



THE REAL ESTATE BOARD OF NEW YORK

REAL ESTATE BROKER CONFIDENCE INDEX | SECOND QUARTER 2017

EXECUTIVE SUMMARY

The Real Estate Board of New York's (REBNY) **Real Estate Broker Confidence Index** for the second quarter of 2017 was 5.89, a 0.02 increase from the first quarter of 2017. Improved confidence in the current financing market and the financing market six months from now spurred 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.

The **Real Estate Broker Future Confidence Index**, which measures broker confidence in the market six months from now, pivoted downwards to 5.56, a decrease of 0.14 since the first quarter of 2017. Brokers' outlook on future commercial leasing, future residential rental market activity, and future residential commissions was more reserved this quarter compared to last quarter.

The **Commercial Broker Confidence Index** was 5.84, an increase of 0.56 since the first quarter of 2017. The Commercial Broker Future Index increased 0.35 quarter-over-quarter to 5.28.

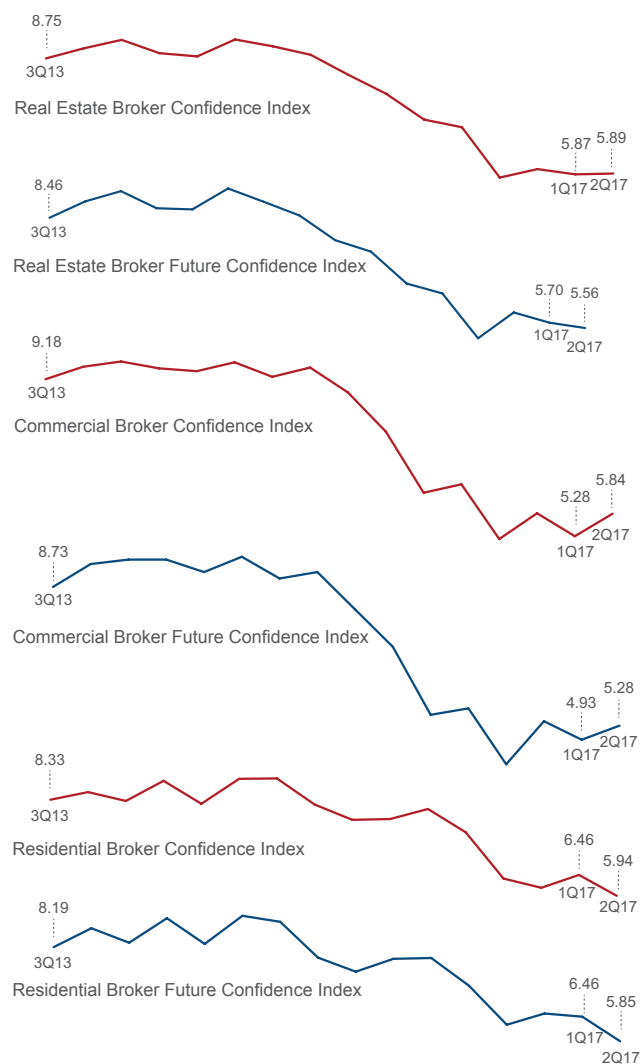
Commercial brokers responded more positively to survey questions about the overall market, current and future financing, and current leasing conditions. Responses to the question on current commercial financing indexed much higher this quarter at 7.42, an increase of 2.09 from last quarter.

In contrast, commercial brokers responded more negatively when asked about their outlook on the future leasing market. Respondents' expectations of the leasing market six months from now were indexed at 3.78, down 1.01 since the first quarter of 2017. Commercial brokers expressed some unease in the future leasing market, commenting on the slower pace of leasing contracts.

The **Residential Broker Confidence Index** was 5.94, down 0.52 since the first quarter of 2017. The Residential Broker Future Index decreased 0.61 quarter-over-quarter to 5.85. Residential brokers' confidence in future commissions dropped from an index of 6.90 to 5.92, causing the overall index to fall.

