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DAVID M. FRANKEL
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FY' 2011 Guidelines for Properties Valued Based on the Income Approach, Including Office Buildings, Retail, Parking Lots and Garages, and Residential Properties

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How Finance Determines Capitalization Rates and Gross Income Multipliers

Background

Finance estimates the market value of some properties using the “income” approach. We use the income approach for: office buildings, factories, warehouses, hotels, stores, and apartment buildings, including cooperatives and condominiums.

Finance uses two income approaches to determine the market value of property. One approach involves the determination of a capitalization rate and the other involves the determination of a gross income multiplier.

This document details how we determine capitalization rates and gross income multipliers each year.

Capitalization Rates

Finance uses the “Band of Investment” approach to develop capitalization rates. The Band of Investment approach requires Finance to do three things:

1. Determine the mortgage equity ratio—the relationship between mortgage and equity for properties. How much equity is an owner required to put in by banks to purchase a property. This year’s mortgage equity ratios ranged from 65% to 55%.
2. Determine the interest rate for mortgages as close to January 5th as possible. This year interest rates for mortgages range from 5.49% to 10.37%.
3. Determine the rate of return on equity. Finance estimates the rate of return on equity as follows:
 - a. First, we look at the rate of return on a safe investment. Finance uses the Aaa and Baa bond rate. We use a bond rate based on a date as close to January 5th as possible.
 - b. Second, because real estate cannot be sold overnight like a treasury note, we add points for illiquidity.
 - c. Third, because real estate must be managed unlike a bond or Treasury note, we add points for management.
 - d. The median add-ons for illiquidity and management are 5.75% and 2.00% respectively. As a result our equity rates range from 11.10% to 16.10%.

How the Capitalization Rate Formula Works

The capitalization rate formula in its simplest form once Finance determines all of the factors is:

Capitalization Rate = (Mortgage Ratio * Mortgage Rate) + (Equity Ratio * Equity Rate).

So if Finance determines that:

1. The mortgage equity ratio for office buildings is 65%/35% (an owner purchasing property would be able to get a mortgage covering 65% of the purchase price and would need to contribute 35% in equity);
2. The mortgage interest rate is 6.75%;
3. The Aaa-- bond rate is 6.34%;
4. The adjustment for:
 - a. illiquidity is 1.50%; and
 - b. management is 0.75%.

Then the overall capitalization rate would be 7.39%. (65% mortgage * 6.75% mortgage interest rate) + (35% equity * 8.59% equity rate of return).

Because Finance does not include real estate taxes as an expense, we add the effective tax rate to the overall capitalization rate. This year, the effective tax rate add-on for apartment buildings, including cooperatives and condominiums is 5.958%; and the add-on for commercial properties is 4.692%.



Gross Income Multipliers for Residential Properties

Finance developed its gross income multipliers in a two-step process. First, we set the income band ranges. Second we establish the multipliers.

Income Band Ranges: Finance's income band ranges are based on income information that we receive from owners of rental properties. The ranges reflect income information at ten different levels—10th, 20th, 30th, 40th, Median, 60th, 70th, 80th, 90th percentiles, and above the 90th percentile.

Gross Income Multiplier: Finance developed the gross income multipliers by estimating the market value for a sample of rental properties in each decile range. Finance used the income and expenses for the sample properties, developed a capitalization rate using the band of investment approach described above, and estimated a market value. Once we estimated the market values, we divided by the income for those properties to set the gross income multiplier for each income band.

Check on Gross Income Multipliers: To understand the impact of the gross income multipliers, we ran an analysis of what would be the taxes as a percent of gross income if the tax rates remain the same. Taxes as a percent of gross income range from 12.60% to 29.25%.

Capitalization Rate: This year's gross income multiplier summary sheet includes the capitalization rate for each income range.

Gross Income Multiplier for Residential Properties with 6-10 Units.

We developed the Gross Income Multipliers for 6 to 10 units based on sales prices. We analyzed recent sales and estimated the income that those properties could generate if all units were rented on the open market. We calculated separate GIMs for each borough. We also reviewed GIM estimates from market sources such as Massey & Knakal.

Gross Income Multiplier for Hotels

We calculated capitalization rates for a sample of hotels. The percent change in capitalization rates were applied to the gross income multipliers. Last year's GIMs of 900 and 840 have been reduced to 840 and 795 respectively. We reduced the multipliers for super-luxury, luxury, class 1 and class 2 hotels gross income multipliers by 6.67%. The multipliers class 2 and class 4 hotels were reduced by 5.36%.

The capitalization rates and gross income multipliers for all property types follow this description.



