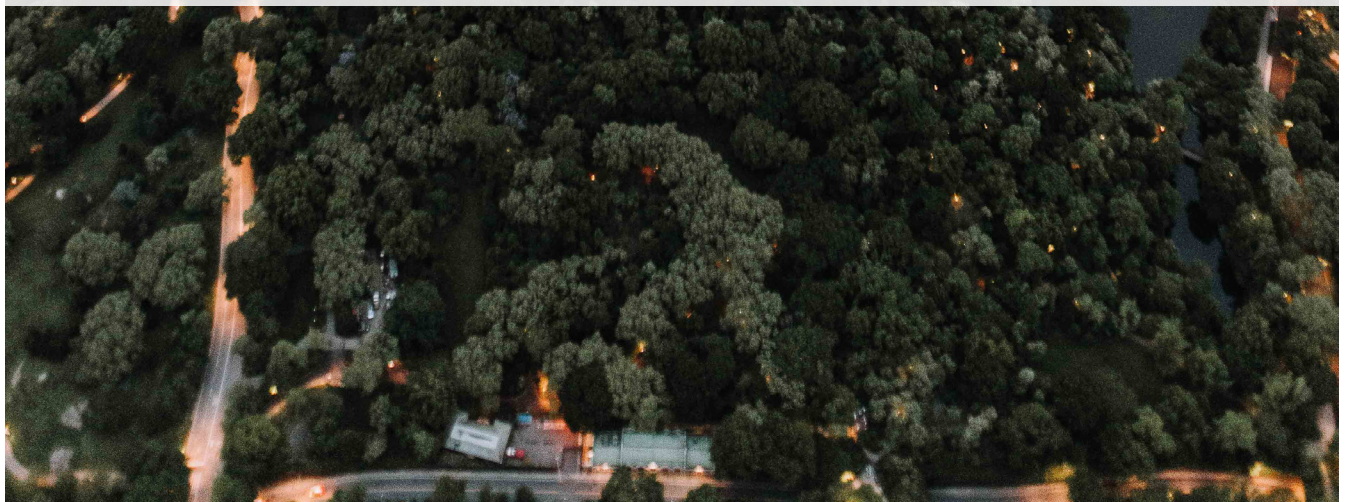




# THE REAL ESTATE BOARD OF NEW YORK

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REAL ESTATE BROKER CONFIDENCE INDEX | FOURTH QUARTER 2019

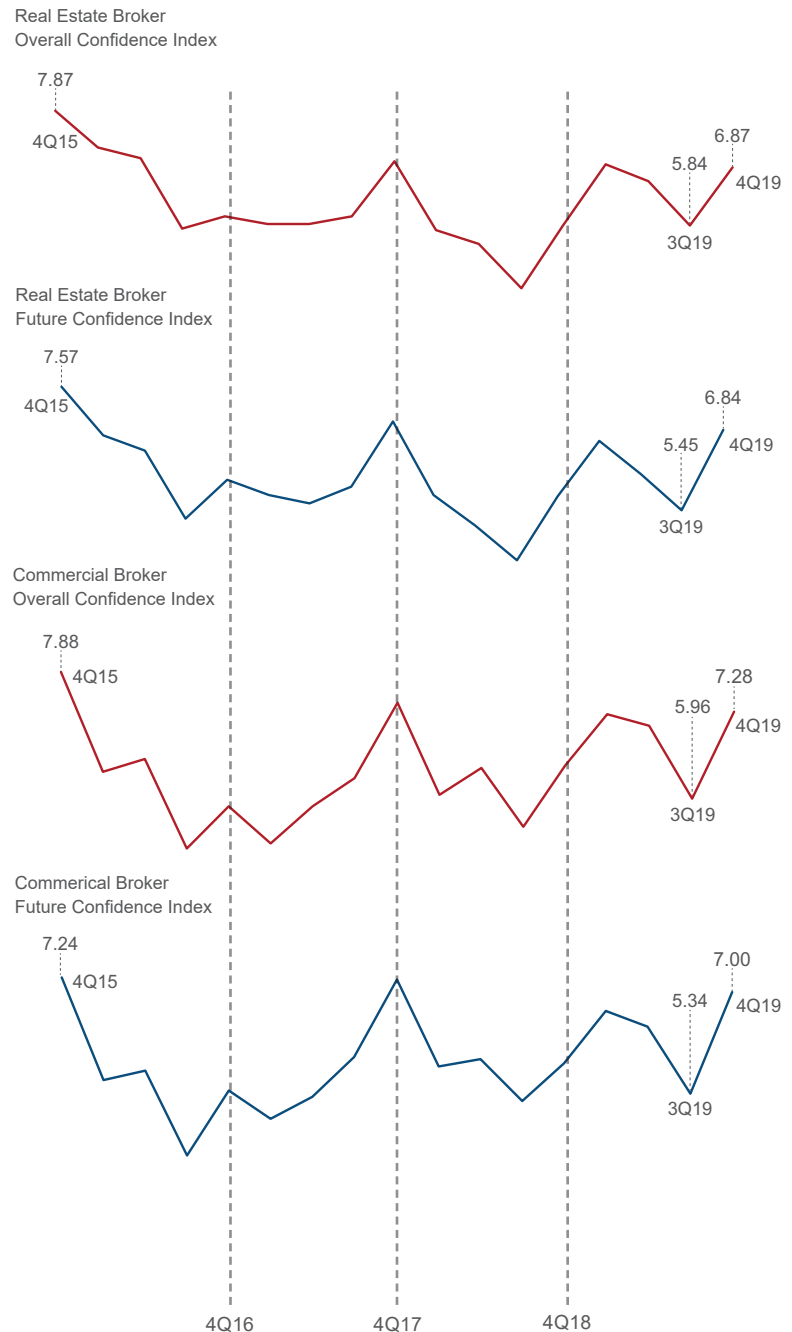


## EXECUTIVE SUMMARY

The Real Estate Board of New York's (REBNY) **Real Estate Broker Confidence Index** for the fourth quarter of 2019 was 6.87 out of 10, an 18% increase since brokers were last surveyed about the third quarter of 2019. Both residential and