

NANTUCKET

REAL ESTATE



A Comprehensive
Real Estate Analysis

by Jen
Shalley
Allen



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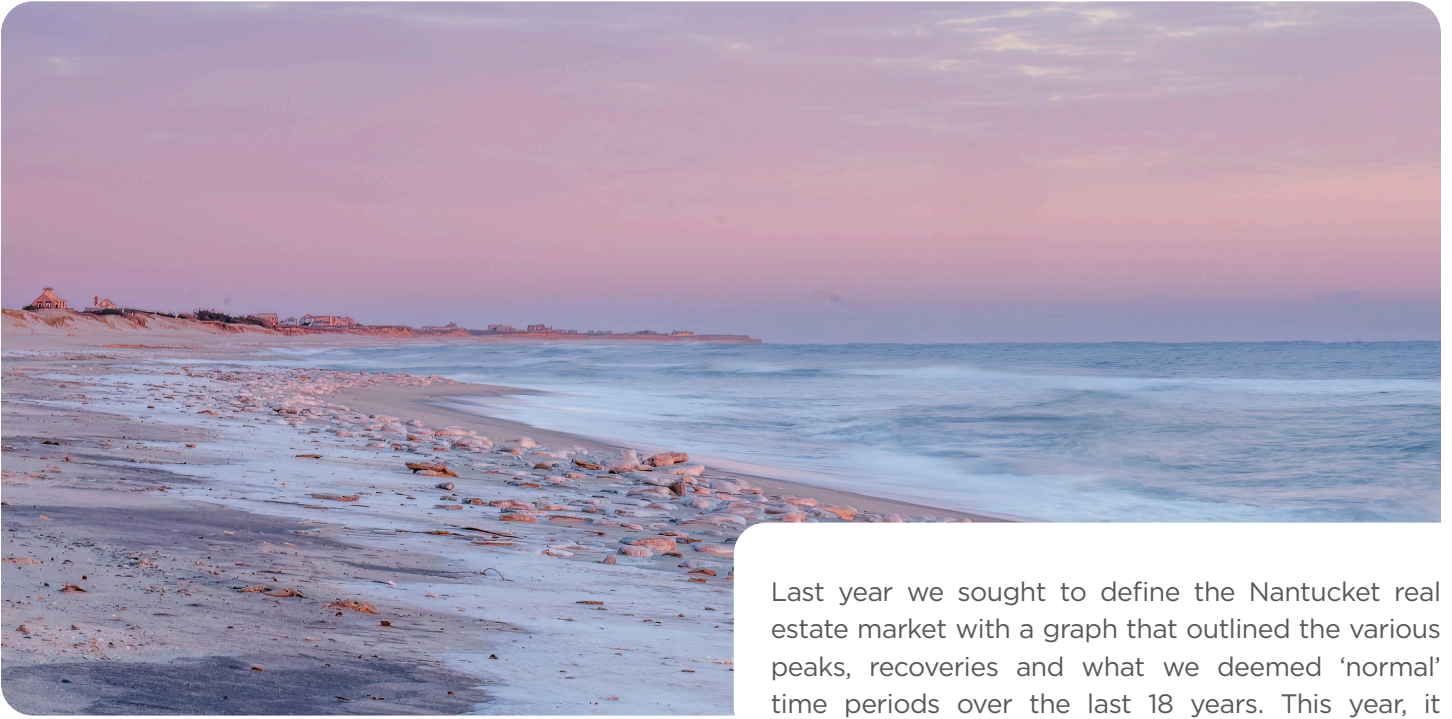
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Topics of Note in the Real Estate Market



Last year we sought to define the Nantucket real estate market with a graph that outlined the various peaks, recoveries and what we deemed ‘normal’ time periods over the last 18 years. This year, it feels appropriate to designate 2023 as the newest paradigm of that chart, but the question is how we label it.

The 2020-2022 “pandemic peak” was defined by record-low interest rates, a frenetic buyer pace, and soaring property values. In the absence of other external factors to modify its course, the height and length of the peak was inevitably defined by the runway, or available property inventory.

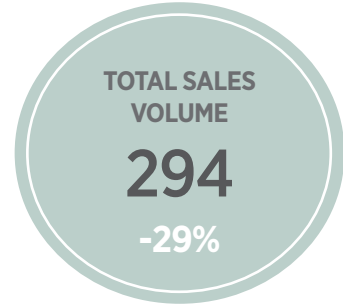
The 2023 market was faced with a shorter runway of inventory, surging interest rates and the second highest property value metrics in island history. And yet full price offers represented the same percentage of transactions as they did one year ago. The majority of remaining inventory by year’s end appeared to be mispriced from the perspective of the now more shrewd and less urgent buyer. If the demand for Nantucket real estate remains as steadfast as it appears to be, the 2024 market (and beyond) will be defined by what happens with the delicate balance of seller pricing and the trend in the level of inventory. Of course, if interest rates materially decline, or macro economic events unfold, the market’s trajectory could change again.



