



REBNY Research

Real Estate Broker Confidence Index

Q3 2020

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Executive Summary

The Real Estate Board of New York (REBNY) surveys its residential and commercial brokerage members quarterly, measuring their present and six-month forecasted confidence in New York City’s real estate market. Brokers reflect on their professional dealings and report their outlook on an index of 0 to 10. The Commercial Broker Confidence Index covers all forms of commercial real estate, including but not limited to office, retail and industrial space. The Residential Broker Confidence Index reflects both the residential sales and rental markets.

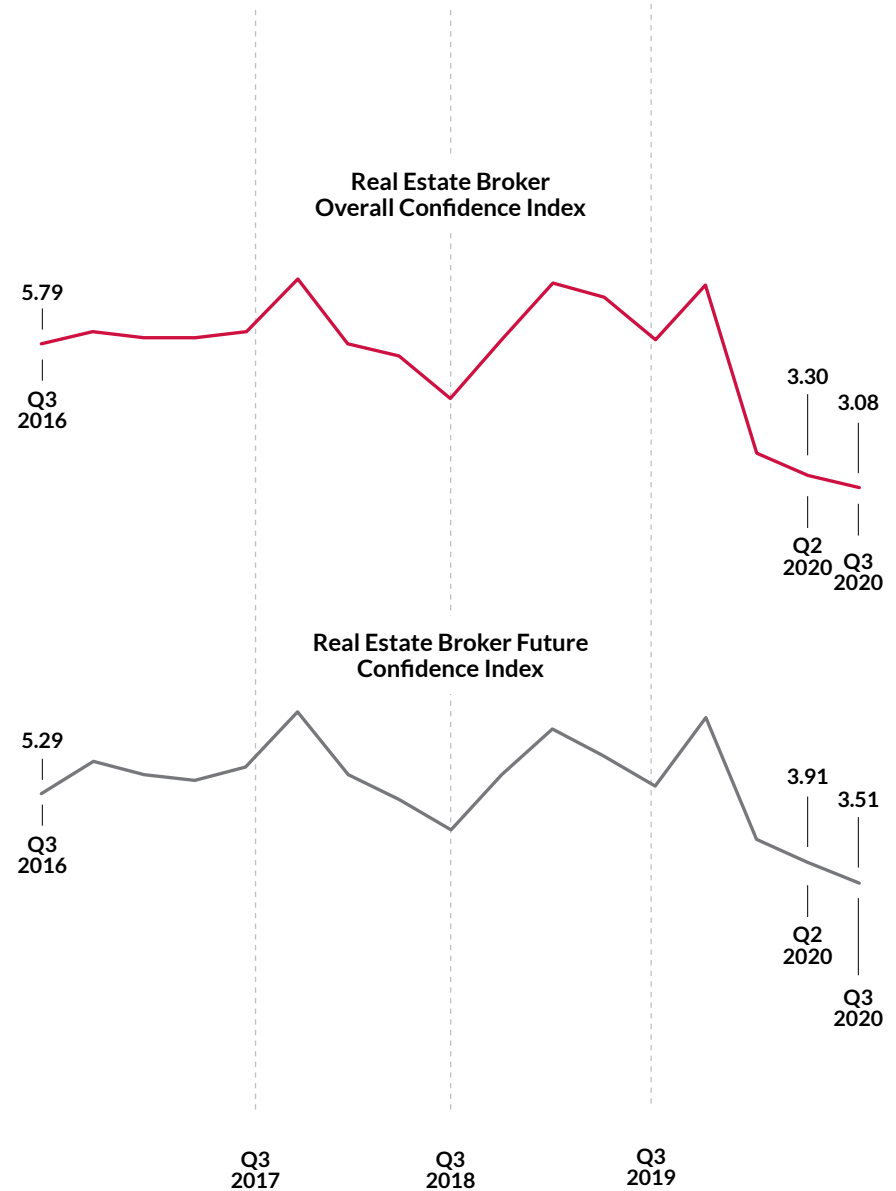
REBNY issues and collects the survey responses in the last three weeks of each quarter.

The most recent survey results reveal overall real estate broker confidence is 3.08, a 7% drop between the second and third quarters of 2020 and a 47% drop year-over-year. While overall residential and commercial real estate broker confidence hit the lowest levels recorded by REBNY, overall commercial broker confidence was 2.15 out of 10, an 11% increase since the second quarter of 2020 and a 64% decline since the third quarter of 2019. Whereas, overall residential broker confidence was 4.00 out of 10, a 14% decline since the second quarter of 2020 and a 30% decline from third quarter of 2019.

