REIS, INC.

FORM 10-Q
(Quarterly Report)

Filed 11/08/16 for the Period Ending 09/30/16

Address	1185 AVENUE OF THE AMERICAS FLOOR 30 NEW YORK, NY 10036
Telephone	2129211122
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Symbol	REIS
SIC Code	7389 - Business Services, Not Elsewhere Classified
Industry	Real Estate Services
Sector	Financials
Fiscal Year	12/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ____________ to ______________.

Commission File Number 001-12917

REIS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland	**13-3926898**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
1185 Avenue of the Americas, New York, NY	**10036**
(Address of Principal Executive Offices)	*(Zip Code)*

(212) 921-1122
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☑	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The number of the Registrant's shares of common stock outstanding was 11,301,829 as of November 1, 2016.

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Part I. Financial Information

Item 1. Financial Statements.

REIS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,160,643	$ 28,657,956
Restricted cash and investments	212,268	212,268
Accounts receivable, net	7,117,259	13,741,169
Prepaid and other assets	1,142,216	670,339
Total current assets	33,632,386	43,281,732
Furniture, fixtures and equipment, net of accumulated depreciation of $2,801,758 and $2,449,985, respectively	2,891,722	804,427
Intangible assets, net of accumulated amortization of $43,048,635 and $38,738,292, respectively	17,594,474	15,686,954
Deferred tax asset, net	17,001,737	18,429,737
Goodwill	54,824,648	54,824,648
Other assets	312,459	171,728
Total assets	$ 126,257,426	$ 133,199,226
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$ —	$ —
Accrued expenses and other liabilities	3,320,998	5,898,226
Deferred revenue	22,094,152	25,291,499
Liabilities attributable to discontinued operations	—	145,737
Total current liabilities	25,415,150	31,335,462
Other long-term liabilities	1,216,001	284,316
Total liabilities	26,631,151	31,619,778
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.02 par value per share, 101,000,000 shares authorized, 11,308,199 and 11,256,405 shares issued and outstanding, respectively	226,164	225,128
Additional paid in capital	107,950,972	107,102,433
Retained earnings (deficit)	(8,550,861)	(5,748,113)
Total stockholders' equity	99,626,275	101,579,448
Total liabilities and stockholders' equity	$ 126,257,426	$ 133,199,226

See Notes to Consolidated Financial Statements

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REIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Subscription revenue	$ 11,537,175	$ 12,137,228	$ 35,975,597	$ 36,684,041
Cost of sales of subscription revenue	2,925,212	2,363,635	7,881,536	6,683,601
Gross profit	8,611,963	9,773,593	28,094,061	30,000,440
Operating expenses:				
Sales and marketing	2,890,739	2,804,498	8,583,395	8,918,285
Product development	1,001,072	925,673	3,021,726	2,678,114
General and administrative expenses	3,933,992	3,598,697	11,555,444	10,301,919
Total operating expenses	7,825,803	7,328,868	23,160,565	21,898,318
Other income (expenses):				
Interest and other income	5,214	11,300	19,380	26,894
Interest expense	(28,709)	(28,352)	(78,250)	(84,848)
Total other income (expenses)	(23,495)	(17,052)	(58,870)	(57,954)
Income before income taxes and discontinued operations	762,665	2,427,673	4,874,626	8,044,168
Income tax expense	297,000	920,000	1,864,000	2,315,000
Income from continuing operations	465,665	1,507,673	3,010,626	5,729,168
Income from discontinued operations, net of income tax expense of $—, $89,000, $— and $797,000, respectively	—	136,753	—	1,203,833
Net income	$ 465,665	$ 1,644,426	$ 3,010,626	$ 6,933,001
Per share amounts – basic:				
Income from continuing operations	$ 0.04	$ 0.13	$ 0.27	$ 0.51
Net income	$ 0.04	$ 0.15	$ 0.27	$ 0.62
Per share amounts – diluted:				
Income from continuing operations	$ 0.04	$ 0.13	$ 0.26	$ 0.49
Net income	$ 0.04	$ 0.14	$ 0.26	$ 0.59
Weighted average number of common shares outstanding:				
Basic	11,320,904	11,236,188	11,308,833	11,218,759
Diluted	11,764,210	11,721,200	11,745,499	11,693,448
Dividends declared per common share	$ 0.17	$ 0.14	$ 0.51	$ 0.42

See Notes to Consolidated Financial Statements

REIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(Unaudited)

	Common Stock		Additional Paid in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
	Shares	Amount			
Balance, January 1, 2016	11,256,405	$ 225,128	$ 107,102,433	$ (5,748,113)	$ 101,579,448
Shares issued for vested employee restricted stock units	52,421	1,048	(1,048)	—	—
Shares issued for option exercises	17,500	350	152,650	—	153,000
Stock based compensation, net	—	—	1,054,566	—	1,054,566
Dividends	—	—	—	(5,813,374)	(5,813,374)
Stock repurchases	(18,127)	(362)	(357,629)	—	(357,991)
Net income	—	—	—	3,010,626	3,010,626
Balance, September 30, 2016	11,308,199	$ 226,164	$ 107,950,972	$ (8,550,861)	$ 99,626,275

See Notes to Consolidated Financial Statements

REIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30, 2016	For the Nine Months Ended September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES :		
Net income	$ 3,010,626	$ 6,933,001
Adjustments to reconcile to net cash provided by operating activities:		
Deferred tax provision	1,604,000	2,802,000
Depreciation	415,812	321,641
Amortization of intangible assets	4,310,343	3,790,118
Stock based compensation charges	1,579,725	1,338,049
Changes in assets and liabilities:		
Restricted cash and investments	—	357
Accounts receivable, net	6,623,910	4,111,676
Prepaid and other assets	(432,056)	(454,494)
Accrued expenses and other liabilities	(1,480,046)	(275,351)
Deferred revenue	(3,197,347)	(724,837)
Net cash provided by operating activities	12,434,967	17,842,160
CASH FLOWS FROM INVESTING ACTIVITIES :		
Website and database development additions	(6,567,863)	(3,754,928)
Furniture, fixtures and equipment additions	(2,466,432)	(247,184)
Proceeds from sale of furniture, fixtures and equipment	2,091	—
Net cash (used in) investing activities	(9,032,204)	(4,002,112)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Dividends	(5,813,374)	(4,750,410)
Registration statement costs	—	(89,331)
Proceeds from option exercises	153,000	206,250
Payments for option cancellations and restricted stock units	(701,159)	(992,971)
Payment of financing cost	(180,552)	—
Stock repurchases	(357,991)	—
Net cash (used in) financing activities	(6,900,076)	(5,626,462)
Net (decrease) increase in cash and cash equivalents	(3,497,313)	8,213,586
Cash and cash equivalents, beginning of period	28,657,956	17,745,077
Cash and cash equivalents, end of period	$ 25,160,643	$ 25,958,663
SUPPLEMENTAL INFORMATION :		
Cash paid during the period for interest	$ 29,722	$ 18,958
Cash paid during the period for income taxes	$ 635,692	$ 447,483
SUPPLEMENTAL SCHEDULE OF NON - CASH INVESTING AND FINANCING ACTIVITIES :		
Accrual for website and database development additions		$ 700,000
Accrual for furniture, fixtures and equipment additions	$ 38,766	
Disposal of fully depreciated furniture, fixtures and equipment	$ 64,039	$ 96,302
Shares issued for vested employee restricted stock units	$ 1,048	$ 1,297

See Notes to Consolidated Financial Statements

REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. *Organization and Business*

Reis, Inc. is a Maryland corporation. When we refer to "Reis" or the "Company," we are referring to Reis, Inc. and its consolidated subsidiaries. The Company provides commercial real estate market information and analytical tools to real estate professionals, through its Reis Services subsidiary. For disclosure and financial reporting purposes, this business is referred to as the Reis Services segment.

Reis Services

Reis Services, including its predecessors, was founded in 1980. Reis maintains a proprietary database containing detailed information on commercial properties in metropolitan markets and neighborhoods throughout the U.S. The database contains information on apartment, office, retail, warehouse/distribution, flex/research & development, self storage, seniors housing, student housing and affordable housing properties, and is used by real estate investors, lenders and other professionals to make informed buying, selling and financing decisions. In addition, Reis data is used by debt and equity investors to assess, quantify and manage the risks of default and loss associated with individual mortgages, properties, portfolios and real estate backed securities. Reis currently provides its information services to many of the nation's leading lending institutions, equity investors, brokers and appraisers.

The Company's product portfolio features: *Reis SE* , its flagship delivery platform aimed at larger and mid-sized enterprises; *ReisReports* , aimed at prosumers and smaller enterprises; *Reis Portfolio CRE* and other portfolio support products and services , aimed primarily at risk managers and credit administrators at banks and non-bank lending institutions. It is through these products that Reis provides online access to a proprietary database of commercial real estate information and analytical tools designed to facilitate debt and equity transactions as well as ongoing asset and portfolio evaluations. Depending on the product or level of entitlement, users have access to market trends and forecasts at metropolitan and neighborhood levels throughout the U.S. and/or detailed building-specific information such as rents, vacancy rates, lease terms, property sales, new construction listings and property valuation estimates. Reis's products are designed to meet the demand for timely and accurate information to support the decision making of property owners, developers, builders, banks and non-bank lenders, equity investors and service providers. These real estate professionals require access to timely information on both the performance and pricing of assets, including detailed data on market transactions, supply, absorption, rents and sale prices. This information is critical to all aspects of valuing assets and financing their acquisition, development and construction.

Discontinued Operations – Residential Development Activities

Prior to May 2007, the name of the Company was Wellsford Real Properties, Inc. ("Wellsford"). Wellsford, which was originally formed on January 8, 1997, acquired the Reis Services business by merger in May 2007 (the "Merger"). Wellsford's primary operating activities immediately prior to the Merger, and conducted through its subsidiaries, were the development, construction and sale of three residential projects and its approximate 23% ownership interest in the Reis Services business. The Company completed the sale of the remaining residential units and homes at its projects or divested of the remaining residential projects in bulk sales by April 2011. In 2012, the Company settled construction defect litigation at its Colorado project and in 2015, finalized its efforts to recover funds from other responsible parties involved in the design, development, construction and supervision of the Colorado project as more fully described in Note 3.

2. *Summary of Significant Accounting Policies*

Basis of Presentation

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its majority-owned and controlled subsidiaries. Investments in entities where the Company does not have a controlling interest are accounted for under the equity method of accounting. These investments were initially recorded at cost and were subsequently adjusted for the Company's proportionate share of the investment's income (loss) and additional contributions or distributions. All inter-company accounts and transactions among the Company and its subsidiaries have been eliminated in consolidation.

REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (continued)

Summary of Significant Accounting Policies (continued)

Quarterly Reporting

The accompanying consolidated financial statements and notes of the Company have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission ("SEC"). Accordingly, certain information and footnote disclosures normally included in financial statements prepared under Generally Accepted Accounting Principles in the United States ("GAAP") have been condensed or omitted pursuant to such rules. In the opinion of management, all adjustments considered necessary for a fair presentation of the Company's balance sheets, statements of operations, statement of changes in stockholders' equity and statements of cash flows have been included and are of a normal and recurring nature. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2015, as filed with the SEC on March 3, 2016. The consolidated statements of operations for the three and nine months ended September 30, 2016 and 2015 and the consolidated statements of cash flows for the nine months ended September 30, 2016 and 2015 are not necessarily indicative of full year results.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

From time to time, the Company has been, is or may in the future be a defendant in various legal actions arising in the normal course of business. The Company records a provision for a liability when it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. The outcome of any litigation is uncertain; it is possible that a judgment in any legal actions to which the Company is a party, or which are proposed or threatened, will have a material adverse effect on the consolidated financial statements. See Note 10.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets. Under ASU 2014-09, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. ASU 2014-09 is effective for annual periods beginning after December 15, 2017. The Company is currently evaluating the impact the adoption of ASU 2014-09 will have on its consolidated financial statements and disclosures.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"). ASU 2014-15 defines management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016. The Company expects that the adoption of ASU 2014-15 will not have a material impact on its consolidated financial statements and disclosures.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810), Amendments to the Consolidation Analysis* ("ASU 2015-02"). ASU 2015-02 eliminates the deferral of FAS 167 and makes changes to both the variable interest model and the voting model. For public business entities, the guidance is effective for annual and interim periods beginning after December 15, 2015. The Company has adopted ASU 2015-02 as of January 1, 2016. The adoption of ASU 2015-02 did not have a material impact on the Company's financial condition, results of operations, or disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods

REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (continued)

Summary of Significant Accounting Policies (continued)

within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact the pending adoption of ASU 2016-02 will have on its consolidated financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-09, *Compensation-Stock Compensation* ("ASU 2016-09"). Under ASU 2016-09, entities will be required to recognize the income tax effects of awards in the income statement when the awards vest or are settled. The guidance on employers' accounting for an employee's use of shares to satisfy the employer's statutory income tax withholding obligation and for forfeitures is also changing. For public business entities, ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those years. Early adoption is permitted, but all of the guidance must be adopted in the same period. The Company is currently evaluating the impact the adoption of ASU 2016-09 will have on its consolidated financial statements and disclosures.

Reclassification

Amounts in certain accounts as presented in the condensed balance sheet data and condensed operating data in Note 3 have been reclassified to conform to the current period presentation.

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REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (continued)

3. *Segment Information*

The Company is organized into separately managed segments as follows: the Reis Services segment and the Other segment. The following tables present condensed balance sheet and operating data for these segments:

(amounts in thousands)

Condensed Balance Sheet Data September 30, 2016	Reis Services	Other (A)	Consolidated
Assets			
Current assets:			
Cash and cash equivalents	$ 22,782	$ 2,379	$ 25,161
Restricted cash and investments	212	—	212
Accounts receivable, net	7,117	—	7,117
Prepaid and other assets	878	264	1,142
Total current assets	30,989	2,643	33,632
Furniture, fixtures and equipment, net	2,892	—	2,892
Intangible assets, net	17,594	—	17,594
Deferred tax asset, net	285	16,717	17,002
Goodwill	57,203	(2,378)	54,825
Other assets	312	—	312
Total assets	$ 109,275	$ 16,982	$ 126,257
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of debt	$ —	$ —	$ —
Accrued expenses and other liabilities	3,012	309	3,321
Deferred revenue	22,094	—	22,094
Total current liabilities	25,106	309	25,415
Other long-term liabilities	1,216	—	1,216
Deferred tax liability, net	32,585	(32,585)	—
Total liabilities	58,907	(32,276)	26,631
Total stockholders' equity	50,368	49,258	99,626
Total liabilities and stockholders' equity	$ 109,275	$ 16,982	$ 126,257

Condensed Balance Sheet Data December 31, 2015	Reis Services	Other (A)	Consolidated
Assets			
Current assets:			
Cash and cash equivalents	$ 28,465	$ 193	$ 28,658
Restricted cash and investments	212	—	212
Accounts receivable, net	13,741	—	13,741
Prepaid and other assets	417	253	670
Total current assets	42,835	446	43,281
Furniture, fixtures and equipment, net	798	6	804
Intangible assets, net	15,687	—	15,687
Deferred tax asset, net	285	18,145	18,430
Goodwill	57,203	(2,378)	54,825
Other assets	172	—	172
Total assets	$ 116,980	$ 16,219	$ 133,199
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of debt	$ —	$ —	$ —
Accrued expenses and other liabilities	4,502	1,397	5,899
Deferred revenue	25,291	—	25,291
Liabilities attributable to discontinued operations	—	146	146
Total current liabilities	29,793	1,543	31,336
Other long-term liabilities	284	—	284
Deferred tax liability, net	29,498	(29,498)	—
Total liabilities	59,575	(27,955)	31,620
Total stockholders' equity	57,405	44,174	101,579
Total liabilities and stockholders' equity	$ 116,980	$ 16,219	$ 133,199

(A) Includes the assets and liabilities of the Company's discontinued operations, to the extent that such assets and liabilities existed at the date presented, and includes cash, other assets and liabilities not specifically attributable to or allocable to the Reis Services segment.

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REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (continued)

Segment Information (continued)

(amounts in thousands)

Condensed Operating Data for the Three Months Ended September 30, 2016	Reis Services	Other (A)	Consolidated
Subscription revenue	$ 11,538	$ —	$ 11,538
Cost of sales of subscription revenue	2,926	—	2,926
Gross profit	8,612	—	8,612
Operating expenses:			
Sales and marketing	2,890	—	2,890
Product development	1,001	—	1,001
General and administrative expenses	3,005	929	3,934
Total operating expenses	6,896	929	7,825
Other income (expenses):			
Interest and other income	5	—	5
Interest expense	(29)	—	(29)
Total other income (expenses)	(24)	—	(24)
Income (loss) before income taxes and discontinued operations	$ 1,692	$ (929)	$ 763
Income from discontinued operations, before income taxes	$ —	$ —	$ —

Condensed Operating Data for the Three Months Ended September 30, 2015	Reis Services	Other (A)	Consolidated
Subscription revenue	$ 12,137	$ —	$ 12,137
Cost of sales of subscription revenue	2,364	—	2,364
Gross profit	9,773	—	9,773
Operating expenses:			
Sales and marketing	2,804	—	2,804
Product development	926	—	926
General and administrative expenses	2,528	1,070	3,598
Total operating expenses	6,258	1,070	7,328
Other income (expenses):			
Interest and other income	11	—	11
Interest expense	(28)	—	(28)
Total other income (expenses)	(17)	—	(17)
Income (loss) before income taxes and discontinued operations	$ 3,498	$ (1,070)	$ 2,428
Income from discontinued operations, before income taxes	$ —	$ 226	$ 226

(A) Includes the results of the Company’s discontinued operations, to the extent that such operations existed during the periods presented, and includes interest and other income, depreciation expense and general and administrative expenses that have not been allocated to the Reis Services segment.

REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (continued)

Segment Information (continued)

(amounts in thousands)

Condensed Operating Data for the Nine Months Ended September 30, 2016	Reis Services	Other (A)	Consolidated
Subscription revenue	$ 35,976	$ —	$ 35,976
Cost of sales of subscription revenue	7,882	—	7,882
Gross profit	28,094	—	28,094
Operating expenses:			
Sales and marketing	8,583	—	8,583
Product development	3,022	—	3,022
General and administrative expenses	8,336	3,219	11,555
Total operating expenses	19,941	3,219	23,160
Other income (expenses):			
Interest and other income	19	—	19
Interest expense	(78)	—	(78)
Total other income (expenses)	(59)	—	(59)
Income (loss) before income taxes and discontinued operations	$ 8,094	$ (3,219)	$ 4,875
Income from discontinued operations, before income taxes	$ —	$ —	$ —

Condensed Operating Data for the Nine Months Ended September 30, 2015	Reis Services	Other (A)	Consolidated
Subscription revenue	$ 36,684	$ —	$ 36,684
Cost of sales of subscription revenue	6,684	—	6,684
Gross profit	30,000	—	30,000
Operating expenses:			
Sales and marketing	8,918	—	8,918
Product development	2,678	—	2,678
General and administrative expenses	6,912	3,390	10,302
Total operating expenses	18,508	3,390	21,898
Other income (expenses):			
Interest and other income	26	—	26
Interest expense	(84)	—	(84)
Total other income (expenses)	(58)	—	(58)
Income (loss) before income taxes and discontinued operations	$ 11,434	$ (3,390)	$ 8,044
Income from discontinued operations, before income taxes	$ —	$ 2,001	$ 2,001

(A) Includes the results of the Company's discontinued operations, to the extent that such operations existed during the periods presented, and includes interest and other income, depreciation expense and general and administrative expenses that have not been allocated to the Reis Services segment.

In the first quarter of 2016, the Company changed the segment presentation to combine the discontinued operations segment with the Other segment. The reason for this change in presentation is the result of the completion of the discontinued operating activities in 2015 and to simplify the presentation on a comparable basis. Therefore, 2015 information for the discontinued operations segment is being presented in the Other segment.

REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (continued)

Segment Information (continued)

Reis Services

See Note 1 for a description of Reis Services's business and products at September 30, 2016.

The Company's largest individual subscriber accounted for 6.9% and 9.2% of Reis Services's revenue for the nine months ended September 30, 2016 and 2015, respectively.

The following table presents the accounts receivable balances of Reis Services at September 30, 2016 and December 31, 2015:

	September 30, 2016	December 31, 2015
Accounts receivable	$ 7,273,000	$ 13,828,000
Allowance for doubtful accounts	(156,000)	(87,000)
Accounts receivable, net	$ 7,117,000	$ 13,741,000

Twenty subscribers accounted for an aggregate of approximately 59.0% of Reis Services's accounts receivable at September 30, 2016, with the largest representing 9.8%. Through October 31, 2016, the Company received payments of approximately $3,365,000, or 46.26%, against the September 30, 2016 accounts receivable balance.

At September 30, 2016, the largest individual subscriber accounted for 5.7% of deferred revenue.

Discontinued Operations – Residential Development Activities

Income from discontinued operations was comprised of the following for the three and nine months ended September 30, 2015 (there were no discontinued operations activities for the three or nine months ended September 30, 2016):

	For the Three Months Ended September 30, 2015	For the Nine Months Ended September 30, 2015
Litigation recoveries	$ 414,000	$ 2,764,000
Other (expense), net	(188,000)	(763,000)
Income from discontinued operations before income tax	226,000	2,001,000
Income tax expense from discontinued operations	89,000	797,000
Income from discontinued operations, net of income tax expense	$ 137,000	$ 1,204,000

In September 2009, the Company sold the final unit at Gold Peak, the final phase of Palomino Park, a five phase multifamily residential development in Highlands Ranch, Colorado. Gold Peak was a 259-unit condominium project on the remaining 29 acre land parcel at Palomino Park. On March 13, 2012, in connection with litigation regarding construction defects at the Gold Peak project, a jury rendered its verdict whereby Reis, one of its subsidiaries (Gold Peak at Palomino Park LLC, the developer of the project ("GP LLC")), and the construction manager/general contractor for the project (Tri-Star Construction West, LLC ("Tri-Star")) were found jointly and severally liable for an aggregate of $18,200,000, plus other costs of approximately $756,000. On June 20, 2012, following denial of all of the defendants' post-trial motions, Reis and its subsidiaries reached a settlement with the plaintiff, the Gold Peak Homeowners Association, ("GP HOA") providing for a total payment of $17,000,000. Of this amount, $5,000,000 was paid on August 3, 2012 and the remaining $12,000,000 was paid on October 15, 2012, in accordance with the settlement terms. Subsequent to that date, the Company began recovery efforts against other responsible parties involved in the design, development, construction and supervision of the Gold Peak project.

As of December 31, 2015, the Company entered into the final settlement agreement related to its Gold Peak recovery efforts, bringing closure to this process. In summary, recovery efforts from the fourth quarter of 2012 through December 31, 2015 have resulted in cash collections aggregating approximately $5,658,000 from multiple insurance carriers, trial attorneys, an insurance broker and other responsible parties involved in the design, development, construction and supervision of the Gold Peak project. The Company recovered approximately $414,000 and $2,764,000 in the three and nine months ended September 30, 2015. Other expenses in these periods primarily reflect legal and other professional costs incurred related to the Gold Peak litigation recovery efforts.

REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (continued)

4. *Intangible Assets*

The amount of identified intangible assets, including the respective amounts of accumulated amortization, are as follows:

	September 30, 2016	December 31, 2015
Database	$ 26,849,000	$ 22,790,000
Accumulated amortization	(19,152,000)	(17,121,000)
Database, net	7,697,000	5,669,000
Customer relationships	14,100,000	14,100,000
Accumulated amortization	(9,030,000)	(8,328,000)
Customer relationships, net	5,070,000	5,772,000
Website	16,893,000	14,735,000
Accumulated amortization	(12,066,000)	(10,669,000)
Website, net	4,827,000	4,066,000
Acquired below market lease	2,800,000	2,800,000
Accumulated amortization	(2,800,000)	(2,620,000)
Acquired below market lease, net	—	180,000
Intangibles, net	$ 17,594,000	$ 15,687,000

With respect to the database intangible asset, the Company capitalized approximately $1,338,000 and $887,000 during the three months ended September 30, 2016 and 2015, respectively, and approximately $4,059,000 and $2,201,000 during the nine months ended September 30, 2016 and 2015, respectively. Separately, for the website intangible asset, the Company capitalized approximately $768,000 and $1,243,000 during the three months ended September 30, 2016 and 2015, respectively, and approximately $2,158,000 and $2,254,000 during the nine months ended September 30, 2016 and 2015, respectively.

Amortization expense for intangible assets aggregated approximately $1,498,000 and $4,310,000 for the three and nine months ended September 30, 2016, of which approximately $761,000 and $2,031,000 related to the database, which is charged to cost of sales, approximately $233,000 and $702,000 related to customer relationships, which is charged to sales and marketing expense, approximately $475,000 and $1,397,000 related to website development, which is charged to product development expense, and approximately $29,000 and $180,000 related to the value ascribed to the below market terms of the office lease, which is charged to general and administrative expense, all in the Reis Services segment. Amortization expense for intangible assets aggregated approximately $1,289,000 and $3,790,000 for the three and nine months ended September 30, 2015, of which approximately $541,000 and $1,530,000 related to the database, approximately $237,000 and $713,000 related to customer relationships, approximately $436,000 and $1,320,000 related to website development, and approximately $75,000 and $227,000 related to the value ascribed to the below market terms of the office lease.

5. *Debt*

The Company had no debt outstanding at September 30, 2016 and December 31, 2015.

In October 2012, Reis Services, as borrower, and the Company, as guarantor, entered into a loan and security agreement with Capital One, National Association, as lender (“Capital One”), for a $10,000,000 revolving credit facility (the “2012 Revolver”). The 2012 Revolver had a three year term scheduled to expire on October 16, 2015; however, the expiration date was extended to January 31, 2016. On January 28, 2016, Reis Services and Capital One executed an amended and restated loan and security agreement for a $20,000,000 revolving credit facility with terms substantially similar to the 2012 Revolver (the “2016 Revolver,” and collectively with the 2012 Revolver, the “Revolver”). The 2016 Revolver expires on January 28, 2019. Any borrowings on the Revolver bear interest at a rate of LIBOR + 2.00% per annum (for LIBOR loans) or the greater of 1.00% or the bank’s prime rate minus 0.50% per annum (for base rate loans). Capital One charges an unused facility fee of 0.25% per annum. The Revolver is secured by a security interest in substantially all of the tangible and intangible assets of Reis Services, all copyrights of the Company and a pledge by the Company of its membership interests in Reis Services. The Revolver also contains customary affirmative and negative covenants, including minimum financial covenants, as defined in the amended and restated revolving loan credit agreement; all of the covenants were met at September 30, 2016 and December 31, 2015. No borrowings were made on the Revolver during the three and nine months ended September 30, 2016 and during the year ended December 31, 2015.

REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (continued)

6. *Income Taxes*

The components of income tax expense (benefit) are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Current Federal alternative minimum tax (“AMT”) expense	$ 8,000	$ 56,000	$ 149,000	$ 175,000
Current state and local tax expense (benefit)	(49,000)	39,000	111,000	135,000
Deferred Federal tax expense (A)	245,000	836,000	1,490,000	3,196,000
Deferred state and local tax expense (benefit)	93,000	78,000	114,000	(394,000)
Consolidated income tax expense, including taxes attributable to discontinued operations (B)	297,000	1,009,000	1,864,000	3,112,000
Less income tax expense attributable to discontinued operations	—	89,000	—	797,000
Income tax expense (C)	$ 297,000	$ 920,000	$ 1,864,000	$ 2,315,000

(A) Includes an AMT (benefit) of $(8,000) and $(56,000) in the three months ended September 30, 2016 and 2015, respectively, and $(149,000) and $(175,000) in the nine months ended September 30, 2016 and 2015, respectively.
(B) Includes income tax expense attributable to income from discontinued operations.
(C) Reflects the tax expense from continuing operations as reported on the consolidated statements of operations for the periods presented.

During March 2014, New York State enacted a law to (1) reduce corporate tax rates, effective in future years and (2) change the method of determining the availability and use of NOLs existing at December 31, 2014. In April 2015, New York City enacted a law which substantially conforms with the New York State changes. As a consequence, the Company evaluated all elements affecting the balance of its net deferred tax assets in the respective periods, including the availability of New York State and New York City NOL carryforwards.

Due to the amount of its NOL and credit carryforwards, the Company does not anticipate paying Federal income taxes for a number of years. The Company expects, in the future, that it will be subject to cash payments for Federal AMT and for a portion of its state and local income taxes as the changed New York State and New York City laws limit the amount of existing NOLs which could be used each year.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The net deferred tax asset was approximately $17,002,000 and $18,430,000 at September 30, 2016 and December 31, 2015, respectively, all of which was classified as non-current in accordance with ASU 2015-17. The significant portion of the deferred tax items relates to deferred tax assets including NOL carryforwards, Federal AMT credit carryforwards and stock based compensation, with the remainder of the deferred tax items relating to liabilities resulting from the intangible assets recorded at the time of the Merger.

The Company had Federal NOL carryforwards aggregating approximately $45,884,000 at December 31, 2015, as well as significant state and local NOL carryforwards. These NOLs included amounts generated subsequent to the Merger (including a substantial NOL realized during the year ended December 31, 2012 as a result of the Gold Peak litigation settlement, discussed in Note 3), losses from the Reis Services business prior to the Merger and the Company’s operating losses prior to the Merger. Approximately $13,166,000 of these Federal NOLs are subject to an annual Internal Revenue Code Section 382 limitation of $2,779,000, whereas the remaining balance of approximately $32,718,000 is not subject to the limitation. The enactment of the 2014 New York State law and the 2015 New York City law discussed above limit the amount of existing NOLs which could be used each year in those jurisdictions; however, all such NOLs are expected to be fully utilized in the future.

7. *Stockholders’ Equity*

On August 30, 2016, the Company’s Board of Directors authorized a repurchase program of shares of the Company’s common stock up to an aggregate of $5,000,000. Purchases under the program may be made from time to time in the open market or through privately negotiated transactions. Depending on market conditions, financial developments and other factors, these purchases may be commenced or suspended at any time, or from time to time, without prior notice and may be expanded without prior notice. The Company may make purchases pursuant to a trading plan under Securities Exchange Act Rule 10b5-1, permitting open market purchases of common stock during blackout periods.

REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (continued)

Stockholders' Equity (continued)

During both the three and nine months ended September 30, 2016, the Company purchased an aggregate of 18,127 shares of common stock, at an average price of $19.75 per share, leaving approximately $4,642,000 at September 30, 2016 that may be used to purchase additional shares under the repurchase program. During the year ended December 31, 2015, the Company did not repurchase any shares of its common stock.

The Company declared and paid a quarterly dividend of $0.14 per common share for all four quarters of 2015 and increased the dividend declared and paid in the first, second and third quarters of 2016 to $0.17 per common share. Dividends paid by the Company aggregated approximately $1,937,000 and $5,813,000 in the three and nine months ended September 30, 2016, respectively, and $1,585,000 and $4,750,000 for the three and nine months ended September 30, 2015, respectively.

8. *Stock Plans and Other Incentives*

The Company has adopted certain incentive plans for the purpose of attracting and retaining the Company's directors, officers and employees by having the ability to issue options, restricted stock units ("RSUs"), or stock awards. Awards granted under the Company's incentive plans expire ten years from the date of grant and vest over periods ranging generally from three to five years for employees.

Option Awards

The following table presents option activity and other plan data for the nine months ended September 30, 2016 and 2015:

	For the Nine Months Ended September 30,			
	2016		2015	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at beginning of period	547,500	$ 9.61	582,500	$ 9.52
Granted	—	$ —	—	$ —
Exercised	(17,500)	$ (8.74)	(27,500)	$ (7.50)
Forfeited/cancelled/expired	—	$ —	—	$ —
Outstanding at end of period	530,000	$ 9.64	555,000	$ 9.63
Options exercisable at end of period	518,000	$ 9.44	539,000	$ 9.36

RSU Awards

The following table presents the changes in RSUs outstanding for the nine months ended September 30, 2016 and 2015:

	For the Nine Months Ended September 30,	
	2016	2015
Outstanding at beginning of period	254,041	277,973
Granted	123,023	81,620
Common stock delivered (A) (B)	(85,181)	(105,970)
Forfeited	(4,451)	(1,103)
Outstanding at end of period	287,432	252,520
Intrinsic value (C)	$ 5,880,859	$ 5,719,578

(A) The 2016 period includes 32,760 shares which were used to settle minimum employee withholding tax obligations for 29 employees of approximately $701,000 in 2016. A net of 52,421 shares of common stock were delivered in 2016.

(B) The 2015 period includes 41,136 shares which were used to settle minimum employee withholding tax obligations for 28 employees of approximately $993,000 in 2015. A net of 64,834 shares of common stock were delivered in 2015.

(C) For purposes of this calculation, the Company's closing stock prices were $20.46 and $22.65 per share on September 30, 2016 and 2015, respectively.

Stock Plans and Other Incentives (continued)

In the nine months ended September 30, 2016, an aggregate of 118,724 RSUs were granted to employees, which RSUs vest one-third a year over three years and had a weighted average grant date fair value of $20.22 per RSU. In the nine months ended September 30, 2015, an aggregate of 77,405 RSUs were granted to employees, which RSUs vest one-third a year over three years and had an average grant date fair value of $22.41 per RSU. In each case, the grant date fair value was determined based on the closing stock price of the Company's common stock on the applicable date of grant and considers the impact of dividend payments. The awards granted to employees in 2016 and 2015 are treated as equity awards and the grant date fair value is charged to compensation expense at the corporate level on a straight-line basis over the vesting periods. Dividends are not paid or accrued on unvested employee RSUs.

During the nine months ended September 30, 2016 and 2015, an aggregate of 4,299 RSUs and 4,215 RSUs, respectively, were granted to non-employee directors (with an average grant date fair value of $24.05 and $24.53 per RSU, respectively) related to the equity component of their compensation. In each case, the grant date fair value was determined as of the last trading day of the quarter for which the RSUs were being received as compensation. The RSUs are immediately vested, but are not deliverable to the non-employee directors until six months after termination of their service as a director. Dividends are paid on RSUs granted to non-employee directors.

Option and RSU Expense Information

The Company recorded non-cash compensation expense of approximately $524,000 and $449,000, respectively, including $34,500 in each period for non-employee director equity compensation, for the three months ended September 30, 2016 and 2015, respectively, related to all stock options and RSUs accounted for as equity awards, as a component of general and administrative expenses in the statements of operations. For the nine months ended September 30, 2016 and 2015, the Company recorded non-cash compensation expense of approximately $1,580,000 and $1,338,000, respectively, including $103,500 in each period for non-employee director equity compensation.

