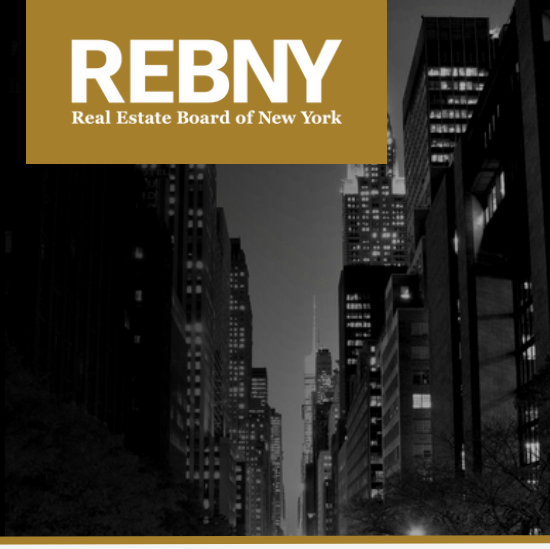
REBNY
Real Estate Board of New York

REBNY Research | 2025

The Invisible Engine

REBNY
Real Estate Board of New York



Introduction

With eight million people across the five boroughs, and six percent of Americans residing in the larger metro area, New York City is a powerhouse of the region, the country, and the world. Be it a company, resident, student, or tourist – people want to work in, live in, and visit New York City. Funding the services and programs that draw businesses and visitors to the city requires a reliable and diverse tax base.

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 collection, and on average about half of locally gathered tax revenue. New York City's $110 billion budget has nearly doubled since 2010, and tax revenue from RERT has kept pace. This steady contribution is critical considering how much state and federal tax grants can fluctuate.

RERT are comprised of property assessment levies, mortgage and recording taxes, hotel occupancy taxes, and fines and fees that come from permitting and filing processes.

RERT is by far the largest source of city tax revenue, accounting for 49% of locally gathered revenue in 2024, and is expected to reach 50% (again) in 2025. Total tax revenue from RERT totals $37 billion just in 2024 alone.

The sector doesn't only fund the budget and general fund - it also powers the MTA. With congestion pricing facing federal opposition, and other sources of funding unclear, real estate is foundational to funding 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.

Additionally, real estate is one of the largest and most reliable pathways for non-college-educated New Yorkers to secure stable, well-paid employment. Whether it is building service workers, construction supervisors, property managers, or architects, these workers ensure that buildings are safe and functional for the millions of residents and workers flow in and out every day.

Despite the economic trauma wrought by the pandemic, real estate is still the financial bedrock of the city's economy. This report lays bare the outsized role that the industry plays in keeping New York City running.

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
Keith DeCoster
Erin Garrett
Zach Steinberg

