



THE REAL ESTATE BOARD OF NEW YORK

REAL ESTATE BROKER CONFIDENCE INDEX | FIRST QUARTER 2019



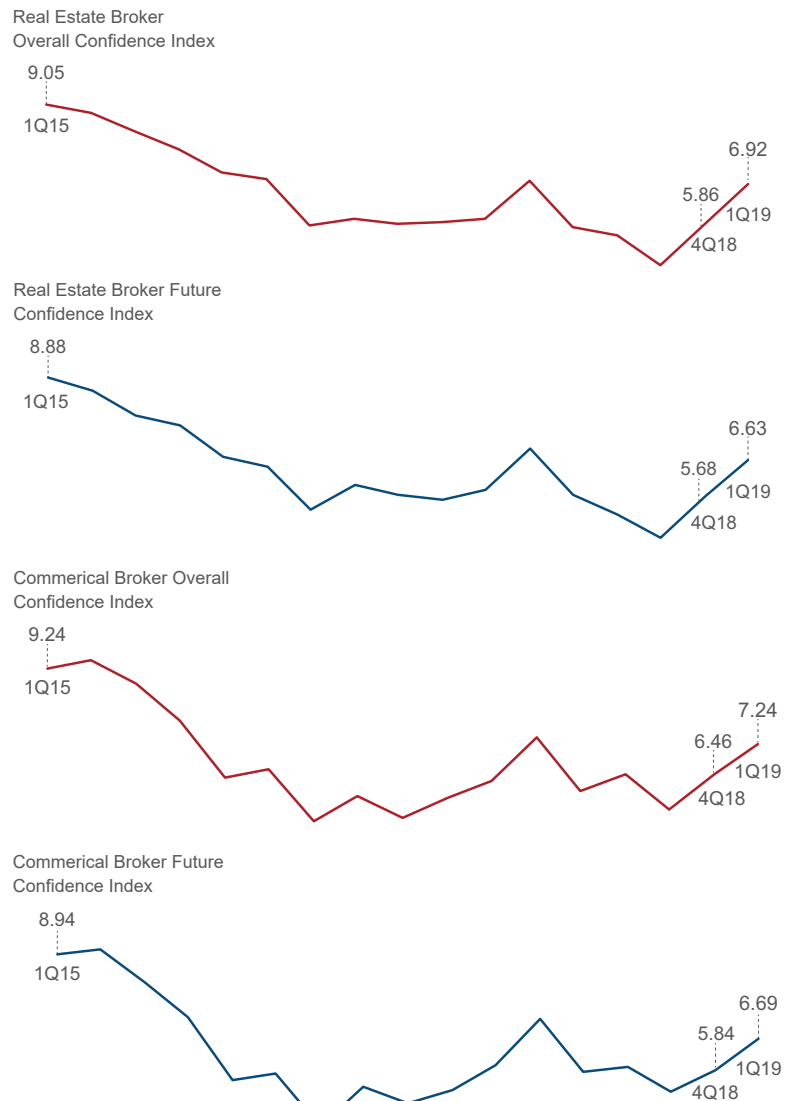
EXECUTIVE SUMMARY

The Real Estate Board of New York's (REBNY) **Real Estate Broker Confidence Index** for first quarter of 2019 was 6.92 out of 10, an increase of 1.06 since brokers were last surveyed about the fourth quarter of 2018. Residential and commercial broker confidence both experienced substantial increases in the first 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 first quarter of 2019 was 7.24, an increase of 0.78 since brokers were surveyed about the fourth quarter of 2018. The Commercial Broker Confidence Index increased by 1.22 year-over-year, up from 6.02 in the first quarter of 2018.

