



NEWS RELEASE

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SURVEY SHOWS CONTINUED IMPROVEMENT IN MOST REGIONS; CALIFORNIA WORSENS

The FDIC's latest Survey of Real Estate Trends, conducted in late April, shows solid improvement in most regions of the country during the previous three months. The one exception was California, where reports worsened for the fourth consecutive survey.

Each quarter since April 1991, the FDIC has interviewed senior examiners and liquidation specialists from federal bank and thrift regulatory agencies across the country. The nearly 450 participants polled in late April were asked to assess recent developments in real estate markets. The results of the latest survey indicate commercial and residential markets maintained the same level of recovery previously recorded in January.

The national composite index used to summarize the answers to the survey held steady at the positive reading of 66 recorded in January. Under the FDIC's scoring system, values above 50 indicate that more respondents thought conditions were improving rather than declining. Values below 50 indicate the opposite.

According to survey respondents, the recovery in housing markets continues to outpace that of commercial markets. Sixty percent of the April respondents reported improved housing market conditions; only 10 percent observed weaker conditions nationwide. With respect to commercial real estate trends, 28 percent of the respondents felt conditions were better in April than three months earlier. Only 14 percent of the respondents reported deterioration in their local commercial markets. The national results would have been even stronger had not reports from California been so weak.

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Regional reports improved most significantly in April in the Midwest, particularly in residential real estate. The South remained the strongest region in the country for the seventh consecutive survey. Real estate markets in the Northeast posted a second quarter of solid gains in April, matching January's, which were the most positive to date for this region.

Respondents in the West observed the most negative real estate trends for the fourth consecutive survey. In California, nearly half of the respondents observed declines in both commercial and residential real estate conditions. In contrast, in the West outside California, commercial and residential markets reportedly outperformed the national average.

Respondents answers to follow-up questions on residential market conditions reinforce the conclusion that such markets are recovering rapidly. Less than half of the respondents noted excess supply in their local housing markets for the second consecutive survey. In addition, more respondents cited increasing prices of existing homes nationally than in any survey to date.

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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