

Atlantic East Nantucket Real Estate
MARKET NEWS
2nd Q 2014

We spend our time listing, marketing and selling property. As part of this we do a considerable amount of work evaluating Nantucket properties, sometimes in order to sell, sometimes for planning. Atlantic East was just recognized by Yahoo as a leading vacation rental office on the island. We never over represent, we pay attention to details and are available as an on island resource for our clients. Our business is largely referral based, for which we continue to be thankful. Please stop by for a visit on our front porch if you are in the neighborhood. Here is a quick view of the Nantucket real estate market:

Year to Date: There have been 225 sales in the first half of the year, compared to 177 in 2013, an increase of 28%. The dollars that these sales represent are \$383 million this year compared to \$236 million in 2013 - an increase of a whopping 62%. To keep this in perspective, the total number of sales in 2013 was 469, amounting to \$748 million in property transfers. We are solidly on a trajectory to exceed 2013 given that the majority of sales occur in the 3rd and 4th quarters.

Prices are on the Rise: The average price of a property on Nantucket is now \$1,706,000, up from \$1,597,000 at the end of 2013, an increase of 7%. Perhaps more importantly, the median price of a property on Nantucket has risen from \$885,000 to \$1,115,000 in 6 months.

Fewer Listings: As of June 30 there were only 355 properties for sale on Nantucket, 16% fewer than there were one year ago. With the decline in inventory and the increase in demand, prices are on the rise. A word of caution to sellers - the market on Nantucket is approximating, in terms of values, the market in 2005-2006, still off from the previous market heights of 2007, just prior to the recession. The market growth appears to be more incremental now and less acute.

Nantucket Follows the Stock Market: Our friend H. Flint Ranney, who was an avid market watcher, often stated that the real estate market on Nantucket historically follows the stock market. With the Dow poised to hit 17,000, Nantucket real estate seems to be following, true to history.

Properties are Selling More Rapidly: It takes 6.94 months, on average, for a property on Nantucket to sell now. Compare this to 11 months in 2008. Time on the market is the shortest it has been in 14 years. The market is extremely active and fast moving and we are once again seeing multiple offers.

Sellers are Getting Closer to List Price: The average selling price right now, as a percentage of list price is nearly 95%. In 2006, when many people were still in denial about the market conditions, it was 91%. It has been between 90% and 95% for the past 15 years.

Prices and Assessed Values: The Town puts an assessed value on each property on Nantucket which typically lags behind the market. The purpose of the assessed value is to set the property taxes for the island. Because market analysis is done of the 3 years leading up to a revaluation it means that the assessments are behind the market. Properties on Nantucket are currently selling for, on average, 126% of assessed value.

The area of Nantucket with the highest number of sales as a percentage of listings is Town. For the first half of 2014, there averaged 75 listings in Town. As of June 30th, there have been 54 sales of properties in Town. Some reasons that Town continues to appeal are because it is limited in size, people can easily navigate to fine dining, historical sites, culture and shopping and it is central to everything on the island. Town also appeals because for folks who may be reliant on cars so much of the year, it is safe for youngsters to have some independence.

It is no surprise that the second most active location is the Mid-island area with 53 sales. This area is the large area surrounding Town where many of our businesses and more affordable housing are located.

Buyers today are seeking properties that are either new or in excellent condition and those with a high level of amenities. Properties with pools are popular as well. However, with the decline in the number of properties for sale, people seem to be more willing to take on properties that need renovations and/or updating than they were during the recession. This is reflected in the numbers from the Nantucket Building Department. In the first 6 months of the year there have been 67 permits issued for new single family dwellings compared to 108 in all of 2013. There have been 133 permits for renovations and additions and 42 permits for pools/cabanas!