Contents

The Top Source of Revenue 3

The Pathway to Middle Class 4

Real Estate Revenue is the City's Bedrock 5

Commercial Properties Evolve, But Still Anchor New York City 6

Fees, Fines, and Funding 7

Real Estate Drives the MTA Capital Plan 8

Conclusion 9

Appendix 10

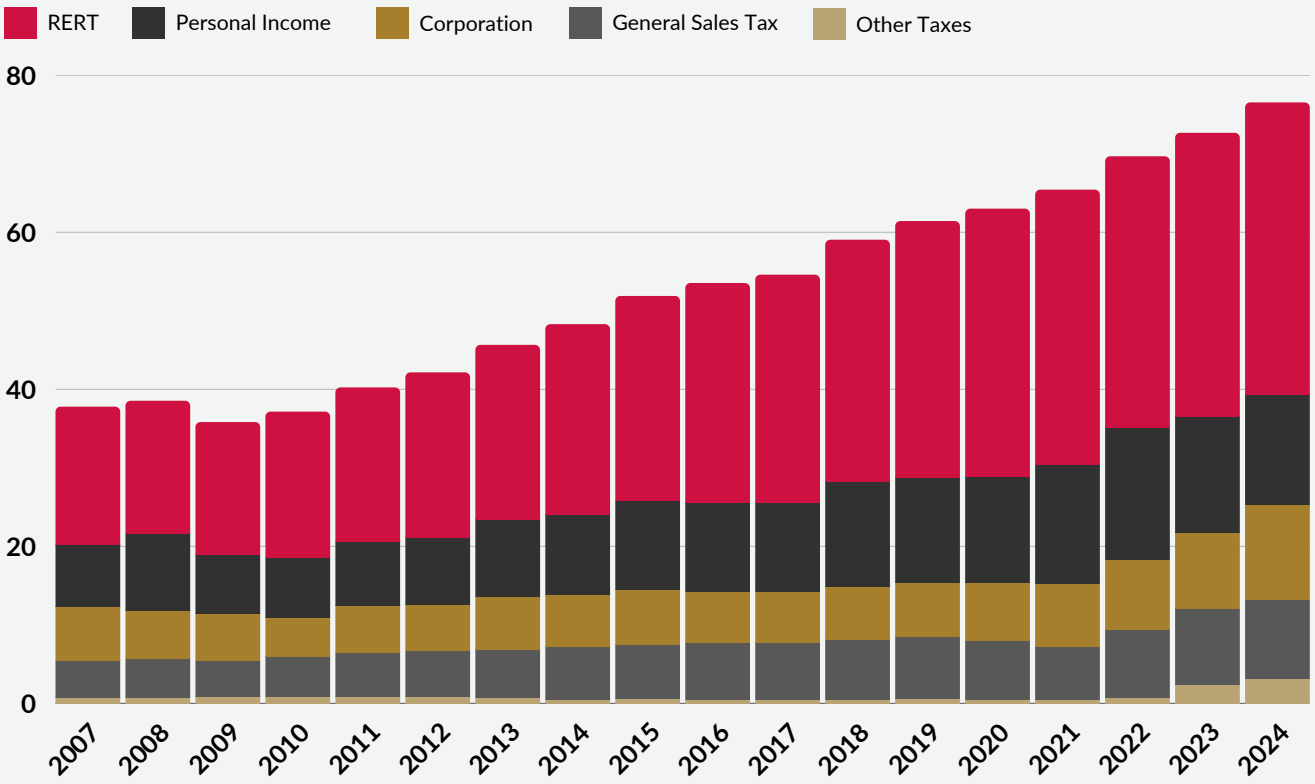
REBNY
Real Estate Board of New York

The Top Source of Local Tax Revenue

Real Estate Generates $37 Billion in Tax Revenue

New York City's budget has ballooned from $58.9 billion in 2010 to $112.4 billion in 2025. That 89% increase relied in part on its largest source of locally gathered tax revenue – real estate. In that same period, real estate related taxes (RERT) doubled from $19 billion to $37 billion. This is by far the largest source of tax revenue for New York City, despite facing multiple challenges since 2010.

Sources of Locally Gathered Tax Revenue (in billions)



The $37 billion generated by RERT covers the annual city government wages and salaries for 280,000 workers, with $5 billion left to spare.

REBNY
Real Estate Board of New York

The Pathway to the Middle Class

Powering Economic Mobility Through Accessible Careers

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.

Meanwhile, real estate and construction remain an important career pathway for multiple income levels, including high-paying jobs that do not require a college degree. Six of the top ten highest-paying jobs for those without any higher education are in real estate and construction. 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 the construction sector is down, slipping to its lowest level since 2016. With overall housing construction near its lowest levels in recent years and a glut of underutilized Class B and C office space, construction jobs are harder to come by. Since 2019, construction employment has dropped 19%. As former Deputy Mayor Dan Doctoroff said, "In order to be a prosperous city, a city must grow." Expanding the number of as well as access to well-paid, stable jobs is key to ensuring the prosperity reaches all New Yorkers.

Top Paying Careers for Non College-Educated Workers*

Occupation	Median Wage	Number Employed
Police Supervisors	$126,545	8,270
Retail Supervisors	$115,846	15,170
Detectives	$115,073	9,030
Elevator Installation and Repair	**$114,971**	**4,530**
Real Estate Sales Agents	**$107,486**	**6,030**
Control and Valve Installers	**$103,928**	**4,670**
Property, Real Estate, and Community Association Managers	**$98,450**	**10,480**
Ad Sales	$96,394	22,550
Structural Iron and Steel	**$95,633**	**3,480**
Construction Trade Supervisors	**$91,492**	**32,720**

