

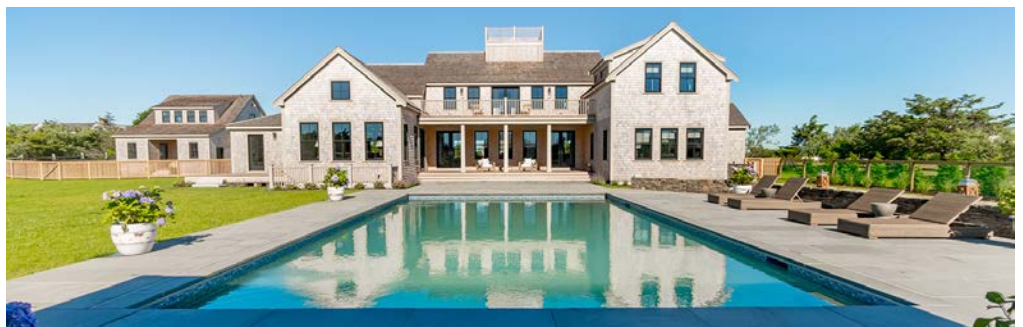


NANTUCKET REAL ESTATE

YEAR IN REVIEW 2017



A Comprehensive Analysis
by Jen Shalley



(508) 228-4407 21 Main Street, Nantucket, MA

fishernantucket.com

2017 Nantucket Real Estate in Photos & Graphics



NANTUCKET BUYERS TOP TEN STATES 2008-2017

	% OF TOTAL	# OF TRANSACTIONS
MA	31%	978
NY	15%	468
CT	11%	346
FL	8%	241
NJ	6%	188
PA	4%	134
CA	4%	119
MD	3%	84
DC	2%	74
TX	2%	73



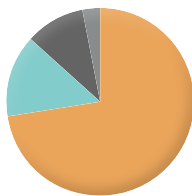
2017 SALES TRANSACTIONS BY PROPERTY TYPE

73% SINGLE FAMILY
323 TRANSACTIONS

14% LAND
63 TRANSACTIONS

**10% CONDO/CO-OP/
MULTIFAMILY**
45 TRANSACTIONS

3% COMMERCIAL
13 TRANSACTIONS



2017 DOLLAR VOLUME FOURTH HIGHEST IN HISTORY



\$1.189B



\$1.065B



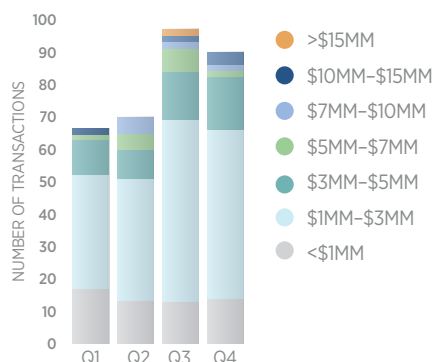
\$997M



\$984M



2017 SINGLE FAMILY HOME SALES BY PRICE POINT BY QUARTER



Nantucket Real Estate Year in Review:

Jen Shalley
Principal Broker



What we saw in 2017...

◆ THE OVERALL MARKET...

Despite a third consecutive decline in annual transaction totals, the Nantucket real estate market posted one of the highest dollar volumes in Nantucket's history. In aggregate, sales performance metrics for all property types remained largely similar to 2016 while available inventory declined to record lows, leading to a notable drop in the projected average marketing time for for-sale properties. Both the \$2 million to \$3 million price point and home sales above the \$10 million price point saw increased year-over-year activity, with the latter setting a new historic high mark. Though reported on separately, the affordable housing market saw another record year, with 33 transactions.

◆ RESIDENTIAL SALES...

The total number of single-family home sales saw a modest year-over-year decline; however, with dwindling inventory and persistently strong demand, the average and median home sale values saw sizable gains. The rise in property values and high-end home sales (many of which stemmed from the speculative development market), led to a rise in dollar volume that was sixteen percent above the five-year average.

◆ VACANT LAND SALES...

Vacant land transactions declined for the second year in a row due to the paucity of available inventory, though this more classic land categorization does not include property sales where the existing structure(s) would be later be demolished. The average lot size was smaller than the average for 2016 transactions, which led to a decline in the average and median sale values.

◆ COMMERCIAL PROPERTY...

From a data perspective, the most controversial commercial sale of 2017 was the \$37.5 million sale of the Nantucket Storage Center, which is excluded from our figures (see note on page 12). The remaining sales were one transaction shy of 2016 totals; but, unlike the other segments of the market, low inventory didn't seem to be the primary driver of reduced volume, as several downtown properties were left unsold.

