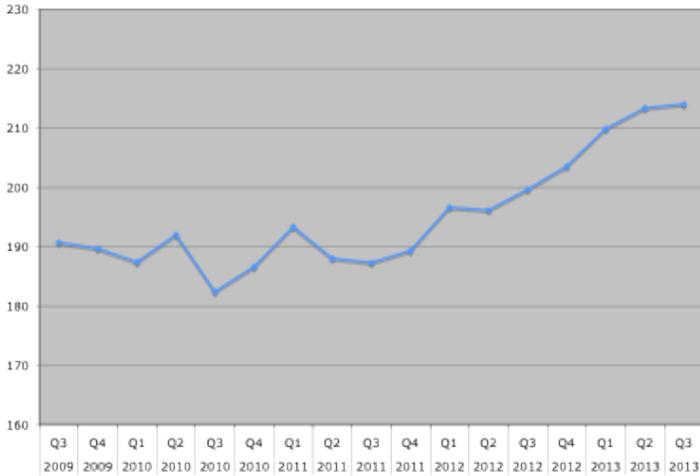
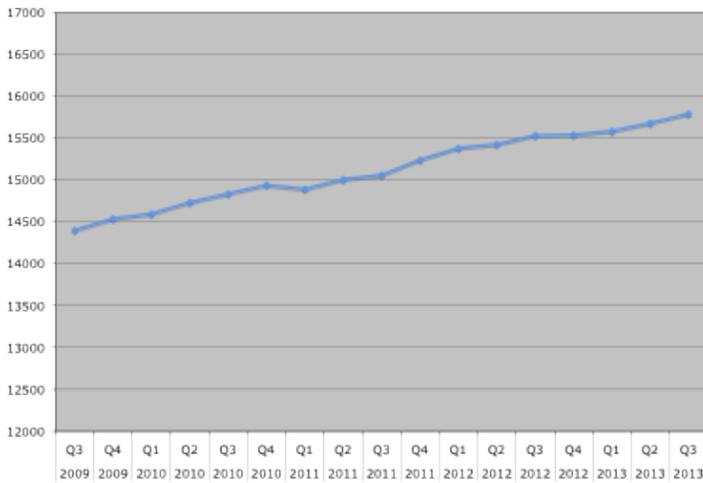


THE LOCAL ECONOMY

Polk Progress Index

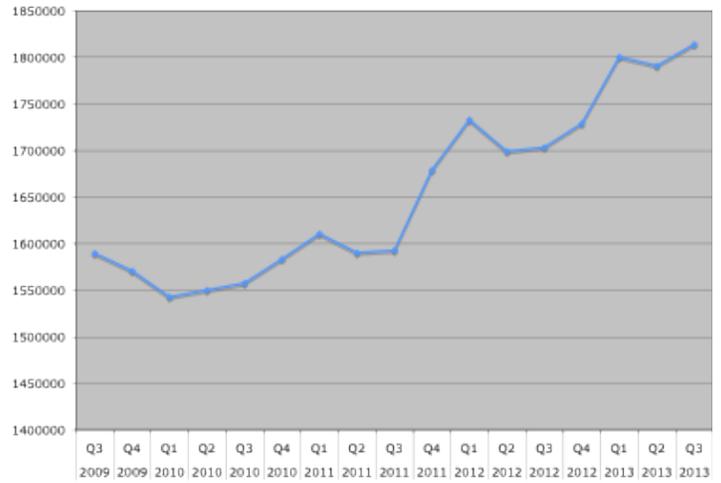


US Gross Domestic Product (Price Adjusted)



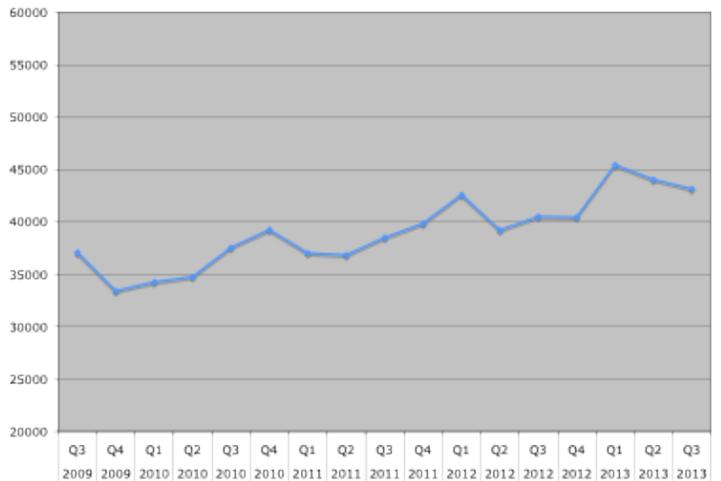
SALES – Taxable sales in Polk County resumed their yearlong upward trend following a revised 0.5% dip in the second quarter, rising a seasonally adjusted 1.3% in Quarter 3. Sales through the first three quarters of 2013 are up an estimated 7% (\$357.8 million) from the same period in 2012.

