



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## REAL ESTATE SURVEY SHOWS STRONGER REBOUND, ESPECIALLY IN COMMERCIAL MARKETS

### FOR IMMEDIATE RELEASE

The FDIC's most recent Survey of Real Estate Trends, conducted in late April, indicates that real estate markets nationwide strengthened substantially for the second quarter in a row.

Particularly encouraging were sharp improvements in assessments of commercial real estate. Views about California real estate were much more positive for the second straight survey. Since the inception of the survey in April 1991, the FDIC has asked senior asset managers and examiners from federal bank and thrift regulatory agencies around the nation to report on developments in the local real estate markets they follow in their work.

More than 450 participants were polled in late April 1994 regarding developments during the prior three months. Under the scoring system used by the FDIC to summarize the results, values above 50 indicate that more respondents thought conditions were improving than declining. The higher the reading, the higher the proportion of positive assessments. The composite index covering all types of real estate bounded to a new high of 78 in April, up from the previous record of 73 in January.

"Both recent surveys clearly suggest that the recovery in real estate is gaining strength and is widening geographically," said James L. Freund, chief of industry and financial analysis at the Division of Research and Statistics. "Historically low interest rates and the pick-up in the economy likely are important factors underlying the improvement.



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.

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"Of particular note are the much more positive reports on commercial real estate across the nation. Nearly half of the respondents reported of building space and improvements in the sales and prices of commercial properties."

Assessments of housing markets also improved in April. With almost 70 percent of the participants seeing further gains during the prior three months, the index for housing rose to 82 in April from 77 in January.

"These survey results leave no doubt that a robust housing recovery is under way," Freund said.

The professionals surveyed in all regions were upbeat in April. Reports were particularly strong in the Northeast, where 74 percent of those surveyed noted improved housing conditions, up from 54 percent three months ago. Forty-two percent saw improvements in Northeast commercial markets by late April, versus only a third of those surveyed in January. "These were by far the strongest readings for the Northeast to date," Freund noted.

Over 40 percent of the California respondents in April said that housing markets there were on the mend, compared to only 12 percent six months earlier. In the troubled commercial sector in that state, two-thirds of the respondents said that conditions had stabilized in their local markets and 23 percent reported improved conditions. Only 10 percent noted further deterioration. Copies of the survey are available in the lobby of the FDIC's headquarters at 550 17th Street, N.W., Washington. They also can be ordered from the Office of Corporate Communications.

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[communications@fdic.gov](mailto:communications@fdic.gov)

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