What we expect to see in 2018...

- ◆ Based upon the vibrant start to January and February sales activity, both for sold properties and new contract activity, we anticipate the 2018 market may enjoy a similar trajectory as that of 2017, as long as stock market volatility is kept at bay and doesn't unnerve buyers.
- ◆ With perpetually low inventory, we are likely to see another year of reduced transaction activity, but expect dollar volume will remain consistent.
- ◆ Buyers will remain interested in income-producing properties, and in turnkey properties with desirable amenities and strong locations.
- ◆ Until more entry-level inventory and affordable housing units come online, the sub-\$1 million housing market will all but vanish as demand will exceed what little inventory remained at the end of 2017.
- ◆ We expect to see continued success in the sale of finished speculative properties, though anticipate developers may focus less on the high-end and more on the \$2 million to \$5 million price point.

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MARKET DATA

Sales Trends & Performance Metrics

- Excluding foreclosures, affordable home sales and the \$37.5 million Nantucket Storage Center sale, annual Nantucket real estate figures included 444 property transactions comprising \$983 million in sales. This represented a slight transaction decline from 2016 but a slight increase in dollar volume, resulting in the fourth best dollar volume performance in Nantucket's history.

- Quarterly dollar volume breakdowns were largely the same as the similarly robust markets of 2014-2016, though the third quarter of 2017 surpassed the \$300 million threshold, a dollar volume that hasn't been witnessed in any quarter since 2005. Quarterly transaction volume was also akin to previous years though total annual volume has been declining since 2014 due to limited for-sale inventory.

- Similar to 2016, it is worth noting that while Fisher Real Estate excludes affordable home 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 33 transactions totaling nearly \$13.3 million.

CUMULATIVE REAL ESTATE SALES & TRANSACTION VOLUME

DESPITE A DECLINE IN TRANSACTIONS, DOLLAR VOLUME INCREASED

VIEW
LARGE
CHART



Though transaction activity has declined for three consecutive years, total 2017 dollar volume was the fourth best in Nantucket's history thanks to vibrant demand and strengthening property values.

MARKET DATA

Sales Trends & Performance Metrics

- After remaining largely steady in 2015 and 2016, average inventory levels for all property types declined to a historically low level in 2017. This drop caused the projected absorption rate, or the time it would take to clear all for-sale property with the trailing 12-month transaction pace, to fall just below 9 months. This is one month longer than in 2014, the shortest absorption rate in a 10-year history, but one month lower than in 2016 and dramatically below the 33-month timeframe in 2009.

- The average sales price as a percentage of the original listing price remained at 90 percent, while the average sales price to the last asking price declined one percentage point from 2016 to 93 percent. The average sale price to assessed value rose five percentage points year-over-year, rising to 129 percent by year's end. (Fiscal Year assessed values are assigned using sales data that occurred during the calendar year two years prior).

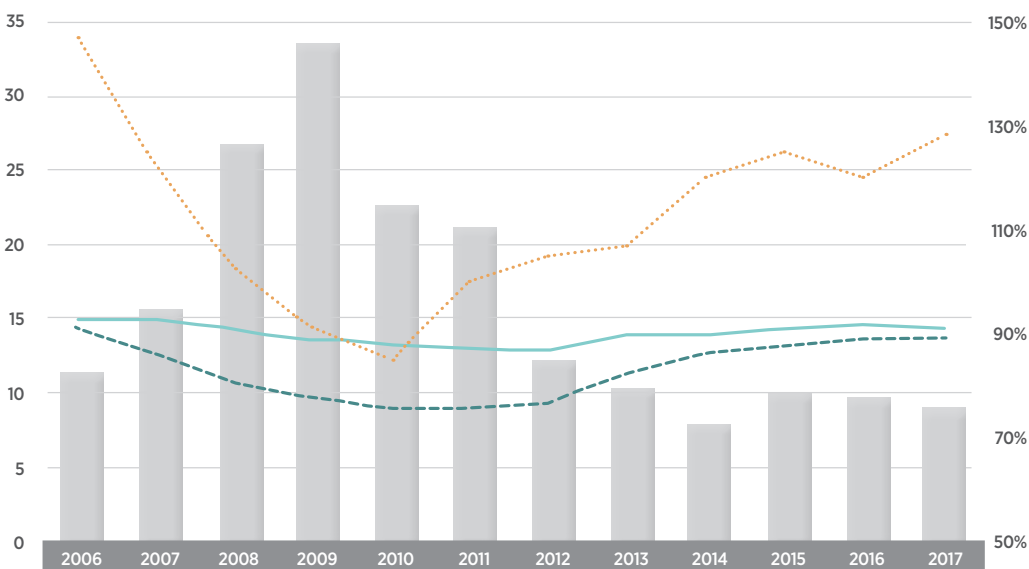
SALE RATIOS & PROJECTED ABSORPTION RATES





