



## **REBNY releases market reports illustrating the challenges the city and state face as economic recovery begins**

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New York, NY The Real Estate Board of New York (REBNY) released two market reports illustrating the challenges the City faces as economic recovery begins.

REBNY's Monthly Investment and Residential Sales Report released showed tax revenue generated from investment and residential sales in the city and the state declined 62% from June 2019 to June 2020 but increased by 56% from May 2020 to June 2020. This represents a \$120 million loss in tax revenue for the city and state year over year, but a \$26 million increase from month to month. Last month, REBNY reported a 76% decrease in tax revenue year over year from May 2019 to May 2020, and 40% decrease month to month from April 2020 to May 2020.

At the same time, REBNY's Q2 2020 Quarterly Real Estate Broker Confidence Index, also released today, reported that broker confidence has hit its lowest point on record for the second quarter in a row. The current real estate broker confidence index is 3.30 out of 10, down from 3.72 last quarter,

representing an 11% decrease since brokers were last surveyed in the first quarter of 2020 and a 50% decline since the same time last year. Additionally, the survey results indicate a decline in brokers' outlook on the future market six months from now—that index is 3.91, an 11% decline from the first quarter of 2020 and a 35% decline since the same time last year.

“While we are seeing encouraging signs in both the management of our ongoing public health crisis and restarting the economy in New York City, caution abounds in its real estate industry,” said REBNY president James Whelan. “Tax revenue generated by real estate appears to have hit its bottom in May 2020 and may be starting the long road back. Broker confidence—or lack thereof—signals the critical need for the federal government step up to provide the State and local aid required to recover from this pandemic.”

The real estate industry serves as the fundamental driver of the city's economy, representing more than half (53%) of the city's total annual tax revenue in the last fiscal year, which is more than double the next closest contributor—personal income tax, which accounts for 21% of the city's annual tax revenue. The industry employs hundreds of thousands of New Yorkers from building service workers to brokers and generates essential revenue for the City of New York to maintain the salaries of first responders, fund infrastructure improvements and provide for public services like schools, libraries and parks.

According to REBNY's Monthly Investment and Residential Sales Report, June 2020 was the first month to see an increase in residential and investment sales since the beginning of the pandemic, a promising sign as New York City resumed real estate services in Phase Two of the New York Forward on June 22. Key findings from the report include:

From May 2020 to June 2020, total sales volume increased 100%.

From June 2019 to June 2020, total residential sales and transactions declined, resulting in a 36% decrease in tax revenue. This represents a combined loss of \$30 million in tax revenue at the city and state level compared to the previous year.

From June 2019 to June 2020, total investment sales and transactions declined, resulting in an 83% decrease in tax revenue. This represents a combined loss of more than \$90 million in tax revenue at the city and state level compared to the previous year.

Half-way through the June 15-30 time period when REBNY conducted its Quarterly Real Estate Broker Confidence Index survey, New York City entered Phase Two of New York Forward, allowing commercial office and retail tenants to get back to in-person business operations. Key findings from the Q2 2020 Quarterly Real Estate Broker Confidence Index report include:

This quarter received a record-low in overall real estate broker confidence with an 11% decline between the first and second quarters of 2020. However, the breakout of the commercial and residential sectors indicates different prospects, with residential broker confidence increasing slightly

in the same timeframe.

Commercial broker confidence decreased to a historic low at 1.94. This represents a 40% decline from Q1 2020 and a 73% decline from this time period last year.

Residential broker confidence increased 11% from Q1 2020 to 4.66. However, the index declined 25% from this time period last year.

REBNY's Monthly Investment and Residential Sales Report is a compilation of transaction activity for both investment sales and residential sales in New York City and New York State. REBNY is tracking all revenue generated by each asset class and transaction on a monthly basis to quantify the impact of the Coronavirus (COVID-19) crisis on the city and the state's ability to generate taxes needed for essential government services. The report is an analysis of official data from the NYC Department of Finance's Automated City Register Information System (ACRIS) and captures total sales volume, number of transactions and tax revenue.

REBNY's Quarterly Real Estate Broker Confidence Index, New York City's only broker confidence report, surveys REBNY's residential and commercial brokerage members to measure their confidence in the city real estate market across the five boroughs. Launched in 2012, the index benchmarks key data and insights from the real estate industry to track critical economic indicators such as activity from renters and buyers, pricing and political climate. The survey captures broker attitudes about current market conditions as well as their projections on market conditions six months ahead. Survey results are published quarterly and include overall, commercial and residential broker confidence indexes. The report includes a maximum index of 10, with zero indicating the least confidence and 10 indicating the highest confidence. An index value above five indicates that broker sentiment is more positive than negative.

[Download the complete Q2 2020 Quarterly Real Estate Broker Confidence Index here.](#)

[Download REBNY's Monthly Investment and Residential Sales Report here.](#)

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