Jen Shalley Allen

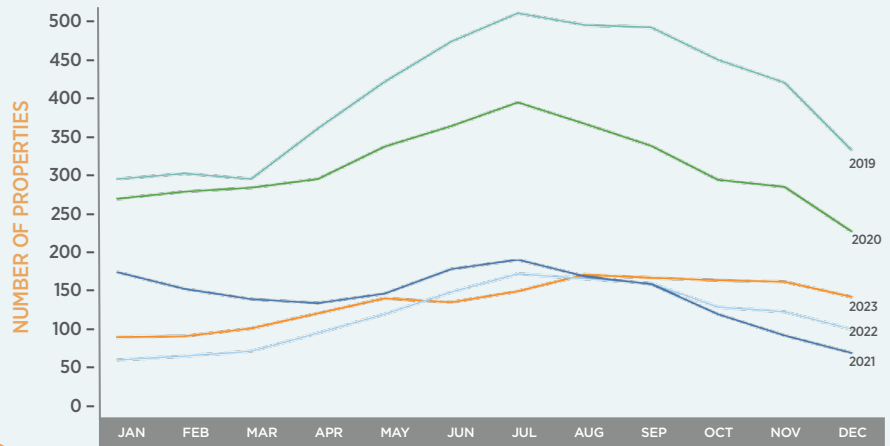
TOTAL SALES FOR ALL PROPERTY TYPES

YOY % CHANGE



PROPERTY TYPE	DOLLAR	% CHANGE	TRANSACTIONS	% CHANGE
SF Homes	\$971M	-26% ▼	219	-23% ▼
Land	\$96.8M	-52% ▼	35	-56% ▼
Commercial	\$39.9M	30% ▲	15	7% ▲
Condo/MF/Co-Op	\$43.9M	-51% ▼	24	-53% ▼

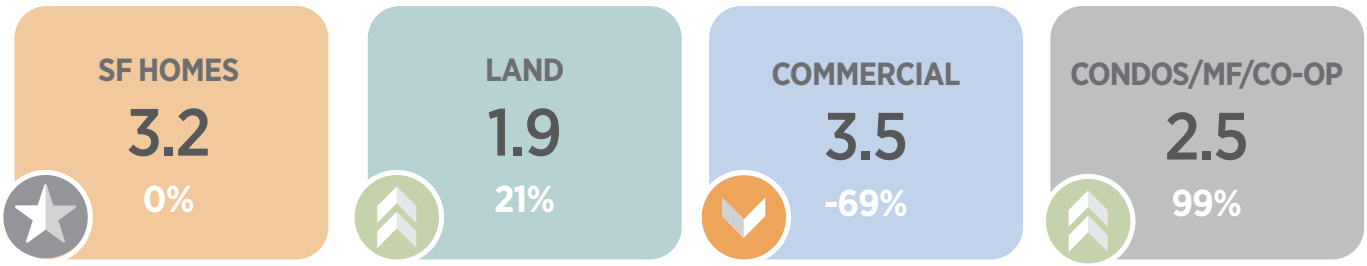
INVENTORY BY YEAR



2023 NANTUCKET REAL ESTATE BY THE NUMBERS



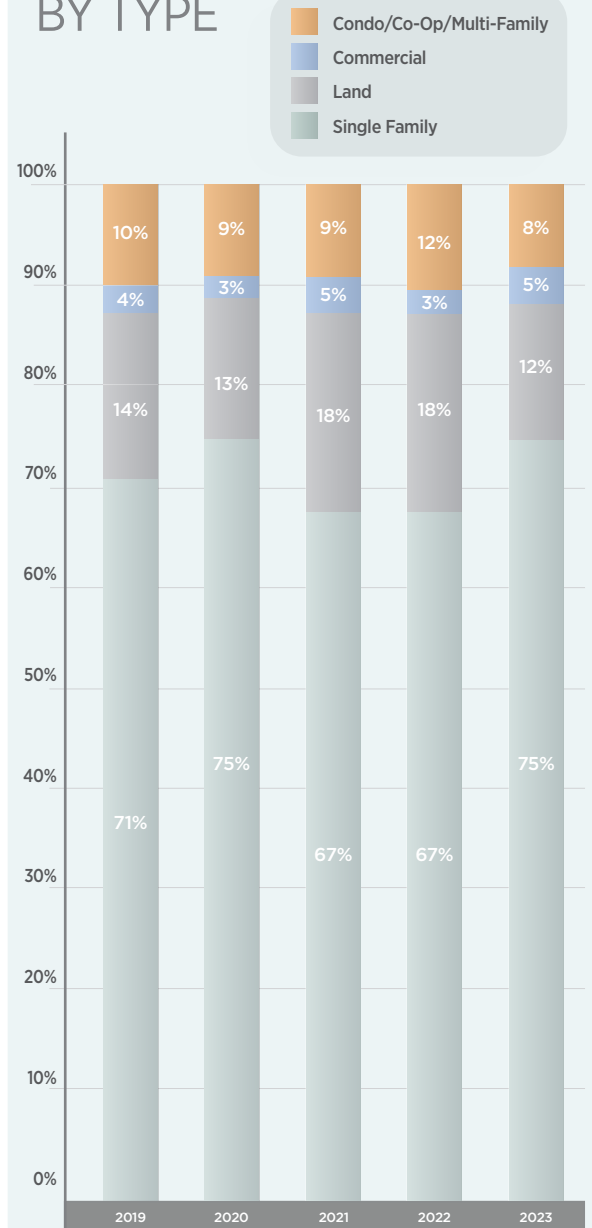
AVERAGE MARKETING TIME (MONTHS)



