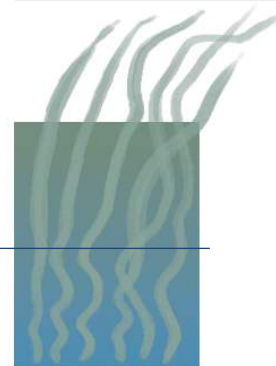


# Atlantic East Real Estate

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N A N T U C K E T

## A T L A N T I C E A S T V I E W

**Autumn has arrived quickly on Nantucket with the opening of family scalloping season and the Cranberry Harvest Festival. The days are shorter with a chill in the air, the sun sets a little earlier and the island is quieter, except for weekends, when many familiar faces are back on-island. The great weather from this summer seems to be holding through the fall!**

**We are so pleased to report some more positive news about the real estate market.** Nantucket had an excellent third quarter with over \$201 million worth of transactions, \$150 million during the month of September alone. This is a healthy increase of 39% over the 3rd quarter of 2009. The year to date total is \$448M with the 4th quarter still to come, historically one of the strongest quarters. We are on track for a total of around \$640M of sales this year, compared to \$435M in 2009 and \$574M in 2008. It is fair to say that the bottom has been reached. The next indicator of a change in the market will be a consistent rise in the average and median selling price of a Nantucket property over the next few quarters. The average price of a Nantucket home is now \$1,942,000; last year at this time it was \$1,887,000. The median price of a home is now \$1,070,000; last year it was \$1,275,000. There are currently just under 700 properties for sale on Nantucket. The average price of vacant land on Nantucket is now \$1,206,000; the median price is \$845,000. This compares to \$881,000 for the average and \$700,000 for the median in 2009.



**A word of caution to sellers.** A primary reason for the increase in market activity is the fact that many sellers are pricing more correctly to the current market than they were a few years ago. The market is at the same price levels as it was in 2004, just prior to the rapid escalation in values. And buyers are generally feeling more confident about the economic and market conditions which translates into greater sales activity. It is likely to be some time before we see prices return to the previous height of the market.

*Continued on Page 2.....*

# MARKET NEWS

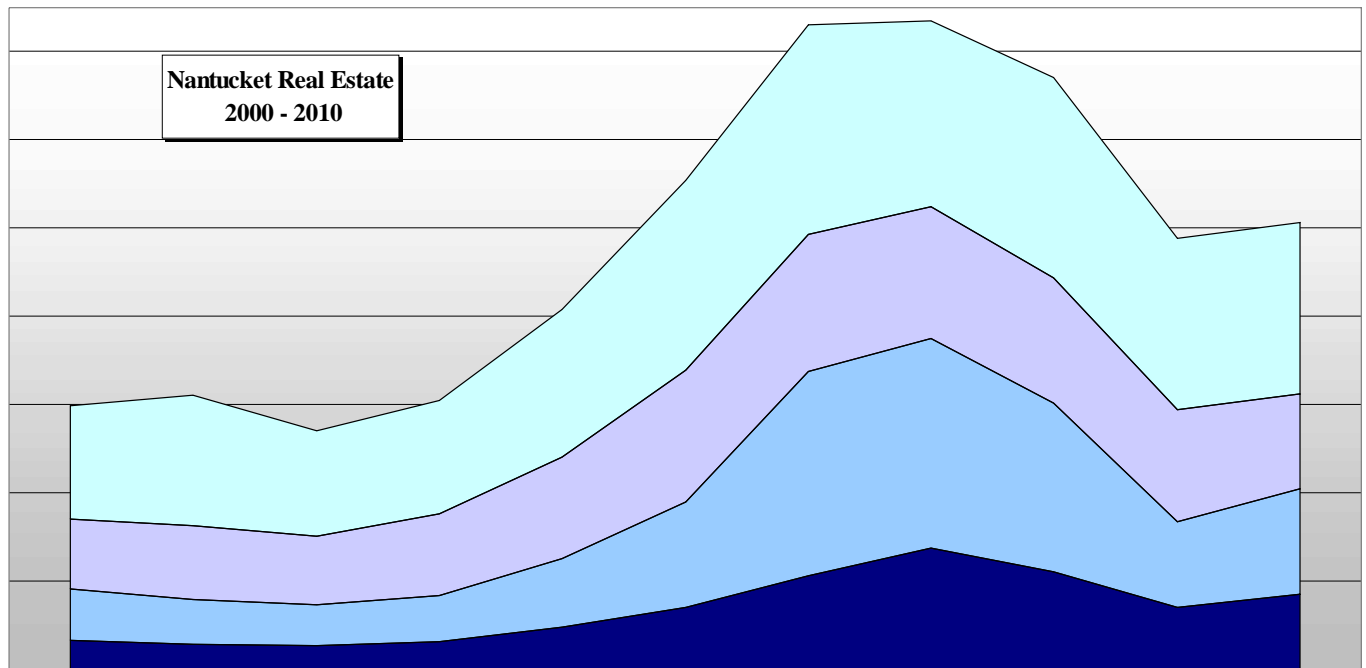
**It remains a great time to buy.** Many buyers have recognized that this is the best time to buy in nearly a decade. Buyers can get a good deal, with prices down around 30% from the previous height of the market. Mortgages are inexpensive now. At 4.4% on average for a 30 year fixed rate mortgage, costs to own are down by a fifth from two years ago. Owning a Nantucket property provides some inflation protection. Historically, appreciation over time outpaces inflation. There is a lot to choose from with nearly 700 listings on Nantucket. And, sooner or later, the market will rebound and we think it has already started to.

