



THE REAL ESTATE BOARD OF NEW YORK

REAL ESTATE BROKER CONFIDENCE INDEX | FIRST QUARTER 2017



EXECUTIVE SUMMARY

The Real Estate Board of New York's (REBNY) **Real Estate Broker Confidence Index** for the first quarter of 2017 was 5.87, a 0.13 decrease from the fourth quarter of 2016. Concern about the residential rental and office leasing markets led the *Real Estate Broker Confidence Index* to decline.

REBNY regularly surveys its residential and commercial brokerage division members to measure their confidence in the 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 5.7, a decrease of 0.27 since the fourth quarter of 2016. The financing market six months from now continued to be a concern among commercial brokers, whose responses to the future financing question, number four, were indexed at 3.78.

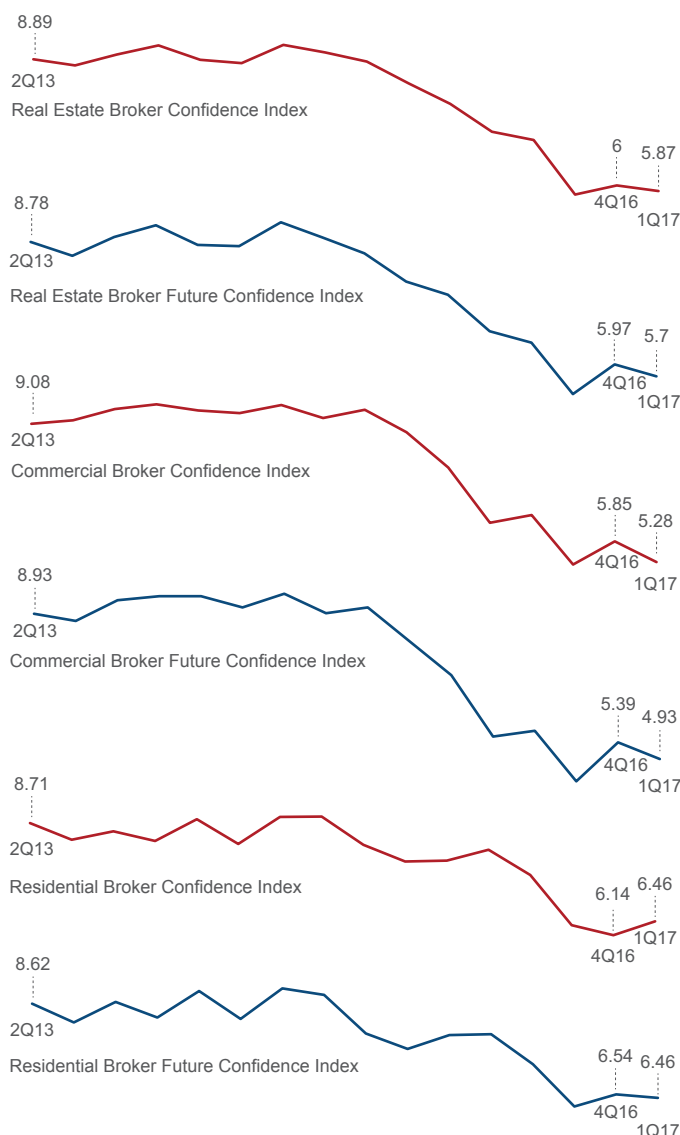
Meanwhile, concern for the residential rental market six months from now grew among residential brokers, whose responses to the future rental market question, number six, were indexed at 3.82, a decrease of 0.73 from the fourth quarter of 2016. Conversely, high broker confidence in future commissions and the outlook on the residential lending market buoyed the Real Estate Future Confidence Index.

The **Commercial Broker Confidence Index** was 5.28, a decrease of 0.57 since the fourth quarter of 2016. Although confidence in commissions and overall market fundamentals remained high, concerns about the market six months from now have weighed down the Commercial Broker Confidence Index. The Commercial Broker Future Confidence Index decreased 0.46 quarter-over-quarter to 4.93.

Commercial brokers' concerns about the future leasing and financing landscape were demonstrated by their responses, which averaged less than six out of the 10-point scale for all but one of the seven survey questions. Some office leasing brokers voiced that there is may be too much new inventory.

