

HAMPTONS NORTH FORK

Market Overview

A Quarterly Survey of The Hamptons & North Fork Residential Sales

4Q 10



Prepared by Miller Samuel Inc.
Appraisal and consulting services covering
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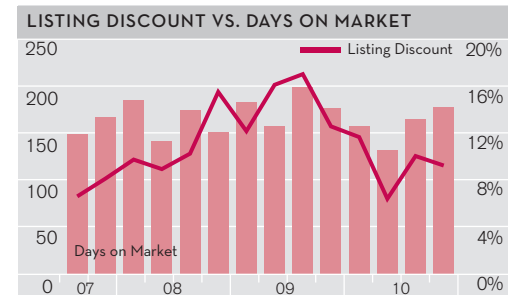
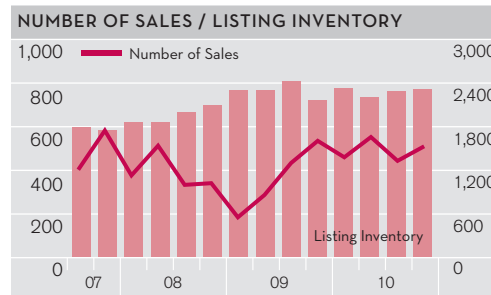
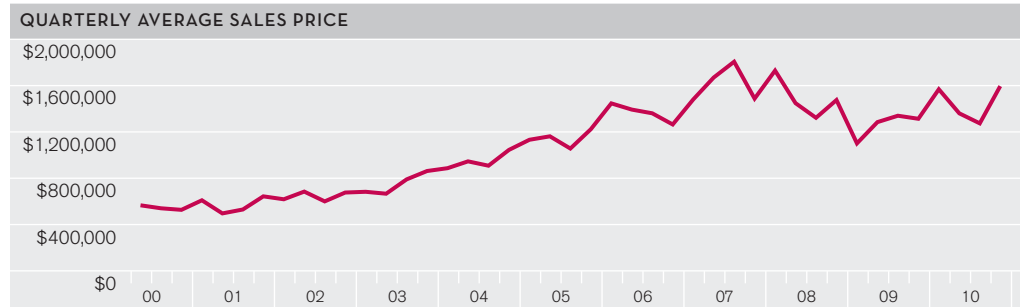
Price indicators above prior year as number of sales remained stable

Price indicators jumped with an increase in high-end sales activity Both price indicators for the East End housing market show significant gains from the prior year quarter and prior quarter as more high-end properties were sold. In the fourth quarter there were 38 sales at or above \$5,000,000, 58.3% more than 24 sales in the same period last year. The fourth quarter reflects the highest total since the onset of the credit crunch in 2008 and well above the 7 sale low point reached in the first quarter of 2009. The surge in high-end sales skewed the price indicators higher, but the housing market should still be characterized as stable. The median sales price for an East End property for the fourth quarter was \$730,000, 4.1% above \$701,161 in the prior year quarter and 16.8% above \$625,000 in the prior quarter. Average sales price followed a similar, but more skewed pattern. The average sales price jumped 21.4% to \$1,594,785 from \$1,313,264 in the prior year quarter and increased 25.2% from \$1,273,775 in the prior quarter.

Listing inventory edged higher as number of sales slipped below prior year levels

There were 2,303 listings in the fourth quarter, 6.7% higher than 2,159 listings at the same time last year and 1.4% above the 2,271 listings in the prior quarter remaining, but above the 5-year, 1,933 listing quarterly average. There were 538 sales in

HAMPTONS/NORTH FORK MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,594,785	25.2%	\$1,273,775	21.4%	\$1,313,264
Median Sales Price	\$730,000	16.8%	\$625,000	4.1%	\$701,161
Number of Sales	538	14.7%	469	-4.6%	564
Days on Market (from Last List Date)	176	6.9%	164	0.6%	175
Listing Discount (from Last List Price)	9.2%		10%		12.5%
Listing Inventory	2,303	1.4%	2,271	6.7%	2,159



the fourth quarter, 4.6% below 564 sales in the prior year quarter, but 14.7% above 469 sales in the prior quarter. The fourth quarter of 2009 had

the highest market share of sales compared to the corresponding same year annual total in more than a decade. The end of 2009 was "back-end loaded"

with a high concentration of sales at the end of the year reflecting a release of pent-up demand from limited activity in the quarters immediately following the “Lehman tipping point”. Comparison against the prior year record are therefore somewhat inflated and sales activity would be more accurately characterized as stable in the fourth quarter of 2010.

