

Luxury Home Sales Slip In Second Quarter

Virginia Garrison | July 25, 2016

Hamptons home sales cooled in the second quarter compared to the same period last year, according to reports released this week.

Town & Country Real Estate noted “significant drops” not only in the number of sales but also in dollar volume and median price in most of the 12 hamlets and villages it covers on both East End forks. The Sag Harbor area was a notably bright spot.

Overall, however, home sales were down 4 percent, dollar volume was down almost 18 percent, and median price was down more than 9 percent, to \$990,000.

“I think the glaring trend is, there were declines in markets that are normally strongholds, such as the estate sections of Southampton, East Hampton and Water Mill,” which includes Sagaponack and Bridgehampton, said Judi Desiderio, the CEO of Town & Country, on Friday.

“The crown jewels got a little dusty this year,” she said, noting that the owners of family estates tend to be in a better position than speculative builders to wait for better prices.

High-end home sales were hit hardest, dropping 60 percent in the \$10 million-to-almost-\$20 million bracket, and dropping 100 percent (from one to zero) in the \$20 million-and-above category. Ms. Desiderio blamed that on the financial market: The Dow tumbled this winter just when many second-quarter transactions were being negotiated. She also noted a pullback in home buying that seemed to have started after the financial market took an earlier dive last August.

In fact, Douglas Elliman’s quarterly report noted that April through June 2016 experienced the fourth consecutive quarterly decline in number of sales. This year’s second-quarter decline exceeded a decline in inventory, indicating that “the pace of the market cooled,” wrote Jonathan Miller, author of the Elliman Report as well as the weekly Housing Notes newsletter.

“The high end was hyper-exaggerated and could not be maintained,” Mr. Miller wrote. “Overbuilding was a key component to the end of the luxury party.”

Dottie Herman, president and CEO of Douglas Elliman, had a more positive outlook, though. “The Hamptons market is resetting to a more sustainable level of activity after the rapid pace of the previous couple of years,” she said in a statement. “Even with the slower pace, second-quarter sales volume was 25 percent higher than the 10-year average.”

The Long Island Real Estate Report, whose statistics—not yet finalized—also include Flanders, Remsenburg, Speonk and other areas not typically included in “the Hamptons,” as of Friday noted a median price of \$995,000, which was actually a 0.63-percent increase from the same quarter last year, but also a decline of almost 40 percent in sales volume, from approximately \$1.16 billion to a little less than \$700 million, and a 31-percent decrease in the number of sales, from 632 to 434.