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NEWS RELEASE

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SURVEY SHOWS NORTHEAST REAL ESTATE IMPROVING, CALIFORNIA MARKETS LAGGING

The latest survey of real estate conditions released today by the FDIC shows continued widespread improvement in commercial and residential markets in recent months. Noteworthy gains were found in the Northeast, especially in commercial markets where past surveys generally reported declines. Reports from California, in contrast, were relatively unfavorable again in January.

Each quarter since April 1991, the FDIC has interviewed senior examiners and liquidation specialists across the country at the four federal bank and thrift regulatory agencies to assess developments in real estate markets during the previous three months. The results of this most recent survey, which polled nearly 450 participants in late January, were the second most positive of all eight surveys taken to date.

The January survey indicates that residential real estate markets are recovering faster than commercial markets. However, the number of respondents in January who observed gains in commercial real estate was the second highest in the eight surveys thus far. "This is a positive sign for a sector where good news has been rare in recent years," said William R. Watson, Director of the FDIC's Division of Research and Statistics.

Perhaps the most encouraging aspect of the findings about commercial real estate is in the Northeast, where 91 percent in January said conditions there were the same as or better than three months before. That is in contrast to the first survey in 1991, when only 48 percent said commercial real estate conditions there were as good or better than three months before.

The national composite index used by the FDIC to summarize the answers to the survey jumped to 66 in January from 57 in October. Under the FDIC's

-morescoring system, values above 50 indicate that more respondents thought conditions were improving rather than declining. Values below 50 indicate the opposite. The reading of 66 is second only to the 72 from May 1992.

For housing markets, 59 percent of the respondents nationally reported improved conditions during the previous three months. "These results are a sharp improvement from just three months ago," Mr. Watson said. In October, only 40 percent said residential markets had improved, the least positive assessment about housing of the FDIC surveys to date. January's survey also recorded the lowest percentage of respondents who believed an excess supply of residential real estate characterized their local markets.

Across regions, residential real estate conditions appeared to improve most in the South (75 percent cited improvements) followed by the Midwest (58 percent). In the Northeast, 54 percent observed improved residential markets, a significant increase from the 37 percent in October. However, the West, with 35 percent finding improved conditions, was held down by reports from California. Only nine percent of the respondents from California observed improved local housing markets, while 47 percent found deterioration.

Looking at commercial real estate, 28 percent nationwide said conditions were better in January than three months earlier. Only 12 percent reported deterioration in their local markets, the lowest percentage of any survey. Assessments of commercial markets in the Northeast were especially positive, with 23 percent reporting improved conditions and only nine percent finding deterioration (the lowest proportion of the surveys to date). While the overall results for commercial markets are strong, they would have been stronger if not for the 56 percent of the California respondents who observed declining commercial markets.

Copies of the survey, contained in the agency's Survey of Real Estate Trends, can be ordered from the FDIC's Office of Corporate Communications.

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