**Wages and employment based on Q1 2024 data.*

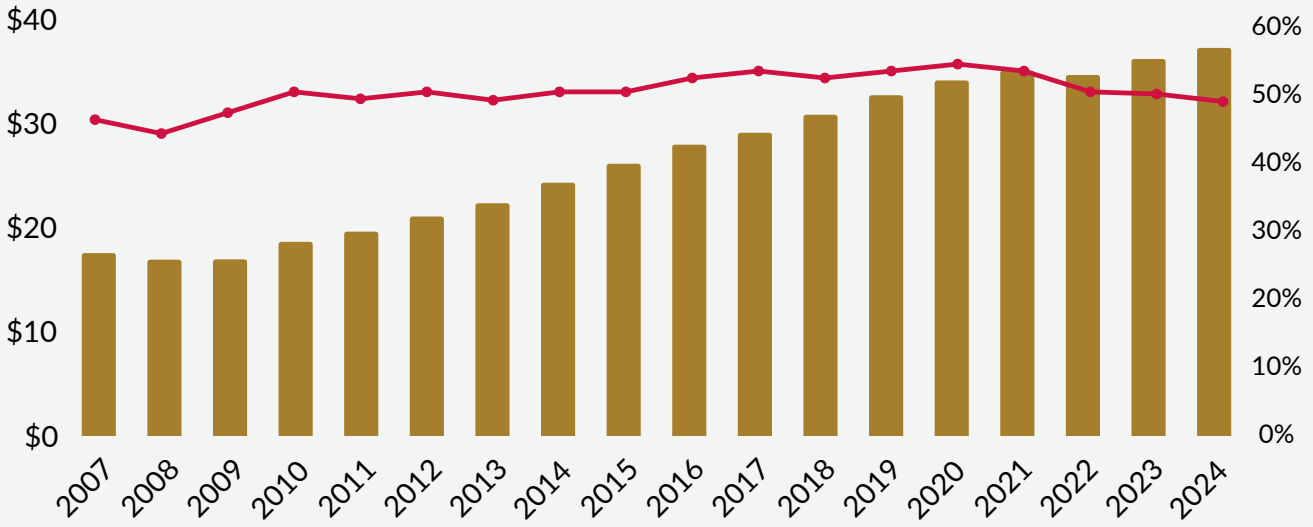
Real Estate and Construction employ 297,500 people, 6.1% of New York City's 4.8 million workers.

Real Estate Revenue is the City's Bedrock

RERT Totals Reached a New High in 2024, and Total $429 Billion Since 2010

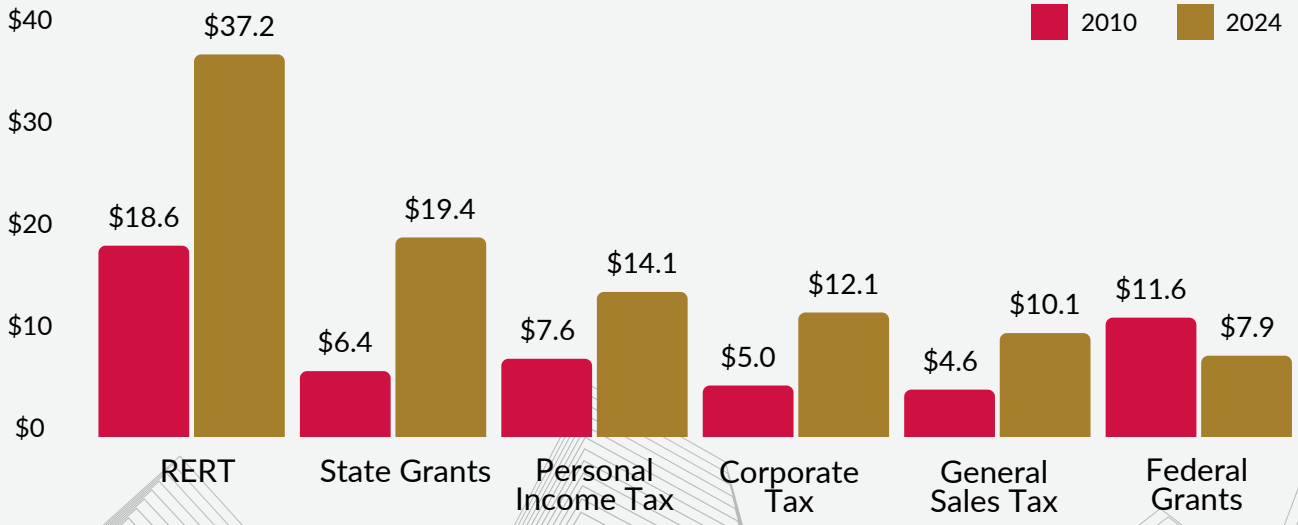
The city budget essentially doubled in the last fifteen years. During that same period, real estate was the largest and most consistent source of tax revenue, providing an average of 51% annually in locally gathered taxes and $429 billion over that span.

