

NANTUCKET

REAL ESTATE



A Comprehensive
Real Estate Analysis

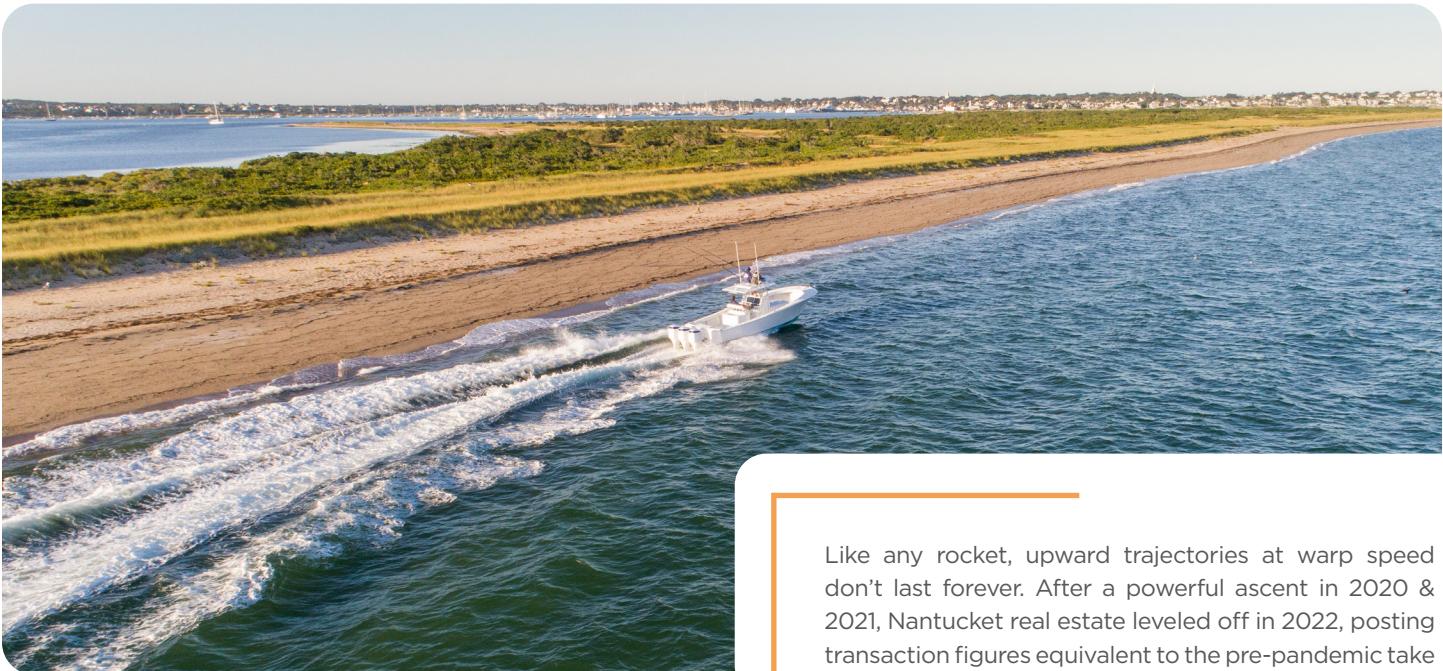
by Jen
Shalley
Allen



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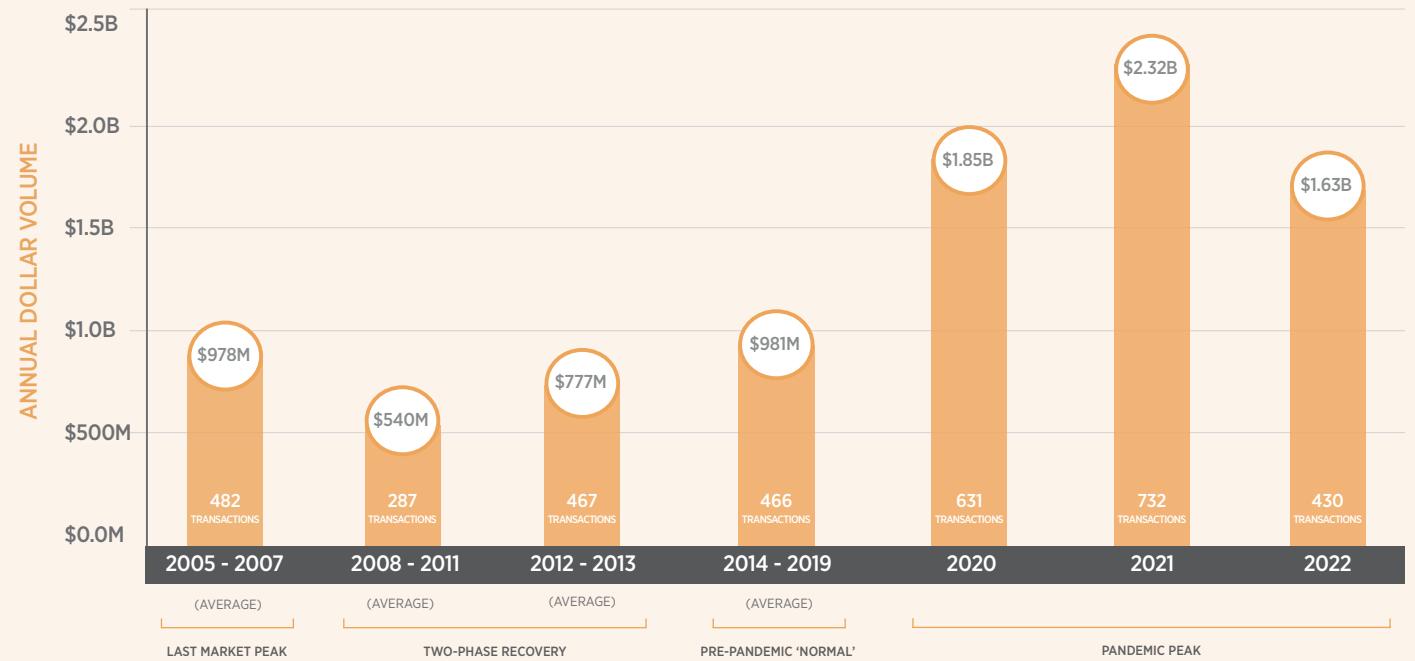
Like any rocket, upward trajectories at warp speed don't last forever. After a powerful ascent in 2020 & 2021, Nantucket real estate leveled off in 2022, posting transaction figures equivalent to the pre-pandemic take off. However, as this report outlines, this decline seemed based more upon a continued deficiency in inventory rather than a significant shift in buyer mindset. Which begs the question: will the market continue coasting at new orbital heights, or was it a short duration flight that has already reversed course?

