

HAMPTONS NORTH FORK

Market Overview

A Quarterly Survey of The Hamptons & North Fork Residential Sales

2Q 09



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

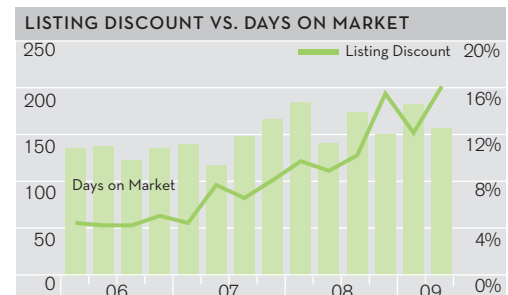
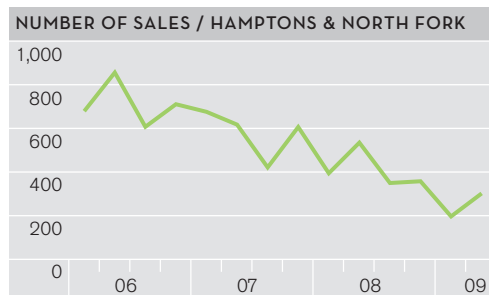
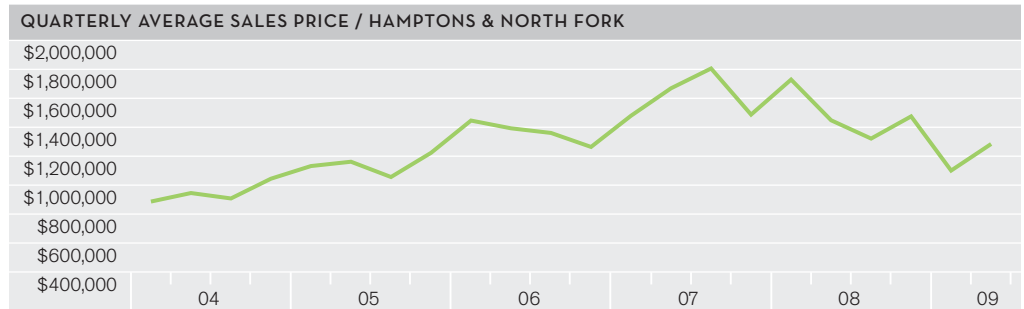
Number of sales surged with release of pent-up demand

Listing inventory expanded as number of sales fell sharply There were 307 sales in the current quarter, 43.3% below the 541 sales in the prior year quarter, but 52.7% higher than the 201 sales in the prior quarter. The gain in the number of sales from the prior quarter was higher than seasonal norms, reflecting a release in pent-up demand from more limited sales activity at the end of 2008. Over the same period, the number of properties listed for sale continued to rise. Listing inventory totalled 2,286 properties, 23.6% higher than the 1,849 properties listed during the second quarter of 2008. The expansion of inventory was to be expected due to the decline in the number of sales. As a result of the rise in listing inventory and the decline in the number of sales, the monthly absorption rate—the number of months to sell all existing inventory at the current pace of sales—was 22.3 months, more than double the 10.3 month absorption rate average of the prior year quarter.

Days on market and listing discount expanded

With more listing inventory, there was more competition between listings and the days on market expanded. The days on market for the East End averaged 156 days, 16 days longer than the 140 days for this indicator in the prior year quarter. However, days on market fell 26 days from 182 days in the first quarter, which immediately following the housing market

HAMPTONS & N. FORK MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,284,486	16.6%	\$1,101,230	-11.3%	\$1,447,923
Median Sales Price	\$680,000	12.4%	\$605,000	-16.8%	\$817,500
Number of Sales	307	52.7%	201	-43.3%	541
Days on Market (from Last List Date)	156	-14.4%	182	11.6%	140
Listing Discount (from Last List Price)	16.0%		12.1%		8.9%
Listing Inventory	2,286	-0.1%	2,289	23.6%	1,849



correction of last fall. With more inventory to compete with, the listing discount expanded to nearly double the level of the prior year quarter.