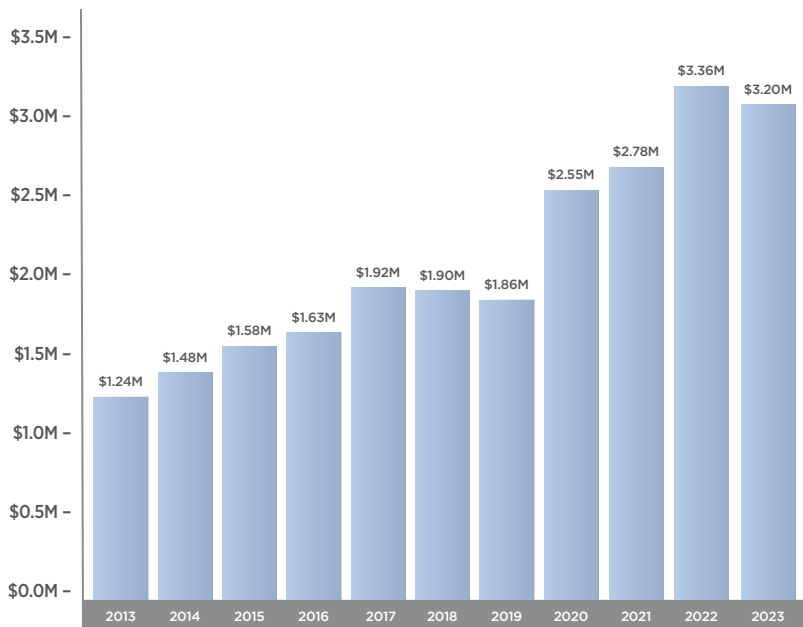
TOP 10 BUYER STATES

	% OF TOTAL	VS. 2022
MA	44%	▲
FL	10%	▼
NY	8%	▲
CT	7%	-
CA	5%	▲
NJ	4%	▲
TX	4%	▲
DC	2%	▲
IL	2%	▲
PA	2%	▼

TRANSACTIONS BY TYPE



MEDIAN HOME SALE PRICE



Cumulative Real Estate Sales & Transaction Volume

DRAMATICALLY LOWER TRANSACTION ACTIVITY BUT IMPRESSIVE DOLLAR VOLUME

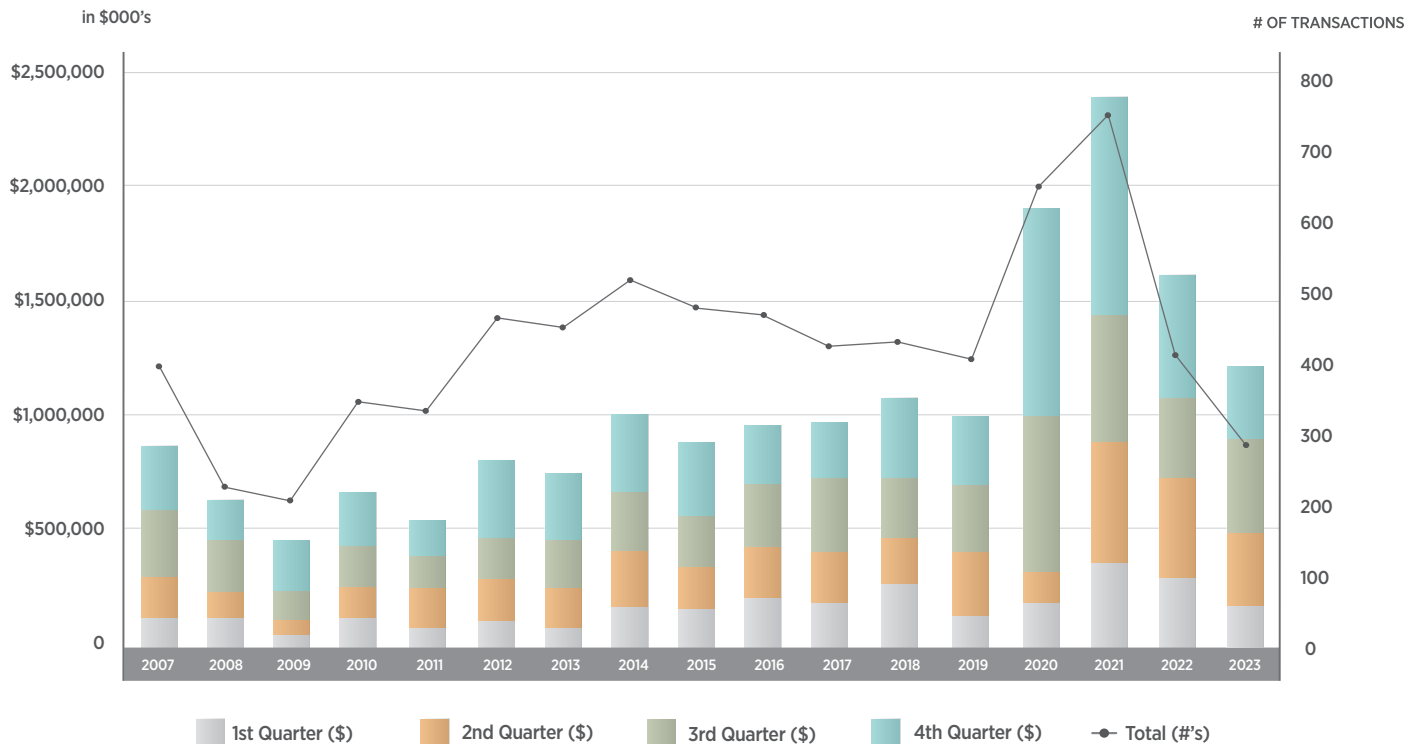
The unprecedented transaction peak of 2020-2022 is now firmly in the rearview mirror with only significantly higher property valuations in its wake. In 2023, the market dipped below 300 annual transactions, a lower limit that hasn't been breached since 2009 when there were 230 transactions. Yet **the total dollar volume for this relatively limited number of sales was \$1.15 billion, nearly triple the dollar volume from 2009** and solidly above what was once considered a lofty ceiling.