SALES DISCOUNTS HOLD STEADY, PROJECTED SALE TIME QUICKENED

 VIEW
LARGE
CHART

PROJECTED MONTHS ON MARKET

SALES PRICE AS A % OF ORIGINAL & LAST LIST PRICES, ASSESSED VALUE



-  Absorption: Projected Months on Market
-  Sale Price/Last List Price
-  Sale Price/Original List Price
-  Sale Price/Assessed Value

Average inventory levels for all property types dropped to historic lows in 2017, leaving the projected absorption rate for all Nantucket real estate just below 9 months.

MARKET DATA

In-Focus: Single-Family Homes

SINGLE-FAMILY HOME SALES METRICS

SLIGHT DECLINE IN TRANSACTIONS, SIGNIFICANT DROP IN INVENTORY & MARKETING TIMES,
HEALTHY INCREASE IN VALUES

SINGLE-FAMILY HOMES	2017	2016	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	323	328	-2%	321	1%
Dollar Volume (\$000s)	\$857,490	\$798,913	7%	\$741,432	16%
Median Sales Price (\$000s)	\$1,924	\$1,625	18%	\$1,568	23%
Average Months on Market	6.7	7.9	-15%	9.6	-30%
Sale Price/Original List Price	93%	93%	0	93%	0
Sale Price/Most Recent List Price	89%	89%	0	88%	1
Year-End Inventory	174	230	-24%	225	-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 & affordable homes) declined modestly from the 328 transactions in 2016 to 323 transactions in 2017, in line with the 5-year average. Despite the year-to-year decline in the number of transactions, dollar volume increased seven percent due to rising property values and a healthy increase in the number of high-end (\$5MM+) home sales [\(see page 8\)](#).

- The most notable year-to-year changes were the decline in available inventory and the rise in the median home sale value. Year-end inventory fell 24 percent while the less seasonally affected metric of average inventory declined 13 percent from 2016. This shortage of supply led to a more rapid marketing time of 6.7 months for homes sold in 2017, down nearly two months from 2016.

- With the dynamic of consistently strong demand and a diminishing supply of homes, particularly in the lower end of the market, it's no surprise to see that the average home sale price rose 9 percent year-over-year while the median home sale price rose a more substantial 18 percent. While the median home sale metric tends to be a more accurate measure of property valuation changes, Fisher investigated resales (homes that have sold more than one time in the last 12-24 months without material changes) to confirm whether this metric was indicative of the entire market. Our analysis indicates that 2017 appreciation rates were in a slightly more modest range of between nine and twelve percent. There are certain areas, price points and property types that saw lower, or even substantially higher, appreciation than this range but general appreciation rates landed more consistently between nine and twelve percent.

MARKET DATA

In-Focus: Single-Family Homes

- Eight years into a strengthening real estate market, it's not surprising to see an upward shift in home sales by price point. What is interesting is the upward creep in the market share of homes price between \$2 million to \$3 million. This price point used to represent approximately 16 to 18 percent of all transactions but represented 22 percent of all transactions in 2017, a six-percentage point increase from one year ago.

