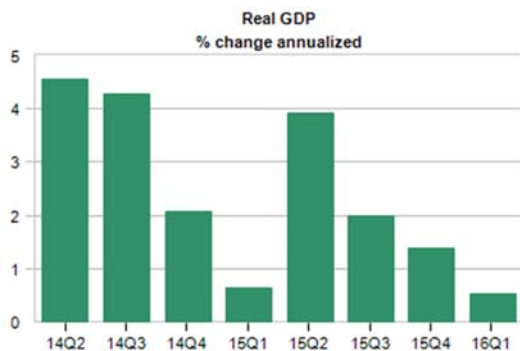


ECONOCAST™ UPDATE – May 2, 2016

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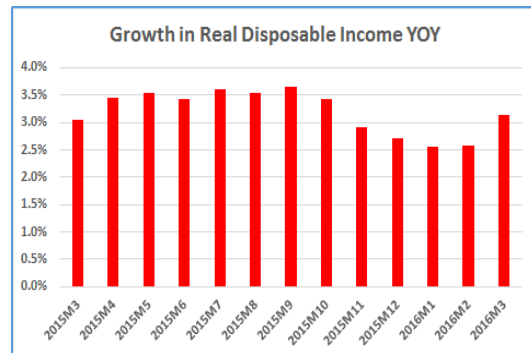
U.S. Economy – Groundhog Day for U.S. GDP Growth - Again

Once again, growth in real GDP was very low in the 1st Quarter rising just 0.5%. But, we have seen this before, so there is no reason to conclude that the recovery is ending.

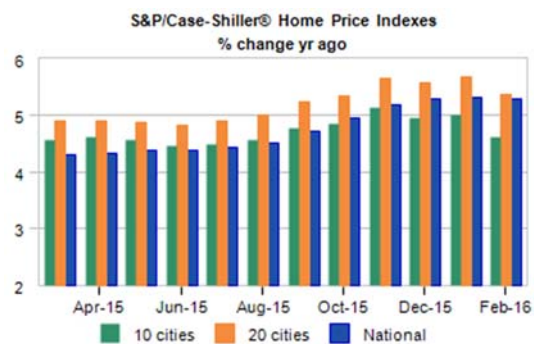


Job growth remains very strong, and it is the more reliable gauge of the strength and direction of the economy. The string of monthly job gains is the longest on record, stretching back to September 2010, as job growth has averaged over 200,000 jobs per month. That said, growth remains relatively weak for a recovery. Inventories increased during the quarter and exports continued to contract. But, the downdraft from energy prices and weak manufacturing is fading. Furthermore, real disposable income has grown at year-over-year rates of

2.5%-to-3.5% over the last year, rising at a 3.1% pace last month. With virtually no inflation and strong job growth the relatively modest gains in wages have translated into sturdy advances in real incomes. So, consumer spending is set to rise strongly.

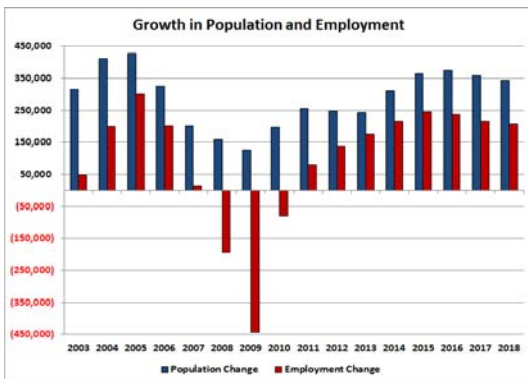


Home prices are up more than 5% nationally compared to last year. This increases household wealth and will further support household spending over the balance of this year.



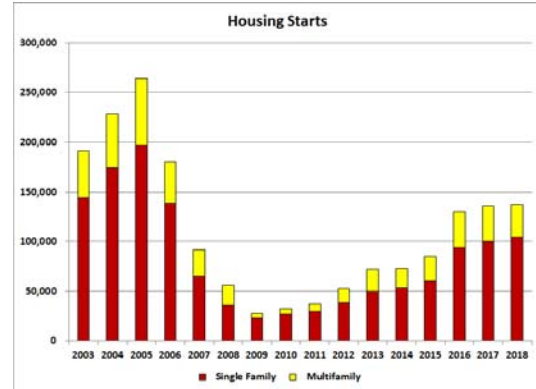
Florida Economy: Forecast Brightens with Strong Growth through 2018

The outlook through 2018 is excellent for Florida, and while not quite as strong as the 2004-05 boom, it will be more durable. The macro economic and demographic environment is extraordinarily favorable for Florida's economy. Interest rates are very low and housing markets are strong east of the Mississippi, where most of Florida's domestic population growth emanates from. Sustained growth in GDP, albeit at lower than usual levels, coupled with no inflation, are very stimulating for Florida. The huge wave of baby boomers now entering retirement age supports strongly rising retiree migration to Florida. Here in Florida, so far, few excesses have built up. Population growth will be very strong through 2018 running well above 350,000 per year. Job growth peaked in 2015 at 245,000, but job gains will be robust at over 200,000 per year over the forecast horizon. Much of the gain will be in healthcare, business and professional services, construction, and tourism.

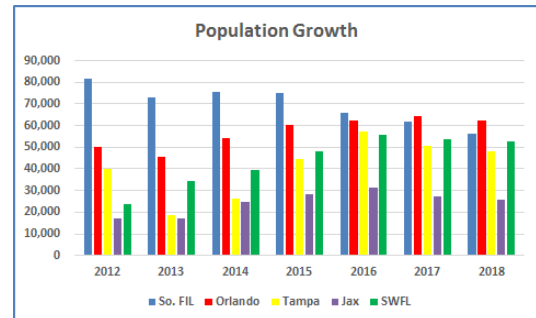


Housing starts will bounce up to about 150,000 per year over the forecast horizon. Already markets have

adjusted to the higher levels of population growth without overshooting. Permit volumes for multifamily units already have retreated to sustainable levels allowing housing markets to regain equilibrium.



The geographic distribution of population growth will shift away from the dominance of South Florida. This is because: (a) international migration has slowed with the rising value of the dollar and (b) domestic migration and an influx of Puerto Ricans onto the I-4 Corridor.



Housing starts follow a similar path.