Though 2022 transactions moderated to pre-pandemic levels, dollar volume remained at a lofty level thanks to persistent buyer demand, impressive high-end activity, and the general surge in property values since 2020. While both above-listing-price transactions and full-price sales were down from a record number in 2021, there was seemingly no shortage of buyers for Nantucket real estate, even amidst rising interest rates and record home values. And despite national news articles purporting that luxury home sales have plummeted; island sales show no such decline. In fact, despite an overall decline of nearly 300 real estate transactions from 2021, sales above \$5 million in 2022 were identical to 2021.

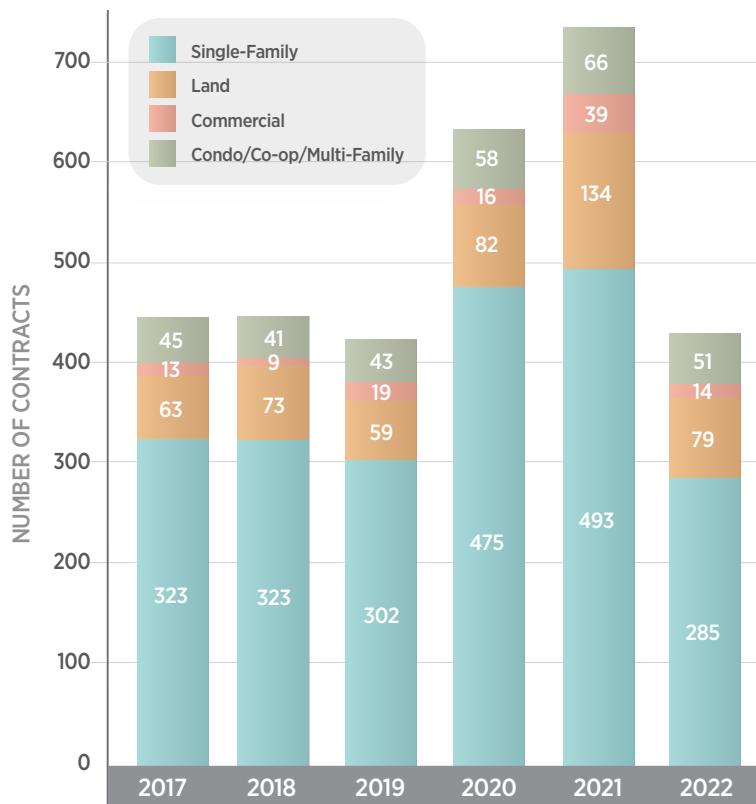
Limited inventory propelled Nantucket real estate prices to record heights in the first place and is now among the biggest force tempering sales volume. Without a significant shift in for-sale properties or in the economy, this market may well be coasting for awhile...

