

Town & Country

REAL ESTATE

Where's That Bottom?

If anyone tells you they know precisely where the bottom is then they would be richer than Bill Gates and have more market insight than Warren Buffett.

There is no absolute formula or crystal ball. The best we can do is combine the indicators, the statistics and add a dash of insight from those of us who have been evaluating the real estate market for nearly three decades and that will yield a respectable hypothesis. Furthermore, it is important to recognize that markets move in specific areas differently — that is one of the primary reasons Town & Country breaks down our Quarterly Housing Reports in 11 specific Hamptons markets and 4 North Fork markets and then defines 6 different price ranges within each of those 15 specific East End markets. You can view quarterly market statistics at 1TownandCountry.com/reports.

Let's get specific. Two years ago, at the depth of the Great Recession, Sagaponack South experienced the greatest loss in land values and then bounced off the bottom like a Super Ball with values back to their high water marks just 24 months later. Why? Buyer demographics of Sagaponack South was driven primarily by those in the financial world, in particular Bear and Lehman guys and gals... and when they fell it was like a lead balloon. So then what? Well, the reality is Sagaponack South is a small slice of the Heaven on Earth and buyers outside as well as others inside were wise enough to recognize this and jumped in — good thing they didn't wait!!! They capitalized on a temporary blip.

All indicators and market reports point to the East End markets as off the bottom. So why the soft perception? Well the media has been a real "buzz kill". Publications such as WSJ and NYT keep pummeling the public with National statistics and while it is true much of the country is still recovering from a combined housing market bubble burst and bad banking practices, certain segments of markets, within markets, are proving daily that market trends are specific. A prime example locally is Sagaponack South.



The Hamptons (All Markets Combined)

	# of Home Sales	Total Home Sales Volume	Median Home Sales Price	# Sales Under 500K	# Sales \$500K to \$999K	# Sales \$1M to 1.99M	# Sales \$2M to \$3.49M	# Sales \$3.5M to 4.99M	# Sales \$5M+
2010	1,485	2,416,716,044	910,000	337	503	314	193	57	81
Change	+42.11%	+41.46%	+0.55%	+53.88%	+34.85%	+52.43%	+47.33%	+16.33%	+20.90%
2009	1,045	1,708,389,549	905,000	219	373	206	131	49	67

2010 Year End Housing Report *Source: The Long Island Real Estate Report

Keep in mind too, when you read Town & Country's Market Reports (or any other housing reports), that data is approximately 3-6 months old - it's in your rear view mirror. Today's market in areas such as the Hamptons (which is not MLS) can only be analyzed by those experienced professionals on the front line. So while we are not Bill or Warren, we can tell you from the front line that if you wait for the WSJ and NYT to tell you the housing market is on its way up you'll be at least 3-6 months late — and in with the masses clamoring for the few homes and properties special enough to be on the beautiful East End of Long Island.

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