9. *Earnings Per Common Share*

Basic earnings per common share is computed based upon the weighted average number of common shares outstanding during the period. Diluted earnings per common share is based upon the increased number of common shares that would be outstanding assuming the exercise of dilutive common share options and the consideration of restricted stock awards. The following table details the computation of earnings per common share, basic and diluted:

REIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (continued)

Earnings Per Common Share (continued)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Numerator for basic per share calculation:				
Income from continuing operations for basic calculation	$ 465,665	$ 1,507,673	$ 3,010,626	$ 5,729,168
Income from discontinued operations, net of income tax expense	—	136,753	—	1,203,833
Net income for basic calculation	$ 465,665	$ 1,644,426	$ 3,010,626	$ 6,933,001
Numerator for diluted per share calculation:				
Income from continuing operations	$ 465,665	$ 1,507,673	$ 3,010,626	$ 5,729,168
Adjustments to income from continuing operations for the statements of operations impact of dilutive securities	—	—	—	—
Income from continuing operations for dilution calculation	465,665	1,507,673	3,010,626	5,729,168
Income from discontinued operations, net of income tax expense	—	136,753	—	1,203,833
Net income for dilution calculation	$ 465,665	$ 1,644,426	$ 3,010,626	$ 6,933,001
Denominator:				
Weighted average common shares – basic	11,320,904	11,236,188	11,308,833	11,218,759
Effect of dilutive securities:				
RSUs	150,070	147,456	130,191	134,864
Stock options	293,236	337,556	306,475	339,825
Weighted average common shares – diluted	11,764,210	11,721,200	11,745,499	11,693,448
Per common share amounts – basic:				
Income from continuing operations	$ 0.04	$ 0.13	$ 0.27	$ 0.51
Income from discontinued operations	—	0.02	—	0.11
Net income	$ 0.04	$ 0.15	$ 0.27	$ 0.62
Per common share amounts – diluted:				
Income from continuing operations	$ 0.04	$ 0.13	$ 0.26	$ 0.49
Income from discontinued operations	—	0.01	—	0.10
Net income	$ 0.04	$ 0.14	$ 0.26	$ 0.59

Potentially dilutive securities include all stock based awards. For the three and nine months ended September 30, 2016 and 2015, only certain equity awards were antidilutive.

10. *Commitments and Contingencies*

From time to time, the Company has been, is or may in the future be a defendant in various legal actions arising in the normal course of business. The Company records a provision for a liability when it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated.

The Company is not a party to any litigation that could reasonably be foreseen to be material to the Company.

11. *Fair Value of Financial Instruments*

At September 30, 2016 and December 31, 2015, the Company's financial instruments included receivables, payables, accrued expenses, other liabilities and debt. The fair values of these financial instruments were not materially different from their recorded values at September 30, 2016 and December 31, 2015. The Company had no debt outstanding at September 30, 2016 and December 31, 2015. See Note 5 for additional information about the Company's debt.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this quarterly report on Form 10-Q.

Organization and Business

Reis, Inc. is a Maryland corporation. When we refer to "Reis" or the "Company," we are referring to Reis, Inc. and its consolidated subsidiaries. The Company provides commercial real estate market information and analytical tools to real estate professionals, through its Reis Services subsidiary. For disclosure and financial reporting purposes, this business is referred to as the Reis Services segment.

Reis Services

Reis Services, including its predecessors, was founded in 1980. Reis maintains a proprietary database containing detailed information on commercial properties in metropolitan markets and neighborhoods throughout the U.S. The database contains information on apartment, office, retail, warehouse/distribution, flex/research & development, self storage, seniors housing, student housing and affordable housing properties, and is used by real estate investors, lenders and other professionals to make informed buying, selling and financing decisions. In addition, Reis data is used by debt and equity investors to assess, quantify and manage the risks of default and loss associated with individual mortgages, properties, portfolios and real estate backed securities. Reis currently provides its information services to many of the nation's leading lending institutions, equity investors, brokers and appraisers.

Product Overview

The Company's product portfolio features: *Reis SE* , its flagship delivery platform aimed at larger and mid-sized enterprises; *ReisReports* , aimed at prosumers and smaller enterprises; *Reis Portfolio CRE* and other portfolio support products and services , aimed primarily at risk managers and credit administrators at banks and non-bank lending institutions. It is through these products that Reis provides online access to a proprietary database of commercial real estate information and analytical tools designed to facilitate debt and equity transactions as well as ongoing asset and portfolio evaluations. Depending on the product or level of entitlement, users have access to market trends and forecasts at metropolitan and neighborhood levels throughout the U.S. and/or detailed building-specific information such as rents, vacancy rates, lease terms, property sales, new construction listings and property valuation estimates. Reis's products are designed to meet the demand for timely and accurate information to support the decision making of property owners, developers, builders, banks and non-bank lenders, equity investors and service providers. These real estate professionals require access to timely information on both the performance and pricing of assets, including detailed data on market transactions, supply, absorption, rents and sale prices. This information is critical to all aspects of valuing assets and financing their acquisition, development and construction.

Proprietary Databases

Reis develops and maintains three highly curated, proprietary databases which include information on property performance, new construction and sales transactions. The significant characteristics of the Reis databases include:

- Breadth - coverage of nine property types, including apartment, office, retail, warehouse/distribution, flex/research & development, self storage, seniors housing, student housing and affordable housing properties;

- Geography - national coverage of up to 275 of the largest U.S. metropolitan CRE markets, approximately 7,600 discrete market areas and segments with submarket boundaries proprietary to Reis;

- Depth - captures critical information such as occupancies, rents, rent discounts, tenant improvement allowances, lease terms, expenses, buyer, seller, purchase price, capitalization rate, financing details and other key factors;

- History - up to 36 years of data through multiple cycles of economic/market peaks and troughs; and

- Frequency - market and submarket reports available quarterly, monthly, or for certain apartment reports, daily, and sales comparables and new construction information updated on daily and weekly schedules.

The following table lists the number of metropolitan markets for each of the nine types of commercial real estate covered by Reis:

	September 30, 2016	December 31, 2015
Apartment (A)	275	275
Office (A)	190	190
Retail	190	190
Warehouse/distribution	47	47
Flex/research & development	47	47
Self storage	50	50
Seniors housing	110	110
Student housing	200	200
Affordable housing	45	—

(A) In March and June 2016, Reis enhanced its apartment and office coverage, respectively, with market reports that include new features, structural details and comparative performance analytics.

Reis continues to expand its property level and market coverage by geography and property type. In August 2016, Reis introduced coverage on its ninth property type, affordable housing, with information on 176 counties in 45 metropolitan areas. In addition, over the next few quarters, Reis expects to enhance its market reports in all sectors consistent with many of the enhancements made in March 2016 to its apartment market reports and in June 2016 to its office market reports. These enhancements include photographs, sector-specific details, contact information, effective rent at the property level, sales transaction history, and numerous illustrative charts and graphs, all to fortify Reis's position as the preferred source for comparables information among all real estate professionals involved in buying, selling, leasing, or managing real estate assets. Reis expects to add similar details to property level reports in other sectors, while also introducing high level analytical modules that take a broader perspective across markets and geographies. In July 2016, Reis moved to daily reporting of apartment rent and other property information in its popular Apartment Rent Comparables report. Further development plans for the remainder of 2016 and into 2017 include a module that will allow portfolio managers and C-level executives to look for market opportunities based on Reis's forecasts at the market and submarket level.

Reis's core property performance database contains information on competitive, income-producing properties in the U.S. apartment, office, retail, warehouse/distribution, flex/research & development, self storage, seniors housing, student housing and affordable housing sectors. On an ongoing basis, Reis surveys and receives data downloads from building owners, leasing agents and managers which include key building performance statistics including, among others: occupancy rates; rents; rent discounts and other concessions; tenant improvement allowances; lease terms; and operating expenses. In addition, Reis processes multiple data sources on commercial real estate, including: public filings databases; tax assessor records; deed transfers; planning boards; and numerous local, regional and national publications and commercial real estate websites. Reis screens and assembles large volumes of data into integrated supply and demand trends on a monthly basis at the neighborhood (submarket) and metropolitan market levels. All collected data are subjected to a rigorous quality assurance and validation process developed over many years. At the property level, surveyors compare the data collected in the current period with data previously collected on that property and similar properties. If any unusual changes in rents and vacancies are identified, follow-up procedures are performed for verification or clarification of the results. All aggregate market data at the submarket and market levels are also subjected to comprehensive quality controls.

In addition to its core property database, Reis develops and maintains a new construction database that identifies and monitors projects that are being added to our covered markets. Detailed tracking of the supply side of the commercial real estate market is critical to projecting performance changes at the market and submarket levels. This database is updated weekly and reports relevant information such as project size, property type, location, status, and estimated completion dates for projects that are planned, proposed or under construction.

In September 2016, Reis expanded its commercial real estate sales comparables platform to include virtually all U.S. transactions, regardless of geography or sector. The new offering is expected to appeal to mortgage and property originators and underwriters, brokers and appraisers, and any other real estate professionals seeking the most comprehensive database of transactions to source deals, search for related business, or conduct due diligence. Reis's sales comparables platform includes key structural data points, including but not limited to address, land use code, parcel number, and lot size, in addition to key transactional data points, such as buyer and seller name, sale price, sale date, deed reference, and financing details when available.

Reis's long-standing relationships with thousands of data sources, including building owners, property managers and agents, represent a unique and highly valuable asset that has required decades of investment. The Company is recognized by the industry and the business and trade press as the premier source of objective, timely and granular market information, a reputation attributable to two key factors: (1) Reis is viewed as independent as it does not compete as a broker in the listings space; and (2) Reis information is used by owners and managers in the underwriting, due diligence and marketing of properties, mortgages and real estate backed securities at both the single asset and portfolio levels.

Other Reis Services Information

For additional detailed information on the Reis Services business, including more information on its databases, products and services, and pricing, refer to the Company's annual report on Form 10-K for the year ended December 31, 2015, which was filed with the Securities and Exchange Commission on March 3, 2016.

Additional Segment Financial Information

See Note 3 to the Company's consolidated financial statements, included in this filing, for additional information regarding the Company's segments.

Selected Significant Accounting Policies

For a description of our selected significant accounting policies and estimates, see our annual report on Form 10-K for the year ended December 31, 2015.

Critical Business Metrics

Management considers certain metrics in evaluating its consolidated results and the performance of the Reis Services segment. These metrics are revenue, revenue growth, EBITDA (which is earnings (defined as income (loss) from continuing operations) before interest, taxes, depreciation and amortization), EBITDA growth, EBITDA margin, Adjusted EBITDA (which is earnings before interest, taxes, depreciation, amortization and stock based compensation), Adjusted EBITDA growth and Adjusted EBITDA margin. Other important metrics that management considers include the cash flow generation as well as the visibility into future performance as supported by our deferred revenue and other related metrics discussed in this Item 2.

Following is a presentation of revenue, EBITDA and EBITDA margin for the Reis Services segment and revenue, EBITDA, Adjusted EBITDA and the related margins on a consolidated basis (excluding discontinued operations) (see below for a reconciliation of income from continuing operations to EBITDA and Adjusted EBITDA for both the Reis Services segment and on a consolidated basis for each of the periods presented here).

