

ECONOCAST™ UPDATE – August 25, 2014

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U.S. Economy – Stronger Housing

Housing markets rebounded strongly in July rekindling the hope for housing led growth in GDP rising to 4% in the 2nd half. July housing starts rebounded to an annual rate of 1.1 million rising to their highest level since November 2013. Permits and completions followed a similar pattern supporting stronger growth going forward.



Existing-home sales improved in July, increasing 2.4% m/m to 5.15 million annualized units marking the first time since October that sales have exceeded 5.1 million. The market remains tight with months of supply stable at 5.5. Listings increased compared to last year and prices rose modestly by less than 5% over the year.

Sales of new single-family homes were 412,000 in July at an annual rate. This is the second month of seemingly slower sales, but this likely understates the true strength in sales. Over each of the last three months the data for prior month's sales was revised much higher than initially reported and so it was this month too. To put things into perspective sales were 17% higher than in July 2013.



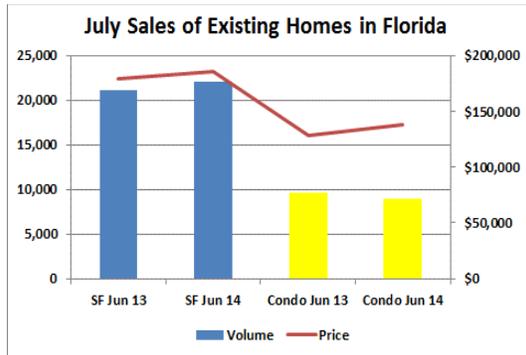
Rounding out this week's news inflation was a very 0.1% modest for the July CPI putting inflation risks to bed for now.



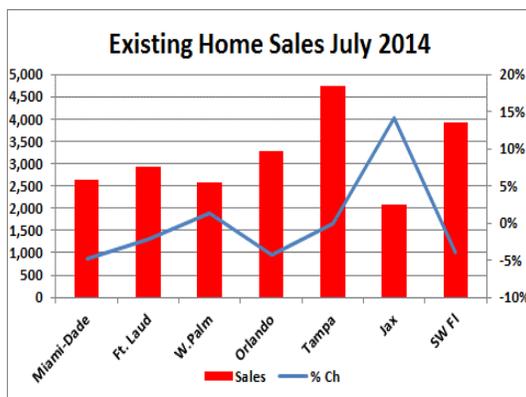
Florida Economy: Housing Markets Achieve Balance

The July data confirm that for the most part Florida's housing markets have regained some balance. In general sales of existing homes, condos and towns were modestly higher in July with prices up moderately in most markets. Listing continue to increase easing the pressure on pricing. These trends are reflections of markets achieving balance.

Statewide, sales of single-family homes rose modestly while condos and towns retreated. Prices rose moderately in both market segments.



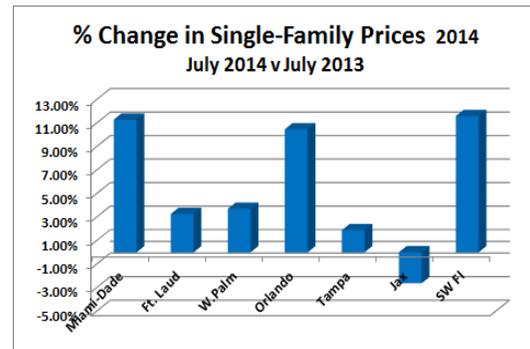
There was variation in performance across Florida's major metro areas, but for most markets the patterns were similar to statewide trends.



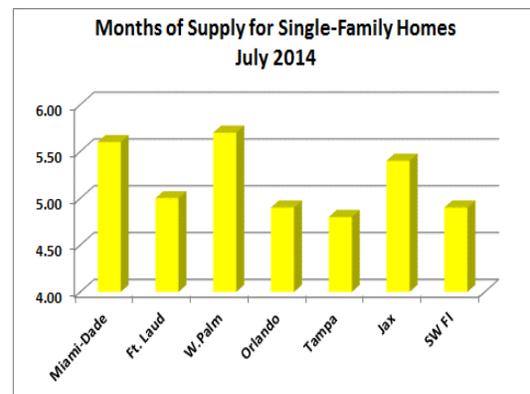
At one extreme sales of existing single family homes dipped by about

4% in Miami-Dade, Orlando and Southwest Florida, but sales rose 14% in Jacksonville. But overall sales volumes remained relatively high in July. The takeaway is that markets that approach equilibrium no longer enjoy strong gains in sales volumes.

These same dynamics affect pricing. Single-family home prices rose modestly, if at all, across most major metro markets. In those with larger gains, such as in Southwest Florida, Miami, and Orlando, these gains are at less than half of their rates achieved earlier this year. Again a sign of markets moving towards balance.



These market forces have also attracted more listings as homeowners feel more confident about prices and sales prospects easing the tightness on inventories.



As markets reach balance, these trends of modest gains will continue.