

BANKER & TRADESMAN

THE FINANCIAL SERVICES AND REAL ESTATE WEEKLY FOR MASSACHUSETTS

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HOUSING MATTERS

New Mortgage Rules Depressing Approval Rates

Bankers Say QM, ATR Problematic For Self-Employed

BY LAURA ALIX
BANKER & TRADESMAN STAFF WRITER

New rules aimed at forestalling another foreclosure crisis are already depressing approval rates for mortgage applications that may have been feasible last year, bankers say, but while the first foreclosure on a non-qualified mortgage could eventually provide clarity for timid lenders, nobody is chomping at the bit to go first.

According to the Federal Reserve's most recent senior loan officer survey, the qualified mortgage (QM) and ability-to-repay (ATR) rules are depressing approval rates not just for jumbo or non-traditional mortgages, but for prime, conforming loans, too. Only large banks, which the Fed defined as those with \$20 billion or more in assets, responded for the most part that the rules had not affected their approval rates.

No Room For Judgment

"What we've heard, anecdotally from our members, mirrors the Fed survey

Continued on Page 11

URBAN SPOKES

New Real Estate Cycle

Landlords Peddle Proximity To Bike-Share Kiosks

BY STEVE ADAMS
BANKER & TRADESMAN STAFF WRITER

Just as the Big Dig opened up new areas of downtown Boston to development and the Silver Line improved access to the eastern end of the Seaport District, Boston's Hubway bike-share program is the latest example of how public infrastructure can influence commercial real estate values.

Office landlords now tout the proximity of Hubway stations in the same breath as open floor plans, roof decks and yoga studios.

"If it's not brought up by the tenant, we usually highlight it," said Ben Sutton, a senior associate at NAI Hunneman. "It's important for these companies coming down here. As parking spaces become less important, it's the Hubway stations that really fill the gap. To have one within a block is very important."

Continued on Page 9

COMMERCIAL INTERESTS

A Tale Of Two Islands

Nantucket Home Prices Surging Past Martha's Vineyard

BY SCOTT VAN VOORHIS
BANKER & TRADESMAN COLUMNIST

While they are both resort islands off the coast of Massachusetts, Nantucket and Martha's Vineyard are often defined by their differences, with the island favored by Wall Street tycoons looking askance at the artsy Vineyard.

Now those differences appear to be extending to real estate as well, with Nantucket hot right now and Martha's Vineyard not.

While Nantucket real estate is rolling again, home prices on the neighboring Vineyard are in a slump matched only by the waning popularity of President Barack Obama, who is currently on the island for his annual two weeks of fun, sun and golf.

The median home price on Nantucket, the buttoned-down vacation spot for Wall Street and much of the nation's corporate elite, is back up over \$1 million, reports The Warren Group, publisher of Banker & Tradesman.

But home prices on some of the elite resort towns on Martha's Vineyard, long a magnet for a colorful cast of celebrities, writers and artists, are suffering from double-digit declines.

It's a reversal of fortune for the two islands. The Vineyard was the place to be

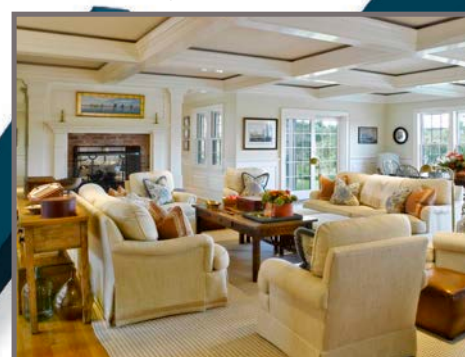
Continued on Page 3



104 Main St., currently listed for \$6.325 million.



59 Fair St., currently listed for \$1.995 million



3 Capaum Pond Road, listed for \$6.75 million.

Photos courtesy of Windwalker Real Estate

There is now a backlog of 500 homes on the Vineyard, significant on an island that records roughly 400 sales a year.

