

Real Estate “A Mixed Bag” in First Quarter

By Beth Young | May 6, 2016



While the stock market temper tantrum over the inevitable end of quantitative easing cut into the South Fork’s Wall Street-dependent real estate gains in the first quarter of 2016, the North Fork held its own, driven by higher volume and prices in Southold Town.

First quarter real estate reports from several local companies showed a decline in number of transactions on the South Fork compared with the banner first quarter of 2015, while sales prices stayed flat on the South Fork but edged higher in most North Fork hamlets in the first three months of 2016.

The Corcoran Group reported the number of sales declined 7 percent on the South Fork, from 616 in the first quarter of 2015 to 570 in the first quarter of this year, but jumped a healthy 28 percent on the North Fork, from 130 to 166.

Douglas Elliman reported 134 sales on the North Fork, unchanged from the first quarter of 2015, but reported a 21.8 percent drop in number of sales on the South Fork, from 541 to 437.

Each real estate agency defines geographic boundaries differently in their reports, and is dependent on closing data received from the Suffolk County Clerk’s office by the time their report was compiled, which often leads to variations in market numbers.

On the South Fork, the Corcoran Group reported the median price of houses sold stayed the same quarter-over-quarter, at \$995,000, while the average sales price rose 1 percent to \$2.126 million.

Douglas Elliman describes South Fork real estate performance in the first quarter as “modest,” with a declining number of sales, a slight drop in supply of homes on the market and a 2.8 percent dip in median sales price to \$895,000.

But Douglas Elliman reported that South Fork prices in the first quarter of 2015, traditionally weaker than the prime househunting seasons, were the third highest first quarter since 2005.

Douglas Elliman reported that the number of sales on the South Fork above \$10 million fell to 9 from 13 in the year ago quarter and sharply below the 26 sales in the fourth quarter of 2015. Sales above the \$5 million threshold also plummeted by half since the fourth quarter of 2015.

They point out, however, that “since the financial crisis began in 2008, high end market sales have been skewed sharply toward the end of each calendar year.”

Douglas Elliman reported 437 sales on the South Fork, down 19.2 percent from the first quarter of 2015, which saw the most sales in eight years. Listing inventory slipped 3.5 percent to 1,579. South Fork sales made up 76.5 percent of all East End sales, down 3.6 percent. Listing discount declined to 10.7 percent from 12.6 percent, while days on the market fell 21.8 percent to 151.

On the North Fork, Corcoran reported the median price declined 4 percent to \$479,000, while the average price rose 5 percent to \$623,000.

On the North Fork, Corcoran reported sales of properties up to \$350,000 remained essentially flat at 19 percent of the total market, down from 20 percent in the first quarter of 2015. But sales of properties between \$350,000 and \$500,000 jumped to 35 percent from 33 percent and sales between \$750,000 and \$1 million shrank to 24 percent from 31 percent. Sales of North Fork ultra-high end properties of \$1.5 million and greater increased to 7 percent of the market, from 3 percent in the first quarter of 2015.

Douglas Elliman’s North Fork report tells a different story. They report that the market share of sales above \$1 million fell to 6.7 percent from 11.9 percent, with the “largest gains in lower segments” of the market. After all, the North Fork is still full of normal peoples’ houses.

But Douglas Elliman’s charts don’t break down the prices very far. They show sales greater than 2 million declined by 16.7 percent, between 1 and 2 million declined 60 percent and below 1 million increased by 5.9 percent. Sales under \$1 million still make up 93.3 percent of the North Fork market.

Douglas Elliman's North Fork report said that North Fork "median sales price continued to rise sharply from prior year levels, pulling in additional supply. Listing inventory edged 2.6 percent higher to 507."

Douglas Elliman reported the average number of days on the market on the North Fork was 139, three weeks less than in the first quarter of 2015, while North Fork listing discounts averaged 9.2 percent, down from 11 percent in the first quarter of 2015. Douglas Elliman Reported median sales price jumped 18.3 percent to \$550,000 average sales price up 3 percent to \$693,112.

According to The Corcoran Group, the market share of houses sold at lower price points on the South Fork increased both east and west of the Shinnecock Canal.

The market share below \$500,000 east of the canal increased one percentage point to 11 percent, the market share of properties between \$500,000 and \$1 million increased one percentage point to 33 percent, while sales in each successively higher group declined by one or two percentage point.

But west of the canal, sales under \$500,000 increased to 42 percent of the market, from just 37 percent in the first quarter of 2015. Sales between \$500,000 and \$1 million declined from 36 to 30 percent of the market. Sales between \$1 million and \$2 million increased to 20 percent of the market from 13 percent, but this seems to be due to downward pressure at the high end — Sales higher than \$2 million made up just 8 percent of the market, down from 14 percent in the first quarter of 2015.

