

REAL ESTATE: STATE OF THE MARKET

I have been a student of real estate ever since I was a broker myself, many, many moons ago. Back then my specialty was selling raw land in bulk, something we actually had a decent stock of up through the 1980's. Back then if I had a buyer with an itch for acreage I could drive them up and down the woods and point out 10 acres there, 50 over there maybe even more locked up in some seemingly far-away corner of East Hampton.

As for selling homes? Not my cup of chamomile tea. Never had the patience, stamina or fortitude to show some nice couple 543 homes before they finally settled on the first one they saw. Homicide crowded my thoughts doing that, so I stuck to what I knew.

Now, what does this have to do with the state of the market today? First, I pity the salesperson who has to make a living in this market. Not only are the deals fewer and fewer apart, as the number below more than attest, the dynamic between buyer and seller can best be described as a classic Mexican standoff. Most sellers don't have to sell, and most buyers are more than willing to wait things out.

As you will see from the data provided by Town and Country Real Estate, that plus another key element in the overall East End real estate picture to be discussed next, has resulted in a pullback in activity that is historic. Here then, are the results of the first quarter of 2023 and how they stack-up against the previous 2 years.

HOMES SOLD 1ST QUARTER 2021 - 2023			
	2023	2022	2021
0 - 500K	2	14	9
500K - 1M	41	69	146
1 - 2M	87	162	215
2 - 3.5M	63	131	165
3.5 - 5M	32	59	67
5 - 10M	35	71	61
10 - 20M	11	28	19
20M+	5	11	8
TOTAL	286	522	690

THE NUMBERS CZAR

If you've ever wondered how I come to my conclusions on the state of real estate I have to admit I have a not-so-secret weapon at my disposal. Judi Desaderio is not just the CEO of Town and Country Real Estate she is almost as big a numbers geek as me! Considering I once carried a slide-rule in my short pocket that is saying a lot.

But the fact is, she knows the facts of this market better than anyone. And her quarterly market reports are as accurate an analysis of where we are in the ups-and-downs of this essential slice of the East End economy. Better yet, since she has been doing this for a decade or more you can track the progression of this market over the long-term and learn many a valuable lessons.

If you care to take a deep dive into the data just go to www.townandcountryhamptons.com and access her Market Report section. If like me you like to build your perception of the real estate market on a firm foundation of facts, that's a great way to get started.



This drop of roughly 60% from 2021 to this year rolls across the pricing spectrum. Not only has the hoi-poly stopped plunging on palatial mansions, but the very least expensive real estate here has also dropped off an Everest sized cliff. That, more than anything disturbs me.

In 2021 there were 155 homes sold below a million. Last year we only had 73. This year, a paltry 43. That my friends, is a drop of 75%!! And it is not because people don't like homes under a million. There simply aren't any left to sell. If that doesn't trouble you, it should.

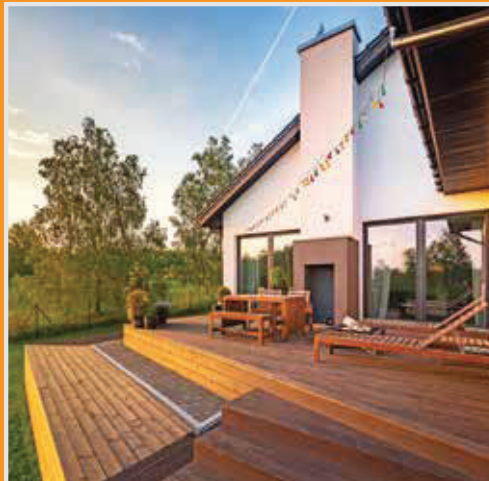
Lower priced homes are the building block of a community. And admittedly in a country where the average home costs roughly \$350,000 saying homes up to a million are affordable is rather laughable. But the truth is this area is dying on the real estate vine because people who actually want to live here, work here, raise children here simply cannot afford to. Sad does not even scratch the surface of that observation.

This trend didn't start with the pandemic. It sim-

ply accelerated. In 2010 of the roughly 1350 homes sold, almost 800 fell under a million dollars. That's almost 60% of all sales then vs 14% this year. And given the pressures on homes in that price range the chances of that slice of the market increasing are much like the proverbial snowball in a very hot place.

As for the rest of the market, that increasingly large discretionary slice of the pie, expect a form of stasis as buyers and sellers continue to stare each other down in a battle neither has much at stake to lose. And my advice for real estate agents stuck in no-man's land, trying to make a living in a still shrinking market?

Take a good look in the mirror and ask yourself, "is this what I really want to do?" I did 27 years ago and came to the conclusion I'd rather kuibbitz from the sidelines than mix it up with 2,000 other deal hungry professionals. One other comment. Don't think going into my business is such a breeze either. It makes the angst of butting heads over a deal look like a tea party for five-year-olds. ■



AND THE NORTH FORK?

Although just a few miles north of the Hamptons we sometimes forget the North Fork has a robust real estate market, too. Not as robust as this area but still hundreds of homes trade hands every year. But unlike here, the mix of homes is much more stable and for many, more affordable.

The first quarter of 2023 saw 125 homes sold, vs 152 the prior year. That's an 18% drop there vs our 48%. And of that slice 60% were under \$1M, a far more sustainable inventory than here. Lesson to be learned? As you push prices you lose your customer base, pure and simple. Not a good sign for this area.