



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## OCTOBER FDIC SURVEY FINDS FAVORABLE REAL ESTATE MARKET CONDITIONS

FOR IMMEDIATE RELEASE

The latest results from the FDIC's quarterly Survey of Real Estate Trends showed continuing positive views of local commercial and residential real estate markets.

The FDIC's nationwide survey polled 311 senior examiners and asset managers from the FDIC, the Federal Reserve System, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. The survey, taken in late October, asked about developments in local real estate markets during the prior three months.

More than half of the respondents (54 percent) in October cited better commercial market conditions in the three-month period - up from 46 percent in the October 1996 survey. Fifty-seven percent noted increasing commercial real estate prices, compared to 39 percent the previous October. The proportion of participants reporting an increase in demand for office space continued to rise, reaching 47 percent in October 1997, up from 31 percent one year before. Also, only 16 percent cited excess commercial space, compared with 29 percent a year ago.

Local housing markets were viewed positively, though not as favorably as the markets for commercial properties. Forty-two percent in October said residential market conditions were better than three months earlier. While that figure is down from 51 percent in July, which was perhaps due to the more active spring housing market, it still is higher than the 35 percent who made the same observation the previous October. Although two-thirds of those surveyed characterized supply and demand in their local housing markets as "in balance," 20 percent noted excess housing supply conditions. Also, 44 percent reported above-average home sales, which is down from 49 percent in



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July but above the 37 percent in October 1996. The national composite index used by the FDIC to summarize results for both residential and commercial real estate markets was 71 in October, down from 74 in July. A year ago, the index was 67. Under the FDIC's system, index scores above 50 indicate that more respondents thought conditions were improving than declining, while index scores below 50 mean the opposite.

With the exception of the composite index for the Midwest, which was unchanged, the index for the three other regions showed a decrease from the July survey. The West posted the highest composite index, at 79. Seventy percent of respondents from that region said commercial conditions were better. California respondents were particularly positive about commercial markets, with 81 percent noting better conditions, up from seven percent in just over two years.

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