



REBNY Research

# Real Estate Broker Confidence Index

Q2 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 sales and rental markets.

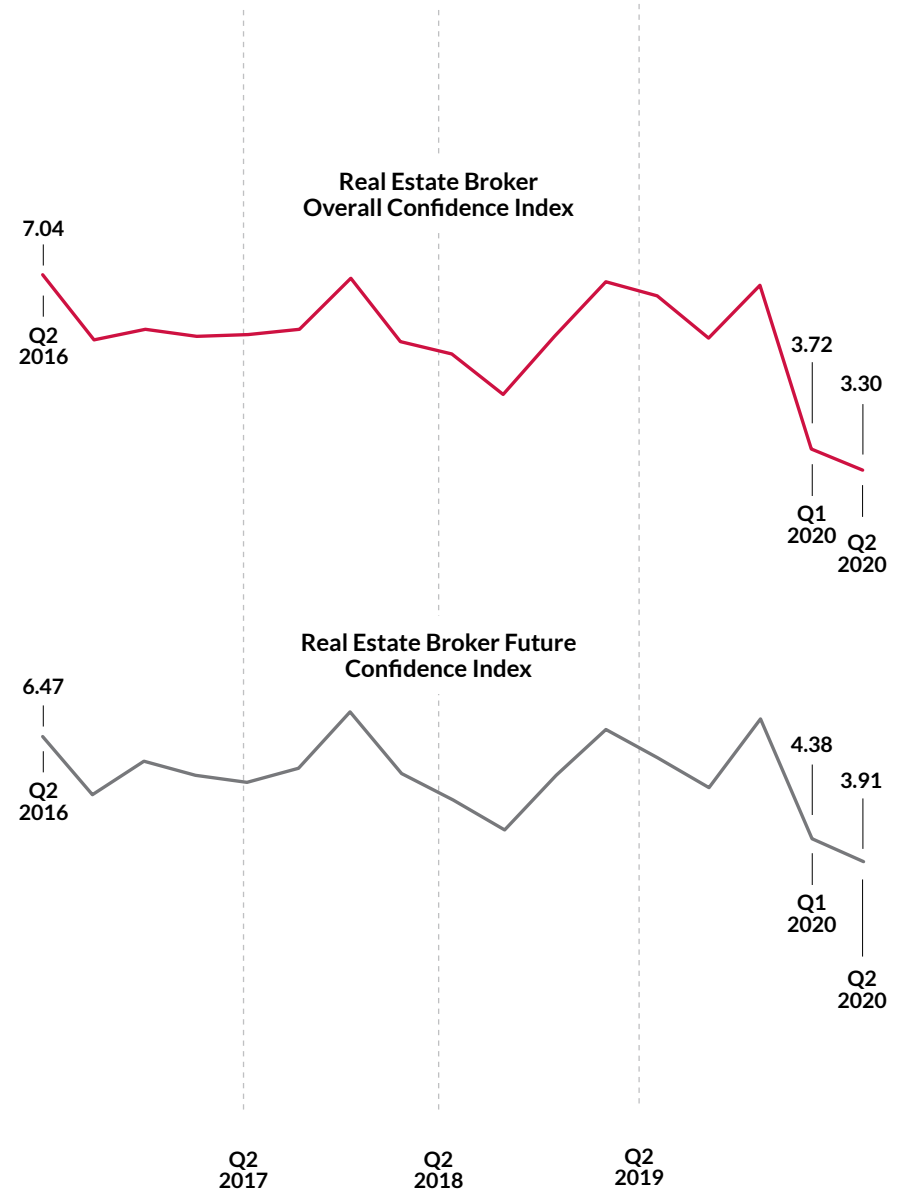
REBNY issues and collects the survey responses the last two weeks of each quarter. It is important to note that half-way through this survey window, June 15-30, New York City entered Phase Two of New York Forward and allowed for commercial offices and retail to permit tenants and customers on the properties.

Though the results of the most recent survey reveal a record low with an 11% drop in general real estate broker confidence between the first and second quarters of 2020, a breakout of the commercial and residential sectors indicates different prospects. While commercial broker confidence continued to decline for a second straight quarter, reaching its lowest historical level, residential broker confidence increased slightly in the same timeframe.

## REAL ESTATE BROKER CONFIDENCE INDEX

In the second quarter of 2020, current real estate broker confidence was 3.30 out of 10, an 11% decrease since brokers were last surveyed in the first quarter of 2020 and a 50% 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 3.91, an 11% decline from the first quarter of 2020 and a 35% decline since the same time last year.

