Survey of Real Estate Trends

An Assessment by Senior Examiners and Asset Managers at Federal Bank and Thrift Regulatory Agencies

JULY 2001 TO DECEMBER 2001

National Highlights

The *Survey of Real Estate Trends* summarizes the opinions of 278 senior examiners and asset managers at federal bank and thrift regulatory agencies on changing conditions in local real estate markets. The *Survey* covers changing conditions over a six-month period for single-family, multifamily, office, retail, and industrial property markets in metropolitan areas across the nation.

- The results of the January survey indicated that respondents were less positive about U.S. real estate markets during the last half of 2001 than in recent surveys. Reports of somewhat weaker conditions (as characterized by vacancy rates, market prices, or the pace of sales) were more frequent than six months earlier for all property markets and were more prevalent for the commercial markets.
- In residential markets, the largest proportion of respondents continued to report that conditions were unchanged (49 percent for single-family markets and 51 percent for multifamily). However, observations of some worsening in residential markets also increased since the previous survey in July 2001.
- Reports of balance in residential markets outnumbered those of tight supply and excess supply and, in fact, increased in the single-family market since the previous survey. As for commercial markets, respondents noting oversupply were in the majority by far, but widely characterized the surplus as some excess rather than a glut.

Introduction

The condition of real estate markets has been, and is likely to remain, an important determinant of credit risk for banks and thrifts. For that reason, since early 1991 the FDIC has conducted a survey of field staff from all of the federal thrift and bank regulatory agencies about changing conditions in their local real estate markets. The purpose of the survey is to provide a timely indicator of changes in residential and commercial real estate market conditions.

The nationwide survey polls FDIC senior examiners and asset managers as well as bank examiners of the Federal Reserve Banks, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. Participants are asked broad qualitative questions about conditions and trends in specific metropolitan areas in five distinct real estate property markets: single-family, multifamily, office, retail, and industrial. The metropolitan areas covered, and the criteria guiding participants' responses, are listed in the notes for the national results table at the end of this report.

Comparisons of survey results across different periods or geographic areas must be interpreted carefully. The pool of respondents may change from survey to survey, and observations about a specific market's activity may differ from those about another market in the context of unique historical activity.

Changes in Real Estate Markets

Readings by survey participants of local property markets during the second half of 2001 were decidedly less positive than in recent surveys. Few respondents reported improvements in the latter half of the year, and the

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proportion of those who said conditions were unchanged was less than in the previous survey conducted in July 2001. The results of the January 2002 survey clearly indicated deterioration in all property markets, as respondents continued to shift their previous reports of "better conditions" and "no change in conditions" to reports of worsening conditions.

Assessments of weaker conditions were significantly higher now compared to six months ago for all property markets and were most prevalent for the commercial markets. The results pointed to deterioration in all commercial markets. In addition, the percentage of respondents noting worsening in residential markets also increased since the July 2001 survey but the largest proportion continued to report that conditions were about the same.

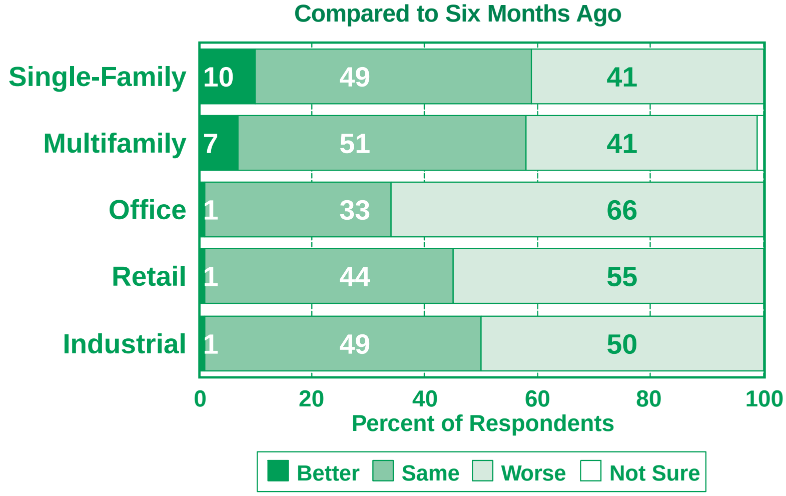
Local commercial real estate markets, which had begun to experience some softening according to the previous survey, continued to slow down in the last half of 2001 according to results of the most recent survey conducted in January 2002. The majority of respondents for office, retail, and industrial markets reported deterioration and there were almost no reports of improvement. In their comments, many respondents attributed the deepening weakness in the commercial sectors to the combined effects of the economic recession, continuing lay-offs, and the reduction in travel in the aftermath of the September 11 terrorist attacks.

Single-family markets had the highest proportion of respondents noting better conditions at 10 percent, followed by 7 percent who observed improving **multifamily** markets. These proportions were half those recorded in the July 2001 survey. Conditions in both markets were described as a little worse by 41 percent, in contrast to July's 27 percent for single-family and 21 percent for multifamily.

