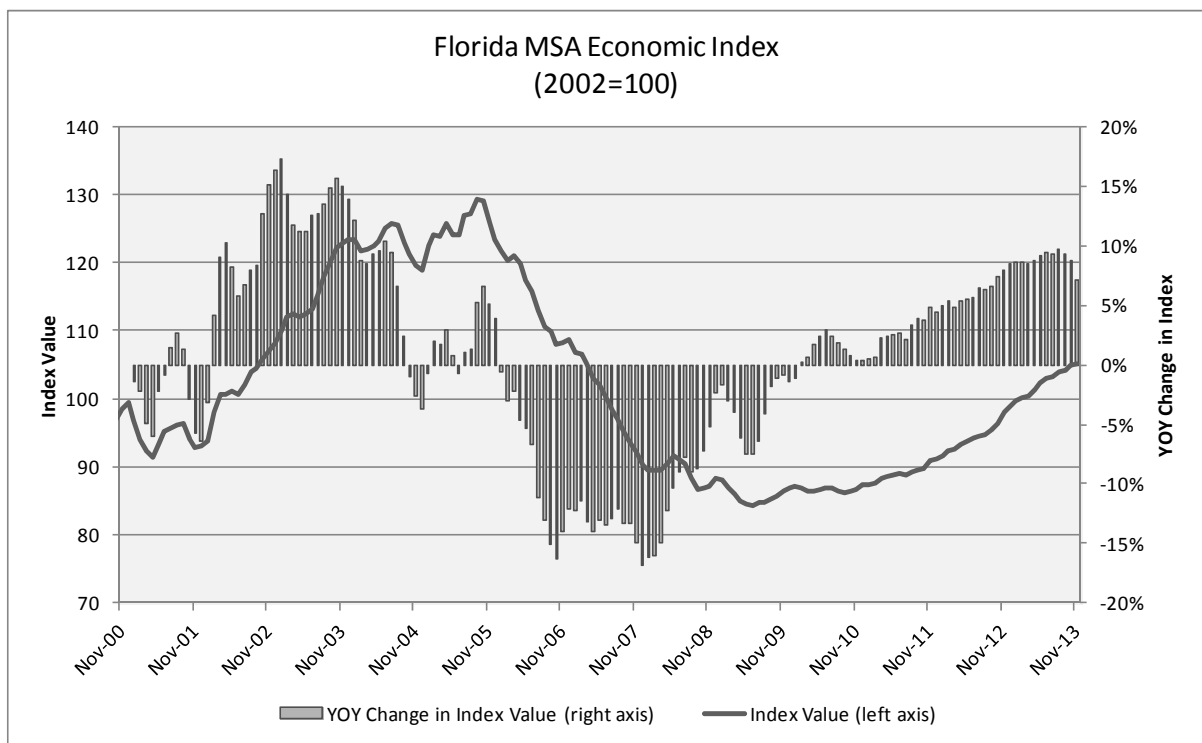


Econocast Index of Economic Activity for the State of Florida and its Metropolitan Statistical Areas – January 2014

The Econocast Index of Economic Activity – a gauge of economic performance for the State and its MSAs – saw gains slow to 0.20% from October to November. This compares to a revised gain of 0.59% in the previous month. Annual gains also pulled back. November’s reading was 7.2% higher than a year ago compared to 8.8% last month. Breadth of strength also declined in November with 12 out of 19 MSAs posting monthly gains compared to 15 last month. On an annual timeframe, 18 out of 19 MSAs gained compared to 19 out of 19 last month.



Source: Fishkind & Associates, Inc.

The chart above shows the Index of Economic Activity for the State of Florida on a monthly basis through November 2013. The solid line represents the index value and the bars show the year over year change in the index.

INDEX LEVEL

The real story this month was the deceleration in annual gains for the overall index to 7.2% which represents its lowest level in 14 months (shown by the bars in the chart above). Taken at face value this may seem like a bad thing, but there is more than meets the eye.

A check of nominal performance for all index components in November does not reveal anything too out of the ordinary: monthly performance was largely positive, trajectories and magnitudes over the longer term are also positive.

