

**REBNY**  
Real Estate Board of New York

REBNY Research | 2026

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# The Invisible Engine

# Introduction

This report outlines the outsized role the industry plays in New York City's success and financial health. Real estate is the fiscal bedrock of the city's economy, providing consistent revenue that is key to the quality of life of the City's residents. Importantly, New York City remains one of the most desirable places for people to work, live, and visit.

Amidst changes in the economy and Mayoral administrations, the real estate sector remains the invisible engine of New York City's tax base. Real estate related taxes (RERT) provide more than a third of the City's tax revenue base, and on average about half of locally gathered tax revenue.

New York City's Executive Budget for FY 2027 is \$124.7 billion. This is \$30 billion more than the combined budget of \$96 billion of Boston, Chicago, Dallas, Houston, Miami, Philadelphia, San Francisco and Washington DC. New York City's budget has nearly doubled since 2010 and tax revenue from RERT (\$39.6 billion in FY 2025) has soared 113%. RERT is by far the largest source of City tax revenue, accounting for 49.4% of locally gathered revenue in 2025. This contribution is critical considering how much state and federal grants can fluctuate.

Nearly 90% (\$35 billion) in RERT came from the real property tax (RPT) in FY 2025. Another \$3.6 billion was generated by mortgage recording and transfer taxes (MRT & RPTT), hotel occupancy and commercial rent taxes. PILOT payments and building permits and penalties accounted for \$1.4 billion.

RERT is comprised of the real property tax, mortgage and recording taxes as well as hotel occupancy and the commercial rent tax. The City also receives revenues from fees that come from permitting and filing processes, and from fines related to compliance with local law requirements.

Among this array of taxes, RPT rates were last increased in 2002. However, MRT & RPTT have been expanded or increased multiple times since 2019. This included measures to fund MTA capital improvements. In the last 15 years, The City and State have turned to real estate transactions and mortgage activity multiple times to add additional funds to the MTA's operating budget and Capital Improvement Plan. New York City doesn't run without the subway, and the subway cannot run without real estate.

# Introduction

Real estate is also one of the largest and most reliable pathways for non-college-educated New Yorkers to secure stable, well-paid employment. Whether it is construction supervisors, or specialty trades, this skilled workforce builds our skyline and ensures that existing properties are safe. Similarly, building service workers, property managers and real estate agents keep buildings running and provide critical expertise to renters and homeowners in a challenging and often confusing marketplace.

**2014-2015**

**Reform and alignment.**



In 2014, New York State merged the bank and general corporate tax systems, reducing the Article 9-A rate to 6.5%, eliminating the corporate alternative minimum tax, and moving qualified New York manufacturers to a 0% rate. New York City aligned its system in 2015, adopting an 8.85% rate, or 9% for certain large financial corporations.



**2019**

**Real estate transaction taxes rise sharply.**



In 2019, New York increased transaction taxes on New York City real estate with a 0.25% supplemental transfer tax on commercial transfers of \$2M or more and residential transfers of \$3M or more. It also expanded the “mansion tax” into a graduated structure, starting at 0.25% for transfers from \$2M to under \$3M and rising to 2.9% at \$25M and above.



**2021**

**Higher taxes return.**



In 2021, New York increased the corporate tax rate to 7.25% for businesses with income over \$5M and raised top personal income tax rates to as high as 10.9%.



**2022**

**New York City broadens its tax reach.**



Beginning in 2022, New York City expanded its business corporation tax through an economic nexus rule. Corporations with \$1M or more in city receipts are now taxed even without a physical presence. This extended the city’s tax reach beyond its traditional model.



**2023-2025**

**“Temporary” burdens become more entrenched.**



In 2023, the state extended the 7.25% corporate tax rate through 2027 and increased the Article 9-A MTA surcharge to 30%. Payroll-based business taxes in the MTA region also increased, with the top rate rising to 0.60% in 2023 and 0.895% in 2025 for larger employers with quarterly payroll expenses over \$2.5M.

*\*This report focuses on real-estate related taxes; however, property owners also contribute significantly to both income and corporate finance taxes.*

# REBNY

Real Estate Board of New York

The Real Estate Board of New York (REBNY) is the city's leading real estate trade association representing commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople, and other organizations and individuals active in New York City real estate.

