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Home prices, confidence, incomes all rise in Florida and nationally

By Kimberly Miller

Economic optimism overflowed Tuesday as at least three measures of recovery in Florida and nationally showed gains.

Increases in home prices, consumer confidence and personal income were signs, some economists said, of slow, but long-term improvement from the monetary doldrums of the past few years.

Palm Beach, Broward and Miami-Dade counties saw a 5 percent hike in July housing prices from last year on the respected Standard & Poor's/Case-Shiller price index, putting South Florida real estate at a level not seen since the 2009 mini-boom created by the home-buyer tax credit.

All 20 major metropolitan regions measured by the index reported price increases from June while 16 also posted hikes compared with 2011. Analysts singled out South Florida in the housing report.

"Among the cities, Miami and Phoenix are both well off their bottoms with positive monthly gains since the end of 2011," said David Blitzer, chairman of the index committee. "All in all, we are more optimistic about housing. Upbeat trends continue."

The housing hopefulness bled into Floridians' consumer confidence, which rose in September to the highest level in nearly five years. The monthly survey taken by the University of Florida showed people have more positive feelings about personal finances, whether this is a good time to make big purchases, and improving economic conditions over the next year.

Nationally, consumer confidence jumped nine points to a seven-month high as personal income growth slowed but continued an upward climb.

The Commerce Department reported that personal income was up 1 percent nationwide in the second quarter of the year from the beginning of 2012. In Florida, the increase was 1.2 percent during the same period, ranking the Sunshine State fifth for growth behind North Dakota, South Dakota, Arizona and Hawaii.

Economist Tony Villamil, dean of the business school at St. Thomas University in Miami, said consumers see their net worth and spending ability improve as home prices rise and their home equity increases. "Housing has a significant impact in South Florida," Villamil said. "It's a big multiplier in terms of jobs and income, and I think this is a long-term improvement."

Others were more wary about predicting a full-fledged recovery from Tuesday's reports.

Anthony Sanders, a George Mason University real estate finance professor, said the home price numbers were taken at the height of the summer buying season and before the so-called "fiscal cliff" — the planned spending reductions in government programs and an end to substantial tax cuts that will go into effect Jan. 1 if not amended by Congress.

"The index may look different come 2013," he said.

South Florida real estate consultant Jack McCabe also was cautious, calling the home price and consumer confidence numbers "positive, but just barely."

He's still concerned about the more than 350,000 foreclosures in Florida's court system, and an uptick in new foreclosure filings following the National Mortgage Settlement reached in February. Florida was ranked second in the nation for foreclosure activity in August, while Palm Beach County saw an increase in new foreclosure filings of 35 percent from 2011, according to RealtyTrac.

"The news seems good overall. If you just read the headline you feel pretty positive," McCabe said. "But we have a long way to go."

South Florida's home prices on the Case-Shiller index are about 47 percent below what they were at the peak of the market in April 2006. Case-Shiller measures sales compared with January 2000 when the index was set at 100. For each region reviewed, the index provides a three-month moving average price. It does not include condominium sales.

The University of Florida's consumer confidence index points out that while optimism is up, "several economic conditions serve as a drag to Florida's recovery."

Florida's August unemployment rate was unchanged from the previous month at 8.8 percent. In Palm Beach County, the unemployment rate fell 0.2 percentage points in August to 9.6 percent, according to the Florida Department of Economic Opportunity.

"The recovery throughout the state of Florida has been spotty, with the large major metros doing better than the non-metro areas," said Stan Geberer, senior associate at Fishkind & Associates economic consulting in Orlando. "Housing is still a mixed bag."