

ELLIMANREPORT

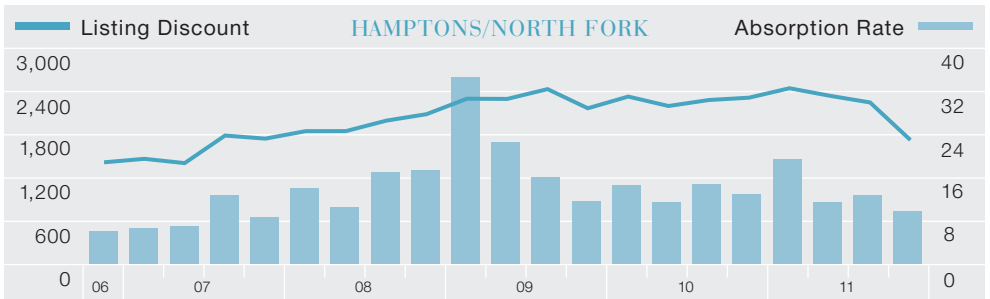
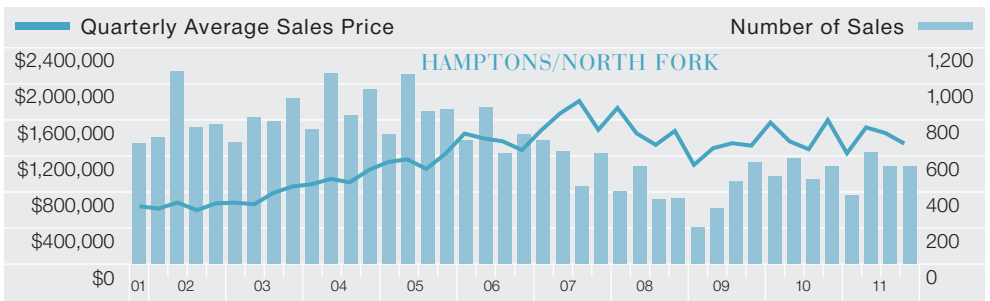
HAMPTONS & NORTH FORK

- **Number of sales held steady.** There were 541 sales in the fourth quarter, 0.6% more than 538 sales in the prior year quarter and the prior quarter. The number of sales this quarter remained above the five year 484 quarterly average.
- **Listing inventory fell sharply, yet marketing times expanded.** There were 1,728 listings available at the end of the fourth quarter, 25% below 2,303 in the prior year quarter and well below the five year 2,058 quarterly average.
- **Price indicators declined from last year's tax cut-related jump.** Median sales price was \$675,000 in the fourth quarter, 7.5% below \$730,000 in the prior year quarter.

There were 541 sales in the fourth quarter, 0.6% more than 538 sales in the prior year quarter and prior quarter. The level of sales remained above the 5-year average of 484 sales. Despite the relative stability of sales, the number of available listings fell sharply. There were 1,728 listings available at the end of the fourth quarter, 25% less than 2,303 listings at the end of the same quarter last year.

Despite the decline in listing inventory and stability of sales, days on market and listing discount expanded over the year. Days on market, the number of days from the last price

Hamptons/NorthFork Market Matrix	4Q-2011	% Chg (QTR)	3Q-2011	% Chg (YR)	4Q-2010
Average Sales Price	\$1,335,884	-8.0%	\$1,452,678	-16.2%	\$1,594,785
Median Sales Price	\$675,000	-3.6%	\$700,000	-7.5%	\$730,000
Number of Sales	541	0.6%	538	0.6%	538
Days on Market (From Last List Date)	201	18.2%	170	14.2%	176
Listing Discount (From Last List Price)	13.4%		11.3%		9.3%
Listing Inventory (Active)	1,728	-22.8%	2,238	-25.0%	2,303
Absorption Rate (Monthly, Active)	9.6	-23.2%	12.5	-25.0%	12.8



change to contract date, was 201 days, 25 days longer than 176 days in the prior year quarter. Listing discount, the percentage difference between the list price at time of contract and the sales price, increased to 13.4% from 9.3% in the prior year quarter.