## Acknowledgments

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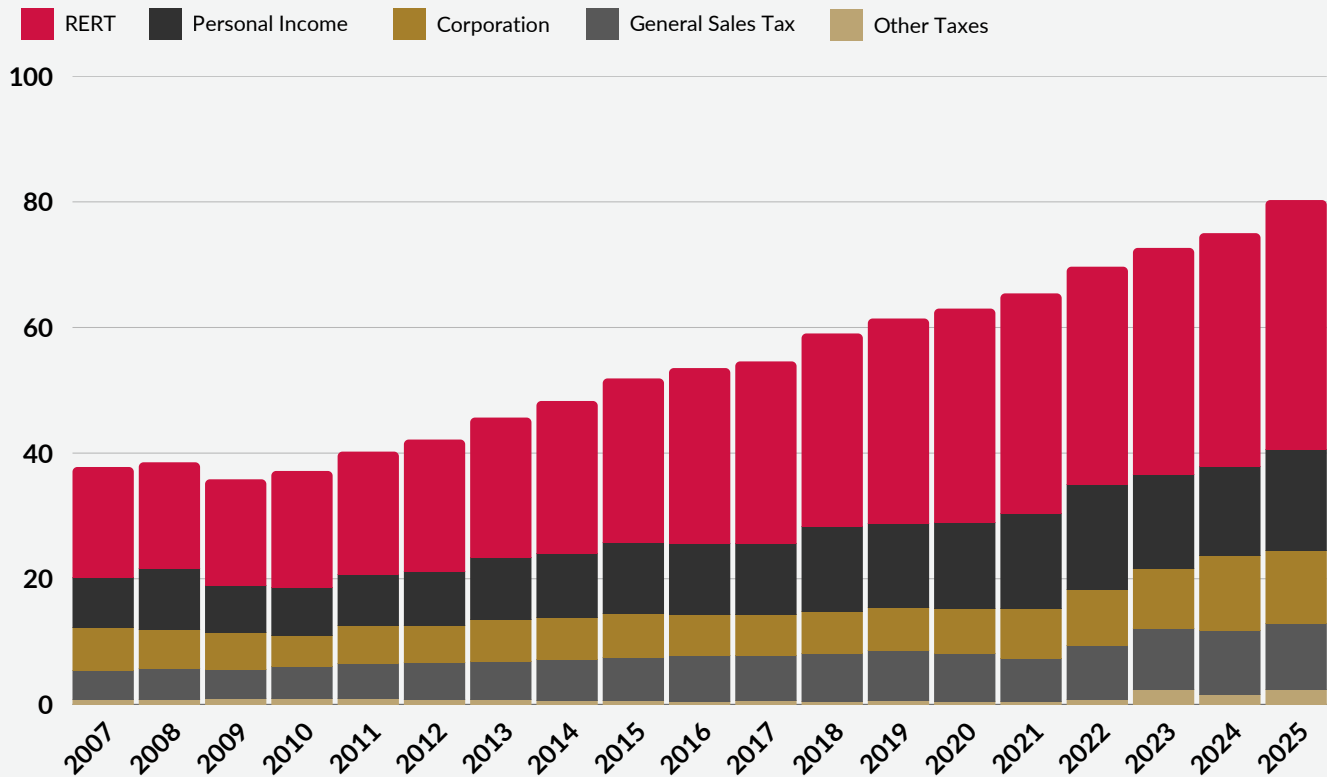
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# Top Source of Local Tax Revenue

## Real Estate Generated \$39 Billion in Local Tax Revenue

New York City’s budget has ballooned from \$63.5 billion in 2010 to \$112.4 billion in Fiscal Year 2025. The Executive FY 2027 budget - \$124.7 Billion - is nearly twice the size of the 2010 total. The constant growth in City expenditures has predominantly depended on real estate as its’ largest source of locally- gathered tax revenue. Since 2010, RERT more than doubled, rising by 113% from \$18.6 billion to \$39.6 billion in FY 2025.