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Trophy Office Buildings

Midtown Trophy Buildings					
	Low	Median	High	Vacancy Rate	Effective Tax Rate
Income	\$59.82	\$71.26	\$91.43		
Expense	\$15.06	\$20.61	\$25.57		
Expense Ratio	25%	29%	28%		
Cap Rate	8.70%	8.80%	8.90%		
Approximate Market Value Range	\$334	\$375	\$485	7.10%	4.692%
Taxes as a % of Income	26%	25%	25%		

Downtown Trophy Buildings					
	Low	Median	High	Vacancy Rate	Effective Tax Rate
Income	\$45.05	\$47.87	\$59.96		
Expense	\$14.14	\$15.03	\$20.22		
Expense Ratio	31%	31%	34%		
Cap Rate	9.10%	9.20%	9.30%		
Approximate Market Value Range	\$224	\$236	\$284	11.34%	4.692%
Taxes as a % of Income	23%	23%	22%		

Use Market Rent, and Market Vacancy on New Buildings and Major Alterations.

Use 85% Efficiency Ratio to Convert Market Asking Rent to Gross Rent.

Income = Gross Income per sq. ft.

Expense = Total Expense per sq. ft.

Use Reported 2008 Income.

Use Reported 2008 Expenses.



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Class "A" Office Buildings

Plaza							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$42.61	\$62.12	\$98.68	\$87.37	\$74.26		
Expense	\$13.21	\$22.08	\$31.58	\$31.05	\$26.40		
Expense Ratio	31%	36%	32%	36%	36%		
Cap Rate	9.00%	9.10%	9.20%	9.20%	9.10%		
Approximate Market Value Range	\$215	\$290	\$483	\$405	\$347	8.80%	4.692%
Taxes as a % of Income	24%	22%	23%	22%			

Grand Central							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$37.54	\$52.98	\$64.76	\$58.56	\$49.78		
Expense	\$11.64	\$18.90	\$25.59	\$20.89	\$17.76		
Expense Ratio	31%	36%	40%	36%	36%		
Cap Rate	9.10%	9.20%	9.30%	9.20%	9.20%		
Approximate Market Value Range	\$188	\$245	\$280	\$271	\$230	7.20%	4.692%
Taxes as a % of Income	23%	22%	20%	22%			

Use Market Rent, and Market Vacancy on New Buildings and Major Alterations.

Use 85% Efficiency Ratio to Convert Market Asking Rent to Gross Rent.

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses



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Class "A" Office Buildings

Midtown West							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$43.48	\$56.56	\$70.68	\$65.60	\$55.76		
Expense	\$11.83	\$19.21	\$23.61	\$22.28	\$18.94		
Expense Ratio	27%	34%	33%	34%	34%		
Cap Rate	9.20%	9.30%	9.50%	9.30%	9.30%		
Approximate Market Value Range	\$228	\$267	\$332	\$310	\$263	7.80%	4.692%
Taxes as a % of Income	25%	22%	22%	22%			

Midtown South							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$18.20	\$43.42	\$60.38	\$53.52	\$45.49		
Expense	\$6.64	\$14.76	\$17.26	\$18.19	\$15.46		
Expense Ratio	36%	34%	29%	34%	34%		
Cap Rate	9.50%	9.60%	9.80%	9.60%	9.60%		
Approximate Market Value Range	\$81	\$201	\$298	\$247	\$210	11.85%	4.692%
Taxes as a % of Income	21%	22%	23%	22%			

Use Market Rent, and Market Vacancy on New Buildings and Major Alterations.

Use 85% Efficiency Ratio to Convert Market Asking Rent to Gross Rent.

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses



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Class "A" Office Buildings

Downtown Financial/WTC							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$14.54	\$37.40	\$50.36	\$46.35	\$39.40		
Expense	\$5.53	\$15.90	\$22.66	\$19.70	\$16.75		
Expense Ratio	38%	43%	45%	43%	43%		
Cap Rate	9.60%	9.70%	9.80%	9.80%	9.70%		
Approximate Market Value Range	\$63	\$149	\$191	\$184	\$157	7.98%	4.692%
Taxes as a % of Income	20%	19%	18%	19%			

Downtown Insurance/Civic Center							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$29.02	\$32.93	\$46.52	\$48.35	\$41.10		
Expense	\$10.88	\$14.07	\$21.04	\$20.66	\$17.56		
Expense Ratio	37%	43%	45%	43%	43%		
Cap Rate	9.90%	10.00%	10.10%	10.10%	10.10%		
Approximate Market Value Range	\$124	\$128	\$172	\$187	\$159	1.80%	4.692%
Taxes as a % of Income	20%	18%	17%	18%			

Use Market Rent, and Market Vacancy on New Buildings and Major Alterations.

Use 85% Efficiency Ratio to Convert Market Asking Rent to Gross Rent.

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses



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Class "B" Office Buildings

Plaza							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$39.12	\$50.24	\$62.20	\$52.31	\$41.85		
Expense	\$13.30	\$21.45	\$27.68	\$22.33	\$17.87		
Expense Ratio	34%	43%	45%	43%	43%		
Cap Rate	9.50%	9.60%	9.70%	9.60%	9.50%		
Approximate Market Value Range	\$182	\$201	\$240	\$210	\$169	5.80%	4.692%
Taxes as a % of Income	22%	19%	18%	19%			

Grand Central							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$19.41	\$39.81	\$56.22	\$53.63	\$42.90		
Expense	\$6.99	\$16.81	\$26.45	\$22.65	\$18.12		
Expense Ratio	36%	42%	47%	42%	42%		
Cap Rate	9.60%	9.70%	9.80%	9.80%	9.70%		
Approximate Market Value Range	\$87	\$160	\$205	\$214	\$172	3.48%	4.692%
Taxes as a % of Income	21%	19%	17%	19%			

Use Market Rent, and Market Vacancy on New Buildings and Major Alterations.

