

# Martha's Vineyard 2020 Real Estate Market Review

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**T**he Martha's Vineyard real estate market surged in 2020. The number of transactions grew 34% to 720 total transactions for the year, the most ever recorded. The overall dollar volume gained 46% in 2020 and surpassed the \$1 billion threshold for the first time, coming in at \$1.114 billion. The average sales price rose 9% to \$1.548 million, another record breaking high. In mid-year 2020, transactions and dollar volume were up only by a modest 2% and 4% respectively. Surprisingly, the remarkable growth in 2020 occurred almost entirely in the second half of the year fueled by the shifting lifestyles due to the COVID-19 pandemic and record low interest rates.

In the five years prior to this, from 2015 through 2019, the Island's real estate market had rallied to recover from the recession that hit in 2009 and kept the market unstable for several years. The level of activity in 2015-2018 surpassed the last peak of the market in 2005-2007 in number of transactions and dollar volume. But it wasn't until 2019 that a full recovery in pricing had been achieved. At

the start of 2020, positioned at what seemed to be another peak of the market, there was uncertainty where the market was headed next. The performance of 2020 blew by any imaginable expectations and broke all records for the Island's real estate market.

The uptick in 2020 was experienced in all towns and all price segments with the exception of the high end over \$7 million which saw a slight downturn, from 17 transactions in 2019 to 15 in 2020. However, the mid-range soared in 2020. Most of the growth of 2020 is attributable to the \$1-3 million segment which experienced a 115% increase in the number of transactions from 124 in 2019 to 266 in 2020, accounting for 78% of the increase in transactions for the year. All pricing segments will be discussed in more detail below.

Two notable sales in 2020 were the sale of 304 acres of Red Gate Farm in Aquinnah to the Martha's Vineyard Land Bank and Sheriff's Meadow Foundation, and the sale of the Kelley House in Edgartown. On December 15, 2020, the Land Bank and Sheriff's Meadow Foundation acquired 304 acres of the Kennedy family's Red Gate Farm in Aquinnah for \$27 million. This property is a rare and beautiful refuge of pristine habitat

on the south shore. The transfer protects this land, holding it in conservation in perpetuity and allowing public access to trails, beaches and Squibnocket Pond. It will be known as Squibnocket Pond Reserve. Additionally, the historic Kelley House in Edgartown transferred for \$19.64 million on October 2, 2020. It is one of oldest hotels in the country, operating since the 1740s. This sale included five parcels, several buildings, The Neues restaurant, pool and the Wave bar. The buyer, Blue Flag Partners, will continue to operate it as a hotel.

While the above statistics include all transactions and represent Island-wide performance, individual towns and market segments reveal different dynamics. Martha's Vineyard is an Island with six towns, each with its own character and specific market conditions. Within each town there are different niches as well ... waterfront, water view, high-end, mid-range, entry level and commercial properties. Generalizing trends or making broad statements is challenging because each market segment can be, on its own, very small. However, it is worth diving into the different towns and niches to understand their role in the overall market performance.

## UP-ISLAND Chilmark

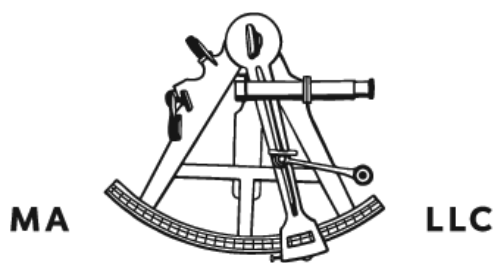
Last year was a solid year for Chilmark despite limited inventory. Chilmark posted a 40% increase in the number of transactions, from 43 in 2019 to 60 in 2020, and dollar volume was up 15% from \$94 million in 2019 to \$107 million in 2020.

Average price in Chilmark dropped 18% to \$1.788 in 2020 (down from \$2.173 in 2019). Since the high-end over \$3 million essentially held steady from 10 sales in 2019 to 9 sales in 2020, the drop in average price was due to the increased number of sales under \$1 million, many of which were vacant buildable parcels. Compared to just four vacant building land sales in Chilmark in 2019, there were 16 land sales in Chilmark in 2020, 13 of which were under \$1 million. Beach lots held steady at 3 sales each year 2019 and 2020.

Chilmark's mid-range from \$1-to-\$3 million posted gains in 2020 with 22 sales in this range, compared to 14 mid-range sales in 2019.

