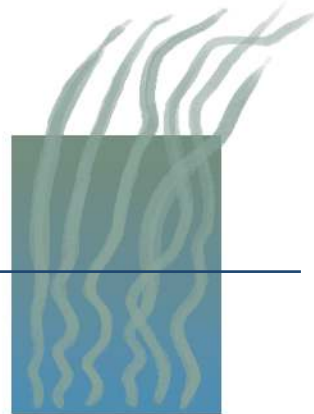


# Atlantic East Real Estate

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## N A N T U C K E T

## A T L A N T I C E A S T V I E W

Happy Spring from all of us at *Atlantic East*. We cheerfully bid last winter farewell and are welcoming the daffodils and bluer skies. Here are some of our thoughts on the current real estate market on Nantucket.

**The biggest challenge continues to be the decline in the number of transactions.** This is largely driven by confidence which has been in short supply for the past year. During the 1st quarter of 2009 there were 28 sales, down from 61 in 2008. At the height of the market in 2005 there were 154 sales in the first quarter. Because Nantucket is primarily a second home market no one has to buy property here. However, there are many qualified buyers in the wings waiting until they perceive that the market is turning before jumping in. We are bumping along what we believe to be the bottom now. For how much longer is anyone's guess. As well known Realtor Barbara Corchran is fond of saying, "You can't sharp shoot the bottom."

**Property prices have declined on Nantucket.** The average house sold for \$2,427,000 in 2008, so far in 2009 it is selling for \$1,958,000 (27 sales). The average vacant lot sold for \$1,450,000 last year; this year it is selling for \$460,000 (only 1 sale which is statistically unreliable). Although we are reluctant to predict the outcome of the year based on results for only the first quarter, it is clear that we are at a market low. There is evidence that the stock market is at its lowest 6-8 months before a recovery and Nantucket real estate performance historically tracks the stock market closely. First quarter sales ranged from a 4 BR/3 BA home in the Mid Island area that sold at foreclosure for \$475,000 to an estate in Shimmo with a pool that sold for \$10,200,000.



**Now is a great time to buy.** As we have been saying for over a year now, there are more quality listings for buyers to choose from than ever before. Sellers that are serious have priced their properties accordingly, creating excellent buying opportunities. Interest rates are the lowest they have been since the early 1980's and conforming loan limits have been significantly raised. Conventional financing is again readily available. Home sales and prices throughout most of the country, according to the chief economist of the National Association of Realtors, are poised to improve in the second half of the year. Using an informed agent is crucial to help a buyer recognize the opportunities specific to their needs. If you are a buyer, make sure that you have access through your broker to LINK Nantucket, our multiple listing service. *(Continued on Page 2...)*

