

# Expert predicts local housing recovery

## Economist Harvey Fishkind also sees cheaper crude oil, higher interest rates

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OCALA - The Marion County economy has some challenges ahead, like the state and nation, but should begin to improve later this year, a leading economist said Thursday.

Economist Henry Fishkind, addressing an economic summit hosted by Community Bank and Trust, said he believes the nation is in a recession now, but a gradual recovery is likely relatively soon.

Marion County's housing market is more stable than other areas of the state because there's a smaller inventory of unsold housing, he said. That should help the local economy improve soon, he added.

Nationally, gross domestic product dropped last quarter, the result of lower consumer spending, Fishkind said. But as more consumers receive their tax stimulus money, that's likely to turn around, he said.

"Where GDP goes is largely determined by consumer spending," he said. "When consumption starts going up, the increase in demand won't be satisfied by inventory sitting on the shelves."

For the most part, the economy has reached a plateau, Fishkind said.

"It doesn't get worse from here, I don't believe," he said. "I think we're getting down to the bottom."

Others are not so optimistic. The Bureau of Economic and Business Research recently reported that consumer confidence reached a 16-year low in April, and that the state ranked fourth in the United States in the number of mortgage foreclosures in the first quarter of the year.

Fishkind also predicted the price of oil won't hold at the current levels of nearly \$125 a barrel. Prices are likely to fall to about \$70 a barrel within the next two months, he said.

But Americans should get used to the fact that demand for oil continues to increase, which means prices won't fall to previous lows, he added.

"There's a real demand level that's going to keep the prices relatively high," he said.

Fishkind praised the Federal Reserve's actions in recent months, which he said prevented the subprime mortgage crisis and its fallout from turning a "garden variety recession" into the next great depression.

"But there are going to be consequences," he said.

To prevent inflation, the Fed eventually will have to raise interest rates from current levels, Fishkind said.

"If you need a loan ... go get one now," he said. "It will be more expensive a year from now."

Florida's economy is being hurt in part by the inability of would-be residents to sell their current homes in Northeastern and Midwestern states, Fishkind said.

Overall, Marion County is well-positioned to recover from a recession, with a relatively diverse economy, and a stabilizing housing market, Fishkind said.

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