



# NANTUCKET REAL ESTATE

YEAR IN REVIEW 2016



A Comprehensive Analysis  
by Jen Shalley



## 2016 NANTUCKET REAL ESTATE IN PHOTOS



**\$19MM**  
HIGHEST SALE

28 Easton Street • 11 Months on Market



**\$2.1MM**

2016 SALE WITH LONGEST MARKETING

31 York Street • 115 Months on Market



**\$2.45MM**  
AVERAGE HOME SALE

12 New Lane • 33 days Marketing Time

## 2016 NANTUCKET REAL ESTATE IN NUMBERS

### TAXABLE VALUE OF ALL PROPERTIES

**\$20.6B**  
2016

⇒ 2015: **\$20.3 Billion**  
\* HIGHEST 2009 **\$20.8 Billion**

### SINGLE-FAMILY HOME SALES

**329**  
2016

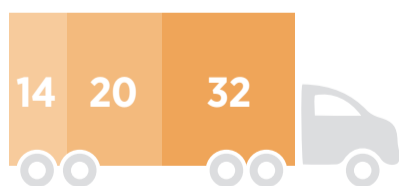
⇒ 2015: **314**  
\* HIGHEST 2005: **399**

### VACANT LAND SALES

**72**  
2016

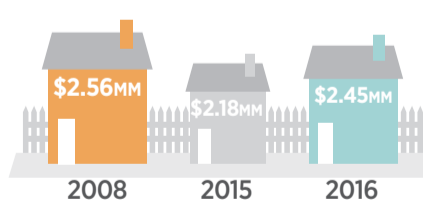
⇒ 2015: **105**  
\* HIGHEST 1994: **293**

### COMMERCIAL PROPERTY SALES



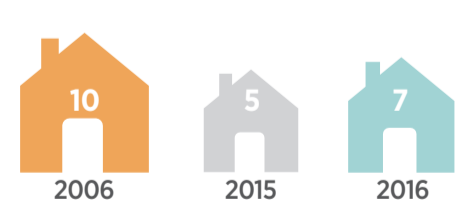
⇒ 2016: **14**  
⇒ 2015: **20**  
\* HIGHEST 1998: **32**

### AVERAGE HOME SALE PRICE



⇒ 2016: **\$2.45 Million**  
⇒ 2015: **\$2.18 Million**  
\* HIGHEST 2008: **\$2.56 Million**

### “ULTRA-HIGH-END” RESIDENTIAL SALES (\$10MM-\$19.99MM)



⇒ 2016: **7 Sales, \$90.5 Million**  
⇒ 2015: **5 Sales, \$55.5 Million**  
\* HIGHEST 2006: **10 Sales, \$87.8 Million**

# Nantucket Real Estate Year in Review:

Jen Shalley  
Principal Broker

## What we saw in 2016...

### ♦ THE MARKET AS A WHOLE...

Saw a modest reduction in transaction activity yet one of the best dollar volume records in Nantucket's history. Market fundamentals continued to strengthen as the average marketing time declined, sales discounts narrowed and median and average sales prices rose. The high end of the market performed exceptionally well, but so too did the affordable housing market, which saw among the highest annual units sold in Nantucket's history.

### ♦ RESIDENTIAL SALES...

After a decline in home sales during 2015, the 2016 market saw among the highest number of single-family home sales during the past 10 years. Dollar volume soared not least due to the increased transactions but also from a significant jump in high-end property sales. A large proportion of this high-end activity stemmed from the speculative development market.

### ♦ VACANT LAND SALES...

After several years of impressive activity, vacant land transactions declined, largely due to limited inventory. Average and median sales values rose thanks to a combination of factors: the average size of lots sold in 2016 increased from 2015 and sales in the sub-\$1 million market were limited. Year-end vacant land inventory was at a historical low of just 55 lots for sale.

### ♦ COMMERCIAL PROPERTY...

While the number of commercial transactions declined from 2015 due to limited inventory, all other sales metrics improved. Reflecting signs of a vibrant commercial market, the average marketing time declined by 20 percent from 2015 and 80 percent from the five-year average.

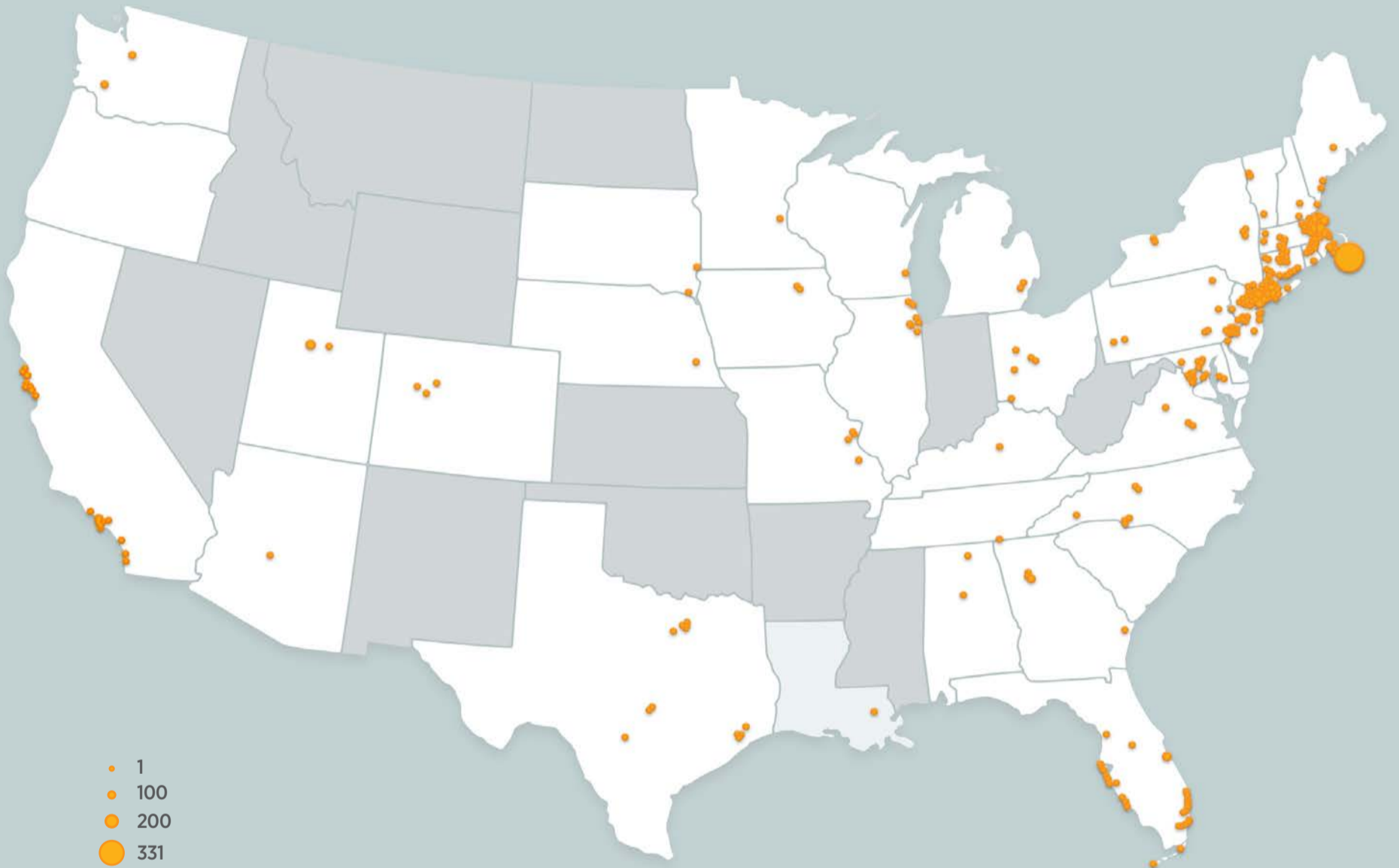
## What we expect to see in 2017...

- ♦ Based upon moderately slower activity of sold properties and new contracts in January and February compared to 2016, we suspect the 2017 market may not heat up until early spring. We saw a pause in the market around the 2016 election and we are just beginning to see that pause unwind.
- ♦ Buyers remain interested in income-producing properties, though at returns below more traditional, less seasonal housing markets. Properties that generate a return and/or allow for future expansion will continue to see strong demand.
- ♦ The sub-\$1 million housing market may well evaporate in 2017-2018 until more entry-level inventory and affordable housing units come online. The marketing time for homes in this segment is well below the market average and there is overwhelming demand.
- ♦ We expect to see fewer speculative homes on the market in 2017. Although there continues to be a strong demand for this inventory, the construction timeline for developers has lengthened. This is not only due to the length of time to secure a building permit in a busy construction period, but also due to the upward trend in higher priced speculative homes, which take longer to build.