# MARKET NEWS

Continued from Page 1



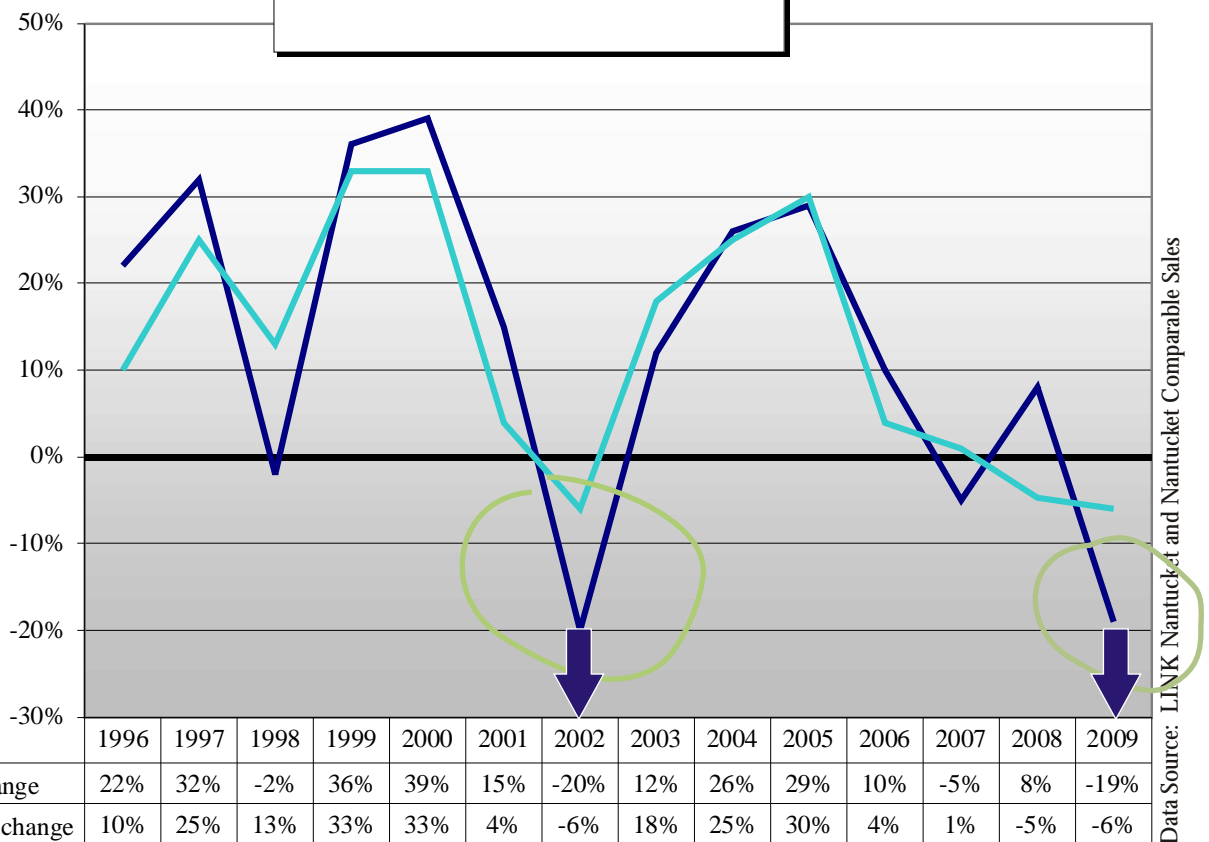
**Properties are selling at 99.19% of Assessed Value now on Nantucket.** For the first time in memory the assessed value of Nantucket property, established by the Town for purposes of taxation, is running very close to the market value. The Town is currently undertaking a revaluation of all property on the island, expected to be done by this fall, which will be based upon sales activity during the past three years.

**Properties are selling, on average, for 91% of list price, down from 93% in 2008.** If more sellers on island actually had to sell, they would either price their properties more aggressively (in terms of the competition) or else the gap would widen between listing price and selling price. Again, because owning on Nantucket is discretionary, the rules of a primary market do not always apply to Nantucket real estate.

**Selling - it is all about the price.** Very simply, if you own a property that you need to sell, it must be priced to this current market. This means that it needs to be one of the top values in terms of the other listings it is in competition with. Because the number of sales is so low, this is even more crucial than in the past. Of the 28 sales during the 1st quarter, only four of them were foreclosures or short sales, 15% of the total. These properties were all in the lower end of the market and had been mortgaged beyond their market value. There is a myth that distressed sales represent a significant part of the market on Nantucket in all prices ranges which is simply not true. Because Nantucket is an island the number of properties is naturally limited. With well over 50% of the island held by conservation groups the remainder of Nantucket property does retain its value over time.

**What about the future?** We cannot predict the future but we can gather the facts and do our best to define the moment that we are in now. We have always felt that owning a home on Nantucket is about the opportunity to spend time in this special place. Those that are under the most pressure to sell now are, in many cases, people who bought at the height of the market strictly as an investment who were looking to make a short term financial gain. In the long run, that is the antithesis of what island living is about. Nantucket is one of the most beautiful places in the world with beaches and open spaces that are accessible, great dining and astounding history. We feel fortunate to live here and we invite you to share it.

