Survey of Real Estate Trends

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

JANUARY 2001 TO JUNE 2001

National Highlights

The *Survey of Real Estate Trends* summarizes the opinions of 274 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.

- For the six months from January 2001 to June 2001, reports of stability generally dominated the survey results. The majority of respondents described conditions (as characterized by vacancy rates, market prices, or the pace of sales) as unchanged in all local property markets except office. In the other property markets, reports of stable conditions were in a substantial majority.
- Where changes in market conditions were observed, reports of some deterioration in conditions were more frequent than of improving conditions, particularly for commercial markets. Office markets had the highest proportion of respondents noting somewhat worsening conditions, at 48 percent.
- Supply and demand were most frequently characterized as “in balance” for all property types except office. Those seeing market imbalance skewed strongly towards reporting “some excess capacity” in commercial markets, while tight conditions prevailed in residential markets.
- Responses to more detailed questions about commercial markets pointed to some moderation in recent activity, although some respondents continued to report improvements. However, rental rates and sales prices for office, retail, and commercial properties slipped from six months earlier.
- The most favorable conditions were observed in the single-family home markets, with reports of improving conditions more frequent than in January. Sales volumes and home sale prices were reported to be higher than six months ago, as was construction for both single-family and multifamily markets.

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 major and non-major metropolitan areas covered, and the criteria guiding participants’ responses, are listed in the notes for

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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 can change from survey to survey, and observations about a specific market's activity can also differ from those about another market because of unique historical activity.

Changes in Real Estate Markets

The results of the July survey clearly indicate movement in some property markets in the first half of 2001 although reports of stability generally dominated. During the six months ending June 2001, the majority of senior examiners and asset managers reported general conditions as unchanged in all local property markets except office. In all other property markets, reports of stable conditions were in a substantial majority.

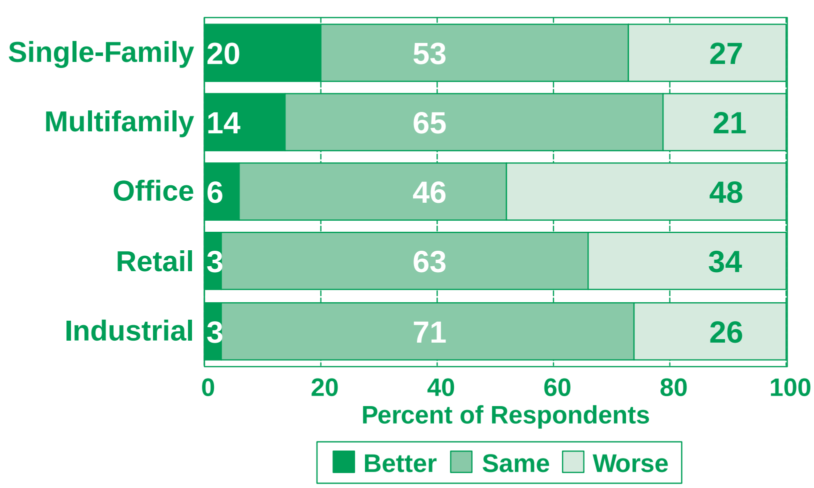
However, in all property markets, the proportion of those who said conditions were unchanged was less than in the previous survey in January. Furthermore, where changes in market conditions were observed, reports of worsening conditions were more frequent than those of improving conditions. For commercial markets, the difference was noticeable.

According to results of the most recent survey, conducted in July, local commercial real estate markets have lost some momentum. The latest poll showed far fewer responses of improving office, retail, or industrial market conditions than in recent surveys. A majority of respondents shifted their previous reports of "better conditions" and "no change in conditions" to reports of worsening conditions. In their comments, respondents observed that the deterioration in the commercial sectors reflected weakness in the technology industry but, at the same time, they recognized that in many markets, changes were occurring in an environment of historically tight conditions.

Single-family markets had the highest proportion of respondents noting better conditions, at 20 percent, followed by 14 percent who observed improving **multifamily** markets. Only in the residential markets did the frequency of "better" reports increase from the previous survey in January, albeit slightly (single-family, up from 17 percent; multifamily, up from 12 percent). In single-family markets, there was no change in reports of worsening conditions while in multifamily such reports rose to 21 percent, from 13 percent.

