FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

REAL ESTATE MARKET INDICATORS

Prepared by:
FDIC Division of Research and Statistics

L. William Seidman,
Chairman

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NATIONAL OVERVIEW

SEATTLE
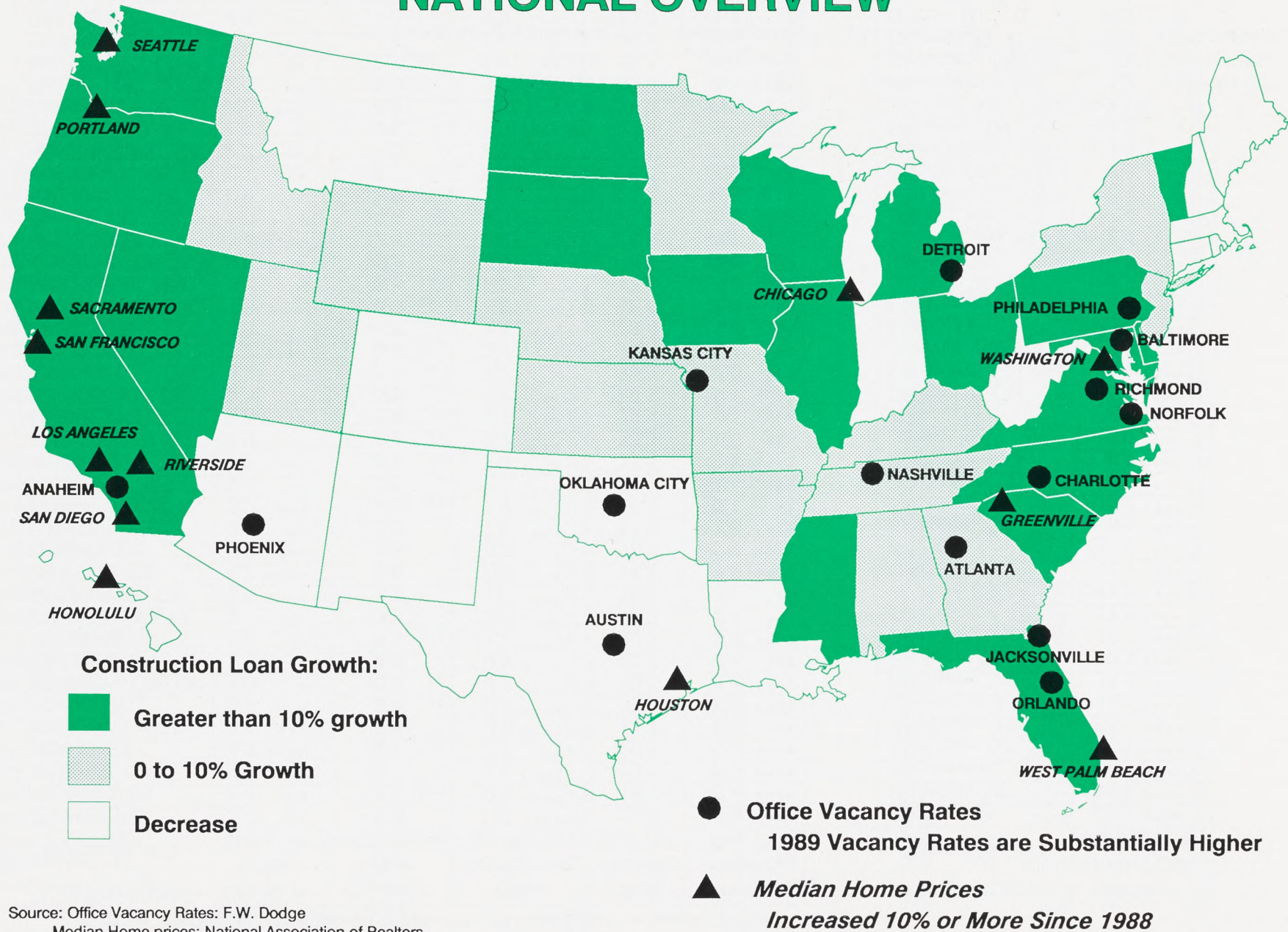PORTLAND
SACRAMENTO
SAN FRANCISCO
LOS ANGELES
ANAHEIM
RIVERSIDE
SAN DIEGO
PHOENIX
HONOLULU

CHICAGO
DETROIT
KANSAS CITY
OKLAHOMA CITY
NASHVILLE
AUSTIN
HOUSTON
ATLANTA

PHILADELPHIA
BALTIMORE
WASHINGTON
RICHMOND
NORFOLK
CHARLOTTE
GREENVILLE
JACKSONVILLE
ORLANDO
WEST PALM BEACH

Construction Loan Growth:

Greater than 10% growth

0 to 10% Growth

Decrease

● **Office Vacancy Rates**
1989 Vacancy Rates are Substantially Higher

▲ *Median Home Prices*
Increased 10% or More Since 1988

Source: Office Vacancy Rates: F.W. Dodge
Median Home prices: National Association of Realtors
Construction loan growth: Bank Call Reports

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COMMERCIAL & RESIDENTIAL INDICATORS

Growth Indicators (Employment growth ranks are reversed)

