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THE DEMAND FOR NEW HOUSING

As little further expansion in defense expenditures appears likely, more and more attention is being directed to the potential contributions of the various civilian segments of the economy for sustaining the current high level of economic activity. Among these non-defense elements, the demand for residential construction is one of the more important and conjectural. Since the end of 1945, the industry has built more than 7 million new nonfarm dwelling units, and many more units have been added by the conversion of large existing single houses into double or multiple units. This volume of construction has done much to satisfy the backlog of housing needs accumulated during World War II and the early postwar years. The most prominent question at the present time is the level at which the industry may be expected to operate in adjusting to a more normal demand in the immediate future.

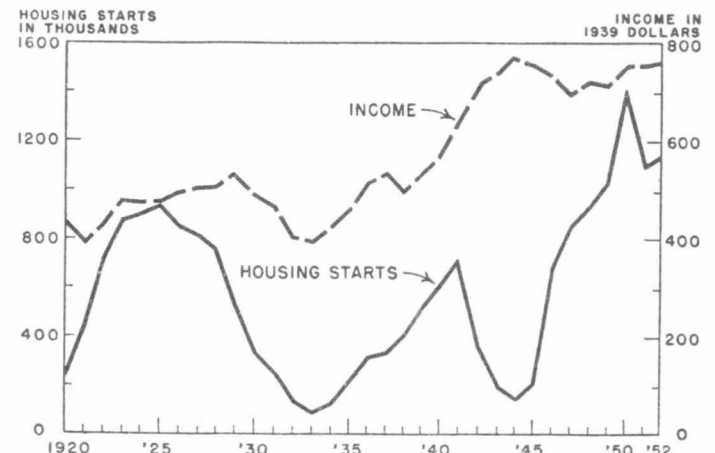
The problem of anticipating the level of residential construction is rendered more significant and also more difficult by the extreme fluctuations it has exhibited in the past. The instability of the housing industry has caused important repercussions on the level of activity in other segments of the economy, and therefore, it is considered to be an industry possessing a substantial degree of influence over fluctuations in the level of national income. The radical changes in housebuilding are traced graphically in Figure 1, where the number of new nonfarm dwelling units started annually from 1920 to 1952 is shown along with real income per capita. The relationship of changes in residential construction to the over-all level of economic activity is readily apparent, although some departures are discernible.

The number of new housing units started mounted during the early 1920's to a peak of 937,000 in 1925 and then fell off steadily to only 93,000 units in

1933. Thereafter, residential construction expanded until it was curtailed during World War II. Following the war, the industry increased its output rapidly, surpassed the 1925 level for the first time in 1949, and started a record number of 1,396,000 new nonfarm dwelling units in 1950. It is notable that the upward trend in housing starts did not falter in the recessions of 1938 and 1949, although residential building expenditures declined slightly in the latter year. Residential construction did experience a sharp setback in 1920, but resumed its upward movement within a matter of months after some rapid adjustments in building costs.

A partial explanation of the causes of volatility in the level of residential construction may be sought in the factors influencing the demand for new housing. Some characteristics of the housing market are

Figure 1. NEW NONFARM DWELLING UNITS STARTED AND REAL DISPOSABLE INCOME PER CAPITA



SOURCE: U. S. Department of Labor, U. S. Department of Commerce, National Bureau of Economic Research, and Federal Reserve Bank of Kansas City.

discussed in the subsequent section. Following that, attention is devoted to an investigation of various demand factors—family formation, migration, income, relative prices, and financing. The demand projections made by several agencies are presented against this backdrop in the concluding paragraphs.

Housing Stock and Market Conditions

The Census of Housing in 1950 indicated the existence of 39.4 million nonfarm dwelling units in the United States, which represented an increase of one third during the preceding decade. Of the increment of 9.7 million units, approximately 85 per cent were newly constructed. The remainder resulted largely from subdividing existing houses into two or more smaller dwelling units, converting non-residential properties for residential use, and converting farm into nonfarm dwellings. Since the census date, more than 3.5 million new nonfarm housing units have been added. Despite this rapid rate of increase in the supply of housing, the annual additions to the supply are relatively small. Since World War I, yearly additions to the total number of dwelling units available, resulting from conversions as well as new construction, have never exceeded 5 per cent of the stock on hand even in the best years. Because of this relative fixity in the supply of housing, shifts in the demand for all housing have a pronounced effect on the demand for new housing, causing exaggerated fluctuations in the residential construction industry.

