

Atlantic East Nantucket Real Estate

Market News 2021 Year-End

It is hard to believe that it has been nearly two years since the governor of Massachusetts put us into COVID lock down. We have all had to learn to adapt, be flexible and roll with it as the pandemic metrics change. Although it is easy to complain that we are still masking and being vigilant, it helps to remember where we were two years ago and to be grateful for how far we have come. Nantucket is so fortunate to have had strong, decisive leadership from our Select Board, the Nantucket Cottage Hospital, and the Board of Health. Nantucket county is one of the most highly vaccinated in the state and, although we are in the midst of another surge, people are experiencing more mild cases. We have now been through two summers with the pandemic and are looking forward to smoother sailing ahead.

There is no question that the real estate market on Nantucket has been driven by the pandemic. As is the case in many special places, people flocked to Nantucket and other communities where they felt safe. With the ability for many to work remotely, Nantucket has had a marked increase in the year-round population. This was more noticeable in 2020 than in 2021, likely because when schools started again many returned to their off-island homes.

There were 825 property transfers in 2021 (+22% from 2020) and \$2.336 billion dollars in sales (+23% from 2020). It used to be unusual if total sales broke \$1 billion - not anymore. The average sale as a percentage of list price is 94%, the highest it has ever been. The average sales as a percentage of assessed value is 155%, up from 123% last year.

The average price of a home on Nantucket is now \$3,436,000 (+7%); the median home price is \$2,588,000 (+6). The average lot price is now \$1,437,000 (-6%); the median lot price is \$1,100,000 (+13%). There have been a number of lower priced land sales in a dense development near the airport, impacting these numbers.

The biggest story right now in Nantucket real estate is the lack of inventory. Prior to the pandemic, the number of listings for sale reliably ranged between 350 and 450 properties. At the beginning of last summer, there were 120 properties for sale on-island (residential, vacant land and commercial). Right now, there are fewer than 50 properties actively listed for sale. We are keenly interested to see what happens in the spring market, if there is one! Of course, although this is incredibly challenging for buyers, it is a wonderful market for those who wish to sell.

The most active price sector in 2021 was \$1-\$2M with 243 sales, followed by \$2-\$3M with 143 sales, then \$3-\$4M (95), \$500K-\$1M (81), \$4-\$5M (48), \$5-\$7M (41), \$7-10M (33) and over \$10M (28). There were only 37 sales on Nantucket of \$500,000 or less in 2021

One sector that is interesting is the sale of commercial properties. In the five years prior to 2021 there were an average of 15 commercial sales per year on Nantucket. In 2021 there were 41 totaling nearly \$200 million. With the booming local economy, it is clear that there are more people seeking commercial space than there are listings.

Concerns about inflation and its potential impact on the economy are starting to be evident. The CPI for December shows that inflation year over year is at 7%, a 40 year high. We are most likely at the end of our two-year run with such low interest rates. We anticipate that the Fed will start raising rates, as soon

as the next few months, in an effort to curb inflation. As the Fed hikes rates, long-term adjustable-rate mortgages will become a more attractive option for many. Prior to the pandemic, the average 30-year fixed rate was 3.75% and we could see that rate again by the end of 2022. Stay tuned!