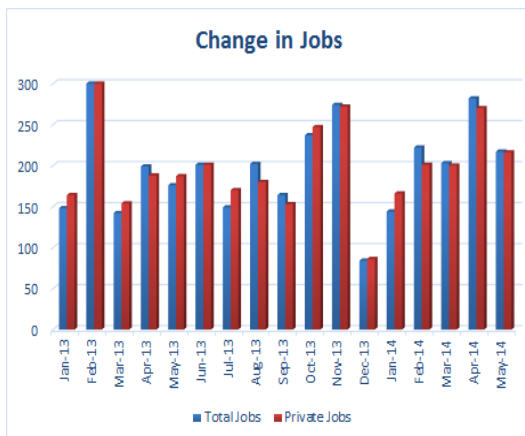


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U.S. Economy – Stronger Growth

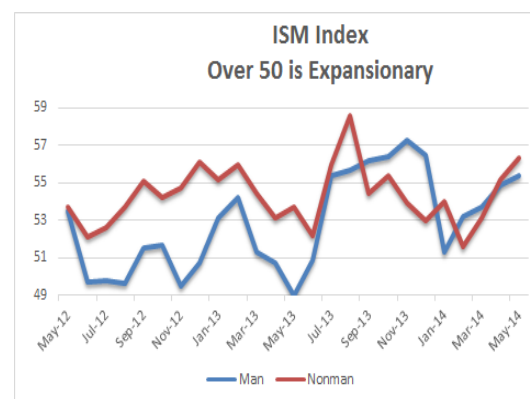
The latest data point to a 3.5% growth rate for real GDP for the 2nd quarter. Most importantly, nonfarm payrolls rose 217,000 in May. After the big April rebound in hiring the labor market settled back to its trend pace of growth since early 2012 with job gains averaging about 200,000 per month.



Total employment has finally surpassed its prerecession peak of January 2008. However, most of the gains came in just three broad industries groups: business and professional services; education and healthcare and leisure/hospitality. Job levels in the higher paying manufacturing, construction and government sectors remain below

prerecession levels. Interestingly, over 60% of private industries are creating jobs most are not creating many jobs. Furthermore, the pace of job growth would need to double in order to absorb the growth in the working-age population. So, many continue to have difficulty finding work and wage gains remain muted.

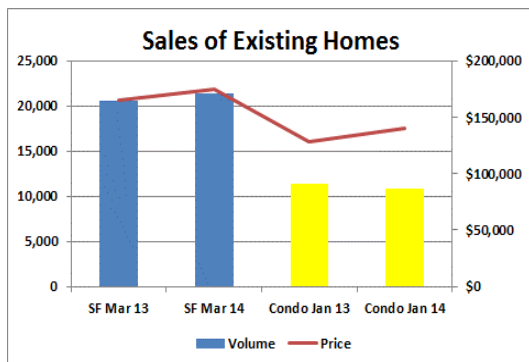
The ISM surveys came in very strong in May. Rising orders and higher production boosted the manufacturing index. Service industries expanded even faster in May and enjoyed higher prices too. Orders were strong and firms plan more hiring to keep up with rising demand.



All of this adds up to a growth rate of 3.5% and more acceleration ahead.

Florida Economy: Existing Home Sales Stabilize

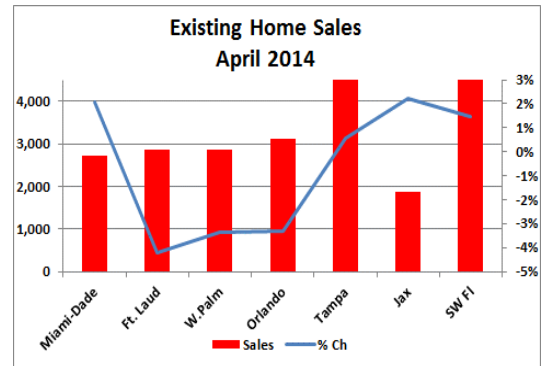
Existing home sales in Florida are stabilizing. In April sales of single-family homes rose 4% compared to last year while condominium sales dipped 5%. This continues the pattern over the last six months as sales volumes stabilize. Prices are continuing to rise with the median single-family price up 6% since last April and condominium prices up 10%. However, even with these increases the median price of a single-family home was only \$170,500 and the median condominium sold for \$140,500 in April 2014 – far below their prior peaks.



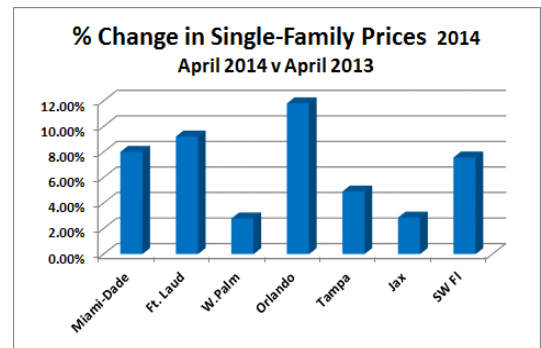
Sales of existing condominiums and single-family homes varied in a relatively narrow band across Florida's major market in April. At one extreme sales volume rose 2% over the last 12-months in Jacksonville while at the other extreme sales volume dipped 5% over the last year in Ft. Lauderdale. It is noteworthy that the variations are so small in these diverse markets.

Total sales volumes remain strong even if they are no longer rising very much if at all in some markets. Nevertheless, resale volume rose to more than 5,000 units last month in

Southwest Florida confirming this market's recovery. Sales volume was very strong in Tampa Bay as well.



There was far more variation in price performance across the major markets. Median single-family prices rose almost 12% in Orlando, 9% in Ft. Lauderdale and 8% in Miami-Dade. These prices increases still leave median single-family pricing far below the prior peaks.



The higher pricing coupled with strong sales volumes have drawn more inventory into the marketplace. Markets are approaching equilibrium.

