

## **Atlantic East Market Update**

### **1<sup>st</sup> Quarter 2017**

The real estate market stumbled a bit in the first quarter of 2017, due largely to a number of listings and sales in the lower price ranges. Of the 104 sales to date this year 35% of them were under \$1 million and only 3 sales were over \$5 million. This is not an unusual pattern for this time of the year and it resulted in the total sales dollars being down 8% compared to 2016 at the same time. The total number of sales was down 14% compared to the same quarter last year. However, pending sales activity continues to be robust with 47 properties under contract, ranging from a townhouse unit in Madaket (listed for \$299,000) to a waterfront compound in Sconset (listed for \$8.5 million).

There are currently 287 listings actively on the market, with an average list price of just over \$4 million, a median list price of \$2.6 million and 325 average days on the market (higher than the 9 months it took a property to sell in 2016). There are some indicators that sellers have gotten ahead of the market in their pricing. This translates into more frequent price reductions and longer time on the market, often resulting in the property selling for less than had the property been priced correctly initially.

The number of properties on the market will continue to rise as we get closer to summer. Last June there were nearly 500 listings by the end of June. It is no surprise that the majority of sales on Nantucket are of residential property. In the past decade commercial sales have averaged only 7 per year on the whole island. The demand for vacant land is beginning to outweigh the supply as many buyers prefer building anew to renovating. The number of building permits for single family homes is averaging around 120 per year. In the first 3 months of 2017 the Town has already issued 65 building permits for new homes. The average sale on Nantucket is \$1,776,000; the average home sale price is \$2,143,000 and the average lot sale price is \$670,000. Commercial properties are selling, on average, for \$2,200,000. Foreclosures continue to be less than 1% of market transactions.

Properties are currently selling for 89% of list price and 112% of assessed value. The least expensive property (not restricted for affordability) to sell on Nantucket this year was a 1 bedroom/1 bath condominium unit at 1 Freedom Square, selling for \$271,900. The highest price paid was \$14 million for 36 Shawkemo Road, a harbor front property with 7.8 acres and nearly 7,000 s.f. of building. The property right smack in the middle of sales to date was 4 Delaney Road, located in the Cliff area, a single family house on .14 acre, listed at \$1.4 million and selling for \$1.2 million. The property was on the market for only 2 days before going under contract.

The economy, although expanding, is growing slowly. The Fed has cautiously raised the benchmark interest rates twice in the past four months; it is anticipated that there will be two more rate increases this year. Employers are hiring (unemployment is down), consumers are spending and business are starting to invest more money into their operations. The stock market continues its heady climb since the fall. Consumer confidence, especially in discretionary markets such as Nantucket, will be ever more important as we progress through this year.