



REBNY Research

Real Estate Broker Confidence Index

Q4 2020

Index

- 03** | Executive Summary
- 06** | Comments About the Market
- 07** | Confidence Index Quarterly Results
- 09** | Confidence Index Quarterly Results by Question

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.

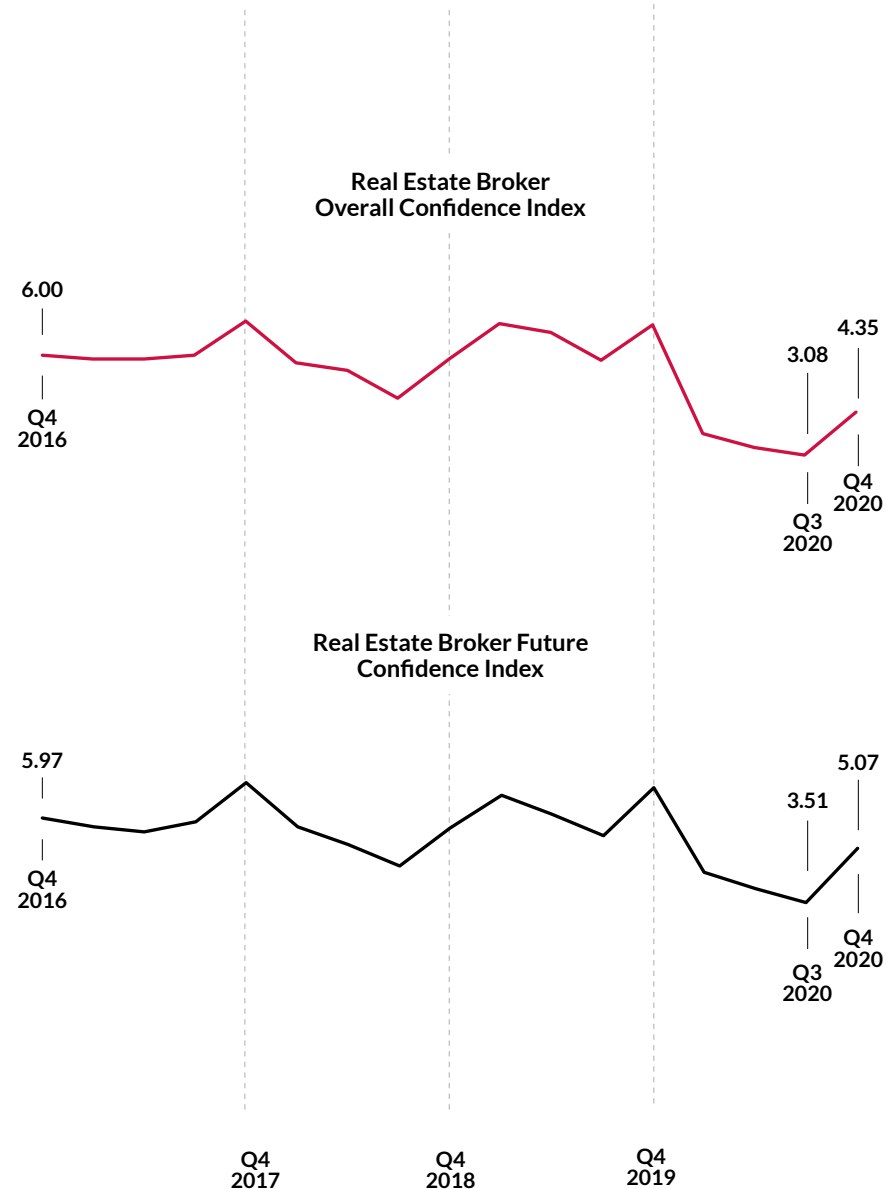
REBNY issues and collects the survey responses in the last three weeks of each quarter.

The most recent survey results reveal overall real estate broker confidence is 4.35, a 41% increase from last quarter’s all-time low, but still a 37% drop year-over-year. After three consecutive quarters of declining broker confidence, both overall residential and commercial real estate broker confidence witnessed an increase from the prior quarter. Overall commercial broker confidence was 2.89 out of 10, an 34% increase since the third quarter of 2020 but a 60% decline since the fourth quarter of 2019. Whereas overall residential broker confidence was 5.81 out of 10, a 45% increase since the third quarter of 2020 but a 10% decline from fourth quarter of 2019. Comments about the market from brokers reveal that they believe the market has bottomed out and are cautiously optimistic about a rebound, likely due to the rollout and distribution of the COVID-19 vaccine.