Days on market stabilized as listing discount declined Days on market—the number of days between the date of the last price change, if any,

to the contract date—showed stability. Properties took about 176 days to sell, about the same amount of time as they did in the prior year quarter, but still longer than the 154 day average of the past 5-years. The listing discount—the percentage difference between the list price at time of contract and the contract price—fell to 9.2% from 12.5% in the prior year quarter and from 10% in the prior quarter.

High-end sales led the market at year-end The jump in high-end sales helped to round out

the sales activity in the fourth quarter to a more normal distribution, unlike 2009 that was more heavily weighted in sub-million dollar sales activity. The East End market remains “joined at the hip” with Wall Street and its bonus compensation has been generally reported as at or slightly above the prior year, which is consistent with changing market conditions. Elevated unemployment and tight credit continue to temper improvement in the housing market.

HAMPTONS market

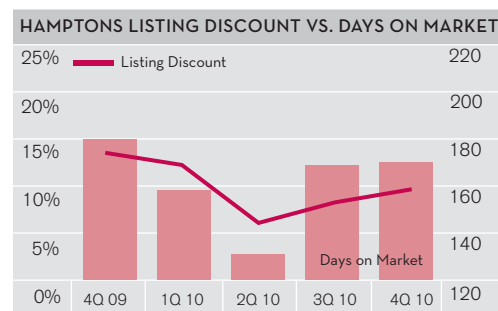
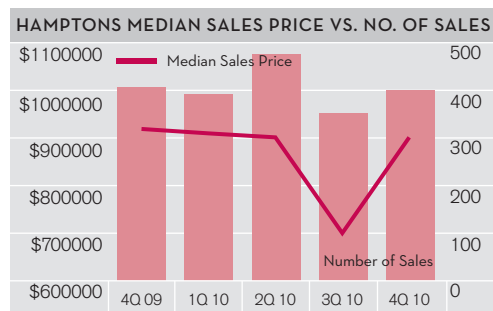
Price indicators were mixed as sales showed stability

Number of sales slipped with comparison to prior period record pace There were 403 sales in the fourth quarter, down 1.5% from 409 in the prior year quarter, but up 13.8% from 354 in the prior quarter. The number of sales in the same period last year saw the highest annual sales market share for a fourth quarter than at any other year over the past decade. Rather than being contrarian to sales activity, listing inventory moved in the same direction as the number of sales. There were 1,608 listings, 1.6% less than 1,634 listings in the prior year quarter, but 1.6% more than 1,583 listings in the prior quarter. As a result of the general stability of sales activity and listing inventory, the monthly absorption rate—the number of months to sell all active inventory at the current pace of sales—was also stable. The monthly absorption rate was 12 months, unchanged from the prior year quarter and just below the 13.4-month rate of the prior quarter. The fourth quarter rate was better than the 14.3-month average rate of the past 4 years and well below the first quarter 2009 peak of 34.6 months, shortly after the onset of the credit crunch.