commercial broker confidence indices experienced increases in the fourth quarter of 2019 when compared to the previous quarter. For both, this is the first increase in confidence since the first quarter of 2019.

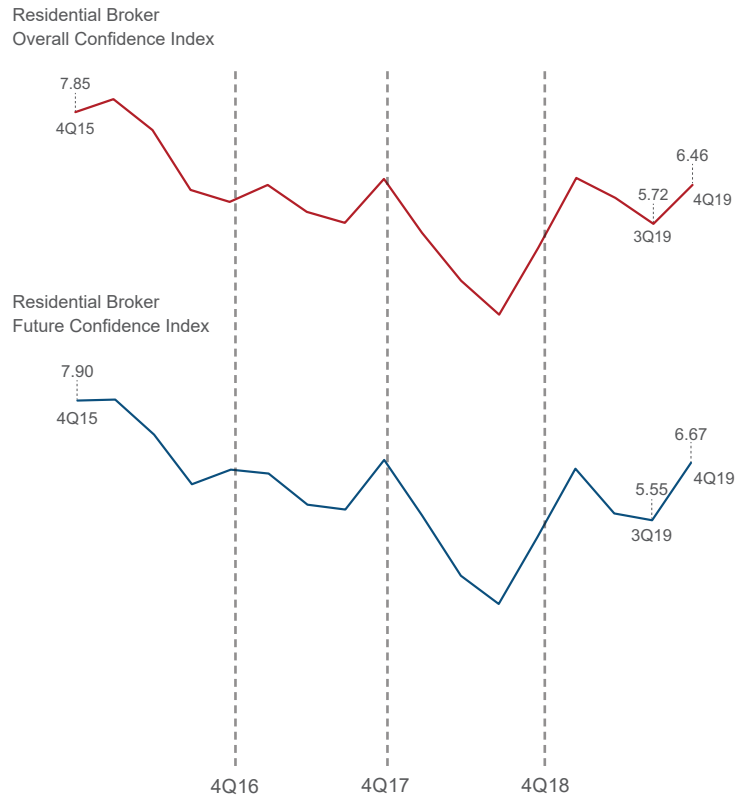
REBNY regularly surveys its residential and commercial brokerage division members to measure their confidence in the New York City real estate market now and six months from now. Survey results are published quarterly with a maximum index of 10.

