

# HAMPTONS NORTH FORK

## Market Overview

A Quarterly Survey of The Hamptons & North Fork Residential Sales

1Q 09



Prepared by Miller Samuel Inc.  
A New York residential real estate appraisal company

### Price indicators fell as listing inventory expanded

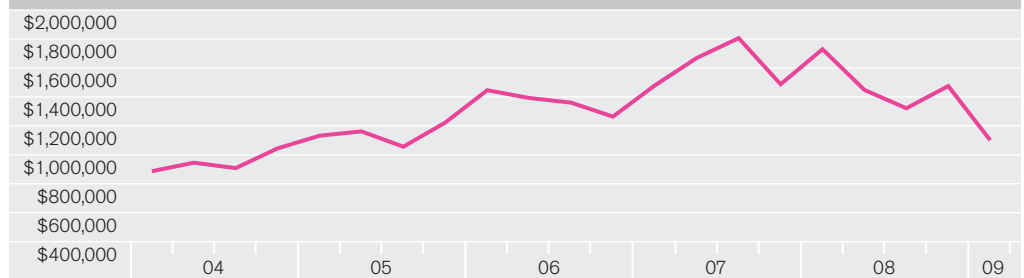
#### Number of sales declined as listing inventory expanded

There were 201 sales in the first quarter, down 49.8% from 400 sales in the same period last year and 72.9% from the same period five years ago, which had 742 sales. The number of sales dropped 44.6% from the prior quarter, which had a total of 363 sales. The slow down in activity is attributable to the credit crunch, employment and compensation concerns on Wall Street and recessionary economic conditions. As a result of the decline in the number of sales listing inventory expanded. There were 2,289 properties available for sale at the end of the first quarter, up 23.9% from 1,848 properties during the same period last year. The combination of rising inventory and declining sales resulted in a jump in the monthly absorption rate – the number of months to sell all existing inventory at the current pace of sales – to 34.2 months, from 13.9 months in the prior year quarter and up from 17.2 months in the prior quarter.

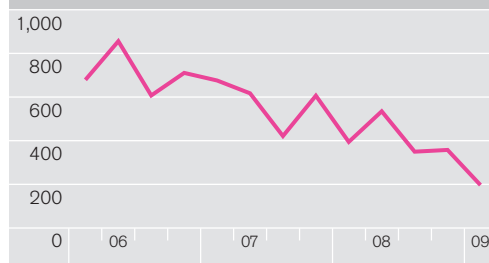
**Price indicators declined** The median sales price of an East End property was \$605,000 in the first quarter, 23.4% below the \$790,000 median sales price of the prior year quarter and 12.3% below the \$690,000 median sales price in the prior quarter. The decline for all five quintiles by median sales price was consistent from bottom to top with a decline of 29.1% to \$250,000, a decline of 23% to \$412,000, a decline of 23.4% to

HAMPTONS & N. FORK MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,101,230	-25.3%	\$1,474,771	-36.3%	\$1,728,610
Median Sales Price	\$605,000	-12.3%	\$690,000	-23.4%	\$790,000
Number of Sales	201	-44.6%	363	-49.8%	400
Days on Market (from Last List Date)	182	21.4%	150	-1%	184
Listing Discount (from Last List Price)	12.1%		15.4%		9.7%
Listing Inventory	2,289	10.1%	2,079	23.9%	1,848

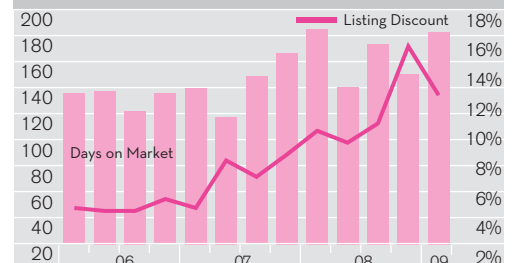
QUARTERLY AVERAGE SALES PRICE / HAMPTONS & NORTH FORK