Observations of deterioration in local commercial markets far outweighed those of improving conditions. In addition, such observations were significantly more frequent in the July survey than six months ago. Almost one-half of the respondents reported somewhat worsening conditions in local **office** markets (48 percent, up from 17 percent). Almost one-third observed that conditions in **retail** markets were worse (34 percent, up from 18 percent) and one-quarter said the same about industrial markets (26 percent, up from 11 percent). Never-

CHANGING MARKET CONDITIONS
Compared to Six Months Ago



theless, for retail and **industrial** markets, the majority replied that conditions were unchanged.

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, Denver, Nashville, Oakland, Salt Lake City, San Francisco, and San Jose. There were no metropolitan areas that had an overall assessment of better real estate market conditions. In fact, there was no clear indicator that overall conditions had improved or deteriorated in the remaining metropolitan areas reporting.

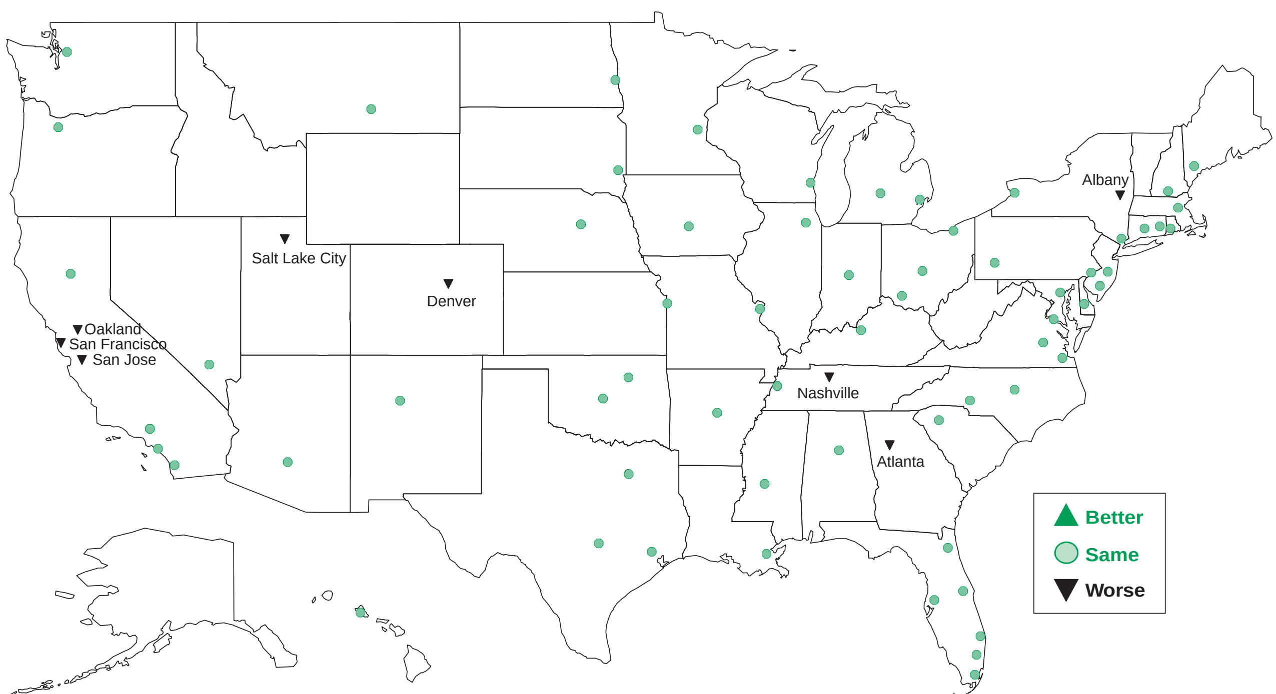
Current Conditions in Real Estate Markets

Readings of residential and commercial markets were less positive in the July 2001 survey than in the January 2001 survey. The results suggested weakness in activity rather than a downturn, as respondents continued to describe supply and demand most frequently as "in balance" for all property types except office. However, those reporting market imbalance skewed strongly towards excess supply in commercial markets, while tight conditions prevailed in residential markets.