Another distinguishing feature of the housing market is its local nature. The demand for housing always is expressed with a geographic dimension. As a consequence of population shifts, residential construction is stimulated in some localities more than in others. Moreover, the up-and-down movements in housing activity do not always coincide from one area to another. For example, while housebuilding reached a peak throughout the Nation in 1925, a peak was not attained in Oklahoma City until 1929. The impact on the residential construction industry of the heavy influx in population on the Pacific Coast in recent years is illustrated by the case of the Los Angeles Metropolitan Area, where the number of new dwelling units started from 1946 through 1950 made up 8 per cent of all new nonfarm dwellings started in the country. Differences also have occurred in the fluctuations in building different types of housing accommodations. During the 1920's, the peak in building two-family dwellings occurred in 1923; single dwelling units, in 1925; and apartments, not until 1927. Similar irregularities characterize various parts of the housing industry today.

According to the 1950 Census, 44 per cent of the nonfarm dwelling units in the United States were found in structures built prior to 1920, approximately 21 per cent were in structures erected during the building boom of the 1920's, only 13 per cent date back to the decade of the 1930's, and 22 per cent were built in the 1940's, mostly in the postwar years. The proportion of newer houses varies considerably from one locality to another, however, depending on recent local population trends. In Albuquerque, where population increased 110 per cent from 1940 to 1950, it was estimated that 54 per cent of the dwelling units were constructed during the decade. By way of contrast, in St. Joseph, where population growth was small, only 6 per cent of the dwelling units were located in structures built during this recent period.

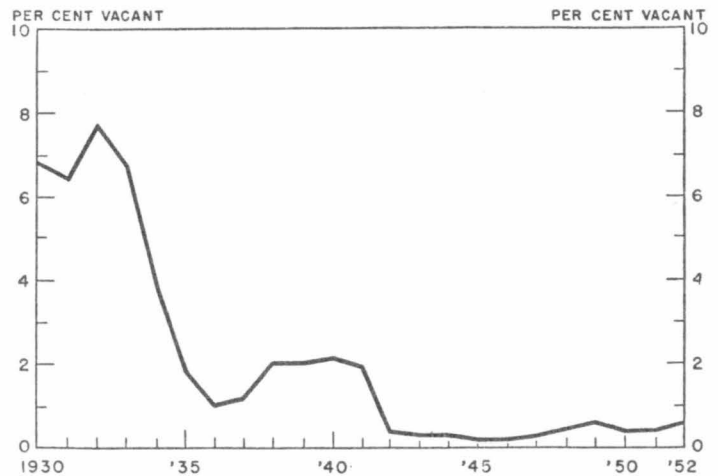
The number of dwelling units lacking private indoor flush toilets or bathing facilities changed little from 1940 to 1950, although the proportion of units lacking such facilities declined with the increase in the number of dwelling units. The census classified 2.8 million dwelling units as "dilapidated"; this was 7 per cent of the nonfarm housing units classified and provides some measure of the magnitude of the potential replacement market. With regard to size, 44 per cent of the nonfarm dwelling units in 1950 consisted of four and five rooms and 30 per cent had six or more rooms. The number of three- and four-room units increased more rapidly from 1940 to 1950 than any other size. With the exception of one-room units, which decreased in number, those consisting of seven or more rooms increased most slowly. This concentration on the construction of small houses, combined with a trend toward more large families, has led to some predictions of expanded requirements for larger houses in the future.

These contentions seem to be supported by some of the findings of a survey of 1,000 buyers of single-family houses in urban areas throughout the country in 1949 and the first half of 1950, conducted by the Survey Research Center of the University of Michigan. A majority of the purchasers of three- and four-room houses said they wanted more bedrooms than they obtained in the houses they bought. Half of the buyers indicated that they were dissatisfied with the size of the rooms. Dissatisfaction also was expressed by many buyers because of inadequate storage space and the lack of separate dining space. The close relationship between family size and housing needs was emphasized. Five sevenths of the buyers surveyed had children. One buyer in six was acquiring larger accommodations because of an increase in family size. As might be expected, families with small children or no children

bought the smaller houses, and those with several older children were more frequently the purchasers of houses having three or more bedrooms. Three fourths of the buyers expressed a preference for a one-story house, although only 60 per cent succeeded in purchasing houses of that type. These findings, being based on what the people contacted in the survey actually bought as well as reflecting their satisfaction with their purchases, may provide some helpful guides as to the future composition of the demand for new housing.

