

ATLANTIC EAST NANTUCKET REAL ESTATE

Market News Q2 2024

We are halfway through 2024 and the most salient comment about the current real estate market on Nantucket is this: "It's not 2021 anymore." The acute pandemic years pushed the number of sales and prices to new levels and, as a result, we've been in a time of very low inventory and very high prices since 2020. This, coupled with the current interest rate climate, has slowed the activity level in some sectors of the Nantucket real estate market. In the decade prior to 2020, Nantucket averaged about 500 transactions annually. This number shot up to a high of 825 sales in 2022, for \$2.3 billion dollars. In 2023 there were only 333 transactions (for \$1.1 billion dollars) and in the first half of 2024 there were 113 sales (for \$463 million dollars). What has not declined since 2022 is the price of real estate on Nantucket. It is helpful to remember that nearly 60% of the island is preserved in perpetuity, much of it for public use, which has put enormous economic pressure on the other 40%. The average house was selling for \$2,440,000 in 2019; today it is \$4,535,000, an increase of 46%. The average price of a vacant lot in 2019 was \$1,453,000; today it is \$3,440,000, up an astounding 57% in 4 years. There is no indication that selling prices will be moderating any time soon. However, if historical trends hold true, we are still on track to exceed \$1 billion in sales this year, as we did in 2017-2019 and last year.

In the years prior to the pandemic, the average number of properties listed for sale, at any given time, on Nantucket was 350-400 (residential, land and commercial). Last year at this time, there were only 129 listings; today there are 230 (+44%). The reasons people decide to sell their Nantucket property are varied. Many of them have to do with a change in life circumstances. Although the year-round population has been steadily climbing for the past 10 years, there are others who are, for many reasons, deciding to sell and relocate. With the 4-year assault on short-term rentals, there are people who have decided to sell because without the ability to rent, it is impossible financially to keep their home on Nantucket (more on this in our newsletter).

One recent trend worth noting is the number of price reductions, which is high for this early in the summer (44 in the past month alone). We typically start to see some price reductions around early August. Many sellers have aggressively priced their properties, perhaps with the belief that the market has not changed since 2021. This is not the case. Much of the pandemic-driven activity was impulsive, as people fled to communities they perceived as safer.

When evaluating the market, it helps to look at different price sectors. The high-end of the market (over \$10M) is doing well with 8 closings so far. There have been 4 sales between \$7-10M; 13 sales between \$5-7M; 30 sales between \$3-5M (the most active sector); 23 sales between \$2-3M; 18 between \$1-2M and only 9 sales for less than \$1 million dollars. The average time on the market is still at a very low 5 months (due largely to the lack of listings) and the average selling price, as a percentage of list price, remains at 91% (same as in 2023 - in 2021 and 2022 it was 94%). The average selling price, as a percentage of assessed value, has dropped now to 133% from 152% last year. As has been typical, the largest number of sales occurred for

properties located in Town, followed by the Mid-Island, Sandpiper Place, the Cliff and Sconset. We look forward to seeing how the rest of 2024 shapes up.