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Hamptons Homebuyers Hold Off While Waiting for Lower Prices

Jeremy Hill | July 26, 2018

Would-be homebuyers in New York's Hamptons are holding off on purchases as they wait for sellers to bring prices down.

Sales in the Long Island resort towns tumbled 13 percent in the second quarter from a year earlier, according to a report Thursday by appraiser Miller Samuel Inc. and Douglas Elliman Real Estate. It was the second consecutive quarter of year-over-year declines and the biggest drop since the end of 2016.

Sales in the Hamptons, a second-home market long favored by Wall Street executives and other New Yorkers seeking a beachside getaway, have slipped after a run of increases in 2017 that was largely fueled by the booming stock market.

For buyers, "there's an expectation that prices are going to be lowered," Carl Benincasa, Douglas Elliman's regional vice president of sales for the Hamptons, said in an interview.

The median price of the 601 deals completed in the quarter fell 5.3 percent from a year earlier to \$975,000, an indication that sellers have started to meet those expectations, he said. Buyers got discounts averaging 9.5 percent off the asking price, down from 12 percent.

The federal tax overhaul is also weighing on the minds of would-be buyers, according to Jonathan Miller, president of Miller Samuel. The new rules cap total write-offs for state and local levies, including property taxes, at \$10,000.

In the luxury market -- the top 10 percent of deals, defined in the quarter as those costing \$4.25 million or more -- purchases fell 12 percent from a year earlier to 61. Listings in the category jumped 37 percent to 329.

The priciest home that changed hands was 290 Further Lane in East Hampton, in a sale that closed in April for \$40 million, Miller said. The 10,000-square-foot (930-square-meter) oceanfront home has a spa wing, rooftop viewing deck and private path to a white-sand beach, according to its listing with Sotheby's International Realty.

High-end home sales tend to be more vulnerable to outside factors like geopolitical tensions or stock-market swings, said Judi Desiderio, president of Hamptons-based brokerage Town & Country Real Estate. That's because those buyers often see a Hamptons home as a splurge item akin to a boat or sports car, she said.

"If you think about it, it's not a primary-home market," Desiderio said. "They don't have to have what we have. It's a luxury item."