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## First half of '23 shows slowdown in RETT collections

Rick Carroll, Aspen Daily News Staff Writer  
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A bedroom in a West End townhome at 814 W. Bleeker Street is shown. The 1,357-square-foot property sold on July 11 for \$2.55 million. Sotheby's Real Estate broker Tim Estin, who writes a market assessment about Aspen and its surrounding areas, said low inventory continues to be a challenge.

Courtesy of Aspen Snowmass Sotheby's International Realty

June closed out the first half of 2023 with a swoon in sales of commercial properties and free-market residences Aspen which combined to lag more than 50% behind the same month in 2022 and were nearly 33% off the pace set from January through June last year.

That's according to data from the city of Aspen's monthly consumption and tax report that showed sharp declines in real estate transfer tax collections for the first six months of the year. The report was released early last week.

Buyers of property within Aspen's city limits pay a real estate transfer tax, or RETT, at the time of closing — 1% of the sale amount goes to the city's employee-housing coffers and 0.5% goes to the Wheeler Opera House and the arts.

June alone produced \$668,940 for the city's housing fund, a 54% decrease from the \$1.47 million generated in June 2022, according to the report. The Wheeler/arts fund took in \$358,278, which was down 52.3% from the \$751,367 the city collected in June 2022.

For the first six months of 2022, the RETT produced \$7.4 million for the housing fund, down 32.9% from the \$11 million collected from January through June of 2022. The Wheeler/arts fund drew \$3.8 million the first half of the year, plummeting 32.6% from the \$5.7 million received in the same period of 2022, according to the report.

The city anticipated the falloff in RETT revenue, based on its \$4.74 million projection for the housing fund through the first six months of 2023. The actual amount in RETT revenue bettered the budget projection by 55.5%, the report shows.

A similar scenario played out with the first-half RETT collections for the Wheeler/arts fund, which topped the city's \$2.39 million forecast by 59.5%.

Total sales volume was down the first half of this year, with 265 property closings recorded in 2023 and 350 closings in 2022, the report says. The types of sold properties — residential, commercial, etc. — are not identified in the report

The 39 transactions in June averaged \$1.8 million per sale, compared with 64 in June 2022 that averaged \$2.4 million per sale, the report shows.

RETT's benchmark performance came in 2021, when the housing fund made \$20.1 million and the Wheeler/arts account collected \$10.8 million. Last year, the RETT triggered \$17.1 million in collections for the housing fund and another \$8.8 million for the Wheeler/arts, according to previous consumption reports.

Sotheby's Real Estate broker Tim Estin, who writes a market assessment about Aspen and its surrounding areas, said low inventory continues to be a challenge.

"Real estate agents have no problem selling a home if they can actually find a seller," Estin wrote in his July report. "As we begin summer 2023, there have been incremental Aspen home price adjustments but sellers remain firmly in control. Prices are property and neighborhood specific rather than some general seller capitulation that would be of real impact for buyers. Prices continue to dwarf prior local real estate market peaks."

Through June, the average sale price for a single-family home in Aspen was nearly \$14 million, 22.9% lower than the going rate of \$18.1 million during the same period in 2022, according to data on the Aspen Board of Realtors' website. The median price was \$11 million during that same period, a 17% decline from the \$13.25 million median price from January through June 2022.

"Looking ahead, my forecast is cautiously optimistic for summer 2023," wrote Estin. "We made it through the horrific debt ceiling stand-off, a huge relief, but macro uncertainty continues: Recession worries persist although less so than earlier in 2023; still higher interest rates are projected as the jobs figures continue to show no let up; bursting dams in Ukraine; other unforeseen events. Much can happen to affect our real estate values."

The RETT isn't the only voter-supported tax that supports the city's housing funds. The city in May started implementation of its short-term rental tax that voters approved in November.

Guests of STR properties — defined by the city as vacation rentals for no more than 30 straight days — pay a 5% tax if they're staying overnight in lodge-exempt or owner-occupied units and a 10% tax on investment and non-primary residences.

Taxed STR properties drove \$821,077 to the city in May, accounting for 17% of the dollar volume generated by the lodging industry, the report says.

Though May is one of Aspen's slowest months for tourism, city Finance Director Pete Strecker said in the most recent monthly consumption report that it offers "the first glimpse (of) this new revenue stream, to be utilized for increased community affordable housing and for infrastructure maintenance and repair and environmental initiatives."

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