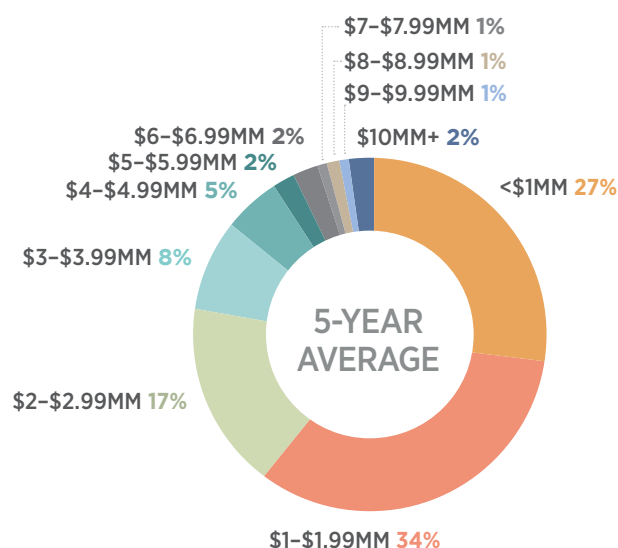
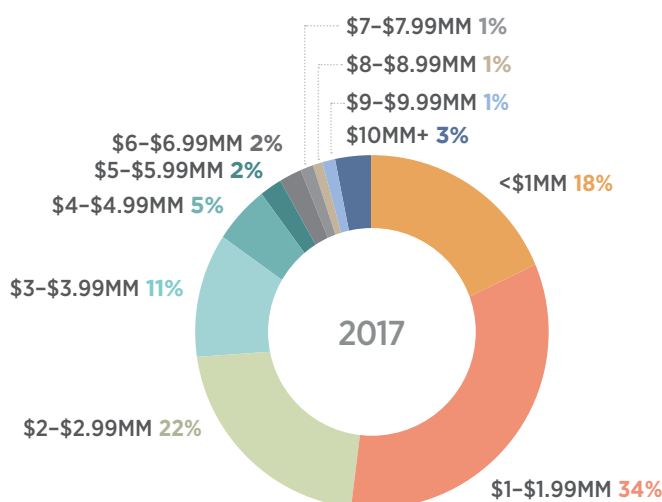
- For the high-end (\$5MM+), where far fewer transactions generally take place as compared to the sub-\$3 million market, it is worth noting the aggregate annual change in the number of transactions rather than viewing the slight changes that occur as a percentage of all transactions.

- In 2017, there were 34 high-end transactions, three additional transactions from 2016 and far more than the 19 that took place just two years ago in 2015.*
- The ultra-high-end of the market (\$10MM+) rose one percentage point from both 2016 and the five-year average. With 10 transactions in 2017, it represented the highest number of annual sales in Nantucket's history (previous annual record was eight transactions).*
- There were no mega-high-end (\$20MM+) transactions.*

SINGLE-FAMILY HOME SALES BY PRICE POINT

2017 SALES VS. 5-YEAR AVERAGE

VIEW
LARGE
CHART



MARKET DATA

In-Focus: Speculative Home Sales

- In total, there were 43 speculative home sales in 2017, a 34 percent increase from 2016 and a 54 percent rise from 2015. These sales represented 12 percent of all single-family home sales. The average marketing time for these properties was three months longer than one year ago, likely due to both the increase in available inventory but also to the timing of completion of the projects (i.e. several homes were completed and marketed late in 2016/early 2017, possibly resulting in a longer marketing period over the slower winter sales period).

- The average price per square foot of finished living space ranged from \$730/sf for properties South of Town to \$1525/sf for properties in Brant Point. The average sale price to the last list price improved slightly to 95 percent from 94 percent one year ago.

- In reviewing the distribution of 2017 speculative sales transactions by price point, the upper end of the market saw the most noticeable increase from prior years. The number of high-end (\$5MM+) sales totaled 12 transactions in 2017, five of which were for home sales above \$8 million. This compares to 10 high-end speculative transactions in 2016, most of which sold between \$5 million and \$6 million. For comparison, there was just one high-end transaction in 2015 and an average of between two and three transactions over the previous five years. We anticipate that the number of high-end speculative transactions will moderate in 2018 as more properties between \$3 million and \$5 million come to market.

SPECULATIVE HOMES SALES METRICS

TRANSACTIONS INCREASE ONCE AGAIN, PARTICULARLY IN THE HIGH-END

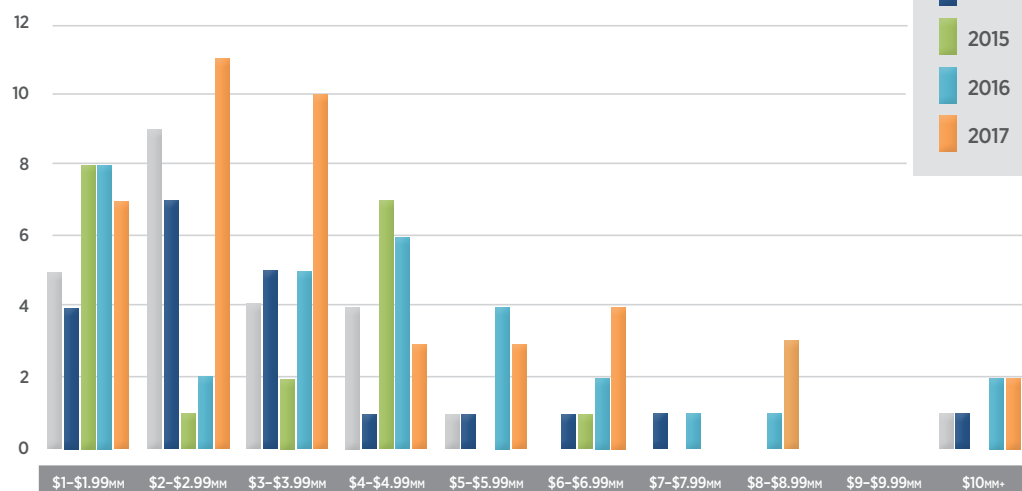
SPECULATIVE HOME SALES	# OF TRANSACTIONS	SPEC SALES AS A % OF SFH SALES	AVERAGE MARKETING TIME	SALE PRICE TO LAST ASKING PRICE
2017	43	13%	9.7	95%
2016	31	9%	6	92%
2015	19	6%	5	94%
2014	21	6%	6.5	94%
2013	26	9%	7.2	86%
2012	17	5%	8.5	85%
2011	12	5%	7.9	81%

