The Roebling Index

MANHATTAN BUILDING INTELLIGENCE

SPECIAL REPORT
OCTOBER 2026
PIED-À-TERRE SURCHARGE

THE PIED-À-TERRE SURCHARGE · THE RENT BREAK-EVEN

Same rent. Different return.

Two tenants can offer the same rent for the same apartment and leave the owner with different income. For an apartment exposed to the pied-à-terre surcharge, a qualifying primary-residence tenancy can avoid a cost that a second-home tenancy does not.

To put a number on that difference, I matched reported rents for 286 Manhattan condominiums to the city's published valuations. Across the sample, the median increase needed to cover the potential surcharge was 17.1%, roughly two months of rent a year. Looking only at rental records from 2026, the figure was 15.4%.

That does not mean second-home tenants are paying those increases. It means the owner has a meaningful cost to consider. Whether that cost can be passed along, shared or absorbed is a separate question.

17.1%
Median required increase over reported rent

$4,415
Median additional rent, per month

2.05
Median potential surcharge, in months of rent

286
Manhattan condominiums, one record per apartment

Corey Cohen
Licensed Associate Real Estate Broker, The Roebling Team at Compass · Publisher, The Roebling Index
Rental records January 2025 to September 2026 · Legal status as of 29 October 2026

THE FINDING · THE BREAK-EVEN

A median 17.1% increase.

286 Manhattan condominiums · reported rents January 2025 to September 2026 · DOF FY2027 values

The median required increase was 17.1%. Measured in dollars, the median additional rent was $4,415 per month. For 53% of the apartments the potential surcharge exceeded two months of rent; for 19%, three.

MEASURE	MEDIAN
Reported monthly rent	$26,000
DOF market value (FY2027)	$1,324,583
Potential annual surcharge	$52,983
Required increase over reported rent	**17.1%**
Additional rent, per month	**$4,415**
Potential surcharge in months of rent	2.05

Each line is a separate median. The surcharge applies the statutory rate to the full DOF value and assumes no exemption or exclusion applies. 277 of the 286 apartments fall in the 4% band.

AN EXAMPLE CLOSE TO THE SAMPLE MEDIAN

35 Hudson Yards, Apartment 7203. Reported rent $28,000 a month (March 2026). DOF market value $1,436,123.

- Potential annual surcharge at 4%: **$57,445**
- Additional rent to offset it: **$4,787 a month**, for a break-even rent of $32,787
- Required increase: **17.1%**, or about two months of rent a year

Two rental periods

RENTAL RECORDS	APARTMENTS	MEDIAN RENT	REQUIRED INCREASE	ADDITIONAL RENT / MO
January 2025 to September 2026	**286**	**$26,000**	**17.1%**	**$4,415**
2026 only, January to September	135	$29,995	15.4%	$4,261

The 2026-only sample produces a lower median required increase: 15.4%, against 17.1% for the full period. These are different groups of rental records evaluated under the same tax framework, not a measure of how individual apartments' exposure changed over time.

INTERPRETATION · OWNERS AND RENTERS

Residency is now part of the lease economics.

The analysis measures the potential cost difference, not how owners or tenants have responded.

For owners, two offers at the same rent are no longer the same offer if one tenancy qualifies as a primary residence and the other does not. The difference is a cost the owner can price in, share with the tenant, or absorb. Which of those the market will bear is not something this data shows.

The percentage understates the effect on income. Common charges and property tax come out of the same rent, so the surcharge takes a larger share of what the owner nets than of what the tenant pays.

For renters, how the apartment will be used now has a value to the owner, and that can come up in negotiation.

What qualifies. A qualifying tenancy requires actual primary-residence use by an individual under a bona fide, arm's-length lease of at least one year, assessed as of the applicable January 5 taxable status date. **Timing matters:** changing tenants does not retroactively change the apartment's treatment for the current tax year.

> WHICH VALUE COUNTS?
>
> For condos and co-ops, the current surcharge threshold is $1 million in the city's valuation, which is income-based rather than sale-based. It is not the apartment's purchase price. Beginning July 2028, the threshold moves to $5 million under a valuation method that considers comparable sales. This analysis uses the current rules and the city's FY2027 values.
>
> Current rates run from 4% to 6.5% and apply to the whole value, not the amount above the threshold.