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## Where Nantucket Homebuyers Live: A 5-YEAR HISTORY



### TOP 10 BUYER LOCATIONS

MA	NY	CT	NJ	FL	CA	PA	TX	MD	DC
55%	10%	7%	5%	3%	3%	3%	2%	2%	2%
688	130	90	60	41	37	34	29	25	22

## MARKET DATA

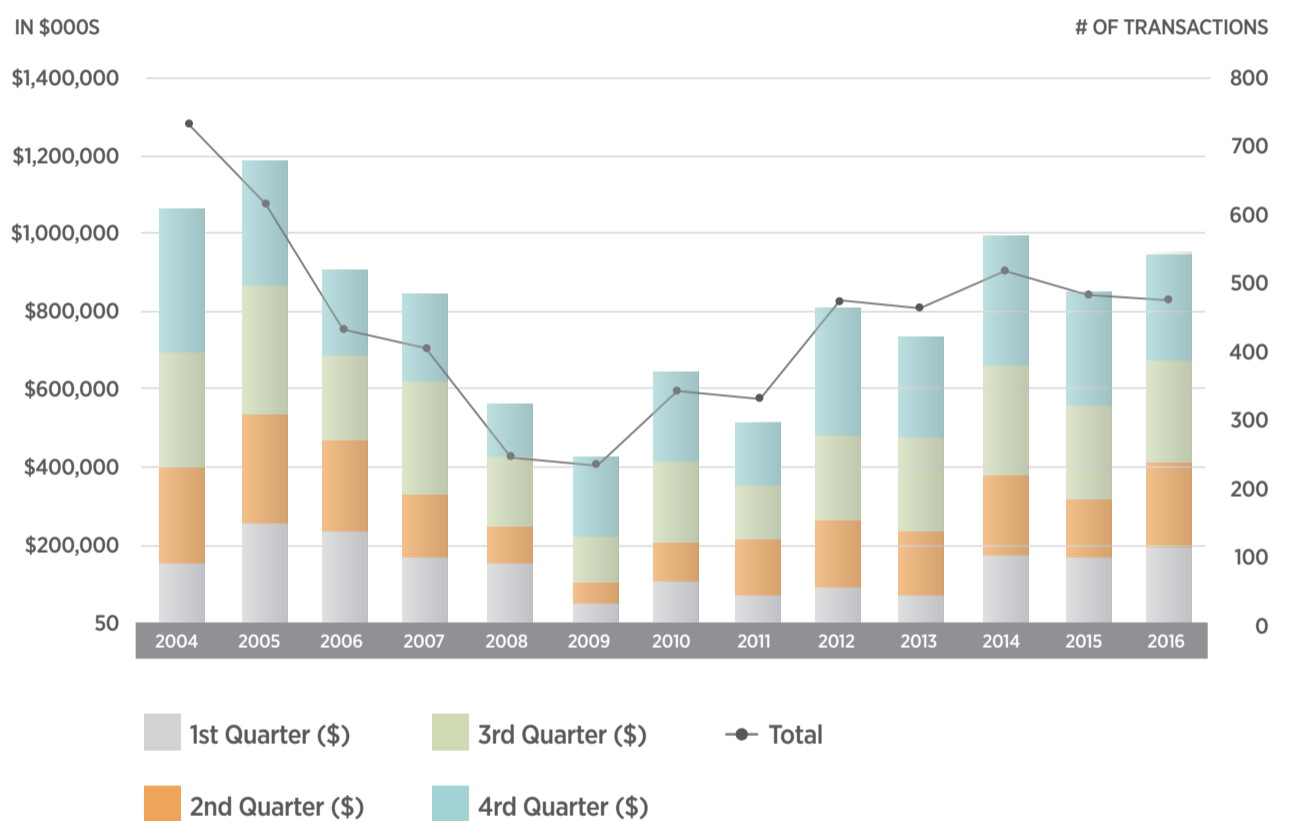
- Excluding foreclosures and covenant sales, 2016 annual Nantucket real estate figures included 472 property transactions comprised of \$949 million in sales. This represented a slight transaction decline (~2%) from 2015 but the fourth best dollar volume performance in Nantucket's history.

- Compared to the most recent and robust markets of 2014 and 2015, quarterly dollar volume was higher in all but the fourth quarter during 2016, most likely due to the sales activity pause surrounding the presidential election. On both a transaction and dollar volume basis, the first quarter of 2016 was the best quarter since 2006. It is also worth noting that while Fisher Real Estate excludes covenant sales from its statistics (due to their non-market rate nature), this important segment of the market saw the most activity in Nantucket's history with 25 transactions totaling nearly \$10.5 million.

## CUMULATIVE REAL ESTATE SALES & TRANSACTION VOLUME

TRANSACTIONS DECLINED WHILE DOLLAR VOLUME INCREASED

VIEW  
LARGE  
CHART



While the final sales tally placed the 2016 Nantucket real estate market shy of the \$1 billion mark, it was a banner year by all other metrics.

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

## MARKET DATA

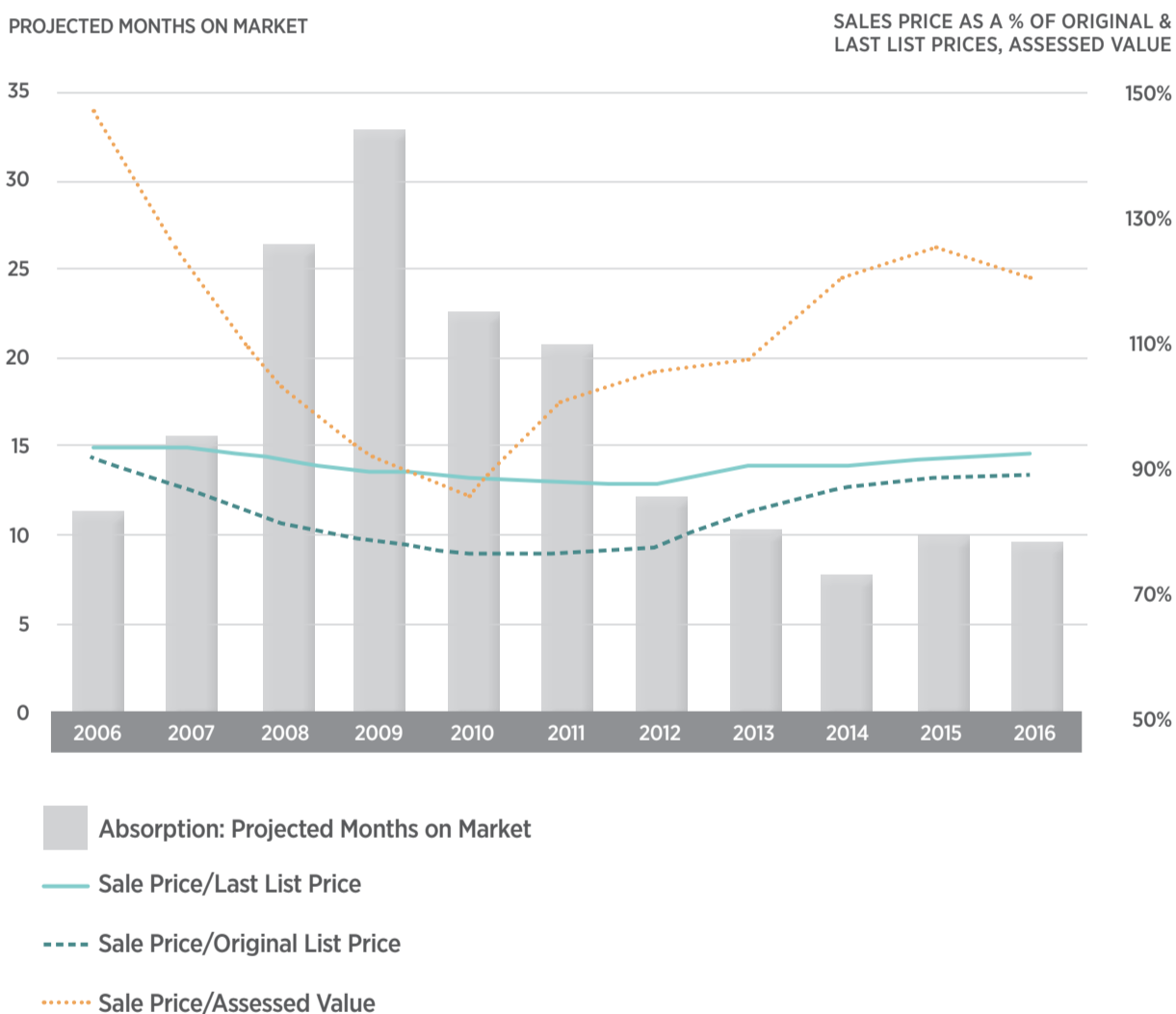
- Average inventory levels for all property types in 2016 were nearly identical to 2015 leaving the absorption rate, or the time it would take to clear all for-sale property with the trailing 12-month transaction pace, just below 10 months. This is two months longer than in 2014, the shortest absorption rate in recent history, but well below the 33 months in 2009.
- Average sales prices to the original listing price remained at 90 percent, while average sales prices to last asking prices improved one percentage point to 94 percent. Interestingly, the average sale price to assessed value declined five percentage points year-over-year and stood at 124 percent by year's end. (Fiscal Year assessed values are developed using sales that occurred during the calendar year two years prior).

