



## **New REBNY report: New York City and State lost \$1.4 billion in tax revenue due to significant declines in real estate market activity**

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New York, NY The Real Estate Board of New York (REBNY), the city's leading real estate trade association, reported that year-over-year investment and residential sales volume declined 34% and tax revenue generated by those sales declined 57% from October 2019 to October 2020.

Year-to-date investment and residential sales totaled \$34.5 billion, representing a 50% decline compared to the same time period in 2019 and leading to a 39% year-to-date decrease in tax revenue.

New York City and New York State have collectively lost \$1.4 billion in tax revenue so far in 2020 due to these significant declines in real estate market activity, according to REBNY's Monthly Investment and Residential Sales Reports.

"This \$1.4 billion in lost tax revenue represents another 1.4 billion reasons why the federal government must deliver a new stimulus package to help address New York's economic crisis," said REBNY president James Whelan. "As real estate market activity remains at historic lows, the negative impacts are being felt every day by millions of New Yorkers who rely on publicly funded government services that will continue to struggle without necessary tax revenue."

The real estate industry is the fundamental driver of New York City's economy, generating more than half (53%) of the city's total annual tax revenue in the last fiscal year, which is more than double the next closest contributor—personal income tax, which accounts for 21% of the city's annual tax revenue.

However, even amid significant year-over-year and year-to-date declines, REBNY's report also showed some recent upticks in market activity. For the second consecutive month, investment and residential sales volume increased, with sales totaling \$4.6 million in October 2020, a 33% increase from September 2020. As a result of this current month-to-month increase in sales activity, tax revenue generated from investment and residential sales increased 51% from September 2020 to October 2020, totaling \$108 million.

Other key findings from REBNY's monthly special report on investment and residential sales include:

From September 2020 to October 2020, total investment sales volume increased 4% to \$1.74 billion. However, this represents a 52% decline year-over-year.

Investment sales transactions increased 20% to 234 total transactions from September 2020 to October 2020. However, this represents an 8% decline year-over-year.

From September 2020 to October 2020, total residential sales volume increased 61% to \$2.8 billion. However, this represents a 14% decline year-over-year.

Residential sales transactions increased 71% to 2,975 from September 2020 to October 2020. This represents a 16% decline year-over-year.

Beginning October 2020, REBNY began incorporating City and State collected mortgage recording tax in the total tax revenue values; historical data has been revised based on this newly available information.

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

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