Use 80% Efficiency Ratio to Convert Market Asking Rent to Gross Rent.

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses



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Class "B" Office Buildings

Midtown West							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$22.99	\$38.09	\$53.70	\$45.13	\$36.10		
Expense	\$7.36	\$15.24	\$21.95	\$18.06	\$14.45		
Expense Ratio	32%	40%	41%	40%	40%		
Cap Rate	10.00%	10.10%	10.30%	10.10%	10.10%		
Approximate Market Value Range	\$106	\$154	\$212	\$183	\$146	4.20%	4.692%
Taxes as a % of Income	22%	19%	19%	19%			

Grand Central South							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$30.57	\$42.53	\$54.39	\$44.47	\$35.58		
Expense	\$7.66	\$16.81	\$22.61	\$17.58	\$14.06		
Expense Ratio	25%	40%	42%	40%	40%		
Cap Rate	9.80%	9.90%	10.00%	9.90%	9.90%		
Approximate Market Value Range	\$158	\$176	\$216	\$184	\$147	5.30%	4.692%
Taxes as a % of Income	24%	19%	19%	19%			

Use Market Rent, and Market Vacancy on New Buildings and Major Alterations.

Use 80% Efficiency Ratio to Convert Market Asking Rent to Gross Rent.

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses



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Class "B" Office Buildings

Midtown South							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$23.43	\$37.68	\$53.26	\$46.80	\$37.44		
Expense	\$7.26	\$13.94	\$22.90	\$17.31	\$13.85		
Expense Ratio	31%	37%	43%	37%	37%		
Cap Rate	10.20%	10.40%	10.50%	10.40%	10.40%		
Approximate Market Value Range	\$109	\$157	\$200	\$195	\$156	6.15%	4.692%
Taxes as a % of Income	22%	20%	18%	20%			

Downtown Financial/WTC							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$10.99	\$34.36	\$41.88	\$38.13	\$30.50		
Expense	\$5.17	\$17.87	\$20.82	\$19.83	\$15.86		
Expense Ratio	47%	52%	50%	52%	52%		
Cap Rate	10.70%	10.80%	10.90%	10.80%	10.80%		
Approximate Market Value Range	\$38	\$106	\$135	\$118	\$94	10.75%	4.692%
Taxes as a % of Income	16%	15%	15%	15%			

Use Market Rent, and Market Vacancy on New Buildings and Major Alterations.

Use 80% Efficiency Ratio to Convert Market Asking Rent to Gross Rent.

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses



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Class "B" Office Buildings

Downtown Insurance/Civic Center							
	Low	Median	High	Net Market Asking Rent	Converted Gross Market Rent	Vacancy Rate	Effective Tax Rate
Income	\$18.74	\$29.93	\$44.27	\$37.06	\$29.65		
Expense	\$7.31	\$13.17	\$19.48	\$16.31	\$13.05		
Expense Ratio	39%	44%	44%	44%	44%		
Cap Rate	11.00%	11.10%	11.30%	11.10%	11.10%		
Approximate Market Value Range	\$73	\$106	\$155	\$131	\$105	6.45%	4.692%
Taxes as a % of Income	18%	17%	16%	17%			

Use Market Rent, and Market Vacancy on New Buildings and Major Alterations.

Use 80% Efficiency Ratio to Convert Market Asking Rent to Gross Rent.

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Manhattan Other Offices

Not Class A or B South of 110th Street				
	Low	Median	High	Effective Tax Rate
Income	\$14.58	\$35.95	\$83.49	
Expense	\$3.50	\$13.66	\$21.72	
Expense Ratio	24%	38%	26%	
Cap Rate	11.40%	11.50%	11.60%	
Approximate Market Value Range	\$69	\$138	\$379	4.692%
Taxes as a % of Income	22%	18%	21%	

Not Class A or B North of 110th Street				
	Low	Median	High	Effective Tax Rate
Income	\$7.99	\$21.39	\$39.11	
Expense	\$1.52	\$5.99	\$10.95	
Expense Ratio	19%	28%	28%	
Cap Rate	12.20%	12.30%	12.40%	
Approximate Market Value Range	\$38	\$91	\$165	4.692%
Taxes as a % of Income	22%	20%	20%	

Use Market Rent, and Market Vacancy on New Buildings and Major Alterations.

Use 85% Efficiency Ratio to Convert Market Asking Rent to Gross Rent.