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

## ABSORPTION RATES & SALES PRICE RATIOS

STEADY METRICS COMPARED TO 2015 MARKET

 VIEW  
LARGE  
CHART



**Average inventory levels for all property types in 2016 were nearly identical to 2015 leaving the absorption rate just below 10 months.**

## MARKET DATA

# In Focus: Single-Family Homes

## SINGLE-FAMILY HOME METRICS

HIGHEST DOLLAR VOLUME IN THE LAST 10 YEARS

SINGLE-FAMILY HOMES	2016	2015	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	329	314	5%	306	8%
Dollar Volume (\$000s)	\$799,613	\$685,408	17%	\$620,792	29%
Median Sales Price (\$000s)	\$1,625	\$1,575	3%	\$1,317	19%
Average Months on Market	7.6	7.4	3%	11.1	-32%
Sale Price/Original List Price	89%	89%	0	91%	-2
Sale Price/Most Recent List Price	93%	93%	0	83%	10
Year-End Inventory	230	257	-11%	300	-23%

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

- The number of single-family home sales (excluding condos, co-ops & covenant properties) rose slightly to 329 transactions in 2016 from 314 transactions in 2015 and 306 transactions for the 5-year average. Aside from 2014, which included 353 home sales, this represents the highest number of home sales during the past 10 years. Dollar volume increased more significantly, rising 17 percent (surpassing figures for all 10 years) due to rising property values and a sizable increase in the number of high-end (\$5MM+) home sales (see [page 9](#)).

- The increase in the number of high end home sales drove the average selling price of a single family home up 11 percent year-over-year while the median home sale value rose three percent. The average marketing time remained steady from 2015 while inventory levels declined 11 percent from last year and 23 percent from the 5-year average.

## MARKET DATA

- The largest decline by price point, both on a year-over-year and five-year average basis, was in the sub-\$1 million segment, a price point which has seen rapidly diminishing inventory in 2015 & 2016. Limited supply required buyers to move into the \$1 million to \$2 million segment, which led to a six-percentage point rise in this price point over the last five years.

- For the high-end (\$5MM+), where far fewer transactions take place compared to the sub-\$2 million market, it is worth taking note of the change in the number of transactions rather than solely the minimal changes in percentage points. In 2016, there were 31 high-end transactions, a 63 percent increase from 2015 and a 76 percent increase from the 5-year average.

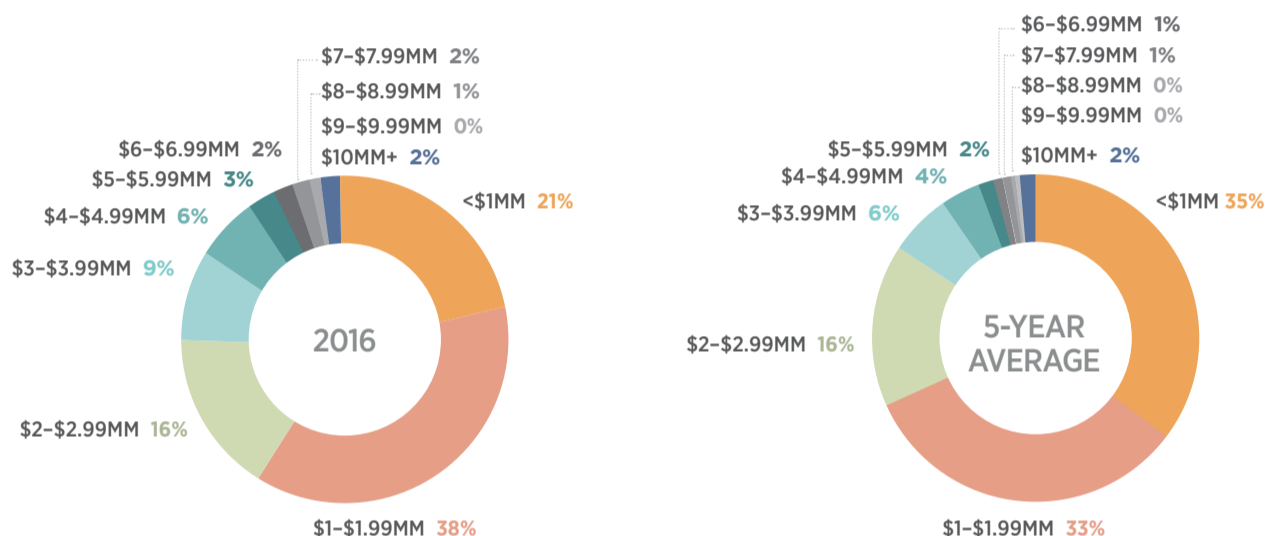
- Nearly one-third of these high-end transactions were speculative home sales, a significant shift from the one high-end spec sale in 2015 (see [page 12](#)). For the ultra-high-end (\$10MM+) of the market, there were seven transactions, one more sale than during both 2015 and the 5-year average.

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

## SINGLE-FAMILY HOME SALES BY PRICE POINT

2016 SALES VS. 5-YEAR AVERAGE

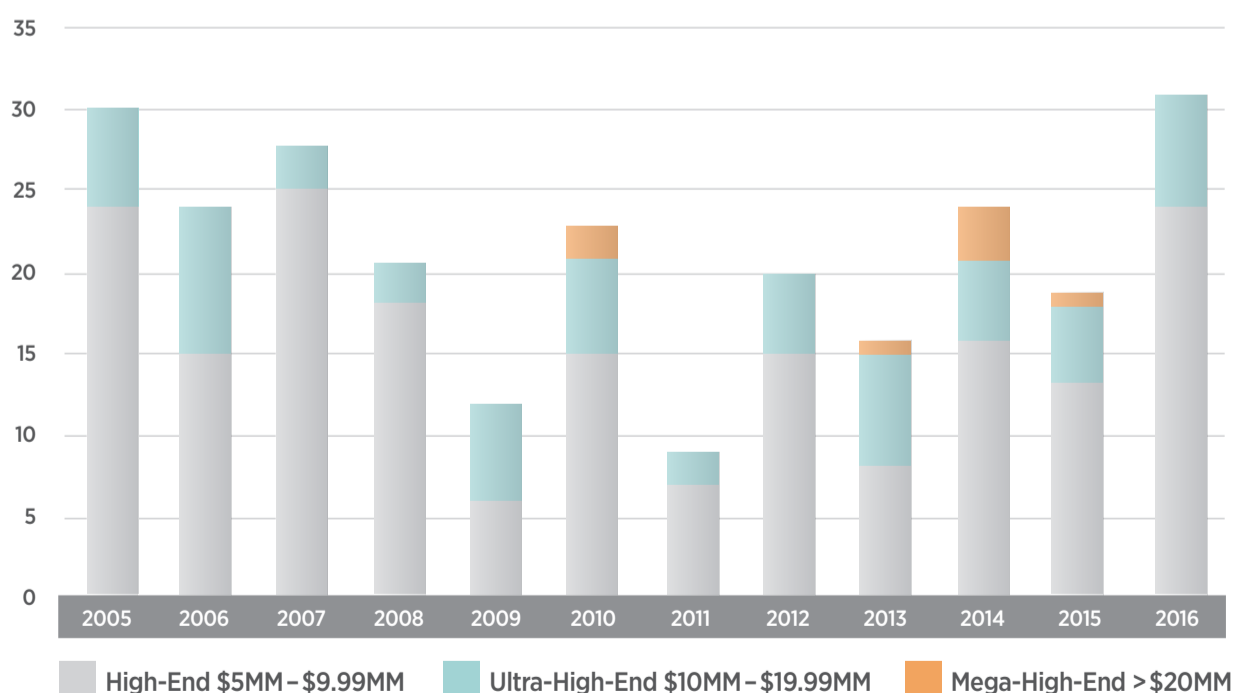
 VIEW  
LARGE  
CHART



## NANTUCKET HIGH-END PROPERTY SALES

 VIEW  
LARGE  
CHART

# OF TRANSACTIONS



## MARKET DATA

- By comparing the annual number of sales to the average inventory throughout the year, we are able to estimate the projected months on market by price point for single-family homes. The teal and orange lines illustrate the projected months on market for 2016 and 2015 respectively and reveal that most every price point saw a year-over-year improvement in the projected marketing time.

