

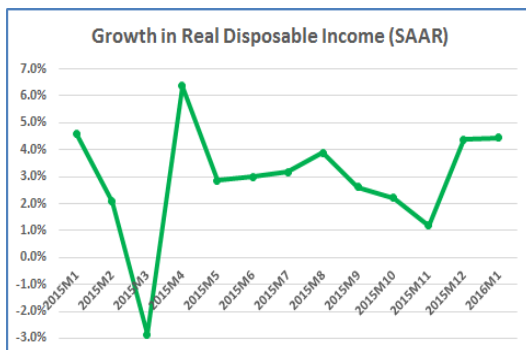
ECONOCAST™ UPDATE – February 29, 2016

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U.S. Economy – A Good Week

This was another solid week for the U.S. economy. 4th GDP growth was revised upward to 1% with less drag from inventories and international trade. Durable goods orders rebounded strongly across the board, and inventory levels declined. Stock prices rose 0.5% on the week.

Most importantly, personal income rose a strong 0.5% in January, pushed up by accelerating gains in wages and salaries. Real disposable income continued rising at a 4.4% annual pace. This propelled consumer spending up at a 5% annual pace.



These trends are likely to continue as the economy approaches full employment. The jobless rate dipped below 5% for the first time since early 2008, and the number of job openings

is near its post-recession high and has exceeded the number of jobs filled for the past year in most industries.

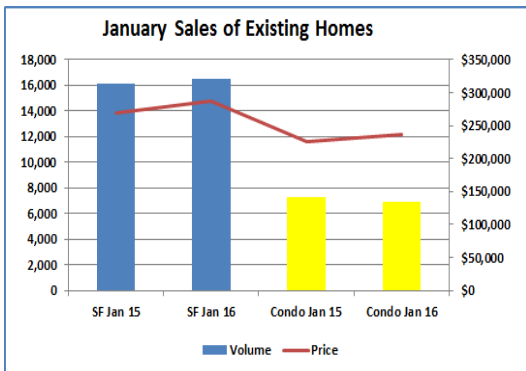
Homes sales were mixed in January with existing sales up and new sales down. Total existing-home sales increased 0.4% in January and are up by 11% from January 2015. Overall, existing-home sales are trending upward and are now above their pre-housing bubble average. Sales of new-home dropped unexpectedly by 9% in January, but the fall occurred entirely in the West Census region. This is probably an anomaly.



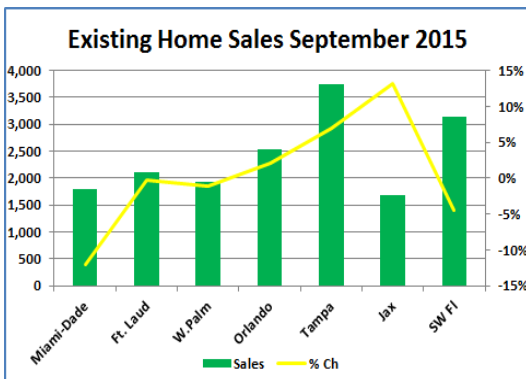
However, the U.S. economy is reaching a turning point that will help the housing market. Wage growth is starting to pick up, and households have repaired their balance sheets.

Florida Economy: Existing Home Sales Plateau

Over the last six months existing home sales have plateaued. January was more of the same as single-family sales increased 3% and multifamily sales dipped 5% compared to last year. Prices were up a modest 6%. At this pace existing home sales will total a bit less than 300,000 in 2016, which is a respectable total. However, to put this into perspective it is less than half of what it was in 2005, when sales of existing homes topped 670,000.

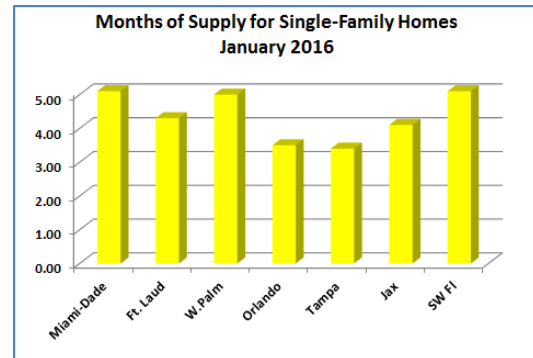


Sales have cooled mostly in South Florida and in Southwest Florida. For example, sales of existing single-family homes were down 14% in Miami-Dade County compared to last year with condo sales down 10%. Sales were lower in Ft. Lauderdale and in Palm Beach for both single-family and condos. Similar trends are apparent in Southwest Florida too.

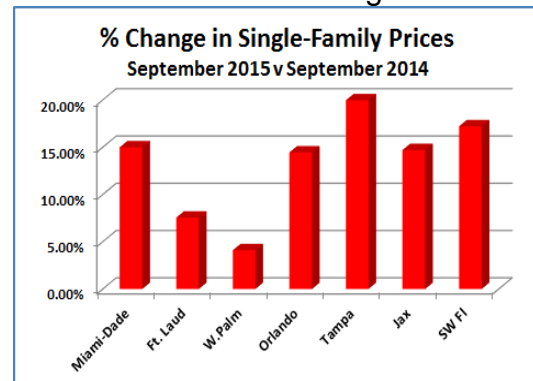


Existing home sales continue rising in Orlando, Tampa and Jacksonville with gains ranging from 2% to 13%.

Even though sales have plateaued, inventory levels are very tight – well below the typical 6-months at current sales rates.



With sales volumes down, the trajectory of rising prices has also slowed across markets in South and Southwest Florida. For example, prices for single-family homes rose between 3% and 15% in South Florida – much slower than in 2015. However, sales prices are still rising strongly in Jacksonville, Tampa and Orlando where sales volumes continue rising.



With surging population growth and rising employment, sales are likely to improve some as the year progresses.