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Offices in Boroughs Outside Manhattan

Downtown Brooklyn Class "A" Offices				
	Low	Median	High	Effective Tax Rate
Income	\$26.97	\$35.24	\$40.63	
Expense	\$8.63	\$10.24	\$11.99	
Expense Ratio	32%	29%	30%	
Cap Rate	10.30%	10.40%	10.50%	
Approximate Market Value Range	\$122	\$166	\$189	4.692%
Taxes as a % of Income	21%	22%	22%	

Downtown Brooklyn Class "B" Offices				
	Low	Median	High	Effective Tax Rate
Income	\$15.77	\$25.08	\$36.36	
Expense	\$3.65	\$9.14	\$13.40	
Expense Ratio	23%	36%	37%	
Cap Rate	11.60%	11.70%	11.80%	
Approximate Market Value Range	\$74	\$97	\$139	4.692%
Taxes as a % of Income	22%	18%	18%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Offices in Boroughs Outside Manhattan

Other Boroughs Class "A" Offices				
	Low	Median	High	Effective Tax Rate
Income	\$7.90	\$25.11	\$34.63	
Expense	\$2.29	\$10.55	\$15.24	
Expense Ratio	29%	42%	44%	
Cap Rate	10.50%	10.60%	10.70%	
Approximate Market Value Range	\$37	\$95	\$126	4.692%
Taxes as a % of Income	22%	18%	17%	

Other Boroughs Class "B" Offices				
	Low	Median	High	Effective Tax Rate
Income	\$6.03	\$21.93	\$31.84	
Expense	\$1.44	\$9.20	\$13.51	
Expense Ratio	24%	42%	42%	
Cap Rate	11.80%	11.90%	12.10%	
Approximate Market Value Range	\$28	\$77	\$109	4.692%
Taxes as a % of Income	22%	16%	16%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Offices in Boroughs Outside Manhattan

Office Buildings Other Than Class "A" or "B"				
	Low	Median	High	Effective Tax Rate
Income	\$5.98	\$18.43	\$59.90	
Expense	\$1.36	\$5.11	\$16.77	
Expense Ratio	23%	28%	28%	
Cap Rate	12.40%	12.50%	12.60%	
Approximate Market Value Range	\$27	\$77	\$249	4.692%
Taxes as a % of Income	21%	20%	20%	

Professional Offices				
	Low	Median	High	Effective Tax Rate
Income	\$8.82	\$21.22	\$37.59	
Expense	\$1.68	\$5.47	\$9.57	
Expense Ratio	19%	26%	25%	
Cap Rate	12.10%	12.20%	12.30%	
Approximate Market Value Range	\$43	\$93	\$165	4.692%
Taxes as a % of Income	23%	21%	21%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Retail

Downtown South of Grand St.

One Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$23.60	\$78.26	\$115.64	
Expense	\$4.36	\$13.73	\$26.60	
Expense Ratio	18%	18%	23%	
Cap Rate	9.80%	10.10%	10.40%	
Approximate Market Value Range	\$133	\$436	\$590	4.692%
Taxes as a % of Income	26%	26%	24%	

Multi-Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$12.31	\$42.59	\$111.61	
Expense	\$2.20	\$11.92	\$31.25	
Expense Ratio	18%	28%	28%	
Cap Rate	9.90%	10.20%	10.50%	
Approximate Market Value Range	\$69	\$206	\$529	4.692%
Taxes as a % of Income	26%	23%	22%	

Mixed-Use/Miscellaneous Retail				
	Low	Median	High	Effective Tax Rate
Income	\$12.67	\$25.63	\$52.51	
Expense	\$2.52	\$7.10	\$17.79	
Expense Ratio	20%	28%	34%	
Cap Rate	10.20%	10.50%	10.80%	
Approximate Market Value Range	\$68	\$122	\$224	4.692%
Taxes as a % of Income	25%	22%	20%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Retail

Midtown South (Grand to 30th St.)

One Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$24.07	\$64.39	\$130.50	
Expense	\$4.96	\$12.09	\$26.10	
Expense Ratio	21%	19%	20%	
Cap Rate	9.80%	10.10%	10.40%	
Approximate Market Value Range	\$132	\$354	\$692	4.692%
Taxes as a % of Income	26%	26%	25%	

Multi-Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$14.89	\$41.86	\$102.99	
Expense	\$3.07	\$10.05	\$30.41	
Expense Ratio	21%	24%	30%	
Cap Rate	9.80%	10.10%	10.40%	
Approximate Market Value Range	\$82	\$215	\$481	4.692%
Taxes as a % of Income	26%	24%	22%	

Mixed-Use/Miscellaneous Retail				
	Low	Median	High	Effective Tax Rate
Income	\$12.64	\$36.05	\$71.26	
Expense	\$2.38	\$9.37	\$21.38	
Expense Ratio	19%	26%	30%	
Cap Rate	10.10%	10.40%	10.70%	
Approximate Market Value Range	\$69	\$177	\$324	4.692%
Taxes as a % of Income	26%	23%	21%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Retail

Midtown (30th to 59th Street)

One Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$39.86	\$97.32	\$222.26	
Expense	\$6.29	\$15.04	\$37.30	
Expense Ratio	16%	15%	17%	
Cap Rate	9.10%	9.40%	9.70%	
Approximate Market Value Range	\$243	\$584	\$1,285	4.692%
Taxes as a % of Income	29%	28%	27%	