VIEW
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5-YEAR HISTORY OF SALES BY PRICE POINT

CONTINUED MOMENTUM IN THE HIGH-END

OF TRANSACTIONS



MARKET DATA

In-Focus: Single-Family Homes

NEIGHBORHOOD SALES SUMMARY

COMPARISON OF 2017 SALES TO THE 5-YEAR AVERAGE

NEIGHBORHOOD	2017 SALES TRANSACTIONS	% CHANGE 5-YR AVG	2017 AVG SELLING PRICE	% CHANGE 5-YR AVG	2017 MEDIAN SELLING PRICE	% CHANGE 5-YR AVG	AVG MONTHS ON MARKET	% CHANGE 5-YR AVG
BRANT POINT	10	-22%	\$2,801,795	-27%	\$2,470,000	-3%	4	-59%
CISCO	5	-31%	\$2,835,000	28%	\$2,580,000	32%	6	7%
CLIFF	24	-20%	\$4,184,290	8%	\$3,775,000	21%	10	19%
DIONIS	9	32%	\$5,566,750	42%	\$3,755,000	24%	12	-14%
HUMMOCK POND	9	10%	\$1,439,444	13%	\$1,250,000	9%	6	-30%
MADAKET	9	-53%	\$1,114,444	-13%	\$1,050,000	1%	2	-76%
MADEQUECHAM	8	82%	\$2,340,625	-15%	\$2,292,500	14%	9	-66%
MIACOMET	20	9%	\$1,723,863	35%	\$980,000	2%	8	-6%
MID-ISLAND	64	-19%	\$703,415	3%	\$678,475	21%	3	-54%
MIDDLE MOORS	2	0%	\$957,500	0%	\$957,500	0%	0	0%
MONOMOY	8	8%	\$4,635,984	12%	\$3,993,938	34%	12	-28%
NASHAQUISSETT	10	117%	\$1,092,500	7%	\$1,087,500	7%	4	-28%
NAUSHOP	12	-19%	\$1,081,208	26%	\$1,257,500	24%	4	-54%
POCOMO	5	79%	\$4,505,000	-23%	\$2,900,000	-93%	5	-29%
POLPIS	14	67%	\$3,127,740	-1%	\$2,239,802	-5%	11	-12%
QUAISE	1	-20%	\$1,200,000	-26%	\$1,200,000	-34%	—	-100%
QUIDNET	1	-58%	\$1,575,500	-36%	\$1,575,500	-37%	19	36%
SCONSET	28	-19%	\$2,311,375	14%	\$1,950,000	17%	8	-33%
SHAWKEMO	2	33%	\$12,745,000	77%	\$12,745,000	43%	—	-100%
SHIMMO	3	-35%	\$6,021,667	27%	\$6,000,000	30%	5	-55%
SOUTH OF TOWN	18	30%	\$1,205,781	32%	\$992,780	27%	8	35%
SQUAM	3	67%	\$11,883,333	27%	\$10,750,000	15%	13	44%
SURFSIDE	25	-21%	\$1,781,480	25%	\$1,195,000	9%	8	11%
TOM NEVERS	21	-5%	\$1,505,557	-2%	\$1,350,000	10%	12	3%
TOWN	99	2%	\$2,339,535	20%	\$2,125,000	24%	5	-44%
WAUWINET	4	-31%	\$2,271,875	-14%	\$2,181,250	7%	4	-69%
WEST OF TOWN	9	-39%	\$2,627,000	61%	\$2,200,000	41%	4	-41%

• 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 2017 metrics to the 5-year average to provide a broader sample size for comparison of annual sales activity. Though certain area data points are constricted by limited 2017 sales, the majority saw a dramatic reduction in the average marketing time and a rise in median home sale value. Nashaquisset, Polpis and Pocomo also stand out as areas that saw more transactions than the five-year average.