Median sales price was \$675,000, down 7.5% from \$730,000 in the prior year quarter. Average

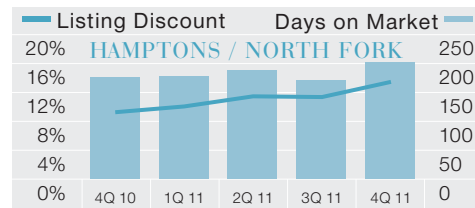
sales price followed the same pattern with a decline of 16.2% to \$1,335,884 from \$1,594,785 in the same period last year. The price indicators in the prior year quarter were pressed upward from the high end skew caused by concern over the potential expiration of the Bush tax cuts and rise in capital gains rate. Buyers and sellers rushed to close before the end of 2010.

The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market in the New York City metropolitan region. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and provide comprehensive analysis of the results.



Like Manhattan, the East End housing market continued to outperform most housing markets in the region, largely off the strength of the upper end of the market.

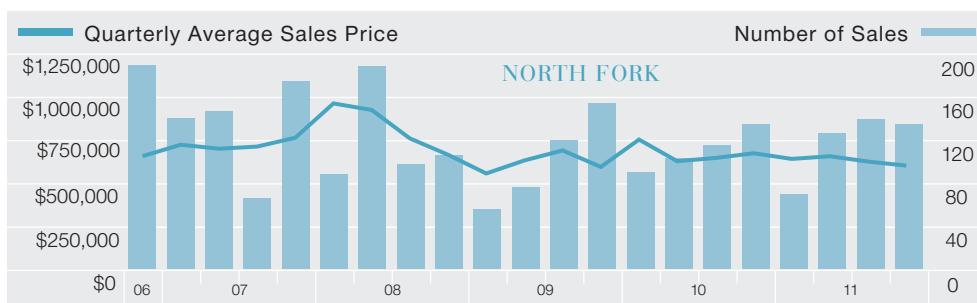
Quintiles	Med. Sales Price	% Change (yr)
5/5	\$2,662,500	-16.1%
4/5	\$1,100,000	-18.5%
3/5	\$675,000	-14.0%
2/5	\$448,750	-10.3%
1/5	\$300,000	-7.7%



NORTH FORK

- **Price indicators were below prior year levels.** Median sales price was \$450,000, 4.3% below \$470,000 in the same quarter last year.
- **Number of sales remained stable, as listing inventory fell.** There were 135 sales in the fourth quarter, unchanged from the prior year quarter. Listing inventory fell 19% to 563 from 695 over the same period.
- **Days on market slipped.** The number of days to sell a property averaged 186, 8 days faster than 194 days in the same quarter last year.

North Fork Market Matrix	4Q-2011	% Chg (QTR)	3Q-2011	% Chg (YR)	4Q-2010
Average Sales Price	\$596,890	-3.8%	\$620,323	-10.8%	\$669,000
Median Sales Price	\$450,000	0.0%	\$450,000	-4.3%	\$470,000
Number of Sales	135	-3.6%	140	0.0%	135
Days on Market (From Original List Date)	186	11.4%	167	-4.1%	194
Listing Discount (From Original List Price)	9.3%		8.0%		8.3%
Listing Inventory (Active)	563	-18.6%	692	-19.0%	695
Absorption Rate (Monthly, Active)	12.5	-15.5%	14.8	-18.8%	15.4

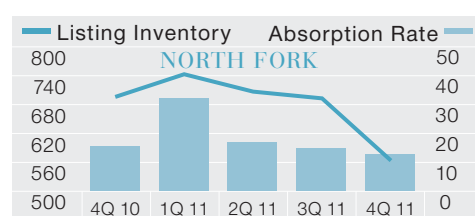


Median sales price was \$450,000 in the fourth quarter, down 4.3% from \$470,000 in the prior year quarter, but unchanged from the prior quarter. Average sales price was \$596,890 in the fourth quarter, 10.8% below \$669,000 in the same period last year. Despite the year-over-year declines in the overall price indicators, the top and bottom quintiles showed year-over-year increases in median sales price. The median sales price of \$254,000 in the first quintile was 1.6% higher than \$250,000 in the year ago quarter. The \$1,225,000 median sales price in the fifth quintile was 12.4% above \$1,090,000 in the same period last year. The middle of the market, namely the second, third and fourth quintiles, posted 2%, 4.3% and 7.1% declines in median sales price respectively over the same period.