Multi-Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$25.04	\$71.46	\$150.03	
Expense	\$5.41	\$14.10	\$28.51	
Expense Ratio	22%	20%	19%	
Cap Rate	9.30%	9.60%	9.90%	
Approximate Market Value Range	\$140	\$401	\$833	4.692%
Taxes as a % of Income	26%	26%	26%	

Mixed-Use/Miscellaneous Retail				
	Low	Median	High	Effective Tax Rate
Income	\$19.00	\$49.51	\$110.11	
Expense	\$3.87	\$8.77	\$33.03	
Expense Ratio	20%	18%	30%	
Cap Rate	9.50%	9.80%	10.10%	
Approximate Market Value Range	\$107	\$281	\$521	4.692%
Taxes as a % of Income	26%	27%	22%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Retail

East Side (59th to 96th Street)

One Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$39.90	\$142.46	\$214.75	
Expense	\$8.38	\$27.22	\$36.99	
Expense Ratio	21%	19%	17%	
Cap Rate	9.40%	9.70%	10.00%	
Approximate Market Value Range	\$224	\$801	\$1,210	4.692%
Taxes as a % of Income	26%	26%	26%	

Multi-Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$46.15	\$96.37	\$269.60	
Expense	\$9.11	\$17.21	\$32.02	
Expense Ratio	20%	18%	12%	
Cap Rate	9.60%	9.90%	10.20%	
Approximate Market Value Range	\$259	\$543	\$1,595	4.692%
Taxes as a % of Income	26%	26%	28%	

Mixed-Use/Miscellaneous Retail				
	Low	Median	High	Effective Tax Rate
Income	\$25.14	\$68.95	\$196.84	
Expense	\$4.65	\$13.10	\$31.17	
Expense Ratio	18%	19%	16%	
Cap Rate	9.80%	10.10%	10.40%	
Approximate Market Value Range	\$141	\$378	\$1,098	4.692%
Taxes as a % of Income	26%	26%	26%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Retail

West side (59th to 110th Street)

One Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$42.09	\$45.52	\$80.32	
Expense	\$7.15	\$7.55	\$13.34	
Expense Ratio	17%	17%	17%	
Cap Rate	9.70%	10.00%	10.30%	
Approximate Market Value Range	\$243	\$258	\$447	4.692%
Taxes as a % of Income	27%	27%	26%	

Multi-Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$42.70	\$105.14	\$172.07	
Expense	\$7.36	\$9.95	\$20.15	
Expense Ratio	17%	9%	12%	
Cap Rate	9.90%	10.20%	10.50%	
Approximate Market Value Range	\$242	\$639	\$1,000	4.692%
Taxes as a % of Income	27%	29%	27%	

Mixed-Use/Miscellaneous Retail				
	Low	Median	High	Effective Tax Rate
Income	\$25.75	\$66.03	\$127.21	
Expense	\$3.95	\$12.55	\$23.98	
Expense Ratio	15%	19%	19%	
Cap Rate	10.20%	10.50%	10.80%	
Approximate Market Value Range	\$146	\$352	\$666	4.692%
Taxes as a % of Income	27%	25%	25%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses



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Retail

E96th/W110th Street To 125th Street

One Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$11.21	\$26.70	\$75.52	
Expense	\$2.64	\$7.82	\$14.34	
Expense Ratio	24%	29%	19%	
Cap Rate	10.80%	11.10%	11.40%	
Approximate Market Value Range	\$55	\$120	\$380	4.692%
Taxes as a % of Income	23%	21%	24%	

Multi-Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$9.09	\$26.25	\$67.70	
Expense	\$1.46	\$5.25	\$13.75	
Expense Ratio	16%	20%	20%	
Cap Rate	10.90%	11.20%	11.50%	
Approximate Market Value Range	\$49	\$132	\$333	4.692%
Taxes as a % of Income	25%	24%	23%	

Mixed-Use/Miscellaneous Retail				
	Low	Median	High	Effective Tax Rate
Income	\$4.27	\$17.77	\$42.18	
Expense	\$1.02	\$4.44	\$10.55	
Expense Ratio	24%	25%	25%	
Cap Rate	11.30%	11.60%	12.00%	
Approximate Market Value Range	\$20	\$82	\$189	4.692%
Taxes as a % of Income	22%	22%	21%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Retail

Manhattan North of 125th Street and Boroughs Outside Manhattan

One-Story and Multi-Story Retail				
	Low	Median	High	Effective Tax Rate
Income	\$7.04	\$24.64	\$86.66	
Expense	\$1.69	\$6.16	\$21.29	
Expense Ratio	24%	25%	25%	
Cap Rate	10.10%	11.00%	11.30%	
Approximate Market Value Range	\$36	\$118	\$409	4.692%
Taxes as a % of Income	24%	22%	22%	

