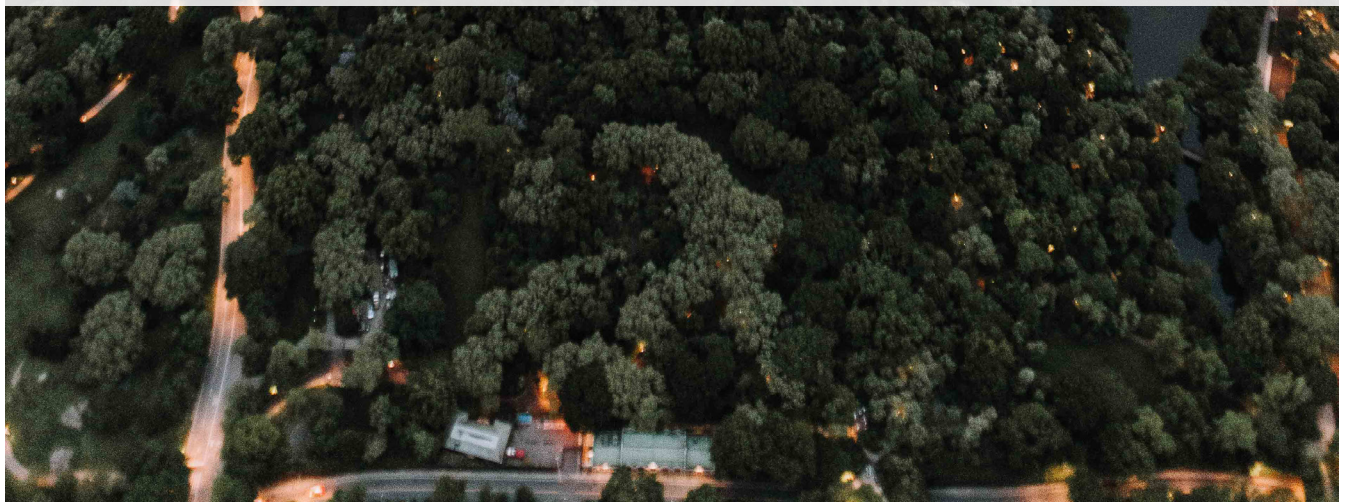




THE REAL ESTATE BOARD OF NEW YORK

REAL ESTATE BROKER CONFIDENCE INDEX | THIRD QUARTER 2019

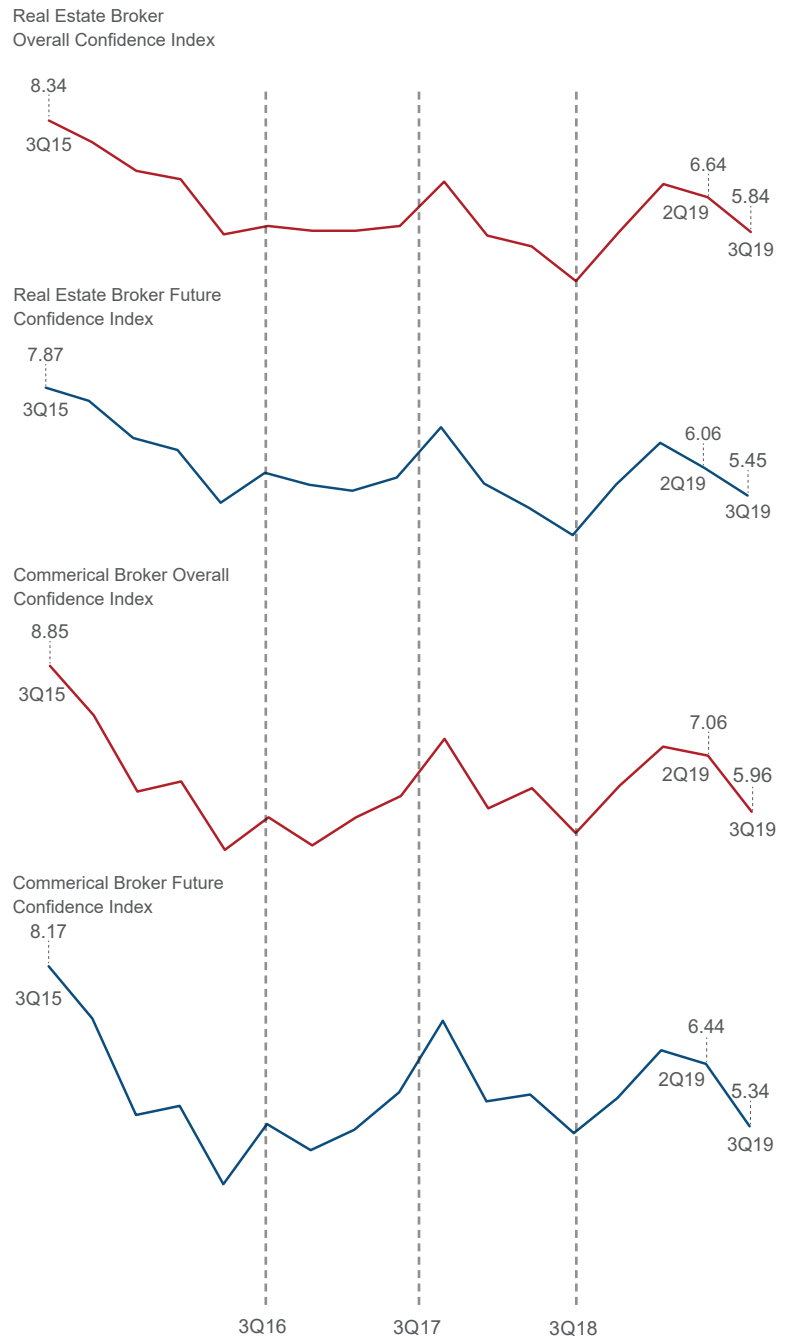


EXECUTIVE SUMMARY

The Real Estate Board of New York's (REBNY) **Real Estate Broker Confidence Index** for third quarter of 2019 was 5.84 out of 10, a 12% decline since brokers were last surveyed about the second quarter of 2019. Both residential and commercial broker confidence indices experienced a slight decrease in the third quarter of 2019 when compared to the previous quarter.

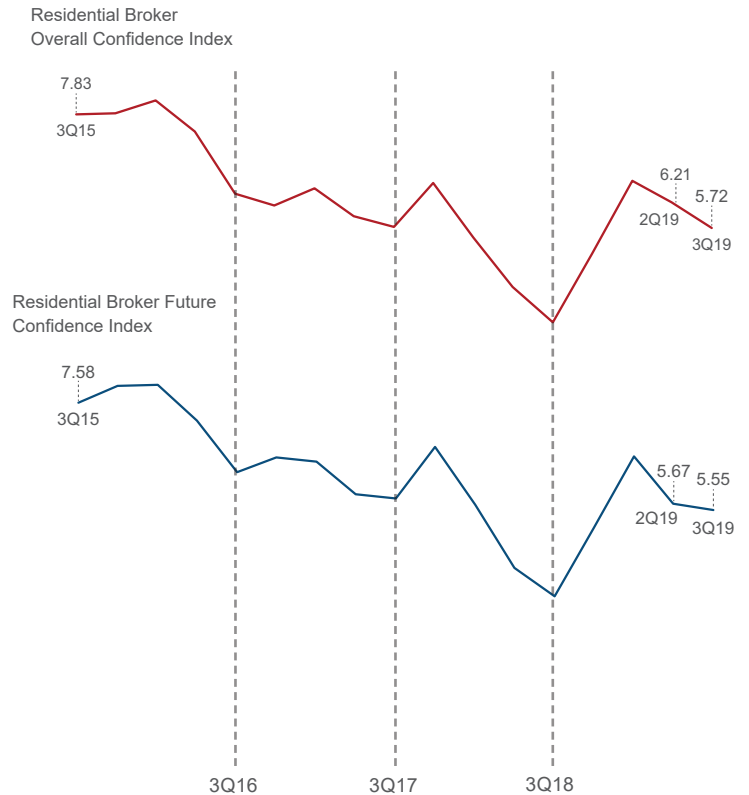
REBNY regularly surveys its residential and commercial brokerage division members to measure their confidence in the New York City real estate market now and six months from now. Survey results are published quarterly with a maximum index of 10.

The **Commercial Broker Confidence Index** (which focuses only on the Commercial Brokerage Division responses) in the second quarter of 2019 was 5.96, a 16% decline since brokers were surveyed in the second quarter of 2019. This decline in overall commercial confidence is due to a 17% drop in confidence about the market 6 months from now, from 6.44 to 5.34 and a 14% decline in confidence of the present market, from 7.9 to 6.78. The Commercial Broker Confidence Index increased 8% year-over-year, up from 5.53 in the third quarter of 2018. Commercial rent control and the new rent regulation laws continue to be common themes amongst the commercial brokers' responses. Other primary topics include economic uncertainty, the political climate, and new state taxes. The Commercial Broker Future Confidence Index was indexed at 5.34, a 17% decline from the confidence in the second quarter of 2019, which was 6.44 - indicating a strong sense of doubt in the near future of the commercial market.