NUMBER OF SALES / HAMPTONS & NORTH FORK



LISTING DISCOUNT VS. DAYS ON MARKET



\$605,000, a decline of 26.3% to \$940,000 and a decline of 25.2% to \$2,439,900 from the same period a year ago suggesting that the weaker

economic conditions impacts all market price strata consistently. Average sales price fell 36.3% to \$1,101,230 from \$1,728,610 in the prior year

quarter and was down 25.3% from the \$1,474,771 average sales price in the prior quarter, reflecting limited high-end sales activity. There appears to be more limited activity and greater price weakness at the upper end of the market. There were 8 sales at \$5M or above in the first quarter (1 over \$10M), while there were 22 sales at \$5M or above in the prior year quarter (8 over \$10M). The new market with lower prices, historically low mortgage rates and improved terms in the conforming mortgage market may initially favor

first time buyers and properties under \$1M.

**Days on market remained steady as listing discount expanded** The listing discount was 12.1% in the first quarter, up from 9.7% in the same period a year ago, but down from the 15.4% listing discount of the prior quarter. The higher discount from the same period last year suggests that sellers are falling behind the changing market, having to “travel farther” to meet a purchaser in order to reach a “meeting of the minds” and sell

their properties. The lag in adjustment to the new market, defined by lower sales activity and lower prices after the September tipping point, was due to the swiftness of the change. The tipping point included the Lehman bankruptcy as well as the AIG, Fannie Mae and Freddie Mac bailouts. Although listing inventory expanded over the year, days on market was essentially unchanged at 182 days, from the 184 days seen in the prior year quarter.

# HAMPTONS market

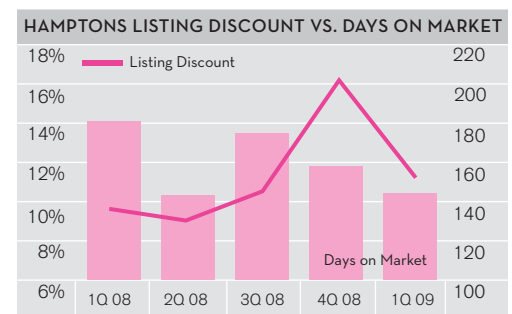
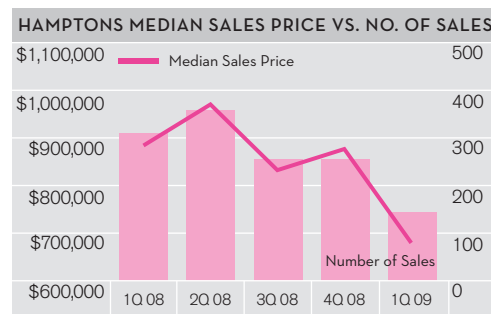
## Listing inventory rose as price indicators declined

**Numbers of sales dropped sharply, inventory expanded** There were 145 sales in the first quarter, down 53.5% from the same period last year, which had 312 sales and down 43.6% from the prior quarter total of 257 sales. The decline in sales in the Hamptons closely followed the decline in sales in New York City. The Hamptons accounted for 72.1% of all sales and 86.1% of total sales dollars on the East End in the first quarter. Listing inventory expanded over the same period as the lower level of sales caused inventory to back up. There were 1,673 listings available for sale in the first quarter, up 15.4% from 1,450 listings in the same period a year ago and up 8.6% from the prior quarter total of 1,541 listings. Inventory is at its highest level of the three years the metric has been tracked for this report. Monthly absorption jumped this quarter to 34.6 months, from 13.9 months in the prior year quarter and nearly doubled from 18 months in the prior quarter. The combination of rising inventory and falling sales has caused the significant change in absorption in the first quarter.