Mixed-Use/Miscellaneous Retail				
	Low	Median	High	Effective Tax Rate
Income	\$4.60	\$17.11	\$66.40	
Expense	\$0.78	\$4.28	\$16.60	
Expense Ratio	17%	25%	25%	
Cap Rate	10.50%	11.50%	11.80%	
Approximate Market Value Range	\$25	\$79	\$302	4.692%
Taxes as a % of Income	26%	22%	21%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Lofts

Midtown West				
	Low	Median	High	Effective Tax Rate
Income	\$11.43	\$27.05	\$59.32	
Expense	\$3.20	\$11.36	\$20.04	
Expense Ratio	28%	42%	34%	
Cap Rate	9.70%	9.80%	10.00%	
Approximate Market Value Range	\$57	\$108	\$267	4.692%
Taxes as a % of Income	23%	19%	21%	

Fashion/Javits Center				
	Low	Median	High	Effective Tax Rate
Income	\$9.17	\$25.10	\$38.45	
Expense	\$3.77	\$8.80	\$8.87	
Expense Ratio	41%	35%	23%	
Cap Rate	9.80%	10.00%	10.10%	
Approximate Market Value Range	\$37	\$111	\$200	4.692%
Taxes as a % of Income	19%	21%	24%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Lofts

Chelsea/Flatiron/Gramercy/Murray Hill				
	Low	Median	High	Effective Tax Rate
Income	\$11.91	\$27.23	\$43.52	
Expense	\$3.22	\$9.80	\$14.42	
Expense Ratio	27%	36%	33%	
Cap Rate	10.00%	10.10%	10.20%	
Approximate Market Value Range	\$59	\$118	\$195	4.692%
Taxes as a % of Income	23%	20%	21%	

Below 14th Street				
	Low	Median	High	Effective Tax Rate
Income	\$8.47	\$22.84	\$43.11	
Expense	\$2.12	\$6.86	\$15.37	
Expense Ratio	25%	30%	36%	
Cap Rate	10.10%	10.20%	10.30%	
Approximate Market Value Range	\$43	\$107	\$185	4.692%
Taxes as a % of Income	24%	22%	20%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Lofts

Manhattan Other Lofts				
	Low	Median	High	Effective Tax Rate
Income	\$6.19	\$15.77	\$49.33	
Expense	\$1.08	\$3.94	\$10.31	
Expense Ratio	17%	25%	21%	
Cap Rate	11.20%	11.40%	11.50%	
Approximate Market Value Range	\$32	\$74	\$241	4.692%
Taxes as a % of Income	24%	22%	23%	

Lofts in the Boroughs Outside Manhattan				
	Low	Median	High	Effective Tax Rate
Income	\$3.04	\$8.81	\$18.37	
Expense	\$1.09	\$3.70	\$7.35	
Expense Ratio	36%	42%	40%	
Cap Rate	12.10%	12.20%	12.30%	
Approximate Market Value Range	\$12	\$30	\$65	4.692%
Taxes as a % of Income	18%	16%	17%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Factories, Warehouses, Storage Facilities

Citywide Factories & Warehouses				
	Low	Median	High	Effective Tax Rate
Income	\$3.96	\$9.61	\$24.19	
Expense	\$0.51	\$2.04	\$8.22	
Expense Ratio	13%	21%	34%	
Cap Rate	9.80%	11.00%	11.50%	
Approximate Market Value Range	\$24	\$48	\$99	4.692%
Taxes as a % of Income	28%	24%	19%	

Citywide Self Storage Facilities				
	Low	Median	High	Effective Tax Rate
Income	\$3.57	\$13.44	\$29.73	
Expense	\$0.97	\$3.64	\$8.28	
Expense Ratio	27%	27%	28%	
Cap Rate	9.60%	10.70%	11.30%	
Approximate Market Value Range	\$18	\$64	\$134	4.692%
Taxes as a % of Income	24%	22%	21%	

Income = Gross Income per sq.ft.

Expense = Total Expense per sq.ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Parking Garages

Manhattan Battery to 34th Street				
	Low	Median	High	Effective Tax Rate
Income	\$8.24	\$22.60	\$40.22	
Expense	\$0.49	\$2.71	\$8.85	
Expense Ratio	6%	12%	22%	
Cap Rate	10.50%	11.10%	11.40%	
Approximate Market Value Range	\$51	\$126	\$195	4.692%
Taxes as a % of Income	29%	26%	23%	

Manhattan North of 34th Street to 96th Street				
	Low	Median	High	Effective Tax Rate
Income	\$6.76	\$23.22	\$55.52	
Expense	\$0.79	\$4.21	\$12.52	
Expense Ratio	12%	18%	23%	
Cap Rate	10.10%	10.50%	10.80%	
Approximate Market Value Range	\$40	\$125	\$278	4.692%
Taxes as a % of Income	28%	25%	23%	

Income = Gross Income per sq. ft.

Expense = Total Expenses per sq. ft.

