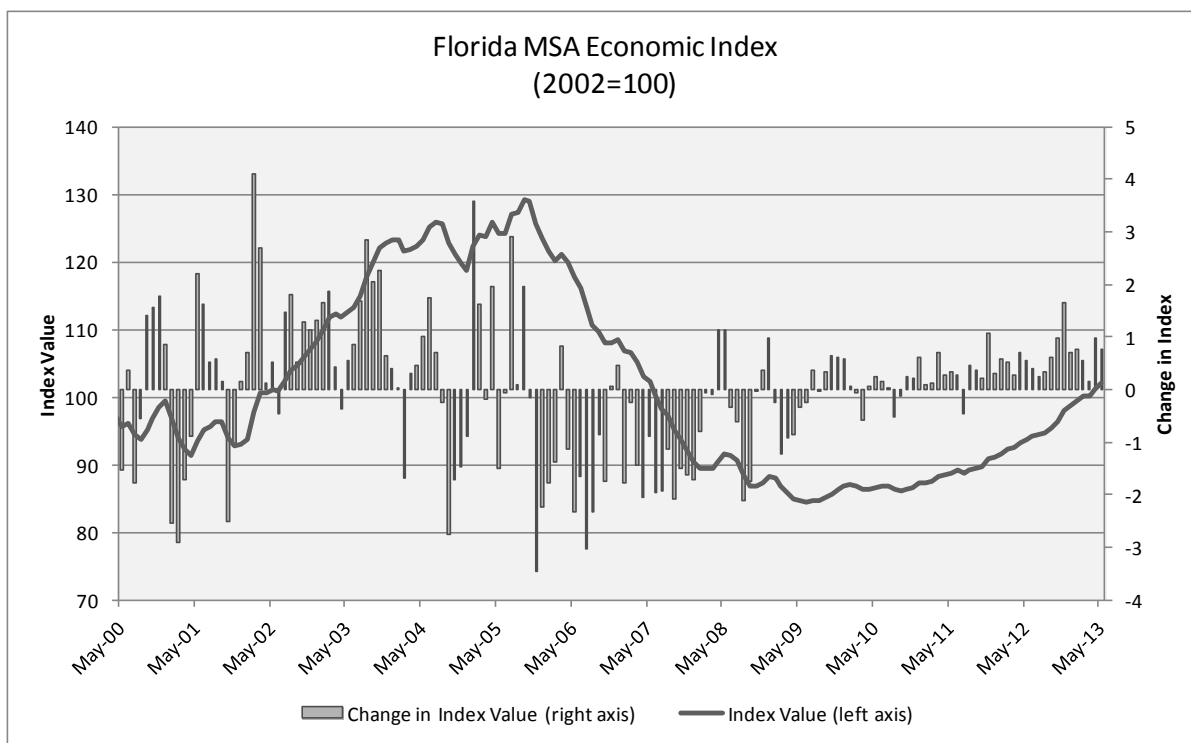


**ECONOMIC ACTIVITY - STATE OF FLORIDA**

**Econocast Index of Economic Activity for the State of Florida and its Metropolitan Statistical Areas - July 2013**

The Econocast Index of Economic Activity – a gauge of economic performance for the State and its MSAs – showed gains slow slightly to +0.76% from April to May compared to +0.99% in the previous month. The annual gain was robust at 10.3% - unchanged from last month. Breadth of strength faltered with the number of gaining markets down to 11 out of 19 compared to 14 in the last report. Measured year over year 18 out of 19 markets moved higher which is line with the last few months.



Source: Fishkind & Associates, Inc.

The chart above shows the Index of Economic Activity for the State of Florida on a monthly basis through May 2013. The solid line represents the index value while the bars plot the monthly change in the index.

Note: This edition of the Index institutes revised MSA geographical definitions from the Federal OMB which redistributes some counties amongst MSAs and also reduces total FL MSAs to 19 from 20.

## INDEX LEVEL

Index performance in May was buoyed by strength in new home construction – a common theme over the last several months. Pricing and unemployment claims were up marginally while resale volume dipped lower.

