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# THE R WORD

*"It's a recession when your neighbor loses his job; it's a depression when you lose yours." -- Harry S. Truman, April 13, 1958*

## Part 2: A tale of two economies

*Businesses tied to housing are slumping, but those catering to tourists are thriving.*

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*Second of three stories*



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STAFF PHOTO / E. SKYLAR LITHERLAND  
Jerry Adams stands amid construction equipment that is failing to attract buyers at his pawn shop on Cortez Road in Bradenton.

Jerry Adams once specialized in selling secondhand electric drills, band saws, nail guns and toolboxes from his Cortez Road pawn shop, but he is not accepting construction equipment anymore.

"It just sits there," Adams said, pointing down an aisle of shelves packed with power tools. "Nobody is buying."

Just seven miles west, Jan Holman is almost too busy to talk.

Shoppers are browsing the antique bowsprits and finely crafted model ships at her Sea Hagg gift shop near the Cortez causeway that leads to Anna Maria Island.

"We've been blessed with steady flow of customers," Holman said. Adams and Holman represent the polar opposites of Southwest Florida's bifurcated economy.

At one pole are shop owners and restaurateurs on main arteries from Palmetto to Port Charlotte, who feel the impact of the slowdown in home construction and sales. At the other are retailers swimming in cash from an increased influx of tourists and an uninterrupted flow of dividend and bond payments to wealthy retirees.

The easiest way to see this dichotomy is to drive the region's highways and talk to shop owners along the way. That is what the Herald-Tribune did, dropping in on more than 60 retailers in the three-county region. Along Tamiami Trail in Port Charlotte, Bee Ridge Road in Sarasota, Sumter Boulevard in North Port and Cortez Road in Bradenton, shop owners told tales of woe.

Most said sales were down from last year. Employees complained of take-home pay squeezed by rising costs of everything from gas to homeowners insurance.

But near the bridges to Punta Gorda, the city of Venice, Siesta Key, Longboat Key and Anna Maria Island, it is like entering another world. In these places, the words "recession" and "downturn" sound foreign to merchants.

Tourism is up across the region. Bed tax revenues rose 8 percent to \$14.9 million in the three-county region during the 12 months ended June 30.

### Across the bridge

Buzzed by tourists and a loyal stable of wealthy retirees, retailers in coastal areas of Southwest Florida are experiencing a different reality from their counterparts on the mainland.



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"We rock," said Matt Nemec, the owner of Tiki's Clothing & Interiors boutique on Marion Avenue in Punta Gorda.

Nemec, who carries Tommy Bahama and other higher-end clothes for men and women, said he positioned Tiki's so it would not have to compete with Target and Wal-Mart.

"We're not fighting for that crowd," Nemec said. "We have higher-quality clothing. It's not cheap stuff."

Donna Elsberry, a saleswoman for Carrie's Interiors — just two blocks from Tiki's — said business had not dropped off at all.

"We're doing extremely well," she said. "Honestly, we have not seen a slowdown."

Customers for her store's traditional design advice and accoutrements still have disposable income, Elsberry says.

Drive up the coast to the island of Venice and retailers will tell you more or less the same thing.

"We've owned this store for 10 years and sales have grown gradually every year," said Baker Brown, co-owner of Venice Stationers. "This year we're up 5 or 6 percent."

While most other areas in the region experienced a sharp spike in real estate sales and new home construction, the Island of Venice did not grow very fast, so the island's economy is not falling from some artificial high, Brown said.

William Vanderstine, owner of the Bella Luna Cafe, said his restaurant used to be full of Realtors and mortgage brokers doing deals during the boom.

They are gone now. But others come in to take up the slack.

"The reason is tourism," Vanderstine said. "Without tourism we'd be dead."

Up the block from the cafe, Parichat Yanpreechawong, who runs a clothing store that specializes in Thai fashions, said tourism is also buoying her business.

"I think last year and this year are OK," she said. "No problem."

Keep driving north to Anna Maria Island and the response from retailers will be the same.

The Europeans have arrived, and they are not timid about spending their powerful pounds and euros.

"We owe a lot to the Europeans," said Eric Flodberg, as two German women browsed the merchandise in SueRic's Fine Gifts and Apparel near the Anna Maria pier. "I think our season will depend on them and the Canadians. People coming down from the Midwest are being more cautious about what they spend on."

Ryan Stroh, who runs Beach Bum Billy's kayak and bike rental shop just up the road, said Europeans and Canadians made this summer better than last summer, and they are continuing to boost his bottom line.

"We had \$400 in sales in by lunchtime today," he said in early October. "That's never happened this early."