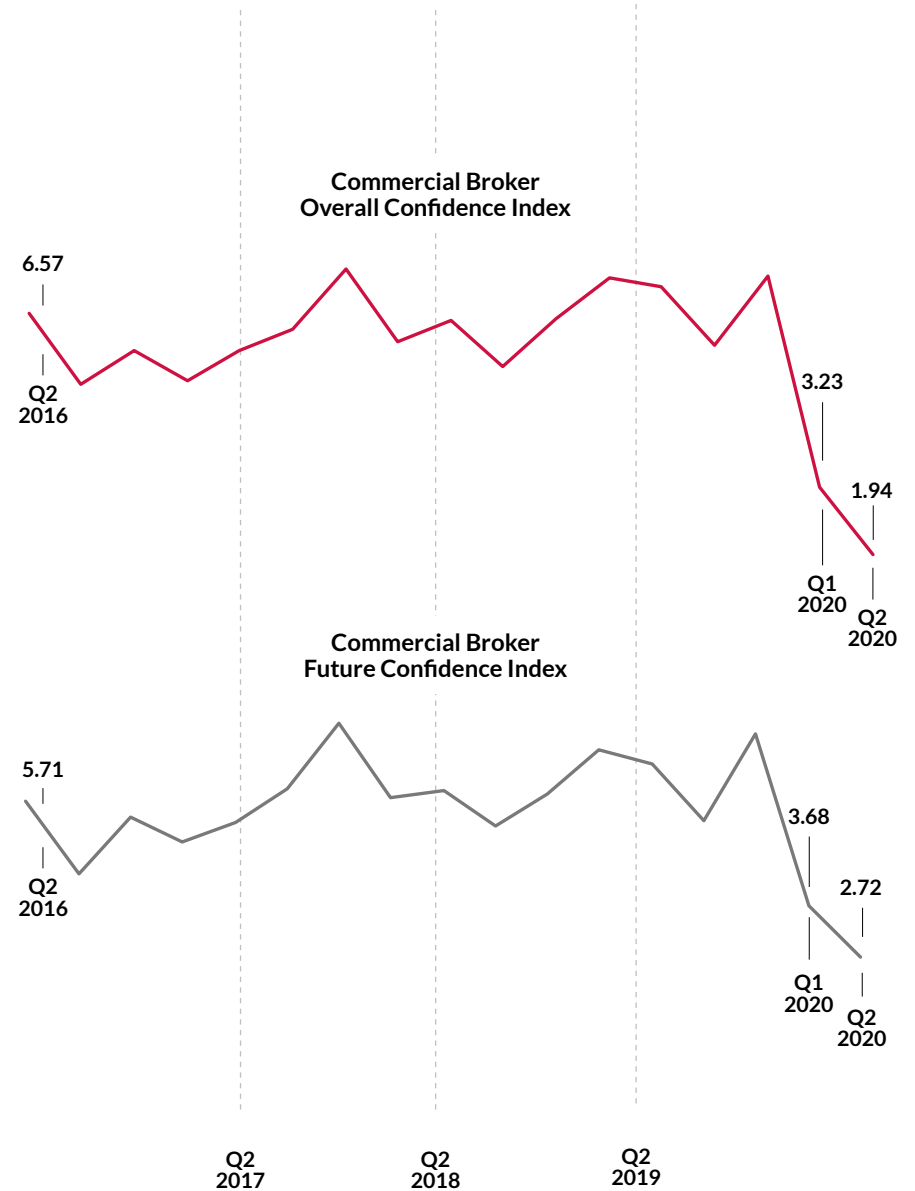


# Executive Summary

## COMMERCIAL BROKER CONFIDENCE INDEX

The current Commercial Broker Confidence Index for the market was 1.94, which represents a 40% decrease since last quarter and a 73% decline since the same time last year.

The future confidence index for the commercial market six months from now was slightly better at 2.72, though still a 26% decline from the first quarter of 2020 and a 58% decline from the survey results in the second quarter of 2019.