### Sources of Locally Gathered Tax Revenue (in billions)



*The \$39 billion generated by RERT is \$3.5 billion greater than the equivalent of the projected wages and salaries for the City of New York’s municipal workforce of more than 280,000 employees.*

# Powering Economic Mobility Through Accessible Careers

## Real Estate Sector Top Employer for Non-College Educated Workers

Access to well-paying, stable employment is a cornerstone of economic mobility. However, in recent years some of the fastest growing jobs in New York City have been concentrated in the lower-wage sectors of the economy and employment in some well-paying sectors has fallen.

As of January 2026, the unemployment rate for non-college graduates was 7.3%, well above the overall unemployment rate of 5.7%. Research from the Federal Reserve Bank of New York highlights that due to “underemployment” among college graduates - 42.5% of recent grads are underemployed - more of them are also competing for roles that do not require a degree - particularly non-specialized positions like retail.

Importantly, the real estate sector includes high-paying jobs that do not require a college degree; a career in real estate can be a pathway to economic stability and mobility. Construction and real estate account for many of the highest-paying jobs for people without any higher education. With almost 300,000 New Yorkers working in this field, expanding access to these jobs would mean more opportunities for non-college educated New Yorkers to find stable, well-paid employment.

Unfortunately, employment in both the construction and real estate sectors continues to decline. Employment in the construction and real estate sector peaked at 316,600 in 2019 and remains 8.5% below 2019 levels as of year-end 2025. As a percentage of total NYC employment, construction and real estate comprise 5.8% of private jobs, the lowest percentage since 1995. This decline corresponds with the overall deficit in housing production and lack of supply to meet New Yorker’s needs.

*Real Estate and Construction employ 289,600 people, 5.8% of New York City’s 4.8 million workers.*

# Powering Economic Mobility Through Accessible Careers

## Top Paying Careers for Non College-Educated Workers\*

Occupation	Median Wage	Number Employed
Police Supervisors	\$133,678	8,270
Detectives	\$120,506	15,170
<b>Elevator Installation/Repair</b>	<b>\$112,513</b>	<b>9,030</b>
<b>Construction Trade Supervisors</b>	<b>\$105,304</b>	<b>4,530</b>
<b>Control &amp; Valve Installers</b>	<b>\$104,610</b>	<b>6,030</b>
Ad Sales	\$104,460	4,670
Stationary Engineers & Boiler Operators	\$103,116	10,480
<b>Structural Iron &amp; Steel</b>	<b>\$103,287</b>	<b>22,550</b>
<b>Property, Real Estate &amp; Community Assoc Managers</b>	<b>\$101,971</b>	<b>3,480</b>
<b>Real Estate Sales Agents</b>	<b>\$99,182</b>	<b>32,720</b>

\*Wages and employment based on Q1 2024 data.

# Real Estate Revenue is the City's Bedrock

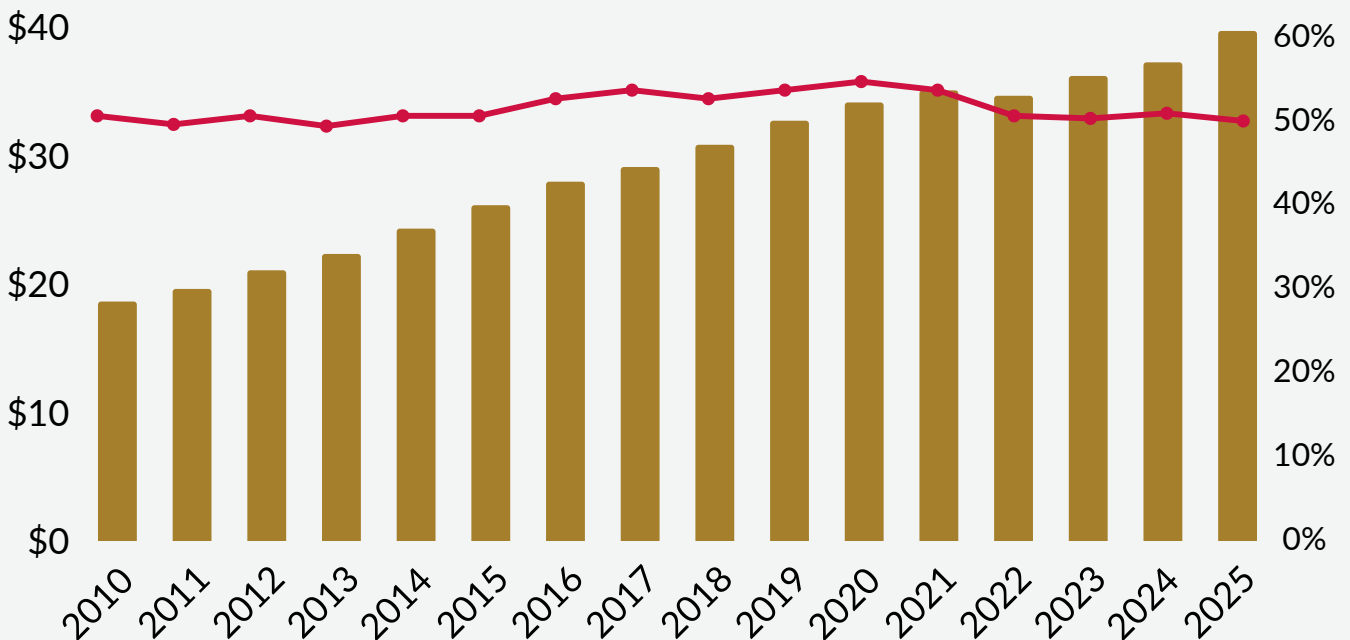
## RERT Totals Reached New Peak in 2025, and Total \$469 Billion Since 2010