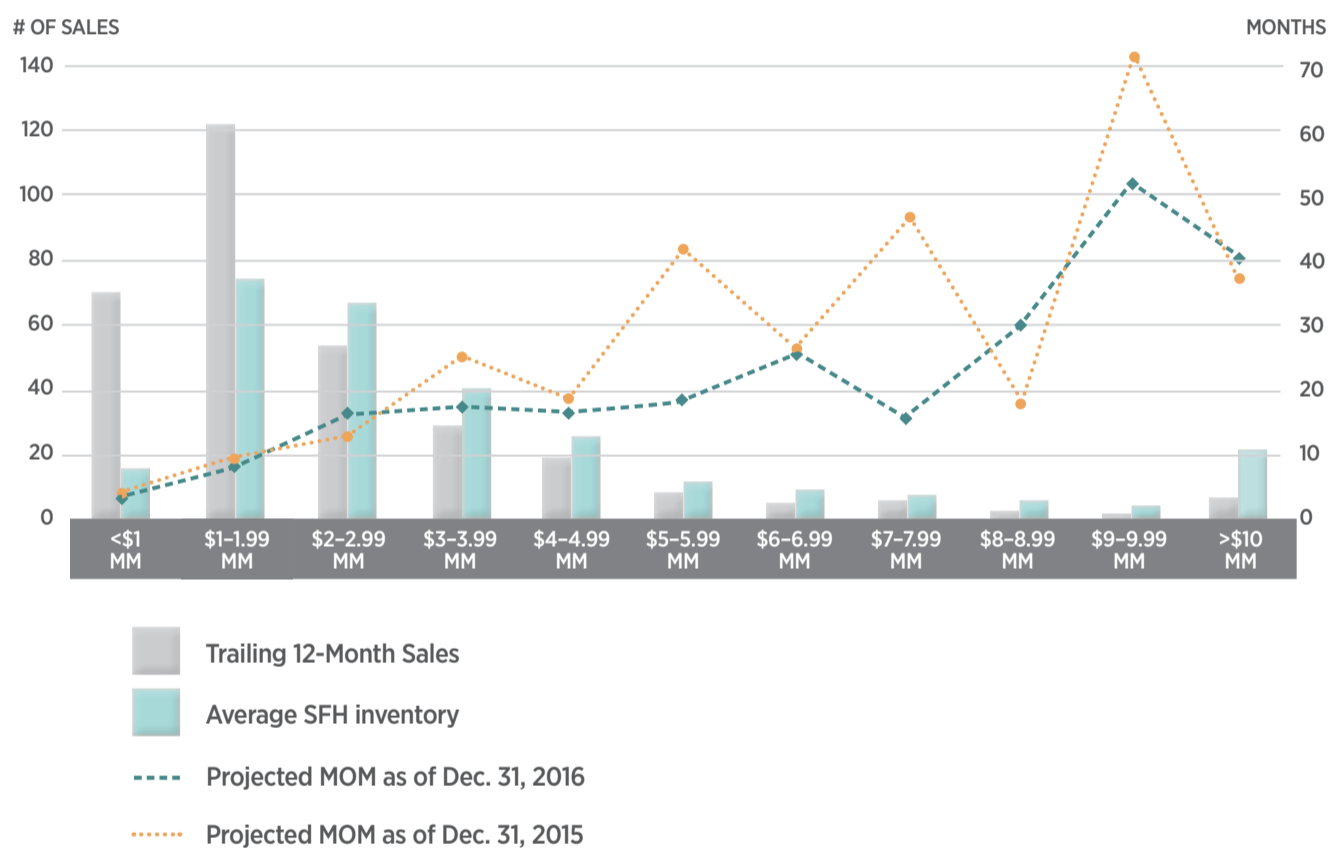
- The only price points which saw a lengthening in the anticipated marketing time were homes priced between \$2 million and \$3 million (+ 3 months), \$8 million and \$9 million (+ 11 months) and properties listed for more than \$10 million (+ 3 months). The extended marketing projections were all due to inventory increases in these price points as the number of transactions was relatively similar to 2015.

- The most notable decline in marketing times occurred in the \$5 million to \$5.99 million and \$7 million to \$7.99 million price points as transactions more than doubled from one year ago. Properties valued for less than \$1 million continued to enjoy the lowest projected marketing time (2.7 months) thanks to the sizable gap between supply and demand.

## PROJECTED MARKETING TIMES BY PRICE POINT

YEAR-OVER-YEAR IMPROVEMENT ACROSS MOST PRICE POINTS

VIEW  
LARGE  
CHART



The only price points which saw a lengthening in the anticipated marketing time were for homes priced \$2-3 million, \$8-9 million and above \$10 million.

# MARKET DATA

## In Focus: Single-Family Homes

### NEIGHBORHOOD SALES SUMMARY

COMPARISON OF 2016 SALES METRICS TO THE 5-YEAR AVERAGE

NEIGHBORHOOD	2016 SALES TRANSACTIONS	% CHANGE 5-YR AVG	2016 AVG SELLING PRICE	% CHANGE 5-YR AVG	2016 MEDIAN SELLING PRICE	% CHANGE 5-YR AVG	AVG MONTHS ON MARKET	% CHANGE 5-YR AVG)
BRANT POINT	14	-3%	\$4,448,607	40%	\$2,920,000	31%	8	-41%
CISCO	10	35%	\$2,152,759	9%	\$1,648,793	4%	3	-66%
CLIFF	24	-27%	\$4,334,583	22%	\$3,315,000	23%	6	-41%
DIONIS	5	-26%	\$4,805,000	19%	\$4,100,000	37%	5	-70%
HUMMOCK POND	9	29%	\$1,338,222	16%	\$1,295,000	16%	2	-83%
MADAKET	16	-29%	\$1,779,813	57%	\$1,412,500	35%	10	-10%
MADEQUECHAM	4	45%	\$2,878,000	29%	\$3,345,000	65%	23	-26%
MIACOMET	19	23%	\$1,350,184	23%	\$1,025,000	20%	6	-23%
MID-ISLAND	70	-2%	\$690,123	15%	\$571,000	18%	4	-55%
MONOMOY	7	25%	\$5,089,857	35%	\$2,300,000	-26%	9	-45%
NASHAQUISSETT	1	-75%	\$1,275,000	50%	\$1,275,000	35%	8	-10%
NAUSHOP	14	-4%	\$982,304	34%	\$987,500	20%	6	-48%
POCOMO	4	67%	\$4,304,688	-21%	\$3,578,125	-53%	2	-86%
POLPIS	7	13%	\$1,588,571	-56%	\$1,175,000	-111%	13	28%
QUAISE	1	-25%	\$800,000	-64%	\$800,000	-175%	0	-100%
QUIDNET	3	-6%	\$4,195,333	82%	\$4,010,000	48%	12	1%
SCONSET	39	11%	\$2,316,760	20%	\$2,005,000	27%	9	-24%
SHAWKEMO	1	-57%	\$8,500,000	82%	\$8,500,000	45%	5	-70%
SHIMMO	7	75%	\$3,060,000	-27%	\$1,575,000	-142%	13	-18%
SOUTH OF TOWN	18	120%	\$888,633	16%	\$700,000	11%	7	-3%
SQUAM	1	-44%	\$1,275,000	-84%	\$1,275,000	-505%	6	-21%
SURFSIDE	32	8%	\$1,487,016	31%	\$1,125,000	18%	6	-29%
TOM NEVERS	23	15%	\$1,965,609	47%	\$1,325,000	14%	8	-35%
TOWN	106	15%	\$2,081,352	26%	\$1,527,500	11%	10	-15%
WAUWINET	5	-7%	\$3,538,000	16%	\$2,250,000	3%	7	-57%
WEST OF TOWN	15	-16%	\$1,413,167	13%	\$1,025,000	6%	5	-35%

• Given the relatively small number of transactions that occur within the various areas of the island, it can be difficult to discern particularly meaningful trends when comparing sales figures from year to year. This year's report includes a comparison of 2016 metrics to the 5-year

average to provide a broader historical sample size from which to compare annual sales activity. Though certain areas remain limited by 2016 sales data, nearly every area saw an increase in the average 5-year sale price and a reduction in the average marketing time.

