

## ECONOCAST™ UPDATE – August 28, 2017

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### U.S. Economy – Home Sales Drop

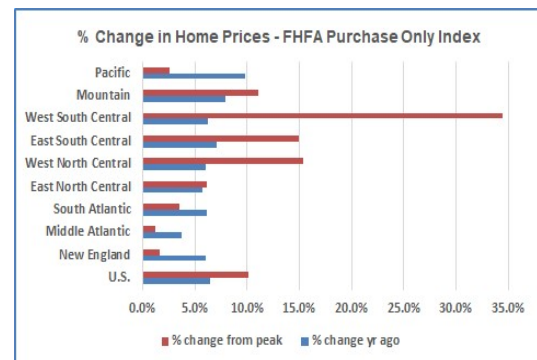
Sales of new homes dropped 9.4% in July and are 9% below last July. However, this is not as bad as it appears. New home sales are notoriously volatile, and sales for April-June were revised up by 48,000. Nevertheless, the growth rate of new-home sales has slowed over the past 18-months, which points to possible problems in demand or price adjustment. The median price for new homes remains relatively high, more than 25% higher than the median price of existing homes. With the pool of wealthier buyers depleting, there is need for more-lower priced homes.

More troubling was the 1.3% dip in existing home sales in July. Despite the monthly decline, the market remains very tight with low inventories and rising prices. July also showed divergent regional patterns, with the Northeast and Midwest accounting for all of the national decline in sales, whereas the South and West continue to make steady gains. The July decline is consistent with the flattening out of sales totals over the past nine months. Existing home sales are now 2% lower than they were last year. Since Florida draws most of its migrants from the

Northeast and Midwest, weaker sales there will mean slower growth in Florida's population.

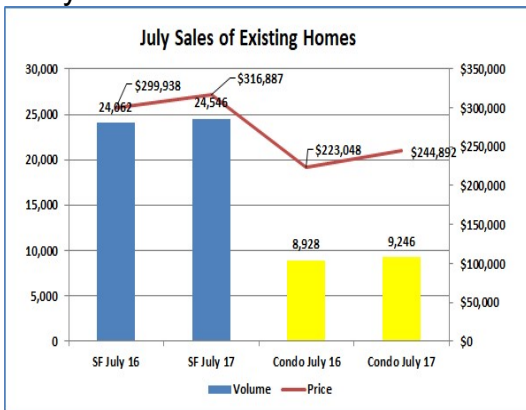


Tight inventories have pushed prices up 6.5% over the 12-months ending in July, and prices are now 10% above their prior peak reached in March 2007. There are very wide disparities in both the price increase over the last year and the rebound in prices since the Great Recession.

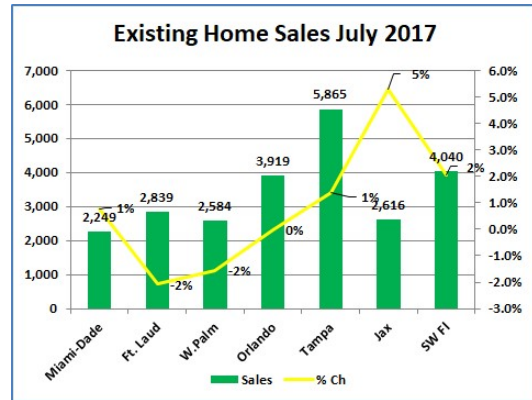


## Florida Economy: Existing Home Sales and Prices Rise in July

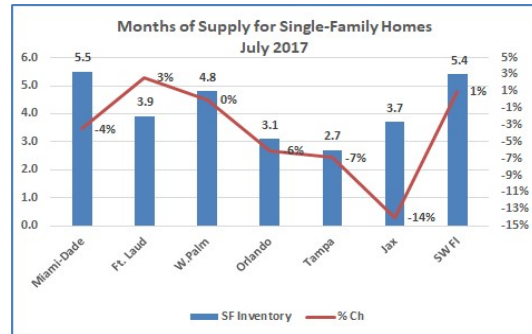
Sales of existing single-family homes were up 2% compared to last July, and prices were 7% higher. Sales of condos and townhomes rose 3.6% with prices 7% above last year. Demand for homes remains high with the median time to sale down 9% to just 81-days for single-family homes and 91-days for multis, which is down 6% compared to last year. The month's supply of inventory tightened further in July to just 3.9 months of singles and 5.6 months for multis, which is down 6% compared to last year. Even though new listings are rising, sales remained even higher in July, thereby keeping inventories extraordinarily tight and prices rising. These trends are likely to persist since pending sales were more than 3% higher compared to last year.



Sales of existing homes varied in a tight band across Florida's major metro areas in July, ranging from a 5% over the year gain in Jacksonville to 2% declines registered in Ft. Lauderdale and West Palm Beach. Tampa and Orlando continued leading the State with sales of 5,865 and 3,919 homes respectively over the last 12-months.



Inventory levels of single-family homes remained extremely tight in most metro areas, particularly in Tampa and Orlando. The acceleration in sales in Jacksonville drove down its inventory at a 14% pace.



The bloated inventory of condominiums for sale in Miami will remain problematic for some time. Although sales were up 2.5% over the year, inventories rose 9.5%. As a result, median price was flat over the year at \$225,000. Elsewhere, inventories remained tight for multis.