There were 135 sales in the fourth quarter,

Quintiles	Med. Sales Price	% Change (yr)
5/5	\$1,225,000	12.4%
4/5	\$650,000	-7.1%
3/5	\$450,000	-4.3%
2/5	\$360,000	-2.0%
1/5	\$254,000	1.6%

unchanged from the prior year quarter and down 3.6% from 140 sales in the prior quarter, consistent with seasonal trends. Over the same period, listing inventory fell sharply, pressing the monthly absorption rate lower. There were 563 listings at the end of the fourth quarter, 19% below 695 listings in the prior year quarter. As a result of stable sales and declining inventory, the monthly absorption rate fell to 12.5 months from 15.4 months in the prior year quarter. The North Fork accounted for 25% of East End sales and 11.1% of total sales dollars in the fourth quarter,



both consistent with the same period last year.

The decline in listing inventory and the absorption rate was consistent with the decline in days on market. The average property took 186 days to sell, 8 days faster than 194 days in the prior year quarter, but still slower than the 161-day, five year average. Listing discount, the percentage difference between the list price at time of contract and the sales price, increased to 9.3% from 8.3% in the prior year quarter, reflecting an increased gap between buyers and sellers.

HAMPTONS

- **Number of sales edged higher, as inventory fell sharply.** There were 406 sales in the fourth quarter, 0.7% above 403 sales in the prior year quarter. Listing inventory fell 27.5% to 1,165 from 1,608 during the same period last year.
- **Price indicators fell from prior year quarter.** Median sales price fell 13.3% to \$780,000 from \$900,000 in the same period last year.
- **Days on market expanded.** Properties took an average of 206 days to sell, more than a month longer than the 170 days in the prior year quarter.

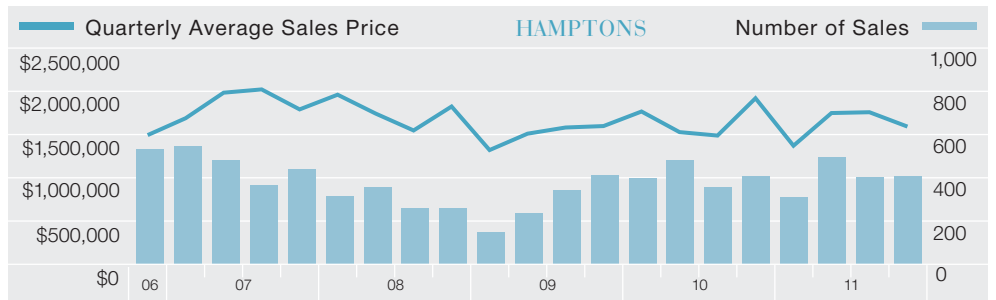
Price indicators trended below prior year results this quarter. Median sales price declined 13.3% to \$780,000 from \$900,000 in the prior year quarter. The four submarkets, relating to orientation to Route 27 and the Shinnecock Canal, reflected the same general shift in mix toward the high-end. The only region to see a year-over-year increase in median sales price was South of the highway, which posted a 1.9% increase to \$962,625 from \$945,000 in the same period last year. The prior year surge in closings at the upper end of the market from concern over the expiration of the Bush tax cuts concerning capital gains likely caused much of the decline in those price indicators.

There were 406 sales in the fourth quarter, 0.7% above the 403 sales in the prior year quarter and 2% more than 398 sales in the prior quarter. Although there was a nominal increase in year-over-year sales activity, listing inventory fell sharply. At the end of the fourth quarter, there were 1,165 properties listed for sale, 27.5% below 1,608 listings in the prior year quarter and 24.6% below 1,546 listings in the

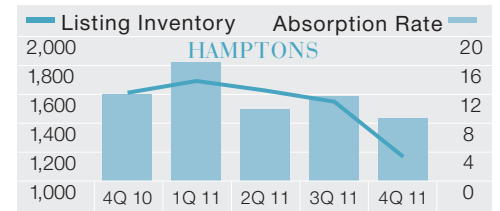
Hamptons Market Matrix	4Q-2011	% Chg (QTR)	3Q-2011	% Chg (YR)	4Q-2010
Average Sales Price	\$1,581,608	-9.4%	\$1,745,466	-17.0%	\$1,904,911
Median Sales Price	\$780,000	-8.2%	\$850,000	-13.3%	\$900,000
Number of Sales	406	2.0%	398	0.7%	403
Days on Market (From Original List Date)	206	20.5%	171	21.2%	170
Listing Discount (From Original List Price)	14.8%		12.5%		9.6%
Listing Inventory (Active)	1,165	-24.6%	1,546	-27.5%	1,608
Absorption Rate (Monthly, Active)	8.6	-26.5%	11.7	-28.3%	12.0

