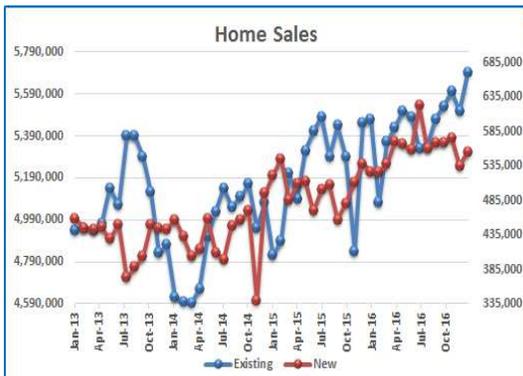


ECONOCAST™ UPDATE – February 27, 2017

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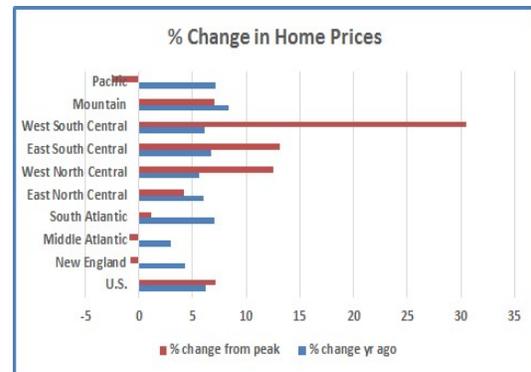
U.S. Economy – Home Sales Rebound

Sales of new and existing homes rebounded in January. Existing home sales rose 3.3%, and they are up 3.8% from their January 2016 level to reach their highest level since February 2007. Record low inventories are limiting the selection and causing home prices to escalate at a 6% pace. Rising interest rates also limited the sales gain. New home sales rose 3.7% in January recovering the December dip, and they are 5.5% ahead of last year. Prices are up 7.6% compared to last year reaching a 30% premium over existing home prices.

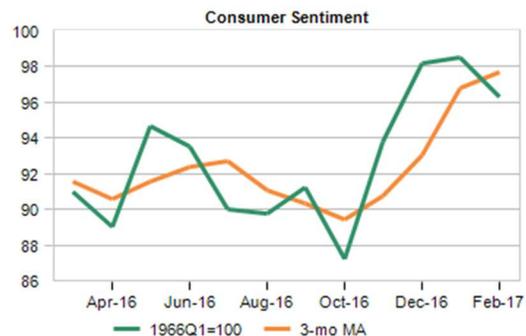


With inventories at historically low levels it is no surprise the home prices are rising. The Federal Housing Finance Agency Purchase-Only

house price index advanced 6.2% in December on a year-ago basis. Prices rose in all parts of the country. Except for the Pacific, Middle Atlantic and New England regions, home prices are now above their prior cyclical peaks.

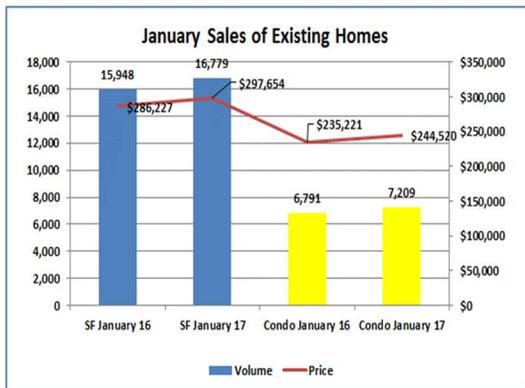


The University of Michigan's Consumer Sentiment dropped 2.2 points from January, the first monthly decline in the final index since October.



Florida Economy: Homes Rebound in January

Sales of existing homes rebounded in January, more than making up for the dip in December. Single-family sales rose 5.2% with multitis up 6.2%. Prices were 4% higher than last year. New listings are responding to higher sales volumes and rising prices. However, closing volumes remained strong, so the inventory at current sales rates continued to contract to just 4.2 months.



The volume of existing home sales continued to vary widely across Florida's major markets. Sales were down 3% in Miami and 2% in Ft. Lauderdale, compared to the 12% gain posted in Tampa Bay.



With accelerating demand, prices rose 7.7% and 9% in West Palm, but prices fell in Naples and Ft. Myers

dragging down the average for Southwest Florida.

Inventories varied significantly across markets. In the single-family market, inventory reached 6 months in Miami and nearly 7 months in Southwest Florida - with 6 months considered to reflect market equilibrium. Not only were inventories elevated in Miami and Southwest Florida, but the inventory to sales ratios were rising rapidly pointing to a buildup of excess units. Yet, in most other markets inventory levels were historically low, and in most cases contracting.



The pattern in the multifamily market is similar, but more exaggerated. There is noticeable excess inventory in Miami and Southwest Florida, particularly in Naples. Yet, other markets remained very tight. It appears that the attractive rental market is keeping owners from listing their properties even at higher prices.

