



NEW YORK CITY COMPTROLLER  
**BRAD LANDER**

# New York by the Numbers

## Monthly Economic and Fiscal Outlook

**By NYC Comptroller Brad Lander**  
**Francesco Brindisi**, Executive Deputy  
Comptroller for Budget and Finance  
**Krista Olson**, Deputy Comptroller for Budget  
**Jonathan Siegel**, Chief Economist  
**Jason Bram**, Director of Economic Research

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1 Centre Street, New York, NY 10007  
(212) 669-3916 | [www.comptroller.nyc.gov](http://www.comptroller.nyc.gov)





# Contents

<b>A Message from the Comptroller .....</b>	<b>1</b>
<b>The U.S. Economy .....</b>	<b>5</b>
<b>New York City Economy .....</b>	<b>5</b>
Payroll Employment & Industry Trends.....	5
Labor Market Trends.....	6
Population .....	8
Residential Real Estate .....	8
Office Market .....	10
Transportation and Congestion Pricing .....	10
Inflation.....	11
Homelessness & Asylum Seekers .....	12
<b>City Finances .....</b>	<b>13</b>
FY 2026 Preliminary Budget and January Plan .....	13
Property Taxes .....	15
Property Tax Delinquencies .....	15
Real Estate Transaction Taxes .....	16
Bonus Season .....	17
New York State Executive Budget .....	18
New York City's Cash Balances .....	20

# A Message from the Comptroller

Dear New Yorkers,

If you looked only at economic indicators, you might not think anything is out of the ordinary.

NYC's economy continued to expand at a moderate pace. The office market continued to heal. The city's population seems to be on the rebound. Tax revenues are meeting our expectations, (fueled by a hefty increase in end-of-year bonuses, and a growing property tax roll).

The initial data on congestion pricing shows that the program is working as intended: travel times into and through the congestion zone are down, and transit usage is up. Cleaner air, less traffic, and funding for the subway system, a deal that everyone should be happy with.

Even the Mayor's Preliminary Budget has all-too-familiar traits: implausibly low expenditure projections in key areas, exaggerated costs for asylum seekers, funding gaps for early childhood education, and no deposits in reserves.

Alas, those familiar indicators contrast harshly with the chaos unleashed by the Trump administration – and the echoes at City Hall. What we are seeing is worse than feared in our [November](#) and [December](#) reports: purges, mass layoffs, dismantling entire agencies, attacks on Congress and the courts, erratic tariff announcements, imperialist foreign policy – and ordering local prosecutors to do their bidding. All couched in cultural revolution-inspired rhetoric.

My office will continue to do everything in our power to protect New Yorkers. Earlier this week, we convened a roundtable with the NY Attorney General, City Council Speaker, Public Advocate, and the Partnership for NYC to discuss the economic impacts of mass deportation with business, labor, and community leaders. We published new data on the [risks to Medicaid](#) and the [threat of funding freezes to human services providers](#).

This month's [Spotlight](#) tells the same tale: We look at significant improvements in the number of “unbanked” households in New York over the past decade. One big reason: the work of the federal Consumer Financial Protection Bureau. Sadly, over the weekend, Trump ordered the CFPB – which has secured over \$20 billion for American households since it was created – to send its employees home, close its doors, and cease nearly all activity.

We'll keep watching the numbers – and what's happening on the ground, too.



Brad

# Highlights

- The U.S. saw moderate job growth in January, following solid gains in November and December. Job growth during 2023 and 2024 was revised down somewhat with the release of annual benchmark revisions. The U.S. unemployment rate edged down to an 8-month low of 4.0% in January, and wage growth picked up somewhat.
- In NYC, employment has been flat outside the Health & Social Assistance sector, but upcoming revisions are expected to show job gains to be a bit more broad-based. The share of adult residents with jobs dipped in December but is still near a record high.
- Statewide population estimates for 2024, released last December, suggest that New York City's population bottomed out in 2022 and has risen in each of the past two years, though it remains below pre-pandemic levels. NYC data are due for release in March.
- New York City's office market has continued its gradually improving trend in January—in contrast with most other major cities—with availability rates falling to 4-year lows.
- While it is too early to assess any long-term effects, congestion pricing appears to have led to a pickup in transit ridership and quicker travel times for vehicles entering and traversing the southern half of Manhattan.
- The number of asylum-seekers in City shelters continued to trend down in January and at a quickening pace, while the number of people in shelter who are not asylum-seekers was little changed. The decline in NYC shelter entrants is consistent with, and likely related to, the decline in southern U.S. border encounters since June.
- Incoming tax revenue data largely confirms the [projections we published in December](#). However, the new property tax roll shows stronger growth than we had expected and will generate additional revenues in FY 2026 and beyond. On the other hand, property transfer taxes, including mortgage recording tax, have been sluggish.
- Annual bonuses, mostly paid out in December through March and most prominently in the Finance sector, are tracking to be up nearly 25% from last season.
- The headcount of city employees has increased modestly over the past six months but remains about 5% below plan.

## Spotlight

### The Unbanked

This month's spotlight focuses on access to banking and consumer credit in New York City. We explore which groups lack sufficient access to the banking system, their use of high-cost non-bank financial services, and recent regulatory and technological developments in the consumer financial industry.

Read more at:

[comptroller.nyc.gov/access-to-banking](https://comptroller.nyc.gov/access-to-banking)

## Federal Funding Tool

Last week, the Comptroller's Office released a new tool that tracks the extent to which the City's social and human services programs are funded by federal dollars. Within the City's Financial Plan, approximately \$8 billion of non-emergency federal funds is budgeted for City agencies, with over half of that funding allocated to social services agencies. These agencies contract with nonprofit organizations for many services that are partially supported by federal funds. This dataset indicates what share of a program budget is federally funded and whether that program includes contracted services.

Read more at:

[comptroller.nyc.gov/federal-funding](https://comptroller.nyc.gov/federal-funding)

# In Case You Missed It

Over the past month, the Comptroller's Office released the following announcements on the state of NYC's economy and finances:

- [Statement from NYC Comptroller on Mayor Adams' FY 26 Preliminary Budget](#)
- [Statement by Comptroller Lander on President Donald Trump's Executive Order](#)
- [NYC Comptroller Response to Trump Freezing Federal Aid & Grants](#)
- [NYC Comptroller Responds to Reversal of Trump Memo Freezing Federal Aid & Grants](#)
- [9-out-10 Human Services Contracts Arrive Late to Comptroller for Review](#)
- [Comptroller Lander Declines to Register ShotSpotter Contract Renewal](#)
- [New Comptroller Tool Demonstrates How Trump's Funding Freezes Could Impact NYC's Human Services](#)
- [Fiscal Note: Risks of Medicaid and other NY State Healthcare Programs](#)

# The U.S. Economy

- Real GDP (Gross Domestic Product) grew at a 2.3% annual rate in the 4<sup>th</sup> quarter—slightly below expectations and down from 3.1% in Q3. Consumer spending accelerated in Q4, but this was more than offset by a drop-off in business fixed investment and some drawdown in inventories.
- The U.S. saw a moderate job gain of 143K in January, following solid—and upwardly revised—gains in November (+261K) and December (301K). Annual benchmark revisions show that job creation was moderately slower in 2023 and slightly slower during 2024 than initially estimated. The U.S. unemployment rate edged down to an 8-month low of 4.0% in January, with labor force participation little changed. Average hourly earnings accelerated somewhat in January, rising 0.5% and climbing 4.1% from a year earlier.
- The CPI (Consumer Price Index) rose 0.4% in December, following a 0.3% rise in November, and was up 2.9% over the preceding 12 months. However, core inflation (exc. food and energy) slowed in December, with prices up 0.2% for the month and 3.2% from a year earlier.
- One major risk to the U.S. outlook pertains to an expansion in tariffs and the extent to which they roil the financial markets, raise inflation, and/or precipitate a trade war.