**Price indicators declined** The median sales price of a property sale in the Hamptons was \$675,000 in the first quarter, down 23.5% from the \$882,500 median sales price of the prior year quarter and down 22.9% from the prior quarter median sales price of \$875,000. The decline in median sales price was distributed across all five quintiles, ranging from 21% to 35.2% declines. Average sales price followed the same pattern,

Hamptons Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,313,735	-27.4%	\$1,810,722	-32.5%	\$1,945,358
Median Sales Price	\$675,000	-22.9%	\$875,000	-23.5%	\$882,500
Number of Sales	145	-43.6%	257	-53.5%	312
Days on Market (from Last List Date)	144	-8.9%	158	-20.4%	181
Listing Discount (from Last List Price)	11.2%		16.2%		9.6%
Listing Inventory	1,673	8.6%	1,541	15.4%	1,450

Hamptons Submarket/Median Sales Price	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
North of Highway (Route 27)	\$685,000	-8.7%	\$750,000	-25.9%	\$925,000
South of Highway (Route 27)	\$637,500	-45.2%	\$1,162,500	-27.6%	\$880,000
East of Shinnecock Canal	\$760,000	-37.6%	\$1,217,500	-32.4%	\$1,125,000
West of Shinnecock Canal	\$548,500	4.5%	\$525,000	1.6%	\$540,000



declining 32.5% to \$1,313,735 from the prior year quarter average sales price of \$1,945,358 and down 27.4% from the prior quarter average sales price of \$1,810,722.

**West of the canal led all markets** The proximity of properties to the east and west of the Shinnecock Canal and north and south of Route 27 are considered reference points for market participants, with properties to the south of the highway or east of the canal seeing higher prices. The housing stock and location attributes between these areas are too large to be relied

QUINTILES / Median Sales Price by No. of Sales / HAMPTONS	Current Qtr	% Chg Prior Year Qtr
5/5	\$2,750,000	-28.1%
4/5	\$1,150,000	-28.1%
3/5	\$675,000	-23.5%
2/5	\$460,000	-21%
1/5	\$251,000	-35.2%

on as a sole basis of comparison between like properties on either side of the boundaries, but

it does show general patterns and trends. Three of these four submarkets showed a decline in median sales price from the same period last year. The general market to the south of the highway is characterized by having the highest priced housing in the market area partially due to limited availability of open land to the waterfront. The limited number of high-end sales, however, have resulted in a sharp decline in the south of the highway metric, after consistently showing higher prices over the past several years. The median sales price of properties to the south of the highway was \$637,500, down 27.6% from the prior year quarter median sales price of \$880,000. Properties to the north of the

highway showed a similar pattern, falling 25.9% to a median sales price of \$685,000 from the prior year quarter. The median sales price of a property to the east of the canal, which overlaps the south of the highway market, was \$760,000, or 32.4% below the prior year quarter result of \$1,125,000. Properties to the west of the canal had a median sales price of \$548,500, or 1.6% above the median sales price of \$540,000 in the prior year quarter. This submarket has been the lowest priced area historically and didn't see the same rise in property values that areas to the east of the canal did, resulting in less volatility during this period of economic weakness.

**declined** It took an average of 144 days to market a property, 37 days faster than the 181 days on market in the same period last year. This is the second consecutive quarter with a sharp drop in days on market from the same period a year prior. It would appear that the marketing times expressed as days on market last year were an anomaly relative to the other metrics at the time. Listing discount increased this quarter, rising to 11.2% as compared to the 9.6% listing discount in the same period last year, suggesting that sellers are falling behind the market in their pricing as the spread between the contract price and listing price is rising.

**Listing discount increased, yet days on market**

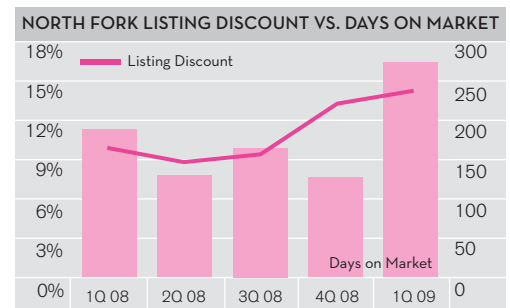
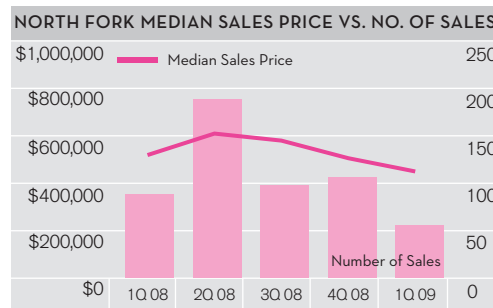
# NORTH FORK *market*

