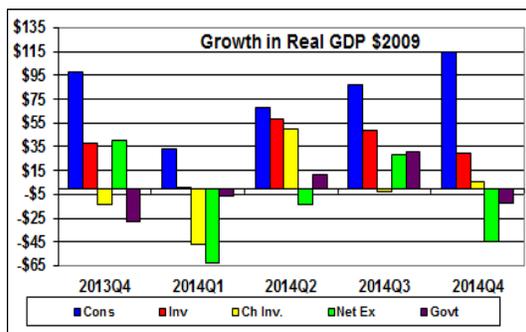


ECONOCAST™ UPDATE – March 2, 2015

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U.S. Economy – Prospects Remain Bright for 2015

Despite the fact that real GDP only grew at a 2.2% SAAR pace in the fourth quarter, prospects for 2015 remain bright. Consumption spending accelerated strongly supported by rising employment, higher wages, and lower prices which combined to boost real disposable income. Inventories were drawn down and restocking will be needed. The drop in government spending will be temporary and was caused by a decline in defense spending. The rising value of the dollar hurt exports and will restrain growth in 2015.

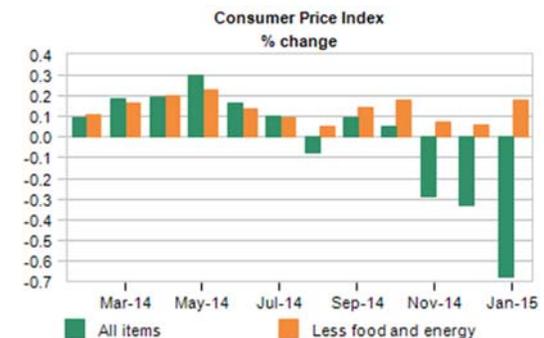


New home sales dipped in January, but they are still 5.3% higher than last year. Existing-home sales also dipped 4.9% from December to January and are up by just 3.2% from January 2014. The decrease was

driven by condo sales, which declined for the third straight month. Overall, the housing recovery remains anemic.

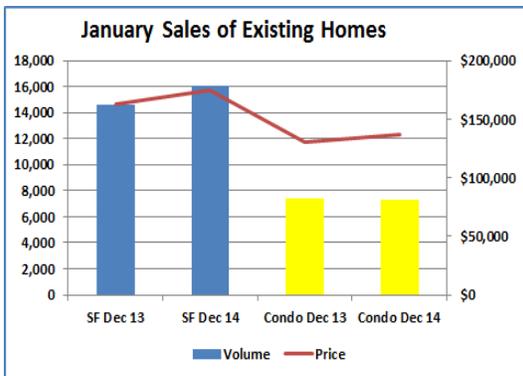


Chair Yellen's Congressional testimony confirmed the Fed's intent to raise the funds rate later this year. The Fed is not alarmed by the recent decline in prices, and it expects that core inflation will rise to 2% this year. And indeed the CPI data released after her speech showed core inflation of 1.6% in January.

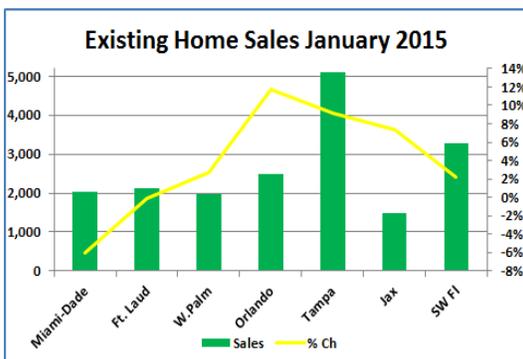


Florida Economy: Existing Home Sales Up 6% in January 2015

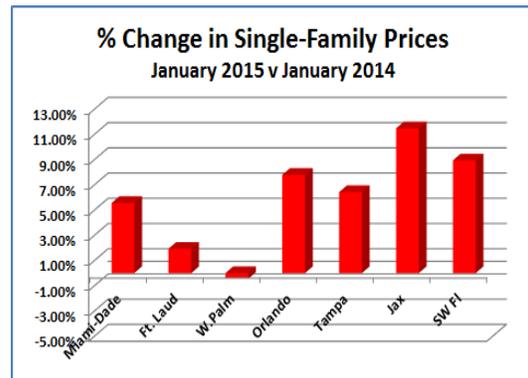
Sales of existing homes inched up just 6% in January 2015 compared to last year. The slower growth of sales this month is consistent with the pattern emerging over the last six months with more modest sales gains nearly every month. Sales of single-family homes were up by 10%, but condo sales eased 2% over the year. With sales gains slowing increases in median prices also slowed with single-family prices up 7% and condo prices up 5% compared to last year.



Sales trajectories varied considerably among the major metro areas in January compared to last year. In Orlando sales were up 12%. Tampa Bay had an increase of 9% and Jacksonville's sales rose 7%. By contrast, sales ticked down 6% in Miami; they were flat in Ft. Lauderdale; and up just 3% in West Palm.



Interestingly, the median prices for single-family home sales varied differently from the sales volumes. Jacksonville's prices rose a trend setting 11%, but despite the very modest increase in sales volume prices rose 9% in Southwest Florida and nearly 6% in Miami. These variations reflect the variety of forces affecting prices. In Southwest Florida prices are still rising from the depths of the Great Recession. International buyers are fueling Miami's rising prices.



Listing have been growing strongly over the last 12 months as prices rose and demand accelerated. This has pushed the markets ever closer to equilibrium in most parts of Florida. Realtors indicate that about 6 months of inventory at current sales rates are a sign of market balance. Most markets are approaching this inventory level although none are quite there yet.

