

Slowdown? Depends Who You Ask

Jamie Bufalino | January 31, 2019

The East End real estate market is experiencing the biggest slowdown since the 2008 financial crisis, according to the latest quarterly report from the Douglas Elliman agency, which cited “uncertainty about the impact of the new tax law, volatility in the financial markets, [and] the higher cost of financing” as reasons for a decline in sales. Brown Harris Stevens, however, saw an uptick in sales after a “sluggish” previous six months.

According to the Douglas Elliman report, the number of home sales in the fourth quarter of 2018 was down nearly 35 percent from the same period in 2017, the greatest drop in a year of increasingly lower sales. “Momentum right now has stopped,” said Paul Brennan, the executive manager of sales at Douglas Elliman. “Everyone’s a little shaky and holding onto their money.”

The slow pace of sales, said Mr. Brennan, has led to an increase in inventory, which means that “sellers are going to have to reduce their prices significantly from where they were six to seven months ago.”

The Corcoran Group reported a 15-percent drop in home sales on the South Fork compared to the fourth quarter of 2017, and Town and Country, which analyzed the year as whole rather than the quarter, described the market as “flat.” In an interview earlier this month, Judi Desiderio, the chief executive officer and president of Town and Country, said she expected the fourth quarter to be the slowest of the year.

Brown Harris Stevens, on the other hand, saw an increase in sales of more than 12 percent during the same time frame. Nearly three-quarters of sales, the report stated, were of homes priced at under \$2 million.

Even when told of the upbeat report from Brown Harris Stevens, Mr. Brennan said that such results shouldn’t necessarily be taken as a sign of a healthy market.

“The number of deals doesn’t indicate how far the market has gone down in terms of pricing,” he said.

Despite a strong national economy, and relatively low interest rates, Mr. Brennan said that potential homebuyers are experiencing fear, which he defined as “false evidence appearing real.” The market will bounce back, he said, when people “get tired of their own fear and shift their thinking.” Then they will realize that money is better spent on East End real estate than in an unpredictable stock market.

“I’ve been at this 40 years, and I’ve seen that kind of change happen 10 or 12 times,” he said.