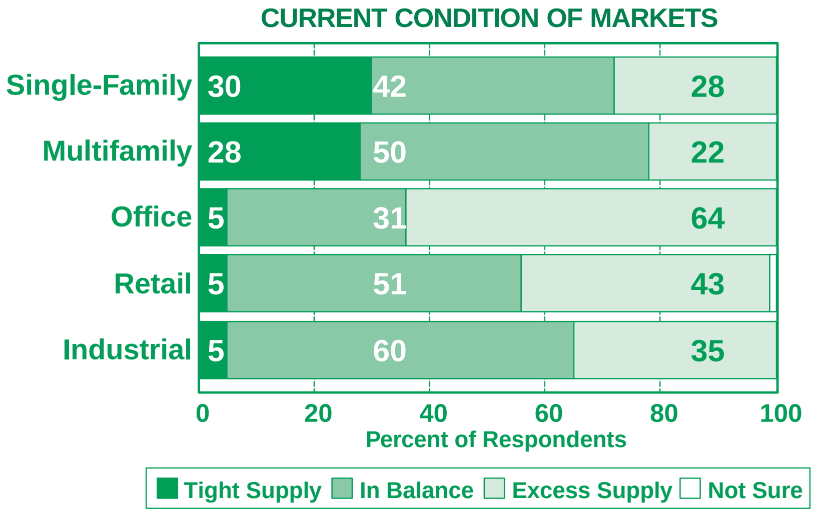
For every property type, observations that market conditions were either tight or in balance were down from the previous survey. At the same time, reports of excess supply increased in all markets, markedly so for the office market. It should be noted, however, that such reports were widely qualified as "some excess capacity" rather than the more serious "excess inventory."

Thirty percent of respondents reported single-family markets as tight, while 28 percent reported excess supply. Albany, Albuquerque, Atlanta, Birmingham, Denver, Des Moines, Honolulu, Indianapolis, Las Vegas, Louisville, Memphis, Nashville, New Orleans, Portland (Oregon), and Salt Lake City were noted for some looseness in their single-family markets. As for multifamily markets, 28 percent of respondents observed supply conditions as tight; 22 percent said markets had too much supply. Respondents cited Birmingham, Indianapolis, Kansas City, Little Rock, Orlando, and Raleigh as metropolitan areas with excess supply in multifamily property markets.

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.



Conditions in office markets were described as tight by only 5 percent of respondents (down from 17 percent in the last survey). Almost two-thirds (64 percent) viewed office markets as having excess supply, double the proportion who observed this in January. Almost every metropolitan area reported on was noted for excess supply. The 64 percent observing excess supply comprised 54 percent of respondents who qualified their responses as "some excess capacity" and 9 percent who reported "excess inventory." These numbers were given some depth by comments noting that the "decline occurred from a previously strong market and the overall office market is not stressed at this point" and "six months ago demand was red hot, now it's merely strong."

Retail and industrial markets were characterized as in balance by 51 percent and 60 percent of respondents, respectively. Excess supply in retail markets was observed by 43 percent of respondents. Respondents noted too much retail supply in the metropolitan areas of Albany, Birmingham, Cincinnati, Columbus, Dallas, Denver, Hartford, Honolulu, Little Rock, Louisville, Milwaukee, Nashville, New Orleans, Omaha, Orlando, Philadelphia, Salt Lake City, and St. Louis. As for industrial markets, 35 percent reported excess supply, citing Albany, Atlanta, Dallas, Honolulu, Indianapolis, Kansas City, Orange County, and Washington, DC.