The **Commercial Broker Confidence Index** (which focuses only on the Commercial Brokerage Division responses) in the fourth quarter of 2019 was 7.28, a 22% increase since brokers were surveyed in the third quarter of 2019 and the highest since the fourth quarter of 2017. This increase in overall commercial confidence is due to a 31% increase in confidence about the market 6 months from now, from 5.34 to 7.00 and a 13% increase in confidence of the present market, from 6.78 to 7.66. The Commercial Broker Confidence Index increased 13% year-over-year, up from 6.46 in the fourth quarter of 2018. The boost in broker confidence appears to be derived from sustained economic growth and historically low interest rates. Although, there are looming concerns over dramatic policy changes and the upcoming presidential election. The Commercial Broker Future Confidence Index was indexed at 7.00, a 31% increase from the confidence in the third quarter of 2019 – indicating hope for a strong market in 2020. Confidence in the current commercial market also increased by 13% from the third quarter of 2019, from 6.78 to 7.66.



## EXECUTIVE SUMMARY (CONT.)

The **Residential Broker Confidence Index** (which focuses only on the Residential Brokerage Division responses) in the fourth quarter of 2019 was 6.46, an increase of 13% since brokers were surveyed in the third quarter of 2019. The Residential Broker Confidence Index increased by 23% year-over-year, up from 5.25 in the fourth quarter of 2018. Confidence in the market 6 months from now has increased by 20% from 5.55 to 6.67. However, residential brokers expressed continued concerns about New York City state and local taxes, the upcoming election period, and the possibility of a Pied-A-Terre tax. Brokers are also expressing hesitation they are seeing from buyers given a surplus of inventory, a trend that has continued over the last year.



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## COMMENTS ABOUT THE MARKET FROM COMMERCIAL BROKERS

Retail tenant options are increasing as rents continue to soften and leasing incentives are becoming more flexible.

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Digitally native and tech brands are leasing large amounts of space, which showcases new market activity.

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Deals are being made when landlords are realistic about rent expectations, terms, exit strategies, and related factors.

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Commercial rent control legislation would cause a severe decline in sales of commercial properties with retail space.

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Legislative uncertainty in city, state, and federal government is forcing a hold on leasing and sales activity.

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## COMMENTS ABOUT THE MARKET FROM RESIDENTIAL BROKERS

A big bump in activity towards the end of the year indicates renewed confidence and a positive market outlook for 2020.

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A buyer's market provides opportunities for purchasers as owners who become more realistic and reduce asking prices.

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New development prices are still too high, and inventory will continue to rise even further, hopefully leading to a softening of prices.

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SALT deductions, recent rent regulations and the mansion tax continue to negatively impact the market.

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A significant number of buyers remain on the fence, as increased taxation has contributed to push buyers away from the New York City market.

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## CONFIDENCE INDEX QUARTERLY RESULTS

TABLE 1: REAL ESTATE BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
Fourth Quarter 2019	6.87	6.93	6.84
Third Quarter 2019	5.84	6.37	5.45
Second Quarter 2019	6.64	7.41	6.06
First Quarter 2019	6.92	7.31	6.63
Fourth Quarter 2018	5.86	6.09	5.68
Third Quarter 2018	4.75	5.00	4.57
Second Quarter 2018	5.53	6.00	5.18
First Quarter 2018	5.73	5.88	5.61
Fourth Quarter 2017	6.99	7.02	6.97
Third Quarter 2017	6.00	6.21	5.85
Second Quarter 2017	5.89	6.32	5.56
First Quarter 2017	5.87	6.09	5.70
Fourth Quarter 2016	6.00	6.04	5.97
Third Quarter 2016	5.79	6.46	5.29
Second Quarter 2016	7.04	7.80	6.47
First Quarter 2016	7.23	7.89	6.73
Fourth Quarter 2015	7.87	8.25	7.57