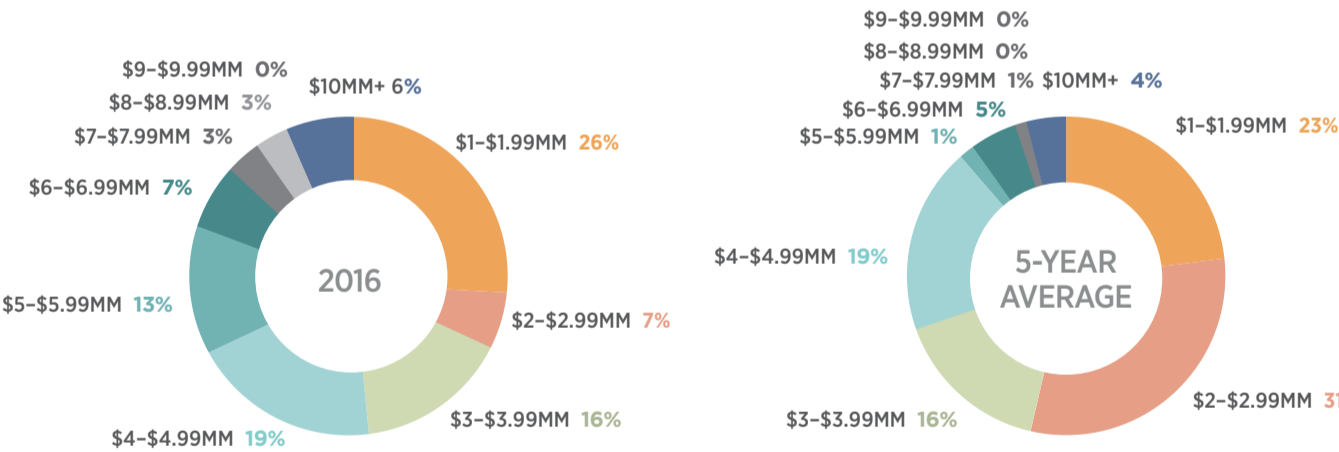
# MARKET DATA

- In total, there were 31 speculative home sales in 2016, a noticeable 68 percent increase from 2015 and the highest number within the last six years. The only other post-recovery year to approximate this total was in 2013 when there were 26 speculative home sales. The average marketing time for sold projects was six months, 1.6 months faster than the 2016 market average for all property types but one month slower than the average marketing time for 2015 speculative home projects. The average sale price to the list price also declined compared to 2015 thanks to three transactions which had discounts of more than 20 percent from the original asking price.
- In reviewing the distribution of 2016 transactions compared to both 2015 and the 5-year average, the upper end of the market saw the most noticeable increase. The number of high-end (\$5MM+) speculative sales totaled 10 transactions in 2016, four of which were for sales between \$5 million and \$6 million. This compares to just one high-end transaction in 2015 and an average of between two and three transactions over the previous five years. Similar to the residential market, there were no sales in the \$9 million to \$10 million price point during 2016.

## SPECULATIVE HOMES SALES METRICS

TRANSACTIONS INCREASE, PARTICULARLY IN THE HIGH-END

YEAR	# OF TRANSACTIONS	SPEC SALES AS A % OF SFH SALES	AVG. MARKETING TIME	SALE PRICE TO LAST ASKING PRICE
2016	31	9%	6	92%
2015	19	6%	5	94%
2014	21	6%	6.5	94%
2013	24	8%	7.2	86%
2012	17	5%	8.5	85%
2011	12	5%	7.9	81%



VIEW  
LARGE  
CHARTS

The 2016 market saw a tremendous uptick in speculative home sales activity, particularly in the higher end of the market. These sales also enjoyed a rapid marketing time of just six months.

## MARKET DATA

# In Focus: Vacant Lot Sales

## VACANT LAND SALES BY PRICE POINT

LIMITED INVENTORY LEADS TO A DECLINE IN TRANSACTIONS

VACANT LAND SALES METRICS	2016	2015	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	73	105	-30%	80	-9%
Dollar Volume (\$000s)	\$80,920	\$103,448	-22%	\$101,315	-20%
Median Sales Price (\$000s)	\$880	\$700	26%	\$1,334	-34%
Average Months on Market	11.7	8.0	46%	13.3	-12%
Sale Price/Original List Price	92%	89%	3	90%	2
Sale Price/Most Recent List Price	95%	92%	3	83%	12
Year-End Inventory	55	71	-23%	72	-24%

- After several years of strong demand, vacant land sales hit a recent peak in 2015 with one of the highest transaction years in Nantucket's history. Given the island's confined geography and dedicated conservation efforts, it was inevitable that limited supply would eventually stunt the exceptionally robust demand of recent years. In 2016, land sales measured 72 transactions, a 31 percent decline from 2015, with dollar volume declining 22 percent year-over-year. Year-end available vacant land inventory dropped to a historic low of 55 parcels for sale.

- Excluding a 100-acre Land Bank purchase last year, the average size of lots sold in 2016 increased from approximately .9 acres to 1.36 acres, which

is one of the reasons behind the 11 percent and 26 percent respective increase in the average and median sale values. Another driver was a 36 percent decline in sub-\$1 million land transactions due to limited inventory.

- Wherein 2015 land sales were characterized by smaller, less expensive lots in the sub-\$1 million range, limited inventory in this price point resulted in far fewer transactions in 2016. This is especially evident when comparing 2016 transactions to the 5-year average. Over the last five years, sub-\$1 million land transactions accounted for 59 percent of total activity. In 2016 this percentage dropped to 41 percent. All other price points in 2016 remained relatively stable as compared to the five-year average.

## MARKET DATA

# In Focus: Commercial Sales

## COMMERCIAL PROPERTY SALES METRICS

TRANSACTIONS DECLINE BUT DOLLAR VOLUME RISES

COMMERCIAL	2016	2015	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	14	19	-36%	17	-21%
Dollar Volume (\$000s)	\$25,495	\$27,833	-9%	\$25,120	1%
Median Sales Price (\$000s)	\$1,730	\$1,100	36%	\$1,441	17%
Average Months on Market	5.9	7.1	-20%	10.6	-80%
Sale Price/Original List Price	97%	86%	11	92%	5
Sale Price/Most Recent List Price	91%	92%	-1	85%	6
Year-End Inventory	10	10	0%	17	-70%

- Between 2012 and 2015 the Nantucket real estate market saw 18-20 commercial transactions per year with an average total dollar volume of \$25 million. Though the number of 2016 transactions declined to 14, dollar volume remained relatively steady and all other metrics improved. Reflecting signs of a vibrant commercial property market, the average marketing time declined by 20 percent from 2016 and by 80 percent from the 5-year average, while average sales discounts improved compared to both time periods. Fewer sub-\$1 million transactions led to a rise in the median sale value from both 2015 and the five-year average.

- In a similar theme to the residential market, sub-\$1 million properties were few and far between in 2016. Wherein both 2014 and 2015 saw more than 40 percent of commercial transactions take place in this price point, only one 2016 commercial property sold for less than \$1 million. The lion's share of activity was between \$1 million and \$2 million while a handful of transactions closed for \$2 million and above.