Perhaps the best over-all measure of the current condition of the real estate market is the vacancy rate. Rather than the total percentage of dwelling units vacant, the effective vacancy rate usually referred to is the percentage of all dwelling units available for rent or for sale, which are not for seasonal use only and are not dilapidated. Reflecting the acute housing shortage, the vacancy rate for all nonfarm dwelling units in the Nation was only 0.8 per cent in 1947. By 1950, it had increased to 1.7 per cent, and is believed to be still higher today, although no later comprehensive data are available. Unfortunately, reliable data on vacancies are not maintained for most areas. However, an annual inventory of real estate in the area that comprised Denver in 1940 has been made by the University of Denver since 1930. These data are shown in Figure 2 and indicate the wide fluctuation in available residences in that area. The vacancy rate for the entire Denver Metropolitan Area was 1.6 per cent in 1950; this count included the newly developed areas around the fringe of the city, as well as some rural territory, both of which contain a larger portion of vacant units than the settled urban areas. It appears, therefore, that substantial additions were still required in 1950 to bring the vacancy rate up to a level of 4 to 5 per cent, which is frequently held to be a "normal" level. Trends in the Denver area, where real estate conditions still probably are tighter than in most metropolitan areas, indicate some loosening in the past two years.

Figure 2. PERCENTAGE OF RESIDENCES VACANT IN DENVER



SOURCE: Bureau of Business and Social Research, University of Denver.

those of marriageable age have been married in recent years, the population reaching this age will decline sharply in the 1950's because of the low birth rate in the 1930's. Between 1930 and 1940, the population under 10 years old decreased 12 per cent. On the other hand, the population in the upper age brackets is increasing rapidly. With falling mortality rates and higher incomes, more older people are continuing to maintain their own households. The greater longevity of women and their improved economic status, in particular, have increased the number of individuals requiring separate quarters.

These and other factors affecting family and household formation were considered by the Bureau of the Census in preparing the projections to 1955 and 1960, presented in the accompanying table. The transition from families to households requires that account be taken of families doubled up, unrelated

INCREASES IN HOUSEHOLDS, MARRIED COUPLES, AND FAMILIES, 1930 TO 1960

Date and Series	AVERAGE ANNUAL INCREASE SINCE PRECEDING DATE		
	Households	Married Couples	Families
April, 1930.....	—	—	—
April, 1940.....	504,000	334,000	419,000
April, 1947.....	595,000	694,000	579,000
April, 1948.....	1,582,000	883,000	1,040,000
April, 1949.....	1,387,000	1,034,000	1,257,000
March, 1950.....	1,485,000	657,000	716,000
April, 1951.....	1,011,000	67,000	581,000
April, 1952.....	900,000	512,000	620,000
July, 1955:			
High series.....	915,000	603,000	779,000
Medium series.....	697,000	401,000	560,000
Low series.....	357,000	190,000	331,000
July, 1960:			
High series.....	800,000	568,000	644,000
Medium series.....	624,000	418,000	475,000
Low series.....	275,000	247,000	236,000

SOURCE: Bureau of the Census.

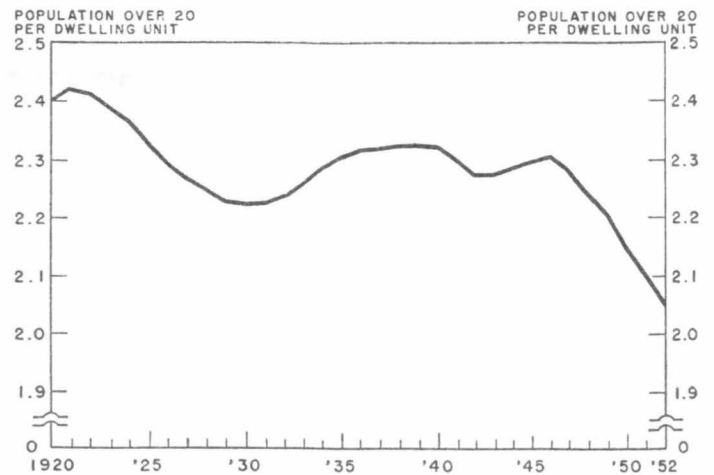
Population Factors A number of population factors exert a basic influence on the demand for new housing. Increases in the quantity of housing required are logically related to the rate of family formation and the added numbers of individuals living alone or in unrelated groups. However, these are highly complex variables. The number of marriages is an important determinant of family formation, but is dependent, in turn, on the number of persons reaching marriageable age and the effects of social and economic influences on marriage and divorce rates. While a larger proportion of