TABLE 2: COMMERCIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
Fourth Quarter 2019	7.28	7.66	7.00
Third Quarter 2019	5.96	6.78	5.34
Second Quarter 2019	7.06	7.90	6.44
First Quarter 2019	7.24	7.98	6.69
Fourth Quarter 2018	6.46	7.28	5.84
Third Quarter 2018	5.53	5.95	5.22
Second Quarter 2018	6.43	7.14	5.89
First Quarter 2018	6.02	6.34	5.78
Fourth Quarter 2017	7.41	7.68	7.20
Third Quarter 2017	6.27	6.71	5.94
Second Quarter 2017	5.94	6.06	5.85
First Quarter 2017	5.28	5.74	4.93
Fourth Quarter 2016	5.85	6.46	5.39
Third Quarter 2016	5.21	6.41	4.32
Second Quarter 2016	6.57	7.71	5.71
First Quarter 2016	6.36	7.45	5.55
Fourth Quarter 2015	7.88	8.72	7.24

## CONFIDENCE INDEX QUARTERLY RESULTS (CONT.)

TABLE 3: RESIDENTIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
Fourth Quarter 2019	6.46	6.20	6.67
Third Quarter 2019	5.72	5.95	5.55
Second Quarter 2019	6.21	6.92	5.67
First Quarter 2019	6.59	6.64	6.56
Fourth Quarter 2018	5.25	4.89	5.22
Third Quarter 2018	3.97	4.05	3.91
Second Quarter 2018	4.63	4.86	4.46
First Quarter 2018	5.43	5.42	5.44
Fourth Quarter 2017	6.57	6.36	6.74
Third Quarter 2017	5.72	5.72	5.76
Second Quarter 2017	5.94	6.06	5.85
First Quarter 2017	6.46	6.45	6.46
Fourth Quarter 2016	6.14	5.61	6.54
Third Quarter 2016	6.37	6.51	6.26
Second Quarter 2016	7.52	7.89	7.23
First Quarter 2016	8.10	8.33	7.92
Fourth Quarter 2015	7.85	7.79	7.90

## EXPLANATION OF INDEX

- The **Real Estate Broker Confidence Index** includes responses to our eight question survey from REBNY brokers, residential and commercial.
- The **Residential Broker Confidence Index** includes survey responses from only our residential brokers.
- The **Commercial Broker Confidence Index** includes survey responses from only our commercial brokers.
- The **Present Situation Confidence Index** includes broker responses to questions that ask about current market conditions.
- The **Future Confidence Index** includes broker responses to questions that ask about market conditions six months from now.
- All indices range from 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.

## CONFIDENCE INDEX QUARTERLY RESULTS BY QUESTION

### COMMERCIAL BROKER CONFIDENCE INDEX SURVEY QUESTIONS

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 current or recent issues or actions (economic, market, government) that would impact future market performance.

**TABLE 4: COMMERCIAL BROKER CONFIDENCE INDEX SURVEY RESULTS**

	Question							Confidence	Present Situation	
	1	2	3	4	5	6	7		Future	
<b>Fourth Quarter 2019</b>	6.61	6.23	8.77	8.00	7.59	7.35	6.23	7.28	7.66	7.00
<b>Third Quarter 2019</b>	5.90	4.56	8.45	6.83	6.00	4.04	5.93	5.96	6.78	5.34
<b>Second Quarter 2019</b>	6.96	5.35	8.94	7.56	7.80	6.52	6.33	7.06	7.90	6.44
<b>First Quarter 2019</b>	7.56	6.74	8.89	7.73	7.50	6.36	5.93	7.24	7.98	6.69
<b>Fourth Quarter 2018</b>	7.50	6.06	7.41	5.00	6.94	5.79	6.50	6.14	6.55	5.84
<b>Third Quarter 2018</b>	6.80	6.36	5.22	3.33	5.83	5.42	5.77	5.53	5.95	5.22
<b>Second Quarter 2018</b>	7.02	6.12	7.95	5.68	6.46	5.91	5.87	6.43	7.14	5.89
<b>First Quarter 2018</b>	5.96	6.19	6.58	5.00	6.49	5.38	6.54	6.02	6.34	5.78
<b>Fourth Quarter 2017</b>	8.33	7.76	8.00	7.25	6.72	6.53	7.25	7.41	7.68	7.20
<b>Third Quarter 2017</b>	6.98	6.59	6.76	5.41	6.38	5.53	6.22	6.27	6.71	5.94
<b>Second Quarter 2017</b>	6.92	5.38	7.42	6.29	5.43	3.78	5.68	5.84	6.59	5.28
<b>First Quarter 2017</b>	6.47	5.37	5.33	3.78	5.41	4.79	5.78	5.28	5.74	4.93
<b>Fourth Quarter 2016</b>	8.28	5.94	4.71	3.33	6.40	5.52	6.77	5.85	6.46	5.39
<b>Third Quarter 2016</b>	6.92	4.44	6.40	3.33	5.90	3.95	5.56	5.21	6.41	4.32
<b>Second Quarter 2016</b>	8.24	5.69	8.33	5.64	6.57	5.00	6.52	6.57	7.71	5.71
<b>First Quarter 2016</b>	7.43	5.59	7.58	5.81	7.33	4.32	6.47	6.36	7.45	5.55
<b>Fourth Quarter 2015</b>	9.06	7.20	8.78	7.11	8.33	6.98	7.69	7.88	8.72	7.24

