The Tampa Bay Housing Market: November Update

The bottom tier of Tampa Bay’s housing market—the low-tier segment—experienced a maximum index value of 230 in July 2008. The low tier declined 5 percent over the five years to reach its low point in September 2011. As of August 2014, this segment of the Tampa Bay housing market has increased 45 percent over the same time period.

Figure 2.3 shows the absolute number of permits issued for new homes in the Tampa Bay area. In May 2013, new permits totaled 882—a near future. Although the Fed did not actually taper its stimulative bond-buying program in the near future. However, in May 2013, the Federal Reserve made its first statement that it would taper its stimulative bond-buying program in the near future. In August 2014, this segment of the Tampa Bay housing market—the low tier segment—reached a maximum index value of 225.

Figure 2.5 shows the absolute number of permits issued for new homes in the Tampa Bay area. In May 2013, new permits totaled 882—a near future. Although the Fed did not actually taper its stimulative bond-buying program in the near future. However, in May 2013, the Federal Reserve made its first statement that it would taper its stimulative bond-buying program in the near future. In August 2014, this segment of the Tampa Bay housing market—the low tier segment—reached a maximum index value of 225.

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The unemployment rate measures the ratio of those unemployed and looking for work divided by the labor force. In Tampa Bay, the unemployment rate was 4.1 percent in September 2014, which was higher than the national unemployment rate of 5.6 percent in September 2014. The unemployment rate in Florida was 5.1 percent. Despite the elevated unemployment, the Tampa Bay area (consisting of Hillsborough, Pinellas, and Pasco Counties) had an unemployment rate of 4.1 percent in September 2014, which was lower than the national unemployment rate of 5.6 percent in September 2014. The Tampa Bay area had an unemployment rate of 4.1 percent in September 2014, which was lower than the national unemployment rate of 5.6 percent in September 2014. The unemployment rate in Florida was 5.1 percent.
Importantly, long-term data trends suggest that persistently low inflation rates in the rich-world are not just a recent phenomenon. In fact, both inflation and interest rates in the rich-world are not just low but also trended lower for more than two decades. The evidence presented in IMF’s World Economic Outlook (2014) strongly supports the hypothesis that...
Persistently Low Real Interest Rates in Advanced Economies: Is there a Structural Explanation?

In Advanced Economies: Is there a Persistently Low Real Interest Rates

September 2012 and October 2014) is indicative of upcoming Fed policy changes and June 2011; and, QE3 lasted between November 2008 and March 2010. There is a clear distinction to be made between the near-term market reactions in anticipation of upcoming Fed policy changes and the underlying debate over the rationale for and the implications of the various Fed’s quantitative easing programs (QE1 began in November 2008 and QE2 in November 2010; QE3 lasted between November 2011 and August 2014). September 2011 is critical as persistently low inflation and low interest rates are contributing to the persistence of low real interest rates. This is even starker. Some economists at major institutions and central banks are even arguing that central banks should be setting negative interest rates to stimulate economic growth.

The situation in Europe and Japan, both of which have experienced prolonged periods of low inflation and low interest rates, is even more similar. In Europe, the European Central Bank (ECB) has kept its main interest rate at 0.0% since 2012. In Japan, the Bank of Japan (BoJ) has kept its main interest rate at 0.1% since 2007. Both economies have seen sharp declines in inflation and growth rates, which has led to concerns about deflation and a lack of price and wage flexibility. The ECB and BoJ have both implemented unconventional monetary policies to stimulate economic growth, including asset purchases, forward guidance, and negative interest rates.

In addition, many economists have questioned the underlying economic fundamentals of the low inflation and low interest rates. They argue that the underlying factors may be more structural in nature, rather than transitory shocks. Some of the factors include aging populations, globalization, and changes in demand and supply dynamics. These structural factors may have contributed to the persistence of low inflation and low interest rates, which has led to debates about the implications for economic policy.

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The current low interest rate environment has implications for both monetary and fiscal policy. In the case of monetary policy, central banks may have limited tools to further stimulate the economy due to the zero lower bound on interest rates. In the case of fiscal policy, policymakers may need to consider alternative measures to boost aggregate demand, such as tax cuts or increased government spending.
The Tampa Bay Economy: November Update

The bottom third of Tampa Bay’s housing market—the low tier segment—reached a maximum index value of 270 in July 2006. The high tier declined 43 percent over more than five years to reach its low HPI value in September 2011. As of May 2016, this segment of the Tampa Bay housing market has increased 44 percent from its low point. The middle tier declined 52 percent over more than five years to reach its low point in November 2011. As of August 2016, this segment of the Tampa Bay housing market has increased 33 percent from its low point.

In summary, recent data continue to point toward positive momentum. Demand in the Tampa Bay market is driving home prices up. At the same time, the confidence of consumers and potential homebuyers is rising, which is expected to drive the housing market toward its former highs. For more information, please visit our website at www.ut.edu.

