



## NEWS RELEASE

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### LATEST SURVEY SHOWS HOUSING MARKETS IMPROVING BUT COMMERCIAL SEGMENT LAGGING

Real estate conditions as a whole are continuing to improve but at a slower pace than in the past, according to the FDIC's latest nationwide survey of senior officials at federal regulatory agencies. The FDIC survey also shows more improvements in residential markets than in commercial property markets, and that real estate in the West especially is having problems making a comeback.

Each quarter since April 1991, the FDIC has interviewed nearly 500 senior examiners and liquidation specialists at the four federal bank and thrift regulatory agencies to assess developments in commercial and residential markets during the previous three months.

The new survey, taken in late October, shows signs of relatively modest improvement in real estate as a whole. This is reflected in a national composite index of 57 under the summary scoring system used by the FDIC. (Values above 50 indicate that more respondents thought conditions were improving rather than declining, while values below 50 indicate the opposite.) However, the composite index of 57 is down from the 63 reading in the previous survey (taken in late July and early August) and the high of 72 in May 1992. It also matches the previous low in the October 1991 survey.

William R. Watson, Director of the FDIC's Division of Research and Statistics, said, "We are seeing some relatively modest improvement in real estate conditions as a whole, but not as much as in previous surveys. Assessments were weaker in all regions of the country."

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The most improvement in real estate conditions was in the South (composite index of 66), while the weakest readings were found in the West (composite index of 49).

Looking specifically at residential markets, about three times as many real estate specialists surveyed said conditions had improved than said conditions had worsened (40 percent versus 14 percent). Forty-five percent found no change in housing markets. (One percent had no opinion.) The proportion reporting improved housing markets was the lowest of the surveys taken to date.

Housing results were weakest in the West, where 32 percent found improvement but 28 percent reported deterioration. Housing market trends were particularly weak in California, where more than half those surveyed noted declining conditions in the previous three months.

The October survey, like previous surveys, suggests that a widespread recovery in commercial real estate has yet to begin. Two-thirds of respondents in October reported no change in commercial real estate conditions. Eighteen percent observed improvement, while 16 percent found worsening conditions. In both the Northeast and the West, more respondents in October reported worsening commercial real estate conditions than better conditions.

"This suggests bad news and good news for the commercial real estate sector," Mr. Watson said. "The bad news is that signs of significant improvement in commercial real estate have yet to emerge. But the good news is that the decline in many markets of the country apparently has been halted."

Copies of the survey can be ordered from the FDIC's Office of Corporate Communications.