



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## FDIC FINDS CONTINUING GAINS IN REAL ESTATE MARKETS

FOR IMMEDIATE RELEASE

Commercial and residential real estate markets continued to show improvement during the late fall and early winter, according to the FDIC's latest nationwide poll of experts from the federal bank and thrift regulatory agencies. Reports of declining prices -- for both existing homes and commercial properties -- were at the lowest levels since the FDIC survey began in April of 1991. Also, excess supply of residential and commercial real estate continues to be whittled down.

"We are pleased to see continued reports of gains in real estate markets," FDIC Chairman Ricki Helfer said. "Improving commercial real estate markets benefit banks and thrifts in terms of reducing problem assets and creating new lending opportunities. Also, the high marks for residential markets are good news for lenders and homeowners alike."

The latest quarterly survey polled 297 senior examiners and asset managers in late January about developments in their local real estate markets during the prior three months.

Thirty-eight percent of the respondents noted improved housing market activity, while only eight percent observed weaker conditions. The five percent that reported decreasing resale prices was the lowest of any survey to date. Only 25 percent noted excess supply in local housing markets, among the best readings to date. In addition, residential construction remained strong. Eighty-seven percent said new homebuilding



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was at average or above-average levels, and 71 percent gave similar opinions about the construction of rental apartments.

Assessments of commercial real estate markets remained favorable, with 43 percent reporting better conditions in the previous three months and 41 percent noting rising prices. Twenty-five percent noted above-average volume of commercial sales, the highest of any survey to date.

Regionally, the Northeast continued to receive reports of an upswing in real estate, particularly in commercial markets, which were at their highest levels to date. In January, 46 percent reported gains in commercial markets in the Northeast, up from 39 percent in October.

The composite index used by the FDIC to summarize results for both residential and commercial real estate markets nationwide edged up slightly -- to 68 in January compared to 67 in October. 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. The more the reading goes above or below 50, the greater the proportion of positive or negative assessments.

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