## New York City Economy

### Payroll Employment & Industry Trends

- New York City private-sector employment rose moderately (+3,400) in December, following an upwardly-revised gain of 2,700 in November. Employment has continued to trend upward but at a more modest pace than in the first half of last year. It is currently up 78K (1.9%) from a year ago.
- Job creation continues to be almost entirely concentrated in Health & Social Assistance, where employment is up 81K (8.5%) over the past 12 months.
- Otherwise, the only sectors showing any significant 12-month job gains have been Leisure & Hospitality (+16K) and Transportation & Warehousing (+7K).
- Over the past 12 months, Information (-11K) and Construction (-10K) have seen the steepest job losses, though these declines are expected to be largely revised away when data are re-benchmarked in March.

**Table 1: Seasonally Adjusted NYC Private Employment, by Industry ('000s)**

(1,000s)	Seasonally Adjusted NYC Employment					December 2024 Change from			
	Feb. '20	Dec. '23	June '24	Nov.'24	Dec.'24	Feb. '20	Dec. '23	June '24	Nov. '24
Total Non-Farm	4,702.5	4,687.6	4,753.6	4,768.4	4,771.0	68.5	83.4	17.4	2.6
Total Private	4,108.0	4,119.9	4,174.7	4,194.2	4,197.5	89.5	77.6	22.8	3.4
Government	594.5	567.7	578.8	574.2	573.5	(21.0)	5.8	(5.4)	(0.8)
Financial Activities	487.1	504.1	502.5	500.9	501.3	14.2	(2.8)	(1.2)	0.4
Securities	182.6	198.8	195.0	193.9	193.8	11.2	(5.0)	(1.2)	(0.1)
Information	229.2	215.3	211.1	207.2	204.3	(24.9)	(11.0)	(6.8)	(2.9)
Prof. and Bus. Serv.	781.2	796.5	798.8	793.6	791.9	10.8	(4.5)	(6.9)	(1.7)
Educational Services	256.4	253.9	255.1	255.3	255.2	(1.2)	1.3	0.1	(0.1)
Health & Soc. Assist.	823.5	953.2	996.5	1,027.4	1,034.0	210.4	80.8	37.4	6.6
Leisure and Hospitality	470.1	436.5	451.6	453.1	455.9	(14.2)	19.4	4.3	2.8
Arts, Ent., and Rec.	95.7	86.1	91.0	88.3	89.7	(6.0)	3.5	(1.4)	1.3
Accomm. & Food Svc.	374.4	350.4	360.6	364.8	366.3	(8.2)	15.8	5.7	1.5
Retail Trade	346.1	300.5	300.2	297.5	297.0	(49.0)	(3.5)	(3.1)	(0.5)
Wholesale Trade	139.8	130.5	130.7	132.2	131.9	(7.9)	1.4	1.1	(0.4)
Trans. & Warehousing	134.9	132.7	135.0	139.2	139.2	4.3	6.5	4.2	(0.0)
Construction	162.6	140.7	136.8	132.2	131.2	(31.4)	(9.5)	(5.6)	(1.0)
Manufacturing	66.0	57.6	56.9	56.2	56.3	(9.7)	(1.3)	(0.6)	0.1

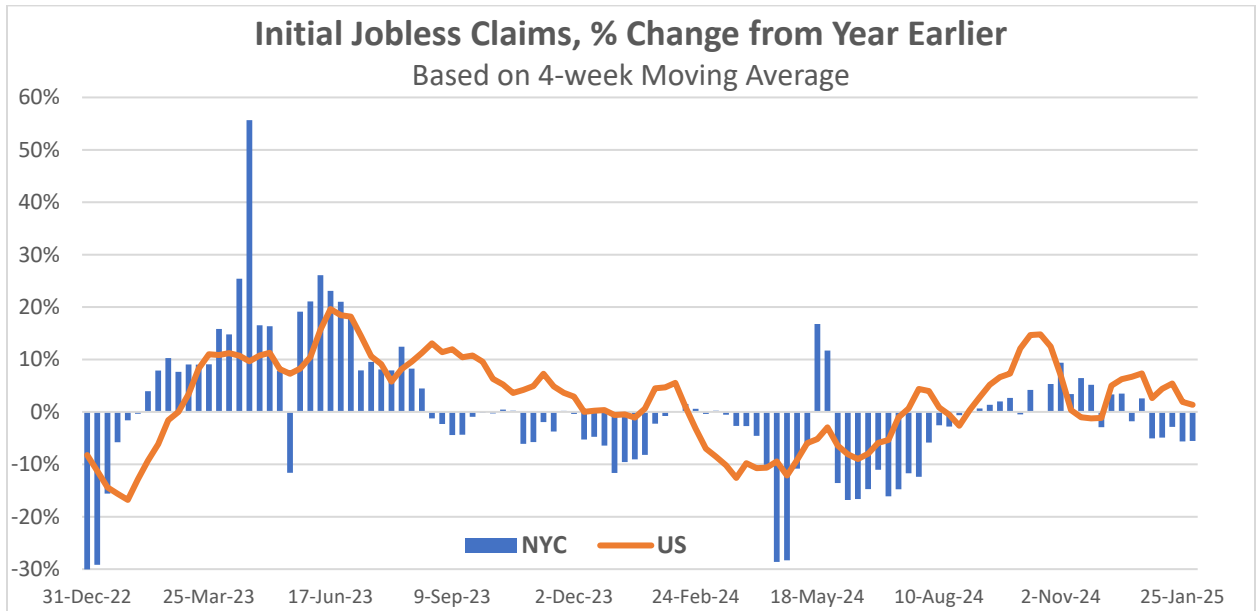
Sources: NY Department of Labor; NYC Office of Management and Budget; Office of the New York City Comptroller

Note: Due to revisions to earlier months made by NY DOL through September 2024, numbers may not match to previous monthly newsletters.

## Labor Market Trends

- New York City’s unemployment rate edged up to 5.5% in December, its highest level since May 2022. Both labor force participation and the employment-population ratio edged down by 0.1 point, though both remain at historically high levels.
- Initial weekly jobless claims, which provide a near real-time read on employment trends, continue to be subdued and lower than a year earlier, as shown in Chart 1 below.
- Moreover, claims have been trending down to a greater extent locally than nationally, though the latter has likely been boosted by the recent extreme weather events in southern California (fires) and the southeastern U.S. (hurricanes).