***** = Top Quartile / *** = Second Quartile / ** = Third Quartile / * = Bottom Quartile

Commercial Ranked by ★ 's	Growth in Office Starts (%)	Growth in Office Completns(%)	Office Employment Growth (%)	Office Vacancy Rate (%)	Change in Vacancy Rate (%)	Residential Ranked by ★ 's	Median Home Price Increase (%)
Phoenix, AZ	3.0 ***	5.3	0.6 ****	22.8	5.5 ****	Seattle, WA	25.2 ****
Nashville, TN	3.4 ***	4.2	0.6 ****	16.1	3.4 ****	Honolulu, HI	24.8 ****
Anaheim, CA	3.5 ***	5.7	1.0 ***	20.8	5.2 ****	Sacramento, CA	24.0 ****
Atlanta, GA	4.2 ****	3.9	2.1 **	20.2	3.9 ****	San Jose, CA	16.8 ****
Philadelphia, PA	3.3 ***	2.9	0.7 ****	14.7	3.0 ***	San Diego, CA	13.7 ****
Austin, TX	0.6 *	3.4	0.7 ****	37.6	4.9 ****	Los Angeles, CA	13.6 ****
Oklahoma Cty, OK	1.0 *	0.0	-0.6 ****	30.4	3.2 ****	Riverside, CA	13.2 ****
San Jose, CA	2.5 **	2.0	0.8 ****	22.7	2.6 ***	Portland, OR	12.5 ****
Detroit, MI	2.6 **	3.4	1.7 ***	20.3	3.8 ****	San Francisco, CA	12.1 ****
Ft Lauderdale, FL	5.1 ****	3.9	2.5 **	19.2	2.1 ***	Washington, DC	11.9 ****
Los Angeles, CA	3.6 ****	2.5	1.6 ***	18.4	2.0 **	W. Palm Beach, FL	11.9 ***
Riverside, CA	4.7 ****	4.9	2.9 *	18.2	4.6 ****	Chicago, IL	11.1 ***
Orlando, FL	6.0 ****	7.2	3.6 *	18.2	3.9 ****	Houston, TX	10.2 ***
Baltimore, MD	3.0 **	3.5	1.5 ***	17.9	3.5 ****	Anaheim, CA	9.5 ***
Kansas City, MO	3.2 ***	2.3	1.9 ***	16.4	3.1 ***	Ft Lauderdale, FL	9.2 ***
Dallas-F.W., TX	1.0 *	1.0	0.8 ****	33.1	2.7 ***	Milwaukee, WI	9.0 ***
Washington, DC	4.6 ****	6.1	3.3 *	17.5	2.7 ***	Baltimore, MD	8.9 ***
New York, NY	0.9 *	1.4	0.2 ****	13.3	2.0 ***	Denver, CO	8.9 ***
Boston, MA	3.0 **	2.1	1.1 ***	12.3	2.1 ***	Tampa, FL	8.8 ***
New Orleans, LA	0.4 *	-0.5	0.5 ****	20.3	0.1 **	Cincinnati, OH	7.8 ***
Tampa, FL	3.2 ***	4.1	3.2 *	15.2	2.0 ***	Cleveland, OH	7.4 **
San Diego, CA	5.7 ****	5.8	3.4 *	14.8	1.7 **	Philadelphia, PA	7.2 **
Chicago, IL	2.3 **	2.8	1.4 ***	13.4	1.6 **	Miami, FL	6.0 **
Sacramento, CA	4.5 ****	6.8	4.2 *	12.2	2.0 **	Pittsburgh, PA	5.9 **
Minneapolis, MN	3.1 ***	2.6	2.7 **	12.0	0.8 **	Dallas-F.W., TX	5.7 **
Cincinnati, OH	3.6 ****	3.3	3.0 *	8.9	0.0 **	Atlanta, GA	5.6 **
Honolulu, HI	7.4 ****	2.8	2.2 **	6.3	-0.8 *	San Antonio, TX	2.4 **
Denver, CO	1.0 *	0.1	0.3 ****	26.6	-0.8 *	Boston, MA	2.4 **
San Antonio, TX	0.9 *	3.0	2.7 **	24.7	2.5 ***	Salt Lake Cty, UT	2.4 **
W. Palm Beach, FL	3.1 ***	3.1	5.2 *	16.0	0.0 **	Kansas City, MO	2.3 **
San Francisco, CA	2.3 **	1.3	2.1 ***	14.1	-1.1 *	New Orleans, LA	1.8 *
St Louis, MO	1.6 *	1.6	1.0 ***	12.9	1.9 **	Nashville, TN	1.6 *
Cleveland, OH	3.2 ***	0.8	2.3 **	10.0	-0.2 *	St Louis, MO	1.5 *
Seattle, WA	2.1 **	5.2	5.7 *	19.9	1.1 **	Minneapolis, MN	1.3 *
Miami, FL	2.3 **	1.2	2.4 **	15.1	-1.0 *	Oklahoma Cty, OK	0.7 *
Portland, OR	3.2 ***	1.5	2.9 *	14.2	-1.0 *	Orlando, FL	0.4 *
Salt Lake Cty, UT	2.5 **	1.0	2.5 **	10.0	-1.1 *	Detroit, MI	0.3 *
Milwaukee, WI	2.0 **	0.9	2.4 **	8.9	-0.8 *	New York, NY	0.1 *
Pittsburgh, PA	1.2 *	1.0	1.7 ***	8.0	-0.8 *	Phoenix, AZ	-2.6 *
Houston, TX	0.7 *	0.1	2.5 **	26.9	-2.7 *	Austin, TX	-5.5 *

Source: F.W. Dodge   (Explanation of **** Rankings on Back Cover)   Source: National Association of Realtors

