



## Feds Note Increased Momentum

April 19, 2013

CHICAGO- **The United States Federal Reserve Board** just released its “Beige Book” analysis of economic conditions from late February to early April and gave the Chicago and Midwest regional real estate markets somewhat better reviews than in recent months. “Commercial real estate conditions also continued to improve,” the Fed researchers found, “with rents increasing and vacancy rates decreasing.” In January, the Board stated in that month’s book that “construction and real estate activity was mixed in late November and December.” And its March report again called real estate activity “mixed” for the previous two months.

To produce the “Beige Book” Fed economists conduct a series of informal talks with key business contacts, economists, market experts and others in each sphere of economic activity and publish the anecdotal results eight times a year.

The Fed analysts stated this time that “demand for residential construction rose, reflecting both continued strength in multifamily construction and an improving single-family housing market. The gains have helped buoy confidence among homebuilders. Development of single-family homes in urban areas picked up some after years of limited activity.”

For example, GlobeSt.com [reported yesterday](#) that homebuilders had returned to Chicago’s South Side community of Bridgeport after several years’ absence. “It’s been like night and day,” said **Jeff Benach**, co-principal of **Lexington Homes**, comparing their ability to sell neighborhood homes now versus a few years ago.

The Feds also found that “growth in nonresidential construction, particularly for smaller retail stores and in the industrial sector, continued to be moderate.”

Concern about Washington turmoil persists. “Growth in manufacturing production slowed in March,” and “several contacts speculated that the uncertainty surrounding sequestration had affected their customer’s orders.” However, few reported seeing evidence of this in their shipments.

Notwithstanding the fears about sequestration, the report remained somewhat upbeat, viewing “the ongoing recovery in the housing market as a potential source of strength in

the second half of the year.” And bank officials “reported moderate growth in business lending, especially to small businesses and for the purposes of expanding and upgrading of facilities. Real estate lending also reportedly picked up. Increased competition for borrowers was noted to be putting downward pressure on pricing and loosening commercial and industrial loan standards.”

[http://www.globest.com/news/12\\_587/chicago/economy/Feds-Note-Increased-Momentum-332354.html](http://www.globest.com/news/12_587/chicago/economy/Feds-Note-Increased-Momentum-332354.html)

4.19.13