

Second Quarter 2017 Has Encouraging Numbers For Hampton Real Estate Market

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Following a 2016 that didn't provide too much to get excited about, the Hamptons real estate market turned a corner in 2017, as sales statistics for the second quarter of the year bear out.

Even as, according to the metrics, the total numbers of transactions ticked down slightly during the months of April, May and June—compared to the same quarter a year prior—the total sales volume in dollars is up. That's because the high-end saw an increase in activity that painted a brighter picture for the market overall.

"We've seen the market improve in the number of deals we're seeing above \$5 million—more than we've seen in two years," said Douglas Elliman Real Estate Chief Operating Officer Scott Durkin. "We attribute that to sellers becoming more negotiable and lowering their prices."

According to the Elliman Report, in the luxury market—the highest 10 percent of all sales—the number of closed sales for the quarter increased from 57 to 69 compared to the second quarter of 2016, a 21.1% hike.

Mr. Durkin said asking prices have been too high for a long period of time.

He's also observed that some inventory expired—i.e., was taken off the market without being sold—so inventory is tighter now.

The asking prices were aspirational, and the owners were in no rush to sell.

"They didn't get their asking price or anywhere near it and they left the market," Mr. Durkin said.

Others dropped their asking prices and were more willing to negotiate than they had been in the past, "and in turn that had fueled the market above the \$5 million mark," according to Mr. Durkin.

He noted that the listing discount—the gap between the asking price and the actual sales price—was down slightly, but hardly changed. It dipped from 12.4 percent to 12.0 percent.

Also, days on the market reduced from an average of 170 to 150, and the inventory for the quarter was 1,464, down 4.1 percent from the previous year. It was the eighth consecutive quarter in which inventory fell compared to the sale quarter a year prior.

"There are many variables in place here that tell you it's a healthier market," Mr. Durkin said, noting that sales are at the highest level seen in two years.

"We've got sellers on the market that really want to sell, and they are listening to their agent and pricing it accordingly," he said, adding that agents are also doing a good job of getting buyers to make offers.

"Many people wait for price reductions before they buy," he said. "The smarter ones make an offer rather than waiting for a price reduction and having the possibility of losing out."

The offers may not always be accepted, but Mr. Durkin advised, "Sometimes it's a nice surprise that there is more negotiability than you thought."

The increase in activity on the high end has driven up the median price—which is

now more than \$1 million—and the average price, which jumped to \$1,898,934, up 12.7 percent, according to the Elliman Report.

Tight inventory is affecting buyers in certain price ranges.

"It's really difficult to find anything now between 1 and 3 million. That is flying off the market," Mr. Durkin said.

Ernest Cervi, Corcoran Group Real Estate's regional senior vice president on the East End, said, "On both forks, we saw an increase in sales volume and price, while closed sales actually declined slightly on both forks."

According to the Corcoran Report, the number of sales on the South Fork dipped 6 percent, from 578 to 541, from the second quarter of 2016 to the second quarter of 2017, but the average sales price shot up 11 percent, from \$1.63 million to \$1.81 million. That growing average resulted in overall sales volume going up to 4 percent, reaching \$978 million.

Meanwhile, on the North Fork, the number of sales slipped by 3 percent—but that was a difference of only four sales. The total number of sales went from 134 to 130, while the average sales price was up 21 percent and sales volume was up 18 percent.

Mr. Cervi takes the activity at the very high end of the market as a big indicator of a strong market. He is also seeing builders starting projects and he sees high demand for residences that are just being put on the market, such as the 55 units at Southampton Pointe, the condominium complex by Fairfield Builders at the intersection of County Road 39 and Tuckahoe Lane in Tuckahoe. The asking prices are around \$1.25 million to \$1.17 million.

"Our seasonality is shifting a bit," Mr. Cervi said. "Normally, you'd see more activity before the summer. Now we're seeing a lot of activity during the summer, and those results should show up in the third and fourth quarter."

He's also noticed changes in the rental market, even if there are no statistics gathered to demonstrate it.

"There's no one repository for rentals, but I think anyone you speak to would tell you this: The typical seasonal rental from Memorial Day to Labor Day has changed," he said. "People come in for shorter periods of time—a month or two weeks—and that's not necessarily a bad thing. I see that as a positive thing. It actually brings more people into the community, and renters become buyers. So now we have more renters for less a period of time that can be potential buyers. It's changed the way we do our rental business, because we're not just doing one rental for a house. We might be doing two or three on that same property throughout the season."

Mr. Cervi added, "If you speak to people, they will say that if you have more inventory at the entry level—let's say, up to about a million and a half—that would be a good thing. Inventory has been decreasing quarter over quarter, and this quarter I see it's gone down as well."

Town & Country Real Estate stated, "The second quarter of 2017 was clearly the three months that the high end made a recovery rebound. The blue chips of Southampton Village, East Hampton Village and Bridgehampton (which includes Water Mill and Sagaponack) all came roaring back from the tepid 2016."