BANK LENDING INDICATORS

Growth Indicators

**** = Top Quartile / *** = Second Quartile / ** = Third Quartile / * = Bottom Quartile

Ranked by *'s	Construction Loan Growth (%)	Construction Loans / Assets (%)	Nonperforming Real Estate Loans (%)	Nonperforming RE Loans / Assets (%)	Repossessed Real Estate (%)	Repossessed Real Estate / Assets (%)
Orlando, FL	20.5 ****	7.1	14.4 ***	0.4	180.9 ****	0.2
Miami, FL	11.2 ***	6.1	107.7 ****	0.9	29.4 ***	0.5
Cincinnati, OH	4.9 **	4.8	104.7 ****	0.5	194.2 ****	0.1
Cleveland, OH	31.0 ****	4.3	103.5 ****	0.3	13.1 **	0.0
Tampa, FL	17.6 ***	7.3	80.1 ****	1.0	29.9 ***	0.4
Atlanta, GA	2.0 **	6.5	63.2 ****	0.5	100.2 ****	0.3
Chicago, IL	12.1 ***	2.7	53.9 ***	0.3	122.4 ****	0.2
Detroit, MI	23.9 ****	3.0	42.7 ***	0.3	72.5 ***	0.2
Riverside, CA	40.3 ****	12.7	33.8 ***	0.4	43.7 ***	1.6
Los Angeles, CA	37.4 ****	7.8	26.6 ***	0.7	38.7 ***	0.7
Anaheim, CA	47.0 ****	11.3	-2.0 **	0.6	78.3 ****	0.5
Boston, MA	-13.2 *	5.5	245.2 ****	1.9	180.8 ****	0.7
Baltimore, MD	14.7 ***	10.1	220.7 ****	0.4	25.5 **	0.1
New York, NY	2.8 **	3.1	91.6 ****	0.6	55.3 ***	0.2
Kansas City, MO	1.6 **	7.5	76.8 ****	0.7	32.6 ***	0.7
St Louis, MO	6.6 ***	5.0	46.8 ***	0.7	59.9 ***	0.3
Milwaukee, WI	11.8 ***	3.7	-11.0 **	0.3	106.9 ****	0.2
Nashville, TN	4.2 **	4.7	238.7 ****	1.1	16.1 **	0.5
Washington, DC	14.0 ***	10.6	59.1 ***	0.3	4.8 **	0.2
Dallas-F.W., TX	-30.2 *	1.9	37.5 ***	1.9	75.4 ****	2.2
Ft Lauderdale, FL	6.0 **	4.0	14.9 ***	1.4	56.1 ***	0.8
Pittsburgh, PA	3.2 **	3.7	0.0 **	0.3	254.5 ****	0.2
Philadelphia, PA	2.0 **	6.1	-0.8 **	0.5	241.0 ****	0.1
Seattle, WA	24.1 ****	6.5	4.3 **	0.8	-20.7 *	0.4
W. Palm Beach, FL	-0.9 **	6.1	46.2 ***	2.1	-75.6 *	2.2
Phoenix, AZ	-33.8 *	8.1	-0.5 **	3.4	32.2 ***	1.1
San Francisco, CA	13.3 ***	5.9	-8.1 **	0.5	-16.5 *	0.3
Salt Lake Cty, UT	8.0 ***	2.8	-14.5 **	0.7	-18.3 *	0.7
Portland, OR	15.3 ***	3.9	-18.8 *	0.4	-9.7 **	0.2
San Jose, CA	53.7 ****	14.1	-43.2 *	0.1	-66.8 *	0.1
San Diego, CA	32.3 ****	13.3	-44.6 *	0.2	-40.1 *	0.2
Sacramento, CA	22.6 ****	21.6	-56.3 *	0.5	-25.0 *	0.5
New Orleans, LA	-7.0 *	2.2	-5.7 **	1.0	25.8 **	1.1
Minneapolis, MN	4.3 **	2.5	-28.3 *	0.3	2.1 **	0.2
San Antonio, TX	-41.8 *	2.8	-14.5 **	2.0	-24.0 *	2.2
Oklahoma Cty, OK	-14.4 *	1.9	-15.3 *	1.0	5.2 **	2.9
Honolulu, HI	-15.4 *	3.1	-21.6 *	0.2	9.8 **	0.0
Denver, CO	-8.5 *	4.0	-28.0 *	0.7	10.5 **	1.5
Houston, TX	-33.5 *	3.4	-37.1 *	1.7	-25.7 *	1.6
Austin, TX	-58.0 *	5.2	-46.0 *	4.5	-27.6 *	4.9

Source: Bank Call Reports   (Explanation of **** Rankings on Back Cover)