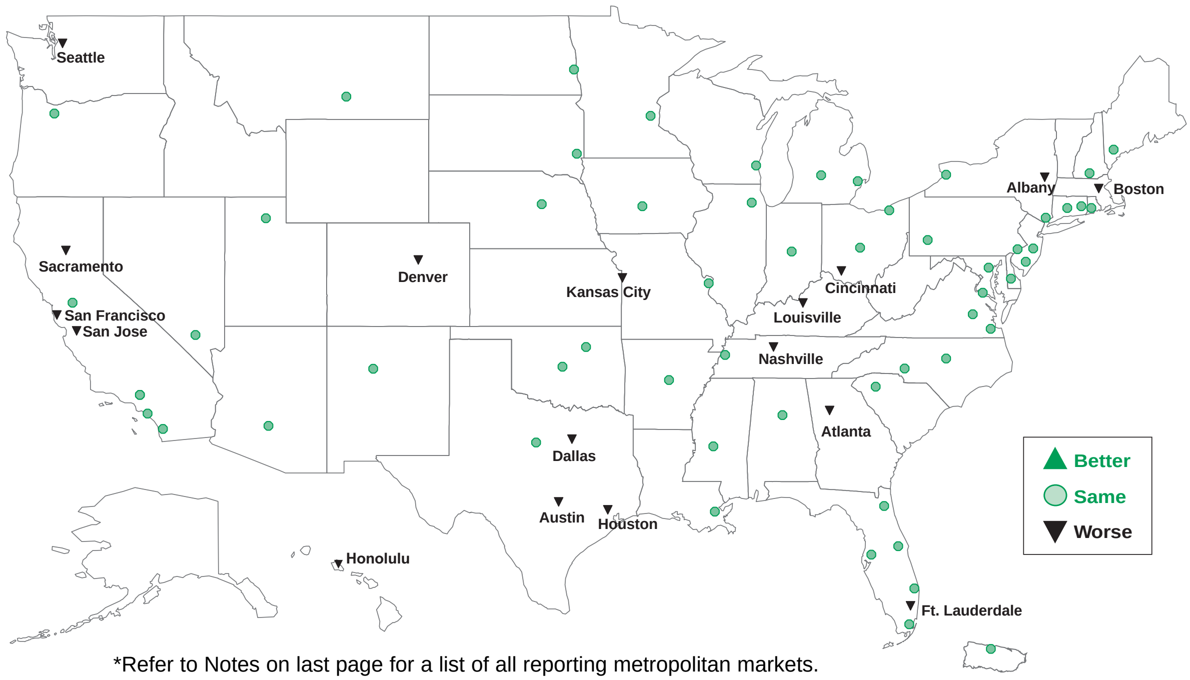
Observations of some weakness in commercial markets emerged during the year, as such reports were significantly more frequent than in the July 2001 report, which also had been more frequent than in the prior survey in January 2001. Two-thirds of the respondents reported worsening conditions in local **office** markets (66 percent, up from 48 percent in July). Just over one-half observed that conditions in **retail** markets were worse (55 percent, up from 34 percent) and one-half said the same about **industrial** markets (50 percent, up from 26 percent). Most respondents, however, qualified these responses on office, retail, and industrial conditions as "a little worse" compared to "a lot worse". Those noting improvements in any of these markets were scarce, at just one percent.

The accompanying map combines respondents' evaluations of general conditions of all five residential and commercial property markets into an assessment of "overall market" conditions. Overall market conditions were reported to be worse than six months earlier in Albany, Atlanta, Austin, Boston, Cincinnati, Dallas, Denver, Fort Lauderdale, Honolulu, Houston, Kansas City, Louisville, Nashville, Sacramento, San Francisco, San Jose, and Seattle. There were no metropolitan areas

CHANGING MARKET CONDITIONS
Compared to Six Months Ago



CHANGES IN OVERALL MARKET CONDITIONS
In Metropolitan Areas Over Past Six Months*



*Refer to Notes on last page for a list of all reporting metropolitan markets.

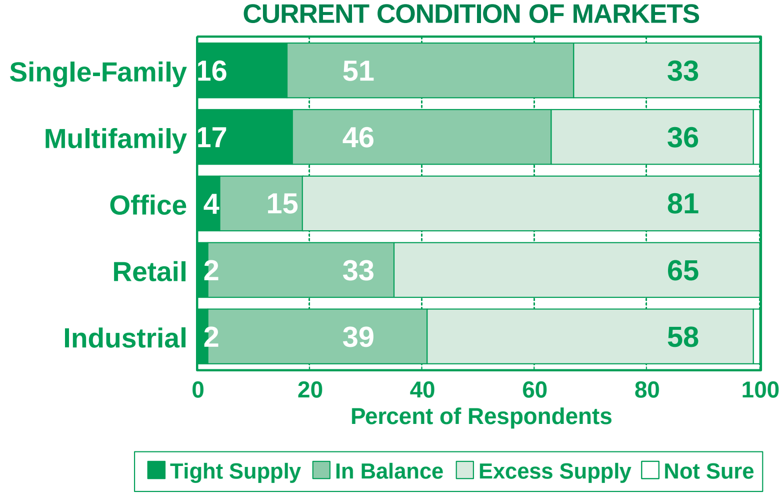
that had an overall assessment of improved real estate market conditions. In fact, there was no clear indication that overall conditions had either improved or deteriorated in the remaining metropolitan areas.

Current Conditions in Real Estate Markets

The proportion of respondents reporting that supply and demand in local markets were in balance varied by property type with a notable difference, again, between the residential and commercial sectors. In the single-family and multifamily markets, observations of balanced markets outnumbered those of tight supply and excess supply. In fact, reports of balance in the single-family markets rose (the only positive movement noted in this survey) to 51 percent from 42 percent in July.

Sixteen percent of respondents reported single-family markets as tight, while 33 percent reported excess supply. Respondents commented that low mortgage interest rates and favorable weather benefited single-family markets, offsetting the effects of the econom-

CURRENT CONDITION OF MARKETS



ic slowdown and helping to keep single-family markets moving during the last half of 2001. As for multifamily markets, 17 percent observed supply conditions as tight; 36 percent said markets had too much supply. Comments indicated that the multifamily market had slowed somewhat since a year ago but remained healthy by historical standards.