Jen Shalley Allen

SALES & DOLLAR VOLUME OVERVIEW: 2005 - 2022



TRANSACTIONS BY TYPE



SFH MEDIAN SALE PRICE & DAYS ON MARKET



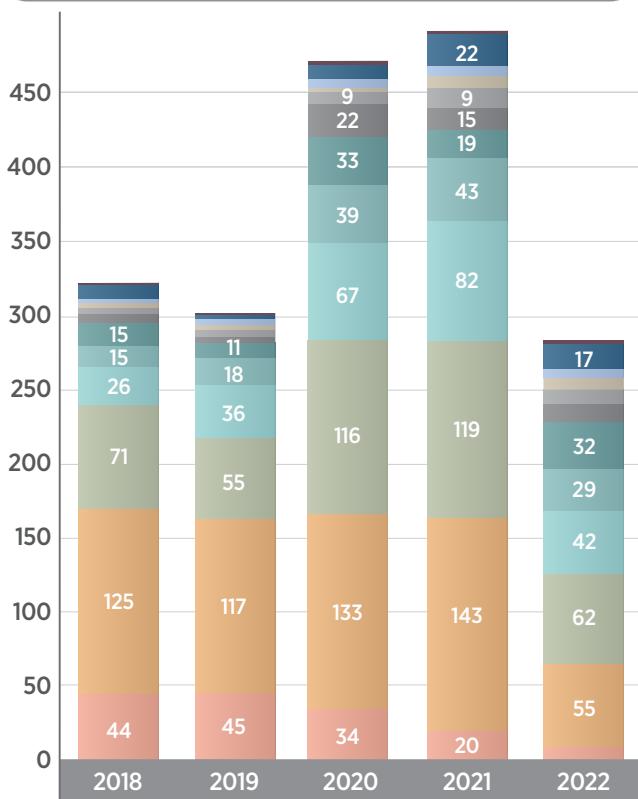
NANTUCKET BUYERS

Top 10 States 2018 - 2022

	% OF TOTAL	# OF TRANSACTIONS
MA	41%	104
FL	11%	29
NY	9%	23
CT	7%	19
CA	4%	10
PA	4%	9
TX	3%	8
MD	3%	7
NJ	3%	7
CO	2%	5

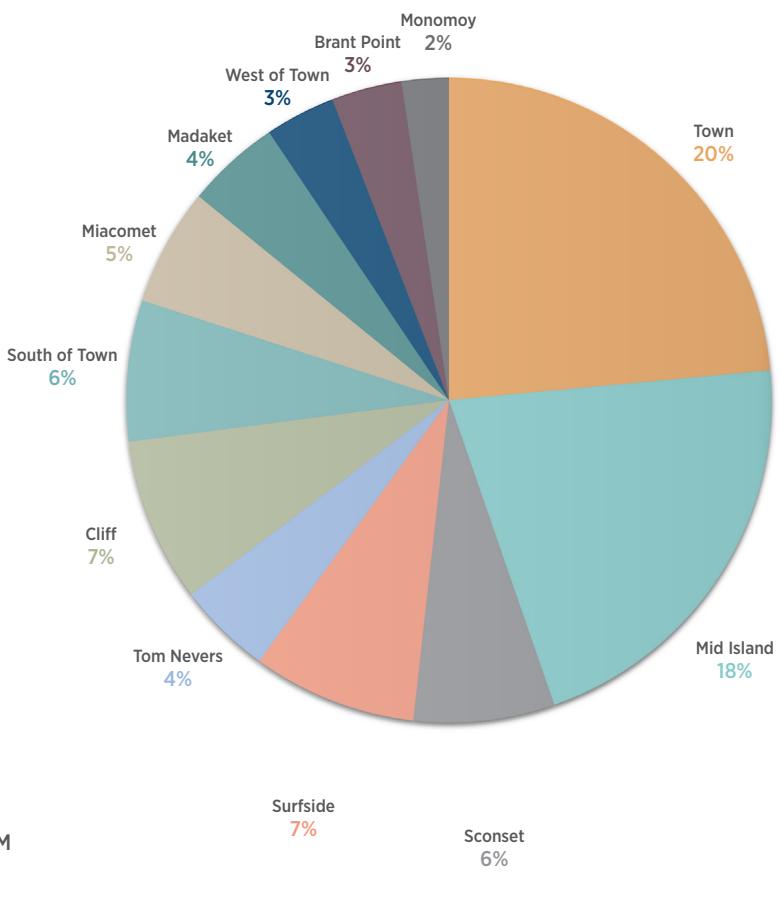
SALES BY PRICE POINT: 2018 - 2022

Number of Transactions



2022 SALES BY NEIGHBORHOOD

% of Total Transactions



Cumulative Real Estate Sales & Transaction Volume

LIKE 2019, ONLY SIGNIFICANTLY MORE PRICEY

After an unprecedented period for Nantucket real estate, the 2022 market showed signs of a return to normalcy, at least in transaction volume. While still a remarkable year as measured against all pre-pandemic figures, 2022 sales and dollar volume metrics declined significantly from the two previous years. With over 1300 transactions and over \$4 billion in island property changing hands during 2020-2021, the recent rise in interest rates and a consistently constrained supply of property inventory made for an inevitable momentum shift.

All told, there were 430 transactions totaling \$1.63B in 2022, a respective decline of 41 percent and 30 percent from 2021.

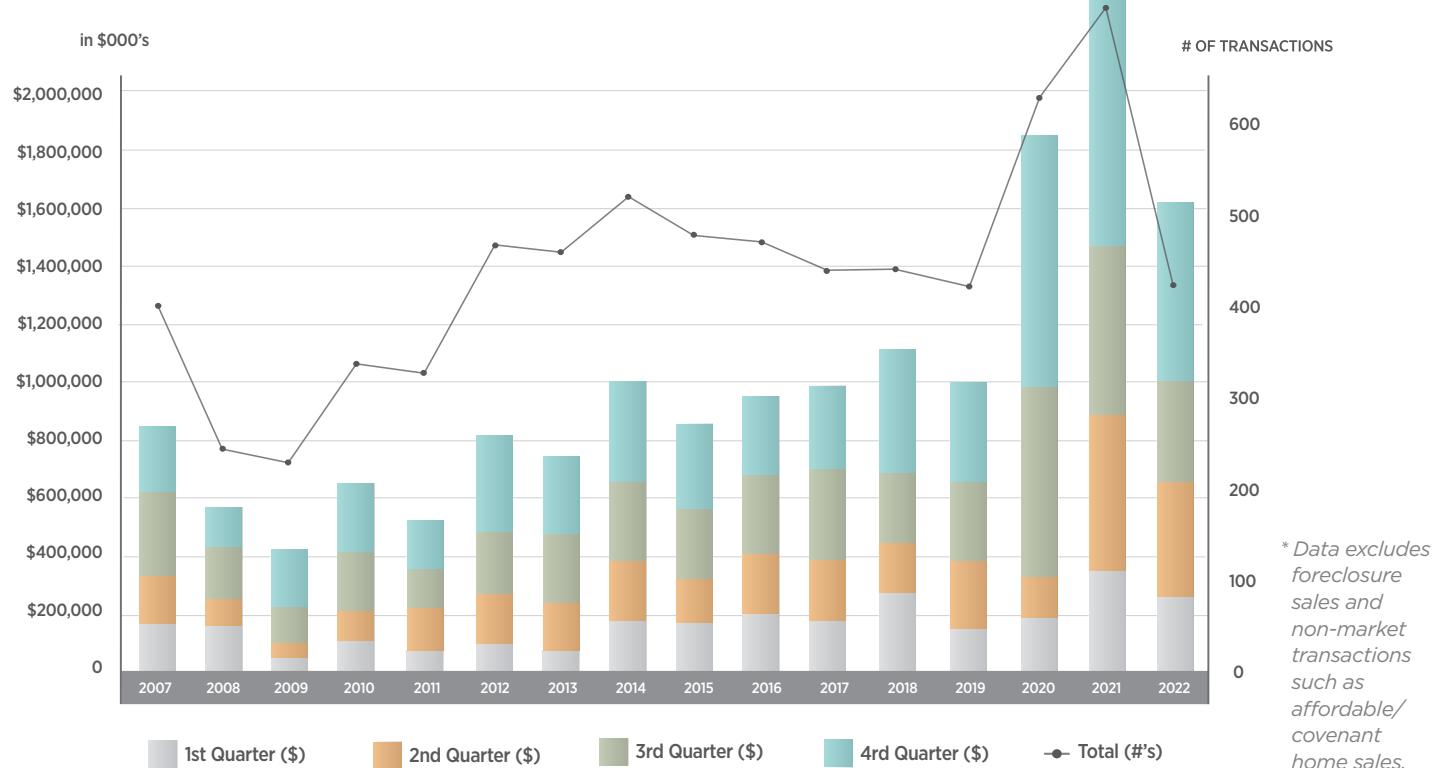
Interestingly, the total number of transactions was nearly identical to 2019, but 2022 dollar volume was 64 percent higher than it was just three years earlier, prior to the ‘pandemic peak’.

