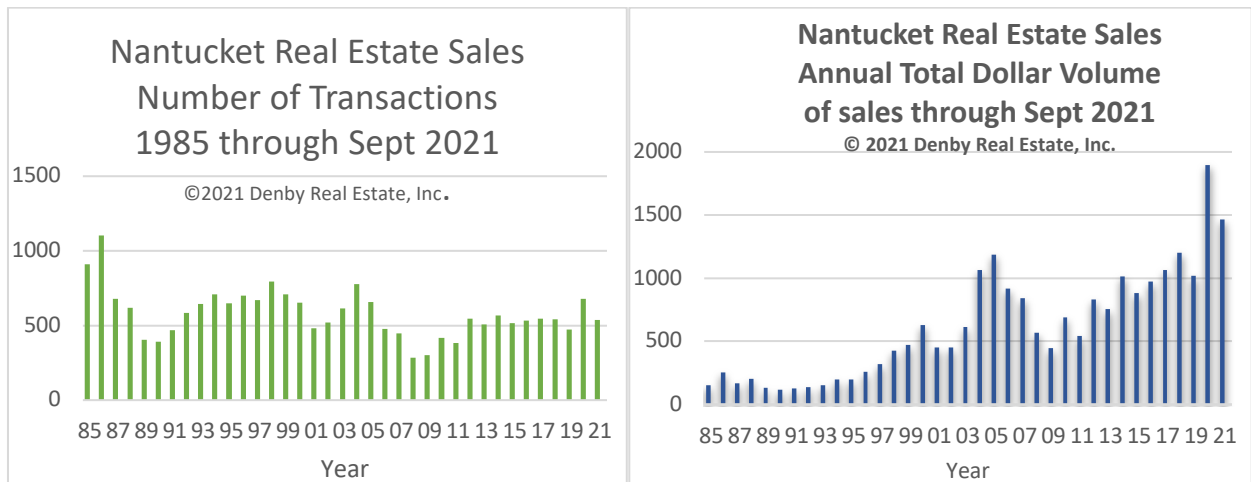


ABOUT NANTUCKET - Third Quarter 2021

Nantucket is a town, a county, and an island destination resort located 26 miles south of Cape Cod, 91 air miles south of Boston, and 207 air miles east of New York City, in the Commonwealth of Massachusetts off the east coast of the United States. Some 14 miles long and 3 1/2 miles wide, the island has a perimeter of 55 miles of sandy beaches facing the Atlantic Ocean on the south and east and Nantucket Sound on the north and west. Though losing about six acres per year from shoreline erosion, particularly along the southwesterly and easterly shorelines, the island's total area is just under 50 square miles, or roughly 30,000 acres. It has been predicted that a warming atmosphere and rising ocean levels, combining to accelerate erosion and increase ocean storm ferocity, may cause the island to disappear, or become inhabitable, in less than 300 years.

During the "palmy days" from 1750 to 1850, Nantucket was the whaling capital of the world, with her locally-built sturdy whale ships and crews representing the first Americans traveling far into the Pacific Ocean in search of spermaceti. With their successful voyages, the island became the second richest community in New England. But after the discovery of petroleum in Pennsylvania, Nantucket's Great Fire of 1846, the development of rail transportation to New Bedford, and the 1849 gold rush, Nantucket's whale fishery declined rapidly. The islanders gradually encouraged the summer visitor and tourist trade, and along with construction of new homes, this is the leading industry today.

A real estate boom began in the mid-1960s and continued through 1989 before correcting severely during the savings and loan crisis, with the average home value dropping about 35% and the average vacant lot declining 50% over four years. The bottom was reached in 1992-93 and the market improved until 2000, a year that finished as the most successful in Nantucket's history, followed by 2003 and then came the blockbuster year of 2004, which broke through a billion dollars for the first time. In 2005 the billion dollar figure was again exceeded, though some \$137 million represented commercial properties. 2006 represented a slower market with the general downturn in the mainland housing market, and the slower trend continued through 2008, with the national mortgage crisis and resulting global financial woes having a direct effect on Nantucket in 2009 through 2011. 2012 showed some renewed market energy, while 2013 showed some moderation. 2014 rebounded again, with 2015 fizzling somewhat, and 2016 showing a modest market rebound once again. 2017 finished up about 5% overall from 2016's numbers, lifted by both upper and lower end sales. 2018 started as the strongest real estate year in Nantucket history, and ended that way. 2019 ended down somewhat from 2018's lofty numbers. 2020 began quite strong until encountering the effects of COVID-19, the full effects of which still remain to be seen. Despite COVID-19 curtailing a strong start, however despite COVID-19, 2020 ballooned in record fashion during the third and fourth quarter. 2021 seems to be continuing 2020's momentum.