Except for the third quarter, which was flat to 3Q2022, every other quarter saw approximately 40 percent less in both dollar and transaction volume from one year earlier. Full-year 2023 figures were less than 50 percent of the peak transaction totals from 2021. Despite this, nearly every market metric pointed to a market that is still on very solid footing. Years of unflagging

demand and extremely limited supply resulted in soaring property values and, so far, they haven't materially changed. However, our review of appreciation rates suggests the rate of increase may have slowed significantly in 2023...



TOTAL DOLLAR & TRANSACTION VOLUME*



* Data excludes foreclosure sales and non-market transactions such as affordable/covenant home sales.

SINGLE-FAMILY HOME METRICS

SINGLE-FAMILY HOMES	2023	2022	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	219	286	-23%	355	-38%
Dollar Volume (\$000's)	\$970,711	\$1,310,832	-26%	\$1,291,570	-25%
Median Sale Price (\$000's)	\$3,195	\$3,363	-5%	\$2,748	16%
Average Months on Market	3.2	3.2	0%	4.6	-30%
Sale Price / Original List Price	93%	94%	-1	92%	1
Sale Price / Most Recent List Price	96%	97%	-1	95%	1
Year-End Inventory	103	73	41%	122	-16%

*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

RECORD LOWS ALONGSIDE RECORD HIGHS

Aggregate market metrics paint a picture of a healthy market but one that is moderating from the pressures created by years of exceptional volume. The number of single-family home transactions fell to the lowest recorded level since 2009; average marketing times held steady instead of drastically declining; sales discounts to asking prices widened; and average and median home sales posted their first modest decline in years. Nonetheless, the latter figures were still the second highest values for both metrics in island history and the 219 home sales racked an impressive \$970 million in total dollar volume.

The staying power of these post-pandemic property values can be attributed to another remarkable year for the high end and steadfast buyers. **Not only was the ceiling for the highest home sale reset twice in one calendar year, but sales above \$5 million represented 27 percent of total transaction activity.** This is just three percent lower than one year ago (a record percentage) and an increase of 10 percent from the previous five-year average. As for buyer demand, it remained relatively unphased by higher interest rates and even higher inventory. Perhaps surprisingly, it wasn't just the high-end buyers that powered through the higher interest rate environment. Sales between \$2 million and \$3 million increased as a percentage of annual sales, as did sales between \$4 million and \$5 million.

Every other million-dollar price point segment held steady or was within one point of 2022 activity on a percentage basis.

Single-family inventory levels peaked in July and, for the second consecutive year, ended higher than the previous year with 104 properties listed by year's end (double the number from 2021). Despite this, buyer demand persisted as both full price offers and above full price offers represented the same percentage of total purchase activity as in 2022 (though total figures were down on a YOY basis).



