

Real Estate Sales On The North And South Forks Of Eastern Long Island- What's Behind The Statistics?

John A. Viteritti | August 30, 2016



565 Daniel's Lane in Sagaponack is listed with Judi A. Desiderio and Gene Stilwell of Town & Country Real Estate. (Courtesy Photo)

Market reports for the first six months of 2016 demonstrate some interesting surprises for the South Fork and North Fork real estate markets. According to Judi Desiderio, Chief Executive Officer of Town & Country Real Estate, Shelter Island and Sag Harbor have experienced some impressive gains, while Bridgehampton, Southampton, and East Hampton have tapered off. In Southold, Mattituck, and Orient on the North Fork, the market has been very upbeat.

To gain some insight regarding the market trends, we spoke to John Gicking, Compass Real Estate Agency Associate Broker and Senior Managing Director, East Hampton and Sag Harbor; Deirdre Devita, Associate Broker, Brown Harris Stevens, Westhampton Beach; Anthony Rosina, Salesperson, Sotheby's International Realty, Inc., Bridgehampton; and the aforementioned Judi Desiderio. Here is what they said:

John Gicking: "The market shows continued strength in the sub - \$1.5 million range where buyers are more interest-rate sensitive and well-priced properties are selling briskly. Beyond those prices the market has been somewhat sluggish."

So what are some of the reasons for that, in your opinion?

John Gicking: "I would say they include a stronger dollar impacting overseas buyers, geopolitical uncertainty, an election year in the US, and excess inventory at the high end."

How do you see the prospects going forward?

John Gicking: "The good news is that buyers continue to look and the end of summer/early fall is typically a strong selling season. A few high-end sales currently in the works will help provide assurance to others currently looking. Properly priced properties are getting attention."

Deirdre Devita: "The market in my area is tightening up. There is less inventory, down 9.9 percent, and sales volume is down 21.8 percent. Prices in most categories are holding, with the median price at \$975,000 for the second quarter in a row, up 4.3 percent from the second quarter of 2015."

What would you say the time frame from listing the property for

sale until it goes into contract and then to closing?

Deirdre Devita: "The time from listing to contract can be long, especially the listing to contract part. We operate in a market where almost all buyers are making discretionary purchases, and almost all sellers are not under pressure to sell."

That doesn't sound like an enviable position for a broker to be in.

Deirdre Devita: "That's true. But they do make for good conditions for achieving true market value, but also make for a very slow-moving market. It's not unusual to list a house for six months to a year before it goes to contract, even if there is a solid basis justified by relevant comparable sales for the list price."

How is your market affected by cash as opposed to financed purchases?

Deirdre Devita: "Cash offers are preferred, of course. Sellers incur less risk during the contract period if their buyers do not have to qualify for a mortgage, and the house does not have to appraise at the selling price. That risk has a value. If you are planning on financing the purchase, it's best to have a mortgage pre-approval. This offsets the buyer-qualification risk. As far as appraisals are concerned, it's important the broker to be able to justify a selling price to the bank. Even buyers who do not have financing contingencies in their offers are having their purchases appraised, either for confirmation of the selling price, or because they prefer to finance the purchase while mortgage rates are still attractive."

What has been your experience with respect to cash deals as opposed to financed?

Deirdre Devita: "Most deals I have done under \$2 million have been financed. Those over \$2 million have not."

How has the rental market been?

Deirdre Devita: "Rentals were off this season, as they have been for a couple of years. Good inventory went un-rented, and one month, two weeks were more prevalent than full-season."

Where do you see the market going?

Deirdre Devita: "I think it will plod along with prices increasing at a modest rate and sales volume settling into the lower gear that we have witnessed in 2016."

In your opinion, what type of housing does your community need?

Deirdre Devita: "Housing that is priced right. Exuberant pricing doesn't do anyone any good. There is a need for housing that people can afford - starter homes, both sales and rentals."

Anthony Rosina: "We are beginning to see an ebbing to the sluggish start of 2016. An uptick in recent activity has produced quicker sales, with some transactions resulting in bidding wars."

Do you think the elections have any bearing on the real estate market?

Anthony Rosina: "The presidential election may be preventing some prospective buyers from pulling the trigger, but this is historically cyclical and should resolve itself in November, regardless of the political outcome. Savvy owners are also starting to price their homes more realistically, helping to move properties more efficiently."

How about our usual barometer, the stock market?

Anthony Rosina: "If the DOW continues its welcomed surge, Wall Street bonuses should help nourish a solid flurry of year-end activity and bolster a solid start to 2017."

Judi Desiderio: "Statistically, the North Fork markets are experiencing greater activity than their South Fork counterparts. According to Town & Country's mid-year Home Sales Report, there were 12 percent more sales and 15 percent greater sales volume on the North Fork, while for the same period, the Reports for the South Fork showed declines of 6 percent and 9 percent respectively."

As one who heads up a major brokerage operation on both Forks, how would you explain this disparity?

Judi Desiderio: "In my opinion, it's due to several factors, including, but not limited to the palatable median home sale price of \$475,000 along with the raw beauty and unmistakable slower pace on the North Fork."

Other than price, do you see any differences between the South Fork and North Fork buyer?

Judi Desiderio: "Yes. The buyer demographics vary more on the North Fork. I have always believed in North Fork real estate and I'm pleased to see it come into focus for others."