OFFICE VACANCIES
Dallas Metropolitan Area
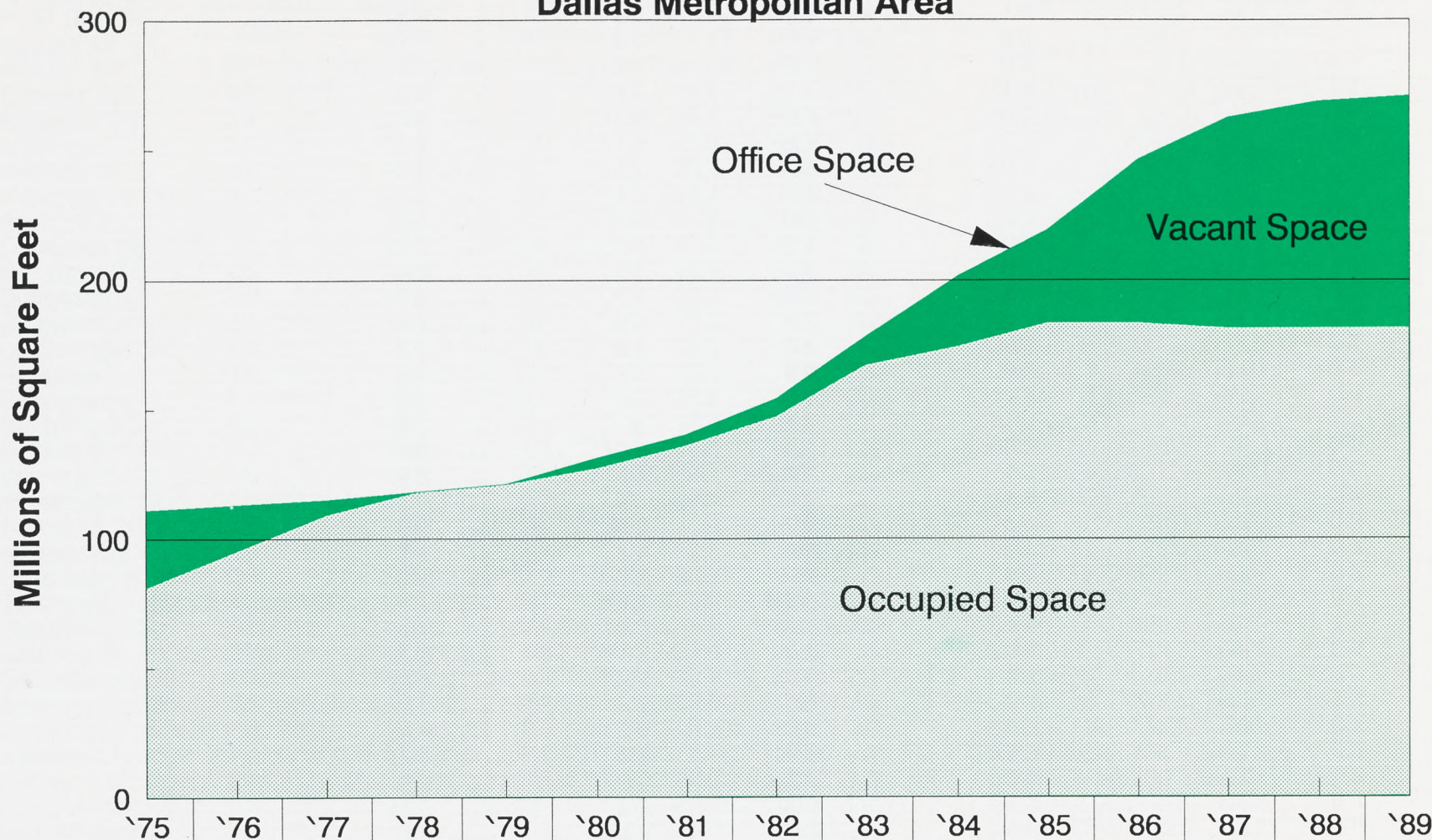
SQ. Feet in Mill.	`75	`76	`77	`78	`79	`80	`81	`82	`83	`84	`85	`86	`87	`88	`89
Vacant Space	30	18	6	0	0	4	4	7	11	27	36	62	81	87	89
Occupied Space	81	95	109	118	121	127	136	147	167	174	183	183	181	181	181
Vacancy Rate (%)	26.8	15.8	5.4	0.0	0.0	3.0	2.9	4.8	6.3	13.2	16.6	25.4	30.9	32.4	33.1