In the second quarter the listing discount was 16% compared to 8.9% in the prior year quarter. In the current market, the listing discount reflects

how far sellers are falling behind current market conditions and is the spread between the listing price and the contract price. In the current market, the sellers have to travel farther to meet the buyers and agree on a sales price to effect a sale.

Price indicators declined Average sales price declined 11.3% to \$1,284,486 from \$1,447,923 in the prior year quarter. The median sales price of an East End property was \$680,000 in the

current quarter, down 16.8% from \$817,500 in the prior year quarter, but up 12.4% from \$605,000 in the prior quarter. When viewing the market by quintiles, greater weakness was seen in the year over year change in median sales price at the lower price range of the market than the upper end of the market, which is somewhat contrarian to expectations. The change in median sales price for the top quintile increased 1.1% to \$2,525,000 from \$2,497,500 in the prior year quarter. The fourth quintile decreased 9.8% to \$1,105,000

from \$1,225,000 in the prior year quarter. The third quintile decreased 12.8% to \$680,000 from \$780,000 in the prior year quarter. The second quintile decreased 17.1% to \$450,000 from \$542,500 in the prior year quarter. The first quintile decreased 23.9% to \$310,000 from \$407,500 in the prior year quarter. The median sales price for all quintiles increased from the first quarter to the second quarter.

HAMPTONS market

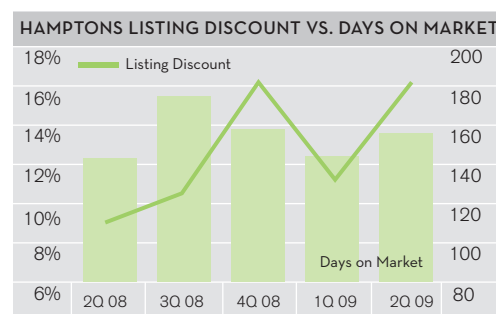
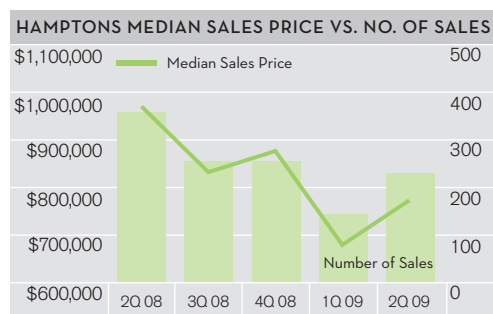
Listing inventory expanded as prices indicators declined

Price indicators declined The median sales price of a property sale in the Hamptons was \$770,000 in the second quarter, down 20.6% from the \$970,000 median sales price of the prior year quarter, but up 14.1% from the prior quarter median sales price of \$675,000. The decline in median sales price was distributed across all five quintiles, ranging from 2.9% to 24.8% declines with the higher priced quintiles seeing the lowest declines. Average sales price followed the same pattern, declining 13.3% to \$1,500,735, from the prior year quarter average sales price of \$1,730,414, but up 14.2% from the prior quarter average sales price of \$1,313,735.

Numbers of sales declined as listing inventory grew Listing inventory increased 14.2% to 1,662 properties from 1,455 properties in the prior year quarter, but was essentially unchanged from the 1,673 properties available at the end of the prior quarter. Inventory levels are at their highest level, second only to the prior quarter, in the three years this metric has been tracked for this report. The lower level of sales activity was one of the primary reasons for the expansion of listing inventory. There were 231 sales in the Hamptons in the second quarter, 34.4% below the 352 sales in the same quarter last year. However the number of sales jumped 59.3% from the prior quarter total of 145 sales, which could be equated to a release of pent-up demand from limited sales activity since the “tipping point” last fall that marked the beginning of a new housing market, characterized by a contraction of credit.

