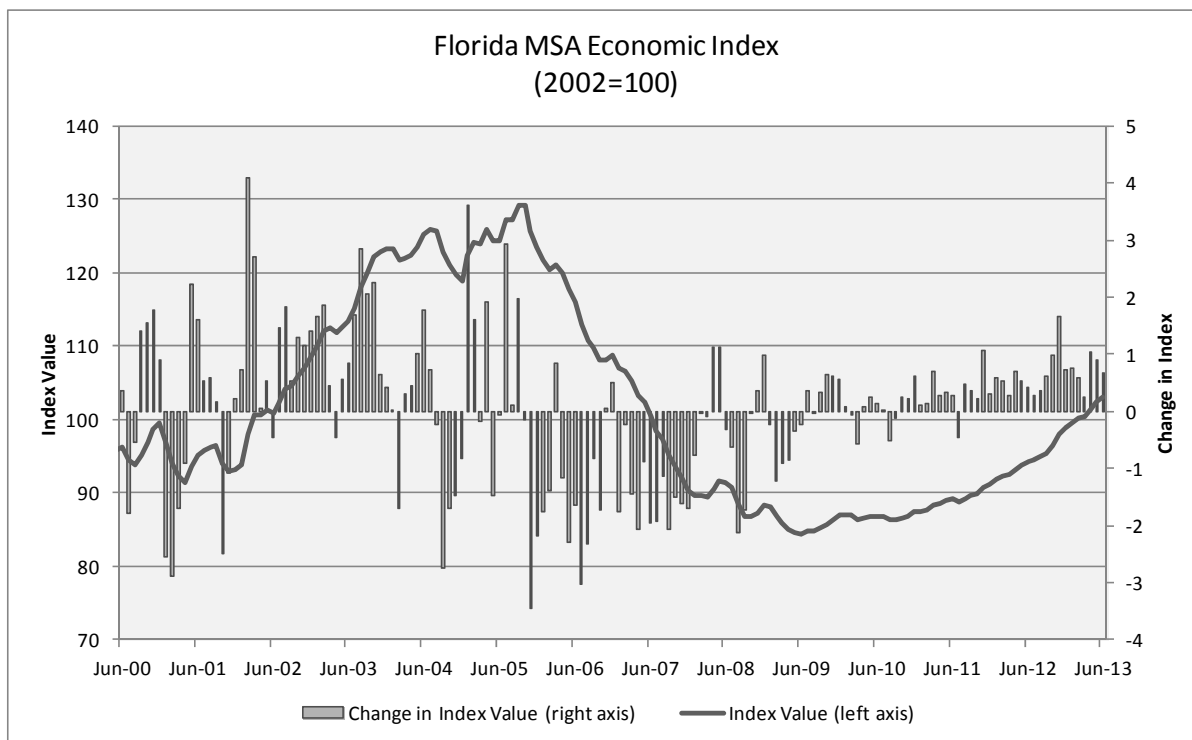


ECONOMIC ACTIVITY - STATE OF FLORIDA

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

The Econocast Index of Economic Activity – a gauge of economic performance for the State and its MSAs – showed gains slow slightly to +0.66% from May to June compared to +0.88% in the previous month. This is the third consecutive month of slower growth in the index which is typical for the summer. The annual gain in the index was robust however, ending at 11.3% - slightly higher than last month. Breadth of strength rebounded with the number of gaining markets up to 14 out of 19 compared to 11 in the last report. Measured year over year 18 out of 19 markets moved higher which is consistent 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 June 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 June was driven by strength in pricing and unemployment claims. New home construction and sales of existing homes fared worse.

Housing starts fell in June, coming in 33.9% less than May's 27.6% increase over April. The large swing over the 2 months was due to a large influx of multifamily units permitted in May. Homebuilders continue to ramp up single family activity which is quickly exhausting the supply of existing lots. New lot creation has begun and will provide a supply for new housing growth in many markets in the state. Year over year housing starts were 26% higher with home prices up slightly from May to June coming in at \$166,900, a monthly gain of 2.6%. Home pricing has increased at a rate of almost 19% over the same month last year. This rate is expected to slow to a more reasonable pace in 2014 due to rising interest rates and an increased in the supply of new lots, which will stabilize the current undersupply of lots. Sales volume of existing homes fell an additional 2.5% in June to 20,600 transactions which was a continuation of the 10% reduction in sales volume indicated in May. This reduction in the monthly sales volume is typical for the summer months; however, the year to year rate was 13% higher than the same month last year. The increase in multifamily starts over the past several months is a reflection of the market's desire to curb the rapid appreciation by offering more affordable product. New unemployment claims continued to move lower, down 11% from May to June and 20% year to year.

The Punta Gorda MSA had the largest monthly gain in index value (+2.22%) driven by the strength in resale housing components. Resale volume surged 33% while pricing was up 26%. At the same time, unemployment claims moved 18% lower. Housing Starts were 7% lower, off a very small base indicating the waterfront community is beginning to attract more demand for its existing inventory. There were four markets that had a negative change of less than 1%. Pensacola-Ferry Pass-Brent had a -0.84% change, due to a reduction in housing starts, with all other attributes consistent with last month.

Year over year, the I-4 corridor of MSAs had the largest gain in index value, all climbing more than 11%. Orlando-Kissimmee-Sanford MSA rose 11.82%, Lakeland-Winter Haven MSA rose 11.15% and the Tampa-St. Petersburg-Clearwater MSA rose 11.47%. The strength in these MSA's was driven primarily by significant increases in all the housing components of Starts, Volumes and Price and reductions in unemployment claims. The Miami-Ft Lauderdale-Pompano Beach MSA increased 10.8% again with significant increases in the housing components and the dramatic reductions in unemployment claims. This market is very influenced by the growing South American counties as they look to the Florida as a place for employment and real estate investments.

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 -0.25% in Punta Gorda to a high of 0.88% in Orlando-Kissimmee-Sanford.

Jun-13	Index	m/m	y/y	12 mo Trailing
MSA	Level	% Change	% Change	Avg of m/m % Cng
Cape Coral - Ft. Myers	99.8	0.68%	5.50%	0.33%
Deltona - Daytona Beach – Ormond Beach	98.4	2.07%	7.90%	0.43%
Crestview - Ft. Walton Beach - Destin	114.7	-0.56%	5.63%	0.65%
Gainesville	103.9	0.42%	9.58%	0.66%
Jacksonville	104.8	-0.57%	7.56%	0.74%
Lakeland - Winter Haven	105.5	0.74%	11.15%	0.84%
Miami – Ft. Lauderdale – Pompano Beach	104.9	1.18%	10.83%	0.77%
Naples - Immokalee - Marco Island	103.0	0.71%	7.63%	0.64%
Ocala	101.7	0.30%	7.39%	0.61%
Orlando - Kissimmee - Sanford	103.4	-0.02%	11.82%	0.88%
Melbourne - Titusville - Palm Bay	95.8	0.69%	4.33%	0.34%
Panama City	100.9	-0.48%	9.87%	0.76%
Pensacola – Ferry Pass – Brent	109.6	-0.84%	8.43%	0.78%
Port St. Lucie	98.4	0.99%	7.32%	0.65%
Punta Gorda	88.7	2.22%	-1.79%	-0.25%
North Port - Sarasota - Bradenton	105.4	0.59%	10.24%	0.82%
Sebastian - Vero Beach	106.2	1.36%	7.90%	0.65%
Tallahassee	100.7	1.31%	8.15%	0.42%
Tampa - St. Petersburg - Clearwater	102.9	0.80%	11.47%	0.87%
Florida	103.0	0.66%	9.35%	0.72%

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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