(amounts in thousands, excluding percentages)

	For the Three Months Ended September 30, 2016	2015	(Decrease)	Percentage (Decrease)
Reis Services segment:				
Revenue	$ 11,538	$ 12,137	$ (599)	(4.9)%
EBITDA	$ 3,363	$ 4,910	$ (1,547)	(31.5)%
EBITDA margin	29.1%	40.5%		
Consolidated, excluding discontinued operations:				
Revenue	$ 11,538	$ 12,137	$ (599)	(4.9)%
EBITDA	$ 2,435	$ 3,842	$ (1,407)	(36.6)%
EBITDA margin	21.1%	31.7%		
Adjusted EBITDA	$ 2,959	$ 4,291	$ (1,332)	(31.0)%
Adjusted EBITDA margin	25.6%	35.4%		

(amounts in thousands, excluding percentages)

	For the Nine Months Ended September 30, 2016	2015	(Decrease)	Percentage (Decrease)
Reis Services segment:				
Revenue	$ 35,976	$ 36,684	$ (708)	(1.9)%
EBITDA	$ 12,872	$ 15,597	$ (2,725)	(17.5)%
EBITDA margin	35.8%	42.5%		
Consolidated, excluding discontinued operations:				
Revenue	$ 35,976	$ 36,684	$ (708)	(1.9)%
EBITDA	$ 9,659	$ 12,214	$ (2,555)	(20.9)%
EBITDA margin	26.8%	33.3%		
Adjusted EBITDA	$ 11,239	$ 13,552	$ (2,313)	(17.1)%
Adjusted EBITDA margin	31.2%	36.9%		

2016 Revenue Performance

All of the Company's revenue is generated by the Reis Services segment. Reis Services revenue decreased by approximately $(599,000), or (4.9)%, from the third quarter of 2015 to the third quarter of 2016 and $(708,000), or (1.9)%, in the nine months ended September 30, 2016 from the comparable 2015 period. Reis's third quarter and nine months ended September 30, 2016 represent challenging comparable reporting periods due to the difficulty of replicating the significant revenue successes of 2015. Below, we provide insight into both the Company's reported results as well as how Reis's core recurring business is performing.

Company performance in 2016 relative to the results for the three and nine months ended September 30, 2015 has been impacted by four main factors: (1) significant custom data deliverables in 2015; (2) a decline in our trailing twelve month renewal rates; (3) a reduction in revenue from large one-time settlements under our intellectual property compliance initiatives; and (4) multi-year contracts and their flattening effect on growth rates. The following paragraphs further describe the impact of these factors.

Custom Data Deliverables — The Company recognized significant revenue in 2015 related to custom data deliverables for one of our existing *Reis SE* subscribers. The revenue recorded reflected the portion of the custom data files that was delivered in June and December 2015 and February 2016, positively impacting results for the second and fourth quarters of 2015 and the first quarter of 2016. In our Form 10-Q for the quarter ended June 30, 2015 and for all subsequent filings, the Company has presented pro forma adjustments to quantify the significant revenue associated with these custom data deliverables on Reis's reported revenues and growth rates.

On a pro forma basis, excluding $2,186,000 of revenue for the custom data deliverables from the nine months ended September 30, 2015 (consistent with the pro forma presentation included in the September 30, 2015 Form 10-Q), revenue was $34,498,000 for the nine months ended September 30, 2015. On a pro forma basis, excluding $1,200,000 of revenue for the custom data deliverables in February 2016 from the nine months ended September 30, 2016, revenue was $34,776,000. Revenue growth, on a pro forma basis, was 0.8% for the nine months ended September 30, 2016 over the comparable 2015 period.

Renewal Rates — The Company's overall trailing twelve month renewal rates as of September 30, 2016 and 2015 were 82% and 90%, respectively (for institutional subscribers, the trailing twelve month renewal rates as of September 30, 2016 and 2015 were 84% and 92%, respectively). The recent reduction in our trailing twelve month renewal rates are largely a result of (1) customer losses from subscribers that exited the CRE business or were merger related losses and (2) being more aggressive on renewal pricing. In 2016, there were 19 customers which accounted for approximately $1,500,000 of annual revenue which did not renew as a result of leaving the business or cancelling post-merger, including GE Commercial Real Estate leaving the CRE financing business, which had previously contributed approximately $710,000 of annual revenue. In addition, a few institutional customers which had originally been identified as intellectual property compliance cases did not renew their subscriptions. Related to renewal pricing, Reis management believes that aligning client report consumption and value with appropriate annual fees is critical to the Company's long-term growth and to the protection of the value of our intellectual property. Also, based upon past experience, management believes that many non-renewing customers will ultimately renew with Reis as their information and analytic needs may not be fully addressed by competitive offerings.

Intellectual Property — Reis continues to successfully resolve cases in which our intellectual property rights have been violated. In 2015 and 2016, the Company has been very active in protecting its intellectual property by pursuing firms and individuals who had previously gained unauthorized access to our services. The discovery of the instances of unauthorized usage creates opportunities for

Reis's compliance team to engage in productive conversations with firms regarding ongoing access to Reis data in accordance with the terms and conditions of a subscription agreement. Reis has developed a programmatic approach to promptly resolving cases of unauthorized usage and is devoting significant client services and account management resources to increase the renewal rates of compliance accounts to levels typical of all other Reis subscribers. As a result of these compliance procedures, the Company has been able to generate revenue through either one-time settlement payments or by signing up the offending firm or individual to an annual or multi-year *Reis SE* subscription. Although the frequency of identified instances of non-compliance remains steady, the average contract size has decreased and the frequency and dollar amount of one-time settlements are lower in 2016 than in 2015.

***Multi-Year Contracts* —** In order to increase the predictability of fees from our subscribers and Reis's own revenue and cash flow, we have made a concerted effort to encourage multi-year contracts when appropriate, with terms of two or three years, and in some cases, four years. Approximately one-third of our subscribers have multi-year contracts and the average life of multi-year contracts signed in each of the last three years was approximately 2.2 years. There are significant benefits, on a selective basis, of multi-year contracts, including locking in recurring revenue for longer periods, thereby increasing the predictability of our renewal rates and future revenues. Operationally, multi-year contracts free up account management resources to focus on subscribers requiring a higher level of attention and upselling opportunities across our account base. Finally, multi-year deals also insulate us from competitive pressures and increase the likeliness that Reis data and analytics will become embedded in the work flow of our clients.

In accordance with GAAP, our revenue recognition policy is to record revenue ratably over the life of a subscriber contract. Therefore any increases in the price of the subscription after the first year of a multi-year contract are considered in the total amount being straight-lined over the contract term. If a multi-year contract includes pricing steps on and after the first anniversary, there will be increasing cash flow from the contract, but no growth in revenue during the subsequent years under that contract. There has been resulting variability in our growth rates from having such a significant segment of our subscriber base under multi-year agreements which has also negatively impacted 2016 performance.

***Revenue Visibility* —** Historically, nearly all of the Company's revenue could be characterized as subscription-based recurring revenue. In 2015, significant opportunities arose that resulted in Reis realizing a greater amount of revenue and cash flow that was more non-recurring in nature. In hindsight, when excluding the 2015 custom data deliverables and one-time settlements from intellectual property compliance cases, 86% of Reis's 2015 annual revenue was of a higher-quality recurring nature. By comparison, subscription-based recurring revenue in the most recent third quarter of 2016 aggregated approximately 98% of reported revenue. Therefore, despite a reduction in reported revenues, management believes that the Company will be well positioned as we enter 2017 due to the high percentage of revenue that is of a recurring nature.

As we approach 2017, management believes that there are positive signs that Reis will return to growth next year, including: (1) the Company's strong pace of new customer acquisition; (2) price increases on renewals; (3) ongoing subscription opportunities created by the discovery of instances of unauthorized usage; (4) our pipeline with respect to both subscription-based data deliverables and portfolio analytics; and (5) the array of new products and enhancements that will continue to be launched in 2016 and into 2017.

Deferred Revenue and Aggregate Revenue Under Contract

Two additional metrics management utilizes are deferred revenue and Aggregate Revenue Under Contract. Analyzing these amounts can provide additional insight into Reis Services's future financial performance. Deferred revenue, which is a GAAP basis accounting concept and is reported by the Company on the consolidated balance sheet, represents revenue from annual or longer term contracts for which we have billed and/or received payments from our subscribers related to services we will be providing over the remaining contract period. Aggregate Revenue Under Contract is the sum of deferred revenue and future revenue under non-cancellable contracts for which we do not yet have the contractual right to bill and excludes any future revenues expected to be derived from subscribers currently being billed on a monthly basis.

Deferred revenue will be recognized as revenue ratably over the remaining life of a contract for subscriptions, or in the case of future custom reports or projects, will be recognized as revenue upon completion and delivery to the customer, provided no significant Company obligations remain. At any given date, both deferred revenue and Aggregate Revenue Under Contract can be either positively or negatively influenced by: (1) the timing and dollar value of contracts signed and billed; (2) the quantity and timing of contracts that are multi-year; and (3) the impact of recording revenue ratably over the life of a multi-year contract, which moderates the effect of price increases after the first year.

The following table reconciles deferred revenue to Aggregate Revenue Under Contract at September 30, 2016 and 2015, respectively. A comparison of these balances at September 30 of each year is more meaningful than a comparison to the December 31, 2015 balances, as a greater percentage of renewals occur in the fourth quarter of each year and would distort the analysis.

	September 30, 2016	September 30, 2015
Deferred revenue (GAAP basis)	$ 22,094,000	$ 22,160,000
Amounts under non-cancellable contracts for which the Company does not yet have the contractual right to bill at the period end (A)	24,349,000	27,345,000
Aggregate Revenue Under Contract	$ 46,443,000	$ 49,505,000

(A) Amounts are billable subsequent to September 30 of each year and represent (i) non-cancellable contracts for subscribers with multi-year subscriptions where the future years are not yet billable, or (ii) subscribers with non-cancellable annual subscriptions with interim billing terms.

Included in Aggregate Revenue Under Contract at September 30, 2016 was approximately $31,684,000 related to amounts under contract for the forward twelve month period through September 30, 2017. The remainder reflects amounts under contract beyond September 30, 2017. The forward twelve month Aggregate Revenue Under Contract amount is approximately 63.1% of revenue on a trailing twelve month basis at September 30, 2016 of approximately $50,182,000. For comparison purposes, at September 30, 2015, the forward twelve month Aggregate Revenue Under Contract was $33,883,000 and approximately 71.5% of revenue on a trailing twelve month basis.

2016 Reis Services EBITDA and Consolidated Adjusted EBITDA Performance

Reis Services EBITDA for the three and nine months ended September 30, 2016 was $3,363,000 and $12,872,000, respectively. Reis Services EBITDA margins were 29.1% and 35.8% for the three and nine months ended September 30, 2016 as compared to the reported Reis Services EBITDA margins of 40.5% and 42.5% for the 2015 comparable periods. The margin in the nine months ended September 30, 2015 was positively impacted by the custom data deliverables and other revenue items described previously which had a higher margin than our historic sales of *Reis SE* subscriptions. The 2016 margins were lower than historic norms as a result of the combination of expenses increasing and lower revenue.

The 2016 reported Reis Services EBITDA amounts resulted in a decrease of $(1,547,000), or (31.5)%, from the third quarter 2015 amount and a decrease of $(2,725,000), or (17.5)%, from the comparable 2015 nine month period. These decreases primarily resulted from the declines in revenue as described above. Total expenses (excluding interest, taxes, depreciation and amortization expenses) grew by 13.1% and 9.6% in the three and nine months ended September 30, 2016. Expense increases are a result of increased employment related costs and rent related costs as more fully described in "—Results of Operations," included in this quarterly report on Form 10-Q. One significant factor affecting our 2016 expenses relates to an increase in total rent expense of $781,000 and $1,208,000 in the three and nine months ended September 30, 2016, respectively, over the corresponding 2015 periods. These amounts reflect the increase in both the square footage being leased and the higher price per square foot, and includes the effect of overlapping leases from the duplication of rent and other occupancy costs (aggregating approximately $442,000 and $586,000 in the three and nine months ended September 30, 2016, respectively), which has contributed to the reduction in our EBITDA margins in those periods.

Consolidated Adjusted EBITDA for the three months ended September 30, 2016 was $2,959,000, a decrease of $(1,332,000), or (31.0)%, from the third quarter 2015 amount. Consolidated Adjusted EBITDA for the nine months ended September 30, 2016 was $11,239,000, a decrease of $(2,313,000), or (17.1)%, from the comparable 2015 nine month period. The decrease in consolidated Adjusted EBITDA reflects the revenue and Reis Services EBITDA decreases discussed above. The consolidated Adjusted EBITDA margins were 25.6% and 31.2% for the three and nine months ended September 30, 2016.

