



THE REAL ESTATE BOARD OF NEW YORK

REAL ESTATE BROKER CONFIDENCE INDEX | FOURTH QUARTER 2017



EXECUTIVE SUMMARY

The Real Estate Board of New York's (REBNY) **Real Estate Broker Confidence Index** for the fourth quarter of 2017 was 6.99 out of 10, a significant increase of 0.99 since brokers were surveyed about the third quarter of 2017. Stronger confidence in residential rentals and commercial financing drove this increase.

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.

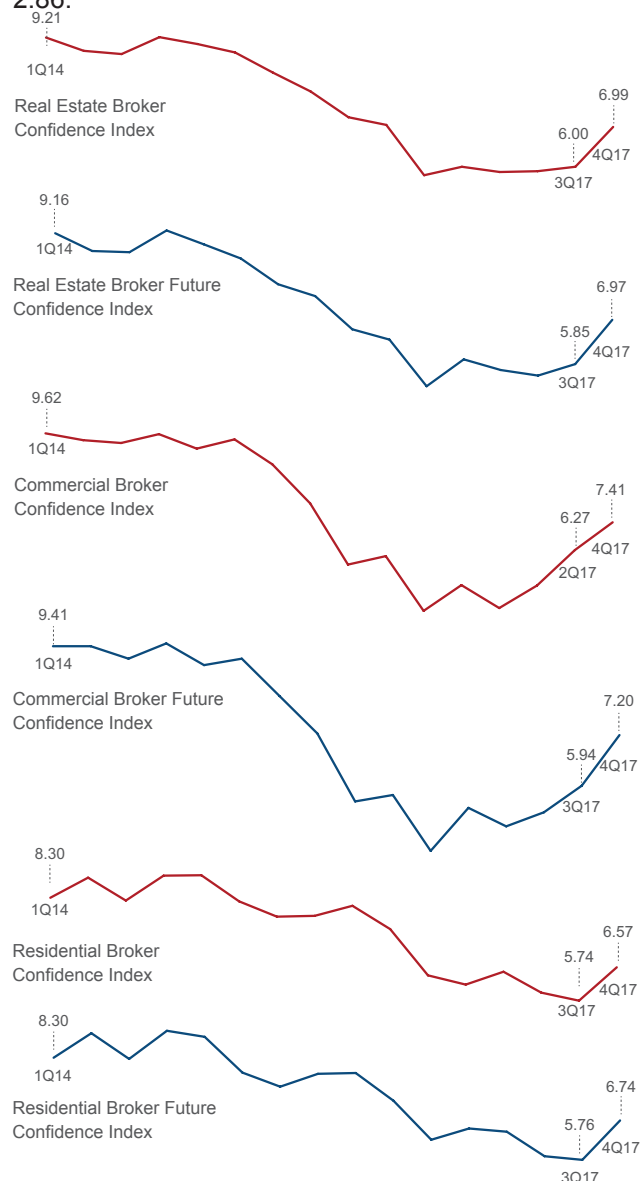
The **Commercial Broker Confidence Index** (which focuses only on the Commercial Brokerage Division responses) in the fourth quarter of 2017 was 7.41, a large increase of 1.14 since brokers were surveyed about the third quarter of 2017. The responses to each survey question improved compared to the Third Quarter of 2017.

Responses to the question asking brokers' assessment of the current sales financing market were indexed 8.00, an improvement of 1.24 since the third quarter of 2017, and responses to the question asking about commissions six months from now were indexed at 7.25, a bump of 1.03 since the third quarter of 2017. One broker mused about their busy workload, "everyone seems to be waiting for something 'bad to happen,'" while another expected the upturn to last last writing "sellers are adjusting price expectations and jolting buyers off the sidelines." The commercial real estate broker confidence is shifting in a positive direction reflected by the indexed results and the comments shown below.

Our **Residential Broker Confidence Index** (which focuses only on the Residential Brokerage Division responses) was 6.57, an increase of 0.83 since brokers were surveyed about the third quarter of 2017. Responses to the questions about rentals were more positive than in the third quarter of 2017, while responses to the questions about financing were less positive.