Hamptons Submarket Matrix	4Q-2011	% Chg (QTR)	3Q-2011	% Chg (YR)	4Q-2010
North of Highway (rt 27)	\$700,000	-16.7%	\$840,000	-21.3%	\$890,000
South of Highway (rt 27)	\$962,625	3.4%	\$931,000	1.9%	\$945,000
East of Shinnecock Canal	\$920,000	-20.0%	\$1,150,000	-17.1%	\$1,110,000
West of Shinnecock Canal	\$450,000	7.1%	\$420,000	-13.5%	\$520,000

[The Hamptons Submarket Median Sales Price]



Quintiles	Med. Sales Price	% Change (YR)
5/5	\$3,608,900	-15.1%
4/5	\$1,250,000	-21.9%
3/5	\$780,000	-13.3%
2/5	\$500,000	-9.1%
1/5	\$310,000	-4.6%



prior quarter. The 24.6% quarter-over-quarter decline in listing inventory was far greater than the 2% five-year average. The combination of a nominal increase in sales and sharp decline in listing inventory resulted in a sharp decline in the monthly absorption rate. The 8.6 month absorption rate was well below the prior year 12 month absorption rate and the fastest rate in more than four years.

Despite the decline in listing inventory, number days on market continued to expand, reaching its highest level in more than two years. The average number of days to sell a property was 206, more than a month longer than 170 days in the prior year quarter. Listing discount was 14.8% in the fourth quarter, up from 9.6% in the same period last year.

CONDOS

- **Price indicators were mixed.** Median sales price fell 8.1% to \$565,325 from \$615,275 in the prior year quarter. Average sales price increased 7% over the same period.
- **Listing inventory and sales fell by half.** The number of available properties fell 47.2% to 65 and the number of sales fell 55.3% to 17 from the prior year quarter.

Condos Market Matrix	4Q-2011	% Chg (QTR)	3Q-2011	% Chg (YR)	4Q-2010
Average Sales Price	\$710,645	23.3%	\$576,323	7.0%	\$663,988
Median Sales Price	\$565,325	1.4%	\$557,500	-8.1%	\$615,275
Number of Sales	17	-41.4%	29	-55.3%	38
Days on Market (From Original List Date)	189	0.0%	189	39.0%	136
Listing Discount (From Original List Price)	8.7%		8.6%		8.0%
Listing Inventory (Active)	65	-26.1%	88	-47.2%	123
Absorption Rate (Monthly, Active)	11.5	26.4%	9.1	18.6%	9.7

LUXURY

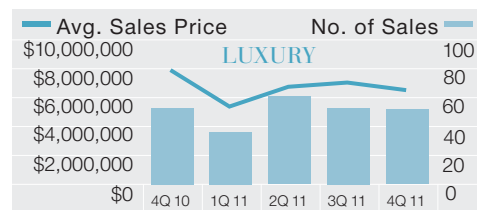
- **Days on market up from prior year, but second fastest in over five years.** Days on market was 103 days, up from 98 days in the prior year quarter and down from 135 days in the prior quarter. This is the second fastest marketing period since we began tracking this metric in the second quarter of 2006.
- **Price indicators below prior year tax cut-fueled surge.** The top ten percent of the housing market began at \$2,800,000 in the fourth quarter. Median sales price was \$4,950,000, down 23.8% from the 2010 year-end surge, due to concerns about the possible expiration of the Bush tax cuts.
- **Listing inventory and days on market edged higher.** Property available on the market expanded 10.2% to 292 from 265 in the prior year quarter.

Luxury Market Matrix	4Q-2011	% Chg (QTR)	3Q-2011	% Chg (YR)	4Q-2010
Average Sales Price	\$6,489,767	-7.6%	\$7,025,522	-17.9%	\$7,907,704
Median Sales Price	\$4,950,000	-9.2%	\$5,450,000	-23.8%	\$6,500,000
Number of Sales	53	-1.9%	54	-1.9%	54
Days on Market (From Original List Date)	103	-23.7%	135	5.1%	98
Listing Discount (From Original List Price)	16.6%		11.7%		14.3%
Listing Inventory (Active)	292	-11.0%	328	10.2%	265
Absorption Rate (Monthly, Active)	16.5	-9.3%	18.2	12.2%	14.7

