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2011 Sales | Land deals bring in big dollars and transactions almost level, but the market dips elsewhere

By Chris Edmonds
Property News writer

Compared with 2009 — the year when the recession hit Nantucket's real estate market hardest — data from 2011 looks pretty good. Set against 2010, the picture is not as appealing, but brokers see positive developments amid sagging numbers.

Total value of sales was down in 2011 compared with the previous year, so too were median and average prices, according to the most recent year-end figures from LINK Nantucket, an online clearinghouse for data relating to the island's real estate market.

There was, however, a noticeable uptick: Figures for land sales, apart from volume, jumped considerably over the previous year.

Another key factor — transactions — held close to steady year on year.

"The bright spot of 2011 is that we almost ended up with the same number of transactions as 2010," said Liz Finlay of Great Point Properties.

The year 2011 started well for the real estate market, but dour financial news — domestic and foreign — in the summer and into the fall slowed activity.

"It was an odd year in real estate," said Linda Bellevue of Congdon & Coleman Real Estate. "We were rolling along. Then all the negative news started, and there was a lot of hesitation."

The result — in terms of volume of sales and the value of sales — was an almost two-part year: a decent January-to-August period and a difficult September-to-December run.

From January to August, the volume of sales was about 4 percent below the same period in 2010, and the value of those sales was down about 1.8 percent from the previous year.

From September to December, the numbers plummeted. The volume of sales dropped some 22 percent against 2010 data, with the value of sales losing nearly 40 percent versus 2010.

In hard numbers, 297 homes, 39 land parcels and 11 commercial properties sold for a total of about \$530 million in 2011. In 2010, those figures were 311, 43 and 12 for about \$695 million.

"In 2010, there were a lot of big-ticket sales," said Jennifer Frazier of J Pepper Frazier Co.

In 2010, "there was pent-up demand and people bit the bullet and made the big purchase," Frazier said, whereas in 2011, large-dollar purchases didn't materialize.

Despite the raw numbers for 2011, Ken Beaugrand of Atlantic East Nantucket Real Estate sees heartening trends. Take transactions and sales value: The former was nearly even with 2010, but the latter fell by almost \$165 million. That indicates lower-end properties were selling, a good thing for the overall market, Beaugrand said.

"We had to clear out that inventory," he said. "If people think they can get a beachhead on Nantucket in a lower price range, they're prepared to do that. When that inventory is gone, people have to change their price-range targets."

Fewer properties in the \$2 million and under segment of the market will push buyers into midrange properties, an area that has suffered during the economic downturn.

"I think the midrange is finally going to have its reawakening as we move forward," Beaugrand said.

The upswing in land sales value was welcome news in 2011, especially set against the two previous years. In 2009, land sales brought in about \$29 million on 30 sales. The figure rose to about \$47 million in 2010. For 2011, it hit nearly \$69 million (See Graph).

In 2011, there were fewer sales (39) than in 2010 (43). The value soared some 47 percent on a pair of big sales in June.

"The point is that there's so little land available, so when larger parcels or more desirable parcels move, they skew the numbers," Beaugrand said.

That was true in June when a 9.1-acre Cliff property sold for \$15.5 million, and a 35.6-acre spread in Wauwinet sold for \$8 million. Not far behind was the Land Bank's \$6-million purchase of a 25-acre parcel in Miacomet. Those three deals totaled \$29.5 million, nearly half of the year's total dollar value of land sales.

That land is moving at all is a positive for the market. The latter part of the last decade saw little movement in land sales, in part, Bellevue said, because "you could buy a house for less than you

could buy land and then build on it."

"Now," she said, "house prices are coming back up, and people are buying land and buying to hold on to land."

The prevailing opinion among brokers is that 2012 figures should at least equal those of 2011, with some optimism for modest gains.

Early indicators offer a measure of hope — namely, the number of properties under contract, of which there are about 60, Bellevue said.

And anecdotally at least, builders are busier this year than in the past several years, Beaugrand said.

"Talking with builders, many are flat-out through the fall and winter of 2012," he said, "We haven't had that situation for quite a while."

Those combined indicators could, if they continue, translate to market gains of 10 percent to 15 percent over 2011, Beaugrand said.

"I don't see any meteoric rises in the volume or the value of sales, but what I do see is encouraging," he said.

Frazier has her sights on 2013 as a year of strong gains, with 2012 looking more like 2011. She chalks that up to cyclical nature of big-dollar sales. In 2010, several major sales boosted overall numbers. What's happening now, she said, is that demand is growing again, and "hopefully that demand will come together in 2013."

Promising in that regard, several brokers noted, is that the rental market for 2012 has been, as Frazier put it, "on fire."

"Rentals look strong, and that's always a good indication," Bellevue said. "That means people are coming, and when they come, they'll look."

Brokers also noted that the island generally is among the last places to feel the effects of a recession and the first to slough them off. The bonanza years in the middle of the last decade may be gone, but Nantucket remains Nantucket, and that's cause enough to hope for a better 2012.

"I think we'll see improvement in the real estate market because Nantucket remains a desirable place to both live and visit," Finlay said. "It's still a place where people buy vacation homes and second homes and third homes." **eN**

Nantucket Land Sales

2009 ~ 2011

	2009	2010	% Change '09/'10	2011	% Change '10/'11	% Change '09/'11
Total Value	29,109,000	47,075,000	+62%	68,992,000	+46%	+137%
Median Price	\$700,000	\$845,000	+21%	\$970,000	+15%	+39%
Average Price	\$970,000	\$1,095,000	+13%	\$1,769,000	+62%	+82%