Hamptons Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,500,735	14.2%	\$1,313,735	-13.3%	\$1,730,414
Median Sales Price	\$770,000	14.1%	\$675,000	-20.6%	\$970,000
Number of Sales	231	59.3%	145	-34.4%	352
Days on Market (from Last List Date)	156	8.3%	144	9.1%	143
Listing Discount (from Last List Price)	16.2%		11.2%		9.0%
Listing Inventory	1,662	-0.7%	1,673	14.2%	1,455

Hamptons Submarket/Median Sales Price	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
North of Highway (Route 27)	\$712,500	4.0%	\$685,000	-18.1%	\$870,000
South of Highway (Route 27)	\$900,000	41.2%	\$637,500	-41.9%	\$1,550,000
East of Shinnecock Canal	\$999,750	31.5%	\$760,000	-13.1%	\$1,150,000
West of Shinnecock Canal	\$490,000	-10.7%	\$548,500	-20.3%	\$615,000



Despite the decline in the number of sales, the Hamptons submarket accounted for 75.2% of all East End sales in the second quarter, gaining 10.1% additional market share from the North Fork. As a result of the expansion of inventory and decline in the number of sales, the monthly absorption rate jumped in the quarter to 21.6 months, from 12.4 months in the prior year quarter.

Listing discount and days on market expanded It took an average of 156 days to market a property, 13 days longer than the 143 days on

QUINTILES / Median Sales Price by No. of Sales / HAMPTONS	Current Qtr	% Chg Prior Year Qtr
5/5	\$3,325,000	-4.9%
4/5	\$1,437,500	-2.9%
3/5	\$770,000	-20.6%
2/5	\$525,000	-20.3%
1/5	\$327,000	-24.8%

market in the same period last year. The increase in listing inventory provided buyers more choices, thereby expanding the time it takes to sell a

property. Listing discount also expanded this quarter, rising to 16.2% as compared to the 9% listing discount in the same period last year. The second quarter listing discount was the highest amount seen in the 3 years the statistic has been tracked for this report. In the current market, the increase of the listing discount suggests that sellers are “chasing” the market, not willing to price at current levels, falling further behind the decline in conditions.

South of the highway continued to lead 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 on as a sole basis of comparison between like properties on either side of the boundaries, but it does show general patterns and trends. These market segments are popular ways to view price trends in the East End, but their reliability is limited. All four submarkets showed a decline in median sales price from the same period last year. The market south of the highway is characterized by having the highest priced housing in the general market area and limited availability of open land to the waterfront. However, the limited number of high-end sales have resulted in a sharp decline in the south of the highway metric after consistently

showing higher prices than properties to the north over the past several years. This is more a function of the mix of property types that are selling rather than a severe decline in prices as median sales price suggests. The median sales price of properties to the south of the highway was \$900,000, down 41.9% from the prior year quarter median sales price of \$1,550,000. The median sales price of a property to the east of the canal, which overlaps the south of the highway market, was \$999,750, or 13.1% below the prior year quarter result of \$1,150,000. Properties to the west of the canal had a median sales price of \$490,000, or 20.3% below the median sales price of \$615,000 in the prior year quarter.

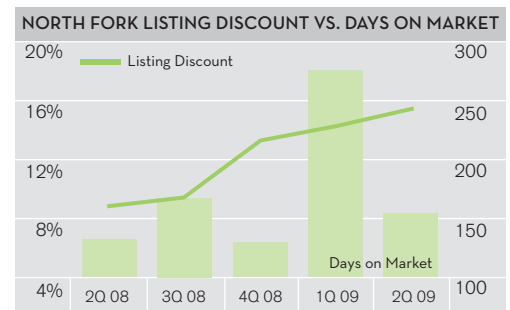
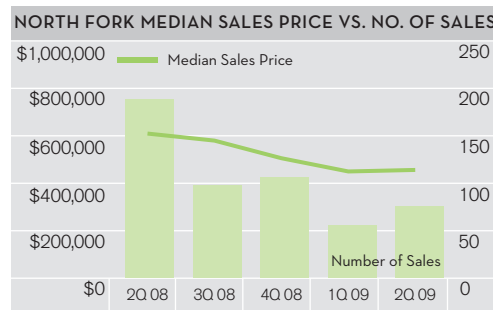
NORTH FORK *market*