MARKET DATA

In Focus: Vacant Lot Sales

VACANT LAND SALES METRICS

LIMITED INVENTORY LEADS TO A DECLINE IN TRANSACTIONS

VACANT LAND SALES METRICS	2017	2016	% CHANGE	5-YEAR AVG	% CHANGE
Transaction Volume	63	73	-14%	83	-24%
Dollar Volume (\$000s)	\$56,279	\$80,921	-30%	\$91,721	-39%
Median Sales Price (\$000s)	\$680	\$880	-23%	\$748	-9%
Average Months on Market	9.1	11.7	-22%	10.5	-13%
Sale Price/Original List Price	91%	92%	-1	89%	2
Sale Price/Most Recent List Price	93%	95%	-2	92%	1
Year-End Inventory	51	55	-7%	63	-19%

- One of Nantucket's most active land transaction years was 2015 where 105 land transfers totaling over \$100 million took place. The supply at that time, much of which was created by several mid-island subdivisions, was met by robust demand, demand that has persisted in recent years. In 2016, just 72 transactions were recorded as supply became more constrained and could not meet the full demand of the market. In 2017, vacant land sales declined even further amid continued limited supply.
- Through the twelve months ending December 31, 2017, just 63 transactions totaling a mere \$56 million took place. This is lowest number of land transactions since 2011. And with available inventory declining to a historic low of 51 parcels for sale by year's end, it's no surprise transaction activity has been hampered by the lack of supply of available land. That said, this traditional measure of land sales does not capture those sales that are considered "land sales" with existing structures that were to be demolished.
- As compared to 2016, the average size of lots sold in 2017 decreased from approximately 1.36 acres to .82 acres, which is one of the reasons behind the 18 percent and 22 percent respective declines in the average and median sale values. As with the trend for single-family homes, the average marketing time declined substantially from 11.7 months one year ago, to 9.1 months by the end of 2017. As we look toward 2018, we anticipate the number of land sales may increase due to several new subdivisions (Hawthorne Park, Grey Lady Lane, Buck Hollow Lane, Cato Lane).

MARKET DATA

In Focus: Commercial Sales

COMMERCIAL PROPERTY SALES METRICS

TRANSACTIONS DECLINE BUT DOLLAR VOLUME RISES

COMMERCIAL PROPERTY SALES METRICS	2017	2016	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	13	14	-8%	16	-23%
Dollar Volume (\$000s)	\$23,294	\$25,495	-9%	\$24,605	-6%
Median Sales Price (\$000s)	\$1,500	\$1,730	-15%	\$1,187	-21%
Average Months on Market	6.5	7.5	-15%	10.6	-63%
Sale Price/Original List Price	91%	97%	-6	87%	3
Sale Price/Most Recent List Price	91%	91%	0	92%	-1
Year-End Inventory	6	10	-67%	11	-83%

- Over the last five years, the Nantucket real estate market saw anywhere from 13-20 commercial transactions per year with an average total dollar volume of \$25 million. In 2017, there were 13 transactions totaling just over \$23 million. With a limited number of sales and a diverse mix of properties, it's a little more challenging to summarize year to year changes in this segment of the market. Similar to the residential market, however, the average marketing time improved, declining by one month from 2016, but the discount metrics were mixed. An increase in the number of sub-\$1 million transactions led to a year-to-year decline in the median sale value but was an increase over the five-year average.
- With the increase in new, leasable commercial space along Old South Road, it will be interesting to see how the commercial sales market may be impacted over the coming years. It will also be interesting to see whether the pricing for Main Street properties will be reduced to more attractive levels given none of the six properties that were listed in 2017 sold.
- Lastly, a note on the exclusion of the largest transaction of the year: the \$37.5 million sale of the Nantucket Storage Center. This transaction has been excluded from our analysis and total figures for the sole reason that the sale price overwhelmingly places value on the business not the property, which is only assessed for \$9.9 million. (We reviewed the cash flow figures from the storage business to confirm the valuation). Historic Nantucket real estate figures do include commercial property sales but do not traditionally include business sales. So, just as the previous 2015 sale of this property for \$27 million was widely excluded by most reporting authorities, it is excluded from Fisher's 2017 figures.