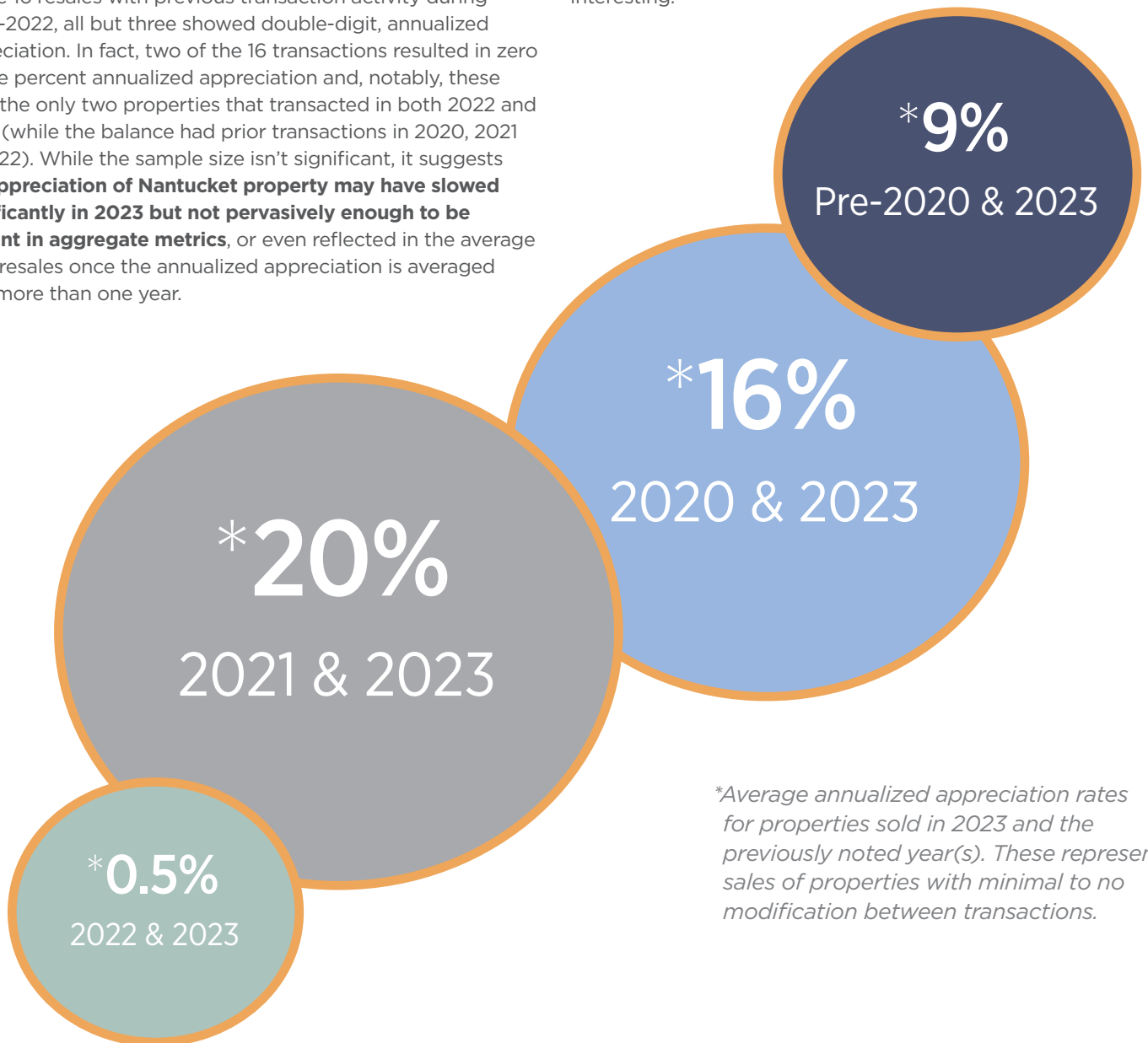
Single-Family Property Values

A CLOSER LOOK AT WHAT HAPPENED WITH HOME VALUES IN 2023

With the first year-over-year decline in average and median sale values since before the pandemic, we looked at recent resale transactions to extract a little more detail on property values. Luckily, there were 27 resale transactions in 2023 where minimal to no property modifications occurred between transaction years. Of these, 16 properties also saw sales activity within the last three years, helping to shed light on recent appreciation rates.

Of the 16 resales with previous transaction activity during 2020-2022, all but three showed double-digit, annualized appreciation. In fact, two of the 16 transactions resulted in zero to one percent annualized appreciation and, notably, these were the only two properties that transacted in both 2022 and 2023 (while the balance had prior transactions in 2020, 2021 or 2022). While the sample size isn't significant, it suggests **the appreciation of Nantucket property may have slowed significantly in 2023 but not pervasively enough to be evident in aggregate metrics**, or even reflected in the average of all resales once the annualized appreciation is averaged over more than one year.

To further support the hypothesis that property value increases may have slowed significantly, there remained a handful of listed properties that were still available for sale at the end of 2023 that were listed for only slightly higher than their initial transaction values in 2022. Unlike previous years where sellers could seemingly name any price, Nantucket property values may finally be holding steady, or in some cases, declining. We'll need far more data to be certain, and there are always exceptions, but these data points are interesting.



Single-Family Home Inventory

STEADY INCREASE FROM HISTORIC LOWS

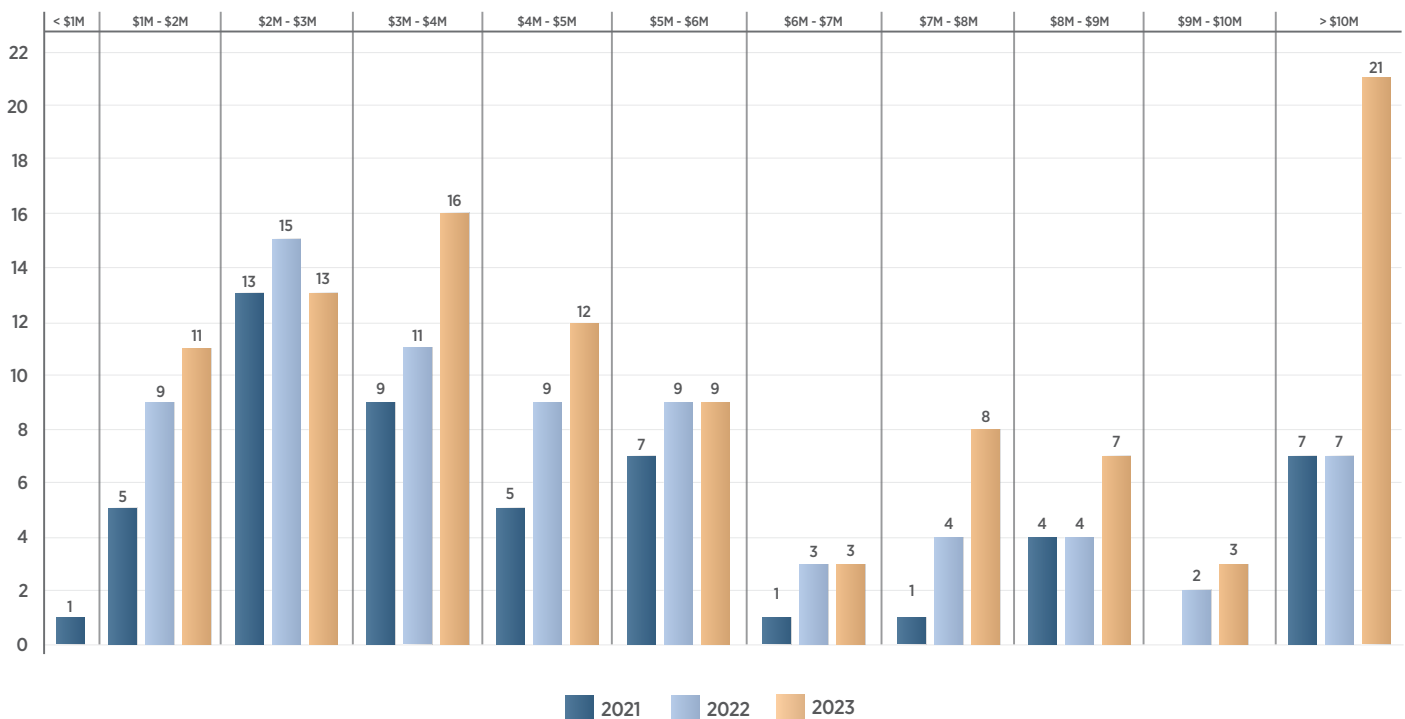
For the second year in a row, available home inventory increased. As of December 31, 2023, there were 137 properties for sale, a rise of 43 percent from 2022 and not too far below the five-year average of 167 properties. Of these, 103 were available single-family homes, 41 percent more inventory than just one year ago. And this figure only represented publicly marketed properties; there were and are many off-market listings that aren't included in the MLS numbers. Projected absorption for all properties rose to five months from three months one year ago.