Source: F.W. Dodge

OFFICE VACANCIES
Houston Metropolitan Area

Millions of Square Feet

Office Space

Vacant Space
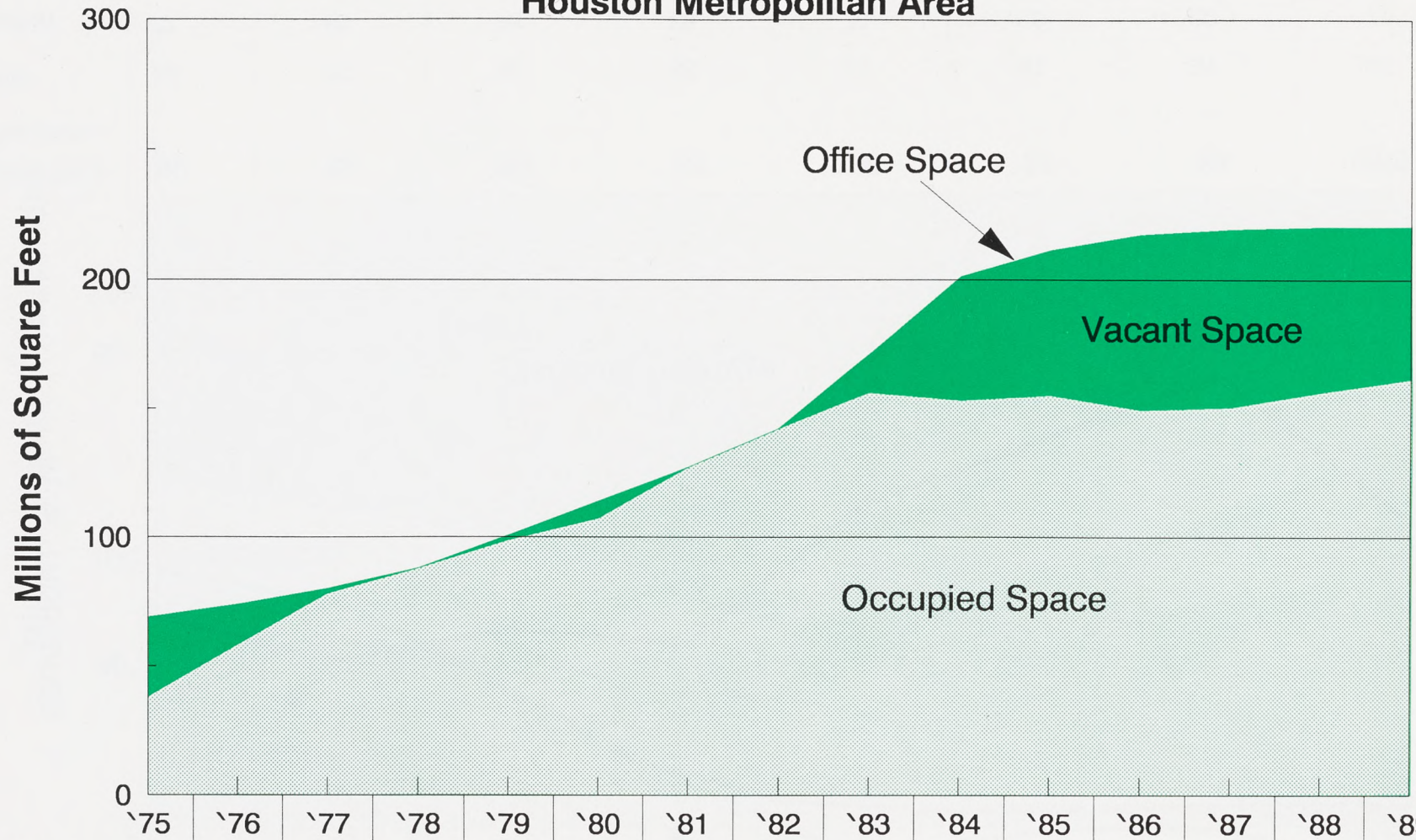
Occupied Space

SQ. Feet in Mill.	`75	`76	`77	`78	`79	`80	`81	`82	`83	`84	`85	`86	`87	`88	`89
Vacant Space	31	15	2	0	2	7	0	0.4	15	48	56	68	68	63	59
Occupied Space	38	58	78	88	99	107	127	141	156	153	155	149	150	156	161
Vacancy Rate (%)	NA	20.7	2.1	0.0	1.7	5.8	0.0	0.3	8.7	23.8	26.5	31.4	31.2	28.9	26.9

Source: F.W. Dodge

MEDIAN HOME PRICES
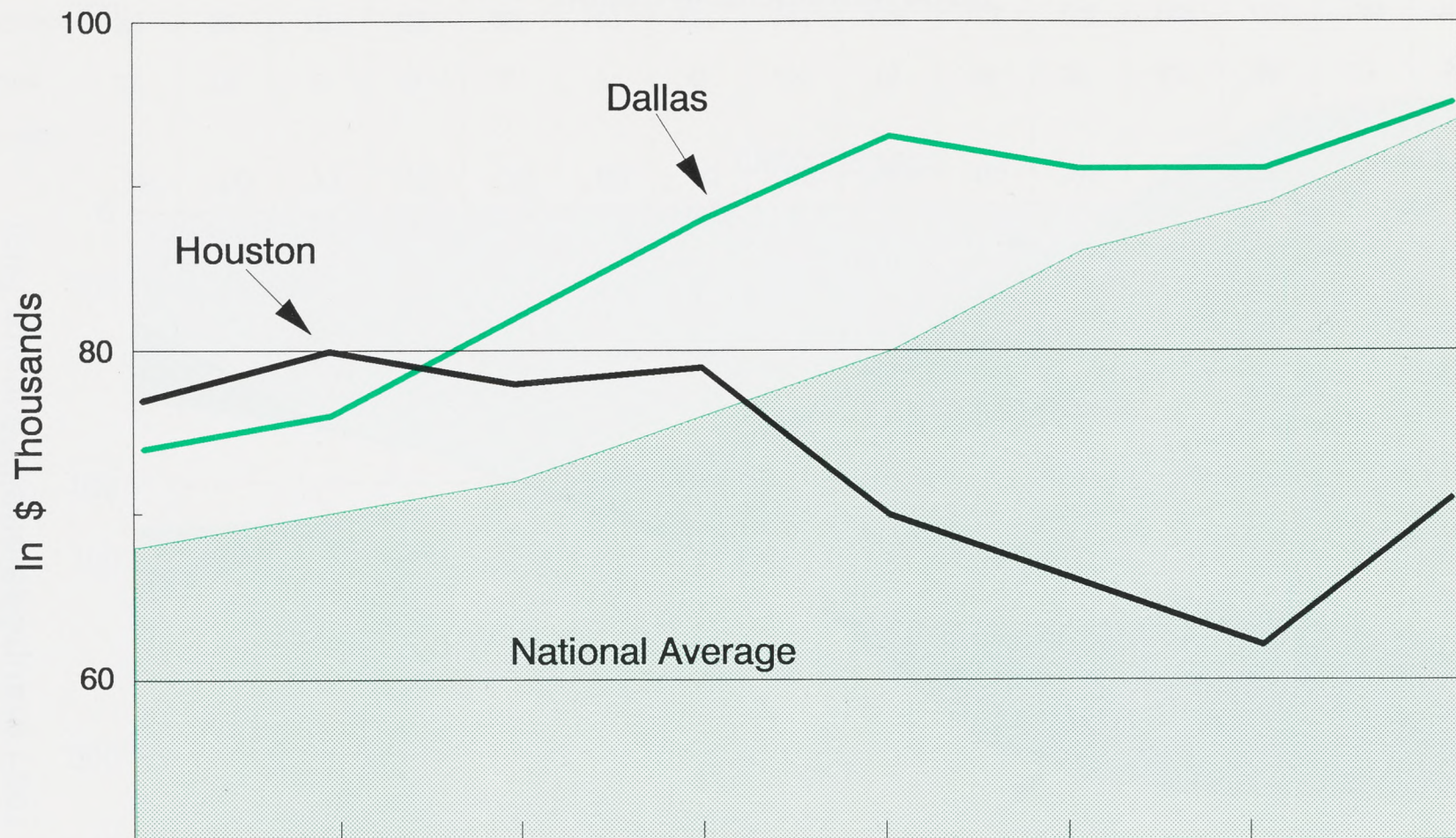
Median Price $ Thousand	`82	`83	`84	`85	`86	`87	`88	9/89
Dallas	74	76	82	88	93	91	91	95
Houston	77	80	78	79	70	66	62	71
Nation	68	70	72	76	80	86	89	94

