

This summer on Nantucket is in full swing with beautiful weather, lots of people enjoying the beaches and great restaurants and strong signs of steady recovery in the real estate market on Nantucket. It is with great pleasure that we bring you the following positive news:

**The current market climate is one of decreasing inventory, increased activity and increasing buyer confidence; translating into conditions that we have not experienced since 2006.** Historically, the Nantucket real estate market manifests the effects of an economic downturn later than other markets and tends to come out of it more rapidly, no surprise for a market that is driven primarily by second (or third) home owners. These current market conditions, coupled with the lowest interest rates in our lifetime, typically precede a rising real estate market.

**The number of sales for the 2<sup>nd</sup> Quarter is up 16%** compared to the same period in 2011. The dollars that these sales represent increased from \$147 million in 2011 to over \$185 million for the 2<sup>nd</sup> quarter of 2012, an increase of 20%. This is another indicator that appreciation is on the way.

**The average selling price is up 2.26%, indicating a significant turn in the right direction.** The average selling price of a Nantucket property in 2011 was \$1,411,000; as of the end of June it is \$1,443,000. And our busiest two quarters for closings are coming up. Every preceding quarter since 2006 has been marked by a degree of decline in average selling price and this is the first quarter with an increase, although slight.

**The average Nantucket house is worth \$1,416,000, a 6.76% increase from 2011.** The average property is selling for 91% of list price and 07% of assessed value. The average vacant lot is now worth \$1,556,000, more than the average house, due to the sale of 119 acres being used as a golf course in 'Sconset for \$16 million this spring. The land statistics will become more meaningful as the year progresses.

**The number of properties listed for sale is declining.** As of the end of June there were a total of 473 properties listed for sale, down from 593 in 2011 and 681 in 2010. The listings broke down to 394 houses and 79 pieces of vacant land. Not including commercial properties. The average time it takes a property to sell on Nantucket is 300 days. Based on market activity, we expect this number to start declining by the end of 2012.

**What is selling and why?** The properties that continue to sell are those that are in good condition and those that have either a strong water view or access to the beach. Town and 'Sconset sales have remained strong as well as the Cliff and Brant Point areas. Cisco/Hummock Pond is also experiencing a solid year.

**A little historical perspective:** There was a time on Nantucket, not so long ago, when a buyer could not buy a property in town that was in livable condition, for under \$1 million. Because of the recession, Nantucket, like many other communities, experienced a decline in property values between 25-30%. One of the effects of this has been new opportunities for people to own on Nantucket, many of whom thought they would never be able to. The decline in values, coupled with extremely low interest rates and a rental market that continues to be strong, has made the dream of owning on-island possible for

many people. There is no question that there is more confidence in the market and many think, rightly, that there will never be a better time to buy.