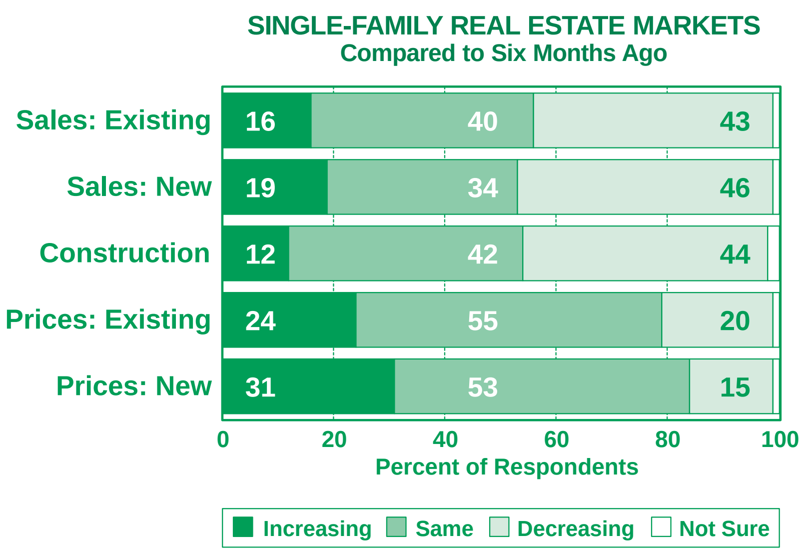
For the commercial sector, reports of balanced markets were greatly reduced from the July 2001 survey, with the difference shifting entirely to reports of excess supply. Respondents noting oversupply in all commercial markets were the majority by far. It should be noted that reports of excess supply continued to be much more frequently qualified as "some excess capacity" rather than the more serious "excess inventory". Nonetheless, observations of "excess inventory" doubled in the last half of 2001 for office, retail, and industrial markets.

Conditions in office markets were described as tight by only 4 percent of respondents. Eighty-one percent viewed office markets as having excess supply, up from 64 percent who observed this in the previous survey. The 81 percent observing too much supply comprised 60 percent who qualified their responses as "some excess capacity" (up from 54.4 percent in July) and 20.6 percent who reported "excess inventory" (up from 9.4 percent). Enlarging on these figures were comments observing that "it's no longer a lessor's market", noting an increase in sublease space, concessions offered, and higher vacancy rates, and that "for the first time in years, there's negotiation in rental rates and some concessions".

Retail and industrial markets were characterized as in balance by 33 and 39 percent of respondents, respectively. Excess supply in retail markets was observed by 65 percent, up from 43 percent. Among the comments from respondents were observations of a "noticeable (but not critical) increase in mall vacancies as national retailers close some or all locations, and in strip shopping centers due to bankruptcies and related vacancies from major tenant-anchors". As for industrial markets, 58 of respondents reported excess industrial space, up from 35 percent. The accompanying table lists all metropolitan areas, by property type, that were characterized as having excess supply.

Single-Family Real Estate Markets

- The volume of home sales, for both existing and new homes, was a little lower in January 2002 than in the July 2001 survey. Reports that sales had increased or were the same as six months ago edged down while reports of some slowing in sales were more frequent. Of the 43 percent who noted decreased existing home sales, 90 percent qualified the decrease as "a little lower" compared to 10 percent who said it was "a lot lower". Respondents said that existing home sales were increasing in Atlanta, Birmingham, and St. Louis but were decreasing in Albany, Bergen-Passaic, Boston, Chicago, Den-



CURRENT CONDITIONS: EXCESS SUPPLY REPORTED IN METROPOLITAN AREAS

Metro Area	Single-Family	Multifamily	Office	Retail	Industrial
Albany	X		X	X	X
Albuquerque		X	X	X	X
Atlanta	X	X	X	X	X
Austin		X	X		
Baltimore			X	X	
Bergen-Passaic	X				
Billings	X		X	X	
Birmingham		X			
Boston			X	X	
Charlotte		X			X
Chicago			X	X	
Cincinnati			X	X	X
Cleveland		X	X	X	X
Columbus			X	X	X
Dallas		X	X	X	X
Denver	X	X	X		
Des Moines	X		X		
Detroit	X		X		
Fort Lauderdale				X	X
Fort Worth	X		X		X
Grand Rapids				X	X
Greenville-Spartanburg		X			
Honolulu	X		X	X	X
Houston			X	X	X
Indianapolis	X	X	X	X	
Kansas City		X	X	X	
Little Rock			X	X	
Los Angeles			X	X	
Louisville		X	X	X	
Memphis	X				
Miami			X	X	
Milwaukee				X	
Minneapolis			X		
Nashua				X	
Nashville		X		X	
New Orleans			X	X	X
New York City				X	
Oakland			X		
Omaha	X	X	X	X	X
Orange County			X		
Orlando		X			
Philadelphia			X		X
Phoenix			X		
Pittsburgh			X		X
Portland, OR			X		
Providence				X	
Raleigh		X	X		X
Richmond		X	X	X	
Sacramento			X		X
Salt Lake City	X		X	X	
San Diego			X		X
San Francisco	X		X	X	
San Jose	X		X		X
San Juan				X	
Seattle			X		X
Sioux Falls	X	X			
St. Louis			X	X	
Tampa					X
Tulsa	X		X		X
Washington DC/MD/VA			X		X
West Palm Beach	X				
Wilmington			X	X	

ver, Detroit, Fort Worth, Grand Rapids, Kansas City, Los Angeles, Minneapolis, Nashville, Oakland, Omaha, Orange County, Providence, Raleigh, Sacramento, San Francisco, San Jose, Seattle, and West Palm Beach.