REAL ESTATE BROKER CONFIDENCE INDEX

In the fourth quarter of 2020, the present situation real estate broker confidence was 3.39 out of 10, a 36% increase since brokers were last surveyed in the third quarter of 2020, but still a 51% decline since the same time last year.

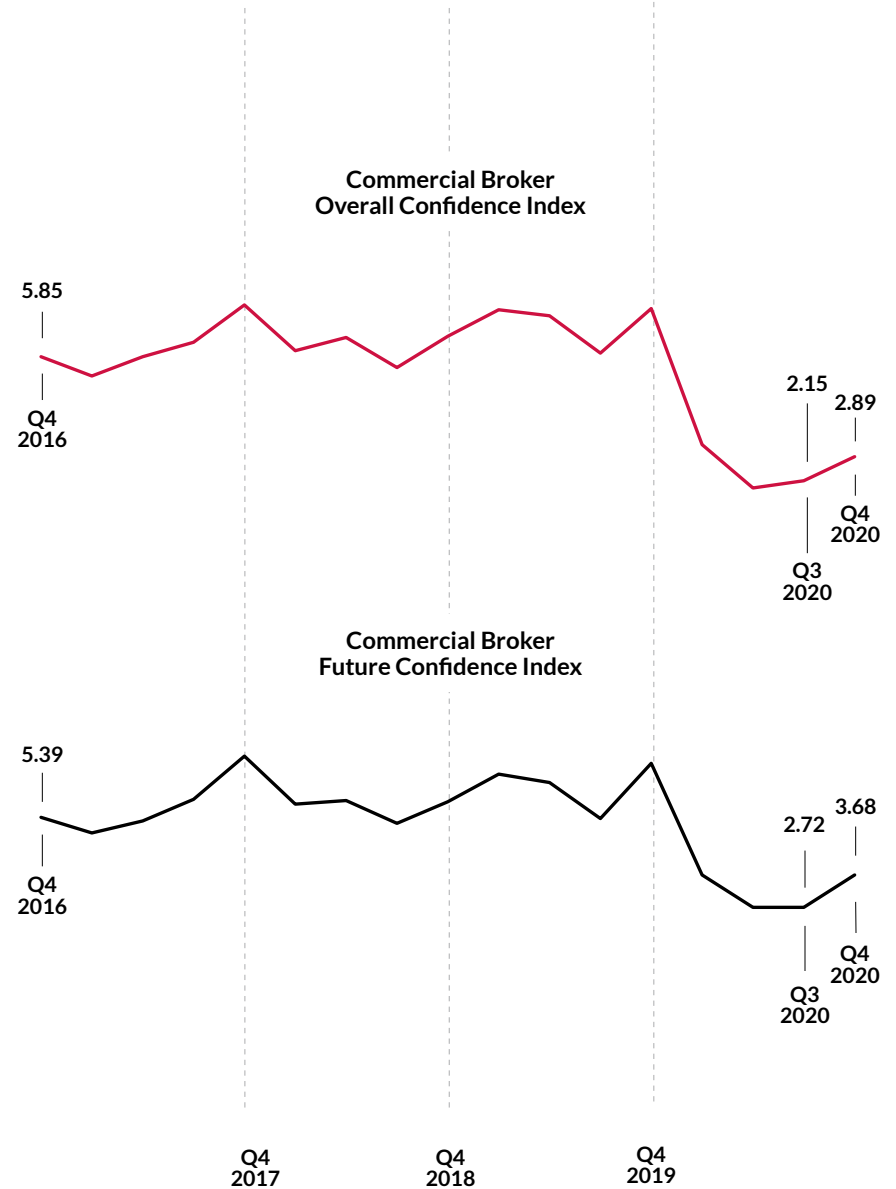
The survey results similarly indicated a decline in market sentiment six months from now, with an index at 5.07, a 44% increase from the third quarter of 2020, but a 26% decline since the same time last year.