All the market reports showed a healthy increase in sales on Shelter Island. Corcoran reported 26 houses closed in the first quarter, up from 19 in the first quarter of 2015. But Corcoran reported that both average and median sales price on the island plummeted 27 percent to 1.02 million and \$683,000, respectively.

The opposite was true in many South Fork hamlets, where the number of houses sold declined dramatically while prices soared.

In East Hampton Village, Corcoran reported the average sales price was \$9.49 million, up 53 percent, but the number of houses sold plummeted to 12 from 25 in the first quarter of 2015. In Amagansett, the average sales price climbed 21 percent to \$2.8 million, while the number of sales declined 23 percent to 24. In Montauk, the average sales price soared 156 percent to \$3.8 million, while the number of sales declined to 26 from 32.

The average selling price in Southampton Village climbed 19 percent to \$5.58 million, while the number of sales dropped from 34 to 31. Average price soared 43 percent to \$4.465 million in Water Mill, but the number of sales dropped from 31 to 22.

Sag Harbor saw a different story. Corcoran reported a 24 percent decline in average sales price to \$1.16 million, while the median price declined 22 percent to \$997,000. But the number of sales climbed from 59 to 64.

The North Fork, as always, tells a more nuanced real estate story.

Hamlets in Southold Town generally had healthy market indicators in the first quarter of 2016, but hamlets in Riverhead Town didn't fare as well.

Corcoran reported that Greenport saw a 92 percent increase in number of sales, from 12 in the first quarter of 2015 to 23 in the first quarter of 2016. Average sales price increased 33 percent to \$637,000, while median price increased 15 percent to \$515,000.

Corcoran reported that Southold saw a 56 percent jump in number of sales, from 27 to 42, while the average sales price rose 20 percent to \$680,000 and the median price declined 4 percent to \$510,000. Cutchogue, Mattituck and Laurel saw 55 sales, up from 41, but average sales price declined 11

percent to \$563,000 and median price rose 1 percent to \$475,000. Sales in East Marion, Orient and Peconic fell to 19 from 23, but the average sales price in those hamlets rose 29 percent to \$949,000 and the median price jumped 27 percent to \$787,000.

In Aquebogue and Jamesport, Corcoran reported the number of sales were flat at 27, compared with the first quarter of 2015. The average sales price declined 15 percent to \$414,000, while the median price declined 1 percent to \$389,000.

According to George R. Simpson, President of Suffolk Research Service, Inc., the real estate market on the East End of Long Island "is showing a mixed trend."

Mr. Simpson reported that, overall, East End median prices are down 7 percent from the first quarter of 2015, while the number of houses sold are up. But, he said, both indicators saw declines when compared with the fourth quarter of 2015. Mr. Simpson reported that the number of houses sold increased in every East End town but Southampton, while the median prices increased in all East End towns but Riverhead and Southampton.

Mr. Simpson's report is the only one that prepares statistics for Riverhead Town (and also for every other East End town) as a whole — most other reports pick out the more high-end hamlets while ignoring Riverhead proper.

According to SRS, the median sales price in Riverhead declined from \$370,000 to \$350,000, while the number of sales climbed 26.7 percent, from 96 to 119, over the first quarter of 2015.

Town & Country Real Estate CEO Judi Desidero reported that the Hamptons sales report "is, frankly, a mixed bag."

Town & Country reported a drop in number of houses sold of 44 percent in East Hampton Village and a drop of 39 percent in Bridgehampton, Water Mill and Sagaponack.

Town & Country reported a "whopping 70 percent jump" in number of home sales on Shelter Island, and a 10 percent rise in median home sales price there as well.

Ms. Desidero reported "a healthy increase in activity" on the North Fork, led by a whopping 65 percent increase in number of homes sold in Southold, New Suffolk and Peconic, while median prices in those hamlets increased 22 percent to \$500,000.

Ms. Desidero also reported declines in Aquebogue, Baiting Hollow and South Jamesport, with 31 percent fewer sales and a 14 percent decline in median sales price to \$390,000.

"My prediction for the North Fork Home Sales market for 2016 is quite favorable," she wrote. "The beautiful rural appeal and priceability will insulate these markets from any major swings...The only thing we are lacking is inventory — good homes and properties for sale are at some of the weakest levels."

Town & Country Real Estate's first quarter Hamptons report is online here and their North Fork report is online here.

The Elliman Report's first quarter Hamptons report is online here and their North Fork report is online here. The Corcoran Report is online here. The Suffolk Research Service report is online here.