

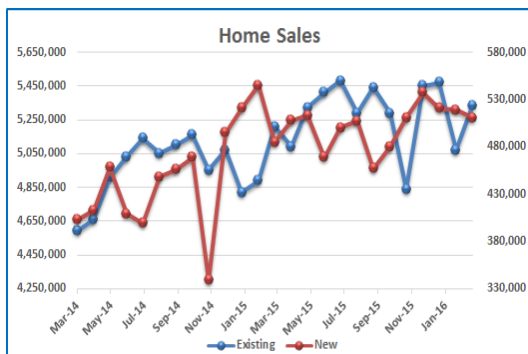
ECONOCAST™ UPDATE – April 25, 2016

© 2016 Fishkind & Associates, Inc. All Rights Reserved.

U.S. Economy – Housing Mixed

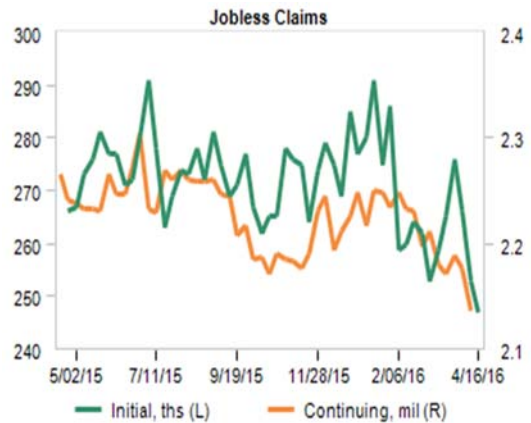
Sales of new homes drifted lower for the third month in a row, but sales are still up 5% compared to last year. The median new-home price also slipped in March and is now below year-ago levels. This loss in momentum is probably temporary in light of the strong growth in jobs and rising wages. That coupled with low interest rates and relatively high rental rates has changed the buy/rent calculus in favor of buying.

Existing-home sales rebounded 5% in March, but they are only up by 1.5% from March 2015. Existing home sales have been essentially unchanged over the last 18-months. The existing home market remains very tight with the inventory-to-sales ratio for existing homes hovering at 4.5 months of sales, even though listings are finally rising.



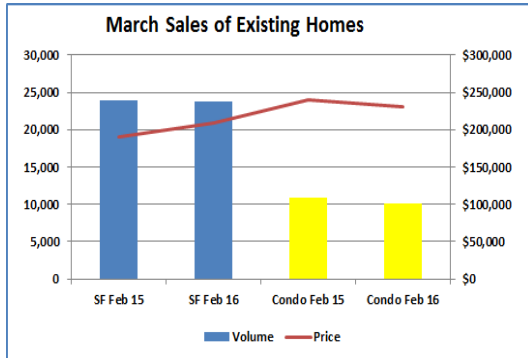
Adding to the mixed housing picture in March, housing starts disappointed falling 8.8% below February totals. However, starts were still 14% above March 2015. The decline in starts was caused by a big drop in construction in the Midwest, which was weather related. But, housing permits also fell, making March a poor month for residential construction. Only completions increased, mainly on the strength of multifamily construction

Labor markets remain the key driver for the economy going forward. The new claims data are encouraging – but probably too good to be true as they dropped to a cyclical low. With a later Easter seasonal adjustment quirks probably distorted the data. Nevertheless, there is no doubt that the jobs market continues improving.

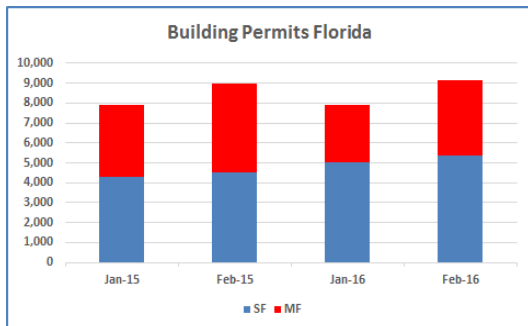


Florida Economy: Existing Home Sales Drift Lower

Sales of existing homes dipped 3% in March with sales of single-family homes down 0.6% and condos down 7% compared to last year. Median prices were up however by 10% for singles and 3% for condos. The data for March continue the trends in place over the last 12-months.



Building permits increased by just 1% so far in 2016 compared to 2015. Interestingly, single-family permit activity rose 18%, but this was offset by the 18% decline in multifamily permits issued so far this year.

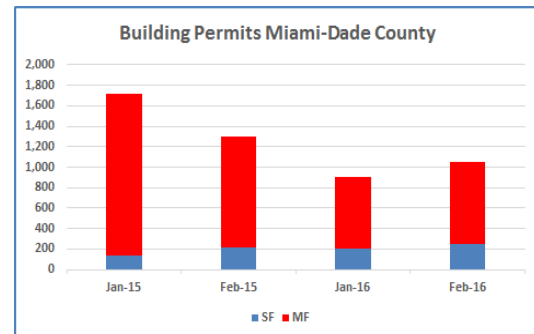


The lack of upward momentum in Florida's housing markets this year conflicts with the strong gains in employment and population growth. With low interest rates I expected rising sales and accelerating new residential construction.

Inventory levels in most markets across Florida are very low.

Statewide, at current sales levels, there is just 4.5 months of single-family inventory and 6 months of multifamily inventory.

However, some markets are exhibiting significant signs of stress. For example, in Miami-Dade single-family sales were off 6% in March and when combined with the 3% dip in prices, the total dollar value of sales dropped 9% compared to last year. Even more ominously, sales and prices for townhomes and condominiums dropped 11% each causing the total dollar volume to crash 22% compared to 2015. The only good news to report for Miami-Dade housing markets is that the volume of permits for new multifamily construction also dropped 43% compared to last year limiting the looming oversupply.



The other market that was surprisingly weak was Naples. Single-family home sales dropped 14% and prices were down 13% causing the total value of sales to plummet 27% in March compared to 2015 levels. The condo market was just as bad.

Fortunately, all of the remaining major markets were stable in March. With the fundamentals strong, I expect sales activity to improve going forward.