



NEWS RELEASE

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LATEST FDIC SURVEY SHOWS REAL ESTATE RECOVERY CONTINUES BUT AT A SLOWER PACE

The latest opinion survey of real estate conditions released today by the FDIC shows that this segment of the economy is continuing to rebound but at a slower pace than before. Improvements in commercial real estate markets in particular appear to have slowed, with many of the respondents surveyed still citing excess office space supply and low demand in their local markets.

The FDIC's findings are contained in the agency's latest Survey of Real Estate Trends, which is based on nationwide interviews with nearly 500 senior examiners and liquidation specialists at federal bank and thrift regulatory agencies. The survey, taken in late July and early August, asked the professionals to evaluate how residential and commercial real estate markets have changed in the previous three months.

In general, while positive views of recent developments in residential and commercial real estate markets outnumbered the negative ones, the assessments were less upbeat than the previous FDIC survey taken in May.

"Overall, this suggests that the troubled real estate sector is continuing to rebound but at a slow pace," said William R. Watson, Director of the FDIC's Division of Research and Statistics.

The FDIC uses a composite of the survey findings about the residential and commercial real estate markets to arrive at an overall index. The FDIC index fell to 63 in this latest survey, which is down from the high of 72 in May but still close to the second highest reading of 64 in July 1991. Under the summary scoring system used by the FDIC, values above 50 indicate that

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more respondents thought conditions were improving than declining. Values below 50 indicate the opposite.

Positive trends in residential markets nationwide continued in the latest survey, with 51 percent of the respondents nationwide citing better local housing conditions during the previous three months. Only 10 percent said they thought housing markets had declined. Particularly positive reports were received from the South, where the composite index for residential markets registered a strong 75 percent.

"The survey results clearly indicate that housing markets are on the mend in many areas of the nation," Mr. Watson commented.

As with the May survey, the report found that excess housing supply was down and that more areas of the country had average or above-average home sales compared with earlier surveys.

However, the reports about commercial markets were mixed. Nearly two-thirds of the professionals in the July-August survey reported unchanged commercial real estate conditions in the previous three months. Another 21 percent cited improvements, but 14 percent reported worsening conditions. Negative assessments of the commercial markets were most common in the West, where 27 percent of the respondents there noted worsening conditions.

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