The highest sale in Chilmark for the year was a 3.5-acre property on Chilmark Pond

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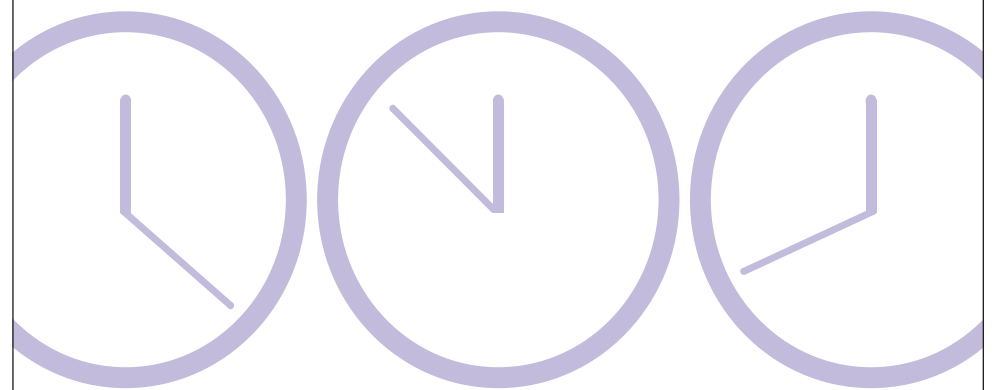
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on the South Shore near Lucy Vincent Beach which sold for \$9.2 million. It consisted of a three-bedroom main house, guesthouse and 1/3 interest in the private beach just to the south of the property.

Although Chilmark performed well in 2020, a lack of inventory held Chilmark back from the surge that was seen Island-wide. Chilmark's peak inventory level in 2020 was 36 properties, compared to 64 properties in 2019 and 59 in 2018.

In 2020, Chilmark sales represented 8% of transactions and 10% of dollar volume Island-wide.

### West Tisbury

West Tisbury posted impressive gains in 2020. Transactions grew 42% in 2020 from 60 in 2019 to 85 in 2020. And dollar volume for the town grew 29% from \$93 million in 2019 to \$120 million in 2020. Average price fell from year to year because of the record-breaking \$32.5 million sale of Katharine Graham's estate in West Tisbury in 2019. Without this specific transaction in the 2019 numbers, the average price in West Tisbury actually jumped up from \$1.026 million in 2019 to \$1.409 million in 2020.

Sales under \$1 million in West Tisbury remained flat, with 43 sales in both 2019 and 2020. But the mid-range \$1-3 million segment in West Tisbury followed the Island-wide trend in 2020 and surged from 13 sales in 2019 to 34 in 2020. Adding to West Tisbury's growth, the high-end \$3-plus million segment doubled from four sales in this category in 2019 to 8 sales in 2020.

In 2020, West Tisbury sales represented 12% of all transactions on the Island and 11% of dollar volume.

### Aquinnah

Last year was a banner year for Aquinnah. Transactions climbed 108% from 12 in 2019 to 25 in 2020, dollar volume soared 253% to \$59 million (from \$17 million in 2019) and average price rose 69% to \$2.369 million (from \$1.398 million in 2019). The aforementioned sale of Red Gate Farm in Aquinnah for \$27 million greatly affects these statistics but even without this sale, transactions in Aquinnah doubled to 24 in 2020 and dollar volume grew 92% (from \$17 million in 2019 to \$59 million in 2020). However, without the Red Gate Farm sale included in the numbers, average price in Aquinnah dropped a slight 4% from \$1.398 million in 2019 to \$1.342 million in 2020.

It was a record-breaking year for Aquinnah. The sale of 304 acres of Red Gate Farm for \$27 million is the highest sale ever recorded in Aquinnah. Additionally, the second highest residential sale ever in Aquinnah closed on October 30 for \$5.8 million. This was a 2.6-acre property with a new, 5000-square-foot, 5-bedroom residence and pool, overlooking Menemsha Pond with path to pond, and with panoramic water views which extended from the North Shore and Menemsha, over the pond to Quitsa and the South Shore and Atlantic.

This smallest market on the Island represented 3% of total Island-wide transactions and 5% of total Island-wide dollar volume, up from 2% in 2019.

### DOWN-ISLAND Edgartown

After a slowdown in 2019, Edgartown rallied in 2020 with a 53% increase in number of transactions (from 168 in 2019 to 257 in 2020) and a 52% increase in dollar volume (from \$348 million in 2019 to \$529 million in 2020). Average price held steady at \$2.059 million in 2020 versus \$2.071 million in 2019. Of the 7 sales over \$10 million on the Island in 2020, 5 of them were in Edgartown.