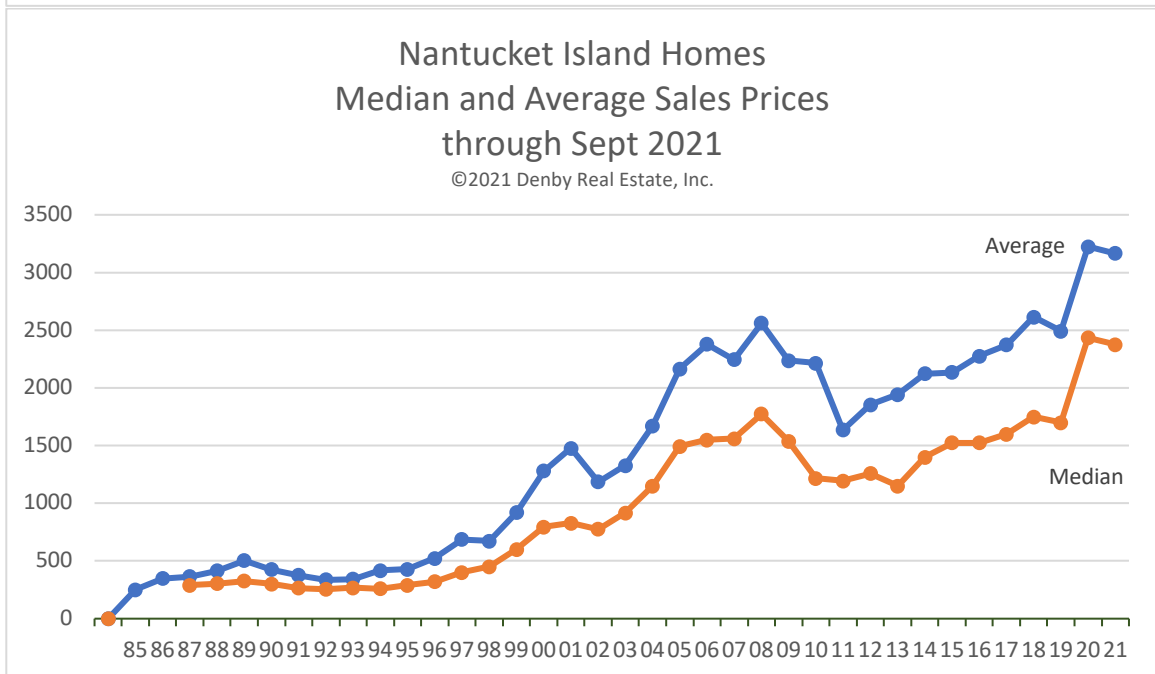
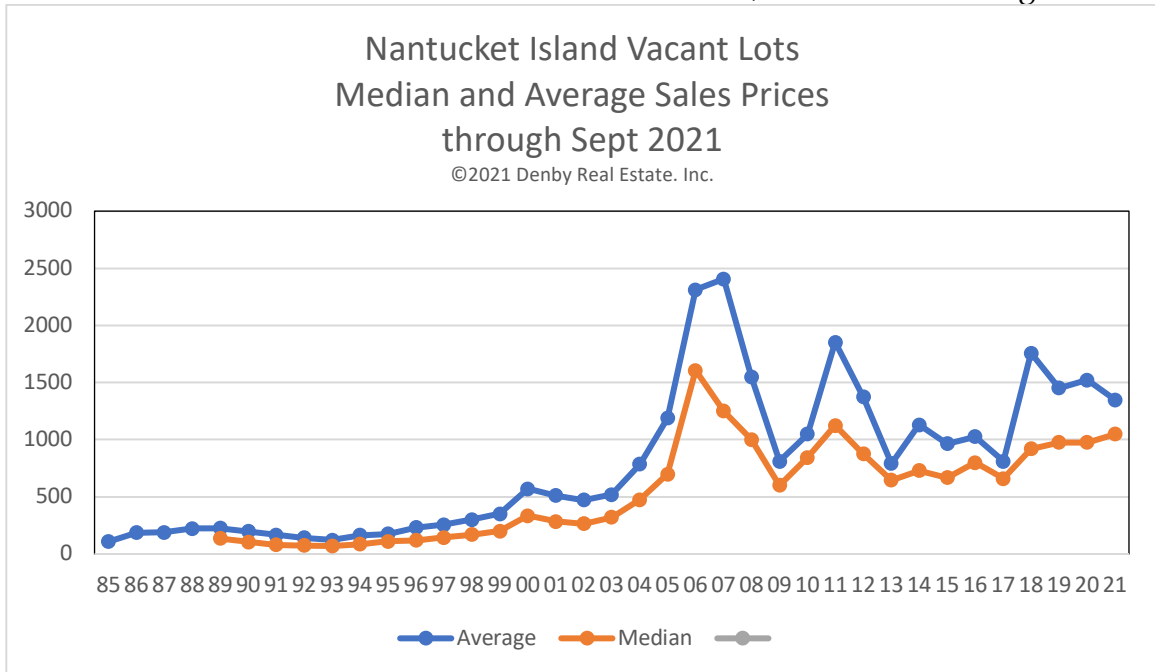


