

Maintaining its position as the most expensive city in North America, New York City also stands out as the sixth most expensive city in the entire world. Making it the most expensive city in North America compared to its counterparts such as Los Angeles (ranked 11th) and San Francisco (14th). New York City, the beacon of dreams and ambition, is a global hub of culture, diversity, and unparalleled influence in commerce, finance, and the arts. However, the city's ceaseless energy and boundless opportunities come with a formidable price tag.

In the "city that never sleeps," residents face astronomical housing prices. A one-bedroom apartment, on average, costs \$4,100 and provides a mere 700 square feet of living space — akin to a quarter of a tennis court. This financial burden is exacerbated when considering the average annual salary nationwide is \$59,428, with an hourly rate of \$28.34. In stark contrast, Manhattan reports an average annual salary of \$79,285, or approximately \$38.12 an hour. Equating to around \$1,524 weekly or \$6,607 monthly. Despite these seemingly higher earnings, they barely scratch the surface of the city's high living costs, extending beyond housing to include premium-priced expenses. Cost as a System delves into the complexities of living expenses in New York City, critically examining the economic challenges of those aspiring to call this illustrious city home.

The New York City housing market is a complex and competitive landscape, renowned for its staggering costs and luxurious offerings. At the pinnacle of extravagance, the penthouse of Central Park Tower stands out, valued at an astonishing \$250 million. This illustrious residence, situated in one of the city's most coveted locations, holds the title of the highest residential home on the planet, complete with the world's highest residential terrace.

Yet, this image of opulence and grandeur is not representative of the living situation for the majority of New Yorkers. For most, affording a home in the city often involves compromises, leading

many to live in small, walk-up apartments in neighborhoods like the East Village, frequently without the amenity of air conditioning, and sharing the space with multiple roommates to make ends meet.

In this portion of the project, we delve into the intricacies of rental prices, neighborhood variances, and their broader implications on the population of NYC. The city's rental market is characterized by exorbitant costs, with average prices ranging from \$3,445 for a modest studio to a substantial \$6,995 for a spacious four-bedroom apartment. The median rental price across all listings is a formidable \$4,195, which translates to approximately \$77 per square foot.

This detailed analysis extends over the last decade, highlighting the annual percentage increase in rental prices across various types of apartments in New York City. Studios, one, two, three, and four-bedroom apartments have all seen their prices steadily rise, with an average annual increase ranging from 3.5% to 4.5%. This consistent uptrend signifies more than just inflation; it reflects a city in high demand, with limited space and an ever-growing populace seeking a slice of the Big Apple. The cumulative effect of these yearly increases has resulted in rental prices that are now significantly higher than they were ten years ago, challenging the financial resilience of both long-term residents and newcomers alike.

As we trace back the evolution of average rent and affordable housing options, the contrast becomes even more stark. In the 1940s, New York City's average rent was a mere \$50, equivalent to about \$1,099.25 today, with many affordable options, especially in the Lower East Side. This trend of affordability continued into the 1950s, with the average rent at \$60 (equivalent to approximately \$766.28 today), and the 1960s, with an average rent of \$200 (about \$2,079.66 in today's purchasing power). Despite rising costs, numerous affordable housing options remained available across various neighborhoods. By the 1970s, the average rent had reached \$335, equivalent to around \$2,657.46 today, and shared apartments emerged as a popular and economical housing solution.

However, the subsequent decades saw a dramatic escalation in rent. The 1980s experienced a substantial hike in average rent to \$1,700 (approximately \$6,350.02 in today's dollars), amidst high crime rates and gritty urban conditions. Despite these challenges, affordable housing was still accessible in several parts of the city. The 1990s witnessed the average rent skyrocketing to \$3,200 (or about \$7,535.77 in today's purchasing power), paralleling improvements in quality of life and a decrease in crime rates. By the 2000s, the average rent had climbed to \$3,800 (equivalent to roughly \$6,792.09 today), with gentrification starting to impact various neighborhoods, yet still offering some affordable housing options.

As the city continues to navigate through economic fluctuations and changes in the housing market, the data underscores the crucial need for sustainable solutions to address the affordability crisis and ensure that the dream of living in New York City remains within reach for diverse income brackets.

The average wage in the United States is roughly \$59,000, which is insignificant in comparison to New York City's average of \$79,000, reflecting the city's high cost of living and economic importance. This figure is far higher than the global average pay, which is believed to be around \$18,000, highlighting the massive economic differences across different locales.

As we navigate the complexities of New York City's housing market, we must also consider its inverse, the economic landscape. The city's affordability challenge is complex, with deep roots in systemic income and expenditure inequalities. This section seeks to explore the complexities of New York City salaries, contextualizing them within the larger economic system and historical tendencies.

The high expense of living in New York City is a major source of anxiety for its citizens. The minimum wage in New York City, while higher than the federal minimum, falls short of satisfying the

population's fundamental needs. According to an Economic Policy Institute research, the minimum wage in the United States of \$7.25 in 2016 was approximately 25% less than its peak value in 1968, after inflation. The degradation of the minimum wage's value has resulted in longer working hours for low-wage workers in order to maintain a standard of living that was considered inadequate nearly half a century ago.

According to the same analysis, increasing the federal minimum wage to \$15 by 2024 would directly or indirectly raise pay for 41.5 million workers, or 29.2 percent of the wage-earning total. This raise would create an additional \$144 billion in earnings, boosting the economy and potentially increasing the quality of living in areas such as New York.

