



PRESS RELEASE

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APRIL SURVEY SHOWS REAL ESTATE MARKETS CONTINUE TO RISE STEADILY

FOR IMMEDIATE RELEASE

The latest results from the FDIC's quarterly Survey of Real Estate Trends showed a large increase in positive opinions of local residential markets in recent months. Sixty-three percent of the government experts polled in late April said local housing markets were better than three months earlier, up from 49 percent in the previous quarterly survey. The 63 percent is among the most favorable responses since the FDIC survey began in April of 1991. Reports of improvements in commercial markets during the quarter also increased, with more respondents noting better conditions than in any prior survey.

The FDIC's nationwide survey polled 302 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 asks about developments in local real estate markets during the prior three months. The positive evaluations of housing market trends in general reflected reports nationwide of increasing home sales and residential construction. Thirty percent said their local housing markets were marked by tight supply, whereas a year ago, only 16 percent noted this. Consistent with this indication of demand, 63 percent noted an above-average pace of home sales and 64 percent observed above-average levels of new home construction. As for commercial markets, more than half of the respondents in April (56 percent) cited better conditions in the last three months, compared to 49 percent in the January survey. Higher sales levels and sale prices also were reported for commercial properties in late April. Forty-three percent said commercial property sales were at above-average levels, up from 36 percent in January and 27 percent a year ago. Reports of rising prices in April reflected the improved sales pace and the general tightening of commercial markets nationally. Two-thirds of the respondents observed increasing sales prices, up from 56 percent in



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the previous survey. Only 12 percent in April cited excess commercial space, down from 22 percent a year ago.

The survey results indicated solid gains in residential and commercial markets in every region, particularly in the Northeast and the Midwest. In the Northeast, 80 percent of the respondents said that the general direction of their local housing market was better in April than three months earlier. Above-average home construction in the Northeast was noted by 52 percent of the respondents there, up from 33 percent in January. In the Midwest, reports of better conditions in commercial markets increased to 45 percent from 35 percent. Of note was that 34 percent reported above-average sales of commercial properties in the Midwest. A year ago, less than half that figure (16 percent) had similar high opinions of commercial markets there.

The national composite index used by the FDIC to summarize results for both residential and commercial real estate markets was 79 in April, up from 72 in January and 71 in April 1997. Every region showed an increase in the index between January and April. 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.

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