- For new homes, 46 percent noted a decrease in sales while 19 percent observed an increase in sales. Sales of new homes were reported to be higher than six months earlier in Birmingham, Cincinnati, Louisville, St. Louis, Tampa, and Wilmington but lower in Austin, Boston, Buffalo, Charlotte, Cleveland, Denver, Des Moines, Detroit, Fort Lauderdale, Fort Worth, Grand Rapids, Kansas City, Miami, Milwaukee, Nashua, Nashville, Norfolk, Oakland, Omaha, Orange County, Orlando, Providence, Raleigh, San Francisco, San Jose, Seattle, Washington, DC, and West Palm Beach.

- Forty-two percent of respondents reported no change in construction of single-family homes, down slightly from 50 percent in July 2001. Forty-four percent viewed a decrease in residential construction over the previous six months, citing declines in Atlanta, Austin, Boston, Buffalo, Charlotte, Cleveland, Columbus, Denver, Des Moines, Honolulu, Kansas City, Minneapolis, Nashville, Norfolk, Oakland, Oklahoma City, Omaha, Orlando, Pittsburgh, Providence, Raleigh, San Diego, San Francisco, San Jose, and Seattle. A much lower proportion (12 percent) saw an increase in homebuilding, noted in Richmond, San Juan, Stamford, St. Louis, and Wilmington.

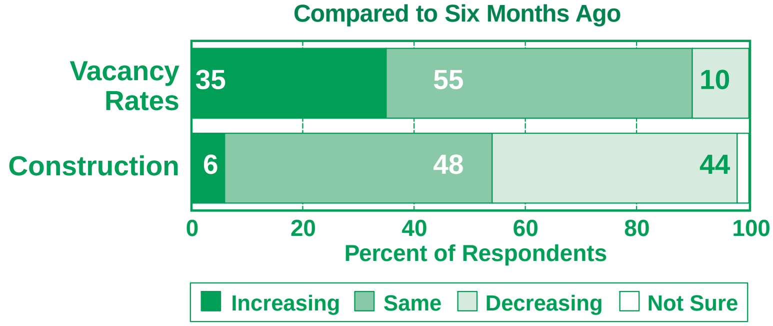
- Although gains in home sale prices were reportedly less frequent, the difference shifted primarily to observations that sale prices held steady over the past six months. A majority of respondents noted that prices were the same for existing homes (55 percent, up from 39 percent in July) and new homes (53 percent, up from 40 percent). About one-quarter said sales prices for existing homes had increased. For new homes, 31 percent noted higher sales prices. Twenty percent reported decreasing sales prices for existing homes and slightly fewer, 15 percent, saw price erosion in new homes. Reports of price gains for both existing and new homes were frequent in Detroit, Fargo, Hartford, Milwaukee, Portland (ME), Providence, Richmond, Stamford, and Tampa while declines were cited in Denver, Honolulu, and San Jose.

Multifamily Real Estate Markets

- Vacancy rates in multifamily housing markets were widely reported as the same as six months earlier. However, 35 percent of respondents reported increasing vacancies, up from 26 percent in July 2001, while 10 percent noted that vacancies had decreased. Metropolitan areas where multifamily markets were noted for rising vacancies included Atlanta, Austin, Birmingham, Charlotte, Denver, Fort Worth, Kansas City, Minneapolis, Orlando, Raleigh, San Francisco, San Jose, Seattle, and Sioux Falls.

- Forty-four percent of respondents reported no change in multifamily residential construction. Only 6 percent noted an increase in multifamily construction over the previous six months. Forty-four percent noted a slowdown in apartment building, up from 25 percent, mentioning Albany, Atlanta, Buffalo, Cleveland, Greenville-Spartanburg, Honolulu, Kansas City, Los Angeles, Milwaukee, Newark, Oakland, Pittsburgh, Portland (OR), San Francisco, San Jose, Seattle, Tampa, and Tulsa.