Looking at specific segments in Edgartown, sales under \$1 million slowed a bit from 87 in '19 to 78 in '20. The mid-range segment of \$1-3 million grew 120% in 2020 (from 49 sales in 2019 to 108 in 2020). The high-end in Edgartown, over \$3 million, grew from 31 sales in 2019 to 38 in 2020. However, as prices

climbed, sales slowed a bit. Edgartown had 11 sales over \$7 million in 2020 compared to 12 in 2019, and five sales over \$10 million in 2020 compared to eight sales in 2019.

Looking at the five sales over \$10 million in 2020 in Edgartown, they include the historic Kelley House Inn mentioned previously which sold for \$19.64 million, a 6-acre estate with pool on Edgartown Great Pond in Herring Creek Farm for \$13 million, a 4-acre vacant parcel with dock on Katama Bay for \$11.25 million, a compound with dock on Edgartown Harbor for \$15.4 million and an historic waterfront home on Starbuck Neck for \$12.9 million.

Edgartown sales represented 36% of transactions and 48% of total dollar volume Island-wide in 2020.

### Oak Bluffs

Oak Bluffs also had a strong 2020 with an increase of 10% in the number of transactions, from 139 in 2019 to 153 in 2020. Dollar volume in the Oak Bluffs market grew 23% from \$112 million in 2019 to \$138 million in 2020, and average price increased 12% from \$806 thousand in 2019 to \$900

**Looking ahead to 2021, it is a great time for sellers to make a move. The market activity in 2020 is spilling over into this new year and inventory is low. For buyers, with inventory at an historic low, the real estate market on the Island continues to be extremely competitive.**

thousand in 2020. The segment which most significantly affected the positive growth in 2020, like in other towns, was the mid-range market from \$1-to-3 million. Oak Bluffs had a 78% increase in this segment in 2020 from 23 sales in 2019 to 41 in 2020.

Oak Bluffs' transactions represented 21% of transactions on the Island in 2020 and 12% of dollar volume.

### Tisbury (Vineyard Haven)

Tisbury posted solid gains in 2020 with a 22% increase in the number of transactions from 115 in 2019 to 140 in 2020, a 61% increase in dollar volume from \$100 million in 2019 to \$161 million in 2020, and a 32% increase in average price from \$847 thousand in 2019 to \$1.153 million in 2020.

Considering specific market segments in Tisbury, the entry-level segment under \$1 million held steady at exactly 93 sales in both 2019 and 2020. The growth again came from the mid-range of \$1-3 million which more than doubled from 18 sales in 2019 to 41 sales in 2020. The high-end had a bump in 2020 as well with 6 sales over \$3 million (versus four sales in this category in 2019 and just one in 2018). One of the seven \$10 million-plus sales on the Island occurred in Tisbury. On 11/20/20 a newly renovated, waterfront, 5,000-square-foot home with dock in West Chop sold for \$12.865 million.

Tisbury represented 19% of transactions and 14% of dollar volume Island-wide.

### ENTRY LEVEL SALES

The entry level segment of the market, all sales under \$1 million, continues to decline. Although the total number of sales under \$1 million grew from 362 transactions in 2019 to 386 in 2020, this segment decreased from a market share of 67% of all transactions in 2019 to 54% in 2020. In terms of dollar volume, this segment fell from 29% of the total market dollar volume in 2019 to 22% in 2020. The median price continues to rise, from \$799,000 in 2019 to \$925,000 in 2020.

For buyers in this segment, including local families, it continues to be more difficult to enter the Island real estate market.

For local families and workers, there is a serious housing crisis, which ultimately affects the entire experience for everyone on the island in terms of the overall culture as well as available services and amenities. Local governments and organizations continue to chip away at this monumental issue with zoning by-law changes, rent subsidies and building new affordable housing. The Island Housing Trust reports that in 2020, they completed 7 new rental apartments (8 bedrooms total), 5 single room occupancy units, and 10 ownership units (21 bedrooms). They also secured more land for new affordable homes and began construction on 22 new apartments (43 bedrooms). Demand for affordable housing continues to far exceed supply.

### HIGH END SALES

Last year was a strong year for the high-end segment of the market over \$3 million, although the number of transactions over \$7 million and over \$10 million dropped slightly. In 2020, there were a record-breaking 68

transactions over \$3 million, up from 51 in 2019. However, sales over \$7 million slowed from 17 transactions in 2019 to 15 in 2020. It is worth noting that 2019 was a record breaking year for sales over \$7 million so the performance of 2020 was actually very impressive and the second strongest year ever for this segment of the market. Sales over \$10 million were down as well, from 11 transactions in 2019 (a record breaking year) to 7 (a tie with 2015 for the second highest number to date.) The \$3-plus million segment of the market represented 37% of total Island-wide dollar volume in 2020, down from 45% of dollar volume in 2019, this due to the strong mid-range market in 2020.