Executive Summary

COMMERCIAL BROKER CONFIDENCE INDEX

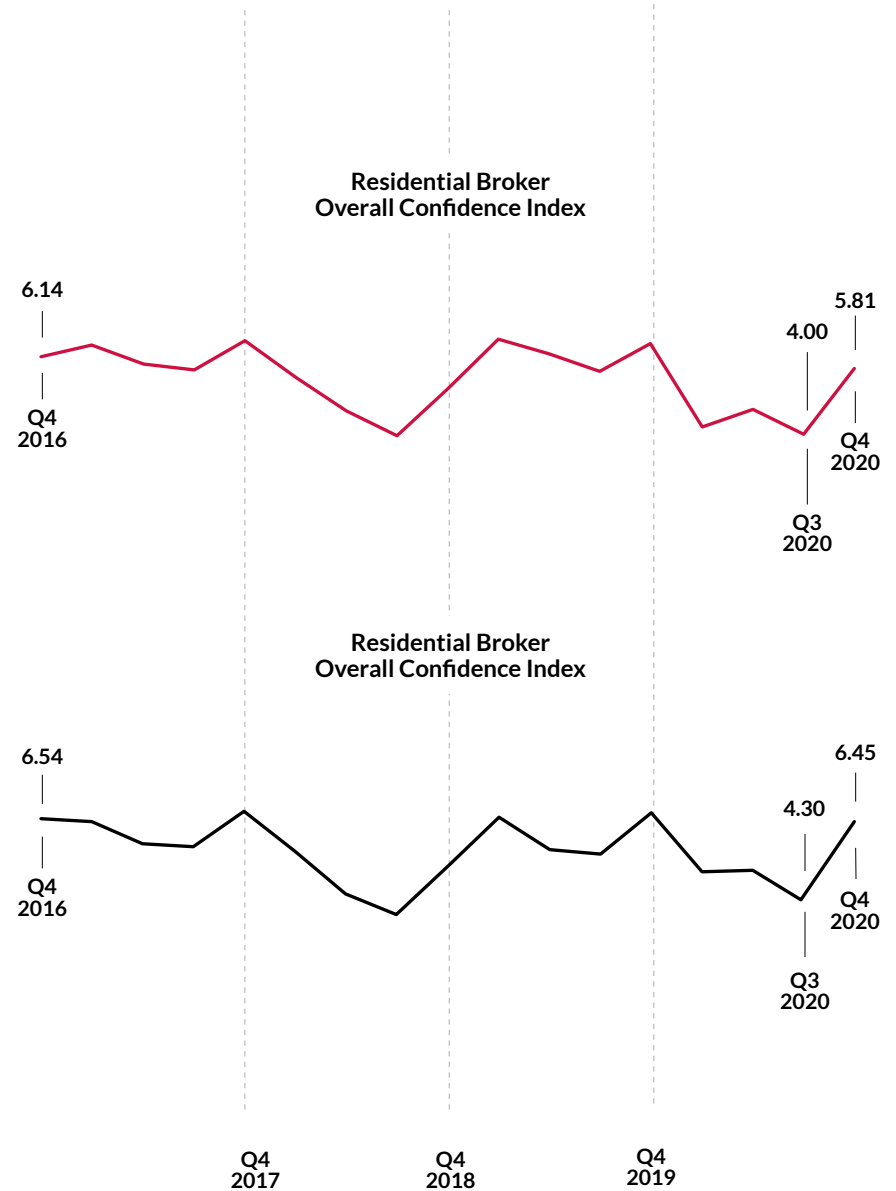
The present situation Commercial Broker Confidence Index for the market was 1.83, representing a 31% increase since the last quarter, but a 76% decline since the same time last year. The future confidence index for the commercial market six months from now was slightly higher at 3.68, which increased 35% from last quarter, but a 47% decline from the survey results in the fourth quarter of 2019.



Executive Summary

RESIDENTIAL BROKER CONFIDENCE INDEX

The present situation Residential Broker Confidence Index was 4.95, a 37% increase since the third quarter of 2020, but a 20% decline since the fourth quarter of 2019. The future confidence index for the residential market six months from now was 6.45, a 50% increase from the third quarter of 2020, but a 3% decline since the fourth quarter of 2019.