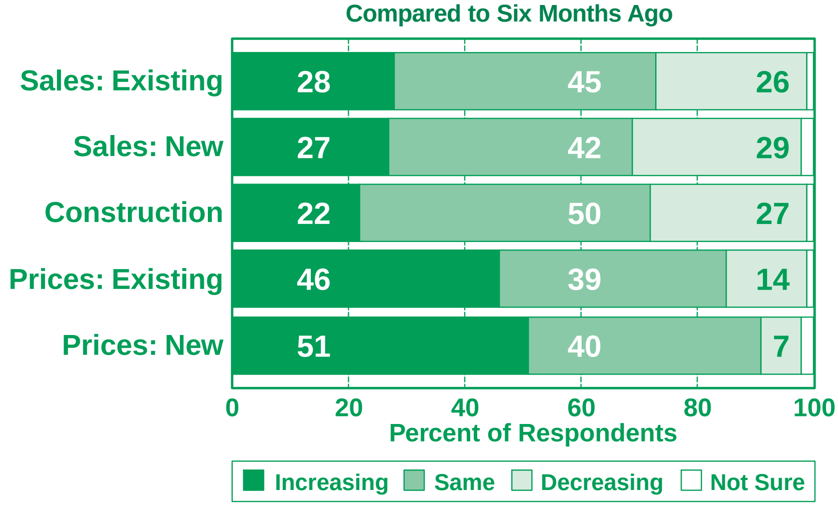
Single-Family Real Estate Markets

- The pace of home sales, for both existing and new homes, remained the same from six months earlier according to a majority of respondents. However, reports of increasing home sales were more frequent than in January, with 28 percent of respondents noting higher existing home sales (up from 17 percent) and 27 percent saying new home sales had increased (up from 15 percent). Sales of existing and new home sales were reported to be higher in Billings, Buffalo, Jacksonville, Miami, Milwaukee, Newark, Norfolk, Phoenix, and Wilmington.
- There were reports of decreasing sales. For existing homes, 26 percent noted a decrease in sales, and 29 percent observed this in existing homes. Both were lower than six months ago. Sales of existing and new homes were reported to have declined in Austin, Denver, Des Moines, Grand Rapids, Greenville-Spartanburg, New Orleans, San Francisco, San Jose, and West Palm Beach.
- Fifty percent of respondents reported no change in construction of single-family homes. Twenty-two percent viewed an increase in residential construction over the previous six months, citing gains in Columbus, Jacksonville, Miami, Newark,

CURRENT CONDITIONS: EXCESS SUPPLY REPORTED IN METROPOLITAN AREAS

Metro Area	Single-Family	Multifamily	Office	Retail	Industrial
Albany	X		X	X	X
Albuquerque	X				
Atlanta	X		X		X
Austin			X		
Baltimore			X		
Billings			X		
Birmingham	X	X	X	X	
Boston			X		
Chicago			X		
Cincinnati			X	X	
Cleveland			X		
Columbus			X	X	
Dallas			X	X	X
Denver	X		X	X	
Des Moines	X				
Greenville-Spartanburg			X		
Hartford			X	X	
Honolulu	X		X	X	X
Indianapolis	X	X	X		X
Kansas City		X			X
Las Vegas	X		X		
Little Rock		X	X	X	
Los Angeles			X		
Louisville	X			X	
Memphis	X				
Milwaukee				X	
Minneapolis			X		
Nashville	X		X	X	
New Orleans	X		X	X	
Omaha				X	
Orange County					X
Orlando		X	X	X	
Philadelphia				X	
Pittsburgh			X		
Portland, OR	X		X		
Raleigh		X	X		
Salt Lake City	X		X	X	
San Diego			X		
San Francisco			X		
Seattle			X		
St. Louis			X	X	
Tampa			X		
Tulsa			X		
Washington DC/MD/VA			X		X

ASSESSMENT OF SINGLE-FAMILY MARKETS
Compared to Six Months Ago



Norfolk, and Wilmington. A somewhat similar proportion (27 percent, down from 42 percent) saw a decrease in homebuilding, noted in Austin, Denver, Grand Rapids, Greenville-Spartanburg, Honolulu, Jackson, New Orleans, Portland (Oregon), Salt Lake City, and West Palm Beach.

- While sales and construction were increasing, sales prices of homes were also on the rise over the previous six months. Forty-six percent said sales prices for existing homes had increased and an even higher proportion, 51 percent, observed higher sales prices for new homes. Fourteen percent saw price erosion in existing homes and seven percent reported decreasing sales prices for new homes. Reports of price gains for both existing and new homes were frequent in Albany, Baltimore, Boston, Buffalo, Columbus, Denver, Fort Lauderdale, Los Angeles, Miami, Minneapolis, Newark, Norfolk, Oakland, Oklahoma City, Orange County, Philadelphia, Phoenix, Providence, Richmond, San Diego, Sioux Falls, West Palm Beach, and Wilmington.

Multifamily Real Estate Markets

- Vacancy rates in multifamily housing were reported as unchanged by 59 percent of respondents. However, in markets where movement was seen, the change was registered in higher vacancies, as 26 percent reported increasing rates, up from 16 percent in January. Thirteen percent, the same proportion in the last survey, noted a decrease in multifamily vacancies. Metropolitan areas where an increase in multifamily vacancy rates were noted included Atlanta, Austin, Houston, Kansas City, Little Rock, Nashville, Oakland, San Diego, and San Francisco.