Every million-dollar price point segment saw flat to higher inventory aside from the \$2 million and \$3 million price point, which saw a modest reduction in inventory by year's end. The price points which saw a higher-than-average year-to-year increase were properties last priced between \$3 million and \$5 million, \$7 million and \$9 million and homes above \$10 million. The latter group, ultra-high-end inventory above \$10 million, saw the most significant increase in inventory and had an average of 196 days on the market (and counting).

While annual transaction activity in this upper end of the market was still strong in 2023, it will be interesting to see whether this inventory increases has an impact on 2024 pricing and activity.

From an analytical view of the property inventory that remained at year's end, most of it likely didn't align with buyer expectations relative to the asking price or previously sold comparable sales. Though buyer urgency may have waned since the pandemic, anecdotal evidence suggests there is no shortage of demand. The rise in year-over-year inventory is therefore most likely due to mispriced properties in the current market climate.

SINGLE-FAMILY INVENTORY BY PRICE POINT



2023 IN PHOTOS WITH YEAR-TO-YEAR COMPARISON



68 & 72 Monomoy Road

\$42M
Highest Residential Sale
+\$5M



16 Aurora Way

47
Full-Price Transactions
-43%



26 Tennessee Avenue

\$4.4M
Average Home Sale Price
-4%



6 Todd Circle

14
Finished Speculative Homes Sold
+75%



60 Wanoma Way

Private Beach Access

60 Wanoma Way

Private Access to Pond

12
Homes Marketed for > 1 Year
0%



34 Cannonbury Lane

37%
Highest Annualized Resale Return
+15%



10A Gray Avenue

18
Above Full-Price Transactions
-51%



12 West Sankaty Road

4
Number of Homes for Sale for < \$1 Million
+4

NANTUCKET REAL ESTATE BY NEIGHBORHOOD - 5 YEAR AVERAGE

NEIGHBORHOOD	2023 TRANSACTIONS	VS. 5-YEAR AVERAGE	2023 MEDIAN SELLING PRICE	VS. 5-YEAR AVERAGE	2023 AVG. MONTHS ON MARKET	VS. 5-YEAR AVERAGE
Brant Point	10	-40%	\$5,729,375	29%	2	-57%
Cisco	9	2%	\$6,000,000	60%	1	-44%
Cliff	12	-64%	\$6,020,000	8%	3	-31%
Dionis	4	-35%	\$4,600,000	-6%	2	-86%
Hummock Pond	7	-40%	\$4,300,000	50%	3	17%
Madaket	9	-49%	\$2,700,000	39%	5	26%
Madequecham	1	-71%	\$2,995,000	10%	0	-98%
Miacomet	13	-48%	\$2,650,000	39%	3	-6%
Mid Island	45	-28%	\$1,650,000	50%	4	21%
Middle Moors	2	-57%	\$2,767,500	38%	3	-14%
Monomoy	5	-36%	\$12,010,500	58%	6	20%
Nashaquisset	4	-35%	\$2,547,500	51%	1	-69%
Naushop	7	-39%	\$2,185,000	32%	1	-52%
Pocomo	2	-63%	\$18,600,000	129%	3	-58%
Polpis	6	-14%	\$3,300,000	-14%	3	-60%
Quaise	1	-57%	\$5,900,000	13%	15	115%
Quidnet	2	-47%	\$4,575,000	17%	8	-52%
Sconset	28	-39%	\$3,237,500	33%	2	-57%
Shawkemo	1	-67%	\$6,595,000	13%	0	-99%
Shimmo	3	-21%	\$6,000,000	-18%	0	-93%
South of Town	3	-84%	\$2,600,000	54%	0	-87%
Squam	-	-100%	-	-100%	-	-100%
Surfside	16	-52%	\$3,600,000	45%	4	-15%
Tom Nevers	12	-46%	\$2,430,000	28%	5	36%
Town	69	-32%	\$2,600,000	1%	3	-44%
Wauwinet	1	-79%	\$6,000,000	54%	7	-50%
West of Town	3	-65%	\$2,700,000	1%	1	-18%

Vacant Land Sales Overview

HALF THE VOLUME BUT ROBUST APPRECIATION RATES

Similar to single-family home sales, vacant lot sales also dropped to their lowest level in over a decade. Through December 31, 2023, vacant land sales measured just 35 transactions totaling \$97 million, a respective decrease of 56 percent and 52 percent from 2022 and a roughly similar decline from the five-year average.

While 35 transactions categorized as “land” sales were on the books, there are often transactions with existing dwellings (therefore labeled as home sales) which are viewed as land sales in the eyes of a buyer who will move or demolish existing structures. The top end for this type of transaction was the \$18 million sale of 72 Pocomo Road, a 6.24-acre waterfront property which most recently traded for \$11.67 million in 2019. It was a notable basis reset for waterfront “land”, particularly for this area of the island. It’s also indicative of the healthy demand that persists at the high end. The most

recent “true” comparable waterfront sale was the \$6.1 million sale of 88 Pocomo Road in 2019. Aside from this sale, the highest truly vacant land sale of 2023 was the \$10 million sale of two adjoining lots of nearly .93 acres along the non-water side of Baxter Road. The lowest were a slew of .10-acre sales around \$600,000 in the Sandpiper Place neighborhood along Old South Road.

