WHAT IS THE REALTY TRANSFER FEE?

The Realty Transfer Fee (RTF) is imposed on the recording of deeds resulting from sales (or transfers of legal titles) of real property in the State of New Jersey.

HOW IS THE RTF APPLIED?

The fee is based on a graduated rate schedule tied to the dollar amount of the selling price cited in the property deed, see above right for examples. In practice, the Realty Transfer Fee is paid by the seller. The current statutory rates were set in Fiscal Year 2005.

WHERE DOES IT GO?

Total RTF revenues are divided between the State Treasury, the county that collects the fees, and the State’s Affordable Housing Trust Fund.²

During the housing bubble that preceded the Great Recession, the RTF generated significant revenue, which plummeted as the housing market suffered following the 2008 downturn. As the economy recovered, the housing market improved, generating increased revenues.

After the pandemic induced an initial market slowdown in spring 2020, RTF revenues accelerated to historic highs in FY 2021 as the health crisis drove a desire for more space among home buyers with newly flexible working arrangements.

Examples of the Realty Transfer Fee

<table>
<thead>
<tr>
<th>Home Price</th>
<th>Realty Transfer Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000</td>
<td>$600</td>
</tr>
<tr>
<td>$300,000</td>
<td>$1,715</td>
</tr>
<tr>
<td>$422,000*</td>
<td>$3,426</td>
</tr>
<tr>
<td>$600,000</td>
<td>$5,185</td>
</tr>
<tr>
<td>$750,000</td>
<td>$6,775</td>
</tr>
</tbody>
</table>

*Reflects the New Jersey median home price, September 2021
The New Jersey real estate market has continued to be a seller’s market, with the smaller supply of homes for sale driving up home prices. Despite high prices, buyers are still purchasing houses at a rapid clip, as evidenced by declines in the average number of days a home is on the market across the region.

Buyers have also continued to benefit from low mortgage rates over the past year. As of September 2021, the 15-year fixed-rate was down from 2.4% to 2.2% year-over-year, and the 30-year rate was at 2.9%, the same as it was in September 2020.

**CONCLUSION:**

- At the beginning of the pandemic, housing market activity declined sharply. However, beginning in the summer of 2020, housing demand spiked in New Jersey and the surrounding region, driving up home prices as well as Realty Transfer Fee revenue.
- RTF revenue follows housing market trends, and as with the housing bubble of the early 2000s, high-priced home sales contributed to record RTF revenues in FY21.
- Increased real estate market activity was largely fueled by increased telecommuting opportunities in high-paying sectors such as finance, insurance, and the science and technology sector.¹

**SOURCES:**


² NJ Division of Taxation Annual Report, FY 2017 [https://www.state.nj.us/treasury/taxation/pdf/annual/2017.pdf](https://www.state.nj.us/treasury/taxation/pdf/annual/2017.pdf)

On average, home buyers are currently paying more than the asking price. Home affordability has declined over the past year as demand has driven prices up.