Price indicators mixed The median sales price of a Hamptons property was \$900,000, 2% below \$917,900 in the prior year quarter, but 29.3% above \$696,000 in the prior quarter. Average sales price showed a year over year gain with more skew from the shift toward higher end properties than with median sales price. The average sales price was \$1,904,911 in the fourth quarter, up 20%

Hamptons Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,904,911	28.8%	\$1,479,177	20%	\$1,587,618
Median Sales Price	\$900,000	29.3%	\$696,000	-2%	\$917,900
Number of Sales	403	13.8%	354	-1.5%	409
Days on Market (from Last List Date)	170	0.4%	169	-5.8%	180
Listing Discount (from Last List Price)	9.6%		8.2%		13.5%
Listing Inventory	1,608	1.6%	1,583	-1.6%	1,634

Hamptons Submarket/Median Sales Price	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
North of Highway (Route 27)	\$890,000	31.9%	\$675,000	-8.7%	\$975,000
South of Highway (Route 27)	\$945,000	20.4%	\$785,000	17%	\$807,500
East of Shinnecock Canal	\$1,110,000	32.1%	\$840,000	-0.6%	\$1,117,000
West of Shinnecock Canal	\$520,000	6.1%	\$490,000	-5.5%	\$550,000



from \$1,587,618 in the same period last year and up 28.8% from \$1,479,177 in the prior quarter. The sharp gains in this price indicator is due to the shift toward a more normal distribution of larger sales in the mix of activity, unlike last year which experienced an unusually elevated market share of sub-million dollar sales.

Days on market and listing discount declined The reduction in inventory over the past year was consistent with the decline in average days on market. The time to sell a Hamptons property was 170 days, down 10 days from 180 days in

QUINTILES / Median Sales Price by No. of Sales / HAMPTONS	Current Qtr	% Chg Prior Year Qtr
5/5	\$1,694,500	-54.8%
4/5	\$678,500	-55.4%
3/5	\$512,500	-44.2%
2/5	\$371,000	-34.1%
1/5	\$250,750	-22%

the prior year quarter and essentially unchanged from 169 days in the prior quarter. Listing discount also compressed over the past year to 9.6% from

13.5% in the same period last year, but up from 8.2% in the prior quarter. An increase in the listing discount from the third to fourth quarter is generally consistent with seasonal patterns as sales activity often tends to ease at the end of the year.

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 popular reference points for market participants, although the wide array of housing stock makes their reliability limited. The market to the south of the highway is generally characterized by having the highest priced housing in the region with limited availability of open land to the waterfront. Housing prices east of the canal

tend to be higher than west of the canal for similar reasons. Over the past two years this general pattern has been in disarray due to the limited amount of sales activity at the high end of the market with the emphasis placed on the smaller properties. In 2010 the market is showing these established patterns again. The median sales price of properties to the east of the canal and south of the highway were higher than their counterparts to the west and north respectively. Of these four market segments, only the area south of the highway showed a year over year increase in median sales price. Properties located south of the highway had a median sales price of \$945,000, 17% above \$807,500 in the prior year quarter and 20.4% above the prior quarter result of \$785,000. Properties to the north

of the highway had a median sales price \$890,000, down 8.7% from \$975,000 in the prior year quarter, but 31.9% above \$675,000 in the prior quarter. Properties located east of the canal had a median sales price of \$1,110,000, 0.6% below \$1,117,000 in the prior year quarter, but 32.1% above the prior quarter result of \$840,000. Properties to the west of the canal fell 5.5% to \$520,000 from \$550,000 in the same period last year, but increased 6.1% from \$490,000 in the prior quarter.

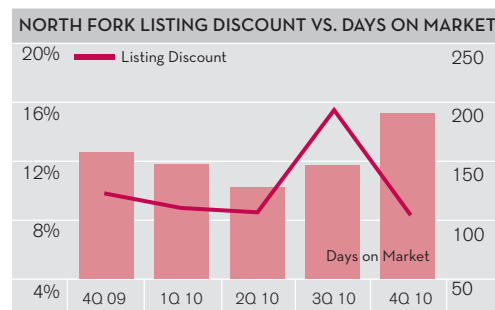
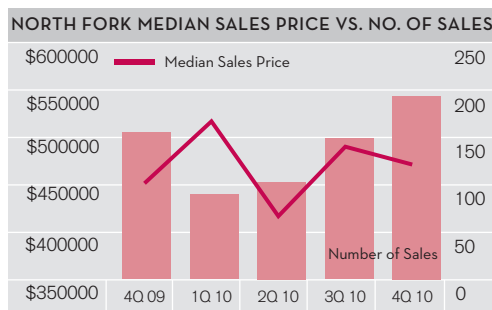
NORTH FORK