**There has been progress on the national front.** Housing starts rose 10.5% in August to an annual rate of 598,000 homes, the most since April, according to the Commerce Department. Existing home sales rose in August according to the National Association of Realtors. Total housing inventory declined .6 percent at the end of August, representing an 11.6 month supply at the current sales pace, down from a 12.5 month supply in July. On Nantucket there is currently a 2 year supply of inventory at the current sales pace which is consistent for a second home market. The average time a property is on the market is now 9 months, down from 9.75 months in 2009.



**Properties are now selling, on average, for 90.63% of the list price and 89% of the assessed value.** The assessed value is determined by the Town of Nantucket for purposes of setting the property tax rates and the island recently underwent the state mandated revaluation. The total value of real estate on the island dropped by only 17% because the period under consideration was 2006 - 2008. The new assessed values are supposed to reflect market activity during the 3 years preceding January, 1, 2009 which means that the recession was not fully accounted for in the new assessments.

**Make sure that you are informed.** If you are following the real estate market on Nantucket, the best way to stay informed is through your broker and our multiple listing service, LINK Nantucket. Contact your broker to get complimentary client access to stay up to date on the market happenings. We are excited to see what the 4th quarter of the year brings!

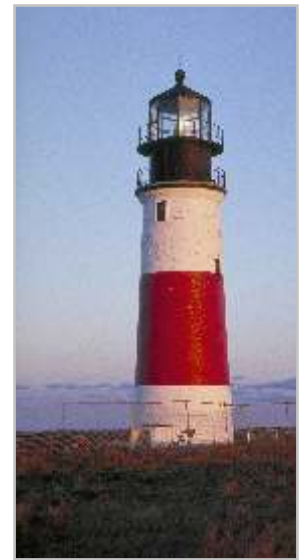


	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
□ Average Home	\$1,281,000	\$1,478,000	\$1,187,000	\$1,297,000	\$1,672,000	\$2,164,000	\$2,378,000	\$2,103,000	\$2,271,000	\$1,945,000	\$1,942,000
□ Median Home	\$795,000	\$827,500	\$775,000	\$917,000	\$1,150,000	\$1,495,000	\$1,550,000	\$1,495,000	\$1,425,000	\$1,275,000	\$1,070,000
□ Average Lot	\$570,000	\$512,000	\$472,000	\$519,000	\$787,000	\$1,190,000	\$2,311,000	\$2,378,000	\$1,915,000	\$970,000	\$1,206,000
■ Median Lot	\$336,000	\$285,000	\$265,000	\$320,000	\$475,000	\$700,000	\$1,067,000	\$1,375,000	\$1,100,000	\$700,000	\$845,000

# VACATION RENTALS ON THE RISE

*Atlantic East* had a nice upswing in the number of vacation rentals for the 2010 season. By the looks of it, things are going to continue to improve into 2011. We have already re-booked many homes for next year and the inquiries keep coming in.