New construction had averaged over 200 houses per year providing a high level of income and steady year-round employment in the construction trades. In 2005 there were 212 permits issued, including 19 for the Sherburne Commons assisted-living project. In 2006 the annual rate was slower than in recent years, at 156. 127 permits were issued in 2007, the lowest construction rate since 1991. The slowdown continued in 2008, with an annual rate of 64, a decline of about 50% in new home construction from 2007, which in turn had already declined about 20% from 2006. The number of single-family permits issued in 2008 is the lowest figure since records have been kept dating back to 1972, when building permits were first required. 2009 supplanted 2008 for the lowest annual building permit number, the annualized rate was 44 permits, continuing the drastically slowing building trend. 2010 ended on a similarly slow note, with an annual permit rate of 53, just above the 2009 total. In 2011, there were 54 single-family permits issued, approximately on par with 2010, and continuing a dramatically slow period for new construction. 2012 ended slightly ahead of 2011, with 58 new single-family permits being issued, perhaps a sign of renewed confidence in the market. In 2013, 108 single-family building permits were issued, a rate nearly double that of recent years. 140 single-family permits were issued in 2014, an increase of 30% over 2013's numbers. 141 single-family permits were issued in 2015. In 2016, 150 single-family permits were issued. 170 single-family permits were issued in 2017. In 2018, an estimated 195 single-family permits were issued, and 2019 ended with an estimated 175. COVID-19 ravaged the construction industry in March and April of 2020, although building rebounded somewhat in the second half of 2020 and continues through three quarters of 2021.

Property taxes in Nantucket County continue to be the third lowest in Massachusetts. The assessed valuation for the entire island as of January 1, 1994, was \$3.036 billion, rising to the figure, as of January 1, 2006, of \$20.4 billion and then to \$27 billion in fiscal year 2019. The mil rate for residential property was \$3.39 for 2017, \$3.53 for 2018, \$3.36 for 2019, \$3.45 for 2020, and \$3.63 for 2021.

As shown in the chart below, the average price for a buildable lot peaked at \$226,000 in 1989, then declined to \$123,000 as of the end of 1993, down 50% in four years, with a monthly low that year of \$109,000. In 2008 the market for vacant lots slowed drastically, with the average lot sale declining by 36% compared to 2007. 2009 continued this downward trend. In addition, due to relatively few vacant lot sales in 2011, but several

being over \$3 million, including a \$12 million and an \$8 million sale, the average lot sale in 2011 was skewed to near \$2 million. 2012 ended on a positive note, while 2013 ended on a much more moderate note. 2014 ended much stronger than 2013 and 2015 settled on a more modest, and overall comparatively negative, note. 2016 continued this trend, coming back up somewhat. 2017 ended with a slight upset of this trend and 2018 has shattered records. 2019 continued at more modest levels, with 2020 showing increases.



The average dwelling sale price rose steeply after 1980, peaked in 1989 at \$504,000, then declined about 35% into 1993. In 2006 the average home sold at \$2,378,000 with a median of \$1,550,000. Homes over \$1 million constituted nearly three-quarters of the entire

residential market through the height of the “boom years”. Typically, less than 1 - 2% of the home market is in the \$225,000 to \$500,000 “affordable” range. In 2002 home prices declined, but have been rising since July of 2003 and finished at a record average sale price of \$2,438,000 in 2006. A slow down in 2007 had resulted in a decline in the rate of average home price increases for the first time since 2002. In 2008, the number of transactions was off 36% from 2007, and the dollar total was off 32%, but the average home sale of all homes sold still peaked at \$2,561,000. The average and median home sale prices displayed a sharp downturn in 2009, seem to have formed a “bottom” through 2010 and 2011 and are showing some renewed, but inconsistent, strength through the current time. The average home sale in 2018 was \$2,615,000 (up 10% from 2017) and the median home sale is \$1,750,000 (up 9% from 2017). 2019 fell below 2018’s record numbers with the average home sale at \$2.48 million (down 5% from 2018) and the median home sale at \$1,670,000 (down 5% from 2018). In 2020, the average home sale was \$3,225,000 (up 29% from 2019), while the median home sale was \$2,434,000 (up 43% from 2019). Through three quarters of 2021, the average home sale was \$3,167,000 (down 2% from 2020), while the median home sale was \$2,500,000 (up 3% from 2020).

