BUSINESS
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Everything you need to know about New York City's Mansion Tax and what it means for the luxury market

After the revised mansion tax was passed in April, Manhattan's luxury real-estate market was sent into a frenzy as wealthy clients rushed to close deals before the new tax rates went into effect on July 1, The Wall Street Journal reported…

The progressive mansion tax is expected to raise $365 million a year. The money will, according to the New York State Division of the Budget, be used to improve the city's subway system…

Business Insider spoke with industry leaders about the history of the mansion tax and the impacts its new rates will have on New York City's luxury market…

What does the new mansion tax mean for luxury real estate in Manhattan?
As Barbara Fox, founder and president of the real-estate brokerage Fox Residential, told Business Insider, "It's the newness of [the new progressive mansion tax] that's causing the issues."

New York's luxury housing market has taken a hit over the past year, seeing price cuts and an influx of inventory. Now, with the new mansion tax in effect, there is a lingering worry among industry professionals that it will continue to slow down the already-slow market.

Forbes' contributing writer Frederick Peters, the CEO of the real-estate firm Warburg Realty, wrote that over time, the progressive mansion tax will become a normal factor in transactional negotiations between buyers and sellers.

While Fox told Business Insider that she is confident the market will continue to climb in 2019, she predicts the progressive mansion tax will make it move slower. For the ultra-wealthy, an extra tax during closing isn't going to be a deal-breaker, Fox explained.

"The market will still climb, but it will climb more slowly in the balance of this year than it may have otherwise," Fox told Business insider.