Taxable Sales (Dollars Seasonally Adjusted)



Sales at area hotels and motels fell an estimated 2% during the third quarter after adjusting the data for recurring seasonal variations. Actual (unadjusted) sales for the first nine months of 2013 are 10.8% higher than the preceding year, based on preliminary data.

Hotel/Motel Sales (Dollars Seasonally Adjusted)



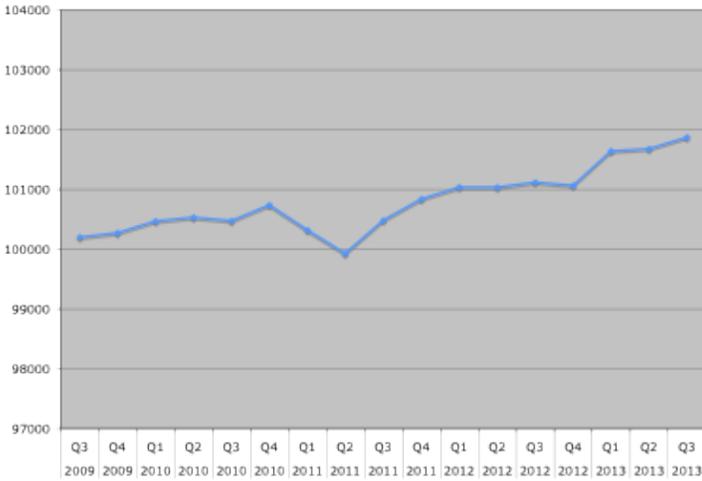
LOCAL GROWTH TAPERS OFF IN THE THIRD QUARTER

The rate of economic growth in Polk County moderated in the third quarter from the pace achieved during the preceding year. The Polk Progress Index (PPI) rose 0.6% from the immediately preceding quarter, and now stands 7.2% above the same quarter a year ago.

The Quarter 3 advance in the PPI was led by increases in retail sales and home sales. Employment rose modestly, while industrial electricity consumption and motel sales declined.

POPULATION – The number of residential electric accounts maintained by the City of Lakeland climbed a seasonally adjusted 1.9% during the third quarter. The unadjusted number of connections in the third quarter stands 0.8% above the same quarter a year earlier.

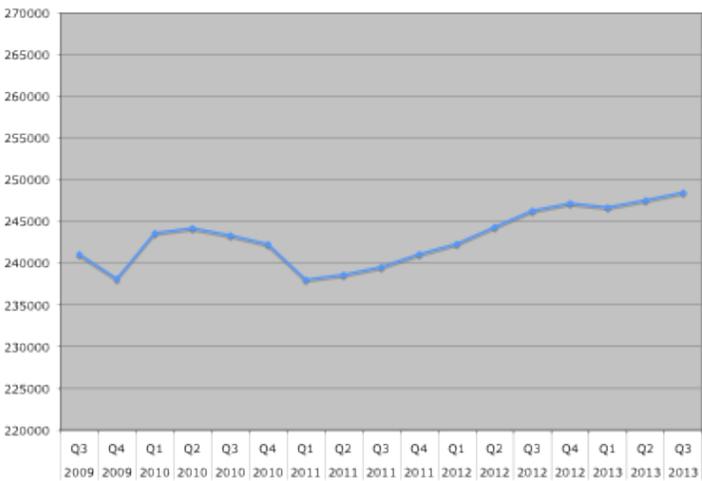
Residential Electric Accounts (Seasonally Adjusted)



EMPLOYMENT – Total employment in Polk County rose a seasonally adjusted 0.4% during the third quarter according to preliminary data issued by the Florida Agency for Workforce Innovation.

The average (unadjusted) level of employment in Polk County during the third quarter of 2013 is up by 2,155 workers (0.9%) from the third quarter of 2012.