The Company continues to make significant investments in our business, including our core *Reis SE* platform and in our portfolio analytics offering. As a result of these initiatives, our employee headcount has increased throughout 2016 across all departments and this growth has included strategic hires in sales and operations. The pace of our database and website enhancements has accelerated in 2016 and we remain committed to a rigorous schedule of product development during the remainder of the year. These prudent investments will further the differentiation between Reis and other U.S. commercial real estate market information providers. As previously stated in the "— Management Summary" section of Item 7. of our annual report on Form 10-K for the year ended December 31, 2015, as filed with the SEC on March 3, 2016, continuing investments and occupancy related costs will negatively impact our annual Reis Services EBITDA and consolidated Adjusted EBITDA growth rates for 2016 and cause temporary declines in our Reis Services EBITDA and consolidated Adjusted EBITDA margins in 2016. We believe that any declines will be temporary as we expect that these investments will result in additional revenue growth opportunities and margin expansion for Reis in 2017.

Trends

During 2016, Reis's growth rates have been temporarily interrupted, primarily from the challenging comparable reporting periods described above. Management continues to utilize 2016 as a year of substantial investment in both personnel and product. The investments in technology and personnel have been necessary to deepen and broaden our market coverage. We have added senior management talent in both operations and sales to accelerate profitability and our growth initiatives. The investments in and enhancements to our products in 2016 are a direct response to the needs of our subscribers and to maintain and expand Reis's competitive advantage in the marketplace. However, the remainder of 2016 is expected to continue to be a difficult comparison year against 2015.

Reis has been very active in protecting its intellectual property by pursuing firms and individuals who had previously gained unauthorized access to our services. As a result of these compliance procedures, the Company has been able to generate revenue either through one-time settlement payments or by signing up the offending firm or individual to an annual or multi-year *Reis SE* subscription. Reis's 2016 revenue and EBITDA growth rates have been constrained by a reduction in the dollar value of contract signings related to violations of our intellectual property rights, particularly related to one-time settlements. The declines in the size of contracts from the 2015 levels and fewer settlements are a direct result of resolving much of the backlog of instances involving older and longer periods of non-compliance which had greater dollar values associated with the larger volume of unlicensed usage. Nonetheless, in the course of doing business, commercial real estate professionals may gain access to Reis data without being subject to a subscription agreement or in an authorized manner. This activity is being promptly addressed by Reis's compliance unit and creates new recurring revenue opportunities and, if appropriate, settlements that have been typically smaller in 2016 than in 2015.

Another factor in the reduction of 2016's revenue growth rate has been the slower than anticipated pace of sales of custom data deliverables to our existing banking clients. The Company has developed a strong sales pipeline, typically to support the internal quantitative modeling needs of banks, but the sales cycle is longer as it involves executives from risk management, financial reporting and the commercial real estate groups. Wins thus far in 2016 have been limited; however, with the continuing pressure being applied by regulators on banking institutions, subscription-based data deliverables and portfolio analytics are key tools necessary for these institutions to meet their evaluation and reporting obligations. As we exit 2016 and enter 2017 we expect that the marketing of these services will generate incremental revenue and EBITDA growth.

Consistent with the trend over the past many years, contract signings (both for new business and renewals) will be weighted to the second half of the year and in particular to the fourth quarter. Over the past six years, approximately 33% to 38% of contract signings have occurred in the fourth quarter. Management believes that with the product enhancement releases that have occurred thus far in 2016 and imminent additional releases, we will be able to capture additional market share and position Reis for a return to revenue and EBITDA growth in 2017.

Reconciliations of Income from Continuing Operations to EBITDA and Adjusted EBITDA

We define EBITDA as earnings (income (loss) from continuing operations) before interest, taxes, depreciation and amortization. We define Adjusted EBITDA as earnings before interest, taxes, depreciation, amortization and stock based compensation. Although EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with GAAP, senior management uses EBITDA and Adjusted EBITDA to measure operational and management performance. Management believes that EBITDA and Adjusted EBITDA are appropriate supplemental financial measures to be considered in addition to the reported GAAP basis financial information which may assist investors in evaluating and understanding: (1) the performance of the Reis Services segment, the primary business of the Company and (2) the Company's continuing consolidated results, from year to year or period to period, as applicable. Further, these measures provide the reader with the ability to understand our operational performance while isolating non-cash charges, such as depreciation and amortization expenses, as well as other non-operating items, such as interest income, interest expense and income taxes and, in the case of Adjusted EBITDA, isolates non-cash charges for stock based compensation. Management also believes that disclosing EBITDA and Adjusted EBITDA will provide better comparability to other companies in the information services sector. However, because EBITDA and Adjusted EBITDA are not calculated in accordance with GAAP, they may not necessarily be comparable to similarly titled measures employed by other companies. EBITDA and Adjusted EBITDA are presented both for the Reis Services segment and on a consolidated basis. We believe that these metrics, for Reis Services, provide the reader with valuable information for evaluating the financial performance of the core Reis Services business, excluding public company costs, and for making assessments about the intrinsic value of that stand-alone business to a potential acquirer. Management primarily monitors and measures its performance, and is compensated, based on the results of the Reis Services segment. EBITDA and Adjusted EBITDA, on a consolidated basis, allow the reader to make assessments about the current trading value of the Company's common stock, including expenses related to operating as a public company. However, investors should not consider these measures in isolation or as substitutes for net income (loss), income from continuing operations, operating income, or any other measure for determining operating performance that is calculated in accordance with GAAP. Reconciliations of EBITDA and Adjusted EBITDA to the most comparable GAAP financial measure, income from continuing operations, follow for each identified period on a segment basis (including the Reis Services segment), as well as on a consolidated basis:

(amounts in thousands)

Reconciliation of Income from Continuing Operations to EBITDA and Adjusted EBITDA for the Three Months Ended September 30, 2016	By Segment		
	Reis Services	Other (A)	Consolidated
Income from continuing operations			$ 466
Income tax expense			297
Income (loss) before income taxes and discontinued operations	$ 1,692	$ (929)	763
Add back:			
Depreciation and amortization expense	1,647	1	1,648
Interest expense, net	24	—	24
EBITDA	3,363	(928)	2,435
Add back:			
Stock based compensation expense	—	524	524
Adjusted EBITDA	$ 3,363	$ (404)	$ 2,959

Reconciliation of Income from Continuing Operations to EBITDA and Adjusted EBITDA for the Three Months Ended September 30, 2015	By Segment		
	Reis Services	Other (A)	Consolidated
Income from continuing operations			$ 1,508
Income tax expense			920
Income (loss) before income taxes and discontinued operations	$ 3,498	$ (1,070)	2,428
Add back:			
Depreciation and amortization expense	1,395	2	1,397
Interest expense, net	17	—	17
EBITDA	4,910	(1,068)	3,842
Add back:			
Stock based compensation expense	—	449	449
Adjusted EBITDA	$ 4,910	$ (619)	$ 4,291

Reconciliation of Income from Continuing Operations to EBITDA and Adjusted EBITDA for the Nine Months Ended September 30, 2016	By Segment		
	Reis Services	Other (A)	Consolidated
Income from continuing operations			$ 3,011
Income tax expense			1,864
Income (loss) before income taxes and discontinued operations	$ 8,094	$(3,219)	4,875
Add back:			
Depreciation and amortization expense	4,719	6	4,725
Interest expense, net	59	—	59
EBITDA	12,872	(3,213)	9,659
Add back:			
Stock based compensation expense	—	1,580	1,580
Adjusted EBITDA	$ 12,872	$(1,633)	$ 11,239

See footnotes on next page.

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(amounts in thousands)

Reconciliation of Income from Continuing Operations to EBITDA and Adjusted EBITDA for the Nine Months Ended September 30, 2015	**By Segment**		
	Reis Services	**Other (A)**	**Consolidated**
Income from continuing operations			$ 5,729
Income tax expense			2,315
Income (loss) before income taxes and discontinued operations	$ 11,434	$ (3,390)	8,044
Add back:			
Depreciation and amortization expense	4,105	7	4,112
Interest expense, net	58	—	58
EBITDA	15,597	(3,383)	12,214
Add back:			
Stock based compensation expense	—	1,338	1,338
Adjusted EBITDA	$ 15,597	$ (2,045)	$ 13,552

(A) Includes interest and other income, depreciation expense and general and administrative expenses (including public company related costs) that are not associated with the Reis Services segment. Since the reconciliations start with income from continuing operations, the effects of the discontinued operations are excluded from these reconciliations for all periods presented.

Results of Operations

Comparison of the Results of Operations for the Three Months Ended September 30, 2016 and 2015

Subscription revenues and related cost of sales were approximately $11,538,000 and $2,926,000, respectively, for the three months ended September 30, 2016, which resulted in a gross profit for the Reis Services segment of approximately $8,612,000. Amortization expense included in cost of sales (for the database intangible asset) was approximately $761,000 during this period. Subscription revenues and related cost of sales were approximately $12,137,000 and $2,364,000, respectively, for the three months ended September 30, 2015, which resulted in a gross profit for the Reis Services segment of approximately $9,773,000. Amortization expense included in cost of sales was approximately $541,000 during this period. See "— Critical Business Metrics of the Reis Services Business" for a discussion of the variances and trends in revenue and EBITDA of the Reis Services segment. The increase in cost of sales of $562,000 resulted from greater employment related costs, specifically from hiring during 2015 and the first nine months of 2016, coupled with compensation increases and higher benefit costs than in the 2015 period of $342,000 and a $220,000 increase in amortization expense for database costs.

Sales and marketing expenses were approximately $2,890,000 and $2,804,000 for the three months ended September 30, 2016 and 2015, respectively, and solely represented costs of the Reis Services segment. Amortization expense included in sales and marketing expenses (for the customer relationships intangible asset) was approximately $233,000 and $237,000 during the three months ended September 30, 2016 and 2015, respectively. The net increase in sales and marketing expenses between the two periods of approximately $86,000 resulted from greater employment related costs from hiring during 2015 and the first nine months of 2016, coupled with higher benefit costs than in the 2015 period, offset by lower commission expense and lower performance based bonus accruals in the 2016 period.

Product development expenses were approximately $1,001,000 and $926,000 for the three months ended September 30, 2016 and 2015, respectively, and solely represented costs of the Reis Services segment. Amortization expense included in product development expenses (for the website intangible asset) was approximately $475,000 and $436,000 during the three months ended September 30, 2016 and 2015, respectively. Product development costs increased $75,000, primarily due to a $39,000 increase in amortization expense, and a $36,000 increase in employment related costs from hiring during 2015 and the first nine months of 2016, coupled with compensation increases and higher benefit costs than in the 2015 period.

General and administrative expenses of approximately $3,934,000 for the three months ended September 30, 2016 included current period expenses of approximately $3,230,000, depreciation and amortization expense of approximately $180,000 for the lease value intangible asset and furniture, fixtures and equipment, and approximately $524,000 of net non-cash compensation expense. The net non-cash compensation expense was comprised of equity awards for employees and directors. General and administrative expenses of approximately $3,598,000 for the three months ended September 30, 2015 included current period expenses of approximately $2,966,000, depreciation and amortization expense of approximately $183,000 for the lease value intangible asset and furniture, fixtures and equipment, and approximately $449,000 of net non-cash compensation expense. Excluding the non-cash expenses, the net increase in general and administrative expenses of $264,000 was influenced by increased occupancy related costs from the office space expansion (approximately $781,000) and increased employment related costs and other general expenses (approximately

$48,000), offset by lower performance based bonus accruals (approximately $447,000) and decreases for legal fees (approximately $118,000) in the period.

Interest expense of $29,000 and $28,000 for the three months ended September 30, 2016 and 2015, respectively, was comprised of unused facility fees and deferred financing cost amortization on the Company's revolving credit facility, which we refer to as the Revolver. There was no outstanding balance on the Revolver during the three months ended September 30, 2016 or 2015.