Wage and cost of living struggles are not new, but they have become more prevalent over time. When adjusted for inflation, the federal minimum wage in the 1970s was around \$2.00, which would be around \$12.50 today. However, the cost of living has risen an immense amount, expanding the gap between income and basic expenses like as housing, healthcare, and education. This gap is impacted by systemic variables such as legislative decisions, economic inequality, and social stratification, rather than just market pressures.

To expand in detail, the minimum wage in the 1940s was set at \$0.25 per hour, which equated to around \$4.50 now when adjusted for inflation. By the 1970s, the federal minimum wage had climbed to roughly \$1.60, which is around \$10.50 today. However, the expense of living in New York City was already rising, particularly in terms of housing and healthcare. During this time, labour unions and social movements rose to challenge stagnant wages and social inequity. Despite these efforts, the income to essential expenses imbalance expanded, creating the framework for the systemic difficulties we see today.

The federal minimum wage hovered about \$3.35 in the 1980s, signalling a considerable shift. In today's currencies, that equates to about \$10.50, indicating no real increase since the 1970s. Significant

economic developments occurred between the 1980s and the 2000s, including the collapse of manufacturing jobs, the rise of the service industry, and growing globalization. These structural changes have a significant impact on salaries, particularly for low-income workers. By the 2000s, the federal minimum wage had risen to \$5.15 an hour, or roughly \$7.50 in today's currencies, but it was still insufficient to keep up with the growing cost of living in areas like New York.

An adaptable approach is needed to solve these fundamental challenges. To begin, a progressive pay strategy modeled after the Raise the pay Act of 2017 should be enacted in order to gradually raise the minimum wage to \$15 by 2024. Second, inclusionary housing schemes can be a useful supplement. According to NYC.gov, such programs can increase the availability of affordable housing, amplifying the benefits of a higher minimum wage (NYC.gov).

For many, the goal of living in New York City is becoming a distant dream, as systemic challenges such as income stagnation and growing living costs create an almost unattainable barrier. We may, however, begin to rewrite New York City's economic narrative by tackling these concerns through a combination of progressive wage and housing policies. This will pave the path for a more fair and sustainable future, ensuring that the city continues to be a beacon of opportunity for individuals of all socioeconomic backgrounds.

Imagine purchasing a cup of coffee in New York City. In 2000, this would have cost about one dollar. Today, expect to pay five dollars. This significant price increase is indicative of the broader rise in New York City's cost of living, which is now 30% higher than the average of other states. Specifically, housing costs are 78% higher than the national average. Utilities exceed the average by 4%, and everyday items like groceries and clothing are about 12% more expensive. The living expenses for a single person estimated monthly cost is \$1553 without rent and mortgage, while for a family of four the estimated monthly cost is \$5,720 without rent and mortgage.

Owning a car in the City is an expensive choice, a parking spot rental per month is from \$199 to \$500 or more. While free parking is very limited in the city, most NYC residents do not own a car. If taking a 1 hour ride by taxi or uber with normal traffic, it costs around \$55, not including tax and tips. Therefore, the subway became the main choice of transportation for the majority of the people to school or work. Consider the cost of public transportation. A subway or bus ride in 2000 cost \$1.50; in 2023, it's \$2.90. A 30-Day Unlimited ride card has gone from \$63 in 2000 to an inflation-adjusted equivalent of \$79 today. Yet, the actual cost for the same card is now \$132. Public transit costs have risen more sharply than many other expenses. Daily commuters are constantly reminded that a larger portion of their budget is now devoted to getting around. The MTA's fare increases have significantly impacted the financial well-being of many New Yorkers.

Food expenses in New York City are also higher than in other states and continue to rise. Whether it's grocery shopping or eating out, New Yorkers encounter higher prices, due to the increased costs of running a business in the city. Between September 2022 and September 2023, food prices have gone up by 3.7%, as reported by consumer price indexes. An average bill for groceries was estimated at \$486 in March, while someone living outside of New York will be paying \$348. A meal for an expensive restaurant is around \$15 to \$40. If you consider going on a date night to a mid-range restaurant with Three-course meals, the price is around \$120 to \$200.

Living in New York City also entails higher taxes. Residents pay federal, state, and city taxes, which combined, take a significant slice of their income, more than many other people around the world. Homeowners face high property taxes, which makes owning a home less affordable. An average earning in the city of \$79,000 a year would have a tax liability of \$14,088, with an average tax rate of 12.85% and a marginal rate of 22%. This leaves them with an after-tax income of \$64,912. There is little left for

savings after the substantial cost for rent, food, and other necessities expenses. For many people in the city, the reality of living in this dream city includes a tight budget.

Leverage points are critical junctures where small changes can lead to significant shifts in the economic burden that New Yorkers carry. In New York City, small changes in policy can significantly affect living costs for its residents. The Metropolitan Transportation Authority (MTA) sets prices for buses and subways, and fare adjustments can directly affect commuters' daily budgets. Tax policies are another major leverage point. Adjustments in income tax rates can increase or decrease how much money New Yorkers keep from their earnings. Changes in sales tax impact the cost of goods and services. And property tax rates influence housing costs on the market for both owners and renters.

In conclusion, New York City's reputation as a hub for culture and business comes at a high cost for those who live there. It holds the title of the most expensive city in North America and ranks sixth globally. With housing prices that reach to the millions of dollars and everyday living expenses that outpace most of the country, the economic burden on New Yorkers is significant. Despite higher average salaries, many residents struggle to cover the basics. The cost of a simple coffee has increased significantly since 2000, reflecting the city's surging cost of living. Rent for a modest living space consumes a disproportionate amount of income. With the high taxes including federal, state, and city levies, further strains finances. Addressing these issues requires a focus on policy reform aimed at increasing wages and controlling living costs.

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