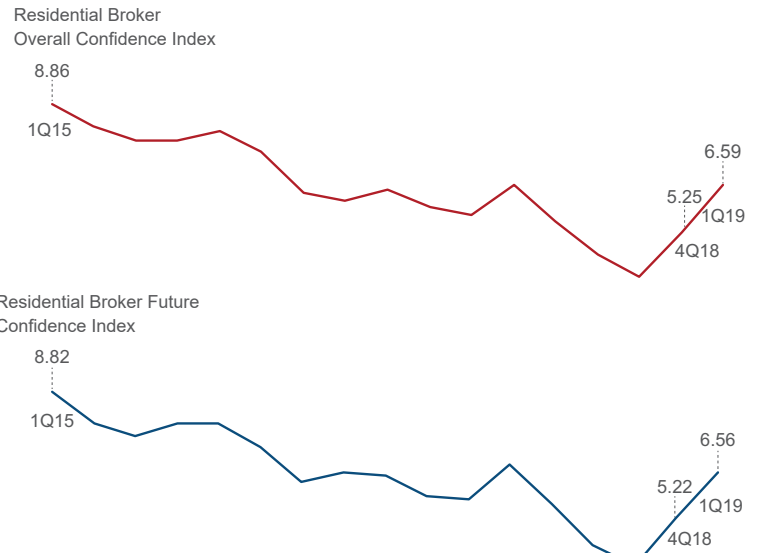
More specifically, commercial brokers' responses regarding the current assessment of the market (Table 4, Question 1) was indexed at 7.56, an improvement of 0.06 since last surveyed in the fourth quarter of 2018. Similarly, assessments of the current leasing market (Table 4, Question 5) in the first quarter of 2019 demonstrated optimism with an index of 8.89, a 1.48 increase from the fourth quarter of 2018. Despite index improvements, brokers expressed concerns about post-Amazon anti-business sentiments, commercial rent control, rent regulation reforms in Albany, interest rates, and office and retail vacancies. Despite these issues, broker expectations of the commercial market six months from now (Table 4, Question 2) was indexed at 6.74, a 0.68 bump from the fourth quarter of 2018. Nevertheless, the **Commercial Broker Future Confidence Index** grew to 6.69, a 0.85 increase compared to the previous quarter, fueled by heightened expectations for the financing market (Table 4, Question 4), for which responses rose 0.48, and the leasing market (Table 4, Question 6), which saw an increase of 1.03 when compared to the fourth quarter of 2018.



EXECUTIVE SUMMARY (CONT.)

The **Residential Broker Confidence Index** (which focuses only on the Residential Brokerage Division responses) in the first quarter of 2019 was 6.59, an increase of 1.34 since brokers were surveyed about the fourth quarter of 2018. The Residential Broker Confidence Index increased by 1.05 year-over-year, up from 5.54 when compared to the first quarter of 2018. Renewed confidence assessments of current residential market conditions, as well as the financing and leasing markets, accounted for the increase.

Residential brokers expressed concerns about several policy issues including increases to mansion and transfer taxes, and the loss of the state and local tax deduction, along with concerns regarding inventory surplus, slower activity, and stock market volatility. The **Residential Broker Future Confidence Index** also increased to 6.56, a 1.05 increase from the fourth quarter of 2018. This increase was attributed to a positive outlook on the future residential market (Table 3, Question 2), financing market (Table 3, Question 4), and rental market (Table 4, Question 6) for which responses saw respective increases of 0.92, 1.56 and 1.71 from the fourth quarter of 2018.



COMMENTS ABOUT THE MARKET FROM COMMERCIAL BROKERS

The negative attitude toward business, the pile on taxes and fees, the restrictive environmental and rent regulations, etc., all harm the NYC commercial real estate market

Our economy is strong: companies are growing and profitable, are seeking talent in NYC, and people want to live and work in NYC.

The fear is that our government is not focusing on the important issues of public safety, education, sanitation, homelessness and job creation and that will continue to negatively impact our prosperity.

The signal that NYC sent to the world by not finishing the deal with Amazon will impact our market for years to come.

Anti-business policy leading to tax increases and restrictive regulations on business pose the greatest risk to future market performance.

With the impact of Internet-related sales, the use of retail space needs to be more creative and owners need to get more realistic.

COMMENTS ABOUT THE MARKET FROM RESIDENTIAL BROKERS

Recent changes in mansion tax and transfer tax have increased transaction fees which eat into buyer purchasing power and seller sale proceeds.

Expiration of tax abatements and rising carrying costs are also impacting prices.

The high inventory will lead to more incentives for new development sales and price reductions for existing listings over 90 days on the market.

Large inventory in the rental sector plus higher taxes on residential properties will push down prices on investment and primary residence purchases.

Efforts to further tax the rich will only prevent high income and net worth investors from entering the market for fear of being taxed out in the future.

Buyers are willing to wait to buy. No sense of urgency and would rather hold on to their cash on the high end. Buildings that allow little to no financing will continue to suffer.

Loss of SALT reductions and recent increases in mansion and transfer taxes are not beneficial to our market.

CONFIDENCE INDEX QUARTERLY RESULTS

TABLE 1: REAL ESTATE BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Second Quarter 2015	8.84	9.27	8.52
First Quarter 2015	9.05	9.28	8.88

TABLE 2: COMMERCIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Second Quarter 2015	9.47	9.96	9.10
First Quarter 2015	9.24	9.65	8.94

CONFIDENCE INDEX QUARTERLY RESULTS (CONT.)

TABLE 3: RESIDENTIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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
Second Quarter 2015	8.21	8.59	7.93
First Quarter 2015	8.86	8.92	8.82

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 Situation	
	1	2	3	4	5	6	7		Future	
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
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

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	
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
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