Nantucket Average and Median Home  
% Change in Prices  
3.31.09



## VACATION RENTALS

If you are a tenant, there have never been as many good rental properties to choose from as there are right now. Many repeat tenants have waited to make their vacation plans, creating a slower start than usual, very much like last year. The last few weeks rental activity has picked up and this should be sustained as we get closer to summer. If you have been waiting to find that perfect retreat now is the time to start looking! We list rental homes ranging from \$1000/week for a simple one bedroom cottage in town to over \$50,000/week for an estate on the water with a pool.



If you own a Nantucket home that you rent you should be aware of a few things. When real estate sales start to slow down, the vacation rental market tends to heat up. Not so this year. We are receiving a number of calls from homeowners to reduce the weekly rental rate; the average amount of this reduction is about \$500. Potential tenants have not hesitated to make offers. We will certainly inform you if someone wants to offer less than your listed rates and help negotiate a fair price if desired. We are optimistic for a number of late spring bookings, as happened last year. Please make sure to update your availability with us every few weeks which better helps us to find you tenants. Some good news for owners: Article 65 which would have imposed a tax on short term rentals did not pass at our annual Town Meeting.

## SHORT SALES



In the past 6 months there have been only 6 short sales on Nantucket with the majority selling under \$1 million. There are, to the best of our knowledge, 9 properties currently listed that will be short sales. A short sale is the sale of real estate when the seller offers the property at a price that is less than the amount of the balance of the existing mortgage. A successful short sale is when the buyer, the seller and the lender (usually a bank) agree on the price and terms and the sale is recorded.

This type of sale usually occurs to avoid foreclosure on the property. Foreclosures tend to be costly and time consuming for the bank and compromise the seller's credit history. A bank is more apt to agree to a short sale if their loss (including time) will be less than the cost of the foreclosure. When the property sells, the outstanding balance may be forgiven by the bank or the seller may still be financially responsible for the shortage. If any amount is forgiven by the bank, it is not forgiven by the IRS and is considered taxable for the seller (please consult an accountant for more information on this matter).

When considering the purchase of a short sale property always ask if the listing price has been approved by the bank. If the price has not been agreed to by the bank you may receive one of three things: A counter offer, a refusal or possibly, an acceptance. Please understand that, when dealing with a bank, each is different and the time involved in negotiations may be days or weeks. If you have any questions on short sales please contact us.

## BIG TAX CREDIT

As part of the new stimulus package, the government has voted a significant tax credit for first time buyers. Following is a brief summary:

The tax credit is for first-time home buyers only. For the tax credit program, the IRS defines a first-time home buyer as someone who has not owned a principal residence during the three-year period prior to the purchase.

The tax credit does not have to be repaid.

