

Atlantic East Nantucket Real Estate **Market News Q3 2021**

Some of the things we love about the fall are the really blue skies and amazing sunsets, scallops and cranberries, the smell of wood burning fires and the chance to spend time with friends after a hectic summer. The pace has slowed down on island, compared to last year at this time, as folks have returned to school this fall. The ocean is not yet too cold and most of the restaurants and shops are still open, some with abbreviated schedules. It is a wonderful time of the year to be on Nantucket!

The real estate market on Nantucket continues to break records. The escalation in activity and prices began in late spring of 2020, driven largely by the pandemic and people's desire to live in places that were perceived as safe. As of Q3 this year the total number of property sales are up 50% compared to the first three quarters of 2020. The dollars represented by these sales are up 43%. This is not sustainable as, heading into the off-season, we continue to experience very low supply and unprecedented demand.

Total sales dollars in 2020 were \$1.895 billion, compared to \$1.018 billion in 2019. As of the end of September sales on Nantucket were \$1.467 billion putting us on track to exceed, for the first time, \$2 billion in 2021. A total of 679 properties changed hands in 2020; through the third quarter of 2021 there have been 539 sales.

The average selling price of a property on Nantucket is \$2,723,000 (-2%). The average selling price of a house is now \$3,167,000 (-2%) and the median house price is \$2,500,000 (+3%). Vacant land is selling, on average, for \$1,349,000 (-11%) and the median price of land is \$1,050,000 (8%). The average time a property is listed for sale on Nantucket is down to 7 months. Properties are currently selling for an average of 93% of list price and for 147% of assessed value at the time of sale.

The biggest story right now is the lack of inventory. Today there are a total of 137 properties on the market on Nantucket. As of this writing there are only 12 pieces of vacant land for sale on the entire island, ranging in price from \$675,000 for a 5,000 s.f. commercial lot near the airport to \$7,695,000 for a lot of over 7 acres in Monomoy with views of Nantucket Harbor and Town. There are 108 single family residential properties currently listed ranging from a small beach house in Madaket for \$895,000 to a large and elegant estate property in Town with multiple dwelling units and lots for \$28,000,000. With an absorption rate in the range of 600-700 properties per year, the inventory is not aligned with demand.

With over 60% of our island permanently held by various conservation groups, the pressure on the remaining land is intense. It is estimated that there is less than 5% of vacant land on Nantucket that has not been developed. A significant percentage of new construction this year is on properties that previously had a structure. Many of these homes get re-located (sometimes re-purposed for year-round housing) but some end up going to the landfill.

Most buyers want properties that are in renovated or new condition with a high level of amenities, and they are willing to pay more if the property can be used right away. To build on Nantucket has always been time consuming, complex, and costly, even more so now with the supply chain issues of the last 18 months. Interest rates remain low, but there are indicators that rates may rise in 2022, although many

buyers on Nantucket do not require a financing contingency in the current competitive climate. And for sellers, it remains a great time to sell, especially if one has owned the property for 5 or more years.