



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC REPORTS WIDESPREAD GAINS IN REAL ESTATE MARKETS

FOR IMMEDIATE RELEASE

The nation's real estate markets rebounded in recent months after a lackluster fall and early winter, according to experts polled in the FDIC's April Survey of Real Estate Trends. The increasingly positive reports on both residential and commercial markets came from across the country, with particularly upbeat assessments from observers in the Northeast and the West.

The FDIC's nationwide survey polled 292 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 quarterly survey, which asks about developments in local real estate markets during the prior three months, was conducted in late April.

Almost half of respondents (48 percent) described the general direction of their local housing market as better in April than three months earlier, up from 29 percent in the previous survey. The positive evaluations of housing market trends in general reflected nationwide reports of increasing home sales, sale prices, and residential construction. Only 13 percent noted excess supply, down from 15 percent in January. Of note was the jump in reports of "tight" supply, from 20 percent in January to 27 percent in April. In addition, 61 percent in April cited an above-average pace of home sales and 70 percent observed increasing prices for existing homes.

As for commercial real estate markets, 33 percent of respondents reported gains, compared to 26 percent in the January survey. Just over two-thirds of the respondents (69 percent) characterized supply and demand as in balance -- the highest reading since the FDIC survey began in April of 1991. Higher sales levels and sale prices also were reported for commercial properties in the most recent survey. Thirty-six percent



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said commercial property sales were at above-average levels, up from 30 percent three months earlier. In addition, 59 percent observed increasing sale prices, up from 47 percent in the previous survey.

The survey results indicated solid gains in residential and commercial markets in every region. The highest proportion of positive assessments, particularly in the housing sector, came from observers in the Northeast and the West. In the Northeast, reports of better housing markets more than doubled in April to 63 percent from 30 percent. Similarly, in the West, 65 percent of respondents noted improving housing markets, up from 34 percent. Fifty-five percent in the West also cited "tight" supply in housing markets.

The national composite index used by the FDIC to summarize results for both residential and commercial real estate markets was 69 in April, up from 61 in January. 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. Every region showed an increase in the index between January and April.

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