## Price indicators fell as inventory levels expanded

**Listing inventory increased, number of sales declined** There were 616 residential properties listed for sale at the end of the quarter, up 54.8% from 398 units in the prior year quarter and up 14.5% from the prior quarter total of 538 units. Inventory continued to trend higher in 2008. Over the same period, the number of sales declined 36.4% to 56 units from 88 units last year and fell 47.2% from 106 units in the prior quarter. The monthly absorption rate of the North Fork market was 33 months as a result of the drop in sales and increase in listing inventory. The absorption rate was 13.6 months last year at this time and 15.2 months in the prior quarter. The North Fork accounted for 27.9% of all unit sales in the East End, yet 13.9% of total dollar volume.

**Price indicators declined** Median sales price was \$443,500 in the first quarter, 13.6% below the \$513,425 median sales price of the prior year quarter and 11.3% below the \$500,000 median sales price of the prior quarter. Average sales price was \$550,994, down 42.6% from the \$960,140 average sales price of the prior year quarter and down 16.5% from the prior quarter average sales price of \$660,249. The drop in price indicators reflects the decline in the number of high end sales during the period. In the current quarter there were 4 sales above \$1M and 1 sale

NORTH FORK MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$550,994	-16.5%	\$660,249	-42.6%	\$960,140
Median Sales Price	\$443,500	-11.3%	\$500,000	-13.6%	\$513,425
Number of Sales	56	-47.2%	106	-36.4%	88
Days on Market (from Last List Date)	280	115.4%	130	45.1%	193
Listing Discount (from Last List Price)	14.3%		13.3%		9.9%
Listing Inventory	616	14.5%	538	54.8%	398



above \$2M, while there were 13 sales above \$1M and 6 sales above \$2M in the prior year quarter.

**Listing discount, days on market expanded** The average listing discount was 14.3% this quarter, above the 9.9% listing discount of the prior year quarter and had trended higher for the three most recent quarters. The expansion of inventory and drop in the number of sales combined with the rise in listing discount indicates that sellers are falling behind the market. The larger listing discount represents the spread between the contract price and the listing price at the time of contract. Days on market tends to expand during periods of rising inventory, however days on

QUINTILES / Median Sales Price by No. of Sales / N. FORK	Current Qtr	% Chg Prior Year Qtr
5/5	\$998,000	-20.6%
4/5	\$580,000	-21.1%
3/5	\$443,500	-13.6%
2/5	\$330,000	-21.4%
1/5	\$235,900	-23.7%

market spiked this quarter to 280 days, up from 193 days at the same time last year. This appears to be a statistical anomaly.

# LUXURY *market*

*Price indicators fell as listing discount expanded*

**Listing inventory rose as price indicators declined**

The bottom of this market segment began at \$2,475,000 this quarter well below the \$3,050,000 average threshold of the past two years. The median sales price of the luxury market was \$4,087,500, down 24.7% from the \$5,425,000 median sales price in the same period last year. Average sales price saw a more significant decline, down 46.3% to \$4,759,070 from \$8,869,300 in the same period a year ago, reflective of the dearth of high end property sales in the first quarter. Listing inventory rose 32.8% to 470 units from 354 units in the prior year quarter and represents 20.5% of total listings. Because of the combination of declining sales and declining prices, total dollar volume was down 73.2% compared to the prior year quarter, but still represented 43% of total dollar sales for the quarter.

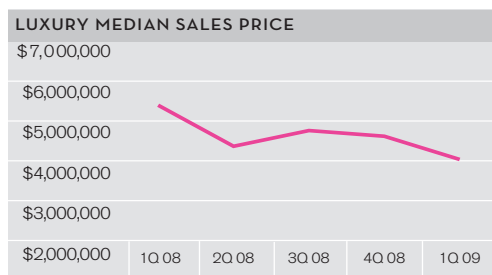
Note: This sub-category is the analysis of the top ten percent of all sales. The data is also contained within the other markets presented.

