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## FDIC SURVEY FINDS SLOWER RECOVERY IN HOUSING MARKETS

### FOR IMMEDIATE RELEASE

The real estate recovery slowed during the late fall and early winter, according to the FDIC's January quarterly opinion survey. Although many of the experts polled continued to cite improvements in their local real estate markets, a slowdown in home sales offset gains in commercial properties.

The nationwide poll of 333 senior examiners and asset managers from the federal bank and thrift regulatory agencies was conducted in late January and covered developments during the prior three months.

The proportion of respondents saying housing markets were on the upswing during the prior three months slipped to 28 percent in January from 37 percent last October. Home sales and existing home sale prices during the past three months also were cited as lackluster. Even so, positive opinions of housing market trends still outweighed negative ones by almost two-to-one.

"The survey results do not suggest that housing markets are in a downturn -- only that they may have leveled off or temporarily stalled," said FDIC Chairman Ricki Helfer. "With mortgage interest rates in the current low range, conditions are favorable for housing markets and mortgage lending."

Under the index scoring system used to summarize survey results, scores above 50 indicate that more respondents thought conditions were improving than declining, while readings below 50 mean the opposite. The more the reading goes above or below 50, the greater the proportion of positive or negative assessments. The composite index covering both commercial and residential real estate markets slipped from 64 during the two previous surveys to 60 in January, the lowest level in more than three years. In



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general, examiners and asset managers in all regions were less positive about recent developments in their local real estate markets in January.

Regarding commercial real estate markets, January survey participants continued to report a fairly widespread recovery. As in the previous survey in October, one-third cited gains, while only five percent found deteriorating conditions. Also, reports of excess supply have been decreasing steadily for three years.

"The ongoing recovery in commercial real estate markets is making serious inroads in reducing surplus floorspace left from previous building booms," Chairman Helfer said. "This may well provide new impetus to loan demand and future new construction."

The experts polled increasingly characterized their local commercial real estate markets as "in balance." A record number of market observers in the Northeast and the South stated this view.

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Copies of the Survey of Real Estate Trends are available on the Internet (via the World Wide Web at <http://www.fdic.gov/bank/analytical/survey/index.html>), by fax (dial 804-642-0003 on your fax machine and follow the voice prompts to request Document No. 220), or by mail or messenger (contact the FDIC's Public Information Center at (703) 562-2200).

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