MULTIFAMILY REAL ESTATE MARKETS
Compared to Six Months Ago

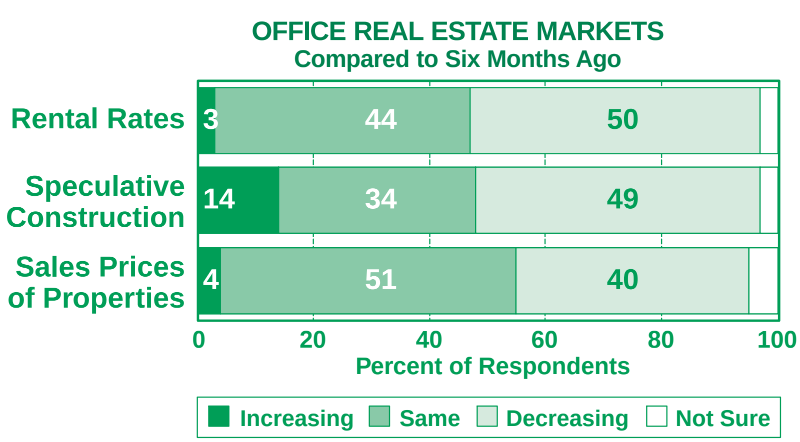


Office Real Estate Markets

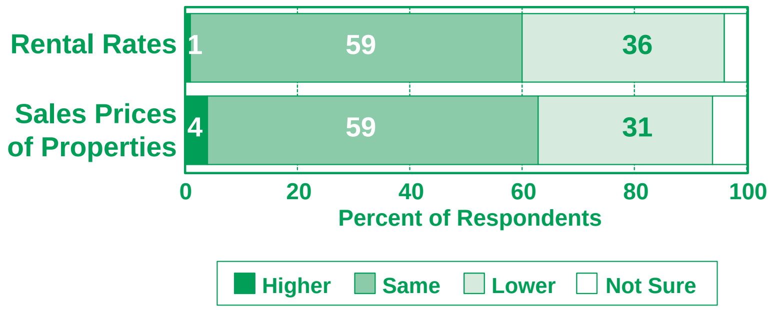
- Forty-four percent of the respondents reported no change in office rental rates over the previous six months. In markets where rents fluctuated, just 3 percent noted an increase in rental rates, in Portland (ME), Bergen-Passaic, and San Juan, and one-half said rental rates were a little reduced from six months earlier. Lower office rents were observed in Albany, Atlanta, Austin, Boston, Chicago, Cincinnati, Cleveland, Columbus, Denver, Des Moines, Fort Lauderdale, Fort Worth, Honolulu, Kansas City, Los Angeles, Nashville, Portland (OR), Salt Lake City, San Francisco, San Jose, Seattle, and Washington, DC. Respondents remarked on the increase in sublease space and the negative effect on the pricing structure of new and available space.
- Forty-nine percent of respondents noted that the volume of speculative construction of office buildings was reduced from six months earlier, compared to 30 percent who reported this in July 2001. Fourteen percent of respondents said that speculative office construction rose over the previous six months, citing increases in Buffalo, Louisville, Oakland, Omaha, and San Diego, while about one-third (34 percent) saw no change. Declines in speculative construction were noted in Austin, Birmingham, Charlotte, Cleveland, Dallas, Honolulu, Kansas City, Little Rock, Los Angeles, Minneapolis, New York City, Pittsburgh, Portland (ME), Salt Lake City, San Francisco, Seattle, and Tulsa.
- Sales prices of office properties held steady, according to just over one-half of respondents. However, 40 percent of respondents said prices were decreasing somewhat, and only 4 percent reported rising prices. Price declines in office building sales were noted in Albany, Atlanta, Austin, Cincinnati, Denver, Fort Worth, Kansas City, Honolulu, Los Angeles, Pittsburgh, Salt Lake City, San Francisco, San Jose, and Seattle.

Retail Real Estate Markets

- There were no rent hikes or rent breaks for retail properties, according to the majority of respondents (59 percent) who saw stable rents. Respondents reported fluctuation in retail rental rates over the previous six months, however, with 36 percent saying rents had declined somewhat, citing lower rents in Albany, Atlanta, Boston, Chicago, Cincinnati, Cleveland, Columbus, Honolulu, Kansas City, Little Rock, Los Angeles, New York City, San Francisco, San Jose, and San Juan. Only one percent said rents had increased, and just a little at that.
- Sale prices of retail properties held steady over the previous six months, according to 59 percent of respondents, down from 64 percent in the previous survey. However, almost one-third (31 percent, up from 19 percent in July 2001) said that sale prices had decreased, notably in Albany, Albuquerque, Atlanta, Cleveland, Honolulu, Kansas City, Jackson, Los Angeles, Nashville, New York City, San Francisco, and San Jose. Only 4 percent said that sale prices had increased.



RETAIL REAL ESTATE MARKETS
Compared to Six Months Ago



Industrial Real Estate Markets

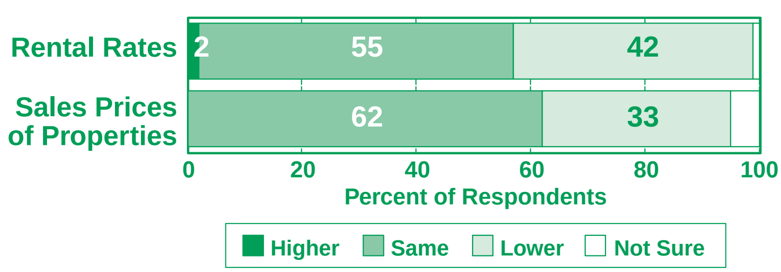
- Rental rates for industrial properties were described as largely unchanged from the previous six months according to the majority of respondents (55 percent) citing stable rents. Nonetheless, reports of lower rental rates were much more frequent than six months ago (42 percent, up from 23 percent). Lower rates were observed in Albany, Albuquerque, Atlanta, Boston, Cincinnati, Cleveland, Dallas, Fort Lauderdale, Fort Worth, Honolulu, Philadelphia, Raleigh, Sacramento, San Jose, and Seattle. Just 2 percent said that industrial rents had increased.
- Sales prices of industrial properties remained steady, with 62 percent of respondents noting sale prices as unchanged. In July 2001, 78 percent observed stable prices. The difference shifted entirely to more frequent reports of moderately declining sale prices (33 percent, up from 14 percent), mentioned in Albany, Albuquerque, Cincinnati, Cleveland, Dallas, Fort Lauderdale, Fort Worth, Honolulu, Sacramento, San Jose, and Seattle. There were no reports of price gains for industrial properties.

Market Dislocation

When asked to assess potential signs of a troubled real estate market, respondents reported some further deterioration in indicators such as foreclosures, bankruptcies, and leasing time, although many continued to report no change.

