



Hamptons Home Sales Fell as Election-Wary Buyers Held Back

Oshrat Carmiel | January 26, 2017

Vacation homes in New York's Hamptons lost their allure for buyers in the fourth quarter as concerns about the U.S. presidential election and its aftermath curtailed interest in discretionary purchases.

Four brokerage reports on the property market for Long Island's East End show plummeting sales and falling prices for the three months through December. Luxury purchases took a dive as well, with deals for \$5 million or more dropping 40 percent from a year earlier to 37, according to one of the reports out Thursday, from appraiser Miller Samuel Inc. and brokerage Douglas Elliman Real Estate.

"That's the kind of quarter you see after a stock market crash or correction," said Judi Desiderio, chief executive officer of brokerage Town & Country Real Estate, which last week reported a 25 percent decline in Hamptons home sales for the quarter. "We didn't have anything happen like that in our community. The only thing everybody was obsessed with was the election."

The buyer pullback capped a year in which sales were already slowing as New York City's financial employees -- the backbone of the Hamptons property market -- girded for disappointing compensation in 2016. The uncertainty of a federal election, and the candidates' differing tax and economic policies, added to concerns for those contemplating a second home, near the beach. In a survey of its Hamptons agents, brokerage Corcoran Group found that 53 percent of clients said they would wait until after the election to decide on a purchase.

"People just hit the pause button," said Ernest Cervi, a senior vice president at Corcoran Group who oversees the firm's sales on the East End.

Sales in the period fell across every village and hamlet tracked by Corcoran Group. In Bridgehampton and Sagaponack, the 20 deals that closed in the quarter marked a 57 percent decline from a year earlier. The median price of those sales fell 34 percent to \$2.11 million. In East Hampton and Wainscott, sales dropped 15 percent to 79, the brokerage said in its report Thursday. The median price also fell 15 percent to \$850,000.

Market Shift

For all of 2016, sales were down 14 percent from the prior year to 2,039, according to Miller Samuel and Douglas Elliman. In a turnaround from 2014, when bonus-fueled luxury purchases propelled the market, sales have fallen by 15 percent or more in five of the last six quarters, the firms said.

Wayne Hecklen saw the market change through the prism of his own three-year search for a home in the Hamptons. When the Manhattan real estate attorney and his wife first started looking for a vacation home in the area where they met decades ago, the competition was fierce.

"It felt like prices were going up and there was a little bit more anxiety about losing an opportunity because someone was going to pounce on it," he said. "Last year, it was just the opposite."

As the market slowed, Hecklen, 58, felt more confident negotiating. He offered as much as \$2.4 million for a home listed at \$2.7 million after a price cut. The seller refused, but then reached out months later to see if Hecklen and his wife were still interested.

It was too late. The couple, working with Brown Harris Stevens broker Karen Benvenuto, had already found their home. They closed on a newly built six-bedroom property in East Hampton in early December for \$1.83 million.

Price Tiers

Homes priced from \$1 million to \$2 million accounted for the biggest share of sales in the Hamptons east of the Shinnecock Canal, the area including East Hampton and Southampton, Brown Harris Stevens said in a report released Thursday. West of the canal, with towns such as Hampton Bays and East Quogue, more than 70 percent of deals in the quarter were for less than \$1 million.

There were 1,314 homes on market in the Hamptons at the end of December, down 11 percent from a year earlier, as owners held back to wait for a better time to sell, according to Miller Samuel and Douglas Elliman. Properties that sold in the quarter spent 145 days on the market, up from 141 days in the fourth quarter of 2015.

Buyers who waited out the election will probably compensate for their fence-sitting by making purchases in the first quarter, said Jonathan Miller, president of Miller Samuel. Contracts did pick up at the end of December and in early January, and now, with the Dow Jones Industrial Average climbing past 20,000 for the first time Wednesday, that streak could continue, Corcoran Group's Cervi said.

"Hopefully they'll come out this weekend and buy a house," he said.