Real estate was the largest and most consistent source of tax revenue from 2010 to 2025, providing an average of 51% annually in locally gathered taxes and \$332 billion in property tax levy since 2015.

With an Executive Budget of \$124.7 Billion in Fiscal Year 2027, the City's budget will have nearly doubled since 2010. Future city budgets depend on continued growth in RERT.

The Mayor's Financial Plan in particular forecasts property tax revenue to exceed \$40 billion for the first time ever by FY 2030 .

*Real Estate Related Taxes (in billions)*



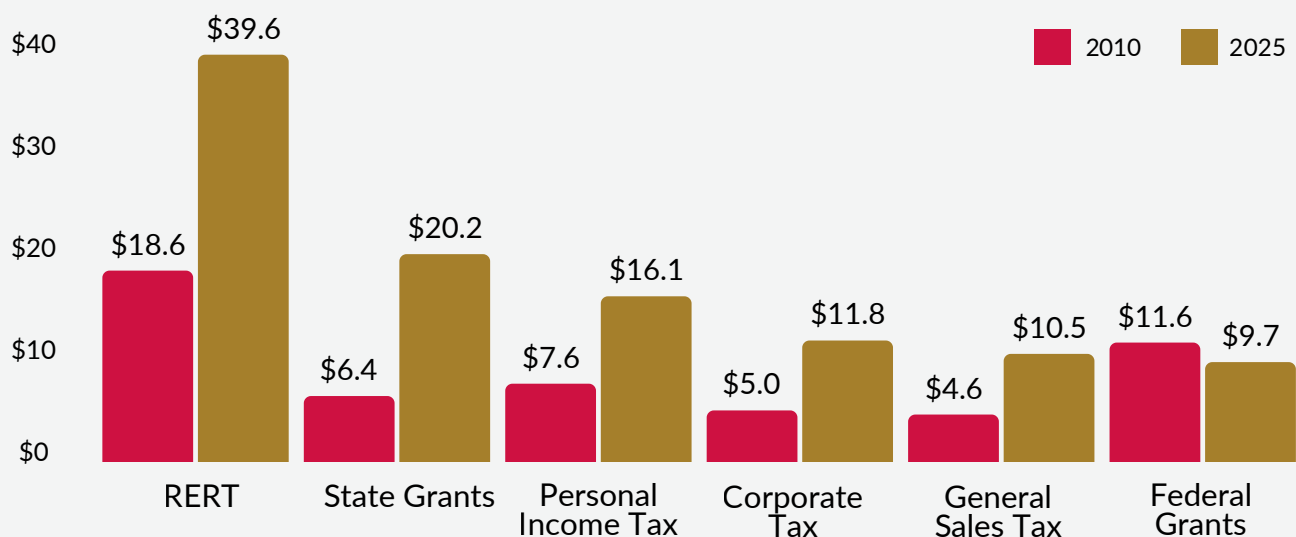
# Taxpayers are Mobile, Property Tax Revenues are Not

The recent growth in city budgets has also depended on record personal income tax (PIT) revenues, as well as emergency funds from the federal and state government. These sources can be volatile or temporary. Since 2010, for example, PIT fell in four different years and rose by less than 2.0% in three other years.