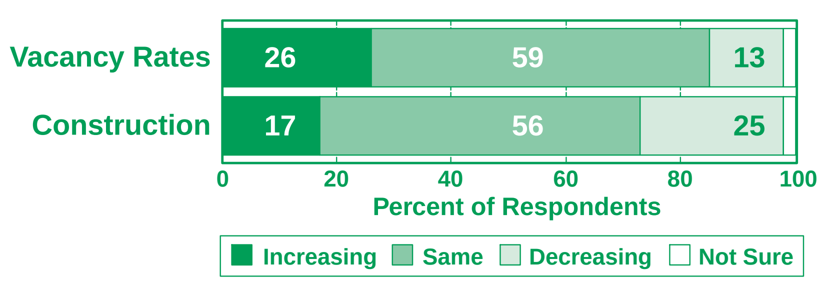
- The majority of respondents reported no change in multifamily residential construction. Seventeen percent noted an increase in multifamily construction over the previous six months, citing Orlando, Sioux Falls, Memphis, Albany, Billings, and Sacramento. One-quarter (25 percent) noted a slowdown in apartment building, citing Atlanta, Bergen-Passaic, Birmingham, Fort Lauderdale, Greenville-Spartanburg, Nashville, and Tulsa.

Office Real Estate Markets

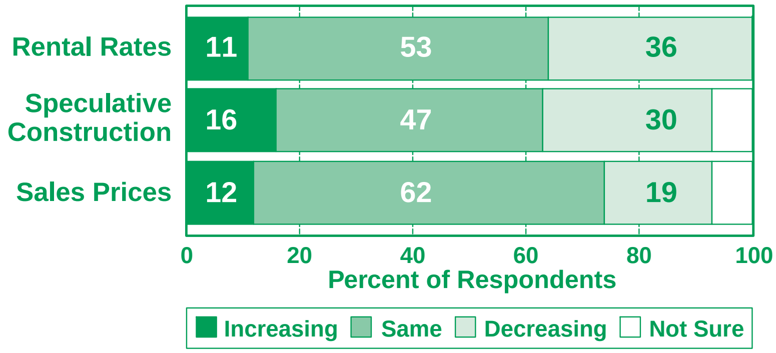
- A majority of respondents (53 percent) reported no change in office rental rates over the previous six months, although that figure was down from 71 percent in January. When movement in office rental rates was observed, more than one-third noted a decrease in rental rates (36 percent, from 5 percent). Eleven percent said rates had increased since six months earlier. Lower office rental rents were seen in Albany, Atlanta, Austin, Boston, Cincinnati, Cleveland, Honolulu, Pittsburgh, Portland (Oregon), Salt Lake City, San Francisco, Seattle, and Washington, DC.

- Speculative construction appears to be contracting somewhat, a positive step where office markets are beginning to experience some weakness. Thirty percent of respondents said that speculative office construction decreased from

MULTIFAMILY REAL ESTATE MARKETS
Compared to Six Months Ago



OFFICE REAL ESTATE MARKETS
Compared to Six Months Ago



six months ago, compared to 27 percent who reported this in January. The volume of speculative construction was reported to be lower in Billings, Birmingham, Boston, Dallas, Denver, Greenville-Spartanburg, Jackson, Norfolk, San Juan, Salt Lake City, and Tampa. Sixteen percent said that speculative office construction was up over the previous six months. A majority of respondents said that the volume of speculative construction of office buildings was unchanged from six months earlier; the same proportion reported this in January.

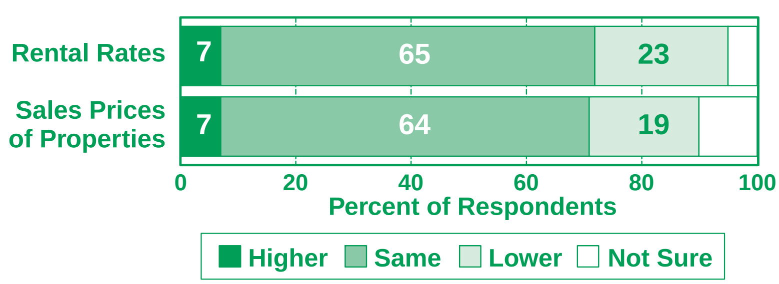
- Decreasing sales prices of office properties outweighed increasing sales prices. Sixty-two percent of respondents cited no change in sales prices of office properties. Of those who did report price movement, 19 percent said prices were falling (from 6 percent in January) and 12 percent reported rising prices (from 21 percent). Price gains in office building sales were noted in Des Moines, Fort Lauderdale, Miami, Milwaukee, Norfolk, and Sioux Falls.