Source: National Association of Realtors

RESIDENTIAL BUILDING PERMITS
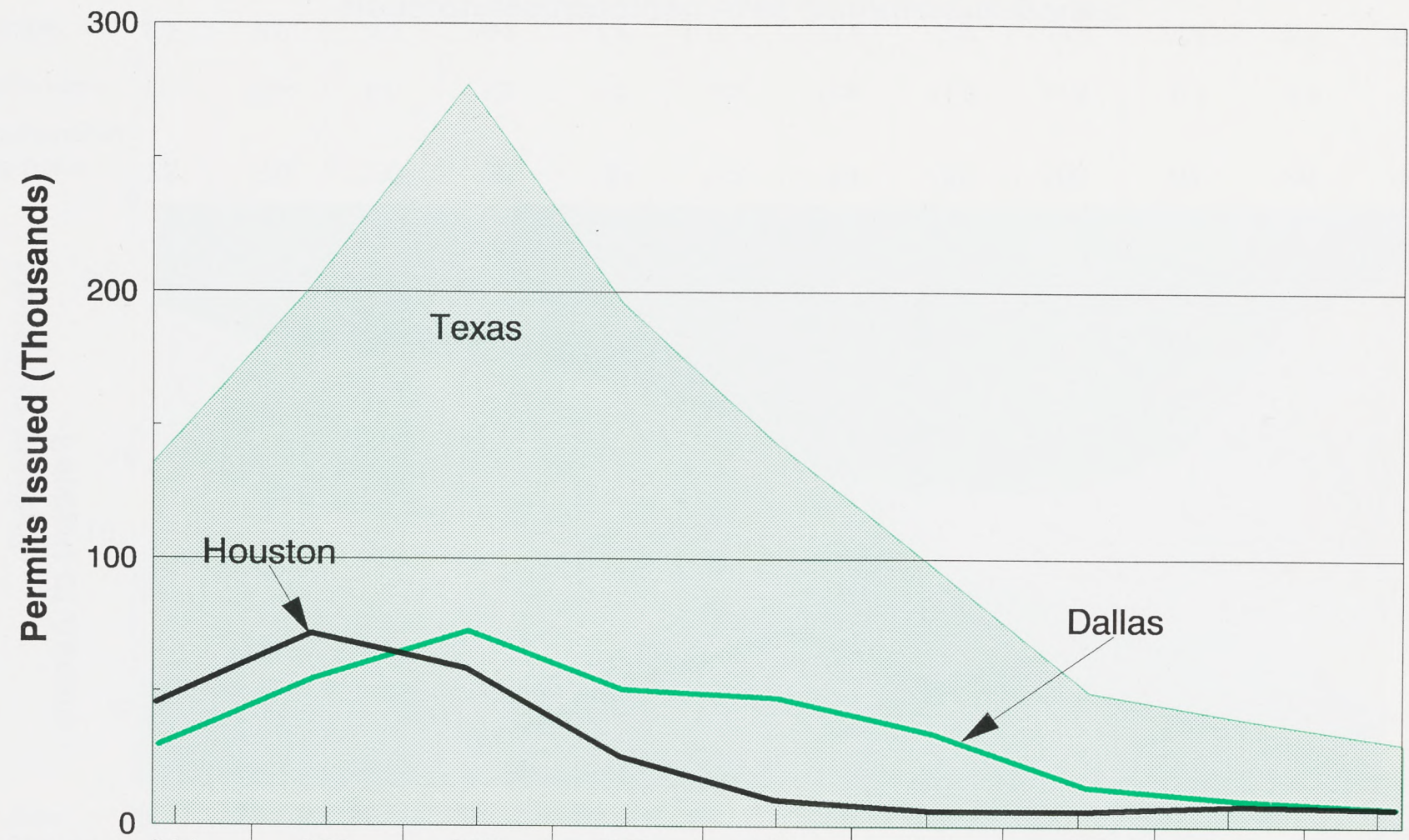
Housing Permits*	`81	`82	`83	`84	`85	`86	`87	`88	9/89
Dallas	30	55	73	51	48	35	15	10	7
Houston	46	72	59	26	10	6	6	8	7
Texas	136	201	277	196	143	97	50	40	31

