

Atlantic East MARKET NEWS
January 2014

As we commence our 10th year in business, we thank you for your past support and look forward to working with you in the future. We are grateful for so much this year and especially for the continued recovery of the Nantucket real estate market. There have been steady gains since 2010 with a reduction in the number of properties for sale, fewer distressed sales (short sales and foreclosures), and a steady number of transactions, clearing out some inventory that had been languishing. Interest rates remain low, confidence is rapidly rising and buyers are finding that they need to act more quickly than in the past. A few years ago, a buyer could wait and see what happened to a particular property - not so any longer. If you are a buyer and see a property that will work for you do not wait. Change has come very rapidly from a still somewhat shaky market at the beginning of 2012 to the current very active and rising market conditions. The real estate market on Nantucket typically follows the financial markets which experienced strong gains with the Dow Jones Industrial Average up over 27% in 2013.

Nantucket Anomalies: When evaluating market statistics it is important to bear in mind market anomalies, of which there are many on Nantucket. The total number of sales in 2013 was 469, compared to 474 in 2012. The value represented by these sales was nearly \$749 million in 2013 and \$810 million in 2012. If the capital gains tax law changes had not been pending in 2012, many of the sales that closed in December of 2012 would have closed in the first quarter of 2013, resulting in a stronger 2013 than 2012. For the past 5 years, the average number of December sales has been approximately 40; in 2012, there were 71 December closings.

Prices Rising: The average selling price of a Nantucket house is now \$1,726,000, an increase of 3% over 2012. The average price of a parcel of vacant land is now \$1,258,000, a decline of 18% from 2012. In 2012 the average land sale was \$1,483,000, largely due to the sale of 3 parcels each for over \$8 million, another island statistical anomaly.

High Number of Sales for Low End of Market: There were 99 sales under \$500,000 in 2013; in 2012 there were 70 and in 2011 there were 59. This can be explained by so many distressed sales (tending to be in the lower price ranges) coming to market and, as the lending climate became more productive, these properties were sold. Much of this inventory had been languishing for more than a year and 2013 was the year that buyers, once again, felt confidence in the market and had the means to purchase. And, those who thought that the bottom of the market was behind us were correct.

Land Sales are Hopping: Because of the decline in the number of houses for sale, vacant land sales constituted nearly one quarter of the market in 2013. In 2008, there were only 26 land sales, in 2009 there were 30, in 2010 there were 43, in 2011 there were 39, and in 2012 there were 78 sales. In 2013 there were 94 land sales. Many buyers who were not able to find a house to suit their needs decided to buy land and build. In addition, speculative builders are back in the market once again.

Market Moving Faster: The average time on the market is now 7.5 months, down from 9 months in 2012. This time is getting even shorter - current pending sales averaged only 5 months on the market.

With the market absorption rate on the rise, we are facing new challenges with buyers in certain price sectors. Specifically the \$2-\$3 million range is one in which there are fewer listings than demand.

Sales Activity is High: As of mid-January, there are 80 pending sales, considerably higher than one year ago at this time. The average selling price as a percentage of list price is now just shy of 94%. The average selling price as a percentage of assessed value is now 112.81%, up from 105% in 2012.

Popular Locations: Properties on the water, or with strong water views and access, continue to move as do those in Town (94 sales), 'Sconset (40 sales), the Cliff area (34 sales), Surfside (33 sales) and Naushop (24 sales).

Please contact your broker for more detailed information on any market sector.