



PRESS RELEASE

Federal Deposit Insurance Corporation

Media Contact:
David Barr (202-898-6992)

May 30, 1997

APRIL SURVEY OF REAL ESTATE TRENDS FINDS CONTINUED GAINS IN REAL ESTATE MARKETS

FOR IMMEDIATE RELEASE

Commercial and residential real estate markets showed continued improvement during the early spring of this year, according to the FDIC's latest nationwide survey of experts. In addition, opinions about real estate sales volume and excess supply indicated that real estate markets are continuing to rebound.

"Our surveys have shown steady improvement in real estate markets since early last year," FDIC Chairman Ricki Helfer said. "We are pleased to report these gains; however, we urge banks not to relax their credit underwriting standards based solely on reports that real estate markets are continuing to improve."

The FDIC's latest quarterly survey polled 309 senior examiners and asset managers in federal banking and thrift agencies. They were asked in late April about developments in their local real estate markets during the prior three months.

Assessments of commercial real estate markets remained favorable. Forty-nine percent reported that market conditions in April were better than three months earlier and only two percent reported worse conditions. Forty-eight percent noted rising sales prices in these markets and two percent reported decreasing sales prices. The proportion characterizing the volume of sales of commercial properties as above-average rose for the fifth consecutive time, to 27 percent in April from 25 percent in January. Also, the 22 percent citing excess commercial space was down from the 35 percent a year earlier.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-38-97

Forty-four percent noted improved housing market activity since the last survey, while only six percent observed weaker conditions. The proportion of respondents noting above-average sales volume rose to 41 percent, up from 33 percent a year earlier. Also, the 19 percent noting excess supply in residential markets was down from 27 percent a year earlier. In addition, 89 percent said new homebuilding was at average or above-average levels, and 75 percent gave similar opinions about the construction of rental apartments.

Regionally, respondents from the West were the most positive about commercial real estate activity, while respondents from the Northeast reported improvements in residential real estate activity.

The composite index used by the FDIC to summarize results for both residential and commercial real estate markets nationwide increased to 71 in April, up from 68 in January. Under the FDIC's system, scores above 50 indicate that more respondents thought conditions were improving than declining, while readings below 50 mean the opposite.

Last Updated 07/14/1999
