

2018 Real Estate: A Tough Year for Sellers

Residential lagged, but commercial market active

Jamie Bufalino | January 3, 2019

Last year began with home sales skyrocketing across the East End, but it soon became clear that 2018 would be mostly a dud for residential real estate. “The housing market continues to soften across the country, particularly in some of the most expensive areas like the Hamptons and New York City,” said Matt Daimler, the general manager of Out East, an online marketplace for East End listings launched by Zillow in February. “With so many homes for sale right now, and listings lingering on the market for longer than in the past, it’s a tough time to be a seller.”

In January, data from real estate companies had suggested a far more upbeat year lay ahead.

Town and Country’s home sales in the last quarter of 2017 were up 36 percent from the previous year, the Corcoran Group’s were up 34 percent, Saunders and Associates posted a 28-percent increase, and both Halstead and Brown Harris Stevens saw their numbers rise nearly 27 percent. The trend, however, did not continue.

At the time, Judi Desiderio, the chief executive officer and president of Town and Country, credited the uptick to the robust national economy. Even as the economy continued to flourish, however, home sales fell in each quarter of 2018 and, Ms. Desiderio said, “I think the fourth quarter is probably going to be the slowest of the year.”

Ms. Desiderio, who said she decidedly was not a “Debbie Downer” and remains bullish on local real estate (“we’re surrounded by water so we’re never going to have too much inventory”), blamed an onslaught of media reports for making buyers skittish and souring the housing market.

The volatility of the stock market, which has an outside impact on real estate sales here, is also “affecting the psyche of buyers, sellers, and brokers,” she said. However, those with “true wealth” are still making extravagant purchases, she said.

Out East recently released a list of the highest-priced residential sales during 2018. Number one was a Further Lane oceanfront estate in East Hampton that sold for \$40 million. Runners-up included three other oceanfront houses, including one in Southampton that sold for \$32 million, one in Water Mill for just over \$26 million, and another in Montauk for nearly \$23 million.

“This list of transactions proves that there is still demand for the unique, high-end homes in the Hamptons,” Mr. Daimler said.

The commercial real estate market, however, was extremely active in 2018. “It’s been a good year for me, might be a record year,” said Lee Minetree, a broker at Saunders and Associates who was the agent for the \$12 million listing for a group of Sag Harbor buildings that sold in the fall. The sale led

to the closing of two longtime businesses on Main Street, the jewelry store Adornments and the Country Lane gift shop.

Mr. Minetree was also the agent for two other commercial Sag Harbor properties. He negotiated the sale of the building that now houses Donna Karan's Urban Zen and the Tutto Il Giorno restaurant owned by her daughter, Gabby De Felice. He said Murr's Backstreet Tavern, which went on the market in August with a listing price of \$3.5 million, was expected to change hands this month.

Other notable commercial sales on the South Fork recently include the Montauk Yacht Club Resort and Marina, which was bought by Gurney's Resort in May, and the Atlantic Terrace, a Montauk hotel, which was sold in July to Bridgeton Holdings, a New York-based company that recently opened the Journey East Hampton hotel on Pantigo Road and has an ownership stake in the Hero Beach Club in Montauk.

In addition, two properties that contain high-profile food businesses drew public attention when they were put on the market, including the East Hampton building with Goldberg's Bagels shop, which was listed this summer for just under \$6 million, and Stuart's Seafood in Amagansett, which was put up for sale last month at an asking price of nearly \$7 million. The Sag Harbor building that housed the Bay Burger restaurant, which closed in October, is listed for sale for \$3.25 million.

Meanwhile, notable noncommercial real estate activity included the sale of the former Sag Harbor Methodist Church, which had languished in purgatory for years. April Gornik and Eric Fischl, married artists who plan to develop it as a center for creative arts, purchased it earlier this year.

In early July, Southampton Town made a much-heralded purchase in Sag Harbor Village, using \$10.5 million from the community preservation fund to buy 1.25 acres that will become the John Steinbeck Waterfront Park.

Federal prosecutors also landed an impressive South Fork parcel. When Paul Manafort, President Trump's former campaign chairman, pleaded guilty in September to two felony conspiracy charges, he agreed to hand over an estimated \$22 million in real estate assets to the government. The most valuable was his nearly 5,600-square-foot Bridgehampton residence, which has 10 bedrooms, a swimming pool, and a tennis court. The Zillow website, which now describes the estate as "off market," estimates its worth at more than \$9.7 million.