Number of sales declined as price indicators rose

Listing inventory increased as number of sales declined There were 695 listings on the market at the end of the fourth quarter, up 32.4% from 525 in the same period last year and 1% above 688 in the prior quarter. The inventory levels over the past year have remained above the five year quarterly average level of 497 listings. There were 135 sales in the fourth quarter, 12.9% less than 155 sales in the prior year quarter, but 17.4% above 115 sales in the prior quarter. As a result of the rise in inventory and decline in sales, the monthly absorption rate has increased over the past year. In the fourth quarter, the monthly absorption rate was 15.4 months, consistent with the 15.3-month average of the past five years, but higher than the 10.2 month rate of the prior year quarter. North Fork market share was 25.1% of all sales activity, slipping from 27.5% in the prior year quarter. Because price levels in the region are less than the Hamptons, the total dollar volume of transactions accounted for 10.5% of all sales in the region, down from 12.3% in the same period last year.

Price indicators above prior year levels The median sales price of a North Fork property was \$470,000, 4.4% more than \$450,000 in the prior year quarter, but 3.9% below \$489,000 in the prior quarter. Average sales price followed the same pattern, but with more upward skew from the shift

NORTH FORK MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$669,000	4.3%	\$641,495	13.5%	\$589,325
Median Sales Price	\$470,000	-3.9%	\$489,000	4.4%	\$450,000
Number of Sales	135	17.4%	115	-12.9%	155
Days on Market (from Last List Date)	194	29.5%	149	20.9%	160
Listing Discount (from Last List Price)	8.3%		15.5%		9.9%
Listing Inventory	695	1%	688	32.4%	525



towards larger property sales. The average sales price was \$669,000, 13.5% more than \$589,325 in the prior year quarter and up 4.3% from \$641,495 in the prior quarter.

Days on market jumped as listing discount declined The listing discount was 8.3% in the fourth quarter, down from 9.9% in the prior year quarter and down sharply from 15.5% in the prior quarter. Days on market moved in the same direction as the expanding inventory in the region. Days on market averaged 194 days in the fourth quarter, more than a month longer than the 160 days average of the prior year quarter, but up from

QUINTILES / Median Sales Price by No. of Sales / N. FORK	Current Qtr	% Chg Prior Year Qtr
5/5	\$1,090,000	-0.6%
4/5	\$700,000	19.7%
3/5	\$470,000	8.2%
2/5	\$367,500	1.3%
1/5	\$250,000	-16.9%

149 days in the prior quarter.

LUXURY *market*

Listing inventory and days on market fell

Price indicators showed double digit gains reflecting shift in mix, not price appreciation

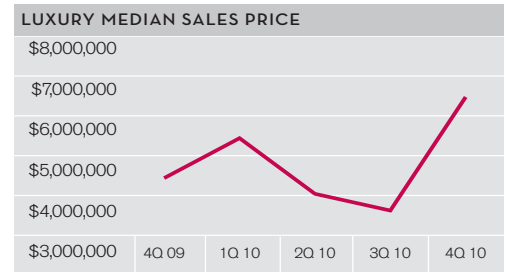
The median sales price jumped 44.4% to \$6,500,000 from \$4,500,000 in the same period last year and 75.7% from \$3,700,000 in the prior quarter. Average sales price saw the same skew rising 45.5% to \$7,907,704 from \$5,434,923 in the prior year quarter and 25.3% from \$6,311,557 in the prior quarter. These double-digit gains do not reflect price appreciation but rather reflect the shift in the mix to a more normal distribution of high-end sales. There were 38 sales at \$5,000,000 or above compared to 24 sales in the prior year quarter. The recent low was 7 sales that came in the first quarter of 2009 just after the onset of the credit crunch. The current total reflects the highest number of sales above that threshold in 4 years. The entry point for the luxury market was \$3,300,000 in the fourth 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	\$7,907,704	25.3%	\$6,311,557	45.5%	\$5,434,923
Median Sales Price	\$6,500,000	75.7%	\$3,700,000	44.4%	\$4,500,000
Number of Sales	54	14.9%	47	-1.8%	55
Days on Market (from Last List Date)	98	-28.5%	137	-52.2%	205
Listing Discount (from Last List Price)	14.3%		5.9%		17.1%
Listing Inventory	265	-32.4%	392	-14%	308