Uneasiness over the federal tax reform was the issue most often mentioned this quarter in the question asking

about issues in the market. Responses to questions asking about the current and future financing markets were indexed at 8.76 and 7.86, a decrease of 0.42 and 0.94, respectively, compared to the third quarter of 2017. It was the first decrease recorded for either of those questions since the third quarter of 2016. In contrast, Residential Brokers' assessment of the rental market markedly improved. Responses to the question of the current rental market were indexed at 3.78, a jump of 1.54, and responses to the question of the rental market six months from now were indexed at 5.54, a jump of 2.86.



COMMENTS ABOUT THE MARKET FROM COMMERCIAL BROKERS

Internet sales have greatly affected retail businesses, but landlords are still slow to react.

Tech will impact future market performance.

Economic expansion should continue because foreign economies are starting to improve.

Rents in Soho are falling and concessions appear to be increasing slightly.

Sellers are adjusting pricing expectations and jolting buyers off the sidelines.

More people are here than ever. New York is the capital of the world and many smart non-New Yorkers strive to get educated and live in this remarkable town.

Infrastructure funding by the government would be a game changer.

The prospect of less interference from Washington has improved business growth and investment.

COMMENTS ABOUT THE MARKET FROM RESIDENTIAL BROKERS

Rentals. With so much selection to choose from, people are shopping around more for the best deal and it is often a renters market.

Non-luxury rentals should follow normal cycles rising with spring-summer demand.

Buyers and sellers are unclear how the new tax law will affect them.

It seems that it is a tale of 2 markets. Under \$3MM moves well and over \$3MM takes more time to sell.

The new tax law, which takes effect in 2018 and will impact 2019 tax obligations, appears to have little impact on the NYC real estate market.

I do not believe that the new tax law will have a negative effect on residential sales in NYC.

I specialize in residential sales in the Bronx. The market is very active and getting more expensive very quickly.

Queens continues to be a hot market under \$1M. I continually receive 75+ buyers per open house and 25+ offers on all properties when priced correctly.

We need more inventory. There are a lot of buyers out there.

Buyers are not moving forward quickly. They are hesitating and waiting for prices to come down.

Interest rates are moving up and could motivate buyers to fast forward and get off the sidelines.

I am noticing longer days on the market. But apartments are still getting activity.

Higher interest rates could slow sales.

The panic over the tax situation will subside.

The \$10,000 dollar cap on State and Local Tax Deductibility is terrible for Manhattan and the Tri-State Area.

The new tax overhaul may affect the \$1 million plus price range but I do not anticipate it will affect sellers and buyers below \$1 million.

The only good news is the stock market.

CONFIDENCE INDEX QUARTERLY RESULTS

REAL ESTATE BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Third Quarter 2015	8.34	8.96	7.87
Second Quarter 2015	8.84	9.27	8.52
First Quarter 2015	9.05	9.28	8.88
Fourth Quarter 2014	9.22	9.22	9.23
Third Quarter 2014	8.80	8.97	8.68
Second Quarter 2014	8.88	9.10	8.71
First Quarter 2014	9.21	9.28	9.16

COMMERCIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Third Quarter 2015	8.85	9.76	8.17
Second Quarter 2015	9.47	9.96	9.10
First Quarter 2015	9.24	9.65	8.94
Fourth Quarter 2014	9.6	9.76	9.48
Third Quarter 2014	9.38	9.75	9.10
Second Quarter 2014	9.45	9.89	9.41
First Quarter 2014	9.62	9.90	9.41

CONFIDENCE INDEX QUARTERLY RESULTS (CONT.)

RESIDENTIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
Fourth Quarter 2017	6.57	6.36	6.74
Third Quarter 2017	5.74	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
Third Quarter 2015	7.83	8.16	7.58
Second Quarter 2015	8.21	8.59	7.93
First Quarter 2015	8.86	8.92	8.82
Fourth Quarter 2014	8.85	8.68	8.97
Third Quarter 2014	8.23	8.18	8.27
Second Quarter 2014	8.80	8.66	8.91
First Quarter 2014	8.30	8.30	8.30

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.

