

BRIEF | Future Cities

Manhattan Congestion Pricing Took Effect on January 5: What You Need to Know

On January 5, 2025, the Metropolitan Transportation Authority (MTA) began charging a toll for all vehicles entering Manhattan below 60th Street, dubbed the “Congestion Relief Zone.” Vehicles entering Manhattan via the FDR Drive, the West Side Highway and the Hugh L. Carey/Brooklyn-Battery Tunnel are excluded as long as they do not exit onto streets in the Congestion Relief Zone.

The cost of entry for passenger cars at peak hours (5am-9pm weekdays, 9am-9pm weekends) is \$9. Vehicles entering via the Lincoln or Holland Tunnels and paying with E-ZPass will be given a \$3 credit upon entrance while vehicles entering and exiting via the Hugh L. Carey and Queens-Midtown Tunnels with E-ZPass will be given a credit of \$1.50 each way or \$3 for a round trip. Passenger vehicles are only charged once per day and can exit from and return to the congestion zone without incurring additional charges. Toll rates by time and vehicle type can be found [here](#).

Congestion tolling has engendered fierce debate, litigation, and political sparring since it was first proposed in 2007. As tolling finally begins, here are the important features to know about the country’s first congestion pricing plan.

New York is Following in the Footsteps of Several Major Global Cities

Singapore introduced a simple congestion pricing system in 1975 and now has the world’s most sophisticated, with fees changing dynamically throughout the day on different roads and at different times. In 2003 London launched congestion pricing, followed by Stockholm in 2006, and Milan in 2012. London has the highest priced congestion toll, with passenger vehicles being charged the equivalent of \$18.80 USD to enter the congestion zone at peak hours.

New York City’s congestion charge for passenger vehicles at peak hours is set to increase from \$9 to \$12 in 2028 and \$15 in 2031.

FIGURE 01: Congestion Surcharge at Peak Hours for Passenger Vehicles (January 2025)

City	Maximum Peak Hour Congestion Charge for Passenger Vehicles (USD)
Singapore	\$4.75
Milan	\$7.90
New York City	\$9.00
Stockholm	\$12.40
London	\$18.80

Source: Singapore Ministry of Transportation, Municipality of Milan, MTA, Visit Sweden, Transport for London, CBRE Research, Q1 2025.

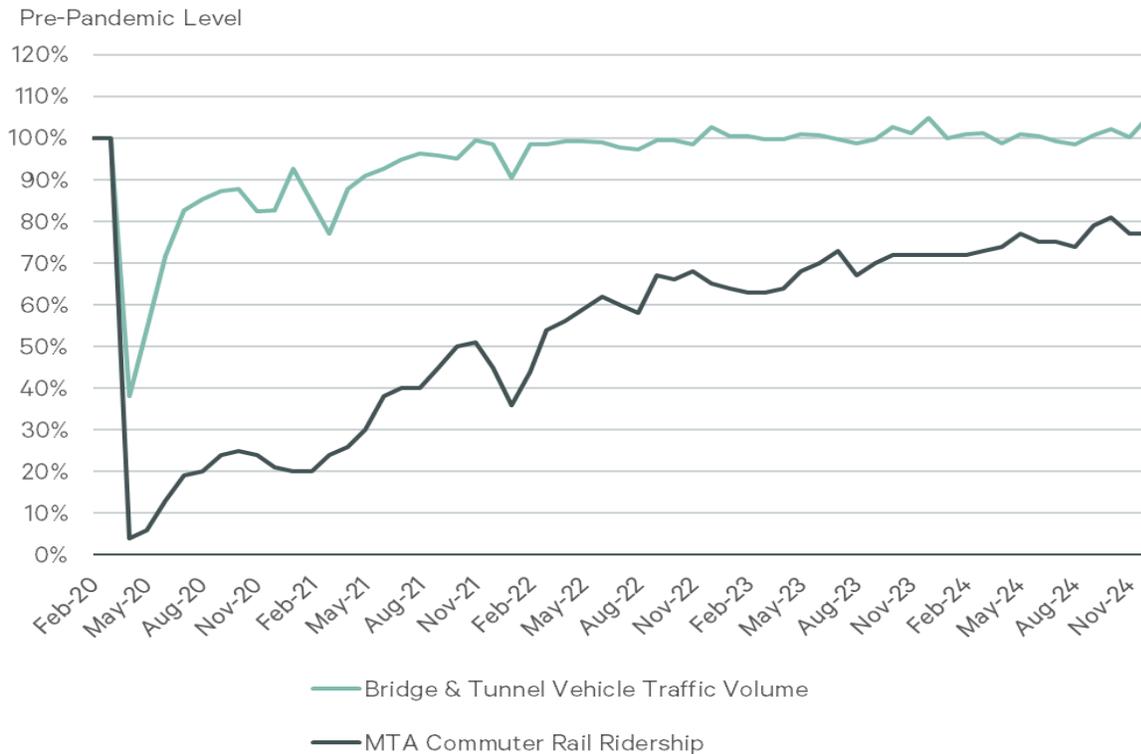
Manhattan’s Roads Are At Capacity

It is estimated that 700,000 vehicles enter the Congestion Relief Zone every day, resulting in gridlock that slows down all vehicles and worsens air quality.

The tunnels and bridges ringing New York City returned to 100% of pre-pandemic weekday traffic volume in September 2022. It is estimated that the un-tolled crossings connecting Manhattan to Brooklyn and Queens are also transporting the same number of vehicles as prior to the pandemic. By comparison, weekday ridership on the MTA’s two commuter rail networks – Metro-North and the Long Island Rail Road (LIRR) – averaged 77% of the pre-pandemic level in December 2024. The NYC subway system is also carrying approximately 77% of its pre-pandemic passenger volume.