REAL ESTATE BROKER CONFIDENCE INDEX

In the third quarter of 2020, the present situation real estate broker confidence was 2.50 out of 10, a 1% increase since brokers were last surveyed in the second quarter of 2020 and a 61% decline since the same time last year.

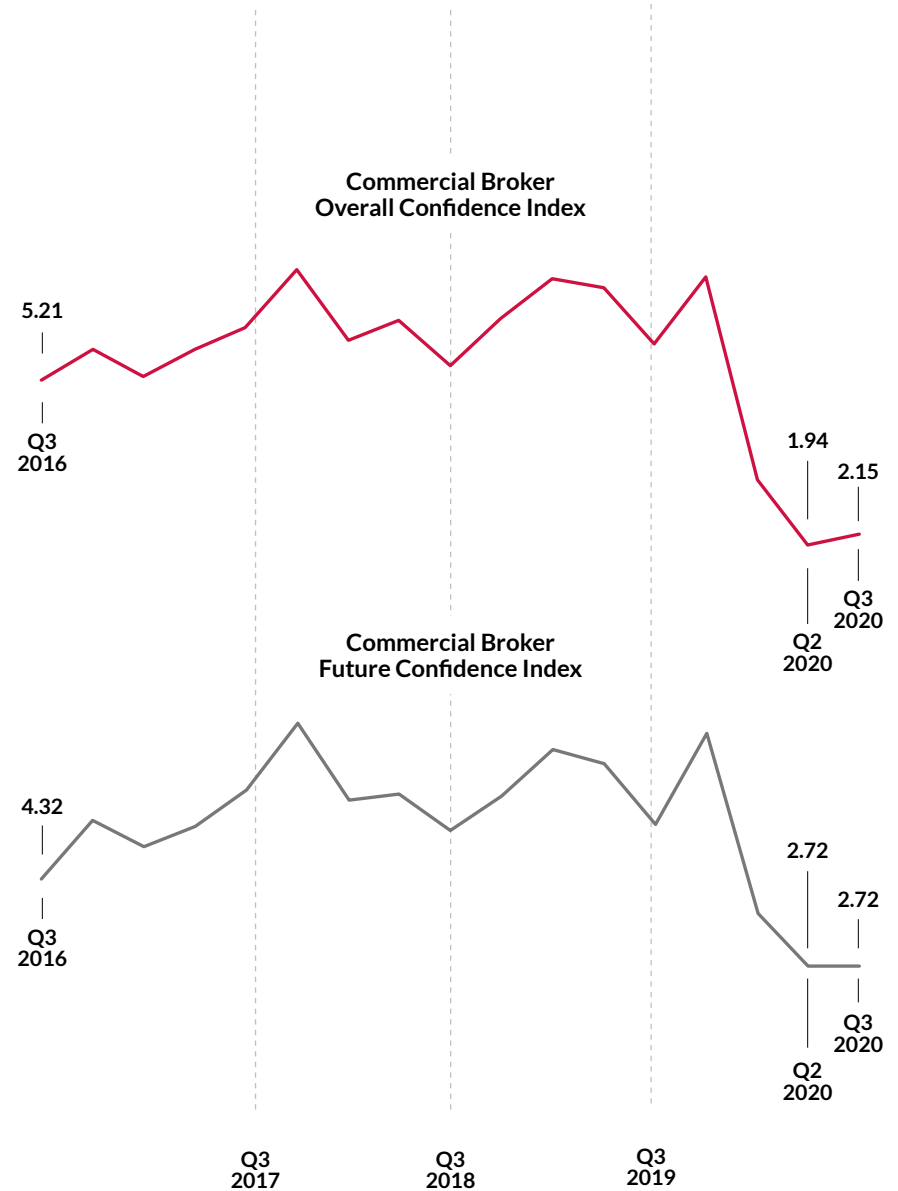
The survey results similarly indicated a decline in market sentiment six months from now, with an index at 3.51, a 10% decline from the first quarter of 2020 and a 36% decline since the same time last year.