Comments About the Market

COMMERCIAL QUOTES:

1. Sluggish vaccine rollout and spiking infection rates are further delaying re-occupancy by tenants, which in turn further delays the beginning of a possible recovery.
2. Property tax assessments have not adjusted to the COVID-induced realities facing buildings. Local government needs to recognize the economic impact on property owners as well tenants. There's symbiosis, yet the relief is not being shared equally.
3. The extended eviction moratorium has left landlords unable to enforce lease provisions even on multinational companies. The regulatory intervention is not allowing the market to adjust. NYC needs more thoughtful and definitive policies concerning forbearance and non-eviction mandates.
4. There are too many moving variables at the moment – COVID, economic recovery, stimulus, NYC elections – to have any confidence in the market performance.
5. The slowing economy and future uncertainty has forced many businesses to downsize and be hesitant to lease large spaces. Retail in particular remains a challenge, as the service economy continues to struggle without tourists, business travelers, conferences, and cultural events and shows.

RESIDENTIAL QUOTES:

1. There has been a spike in activity over the past few weeks, where the reasonably well-priced properties that have been sitting are now seeing significant activity and even getting multiple offers. There seems to be a sense that the worst is over, and that things will begin to improve in the market over the coming months.
2. The return of office workers to their offices this spring/summer will have a positive impact on the market. If they continue to stay home the market will be flat and it could take until Spring of 2022 to see a recovery.
3. I expect sales prices to begin to climb and rental vacancy rates to go down. Some prices may stabilize in more desirable rentals.
4. The residential market has been very erratic - one week is crazy busy and the next is slow. But in general, I've been doing a lot more deals than I ever did in 2018 and 2019, which is encouraging.
5. We are beginning to receive more offers. They start out very low, but we have been able to negotiate to a comfortable level for both resale and new development, which we hope will continue. I feel downtown Manhattan and Brooklyn are performing better than other parts of the city.

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)
4Q 2020	4.35	3.39	5.07
3Q 2020	3.08	2.50	3.51
2Q 2020	3.30	2.48	3.91
1Q 2020	3.72	2.84	4.38
4Q 2019	6.87	6.93	6.84
3Q 2019	5.84	6.37	5.45
2Q 2019	6.64	7.41	6.06
1Q 2019	6.92	7.31	6.63
4Q 2018	5.86	6.09	5.68
3Q 2018	4.75	5.00	4.57
2Q 2018	5.53	6.00	5.18
1Q 2018	5.78	5.87	5.71
4Q 2017	6.99	7.02	6.97
3Q 2017	6.00	6.21	5.85
2Q 2017	5.89	6.32	5.56
1Q 2017	5.87	6.09	5.70
4Q 2016	6.00	6.04	5.97

Confidence Index Quarterly Results

TABLE 2: Commercial Broker Confidence Index

Quarter	Overall Confidence	Present Situation Confidence	Future Confidence (6 months from now)
4Q 2020	2.89	1.83	3.68
3Q 2020	2.15	1.40	2.72
2Q 2020	1.94	0.89	2.72
1Q 2020	3.23	2.62	3.68
4Q 2019	7.28	7.66	7.00
3Q 2019	5.96	6.78	5.34
2Q 2019	7.06	7.90	6.44
1Q 2019	7.24	7.98	6.69
4Q 2018	6.46	7.28	5.84
3Q 2018	5.53	5.95	5.22
2Q 2018	6.43	7.14	5.89
1Q 2018	6.02	6.34	5.78
4Q 2017	7.41	7.68	7.20
3Q 2017	6.27	6.71	5.94
2Q 2017	5.84	6.59	5.28
1Q 2017	5.28	5.74	4.93
4Q 2016	5.85	6.46	5.39

TABLE 3: Residential Broker Confidence Index

Quarter	Overall Confidence	Present Situation Confidence	Future Confidence (6 months from now)
4Q 2020	5.81	4.95	6.45
3Q 2020	4.00	3.61	4.30
2Q 2020	4.66	4.06	5.11
1Q 2020	4.21	3.07	5.07
4Q 2019	6.46	6.20	6.67
3Q 2019	5.72	5.95	5.55
2Q 2019	6.21	6.92	5.67
1Q 2019	6.59	6.64	6.56
4Q 2018	5.25	4.89	5.22
3Q 2018	3.97	4.05	3.91
2Q 2018	4.63	4.86	4.46
1Q 2018	5.54	5.41	5.64
4Q 2017	6.57	6.36	6.74
3Q 2017	5.74	5.72	5.76
2Q 2017	5.94	6.06	5.85
1Q 2017	6.46	6.45	6.46
4Q 2016	6.14	5.61	6.54