Real Estate Related Taxes (in billions)



This heavy lifting by the industry is expected to continue, with RERT projected to exceed $40 billion in FY 2025. That amount will bring RERT's share in line with historic levels. This was the first fiscal year since 2013 that RERT did not account for 50% of locally gathered tax revenue.

Top Source of Funds in Billions (2010 compared to 2024)



REBNY
Real Estate Board of New York

Commercial Properties Evolve, But Still Anchor New York City

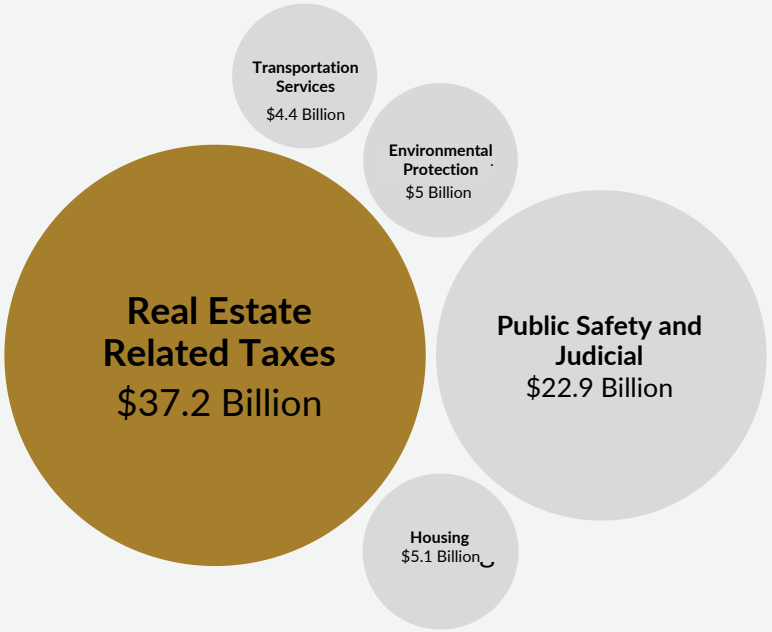
Commercial Real Estate Accounts for 82% of Property Taxes*

When it comes to the property taxes in New York City, Class 4 properties, which include office, retail, hotels, and factories, account for $13.1 billion in property tax levy. Despite the continued evolution of the office market, Class 4 remains the largest contributor to tax revenue. This $13.1 billion in revenue from Class 4 alone is enough to cover multiple operational budgets for several city agencies, including DOT, DHCR, DEP, and the NYPD.

Multifamily housing, Class 2, is also a key component of the property tax base, contributing $13 billion in property tax levies. With a growing budget, both multifamily and Class 4 property help to keep the city's budget viable. The taxable billable value of all properties rose by $12 billion in the 2025/2026 tentative roll. Tax Class 2 and Class 4 account for 80% of that growth.

**FY 2025/2026 Taxable Billable Revenue*

RERT Will Cover the FY 2024 Expenses of:



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

Class 2 and Class 4 properties accounted for 76% of the city's property tax levy from 2019 to 2024. Total tax collected from Class 2 and 4 during this period was $82.3 billion.

Class 4 properties have contributed more than $200 billion in tax levy since 1980.

REBNY
Real Estate Board of New York

Fees, Fines, and Funding

Real Estate Fees and Fines Reach Over $650 Million

Taxes aren't the only source of budget funding from real estate. In 2025, fees and fines collected from the real estate industry totaled over $650 million. One of the largest single sources of these is construction permit fees, but collections from permit filings and fines account for two-thirds of the total amount.

As an industry that works through regulations, approval periods, numerous permit filings, and project timelines that span many years, real estate is a vast source of income for the city. While these fines and fees do not total nearly as much as the taxes that real estate contributes, these fees provide a consistent revenue stream for various agencies and coffers in New York City and remains a vital source of funding for city government. These collections are enough to cover the operation of the entire New York City public library system with much to spare, or the Department of Parks and Recreation's annual budget.

