



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC QUARTERLY SURVEY FINDS SLIGHT DETERIORATION IN HOUSING MARKETS

FOR IMMEDIATE RELEASE

The recovery in commercial real estate remains solid but the rebound in housing markets continues to slow, according to the FDIC's latest survey of examiners and other knowledgeable personnel at federal bank and thrift regulatory agencies. The quarterly poll, conducted in late April, covers developments in real estate markets during the prior three months.

"We are pleased to see continued reports of gains in commercial real estate markets," FDIC Chairman Ricki Helfer said. "Improving commercial real estate markets are a big plus for banks both in terms of reducing problem assets and creating new lending opportunities. However, the reported loss of momentum in residential markets is likely to affect the demand for home loans."

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 FDIC's composite index, covering both commercial and residential real estate markets, fell one point to 61 for the April survey. While that index figure matches the previous low level set four years ago, it still indicates that real estate markets in general are continuing to improve. Even so, these most recent index levels are far below the peak of 78 a year ago, a decline attributable primarily to weaker assessments of conditions in the housing market sector. The following summarizes key findings.

Commercial markets: Thirty-eight percent of the respondents in April observed improvements in their local commercial real estate markets during the previous three



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months. Only three percent cited worsening conditions, approximately the average for the past year.

Residential markets: Thirty-two percent cited an improvement in local housing markets, the same figure as noted in January. However, the 18 percent who observed worsening market conditions was up slightly from the previous quarter.

Regional differences: Composite findings differed little across regions of the U.S. The most notable improvements occurred in the Midwest, the only region where observers were more positive about conditions in both the commercial and residential real estate markets in April than in the previous survey. Readings in all regions, however, were far less positive than the significant gains noted a year ago.

The latest FDIC survey polled 401 senior examiners and asset managers from the federal agencies about developments in the local real estate markets they track.

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Copies of the Survey of Real Estate Trends are available as follows:

On the Internet: Via the World Wide Web at
<http://www.fdic.gov/bank/analytical/survey/index.html>.

By Fax: Use the phone attached to your fax machine, dial 804-642-0003 and follow the voice prompts to request Document No. 213.

By Mail or Messenger: Contact the FDIC's Office of Corporate Communications at 202-898-6996.

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