

ECONOCAST™ UPDATE – April 27, 2015

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U.S. Economy – Home Sales Rebound

Sales of existing homes rebounded in March, up 6.1% for the month and 10.4% for the year. The increase was partly a rebound from the severe winter weather and partly the result of stronger job growth. First time buyers jumped above 30%, but this needs to get closer to 45% for a sustained recovery in total sales since purchases by investors have faded.

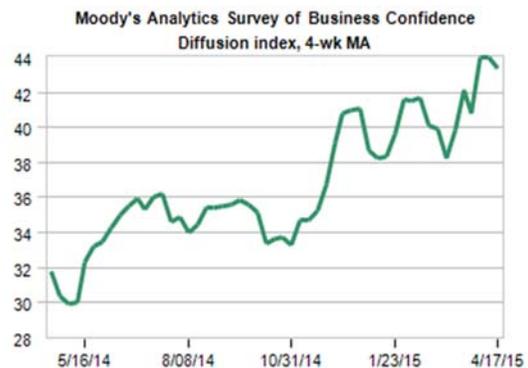
Surprisingly, sales of new home dropped 11.4% in March. Even so, new home sales are still almost 20% above last year. It is a bit odd for such a large divergence between sales of new and existing homes. Although the housing market has disappointed over the past two years, an improved job market and better household incomes and balance sheets will support stronger sales this year.



New orders for durable manufactured goods jumped 4% on the back of nondefense aircraft orders. However, it is troubling that nonresidential business investment is not as strong as the top-line figure suggests, despite strong fundamentals for investment.

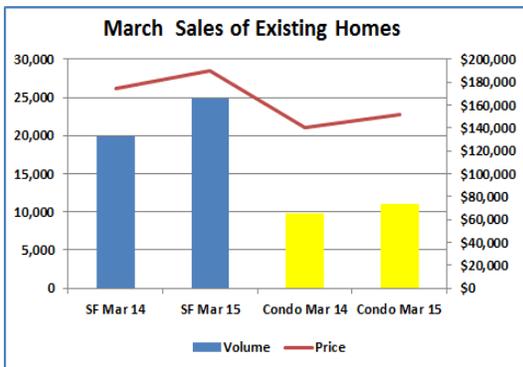


Furthermore, the tepid pace of nonresidential business investment is inconsistent with the sky high level of business confidence.

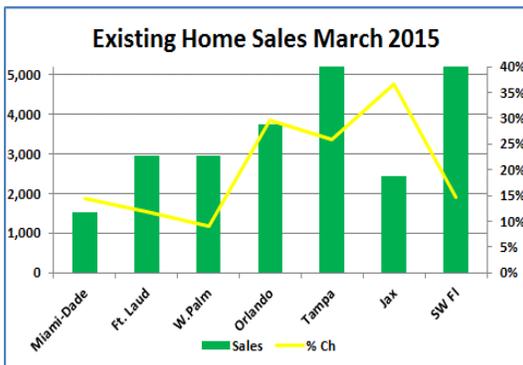


Florida Economy: Existing Home Sales Strong in March

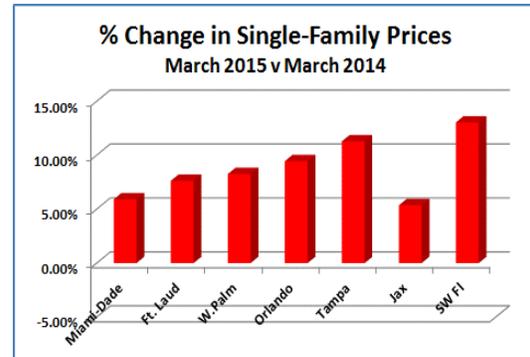
Sales of existing homes surged in March in Florida. Single-family sales jumped to almost 25% ahead of last year while prices rose by almost 10% compared to last March. Condo and townhome sales also increased, but by a more restrained 14% with prices up about 8% compared to last year. Average days on the market dipped about 3%, and inventory levels are very tight with just 5 months of single-family supply at current rates of sales.



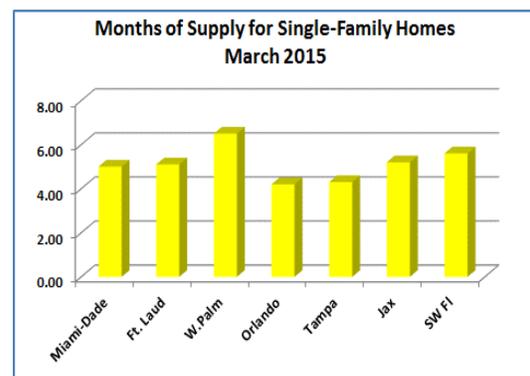
As always, there were significant geographical differences in sales of existing homes in March, but sales gains were strong everywhere. The biggest volumes of existing home sales were posted in Tampa Bay and in Southwest Florida from Naples to Bradenton. Jacksonville's sales soared by 37% over the year with sales gains of 30% in Orlando.



Soaring sales gains in March supported higher prices in the single-family market ranging from over 13% in Southwest Florida to just over 5% in Jacksonville over the last 12 months. As strong as these data are, the rates of price increases have slowed even as sales volumes have increased. It appears that higher sales volumes and rising prices are attracting in more inventory for sale as sellers become more confident.



Even with rising listings, the existing home marketplace remains very tightly balanced. The months of supply at current high levels of sales stands below the equilibrium level of 6 months of supply for most of the major markets in Florida.



With population and job gains rising and with interest rates still very low, the prospects for Florida's existing home marketplace is very positive for the balance of this year and into 2016.