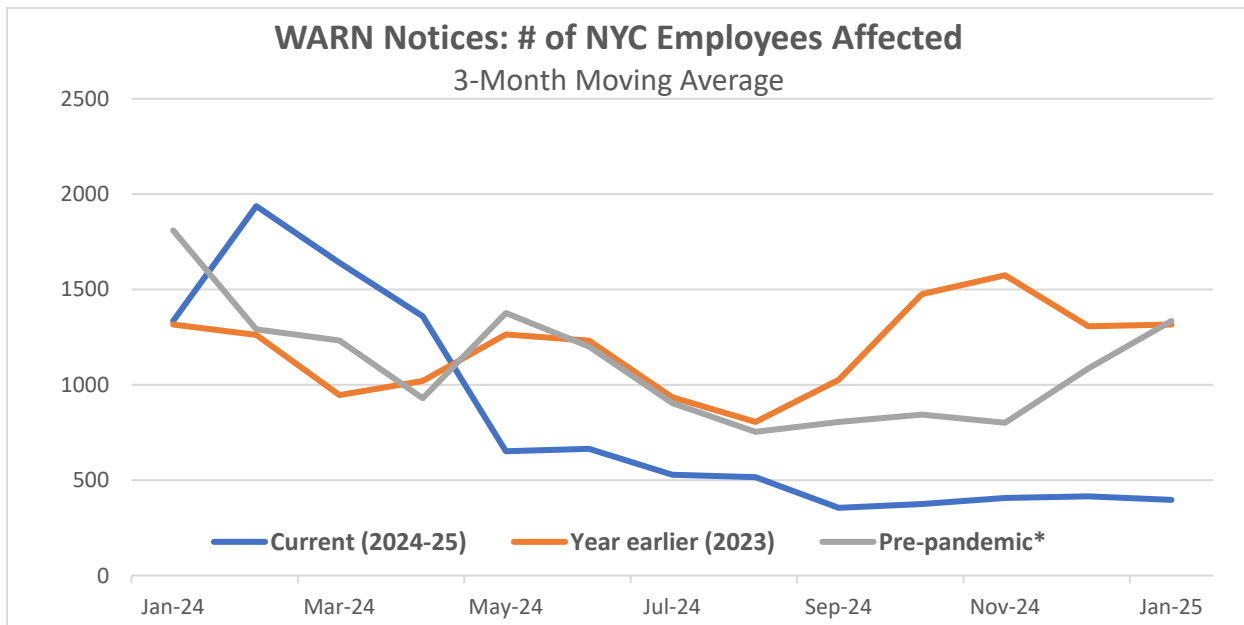
## Chart 1



Sources: NY Department of Labor; U.S. Department of Labor; Office of the New York City Comptroller

- Chart 2 shows the number of city-wide employees included in layoff announcements each month, as required under the WARN (Worker Adjustment & Retraining Notification) act— a sign of future layoffs; a 3-month moving average is shown to smooth out volatility.
- Layoff announcements have been fairly subdued and well below comparable levels in both 2023 and pre-pandemic (2017-19)—this bodes well for the near-term job outlook.

## Chart 2



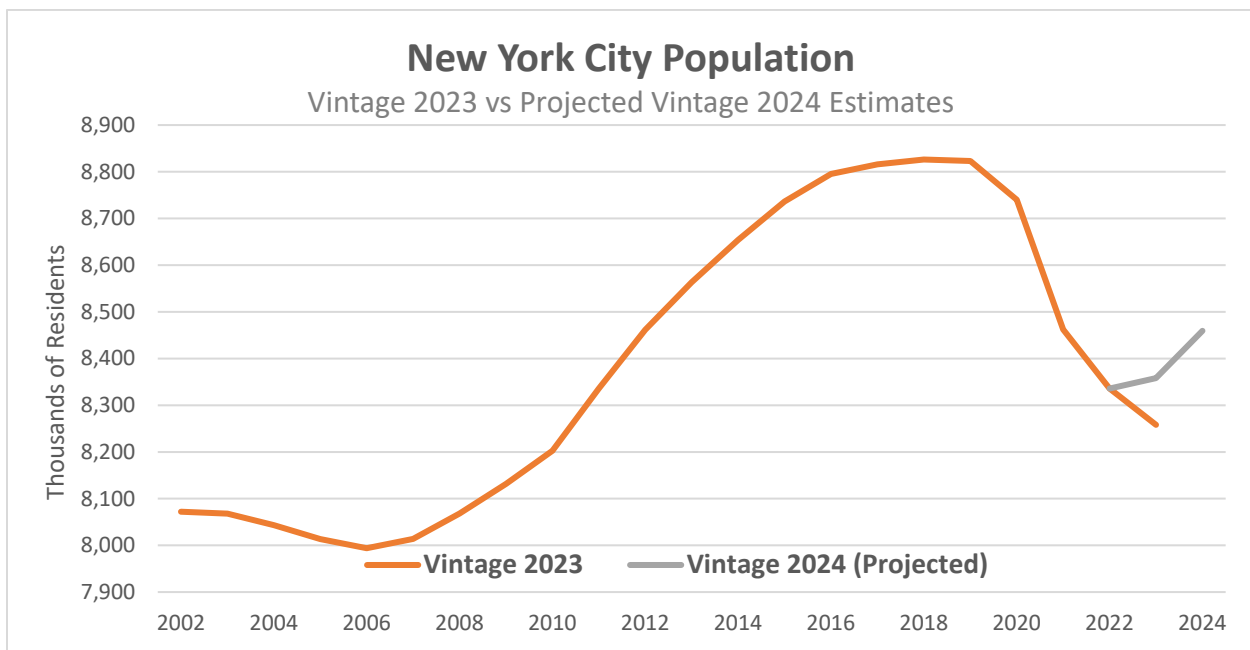
Sources: NY Department of Labor; Office of the NYC Comptroller

\*Average for the three years leading up to the pandemic (2017, 2018, 2019)

# Population

- As noted in the [January 2025 Newsletter](#), [2024 vintage estimates of state population totals](#) released by the Census Bureau show that the NY State population grew in 2023 and 2024—a noteworthy shift from the prior vintage estimates which had shown a continued population decline in 2023.
- Although official population estimates for NYC will not be available until March, state population data can be used to make a projection for NYC. NYC comprises a substantial share of New York State’s population. A simple regression comparing the relationship between the two in previous years, estimates that the NYC population—which is currently reported to have declined by 78K in 2023—actually increased by about 22K. Moreover, it may have increased to 8.46 million in 2024, an additional gain of 101K.