individuals living together in dwelling units, and individuals maintaining separate households. Thus, the number of households equals the number of occupied dwelling units. From April, 1952, until mid-1955, the average annual increase in the number of households is expected to be 697,000, according to the medium projection, with a range from low to high between 357,000 and 915,000. The medium projection suggests a drop of more than half from the high level of household formation in 1947, which followed the record number of marriages in 1946. From the 1951 level the decline is only 22 per cent, according to this series, and although the high series indicates a possible increase, the low series would result in a decrease of 60 per cent. Less than half of the difference between the high and low projections arises from the range of projections used for population 20 years of age and over; the remaining range arises from differing assumptions as to economic conditions and social practices.

The average size of households in the United States has declined for many decades. In 1890, the average household consisted of 4.93 persons; by 1950, it had fallen to 3.39 persons. One reason for the decline has been the falling birth rate; another, the increase in population in the upper age brackets coupled with higher income, has permitted more people to maintain separate households after retirement. The spectacular rise in the birth rate during the last decade has been a much discussed phenomenon. Birth rates for second, third, and fourth children have increased along with that for first children since the late 1930's. This has created many more large families, and after an appropriate lag, it may be expected to give rise to an increased demand for larger houses. The effect of these larger families on household size probably will be counteracted by the increase in small households maintained by older people during the current decade. Consequently, all of the Census projections for households indicate little change in average size from 1950 to 1960.

The ratio of the number of persons 20 years of age and over, divided by the number of dwelling units, is shown from 1920 through 1952 in Figure 3. As a crude measure, this ratio may be used to investigate the relationship between that portion of the population requiring separate housing accommodations and the quantity of housing available. It shows that the average number of adults per dwelling unit declined throughout most of the twenties. From 1930 to 1940, population age 20 and over increased more rapidly than did the number of dwelling units. The building boom since World War II has reduced the current ratio to the

Figure 3. POPULATION, TWENTY AND OVER, PER DWELLING UNIT



SOURCE: U. S. Bureau of the Census and Federal Reserve Bank of Kansas City.

lowest level during the entire 33-year period. This does not necessarily mean that the stock of housing is unduly large relative to adult population. Other factors, such as rising income and changes in living habits, have operated to reduce the ratio. Nevertheless, the continued sharp decline in the relationship does suggest that the backlog of demand for housing is rapidly being satisfied.

Another population factor affecting the demand for new housing is migration. The drift of population from farm to town has been supplemented by large interarea and interregional movements. Unlike the migration from farm to town, migration from one urban area to another usually has resulted in differential rates of population growth, rather than in actual declines in the donor areas. Migration from farm to nonfarm areas was especially high in the early twenties, but it fell off during the latter part of the decade and remained low throughout the thirties. The decline in migration in the late twenties, in conjunction with a decrease in family formation, probably accounts for the fact that house-building turned down four years before income fell in 1930. Farm population actually gained through migration in 1932. Since 1941, migration has gone on at a fairly rapid rate. The significance of these geographic shifts in population merits emphasis because the differential rates of growth of urban areas resulting from migration give rise to most of the local variations in the pace of residential construction.

In recent years, more than one twentieth of the population has changed its county of residence each year. The rate of migration declined for several years following the readjustment immediately after World War II, lasting until the outbreak of hostilities in Korea again stepped up the flow of migrants.

In the year following the beginning of the Korean conflict, county-to-county migration rose to 7.1 per cent of the population from a level of 5.6 per cent in the preceding year. This movement of population caused many severe housing shortages in defense areas. With defense expansion nearing its peak, however, it is reasonable to expect migration to subside again.

