

Hamptons Home Sales Hit Three-Year Low on Wall Street Turbulence

Oshrat Carmiel | April 21, 2016

Home sales in New York's Hamptons fell to the lowest level in three years as would-be buyers of beachside mansions stayed on the sidelines during a turbulent first quarter on Wall Street.

Purchases in the Long Island resort towns, a second-home market popular with financiers and celebrities, totaled 437 in the three months through March, down 19 percent from a year earlier, appraiser Miller Samuel Inc. and brokerage Douglas Elliman Real Estate said in a report Thursday. The median sale price of those transactions was \$895,000, a 2.8 percent decline.

Last year's sales frenzy in the area receded to a more measured pace as the financial industry began 2016 on a dour note. Wall Street bonuses -- the lifeblood of Hamptons real estate purchases -- shrank 9 percent in 2015 to an average of \$146,200, New York State Comptroller Thomas DiNapoli said last month. In January, the Standard & Poor's 500 Index registered its weakest start to a year since 2009 amid worries of declining oil prices and an economic slowdown in China.

"The Hamptons is still joined at the hip with Wall Street, and the bigger picture is that the high-end market in general is seeing less activity," Jonathan Miller, president of Miller Samuel, said in an interview. "The urgency is not there."

Luxury Sales

Sales of luxury homes -- defined as the top 10 percent of the market, or at least \$4.05 million in the first quarter -- dropped 20 percent to 45 deals, according to the report. The median price of those purchases was \$5.5 million, unchanged from a year earlier.

Wealthy buyers "view a pullback in the stock market as a buying opportunity for stocks, which makes them sit on the sidelines for vacation homes," said Judi Desiderio, chief executive officer of brokerage Town & Country Real Estate, which also released a report on the Hamptons market.

Sales fell in all but two of the towns and hamlets measured by Town & Country. In the Bridgehampton area, which includes Water Mill and Sagaponack, 30 homes sold in the quarter, a 39 percent drop from a year earlier, the brokerage said.

At "\$18 million and up, there's just too many things on the market," Desiderio said. "There's just too much inventory."

Value-Seekers

Lower-priced properties were the most in demand during the quarter as buyers seeking value flocked to towns west of the Shinnecock Canal, such as Remsenberg and Hampton Bays, said Ernest Cervi, a senior vice president at brokerage Corcoran Group, which released its own report on the market Thursday.

Homes priced below \$500,000 accounted for 42 percent of all sales west of the canal, compared with 37 percent a year earlier, Corcoran Group said. Deals for \$1 million to \$2 million accounted for 20 percent of transactions in those towns, up from 13 percent.

"Right now anything \$3.5 million and under, your customer base is there," said Desiderio of Town & Country.