

Home Prices Stay Strong In Fourth Quarter

By Carey London | January 31, 2016

Home sales in the Hamptons stayed strong during the fourth quarter of 2015, with the average sales price reaching an 11-year record high. Overall, however, sales were down from the fourth quarter record set in 2014, because inventory dropped.

The average sales price rose 15.6 percent over the same period last year to \$2.38 million. Meanwhile, the median sales price rose to \$997,000, a relatively modest 2.3 percent increase year to year.

"The median price is up, but the average is higher because last year you had some very, very high sales," said Dottie Herman, president and CEO of Douglas Elliman.

With that in mind, the luxury market—which includes sales of \$5 million and more—was also strong, with the average sales price rising 12.5 percent year over year to \$12.3 million, and the median sales price rising 19 percent to \$8.3 million.

"People had money and wanted to dump it," said Ms. Herman, noting that general global instability may have driven buyers to purchase a second home in the Hamptons to feel more secure about their money as well as their families' well-being. "I think a lot of it has to do with the world we live in," said Ms. Herman. "When times are uncertain and times are dangerous, I think the home becomes your safe haven—the local restaurants, where you know people, become very important. And the Hamptons is [made up of] very small towns."

Despite its successes, the rise in the average luxury market price was actually less dramatic than the 53 percent fourth-quarter rise between 2013 and 2014. In 2014 there had been more pent-up demand that buyers fulfilled, Ms. Herman said.

Looking at individual markets, East Hampton Village had the highest median sales price on the South Fork this quarter, \$3.9 million, as well as the highest average sales price, of \$8.7 million, according to Corcoran.

However, Bridgehampton and Sagaponack as a combined market suffered a 32-percent drop in average sales price and an 11-percent drop in median price. Also not faring well in the fourth quarter was Southampton Village, with a 24 percent slide year to year in average sales price, and a 19 percent drop in median price.

In fact, Town & Country reports that the number of home sales in the Hamptons was down 21 percent from the same period last year, with 10 of the 12 towns and villages it monitors also seeing declines, including Shelter Island.

"If it goes up that much year after year, you have to know it's going to go down because it's not sustainable. So, now I think it's reached healthy levels, and I think it's going to level off," said Ms. Herman. "The demand will be there, but I don't think you'll see the same appreciation."