These figures reveal the enormous impact the last two years have played in transforming property values and page 6 details how the median home sale value aligns with this significant surge in dollar volume.

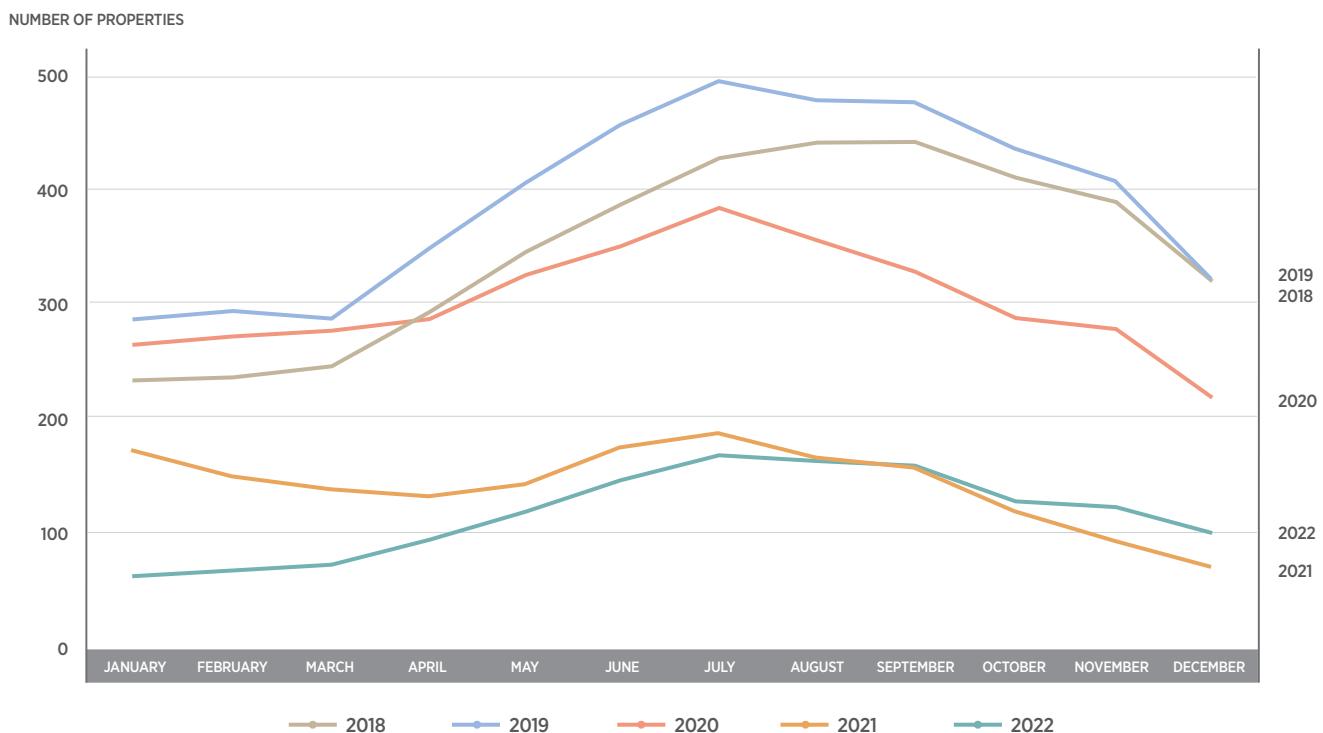
What so far appears to be different about this most recent peak compared to 2005-2007, is the supply of available homes has remained well below historical figures. This chronically low inventory has been the main driver of the recent and significant property appreciation. Unless there is a significant increase in for-sale properties, we do not foresee a dramatic shift in pricing, even as transactions slow.

Let's dive in...

TOTAL DOLLAR & TRANSACTION VOLUME*



MONTHLY INVENTORY BY YEAR (ALL PROPERTY TYPES)



Property Inventory by Month & Year

SUPPLY HELD STEADY AT RECORD DEPTHS

Nantucket is among many markets that saw a severe supply and demand imbalance over the last two and a half years. The sustained, historically low mortgage rates of 2020-2021, robust economic conditions, and the mass trend of remote work, burned supply to record depths. And although Nantucket property inventory data is not well documented prior to 2008, we are hard pressed to find a year-to-year inventory decline as significant as the one that occurred between 2020 and 2021. No other chart so clearly depicts why property values have soared, though we'd love to find a way to measure and superimpose buyer demand on here.

The nature of the island's season-specific popularity contributes to an annual inventory profile that typically peaks in July. For example, the average number of properties listed for sale at the end of July in the 2018-2020 period was 434. By July of 2021, this number plummeted to just 183 properties thanks to the 842 property sales that took place from July 2020 to July 2021. And, the rest, they say is history -- inventory levels really haven't changed much since. Measuring slightly less than the previous summer, numbers for July 2022 came in at 166 properties.

The figures in this graph capture listing inventory for all property types (commercial, vacant land, condos/co-ops/multi-family) so isolating any category paints a more dire picture for buyers. As of July 31, 2022, the total number of single-family homes available for sale was 134. By year's end it fell to 73. The good news? The 73 listings are 20 more than we saw at the end of 2021. For vacant land, there were 12 listings at the end of the year, an increase from the five in 2021. And commercial listings stood at eight listings, up from five in 2021.



