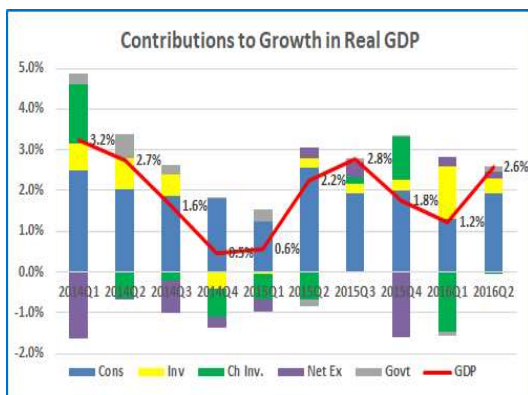


ECONOCAST™ UPDATE – July 31, 2017

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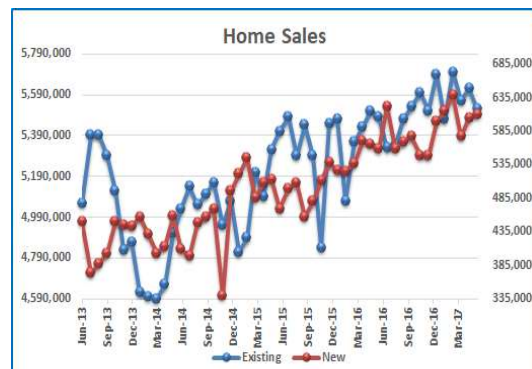
U.S. Economy – GDP Growth Recovers but Healthcare Does Not

As expected, the growth of real GDP recovered in 2017Q2 rising by 2.6% from a revised 1.2% in 2017Q1. Taken together, the data show that the U.S. economy continues growing at a steady 2% pace. The details for 2nd quarter growth will support gains this quarter. Consumer spending accelerated and accounted for nearly three-quarters of GDP growth in the 2nd quarter. Inventories grew slowly, and the drop in residential investment is temporary. Net exports added 0.2 percentage point to second quarter GDP growth, and with the depreciation in the U.S. dollar and a pickup in global growth, trade should provide a bigger boost this quarter.



Home sales data for June reflect two opposing economic factors: rising

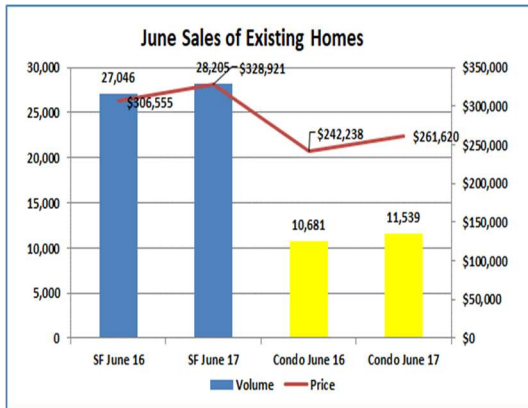
demand, courtesy of higher employment, bumping into very tight supplies of new and existing homes. Existing-home sales dipped in June, because the low number of listings restricted the supply of homes and pushed their prices up. New single-family home sales rose in June, adding to May's gains, thereby reversing some of their steep decline in April. New single-family sales rose 0.8% from May and are up 9.1% from June 2016.



The failure of healthcare reform undermines confidence that there will be any meaningful tax reforms, or even tax cuts, or infrastructure spending. The administration has not demonstrated its ability to govern effectively, thereby raising the political risks over raising the debt ceiling or enacting a budget. Even so, financial markets remain stable.

Florida Economy: Existing Home Sales Steady in June

Sales of existing single-family homes were 4% higher than last year with prices up by over 7%. Sales of condos and townhomes were up 8% over last year with prices up 8% as well. Overall, sales in the first six months of 2017 show little variation in these trends suggesting that they are likely to continue.



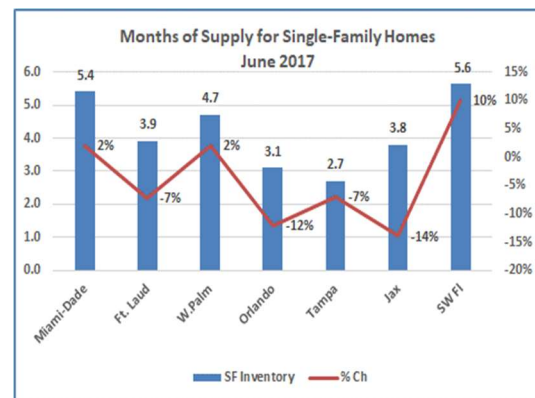
Inventories remain very tight with just 3.9 months of inventory for single-family homes and 6.0 months for multis. Despite rising new listings, inventories continued to tighten as sales gains outpaced new listings.

Tampa Bay continued leading all metro areas in June sales with over 6,600 closings rising 4% above 2016.



There was a noticeable improvement in sales volume in Southwest Florida based on rebounding sales in Ft. Myers and in Naples. Elsewhere, June sales results were similar to the good gains posted during the first half of 2017.

Extraordinarily tight inventories of single-family homes actually tightened even more in Orlando, Tampa, Jacksonville, and Ft. Lauderdale. Tight inventories are keeping sales volumes down, but they are also driving prices up and boosting new listings – but not fast enough yet to boost inventories.



Miami-Dade continues to struggle under the weight of excessive multifamily inventory with over 13-months of supply at current sales levels. However, the market is stabilizing with steady sales and fewer new listings.

