



EXECUTIVE SUMMARY REAL ESTATE BROKER CONFIDENCE INDEX THIRD QUARTER 2013

The Real Estate Board of New York's Overall Broker Confidence Index for the Third Quarter of 2013 decreased slightly when compared to last quarter, a result of the ongoing inventory shortage within the Residential market. Brokers showed greater confidence in the current market during the Third Quarter of 2013 than in the previous quarter, chiefly due to the increase in confidence in the financing market for commercial real estate sales, for which an index of 10 was recorded. However, both residential and commercial brokers showed concern about the market six months from now due to the government standstill and the effect that any decisions will have on interest rates and the economy as a whole.

The Overall Present Situation Index within the **Commercial** market showed an increase in confidence, recording 9.77 in the Third Quarter of 2013, up from 9.28 last quarter. Brokers remained positive about the current financing market and current commercial real estate leasing market, despite a slowing down of activity in the retail sector. Although brokers were mainly confident in the commercial real estate market today, there was a lingering concern for the uncertainty surrounding leasing activity. One leasing broker stated, "The market is still very 'choppy' with certain buildings experiencing strong pockets of activity while the others are quiet."

The **Residential** Overall Confidence Index decreased further this quarter to 8.33 from 8.71 the previous quarter. Residential brokers were mainly concerned about the low supply of affordable housing and increasing high end developments coming to the market, which is skewing the market in favor of elite buyers. One broker said, "The most significant aspect of the current market is the lack of supply, coupled with the expectation of only MUCH more expensive properties coming on line in new developments." Another broker reinforced this perspective by stating, "The new developments are not aimed for the residents of the city and very little affordable units are being constructed." Despite these concerns, residential brokers are hopeful that more developments favoring various classes of earners will come to the market, elevating the economy.

Both residential and commercial brokers showed greater confidence in the market today than in their expectations of the market six months from now, mainly a concern of the government shutdown and how it will affect future interest rates. A residential broker said, "I think the future of the sales market in NYC will be directly impacted by what goes on with Congress and the debt ceiling and how it affects interest rates and the economy in general." A commercial broker was furthermore concerned about businesses' uneasiness to expand due to "a lot of uncertainty surrounding government programs (ObamaCare, regulation, taxes, and debt/deficit) coupled with looming higher interest rates." We hope that a resolution to the government standstill as well as developments catering to the middle and working classes will transpire soon and increase confidence in the market.

REAL ESTATE BROKER CONFIDENCE INDEX QUARTERLY RESULTS

Real Estate Market Confidence Index			
Quarter	Overall Confidence	Confidence Present Situation	Confidence Future (6 mo from now)
Third Quarter 2013	8.75	9.14	8.46
Second Quarter 2013	8.89	9.05	8.78
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

Commercial Real Estate Market Confidence Index			
Quarter	Overall Confidence	Confidence Present Situation	Confidence Future (6 mo from now)
Third Quarter 2013	9.18	9.77	8.73
Second Quarter 2013	9.08	9.28	8.93
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

Residential Real Estate Market Confidence Index			
Quarter	Overall Confidence	Confidence Present Situation	Confidence Future (6 mo from now)
Third Quarter 2013	8.33	8.51	8.19
Second Quarter 2013	8.71	8.83	8.62
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

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**

Commercial Index						
	Second Quarter 2012	Third Quarter 2012	Fourth Quarter 2012	First Quarter 2013	Second Quarter 2013	Third Quarter 2013
Question 1	7.39	9.23	7.22	8.53	9.44	9.68
Question 2	7.77	8.60	8.00	8.75	9.38	8.86
Question 3	6.63	8.54	8.57	9.57	9.19	10.00
Question 4	7.33	9.09	8.00	9.23	7.74	7.81
Question 5	7.44	6.88	6.50	8.46	9.20	9.64
Question 6	8.13	7.80	7.95	8.52	9.26	8.89
Question 7	7.66	8.68	7.44	8.46	9.35	9.35
Confidence	7.48	8.40	7.67	8.79	9.08	9.18
Present Situation	7.15	8.22	7.43	8.85	9.28	9.77
Expectation	7.72	8.54	7.85	8.74	8.93	8.73

Residential Index						
	Second Quarter 2012	Third Quarter 2012	Fourth Quarter 2012	First Quarter 2013	Second Quarter 2013	Third Quarter 2013
Question 1	9.27	9.63	9.40	9.70	9.51	9.47
Question 2	9.25	9.48	9.42	9.66	9.56	9.26
Question 3	6.23	6.94	6.39	8.07	7.47	7.45
Question 4	6.82	7.30	7.12	8.51	6.67	6.16
Question 5	9.33	9.33	9.11	8.89	9.50	8.62
Question 6	9.13	9.02	9.40	9.24	9.30	8.68
Question 7	8.85	9.16	9.17	9.02	8.94	8.66
Confidence	8.41	8.69	8.57	9.02	8.71	8.33
Present Situation	8.27	8.63	8.30	8.89	8.83	8.51
Expectation	8.51	8.74	8.78	9.11	8.62	8.19

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.