Source: U.S. Department of Commerce   *Public Housing Units are Omitted Beginning in 1986

# REAL ESTATE LENDING TRENDS
Dallas Metropolitan Area Commercial Banks
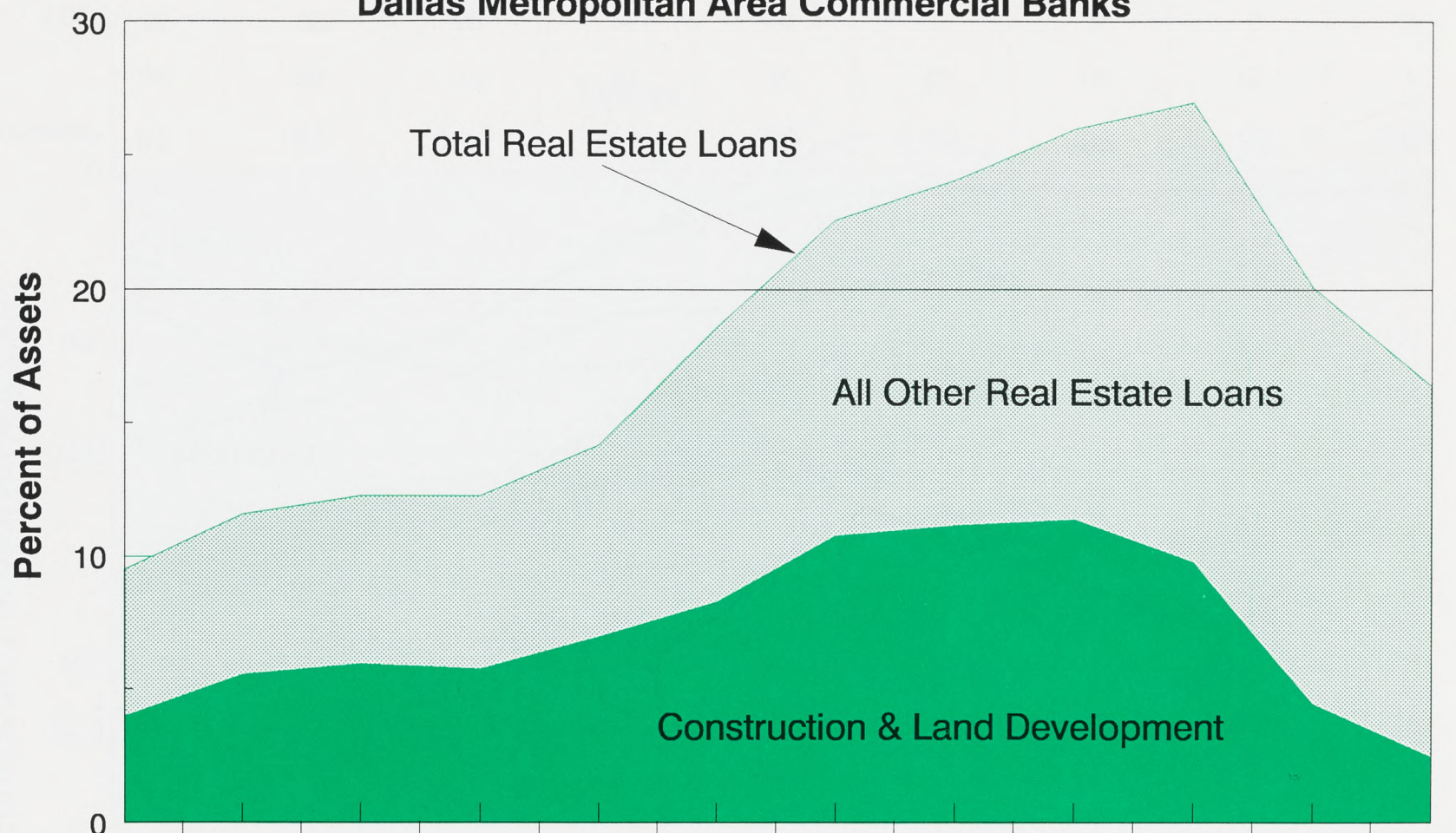
RE Loans (% of Assets)	`78	`79	`80	`81	`82	`83	`84	`85	`86	`87	`88	`89
Construction	4.0	5.6	6.0	5.8	7.0	8.3	10.8	11.2	11.4	9.7	4.5	2.5
All Other	5.5	7.0	6.3	6.5	7.2	10.3	11.8	12.9	14.5	17.2	15.6	13.9
Total	9.5	11.6	12.3	12.3	14.2	18.6	22.6	24.1	25.9	26.9	20.1	16.4

