



THE CITY OF NEW YORK INDEPENDENT BUDGET OFFICE

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City Employment Back to Pre-Pandemic Levels, IBO Projects 91,000 New Jobs in 2024

May 22, 2024, – Today, the New York City Independent Budget Office (IBO) is publishing its report presenting its economic and revenue forecasts for City fiscal years 2024 through 2028.

IBO's forecast of New York City projects strong growth in employment for 2024, with a tightening labor market in future years. For the current fiscal year, IBO forecasts City tax revenues will total \$73.6 billion, growing to \$85.2 billion by 2028.

IBO's economic and revenue forecasts can be accessed [here](#):

- City employment reached 100% of its pre-pandemic level earlier this year. IBO projects that the City will gain over 91,000 jobs in 2024, with 42,300 having already been added.
- Industries that provide key-entry level positions, such as leisure and hospitality, and retail trade, remain below their pre-pandemic employment levels. IBO projects that the leisure and hospitality sector will continue to recover from pandemic disruptions as tourism in the City continues to rebound. However, IBO does not anticipate the retail sector to reach its pre-pandemic employment levels in the foreseeable future due to a shift in consumer spending toward online shopping. The health care and human services sector is expected to continue to grow, but not at the elevated levels seen in recent years.
- IBO projects the number of new jobs added in the coming years will decline over time, in part because the post-pandemic boom is fading, but also because the labor force is not growing enough to meet demand. The gradual decline of the City's population and an aging population leaving or close to leaving the work force contribute to expectations of a tighter labor market.
- IBO Forecasts \$73.6 billion in total tax revenue in 2024. (Years for tax revenue estimates refer to City fiscal years.) For this year and next, IBO's and the Administration's forecasts of total tax revenue differ by less than 0.2%. IBO's total tax forecast exceeds the Administration's projections beginning in 2026 by \$1.2 billion, growing to \$2.5 billion by 2028.
- IBO forecasts \$32.7 billion in collections of the Real Property Tax in 2024, by far the largest source of City tax revenue. Forecasted growth in the Real Property Tax stems from apartment buildings, including co-ops and condos, and commercial and industrial properties.

- Increases in fixed mortgage rates starting at the beginning of calendar year 2022 have brought rates to highs not seen in over 20 years; they are projected to lead to a drastic reduction in real estate-related taxes in the near term. IBO's forecast for Real Property Transfer Tax (RPTT) revenue in 2024 is \$1.2 billion, 38% less than the record amount of RPTT collected by the City in 2022, when real estate sales boomed following their pandemic-related downturn. IBO forecasts \$639 million in 2024 MRT revenue, the lowest amount since 2012, partly explained by a notable increase in all-cash transactions. IBO anticipates RPTT and MRT revenues to resume growing in 2025, coinciding with an expectation that mortgage rates will stabilize and perhaps fall slightly.
- Compared to its projection in January, IBO has lowered its 2024 forecast of combined revenue from the Personal Income Tax (PIT) and Pass-Through Entity Tax (PTET) to \$15.8 billion. PIT estimated payments have been lower and refunds higher than previously expected. IBO's forecast of combined PIT and PTET revenue this year is \$209 million lower than the Administration's. After 2024, IBO's projections generally grow at a faster annual rate relative to the Administration's, reaching \$697 million above the Administration's forecast in 2028. Higher amounts of personal income in IBO's economic forecast underlie the difference.
- Anticipated increases in the number of licensed Cannabis retailers and greater local law enforcement efforts to close unlicensed shops is expected to increase Cannabis tax revenue from an estimated \$3 million in 2024 to \$37 million by 2028.



New York City Independent Budget Office

IBO's mission is to enhance understanding of New York City's budget, public policy, and economy through independent analysis.