

Florida economist predicts housing ready to recover

ORLANDO, Fla. – May 31, 2007 – A top Florida economist has declared the housing slump a done deal. “It will take another 18 months or so before closing volumes reach more normal levels, but the worst is behind us,” says Hank Fishkind.

Fishkind says the turn-around is important to everyone, attributing housing troubles to the recent 75 percent drop in GDP (gross domestic product). The current 1.3 percent rate is down from the historic 4 percent pace, but Fishkind says that dropoff would go away completely when housing simply returns to normal levels.

“With (the number of home) starts below (the number of) closings, the inventory of new but unsold homes is slowly being absorbed,” says Fishkind. “Sales of existing homes are the best leading indicator for national housing markets. April sales were off sharply, falling below 6 million at an annual rate. At these levels it will take 8.4 months to sell all the homes that are for sale. However, prices remain stable. And the sales levels, while down this month, were up sharply earlier in the year.

“What all of this means, is that we have seen the worst for housing markets,” Fishkind says.