Residential brokers' confidence assessment of the current and future rental market was low, but their assessments did not significantly decrease in the second quarter of 2017. Responses to the question about the current rental market were indexed at 3.07, an increase of 0.14 quarter-over-quarter. Responses to the question about the future rental market were indexed at 3.31, a decrease of 0.51.

Although brokers have commented that demand among buyers and renters has softened, their assessment of the current and future financing landscape is very positive; their responses to survey questions about financing were indexed at nearly 8.0 and 8.74 accordingly.



COMMENTS ABOUT THE MARKET FROM COMMERCIAL BROKERS

NYC Leasing and sales both strong.

There will be a tenant leasing advantage in most areas where transportation is good.

Many factors are affecting the leasing of commercial space, especially retail. One factor that is controllable is moderating the real estate tax increases that have occurred in the past decade.

I am concerned over length of the economic expansion, gridlock in DC and global tensions that will weigh on consumer and business confidence in the year ahead.

New sublease space and moves to West Side provide new supply that will take longer to lease up.

Current leasing seems to be slower and have less demand than in the past 18 months.

The market is very cautious and there are not as many sales as last year. Buyers feel prices are too high and cap rates are too low.

Confidence is beginning to wane.

COMMENTS ABOUT THE MARKET FROM RESIDENTIAL BROKERS

All the data coming out is positive (unemployment, low interest rates still, surging stock market, etc.), yet the impact of these is not seen in the Real Estate market.

Financing seems good at this point.

Sellers still need to be realistic on pricing.

Selling volume will decrease if interest rates increase. New development will slow.

Buyer demand has fallen. Buyers feel no urgency to act even though the economic climate is positive.

Buyers are hesitant. Sellers still want prices from 10 months ago.

Very little urgency which means properties take longer to sell - and typically sell for less money.

The market is currently slow and deliberate. Buyers are holding back for exactly what they want, although there is not a great deal of inventory. Sellers are becoming more flexible.

The New York City sales market is strong, but slow. Many of the new developments are experiencing a good absorption, with fewer projects in the pipeline. Resale is slow (no rush), but well priced (correctly priced as opposed to aspirational pricing) units sell quickly.

Less than \$1M sales market is very active while over \$1.5M sales has been slow and price adjusting.

Good brokering is required to do deals.

I think the market has picked up since the Presidential elections and the economy is stronger so I'm optimistic the real estate market will do better.

I feel Upper East Side is always stable and it will not take any swift turns.

The market under ~\$3MM is strong.

The market is good, but so price-sensitive, slightly positive for sales, slightly negative for rentals, that I deemed it to be neutral.

CONFIDENCE INDEX QUARTERLY RESULTS

REAL ESTATE BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Fourth Quarter 2013	9.00	9.04	8.89
Third Quarter 2013	8.75	9.14	8.46

COMMERCIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
Second Quarter 2017	5.84	6.59	5.28
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	9.60	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
Fourth Quarter 2013	9.49	9.75	9.30
Third Quarter 2013	9.18	9.77	8.73

CONFIDENCE INDEX QUARTERLY RESULTS (CONT.)

RESIDENTIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Fourth Quarter 2013	8.52	8.32	8.66
Third Quarter 2013	8.33	8.51	8.19

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	
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
Fourth Quarter 2013	10.00	9.77	9.74	9.44	9.51	9.15	8.84	9.49	9.75	9.30
Third Quarter 2013	9.68	8.86	10.00	7.81	9.64	8.89	9.35	9.18	9.77	8.73

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	
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	7.40	9.02	8.50	6.28	5.80	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	7.90
Third Quarter 2015	8.48	7.96	8.71	7.60	7.31	7.26	7.50	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	8.80	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
Fourth Quarter 2013	9.19	9.04	7.89	7.64	7.89	8.96	8.99	8.52	8.32	8.66
Third Quarter 2013	9.47	9.26	7.45	6.16	8.62	8.68	8.66	8.33	8.51	8.19