Legal status, as of 29 October 2026

The surcharge law has not been struck down. On 29 September a Staten Island court ruled the Department of Finance's rollout improper, ordering its notices cancelled and striking the exemption process (*O'Brien v. City of New York*). That ruling has been stayed pending appeal, allowing the city's rollout to continue in the interim. The Appellate Division heard argument on 28 October and has not ruled. A separate challenge to the law's constitutionality is pending in Suffolk County. Charges, if any, would first appear on the bill due 1 January 2027.

METHODOLOGY · SOURCES

About the analysis.

> The analysis matches broker-reported Manhattan condominium rents from January 2025 through September 2026 to the city's FY2027 valuations, retaining one rental record per apartment. Rents were not independently confirmed against signed leases, and concessions are not accounted for. The calculations assume the surcharge applies without an exemption or exclusion. They estimate the additional rent needed to offset that cost; they do not establish actual tax liability or a premium being paid by tenants. Appearing on DOF's roll does not mean an apartment owes the surcharge; DOF states that *"the vast majority of listed properties will not receive such a notice."*

Sample. 605,526 rental records narrowed to condominiums with a record dated January 2025 or later, matched on address and apartment number to the apartment's own tax lot on DOF's FY2027 roll, with a DOF value over $1 million. Matches whose DOF value fell outside 2 to 12 times annual rent were removed as probable bad joins, and one record per apartment was kept. Result: 286 apartments.

Calculation. Potential surcharge = statutory band rate × full DOF value. Additional monthly rent = surcharge ÷ 12. Required increase = additional rent ÷ reported rent.

Representativeness. This is the rented, matchable slice of the market, not every affected property. Matching favors higher-rent apartments, and the median reported rent is $26,000 a month: a high-rent condominium sample, not the typical Manhattan rental.

The median under each data-quality exclusion

SAMPLE	APARTMENTS	MONTHS OF RENT	ADDITIONAL RENT / MO
All apartments	**286**	**2.05**	**$4,415**
Excluding rents reported above the last asking rent	248	2.06	$4,343
Excluding a price change recorded on the rental date	130	2.06	$4,355
Excluding apartments relisted soon after the reported lease	252	2.05	$4,355
Excluding possible unsold sponsor units	258	2.01	$4,355
Apartments with no data-quality flag	99	2.01	$4,324

This analysis replaces the ten-apartment illustration in Roebling Report No. 141, "Same Apartment, Two Values." The companion workbook carries every apartment at unit level, with its tax lot, DOF value, reported rent, dates and flags.

Sources. NYC Department of Finance, FY2027 supplemental assessment roll (24 July 2026) and non-primary residence surcharge page · NY Tax Law Article 30-C, §§1350–1356; 19 RCNY §62 · Day Pitney and EisnerAmper on *O'Brien* · Bloomberg Tax on the 28 October argument · Roebling research desk rental records.

ABOUT THE AUTHOR



Corey Cohen

Licensed Associate Real Estate Broker, The Roebling Team at Compass
Publisher, The Roebling Index

Corey Cohen is a Manhattan residential broker with The Roebling Team at Compass and publisher of **The Roebling Index**, the team's building-level research on Manhattan co-ops and condominiums. The Index supplies the evidence; **The Roebling Report**, Cohen's column, explains what it means for owners, buyers and renters.

The Roebling Index's study of expiring 421-a tax abatements was the basis for *The Wall Street Journal*'s September 22, 2026 report, "Expiring Property Tax Breaks Are About to Make New York Even More Expensive."

The Roebling Index

Corey Cohen, Licensed Associate Real Estate Broker · The Roebling Team at Compass

2150 Broadway, New York, NY 10023

646.939.7375 · c.cohen@compass.com · theroeblingteam.com

Valuations are NYC Department of Finance public records. Rental figures are broker-reported and were not independently confirmed against leases. This report is market research, not legal or tax advice; it does not establish that any property owes the surcharge.

The Roebling Team is a team of real estate agents affiliated with Compass, a licensed real estate broker, and abides by equal housing opportunity laws. © 2026 The Roebling Team at Compass.