



# Hamptons Real Estate Market Q3 Reports Revealed

Eric Feil | November 6, 2019

Darkness falls a bit earlier now on the Hamptons, but that turn of events just might be coinciding with the real estate market seeing some light. One would not be incorrect to say that the local market has faced its challenges this year, but things beyond leaves and clocks seem to be turning. The news contained in the major real estate market reports recently released for the third quarter of 2019 generally did not come as so much of a surprise, given the uncertain times from which they were spawned.



"Hamptons Real Estate in the 3rd Quarter of 2019 was like a carnival game with ping pong balls landing and leaping in every direction," observes Judi Desiderio, CEO of Town & Country Real Estate. "The good news is, the numbers prove it's not really as bad as the media made it out to be."

Those numbers do tell a story of a market that was struggling over the summer months. Douglas Elliman's Q3 report observed that the number of sales declined year over year for the seventh straight quarter, and showed the lowest third quarter number of sales in eight years--including the fewest number of sales at or above \$5 million in six and a half years. As median sales price rose year over year for the first time in seven quarters, listing inventory continued to rise, reaching a 13-year high, and there have been nine straight quarters of annual increases in luxury listing inventory. Year on year, median sales price rose 5.5% to \$857,000, while average sales price edged up 0.6% to \$1,375,772. Amid those changes, the number of sales fell 15.2% to 402, days on market was 139 (up 13.1%), the listing discount was 12.3%, up from 10.5%, and listing inventory jumped 76.9% to 2,571.

Ups and downs do not necessarily show trends in all cases, it should be noted. "These numbers constantly fluctuate, especially in the Hamptons, where a single high-end sale can have a significant impact on the average sales price," says Jonathan Smith, Licensed Salesperson in the Southampton office of Sotheby's International Realty. "Median sales prices tend to stay more consistent but will vary each quarter from town to town, generally ranging between \$1 million to \$1.5 million. Looking at a longer sample of the same data actually demonstrates that the Hamptons market is extremely stable."

In the Town & Country report, observing all Hamptons markets combined, Desiderio points to the high end, where year-on-year there were 60% fewer home sales of \$5 million to \$9.99 million and 43% fewer home sales in the \$10 million to \$19.99 million range. "Yet there was one sale over \$20 million in 2019--the corner of Lily Pond and Hedges on 3.3 acres,

which closed for \$20.6 million--and zero in 2018," she notes. "The selling season is underway. Many savvy buyers are moving their resources into real estate."

This movement speaks to the opportunity that arises especially when value buys are to be had. It's a situation fueled when an increase in inventory and increase in days on market finally inspires sellers to do what a good number of brokers had been saying all summer would help breathe some life into the market--lower their asking prices.

"Price reductions come when inventory swells or the original price was not in line with the current market conditions--our market conditions are constantly moving," Desiderio offers. "That said, the trend for many segments of the market, particularly the high end, has been moving in favor of the buyer. That could change at any given time, since those with true wealth 'buy when they're selling' and see an opportunity to purchase on value. Many recent sales on the high end are trading for less than the sum of their parts."

"Everything is cyclical," says Todd Bourgard, Senior Executive Regional Manager of Sales, Douglas Elliman. "We go through these moments. Right now, it is all about pricing at every level. The buyers are there--they always have been. They've just been waiting. They know the comps, they know what has sold--they see it all. And it's a good thing. An educated consumer is a very good thing."

The disparity between what sellers wanted and what potential buyers were willing to pay was certainly reflected in Q3. Corcoran's report stated that reported closed sales dipped 27% year over year, the largest decrease in nearly 10 years, and it was the fourth consecutive quarter with a year-over-year decline in sales. In fact, sales were down almost everywhere. In Amagansett, sales dropped 43% year on year, and in East Hampton Village, sales decreased by more than half.

In the East Hampton market, fewer "properties were sold in the 3rd quarter, and there was a lack of sales reported over \$4 million. The reduced activity in East Hampton Town and East Hampton Village in the 3rd quarter reflects the trades that were recorded and does not indicate any trend," says Ernie Cervi, Regional Senior Vice President East End at Corcoran. "The lack of sales reported over \$4 million caused a steep 60% decline in average price."

"West of the Canal also experienced a pull back," Town & Country's report stated. "Hampton Bays closed 40% less deals which resulted in 62% less total home sales volume. [And] 2019 saw no homes sales over \$2 million, yet in 2018 there were four! Westhampton--which includes Remsenburg, Westhampton Beach, East Quogue, Quogue, and Quogue--had a less severe pull-back, with 12% less homes sales and 21% lower total home sales volume."

When the market begins to rebound, though, these locales are well poised, Desiderio adds. "The Westhampton area, due to its proximity to the city and the expansive cultural and recreational opportunities, and Hampton Bays, due to its affordability and great beaches--these regions will return with a roar, because they each have their virtues and values to the East End."

Only Westhampton/Remsenburg and Shelter Island, the Corcoran report adds, had the same number of closings reported this quarter as this time last year, while Montauk and Quogue were down only a single reported sale compared with 2018. There were also some silver linings elsewhere in the Hamptons. Town & Country reported that the "Sag Harbor area, which includes Noyack and North Haven, saw a respectable improvement, particularly in the \$2 million to \$3.49 million price category, which rose 150%."

The Sotheby's International Realty report also noted an uptick in the onetime home of whaling ships and John Steinbeck. "Buyers have been taking notice of Sag Harbor. The village in particular is such a vibrant community with consistent, year-round amenities, restaurants and entertainment, making it an ideal weekend destination for any time of year," Smith notes. "Interestingly, colleagues I have spoken with in other offices of Sotheby's International Realty around the country have commented on a trend towards village lifestyle, and I believe that shift is manifesting out east as well. We also see excellent value in many Sag Harbor listings, even as other markets in the area seem to remain wedded to the more aggressive prices of a few years ago."

Price is affecting certain areas more than others, no doubt, but Cervi finds it noteworthy that the Q3 report reveals overall here in the Hamptons, "38% of sales were between \$500,000 and \$1 million." The higher end of the market may be facing a battle right now, but there are always buyers who want to get in the door.

"We have seen a great deal of activity in the starter-home segment of the market, giving buyers a foothold in the Hamptons," Smith says. "There also appears to be much faster turnover in that segment of the market--up to \$1.5 million--creating opportunities for buyers and sellers alike.

And, in time, the rest of the market will follow. "Hamptons real estate is truly a unique asset class--there are so few areas in the world with the stability and consistent growth demonstrated in our market," Smith continues. Although 2019 has definitely been a slower year, he adds, there are bright spots and a trend of note. "Going forward, we expect that the market will continue to respond to sellers who price their homes well from the start. Savvy buyers will continue to ignore any inventory that is priced above market value."

Markets are efficient. They get frothy, they cool off, they adjust to the basics of supply and demand. Supply does not merely mean inventory, but, as becomes clearer and clearer, inventory at the right price. As more sellers adjust their expectations, said inventory will move.

"I can never recall stating how important it is to price things properly as it is right now," Bourgard says, stressing that each town here also has a different price point. Hampton Bays is going to be different than Westhampton Beach, which is going to be different than Southampton. "The homeowners really started listening, and realized 'If we're going to sell this thing, we're going to need to bring the price down.' Our consumers, these buyers, are the smartest buyers we've ever had. And they are very willing to pay market value, but they are not willing to pay over. And when you can bridge that gap, it becomes fun again, and everybody's happy."