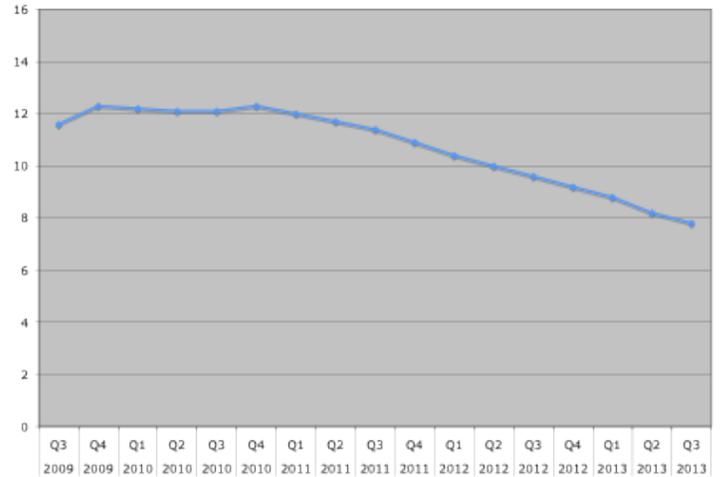
Total Employment (Seasonally Adjusted)



The actual (unadjusted for seasonal factors) unemployment rate in Polk County rose to 8.7% in July before receding to 8.4% in August and 8% in September.

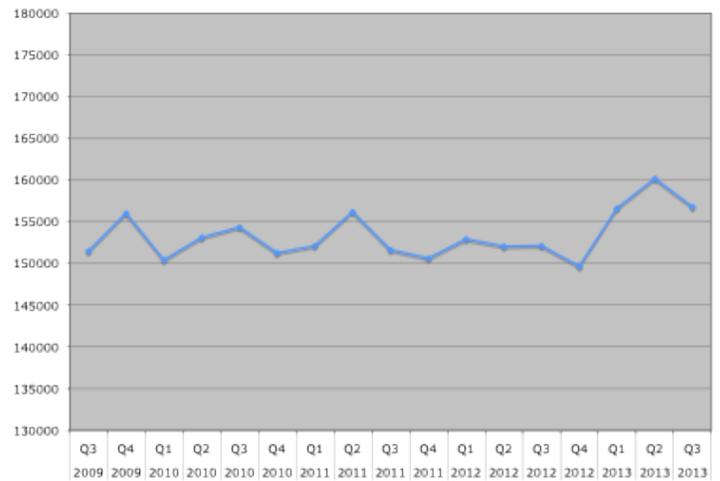
The county’s unemployment rate has fallen steadily since the end of 2010. The seasonally adjusted unemployment rate ended the quarter at an estimated 7.6% in September.

Unemployment Rate (Seasonally Adjusted)

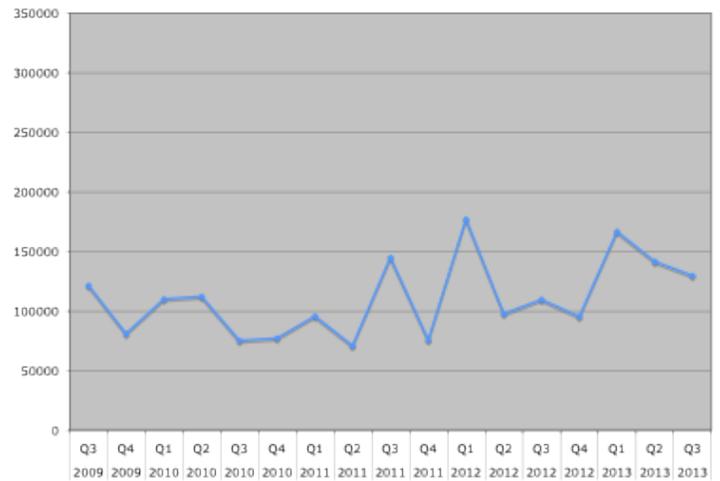


MANUFACTURING – The number of electric kilowatt hours sold to industrial users by the City of Lakeland fell a seasonally adjusted 2.1% in Quarter 3. Thus far the 2013-year has been one of expansion for industrial users as the cumulative number of kilowatt hours utilized has risen 4.7% from the preceding year.

Industrial Kilowatt Hours (Seasonally Adjusted)



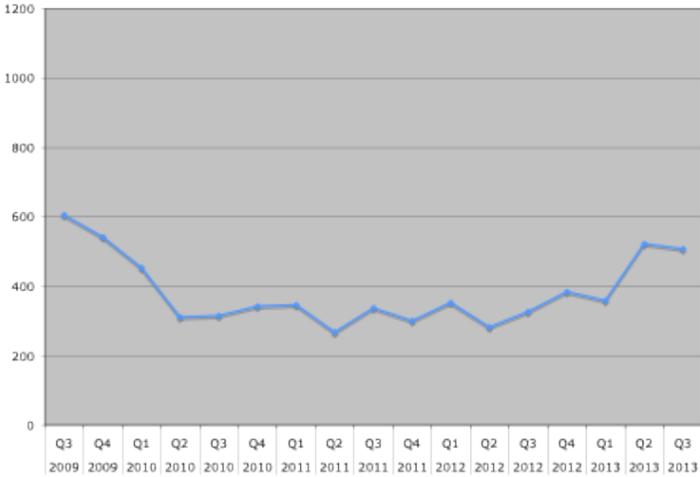
Dollar Value of Building Permits



CONSTRUCTION – The total value of building permits issued countywide thus far in 2013 is 14% above the total for the first three quarters of 2012 (an increase of \$53.7 million).

