

Atlantic East Nantucket Real Estate

Market Report, January 2012

The real estate market on Nantucket was on track last year to exceed 2010 until late July when the volatility in the financial markets brought business to a creeping pace. Although the domestic economy is showing signs of improvement, instability in Europe stalled the global recovery. The inability of our government to reach agreement on such issues as raising the debt ceiling did not help matters. The Nantucket market experienced a distinctive chill in the middle of the summer as many buyers pulled back and continued to wait. Those that did not had unprecedented buying opportunities, both in terms of selection and price.

The National Association of Realtors recently released its pending home sales index figures, and for the second month in a row, the index is up. More significantly the index has broken 100, a very encouraging sign, and without government intervention. The only other time in recent years the index surpassed 100 is when the home buyer tax credit was available. We now believe that 2009 was the low point in the Nantucket market; a year with only 237 sales representing \$434 million dollars. By comparison, there were 364 sales in 2010 (\$694 million) and 347 sales in 2011 (\$531 million). There were 297 homes, 39 parcels of vacant land and 11 commercial properties that sold. The good news is that the number of sales in 2011 was about the same as 2010 and the lower dollar total reflects a clearing out of inventory – much of it under \$1 million.

The average selling price of a house in 2011 was \$1,528,000 compared to \$1,970,000 in 2010. The median price of a home on Nantucket was down only slightly from \$1,100,000 in 2010 to \$1,013,000 in 2011. In 2006, considered by many to be the previous height of the market, the average Nantucket house was selling for \$2,378,000 and the median house was \$1,550,000. The least expensive sale of a house (not including condominiums or townhouses) was 12 Essex Road for \$295,000. The property was located in the Mid-Island area, had 3 BR/3 BA and was bank-owned at the time of the sale. The most expensive house sold on Nantucket in 2011 was 15 East Tristram Avenue in Dionis, a 4.2 acre water front estate that had been in the same family for generations and sold for \$17 million.

Land statistics for 2011 were skewed by the sale of a few large parcels. The average selling price for vacant land on Nantucket in 2011 was \$1,769,000; the median price was \$970,000. This compares to an average lot of \$1,095,000 and median lot of \$845,000 in 2010. In 2006 the average lot was selling for \$2,311,000 and the median lot \$1,067,000. The least expensive land sale in 2011 was 23 Pine Crest Drive in the Mid-Island area, a 6,970 s.f. lot that sold for \$214,000. The most expensive land sale was 9.12 acres of water front property in the Cliff area at Chase Links that sold for \$12,625,000. There is so little land available on Nantucket that when a larger parcel, especially one with water frontage, comes on the market, it sells and skews the numbers. It appears that the sale of land is on the upswing as more people are now willing to buy land and build. It can be cost effective and a great way to end up with exactly the house one wants. Many of the more established building contractors are reporting that they are now booked through 2012.

The average selling price of a Nantucket property as a percentage of the list price is now 91%, the same as it was in 2010. The average selling price as a percentage of assessed value is 97%, up from 89% in 2010. This reflects the market catching up with the Town assessments; the last island-wide revaluation was in 2009. The average months on the market is now 8 months, down from 8.5 in 2010.

This year is off to an unexpectedly strong start with over 60 properties currently under contract in all price ranges and locations. We feel that 2012 will likely trend much as 2010 did – a slow, but steady increase in both the number of transactions and the dollars that those transactions represent. We predict a rising of both average and median prices of real estate on Nantucket in 2012.