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Hamptons Home Sales Surge as Wall Street Fuels Price Gain

By John Gittelsohn | April 24, 2014



A Corcoran Group Inc. for sale sign hangs in the yard of a home in East Hampton, New York, U.S. Photographer: Paul Taggart/Bloomberg

Home sales in New York's Hamptons, the beach retreat for financiers and celebrities, surged in the first quarter as stock-market gains and fatter Wall Street bonuses fueled demand for luxury properties.

Sales soared 52 percent from a year earlier to 528 transactions, according to a report today by appraiser Miller Samuel Inc. and brokerage Douglas Elliman Real Estate. The median price rose 19 percent to \$880,000. Thirty-seven homes sold for \$5 million or more, up from eight at the start of 2013.

Real estate in the Hamptons, an area of more than a dozen towns and villages about 100 miles (160 kilometers) east of New York City, is benefiting from rising second-home demand and increased wealth in Manhattan. Wall Street's bonus pool rose 15 percent to \$26.7 billion in 2013, the most since the 2008 financial crisis, according to New York's state comptroller. The Standard & Poor's 500 Index (SPX) climbed 30 percent last year for the biggest gain since 1997.

The Hamptons "moves in lockstep with Manhattan," Jonathan Miller, president of New York-based Miller Samuel, said in a telephone interview. "These two markets are joined at the hip because of Wall Street. And Wall Street, even though it downsized a little bit, had high comp this year."

Other getaway markets have been benefiting from the wealth effect of rising stocks. Vacation homes made up 13 percent of all sales last year, the highest level since 2006, the National Association of Realtors reported this month.

Tax Laws

The year-over-year sales gain in the Hamptons was magnified because transactions plunged in the first quarter of 2013 after buyers rushed to beat tax changes that had been expected to take effect at the start of that year, Miller said.

A shift toward higher-end sales spurred large price gains, according to the report. The median sales price of luxury homes -- the top 10 percent of the market -- surged 54 percent to \$5.65 million.

The quarter's most expensive deal was a \$31.6 million sale of a waterfront home in North Haven by the owner of an art gallery in nearby Sag Harbor. The area, on the north side of the Hamptons between the Peconic River and Noyack Bay, has attracted such celebrities as Richard Gere, Christie Brinkley and Jimmy Buffett, as well as boaters, said Susan Breitenbach, a broker in Bridgehampton with Corcoran Group.

"Waterfront is being discovered there," Breitenbach, who showed the house to prospective buyers, said in a telephone interview. "What was spectacular is the property and the dock, which is hard to get."

Weathering Storms

Buyer interest remained strong in the face of winter storms that deterred sales elsewhere in the Northeast and Midwest, said Judi Desiderio, chief executive officer of Town and Country Real Estate in East Hampton.

"We were trekking people up long driveways in the snow," Desiderio said.

Six homes sold for more than \$10 million during the first quarter, compared with one a year ago, according to her data.

In last year's first quarter, the biggest deal was billionaire hedge fund manager Stephen A. Cohen's \$60 million purchase of an oceanfront property in East Hampton.

Most of this year's sales were for less than \$1 million to "a new generation of buyers in the Hamptons" who had a good year on Wall Street, not "the big guys" who run the banks and hedge funds, Desiderio said.

"Most of what we're seeing is money that was taken out last year," she said. "We're umbilically connected to Wall Street."

Manhattan Sales

The Hamptons median price is still 9.3 percent below the \$970,000 high in the second quarter of 2008, which was also when Manhattan's median price peaked, Miller said. This year, Manhattan sales were the highest for a first quarter in seven years and prices set a 25-year record of \$1,363 a square foot, according to his firm's data.

Hamptons demand shows signs of growing. While inventory increased 18 percent from a year earlier to 1,696 listings, the time on market fell 2.1 percent, according to Miller. The second quarter is often the busiest for sales and rentals as house hunters focus on where they plan to spend their summer, he said.

Deirdre DeVita, an associate broker for Brown Harris Stevens in Westhampton Beach, could only speak briefly yesterday because she had to meet a client to complete a deal for a \$549,000 four-bedroom cottage with a pool.

"It was a tough winter -- long, dark and cold," she said in a call from her car. "We're about to get a big rush of purchases."

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