- The majority of respondents (58 percent) reported that foreclosures on commercial real estate loans continued at about the same pace as six months earlier. Of those reporting a change in the pace of foreclosures, 17 percent said they were somewhat more frequent (up from 11 percent) and only 1 percent said they were somewhat less.
- Forty-one percent of respondents reported no increase in commercial and retail bankruptcies from levels noted six months earlier. However, close behind were the 38 percent who observed somewhat more bankruptcies now compared to six months ago; this figure was up from 29 percent in July 2001.
- The length of time required to lease a property was widely described as somewhat longer now than six months ago by 52 percent, up from 35 percent in the previous survey. Twenty-two percent reported no change in lease time and just 2 percent observed somewhat shorter times.

INDUSTRIAL REAL ESTATE MARKETS
Compared to Six Months Ago



NATIONAL RESULTS FROM THE SURVEY OF REAL ESTATE TRENDS
Percent of Respondents

		Six-Month Period Ending: 06/00	12/00	06/01	12/01
SINGLE-FAMILY					
How would you characterize the current single-family market?	A tight market	15.0	7.7	5.9	1.6
	Some tightness	30.0	23.8	23.7	14.3
	Supply and demand in balance	40.3	51.1	42.3	51.2
	Some excess capacity	13.7	14.9	25.3	31.3
	Excess inventory	0.9	2.6	2.8	1.6
	Not sure	0.0	0.0	0.0	0.0
How would you characterize the current volume of *existing* single-family home sales now compared with 6 months ago?	A lot higher	1.3	0.0	1.2	0.4
	A little higher	23.6	17.0	26.9	16.3
	About the same	44.6	46.4	44.7	39.7
	A little lower	29.6	34.9	24.9	38.9
	A lot lower	0.0	1.3	1.6	4.0
`	Not sure	0.9	0.4	0.8	0.8
How would you characterize the current volume of *new* single-family home sales now compared with 6 months ago?	A lot higher	1.3	0.9	1.2	0.0
	A little higher	26.2	14.5	26.5	18.7
	About the same	45.5	46.4	41.9	33.7
	A little lower	26.2	36.6	26.5	43.3
	A lot lower	0.4	0.9	2.0	3.2
	Not sure	0.4	0.9	2.0	1.2
How would you characterize the current volume of single-family new home construction now compared with 6 months ago?	A lot higher	3.0	0.9	0.4	0.0
	A little higher	20.6	13.6	22.1	11.9
	About the same	49.4	42.6	50.2	42.5
	A little lower	24.9	39.6	24.1	41.3
	A lot lower	0.9	2.1	2.4	2.4
	Not sure	1.3	1.3	0.8	2.0
How would you characterize the sales prices of *existing* single-family homes now compared with 6 months ago?	A lot higher	5.6	1.7	2.8	1.6
	A little higher	51.5	41.3	43.1	22.6
	About the same	35.6	47.2	38.7	54.8
	A little lower	6.9	9.8	13.8	18.7
	A lot lower	0.0	0.0	0.8	1.2
	Not sure	0.4	0.0	0.8	1.2
How would you characterize the sales prices of *new* single-family homes now compared with 6 months ago?	A lot higher	5.2	1.7	2.8	1.2
	A little higher	55.4	45.1	48.2	29.4
	About the	35.2	48.9	39.5	53.2
	A little lower	3.0	3.8	7.1	13.5
	A lot lower	0.4	0.0	0.4	1.2
	Not sure	0.9	0.4	2.0	1.6
What would you say is the general condition of the single-family market now compared with 6 months ago?	A lot better	1.3	1.3	0.8	0.8
	A little better	23.6	15.7	19.0	9.1
	About the same	57.9	56.2	53.0	48.4
	A little worse	16.7	26.4	25.3	40.5
	A lot worse	0.0	0.4	1.6	0.8
	Not sure	0.4	0.0	0.4	0.4
MULTIFAMILY					
How would you characterize the current multifamily market?	A tight market	11.7	5.6	8.7	1.2
	Some tightness	27.8	24.2	19.7	16.2
	Supply and demand in balance	45.0	50.3	49.1	46.2
	Some excess capacity	14.4	18.6	20.8	32.9
	Excess inventory	0.6	1.2	1.7	2.9
	Not sure	0.6	0.0	0.0	0.6
How would you characterize current `apartment vacancy rates now compared with 6 months ago?	A lot higher	0.0	0.0	1.2	1.2
	A little higher	17.8	15.5	25.4	33.5
	About the same	62.2	70.2	59.0	54.9
	A little lower	18.3	11.8	11.0	9.8
	A lot lower	0.0	1.2	1.7	0.0
	Not sure	1.7	1.2	1.7	0.6
How would you characterize the current volume of rental apartment construction now compared with 6 months ago?	A lot higher	1.7	1.2	0.0	0.0
	A little higher	22.2	11.8	17.3	5.8
	About the same	51.7	54.7	55.5	48.0
	A little lower	19.4	28.0	22.5	40.5
	A lot lower	1.7	0.6	2.3	3.5
	Not sure	3.3	3.7	2.3	2.3
What would you say is the general condition of the multifamily market now compared with 6 months ago?	A lot better	1.7	0.0	0.0	0.0
	A little better	17.2	12.4	13.9	6.9
	About the same	72.2	74.5	65.3	51.4
	A little worse	8.9	12.4	19.7	39.3
	A lot worse	0.0	0.6	1.2	1.7
	Not sure	0.0	0.0	0.0	0.6