Brian Sullivan Jen Shalley Cam Gammill Danno Lynch Gina O'Callaghan Justin Quinn
Brent Tartamella Erin Wilson Judy Waters Cait Kappler Marleah Lydon Gaelan Truymen

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

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

ANNUAL REPORT

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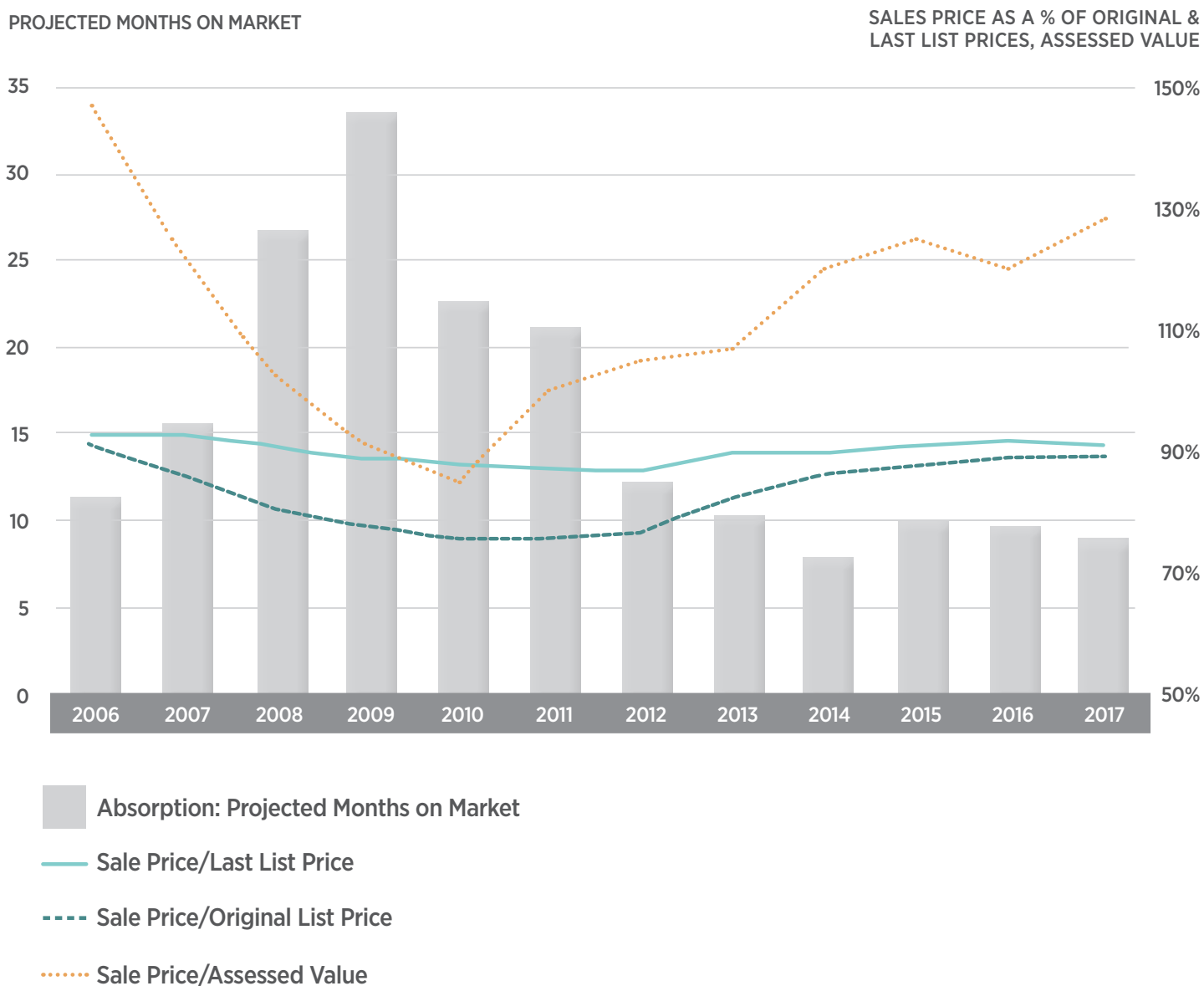
CUMULATIVE REAL ESTATE SALES & TRANSACTION VOLUME