Retail Real Estate Markets

- Two-thirds of respondents described retail market conditions as unchanged from six months ago, with no rent hikes or rent breaks. These reports of stable rents were relatively unchanged from the January report. The proportion who said rents had declined was 23 percent (more than doubled from 10 percent) citing lower rates in Albany, Cincinnati, Denver, Honolulu, Oakland, San Francisco, San Jose, and Washington, DC. Seven percent said rents rose (from 20 percent), citing higher rates in Buffalo, Miami, Sioux Falls, and Wilmington.

- Sales prices of retail properties decreased over the previous six months, according to 19 percent of the respondents (up from 7 percent), notably in Albany, Cincinnati, Honolulu, Philadel-

RETAIL REAL ESTATE MARKETS
Compared to Six Months Ago



phia, Oakland, Salt Lake City, and San Jose. Only seven percent said that sales prices increased, noted in Buffalo, Miami, and Sioux Falls. And according to almost two-thirds, sales prices of retail properties held steady.

Industrial Real Estate Markets

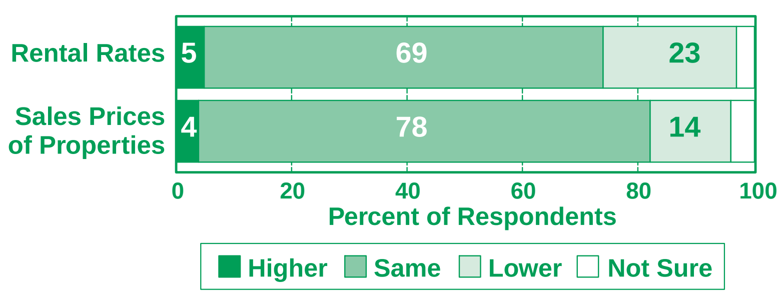
- Over two-thirds of respondents (69 percent) cited stable rental rates for industrial properties, unchanged from the previous six months. Twenty-three percent noted lower rents (more than doubled from 11 percent), naming Albany, Detroit, Seattle, and Washington, DC. Only five percent said that industrial rents had increased (from 15 percent), citing Tulsa.
- Sales prices of industrial properties declined, according to 14 percent of the respondents. Prices were reported to be down from six months ago in Albany, Honolulu, and Washington, DC. Price hikes were noted by just 4 percent (down from 19 percent in January) who mentioned gains in Fort Lauderdale and Miami. However, the vast majority (78 percent) said that sales prices of industrial properties were unchanged, a similar proportion reporting this in January.

Market Dislocation

When asked to assess potential signs of a troubled real estate market, respondents reported some loosening in indicators such as foreclosures, bankruptcies, and leasing time.

- The majority of respondents (64 percent) reported that foreclosures of commercial real estate loans continued at about the same pace as six months earlier. Eleven percent said they were somewhat more, and 4 percent said they were somewhat less than six months earlier.
- Similarly, the majority of respondents (46 percent) reported no increase in commercial and retail bankruptcies from levels observed six months earlier. However, reports that bankruptcies were somewhat more (29 percent) far exceeded reports of decreases (3 percent).
- The length of time required to lease a property was also generally reported to be stable over the previous six months, with 37 percent of respondents reporting no increase in lease time. However, the leasing times have lengthened somewhat according to 33 percent of respondents, who outnumbered those who reported somewhat shorter times (only 2 percent).