While properties can not relocate, taxpayers, either businesses or individuals can. Recent reporting from the Citizens Budget Commission (CBC) highlights that New York lost \$14 billion in adjusted gross income between 2018 and 2022 to Florida alone. A disproportionate number of those relocating were among higher-income tax brackets. Proposals to increase the top income tax rate in New York State to 11.4% and as well as a 2% hike on NYC residents earning over \$1 million could spur more relocations.

In the absence of more extensive reduction in New York expenditures, a potential loss of personal income tax revenue would also shift the burden to other sources. While taxes from property transfers, mortgage activity and hotel occupancy can be volatile, revenue from assessments are very stable. As a result, RERT has fallen only once since 2010, with no years of growth less than 2.0%.

**Top Source of Funds in Billions (2010 compared to 2025)**



*\*Personal income taxes remain particularly vulnerable to fluctuations in Wall Street revenues and changes to pass-through entity taxes. The long-term loss of higher-income households to lower-tax states and loss of electoral votes to other states such as Florida and Texas poses a long-term threat.*

# Commercial Properties Evolve, But Still Anchor New York City

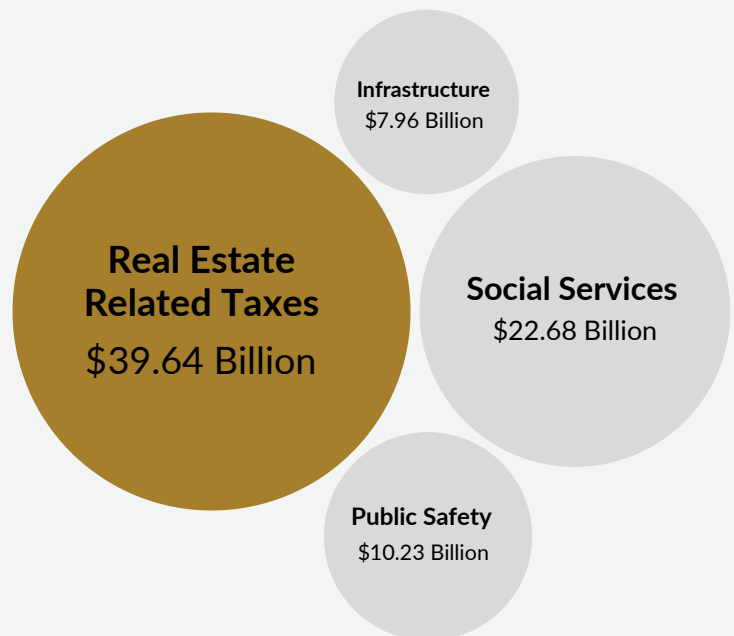
## Commercial Real Estate Accounted for 77% of the City’s Property Tax Levy\*

Class 4 properties include office, retail, hotels, and factories. This property class accounted for \$14.2 billion in property tax levy – 38.5% of the total property levy during FY 2025, and the second-largest portion among the four property classes. This \$14.2 billion in revenue from Class 4 exceeds the equivalent of multiple operational budgets for several city agencies, including DOT, DHCR, DEP and NYPD.

The property tax levy for multifamily housing, Class 2, totaled \$14.4 billion in FY 2025, 39.1% of the entire property levy and just above Class 4 totals. Class 4 and Class 2 are combined account for 78% of the City’s tax levy. Taxable billable value of all properties (the property value once transitional values and exemptions are accounted for) rose by \$17.2 billion in the FY 2026/2027 tentative roll. Tax Class 2 and Class 4 account for 88% of that growth.

*\*FY 2025/2026 Taxable Billable Revenue*

## RERT Revenue Exceeds FY 2025 Expenses of:



<b>Class 1</b>	One-to-three residential unit properties
<b>Class 2</b>	Properties with more than three units
<b>Class 3</b>	Utility properties
<b>Class 4</b>	All other real property, including offices, factories, stores, hotels, and lofts.