SINGLE-FAMILY HOME METRICS

SINGLE-FAMILY HOMES	2022	2021	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	286	493	-42%	376	-24%
Dollar Volume (\$000's)	\$1,310,832	\$1,790,556	-27%	\$1,278,843	3%
Median Sale Price (\$000's)	\$3,363	\$2,775	21%	\$2,489	35%
Average Months on Market	3.2	3.5	-9%	5.3	-40%
Sale Price / Original List Price	94%	94%	0	91%	3
Sale Price / Most Recent List Price	97%	96%	1	95%	2
Year-End Inventory	73	52	40%	149	-51%

*All sales data is as of December 31 and excludes condominiums, foreclosures, affordable home sales and timeshare sales. Sources: LINK Nantucket, Nantucket Land Bank, MA Registry of Deeds

Single-Family Home Sales Overview

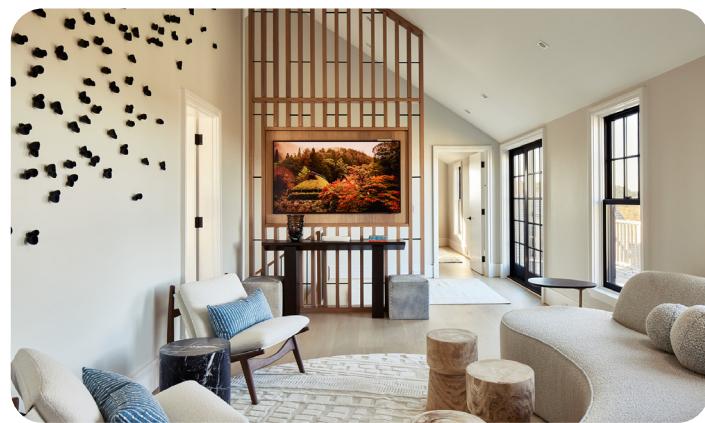
MEDIAN HOME SALE UP 81% SINCE 2019

With little inventory for buyers to come by in 2022, single-family home sales dropped below 300 transactions for the first time since 2013. What was lost in transaction volume was more than gained in dollar volume as the 286 home transfers represented \$1.3 billion in sales. For reference, this is approximately 100 fewer transactions than the five-year average but still nearly the same dollar volume.

As we detail on the next page, most of this increased dollar volume stemmed from another stellar year of high-end and mega-high-end (\$20M+) property sales. But overall property appreciation certainly played a major part. The chart on page 3 includes the year-to-year change in sales by price point which illustrates that the sub-\$2 million market represented an average of 38 percent of sales over the last five years. This same segment dwindled to 22 percent of total sales in 2022 thanks to an overall rise in property values. Every other million-dollar price point above \$2 million also saw measurable growth in 2022, with sales between \$5 million to \$6 million taking the lion's share of the increase from both a year-to-year and five-year average comparison.

Considering the limited supply of homes, the strength in the high-end of the market and the fact that the third year of increased pricing didn't deter multiple buyers from vying for

the same property, the 2022 median home sale value rose 21 percent from 2021 and stood at \$3.36 million by year's end. This is the first time this value has surpassed \$3 million, and it is **81 percent higher than in 2019**, pre-pandemic. The question is whether Nantucket real estate has sustained a largely permanent shift in property value based on elevated demand from a demographic of buyers who may perceive a discount to the Hamptons or Palm Beach, or whether this pricing is simply a result of "abnormal" times and prices will drift back to more historical norms. We have a sense it may be more of the former than the latter.



High-End Residential Sales Summary

MORE INVENTORY AND PLENTY OF BUYERS

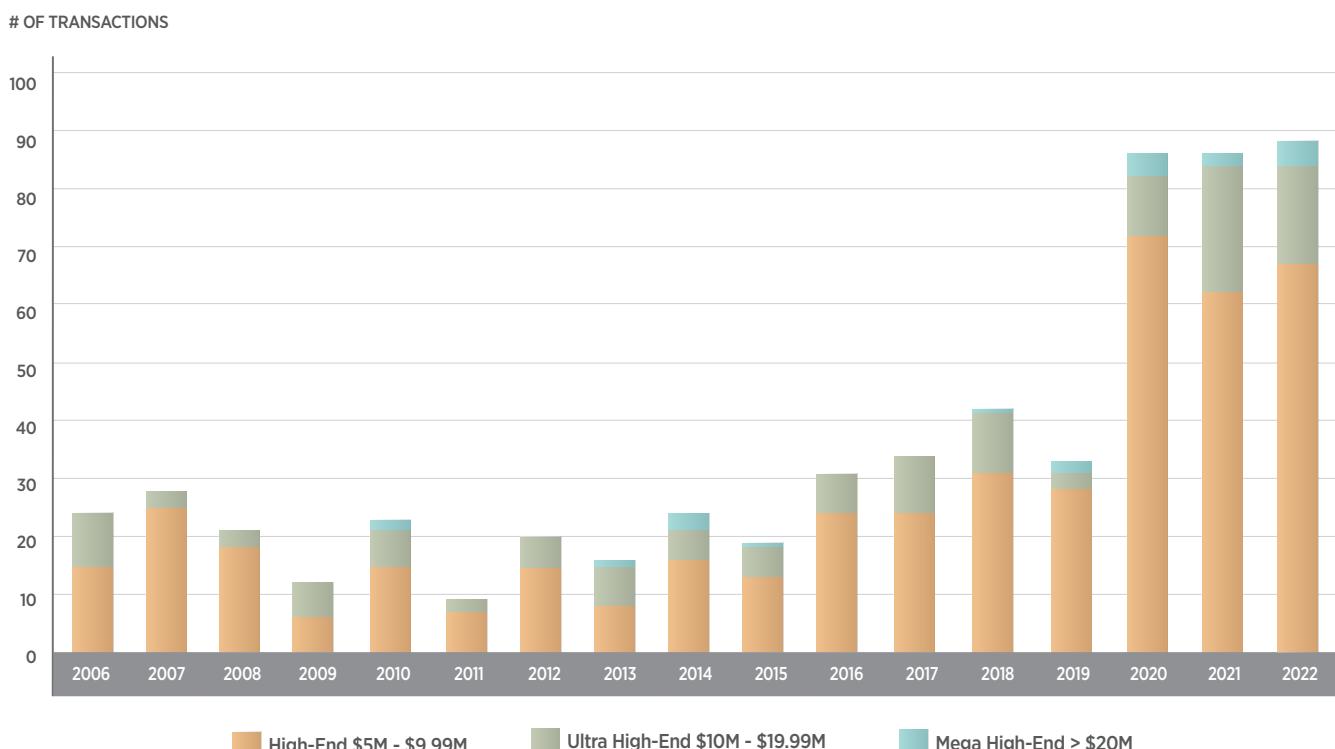
Prior to 2021, the record for the highest residential property sale – the \$27.5 million sale of 11 & 15 Cathcart Road – stood for 10 years. From that 2010 sale through 2019, there were seven mega-high-end transactions (excluding land) above \$20 million but none that hit or surpassed that high-water mark. However, between 2020 and 2022, there were 10 transactions above \$20 million, four of which were sales between \$30 and \$37.6 million, with the latter setting a new residential record. Never has the market seen so much activity in this sliver of the market. And it wasn't just the mega-high-end segment that boasted tremendous volume compared to historical norms.

