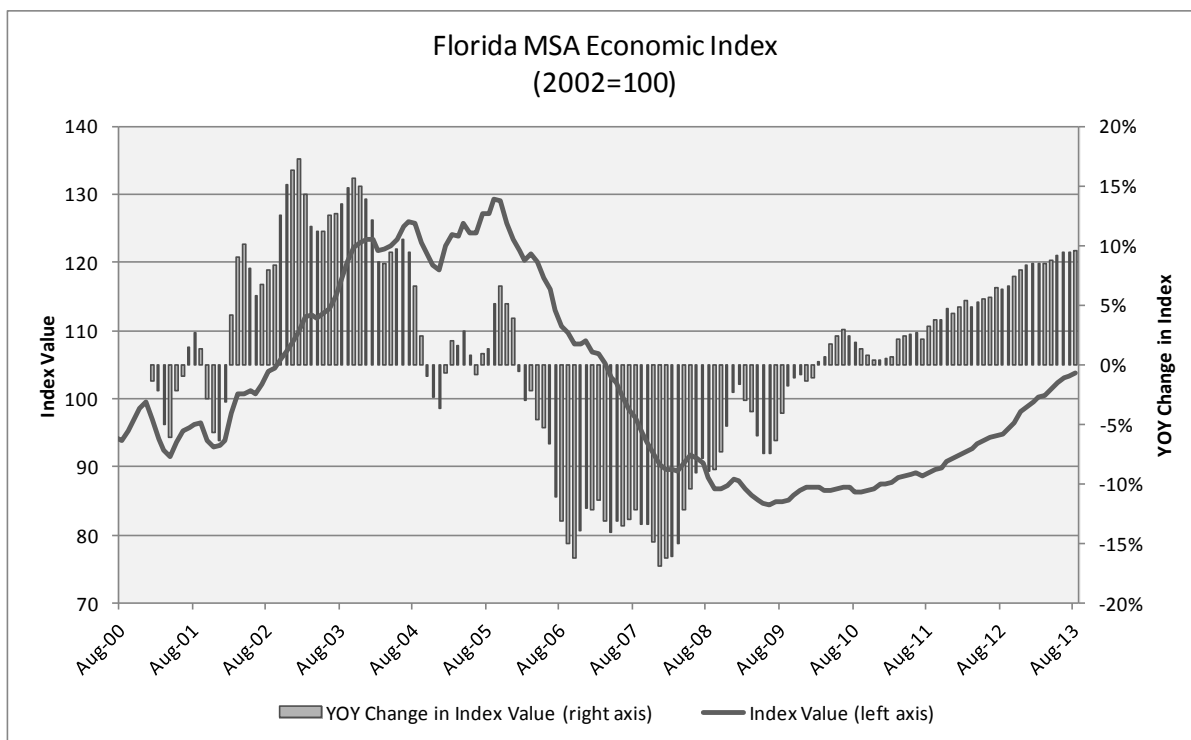


**ECONOMIC ACTIVITY - STATE OF FLORIDA**

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

The Econocast Index of Economic Activity – a gauge of economic performance for the State and its MSAs – saw the pace of monthly gains increase to 0.49% in August compared to a revised reading of 0.20% in July. The year to year change was on par with last month at roughly +9.5%. The scope of improvement across markets increased in August with 14 out of 19 showing monthly gains compared to only ten in July. Year over year all 19 markets advanced compared to 18 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 August 2013. The solid line represents the index value and the bars plot the year over year 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

In August, housing starts reemerged as the primary source of gains followed by improvement to unemployment claims. The resale housing market – on both a price and volume front – fared slightly worse.

After a few slow months housing starts picked up in August gaining 16% over July. This equates to 6,050 new starts in Florida (single and multifamily) which is 23% higher than the same month last year. The monthly gain comes as the Fed surprised everyone with its decision not to taper bond purchases. The action should take some pressure off rates until their next meeting in December, which, combined with tight inventory levels, bodes well for new construction in the near term. The resale market, where supply/demand conditions remain tight, fell slightly from July to August. This is likely pay back for previous months where buyers rushed to close deals ahead of further rate increases. Price appreciation has been strong with a nearly 20% gain compared to last August while supply/demand conditions remain tight with only 4.9 months' supply nationwide. Unemployment claims posted their largest decline in some time in August and now stand near post recession lows. The improvement could be in jeopardy due to the multiplier effect from Shutdown, though – which saw nearly 52,000 federal workers furloughed in Florida.

As far as performance across local markets was concerned, the Punta Gorda MSA had the best monthly performance with a gain of 3.6% driven by a surge in existing single family closings: 373 in August compared to 226 in July. Lakeland-Winter Haven fared the worst over the month falling 0.68%. This was due to a nearly 15% drop in housing starts. In addition, all other components fared worse except for pricing which moved only slightly higher.

In August the best performing markets on an annual basis were all of the major metros: Miami, Tampa, and Orlando. Miami-Ft. Lauderdale-Pompano Beach had the largest gain at +12%. The reading was driven by a surge in housing starts which, at 1,427 in August, represents the second highest level since recovery began. Unemployment claims were also notably lower (-17.7%) while resale pricing and volume were robust. Contrary to its stellar short term performance, the Punta Gorda MSA lagged the most when considering the annual timeframe – which makes sense as this area has faltered throughout much of 2013. Housing starts have largely been flat, coming in between 30 and 40 per month, and while the resale market has recovered nicely, it has not been at the pace of other markets around the state.

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 0.02% in Punta Gorda to a high of 0.87% in Orlando-Kissimmee-Sanford.

<b>Aug-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>	101.9	0.46%	8.35%	0.53%
<b>Deltona - Daytona Beach – Ormond Beach</b>	101.3	1.38%	9.96%	0.70%
<b>Crestview - Ft. Walton Beach - Destin</b>	118.9	2.37%	11.69%	0.59%
<b>Gainesville</b>	103.7	-0.22%	8.55%	0.69%
<b>Jacksonville</b>	104.2	-0.46%	6.57%	0.54%
<b>Lakeland - Winter Haven</b>	105.3	-0.68%	8.78%	0.86%
<b>Miami – Ft. Lauderdale – Pompano Beach</b>	105.9	0.87%	12.00%	0.81%
<b>Naples - Immokalee - Marco Island</b>	102.3	-0.38%	7.78%	0.57%
<b>Ocala</b>	103.2	1.69%	8.57%	0.52%
<b>Orlando - Kissimmee - Sanford</b>	103.9	0.37%	11.11%	0.87%
<b>Melbourne - Titusville - Palm Bay</b>	98.4	1.18%	6.47%	0.45%
<b>Panama City</b>	102.6	2.84%	10.38%	0.67%
<b>Pensacola – Ferry Pass – Brent</b>	110.5	0.43%	7.20%	0.65%
<b>Port St. Lucie</b>	100.8	1.38%	6.46%	0.62%
<b>Punta Gorda</b>	94.2	3.61%	4.11%	0.02%
<b>North Port - Sarasota - Bradenton</b>	106.0	-0.07%	9.35%	0.79%
<b>Sebastian - Vero Beach</b>	108.1	0.90%	7.70%	0.68%
<b>Tallahassee</b>	101.4	1.30%	7.26%	0.56%
<b>Tampa - St. Petersburg - Clearwater</b>	103.0	0.28%	10.16%	0.82%
<b>Florida</b>	103.8	0.49%	9.52%	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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