

Market Insight

On the Eastern End of Long Island **CURRENT MARKET CONDITIONS** of real estate is akin to a State of the Union Address.

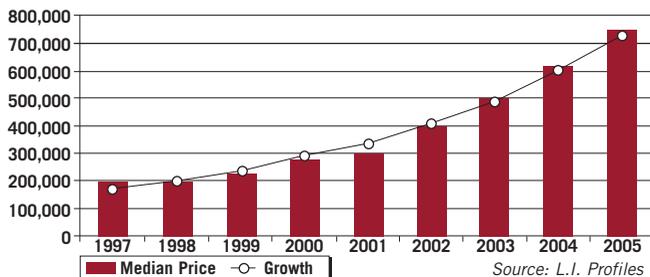
At any restaurant, any club house, on the beaches and boats or at the parties, the favorite topic of discussion is Real Estate. People want to know "what's going on out here".

Today's market is transcending. This transition began late summer/early fall last year. The shift is from a seller's market to a balanced market and in certain locations and prices entering a buyers market. Keep in mind though there are exceptions... Economics 101 teaches us the price of anything is dictated by the scales of supply and demand. Having said that, Real Estate such as waterfront, core commercial, land and premier estate sections are so rare that even when faced with curtailed demand, history shows us the prices remain strong.

So why does it "feel" like the market is "soft". P.O.R. as I call it, or simply Point of Reference. We have been coming off some of the greatest years in the history of East End Real Estate like 1999 and 2000 when over 3,300 homes in Southampton Township and nearly 1,700 homes in East Hampton Township were sold. On the North Fork, the median price rose 35% from 2001 to 2002. These tallies were never seen before. In fact we have ridden on an appreciating wave since 1991. That's a 15 year climb.

In 2005 the number of sales in Southampton and East Hampton Townships **declined** 30% and 36% respectively from the white hot years of the peak activity, 1999 and 2000, yet the median price year after year rose.

Southampton Township Median Prices



This is a unique phenomenon, to have the number of sales decline while the median price continues to rise. Why has that happened? Demand may have cooled but it has not stopped and inventory remains digestible.

What does this actually mean? In short, on the East End of Long Island, for the most part, people just don't need to sell. They'll hold out for their price. Though there are exceptions, our sellers are proving they have staying power.

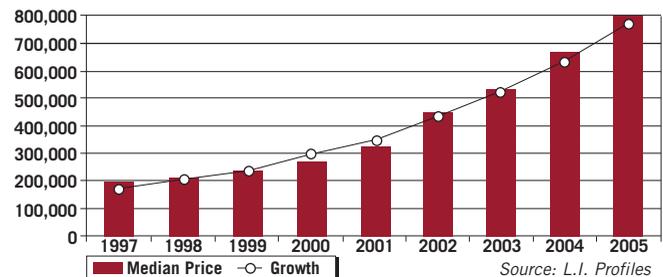
It's indisputable though that there's more inventory available and homes remain on the market for a longer period of time, thus the Everest like appreciation has stopped. Ebb and flow - it's as natural as the seasons, the question is how long and severe.

So what's a seller to do: That depends on your personal financial situation. If you 'require' a sale within a certain period of time then hire a knowledgeable professional Real Estate agent to sell your home and have them educate you as to your competition. Knowing

what's available, that you are being shown against, enables you to be objective as to pricing. Furthermore, have your agent provide you with comparable sold properties, preferably those which have traded within the last 6 months. Once all the above information is acquired remember one last detail, it is very difficult to judge your own property objectively since you're the one who planted the flowers, decorated and designed. Try to see your property as a buyer does. Houses are selling, fewer, but there are sales in every category. Listing price dictates time on the market. Let your agent strategize a marketing plan for your particular property. This is also an ideal time to spruce up your home, everything from a simple paint job to a complete kitchen make over. Buyers love new...it's like a clean canvas they can see it the way they wish to. Let your real estate agent walk through the house with you and make a list of his/her recommendations. Simple things such as repairing window seals, painting outdoor trim, replacing dead plants, and removing clutter can make a world of difference. Make your home always welcoming and easy to show. Do what you can to set your home a head above the rest.

So what's a buyer to do? First and foremost recognize there is no "bubble bursting" out East. Due to our unique circumstances prices dropping radically are highly unlikely. The buyers of homes on the East end over the past several years have not maximally leveraged their purchases nor have they bought with the intent to flip. Most purchased for retirement or as family gathering places and wish to beautify their investments. Thus "forced sales" are simply not likely. Having said that, you can expect that prices have stopped accelerating exponentially as of almost a year now. That should make it easier to not feel pressured to jump into ANYTHING before

East Hampton Township Median Prices



the price goes up. There's stabilization in the market. Hence forth a balanced market but you wouldn't want to loose your top choice so don't wait too long.

Additionally, Real Estate is not a commodity, no pork bellies here. We sell investments you live in, that you enjoy and improve over the years. A place to house memories. We've all enjoyed the appreciation in our real estate, which has improved our personal wealth but your home is a simple necessity of life.

Weather you are planning for future retirement or wish to plant roots, what are you waiting for? Jump in!

I can honestly say, in 25 years I've never had a buyer come back to me years later unhappy that they bought - anything.

Think about if you had waited the last time the market hiccupped - missed opportunities. Don't miss out. After all, this is one of the most beautiful places on earth.

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