High-end sales between \$5 million and \$10 million averaged 20 transactions during the 2012-2019 period. From 2020-2022, this average annual activity surged to 67 transactions measuring nearly \$430 million in aggregate dollar volume. Ultra-high-end sales between \$10 million and \$20 million averaged between eight and nine transactions during the 2012-2019 timeframe but jumped to an average of 16 transactions during the last

three years. With all of these \$5 million + sales combined, **approximately half of 2022 dollar volume stemmed from just 20 percent of transactions.**

Before 2020, our team frequently discussed the pent-up demand in the high-end and ultra-high-end of the market. We noted how the number of transactions in the upper echelon of our market was likely artificially low since inventory isn't often available. Buyers with a budget of \$10 million and above were typically required to build what they wanted by acquiring land or undertaking a significant renovation project. This rendered the number of transactions lower than what might have been reflected if we could have compiled data for all high-end land sales and the corresponding value of construction contracts. This changed in 2020-2022 when more finished high-end properties than ever before became available and, as we predicted, there were plenty of buyers to secure them. Based on the strength in these sales through year's-end, we anticipate this trend will continue for the foreseeable future.

NANTUCKET RESIDENTIAL HIGH-END PROPERTY SALES



2022 IN PHOTOS WITH YEAR-TO-YEAR COMPARISON

\$37.6M

Highest
Residential Sale

+\$5.1M



82

Full-Price
Transactions

-40%



\$4.6M

Average Home
Sale Price

+26%



8

Finished Speculative
Homes Sold

-70%



3,632 DAYS

Longest
Marketed Sale

+987 Days



52%

Highest Annualized
Resale Return

+4%



37

Above Full-Price
Transactions

-34%



0

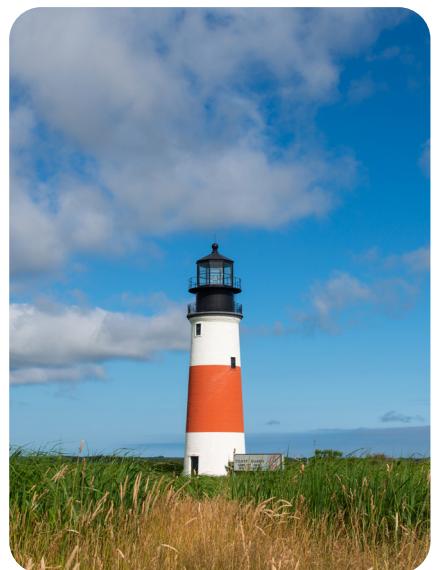
Number of Homes for
Sale Under \$1 Million

-1



NANTUCKET REAL ESTATE BY NEIGHBORHOOD - 5 YEAR AVERAGE

NEIGHBORHOOD	AVG. TRANSACTIONS	AVG. SELLING PRICE	MEDIAN SELLING PRICE	AVG. MONTHS ON MARKET
Brant Point	17	\$5,458,776	\$3,795,700	5
Cisco	7	\$3,855,983	\$3,710,000	3
Cliff	31	\$6,710,608	\$5,755,000	5
Dionis	5	\$5,862,407	\$5,321,750	13
Hummock Pond	10	\$2,916,049	\$2,568,447	2
Madaket	21	\$1,915,202	\$1,743,531	4
Madequecham	3	\$3,305,145	\$3,080,940	5
Miacomet	19	\$2,401,965	\$1,917,800	3
Mid Island	39	\$1,108,389	\$1,007,000	3
Middle Moors	3	\$2,500,464	\$2,545,500	5
Monomoy	7	\$7,098,499	\$6,507,500	6
Nashaquisset	6	\$1,479,046	\$1,421,350	2
Naushop	12	\$1,429,544	\$1,437,250	3
Pocomo	4	\$6,012,997	\$5,505,200	8
Polpis	6	\$5,282,777	\$3,608,500	12
Quaise	2	\$3,732,917	\$3,705,417	5
Quidnet	4	\$4,220,388	\$4,360,000	15
Sconset	35	\$3,034,781	\$2,567,316	5
Shawkemo	2	\$9,057,918	\$8,893,335	19
Shimmo	5	\$7,557,206	\$7,106,500	5
South of Town	14	\$1,706,635	\$1,515,000	3
Squam	2	\$6,340,513	\$6,884,980	11
Surfside	30	\$2,857,752	\$2,284,785	4
Tom Nevers	21	\$2,202,030	\$1,823,500	4
Town	94	\$2,863,946	\$2,609,600	7
Wauwinet	5	\$4,028,463	\$3,614,375	13
West of Town	8	\$2,766,604	\$2,846,000	3



Vacant Lot Sales Overview

FEWER TRANSACTIONS BUT ACTIVITY REMAINED SOLID

While significantly lower than 2021 figures, 2022 vacant land sales enjoyed a very solid year compared to historical figures. Through December 31, 2022, vacant land sales measured 79 transactions totaling \$202 million, a respective decrease of 41 percent and 11 percent from 2021 but in line with the five-year transaction average. On the other hand, dollar volume was \$50 million higher than the five-year average. In conjunction with the increased high-end activity for finished residential homes, there were also a few notable high-end land sales in 2022 which contributed to a higher-than-average dollar volume.