TRANSACTIONS DECLINED, DOLLAR VOLUME INCREASED



SALE RATIOS & PROJECTED ABSORPTION RATES

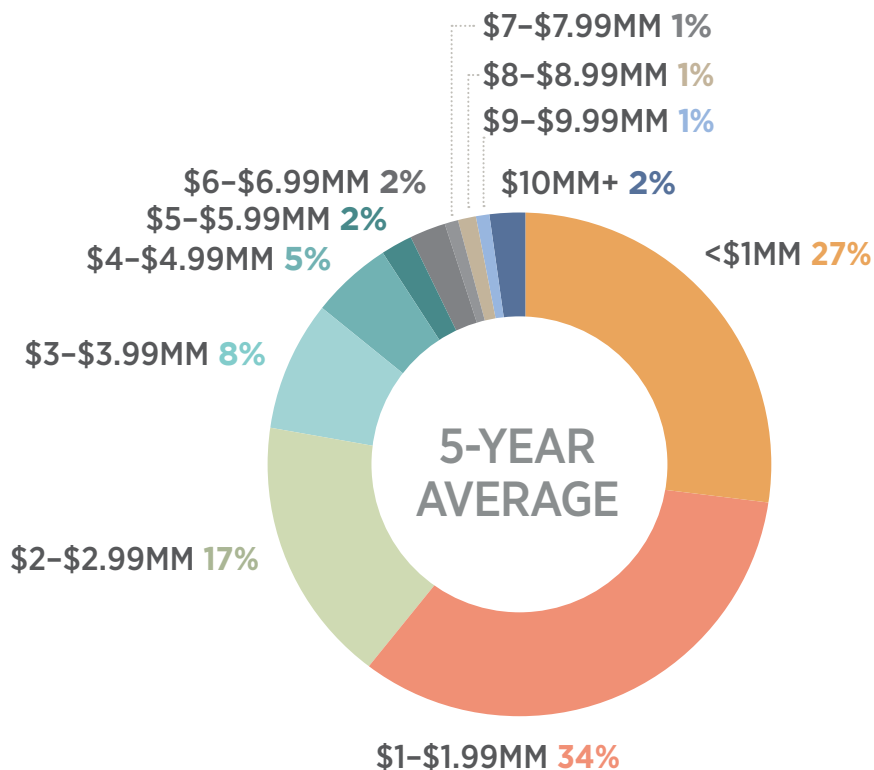
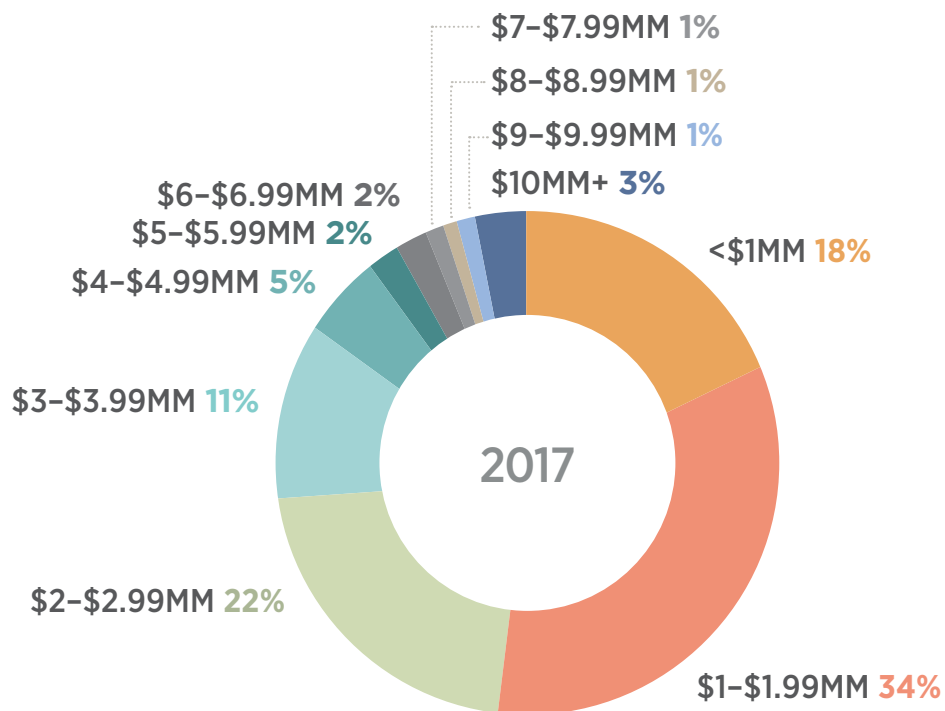
SALES DISCOUNTS HOLD STEADY, PROJECTED SALE TIME QUICKENED



SINGLE-FAMILY HOME SALES BY PRICE POINT

2017 SALES VS. 5-YEAR AVERAGE

CLOSE 



5-YEAR HISTORY OF SALES BY PRICE POINT

CONTINUED MOMENTUM IN THE HIGH-END