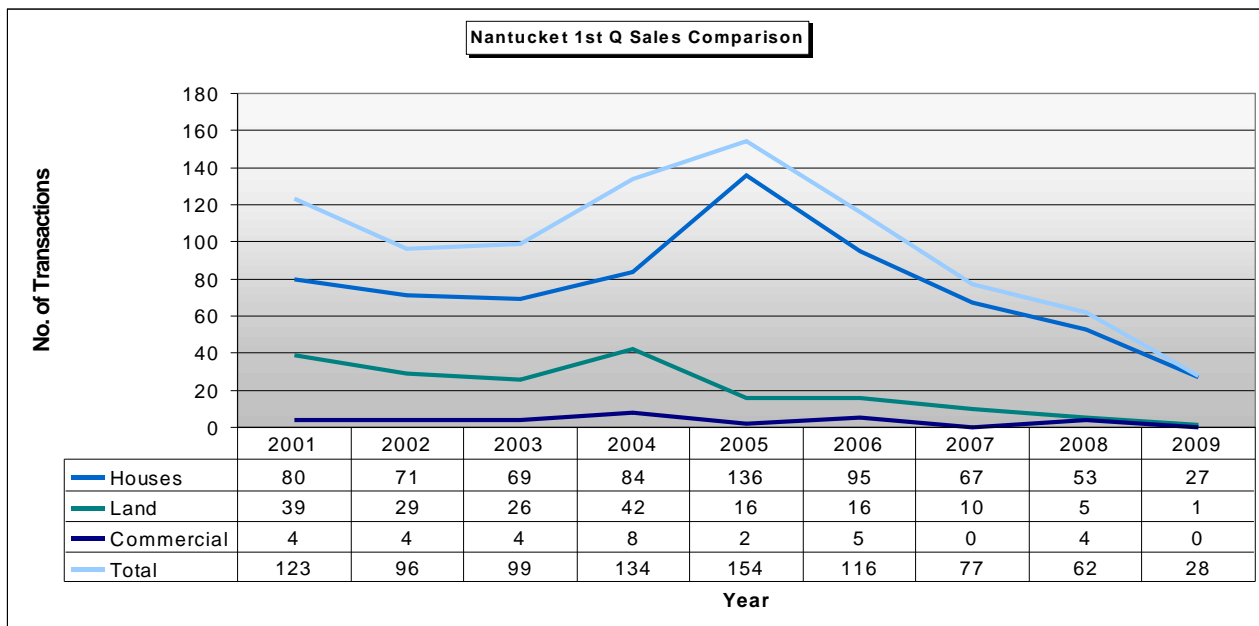
The tax credit is equal to 10 percent of the home's purchase price up to a maximum of \$8,000.

The credit is available for homes purchased on or after January 1, 2009 and before December 1, 2009.

Single taxpayers with incomes up to \$75,000 and married couples with incomes up to \$150,000 qualify for the full tax credit.

For additional information go to [www.federalhousingtaxcredit.com](http://www.federalhousingtaxcredit.com).





**MARY MALAVASE**  
Broker, ABR, RSPS, TRC

Mary joined Atlantic East Real Estate in 2005 after a 30+ year career in the hotel and hospitality industry on Nantucket. Because of her past experience, Mary is able to assist island visitors with their rental choices to insure a memorable Nantucket vacation. She has just completed her course of

study to become an Accredited Buyer Representative (ABR) from the National Association of Realtors. Mary volunteers her time with the Nantucket Garden Club, especially at the annual Daffodil Flower Show. She has been studying for the past three years to become an accredited judge with the American Daffodil Society. Last July Mary became a Trustee of the Nantucket Historical Association. "I believe that I'm privileged to live on Nantucket and with that brings the responsibility of giving time back to the community" she says.

**LOOKING FOR TALENT**

(or volunteers with talent)

**Calling all Athletes!**

Nantucket will be hosting the 29th Annual Iron Man Race on Sunday, June 14th to benefit Big Brothers Big Sisters of Nantucket. To register go to: [www.active.com/reg](http://www.active.com/reg). Also to benefit BBBS is Nantucket's first ever Triathlon on Saturday, July 11th. If you are interested in participating or volunteering please check out the website: [www.acktri.com](http://www.acktri.com).



**Photography Contest**

The Nantucket Garden Club will be presenting the 45th Annual Green Thumb Flower Show in July 2009. The photography contest themes are "Moving Water" & "Farmer's Market". Color or monochrome photos accepted! Please contact Heidi here at the office for more information.

**A T L A N T I C E A S T**

Penny Dey, Broker, GRI, ABRM

Peter DuPont, Sales Associate

Liza Ottani, Sales Associate

Anne Remian, Broker

Erikka Perkins, Office Manager and Sales Associate

Heidi Drew, Broker, ABR, RSPS

Mary Malavase, Broker, ABR, RSPS, TRC

Justin Quinn, Sales Associate

Lisa Sherburne, Broker, ABR, RSPS

*We believe in doing one thing and doing it well.*

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SEE ALL ISLAND LISTINGS WITH ONE CLICK at [AtlanticEastRE.com](http://AtlanticEastRE.com)

