



REBNY Report: \$1.6 billion loss in tax revenue the result of significant declines in New York’s real estate market activity

December 15, 2020 - Front Section

New York, NY The Real Estate Board of New York (REBNY), the city’s leading real estate trade association, reported that year-to-date investment and residential sales totaled \$40.3 billion, representing a 49% decline compared to the same time period in 2019 and leading to a 41% year-to-date decrease in tax revenue.

New York City and New York State have collectively lost \$1.6 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.

REBNY’s report does show the market has experienced some continued upticks, as investment and residential sales volume increased for the third consecutive month, with sales totaling \$6.2 billion in November 2020, a 34% increase from October 2020. As a result, tax revenue increased 12.7% from October 2020 to November 2020, totaling \$268 million.

Although investment sales experienced an 84% increase in sales volume from October 2020 to November 2020, there were three particular transactions that were the drivers of this significant month-to-month increase: Sotheby’s New York office (\$830 million); Citi Field (\$554 million); and 842 Broadway (\$211 million). Year-over-year, investment sales volume increased 5%; however, it has declined 61% year-to-date.

“Despite the arrival of a vaccine and minor upticks in recent market activity, New York’s economic crisis grows. The \$1.6 billion loss in tax revenue is depleting the fuel that helps government provide vital services to New Yorkers,” said REBNY president James Whelan. “From rental assistance and unemployment benefits to state and local aid, New York needs federal relief to keep New Yorkers in their homes, help businesses stay open and support essential government services.”

The real estate industry is the fundamental driver of the 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.

From November 2019 to November 2020, total investment and residential sales volume remained flat and tax revenue generated by those sales declined 6% year-over-year. Other key findings from REBNY’s monthly special report on investment and residential sales include:

Investment sales transactions increased 17% to 274 total transactions from October 2020 to November 2020. This represents a 5% increase year-over-year and a 56% decline year-to-date.

From October 2020 to November 2020, total residential sales volume increased 4% to \$2.99 billion. However, this represents a 4% decline year-over-year and a 39% decline year-to-date.

Residential sales transactions increased 3% to 3,078 from October 2020 to November 2020. However, this represents a 5% decline year-over-year and a 36% decline year-to-date.

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 the 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.

Download REBNY's Monthly Investment and Residential Sales Report [here](#).

For more information about REBNY research reports, visit go.rebny.com/Reports.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540