The record price for a large-tract parcel was set in 2013 with the \$30 million transfer of 100 acres of land on Old South Road (there were some improvements, but the transaction was categorized as land in the MLS). The next highest was the sale of 220 acres to conservation entities in 2012. In 2022,

we saw a new competitor in land sales with the transfer of a non-subdividable parcel of 1.23 waterfront acres to the tune of \$18.875 million. Unfortunately, statistics become muddled when other notable transactions mimic a land sale but are still categorized as residential sales due to existing structures, despite a buyer's intention to raze the property. The 2020 sale of 2.16 water-front acres for \$21 million comes to mind – it was classified as a residential transaction but could truly be viewed in this list of record land sales. The point is, between the \$18.875 million sale and the four other land transactions above \$5 million, 2022 included notable high-end land activity.

There were also two subdivision sales, technically resales, worth mentioning; the \$9.2 million bulk transfer of 10 parcels at 2 Buck Hollow Way (prior sale price of \$3.625 million in 2018) and the \$8.4 million sale of a portion (noted as 36 lots) of property along Old South Road.

Another prominent component of 2022 land sales were transfers within recently created subdivisions. These transfers include land sales on Ellens Way, Mariner Way, North Mill Street, Cannonbury Lane and the most recent addition, Maple Lane, where seven newly created lots off Rugged Road traded between \$1.3 million and \$1.78 million.

While analyzing the median sale value from year to year comes with faults due to the greatly varied nature of land characteristics on the island, we found an interesting insight in a recent resale of a parcel of land that helps illustrate the change in land value since 2019. A nearly half-acre parcel at 85 Vestal Street traded for \$1.26 million in April of 2019. That same parcel of land traded for \$2.05 million in April of 2022. This represented a 62 percent return over the three-year period and an 18 percent annualized return.

VACANT LAND SALES

VACANT LAND SALES METRICS	2022	2021	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	79	134	-41%	85	-7%
Dollar Volume (\$000's)	\$201,954	\$226,863	-11%	\$152,739	32%
Median Sale Price (\$000's)	\$1,700	\$1,210	40%	\$1,780	-4%
Average Months on Market	1.5	7.1	-79%	5.3	-72%
Sale Price / Original List Price	95%	96%	-1	92%	3
Sale Price / Most Recent List Price	96%	97%	-1	95%	1
Year-End Inventory	12	5	140%	30	-60%

Commercial Property Sales Overview

SALES VOLUME REVERTS TO PRE-PANDEMIC LEVEL

COMMERCIAL PROPERTY SALES METRICS	2022	2021	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	14	39	-64%	19	-36%
Dollar Volume (\$000's)	\$30,678	\$215,718	-86%	\$77,197	-60%
Median Sales Price (\$000's)	\$1,900	\$2,597	-27%	\$2,249	-18%
Average Months on Market	11.2	6.8	65%	7.8	30%
Sale Price / Original List Price	92%	89%	3	91%	1
Sale Price / Most Recent List Price	93%	91%	2	93%	0
Year-End Inventory	8	5	38%	13	-63%

After an unprecedented year in 2021 where there were 39 transactions totaling \$216 million, commercial transaction activity reverted to more typical figures. For reference, prior to 2021, this segment of the island market typically saw anywhere from 13-20 transactions per year with an average total dollar volume of \$27 million. In 2022, there were 14 transactions totaling \$30 million.

The highest sale of the year was the Town's purchase of 10 & 12 Washington Street, the NRTA transfer center, from ReMain Nantucket who originally purchased the property in 2008. Incidentally, the next highest transaction was ReMain's purchase of 5 Amelia Drive, formerly Keepers Restaurant, which will reportedly be a shared space for local food producers. On the food-related front, 1 Sparks Avenue, previously Lola Burger, also traded hands for \$2.7 million. Finally, the lowest commercial sale was a condo unit at 12 Main Street for \$775,000.

As of December 31, 2022, eight commercial properties were listed for sale, compared to the five listed one year ago. For reference, the most recent "high" for commercial inventory was the 18 properties listed in 2018. Much like available residential

or vacant land properties, it's become slim pickings on the inventory front. As of year's end, the highest priced commercial listing remained the conglomeration of waterfront buildings at the end of Jefferson Avenue, last listed for \$35.85 million.



TOPICS OF NOTE FROM THE **FISHER TEAM**

TO READ THE FULL
BLOGS VISIT:
ACK.FISH/CURRENTTOPICS

► BUYER PROTECTION IN A HOT MARKET

Over the past few years, the Nantucket real estate market has been hot, and many sellers have been unwilling to accept contingencies as part of a transaction. This has put more onus on buyers to understand their risks and ensure they are asking the right questions prior to submitting an offer. And the more complicated a property is, the more likely it is that a buyer will want to include contingencies to be sure they can enjoy/modify/expand the property in the way they want – keeping in mind things such as MESA (Massachusetts Endangered Species Act), Conservation Commission regulations, HDC approvals and much more. My blog covers working closely with your broker to understand the intricacies of your purchase.

Erin Wilson, Sales & Rental Agent



► NANTUCKET'S LAND BANK: SUCCESS DEFINED

Few organizations have had such a big impact on the island as the Nantucket Island Land Bank (NILB). The original NILB charter was enacted in 1983 and since then, based on its mission, the organization has had unparalleled success. It now owns “3,387 acres with an additional 503.4 acres permanently protected by conservation restrictions held either alone or in conjunction with the Nantucket Land Council.”

