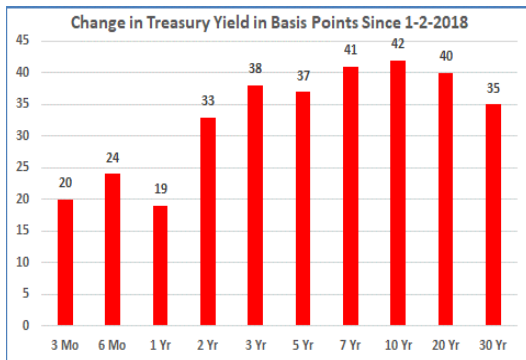


ECONOCAST™ UPDATE – February 26 2018

© 2018 Fishkind & Associates, Inc. All Rights Reserved.

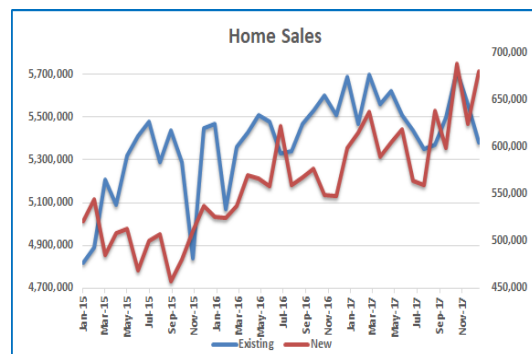
U.S. Economy – More Debt and Higher Rates

The big news this week came from the Treasury markets. Yields rose as the Treasury began what will ultimately total more than \$1 trillion in net Treasury issuance in 2018 courtesy of the tax cuts and the debt-funded budget agreement Congress passed. Since the beginning of the year yields have increased across all maturities with the 10-Year up 42 bps. Rates will move higher all year.

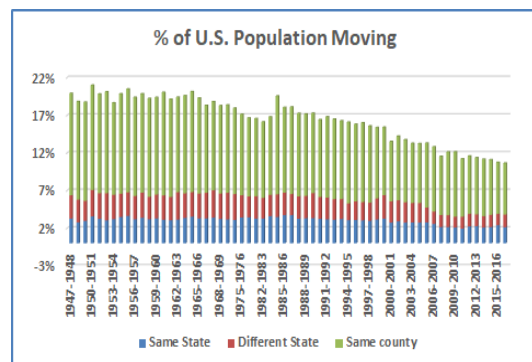


Existing-home sales fell 3.2% in January compared with December and are down by 5% from January 2017. Analysts continue to point to the very tight supply as the culprit. However, there are two other forces at work. First, the decline in sales was concentrated in homes priced under \$250,000. This suggests that

many owners of lower priced homes are reluctant to sell their homes, even at their now higher prices, because they would have difficulty replacing the home. For those in this price range, their incomes have increased very little during this recovery, keeping them in their current homes.

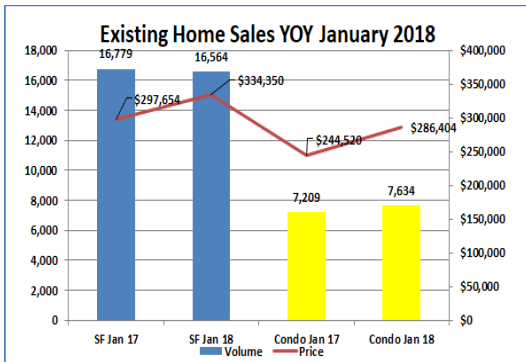


Second, mobility in the U.S. has plummeted by almost half since 1985. Then 20% of the population moved, but last year only 11% moved.

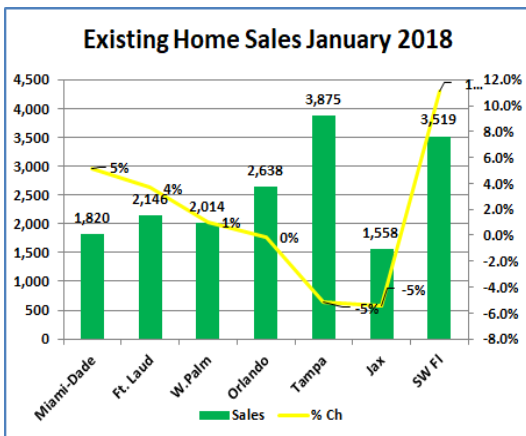


Florida Economy: Existing Home Sales Flat in January

Existing homes sales fared a bit better in Florida than in the U.S. in January. Total sales were flat over the year with gains in multifamily units offset by declines for single-family homes. Prices were up 12% for singles and 17% for multis. Inventory levels remained historically tight. New listings crept up by about 2% which was surprisingly slow given the strong price gains and high demand.

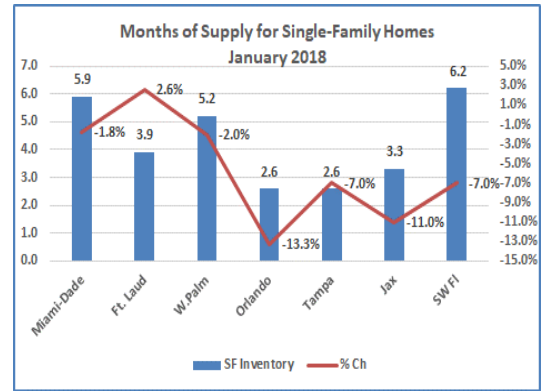


Activity levels varied substantially across the State ranging from a 12% over the year gain in Cape Coral/Ft. Myers to 5% declines in Tampa and Jacksonville. Sales improved in South Florida making up for losses last month.

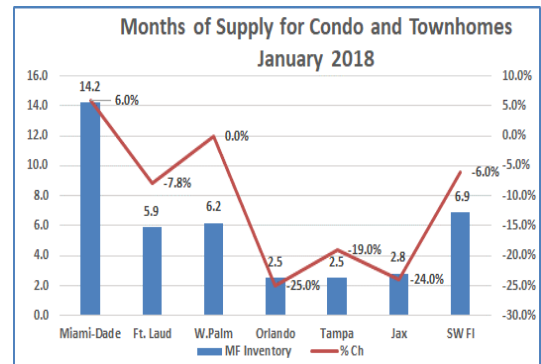


Inventory levels remained extraordinarily tight for single-family homes across all major metro

markets in January. With just 2.6 months of inventory at current sales rates inventories were particularly tight in Orlando and Tampa. There is no relief in sight since new listings are growing very slowly if at all.



Except for Miami-Dade, the situation is much the same in the townhome/condo market. Inventories are very low compared to current sales levels. Here too there is no relief in the near term, as new listings continue to lag.



The dramatic drop in mobility in the U.S. has important implications for Florida. About 90% of Florida population growth comes from net migration. The sharp fall in U.S. migration means that Florida will draw upon far fewer potential migrants than it did 30 years ago. While Florida remains very attractive, last year's surprising dip in population growth is a harbinger of the future.