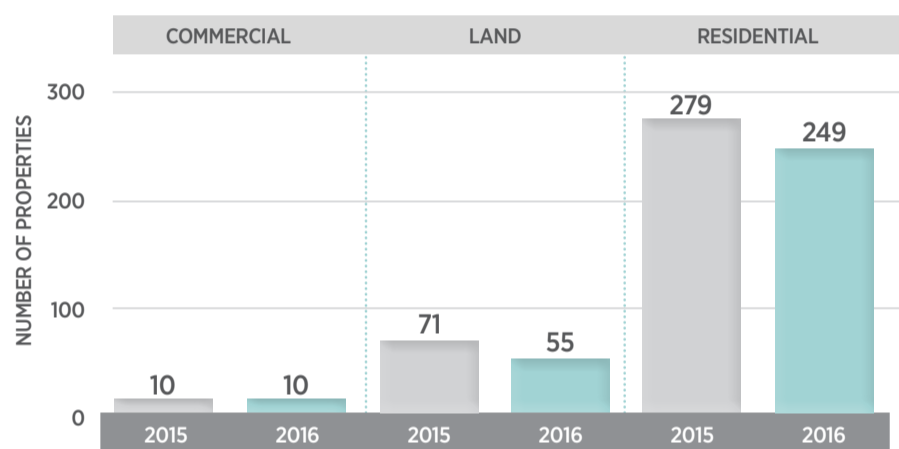
## MARKET DATA

# Inventory Levels

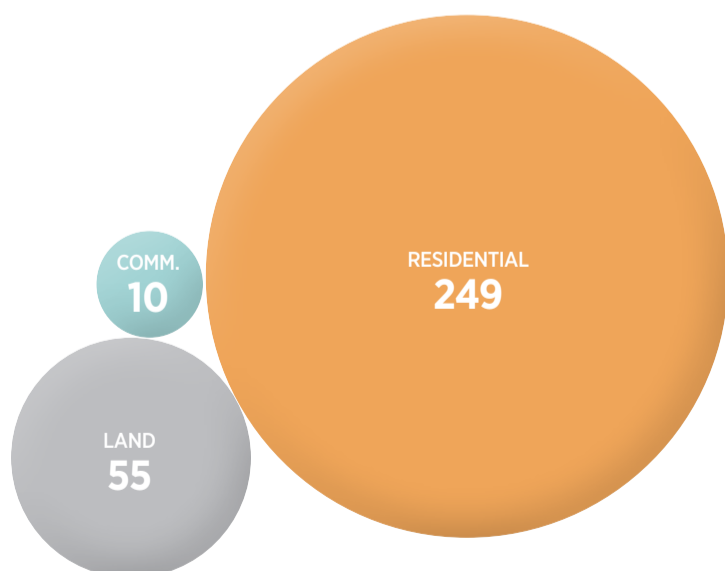
## YEAR-END INVENTORY: ALL PROPERTY TYPES

	2016
Number of Properties on Market	314
Median List Price	\$2.5MM
Highest List Price	\$32.8MM
Average Days on Market	320

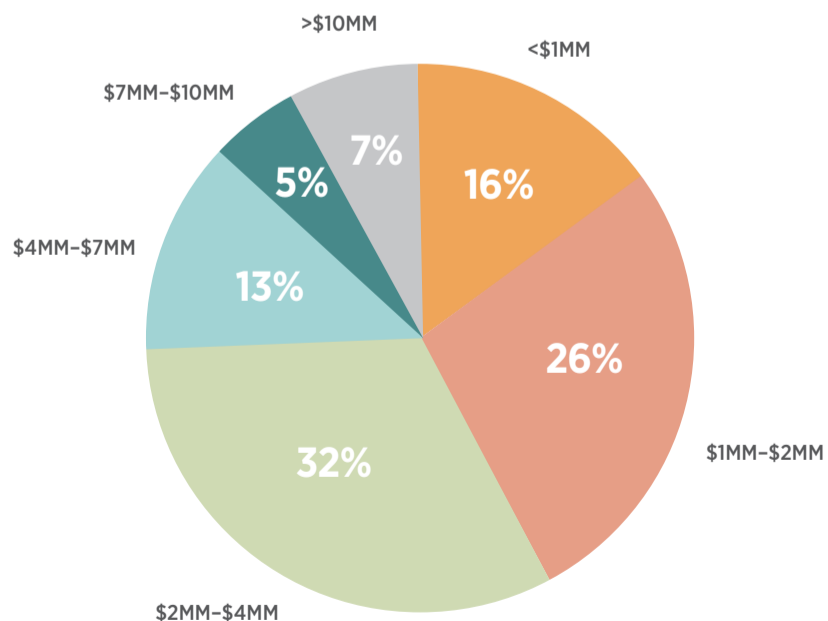
## YEAR END 2015 VS 2016 INVENTORY SNAPSHOT



## YEAR-END INVENTORY BY PROPERTY TYPE



## YEAR-END INVENTORY BY PRICE POINT





## FISHER'S MARKET INSIGHTS: The Benchmark for Nantucket Real Estate Information

ANNUAL REPORT

MONTHLY MARKET REPORTS

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, because 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.

—Your Fisher Team



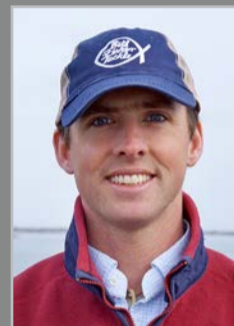
[JOIN OUR INSIGHTS MAILING LIST](#)



