September. September starts were up 10% from the same month a year earlier. Building permits for new housing units were down for the quarter, falling 2.6% in July, then rising 4% in August before falling back again in September by 5%. Permits issued during September were still up 5% from September of 2010.

New single-family home sales fell 2% in July, were flat in August, and climbed 5.7% in September. September sales were down 0.9% from a year ago. Sales of existing homes (including multifamily units) were down 3.5% in July, then rose 8.4% in August before falling back 3% during September. Existing home sales in September are still up 11.3% from September 2010.

Home prices remain severely depressed, with one in five outstanding mortgage loans larger than the value of the underlying home. All cash sales accounted for 30% of all existing home purchases in September 2011. A September survey of 100 economists by MacroMarkets LLC yields a consensus forecast that home prices will fall 2.5% in 2011, and then rise by 1.1% a year through 2015.

FOREIGN TRADE - The US international trade deficits in goods and services have fallen since peaking in May and June. The trade deficit fell from \$51.6 billion in June to \$45.6 billion in July, \$44.9 billion in August, and \$43.1 billion in September.

Much of the US trade deficit relates to trade with China, which registered a \$29 billion deficit in August. In October the US Senate passed a bill that would mandate punitive tariffs on imports from China in retaliation for alleged Chinese manipulation of currency exchange rates.

Both houses of Congress have approved bilateral trade agreements between the US and South Korea, Columbia, and Panama. The Korean deal gives American automakers and other US exporters greater access to the Korean market, creating about 70,000 additional jobs in the US over the next five years.

COST OF LIVING - The Consumer Price Index (CPI) rose 0.5% in July, 0.4% in August, and 0.3% in September. Though the CPI has risen by 3.9% over the past 12 months, much of the increase is due to climbing food and energy prices. Excluding food and energy, the so-called core inflation rate has been 2% in the last 12 months.

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	

(A) Figures are revised by the Department of Commerce as of October, 2011. The data reflect the average CPI reading during each quarter. The base period of the CPI is 1982.

MONETARY POLICY - The Federal Reserve began implementing a strategy in October to bring down long-term US interest rates. Operation Twist involves shifting the Fed's \$2.3 trillion portfolio of US Treasury securities toward more long-term US Treasury bonds in order to drive up long-term bond prices and thus drive down long-term interest rates.

The Fed is considering other changes in order to make its policy-making more transparent to the public. In line with the transparency goal, the Fed is examining the adoption of setting specific targets for inflation and unemployment.

FISCAL POLICY - President Obama proposed a \$447 billion package of spending initiatives and tax cut to stimulate the economy in a September address to a joint session of Congress. Failure to enact legislation subsequently resulted in the package being broken into separate parts for consideration.

Federal Reserve Chairman Ben Bernanke testified before the Joint Economic Committee of the US Congress in October that the US economy was "close to faltering", and urged Congress not to cut budgetary deficits too quickly, and find ways to jump-start the housing sector and simplify the tax code.

Congress has yet to adopt a budget for the 2012 fiscal year which began October 1st, opting instead for a stop-gap measure to extend funding through mid-November. Republicans in the House of Representatives want to spend billions less this year than democrats who control the Senate.

LEADING INDICATORS - The Conference Board's Leading Economic Index has now risen for five months in a row. The index was up 0.6% in July, 0.3% in August, and 0.2% during September. The index has climbed 1.8% during the last six months.

An October survey of 50 economists by the Wall Street Journal projects an expected real GDP growth rate of just 1.5% for 2011, 2.3% in 2012, and 2.7% in 2013. The same survey predicts the US unemployment rate will only fall to 8.2% by the end of 2013.

Orders for nondefense capital goods excluding aircraft, considered a key indicator of business investment plans, fell 0.3% in July before rebounding upward 0.5% in August and 2.4% in September. The data are seasonally adjusted.

SUMMARY - US economic growth accelerated to a 2.9% annual rate in the third quarter. Consumer spending has picked up a bit, though expectations remain mired near levels reached at the depth of the recent recession. Employment growth remains modest at rates insufficient to appreciably lower the nation's unemployment rate.

Construction spending remains weak with no signs of an upturn in the housing market. Exports are up, with the trade agreement with Korea highlighting prospects for continued export growth.

The Federal Reserve is implementing strategies designed to lower long-term interest rates, while there is little prospect for any further fiscal stimulus due to the political impasse in Congress. The consensus outlook is for continuing GDP growth at about a 2.5% annual rate through the end of 2012.

POLK OUTLOOK

Local economic activity hasn't changed much over the course of the last year. The average value for the Polk Progress Index through the first three quarters of 2011 is up a scant 0.6% from the same time frame in 2010. Most of the individual economic indicators (e.g. employment) have stabilized over the course of the year, though at depressed levels.

The expected resurgence in local foreclosure activity began in October. Local housing prices will now hopefully bottom out early in 2012. There are signs that retail sales may be picking up, and that's where the recovery has to start. If sales continue to rise, the rest of the economy will follow.

Wells Fargo economist Mark Vitner has forecast that the Florida economy is growing faster than the national economy, and will continue to do so through 2012. Vitner predicts that the Florida economy will grow by 2% in 2011, and by 2.2% in 2012 with an addition of 64,000 new jobs. We expect a similar return to positive growth for the Polk economy in 2012.

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													
	2008	2009				2010				2011			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4*
Taxable Sales (1,000 of \$)	1,651,233	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	1,491,643*	1,591,710
Total Employment	252,425	247,481	246,977	241,582	239,611	239,713	242,926	240,572	240,401	242,073	242,417	239,065	240,718
Residential Telephone Access	128,356	121,523	114,945	108,959	103,027	98,897	94,101	89,062	84,166	80,414	76,390	72,717	70,612
Business Telephone Access	64,751	63,071	61,376	60,075	58,623	57,364	56,383	54,806	53,135	52,178	50,914	49,884	48,400
Industrial Electric KWH (1,000's)	157,469	139,193	151,828	164,912	159,477	137,023	150,327	167,135	153,419	137,088	153,904	165,038	158,017
Number of Single Family Building Permits	351	271	260	308	233	304	319	264	205	246	258	327	280
Hotel/Motel Sales (1,000's of \$)	32,453	43,075	38,286	32,434	28,076	40,509	35,551	33,931	31,912	42,885	38,513	35,838*	32,448
Number of Homes Sold	770	832	1,031	1,101	1,121	1,054	1,329	1,030	975	1,230	1,212	1,074	1,212
Citrus Concentrate Movement (1,000's of gallons)	38,499	43,576	41,017	33,013	34,846	35,551	34,831	33,964	41,620	41,730	45,265	30,205	38,098
Building Permits (1,000's of \$)	180,479	107,385	110,634	121,500	81,028	110,024	112,237	75,350	77,177	95,755	71,018	144,852	
Number of Residential Electric Accounts	100,539	101,128	100,618	99,470	100,384	101,933	100,725	99,509	100,586	101,375	99,855	99,547	100,674
POLK PROGRESS	186.1	188.2	188.1	190.7	189.9	187.2	191.6	183.1	186.4	189.7	188.4	187.5	188.0

*Estimated values for taxable sales and motel/hotel sales in Q3 2011, and forecast values for Q4 2011

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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