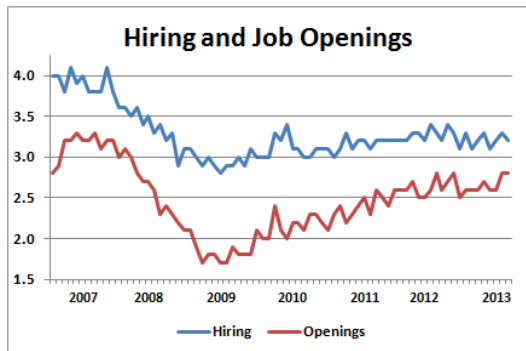


## ECONOCAST™ UPDATE – May 13, 2013

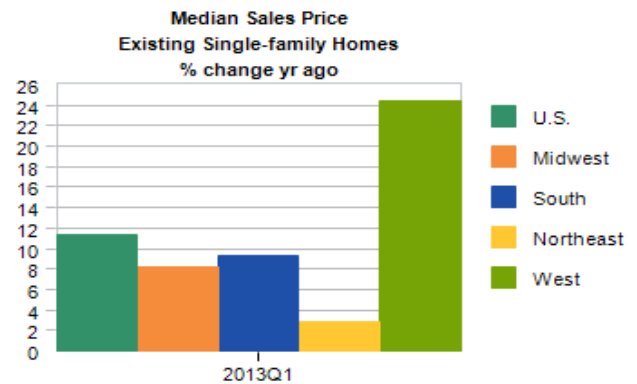
### U.S. Economy – Stronger Housing and Stalling Employment Gains

This week's job openings labor turnover report (JOLTS) shed more light on the labor market. Openings remain at a post recession high yet employers remain reluctant to hire. As a result, the recent employment reports, while lifting fears of a major slowdown, nevertheless show some weakening. Average monthly job growth slowed to about 150,000—well below the average monthly pace of 236,000 set from November to February. Sequestration and lower retail sales depressed by the weight of higher taxes will retard job growth for much of the rest of the year. However, the sluggishness will be caused by lackluster hiring, not layoffs.



The National Association of Realtors reported that home prices increased

11% over the last 12 months with the strongest gains in the West up 24%.



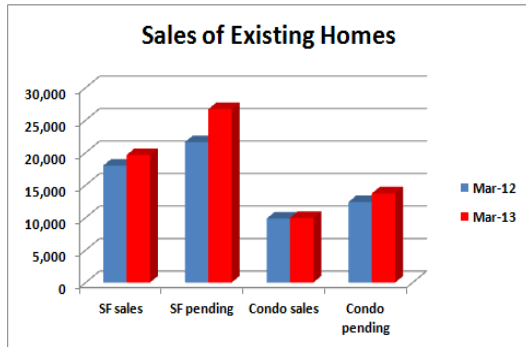
Prices in the major U.S. metro areas changed at vastly differing rates. San Francisco prices soared 33% while prices jumped by more than 20% in Las Vegas, Los Angeles and Miami. By contrast prices fell by small amounts over the last year in Boston, Chicago, Houston, New York and Washington.

MSA	000\$, SA	%ChYOY	%Ch Qtr
Boston	\$332.2	6.6	-3.4
Chicago	\$159.4	1.4	-4.8
Denver	\$261.2	15.4	2.5
Houston	\$163.7	7.6	-2.4
Las Vegas	\$155.1	27.0	6.0
Los Angeles	\$345.5	22.8	-1.3
Miami	\$219.9	20.8	3.2
New York	\$368.2	1.2	-2.0
San Francisco	\$593.9	32.6	0.1
Washington	\$348.7	11.9	-1.2

While the housing recovery is continuing, the pace is increasingly diverging across the country.

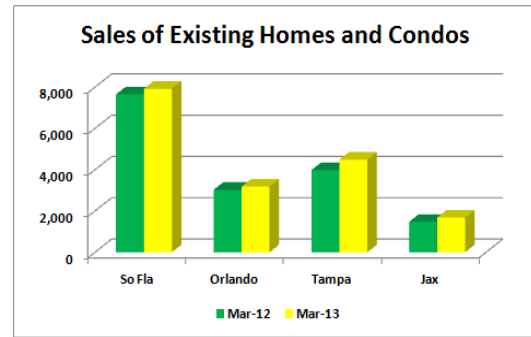
## Florida Economy: Housing Markets Continue Rebounding

Florida's housing markets are recovering at an accelerating pace across most areas of the State. The Florida Association of Realtors reported that March sales increased 6% overall to nearly 30,000 lead by a 9% gain in sales of single-family homes.

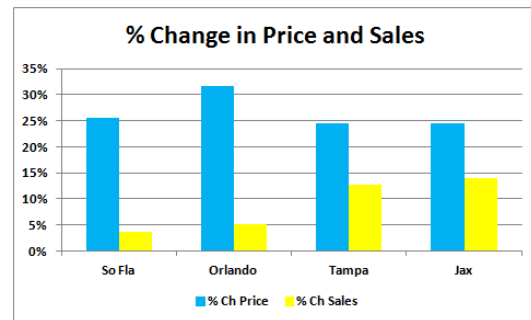


These gains are likely to accelerate over the next few months since pending sales are up by 23% for single-family homes and 11% for condos. The strong gains in sales have sharply reduced inventory levels pushing them down below six months at current sales rates. The combination of strong sales and low inventories has pushed up prices by more than 15% over last year. Markets also benefited from a substantial drop in short sales and in foreclosure/REO sales.

Florida's major metro areas all had higher sales this March compared to March 2012. However, the rate of gain was just 4% in South Florida and 5% in Orlando compared to gains of 13% for Tampa Bay and 14% in Jacksonville.



Interestingly, despite slower growth in sales in 2013 prices rose by more than 30% in Orlando and 25% in South Florida. Prices also soared by more than 20% in Tampa and Jacksonville. Again, the drop off in distress sales was responsible for these outsized gains in prices. Since much of the distressed inventory is now absorbed, it is unlikely that prices will continue rising at these rates.



Finally it is important to note that not all areas experienced higher sales this March, including Ft. Myers and Naples, where sales dipped.