Inventory rose as price indicators declined

Price indicators declined Median sales price was \$450,000 in the second quarter, 25.6% below the \$605,000 median sales price of the prior year quarter, but up a modest 1.5% from \$443,500 in the prior quarter. Median sales price across all quintiles posted declines from the same period last year. Average sales price showed more volatility with a 32% decline to \$627,204 in the second quarter from \$921,803 in the prior year quarter, but up 13.8% from \$550,994 in the prior quarter.

Number of sales declined as listing inventory expanded The number of sales in the North Fork declined 59.8% to 76 sales in the second quarter from 189 sales in the prior year quarter. The number of sales surged 35.7% from the 56 sales in the prior quarter as pent-up demand was released that had accumulated from the end of 2008 and early 2009. The North Fork market share of the East End by number of sales fell to 24.8% of all sales from 34.9% in the prior year quarter. Consistent with the lower level of sales activity, listing inventory continues to rise. There were 624 properties listed for sale at the end of the second quarter, up 58.4% from the 394 properties listed for sale in the same period in 2008. Expansion of inventory continued to a lesser degree between the first and second

NORTH FORK MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$627,204	13.8%	\$550,994	-32.0%	\$921,803
Median Sales Price	\$450,000	1.5%	\$443,500	-25.6%	\$605,000
Number of Sales	76	35.7%	56	-59.8%	189
Days on Market (from Last List Date)	155	-44.6%	280	16.5%	133
Listing Discount (from Last List Price)	15.5%		14.3%		8.8%
Listing Inventory	624	1.3%	616	58.4%	394



quarters of 2009, rising 1.3% from 616 listings.

Days on market and listing discount expanded

The days on market for the average property sale in the second quarter was 155 days, more than three weeks longer than the 133 days on market average of the prior year quarter. In the prior quarter, the days on market average spiked to 280 days and appears to be an anomaly as it dropped back to 155 days in the second quarter. The listing discount, which tends to reflect how far behind the market the sellers are pricing their properties for sale, has been rising steadily over the past year. The second quarter listing discount was 15.5%, compared to the 8.8% listing

QUINTILES / Median Sales Price by No. of Sales / N. FORK	Current Qtr	% Chg Prior Year Qtr
5/5	\$1,500,000	-9.4%
4/5	\$629,000	-22.3%
3/5	\$450,000	-25.6%
2/5	\$370,000	-24.4%
1/5	\$263,200	-30.7%

discount of the prior year quarter and 14.3% of the prior quarter. The expansion of these metrics is consistent with the rise in listing inventory.

LUXURY *market*

Listing inventory outpaced overall inventory growth

Listing inventory expanded and listing discount rose

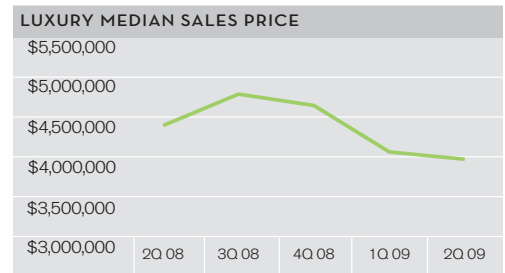
There were 584 listings for sale at the end of the second quarter, up 46.4% from 399 listings in the prior year quarter. Listing inventory for the entire East End market grew at roughly half the pace of the luxury market at 23.6% over the same period. As a result of the increase in listing inventory, days on market expanded as potential purchasers had more properties to choose from. Days on market was 176 days, 3.5 weeks longer than the 152 days on market average of the prior year quarter and more than 5 weeks longer than the prior quarter total of 138 days. Listing discount jumped to 19.8% from 5.6% in the prior year quarter and from 11.6% in the prior quarter.