LUXURY MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$4,759,070	-30.6%	\$6,857,781	-46.3%	\$8,869,300
Median Sales Price	\$4,087,500	-12.3%	\$4,660,000	-24.7%	\$5,425,000
Number of Sales	20	-44.4%	36	-50%	40
Days on Market (from Last List Date)	138	-9.8%	153	23.2%	112
Listing Discount (from Last List Price)	11.6%		9%		4.8%
Listing Inventory	470	22.1%	385	32.8%	354

TOP 5 LOCATIONS by Average Sales Price	Current Qtr (No. of Sales)	Prior Qtr (No. of Sales)	Prior Year Qtr (No. of Sales)
Amagansett (2)	\$8,137,500	Montauk (1) \$18,000,000	Southampton (8) \$15,405,000
Remsenburg (1)	\$6,000,000	Southampton (8) \$8,723,688	Sagaponack (3) \$15,033,333
North Haven (1)	\$6,000,000	East Hampton (7) \$7,282,262	Peconic (2) \$13,500,000
Bridgehampton (3)	\$5,987,500	Sagaponac (4) \$7,009,375	East Hampton (6) \$8,241,667
Sagaponack (4)	\$5,293,600	Water Mill (1) \$6,100,000	East Quogue (2) \$6,921,000

**Days on market and listing discount expanded**

Listing discount was 11.6% in the first quarter, up from 4.8% in the same quarter a year ago. Days on market was 138 days, 26 days longer than the 112 days on market in the same period last year. The expansion of these indicators is consistent with the growth in listing inventory over the same period.



# CONDO *market*

*Price indicators and number of sales declined*

**Number of sales and price indicators declined**

Both price indicators fell this quarter from the prior year quarter, but the limited number of sales during the period appears to exaggerate these price trends. Median sales price was \$386,540 in the first quarter, down 32.8% from the \$575,000 median sales price of the prior year quarter. Average sales price declined 50.3% to \$374,366 from \$753,220 in the prior year quarter. Over the same period, the number of sales dropped sharply by 73.5% to 9 sales from 34 sales in the prior year quarter. The 71.9% decline from the prior quarter total of 32 units was a similar change, suggesting the most significant market change occurred since the fall.

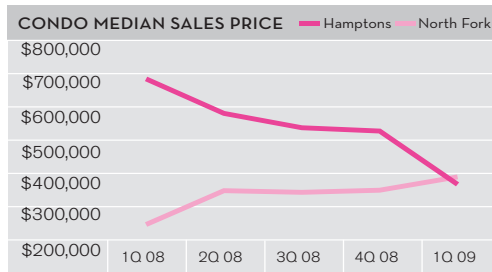
**Listing discount and days on market increased**

The days on market jumped to 272 days from 123

CONDO MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$374,366	-22%	\$479,836	-50.3%	\$753,220
Median Sales Price	\$386,540	4.8%	\$368,970	-32.8%	\$575,000
Number of Sales	9	-71.9%	32	-73.5%	34
Days on Market (from Last List Date)	272	81.3%	150	121.1%	123
Listing Discount (from Last List Price)	6.4%		16.3%		6%
Listing Inventory	108	77%	61	16.1%	93

MEDIAN SALES PRICE (% Share / No. of Sales)	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
The Hamptons	\$364,000 (67%)	-30.7%	\$525,000 (47%)	-46.7%	\$682,495 (82%)
The North Fork	\$386,540 (33%)	11.6%	\$346,380 (53%)	59.2%	\$242,750 (18%)

days in the prior year quarter and up from 150 days in the prior quarter. The spike in days on market appears to be a statistical anomaly due to the low number of sales during the period. Listing discount increased modestly to 6.4% from 6% in the same period last year.



Note: This sub-category is the analysis of available condo sales. The data is also contained within the other markets presented.

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