Executive Summary

COMMERCIAL BROKER CONFIDENCE INDEX

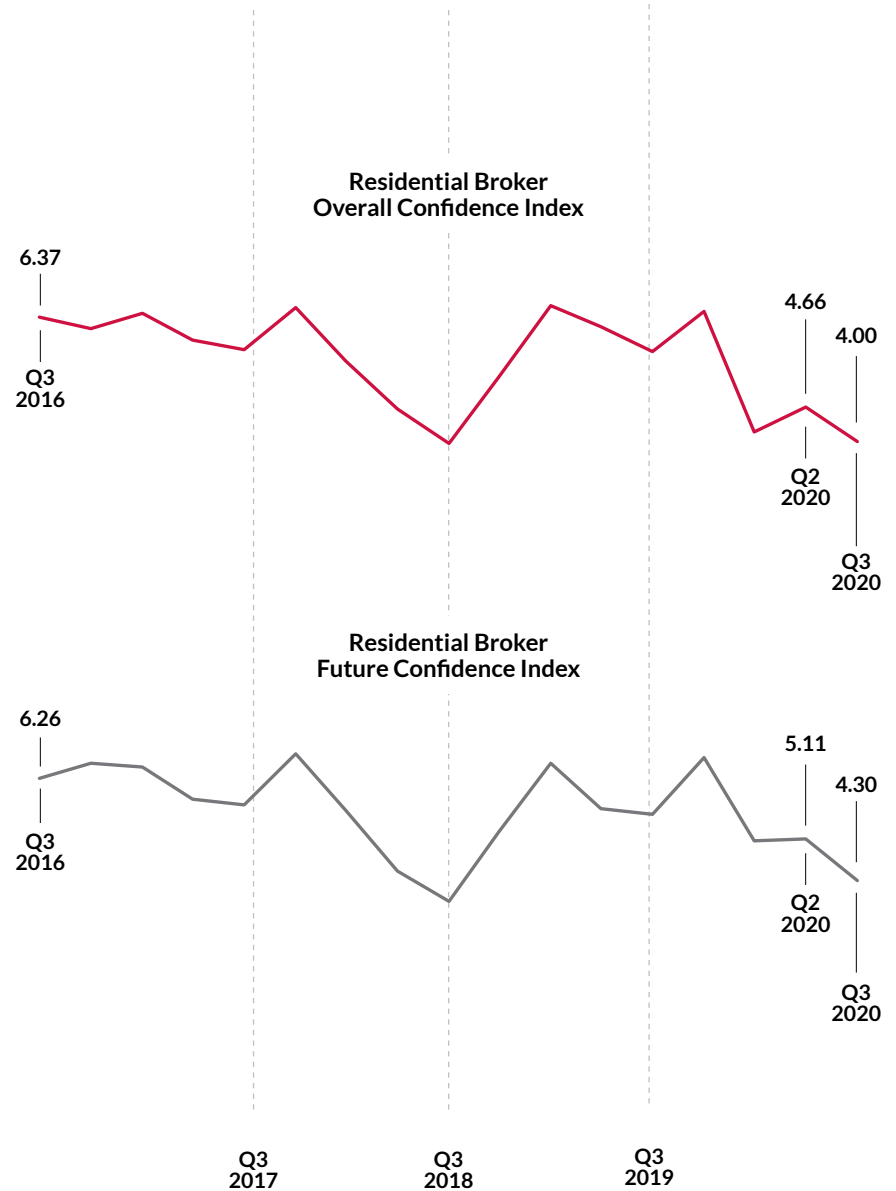
The present situation Commercial Broker Confidence Index for the market was 1.40, representing a 56% increase since last quarter and a 79% decline since the same time last year. The future confidence index for the commercial market six months from now was slightly higher at 2.72, which remained flat from last quarter, and a 49% decline from the survey results in the third quarter of 2019.



Executive Summary

RESIDENTIAL BROKER CONFIDENCE INDEX

The present situation Residential Broker Confidence Index was 3.61, an 11% decrease since the second quarter of 2020 and a 39% decline since the third quarter of 2019. The future confidence index for the residential market six months from now was 4.30, a 16% decrease from the second quarter of 2020 and a 22% decline since the third quarter of 2019.