### **'Never seen it so bad'**

Back on the mainland, the contrast could not be more vivid.

Few shop owners along Tamiami Trail from North Port to Port Charlotte have anything positive to say.

"The number of people coming in to pawn their gold and jewelry is way

up over last year, and about 70 percent aren't picking up their stuff," said James Brown, proprietor of the Gold and Silver and Antiques Pawn Shop in Port Charlotte. "In my 28 years in business, I've never seen it so bad." Store owners who cater to Latin American customers know that better than anyone.

At one point Mexican workers comprised more than 50 percent of the state's construction work force by some measures, but many are gone now, along with the home building work that once kept them employed.

"My sales are way down," said Alex Reyes, owner of Mi Gente Market on Washington Avenue in Sarasota. "Bodegas like mine are shutting down all over the place."

Juana Ruiz, who manages La Villita clothing and cowboy boot store next door, said: "It is not like it used to be at all. We still get people who work in hotels and restaurants, but construction workers are gone."

Ruiz, who sells airplane tickets in addition to clothing and boots, has been selling 10 tickets a week for flights back to Mexico.

"A lot of people are also leaving for Canada," where the economy is booming and where the Canadian dollar is at a historic high.

Like businesses that cater to construction workers, most stores that sell home furnishings are suffering.

Taxable sales of household appliances were down 7 percent across the state to \$3.5 billion for the year ending in June, and taxable furniture sales were down 4 percent to \$8 billion during the same period, Florida Department of Revenue statistics show.

"It's no secret that business is off," said John Ryan, who has owned and operated the Land of Sleep mattress store on U.S. 41 in Venice since 1977.

"I can't remember a time when a downturn in the housing market has sent such unprecedented ripples up and down the coast from Tampa to Naples."

Ryan said the summer was his worst ever, and he does not think sales will improve much until the second half of 2009.

"Let's face it," Ryan said, "at least furniture has some allure. Buying mattresses is like buying tires. It's easy to put off in the best of times."

At Dan's Fan City on Cortez Road in Bradenton, the housing downturn has had a similar impact.

"We're being hurt because we used to have sales for whole households," said store manager Monty McIntosh. "People would buy enough fans for five or six rooms. But now the only people that come in are buying replacements or they're remodeling."

Mark Trudo, whose company provides janitorial services for about 80 condos in Port Charlotte, said he lost clients for the first time in 15 years. His revenues are down to \$190,000 from \$250,000 a year ago.

"Instead of getting service every week, customers are getting it every two weeks, or every month or not at all."

### **Forget luxuries**

Practically any store on the mainland that sells luxury goods is hurting.

Standing behind waist-high swinging doors, Rudy Souta, owner of Cortez Marine, said business was down by half from 2006.

Statewide, taxable sales of boats and yachts were down 6.1 percent to \$2.8 billion in the 12 months that ended June 30.

"I haven't sold anything in two months," Souta said. "This is a pleasure industry. No one has to have a boat. When they can afford to use them, they take them out. But they can't afford to take them out now. There's no

question we're in a recession."

Arlene Rhyne, owner of Sarasota Florist and Gifts on Bee Ridge Road, said the only reason her sales were not down is that she bought client lists of two other florists that went out of business.

There were 35 florists delivering in her area of Sarasota when she started in 2001. There are 13 left, she said.

"I lost \$45,000 on gifts this year," Rhyne said, pointing at the porcelain knickknacks and silk flowers in the front of her store. "This is a luxury people are doing without."

Across Florida, barbers and beauty parlors saw a 10 percent drop in taxable sales to \$768.3 million during the year ended June 30.

"Many of my ladies are Realtors, and their business is slow," said Rose Scott, owner of Nails by Rose in Port Charlotte. "We do whatever we can for them. I'll stretch them out. If they came in once a week for manicures, I'll cut them back to once every two weeks and cut out pedicures altogether."

Sitting at her corner desk, with terra-cotta angels on shelves behind her head, Scott said her clients were all trying to help out.

"I may not be making as much," she said, "but it's sustaining."

Luxuries like tanning spas are the first things people cut out in a downturn, said Amy Hoover, owner of Bronzers Sun Spa on Cortez Road in Bradenton.

"I've been in business three years," Hoover said. "Summers are always slow, but this one was the slowest since we opened. It was a huge difference."

Some of Hoover's customers canceled memberships because they are moving out of state, while others are just trying to reduce their bills.

The result has been that Hoover's husband has had to use some of his salary from Home Depot to keep the business afloat.

"But Home Depot's sales are down, too, and they've cut hours there," Hoover said. "It's all tied to housing and everything just trickles down. It's a struggle for a young family to make it right now."

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