## Chart 3



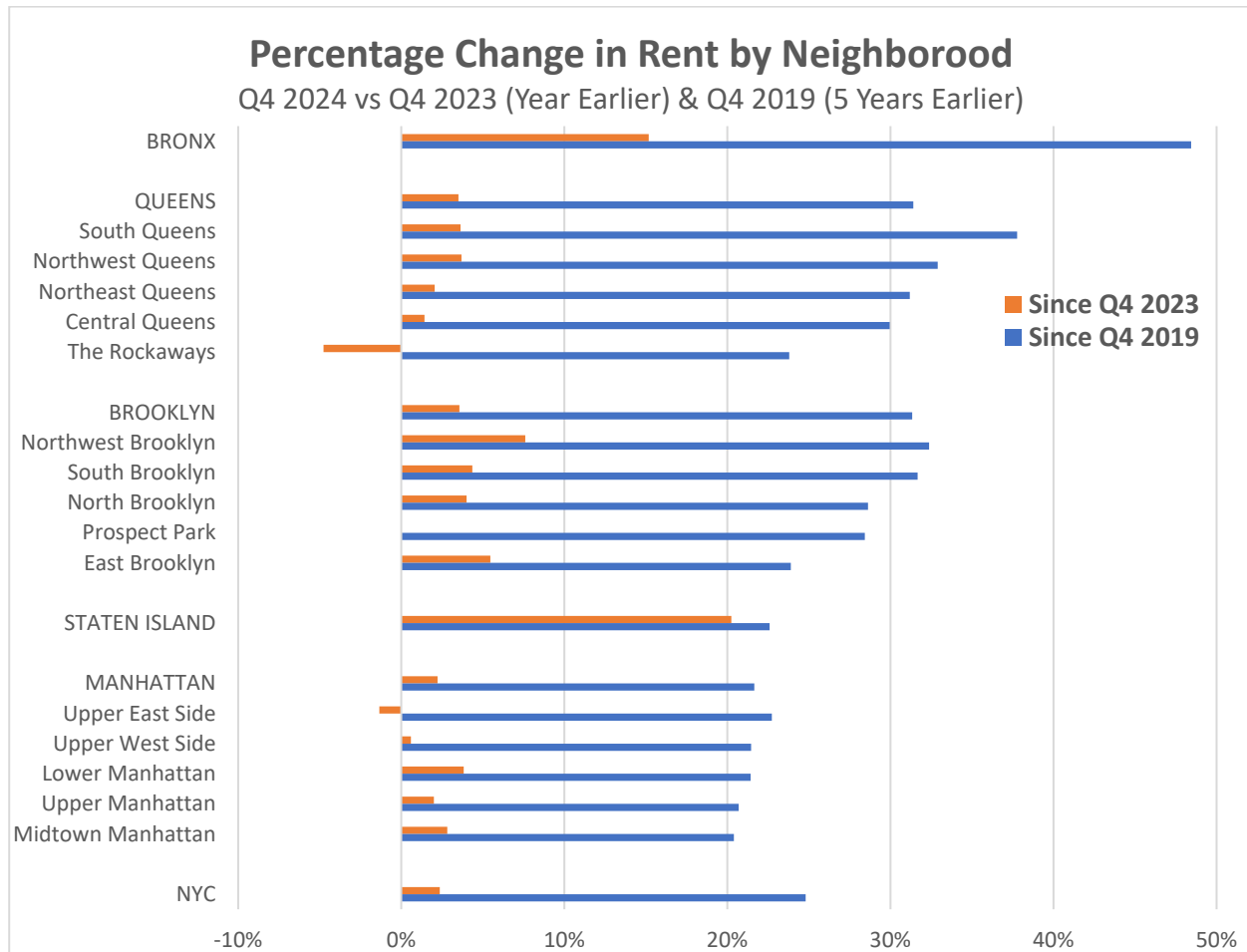
Sources: U.S. Bureau of the Census Annual Population Estimates; Office of the NYC Comptroller

# Residential Real Estate

- The home sales market remained stable in Manhattan as 2024 drew to a close, but it has picked up modestly in Brooklyn and Queens, with market prices up 2-4% from a year earlier. Citywide selling prices have rebounded to pre-pandemic levels.
- The rental market remained tight in December, with market rents up 3-4% from a year earlier across the boroughs. In contrast with home selling prices, which are barely higher than at the end of 2019 (right before the pandemic), rents are up roughly 20%, on average, citywide.

- While average city-wide rents have risen substantially over the past five years, there has been a fair degree of variation across the city’s boroughs and neighborhoods. Chart 4 below shows a geographic breakdown of the percent change in rents, as measured by StreetEasy, over two horizons: the past five years and the past year.
- Of the five boroughs, the Bronx saw the steepest increases over both periods, while Manhattan saw the smallest increase, albeit from a very high level. Within Queens and Brooklyn, the largest increases have generally occurred in the areas closest to Manhattan (which also tend to be the most densely populated and priciest areas).
- The one area to show a significant decline in rents over the past year is the Rockaways—likely driven, at least in part, by the suspension of A-train service, expected to last through May.

### Chart 4



Sources: StreetEasy; Office of the NYC Comptroller

## Office Market

- The city’s office market has continued its gradually improving trend that began last spring. Although vacancy rates have remained elevated near their pandemic peaks, office availability rates (a leading indicator of vacancies) declined to a 4-year low in January, and market rents advanced to their highest level since mid-2020.
- However, virtually all the improvement has been driven by the high end of the market—so-called 5-star properties, which account for about 10% of all office space. Across the rest of the market, both availability rates and vacancy rates have remained elevated.
- But how has New York City’s office market fared relative to other major U.S. cities? Based on the level of the availability rate, only Miami and Philadelphia have fared better, as shown in Chart 5 below. Moreover, Downtown and Midtown Manhattan have seen bigger declines than any of these other cities since mid-2024.

Chart 5



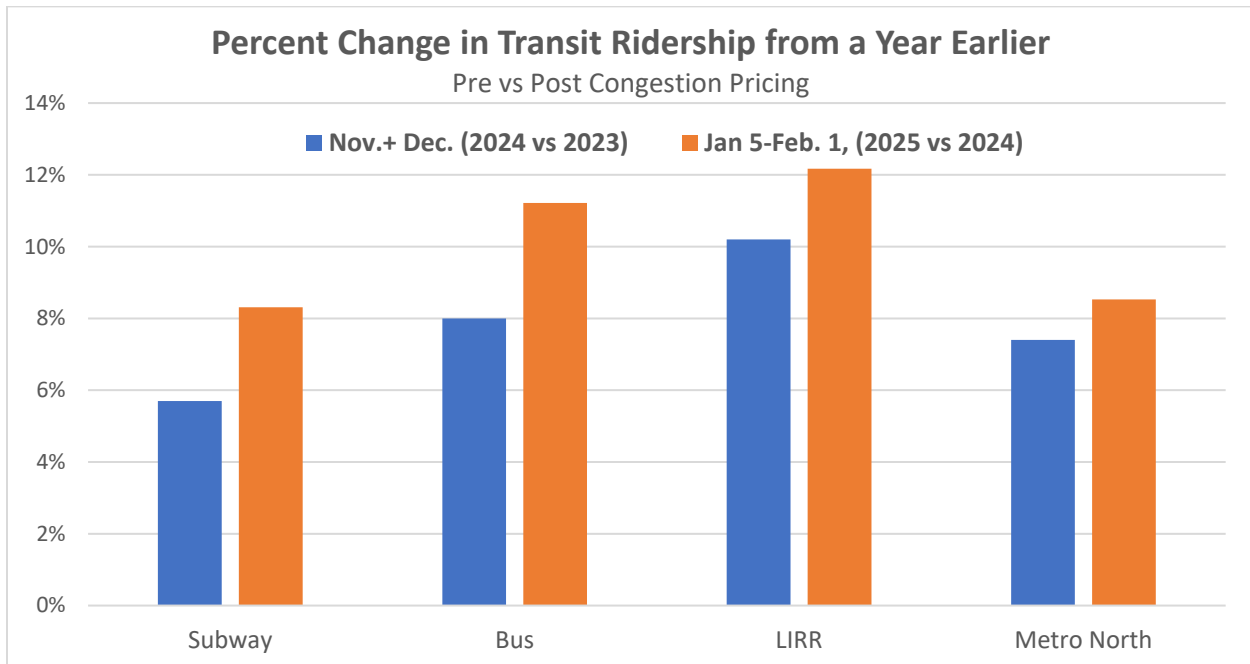
Source: Costar; Office of the NYC Comptroller