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			
4Q 2020	0.91	3.58	3.93	5.56	0.64	2.63	3.58	2.89	1.83	3.68
3Q 2020	0.43	1.75	3.46	5.49	0.30	1.49	1.75	2.15	1.40	2.72
2Q 2020	0.20	2.47	2.13	4.63	0.36	2.56	2.47	1.94	0.89	2.72
1Q 2020	1.68	2.75	4.16	5.77	2.02	3.47	2.75	3.23	2.62	3.68
4Q 2019	6.61	6.23	8.77	8.00	7.59	7.35	6.23	7.28	7.66	7.00
3Q 2019	5.90	4.56	8.45	6.83	6.00	4.04	4.56	5.96	6.78	5.34
2Q 2019	6.96	5.35	8.94	7.56	7.80	6.52	6.33	7.06	7.90	6.44
1Q 2019	7.56	6.74	8.89	7.73	7.50	6.36	5.93	7.24	7.98	6.69
4Q 2018	7.50	6.06	7.41	5.00	6.94	5.79	6.50	6.14	6.55	5.84
3Q 2018	6.80	6.36	5.22	3.33	5.83	5.42	5.77	5.53	5.95	5.22
2Q 2018	7.02	6.12	7.95	5.68	6.46	5.91	5.87	6.43	7.14	5.89
1Q 2018	5.96	6.19	6.58	5.00	6.49	5.91	6.54	6.02	6.34	5.78
4Q 2017	8.33	7.76	8.00	7.25	6.72	6.53	7.25	7.41	7.68	7.20
3Q 2017	6.98	6.59	6.76	5.41	6.38	5.53	6.22	6.27	6.71	5.94
2Q 2017	6.92	5.38	7.42	6.29	5.43	3.78	5.68	5.84	6.59	5.28
1Q 2017	6.47	5.37	5.33	3.78	5.41	4.79	5.78	5.28	5.74	4.93
4Q 2016	8.28	5.94	4.71	3.33	6.40	5.52	6.77	5.85	6.46	5.39

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			
4Q 2020	5.14	7.77	8.54	8.63	1.18	3.08	6.32	5.81	4.95	6.45
3Q 2020	1.94	4.05	8.03	8.13	0.85	1.77	3.24	4.00	3.61	4.30
2Q 2020	2.43	4.65	6.80	7.52	2.95	4.78	3.47	4.66	4.06	5.11
1Q 2020	1.43	4.37	5.86	7.09	1.92	5.70	3.11	4.21	3.07	5.07
4Q 2019	3.01	4.57	9.11	8.98	6.46	7.58	5.54	6.46	6.20	6.67
3Q 2019	2.12	2.83	9.04	8.50	6.68	6.82	4.06	5.72	5.95	5.55
2Q 2019	2.62	2.94	9.25	9.19	8.90	6.56	4.00	6.21	6.92	5.67
1Q 2019	4.06	5.29	9.25	8.81	6.60	7.04	5.09	6.59	6.64	6.56
4Q 2018	2.69	4.37	7.96	7.25	4.03	5.33	5.14	5.25	4.89	5.52
3Q 2018	2.07	2.89	6.50	5.32	3.57	4.03	3.39	3.97	4.05	3.91
2Q 2018	3.34	3.61	7.08	5.47	4.18	4.26	4.51	4.63	4.86	4.46
1Q 2018	5.22	5.84	7.17	5.64	3.83	5.01	6.07	5.54	5.41	5.64
4Q 2017	6.54	6.69	8.76	7.86	3.78	5.54	6.86	6.57	6.36	6.74
3Q 2017	5.78	6.07	9.18	8.80	2.24	2.86	5.31	5.74	5.72	5.76
2Q 2017	6.37	6.17	8.74	7.99	3.07	3.31	5.92	5.94	6.06	5.85
1Q 2017	7.66	7.64	8.74	7.49	2.94	3.82	6.90	6.46	6.45	6.46
4Q 2016	6.28	7.56	7.85	7.24	2.70	4.55	6.81	6.14	5.61	6.54