



NEWS RELEASE

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LATEST SURVEY INDICATES HOUSING MARKETS IMPROVING, COMMERCIAL SEGMENT LAGGING

Conditions in many housing markets improved into the new year but problems persist in the commercial real estate sector, according to survey results released today by the Federal Deposit Insurance Corporation.

The FDIC's findings are contained in the agency's latest quarterly Survey of Real Estate Trends, which is based on nationwide interviews with nearly 500 senior examiners and liquidators at federal bank and thrift regulatory agencies. The latest survey represents the assessment of trends in real estate market conditions between late October and late January.

"Field reports showing rebounding housing activity outnumbered negative assessments by better than a four-to-one margin," said William R. Watson, Director of the FDIC's Division of Research and Statistics. "Commercial real estate, in most markets, has not yet experienced a pronounced upturn in activity. A majority of respondents reported no change in commercial real estate conditions, and among those who did note a change, more said conditions were weakening than reported signs of improvement."

The FDIC said its composite index for both residential and commercial real estate markets trends nationwide was 60 in January -- up from 57 in October. The January reading was lower than the composite scores last July (64) and last April (61). Under the summary scoring system used by the FDIC, values above 50 indicate that more respondents said local real estate conditions were improving than cited a decline. Values below 50 indicate the opposite. On a regional basis, the strongest results during the past three months were reported in the South (68) and West (61). The Midwest (54) and the Northeast (54) were somewhat weaker.

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A breakdown of the survey findings shows residential real estate markets are considerably better off than commercial markets.

Housing markets continue to rebound, with the national index at 69 in January. Nationwide, 47 percent of respondents said housing market conditions improved in their local areas during the three previous months, with only 11 percent reporting worse conditions. These signs of improved housing conditions appeared in all regions of the nation according to the January survey.

In contrast, few respondents reported improvements in commercial real estate markets. The national index stood at 46 in January. Sixty-two percent of the examiners and liquidators surveyed in January reported no change in commercial real estate conditions in their local markets. Twenty-one percent reported deterioration, while 17 percent noted gains in activity.

Negative reports about commercial real estate conditions outweighed positive ones in all regions except the South, where 84 percent of the respondents believed that markets remained the same or improved.

"In the Northeast, where commercial real estate has been a particular problem, we do see signs of improvement," Mr. Watson noted. "The proportion of respondents in the Northeast citing further deterioration was the lowest of all four surveys taken to date."

The first quarterly survey was conducted by the FDIC in April 1991.

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