The **Residential Broker Confidence Index** was 6.46, up 0.32 since the fourth quarter of 2016. This was the first recorded increase in the Residential Broker Confidence Index since the first quarter of 2016. The Residential Broker Future Confidence Index decreased 0.08 to 6.46 in the first quarter of 2017.

Residential brokers shared that they were most concerned with the current and future rental market in this quarter's survey. Nevertheless, residential broker confidence in commissions, financing, and the residential market remained high.



COMMENTS ABOUT THE MARKET FROM COMMERCIAL BROKERS

Landlord Representative – The economy is still strong and should remain strong for at least 2 quarters.

Office Leasing – The West Side Rail Yards and the successful closing of deals will create new and lower cost alternatives, with landlords investing in assets to retain and attract new tenants.

Office Leasing – Inventory in new neighborhoods (Brooklyn, Hudson Yards) is causing a concern among some brokers that the overall market may be flattening out.

Interest rate uncertainty, instability in brick and mortar retail is a problem.

Difficult to identify real economic growth.

COMMENTS ABOUT THE MARKET FROM RESIDENTIAL BROKERS

Consumer confidence is high and should remain so for the next 6 to 12 months. The economy continues to grow along with NYC jobs. All should drive the sales market.

Stock market performance is important to consumer confidence.

I specialize in both sales and rentals. I expect these markets to remain healthy.

Pricing is 'key' to buyers.

Things are selling at a brisk pace. Home ownership tends to be something that people still regard as a positive.

Manhattan is fairly insulated from interest rate movements below 8%. Government policies that discourage foreigners from buying would impact the condo market.

Buyers are acting now in the lower markets under \$3M.

A rise in rates over 5% could negatively impact the sales market

Higher interest rates may make financing more costly but if banking deregulation occurs financing will get easier.

Rents are may be too high for the given inventory in the current market.

New rental buildings, combined with a wider choice of neighborhoods, have lowered rental prices. Interest rates rising will show a decline in sales prices.

Low end market is good.

Sellers' expectations are too high.

Lack of inventory in 2-3 bedrooms less than \$1M is still an issue.

CONFIDENCE INDEX QUARTERLY RESULTS

REAL ESTATE BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
First Quarter 2017	5.87	6.09	5.7
Fourth Quarter 2016	6	6.04	5.97
Third Quarter 2016	5.79	6.46	5.29
Second Quarter 2016	7.04	7.8	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	9.04	8.89
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)
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	9.6	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	9.3
Third Quarter 2013	9.18	9.77	8.73
Second Quarter 2013	9.08	9.28	8.93

CONFIDENCE INDEX QUARTERLY RESULTS (CONT.)

RESIDENTIAL BROKER CONFIDENCE INDEX

	Confidence Index	Present Situation Confidence	Future Confidence (6 months from now)
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	8.1	8.33	7.92
Fourth Quarter 2015	7.85	7.79	7.9
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	8.3	8.3	8.3
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

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.

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	
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	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	7.2	8.78	7.11	8.33	6.98	7.69	7.88	8.72	7.24
Third Quarter 2015	9.83	8	9.64	7.14	9.81	8.2	9.33	8.85	9.76	8.17
Second Quarter 2015	10	8.92	10	8.98	9.87	9.22	9.3	9.47	9.96	9.1
First Quarter 2015	9.41	8.84	9.75	8.18	9.78	9	9.76	9.24	9.65	8.94
Fourth Quarter 2014	9.82	9.45	10	9.51	9.45	9.17	9.8	9.6	9.76	9.48
Third Quarter 2014	9.76	9.02	10	8.85	9.49	8.78	9.75	9.38	9.75	9.1
Second Quarter 2014	10	9.38	10	9.05	9.68	8.44	9.64	9.45	9.89	9.13
First Quarter 2014	10	9.44	10	9.09	9.71	9.39	9.71	9.62	9.9	9.41
Fourth Quarter 2013	10	9.77	9.74	9.44	9.51	9.15	8.84	9.49	9.75	9.3
Third Quarter 2013	9.68	8.86	10	7.81	9.64	8.89	9.35	9.18	9.77	8.73
Second Quarter 2013	9.44	9.38	9.19	7.74	9.2	9.26	9.35	9.08	9.28	8.93

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	
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	5.8	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	7.60	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	8.3	8.3	8.3
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
Second Quarter 2013	9.51	9.56	7.47	6.67	9.5	9.3	8.94	8.71	8.83	8.62