Single-Family Sales, Year To Date

	2013 Median Price	2014 Median Price	2013 Number Of Sales	2014 Number Of Sales
Nantucket	\$885,000	\$1,100,000	61	78
Chilmark	\$1,600,000	\$1,250,000	7	7
Edgartown	\$800,000	\$619,250	39	35
Tisbury	\$439,500	\$525,000	20	25
West Tisbury	\$567,000	\$499,000	15	9
Dukes County	\$550,000	\$527,500	113	118

Source: The Warren Group

CONTENTS

Points..... 4	In Person..... 8	FAST50 13
By The Numbers..... 6	Commercial & Industrial..... 9	Classified Sections..... 18
Residential..... 7	Banking & Lending..... 11	Records Section..... B1

Nantucket's Fortunes Rising, But Affordability Remains An Issue

Continued from Page 1

during the early days of Obama's presidency, while Nantucket prices fell along with the fortunes of the corporate barons who own so much of the island in the wake of the Great Recession. Now it's Nantucket's turn to gloat and the Vineyard's turn to grumble.

The yearly pilgrimage by the Obamas helps keep the Vineyard in the headlines, and that can only help draw attention to the island haven and its real estate, said Doug Reece, broker/owner of RE/MAX on the Island. Still, hosting the commander in chief has its downside, he noted.

"It's a mixed bag," Reece said. "A lot of people have accepted the fact that Obama is here and the traffic will be a little more difficult. I haven't heard anyone say they were attracted to the Vineyard because of Obama is coming, but definitely the notoriety helps bring buyers here."

Sizzling Nantucket

Fueling the resurgence in the Nantucket sales market has been a flurry of high-end renovation work that has pushed a number of homes into a higher price range, said Jennifer Shalley, broker and director of research at Windwalker Real Estate.

There's also been an increase in the number of new luxury homes built on spec, she observed.

For example, Shalley noted a developer who bought a historic house near downtown and completely renovated it, inside and out, including a "spectacular outdoor living space" with a Jacuzzi and a terraced, beautifully landscaped yard – just one example of the wave of super upscale construction sweeping the island.

Homes in the \$4 million to \$6 million range are getting snapped up quickly, while those higher-end sales were slower last year. The majority of homes being sold this summer on the island are over \$1 million, she said.

"There are quite a few spectacular homes competing (in that price range) and they are trading very quickly," Shalley said.

Nantucket's median home price has

jumped more than 24 percent through the first six months of the year, The Warren Group's stats show, and the number of listings is down by 18 percent from last year, helping spark bidding wars, Shalley said.

A Chilly Vineyard

By contrast, there has been a flood of homes hitting the market on the Vineyard as some families opt to sell their second homes, Reece said.

Much of what is coming on the market is below the million-dollar mark, he said. There is now a backlog of 500 homes, significant on an island that records roughly 400 sales a year.

"It's definitely coming on faster than it can be absorbed," he said.

Those trends are reflected in the numbers, with the median home price in Edgartown plunging 22 percent over the first six months of the year to \$619,250, while West Tisbury prices fell 12 percent. Tisbury bucked the trend with a 19 percent jump, but overall, prices on the island are down 4 percent so far this year.

Affordable Housing Woes

Nantucket's resurgence is not an unalloyed success story. Rising home prices are increasing pressure on the island's modestly paid workforce, everyone from teachers to hotel workers, said Anne Kuszpa, executive director of Housing Nantucket.

The affordable housing group has developed 30 rentals across the island over the past two decades, often salvaging everything from Capes to Victorians that were slated for demolition to make way grand new vacation homes.

But Nantucket is nowhere near meeting the goal, laid out in 2009 in a town planning document, of 200 affordable units for year-round workers.

Rising values mean owners are tempted to pull vacation homes off the market and put them up for sale, further limiting the amount of housing available for island workers.

"They are getting squeezed off and I don't know what is going to happen," Kuszpa said. "Frankly, this is the worst we have seen since '07." ■

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3 Capaum Pond Road on Nantucket is currently under agreement, with a listing price of \$6.75 million.



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