Comments About the Market

COMMERCIAL QUOTES:

1. Improved management of the pandemic at the national level would have positive impact on the industry. Viable mayoral candidates for NYC 2021 would also improve prospects for real estate in the city.
2. Prices are adjusting to reflect the current reality in most neighborhoods.
3. Several factors will impact the future of the market including quality of life issues, political leadership in NYC, and budgetary concerns.
4. Uncertainty on Federal assistance damages income in the short term, which has long-term impacts.
5. Health, safety, quality of life, tax implications, and local policies and regulations will all impact the recovery of the real estate industry.

RESIDENTIAL QUOTES:

1. The circumstances surrounding COVID-19 has led to greater inventory being placed on the market, providing more opportunities for buyers and renters.
2. A lack of government aid to those who are in need and intervention in the real estate market will impact the future of the industry, including a reduction in all transaction taxes to incentivize purchasing. The government must provide aid to New York City.
3. The many uncertainties of today's world, in addition to the amount of choice that buyers have, is slowing some decision making.
4. People feel unsure of how the election will impact the real estate market.
5. A more stable government at the Federal level would make buyers and renters feel more comfortable in light of the pandemic.

Confidence Index Quarterly Results

EXPLANATION OF INDEX

- **The Overall Real Estate Broker Confidence Index** includes responses to our eight question survey from REBNY brokers, residential and commercial.
- **The Overall Residential Broker Confidence Index** includes survey responses from only our residential brokers.
- **The Overall 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 indexes range from zero to 10.
- 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.

TABLE 1: Real Estate Broker Confidence Index

Quarter	Overall Confidence	Present Situation Confidence	Future Confidence (6 months from now)
Q3 2020	3.08	2.50	3.51
Q2 2020	3.30	2.48	3.91
Q1 2020	3.72	2.84	4.38
Q4 2019	6.87	6.93	6.84
Q3 2019	5.84	6.37	5.45
Q2 2019	6.64	7.41	6.06
Q1 2019	6.92	7.31	6.63
Q4 2018	5.86	6.09	5.68
Q3 2018	4.75	5.00	4.57
Q2 2018	5.53	6.00	5.18
Q1 2018	5.78	5.87	5.71
Q4 2017	6.99	7.02	6.97
Q3 2017	6.00	6.21	5.85
Q2 2017	5.89	6.32	5.56
Q1 2017	5.87	6.09	5.70
Q4 2016	6.00	6.04	5.97
Q3 2016	5.79	6.46	5.29

Confidence Index Quarterly Results

TABLE 2: Commercial Broker Confidence Index

Quarter	Overall Confidence	Present Situation Confidence	Future Confidence (6 months from now)
Q3 2020	2.15	1.40	2.72
Q2 2020	1.94	0.89	2.72
Q1 2020	3.23	2.62	3.68
Q4 2019	7.28	7.66	7.00
Q3 2019	5.96	6.78	5.34
Q2 2019	7.06	7.90	6.44
Q1 2019	7.24	7.98	6.69
Q4 2018	6.46	7.28	5.84
Q3 2018	5.53	5.95	5.22
Q2 2018	6.43	7.14	5.89
Q1 2018	6.02	6.34	5.78
Q4 2017	7.41	7.68	7.20
Q3 2017	6.27	6.71	5.94
Q2 2017	5.84	6.59	5.28
Q1 2017	5.28	5.74	4.93
Q4 2016	5.85	6.46	5.39
Q3 2016	5.21	6.41	4.32

TABLE 3: Residential Broker Confidence Index

Quarter	Overall Confidence	Present Situation Confidence	Future Confidence (6 months from now)
Q3 2020	4.00	3.61	4.30
Q2 2020	4.66	4.06	5.11
Q1 2020	4.21	3.07	5.07
Q4 2019	6.46	6.20	6.67
Q3 2019	5.72	5.95	5.55
Q2 2019	6.21	6.92	5.67
Q1 2019	6.59	6.64	6.56
Q4 2018	5.25	4.89	5.22
Q3 2018	3.97	4.05	3.91
Q2 2018	4.63	4.86	4.46
Q1 2018	5.54	5.41	5.64
Q4 2017	6.57	6.36	6.74
Q3 2017	5.74	5.72	5.76
Q2 2017	5.94	6.06	5.85
Q1 2017	6.46	6.45	6.46
Q4 2016	6.14	5.61	6.54
Q3 2016	6.37	6.51	6.26

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 six 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 six 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 six months from now?
7. What is your expectation of total commissions six months from now?

