



PRESS RELEASE

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JULY FDIC FINDS CONTINUED FAVORABLE REAL ESTATE MARKET CONDITIONS

FOR IMMEDIATE RELEASE

The latest results from the FDIC's quarterly Survey of Real Estate Trends indicated that positive views of local residential and commercial markets remained high in recent months.

The FDIC's nationwide survey polled 299 senior examiners and assets managers from the FDIC, the Federal Reserve System, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. The survey, conducted in late July, asked about developments in local real estate markets during the prior three months.

Reports of improvements in local housing markets continued to be favorable, with 61 percent of those surveyed observing better conditions than three months earlier. Together with the results of the April survey (when 63 percent noted improvements), opinions of housing markets continue to be the most positive in four years. The latest figure also represents an increase from 51 percent in July 1997, indicating that general improvements in residential markets have become more widespread over the past 12 months.

The July survey results showed a continuation of April's favorable assessments of home sales and home sale prices. Sixty-eight percent perceived sales of existing homes as above-average (up from 63 percent in April and from 49 percent a year ago), while 74 percent noted increasing prices for existing homes for sale (compared with 73 percent in April and 56 percent a year ago). In addition, the percentage of respondents citing above-average construction rose to survey highs of 65 percent for new homes and 45 percent for rental apartments.



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Assessments of commercial market conditions remained positive in July, although the frequency of favorable reports was slightly less than three months earlier. Fifty-two percent saw improvements compared with 56 percent in April, a survey high. The belief that conditions were worsening remained infrequent, rising from one percent to two percent. In addition, reports of excess inventories of commercial space were unchanged from April's 12 percent and down considerably from the 20 percent cited a year ago.

Seventy-one percent reported rising sale prices for commercial real estate properties in July, compared with 66 percent in April. The proportion of participants noting increasing sales of commercial properties continued to rise, with 46 percent citing above-average sales volume, up from 43 percent in April.

The national composite index used by the FDIC to summarize results for both residential and commercial real estate markets was 77 in July, just below April's 79, which was the highest figure in the seven years the agency has been conducting the poll. The index was 74 a year ago.

Regional trends mirrored those of the nation. Commercial indices for all regions declined, as did the residential index for the Northeast and the West. The residential readings for the Midwest and the South were unchanged from the April survey. 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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