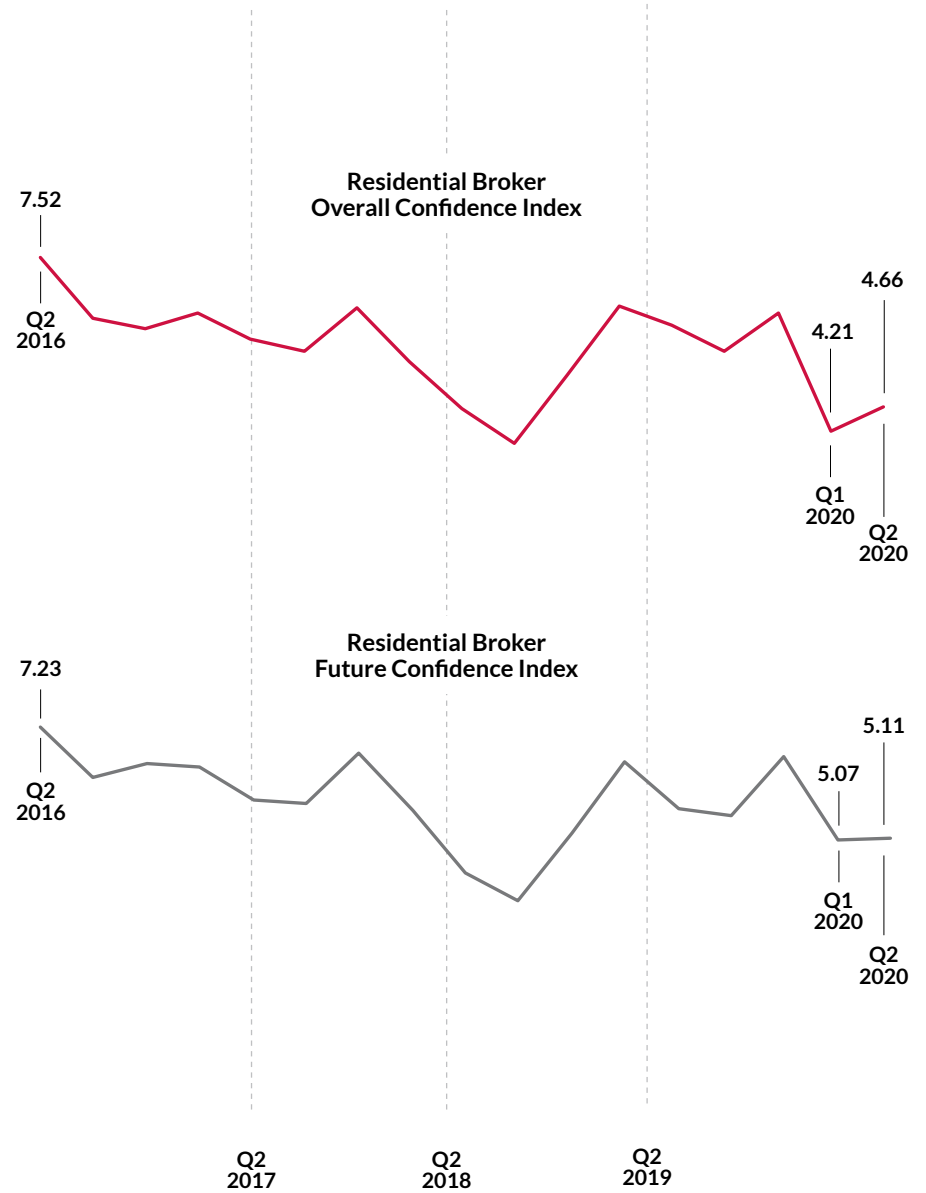


# Executive Summary

## RESIDENTIAL BROKER CONFIDENCE INDEX

The current Residential Broker Confidence Index was 4.66, an 11% increase since the first quarter of 2020 but a 25% decline since the second quarter 2019.

The future confidence index for the residential market six months for now was 5.11, a 1% increase from the first quarter of 2020 and a 10% decline since the second quarter of 2019.



# Comments About the Market

## COMMERCIAL QUOTES:

1. COVID-19's immediate and future impacts will continue to cripple small businesses and neighborhood retail unless local and state governments offer rent and tax relief.
2. Transit safety conditions and school re-openings are vital to reopening.
3. I believe when things open up, there will be decent activity levels; extending the stay at home order, coupled with the inability to cold call, will contribute to a negative environment.
4. The current political unrest and lack of coherent policy from the federal government will negatively impact economic growth and makes New York City unattractive to offshore investors.
5. Declines in disposable income and unlifted restrictions will lead to tourism declines and a lesser amount of local dining and shopping.
6. The accelerated retirement rate of older talent, especially those who are higher paid, due to COVID-19 related layoffs, will be good news for younger workers but bad news for NYC because many will be moving and taking their money out of NYC.

## RESIDENTIAL QUOTES:

1. Currently, the rental market appears busy, especially for anything with outdoor space. Medium- and long-term uncertainty remains with the potential of a second wave causing shutdowns and limitations with showings.
2. Both buyers and sellers are waiting to see how the market develops before listing or making purchases.
3. In light of COVID-19's economic impact, buying property is a much bigger decision than ever before. Various impediments need to be overcome to attract a reasonable number of qualified buyers to the NYC market.
4. Most people have the option to continue working remotely into 2021 or permanently work from home. A good number have plans to leave NYC as soon as they are able.
5. I'm very concerned that there has been a lot of discussion around an exodus from NYC and what impacts that will have on prospective buyers.
6. As individuals stand to lose their jobs, many are hesitant to purchase. Families want to leave for the suburbs for better air and healthier environments.

# 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)
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
Q2 2016	7.04	7.80	6.47

# Confidence Index Quarterly Results

**TABLE 2: Commercial Broker Confidence Index**

Quarter	Overall Confidence	Present Situation Confidence	Future Confidence (6 months from now)
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
Q2 2016	6.57	7.71	5.71

**TABLE 3: Residential Broker Confidence Index**

Quarter	Overall Confidence	Present Situation Confidence	Future Confidence (6 months from now)
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
Q2 2016	7.52	7.89	7.23



# 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			
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
Q2 2016	8.24	5.69	8.33	5.64	6.57	5.00	6.52	6.57	7.71	5.71

# 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			
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
Q2 2016	8.38	7.40	9.02	8.50	6.28	5.80	7.24	7.52	7.89	7.23