

REBNY[®]
REAL ESTATE BOARD OF NEW YORK

THE REAL ESTATE BOARD OF NEW YORK

REAL ESTATE BROKER CONFIDENCE INDEX

FIRST QUARTER 2013



**ROB SPEYER,
CHAIRMAN**

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PRESIDENT**



EXECUTIVE SUMMARY

REAL ESTATE BROKER CONFIDENCE INDEX

FIRST QUARTER 2013

The Real Estate Board of New York's Real Estate Broker Confidence Index for the First Quarter of 2013 showed significant increases in brokers' confidence in the current market, as well as their expectations of the market six months from now compared to the Fourth Quarter of 2012. Our survey, which is now compiled quarterly, recorded a one-point increase in the overall present situation index since last quarter to 8.87. This jump in confidence compared to the Fourth Quarter 2012 was due largely to the resolution of the fiscal cliff issue with the passage of the American Taxpayer Relief Act. This legislative action alleviated much of the anxiety and uncertainty that the broker survey conveyed at the end of the year.

The **Residential** Real Estate Market Overall Confidence Index rose to 9.02 in the First Quarter of 2013, a noteworthy increase since last quarter. This can best be attributed to the uptick in new developments emerging throughout New York City which reflect improving economic conditions. One broker said, "Seeing new development coming to the market and moving very quickly...is a strong positive showing a renewed optimism about the future on the part of developers and buyers alike." A chief concern among residential brokers is the low supply of inventory and with more and more new developments coming to the market, inventory is slowly increasing again, boosting brokers' confidence in the housing market. Another source of confidence has been the improved outlook for financing. Their positive response boosted the index for this question to 8.07 this quarter, compared to 6.39 in the Fourth Quarter of 2012.

The **Commercial** Real Estate Market Overall Confidence Index recorded over-a-one-point increase to 8.79 in the First Quarter of 2013. When asked about the aspects of the market that they find the most unique, many commercial brokers identified tech and media firms as the main forces pushing the market in a positive direction, as well as a continued strength in the sub-markets. Although commercial brokers remained confident that the market will improve, some brokers were concerned about the availability of financing and the effect it will have on buyers. One broker stated, "Available financing is always the key to increasing purchases [but] lenders are still skittish on making acquisition loans." Despite these concerns, brokers are still confident about the financing market now and six months from now.

Broker confidence showed substantial improvement in the First Quarter of 2013 compared to last quarter, bolstered by the agreement in Washington at the end of the year. Brokers remain optimistic in the pace of economic recovery and with the increase in new residential construction and new sources of office demand. As one broker said, "[the] market had its hardship and will rise with the economy getting stronger."



**REAL ESTATE BROKER CONFIDENCE INDEX
QUARTERLY RESULTS**

Real Estate Market Confidence Index			
Quarter	Overall Confidence	Confidence Present Situation	Confidence Future (6 mo from now)
First Quarter 2013	8.90	8.87	8.93
Fourth Quarter 2012	8.12	7.87	8.32
Third Quarter 2012	8.55	8.42	8.64
Second Quarter 2012	7.94	7.71	8.12

Residential Real Estate Market Confidence Index			
Quarter	Overall Confidence	Confidence Present Situation	Confidence Future (6 mo from now)
First Quarter 2013	9.02	8.89	9.11
Fourth Quarter 2012	8.57	8.30	8.78
Third Quarter 2012	8.69	8.63	8.74
Second Quarter 2012	8.41	8.27	8.51

Commercial Real Estate Market Confidence Index			
Quarter	Overall Confidence	Confidence Present Situation	Confidence Future (6 mo from now)
First Quarter 2013	8.79	8.85	8.74
Fourth Quarter 2012	7.67	7.43	7.85
Third Quarter 2012	8.40	8.22	8.54
Second Quarter 2012	7.48	7.15	7.72

Explanation of Index:

- The Real Estate Broker Confidence Index includes the response to our eight question survey from all brokers, residential and commercial.
- The Residential Real Estate Broker Confidence Index includes the survey response from only our residential brokers.
- The Commercial Real Estate Broker Confidence Index includes the survey response from only our commercial brokers.
- The Overall Confidence Index includes the brokers' response to all eight questions.
- The Confidence Present Situation includes the broker response to the questions that ask about market conditions now. The Confidence Future includes the broker response to questions that ask about market conditions six months from now.
- Confidence Index has a range of zero to ten.
- An index above five indicates that brokers are confident in the market; more brokers responded positive than negative to the survey questions.
- An index below five indicates that brokers are not confident in the market; more brokers responded negative than positive to the survey questions.
- An index of five indicates that the positive and negative responses were equal.



**BROKER CONFIDENCE INDEX
BY
QUESTION AND QUARTER**

Residential Index				
	Second Quarter 2012	Third Quarter 2012	Fourth Quarter 2012	First Quarter 2013
Question 1	9.27	9.63	9.40	9.70
Question 2	9.25	9.48	9.42	9.66
Question 3	6.23	6.94	6.39	8.07
Question 4	6.82	7.30	7.12	8.51
Question 5	9.33	9.33	9.11	8.89
Question 6	9.13	9.02	9.40	9.24
Question 7	8.85	9.16	9.17	9.02
Confidence	8.41	8.69	8.57	9.02
Present Situation	8.27	8.63	8.30	8.89
Expectation	8.51	8.74	8.78	9.11

Commercial Index				
	Second Quarter 2012	Third Quarter 2012	Fourth Quarter 2012	First Quarter 2013
Question 1	7.39	9.23	7.22	8.53
Question 2	7.77	8.60	8.00	8.75
Question 3	6.63	8.54	8.57	9.57
Question 4	7.33	9.09	8.00	9.23
Question 5	7.44	6.88	6.50	8.46
Question 6	8.13	7.80	7.95	8.52
Question 7	7.66	8.68	7.44	8.46
Confidence	7.48	8.40	7.67	8.79
Present Situation	7.15	8.22	7.43	8.85
Expectation	7.72	8.54	7.85	8.74

Broker Confidence Survey Questions

Residential

1. What is your assessment of the residential real estate market?
2. What is your expectation of the residential real estate market 6 months from now?
3. What is your assessment of the current financing market for residential real estate sales?
4. What is your expectation of the financing market for residential real estate sales 6 months from now?
5. What is your assessment of the current residential real estate rental market?
6. What is your expectation of the residential real estate rental market 6 months from now?
7. What is your expectation of total commissions 6 months from now?
8. Identify your area of expertise (rental or sales) and describe the aspects of the market that you find the most unique and how that will impact future market performance.

Commercial

1. What is your assessment of the commercial real estate market?
2. What is your expectation of the commercial real estate market 6 months from now?
3. What is your assessment of the current financing market for commercial real estate sales?
4. What is your expectation of the financing market for commercial real estate sales 6 months from now?
5. What is your assessment of the current commercial real estate leasing market?
6. What is your expectation of the commercial real estate leasing market 6 months from now?
7. What is your expectation of total commissions 6 months from now?
8. Identify your area of expertise (retail, rental, or leasing) and describe the aspects of the market that you find the most unique and how that will impact future market performance.

Note: The survey asks the broker to select one of three responses (positive, neutral, negative) to each question.