In a sign of new development appreciation, a .26-acre vacant lot in Miacomet Preserve sold for \$3.25 million (initial lot sales during 2015-2019 ranged from \$870k to \$1.85 million). On the other hand, a vacant parcel at 13 Aurora Way traded for \$2.025 million in 2023 as compared to \$900,000 in 2006, “just” a five percent annual appreciation.

Regarding more recent resales within the current peak market paradigm, 2023 saw a handful of land transactions that showed a wide range of annualized

appreciation rates. These rates were as low as one percent for land in Tom Nevers that resold within the last year; 21 percent for land in Town that initially traded in 2021; and 17 and 37 percent for parcels on Cannonbury Lane, also with initial sale dates in 2021. We did not see any resale data from 2022-2023 to corroborate the data we saw with single-family homes.



VACANT LAND SALES

VACANT LAND SALES METRICS	2023	2022	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	35	79	-56%	78	-55%
Dollar Volume (\$000's)	\$96,753	\$201,954	-52%	\$145,030	-33%
Median Sale Price (\$000's)	\$1,975	\$1,700	16%	\$1,397	41%
Average Months on Market	2.0	1.5	33%	4.3	-53%
Sale Price / Original List Price	96%	95%	1	94%	2
Sale Price / Most Recent List Price	98%	96%	2	96%	2
Year-End Inventory	23	12	92%	24	-4%

Commercial Property Sales Overview

Q4 BUMP IN ACTIVITY BUOYS TOTALS

COMMERCIAL PROPERTY SALES METRICS	2023	2022	% CHANGE	5-YEAR AVG.	% CHANGE
Transaction Volume	15	14	7%	21	-40%
Dollar Volume (\$000's)	\$39,955	\$30,678	30%	\$81,509	-51%
Median Sales Price (\$000's)	\$2,100	\$1,900	11%	\$2,359	-12%
Average Months on Market	3.5	11.2	-69%	7.6	-54%
Sale Price / Original List Price	87%	92%	-5	89%	-2
Sale Price / Most Recent List Price	91%	93%	-2	92%	-1
Year-End Inventory	4	8	-100%	10	-150%

In a change of narrative, commercial property transactions increased year-over-year, even if just by one sale. As of December 31, 2023, there were 15 transactions totaling \$40 million, a respective increase of seven percent and 30 percent from 2022, but well off the 39 transactions and \$216 million peak in 2021. Compared to pre-pandemic levels, this was a normal year for the commercial market as, prior to 2020, there were typically 13-20 annual transactions. Given the small sample size and the wide variety of property types and locations, it's difficult to draw meaningful year-to-year comparisons. We therefore summarize the most notable transactions from 2023:

- The highest sale of the year took place in December and was Blue Flag Development's \$7.15 million purchase of 11 North Water Street, a 17-room inn on 7,500 square feet of land in the heart of Town. This represents the addition of another iconic property to Blue Flag's hospitality portfolio on the island.
- The next highest commercial sale was just down the street at 4 North Water Street, a mixed-used property with one residential unit and four offices. It was purchased by the abutters and owners of the Greydon House for \$5.6 million.
- The third highest commercial sale of the year, and another December transaction, was the private sale of 10 Easy Street (Killen) for \$3.8 million. This was also a mixed-use property with residential and commercial uses.

- Other notable sales included the \$3.2 million transfer of 5 Macy's Lane, previously the Salt Box restaurant, to the owners of the Salvadoreña Food & Market. Additionally, the Great Harbor Yacht Club purchased 19 Nobadeer Farm Road for \$2.7 million, a one-acre parcel with a residential unit and commercial kitchen.

As of year's end, there were just four commercial properties listed for sale as compared to the eight listed one year ago. For reference, the most recent "high" for year-end, commercial inventory was the 18 properties listed in 2018. This segment of the market is another that often has more off-market activity than publicly listed properties; therefore, this inventory number is conservative.



TOPICS OF NOTE FROM THE FISHER TEAM

TO READ THE FULL
BLOGS VISIT:
[ACK.FISH/CURRENTTOPICS](#)

➔ WETLAND UPDATE

Over the past three years, the Conservation Commission has been working to revamp Nantucket's Wetland Regulations based on an engineering study conducted to help the island be more resilient in the face of rising sea levels and stronger storms. The majority of the updates and additions could drastically restrict the expansion potential of many properties impacted by wetlands, which could impact property values. As of printing on January 5, 2024, the final version of the revised regulations had not been released and voted on yet. It is important to understand these potential changes as a buyer or seller. Please see my blog at [fishernantucket.com](#) for more on the proposed changes including a draft of the updates and the Arcadis report and reach out to your Fisher Agent for additional information.

Liza Hatton, Sales & Rental Agent

➔ PFA's & WATER TESTING

PFAS, per- and polyfluoroalkyl substances, are a group of man-made chemicals used in a variety of consumer products and industries throughout the world and are referred to as Forever Chemicals. PFAS have been found to leech into surface soils, groundwater and surface water, and thereby contaminate drinking water. Lately, this has been a very hot button subject on Nantucket as contaminants have been found in some private well water samples on the island.

Last year, the Nantucket Board of Health adopted new Private Well Regulations, effective 1/1/24, requiring private well testing for specific substances (including PFAS) prior to the sale of a property. Read on to learn more about this...