## CONFIDENCE INDEX QUARTERLY RESULTS BY QUESTION (CONT.)

### RESIDENTIAL BROKER CONFIDENCE INDEX SURVEY QUESTIONS

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 (retail, rental, or leasing) and describe current or recent issues or actions (economic, market, government) that would impact future market performance.

TABLE 5: RESIDENTIAL BROKER CONFIDENCE INDEX SURVEY RESULTS

	Question							Confidence	Present Situation	
	1	2	3	4	5	6	7		Future	
<b>Fourth Quarter 2019</b>	3.01	4.57	9.11	8.98	6.46	7.58	5.54	6.46	6.20	6.67
<b>Third Quarter 2019</b>	2.12	2.83	9.04	8.50	6.68	6.82	4.06	5.72	5.95	5.55
<b>Second Quarter 2019</b>	2.62	2.94	9.25	9.19	8.90	6.56	4.00	6.21	6.92	5.67
<b>First Quarter 2019</b>	4.06	5.29	9.25	8.81	6.60	7.04	5.09	6.59	6.64	6.56
<b>Fourth Quarter 2018</b>	2.69	4.37	7.96	7.25	4.03	5.33	5.14	5.25	4.89	5.52
<b>Third Quarter 2018</b>	2.07	2.89	6.50	5.32	3.57	4.03	3.39	3.97	4.05	3.91
<b>Second Quarter 2018</b>	3.34	3.61	7.08	5.47	4.18	4.26	4.51	4.63	4.86	4.46
<b>First Quarter 2018</b>	5.22	5.84	7.17	5.64	3.83	5.01	6.07	5.54	5.41	5.64
<b>Fourth Quarter 2017</b>	6.54	6.69	8.76	7.86	3.78	5.54	6.86	6.57	6.36	6.74
<b>Third Quarter 2017</b>	5.78	6.07	9.18	8.80	2.24	2.86	5.31	5.74	5.72	5.76
<b>Second Quarter 2017</b>	6.37	6.17	8.74	7.99	3.07	3.31	5.92	5.94	6.06	5.85
<b>First Quarter 2017</b>	7.66	7.64	8.74	7.49	2.94	3.82	6.90	6.46	6.45	6.46
<b>Fourth Quarter 2016</b>	6.28	7.56	7.85	7.24	2.70	4.55	6.81	6.14	5.61	6.54
<b>Third Quarter 2016</b>	6.23	6.20	8.98	7.82	4.32	4.58	6.45	6.37	6.51	6.26
<b>Second Quarter 2016</b>	8.38	7.40	9.02	8.5	6.28	5.80	7.24	7.52	7.89	7.23
<b>First Quarter 2016</b>	8.67	7.72	9.01	8.49	7.32	7.36	8.10	8.10	8.33	7.92
<b>Fourth Quarter 2015</b>	8.74	7.89	8.59	7.73	6.03	7.61	8.38	7.85	7.79	7.90