

THE EAST HAMPTON STAR

SHINES FOR ALL

Real Estate Sales Suffer, But Rentals Are Robust

Christopher Gangemi | January 25, 2024



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When the word “suffered” ends up in a year-end real estate home-sales report, you know it can’t be good. However, as bad as 2023 was, “the worst is yet to come,” according to Judi Desiderio, the C.E.O. and president of Town and Country Real Estate. “The first quarter of 2024 is going to be a real eye-opener. The numbers don’t lie,” she said in a phone call. “I’ve been doing reports for over 30 years. The numbers say where we were, and where we’re going.”

“All 12 Hampton markets monitored were in the red on the number of home sales and total home sales volume,” according to her Hamptons Year End 2023 Home Sales Report. “Seven of the 12 markets even showed red when it came to median home sales price.”

“The number of home sales was down by 26 percent year to year,” she wrote, noting that 2022 was not a great year either. However, due to low inventory levels, the median home sales price was still \$1.78 million in 2023, “quite impressive for a hamlet our size.”

It’s not all dark. The rental market is showing strength, and the stock market is hitting new highs. Inflation and interest rates are declining in tandem. “There’s definitely light on the horizon,” said Joe Fuer, managing director for Compass Real Estate. Meanwhile, there was a \$112.5 million sale at 700 Meadow Lane in Southampton at the end of 2023, the South Fork’s highest since 2014.

“I think buyers and sellers adjusted to the new normal in 2023, meaning a higher-interest-rate, lower-inventory environment,” said Nanette Hansen, the brokerage manager for Sotheby’s in East Hampton. “As a brand I think our company had a better year than forecast, I think because we’re in luxury markets. With Wall Street having a banner year, up close to 20 percent of our client base has more of a cushion, because their portfolios are doing well.” Homeowners who might otherwise sell are “married to their low interest rates and don’t have the appetite to move into a 6-percent lending product.” “Last year was pretty brutal,” said Mr. Fuer, although, like Ms. Desiderio, he was impressed with the median home sale price.

“It’s doubled from 2019, when it was \$985,000,” he said. The numbers tell the tale of two markets; on the one hand, prices are benefiting from low inventory, but the same low inventory means fewer transactions.

On the South Fork there were 1,544 transactions in 2023, down from 2,196 in 2022. “Last year was our lowest year of transactions since 2011,” Mr. Fuer said. Inventory won’t loosen up until people aren’t “locked into their properties” with low mortgage rates. In the meantime, “I think prices will plateau a little bit,” he said.

There are other positives for the industry, specifically for East Hampton and Sag Harbor, according to Ms. Desiderio. “East Hampton Village has the highest median sales price for all of the Hamptons, and of the top 10 most expensive sales, five of them were in the village. Sag Harbor has the most vibrant village on the East End, people love to walk around there. It’s such a small village, but the median sales price is \$2.4 million. It holds its value.”

Major price adjustments seem to be hitting the ultra-luxury end of the market, not the low end. Ms. Desiderio noted one property that went on the market for \$24 million and went into contract for \$17 million. But 50 percent of the deals are happening in the lower end, defined in the Hamptons market as houses worth less than \$2 million. “If a house is priced right, in a good location and in good, preferably move-in condition, I think the sellers will be fine,” she said.

“I’m not in the prediction business,” said Ms. Hansen, “but the Hamptons market right now is very resilient. Prices are holding steady. We have not seen a correction. Anything up to \$2.5 million is a hot commodity.”

“Covid is long in the rearview mirror,” said Ms. Desiderio. “This market is not a function of Covid. We’re a luxury item, people can always rent, and this should be an incredible banner year for rentals. People are not going to stay in the city when it’s 90 degrees. They’re not going to want to be on pavement.”

Ms. Hansen agreed, perhaps for different reasons. “People are concerned about what’s going on geopolitically. Last summer, we saw people who typically summer in the Hamptons heading abroad. Now, with so much unrest, people may look at the Hamptons again. Anecdotally, there seems to be a hunger for safety, for something that’s familiar. There seems to be a renewed interest and commitment to community and family, I’m encouraged by it.” She noted that lease activity started months ago for 2024, and families are looking for longerterm leases. “It’s been very robust.”

“I can tell you that we had one of the busiest holiday seasons that we had in years,” said Mr. Fuer. “The phones are ringing. We’re seeing interest across the board for rentals.”

“What saves us is that we’re surrounded on three sides by water and there is no more development,” said Ms. Desiderio. “If you want your slice of heaven, you’re going to pay up.”