Use Reported 2008 Income

Use Reported 2008 Expenses



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Parking Garages

Manhattan North of 96th Street and Boroughs Outside Manhattan				
	Low	Median	High	Effective Tax Rate
Income	\$3.54	\$10.55	\$26.67	
Expense	\$0.61	\$3.06	\$7.50	
Expense Ratio	17%	29%	28%	
Cap Rate	11.10%	11.50%	12.00%	
Approximate Market Value Range	\$19	\$46	\$115	4.692%
Taxes as a % of Income	25%	21%	20%	

Income = Gross Income per sq. ft.

Expense = Total Expenses per sq. ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Parking Lots

Manhattan Battery to 34th Street				
	Low	Median	High	Effective Tax Rate
Income	\$11.57	\$27.67	\$91.84	
Expense	\$0.37	\$3.87	\$20.61	
Expense Ratio	3%	14%	22%	
Cap Rate	9.70%	10.60%	10.90%	
Approximate Market Value Range	\$78	\$156	\$457	4.692%
Taxes as a % of Income	32%	26%	23%	

Manhattan North of 34th Street to 96th Street				
	Low	Median	High	Effective Tax Rate
Income	\$5.20	\$23.09	\$47.21	
Expense	\$0.63	\$3.06	\$9.67	
Expense Ratio	12%	13%	20%	
Cap Rate	9.70%	10.00%	10.30%	
Approximate Market Value Range	\$32	\$136	\$250	4.692%
Taxes as a % of Income	29%	28%	25%	

Income = Gross Income per sq. ft.

Expense = Total Expenses per sq. ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Parking Lots

Manhattan North of 96th Street and Boroughs Outside Manhattan				
	Low	Median	High	Effective Tax Rate
Income	\$1.87	\$4.14	\$11.18	
Expense	\$0.15	\$0.99	\$2.79	
Expense Ratio	8%	24%	25%	
Cap Rate	10.50%	10.90%	11.20%	
Approximate Market Value Range	\$11	\$20	\$53	4.692%
Taxes as a % of Income	28%	23%	22%	

Income = Gross Income per sq. ft.

Expense = Total Expenses per sq. ft.

Use Reported 2008 Income

Use Reported 2008 Expenses

Repair Garages

Manhattan Battery to 96th Street				
	Low	Median	High	Effective Tax Rate
Income	\$6.33	\$15.78	\$49.57	
Expense	\$1.46	\$4.26	\$20.82	
Expense Ratio	23%	27%	42%	
Cap Rate	10.10%	10.40%	10.80%	
Approximate Market Value Range	\$33	\$76	\$186	4.692%
Taxes as a % of Income	24%	23%	18%	

Manhattan North of 96th Street and Boroughs Outside Manhattan				
	Low	Median	High	Effective Tax Rate
Income	\$4.60	\$12.31	\$56.45	
Expense	\$0.60	\$3.32	\$20.32	
Expense Ratio	13%	27%	36%	
Cap Rate	10.80%	11.10%	11.40%	
Approximate Market Value Range	\$26	\$57	\$225	4.692%
Taxes as a % of Income	26%	22%	19%	

Income = Gross Income per sq. ft.

Expense = Total Expenses per sq. ft.

Use Reported 2008 Income

Use Reported 2008 Expenses



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**Gross Income Multipliers
Apartment Buildings with More Than 10 Units
(Including Rental Buildings, Cooperatives, and Condominiums)**

Income Range Per Square Foot		Gross Income Multiplier	Market Value Range		Taxes Per Square Foot		Tax as % of Income	Base Capitalization Rate	Effective Tax Rate	Total Capitalization Rate
Less Than	\$8.98	2.1202		\$19.04		\$1.13	12.63%	12.200%	5.958%	18.158%
	\$8.98	2.3784	\$21.36	\$24.45	\$1.27	\$1.46	14.17%	12.000%	5.958%	17.958%
	\$10.28	2.5915	\$26.64	\$29.57	\$1.59	\$1.76	15.44%	11.300%	5.958%	17.258%
	\$11.41	2.8103	\$32.07	\$35.61	\$1.91	\$2.12	16.75%	10.800%	5.958%	16.758%
	\$12.67	3.1135	\$39.45	\$44.37	\$2.35	\$2.64	18.55%	10.100%	5.958%	16.058%
	\$14.25	3.3810	\$48.18	\$56.53	\$2.87	\$3.37	20.15%	9.500%	5.958%	15.458%
	\$16.72	3.7387	\$62.51	\$78.18	\$3.72	\$4.66	22.28%	8.800%	5.958%	14.758%
	\$20.91	4.1423	\$86.62	\$119.80	\$5.16	\$7.14	24.68%	8.600%	5.958%	14.558%
	\$28.92	4.6579	\$134.71	\$177.37	\$8.03	\$10.57	27.75%	8.300%	5.958%	14.258%
Greater than	\$38.08	4.9092		\$186.94		\$11.14	29.25%	8.200%	5.958%	14.158%