Between 1988 and 1990 volume also declined, a factor stemming from the 1987 stock market crash, higher interest rates, the 1986 "Tax Reform Act" that had a disastrous effect on real estate values, and a general recession in the northeastern United States. Although foreclosures represented 7% of the market for 1992 and 2% in 1993, that is below the 11% seen in 1990 and 1991. Since 1994 the rate has been less than 1%. In 2008 we knew of perhaps less than 5 actual foreclosures, an increase over 2007, but still representing much less than 1% of the market. In 2009, there had been an estimated 25 – 30 foreclosures, representing approximately 6% of the market. Foreclosures remained steady throughout 2010, with an estimated 35 – 40 foreclosures representing approximately 7% of the market. 2011 saw an estimated 23 foreclosures, representing about 2% of the market based on dollar volume. In 2012 there were 35 foreclosures, representing approximately 3% of the market by dollar volume. By the end of 2016, foreclosures were representing approximately 0.1% of the market by dollar volume. Six foreclosures in 2017 represented about 1% of the market by dollar volume. There were 5 foreclosures through the end of 2018, representing 1% of the market by dollar volume. Throughout 2019, there were 5 foreclosures, representing 0% of the market by dollar volume. Through December 2020, there were 2 foreclosures. 2021 has not seen any foreclosures through September.

The volume of property sales has been generally strong since the early 1990’s:

Year	Lots sold	Homes sold	Commercial sales
1993	235	319	7
1994	293	315	19
1995	236	325	9
1996	288	325	19
1997	232	349	15
1998	269	418	32
1999	201	388	32
2000	185	389	15
2001	137	240	14
2002	125	302	11
2003	148	361	16

2004	176	468	41
2005	117	398	22
2006	59	284	9
2007	46	300	6
2008	32	174	14
2009	35	164	5
2010	42	253	12
2011	43	260	9
2012	83	339	23
2013	89	312	17
2014	89	380	20
2015	98	331	22
2016	74	363	12
2017	73	379	14
2018	94	359	14
2019	67	320	19
2020	88	516	17
2021	104	351	31

In 2017, the average sale took place at 90% of its asking price, with average time on the market hovering at 8 months. Through the end of 2018, the average sale took place at 90% of the asking price, with an average time on the market of 9 months. Through the end of 2019, the average sale taking place at 89% of the asking price and an average time on the market of 10 months. At the end of December 2020, the average time on the market was 9 months, with homes selling at 93% of asking price, on average. In the first three quarters of 2021, the average time on the market is holding at 7 months, with homes selling at 93% of asking price, on average.

Contributing to values on the island is a strong interest in and community support for conservation of the remaining open lands. Since the early 1960s, groups such as the non-profit 1,800 member Nantucket Conservation Foundation (NCF), the Trustees of Reservations, and the Massachusetts Audubon Society, have collectively purchased or been gifted nearly 40% of the island. NCF owns some 8,450 acres (28% of the Island), the Trustees some 921 acres, and Audubon about 874 acres. In addition, the Nantucket Islands Land Bank was created by the state legislature in 1983 for the purpose of taxing each Nantucket County real estate transfer and using the funds to purchase land in the public interest. It is operated by a five-member publicly-elected commission. Commission records, which must be completed by buyers and sellers under penalty of perjury and a 2% tax paid prior to transferring title in the Registry, provide an accurate record of real estate transfers. A transfer cannot be recorded in the Registry of Deeds without prior Land Bank approval. According to IRS, the Land Bank tax represents, not a deductible sales tax but an increase in the cost of purchase. The Land Bank has acquired some 2,200 acres of land (6% of the Island), at a cost far exceeding \$100 million. About \$20 million was collected through this fee in each of 2004 and 2005 and about \$15 million in 2013 and roughly \$20 million in 2014 and nearly that figure again in 2016 and again in 2017, 2018 and 2019.

Nantucket is a desirable destination resort, with unique historic ubiquity, contributing to Nantucket's upscale market appeal.