Price indicators declined The median sales price of a luxury property on the East End was \$3,996,500, 9.4% below the \$4,412,500 median sales price of the prior year quarter. Average sales price declined 21.5% to \$4,972,797 from

LUXURY MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$4,972,797	4.5%	\$4,759,070	-21.5%	\$6,331,236
Median Sales Price	\$3,996,500	-2.2%	\$4,087,500	-9.4%	\$4,412,500
Number of Sales	37	85.0%	20	-31.5%	54
Days on Market (from Last List Date)	176	27.5%	138	15.8%	152
Listing Discount (from Last List Price)	19.8%		11.6%		5.6%
Listing Inventory	584	24.3%	470	46.4%	399

TOP 5 LOCATIONS by Average Sales Price	Current Qtr (No. of Sales)	Prior Qtr (No. of Sales)	Prior Year Qtr (No. of Sales)		
Wainscott (1)	\$11,200,000	Amagansett (2)	\$8,137,500	Quogue (1)	\$15,650,000
East Hampton (7)	\$5,891,429	Remsenburg (1)	\$6,000,000	Shelter Island (2)	\$12,200,000
Sagaponack (5)	\$5,757,500	North Haven (1)	\$6,000,000	Sagaponack (6)	\$8,275,000
Southampton (4)	\$5,636,875	Bridgehampton (3)	\$5,987,500	Southampton (14)	\$7,951,197
Water Mill (5)	\$5,479,300	Sagaponack (4)	\$5,293,600	Sag Harbor (1)	\$7,500,000

\$6,331,236 in the prior year quarter. The bottom of the luxury market started at \$2,362,000 in the second quarter, down from \$2,600,000 in the same quarter last year. There were 14 sales at or above the \$5,000,000 threshold for the second quarter, compared to 23 sales in the prior year quarter and 7 sales in the prior 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.

CONDO *market*

Listing discount expanded as price indicators trend lower

Price indicators declined as listing inventory expanded

The median sales price of an East End condo fell 14.6% to \$455,000 from \$532,500 in the prior year quarter, but up 17.7% from \$386,540 in the prior quarter. The smaller data set for the condo market often results in greater volatility, but the general trend has been one of decline over the past year. There were 15 condo sales, in the second quarter, down from 24 sales in the prior year quarter, but up from 9 sales in the prior quarter. Sales activity is approximately one third the market norm of three years ago. Consistent with the decline in sales, listing inventory expanded 7.6% to 99 properties, from 92 properties in the prior year quarter.

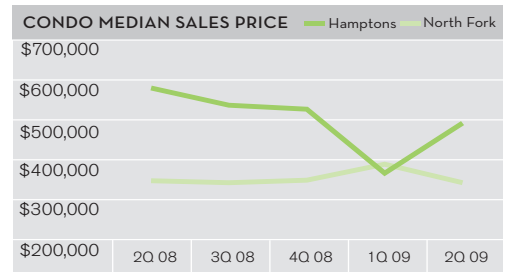
Listing discount and days on market increased

The spread between the list price and contract price, otherwise known as listing discount,

CONDO MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$544,200	45.4%	\$374,366	-8.9%	\$597,686
Median Sales Price	\$455,000	17.7%	\$386,540	-14.6%	\$532,500
Number of Sales	15	66.7%	9	-37.5%	24
Days on Market (from Last List Date)	267	-1.8%	272	59.9%	167
Listing Discount (from Last List Price)	21.2%		6.4%		7.0%
Listing Inventory	99	-8.3%	108	7.6%	92

MEDIAN SALES PRICE (% Share / No. of Sales)	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
The Hamptons	\$490,000 (87%)	34.6%	\$364,000 (67%)	-15.3%	\$578,330 (75%)
The North Fork	\$340,000 (13%)	-12.0%	\$386,540 (33%)	-1.4%	\$345,000 (25%)

jumped to 21.2% in the second quarter, from 7% in the same period in the prior year. The decline in sales activity and rise in inventory was consistent with the jump in this statistic. Days on market also increased sharply over the same period, reaching 267 days, from 167 days in the same period a year ago.



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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