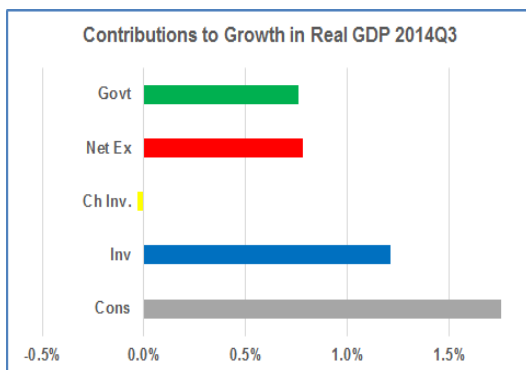


## ECONOCAST™ UPDATE – December 29, 2014

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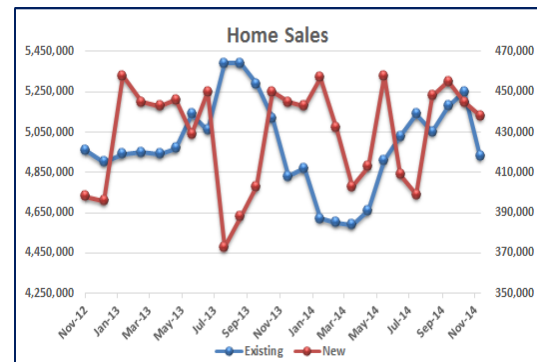
### U.S. Economy – 2014 Ends Strong

2014 ended strongly promising an even better 2015. Real GDP was revised upward to 5% SAAR. This was the first time growth exceeded 4% in two straight quarters since 2003. Consumer spending rose 2.2% and investment spending increased 1.2% mostly due to business investment in plant and equipment. Net exports and government each added 0.8% to GDP. Inventories were a slight drag, but with strong gains in real demand from all the other sectors the low levels of inventory will boost production in 2015.



Housing remains the only real weak spot. Existing-home sales dipped 6% in November, more than reversing the prior month's gain, and they were at their slowest pace since May. The

only good news was that existing home sales were still 2.1% above November 2013. New-home sales were no better, and sales are still well below their prerecession peak reached in 2005. Sales volume in November is comparable to that reached in the closing months of 2012, as homebuyer confidence has yet to turn the corner decisively.

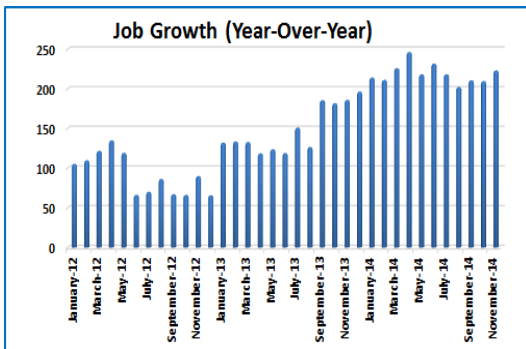


The poor performance of housing markets comes despite the improving fundamentals. Employment gains have been strong, inflation is low, and real disposable incomes are up. Households have rebuilt their balance sheets and mortgage rates have declined. Yet, the aftermath of the housing bust continues to constrict confidence and many potential first time buyers are renting instead. Things will improve for housing in 2015, but only marginally.

## Florida Economy: Faster Growth in Population and Jobs

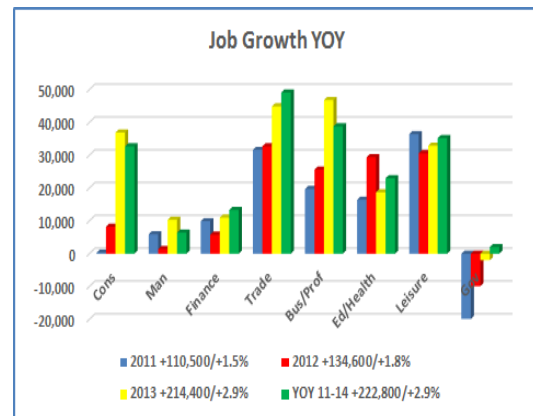
Florida's population growth accelerated in 2014 to 293,000 between July 1, 2013 and July 1, 2014 according to the latest Census report. As a result, Florida passed New York to become the nation's third most populous state. More importantly, the pace of population growth was far faster than even our optimistic projection of 260,000 new residents. Therefore, we will be revising our forecast accordingly.

The November jobs data for Florida reflects this same acceleration. Job gains moved higher in November rising to 222,800 over the year. With higher population growth and lower gas prices job growth will accelerate in 2015.



Every major employment sector increased over the 12 months ending in November. This well balanced growth is sustainable, and this pattern has persisted for over six months. The rising pace of population growth has supported strong gains in population-serving employment sectors such as food stores, eating and drinking establishments, and healthcare. The consistent gains in employment services are a precursor to stronger employment gains overall as many employers first use temps to support their growth. Although home

construction remains well below its prior peak, starts are up and construction employment has increased rapidly. Tourism remains strong as well.



A buoyant tourism industry boosted Orlando's job growth to 48,100 over the last year. Tourism, construction and international migration supported a gain of over 39,500 jobs in Miami-Dade over the last year. Job growth was similarly strong in Ft. Lauderdale for many of the same reasons. The 4% gain in jobs in Sarasota/Bradenton was also noteworthy.

Data as of November 2014	Unemployment Rate	Jobs last 12 Months	% Change Jobs
Cape Coral-Ft Myers	6.1%	3,100	1.4%
Ft Walton	6.2%	1,600	2.0%
Deltona-Daytona	6.3%	2,100	1.3%
<b>Florida</b>	<b>6.0%</b>	<b>222,800</b>	<b>2.9%</b>
Ft. Lauderdale	5.2%	29,400	3.9%
Gainesville	4.5%	1,500	1.2%
Jacksonville	4.9%	15,800	2.6%
Lakeland	5.8%	2,700	1.4%
Miami	7.3%	39,500	3.7%
Naples	7.0%	4,400	3.5%
No. Port-Brad-Sarasota	5.8%	10,400	4.0%
Ocala	7.1%	-1,100	-1.2%
Orlando	5.8%	48,100	4.5%
Palm Bay-Melbourne	6.8%	1,100	0.6%
Palm Coast	9.2%	300	1.5%
Panama City	6.3%	700	1.0%
Pensacola	5.9%	3,700	2.3%
Pt St Lucie	7.6%	1,600	1.2%
Punta Gorda	6.3%	1,200	2.8%
Vero Beach	5.4%	200	0.4%
Tallahassee	6.2%	2,500	1.5%
Tampa-St. Pete	7.6%	15,900	1.3%
West Palm-Boca Raton	6.4%	14,300	2.6%

But, job growth was not universally strong. Ocala lost jobs and many smaller metro areas continued to underperform.