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## The new normal for taxi medallion prices: less than \$200,000

The second auction within a week attracted hedge funds and other investors



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Photo: Buck Ennis

When a taxi medallion sold for \$241,000 last March, the seemingly rock-bottom price made major news. It turns out, those were the good old days.

On Tuesday, a stalking-horse bid of \$875,000 for a block of five medallions ended up winning. Two additional medallions not included in the bulk sale sold for \$189,000 and \$199,000.

Some of the medallions, which were put on sale by Aspire Federal Credit Union, had a floor of just \$150,000, which the taxi lender hoped would spur bids and encourage cab drivers as well as investors to take part in the auction, according to Aspire President Thomas O'Shea. There was plenty of bidding at Tuesday's sale, which was held in a basement auditorium near Lincoln Center, as auctioneer Richard Maltz sought to get individuals to outbid the stalking horse. But no bids reached \$200,000.

“This is as close as you can get to what the marketplace is,” said Matthew Daus, a former Taxi and Limousine Commission chairman and a partner at law firm Windels Marx, which organized the auction with Aspire.

The \$875,000 price for the five medallions averages out to \$175,000 apiece, but the actual value of each medallion varies and the sellers will determine how the bid is apportioned. Medallions that are designated for wheelchair-accessible vehicles, which use more gas and are generally more expensive to operate than standard cabs, tend to sell for less than unrestricted medallions.

Tuesday’s prices were roughly in line with those from an auction held Jan. 11 in the rotunda of the state Supreme Court building, when six medallions were sold by First Jersey Credit Union to a bulk buyer for \$1,110,000, or \$185,000 apiece.

A 6% premium, which goes to the auctioneer, is added to the price of all sales.

Medallion prices have been driven down by the bruising competition with Uber, Lyft and other e-hail services, which has made it harder for owners to find drivers for a cab’s second shift. The competition has also taken a toll on driver earnings. The average daily fare box, or total revenue, for the taxi industry came to \$49.7 million through November of last year, a drop of 14% compared with the same period in 2016, according to Taxi and Limousine Commission figures.

Real estate and financial investors were the dominant players at both auctions, according to insiders. The winning bidder on Jan. 11 declined to identify himself or speak to a reporter. Windels Marx would not reveal the name of Tuesday’s winning bidder.

One industry veteran said the auction prices are low, relatively speaking, because these are cash deals at a time when banks are not lending for medallion purchases.

“That severely reduces the pool of buyers,” he said. “How much would a house be worth if you couldn’t get a loan to buy it?”