Source: Bank Call Reports

REAL ESTATE LENDING TRENDS
Houston Metropolitan Area Commercial Banks

Total Real Estate Loans

All Other Real Estate Loans

Construction & Land Development
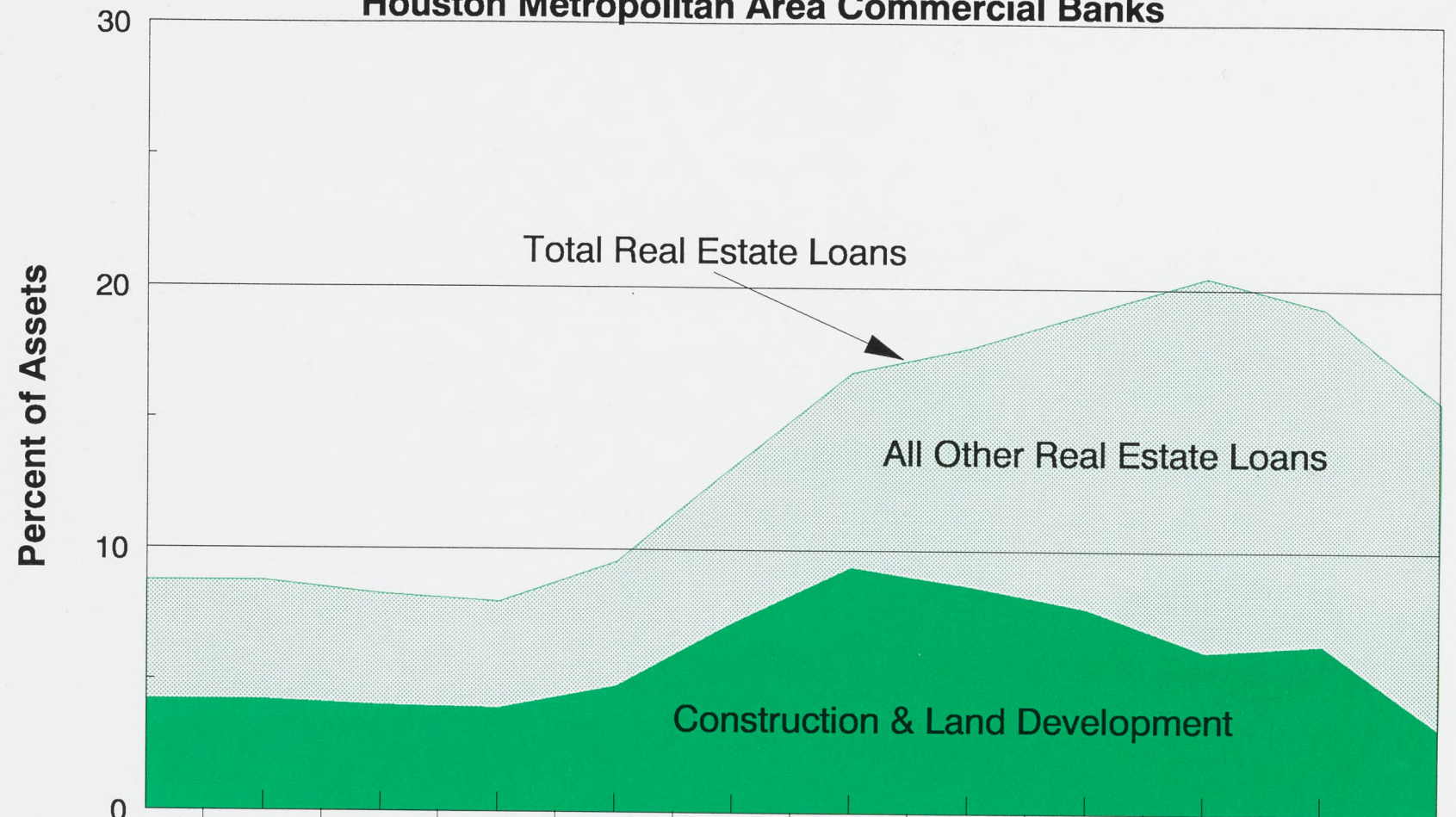
RE Loans (% of Assets)	`78	`79	`80	`81	`82	`83	`84	`85	`86	`87	`88	`89
Construction	4.4	4.4	4.2	4.1	5.0	7.5	9.7	9.0	8.1	6.4	4.7	3.4
All Other	4.7	4.8	4.4	4.2	4.9	6.2	7.7	9.4	11.7	14.8	15.3	12.9
Total	9.1	9.2	8.6	8.3	9.9	13.7	17.4	18.4	19.8	21.2	20.0	16.3

Source: Bank Call Reports

EXPLANATION OF INDICATORS

Real estate markets, and real estate indicators, can be categorized and subdivided in a number of ways. One approach is included in the handout. Indicators have been divided into three categories: commercial, residential, and bank lending. Within these categories, 40 metropolitan areas have been ranked on the basis of the highest number of growth indicators. For each indicator, stars show which quartile the market falls in, with four stars indicating the most growth except for employment growth. For employment growth, four stars indicate the slowest growth.

In the commercial category, there are five indicators: (1) percent change in office starts, (2) percent change in office completions, (3) employment growth in percent, (4) office vacancy rate, and (5) percent change in vacancy rate. The office vacancy rate is a coincident rather than a leading indicator, and office completions to a large extent merely reinforce what office starts show, so the rankings are based only on change in office starts, employment growth, and change in vacancy rate.

The metropolitan areas at the top of the table are the ones that have experienced a combination of the most growth in employment.

The residential table contains only a sample statistic—percent change in median housing prices—to show the kinds of data that might lead to a more informative ranking. Increasing prices often trigger more development, which at some point in the future might lead to an excess of supply.

The final table contains indicators of bank involvement in a market. There are six indicators: (1) construction loan growth, (2) construction loans as a percent of total assets, (3) performing real estate loan growth, (4) nonperforming real estate loans as a percent of total assets, (5) growth in repossessed real estate, and (6) repossessed real estate as a percent of total assets.

Market rankings are based on the three growth indicators: construction loan growth, nonperforming real estate loan growth, and growth in repossessed real estate.