COMMERCIAL BROKER CONFIDENCE INDEX SURVEY RESULTS

	Question							Confidence	Present Situation	
	1	2	3	4	5	6	7		Future	
Fourth Quarter 2017	8.33	7.76	8.00	7.25	6.72	6.53	7.25	7.41	7.68	7.20
Third Quarter 2017	6.98	6.59	6.76	5.41	6.38	5.53	6.22	6.27	6.71	5.94
Second Quarter 2017	6.92	5.38	7.42	6.29	5.43	3.78	5.68	5.84	6.59	5.28
First Quarter 2017	6.47	5.37	5.33	3.78	5.41	4.79	5.78	5.28	5.74	4.93
Fourth Quarter 2016	8.28	5.94	4.71	3.33	6.40	5.52	6.77	5.85	6.46	5.39
Third Quarter 2016	6.92	4.44	6.40	3.33	5.90	3.95	5.56	5.21	6.41	4.32
Second Quarter 2016	8.24	5.69	8.33	5.64	6.57	5.00	6.52	6.57	7.71	5.71
First Quarter 2016	7.43	5.59	7.58	5.81	7.33	4.32	6.47	6.36	7.45	5.55
Fourth Quarter 2015	9.06	7.20	8.78	7.11	8.33	6.98	7.69	7.88	8.72	7.24
Third Quarter 2015	9.83	8.00	9.64	7.14	9.81	8.20	9.33	8.85	9.76	8.17
Second Quarter 2015	10.00	8.92	10.00	8.98	9.87	9.22	9.30	9.47	9.96	9.10
First Quarter 2015	9.41	8.84	9.75	8.18	9.78	9.00	9.76	9.24	9.65	8.94
Fourth Quarter 2014	9.82	9.45	10.00	9.51	9.45	9.17	9.80	9.60	9.76	9.48
Third Quarter 2014	9.76	9.02	10.00	8.85	9.49	8.78	9.75	9.38	9.75	9.10
Second Quarter 2014	10.00	9.38	10.00	9.05	9.68	8.44	9.64	9.45	9.89	9.13
First Quarter 2014	10.00	9.44	10.00	9.09	9.71	9.39	9.71	9.62	9.90	9.41

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.

RESIDENTIAL BROKER CONFIDENCE INDEX SURVEY RESULTS

	Question							Confidence	Present Situation	
	1	2	3	4	5	6	7		Future	
Fourth Quarter 2017	6.54	6.69	8.76	7.86	3.78	5.54	6.86	6.57	6.36	6.74
Third Quarter 2017	5.78	6.07	9.18	8.80	2.24	2.86	5.31	5.74	5.72	5.76
Second Quarter 2017	6.37	6.17	8.74	7.99	3.07	3.31	5.92	5.94	6.06	5.85
First Quarter 2017	7.66	7.64	8.74	7.49	2.94	3.82	6.90	6.46	6.45	6.46
Fourth Quarter 2016	6.28	7.56	7.85	7.24	2.70	4.55	6.81	6.14	5.61	6.54
Third Quarter 2016	6.23	6.20	8.98	7.82	4.32	4.58	6.45	6.37	6.51	6.26
Second Quarter 2016	8.38	7.4	9.02	8.5	6.28	5.8	7.24	7.52	7.89	7.23
First Quarter 2016	8.67	7.72	9.01	8.49	7.32	7.36	8.10	8.10	8.33	7.92
Fourth Quarter 2015	8.74	7.89	8.59	7.73	6.03	7.61	8.38	7.85	7.79	7.9
Third Quarter 2015	8.48	7.96	8.71	7.6	7.31	7.26	7.5	7.83	8.16	7.58
Second Quarter 2015	9.05	8.62	8.62	7.35	8.08	7.33	8.43	8.21	8.59	7.93
First Quarter 2015	9.35	9.14	8.75	8.51	8.76	8.89	8.75	8.86	8.92	8.82
Fourth Quarter 2014	9.13	9.27	9.25	8.8	7.66	8.63	9.19	8.85	8.68	8.97
Third Quarter 2014	8.92	8.25	8.24	8.15	7.39	8.19	8.49	8.23	8.18	8.27
Second Quarter 2014	8.76	8.85	7.81	8.21	8.32	8.21	7.92	8.30	8.30	8.30
First Quarter 2014	9.35	9.43	8.83	8.36	7.79	8.97	8.88	8.80	8.66	8.91