TABLE 4: Commercial Broker Confidence Index Results

Quarter	Questions							Overall	Present Situation	Future
	1	2	3	4	5	6	7			
Q3 2020	0.43	1.75	3.46	5.49	0.30	1.49	1.75	2.15	1.40	2.72
Q2 2020	0.20	2.47	2.13	4.63	0.36	2.56	2.47	1.94	0.89	2.72
Q1 2020	1.68	2.75	4.16	5.77	2.02	3.47	2.75	3.23	2.62	3.68
Q4 2019	6.61	6.23	8.77	8.00	7.59	7.35	6.23	7.28	7.66	7.00
Q3 2019	5.90	4.56	8.45	6.83	6.00	4.04	4.56	5.96	6.78	5.34
Q2 2019	6.96	5.35	8.94	7.56	7.80	6.52	6.33	7.06	7.90	6.44
Q1 2019	7.56	6.74	8.89	7.73	7.50	6.36	5.93	7.24	7.98	6.69
Q4 2018	7.50	6.06	7.41	5.00	6.94	5.79	6.50	6.14	6.55	5.84
Q3 2018	6.80	6.36	5.22	3.33	5.83	5.42	5.77	5.53	5.95	5.22
Q2 2018	7.02	6.12	7.95	5.68	6.46	5.91	5.87	6.43	7.14	5.89
Q1 2018	5.96	6.19	6.58	5.00	6.49	5.91	6.54	6.02	6.34	5.78
Q4 2017	8.33	7.76	8.00	7.25	6.72	6.53	7.25	7.41	7.68	7.20
Q3 2017	6.98	6.59	6.76	5.41	6.38	5.53	6.22	6.27	6.71	5.94
Q2 2017	6.92	5.38	7.42	6.29	5.43	3.78	5.68	5.84	6.59	5.28
Q1 2017	6.47	5.37	5.33	3.78	5.41	4.79	5.78	5.28	5.74	4.93
Q4 2016	8.28	5.94	4.71	3.33	6.40	5.52	6.77	5.85	6.46	5.39
Q3 2016	6.92	4.44	6.40	3.33	5.90	3.95	5.56	5.21	6.41	4.32

Confidence Index Quarterly Results by Question

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 six 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 six 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 six months from now?
7. What is your expectation of total commissions six months from now?

TABLE 5: Residential Broker Confidence Index Results

Quarter	Questions							Overall	Present Situation	Future
	1	2	3	4	5	6	7			
Q3 2020	1.94	4.05	8.03	8.13	0.85	1.77	3.24	4.00	3.61	4.30
Q2 2020	2.43	4.65	6.80	7.52	2.95	4.78	3.47	4.66	4.06	5.11
Q1 2020	1.43	4.37	5.86	7.09	1.92	5.70	3.11	4.21	3.07	5.07
Q4 2019	3.01	4.57	9.11	8.98	6.46	7.58	5.54	6.46	6.20	6.67
Q3 2019	2.12	2.83	9.04	8.50	6.68	6.82	4.06	5.72	5.95	5.55
Q2 2019	2.62	2.94	9.25	9.19	8.90	6.56	4.00	6.21	6.92	5.67
Q1 2019	4.06	5.29	9.25	8.81	6.60	7.04	5.09	6.59	6.64	6.56
Q4 2018	2.69	4.37	7.96	7.25	4.03	5.33	5.14	5.25	4.89	5.52
Q3 2018	2.07	2.89	6.50	5.32	3.57	4.03	3.39	3.97	4.05	3.91
Q2 2018	3.34	3.61	7.08	5.47	4.18	4.26	4.51	4.63	4.86	4.46
Q1 2018	5.22	5.84	7.17	5.64	3.83	5.01	6.07	5.54	5.41	5.64
Q4 2017	6.54	6.69	8.76	7.86	3.78	5.54	6.86	6.57	6.36	6.74
Q3 2017	5.78	6.07	9.18	8.80	2.24	2.86	5.31	5.74	5.72	5.76
Q2 2017	6.37	6.17	8.74	7.99	3.07	3.31	5.92	5.94	6.06	5.85
Q1 2017	7.66	7.64	8.74	7.49	2.94	3.82	6.90	6.46	6.45	6.46
Q4 2016	6.28	7.56	7.85	7.24	2.70	4.55	6.81	6.14	5.61	6.54
Q3 2016	6.23	6.20	8.98	7.82	4.32	4.58	6.45	6.37	6.51	6.26