

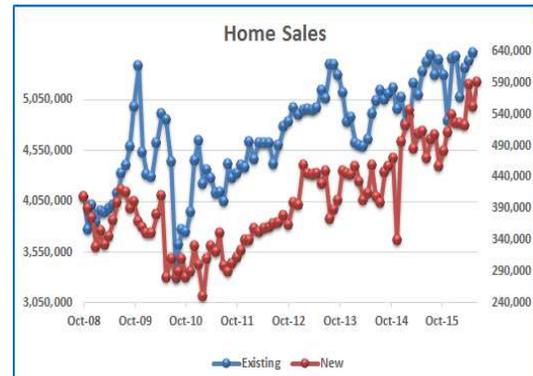
ECONOCAST™ UPDATE – July 25, 2016

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U.S. Economy – Housing Gains

U.S. housing markets are showing signs of breaking out in the 2nd half of 2016. Existing-home sales increased strongly for the fifth straight month, finally moving past the year-long flat trend in 2015. First time homebuyers are finally flooding into the market, pushing their market share well over 30%. Strong growth in employment and rising incomes, coupled with very low interest rates, should continue to stimulate first time buyers and the total market for the balance of this year at least. The only bad news in the June report was that the supply side remains historically tight. The slow increase in single-family construction has not yet been matched by a similar increase in existing-home listings. So, inventory has fallen slightly since the end of 2014. It appears that existing home prices will need to rise a bit more to push more sellers into the market.

Sales of new homes will be released on Tuesday. I expect sales to rebound to 590,000 based on rising pending sales. The strong and rising pace of home sales will stimulate additional construction and boost growth in GDP in the 2nd half of 2016.

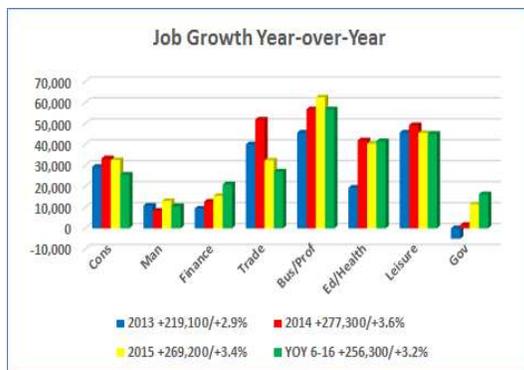


Housing starts rose 4.8% from the previous month to 1.189 million units but are down 2% from a year earlier. But, both single- and multifamily starts rose compared with the prior month, but multifamily construction fell below year-ago levels, pulling total starts lower on a year-ago basis. However, cumulatively, starts so far this year are running well ahead of 2015 on an annualized basis. The shift in composition to more single-family units makes the trend sustainable.

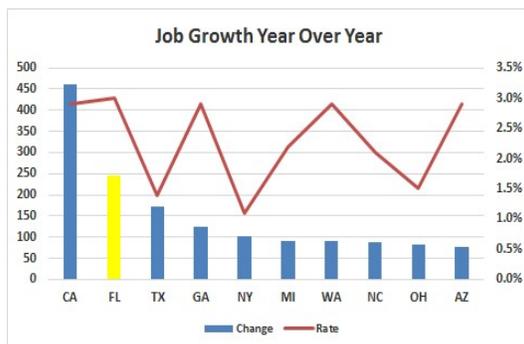


Florida Economy: Job Growth

Job growth remained strong in June with employment up by 256,300 over the year rising at a 3.2% pace. The trajectory remains unchanged over the last six months, despite some slowing in the monthly data. All major sectors had job gains, but as has been the case over the last six months, the job gains this year are somewhat below last year. The unemployment rate remained unchanged at 4.7% with a noticeable gain in the labor force.



Despite some slowing of job growth on a seasonally adjusted monthly basis in June, Florida continues to rank 2nd in the U.S. for total job growth and 4th in terms of percentage gains.



Orlando continues to top all metro areas for job growth, gaining 50,100 jobs over the year posting a 4.3% gain. With 40,900 jobs gained, Tampa is second. The I-4 corridor remains

the strongest region for total job growth fueled by tourism, healthcare and construction. Ft. Lauderdale gained 35,600 jobs running at an impressive 4.5% pace. Job growth was also notable in Cape Coral/Ft. Myers, Jacksonville, and Vero-Sebastian. Retirees, construction and healthcare were their leading sectors.

Data as of June 2016	Unemployment Rate	last 12 Months	% Change Jobs
Florida	4.7%	256,300	3.2%
Cape Coral-Ft. Myers	4.6%	9,300	3.8%
Gainesville	4.7%	3,800	2.8%
Jacksonville	4.7%	23,200	3.6%
Lakeland-Winter Haven	5.7%	2,500	1.2%
South Florida	5.0%	63,800	2.5%
Ft. Lauderdale	4.5%	35,600	4.5%
Miami	5.4%	19,300	1.7%
West Palm Beach	4.9%	8,000	1.4%
Naples	4.9%	4,100	3.0%
North Port-Sarasota-Bradenton	4.5%	5,000	1.8%
Ocala	5.8%	2,800	2.9%
Orlando	4.5%	50,100	4.3%
Palm Bay	5.2%	2,800	1.4%
Pensacola	5.1%	2,300	1.4%
Port St. Lucie	5.5%	2,900	2.1%
Punta Gorda	5.2%	1,300	2.9%
Sebastian-Vero	6.3%	2,000	4.1%
Tallahassee	5.1%	3,300	1.9%
Tampa-St. Pete	4.6%	40,900	3.3%

There was a noticeable slowing of job growth in North Port-Sarasota, which was surprising in light of the buoyant retiree inflow and strong construction activity. The relatively weaker job growth in Tallahassee and Gainesville continues to reflect their dependency on government jobs.

The unemployment rates rose in all metro areas in June. However, these data are not seasonally adjusted. Unemployment rates typically rise in June as the end of the public school year triggers sharp drops in local government jobs, which include teachers. So, these increases are not of concern.

On a positive note, the size of the labor force in most metro areas has finally revived.