What is out of the ordinary, though, are conditions from a year ago. And by out of the ordinary, we mean exceptionally strong. Depending on which index component you're looking at, the bottom was put in between the summer of 2010 and 2011. From then on it's been a pretty steady ride up, which means that, come November 2012 – the year ago date this newsletter uses for comparison – things had been going good for some time. What this does is moderate performance when viewed as a percentage gain over time. And this is perfectly normal. The gains we've seen over the last 12 to 24 months have been particularly amplified as we've left the recession behind; the further away it gets in the rearview, the more we'd expect conditions to normalize and growth rates to level off.

As far as performance across markets was concerned in November, Crestview-Ft. Walton Beach-Destin fared the best with a 2.5% gain. A strong new construction reading was the primary driver behind the gain. Sebastian-Vero Beach fell 0.9% in November, posting the worst performance. A surge in unemployment claims was responsible while other components were mixed. Over an annual timeframe the Panama City MSA had the largest gain in index value at +10.8% driven by strength in resale volume and unemployment claims components. Crestview-Ft. Walton Beach-Destin fared the worst falling 7.3% driven principally by a decline in housing starts.

Nov-13	Index	m/m	y/y	12 mo Trailing
<u>MSA</u>	<u>Level</u>	<u>% Change</u>	<u>% Change</u>	<u>Avg of m/m % Cng</u>
Cape Coral - Ft. Myers	103.4	-0.05%	7.34%	0.71%
Deltona - Daytona Beach - Ormond Beach	103.4	-0.39%	8.91%	0.85%
Crestview - Ft. Walton Beach - Destin	115.5	2.49%	-7.34%	0.10%
Gainesville	103.5	0.03%	6.44%	0.63%
Jacksonville	106.7	0.86%	3.97%	0.57%
Lakeland - Winter Haven	105.8	-0.40%	6.41%	0.68%
Miami - Ft. Lauderdale - Pompano Beach	107.5	0.40%	10.57%	0.91%
Naples - Immokalee - Marco Island	103.0	0.01%	5.87%	0.63%
Ocala	105.5	0.14%	7.42%	0.73%
Orlando - Kissimmee - Sanford	104.1	-0.15%	6.42%	0.80%
Melbourne - Titusville - Palm Bay	102.0	0.37%	5.91%	0.65%
Panama City	105.3	0.16%	10.81%	0.71%
Pensacola - Ferry Pass - Brent	115.9	1.84%	8.94%	0.66%
Port St. Lucie	103.2	0.37%	7.41%	0.64%
Punta Gorda	97.9	-0.47%	6.02%	0.60%
North Port - Sarasota - Bradenton	107.1	0.13%	7.81%	0.74%
Sebastian - Vero Beach	107.7	-0.89%	6.17%	0.65%
Tallahassee	103.2	0.36%	5.03%	0.54%
Tampa - St. Petersburg - Clearwater	101.7	-0.60%	4.62%	0.65%
Florida	105.1	0.20%	7.17%	0.73%

Source: Fishkind & Associates, Inc.

About the Index

The Index of Economic Activity was created by Fishkind & Associates, Inc. The Index is designed specifically to capture current economic conditions, with an emphasis on the State of Florida and its constituent MSAs.

The index benchmark has been set to January 2002=100. Each point in the final index graphic shown in the monthly reports represents a four-month moving average of the Index values.

About Fishkind & Associates, Inc.

Fishkind & Associates, Inc. is a thirty-six member economic and financial consulting firm with offices in Orlando, Naples, and Port St. Lucie, Florida. The company was formed in 1987, and has grown steadily since its inception. As one of Florida's premier economic consultants, Fishkind & Associates has extensive experience in economic and fiscal impact analysis, policy studies, forecasting, and finance throughout Florida and the United States.

The firm specializes in real estate analysis and development, management services, market research, feasibility studies, fiscal impact assessments, project financing, and litigation support including business valuation and expert witness testimony.

Fishkind & Associates conducts residential real estate feasibility research. This involves price, product and supply analysis, as well as extensive consumer research and focus group studies. As a result, the firm has considerable skill in analysis and interpretation of consumer preferences, behavior patterns, and demographic trends. The firm's principal Dr. Henry Fishkind, Ph.D. was associate professor of economics at the University of Florida, and Director of the University's forecasting program.

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