There were 177 permits issued for the construction of new single-family homes in Polk County during July, 202 in August, and 183 in September. Permits issued in the county this year through September are up 61% from the first nine months of 2012 (an increase of 570 permits).

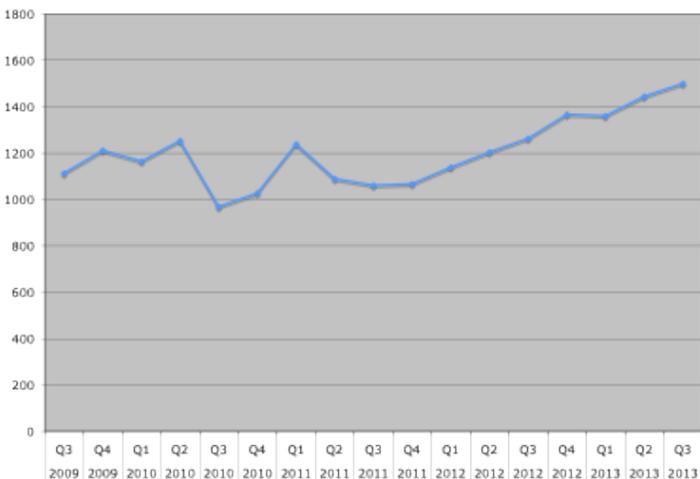
Number of Single Family Building Permits (Seasonally Adjusted)



There were 537 homes sold in Polk County during July, 501 in August, and 448 in September. There have been 4,523 homes sold in the county thus far in 2013, up 17.7% from the same period last year. The median sale price for a home sold in Polk County during the month of October was \$123,950, an increase of 14.5% from a year earlier.

Foreclosure filings in Polk County during the third quarter were down 47% from the same quarter in 2012.

Number of Homes Sold (Seasonally Adjusted)



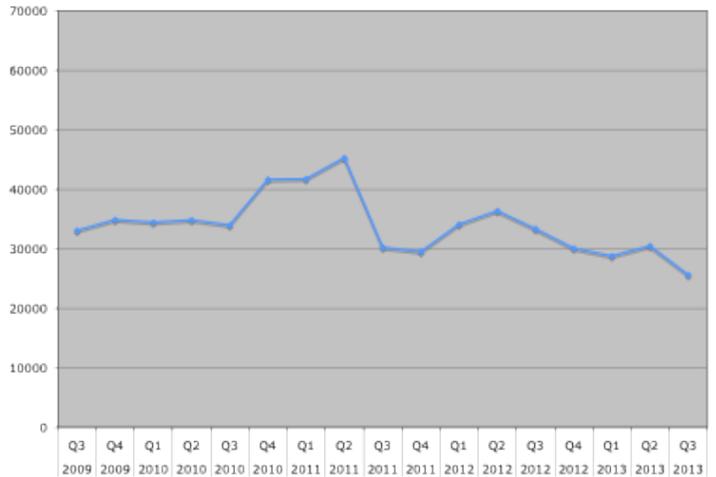
CITRUS – The initial estimate of the 2013-14 Florida citrus crop by the US Department of Agriculture projects a harvest of 125 million boxes of oranges and 17.8 million boxes of grapefruit. That would represent a 6% decline from the just-completed season, and the lowest crop since the 1989-90 freeze-marred season.

Polk County again led the state in citrus production during the 2012-2013 season that ended in June. Polk growers harvested 24.6 million boxes of fruit during the year according to a report issued by the US Department of Agriculture. Polk also leads the state in citrus acreage (82,572 acres) and the number of citrus trees (9.9 million).

There were 563 million gallons of orange juice sold at the retail level in the US during the 2012-13 citrus season. That is a decline of 1.1% from the preceding season, and 37% below the 888.7 million gallons sold during the 2000-2001 season.

The volume of citrus concentrate movement reported by Florida processors has resumed its long-run descent. Concentrate movement through the first nine months of 2013 is down 18.3% from 2012.

Citrus Concentrate Movement (Thousands of Gallons)



DEVELOPMENT * – Amazon has announced that it will build new warehouses in Lakeland and in Hillsborough county. The internet retailer will invest an estimated \$102 million in the Lakeland site, eventually creating 385 permanent jobs. The West Lakeland warehouse will be located along County Line Road.