NATIONAL RESULTS FROM THE SURVEY OF REAL ESTATE TRENDS

Percent of Respondents

		Six-Month Period Ending:			
		06/00	12/00	06/01	12/01
OFFICE					
How would you characterize the current office market?	A tight market	9.9	4.2	0.6	0.0
	Some tightness	21.6	13.1	4.5	4.4
	Supply and demand in balance	37.4	51.2	30.7	15.0
	Some excess capacity	28.1	28.0	54.7	60.0
	Excess inventory	2.9	3.6	9.5	20.6
	Not sure	0.0	0.0	0.0	0.0
How would you characterize rental rates for office space now compared with 6 months ago?	A lot higher	5.3	0.0	0.0	0.0
	A little higher	26.9	22.6	10.1	3.3
	About the same	59.6	71.4	53.1	44.4
	A little lower	7.0	5.4	33.0	41.1
	A lot lower	0.0	0.0	3.4	7.8
	Not sure	1.2	0.6	0.6	3.3
How would you characterize the current volume of speculative office construction (i.e., not presold or preleased) now compared with 6 months ago?	A lot higher	2.3	1.2	1.1	1.7
	A little higher	18.1	17.3	15.1	12.8
	About the same	56.1	47.6	47.5	34.4
	A little lower	15.8	24.4	23.5	36.1
	A lot lower	2.3	3.0	6.1	11.7
	Not sure	5.3	6.5	6.7	3.3
How would you characterize the sales prices of a common class of office properties?	Increasing rapidly	0.6	0.0	0.0	0.0
	Increasing moderately	33.3	21.4	11.2	3.9
	Holding steady	57.9	67.9	62.0	51.1
	Decreasing moderately	2.3	6.0	19.0	37.8
	Decreasing steadily	0.6	0.0	0.6	1.7
	Not sure	5.3	4.8	7.3	5.6
How common are leasing concessions (such as free rent, tenant finish, build out, etc.) for office space now compared with 6 months ago?	A lot more common	0.6	0.0	4.5	11.7
	A little more common	8.2	10.1	33.0	42.2
	About the same	57.9	66.7	44.7	32.8
	A little less common	15.2	6.5	2.8	0.0
	A lot less common	2.9	1.8	0.6	0.0
	No concessions are offered	5.8	6.0	3.9	2.2
	Not sure	9.4	8.9	10.6	11.1
What would you say is the general condition of the office market now compared with 6 months ago?	A lot better	0.0	0.0	0.0	0.0
	A little better	17.5	14.3	5.0	1.1
	About the same	71.9	69.0	46.4	32.8
	A little worse	10.5	15.5	44.1	53.3
	A lot worse	0.0	1.2	4.5	12.8
	Not sure	0.0	0.0	0.0	0.0
RETAIL					
How would you characterize the current retail market?	A tight market	0.7	0.0	0.0	0.0
	Some tightness	17.5	10.4	5.2	2.1
	Supply and demand in balance	51.7	54.5	50.7	33.3
	Some excess capacity	25.9	33.8	40.3	56.9
	Excess inventory	2.8	1.3	3.0	7.6
	Not sure	1.4	0.0	0.7	0.0
How would you characterize rental rates for retail space now compared with 6 months ago?	A lot higher	0.0	0.0	0.0	0.0
	A little higher	21.0	19.5	6.7	1.4
	About the same	69.2	67.5	64.9	58.3
	A little lower	6.3	9.7	23.1	33.3
	A lot lower	0.0	0.0	0.0	2.8
	Not sure	3.5	3.2	5.2	4.2
How would you characterize sales prices of retail properties?	Increasing rapidly	0.0	0.0	0.0	0.0
	Increasing moderately	22.4	15.6	7.5	4.2
	Holding steady	67.8	72.7	64.2	58.3
	Decreasing moderately	4.2	7.1	18.7	30.6
	Decreasing steadily	0.0	0.0	0.0	0.7
	Not sure	5.6	4.5	9.7	6.3
How common are leasing concessions (such as free rent, tenant finish, build out, etc.) for retail space now compared with 6 months ago?	A lot more common	0.0	0.6	1.5	3.5
	A little more common	8.4	11.0	26.1	43.1
	About the same	65.7	65.6	51.5	36.8
	A little less common	7.0	4.5	1.5	1.4
	A lot less common	0.7	0.6	0.0	0.0
	No concessions are offered	5.6	4.5	3.7	3.5
	Not sure	12.6	13.0	15.7	11.8
What would you say is the general condition of the retail market now compared with 6 months ago?	A lot better	0.0	0.0	0.0	0.0
	A little better	10.5	7.1	3.0	1.4
	About the same	78.3	75.3	62.7	44.4
	A little worse	11.2	16.9	34.3	51.4
	A lot worse	0.0	0.6	0.0	2.8
	Not sure	0.0	0.0	0.0	0.0

