



# THE CITY OF NEW YORK INDEPENDENT BUDGET OFFICE

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FOR IMMEDIATE RELEASE  
February 22, 2024

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## IBO Details Its Latest Economic and Revenue Forecast: Estimates 90,500 New Jobs in Calendar Year 2024 and Projects Continued but Slowing Growth in the Economy and City Tax Revenues

**February 22, 2024** – The New York City Independent Budget Office (IBO) is excited to announce the publication of its report presenting its current economic and revenue forecast.

Through rigorous, data-driven analysis, IBO offers insights into New York City's economic landscape and the potential financial implications for the City's tax revenue collections. IBO's work is designed to provide stakeholders with a clear understanding of the city's fiscal health.

IBO's report on economic and revenue forecasts can be found [here](#). Takeaways include:

- IBO forecasts the City will add **90,500 new jobs** in calendar year 2024, up from 77,100 in 2023. IBO anticipates job gains will moderate in future years from 77,300 jobs in 2025 to a slowing growth of 46,900 jobs in 2028. The City's unemployment rate stands at 5.4% as of January 2024, compared with the national rate of 3.7%, indicating that the City's labor market is not as tight as it is in the rest of the country.
- Employment growth following the pandemic has not been even across all industries. The sector that has gained **the most jobs since the pandemic**—nearly 138,000 jobs—is the healthcare industry; most growth is concentrated in the low-wage ambulatory care subsector that includes home health aides. Conversely, retail trade and the leisure and hospitality sector continue to trail behind pre-pandemic levels.
- IBO estimates **total revenue** to the City will be \$114.4 billion in 2024, \$5.9 billion more than 2023 revenues. City taxes are expected to comprise 65% of the City's total revenue this year. For 2025, total revenue is expected to decline to \$111.6 billion, largely reflecting lower estimates in federal funding—\$12.2 billion anticipated in 2024 compared with \$7.8 billion in 2025. IBO anticipates City tax revenue to grow by an annual average of 3.1% from 2024 through 2028.
- **Real Property Taxes** are estimated at \$32.6 billion in 2024, growing to \$37.0 billion in 2025. Most of the anticipated tax growth stems from expected gains in the assessed values of apartment buildings (including condominium and cooperative apartments) and commercial and industrial properties.
- IBO forecasts at 2% annual growth in the assessed values of **Manhattan office space**, far below the

pre-pandemic trend of 5.7% annual growth. Long-term leases and the stability of companies' work-from-home policies add to the evolving nature of the commercial real estate market. While growth in demand for office space has notably slowed, IBO does not anticipate a collapse in this real estate sector.

- IBO predicts steady employment and personal income gains, which underlies IBO's projected growth in **Personal Income Tax** and the related Pass-Through Entity Tax. IBO anticipates \$16.2 billion this fiscal year and \$20.4 billion by 2028.
- IBO anticipates \$10.0 billion in **City General Sales Tax revenue** for 2024, a 5.1% increase over last year. Sales tax collections have been buoyed by local employment growth and an increasing number of visitors to the City. Tourism is also returning to the City, with IBO estimating a 9.3% growth in the **Hotel Occupancy Tax**, revenue estimates boosted both by an increasing number of hotel bookings and rising daily room rates.
- If 2024 revenues come in stronger than 2023, as IBO predicts, this would be the fifth consecutive record-breaking year for **Corporate Taxes**, a City tax that has historically been prone to volatility and have long been expected to contract in light of pandemic disruptions. IBO anticipates \$6.5 billion in Corporate Tax Revenues in 2024, followed by a modest contraction to \$6.1 billion in 2025.
- IBO estimates the **Cannabis Tax** will increase fourfold, generating \$10 million in revenue in 2024 growing to \$45 million in 2028. As more operating licenses have been awarded, the pace of licensed retail cannabis dispensaries is expected to increase throughout 2025.



#### **New York City Independent Budget Office**

The New York City Independent Budget Office (IBO) is authorized under the New York City Charter to provide nonpartisan budgetary, economic, and policy analysis for the residents of New York City and their elected officials. IBO helps to increase New Yorkers' understanding of and participation in the budget process.