Income tax expense of $297,000 for continuing operations during the three months ended September 30, 2016 reflected current Federal AMT of $8,000, deferred Federal tax expense of $245,000 and deferred state and local tax expense of $93,000, offset by a current state and local tax benefit of $49,000. Income tax expense of $920,000 for continuing operations during the three months ended September 30, 2015 reflected deferred Federal tax expense of $761,000, current state and local tax expense of $39,000, $52,000 of current Federal AMT, and deferred state and local tax expense of $68,000.

Income from discontinued operations was $137,000 for the three months ended September 30, 2015 and primarily reflected $414,000 of recoveries from settlements with certain parties to the Gold Peak litigation (as more fully described in Note 3 to the Company's consolidated financial statements contained elsewhere in this Form 10-Q), offset by legal and professional fees of $188,000 and income tax expense of $89,000. There were no discontinued operations activities in the 2016 period.

Comparison of the Results of Operations for the Nine Months Ended September 30, 2016 and 2015

Subscription revenues and related cost of sales were approximately $35,976,000 and $7,882,000, respectively, for the nine months ended September 30, 2016, which resulted in a gross profit for the Reis Services segment of approximately $28,094,000. Amortization expense included in cost of sales (for the database intangible asset) was approximately $2,031,000 during this period. Subscription revenues and related cost of sales were approximately $36,684,000 and $6,684,000, respectively, for the nine months ended September 30, 2015, which resulted in a gross profit for the Reis Services segment of approximately $30,000,000. Amortization expense included in cost of sales was approximately $1,530,000 during this period. See "— Critical Business Metrics of the Reis Services Business" for a discussion of the variances and trends in revenue and EBITDA of the Reis Services segment. The increase in cost of sales of $1,198,000 resulted from greater employment related costs, specifically from hiring during 2015 and the first nine months of 2016, coupled with compensation increases and higher benefit costs than in the 2015 period of $697,000 and a $501,000 increase in amortization expense for database costs.

Sales and marketing expenses were approximately $8,583,000 and $8,918,000 for the nine months ended September 30, 2016 and 2015, respectively, and solely represented costs of the Reis Services segment. Amortization expense included in sales and marketing expenses (for the customer relationships intangible asset) was approximately $702,000 and $713,000 during the nine months ended September 30, 2016 and 2015, respectively. The decrease in sales and marketing expenses between the two periods of approximately $335,000 resulted from lower commission expense from the large custom data sale in the 2015 period (with no corresponding sale in the 2016 period) and lower performance based bonus accruals in the 2016 period.

Product development expenses were approximately $3,022,000 and $2,678,000 for the nine months ended September 30, 2016 and 2015, respectively, and solely represented costs of the Reis Services segment. Amortization expense included in product development expenses (for the website intangible asset) was approximately $1,397,000 and $1,320,000 during the nine months ended September 30, 2016 and 2015, respectively. Product development costs increased $344,000, primarily due to increased employment related costs from hiring during 2015 and the first nine months of 2016, coupled with compensation increases and higher benefit costs than in the 2015 period of $267,000 and a $77,000 increase in amortization expense.

General and administrative expenses of approximately $11,555,000 for the nine months ended September 30, 2016 included current period expenses of approximately $9,379,000, depreciation and amortization expense of approximately $596,000 for the lease value intangible asset and furniture, fixtures and equipment, and approximately $1,580,000 of net non-cash compensation expense. The net non-cash compensation expense was comprised of equity awards for employees and directors. General and administrative expenses of approximately $10,302,000 for the nine months ended September 30, 2015 included current period expenses of approximately $8,415,000, depreciation and amortization expense of approximately $549,000 for the lease value intangible asset and furniture, fixtures and equipment, and approximately $1,338,000 of net non-cash compensation expense. Excluding the non-cash expenses, the net increase in general and administrative expenses of $964,000 was influenced by increased occupancy related costs from the office space expansion (approximately $1,208,000), increases for legal fees (approximately $467,000) and increased employment related costs and other general expenses (approximately $290,000), offset by lower performance based bonus accruals in the period (approximately $1,001,000).

Interest expense of $78,000 and $84,000 for the nine months ended September 30, 2016 and 2015, respectively, was comprised of unused facility fees and deferred financing cost amortization on the Revolver. There was no outstanding balance on the Revolver during the nine months ended September 30, 2016 or 2015.

Income tax expense of $1,864,000 for continuing operations during the nine months ended September 30, 2016 reflected current Federal AMT of $149,000, current state and local tax expense of $111,000, deferred Federal tax expense of $1,490,000 and deferred state and local tax expense of $114,000. Income tax expense of $2,315,000 for continuing operations during the nine months ended September 30, 2015 reflected deferred Federal tax expense of $2,527,000, current state and local tax expense of $135,000 and $135,000 of current Federal AMT, offset by a deferred state and local tax benefit of $482,000. The deferred state and local tax benefit reflected a change in the New York City law which resulted in a variation between the effective tax rate and the statutory tax rate in the period.

Income from discontinued operations was $1,204,000 for the nine months ended September 30, 2015 and primarily reflected $2,764,000 of recoveries from settlements with certain parties to the Gold Peak litigation (as more fully described in Note 3 to the Company's consolidated financial statements contained elsewhere in this Form 10-Q), offset by legal and professional fees of $763,000 and income tax expense of $797,000. There were no discontinued operations activities in the 2016 period.

Income Taxes

For more information regarding income taxes, see Note 6 to the Company's consolidated financial statements included in this filing.

Liquidity and Capital Resources

The core Reis Services business has traditionally generated significant cash annually; and we expect it to continue to do so. Our consolidated cash and cash equivalents balance aggregated approximately $25,161,000 at September 30, 2016, a decrease of $(3,497,000) from the December 31, 2015 balance of approximately $28,658,000. Although the Company had cash flows provided by its operating activities of $12,435,000, the Company's cash position decreased as a result of making investments in its websites and databases of $6,568,000, spending on tenant improvements and furniture, fixtures and equipment associated with the new office spaces of approximately $2,466,000, paying aggregate dividends of approximately $5,813,000 in the nine months ended September 30, 2016, utilizing approximately $701,000 to settle minimum employee withholding tax obligations on vested RSUs in February 2016 and repurchasing approximately $358,000 of the Company's common stock since the commencement of the repurchase program on August 30, 2016.

At September 30, 2016, the Company's short-term and long-term liquidity requirements include: current operating and capitalizable costs, including accounts payable and other accrued expenses; near-term product development and enhancement of the website and databases either through building with Company resources or through acquisitions; operating leases; growth in operating expenses, including a further increase in the number of Reis employees and additional resources devoted to our sales and marketing efforts; other costs, including public company expenses not included in the Reis Services segment; tenant improvements and related spending for new corporate headquarters space; the resolution of open tax years with state and local tax authorities; payment of employee taxes on vested equity awards, for which the employee uses shares to settle his/her minimum withholding tax obligations with the Company; the use of cash for the payment of quarterly dividends; and repurchases of shares of Reis common stock (at September 30, 2016, approximately $4,642,000 remained available to be purchased under our current authorization). The Company expects to meet these short-term and long-term liquidity requirements generally through the use of available cash and cash generated from subscription revenue of Reis Services and, if necessary, with borrowings under the Revolver, and/or proceeds from the sale of Reis stock. Certain additional costs associated with the buildout of the new corporate headquarters will be funded by the landlord.

In January 2016, Reis Services and Capital One executed an amended and restated loan and security agreement for a $20,000,000 revolving credit facility, which expires on January 28, 2019. For additional information regarding the Revolver, see Note 5 to the Company's consolidated financial statements included in this filing.

In June 2015, the Company's shelf registration statement on Form S-3 was declared effective. The shelf registration statement permits the offering, issuance and sale of up to a maximum aggregate offering price of $75,000,000 of the Company's stock from time to time for three years. Any determinations about the issuance of new common shares will be at the discretion of the Company's board of directors and the use of proceeds, unless otherwise indicated, will be for general corporate purposes, which may include working capital, capital expenditures or acquisitions. Management will retain broad discretion in the allocation of the net proceeds. The Company has no immediate plans to issue shares under the shelf registration statement.

The Company has NOLs that it expects to utilize against future Federal, state and local taxable income. The use of certain NOLs for New York State and New York City purposes will be subject to an annual limitation and, therefore, any taxable income in excess of the limitation will be subject to tax. Tax payments related to 2016 are expected to be for state and local taxes based on income, in excess of limitation amounts, Federal AMT, and tax on capital.

The Company may determine to use its cash to: (1) acquire or invest in other databases or information companies that have logical adjacencies or complementary products or services; (2) repurchase additional shares of Reis common stock; or (3) pay a special dividend, or increase its recurring quarterly dividend. There can be no assurance that the Company will use its cash for any of these purposes during 2016, or thereafter.

The Company declared and paid a quarterly dividend of $0.14 per common share for all four quarters of 2015 and increased the dividend declared and paid in the first, second and third quarters of 2016 to $0.17 per common share. Dividends paid by the Company aggregated $5,813,000 and $4,750,000 for the nine months ended September 30, 2016 and 2015, respectively.

Issuer Purchases and Equity Securities

On August 30, 2016, the Company's Board of Directors authorized a repurchase program of shares of the Company's common stock up to an aggregate of $5,000,000. Purchases under the program may be made from time to time in the open market or through privately negotiated transactions. Depending on market conditions, financial developments and other factors, these purchases may be commenced or suspended at any time, or from time to time, without prior notice and may be expanded without prior notice. The Company may make purchases pursuant to a trading plan under Securities Exchange Act Rule 10b5-1, permitting open market purchases of common stock during blackout periods consistent with the Company's "Policies for Transactions in Reis Stock and Insider Trading and Tipping."

During both the three and nine months ended September 30, 2016, the Company purchased an aggregate of 18,127 shares of common stock, at an average price of $19.75 per share, leaving approximately $4,642,000 at September 30, 2016 that may be used to purchase additional shares under the program. Cumulatively, the Company repurchased approximately 0.2% of the common shares outstanding at the time of the Board's initial authorization on August 30, 2016. During the year ended December 31, 2015, the Company did not repurchase any shares of its common stock.

Changes in Cash Flows

Cash flows for the nine months ended September 30, 2016 and 2015 are summarized as follows:

	For the Nine Months Ended September 30,	
	2016	2015
Net cash provided by operating activities	$ 12,434,967	$ 17,842,160
Net cash (used in) investing activities	(9,032,204)	(4,002,112)
Net cash (used in) financing activities	(6,900,076)	(5,626,462)
Net (decrease) increase in cash and cash equivalents	$ (3,497,313)	$ 8,213,586

Net cash provided by operating activities decreased $(5,407,000) from $17,842,000 provided in the 2015 period to $12,435,000 provided in the 2016 period. This decrease was primarily the result of decreased operating cash flow of $(2,873,000) from the Reis Services segment from $18,444,000 provided in the 2015 period to $15,571,000 provided in the 2016 period (due to declines in revenue, EBITDA and deferred revenue as described elsewhere herein), as well as the impact of net cash provided from discontinued operations due to the collection of $2,764,000 of litigation recoveries in the 2015 period with no 2016 equivalent.

Net cash used in investing activities increased $5,030,000 from $4,002,000 used in the 2015 period to $9,032,000 used in the 2016 period. This change resulted primarily from a $2,219,000 increase in spending on leasehold improvements and purchases of furniture, fixtures and equipment in the 2016 period for office space expansion, coupled with a $2,813,000 increase of cash invested in our website and databases for continuing product development initiatives.