Housing starts nearly retraced their dip in April coming in 23.5% higher in May. Homebuilders continue to ramp up activity as the lack of bargains in the distressed market continues to pique interest in new construction. Year over year starts were 76% higher. Home prices were up slightly from April to May coming in at \$162,900, a gain of 1.4%. We would expect some headwinds to price appreciation as rising interest rates impair affordability and some move-up options. For now though, the state is sitting on hefty gains with closed prices 14% higher measured against the same month last year. Sales volume of existing homes dipped by over 10% month to month in May to 21,000 transactions. This is still near the upper bound of the range though, and the longer term gain is robust - up 7% year to year. Again, we expect activity to gravitate toward lower price tiers in coming months as rising rates restrict pricier options. New unemployment claims continued to move lower, down 3% from April to May and 13% year to year.

The Sebastian-Vero Beach MSA had the largest monthly gain in index value (+1.98%) driven by strength in resale housing components. Resale volume surged 13% while pricing was up almost 3%. At the same time, claims moved 3% lower. Although starts were nearly 30% lower, there was a string of gains in previous months. At the other end of the spectrum, the Deltona-Daytona Beach–Ormond Beach MSA fell 3.02% from April to May making it the worst performing market. Although the resale housing market fared alright, housing starts were 4% lower and new unemployment claims jumped 6%. This MSA was reconstituted to include Flagler County as a result of the new MSA definitions effective this year. Year over year the Orlando-Kissimmee-Sanford MSA had the largest gain in index value climbing 11.2%. The strength was driven by a stunning 151% increase in housing starts, while, over the same period, unemployment claims fell 16%. In addition, resale pricing was 16.5% higher on a 4% increase volume. The Punta Gorda MSA posted the worst performance over the year with a decline of 3.8% in index value. In this market there was a precipitous 60% decline in resale volume. Although all other components improved modestly, it was not enough to offset this drag.

The table on the next page shows the index level, monthly change, annual change, and the 12 month trailing average of the month to month percent change for each MSA within the State of Florida and the State as a whole.

The 12 month trailing average of the month to month percentage change reflects the average monthly growth rate of the index over the past year. The MSAs have a growth rate ranging from a low of 0.01% in Punta Gorda to a high of 0.96% in Crestview-Ft. Walton Beach–Destin.

<b>May-13</b>	<b>Index</b>	<b>m/m</b>	<b>y/y</b>	<b>12 mo Trailing</b>
<b>MSA</b>	<b>Level</b>	<b>% Change</b>	<b>% Change</b>	<b>Avg of m/m % Cng</b>
<b>Cape Coral - Ft. Myers</b>	98.9	-0.17%	4.17%	0.42%
<b>Deltona - Daytona Beach – Ormond Beach</b>	94.7	-3.02%	3.86%	0.62%
<b>Crestview - Ft. Walton Beach - Destin</b>	114.8	-0.53%	5.24%	0.96%
<b>Gainesville</b>	103.3	-0.17%	8.38%	0.69%
<b>Jacksonville</b>	105.1	-0.25%	8.33%	0.77%
<b>Lakeland - Winter Haven</b>	104.5	0.29%	10.77%	0.80%
<b>Miami – Ft. Lauderdale – Pompano Beach</b>	103.3	1.63%	9.84%	0.69%
<b>Naples - Immokalee - Marco Island</b>	102.0	1.26%	6.92%	0.64%
<b>Ocala</b>	101.2	-0.21%	7.32%	0.67%
<b>Orlando - Kissimmee - Sanford</b>	103.1	1.03%	11.18%	0.81%
<b>Melbourne - Titusville - Palm Bay</b>	95.0	0.83%	3.76%	0.28%
<b>Panama City</b>	101.1	0.98%	8.47%	0.55%
<b>Pensacola – Ferry Pass – Brent</b>	110.3	-0.02%	9.65%	0.78%
<b>Port St. Lucie</b>	97.2	0.50%	7.21%	0.56%
<b>Punta Gorda</b>	86.6	-2.73%	-3.81%	0.01%
<b>North Port - Sarasota - Bradenton</b>	104.5	0.77%	9.87%	0.78%
<b>Sebastian - Vero Beach</b>	104.6	1.98%	6.78%	0.50%
<b>Tallahassee</b>	99.1	0.08%	5.68%	0.45%
<b>Tampa - St. Petersburg - Clearwater</b>	101.8	0.59%	11.00%	0.85%
<b>Florida</b>	102.0	0.76%	8.79%	0.69%

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.

For more information:

Fishkind & Associates, Inc.

[www.fishkind.com](http://www.fishkind.com)

407.382.3256

[homeoffice@fishkind.com](mailto:homeoffice@fishkind.com)

