

Hamptons property sales slow as caution spreads to the wealthy

Ben Foldy | August 1, 2018

Home sales have slowed down this year in the Hamptons, the Long Island beach communities that serve as a summer playground for the wealthy of New York, bringing the median price below the \$1m mark.



Second-quarter sales fell 12.8 percent from 2017 levels, according to data prepared for Douglas Elliman by Miller Samuel Real Estate. The median price dropped 5.3 percent to a \$975,000, compared with \$1.03m a year earlier.

The spring selling season is usually the high point of the year in the Hamptons, so the drop is stoking concerns that the resort areas of Long Island's south shore are succumbing to the pressures depressing property activity in other parts of the US.

Rising mortgage rates are increasing costs for homebuyers of all stripes. Higher-end properties have been affected by the 2016 federal tax reform, which imposed new limits on the deductions of mortgage interest and state taxes — the latter a particular concern in high-tax New York.

"Buyers [in the Hamptons] are behaving much like we've seen in much of the region," said Jonathan Miller, president at Miller Samuel. "They're taking longer to make their decisions, pausing and waiting to see how things shake out."

He said sales have slowed most in the "Hamptons middle" — homes listed in the \$1m-\$5m range.

"The middle is where you have more leverage being used in acquisitions, so rising mortgage rates are a factor, the new tax laws are a factor," he said. "General uncertainty applies more to that segment than any other."

The inventory of homes listed at more than \$4.25m rose 36.5 percent year on year in the second quarter to 329, according to Miller Samuel. Sales in the luxury market were down 11.6 percent from last year's level.

"The prices really ran up quickly and a lot of inventory built up," said John F Wines, a broker at Saunders & Associates in Southampton. "Now sellers have had to get a little more realistic."

Judi Desiderio, chief executive at Town & Country Real Estate in East Hampton, said there is a "glut in the market", with pricing pressures most pronounced at the highest end.

"Those homes are being brought down significantly," said Ms Desiderio. "We have seen houses listed at \$15m brought down to \$12m, and maybe trading at \$9m or \$10m."

The spring saw only one sale closing for more than \$20m in the Hamptons — compared with four in the same period last year, Ms Desiderio said.

The property in East Hampton sold for \$40m in April. It had been on the market for two years, and was first listed with a price tag of \$69m.