



# THE REAL ESTATE BOARD OF NEW YORK

REAL ESTATE BROKER CONFIDENCE INDEX | FOURTH QUARTER 2016



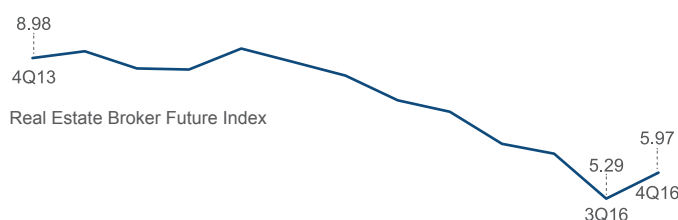


## EXECUTIVE SUMMARY

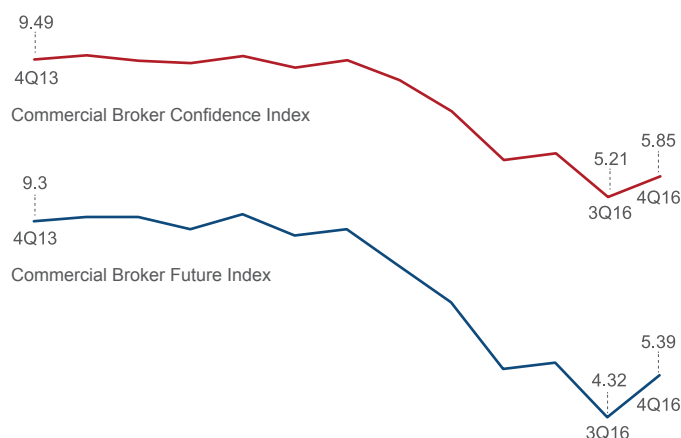
### REAL ESTATE BROKER CONFIDENCE INDEX - FOURTH QUARTER 2016

The Real Estate Board of New York's (REBNY) **Real Estate Broker Confidence Index** for the fourth quarter of 2016 was 6.00, a 0.21 increase from the third quarter of 2016. The Broker Confidence Index rose for the first time since the fourth quarter of 2014.

The **Future Confidence Index**, which measures broker confidence in the market six months from now, swung upward to 5.97 from 5.29, also notching the first increase to the Future Index since the fourth quarter of 2014. This increase in the Future Index propelled the rise in the Broker Confidence Index in the fourth quarter of 2016. Both Residential and Commercial brokers expressed stronger future market prospects in the survey.

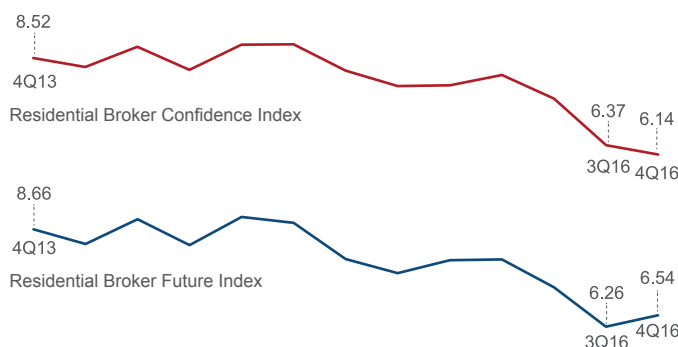


The **Commercial Broker Confidence Index** was 5.85, an increase of 0.64 since the third quarter of 2016. The Commercial Broker Confidence Index rose for the first time since the fourth quarter of 2014. The Commercial Broker Future Confidence Index rose by 1.07 in the third quarter of 2016 to 5.39 in the fourth quarter of 2016. Commercial brokers are more confident in the market now and in the future, than they were last quarter. Concerns about our country's political future and central bank movements have continued to influence the outlook of commercial brokers. Some voiced unease about availability of financing and rising interest rates. However, these concerns have not tempered their confidence in the market.



Our **Residential Broker Confidence Index** was 6.14, down 0.23 since the third quarter of 2016. The Residential Broker Future Confidence Index rose 0.28 to 6.54. The residential brokers' concern about current market conditions has diminished their confidence in the near term. However, they remain positive in the market six months from now.

In a similar vein to last quarter, residential brokers' concerns in the current market and the market six months from now included the softening of the rental market. Numerous brokers worried about oversupply of apartments, highlighting that luxury condominiums and rental units have caused price softening in those categories. Brokers with international clients expressed unease about the market climate under a new president. Additionally, multiple residential brokers bemoaned unrealistic seller expectations. One residential broker commented, "This is not a market to 'try' a price."



## COMMENTS ABOUT THE MARKET FROM COMMERCIAL BROKERS

I work in retail leasing and sales I expect the markets to have a correction.

Retail leasing is on hold for now but should improve after retailers assess the actual direction of the new administration.

Midtown South, where I primarily work, still appears strong.

In the sector of commercial mortgage financing, interest rates are key, and they are heading up.

The world economy and actions by the new administration are largely uncertain and could have a huge impact on market performance.

Interest rates and stability are concerns for leasing.

I see too much office space coming on line over the next 24 months.

## COMMENTS ABOUT THE MARKET FROM RESIDENTIAL BROKERS

I think that interest rates and an uncertain economy are going to affect the lending and selling aspects of the Real Estate market.

Inventory is rising, mortgage rates are rising, and buyers feel more entitled to negotiate or wait before purchasing.

Upward-trending interest rates will spur buyer action for a while.

I'm looking forward to a stronger market, easier lending policies, and rising interest rates to spur on buyers sitting on the fence.

Buyers are looking to buy ASAP to lock in interest rates.

When politics stabilize so will markets.

Increasing interest rates may slow things down. We haven't had a correction in 8-9 years.

Higher interest rates and softer rental market could have a negative impact on \$1-3 MM priced condominium market in 2017, unless job creation and wages continue to be strong.

The US economy is starting to falter. This plus added inventory will cause rents to fall further.

There is an oversupply of very high end product but the undersupply of properties under \$3 MM.

There are vacant apartments on the market that are not getting rented and landlords are offering incentives.

Rents will be flat to lower depending on the amount of new rental units hitting the market and timing thereof.

New luxury development will continue to hurt luxury rentals and weigh on re-sale prices.

Buyers are certainly taking their time and offering less.

Buyers are low bidding and looking for deals.

The market is shifting and prices are not skyrocketing. Sellers are convincing brokers to overprice properties just to "try." This is not a market to "try" a price.

I believe open market new construction rentals in the Bronx are going to create a big pool of buyers who feel owning is a better option than renting. However, the lack of inventory will make it a sellers' market.

Upper West Side is still desperate for good 2 bed 2 bath homes.

## CONFIDENCE INDEX QUARTERLY RESULTS

### REAL ESTATE BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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	8.98
Third Quarter 2013	8.75	9.14	8.46
Second Quarter 2013	8.89	9.05	8.78

### COMMERCIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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	9.9	9.41
Fourth Quarter 2013	9.49	9.75	9.30
Third Quarter 2013	9.18	9.77	8.73
Second Quarter 2013	9.08	9.28	8.93

## CONFIDENCE INDEX QUARTERLY RESULTS

### RESIDENTIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Second Quarter 2013	8.71	8.83	8.62
First Quarter 2013	9.02	8.89	9.11

#### 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 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.

## COMMERCIAL AND RESIDENTIAL BROKER CONFIDENCE INDEX

### BROKER CONFIDENCE INDEX SURVEY QUESTIONS

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

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