

## WARRING NUMBERS

In the many years I've followed real estate I have never come across a situation like the one that presents itself this month. As you know, I love numbers. They tell the tale of real estate's ups and downs much more accurately than the usual cocktail hour gossip most folks are subjected to.

Lucky for us all, there have been a number of local and corporate firms that feel the same way I do. Who in thick and thin times try to frame the market's conditions in concrete terms. Sure, they'll spin it to better position their clients and properties. "A down market is a great time to buy!" That's not just one of my favorites, it has some ring of truth to it.

So as I cast about for market reports I can cull for meaningful stats I can easily count on the folks at Compass, Brown/Harris/Stevens, Corcoran and one of my all-time fab fave's, Judi Desiderio at Town and Country. She's been cranking out these reports almost as long as I can remember.

Thing is, laid side-by-side the various market reports rarely square. You'll generally see variations of 5-10% based on when they were assembled, what methodology was used and the quality of reporting each brings to the task. Still, they are always useful in taking a close look at a micro-market like this and making some sense of it.

So, what have the numbers been telling us this year? Not a very bright picture to say the least. As you'll see, the most recent market report shows sales on the East End down by 20-25% from the same period last year. That is not, by any stretch of the tape, where we would like to be. But how would you feel if I told you the market was actually down a whopping 70%!! Like the captain on the Titanic after he hit the burg? Oh, yea, a real sinking feeling.

### ///ZILLOW/OUT EAST

Now where in the wide world of sports would a number like that come from? Not from any local

or regional real estate firm, oh no. Not from any appraisal or legal team, oh, no. It comes from the national real estate firm of Zillow, better known on this end of the East End as Out East.

They are one of the largest on-line real estate resources in America. Theoretically you could go to their comprehensive site, plumb its depths and find a suitable home in any corner of these US of A. Push a check through your monitor and before you can whistle "Home, Sweet, Home" you'd be rocking on the front porch of your new abode.

All that assumes these folks know what they're doing. Like better than your average real estate schnook in some small market like, er, the East End? So when they trumpeted their first ever market report for the East End this past month most everyone was looking forward to a state-of-the-art dissertation on this market.

What we got instead was a report that stated that May 2019 sales vs. 2018 were down 70%. More frightening, the numbers for the first 5 months of 2019 were the same 70% decline from 2018. In other words, the real estate market on the East End has fallen off a tall cliff and like Humpty Dumpty can't be put back together again.

### ///DAMN

That is not a small story. Given real estate's position as the dominant industry in this area a decline like that would mean mass layoffs for everyone from brokers to builders, landscapers and lawyers, every trade and business that depended on a steady stream of fees, commissions, contracts and money from this considerable cash cow. The party would be over. The circus would leave town. The lights would go out on the great white way.

So how come that hasn't happened? Because it's not true. How do I know? Because two of the folks who have spent the past decade or more have also just provided their 2nd Quarter reports and the results track remarkably well.

## SECOND QUARTER 2018 VS. 2019 EAST END SALES

|                        | HOMES SOLD | SALES DOLLARS |
|------------------------|------------|---------------|
| TOWN N COUNTRY         | 297 - 221  | \$768 M 591M  |
| BROWN, HARRIS, STEVENS | 289 - 234  | \$748 M 592M  |

Bear in mind these numbers are from east of the Shinnecock Canal, the area I'm most familiar with. That said, numbers from there tell the same basic story.

### ///WHAT HAPPENED?

Since the bulk of the evidence so far points to a 20-25% drop, not 70%, it's clear Zillow/Out East's got it wrong. The why seems due a different methodology employed to assemble their numbers. A reliance on merging internal records of sales closed with Suffolk MLS stats, both of which seems to have undercounted the actual sales this year and last.

Why should any of this matter to you?

If you are buying or selling a home knowing where the market is helps frame your approach. A slow market like this could make you re-examine your asking price. Pull it off the market and wait for better times. Buyers might decide this isn't the best time to take the plunge. Or, it could encourage them to beat the bushes for a once-in-a-generation bargain. For both, facts matter. And as long as I'm running this magazine I'll continue to do my best to bring you the most accurate analysis of this all-important East End industry. ■



## DON'T BELIEVE ME?

If you're a Doubting Thomas, much as I am at heart, you do not have to take my word for the state of this real estate market. Go to the perfectly public reports most agencies publish and see not just the overall numbers I've discussed here but much more detailed information on current sales.

The main players are Corcoran, Elliman, Brown/Harris/Stevens, Compass and Town & Country. I practically like that last because it gives a breakdown of not just geographic areas but price points. Always interesting to see how few homes sell in that \$10 million dollar and up sector yet what a significant effect each has on average and total dollar sales per region.

Again, most of these reports are based on information provided by the Long Island Real Estate Report. A subscription service that gathers the minutia of all Island wide transactions for a fee they can tell you almost anything you need to know. And now, you know.