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
SINGLE-FAMILY				
How would you characterize the current single-family market?	A tight market	15.0	7.7	5.9
	Some tightness	30.0	23.8	23.6
	Supply and demand in balance	40.3	51.1	42.1
	Some excess capacity	13.7	14.9	25.6
	Excess inventory	0.9	2.6	2.8
	Not sure	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
	A little higher	23.6	17.0	26.8
	About the same	44.6	46.4	44.9
	A little lower	29.6	34.9	24.8
	A lot lower	0.0	1.3	1.6
`	Not sure	0.9	0.4	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
	A little higher	26.2	14.5	26.4
	About the same	45.5	46.4	41.7
	A little lower	26.2	36.6	26.8
	A lot lower	0.4	0.9	2.0
	Not sure	0.4	0.9	2.0
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
	A little higher	20.6	13.6	22.0
	About the same	49.4	42.6	50.0
	A little lower	24.9	39.6	24.4
	A lot lower	0.9	2.1	2.4
	Not sure	1.3	1.3	0.8
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
	A little higher	51.5	41.3	42.9
	About the same	35.6	47.2	39.0
	A little lower	6.9	9.8	13.8
	A lot lower	0.0	0.0	0.8
	Not sure	0.4	0.0	0.8
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
	A little higher	55.4	45.1	48.0
	About the	35.2	48.9	39.8
	A little lower	3.0	3.8	7.1
	A lot lower	0.4	0.0	0.4
	Not sure	0.9	0.4	2.0
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
	A little better	23.6	15.7	18.9
	About the same	57.9	56.2	53.1
	A little worse	16.7	26.4	25.2
	A lot worse	0.0	0.4	1.6
	Not sure	0.4	0.0	0.4
MULTIFAMILY				
How would you characterize the current multifamily market?	A tight market	11.7	5.6	8.6
	Some tightness	27.8	24.2	19.5
	Supply and demand in balance	45.0	50.3	49.4
	Some excess capacity	14.4	18.6	20.7
	Excess inventory	0.6	1.2	1.7
	Not sure	0.6	0.0	0.0
How would you characterize current `apartment vacancy rates now compared with 6 months ago?	A lot higher	0.0	0.0	1.1
	A little higher	17.8	15.5	25.3
	About the same	62.2	70.2	58.6
	A little lower	18.3	11.8	11.5
	A lot lower	0.0	1.2	1.7
	Not sure	1.7	1.2	1.7
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
	A little higher	22.2	11.8	17.2
	About the same	51.7	54.7	55.2
	A little lower	19.4	28.0	23.0
	A lot lower	1.7	0.6	2.3
	Not sure	3.3	3.7	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
	A little better	17.2	12.4	13.8
	About the same	72.2	74.5	65.5
	A little worse	8.9	12.4	19.5
	A lot worse	0.0	0.6	1.1
	Not sure	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
OFFICE				
How would you characterize the current office market?	A tight market	9.9	4.2	0.6
	Some tightness	21.6	13.1	5.0
	Supply and demand in balance	37.4	51.2	30.6
	Some excess capacity	28.1	28.0	54.4
	Excess inventory	2.9	3.6	9.4
	Not sure	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
	A little higher	26.9	22.6	10.6
	About the same	59.6	71.4	52.8
	A little lower	7.0	5.4	32.8
	A lot lower	0.0	0.0	3.3
	Not sure	1.2	0.6	0.6
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
	A little higher	18.1	17.3	15.0
	About the same	56.1	47.6	47.2
	A little lower	15.8	24.4	23.9
	A lot lower	2.3	3.0	6.1
	Not sure	5.3	6.5	6.7
How would you characterize the sales prices of a common class of office properties?	Increasing rapidly	0.6	0.0	0.0
	Increasing moderately	33.3	21.4	11.7
	Holding steady	57.9	67.9	61.7
	Decreasing moderately	2.3	6.0	18.9
	Decreasing steadily	0.6	0.0	0.6
	Not sure	5.3	4.8	7.2
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	4.4
	A little more common	8.2	10.1	32.8
	About the same	57.9	66.7	44.4
	A little less common	15.2	6.5	3.3
	A lot less common	2.9	1.8	0.6
	No concessions are offered	5.8	6.0	3.9
	Not sure	9.4	8.9	10.6
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
	A little better	17.5	14.3	5.6
	About the same	71.9	69.0	46.1
	A little worse	10.5	15.5	43.9
	A lot worse	0.0	1.2	4.4
	Not sure	0.0	0.0	0.0
RETAIL				
How would you characterize the current retail market?	A tight market	0.7	0.0	0.0
	Some tightness	17.5	10.4	5.2
	Supply and demand in balance	51.7	54.5	51.1
	Some excess capacity	25.9	33.8	40.0
	Excess inventory	2.8	1.3	3.0
	Not sure	1.4	0.0	0.7
How would you characterize rental rates for retail space now compared with 6 months ago?	A lot higher	0.0	0.0	0.0
	A little higher	21.0	19.5	6.7
	About the same	69.2	67.5	65.2
	A little lower	6.3	9.7	23.0
	A lot lower	0.0	0.0	0.0
	Not sure	3.5	3.2	5.2
How would you characterize sales prices of retail properties?	Increasing rapidly	0.0	0.0	0.0
	Increasing moderately	22.4	15.6	7.4
	Holding steady	67.8	72.7	64.4
	Decreasing moderately	4.2	7.1	18.5
	Decreasing steadily	0.0	0.0	0.0
	Not sure	5.6	4.5	9.6
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
	A little more common	8.4	11.0	25.9
	About the same	65.7	65.6	51.1
	A little less common	7.0	4.5	2.2
	A lot less common	0.7	0.6	0.0
	No concessions are offered	5.6	4.5	3.7
	Not sure	12.6	13.0	15.6
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
	A little better	10.5	7.1	3.0
	About the same	78.3	75.3	63.0
	A little worse	11.2	16.9	34.1
	A lot worse	0.0	0.6	0.0
	Not sure	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
INDUSTRIAL				
How would you characterize the current industrial market?	A tight market	4.3	1.1	0.0
	Some tightness	24.7	11.0	5.4
	Supply and demand in balance	57.0	65.9	60.2
	Some excess capacity	10.8	19.8	29.0
	Excess inventory	2.2	2.2	5.4
	Not sure	1.1	0.0	0.0
How would you characterize rental rates for industrial space now compared with 6 months ago?	A lot higher	2.2	0.0	0.0
	A little higher	26.9	15.4	5.4
	About the same	64.5	72.5	68.8
	A little lower	3.2	9.9	20.4
	A lot lower	1.1	1.1	2.2
	Not sure	2.2	1.1	3.2
How would you characterize sales prices of industrial properties?	Increasing rapidly	1.1	0.0	0.0
	Increasing moderately	30.1	18.7	4.3
	Holding steady	60.2	74.7	77.4
	Decreasing moderately	4.3	5.5	11.8
	Decreasing steadily	0.0	0.0	2.2
	Not sure	4.3	1.1	4.3
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
	A little more common	3.2	9.9	22.6
	About the same	67.7	70.3	61.3
	A little less common	12.9	2.2	2.2
	A lot less common	0.0	3.3	0.0
	No concessions are offered	6.5	3.3	2.2
	Not sure	9.7	11.0	9.7
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
	A little better	19.4	12.1	3.2
	About the same	73.1	75.8	71.0
	A little worse	5.4	9.9	22.6
	A lot worse	0.0	1.1	3.2
	Not sure	2.2	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
	Somewhat more now than 6 months ago	4.7	6.4	10.9
	About the same	59.6	62.3	63.9
	Somewhat less now than 6 months ago	7.1	2.3	4.0
	Much less now than 6 months ago	0.8	0.4	0.0
	Not sure	27.8	28.7	21.2
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
	Somewhat more now than 6 months ago	12.2	18.9	29.2
	About the same	54.5	48.3	45.6
	Somewhat less now than 6 months ago	6.7	4.5	2.6
	Much less now than 6 months ago	0.4	0.0	0.0
	Not sure	26.3	27.9	22.6
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
	Somewhat more now than 6 months ago	11.4	17.4	33.2
	About the same	51.0	49.4	36.5
	Somewhat less now than 6 months ago	8.6	2.3	1.5
	Much less now than 6 months ago	0.4	0.0	0.0
	Not sure	28.6	30.9	27.4

