



PRESS RELEASE

Federal Deposit Insurance Corporation

September 5, 1995

FDIC SURVEY SHOWS RENEWED STRENGTH IN HOUSING MARKETS

FOR IMMEDIATE RELEASE

On balance, real estate trends during the early summer were somewhat improved, according to the FDIC's latest quarterly opinion poll. More frequent reports of improving residential conditions offset the slightly less positive assessments of commercial market trends. The nationwide poll of 377 senior examiners and asset managers from the federal bank and thrift regulatory agencies was conducted in late July and covered developments during the prior three months.

"Housing markets, which have been sluggish recently, are showing renewed strength," FDIC Chairman Ricki Helfer said. "Five months of falling mortgage rates appear to be spurring home-buying and encouraging construction, which is good news for the economy."

Under the index scoring system used to summarize the survey results, 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.

The composite index covering both commercial and residential real estate markets climbed in July to 64, its highest level since the 67 reached last October. This uptick also represents the first increase in the composite index since the April 1994 survey.

The latest poll found that 40 percent of the respondents in July noted improved housing market activity, compared to only 13 percent observing weaker conditions. New home construction reportedly increased, and the reading on apartment construction was the most positive since the FDIC survey began in April of 1991.

As for the home resale market, 29 percent of the respondents reported above-average sales. That figure was up from 19 percent in the April survey. Weaker resale markets in



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California were captured in the 28 percent of the respondents in the West who noted declining home prices. While the proportion of California respondents noting falling resale prices was the highest since January 1994, it still was far below the readings during 1993 when 70 percent or more consistently noted declining prices in that state.

Regarding commercial real estate markets, just over one-third of those surveyed in July saw improvements, a slightly less positive view than in the previous survey in April. Five percent observed weakening. Participants continued to observe reductions in excess supply. Also, 29 percent of the respondents, a survey high, reported increased commercial real estate prices in their local markets.

"The steady whittling down of excess commercial space, combined with increasing sales prices, are positive signs for owners of commercial properties and for lenders," Chairman Helfer said.

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Copies of the Survey of Real Estate Trends are available on the Internet (via the World Wide Web at <http://www.fdic.gov/bank/analytical/survey/index.html>), by fax (dial 804-642-0003 on your fax machine and follow the voice prompts to request Document No. 215), or by mail or messenger (contact the FDIC's Office of Corporate Communications at 202-898-6996).

Last Updated 07/14/1999

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