

## Atlantic East Nantucket Real Estate Spring Market News 2013

**Continued good news on the real estate front:** With the strength of the financial markets, the decline in the real estate inventory on Nantucket, and rising consumer confidence, it appears that 2013 will be another solid year towards market recovery. Last year ended up being the strongest year for real estate since 2007 with 510 sales representing over \$839 million in sales dollars. The market is shifting to one of shrinking supply and rising demand.

**Average and Median Prices are on the Rise:** At the previous height of the market, the average selling price of a Nantucket property was \$2,316,000. At the end of 2012 it was \$1,574,500; at the end of 2011 it was \$1,532,000.

**It is Still a Good Time to Buy:** Even though the average and median prices are on the rise again, it is still a great time to buy on Nantucket. The question, which no one can answer, is how long will this be the case? Prices are still about 30%, on average, below where they were in 2007. It is only a question of time as to when they will rise to those previously high levels. What About Financing? Tight lending standards have, to some extent, been holding up the economic recovery. A very tight mortgage lending environment should improve this year as the drivers of tough credit standards start to reverse. Mortgage delinquencies have fallen to pre-recession rates. According to Moody's, "Residential loan supply will remain constrained but improved consumer credit combined with steady growth in jobs, low interest rates and modestly rising prices make it clear that more households will be able to qualify for a home loan". Greater credit availability will drive stronger home sales and price appreciation and will help to keep the housing market and larger economy on an upward path. A number of new banks have established offices on the island which gives greater choice for competitive financing products locally.

**What is Selling?** Our perennial answer to this seems to be the same - those properties that are fairly priced for the current market conditions are selling, and they are selling more rapidly than before. Water, water, water: both waterfront and water view properties are selling as well as properties in 'Sconset and Town. The sale of vacant land has increased as more buyers are willing to build to get the characteristics and amenities they want in a home.

**Is the Market Recovering?** A colleague of ours had the best answer to this question. He says, "It depends upon how you define recovery". In a singular market, such as exists on Nantucket, we agree that one of the best indicators of recovery is the number of transactions, coupled with average and median prices on the rise. The total number of sales in 2012 was 510, compared to 347 in 2011 and 364 in 2010. The total number of properties on the market as of the end of the 1st Q is 326, compared to 443 one year ago at this time. The number of distressed properties (short sales and foreclosures) is diminishing. In 2012 such properties were about 9% of total sales; the 1st Q of 2013 they represented only 1% of sales.

**What's Coming Next?** We are very optimistic about the coming season. Nantucket is one of the most special places on earth and there is a limited amount of it. Our forebears had the vision to work hard to

preserve nearly 50% of the island in conservation for the benefit of all. We have unparalleled beaches, history and dining. We are indeed fortunate to live and work in such a great community. We hope to see you this spring or summer!