*Class 2 and Class 4 accounted for 78% of the city’s property tax levy from 2019 to 2025.*

*Class 4 properties have contributed more than \$224 billion in tax levy since 2000.*

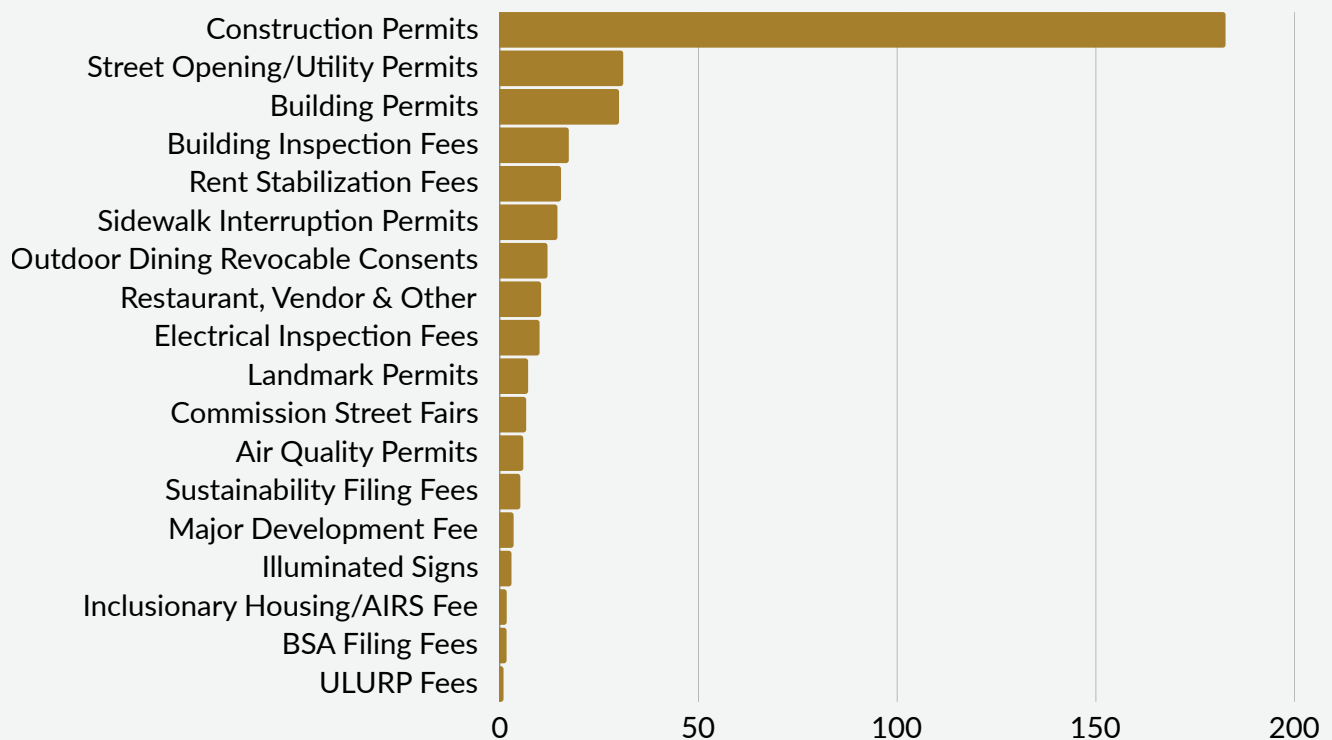
# Real Estate Permits & Fees

## Real Estate Permit & Filing Fees Exceed \$600 Million

Taxes aren't the only source of budget funding from real estate. In early 2026, OMB reported an estimated \$1.77 billion in revenue from permit fees and fines. Among the 78 different fees and fines, real-estate related fees account for 23 ranging from a penalty for late RPTT or RPIE payments or fees for landmark and sidewalk interruption permits. Real estate related fees and fines totaled \$606 million, more than 34% of the \$1.77 billion. Construction permit fees account for more than \$180 million of this total.