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NOTES:

1) These results aggregate responses filed for 72 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 (254), multifamily (174), office (180), retail (135), and industrial (93).
2) The major metropolitan areas reported on included: Atlanta, Baltimore, Boston, Charlotte, Chicago, Cincinnati, Cleveland, Columbus, Dallas, Denver, Detroit, Ft. Lauderdale, Houston, Indianapolis, Kansas City, Las Vegas, Los Angeles, Miami, Minneapolis, Nashville, New York City, Oakland, Orange County, Orlando, Philadelphia, Phoenix, Portland (Oregon), Salt Lake City, San Diego, San Francisco, San Jose, Seattle, St. Louis, Tampa, Washington, DC, and West Palm Beach. The non-major metropolitan areas reported on included: Albany, Albuquerque, Austin, Bergen-Passaic, Billings, Birmingham, Buffalo, Des Moines, Fargo, Grand Rapids, Greenville-Spartanburg, Hartford, Honolulu, Jackson, Jacksonville, Little Rock, Louisville, Memphis, Milwaukee, Nashua, New Orleans, Newark, Norfolk, Oklahoma City, Omaha, Pittsburgh, Portland (Maine), Providence, Raleigh, Richmond, Sacramento, San Juan, Sioux Falls, Stamford, Tulsa, 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.