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

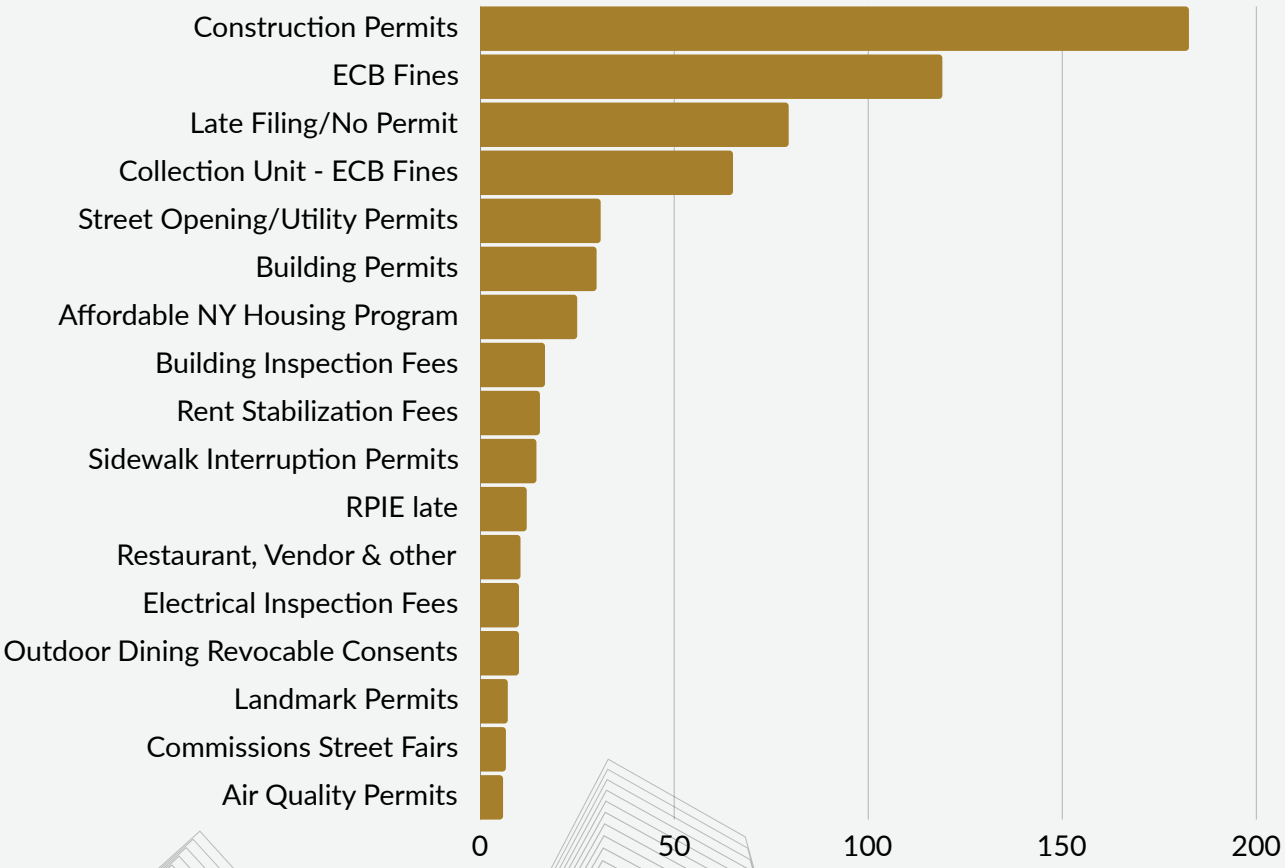


*Chart shown does not display 17 other fines and fees.

Real Estate Drives the MTA

RERT Maintains the Lifeblood of the City

The subway and rail lines keep New York City rolling as an economic and cultural hub. To function, it relies heavily 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.