Gina O'Callaghan, Sales Broker & Rental Agent



➔ NANTUCKET REAL ESTATE TECH TOOLS

The pandemic's effect on the real estate market has been dramatic. It not only accelerated many buyers' lifelong dreams of establishing roots on the island but it also resulted in the acceleration of the adoption of technological tools and resources to help them realize that dream. Virtual showings via FaceTime are now commonplace, house floor plans and in-depth, virtual walkthroughs are listing requisites, and apps like Zillow and Trulia have been downloaded onto every smartphone. In my opinion, your best resource is still a real estate professional that you can trust, but having a full quiver of tools is imperative in this competitive environment full of sophisticated, well-educated, and highly resourceful buyers and sellers. One of the best tech tools that I share with my clients is the Town of Nantucket's Geographical Information System, commonly referred to as "GIS" or "Map Geo."

Quinn Veysey, Sales & Rental Agent



➔ NAVIGATING THE FISCAL YEAR 2024 ASSESSMENT

Did you know about Nantucket's Fiscal Year 2024 property reassessment? Whether you're a seasoned property owner or a potential buyer, understanding the impact of these changes on property values and taxes is critical. Dive into our comprehensive guide to grasp what the reassessment means for you and how it shapes the future of property investments on this coveted island.

J. Brent Tartamella, Sales & Rental Agent

▶ SHORT TERM RENTAL UPDATE

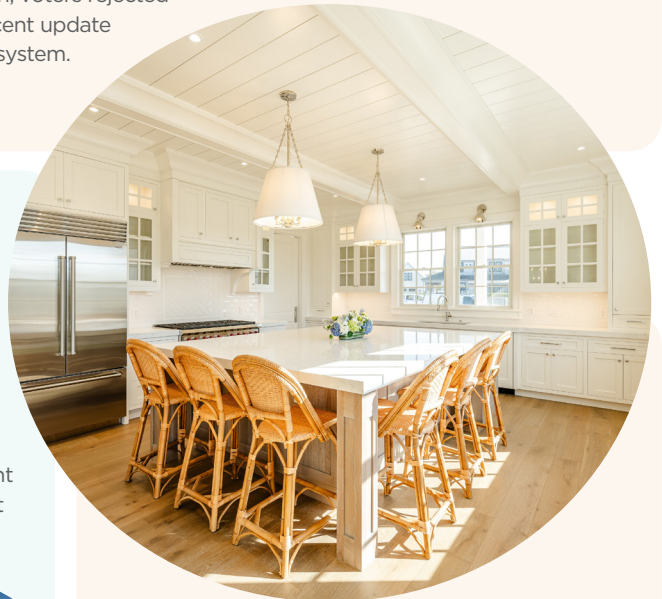
Short Term Rentals continue to be a hot topic and after over 3 years of debate, we are still looking for consensus on how the Nantucket community will move forward. At the May 6th, 2023 Annual Town Meeting, voters rejected Article 60 which sought to impose heavy restrictions on STRs, and granted the Short Term Rental Workgroup (STRWG) more time for data collection and to finalize their proposals. Despite the STRWG's concerted effort to find an equitable solution, voters rejected their proposal at the Special Town Meeting in November. Here is the most recent update on the town's bylaws, legal issues and the evolution of the local STR registry system.

Lara Hanson, Sales Broker & Rental Agent

▶ RENOVATING FROM AFAR

With all of the transaction volume in recent years, the island has been full of renovations and new construction. And we know that any home project can be overwhelming to take on from a distance! There are great resources on island to help you with this process and, of course, any of the agents at Fisher Real Estate are always happy to provide recommendations and help answer questions the best we can or at least point you in the right direction! The key to success is putting the right team in place to execute your vision and it is more than just good craftsmanship - project management and communication are critical for success. Projects can be a lot of work, but in our market a turn-key product is always in demand!

Erin Wilson, Sales & Rental Agent



▶ COMPARISON TO THE PALM BEACH MARKET

The Nantucket and Palm Beach real estate markets attract a similar seasonal clientele. Summers spent in Nantucket and winters in South Florida is a very attractive lifestyle to many and these snow-birds are willing to pay the premium required to own property in both markets. Interestingly though, the premiums are vastly spread with the median single family home selling for \$3.195M in Nantucket in 2023 and over \$10M in Palm Beach.

Spencer Heydt, Sales Broker & Rental Agent



▶ DESIGN TRENDS

Our picturesque island is often recognized by its rose covered cottages or old fishing shanties along the wharves downtown, but what some might not realize is Nantucket offers an array of properties from historic renovations to modern new builds and everything in-between. As local real estate professionals, Team Fisher specializes in familiarizing ourselves with these properties and understanding current design trends as these trends have the power to influence the way people view properties and ultimately how they make purchasing decisions.

Sarah Holmes, Sales & Rental Agent

▶ NANTUCKET REAL ESTATE: A LEGAL PERSPECTIVE ON 2023

In the dynamic world of Nantucket real estate, 2023 marked another year of significant changes and emerging trends, particularly as observed from a legal standpoint. This article delves into the insights of attorneys, closely involved in the property market, shedding light on the shifting landscape and what it means for buyers, sellers, and the community at large. We bring you this feedback and commentary from the legal experts to highlight items we should and should not do as we head into the 2024 market.

J. Brent Tartamella, Sales & Rental Agent

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THE BENCHMARK FOR NANTUCKET REAL ESTATE INFORMATION

ANNUAL REPORT

MONTHLY MARKET REPORTS

WEEKLY WEB UPDATES

Jen Allen Brian Sullivan Cam Gammill Joelle Bouchard Lara Hanson Liza Hatton Spencer Heydt Sarah Holmes
Cait Kappler Marleah Lydon Danno Lynch Gina O'Callaghan J. Brent Tartamella Gaelan Truymen Erin Wilson Quinn Veysey