TOP 5 LOCATIONS by Average Sales Price	Current Qtr (No. of Sales)	Prior Qtr (No. of Sales)	Prior Year Qtr (No. of Sales)		
Sag Harbor (1)	\$19,750,000	Westhampton (1)	\$13,000,000	Westhampton Beach (1)	\$7,450,000
Southampton (11)	\$10,354,545	Amagansett (1)	\$10,350,000	Bridgehampton (7)	\$6,571,429
Bridgehampton (8)	\$8,560,625	Sagaponack (4)	\$7,593,298	Sagaponack (9)	\$6,273,333
East Hampton (8)	\$7,838,250	East Hampton (11)	\$7,585,909	Montauk (6)	\$5,905,833
Montauk (2)	\$7,650,000	Bridgehampton (5)	\$6,720,000	East Hampton (6)	\$5,633,334

Listing inventory and days on market fell sharply Days on market was 98 days, down by more than half from 205 days in the prior year quarter and by more than a month from the prior quarter. The time to sell a luxury property was faster than the overall market in the current quarter. Listing discount fell to 14.3% from 17.1% in the prior year quarter. The decline in both of these indicators is consistent with the decline in listing inventory.



CONDO *market*

Number of sales and price indicators increased

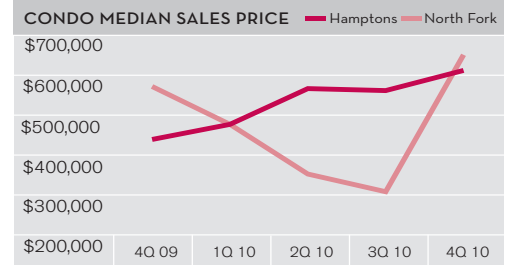
Price indicators rose The median sales price of an East End condo was \$615,275, 16.1% above \$530,000 in the prior year quarter and 9.9% above \$560,000 in the prior quarter. Prices of condos in the market are not rising, but rather the shift in the mix towards higher priced sales caused the indicators to jump. Average sales price saw the same pattern with a 40% jump to \$663,988 from \$474,338 in the prior year quarter and 18.3% above \$561,322 in the prior quarter.

Number of sales jumped There were 38 condo sales on the East End in the fourth quarter, up 58.3% from 24 sales in the same period last year and the prior quarter. Listing inventory also trended higher reaching 123 in the fourth quarter from

CONDO MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$663,988	18.3%	\$561,322	40%	\$474,338
Median Sales Price	\$615,275	9.9%	\$560,000	16.1%	\$530,000
Number of Sales	38	58.3%	24	58.3%	24
Days on Market (from Last List Date)	136	14.4%	119	-34%	206
Listing Discount (from Last List Price)	8%		7.1%		7.7%
Listing Inventory	123	44.7%	85	15%	107

MEDIAN SALES PRICE (% Share / No. of Sales)	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
The Hamptons	\$610,750 (76%)	9.1%	\$560,000 (79%)	39.8%	\$437,000 (71%)
The North Fork	\$650,000 (24%)	112.8%	\$305,500 (21%)	14%	\$570,350 (29%)

107 in the prior year quarter and from 85 in the prior quarter. Market share between the Hamptons and North Fork was consistent with overall sales. Approximately 76% of the condo sales were located in the Hamptons and the remainder in the North Fork, consistent with the prior year quarter and long term patterns.



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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