While Manhattan’s roadways have reverted to, but not exceeded, their pre-pandemic capacity, the region’s commuter rail remains underutilized and capable of carrying tens of thousands of additional passengers every day for trips into Manhattan.

FIGURE 02: New York City’s Roads are Full While Trains Have Plenty of Capacity
Weekday Crossings on MTA Bridges and Tunnels and Ridership on MTA Commuter Rail Service Compared to Same Month in 2019



Source: MTA, CBRE Research, Q1 2025.

Revenue From Congestion Tolling Will be Used to Fund the MTA Capital Plan

Congestion tolls are expected to raise \$15 billion within the next six years. Eighty percent of the revenue generated from congestion tolling will be spent to improve New York City’s bus and subway network while an additional ten percent is slated for the LIRR and another ten percent to Metro-North. Much of this money will be used to enhance the rider experience through the procurement of new trains and buses and the rehabilitation of aging stations while other projects will ensure the MTA can fulfill its mandate of providing safe and reliable service. These projects include improvements like elevator installations as well as the rehabilitation or modernization of power substations and new signals which will allow greater speeds and frequencies.

See [here](#) for a complete list of projects eligible to be funded by congestion tolling revenue.

FIGURE 03: Projects the MTA Plans to Fund with Congestion Tolling Revenue



Source: MTA, CBRE Research, Q1 2025.

Congestion Pricing Remains Controversial

Congestion tolling remains hotly debated across the region. Supporters insist that congestion pricing will decongest Manhattan’s business districts, improve air quality, and provide a dependable and crucial revenue stream for the city’s public transit system. Detractors insist that the tolling will penalize the working class, increase the cost of goods and services, and increase traffic and decrease air quality in adjacent communities.

FIGURE 04: Powerful Coalitions Have Formed For and Against Congestion Pricing

Key Supporters	Key Opponents
<p>New York City and State Government The current city and state administrations support congestion tolling, arguing that it will allow for necessary upgrades to and expansion of the regional transit system. Both entities have suggested that congestion tolling revenue will go a long way in plugging the MTA’s persistent budget shortfall.</p>	<p>Suburban Jurisdictions and Residents Congestion tolling is unpopular among residents of suburban communities in the NY Tri-State area where car ownership rates are high and transit alternatives are less accessible. Suburban political leaders from New Jersey, the Hudson Valley, and Long Island have been critical of the program since it was first proposed. New Jersey’s transit services will not directly benefit from the revenue raised via tolling.</p>
<p>Environmental Groups Environmental groups praise congestion tolling as a way to encourage more transit ridership and reduce tailpipe emissions and their negative impact on air quality and human health.</p>	<p>Livery and Commercial Vehicle Drivers Drivers of livery and commercial vehicles and the associations that represent them have objected to congestion tolling, arguing that the charges will be added to the cost of their goods and services and ultimately passed on to consumers.</p>
<p>Public Transit Advocates Transit advocates support the use of congestion tolling’s revenue to enhance the region’s transit infrastructure, promote reliability, and the potential to improve bus speeds and convert drivers to transit users.</p>	<p>Public Sector Unions Unions representing public workers allege that congestion tolling unfairly burdens their members, many of whom commute to Manhattan daily, and that it will make recruitment and retention for municipal jobs more difficult.</p>
<p>Transit Workers Union The TWU initially opposed congestion tolling on behalf of its members who would also be subject to paying the toll but reversed their position when the MTA promised to increase bus service to the outer boroughs and cut the tolling price for passenger vehicles to \$9.</p>	<p>Neighborhoods Bordering the Congestion Zone Community Boards and New Jersey towns nearest to the Congestion Relief Zone are concerned that traffic will be pushed into their neighborhoods, worsening congestion and air quality.</p>
<p style="text-align: center;">Congestion Zone Business Owners</p> <p>Some small business owners have expressed that less congestion will create more pedestrian-oriented spaces and pleasant shopping experiences, while others, particularly in the food and beverage industry, note that tolling will raise the price of products and services and dissuade customers from visiting Manhattan.</p>	
<p style="text-align: center;">Congestion Zone Residents</p> <p>Residents of the congestion zone remain divided on the tolling with many expressing that they will be the most adversely impacted as they come and go from the zone by car and pay higher prices at shops and restaurants in their neighborhoods. Supporters believe that the tolling will improve air quality, reduce congestion and noise, and improve their subway and bus service.</p>	

Source: CBRE Research, Q1 2025.

Congestion Pricing Can Still be Derailed

No fewer than ten lawsuits have been filed with the intention of cancelling congestion tolling. Manhattan is ringed by lawsuits with plaintiffs from the State of New Jersey, the Borough of Staten Island, Orange and Rockland Counties, the municipalities of Hempstead on Long Island and Fort Lee in New Jersey seeking to reverse the new tolls. These jurisdictions allege that the tolls put an unfair financial burden on their residents, especially in areas where transit alternatives are sparse. Jurisdictions closer to the city add that congestion pricing will push traffic and emissions into their own communities.

A federal judge rejected a last-minute request by the State of New Jersey to halt the tolling program in a decision made two days before tolling was set to begin. New Jersey's lawsuit remains the most formidable case against New York's tolling program. Despite overcoming this last-minute challenge, the program continues to face legal disputes and can still be halted in the future. Moreover, the incoming presidential administration has signaled disapproval of the program and a desire to prevent implementation.

Despite these hurdles and challenges, congestion tolling began just after midnight on Sunday, January 5, 2025.

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