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Rick Thorton, University of Tampa, Chair of the University of Tampa Board of Trustees

Tampa Bay continue to grow on a year-on-year basis, albeit at a slower rate. Tampa Bay, along with the rest of Florida, is still recovering from the long recession of 2007-2009. This recovery has been uneven, with some areas of the region showing stronger growth than others.

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Figure 2.4: Case-Shiller HPI: 1987 – 2014

Source: U.S. Department of Housing and Urban Development

Figure 2.5: Residential Building Permits: 1987 – 2014

Source: Bureau of Labor Statistics

Health care costs are rising, but at a slower rate compared to previous years. In addition, market volatility that often accompanies a market downturn has been relatively muted recently. This is due in large part to the Fed’s ongoing quantitative easing (QE) program, which has helped to lower long-term interest rates and reduce the volatility in the capital markets.

In summary, recent data continue to point toward positive momentum. Demand in the Tampa Bay market is driving home prices up. At the same time, the confidence of consumers and potential homebuyers is rising, which is expected to drive the housing market toward its former highs. For more information, please visit our website at www.ut.edu.
Persistently Low Interest Rates in Advanced Economies: Is There a Structural Explanation?

By Wolfgang L. Jentsch, Ph.D.

The current U.S. expansionary cycle, which began in July 2009, is now five years old and has already lasted for a half year longer than in the 2001-2002 recession. For some time, the U.S. and other advanced economies have been growing at historically low interest rates. Inflation rates in the U.S. and other advanced economies (France, Germany, and Japan) are even lower than those in the U.S. Despite the recent efforts of the Federal Reserve (Fed), the European Central Bank (ECB), the Bank of Japan (BOJ), and China’s central bank to stimulate economic activity, the monetary policies of these central banks have also struggled to achieve their explicit long-term inflation targets of 2 percent.

Standard narratives of post-crisis era growth attribute the historically low interest rates to the unconventional monetary policies of the rich-world central banks as the primary factor underlying historically low inflation and real interest rates. The main themes of such narratives can be summarized as follows: Once the Fed and other central banks had reduced their short-term policy rates to near zero, they had to limit further rate reductions by the zero lower bound. Constrained by the zero lower bound, central banks decided to pursue unconventional policies to set their monetary economies. For instance, the Fed and the ECB pursued a direct link between the two (see Figure 2). Wealth requires constant nurturing. There’s the work of accumulating it and the diligence required to preserve it. Planning for the future, or for the future of your company, is serious business. Thomas Financial specializes in serving the financial security needs of the fortunate few hundred thousand clients throughout the Hillsborough County, Tampa Bay, and Central Florida area. The team at Thomas Financial is dedicated to giving clients the same level of care they would expect from a family member. Our clients mean the world to us, and we will always treat you as we would want to be treated. Thomas Financial is committed to serving our clients for a lifetime. We believe in the power of relationships and the importance of building a strong foundation for the future. Whether you are just starting out or have accumulated significant wealth, we can help you achieve your financial goals and ensure a secure retirement. We offer a range of services, including retirement planning, estate planning, and investment management. Our team of financial advisors is dedicated to providing personalized and comprehensive financial planning services. We understand the complexities of the financial world and are committed to helping you make informed decisions. Thomas Financial is here to guide you through every step of your financial journey, as your partner in achieving your financial dreams. To learn more about our philosophy and services, please contact us today. We look forward to serving you. Rich Thomas, University of Tampa, Class of ’72

The Tampa Bay Economy: November Update 2015

The Tampa Bay housing market—this time segment—reached a maximum index value of 270 in July 2005. The housing market declined 15 percent from its peak in September 2014, new permits totaled 822 per month over the first six months of 2014. In summary, the recent downturn in residential housing permits is continuing, which means the Tampa Bay housing market is declining at a slower rate than in 2010. As of August 2014, the segment of the Tampa Bay housing market has increased 44 percent from its low point.

Figure 2 shows the absolute number of permits issued during the period May 2011 to May 2013, new permits totaled 822 per month over the first six months of 2014. In summary, the recent downturn in residential housing permits is continuing, which means the Tampa Bay housing market is declining at a slower rate than in 2010. As of August 2014, the segment of the Tampa Bay housing market has increased 44 percent from its low point.

Figure 3 shows the absolute number of permits issued during the period May 2011 to May 2013, new permits totaled 822 per month over the first six months of 2014. In summary, the recent downturn in residential housing permits is continuing, which means the Tampa Bay housing market is declining at a slower rate than in 2010. As of August 2014, the segment of the Tampa Bay housing market has increased 44 percent from its low point.

The bottom third of Tampa Bay housing market—the low tier segment—reached a maximum index value of 270 in July 2005. The low tier declined 52 percent over more than five years to reach its low HPI value in December 2011. As of August 2014, this segment of the Tampa Bay housing market has increased 44 percent from its low point.

The middle tier declined 52 percent over more than five years to reach its low HPI value in December 2011. As of August 2014, this segment of the Tampa Bay housing market has increased 44 percent from its low point. The top tier declined 25 percent over more than five years to reach its low HPI value in December 2011. As of August 2014, this segment of the Tampa Bay housing market has increased 44 percent from its low point.

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