Tampa Electric Company will undertake a \$700 million expansion of its Polk Power Station on State Road 37 south of Mulberry. The expansion will generate enough additional power to supply 100,000 homes, and will increase the natural gas output of the plant by 70%. Tampa Electric currently serves 78,000 customers in Polk County.

MaxPak is leasing 64,000 square feet of space on Knights Station Road in North Lakeland to expand its fulfillment center operations. MaxPak makes corrugated containers and presently has 140 full-time employees.

Southeastern University in Lakeland has broken ground for construction of a \$6 million College of Natural and Health Sciences building and a \$7 million football stadium. The academic building will encompass 28,000 square feet, featuring laboratory classrooms and a 120-seat auditorium.

A new 100,000 square-foot public safety education facility is slated for construction near the Polk County Sheriff’s office along Winter Lake Road south of Lakeland. The new facility will be under the tutelage of Polk State College and employ 35 people offering classes in criminal justice, EMS, and fire science to 450 students.

US Paverscape has leased 16,000 square feet of space in Southeast Lakeland where it will manufacture brick pavers. The plant will be located in the Ruthven Industrial Park on Winter Lake Road.

USA Bearings and Belts is also moving to a new location in Southeast Lakeland. The firm sells wholesale and retail industrial parts, and will relocate to an 11,250 square-foot site on Winter Lake Road.

The Dunkin' Donuts shop on Bartow Road in South Lakeland has undergone a major renovation. The makeover is part of a company-wide strategy to portray a coffee related theme.

Fresco's Bakery & Bistro in Lakeland is adding a bar and dining room to its downtown location on Kentucky Avenue. The retro-designed addition will open in November.

JC Machine Inc. and Quality Aerospace Coatings will both relocate to a newly shared facility being built on Airport Road west of Lakeland. The new 30,420 square-foot structure is slated for completion in March. JC Machine manufactures precision machine components, and Quality Aerospace processes parts produced by JC Machine and others. The two firms have a combined labor force of approximately 30 employees.

Plans have been submitted to the Lakeland City Commission for construction of a new kitchen display showroom in West Lakeland. The 8,700 square-foot showroom is to be built along the New Tampa Highway, with access to Galloway Road as well.

TooJay's Gourmet Deli has announced plans for a new store to be located in the Oakbridge Shopping Center in Southwest Lakeland. TooJay's is a 24-store chain headquartered in West Palm Beach. An opening is scheduled for June.

Developers of the Festival Point at Sundance subdivision south of Lakeland plan to build 102 additional homes. The expanded complex south of Shepherd Road will be called Sundance Place, with homes selling in the \$150,000 range. Construction is scheduled to begin by the end of this year.

Legoland has unveiled plans to build a 152-room hotel at its theme park in Winter Haven. The four-story hotel will be located on Lake Eloise with an opening scheduled for mid-2015. The park currently employs 1,350 during the peak winter season.

Several applications for new business locations in Winter Haven are under review, including a proposal to build a new Taco Bell restaurant on Cypress Gardens Boulevard near the Legoland theme park. There are also plans to build a new Dollar General Store at the intersection of West Lake Ruby Drive and Eloise Loop Road.

A new 2,412 square-foot Taco Bell restaurant will soon be under construction in Davenport. The newest Taco Bell will be located at the intersection of Deer Creek Commercial Lane and US 27.

The Circle K convenience store chain is expanding its outlet in Fort Meade. The local store is installing additional gas pumps and parking to the Charleston Avenue location.

NEW OPENINGS AND CLOSINGS * – Florida Southern College opened the new Frank Lloyd Wright Sharp Family Tourism and Education Center on the Lakeland campus in October. The museum is located in the Usonian House, which is the 13th Wright structure on the FSC campus. It becomes part of the largest single-site collection of Wright architecture in the world. The center includes a GEICO gift shop and a Ruthven Family Plaza. College officials anticipate that 100,000 visitors will be drawn to the center annually.

Colo5 will open its \$20 million data center in North Lakeland in October. The Jacksonville-based company provides data recovery and cloud computing services, and will occupy a 105,000 square-foot space in the Lakeland Interstate Business Park on Interstate Drive. The Lakeland facility will initially employ 14 people.

The Cinemark Theater is slated to open at Lakeland Square Mall on December 13. The new North Lakeland theater offers 12 screens and stadium seating.

The Sports Authority store in Lakeland will relocate from its current site on US 98 North to the Lakeland Square Mall in October. The transplanted Sports Authority is part of a major renovation project at the mall.