## Transportation and Congestion Pricing

- On January 5th, New York City’s congestion pricing took effect for vehicles entering Manhattan’s Central Business District (CBD). While it is still somewhat early to assess its sustained effects on traffic and transit ridership, some preliminary statistics are available.
- Vehicle travel times across various routes into and through the congestion zone (CRZ) have declined, to varying degrees, with detailed real-time statistics available at this [congestion price tracking site](#).

- Transit ridership also appears to have gotten a boost. In the first four weeks of congestion pricing, transit ridership was up roughly 10% from the same period a year earlier—with subway ridership up 8.3% and bus ridership up more than 11%, as shown in Chart 6 below.
- However, some of this increase merely reflects the upward trend trajectory in transit ridership. In order to isolate the estimated effect of congestion pricing, Chart 6 compares the 2024 to 2025 percent change for the January 5 – February 1 (4-week) period with the 2023 to 2024 percent change for the November-December period.
- These data suggest a roughly 3 percentage point boost to subway and bus ridership, a 2-point boost to LIRR ridership, and a 1-point boost to Metro North. Since a sizable share of these trips are completed well outside the congestion zone, these city-wide increases likely understate the true effect—especially for buses. More detailed updates on ridership by line and entry station should eventually provide a more accurate estimate of the effect.

**Chart 6**



Source: MTA; Office of the NYC Comptroller

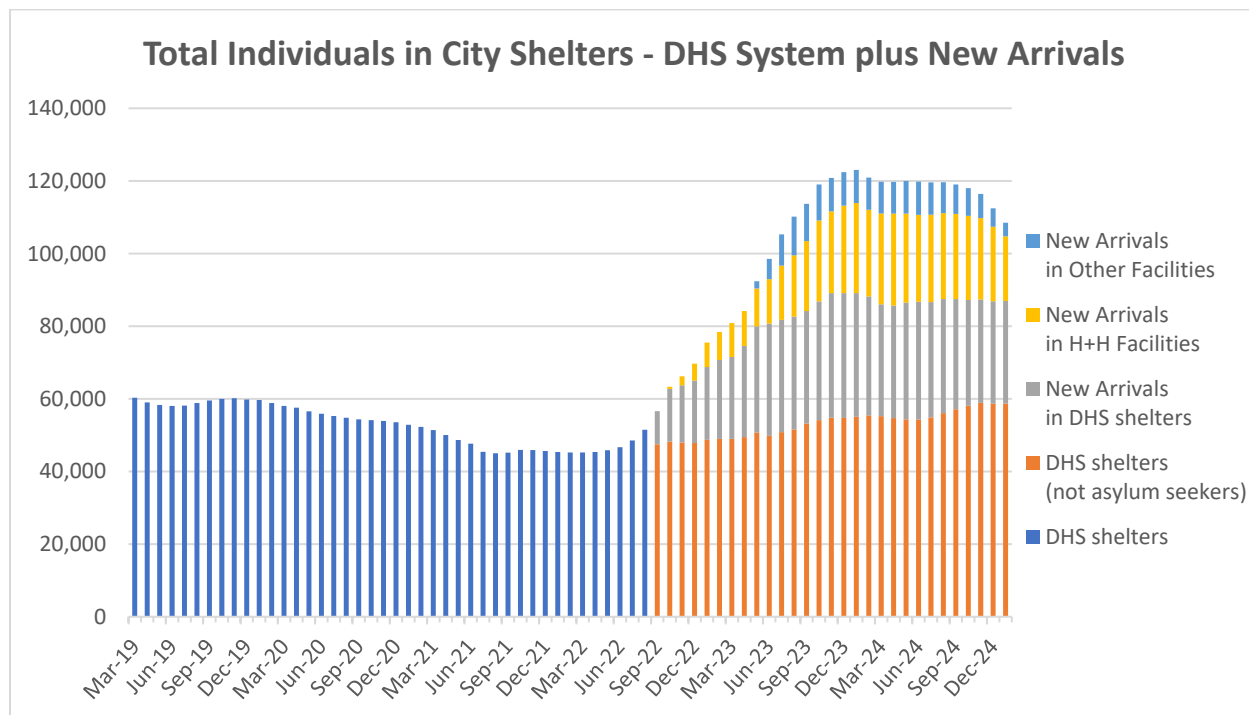
## Inflation

- The inflation rate across the New York metro region has subsided somewhat, though it remains higher than the national rate on a 12-month basis—4.3% and 2.9%, respectively, as measured by the CPI (Consumer Price Index).
- Core inflation, excluding food and energy, has been running at 4.7% locally over the past 12 months—again, well above the nationwide rate of 3.2%. Rents in the New York City metro region have continued to be a major contributor to inflation, rising by 5.4% over the past year.

# Homelessness & Asylum Seekers

- Chart 7 shows the monthly average number of individuals in City shelters through January 26, 2025. In January, the average number of asylum seekers in City shelter was 49,771, marking a decrease of 4,020 individuals from December 2024. This is the largest monthly decrease in the census since the increase in arrivals began in 2022. Overall, this population represents approximately 46% of total individuals in shelter, down from 55% in January 2024.
- As of January 19, a total of 14,331 families with children in emergency shelters have been given 60-day notices. These households include a total of 53,564 individuals (28,006 adults and 25,558 children). Of the 23,173 adults from families with children in households whose 60-day notices had expired as of January 19, 11% remain in the shelter where their 60-day notice was given, 26% have been transferred to other shelters, and 63% are not in shelter.
- The number of people in shelter who are not asylum-seekers increased by fewer than 20 individuals to approximately 58,700 in January. This population has increased by approximately 7,860 since July 2023.

**Chart 7**



Sources: NYC DHS; NYC Mayor’s Office; Office of the NYC Comptroller

Note: Figures shown are monthly averages, January 2025 represents January 1 through January 26, 2025. Data on the asylum seeker population within DHS shelters is not available prior to August 31, 2022. Other Facilities include spaces operated by NYCEM, HPD, and DYCD, and those outside of NYC.