EXECUTIVE SUMMARY (CONT.)

The **Residential Broker Confidence Index** (which focuses only on the Residential Brokerage Division responses) in the third quarter of 2019 was 5.72, a 8% decline since brokers were surveyed in the second quarter of 2019. The Residential Broker Confidence Index increased 44% year-over-year, up from the lowest residential confidence to date in the third quarter of 2018 of 3.97. There continues to be a decline in the confidence of the market 6 months from now as result of changes to the rent laws. The Residential Broker Future Confidence Index was indexed at 5.66, a 2% decline from the confidence in the second quarter of 2019. Residential brokers expressed concerns about various New York City taxes, the new rent laws, the upcoming election period and state of the economy. Brokers are also expressing hesitation they are seeing from buyers, a trend that has continued over the last year.



COMMENTS ABOUT THE MARKET FROM COMMERCIAL BROKERS

The new rent regulations have had a big impact on investment and development sales.

A rising regulatory environment that is unfriendly to business will negatively impact future market performance.

A possible WeWork contraction or shedding of space will not have a material negative impact, provided that precedes any economic slowdown.

Overall economic malaise will slow down velocity of leasing, but I do not foresee that within six months.

For retail, there is an uptick of shorter deals at lower rents resulting in smaller commissions.

Commercial rent control and the real estate tax increases are hurting the market

COMMENTS ABOUT THE MARKET FROM RESIDENTIAL BROKERS

New tax laws, changes in deductions, increased mansion tax, stressful political climate, upcoming election year, and negative press coverage of the NYC real estate market.

There is no sense of urgency among buyers who are looking to land a deal.

Future market performance in NYC specifically continues to be threatened by laws such as capping SALT deductions and the mansion tax.

The new rent regulations will impact the quality of rentals available in the future as landlords will not have incentives to modernize or renovate buildings.

Tax incentives will be needed for developers and landlords to invest in housing in the city, otherwise with current policies it will continue to hurt the future economy.

Real estate cycles are what they are and it's evident we were due for a correction. It doesn't always follow the economy but also impacted by local inventory and tax laws. If the economy can stay strong eventually buyer confidence will swing around but inventory is very high which will take time to absorb.

CONFIDENCE INDEX QUARTERLY RESULTS

TABLE 1: REAL ESTATE BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Third Quarter 2015	8.34	8.96	7.87

TABLE 2: COMMERCIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Third Quarter 2015	8.85	9.76	8.17

CONFIDENCE INDEX QUARTERLY RESULTS (CONT.)

TABLE 3: RESIDENTIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Third Quarter 2015	7.83	8.16	7.58

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	
	1	2	3	4	5	6	7		Situation	Future
Third Quarter 2019	5.90	4.56	8.45	6.83	6.00	4.04	5.93	5.96	6.78	5.34
Second Quarter 2019	6.96	5.35	8.94	7.56	7.80	6.52	6.33	7.06	7.90	6.44
First Quarter 2019	7.56	6.74	8.89	7.73	7.50	6.36	5.93	7.24	7.98	6.69
Fourth Quarter 2018	7.50	6.06	7.41	5.00	6.94	5.79	6.50	6.14	6.55	5.84
Third Quarter 2018	6.80	6.36	5.22	3.33	5.83	5.42	5.77	5.53	5.95	5.22
Second Quarter 2018	7.02	6.12	7.95	5.68	6.46	5.91	5.87	6.43	7.14	5.89
First Quarter 2018	5.96	6.19	6.58	5.00	6.49	5.38	6.54	6.02	6.34	5.78
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

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	
Third Quarter 2019	2.12	2.83	9.04	8.50	6.68	6.82	4.06	5.72	5.95	5.55
Second Quarter 2019	2.62	2.94	9.25	9.19	8.90	6.56	4.00	6.21	6.92	5.67
First Quarter 2019	4.06	5.29	9.25	8.81	6.60	7.04	5.09	6.59	6.64	6.56
Fourth Quarter 2018	2.69	4.37	7.96	7.25	4.03	5.33	5.14	5.25	4.89	5.52
Third Quarter 2018	2.07	2.89	6.50	5.32	3.57	4.03	3.39	3.97	4.05	3.91
Second Quarter 2018	3.34	3.61	7.08	5.47	4.18	4.26	4.51	4.63	4.86	4.46
First Quarter 2018	5.22	5.84	7.17	5.64	3.83	5.01	6.07	5.54	5.41	5.64
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