Income The level of real income per capita is known to exert a substantial influence on family formation, birth rates, and migration. In times of economic stress, the marriage rate has fallen and family formation has been correspondingly reduced. The flow of rural-urban migrants also seems to vary with the availability of urban economic opportunities. As mentioned above, the flow actually was reversed at the depth of the depression in 1932, and for a short time, people moved back to the farming areas. In addition to these indirect effects, the level of income exercises a direct influence on the demand for new housing. In general, it has been found that family expenditures on housing increase with real income per family, but less than proportionately. However, changes in the level of per capita or per family income have an exaggerated effect on the demand for new housing because some families and individuals move out of the housing market entirely as their incomes decline and move back in when incomes are rising. Those in "marginal" income categories are forced, under adverse economic circumstances, to "double-up" with parents, children, or others. With the supply of housing relatively fixed by the number of existing dwelling units, the doubling and undoubling of families and individuals may destroy or create, as the case may be, much of the demand for new residential construction. Consequently, wide fluctuations in residential building occur concurrently with less extreme movements in real per capita income, as shown in Figure 1. As a result of the building boom since World War II and the high level of income which has prevailed, the number of married couples doubled-up at the present time is about half the 1947 level and is substantially less than in 1940.

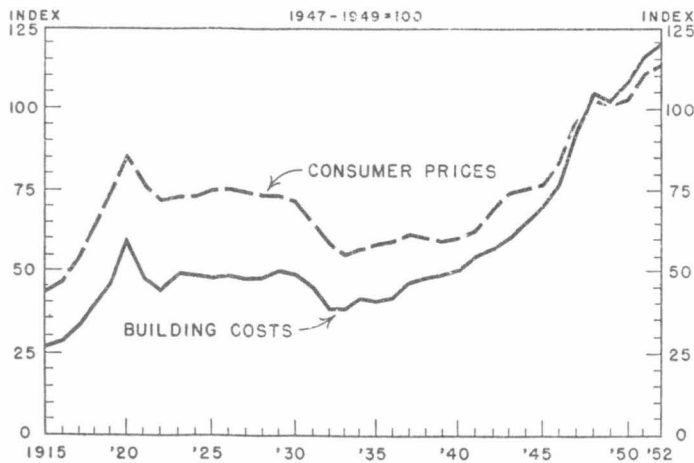
The observed decrease in average family size and other social changes over the past generation or two—such as the growth of recreational activities outside the home—have given rise to some speculation as to whether or not a decline has occurred in the proportion of a given income that individual families stand ready to spend on housing. Sufficient information is not available either to prove or disprove this contention. Changes in consumer preferences of this type may conceivably affect the demand for

new housing, but they are apt to take place slowly over a period of several years and not have an abrupt impact. In recent years, it could be argued that the tendency for large families to increase in number and the introduction of television—bringing entertainment back to the home—are forces operating in the opposite direction. Similarly, another long-term influence on the demand for housing, which likewise changes slowly enough not to have a year-to-year impact, results from changes in the distribution of total national income among families and individuals. Changes in income distribution brought about by alterations in the tax system or in other aspects of the economic structure obviously may affect the quantity and type of housing demanded.

Changes in the level of real income, its distribution, and its disposition may affect the residential construction industry in many ways—some direct and immediate, and some indirect and delayed. It appears that residential construction expenditures and real income per capita are highly interdependent. Changes in housebuilding affect other forms of economic activity with a multiplier reaction, and changes in incomes partially determine the rate of construction. Consequently, in any analysis of the demand for housing, a consideration of income and its interrelationships with the residential construction industry must be ranked highly.

Building Costs Relative price changes among the goods and services that compete for the consumer's dollar frequently bring about a rearrangement in the pattern of consumer expenditures. Whether or not higher building costs relative to other consumer prices lead to corresponding reductions in expenditures for new housing is problematical. A comparison of building costs and the prices of other consumer items with the volume of residential construction suggests that, within a limited range at least, the demand for new housing is not very responsive to relative price changes. Upward movements in the cost of building residences (E. H. Boeckh) from 1915 to 1952 generally have been greater than the increases that have taken place in the Consumer Price Index, as shown in Figure 4. The Building Costs Index rose more rapidly than the Consumer Price Index in the World War I inflation. Similarly, the rise in building costs proceeded with greater vigor from 1933 to 1937, during World War II, and also in the postwar price rise. In the past three years, when residential construction has been at record levels, building costs have been higher relative to consumer prices than at any other time since 1915. Only in the sharp inflation

Figure 4. BUILDING COSTS AND CONSUMER PRICES



SOURCE: U. S. Bureau of Labor Statistics and E. H. Boeckh and Associates.

after World War I does it appear that rapidly mounting building costs led to a marked reduction in residential construction. The price decline from 1920 to 1922 also was the only period of falling prices since 1915 in which building costs fell more rapidly than consumer prices in general.