Firehouse Subs is scheduled to open a new outlet on US 98 North in Lakeland during November.

A Sport Clips barbershop will begin serving customers in North Lakeland in December. The new shop is located in the Shoppes of Lakeland plaza adjacent to US 98 North.

The WaWa convenience store chain will open its first Lakeland location next spring. The new store will be located on US 98 in North Lakeland.

Peacock Antiques and Gifts is closing its shop located on Kentucky Avenue in downtown Lakeland. The shop first opened 18 years ago.

The Whiskey Bent BBQ Supply store opened in downtown Lakeland in September on South Tennessee Avenue. The store carries large smokers in addition to grills and accessories, ribs, and sauces.

La Porta Rosa Restaurant in East Lakeland closed in August. The Italian eatery, formerly known as Mario's Italian Restaurant, was located on Edgewood Drive.

Etoile Dancewear has opened on Edgewood Drive in Lakeland. The shop offers a full line of dance and fitness wear, and has hours Monday through Saturday afternoons.

The PDQ restaurant opens in South Lakeland in November featuring chicken tenders, sandwiches, and salads. The new eatery is located in the Lake Miriam Plaza on South Florida Avenue.

A November opening is also planned for Jimmy Belle's Seafood Market and Grill in South Lakeland. The new restaurant will be adjacent to South Florida Avenue at the former site of Natalie's Sports Bar.

A new Popeyes Louisiana Chicken will open in January on South Florida Avenue in Lakeland. It will be located at the former site of the Arby's Restaurant that closed in August. The new Popeyes will be the second outlet for that chain in Lakeland.

The Habibi restaurant in the Lakeside Village in South Lakeland closed in August. The restaurant specialized in Lebanese food, and was part of a small chain headquartered in Orlando.

Indie Atlantic Films will open its first business office this November. The office will be located in the Dixieland Mini Mall on South Florida Avenue in Lakeland.

Olive Branch Realty is moving to a restored housing structure on South Florida Avenue in Lakeland. The new office will open on December 2nd, specializing in residential properties.

Ultra Beauty has scheduled a November opening for its new parlor at Merchants Walk on South Florida Avenue in Lakeland. The 10,000 square-foot shop houses a full-service salon.

Meg's Hair Studio on South Florida Avenue closed in September. The salon was located in the Oak Plaza, north of the Southgate Shopping Center.

Two new liquor stores are slated to open in South Lakeland by the end of the year. A December opening is planned for a new ABC Fine Wine & Spirits store that will be located in the Palm Center at the intersection of Highland Drive and South Florida Avenue in December. A new 1,200 square-foot Publix liquor store will also open in December along County Road 540A in the Lakeland Highlands region.

Giovanni's New York Pizza will soon begin serving customers in downtown Winter Haven. The newest Giovanni's will open on West Central Avenue in November. The pizza chain has three other locations in Polk County.

Edible Arrangements opens a new shop in Winter Haven in October. The new store is located on Citi Centre Street, and will be the latest of some 70 shops the company operates throughout Florida.

Tela's Fabrics will have a grand opening in Lake Alfred in January. The new shop will be located on East Haines Boulevard and feature high-end decorative fabrics.

Advance Auto Parts will open a new store in Davenport in December. The new store will be built at the intersection of US 27 and Sanders Road. Advance Auto Parts has more than 500 stores in Florida, and a distribution center in Lakeland.

TAKEOVERS * – The Mosaic Company has purchased the Central Florida Phosphate operations of CF Industries Inc. for \$1.4 billion. The takeover leaves Mosaic as the only phosphate company operating in central Florida. Mosaic currently employs a total of 2,000 local workers at fertilizer plants located in Bartow and southwest Polk County, plus three phosphate rock mines in the southwestern corner of the county.

Publix is selling all of its Pix convenience stores to Circle K Stores Incorporated. The 14-store Pix chain includes two in Lakeland, and one each in Davenport and Poinciana.

Fresh Del Monte has purchased 7,200 acres of tomato fields and related facilities in Florida and Virginia owned by East Coast Brokers and Packers Incorporated for an undisclosed sum. The purchase includes an East Coast packinghouse in Mulberry.

The Seminole Indian Tribe of Florida has bought a 51% ownership stake in Noble Food Service, a juice-marketing subsidiary of Winter Haven-based Wm. G. Roe & Sons Incorporated. The deal qualifies Noble as a minority-owned business, making it eligible for preferential marketing opportunities.

THE NATIONAL ECONOMY

Economic growth in the third quarter was stronger than most analysts had forecast in the face of the impending federal government shutdown. The price-adjusted Gross Domestic Product (GDP) expanded at a revised 3.6% annual rate during Quarter 3 following a revised 2.5% growth rate in the preceding second quarter.

