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recession outlook

Slow Recovery Predicted For Polk

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LAKELAND | Polk County's job and housing markets could finally bottom out in 2009, but the ensuing recovery will take years.

That's the prognosis in the annual statewide economic forecast released last week by Fishkind & Associates, an Orlando-based economic consultancy.

The report (available online at www.myrealestatestory.com, under the "Newsroom" tab) predicts a stemming of job losses in Polk this year before modest gains in 2010 and 2011. The document predicts more hard times for local housing in 2009 as unsold inventories remain high.

"Like other Florida counties, the Polk County market suffers from the severe speculation that took place during the housing bubble," the report says. "The result is an excessive amount of new homes in the market, which coupled with a slowdown in demand, will sink markets to recessionary lows."

Home construction, currently at its lowest level since the late 1990s, will experience a gradual uptick the next few years, "nearly reaching 2003 levels by 2012," the forecast says.

Fishkind's report also expects new and existing home sales to level off this year, with no substantial rebound through 2012. Average new home prices will sink 20 percent this year to roughly \$240,000, climbing to nearly \$274,000 by 2012; similarly, average existing home prices will drop 20 percent to about \$145,000 before reaching approximately \$160,000 in 2012.

Overall, the Polk and Florida economies don't appear to be headed for a rapid turnaround, said Fishkind economist Stan Geberer.

"The recession will likely continue through Florida in all of 2009, and we hope to reach the low point, barring any unforeseen crises and meltdowns, sometime this year," Geberer told The Ledger. "From there, it's going to be a slow road back up."

Geberer said the report's findings "do not suggest a rapid improvement until 2011."

"And even that improvement in 2011 is nowhere near the high that was experienced in the bubble period. And we don't think we'll get back to those 2006 peak levels anytime soon, because those were unsustainably high," he said.

Kevin Brickey, a Hillsborough County government economist that follows Polk, said the Fishkind report appears to be in line with most projections for the coming years.

But Brickey says such predictions are tricky, because of instability in the job market and the fact that the U.S. government's \$250 billion bank bailout has yet to revitalize home sales.

"Part of that is because even with low interest rates, banks are reluctant to lend," Brickey said. "I think a stabilization of consumer confidence - and banks' loosening their strings a little bit - will be needed before we start seeing any great improvement in the economic situation."

Brian S. Wesbury, chief economist with First Trust Advisors, and J. Antonio "Tony" Villamil, chief executive officer with the Washington Economics Group Inc., will give their reports today at the annual Economic Forecast Breakfast.

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