

The "Hamptons" Real Estate Market: South Fork vs. North Fork, How Are They Different?

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English Manor style home in East Hampton with magnificent gardens and grounds on 2.2 lush acres just a short distance to the ocean, The Maidstone Club and Main Street. Available for rent for the season with Town & Country Real Estate. (Courtesy Photo)

To many, the South Fork and North Fork of Eastern Long Island, separated by Peconic Bay with Shelter Island in between, comprise "The Hamptons" real estate market. For those who live and rent on the East End there is a marked difference.

The South Fork of Long Island, stretching from Westhampton Beach to Montauk on the easternmost end, is commonly referred to as the Hamptons. The North Fork of Long Island is a series of towns and hamlets starting with Riverhead and ending with Orient Point. Shelter Island is occasionally claimed by both Forks, yet if you ask a Shelter Islander they will tell you that they are an island unto themselves, near both Forks but something completely different. I posed questions to realtors who ply their trade on both Forks to gain some insight into the characteristics that distinguish the Hamptons real estate markets.

"Both Forks saw an increase in the average sales price in 2014," said Ed Reale, Senior Managing Director of Brown Harris Stevens, who provided statistical data to back up his claim. "The South Fork average was about 25% higher in the second half than the same period last year and the median price was 17% higher. The average North Fork price was up about 13%. The number of sales for both Forks dropped slightly, the South Fork having about three times the total number of sales as the North Fork. The North Fork remains within the reach of many more purchasers with a median price of \$495,000 for the second half of 2014 compared to over \$1,000,000 for the South Fork."

Judi Desiderio, Chief Executive Officer of Town & Country Real Estate provided data reinforcing the price differences between the two Forks. "The dollar volume and numbers of trades are in totally different universes. Waterfront is always the darling in any seaside community. The South Fork also has estate sections dating back to the 1700's with a history of wealthy visitors for over 300 years. The buyer of a \$3 million home is buying a piece of history that is a 'blue chip,' long term or short. South of the Highway building lots start at \$3 million. Buyers will build or renovate to be in the location of their choice. The North Fork has a greater number of year-rounders. I predict both Forks will see nearly 3/4 second home buyers."

Cash deals are the norm over the \$1M range says Desiderio, "On the South Fork more than 3/4 of all sales are cash; on the North Fork it's about 25%. Under a million, most purchases are financed. Rentals are always conversely related to sales. Other than price, the significant difference [between] the two markets is the tone. The energy, the heartbeat, the feeling you get when you explore the North Fork - a sense of country, home, comfort - a slower, simpler way of life - what so many are looking for today. A drive around the South Fork and you immediately feel history - like a Norman Rockwell painting. During the summer, the energy and events are some of the most news worthy and famous. It's the world's stage."

Paul Brennan, Regional Manager, Douglas Elliman Real Estate, told Hamptons.com, "A lot of the South Fork buyers form limited liability companies, mostly to preserve their anonymity, although it doesn't take long before everybody knows who it is whose buying the house. Real estate is a very open process. As far as financing goes, I would

say that the number of buyers on both Forks who get mortgages is about the same, except that on the South Fork, the buyer's obligation to close are not contingent on getting a mortgage. Low interest rates are a great attraction to financing the purchase. I think that the Forks attract different types of buyers - life-style interests enter into it, not just affordability. The North Fork has a more laid-back atmosphere, although I think that is changing. The South Fork buyer is amenable to the pace of the Hamptons, willing to put up with the commute into and back to the city in order to spend weekends and participate in the high-profile life style it's famous for. The rental situation has become problematic with the week-end renters which have a negative impact on a neighborhood. I feel if a landlord is going to use his home as a business, he should be required to get a rental permit."

"Buyers on the South Fork often insist on having access to the ocean, which obviously, the North Fork cannot offer," explained Bryan Midlam, Associate Broker with Corcoran in the Hamptons. "There is also more access to the types of outdoor events that New Yorkers have become accustomed to. We're seeing more cash buyers than financed purchases. Homes are selling within a shorter time frame and demand is higher. Cash is king. Cash offers make the buyer more competitive and sellers are less likely to accept offers with a mortgage contingency, although buyers do finance the purchase in order to take advantage of low interest rates. In bidding wars cash always wins. Investors flocked out here in the past two to three years. 'Spec' building ground to a halt after 2003, but we are seeing a huge resurgence of new construction. They seem to be selling quickly and at record prices. If the sales market continues to be strong, it may be a difficult rental season for owners where there is a lot of competition. The amenities that buyers are looking for include finished basements, wine storage, play rooms, smart technology, and all of the outdoor and life-style amenities associated with the South Fork."

Sheri Winter Clarry, Associate Broker with Corcoran on the North Fork, reflected on the change on the North Fork, "The North Fork has become a destination, not an alternative. The farm-to-table produce combined with the wine industry and the bucolic, gentler, peaceful atmosphere have attracted many buyers. I have had day-trippers from all over the Metropolitan area who have fallen in love with the North Fork and buy a house. It's a place where you can relax or be as busy as you want. Telecommuting has added to the attraction of having a home on the North Fork. Many of my buyers started out as renters, and either bought the home they were renting or some other property. We still have a very active rental market, both seasonal and year round. While other communities are struggling with short-term rentals, often in violation of rental permit laws, I think if landlords comply with all health and safety regulations, they should be permitted to rent out their homes. We also have cash buyers, but it is also true that many choose to finance the purchase in order to take advantage of low interest rates."

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