### LAND SALES

Sales of vacant buildable parcels in 2020 accounted for \$108 million in total dollar volume, which was a sharp increase of 121% from \$49 million in dollar volume in 2019. The number of transactions rose significantly as well, with a 34% increase from 70 sales in 2019 to 94 sales in 2020. This is the first year of growth in land sales in over five years. These transactions represented 13% of all transactions on the Island in 2020, up from 6% of transactions in 2019.

Looking at high-end land sales, there were three transactions over \$4 million in 2020 (versus just one in 2019). These three sales in 2020 included a 4.5-acre ocean view parcel in the Stonewall area of Chilmark for \$4.2 million, a 4.1-acre parcel on Katama Bay with dock for \$11.25 million, and the 304 acres of Red Gate Farm in Aquinnah for \$27 million.

Beach lots represent a separate segment of land sales. These are unbuildable properties which convey ownership in private beaches on the island. This segment remained slow and flat, with 4 transactions in each year, 2019 and 2020. In 2020, three sales were in Chilmark and one in Aquinnah. It is impossible to hypothesize about this market segment because inventory drives it and the availability of these properties is erratic and unpredictable.

### COMMERCIAL SALES

The sale of commercial properties jumped to 22 transactions in 2020, up from 13 in 2019, but still below 2018 which saw 24 transactions. Of the 22 commercial transactions in 2020, 10 were in Edgartown, 8 were in Tisbury, 3 in Oak Bluffs and 1 in West Tisbury. The highest priced commercial transaction was the sale of the Kelley House Inn for \$19.64 million and which was discussed previously in this report.

### CONCLUSION

Last year was one nobody will soon forget. All the layers of hardship from the pandemic, combined with political unrest in the United States, made for an incredibly challenging year for all. Those of us who live on the Island full or part-time felt lucky to sequester in our Island refuge and were able to find some peace in the chaos of the year. This was part of the reason so many buyers decided to jump into the market in 2020, to escape to a tranquil environment. But there were other reasons too. Many fled urban and suburban environments for the space and safety of a rural setting. Others discovered that they could work remotely from anywhere so decided that they would make Martha's Vineyard a more permanent part of their lives. There was also a narrative of buyers finally making their dream of having a home on the Island come true now because the pandemic was a wake-up call that life is short and you never know what might happen next. All of this energy and activity resulted in a soaring real estate market on the Vineyard in 2020, as well as other rural vacation destinations around the country.

Low mortgage rates helped make these transactions possible. Nationally, the real estate market boomed. "Existing home sales in 2020 rose to the highest level in 14 years as prices climbed to a record high." (CNN Business, Anna Bahney, January 22). "The housing market has been on fire this year with record-low mortgage rates and a sudden wave of relocations made possible by remote work." (Forbes, Brenda Richardson Dec. 2020). Kathy Orton of the Washington Post observed that, "A bright spot in an otherwise dreary 2020 was the residential real estate market. After briefly retrenching at the beginning of the pandemic, home sales soared. A lack of homes on the market and low mortgage rates caused prices to skyrocket." (January 11)

Unfortunately, the housing crisis for year-round residents on Martha's Vineyard was reflected in the national real estate market as well. "The frustration is coming from first-time buyers," said Lawrence Yun, National Association of Realtors chief economist. "That's because there are fewer homes to buy than ever before and more competition for the homes that are for sale." (Anna Bahney, CNN Business, January 22). Locally and nationally, this will be an ongoing issue. While the booming market has created wealth and opportunity for some it has also created hardship for others.

Looking ahead to 2021, it is a great time for sellers to make a move. The market activity in 2020 is spilling over into this new year and inventory is low. For buyers, with inventory at an historic low, the real estate market on the Island continues to be extremely competitive. It is important for buyers to consult with their agent to better understand the market and know specifically what they are looking for so that they can move quickly when the right property emerges.

It is also important to consider the national health and economic crisis that is occurring. How long these market conditions last on the Island is unpredictable in such daunting times. We expect 2021 to be a strong year but it depends on myriad factors on the Island, like inventory replenishing and COVID-19 restrictions continuing to ease and, beyond our shores, like the national economic situation improving. Above all else, we hope that the pandemic is brought under control throughout the world and that 2021 brings health to our country, our Island and all of our, and our clients', families and friends. ■■■