Atlantic East has an extensive inventory of homes that have been carefully selected because they are the best of their kind. We have an adorable 2 bedroom cottage in the heart of Sconset for \$2800 week. A beautiful 3 bedroom cottage tucked away in town in a quiet setting with private patios and lovely landscaped gardens is priced at \$3500 a week. A large 5 bedroom home with water views in Quidnet can be had for \$6,500 a week. You can also get a 6 bedroom, 5.5 bath custom built home with many amenities including an infinity edge pool, billiard room, home theater, executive golf course and a fire pit to name but a few. Located down a private drive on a secluded wooded lot close to Surfside Beach, this home rents for \$30,000 a week. There is something for everyone. Now is the time to start thinking about your 2011 Nantucket vacation. Please contact one of *Atlantic East's* knowledgeable rental agents to help find your perfect spot.



## FINANCING CHALLENGES

Some of the biggest business challenges we have dealt with this year are in the area of financing. It has become even more obvious to us that those buyers who do not need to get financing are in a much better position in negotiating a purchase in today's climate. Lenders have tightened requirements as a result of the credit debacle (a good thing) but in doing so have impacted borrowers with plenty of assets and a stellar credit history. Consumers' difficulty in securing financing has been a challenge in getting transactions done this year. Whether it is the extra time and documentation required by the lender or the multiple (and inconsistent) appraisals, as a buyer, one is in a much better position of leverage if one has cash. When buying without conventional financing, one can still have a condition that the property must appraise out at the purchase price. If you are interested in more information on purchase money or on re-financing please contact us as we have a number of excellent sources, that have proven themselves, that we can share with you. And the rates have never been lower.

## WHAT IS SELLING THIS YEAR?

Although it is hard to generalize about Nantucket real estate because so much is one of a kind, we can draw a few conclusions about what is selling thus far this year. Of the 227 sales on Nantucket through the 3rd quarter of the year, half have sold below \$1,025,000. The majority of these sales were in the Mid-Island area and Town; most of those that were in Town were either in need of a renovation or located on a busy street. Last year at this time half of the sales were below \$1,000,000.