With feedback from the Land Bank Executive Director, the intent of my article is to explore where the organization is now and what is envisioned for its future. Some believe success has been achieved and that it is time for the Land Bank to evolve or pivot. Others aren’t understanding the Land Bank’s approach of “de-development” and how taking away fully functioning properties is beneficial to the island and its community. Together, let’s dive in to learn more.

J. Brent Tartamella, Sales & Rental Agent

► REDUCING, REUSING & RECYCLING ON AN ISLAND

Most everyone knows, recycling is mandatory on Nantucket. And on the island, it goes much further than just trash. We not only deal with a limited supply chain, we also have limited space, and this is very important when it comes to trash and our local Landfill. Whether you are cleaning out your house, renovating a dwelling or demolishing a structure to start a new project, please consider donating to many amazing local organizations that give back to our community. Read more by following the link above...

Joelle Bouchard, Sales Broker & Rental Agent

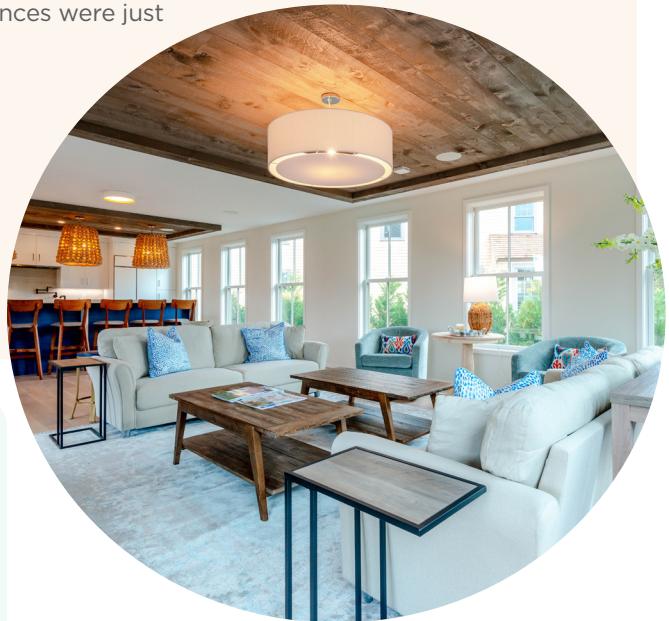


► THE CURRENT STATE OF BUILDING

Nantucket has seen a great deal of development and new construction during the most recent housing boom. Record low interest rates, combined with surging demand from buyers looking for more living space and land, caused our real estate market, and more particularly the construction market, to fire on all cylinders. This boom was complicated by pandemic-related production disruptions, which led to major supply chain issues and delays on receiving building materials. Plywood, shingles and appliances were just some of the materials that, until recently, were impossible to find.

The increase in demand for new builds and renovation projects has shifted the cost to build quite considerably over the last few years. And while we have learned that the supply chain issues are starting to be corrected, local builders are still experiencing problems with lumber and cedar shingles. As we begin 2023, we spoke with Nantucket experts to gain a full understanding of what building will likely look like in the year ahead.

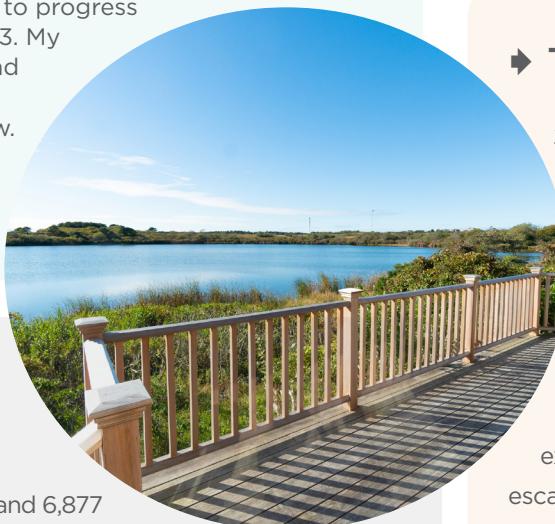
Sarah Holmes, Sales & Rental Agent



► THE REGULATION OF SHORT TERM RENTALS: A BACKGROUND & UPDATE

Regulation of Short Term Rentals (STRs) has proven to be one of Nantucket's most involved civic discussions over the last couple of years. And despite the 2022 creation of a Short Term Rental Workgroup, any further definition or regulation of STRs continues to progress slowly as we move through 2023. My blog presents both a background of the STR debate as well as an update on where efforts are now.

Lara Hanson, Sales Broker & Rental Agent



► WANNACOMET WATER & TOWN SEWER

With over 80 miles of sewer lines and 6,877 water meters served by Town Water and 868 water meters served by Sconset Water, the island is heavily dependent on this infrastructure. Interestingly, just because a property is served by Town Water, does not mean it is served by Town Sewer (and vice versa). The town has resources on its website which clearly map out which properties are served by each. For more information on connecting to these utilities, the cost to do so, and the web address for where they are available, please see my blog...

Liza Hatton, Sales & Rental Agent

► TRANSACTION NUANCES

2022 was another robust year for the Nantucket real estate market and although every transaction is different, and has its own unique nuances, market conditions seemed to generate similarities among the majority of transactions. Between cash offers, an uptick in 1031 exchanges, bidding wars and the use of escalation clauses, I noted several nuances to the 2022 market. It will be interesting to see if they continue in 2023 or if we will see new trends develop as the market continues to shift. Read on...

Spencer Heydt, Sales Broker & Rental Agent

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At Fisher Real Estate, we know that buying or selling a Nantucket property is a significant decision. We are dedicated to delivering the most accurate market data and the most thoughtful market insights. We know that while everyone has access to sales information, not everyone has the ability to help you understand how it may impact you. Call on us or join our insights mailing list to learn more.

- Your Fisher Team



The Benchmark for Nantucket Real Estate Information

- └ ANNUAL REPORT
- └ MONTHLY MARKET REPORTS
- └ MONTHLY INSTAGRAM HIGHLIGHTS

