

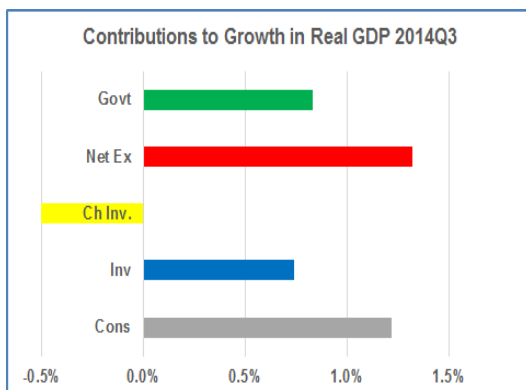
ECONOCAST™ UPDATE – November 3, 2014

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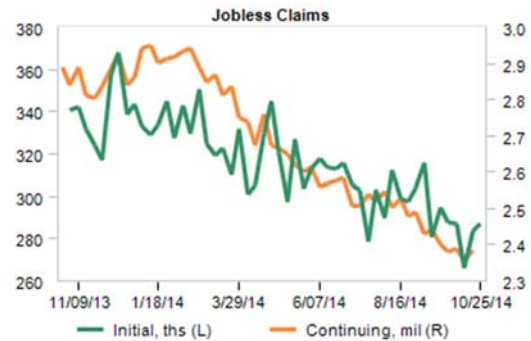
U.S. Economy – GDP Poised to Accelerate in 2014Q4

Real GDP grew by 3.5% (SAAR) in the 3rd quarter. Although the 3.5% pace was slower than the 2nd quarter, it was far better than the average 2.1% growth posted during the first half of 2014. The economy has shifted to above-trend growth of 3.5% with growth of more than 3% in four of the past five quarters.

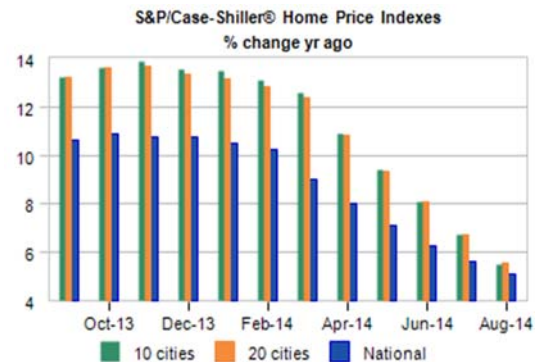
Growth was boosted by strong gains in net exports and consumption spending with good contributions from business investment and government spending. The lower level of inventory accumulation subtracted 0.6% from 3rd quarter growth, but actually it is a positive indicator. With final sales rising at a 4.1% pace business will need to increase output and restock.



This optimistic view for the 4th quarter is reinforced by the very low levels of new jobless claims. Even though claims ticked up over the last two weeks, the streak of sub-300,000 initial claims is the longest since the late 1990s.

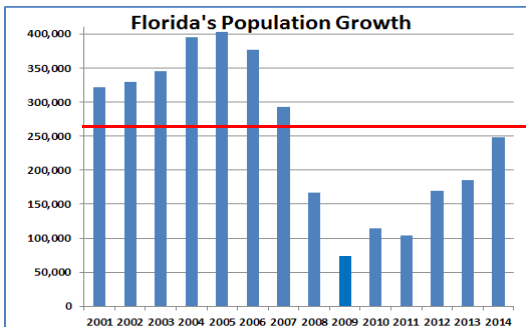


Price appreciation for existing homes continues slowing as the housing markets move toward equilibrium. The 10-city composite index is up just 5.5% from last year, and the 20-city composite index is higher by only 5.6%.

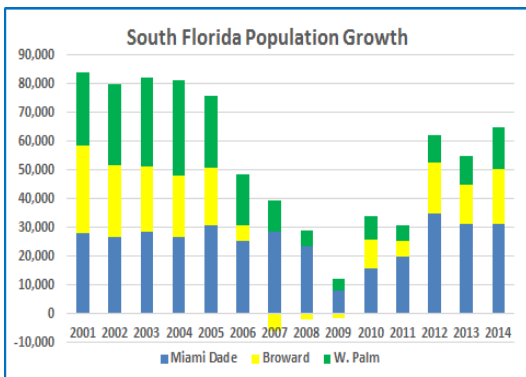


Florida Economy: Population Growth Accelerates in 2014

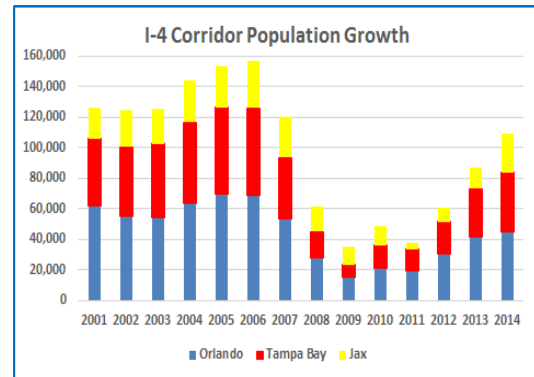
Florida's official population estimates for 2014 were released last week. For the 12 months ending April 2014 Florida's population grew by 247,826. Florida has recovered very slowly from the Great Recession, and although the gains have steadily accelerated, population growth last year was still well below its average of 281,849 posted from 2000-2010.



Part of the reason why Florida's population growth has not yet even achieved its prior average rate is because population growth in Palm Beach County has remained quite low since 2007. Annual population growth averaged almost 19,000 from 2000-2010 in Palm Beach County, but since then average growth was only about 10,000 per year. This stands in stark contrast to Miami-Dade or Broward where population growth has accelerated above its prior average for 2000-2010.



Annual population growth along the I-4 corridor and in Jacksonville has recovered only moderately from the recession. Average annual growth in the Orlando MSA is averaging 15,000 below its prior average for 2000-2010. Similarly, average annual growth has slowed in Tampa Bay and in Jacksonville by 12,000 and 9,000 per year comparing 2010-14 to 2000-10.



But it is Southwest Florida where the reduction in population growth so far this decade is most apparent. From 2000-2010 Southwest Florida's population growth accelerated strongly reaching almost 60,000 in 2005. Then the housing bust began, and Southwest Florida was particularly affected. Population growth plummeted to a low of 7,600 by 2009 and it has yet to fully recover. While it is unlikely that the peak rates of growth achieved in the boom will ever be equaled again, population growth is slowly building again in Lee and Manatee counties in particular.