Third quarter GDP growth was led by advances in personal consumption expenditures, spending by state and local governments, inventory growth, and a deceleration in imports. There is some concern that the spurt in inventory growth may not repeat itself in succeeding quarters.

CONSUMER SPENDING – Personal Consumption Expenditures (includes goods and services) increased 0.1% in July, 0.3% in August, and by 0.2% during September.

Retail sales (goods only) were up 0.1% in July and 0.2% in August, before falling back 0.2% in September. Retail sales were up a healthy 0.4% in October, spurring retailers' confidence as the all-important holiday season unfolds.

Disposable personal incomes rose 0.3% during July, and by 0.5% in both August and September.

Americans grew more cautious as the third quarter progressed and the federal government shutdown loomed. Personal savings rose from 4.5% of disposable incomes in July, to 4.7% in August and 4.9% during September.

The Conference Board reported that its Consumer Confidence Index dipped to 80.2 in September (1985=100), then slid to 71.2 in October as the shutdown materialized. The Survey of Consumer Confidence published by Reuters/University of Michigan exhibited a similar drop, falling to a six-month low in October.

The Census Bureau reported that the US median household income fell 0.2% in 2012 to an inflation-adjusted \$51,017. The median income reached a peak level in 1999 at \$56,080.

Income inequality increased in 2012 according to an analysis of Internal Revenue Service data by economists at the University of California, Berkeley. The wealthiest 1% of Americans earned 19% of household income during the year.

EMPLOYMENT – Nonfarm employment climbed by 162,000 workers in July, 169,000 in August, and 148,000 in September. Employment then grew by a surprising 204,000 workers in October despite the federal government shutdown that furloughed an estimated 800,000 workers.

It is estimated that the economy needs to create at least 125,000 jobs per month just to absorb the new people moving into the labor force. Employment growth has to be around 200,000 a month to appreciably reduce the backlog of unemployment among those who lost jobs during the recession that began in late 2007. The US unemployment remained mired at about 7.3% throughout the third quarter.

INDUSTRIAL PRODUCTION – Production at the nation’s mines, factories, and utilities dipped 0.1% in July before climbing 0.4% in August and 0.6% in September. Industry operated at 77.7% of designed capacity in July, 77.9% in August, and 78.3% during September.

Factory orders dropped 2.8% in July and 0.1% in August, then rebounded upward 1.7% in September. New orders for durable goods fell 8.1% in July before advancing 0.2% in August and 3.7% in September.

Manufacturing and trade inventories rose 0.4% in both July and August, and by 0.6% in September.

Revised GDP data for the second quarter show that US output per capita has finally regained the previous high level reached four years ago prior to the economic recession.

CONSTRUCTION – Total expenditures for new construction climbed 0.6% in both July and August, before dropping 0.3% during September. Total expenditures through the month of August are up 5.9% from the same period in the preceding year.

Building permits for new housing units were up 3.9% in July, down 3.8% in August, and up 5.2% in during September. Building permit data are less volatile than data on housing starts, and are generally regarded as a better leading economic indicator of future construction.

Sales of new single-family homes slid 13.4% in July; then rebounded upward 7.9% in August before falling again by 6.6% in September.

Existing home sales increased 6.5% in July, were unchanged in August, and fell 1.9% during September. Figures on sales of existing homes typically lag new home sales figures by about 2 months because of differences in the way the data are collected. The median price for existing homes sold in September is up 11.7% from a year ago.

FOREIGN TRADE – The US international trade deficit in goods and services rose modestly from \$38.6 billion in July and \$38.7 billion in August, to \$41.8 billion in September. The deterioration was a reflection of a slowdown in exports due to weak demand abroad.

The trade deficit for the entire fiscal year ending September 30 was \$510 billion. That represents a decline of 5.6% from the preceding fiscal year’s deficit of \$540 billion.

COST OF LIVING – Inflation remains tame as the Consumer Price Index (CPI) rose 0.2% in July, 0.1% in August, and 0.2% during September. The September reading is up just 1.2% from a year earlier.

Consumer Price Index (A)				
Year	Q1	Q2	Q3	Q4
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
2012	228.3	229.8	230.1	231.2
2013	232.1	232.0	233.6	

(A) Figures are revised by the Department of Commerce as of October, 2013. The data reflect the average CPI reading during each quarter. The base period of the CPI is 1982.

MONETARY POLICY – President Barack Obama has nominated Janet Yellen to succeed Ben Bernanke as Chair of the Federal Reserve Board of Governors in January. Yellen currently serves as Vice Chairwoman of the Board of Governors, and previously served as the president of the Federal Reserve Bank of San Francisco and Chairman of the Council of Economic Advisors under President Clinton.