# City Finances

## FY 2026 Preliminary Budget and January Plan

- On January 16<sup>th</sup>, the Administration released the FY 2026 Preliminary Budget and January Financial Plan. The budget totals \$116.5 billion in FY 2025 and \$114.5 billion in FY 2026. Both years are balanced, as required by State law. Out-year budget gaps are estimated by OMB at \$4.3 billion in FY 2027, \$5.4 billion in FY 2028, and \$5.1 billion in FY 2029.
- The City's tax revenue forecast was revised upward compared to its November estimates for all years, by \$1.1 billion (+1.4%) for FY 2025 and \$2.0 billion (+2.5%) for FY 2026. This is closer in line with the Comptroller's December tax forecast. The increases in projected tax revenues in each year are primarily the result of higher forecasted business income taxes.
- Like the financial plan update released in November, the Preliminary Budget did not include a Program to Eliminate the Gap (PEG). However, the City lowered planned expenditures on asylum seekers to account for a slowdown in new arrivals and a lower shelter census for this population. These reductions total \$1.1 billion in FY 2025 and \$1.3 billion in FY 2026.
- As for City-funded expenditures, the largest change compared to the November Plan for FY 2025 comes from the addition of \$2.55 billion in agency expenditures. Of this increase, nearly two-thirds (\$1.64 billion) are for costs that the Comptroller's Office identified as chronically underbudgeted in the November Plan. These include \$554 million for homeless shelter costs for households who are not asylum seekers, \$325 million for ongoing rental assistance costs, \$275 million for special education Carter Cases, \$241 million for subsidies to the Metropolitan Transportation Authority (MTA), \$153 million for overtime costs, and \$87 million for charter school leases. Notably, all of these increases are for FY 2025 only, meaning they continue to be underestimated in the outyears which distorts the size of the City budget in future years.
- While the Preliminary Budget did not include a PEG, cuts to critical programs made in past financial plans remain. For example, CUNY faces \$95 million in reductions per fiscal year from cuts made since the February 2022 budget. As we have recently highlighted, planned reductions and insufficient budgeting leave funding for the City's 3K and UPK FY 2026 budget \$300 million below what is needed to maintain current levels of service.
- The Preliminary Budget also included an update to the City's Capital Commitment Plan for FY 2025 through FY 2029. The City's planned capital commitments increased by a total of \$7.47 billion compared with what was included in the prior commitment plan released in September. Some of the largest increases were for environmental protection-related projects (\$2.91 billion) and \$1.63 billion for housing and economic development projects, including \$1.0 billion more in capital funding for NYCHA and HPD. In addition to the

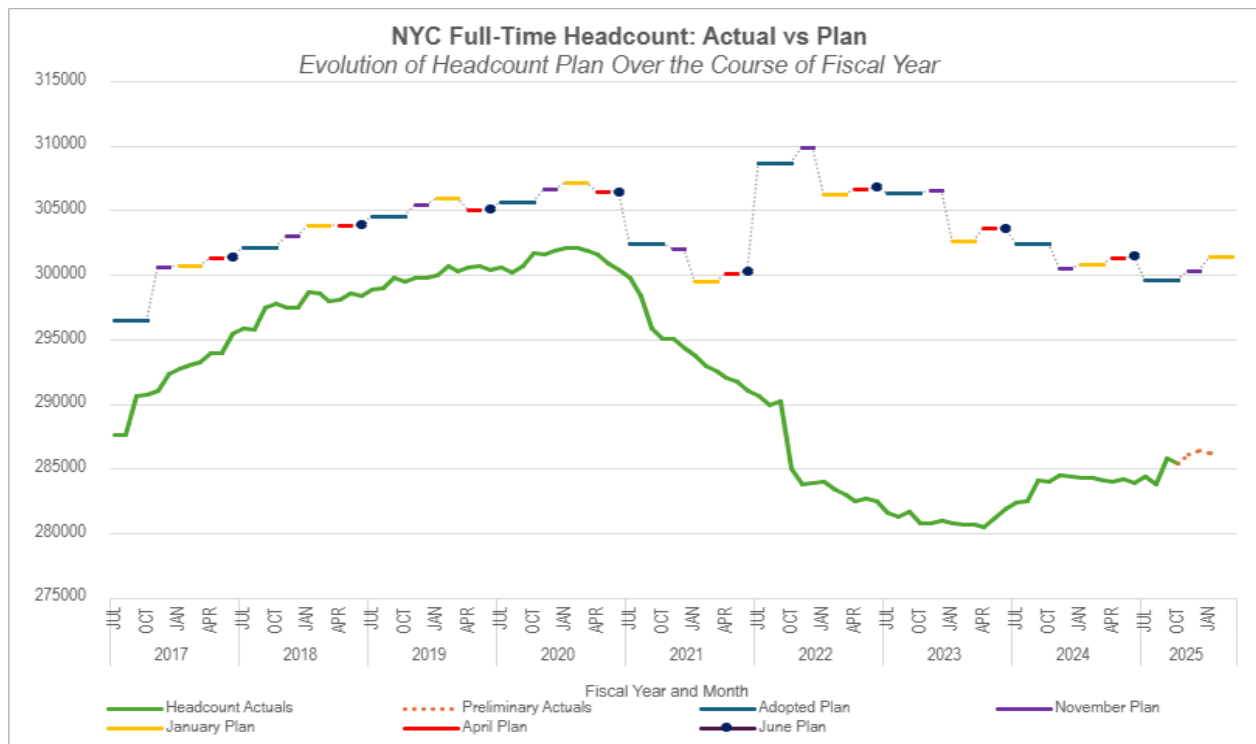
update to the five-year plan, the City also released an update to its Ten-Year Capital Strategy.

- The Comptroller’s Office will release its comprehensive analysis of the Preliminary Budget in early March.

## City Workforce

- The January Plan projects total full-time authorized headcount of 301,457 for FY 2025, an increase of 1,158 positions (0.4% higher than the November Plan).
- Most of the increase is attributed to additional staffing at the following agencies:
  - The Department of Parks and Recreation for the expansion of Second Shift Cleaning, the new Shirley Chisholm Recreation Center, the expansion of Swim Safety programming, and rat mitigation around tree beds.
  - The Department of Health and Mental Hygiene to address additional case load.
  - The Department of Housing Preservation and Development in various areas of the agency, including code enforcement, compliance, preservation and development capacities.
- As of January 31, the city’s actual workforce is 286,242 with a vacancy rate of 5.0% against the January Plan. See the [NYC Agency Staffing Dashboard](#) for more details by agency.

### Chart 8



Source: Office of the NYC Comptroller

## Property Taxes

- The Real Property Tax (RPT) Tentative Assessment Roll for FY26 was released by the NYC Department of Finance in January. In this section we provide a summary table.
- Table 2 reports the tentative FY26 billable assessed values by property class and includes growth rates relative to the final rolls for FY25 and FY21, the last pre-pandemic assessments. The main takeaways are:
  - Total DOF billable assessed value increased by 3.9%.
  - The total billable assessed value on the FY 2026 roll increased by 14.9% over the FY 2021 roll.
  - Total market value increased by 5.7% from \$1.49 trillion in FY 2025 to \$1.58 trillion in FY 2026. Of the total increase of \$84.9 billion, Class 1 is expected to have the biggest increase in market value of \$43.1 billion.
- Based on the new data, and our estimate of the final billable taxable assessed value for the FY26 roll, we now expect tax collections to grow 3.0% in FY26 to \$35.3 billion. This level is \$754 million above our previous forecast and \$317 million above the estimate in the Preliminary Budget.