Jen Shalley



Brian Sullivan



Cam Gammill



Marleah Lydon



Danno Lynch



Gina O'Callaghan



Justin Quinn



Brent Tartamella



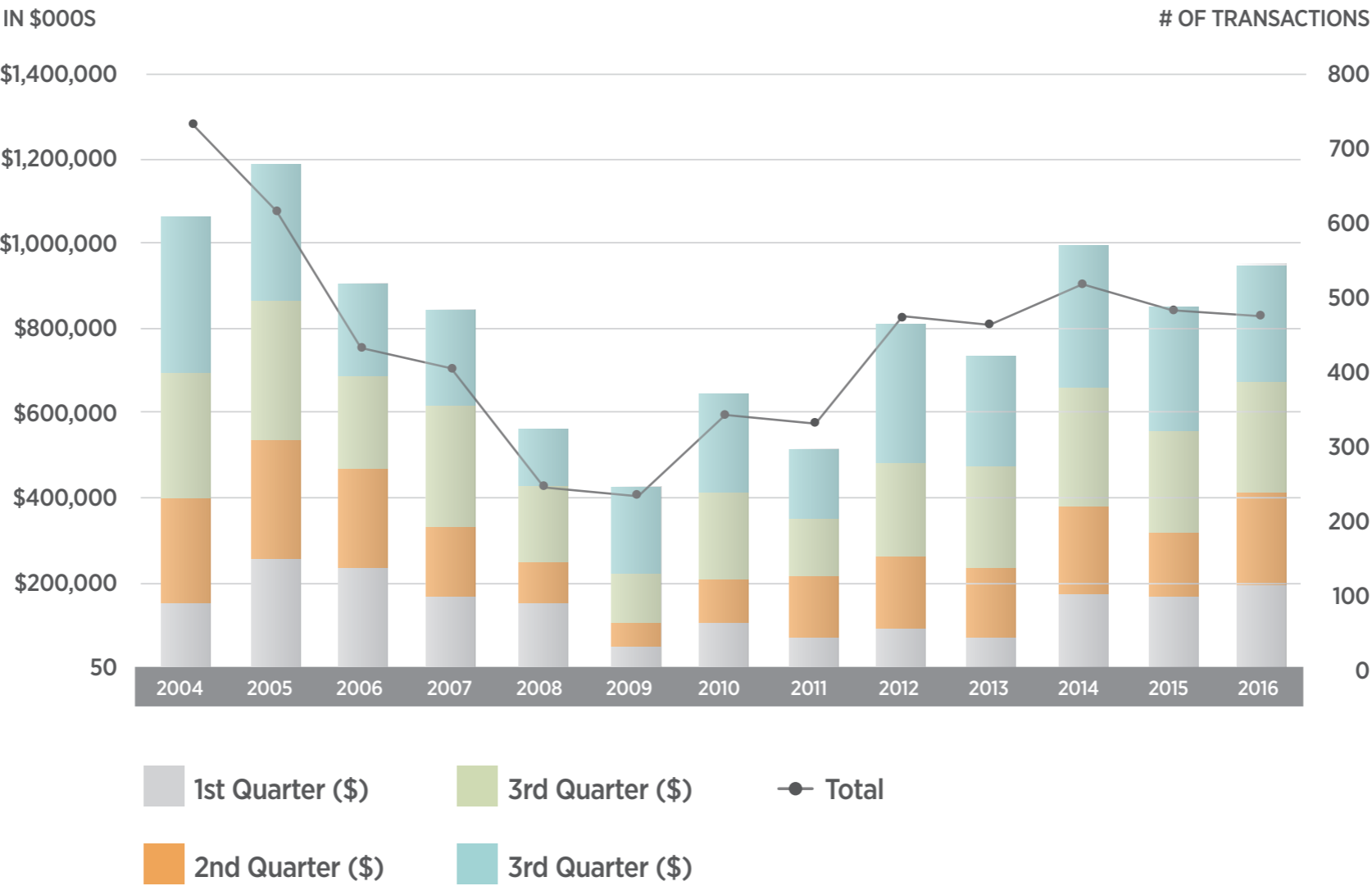
Judy Waters



Erin Wilson

# CUMULATIVE REAL ESTATE SALES & TRANSACTION VOLUME

TRANSACTIONS DECLINED WHILE DOLLAR VOLUME INCREASED

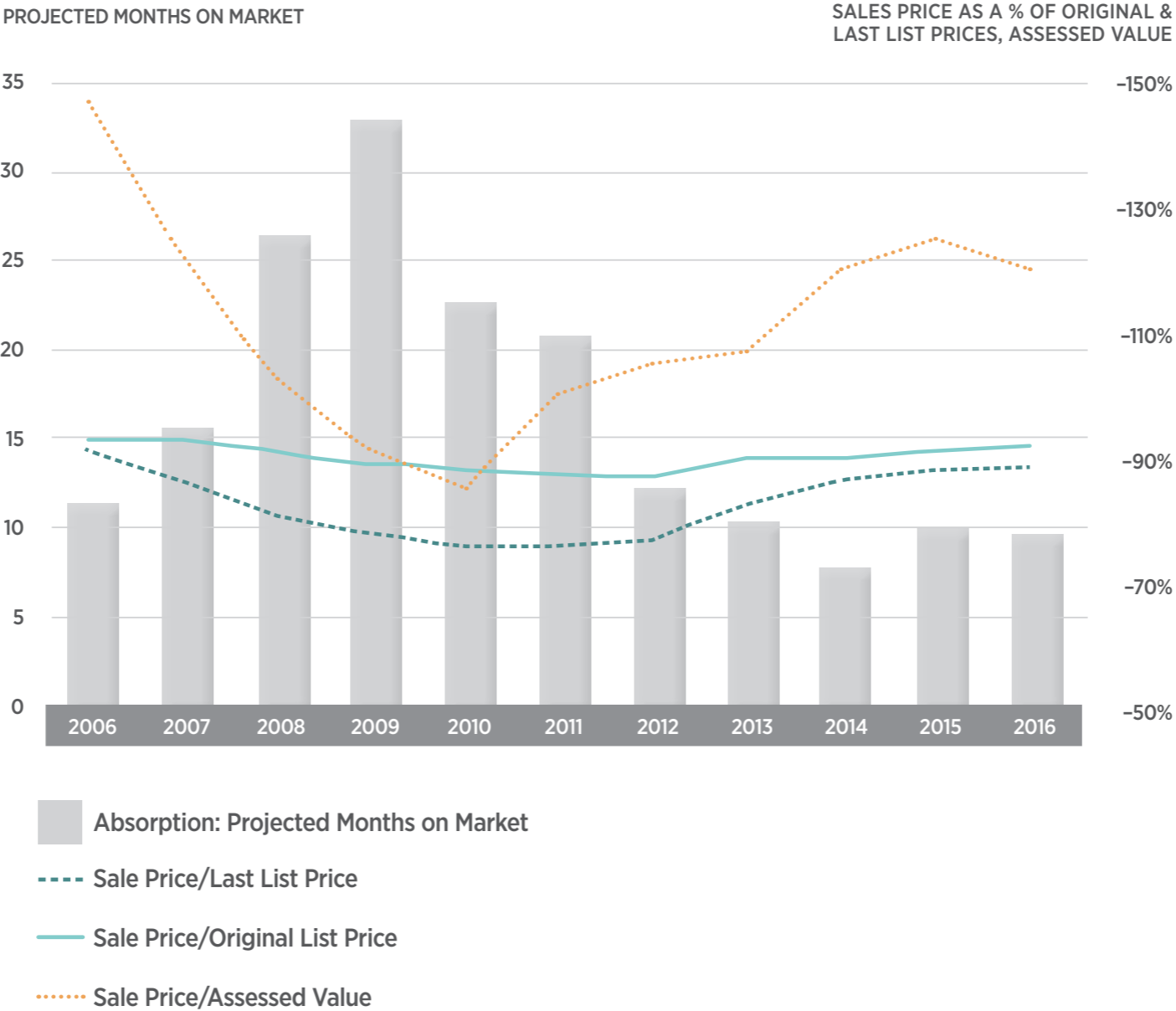


# ABSORPTION RATES & SALES PRICE RATIOS

STEADY METRICS COMPARED TO 2015 MARKET

VIEW  
LARGE  
CHART

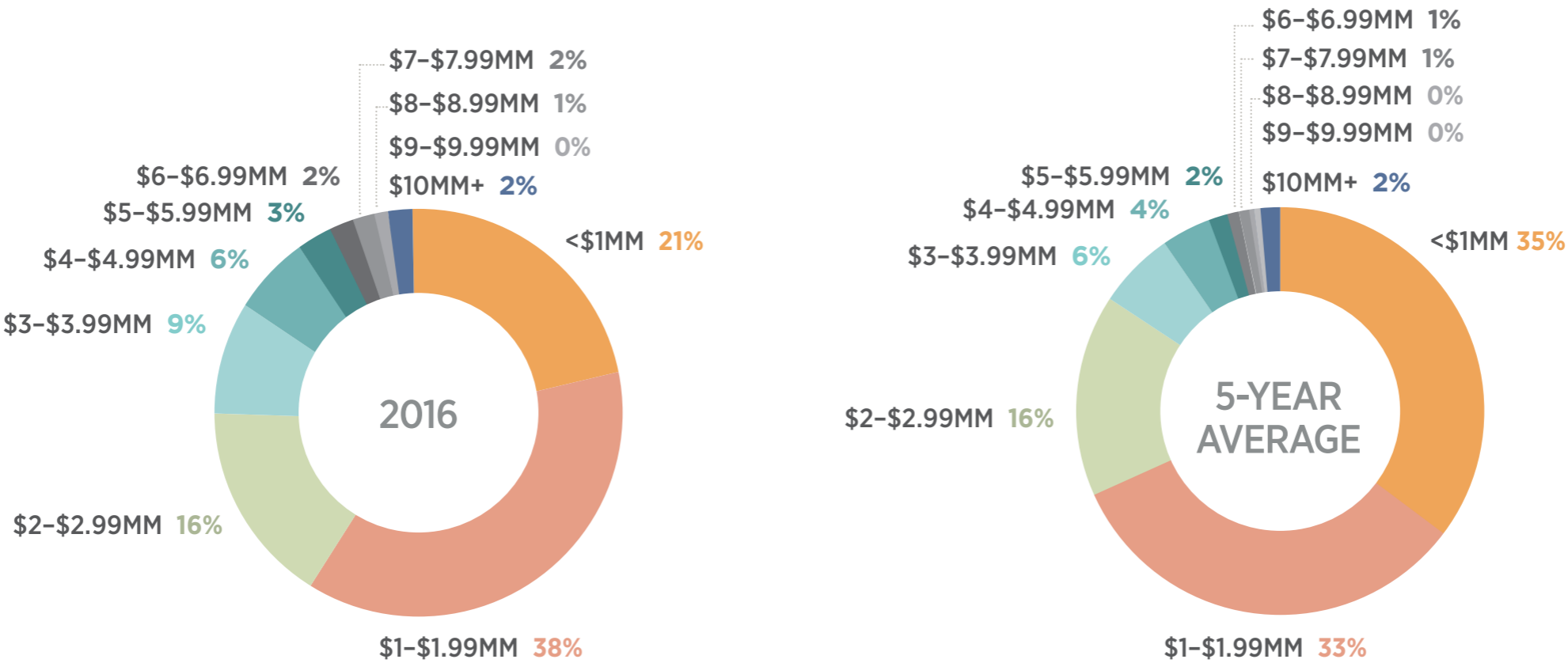
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# SINGLE-FAMILY HOME SALES BY PRICE POINT