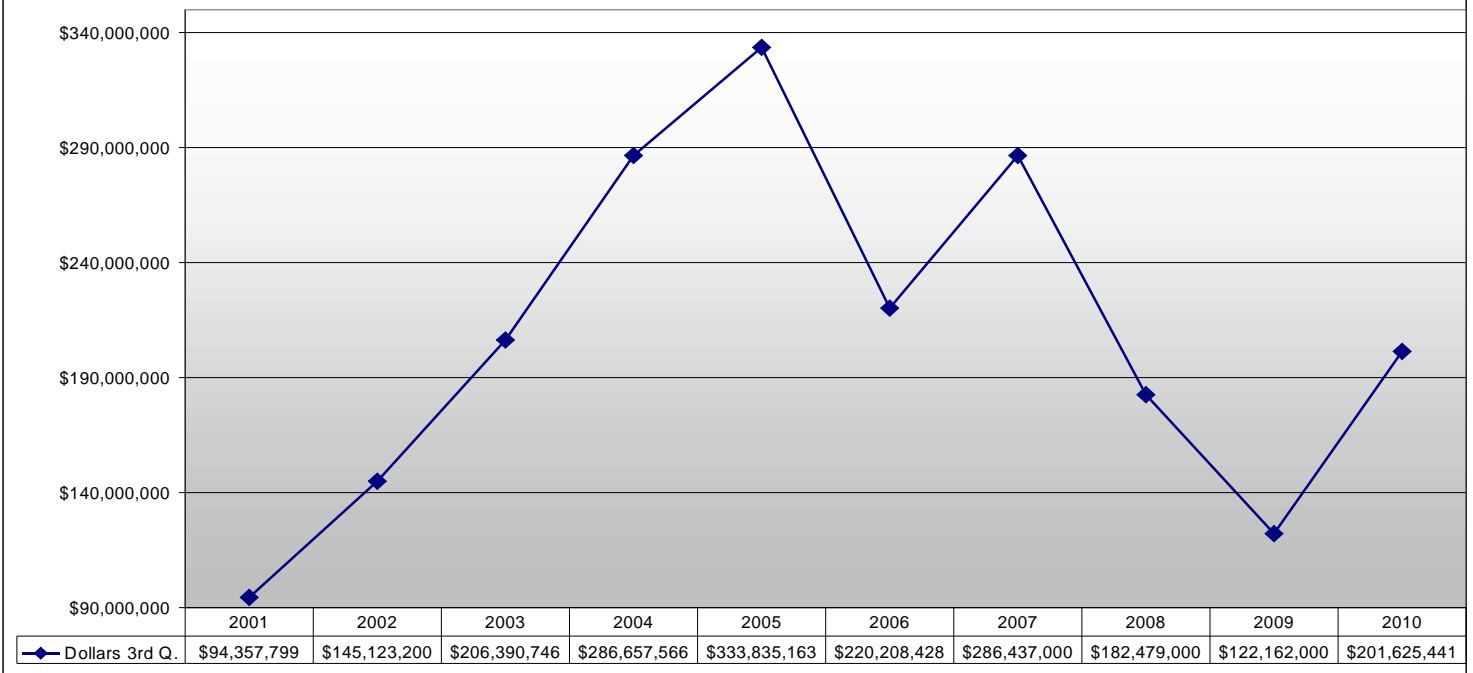
There have been 56 sales between \$1 and \$2M, with the largest number in Town and in 'Sconset. These were in a range of locations and conditions. Between \$2 and \$3M, there have been 24 sales in a variety of locations. Most of the sales in this sector either had a water view or were in very good condition. Between \$3 and \$4M, there were 11 closings of properties that tended to be larger (4-7 BR's) and in excellent condition and updated in the areas of Cliff, Town, Brant Point, 'Sconset and Polpis.

Between \$4 and \$5M there have been 4 sales. These properties were mostly in estate settings or fully renovated houses in town. Between \$5 and \$6M there have been 8 sales - more estate settings with strong water views and renovated antique homes in town. There were only 2 sales between \$6 and \$7M so far this year (one in Town and one in the Cliff area). Then there is a big gap with no sales yet this year between \$7M and \$12M.

We'll call them the luxe-sales - there were 7 sales over \$12M and all of them had direct water frontage, either on the Atlantic Ocean or on the Harbor or Sound. Most of these properties offered acreage, privacy and a compound, usually with more than one dwelling unit. The highest price paid for a residential property on Nantucket in 2010 is \$27,500,000 for 11 & 15 Cathcart Road in Monomoy. The property was 5.75 acres and the houses had a total of 9 bedrooms and over 10 baths. It sold for 95% of the list price which was \$29,000,000 at the time of the sale.



# 3<sup>rd</sup> QUARTER COMPARISON, Sales Dollars



## SALES BY LOCATION



The largest number of sales this year, so far, have been of properties located in Town. Not surprising, as Town is still the most densely populated area of the island (at least during the summer months). Sales in town range from \$296,000 for 8 Atlantic Avenue, a house in need of a total renovation and on a busy street to \$6M for 77 Main Street, a large historic brick building with a yard and gardens within a block of the commercial part of Main Street. The area with the next highest level of sales activity is the Mid Island area. If you are a seller, trying to sell in one of the areas where there have been very few sales, you need to pay attention to the condition and price of what is selling in your neighborhood. We have comprehensive information on all areas and market sectors available. Please contact one of our experienced brokers if you would like more information or an honest and confidential market evaluation of your property.

## ATLANTIC EAST

Penny Dey, Broker, GRI, ABRM & Heidi Drew, Broker, ABR, RSPS

Peter DuPont, Sales Associate ● Mary Malavase, Broker, ABR, RSPS, TRC  
 Erika Perkins, Office Manager ● Anne Remian, Broker ● Lisa Sherburne, Broker, ABR, RSPS  
 Melinda Vallett, Broker ● Jerry Crown, Broker

*We believe in doing one thing and in doing it well.*

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