Completing a new building is a multi-year process that involves multiple applications, as well as filing and inspection fees totaling \$235 million—even before construction begins. The revenue generated from fees and fines are far smaller than the total taxes generated by real estate, yet they still surpass the New York City public library system's planned Fiscal Year 2026 budget of \$527.1 million by more than 10% and nearly match the Department of Parks and Recreation's \$650.8 million annual budget.

### Fees, Fines, and Payments in FY 2025 (in millions)\*



\*Chart shown does not display 17 other fines and fees.

# Real Estate Drives the MTA

## RERT Maintain the Lifeblood of the City

The subway and rail lines keep New York City rolling as an economic powerhouse and global tourist destination. The NYC subway moves an average of 4 million people each day, with approximately 25% of those headed to work. To function, the MTA depends on certain revenue sources to finance its operations and capital needs. Although New Yorkers face a high cost of living, they average a lower transportation cost burden thanks to the lowest car ownership rates in the country.

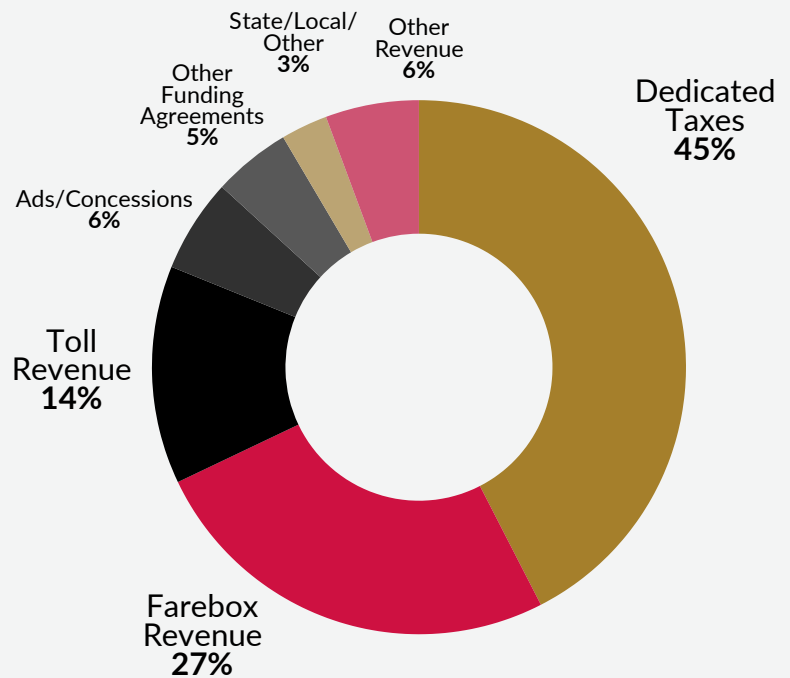
When trains shut down, life in New York City grinds to a halt, and real estate taxes play an important role in keeping it moving. RERT are supplied to the MTA operating budget in the form of a portion of the Real Property Transfer Tax (RPTT) and the Mortgage Recording Tax (MRT).

The MRT provided \$350 Million in actual 2024, projected to rise to \$412 million in 2025. Revenue from MRT has exceeded forecasts in recent months, helping to offset farebox revenues that have been slightly below projections.

RERT also supports the MTA's capital spending. In the 2020 Capital Plan, \$5 billion in real estate transfer taxes were dedicated to the MTA's Capital Lockbox.

These funds, which come from the 2019 mansion tax surcharge, provide vital support to ensure the MTA's 120-year system remains in good repair while also expanding the system's coverage.

### MTA Revenue Sources (Fiscal Year 2025)



*Between 2024 and 2026, Mortgage Recording Tax and Transfer Tax revenue is forecasted to drop by \$800 million.*

# Sources and Methodology

New York City Comptroller, Annual Comprehensive Financial Report (ACFR), October 2025

New York City Comptroller, Popular Annual Financial Report, November 2025

New York State Department of Labor, Occupational Employment and Wage Statistics, 2025

## Acronyms

**RERT** = Real Estate Related Taxes

**RERT** Includes:

- RPT = Real Property Taxes (Assessments)
- RPTT = Real Property Transfer Tax
- MRT = Mortgage Recording Tax
- HRO = Hotel Room Occupancy
- CRT = Commercial Rent Tax
- PILOT = Payment in Lieu of Taxes