2016 SALES VS. 5-YEAR AVERAGE

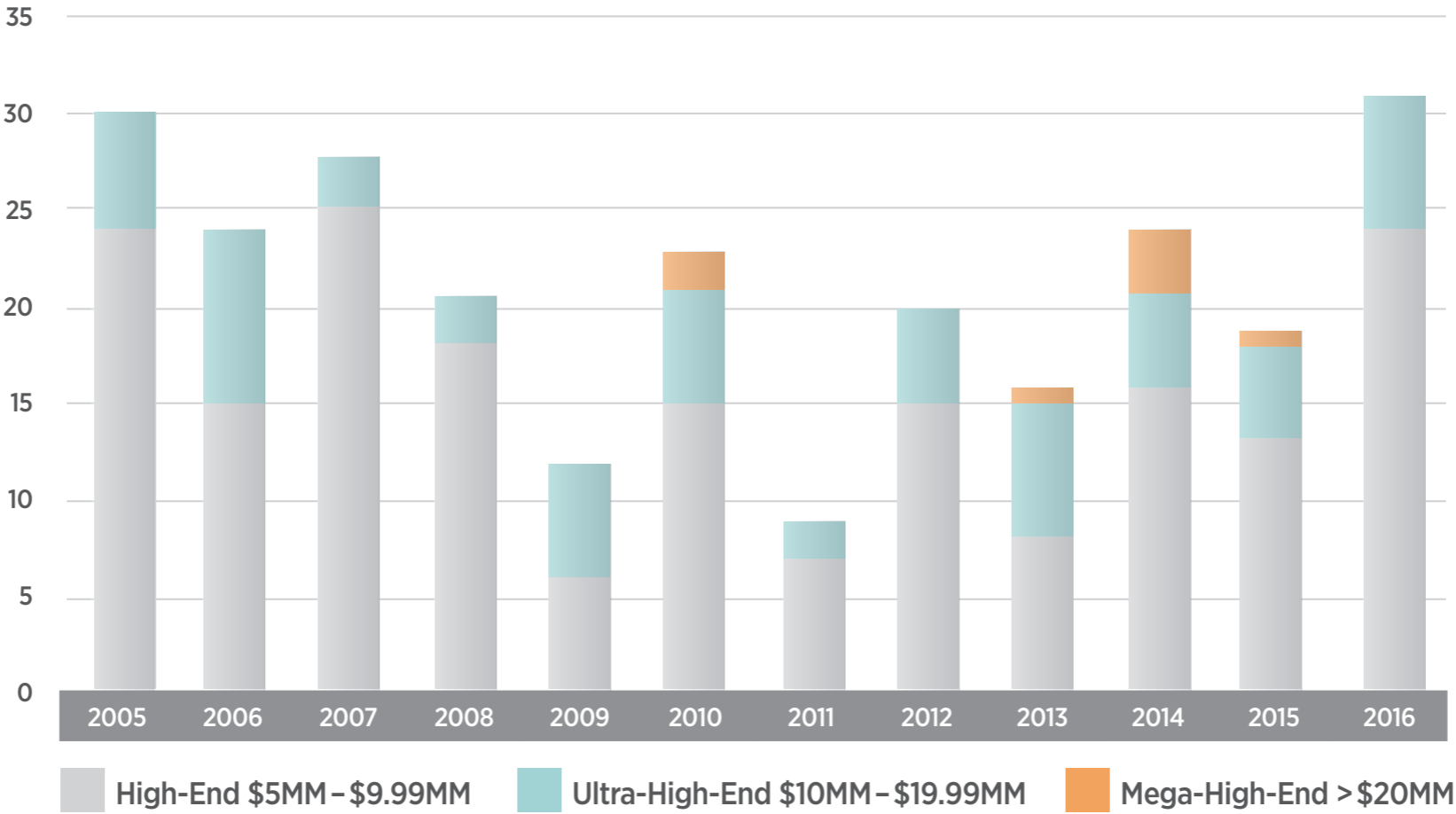
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# NANTUCKET HIGH-END PROPERTY SALES

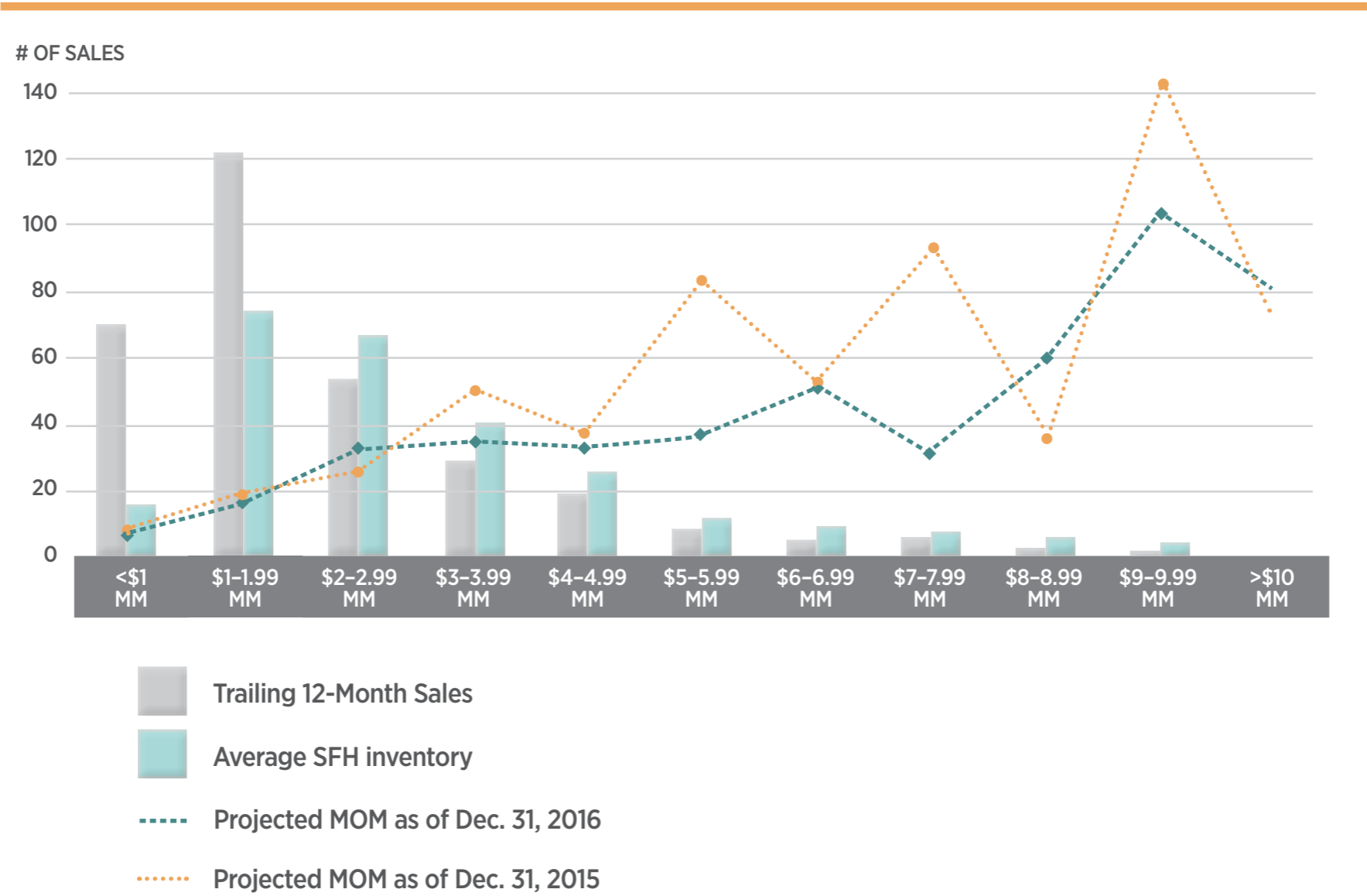
 VIEW  
LARGE  
CHART

# OF TRANSACTIONS



# PROJECTED MARKETING TIMES BY PRICE POINT

YEAR-OVER-YEAR IMPROVEMENT ACROSS MOST PRICE POINTS



# SPECULATIVE HOMES SALES METRICS

TRANSACTIONS INCREASE, PARTICULARLY IN THE HIGH-END