Building cost indexes are not entirely satisfactory measures. One shortcoming, for example, is that builders' profits are not included. Other costs of ownership, such as taxes and financial expenses, also need to be considered. But although the analysis is not conclusive, it appears that movements of building costs relative to other consumer prices have not exercised more than a small degree of influence over the quantity of new housing demanded.

Financing The availability of real estate credit and the terms upon which it can be obtained play a part in determining the demand for new housing. Credit terms change slowly over time in most instances, while the availability of funds usually fluctuates more frequently. The interwar period witnessed a thoroughgoing modification in real estate finance. The practice of amortizing loans was established, the Federal Home Loan Bank System was created, and mortgage insurance was provided by the Federal Housing Administration. The Veterans Administration loan guarantees after World War II further eased the provision of residential real estate credit and permitted 100 per cent mortgages in some instances. Without question, the demand for new housing was stimulated by these arrangements. Furthermore, a series of monetary and institutional developments resulted in substantial reductions in mortgage interest rates. Although difficult to appraise quantitatively, these financial developments have had an impact on housing de-

mand that cannot be ignored in analyzing current conditions in the real estate market.

The threat of inflation after the start of the Korean conflict led to some steps by the monetary authorities, the Housing and Home Finance Agency, and the Veterans Administration to increase the restrictions on real estate credit. As inflationary pressures subsided, most of these credit restrictions were progressively relaxed. With the tightening of the money market following the unpegging of government security prices in March, 1951, however, increasing stringency has appeared from time to time in the flow of real estate credit. Nevertheless, the fundamental institutional changes which have taken place in real estate finance during the last two decades remain operative to strengthen the demand for new housing.

Demand Projections Late in 1951, the Housing and Home Finance Agency published an estimate of housing needs for the decade entitled, *How Big is the Housing Job*. Based on data supplied by the Bureau of the Census, it estimated that 5 million additional nonfarm dwelling units would be needed by 1960 to meet the demands arising from household formation. It estimated that another 1 million units would be required to re-establish a normal vacancy rate of approximately 4 per cent. Replacement and rehabilitation needs were judged to require an even larger volume of residential construction. Losses from disaster and demolition requiring replacement were estimated at 400,000 units during the decade, and the replacement of temporary houses was said to necessitate 300,000 units. However, the bulk of the replacement demand was estimated in three categories. In the first place, the HHFA took the number of dwelling units which will be 75 years old at any time during the decade as the number needing major repairs or replacement by 1960. Secondly, replacement needs included the 2.8 million units the Census of Housing classified as dilapidated in 1950. And thirdly, the HHFA added to replacement needs the 3.5 million dwelling units located in urban areas which lacked a private bath or toilet in 1950. In total, the new construction, conversion, or rehabilitation needs in nonfarm areas were estimated by the HHFA at 14,386,000 units or an average of 1.4 million units per year. It should be emphasized, particularly in view of the large replacement requirements listed, that this was an estimate of housing needs as opposed to demand. A demand estimate would reflect only what people stand ready and able to buy rather than what they need in order to be adequately housed.

A supplemental estimate of housing requirements was contained in a report released last December which was prepared by the staff of the Joint Committee on the Economic Report of the Eighty-Second Congress. The report, entitled *The Sustaining Economic Forces Ahead*, used a somewhat different approach to arrive at housing needs arising from population growth. Assuming the 1960 population to be 175 million, it estimated that 6.8 million additional dwelling units would be needed to maintain the current ratio of persons per dwelling unit. The report added the same estimates for the replacement of houses more than 75 years old, disaster losses, and temporary housing as did the HHFA. In order to maintain a conservative estimate, however, the Joint Committee staff assumed that only half of the dilapidated nonfarm units and half of the urban units without bath or toilet would be replaced. Its requirement for the decade totaled 12,200,000 units. Based on this estimate or that of the HHFA, the report concluded that the building rate of more than a million units per year from 1947 to 1951 "will need to be surpassed by some 50 per cent in order to provide a housing supply very little better than it is today."