**Table 2: DOF FY26 Tentative Billable Assessed Value**

	FY26 Tentative Level (\$m)	% Change from FY24	% Change from FY21
Class 1	\$27,248	5.5%	23.8%
Class 2	\$120,740	4.8%	17.8%
Class 3	\$27,346	3.6%	60.3%
Class 4	\$132,015	2.9%	5.2%
<b>Total</b>	<b>\$307,349</b>	<b>3.9%</b>	<b>14.9%</b>

Source: New York City Department of Finance and Office of the NYC Comptroller

## Property Tax Delinquencies

- Table 3 shows that the FY 2025 real property tax delinquency rate as of December was 2.8%, essentially unchanged from the previous year. This represents a break in the increasing trend established since the start of the pandemic.
- The property types with the highest annual increase in the delinquency rate in FY 2025 were commercial condominiums, including offices, stores, etc., (0.64%), office (0.33%), and store buildings (0.34%). The category with the largest decline was hotel (-3.04%).

- The property types with the highest increase between FY 2022 and FY 2025 are walk-up apartments (1.2%) and elevator apartments (1.7%). The category with the largest decline is hotels (-4.0%).
- The City Council reauthorized the main enforcement mechanism for property tax delinquencies, the lien sale program, in the Summer of 2024 ([see our June Newsletter](#) for more information). The [first sale under the new authority](#) is scheduled for May 20 and the first notices will be sent later on this month.

**Table 3: Delinquency Rates as of December of Each FY**

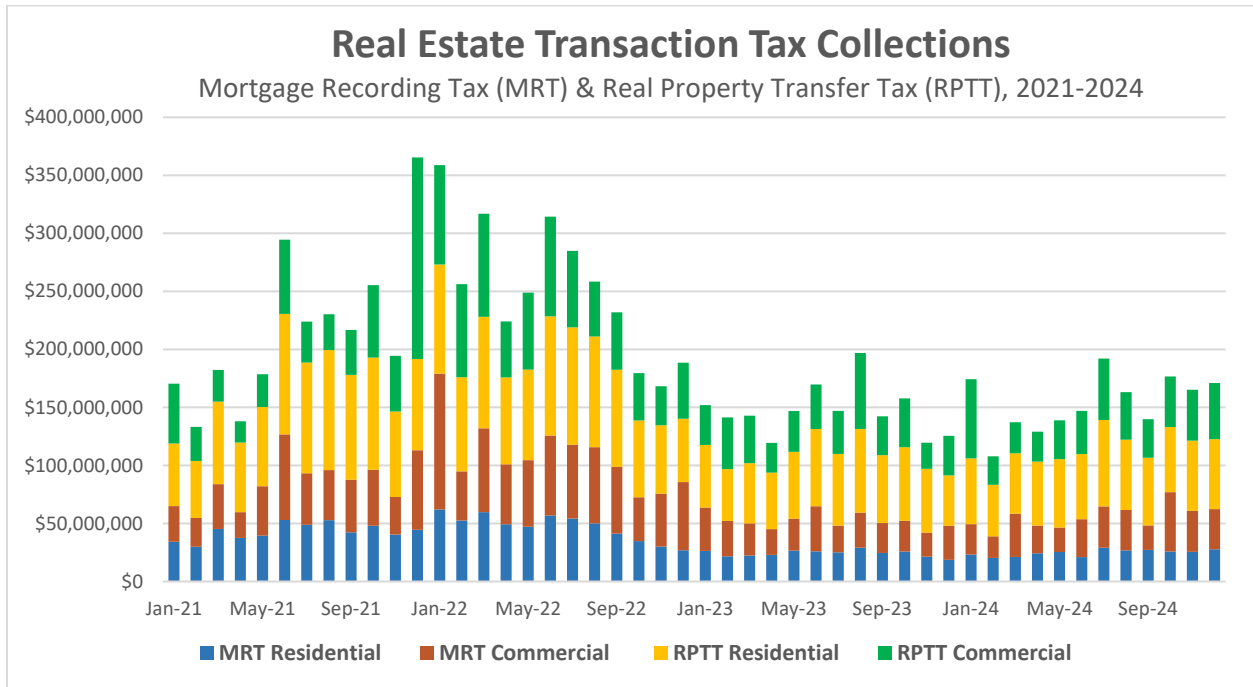
	FY22	FY23	FY24	FY25
<b>Class 1</b>	2.99%	3.83%	3.89%	3.77%
<b>Class 2</b>	2.30%	2.80%	3.18%	3.24%
<i>Walk-up apartments</i>	3.39%	3.90%	4.39%	4.59%
<i>Elevator apartments</i>	1.16%	1.98%	2.54%	2.82%
<i>Condominiums</i>	4.29%	4.74%	4.90%	4.60%
<i>Cooperatives</i>	0.82%	0.85%	1.04%	0.98%
<b>Class 4</b>	2.15%	2.01%	2.50%	2.63%
<i>Hotels</i>	5.97%	3.51%	5.04%	2.00%
<i>Store buildings</i>	3.08%	2.94%	3.21%	3.55%
<i>Office</i>	0.54%	0.52%	0.78%	1.11%
<i>Condominiums</i>	2.22%	1.94%	2.38%	3.02%
<b>All classes</b>	2.15%	2.44%	2.76%	2.80%

Source: New York City Department of Finance

## Real Estate Transaction Taxes

- NYC collects taxes based on the value of two types of real estate-related transactions: (i) the real property transfer tax (RPTT) applies to the sale or transfer of a controlling interest in real property; and (ii) the mortgage recording tax (MRT) is charged on mortgages for most categories of real property—including mortgage refinancings but excluding mortgages on cooperative apartments.
- As shown in Chart 8 below, monthly MRT and RPTT collections have declined significantly since the highs of calendar year 2022. The average monthly collections were \$252.6 million per month in 2022, and collections decreased to \$163.5 million per month in 2024.
- High mortgage interest rates and the slump in commercial transactions—particularly office deals—have contributed to the market decline, as monthly property sales decreased from \$9.14 billion on average in 2022 to \$6.97 billion in 2024.

## Chart 8



Source: New York City Department of Finance

## Bonus Season

- December through March is the period when the most bonus incentive pay is paid out to employees residing in New York City. This is especially true in the financial sector, where incentive pay is also a more significant share of compensation than in other sectors. Therefore, observing income tax withholding in the winter months—and comparing these collections to those of earlier months—gauges the extent to which bonus payments have changed for this year.
- Personal Income Tax collections in December and January give an early look at the trend likely to prevail through the rest of the season.
  - Income tax withholding collections for the nine weeks ending January 31 were 11.2% above a comparable nine weeks ending in the prior year. After accounting for the estimated amount of base pay, which is derived from withheld collections in the months prior to the bonus season, bonus pay in December 2024 and January 2025 is estimated to have risen by 24.7% (See Table 4).
  - This is a strong increase and is in part reflecting the strong corporate profitability that has been observed in 2024, especially among Wall Street firms, as well as high financial market valuations. If the growth rate in the securities sector bonus pool ends up similar to this rate, it will return to near its historic high set in the winter of 2021-22.

