

Federal Statistics Highlight Real Estate Woes

16 hours 43 minutes ago By [KUAR News](#)



University of Arkansas Economist Kathy Deck responds to FDIC stats showing property holdings by banks increased almost 42 percent in the past year. Most property holdings are the results of foreclosures.

Real estate held by Arkansas banks more than doubled in the first quarter of this year compared to the same period two years ago. Those holdings tend to be foreclosures.

Figures released by the Federal Deposit Insurance Corporation show state banks made more money than this time last year but property holdings rose to \$820 million. University of

Arkansas economist Kathy Deck said that shows continuing weakness in the real estate market.

"Obviously, it's indicative of the ongoing real estate downturn that Arkansas continues to experience along with the rest of the country," said Deck, director of the university's Center for Business and Economic Research. "To be honest, we have not seen a lot of that real estate processed quickly off of those balance sheets because banks think it's a little bit better to hold that for a while than try to get it sold for pennies on the dollar."

Deck said several factors are responsible for the increased property holdings. "What we're seeing right now in terms of what banks have from real estate happens as a result of declining home prices, of declining land values and sustained vacancy rates in commercial properties," she said. "And these things, of course, are exacerbated by sustained and prolonged high unemployment."

Attachments