NATIONAL RESULTS FROM THE SURVEY OF REAL ESTATE TRENDS

Percent of Respondents

		Six-Month Period Ending: 06/00	12/00	06/01	12/01
INDUSTRIAL					
How would you characterize the current industrial market?	A tight market	4.3	1.1	0.0	0.0
	Some tightness	24.7	11.0	5.4	2.0
	Supply and demand in balance	57.0	65.9	60.2	39.0
	Some excess capacity	10.8	19.8	29.0	47.0
	Excess inventory	2.2	2.2	5.4	11.0
	Not sure	1.1	0.0	0.0	1.0
How would you characterize rental rates for industrial space now compared with 6 months ago?	A lot higher	2.2	0.0	0.0	0.0
	A little higher	26.9	15.4	5.4	2.0
	About the same	64.5	72.5	68.8	55.0
	A little lower	3.2	9.9	20.4	39.0
	A lot lower	1.1	1.1	2.2	3.0
	Not sure	2.2	1.1	3.2	1.0
How would you characterize sales prices of industrial properties?	Increasing rapidly	1.1	0.0	0.0	0.0
	Increasing moderately	30.1	18.7	4.3	0.0
	Holding steady	60.2	74.7	77.4	62.0
	Decreasing moderately	4.3	5.5	11.8	31.0
	Decreasing steadily	0.0	0.0	2.2	2.0
	Not sure	4.3	1.1	4.3	5.0
How common are leasing concessions (such as free rent, tenant finish, build out, etc.) for industrial space now compared with 6 months ago?	A lot more common	0.0	0.0	2.2	7.0
	A little more common	3.2	9.9	22.6	35.0
	About the same	67.7	70.3	61.3	41.0
	A little less common	12.9	2.2	2.2	2.0
	A lot less common	0.0	3.3	0.0	0.0
	No concessions are offered	6.5	3.3	2.2	5.0
	Not sure	9.7	11.0	9.7	10.0
What would you say is the general condition of the industrial market now compared with 6 months ago?	A lot better	0.0	1.1	0.0	0.0
	A little better	19.4	12.1	3.2	1.0
	About the same	73.1	75.8	71.0	49.0
	A little worse	5.4	9.9	22.6	45.0
	A lot worse	0.0	1.1	3.2	5.0
	Not sure	2.2	0.0	0.0	0.0
MARKET DISLOCATION					
Assess *foreclosures of commercial real estate loans* as a potential sign of a troubled real estate market and rate your assessment at the present time compared to 6 months ago.	Much more now than 6 months ago	0.0	0.0	0.0	0.4
	Somewhat more now than 6 months ago	4.7	6.4	10.6	17.0
	About the same	59.6	62.3	64.1	58.1
	Somewhat less now than 6 months ago	7.1	2.3	4.0	1.4
	Much less now than 6 months ago	0.8	0.4	0.0	0.0
	Not sure	27.8	28.7	21.2	23.1
Assess *commercial and retail bankruptcies* as a potential sign of a troubled real estate market and rate your assessment at the present time compared to 6 months ago.	Much more now than 6 months ago	0.0	0.4	0.0	1.1
	Somewhat more now than 6 months ago	12.2	18.9	28.9	36.5
	About the same	54.5	48.3	45.8	40.8
	Somewhat less now than 6 months ago	6.7	4.5	2.6	0.7
	Much less now than 6 months ago	0.4	0.0	0.0	0.0
	Not sure	26.3	27.9	22.7	20.9
Assess the *length of time to lease a property* as a potential sign of a troubled real estate market and rate your assessment at the present time compared to 6 months ago.	Much more now than 6 months ago	0.0	0.0	1.5	2.5
	Somewhat more now than 6 months ago	11.4	17.4	33.3	49.8
	About the same	51.0	49.4	36.3	22.4
	Somewhat less now than 6 months ago	8.6	2.3	1.5	1.8
	Much less now than 6 months ago	0.4	0.0	0.0	0.0
	Not sure	28.6	30.9	27.5	23.5

FDIC
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NOTES:

1) These results aggregate responses filed for 73 major and non-major metropolitan markets covering every state except Alaska, Idaho, Vermont, West Virginia, and Wyoming. The number of respondents by property sector was: single-family (253), multifamily (173), office (180), retail (144), and industrial (100).
2) Respondents reported on the following major and non-major metropolitan areas: Albany, Albuquerque, Atlanta, Austin, Baltimore, Bergen-Passaic, Billings, Birmingham, Boston, Buffalo, Charlotte, Chicago, Cincinnati, Cleveland, Columbus, Dallas, Denver, Des Moines, Detroit, Fargo, Fort Lauderdale, Fort Worth, Grand Rapids, Greenville-Spartanburg, Hartford, Honolulu, Houston, Indianapolis, Jackson, Jacksonville, Kansas City, Las Vegas, Little Rock, Los Angeles, Louisville, Memphis, Miami, Milwaukee, Minneapolis, Nashua, Nashville, Newark, New Orleans, New York City, Norfolk, Oakland, Oklahoma City, Omaha, Orange County, Orlando, Philadelphia, Phoenix, Pittsburgh, Portland (Maine), Portland (Oregon), Providence, Raleigh, Richmond, Sacramento, Salt Lake City, San Diego, San Francisco, San Jose, San Juan, Seattle, Sioux Falls, St. Louis, Stamford, Tampa, Tulsa, Washington, DC, West Palm Beach, and Wilmington.
3) Survey respondents were asked to assess current real estate market conditions as compared with six months ago in relative terms: **A lot better:** Market conditions have improved considerably. There are strong, visible signs of improvement in terms of vacancy rates, market prices, or the pace of sales. Moreover, there is general agreement among market observers on this improvement. **A little better:** Market conditions have improved slightly. There are some visible signs of improvement in terms of market prices or the pace of sales. However, there need not be general agreement among market observers on this improvement. **About the same:** Market conditions are essentially unchanged from what they were six months ago. **A little worse:** Market conditions have deteriorated slightly. There are some visible signs of deterioration in terms of market prices or the pace of sales. However, there need not be general agreement among market observers on this deterioration. **A lot worse:** Market conditions have deteriorated considerably. There are strong, visible signs of deterioration in terms of vacancy rates, market prices, or the pace of sales. Moreover, there is general agreement among market observers on this deterioration. **Not sure:** Unable to assess the current market conditions due to inadequate information, conflicting information, or for other reasons.