**Table 4: NYC Winter Bonuses Through the End of January**

	Growth from prior year
<b>Non-bonus withholding tax collections (April to November)</b>	6.8%
<b>Withholding tax collections (December and January*)</b>	11.2%
<b>Estimated bonus pool disbursement</b>	24.7%

Source: New York State Department of Taxation and Finance; Office of the NYC Comptroller calculations.

\*Note: Adjustments made to compare each year across full weeks and an equal number of business days.

## New York State Executive Budget

- New York State Governor Kathy Hochul released a \$252 billion Executive Budget in January for the State’s upcoming Fiscal Year (FY) 2026 which starts on April 1st. The proposed budget, which will be negotiated with the State legislature, is 3.6% higher than the current year’s state budget. Much of the statewide cost increases are driven by Medicaid and school aid increases.
- Medicaid is the single largest initiative in the State’s budget, with all funds spending expected to total \$115 billion in State FY 2026.
  - Medicaid provides coverage to over 4 million NYC residents. Including other publicly supported health care programs – the Essential Plan, Child Health Plus and the Quality Health Plan – that number grows to over 5 million, over 60% of the city’s overall population.
  - More information on these programs and what’s at risk under the Trump administration can be found in the Comptroller’s [Risks for Medicaid and Other NY State Healthcare Programs](#). Given the size and scope of these programs, any cuts or changes to these programs would have a substantial impact to the State and City budgets, to New Yorkers, and to their health care providers.
- Some of the other impacts for New York City and its residents in the Governor’s proposed budget include:
  - An increase in the State’s child tax credit; a stimulus payment of \$500 for joint filers making \$300,000 or less and \$300 for single filers making \$150,000 or less; and cuts on State taxes for joint filers with incomes up to \$323,200, heads of household making up to \$269,300, and individuals up to \$215,400.
  - A previously announced capital commitment of \$1 billion for the City of Yes housing initiative.

- A \$77 million commitment (to be matched by the City) for enhanced police presence on overnight subways over the next six months.
- Foundation Aid, the key vehicle of State support for the City’s Department of Education is expected to increase by \$593 million, to a total of \$10.5 billion for the next school year.
- Increasing New York City’s contribution to the MTA Capital Plan by \$3 billion with initial proposed contributions from the City of \$100 million in City Fiscal Year (CFY) 2025, and \$400 million in CFY 2026.
- Make permanent the City’s additional contribution of \$165 million to the MTA’s paratransit costs (previously set to expire this year).
- We are following these **legislative proposals of note in the [Article VII bills](#)**:
  - **Affordable homebuyer tax exemption** (Education, Labor and Family Assistance, part K): would give localities the option to create a property tax exemption for households with income up to 80% of Area Median Income for properties sold or leased by a governmental entity, nonprofit housing organization, or land bank.
  - **Reduction of [shelter rent taxes](#) for Mitchell-Lama properties** (Education, Labor and Family Assistance, part L): reduces the tax rate from no more than 10% to no more than 5%. Expected annual cost: ~\$50 million.
  - **NYC Transitional Finance Authority’s outstanding bonds exclusion from the Constitutional debt limit** (Public Protection and General Government, part R): after the approval last year of a \$14 billion increase, this proposal would further raise the exclusion by \$3 billion. The amount is tied to the \$3 billion City capital contribution requested by the Governor for the MTA 2025-2029 capital plan.
  - **Amendments to NYC [Industrial and Commercial Abatement Program](#) (ICAP)** (Public Protection and General Government, part S): this proposal would make Governors Island eligible for ICAP tax benefits, exclude from the program parking facilities, and extend the program sunset from 2029 to 2030 (except for peaking units, for which the sunset remains 2029 and is tied to the [NYISO’s capacity market rate reset period](#)).
  - **Elimination of NYC PIT for low-income filers** (Revenue, Part W): this proposal would eliminate any residual NYC PIT liability after the application of other tax credits for filers with at least one dependent and federal adjusted gross income below certain thresholds. The credit would start in tax year 2025 (affecting final returns filed in 2026) The thresholds would be indexed to the Consumer Price Index for all urban consumers in the US. Filers with certain categories of income above \$10,000 and those receiving NY State or City Pass-Through Entity Tax credits would be ineligible. Expected annual cost: ~\$60 million.
  - **Extensions of the [Relocation and Employment Assistance \(REAP\)](#) program and creation of the Relocation Assistance Credit per Employee (RACE)** (Revenue, Part X): this proposal extends REAP’s sunset (but not the Lower Manhattan REAP’s sunset) by five years to June 30, 2030 and creates RACE, a new tax credit for relocations from outside NY State to a pre-2000 commercial building in NYC. The RACE credit would generally amount to \$5,000 per relocated employee and offset business income tax liability (the City has four such

taxes depending on the business entity type). The credit would last for 11 years, and its amount would be limited to \$2.5 million per year per recipient and \$15 million per year in the aggregate. The program would start on July 1, 2025 and sunset on July 1, 2028. Hotels and retail stores (including banking) would not be eligible. If the proposal is passed, the City would need to adopt a local law to create the program.

- The two houses of the State Legislature are currently jointly conducting hearings on the Governor’s Executive Budget Proposal and a final Enacted State Budget is expected (though not always delivered) before the start of the State’s FY 2026 on April 1<sup>st</sup>. Read Comptroller Lander’s testimony before the State Senate Finance and State Assembly Ways and Means Committees [here](#).

## New York City’s Cash Balances

- As of January 31st, the cash balance stood at \$13.52 billion, compared to \$12.87 billion at the same time last year. In 2Q 2025, the City received \$1.73 billion in Covid-19 related aid. The majority of these funds, \$1.66 billion, were Federal Emergency and Management Agency (FEMA) public assistance grants.
- The Comptroller’s Office’s review of the City’s cash position during the first quarter of FY 2025 and projections for cash balances through March 31, 2025, are available [here](#).

## Contributors

Comptroller Lander thanks the following members of the Bureau of Budget for their contributions to this newsletter: Jonathan Siegel, Chief Economist; Jason Bram, Director of Economic Research; Yaw Owusu-Ansah, Director of Tax Policy and Revenue Analysis; Steve Corson, Senior Research Analyst; Elizabeth Brown, Senior Director of Budget Oversight; Amber Born, Economic Development Research Analyst; Krzysztof Haranczyk, Director of Budget Analysis and Research; Jack Kern, Senior Budget & Policy Analyst; Irina Livshits, Chief, Fiscal Analysis Division; Kieran Persaud, Assistant Director of Budget Oversight; Bailey Schweitzer, Senior Capital Budget Analyst; Andre Vasilyev, Principal Economic Development Analyst; Marcia Murphy, Principal Revenue Analyst; Krista Olson, Deputy Comptroller; and Francesco Brindisi, Executive Deputy Comptroller. The Comptroller also thanks Archer Hutchinson, Creative Director; Addison Magrath, Graphic Designer; Angela Chen, Senior Website Developer; and Martina Carrington, Web Developer, for design and layout.





NEW YORK CITY COMPTROLLER  
**BRAD LANDER**

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1 Centre Street, New York, NY 10007

[www.comptroller.nyc.gov](http://www.comptroller.nyc.gov)

 @NYCComptroller

(212) 669-3916