

HOUSE - PRICE REPORT

EXHIBIT 1

House-Price Growth Third Quarter 1996 (Annualized)

U.S. TOTAL	1.7%
NORTHEAST	
New England	-1.8
Middle Atlantic	-0.8
SOUTH	
South Atlantic	1.0
East South Central	2.6
West South Central	-1.8
MIDWEST	
East North Central	6.5
West North Central	4.9
WEST	
Mountain	2.4
Pacific	-1.9

Source: Conventional Mortgage Home-Price Index

Housing Appreciation Cools Down Considerably

The national house-price growth rate, although remaining positive, slowed to an annualized rate of 1.7 percent in third quarter 1996, according to the Conventional Mortgage Home-Price Index¹. This is considerably below the 3.9-percent pace at which house prices appreciated in the second quarter (*Exhibit 1*). The third-quarter performance also represents a drop from the 6.7-percent growth rate in the same period a year earlier.

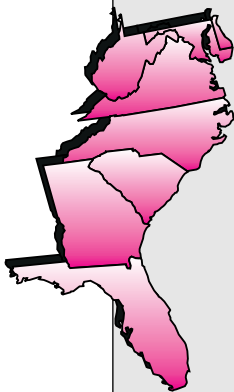
A rising inventory of unsold housing is one potential source exerting

downward pressure on house-price appreciation rates.

Of the nine census divisions, five showed positive changes in house-price growth in the third quarter. States in the East South Central and West South Central divisions recorded the strongest annualized gains of 6.5 percent and 4.9 percent, respectively. The Mountain and East South Central states likewise outperformed the national average, but to a lesser degree. Little-changed or negative growth rates in the remaining divisions are the likely results of lethargic or declining home values.

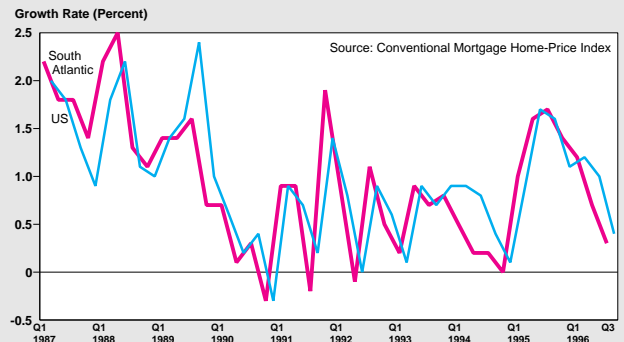
¹The Conventional Mortgage Home-Price Index is a series of 10 separate indexes, one for each of the nine census divisions and a national index. The national index is an average of the nine divisional indexes. It is weighted by the results of the 1990 Census for the number of detached, one-unit, single-family structures in each division.

South Atlantic States Fall Short of Former Luster



South Atlantic house-price growth has yet to return to the levels of the late 1980s, when it largely outpaced the national average (see chart at right). Quarterly house-price growth in the 1990s has risen at a sluggish 0.1-percent rate, on average, relative to the period between 1986 and 1990, when quarterly gains averaged 1.3 percent. Compared to the start of the current decade, however, the division's growth appears somewhat more impressive, up 3.6 percent from the same time last year and 16.9 percent from five years earlier.

The economic news from several states in the South Atlantic division, including



Georgia, Florida and North Carolina, appears mostly favorable for house-price appreciation, but the impact of mortgage rates that now are about one percentage point higher than a year ago and a growing backlog of unsold homes may serve as moderating influences.