Recent strength in employment numbers has generated market speculation that the Federal Reserve will begin to cut back its quantitative easing program. The Fed may begin to curtail the program as soon as its next policy meeting on December 17-18.

The Fed is attempting to assure the markets of its intent to keep interest rates near current levels after it begins to reduce its monthly \$85 billion purchases of bonds. The so-called “forward guidance” tool is designed to stabilize expectations of future interest rates, and thus serve to keep long term interest rates closer to short term interest rate levels. The current target range for the benchmark federal funds rate that commercial banks charge one another on overnight loans is from zero to 0.25%.

FISCAL POLICY – Congress agreed in mid-October to fund the federal government through January 15, 2014, and effectively suspend the ceiling on the federal debt until February 7, 2014. The agreement followed a two-week shutdown of non-essential government functions over Republican efforts to undermine implementation of the Obama health care plan.

LEADING INDICATORS – The Conference Board’s Index of Leading Economic Indicators climbed 0.4% in July, and by 0.7% in both August and September.

Orders for nondefense capital goods excluding aircraft, a widely followed indicator of business investment plans, were down 3.5% in July, up 0.4% in August, and down again in September by 1.1%.

SUMMARY - Economic growth accelerated modestly in the third quarter as the price adjusted GDP grew at a 2.8% annual rate. Job growth has slowed to about 160,000 per month, and the unemployment rate continues to hover around 7.3%.

The Fed is expected to continue its efforts to keep interest rates low even as it considers cutbacks in its bond-buying program. The outlook for fiscal policy is uncertain at best, and will likely continue to act as a drag on economic expansion.

The housing market continues on the long road to recovery, and consumers remain surprisingly optimistic in the face of fiscal and political uncertainty. Inflation will likely remain low for the foreseeable future.

POLK OUTLOOK

The local economic expansion continues to trudge along, with encouraging data particularly on the sales front. Taxable sales thus far in 2013 are running 7% above 2012. Home sales are up almost 18% this year, while the average level of employment is up just 1.4%.

Rising sales will translate into higher employment numbers in the months ahead. We look for the overall Polk Progress Index to continue rising at about a 5% annual rate through early 2014, with some acceleration in job growth. Expanded home building will continue to be a positive factor over the next year.

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													
	2010		2011			2012				2013			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4*
Taxable Sales (1,000 of \$)	1,569,664	1,630,745	1,562,423	1,492,858	1,697,787	1,783,895	1,690,533	1,621,631	1,785,522	1,906,097	1,804,928	1,742,827*	1,904,000*
Total Employment	241,848	247,824	239,880	238,781	241,041	241,851	245,601	245,577	246,954	246,728	248,808	247,732	249,600*
Residential													
Telephone Access	84,166	80,414	76,390	72,010	67,607	63,425	59,240	56,061	53,355	50,684	47,838	45,341	43,500*
Business													
Telephone Access	53,135	52,178	50,914	50,089	49,070	48,372	47,332	46,678	45,709	44,788	43,932	42,742	41,800*
Industrial Electric													
KWH (1,000's)	153,419	137,088	153,904	164,038	151,928	139,017	150,679	164,831	151,619	142,703	161,269	170,002	157,480*
Number of Single													
Family Building Permits	205	246	258	327	210	315	266	360	353	382	567	562	550*
Hotel/Motel Sales													
(1,000's of \$)	31,912	42,885	38,513	35,668	33,050	48,723	40,231	38,585	34,972	54,076	45,643	41,644*	38,470*
Number of Homes Sold	975	1,230	1,212	1,074	1,023	1,168	1,375	1,285	1,346	1,401	1,617	1,486	1,506*
Citrus Concentrate													
Movement (1,000's of gallons)	41,620	41,730	45,265	30,205	29,501	34,103	36,327	33,333	30,047	28,753	30,438	25,609	24,800*
Building Permits													
(1,000's of \$)	77,177	95,755	71,018	144,852	75,655	176,880	97,764	109,625	95,431	166,631	141,515	129,780	
Number of Residential													
Electric Accounts	100,586	101,375	99,855	99,547	100,872	102,104	101,065	100,169	101,154	102,957	101,668	100,987	101,740*
POLK PROGRESS	186.6	193.3	188.0	187.3	189.3	196.6	196.1	199.6	203.5	209.8	212.7	214.0	217.0*

*Estimated values for taxable sales and motel/hotel sales in Q3 2013, and forecast values for Q4 2013.

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.

Thank you to the sponsor of Polk Progress



THE POLK PROGRESS

November 2013

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