More recent projections of household formation to 1955 and 1960, made by the Bureau of the Census and shown in the accompanying table, indicate that although it is declining, it may be higher than that used by the HHFA or the Joint Committee staff. On the other hand, whether or not their large estimates of replacement needs will be translated into demand for new housing is open to question. An-

other recent report, *Markets after the Defense Expansion*, prepared by the Department of Commerce, also discusses the potential size of the replacement market, but emphasizes that, since it "has not been successfully tapped in the past, it will require the development of a new approach if a significant proportion of this demand is to be activated." This study concludes that construction activity may continue high for another year or so, but "once the backlog factors are fully dissipated, new construction for other than replacement purposes will decline from the current volume of roughly 1.1 million new units annually towards the net household formation figure." Since early in 1950, the number of new nonfarm dwelling units started has been greater than the number of households formed. The excess has gone to increase the vacancy rate and to replace temporary and substandard housing.

Housing demand projections depend heavily on the known characteristics of the population and the stock of housing. However, even a moderate degree of income fluctuation could result in a wide variation in household formation from the medium average annual projection of 697,000 during the next two years. Similarly, only rough averages can be used for migration, although it also may vary considerably as a result of changes in general economic activity. Consequently, with a given level of income, estimates of household formation and some rate of replacement may provide satisfactory indications of the future demand for new housing, but the accuracy attained may be affected considerably by changes in general economic conditions.

BUSINESS CONDITIONS

MEMBER BANK CREDIT

The total volume of loans outstanding at District member banks on February 25 was about the same as the volume at the end of 1952. At reserve city banks, the total was unchanged in February, while the moderate expansion at country banks which occurred in January was followed by a contraction of approximately like amount in February. The reports of weekly reporting members indicate that in February small increases in business credits and in consumer and other loans were about equal to reductions in loans to banks, advances on securities, and nonguaranteed loans to farmers. Changes during the month were small in all cases. At the levels existing on February 25, loans and discounts have increased 163 million dollars at country banks and 85 million at reserve city banks in the past year.

United States Government securities held both by reserve city and country banks declined in February by the same amount they had increased in January. The Treasury refunding of matured certificates in mid-February with new certificates and bonds was well regarded by District banks, and it is probable that the decline in total holdings was the result of sales of other issues which offset increased holdings of certificates. Over the past twelve months, country bank portfolios of U. S. Government securities increased 46 million dollars; at reserve city banks, where other types of securities found increased favor, the growth was 26 million dollars.

Changes in demand deposits in the first two months of the year have conformed with past experience. The reduction in gross demand deposits in January among District member banks was extended in February, principally because of addi-

SELECTED ITEMS OF CONDITION OF TENTH DISTRICT MEMBER BANKS
(In millions of dollars)

	ALL MEMBER BANKS			RESERVE CITY BANKS			COUNTRY BANKS		
	Feb. 25 1953	Jan. 28 1953	Feb. 27 1952	Feb. 25 1953	Jan. 28 1953	Feb. 27 1952	Feb. 25 1953	Jan. 28 1953	Feb. 27 1952
Loans and investments.....	5,440	5,513	5,075	3,009	3,055	2,866	2,431	2,458	2,209
Loans and discounts.....	2,290	2,303	2,042	1,274	1,274	1,189	1,016	1,029	853
U. S. Government obligations.....	2,603	2,659	2,531	1,426	1,469	1,400	1,177	1,190	1,131
Other securities.....	547	551	502	309	312	277	238	239	225
Reserve with F. R. Bank.....	972	984	891	603	613	545	369	371	346
Balances with banks in U. S.....	648	629	689	277	268	283	371	361	406
Cash items in process of collection.....	333	299	335	310	277	314	23	22	21
Gross demand deposits.....	6,033	6,060	5,798	3,449	3,451	3,343	2,584	2,609	2,455
Deposits of banks.....	919	939	983	855	871	911	64	68	72
Other demand deposits.....	5,114	5,121	4,815	2,594	2,580	2,432	2,520	2,541	2,383
Time deposits.....	903	897	798	451	451	417	452	446	381
Total deposits.....	6,936	6,957	6,596	3,900	3,902	3,760	3,036	3,055	2,836
Borrowings.....	105	104	71	100	97	65	5	7	6

tional contraction at country member banks. A decline in interbank deposits among reserve city members was equalized by a gain in other demand deposits. Losses of demand deposits in the first two months were 94 million dollars at country banks and 247 million at reserve cities. The growth of time deposits over the past twelve months has been 34 million dollars at reserve city member banks and 71 million at country members.