TOP 5 LOCATIONS BY AVERAGE SALES PRICE (NUMBER OF SALES)

Current Quarter		Prior Quarter		Prior Year Quarter	
Wainscott (3)	\$11,995,000	Amagansett (1)	\$9,690,000	Sag Harbor (1)	\$19,750,000
Southampton (6)	\$6,646,495	Sagaponack (2)	\$9,338,889	Southampton (11)	\$10,354,545
Bridgehampton (13)	\$4,950,000	Southampton (9)	\$8,000,000	Bridgehampton (8)	\$8,560,625
East Hampton (8)	\$3,950,000	East Quogue (1)	\$7,500,000	East Hampton (8)	\$7,838,250
Sagaponack (8)	\$3,000,000	Bridgehampton (15)	\$7,083,333	Montauk (2)	\$7,650,000

Quintiles	Med. Sales Price	% Change (YR)
5/5	\$11,995,000	-14.3%
4/5	\$6,646,495	-28.0%
3/5	\$4,950,000	-23.8%
2/5	\$3,950,000	-21.0%
1/5	\$3,000,000	-17.5%

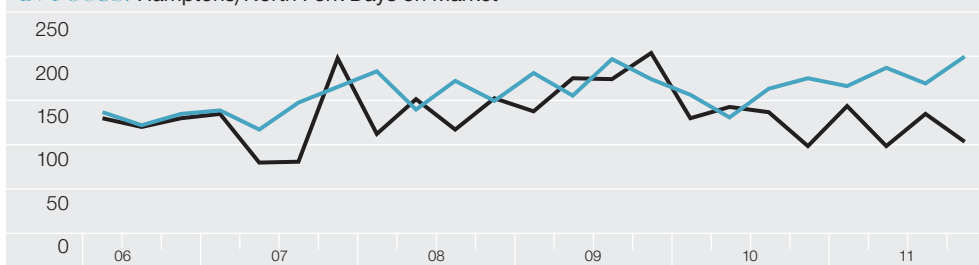


Note: This sub-category is the analysis of the top ten percent of all sales. The data is also contained within the other markets presented.

IN-FOCUS

- **For two years, luxury properties have sold faster than overall market.** Since the first quarter of 2010, the average days on market for a luxury property was 124 days, compared to 169 days for the overall market.
- **The East End luxury marketing times on par with pre-credit crunch era.** The luxury market began at \$2,800,000 in the fourth quarter, consistent with the past two years. Days on market for this segment has been consistent with levels seen in the first half of 2008.
- **Luxury marketing times rarely sync with overall market.** Beginning in 2008-2009, quarter-over-quarter results moved in opposite directions and over the past two years have trended apart.

IN-FOCUS: Hamptons/North Fork Days on Market



The luxury housing market of the Hamptons and North Fork continued to be "joined at the hip" with the Manhattan housing market and Wall Street. One of the similarities has been the outperformance of the luxury market as compared to the overall market. Days on market, measured by the number of days from the last price change if any, to the contract date, show the relative speed that properties take to go to contract once they are properly priced.

The luxury market began at \$2,800,000 in the fourth quarter and has generally remained at this level for the past two years. During this period, days on market for luxury properties averaged 124 days while the overall market averaged 169 days, 45 days faster. For the past five-and-a-half years, or the 23 quarters that this metric has been tracked, properties in the luxury market have had faster marketing times 74% of the time.

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Prudential Douglas Elliman Real Estate
575 Madison Avenue
New York, NY 10022
212.891.7000
elliman.com

Miller Samuel Inc. Real Estate Appraisers
21 West 38th Street
New York, NY 10018
212.768.8100
millersamuel.com

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BRIDGEHAMPTON • 2488 Main Street • 631.537.5900
EAST HAMPTON • 20 Main Street • 631.329.9400
HAMPTON BAYS • 14 W Montauk Hwy • 631.723.2721
MATTITUCK • 10200 Main Road • 631.298.8000
MONTAUK • 752 Montauk Hwy • 631.668.6565

QUOGUE • 134 Jessup Avenue • 631.653.6700
SAG HARBOR • 138 Main St • 631.725.0200
SOUTHAMPTON • 70 Jobs Lane • 631.283.4343
WESTHAMPTON BEACH • 104 Main Street • 631.288.3950