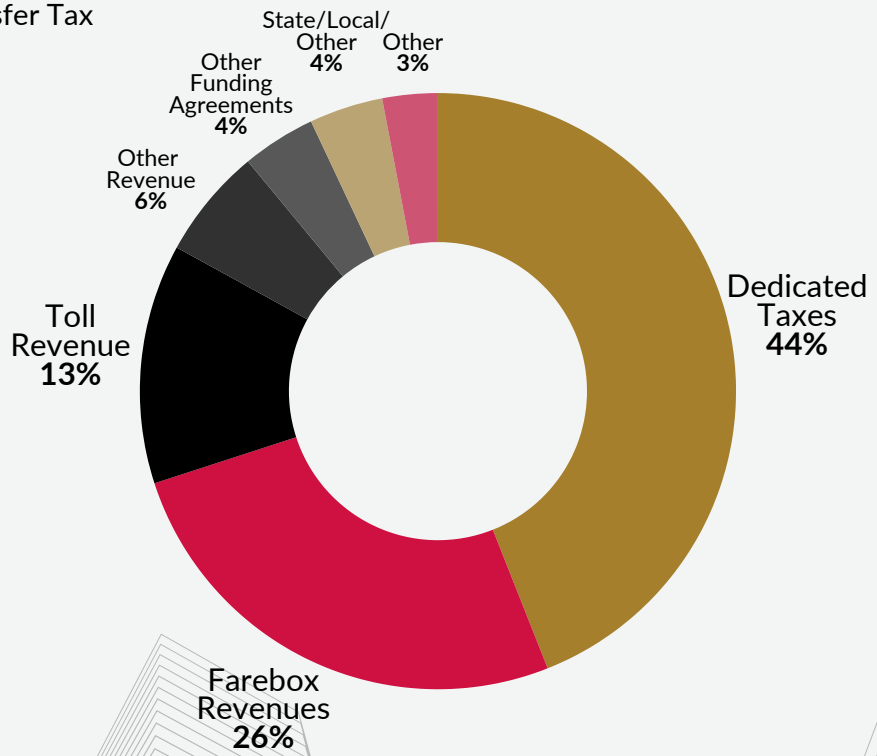
If the trains stop, New York stops, and real estate taxes play an important role in keeping it moving. RERT are supplied to the operating budget in the form of the Real Property Transfer Tax, which provided $213 million to Urban Taxes in 2024, which consists of the Mortgage Recording Tax (MRT) and the Real Property Transfer Tax (RPTT).

RERT also support 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 provide vital support that is needed to help the system remain in good repair and expand.

The property sales and mortgage issuance that fund those aspects of the Capital Plan have been down significantly in recent years. This has led to a shortfall in funds for the MTA. While transfer taxes in 2024 exceeded one billion for the twelfth consecutive year, they are down 41% from 2022. MRT are also down 55% from that same year.

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

MTA Revenue Sources (Fiscal Year 2024)



Conclusion

Real estate makes up more than just the skyline, it's the economic engine of New York City. The industry employs hundreds of thousands of New Yorkers, has historically contributed half of all locally gathered taxes, and helps to fund the MTA. All of this makes real estate the invisible engine of the city, ensuring city departments are funded, subway improvements are made, and seeing that New Yorkers have reliable pathways to middle class careers.

In the coming years, RERT are projected to rise to more than $40 billion per year. That is critical to the locally gathered revenue the city depends on and funds many priorities. In the last 15 years, the city has survived two of the largest downturns in the last century. During both corrections, the city was fortunate to receive strong financial support at the state and federal levels. Additionally, strong corporation and local income growth buoyed corporate and income tax revenues. It hasn't been since the 1980s that multiple tax revenue sources, federal funding, corporate taxes and income growth all plummeted at the same time.

Through thick and thin, real estate taxes have been a critical component in keeping New York City funded. But this funding cannot be taken for granted, and strictly relying on it to fill future revenue gaps could overheat the engine. As seen with shortfalls in transfer taxes and mortgage taxes due to unexpected declines in office property values, the real estate industry is, despite its resilience, also facing long-term adjustments. These changes have ripple effects on the rest of the city and financial implications for the MTA.

Real estate, as a slow-moving industry, often needs support via smart policymaking to ensure the market has the flexibility to weather changes in the economy, politics, and cultural shifts. As Lew Rudin once said, "what's good for New York City is good for the real estate industry."

Market Health	Efficiency	Smart Investment	Resilience
Support adaptive reuse, predictable regulations, and incentives for underutilized properties to sustain a dynamic real estate market.	Streamline ULURP, permitting, and approvals to reduce delays, lower costs, and improve development speed and transparency.	Enhance tax incentives to reflect high development costs, encourage mixed-use projects, and attract private capital effectively.	Diversify tax revenue sources and modernize property tax structures to ensure long-term fiscal stability and economic adaptability for New York City.

Sources

New York City Comptroller, Annual Comprehensive Financial Report (ACFR), October 2024

New York City Comptroller, Popular Annual Financial Report, November 2024

New York State Department of Labor, Occupational Employment and Wage Statistics, 2024