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in February was 3 per cent larger than a year ago, and sales in the first three weeks of March showed an increase of 15 per cent over the corresponding period last year. Part of the March gain reflects the fact that Easter falls on April 5 this year as compared with April 13 last year. It has been estimated that this variation in the Easter date alone would account for an increase in sales of about 4 per cent for the month of March as a whole and a corresponding decrease for the month of April as a whole. Sales increased less than usual during February, and the seasonally adjusted

DEPARTMENT STORE SALES AND STOCKS

	SALES		STOCKS
	Feb. 1953 comp. to Feb. 1952	2 Mos. 1953 comp. to 2 Mos. 1952	Feb. 28, 1953 comp. to Feb. 29, 1952
Metropolitan Area, Except as Noted			
	(Per cent increase or decrease)		
Denver, Colo.....	+2	+1	+6
Pueblo, Colo.....	0	+1	+4
Hutchinson, Kans. (city only).....	+2	+5	+4
Topeka, Kans.....	-3	-4	*
Wichita, Kans.....	+5	+2	+5
Joplin, Mo. (city only)...	+2	+2	+6
Kansas City, Mo. (city only).....	+5	+1	-3
St. Joseph, Mo.....	-6	-8	*
Omaha, Nebr.....	+2	0	*
Oklahoma City, Okla.....	+3	+3	+3
Tulsa, Okla.....	+8	+7	0
All other areas and cities.....	+5	+5	+7
District.....	+3	+2	+2

*Not shown separately but included in District total.

index of daily average sales declined from 114 per cent of the 1947-49 average in January to 113 per cent in February.

BANK DEBITS

	Feb. 1953	2 Mos. 1953	Change from '52	
	(Thousand dollars)		Feb.	2 Mos.
			(Per cent)	
COLORADO				
Colo. Springs.....	49,853	106,397	-5	-5
Denver.....	693,616	1,464,543	0	+1
Gr. Junction.....	17,312	37,820	+9	+12
Greeley.....	27,953	60,359	-1	+4
Pueblo.....	50,081	106,456	+8	+8
KANSAS				
Atchison.....	9,232	19,838	-18	-14
Dodge City*.....	13,784	31,594	—	—
Emporia.....	10,907	23,659	-12	-8
Hutchinson.....	45,848	100,709	+5	+4
Independence.....	9,711	20,637	+16	+16
Kansas City.....	84,769	192,245	-4	+7
Lawrence.....	14,812	30,159	+11	+10
Manhattan.....	11,583	24,264	-7	-7
Parsons.....	10,137	21,594	-6	-5
Pittsburg.....	13,874	28,811	+5	+6
Salina.....	34,367	76,411	-2	-10
Topeka.....	101,475	211,564	+2	+2
Wichita.....	372,057	756,120	+2	+5
MISSOURI				
Independence.....	15,325	31,323	-2	+6
Joplin.....	31,038	66,913	-1	+2
Kansas City.....	1,219,697	2,595,037	+1	+1
St. Joseph.....	95,340	213,174	-14	-13
NEBRASKA				
Fremont.....	19,574	42,195	-2	0
Grand Island.....	31,206	65,015	+1	+2
Hastings.....	14,526	32,199	-2	+2
Lincoln.....	92,742	200,031	+3	+6
Omaha.....	555,917	1,226,381	-7	-3
NEW MEXICO				
Albuquerque.....	141,293	306,085	+7	+14
Santa Fe.....	29,115	64,541	0	+6
OKLAHOMA				
Bartlesville.....	182,826	388,128	-2	-1
Enid.....	32,281	75,224	-8	-1
Guthrie.....	4,667	10,556	-8	-5
Lawton.....	18,507	40,193	-6	-2
Muskogee.....	26,703	57,532	-5	-5
Norman.....	9,576	20,769	+13	+18
Oklahoma City.....	385,135	837,979	-6	-2
Okmulgee.....	7,202	15,576	+6	+2
Ponca City.....	22,360	45,637	+6	+4
Tulsa.....	728,982	1,470,396	+13	+8
WYOMING				
Casper.....	40,000	94,070	-1	+4
Cheyenne.....	37,556	83,656	-7	-2
District, 40 cities..	5,299,155	11,264,196	0	+2
U. S., 342 cities.....	131,524,000	280,528,000	+3	+5

*Not included in totals; new reporting center beginning May, 1952.