**Apartment Buildings with Less than 11 Units
(Including Rental Buildings, Cooperatives, and Condominiums)**

Manhattan							
Area Rating	Income Per Unit Per Month		Multiplier	Market Value Per Unit		Taxes Per Unit	
1	\$2,172	\$4,815	13.20	\$344,061	\$762,696	\$6,834	\$15,148
2	\$1,808	\$2,172	10.50	\$227,846	\$273,685	\$4,525	\$5,436
3	\$1,648	\$1,808	7.90	\$156,211	\$171,427	\$3,103	\$3,405
4	\$867	\$1,648	7.00	\$72,803	\$138,415	\$1,446	\$2,749
Bronx							
Area Rating	Income Per Unit Per Month		Multiplier	Market Value Per Unit		Taxes Per Unit	
1	-	-	-	-	-	-	-
2	\$942	\$968	8.90	\$100,563	\$103,420	\$1,997	\$2,054
3	\$835	\$942	7.90	\$79,120	\$89,264	\$1,571	\$1,773
4	\$631	\$835	6.70	\$50,757	\$67,102	\$1,008	\$1,333
Brooklyn							
Area Rating	Income Per Unit Per Month		Multiplier	Market Value Per Unit		Taxes Per Unit	
1	\$1,220	\$1,530	12.30	\$180,042	\$225,843	\$3,576	\$4,486
2	\$947	\$1,220	9.80	\$111,361	\$143,448	\$2,212	\$2,849
3	\$792	\$947	7.90	\$75,063	\$89,771	\$1,491	\$1,783
4	\$738	\$792	7.20	\$63,789	\$68,412	\$1,267	\$1,359

Queens							
Area Rating	Income Per Unit Per Month		Multiplier	Market Value Per Unit		Taxes Per Unit	
1	\$1,102	\$1,477	11.70	\$154,735	\$207,315	\$3,073	\$4,118
2	\$910	\$1,102	9.80	\$106,957	\$129,607	\$2,124	\$2,574
3	\$792	\$910	8.20	\$77,913	\$89,495	\$1,547	\$1,778
4	\$663	\$792	6.90	\$54,930	\$65,561	\$1,091	\$1,302
Staten Island							
Area Rating	Income Per Unit Per Month		Multiplier	Market Value Per Unit		Taxes Per Unit	
1	\$1,220	\$1,530	12.30	\$180,042	\$225,843	\$3,576	\$4,486
2	\$942	\$1,220	9.80	\$110,732	\$143,448	\$2,199	\$2,849
3	\$861	\$942	7.90	\$81,656	\$89,264	\$1,622	\$1,773
4	\$770	\$861	7.20	\$66,563	\$74,421	\$1,322	\$1,478

Hotels

Super Luxury						
Income Per Room Per Day Range		Income Multiplier	Market Value Per Room Range		Taxes Per Room Range	
Below	\$357	840	-	\$299,880	-	\$14,069
\$357	\$629	840	\$299,880	\$528,360	\$14,069	\$24,789
\$629	\$806	840	\$528,360	\$677,040	\$24,789	\$31,765
Above	\$806	840	-	\$677,040	-	\$31,765
Luxury						
Income Per Room Per Day Range		Income Multiplier	Market Value Per Room Range		Taxes Per Room Range	
Below	\$226	840	-	\$189,840	-	\$8,907
\$226	\$317	840	\$189,840	\$266,280	\$8,907	\$12,493
\$317	\$473	840	\$266,280	\$397,320	\$12,493	\$18,641
Above	\$473	840	-	\$397,320	-	\$18,641
Class 1						
Income Per Room Per Day Range		Income Multiplier	Market Value Per Room Range		Taxes Per Room Range	
Below	\$139	840	-	\$116,760	-	\$5,478
\$139	\$220	840	\$116,760	\$184,800	\$5,478	\$8,670
\$220	\$313	840	\$184,800	\$262,920	\$8,670	\$12,335
Above	\$313	840	-	\$262,920	-	\$12,335

* To be used for Non-Filers only

Hotels

Class 2						
Income Per Room Per Day Range		Income Multiplier	Market Value Per Room Range		Taxes Per Room Range	
Below	\$117	840	-	\$98,280	-	\$4,611
\$117	\$195	840	\$98,280	\$163,800	\$4,611	\$7,685
\$195	\$248	840	\$163,800	\$208,320	\$7,685	\$9,774
Above	\$248	840	-	\$208,320	-	\$9,774
Class 3						
Income Per Room Per Day Range		Income Multiplier	Market Value Per Room Range		Taxes Per Room Range	
Below	\$104	795	-	\$82,680	-	\$3,879
\$104	\$176	795	\$82,680	\$139,920	\$3,879	\$6,565
\$176	\$207	795	\$139,920	\$164,565	\$6,565	\$7,721
Above	\$207	795	-	\$164,565	-	\$7,721
Class 4						
Income Per Room Per Day Range		Income Multiplier	Market Value Per Room Range		Taxes Per Room Range	
Below	\$58	795	-	\$46,110	-	\$2,163
\$58	\$137	795	\$46,110	\$108,915	\$2,163	\$5,110
\$137	\$144	795	\$108,915	\$114,480	\$5,110	\$5,371
Above	\$144	795	-	\$114,480	-	\$5,371

* To be used for Non-Filers only