Net cash used in financing activities were $6,900,000 and $5,626,000 in the 2016 and 2015 periods, respectively. The 2016 period includes approximately $5,813,000 for dividends declared and paid in the nine months ended September 30, 2016, $701,000 used to settle minimum employee withholding tax obligations on vested RSUs, $181,000 of deferred financing costs related to the expansion and extension of the Revolver and $358,000 to repurchase shares of the Company's common stock, offset by proceeds received from employees for option exercises of $153,000. The 2015 period includes approximately $4,750,000 for dividends declared and paid in the nine months ended September 30, 2015, $993,000 used to settle minimum employee withholding tax obligations on vested RSUs and $89,000 related to costs incurred in connection with the shelf registration statement filed in the second quarter of 2015, offset by proceeds received from employees for option exercises of $206,000.

Cautionary Statement Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements may relate to the Company's or management's outlook or expectations for earnings, revenues, expenses, margins, asset quality, or other future financial or business performance, strategies, prospects or expectations, or the impact of legal, regulatory or supervisory matters on our business, operations or performance. Specifically, forward-looking statements may include:

- statements relating to future services and product development of the Reis Services segment;
- statements relating to business prospects, market share, potential acquisitions, sources and uses of cash, revenue, expenses, margins, income (loss) from continuing or discontinued operations, cash flows, valuation of assets and liabilities and other business metrics of the Company and its businesses, including EBITDA (as defined herein), Adjusted EBITDA (as defined herein) and Aggregate Revenue Under Contract; and
- statements preceded by, followed by or that include the words "estimate," "plan," "project," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions relating to future periods.

Forward-looking statements reflect management's judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. With respect to these forward-looking statements, management has made certain assumptions. Future performance cannot be assured. Actual results may differ materially from those contemplated by the forward-looking statements. Some factors that could cause actual results to differ include:

- lower than expected revenues and other performance measures such as income from continuing operations, EBITDA and Adjusted EBITDA;
- inability to retain and increase the Company's subscriber base;
- inability to execute properly on new products and services, or failure of subscribers to accept these products and services;
- competition;
- inability to attract and retain sales and senior management personnel;
- inability to access adequate capital to fund operations and investments in our business;
- difficulties in protecting the security, confidentiality, integrity and reliability of the Company's data;
- changes in accounting policies or practices;
- legal and regulatory issues;
- the results of pending, threatening or future litigation; and
- the risk factors listed under "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2015, which was filed with the Securities and Exchange Commission on March 3, 2016.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this quarterly report on Form 10-Q. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this quarterly report on Form 10-Q or to reflect the occurrence of unanticipated events.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The Company's primary market risk exposure has been to changes in interest rates. This risk may be managed by limiting the Company's financing exposures, to the extent possible, by purchasing interest rate caps when deemed appropriate.

At September 30, 2016 and December 31, 2015, the Company's only potential exposure to interest rates was on variable rate based debt. This exposure has historically been minimized through the use of interest rate caps. During the three and nine months ended September 30, 2016 and throughout 2015, the Company did not have any interest rate caps. No debt was outstanding at September 30, 2016 and December 31, 2015. For more information about the Company's debt, see Note 5 to the Company's consolidated financial statements included in this filing.

Reis holds cash and cash equivalents at various regional and national banking institutions. Management monitors the institutions that hold our cash and cash equivalents. Management's emphasis is primarily on safety of principal. Management, in its discretion, has diversified Reis's cash and cash equivalents among banking institutions to potentially minimize exposure to any one of these entities. To date, we have experienced no loss or lack of access to our invested cash or cash equivalents; however, we can provide no assurances that access to invested cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

Cash balances held at banking institutions with which we do business generally exceed the Federal Deposit Insurance Corporation insurance limits. While management monitors the cash balances in these bank accounts, such cash balances could be impacted if the underlying banks fail or could be subject to other adverse conditions in the financial markets.

Item 4. Controls and Procedures.

As of September 30, 2016, the Company carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of September 30, 2016 were designed at a reasonable assurance level and were effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms, and to ensure that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in the Company's internal control over financial reporting during the quarter covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings.

As disclosed in Note 10 to the Company's consolidated financial statements included in this filing, the Company is not a party to any litigation that could reasonably be foreseen to be material to the Company, and the disclosure set forth in such Note 10 is incorporated herein by reference.

Item 1A. Risk Factors.

A wide range of risks may affect our business and financial results, now and in the future; however, we consider the risks described under "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2015, which was filed with the SEC on March 3, 2016, to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, governmental or other factors that could have material adverse effects on our business or future results. See "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Cautionary Statement Regarding Forward-Looking Statements" for additional information.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

On August 30, 2016, the Company's Board of Directors authorized a repurchase program of shares of the Company's common stock up to an aggregate of $5,000,000. Purchases under the program may be made from time to time in the open market or through privately negotiated transactions. Depending on market conditions, financial developments and other factors, these purchases may be commenced or suspended at any time, or from time to time, without prior notice and may be expanded without prior notice. The Company may make purchases pursuant to a trading plan under Securities Exchange Act Rule 10b5-1, permitting open market purchases of common stock during blackout periods consistent with the Company's "Policies for Transactions in Reis Stock and Insider Trading and Tipping."

During the third quarter of 2016, the Company repurchased the following common shares:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
July 1, 2016 to July 31, 2016	—	$ —	—	$ —
August 1, 2016 to August 31, 2016	9,298	$ 19.58	9,298	$ 4,818,000
September 1, 2016 to September 30, 2016	8,829	$ 19.93	8,829	$ 4,642,000

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

On November 3, 2016, Reis Services entered into an amendment to the Revolver with Capital One (the "First Amendment") to (i) permit repurchases of shares of the Company's common stock up to an aggregate of $5,000,000 pursuant to the repurchase program authorized by the Company's Board of Directors on August 30, 2016 and (ii) exclude any cash payments made in connection with the share repurchase program from the calculation of a financial covenant in the Revolver. The description of First Amendment is qualified in its entirety by reference to the text of the First Amendment filed as Exhibit 10.1 to this Report.

Item 6. Exhibits.

Exhibits filed with this Form 10-Q:

Exhibit No.	Description
10.1	First Amendment to Amended and Restated Revolving Loan and Security Agreement, dated as of November 3, 2016, by and among Reis Services, LLC, as Borrower, Reis, Inc., as Guarantor, and Capital One, National Association, as Lender.
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Chief Executive Officer and Chief Financial Officer Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data Files, formatted in extensible Business Reporting Language (XBRL).

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REIS, INC.

By: /s/ Mark P. Cantaluppi
Mark P. Cantaluppi
Vice President, Chief Financial Officer

Date: November 8, 2016

**FIRST AMENDMENT TO AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT**

This FIRST AMENDMENT TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT, dated as of November 3, 2016 (this " Amendment "), is entered into among **REIS SERVICES, LLC** , a Maryland limited liability company, as borrower (" Borrower "), **REIS, INC.** , a Maryland corporation, as guarantor (" Parent ") and **CAPITAL ONE, NATIONAL ASSOCIATION** , a national banking association, as lender (" Lender "). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Loan Agreement (as defined below).

WHEREAS, Borrower, Parent and Lender are parties to that certain Amended and Restated Loan and Security Agreement, dated as of January 28, 2016 (the " Loan Agreement ")

WHEREAS, Borrower and Parent have requested that Lender agree to certain amendments to the Loan Agreement, and, pursuant to Section 15.1 of the Loan Agreement, Lender has agreed to amend the Loan Agreement as herein provided; and

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. **Amendment to the Loan Agreement .** The Loan Agreement shall be amended as follows:

(a) Section 1.1 thereof shall be amended by adding the following definition in appropriate alphabetical order:

" Permitted Share Repurchase Program " means the share repurchase program authorized by the Board of Directors of Parent on August 30, 2016 pursuant to which Parent may, utilizing cash on its balance sheet, repurchase a portion of its Equity Interests from its equityholders in the open market or through privately negotiated transactions up to an aggregate of $5,000,000.

(b) The definition of " Fixed Charge Coverage Ratio " in Section 1.1 thereof shall be amended by adding the following proviso at the end of clause (b) thereof:

provided that this clause (b) shall not include any cash payments made to consummate all or any portion of the Permitted Share Repurchase Program

(c) Section 7.10 thereof shall be amended by (i) deleting the word "and" at the end of clause (b), (ii) deleting the period and adding "; and" at the end of clause (c) and (iii) adding the following new clause (d) at the end thereof:

(d) if the Restricted Payment is being made by Parent from time to time in order to consummate all or any portion of the Permitted Share Repurchase Program.

(d) Article 12 thereof shall be amended by amending the Borrower's notice information set forth therein as follows:

If to Borrower:	Reis Services, LLC	
	1185 Avenue of the Americas, 30 th Floor	
	New York, NY 10036	
	Attention:	Mark P. Cantaluppi
	Facsimile:	(212) 421-7442
	E-Mail:	Mark.Cantaluppi@reis.com

Section 2. **Effectiveness** . This Amendment shall become effective on the date of Lender's, Borrower's and Parent's receipt of executed counterparts of this Agreement, each of which shall be originals or facsimiles or ".pdf" or "tiff" files, properly executed by (i) Borrower, (ii) Parent and (iii) Lender.

Section 3. **Representations and Warranties** . Borrower and Parent hereby represent and warrant as follows:

(a) This Amendment and the Loan Agreement, as amended hereby, constitute legal, valid and binding obligations of Borrower and Parent and are enforceable against Borrower and Parent in accordance with their respective terms, accept as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(b) No Event of Default or Default has occurred and is continuing or would exist after giving effect to this Amendment.

(c) Borrower and Parent have no defense, counterclaim or offset with respect to the Loan Agreement.

Section 4. **Counterparts** . This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or any other electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 5. **Applicable Law . THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE DETERMINED UNDER, GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE OR PERMIT THE LAWS OF ANY OTHER JURISDICTION TO APPLY.**

Section 6. **Headings** . The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 7. **Loan Document** . This Amendment shall be deemed a Loan Document for all purposes of the Loan Agreement and the other Loan Documents. On and after the date hereof, each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," or words of like import referring to the Loan Agreement shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

Section 8. **Effect of Amendment** . Except as expressly set forth herein, this Amendment shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Loan Agreement or any other provision of the Loan Agreement or any other Loan Document. Each and every term, condition, obligation, covenant and agreement contained in the Loan Agreement or any other Loan Document is hereby ratified and re-affirmed in all respects and shall continue in full force and effect and nothing herein can or may be construed as a novation thereof.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

REIS SERVICES, LLC, a Maryland limited liability company

By: /s/ Mark P. Cantaluppi
Name: Mark P. Cantaluppi
Title: Vice President and Chief Financial Officer

REIS, INC., a Maryland corporation

By: /s/ Mark P. Cantaluppi
Name: Mark P. Cantaluppi
Title: Vice President and Chief Financial Officer

CAPITAL ONE, NATIONAL ASSOCIATION,
as national banking association,

By: /s/ Nellya Davydova
Name: Nellya Davydova
Title: Vice President

[First Amendment to Amended and Restated Revolving Loan and Security Agreement]

Exhibit 31.1

**CERTIFICATION PURSUANT TO
17 CFR 240.13a-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lloyd Lynford, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Reis, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2016

By: /s/ Lloyd Lynford
Lloyd Lynford
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO
17 CFR 240.13a-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark P. Cantaluppi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Reis, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2016

By: /s/ Mark P. Cantaluppi
Mark P. Cantaluppi
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of Reis, Inc. (together with its consolidated subsidiaries, the "Company") for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Lloyd Lynford, Chief Executive Officer of the Company, and Mark P. Cantaluppi, Chief Financial Officer of the Company, each certify, to the best of our knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Lloyd Lynford
Lloyd Lynford
Chief Executive Officer
Reis, Inc.

/s/ Mark P. Cantaluppi
Mark P. Cantaluppi
Chief Financial Officer
Reis, Inc.

Date: November 8, 2016

This certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of this Report.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.